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PROCEEDINGS AND DEBATES OF THE 95th CONGRESS, SECOND SESSION

SENATE—*Thursday, April 20, 1978*

(Legislative day of Monday, February 6, 1978)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. DENNIS DECONCINI, a Senator from the State of Arizona.

PRAYER

The Reverend Charles Boonstra, pastor, The Presbyterian Church, Huntsville, Tenn., offered the following prayer:

Almighty God, Creator of time and space and life, we pause in this Chamber to ask for Your gifts of love and wisdom.

The destiny of this Nation and our neighbors rests in this body. Qualify us for the expectations of our time.

Give us a love for people. Forgive us that we are so often fatigued by them, worn out by their multitude, and irritated by their asking. As our Nation faces its mission to humanity, we ask that we may reflect Your spirit.

Encourage in us the faith that is not afraid to risk its life to redeem humanity. Motivate us to lift our world rather than lean on it. Help us to recover that kind of humility that is willing to be guided by Your wisdom.

Make us Your servants even when we want You to serve us. Give sight where we are blind, light when we stumble, and direction when we are confused.

Eternal God, we reach out for Your benediction. Still the storm of violence around us. Speak calm over this troubled world. In the tension of our time, may we feel the steadying power of Your healing greatness.

When the telling of our time is done, and those not yet born shall reflect, may we be known as those who had the courage to live ahead of our time, unwilling to compromise what You intended for all humanity: A life of peace and brotherhood.

In the name of Jesus, our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 20, 1978.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DENNIS DECONCINI, a Senator from the State of Arizona, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. DECONCINI thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

THE JOURNAL

Mr. ROBERT C. BYRD, Mr. President, I ask unanimous consent that the Journal of the proceedings of yesterday, Wednesday, April 19, 1978, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Select Committee on Small Business be authorized to meet during the session of the Senate on Tuesday, April 25, 1978, from 1 p.m. up until 4 p.m. to hold hearings on the nomination of Mr. Milton D. Stewart for the position of Chief Counsel for Advocacy at the Small Business Administration.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REV. CHARLES J. BOONSTRA

Mr. BAKER. Mr. President, it is a great personal pleasure for me today to have as our guest my pastor from my hometown of Huntsville, Tenn., the Reverend Charles J. Boonstra, who just delivered the opening prayer.

Reverend Boonstra's prayer at the opening of the Senate today is but a small sample of the grace, the wisdom, and the warmth which he shares with us so generously as members of the First United Presbyterian Church in Huntsville. I am happy that he was able to be here with us today, as is his son Michael.

Reverend Boonstra is a graduate of Hope College and Western Theological Seminary in Holland, Mich. He is a native of Muskegon, Mich., and he has served congregations in Michigan, Iowa, New York, and Florida before coming to Tennessee a year and a half ago.

He has another son, in Berkeley, Calif., and a daughter in Princeton, N.J.

Reverend Boonstra is my friend, as well as my pastor, and his presence here today is most gratifying to me.

Mr. ROBERT C. BYRD. Will the distinguished Senator from Tennessee yield?

Mr. BAKER. I am happy to yield to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I join with the distinguished minority leader in welcoming to the Senate today his constituent, this great churchman. I appreciate the prayer, and I am certainly delighted that Senator BAKER'S friend and pastor could open the Senate with prayer today. I personally greet him at this time in behalf of the Senate.

Mr. BAKER. Mr. President, I thank the majority leader for his kindness and generosity, and I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Oklahoma (Mr. BARTLETT) is recognized for not to exceed 15 minutes.

URBAN POLICY

Mr. BARTLETT. Mr. President, as the June 30 expiration date for the New York City Seasonal Loan Act approaches, debate on basic American urban policy will intensify. I welcome this increased dialog and the chance it affords Americans to consider the fundamentals of the relationship that should exist between the Federal Government and State and local governments.

During this debate I expect to address myself to a number of specific questions, especially with regard to New York City. However, at this time I would like to attempt to put the discussion into some kind of perspective.

The pronouncements of many of the Nation's mayors, as well as the recently

announced "new partnership" urban policy of President Carter, have accustomed us to demands for billions of dollars of Federal taxpayers' money to "save the cities." We hear from all sides that the Nations' large cities are struggling for their very existence, that their survival is at stake. It would serve the public interest much better if the hysterics and exaggerated language were dropped and it was admitted that what we are facing is a choice, not a crisis. The American people are reflecting new realities by voting down increased school levies, as in Ohio, and by moving away, as in New York City.

Most of the problems that the cities face are problems that Federal money or programs can do little to resolve. Strained budgets, rising crime rates, economic stagnation, nightmare unemployment, and poverty are not problems that are so easily solved by the Federal Government as the mayors and the President seem to think. In 1954, total Federal aid to States and local governments was about $3 billion. In 1976, the total had increased to over $59 billion—from $3 billion to $59 billion in only 22 years. These years span the time in which the so-called crisis of the cities reached major dimensions—Federal involvement has not noticeably slowed this process, and, in fact, in some cases it has demonstrably increased the deterioration of some cities.

Many of our Nation's mayors apparently live in a dream world in which they think that Federal money is all they need to solve their problems. They must wake up to the fact that most of their problems are being brought about by shifting socioeconomic relationships, and that cities are in a period of transition. Many of them must face the fact that Americans are voting with their feet, and thereby undercutting the economic base of their cities.

New York City is a prime, or perhaps the prime, example of this deteriorating economic base. During the 1960's, private sector employment in the city grew only 2 percent, compared to almost 27 percent in the entire country. During that decade, U.S. employment in manufacturing grew about 7 percent, but it declined in New York City by 19 percent, representing a loss of 180,000 jobs.

Since 1970 the city has experienced a drastic decline in employment, with a loss of 468,000 jobs, just over an 11 percent decrease in employment. Since 1969 manufacturing employment has fallen at an annual average rate of 48,000 jobs. Total population between 1970 and 1975 decreased in New York City by 5.2 percent. As a General Accounting Office study sagely points out—

The prospects for halting this trend are not bright.

The question arises whether the Federal Government should even be trying to reverse this trend. After all, the situation has arisen because of the free choice of American citizens reacting to changing economic and political realities. I am firmly convinced that no good will be accomplished trying to prohibit these fundamental changes from taking place by damming up the cities with Federal dollars and trying to halt the flowing times. By trying to do so we only treat symptoms, not causes, and we make the final reckoning worse.

Conservatives, such as myself, are often accused of being naysayers because we criticize those who want to spend taxpayers' money on programs ostensibly designed to help the cities and their residents. The fact is, we are not the naysayers to change. It is, rather, those people who wish to spend other people's money to maintain the cities as they have been who are the naysayers. As the demographic situation changes, and as the socioeconomic choices made by people change, we are seeing the emergence of new forms of economic organization within political structures that have not changed fast enough to keep pace. As real as many of the problems cities face are, most of them are problems of transition, not of survival. They are problems of choice, not of ultimatums, so that most of the cries to "save the cities" are nothing more than cries of "wolf." The times are changing, and cities as we have traditionally known them may, in fact, be dying. That does not mean there need to be any catastrophes or tragedies. It only means we must be flexible.

The complexities and dislocations of change are very real, but my conviction is that the flexibility necessary for an adequate response resides in the lowest level of our national organization, that is, with the local and State governments. Where the cities and States have failed to take the initiative in planning, in reacting to a changing tax base, and in facing the needs of the future, the Federal Government has in the past and can continue in the future to try to assist cities by helping them coordinate their activities and by taking into account the urban effects of Federal actions. However, the Federal Government can be of most help to our cities by undertaking policies to stop inflation and prevent its rekindling, not by yielding to demands to introduce gerrybuilt dams into the stream of changing economic reality.

It has become a tired old song that we conservatives are not responsive to the problems and concerns of ordinary people. The fact is, we are deeply concerned. Our concern springs from a sincere compassion and empathy for the situation of ordinary people. That does not imply that we are blind to reality, as many of our liberal friends appear to be.

Compassion, packaged in the sweet-smelling wrappings of unkeepable promises, unfilled hopes, and other people's money, is not compassion at all, but deception. The compassion of a conservative garbs itself in the robes of constructive compromise, self-reliance, personal dignity, personal responsibility, and a social conscience that recognizes the proper limits of Federal power and jurisdiction. We conservatives are, in fact, the true liberals in the sense of supporting individual liberty and responsibility, while the so-called liberals are ever-ready to impose their particular version of social justice onto the rest of us.

The decision of the New York State Court of Appeals, at the end of 1976, concerning the constitutionality of New York City's debt moratorium, is illustrative of this fundamental concern for responsibility. New York's high court declared that the debt moratorium imposed in November of 1975 in order to save New York City from bankruptcy was unconstitutional. In order to save itself from bankruptcy New York City got the State of New York to declare that New York City did not have to pay back its municipal bonds. The State justified this by calling forth the "police powers of the State" to insure the carrying out of the city's functions.

The court rightly, I believe, ruled that such appeals to police power are invidious expedients, making meaningless the verbal pledge to back bonds with "the full faith and credit" of the city as enunciated in the New York State constitution. The court rejected the hysterical and dangerous ideas that incantations of police power and financial emergency could suspend constitutional prescriptions. "Neither life nor law is that easy," the court decision stated.

Another thing that that court decision points up, I believe, is that the prospect of a Federal Government bailout of the cities has tempted officials at all levels of government to blur the line dividing the constitutional powers granted to the Federal, State, and local governments. The whole affair has tended to confuse the determination of where responsibility to citizens lies. That 1976 court decision was a timely reminder that constitutions are meant to limit abuses of governmental power. More decisions in that vein, concerning Federal loans or Federal loan guarantees, will do much to make New York and all our cities face, squarely, their problems, and to recognize them as local land State problems. Hopefully, all levels of government in America will take the lesson. Our Nation's cities most assuredly do have problems to solve, but their officials and citizens must view these problems as opportunities for constructive change, not as excuses for succumbing to the false compassion of demagoguery or the cheshire cat smile of Federal interventionists.

SENATE JOINT RESOLUTION 128—DESIGNATING JULY 1, 1978, AS "FREE ENTERPRISE DAY"

Mr. BARTLETT. Mr. President, I send to the desk a Senate joint resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The joint resolution will be stated.

The assistant legislative clerk read as follows:

Whereas the rapid development of America's economy is a result of the interaction of the free enterprise of our people and the abundant natural resources of our land; and

Whereas the present great prosperity of the United States is based upon free enterprise; and

Whereas the principles of free enterprise are inexorably bound with our principles of individual political freedom; and

Whereas the belief of Americans in the essential justice of free enterprise is being increasingly challenged throughout the world.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating July 1, 1978, as "Free Enterprise Day" and calling upon the people of the United States and interested groups and organizations to observe such day with appropriate ceremonies and activities.

The ACTING PRESIDENT pro tempore. Is there objection to the immediate consideration of the resolution?

Mr. ROBERT C. BYRD. Mr. President, the joint resolution has been cleared on this side of the aisle. We have no objection.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, the joint resolution has been cleared with the ranking member of the jurisdictional committee and we have no objection to its consideration and passage.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration, and, without objection, the joint resolution will be considered to have been read the second time.

Mr. HARRY F. BYRD, JR. Mr. President, first, I congratulate the able Senator from Oklahoma (Mr. BARTLETT) for presenting this joint resolution. I do not know of anything more important to the economic well-being of the majority of our citizens than the perpetuation of the free enterprise system.

It is under the free enterprise system that the overwhelming majority of the people of our Nation have attained the highest standard of living of any nation in the world.

What so deeply concerns me about what has been going on in Washington for so long, and what is going on in Washington now, are the unsound policies, excessive regulation, and uncontrolled spending which, if not checked, will destroy the free enterprise system.

I am very pleased that the Senator from Oklahoma has introduced this resolution and I am pleased that the Senate appears prepared to adopt the resolution.

Mr. BAKER. Mr. President, I associate myself with the remarks of the distinguished Senator from Virginia and offer my commendation to the distinguished Senator from Oklahoma for taking this initiative at this time. I think he does a great service to this country and to the Senate for bringing it to our attention for action at this point. I hope we can proceed now to its adoption.

Mr. BARTLETT. Mr. President, if I may briefly comment on the remarks of the distinguished Senator from Virginia and compliment him for them. Also, I wish to join not only with him but with the remarks of the minority floor leader.

Mr. President, all Americans learn at an early age that the United States is the great historical experiment in representative popular government, but too few Americans learn, or ever come to realize, that the United States is also the greatest experiment in free private enterprise—in capitalism, in the history of the world. It is unfortunate so few people realize this, because as heirs to the world's most spectacularly successful economic system, Americans should understand the basis and reasons for our current prosperity. They should understand that our political freedoms and our material well-being are inexorably intertwined. And they should understand it before they lose it.

Every society must resolve three fundamental economic problems: First, how much of and which goods and services it shall produce; second, how shall it produce these goods; and third, who is to receive the benefit of these goods and services? The United States, predominantly, has solved these problems with a system of privately determined prices and markets. By allowing such decisions to be made privately, under the pressure of price competition and consumer demand, we have provided for our collective well-being, as well as for our individual freedoms. Our capitalist free enterprise system has proven itself capable of feeding, housing, clothing, transporting, educating, entertaining and freeing an ever-growing population at standards of living unimaginable in most of the world.

Among the many different things that were responsible for the phenomenal growth in this country's wealth were an ambitious people, bountiful resources, and a government that permitted and encouraged its citizens to exercise their ingenuity. The Government's policy, for the most part, was devoted to private capitalism. It supported private enterprise, competition, and efficient production.

For example, in 1862, Congress passed the Homestead Act. It gave each person willing to take the risks of moving west 160 acres of land, for a small fee, if he lived on and improved that land for 5 years. Subsequent acts provided land even cheaper. The cheap land and the West's rich resources drew settlers out in droves. The first settlers often found life hard, but the resources and opportunities for success drew more and more people west. America's industrial revolution led to great increases in productivity for all the westward moving people. Farmers soon became involved in production for national, as well as international, markets with the introduction of railroads.

The private railroads, in fact, helped make the far-flung territories of North America a nation. Yet it is an American myth that our railroads were built mainly through the financial help of the Government and would have been impossible without it. In fact, the railroads serve as an early example of the disastrous effects government control and participation can have on private enterprise. Government help to the railroads amounted to 10 percent of the cost of all the railroads in the country, but even this limited assistance has been disastrous to the railroads. As an example, I quote from Steward Holbrook's "The Story of American Railroads":

In a little more than two decades, three transcontinental railroads were built with government help. All three wound up in bankruptcy courts. And thus, when James Jerome Hill said he was going to build a line from the Great Lakes to Puget Sound without government cash or land grant, even his close friends thought him mad. But his Great Northern arrived at Puget Sound without a penny of federal help, nor did it fail.

Thank goodness this took place before the era of doctrinaire Government intervention in the economy, and the Government limited its involvement to 10 percent. Very soon private enterprises built railroads which crisscrossed the entire Nation.

Our economy has changed drastically since then, but Government policies have changed even more drastically. Within the last 40 years there has been a great deal of legislation passed by Congress which does not accept the free market as the basis for our economic organization. It does not foster competition or enhance growth. Instead it hampers competition and promotes inefficient production, featherbedding, inflation, and Government regulation. All of which means a lower standard of living and less personal freedom for everyone.

As a result of such Government policies, our economy has been suffering from rising unemployment and inflation, as well as declining productivity and investment. Yet a large number of people in this country apparently want more Government intervention. They want the Government to be a big brother—to provide more and more services, to guarantee higher and higher incomes, and to protect us from more and more risks. They are asking the Government to provide a utopia on Earth. To a large extent such people are asking for these things out of ignorance—ignorance of what our market system means to them and ignorance of the consequences of what they are asking for.

In an effort to provide utopia, the Government has grown out of control. Last year, government at all levels employed more than 14 million people. That is about 16 percent of America's work force. In recent years, Government employment has grown four times as fast as private employment.

Increasing Government regulation of the country's industries has distorted the price-setting mechanism of the marketplace. Government regulation has been one of the major causes of increasing costs and of shortages since the Second World War—in housing, energy, credit, cars—the list is nearly endless. Government control of the economy, no matter on whose behalf it has ostensibly been undertaken, has been the primary source of all the economic evils in our industrial history.

Despite all this, many people persist in demanding that the Government provide more—more of everything to make life easier and less risky. The problem is that Government intervention does not make life easier; it never has and it never will.

For one thing, Government planning and intervention in the economy can

never possibly be sophisticated enough to make the millions of decisions which determine what Americans buy, how much they buy, and at what prices they buy it. Only the free market system has ever been able to do that. In fact, as the economy becomes more complex we should be relying increasingly on the marketplace, not the opposite, as is the actual case today. The forces of demand and supply always operate, but they operate best, to the benefit of all, in a free market. In addition, the free market system is the only system in mankind's history which has affirmed the right of the individual to make these decisions for himself and to recognize that by so doing we all benefit. Capitalism is the only system of economic organization that asserts that men are free and not just creatures of the Government.

Mr. President, our society has faced many dangers in its 200-year history, but none, I believe, are so alarming as the withering of the will to succeed on one's own, and the confusion into which the moral justification for free enterprise has fallen. Therefore, we must demonstrate as best we can, and celebrate whenever we can, the economic efficiency and essential moral justice of our free market capitalist system. I have introduced the resolution calling for the President to set aside July 1, 1978, as "Free Enterprise Day" and I urge all my colleagues to support it.

The joint resolution (S.J. Res. 128) was ordered to be engrossed for a third reading, was read the third time, and passed.

The preamble was agreed to.

Mr. BARTLETT. I move to reconsider the vote by which the joint resolution was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SPECIAL ORDER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

A REMARKABLE AMERICAN—GEN. LUCIUS D. CLAY

Mr. HARRY F. BYRD, JR. Mr. President, I rise to say a few words in regard to a remarkable American, who died this week.

Gen. Lucius D. Clay was one of our country's ablest sons. General Clay served as military governor of Germany and then as commander of the U.S. Armed Forces in Europe immediately following World War II.

General Clay held that important position in 1948 and 1949, at which time, the Soviet Union put into effect a land blockade of West Berlin.

General Clay came to Washington, met with then President Truman, and asserted his confidence that, given the airplanes, General Clay could supply Berlin indefinitely without war through what became known as the Berlin Airlift.

I have long thought that this is one of the most remarkable achievements in American history. As a newspaper correspondent, I was in Berlin shortly thereafter and could see first hand just how important that airlift was to the people of Berlin.

During the 327 days that the Berlin blockade was in effect, General Clay's airlift carried a total of 2,343,000 tons of food and coal; 2,343,000 tons of these essential supplies were brought into Berlin by air.

That is an average of some 7,000 tons a day.

It was the spirit and the genius, the perseverence, the determination, and the capacity of Lucius Clay, backed by a resolute President, Harry Truman, which made this operation the successful feat that it was.

I think the United States and the free world and, of course, the German people, owe General Clay a great debt of gratitude. I wanted to say these few words today in regard to one of America's ablest sons.

RHODESIA: WHY? WHY? WHY?

Mr. HARRY F. BYRD, JR. Mr. President, the Washington Star yesterday published an excellent editorial on the situation in Rhodesia.

This editorial points out the folly of the present policy of our State Department.

Our State Department is attempting to force the three moderate black leaders and Ian Smith, the four of whom have reached an agreement as to majority black rule in Rhodesia, to bring into the new government Marxist-oriented terrorist guerrillas. Our State Department is not satisfied with a transition to black rule under moderate black leadership, but demands much more.

It is attempting to force Rhodesia to include in its government Marxist-oriented terrorists, who are fighting the Rhodesian people from bases outside of Rhodesia.

The Star editorial brings out, in my judgment, a very important point in regard to this Rhodesia matter. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RHODESIA: WHY, WHY, WHY?

The road to Dar es-Salaam, like a more famous road, is paved with good intentions. And is it really less treacherous?

There, in the capital of Tanzania, an Anglo-American diplomatic team (Secretary Vance, Ambassador Young, and Dr. Owen, the British foreign secretary) met again with Joshua Nkomo and Robert Mugabe, the fire-eating leaders of the Rhodesian Patriotic Front.

Afterwards, the parley was pronounced a success, inasmuch as Messrs. Nkomo and Mugabe said they might join an "all-party" conference on Rhodesia's future. If this is success, what would failure consist of? The two guerrilla leaders haven't given an inch on the tough program they outlined at Malta some weeks ago. In fact, they have toughened it. They still want a single-party dictatorship on Marxist lines in Rhodesia. They still demand control of the army and the police, and a "predominant" role in the transitional government. As for the future, Mr. Mugabe now denounces political variety—that is, the toleration of any political parties other than his own—as a "luxury."

These views are unacceptable to the new government in Salisbury, where Prime Minister Ian Smith and his National Front have set in motion a plan for majority rule, adopted a new constitution, and released political prisoners.

So what is the gain? The aim of the Anglo-American plan, supposedly, is to avoid a civil war. But its effect may ultimately be otherwise. The other day in Nigeria, President Carter subscribed to a communique describing the new internal government in Rhodesia as illegal. We are not sure what that means. It may be illegal in the sense in which the Continental Congress was illegal in 1776, for whatever ice that cuts.

The heart of the matter, however, is that Bishop Muzorewa and the other black leaders inside Rhodesia have a far larger political constituency than either Mr. Nkomo (who has a slight one) and Mr. Mugabe (who reportedly has next to none). The hope of the latter two for power in Rhodesia—other than by shooting their way in—is kept alive today by an unholy collaboration between the U.S., Great Britain, and their arms suppliers in the Soviet Union.

If the issue is, as advertised, democratic rule in Southern Africa, will someone please explain to us how that objective is advanced by continuing to abase ourselves before those who spout anti-democratic and authoritarian demands?

Mr. HARRY F. BYRD, JR. I yield back the remainder of my time and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll. The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted and additional statements submitted are printed later in today's RECORD.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1977

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1566, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 1566) to amend title 18, United States Code, to authorize applications for a court order approving the use of electronic

surveillance to obtain foreign intelligence information.

The Senate proceeded to consider the bill, which was reported from the Committee on the Judiciary with amendments; and from the Select Committee on Intelligence with amendments.

The ACTING PRESIDENT pro tempore. Time for debate on this bill is limited to 2 hours, to be equally divided and controlled by the Senator from Massachusetts (Mr. KENNEDY) and the Senator from South Carolina (Mr. THURMOND), with 1 hour on any amendment, with 30 minutes on any debatable motion or appeal, and with 20 minutes on any point of order.

Mr. BAYH. Mr. President, I ask unanimous consent that the following members of my staff and the staff of the Select Committee on Intelligence be granted privilege of the floor during proceedings on S. 1566 and during the vote on the bill and any amendments: Abe Shulsky, Keith Raffel, Stan Taylor, William G. Miller, Earl Eisenhower, Tom Connaughton, Angelo Codevilla, Walter Ricks, Mark Gitenstein, Mike Epstein, Dave Bushong, Tom Crowley, Sam Bouchard, Patrick Norton, Edward Levine, Tom Moore, David Shaw and John Elliff.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Ken Feinberg, of my staff, be granted privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GARN. Mr. President, I ask unanimous consent that Eric Haltman, of the Judiciary Committee, be granted privilege of the floor during the debate and votes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GARN. I also ask unanimous consent that Bob Heppler, of Senator HEINZ' staff, and Kay Davies, of Senator DOMENICI's staff, be granted privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Who yields time?

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KENNEDY. I yield myself such time as I might use.

Mr. President, today the U.S. Senate writes a new chapter in the ongoing 10-year debate to regulate foreign intelligence electronic surveillance. In considering S. 1566, the Foreign Intelligence Surveillance Act of 1978, the full Senate at long last has the opportunity to place foreign intelligence electronic surveillance under the rule of law. The abuses of recent history sanctioned in the name of national security and documented in detail by the Church committee highlight the need for more effective statutory controls and congressional oversight.

Recent prosecutions in the Humphrey and Trong cases point out the need for this legislation. Without S. 1566 in place serious constitutional issues are raised in those cases: Is the warrantless surveillance constitutional? and, even if it is, may the Government use the evidence obtained in a subsequent criminal prosecution for espionage? or does the Government, in so doing, violate the provisions of title III? S. 1566 resolves these issues and must be dealt with expeditiously.

We have the major responsibility for seeing to it that history does not repeat itself, that civil liberties and the rights of our citizens are not bargained away in the name of national security.

S. 1566 benefits from broad bipartisan support. It has the overwhelming support of both the Senate Judiciary Committee and the Senate Select Committee on Intelligence. My distinguished colleagues, Senator BAYH, Senator THURMOND, and Senator GARN have been particularly instrumental in the development of this legislation. Working together we have fashioned a product which brings to an end the fruitless and unsatisfactory debate of the past.

S. 1566 has been endorsed and supported not only by this administration, but by the Ford administration as well. Both Attorney General Bell and Attorney General Levi have been most cooperative and helpful in the drafting of the bill. The legislation constitutes a major step forward in bringing needed safeguards to the unregulated area of foreign intelligence surveillance. It is designed to strike a balance between the protection of national security and the protection of our human liberties and rights. It is a recognition, long overdue, that the Congress does have a role to play in the area of foreign intelligence surveillance.

S. 1566—building upon S. 3197, legislation drafted in 1976 with the dedicated help of Attorney General Levi—achieves a major breakthrough in the long debate over foreign intelligence electronic surveillance. It is the culmination of past efforts and present hopes. This legislation would, for the first time, substitute carefully prescribed accountability and oversight for the arbitrariness of the past. The bill would require that all foreign intelligence electronic surveillance in the United States—as well as some overseas interceptions—be subject to a judicial warrant requirement based on probable cause. For an American citizen to be surveilled, there must be probable cause that he is an agent of a foreign power—a citizen acting for or on behalf of a foreign power—and engaging in sabotage, terrorism, or clandestine intelligence activities. It is the courts, not the executive, that would ultimately rule on whether the surveillance should occur. The bill would require that, before such surveillance could occur, a named executive branch official—such as the Secretary of Defense—certify in writing and under oath that such surveillance is necessary to obtain foreign intelligence information.

Mr. President, these statutory provisions are the very heart of the legislation. They relegate to the past the wiretapping abuses visited on Joseph Kraft, Martin Luther King, Jr., and Morton Halperin. They prevent the National Security Agency from randomly wiretrapping American citizens whose names just happen to be on a list of civil rights or antiwar activists.

The legislation provides the type of accountability which has heretofore not existed. It would for the first time expressly limit whatever inherent power the executive may have to engage in electronic surveillance in the United States. In so doing, the bill ends a decade of debate over the meaning and scope of the "inherent power" disclaimer clause currently found in title III.

S. 1566 would also provide civil and criminal sanctions to those who violate its provisions. It requires that all extraneous information—unrelated to the purposes of the surveillance—be minimized. And it mandates that before any information obtained can be used at a subsequent criminal trial, the trial court must again find that all statutory wiretap procedures have been met.

Most of the concerns expressed by some about various provisions of the bill have been satisfactorily resolved in the Senate committees. I and others in the Congress shared these very concerns over the years; thus, for example, either the Attorney General or the Deputy Attorney General must personally sign off on each application; the application must state whether "physical entry is required to effect the surveillance," thereby notifying the court whether or not a break-in is necessary in order to install the surveillance device; use of the information obtained by the surveillance is further restricted—even in the case of non-American citizens—to "lawful purposes"; any testing of new electronic surveillance equipment, tests which are not covered by this legislation, cannot be directed against specific American citizens without their consent.

Most importantly, Mr. President, the issue of the so-called noncriminal standard has been resolved to the satisfaction of all the parties concerned. Both S. 3197 last year, and the bill introduced this year, retained a narrowly restricted provision allowing for electronic surveillance in the absence of a statutory recognition that the activity is criminal.

This provision, as originally drafted, remained a major stumbling block to prompt passage of the legislation. Many were convinced that S. 1566 would establish an unfortunate precedent if statutory recognition were conferred on electronic surveillance in the absence of a showing of criminal conduct. After long and difficult negotiations this crucial issue has been resolved. A special tribute is owed Senator BAYH, Senator GARN, and the other members of the Senate Intelligence Committee for developing alternate language and providing for a criminal standard. The bill now provides for

an explicit statutory recognition of criminality, but would also call for a lower standard of criminal conduct than the traditional "probable cause that a crime is being committed." Instead, the alternate language would speak in terms of probable cause that a person is engaged in "clandestine intelligence gathering activities that involve or may involve a criminal violation." All other clandestine intelligence activities that "involve or are about to involve" a criminal violation; or sabotage, terrorism, or activities in furtherance thereof. This latter sabotage and terrorism language will hopefully be worked out by amendment on the Senate floor.

This language goes a long way in striking a proper balance between the legitimate interests of national security and civil liberties. It is a criminal standard: but the standard which must be met for a warrant to be issued is closer to "reasonable suspicion" than evidence of an ingoing existing criminal enterprise. It is, I believe, the major breakthrough needed to develop bipartisan legislation in this area.

Mr. President, some might argue that this legislation is regressive and does not provide sufficient protection for civil liberties: others might maintain that it goes too far and will inhibit the functioning of our intelligence agencies. I disagree on both counts.

Legislation can hardly be labeled regressive which for the first time places strict statutory controls on foreign intelligence electronic surveillance. The judicial warrant and executive certification procedures guarantee the type of external and internal controls which I and others have long advocated. I am not completely satisfied with every single facet of the legislation; few people will be. In an area as sensitive and important as this, it is difficult if not impossible to support every provision. But those who would defeat this bill, because they are not satisfied with every section in it ignore the fact that today there is no statute at all. The courts currently have no role to play whatsoever in this area; executive discretion alone controls. Senate efforts at providing any safeguards have until today been exercises in futility. Despite my own reservations with a few provisions of the bill, I remain even more uncomfortable leaving the American people with no legislative protections whatsoever in this area.

Nor will S. 1566 undercut the effectiveness of our intelligence agencies. The needs of our intelligence agencies in protecting the national security have been carefully taken into account by both Senate committees, the administration and, perhaps most importantly, the intelligence community itself. The legislation has built-in safeguards to preserve the flexibility and secrecy of our intelligence effort. For example, the notice requirement is very limited, as is the power of the court to examine the validity of the certification in cases involving embassies and certain entities controlled by foreign governments. The requirements of what must go in the warrant application are similarly limited. S. 1566 is inapplicable to most overseas and national security agency electronic surveillances; and, finally, the legislation differs substantially from the provisions of current law authorizing wiretaps in domestic criminal investigations. The pending Senate bill now requires evidence of criminal activity before a warrant may be issued in foreign intelligence cases but, as already noted, establishes a less stringent "probable cause" standard of criminality, thus making it easier for the Government to secure a warrant for these limited purposes. Other provisions dealing with length of surveillance, minimization of the surveillance and congressional oversight are carefully drafted with national security interests paramount.

Two other criticisms have been raised in recent weeks—that the bill provides for too much judicial secrecy and will diminish the responsibility and accountability of the executive branch. But the first criticism is more accurately related to the sad state of existing law while the second ignores completely the theory underlying the judicial warrant requirement.

There is no "judicial secrecy" today, because the courts are not part of the process at all. It is the executive branch that exercises the secret and uncontrolled discretion, free from any statutory restraints. And, even if a lenient judge is quick to rubberstamp 99 out of 100 applications, the ever-present possibility that this application will be the one rejected by the court should act as an effective deterrent to abuse.

Mr. President, this legislation is designed to strike a balance, a careful balance that will protect the security of the United States without infringing on the civil liberties and rights of the American people. I believe the time has at last arrived when Congress and the Executive together can fill one of the last remaining loopholes in the laws governing wiretapping and other electronic surveillance in the United States. One should view this bill for what it is, a major effort by the Congress, long overdue, to place foreign intelligence electronic surveillance under the rule of law.

Finally, Mr. President, as I mentioned earlier, I acknowledge the very effective work of my colleague on the Judiciary Committee, Senator THURMOND, and the strong bipartisan support we have had throughout the fashioning of this legislation.

I mentioned in my remarks the leadership that was provided by President Ford and General Levi, who worked very closely with the committee in recent years; this bipartisan support has continued with President Carter and General Bell.

Of course, I also acknowledge the very close and cooperative relationship that we have had in working with the Intelligence Committee, with our colleague on the Judiciary Committee, Senator BAYH, who was tireless in the preparation and development of this legislation, with his excellent staff, and with Senator GARN who was enormously helpful in the shaping of this legislation.

It is a bipartisan effort, involving a balancing of interests. I am, of course, cognizant of the efforts of a small group of Senators that began just after the Keith case in 1972. We have had 7 years of hearings, involving the great leadership of Senator Sam Ervin, Senator MUSKIE in chairing a Subcommittee of the Foreign Relations Committee, Senator MATHIAS and Senator NELSON, who for years have been working in this area and, of course, our former colleague, Senator Phil Hart, who was enormously dedicated to the approach in this bill. He was a leader in the Senate in insuring protection of the liberties of our citizens.

This is the culmination of an extraordinary effort by the members of those committees, and their activity and involvement should be appreciated by not only the Senate but by the American people.

Mr. President, I reserve the remainder of my time.

Mr. GARN. Mr. President, I think it would be appropriate if the chairman of the Intelligence Committee spoke first. I defer to my distinguished chairman.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. KENNEDY. I yield such time as he may need.

Mr. BAYH. Mr. President, I appreciate the courtesy of our distinguished colleague from Utah. We have been on the same wave length in working together here on this matter for some time. I am glad to follow his lead on this matter.

Mr. GARN. I thank the Senator very much.

The ACTING PRESIDENT pro tempore. The Senator from Utah is recognized.

Mr. GARN. Mr. President, for nearly 2 years, much of my time and effort as a member of the Intelligence Committee has been devoted to the problem of electronic surveillance for foreign intelligence purposes. Particularly, as vice chairman of the Rights of Americans Subcommittee, I and my distinguished colleague, Senator BAYH, have spent days and weeks trying to balance the privacy rights of Americans against the need of the Government to obtain legitimate national security information. After all, the security of Americans in their communications is nothing without a secure America within which those communications can take place.

This has not been an easy task. But with the help and cooperation of Senators KENNEDY, EASTLAND, INOUYE, BAYH, BAKER, and THURMOND with the active interest and support of all of the members of the Judiciary and Intelligence Committtees; and with the valuable contributions of the Attorneys General of both the Ford and the Carter administrations—with the help of all of these people we have produced a bill which for the first time brings all electronic surveillance conducted within the United States under judicial review.

S. 1566 is unique in many ways. It reflects a skillful and careful blending of the sometimes competing interests of civil liberties and national security; it has matured through a 2-year period of close Senate-executive branch cooperation; and its sponsorship represents a

unique bipartisan collaboration in the interests of national security.

Some have wondered what a conservative Senator such as myself was doing cosponsoring what they thought was a liberal bill. The answer is quite simple. This is not a liberal bill. It is not a conservative bill. It is neither a Democratic nor a Republican bill. The tasks of balancing cherished constitutional liberties with increasingly threatened national security needs is too important to be left to partisanship.

This bill grew out of needs created by two separate problems. One was the serious gap which developed over the last several years in the area of foreign intelligence surveillance within the United States. In the face of increasing intelligence activities in the United States by the KBG and other foreign intelligence agencies—much of which involves Americans in one way or another—in the face of this, there have been very few authorizations for electronic surveillance of U.S. citizens for foreign intelligence purposes during the last 5 years. And in one of the very few cases of such surveillances, the current Humphrey case, the defense has put forth the argument that the information obtained by surveillance is not usable since it was not authorized by a judicial warrant. This bill will put an end to that. It will remove the uncertainty and ambiguity which for the last several years has clouded the atmosphere and hindered our counterintelligence officers from carrying out their responsibilities. Let me assure my colleagues that those agencies of the Government who have responsibility for counterintelligence activities within the United States support this bill. They look forward to being able to conduct legitimate foreign security surveillance, when such is needed, with the confidence that the information they obtain will stand up in court if prosecution is sought.

The second need which gave rise to this bill is one with which we are all familiar. Clearly, there have been abuses of the so-called inherent presidential authority in the past. These abuses were unfortunate and should never have occurred. But they did, and in reaction to them we virtually have closed off an important source of foreign intelligence information. This bill initiates procedures and establishes principles which, we believe, will prevent future abuses.

To those of my colleagues who are concerned about bringing the judicial branch into an area where they previously have not been involved, I wish to remind them that when approving warrants against foreign powers and foreign officials, the judge has three responsibilities: First, he determines that the target is in fact a foreign power or foreign official; second, he finds that the procedures proposed in the application will allow an adequate minimization of the acquisition and retention, and prohibit the dissemination, of information concerning U.S. persons which does not relate to national defense, foreign affairs, terrorism, or the activities of a foreign intelligence agency; and third, he reviews a certification from the White House that the information sought by the surveillance relates to, and if concerning a U.S. person, is necessary to the national defense or the ability of the United States to protect itself against certain acts which threaten domestic tranquility.

When U.S. citizens are to be the target of surveillance, then the judge plays a more expanded role. But that is as it should be. As long as our counterintelligence officers have probable cause to believe that a U.S. person's activities may involve a violation of a criminal law, then a judge ought to be more deeply involved. He ought to be involved for two reasons: To see that the rights of the citizen are being protected and to enhance the possibility that information so obtained will be usable in court proceedings.

Many who have followed this bill will recall that when it was introduced last year, several of us requested that the bill include a noncriminal standard for the authorization of warrants. The noncriminal standard was necessary, in my judgment, for several reasons: First, it is very hard to determine if sophisticated, secret spying activities involve a particular criminal offense; second, the desire to use surveillance-obtained information to uncover a wider network of foreign agents often prevents prosecution; and third, the Government may not desire prosecution since to do so would require them to reveal even more sensitive information in a court proceeding. To require that a crime was, or was about, to be committed would have prevented the FBI from conducting much of the investigatory work which is so essential in counterintelligence activities.

Thus, the earlier version of this bill had a noncriminal standard. This bill does not and that difference should be explained. This bill contains a criminal standard, but it loosens somewhat the certainty necessary for that standard to be reached. This bill allows a warrant to be issued on probable cause that a U.S. person's activities "involve or may involve a violation of the criminal statutes of the United States." The use of the phrase "may involve" gives sufficient flexibility and has allowed us to use the more widely acceptable criminal standard. Officials of the FBI and the Department of Justice have assured me that this criminal standard is acceptable to them.

There are some who fear that this bill is too broad and might allow for future abuses. There are others who fear that this bill might preclude legitimate and necessary surveillance. The fact that we have worked for nearly 2 years to balance these needs convinces me of the soundness of this legislation. I believe that the bill protects civil liberties to the maximum extent possible while not foreclosing to our Government the tools it needs to carry out counterintelligence.

Mr. NELSON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. GARN. I would be happy to yield to the distinguished Senator.

Mr. NELSON. Mr. President, I ask unanimous consent that Peter Connelly of my staff be permitted the privileges of the floor during the debate and rollcalls on this legislation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GARN. The distinguished Senator from Wisconsin interrupted me at a very appropriate time, the end of my remarks.

I yield the floor.

Mr. KENNEDY. I ask unanimous consent that Irene Emsellem and Glenn Feldman of Senator Abourezk's staff be permitted access to the floor during the consideration of this legislation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAYH. I ask unanimous consent that Mr. Ira Shapiro be granted the privileges of the floor during the debate and rollcalls in the consideration of this legislation.

The PRESIDING OFFICER (Mr. NELSON). Without objection, it is so ordered.

Mr. KENNEDY. I yield the floor at this time.

Mr. BAYH. Mr. President, I appreciate very much the thoughtful remarks of the distinguished Senator from Massachusetts, as well as the distinguished Senator from Utah.

I must confess to having rather mixed feelings as we gather together here. I suppose in the depths of my heart, as one who believes very strongly in the freedoms of this country, I am nervous when we get involved in legislation which has the end product of guaranteeing and prescribing the use of scientific and technological devices which can spy on and pry into our lives.

I wish we were living in a world and at a time when that was not necessary, but I think anyone who is at all realistic about what is going on in the world and, indeed, what is going on in this country, has to recognize that this is a utopian view which we hope some day will come if we all persist, but certainly is not the kind of time in which we are living today.

Part of my nervousness, I guess, also goes to the recognition that this bill is required absolutely, unqualified, because of certain misconduct and abuse which are almost unbelievable as far as conduct which one likes to believe is typical of that followed by public officials in the United States. It is conduct where the standards go back over a long period of time, and there is little to be gained, it seems to me, by rehashing those abuses incident by incident because there is enough blame to go around affecting large numbers of people and all of the political philosophies that exist in this country.

So I think the real world has to recognize a significant contribution that this particular legislation is going to make to the delicate balance which is necessary in our society between protecting individual liberties, on the one hand, and yet giving the intelligence agencies the tools they need to protect society, on the other.

The bill before the Senate today, S. 1566, the Foreign Intelligence Surveillance Act of 1978, is the first major intelligence reform measure to be considered by the Congress. It will bring an end to

the practice of electronic surveillance by the executive branch without a court order in the United States. It establishes standards for issuing court orders that reconcile the interests of personal privacy and national security in a way that is fully consistent with the fundamental principles of the fourth amendment and due process of law.

I want to make clear what kind of surveillance this bill covers. The term "foreign intelligence surveillance" might be misleading. It is electronic surveillance targeted against persons who are within the United States, for the purpose of obtaining foreign intelligence information. The techniques include conventional wiretaps and bugging devices, television monitoring, and similar devices that invade a person's reasonable expectation of privacy.

The "foreign intelligence" obtained from this surveillance includes two basic kinds of information. The first is "positive" foreign intelligence about the intentions and capabilities of foreign powers. That kind of intelligence information is used by the President and the National Security Council for the conduct of foreign affairs and the military defense of the Nation. The second kind of information is foreign counterintelligence about spies and international terrorists. Foreign counterintelligence information is used by the FBI to protect against the activities of the Soviet KGB and other hostile intelligence services, as well as to protect against international terrorist activities.

Electronic surveillance is an essential means for obtaining both positive foreign intelligence and foreign counterintelligence information. S. 1566 authorizes such surveillance with safeguards to protect constitutional rights.

This legislation has been developed with broad bipartisan support and the strong endorsement of two administrations. Two years ago Attorney General Edward H. Levi, working closely with Senator KENNEDY and other members of the Judiciary Committee, drafted the first version of this bill. It was reported in 1976 by the Judiciary and Intelligence Committees, but failed to reach the floor before adjournment.

The present bill picked up where that bill left off. Attorney General Griffin Bell and the Carter administration, in consultation with both the Judiciary and Intelligence Committees, agreed to several major improvements in the legislation. The administration accepted the principle that the bill would establish the "exclusive means" for national security surveillance in this country. The protections of the bill were broadened to include certain international communications of Americans. The new bill allowed the judge to review all aspects of surveillance of an American citizen or permanent resident alien.

I note Senator KENNEDY pointed out the bill was not perfect. Indeed, it is not. Both he and I would like to see certain other protections provided in it. One, we do not guarantee the rights of Americans wherever they may travel. There is legislation that has been introduced by many of us who are supporting this bill, both in the Judiciary and Intelligence Committees, which is designed to provide charters for the various intelligence agencies. In that bill we provide very clear protections for American citizens wherever they travel. Whether we will be successful in reaching this goal I must say is yet to be determined. But indeed that is a goal that is very much before us.

The bill as introduced with these improvements was a good one. But I believe it is now better because of the careful deliberations by the Judiciary and Intelligence Committees during the past year. The members of these committees represent a wide range of views on electronic surveillance for intelligence purposes. I know that some of the members have been fearful that any departure from strict fourth amendment law enforcement procedures would endanger the rights of individuals. Other members have been equally concerned that a court order for intielligence surveillance might hamper the ability of the Government to protect the Nation's security.

Despite these wide differences, those of us who have considered this bill so long and so carefully have come to understand why this legislation is necessary. We have made accommodations along the way to make sure that the bill accomplishes its intended purposes. The administration, the intelligence agencies, and interested private groups have participated fully in these deliberations. The final result was agreement on two basic principles.

First is the principle that a court order is required for all electronic surveillance in the United States. The means for carrying out this objective is the establishment of a special court composed of a limited number of designated judges, who consider the applications for surveillance orders. The idea of a special court was first suggested by the Supreme Court in the Keith case in 1972.

Only, Mr. President, by insisting on the presence of the judiciary, both in providing authority and in providing review, were we able, in my judgment, to remove the temptations to which various public officials have succumbed in the past, of getting involved for purposes that were very questionable, and, indeed, in many instances, for purposes of a primarily political nature.

The judges of the special court will, under the bill, apply different standards and procedures depending upon who is the surveillance target. In the case of foreign powers and foreign officials, the judge's role is limited. His duty is to insure clear accountability within the executive branch by requiring a written certification that the surveillance is needed to obtain foreign intelligence information. He also makes certain that information about Americans obtained as a byproduct is used properly. If the surveillance is directed at an official foreign government establishment, the surveillance may last as long as a year before a new court order is required.

On the other hand, in the case of an American citizen, a resident alien, or a private foreign citizen visiting this country, the judge's responsibility is greater. He must make detailed probable cause findings of fact and review the surveillance every 90 days.

These different standards and procedures make it possible to have a court order for all surveillance, without exception.

The second fundamental principle is that a criminal standard is required for surveillance of American citizens and permanent resident aliens. Reaching agreement on this principle took the most careful study.

Mr. President, I think it is important to note that probably the most controversial, the most sensitive, and yet probably the most important aspect of this legislation was that standard, the criminal standard which is required before electronic surveillance of a more traditional kind can be targeted against Americans in this country. It took a great deal of persuasion and of willingness to compromise on the part of all the parties involved.

I would particularly point out the role played by Senator KENNEDY, of course, as chairman of the Judiciary Committee, of Mr. Feinberg, his staff member, of John Elliff, my staff member on the Intelligence Committee, of Senator GARN and his staff member, Stan Taylor, and of all of the heads of the agencies involved who were concerned. We had to work out the wording so that it would not deny them the tools they rightfully required to protect us, but at the same time we were able to establish a criminal standard, which I think was fundamental if we were to fulfill our responsibilities.

The basic problem was that foreign spies use very clever techniques to avoid detection. This makes it hard for the FBI to meet an ordinary criminal standard. However, the Intelligence Committee worked with the Justice Department, with FBI intelligence officials, and with civil liberties experts to develop a more practical standard that is still linked to the criminal laws.

These two principles—a court order for all surveillance in this country, and a criminal standard for surveillance of Americans—are critically important for the future. They establish the legitimacy of electronic surveillance for intelligence purposes. They help remove the cloud of uncertainty that has lingered too long over agencies such as the FBI.

The Intelligence Committee is making every possible effort to insure that our intelligence agencies conduct themselves properly and in accordance with the law. And I must say that I have been heartened by the kind of cooperation we have received in the Intelligence Committee from those who have the responsibility of conducting the intelligence activities of this country. I hope we can continue to build on this rapport and this cooperation, which was initiated under the leadership of my predecessor as chairman of the committee, the distinguished Senator from Hawaii (Mr. INOUYE).

Unfortunately, I think we have to recognize that the law itself is still unclear where foreign powers and foreign agents are concerned. That is why prompt enactment of this bill is vital. As long as

the law is confused and inadequate, many people will fear abuses.

The details of S. 1566 are sometimes complex and hard for the ordinary citizen to understand. But he will clearly understand these two fundamental principles. He will know that the law forbids any U.S. intelligence agency from wiretapping or bugging anyone in the United States without the approval of a Federal court. And he will know that his privacy is protected unless he engages in criminal activities.

That is what it takes: engaging in a criminal activity that has sufficient qualities or characteristics that a Federal judge will grant a request for a warrant for subsequent electronic surveillance.

The bill also sends a message around the world. In many countries, if not most, a visitor to that country has no protection whatsoever against being wiretapped or bugged by the secret police. But in the United States, where we like to feel that we establish a higher standard, and where we feel a high degree of sensitivity about the rights of all human beings, the law will protect private citizens from abroad who visit our Nation if they are not involved in detrimental activity harmful to the United States.

In some cases the protections are somewhat less than those afforded to our own people. But the legal standard has been carefully drafted to meet demonstrated counterespionage needs, and not to allow indiscriminate surveillance of foreign visitors.

I believe the American people can take pride in this legislation. It represents all that we stand for as a nation with a living Constitution that can be adapted to new problems without sacrificing its fundamental values. It shows that all three branches of Government can share responsibility for the most sensitive intelligence activities, so that our system of checks and balances will continue to work as the framers of the Constitution intended.

As James Madison wrote in Federalist No. 51:

> If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which must be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions.

How wise our Founding Father was so long ago.

Many people deserve credit for bringing this bill to the Senate floor with broad support today. Senator KENNEDY began more than 5 years ago to question the surveillance practices of the executive branch. He and the present Presiding Officer (Mr. NELSON) introduced pioneering bills in this field. Former Senator Ervin and the members of the Watergate Committee helped break through the wall of executive arrogance that concealed electronic surveillance abuses. Senator CHURCH and the members of his select committee investigated the other abuses of the past and laid them out for the public to see. Among the members of the Church committee, the late Senator Philip Hart, Vice President MONDALE, and Senator BOB MORGAN helped develop the recommendations on intelligence activities and the rights of Americans that led to this bill.

Attorney General Levi and President Ford made the decisions that brought about executive branch support for the principles of the bill. Their actions marked the end of nearly 40 years of executive opposition to meaningful legislation in this field.

Attorney General Bell and President Carter carried forward this initiative and helped refine and improve it. And I certainly think it is to President Carter's credit that he is really the first President of the United States who has given up the inherent authority that has been claimed by his predecessor to use foreign intelligence as a reason to invade our privacy through various electronic procedures.

Finally, there are scores of other people—in the Justice Department and other executive agencies, representing the private groups interested in this bill, and on the staffs of the committees—who have devoted long hours over many months to this legislation. Their constructive criticism and advice have made this bill the product of many minds working together.

This bill is a beginning, not an end. There is much more to accomplish before we have a full legislative framework for intelligence activities.

The Intelligence Committee has already begun its hearings on S. 2525, the National Intelligence Reorganization and Reform Act, which provides legislative charters for our intelligence agencies and protects the rights of Americans against improper intelligence investigations. That is our next objective.

Certainly, Senator HUDDLESTON, of Kentucky, deserves a great deal of credit for his leadership in this area.

I urge the Senate to pass S. 1566 and demonstrate to the people of this country and the world that, in the United States, liberty and national security are partners and not enemies.

I would say one last word in conclusion. I have not been involved in a piece of legislation where the issues have been more important and the sincere judgments of the parties involved have been arrayed expressing such a broad cross section of agreement and disagreement. We have had some very intense feelings expressed on this legislation. If it were not for the willingness to work toward the goals of protecting the country and protecting the rights of individuals, we would not have been successful.

I again salute the floor manager of this bill (Mr. KENNEDY) for his leadership.

I would like to say a word about my colleague from Utah (Mr. GARN), who was the ranking member of the Subcommittee on the Rights of Americans of the Intelligence Committee.

He looked at this legislation carefully. He had some reservations about it. I think probably he has reservations about it where we are now, as I do. We recognize it is not a perfect piece of legislation. But he, as well as other members of our subcommittee and the full committee, and, hopefully, Members of the Senate as a whole, are willing to put aside our personal preferences and move toward a common goal. Without that kind of tenacity and willingness to follow what I believe is the setting of an example of the legislative process that we have witnessed throughout the past several months, we would not be here today.

I would also like to express my thanks to the vice chairman of the Intelligence Committee (Mr. GOLDWATER), who moved in committee that we recommend S. 1566, as amended, for enactment. No one is more devoted than he to the defense of the Nation, and we greatly value his support.

Mr. THURMOND. Mr. President, I wish to join my distinguished colleagues, Senator KENNEDY, Senator BAYH, and Senator GARN, in expressing my support for the Foreign Intelligence Surveillance Act of 1978.

This bill comes before the Senate at a most critical point in the course of world events. International tensions are increasing and the newspapers are filled with accounts of international terrorist activities. We have no assurances that the United States will be free from this kind of activity now or in the future. That is why it is important that definite procedures be established to permit the use of foreign surveillance methods.

Mr. President, this legislation strikes a proper balance between the civil liberties of the individual and the need for this Nation to collect foreign intelligence information important to its security and its conduct of foreign affairs.

In providing a warrant procedure the American public is reassured that no individual will be subject to electronic surveillance unless a judicial officer has authorized it and that the individual is engaged or may be engaged in intelligence-gathering activities on behalf of a foreign government. The procedure will also insure that the Government will be able to collect foreign intelligence information necessary for the United States to protect itself from intelligence gathering by foreign agents within the United States.

Mr. President, this bill also provides that a court order approving electronic surveillance may be granted by any one of seven district court judges publicly designated by the Chief Justice of the United States. In addition, there shall be a special panel of three judges designated to review the denial of any application for an order approving electronic surveillance. Each judge designated shall serve for a maximum of 7 years and not be eligible for redesignation.

There are provisions for the employment of electronic surveillance in an emergency situation where an authorized order cannot be reasonably obtained. The Attorney General may authorize an emergency wiretap for up to 24 hours, but must within that period either obtain an authorized order or terminate the surveillance. If the appropriate authorization is not obtained, no information or evidence obtained may be used

in a trial, court, or other similar Government proceeding.

Mr. President, although the case law in this area has supported or left untouched the policy of the Executive in the foreign intelligence area having the constitutional power to engage in electronic surveillance for foreign intelligence purposes and without a judicial warrant, S. 1566 lays down definite congressional guidelines for the use of foreign electronic surveillance. I support this approach because I believe that the failure of the Congress to act decisively in this area may lead to a chilling effect on the use of foreign electronic surveillance in this country. The Nation needs to have the kind of information provided by electronic surveillance in order to conduct its foreign affairs, maintain its military strength, and preserve domestic peace.

There is no requirement in this bill, Mr. President, that certain targets of electronic surveillance be actually engaged in the commission of a crime. Nor should there be such a requirement for those engaged in actual spy activities.

Our espionage statutes were written before World War I, and the nature of intelligence gathering has changed a great deal since that time. Much espionage today is directed at industrial processes and trade secrets. The gathering of material of this nature by foreign agents for the benefit of foreign powers who are not our allies is generally not illegal, but the Government should be able to discover these clandestine activities.

Furthermore, even activities which in their completed state would be crimes, but have not reached the threshold of criminal conduct, may go undiscovered unless the Government is able to collect information about foreign intelligence services working at the direction of a foreign power. The retention of a noncriminal standard in the bill will allow the Government to discover this kind of foreign surveillance activity.

Mr. President, this bill comes before the Senate as the product of careful consideration by two committees, the Intelligence Committee and the Judiciary Committee. As ranking member of the Judiciary Committee I can assure my colleagues that all aspects of this legislation have been thoughtfully considered. The Department of Justice, the Central Intelligence Agency, the Defense Department—all our Federal agencies with intelligence responsibilities have been consulted. Likewise, the American Civil Liberties Union and other public groups have had the opportunity to present their views and suggestions to improve the bill. Two administrations, the present one, and the Ford administration, have supported this legislation. It has bipartisan support in this body.

Mr. President, I ask my colleagues to judge this bill on its legislative record over the past few years in the Senate. It has withstood the scrutiny of many eyes and is now ready for approval. I support S. 1566 and urge my colleagues to do likewise.

Mr. STONE. Mr. President, I ask unanimous consent that Tom Moore, of my staff, be granted the privileges of the floor during the votes and proceedings on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I make the same request for Mr. Jim Davidson, of the staff of Senator MUSKIE.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I make the same request for Eric Hultman, of the staff of the Judiciary Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I ask unanimous consent that Angelo Codevilla, of my staff, be granted the privileges of the floor during the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

The question is on agreeing to the first committee amendment.

Mr. GARN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. GARN. I ask unanimous consent that it be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

M. THURMOND. Mr. President, I understand that the distingiushed Senator from New York desires time. How much time?

Mr. MOYNIHAN. I ask 10 minutes.

Mr. THURMOND. On behalf of Senator KENNEDY, I yield 10 minutes to the Senator from New York.

Mr. MOYNIHAN. I thank the Senator. May I amend that to ask for 12 minutes?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I am happy to join with all my colleagues on the Select Committee on Intelligence in supporting passage of the Foreign Intelligence Surveillance Act. This bill represents the culmination of a great deal of effort, a good part of which was expended by my colleagues before I had the honor of joining them. Two successive Attorneys General, from opposite parties, worked closely with the committee in the drafting of this bill, and were fully in support of its general concept and most of its detailed provisions.

I would support the bill, if for no other reason than that it is a fitting monument to the high regard in which we should—and, in the main, do—hold the right to privacy of every American.

We were forcefully reminded, several years ago, of the necessity of vigilance in protecting this right by the work of the Church committee, the distinguished chairman of which has been on the floor this morning. Following the disclosure of abuses involving warrantless wiretapping and surveillance, the executive branch, under both Presidents Ford and Carter, responded with two Executive orders and a series of regulations promulgated by the Attorney General, to control this sort of behavior. It seems that this effort at self-regulation by the executive branch has been successful—so successful, in fact, that the Attorney General informed us earlier this year that only one U.S. citizen was the target of warrantless electronic surveillance for foreign intelligence purposes this year.

We now know that this particular citizen was reasonably suspected of passing classified Government documents to a foreign country, and that the electronic surveillance involved was of a particularly nonintrusive sort—a videotape, with no audio recording, was made of the subject's behavior in his work area in a Government office building.

Some might then ask, if the wrong has already disappeared, why do we need such a massive remedy? The first, and more obvious reason, is the need for extreme care in protecting the right of privacy of our people. In fact, I have often spoken about the incomprehensible fact—to which I will return in a few moments—that our Government has been neglecting a much more serious threat to the privacy of communications in this country than that theoretically posed by the U.S. intelligence agencies. Nonetheless, even if the wrong has disappeared, it makes sense to construct some barriers against its possible reappearance.

But there is a second, and less obvious, reason why this, or some similar, remedy is needed. As a result of the incessant attention and criticism focused on the intelligence agencies by the press and by a series of congressional committees, and as a result of the confusion created by the absence of statutes in this area, our intelligence agencies today very likely find themselves uncertain of their authority and may well be increasingly reluctant to stick their necks out and take aggressive action which will later be found to have violated the law.

This is an understandable concern on their part; while only three people have been indicted for espionage in the last year, five current or former officers of intelligence agencies—including former CIA and FBI Directors—have been indicted for alleged violations of law. While we can as little condone violation of the law by Government officials as by anyone else, we should have some sympathy for officials who thought their actions fell within a widely understood and accepted consensus—even if that consensus were tacitly rather than explicitly accepted and transmitted to newcomers.

It now turns out that this tacit consensus is recognized neither by the law nor by the political process, and that officers of the intelligence agencies are to be held to written legal standards. Yet these written legal standards were not drafted with the requirements of intelligence collection in mind.

To make matters worse, this development is taking place at a time when the

number of Soviets and Eastern European diplomats, businessmen, students and even merchant seamen visiting the United States is rising rapidly. We know from long experience, both our own and that of nations friendly to us, that many of these visitors from Communist countries are engaged in clandestine intelligence activities; for the most part this must mean inducing, by one means or another, Americans with access to sensitive information to share it with them. While it would be nice to think that this cohort of foreign agents, with one exception, has been so unsuccessful as to obviate the need for electronic surveillance, I think we must admit that this is unlikely to have been the case.

Consequently, the Judiciary and Intelligence Committees have introduced the present bill to authorize the use of electronic surveillance to obtain foreign intelligence information, while, at the same time, protecting the right to privacy of U.S. citizens and aliens from abuse by our own intelligence agencies.

In doing this, however, we are entering virgin legislative territory. Until now, no nation in the world has tried to regulate its foreign intelligence agencies in the manner in which we now propose to do. The attempt to bring a whole area of heretofore unregulated behavior under the strict rule of law exposes us to two risks: First, we may unduly restrict our intelligence agencies and so endanger our national security or the successful conduct of our foreign policy; or second, we may so distort the procedures and traditions of the judiciary as to weaken the protection it can afford individual citizens and aliens, to force it to make inherently administrative—that is, nonjudicial—decisions, and, ultimately, to dissipate the high prestige in which the judiciary is held and on which the bill itself so heavily relies.

In all candor, I must admit that I am unable to offer any assurances that these risks will not materialize. The very unprecedented nature of the bill should make us wary of accepting assurances of this sort.

I do, however, wish to call attention to a provision of the bill, on which we have not focused our attention, but which I believe speaks to these concerns. My colleagues and I included in the bill the following provision, section 2528(b):

(b) On or before one year after the effective date of this chapter, and on the same day each year thereafter, the Select Committee on Intelligence of the United States Senate shall report to the Senate, concerning the implementation of this chapter. Said reports shall include but not be limited to an analysis and recommendations concerning whether this chapter should be (1) amended, (2) repealed, or (3) permitted to continue in effect without amendment.

This provision for annual review suggests that we should devote some thought to the criteria against which the select committee should judge the adequacy of the bill. While only the members of the select committee are charged with the responsibility of reviewing the working of the bill and making recommendations, every Senator can take part in the discussion by which are established the standards against which the bill is to be measured.

In this spirit, I would like to discuss some questions which the select committee should consider in the annual reports it will issue on this bill.

First, are we receiving an adequate amount of foreign intelligence information? Or, are we being unduly restricted in our foreign intelligence activity by this bill?

Second, are we able to counter foreign espionage activities in the United States? To put the matter bluntly, are we catching Soviet and other Communist spies in proportion to the increasing opportunities for espionage which the Soviet Union and other Communist countries enjoy?

Third, have we made progress in protecting the privacy of our communications from hostile intelligence services? While this bill does not directly address this question, it does define as an "agent of a foreign power," and hence as someone whose communications are subject to interception—

any person who—knowingly engages in clandestine intelligence gathering activities for or on behalf of a foreign power, which activities involve or may involve a violation of the criminal statutes of the United States.

Thus, the authority provided by this bill is available to help protect the privacy of Americans from the activities of foreign intelligence services. This bill alone, however, is clearly insufficient for this purpose. For this reason, 16 colleagues joined me last summer in sponsoring the Foreign-Surveillance Prevention Act (S. 1950).

Accordingly, Mr. President, I should like to call further attention to this problem of the intrusion by foreign intelligence agencies in the private communications of American citizens. So far as one can tell, this is of an incomparably greater order of magnitude than anything ever contemplated, much less actually carried out, by American intelligence agencies.

I recall the Attorney General's report to us that this year, there has been one American citizen who has been subject to warrantless electronic surveillance by American intelligence agencies.

However, I would not be surprised if upwards of 1 million American citizens were, at this moment, having their telephone calls listened to by the KGB, the committee of state security of the Soviet Union. They are overheard by receivers on the top of the Soviet Embassy here in Washington. A new Soviet Embassy soon to be built on a hill in Washington, will, for this purpose, no doubt, be even better situated for the interception of the telephone calls of anyone on this floor, or in the gallery, or who will read this RECORD. Telephone calls are intercepted for the Soviet Mission to the U.N. in Manhattan and from their skyscraper in Riverdale, in New York City, again for the purpose of intercepting and sorting out by computer American telephone calls. This massive invasion of our privacy by Communist intelligence agencies is taking place daily and blatantly; viewers of a recent Columbia Broadcasting System program saw the receivers on the top of the Soviet Embassy here in Washington.

So, Mr. President, last year, as I said, in cooperation with 16 colleagues, I introduced a bill entitled "The Foreign Surveillance Protection Act," S. 1950. I said, in introducing the bill on July 27, 1977:

The principle here is simple: so far as electronic surveillance is concerned our law defines what Americans cannot do to each other; it is time for a law which says what foreign governments cannot do to us.

Unfortunately, Mr. President, the Judiciary Committee, to whom this bill was referred, has not until now had the opportunity to consider it and to hold hearings on the subject.

Yet, at this moment, when we adopt such a major piece of legislation protecting the privacy of Americans against their own intelligence agencies, is it not an appropriate time to ask whether we will protect ourselves, the same Americans, against the activities of foreign governments? Now that we are about to enact strong statutory safeguards for the protection of privacy against the activities of U.S. intelligence agencies, is it not all the more incumbent on us to provide adequate safeguards against the activities of foreign intelligence services?

Since I introduced the Foreign Surveillance Protection Act last July, the administration, as reported in the Atlanta Constitution of November 20, has set up an interagency committee under the chairmanship of Dr. Frank Press, who is the President's science adviser, to coordinate Government policy on communications security. It is time for Congress to assure itself that this committee is on the road to solving the problem or, if it is not, to enact legislation to clarify the duty of the Government to protect the privacy of communications from foreign intelligence services, and to authorize, if necessary, the actions by which this can be done.

Mr. President, I wish to emphasize one thing here. I admire and trust the administration and its behavior, but I cannot help but note that much of its present calm about this matter derives from its having secured its own communications against Soviet interception, not ours.

Every institution comes first, and to Government, Government comes first, but cannot the citizenry come second?

In any event, it seems to me time for Congress to assure itself that this interagency committee is doing its job and also to ask what should be done about governments who come to the United States and install facilities violating the laws.

The Soviet interception of American telephone conversations, to my knowledge, Mr. President, is a criminal act.

If the distinguished Presiding Officer, the Senator from Wisconsin, were to set up today on the roof of the University Club next to the Soviet Embassy and do during the day what the Soviets do during the day, alas, the Senator probably would be arrested and charged with criminal invasion of privacy, or whatever the law may be, and treated without ap-

propriate respect by his own Government because he would be violating the law. But if he were a Russian intelligence agent next door, that would be different.

The intelligence agent is different in that he is immune from arrest in some instances, but he is not immune from being declared persona non grata.

In the meantime, the fourth amendment rights of Americans have to be protected.

In open hearings, I asked the counsel to the CIA, who said to me, that the fourth amendment protects us only against violations by our own Government, and that the fourth amendment provides no protection against violations by foreign governments.

If that is so, it suggests to me that a statute is in order.

I do not want to detain the Senate further on this matter, but I understand that the Chairman of our Select Committee on Intelligence, the distinguished Senator from Indiana who has been so much responsible for the legislation now before us, feels that the Judiciary Committee will be in a position to hold hearings on the legislation which we have introduced, legislation having to do with foreign surveillance of American citizens in this country.

I wonder if that is not the case?

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. MOYNIHAN. May I ask for 2 additional minutes?

Mr. BAYH. I yield the Senator 2 additional minutes.

In response to the question of our colleague from New York, I will say that as a member of the Judiciary Committee, I will be glad to use whatever little influence I might have on those who are in a position to make this decision.

I think we should have hearings.

The Intelligence Committee, of which the Senator from New York is a member, does not have jurisdiction over this matter. However, it is certainly within reason that we could hold hearings on the subject.

Mr. MOYNIHAN. Yes.

Mr. BAYH. However, we would not be permitted to hold hearings on the bill since that is a product of the Judiciary Committee authority. It has been referred, as the Senator from New York is very well aware.

Mr. MOYNIHAN. What my friend suggests, if I understand him is that the Intelligence Committee will hold hearings on this subject, and that it will make its findings available to the Judiciary Committee for any course it may wish to pursue.

Mr. BAYH. That is accurate.

Mr. MOYNIHAN. Fine.

I want to thank the distinguished Senator from Indiana and the distinguished Senator from South Carolina who is listening with such courtesy, and say that the Judiciary Committee surely would wish to show itself as zealous to protect Americans against eavesdropping by Communist agents as by the FBI.

Mr. BAYH. Would the Senator permit me to state one thought?

Mr. MOYNIHAN. I am happy to.

Mr. BAYH. I share his concern and I am sure I shared his shock when we were first made privy to the extent of this clear invasion of the privacy of American citizens.

I must say, I would not want the record to read that the issue is quite as clearcut as it might read if we stopped a discusion of this issue right now. I talked to a number of people in high places, as I am sure the Senator from New York has, and they are concerned about this. Hopefully, we will be able to find a way to deal with it. Maybe his bill is the answer.

But I think it is important to point out that we have a problem here that is a much stickier wicket than just the traditional kind of diplomatic immunity.

I think the security of the questions involved precludes any of us discussing the details of this again. But I think it is fair to say that the United States, and aware of its activities elsewhere in the world, does not put our country and countrymen at an issue having totally clean hands in this argument.

Mr. MOYNIHAN. The Senator is entirely correct.

Mr. President, one final observation. After Watergate, after the findings of the Church committee, are we not warned against people who rise and whisper in our ears that in the interests of national security we must violate the constitutional rights of Americans?

When we hear that, we become alerted to the abuses of the past and become concerned about possible abuses of the future.

American citizens have as much right not to have the Russians eavesdropping on them as not to have their own Government eavesdropping on them.

Mr. President, I thank the Chair, I thank the chairman of the select committee, and I thank the Senator from South Carolina.

The PRESIDING OFFICER. Who yields time?

Mr. MORGAN addressed the Chair.

Mr. BAYH. I yield to the Senator from North Carolina whatever time he wants.

Mr. MORGAN. Approximately 10 minutes.

Mr. BAYH. He is a distinguished member of our subcommittee and the previous committee and is certainly well qualified to speak on this subject.

The PRESIDING OFFICER. The Senate has 7 minutes remaining.

Mr. MORGAN. I thank my distinguished colleague and I will try to make my remarks as brief as I can.

Mr. BAYH. If the Senator will permit me, I think the time restraints permit an hour for each amendment on the bill, and if the Senator from North Carolina does not have sufficient time, we have three or four amendments that will not require nearly an hour to discuss, and I am prepared to introduce one of those, if the Senator needs the time.

Mr. GARN. If the Senator will yield, we have adequate time. We have 45 minutes remaining on this side of the aisle. I would be happy to yield what time is necessary for the Senator from North Carolina and the Senator from Wyoming.

Mr. MORGAN. I thank my distinguished colleague.

The PRESIDING OFFICER. The Senator from North Carolina is yielded 10 minutes—7 minutes from the majority side and 3 minutes from the minority side.

Mr. MORGAN. Mr. President, first, I commend the distinguished Senator from Indiana, who chairs the Select Committee on Intelligence; the distinguished ranking minority member of that committee, the Senator from Utah; and the distinguished Senator from Massachusetts and the distinguished Senators from South Carolina for the splendid work they have done on this most difficult piece of legislation, it really is landmark legislation.

I am extremely interested in this subject and have been for many years. I became interested in illegal and unlawful wiretapping when I became attorney general of North Carolina more than 10 years ago, at which time I ordered my State bureau of investigation to cease all wiretapping unless properly warranted. Then, as a member of the Church committee, I say what could happen. So I wholeheartedly endorse this bill, and I commend my colleagues who have worked so hard on it.

Mr. President, there are several stories behind today's consideration of the Foreign Intelligence Surveillance Act of 1978. Not only does it mark the culmination of one of the Senate's first efforts to place the activities of our intelligence agencies under the rule of law, but it also demonstrates that within this body and the Executive there remains intact an unalterable respect for the rights of American citizens.

The history of wiretapping and electronic surveillance in this country is long and vivid. The Supreme Court, in the case of Olmstead against United States, in 1928, held as admissible evidence which had been obtained through the use of a wiretap. In his famous dissent to that decision, Justice Brandeis stated that the makers of our Constitution "conferred as against the Government, the right to be let alone—the most comprehensive of rights and the right most valued by civilized man." Justice Brandeis went on to say, speaking of techniques to be used in the future:

> The progress of science in furnishing the Government with means of espionage is not likely to stop with wiretapping. Ways may some day be developed by which the government, without removing papers from secret drawers, can reproduce them in court and by which it will be able to expose to a jury the most intimate occurrences of the home.

Justice Brandeis' words could almost be considered prophetic for that day has come. Not only has the rapid development of technology been accompanied by an increase in the use of electronic surveillance techniques, but we have also seen our most valued right—to be left alone by our Government—consistently violated.

In the series of court cases which followed the *Olmstead* decision, our law evolved to the point where warrantless electronic interceptions of private communications were considered "unreason-

able searches and seizures." Title 18 of the Omnibus Crime Control and Safe Streets Act of 1968 codified much of the existing case law by prohibiting government eavesdropping except to gain evidence in certain cases of serious crimes and by requiring a warrant in those cases. Case law as well as our present statutes have left unanswered the question of whether an exception to the warrant requirement exists in cases of national security where there is the possible involvement of a foreign power.

Not only did this loophole in the law exist, but our highest executive officers, going back for decades, have attempted to legitimize warrantless electronic surveillance under the guise of Presidential claims of inherent authority to do whatever may be necessary in the interest of national security. In 1940, President Roosevelt authorized the use of electronic surveillance against "persons suspected of subversive activities against the Government of the United States, including suspected spies." Litigation which rose out of the warrantless electronic surveillance of staff members of the National Security Council was concluded last year. And a current espionage trial taking place at this very moment here in Washington has as one of its primary issues the question of whether the President has an inherent right to conduct warrantless electronic surveillance for national security purposes.

Mr. President, I have been closely involved with our Nation's intelligence agencies, their activities, and the guidance and direction they receive since I first came to the Senate. Two lessons I have learned which stand out very clearly in my mind are—one, that in this time of highly charged nationalist movements and outbreaks of terrorism throughout the world, we need and must have the best available intelligence if we are to continue to maintain our stature in the world, and, two, that the activities of our intelligence agencies must be conducted pursuant to rules of law consistent with our Constitution.

I have found out intelligence agencies capable of competently carrying out their assigned tasks, and the Intelligence Oversight Committee has proven to be a workable forum for the interchange of ideas between the executive branch and the Congress. The end result in this case is the legislation before you, which I wholeheartedly endorse.

As we all know, there exists a direct conflict between the ideas of a democracy and intelligence which gives rise to a distinct difficulty in drawing a balance between what activities our Government may participate in in order to protect us and the protection of our ideals of individual liberties. I feel that too often in the past, our law enforcement agencies, followed by our intelligence agencies, came down on the side of vigorous pursuit of their activities to the detriment of the American citizen. Just as there are bad apples in every barrel, there are those in this country who will engage in espionage on behalf of our adversaries. And while we must, repeat, must be vigilant in our pursuit of these traitors, we must remember that the vast majority of American citizens love their country and would not participate in activities to its detriment, especially when cooperation with the enemy is involved.

Because of my faith in the American people, I was unable to support last year's attempt to legislate in this area. That legislation, which would have permitted electronic surveillance of persons not involved in criminal activity, was inconsistent not only with the trust I have in the American citizen, but was also contrary to my concept of how the Congress should go about implementing reform of our intelligence agencies through legislation. The past had shown me that even though our governmental leaders and members of the intelligence community may have had the best intentions, there were abuses. One abuse led to another, and another, and eventually we may have been faced with a KGB or Gestapo without even knowing it. The origins of the abuses rested in the fact that Americans who had done no wrong could be investigated, in the absence of criminal conduct. Once the investigations started, there was no stopping point.

S. 1566 has adopted a criminal standard with which I feel comfortable. Not only will the passage of this legislation constitute a significant guide as we consider other legislation dealing with intelligence, but it assures that such future legislation and the activities of our intelligence agencies will be conducted in accordance with the principles of our Constitution.

Mr. President, there are those who say that we cannot gain the kind of intelligence we need in order to protect the country and the people of this country without sometimes engaging in electronic surveillance without warrants. I would argue with these people.

As I mentioned earlier, when I came into office as attorney general of North Carolina, I immediately declared that we would not engage in any kind of illegal wiretapping or electronic surveillance, except by warrant of the courts. I found that our agents in the State bureau of investigation became more proficient. They were able to do their jobs; they did a better job.

If we establish, as we will by this bill, that we in Government, we in the intelligence agencies, we in the law enforcement agencies, must live within the law, then we will learn to do it, and we will learn to do a better job of it.

I do not see how we can continue to generate respect for our system of Government and respect for the laws of this land when we have people in Government disobeying these very laws.

I wholeheartedly endorse the proposed legislation. I commend the two committees that have worked so hard and so diligently with the members of the executive branch in coming up with a bill with which I think most Members of the Senate feel comfortable.

The PRESIDING OFFICER. Who yields time?

Mr. GARN. Mr. President, I yield 10 minutes to the distinguished Senator from Wyoming.

Mr. WALLOP. Mr. President, I thank my colleague, the distinguished senior Senator from Utah.

Mr. President, as is pointed out in the committee report, there are good reasons to pass such a bill as this. We need a clear legal authority for electronic surveillance for national security. We need standards, and there needs to be a means, an agency, to make certain those standards are observed.

Nevertheless, while we rush to protect the rights of our citizens, as individuals, in one field, I think we must take care not to trample their rights to have their system of government remain intact in other fields.

The bill provides clear legal authority, and sets out some standards. They are arguable standards. For example, a U.S. person working for the interests of a hostile power may not be surveilled under this bill unless it can be shown he is doing what he is doing under the control of the foreign power. Freelancers may not be surveilled. There are other questions on standards set forth in my additional views to the Intelligence Committee's report.

But the main issues that concern me in the bill are of a constitutional nature. The power to surveil for purposes of national defense and foreign affairs is clearly part of the President's powers over defense and foreign affairs. Yet, this bill stipulates that before the President exercises part of his powers over defense and foreign affairs his actions must be approved by another branch of Government.

Congress has the right to set standards for the exercise of Presidential powers and I have no quarrel with that. We further have the right to demand the President adhere to them. But do we have the right to prevent him from acting until a judge has approved?

Do we have the right to direct that article III Federal judges perform functions such as the ones we have in this bill?

The Supreme Court may well say no.

Furthermore, is it wise to bring judges into the fields of defense and foreign affairs? Are we so happy with the growth of judicial power in other fields in recent years that we wish to extend it?

Mr. President, I point out certain historical precedents for this question in my additional views, and I shall quote briefly from them here. The courts themselves have questioned their ability in this matter.

> Heretofore the judicial branch has resisted temptations to declare itself competent in foreign affairs and defense. In the case of *Chicago Southern* v. *Waterman Steamship Co.* (333 U.S. 103, 111, 1948), the Supreme Court acknowledged the court's incompetence in matters of foreign intelligence. The substance of such matters, said the courts "are delicate, complex, and involve large elements of prophecy. They are and should be undertaken only by those directly responsible to the people whose welfare they advance or imperil." Such decisions are in "the domain of political power, not subject to judicial intrusion or inquiry."
>
> Clearly, defense and foreign relations are political tasks. That is to say, they are to be conducted subject to the people's power to elect. The power to surveil for purposes of defense and foreign affairs belongs to that

branch of government empowered by the Constitution to command the armed forces and conduct foreign affairs. There are no judicial criteria for interpreting whether this or that foreign visitor is or is not an agent of a foreign power, whether this or that American's connection with persons who may have some relation with the intelligence services of a foreign power has sufficient connections to warrant surveillance.

The Senate should think about such questions before acting in haste.

Do we really want to view the process of gathering intelligence for our protection under the rubric of criminal law? Do we want to assume that unless a U.S. person may be guilty of something we cannot surveil him to gather information we may need to safeguard ourselves from foreign powers or from terrorists?

Will these combinations of restrictions hamper our defense? What will the American people say if and when the kind of terrorism which is now ravaging Western Europe hits us? Will they blame us for this bill?

May I suggest that if these questions are not given due attention today, a time may come when we will wish they had been examined more carefully.

Mr. President, the interesting thing is that it was not the courts but Congress who discovered the abuses of the recent past, and who brought them to the attention of the courts. Perhaps it would be a wiser choice for us to take that direction, rather than to intricately intermesh the three separate branches of our Government. When one does that one makes it impossible for one branch to render a real judgment on the other. Should all branches be involved in a decision the time could come when injured persons would have no one left to appeal to.

That is my basic concern, that once the courts have entered into this field, Americans will find it harder to redress abuses. If a court authorizes abusive surveillance Congress can finally try to do something about it. But to overrule a court is harder than to question a President's judgment.

Indeed, what we are saying here, I guess, is that we should have faith in our Presidents, that they will use their power to surveil judiciously, and that we should have faith in our ability as a Congress, through the Judiciary Committee and Intelligence Committee, to conduct such oversight as is necessary, and to bring a final appeal place; namely, the courts of the United States, within the reach of someone who may have been surveiled in an illegal manner. But if once the courts approve Presidential decisions on surveillance before the fact then, it seems to me an individual's judgment that he has been wrongly surveilled is his to share in solitude, because there will be no other place for him to pursue it.

Mr. President, I have a question that I wish to direct to the distinguished chairman of the Intelligence Committee who also is on the Judicial Committee that provides the linkages in this matter, I guess, because I think perhaps an answer to these questions now might well prick the attention of Congress as we overview the results of this act in the years to come.

I ask Senator BAYH, the chairman of the Intelligence Committee, whether that committee will have authority under the bill to evaluate surveillance that a court approves, and would the oversight committee be limited by the fact that a court has approved that surveillance?

Mr. BAYH. No, it would not, I say to my distinguished colleague from Wyoming. The court and the oversight committee have different functions. The job of the Intelligence Committee is to determine whether the executive branch is following the intent of the legislation and whether the law needs to be changed. If the executive branch violates the intent of Congress and the court misunderstands that intent and approves the surveillance, then we must act. Our duty under the bill is to recommend any changes needed in the law. This gives us the authority to look into all significant aspects of the surveillance.

The PRESIDING OFFICER (Mr. HATHAWAY). The Senator's 10 minutes have expired.

Mr. WALLOP. Mr. President, will the distinguished Senator from Utah yield us another 5 minutes?

Mr. GARN. I am happy to yield 5 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 additional minutes.

Mr. BAYH. Mr. President, I think the purpose of the legislative branch or the role of the legislative branch has been quite appropriately emphasized by the Senator from Wyoming, in the judgment of the Senator from Indiana, he, indeed, being involved not only in this particular legislation, but in trying to get charter legislation passed, as the Senator from Wyoming is very much aware is presently before our committee. The fact that we are saying to the agencies, "Thou shalt not violate the rights of the individual Americans and thou shalt go to a judge before you undertake certain kinds of surveillance activities," in no way lessens our responsibility to oversee whether the judge is doing his job or not, or whether the whole system is working properly.

I thing the congressional oversight role is extremely important with or without the bill.

Mr. WALLOP. If the executive branch violates the intent of Congress in this bill and the court misunderstands that intent and approves a surveillance, then who acts? Do we, Congress, act?

Mr. BAYH. Congress in its oversight function hopefully would find the weakness and then would make recommendations as to how the law should be changed to keep that kind of weakness from continuing.

Mr. WALLOP. This is not part of the conversation that we have had earlier. But would there be no way in which we could draft legislation setting out the standards by which and under which wiretap surveillance or electronic surveillance would be conducted, without giving the court the yea or nay say before the pact?

Mr. BAYH. Yes, Congress could establish standards, give this authority strictly to the executive branch, either the Attorney General, the President, or some designee. There are certain responsibilities that must be carried out by executive branch in the proposed charter legislation. There is a wider area of designated responsibility to the executive branch. But it was the feeling of most of us involved in the process that led us where we are now that given the kinds of abuses that have existed in the executive branch, and not just the most recently advertised experiences, that we would be wiser if we gave the judge the authority to make that determination as to what the purpose of the executive branch was and whether it did indeed meet the standards we had put in the legislation.

Mr. WALLOP. Are we not than putting the judicial branch into the executive business, giving them the decison before the fact rather than after the fact?

Mr. BAYH. I do not think so, I say to my friend from Wyoming.

The executive branch initiates proposals, and the way this would work, of course, is that one of our intelligence agencies, their personnel in the field, would have matters brought to their attention that they thought merited electronic surveillance—that the country was about to be harmed by certain activities or could be harmed by certain activities.

Then they would make this application to the Justice Department. The Justice Department would then make the proper request through the judge, and the judge would look at the application to see whether it was meritorious. If he thought it was then he would permit, under the limitations of the bill, the surveillance to proceed.

It would not be a procedure initiated by the judicial branch.

Does the Senator from Wyoming have similar concerns about the role of the judge in granting warrants under title 3 electronic surveillance in the 1968 crime control and safe streets bill?

Mr. WALLOP. But in this particular instance I have more concern about the foreign affairs and intelligence affairs than I do have as to the standards of conduct for criminal affairs for the simple reason that the courts are less expert in the field of foreign affairs, by their own admission.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. THURMOND. I yield 1 more minute.

Mr. BAYH. I understand the concerns of the Senator from Wyoming, and I appreciate the fact that he has pursued these concerns.

Our feeling was, and I think the basis for this procedure in this bill is, first of all, we have adequate precedent under the Crime Control and Safe Streets Act of 1968 where under title 3 the judicial warrant-granting procedure has been utilized now for almost 10 years. It has worked very well. Even prior to that the pursuit of judicial warrants in certain areas like this was a well-accepted pro-

cedure rooted in fundamental fourth amendment principles.

The second area I think the Senator from Wyoming should recognize—and I am sure he does, but I would just like to point it out in our colloquy—is that a person who is abused under this act does not need to wait for a judge or Congress to recognize the error. He or she, if abused, is certainly within his or her constitutional rights to pursue remedies available under this act through a court of law under a different judge, we would assume, where the rightness of the decision of the original judge and the executive branch would then be tested.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. WALLOP. May I just respond?

Mr. THURMOND. I grant the Senator and yield 2 more minutes.

Mr. WALLOP. I thank my friend from South Carolina.

The only thing I would say to my friend from Indiana is in the crime bill there is a difference. There the issue is very specifically crime, and the purpose of surveillance is to bring the case to trial, whereas in intelligence cases it is doubtful that many of them will ever come to trial. There is seldom a trial for somebody who is involved in this kind of thing. We are not trying to catch criminals but to gather information to protect the national interest of the country. So I perceive a difference in the Safe Streets Act and in the use of electronic surveillance in crime as opposed to the use of electronic surveillance to conduct national defense and interior defense of the country.

Mr. BAYH. I should point out to my friend from Wyoming we established a different criminal standard in dealing with spies, and a noncriminal standard for foreign officials, and certain agencies or institutions that exist in this country, which are controlled by foreign governments as front operations, and the Senator is familiar with that. We established a different standard, a different criminal standard, than that applied under title 3. So the standard is not the same.

Mr. WALLOP. I understand that. The only thing that worries me, and worries me considerably, is it is drawn so tightly that the freelancers, the guys not under the control of the foreign government, are not subject to control.

Mr. BAYH. I would suggest to my friend that if that person is doing anything that comes close to violating a crime he comes close to title 3. I think if we believe in our Constitution and how it protects people in this country, not just our own citizens, that a freelancer, if he is to pursue activity that is close to sabotage, does it at his peril, because he then can be wiretapped under title 3, because to commit sabotage or espionage is to commit a crime covered by title 3.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. BAYH. I thank my friend.

● Mr. ABOUREZK. Mr. President, the Senate is acting today on one of the most important pieces of legislation to come before this body in some time.

For 40 years, Presidents have engaged in electronic surveillance for foreign intelligence purposes in the United States. Their common justification for these activities has been some claimed "inherent constitutional power" which somehow superceded the warrant requirements of the fourth amendment.

If enacted today, S. 1566 will end this pattern. For the first time, Congress will go on record as saying that no such "inherent power" exists. For the first time, we will require that a detached magistrate review the requests for surveillance activities within the United States. For the first time, warrants will be required in the area of foreign intelligence electronic surveillance. And for the first time, executive branch officials will be required to justify their requests for these warrants on the record.

All of these factors are important. Yet, as my colleagues know, one issue above all others has concerned me during the deliberations on this legislation. That, of course, has been the standard by which such surveillance orders may be issued against American citizens.

I have long felt and consistently argued that any legislation which allowed for the issuance of an order against an American citizen on anything less than a criminal standard would be a violation of the fourth amendment. In my view, our Government ought not to be allowed to invade the privacy of its citizens in such a massive way without a showing of probable criminal activity.

After carefully reviewing the Foreign Intelligence Surveillance Act, as amended, I have concluded that it meets that basic standard. In every instance in which a warrant can be issued against an American citizen under the bill, the Government must demonstrate, to the satisfaction of a Federal judge, that a nexus exists between the activities of the citizen and a violation of the criminal laws.

Mr. President, I have been involved in the deliberations on this legislation for over 3 years. Others, such as Senator KENNEDY, Senator NELSON, and Senator MATHIAS, have been involved for even longer. There were times that I believed that differences between the legislative and executive branches on the intricacies of this legislation would not be overcome.

Now, however, I wish to commend my colleagues in the Judiciary and Intelligence Committees, and the President and Attorney General Bell, for the diligent and thoughtful manner in which these difficult deliberations have been concluded. I believe that we have succeeded in fashioning a bill that is workable and worthwhile and one deserving of support.●

Mr. BAYH. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and, as agreed to, be considered original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it so ordered.

The amendments of the Committee on the Judiciary are as follows:

On page 2, line 17, strike "a" and insert "any";

On page 2, line 18, after "person" insert a comma and "knowing that such person is engaged in activities";

On page 10, beginning with line 10, strike through and including line 11, and insert "or the Deputy Attorney General";

On page 10, line 15, after "and" insert "prohibit";

On page 10, line 15, after "dissemination" insert a comma and "except as provided for in subsections 2526(a) and (b),";

On page 13, line 2, after "corporations" insert "or associations";

On page 18, line 10, after "section 2521 (b)(6)" insert a comma and "and a statement whether physical entry is required to effect the surveillance";

On page 20, beginning with line 21, insert the following:

"(C) when the target of the surveillance is not a foreign power as defined in section 2521(b)(1) (A), (B), or (C), the type of information sought to be acquired and when the target is a foreign power defined in section 2521(b)(1) (A), (B), or (C), the designation of the type of foreign intelligence information under section 2521(b)(5) sought to be acquired;

On page 21, line 11, after "2521(b)(6)" insert "and whether physical entry will be used to effect the surveillance";

On page 25, beginning with line 19, insert the following:

No information acquired from an electronic surveillance conducted pursuant to this chapter may be used or disclosed by Federal officers or employees except for lawful purposes.

On page 26, line 9, after "States," insert "a State, or a political subdivision thereof,";

On page 26, line 19, after the period, strike through and including page 27, line 18, and insert in lieu thereof the following:

"(d) Any person who has been a subject of electronic surveillance and against whom evidence derived from such electronic surveillance is to be, or has been, introduced or otherwise used or disclosed in any trial, hearing, or proceeding in or before any court, department officer, agency, regulatory body, or other authority of the United States, a State, or a political subdivision thereof, may move to suppress the contents of any communication acquired by electronic surveillance, or evidence derived therefrom, on the grounds that—

"(1) the communication was unlawfully acquired; or

"(2) the surveillance was not made in conformity with the order of authorization or approval.

Such motion shall be made before the trial, hearing, or proceeding unless there was no opportunity to make such motion or the person was not aware of the grounds of the motion.

"(e) Whenever any court is notified in accordance with subsection (c), or whenever a motion is made by an aggrieved person pursuant to subsection (d), to suppress evidence on the grounds that it was obtained or derived from an unlawful electronic surveillance, or whenever any motion or request is made by an aggrieved person pursuant to section 3504 of this title or any other statute or rule of the United States, to discover, obtain, or suppress evidence or information obtained or derived from electronic surveillance, the Federal court, or where the motion is made before another authority, a Federal court in the same district as the authority, shall, notwithstanding any other law, if the Government by affidavit asserts that disclosure or an adversary hearing would harm the national security of the United States, review in camera and ex parte the application, order, and other materials relating to the surveillance as may be necessary to determine whether the surveillance was authorized and conducted in a manner that did not violate any right afforded by the

Constitution and statutes of the United States to the aggrieved person. In making this determination, the court shall disclose to the aggrieved person portions of the application, order, or other materials relating to the surveillance only where such disclosure is necessary to make an accurate determination of the legality of the surveillance. If the court determines that the electronic surveillance of the aggrieved person was not lawfully authorized or conducted, the court shall in accordance with the requirements of law suppress the information obtained or evidence derived from the unlawful electronic surveillance. If the court determines that the surveillance was lawfully authorized and conducted, the court shall deny any motion for disclosure or discovery unless required by due process.

On page 29, line 17, strike "(d)" and insert "(f)";

On page 36, line 24, after "that" insert "no particular United States person shall be intentionally targeted for testing purposes without his consent,";

On page 38, beginning with line 25, insert the following:

(i) Section 2518(10) is amended by striking the word "intercepted" and inserting the words "intercepted pursuant to this chapter" after the first appearance of the word "communication".

On page 39, line 4, strike "(i)" and insert "(j)";

On page 39, line 8, strike "(j)" and insert "(k)".

The amendments of the Select Committee on Intelligence are as follows:

On page 1, line 4, strike "1977" and insert "1978";

On page 2, line 3, following "2527. Report of electronic surveillance." insert "2528. Congressional oversight.";

On page 3, beginning with line 6, strike through and including line 19, and insert in lieu thereof the following:

"(A) any person, other than a United States person, who—

"(i) acts in the United States as an officer or employee of a foreign power; or

"(ii) acts for or on behalf of a foreign power which engages in clandestine intelligence activities contrary to the interests of the United States, when the circumstances of such person's presence in the United States indicate that such person may engage in such activities in the United States, or when such person knowingly aids or abets any person in the conduct of such activities or conspires with any person knowing that such person is engaged in such activities;

On page 4, beginning with line 9, strike through and including page 5, line 10, and insert in lieu thereof the following:

"(B) any person who—

"(i) knowingly engages in clandestine intelligence gathering activities for or on behalf of a foreign power, which activities involve or may involve a violation of the criminal statutes of the United States;

"(ii) pursuant to the direction of an intelligence service or network of a foreign power, knowingly engages in any other clandestine intelligence activities for or on behalf of such foreign power, which activities involve or are about to involve a violation of the criminal statutes of the United States;

"(iii) knowingly engages in sabotage or terrorism, or activities which are or may be in preparation therefor, for or on behalf of a foreign power;

"(iv) knowingly aids or abets any person in the conduct of activities described in subparagraph (B)(i) through (iii) above, or conspires with any person knowing that such person is engaged in activities described in subparagraph (B)(i) through (iii) above: *Provided*, That no United States person may be considered an agent of a foreign power solely upon the basis of activities protected by the first amendment to the Constitution of the United States."

On page 7, beginning with line 5, strike through and including page 8, line 4, and insert in lieu thereof the following:

"(A) information which relates to, and if concerning a United States person is necessary to, the ability of the United States to protect itself against actual or potential attack or other grave hostile acts of a foreign power or an agent of a foreign power;

"(B) information with respect to a foreign power or foreign territory which relates to, and if concerning a United States person is necessary to—

"(i) the national defense or the security of the Nation; or

"(ii) the successful conduct of the foreign affairs of the United States; or

"(C) information which relates to, and if concerning a United States person is necessary to, the ability of the United States to protect against—

"(i) sabotage or terrorism by a foreign power or an agent of a foreign power, or

"(ii) the clandestine intelligence activities of an intelligence service or network of a foreign power or an agent of a foreign power.

On page 11, beginning with line 11, strike through and including page 12, line 6, and insert in lieu thereof the following:

and which are reasonably designed to insure that information which relates solely to the ability of the United States to provide for the national defense or security of the Nation and to provide for the conduct of foreign affairs of the United States, under subparagraphs (B) and (C) above, shall not be disseminated in a manner which identifies any United States person, without such person's consent, unless such person's identity is necessary to understand or assess the importance of information with respect to a foreign power or foreign territory or such information is otherwise publicly available.

On page 13, line 2, after "powers" insert "as defined in section 2521(b)(1)(A) through (E)";

On page 15, beginning with line 5, insert the following:

"(d) Each judge designated under this section shall so serve for a maximum of seven years and shall not be eligible for redesignation: *Provided*, That the judges first designated under subsection (a) shall be designated for terms of from one to seven years so that one term expires each year, and that judges first designated under subsection (b) shall be designated for terms of three, five, and seven years.

On page 17, beginning with line 1, strike through and including line 2, and insert in lieu thereof the following:

"(A) that the certifying official deems the information sought to be foreign intelligence information;

On page 23, line 7, after the period, insert "At the end of the period of time for which an electronic surveillance is approved by an order or an extension issued under this section, the judge may assess compliance with the minimization procedures required by this chapter.";

On page 24, line 23, after "thereof" insert a semicolon and "and no information concerning any United States person acquired from such surveillance shall subsequently be used or disclosed in any other manner by Federal officers or employees without the consent of such person, except with the approval of the Attorney General where the information indicates a threat of death or serious bodily harm to any person";

On page 25, line 13, after "(F)" insert "and in accordance with the minimization procedures required by this chapter";

On page 26, line 4, after "Government" insert "of the United States, of a State, or of a political subdivision thereof";

On page 3, beginning with line 10, insert the following:

"(g) In circumstances involving the unintentional acquisition, by an electronic, mechanical, or other surveillance device of the contents of any radio communication, under circumstances in which a person has a reasonable expectation of privacy and a warrant would be required for law enforcement purposes, and where both the sender and all intended recipients are located within the United States, such contents shall be destroyed upon recognition, except with the approval of the Attorney General where the contents indicate a threat of death or serious bodily harm to any person."

On page 31, beginning with line 6, insert the following:

"§ 2528. Congressional oversight

"(a) On a semiannual basis the Attorney General shall fully inform the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence concerning all electronic surveillance under this chapter. Nothing in this chapter shall be deemed to limit the authority and responsibility of those committees to obtain such additional information as they may need to carry out their respective functions and duties.

"(b) On or before one year after the effective date of this chapter, and on the same day each year thereafter, the Select Committee on Intelligence of the United States Senate shall report to the Senate, concerning the implementation of this chapter. Said reports shall include but not be limited to an analysis and recommendations concerning whether this chapter should be (1) amended, (2) repealed, or (3) permitted to continue in effect without amendment.

"(c) In the Select Committee on Intelligence of the United States Senate shall report that this chapter should be amended or repealed, it shall report out legislation embodying its recommendations within thirty calendar days, unless the Senate shall otherwise determine by yeas and nays.

"(d) Any legislation so reported shall become the pending business of the Senate with time for debate equally divided between the proponents and opponents and shall be voted on within thirty calendar days thereafter, unless the Senate shall otherwise determine by yeas and nays.

"(e) Such legislation passed by the Senate shall be referred to the appropriate committee of the other House and shall be reported out by such committee together with its recommendations within thirty calendar days and shall thereupon become the pending business of such House and shall be voted upon within three calendar days, unless such House shall otherwise determine by yeas and nays.

"(f) If the case of any disagreement between the two Houses of Congress with respect to such legislation passed by both Houses, conferees shall be promptly appointed and the committee of conference shall make and file a report with respect to such legislation within seven calendar days after the legislation is referred to the committee of conference. Notwithstanding any rule in either House concerning the printing of conference reports in the record or concerning any delay in the consideration of such reports, such reports shall be acted on by both Houses not later than seven calendar days after the conference report is filed. In the event the conferees are unable to agree within three calendar days they shall report to their respective Houses in disagreement.".

On page 35, line 21, after the period, insert "No communication common carrier or officer, employee, or agent thereof shall disclose the existence of any interception under this chapter or electronic surveillance as defined in chapter 120, with respect to which the common carrier has been furnished either an order or certification under this subparagraph, except as may otherwise be lawfully ordered.";

On page 36, line 18, after "duty" insert "under procedures approved by the Attorney General";

On page 37, line 13, after "provided" insert "that no particular United States person shall be intentionally targeted for such purposes without his consent,"

Mr. BAYH. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. Is it the understanding of the Chair that the bill now before us contains the amendments added to its original text by vote of the Judiciary and Intelligence Committees?

The PRESIDING OFFICER. The Senator is correct.

UP AMENDMENT NO. 1237

(Purpose: To clarify the intent of the bill that information obtained from emergency surveillance without a court order may be used if the court issues an order approving the surveillance)

Mr. BAYH. Mr. President, I send to the desk an amendment at this time.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH) proposes an unprinted amendment numbered 1237:

On page 24, lines 16 and 17, strike out "without an order having been issued" and insert in lieu thereof "and no order is issued approving the surveillance".

Mr. BAYH. Mr. President, this amendment clarifies the intent of the bill with respect to emergency situations where surveillance is undertaken and the court later issues an order approving the surveillance.

We owe a debt of gratitude to our colleague from Missouri (Mr. DANFORTH) for pointing this out to us. The way the bill was originally worded, even if the emergency wiretap had been agreed to by the court, technically, the language of the bill as it was denied the use of the information gathered during that agreed-to emergency period.

The amendment is fully consistent with what we all had intended to have in the bill in the first place.

Mr. THURMOND. Mr. President, we have no objection to the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. BAYH. I yield back the remainder of my time.

Mr. THURMOND. I yield back my time.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

UP AMENDMENT NO. 1238

(Purpose: To clarify language relating to the authority and responsibility of Congressional committees to obtain information relating to electronic surveillance)

Mr. BAYH. Mr. President, I send to the desk at this time another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH) proposes an unprinted amendment numbered 1238:

On page 31, line 12, strike out "those committees" and insert in lieu thereof "the appropriate committees of each House of Congress".

Mr. BAYH. Mr. President, this amendment deals with the requirement of other committees to have access to certain information. The amendment acknowledges that other committees, other than the Intelligence Committees, may have an appropriate need for information about surveillance under this bill to carry out their particular duties. Under the rules of the Senate, for example, the Judiciary Committee might need such information.

Mr. GARN. Mr. President, will the Senator yield for a question?

Mr. BAYH. I will be glad to yield.

Mr. GARN. Does the Senator believe the phrase "appropriate committees of each House" gives committees other than the Intelligence Committees and the Judiciary Committees of each House access to such information?

Mr. BAYH. I thank the Senator for bringing that up. The answer is "No." Other committees, other than the Intelligence Committees and the Judiciary Committees, already have jurisdiction over certain responsibilities set forth in S. 1566. This amendment acknowledges that jurisdiction, and does not decrease it in any way. The jurisdiction of other committees is not affected by this bill. In passing Senate Resolution 400 in the 94th Congress, the Senate expressed the view that the security of sensitive intelligence information would be enhanced if a single select committee were authorized to receive it. The Senator is aware of the safety requirements under Senate Resolution 400, and for that reason the Intelligence Committee plays that important role.

Mr. THURMOND. Mr. President, in view of the Senator's statement making it clear that the Judiciary Committee is included, we have no objection to the amendment.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. CHURCH. Mr. President, will the Senator from Indiana yield?

Mr. BAYH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. How much time remains?

The PRESIDING OFFICER. On this amendment?

Mr. BAYH. On the bill.

The PRESIDING OFFICER. The Senator from South Carolina has 24 minutes. The Senator from Indiana has used all his time.

Mr. BAYH. Before we pass this amendment, I yield to the Senator from Idaho so that we may utilize the remaining time on the amendment for a colloquy with the Senator from Idaho.

Mr. CHURCH. I thank the Senator from Indiana very much.

First of all, I wish to commend him and the other Senators on his committee and on the Judiciary Committee for having brought this bill to the floor.

The second volume of the final report of the Senate Select Committee on Intelligence Activities, which it was my privilege to chair, made the recommendation that no Americans be targeted for electronic surveillance except upon a judicial finding of probable criminal activity. The report added:

Targeting an American for electronic surveillance in the absence of probable cause to believe a crime might have been committed or might be committed is unwise and unnecessary.

This bill is the first legislative effort to enact one of the major recommendations of the Select Committee, and for that I am most grateful.

Senators will remember that shortly following our investigation, the Senate did act upon our recommendation to establish a permanent intelligence committee, which the distinguished Senator from Indiana (Mr. BAYH), now chairs. I think all of us recognize that was a wise decision. The committee is functioning, as we hoped it would, as an effective oversight committee. It has given Congress the facts and the power that are needed to prevent abuses and excesses done in secrecy by our intelligence agencies.

I welcome the final debate today on the Foreign Intelligence Surveillance Act of 1978. It adopts the so-called criminal standard, by requiring probable cause to believe that an American is engaged in clandestine intelligence gathering activities which involve or may involve a Federal crime.

This has been the historic method by which we have sought to protect individual liberty against arbitrary government in this country. I commend the Senator most highly, and both committees most highly, for establishing this standard in the intelligence field.

I would like to ask my good friend the Senator from Indiana if it is true that this bill, if enacted into law, would also supercede any Presidential claim of inherent power to conduct electronic surveillance in violation of its provisions. As the Senator knows, in the past some Presidents or some spokesmen for Presidents have claimed that the office of the Presidency had such an inherent power, at least in the absence of action by the Congress. I am interested in establishing some legislative history that the enactment of this statute would be a definitive act of Congress in this field, and would supersede any prior claim that the President or the office of the Presidency possesses an inherent power to act apart from the provisions of this bill.

Mr. BAYH. I appreciate the question of my friend and colleague from Idaho. I had earlier, in my opening remarks, pointed out that we were here today very largely because of the stimulus provided by the Senator from Idaho and his select committee, and, indeed, this is the first legislation that has followed up on its recommendations.

I think the most important ingredient in the bill is the ability to get all the parties to sign off on the need, somewhat reluctantly by some, but to go forward, now, with the criminal standard which is fundamental to our system of jurisprudence in this country; and, indeed, the Senator did cite that language in his

report to which our staff gave so much credence.

As the Senator, who is a good lawyer, knows, the question of inherent authority ultimately will, of course, be decided by the Supreme Court of the United States, but the history of this bill indicates that the President is prepared to waive that, by joining in the preparation and introduction of this bill; and we have legislation drafted here that is intended to take away any inherent authority.

The Supreme Court itself in the steel seizure case, it seems to me, gave us very strong precedent for acting not just out of whim or out of response to Watergate and other abuses, but, indeed, under the precedent established in the steel seizure case.

Mr. CHURCH. I agree with the Senator's observation and was going to allude to the Youngstown Steel case. I believe the Senator is correct in assuming that the precedent established in that case would suggest that once the Congress has acted and a statute has been signed into law governing the procedures to be followed the statute as written by Congress would be controlling. This is true even in the intelligence field. In the case of this bill, we have established a criminal standard as in ordinary criminal cases, which will govern the use of electronic surveillance within the United States. I would hope that in the future Presidents would abide by the law as written by the Congress. I am certain the Supreme Court would sustain the validity of the law against any attempt in the future by a President to assert some inherent power.

That is why I think this is such an important historic step. I am grateful to the leadership the Senator from Indiana has given this legislation. I am grateful to the other Senators present—Senator THURMOND and Senator KENNEDY, the ranking member of the Judiciary Committee, for their long interest in this matter. Senator KENNEDY and I joined in a letter last year in which we strongly urged that the criminal standard be observed in the intelligence field.

I believe this bill represents a definite improvement over the earlier version of the bill that the Senate considered last year.

I want to say to Senator KENNEDY that he has been a tower of strength in this effort. I am very grateful to him and to everyone who worked to bring this bill to the floor of the Senate today.

Mr. BAYH. Again let me say I appreciate the great contributions of the Senator from Idaho. As he knows, the art of intelligence is an art and not a science. There are many gray areas. It is a nebulous world. Of course, we all want to protect our country. In structuring the criminal standard, we have used words which we feel are as close to the words of art as we can, to give flexibility to those who need to get involved in the use of some of this technology which is now available to protect our country but to nevertheless apply that perhaps a bit broader standard to the criminal test which I think is basic to our system in this country.

Mr. CHURCH. I agree with the Senator. I also recognize the difficulty of drawing the line between the legitimate requirements of national security and the preservation of individual liberty. It is in that definition that the survival of freedom is to be found.

Mr. GARN. Mr. President, many of us have been concerned that the adoption of a criminal standard would make it impossible for the FBI to get a court order for surveillance of people obviously engaged in traditional spying activity. For example the FBI might observe someone making "drops," and then known Soviet intelligence agents coming along and picking up what was dropped. This is traditional spying tradecraft, but the FBI cannot determine what information is being secretly transmitted to the intelligence agents. That is the kind of case where a judge might not find probable cause that a specific crime is about to be, or will be, committed. However, the standard requiring probable cause that the activity may involve a crime would allow surveillance in such cases. Therefore, I support the new standard because it provides enough flexibility to deal with the real problem faced in counterintelligence investigations. I agree with my colleagues that the standard is intended to deal with what we traditionally call spying activities.

Mr. BAYH. Mr. President, I am prepared to yield back the remainder of my time.

Mr. THURMOND. Mr. President, we yield back the remainder of our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. Who yields time?

The Senator from Indiana.

UP AMENDMENT NO. 1239

(Purpose: To delete language relating to the time at which a judge may assess compliance with the minimization procedures required)

Mr. BAYH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH), on behalf of Mr. ABOUREZK, proposes an unprinted amendment numbered 1239.

On page 23, beginning with the word "At" in line 7, strike out all down through the word "the" in line 9 and insert in lieu thereof "The".

Mr. BAYH. Mr. President, I submit this amendment on behalf of our distinguished colleague from South Dakota (Mr. ABOUREZK). The purpose is to clarify the language relative to the judge's ability to review compliance with minimization procedures at any time. One of the most important ingredients in this bill is the strict requirement of how information that is accidentally acquired is handled. With some of this electronic surveillance, one unintentionally picks up information about American citizens when trying to direct it at foreign entities. The minimization procedures are very important. The amendment of the Senator from South Dakota would clarify this. It is fully consistent with the language of both reports from the Judiciary and the Intelligence Committees. I would urge the committee to accept it.

Mr. THURMOND. We have no objection to the amendment, Mr. President.

Mr. KENNEDY. Mr. President, I think it is a constructive amendment, as the Senator from Indiana has explained it. That is our understanding of it. I believe it is an improvement. I would urge its acceptance. I yield back the remainder of my time.

Mr. THURMOND. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 1240

(Purpose: To modify language relating to the standard for surveillance of persons engaged in sabotage or terrorism for or on behalf of a foreign power)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an unprinted amendment numbered 1240.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5, beginning with the word "which" in line 25, strike out down through the word "therefor" in line 1 on page 6 and insert in lieu thereof "in furtherance thereof".

Mr. KENNEDY. Mr. President, the issue is what the criminal standard should be for sabotage or terrorism under the bill. The bill currently speaks in terms of "may." Our bill in the Judiciary spoke in terms of "will." This amendment is a compromise, avoiding any reference to either word. Actually, by leaving in the words "knowingly engages," the amended language speaks in terms of present activity and not conjecture.

It would read, therefore, Mr. President, on line 24, "knowingly engages in sabotage or terrorism or activities in furtherance thereof."

I understand it is acceptable and is satisfactory to both committees.

Also, Mr. President, the Intelligence Committee amended the bill to require a criminal standard for surveillance of Americans, beginning on page 5, line 11. That standard speaks of two kinds of clandestine intelligence activities—first, clandestine intelligence gathering activities that involve or may involve a Federal crime; second, other clandestine intelligence activities that involve or are about to involve a Federal crime. When it refers to "gathering" does the bill mean traditional spying activity?

Mr. BAYH. Yes, the intent of the bill is that clandestine intelligence gathering

means what is traditionally described by the word spying—in ordinary, everyday language.

Mr. GARN. I have no disagreement with that or with what Senator KENNEDY has just suggested in his amendment dealing with terrorist and sabotage activities.

I have no objection to this amendment.

Mr. BAYH. Mr. President, this was a matter of some significant negotiations among the various parties involved. I think it is pretty well reconciled right now.

The term "in furtherance" of sabotage or terrorism is intended to encompass activities supportive of acts of serious violence; for example, purchase or surreptitious importation into the United States of explosives, planning for assassinations, or financing of or training for such activities. It could reasonably be interpreted to cover providing the personnel, training, funding, or other means for the commission of acts of terrorism. The "in furtherance" provision is also adopted in order to permit electronic surveillance at some point before the danger sought to be prevented—for example, a kidnaping, bombing, or a hijacking—actually occurs.

It is a delicate kind of situation, when you are talking about terrorism. In addition to apprehending the culprits after the fact, we wanted to provide language that would increase the chance of preventing the act and thus the language "in furtherance."

Mr. President, my distinguished colleague from New Jersey (Mr. CASE) was desirous of asking us to elaborate further on this point. I should like, just for a moment, to state his thoughts:

The question might arise whether a person who engages in seemingly innocent activities which might incidentally aid a terrorist working on behalf of a foreign power should be considered an agent of a foreign power.

The answer is that it depends on the particular circumstances. A person can act in furtherance of such a terrorist and thus be considered an agent of a foreign power by engaging in an apparently innocent activity. For example, if a person's role in a terrorist act is to drive another person with a bomb to the planned bombing site, the driver could be considered to have acted knowingly in furtherance of terrorism and thus be considered an agent of a foreign power. On the other hand, if the person had dropped a friend off and had no idea that he was carrying a bomb, he would not be considered to have knowingly acted in furtherance and thus could not be considered an agent of a foreign power. In addition, in order for a person to be considered acting in furtherance of terrorism or sabotage on behalf of a foreign power, he must be engaged in activities that are an integral part of the terrorist plan. For example, a landlord who rents an apartment to a person he knows might be engaged in terrorism cannot be considered an agent of a foreign power. Of course, engaging in constitutionally protected activities cannot be the basis for considering a person an agent of a foreign power under S. 1566. For example, the trial counsel of an accused terrorist or the person who posts bail for him cannot be considered an agent of a foreign power even though it might be construed that he was acting in furtherance of terrorism. Nor could a member of a group which took no action except to support terrorists acting on behalf of a foreign government in exercise of their constitutional rights be construed an agent of a foreign power.

● Mr. STEVENSON. Mr. President, Senator KENNEDY's amendment changes that section S. 1566 which defines as an agent of a foreign power "any person who knowingly engages in sabotage or terrorism, or activities in furtherance thereof." Any person who fits that condition may be placed under surveillance through the procedures described in the bill. Senator KENNEDY's amendment substitutes the phrase, "in furtherance thereof" for the phrase, "which are or may be in preparation therefor."

I do not object to that change, however, I wish to stress one point. This change does not alter the committee's report language even though that language was written in explanation of the original phrase. The new language, "in furtherance thereof," is understood to encompass a wide range of terrorist activities, including but not limited to, knowingly funding, harboring, training, supporting, or supplying terrorist groups. This is meant to include activities which may be in furtherance of terrorist acts in general even if not in furtherance of a particular terrorist act.

Mr. President, the threats of terrorism are serious and will be more serious in the future. Intelligence community officials have assured me that the standards for electronic surveillance established by this legislation will facilitate their efforts to identify and apprehend terrorists and, hopefully, forestall terrorist incidents.

What little attention terrorism has attracted has been focused on crisis management rather than prevention. I hope this bill helps to shift that focus and to give the intelligence community the authorities it needs to enhance detection and prevention.

The Intelligence Committee has begun a major study of international terrorism, as a result of which, I am convinced that we must prepare to more effectively prevent terrorism through improved intelligence collection. This bill, as amended, is a small step in that direction and deserves support.●

Mr. THURMOND. Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. KENNEDY. I yield back my time.

Mr. THURMOND. We yield back our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 1241

(Purpose: To clarify the requirement for identifying the target of electronic surveillance in an application for an order approving electronic surveillance and in an order approving such surveillance)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes unprinted amendment No. 1241.

On page 16, line 1, after the word "identity" insert ", if known,".

On page 20, line 16, after the word "identity" insert ", if known,".

Mr. KENNEDY. Mr. President, the language is added to make clear that if the identity of the target of surveillance is known to the Government, it does not have the discretion to refuse to identify the target and just give a description. The amendment language mandates that the identity of the target must be specified if known. If not known, it is perfectly permissible to give a description. This is at the top of page 16.

Quite clearly, if the target is known, the identiy of the individual or the target should be given.

This is just clarifying language, consistent with the spirit of the legislation. It is a matter of concern to the Senator from South Dakota (Mr. ABOUREZK). I urge its adoption.

I yield back the remainder of my time.

Mr. THURMOND. Mr. President, we have no objection to the amendment. I yield back my time.

The PRESIDING OFFICER. All time having been yielding back, the question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 1242

(Purpose: To permit persons whose communications or activities have been illegally subjected to electronic surveillance to move to suppress the contents of any communication acquired by such surveillance)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an unprinted amendment numbered 1242.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 27, line 19, strike out "a subject" and insert in lieu thereof "the target".

On page 27, line 20, after "surveillance" insert "or whose communications or activities have been subject to electronic surveillance".

Mr. KENNEDY. Mr. President, this amendment is actually technical in nature. The bill now speaks in terms of "the subject." This is vague; what is meant is "the target" or the person who was overheard. This language makes that clear and conforms to the remainder of the statute. It makes it clear who has standing to raise this issue. It is basically a technical matter, one of clarification.

If there is no objection, I am prepared to yield back the remainder of my time.

Mr. THURMOND. Mr. President, I do not believe the word "subject" is used anywhere else in the bill so, in order to make it uniform, it seems that this would be a proper step to take. Therefore, we do not object to the amendment.

We yield back our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 1243

(Purpose: To eliminate the statutory requirement that amendments proposed by the Select Committee on Intelligence of the Senate to the new chapter (added to title 18, United States Code, by the bill) be expedited for consideration in each House)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes unprinted amendment No. 1243.

Mr. KENNEDY. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 31, line 22, strike out "amendment." and insert in lieu thereof "amendment.'." On page 31, beginning with line 23, strike out all down through line 4 on page 33.

Mr. KENNEDY. Mr. President, this eliminates the statutory requirement that future amendments of the bill be considered under very strict time limitations. I understand the proponent of this language in the intelligence committee (Mr. HATHAWAY) has no objection to deleting these requirements. The language is drawn from the 1976 version of the bill, where it was considered necessary because of the noncriminal standard. Since we have changed that to a criminal standard, there is no need for the language. Obviously, if an emergency arises necessitating prompt consideration of amendments to the law, I trust that the Senate would give a top priority to the amendments.

With that information, Mr. President, if there is no objection, I am prepared to yield back the remainder of my time. I urge the adoption of the amendment.

Mr. THURMOND. Mr. President, as I understand it, the amendment will strike sections (c), (d), (e), and (f).

That is correct, is it not?

Mr. KENNEDY. The Senator is correct.

Mr. THURMOND. Mr. President, we have no objection to the amendment.

We yield back our time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. KENNEDY. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

● Mr. PAUL G. HATFIELD. Mr. President, I rise in strong support of S. 1566, a bill which would, at long last, establish fair and uniform procedures for the procurement of warrants by the executive branch to conduct electronic surveillance in the United States when it finds that the security of our Nation is at stake. I would like to commend my distinguished colleagues on the committee, especially the Senator from Massachusetts (Mr. KENNEDY), who spearheaded this effort, and the Senator from Indiana (Mr. BAYH), who, as chairman of the Select Committee on Intelligence, lent his expertise to this endeavor, for their patience and persistence in finally bringing to legislative fruition the need to balance the rights of our citizenry from unreasonable intrusions into their privacy and the need for our Government to protect all of us from dessication of our precious liberties from abroad. This bill is also a fitting tribute to the late Senator from Arkansas, John L. McClellan, whose concern in this area was well known.

It goes without saying that our Government must have a strong capability to be able to identify those who, by surreptitious means, are bent upon weakening our Nation's foundations from within. Few would dispute the fact that we live in a dangerous world in which hostile intelligence activities are still carried on, often right under our noses, to our detriment. Realism demands that those whose mission it is to ferret out threats to our security be equipped with legal tools sufficient to do the job.

But, Mr. President, we are a free people, and it is our strong desire to remain free which has not only protected us and our institutions from collapse but has also kept us us from enslaving ourselves behind barricades designed to protect us from others. It is testament to our collective desire to live free that we have emerged from recent disclosures of domestic attacks on our freedoms even more determined and confident than before. The revelation of those abuses was like a cleansing fire—they did not weaken and threaten us, they forged a new purpose. We understand that electronic surveillance, if co-opted by the lawless for abusive ends, is a threat to our freedom and cannot be permitted. We are strong enough, however, to understand that electronic surveillance is a useful detection and enforcement tool and can be used, within sufficiently clear and narrow legal constraints, as a weapon against the unscrupulous. As the Select Committee on Intelligence has pointed out—

Electronics surveillance techniques have understandably enabled (our intelligence) agencies to obtain valuable information relevant to their legitimate intelligence missions. Use of these techniques has provided the Government with vital intelligence, which would be difficult to acquire through other means, about the activities and intentions of foreign powers and has provided important leads in counterespionage cases.

I do not discourage skepticism, I invite it. Jefferson once said that a healthy skepticism of government's self-professed capacity for protecting us from ourselves and our enemies is the main ingredient of democracy and, as the elected servants of the people, we ought never to forget it. So we must always be skeptical when the Government proposes to protect us and study such a proposal carefully to assure ourselves that our individual freedoms do not fall before the need for collective security. The Senator from Massachusetts (Mr. KENNEDY) stated the dilemma well:

The complexity of the problem must not be underestimated. Electronics surveillance can be a useful tool for the Government's gathering of certain kinds of information; yet, if abused, it can also constitute a particularly indiscriminate and penetrating invasion of the privacy of our citizens. My objective over the past six years has been to reach some kind of fair balance that will protect the security of the United States without infringing on our citizens' human liberties and rights.

Mr. President, I have studied this proposal carefully and have read, with skepticism, the testimony of the witnesses and the reports of the committees. I am satisfied that the proper balance has been struck. I am satisfied that the right of the people to be secure in their persons, houses, papers and effects, secured by the fourth amendment to the Constitution, will be protected. I am satisfied that electronic surveillance in the name of national security will have to pass the judicial muster envisioned by the framers when they drafted that amendment. I am satisfied that the need to move swiftly against those engaged in clandestine, subversive activity on behalf of a foreign power will not suffer as a result of the imposition of these procedures. Finally, I am satisfied that enactment of this bill will end the ability of surveillers to convert the principle of "national security" to perverse purpose.

The bill provides external and internal checks on the executive. The external check is found in the judicial warrant procedure which requires the executive branch to secure a warrant before engaging in electronic surveillance for purposes of obtaining foreign intelligence information. Such surveillance would be limited to a "foreign power" and "agent of a foreign power." U.S. citizens and lawful resident aliens could be targets of electronic surveillance only if they are: First, knowingly engaged in "clandestine intelligence activities which involve or will involve a violation" of the criminal law; second, knowingly engaged in activities "that involve or will involve sabotage or terrorism for or on behalf of a foreign power"; or third, "pursuant to the direction of an intelligence service or intelligence network of a foreign power" are knowingly or secretly collecting or transmitting foreign intelligence in a manner harmful to the security of the United States. All other persons—such as illegal aliens or foreign visitors—could also be targets if they are either officers or employees of a foreign power or are "knowingly engaging in clandestine intelligence activities for or on behalf of a foreign power under circumstances which indicate that such activities would be harmful to the security of the United States." For such surveillance to be undertaken, a judicial warrant must be secured on the basis of a showing of "probable cause" that the target is a "foreign power" or an "agent of a foreign power." Thus, the courts, for the first time, will ultimately

rule on whether such foreign intelligence surveillance should occur.

Before a warrant can be requested, a designated executive branch official must first certify in writing to the court that the information sought to be obtained is "foreign intelligence information" as defined, and that the purpose of the surveillance is to obtain such information. Moreover, the Attorney General is required to make a finding that the requirements for a warrant application have been met before he authorizes the application. These provisions provide an internal check on applications for electronic surveillance by establishing a method of written accountability within the executive branch.

Other procedural safeguards assure that the Government will not engage in illegitimate eavesdropping or misuse of information so acquired. The bill requires that each order include a detailed procedure to minimize the extraneous or irrelevant information that might otherwise be obtained. Information required concerning U.S. citizens or lawful resident aliens can be used and disclosed only for foreign intelligence purposes or in connection with the enforcement of the criminal law; even if the target is not a U.S. citizen or lawful resident alien, information acquired can only be used for "lawful purposes." Detailed provisions safeguard the right of the criminal defendant to challenge the validity and propriety of the surveillance. If the target is an individual or a specified type of foreign power, the application for a warrant must state the means by which the surveillance will be effected. When the target is an "official" foreign power, as defined, the application must still designate the type of electronic surveillance to be used and whether or not physical entry will be used to effect the surveillance. Finally, the Attorney General is required to transmit to the Congress annually certain statistics concerning the surveillances engaged in during the preceding year.

It must also be emphasized that warrant orders issued subject to the bill's procedures would not be "open-ended." Electronic surveillance could be conducted against persons other than a special foreign power for 90 days or the period necessary to achieve the order's purposes, whichever is less. When the special class of "official" foreign powers is targeted for surveillance, such surveillance cannot exceed 1 year without specific reauthorization. The special court would always retain the right to review the minimization procedures under such orders to insure that, during the course of the surveillance, sufficient steps are taken to protect the rights of collateral parties who may be surveilled during that period.

Let us serve notice on potential enemies that we are strong enough to safeguard our people and their servant institutions in a manner consistent with the Constitution. Let us show our people that we are deserving of their confidence because we have found a way to protect them from our enemies without making the means of protection an enemy to their liberty. Mr. President, I urge my colleagues in the Senate to support S. 1566 as reported.●

● Mr. NELSON. Mr. President, S. 1566, the Foreign Intelligence Surveillance Act is landmark legislation. From Watergate and the Church committee report, we learned that warrantless electronic surveillance had been used by every administration from Roosevelt to Nixon. This legislation responds by bringing this most intrusive investigative technique under the rule of law, worked out painstakingly by Members of Congress and two administrations. The legislation sensitively balances civil liberties and national security, preserving both. It is a singular achievement.

It is the culmination of years of effort by concerned citizens both within and outside the Congress.

I first introduced legislation to curb warrantless national security electronic surveillance in December 1973. Since that time I have worked continually with Senators KENNEDY, MATHIAS, other Members of Congress and two administrations in an effort to legislate curbs on warrantless electronic surveillance. Before the Church committee was established by Congress I met with then Attorney General Saxbe in an effort to persuade the administration to agree to legislation subjecting national security taps and bugs through a judicial warrant procedure. Subsequently, Senators MATHIAS, KENNEDY, and I met with Attorney General Levi on the same issue. Ultimately, these meetings and other cooperative efforts led to the Ford administration's initiative in this area, S. 3197, the predecessor to the bill before us today.

Throughout these efforts my premise has been that national security electronic surveillance, like any other electronic surveillance, must be subject to the fourth amendment's prohibition or unreasonable searches and seizures. Two principles have guided these legislative efforts. First, the fourth amendment demands that before the privacy of an individual is invaded, a judicial warrant based on probable cause must be obtained. The amendment states:

> The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

For some years, every American President has asserted that he was not bound by the fourth amendment requirement of probable cause when the "national security" of the United States was in question. They asserted an "inherent authority" to wiretap persons who they subjectively believed to present threats to the national security of the United States without any prior approval by a judge.

The abuses reported by the Church committee occurred because for 40 years Presidents asserted, unchallenged, the "inherent" power to authorize warrantless electronic surveillance for foreign intelligence when they deemed it necessary. I believe that there is no inherent authority to disregard the fourth amendment in the name of national security. If anything, we now know that the need for judicial warrant procedure is particularly acute when national security is involved because first amendment rights of speech and association are often implicated, along with fourth amendment rights. The entire premise of the fourth amendment is that those involved in ferreting out crime or responsible for producing foreign intelligence cannot be trusted to judge the reasonableness of the searches they propose.

The second principle has been that no American should be the target of electronic surveillance unless and until a judicial finding is made that there is probable cause to believe that the person may be involved in criminal conduct. This criminal standard asserts the traditional protections of the fourth amendment and provides the fullest possible guarantee that constitutionally protected rights will not be jeopardized by electronic surveillance in the future in a way that they have in the past.

In the 94th Congress I joined with Attorney General Levi, Senator KENNEDY and others in the cooperative effort which produced S. 3197. That legislation represented the first time that an administration expressed the willingness to submit its national security wiretapping to a judicial warrant procedure. It was a vital step for which President Ford and Attorney General Levi deserve great credit. However, by the end of the Congress I was forced to note my opposition to the bill in the form that it had finally taken. The legislation contained a careful, limited, but troublesome departure from the criminal standard for American citizens. It also contained a section which suggested the continued existence of inherent Presidential power to authorize warrantless electronic surveillance in the United States in "unprecedented circumstances."

S. 1566 represents a continuation of the effort started by the Ford administration. However, two principal issues which have concerned me and other Members of Congress have been resolved. This legislation contains no reservation of, or reference to, inherent Presidential power. Once enacted, it would represent the sole authority for national security electronic surveillance in the United States. Whether the target is a U.S. citizen, foreign visitor, or foreign embassy, the judicial warrant must be obtained. Additionally, the legislation guarantees that an American citizen could not become the target of electronic surveillance without a judicial finding of probable cause to believe that that citizen may be involved in criminal activities. Along with the existing statute dealing with criminal wiretaps, this legislation blankets the field. If enacted, the threat of warrantless electronic surveillance will be laid to rest.

The Church committee noted that a root cause of the intelligence abuses it uncovered was our complete failure to

apply the constitutional system of checks and balances to intelligence operations. One of the strongest features of this bill is that it fully reasserts our faith in our basic constitutional system. Congress' failure with respect to intelligence operations has been twofold: First, we have failed to enact statutes which told the intelligence community what was permitted and what was prohibited. Second, we have failed to conduct meaningful oversight of intelligence operations, with a sensitive eye to their constitutional implications. The passage of this legislation marks a first step toward providing the intelligence community with clear, written legislative guidance. The inclusion in the statute of stringent oversight provisions reflect the Intelligence Committee's commitment to continue to assure that this statutory scheme operates as Congress has intended, meeting legitimate national security needs while protecting constitutional rights.

In addition to the central role played by the judiciary, consistent with the commands of the fourth amendment, a frequently overlooked but vital feature of this legislation is that it insures executive accountability. Before electronic surveillance can take place, a high ranking official in the national security on foreign relations area must certify its necessity in writing. The Attorney General must also approve every application before it comes before the judge. This is a striking departure from the pattern of the past in which "deniability" was often built into the system to insure that responsibility for intelligence abuses could not be traced.

The flagrant abuses of warrantless wiretaps in the past will be doubly prevented. Not only can the court reject applications which are not consistent with the statutory requirements, but few executive officials will sign an application unless they can personally assert that the electronic surveillance proposed is in line with the statutory authorization. In sum, the legislation assigns to each branch of government a clear, responsibility, appropriate to the experience and talents of that branch. It is consistent with fundamental principles.

Recent events underscore the need for this bill. We know that this administration authorized electronic surveillance of Ronald Humphrey, a USIA employee suspected of conspiring with a North Vietnamese citizen to commit espionage. This electronic surveillance was conducted pursuant to the claimed inherent power: Presidential authority to proceed without a warrant in the foreign intelligence area.

Without prejudging the outcome of the Humphrey case, I note that the case raises substantial national security issues. If this legislation had been in effect, a warrant could undoubtedly have been obtained to conduct this electronic surveillance. But the incident should remind us of potential dangers inherent in the current process. If this legislation does not pass, it is easy to predict the course of future events.

With passing time, perhaps in periods of internal discord, the memory of recent abuses will fade. Future Attorneys General will be less scrupulous about requiring proof that the proposed target of electronic surveillance is actually the agent of a foreign power. The required showing of collaboration will degenerate, and people will again be surveilled because of their social relationships with foreign citizens, or simply because their views are unpopular. Constitutionally protected activity will again be jeopardized. Legislation is needed to place the final decision about where national security electronic surveillance is justified, not in the executive branch, but in the judiciary consistent with what the fourth amendment commands.

The position of the Carter administration has been straightforward. They have supported this legislation, and will adhere to it as the sole authority for electronic surveillance in the United States. However, until it is passed, they will rely on their Executive order, and where necessary, in inherent power to proceed without a warrant. Quite clearly, the solution for Congress is to enact this legislation and resolve the issue.

The passage of this legislation is important in its own right, but it is also vital for what it signifies for the future. This legislation could not have been written and passed without extraordinary contributions by the Justice Department; the national security community, the Judiciary and Intelligence Committees and the civil liberties communities, and an impressive commitment to compromise on the part of everyone concerned. The same principals will face other formidable tasks in the future: most notably, the crafting of legislative charters for the FBI and the CIA. While this legislation will not be easily achieved, what we are accomplishing today carries with it the possibility of future successes as well. We have demonstrated that it is possible to react to the Church committee's revelations without overreacting; to balance the conflicting claims of national security and civil liberties.

This legislation serves our country well.●

● Mr. DOLE. Mr. President, I would like to commend the members of the Judiciary and Intelligence Committtees for their work in putting together a reasonable answer to the many problems encountered in regulating foreign intelligence wiretaps. S. 3197, a bill very similar to this one, has been reported out of committee during the 94th Congress but was never considered by the full Senate. This bill reflects that earlier efforts as well as additional study and further refinements by both committees.

A COMPROMISE

Of course, S. 1566 is a compromise between a number of Senators who hold somewhat different views on the regulation of wiretapping in the foreign intelligence area. However, all parties seem to agree that reform and clarification of the law in this area is badly needed and I believe that this bill is a reasonable reform. As such, I support the bill.

The basic thrust of this legislation is found in the requirement that warrants be issued for all wiretaps made in connection with U.S. foreign intelligence operations. The bill both sets up the judiciary machinery for issuing such warrants and lays out the standards for their issuance. I trust that this legislation will provide an expeditious procedure for granting such warrants while limiting their use and protecting people from unwarranted violation of privacy.

The fourth amendment has been the principal legal bulwark protecting privacy-related rights in this country. However, interpreting its prohibition on "unreasonable searches and seizures" has not been a matter free of difficulty. Of course, the fourth amendment was adopted long before the telephone and long before the need for intensive foreign intelligence operations became apparent. The fourth amendment is very near the heart of our American structure of rights and freedoms. While highly relevant to contemporary intelligence operations, it does not itself provide the detailed prohibitions and restrictions which are needed if we are to best protect privacy while maximizing the effectiveness of our intelligence efforts. Hopefully, more effective regulation will be provided under S. 1566.

PROTECTING THE FOURTH AMENDMENT

In regulating wiretaps we need to stay within the meaning of the fourth amendment, which remains the conceptual bulwark and the literal foundation of privacy-related rights in this country. This legislation is within the fourth amendment requirements and should always be interpreted in a way that will keep it there.

However, this Senator does have some reservations about this bill. This bill is a compromise in a very difficult area—and so it can be predicted that many of us would not view this as a perfect bill. Therefore, I would encourage my colleagues to keep their eye on the use of wiretaps in the future, in case additional reforms or refinements are needed.

THE RESPONSIBILITY OF THE EXECUTIVE BRANCH

I hope that the establishment of judicial machinery for granting warrants will not lessen the degree of responsibility of the executive branch to examine carefully the need for such wiretaps prior to asking for them. The stamp of judicial approval should not be used to sanction an abdication of the responsibility of the executive branch in protecting the privacy of Americans.

I would also hope that the language incorporated into the standards for issuance of wiretaps will not be too restrictive. For instance, before a warrant can issue in certain cases, the standards require that the subject of the wiretap have "knowingly" engaged in the activity prompting the wiretap request.

As a former county attorney charged with the prosecution of criminal offenses, I recognize the difficulties inherent in a burden of proof incorporating the word "knowingly." These difficulties become very obvious in the courtroom, and I hope that they will not prove too burdensome in the sort of ex parte hearing anticipated by S. 1566. Certainly, I hope a reasonable interpretation will be given

to that word, and that it will not cause problems in obtaining wiretaps for appropriate intelligence efforts.

Once again, let me reiterate my support for this legislation and let me express my hope that it will work to the satisfaction of those, like myself, who are concerned about protecting privacy-related rights while providing for an effective foreign intelligence surveillance system for this country.●

● Mr. MATHIAS. Mr. President, I rise to speak in support of S. 1566, the Foreign Intelligence Surveillance Act of 1978.

A few years ago, I joined with some of my colleagues in an effort to enact legislation to provide clear guidelines regarding the use of electronic surveillance in foreign intelligence cases. We knew we faced a long, uphill struggle. We knew we faced a formidable task in convincing both a majority of our colleagues and the intelligence community of the need for such statutory guidelines.

Momentum was slow in building. Regrettably, support for this concept began to mushroom only after it became clear that numerous abuses in the use of electronic surveillance in foreign intelligence cases had already occurred. These abuses were carefully and comprehensively documented in the final report of the Select Committee on Intelligence, on which I served.

Much to their dismay, the American people learned that beginning with President Franklin Roosevelt, every administration has asserted the right to conduct, and has conducted, warrantless wiretapping and bugging of Americans in foreign intelligence cases.

These revelations shocked the conscience of the American people. Americans demanded prompt, effective remedial action by the Congress and the executive branch. These calls for reform were not ignored.

In the 94th Congress, I joined with a bipartisan group of Senators and Representatives in sponsoring S. 3197, the first bill ever supported by a President and an Attorney General to require judicial warrants in foreign intelligence cases. Although S. 3197 was not enacted, it laid the groundwork for the bill before us today.

President Ford and his Attorney General, Edward Levi, deserve great credit for breaking with the long-standing tradition of the executive branch and submitting S. 3197 to the Congress. President Carter and Attorney General Bell deserve similar credit for fulfilling their pledges to strongly support S. 1566.

Enactment of S. 1566 would assuredly be a milestone in our Nation's history. It would be a ringing reaffirmation of America's commitment to the fundamental liberties embodied in our Constitution. Above all, it would insure that electronic surveillance in foreign intelligence cases would be conducted in conformity with the principles set forth in the fourth amendment. It would require an impartial magistrate outside the executive branch and the intelligence community to authorize such wiretaps. As the Supreme Court properly noted in the Keith case:

> The Fourth Amendment contemplates a prior judicial judgment, not the risk that executive discretion may be reasonably exercised. This judicial role accords with our basic Constitutional doctrine that individual freedoms will best be preserved through a separation of powers and division of functions among the different branches and levels of government. (*United States* v. *United States District Court*, 407 U.S. 297 (1972).)

At the time S. 1566 was introduced last year, I expressed my concern over certain provisions in the bill, especially the section allowing for electronic surveillance of an American citizen who is not involved in criminal activity. I urged the appropriate committees to scrutinize this issue and to consider amending this provision to bring it into conformity with the recommendations of the Senate Select Committee on Intelligence calling for a criminal standard in foreign intelligence cases.

This issue was a subject of intense debate in both the Judiciary and Intelligence Committees. And, the bill has now been amended in response to concern such as my own. As drafted at present, S. 1566 requires that U.S. citizens and resident aliens not be subjected to electronic surveillance unless they engage in intelligence-gathering activities which involve or may involve violations of the criminal laws of the United States.

I support this important change. In my view, it is consonant with recommendations of the Church amendment and strikes an appropriate balance between the intelligence-gathering needs of the United States and the constitutional rights of Americans.

In moving promptly to enact this bill, Congress can take an important step toward restoring the balance between the legislative and executive branches contemplated in the Constitution. For the past several decades, Congress has abdicated its responsibility to establish by law the framework in which executive power is to be discharged. As the select committee found, this abdication contributed to many of the abuses of power it uncovered.

Unless this bill is enacted, there will continue to be no statute whatever regulating the executive's conduct in the area of foreign intelligence. This situation must be corrected. It would resolve once and for all the debate over executive power to order electronic surveillance in national security cases—a debate that has heated up dramatically since the disclosure of the Humphrey case.

I urge my colleagues to join me in supporting this important legislation.●

● Mr. BIDEN. Mr. President, enactment of S. 1566, the Foreign Intelligence Surveillance Act represents the culmination of an arduous but productive legislative process. It is a reaffirmation of the principle that it is possible to protect the national security and at the same time the Bill of Rights. This legislative process has produced a bill which effectively accommodates the first and fourth amendment rights of our fellow citizens with the needs of our national security community to protect our liberties from enemies foreign and domestic.

Foreign intelligence surveillance was the very first matter on the agenda of the newly created Intelligence Committee when I joined it in May of 1976. For almost 2 years we have struggled with this ancient dilemma of our democracy—whether we must risk our liberty in order to protect it. Although this process of drafting and redrafting, endless meetings and negotiations with all levels of the executive branch has taken what appears to be an inordinate amount of time. It is indeed rewarding to find that it is not necessary to compromise civil liberties in the name of national security. It is for that reason that I rise in support of S. 1566.

There have been times during the past 2 years when representatives of the executive branch, and indeed, even some of my colleagues, surely have been impatient with me and other critics of earlier proposals. There have been times when we have appeared to allow our doubts about the wisdom of such legislation to lead to a "nitpicking" approach to the legislative process. However, I am convinced that this careful analysis of the legislation born of considerable doubt about how to accommodate these interests has led to legislation which does not compromise either national security or civil liberties.

In the words of our Founding Fathers, "eternal vigilance is the price of liberty." They intended we be vigilant of enemies, foreign and domestic, and equally vigilant of those who claim the necessity to sacrifice liberties in the face of those enemies. As long as we are willing to invest our energies in this pursuit, we can preserve our democracy and the Bill of Rights.

For the last four nights we have been witness through the NBC program "Holocaust" to the terrifying consequences of the failure to honor the principle of vigilance. On the last night of that program my 9-year-old son asked me, "Daddy, will this ever happen in our country?" I thought a moment and then told him no it will not, as long as we are willing to put in the time and energy to seek an accommodation of national security with civil liberties and insist that neither principle be compromised, we will never grant to the state the horrifying powers the Germans delegated to their leaders. So in a sense it is poignant that on the day following this presentation we should enact legislation which restricts the power of the executive branch to spy on its citizens in the name of national security. It is a testament to the fact that a police state is less likely in our country than any other in the world.

Finally, it is important to remember that legislation as comprehensive and complicated as S. 1566 is also the product of political courage and the investment of many man-hours of work. Many Members of this body and their staffs deserve much credit for the enactment of this legislation but none more than the senior Senator from Massachusetts and the senior Senator from Indiana. As representatives of the two committees primarily responsible for this legislation, they invested literally thousands of hours of work in developing this bill and they

deserve our thanks and congratulations.●

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, I shall ask for the yeas and nays on passage, so I suggest the absence of a quorum, the time to be evenly divided.

The PRESIDING OFFICER. The time will have to come out of the time of the Senator from South Carolina.

Mr. THURMOND. That is fine. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays on passage of the bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. I ask for third reading, Mr. President.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum on the time of the Senator from South Carolina.

Mr. THURMOND. I have no objection.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator from South Carolina yield back his remaining time?

Mr. THURMOND. Mr. President, I yield back my time and suggest we have a vote on the bill.

The PRESIDING OFFICER. The question is, Shall the bill pass? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HASKELL), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

I further announce that, if present and voting, the Senator from Ohio (Mr. METZENBAUM) and the Senator from New Hampshire (Mr. MCINTYRE) would each vote "yea."

Mr. STEVENS. I announce that the Senator from Idaho (Mr. MCCLURE) is necessarily absent.

The result was announced—yeas 95, nays 1, as follows:

[Rollcall Vote No. 128 Leg.]

YEAS—95

Abourezk	Glenn	Morgan
Allen	Goldwater	Moynihan
Anderson	Gravel	Muskie
Baker	Griffin	Nelson
Bartlett	Hansen	Nunn
Bayh	Hart	Packwood
Bellmon	Hatch	Pearson
Bentsen	Hatfield,	Pell
Biden	Mark O.	Percy
Brooke	Hatfield,	Proxmire
Bumpers	Paul G.	Randolph
Burdick	Hathaway	Ribicoff
Byrd,	Hayakawa	Riegle
Harry F., Jr.	Heinz	Roth
Byrd, Robert C.	Helms	Sarbanes
Cannon	Hodges	Sasser
Case	Hollings	Schmitt
Chafee	Huddleston	Schweiker
Chiles	Humphrey	Sparkman
Church	Inouye	Stafford
Clark	Jackson	Stennis
Cranston	Javits	Stevens
Culver	Johnston	Stevenson
Curtis	Kennedy	Stone
Danforth	Laxalt	Talmadge
DeConcini	Leahy	Thurmond
Dole	Long	Tower
Domenici	Lugar	Wallop
Durkin	Magnuson	Weicker
Eagleton	Mathias	Williams
Eastland	Matsunaga	Young
Ford	McGovern	Zorinsky
Garn	Melcher	

NAYS—1

Scott

NOT VOTING—4

Haskell	Metzenbaum
McClure	McIntyre

So the bill (S. 1566), as amended, was passed, as follows:

S. 1566

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Intelligence Surveillance Act of 1978".

SEC. 2. Title 18, United States Code, is amended by adding a new chapter after chapter 119 as follows:

"Chapter 120.—ELECTRONIC SURVEILLANCE WITHIN THE UNITED STATES FOR FOREIGN INTELLIGENCE PURPOSES

"Sec.

"2521. Definitions.

"2522. Authorization for electronic surveillance for foreign intelligence purposes.

"2523. Designation of judges authorized to grant orders for electronic surveillance.

"2524. Application for an order.

"2525. Issuance of an order.

"2526. Use of information.

"2527. Report of electronic surveillance.

"2528. Congressional oversight.

"§ 2521. Definitions

"(a) Except as otherwise provided in this section the definitions of section 2510 of this title shall apply to this chapter.

"(b) As used in this chapter—

"(1) 'Foreign power' means—

"(A) a foreign government or any component thereof, whether or not recognized by the United States;

"(B) a faction of a foreign nation or nations, not substantially composed of United States persons;

"(C) an entity, which is openly acknowledged by a foreign government or governments to be directed and controlled by such foreign government or governments;

"(D) a foreign-based terrorist group;

"(E) a foreign-based political organization, not substantially composed of United States persons; or

"(F) an entity which is directed and controlled by a foreign government or governments.

"(2) 'Agent of a foreign power' means—

"(A) any person, other than a United States person, who—

"(i) acts in the United States as an officer or employee of a foreign power; or

"(ii) acts for or on behalf of a foreign power which engages in clandestine intelligence activities contrary to the interests of the United States, when the circumstances of such person's presence in the United States indicate that such person may engage in such activities in the United States, or when such person knowingly aids or abets any person in the conduct of such activities or conspires with any person knowing that such person is engaged in such activities;

"(B) any person who—

"(i) knowingly engages in clandestine intelligence gathering activities for or on behalf of a foreign power, which activities involve or may involve a violation of the criminal statutes of the United States;

"(ii) pursuant to the direction of an intelligence service or network of a foreign power, knowingly engages in any other clandestine intelligence activities for or on behalf of such foreign power, which activities involve or are about to involve a violation of the criminal statutes of the United States;

"(iii) knowingly engages in sabotage or terrorism, or activities in furtherance thereof, for or on behalf of a foreign power;

"(iv) knowingly aids or abets any person in the conduct of activities described in subparagraph (B) (i) through (iii) above, or conspires with any person knowing that such person is engaged in activities described in subparagraph (B) (i) through (iii) above: *Provided,* That no United States person may be considered an agent of a foreign power solely upon the basis of activities protected by the first amendment to the Constitution of the United States.

"(3) 'Terrorism' means activities which—

"(A) are violent acts or acts dangerous to human life which would be criminal under the laws of the United States or of any State if committed within its jurisdiction; and

"(B) appear to be intended—

"(i) to intimidate or coerce the civilian population,

"(ii) to influence the policy of a government by intimidation or coercion, or

"(iii) to affect the conduct of a government by assassination or kidnaping.

"(4) 'Sabotage' means activities which would be prohibited by title 18, United States Code, chapter 105, if committed against the United States.

"(5) 'Foreign intelligence information' means—

"(A) information which relates to, and if concerning a United States person is necessary to, the ability of the United States to protect itself against actual or potential attack or other grave hostile acts of a foreign power or an agent of a foreign power;

"(B) information with respect to a foreign power or foreign territory which relates to, and if concerning a United States person is necessary to—

"(i) the national defense or the security of the Nation; or

"(ii) the successful conduct of the foreign affairs of the United States; or

"(C) information which relates to, and if concerning a United States person is necessary to, the ability of the United States to protect against—

"(i) sabotage or terrorism by a foreign power or an agent of a foreign power, or

"(ii) the clandestine intelligence activities of an intelligence service or network of a foreign power or an agent of a foreign power.

"(6) 'Electronic surveillance' means—

"(A) the acquisition by an electronic, mechanical, or other surveillance device of

the contents of any wire or radio communication sent by or intended to be received by a particular, known United States person who is in the United States, where the contents are acquired by intentionally targeting that United States person, under circumstances in which a person has a reasonable expectation of privacy and a warrant would be required for law enforcement purposes;

"(B) the acquisition by an electronic, mechanical, or other surveillance device, of the contents of any wire communication to or from a person in the United States, without the content of any party thereto, where such acquisition occurs in the United States while the communication is being transmitted by wire;

"(C) the intentional acquisition, by an electronic, mechanical, or other surveillance device, of the contents of any radio communication, under circumstances in which a person has a reasonable expectation of privacy and a warrant would be required for law enforcement purposes, and where both the sender and all intended recipients are located within the United States; or

"(D) the installation or use of an electronic, mechanical, or other surveillance device in the United States for monitoring to acquire information, other than from a wire or radio communication, under circumstances in which a person has a reasonable expectation of privacy and a warrant would be required for law enforcement purposes.

"(7) 'Attorney General' means the Attorney General of the United States (or Acting Attorney General) or the Deputy Attorney General.

"(8) 'Minimization procedures' means procedures which are reasonably designed to minimize the acquisition and retention, and prohibit the dissemination, except as provided for in subsections 2526 (a) and (b), of any information concerning United States persons without their consent that does not relate to the ability of the United States—

"(A) to protect itself against actual or potential attack or other grave hostile acts of a foreign power or an agent of a foreign power;

"(B) to provide for the national defense or security of the Nation;

"(C) to provide for the conduct of the foreign affairs of the United States;

"(D) to protect against terrorism by a foreign power or an agent of a foreign power;

"(E) to protect against sabotage by a foreign power or an agent of a foreign power; or

"(F) to protect against the clandestine intelligence activities of an intelligence service or network of a foreign power or an agent of a foreign power;

and which are reasonably designed to insure that information which relates solely to the ability of the United States to provide for the national defense or security of the Nation and to provide for the conduct of foreign affairs of the United States, under subparagraphs (B) and (C) above, shall not be disseminated in a manner which identifies any United States person, without such person's consent, unless such person's identity is necessary to understand or assess the importance of information with respect to a foreign power or foreign territory or such information is otherwise publicly available.

"(9) 'United States person' means a citizen of the United States, an alien lawfully admitted for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act), an unincorporated association a substantial number of members of which are citizens of the United States or aliens lawfully admitted for permanent residence or a corporation which is incorporated in the United States, but not including corporations or associations which are foreign powers as defined in section 2521(b)(1)(A) through (E).

"(10) 'United States' when used in a geographic sense means all areas under the territorial sovereignty of the United States, the Trust Territory of the Pacific Islands, and the Canal Zone.

"§ 2522. Authorization for electronic surveillance for foreign intelligence purposes

"Applications for a court order under this chapter are authorized if the President has, by written authorization, empowered the Attorney General to approve applications to Federal judges having jurisdiction under section 2523 of this chapter, and a judge to whom an application is made may grant an order, in conformity with section 2525 of this chapter, approving electronic surveillance of a foreign power or an agent of a foreign power for the purpose of obtaining foreign intelligence information.

"§ 2523. Designation of judges authorized to grant orders for electronic surveillance

"(a) The Chief Justice of the United States shall publicly designate seven district court judges who shall constitute a special court, each member of which shall have jurisdiction to hear applications for and grant orders approving electronic surveillance anywhere within the United States under the procedures set forth in this chapter, except that no judge designated under this subsection shall have jurisdiction of the same application for electronic surveillance under this chapter which has been denied previously by another judge designated under this subsection. If any judge so designated denies an application for an order authorizing electronic surveillance under this chapter, such judge shall provide immediately for the record a written statement of each reason for his decision and, on motion of the United States, the record shall be transmitted, under seal, to the special court of review established in subsection (b).

"(b) The Chief Justice shall publicly designate three judges, one of whom shall be publicly designated as the presiding judge, from the United States district courts or courts of appeals who together shall comprise a special court of review which shall have jurisdiction to review the denial of any application made under this chapter. If such special court determines that the application was properly denied, the special court shall immediately provide for the record a written statement of each reason for its decision and, on petition of the United States for a writ of certiorari, the record shall be transmitted under seal to the Supreme Court, which shall have jurisdiction to review such decision.

"(c) Proceedings under this chapter shall be conducted as expeditiously as possible. The record of proceedings under this chapter, including applications made and orders granted, shall be sealed and maintained under security measures established by the Chief Justice in consultation with the Attorney General and the Director of Central Intelligence.

"(d) Each judge designated under this section shall so serve for a maximum of seven years and shall not be eligible for redesignation: *Provided*, That the judges first designated under subsection (a) shall be designated for terms of from one to seven years so that one term expires each year, and that judges first designated under subsection (b) shall be designated for terms of three, five, and seven years.

"§ 2524. Application for an order

"(a) Each application for an order approving electronic surveillance under this chapter shall be made by a Federal officer in writing upon oath or affirmation to a judge having jurisdiction under section 2523 of this chapter. Each application shall require the approval of the Attorney General based upon his finding that it satisfies the criteria and requirements of such application as set forth in this chapter. It shall include the following information—

"(1) the identity of the Federal officer making the application;

"(2) the authority conferred on the Attorney General by the President of the United States and the approval of the Attorney General to make the application;

"(3) the identity, if known, or a description of the target of the electronic surveillance;

"(4) a statement of the facts and circumstances relied upon by the applicant to justify his belief that—

"(A) the target of the electronic surveillance is a foreign power or an agent of a foreign power; and

"(B) the facilities or the place at which the electronic surveillance is directed are being used, or are about to be used, by a foreign power or an agent of a foreign power;

"(5) a statement of the proposed minimization procedures;

"(6) when the target of the surveillance is not a foreign power as defined in section 2521(b)(1) (A), (B), or (C), a detailed description of the nature of the information sought;

"(7) a certification or certifications by the Assistant to the President for National Security Affairs or an executive branch official or officials designated by the President from among those executive officers employed in the area of national security or defense and appointed by the President with the advice and consent of the Senate—

"(A) that the certifying official deems the information sought to be foreign intelligence information;

"(B) that the purpose of the surveillance is to obtain foreign intelligence information;

"(C) that such information cannot reasonably be obtained by normal investigative techniques;

"(D) including a designation of the type of foreign intelligence information being sought according to the categories described in section 2521(b)(5);

"(E) when the target of the surveillance is not a foreign power, as defined in section 2521(b)(1) (A), (B), or (C), including a statement of the basis for the certification that—

"(i) the information sought is the type of foreign intelligence information designated; and

"(ii) such information cannot reasonably be obtained by normal investigative techniques;

"(F) when the target of the surveillance is a foreign power, as defined in section 2521(b)(1) (A), (B), or (C), stating the period of time for which the surveillance is required to be maintained;

"(8) when the target of the surveillance is not a foreign power, as defined in section 2521(b)(1) (A), (B), or (C), a statement of the means by which the surveillance will be effected, and when the target is a foreign power, as defined in section 2521(b)(1) (A), (B), or (C), a designation of the type of electronic surveillance to be used according to the categories described in section 2521(b)(6), and a statement whether physical entry is required to effect the surveillance;

"(9) a statement of the facts concerning all previous applications that have been made to any judge under this chapter involving any of the persons, facilities, or places specified in the application, and the action taken on each previous application; and

"(10) when the target of the surveillance is not a foreign power, as defined in section 2521(b)(1) (A), (B), or (C), a statement

of the period of time for which the electronic surveillance is required to be maintained. If the nature of the intelligence gathering is such that the approval of the use of electronic surveillance under this chapter should not automatically terminate when the described type of information has first been obtained, a description of facts supporting the belief that additional information of the same type will be obtained thereafter.

"(b) The Attorney General may require any other affidavit or certification from any other officer in connection with the application.

"(c) The judge may require the applicant to furnish such other information as may be necessary to make the determinations required by section 2525 of this chapter.

"§ 2525. Issuance of an order

"(a) Upon an application made pursuant to section 2524 of this title, the judge shall enter an ex parte order as requested or as modified approving the electronic surveillance if he finds that—

"(1) the President has authorized the Attorney General to approve applications for electronic surveillance for foreign intelligence information;

"(2) the application has been made by a Federal officer and approved by the Attorney General;

"(3) on the basis of the facts submitted by the applicant there is probable cause to believe that—

"(A) the target of the electronic surveillance is a foreign power or an agent of a foreign power; and

"(B) the facilities or place at which the electronic surveillance is directed are being used, or are about to be used, by a foreign power or an agent of a foreign power;

"(4) the proposed minimization procedures meet the definition of minimization procedures under section 2521(b)(8) of this title;

"(5) the application which has been filed contains the description and certification or certifications, specified in section 2524(a)(7) and, if the target is a United States person, the certification or certifications are not clearly erroneous on the basis of the statement made under section 2524(a)(7)(E) and any other information furnished under section 2524(c).

"(b) An order approving an electronic surveillance under this section shall—

"(1) specify—

"(A) the identify, if known, or a description of the target of the electronic surveillance;

"(B) the nature and location of the facilities or the place at which the electronic surveillance will be directed;

"(C) when the target of the surveillance is not a foreign power as defined in section 2521(b)(1)(A), (B), or (C), the type of information sought to be acquired and when the target is a foreign power defined in section 2521(b)(1)(A), (B), or (C), the designation of the type of foreign intelligence information under section 2521(b)(5) sought to be acquired;

"(D) when the target of the surveillance is not a foreign power, as defined in section 2521(b)(1)(A), (B), or (C), the means by which the electronic surveillance will be effected, and when the target is a foreign power, as defined in section 2521(b)(1)(A), (B), or (C), a designation of the type of electronic surveillance to be used according to the categories described in section 2521(b)(6) and whether physical entry will be used to effect the surveillance; and

"(E) the period of time during which the electronic surveillance is approved; and

"(2) direct—

"(A) that the minimization procedures be followed;

"(B) that, upon the request of the applicant, a specified communication or other common carrier, landlord, custodian, contractor, or other specified person furnish the applicant forthwith any and all information, facilities, or technical assistance, necessary to accomplish the electronic surveillance in such manner as will protect its secrecy and produce a minimum of interference with the services that such carrier, landlord, custodian, contractor or other person is providing that target of electronic surveillance;

"(C) that such carrier, landlord, custodian, or other person maintain under security procedures approved by the Attorney General and the Director of Central Intelligence any records concerning the surveillance or the aid furnished which such person wishes to retain;

"(D) that the applicant compensate, at the prevailing rate, such carrier, landlord, custodian, or other person for furnishing such aid.

"(c) An order issued under this section may approve an electronic surveillance not targeted against a foreign power, as defined in section 2521(b)(1)(A), (B), or (C), for the period necessary to achieve its purpose, or for ninety days, whichever is less; an order under this section shall approve an electronic surveillance targeted against a foreign power, as defined in section 2521(b)(1)(A), (B), or (C), for the period specified in the certification required in section 2524(a)(7)(F), or for one year, whichever is less. Extensions of an order issued under this chapter may be granted on the same basis as an original order upon an application for an extension made in the same manner as required for an original application and after new findings required by subsection (a) of this section. In connection with applications for extensions where the target is not a foreign power, as defined in section 2521(b)(1)(A), (B), or (C), the judge may require the applicant to submit information, obtained pursuant to the original order or to any previous extensions, as may be necessary to make new findings of probable cause. The judge may assess compliance with the minimization procedures required by this chapter.

"(d) Notwithstanding any other provision of this chapter when the Attorney General reasonably determines that—

"(1) an emergency situation exists with respect to the employment of electronic surveillance to obtain foreign intelligence information before an order authorizing such surveillance can with due diligence be obtained, and

"(2) the factual basis for issuance of an order under this chapter to approve such surveillance exists, he may authorize the emergency employment of electronic surveillance if a judge designated pursuant to section 2523 of this chapter is informed by the Attorney General or his designate at the time of such authorization that the decision has been made to employ emergency electronic surveillance and if an application in accordance with this chapter is made to that judge as soon as practicable, but not more than twenty-four hours after the Attorney General authorizes such acquisition. If the Attorney General authorizes such emergency employment of electronic surveillance, he shall require that the minimization procedures required by this chapter for the issuance of a judicial order be followed. In the absence of a judicial order approving such electronic surveillance, the surveillance shall terminate when the information sought is obtained, when the application for the order is denied, or after the expiration of twenty-four hours from the time of authorization by the Attorney General, whichever is earlier. In the event that such application for approval is denied, or in any other case where the electronic surveillance is terminated and no order is issued approving the surveillance, no information obtained or evidence derived from such surveillance shall be received in evidence or otherwise disclosed in any trial, hearing, or other proceeding in or before any court, grand jury, department, office, agency, regulatory body, legislative committee, or other authority of the United States, a State, or political subdivision thereof; and no information concerning any United States person acquired from such surveillance shall subquently be used or disclosed in any other manner by Federal officers or employees without the consent of such person, except with the approval of the Attorney General where the information indicates a threat of death or serious bodily harm to any person. A denial of the application made under this subsection may be reviewed as provided in section 2523.

"§ 2526. Use of information

"(a) Information concerning United States persons acquired from an electronic surveillance conducted pursuant to this chapter may be used and disclosed by Federal officers and employees without the consent of the United States person only for purposes specified in section 2521(b)(8)(A) through (F) and in accordance with the minimization procedures required by this chapter, or for the enforcement of the criminal law if its use outweighs the possible harm to the national security. No otherwise privileged communication obtained in accordance with, or in violation of, the provisions of this chapter shall lose its privileged character. No information acquired from an electronic surveillance conducted pursuant to this chapter may be used or disclosed by Federal officers or employees except for lawful purposes.

"(b) The minimization procedures required under this chapter shall not preclude the retention and disclosure, for law enforcement purposes, of any information which constitutes evidence of a crime if such disclosure is accompanied by a statement that such evidence, or any information derived therefrom, may only be used in a criminal proceeding with the advance authorization of the Attorney General.

"(c) Whenever the Government of the United States, of a State, or of a political subdivision thereof intends to enter into evidence or otherwise use or disclose in any trial, hearing, or other proceeding in or before any court, department, officer, agency, or other authority of the United States, a State, or a political subdivision thereof, any information obtained or derived from an electronic surveillance, the Government shall prior to the trial, hearing, or other proceeding or at a reasonable time prior to an effort to so disclose or so use the information or submit it in evidence notify the court in which the information is to be disclosed or used or, if the information is to be disclosed or used in or before another authority, shall notify a court in the district wherein the information is to be so disclosed or so used that the Government intends to so disclose or so use such information.

"(d) Any person who has been the target of electronic surveillance or whose communications or activities have been subject to electronic surveillance and against whom evidence derived from such electronic surveillance is to be, or has been, introduced or otherwise used or disclosed in any trial, hearing, or proceeding in or before any court, department officer, agency, regulatory body, or other authority of the United States, a State, or a political subdivision thereof, may move to suppress the contents of any communication acquired by electronic surveillance or evidence derived therefrom, on the grounds that—

"(1) the communication was unlawfully acquired; or

"(2) the surveillance was not made in

conformity with the order of authorization or approval.

Such motion shall be made before the trial, hearing, or proceeding unless there was no opportunity to make such motion or the person was not aware of the grounds of the motion.

"(e) Whenever any court is notified in accordance with subsection (c), or whenever a motion is made by an aggrieved person pursuant to subsection (d), to suppress evidence on the grounds that it was obtained or derived from an unlawful electronic surveillance, or whenever any motion or request is made by an aggrieved person pursuant to section 3504 of this title or any other statute or rule of the United States, to discover, obtain, or suppress evidence or information obtained or derived from electronic surveillance, the Federal court, or where the motion is made before another authority, a Federal court in the same district as the authority, shall, notwithstanding any other law, if the Government by affidavit asserts that disclosure or an adversary hearing would harm the national security of the United States, review in camera and ex parte the application, order, and other materials relating to the surveillance as may be necessary to determine whether the surveillance was authorized and conducted in a manner that did not violate any right afforded by the Constitution and statutes of the United States to the aggrieved person. In making this determination, the court shall disclose to the aggrieved person portions of the application, order, or other materials relating to the surveillance only where such disclosure is necessary to make an accurate determination of the legality of the surveillance. If the court determines that the electronic surveillance of the aggrieved person was not lawfully authorized or conducted, the court shall in accordance with the requirements of law suppress the information obtained or evidence derived from the unlawful electronic surveillance. If the court determines that the surveillance was lawfully authorized and conducted, the court shall deny any motion for disclosure or discovery unless required by due process.

(f) If an emergency employment of the electronic surveillance is authorized under section 2525(d) and a subsequent order approving the surveillance is not obtained, the judge shall cause to be served on any United States person named in the application and on such other United States persons subject to electronic surveillance as the judge may determine in his discretion it is in the interest of justice to serve, notice of—

"(1) the fact of the application;

"(2) the period of the surveillance; and

"(3) the fact that during the period information was or was not obtained.

On ex parte showing of good cause to the judge the serving of the notice required by this subsection may be postponed or suspended for a period not to exceed ninety days. Thereafter, on a further ex parte showing of good cause, the court shall forego ordering the serving of the notice required under this subsection.

"(g) In circumstances involving the unintentional acquisition, by an electronic, mechanical, or other surveillance device of the contents of any radio communication, under circumstances in which a person has a reasonable expectation of privacy and a warrant would be required for law enforcement purposes, and where both the sender and all intended recipients are located within the United States, such contents shall be destroyed upon recognition, except with the approval of the Attorney General where the contents indicate a threat of death or serious bodily harm to any person.

"§ 2527. Report of electronic surveillance

"In April of each year, the Attorney General shall report to the Administrative Office of the United States Courts and shall transmit to Congress with respect to the preceding calendar year—

"(1) the total number of applications made for orders and extensions of orders approving electronic surveillance; and

"(2) the total number of such orders and extensions either granted, modified, or denied.

"§ 2528. Congressional oversight

"(a) On a semiannual basis the Attorney General shall fully inform the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence concerning all electronic surveillance under this chapter. Nothing in this chapter shall be deemed to limit the authority and responsibility of the appropriate committees of each House of Congress to obtain such additional information as they may need to carry out their respective functions and duties.

"(b) On or before one year after the effective date of this chapter, and on the same day each year thereafter, the Select Committee on Intelligence of the United States Senate shall report to the Senate, concerning the implementation of this chapter. Said reports shall include but not be limited to an analysis and recommendations concerning whether this chapter should be (1) amended, (2) repealed, or (3) permitted to continue in effect without amendment."

SEC. 3. The provisions of this Act and the amendment made hereby shall become effective upon enactment: *Provided*, That any electronic surveillance approved by the Attorney General to gather foreign intelligence information shall not be deemed unlawful for failure to follow the procedures of chapter 120, title 18, United States Code, if that surveillance is terminated or an order approving that surveillance is obtained under this chapter within ninety days following the designation of the first judge pursuant to section 2523 of chapter 120, title 18, United States Code.

SEC. 4. Chapter 119 of title 18, United States Code, is amended as follows:

(a) Section 2511(1) is amended—

(1) by inserting "or chapter 120 or with respect to techniques used by law enforcement officers not involving the interception of wire or oral communications as otherwise authorized by a search warrant or order of a court of competent jurisdiction," immediately after "chapter" in the first sentence;

(2) by inserting a comma and "or, under color of law, willfully engages in any other form of electronic surveillance as defined in chapter 120" immediately before the semicolon in paragraph (a);

(3) by inserting "or information obtained under color of law by any other form of electronic surveillance as defined in chapter 120" immediately after "contents of any wire or oral communication" in paragraph (c);

(4) by inserting "or any other form of electronic surveillance, as defined in chapter 120," immediately before "in violation" in paragraph (c);

"(5) by inserting "or information obtained under color of law by any other form of electronic surveillance as defined in chapter 120" immediately after "any wire or oral communication" in paragraph (d); and

(6) by inserting "or any other form of electronic surveillance, as defined in chapter 120," immediately before "in violation" in paragraph (d).

(b)(1) Section 2511(2)(a)(i) is amended by inserting the words "or radio communication" after the words "wire communication" and by inserting the words "or otherwise acquire" after the word "intercept".

(2) Section 2511(2)(a)(ii) is amended by inserting the words "or chapter 120" after the second appearance of the word "chapter," and by striking the period at the end thereof and adding the following: "or engage in electronic surveillance, as defined in chapter 120: *Provided, however*, That before the information, facilities, or technical assistance may be provided, the investigative or law enforcement officer shall furnish to the officer, employee, or agent of the carrier either—

"(1) an order signed by the authorizing judge certifying that a court order directing such assistance has been issued; or

"(2) in the case of an emergency interception or electronic surveillance as provided for in section 2518(7) of this chapter or section 2525(d) of chapter 120, a certification under oath by the investigative or law enforcement officer that the applicable statutory requirements have been met,

and setting forth the period of time for which the electronic surveillance is authorized and describing the facilities from which the communication is to be acquired. Any violation of this subsection by a communication common carrier or an officer, employee, or agency thereof, shall render the carrier liable for the civil damages provided for in section 2520. No communication common carrier or officer, employee, or agent thereof shall disclose the existence of any interception under this chapter or electronic surveillance, as defined in chapter 120, with respect to which the common carrier has been furnished either an order or certification under this subparagraph, except as may otherwise be lawfully ordered.".

(c)(1) Section 2511(2)(b) is amended by inserting the words "or otherwise engage in electronic surveillance, as defined in chapter 120," after the word "radio".

(2) Section 2511 (2)(c) is amended by inserting the words "or engage in electronic surveillance, as defined in chapter 120," after the words "oral communication" and by inserting the words "or such surveillance" after the last word in the paragraph and before the period.

(3) Section 2511(2) is amended by adding at the end of the section the following provisions:

"(e) Notwithstanding any other provision of this title or section 605 or 606 of the Communications Act of 1934, it shall not be unlawful for an officer, employee, or agent of the United States in the normal course of his official duty under procedures approved by the Attorney General to conduct electronic surveillance as defined in section 2521 (b)(6) of chapter 120 without a court order for the sole purpose of:

"(i) testing the capability of electronic equipment, provided that no particular United States person shall be intentionally targeted for testing purposes without his consent, the test period shall be limited in extent and duration to that necessary to determine the capability of the equipment, that the content of any communication acquired under this paragraph shall be retained and used only for the purpose of determining the capability of such equipment, shall be disclosed only to the persons conducting the test, and shall be destroyed upon completion of the testing, and that the test may exceed ninety days only with the prior approval of the Attorney General; or

"(ii) determining the existence and capability of electronic surveillance equipment being used unlawfully, provided that no particular United States person shall be intentionally targeted for such purposes without his consent, that such electronic surveillance shall be limited in extent and duration to that necessary to determine the existence and capability of such equipment, and that any information acquired by such surveillance shall be used only to enforce this chapter or section 605 of the Communications Act of 1934 or to protect information from unlawful electronic surveillance.

"(f) Nothing contained in this chapter, or section 605 of the Communications Act of 1934 (47 U.S.C. 605) shall be deemed to affect the acquisition by the United States Government of foreign intelligence information from international or foreign communications by a means other than electronic surveillance as defined in section 2521(b)(6) of this title; and the procedures in this chapter and chapter 120 of this title, shall be the exclusive means by which electronic surveillance, as defined in section 2521(b)(6) of chapter 120, and the interception of domestic wire and oral communications may be conducted.".

(d) Section 2511(3) is repealed.

(e) Section 2515 is amended by inserting the words "or electronic surveillance, as defined in chapter 120, has been conducted" after the word "intercepted", by inserting the words "or other information obtained from electronic surveillance, as defined in chapter 120," after the second appearance of the word "communication", and by inserting "or chapter 120" after the final appearance of the word "chapter".

(f) Section 2518(1) is amended by inserting the words "under this chapter" after the word "communication".

(g) Section 2518(4) is amended by inserting the words "under this chapter" after both appearances of the words "wire or oral communication".

(h) Section 2518(9) is amended by striking the word "intercepted" and inserting the words "intercepted pursuant to this chapter" after the word "communication".

(i) Section 2518(10) is amended by striking the word "intercepted" and inserting the words "intercepted pursuant to this chapter" after the first appearance of the word "communication".

(j) Section 2519(3) is amended by inserting the words "pursuant to this chapter" after the words "wire or oral communications" and after the words "granted or denied".

(k) Section 2520 is amended by deleting all below subsection (2) and inserting in lieu thereof: "Any person other than a foreign power or an agent of a foreign power as defined in sections 2521(b)(1) and 2521(b)(2)(A) of chapter 120, who has been subject to electronic surveillance, as defined in chapter 120, or whose wire or oral communication has been intercepted, or about whom information has been disclosed or used, in violation of this chapter, shall (1) have a civil cause of action against any person who so acted in violation of this chapter and".

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(Later the following occurred:)

Mr. METZENBAUM. Mr. President, in connection with the last vote on S. 1566, I failed to vote on that measure because I was walking in the door when the vote was being announced.

I wish to announce at this time that had I been present I would have voted "aye." It is a measure on which I have spent a good deal of time and in which I have a tremendous interest. I think it is good legislation. I ask unanimous consent that my remarks in connection with the measure be carried immediately following the vote.

Mr. BAYH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Indiana.

Mr. BAYH. I would just like to say a word in support of the statement of the Senator from Ohio. He has been one of the long-time advocates of providing additional protection in this area, and without his help and assistance it would have been much more difficult than was otherwise the case to move this legislation along as rapidly as it was able to be moved along.

Mr. METZENBAUM. I thank the Senator from Indiana.

(Conclusion of proceedings which occurred later.)

Mr. KENNEDY. Mr. President, I wish to acknowledge the excellent work that was done by the staffs of the Judiciary Committee and the Intelligence Committee, as well as the Department of Justice and the American Civil Liberties Union. The work of the following people was invaluable to the fashioning and the shaping of this measure: Ira Shapiro, Mike Mullen, Glen Feldman, Irene Emsullem, Eric Hultman, Herman Schwartz, and Mike Klipper. From the Department of Justice: Frederick Baron, John Hotis, Newell Squires, and Doug Marvin. And, from the ACLU: John Shuttuch, and Jerry Berman.

I especially wish to commend my administrative assistant, Ken Feinberg, who made a very special contribution to this entire legislative process.

Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of S. 1566.

The PRESIDING OFFICER (Mr. ZORINSKY). Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I simply wish to say that I think this is an important bill. I congratulate the distinguished Senator from Massachusetts for his leadership in this bill and commend the able Senator from Utah (Mr. GARN) for his good work on this bill. Also, I join with Senator KENNEDY in commending the majority and minority staff for the splendid work they did in connection with it.

Mr. ROBERT C. BYRD. Mr. President, I wish to compliment the distinguished Senator from Massachusetts (Mr. KENNEDY) for his managership of this important legislation. He has demonstrated on this occasion as he has on so many occasions complete knowledge and complete grasp of the issues, and he has done a commendable and outstanding job.

Also, Mr. President, I wish to commend the ranking minority of the committee (Mr. THURMOND) for his able leadership in joining with Mr. KENNEDY in managing this bill.

I think they are both to be commended and the Senate is in their debt.

Mr. President, I commend Senator KENNEDY and Senator THURMOND, the distinguished managers of S. 1566 on behalf of the Judiciary Committee, and Senator BAYH and Senator GARN, the distinguished managers on behalf of the Intelligence Committee, on what has been accomplished here today. Few issues have been fraught with more difficulty or controversy than the question of electronic surveillance for foreign intelligence purposes. The effort to draw a proper balance between the rights of individuals to be free from unwarranted surveillance and the right of this Nation as a whole to protect itself from foreign intelligence activities has been one of the most challenging that we have faced—and one that has greatly concerned the people of the country.

Thanks to the efforts of the members of the Judiciary and Intelligence Committees—and particularly to the efforts of these four Senators—that balance has been struck. For the Foreign Intelligence Surveillance Act, which the Senate has just now passed overwhelmingly, represents that necessary compromise between individual rights and the rights of the people as a whole that assures the protection of both interests and has made this country the great democracy that it now is and will always be.

The people of the country owe Senators KENNEDY, BAYH, THURMOND, and GARN a profound debt of gratitude for their long and arduous labors in bringing about the enactment of this bill.

Mr. BAYH. Mr. President, I wish the RECORD to show my special commendation for the members of the Intelligence Committee staff. This was a joint effort, as the Senator knows, and without the help of Mr. Miller, Mr. Eisenhower, Mr. Taylor, Mr. Epstein, Mr. Raffel, Mr. Levine, Mr. Gitenstein, Mr. Shulsky, Mr. Codevilla, Mr. Norton, Mr. Bushong, Mr. Evans, Mr. Shaw, Mr. Ford, Mr. Ricks, Mr. Elliff, and Nancy Brooks—who I think spent until the wee hours of the night putting all this together—and also Mr. Tom Connaughton, my personal staff, we would not have accomplished what we have, and we owe them a debt of gratitude.

● Mr. MUSKIE. Mr. President, the adoption today of S. 1566 represents a landmark achievement in congressional efforts to strike a working balance between the legitimate need to collect national security intelligence and the individual rights of citizens in a democratic society.

Many Members of the Senate have worked for several years to bring about the passage of this important legislation. Particular credit is due to the untiring leadership and dedication of Senator KENNEDY and Senator BAYH representing the work of the Judiciary and Intelligence Committees. Their judgment and patience have prevailed over a long period of time and have advanced the protection of civil liberties for all Americans.

Many other Members, however, played vital roles in the development of these procedural safeguards including the late Senator Philip Hart of Michigan, Senator GAYLORD NELSON of Wisconsin, former Senator Sam J. Ervin, Jr., Senator JAMES ABOUREZK of South Dakota, and former Senator John Tunney of California.

In a democratic society citizens must be ever vigilant to protect against government infringement of their liberties. As we have seen all too clearly in recent years, democracy is a fragile system which can be endangered as surely by

citizen neglect as by government despotism.

Lord Acton's maxim that "power corrupts and absolute power corrupts absolutely" should serve as a constant warning against the common tendency of those who govern to justify the use of ignoble means to achieve noble objectives.

The means by which government officials seek to achieve objectives, whether it be the protection of the nation from foreign attack or the distribution of the Nation's health, will in the long run determine the success or failure of our experiment in self-government.

I applaud the work of the Senators who have brought forth this major victory for it is yet another affirmation of success this country has had in protecting the liberties of its citizens.●

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 30 minutes with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVAL

A message from the President of the United States stated that on April 17, 1978, he approved and signed the following joint resolution:

S.J. Res. 124. A joint resolution to authorize the President to issue a proclamation designating the week beginning on April 16 through April 22, 1978, as "National Oceans Week."

COMMUNICATIONS

The PRESIDING OFFICER laid before the Senate the following communications, together with accompanying reports, documents, and papers, which were referred as indicated:

EC-3399. A communication from the Secretary of Agriculture, transmitting, pursuant to law, a report covering the activities of the Rural Electrification Administration for fiscal year 1977; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3400. A communication from the Assistant Secretary of Defense, reporting, pursuant to law, the intent to obligate $1.6 million of funds available in the Marine Corps Stock Fund for war reserve stocks; to the Committee on Appropriations.

EC-3401. A communication from the Director, Legislative liaison, reporting, pursuant to law, that the Air Force recycling programs have been initiated in full compliance with the Environmental Protection Agency's criteria; to the Committee on Armed Services.

EC-3402. A communication from the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), reporting, pursuant to law, on the adequacy of pays and allowances of the uniformed services; to the Committee on Armed Services.

EC-3403. A communication from the Assistant Secretary of the Army (Installations, Logistics, and Financial Management), transmitting a draft of proposed legislation to amend section 2575 of title 10, United States Code, to provide for more efficient disposal of lost, abandoned or unclaimed personal property that comes into the custody or control of military departments; to the Committee on Armed Services.

EC-3404. A communication from the Deputy Assistant Secretary of Defense, transmitting, pursuant to law, a statistical summary of reports received by OSD pursuant to section 410, Public Law 91-121, together with the reports; to the Committee on Armed Services.

EC-3405. A communication from the Secretary of Housing and Urban Development transmitting a draft of proposed legislation authorizing appropriations for fiscal years 1979 and 1980 for the section 312 rehabilitation loan program; to the Committee on Banking, Housing, and Urban Affairs.

EC-3406. A communication from the Secretary of the Treasury, transmitting a draft of proposed legislation to change the size, weight and design of the one-dollar coin, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

EC-3407. A communication from the Director, National Park Service, transmitting for the information of the Senate, a document entitled "Access National Parks," a handbook of accessibility for handicapped visitors to the areas of the national park system; to the Committee on Energy and Natural Resources.

EC-3408. A communication from the Secretary of Energy, transmitting, pursuant to law, an annual report on the weatherization assistance program; to the Committee on Energy and Natural Resources.

EC-3409. A communication from the Deputy Assistant Secretary of the Interior, reporting, that the Secretary of the Interior has determined that certain lands in the States of Nevada, Idaho, and Colorado are considered as not suitable for disposal under the provisions of the Unintentional Trespass Act (UTA) of September 26, 1968 (43 U.S.C. 1431); to the Committee on Energy and Natural Resources.

EC-3410. A communication from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes; to the Committee on Finance.

EC-3411. A communication from the Director, National Science Foundation, reporting, pursuant to law, a planned addition to the NSF system of records; to the Committee on Governmental Affairs.

EC-3412. A communication from the Deputy Under Secretary of State for Management, transmitting, pursuant to law, its report of two new systems of records; to the Committee on Governmental Affairs.

EC-3413. A communication from the Administrative Director, U.S. Arms Control and Disarmament Agency, transmitting, pursuant to law, a report on a new system of records that the agency proposes to establish; to the Committee on Governmental Affairs.

EC-3414. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Federal Information Processing Standards Program; Many Potential Benefits, Little Progress, and Many Problems," April 19, 1978; to the Committee on Governmental Affairs.

EC-3415. A secret communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on the contingency plans for evacuating U.S. civilians from selected foreign areas and suggests several ways to improve these plans; to the Committee on Governmental Affairs.

EC-3416. A communication from the Assistant Secretary for Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, the third annual report of the Advisory Council on Education Statistics; to the Committee on Human Resources.

EC-3417. A communication for the Secretary of Labor, transmitting proposed amendments to the Comprehensive Employment and Training Act of 1973 (CETA); to the Committee on Human Resources.

EC-3418. A communication from the Chairman, National Endowment for the Arts, transmitting, pursuant to law, a report on compliance with the Freedom of Information Act; to the Committee on the Judiciary.

EC-3419. A communication from the Acting Deputy Attorney General, transmitting, pursuant to law, a report on compliance with the Freedom of Information Act; to the Committee on the Judiciary.

EC-3420. A communication from the Administrator, Veterans' Administration, reporting, pursuant to law, on the need for special pay agreements; to the Committee on Veterans' Affairs.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

POM-598. A resolution adopted by the legislature of the State of Hawaii; to the Committee on Agriculture, Nutrition, and Forestry:

"HOUSE RESOLUTION

"Whereas, the United States Department of Agriculture (USDA) is the Federal agency responsible for and authorized to implement federally mandated agriculture related predeparture inspection requirements at the various airports in the State of Hawaii for aircraft destined for airports located within the continental United States; and

"Whereas, major pre-departure inspection programs and activities within the aegis of the USDA include inspection of the aircraft itself, passengers, luggage, and cargo; and

"Whereas, the sole, if not key objective of such pre-departure inspection activities, is the prevention of the entry of pests harmful to agricultural production in the continental United States; and

"Whereas, official statistics indicate that nearly 21 million passengers passed through the airports of the State of Hawaii in 1977 of which total, 3,608,138 passengers were destined for the continental United States; and

"Whereas, the Hawaii State House of Representatives finds that the USDA lacks sufficient resources, namely, personnel and funds to adequately perform the pre-departure inspection requirements, particularly as they relate to luggage inspection at the major airports on the Neighbor Islands; and

"Whereas, as a result of the lack of adequate USDA resources, the State of Hawaii through the "Airport Special Fund", is absorbing the costs for the payment of services of State of Hawaii inspectors performing federally mandated inspection activities at Hilo Airport, Kahului Airport, Ke-ahole Air-

port, and Lihue Airport, all located on the Neighbor Islands; and

"Whereas, experience by the State of Hawaii has clearly documented the feasibility of effectively detecting and controlling the various target pests, principal among which are those generally classified as a fruit fly, through existing luggage inspection and closely allied procedures; and

"Whereas, informed experts have voiced the firm opinion that strengthened inspection activities at the Neighbor Island airports will serve to achieve the principal objective of curtailing pest entry into the continental United States without attendant inconvenience to passengers or the effective and efficient movement of passengers through and within the State's airport system; now, therefore,

"Be it resolved by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, that Hawaii's delegation to the Congress of the United States is respectfully urged to introduce and actively support passage of legislation so vitally needed to insure adequate compliance with federally mandated pre-departure inspection requirements at the Neighbor Island airports in the State of Hawaii; and

"Be it further resloved that certified copies of this Resolution be transmitted to each member of Hawaii's delegation to the Congress of the United States, the United States Secretary of Agriculture, the President Pro Tempore of the United States Senate, the Speaker of the United States House of Representatives, the Governor of Hawaii, the Chairperson of the Hawaii State Board of Agriculture, the Director of the Hawaii State Department of Transportation, and to the Mayors of the counties of Kauai, Maui, and Hawaii of the State of Hawaii."

POM-599. A resolution adopted by the National Cowboy Hall of Fame and Western Heritage Center, relative to the Metric Conversion Act; to the Committee on Commerce, Science, and Transportation.

POM-600. A resolution adopted by the Colorado Commission on Indian Affairs, relating to Native Americans; to the Select Committee on Indian Affairs.

"PREPAID HEALTH PLANS AND HEALTH MAINTENANCE ORGANIZATIONS" —SPECIAL REPORT OF A COMMITTEE (REPT. NO. 95-749)

● Mr. JACKSON. Mr. President, I file today a report of the Committee on Governmental Affairs prepared by its Permanent Subcommittee on Investigations on prepaid health plans (PHP's) and health maintenance organizations (HMO's). The report is the result of a more than 3-year investigation and review of the performance of PHP's in California receiving funds from the medicaid program and the Federal health maintenance organization program.

The inquiry was begun following wide publicity given alleged problems surrounding the prepaid health plans of the California medicaid program.

The State of California implemented in 1972 an alternative form of delivering, organizing, and financing health care services to beneficiaries of Medi-Cal, the State's medicaid program. Program costs in California had risen rapidly and continuously under the old system of paying physicians, hospitals, and other providers fees for their services.

PHP's are comparable to HMO's. Both are private entities—primarily corporations—which agree to provide a broad range of health care services to groups of individuals for a fixed monthly rate per individual or family. This is known as a capitation payment. These enterprises either employ or contract with physicians and other providers of health services. Similarly, they either own or contract with health care facilities. The PHP/HMO approach envisions that by grouping physicians togther, often in one medical center, comprehensive health care can be made avialble at reasonable cost and that the quality of care to patients can be enhanced through physician peer group pressure.

In theory, the HMO's aim is to provide enrollees with preventive medical services, thereby reducing hospitalization and the resulting high costs. In a properly administered HMO, persons who need treatment receive full care. The incentive exists to keep patients healthy and to detect and treat illnesses in their early stages so they will not need more expensive care. The HMO's fixed monthly income forms a ceiling under which administrators agree through contracts to provide for the health care needs of the people they serve.

In short, there is no financial incentive to provide unnecessary medical services, whereas in the fee-for-service system, there is a financial incentive to provide patients with more services than they need, because medical providers are paid for each service.

The decision in 1972 by California to provide health care services to its medicaid beneficiaries through prepaid plans was followed by passage by the Congress of the HMO Development Act of 1973 to stimulate the growth of prepaid systems.

Public hearings on PHP's and HMO's were held by the subcommittee. Senator PERCY and I said at the opening of our inquiry that the subcommittee hoped to learn from the mistakes of California's PHP program so that the same errors would not be made in other State medicaid programs and in the new Federal HMO development program. I said then and I still believe that the HMO concept is a "good idea that should not be abandoned, because men without consciences, profiteers, and scam artists took the initiative in California from those with good intentions."

Senator PERCY noted that the intention of Congress in passing the HMO Development Act in 1973 was "to test this health care delivery system nationwide. Our thinking was and is that such a one-step complete health delivery system based on preventive care might be ready for implementation when national health insurance becomes law."

The report which is being filed today summarizes information obtained by the subcommittee evidencing: Fraud and abuse of the California prepaid health plan program; failures by the State government in program management; inadequacies in Federal oversight of the California program; and questions concerning the adequacy of the present Federal program to encourage the development of health maintenance organizations across the Nation.

I would like to express my appreciation to Senator SAM NUNN, the subcommittee vice chairman, for his fine work throughout the inquiry and for the extraordinary support and assistance of Senator CHARLES H. PERCY, the ranking minority member.●

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RIBICOFF, from the Committee on Governmental Affairs, without amendment, unfavorably:

S. Res. 404. A resolution disapproving reorganization plan numbered 1 of 1978 (Rept. No. 95-750).

By Mr. ALLEN, from the Committee on the Judiciary: separation of power annual report (Rept. No. 95-751).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. JACKSON (by request):

S. 2955. A bill to modify the authority of the Government Comptrollers for Guam and the Virgin Islands, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. JAVITS (for himself, Mr. MOYNIHAN, Mr. BAYH, Mr. BROOKE, Mr. CLARK, Mr. DURKIN, Mr. HUDDLESTON, Mrs. HUMPHREY, Mr. RIBICOFF, Mr. RIEGEL, Mr. KENNEDY, and Mr. CASE):

S. 2956. A bill to amend section 1682A of title 38, United States Code, to eliminate the State matching requirement under such section in connection with the program of accelerated payment of educational assistance allowances provided for in such section; to the Committee on Veterans' Affairs.

By Mr. MATHIAS:

S. 2957. A bill to provide for a coordinated national policy on stable economic growth; to the Committee on Governmental Affairs.

S. 2958. A bill to encourage investment by private industry in urban areas through use of the investment tax credit; to the Committee on Finance.

S. 2959. A bill to amend the Internal Revenue Code of 1954 to provide a special deduction for the employment of unemployed residents of urban areas by businesses locating in those areas; to the Committee on Finance.

S. 2960. A bill to amend the Internal Revenue Code of 1954 to allow the tax-exempt treatment allowed to certain industrial development bonds to bonds the proceeds of which are to be used within economically distressed cities, and to allow national banks to underwrite these bonds; to the Committee on Finance.

S. 2961. A bill to amend section 2687 of title 10, United States Code, to require notification of local officials, as well as Congress, before the closure, realignment, establishment, or expansion of a military installation may be carried out and to change the period of time which must elapse after notification before such action may be carried out; to the Committee on Armed Services.

S. 2962. A bill to provide surplus federal property for economic development purposes; to the Committee on Governmental Affairs.

S. 2963. A bill to provide financial assistance to State educational agencies to help control violence in the schools of local educational agencies, and for other purposes; to the Committee on Human Resources.

By Mr. ANDERSON:

S. 2964. A bill to amend section 5197 of the Revised Statutes to limit the rate of interest a national bank may charge its out of State customers; to the Committee on Banking, Housing, and Urban Affairs.

S. 2965. A bill to provide for more equitable distribution among the States of military and civilian personnel of the Department of Defense; to the Committee on Armed Services.

S. 2966. A bill to amend the Internal Revenue Code of 1954 to increase the investment tax credit for qualified farm property to 15 percent, effective as of January 1, 1976; to the Committee on Finance.

By Mr. CHILES:

S. 2967. A bill to amend the older Americans Act of 1965 to provide support for development of comprehensive systems of community long-term care, and for other purposes; to the Committee on Human Resources.

By Mr. CLARK (for himself, Mr. MORGAN and Mr. CULVER):

S. 2968. A bill to strengthen the economy of the United States through increased sales abroad of American farm products; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CHURCH (for himself, Mr. KENNEDY, Mr. CHILES, Mr. WILLIAMS, Mr. CLARK, Mrs. HUMPHREY, Mr. PELL, Mr. RANDOLPH, Mr. MCINTYRE, Mr. ABOUREZK, Mr. BROOKE, Mr. CANNON, Mr. MARK O. HATFIELD, Mr. BAYH, and Mr. MCGOVERN):

S. 2969. A bill to amend the Older Americans Act of 1965 to provide for improved programs for the elderly, and for other purposes; to the Committee on Human Resources.

By Mr. PERCY:

S. 2970. A bill to promote commercial motor vehicle safety, to prevent injury to commercial motor vehicle operators, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. RIBICOFF (for himself, Mr. PERCY, Mr. JAVITS, Mr. KENNEDY, Mr. CLARK, and Mr. STAFFORD):

S. 2971. A bill to require public disclosure of certain lobbying activities to influence issues before the Congress and the executive branch, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BARTLETT:

S.J. Res. 128. A joint resolution designating July 1, 1978, as "Free Enterprise Day." Considered and passed.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON (by request):

S. 2955. A bill to modify the authority of the Government Comptrollers for Guam and the Virgin Islands, and for other purposes; to the Committee on Energy and Natural Resources.

GOVERNMENT COMPTROLLERS FOR GUAM AND THE VIRGIN ISLANDS

● Mr. JACKSON. Mr. President, by request, I send to the desk for appropriate reference a bill to modify the authority of the Government Comptrollers for Guam and the Virgin Islands, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Under Secretary of the Interior be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *April 10, 1978.*

Hon. WALTER F. MONDALE,
President, U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed herewith is a proposed bill "To modify the authority of the Government Comptrollers for Guam and the Virgin Islands, and for other purposes.".

We recommend that the bill be referred to the appropriate Committee for consideration, and that it be enacted.

The proposed bill would effect two principal changes in existing law. It would first impose upon the Governors of Guam, the Virgin Islands, and the Northern Mariana Islands, and the High Commissioner of the Trust Territory of the Pacific Islands, the responsibility to respond to findings made by Government Comptrollers (a) as to territorial government programs that need improvement with respect to financial management, and (b) as to failures to collect amounts due the government, and expenditures of funds or uses of property that are irregular or not pursuant to law.

Secondly, the bill would authorize the Comptrollers to take enforceable exception to actions of certifying officers, an authority they do not now have but which they must have in order to discharge their responsibilities effectively.

Government Comptrollers have served in the territories for many years, from 1954 in the Virgin Islands and from 1968 in Guam. Pursuant to a 1973 statute (Public Law, 93–111, 87 Stat. 354), the Government Comptroller for Guam performs his duties with respect to the Trust Territory of the Pacific Islands, as well. This includes the Government of the Northern Mariana Islands, which will constitute a separate governmental entity in January 1978. Because the Northern Marianas will remain legally a part of the Trust Territory until termination of the Trusteeship Agreement, the authority of the Guam Comptroller will extend to the Northern Marianas during at least the immediate future. However in order to make the Guam Comptroller's authority clear, we have dealt explicitly with the matter in section 6 of the proposed bill.

The Comptroller's functions have been discharged with varying degrees of effectiveness over the years, but it is probably accurate to state that neither the Comptrollers nor this Department have ever been entirely satisfied as to the role they have played. The territorial Governors have often complained that the Comptrollers have too rarely served as constructive helpers. At the same time, the Comptrollers have felt frustration over the fact that they often seem to labor for love alone, for their recommendations are frequently filed away and forgotten, their findings as to irregularities sometimes ignored.

It is our hope that many of the difficulties of the past may be overcome with enactment of this proposed bill, plus implementation of a new policy of this Department concerning assistance to be offered by the Comptrollers.

We intend, first, to require the Comptrollers to expand their activitives to include assistance to the territorial governments in the broad areas of financial management. All of the territories have in recent months requested our help in this area. They need aid in establishing accounting systems, in training personnel, and in utilizing the sophisticated equipment that has been purchased but that is too often underutilized now. We intend to respond to these requests by developing with the Comptrollers' Offices an expertise in financial management that will permit us to give such technical assistance. Although this can, we believe, be accomplished under existing law, we have added language that will make this authority explicit.

We do not intend, however, to abandon the Comptrollers' traditional auditing function, but would hope to redirect that auditing so as to assist in improving the functioning of the territorial governments rather than merely calling attention to defects without providing aid in correcting them. We intend to insure that the level of auditing concerns matters of consequence, and that the effect of the audit is helpful, not solely critical. As a territorial governor recently stated to us, the Comptrollers should be "a partner, not an adversary".

At the same time, anxious as we are that the Comptrollers and the Governors develop and maintain a harmonious relationship, we believe that the Comptrollers must be vested with somewhat greater authority than they now possess. The Comptrollers' positions were created to insure that the very large amounts of Federal money that flow to the territories and the Trust Territory are in fact spent in the manner contemplated by the Congress. To be sure that this is so, we believe that the Comptrollers should be guaranteed a timely response to their recommendations, and that they should be authorized to take exceptions. The first of these objectives would be met by sections 1, 3, 5, and 6 of the proposed bill.

Existing law provides in each case that the Comptroller must call to the attention of the chief executive "all failures to collect amounts due the government, and expenditures of funds or uses of property which are irregular or not pursuant to law". The proposed bill would require the chief executive to respond within 45 days of his receipt of the Comptroller's report that calls attention to such matters. The chief executive would either, as the bill provides, have to outline the corrective action proposed to be taken and the compliance efforts to be used; or would advise the Comptroller that he does not agree with the report, at which time the chief executive could appeal the matter to the Secretary of the Interior. In the absence of an appeal, the Comptroller's decisions would be final. In that event, unless the matter were satisfactorily resolved between the Governor and the Comptroller, the Comptroller will be able to bring the issue to the Secretary of the Interior, who then can take whatever further action may be appropriate.

As to the proposed authority on the part of the Comptrollers to take exceptions, we would expect that this authority would be exercised rarely, but its mere existence is likely to be salutary. The authority herein contemplated is comparable to that exercised by the General Accounting Office, and we think it is appropriate for the territorial Comptrollers as well.

The proposed bill does not deal with American Samoa, because the Government of American Samoa has not been created by the Congress through enactment of organic legislation (as in the case of Guam and the Virgin Islands), but instead through a Constitution locally drafted and ratified, and thereafter approved by the Secretary of the Interior in the exercise of his authority with respect to the territory (48 U.S.C. 1661(c), Ex. Order No. 10264, June 29, 1951).

The Secretary of the Interior, by means of Secretarial Order No. 3009, issued in September 1977, has created the office of Government Comptroller for American Samoa. The authority granted to that Comptroller is comparable to that we propose to grant to the Comptrollers for Guam and the Virgin Islands.

We are undertaking to create in our Office of Territorial Affairs a small unit that will provide oversight and guidance to the Comptrollers. Part of the ineffectiveness of Comptrollers' activities in the past is, we believe, attributable to imperfect supervi-

sion and aid from this Department. We mean to correct that.

The final section of the proposed bill would vest in the Secretary of the Interior the authority to provide technical assistance in any matter within the responsibilities of the territorial governments upon the request of their chief executives. While the Secretary has authority under various statutes to provide certain kinds of aid to the territories, we believe that the provision of such aid can be expedited and facilitated by the general authorization we have provided in section 8.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely,

JAMES A. JOSEPH,
Under Secretary.●

By Mr. JAVITS (for himself, Mr. MOYNIHAN, Mr. BAYH, Mr. BROOKE, Mr. CLARK, Mr. DURKIN, Mr. HUDDLESTON, Mrs. HUMPHREY, Mr. RIBICOFF, Mr. RIEGLE, Mr. KENNEDY, and Mr. CASE):

S. 2956. A bill to amend section 1682A of title 38, United States Code, to eliminate the State matching requirement under such section in connection with the program of accelerated payment of educational assistance allowances provided for in such section; to the Committee on Veterans' Affairs.

ELIMINATE STATE MATCHING REQUIREMENT FOR GI EDUCATIONAL ALLOWANCES

Mr. JAVITS. Mr. President, today I join with my distinguished colleague, Senator MOYNIHAN, in introducing legislation which will remove the State matching requirement from the tuition acceleration provision of Public Law 95-202, the GI Bill Improvement Act of 1977.

We are joined in this effort by Senators BAYH, BROOKE, CLARK, DURKIN, HUDDLESTON, HUMPHREY, RIBICOFF, and RIEGLE.

Our legislation is based upon the tuition acceleration provision passed unanimously by the Senate last October 19, one which would have substantially assisted veterans to utilize their education benefits in educational institutions with high tuition charges. The GI Bill Improvement Act, as initially passed by the Senate in S. 457, included a provision which would allow acceleration of a veteran's educational entitlement to pay 66⅔ percent of tuition costs above $700. Had the Senate position carried, veterans attending higher cost institutions would have been able to receive a greater amount of monthly GI bill educational assistance by utilizing more quickly portions of their 45 months total entitlement.

GI BILL STATE MATCH

However, the House added to the GI bill acceleration provisions a requirement that the States match the Federal contribution. The Federal share was thus reduced to a maximum of 33⅓ percent of a veteran's tuition costs above $700, to be paid only if the State in which the veteran's educational institution is located provides an equal match of State funds for the accelerated GI bill entitlement.

Mr. President, we perceive two basic problems with these acceleration provisions included in Public Law 95-202, one philosophical and one pragmatic, which necessitate amendment of the GI Bill Improvement Act:

GI BILL NOT A STATE PROGRAM

First, the history of veterans benefits completely belies the concept of making GI bill assistance into a State matching program. Should veterans benefits for serving our country depend upon home State ability or, more importantly, willingness, to pay for GI bill benefits? We believe not. It is extremely unwise for Congress to so restrict GI bill entitlements earned by those who have served in our Nation's Armed Forces.

Second, to couple a veteran's ability to accelerate his education entitlement to assist with high tuition costs—which was the Senate's intent in its passage of S. 457—with the requirement that States match Federal dollars, essentially results in little or no help to the veteran who wishes to accelerate. Few, if any, States can afford to meet current costs of higher education—much less provide additional appropriations to match Federal dollars for veterans educational benefits. Since the State must match for the veteran to receive Federal assistance, the veteran who attends school in a State which cannot provide matching funds is left out in the cold as of today, according to the Veterans' Administration, not a single State in the Nation has put up the first dollar to implement this law.

Moreover, if a State chooses to match, but at a proportion less than the 33⅓ percent level, a veteran who accelerates will receive a much smaller entitlement than that intended by the Senate in its passage of S. 457. In this sense, it is the State which determines whether or not the veteran who wishes to accelerate receives Federal GI bill education assistance to which he or she is entitled.

Furthermore, Mr. President, incorporation in the GI bill of a State matching program entails unnecessary duplication, by States, of administrative functions currently carried out by the Veterans' Administration. Regulations proposed by the Veterans' Administration to conform to the new State matching program indicate that States must undertake additional administrative burdens, including State definition of "educational institution," to implement the matching program. The State matching program clearly results in additional administrative burdens on States while violating the historic intent The GI bill has a national, not a State, equitable benefits nationwide to those who have served in our Armed Forces. The GI bill has a national, not a State, purpose, and to chip away at such a national program in this manner is a grave mistake.

REMOVE THE STATE MATCH

The bill which we offer tody would simply remove the State matching requirement of the tuition acceleration provision in Public Law 95-202 and return the percentage of costs which may be reimbursed by the Federal Government through acceleration to 66⅔ percent of tuition above $700—to wit, a return to the Senate position in its unanimous passage of S. 457.

Mr. President, I am pleased that the Jewish War Veterans of the United States has endorsed our proposal. It is my hope that other veterans organizations will carefully review this legislation and will offer their support as well, for improved educational opportunities for our Nation's Vietnam veterans. Mr. President, I ask unanimous consent that the letter from the Jewish War Veterans of the United States indicating their support for this proposal be printed at the end of my remarks.

We firmly believe that this bill will permit the acceleration provisions to assist those Vietnam veterans who have earned, with their honorable service, GI benefits bestowed by a grateful Nation.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 2956

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1682A (b) of title 38, United States Code, is amended by—

(1) amending clause (6) to read as follows: "(6) such application was filed with the Administrator within 180 days after the date on which the degree, diploma, or certificate described in clause (5) of this subsection has been awarded to such veteran; and";

(2) striking out the semicolon and the word "and" at the end of clause (7) and inserting in lieu thereof a period; and

(3) striking out all of clause (8).

(b) The first sentence of section 1682A (c) of such title is amended by striking out "and matching amounts paid to the Administrator by a State or local governmental unit, as described in subsection (b)(8) of this section,".

(c) Section 1682A (d) of such title is amended by—

(1) striking out "33⅓ per centum" in clause (2) and inserting in lieu thereof "66⅔ per centum";

(2) inserting "or" at the end of clause (2);

(3) striking out "33⅓ per centum" in clause (3) and inserting in lieu thereof "66⅔ per centum"; and

(4) striking out the comma after "$700" in clause (3) and all that follows down through the word "amount" in clause (4).

JEWISH WAR VETERANS
OF THE UNITED STATES OF AMERICA,
Washington, D.C., April 11, 1978.

Hon. JACOB K. JAVITS,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JAVITS: Thank you for forwarding to me for my review a copy of your proposed bill to amend the G.I. Bill Improvement Act of 1977 (P.L. 95-202). Your support of such legislation is most appreciated by our organization.

The Jewish War Veterans of the United States of America has long championed any federal legislation which will alleviate the economic situation confronting our Vietnam veterans. Removal of the state match requirement from P.L. 95-202 will most assuredly correct both philosophical and pragmatic defects in the bill. We agree most assuredly that veterans benefits should not

depend on the home state's capability or willingness to pay for G.I. Bill entitlements. We are especially aware that in the economic climate today it is highly unlikely that the states individually can afford to meet the educational assistance to our nation's veterans. I am, therefore, most pleased to offer you my personal, as well as our organization's professional thanks for your part in this legislation.

Our best wishes.

Sincerely,

IRWIN R. ZIFF,
National Executive Director.

Mr. MOYNIHAN. Mr. President, last fall the Congress passed and the President signed into law the GI Bill Improvement Act of 1977, now Public Law 95-202. The preeminent feature of that act—in the form of the accelerated payments provision—was its recognition for the first time in a quarter century that the benefit conferred equally on all veterans is an opportunity for education, not a monthly check. The monthly payment was a means devised by Congress in 1952 to overcome certain abuses while enabling veterans to reach after that opportunity, to seek an education wherever their aspirations, qualifications, and means pointed them. Two difficulties arose, however, with the introduction of the monthly payment: set funds go further—substantially further, we find—in some places than in others; and many, perhaps most, around the country eventually came to view the equal benefit of the GI bill in terms of the monthly payment rather than as what it was intended to be and remains, an opportunity to seek an education.

Last fall, Congress came close to correcting both these fallacies. Indeed, the Senate on October 19 unanimously passed the GI Bill Improvement Act with an accelerated payments provision which addressed the problems directly. The provision allowed veterans in high cost schools to accelerate the use of a portion of their entitlement to help meet costs. This single provision struck down any misconception of the actual benefit conferred on veterans by taking a significant step toward more equitably assisting veterans in their pursuit of an education.

Then the accelerated payments provision itself was struck down—not formally, of course, but in fact. The other body added the requirement that before a veteran could make use of his entitlement by accelerating it, the State in which his school is located must contribute something toward his tuition costs—not, I might add, by means of any mechanism in use by any State to assist its veterans, but by means of a cash transfer from the State to the Veterans' Administration's Education Loan Fund. Only if a veteran's State can and will contribute in this way, and only in an amount matching the State's contribution, is a veteran allowed to make accelerated use of his own entitlement.

Mr. President, this is folly. We have a law which we thought was to return us to the GI bill's original principle of providing suitable assistance toward an equal opportunity for education. We find instead a law which introduces the wholly new principle of the subservience of a veteran's educational benefits to State action. We must reject this principle. It is unwise theoretically and practically.

Our veterans performed Federal service. Their educational entitlement is federally determined and funded. It has been so for 30 years. No one is suggesting, I trust, that we return to a view of our active duty forces as militamen. Yet the State matching measure suggests just so much—a conceptual boondoggle. Actually, the term "State matching" is a misnomer. It should read "Federal matching," for the requirement is that the Federal Government match the State government's contributions.

I wonder if anyone undertook last fall, during the late-night session at which this prize addition to the acceleration provision was attached, to consider the several States' ability and willingness to provide the funds necessary for a meaningful acceleration program. I take it that no one did—how could they when this requirement was added to the act in such a hasty manner? There were no hearings. There could be no studies since the notion was unprecedented. What we have in this matching requirement, Mr. President, is something added without consideration, at the last minute—almost, it seemed at the time, as a taunt in the face of those who could not overcome it without sacrificing the entire act—and with the effect of defeating the principle laid down in 1944 of a national debt owed for national military service.

What, then, practically speaking, does the new law require of States? New York, as I understand it, would be forced this next year to pay between $1 and 2 million to the Veterans' Administration if it wished its veterans to be able to accelerate their entitlement as intended by the authors of the acceleration provision. Let us put this into context.

New York provides one of the Nation's most generous college scholarship programs in its "Tuition Assistance Program," which is open to veterans. This program will cost New Yorkers about $240 million this year. New York just last week enacted an entirely new tuition tax and savings plan package to even further assist New York families and students, including veterans, to meet education expenses. It is expected that this new program will cost New Yorkers another $25 million this fiscal year, and more still in coming years. It is of interest that New York State's overall expenditures on higher education will total approximately $1.4 billion this year. Yet nothing New York State provides qualifies as its contribution under the new State matching requirement.

New Yorkers are asked to pay another few million dollars, and as much as $7 to $9 million per year by the early 1980's, to the Washington bureaucracy so that New York veterans can use their own Federal entitlement at a fairer rate. We New Yorkers value education highly. And it might be that the New York legislature will see fit to appropriate such funds for Washington's use. It surely would not be the first time, or the last I am afraid, that New York was asked to foot strictly Federal obligations. But it would be wrong, once again. Indeed, I am led to wonder how those veterans will fare who, like New York veterans, face high tuition costs but whose States have been unable to provide as much aid to education as they would like. Mr. President, if the Congress honors the obligation it took upon itself 34 years ago to provide all veterans with an equal opportunity for an education, the Congress must reject this so-called State matching requirement.

Last fall my distinguished senior colleague from New York and I presented uncontested figures to show that the GI bill since 1952 has worked a disproportionate benefit to veterans in this country. All the figures attest to this fact. The latest figures make the point again. In the fall of 1977, California had 61 percent more Vietnam veterans than New York; yet the number of those veterans in training in California exceeded those in New York by 167 percent. The chapter 34 payments made to California veterans during fiscal year 1977 were 233 percent greater than those paid to New York veterans. I will repeat what I said last fall: No one intended that such an imbalance exist, but the ineluctable movement of the GI bill since 1952 has been toward this increasing imbalance.

I suggest, Mr. President, that the Congress, in the haste of some Members of the other body to cut costs, has lost sight once again of the principle behind the GI bill, and will very soon through this tomfoolery have lost the chance to introduce hundreds of thousands of Vietnam veterans to a more equal opportunity for an education. I, for one, had thought last fall that we had overcome our quarter century old theoretical misconception of the benefit conferred by the GI bill and in fact had moved by enacting the acceleration provision toward addressing the practical problem of veterans' differing education costs. Now I find we have stumbled onto a new theoretical problem and are as far as ever from truly equitable assistance to Vietnam veterans. And all this in the face of the fact that most Vietnam veterans in training will be beyond their entitlement period in a few years. There are now 1.4 million of these veterans in training. By 1983 there will be between 350,000 and 500,000 in training.

We must act now; the sooner the better. The State matching requirement should be stricken from the law, and the accelerated payments provision thereby be allowed to work its intended benefit. No one claims that the massive inequity in GI bill benefits since 1952 will be righted by this one provision. What is at stake is the recognition of the inequity and at least some movement toward righting the wrong. We owe Vietnam veterans that much right now.

A NEW URBAN APPROACH—ACT ONE

● Mr. MATHIAS. Mr. President, today I am introducing several bills of a legislative package that attacks some of the most prominent urban problems this Nation faces.

The seven bills which I now present to the Senate direct Federal support to our

most distressed major cities and redress regional economic imbalances which, in many cases, have been exacerbated by Federal policies.

Later I will introduce legislation to expand housing opportunity and to combat hardcore unemployment.

My bills, briefly described, are as follows:

1. Economic Growth Management Council:

Establishes a Cabinet-level Council of federal department heads, business and labor. The Council would monitor regional growth rates and adjust federal spending, contracting, leasing, and locational policies to promote balanced growth. It would also provide technical assistance to cities, states, and regions experiencing either "booms" or "busts".

2. Urban Investment Tax Credit:

Provides a 12 percent investment tax credit for business and industry locating in or remodeling existing facilities in cities of 100,000 or more population which have had an unemployment rate of 6.5 percent or greater for any three out of the twelve months preceding enactment.

3. Urban Employment Incentive Act:

Employers can claim a tax deduction for three years of up to 25 percent of the salary of newly-hired, previously unemployed workers. Applies only to employers located in larger cities (100,000 or more population) with a labor surplus (6.5 percent unemployment rate or greater for any three out of the preceding twelve months).

4. Industrial Revenue Bonds:

Increases the tax-exempt borrowing limit for cities of over 100,000 population to $50 million. This legislation would reduce cities' borrowing costs for industrial development projects and make such bonds more attractive to investors because the interest on the bonds would be exempt from federal income tax.

5. Recycling Federal Surplus Property:

Provides a 50 percent write-down to cities and other communities for federal surplus real estate which they buy. The community would have the right of first refusal before GSA could offer the property to other federal departments.

6. Military Base Closures/Relocations:

Requires the Defense Department to notify local officials 60 days prior to an action it proposes to take. The bill gives local officials a chance to plan for both moves in and out.

7. Safe Schools Act:

Attacks the number one problem in American schools—violence and disruption. A newly published HEW study of school violence reports that urban schools are most seriously affected. This bill would concentrate money on those schools, enabling them to establish programs that focus compassionately and with understanding on the offenders—the maladjusted youth who comprise a small part of the school population, but who cause the bulk of the disruption.

Mr. President, these bills represent a realistic, balanced and achievable approach to finding answers to the problems facing American cities. In developing them, over the past year and a half, I have consulted with a broad range of experts in urban affairs. Their perceptive comments are reflected in these bills.

Significant changes are taking place in the nature of our economy and in the distribution of economic activity. Some regions of our Nation are experiencing economic and population "booms" reminiscent of the gold rush days; others are on the skids with declining industry and population. My bills avoid the mistake of favoring one region over another. They address the "boom" and the "bust" communities.

Mr. President, during the next few weeks, I expect to introduce legislation addressing other urban questions. My additional bills will promote maintenance, repair, and insulation of rental homes and apartments; a "job shop" program for training unskilled and unemployed youth in home rehabilitation skills; a seaport development program for revitalizing underutilized port storage and warehouse facilities; a low-interest downpayment loan program for first-time homebuyers, and a program to assist towns and cities with populations of less than 100,000.●

By Mr. MATHIAS:

S. 2957. A bill to provide for a coordinated national policy on stable economic growth; to the Committee on Governmental Affairs.

GROWTH MANAGEMENT COUNCIL

● Mr. MATHIAS. Mr. President, despite encouraging signs of recovery, the health of the Nation's economy continues as the object of intense scrutiny and debate. All the experts agree that the debate should address two particularly troublesome points: the slow rate of capital formation and uneven growth rates of both economic sectors and geographic regions.

Some regions of the country are growing while others experience economic stagnation and decline. Some major industries are relocating out of the so-called "Frostbelt" of the Northeast and Great Lakes regions to the warmer climes of the Southern and Southwestern "Sunbelt." The problem has been portrayed by the popular press as a "Second War Between the States? But I think that is too simple a picture which overlooks the particular ups and downs of individual local economies. A growing number of authorities recognize that this is not a phenomenon which can be neatly categorized by geographic region or State. Even within those regions, there is no uniform pattern of economic performance. Some cities boom and others decline, irrespective of the region in which they are located.

Frankly, I think it counterproductive for us to continue to describe the differing growth rates, Federal spending patterns, local tax efforts, and population shifts in terms that imply that certain regions or States are "winning" or "losings."

The Governor of Georgia, George Busbee, put it well in an address to the Southern Growth Policies Board:

Since 1865 we have know as a nation that none of our regions can have an independent political destiny . . . and I don't believe any region should aspire to or attempt to have an independent economic destiny.

In principle . . . we are as much "one nation" economically as we are "one nation" politically.

But the facts of the matter are that "economic equity" is as elusive . . . as difficult to establish and maintain as political justice.

What we should be concerned with is the total economy, the inflation which continues to plague it, and the high unemployment rates. And we should focus on the trouble spots—those sectors of the economy which are changing or slowing down; those areas where unemployment is the most intractable; those microeconomies which act as a drag on our national growth and prosperity. And we must have the foresight to recognize a new opportunity, idea, or technology when it comes along, and to nourish it and make use of it.

Federal policy and practices have played an increasingly influential role in the course taken by our Nation's economy. Federal decisions in facility location and relocation, construction, leasing, procurement, grants, and loans in many cases determine whether a town lives or dies economically.

In the past, particularly during the depression, a number of Federal policies were consciously promoted to invigorate the predominantly agricultural economy of the South and Southwest of our country. Whenever possible, we tried to locate our military bases there. We even created a major public utility project—the Tennessee Valley Authority. And to a great extent those policies succeeded in bringing industry, people, and rising incomes to the South and Southwest.

Now we find that other regions, which had been doing quite well without any particular Federal policy, are beginning to feel left out.

As Ralph Widner of the Academy for Contemporary Problems noted recently,

Much of what we're calling a problem, we've been trying to do for 40 years, develop Western resources, bring the South up to parity with the North. Now we're wringing our hands over it.

The fact is that ours is an economy of interdependent local and regional economies and economic sectors. When these sectors become seriously imbalanced due to sudden spurts of growth in certain sections or prolonged high unemployment in others, the stability of our entire economy is threatened.

For all of these reasons, it is useful and appropriate to bring together those most involved in our national economy to focus on both the big picture and the microeconomies with special needs. The bill I am introducing today would do this.

It establishes a cabinet-level Council of 27 composed of the Secretaries of major departments involved in Federal spending as well as representatives of business and labor. The purpose of the Council is to monitor the trends in the economy at the national, regional, State, and local level and to take corrective action when needed to avoid sharp swings in economic activity that put a strain on particular parts of the economy or regions of the country.

The Council would serve as a forum where the main actors could share their research and perceptions of economic trends. Federal departments and agencies would tell the Council when they proposed to take any major Federal action which could require adjustments at the local, State, or regional level. Such major Federal action could mean a military base closure or relocation, the termination of a major contract for air-

craft production, the proposed leasing of office space for several hundred Federal employees or the awarding of a mass transportation grant to build a subway in a metropolitan area.

It could also mean the proposed construction of a veterans' hospital, the proposed closing of a local airport, or the awarding of a contract for research into new energy technology to a company, firm, or university.

The Council would evaluate such proposed major actions to determine whether they would substantially affect the community and surrounding region. The mayors, Governors, and businesses likely to be affected also would be consulted to determine their contingency plans. In other words, the Council is supposed to keep everyone informed of proposed major Federal actions to avoid surprises, and provide technical assistance to communities when needed. In a sense, it is a form of emergency preparedness.

The Council is also charged with developing and recommending to the President and the Congress a national economic growth policy, to be updated annually.

Mr. President, I believe we in the Federal Government need to bring some order to how we spend money, locate installations, and lease space. Our activities play a significant role in determining the direction of the economy. We must begin to plan them better.

This proposal is not aimed at instituting national economic planning with established 5-year goals as is done in several Western European countries. Rather, I see the Council as a forum for beginning a necessary dialog about our economy, how and where it is growing, what role we each play in it, and how we can play our role better. The Council will not promulgate new, complex Federal regulations, for ours is basically a free economy. Rather, it will monitor the directions of the public sector of our economy, and coordinate the Governments' role in promoting ordered growth.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2957

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Growth Management Assistance Act".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) there is a disparity in growth rates between cities and suburbs and between the various States and regions of the Nation;

(2) this disparity may cause severe economic and population dislocations among localities, States, and regions, thereby impeding the stable growth of the Nation's economy;

(3) certain urban areas, particularly core cities, are experiencing a decline in the growth of key sectors of their economies, a declining tax base, and an increasing population of dependent individuals;

(4) Other urban areas are experiencing unprecedented growth of their population, tax bases, and sectors of their economies;

(5) the rate and composition of growth of different urban areas is exerting growing demands on the natural environment, resources, public services, capital improvements, and tax base of such areas;

(6) the United States Government has made substantial commitments of money and manpower in the economic, scientific, social, and technologic fields through Federal leasing, contracts, direct employment, and location of facilities throughout the Nation. Those Federal spending and locational policies are directly related to differing rates of growth between and among urban areas, States, and regions of the Nation.

STATEMENT OF POLICY

SEC. 3. (a) It is the policy of the Congress to insure a stable economic growth rate for the Natien in a manner which equalizes regional and urban growth rates.

(b) The Congress, the Federal government, State and local governments, and all citizens have a responsibility to conserve our environment through prudent management of existing resources and the development of new resources, both natural and man-made.

(c) It is the purpose of this Act to provide the means through which the United States can promote an orderly and stable rate of economic growth for the Nation which will minimize economic and population dislocations among urban areas, States, and regions of the Nation; assure that dislocations do not compound recessionary trends which may be present in those areas; and encourage capital formation in the private sector.

DEFINITIONS

SEC. 4. As used in this Act, the term—

(1) "Federal agency" has the same meaning as provided under section 551(1) of title 5, United States Code.

(2) "Person" means any corporation, firm, partnership, association, individual, or other entity.

(3) "Federal contract" means any contract entered into between a person and a Federal agency to furnish material or services to such agency in an aggregate amount of $5,000 or more."

(4) "Federal contractor" means any person determined by the Secretary of Labor to employ not less than 5 per centum of the local labor force as determined by the Secretary in the furnishing of material or services pursuant to the terms of a Federal contract, or as a subcontractor thereunder, and for whom such contract or contracts, including any under negotiation, represents more than 20 per centum of the total production of each specific plant or productive unit of such person's business with respect to which the Secretary of Labor is able to reasonably relate an identifiable local labor force.

(5) "Facility" means any plant or other establishment (or part thereof) engaged in the production, repair, modification, maintenance, storage, or handling of material or goods for sale or lease to the Federal Government or any building or real property owned or leased by the Federal Government.

(6) "State" means any State of the United States of America, including the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(7) "State agency" means the agency of a State which administers its unemployment compensation law, approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1954.

(8) "Substantially and seriously affected" means, with respect to any local or State government or region of the Nation or contractor or other business, as the case may be, abnormally high or low growth rates, severe unemployment severe reduction in tax base, loss of critical sectors of their economies, or severe demands on publicly provided services.

ESTABLISHMENT

SEC. 5. (a) There is hereby established in the Executive Office of the President an Economic Growth Policy and Management Assistance Council (hereinafter referred to as the "Council") which shall be composed of—

(1) the Secretary of Defense;

(2) the Secretary of Agriculture;

(3) the Secretary of the Interior;

(4) the Secretary of Commerce;

(5) the Secretary of Health, Education, and Welfare;

(6) the Secretary of Housing and Urban Development;

(7) the Secretary of Transportation;

(8) the Secretary of Energy;

(9) the Special Representative for Trade Negotiations;

(10 the Administrator of the National Aeronautics and Space Administration;

(11) the Chairman of the Council of Economic Advisors, who shall be Chairman of the Council (hereinafter referred to as the "Chairman");

(12) the Director of the United States Arms Control and Disarmament Agency;

(13) the Assistant to the President for Domestic Affairs and Policy;

(14) seven representatives of the business sector of the economy appointed by the President; and

(15) seven representatives of the labor sector of the economy appointed by the President.

(b) The Chairman of the Council of Economic Advisors shall preside over meetings of the Council and he shall designate a member of the Council to preside in his absence.

(c) The Council may invite additional individuals to serve as members, either on a temporary or permanent basis, except that the membership of the Council shall not exceed thirty members at any time.

(d) (1) An Office of Economic Growth Policy and Management Assistance (hereinafter referred to as the "Office") shall be established within the Executive Office of the President to provide staff support for the Council. The Office shall be headed by an Executive Secretary who shall be appointed by the Chairman and who shall be compensated at the rate provided for grade GS–18 of the General Schedule under section 5332 of title 5, United States Code. It shall be the duty of the Office, at the request of the Council, to assist communities, States, and regional organizations with economic growth planning, management, and execution, and to carry out such other duties as the Council may prescribe.

(2) The Council may appoint and fix the compensation of such additional personnel as it deems advisable. The Council may procure temporary and intermittent services to the same extent as authorized by section 3109 of title 5, United States Code.

(3) The Council is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the United States, information, suggestions, estimates, and statistics to carry out the provisions of this Act. Each such entity is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Council upon request made by the Chairman.

(c) Members of the Council who are officers or employees of the Federal Government shall receive no additional compensation for their activities as members of the Commission. Other Members appointed to the Council shall receive compensation at a rate of not to exceed $135 per diem when engaged in the performance of the duties of the Council. While away from their homes or regular places of business in the performance of services for the Council, members of the Council shall be allowed expenses, including per diem in lieu of subsistence, in

the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

DUTIES

SEC. 6. It shall be the duty of the Council to—

(1) Ensure a stable economic growth rate for the Nation.

(2) Monitor and evaluate the impact of Federal spending, contracting, leasing, construction, and facility location and relocation on local, State, and regional economies.

(3) Identify local, State, and regional economies which are experiencing above or below average economic growth or decline or are demonstrating trends toward abnormal growth or decline which could lead to severe disruptions in the national economy. Such economies so identified shall be identified as "substantially or seriously affected," as described in section 10.

(4) Identify what, if any, relationship Federal spending, contracting, leasing, construction, and facility location and relocations have had in the past, are having, and could have in the future on those trends in local, State, and regional economies.

(5) Develop a national economic growth policy based on the foregoing data analysis and the impact statements required under section 8.

(6) Recommend to the President and Congress ways the Federal Government can promote economic growth and ameliorate economic decline in local, State, and regional economies, with particular attention to labor surplus areas as defined by the Bureau of Labor Statistics. The national economic growth policy shall be reviewed by the Council and updated annually. The annually updated policy shall be recommended to the President and the Congress by February 1 of each year. Such policy shall identify priority national requirements for various sectors of the economy and shall take into consideration such subjects as renewable energy sources; energy efficiency; neighborhood revitalization; new technology for housing production and rehabilitation; new communications technology; mass transportation; preventive health care; education; basic and applied scientific research; environmental protection and enhancement; space exploration; and agricultural and forestry technology.

(7) Consult with the mayors of cities, Governors of States, and regional governmental planning organizations to encourage appropriate studies and action at the local, State, and regional level with regard to economic growth and management.

(8) Consult with trade, industry, business, labor, and professional organizations to encourage and enlist their expertise for a coordinated effort to improve the conditions for capital formation, new business ventures, expanded employment opportunities, and general growth and management of the economy.

(9) Develop guidelines to determine if a community, State, or region is substantially or seriously affected.

(10) Develop and coordinate policies and programs to be carried out by Federal agencies to facilitate stable economic growth of the Nation. Such actions shall include reorienting existing Federal policies, programs, leases, contracts, and locations.

(11) Assist communities, States, regions, and industries which may be substantially and seriously affected through the programs of the Federal Government.

(12) Collect and disseminate to substantially and seriously affected Federal contractors information useful to them in expanding, converting, and rehabilitating their businesses.

(13) Perform the duties imposed upon the Council by this Act, and promulgate such regulations as may be necessary to carry out the provisions of this Act.

REVIEW OF FEDERAL ACTIONS

SEC. 7. (a) It shall be the duty of the Council to review plans and proposals by Federal agencies which involve major new spending, as defined by the Council and with public notice thereof, in a particular city, State, or region, or which involve—

(1) the closure cr relocation of a Federal facility;

(2) the relocation or reduction of Federal personnel; or

(3) the reduction or elimination of a Federal contract,

the effect of which would be a significant disruption to the city, State or regional economy involved.

(b) The Council shall determine whether such plan or proposal conforms to the policy and requirements of this Act and those adopted by the Council.

(c) The Council shall further ensure that the proposing Federal agency has notified the affected city, State, and regional governmental planning organization as well as the industries or businesses likely to benefit or be harmed by such Federal action.

(d) The Council's review of such planned or proposed Federal action shall evaluate the impact of such Federal action on—

(1) the economy of the city, State, and region directly and substantially affected;

(2) the operations of the proposing Federal agency in terms of achieving overall Federal agency goals; and

(3) the policy and goals of this Act and those adopted by the Council pursuant to this Act.

(e) The Council shall consult with substantially and seriously affected cities, States, and regional governmental planning crganizations likely to be affected by the proposed or planned Federal action in preparing its review of such action. The Council shall make its review of the planned or proposed Federal action available to the affected Federal agency; the affected cities, States, and regional governmental planning organizations; and the affected industries and businesses.

IMPACT STATEMENT

SEC. 8. At the end of each fiscal year each Federal agency shall prepare an impact statement on the effects of its spending, leasing, locations and relocations of Federal facilities or personnel; reductions, eliminations or increases of its loan, grant, and contract programs; and closures of its facilities on the local, State, and regional economies of the Nation. Such impact statement shall include an analysis of the foregoing elements during the immediately preceding fiscal year, and projections with respect to such elements for the next fiscal year. Such impact statements shall measure changes in employment, output, prices, profits, and population. The Council shall determine any additional indicators which shall be used by one or more such reporting Federal agencies. The impact statements shall be prepared for the Council and made available to the Congress and the public in a timely manner at the end of each fiscal year.

ANNUAL REPORT

SEC. 9. The Council shall annually prepare and publish a written report concerning its activities pursuant to this Act. Such report shall incorporate information from the impact statements required under section 8 of this Act submitted to the Council. Such report shall contain—

(1) an analysis of trends in the economies of localities, States, and regions;

(2) economic growth opportunities likely to result from the execution of planned or proposed Federal actions reviewed by it pursuant to this Act; and

(3) the long-range and short-range impact to the national economy of possible overproduction or underproduction of key sectors of the economy.

SUBSTANTIALLY AFFECTED COMMUNITIES

SEC. 10. The Council shall determine and make available to Federal agencies the names of substantially or seriously affected cities, States, and regions. Communities not included may petition the Council to be so designated. The Council shall make a determination on such petitions within ninety days of their receipt. Federal agencies are to take into consideration the impact of their spending, locational, leasing, and contracting policies and practices on such substantially or seriously affected cities, States, and regions. Such agencies shall make such changes and adjustments in their spending, locational, leasing, and contracting policies and practices so as to avoid intensifying any negative economic trends of those substantially or seriously affected communities identified by the Council.

EMPLOYMENT ASSISTANCE

SEC. 11. The Secretary of Labor shall make available to the maximum extent feasible employment training and retraining through the programs of the Department of Labor to substantially and seriously affected cities, States, regions, industries, and businesses. The Secretary shall establish, in cooperation with State agencies, employment referral and training assistance to employees displaced from their jobs as a direct result of Federal action.

MANAGEMENT AND ECONOMIC ADJUSTMENT ASSISTANCE

SEC. 12. (a) The Secretary of Commerce shall make available to the maximum extent feasible technical assistance and economic adjustment assistance to substantially and seriously affected cities, States, regions, industries, and businesses. The Secretary shall make particular use of the programs of the Economic Development Administration and Small Business Administration of the Department of Commerce in carrying out the provisions of this section.

(b) The Secretary of Defense shall make available to the maximum extent feasible technical assistance and economic adjustment assistance to substantially and seriously affected cities, States, regions, industries, and businesses. The Secretary shall make particular use of the programs of the Office of Economic Adjustment in carrying out the provisions of this section.

AUTHORIZATION OF APPROPRIATIONS

SEC. 13. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.●

By Mr. MATHIAS:

S. 2958. A bill to encourage investment by private industry in urban areas through use of the investment tax credit; to the Committee on Finance.

URBAN MANAGEMENT TAX CREDIT

● Mr. MATHIAS. Mr. President, I send to the desk a bill entitled, "The Urban Investment Tax Credit Act of 1978". The purpose of this bill is to provide a Federal "carrot" in the form of an increased tax credit, to businesses that build or remodel factories in American cities.

Current law provides a 10-percent tax credit. While this incentive has helped our cities to a degree, I am convinced that we must sweeten the inducement. My bill increases the tax credit to 12 percent for investments in cities with a population of 100,000 or more. My bill also makes what I think are two other very important changes in current law.

First, it will limit the increased tax credit to those cities with high unemployment. To be eligible, the city must have had an unemployment rate of 6.5 percent or more for any 3 out of the 12 months prior to enactment of this bill. Eligible enterprises are those engaged in retail manufacturing and processing, distribution of personal property, sale of retail goods and services, basic and applied research, and building construction.

Second, it expands eligibility for the tax credit to investment for rehabilitation and modernization. As my colleagues know, the current law limits the tax credit to new construction.

All the other tax credit features of the existing law—such as the section 167 rapid depreciation of property and the 3-year carryback and 7-year carry forward provisions for unused credits—would also be available to such investors.

The purpose of my bill is to focus our attention on those cities that most desperately need help now. The erosion of their tax base due to the flight of both families and businesses has devastated many of our formerly solid and prosperous cities. Those who have been left behind are least able to fend for themselves and often make the greatest service demands on our cities. They are known as the dependent population. They are usually too young or too old to work and therefore rely on others to support them.

Similarly, many of the manufacturing plants and businesses left behind in the city are also in certain respects "dependent." They are the older plant facilities in need of updating, remodeling, and, in some cases, diversification. Many companies that operate in older plants, however, lack the capital or the incentive to make the changes necessary to keep up with the times. The increased investment tax credit will draw new capital into the urban factories where it is needed. We want to keep businesses where the people are.

At the same time we want to bring in new businesses. And we want to entice the larger "footloose" industries into the cities with a labor surplus. Obviously, labor is one of the vital ingredients in a successful business venture.

We have been aware for almost 20 years now that some of our cities, particularly the larger, older ones, were showing signs of age.

Since the recession of 1973, many of our larger cities have suffered from long-term unemployment, and sources of venture capital for new and remodeled businesses have dried up. Without this steady flow of capital into their local economies, many cities began to stagnate.

We must now reverse those trends. This is not a problem that will go away if we ignore it. It requires the full and unified force of Federal, State, and local effort.

Cities are the lifeblood of our national economy. They represent an enormous amount of capital investment by the private as well as public sector. My bill recognizes the absolutely essential role private entrepreneurs and private capital play in the economic development and stability of cities.

As we look at the historical development and growth of American cities, we see that, with the exception of the Nation's Capital, cities came into being through private initiative. They were strategically located centers of trade that expanded to provide such other basic amenities as convenient and comfortable housing and a rich cultural life.

As population grew, the role of the government in providing city services also grew. City governments took on the responsibilities for sanitation, fire and police protection, education, health, and welfare. The public sector grew to the point where it constituted over one-third of national economic activity. The past 15 years have witnessed significant growth of government at the local and State level as their responsibilities to provide more services grew.

But the cities cannot long survive by growth of their own governments. That growth must be balanced by growth of the private sector. My bill will encourage that growth.

From the point of view of the businessman with capital available to start, expand, or remodel a business, there are some very important features of cities which make them attractive locations. First of all, cities are more efficient than the suburban sprawl which frequently surrounds them.

The Real Estate Research Corp. in its study titled "The Costs of Sprawl" documented the higher cost of low-density growth. When a 100-acre industrial park or office campus in the suburbs replaces valuable farmland, not only is the farm lost but an important feature of suburban living is also lost. That same 100-acre development could have been accommodated downtown in a single office building or within industrially zoned land in the city, close to people, transportation, and suppliers.

Suburbanization and sprawl is eating up the countryside at an alarming rate. In the process, the very attributes of country life are being destroyed. Once lost, such scenic and natural resources can rarely be regained and all of us share that loss—city dweller, suburbanite, and rural resident alike.

Cities are energy efficient. Because of their density they consume less energy, and men and women waste less time getting to work. Heating, lighting, and plumbing of buildings are more efficient. Their convenient location provides for a variety of other economic activities. All of these features add up to less cost to do business. The Task Force on Municipalities of the Business Roundtable put it succinctly in its final report:

> It is simply good business to maintain and strengthen the essential infrastructure and the mass markets that exist in the metropolitan areas of our country.

Our continued national growth depends on the economic health and vitality of the Nation's cities. They are the Nation's economic lifeblood. If part of that vital system begins to falter, the entire national economy suffers.

Local economies are all interdependent parts of the national economic fabric. As the Governor of New York State observed:

> There is hardly a product of the California acreage in the San Joaquin Valley that does not find its way to a table in New York. . . . We are a major population area—we have twenty-five percent of the nation's people. We are the country's best customers.

And as Henry Schecter, director of AFL-CIO Department of Urban Affairs, noted:

> The importance of urban recovery becomes clearer when the many and varied costs to the nation of economic decline and the associated unemployment are calculated: the loss of goods and services, the decline in the purchasing power required to raise family living standards and support the economic growth of the country, the revenue lost from taxes, the costs of providing welfare and unemployment assistance and the costs of underutilizing human resources.

I think the message is clear. It is in everyone's best interest to revitalize our cities. They are the cradle of our civilization and the source of our prosperity.

My colleagues will notice that this bill does not address specific cities or regions of the country. Rather it targets those cities with the worst unemployment, without regard to location. City decline knows no regional boundaries.

For example, I have looked at the 161 cities with populations of 100,000 or more. Based on unemployment statistics for calendar year 1977, and using the 6.5-percent unemployment figure for any 3 months, a total of 106 cities in 32 States would be eligible for this tax credit treatment. The cities are geographically dispersed throughout the Nation from such diverse States as Alaska, Colorado, Kansas, Minnesota, New York, New Jersey, New Mexico, Louisiana, and Georgia. Other cities in other States may become eligible. I want to emphasize that this bill is not intended to help only so-called Frostbelt cities. It is aimed at economic problems where they are found. And that takes in all regions of the country.

I am not under the illusion that this bill is a comprehensive cure-all for ailing city economies. But I do think it is a tool which has proved its usefulness as an investment incentive. It is now time to target that incentive more carefully.

I think this bill will help many cities start back on the road to recovery. I ask unanimous consent that the text of this bill be included in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2958

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Urban Investment Tax Credit Act of 1978".

PURPOSE AND POLICY

SEC. 2. It is the purpose of this Act to encourage private investment in the Nation's cities by creating incentives for private industry to come into being, remodel, or expand within those cities. It is intended that

investment by the private sector in plant facilities, equipment, and new jobs shall be encouraged by means of the investment tax credit. The Congress finds it in the national interest of economic growth to sustain and encourage growth of the local economic base of our Nation's cities.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Secretary" means the Secretary of the Treasury or his delegate.

(2) The term "city" means an incorporated area which in the most recent census conducted by the Commerce Department was determined to have a population of 100,000 or more and which during the 12-month period prior to the date of the enactment of this Act had an unemployment rate, as determined by the Bureau of Labor Statistics, of 6.5 percent or more during any 3 months of that period.

(3) The term "person" means an individual, a trust, estate, partnership, association, company, or corporation.

(4) The term "qualified enterprise" means any of the following types of business engaged in by any person in a qualified facility:

(A) The manufacture, production, processing, or assembling of personal property—

(i) for sale to customers in the ordinary course of business; or

(ii) for use in such person's business.

(B) The distribution of personal property as principal or agent including, but not limited to, the sale, leasing, storage, handling, and transportation thereof.

(C) The retail sale of any goods or services (including services of a personal, physical, or social nature).

(D) Research in basic or applied sciences including the discovery, invention, testing, and demonstration of new technology.

(E) The construction of any building in a city as contractor for, or for sale to, any customer, but only in the case of a person engaged in the business of constructing such buildings as a contractor for, or for sale to, customers.

The term "industrial or commercial enterprise" shall not include the activities of selling, leasing, or renting out of real property including the selling, leasing, or renting of a factory, workshop, office, warehouse, sales outlet, apartment house, hotel, motel, or other residence, or the lending of money or extending of credit.

(5) The term "qualified facility" means any new or existing fixed place of business in which a qualified enterprise is wholly or partly carried on including, but not limited to—

(A) a place of management or office,

(B) a factory, plant, or other workshop,

(C) a warehouse or sales outlet,

(D) a center for the transportation, shipping, or handling of property,

(E) a place of management for and any city building or construction point,

(F) a store or other premises used for retail sales, or

(G) a place for research activities.

(6) The term "qualified jobs" means new employment positions which did not exist prior to the time of requesting certification from the Secretary either at the qualified facility or in any other part of a qualified enterprise operated by the person receiving a certificate of eligibility or employment positions which would not be retained but for such certification.

CERTIFICATION OF ELIGIBILITY

SEC. 4. (a) The Secretary, after consultation with the Secretary of Labor and the Secretary of Commerce, shall issue an annual certificate of eligibility for benefits under this Act to any person who is engaged in, or who desires to engage in, a qualified enterprise in a qualified facility located, or to be located, in a city, if—

(1) the governing body of the city has given written notice to the Secretary that it wishes to participate in the program provided for in this Act to encourage the creation or remodelling of plant facilities and equipment in such city.

(2) the person to whom the certificate for such enterprise is to be issued agrees, in such form and manner as the Secretary may prescribe—

(A) in the case of an enterprise not then having a qualified facility located in the city, to establish, within such period of time as the city may require, such facility (conforming to standards prescribed by the Secretary under subsection (e) of this section),

(B) to provide, in connection with the operations at such facility located, or to be located, in such city, qualified jobs,

(C) to pay wages to persons employed in connection with the operations at any such facility at rates not less than the minimum wages determined by the Secretary of Labor under section I(b) of the Act of June 30, 1936 (popularly known as the Walsh-Healey Act), as amended (41 U.S.C. 35(b)), to be the prevailing minimum wages for persons employed in similar work in the city in which any such facility is located, and

(D) to maintain records listing the names and residences of all full-time employees at such facility for which the certificate is being issued, the date on which they were hired, their employment and economic situation at the time of hiring, and any other information required by the Secretary; and in the case of a qualified facility which is to be part of a qualified enterprise also conducted by such person at other locations, or which is to be conducted by a person also engaged in other such enterprises, to maintain records showing the portion of such person's taxable income or net operating losses allocable to the facility for which the certificate is being issued as if it were conducted by a separate entity under regulations adopted by the Secretary under section 482 of the Internal Revenue Code of 1954, modified as may be necessary to fulfill the purposes of this Act; and

(3) the Secretary determines that the expected benefits to the tax base, employment, and to other aspects of the economic and social welfare of such city warrant the granting of the income tax incentives under this Act as to the capital investment in such facility.

(b) The Secretary shall issue a separate certificate of eligibility with respect to each facility which meets the requirements of subsection (a) regardless of whether such facility is operated by any person as part of a single enterprise.

(c) The Secretary shall issue a certificate of eligibility for benefits under this Act to any person who is a successor in interest to any person operating a qualified enterprise which has established a qualified facility in a city and with respect to which facility a certificate of eligibility was issued under subsection (a) if such person agrees to continue to use the facility as a qualified facility and to conform to the requirements of subparagraphs (B) and (C) of subsection (a)(2).

(d) The Secretary shall terminate a certificate of eligibility issued to any person under this section operating a qualified facility whenever he determines, after an appropriate hearing, that the person to whom such certificate was issued has failed, after due notice and a reasonable opportunity has been given to correct the failure at such facility, to carry out its agreements under this section.

REPORTS

SEC. 5. (a) The Secretary may by regulation require any person to whom a certificate of eligibility is issued under section 4 to file such reports from time to time as he may deem necessary in order to carry out his functions under this Act.

(b) Whoever, in any report required to be filed under this section knowingly makes a false statement of a material fact, shall be fined not more than $————, or imprisoned for not more than ———— years, or both.

INCOME TAX CREDIT FOR INVESTMENT IN DEPRECIABLE PROPERTY IN ELIGIBLE CITIES

SEC. . (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting after section 44B the following new section:

"SEC. 44C. INVESTMENT IN CERTAIN DEPRECIABLE PROPERTY IN ELIGIBLE CITIES

"(a) GENERAL RULE.—There shall be allowed, as a credit against the tax imposed by this chapter, the amount determined under subpart E of this part.

"(b) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section and subpart E.".

(b) Part IV of subchapter A of chapter 1 of such Code (relating to credits against tax) is amended by adding at the end thereof the following new subpart:

"Subpart E—Rules for Computing Credit for Investment in Certain Depreciable Property in Eligible Cities

"Sec. 54. Amount of Credit.

"Sec. 55. Certain Dispositions, etc. of Section 44C Property.

"Sec. 55A. Definitions; Special Rules.

"SEC. 54. AMOUNT OF CREDIT

"(a) Determination of Amounts.—

"(1) General rule.—The amount of the credit allowed by section 44C for the taxable year shall be equal to—

"(A) 12 percent of the qualified expenditures (as defined in section 55A(b)) made during the taxable year in regard to section 44C real property (as defined in section 55A(a)(3)), and

"(B) 12 percent of the qualified expenditures (as defined in section 55A(b)) made during the taxable year in regard to section 44C personal property (as defined in section 55A(a)(4)).

"(2) Limitation.—Notwithstanding paragraph (1), the credit allowed by section 44C for the taxable year shall not exceed the taxpayer's liability for tax for such year.

"(3) Liability for tax.—For purposes of this section, the liability for tax for the taxable year shall be the tax imposed by this chapter for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to credit for the elderly),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs),

"(E) section 41 (relating to contributions to candidates for public office),

"(F) section 42 (relating to general tax credit),

"(G) section 44A (relating to expenses for household and dependent care services necessary for gainful employment), and

"(11) section 44B (relating to credit for employment of certain new employees).

For purposes of this paragraph, any tax imposed for the taxable year by section 56 (relating to minimum tax for tax preferences), section 72(m)(5)(B) (relating to 10 percent tax on premature distributions to owner-employees), section 408(f) (relating to additional tax on income from certain retirement accounts), section 402(e) (relating to tax on lump-sum distributions), section 531 (relating to accumulated earnings tax), section 541 (relating to personal holding com-

pany tax), or section 1378 (relating to tax on certain capital gains of subchapter S corporations), and any additional tax imposed for the taxable year by section 1351(d)(1) relating to recoveries of foreign expropriation losses), shall not be considered tax imposed by this chapter for such year.

"(b) Carryback and Carryover of Unused Credits.—

"(1) ALLOWANCE OF CREDIT.—If the amount of the credit determined under subsection (a)(1) for any taxable year exceeds the taxpayer's liability for tax for such taxable year (hereafter in this subsection referred to as the 'unused credit year'), such excess shall be—

"(A) a section 44C credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a section 44C credit carryover to each of the 7 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by section 44C for such years, except that such excess may be a carryback only to a taxable year ending after the date of the enactment of the Urban Investment Tax Credit Act of 1978. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 10 taxable years to which (by reason of subparagraphs (A) and (B)) such credit may be carried and then to each of the other 9 taxable years to the extent that, because of the limitation contained in paragraph (2), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(2) LIMITATION.—The amount of the unused credit which may be added under paragraph (1) for any preceding or succeeding taxable year shall not exceed the amount by which the taxpayer's liability for tax for such taxable year exceeds the sum of—

"(A) the credit allowed under subsection (a)(1) for such taxable year, and

"(B) the amounts which, by reason of this subsection, are added to the amount allowable for such taxable year and are attributable to taxable years preceding the unused credit year.

"SEC. 55. CERTAIN DISPOSITIONS, ETC. OF SECTION 44C PROPERTY.

"(a) GENERAL RULE.—Under regulations prescribed by the Secretary—

"(1) EARLY DISPOSITION.—If section 44C property (as defined in section 55A(a)(2)) is disposed of, or otherwise ceases to qualify as section 44C property with respect to the taxpayer, the tax under this chapter for the taxable year in which the disposition occurs shall be increased by an amount equal to the credits allowed under section 44C for prior taxable years for qualified expenditures (as defined in section 55A(b)) which were made—

"(A) in the case of section 44C real property (as defined in section 55A(a)(3)) within 10 years before the date of the disposition, or

"(B) in the case of section 44C personal property (as defined in section 55A(a)(4)) within 4 years before the date of the disposition.

This paragraph shall not apply to any qualified expenditures with respect to which there has been an increase of tax under paragraph (2).

"(2) TERMINATION OF CERTIFICATE.—If the section 44C certificate (as defined in section 55A(a)(1)) is terminated under section 4(d) of the Urban Investment Tax Credit Act of 1978 with respect to a section 44C facility (as defined in section 55A(a)(5)) of the taxpayer—

"(A) the taxpayer's tax under this chapter for the taxable year in which the termination occurs shall be increased by an amount equal to the credits allowed under section 44C for prior taxable years for qualified expenditures which were made in accordance with section 55A(b)(3) within 3 years before the date of the termination with respect to all section 44C property used at, or in connection with, such facility, and

"(B) the taxpayer's gross income for the taxable year in which the termination occurs shall be increased by an amount equal to the deductions allowed to the taxpayer under section 192 in such taxable year and the 2 preceding taxable years with respect to employees employed at, or in connection with, such facility.

"(3) CARRYBACKS AND CARRYOVERS ADJUSTED.—In the case of any disposition described in paragraph (1), or any termination described in paragraph (2), the carrybacks and carryovers under section 54(b) shall be adjusted.

"(b) SECTION NOT TO APPLY IN CERTAIN CASES.—Subsection (a) shall not apply to—

"(1) a disposition by reason of death,

"(2) a disposition to which section 381(a) applies,

"(3) a disposition necessitated by the cessation of the operation of a section 44C facility where the Secretary certifies that such cessation results from economic factors beyond the control of the section 44C business (as defined in section 55A(a)(6)), or

"(4) a disposition on account of the destruction or damage of section 44C property by fire, storm, shipwreck, or other casualty, or by reason of its theft.

For purposes of subsection (a), property shall not be treated as ceasing to be section 44C property with respect to the taxpayer by reason of a mere change in the form of conducting the section 44C business so long as the property is retained in such business as section 44C property and the taxpayer retains a substantial interest in such business.

"SEC. 55A. DEFINITIONS; SPECIAL RULES.

"(a) SECTION 44C CERTIFICATE, ETC.—For purposes of this chapter—

"(1) SECTION 44C CERTIFICATE.—The term 'section 44C certificate' means a certificate of eligibility issued by the Secretary under section 4 of the Urban Investment Tax Credit Act of 1978.

"(2) SECTION 44C PROPERTY.—The term 'section 44C property' means property which, in regard to a taxpayer conducting a section 44C business—

"(A) is of a character which is subject to the allowance for depreciation provided in section 167 and which is not property of a kind which would properly be includible in the inventory of the taxpayer if on hand at close of the taxable year and which is not property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business,

"(B) will be used by such taxpayer—

"(i) as a section 44C facility,

"(ii) as an integral part of, or in the operation of, any such facility, or

"(iii) in furnishing transportation, communications, electrical energy, gas, water, or sewerage disposal primarily to any such facility, and

"(C) has at the time it is first used by such taxpayer after such taxpayer has been issued a section 44C certificate in regard to the section 44C facility at, or in connection with which, such property is used, a useful life of at least

"(1)4 years in the case of section 44C personal property, or

"(ii) 10 years in the case of section 44C real property.

Property shall not be treated as section 44C property if, after its acquisition by the taxpayer, it is used by a person who used such property before such acquisition (or by a person who bears a relationship described in section 179(d)(2)(A) or (B) to a person who used such property before such acquisition).

"(3) SECTION 44C REAL PROPERTY.—The term 'section 44C real property' means section 44C property which is section 1250 property (within the meaning of section 1250(c)).

"(4) SECTION 44C PERSONAL PROPERTY.—The term 'section 44C personal property' means section 40 property which is section 1245 property (within the meaning of section 1245(a)).

"(5) SECTION 44C FACILITY.—The term 'section 44C facility' means a qualified facility (as defined in section 3(5) of the Urban Investment Tax Credit Act of 1978) which is specified by the Secretary in section 44C certificate.

"(6) SECTION 44C BUSINESS.—The term 'section 44C business' means a qualified enterprise (as defined in section 3(4) of the Urban Investment Tax Credit Act of 1978) with respect to which a section 44C certificate has been issued which has not been terminated under section 4(d) of such Act.

"(b) QUALIFIED EXPENDITURES.—

"(1) IN GENERAL.—The term 'qualified expenditures' means, with respect to each taxable year, expenditures by the taxpayer—

"(A) properly chargeable to capital account,

"(B) paid or accrued for—

"(i) the manufacture, production, construction, or erection of section 44C property,

"(ii) the acquisition of section 44C property by a purchase (as defined in section 179(d)(2) and subsection (c) of this section), or

"(iii) the reconstruction, permanent improvement, or betterment of section 44C property, and

"(C) made during the 10-year period beginning with the date on which a section 44C certificate is first issued to any person with respect to the section 44C facility at, or in connection with which, such property is used.

"(2) LIMITATION.—Expenditures in regard to section 44C real property shall be treated as qualified expenditures only if the construction, erection, acquisition, reconstruction, permanent improvement, or betterment for which such expenditures are made, conforms to the standards prescribed under section 4(e) of the Urban Investment Tax Credit Act of 1978.

"(3) YEAR OF QUALIFIED EXPENDITURES.—All qualified expenditures shall be deemed made in the taxable year in which—

"(A) in the case of qualified expenditures for the manufacture, production, construction, erection, or acquisition by purchase of section 44C property, the section 44C property is placed in service, and

"(B) in the case of qualified expenditures for the reconstruction, permanent improvement, or betterment of section 44C property, the section 44C property as reconstructed, improved, or bettered as a result of a qualified expenditure is placed in service.

For purposes of this paragraph, any manufactured, produced, constructed, erected, or acquired section 44C property, or any reconstructed, improved, or bettered section 44C property, shall be deemed placed in service in the taxable year in which such manufactured, produced, constructed, erected, or acquired section 44C property, or such section 44C property as reconstructed, improved, or bettered, first becomes subject to depreciation by a taxpayer computing depreciation on a daily basis.

"(4) REPLACEMENT PROPERTY.—If section 44C property is manufactured, produced, constructed, erected, reconstructed, or acquired to replace property which was destroyed or damaged by fire, storm, shipwreck, or other casualty, or was stolen, the qualified expenditures with respect to such section 44C property which would (but for this paragraph) be taken into account for purposes of section 54(a) shall be reduced by an amount equal to the amount received by the taxpayer

as compensation, by insurance or otherwise, for the property so destroyed, damaged, or stolen, or to the adjusted basis of such property, whichever is the lesser.

"(c) CERTAIN LEASE PROPERTY.—A person who is a lessor of property, which in the hands of the lessee constitutes section 44C property, may (at such time, in such manner, and subject to such conditions as provided by regulations prescribed by the Secretary) elect with respect to any section 44C property, as to which no prior credit under section 44C has previously been taken, to treat the lessee as having purchased such property for an amount equal to—

"(1) except as provided in paragraph (2), the fair market value of such property, or

"(2) if such property is leased by a corporation which is a member of a controlled group (within the meaning of section 1563 (a)) to another corporation which is a member of the same controlled group, the basis of such property to the lessor.

If a lessor makes the election provided by this subsection with respect to any property, the lessee shall be treated for all purposes of this subpart as having acquired such property. For purposes of subsection (a)(2)(C), the useful life of the property to the lessee shall be deemed to be the useful life over which the lessee is permitted to depreciate or amortize the property.

"(d) SUBCHAPTER S CORPORATION.—In the case of an electing small business corporation (as defined in section 1371)—

"(1) the qualified expenditures for each taxable year shall be apportioned pro rata among the persons who are shareholders of such corporation on the last day of such taxable year, and

"(2) any person to whom any expenditures have been apportioned under paragraph (1) shall be treated (for purposes of this subpart) as the taxpayer with respect to such expenditures, and such expenditures shall not (by reason of such apportionment) lose their character as qualified expenditures.

"(e) ESTATES AND TRUSTS.—In the case of an estate or trust—

"(1) the qualified expenditures for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each, and

"(2) any beneficiary to whom any expenditures have been apportioned under paragraph (1) shall be treated (for purposes of this subpart) as the taxpayer with respect to such expenditures, and such expenditures shall not (by reason of such apportionment) lose their character as qualified expenditures.

"(f) CROSS REFERENCE.—For application of this subpart to certain acquiring corporations, see section 381(c)(26).".

(c) Section 48(a) of such Code (relating to definition of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(9) SECTION 44C PROPERTY.—Any property which is section 44C property (as defined in section 55A(a)(2)) shall not be treated as section 38 property to the extent that the expenditures for the manufacture, production, construction, erection, reconstruction, permanent improvement, betterment, or acquisition of such property constitute qualified expenditures (as defined in section 55A(b)).".

(d) Section 381(c) of such Code (relating to carryovers and certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(27) CREDIT UNDER SECTION 44C FOR INVESTMENT IN CERTAIN DEPRECIABLE PROPERTY IN ELIGIBLE CITIES.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 44C, and under such regulations as may be prescribed by the Secretary) the items to be taken into account for purposes of section 44C in respect to the distributor or transferor corporation.".

(e)(1) The table of subparts for part IV of subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Subpart E. Rules for Computing Credit for Investment in Certain Depreciable Property in Eligible Cities.".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44B the following:

"Sec. 44C. Investment in certain depreciable property in eligible cities.".

DEPRECIATION DEDUCTION

SEC. 6. Section 167 of the Internal Revenue Code of 1954 (relating to depreciation) is amended by adding at the end thereof the following new subsection:

"(q) SECTION 44C PROPERTY.—

"(1) USEFUL LIFE.—At the election of the taxpayer—

"(A) the useful life of any property which is section 44C property (as defined in section 55A(a)(2)) shall, for purposes of this section, be 66⅔ percent of the useful life of such property determined without regard to this paragraph; and,

"(B) the guideline class lives prescribed by the Secretary which are applicable to any property which is section 44C property shall, for purposes of this section, be 66⅔ percent of the guideline class lives applicable to such property determined without regard to this paragraph.

An election under this paragraph shall be made at such time and in such manner as the Secretary prescribes by regulations.

"(2) NEAREST FULL YEAR.—If the useful life or guideline class life of any property, as determined under this section without regard to this subsection, includes a fraction of a year, such useful life shall be deemed the nearest full year.

"(3) RESERVE RATIO TEST.—In justifying class lives used for purposes of the deduction allowed by this section under the reserve ratio test prescribed by the Secretary, a taxpayer who makes an election under paragraph (1)(B) shall, for all purposes, be deemed to have utilized class lives equal to 150 percent of those applicable determined without regard to this subsection.

"(4) SALVAGE VALUE.—In determining the salvage value of section 44C property, subject to an election under paragraph (1)(A) and (B), the useful life of the property shall be deemed that life which would be applicable without regard to paragraph (1)(A) and (B).

"(5) EXCEPTION.—No election may be made under paragraph (1) with respect to any section 44C property which is placed in service after the expiration of the 10-year period beginning on the date on which a section 44C certificate (as defined in section 55A(a)(1)) is first issued to any person for the section 44C facility (as defined in section 55A(a)(5)) at, or in connection with which, such section 44C property is used.".

NET OPERATING LOSS CARRYOVERS

SEC. 7. Section 172 of the Internal Revenue Code of 1954 (relating to net operating loss deduction) is amended—

(1) by striking out "(E) and (F)" in the second sentence of subparagraph (B) of subsection (b)(1) thereof and inserting in lieu thereof "(E), (F), and (H)";

(2) by adding at the end of subsection (b)(1) thereof the following new subparagraph:

"(H) The portion of a net operating loss for any taxable year to which (under subsection (i)) this subparagraph applies which is allocable to the operation of a section 44C business (as defined in section 55A(a)(6)) through a section 44C facility (as defined in section 55A(a)(5)) shall be a net operating loss carryover to each of the 9 taxable years following the taxable year of such loss. The determination as to the portion of a taxpayer's net operating loss allocable to the operation of a qualified facility by a section 44C business shall be made in accordance with regulations promulgated by the Secretary under section 4(a)(2)(D) of the Urban Investment Tax Credit Act of 1978."; and

(3) by redesignating subsection (i) as (j) and inserting after subsection (h) the following new subsection:

"(i) CARRYOVER OF NET OPERATING LOSSES OF CERTIFIED BUSINESSES.—Subsection (b)(1)(H) shall apply, with respect to the operation of such section 44C facility, only to a net operating loss for (A) the taxable year in which the operation of such facility is begun by any section 44C business under a section 44C certificate (as defined in section 55A(a)(1)), or (B) any of the 9 succeeding taxable years.".●

By Mr. MATHIAS:

S. 2959. A bill to amend the Internal Revenue Code of 1954 to provide a special deduction for the employment of unemployed residents of urban areas by businesses locating in those areas; to the Committee on Finance.

URBAN EMPLOYMENT INCENTIVE ACT OF 1978

● Mr. MATHIAS. Mr. President, the bill I am introducing today provides a great incentive to employers to create new jobs so they can hire the unemployed. It also acts as an incentive for employers to remain or to locate in cities experiencing sustained high unemployment.

My bill provides an employer a 3-year tax deduction of 25 percent of the cost of wages paid to new workers who had previously been unemployed. This deduction applies to businesses located in cities of 100,000 population or more which have had an unemployment rate of 6.5 percent or greater for any 3 out of the 12 months preceding enactment of this legislation.

Those employers eligible to take a deduction for one-fourth of the wages paid include those engaged in: Manufacturing, retailing, provision of personal, physical, or social services, basic or applied research, and building construction.

Such employers may deduct 25 percent of their wage costs for employees who: Have resided in the eligible city for 6 months or more, and were unemployed for a minimum of 30 days out of the 6 months preceding their employment.

Lastly, such employment must be new employment—in other words, the employer must create new jobs that did not exist prior to enactment of this legislation.

Mr. President, I think this bill provides a tremendous incentive to hire the unemployed in areas where unemployment is most severe, yet it relies on the private sector to create jobs that will be productive and long term in nature. I am convinced, therefore, that my bill offers a realistic chance of getting unemployment down below a 4-percent level and keeping it there.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2959

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"SEC. 193. SPECIAL DEDUCTION FOR CERTAIN BUSINESSES OPERATING IN CITIES.

"(a) General Rule.—In addition to any amounts allowable as a deduction under section 162 for the taxable year, there shall be allowed to any person engaged in a qualified business as a reduction an amount equal to 25 percent of the wages (within the meaning of section 3401(a)) paid or incurred during the taxable year to employees each of whom—

"(1) is employed in a qualified job,

"(2) at the time such employment commenced—

"(A) resided for 6 months or more in the city in which the qualified facility at or from which his services as an employee are performed is located, and

"(B) was unemployed for a period of 30 days or more during the 6-month period prior to the date on which such employment commenced; and

"(3) during the period for which the wages are paid or incurred, performed substantially all of his service as an employee—

"(A) at a qualified facility in which a qualified business is conducted, or

"(B) by furnishing transportation, communications, electrical energy, gas, water, or sewage disposal primarily in connection with such facility.

"(b) Limitations.—Subsection (a) shall apply, with respect to employees at any qualified facility, only to wages paid or incurred during the 3-year period beginning on the date for which the facility is first certified as a qualified facility by the Secretary under subsection (c).

"(c) Definitions.—For purposes of this section—

"(1) City.—The term 'city' means an incorporated area which in the most recent census conducted by the Commerce Department was determined to have a population of 100,000 or more and which during the 12-month period prior to the date of the enactment of this Act had an unemployment rate, as determined by the Bureau of Labor Statistics, of 6.5 percent, or more during any 3 months of that period.

"(2) Qualified business.—The term 'qualified business' means—

"(A) the manufacture, production, processing, or assembling of personal property—

"(i) for sale to customers in the ordinary course of business, or

"(ii) for use in business;

"(B) the distribution of personal property as principal or agent including, but not limited to, the sale, leasing, storage, handling, and transportation thereof.

"(C) the retail sale of any goods or services (including services of a personal, physical, or social nature);

"(D) research in basic or applied sciences including the discovery, invention, testing, and demonstration of new technology; and

"(E) the construction of any building in a city as contractor for, or for sale to, any other person.

Notwithstanding the preceding sentence, the term 'qualified business' does not include the activities of selling, leasing, or renting out real property or the lending of money or extending of credit.

"(3) Qualified facility.—The term 'qualified facility means any place at which a qualified enterprise is wholly or partly carried on including, but not limited to—

"(A) an office,

"(B) a factory, plant, or other workshop,

"(C) a warehouse or sales outlet,

"(D) a center for the transportation, shipping, or handling of property,

"(E) an office or other location for, and the site of, any construction,

"(F) a store or other premises used for retail sales, or

"(G) a place for research activities.

"(4) Qualified jobs.—The term 'qualified jobs' means new employment positions which did not exist prior to the time of requesting certification from the Secretary either at the qualified facility or in any other part of a qualified enterprise operated by the person receiving a certificate of eligibility, or employment positions which would not be retained but for such certification.

"(d) Certification of Eligibility.—

"(1) In general.—The Secretary, after consultation with the Secretary of Labor and the Secretary of Commerce, shall issue a certificate of eligibility for benefits under this section to any person who is engaged in, or who desires to engage in, a qualified business in a qualified facility located, or to be located, in a city, if—

"(A) the governing body of the city has given written notice to the Secretary that it wishes to participate in the program provided for in this section to encourage the creation of new employment opportunities in such city,

"(B) the person to whom the certificate for such business is to be issued agrees, in such form and manner as the Secretary may prescribe—

"(i) in the case of a business not then having a qualified facility located in the city, to establish, within such period of time as the city may require, such facility (conforming to standards prescribed by the Secretary under subparagraph (E));

"(ii) to provide qualified jobs in connection with the operations at such facility;

"(iii) to pay wages to persons employed in connection with the operations as such facility at rates not less than the minimum wages determined by the Secretary of Labor to be the prevailing minimum wages for persons employed in similar work in the city in which such facility is located; and

"(iv) to maintain records listing the names and residences of all full-time employees at such facility for which the certificate is being issued, the date on which they were hired, their employment and economic situation at the time of hiring, and any other information required by the Secretary, and, in the case of a qualified facility which is to be part of a qualified enterprise also conducted by such person at other locations or which is to be conducted by a person also engaged in other such enterprises, to maintain records showing the portion of such person's taxable income or net operating losses allocable to the facility for which the certificate is being issued as if it were conducted as a separate entity in accordance with regulations prescribed under section 482; and

"(C) the Secretary determines that the expected benefits to employment and to other aspects of the economic and social welfare of such city warrant certification under this section.

"(2) Separate certification.—The Secretary shall issue a separate certificate of eligibility with respect to each facility which meets the requirements of paragraph (1) regardless of whether such facility is operated by any person as part of a single enterprise.

"(3) Certification of successor in interest.—The Secretary shall issue a certificate of eligibility for benefits under this section to any successor in interest to any person holding a certificate of eligibility, if such person agrees to continue to use the facility with respect to which the certificate is issued as a qualified facility and to conform to the requirements of clauses (i) and (ii) of paragraph (1)(B).

"(4) Termination of Certification.—The Secretary shall terminate a certificate of eligibility issued to any person operating a qualified facility whenever he determines, after an appropriate hearing, that the person to whom such certificate was issued has failed, after due notice and a reasonable opportunity to correct the failure at such facility, to carry out its agreements under this subsection.".

(b) The table of sections for such part is amended by adding at the end thereof the following new items:

"Sec. 193. Special deduction for businesses operating in cities.".

SEC. 2. The amendments made by the first section of this Act shall apply with respect to wages paid after September 30, 1978, in taxable years beginning after such date.

By Mr. MATHIAS:

S. 2960. A bill to amend the Internal Revenue Code of 1954 to allow the tax-exempt treatment allowed to certain industrial development bonds to bonds the proceeds of which are to be used within economically distressed cities, and to allow national banks to underwrite these bonds; to the Committee on Finance.

ECONOMIC DEVELOPMENT REVENUE BOND ACT OF 1978

● Mr. MATHIAS. Mr. President, the Economic Development Revenue Bond Act, which I am introducing today, will be a helpful tool for cities in need of economic revitalization. Under current law, investors receive a Federal income tax exemption for all interest derived from such revenue bonds up to a total investment of $5 million. My bill would increase this investment ceiling to $50 million for cities whose population exceeds 100,000 if the city has had an unemployment rate of 6.5 percent or greater for any 3 of the preceding 12 months.

At present, any State or area designated as an "economic development area" pursuant to the Public Works and Economic Development Act of 1695, can issue up to $5 million in industrial revenue bonds to finance the construction of new plants and industries, public and private, within their jurisdictions.

While I support the concept underlying the act of 1965, it has had unforeseen and undesirable effects on both our cities and the surrounding countryside. Jurisdictions designated "economic development areas" under the act encompass exceedingly large geographic areas. As a result, the act promotes metropolitan sprawl. All too often industries seek out inexpensive land in remote areas, often on formerly productive farmland. Such facilities, while providing new employment opportunities, are not always in locations convenient to those who need jobs. Many urban workers have lost their jobs as a result of industry's move to the suburbs, because they live too far away to make the costly journey to work in such remote areas.

The act of 1965 also resulted in many jurisdiction's pirating the companies of other jurisdictions. This does nothing to increase overall economic growth, or the formation and investment of new capital. It simply disperses existing economic activity at considerable cost in terms of lost agricultural land, lost jobs, and abandonment, rather than modernization, of older plant facilities. Eventually the new outlying office or factory acts as

a magnet to attract residential development which in turn eats up more valuable farmland.

Simply stated, the act of 1965 has these undesirable side effects:

It requires new and duplicative public expenditures for sewage, utilities, highways, schools, and public safety.

It contributes to the flight of industry from the cities, where the physical plant is already in place to handle industry's requirements.

It contributes to urban unemployment.

It squanders farmland, raises the taxes of our beleaguered farmers and exerts almost irresistible pressures on them to sell their land for further development, both residential and industrial.

In short, the act encourages inefficient and irrational use of our resources.

My bill would help reverse this trend and make our larger cities competitive again. They have land, existing facilities, and workers. But they need help. By increasing the tax exemption for development bonds to $50 million for cities of 100,000 or more with high unemployment, the cities would again become attractive to large employers.

Because the interest derived from such bonds is exempt from Federal taxation, the city can offer them to investors at significantly lower interest rates than conventional taxable bonds which currently carry interest rates of 10 to 11 percent. Under the provisions of this bill, the interest rate could be held at 7 or 7½ percent on such bonds. This would save the city a substantial amount in borrowing costs.

In his perceptive analysis of the problems of center cities, entitled "To Save Our Cities," my colleague Congressman HENRY S. REUSS made the following observation and suggestion:

[T]he economic importance of providing jobs for central city residents, and the social desirability of encouraging workplaces within walking or easy commuting distance of workers' residences, demands that every possibility be explored.

Recent widespread abandonment in many central cities has created acres of rubble or empty buildings. Smaller, human-scale in-city plants, preferably extensions of existing industries, may once again be feasible. . . .

To attract plants to these areas, state and local governments could assemble the land through tax foreclosures or eminent domain, and offer local tax concessions. They could then, with Federal assistance, clear the land and provide utilities and transport. Much of the newly vacated urban land is adjacent to railroads or interstate highways. The result could be a form of urban renewal free of the widespread and lamentable people removal which plagued the program in the past. . .

At present, the investment tax credit and tax-free municipal industrial revenue bonds encourage a firm to build costly new plant and equipment in an area with no unemployment problems, rather than in a central city that may have a 30 percent jobless rate. The Federal tax exemption for municipal industrial revenue bonds ought to be restricted to areas of high unemployment, and a greater investment tax credit for investment should be allowed in such areas.

My bill deals with the industrial revenue bond issue addressed by Congressman REUSS. Another bill, which I will also introduce, the Urban Investment Tax Credit Act of 1978, addresses the second issue he raises.

Mr. President, our Nation's cities are in trouble. Their infrastructure and physical plants are aging. As things stand now, they cannot attract the industries and employers necessary to provide a tax base adequate to their survival.

A continuing infusion of new capital is needed to restore the economic health of those cities and their residents. This bill provides an inducement that will attract new and much-needed investment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2960

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Economically Distressed Cities Revenue Bond Act of 1978".

SEC. 2. LIMITATION OF TAX-EXEMPT BOND ISSUES.

(a) IN GENERAL.—Subsection (b) of section 103 of the Internal Revenue Code of 1954 (relating to industrial development bonds) is amended by redesignating paragraph (7) as (8), and inserting after paragraph (6) the following new paragraph:

"(7) CERTAIN ECONOMICALLY DISTRESSED CITY DEVELOPMENT BOND ISSUES.—

"(A) EXEMPTION.—Paragraph (1) shall not apply to any obligation issued as part of an issue the aggregate authorized face amount of which is $50,000,000 or less and substantially all of the proceeds of which are to be used—

"(i) For the acquisition, construction, reconstruction, or improvement of land which is located within an economically distressed city or of property which is of a character subject to the allowance for depreciation and which is to be used predominantly at a location within an economically distressed city, or

"(ii) to redeem part or all of a prior issue which was issued for purposes described in clause (i) of this subparagraph.

"(B) CERTAIN PRIOR ISSUES TAKEN INTO ACCOUNT.—If—

"(i) the proceeds of two or more issues of obligations (whether or not the issuer of each such issue is the same) are or will be used primarily with respect to facilities the principal user of which is or will be the same person or two or more related persons, and

"(ii) with respect to each issue, subparagraph (A) would apply (but for this subparagraph), or paragraph (4), (5), or (6) of this subsection would apply,

then, for purposes of subparagraph (A), in determining the aggregate face amount of any later issue there shall be taken into account the face amount of obligations issued under all prior such issues and outstanding at the time of such later issue (not including as outstanding any obligation which is to be redeemed from the proceeds of the later issue).

"(c) economically distressed city. * * * of this paragraph, the term 'economically distressed city' means a city with a population of at least 100,000 the unemployment rate within which, for any 3 consecutive months of the 12 month period preceding the date of issuance of the obligations, was 6.5 percent or greater.".

(b) Conforming Amendment.—Paragraph (8) of section 103(b) of such Code (as redesignated by subsection (a)) is amended by striking out "(4), (5), and (6)" and inserting in lieu thereof "(4), (5), (6), and (7)".

SEC. 3. UNDERWRITING BY NATIONAL BANKS

The seventh paragraph of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended by inserting at the end thereof the following new sentence: "The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to industrial development bands (as defined in section 103(b)(2) of the Internal Revenue Code of 1954) to which paragraph (7) of section 103(b) of such code applies.".

SEC. 4. EFFECTIVE DATE.

The amendments made by section 2 of this Act shall apply to taxable years ending after the date of the enactment of this Act, but only with respect to obligations issued after such date.●

By Mr. MATHIAS:

S. 2961. A bill to amend section 2687 of title 10, United States Code, to require notification of local officials, as well as Congress, before the closure, realinement, and establishment, or expansion of a military installation may be carried out and to change the period of time which must elapse after notification before such action may be carried out; to the Committee on Armed Services.

MILITARY BASE CLOSURES AND REALINEMENTS

● Mr. MATHIAS. Mr. President, I send to the desk a bill requiring the Defense Department to notify local officials, local and regional planning authorities, as well as Congress, of proposed military base closures or realinements.

At present, the Defense Department is only required to notify the Armed Services Committees of the House and Senate prior to closing, relocating, or realining a military facility. I might say the Department has not been especially conscientious about fulfilling even that obligation.

Section 612 of the existing law, Public Law 95–82—requires notification to the Armed Services Committee 60 days prior to an action's taking place. The law states that "no irrevocable action should be taken" during the 60-day period. Yet, when the Defense Department proposed a consolidation of the Defense Mapping Agency in my home State of Maryland, we in the Congress were not notified until the day before the August recess, effectively cutting in half the time available to review this action.

Even more disturbing is the fact that citizens and many local officials first learned of this proposed realinement, as I did, from the news media. I am sure my colleagues have encountered similar examples of lack of communication involving their own States.

I, of course, realize that realinements, base closings, and consolidations of agencies are inevitable if we are to streamline our Government. What we must protect against is inconsiderate treatment of the employees, and insensitivity to local community interests.

Experience has taught that military realinements and consolidations entail considerable hardship to the employees involved. In the State of Maryland, we have had more than our share of pain-

ful lessons on this score. Between March 1975 and March 1977, we had seven major realinements. Military reductions and relocations were made at Fort Ritchie in Frederick, at the Naval Ship Engineering Center in Hyattsville, at the Naval Oceanographic Office in Suitland, at Aberdeen/Edgewood in Harford County, Fort Meade in Anne Arundel County, Harry Diamond Laboratories in Adelphi, and at Andrews Air Force Base.

Mr. President, these reorganizations seriously affected the lives of 940 military personnel and 3,553 civilian employees. The displacement of 4,500 human beings, in many cases at a moment's notice, constitutes a pretty serious problem. It affects employees and it affects the economies of local communities. I believe my colleagues would agree that great harm has been done by these displacing operations. Many of their adverse effects have yet to be fully elevated. For this reason, I am particularly concerned that section 612 be properly implemented as mandated by law.

In addition to the men and women, towns and counties need to be prepared for sudden economic changes brought about by major realinements. The Department of Defense has an Office of Economic Adjustment which provides technical assistance to those communities in just such situations. I would hope that, in view of the genuine concerns that have prompted me to introduce this bill, the Department will upgrade the Office of Economic Adjustment and aggressively offer its services to those towns and counties in need.

I ask that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2961

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2687 of title 10, United States Code, is amended as follows:

(1) The catchline is amended to read as follows: "Base closures, realignments, establishments, and expansions".

(2) Subsection (a) is amended by—

(A) amending clause (2) to read as follows:

"(2) any realignment with respect to any military installation involving a reduction by more than one thousand, or by more than 50 percent, in the number of civilian or military personnel (or a combination of such personnel) authorized to be employed at or assigned to such military installation at the time the Secretary of Defense or the Secretary of the military department concerned notifies the Congress under subsection (b)(1) that such installation is a

* * * * *

(B) adding after clause (3) the following new clauses:

"(4) the establishment of a new military installation, or

"(5) the expansion of any military installation involving an increase by more than one thousand, or by more than 50 percent, in the number of civilian or military personnel (or a combination of such personnel) authorized to be employed at or assigned to such military installation at the time the Secretary of Defense or the Secretary of the military department concerned notifies the Congress under subsection (b)(1) that such installation is a candidate for expansion,".

(3) Subsection (b) is amended by striking out "closure of, or a realignment with respect to" and inserting in lieu thereof "closure of, realignment with respect to, establishment of, or expansion of,".

(4) Subsection (b) is further amended by amending clause (1) to read as follows:

"(1) the Secretary of Defense or the Secretary of the military department concerned publicly announces, and notifies in writing the Committees on Armed Services of the Senate and House of Representatives, each unit of local government, and each local and regional public planning authority in any area which would be directly affected by such closure, realignment, establishment, or expansion;".

(5) Subsection (b) is further amended by striking out "closure or realignment" in clauses (2) and (3) and inserting in lieu thereof "closure, realignment, establishment, or expansion".

(6) Subsection (b) is further amended by striking out "sixty days" in clause (4) and inserting in lieu thereof "60 days of continuous session of Congress".

(7) Subsection (b) is further amended by adding at the end thereof a new sentence as follows:

"For purposes of clause (4), the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the 60-day period.".

(8) Subsection (c) is amended to read as follows:

"(c) This section shall not apply to the closure, realignment, establishment, or expansion of any military installation if the President certifies to the Congress that such closure, realignment, establishment, or expansion must be implemented for reasons of national security or a military emergency.".

(9) Paragraph (1) of subsection (d) is amended by inserting ", or to be located" after "is located".

(b) The table of sections at the beginning of chapter 159 of title 10, United States Code, is amended by striking out the item relating to section 2687 and inserting in lieu thereof the following:

"2687. Base closures, realignments, establishments, and expansions.".

SEC. 2. The amendments made by the first section of this Act shall apply to the closure of any military installation, the realignment with respect to any military installation, or the establishment or expansion of any military installation which is first publicly announced on or after the date of enactment of this Act.●

By Mr. MATHIAS:

S. 2962. A bill to provide surplus Federal Property for economic development purposes; to the Committee on Governmental Affairs.

SURPLUS FEDERAL PROPERTY

● Mr. MATHIAS. Mr. President, the bill I am introducing today will be a useful economic rejuvenation and recycling tool for State and local governments. It permits the transfer of surplus Federal land and buildings to State and local jurisdictions at 50 percent of the estimated fair market value. Such property would be offered to local or State governments that experience severe unemployment or other economic disruption as a result of the closure, relocation, or reduction of activities at that Federal facility.

The bill presents a unique opportunity to cities, towns, and States to turn bad fortune into better fortune. I am sure many of my colleagues are all too familiar, as am I, with the shock waves that run through a community when it is told that a Federal facility is closing or relocating. Often such an installment is a major employer and the backbone of the local economy. I myself and officials of Prince Georges County were shocked and disbelieving 2 years ago when we were summarily informed by the Navy that the Naval Oceanographic Office was relocating its 3,000 employees and their families out of Maryland.

This relocation was nowhere near the scale of the closure of such major installations as the Brooklyn Navy Yard or the Newport, R.I., Naval Base, but each of the communities involved suffered severe long-term effects. Each locality had to scramble to recoup from such a devastating action.

One way of easing the financial shock of Federal relocations or reductions would be to make available to the local community the land and facilities left in the wake of such moves. The local jurisdiction could then recycle the property for high priority local purposes. A major roadblock to such recycling, however, is the inability of States and localities to pay the full price for such property. They just cannot afford it.

Yet, when they have been able to purchase, swap, or otherwise negotiate the transfer of surplus Federal property, there have been remarkable success stories. In Baltimore for example, thanks to local leadership and ingenuity, the Fort Holabird site is being converted to a major industrial park. Such redevelopment will add significantly to Baltimore's tax base and to its job market.

The Fort Holabird story goes back several years. In 1970, the Defense Department closed the 226-acre facility. I became concerned that this site was lying idle, contributing nothing to Baltimore's tax base or its employment situation.

As a result, I helped establish a Commission of local officials, citizens, and business and labor leaders to determine the best use for this surplus Federal site. In June of 1974, the Commission recommended that the site be developed as an industrial-recreational complex.

On October 19, 1977, the General Services Administration conveyed 179 acres to Baltimore to be used as an industrial park. This industrial park will provide jobs for thousands of men and women as well as adding an estimated $2.5 million annually to the city's tax revenues. The sale price to the city was $4.6 million, a substantial sum for the city.

The remaining 47 acres have been transferred to the Bureau of Outdoor Recreation for park and recreation uses. I am proud to have played a part recycling this surplus Federal land and buildings for economic development.

In Washington, D.C., we find another example. A small cluster of World War II military housing had become obsolete and had been abandoned. A property transfer was engineered between the General Services Administration and the District government. Now the property is being offered to a private

developer who will build a much needed shopping center to serve the surrounding residential community.

Such success stories could become a pattern of urban economic rejuvenation. We only need to cut the price of the property enough to make it attractive to the local authorities and then give them the right of first refusal.

This legislation will do just that. I think it is a simple concept that makes good sense. I hope my colleagues will agree.

At this point, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2962

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203(k) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(k)), is further amended

(1) by redesignating paragraph (4) as paragraph (5);

(2) by inserting at the end of paragraph (3) the following:

"(4)(A) Under such regulations as he may prescribe and after transmittal of the statement required by subparagraph (F), the Administrator is authorized, in his discretion, to sell or lease to any State or political subdivision thereof, or to any agency or instrumentality of such State or subdivision, such surplus real property, including buildings, fixtures, and equipment situated thereon, as is available under subparagraph (D) and determined by the Secretary of Commerce under subparagraph (E) to be required by such State, subdivision, agency, or instrumentality to conduct an economic development program.

"(B) The price of property transferred under this paragraph shall be an amount equal to 50 per centum of the estimated fair market value of such property as determined by the Administrator. The instrument of transfer of any surplus real property disposed of under the provisions of this paragraph—

"(i) shall provide that all such property shall be used and maintained in accordance with the plan submitted to the Secretary of Commerce under subparagraph (D), and that in the event the property ceases to be so used and maintained, all or any portion of the property shall, in its then existing condition, at the option of the United States, revert to the United States; and

'(ii) may contain such additional terms, conditions, reservations, and restrictions as may be determined by the Administrator to be necessary to safeguard the interests of the United States.

"(C) The Administrator, in consultation with the Secretary of Commerce, is authorized and directed—

"(i) to determine and enforce compliance with the terms, conditions, reservations, and restrictions, contained in any instrument by which such transfer was made;

"(ii) to reform, correct, or amend any such instrument by the execution of a corrective, reformative, or amendatory instrument where necessary to correct such instrument or to conform such transfer to the requirements of applicable law; and

"(iii) to (I) giant releases from any of the terms, conditions, reservations, and restrictions contained in, and (II) convey, quitclaim, or release to the transferee or other eligible user any right or interest reserved to the United States by any instrument by which such transfer was made, if he determines that the property so transferred no longer serves the purpose for which it was transferred, or that such release, conveyance, or quitclaim deed will not prevent accomplishment of the purpose for which such property was so transferred: except that any such release, conveyance or quitclaim deed may be granted on, or made subject to, such terms and conditions as he shall deem necessary to protect or advance the interests of the United States.

"(D) Real property available for distribution under this paragraph shall be Federal property which has become surplus as a consequence of an action of a Federal agency closing or substantially reducing activities at a Federal facility or installation if such reduction is certified by the Administrator, after consultation with the Secretary of Labor, as a reduction which is causing or is likely to cause serious economic or social disruption, including substantial unemployment, within the immediate or general vicinity of such facility or installation.

"(E) Any conveyance of property under this paragraph shall be made only after the Secretary of Commerce notifies the Administrator that he (i) has received and approved a plan submitted by a State or subdivision thereof within which property available under subparagraph (D) is located, or by an agency or instrumentality of such State or subdivision, containing such information and assurances as the Secretary shall by regulation require to assure utilization of such property for an economic development program, and (ii) has determined that the attempt to dispose of such property at the estimated fair market value by the Administrator would prevent, discourage, or seriously delay the use of such property for economically and socially productive purposes.

"(F) The Administrator shall, prior to making any transfer under this paragraph, transmit an explanatory statement to the appropriate committees of the Congress as to the circumstances of each such transfer. Each such statement shall be transmitted to the committees in advance of such disposal and a copy thereof preserved in the files of the Administrator."; and

(3) by striking out subparagraph (D) of paragraphs (1) and (2) and subparagraph (C) of paragraph (3), and by adding at the end of the paragraph redesignated (by paragraph (2) hereof) as paragraph (5) the following new paragraph:

"(6) As used in this subsection, the term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.".

(b) Section 203(o) of such Act (40 U.S.C. 484(o)) is amended—

(1) by inserting after "subsection (j)" the following: "or with respect to real property disposed of under paragraph (3) or (4) of subsection (k)"; and

(2) by inserting immediately before "subsection (k)" the following: "paragraph (1) or (2) of".●

By MR. MATHIAS:

S. 2963. A bill to provide financial assistance to State educational agencies to help control violence in the schools of local educational agencies, and for other purposes; to the Committee on Human Resources.

SAFE SCHOOLS ACT

● Mr. MATHIAS. Mr. President, if our cities are to survive we must make them livable for families. That means they must have safe schools and good schools.

Violence and disruption are the No. 1 problem in American schools. Urban schools suffer disproportionately, according to the recent comprehensive study conducted by the National Institute of Education titled "Violent Schools—Safe Schools, the Safe School Study Report to the Congress." That report declared:

Urban schools tend to have higher crime rates than those in other areas, and with few exceptions, security devices, security personnel, and disciplinary procedures are most heavily concentrated in urban schools, especially in the largest cities. Yet the principals in these schools are much more likely than those in other areas to report that they receive little or no support from their school boards and central administrations in the handling of discipline problems. These findings suggest a reliance on technical measures not adequately supported by political leadership. In the absence of effective school governance, which such leadership can help to provide, reliance on technical measures can result in a continuing battle between disaffected students and beleaguered security forces, each trying to outwit the other.

This report reconfirms what I have been told over and over again by schoolteachers, principals, and local administrators with whom I have spoken in the past few years. We need to make urban schools safe in order to make them effecective and we have to reinforce the efforts of local schools to use compassion and understanding, as well as solid leadership, in order to get at the violence problem.

I am introducing, as a critical part of my program for cities, a bill which uses all we have learned and all the experience of local educators to eliminate the need for barred windows and security guards in city schools. It will provide money to schools depending on the extent of their violence problem. It will concentrate the money where it is most needed. It will draw on the experience of all our Federal model programs, making permanent those which have had the greatest success. It will take the advice of local administrators and teachers as to which programs were most successful. It will draw on the findings of the NIE study, which takes a sober and balanced look at the incidence of violence, the victims, and the offenders offers usable explanations, and draws important conclusions.

This report concludes that no single cause has given rise to the increase in violence. We cannot blame it on excessive permissiveness alone, or racial tension alone, or academic failure or economic disadvantages or even television. We can blame it on all of those things to a degree, as well as on some other things we have not been thinking about so clearly like ineffective school administration, teachers who do not relate lessons to their students' emerging values, and an absence of clearly defined norms for discipline. Other causes are difficult to identify, but derive in large part from impersonality of our cities, our vagabond ways, and the predictable failure of mass education to allow for eccentricity, diversity and human flaws. We should do all we can to try to eliminate such failures, but right now we have to meet head-on the fact that violence in our schools is disrupting the education of all students—not just those who for whatever reason are the cause of the problem.

The school administrators in Maryland have indicated to me what they

feel is the logical focal point in this syndrome—the offenders. Violent incidents are obviously not caused by all students. There is an isolated number of students that the experts call chronically maladjusted. They are responsible for the bulk of the problem. They are identified early, usually before they reach junior high school, and consistently run into difficulty with their fellow students, the teachers and the school administration. The principals and teachers with whom I have spoken feel that the students who are suspended more than one time are responsible for the bulk of the breaches of discipline.

Before rushing off pellmell in an effort to reach those chronic offenders, we must consider the experience of the teachers and principals in dealing with those students. They tell me that they can be "reached" with attention, compassion, and firm, yet reasonable discipline. The frustration enters when they recognize the antidote, but lack the wherewithal to apply it. In some cases, the teachers teach large classes and cannot devote enough time to the student with a disciplinary failing. In other cases, they may be inadequately trained for the task.

The administrators have had experience with short-lived programs that were extremely successful, but were not sustained because of a lack of funds. They believe that no single program could solve all these cases, but that they have seen enough of a variety of programs in force at one time or another, that could handle most of the chronically maladjusted students. They feel that permanent approaches to the problem, sufficiently supported over the long haul, could eliminate the crisis.

For example, in the Baltimore school system they have tried peer counseling with great success. They have learned that more permanent adult counselors would provide further help for these students. They have had success with highly disciplined classes at low student-teacher ratios. The problem is that they can never sustain these successes on a broad front, because the experimental programs end prematurely.

I am introducing today the Safe Schools Act of 1978 which is designed to supply the States with enough money to establish a continuing and broad-range of programs designed to address the problem. In order to be granted money for this purpose, the States will be required to establish permanent programs, and they will be required to match the funds on a 50–50 ratio. The amount of money they receive will be based on a count of the chronically maladjusted students identified within the system and served by a program. In order to guard against abuse, the Secretary of Health, Education, and Welfare will be mandated to arrive at a definition of "chronically maladjusted" for purposes of the bill. He will rely on policy guidelines that isolate these students by repeated suspensions as a result of violence or other gross breaches of discipline.

The purpose of this bill is to offer all students the environment they need as individuals to become productive and participating members of the school communities. If they do so in school, they will have a good chance of doing so in life. Programs must be based on the best and latest educational research. To emphasize this approach, my bill would require that no unnecessary use of individual names be used in the counting and verification of spending. The bill requires that all individual records referring to these students be destroyed when the student leaves either the program or the school system which counted him. No record can follow the student from school to school or from school to a job.

In addition, the Office of Civil Rights is mandated to follow this scheme closely to insure adherence to individual civil rights and liberties.

We have tried many oblique approaches to this problem in the past—programs for the disadvantaged and for the learning disabled, programs to teach racial harmony and to establish elaborate security measures. I think that the missing piece to this puzzle can be provided with this bill to reach the offenders directly. They are, in fact, the real victims of violence and disruption in schools, for they never learn to cope with the social pressures that lead them to this end.

I have suggested that $50 million be authorized for this purpose. This is a relatively modest sum, but I believe that it need not be an expensive proposition. The important thing is that the money be clearly directed to this one purpose and that it sustain approaches which will become an integral and ongoing part of the schools across the Nation.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2963

Be is enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Safe Schools Act".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to provide financial assistance to State educational agencies in order to enable local educational agencies to provide services and activities to chronically maladjusted students and thereby reduce the incidence of violence in the schools of local educational agencies.

DEFINITIONS

SEC. 3. As used in this Act—

(1) The term "Commissioner" means the Commissioner of Education.

(2) The term "chronically maladjusted student" means any child who—

(A) has attained 5 years of age but not 18 years of age;

(B) is enrolled in a school providing elementary or secondary education of a local educational agency; and

(C)(1) has committed more than one violent act while in attendance at a school of such agency; or

(ii) has consistently committed violations of discipline resulting in more than one suspension from a school of such agency.

(3) The term "elementary school" means a day or residential school which provides elementary education, as determined under State law.

(4) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools of a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as recognized in a State as an administrative agency for its public elementary or secondary schools. Such term also includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

(5) The term "secondary school" means a day or residential school which provides secondary education, as determined under State law.

(6) The term "State" includes in addition to the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(7) The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary or secondary schools, or if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

AUTHORIZATION

SEC. 4. (a) The Commissioner shall, in accordance with the provisions of this Act, make payments to State educational agencies for the fiscal year 1979 and for each of the four succeeding fiscal years in order to enable local educational agencies of each such State to provide services and activities designed to rehabilitate chronically maladjusted students in the schools of the local educational agencies.

(b) There are authorized to be appropriated $200,000,000 for the fiscal year 1979, and for each of the four succeeding fiscal years, to carry out the provisions of this Act.

ALLOTMENT OF FUNDS

SEC. 5. (a) (1) From the funds appropriated pursuant to section 4, the Commissioner shall allot not more than 1 per centum among Guam, American Samoa, the Virgin Islands and the Trust Territory of the Pacific Islands according to their respective needs.

(2) From the remainder of such funds the Commissioner shall allot to each State an amount which bears the same ratio to such remainder as the number of chronically maladjusted students enrolled in the schools of the local educational agencies in that State in the fiscal year preceding the fiscal year for which the determination is made bears to the number of such students in all States. For the purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(3) (A) Not later than —— days after the date of enactment of this Act, the Commissioner shall prepare and publish criteria to be used by local educational agencies in each State to determine the number of chronically maladjusted students in the schools of such agencies for the purpose of this Act.

(B) The provisions of section 431 of the General Education Provisions Act shall not apply to the criteria established under subparagraph (A) of this paragraph.

(b) The portion of any State's allotment under subsection (a) for a fiscal year which the Commissioner determines will not be required, for the period such allotment is available, for carrying out the purposes of this Act shall be available for reallotment from time to time on such date during such period as the Commissioner may fix, to other States in proportion to the original allotment to such States under subsection (a) for such year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum which the Commissioner estimates will be

needed in such State and will be used for such period for carrying out applications approved under this Act, and the total of such reduction shall be similarly reallotted among the States whose proportionate amounts are not so reduced. Any amount reallotted to a State under this subsection during a year shall be deemed part of its allotment under subsection (a) for such year.

USE OF FUNDS

SEC. 6. (a) Payments under this Act to any State may be used by local educational agencies of the States only for services and activities designed to rehabilitate chronically maladjusted students in the schools of such agencies.

(b)(1) No payment may be made under this Act unless at least two of each three programs of services and activities referred to in subsection (a) to be carried out by each local educational agency in that State are contained in the list required to be prepared by paragraph (2) of this subsection.

(2)(A) The Commissioner shall prepare and publish, as soon as possible after the date of enactment of this Act, a list of programs of services and activities which show great promise of rehabilitating chronically maladjusted students, based upon studies, surveys and research conducted by the Office of Education or the National Institute of Education. The Commissioner shall revise the list required by this subparagraph annually, and shall give special attention to new studies, surveys, and research as well as experience with programs assisted under this Act.

(B) The provisions of section 431 of the General Education Provisions Act shall not apply to the requirement set forth in subparagraph (A) of this paragraph.

ASSURANCES FROM STATES

SEC. 7. (a) Any State desiring to participate in the program authorized by this Act shall submit through its State educational agency to the Commissioner an application, in such detail as the Commissioner deems necessary. Each such application shall provide satisfactory assurance—

(1) that payments made under this Act will be used only for programs of services and activities which are in accordance with the provisions of section 6;

(2) that the determination of the number of chronically maladjusted students for each local educational agency within the State conforms to the criteria established by the Commissioner under section 5(a)(3);

(3) that such fiscal control and fund accounting procedures will be adopted as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the State (including such funds paid by the State to local aducational agencies) under this Act; and

(4) that the State educational agency will make to the Commissioner such reasonable reports as may be necessary to enable the Commissioner to perform his duties under this Act (including such reports as the Commissioner may require to determine the amounts which local educational agencies of that State are to receive for any fiscal year), and assurance that such agency will keep such records and afford such access thereto as the Commissioner may find reasonably necessary to assure the correctness and verification of such reports.

(b) The Commissioner shall approve an application which meets the requirements of subsection (a), and he shall not finally disapprove an application except after reasonable notice and opportunity for a hearing to the State educational agency.

APPLICATIONS

SEC. 8. (a) A local educational agency may receive a payment under this Act for any fiscal year only upon an application therefor approved by the appropriate State educational agency upon its determination (consistent with criteria established by the Commissioner) that—

(1) the payments made under this Act will be used solely for programs of services and activities designed to rehabilitate chronically maladjusted students in accordance with the provisions of section 6;

(2) the programs assisted under this Act will be conducted at the schools of the local educational agency for a period of at least four years;

(3) each student who is counted for the purpose of the determination under section 5(a)(2) is to be served in one of the programs assisted under this Act;

(4) the local educational agency will employ every means available to protect the privacy of individual chronically maladjusted students, and their families;

(5) the local educational agency will pay from non-Federal sources the remaining costs of carrying out the application;

(6) the local educational agency will, in using assistance provided by this Act, conduct any such program of services or activities in cooperation with the families of the chronically maladjusted students to be served;

(7) effective procedures will be adopted for evaluating the effectiveness of the programs assisted under this Act;

(8) fiscal control and fund accounting procedures will be established as may be necessary to insure the proper disposal of, and accounting for Federal funds paid to the local educational agency under this Act; and

(9) reasonable reports will be furnished in such form and containing such information as may be reasonably necessary, and such record will be kept and access furnished thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

(b) The State educational agency shall not finally disapprove in whole or in part any application for funds under this Act without first affording the local educational agency submitting the application reasonable notice and opportunity for a hearing.

PAYMENTS

SEC. 9. (a)(1) From the amounts allotted to each State under section 5, the Commissioner shall pay to that State an amount equal to the Federal share of the cost of carrying out all applications of local educational agencies within that State approved under section 8.

(2) From the funds paid to it pursuant to paragraph (1), each State educational agency shall distribute to each local educational agency of that State which has an application approved under section 8 the amount equal to the Federal share of the cost of carrying out the approved application.

(b) The Federal share of the cost of carrying out an application of a local educational agency shall be 50 percent for each fiscal year.

(c)(1) The Commissioner is authorized to pay to each State amounts equal to the amounts expended by it for the proper and efficient performance of its duties under this Act (including technical assistance for evaluations), except that the total of such payments in any fiscal year shall not exceed $50,000, or $5,000 in the case of Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands.

(2) There are authorized to be appropriated such sums as may be necesary to carry out the provisions of this subsection.

WITHHOLDING

SEC. 10. Whenever the Commissioner after giving reasonable notice and opportunity for a hearing to any State educational agency, finds that there is a failure to meet the requirements of this Act, the Commissioner shall notify that agency that further payments will not be made to the agency under this Act, or at his discretion that the State educational agency shall not make further payments under this Act to specified local educational agencies (whose actions cause or are involved in such failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied no further payment shall be made to the State educational agency under this Act, or payment by the State educational agency under this Act shall be limited to local educational agencies whose atcions did not cause or were not involved in the failure, as the case may be.

ADMINISTRATION

SEC. 11. Unless otherwise inconsistent with the provisions of this Act, the provisions of the General Education Provisions Act shall apply to the program authorized by this Act.●

By Mr. ANDERSON:

S. 2964. A bill to amend section 5197 of the Revised Statutes to limit the rate of interest a national bank may charge its out of State customers; to the Committee on Banking, Housing, and Urban Affairs.

CREDIT CARD INTEREST RATE PROTECTION ACT

● Mr. ANDERSON. Mr. President, in recent years Americans have become increasingly dependent on the use of credit cards in their personal and business transactions. Credit cards are convenient and simple to use, and make the carrying of large sums of cash unnecessary.

Banks and savings associations generally charge an annual fee for the use of a credit card, and assess a rate of interest on a customer's unpaid balance. The rate of interest allowed is determined by State law, and varies considerably from State to State.

In Minnesota, the legislature has set an interest rate ceiling of 12 percent per annum for credit card issuers. Other States have maximum rates as high as 18 percent. Under current Federal law, an association may charge interest at the rate allowed by the laws of the State, territory or district where the association is located. (12 U.S.C. 85). Specifically, several court decisions have concluded that out-of-State banks may charge Minnesota credit card customers the higher rate allowed by the State where the bank is located.

Mr. President, the result of that is an association in Nebraska, for instance, which allows an 18 percent interest rate, can solicit credit card customers in Minnesota and charge them the higher 18 percent rate. The State legislature of one State can effectively set the interest rate for the entire Nation. It is possible, for example, that a State could set a maximum of 24 percent or more on credit card accounts. Then this high rate could be charged residents of other States who were persuaded to establish credit card accounts with associations in the high rate State.

I do not believe that the congressional intent in regulating national bank interest rates was to allow a credit card provider in one State to charge more than the rate allowed by the customer's State. Rather, the purpose of section 85 of the National Bank Act was to prohibit States from discriminating against national banks in favor of local financial institutions.

Moreover, I believe that the elected representatives of a State should be able to regulate the effective interest rates charged its State residents. With the increasing usage of credit cards, it is important that customers have protection from excessive rates of interest. State regulation assures more direct political control of the interest rate ceiling.

Mr. President, to help alleviate the problem, I am introducing legislation which would prohibit out-of-State associations from charging interest rates on credit card accounts higher than the ceiling in the customer's State. Thus each State will determine the maximum allowable rate of interest for credit card customers who live within its borders.

Mr. President, I ask unanimous consent that the text of S. 2964 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2964

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5197 of the Revised Statutes (12 U.S.C. 85) is amended by adding at the end thereof the following: "Notwithstanding any other provision of this section, an association may not take, receive, reserve, or charge a credit card customer who is a resident of a State other than the State in which the association is located a rate of interest on credit extended by the use of such card which exceeds the rate which a bank organized under the laws of that other State may charge such a customer.".●

By Mr. ANDERSON:

S. 2965. A bill to provide for more equitable distribution among the States of military and civilian personnel of the Department of Defense; to the Committee on Armed Services.

● Mr. ANDERSON. Mr. President, for some time I have been concerned about the disparity in the spending of Federal defense funds among various regions of the Nation. An examination of the current pattern of military base location and Department of Defense employment leads to the conclusion that there is an unwritten, but implicit, policy of geographic discrimination against the Northeast and Midwest regions.

The 16 States of the Northeast-Midwest regions encompass 45 percent of the Nation's population and provide about one-half of the Federal taxes. But, these same States receive less than 10 percent of the military construction budget, have less than 20 percent of the bases, and 16 percent of DOD personnel. It is clear that the Nation's largest employer has been guilty of ignoring the economic contributions and needs of the Northeast-Midwest regions.

Mr. President, the inattention of DOD to the Northeast-Midwest area has a deleterious impact on the military image in the affected States. The inability to see any visible military presence and the resentment engendered by the DOD's prejudice against the Northeast-Midwest damages the public standing of our Defense Establishment. In my judgment, the best interest of the country and the DOD would be to administratively assure a reasonable geographic balance in military installations and personnel. At a minimum, the DOD should have assured that there was at least one major DOD activity in every State. However, such has not been the policy and the DOD is now reaping the fruits of sectional resentments and bitterness resulting from its hostility to the economic fate of the Northeast-Midwest.

Mr. President, the Congress is not institutionally designed to concern itself with executive decisions on base location and personnel assignment. It would be a mistake, I believe, for the Congress to attempt to take major responsibility for deciding where DOD activities will be located.

But, I believe, the Congress can insist that the Department of Defense end its policy of geographic discrimination and that the DOD meet certain minimum goals in assuring equitable geographic treatment.

Mr. President, I am introducing a bill today which deals with this problem. I invite my colleagues to join me in support of a bill that would correct the current imbalance in our national policy on defense expenditures.

S. 2965 states that it is the policy of the Government that there will be an equitable distribution of military and civilian personnel of the DOD among the several States. It requires the DOD to initiate a program to assure that the policy is carried out. The legislation further requires that the Secretary of Defense establish a goal of permanently assigning a combined total of at least 1,000 military and civilian personnel of the DOD within each State by not later than September 30, 1988. In meeting this requirement the bill directs that the DOD give first consideration in locating any new or transferred DOD activities to sites within States which do not meet the 1,000 minimum requirement. In addition, the bill prohibits the DOD from reducing total DOD employment in any State below 1,000.

The bill gives the President the opportunity to disregard the requirements of the act if military necessity requires it or if gross economic inefficiency would result from following the act's requirements. But, in such cases the President is required to notify Congress as to the reasons why geographic equity is being disregarded.

S. 2965 requires that geographic equity be a consideration in locating some of the many thousands of DOD activities which are not bound to one type of location by military necessity. With a total military and civilian employment of over two million, the minimal requirements of this bill can easily be achieved.

Mr. President, I request unanimous consent that the text of S. 2965 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2965

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that as a matter of policy the Department of Defense should initiate and carry out a program providing for a more equitable distribution of military and civilian personnel of the Department of Defense among the several States so long as such program is not incompatible with the military missions of the armed forces or will not result in gross economic inefficiency for the Department of Defense.

SEC. 2. On and after the date of enactment of the Act, the Secretary of Defense shall initiate and carry out a program providing for a more equitable distribution of the military and civilian personnel of the Department of Defense among the several States to the extent that the implementation of such program is not incompatible with the military missions of the armed forces or will not result in a gross economic inefficiency on the part of the Department of Defense.

SEC. 3. (a) In carrying out the policy expressed in the first section and the program described in section 2, the Secretary of Defense shall establish a goal of permanently assigning a combined total of at least 1,000 military and civilian personnel of the Department of Defense within each State by not later than September 30, 1988. To the maximum extent practicable such goal shall be achieved through transfers and relocations of existing personnel and facilities and not through the establishment of installations which would necessitate an increase in the total number of military and civilian personnel.

(b) Whenever any new program is created or established by the Department of Defense or any existing program or activity of such department is to be relocated, the Secretary of Defense shall locate such new program or relocate such existing program or activity to a State in which there is currently less than a combined total of 1,000 military and civilian personnel of the Department of Defense. If the Secretary of Defense determines that the location of any such new program in, or the relocation of any such existing program or activity to, a State in which there is currently less than a combined total of 1,000 military and civilian personnel of the Department of Defense is inadvisable because of military necessity or because such action would result in gross economic inefficiency, the Secretary may locate such program or activity elsewhere, but only if the President notifies the Congress in writing of the military necessity or the gross economic inefficiency which makes the location of the program or activity in such States inadvisable.

SEC. 4. In no case may the total combined number of military and civilian personnel of the Department of Defense permanently assigned or employed in any State be reduced (1) below 1,000, or (2) below the then current total, permanently assigned or employed in such State by the Department of Defense if such total is less than 1,000, unless the President notifies the Congress in writing that such reduction is necessary because of military necessity or is necessary in order to avoid gross economic inefficiency. The foregoing shall not prohibit (A) temporary reductions of percent or less in the number of personnel at any location, or (B) any permanent reduction of less than 10 percent in the number of personnel when a reduction is necessary for good management purposes.

SEC. 5. As used in this Act, the term State includes the District of Columbia.●

By Mr. ANDERSON:

S. 2966. A bill to amend the Internal Revenue Code of 1954 to increase the investment tax credit for qualified farm property to 15 percent, effective as of January 1, 1976; to the Committee on Finance.

AGRICULTURE INVESTMENT TAX CREDIT

● Mr. ANDERSON. Mr. President, for the last few months the Halls of Congress have been filled with dedicated and concerned family farmers attempting to find an open ear to listen to their problems as well as to their suggestions about what our Government might do to help solve those problems. Due to ever-increasing costs of production and drastically low prices for the goods they produce, many of our family farmers are faced with bankruptcy and shattered dreams in the months ahead.

I believe America's family farmers found the open ear they were looking for in the U.S. Senate. As a result of numerous meetings with farmers and hearings on the many problems within our Nation's agricultural economy, this body passed a very good emergency farm bill designed to raise crop prices to a reasonable level, reduce the temporary surplus, and give our family farmers the hope they needed to pull through this year and carry on their tradition of abundant production of food and fiber in the years ahead. I am very disappointed in the vote by the House of Representatives that defeated the emergency farm bill. I think the family farmer has been shortchanged in terms of price and feel the Senate bill was a realistic effort to give them a better price.

The very fact that the Senate recognized the need for emergency farm legislation has taught all of us a very valuable lesson. Our Nation must reevaluate its long-term farm policy. We must develop and initiate a program aimed at creating stability in America's agricultural industry. This change is needed not only to assure the future of the family farm, but also to guarantee the American consumer the food and fiber he wants and needs at a reasonable price.

The legislation I am introducing today should be an integral part of any long-term farm policy. This bill amends the Internal Revenue Code of 1954 to allow for an increase in the investment tax credit for qualified farm property from 10 to 15 percent.

Under the present law, an investment credit is made available for most types of property used in a trade or business, including the business of farming. This investment credit allows a farmer to recover, through reduced tax liability, a percentage of his equipment and other property used in his farming business. The increased rate which my bill calls for would be available for equipment and qualifying property placed in service for farming purposes including agriculture, horticulture, animal husbandry, and timber-raising activity. This new 15-percent investment credit would be effective for tax years after December 31, 1975.

We have all heard the horror stories of family farmer battles with inflation. This is particularly true for farm machinery and related costs that have skyrocketed in the past 6 or 7 years. The total value of shipments from manufacturers of farm machinery in use in the United States has increased from $2.9 billion in 1970 to $7.5 billion in 1976. The large-capacity combine that cost the farmer $18,000 in 1971 has now more than doubled to over $45,000. Similar stories can be told for the prices of tractors, trucks, and every other piece of equipment necessary for the production of the food and fiber we all depend on.

The legislation I am introducing is designed to help the family farmer win his seemingly unending battle with inflation. My bill is a needed response to the lesson we have all learned in the last few months. The loss of thousands of family farms has been the price we as a nation have paid to learn the value of a stable farm policy. I only wish the price for learning this lesson had not been so dear.

Mr. President, I ask unanimous consent that the text of S. 2966 be printed in the RECORD.

The being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2966

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (2) of section 46(a) of the Internal Revenue Code of 1954 (relating to amount of credit for current taxable year) is amended to read as follows:

"(2) Amount of credit.—

"(A) In general.—The amount of the credit determined under this paragraph for the taxable year shall be an amount equal to the sum of the following percentages of the qualified investment (as determined under subsections (c) and (d));

"(i) the regular percentage, December 31, 1980, an additional percentage (not in excess of one-half of 1 percent) which results in an amount equal to the amount determined under section 301(e) of the Tax Reduction Act of 1975.

This subparagraph shall apply to a corporation only if it meets the requirements of section 301 (d) of the Tax Reduction Act of 1975 and only if it elects (at such times, in such form, and in such manner as the Secretary prescribes) to have this subparagraph apply."

(b) Section 48 of the Internal Revenue Code of 1954 (relating to definitions; special rules) is amended by redesignating subsection (l) as subsection (o) and by inserting after subsection (k) the following new subsections:

"(l) Qualified Farm Property Defined.—For purposes of this subpart, the term 'qualified farm property' means property—

"(1) which is placed in service, primarily for farming purposes, on or in connection with a farm; and

"(2) (A) the construction, reconstruction, or erection of which is completed by the taxpayer after December 31, 1975, or

"(B) which is acquired after such date, if the use of such property by the taxpayer commences after such date.

"(m) Farm; Farming Purposes Defined.—For purposes of this subpart—

"(1) Farm.—The term 'farm' has the meaning given such term by section 6420 (c)(2).

"(2) Farming purposes.—The term 'farming purposes' means any purpose—

"(A) in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity (including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife);

"(B) in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in the unmanufactured state of such commodity;

"(C) in connection with—

"(i) the planting, cultivating, caring for, or cutting of trees, or

"(ii) the preparation (other than milling) of trees for market, incidental to farming operations; or

"(D) in connection with the operation, management, conservation, improvement, or maintenance of a farm and tools and equipment of such farm.

"(n) Application of Certain Transitional Rules.—Where the application of any provision of subsection (1) of this section or subsection (a)(2) or (c)(3) of section 46 is expressed in terms of a period, such provision shall apply only to—

"(1) property to which section 46(d) does not apply, the construction, reconstruction, or erection of which is completed by the taxpayer on or after the first day of such period, but only to the extent of the basis thereof attributable to the construction, reconstruction, or erection during such period.

"(2) property to which section 46(d) does not apply, acquired by the taxpayer during such period and placed in service by the taxpayer during such period, and

"(3) property to which section 46(d) applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d) of section 46) with respect to qualified progress expenditures made during such period."

(c) Subparagraph (A) of section 46(c)(3) of the Internal Revenue Code of 1954 (relating to public utility property) is amended to read as follows:

"(A) For the period beginning on January 1, 1981, in the case of any property which is public utility property, the amount of the qualified investment shall be 4/7ths of the amount determined under paragraph (1)."

(d) The amendments made by this section shall apply to taxable years ending after December 31, 1975.●

By Mr. CHILES:

S. 2967. A bill to amend the Older Americans Act of 1965 to provide support for development of comprehensive systems of community long-term care, and for other purposes; to the Committee on Human Resources.

SPECIAL PROJECTS IN LONG-TERM CARE

● Mr. CHILES. Mr. President, today I am introducing a bill to amend the Older Americans Act of 1965 to provide support for development of special projects in comprehensive long-term care, to mandate a national study of manpower needs in community-based long-term care, and to strengthen the role of the Administration on Aging in the development of long-term care policy.

The bill would provide a special authorization for community long-term care projects, with an emphasis on the development of broad-range coordinated continuums of care.

Too often noninstitutional long-term care services are available only on a piecemeal basis: Skilled home nursing may be available, but not equally needed maintenance support, such as homemaker or chore services. Or perhaps, after a period of illness or hospitalization, an older American living with relatives may simply need a place to spend time during the day while children are at work and grandchildren are in school—or could manage at home with a midday meal delivered by someone who

could also check to make sure there were no problems.

There are now a number of different funding sources for the individual services which can make up a broad-based continuum of care, although they are not as widespread as they need to be to fully meet the need. The needed services are not often all present in the same community, however. If they are in place, they are rarely fully coordinated with each other so that support needed by a single person at different times can be efficiently determined and met.

The bill I am offering today would greatly expand the capabilities of State governments to move ahead and focus attention on a consolidated approach to community long term care.

The bill would also offer incentives to States to direct attention to the development of adequate standards for home care, an area which testimony before the Special Committee on Aging has indicated is of primary importance.

I was pleased to note, just last week, that the Health Care Financing Administration announced the availability of $6 million to fund 1-year planning grants for research including some experimental projects to test alternative systems of long term care.

A commitment to do this was made by the Health Care Financing Administration during recent Committee on Aging hearings, and I am glad to see that some money is being made available. The amount available for this important research, however, will not allow the widespread attention which must be given to long term care development by States now. Nor is it directed toward development of operational programs.

The bill I introduce today would provide this needed emphasis, including both program development and training of service personnel, and would supplement and complement the activities of the Health Care Financing Administration.

It is my intention that it would also encourage closer working relationships between the Administration on Aging and the health divisions within the Department of Health, Education, and Welfare, as the Commissioner on Aging would be required to seek their involvement in the implementation of this provision.

We need to speed up the process of developing genuine, community-based care and support systems for older Americans. Enacting this bill as an amendment to the Older Americans Act this year will accomplish this goal, and I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2967

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. That section 101(8) of the Older Americans Act of 1965 (hereinafter referred to as "the Act") is amended by inserting after "provide" the following: "a choice in supported living arrangements and".

SEC. 2. Section 202 of the Act is amended by redesignating subsection (b), and all references thereto, as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) In order to strengthen the involvement of the Administration on Aging in the development of policy alternatives in long-term care and insure that the development of community alternatives are given priority attention, the Commissioner shall—

"(1) develop planning linkages with local health systems agencies (as defined under the National Health Planning and Resources Development Act of 1974),

"(2) participate in all interdepartmental activities which concern issues of institutional and non-institutional long-term care services development; and

"(3) review and comment on all departmental regulations and policies regarding community health and social service development for the elderly."

Sec. 3. Section 205 of the Act is amended by adding at the end thereof the following new subsection:

"(j) The Council shall undertake a special study to make a full assessment of the adequacy of current manpower supplies and training in the non-institutional long-term care field and the adequacy of current programs in the non-institutional long-term care field. The Council shall recommend to the Congress, within 2 years after the date of enactment of this subsection, goals to be met to meet manpower needs and program development in the non-institutional long-term care field.".

SEC. 4. Title III of the Act is amended by adding at the end thereof the following new section:

"SPECIAL PROJECTS IN COMPREHENSIVE LONG-TERM CARE

"SEC 310. (a)(1) The Commissioner is authorized to make grants to selected State agencies designated under section 304(a)(1), selected area agencies on aging designated under section 304(a)(2)(A), and other public agencies and private nonprofit organizations, associations, and groups to support the development of comprehensive, coordinated systems of community long-term care for older persons.

"(2) A grant under this section may be made to pay part or all of the estimated cost of a program (including start-up cost) for a period of not more than three years, except that no funds may be used to pay for direct services which are eligible for reimbursement under title XVIII, title XIX, or title XX of the Social Security Act.

"(3) A grant made under this section shall be used for the development of programs which provide a full continuum of services designed to support alternatives to institutional living, such services may include but are not limited to—

"(A) adult day health;

"(B) individual assessment of need, service plan development, monitoring and evaluation of service effectiveness;

"(C) supported living in public and private, nonprofit housing;

"(D) family respite services;

"(E) preventive health services;

"(F) home health, homemaker and other rehabilitative and maintenance in-home services;

"(G) geriatric health maintenance organizations; and

"(H) other services which the Commissioner determines are appropriate.

"(4) A grant under this section may be used to encourage the development of manpower training programs designed to further the purposes described in paragraph (3).

"(b)(1) In making grants under this section preference shall be given to applicants which demonstrate that (A) adequate State standards have been developed to ensure the quality of services provided; (B) the State has made a commitment to carry out the program assisted under this section with the State agency responsible for the administration of title XIX of the Social Security Act or title XX of the Social Security Act, or both such agencies; and (C) the State will develop plans to finance from non-Federal funds the comprehensive program assisted under this section.

"(2) State agencies assisted under this section shall establish procedures for evaluating the program assisted under this section, with respect to the benefits accruing to persons receiving assistance, the feasibility of the administrative model used for comprehensive coordination of services, and the comparative costs of services provided.

"(c) The Commissioner shall seek to involve appropriate Federal departments and agencies in carrying out the provisions of this section and shall report to Congress annually on the impact of grants made, on the experiences of grantees in meeting the requirements of this section, and on the comparative benefits and costs of projects assisted under this section.

"(d) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section for each fiscal year ending prior to October 1, 1981.".●

By Mr. CLARK (for himself, Mr. MORGAN and Mr. CULVER):

S. 2968. A bill to strengthen the economy of the United States through increased sales abroad of American farm products; to the Committee on Agriculture, Nutrition, and Forestry.

AGRICULTURE EXPORT EXPANSION ACT OF 1978

● Mr. CLARK. Mr. President, today I am introducing the Agricultural Export Expansion Act of 1978. Its purpose is to strengthen our national economy, and our farm economy, by strengthening our farm exports.

Basically, this bill would do four things. It would authorize the establishment of up to 25 overseas agricultural trade offices; provide intermediate 3 to 10 year credit for purchasers of U.S. commodities and for construction of facilities to handle imports of commodities; establish a new position of Under Secretary of Agriculture in the U.S. Department of Agriculture; and upgrade certain positions of U.S. diplomatic missions from their current rank of agricultural attache to agricultural counsellor.

Mr. President, since 1973 a series of changes in economic circumstances both in the United States and around the world have converted U.S. agriculture to an export oriented industry. We depend on foreign markets for more than half of our soybean production; half of our wheat; and a quarter of our corn. And, we depend on the $22 to $23 billion in foreign exchange our agricultural exports bring in.

Our current policy is designed to keep our products competitive in foreign markets, and this is extremely important. However, partly because we did not consciously design our current commitment to an export oriented agricultural policy, our system of efforts to maintain and increase our overseas markets has not kept pace. It is important that we systematically expand those efforts in order to strengthen and build our long term export markets.

Each of the four parts of the bill I am

introducing here today would help meet that goal.

I believe the intermediate credit provisions of the bill are the most important additions to the current program. We have short term (up to 3 years) commercial credits available from CCC at market rates. And, we have very long term credit under Public Law 480 that permits repayment over a 10 to 40 year period. However, for those purchasers who need somewhat better terms than the current 3 year CCC loans, but who do not need or who cannot qualify for the concessional sales provisions under Public Law 480 long term programs, there is now no adequate source of credit.

Similarly, many countries that are potential markets for U.S. exports do not have adequate facilities to handle or store these products. In many cases, these countries lack adequate credit to permit the construction of such facilities.

It is impossible to know how much credit is needed under this program, or exactly what the cost would be. The program would operate through the existing structure of CCC. The new authorities would permit loans, and Congress would reimburse CCC after the loans were made. The loans would be at commercial rates of interest, and would be repaid.

The level of loan activity under the program would depend on a number of factors, including the price of grain, and the availability of grain both here and in importing countries. USDA estimates outlays under this program at approximately $100 million per year.

The second feature of this bill is to establish U.S. agricultural trade offices in a number of countries. We now have one such office, in London. In the typical setting in the U.S. diplomatic mission abroad, the management of U.S. market development activities is but one of a large number of responsibilities agricultural attachés must carry out. They now work from their U.S. Embassy offices. Because the attachés' attention must be divided and because cooperators and private trade representatives cannot conduct business on the same premises as the attaches, coordination and consolidation of activities are greatly hindered. Furthermore, many nonresident exporters are discouraged by the lack of facilities and services at their disposal for market development activities.

This bill would permit trade offices to be located outside embassies. They would be headed by an assistant agricultural attaché and staffed by local national for professional and clerical help.

The offices would provide the data for use by the strategic planning activities needed for formulate long term market development programs and policies. They would be responsible for the implementation and coordination of all USDA export market promotion activities within each country. They would assist visiting U.S. business representatives and nonresident cooperator personnel in their market development efforts, and would provide guidance on the use of Public Law 480 as a development tool for U.S. agricultural markets.

These offices would also provide assistance for exhibits, sales teams, the Trade Opportunity Referral System and assist in developing the industry support for removing trade barriers that inhibit U.S. agricultural exports.

Twenty-five such offices would be authorized by this bill. USDA estimates that a gradual expansion would lead to the development of some 17 such offices during the first 5 years of the program's operation. The operation of 17 offices would require an additional $3.5 million and 56 staff.

This bill has two additional sections. One would upgrade the current position of Assistant Secretary of Agriculture for International Affairs and Commodity Programs to Under Secretary. The second would upgrade the position of the officials attached to the diplomatic missions of the United States from "Attache" to "Counsellor".

These are technical changes in structure, but they are important in making this program more visible, and in making it work better.

The current assistant Secretary of Agriculture for International Affairs and Commodity Programs not only manages programs responsible for more than $10 billion dollars, but he must negotiate constantly with officials of the Department of State and with officials of other Governments with regard to the operation of our agricultural programs. He is constantly dealing with U.S. officials with Under Secretary rank. This places him at a considerable disadvantage in his negotiations, and it reduces the status of the agricultural programs he manages in the view of those departments, and in the view of other countries. This discrepancy in rank should be changed to give the representative of agriculture equal status with those with whom he deals.

A similar situation occurs in the U.S. diplomatic missions. The rank of attache is too low to permit agricultural representatives access to many of the meetings and functions they need to attend. It significantly reduces the effectiveness of these representatives. Increasing the status of these officials should help upgrade our program of expanding agricultural exports, and make it more visible both here and abroad.

Mr. President, I have no illusions that these programs changes would remove our problems in our export markets. They would not. They are mainly technical things to make our system of export activities work better. They are not costly, and would far more than pay for themselves over the long run. I hope my colleagues in the Senate will join me in support of this bill.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2968

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Export Expansion Act of 1978."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress in order to assist in raising farm income, to create a more favorable balance of trade, and to promote the general economic welfare, that the United States Government, in concert with private enterprise, engage in a systematic effort to expand international markets for American farm products. To achieve this purpose, there is herein authorized explicit machinery for the development and implementation of such agricultural policies and programs.

TITLE I—ESTABLISHMENT OF UNITED STATES AGRICULTURAL TRADE OFFICES

SEC. 101. The Congress finds and declares that United States Government assistance for foreign market development for agricultural commodities is declining in real terms and in relation to total agricultural exports, that other major agricultural exporting nations are winning new markets through aggressive market development programs larger in scope than those of the United States, and that the economic strength of American agriculture depends on developing, maintaining, and expanding international markets for United States agricultural commodities. It is the policy of Congress that existing foreign market development programs should be carefully and periodically reviewed for their cost effectiveness and that no new demands should be made on the United States Treasury unless it can be shown that the benefits from such increased spending will be reasonable in relation to the costs to the American taxpayer.

SEC. 102. To carry out the purposes of this title, the Agricultural Act of 1954 is amended by adding the following new title:

"TITLE VIII—UNITED STATES AGRICULTURAL TRADE OFFICES

"SEC. 801. (a) For the purpose of developing, maintaining, and expanding international markets for United States agricultural commodities, the Secretary of Agriculture is authorized and directed to establish abroad not fewer than six nor more than twenty-five United States Agricultural Trade Offices.

"(b) Each Office shall be directed and administered by a United States Agricultural Trade Officer who shall be a person who by reason of training, experience, and attainments is exceptionally qualified to carry out the purposes of this title.

"(c) Each Agricultural Trade Officer may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that each Agricultural Trade Officer may not be paid basic pay at a rate in excess of the maximum annual rate of basic pay then payable for GS–17 of the General Schedule under section 5332 of such title.

"(d) Each Trade Officer shall perform such functions, powers, and duties relating to foreign market development as may be delegated from time to time by the Secretary of Agriculture and the Administrator of the Foreign Agricultural Service and shall report directly to the Agricultural Counselor or other senior representative of the Secretary of Agriculture in the country or countries of concern or to such other person as the Administrator may designate.

"(e) The Secretary of Agriculture is authorized to appoint such other personnel as he determines to be necessary, and may employ local nationals for the professional and clerical help necessary to carry out the duties of the Office.

"(f) Each Agricultural Trade Officer shall be responsible for the exercise of the powers and the discharge of the duties of the Office, and shall have the authority to direct and supervise all personnel and activities thereof subject to approval of the senior representative of the Secretary of Agriculture in the country or countries of concern and guidance from the Administrator of the Foreign Agricultural Service.

"(g) No employee of the Office while serving in such position may engage in any business, vocation, or other employment or have other interests which are inconsistent with his official responsibilities.

"(h) Upon the request of the Secretary of Agriculture, the Secretary of State shall regularly and officially attach such Officers and personnel to the diplomatic mission of the United States in the country in which such Officers or personnel are to be assigned by the Secretary of Agriculture, and shall obtain for such Officers and personnel diplomatic privileges and immunities equivalent to those enjoyed by Foreign Service personnel of comparable rank and salary.

"SEC. 802. Subject to approval and guidance from the Administrator, Foreign Agricultural Service and the senior representative of the Secretary of Agriculture in the country or countries of concern, the functions of each United States Agricultural Trade Office shall be to—

"(a) in general, increase the effectiveness of agricultural export promotion efforts through consolidation of activities, providing services and facilities for foreign buyers and United States Trade Representatives, and coordination of market development activities sponsored by the Department of Agriculture;

"(b) establish goals by country or region and by commodity for developing, expanding, and maintaining markets for United States agricultural commodities;

"(c) initiate programs to achieve the export marketing goals approved by the Department of Agriculture;

"(d) maintain facilities for use by nonresident cooperators, private trade groups, and other individuals engaged in the import and export of United States agricultural commodities where the use of such facilities would aid in the conducting of market development activities;

"(e) develop and maintain a current listing of trade, government, and other contacts for each commodity area and make available such listing to persons with a bona fide interest in exporting or importing United States agricultural commodities;

"(f) originate and provide assistance for exhibits, sales teams, and other functions for the promotion of United States agricultural commodities;

"(g) under the direction of the General Sales Manager, provide practical assistance for use of Public Law 480, the export credit sales program, the export incentives program, and any other related programs of the United States Government where use of such programs will serve as a market development tool for United States agriculture;

"(h) supervise project agreements with United States cooperators, coordinate the activities of the Office with those of the cooperators, and submit annual recommendations to the Administrator on the efficacy of cooperator programs, including statements as to whether project agreements should be extended, amended, canceled, or allowed to expire;

"(i) publicize the services offered by the Office through advertisements in trade journals or by other appropriate means; and

"(j) perform such other functions as the Secretary determines necessary and proper for carrying out the purposes of this title.

"SEC. 803. (a) In addition to the Offices authorized in section 801 of this Act, the Secretary may establish one such Office in the United States if he determines that doing so would better effectuate the purposes of this title.

"(b) Subject to exceptions made by the Secretary consistent with the purposes of this title, any domestic Office shall operate under the same provisions of law applicable to a foreign Office.

"SEC. 804. Nothing in this title shall be construed to diminish the authority of the Agricultural Counselors established under title VI of this Act.

"SEC. 805. In establishing the United States Agricultural Trade Offices the Secretary is authorized to—

"(a) rent or lease, for periods of less than ten years, such offices, building, grounds, and living quarters as he may deem necessary, and make payments therefor in advance; and

"(b) maintain, improve, and repair properties rented or leased pursuant to authority contained in subsection (a) of this section and furnish fuel, water, and utilities.

"SEC. 806. Offices shall be centrally located in the city of assignment to facilitate foreign trade contacts and foreign trade reliance on the Offices for assistance in marketing activities, but shall not be colocated with a United States Embassy.

"SEC. 807. Upon request made by the Secretary, each Federal agency is authorized and directed to make its services, personnel, and facilities available to the greatest extent within its capability to the Office in the performance of its functions.

"SEC. 808. Agricultural Trade Officers and Agricultural Counselors may, under regulations prescribed by the Secretary, be entitled to a representation allowance in an amount determined by (1) the extent to which an Officer or Counselor can effectively utilize such funds to further the purposes of this title and (2) a level commensurate with representational and promotional efforts by other major agricultural exporting countries competing in markets assigned to the Officer or Counselor.

"SEC. 809. The term 'Agricultural Counselor' as used in this title means the principal Department of Agriculture official appointed and attached to a United States diplomatic mission as provided in title VI of this Act.".

TITLE II—INTERMEDIATE COMMERCIAL CREDIT

SEC. 201. Section 4 of the Food for Peace Act of 1966 (89 Stat. 1538; 7 U.S.C. 1707a) is amended to read as follows:

"SEC. 4. (a) Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by the Commodity Credit Corporation under its Export Credit Sales Program.

"(b) Commodity facilities and Export sales of agricultural commodities for reserve use and long-range purposes out of Commodity Credit Corporation and private stocks on credit terms in excess of three years, but not more than 10 years, may be financed by the Commodity Credit Corporation. The provisions of Public Law 664, Eighty-third Congress, as amended (68 Stat. 832, 46 U.S.C. 1241(b)), shall not apply to sales financed pursuant to this subsection.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corporation annually for its actual costs incurred or to be incurred under programs undertaken under this section.

TITLE III—REORGANIZATION

SEC. 301. The Congress finds and declares that agricultural stabilization and conservation have historically been a central mission of the Department of Agriculture, and the Congress further finds and declares that international affairs have become of increasing importance in the formulation and implementation of United States agricultural policies and to the general well-being of American agriculture, especially with regards to farm prices and exports. Accordingly, it is the policy of the Congress to emphasize the importance of commodity programs and international affairs and to upgrade these functions in the administrative structure of the executive branch.

"SEC. 302. (a) There is hereby established in the Department of Agriculture the position of Under Secretary of Agriculture for International Affairs and Commodity Programs, to be appointed by the President, by and with the advice and consent of the Senate. The Under Secretary of Agriculture for International Affairs and Commodity Programs is authorized to exercise the functions and perform the duties related to foreign agriculture and agricultural stabilization and conservation (described in 7 CFR 2.21 (1977)) and shall perform such other duties as may be required by law or prescribed by the Secretary of Agriculture.

"(b) Section 5314 of title 5 of the United States Code is amended by adding at the end thereof a new paragraph (66) as follows:

"(66) Under Secretary of Agriculture for International Affairs and Commodity Programs."

TITLE IV—AGRICULTURAL COUNSELORS

SEC. 401. The Congress recognizes that the officials of the United States Department of Agriculture attached to the diplomatic missions of the United States play an important role in developing, maintaining, and expanding markets for United States agricultural commodities and that their positions and responsibilities should be upgraded to a level commensurate with the magnitude and importance of the objectives they are assigned to accomplish.

SEC. 402. Title VI of the Agricultural Act of 1954 is amended by—

(a) amending the title to read "AGRICULTURAL COUNSELORS";

(b) changing the word "Attache" in section 602 (b) to "Counselor", adding the language "to be accorded the same rank and privileges of other counselors in the embassy"; and

(c) adding a new section as follows:

SEC. 609. (a) To effectuate the review of the worldwide supply, demand, and price of agricultural commodities and to heighten understanding of problems involved in selling United States agricultural products abroad, each Agricultural Counselor is directed to submit an annual report to the Secretary of Agriculture, who shall transmit such report to the chairman of the Agriculture Committee of the House and the Agriculture, Nutrition, and Forestry Committee of the Senate, detailing the agricultural situation in the country or area to which the Counselor is assigned, and including the following information:

"(1) a summary of the supply, demand, and price of each major agricultural commodity in the country in order to understand long-term and short-term trends in the supply, demand, and price;

"(2) present and projected imports and exports of agricultural commodities;

"(3) unusual patterns, changes or distortions such as those caused by governmental intervention, in connection with the trade and consumption of agricultural commodities in the country;

"(4) trade barriers in the country affecting United States imports;

"(5) a summary of other social, political, and economic factors affecting agricultural trade; and

"(6) other matters that the Secretary considers appropriate in carrying out this section.

"(b) The information in this report shall be periodically compiled on a country-by-country basis, or an area basis where appropriate, organized in a format suitable for a general audience with an interest in foreign agriculture, and made available at a reasonable price to the public.

"(c) Upon request made by the Secretary of Agricultural, each Federal agency is authorized and directed to make its services, personnel, and facilities available to the greatest extent within its capability to the

Counselor in the performance of the Counselor's functions.".

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) The Secretary of Agriculture shall implement the Agricultural Export Trade Act of 1978 as expeditiously as possible consistent with the efficient and effective administration of the programs established under this Act and their integration with related foreign agricultural programs.

(b) The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this Act.

SEC. 502. (a) The Secretary shall provide the funds authorized or required under the provisions of this Act through the Commodity Credit Corporation and other means available to him.

(b) Appropriations made available to carry out foreign agriculture related functions with in the Department of Agriculture shall be available to carry out the provisions of the Agricultural Export Trade Act of 1978.

SEC. 503. No person shall on the ground of sex, age, race, color, religion, handicap, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this Act.

SEC. 504. The Secretary shall transmit to the Congress each year a report which shall include a comprehensive statement of the activities and accomplishments of the Department of Agriculture in developing, maintaining, and expanding foreign markets for United States agricultural commodities.

● Mr. MORGAN. Mr. President, I am pleased to join the senior Senator from Iowa (Mr. CLARK) in offering the Agriculture Export Expansion Act of 1978.

This legislation is of utmost importance both to our farmers and to the Nation.

This much needed legislation will help reverse our serious balance-of-payments difficulties by encouraging the expansion of food and fiber exports by America's farmers.

This body has deliberated, in recent weeks, various bills designed to enhance farm income. These bills deal with the economic problems of farmers in the short run. This legislation takes a much longer look. Hence, it is a welcome complement to an overall effort geared to update our Nation's agricultural policies.

In recent years, our farmers have become more dependent on export markets for strength in farm income. Currently, 1 of 3 acres in grain production is devoted to export markets. Given this fact, it is easy to understand why exports are so important to the economic vitality of American agriculture.

I want to commend Senator CLARK's leadership in offering this very significant legislation. It is my understanding that the Senate Committee on Agriculture, Nutrition, and Forestry will hold hearings on this legislation late this month. I will testify at these hearings to further expand on my reasons for supporting this legislation.

Mr. President, this bill will be very valuable to North Carolina agriculture. In particular, this bill will help North Carolina producers engaged in tobacco, soybean, feed grain, and poultry production. While it is difficult to project the immediate impact of this bill on farm income, it is clear to me that this legislation will have significant influence on the market development policies of this Nation, policies that will play a vital role in the size of farm income at the end of this decade.●

By Mr. CHURCH (for himself, Mr. KENNEDY, Mr. CHILES, Mr. WILLIAMS, Mr. CLARK, Mrs. HUMPHREY, Mr. PELL, Mr. RANDOLPH, Mr. MCINTYRE, Mr. ABOUREZK, Mr. BROOKE, Mr. CANNON, Mr. MARK O. HATFIELD, Mr. BAYH, and Mr. MCGOVERN):

S. 2969. A bill to amend the Older Americans Act of 1965 to provide for improved programs for the elderly, and for other purposes; to the Committee on Human Resources.

OLDER AMERICANS ACT AMENDMENTS OF 1976

● Mr. CHURCH. Mr. President, on behalf of Senators KENNEDY, CHILES, WILLIAMS, CLARK, HUMPHREY, PELL, RANDOLPH, MCINTYRE, ABOUREZK, BROOKE, CANNON, HATFIELD, BAYH, and MCGOVERN, I introduce for appropriate reference the Older Americans Act Amendments of 1978.

The Older Americans Act has served our Nation well. More than 12 years of experience with this legislation have amply demonstrated its value and worth. I think it should be extended and expanded. Our proposal would continue the act for 3 years and make other needed changes.

The Older Americans Act now provides a wide range of services to the elderly through a "network" of State and area agencies on aging, senior centers, nutrition sites, model projects and an employment program. Today 566 area agencies on aging have been established under the title III State and community programs on aging in jurisdiction where 92 percent of the elderly live. These units serve as planners, coordinators, and catalysts in developing comprehensive and coordinated service systems to link up older Americans with the services they need to continue to live independently in their communities. Aged persons now receive numerous services under this system, including transportation, home health care, homemaker services, escort and shopping services, information and referral, outreach, home repair, legal counseling, and others.

Often, older Americans receive these services at community senior centers. Title V provides support for acquiring, renovating and altering facilities to be used as multipurpose senior centers. These centers, which often provide recreational, social, and health services, are focal points within the community. They can also provide a "one-stop" delivery point for older persons.

Another important service is the title VII nutrition program. Title VII provides meals for persons 60 years and older at churches, schools, and other nonprofit settings. In addition, these meal sites provide home-delivered meals to elderly persons who are homebound, but on a very limited basis. The Administration on Aging estimates that approximately 470,000 meals were served daily to elderly persons during fiscal year 1977, with approximately 15 percent of these meals being delivered to homebound persons. These nutrition programs, which exist in about 10,000 sites throughout the country, provide the elderly with more than a meal. They also offer an opportunity for senior citizens to meet and socialize with others.

More than 37,000 persons 55 years and older are employed under the title IX senior community service corps. Title IX provides an opportunity for low-income persons 55 years of age and older to serve their communities while helping themselves. Older Americans work in many capacities, including forestry aides, home health aides, secretaries, assistants in service programs and teachers aides. Title IX has been an extraordinarily effective program which deserves to be continued and expanded substantially.

In addition to the services programs, the Older Americans Act supports training and research efforts in the field of gerontology. Title IV authorizes funding to train persons to work for and with the elderly. These training efforts are concentrated in colleges and universities for career planning and primarily through State and local offices on aging for short-term, inservice training. Competently trained personnel are essential not only to administer the Older Americans Act, but also other programs for the elderly.

Our bill builds upon these programs and authorizes new ones which I think will make the act more effective for the aged.

ELEVATE AOA

First, our proposal would elevate the Administration on Aging by making it directly responsible to the Secretary of HEW. This would enable AOA to have more influence over programs within HEW as well as other Federal programs for the elderly.

FEDERAL COUNCIL ON THE AGING

The Federal Council on the Aging would be strengthened by giving it independent staff to be appointed by its Chairman. In addition, the Commissioner on Aging and the Secretary of HEW would be removed as ex-officio members. These steps would enable the Council to become more of an independent advocate for the elderly, recommending and reacting to proposals separate from an administration's viewpoint.

CONSOLIDATION

The Older Americans Act has now evolved to the point where it is possible to consolidate the services titles—III, V, and VII—into one title, while retaining the separate authorizations for each program. This would help to streamline the act by allowing title III to have one overall administrative structure which would include one State plan on a 2-year cycle, one allotment formula based on the States' 60-and-over population, one State administrative allocation, and one system of channeling all of the new title III authorizations through the State agency and area agency on aging network.

Mr. President, I know there is concern

in the field of aging about making "one program" out of these three existing titles. Our proposal would not do this. Instead, these programs would remain intact as separate sections with separate authorizations. Our bill would simply attempt to enhance the effectiveness and efficiency of the act by requiring the States and area agencies to have one comprehensive plan which would include all of the services provided under the new title III. It would also reduce the administrative and paperwork burdens for State and local personnel. The area agencies would be responsible for monitoring the title III programs. They would still have limited authority to provide services—as exists under present law—only when "necessary to assure an adequate supply of such service."

LEGAL SERVICES—NURSING HOME OMBUDSMAN

Our new title III would also authorize funding for legal services, nursing home ombudsman, and home-delivered meals programs. Model projects under the Older Americans Act have amply demonstrated the value and worth of special legal services and nursing home ombudsman programs for the aged. We do not need any more proof that these programs work. What is needed is a means to convert them from the demonstration stage to an ongoing, permanent program. That is precisely what our bill would do. Specifically, it would incorporate the Kennedy-Church legal services for the elderly bill, S. 2394, as a section under the new comprehensive title III program. Similar action would be taken for creating a statewide ombudsman program.

HOME DELIVERED MEALS

In addition, our proposal would establish a national meals-on-wheels program for the homebound elderly. Many older Americans are placed in a nursing home, simply because other alternatives—which may include a home delivered meal—are not available. Senator McGOVERN and Senator KENNEDY have introduced bills which would authorize earmarked funding for home-delivered meals under the nutrition program. This would permit greater attention to the nutritional needs of the homebound who have often been neglected in the past. This proposal would include similar language.

SENIOR COMMUNITY SERVICE EMPLOYMENT

Our bill would expand the eligibility of the title IX senior community service employment program by allowing individuals with incomes up to 125 percent of the poverty guidelines to participate. The overall emphasis would still be on low-income elderly because their needs are the greatest. But, there are many instances where individuals with incomes slightly above the poverty levels are in as great of need, if not greater. This would give title IX greater flexibility in responding to the needs of older workers.

LIMITED CONSTRUCTION OF SENIOR CENTERS

Our bill would also allow limited construction of senior centers when it is not possible to renovate, alter, or acquire facilities to be used as multipurpose senior centers. The Senate Committee on Aging has conducted extensive hearings in rural areas across the country in recent years. Witnesses emphasized repeatedly that some areas simply do not have facilities which can be acquired or renovated for senior centers purposes. Our bill would allow the State agency on aging to make exceptions for limited construction in these areas. However, the overall emphasis—as it is now—would be directed at acquisition, alteration, and renovation of facilities to enable title V to have a greater impact. I would like to pay special tribute to Senator CLARK, one of the cosponsors of this bill, for his leadership in promoting this provision.

TRAINING

The Older Americans Act has supported training for several years. However, these efforts have often been fragmented and small. Our proposal would require the Administration on Aging to develop a national manpower policy on aging. AA would be required to assess the manpower needs and then take action to fill the documented gaps.

RESEARCH AND EVALUATION

The bill would also seek to sharpen the Administration on Aging's research and program evaluation focus by providing specific directives for a fuller integration of these functions with the direct service and demonstration programs of the act as well as similar programs administered by other agencies.

The bill also provides for increased participation by older Americans themselves in program evaluation.

COMMUNITY LONG-TERM CARE

The 1978 Older Americans Act amendments incorporate a bill introduced by Senator CHILES to advance the state of existing knowledge and experience in developing comprehensive, coordinated, and community-based long-term care services. The Commissioner on Aging would be authorized to provide seed money and demonstration funds for development and operation of local continuums of service for frail older Americans.

Senator CHILES recently chaired hearings for the Committee on Aging on progress made since the 1971 White House Conference on Aging in developing community alternatives in long-term care. We found little progress made since that time. The provisions of this new section are designed to respond to many of the problems described during these hearings. The bill would authorize initial startup money for coordinated systems of long-term-care services, as well as provide incentives for States to participate fully in this new program through title XX and medicaid. It would also provide incentives to insure the development of adequate standards of service for in-home and ambulatory care.

A number of States have already developed innovative administrative and financing arrangements for coordinated long-term-care service programs. Their experience can be of benefit to other States. But incentives are needed to build upon this solid foundation and increase capabilities in this area.

DIRECT FUNDING OF INDIAN TRIBES

Our proposal would establish a new separate title to permit direct funding of federally recognized Indian tribes. Direct funding is available now under limited circumstances, but this provision has never been exercised by the commissioner. Our bill would give Indian tribes the option of receiving funds through the State agency on aging or applying for a direct grant from the commissioner.

Mr. President, the Indian tribes of this country have a unique relationship with the Federal Government. Our proposal recognizes this relationship. Several Federal programs—such as the Comprehensive Employment and Training Act, revenue sharing, Indian health services and others—now provide direct funding to Indian tribes.

WHITE HOUSE CONFERENCE ON AGING

Finally, our bill includes authorization for a White House Conference on Aging in 1981. Earlier conferences, held in 1961 and 1971, produced landmark legislative achievements for the aged, including medicare, the Older Americans Act, Age Discrimination in Employment Act, the nutrition program for the elderly, and several social security increases. A 1981 conference is needed to continue this momentum and provide a means to develop a long-awaited national policy on aging.

Mr. President, every Member of this body, I am sure, is aware of the "graying" of our population. We are reminded daily of the shift in population. We must respond to these demographic changes and provide a comprehensive service system for our elderly. I think that the Older Americans Act Amendments of 1978 can help to lead us in that direction.●

● Mr. KENNEDY. Mr. President, I am pleased to join with Senator CHURCH, the distinguished and dedicated Chairman of the Special Committee on Aging, in sponsoring the Older Americans Comprehensive Amendments of 1978, along with several other of my distinguished colleagues.

The Older Americans Act attempts to achieve for the older people of this nation the health, honor and dignity to which they are entitled. It is an act which is meant to help provide for the elder people of this country the nutrition, transportation, community employment and legal services that they need.

Mr. President, the people who are the direct beneficiaries of this act are the people who built the factories, the cities and the schools of this country. They are the people who fought the wars of this country. And they are the people whose taxes have allowed us the freedom to build the kind of society that we want to have. So, finally, this is an act which allows us to say to ourselves that we understand the debt that we owe to those who have built this country for us, and to begin to make good on it.

This act was first passed in 1965. In 1966, it had an appropriation of $6.5 million. This year, it has an appropriation of over $500 million. There are now 562 area agencies on aging, 833 nutrition programs for the elderly and 1,000 multi-

purpose centers. Over 90 percent of the eligible population is now covered by an area agency. Some 11,500,000 people a year use Older American Act services, over a third of all who are over 60 years old.

The reasons for this growth are clear: These are vital services, and they are being delivered effectively.

Mr. President, I believe that the bill which we are introducing today will provide for even more effective delivery of those services; and I believe that this bill accentuates the kinds of services which need greater support.

I would like to highlight three of the provisions which are included in this bill:

First, part C, subpart I of title III continues a separate authorization for the nutrition program for the elderly. Currently title VII, this is a program with which we are all very familiar. Since its inception in 1972, we have watched it progress to today's extensive program, which includes projects in every State. Over 800 projects serve over 450,000 meals daily to elderly recipients. Title VII is more than just a hot meal program for the elderly. It also provides a place for the elderly to meet and talk with others. In some cases, this socialization function is as important as the meal itself. Title VII project directors have made this point emphatically. They have described the friendships, even marriages, resulting from interaction among participants. Many older Americans have become volunteers, cooks, transportation assistants, and outreach workers after becoming involved with this program.

Every Senator who has visited nutrition projects throughout their State, as I have done so often, has seen their worth and impact on the elderly and the communities. We believe that the nutrition program is too vital to risk with undirected authorizations and appropriations. This program must be expanded for the sake of the people who are now waiting for their sustenance, but for whom there is no room.

Subpart II of part C establishes home-delivered nutrition services.

The history of title VII indicates that unless there is a separate authorization for home-delivered meals, the homebound who perhaps need services more than anyone else would not be cared for and assisted to their degree of need. In many instances elderly Americans have to be institutionalized primarily because there is a lack of consistent nutritious meals available to them.

It is estimated that there are currently 3 to 4 million elderly who are confined to their homes and unable to participate in present Government nutrition programs. Many of these elderly citizens suffer from a high level of anemia, mental depression and protein deficiency as well as high rates of illness and long-term institutionalization.

The act calls for the establishment of a separate "Meals on Wheels" program which would for the first time recognize the degree of need of the homebound elderly.

Third, part E of title III establishes a separate legal and ombudsman services provision. Legal and ombudsman services are essential to the elderly. We need to set up separate authorizations for these programs, since they might not otherwise be properly funded. The legal services will reach out to those elderly poor who are not reached today by the Legal Services Corporation because of the Corporation's funding limit. Importantly, it will reach out as well toward those elderly who live on limited sources of income, such as social security, which sources may barely exceed Legal Services Corporation standards but which still leave them vitally dependent upon legal services.

The reasons why the elderly are so dependent upon legal services are clear. First, upon reaching retirement age, older Americans rely increasingly upon Federal programs—such as social security, medicare, supplemental security income, veterans pensions and railroad retirement. They depend upon these programs for their very livelihood. Second, the elderly are more likely to suffer untoward effects from unsatisfactory dealings with other private individuals. Third, the elderly have been given new rights in recent years which may take court actions to enforce—for instance, transportation systems built with Federal funding have special requirements to meet the needs of the elderly.

I believe that these are critical needs which must be addressed and must be addressed now. And I believe that this bill does just that.

Mr. President, there are many other noteworthy provisions of this act, and they have been ably explained by Senator CHURCH.

In sum, these provisions will help insure a better life for older Americans. This is the purpose of the Older Americans Act. And it is a purpose which is unsurpassed by any other item on our legislative agenda.●

● Mr. WILLIAMS. Mr. President, I am pleased to join my colleague from Idaho, Senator CHURCH, chairman of the Special Committee on Aging, in cosponsoring the Older Americans Act Amendments of 1978.

The Older Americans Act, orginially enacted in 1965, was significantly restructured and expanded in 1973. This act, through area agencies and their programs, focused this country's attention on the unmet, basic human needs of food, housing, transportation, and adequate health care which are simply not available to many senior citizens.

The act has been an element of the conscience of the Federal Government, urging it to forge a comprehensive coordinated, and humanitarian national public policy toward its elderly. Through the years, the Older Americans Act has served as a valuable forum and facilitator, enabling our country to become acutely aware of the basic needs and concerns of our senior citizens.

This bill strengthens and improves the aging network and will ultimately improve the effectiveness of the programs being offered to our senior citizens.

The basic new initiatives include authorizing title III funding for a legal services program, a nursing home ombudsman program, and a home-delivered meals program.

The basis for such new initiatives stem from successful demonstration models which have been previously funded by the Administration on Aging. Both the legal services and nursing home ombudsman programs are most important, since they protect the rights of the elderly. In addition, the home-delivered meal program focuses attention on the "frail elderly" who, with assistance from a nutrition program, can remain in their residences and not be forced needlessly into nursing homes.

A provision in this bill would allow the Commissioner on Aging to make grants to public and private, nonprofit agencies to encourage the development of coordinated service programs which provide continuous services designed to support alternatives to institutional living. Incentives would be made available to States to encourage the development of in-home ambulatory service and to encourage the coordination of medicaid, title XX, and medicare funding sources. It is essential that new approaches be developed to avoid the needless and costly institutionalization of our elderly.

This legislation would consolidate title III (State and community programs), title V (multipurpose senior centers), and title VII (nutrition programs for the elderly) into a new title III. This consolidation could impair the effectiveness of the title VII nutrition programs. While I expect and encourage cooperation between title VII and the other components of the act, I do urge that the congregate meal sites keep their identity and that this program maintain a separate authorization.

Consequently, I have reservations about the consolidation of title VII unless I can be assured its effectiveness will not be decreased and that the current worthwhile services provided by title VII will not be endangered.

Another provision of this bill would expand the eligibility of the title IX senior community service employment program giving greater flexibility for those seniors, whose incomes are slightly above the poverty level, to participate. However, the emphasis of the program would continue to be on low-income persons 55 years and older who are in need of employment.

This bill also provides authority for a White House Conference on the Aging to be held in 1981. I strongly endorse this endeavor as I believe it would allow seniors to give input as to a coordinated, national policy on the aged.

Reauthorizing the Older Americans Act provides an important opportunity to examine the problems facing todays' elderly and to consider the problems of future generations of seniors. It is an ideal time to analyze our country's entire social policy toward seniors, expand our objectives, and to prioritize our goals under the Older Americans Act. This is an instance where we can demonstrate through a strong, adequately funded, viable, progressive Older Americans Act

that we care about seniors and are indeed committed to addressing their needs.●

By Mr. PERCY:

S. 2970. A bill to promote commercial motor vehicle safety, to prevent injury to commercial motor vehicle operators, and for other purposes; to the Committee on Commerce, Science, and Transportation.

TRUCK SAFETY ACT OF 1978

● Mr. PERCY. Mr. President, it has become painfully apparent that inadequate trucking safety on the Nation's highways has reached dangerous proportions. Today I am introducing legislation that would substantially upgrade the effectiveness of Federal and State enforcement of trucking safety regulations.

Of the 45,000 highway fatalities in 1975, over 20 percent were caused by trucks and buses. Heavy trucks alone were responsible for 7.8 percent of these fatal accidents. In 1976, this figure rose to 8.9 percent, despite the fact that heavy trucks account for less than 1 percent of vehicles on the road. While all highway fatalities increased by only 1.2 percent between 1975, and 1976, those involving heavy trucks soared 16.8 percent. Involvement of tractor-trailer combinations in fatal accidents is almost seven times greater than the involvement of passenger vehicles.

Accident data is published by the Bureau of Motor Carrier Safety (BMCS), the arm of the Department of Transportation responsible for trucking safety. The latest data indicate that in 1976 interstate motor carriers of property and passengers reported 25,666 accidents which resulted in 2,520 fatalities, 26,794 injuries, and $183.7 million in property damage. And, according to the Bureau, these figures are understated because a significant number of interstate carriers failed to report accidents.

Intrastate trucking accidents represent an even more serious problem. In the State of Illinois alone, in 1976, there were over 92,000 truck accidents which killed 527 people and injured 18,885 more.

Over one-third of the trucks and buses inspected by BMCS in 1976 were deemed "imminent highway hazards" and immediately ordered off the road until repaired. Yet the Bureau inspected less than 1 percent of the 4 million commercial vehicles charged to its purview. It is reasonable to believe, therefore, that many more unsafe vehicles and drivers go undetected.

A 1977 General Accounting Office (GAO) report entitled "The Federal Motor Carrier Safety Program: Not Yet Achieving What the Congress Wanted," concluded that:

> In view of the limited accident data obtained, the continuing infrequency of safety inspections, and the high rate of trucks taken out of service after inspection, little assurance exists that most motor carriers are complying with Federal safety regulations.

Many trucking firms and drivers are conscientious about highway safety. Regrettably, there are some that are not. Federal and State vehicle safety programs must be improved to prevent such drivers from posing a danger to both the general public and other truckers.

Truck accidents not only hurt American consumers by increasing the cost of transportation; they hurt business as well. Some companies have been forced out of business by high court judgments resulting from motor vehicle accidents which could have been prevented. A major bakery in California, for example, was recently subject to a $2 million judgment arising from a single truck accident. This forced over 100 workers out of their jobs when the firm went out of business.

Mr. President, the Chicago Tribune and the St. Louis Globe-Democrat, in exceptionally well investigated task force reports completed over the past year, helped to pinpoint the problem areas with respect to safety enforcement—problems the bill which I am introducing today is intended to correct. First, the use of civil fines can only be directed at the failure of truckers to properly maintain a daily log. Civil fines are not applicable to any other violation of safety regulations, such as the failure to keep brakes in good repair or the use of poorly adjusted ventilation systems. In these cases, the BMCS can only bring formal criminal prosecution in court or initiate an administrative hearing.

This has proved to be a time-consuming and difficult process. For instance, in 1973, the latest year for which data are available, BMCS detected over 40,000 safety violations during nationwide road checks of 22,644 vehicles and drivers. Yet during all of 1973 and 1974, Bureau investigators were able to develop only 1,027 cases warranting court or administrative action. The majority of these cases were not accepted by the Department of Justice for criminal prosecution.

The effectiveness of the Bureau's safety program could be greatly enhanced by expanding civil forfeiture authority to include all types of substantial violations of safety regulations.

Moreover, the maximum amount for fines for safety violations has not been revised since 1957. They are now seriously out of line with fines for violation of other Federal regulations. Low penalties, coupled with the lengthy process of criminal enforcement, do little to discourage future violations. It is imperative that we raise these fines and set realistic time limits for the prosecution of cases and processing of fines.

Another factor working against greater safety is that the Interstate Commerce Act provides no restraints upon employers for possible reprisals against employees who report safety violations. There have been many instances where drivers have been fired for refusing to operate vehicles in violation of Federal truck safety laws. The unfortunate result has been to dissuade employees from directing Government officials to what are at times flagrant abuses of safety regulations. As a result, the Government has lost a prime ally in its effort to protect truckers and the public.

Through the years, Congress has enacted legislation that makes it unlawful for an employer to discriminate or discharge employees for seeking enforcement of legislation or for cooperating with the Government. One of these laws, the Occupational Safety and Health Act, protects nearly every worker in America except those of the trucking industry. It was not applied to truckers because, it was argued, the Department of Transportation already had authority to regulate trucking industry safety practices. As a result, drivers were denied the OSHA protections against employer recrimination for their attempts to secure safe working conditions.

In other areas, the BMCS has only 128 inspectors for the over 4 millions trucks on the road today. Obviously safety depends, therefore, on the effective operation of motor carrier safety programs by individual States. The States are in the best position to detect and prevent safety violations due to their greater personnel and resources. Yet, the 1977 GAO report found that:

> Since the Federal motor carrier safety program does not provide funding to the states, no effective incentive to promote increased cooperation from the states exist.

If States were given an incentive—for example, reimbursement for a percentage of the cost of operating adequate truck safety programs—much could be done to prevent speeding, tailgating, and the overloading of trucks. With this incentive, States could operate both more permanent and portable scales to prevent loads which make vehicle dangerous to drive, and which destroy our roadways. Increased enforcement personnel on the roads would not only slow trucks down, but automobiles as well. If the 55 mph speed limit were adhered to, traffic fatalities would drop greatly.

Mr. President, legislation to enhance the effectiveness of truck safety has been introduced in the last three Congresses. Without legislative action, the situation on the highway is steadily worsening, and we simply cannot afford to wait any longer. Fatal trucking accidents increased over 18 percent between 1975 and 1976. I have built upon past legislation and expanded it to create, what I consider to be, a truly effective truck safety program. In drafting this legislation, I have sought to reduce the load on our already overburdened courts. I have tried to alleviate the unnecessary delay that so often plagues our regulatory process. And, I have sought ways to encourage compliance that will not plunge industry neck-deep in excess paperwork.

This legislation builds upon and focuses the general authority given the Department of Transportation to regulate safety. It directs the DOT's safety function toward those areas which have caused the most serious safety problems in the 10-year period since DOT was created.

I have worked very closely with the various segments of the trucking industry in designing this legislation. The Professional Drivers Council, the American Trucking Associations, and the International Brotherhood of Teamsters have assisted me greatly. Their hard work and concern for public safety has been inspiring. As a result of this close cooperation, the legislation before you

today strikes a delicate balance between many of the most pressing concerns of both labor and industry.

The legislation I introduce today seeks to correct the shortcomings outlined above. Specifically, it:

Raises civil fines from $500 maximum to $2,500 maximum for each substantial violation and $10,000 for extremely serious safety violations.

Enlarges the scope of Federal safety regulation by including any truck over 10,000 gross vehicle weight rating in interstate commerce (interstate trucks) and affecting interstate commerce (intrastate trucks).

Authorizes the Secretary of Transportation to regulate the working conditions and operating practices of employees, to insure that trucks are so maintained as to prevent accidents, and to conduct research into new enforcement techniques and training programs.

Authorizes the Secretary to arrange to conduct on-the-job inspections and investigations.

Gives trucking employees the right to require DOT investigations of violations of safety regulations.

Requires the DOT to serve citations upon alleged violators of safety laws who are then given 15 days to notify DOT of their intent to contest the citation.

Authorizes an administrative adjudicatory hearing before the National Traffic Safety Board in cases of contested citations.

Provides for judicial review and enforcement of NTSB decisions and orders.

Protects trucking employees from discharge or discrimination for their attempts to promote greater trucking safety.

Authorizes DOT to establish penalty schedules designed to induce timely compliance with the law.

Authorizes funds to be appropriated from the highway trust fund for the purpose of offering financial incentives to States for implementing truck safety programs which have been approved by the Secretary.

Requires the Secretary to write a yearly report to Congress outlining his progress in increasing truck safety on the Nation's highways.

Mr. President, the provisions which I have outlined would greatly enhance the effectiveness and efficiency of DOT in establishing truck safety. Abuse of present regulations has resulted in countless deaths, injuries, and loss of property. This situation will not improve by itself. The time to get tough is now. The Highway Users Foundation predicts that, during the next 15 years, the number of trucks on the roads will double. Our highways should not be deathtraps—they were built for the safe, enjoyable use by all Americans.

Congress must act decisively to bring about an increase in truck safety today. Passage of this legislation will help to assure that the law and related safety regulations are strictly enforced. This was the intent of Congress in creating the Department of Transportation in 1968 and this is what all Americans have a right to expect.

I ask unanimous consent that the bill and a section-by-section summary be printed in the RECORD.

There being no objection, the bill and the analysis were ordered to be printed in the RECORD, as follows:

S. 2970

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Truck Safety Act of 1978."

SEC. 2. The Congress finds that, because commercial motor vehicles pose a risk to public safety due to their extensive use and substantial size and weight, because existing regulations pertaining to the safe operation of commercial motor vehicles are inadequate, and because existing laws fail to protect driver-employees from discrimination arising from their efforts to promote compliance with safe operating procedures, it is, therefore, in the public interest to enhance commercial motor vehicle safety and to reduce highway fatalities, injuries, and property damage which may be attributed to these causes.

SEC. 3. It is declared to be the purpose of this Act to promote and protect the American public from the hazards of unsafe commercial motor vehicle operations, to provide drivers of commercial motor vehicles with safe and healthy working conditions, and to ensure prompt and continuous compliance by all persons subject to this Act with the rules and regulations issued hereunder.

SEC. 4. For the purposes of this Act—

(1) the term "Secretary" means the Secretary of Transportation;

(2) the term "person" means one or more individuals, partnerships, associations, corporations, business trusts, legal representatives, or any organized group of persons using or operating commercial motor vehicles in commerce;

(3) the term "commerce" means trade, traffic, or transportation within the jurisdiction of the United States between a place in a State and place outside of such State, or which affects trade, traffic, or transportation between a State and any place outside of such State;

(4) the term "employer" means any person engaged in a business affecting commerce who owns, leases, or operates commercial motor vehicles in connection with that business, or assigns employees to operate them in commerce, but such term does not include the United States, or any State, or political subdivision of a State;

(5) the term "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, or Guam;

(6) the term "commercial motor vehicle" means any self-propelled or towed vehicle used on the highways in commerce principally to transport people, commodities, or equipment in commerce; and

(7) the term "Board" means the National Transportation Safety Board.

APPLICABILITY

SEC. 5. This Act shall apply to the safety of operation of all commercial motor vehicles over 10,000 pounds GVW (gross vehicle weight rating). It shall also apply to the maximum hours, qualifications, working conditions, and duties and responsibilities of all persons who operate such commercial motor vehicles.

DUTIES

SEC. 6. (a) Each employer shall provide to each of his employees safe vehicles and working conditions that are free from recognized hazards which cause or are likely to cause death or physical harm, and shall comply with the safety and health standards promulgated under this Act.

(b) Each employee shall comply with the safety and health standards and rules, regulations, and others issued pursuant to this Act which are applicable to his own actions and conduct.

REGULATORY AUTHORITY AND STANDARDS

SEC. 7. (a) In carrying out the provisions of 49 USC 1655(e), in accordance with section 5 of this Act, the Secretary shall establish, maintain, and monitor safety rules and regulations necessary to assure, to the extent practicable, that—

(1) commercial motor vehicles be so maintained as to enable their safe operation;

(2) the duration, frequency, and scheduling of the responsibilities of drivers of commercial motor vehicles does not unduly contribute to driver fatigue or to a driver's inability to operate safely; and

(3) the health and physical condition of drivers of commercial motor vehicles be adequate to enable them to safely drive the vehicles they customarily operate.

(b) The Secretary shall regulate the working conditions and operating practices of employees when operating commercial motor vehicles and shall establish, maintain, and monitor safety and health rules and regulations necessary to assure, to the extent technology permits, that no employee will suffer injury or material impairment of health or functional capacity due to his exposure to such working conditions during his working life.

(c) All rules and regulations issued under this section shall be promulgated in accordance with 5 USC 553 (without regard to sections 556 and 557 of such title).

(d) In promulgating, modifying, or revoking rules and regulations under this Act, the Secretary shall not in any material way reduce (i) the protections currently afforded employees operating commercial motor vehicles, or (ii) the safety and maintenance requirements provided by safety and health rules and regulations of commercial motor vehicle equipment.

(e) The Secretary shall conduct, directly or indirectly, the research, development, demonstrations, and training activities necessary to develop rules and regulations under this Section, to design and develop improved enforcement procedures and technologies, and to familiarize all affected persons with such rules and regulations.

RECORDKEEPING, INSPECTIONS, AND INVESTIGATIONS

SEC. 8. (a) The Secretary is authorized to require, by regulation issued pursuant to Section 553 of Title 5, United States Code, that persons subject to this Act establish and maintain such records, and make such reports as are necessary to ensure compliance with this Act so that reliable information can be developed concerning health and safety, vehicle conditions, employee qualifications and conduct, vehicle inspection and maintenance practices, and the safe operation of vehicles. In addition, where appropriate, any such regulation may prescribe the manner, type, and frequency of examinations by medical authorities or other tests which shall be provided by the employer to employees exposed to such hazards in order to permit the Secretary, employer, and employees, to most effectively determine whether the health and safety of such employees is adversely affected by such exposure.

(b) The Secretary is authorized, to the extent necessary to carry out his responsibilities under this Act, to conduct investigations and inspections, compile statistics, make reports, hold hearings, require by subpoena or otherwise the production of documents, records, and property, and take depositions. Whenever practicable, investigations and inspections under this subsection shall be conducted without advance notice. Subject to regulations issued by the Secretary,

representatives of the employer and his employees shall each be accorded an opportunity to be present and participate in any workplace inspection authorized under this subsection.

(c) Any person, including an employee or employee representative, who believes that a safety or health standard, requirement, or regulation issued under this Act is being violated, or has been violated within the preceding 90 days, may request an investigation by filing a written complaint with the Secretary setting forth with reasonable particularity the nature of the violation. Whenever the Secretary determines from the complaint that there are no reasonable grounds to believe that a violation exists or may have occurred, he shall timely notify the complainant in writing of his determination and the reasons therefore. Whenever the Secretary determines that there are reasonable grounds to believe that a violation exists or has occurred, he shall conduct an investigation as soon as practicable, shall timely notify the complainant of his findings, and shall take such further action as may be appropriate for carrying out the purposes of this Act. The Secretary shall not disclose the identity of complainants unless he determines that such disclosure is necessary to prosecute a violation. If disclosure becomes necessary, the Secretary shall take every measure to assure that the complainant is not subject to harassment, intimidation, or financial loss as a result of such disclosure.

CITATIONS, ORDERS, AND PENALTIES

SEC. 9. (a) If, upon inspection or investigation, the Secretary finds that a material health or safety violation exists or has occurred, he shall timely issue a citation. Each citation shall be in writing and shall describe with reasonable particularity the nature of the violation found and the section of the Act, rule, standard, regulation, or order which has been violated. The citation shall fix a reasonable time for abatement of the violation, and shall assess a civil penalty not to exceed $2,500 for each offense. If the Secretary determines that a substantial health or safety violation exists or has occurred which could reasonably lead to, or has resulted in, serious personal injury or death, he may assess a civil penalty not to exceed $10,000 for each offense. Each day of such violation determined by the Secretary under this section shall constitute a separate offense. In determining the amount of the penalty, the Secretary shall take into account, but need not make specific findings of fact concerning, the nature, circumstances, extent and gravity of the violation committed and, with respect to the person found to have committed such violation, the degree of culpability, past history of compliance, and other matters as justice and public safety require. In each case, the assessment shall be reasonably calculated to induce further compliance.

(b) The Secretary shall further require any persons served with a citation to post it or notice thereof in such place or places and for such duration as the Secretary may deem appropriate to aid in the enforcement of the Act.

(c) The Secretary shall promulgate regulations establishing penalty schedules designed to induce timely compliance for persons failing to comply promptly with the requirements set forth in citations and orders.

(d) Any person who knowingly and willfully violates any standard, rule, regulation, or order under this Act or who knowing and willfully makes any false statement or representation required under this Act shall, upon conviction, be subject for each offense to a fine not to exceed $25,000, or imprisonment for a term not to exceed one year, or both.

(e) All penalties and fines imposed under this section shall accrue and be payable to the Highway Trust Fund.

ENFORCEMENT AND REVIEW

SEC. 10. (a) If, after investigation, the Secretary issues a citation or order under this Act, he shall timely serve a copy upon the violator either by certified or registered mail or by personal service, together with notice that the violator has fifteen working days within which to notify the Secretary that he wishes to contest the citation or order. If within the fifteen working days from the receipt of the citation or order issued by the Secretary the violator fails to notify the Secretary that he intends to contest the citation or order, it shall be deemed final and shall not be subject to review by any court or agency.

(b) If a violator notifies the Secretary that he intends to contest a citation or order issued under this Act, the Secretary shall promptly advise the National Transportation Safety Board of such notification, and the Board shall afford the violator an opportunity for a hearing in accordance with Section 554 of Title 5, United States Code. The commencement of proceedings under this subsection shall not, unless ordered by the Board, operate to stay the citation or order. The Board shall thereafter issue an order based on findings of fact, affirming, modifying, or vacating the Secretary's citation or order, or directing other appropriate relief, and such order shall become final and not subject to review thirty days after its issuance. The Board shall promulgate reasonable rules of procedure for the conduct of such proceedings provided, however, that such rules give an opportunity to affected persons to participate as parties.

(c) Any person adversely affected or aggrieved by an order of the Board issued under this section may obtain review of such order in any United States Court of Appeals for the circuit in which the violation is alleged to have occurred or where the violator has his principal place of business, or in the Court of Appeals for the District of Columbia circuit, by filing in such court within thirty days following the issuance of such order a written petition praying that the order be modified or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Board and to the other parties, and thereupon the Board shall file in the court the record of the proceedings as provided in 28 USC 2112. Upon such filing, the court shall have jurisdiction of the proceedings and of the question determined therein, and shall have power to grant such temporary relief or restraining order as it deems just and proper, and to make and enter upon the pleadings, testimony, and proceedings set forth in such record a decree affirming, modifying, or setting aside, in whole or in part, the order of the Board and enforcing the same to the extent that such order is affirmed or modified. The commencement of proceedings under this subsection shall not, unless ordered by the court, operate as a stay of the order of the Board. No objection that has not been urged before the Board shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. The finding of the Board with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole. Upon the filing of the record with the court, its jurisdiction shall be exclusive and its judgement and decree shall be final, except that the same shall be subject to review by the Supreme Court of the United States, as provided in Section 1254 of Title 28, United States Code. Petitions filed under this subsection shall be heard expeditiously.

(d) The Secretary may also obtain review of any final order of the Board by filing a petition for such relief in the United States Court of Appeals for the circuit in which the alleged violation occurred or in which the violator has his principal place of business.

(e) Any fine or assessment modified or abated by the Board or a court under this section shall be returned with interest to the violator.

(f) The Secretary may obtain enforcement, including injunctive relief, of any uncontested citations or orders issued under this section by applying to the United States district court for the district where the violation occurred or where the cited party has his principal office or residence. All findings of fact, conclusions of law, fines, penalties, and orders, issued by the Secretary or the Board shall be conclusive and shall not be subject to review under this subsection. In addition to granting enforcement, the district court shall assess an appropriate penalty for noncompliance and award such further relief as justice and public safety require.

SEC. 11. Except as provided in Section 518(a) of Title 28, United States Code, relating to litigation before the Supreme Court, the General Counsel of the Department of Transportation may appear for and represent the Secretary in proceedings before the Board and in any civil litigation brought under this Act but all such litigation shall be subject to consultation with and the concurrence of the Attorney General.

EMPLOYEE SUITS

SEC. 12. (a) No employer shall discharge or in any manner discriminate against an employee because such employee has filed any complaint or instituted or caused to be instituted any proceeding under, or relating to, any standard, requirement, or regulation issued under this Act, or has testified, or is about to testify, or has participated in any way, in such proceeding.

(b) No employer shall discharge or in any manner discriminate against an employee for refusing to operate equipment subject to motor carrier safey regulations in violation of hours of service regulations or because of the employee's reasonable apprehension of serious injury to himself or the public due to the unsafe condition of such equipment. The unsafe conditions causing the employee's apprehension of injury must be of such a nature that a reasonable person, under the circumstances then confronting the employee, would conclude that there is a bona fide danger of an accident resulting from the unsafe condition. In order to qualify for protection under this subsection, the employee must have sought from his employer, and have been unable to obtain, correction of the unsafe condition.

(c) Any employee who is discharged or in any manner discriminated against in violation of this Section shall be entitled to (i) reinstatement to his former position and to be made whole for lost compensation and benefits, (ii) compensatory damages, and (iii) where appropriate under the circumstances, exemplary damages.

(d) Suits to enforce the provisions of this Section may be brought in the United States district court in the district in which the employer owns or leases facilities or in the United States district court in the district within which the employee has been discriminated against or has received notice of discharge. No suit may be instituted to enforce such provisions more than six months after written notice of discharge is received by the employee concerned, or more than six months after the discriminatory practices have been discontinued, whichever is later.

(e) Whenever an order is issued under this Section, the court at the request of the complainant, may assess against the person committing the violation a sum equal to the aggregate amount of all costs and expenses,

including attorney's fees, reasonably incurred by the complainant for, or in connection with, the institution and prosecution of such proceedings.

STATE ENFORCEMENT

SEC. 13. (a) (1) Any State agreeing to adopt, and to assume responsibility for enforcing, the standards, requirements, and regulations issued under Section 7 of this Act shall submit a plan which shall be approved by the Secretary if, in his judgment, the plan is adequate to promote the objectives of this Act, and the plan—

(i) designates a State agency responsible for administering the plan through the State;

(ii) provides a right of entry and inspection comparable to the Secretary's right under Section 8(b) of this Act;

(iii) contains satisfactory assurances that such agency has or will have the legal authority, resources, and qualified personnel necessary for the enforcement of such rules and regulations;

(iv) gives satisfactory assurances that such State will devote adequate funds to the administration of such plan and enforcement of such rules and regulations;

(v) requires employers, owners, and lessees of commercial motor vehicles to make all reports pursuant to this Act to the Secretary; and

(vi) provides that such State agency will adopt uniform reporting requirements and use uniform forms for recordkeeping, inspections, and investigations as may be established and required by the Secretary.

(2) If the Secretary rejects a plan submitted under the foregoing paragraph, he shall provide the State a written explanation of his action and shall permit the State to modify and resubmit its proposed plan for approval.

(b) The Secretary shall, on the basis of reports submitted by the State agency, and on his own inspections, make a continuing evaluation of the manner in which each State having a plan approved under this section is carrying out such plan. Whenever the Secretary finds, after affording due notice and opportunity for comment, that a State plan previously approved is not being followed, or that it has become inadequate to assure the enforcement of rules and regulations issued under this Act, he shall notify the State of his withdrawal of his approval of such plan and upon receipt of such notice, such plan shall cease to be in effect. The State may, however, retain jurisdiction in any case commenced before the withdrawal of the plan whenever the issues involved do not directly relate to the reasons for the withdrawal of approval of the plan.

(c) There is hereby authorized to be appropriated out of the Highway Trust Fund a sum not to exceed $100,000,000 for the fiscal year beginning October 1, 1979, and each fiscal year thereafter, to provide incentive assistance to States to develop and institute enforcement plans under this Section. No state shall receive under this Section during any fiscal year grants exceeding eighty per centum of the cost during such year of developing and implementing its plan. The Secretary is authorized to allocate amounts appropriated under this subsection pursuant to an equitable formula to those States administering plans under this Section.

SAFETY REPORTS

SEC. 14. The Secretary shall make a comprehensive written report to the Congress by July 1 of each year concerning his efforts during the preceeding calendar year, and his current plans to increase motor vehicle and driver safety. The report shall include, but not be limited to, an evaluation of the Department of Transportation's commercial motor vehicle safety program, an outlining of problem areas and appropriate steps to alleviate them, and any recommendations for closer coordination and cooperation among agencies of the Federal Government and between the Federal Government and the States to enforce the standards requirements, and regulations issued pursuant to this Act.

SEC. 15. Section 304(a) of the Independent Safety Board Act of 1974 is amended by striking "and" at the end of clause (8), striking the period at the end of clause (9), and inserting in lieu thereof a semicolon and the word "and" and inserting after such clause (9) the following:

"(10) review or appeal in accordance with section 10 of the Truck Safety Act of 1978 an order issued by the Secretary of Transportation under section 7 of such Act."

SEC. 16. Nothing in this Act shall be construed to amend or modify the National Labor Relations Act or the Railway Labor Act.

SEC. 17. Nothing in this Act shall diminish the existing functions, powers and duties of the Interstate Commerce Commission which shall consider the public safety and a carrier's record of compliance with safety regulations as a principal criteria in determining whether to confer operating authority upon motor carriers pursuant to Part II of the Interstate Commerce Act (49 U.S.C. 301, et seq.).

SEC. 18. Nothing in this Act shall prevent any State agency or court from asserting jurisdiction under State law over any safety or health issue involving commercial motor vehicles with respect to which standard, rule, or regulation the Secretary has not addressed under this Act.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 19. There are authorized to be appropriated to carry out this Act for each fiscal year such sums as the Congress shall deem necessary.

EFFECTIVE DATE

SEC. 20. (a) Except as provided in this section, the provisions of this Act shall take effect immediately on the date of enactment.

(b) The Secretary shall, by regulation promulgated pursuant to section 553 of Title 5, United States Code, take all steps necessary to bring all orders, determinations, rules, and regulations into conformity with the purposes and requirements of this Act as soon as practicable.

(c) All orders, determinations, rules, and regulations issued under section 204(a) (1), (2), (3), (3a), (5) of the Department of Transportation Act shall be continued under this Act until such time as they may be modified by the Secretary.

(d) Judicial proceedings pending upon the date of enactment of this Act shall not be affected by the provisions of this Act.

SECTION BY SECTION SUMMARY OF THE TRUCK SAFETY ACT OF 1978

Section 1: Short title.

Section 2: Finds that it is in the public interest to enhance motor vehicle safety and to reduce highway fatalities, injuries, and property damage which may be attributed to the extensive use and substantial size and weight of trucks, to the inadequacy of existing laws pertaining to the safe design and operation of trucks, as well as to the failure of existing laws to protect driver-employees from discrimination arising from their efforts to promote compliance with safe operating procedures.

Section 3: States that the purpose of this Act is to protect the public from the hazards of unsafe trucking operations, to provide drivers with healthy, safe working conditions, and to ensure prompt compliance with safety regulations and rules by all persons subject to this Act.

Section 4: Definitions section.

Section 5: Applies the provisions of the Act to the safe operation of any truck over 10,000 pounds gross vehicle weight rating. The Act also applies to the maximum hours, qualifications, working conditions, and duties and responsibilities of all persons who operate trucks in commerce.

Section 6: Requires each employer to provide his employees with safe vehicles and safe working conditions, and to comply with all safety and health standards promulgated under the Act. Employees likewise must comply with all regulations which are applicable to their conduct.

Section 7: Requires the Secretary of Transportation to establish, maintain, and monitor safety rules and regulations necessary to ensure that trucks can be operated safely, that the frequency and duration of driver duties do not unduly contribute to fatigue or an inability to drive safely, and that drivers be physically fit to drive safely. DOT is further authorized to conduct research, development, demonstration, and training activities necessary to establish regulations and improve enforcement procedures and technologies.

Section 8: Authorizes DOT to require reports and records of employers and employees, to prescribe the type and frequency of medical examinations of employees, to conduct on-the-spot inspections and investigations without advance notice, and to establish uniform reporting requirements and forms for recordkeeping, inspections, and investigations by Federal, State, and local jurisdictions. Any person who believes that a safety regulation has been violated within the preceding 90 days may request an investigation by federal officials.

Section 9: Raises the maximum fine from $500 to $2,500 for most substantial offenses, and $10,000 for very serious violations of truck safety regulations. DOT is authorized to establish penalty schedules to induce timely compliance with citations. Establishes a criminal offense for knowingly and willfully violating any provision of this measure or for any false statement made pursuant to any requirement under the Act. It calls for a maximum fine of $25,000 and/or 1 year imprisonment. All pentities and fines collected would be payable to the Highway Trust Fund.

Section 10: Creates a new enforcement and review procedure. After DOT issues a citation for a violation of law, the violator has 15 days in which to notify DOT of his desire to contest the citation. If he wishes to contest the charge, the National Transportation Safety Board would act as a review panel to either affirm, modify, or vacate the citation. If a violator wishes to apepal the decision further, the U.S. Court of Appeals would have jurisdiction. District courts would have the authority to enforce any uncontested citations or orders.

Section 11: Permits the General Counsel of the Department of Transportation to represent the Secretary of Transportation in any civil litigation brought under this Act.

Section 12: Establishes that no employer may discharge or discriminate against an employee for filing a complaint relating to any truck safety regulation, or for testifying in any proceeding relating to safety, or for refusing to operate equipment because of his reasonable apprehension of serious injury to himself or the public due to the unsafe condition of equipment. Any employee who shows in court that he has indeed been discharged or discriminated against for these reasons would be entitled to be reinstated to his former position, to be made whole for lost compensation and benefits, and to recover compensatory damages, and, where appropriate, exemplary damages.

Section 13: Provides incentives up to 80% reimbursement to any State that agrees to adopt federal truck safety measures, and to assume responsibility for enforcing the

requirements issued under Section 7 of the Act. To be eligible, such State must implement a plan which has been approved by DOT.

Section 14: Require DOT to submit to Congress a yearly safety report concerning its efforts to improve trucking safety and its plans for the future to further improve trucking safety.

Section 15: Amends the Independent Safety Board Act of 1974 to allow the National Traffic Safety Board to act as a review panel under Section 10 of this Act.

Section 16: Clarifies that the Act shall not affect union procedures as established under the National Labor Relations Act and the Railway Labor Act.

Section 17: States that this Act shall not diminish the existing functions and duties of the Interstate Commerce Commission which will continue to consider a carrier's safety record as a principal criteria in granting authority.

Section 18: Allows State agencies and courts to assert jurisdiction under State law over any health or safety issue which the Secretary has not addressed.

Section 19: Authorizes such funds as necessary to carry out this Act, to be appropriated by the Congress.

Section 20: Stipulates that the provisions of the Act will take effect as of the date of enactment.●

By Mr. RIBICOFF (for himself, Mr. PERCY, Mr. JAVITS, Mr. KENNEDY, Mr. CLARK, and Mr. STAFFORD):

S. 2971. A bill to require public disclosure of certain lobbying activities to influence issues before the Congress and the executive branch, and for other purposes; to the Committee on Governmental Affairs.

LOBBYING REFORM ACT OF 1978

● Mr. RIBICOFF. Mr. President, today I am introducing legislation to replace the Federal Regulation of Lobbying Act of 1946. The bill is cosponsored by Senators PERCY, JAVITS, KENNEDY, CLARK, and STAFFORD.

This bill responds to many of the concerns of witnesses who have testified before the Governmental Affairs Committee in the 94th or 95th Congress. It is based on all the work the committee and the Senate has done in this area since 1975.

The failures of the present law are well documented. Almost every one of the witnesses who testified before the Governmental Affairs Committee in the 94th and 95th Congresses acknowledged that the present law is too limited in scope, too vague, and too difficult to enforce. As a result, many organizations who engage in extensive direct lobbying do not register or report under the law. Large grassroots lobblying solicitation campaigns go unreported.

Lobbying is a vital part of the legislative process. Indeed, a democracy depends on communications between the people and their representatives in Congress.

Yet if people are to have faith in the democratic process, that process cannot be shrouded in secrecy. The people have a right to know which special interests are seeking in an organized and systematic way to influence the way the public's business is conducted. That is the fundamental idea behind this lobbying disclosure legislation. At the same time, it is very important that any lobbying law not infringe upon first amendment rights.

In the 94th Congress the Senate approved a new lobbying law by a vote of 82 to 9. The House, too, passed a lobbying disclosure bill, but unfortunately it was too late in the session to reconcile the versions of the two Houses.

In the 95th Congress, the committee has held 3 additional days of hearings on S. 1785 introduced by Senators KENNEDY, STAFFORD, and CLARK, and S. 2026, introduced by Senators MUSKIE and MATHIAS.

The bill I am introducing today builds on the extensive work the committee did on lobbying legislation last Congress. It also builds on the legislation subsequently introduced in this Congress, especially S. 1785. This bill strikes a careful balance between the need for disclosure and the protection of first amendment rights. It avoids excessive paperwork or unduly burdensome reporting requirements.

The bill will only require organizations with paid employees to register as lobbyists and file quarterly reports on their activities.

The bill contains different definitions of a lobbying organization applicable to different types of activities. An organization must register if during a 3-month period it:

Expends $1,250 on hiring outside lobbyists;

Compensates its own employees to lobby Congress on a total of 15 or more occasions, or has one employee who spends 24 hours, or two or more employees who each spend 12 hours, lobbying on behalf of the organization; and

Spends over $5,000 or more on letter-writing or other grassroots campaigns requesting people to write Congress in support or opposition to a bill in Congress.

The bill includes a number of safeguards to protect communications between Congress and the public. For example, all communications between a Member of Congress and constituents from the State the Congressman or Senator represents are exempted.

Once an organization is a lobbyist it must register once a year and file lobbying reports each quarter. The registration will disclose basic information about the identity and nature of the organizations and its legislative interests. The quarterly reports will identify the issues on which the organization lobbied—but not the Members of Congress it lobbied on the issues—the identity of the individuals who lobbied for the organization, the gifts it made, and in some cases information about the total amount of money the organization spent lobbying during the period. The organization will also briefly describe the size and nature of any grass-roots lobbying campaign the organization conducted.

A separate section requires similar information about organizations which bid on the largest contracts—about 600 a year—which the Government awards. The General Accounting Office is responsible for administering the act.

The following are among the bill's most important safeguards which have been added to the legislation since it was considered and approved by the Senate in the last Congress:

First. All communications between an organization and any Congressman or Senator from the organization's State are exempted from the definition of a lobbyist.

Second. The bill, as in S. 1785, establishes two different categories of lobbyists depending on the amount of lobbying the organization does. Lobbyists who fall in the first category because they do relatively less lobbying must report less. I recognize that concerns have been raised about the complexity of this "two-tier" approach. The bill the Senate passed last Congress contained a single threshold which required any organization that engaged in 12 or more oral lobbying communications to file full information with the General Accounting Office. A single threshold based on the number of oral lobbying communications an organization makes is an alternative resolution of this issue which should also be considered. I look forward to more discussion on this point during committee consideration of the legislation.

Third. The bill deletes all requirements that the lobbying organization identify any individuals who contribute money to the lobbying organization. The number of organizations that must be identified as contributors to a lobbying organization has been substantially reduced.

Fourth. The bill only covers organizations with one or more full-time employees. Thus a small organization which can afford only occasional or part-time employees will not be subject to any of the bill's requirements.

Fifth. The financial expenditure information which an organization must file has been simplified. Organizations will not have to keep track of the time employees spend doing research or other work related to lobbying unless the employee actually lobbies on behalf of the organization, and the employee spends a total of 12 hours or more during the quarter lobbying or doing related work.

Sixth. The amount of information which an organization must report about its grass-roots lobbying solicitations has been substantially reduced.

Seventh. The requirement that organizations report on their efforts to secure contracts from the Government has been reduced. The number of contracts covered and the information required have both been pared significantly.

The following is a summary of the chief elements of the bill I am introducing today:

I. WHO MUST REGISTER

Only organizations with one or more full-time paid employee must register. Individuals will never have to register.

The bill establishes separate definitions of a lobbyist depending on the type of lobbying involved.

An organization will file abbreviated registration and reporting forms if it engages through its own paid employees in 15 or more oral lobbying communications in a quarterly period. Written lob-

bying communications do not count in determining whether an organization must register under this test.

An organization must register and file full reports if it—

Pays an outside lobbyist $1,250 or more in any quarterly period to lobby on behalf of the organization;

Employs one individual who spends 24 hours or more, or two individuals who each spend 12 hours or more in a quarter, actually engaged in making lobbying communications on behalf of the organization;

Spends over $5,000 in a quarter financing a mail-writing campaign or otherwise organizing a grass-roots lobbying campaign encouraging others to write Congress about an issue.

The bill specifically excludes communications between an organization and all the Senators and Congressmen from the State where the organization is located. Such communications can never make an organization a lobbyist. This provision will especially benefit small, locally based organizations which usually confine themselves to contacting Members of Congress from their own State.

Other safeguards included in the bill's definition of a lobbyist include the following:

First. The organization must have one or more paid officers, directors, or employees, who must be employed on a full-time basis. To be paid for purposes of this bill, the employee must receive compensation at a rate at least equal to the minimum wage.

Second. The organization's lobbying must be done by these paid officers, directors, or employees, and not by volunteers. The paid officers, directors, or employees must lobby Congress on behalf of the organization.

Third. Communications are not included in determining whether an organization is a lobbyist if they only seek information about the status of a bill, or otherwise are not intended to influence an issue before Congress.

Fourth. Even oral communications which are intended to influence an issue before Congress are not included in determining whether an organization is a lobbyist if they are contained in testimony delivered to Congress.

The following are examples of how these definitions would apply to different organizations:

First. A large national trade association that lobbies Congress directly through lawyers it hires will have to register and report whenever it pays the outside lobbyist more than $1,250 in a quarter. Another public interest group headquartered in Washington must register because two or more of its own paid employees each spends 12 hours or more during the quarter in conversations with Congressmen or their staff, or one of its paid employees spends 24 hours or more in such conversations.

Second. A smaller public interest organization seeking to influence legislation also has paid employees who orally discuss issues with Congressmen or their staff 15 or more times, but no one employee spends 24 hours, or two employees 12 hours, engaged in such activities. The organization will have to register and report under the act. But they will not have to file as much information as organizations who do enough lobbying to meet the higher threshold described in the first example.

Third. A national public interest group or a business group spends over $5,000 preparing and mailing letters to its members or other individuals or groups requesting the recipient to write their Congressmen about a particular issue. The organization must register and disclose that it made this solicitation. The local groups which receive the letters may in turn talk to their Congressman as a result of such letter, but this would not make the local groups lobbyists as well.

Fourth. An individual citizen, concerned about the safety of children's toys, journeys to Washington and talks on his own behalf to staff assistants in the offices of 80 different Congressmen or Senators. The citizen is not a lobbyist because he is simply an individual expressing, on his own behalf, his personal concern about a matter.

II. WHAT MUST A COVERED ORGANIZATION DISCLOSE

The bill requires any organization that is a lobbyist under any of the different tests to register once a year. It must in addition file quarterly reports on its activities.

Organizations which must register and report because they engage in 15 or more oral lobbying communications must provide less information than an organization that meets any of the higher tests. Most expenditure reporting is eliminated for organizations that do not meet the higher tests.

A. REGISTRATION

The annual registration must provide basic information about the identity and nature of the organization. The information that will appear on the registration will include:

The identity of the organization and any affiliates; and

The approximate number of individuals and organizations who were members or contributors to the organization.

In addition, those organizations that must file complete information must:

Identify any retained lobbyist or any paid employee who spends 12 hours or more engaged in lobbying;

If it is a voluntary membership organization, briefly describe the kinds of general procedures it follows when deciding what its views on issues before Congress will be;

Identify any other organization which directly, or through an individual contributed funds to the registered organization to be used in whole or in part for lobbying, as well as the general range of the size of the contribution. This requirement only applies, however, where the contribution was $3,000 or more and accounted for 1 percent or more of the organization's total budget in the past year.

B. QUARTERLY REPORTS ON ACTIVE LOBBYING ACTIVITIES

Any registered organization must disclose on a quarterly basis:

A description of the 10 issues on which the organization spent the most time;

A description of any gift over $35 to a Congressman or staff, and a description of any congressional reception costing $500 or more.

In addition, an organization that must file the more complete information will also:

Describe any additional issues (up to 30) on which the organization lobbied;

Estimate the total amount it spent on lobbying communications and lobbying solicitations, as well as the amount paid to an outside lobbyist to lobby on any issue;

Identify any chief executive officer or principal operating officer who lobbied, any paid employee who spent 12 hours or more engaged in lobbying, and any retained outside lobbyists—along with the issues on which any such individuals lobbied.

These reporting requirements are designed to avoid imposing burdensome recordkeeping requirements on any organization. The bill provides that when reporting lobbying expenditures, the organization does not have to include the salary of any employee who does not actually engage in one or more lobbying communications for the organization. Employees who only do research or prepare material used by others in lobbying are excluded. In addition, the salaries of employees who do lobbying must be reported only if the employee spends 12 hours or more in a quarter making lobbying communications or solicitations, or in the actual preparation of lobbying communications or solicitations.

This will considerably reduce recordkeeping and paperwork for all organizations. To facilitate compliance with the law, the bill provides that an organization may, at its discretion, report an employee's whole salary rather than allocate the portion of the employee's salary spent directly on lobbying.

C. QUARTERLY REPORTS ON GRASS-ROOTS LOBBYING EFFORTS

Any organization that qualifies under the bill as a lobbyist must also report on general letterwriting or other grass-roots lobbying campaigns it finances.

An organization that qualifies for the abbreviated form must only report on any solicitations it made in written form or through advertisements. The information must include:

A description of the means employed to make the solicitation (letterwriting, TV ads or the like), the issue involved, and an indication whether the recipient was in turn asked to solicit others;

If the solicitation is conducted through a paid advertisement, an identification of where it appeared; and the approximate number of persons directly solicited through the mail.

Organizations that do not qualify for the abbreviated form must provide, in addition to the above information, the following information about any general solicitation:

The identity of any outside person it retained to make the solicitation;

The approximate number of its own affiliates it solicited;

The total direct cost of any solicitation conducted through an advertisement if the cost exceeded $5,000.

A national trade association would thus have to describe the number of times it asked its affiliates or members throughout the country to write Congress supporting or opposing a particular issue. An organization would also have to disclose the fact that it spent tens of thousands of dollars taking ads out throughout the country requesting the public to write Congress supporting or opposing a particular bill.

A locally based organization that spends $500 distributing flyers at a local shopping center, in addition to lobbying its own Congressmen, would not be a lobbyist. It would not have to file reports on its local solicitation effort.

III. LOBBYING ON GOVERNMENT CONTRACTS

The bill requires that any organization that submits a bid or proposal on a Government contract worth $10 million or more must file annual reports with the contracting agency and the Comptroller General until the award of the contract. This section's reporting requirements will apply to organizations whether or not the organization does enough lobbying on Congressional issues to make the rest of the bill's provisions applicable. Grants are not included within the scope of the provision. Coverages of only those contracts worth over $10 million will focus the section on the relatively few contracts which nevertheless account for about 40 percent of the total annual value of Government contracts.

The reports concerning lobbying on Government contracts must contain the following information:

Identification of the organization;

Description of the contract;

Identification of any employee who seeks to influence the award if he or she is a former employee of the contracting agency, or the chief executive officer or principal operating officer of the organization;

Identification of any person retained to make lobbying communications, the amount of the retainer, and whether the employee is a former employee of the agency;

Record of gifts worth more than $35 to an employee of the contracting agency and the identity of the employee;

A listing of receptions held in whole or in part for employees of the contracting agency if the cost of the event exceeds $500.

In order to avoid any burdensome recordkeeping requirements, the bill does not require the organization to report on what it cost the organization to bid on the contract.

IV. ADMINISTRATION AND ENFORCEMENT

The General Accounting Office will be responsible for the administration of the law. The GAO will have the authority to promulgate rules, issue advisory opinions, subpena documents, and compile reports. GAO would have the initial authority to investigate an alleged violation of the law.

If the Comptroller General determines that there is reason to believe the law has been violated he must try to correct the matter by informal methods of conference and conciliation or refer the apparent violation to the Attorney General. The Justice Department has primary authority to bring a civil enforcement action and exclusive authority to bring a criminal enforcement action. GAO may only initiate a civil action if the Justice Department fails to act on an apparent violation referred to it by the Comptroller General.

Civil violations of the law are punishable by a $5,000 penalty. Only if a person knowingly and willfully violates the law can a criminal fine be imposed.

In order to make sure that unwary organizations are not penalized for their lack of knowledge about the law, the bill provides that no organization will be subject to civil sanctions for failure of the organization to register for the first time under the act, unless the failure to do so was a knowing violation of the law.

I hope the committee and the Senate can rapidly conclude its consideration of lobbying reform legislation so that by the end of this year the Nation may finally have a lobbying law worthy of its name.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2971

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lobbying Reform Act of 1978".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds—

(1) that the enhancement of responsible representative government requires that the fullest opportunity be afforded to the people of the United States to exercise their constitutional right to petition their Government for a redress of grievances, to express their opinions freely to their Government, and to provide information to their Government; and

(2) that the identity and extent of the activities of organizations which pay others, or engage on their own behalf in certain efforts, to influence an issue before Congress or the executive branch should be publicly and timely disclosed in order to provide the Congress, the executive branch, and all members of the public with a fuller understanding of the nature and source of such activities.

(b) It is the purpose of this Act to provide for the disclosure to the Congress, the executive branch, and to all members of the public of such efforts without violating the right to petition the Government for a redress of grievances or other constitutional rights.

DEFINITIONS

SEC. 3. As used in this Act:

(a) "Affiliates" includes organizations or other groups of persons which are associated with each other through any type of formal relationship, such as through ownership, the election of officers or directors, through franchise agreements, through common funding, or through common adherence to a charter of organization bylaws, whether or not one such person controls the policies or actions of the other, but does not include an informal or ad hoc alliance or coalition.

(b) "Chief executive officer" means the individual with principal authority to influence the overall direction of the organization's policies and activities.

(c) "Comptroller General" means the Comptroller General of the United States.

(d) "Expenditure" means—

(1) a payment, distribution (other than normal dividends and interest), loan, advance, deposit, or gift of money or other thing of value, made—

(A) to, on behalf of, or for the benefit of a Federal officer or employee; or

(B) for mailing, printing, advertising, telephones, fees, salary, travel, educational materials or the like which are attributable to activities related to lobbying communications or solicitations, and for costs attributable partly to such activities, where such costs may, with reasonable preciseness and ease, be directly allocated to activities related to such communications and solicitations, except that (i) costs partly attributable to such activities shall not be included if they are incurred for a regular publication of a voluntary membership organization where such publication is primarily devoted to purposes other than lobbying solicitations; and (ii) costs shall not be included for the salary of any employee of the registered organization unless the employee engages in one or more lobbying communications on behalf of the organization during the quarterly filing period and the employee spends a total of 12 hours or more during the period engaging in lobbying communications or lobbying solicitations, or in the actual preparation of lobbying communications or solicitations; or

(2) a contract, promise, or agreement, whether or not legally enforceable, to make, disburse, or furnish any item referred to in paragraph (1).

The term "expendtiure" shall not apply to any practices or activities regulated by the Federal Election Campaign Act of 1971, any loan made on terms and conditions that are no more favorable than those aavilable to the general public, or any gift or loan to any individual who is an immeidate member of the family of the donor or lender.

(e) "Federal officer or employee" means—

(1) any Member of the Senate or the House of Representatives, any Delegate to the House of Representatives, and the Resident Commissioner from Puerto Rico in the House of Representatives;

(2) any officer, employee, or consultant of the Senate or the House of Representatives, or any employee or consultant of any Member, committee, or officer of the Congress; or

(3) any employee of the executive branch of the Government listed in sections 5312 through 5316 of title 5, United States Code, or holding a position within the scope of the General Schedule for grades 15 and above (5 U.S.C. 5332) or holding a commission within the scope of pay grade O–6 and above (37 U.S.C. 1009).

(f) "Identification" means—

(1) in the case of an individual, the name and personal or business address of the individual, and any position held in the organization identifying the individual pursuant to the registration and reporting requirements of this Act; and

(2) in the case of an organization, the name and address of the organization, the principal place of business of the organization, the nature of its business or activities, and the names of the chief executive officer and the directors of the organization, regardless of whether such officers or directors are paid.

(g) "Lobbying communication" means an oral or written communication directed to a Federal officer or employee to influence the content or disposition of any issue before Congress, including any pending or future bill, resolution, treaty, nomination, hearing, report, or investigation, but does not mean—

(1) a communication (i) made by any employee of the Federal Government or (ii) made in the form of public testimony given before a committee or office of the Congress

or submitted for inclusion in the public record;

(2) a communication by an individual, acting solely on his own behalf, for redress of his personal grievances, or to express his personal opinion; or

(3) practices or activities regulated by the Federal Election Campaign Act of 1971.

(h) "Lobbying solicitation" means an oral or written communication intended to influence the resolution of any issue before Congress by urging, requesting, or requiring another person to communicate with a Federal officer or employee with respect to such issue, but does not mean—

(1) a communication by an individual, acting solely on his own behalf, for redress of his personal grievances, or to express his personal opinion;

(2) a communication made through a public speech or address, through a newspaper, magazine, book, periodical, or other publication distributed to the general public, or through a radio or television broadcast: *Provided,* That this exemption shall not apply to an organization responsible for the purchase of a paid advertisement in such publication or broadcast;

(3) practices or activities regulated by the Federal Election Campaign Act of 1971; or

(4) a communication made in person by one organization registered under this Act to an affiliated organization registered under this Act.

(i) "Organization" means any organization which has one or more paid officers, paid directors, or paid employers who work for the organization on a full-time basis. The term "organization" includes any corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, organization of State or local-elected or appointed officials (excluding any Federal, State, or local unit of government or Indian tribe, any Federal, State, or local unit of government of another country, any National or State political party, and any organizational unit thereof), group of organizations, or any group of individuals.

(j) "Paid officer, paid director, or paid employee" means an officer, director, or employee who receives income for his services, other than personal travel expenses, at a rate equal to, or in excess of, the standard Federal minimum wage. An officer, director, or employee who is not employed on a full-time basis is included within this definition if the effective hourly rate at which such individual is compensated exceeds the effective hourly rate of a full-time employee who receives income at a rate equal to, or in excess of, the standard Federal minimum wage.

(k) "Personal travel expenses" means any sum expended by any organization in payment or reimbursement of the cost of any transportation for any agent engaging on behalf of the organization in activities related to lobbying communications, plus any sum received on an occasional basis by such agent as a per diem allowance as is not in excess of the maximum applicable allowance payable under section 5702(a) of title 5, United States Code, to employees of the executive branch subject to such section.

(l) "Principal operating officers" means the individuals employed by an organization on a full-time basis charged with managerial responsibility for the conduct of the organization's affairs who (1) report directly to the organization's chief executive officer or (2) are members of the organization's highest managerial policymaking body responsible for the direction of the organization's day-to-day operations.

(m) "Quarterly filing period" means any calendar quarter beginning on January 1, April 1, July 1, or October 1.

(n) "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

APPLICABILITY OF LOBBYING REGISTRATION AND REPORTING REQUIREMENTS

SEC. 4. (a) The lobbying registration and reporting requirements of section 5(a) and 5(b) and section 6 shall apply to any organization which, acting through its own paid officers, paid directors, or paid employees, engages in fifteen or more oral lobbying communications in any quarterly period.

(b) The lobbying registration and reporting requirements of section 5 and section 7 shall apply in their entirety to any organization which—

(1) makes expenditures of $1,250 or more, other than personal travel expenses, in any quarterly filing period for the retention of one or more other persons to engage in lobbying communications or for the actual drafting of such communications, where each such person makes one or more oral or written lobbying communications on behalf of the organization: *Provided,* That this paragraph shall not apply to expenditures made to an individual in his capacity as an officer, director, or employee of the organization; or

(2) employs at least one paid officer, paid director, or paid employee who spends a total of twenty-four hours or more in any quarterly filing period, or employs two or more such individuals, each of whom spends twelve hours or more in any quarterly filing period, making oral or written lobbying communications on behalf of the organization, including any time expended by such individuals in the actual drafting of material for use by the individual in such communications; or

(3) expends in any quarterly period in excess of $5,000 to engage directly or through any other person in a lobbying solicitation effort of the kind reportable under section 7(b)(5).

(c) For purposes of this section an oral lobbying communication which is made simultaneously in the course of a single meeting or conversation to more than one Federal officer or employee, or which involves more than one paid officer, paid director, or paid employee of the organization, shall be treated as a single oral lobbying communication.

(d) For purposes of this section, a communication by a paid officer, paid director, or paid employee of the organization to a Member of the Senate or the House of Representatives, or to an individual on the personal staff of such Member, shall not be considered a lobbying communication if the organization's principal place of business is located within the State represented in whole or in part by such Member.

REGISTRATION OF LOBBYISTS

SEC. 5. (a) Each organization shall register with the Comptroller General not later than fifteen days after engaging in activities described in section 4.

(b) The registration shall be in such form as the Comptroller General shall prescribe by regulation, and shall contain the following, which shall be regarded as material for the purposes of this Act:

(1) an identification of the organization, except that nothing in this paragraph shall be construed to require the disclosure of the identity of the individuals who are members of a voluntary membership organization; and

(2) the approximate number of individuals and organizations that are members of the organization except where publication of such membership numbers violates the existing laws of a country, the names of any affiliate of the organization; and the approximate number of individuals and organizations that contributed or paid dues to the registered organization during the year preceding the year in which the registration is filed, including the amount of each such payment by an individual which exceeds $3,000 and amounts to one per centum or more of the total value of all payments to the registered organization from all sources during such period.

(c) Any registration filed by an organization engaged in activities described in section 4(b) shall also contain the following, which shall be regarded as material for purposes of this Act:

(1) an identification of any person retained under section 4(b)(1), including the individuals associated with such person with primary responsibility for such activities, and any employee described in section 4(b)(2);

(2) a separate schedule listing the name and address of each organization from which the registered organization received directly or indirectly $3,000 or more in dues or contributions during the year preceding the year in which the registration is filed, including any contribution or dues given by an individual acting on behalf of an organization or reimbursed by an organization, where (i) the dues or contributions were expended in whole or in part by the registered organization for activities described in section 4, and (ii) the dues or contributions constituted one per centum or more of the total vallue of all payments to the registered organization from all sources during the year preceding the year in which the registration is filed. The organization shall indicate the amount of the dues or contributions provided by such organization or individual: *Provided,* That the organization may, if it so chooses, state such amount in the following categories: Category A—$3,000 to $10,000; category B—$10,001 to $25,000; category C—$25,001 to $50,000; category D—$50,001 to $100,000; category E—$100,001 to $250,000; category F—over $250,000.

(3) in the case of a voluntary membership organization, a general description of the methods by which such organization arrives at its position with respect to those issues which it seeks to influence through lobbying communications or solicitations.

(d) A registration filed under this section in any calendar year shall be effective until January 15 of the succeeding calendar year.

ABBREVIATED LOBBYING REPORTS

SEC. 6. (a) Each organization required to register solely by reason of the provisions of section 4(a) shall file a report with the Comptroller General not later than thirty days after the last day of each quarterly filing period in which the organization engaged in the activities described in such subsection. Each report shall be in such form as the Comptroller General shall prescribe by regulation.

(b) Each report required under subsection (a) shall contain the following, which shall be regarded as material for the purposes of this Act—

(1) an identification of the organization filing such report;

(2) a record of any expenditure in the form of a gift of money or thing of value, including a loan or honorarium, in excess of $35 made during the quarterly period, to or for the benefit of any Federal officer or employee, and the identity of the recipient of such gift, where the gift is (i) by the organization or by the person employed or retained by the organization who is reimbursed for the expenditure, or (ii) by an officer, director, or employee of the organization if such individual has taken, or will take, such gift, in whole or in part, as a deduction under section 162 or 212 of the Internal Revenue Code;

(3) an itemized listing of each expenditure made during the quarterly period for any reception, dinner, or other similar event in whole or in part for Federal officers or

employees paid for by the reporting organization where the total cost of the event exceeds $500;

(4) a description of the issues concerning which the organization filing such report engaged in lobbying communications, through its own paid officers, paid directors, or paid employees, except that if the number of such issues exceeds ten, the organization may describe the ten issues on which it spent the greatest proportion of its efforts and provide a general description of the categories of any other issues concerning which the organization engaged in such communications;

(5) in the case of any lobbying solicitation (i) is written or made through an advertisement, (ii) which is directly made or paid for by the organization, and (ii) which directly reached or could reasonably be expected to directly reach, in identical or similar form and with respect to the same issue or issues, five hundred or more persons, one hundred or more employees, twenty-five or more officers or directors, or twelve or more affiliates of such organizations—

(A) a description of the means employed to make the solicitation, the issue with which such solicitation was concerned, and an indication whether the recipient was in turn asked to solicit others, except that the requirement of describing the issue involved may be satisfied, as the discretion of the reporting organization, by filing a copy of the solicitation;

(B) if the solicitation is conducted through a paid advertisement in a newspaper, magazine, book, periodical, or other publication, or through a paid radio or television advertisement, an identification of the publication, or radio or television station, where the solicitation appeared; or, if the solicitation is conducted through the mails, the approximate number of persons directly solicited.

FULL LOBBYING REPORTS

SEC. 7. (a) Each organization required to register by section 4(b) shall file a report with the Comptroller General not later than thirty days after the last day of each quarterly filing period in which the organization engaged in the activities described in such subsection. Each such report shall be in such form as the Comptroller General shall prescribe by regulation. The information required by this subsection shall be regarded as material for the purposes of the Act.

(b) Each report required under subsection (a) shall contain the information required in section 6(b) (1), (2) and (3) and the following additional information—

(1) the approximate amount of the total expenditures which such organization made during the quarterly filing period with respect to lobbying communications and with respect to lobbying solicitations reportable under this section including the approximate percentage related to such lobbying communications, and the approximate amount related to such lobbying solicitations: *Provided*, That the organization filing the report may disclose the total salary paid to an officer, director, or employee of such organization in lieu of allocating the portion of the salary of the individual attributable to lobbying activities;

(2) an identification of any person retained by the organization under section 4(b)(1) and a disclosure of the following information for each person—

(A) a description of each issue as to which that person engaged in lobbying communications on behalf of the organization, identifying each officer, director, partner, or employee of that person, and of any other person, to whom expenditures were made by the retained person to make one or more such lobbying communications; and

(B) the approximate amount of money received by the person from the organization in connection with each such issue: *Provided*, That if the person is under a general retainer he shall have the option of reporting the amount of the retainer.

(3) an identification of any paid officer, paid director, or paid employee described in section 4(b)(2);

(4) a description of the issues concerning which the organization filing such report engaged in lobbying communications, through its own paid officers, paid directors, or paid employees, identifying with respect to each issue any employee described in section 4(b)(2), and the chief executive officer and any principal operating officer who engaged in lobbying communications on that issue; except that if the number of such issues exceeds thirty, the organization may describe the thirty issues on which it spent the greatest proportion of its efforts, and provide a general description of the categories of any other issues concerning which the organization engaged in such activities;

(5) in the case of any lobbying solicitation which is directly made or paid for by the organization, and which directly reached or could reasonably be expected to reach directly, in identical or similar form and with respect to the same issue or issues, five hundred or more persons, one hundred or more employees, twenty-five officers or directors, or twelve or more affiliates of such organization—

(A) a description of the means employed to make the solicitation, the issue with which the solicitation was concerned, and an indication whether the recipient was in turn asked to solicit others, except that the requirement of describing the issue involved may be satisfied, at the discretion of the reporting organization, by filing a copy of the solicitation;

(B) an identification of any person retained to make the solicitation; and

(C) the approximate number of individuals and organizations, including the approximate number of affiliated organizations, solicited, or if the solicitation is conducted through a paid advertisement in a newspaper, magazine, book, periodical, or other publication, or through a paid radio or television advertisement, an identification of the publication, or radio or television station, where the solicitation appeared, and the total amount expended on any solicitation conducted through one or more such advertisements where the amount exceeds $5,000.

CONTRACTS

SEC. 8. (a) Any organization that submits a bid or proposal on a contract that may reasonably be expected to have a value of $10,000,000 or more, shall file with the executive agency responsible for the award of such contract, and with the Comptroller General, a report containing the information required in subsection (b). Each report shall be filed in such form as the Comptroller General shall prescribe by regulation, at the time the organization submits the bid or proposal, on an annual basis thereafter, until the award or cancellation of the contract, and immediately prior to the award of the contract.

(b) Each report required by subsection (a) shall contain the following information about the activities of the organization not contained in any report on such contract previously filed under this section—

(1) an identification of the organization filing the report;

(2) a description of the contract including an indication of its estimated value;

(3) an identification of each paid officer, paid director, or paid employee of the organization who sought to influence the award of the contract by engaging in one or more communications with a Federal officer or employee if the officer, director, or employee of the organization is—

(A) a former employee of the executive agency responsible for the award of the contract or grant and the communication is with a Federal officer or employee of that agency; or

(B) the chief executive officer or a principal operating officer of the organization;

(4) an identification of any person other than an officer, director, or employee of the organization filing the report who received income from such organization to engage in one or more communications with the executive branch to influence the award of the contract, the total amount of income received to date by such person in connection with such communications, and an indication whether such person, or a member or employee of such person who made one or more such communications, is a former employee of the executive agency responsible for the award of the contract;

(5) in the case of any former employee of an executive agency identified as such by paragraph (3)(A) or (4), a description of the position and duties of the former employee during the last three years of employment with the agency;

(6) a record of any expenditure in the form of a gift of money or thing of value, including a loan or honorarium, in excess of $35 to any Federal officer or employee of the executive agency responsible for the award of the contract or grant; and the identity of the individual who received such gift, where the gift is (i) by the organization or by any person identified in paragraph (4) of this subsection who is reimbursed for the expenditure, or (ii) by an officer, director, or employee of the organization if such individual has taken, or will take, such gift, in whole or in part, as a deduction under section 162 or 212 of the Internal Revenue Code; and

(7) an itemized listing of each expenditure during the period covered for any reception, dinner, or similar event in whole or in part for Federal officers or employees of the executive agency responsible for the award of the contract or grant, where the total cost of the event exceeds $500.

(c) The executive agency with whom the reports required by this section are filed shall preserve the originals or reproductions of such reports, filed according to the name of the contract, for the same length of time, and make them available to the public in the same manner, as prescribed in sections 11(a)(3) and 11(a)(4) of this Act.

(d) For purposes of this section—

(1) the term "contract" means any agreement for the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government. The term includes, but is not limited to, contracts, options, claims, bilateral agreements and change orders;

(2) the term "former employee of the executive agency" includes any person who was employed at any time within the last five years by an executive agency at a rate of compensation in excess of the highest rate for grade GS–11 of the General Schedule under section 5332 of title 5, United States Code, or at a rate of compensation in excess of the highest rate for pay grade O–4 or W–2, as the case may be, under chapter 3 of title 37, United States Code, while any such person served as a member of a uniformed service; and

(3) the term "Federal officer or employee" shall include, in addition to any person described in section 3(e) of this Act, an employee of the executive branch whose principle responsibility is the drafting, revising, or letting of Government contracts.

PREPARATION OF REGISTRATIONS AND REPORTS

SEC. 9. (a) Each organization required to register or to report under section 5, 6, 7, or 8, and each agent or other person retained by such organization, shall maintain for each quarterly filing period such records, in accordance with regulations prescribed by the Comptroller General, as may be necessary

to enable the organization to file the registrations and reports required by this Act; except that the Comptroller General may not require by rule or otherwise that any organization which is not registered pursuant to this Act, or which is registered only pursuant to section 4(a), to establish or maintain any records other than those records normally established or maintained by the organization, in order to enable the Comptroller General to determine whether such organization is, in the case of an unregistered organization, required to register, or, in the case of an organization registered only pursuant to section 4(a), required to register pursuant to section 4(b). Any officer, director, employee, or retained person of any organization shall provide to such organization such information as may be necessary to enable the organization to comply with the recordkeeping and reporting requirements of this Act. Any organization which shall rely in good faith on the information provided by any such officer, director, employee, or retained person shall be deemed to have complied with this subsection.

(b) The records required by subsection (a) shall be preserved for a period of not less than five years after the close of the quarterly filing period to which such records relate.

(c) Each registration filed pursuant to section 5, and each report filed pursuant to section 6, 7, or 8 shall be signed by an officer or director of the organization who shall certify that the information certified therein is accurate and complete to the best of his knowledge and belief.

(d) Whenever an organization is required under section 6 or 7 to describe an issue, the description shall include, where feasible, the bill or other identifying number, and, in the case of any issue involving communications with the executive branch, the name of the agency. The description shall disclose the general subject matter which is of interest to the organization.

(e) Whenever an organization is required to approximate in the registration or reporting forms numbers of persons or amounts of expenditures, the organization shall provide the information in a manner prescribed by regulations issued by the Comptroller General.

(f) If a reporting organization requires an affiliate which is not required to register under this Act to engage in a lobbying solicitation, or reimburses such affiliate for expenses incurred in such a solicitation, then such organization must report the solicitation as if it were initiated, or paid for, by such organization.

(g) If an affiliate of a registered organization engages in activities described in section 4(a) or 4(b), the affiliate need not file the registration and reports required by sections 5, 6, and 7 if the registered organization files the required information on behalf of the affiliate. Where the reporting organization calls, organizes, or finances in whole or in part a meeting or conference of its affiliates who are not otherwise required to report under this section and one function of the meeting or conference is to coordinate a program of in-person lobbying communications by the affiliates, the reporting organization may, by filing the following information in lieu of separate reports by those affiliates, satisfy the reporting requirements of this Act applicable to such in-person lobbying communications engaged in by the affiliates during the duration of the conference or meeting:

(1) the dates on which the meeting or conference took place;

(2) the full name and mailing address of the affiliates that attended;

(3) the issue or issues on which oral lobbying communications were made; and

(4) the expenditures made by the reporting organization in connection with the meeting or conference.

POWERS OF THE COMPTROLLER GENERAL

SEC. 10. The Comptroller General, in carrying out the provisions of this Act, is authorized—

(a) to informally request or to require by subpena any person to permit the Comptroller General to examine, or to submit in writing to the Comptroller General, such reports, records, correspondence, and other documentary evidence, and such answers to questions, as the Comptroller General may consider necessary to carry out the provisions of this Act, within such reasonable period of time and under oath or such other conditions as the Comptroller General may require;

(b) to administer oaths or affirmations;

(c) to require by subpena the attendance and testimony of witnesses and the production of documentary evidence;

(d) in any proceeding or investigation, to order testimony to be taken by deposition before any person designated by the Comptroller General who has the power to administer oaths and to compel testimony and production of evidence in any such proceeding or investigation;

(e) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States; and

(f) to petition any United States district court having jurisdiction for an order to enforce subpenas or orders issued pursuant to this section.

DUTIES OF THE COMPTROLLER GENERAL

SEC. 11. (a) It shall be the duty of the Comptroller General—

(1) to conduct investigations with respect to any registration or report filed under this Act, with respect to alleged failures to file any registration or report required under this Act, and with respect to alleged violations of this Act and otherwise to employ his powers under this Act to insure compliance with it;

(2) to develop filing, coding, and cross-indexing systems to carry out the purposes of this Act, including but not limited to—

(A) a cross-indexing system which (i) for any person identified in any registration or report filed under this Act, other than those listed pursuant to section 5(c)(2), discloses each organization identifying such person in any such registration or report and (ii) for any such person retained by two or more organizations filing reports under this Act, discloses the information concerning such person provided by such organizations pursuant to sections 7(b)(2), 7(b)(5), and 8(b)(4;

(B) a cross-indexing system to be developed in cooperation with the Federal Election Commission which discloses for any person identified in any registration or report filed under this Act, other than those listed pursuant to section 5(c)(2), each identification of such person in any report filed under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), including the amounts and recipients of any campaign contributions made by such person; and

(C) a cross-indexing to be developed in cooperation with the Department of Justice which discloses for any person identified in any registration or report filed under this Act, other than those listed pursuant to section 5(c)(2), each identification of such person in any report filed pursuant to the Foreign Agents Registration Act (22 U.S.C. 611 et seq.);

(3) to make copies of each registration and report filed with him under this Act available for public inspection and copying, commencing as soon as practicable after the date on which the registration or report involved is received, but not later than the end of the fifth working day following such date, and to permit copying of such registration or report by hand or by copying machine or, at the request of any person, to furnish a copy of any such registration or report upon payment of the cost of making and furnishing such copy, which cost shall be limited to reasonable standard charges for the direct cost of a document search and duplication; documents shall be furnished without charge or at a reduced charge where the Comptroller General determines that waiver or reduction of the fee is in the public interest;

(4) to preservve the originals or accurate reproductions of such registrations and reports for a period of not less than five years from the date on which the registration or report is received;

(5) to compile and summarize, with respect to each quarterly filing period, the information contained in registrations and reports filed during such period in a manner which clearly presents the extent and nature of the activities described in the registrations and reports filed under this Act; to the extent the Comptroller General determines that it is meaningful and practicable to do so, the compilation and summary shall include information on all lobbying activities by organizations subject to this Act pertaining to a particular issue, and the total lobbying activities under this Act by organizations who share an economic, business, or other common interest;

(6) to make the information compiled and summarized under paragraph (5) available to the public within forty-five days after the close of each quarterly filing period, and to publish such information in the Federal Register at the earliest practicable opportunity;

(7) to furnish assistance, to the extent practicable, to any person who requests assistance in the development of appropriate accounting procedures and practices to meet the recordkeeping and reporting requirements of this Act; the Comptroller General shall issue regulations prescribing the minimum segments of an hour which any person may utilize in recording the length of any communication or the drafting of such communications in connection with the registration and reporting requirements of this Act; and

(8) to prescribe such rules and regulations, and such forms, as may be necessary to carry out the provisions of this Act in an effective and efficient manner, and to prevent the evasion of the requirements of this Act.

(b) For purposes of this Act, the duties of the Comptroller General described in subsections (a)(1) and (a)(8) of this section shall be carried out in conformity with chapter 5 of title 5, United States Code, and any records maintained by the Comptroller General under this Act shall be subject to the provisons of section 552 and 552a of title 5.

COMMERCIAL USE OF INFORMATION DISCLOSED

SEC. 12. No information contained in any registration or report filed under this Act shall be sold or utilized by any person for the purpose of soliciting contributions, or for any commercial purpose.

ADVISORY OPINIONS

SEC. 13. (a) Upon written request to the Comptroller General by any person, the Comptroller General shall, within a reasonable time, render a written advisory opinion with respect to the applicability of the recordkeeping, registration, or reporting requirements of this Act to any specific set of facts directly involving the person requesting such opinion.

(b) Notwithstanding any other provision of law, any person with respect to whom an advisory opinion is rendered under subsection (a) who acts in good faith in accordance with the provisions and findings of such advisory opinion shall be presumed to be in compliance with the provisions of this Act to which such advisory opinion relates.

The Comptroller General may modify or revoke any such advisory opinion, but any modification or revocation shall be effective only with respect to action taken after such person has been notified in writing, of such modification or revocation.

(c) All requests for advisory opinions, all advisory opinions, and all modifications or revocations of advisory opinions shall be published by the Comptroller General in the Federal Register, except that upon the request of any person seeking the advisory opinion, the identity of such person shall not be disclosed, directly or indirectly, in any information made public by the Comptroller General pursuant to this subsection.

(d) The Comptroller General shall, before rendering an advisory opinion under this section, provide any interested person with an opportunity, within such reasonable period of time as the Comptroller General may provide, to transmit written comments to the Comptroller General with respect to such request for an advisory opinion.

(e) Any person who has received and is aggrieved by an advisory opinion from the Comptroller General may file a declaratory action in the United States district court for the district in which such person resides or maintains its principal place of business.

ENFORCEMENT

SEC. 14. (a) The Comptroller General shall use his authority under section 11 to investigate possible violations of this Act by any person. Whenever the Comptroller General commences such an investigation of any person, he shall so notify the person of the investigation, unless the Comptroller General determines that notice would interfere with effective enforcement of this Act. Any investigation shall be conducted expeditiously, and with due regard for the rights and privacy of the person involved.

(b) If the Comptroller General determines, after an investigation under subsection (a), that there is reason to believe that any person has engaged in any acts or practices which constitute a civil violation of this Act, he shall endeavor to correct such matter—

(1) by informal methods of conference or conciliation; or

(2) by referring such apparent violation to the Attorney General.

The Attorney General shall act upon any referral made pursuant to this subsection in as expeditious a manner as possible.

(c) The Attorney General may institute civil enforcement actions for relief, including a permanent or temporary injunction, restraining order, or any other appropriate relief, in the United States district court for the district in which such person is found, resides, or transacts business.

(d) The Comptroller General shall refer apparent criminal violations of this Act to the Attorney General. In any case in which the Comptroller General refers such an apparent violation to the Attorney General, the Attorney General shall act upon the referral in as expeditious a manner as possible.

(e) If the Attorney General fails to bring a civil or criminal action within sixty days of the date the Comptroller General refers an apparent violation to him pursuant to this section, the Comptroller General may bring an action described in subsection (c) in his own name, and through his own attorneys.

REPORTS BY THE COMPTROLLER GENERAL

SEC. 15. The Comptroller General shall transmit a report to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Comptroller General in carrying out his duties and functions under this Act, together with recommendations for such legislation or other action as the Comptroller General considers appropriate.

SANCTIONS

SEC. 16. (a) Except as provided in subsection (c), any person violating section 5, 6, 7, 8, 9, or 12 of this Act shall be subject to a civil penalty of not more than $5,000 for each such violation.

(b) Any person who knowingly and willfully violates section 5, 6, 7, 8, 9, or 12 of this Act, or who, in any statement required to be filed, furnished, or maintained pursuant to this Act, knowingly and willfully makes any false statement of a material fact, omits any material fact required to be disclosed, or omits any material fact necessary to make statements made not misleading, shall be fined not more than $10,000 or imprisoned for not more than two years, or both, for each such violation.

(c) No organization shall be subject to civil sanctions for failing to register for the first time under section 5, unless the failure of the organization to register constitutes a knowing violation of the requirements of this Act.

REPEAL OF FEDERAL REGULATION OF LOBBYING ACT

SEC. 17. (a) The Federal Regulation of Lobbying Act (2 U.S.C. 261 et seq.), and that part of the table of contents of the Legislative Reorganization Act of 1946 which pertains to title III thereof, are repealed.

(b) All documents, papers, and other information in the custody or control of the Clerk of the House of Representatives or the Secretary of the Senate obtained or prepared pursuant to the provisions of the Federal Regulation of Lobbying Act are hereby transferred to the custody and control of the Comptroller General. The Senate and the House of Representatives consent to the transfer of such documents, papers, or other information.

SEVERABILITY

SEC. 18. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of this Act and the application of such provision to other persons and circumstances, shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 19. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

EFFECTIVE DATES

SEC. 20. (a) Except as provided in subsection (b), the provisions of this Act shall take effect on the first day of the first calendar quarter which begins more than one hundred and fifty days after enactment of this Act.

(b) The provisions of this Act requiring the issuance of regulations to implement this Act shall become effective upon enactment.●

● Mr. PERCY. Mr. President, the drafting of lobbying disclosure legislation which is both fair and effective, is a difficult task. It is an intricate problem of how to collect enough information without discouraging free communication between Congress and the public.

The difficulty of this task was evidenced by the inability of the House and the Senate to come to a compromise on a lobbying disclosure bill in 1976.

In this Congress, two bills (S. 1785 and S. 2026) have already been introduced in the Senate. The purpose of both of these bills is to provide for the disclosure of information which Congress and the public need to evaluate efforts to influence the course of legislation. The Governmental Affairs Committee has held several days of hearings on lobbying legislation, and we have heard from a myriad of witnesses representing fields as diverse as industry, education, conservation, public interest, the press, and labor. All of our witnesses have agreed on one point—lobbying disclosure legislation must not inadvertently restrict lobbying activity by placing undue burdens on the basic constitutional rights of free speech, association, and redress of grievances, nor an undue burden from that and point of disclosure requirements.

For this reason, I congratulate Senator RIBICOFF on this legislation of which he is the principal sponsor. The refinements made by this bill reflect the close attention we have all paid to the need for cost-effective legislation—legislation which can serve a useful purpose without creating too great a cost.

This legislation will undoubtedly be further refined in committee markup, on the Senate floor and in conference, and we will continue to work closely with all interested parties to insure that the final product is a truly workable and effective piece of legislation. As a cosponsor I shall work toward this end.●

● Mr. JAVITS. Mr. President, it has now been 32 years since Congress last enacted a statute designed to disclose the activities and identities of the lobbyists who play such an important role in the work of the legislative branch. Since passage of the Federal Regulation of Lobbying Act of 1946, it has become clear to all that that act is, for all practical purposes, unenforced and unenforceable. This is due in part to the narrow scope of the act, which covers only a small portion of all lobbying activity, and its ineffective enforcement provisions, which vest authority to monitor the act in the Clerk of the House and the Secretary of the Senate. It is also due to the remarkable changes in the nature of lobbying that have occurred in the last 32 years. Computer technology, virtually unknown in 1946, has transformed lobbying into a sophisticated art. The number of groups that engage in lobbying has increased dramatically, and the concerns of these groups have expanded, until now nearly every piece of important legislation introduced in Congress is the subject of intense lobbying.

I do not view these developments negatively. Honest lobbyists on both sides of an issue can play a useful role in the legislative process in presenting a point of view and supporting facts. And the emergence in the last 15 years of the many new "public interest" lobbying groups, concerned with environmental or health and safety issues, has been, I believe, beneficial.

But changed circumstances require a change in the law. If the American people are to be able to identify the forces that daily work to influence Federal legislation—forces that are not directly accountable to the public—the deficiencies in the 1946 act must be corrected. The legislation we are introducing here today is an attempt to do that. It is based on earlier legislation, such as S. 2477, which passed the Senate in 1976

by a vote of 82–9. In this regard, I would like to point out that Senators RIBICOFF, PERCY, MUSKIE and MATHIAS have all, in the last several years, worked long and hard in the Governmental Affairs Committee on the development of suitable legislation.

Any attempt to legislate on lobbying must start with the premise that the right to petition the legislative and executive branches is protected by the first amendment. Further, lobbying legislation must be reconciled with constitutional concepts of privacy grounded in the fourth and ninth amendments. Legislation must be drafted in such a way that it protects the compelling governmental and public interests sought to be promoted by lobbying disclosure without infringing on any of these constitutional rights, which are among our most cherished freedoms. We have attempted in this legislation to accomplish this objective.

Thus, the bill's requirements are structured to apply only to organizations, not individuals, and then only to organizations that engage in a significant amount of lobbying. Voluntary groups without paid employees will not be covered. Further, I believe that the reporting requirements imposed on organizations that must register under the act are not unduly onerous.

However, Mr. President, I recognize that this bill is not perfect. Indeed, there are a number of provisions in it that I believe need further refinement in committee to assure that unnecessary burdens and complexities are eliminated, and to be absolutely certain that nothing in the bill discourages, or infringes on, the exercise of any constitutional rights. Thus, I would like to stress that while I strongly support the concepts contained in this bill, I am not committed to its exact language. I remain open to any suggestions, amendments or modifications that would help make this a better bill.

Mr. President, as I have noted, lobbying reform raises many difficult issues. But their difficulty must not deter us from working toward a solution. I sincerely hope that this will be the year that Congress faces up to these issues, and enacts this important legislation.●

● Mr. KENNEDY. Mr. President, Senators CLARK, STAFFORD, and I are pleased to cosponsor this legislation and I ask unanimous consent that the following joint statement may be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOINT STATEMENT OF SENATORS KENNEDY, CLARK, AND STAFFORD

We are pleased to join with Senator Ribicoff and the other cosponsors of this new Senate bill to reform the Federal lobbying laws.

The bill is similar in many important respects to the lobbying reform legislation (S. 1785) that we introduced last June. But it also contains a number of useful improvements reflecting both the extensive hearings on the bill and the subsequent discussion and debate. In particular, the modifications and clarifications in the areas of the home state exemption, the definitions of lobbying organizations and grass roots lobbying, the reporting requirements, and the increased threshold for coverage of executive branch contacts are useful steps that enhance the legislation.

We would, however, reserve judgment on one provision in the new bill, which weakens the important provision requiring disclosure of the major sources of financing of lobbying organizations. On balance, however, the new bill is a good one, and we are pleased to be cosponsors. Today's action by the House of Representatives indicates strong support for the cause of lobbying reform, and we look forward to early enactment of legislation to achieve our goals.●

By Mr. BARTLETT:

S.J. Res. 128. A joint resolution designating July 1, 1978, as "Free Enterprise Day." Considered and passed.

(The remarks of Mr. BARTLETT when he introduced the joint resolution appear elsewhere in today's proceedings.)

ADDITIONAL COSPONSORS

S. 571

At the request of Mr. MATHIAS, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 571, a bill relating to discriminatory housing practices.

S. 1500

At the request of Mr. JACKSON, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 1500, a bill to designate certain lands in the State of Alaska as units of the National Park, National Wildlife Refuge, National Wild and Scenic Rivers, and National Wilderness Preservation Systems.

S. 2227

At the request of Mr. DOLE, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 2227, a bill to postpone the effective date of the carryover basis provisions of the Internal Revenue Code.

S. 2416

At the request of Mr. JAVITS, the Senator from Illinois (Mr. STEVENSON) was removed and the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2416, the Nurse Training Amendments of 1978.

S. 2583

At the request of Mr. DOLE, the Senator from South Dakota (Mr. ABOUREZK) was added as a cosponsor of S. 2583, a bill to provide for the temporary transfer of the U.S.S. *Sanctuary* to Life International, a nonprofit corporation.

S. 2780

At the request of Mr. HATHAWAY, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2780, a bill to amend the Public Health Service Act to provide for grants and contracts for projects to provide health and dental care to medically underserved rural populations, and for other purposes.

S. 2895

At the request of Mr. BENTSEN, the Senator from Alabama (Mr. ALLEN), the Senator from Alaska (Mr. GRAVEL), and the Senator from Arizona (Mr. DECONCINI) were added as cosponsors of S. 2895, a bill to amend the Meat Import Act of 1964.

SENATE RESOLUTION 327

At the request of Mr. DOLE, the Senator from Texas (Mr. TOWER) was added as a cosponsor of Senate Resolution 327, to urge the President to embargo the export of military or paramilitary equipment to Uganda, and for other purposes.

SENATE RESOLUTION 438—SUBMISSION OF A RESOLUTION TO ENCOURAGE INTERNATIONAL DISCUSSIONS WITH JAPAN CONCERNING THE SLAUGHTER OF DOLPHINS

Mr. WEICKER (for himself, Mr. MAGNUSON, Mr. HOLLINGS, Mr. LEAHY, Mr. HASKELL, Mr. WILLIAMS, Mr. PELL, Mr. BAYH, Mrs. HUMPHREY, Mr. NUNN, Mr. CRANSTON, and Mr. INOUYE) submitted the following resolution, which was referred to the Committee on Foreign Relations:

S. RES. 438

Whereas the seagoing migratory mammal known as the dolphin is generally recognized as a unique, scientific, ecological, cultural and esthetic living marine resource;

Whereas fishermen on the remote island of Iki in the Sea of Japan, with the consent of officials of Nagasaki Province, determined it necessary to kill some one thousand dolphins on February 23 and 24, 1978, in order to restrict the effects such mammals were having on their fish catch and profits;

Whereas strong concerns were raised during consideration of H.R. 6970, Ninety-fifth Congress (which proposes to amend the Marine Mammal Protection Act of 1972 and which passed the House of Representatives on June 1, 1977, by a vote of 334–20), in hearings before the House Merchant Marine and Fisheries Committee, as well as during discussion on the floor, that the mass killing of such mammals appears to be in conflict with the sound policies of resources management and maintenance of the stability of the marine ecosystem;

Whereas the Pacific Marine Fisheries Commission sees the possibility of growing conflict within the ecosystem between some marine mammals, fishery stocks, and man;

Whereas it is essential to understand all the components of a balanced ecosystem, including fishery resources, marine mammal populations, and socioeconomic factors affecting the ecosystem;

Whereas it is the desire and the responsibility of the Senate to avoid major and possibly irreversible economic and social disruptions of man's activities in the area of marine resources by encouraging the developing and use of new methods and technologies;

Whereas the National Marine Fisheries Service of the Department of Commerce, as a component of the National Oceanic and Atmospheric Administration, promotes the protection and rational use of living marine resources for their esthetic, economic, and recreational value, administers programs to determine the consequences of the naturally varying environment and man's activities, and provides knowledge and services to foster efficient international management, use, and protection of living marine resources;

Whereas the Small Cetacean (porpoise/dolphin) Subcommittee of the Scientific Committee of the International Whaling Commission will hold hearings on the first day of the regular Scientific Meeting on June 1, 1978, in Cambridge, England;

Whereas the United States has proposed that an international cetacean commission

be established as an outgrowth of the International Whaling Commission; and

Whereas the Government of Japan will conduct research in FY '78 to discover alternative means, including sonic and radio equipment, to keep dolphins away from island fishing grounds: Now, therefore, be it

Resolved, That the Senate expresses its strong concern regarding the slaughter of some one thousand dolphins in the Sea of Japan by Japanese fishermen on February 23 and 24, 1978, and hereby strongly encourages the Government of Japan—

(1) to join in discussions to be held by the International Whaling Commission's Small Cetacean Subcommitee in June 1978, in an exchange of information with other nations facing similar problems and cooperate to advance understanding of small cetaceans on a global basis in order to insure the most effective use of living marine resources without disturbing the natural balance of the aquatic environment;

(2) to participate in an exchange of information, including various impact studies of small cetaceans on economically related human foodstuffs and alternative methods of dealing with the problems as they occur, with the National Marine Fisheries Service of the Department of Commerce;

(3) to cooperate to establish an international cetacean commission to advance understanding of all cetaceans and to insure their effective conservation and protection on a global basis; and

(4) to adopt comprehensive marine mammal protection legislation.

● Mr. WEICKER. Mr. President, today I am pleased to introduce a resolution, addressing the issue of the recent slaughter of 1,000 dolphins off the coast of Japan. This resolution expresses the concern of the Senate regarding the mass killing, and calls for increased participation by the Japanese Government in international discussions aimed at eliminating further problems of this nature.

The task of creating and maintaining a balance between the workings of the global ecosystem, and those of the world's economic systems is one of increasing importance to every nation. The dolphin slaughter in the Sea of Japan off Iki Island, and its subsequent social and economic reverberations provides a striking example of the complicated problems that such a task entails.

The hunt on February 23 and 24, 1978, in which the dolphins were lured to shore areas, where they were stabbed to death, was undertaken by Japanese fishermen in an effort to reduce the effect which these mammals have on their fish catch, and consequent profits. A similar conflict of interest between the well-being of oceangoing mammals, fishery stocks, and man has been encountered by U.S. fishermen.

In dealing with this issue, the 95th Congress asserted that the destruction of dolphins, however, inadvertent, is inconsistent with prudent resource management; it therefore developed stringent regulations to protect these intelligent mammals. However, by taking this step toward improved maintenance of the ecology, our domestic commercial fleets were placed at a disadvantage to those of Japan, with whom they must compete in the U.S. tuna market. As global food requirements increase, the importance of the ocean as a source of high protein will, too, and the trade off between the needs of the ecosystem, and the socioeconomic system will become even more bitterly disputed.

Ultimately, careful maintenance of a balanced marine environment will result in the most profitable harvesting of the ocean's resources. In recognition of this fact, the Japanese Government will conduct research in fiscal year 1978 to develop methods of tracking and chasing dolphins from fishing operations. Japan is to be commended for its initiative in this area, and encouraged to join in other international exchanges of information regarding the impact of marine mammals and socioeconomic concerns upon each other, in the hope that the killing of dolphins as an economic necessity will cease.

The resolution that I am introducing similar to H.R. 1065, which has already been introduced in the House, strongly urges the Government of Japan to participate in the discussions to be held by the International Whaling Commission's Small Cetacean Subcommittee in June 1978; further, it encourages Japan to take part in an interchange of information concerning the rational use of living marine resources, with the National Marine Fisheries Service, and to participate in the formation of an international cetacean commission. Finally, it suggests the adoption of comprehensive marine mammal protection legislation by the Japanese Government.●

AMENDMENTS SUBMITTED FOR PRINTING

CONGRESSIONAL BUDGET, 1979—SENATE CONCURRENT RESOLUTION 80

AMENDMENT NO. 1795

(Ordered to be printed and to lie on the table.)

Mr. HARRY F. BYRD, JR., submitted an amendment intended to be proposed by him to the concurrent resolution (S. Con. Res. 80) setting forth the congressional budget for the U.S. Government for the fiscal year 1979.

COLLEGE HOUSING LOAN PROGRAM—S. 2637

AMENDMENT NO. 1796

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. SPARKMAN submitted an amendment intended to be proposed by him to the bill (S. 2637) to amend and extend certain Federal laws relating to housing, community and neighborhood development and preservation, and related programs, and for other purposes.

● Mr. SPARKMAN. Mr. President, I am submitting today an amendment that I plan to offer to S. 2637. This amendment would seek to assure that the college housing loan program under the administrative jurisdiction of the Department of Housing and Urban Development, will be continued. The amendment would require the deletion from S. 2637 of section 418 which would terminate the program in fiscal year 1979. I feel strongly that this highly successful program is still needed. Its continuation will require no new budget authority; the program would simply recycle, as it is now doing, the repayments of loans made in prior years.

The college housing program, of which I was one of the original cosponsors, was enacted in 1950, and was amended in 1968 to provide alternative assistance in the form of debt service grants. Since enactment, it has assisted over 1,500 educational institutions located in all of the 50 States. Almost 1 million housing units have been constructed on campuses with loans totaling over $3 billion. Only three colleges have had loans foreclosed since the beginning of the program, and actual HUD losses from these foreclosures amounted to $2 million, or less than 1 percent of the loans outstanding. In my own State of Alabama, the college housing program has assisted higher education institutions with $70 million in loans, without any losses. I call this an outstanding record.

Along with other HUD programs, the college housing program was shut down between 1973 and 1976. In 1977, it was reinstituted as a limited program for the modernization and rehabilitation of existing facilities, and the construction of certain new projects. In fiscal year 1977, HUD made 1,945 loans totaling $156 million. However, for every dollar HUD loaned, it had to turn down over $2 in requests. It is expected that the demand for college loans will increase next year and in the years immediately ahead.

The projected increase in loan applications reflects the increasing college requirements for funds to conserve energy; rehabilitate older facilities; comply with new laws designed to assure that facilities are accessible to handicapped students and employees; and provide additional facilities for campuses where, because of the lack of dormitories, students are competing for an already critically short supply of housing which they can afford.

One college president has said that the "banquet years of higher education are over." I agree. With continuing budget deficits, it is clear that the Congress will have to conserve on spending for higher education, as with our other needs. We must, at the same time, however, preserve our institutions of higher learning. These institutions require housing facilities that are accessible, safe, and functional. I believe, therefore, that we can make a very significant contribution toward preserving our colleges and universities by continuing to recycle the college housing loan funds which Congress made available over 20 years ago.

I would welcome the support of my colleagues of my amendment.●

NAVIGATION DEVELOPMENT ACT—H.R. 8309

AMENDMENT NO. 1797

(Ordered to be printed and to lie on the table.)

Mr. CURTIS (for himself and Mr. ZORINSKY) submitted an amendment intended to be proposed by him to the bill

(H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

SENATE RESOLUTION 219—SENIOR CITIZEN INTERNSHIP PROGRAM

AMENDMENT NO. 1798

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted an amendment intended to be proposed by him to the resolution (S. Res. 219) establishing a senior citizen internship program in the Senate.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

● Mr. JACKSON. Mr. President, I wish to announce for the information of the Senate and the public the following hearings and business meetings scheduled by the Committee on Energy and Natural Resources. Questions concerning this schedule should be directed to Avis O'Leary, 3106 Dirksen Senate Office Building, Washington, D.C. Telephone: 224–7142.

April 20: Energy Conservation and Regulation Subcommittee—10:00 a.m., Room 3110, hearing. S. 2692, Department of Energy authorization bill. (Energy Information Adm. & Federal Energy Regulatory Commission).

April 21: Energy Research and Development Subcommittee—9:00 a.m., Room 3110, business meeting. S. 2692, Department of Energy authorization bill.

April 21: Energy Conservation and Regulation Subcommittee—10:00 a.m., Room 357, hearing. S. 2692, Department of Energy authorization bill.

April 24: Parks and Recreation Subcommittee—10:00 a.m., Room 3110, hearing. S. 2876, the omnibus ceiling increases and boundary adjustments.

April 24: Public Lands and Resources Subcommittee—10:00 a.m., Room 6226, hearing Oversight of P.L. 95–87, Surface Mining Law.

April 25: Full Committee—10:00 a.m., Room 3110, hearing. S. 499, S. 1500, S. 1546, S. 1787, S. 2465, re lands of national interest in Alaska.

April 26: Public Lands and Resources Subcommittee—9:00 a.m., Room 3110, hearing. S. 2913, S. 2914, Mineral Impact Loan bills.

April 26: Full Committee—10:00 a.m., Room 3110, business meeting. Pending calendar business.

April 27: Energy Research and Development Subcommittee—9:00 a.m., Room 3110, business meeting. S. 2692, Department of Energy authorization bill.

April 28: Parks and Recreation Subcommittee—10:00 a.m., Room 3110, hearing. S. 88, to enlarge the Sequoia National Park in the State of California by adding Mineral King Valley, S. 1906, Santa Monica Mts. Park & Seashore.

May 1: Parks and Recreation Subcommittee—10:00 a.m., Room 3110, hearing. H.R. 6900, S. 2705, S. 929, S. 2659, S. 2663, S. 2664, Omnibus trails bills.

May 2, 3, 4: Full Committee—10:00 a.m., Room 3110, business meeting. Pending calendar business.●

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

● Mr. CHURCH. Mr. President, for the information of the Senate and the general public, the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources has scheduled two dates on which to mark up S. 2692 and S. 2693, the Fiscal Year 1979 Department of Energy Authorization Act. The Subcommittee will meet on Friday, April 21, 1977, and Thursday, April 27, 1977, at 9 a.m. in room 3110 of the Dirksen Senate Office Building.

Anyone wishing additional information with regard to the markup should contact the subcommittee staff director, Dr. Willis D. Smith at 202—224–4431.●

SUBCOMMITTEE OF HOUSING AND URBAN AFFAIRS

● Mr. SPARKMAN. Mr. President, I wish to announce that the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing, and Urban Affairs, will hold a 1-day hearing on Wednesday, April 26, 1978, on S. 2726, the proposed Housing Conservation Act of 1978; S. 2798, the proposed Homeowners Rehabilitation Assistance Act of 1978; S. 2800, the proposed Housing Act of 1978, and S. 2931, proposed amendments to the 1974 urban homesteading program. This hearing will continue consideration of proposed 1978 housing legislation.

The hearing will be held in room 5302, Dirksen Senate Office Building, and will begin at 10 a.m.

The subcommittee would welcome statements on the bills for inclusion in the hearing record.●

SUBCOMMITTEE ON PARKS AND RECREATION

● Mr. ABOUREZK. Mr. President, I wish to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Parks and Recreation, Committee on Energy and Natural Resources.

The hearing is scheduled for Friday, April 28, 1978, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding S. 1906, a bill to establish the Channel Island and the Santa Monica Mountains National Parks and Seashore in the State of California.

For further information regarding the hearing, you may wish to contact Mr. Tom Williams at 224–7145.

Those wishing to testify or who wish to submit a written statement for the record should write to the Subcommittee on Parks and Recreation, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.●

COMMITTEE ON THE JUDICIARY

● Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, May 2, 1978, at 9 a.m., in room 2228 Dirksen Senate Office Building, on the following nominations:

Cristobal C. Duenas, of Guam, to be judge of the District court of Guam for a term of 8 years (reappointment).

Alfred Laureta, of Hawaii, to be judge for the district court for the Northern Mariana Islands for a term of 8 years (new positon Public Law 95–157).

Len J. Paletta, of Pennsylvania, to be U.S. district judge for the western district of Pennsylvania vice Herbert P. Sorg, retired.

Leonard B. Sand, of New York, to be U.S. district judge for the southern district of New York vice Charles M. Metzner, retired.

Any persons desiring to offer testimony in regard to these nominations shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

This hearing will be before the full Judiciary Committee.●

CHANGE OF HEARING DATE—SUBCOMMITTEE ON IMPROVEMENTS IN JUDICIAL MACHINERY

● Mr. DECONCINI. Mr. President, March 10, 1978, I announced that an open public hearing would be held by the Subcommittee on Improvements in Judicial Machinery of the Committee on the Judiciary on S. 1314, a bill to amend title 28, United States Code, to provide that State prisoners and Federal prisoners shall not be denied Federal habeas corpus relief on the ground that such prisoners were previously afforded a full and fair opportunity to litigate their claims, and for other purposes, would be held on April 21, 1978.

The hearing on this subject is now scheduled to be held on May 9, 1978, in room 2228 Dirksen Senate Office Building, commencing at 9 a.m.

Those who wish to testify or submit a statement for inclusion in the record should communicate as soon as possible with the Subcommittee on Improvements in Judicial Machinery, 6306 Dirksen Senate Office Building, Washington, D.C. 20510; telephone 202–224–3618.●

ADDITIONAL STATEMENTS

AFRICA UPDATE: RHODESIANS, REVOLUTIONARIES, AND RUSSIANS

● Mr. GOLDWATER. Mr. President, as I have repeatedly pointed out in recent weeks, the Carter administration is following an incredible and dangerous policy in the Rhodesian situation. In effect, our Government is confronting black Rhodesian moderates and the white Rhodesian minority as part of a coalition made up of black terrorists, the Soviet Union, and Great Britain. News reports following a visit of Cyrus Vance to Rhodesia described him as upset to learn the true Marxist nature of the terrorist group he and the administration are backing. Whether this will be sufficient to cause the administration to overrule U.N. Ambassador Andrew Young and go along with a sane and reasonable approach to the Rhodesian situation remains to be seen.

Mr. President, recently, Lt. Gen. Daniel O. Graham, U.S. Army, retired, who was former head of the U.S. Defense Intelligence Agency, returned from a fact-finding trip to South Africa and Rhodesia. His firsthand report is highly pertinent to the situation I have been discussing. General Graham's report was published in the April issue of the American Conservative Union publication,

Battle Line. I submit the article to be printed in the RECORD.

The article follows:

AFRICA UPDATE: RHODESIANS, REVOLUTIONARIES AND RUSSIANS

(By Lt. Gen. Daniel O. Graham, U.S. Army, retired)

The essence of the situation in Rhodesia today is this: A coalition of black Rhodesian moderates and the white Rhodesian minority are confronting a coalition of Marxist black terrorists supported by the Soviet Union and incredible as it may seem—the United States and Great Britain! This situation is made even more grotesque by the atrocities committed against defenseless black tribesmen by the US-UK supported side in the struggle for control of Rhodesia.

The recent political agreement inside Rhodesia between the whites led by Prime Minister Ian Smith and the moderate blacks represented by Mssrs. Chirau, Sithole and Muzorewe presents the United States and the British with a chance to make sense of policy toward that country and toward Southern Africa as a whole. This is the so-called "internal solution" to the problem of majority rule in Rhodesia. It quite simply excludes the participation of the Marxist "Popular Front" led by Joshua Nkomo from neighboring Zambia and Robert Mugabwe in neighboring Mozambique.

Both London and Washington have been insisting that no settlement in Rhodesia would be tolerated that did not include these "external" factions. Surprisingly, the British government softened its stand almost immediately after the new Salisbury agreement was announced, leaving the U.S. State Department alone in condemning the agreement out of hand. However, Washington registered second thoughts a few days later and took a more neutral stance toward the "internal solutions" in Rhodesia. It remains to be seen whether these faint indicators actually herald a return to common sense in U.S. policy toward critically important Southern Africa.

As one American who has visited Southern Africa, I certainly hope that our government takes advantage of the current opportunity to discard immoderate and immoral politics toward Rhodesia and South Africa. Once an American is brought face-to-face with the realities of Southern Africa, he finds it difficult if not impossible to explain his government's policies, let alone defend them. He finds the United States wide open to charges of blatant hypocrisy, of playing into our enemy's hands, and of pushing the black populations which we profess to defend backwards toward the Stone Age. The American in Southern Africa finds himself using the lame excuses of "American naivete" or "deference to British policies" to explain our blind hostility toward the Rhodesians and South Africans.

There is one other escape from the problem of trying to defend indefensible U.S. policy—to attack the obvious flaws in South African and Rhodesian societies. It is the easiest escape, because the American visitor can point the finger of outraged supermorality at the gross disparity of numbers between the powerful white factions and the politically deprived black population. He can in South Africa point with scorn at the "Whites Only" and "Nonwhite Only" signs which bedeck the country's facilities. (He can't do this in Rhodesia.) An American can lash out at the all too obvious disparity between Rhodesian and South African societies and the ideals (not the reality) of Western democracy.

Many Americans and Europeans take this tack when addressing Southern Africa. But to do so requires rejection of a fundamental reality—Rhodesia and the Republic of South Africa are in Africa, not in Europe or North America. The condemnation and subsequent pariah status of these two countries can be justified only by the unjust practice of comparing them with European states, e.g., Holland or France. If we judge them in the African context, Rhodesia and South Africa—for all their flaws—are exemplary states. This is true not only in terms of the material and social well-being of their black populations, but even in terms of the black populations.

The stark reality of Africa is that only a handful of its 52 nations are not totalitarian or authoritarian dictatorships. Some are ruled by incredibly brutal regimes such as that of Idi Amin's Uganda or Mengistu's Ethiopia. With the exception of four or five countries—Rhodesia and South Africa being prominent among those exceptions—no political opposition is allowed; no opposition newspapers, no meaningful elections. Most of these dictatorships are drifting backwards into tribalism, sometimes accompanied by massive slaughter of weaker tribes by the dominant one, e.g., 100,000 opposition tribesmen slaughtered in Burundi. Political repression in many of these countries makes the limited franchise of Rhodesia and South Africa appear benign and liberal.

These lame excuses are not a comfortable refuge from black and white Southern African questioners of U.S. policy. There is no escaping the fact that in Rhodesia black men are volunteering to defend the government in numbers too great to be accommodated with salary and arms, while on the other side, that of the "Patriotic Front", black recruits are collected at gun point and forced into the terrorist movement. Yet the U.S. government insists that the terrorist "Patriotic Front" represents Rhodesian blacks! There is absolutely no doubt that the "Patriotic Front" is supported by the U.S.S.R. and Cuban troops while the much-abused black and white Rhodesians plead for the support of the West. Yet we insist on joining our enemies against our friends. There is no doubt that the "confrontation states" of Zambia, Mozambique and Tanzania are destroying their own economies and reducing their black populations to misery while Rhodesia and South Africa offer the black person a far better life. We join the ideologues of black power to the detriment of black people. These realities which loom starkly to any American visiting Southern Africa make it awkward indeed to explain his government's attitudes.

The human misery in a country like Mozambique makes the economic condition of a black Rhodesian look utopian by contrast. Prior to the accession of black nationalists in Mozambique, the country exported foodstuffs. Today the population teeters on the brink of starvation, with utter famine ironically held at bay by food imports from the "enemy"— Rhodesia and South Africa. The once-great game herds of Mozambique are being slaughtered for food. Endemic diseases nearly obliterated by the Portuguese have returned in epidemic proportions.

These are African realities, and U.S. policies ignore them. We cannot pretend to a higher morality when we support totalitarian regimes over imperfect democracies. We deserve the appellation of hypocrites when we support the butchers and oppressors of black people simply because they are also black while condemning two African nations simply because the dominant "tribe" there is white, ignoring if not thwarting their progress toward our own political ideals.

The whites and moderate blacks of Rhodesia have given us a rare opportunity to shed our image as hypocrites. At a minimum we should drop our insistence that those who have perpetrated vicious atrocities against Rhodesian black people must be part of a settlement. How can we in good conscience insist that the terrorist leaders Nkomo and Mugabwe enter the Rhodesian government when their henchmen have hacked off the noses and genitals of black men and made their wives cook and eat the severed parts? Is this the road to political power we condone? Does our support of Soviet-backed terrorists who lock black women and children in huts and set fire to them signify U.S. concern for the black people of Rhodesia or contempt? Honest answers to these questions would prompt a U.S. change of policy toward support of the black-white settlement reached recently in Rhodesia which should be followed by a lifting of economic sanctions to give a promising effort by men of good will in that part of the world a reasonable chance of success. ●

STATEMENT BY SENATORS CHURCH AND SARBANES CONCERNING THE LEADERSHIP ROLE IN THE PANAMA CANAL TREATIES

● Mr. CHURCH. Mr. President, now that the Panama Canal treaties have been approved by the Senate, for both Senator SARBANES and myself I wish to say a few words about the work of the majority and minority leaders on the Panama Canal treaties.

Both played an essential role in shaping the final form of the treaties, in creating the political consensus necessary to obtain the approval of two-thirds of the Senate, and in providing masterful leadership during floor debate. These treaties would not have received the Senate's advice and consent without the active and courageous support of Senator ROBERT C. BYRD and Senator BAKER.

There is a long history behind what came to be called the leadership amendments that dealt with problems that, from the beginning of the hearings, concerned so many members of the Foreign Relations Committee. Their sponsorship of these two amendments was the crucial factor in reassuring many Senators with similar concerns. Later, when questions of interpretation about Senator DECONCINI'S provision threatened the fragile consensus behind the treaties, both in the Senate and in Panama, the leadership worked with all parties to find the key to the problem.

As floor managers of the treaties, Senator SARBANES and I had the fullest cooperation from the majority and the minority leader throughout the 38 days the Senate debated the treaties. It has been a pleasure and an honor to work with them so closely.

Both have demonstrated the highest qualities of true political leadership. They deserve the thanks of all Members of this body. Their role in this controversial issue was crucial. It will not go unnoticed in history.●

BRIGHAM YOUNG UNIVERSITY

● Mr. MARK O. HATFIELD. Mr. President, as usual, columnist George Will has insightfully touched upon the heart of an important issue worthy of the attention of this Senate.

Just over a month the Justice Department decided to officially announce their intention to sue Brigham Young University over their policy which requires housing facilities for male and female students to be separate. It has been encouraging to read letters from constituents over this past month responding to the Justice Department's action. Such a move is seen by many as a definite encroachment upon the right of the private educational institution to maintain high moral standards. Indeed, such intervention by the Justice Department, which bears the responsibility to protect the civil rights of all American citizens, in the words of Brigham Young university president:

Asserts a right based upon statute against our Constitutional right to the free exercise of religion guaranteed by the First Amendment.

This very same concern has been pointed out again and again by concerned constituents. For example:

My wife and I have four daughters we hope someday to send to a university where moral propriety and principles are upheld. Publicly funded universities and the attendant government's restrictions make that hope a difficult task by crowding out privately financed alternatives. Now the Justice Department seeks to use our tax dollars to extinguish all hope of our dream ever being fulfilled.

It is important to remember that dream for religious freedom, which lies at the heart of American Democracy, as our Nation continues to fight the battle for civil justice.

Legislation has been introduced by Senator McCLURE (S. 2721), of which I am a cosponsor, which amends the Fair Housing Act by resolving the apparent conflict found between title IX and the Fair Housing Act. This bill would permit separate housing for students and staff of private educational institutions. Trusting in the Justice Department's reasonable approach to this matter, I do not believe or hope that the situation will require legislative resolve.

I refer my colleagues of the Senate to George Will's article appearing in today's Washington Post, confirming my support for the stand BYU has taken against the Justice Department's action, and ask that it be printed in the RECORD at this point.

The editorial follows:

GOVERNMENT AS PEST (AGAIN)

It has been said that love and a cough cannot be hid. That also is true of the government's tendency to look strange and be a pest while defending the latest "rights." Just ask the people in Provo, Utah, home of Brigham Young University.

BYU, a Mormon institution, believes that "a reasonable separation of the sexes in housing" helps to maintain "traditional restraint in relations between the sexes." Although Washington has not *yet* made traditional restraint illegal, separation of the sexes may be.

Some 13,000 of BYU's 25,000 students live off campus. They are required to rent from landlords who agree to house men and women in separate buildings or wings. Most students live in apartments with three to five other students, and sign individual rental agreements. But in 1974 Congress had sex discrimination on its mind, and amended the Fair Housing Act to make it "unlawful . . . to refuse to . . . rent . . . a dwelling to any person because of sex." The act defines a "dwelling" as a building "or any portion thereof."

Two years ago, a female was refused an apartment in a private building reserved for males. Eventually her complaint came to the Justice Department. In February, Justice cleared its throat and told BYU: "This department has now completed an extensive, time-consuming and painstaking investigation" into BYU's off-campus housing policies and has reason to believe that BYU has caused landlords to violate the Fair Housing Act. BYU's practices require action "to ensure the full enjoyment of rights secured by the act."

But BYU's motto is "The Glory of God Is Intelligence," and it asked an intelligent question: What rights, exactly? In a letter that is a masterpiece of temperateness, Dallin Oaks, BYU's president, noted: "The law seems to require that if a landlord has signed rental agreements with five women students to live in a six-student apartment and a male applies for housing, the landlord must rent the sixth space in that apartment to the male applicant."

A Justice Department official has said, "Any suit that would try to put men and women in the same room would quite justly be classified as kooky." But Oaks, who probably understands that kookiness is in season, is not reassured, and asks:

Does BYU act unlawfully in assigning students to dormitories restricted to one sex, and, if not, what legal principle exempts campus housing? Does BYU act unlawfully when it tells off-campus landlords that students will be dismissed if they live in buildings or wings not restricted to a single sex, and when it urges landlords to accommodate that policy?

The Justice Department's protectors of "civil rights" probably lack the kamikaze instinct of their counterparts in the Department of Health, Education and Welfare and may be looking for a way to retreat gracefully. Oaks helpfully reminds Justice that Congress stipulated that the law forbidding sex discrimination in education does not forbid separate housing for the sexes.

And Oaks notes, with the innocence of a reasonable gentleman who lives far from Washington: "One department of government should not be in court to prevent actions in the private sector that another department expressly permits in federally assisted programs."

Even assuming that Congress had something clearly in mind when it banned sex discrimination in housing, Congress obviously did not intend to compel sexual integration in campus housing. Nor did Congress expect that, four years later, Justice would be asserting a right based on that statute against BYU's constitutional right to the free exercise of religion.

If the ban on sex discrimination that Congress reflexively inserted into the Fair Housing Act can cause government to become, almost absent-mindedly, a pest in Provo, imagine the mischief that ideological lawyers and compliant judges could produce with the vacuous language of the proposed Equal Rights Amendment. It blandly says that "equality of rights" shall not be denied or abridged on account of sex.

BYU is an inconvenient institution because it is out of step with the march of progress, and the government, in its role as sergeant major, is barking orders. Obviously there are "now" people who believe that BYU's practices, which are decidedly not "now," should for that reason be illegal.

BYU can defend itself, but it needs to do so only because government, having made a fetish of abstract rights, is making a nuisance of itself, again.●

● Mr. GARN. Mr. President, George F. Will is, as most of us readily admit, one of the most brilliant and learned commentators in the country. He is particularly good at calm analysis of the prevailing world view and in pointing out the inconsistencies and plain errors and stupidities of that viewpoint. Of course, one of the most fascinating aspects of Mr. Will's analyses is that he often succeeds in showing that what we at first thought was a "world view" is in fact not a widely held view at all, but the view of small group of intellectuals, bureaucrats, or writers who represent neither the scholarly, governmental, and journalistic communities nor the law, logic, and reason. What this small group does represent is sometimes not clear, but in the case most recently addressed by Mr. Will it represents the "now people" who believe that the "now ethic" should be extended by force of law to those who are not "now people."

Gratefully, the "now ethic" at the Department of Justice is promoted by reasonable people. At least we may say that they have acted reasonably (although mistakenly) to this point. After notifying Brigham Young University (BYU) in Provo, Utah, of its intent to file suit under the provisions of the Fair Housing Act, the Department of Justice has acted in good faith in negotiations aimed at avoiding litigation. I very much hope that litigation can be avoided and understand that Justice and BYU may be nearing an agreement.

The BYU housing case may soon go away, but remaining will be the tendency of the Federal Government to involve itself in the most minor private decisions. This involvement can only be had at some cost and that cost is growing increasingly unacceptable: There is the direct cost of Federal investigations, research and litigation; there is the less evident (to some) loss of personal and institutional freedom; and there is tremendous loss of governmental prestige and trustworthiness as the government seeks to enforce the unjustifiable—necessarily at the expense of that which is urgent and required.●

● Mr. McCLURE. Mr. President, I would like to associate myself with the remarks of my colleague from Oregon, Mr. HATFIELD regarding George F. Will's editorial in todays Washington Post, entitled "Government As Pest (Again)."

Mr. Will appropriately points out that a failure in legislative drafting has forced one Department of the Government to go to court to prevent actions in the private sector that Department expressly permits. Several years ago we recognized discriminatory practices in the field of education based solely upon sex. In response to this problem we adopted title IX; forbidding sex discrimination in education. In doing so however, we stipulated that under certain specific circumstances distinctions could be drawn based solely upon sex. One of these circumstances dealt with housing in connection with educational institutions. It was apparent that we all recognized that the Federal Government should not dictate to private individuals that cohabitation would be a

part of their nondiscriminatory education. Yet, in 1974 when we had sex discrimination on our mind, and we amended the Fair Housing Act to forbid discrimination based upon sex, we failed to include a similar exclusion with regard to housing occupied by students.

Although I felt that we had made our intentions clear, our oversight has caused the Justice Department to threaten one of our Nation's universities, Brigham Young University, which is renowned for its high moral standards, with a law suit which would in effect sanction cohabitation. I feel it is unfortunate that the Justice has failed to read the spirit of the law as indicated by our intentions. However, this problem does point out the important responsibility that Congress possesses to clear and consistently state the law.

In order to clarify Congress intentions and make this clear even to those in the Justice Department who will accept restraint on their power no other way, I have offered S. 2721 which states with precision and certainty the obvious fact that requiring separate living facilities for young people in school is not a violation of the fair housing laws of the United States.●

DESIGNED TO EQUALIZE

● Mr. BURDICK. Mr. President, I would like to include in the RECORD two letters relating to the U.S. Office of Education's interpretation of three words in the impact aid laws: "designed to equalize." Specifically, these letters concern the lengthy and complex regulations OE has devised to define these words.

Current law allows States whose school aid programs are designed to equalize expenditures to consider Federal impact aid as local resources, since it is intended to replace local taxes lost because of Federal installations. Yet, in their effort to define what "designed to equalize" means, OE has taken it upon itself to demand near perfect equalization of State education funds—a demand that is far beyond the congressional intent of the law and, I believe, an unnecesary encroachment on the State and local government's right to run their own education systems.

It is interesting to note that, although one of these letters comes from the Council of Chief State School Officers and the other from a local school superintendent, the feelings expressed are the same: That these OE regulations are arbitrary, overly restrictive, and need to be altered.

The regulations have been a continuing headache for North Dakota, Kansas, and other States whose school aid programs partially recognize Federal impact aid payments as local resources. As more States improve their school aid laws, I might add, they, too, will face similar problems.

North Dakota, which has one of the best equalization programs in the Nation, currently has 87 percent equalized revenues—a perilously small two percentage points above the arbitrary 85 percent level demanded by OE. Given the practical problems of available funding, the political problems of meeting State legislative demands, and the reality of helping school districts with widely differing tax bases, however, I believe the North Dakota percentage is perfectly acceptable. It is, in fact, a very good percentage. But what is really important, however, is that the North Dakota school aid program is designed to insure that the percentage of equalized revenues is always relatively high. And it is this fact which the law directs OE to determine. It does not give them the authority to dictate to the States the exact amount of equalized or unequalized revenues they should have.

The first letter I would like to put in the RECORD speaks to this. It comes from the Council of Chief State School Officers who, at their March meeting, passed a resolution unanimously recommending deletion of section 5(d)(2)(B) from Public Law 81-874. Such a deletion would take away from OE the authority to define the "designed to equalize" clause while, at the same time, continuing protection of the interests of school districts.

The second letter comes from the Superintendent of Schools in Grand Forks, N. Dak., Mr. Burton M. Nygren. Grand Forks is one of the two largest recipients of impact aid in North Dakota. Yet this letter, too, urges that OE relax its overly stringent regulations. Mr. Nygren describes the serious problems at the local level created by the continuing uncertainty of Federal funding.

In light of the continuing inflexibility of OE on this subject and the unending problems North Dakota and other States have faced, I would like to see the Senate adopt the position of the Chief State School Officers and strike section 5(d)(2)(B) from the law. The term "designed to equalize" does not require States to achieve perfect equalization. It requires only that they have programs whose goal is to equalize. Deletion of this provision would retain that requirement and would leave intact that section of the law which protects local school districts. That section, in fact, contains a fair formula which allows the States to count only that portion of local resources which are equalized. This is built-in protection, fair to both the States and local agencies.

I would hope that the Congress will take action this year in the 1978 ESEA bill to resolve this matter once and for all. Whether it is through elimination of section 5(d)(2)(B) or through some other action, I hope very much that we can ease the strict and arbitrary standards now demanded by the Office of Education.

Mr. President, I ask that the two letters be printed in the RECORD.

The letters follow:

MARCH 13, 1879.

Hon. QUENTIN N. BURDICK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BURDICK: I thought you would want to know that the Council membership, at its Annual Legislative Meeting on March 7, 1978, voted unanimously to support a resolution sponsored by State Superintendent Howard Snortland regarding the use of Impact Aid payments in states which have moved to equalize expenditures in their state aid formula. Specifically, the Council recommended that Section 5(d)(2)(B) be deleted from P.L. 81-874.

This action was based on the experience of the affected states which have had continuing problems in their attempts to meet arbitrary and unrealistic criteria suggested in regulations promulgated by the U.S. Office of Education over the period of the last several years. The recommended deletion would remove the authority of the Commissioner to develop such regulations and, at the same time, continue to protect the interests of local education agencies.

The Council is anxious to assist you and your colleagues toward the successful resolution of this problem which is of such critical importance to the State of North Dakota, and a growing number of other states as they move toward greater equalization efforts in their respective state aid formulas.

Sincerely,

JOHN W. ADAMS,
Director, Federal-State Relations.

MARCH 10, 1978.

Senator QUENTIN BURDICK,
Russell Senate Office Building
Washington, D.C.

DEAR SENATOR BURDICK: Although I haven't written you since becoming Superintendent in Grand Forks, I know you and your staff have been most helpful over the years in resolving problems related to P.L. 874 Impact Aid funding. Payments have come in well this year, and we appreciate the efforts made by your office.

As you are well aware, North Dakota's law requiring a deduct of P.L. 874 in calculating Grand Forks' (or any other district's) foundation aid payment does conflict with federal law and regulations as presently interpreted.

There is a philosophical and practical issue as to why a state, such as North Dakota, should not deduct P.L. 874 payments. Certainly, such monies are provided in lieu of a local tax base. Indeed the federal government has recognized that a deduct mechanism is reasonable if the state's program of financing education is well equalized.

How the federal government determines the adequacy of a state's equalization program is so complicated most cannot understand it including myself—and I've tried.

Personally, I understand the contentions of both the state and federal governments that you should or shouldn't deduct. Good arguments can be made on both sides. This doesn't help resolve the problem, however.

In Grand Forks the uncertainty each year or whether or not we'll be in compliance with federal law and regulations leads to problems of budget planning, of staff morale, of poorer relations between Base and town, and of great exasperation of the School Board and the general public.

My position is that the federal law and regulations are overly complicated and arbitrary regarding the deduct provisions of Impact Aid. A situation where H.E.W. is attempting to judge how well state educational financing plans are working (equalized) seems unworkable. There is such a range of approaches to how states finance local school districts that the federal government will probably never come up with a law or regulations broad and narrow enough to cover all circumstances in an equitable manner.

It is my information that some work is being done on P.L. 874 during the current session. Senator Burdick, I would urge you to support a change in the law which would allow states a P.L. 874 deduct without the complex or stringent conditions now imposed by the federal government.

If such a direction is politically unrealistic, then the current arbitrary and re-

strictive controls determining whether states have adequately equalized must be changed. North Dakota presently has a good system of equalizing educational costs and it has been improving the level of equalization since 1971. Yet compliance with federal regulations is most difficult.

The present law and administration of it by H.E.W. impose regulations so rigid and unreachable that the effect is to deny states the opportunity to exercise the deduct provision even when their equalization programs are working well such as in North Dakota.

I hope 1978 will be the year we can finally resolve this frustrating annual problem. Thanks for your help. Please contact me if I can assist with any specific information regarding the Grand Forks School System.

Sincerely,

BURTON M. NYGREN,
Superintendent.●

PRIME MINISTER WELCOMES U.S. BUSINESSMEN

● Mr. GOLDWATER. Mr. President, we have heard a great deal in recent weeks from President Carter, U.N. Ambassador Andrew Young, and Secretary of State Cyrus Vance about what should be done in Rhodesia. Most of what has been said has been the administration's idea of what constitutes an acceptable settlement of a so-called Rhodesian problem. By and large, it ignores, and indeed has labeled "illegal," the very important agreement already reached by Rhodesian leaders for the orderly development of majority rule in that country.

At this stage, it strikes me that it might be well for the Members to understand how Prime Minister Ian Smith of Rhodesia feels about the situation. Recently, the Prime Minister met with a group of American businessmen taking part in a Time magazine tour of Rhodesia. What he had to say to them was very much to the point and I ask to have his remarks printed in the RECORD.

The remarks follow:

PRIME MINISTER WELCOMES U.S. BUSINESSMEN

The following are extracts from an address made by the Prime Minister, Mr. Ian Smith, to American businessmen taking part in the Time magazine tour, at the Prime Minister's residence in Salisbury on Tuesday (March 21).

I am speaking to you tonight in my capacity as first Chairman of the Executive Council and I'm sure I represent the views of the other three members who joined me today in the first meeting of our Executive Council.

I don't want to go back too far in history but perhaps it is appropriate for me to say that we were disappointed by the action which the American Government took at the time of the imposition of sanctions against us. We feel that now there is an opportunity for them to rectify any wrong which may have been done. We believe that an injustice was done to us and we think at least two should have been given a chance to state our case. Unfortunately a lot of members of the Free World including your own country allowed the British Government to lead them by the nose into joining in the imposition of sanctions against us. For a country which has the reputation of yours, of maintaining the highest standards as far as impartiality and justice is concerned, this was an unusual act to put it mildly, because you put us in the dock and charged us, you convicted us and you actually sentenced us without ever giving us an opportunity to defend ourselves. I think you will agree with me when I say there could be no more fundamental breach of the ethics of justice than that. But I don't want to go into recrimination. I believe now we should be able to put things right.

The next important part that America played was when we met Dr. Kissinger in September '76 and he was then asked, on behalf of the British and American Governments to sell an agreement to us which he told us was a British agreement but that the Americans backed it. This was a dramatic change for us. We accepted then something which we hoped we would never have had to accept. We had all along believed in a system of meritocracy, but we were told that in this world today it had to be "one man one vote", whether we like it or not, and if we did not like it, then life was not going to be easy for us so we accepted it. A traumatic decision for Rhodesia.

The Rhodesian nation accepted it with great statesmanship with tremendous grace. However, when we went to Geneva to implement it the thing fell through because the British Government allowed themselves to be deviated from the terms of the agreement. We were promised that if we accepted this magic thing, "one man one vote", that the British and American governments guaranteed they would remove sanctions. They would acknowledge us. They would join with us in calling for an end to terrorism, and they told us that as the leading powers of the Free World this would be of tremendous influence.

It was no fault of ours it broke down and we were left in the middle. We picked up the threads and eventually we got the internal black political leaders to come and talk to us. Britain had been pulling them away from us for years, telling them that we were wrong, that we were bad and we couldn't be trusted. I think I can say now that the black political leaders with whom I have been talking, will tell you that they found once they came face to face with us that we were not what the British had painted us to be. In fact they may have come to the conclusion that we are probably a little better, a little straighter to deal with than those they dealt with in the British Government.

We have accepted in this new Agreement exactly what we accepted under the Anglo-American proposals which Kissinger sold to us, and the crux of the matter is "majority rule". Our plea now to the Free World is to give us what they promised us when Kissinger sold us those proposals. We have now accepted what they asked us to accept on that occasion so are we not justified in saying—why do you not now deliver the goods which you promised us at that time? And there is an even greater case now.

I'm sure I don't have to tell you of the communists' march down Africa—how they started in Angola. Had the Free World come in, there they would have had two thirds of the population of that country on their side—but they didn't. The Russians had one third, they came in and they have taken over. I don't have to remind you of what is happening in the Horn of Africa today, you know as much about it I'm sure as we do here in Rhodesia.

I think that the one thing that might help us is that the Free World now believes that the Russians might come further down into this part of the world. And if the Free World sits back and allows that, it would be a tragedy because this is a little part of Africa which has always been associated with the Free World. We believe in private enterprise. We believe in Western democracy and we want to be on the side of Western democracy. If we fail now, then you know what the alternative is—that the people who are being pushed by the Russians or the Marxists, will then come in at the point of a gun, because it has been made clear to us that we won't get help from the Free World. They don't supply us with the things that we need to defend ourselves, not even if we are prepared to pay for them. These other people, they get their requirements free from the communists.

I want to tell you, and I speak as a white Rhodesian, that the information before me, which I believe is very accurate, from our Security Forces, tells me that the three black leaders with whom I have made an agreement represent from 85 percent to 90 percent of black opinion in this country. What more can we do than come to a peaceful agreement with them, accepting what they have been asking for, and fighting for, for a long time. We have now given them this. I wonder if one could make a better case for saying that there is no need for the fighting to go on. At least we would hope that our friends in the Free World would not lend their support to the fighting, for it is the intention of the Marxists who are behind them to encourage the fighting to continue.●

AID TO CYPRUS, GREECE, AND TURKEY AND PEACE IN EASTERN MEDITERRANEAN

● Mr. KENNEDY. Mr. President, 3 days ago I called on this floor for a major U.S. diplomatic initiative, working closely with the United Nations, to move toward a settlement of the territorial, constitutional, humanitarian, and security issues facing the people of Cyprus.

I strongly believe that the pressing issue should be negotiations over Cyprus, not arms for Turkey. The administration, working closely with U.N. Secretary General Waldheim, should actively encourage a comprehensive peace settlement for that strife-torn island.

I am therefore, deeply concerned by the administration's recent request to lift the embargo on arms supply to Turkey.

We must recall that the Congress first imposed this embargo because Turkey used American arms to invade and occupy Cyprus in August 1974—in violation of its legal obligations to the United States.

The circumstances have not changed substantially since 1974. Today, 30,000 Turkish troops continue to occupy nearly 40 percent of Cyprus, displacing over 200,000 Greek Cypriots from their homes and lands.

We cannot justify to the American people a lifting of the arms embargo, unless and until there is substantial movement toward a just solution of the Cyprus tragedy. The Government of Cyprus has made serious efforts to move toward such a solution. Greek Cypriots are, I believe, increasingly prepared to negotiate reasonable territorial and constitutional guarantees for the Turkish-Cypriot minority. But we have failed to see a constructive approach from Turkish Cypriot leaders since 1974—a failure subsidized by Turkish troops and U.S.-supplied arms.

Last week, the Turkish side responded at long last to the April 1977 Greek Cypriot proposals on both territorial and constitutional arrangements. This week, Secretary General Waldheim is presenting the Turkish proposals to the Cyprus Government. The reported Turkish response still falls short of what is needed,

but we must all hope that Mr. Waldheim can bring about serious and productive efforts by both sides to resolve their differences.

The last thing that this fragile diplomatic process needs, at this early stage, is a major new U.S. commitment of arms to Turkey. Instead of coming to the Congress with a request to lift the embargo, the administration should be telling us of new U.S. efforts to help resolve the differences on Cyprus.

It is a sad commentary that Cyprus can be relegated to the back burner of diplomacy for 1 year, but Turkish demands can precipitate an urgent arms request from the administration. This is a sharp turnaround of the U.S. position up to only a few weeks ago: that further movement on arms supply should follow, not precede, diplomatic movement on Cyprus.

So instead of seeking arms for Turkey, we should be pursuing peace for Cyprus. We should now be making serious efforts to guarantee the rights of the Turkish minority and the Greek majority in that island, in the context of a comprehensive settlement which addresses both the constitutional and the territorial issues.

Greece and Turkey now have responsible leaders, with a serious interest in resolving differences not only over Cyprus but over boundaries in the Aegean. I welcome both the direct discussions between Prime Ministers Karamanlis and Ecevit and their stated interest in improving relations between their two countries. The elements of statesmanship, of readiness to take risks for peace, are now apparent in the eastern Mediterranean.

Greece and Turkey are, furthermore, longstanding friends and allies of the United States. Democracy should prosper with peace in each of our countries, as well as in Cyprus, and our commitment to each other's security in the NATO alliance should remain firm.

These interests can and must be brought into balance. We all should have an interest in moving the peace process forward in Cyprus. Substantial progress will make it possible to consider arms supply without incurring the unacceptable risk of destroying this process.

Nor should we consider assistance to Turkey in isolation from assistance to Cyprus and to Greece. The administration has requested $175 million in foreign military sales (FMS) financing for Turkey and only $140 million for Greece, after having requested $18 million less in its original budget request. It is incongruous, to say the least, that we appear to reward Turkey—which has failed to withdraw its forces from Cyprus and is threatening to review our bilateral and NATO ties—at the same time as we appear to penalize Greece—which has been our longstanding ally, having survived the trauma of dictatorship to which the United States had contributed, and which is now moving toward closer association with both NATO and the European Community. At a minimum, the assistance that we give Greece should be equivalent to any assistance we give Turkey.

Finally, it is inconceivable that the administration should move to reduce our humanitarian assistance to Cyprus itself from $15 million in fiscal year 1978 to $5 million in fiscal year 1979. Over 200,000 refugees remain to be cared for; large proportions of the island's housing, health and education facilities, agriculture and industry have been destroyed or dislocated; 70 percent of the total productive capacity is now in Turkish hands. The Government of Cyprus has estimated that it will cost $78,200,000 for its special relief fund, including housing, welfare, education, and training, in 1979—excluding the ordinary HEW budget and additional benefits and pensions for the displaced. The least that we can and should do is maintain the level of our contributions to the enormous tasks of reconstruction and rehabilitation still ahead of Cyprus, and I intend to sponsor increased funding to this effect.

The first priority of the United States, in the eastern Mediterranean as well as elsewhere, must be to encourage a peaceful and just settlement of the conflicts that persist in Cyprus and the Aegean. It would be premature and dangerous for us to lift the arms embargo against Turkey until substantial progress is achieved. Our interests and assistance can be brought into balance, not by threats to end alliances, but by putting peace ahead of arms in this conflict-ridden part of the world.

Mr. President, I ask that two thoughtful editorials from the New York Times, on this important issue, be printed in the RECORD.

The material follows:

[From the New York Times, Mar. 31, 1978]

THE WAY BACK FROM CYPRUS

Since 1974, when Turkish troops, using American weapons, occupied two-fifths of the island of Cyprus, relations between Ankara and Washington have been sour. Congress has limited the flow of additional arms until Turkey pulls back its forces; successive Turkish Governments have refused to define their conditions for withdrawal under such pressure. Both the United States and Turkey will end up losers if no way can be found to break out of this bind. Turkey could point the way by revealing its proposals for a Cyprus settlement.

Turkey's invasion was scarcely unprovoked. The 18 percent Turkish minority on Cyprus had never been well treated by the Greek majority. And in July 1974, a coup brought to power a hard-line Greek-Cypriot faction that seemed likely to take even less account of Turkish-Cypriot rights. Although the insurgent regime lasted only a few days, that was long enough to precipitate Ankara's invasion.

Ankara has reacted to the limit on arms sales—$175 million this year—by sharply restricting American use of NATO facilities in Turkey. Under steady pressure from Greek-Americans, Congress has remained firm. But the Ford Administration strongly deplored the Congressional restrictions as harmful to NATO—and thus caused the Greek Government to curtail its military cooperation with NATO. The Carter Administration has tried to straddle the issue. It has continued discussions for a defense agreement that would substantially increase American military aid to Turkey. But it has implied that it would not conclude the agreement until there had been progress on Cyprus. Early this month, Secretary of State Vance was explicit: Washington would not move, he told Congress, until it had examined proposals for Cyprus promised by Turkey's new Prime Minister, Bulent Ecevit.

More intolerable "linkage," responded Mr. Ecevit—and this time from the Administration, not merely from Congress. He countered with reverse linkage: no Cyprus proposals until the heat is off. That message, and subsequent hints that Turkey might withdraw its half-million men from NATO's command and even sign a nonaggression pact with Moscow, caused a high-level American delegation to hurry to Ankara this week to attempt to set things right.

That won't be easy. Strong sentiment continues in Congress that Turkish concessions are necessary before normal military relations can resume. That sentiment is justified. Turkey broke United States law and violated the spirit of its alliance when it used American weapons to expel Greek Cypriots from their homes and farms. Having made its point, Ankara should now pull back. Greek Cypriots—and Greece—realize there can be no return to the old arrangements on Cyprus. They acknowledge that Turkish Cypriots should enjoy nearly complete autonomy, including a territorial zone of their own, but one roughly proportionate to the size of the Turkish-Cypriot population.

There is every reason to believe that both Prime Minister Ecevit and the Turkish military leadership would like to pull back. Because the Turkish occupation force is the central issue in contention, the first moves must come from Ankara. Since the issue continues to be the most explosive one in Turkey's politics, such a move would be painful. But Mr. Ecevit is in a strong parliamentary position; unlike his predecessor, he does not depend upon ultranationalists for his majority.

Turkish dissociation from NATO would be costly to the United States. But it is the Turks who should calculate the benefits of full participation in NATO; it is they who face the risks of weakened ties to the West. Meanwhile, those who would support NATO by lifting the restrictions on arms to Turkey should remember that Cyprus is just as emotion-wrenching an issue in Greece. It would not strengthen the alliance to appease Turkey at the expense of turmoil in Greece.

[From the New York Times, Apr. 9, 1978]

TAKING A CHANCE ON TURKEY

Secretary of State Vance told Congress last Thursday that if only it would lift its restrictions on shipments of American arms to Turkey, the Turks and Turkish Cypriots would put forward new proposals for a Cyprus settlement. He may be right. But the issue is not whether there will be new proposals. Rather, it is whether the proposals will move Turkish troops back from the 40 percent of Cyprus they now occupy to a zone more nearly proportional to the 18 percent of the island's population that is Turkish. Secretary Vance is thus asking Congress to join him in betting that once the American restrictions are removed, the Turkish Government of Prime Minister Ecevit will be able to make large concessions that could not be made while the limits remain.

The bet may be a bad one. In Turkey's politics, no time is a good time for conceding territory to Greek Cypriots. And Mr. Ecevit's position seems less strong now than it did when he returned to office last Jan. 1. In Parliament he has been able to govern without the votes of ultranationalists. But in the streets extremists continue their campaigns of violent intimidation that have taken more than 100 lives this year. There is no reason to think that Mr. Ecevit himself does not want to be generous so as to remove the Cyprus problem from his crowded agenda. But in the prevailing political climate, concessions that are even remotely acceptable to

the Greek Cypriots may be impossible. And once American pressure is removed, Mr. Ecevit will have even less reason to take political risks.

Secretary Vance emphasized the strains that the limits on arms shipments impose on Turkish politics and Turkey's links to NATO. But he glossed over the comparable strains on Greek politics, and Greece's links to NATO, if removal of the restrictions is not accompanied by a satisfactory outcome on Cyprus. Greece is no less important to NATO's southern flank than Turkey. Any bargain that "saves" Turkey for the alliance at the cost of losing Greece would be hollow indeed. And if, as is likely, Congress should refuse to ease the limits on Turkey, the Administration's present approach risks alienating both countries.

Turkey's spokesmen decry what they see as an American tilt toward Greece, and they say that they only want Americans to be "even-handed." Yet in the present Cyprus situation, removing the arms limits would amount to a tilt toward Turkey. So long as Ankara's troops remain where they are on the island, Congress should retain the only leverage it has.●

DETERIORATING RAIL ROADBEDS

● Mr. JAVITS. Mr. President, I have worked together with Senator HEINZ and other distinguished Members of the Senate to find a much-needed solution to the serious problem of deteriorating rail roadbeds in the United States. In our efforts, we have also sought to address another significant problem facing the Nation and particularly the Northeastern States—unemployment. We firmly believe that the bill we have introduced, "The Emergency Rail Transportation Improvement and Employment Act of 1977," S. 1419, addresses both of these problems by establishing a program which would put unemployed Americans back to work repairing our rail roadbeds.

Recently, radio station KQV in Pittsburgh broadcast an editorial commending these objectives and pointing out the urgent need for immediate action. Citing the recent tragic derailments which caused numerous deaths and injuries, KQV appropriately asked what would have happened if the derailments had occurred in more populated areas. Implicit in the editorial is the question: When and where will the next derailment occur? The situation is critical. I, therefore, commend the editorial to my colleagues and ask that it be printed in the RECORD.

The editorial follows:

[KQV Editorial, Pittsburgh, Pa.]

RAILROAD TRAGEDY

The recent series of tragic accidents on America's railroads emphasizes the need for corrective legislation which has been introduced in the United States Senate by Pennsylvania's Senator John Heinz. One train derailment in Tennessee caused 12 deaths and 40 injuries, and the more recent chlorine gas cloud resulting from another derailment in Youngstown, Florida, caused 8 deaths and 89 injuries. What if that accident had happened in Youngstown, Ohio? There might have been hundreds, if not thousands, of people dead, with many more thousands injured.

In 1976, according to official figures, there were 1,964 people killed and an additional 65,387 injured in railroad accidents. The major cause of these accidents was bad tracks and worse road-beds. There are now 44,000 miles of tracks in such rotten shape that trains are restricted to speeds of less than 10 miles per hour.

Senator Heinz' legislation, S. 1419, would create 100,000 meaningful jobs repairing the road-beds of railroads. The federal government would pay labor costs and the railroads would pay for materials. In Pennsylvania alone, 8,000 new jobs would be created and the purchase of steel for new tracks would be a tremendous shot in the arm for our ailing steel industry.

Senators from both parties have signed a resolution urging Congress to act upon this Bill immediately. Before any more lives are lost, Congress should pass S. 1419.

ROBERT W. DICKEY,
General Manager.●

SUBCOMMITTEE ON INVESTIGATIONS RELEASES REPORT ON PREPAID HEALTH PLANS

● Mr. PERCY. Mr. President, 3 years ago, the Senate Permanent Subcommittee on Investigations entered into a study of prepaid health plans and health maintenance organizations in California. The study served to determine whether such one-stop complete health delivery systems based on preventive care might be ready for national implementation when national health insurance becomes law.

I personally believe that the HMO concept is a sound idea, since it has the potential of placing the lid on rapidly rising medical costs and insuring quality care to those who need it. But, as our report shows, a good idea can soon turn sour without the establishment of adequate safeguards and standards.

California, in an effort to halt skyrocketing costs in its State medicaid program, began implementing its PHP program in 1972. At the height of the program, it included 54 PHP's that were providing care to 250,000 medicaid recipients. The investigation by the subcommittee staff and our hearings, uncovered examples of fraud, abuse, and mismanagement rampant in practically every aspect of the system. As is noted in our report:

The California PHP program was plagued by a medical commercialism that was often nothing more than profiteering.

What is most troubling to me, Mr. President, is that throughout the first 2½ years of California's experiment with prepaid health plans, officials in the Department of Health, Education, and Welfare in Washington were well aware of these difficulties. Yet they did nothing about them, even though 50 percent of the medical care costs provided by these plans came directly out of the Federal Treasury. A recent article in the New York Times indicates that fraud and abuse has become almost a way of life at HEW, with the agency itself estimating that between $6.3 and $7.4 billion was lost last year alone through fraudulent activities. The California experience is a case in point as to how HEW has allowed this situation to develop.

Among the PHP problems in California that HEW in Washington had been advised of, but did nothing about, were the following:

Door-to-door solicitation of poverty-stricken families was marked by misrepresentation, and enrollment techniques ranged from the offering of gifts of football tickets and chicken dinners to outright coercion;

Consultants exacted exorbitant fees from those setting up PHP's, often as a result of obtaining contracts based on a gross percentage of fees. On that basis, one PHP began paying $60,000 per month for services that it later found could be obtained for as little as $4,000 per month;

The corporate structures of the PHP's often involved nonprofit corporations whose officers and directors contracted with for-profit entities they owned or controlled.

One incoming head of such a corporate complexity aptly described its interrelationships as a "pretzel palace." These corporate schemes were designed to take advantage of tax exemptions in a way that appears to violate at least the spirit underlying the exemptions.

Naturally, none of this could have gone on without the State government in Sacramento also ignoring the problem. And, as the subcommittee report indicates, State health department investigators were regularly reporting to their superiors about alleged violations of law, administrative regulations, and medical ethics. Yet action was not taken on these reports by the California Health Department. Substandard health care and fraudulent activities by corrupt individuals often flow from an absence of aggressive controls by government. This is what happened in California and it should be a lesson to HEW.

I firmly support the HMO concept. And, but for the subcommittee's inquiry into the PHP matter, I suppose I would have enthusiastically supported the upcoming $500 million continuation of the HMO program.

However, my enthusiasm has waned considerably in the face of the facts presented in the subcommittee report. The $500 million that is now requested to continue the program will be administered by the same agency which stood idly by for so long while the California PHP experiment floundered. I have not decided whether to vote for the continuation of the HMO program. I think what we need at HEW is a more proprietary attitude toward the tax dollars that we are spending. Adoption of the subcommittee's recommendations would go a long way toward insuring responsible and fiscally sound administration of the HMO program.

Perhaps one solution is to require enforcement of the provision that no more than 50 percent of the beneficiaries in each federally supported HMO be welfare recipients. This would necessarily mean that half of the HMO's funds would come from the private sector. With half of HMO's membership paying for its own health care, there is likely to be a more demanding consumer clientele. And HMO's serving this population mix would be more likely, fearing consumer withdrawal and complaints, to provide top medical care at reasonable prices.

I think that HEW should study this report carefully, for much can be learned about the pitfalls of operating a pro-

gram, with as much promise as this one has, without adequate controls.

I want to extend my thanks and appreciation to my distinguished colleagues, Senators JACKSON and NUNN, who as chairman and vice chairman of the subcommittee have worked diligently to pursue this investigation and bring forth this report. Also, I want to thank the staff members of the subcommittee without whose efforts this investigation and report would not have come about. In particular, David Vienna has done a tremendous job every step of the way in this 3½-year effort.

I ask that the findings and conclusions in the subcommittee report be printed in the RECORD at the close of my remarks and Senator NUNN's remarks. I also ask that an article on fraud in government appearing in the New York Times of April 15 be printed in the RECORD at that point.

The material follows:

V. FINDINGS AND RECOMMENDATIONS

A. SUMMARY

The State of California implemeted in 1972 an alternative form of health care organization, financing and delivery in its Medicaid program when it began contracting with prepaid health plans. It was a bona fide effort to reduce spiraling Medicaid program costs, and at the same time, to improve the quality of care for the poor. The State attempted to duplicate in its Medicaid program the history of a generation of success and consumer satisfaction with prepaid group practice organizations. The enthusiasm for the program and the hope that it would succeed resulted in a belief on the part of the State officials that the prepaid health program would be a panacea.

Subsequent to the implementation of the PHP program in California, the Federal Government enacted in 1973 the HMO Act to provide funds for the development of HMO's across the nation. However, the PHP program resulted in the development of more prepaid health systems in California than in any other State. As Senators Jackson and Percy said at the opening of the Subcommittee's March 1975 hearings, the inquiry was aimed at learning from the mistakes of the California PHP program so that the same errors would not be made in other States and in the new Federal HMO development program.

The California PHP program was plagued by a medical commercialism that was often nothing more than profiteering. The program very seriously needed to be regulated—to be managed—not only to achieve the original policy ideal, but more importantly, for the protection of the public purse and the poor.

The hearing record of the Permanent Subcommittee on Investigations shows that the California Health Department contracted with non-profit, tax exempt prepaid health plan corporations whose officers and directors created or contracted with for-profit entities they owned or controlled to provide the services required by the PHP to fulfill its State Medicaid contract responsibilities. Through these often complex corporate structures, State and Federal Medicaid program funds were diverted from their intended beneficiaries. The State auditor general in April 1974 reported that as much as 52 percent of the Medicaid funds were accounted for in administrative costs and profits.

In an effort to obtain enrollees in their plans, numerous PHP operators used deceptive and fraudulent enrollment techniques in their door-to-door sales operations. Enrollees who sought to disenroll from plans were trapped in them by the failure of some plans to process these disenrollment forms with the State health department. Other enrollees, who needed treatment, were involuntarily disenrolled from the plans by the operators when the cost of their care became expensive.

The quality of care provided in some plans was below reasonable standards, as judged by the State's own medical auditors. Some of the plans contracted with substandard and non-accredited hospitals. Consulting firms exacted exorbitant fees for providing management and computer services.

While both DHEW and the California Health Department were aware of all of these problems, they did little from the program's inception in 1972 to January 1975 to reform the program. At the Federal level, responsible officials ignored warnings about the program's deficiencies for three years. Investigative reports on abuses and fraud were ignored as were medical quality audit findings. Program contract managers were rotated so frequently, according to the State's legislative analyst, that none of them spent enough time working with specific plans to learn enough about each to manage them properly.

The State failed to scrutinize the role of consultants. The State's failure to act on its own investigative reports was tantamount to condoning program improprieties.

Congress responded to the situation with the Health Maintenance Organization Act Amendments, late in 1976, which required that all PHP's receiving Medicaid funds be Federally qualified HMO's. This forced the California PHP's to be approved by HEW as a condition of continuing in the California Medicaid program.

Some plans did not seek Federal qualification and dropped out of the program. Six plans have been qualified. There are presently 11 California PHP's seeking Federal HMO Qualification from DHEW.

One of the root causes of the excessive administrative costs and profits of the plans was the State's failure to develop, in violation of its own regulations, an actuarially based, reimbursement rate. To this day, the State has no method to objectively monitor quality of patient care. DHEW provided the State a $5.2 million grant to develop a method to determine appropriate rates and monitor patient treatment. A rate setting method is expected to be tested this year as is a quality monitoring system.

Prepaid group practice can be a successful alternative to fee-for-service medicine. As Senator Jackson said at the opening of the Subcommittee hearings, the concept of prepayment of health care services "is a good idea that should not be abandoned because men without consciences, profiteers and scam artists took the initiative in California from those with good intentions." Indeed, no witness at the hearings was critical of the HMO concept.

However, the record of the California program should alert other State health program administrators, Federal program managers and the Congress to the kinds of fraud and abuse possible in prepayment systems. It should be a clear warning that effective regulatory and management safeguards are essential in these and other State and Federal health care programs.

The Subcommittee's hearing record shows that existing laws and regulations are inadequate to cope with marketing abuses and problems related to corporate structure and contractor management. Indeed, Federal officials have made clear their concern that the Federal investment in some HMO's is in jeopardy, and that they are powerless under present law to effectively safeguard Federal funds. It is clear that DHEW now lacks the resources to properly monitor the quality of care provided in Federally qualified HMO's and to assure compliance with existing Federal regulations.

In short, unless remedial action is taken, the Federal Government, through its program of financing the development of HMO's, faces the prospect of encountering nationwide the same kinds of scandal and abuse that have plagued the California Medicaid program.

B. MAJOR FINDINGS AND RECOMMENDATIONS

1. Consulting companies often charged excessive fees to prepaid health plans particularly when fees were based on a percentage of gross income

There is, without question, an important role for qualified consulting firms in the prepaid health plan area. The Subcommittee finds, however, that the compensation arrangements between certain of the plans studied and their outside consultants bare little or no relation to the reasonable value of the services contracted for. For example, two consulting companies entered into contracts with groups seeking PHP contracts with the State of California. These contracts provided that if the State contract were to be awarded, the consultant would provide management, marketing and/or computer services and would be reimbursed on the basis of a percentage of gross Medicaid receipts from the State, without regard to the actual or reasonable cost of the services. In another case, a consulting company entered into a contract with a plan which agreed to pay the consultants 10 percent of the gross receipts it would receive from any labor union business the consultants could direct to the plan, again without regard to reasonable costs.

One witness noted that his plan formerly had been paying $60,000 per month to a consulting company for computer services. That payment was based on a percentage of the gross Medicaid payments to his plan. At the time of the Subcommittee's hearings, he was paying only $4,000 per month based on reasonable charges.

The regulations promulgated by DHEW provided that the regional officers were responsible for review and approval of all PHP subcontracts in excess of $100,000. However, the GAO found that DHEW neither reviewed nor approved any such subcontracts of the five PHP's examined at the request of the Subcommittee. Likewise, the GAO found that the California Health Department failed to review and approve subcontracts as provided for in State regulations.

In a December 16, 1977 report on the California Department of Health secure "written subcontracts for each PHP" and "require prior approval of all subcontracts including individual providers (physicians, hospitals and others)."

The subcommittee recommends that the Medicare, Medicaid and HMO Acts be amended to require that DHEW promulgate regulations to assure that compensation under any contracts for services to an HMO shall not exceed the reasonable cost of such services. Such regulations should eliminate unwarranted payments by HMO's on the basis of a percentage fee for any goods or services rendered.

2. There is a serious potential for conflict of interest involving the acts of State officials and employees who handle Federal health care funds

In two separate inquiries the Subcommittee has found State officials engaged in activities that raised serious questions of conflict of interest. In California, a State official left his position as deputy director of the State medicaid agency and established a consulting company. The company obtained contracts for and with a number of PHP contractors and prospective contractors, some of which dealt with the State medicaid agency when he was a State official.

In another situation, the Subcommittee found that a West Virginia official, responsible for overseeing the performance of a medicaid program contractor, purchased stock in

the contractor's corporation and accepted consulting business from the firm in another State.

To guard against such conflicts of interest on the part of Federal officers and employees, Section 207 of Title 18 of the U.S. Code disqualifies former officers and employees from dealing with certain matters connected with their former duties and official responsibilities. Section 207(b) of Title 18 imposes a one-year post-employment restriction respecting matters which were within the area of official responsibility of a former officer or employee at any time during the last year of his Federal service. Section 208 of Title 18 prohibits certain actions by Federal employees affecting their personal financial interests.

Under the Medicaid program many State and local employees are called upon to administer hundreds of millions of dollars of Federal funds.

The subcommittee recommends that the restrictions imposed on Federal offices and employees under Sections 207 and 208 of Title 18 of the U.S. Code be made applicable to officers and employees of State and local governments who are responsible for the expenditure of substantial amounts of Medicaid program funds.

3. *Prepaid health plans in almost every instance, involved complicated corporate structures consisting of non-profit corporations whose directors and officers contracted with for-profit entities they owned or controlled. This created a strong appearance of improper self-dealing. In certain instances it resulted in unnecessary and improper depletions from health care services*

Special attention should be focused on situations where the Federal Government contracts with corporations, whether they are non-profit or for-profit, which then subcontract with entities owned by officers or directors of the prime contractor or parties related to the prime contractor through interlocking directorate or officer relationships. Such structures lend themselves to self-dealing. They can and do lead to unnecessary administrative costs and excessive profits. There is no question that non-profit prepaid health plans will require the services of outside entities. But when these outside entities involve common directors, shareholders and officers, special vigilance is needed to guard against improper diversions of funds.

The subcommittee recommends that the Medicare, Medicaid and HMO Acts be amended to require:

(a) That HMO's file with the DHEW Secretary a consolidated financial statement on an annual basis.

(b) That the DHEW Secretary issue regulations establishing and requiring the use of a uniform system of accounts and reporting by HMO's. Such regulations should define each account so that financial information reported by HMO's will be consistent among the HMO's.

(c) That Federally-supported programs be prohibited from reimbursing HMO's for costs that exceed the amounts that a reasonably prudent businessman would have paid. The so-called "prudent buyer" principle, adopted by Medicare authorities, should be made explicit in the Medicare and Medicaid law.

(d) That, as a condition of qualification and continued Federal support, each HMO applicant and each qualified HMO be required to provide documentary evidence satisfactory to the Secretary of DHEW of its legal status as a sole-proprietorship, partnership, corporation, joint stock company, trust, or other entity. Such evidence shall include:

Certified copies of articles of incorporation, partnership agreements, by-laws, and the names and addresses of all owners, partners, officers, directors, and shareholders owning 5 percent or more of outstanding stock, and the owners of 5 percent or more of any bonds or other obligations issued by the HMO or applicant.

(e) That each HMO fully disclose to the DHEW Secretary, in writing all leases and contracts for goods and services with any entity in which any of its owners, partners, shareholders (of 5 percent or more), officers or directors or members of the immediate families of any of the above has any ownership or financial interest.

(f) That the Secretary of DHEW shall, upon notice to the parties, and a determination that any HMO is engaged in any self-dealing relationships that unnecessarily increase the cost of the HMO doing business, require the HMO to correct the situation within 60 days. Furthermore, the beneficiaries of such self-dealing shall be required to make restitution of such funds to the HMO. Should the HMO fail to comply the Secretary shall withdraw qualification.

4. *Self-dealing relationships between the directors and officers of non-profit corporations that contract with the Federal Government and for-profit entities appear to violate the intent of the Internal Revenue Code*

The interrelationships between non-profit and for-profit entities makes possible the diversion of health care funds from their intended beneficiaries. Furthermore, those practices appear to violate the Federal Government's intent in granting tax-exempt status to non-profit corporations that propose to provide a socially beneficial service. The HMO Act allows Federal grants—gifts of taxpayer funds—to only non-profit corporations. The HMO Act presumes the beneficence of the non-profit corporations. The HMO Act presumes the beneficence of the non-profit corporation and its directors and officers. Yet many of the HMO's that have already qualified have apparent self-dealing relationships with for-profit entities substantially tied to, owned, or controlled by non-profit corporate trustees.

The subcommittee recommends that this report and the hearing record be referred to the Commissioner of Internal Revenue. The Commissioner should examine whether the non-profit/for-profit corporate arrangement of prepaid health plans and HMO's described in this report are compatible, as a matter of policy, with those provisions of the Internal Revenue Code granting tax-exempt status to non-profit health service organizations, and transmit his conclusions to the Subcommittee. It is also recommended that this report be referred to the Joint Congressional Committee on Internal Revenue Taxation for its review of the same matter.

5. *Door-to-door selling of health care services lends itself to fraud and abuse. In addition this method of enrolling beneficiaries in prepaid health plans is expensive to the plans and diverts funds from health care services*

Door-to-door sales of the services of prepaid health plans was marked by patent abuse and fraud. The poor were induced and threatened into signing enrollment forms by techniques ranging from gifts to coercion. This marketing technique proved to be inordinately expensive. It opened the way for the plans to selectively enroll only healthy patients. The scheme tended to reduce the financial risks of such plans and take unfair advantage of the State's method of reimbursement. One plan operator testified that the cost of his marketing program was $900,000 a year—an expense which added substantially to overall program costs. Door-to-door selling is an inappropriate way to obtain enrollments in prepaid health systems.

The subcommittee recommends that door-to-door solicitation of enrollees for HMO's be prohibited.

6. *California PHP program managers and Federal overseers of that program have no reliable or systematic method by which to judge the quality of care provided to enrollees of prepaid health plans. Likewise, the Federal Government has no program to monitor quality of care in the national HMO program*

Other than the subjective review of PHP clinics by California medical auditors, there was no orderly, objective and efficient means by which PHP program managers or Federal overseers could evaluate the quality of care rendered by prepaid health plans. State reports showed that plans frequently sent patients to substandard and non-accredited hospitals, and State auditors turned up clear cases of patient abuse. There continues to be no reliable, systematic program for identifying quality of care problems in the delivery of health services in an HMO. As the hearing record shows, there exists a heavy financial incentive to enroll the healthy and to avoid providing health care services to persons who need care.

Although required by the Health Maintenance Organization Act, there is presently no effective system for monitoring the quality of health care provided by HMO's. Such monitoring is particularly important in view of the California experience where many enrollees were not provided needed medical services. This experience is the result of the financial disincentive to provide needed health care services to enrollees of prepaid plans and the failure by the State to effectively monitor the provision of health care services to patients.

HMO's offer the promise of improved health quality for patients through programs of preventive medical care—detecting and treating illnesses and conditions before they become catastrophic and expensive to treat. Without an effective measure of whether necessary services are being provided, that promise will be unfulfilled.

DHEW, partially in response to this situation in California awarded the State of California a $5.2 million grant to study health care monitoring and evaluation systems. The State, under the grant, is developing a system for the computerized tracking of patient encounters with HMO's. Government already monitors every service provided to patients whose care is financed through the Medicare and Medicaid programs reimbursing physicians and other providers on a fee-for-service basis. The California experience with prepaid health plans demonstrates the need for such a monitoring system for enrollees in prepaid health systems.

The subcommittee recommends that the Secretary of the Department of Health, Education, and Welfare report to the Subcommittee by January 1, 1979 setting forth a specific program to carefully monitor the number of enrollees and nature of the health care services provided to them in Federally qualified HMO's. Furthermore, the Secretary should report to the Subcommittee on the same date a specific program to evaluate the quality of care provided to enrollees of HMO's.

7. *There is no effective rate-setting method by which the State of California can determine fair rates to pay prepaid health plans for the care of Medicaid beneficiaries. However, such a method will be tested this year under a grant to the State of California from DHEW*

California law required the Medicaid agency to reimburse prepaid health plans on the basis of actuarially-determined rates. The record before the Subcommittee shows that the State failed to implement its own law in this regard.

PHP rates were arrived at by simply taking the per capita cost of the Medicaid program by county in each of the four categories of Federal-State program aid—aid to families with dependent children, to the aged, and to the totally disabled—and paying 90 percent of these figures.

The General Accounting Office in its September 1974 report said that there is "no assurance that the PHP program is achieving its objective of reducing Medicaid costs." In fact, the GAO said, the program may be "more costly than the fee-for services program." This statement remains true to this day.

The Subcommittee found instances where HMO's (1) unreasonably limited the provision of health care services to those who needed such services, (2) utilized marginal facilities and manpower, and (3) diverted funds away from health care purposes. Clearly, a method is needed for determining what is a fair and reasonable rate of reimbursement for contract goods and services. That method must not reward systems that deny needed health care services and divert funds from their intended beneficiaries.

The Secretary should take into account the results of the study being funded by the DHEW grant. Under the grant the State of California is currently seeking to determine rate-setting methods. Ultimately, the Congress should consider legislation standardizing rate reimbursement programs for both Medicare and Medicaid programs.

The subcommittee recommends that the Secretary of Health, Education, and Welfare report to the Subcommittee by January 1, 1979, a uniform method of establishing actual costs of an HMO in providing health care services along with a method of determining an appropriate rate of reimbursement.

8. The State of California overpaid a prepaid health plan by $4.3 million of fiscal years 1973 and 1974 in violation of its own regulations and those of the Federal Government. DHEW has not recovered the Federal share of the overpayment as recommended by the General Accounting Office.

The GAO found that the State had overpaid the Medical Care Foundation of Sacramento in fiscal years 1973 and 1974. The overpayment totalled $4.3 million—the amount by which reimbursement to the Foundation exceeded the per capita of fee-for-service costs in the plan's marketing area. State and Federal regulations provide that reimbursement to PHP's and HMO's cannot exceed fee-for-service levels. The overpayment is a direct result of the State's failure to develop a rate setting method as required by its own law.

The GAO recommended that DHEW recover the Federal share of the overpayment, which would amount to approximately $2.2 million.

The subcommittee recommends that the Secretary of the Department of Health, Education, and Welfare report to the Subcommittee by June 1, 1978, either a plan for the recovery of these funds from the State of California or the reason why such recovery cannot be made.

9. Federal HMO program officials lack adequate statutory authority and manpower to cope with the kind of problems that beset the California programs, to administer the Federal HMO program and to monitor the performance of Federally-qualified HMO's.

Chapter IV of this report makes it clear that Federal HMO program administrators believe that existing statutes and regulations are inadequate to cope with the troublesome problems that beset the California PHP program. According to a series of reports by the General Accounting Office the Federal HMO program has not been efficiently organized and DHEW has committed inadequate staff resources to assure proper program management. Concern was expressed that the financial interests of the Government may not be adequately protected in the HMO grant, loan, and loan guarantee programs. The record before the Subcommittee evidences a serious lack of coordination of DHEW's HMO qualification, funding and compliance activities.

The subcommittee recommends that the problems identified in Chapter IV of this report be given careful consideration by the responsible legislative committees and appropriations subcommittees of the Congress in connection with their oversight and actions relative to the Federal HMO program.

10. Federal law and regulations are not adequate to prevent the willful diversion of funds for HMO development.

Federal HMO program administrators testified before the Subcommittee concerning the inadequacy of current law and regulations to deal with problems of corporate structure, marketing, and financial abuse. They also noted the law and regulations do not provide adequate protection for the Federal expenditure of HMO grants, loans and loan guarantees. As some witnesses testified, a new HMO may have problems developing capital. What the law and program regulations do not effectively cope with is the ability of HMO's to divert and misallocate Federal funds for private gain.

The General Accounting Office has recently reported to DHEW that loans totalling more than $2 million to two Federally qualified HMO's in Florida and Oregon are in trouble and that the Federal Government may not get its money back.

In his testimony before the Subcommittee, the director of the Federal HMO qualifications office said that he did not believe there is adequate protection for the Government and taxpayers in the grant, loan, and loan guarantee program for HMO's. He warned of the situation in which not-for-profit corporations expend the bulk of the Federal funds in contracts with for-profit organizations. This invites opportunities for collapsing the not-for-profit corporations once the draw-down of Federal funds has been exhausted, leaving the Government with an empty shell.

The subcommittee recommends that the Health Maintenance Organization Act be amended to make the principal owners, officers and directors and HMO's personally liable for the return to the Federal Government of any funds determined to have been willfully diverted or misallocated in a fraudulent manner or for personal gain.

C. ADDITIONAL FINDINGS

1–A. The PHP program in the State of California was grossly mismanaged over a period of years. Awareness of the California experience should help Federal, State and local authorities to avoid a repitition of California's problems in PHP and HMO programs elsewhere.

The California PHP program was seriously mismanaged and grossly abused. Reform efforts did not begin to take lasting effect until following the enactment of amendments to the Federal HMO Act in October 1976. The record shows that the State of California failed to enforce its own program regulations and failed repeatedly to respond to evidence of fraud and abuse reported by the press, by its own investigators and auditors, by State legislative committees, and by the General Accounting Office. The State failed to act effectively against highly questionable enrollment and marketing practices. It developed no objective standards and criteria for quality of care reviews, or for determining fair rates of payment to the plans. Program officials ignored their own staff investigative and quality of care audit reports. As a result, an atmosphere was created that invited mismanagement and abuse.

The use of prepaid health plans to deliver health care services to Medicaid beneficiaries in California began as an innovative and highly promising alternative to the costly fee-for-service system of financing such health care program. The value of this kind of health care delivery system had been demonstrated by successful prepaid group health plans, and has been recognized at the Federal level in the Health Maintenance Organization Act of 1973, as amended. Prepaid health plans and HMO's continue to be a promising alternative to the traditional fee-for-service health financing mechanism.

The Subcommittee recognizes the value of prepaid health plans and HMO's as vehicles for the organization, financing and delivery of health care services. However, the record developed during the Subcommittee's hearings and discussed in this report should alert responsible Federal, State and local officials and help them to avoid the many problems that beset the California PHP program.

1–B. The Department of Health, Education and Welfare was lax in its oversight of Federal Medicaid funds used in California in the PHP program. DHEW failed to respond in a timely way to information it received evidencing fraud and abuse and failed to act effectively to curb abuses.

The record before the Subcommittee makes it clear that the Department of Health, Education and Welfare was apprised of serious problems affecting California's prepaid health program by numerous sources including the media and the Department's San Francisco regional office. Yet the Department remained immobile in the face of this information until the situation was addressed by the Subcommittee in its hearings.

Only then did DHEW begin to respond with active support of California's belated efforts to reform the program. When California's reform efforts faltered, DHEW did threaten to cut off funding for the program. However, the record shows that throughout much of the period, DHEW failed to enforce its own PHP regulations.

DHEW was lax in its oversight over Federal Medicaid funds spent in the California program over a period of years. In effect, the Department abdicated its responsibility to insure that millions of dollars in Federal grant funds were properly spent.

The record developed by the Subcommittee and summarized in this report is clearly pertinent to the Congress' continuing interest in prepaid health plans and HMO's as vehicles for the delivery of Federally financed health care services. This record of the serious mismanagement, fraud and abuse that beset the California program, demonstrates the need for greater Congressional, State and local oversight over such programs, and the need for effective management and monitoring by DHEW and State authorities to obviate program abuse.

The subcommittee recommends that the Chairman transmit copies of this report to the Senate Committee on Finance, the Senate Committee on Human Resources, the House Committee on Ways and Means, the House Committee on Interstate and Foreign Commerce, and the Senate and House Committees on Apropriations for their review in connection with legislation and apropriations involving the Federal health maintenance organization programs and other Federal programs involving the delivery of health care services through prepaid group health plans.

REMARKS OF SENATOR SAM NUNN

Mr. President. The report of the Permanent Subcommittee on Investigations on Prepaid Health Plans (PHP) and Health Maintenance Organizations (HMO) being filed today is timely. Both the Senate and the House are about to consider renewal of the Health Maintenance Organization Act.

This is a law that authorizes the Department of Health, Education and Welfare to give grants, loans and loan guarantees for the development of HMO's.

The program is small in light of the multi-billion dollar Federal budget. It is even a rather minor element of the $162 billion budget of the Department of Health, Education and Welfare. Nonetheless, it is important.

First of all, the Congress in passing the HMO Act expressed its desire to encourage the development of organizing, financing and delivering health care services that would serve as an alternative to the fee-for-service method of paying for health care.

Secondly, the Administration has made the development of HMO's a major policy initiative. Only last month, HEW Secretary Joseph Califano convened a conference of business and labor leaders to encourage their participation in the development of HMO's.

Thirdly, already more than 4 million persons receive their care through prepaid health systems which have been qualified under the HMO Act.

And, finally, the study of Health Maintenance Organizations by the Subcommittee offers the Congress the opportunity to further improve the HMO Act to assure not only a more effective expenditure of public funds, but also to ensure the safety of patients entrusting their health care to HMO's.

The Subcommittee's report on its investigation is full of examples of fraud and abuse of patients as well as shortcomings in present law and program administration with regard to HMO's. That does not mean that all HMO's are bad or that the program should be scrapped.

Indeed, prepaid group practice is a viable method of organizing, financing and delivering health care which should be encouraged. To label all HMO's as bad or to suggest that the concept is doomed on the basis of the Subcommittee report would be irresponsible. Likewise, simply because we find some fee-for-service physicians and hospitals overcharging, providing more services to patients than they need or being convicted of fraud does not mean that fee-for-service health care is bad.

I hope that the Congress and the Administration will perceive the report in this context. Moreover, I hope that the very forceful advocates of HMO's both in the Congress and the Administration will have the wisdom to recognize the abuses identified by the Report and respond to them with improved legislation and program management.

The report discusses the Subcommittee's investigation of the Prepaid Health Plans receiving Medicaid funds in California. At the peak of the program there, some 54 plans provided health care service to more than 250,000 Medicaid beneficiaries.

There were several times more Medicaid prepaid health plans in California than in all the other States combined. The 1972 implementation on a large scale of prepaid health system contracting in California preceded by almost two full years the enactment of the Federal HMO Act at the end of 1973.

As Senators Jackson and Percy said at the outset of the hearings, the Subcommittee hoped to review what had happened in the California program so that the lessons there could be used to improve the Federal HMO program.

The investigation found that PHP's contracted with consulting firms that exacted exorbitant fees which were paid on the basis of a percentage of PHP gross income.

Almost all of the plans were non-profit corporations whose officers and directors contracted with for-profit entities they owned or controlled. Self-dealing led in some cases to self-enrichment and a depletion of funds for health care services. Indeed, the California Auditor General reviewed 15 plans and reported that 52 percent of the Medicaid funds were accounted for as administrative costs and profits. The return on invested capital in one plan amounted to 3,000 percent.

State financial auditing systems were weak or non-existent. However, the diversion of funds was found indirectly by medical auditors who reported inferior quality of care being provided to the patients. But nothing was done.

Plans enrolled Medicaid beneficiaries through door-to-door solicitations, a marketing method that was not only expensive, but also was marked by fraud and abuse.

The State, in violation of its own regulations, failed to develop an actuarial method of arriving at rates. This resulted in payments to some plans that exceeded fee-for-service levels. This overpayment violated both State and Federal regulations.

Today, Federal HMO program officials, according to their testimony before our Subcommittee, do not have the necessary authorities under the law to respond to financial abuses. Though HMO program administrators are working toward developing a financial auditing system and a quality of care review program, the Subcommittee staff has told me that the Federal officials are building a system which was abandoned by the State of California because it didn't work.

To its credit, the State of California recently enacted a major reform of its program. Furthermore, under a $5.2 million grant from DHEW, the State developed and is testing quality and financial auditing systems. Also being tested is an actuarial method of determining rates.

At my direction, the staff of the Subcommittee prepared the report recommendations following lengthy discussions over a number of months with the California Health Department and the State Legislature. I was concerned that those most experienced in prepaid health program administration tell us what they believed to be workable and reasonable reforms.

That is why there is a remarkable similarity between the Subcommittee's recommendations and the California Prepaid Health Program Reform Act which was recently enacted.

While there is always room for improvement, California has, indeed, taken the lead. The Congress and the Administration—particularly the Administration—should learn some lessons from the experts in that State.

One lesson the Administration has not learned from California is the catastrophe of its former method of reimbursing HMO's. The State, in the past, determined fee-for-service costs in geographic areas and paid HMO's 90 percent of those costs on a per-capita basis.

The result was a boondoggle. Some plans were actually paid more than fee-for-service costs. In fact, the General Accounting Office reported that the California program may have actually cost the State more than it would have paid had the program never been implemented.

California has taken steps to solve that problem under its new actuarial method. Costs in prepaid health systems in the California Medicaid program are running 83 percent of the fee-for-service costs.

Given the lesson of California and its rate setting reform, it was hard for me to believe that DHEW proposed to pay HMO's 95 percent of the cost of fee-for-service for care to Medicare beneficiaries.

The DHEW proposal for HMO reimbursement belies all of the arguments that HMO's are financial alternatives to fee-for service. Indeed, attaching HMO reimbursement to the fee-for-service inflationary spiral should make us all question whether we need HMO's at all from a simply financial standpoint. The State of California has advised us that if this reimbursement proposal is extended to the Medicaid program, it would be forced to consider dropping out of HMO contracting because it would lead to a program cost increase—from its present 83 percent of fee-for-service to the 95 percent giveaway level.

I have been asked to testify before the Senate Finance Subcommittee on Health if the DHEW proposal is considered by the Committee. I have told Senator Herman Talmadge, Chairman of the Subcommittee, that I would testify against this proposal.

Rather than tinkering in a destructive manner with HMO reimbursement, the DHEW administration would be wise to take a long view of where we are and where we are going with regard to HMO's.

A witness before our hearings testified that his HMO was the subject of 13 audits by government agencies in one year. He said he must deal with so many auditors that he has had to create permanent office space for these individuals. These audits are inevitably duplicative. The California Health Department recently informed us that 15 different Federal and State laws and regulations are now in force involving HMO's. The number is bewildering.

Today, in the Federal establishment, we have the HMO Act administered by the Public Health Service. There is HMO jurisdiction in the Medicare and Medicaid programs, each of which have their own regulations and statutes. In addition, the Civil Service Commission is a major factor in Federal HMO activities through the Federal Employees Program. As Chairman of the Senate Armed Services Subcommittee on Manpower and Reserve Affairs, I recently chaired a hearing on legislation to allow contracting with HMO's by the Civilian Health and Medical Program of the Uniformed Services.

These Federal and State efforts are bound to be duplicative and, most likely, unnecessary. Furthermore, we may be seeing the evolution of laws, rules and regulations that may be in conflict. Finally, the duplications of authorities and the expansion in the number of agencies, rules and regulations will be, if they are not already, burdensome and confusing to HMO's, particularly small, developing organizations.

Therefore, I believe we should consider eliminating this unnecessary and expensive fragmentation. This was one of the Subcommittee's goals in writing the findings and recommendations contained in the report of the Subcommittee.

The most significant problems identified by the Subcommittee inquiry were the diversion of funds through complicated corporate structures; the financial dis-incentive to provide necessary health care services to patients who needed care; the absence of quality of care monitoring systems; and the absence of rate setting methods.

I believe that with some thought a single, simple and uniform management information system could be developed which would reduce the need for multiple and duplicative on-site HMO auditing and, at the same time, provide government with essential information it needs to monitor the financial and quality of care performances of HMO's. Whatever is developed should reduce, not add, to the paperwork and auditing to which the HMO's are now subject.

In response to the problems of diversion of funds, HMO's should be required to file a consolidated financial statement on forms prepared by DHEWS so that reports from various HMO's can be compared. Such a statement should identify specific administrative costs and costs of the direct and indirect delivery of health care services by cost/profit centers. It should provide information which can be related to the information in the financial reports.

The goal here would be to reduce the number of field audits by obtaining information to determine from afar what is actually hap-

pening within the HMO. For example, if the financial statement required a breakdown on the cost of general medicine, obstetrical and other specific health care services, it could be related to information on patient encounters by age, sex and nature of health care services as set forth in the financial statement. Such a system is already used for internal management by many HMO's.

Through such a reporting system, it could be easily determined whether an HMO was providing the number of services one could reasonably expect based upon what we know from our previous experience with prepaid group practice organizations. If administrative costs are excessive and specific patient health care services are low in number, then questions could be raised about the appropriateness of patient care as well as the possible diversion of funds.

The HMO program already requires numerous financial reports and utilization data, but these reports are prepared in such a way as not to be useful together.

Related financial statements and utilization audits would be useful not only to the government but also to the HMO which should have this data for its own efficient management. Furthermore, such a system would eliminate the need for annual or more frequent on-site audits of every health maintenance organization, which is presently contemplated by the HMO office.

If the management information system and its resulting reporting requirements are well thought out, there is no reason why the Public Health Service program's system could not be used by Medicare, Medicaid, the Federal Employees program and State agencies. It would serve both as an HMO management assistance device and as a compliance and regulatory tool.

I am not suggesting that on-site financial and quality of care audits be abandoned. What I am suggesting is that there may be many HMO's whose performance as measured by a management information system may never require an audit. Audits should be reserved for HMO's exhibiting problems as demonstrated by reports or other sources of information such as consumer complaints. In addition, such information would respond to the problem of limited DHEW manpower resources in this area.

Some would argue, as I do from time to time, against Government interference in private business. But this is a special case.

Once an HMO is Federally qualified, certain employers who provide health benefits to their employees are required under the HMO Act to offer the HMO as an alternative to their workers if an HMO makes such a demand. The law, itself, imposes the HMO concept on employees. Qualification implies a seal of approval by the United States Government. It is my view that the Federal Government has a very special responsibility to stand behind its seal of approval through a reasonable system of HMO review.

The legislation now before the Human Resources Committee takes a number of steps in the right direction. Its provisions for management assistance to HMO's is particularly noteworthy as is the requirement for a consolidated financial statement.

However, a number of other provisions could be added to build upon this foundation which would more fully respond to the problems identified not only by the Subcommittee Report, but also GAO audits, the experience of HMO program officials, and the State of California.

I cannot myself vote for a nearly one-half billion dollar, five-year extension of the existing HMO program until there is a substantial legislative and administrative response to the problems which have been identified. Furthermore, to double to $5 million the amount of funds an HMO can receive under the program as is proposed in the Senate legislation without, at the same time, cleaning up the Act is a mistake.

But I pledge to work with my colleagues and the Administration to improve the HMO Act and program management. As I said at the outset of these remarks, the HMO concept is a viable one that has worked well without Government assistance. With reasonable Federal help, I believe the development of health maintenance organizations will serve the public and Government well.

[From the New York Times, Apr. 16, 1978]

FRAUD IN FEDERAL AID MAY EXCEED $12 BILLION ANNUALLY, EXPERTS SAY

(By Anthony Marro)

WASHINGTON, April 15.—Fraud in Federal aid programs has grown to the point at which, some experts say, its annual cost may exceed $12 billion. But many agencies have not yet established the mechanisms to detect, let alone prevent, fraud in their programs.

That is the assessment of a cross section of prosecutors, Congressional investigators and Government officials who said in recent interviews that the Federal Government has been so negligent in monitoring its own grants that it has permitted itself to become a major victim of white collar crime.

For the most part, the fraud is occurring in programs designed to provide services, training and aid to the disadvantaged: food stamps, health care, job training and housing aid.

But it is not the classic case of the welfare mother who cheats. Much of the fraud is committed not by the poor persons receiving the benefits, but by relatively well-to-do doctors, pharmacists and businessmen who have contracted with the Government to provide services and then set out to defraud it intentionally and systematically.

There are no precise figures for the amounts lost each year because of fraud. Mark M. Richard, chief of the fraud section of the criminal division of the Justice Department, says that the mechanisms for detecting fraud in many agencies are so weak that "the data base just isn't there."

"FRAUD, ABUSE AND WASTE"

But a recent report by the Inspector General of the Department of Health, Education and Welfare estimates that at least $6.3 billion to $7.4 billion was lost through "fraud, abuse and waste" last year in that agency alone.

And at a recent seminar on white collar crime, an official of the General Accounting Office, the investigative arm of the Congress, estimated that outright fraud in Federal economic assistance programs could amount from $12 billion to $15 billion a year and perhaps as much as $25 billion a year. The current annual budget of the State of New York is $12 billion.

Largely because of attention generated by a series of dramatic Congressional hearings and a string of critical audits by the accounting office, there has been a growing awareneess of the extent of such fraud.

Among the problems and weaknesses cited repeatedly by persons familiar with fraud against the Government were these:

Relatively few resources have been committed to fight the problem. The fraud section of the Justice Department's civil division, for example, has only 13 staff attorneys and three supervisors to handle a load of about 1,200 active cases and a backlog of about 4,000 referrals.

Although the great bulk of the money in these programs comes from the Federal Government, the primary responsibility for policing them is often left to state and local prosecutors, who may lack the resources and expertise, and sometimes the enthusiasm, to do it. "The fact is that the public is more concerned with so-called street crime," Mr. Richard says.

With the exception of the Department of Housing and Urban Development, which was the victim of major program frauds in the early 1970's, few agencies have redesigned their programs to minimize the potential for fraud or to make detection easier.

DIFFERENCES ON SCOPE OF OFFENSES

There is some evidence that many of those engaged in fraud do not consider it theft, or at least see it as a crime less serious than robbery or mugging.

"There's a feeling that people have that they can rip off the Government and it doesn't matter, that it isn't really a crime," says John Ols, the G.A.O. official who cited the $12 billion to $15 billion estimate. "But the fact is that every dollar lost in this way is a dollar that doesn't go to someone who needs it and who is entitled to it."

Mr. Richard, the Federal prosecutor, says that fraud against the Government results in social costs beyond the money involved.

"It's not only a violation of law, but it's an attempt to subvert a program, and this sort of thing affects us all," he said. "When someone manages to subvert a Federal program, he's done something to undermine the integrity of the system over and above the actual dollar cost."

Some evidence of the extent to which the "integrity of the system" has been subverted can be seen in the report by H.E.W., in prosecutions and civil suits by the Justice Department, in Congressional hearings and in audits by the G.A.O.

THOUSANDS COMMITTING FRAUD

Taken together, they present a picture of thousands of persons—many of them well-educated, middle-class citizens—engaged in schemes that range from pennyante abuses of food stamp programs to alleged fraud in massive, multimillion-dollar grain deals.

They include William C. Sibert, a former employee of the Department of Transportation who was charged with embezzling some $856,000 by putting his own name on checks intended for the construction of a subway in Atlanta.

Asked by a judge how this could happen, the Federal prosecutor is said to have replied: "Your honor, he posed as a subway system."

The cases include that of a doctor who allegedly billed H.E.W. for seven tonsilectomies on the same patient; the daughter of a Civil War widow who continued to collect "widow's benefits" for two decades after her mother had died and the officials of a health plan in California who persuaded some people to sign enrollment forms by telling them that they were signing petitions to impeach Ronald Reagan, who was then the Governor.

They also include the case of William F. Wilson, a dentist in South Carolina who is now in prison after being charged with, among other things, extracting healthy teeth from poor children so that he could collect fees from a Medicaid dental plan.

"It was just awful," said Joel W. Collins, the Assistant United States Attorney who prosecuted that case. He said the dentist had been found to have billed the Government for thousands of dollars worth of work not actually performed as well as for work that was not required.

"BROKEN HEART"

"There was one girl about 13 years old who only had about three teeth left in her mouth," Mr. Collins said. "Looking at her just broke your heart."

Many of the cases disclosed in reecent prosecutions and investigations are far more complex and involve larger sums of money.

Item: The Federal Government is trying to recover $24 million in damages from Cook Industries, which it contends defrauded the Government on grain shipments to 32 for-

eign countries. The suit, which is the largest civil suit the Justice Department is pressing in a fraud case, charges the company with having shortweighted, misgraded or adulterated grain shipments.

Item: The H.E.W. report, while saying that the estimates of dollars lost through "fraud, waste and abuse" might not have been more than 5.4 percent of its total budget of $136.1 billion, nonetheless concedes that the percentage was far higher in some programs. It said, for example, that at least 24 percent of its Medicaid funds had been misspent and concluded on the basis of a preliminary and hurried investigation that "criminal prosecution potential" exists in cases involving at least 290 physicians and 245 pharmacists.

Item: After paying nearly $5 million vocational training benefits for veterans enrolled in a "barber's school" in Puerto Rico, the Veterans Administration discovered the bulk of the 1,000 veterans it intended to aid had never actually taken the courses and that the "school" was little more than a storefront.

The proprietor, Romanita Garcia, eventually was jailed, and the Government has since recovered about $500,000 through a civil suit. But the rest was lost in what Federal prosecutors say was a classic case of fraud, much of it going to veterans who were not taking the courses they had reported taking, and much of it going to the businesswoman who was not providing the instruction she had promised.

Many fraud cases are fairly uncomplicated, relying less on careful planning than on the assumption that the Government cannot or will not audit its expenditures.

In many of the Medicaid fraud schemes, for example, doctors simply billed the Government for services not rendered or overcharged for services that were rendered. In many of the vocational education frauds, schools, sometimes with the aid of "students" who shared their Government benefit checks, simply enrolled veterans and billed the Government for training, even though the veterans never attended classes.

Often, this has involved some collusion with persons in the bureaucracy. In its investigation of prepaid health plans in California, a subcommittee headed by Senator Sam Nunn, Democrat of Georgia, discovered an official of H.E.W. who allegedly had accepted money and a car from a contractor whose grants he had approved. And as a result of an investigation of fraud in its educational training programs last year, the Veterans Administration, according to a recent report, meted out to its employees "one suspension, two demotions, 16 reprimands, 15 admonishments and 36 counselings."

FEW INSIDE ACCOMPLICES

Virtually all of those familiar with the programs agreed, however, that outsiders did not need, and in most cases did not have, inside accomplices to help them defraud the Government.

The fraud is not confined to social welfare and economic assistance programs. Although there are no estimates of fraud in military contracts and other forms of procurement, J. Roger Edgar, the head of the fraud section of the Justice Department's civil division, estimates that fraud in defense contracts accounts for 30 percent to 40 percent of his workload.

One typical case handled by his office resulted in the Government's recovery of $600,000 from a contractor who had been accused of using scrap metal rather than new materials in the catapults that launch aircraft from the carrier U.S.S. Forrestal.

In the past, Government officials say, the public and law enforcement figures were more concerned with other crimes, particularly organized crime and narcotics and street crimes, and fraud was not perceived as a major problem.

Even where there was heavy policing of fraud programs, they said, it often focused on welfare mothers who were believed to be obtaining benefits to which they were not entitled rather than on calculated and sophisticated fraud.

According to Richard L. Thornburgh, a former head of the criminal division, the Department of Justice did not even have a strategy for dealing with program fraud before 1972 and thus failed to detect many of the schemes to defraud Federal programs that are now known to have taken place.

"ERROR" OR "ABUSE"

One reason that estimates of the amount of fraud are so vague, sources said, is that many Government officials refuse to call fraud what it is, preferring to dismiss it as "error" or "abuse."

Another is that Federal audit cycles are so long that often fraud is not detected until years after it has taken place. In the case of Mr. Sibert, who allegedly embezzled the $856,000 from the Department of Transportation, the program that the money was taken from was not scheduled to be audited until eight years later, though the applicable statute of limitations runs only five years.

"It was a fluke that we caught him," said one Federal prosecutor. "If he hadn't aroused so much suspicion by spending so much money, the statute of limitations would have lapsed before we even knew the money was gone."

According to many of the sources, the problem is not just with the agencies, but with a lack of commitment by the Justice Department.

An indication of this can be seen in the limited resources of the civil fraud section headed by Mr. Edgar. Last year, it managed to recover about $8 million through civil suits against persons accused of defrauding the Government. It won numerous other suits against persons who did not have the resources to pay.

This, according to colleagues in other parts of the department, was an impressive performance for so small a staff, though it accounted for only a tiny fraction of the billions estimated to have * * *.

"There are a lot of cases that are going to have to be handled, and I'd like to know who is going to handle them," said one recently retired prosecutor. "If you start talking about a $6 billion problem at H.E.W., where are the bodies going to come from?"

A number of prosecutors and former prosecutors agree, noting that last year H.E.W. found suggestions of fraud by more than 13,000 persons in one welfare program alone and that since then several other agencies have begun similar internal investigations.

Griffin B. Bell, the Attorney General, has said repeatedly since taking office 14 months ago that fraud against the Government is a major concern and will be a top priority of the Justice Department.

To date, he has assigned nearly 200 agents of the Federal Bureau of Investigation to audits of health care programs and has added 13 staff lawyers, at least temporarily, to the 33-person staff in the criminal fraud section headed by Mr. Richard.

Although most of those interviewed argued that many more resources would be needed at both the state and Federal level, Mr. Richard said that he believes a strong commitment has now been made.

"You're dealing with an area that has been virtually ignored over the years in deference to other priorities," he said. "We are playing catch-up ball, and it's not going to be done overnight."●

GEN. LUCIUS D. CLAY

● Mr. BIDEN. Mr. President, I wish to say a few words today in tribute to a distinguished American soldier who died last Sunday, Gen. Lucius D. Clay.

It was in the summer of 1948, with the advent of the Berlin blockade that General Clay first made his mark on world history. He was military governor of Germany at the time the Soviets cut off all land access to Berlin, leaving the city with no electricity and a month's supply of food.

Surrounded by Soviet controlled territory, Berlin was in virtual isolation. From a military point of view, the city was regarded as indefensible. But there was a will among the free people of Berlin—a will to remain independent, a will to resist being absorbed into the Soviet empire.

President Harry S. Truman made a significant decision in the summer of 1948. The United States would counter the Soviet blockade with an airlift. And Gen. Lucius D. Clay was charged with the task of carrying it out.

Within weeks food and fuel and all other necessities of life were being airlifted into West Berlin. Within months a cargo plane was landing or taking off from West Berlin's Templehof Airport every 90 seconds.

Despite daily provocation by the Soviets, General Clay managed the Berlin airlift with steady and effective leadership. His achievement became a landmark in diplomatic and aviation history.

The American people were quick to recognize the significance of the Berlin airlift; it was the American commitment to Western Europe. And when Lucius Clay returned home, he was greeted with a ticker-tape parade down Broadway. For he was a symbol of the determination of the American people to counter the Soviet threat without resorting to war.

In 1961 when Berlin was again threatened by cold war tactics, this time by the notorious Berlin Wall, President Kennedy asked General Clay to return to Berlin. The city gave him an enthusiastic reception as the man who represented the U.S. commitment to its freedom and independence.

Neither Berlin, Germany, nor the Western World will forget the courage and achievements of Gen. Lucius D. Clay.●

QUESTIONS ON WATERWAY USER CHARGES

● Mr. DOMENICI. Mr. President, many of my colleagues, as well as others, have asked me on various occasions to explain in greater detail why waterway user charges are needed and justified.

To assist in this dialog, I have put together some of the various questions often raised, together with answers:

QUESTIONS REGARDING WATERWAY USER CHARGES AND LOCKS AND DAM 26

1. How is the inland waterway system presently financed?

The taxpayers, through the Corps of Engineers, pay the full costs—close to $500,000,-

000 a year—for barge canal maintenance and improvements. Some $7.5 billion in new inland navigation projects are under construction or are authorized and awaiting construction. In addition, there are heavy waterway expenditures by TVA and the Coast Guard, plus Maritime Administration equipment guarantees. The barge companies pay nothing for these services.

2. How do free waterways distort transportation?

By picking up rights-of-way costs that competitive modes carry for themselves, a free-waterways policy makes waterway traffic artificially cheaper, undermining the competition. It's like giving the New York Yankees 4 strikes every time at bat, while other teams get 3.

3. How do the Federal subsidies to the barge companies compare with those provided to other modes?

According to the Congressional Budget Office, just the Corps subsidy each year to the barge companies exceeds 40 per cent of the industry's annual revenues; the Federal subsidy to other modes is 3 percent of revenues or less.

4. Haven't the railroads received billions in offsetting subsidies?

No. Since 1967, the railroads, outside of bankrupt Northeast roads that are now Conrail, have received $138,000,000, all of it in loans or repayable stock investment. The Library of Congress has calculated that the barge industry has received more net subsidy than all other modes combined.

5. Why are user fees necessary?

User fees would help to create better competitive balance among modes, and establish a more rational national transportation policy. User fees would encourage the big barge companies to work for the taxpayers and to lobby for a cost effective waterway program, not the most grandiose. Noted Robert L. Shevin, attorney general of Florida: "Establishment of a comprehensive system of waterway user charges will create a climate on which waterway users can be expected, for the first time, to share responsibility for the formulation of waterway projects and priorities which are mutually in their interest and in the public interest."

6. Hasn't the Senate already decided this issue?

Yes. The Senate voted to adopt a user charge provision last June 22 to phase-in, over a decade, a user charge to recover all of the Corps spending to operate and maintain the commercial aspects of the inland waterways, plus half the Corps spending on new construction, with the 1 percent cap on charges. That leaves a 50 percent construction subsidy from taxpayers. The Senate must act again because the House refused the Senate's request for a conference on that June legislation.

7. How does the House bill (H.R. 8309) work?

It would impose a small fuel tax, unrelated to waterway expenditures. The House bill only imposes this charge on 40 per cent of the nation's system of inland waterways, leaving 60 per cent of the inland waterway mileage free of user charges.

8. What are the benefits of Locks and Dam 26, authorized in both bills?

Construction of a new Locks and Dam 26 gives the barge companies $53,411,000 per year in direct cash savings. Such benefits, repeated over and over at other new projects, is a transfer of cash from the pockets of the taxpayers to the treasuries of the barge companies. That transfer should be partially recovered through user fees. User charges and cost recovery are common practice in other transportation and water resources programs. The trucking industry, for example, pays the equivalent of over 20 cents a gallon in taxes dedicated to highway work.

9. Who owns the barge lines?

Most are subsidiaries of major corporations such as Exxon, U.S. Steel, Ashland Oil, Cargill, Dow Chemical, Mobil, Du Pont, Texas Gas Transmission, Dravo, Continental Grain, Chromalloy, Peabody Coal, etc.

10. What do economists have to say about user charges?

Otto Eckstein of Harvard: 'The 'freebie' inland waterway system is one of the coffin nails in our railroads, which the Federal Government is now forced to rescue through subsidies and nationalization." Dudley Pegrum of UCLA: "Total freight bills will be less because of: a more efficient allocation of economic resources to transportation; a more efficient allocation of freight traffic among the mode; a reduction in the total cost of the infrastructure of freight transportation facilities; a reduction in the federal tax burden on taxpayers; and a reduction in total federal spending with a consequent reduction in the pressure on inflation." A survey of corporate marketing and transportation executives found some 85 per cent favoring user charges.

11. Do major newspapers editorially support waterway user charges?

Yes. Many major newspapers have strongly endorsed the Senate's cost-recovery approach. The Chicago Tribune said "Barges should contribute substantially to the cost of the waterways they use"; The New York Times said "Righting the balance (in transportation subsidies) would lower the total cost of hauling freight around the country"; The Miami Herald said "The free ride of the waterway users leads to unfair competition and unfair distribution of the Federal tax load"; The Houston Post talks of "The underlying common sense of the Senate version"; The Birmingham Post says "Simple equity demands user fees sooner or later, and the sooner they are instituted the sooner the inequity which now exists will be rectified". Others favoring cost-recovery user charges: The Washington Post, The Arizona Republic, The Chicago Sun Times, and The Houston Chronicle.

12. Aren't waterways the most energy efficient means of transportation?

No. The Congressional Budget Office made this analysis: "In the eleven reports surveyed by CBO, estimates of energy use for domestic water transportation generally fall in the range of 500 to 700 BTU's per ton-mile, while the usual range for rail freight was 300 to 700 BTU's and 400–500 for oil pipeline."

13. Won't user charges force business off the waterways?

No. According to a DOT study, waterway traffic will grow by more than 40 per cent over the next decade, even with the most severe assumptions of the Senate-passed version. Annual barge growth is now more than 5 times greater than the growth rate for rail traffic.

14. Won't farmers be hurt?

No. Far more grain moves to market by rail than by barge. Farmers in Kansas, the Dakotas, and many other states are totally dependent on rail traffic. What hurts farmers is the continued deterioration of rail service. If a transportation subsidy to farmers is needed, it should be given all farmers, not just those who happen to ship by barge.

15. How about the steel industry or the coal industry?

The recent National Coal Policy Study Task Force "endorses user charges based on the full cost of operation, maintenance, repair, and new construction of facilities on the waterways." While only 1/500 of the nation's steel moves by barge, steel companies own and operate a significant percentage of the general barge business.

16. Don't waterway user charges need more study?

No. Just in the past seven years, there have been 14 significant studies and evaluations of the impact of waterway user charges. All show a minimal impact. For example, a 15 cent-a-gallon barge tax might add all of 0.13 percent to the cost of coal shipped into Ohio, DOT calculates. That same tax would add an average of 1/20 of a penny to a bushel on wheat shipped out of Oklahoma.

17. Is this a partisan issue?

Apparently not. Every President since Franklin Roosevelt has endorsed waterway user charges. The Carter Administration's 1979 Budget states: "The Administration strongly supports enactment of waterway user charge legislation that will establish charges to users of the inland waterways in amounts to recover a substantial portion of the Government's cost of building and maintaining the system."

18. Is the barge industry taking an intransigent position?

"We shall . . . devote our best efforts to repeal of any waterway charge legislation that may be enacted," proclaims the Water Resources Congress. "We will not accept any bill based on the cost-recovery principle," declared the National Waterways Conference.●

FARMERS UNION TAKES NURSING HOME ACTION

● Mr. CHURCH. Mr. President, recently I had the enjoyable experience of addressing the National Farmers Union in Salt Lake City, Utah. It was my special function at that time to deal with international issues related to agriculture, but I also was keenly interested in a domestic issue which later received attention. The farmers union has long been recognized as being deeply concerned about the well-being of people who live on the land and contribute so much to the security and abundance of this Nation. Members' interests go far beyond the economy and agricultural issues.

That breadth of concern was again demonstrated at the Salt Lake City meeting in many resolutions, one of which is of special interest to me as chairman of the Senate Committee on Aging. Adopted as a paragraph in the National Farmers Union policy statement was a commitment by the National and State Farmers Union to encourage personal attention by its members to nursing home issues. This constructive, grassroots approach is typical of the farmers union and its members; I ask that the following paragraph be printed in the RECORD:

We recognize that vast numbers of farm families either now have or will have family members in nursing homes, and that residents of nursing homes should be entitled to the same civil and human rights guaranteed to all citizens, we resolve that National Farmers Union and the State Farmers Unions become actively involved in the development and dissemination of information on problems, issues and reform strategy pertaining to nursing homes and alternatives to nursing homes and that they further encourage members to participate in specific activities to bring about reform of the health care industry with the intent of raising the quality of care of older persons to reflect more consideration for human dignity.●

MEG GREENFIELD THINKS LARGE

● Mr. MATHIAS. Mr. President, having earned a Pulitzer Prize this week, Meg Greenfield, deputy editor of the editorial page of the Washington Post, is not rest-

ing on her laurels. Her essay, "Thinking Small," in the April 24 edition of Newsweek is witness to her thoughtfulness and vision. No one has better said something that is on all our minds, that there never has been a period when special interest group politics have so dominated Washington. As always, she has sage advice for us all on what to do about it. I thank Meg Greenfield for her continuing contribution to the stock of commonsense in this country and I congratulate the judges who award the Pulitzer Prize on their good sense in choosing her. I ask that her Newsweek column be printed in the RECORD.

The column follows:

THINKING SMALL

(By Meg Greenfield)

It's as if the nation had swallowed a solvent and we were breaking up into our constituent parts—or, to be chemically more consistent about it, coming unglued. I can't remember a time in Washington when interest-group issues and politics so dominated events. And every day the units of protest and concern seem to be subdividing into even smaller and more specialized groupings—these miners, those farmers, certain public employees, some gas-producers and so forth. What's going on? Why has the nation's Capital taken on the aspect of a glorified state legislature?

To be fair about it, it's not only the Federal government that is feeling the pressure. Even as I write, I note that Toledo schoolteachers have gone out on strike, and a significant number of Washington-area doctors, displeased with their group-health arrangements, are threatening to do the same. It's a nationwide pattern. But rarely has a President's time and attention been so consumed by the economic demands of particular groups. Consider Washington's agenda and some of its most hotly contested issues: social-security taxes and payments, civil-service salaries and perquisites, military pensions, tax credits for parents of private-school students, farm prices and income, steel prices, coal wages . . . the list goes on.

A labor lobbyist I know was observing the other day how this atomizing of constituencies was apparent in his own attempt to get some manpower legislation passed. He didn't try to arrange meetings of his "coalition" any more, he said, but rather just dealt one-on-one with the various elements involved—mayors, unions, welfare organizations and the rest. That was because these days each was only inclined to "go in and try to save its own piece of the program."

TRENDS OF "SELF-PREOCCUPATION"

President Carter clearly had something similar in mind when, in his speech on inflation, he spoke ruefully of a widespread "preoccupation with self," deplored the attenuated sense of national purpose and community it reflected and concluded: "We favor sacrifice, so long as someone else goes first. We want to abolish tax loopholes, unless it's our loophole. We denounce special interests, except for our own." Hard-hitting, eloquent stuff—but the trouble is this: no one believes that Presidential exhortations will be enough even to slow the process, let alone to reverse it. And plenty of people think that Carter himself has inadvertently contributed to the trends in the country toward ever greater assertiveness of ever smaller interest groups.

I stress the word "trends" because poor Jimmy Carter, being blamed for floods, droughts and most of the pestilence stalling the land today, can hardly be said to have brought all this to office with him—although I do believe that in some ways, which we will get to in a moment, he has made it materially worse. But one must begin with the trends, and first among these is the much remarked upon popular loss of confidence in the nation's leaders and institutions.

This does not just mean, as the more romantic among us would have it, that people are concerned with the rectitude of their government. Surely, it also means that they have lost confidence in government's ability to deal effectively with the economy—with inflation and unemployment. And this being so, groups are rushing in to get "theirs" while there is time. It's almost as if we had developed—all of us—a looter's mentality in the presence of the shattered storefronts of so many administrations' economic policies. The Carter Administration has not exactly reversed the trend or covered itself with glory in this connection.

DECLINE OF NATIONAL FEELING

There is also the cumulative impact of what has been called "interest-group liberalism" and its legislative product. By now, there can hardly be a cultural, racial, regional, economic or professional group for whom the lawmakers of Washington have not fashioned some special statutory blessing—a prerogative, a grant, an exemption, a reimbursement . . . something. It puts a premium on identifying yourself with the special subgroup and helps to thin, if not destroy, whatever feeling of larger national loyalty various citizens may have.

So has the well-documented decline of both major political parties, as well as the decline of labor unions. These were all, at one time, much stronger forces for the nationalizing of people's ambitions and interests than they are now. And no comparable national influence has taken their place. On the contrary, if anything they have been increasingly displaced by computerized, single-issue-oriented lobbying efforts—efforts complete with glossy brochure; stupendous direct-mail, grass-roots outpouring; and highly sophisticated, pinpoint pressures on the relevant members of Congress.

It needs to be added that the recent reforms of Congressional practice and procedure and the revised rules governing campaign financing have accentuated this trend. There is far less partywide discipline or sentiment in Congress these days. The individuals legislator is less accountable to or dependent on the hierarchy of his national party on the Hill, so there is less incentive to take a national-party view. Legislators are more preoccupied with state and district "casework," as they call it—and more vulnerable to interest-group heat.

THE INSTRUMENT OF COHESION

Finally, there is the absence of war or any comparably vivid national danger to unite people. To be sure, anyone old enough to recall when "rollback" was an emotional rallying cry to push the Soviets out of Eastern Europe rather than a call to reconsider a hike in social-security taxes will have no trouble deciding which is the preferable condition. Still, as Carter himself concedes—the business about the energy crisis being the "moral equivalent of war" was a doomed example—somehow the nation needs to recapture the sense of common purpose and urgency that tends to go with high-risk business, to view its economic and energy imperatives in this light.

I think Carter has accelerated the opposite process by an overwillingness to settle claims and demands group by group and to yield to various constituency pressures. And although the troubles didn't start with him, he represents pretty much the only mechanism that can be used to deal with them now. For it is an ironic fact of contemporary life that even as people around the country, Jimmy Carter included, have been expressing great unease with the scope and reach of Federal government, that government does have the distinctive capacity to draw people into a coherent national effort. Carter, notably and brilliantly, got the competing groups together in his campaign. But he still has not stopped dealing with them one by one and fogging over their conflicts and differences. The success of his anti-inflation effort is a thin prospect at best, but it will depend on his willingness and ability to alter this habit. And so, as a result, will the success of his Presidency.●

PRAISE FOR THE SOUTHERN COOPERATIVE DEVELOPMENT FUND, INC.

● Mr. STONE. Mr. President, I recently had an opportunity to go down to Palmetto, Fla., and met with members of the Southern Cooperative Development Fund, Inc. (SCDF). This fund is actually a development bank which loans money and provides technical assistance to limited-resource cooperatives and community-controlled organizations in the southern United States.

The SCDF is owned by the very people it seeks to help. When an eligible group borrows money from SCDF, it is required to purchase shares in the corporation, thereby becoming an owner of the corporation.

By far, the largest single category of borrowers from SCDF are farming cooperatives. These member-borrowers are engaged in activities such as agricultural production and supply, agricultural marketing, fishing, housing development, and retail sale of groceries.

I mention this, Mr. President, because I feel that the efforts of this cooperative should be lauded by all of us. Their efforts in helping to make small farmers self-sufficient are meritorious and are a tremendous example for other cooperatives to follow.

I would like to quote from the annual report of the SCDF. The following are the goals this cooperative is striving toward—an example for all of us:

While SCDF and the clientele it serves must do everything in our power to make the nation's institutions and decision-makers more responsive to the needs of the poor, we must continue to practice and emphasize the value of self-reliance. To practice self-reliance, we must continue to help ourselves and not be so dependent upon others. If we are to be self-reliant, we must stop consuming our total income. Typically, minorities are consumers and not producers in this society. No matter how meager that income, we must save and invest it to build our future.●

SOVIET ACTIONS IN AFRICA THREATEN SALT

● Mr. DOLE. Mr. President, the successful conclusion of a nuclear arms control pact with the Soviet Union will, in large part, depend upon the status of United States-Soviet relations during the next few weeks. It seems to this Senator that the relationship is now threatened at a concluding stage of the SALT II negotiations—not because of U.S. intransigence—but because of direct Soviet military influence in Africa, and similar Soviet provocations elsewhere. I believe that Secretary of State Cyrus Vance would be well advised to inform Moscow, during his discussions there this

week, that there will be no SALT treaty unless aggressive Soviet-Cuban military adventurism in Africa is halted, and the military presence withdrawn.

Before leaving the country last week, Secretary Vance reiterated the administration's policy that there need be "no linkage between the negotiation of a SALT agreement and the activities of the Soviet Union in Africa." I believe it is unrealistic and somewhat naive for Secretary Vance to maintain that there will be "no linkage" between the two matters, at least so far as the Senate is concerned.

According to the latest intelligence estimates, Ethiopia has been saturated with more than 16,000 Cuban troops, and with Soviet military hardware including 50 Mig jet fighters and more than 400 tanks. There is no way imaginable that the U.S. Senate could ignore this Soviet military presence in Africa in the context of our consideration of SALT II. Not only are peaceful intentions of the Kremlin called into question by its aggressive African policies, but the credibility of Soviet pledges are cast into serious doubt as well.

There should be no mistake on our part about the fact that the Soviet Union is anxious to conclude a SALT II treaty agreement with the United States. Their own economy would suffer from a continued arms race, and they would prefer to see the U.S. development of strategic weapons curtailed at present levels. Yet, the Kremlin leadership continues to insist that only further American concessions can bring about a new treaty. Further concessions on our part, however, would be unjustified and dangerous to the national interest.

UNILATERAL REDUCTIONS

Despite the unavoidable indications of continuing Soviet adventurism in Africa, and unrestrained development of strategic weapons, the administration has shown little inclination to face the hard facts. In his speech delivered at Wake Forest University last month, President Carter expressed concern about Soviet force increases "beyond the level necessary for defense" and its "ominous inclination * * * to intervene in local conflicts * * * as we observe today in Africa." Had Mr. Carter heeded his own words, I believe he would have recognized the necessity of proceeding with the neutron bomb, at least until some gesture of self-restraint was made by the Soviets.

It is fine to speak of working toward further reductions and limitations of nuclear weapons consistent with the national security interests of the United States and of our allies. Yet, while President Carter has called for the necessity of multilateral cooperation in this area, every cancellation and postponement of a defense program in his administration has represented unilateral action by the United States. We experienced this self-denial of major weapon systems not only with the neutron bomb decision, but also with the cancellation of the B–1 bomber production, curtailment of full-scale development of the M–X missile, and serious cutbacks on construction on naval ships.

There is simply no prevailing rationale—no predictable consistency—in the confusing pattern of strategic policies set forth by this administration. Even Soviet President Leonid Brezhnev seems astonished by what he terms Mr. Carter's "indecision and inconsistency" on policies affecting United States-Soviet relations. Mr. Brezhnev's confusion about U.S. policy is shared by many Americans, as well.

Until the Soviet Union begins to match our long list of defense concessions, it is simply not in the best security interest of this country and that of our allies to cancel one major weapon system after another. And so long as Moscow shows no sign of restraint in Africa or in its posture toward Europe, we should reflect carefully upon any new commitments that would limit our ability to respond to future Soviet provocations.

For that reason, Mr. President, I believe the U.S. Senate will scrupulously examine the final SALT agreement that is submitted for our consideration. And it would be well for the administration to recognize the reality of the situation now, and advise the Soviet Union accordingly: That we will make no further substantive concessions in the SALT negotiations, and that Soviet aggression on the African continent must cease immediately.●

THE 60TH ANNIVERSARY OF THE ESTABLISHMENT OF THE REPUBLIC OF LITHUANIA

● Mr. GOLDWATER. Mr. President, on February 16, Americans of Lithuanian origin and descent commemorated the 60th anniversary of the establishment of the Republic of Lithuania. On February 19, over 200 residents of Phoenix, Ariz. participated in their own services of this important date. I submit a resolution adopted at that time by the Phoenix, Arizona chapter of the Lithuanian-American community of the United States of America for the RECORD.

The resolution follows:

RESOLUTION

We, Lithuanian-Americans of Phoenix, Arizona at a meeting attended by over 200 people on February 19th, 1978 commemorating the 60th anniversary of the reestablishment of the independent state of Lithuania on February 16th, 1918, and the 727th anniversary of the formation of the Lithuanian Kingdom in 1251, send our warmest greetings to the people of the Soviet-occupied Lithuania and pledge our unwavering support for the restoration of Lithuania's sovereignty and unanimously adopt the following resolution:

Whereas in 1918 the independent state of Lithuania was reestablished by the free exercise of the right of self-determination by the Lithuanian people; and

Whereas by the Peace Treaty of July 12, 1920 Soviet Russia officially recognized the sovereignty and independence of Lithuania and voluntarily renounced forever all rights and claims by Russia over Lithuanian soil and her people; and

Whereas until 1940 Lithuania was a sovereign nation, a member of the League of Nations and a signator of numerous international treaties with the Soviet Union; and

Whereas the Soviet Union during June 15–17, 1940 invaded and occupied Lithuania, and subsequently, forcibly annexed the Lithuanian Nation into the Soviet Union; and

Whereas the Soviet Union continues to conduct a policy of colonization, Russification, ethnic dilution and religious and political persecution; and

Whereas the people of Lithuania to this day are risking and sacrificing their lives in defiance of the Soviet regime as most recently an untold number of Lithuanian and Russian dissidents have been arrested and imprisoned for the publication or dissemination of "The Chronicle of the Lithuanian Catholic Church"; and

Whereas the United States Government maintains diplomatic relations with the government of the Free Republic of Lithuania and consistently has refused to recognize the unlawful occupation and forced incorporation of this freedom-loving country into the Soviet Union; and

Whereas the 89th U.S. Congress unanimously passed House Concurring Resolution 416 urging the President to raise the question of the Baltic Nations status at the United Nations and other international forums; now therefore be it

Resolved, that we, Lithuanian-Americans will urge our representatives in Congress to sponsor and adopt the sense of a number resolutions which have been recently introduced calling for "Full Freedom and Independence for the Baltic States"; and

Resolved, that copies of this resolution be forwarded to the President of the United States, the United States Secretary of State, the United States Ambassador to the United Nations, the United States Senators and members of the House of Representatives of Arizona, the Lithuanian Minister in Washington, D.C., the Lithuanian Consuls in New York City, Chicago, Los Angeles and the press.

Lithuanian-American Community of the U.S.A., Inc.

Phoenix, Ariz. Chapter

VINCENT RUSECKAS, President.

JANINA RIMAVICIUS, Secretary.●

SENATE PROGRAM REVIEW REFORMS

● Mr. TALMADGE. Mr. President, I wish to share with my colleagues the statement which I submitted to the Rules Committee on the resolution entitled "Senate Program Review Reforms of 1978".

The material follows:

SENATE PROGRAM REVIEW REFORMS OF 1978

I am pleased to accept your invitation to appear before the Rules Committee of the Senate on the resolution entitled, "Senate Program Review Reforms of 1978", which was reported out by the Senate staff working group. The purpose of this resolution is to assist the authorizing Committees in the consideration of their re-authorization and program review functions. It is not meant to take program oversight away from the authorizing Committees or reduce their role in making program determinations.

As I understand the Senate resolution on program review, it will serve as a system for the Senate Committees in the review of programs under their jurisdictions. Procedurally this will mean that each authorizing Committee of the Senate, will submit to the Rules Committee of the Senate, along with their operating budget, the anticipated schedule for program review for the forthcoming year. This effort by the authorizing Committees will require the cooperation of the Federal agencies over whose programs they have jurisdiction.

This new review procedure will provide the Senate with a means of making all program evaluations available to all Senators and the public. While I initially expressed concern over the rigid structure of evaluation pro-

posed in the original "Sunset" bill, I feel that this new resolution will offer a viable framework for oversight while still providing adequate flexibility to permit reasonable and effective Committee scheduling.

Further, I wish to state that I was pleased that the Senate staff working group included the Regulatory Impact Rule which was an amendment that I offered to S. Res. 4, which was adopted by the Senate. Specifically, this requirement calls for regulatory, privacy, economic, and paperwork impact statements where it is practical and applicable. The inclusion of this language in the Senate resolution before you today strengthens the Senate Regulatory Impact Rule.

I thank the members of the Rules Committee of the Senate for giving me this opportunity to testify before you today.●

TRIBUTE TO ORRELL'S BEATEN BISCUITS

● Mr. MATHIAS. Mr. President, it is a source of pride and pleasure to Marylanders that geographical circumstances have made our State the home away from home for so many Members of the Congress. We are honored by their presence among us.

But the honor confers upon us special responsibilities. As hosts, we must look to our guests' comfort and to their pleasure. Today, I would like to call my distinguished colleagues' attention to a Maryland institution that will contribute mightily to their pleasure. That institution is the beaten biscuit, one of Maryland's many contributions to gourmet dining in America.

When I was a child, many families made their own beaten biscuits. But that wonderful tradition, like many others, is a casualty to the quickened tempo of our times. The beaten biscuit cannot be hurried.

Happily, however, the beaten biscuit has not disappeared entirely from the Maryland scene. Thanks to the enterprise and dedication of an Eastern Shore family, headed by Ruth and Herman Orrell, the beaten biscuit survives. In a little home bakery almost in the shadow of the famous Wye Oak in Wye Mills, the authentic Maryland beaten biscuit is still produced. The entire operation is conducted by members of the Orrell family and their friends.

It is one of the few surviving cottage industries in the State and is a fascinating enterprise to visit. Sampling its wares, of course, is the major inducement for a visit but the operation itself is also of great interest.

James Bryant Conant wrote that:

Each honest calling, each walk of life has its own elite, its own aristocracy based upon excellence of performance.

The Orrells are members of that "aristocracy of excellence of performance." They exemplify a proud Maryland tradition.

On April 13, the Baltimore Sun carried a comprehensive article on the Orrell's beaten biscuit operation, lovingly and knowledgeably written by food editor, Martha H. Schoeps. In order to tempt my colleagues to devote some fine spring day to a drive to the Eastern Shore in search of the beaten biscuit, I ask that this article, entitled "Maryland Beaten Biscuits: Tradition Lives," be printed in the RECORD.

The article follows:

MARYLAND BEATEN BISCUITS: TRADITION LIVES

(By Martha H. Schoeps)

"Years ago, my grandmother actually beat the biscuit dough with the back end of an ax on a big tree stump," Bonnie Reichert, the young granddaughter of Ruth and Herman Orrell, told her early morning visitors. "Now we use a small handmade machine that beats the air into the dough," she said while displaying an old ax on a hand-hewn butcher block.

As the popularity of "Ruth Orrell's Maryland Beaten Biscuits" grew, the tree stump was moved inside, and later gave way to a butcher's-block table before the machine finally took over.

Today—with Orrell's one of the few commercial beaten biscuit enterprises still in existence in Maryland—the biscuit dough is worked by motor-operated rollers that seem to slap the simple dough mixture into smoothness. However, each biscuit is still shaped by hand. The dough is kneaded by the fingers of each person shaping the biscuits. It is done in such a manner as to make the biscuit smooth on all sides. This process gives the outside of the biscuit the surface tension it needs to keep its shape while baking.

After the biscuits are shaped, they are placed on large flat pans that hold 4½ dozen biscuits. My grandmother used to use the ball of her hand to press the biscuit down and then she would prick the tops with a fork. Soon she had a special little gadget made, which, in prick marks, shapes a large letter O [for Orrell]. Inside the letter O is a letter B [for biscuit], Bonnie told her guest.

The biscuits are baked in very hot ovens until they appear lightly golden. It takes a special touch of the fingers and a keen eye to know the precise moment the biscuits are done, Bonnie explained just as Mary Holtzclaw (the 13-year-on-the-job expert) removed a batch from one of the ovens.

Orrell's beaten biscuits are not only a tradition on the Eastern Shore, they are an institution.

Ruth Orrell has been baking the small round balls of dough for 30 years—first in the kitchen of her quaint old house in Wye Mills and now in a somewhat larger room added on to that kitchen.

Beaten biscuits must be classed with terrapin, steamed crabs and oysters on-the-half-shell, for these are some of the foods that have given Maryland the high rating it holds among the connoisseurs of the culinary arts.

To be truly initiated into the beaten biscuit habit, one should go right to the source. Tasting your first beaten biscuit fresh off the baking pan is to make you an addict for life. On the Eastern Shore, the biscuits are eaten with just about anything from stewed chicken to homemade preserves or molasses. An ideal way to serve them would be with terrapin—Maryland style.

The enterprising Mrs. Reichert also pointed out that the biscuits were not normally eaten hot because originally they were baked as a weekend bread and kept for Sundays or special meals.

Bonnie Reichert is the daughter of Lt. Col. Herman Orrell 3d, USA (Ret.), the only son of Ruth and Herman Orrell. As a member of an Army family, Bonnie traveled and lived in many places before returning to the Eastern Shore to meet and marry Lewis Reichert. The Reicherts now live next door to her grandparents and the beaten biscuit bakery.

"I work for my grandmother," the modest young woman said as she talked and worked at the same time. It was obvious from her efficiency in managing the operation, packaging the biscuits in special little plastic bags—all the while graciously greeting customers—that she had learned well the charm of the Eastern Shore.

"Unfortunately, my grandmother had an emergency errand to attend to this morning and couldn't be here," Bonnie explained.

"Your grandmother is a legend around here isn't she?" one of the visitors asked.

"Oh, yes!" Bonnie exclaimed. "She was a schoolteacher for more than 30 years. In fact, she taught in a little red school house between here and Easton [at Longwoods] that they hope to preserve as a historic landmark. Then, too, grandmother and grandfather act as custodians of the old Wye Mills church next door," Bonnie added.

The whole operation of producing Maryland Beaten Biscuits at the Orrells' place is conducted by family and friends. Mrs. Dunbar Chambers, 80, has worked for Mrs. Orrell almost since the beginning of the business. Although she has recently retired, she can't stay away and often sits in on the biscuit making.

Then there is Mary Catherine Whitby, Blanche Callahan, Elva Wooters, Delores Terris, Linda Patchett and Kathleen Reichert (Bonnie's mother-in-law) who have worked for the Orrells for many years. And it is Bonnie's father-in-law who is in charge of making the dough (using 25 pounds of flour at a time) and operating the beating machine.

Bonnie helps her grandmother in supervising, selling and managing the business.

Then, too, special orders must be taken care of promptly. For example, SS Peter and Paul Catholic Church in Easton wanted 125 dozen for a supper. Other organizations, such as the Eastern Shore Society, order large quantities. And yes, Baltimoreans, the Orrells do send their famous beaten biscuits to the city. They can be purchased at the Woman's Exchange, 333 North Charles street, and at Graul's market, 7713 Bellona avenue.

"We welcome visitors and are only too happy to explain the making of Orrell's beaten biscuits. We bake on Wednesdays, Thursdays and Fridays if people want to see the baking in action." About 300 dozen biscuits are baked in a day—more for special occasions, Bonnie said.

"We only ask that large groups of people advise us ahead of time," she added.

To contact the Orrells, write to Orrell's Maryland Beaten Biscuits, Box 7, Wye Mills, Md., 21679. Telephone (301) 822-2065. The little bakery is located not far from the famous Wye Oak tree in Wye Mills.

Mr. and Mrs. George Nesbitt, of Sandy Spring, Md., made a special "spring trip to Wye Mills to buy Maryland Beaten Biscuits from the Orrell's."

"We drive over several times a year to the Eastern Shore and always make a stop for several dozen biscuits," Mrs. Nesbitt said.

Bonnie pointed out that the biscuits can be fresh by repackaging them in airtight plastic bags. (The original bag has little airholes). The biscuits can be reheated in foil paper.

Mrs. Reichert also said that the biscuits will keep several weeks if kept properly refrigerated. "The biscuits have no preservatives but they do not get moldy. If they become too hard to eat, they can be crushed for dressings, pancake base or made into dumplings. I used to give them to our son, Christopher, as a teething ring."

Ruth Orrell's recipe for Maryland Beaten Biscuits is, of course, carefully guarded. However, the basic ingredients are unbleached flour, country lard (both from the Eastern Shore), baking powder, salt, sugar and water.

Among the recipes generally used by people on the Eastern Shore are these that appeared in the Tidewater Times in an article written by Cindy Doerbach.

MARYLAND BEATEN BISCUITS

2 cups sifted all-purpose flour
¼ teaspoon salt
½ teaspoon sugar
3½ tablespoons lard
OR 5½ tablespoons shortening
½ to ⅔ cup milk

Sift together flour, salt and sugar, cut in shortening and stir in milk to make stiff dough. Turn out on pastry board and beat with wooden mallet. Fold over and beat again. Continue folding and beating about the size of small walnuts, form into balls and press flat. Stick 4 times with a fork. Bake on ungreased cookie sheet at 425 degrees for 30 minutes. Makes about 15 biscuits.

This second version of Maryland Beaten Biscuits uses water instead of milk.

2 lbs. flour
6 oz. lard
Scant teaspoon salt
½ teaspoon sugar
1 cup cold water
Pinch baking soda, size of pea, no larger

Work all ingredients together well, have stiff dough. Beat 20 minutes with iron mallet. To shape biscuits, squeeze dough through hole made by thumb and forefinger, pinch off and pat down a little. Place on baking sheet and prick 3 times with fork. Bake in oven about 400 degrees for 25 minutes. Makes 6 dozen biscuits.

In the cookbook, "Maryland's Way," published by the Hammond-Harwood House Association, Julia Loker, of St. Marys county, has contributed a recipe that is a favorite with many fanciers of the beaten biscuit.

MISS JULIA'S BEATEN BISCUITS

4 cups flour
1 tablespoon lard,
½ teaspoon salt
Water

Mix flour, lard and salt; then add water to make a very stiff dough. Knead it with the hands until pliable and smooth. Continue to knead until it pops with every pressure of the hand. It takes about 20 minutes to half an hour. When it pops this is the test of its lightness. Then make balls of the dough about the size of a small egg. Flatten them on the board with the rolling pin, prick them in the center with a fork and bake in a quick oven, 400 degrees, for 20 minutes to ½ hour. When the edges are hard, they are done, otherwise do not take them from the oven or they will be undone and unwholesome.

For the novice, it should be noted that the biscuits are hard on the outside but softer on the inside.●

NATIONAL SECURITY ISSUES

● Mr. GOLDWATER. Mr. President, the American Security Council, a highly respected group of men interested in the defense of our country, has prepared a poll touching on various issues. The poll not only touched on my own State of Arizona, but touched on other parts of the country as well. I recall in the closing hours of debate that one of our colleagues said the American people were turning around on the Panama Canal, and I hope that individual will read the first question in the poll, which shows 85 percent of those people questioned throughout the United States were opposed and 87 percent in my State of Arizona were opposed. This poll is interesting reading and I suggest my colleagues continue through it and not just look at the Panama Canal poll, but also the others because it shows rather clearly that Americans are concerned about the direction of our foreign policy. Therefore, I ask that this poll be printed in the RECORD.

The poll follows:

ASC 1978 NATIONAL SECURITY ISSUES POLL

The preliminary results of our 1978 National Security Issues Poll follows:

QUESTION 1

Should the United States Senate ratify the Panama Canal treaties?

State of Arizona:
2,342 participants, 5 percent yes, 87 percent no, 8 percent undecided.
Nationally:
108,385 participants, 6 percent yes, 85 percent no, 9 percent undecided.

QUESTION 2

Retired FBI agent John Kearney was indicted for wiretapping and mail opening in his efforts to find the Weatherman terrorists. Do you believe that he should be prosecuted?

State of Arizona:
2,342 participants, 7 percent yes, 89 percent no, 4 percent undecided.
Nationally:
108,385 particpatnts, 8 percent yes, 86 percent no, 6 percent undecided.

QUESTION 3

Should both the FBI's internal security role and the CIA's counterintelligence role be greatly strengthened?

State of Arizona:
2,342 participants, 89 percent yes, 6 percent no, 5 percent undecided.
Nationally:
108,385 participants, 86 percent yes, 8 percent no, 6 percent undecided.

QUESTION 4

Should the House and Senate Internal Security Committees be re-established?

State of Arizona:
2,342 participants, 81 percent yes, 4 percent no, 15 percent undecided.
Nationally:
108,384 participants, 82 percent yes, 4 percent no, 14 percent undecided.

QUESTION 5

Do you trust the Soviets to honor Strategic Arms Limitation Treaty agreements which do not provide for on-site inspection?

State of Arizona:
2,342 participants, 5 percent yes, 95 percent no, 1 percent undecided.
Nationally:
108,384 participants, 6 percent yes, 93 percent No, 1 percent undecided.

QUESTION 6

Should the United States regain military superiority over the Soviet Union?

State of Arizona:
2,342 participants, 95 percent yes, 1 percent no, 4 percent undecided.
Nationally:
108,384 participants 94 percent yes, 2 percent no, 4 percent undecided.

QUESTION 7

Would you support regaining military superiority over the Soviet Union even if it cost twenty billion dollars more per year?

State of Arizona:
2,342 participants, 91 percent yes, 2 percent no, 7 percent undecided.
Nationally:
108,834 participants, 88 percent yes, 3 percent no, 9 percent undecided.

QUESTION 8

Should the United States build an antimissile defense to protect its citizens?

State of Arizona:
2,342 participants, 88 percent yes, 2 percent no, 10 percent undecided.
Nationally:
108,384 participants, 88 percent yes, 2 percent no, 10 percent undecided.

QUESTION 9

Should the United States counter the new Soviet Backfire supersonic bomber by building the B–1 which was canceled by President Carter?

State of Arizona:
2,342 participants, 91 percent yes, 2 percent no, 7 percent undecided.
Nationally:
108,384 participants, 88 percent yes, 3 percent no, 9 percent undecided.

QUESTION 10

Should the United States develop mobile ICBMs to counter the Soviet mobile ICBMs?

State of Arizona:
2.342 participants, 92 percent yes, 1 per. cent no, 7 percent undecided.
Nationally:
108,384 participants, 90 percent yes, 1 percent no, 9 percent undecided.

QUESTION 11

Should the United States develop and deploy supersonic cruise missiles with intercontinental range?

State of Arizona:
2,342 participants, 92 percent yes, 1 percent no, 7 percent undecided.
Nationally:
108,384 participants, 90 percent yes, 1 percent no, 9 percent undecided.

QUESTION 12

Should the United States provide NATO forces with cruise missiles and mobile missiles to counter comparable Warsaw Pact missiles?

State of Arizona:
2,342 participants, 76 percent yes, 5 percent no, 19 percent undecided.
Nationally:
108,383 participants, 73 percent yes, 5 percent no, 22 percent undecided.

QUESTION 13

Do you believe that the United States should help anti-communist forces in countries threatened by communist takeover?

State of Arizona:
2,342 participants, 74 percent yes, 8 percent no, 18 percent undecided.
Nationally:
108,384 participants, 73 percent yes, 10 percent no, 17 percent undecided.

QUESTION 14

Should the United States keep its Mutual Defense Treaty and maintain diplomatic relations with Taiwan?

State of Arizona:
2,342 participants, 89 percent yes, 1 percent no, 10 percent undecided.
Nationality:
108,384 participants, 86 percent yes, 2 percent no, 12 percent undecided.

QUESTION 15

Should the United States adopt a national objective of rolling back the growth of communism?

State of Arizona:
2,342 participants, 86 percent yes, 4 percent no, 10 percent undecided.
Nationally:
108,383 participants, 86 percent yes, 5 percent no, 9 percent undecided.●

TOBACCO—A MAJOR FOOD SOURCE FOR A HUNGRY WORLD?

Mr. HELMS. Mr. President, over 350 years ago tobacco provided this Nation with its first cash crop. Today it is supporting more than 500,000 farm families. In my State alone over 150,000 families depend upon tobacco as the vital cash crop. It is tobacco that enables these farm families to remain on the small family farm to produce the food and

fiber that our country and the rest of the world need.

Last year, taxes on tobacco amounted to more than $6 billion—$2.5 billion to our national treasury, and $3.6 billion to the States, cities, and counties.

Tobacco exports are contributing more than $1 billion to our international trade balance this year—over 100 countries are buying our tobacco. It is not only the finest tobacco crop in the world, but nearly the largest—only China's is bigger.

Mr. President, these statistics tell an important story about tobacco. Unfortunately, the administration seems to have forgotten the crucial role tobacco plays in this country's agricultural economy.

President Carter's Secretary of Health, Education, and Welfare has virtually declared war on tobacco, a decision that has left tobacco farmers, manufacturers, workers, and exporters disillusioned and frightened.

Secretary Califano, you may remember, even suggested that tobacco farmers should quit farming and go on welfare. Then he announced that the administration would spend $23 million in a massive advertising campaign against tobacco. Just the other day, Mr. Califano again attacked the tobacco companies for what he termed "sinister" advertising.

That is not all. The Carter administration's proposed budget for fiscal year 1979 represents yet another serious attack on tobacco. If the administration has its way, all funding for tobacco production research will be terminated. This research is conducted in various States, including Georgia, Maryland, North Carolina, Virginia, and Tennessee.

Mr. President, several of us have appealed time and time again to the President and Secretary Califano urging them to reconsider their actions. But so far, these appeals have been in vain.

The total elimination of the federally supported program of tobacco research greatly troubles me. Had it not been for this research—which the administration now proposes to end—tobacco would not be grown efficiently in the United States today. Those impressive figures I mentioned at the beginning of my remarks simply would not exist.

Tobacco research efforts designed to develop a safer product, to improve production methods for our farmers, and to conduct scientific studies on potential new uses of tobacco have apparently been the victim of the administration's negative approach toward tobacco generally.

This sad turn of events, Mr. President, is so disturbing to me because right now our scientists are working on a new project to extract protein from green tobacco leaves. This offers great potential for producing protein for food; and by removing the protein from tobacco, a safer smoking product should be obtained. Instead of pursuing their attacks on tobacco and related research, I urge administration officials, and indeed Mr. Califano himself, to carefully examine—as I have—the promising benefits of this tobacco protein research.

Late last month, I spoke at some length with a distinguished scientist in California, Dr. Benjamin Ershoff, president of the Institute of Nutritional Studies at Culver City, Calif.

As Secretary Califano should have known, Dr. Ershoff, and another distinguished scientist, Dr. Samuel Wildman of the University of California at Los Angeles, have together achieved an astonishing breakthrough in experiments showing that tobacco has the highest potential of any green plant in providing protein to feed, and to improve the health or hungry people all over the world.

Also, as Secretary Califano should have known, the National Science Foundation is excited about the discovery achieved by Dr. Ershoff, Dr. Wildman, and other distinguished tobacco research scientists.

But there is another equally important potential in this discovery. Today, thousands of Americans suffer diseases to the kidney and other vital organs. Preliminary tests indicate that the use of protein from tobacco may very well save the lives of people whose present hope of survival is limited to the use of kidney machines and expensive medication.

And what is the potential effect for North Carolina's farmers—as well as those from the other tobacco producing States?

Dr. Ershoff told me that the downstalk tobacco, which now presents a problem of oversupply, can be used for the production of food protein, thus indicating a multibillion-dollar market for tobacco growers.

He also suggested that tobacco farmers could probably plant, harvest and sell two crops each year, instead of one—if and when the protein potential of tobacco can be fully developed. Dr. Ershoff also stated that this could occur in the relatively near future if research funds for testing and developing are made available.

One further comment from Dr. Ershoff: He suggested that, when tobacco can be commercially produced for its protein content, 20 times as much tobacco can and should be grown per acre. We would, of course, have to coordinate this kind of production with our present tobacco support program which we want to protect.

Think of the income potential for our tobacco farmers. Think of the economic opportunities for the United States in exporting to other countries a product which will both relieve the hunger of the world, and improve the health of the people of the world.

Mr. President, earlier this month I toured the Tobacco Research Laboratory at Oxford, N.C. Much of the work on extraction and recovery of tobacco leaf protein is now in progress there; however, this research will stop unless Congress restores the funds the administration wants to cut.

In Oxford, I saw first-hand the efforts of Dr. James F. Chaplin and his staff to make protein recovery from tobacco leaf commercially feasible. It was also my privilege to meet with Dr. Thurston Mann, assistant director of the North Carolina Agricultural Experiment Station in charge of tobacco research, who definitely feels this research has great potential. Also with me at Oxford was Dr. E. Leon Moore, one of the outstanding scientists in this field of research who himself developed a tobacco variety resistant to root knot nematode while employed at the Oxford laboratory.

Mr. President, after seeing the research work in progress at Oxford and talking with some of the distinguished scientists and leaders in this effort, I am convinced that tobacco will continue to be an important agricultural crop in our Nation's economy.

The point, Mr. President, is that this is clearly not the time to terminate tobacco research funding from the Federal budget. While much has been accomplished, the need for continued research should be obvious. Indeed, the Federal Government ought to consider increasing the $3 billion current outlay for this research.

We should give more than just a passing interest to the studies of outstanding scientists who tell us that within 10 to 20 years tobacco grown as a food crop will be one of the major agricultural products in the world.

I urge the administration to reverse its negative position on tobacco and to join in a creative approach to solving problems confronting us all. Instead of shutting down vital research facilities, let us make even greater use of creative and constructive research for the betterment of mankind.

Mr. President, I ask that Dr. Ershoff's letter, the Wildman-Kwanyuen-Ershoff paper presented to the NSF Conference on Nonconventional Proteins and Foods, my letter to Senator EAGLETON seeking reinstatement of tobacco research funding, two reports on the Oxford Tobacco Research Laboratory, and a summary of tobacco research affected by the President's proposed budget elimination all be printed in the RECORD following my remarks. I urge my colleagues to give this matter the serious attention and study I so strongly believe it merits.

The material follows:

INSTITUTE FOR NUTRITIONAL STUDIES,
Culver City, Calif., March 31, 1978.

Senator JESSE HELMS,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR HELMS: Dr. S. G. Wildman and I are most grateful for the interest you expressed during our telephone conversation of March 30th concerning our studies on tobacco proteins. We feel that such studies have the potential of vastly improving the economic status of the tobacco growers not only in your state but throughout the entire country, and we feel that within 10 to 20 years tobacco grown as a food crop will be one of the major agricultural products in the world.

With the rapid increase in world population, the importance of obtaining new sources of protein fit for human consumption, high in biological value and low in cost, cannot be overemphasized if worldwide protein malnutrition is to be avoided in the future. Leaf proteins are by far more abundant of all protein sources; but for them to serve as a significant source of protein for man, they must be concentrated. The cost of such concentration has priced these proteins out of serious consideration as a source of

protein in the past. Technological improvements in the concentration of leaf proteins (particularly from tobacco) now make it possible to produce at nominal cost highly purified proteins from tobacco of high biological value to have no odor or taste and that can be added to foods to improve their protein content without altering their appearance, texture or taste.

When tobacco is grown for smoking purposes, the plants are harvested when mature. In the case of Burley tobacco grown in Kentucky, tobacco culture as presently practiced calls for planting approximately 8,000 plants per acre. When tobacco is grown as a food crop for its protein content, however, the plants are harvested while still immature (i.e., approximately 6 weeks after the seeds are planted with a second harvest from the same plant 4 weeks later). Under the latter conditions, close spacing culture is employed with as many as 150,000 plants per acre. Two or more plantings can thus take place depending on weather conditions during the course of the growing season. This can result in a substantial increase in the financial return to the farmer per acre of land per year over that obtained when tobacco is grown for smoking purposes.

Dr. Wildman and associates have prepared from young tobacco plants 3 different classes of proteins of major economic importance: (1) a crystalline, water-soluble protein of high biological value that contains no sodium or potassium that would have marked value in the treatment of patients with certain kinds of renal, liver and heart disease; (2) a series of water-soluble proteins of high biological value that are odorless, colorless and tasteless that could be incorporated in beverages, liquid foods (such as soups for senior citizens), etc. to increase their nutritional value; these proteins would be particularly valuable in the preparation of milk replacers in parts of the world where milk is not readily available for infants and children; and (3) a non-soluble protein that could be incorporated into cereal grain products, flour and other food substances to increase their protein value both quantitatively and qualitatively.

The material remaining from tobacco plants after the above protein products are removed can be processed to produce material that is similar in color, texture and taste to various blends of smoking tobacco but from which many of the constituents which have been implicated as possibly hazardous to health have been removed.

The above studies have been conducted to date only on a laboratory scale. We are most anxious at this time to initiate studies to determine the most feasible methods for their production on a commercial scale, to conduct the toxicity tests required by the FDA to obtain approval of these various tobacco proteins for use as an additive to foods; to determine the optimal conditions for planting and harvesting; etc. Funds are lacking for this purpose. We should be most grateful for any suggestions that you might care to offer to further such a program.

Enclosed is a copy of a paper dealing with one of the proteins prepared by Dr. Wildman and associates from tobacco that may be of interest to you. It was presented at a conference on Non-Conventional Proteins and Foods sponsored by the National Science Foundation that was held last October at the University of Wisconsin.

Sincerely yours,

BENJAMIN H. ERSHOFF, Ph. D.,
Director.

PRODUCTION AND BIOLOGICAL EVALUATION OF CRYSTALLINE FRACTION I PROTEIN FROM TOBACCO LEAVES

(S. G. Wildman, P. Kwanyuen and B. H. Ershoff, Department of Biology, University of California, Los Angeles, California 90024, and Institute for Nutritional Studies, Culver City, California 90230)

Abstract. Fraction I protein (F-I-p) is the most abundant single protein in Nature and can constitute 25% of the total protein in leaves. Compared to other green leaves such as alfalfa, the F-I-p from tobacco leaves is unique in that it can be obtained in crystalline form. The crystalline protein is composed only of amino acids and is odorless and colorless. The pure protein is soluble to a large extent in dilute salt solutions. In the salt-free crystalline state, lyophilization produces a tasteless white powder. When fed to rats at a 10% level in the diet the lyophilized F-I-p had a PER (protein efficiency ratio) which was consistently greater throughout a 28-day experimental period than that of rats fed a similar diet containing casein. In California, field experiments with tobacco plants grown as a forage crop indicate a potential yield approaching 60 metric tons of fresh plants per acre per growing season and a yield of more than 100 kg/acre of lyophilized, crystalline F-I-p. It is anticipated that the crystalline protein may have medical applications such as reducing the frequency of hemodialysis for patients suffering renal failure, maintaining adequate protein nutrition of patients with pylorospasms and other disorders of the gastro-intestinal tract, and as a more adequate milk replacer for infants and children allergic to cow's and goat's milk. The absence of taste together with superior nutritional quality would indicate F-I-p to have advantages over current protein hydrolysates employed in medically supervised reducing diets.

INTRODUCTION

Fraction I protein (F-I-p) is the most abundant, single protein in the world, since it is present in all green plants (1). F-I-p may constitute 25% of the total protein and 50% of the soluble protein in leaves. The leaf proteins constitute the most direct utilization of solar energy in the manufacture of protein. F-I-p is synthesized in the chloroplasts of leaves where photosynthesis occurs in the first instance.

With the current rapid increase in world population, the importance of obtaining new sources of protein fit for human consumption and of high biological value cannot be overemphasized if worldwide protein malnutrition is to be avoided in the future. Leaf proteins are by far the most abundant of all the protein sources of the world but very little of them are used directly for human consumption. Proteins constitute but a small portion of the leaf, and for them to serve as a significant source of protein for man, they must be concentrated. The cost of concentration has priced these proteins out of consideration as a source of human protein in the past. With the increasing costs of protein from conventional sources and technological improvements in the concentration of leaf proteins, the possibility that leaf proteins may serve directly as an important source of protein for man is receiving increasing consideration.

F-I-p from tobacco is unique from that derived from other green plants such as spinach, wheat, rice, cabbage, clover, alfalfa and others in that only from plants of the genus Nicotiana (of which tobacco is a member) can it be obtained in pure, crystalline form (2). The crystalline protein is composed entirely of amino acids with no carbohydrates, purines, pyrimidines, pigments or minerals (with the exception of the sulphur present in the sulphur-containing amino acids, none of which are united by disulfide bonds). It consists of a single homogeneous protein whose molecular weight is approximately 500,000 daltons. The pure protein is odorless, colorless and soluble to a large extent in dilute salt solutions (3). In the salt-free, crystalline state, lyophilization produces a tasteless white powder. The protein breaks down into 80–100 small peptides when treated with the digestive enzymes of human gut, trypsin and chymotrypsin. Because the essential amino acid composition of crystalline F-I-p was closely comparable to that of an ideal protein for human nutritional purposes by F.A.O. standards (4) as shown in Table 1, the RANN Division of the National Science Foundation funded a project whereby 0.6 kg of crystalline F-I-p were prepared by laboratory methods for biological evaluation. Production of this quantity of protein was greatly facilitated by the cooperation of Dr. Richard Lowe of the University of Kentucky in notifying us of his discovery that F-I-p would crystallize upon passage through a G-25 Sephadex chromatography column (5). Thanks to Lowe's cooperation, we have used this method with great success with greenhouse and field grown plants. The following is a description of the procedure employed to prepare crystalline F-I-p in batches of 6 to 12 g per day.

Production of Crystalline F-I-p on a Laboratory Scale. Turkish tobacco plants were grown in a greenhouse at a spacing of one plant per 0.25 ft.^{2} until they attained a height of 18 to 21 inches. The leaves were detached from the stems. The blades of a gallon size Waring Blender were covered with 400 ml of 2.5 M NaCl solution and 10 ml of beta mercaptoethanol. Then 2 kg of fresh leaves were homogenized in this solution. The homogenate was filtered through two layers of fine cheesecloth supported on a 32 mesh screen. The cheesecloth was twisted by hand to press out the green juice whose pH ranged from 5.7 to 6.2 and amounted to about 1900 ml. In 400 to 500 ml batches, the green juice was heated in a 50° water bath for 10 minutes. After removal from the bath, 10 ml of 50 times concentrated Tris-HCl-EDTA buffer was added to produce a pH of 7.6—7.8, and a final concentration of 0.025 M Tris and 0.0005 M EDTA. Upon standing at room temperature for 1 hour, partial separation of a green sediment from a brown juice could be seen. The neutralized juice was centrifuged at 5000 g for 15 min. The brown juice (total volume, *ca.* 1700 ml) was collected and passed through a G-25 Sephadex column equilibrated with Tris-HCl-EDTA buffer. As Tris-HCl-EDTA buffer passed through the Sephadex column, the total soluble proteins of the tobacco leaves eluted in the void volume of the column. Frequently, crystals of F-I-p appeared during collection of the eluate or shortly thereafter. The eluate was allowed to stand for 2–3 days at 8° C to allow more F-I-p crystals to form and settle into a thin layer at the bottom of the flask. Then, the proteins which remained dissolved in the mother liquor were decanted so that the F-I-p crystals could be collected and washed with distilled water. The crystals were redissolved in 0.1 M NaCl solution, the latter centrifuged to remove slight amounts of undissolved material and the water-clear, supernatant solution dialyzed against distilled water to cause recrystallization of F-I-p. The recrystallized protein was transferred to flasks and the protein lyophilized to produce a white, non-hygroscopic powder which was tasteless. The yields of recrystallized F-I-p have been consistently between 3 to 4 grams dry protein per kg of fresh tobacco leaves during the Fall, Winter and Spring months of 1976–77.

Protein Efficiency Ratio of Crystalline F-I-p Compared to Casein. Twenty male rats of the Sprague-Dawley strain ranging from 48 to 52 g in body weight were divided into 2 comparable groups of 10 animals each. These were fed diets similar to the AOAC Protein Evaluation Diets (6) but differed as to the source of protein. Rats in group I were fed ANRC Reference Casein and those in group II twice crystallized F-I-p from tobacco leaves as the sole source of dietary

protein which was incorporated at a 10% level in the test diets. Sucrose was employed as the source of dietary carbohydrate. Animals were placed in individual metal cages with raised screen bottoms and were provided the above diets and water ad libitum. Animals were fed daily, and all food not consumed 24 hours after feeding was discarded. Food consumption was determined daily for each rat for 28 days. Animals were weighed once weekly. The average weight increments and PERs of rats in the two groups after 7, 14, 21 and 28 days of feeding are summarized in Table 2. Findings indicate that the average weight increment and PER of rats fed the diet containing F–I–p from tobacco were consistently greater throughout the experimental period than that of rats fed the casein-containing diet.

After the 28th day of feeding, rats were fasted overnight. The next morning they were anesthetized with sodium pentobarbital, and 5 ml of blood were withdrawn from each rat by heart puncture. Two ml were taken for hematological determinations; serum was separated from the remaining 3 ml and analyzed with a Technicon SMAC high speed computer controlled Biochemical Analyzer for serum levels of protein, lipids and other serum constituents. No significant differences in respect to hematological findings and serum levels of proteins, lipids and other constituents were noted between rats in the two dietary groups.

Potential Medical Applications of Crystalline FXI–p Because crystalline F–I–p from tobacco leaves is composed entirely of amino acids and contains no carbohydrates, purines, pyrimidines, pigments or minerals (with the exception of the sulphur present in the sulphur-containing amino acids) and because of its high nutritional value and absence of odor and taste, it has the potential of being developed into important therapeutic products for the treatment of a number of medical conditions. It would appear to be particularly valuable in the feeding of patients with various types of renal disease whose sodium and potassium intake must be rigorously controlled and might well be incorporated in special diets which could reduce the frequency of hemodialysis required by patients suffering from renal failure. F-I-p from tobacco is water soluble and can readily be administered in conjunction with other water-soluble and water-dispersible nutrients in amounts sufficient to meet the nutritional requirements of patients with pylorospasms and other disorders of the gastrointestinal tract. In the case of mothers who are unwilling or unable to nurse their young and when the young are allergic or will not respond well to infant formulas containing cow's milk or goat's milk, infant formulas containing F-I-p from tobacco as the sole source of protein may be particularly appropriate. It has a number of advantages over soy protein not only in respect to the biological value of its protein but also in regard to such factors as odor, taste and water solubility. Current medically supervised fasting in which patients are administered vitamin and mineral supplements with limited quantities of a protein hydrolysate as the sole source of calories is gaining considerable popularity for patients who are markedly obese and who have failed to lose weight on other dietary regimes. It might be anticipated that the efficiency of F-I-p from tobacco in maintaining nitrogen equilibrium and meeting protein requirements in such patients would be greater than that obtained with protein hydrolysates in current use. The latter are prepared primarily if not solely from connective tissue which is deficient in one or more of the essential amino acids. Inasmuch as F-I-p from tobacco is water-soluble, odorless and tasteless, it has the further advantage over preparations now in use in that it can be prepared in the form of a tasty beverage in contrast to the liquid hydrolysate preparations currently available that can most charitably be described as "unpleasant".

Potential Yields and Uses of Crystalline F-I-p from Tobacco. Current tobacco culture, as for example the production of Burley type tobacco in Kentucky, is based on growing 8000 plants per acre which result in a harvest of 2000-2400 dry lbs per acre or at 85 percent moisture, somewhat more than 30,000 lbs of fresh plants. As compared to forage crops such as alfalfa, this is not a very impressive yield of biomass. However, it is possible to grow tobacco as a forage crop like alfalfa. In California, we have been growing tobacco at a density of one plant per 0.25 ft^2 in the San Fernando Valley. During July and August 1977, growth for six weeks produced plants which averaged 0.125 kg per plant (fresh weight) cut off four inches above the soil level. This yield is equivalent to more than 20,000 kg fresh weight tobacco plants per acre. At 15 percent dry matter, a single harvest would produce about 3000 kg dry matter per acre. Allowing the harvested plants to regenerate new shoots for a second harvest followed by replanting and two more harvests, we envisage yields approaching 60 metric tons of fresh tobacco plants per acre per year. At our present level of recovery of crystalline S-I-p from these field grown plants, we could anticipate a yield of more than 100 kg of F-I-p/acre per growing season.

A project under the direction of Dr. T. C. Tso of the Tobacco Laboratory of the U.S. Department of Agriculture at Beltsville, Maryland, is attempting to develop a method for extracting crystalline F-I-p during a process known as homogenized leaf curing (HLC) (8, 9). This process is being developed in response to the need for saving the high costs of labor now required for conventional harvest and curing of tobacco. It is also believed that a safer smoking product can be F-I-p and other soluble nitrogenous components become reduced in amount during the tobacco leaf residue into cigarette tobacco. F-I-p and other soluble nitrogenous components become reduced in amount during the homogenization stage of the HLC process. Extensive studies are underway to see whether crystalline F-I-p could be obtained during the HLC process. There is considerable evidence that the protein content including the F-I-p content of leaves is less in very mature plants than in young growing plants. The need to "yellow" the leaves before HLC in all probability results in a further diminution of its F-I-p due to the senescence of the leaves while still attached to the plants standing in the fields prior to harvest. There is good likelihood that when tobacco plants are grown primarily for their protein content and harvested at an early stage when they have attained a height of 18 to 21 inches, their F-I-p content will be significantly greater than that obtained from mature plants in the HLC process.

Of the various sources of plant proteins, those from tobacco leaves would appear to have important advantages over other plants on the basis of production and economics. Compared to soybeans, for example, which grow poorly in subtropical and tropical regions, cultivars of tobacco have been bred which are suited to growing from the equator to as far north as Novosibirsk, Siberia (latitude 55°). Tobacco leaves also can serve not only as a source of crystalline F–I–p but also of a mixture of a large number of different soluble proteins. No single protein in this mixture comprises more than 10% of the total nor does the molecular weight of any of them exceed about 50,000 daltons. These proteins as well as the non-crystallized F–I–p can also serve as human grade protein of high biological value. In addition to the above, tobacco leaves can also serve as a source of a number of by-products of considerable commercial value. These include proteins ("green" protein) for use in animal feeds, nicotine and other alkaloids which can be employed in the manufacture of pesticides, and deproteinized tobacco leaf residue which can be processed to produce smoking products of improved quality, safety and usability. It would appear that the combined value of the various by-products indicated above when added to that of the human grade protein might well make the financial return from the growing and processing of tobacco primarily for its protein content a most lucrative venture.

This investigation was supported in part by Research Grant AER 76–11051 from the RANN Division of the National Science Foundation. However, any opinions, findings, conclusions or recommendations expressed herein are those of the authors and do not necessarily reflect the views of the National Science Foundation. The authors are indebted to Dr. H. T. Huang of the National Science Foundation for his constructive criticism and encouragement during the course of this study.

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TABLE 1.—ESSENTIAL AMINO ACIDS IN CRYSTALLINE F–I–P FROM TOBACCO LEAVES COMPARED TO FAO PROVISIONAL PATTERN

Amino acid [1]	Provisional pattern [2]	F–I–P [3]
Isoleucine	4.2	4.2
Leucine	4.8	8.8
Lysine	4.2	5.8
Phenylalanine	2.8	4.4
Tyrosine	2.8	4.9
Methionine	2.2	1.6
Threonine	2.8	5.2
Tryptophan	1.4	1.5
Valine	4.2	7.2

[1] G/100 g protein.
[2] 4.
[3] Calculated from amino acid analyses contained in 7.

ABLE 2.—COMPARATIVE EFFECTS OF CASEIN AND CRYSTALLINE F-I-p FROM TOBACCO ON THE WEIGHT INCREMENT AND PER (PROTEIN EFFICIENCY RATIO) OF RATS

Dietary protein	(10 animals per group) average weight increment (g) after the following days of feeding: 7	14	21	28
ANRC casein	18.1	51.5	80.8	114.4
F-I-p from tobacco	25.7	64.2	100.6	139.1
	PER after the following days of feeding:[1] 7	14	21	28
ANRC casein	2.73	3.07	2.88	2.83
F-I-p from tobacco	3.40	3.44	3.10	3.01

[1] PER equals weight gain/protein consumed.

UNITED STATES SENATE,
Washington, D.C., March 13, 1978.

Hon. TOM EAGLETON,
Chairman, Subcommittee on Agriculture and Related Agencies, Committee on Appropriations, Washington, D.C.

DEAR TOM: The Administration's proposed budget for Fiscal Year 1979 terminates all funding for tobacco production research. This research is conducted in various states, including Georgia, Kentucky, Maryland, North Carolina, Virginia, and Tennessee, at a total cost of $3,311,000.

The elimination of these research programs represents another serious blow to our farmers who are in the midst of the worst farm crisis since the Great Depression. Farm income, which, in terms of current dollars, was $33 billion four years ago (1974), fell to about $20 billion in 1977. To cut research programs out from under the American tobacco farmer in this manner again shows an insensitivity to what is happening to farmers all over the nation.

Senators Huddleston, Ford, Stone, and I met with Rupert Cutler, Assistant Secretary for Conservation, Research, and Education, on February 3, 1978 to protest the elimination of these vital research efforts from the President's proposed budget. In our meeting with Mr. Cutler, there was no doubt that we had persuaded him of the necessity of restoring the money. He took our request back to the Office of Management and Budget with the recommendation that funds be provided for the tobacco research program. Unfortunately, OMB refused to alter its original decision to cut off these funds. What bothers me a great deal is that administration officials were apparently not even aware that these research programs were actively involved in the general area of health and smoking research when the decision was made to eliminate the funds.

On March 8, 1978, the Senate Agriculture Committee voted its recommendation to include funding for tobacco production research in the 1979 budget. Thus, I am writing you now to urge your support for inclusion of this funding in the budget.

I am particularly concerned about the closing of the Richmond, Virginia Stored Tobacco Insects Laboratory and the Oxford, North Carolina Tobacco Research Laboratory. There are very strong reasons for continuing both of these facilities in operation.

I have enclosed with my letter a statement prepared by Fred G. Bond, General Manager of the Flue-Cured Tobacco Cooperative Stabilization Corporation in Raleigh, North Carolina, supporting the funding of both the Richmond and Oxford facilities. I hope you will take time to study his remarks, particularly dealing with the benefits of the Richmond Laboratory research which has provided solutions and control methods that have protected and preserved stored tobacco, especially as it relates to Commodity Credit Corporation's interest and investment.

The Oxford Tobacco Research Laboratory has an outstanding record of accomplishments in tobacco research throughout the years of its existence. The research work at Oxford, begun in 1912, emphasizes tobacco production efficiency and the development of a safer product. The research work at Oxford has long been important for improving the over-all economy of North Carolina, the flue-cured tobacco growing region of the Southeastern United States, and all tobacco growing areas of the country. The primary objectives of the research at the laboratory are:

(1) Breeding and developing varieties and lines resistant to diseases and insects with varying chemical and other quality characteristics.

(2) Controlling disease by use of pesticides that leave little or no residue and the use of methods that do not require the use of pesticides.

(3) Controlling tobacco insects by non-chemical means, such as use of male sterile techniques, better use of insect predators, and host plant resistance.

(4) Improving quality of the cured leaf by eliminating or reducing chemical constituents that might be harmful to health. This is being done by breeding, curing methods, and cultural practices.

(5) Reducing labor requirements for the production of tobacco by developing breeding lines and varieties that may be more adaptive to mechanization and different harvesting methods.

Anew project is the extraction of protein from green tobacco leaves. This offers great potential for producing protein for food; and by removing the protein a safer smoking product should be obtained.

Researchers at Oxford developed the first Granville Wilt resistant, the first black shank resistant, and the first root knot resistant variety of tobacco. If it were not for this research, tobacco could not be efficiently grown in this country. So many of our citizens—600,000 farm families nationwide and over 150,000 in my state alone—depend upon tobacco as an important cash crop. It is this crop which enables them to remain on the small family farm to produce the food and fiber that our country and the rest of the world needs.

The Oxford laboratory should be looked upon as a vital component of the total research program in tobacco. Termination of production research will leave health research personnel without support or plant materials to work with, which will seriously jeopardize or even paralyze the health-related tobacco program.

If this funding is not restored, experienced tobacco production scientists will be no longer available to conduct any crash program in the event of a major disease or other important production problem. The U.S. tobacco industry could soon be relying on foreign tobacco producers to supply their raw materials.

Approximately 40% of U.S. grown flue-cured tobacco is sold in overseas markets. Because of the demand for American quality in world markets, exports of tobacco and tobacco products resulted in a positive net contribution of $1.2 billion to the U.S. balance of payments last year. If this is to be maintained, it is imperative that research efforts must continue in the years ahead.

Your consideration of this matter is appreciated. In addition to Mr. Bond's statement, I am also enclosing some helpful and convincing information about the Oxford Laboratory, as well as a synopsis of the tobacco production research programs and the amounts necessary to continue them. I strongly urge the Subcommittee to restore these funds. As you know, the Agriculture Committee has recommended that action.

Sincerely,

JESSE.

U.S. DEPARTMENT OF AGRICULTURE,
OXFORD TOBACCO RESEARCH LABORATORY,
Oxford, N.C.

The Oxford Tobacco Research Laboratory has an outstanding record of accomplishments in tobacco research throughout the years of its existence. The work at the laboratory is cooperative with the North Carolina State University Agricultural Experiment Station and the North Carolina Department of Agriculture. The federal laboratory buildings are located on approximately four (4) acres of land which belongs to the federal government.

The research work at Oxford was begun in 1912, by one man and the first laboratory building was constructed by the U.S. Department of Agriculture in 1939. This building and accompanying outlying buildings such as laboratory-headhouses, greenhouses, and etc., have laboratory space for seven (7) scientists.

A new laboratory building was completed in 1969 which has facilities for nine scientists. At the present time there are five scientists located in this building, however, there are facilities for six more scientists at the location; four in the new building, one in the old building, and one in the headhouses greenhouse complex. The laboratory has never been completely staffed because of lack of funds.

The agricultural research program at Oxford has long been important for improving the over-all economy of North Carolina, the flue-cured tobacco growing region of Southeastern United States, and all tobacco growing areas in the United States. Tobacco ranks fifth in value among crops produced in the U.S. It brought in over 2.4 billion dollars to the growers in 1976. In addition tobacco and tobacco products account for approximately 1.7 billion dollars in exports and the sales in the U.S. result in taxes collected of over 6 billion dollars.

During the early years of the development of the laboratory, experimental work was primarily with fertilizer requirements, culture practices, and diseases of tobacco. A magnesium deficiency of soils was first clearly defined at the Oxford Tobacco Research Station. This finding has had national and international significance to agriculture.

Bacterial wilt was first reported in 1903, in local areas of Granville County. Oxford 26, the first plant variety resistant to this disease was developed at Oxford. It was estimated that the development of the variety was worth 2 million dollars annually when released in 1945. Projecting this over the last 25 years, Oxford 26 and varieties subsequently developed from it have been worth over 100 million dollars to flue-cured tobacco growers.

Another disease, black shank a more destructive disease than bacterial wilt, was first controlled by a variety developed at Oxford, Oxford 1. The first variety developed with combined resistance to two diseases was developed at Oxford, Dixie Bright 101. Resistance to the root knot nematode was added to a new release in 1961, NC 95. The first root knot resistant variety has led to the development of many subsequent varieties and now over 50% of the flue-cured acreages are planted to root knot resistant varieties. Many other significant contributions in the areas of tobacco curing, plant bed management, fertilization and culture practices have been made over the years.

In the last few years the objectives of the research conducted at the laboratory have changed due to changing problems and

times. At present the most pressing problems in flue-cured tobacco production are, those of labor required to produce the crop and the smoking and health issue.

The primary objectives of the research at the laboratory are:

Breeding and developing varieties and lines resistant to diseases and insects with varying chemical and other quality characteristics.

Control of disease by use of pesticides that leave little or no residue and the use of methods that do not require the use of pesticides.

Control of tobacco insects by non-chemical means, such as use of male sterile techniques, better use of insect predators, and host plant resistance.

Improve the quality of the cured leaf by eliminating or reducing chemical constituents that might be harmful to health. This is being done by breeding, curing methods, and cultural practices.

Reduce labor requirements for the production of tobacco by developing breeding lines and varieties that may be more adaptive to mechanization and different harvesting methods.

Progress has been made in host plant resistance to insects. Low nicotine lines have been developed and are being used extensively in smoking and health research. Techniques have been developed for producing lines or varieties with any reasonable levels of nicotine. The production of haploids from anthers and subsequent diploids (which is a new technique) is being used for developing pure lines of tobacco within the shortest possible time. This technique should give a big boost to our research program for developing plants with varying chemical constituents.

Imaginative biochemical approaches are being used at Oxford in the homogenized leaf curing research on flue-cured tobacco. This procedure for processing ripe tobacco leaf offers the possibility of complete mechanization of harvesting and curing, and a means of reducing biological activity of the resulting product.

Also considerable progress has been made in the area of disease control by acquired resistance in plants.

A new project associated with the homogenized leaf process is the extraction of protein from green tobacco leaves. This project offers great potential for producing protein for food and by removing the protein a safer smoking product should be obtained.

Considerable data have been obtained as to the effect different diseases have on the chemical and physical constituents of the cured tobacco leaf.

A smoking laboratory has been completed where TPM (tar) and nicotine can be measured. A program for breeding varying cultural practices, and other techniques to reduce TPM in the tobacco leaf is underway. Preliminary results show a wide variation in tar content among tobacco types.

The world collection of *Nicotiana* species and *tabacum* germplasm is maintained at the laboratory which includes over 65 *Nicotiana* species, 1000 tobacco introductions and approximately 350 cultivars. This material is available to scientists all over the world who are interested in tobacco research and is needed in all breeding programs for chemically altering the plant.

In addition to the research by the individual scientists at the laboratory, it has served as a focal point for the tobacco breeding and disease research and tobacco insect control research for the U.S. Department of Agriculture.

The hornworm and budworm have been the two most important tobacco insects. A combination of cultural, biological, and physical control practices have resulted in decreased importance of the hornworm. The budworm now is the most important insect pest of tobacco. Control of this pest with chemicals is highly variable because of extended feeding periods in vegetative buds, where it is protected.

Since 1965, the stiltbug has been recognized as an important hornworm and budworm egg predator in the Oxford, North Carolina area. However, in areas to the south it is less abundant and poorly synchronized with pest populations. Other predators and parasites are also known to play important roles in suppressing tobacco pests. A large scale pilot test will be conducted for the next three years in trying to control the budworm by the use of the stiltbug.

The breeding for insect resistance has progressed to the point of identifying a line (TI 1112) that has budworm resistance. This resistance is being incorporated into a line which should eliminate the need for the use of pesticides on this material.

Contributions from the laboratory continue to be important, not only in North Carolina but in all of the tobacco growing areas in the United States.

OUTSTANDING ACCOMPLISHMENTS IN LAST 5 YEARS, OXFORD TOBACCO RESEARCH LABORATORY, OXFORD, N.C.

The inheritance of nicotine levels in flue-cured tobacco were determined and based on the research, a low nicotine flue-cured line (LAFC 53) was developed and released. This line has nicotine level of 0.2% as compared with normal cultivars of about 2.5–3.0% and has good smoking qualities. It has been used extensively in smoking and health research.

The Tobacco Research Laboratory at Oxford is responsible for maintaining the world collection of tobacco germplasm. In testing the germplasm for "tar" content, two fold differences were found. Lines with low tar have been identified and a breeding program begun to reduce the tar content. The reduction of tar in tobacco through genetic, production, and curing practices is a high priority research item. The older method used for tar determination was time consuming and only about 300 samples per year could be determined. A new machine, using a different method that will be much faster, has been obtained and installed. Using this method over 3000 samples per year can be used and progress will be made faster.

The nicotine to tar ratio is important. People smoke for the nicotine yet it is generally believed that most of the harmful effects to the smoker is from the tar. Therefore, a reasonable approach would be to lower the tar and have the nicotine remain constant. Results obtained show a difference in the tar/nicotine ratio in different tobaccos.

Non-pathogenic isolates of the brown spot fungus, when applied to leaves of tobacco before inoculation with the pathogenic strains of brown spots reduce the disease. This technique of inoculating plants with non-pathogenic strains of an organism to build up immunity in the plant has great potential for controlling plant diseases without the use of pesticides. The basic information can be used in controlling diseases in other plants.

Projects are underway to breed tobacco with less suckers. There is considerable controversy at present over the use of Maleic Hydrazide on tobacco because of the residue levels. While it may not be practical to eliminate suckers, data obtained to date indicate that they can be reduced, therefore, if the number of suckers are reduced the amount of chemicals used on tobacco could be reduced, thereby cutting down on the residue problem.

Techniques have been developed to produce haploid plantlets of tobacco in large numbers. In 1968 (when the project was started) eight plantlets were produced, now several thousand can be produced in a month.

This technique allows changes in the genetic make up of the plant to be made rapidly. Using old techniques it would take seven or more years to change a plant genetically, however, with the haploid technique plants with four levels of nicotine were produced in two years. This technique will be used to change tar content and other chemical constituents in the plant. This technique produces a pure line or true breeding entity in one generation.

A pale yellow flue-cured breeding line (NC PY 10) was developed and released which offers to reduce the number of harvest. In addition this variety was shown to have 10–30% less polynuclear aromatic hydrocarbons. The line also contains lower levels of solanesol and sterols. These constituents are suspected of contributing toward health hazards in tobacco smoke. This tobacco was developed at the Oxford Laboratory.

Development of insect resistant tobacco varieties is an alternate to the use of insecticides. Resistance to the tobacco budworm has been identified in a line TI 1112. This line does not have glands on the leaves. The lack of glands cause the tobacco leaves not to have gum. We are in the process of determining what effect the absence of gum on the leaf may have on the amount of tar.

It was found that the spined stiltbug destroys hornworm and budworm eggs. A large scale pilot test is underway to test the practicality of using stiltbugs to control these pests. The project begins in 1978 and was to continue for three years. This is an alternate method of controlling insects which reduces the residues from pesticides.

Polyphenols are a group of chemicals in tobacco which is suspected of being a health hazard. The common varieties, as well as the germplasm collection were surveyed for this constituent and two fold differences were found. A breeding program was started to change the levels of this chemical in the leaf.

Homogenized leaf curing (HLC) flue-cured tobacco is being investigated at the laboratory. This process involves homogenizing the green tobacco and an accelerated curing method. The tobacco can then be dried and made into sheet and cigarettes. The tobacco made by this process has been shown to have lower biological activity. Also involved in this process is the extraction of protein. The recovery of protein on a rather large scale has been demonstrated at the Oxford Laboratory. The protein can be obtained in a pure form from tobacco which is the only green plant known where this can be accomplished. The work on this should continue.

TOBACCO PRODUCTION RESEARCH PROGRAMS AFFECTED BY PROPOSED FY 1979 BUDGET

	(1)	Funds
Locations and research thrusts:		
Georgia, Tifton—Flue-cured tobacco production practices for Deep South. Natural product growth regulators for sucker control.		
Scientists	2	$166,400
Support	3	
Kentucky, Lexington—Burley, dark-air and dark fire-cured tobacco breeding and production practices. Mechanization of burley tobacco production. Physiology and curing (homogenized leaf curing) to improve quality and safety.		
Scientists	10	742,100
Support	15	
Maryland, Beltsville—Breeding research emphasizing minor tobacco types. Quality improvement. Basic		

Footnote at end of table.

	(1)	Funds
physiology of growth and growth regulation. Research on tobacco budworm control.		
Scientists	12	824,400
Support	15	
North Carolina, Oxford—Flue-cured tobacco breeding and production practices. Modification of raw product to improve quality and safety. Insect control.		
Scientists	10	1,143,800
Support	24	
North Carolina, Raleigh—Tobacco physiology emphasizing sucker control.		
Scientists	1	72,000
Support	1	
Tennessee, Greeneville—Burley tobacco breeding and production practices for Mountain and Highland Rim areas of Tennessee.		
Scientists	2	170,300
Support	2	
Virginia, Richmond—Control of tobacco insects destructive on stored tobacco in domestic and export trade.		
Scientists	2	192,000
Support	2	
Totals:		
Scientists	39	3,311,000
Support	62	

[1] Numbers of people.

THE ENERGY CONSERVATION POLICY CENTER OF THE CARNEGIE-MELLON INSTITUTE OF RESEARCH

● Mr. PERCY. Mr. President, the Carnegie-Mellon Institute of Research has created a new and much-needed program. It is called the Energy Conservation Policy Center. Heading the center is Roger Sant, formerly President Ford's leading energy conservation advisor, someone with great insight into the complex American energy system. Under Mr. Sant's direction, the center seeks to develop information that can be used to determine how increasing energy efficiency might affect society. Such information will be of immense importance to the Congress as we weigh the alternatives of conservation and production. I intend to keep my colleagues informed as the center progresses in its projects, and as results are made available.

The distinction between conservation and production is, in truth, not so sharp. Insulating a building that needs 100 barrels of oil per winter so that it needs only 75 is the same as producing an extra 25 barrels of oil. Significant differences arise, however, in the effects on the economy and the environment of installing the insulation versus pumping more oil. On a national policy level, the differences between installing insulation everywhere and developing oil shale, for example, are enormous. The center's program will examine modifications that improve energy efficiency as though they are alternate energy sources. When the center further examines the societal effects of efficiency modifications, the results should be extremely helpful for comparing possible energy policies.

I cannot stress enough the importance of treating conservation as an alternate energy source, and not as a form of sacrifice. Energy conserved is new energy. In many cases it is the cheapest and easiest form of new energy we can use.

The Alliance to Save Energy, an organization I chair, is dedicated to providing conservation energy with voice and influence comparable to other kinds of energy, like oil and coal. That goal should be aided by the emergence of Carnegie-Mellon's Energy Conservation Policy Center. I look forward eagerly to the results of the center's research.

Mr. President, the center has produced a document explaining its purposes and its approach to the problem. In order that my colleagues understand the importance of the tasks the center sets out to do, I ask that this document be printed in the RECORD.

The document follows:

THE ENERGY CONSERVATION POLICY CENTER, CARNEGIE-MELLON INSTITUTE OF RESEARCH

THE PURPOSE OF THE CENTER

Energy conservation as a partial solution to the Nation's energy problem has become a topic of major concern in public and private discussions. The population seems to support the general idea that energy should be conserved, but strong disagreements persist as to how energy can be saved efficiently, how much of it can be saved, and who should bear the burden of saving it.

Some of the basic questions about conservation remain unanswered. For example, what exactly is conservation? Many people feel that conservation would reduce their style of living; others insist that conservation primarily involves technological improvements in energy efficiency. This difference of opinion is illustrated by the current unresolved, and often heated, debate over whether everyone should drive smaller cars, or whether the mileage efficiency in present-sized cars should be improved.

Much of the controversy occurs because we do not have a precise understanding of the characteristics of energy use. To obtain such an understanding requires that we make a concentrated effort to ascertain specific cost and energy advantages from various available technologies; those technologies should then compete with each other and other new energy sources replacing the Nation's declining oil and gas supplies. It is also necessary that we make an effort to find out how energy usage and investment decisions are made in all the consuming sectors. And perhaps most importantly, it requires that this information be developed without an underlying belief that conservation is inherently either good or bad.

To meet these needs, the Carnegie-Mellon Institute of Research established the Energy Conservation Policy Center headed by Roger W. Sant, formerly the head of energy conservation in the Ford Administration. The purpose of the Center is to make a detailed assessment of the potential for increasing energy efficiency in buildings, industrial equipment, automobiles, and other energy-using devices. The Center's program will examine modifications that improve energy efficiency as though they are alternate energy sources. This approach is in contrast to those programs that view conservation as actions that require us to give up something.

The Center's overall task is to develop information that can be used to determine how increasing energy productivity might affect society. A major goal o fthis work is to provide a basis for reconciling various public and private positions on energy policy. This will be done by replacing today's widely differing demand forecasts with a sound model of the processes and functions that require energy and the way people make energy use and investment decisions. Consequently, the Center provides its sponsors a unique opportunity to improve their own energy demand forecasts and assess the market for their energy efficient products. Additionally, sponsors participate in determining the Nation's energy and the way people make energy use and communication of new, relevant, and credible information about how energy is used.

Background

The need for this analysis has a very recent origin. Until the early 1970's, U.S. energy prices consistently declined relative to other goods in the economy. From 1950 to 1970, for example, average energy prices dropped at a real rate of 1.7 percent per year, led by lower costs for electricity. As a result, the overall fuel efficiency of buildings and equipment remained relatively static throughout these years.* There was no economic incentive for it to be otherwise. Energy consumed during these years was closely related to economic conditions as measured by the gross national product and disposable income. Under these highly stable conditions, simple extrapolations forecast energy demand quite well; more sophisticated econometric modeling techniques added some precision to the figures.

However, beginning with the 1970's the world commenced what now appears to be a long term transition to higher energy prices. The Arab oil embargo of 1973 accelerated this trend and provided a dramatic event which put the energy issue into the public forum. By September 1977, the composite cost of producing new energy (replacement cost) had increased to about two and one-half times what it was in 1970 and 40 percent above the average price paid by users. These increases were brought about by a decline in availability of cheaper oil and gas and the sudden turn upward in the cost of building new power plants (See Figure 1.).

The replacement cost of natural gas, using Canadian gas as an example, is now almost 60 percent above the current wholesale price. This cost would be closer to 100 percent above the current wholesale price if imported liquid natural gas, Alaskan gas, or gas from coal were considered the replacement fuel. Oil (from Alaska and abroad) is approximately 20 percent above the wholesale price, while electricity (from new power plants) is nearly 45 percent above it (See Table 1.).

Although the OPEC-related price increases were startling, the present cost estimates of more plentiful and renewable energy sources that might eventually replace imported oil are even more alarming. As these new costs are reflected in prices, the existing energy using systems are becoming obsolete. The relative attractiveness of technical options for modifying those systems to use less energy—more fuel-efficient methods of providing heat, mechanical motion, and light—has greatly increased.

Modifying energy-using devices to require less fuel represents what might be called the "supply" portion of energy conservation. Modifications such as increased insulation, more efficient electric motors, heat exchangers, lighter components for automobiles, electricity generated from waste heat, and thermal energy storage, all have characteris-

* Although the efficiency of industrial energy use improved steadily during this period, it was essentially offset by declines in efficiency in the residential-commercial and transportation sectors.

tics that are similar to new sources of energy. In each case, a given investment produces a given quantity of energy, but the energy is saved—without any loss of benefits to the consumer—rather than produced. However, the potential contribution of this new energy source has previously not been analyzed in detail, particularly as it relates to existing buildings and industrial process equipment.

Of course, that portion of energy conservation representing decisions to reduce usage by giving up benefits, has also been changed by the new energy costs. Computer models based on past experience may be more useful in predicting such "give-up" decisions due to higher prices. Models used to forecast have been handicapped in the past because they were constructed from data obtained in the '50's and '60's when energy prices were gradually declining.

The need to collect more reliable information on energy demand is becoming increasingly recognized. Broad national and worldwide issues for growth, stability, and world tensions hinge on a better understanding of demand-reduction opportunities. This situation will remain for the next 10 to 20 years, in particular. A National Academy of Sciences study entitled "Energy Conservation Measurement: Data Needs for cially new buildings, but usable information amongst the Nation's highest research priorities.

Several analysts have begun to study specific aspects of energy use. In the auto and appliance sectors, where replacement takes place every 10 or 15 years, more reliable data has been developed because only new products and standards need be considered. Some progress has also been made with regard to residential and commercial buildings, especially new buildings, but usable information relevant to the potential for making adjustments to existing structures is scarce. Since buildings usually last well over 40 or 50 years, this retrofit analysis assumes major importance. Conspicuously absent is knowledge about the degree to which building owners might be willing to make appropriate improvements. In the industrial sector, plant and equipment also turn over very slowly and this makes analysis of the existing stock essential. Only general assessments of industrial energy use have been attempted to date, but that which has been undertaken has yet to gain broad acceptance.

Some recent progress has been made. However, the analytical tools now in existence do not measure up to the critical tasks of projecting credible energy demand estimates or of deciding whether to mobilize the Nation to achieve specific energy saving goals.

THE CENTER'S APPROACH TO THE PROBLEM

The Center seeks to act as a focal point in gathering together some of the widely scattered, ongoing analyses, as well as stimulate original work in the areas where little information now exists. This approach has three objectives:

First, to develop a wide consensus on a set of concepts for application to the demand-analysis task.

Second, to sponsor the original work required to fill the critical gaps in the existing work.

And third, to build a computer model that integrates the work developed by others with the detailed results of the Center's research.

General concepts

The concepts considered essential to the Center's approach are:

The technical or "supply" side of energy conservation must be explicitly recognized. This means that a thorough understanding of the fuel flows through the Nation's capital stock of buildings, industrial equipment, and vehicles is required. There will be a heavy emphasis on characterizing the cost and physical characteristics of technical changes that can be made to both existing and new stock. Also, the inherent production, labor, and capital constraints on the rate of incorporating those changes must be taken into account.

Further, the technical component must be coupled to a new behavioral or "demand" analysis that requires a better understanding of individual consumer decision making. For each of the consuming sectors, the decision criteria that affect purchase and energy usage must be researched and incorporated. Legal and regulatory limitations affecting the process must also be factored explicitly.

And finally, mechanisms must be established to demonstrate the likely technical, behavioral, and institutional decision responses to existent and future public policies.

CMIR's original work

The original work sponsored by the Center will embody several important concepts. Taking industry as an example, the sector analysis will:

Approach industrial energy use on a generic basis instead of by industry type. This means that industrial equipment will be surveyed and classified by similar energy using functions, such as generating steam, heat treating, drying, and motive power, rather than by specific processes.

Classify these generic functions by various industries or processes to connect them to economic forecasts and broad energy flow models.

Describe the available technical efficiency improvements for each generic classification as a function of energy price. In this effort, thermodynamic principles, as well as more traditional measures, will play a crucial role in identifying applicable technologies. These data—the "supply" curves of savable energy—will be used to indicate the levels of improvement possible relative to the cost of each unit of energy saved.

Explicitly consider the physical, financial, behavioral, and institutional limitations that affect industrial energy use decisions to show how and when these technical adjustments might be made. These data will then make up the behavioral or "demand" portion of the forecast and replace theoretical or historically derived estimates.

Both the technical and behavioral portions of the industrial sector analysis will be linked to a policy side of the model to better evaluate the impacts of imposed conditions stemming from alternative policies.

Structure of the integrating model

The CMIR demand model is being designed to:

Initially rely on existing models of the economy and energy models to set the conditions to forecast demand. However, these models may have to be modified to handle investment and employment results from the Center's demand model to achieve an optimal solution as much as is technically possible.

Provide the ability to compare the cost of saving energy from the "technical" side of the demand model on an equivalent basis with current investments in new energy supplies, such as power plants, synthetic fuels, remotely produced oil and gas, and solar energy.

Emphasize the effects of decisions to be made over the next ten years, although the model should be capable of predicting the consequences of these decisions for a substantially longer period. For example, the difference between the savings from intermediate term technology over what the longer term energy supply and price outlook defines as available could identify the role and priority of new end-use technology.

Include regional detail.

Be reasonably uncomplicated and widely affordable.

Leave in-depth technical detail in the satellite models for each of the individual sectors. Close attention will be given to insure that the inputs to and results from these supporting tools are compatible and consistent.

Be as technically sophisticated as the state of the data and knowledge will support, but no more.

In summary, the Center's goal is to substantially overcome the defects of present energy demand forecasting techniques. New baseline energy consumption data is being gathered; the technical potential to modify capital stock is being defined; the gap between that potential and the forecast from decision making research is being systematically assessed; and the various private and public policits that affect those results are being evaluated.

THE CENTER'S STAFF

Carnegie-Mellon Institute of Research performs its research programs by task force teams. Thus, CMIR can effectively augment the capabilities of its managers and scientists with the prominent faculty members of Carnegie-Mellon University and other academic, government, or private institutions.

Center director

The Director of the Center is Roger W. Sant. Mr. Sant began the energy conservation efforts of the Federal Government as Assistant Administrator of the Federal Energy Administration immediately following the oil embargo. Much of what is now considered the market approach to conservation was developed under his leadership; he is credited with having developed the initial methods of comparing the economics of various conservation technologies with supply alternatives. Mr. Sant provided the primary conservation input for President Ford's energy proposals and was responsible for representing the Administration at Congressional hearings and public forums.

Prior to his government service, Mr. Sant was Vice-President of Saga Corporation, founder and Chairman of Finnigan Corporation, and a Lecturer in Corporate Finance at the Stanford Graduate School of Business Administration.

Center staff

A number of highly qualified engineering professionals and economists at CMIR, CMU and the University of Pittsburgh will make key contributions to the program. A brief description of some of these professionals is presented below:

Dr. Norris Barbre, Director of Materials and Technical Division at Carnegie-Mellon Institute of Research, is a physicist and a business administrator with extensive administrative experience in energy programs as the Technical Director at two industrial firms. As the former Director of the Construction Institute (Texas), he led engineering research on the energy efficiency-improvement of industrial processes; design and manufacture of combustion burners for alternate fuels; and the design, construction and operation of an experimental house heated by solar energy and cooled by enthalpic pumps.

Dr. Kris Bhat, Director of Metallurgy and Materials Engineering at Carnegie-Mellon Institute of Research, has broad experience in the development of novel, energy-saving industrial processes and improvement of heat transfer devices.

Dr. Walter Dolde, a macroeconomist at the Graduate School of Industrial Administra-

tion, CMU, has made significant contributions in theoretical macroeconomics. Dr. Dolde's expertise includes the field of energy economics, particularly with regard to demand for goods and consumer behavior. Dr. Dolde is currently working with Dr. Dennis Epple on a long-run equilibrium model emphasizing energy.

Dr. Dennis Epple, an applied econometrician at the Graduate School of Industrial Administration, CMU, has made significant contributions to the understanding of petroleum supply decisions utilizing his unique training and experience in design engineering, public policy and energy economics.

Dr. Robert Hodrick, Manager of Economics at the Carnegie-Mellon Institute of Research and Assistant Professor of Economics at CMU, has a strong theoretical background in monetary theory and in the rational expectations of consumers.

Dr. Chang-i Hua, Professor of Architecture with the School of Urban and Public Affairs at CMU, has substantial experience in the design of energy-saving systems for urban housing.

Dr. Lester Lave, Chairman of the Department of Economics at the Graduate School of Industrial Management, CMU, is currently heading the Synthesis Panel for the National Academy of Science energy study (CONAES).

Dr. John Purcupile, Director of Energy Utilization and Materials Conservation at the Carnegie-Mellon Institute of Research, has considerable experience and a thorough understanding of energy utilization in industry. Dr. Purcupile is a mechanical and electrical engineer.

Mr. C. Arthur Rolander, Advisory Fellow at CMIR, has broad experience in governmental relations and nuclear energy. He was formerly a Senior Vice-President of Gulf Oil Corporation, President of General Atomic Company, and held a senior position with the U.S. Atomic Energy Commission.

Dr. Raymond Zahradnick, Director of Energy Engineering at CMIR, is a former professor in CMU's Chemical Engineering Department and the former Director of Coal Conversion at ERDA.

Other participants in the project

Several energy professionals outside CMU have agreed to participate in the project:

Dr. Scott Cunningham, President, CCG, Inc., market research and general management consultants.

Mr. Fred Dublin, President of Dublin-Bloome Associates, consulting engineers, and a foremost authority on energy systems in buildings and industry.

Dr. Gene Goodson, Professor of Engineering at Purdue University and one of the Nation's experts on the transportation sector.

Dr. Elias Gyftopoulos, Ford Professor of Engineering at Massachusetts Institute of Technology and a renowned thermodynamicist.

Dr. Eric Hirst, a specialist in the building and transportation sectors for Oak Ridge National Laboratory.

Dr. Robert Reid, Vice-President of Energy and Environmental Analysis, Inc., an Arlington, Virginia consulting firm. Dr. Reid has directed some of the most useful analysis of the industrial sector.

Dr. Arthur Rosenfeld, of Lawrence Berkely National Laboratory, a specialist in the buildings area.

Dr. Marc Ross, Professor at the University of Michigan and author of several papers on conservation.

Dr. Robert Socolow, Professor of Engineering at Princeton University and author of various articles on conservation.

Mr. William Stitt, partner in ICF, Inc., a Washington, D.C. consulting firm. Mr. Stitt has consulted with the U.S. Government on energy data and analysis since before the embargo; he will assist the Center in developing the integrating model.

Mr. Robert Waterman, principal, McKinsey and Company, Management Consultants.

Advisory board

In addition to the contributions of the staff and consultants to the program, an essential role will be played by the Center's Advisory Board. The Board fulfills the vital function of ensuring that the Center focuses on useful research and analysis rather than advocating specific solutions or positions. Meetings will be held every six months in either Pittsburgh or Washington, D.C.

Current members of the Board include:

Mr. Theodore A. Burtis, President of The Sun Corporation.

Dr. James E. Fletcher, former administrator of NASA and currently Gulf Professor of Energy at the University of Pittsburgh.

Mr. John Harper, Chairman Emeritus of ALCOA Corporation and former Chairman of the Business Roundtable.

Mr. Frank Potter, Chief Counsel, House Subcommittee on Energy and Natural Resources.

Dr. John Sawhill, President of New York University and former Administrator of the Federal Energy Administration.

Dr. Edward Teller, Professor Emeritus, University of California.

Mr. Russell Train, former Administrator of the Environmental Protection Agency and now senior fellow at the Conservation Foundation.

Dr. Arnold Weber, Provost of Carnegie-Mellon University and former Director of the Cost of Living Council.

Mr. Lee White, attorney and former Chairman of the Federal Power Commission.

CENTER REPORTS

The Center intends to occasionally issue topical and other special reports on its own as well as to comply with the reasonable requests of the sponsors.

One comprehensive report shall be issued to the sponsors each year after thorough review and substantive discussions between the Advisory Board and program staff.

ORGANIZATION OF THE CENTER

The Center is located outside Washington, D.C., in close proximity to the energy information and policy-making actions of the Federal Government. The Director and most of the professional staff members will be located at CMIR's D.C. offices. Administrative and support services will be provided from Pittsburgh.

PROGRAM SPONSORSHIP

The work of the Center is financially supported by sponsors from a broad spectrum of business and industrial organizations (suppliers of energy, large energy users, and suppliers of energy-using products) and government agencies. The Center provides its sponsors with a unique opportunity to impact the Nation's energy course positively through a credible and totally original analytical effort. It also provides sponsors access to a planning tool that will be useful to energy suppliers as well as organizations with capabilities of meeting the market for energy efficient devices.

Examples of initial sponsors include:

American Telephone and Telegraph Company.

Gas Research Institute.

Electric Power Research Institute.

The Sun Corporation.

U.S. Department of Energy.

Gulf Oil Corporation.

International Business Machines Corporation.

TABLE I.—AVERAGE PRICE AND REPLACEMENT COST OF ENERGY USED IN INDUSTRY

Energy form	Percent of industrial use (June 1977)[1]	Dollars per million Btu of delivered energy: Average spot price[2]	Dollars per million Btu of delivered energy: Replacement cost[3]	Ratio of replacement cost to average cost
Coal	19.0	$1.05	[2] $1.05	1.00
Petroleum	34.0	2.41	[1] 2.88	1.29
Natural gas	34.5	2.08	[1] 3.30	1.59
Electricity	12.5	9.00	[4] 12.90	1.43
Weighted average	100.0	2.86	3.93	1.37

[1] "Monthly Energy Review," U.S. Department of Energy, November 1977.
[2] "Energy," Nov. 4, 1977, p. 2.
[3] Cost of new energy if investment made today.
[4] Charles L. Rudasill, "Comparing Coal and Nuclear Costs", EPRI Journal, October 1977, p. 14.●

FIRST RURAL AMERICAN WOMEN LEADERSHIP CONFERENCE

Mr. WALLOP. Mr. President, several weeks ago women from across the country gathered in Washington for the First Rural American Women Leadership Conference. The purpose was to discuss the pressing problems of this important segment of the country.

Among those in attendance were members of the Western agricultural community—people who have grown to understand and respect the dignity of the Earth. Life on the land has taught them both the capriciousness of the seasons, and the rewards of sound stewardship and commonsense.

It is in this light that I was particularly impressed by the reflections of Mrs. Katherine Morehead, a rancher from Savery, Wyo. Her timely thoughts on the conference and the problems of rural America were published in the March 24 edition of High Country News. I wish to share the article with my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RANCHERS, ENVIRONMENTALISTS, INDIANS—NEW ESTABLISHMENT?

(By Katherine Morehead)

I recently returned from a conference of rural women in Washington, D.C., both stimulated and with a pervasive feeling of uneasiness.

The First Rural American Women Leadership Conference was sponsored by a new advocacy group, Rural American Women, Inc. and was heavily subsidized by the federal government.

Particularly disturbing to me was an apparent schism between agriculture and other non-urban populations, and also the apparent widespread ignorance of the problems posed to the West by energy development.

I also came away concerned, possibly because I am a landowner, by a growing impetus toward land reform.

Also disturbing to me is a growing feeling of the awesome power of the federal government over every aspect of many people to extend that power even further.

Rural, for purposes of this conference, was defined as all areas having populations of

50,000 persons or less. Of the 150 or so delegates and participants at the conference, less than a dozen were primarily concerned with agriculture.

Broadly speaking, the agricultural women wanted to talk more about economics, land use, energy, and the preservation of a way of life, while those from other areas were more concerned with social action programs such as pre-natal clinics, battered wives' centers, comprehensive health plans, and legal services.

We all seemed to agree, for example, on the desirability of keeping essential agricultural land in production, rather than going for development. But there was little agreement on how that might best be accomplished.

Having regarded myself for the last several years as fairly liberal, I was surprised and discomfited to find myself pushed into some unexpected idealogical corners. One odd conclusion I reached at the end of the conference is that in some funny way, the farmer, the rancher, the Indian, and the environmentalist, because he is a self-appointed steward of the land, have somehow become the new Establishment.

Perhaps because those four groups are all trying in their way to preserve a way of life, a vastness of sky and prairie, they are seen by those who feel they are not sharing fully in the benefits as privileged.

Perhaps I exaggerate, but I got the strong feeling at this conference that those who have been on the land for several generations are perceived, not as rooted in our culture, or as good stewards of the land, but as exploiters of the People and opponent of social progress.

Many people don't seem to understand that fouling the air in Montana or Colorado ultimately diminishes us all. They don't understand that the vast imports of oil and the search for expensive subtsitutes—coal, nuclear, and synthetic fuels—exact an enormous social cost for everyone.

The idealogical thread woven through the fabric of the entire conference that most disturbed me was the notion of land reform. Many of those articulate, intelligent women were talking about old-fashioned, take-from-the-rich, give-to-the-poor land reform.

They called for the federal government to use the right of eminent domain to condemn land for mine workers and farm workers. They called for legislation that would establish a commission to determine whether or not a farmer could sell his land for non-agricultural use. They spoke of measures that would place a limit on the amount of land an individual or company could own.

What frightens me is that many of those well-meaning people fail to see the implications of the government's taking control of an individual's right to hold property. They fail to see that a policy that can be applied to agribusiness today can be applied to a one-acre homesite tomorrow.

They fail to recognize that the concept of the 160-acre farm was tried on a massive scale already under the Homestead Act, and that the countless tales of heartbreak and failure were caused by geography, climate, and economics.

Bigness is such a dirty word to some of those women that they are willing to throw out the baby with the bath water.

One of the most stirring speakers at the conference was Lise Sergio, an author and lecturer. She spoke of the need for rural women to use their very real power to help preserve our basic freedoms. Rural women need to think, she said, not be swung by emotions. Because they are close to nature, the changing of the seasons gives them time to reflect on the eternal verities of life.

I hope that these women I met, and others as well, will remember that federal handouts are not counted among those eternal verities.

Our country faces some difficult and perhaps insoluble problems. But what answers there are must surely lie ultimately in the hearts and minds and dedication of individual men and women.

REGULATIONS GOVERNING THE OPERATION OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

Mr. WALLOP. Mr. President, the Department of Housing and Urban Development recently solicited comments on regulations governing the operation of the Federal National Mortgage Association (FNMA). In economies like those found in energy producing States such as Wyoming, where cities and towns are growing rapidly, the secondary mortgage market provided by FNMA is extensively depended upon to provide decent housing with reasonable mortgage rates. The Wyoming Department of Economic Planning and Development concluded in a recent study that local lenders could only provide about 15 percent of the projected home mortgage financing that will be needed during the next 10 years. Secondary mortgage sources from outside of Wyoming will have to provide the balance. The implementation of the proposed regulations have the potential to cripple the effectiveness of FNMA as a mortgage source in Wyoming.

When commenting on the proposed regulations, Mr. Edward R. Bloodworth, vice president of the First National Bank of Casper, forwarded me a copy of his letter to the rules docket clerk at HUD. Mr. Bloodworth has done an excellent job of commenting on the regulations. I wish to share with my colleagues Mr. Bloodworth's comments. Mr. President, I ask unanimous consent the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FIRST NATIONAL BANK OF CASPER,
March 30, 1978.

Re Docket No. R–77–509 [24 CFR Part 81] Regulations Governing Operations of the Federal National Mortgage Association.

RULES DOCKET CLERK,
Office of the General Counsel, Department of Housing and Urban Development, Washington, D.C.

SIR: The Federal National Mortgage Association is a vital source for permanent residential mortgage money in Wyoming. The changes proposed by the Secretary of Housing and Urban Development completely ignore the needs of energy impacted states such as Wyoming and, in fact, seem designed to exclude such states from active participation in FNMA's programs.

In the past 12 years the residential mortgage market in Wyoming has undergone a complete change. In the period extending from the late 1940's to the late 1960's several large insurance companies were active in Wyoming and were absorbing a large part of the total market. These loans were made primarily through the FHA and VA programs.

In the late 1960's the major insurance companies withdrew from the residential market and a short time later, the FHA began to place its emphasis on subsidized types of loans, and to effectively withdraw from the mass residential market. As the State began its rapid growth pattern in the early 1970's it had neither the large insurance companies to rely on to help finance its energy related "boom", nor the FHA to rely upon to insure the resulting volume of high ratio home loans (In 1976 the FHA was only involved in 4% of the statewide loan volume and less than 10% in 1977).

The Federal National Mortgage Association entered the conventional residential mortgage market at about this time and not only filled the void created by the above withdrawals, but also became a strong stabilizing factor, in the price and availability of mortgage money in Wyoming. Their willingness to make high ratio conventional loans in some of our small towns where private out of state sources had been reluctant to lend without FHA insurance, at the same rates they were realizing in the larger, more competitive metropolitan areas, has stabilized interest rates and made homes available to in-coming workers who otherwise would have been forced into secondary or substandard housing.

At the present time we are one of the major mortgage lenders in the State of Wyoming and about 95% of our residential loans are sold to FNMA. We have found them to be fair and reasonable in their underwriting standards, efficient in their loan processing, and willing to make loans in any location and under any circumstances that could be expected of a prudent lender.

In view of the circumstances presented above, we take strong exception to the Secretaries determination that "there is a need to develop a regulatory framework for FNMA operations". Further, we believe that even the most cursory comparison of the relative contributions to the American housing market made by HUD versus FNMA over the past few years, would reveal that any determination that HUD should more closely regulate FNMA, is ludicrous.

The proposed subparts of Part 81 that we consider to be the most damaging to FNMA's effectiveness in Wyoming are discussed below in the order of their importance.

SECTION 81.16

Paragraph (d) provides that, beginning in calendar year 1979, 30 percent of all mortgages purchased by FNMA must be on properties located in a central city or Standard Metropolitan Statistical Area.

Paragraph (e) provides that, beginning in calendar year 1979, 30 percent of all mortgage loans purchased by FNMA must be on existing previously occupied properties.

Wyoming is a non-populous state and has no cities that are large enough to qualify as Standard Metropolitan Statistical Areas. Numerous States, towns and communities that are vital to the energy industry and that desperately need access to the secondary market, would not qualify for 30 percent of FNMA's total lendable funds.

These energy impacted areas are expected to provide decent housing at affordable mortgage terms for the people migrating into the areas to work in the mines and oil fields. Obviously they can't accomplish this with existing and previously occupied homes. The provision in paragraph (e) is not only discriminatory, but amounts to an unreasonable penalty being assessed against these workers and the towns that are attempting to accommodate them.

SECTION 81.17

Paragraph (b) provides that in each calendar year beginning with 1979, 30 percent of all mortgages purchased by FMNA must be on housing for low and moderate income families.

This provision effectively reduces FNMA to just another useless agency of the Federal Government to serve a very small minority of the citizenry of this country. HUD already has ample programs to serve this market and we are not aware of any reluctance on

FNMA's part to purchase these types of mortgages.

The implication of sections 81.16 and 81.17 go far beyond the actual verbiage. For example, what happens if FNMA finds at mid year that only 15 percent of its total volume is involved with the types of security described in these sections—do they curtail their broad programs until their ratios are in order? Would the decision on what course of action to take be based on need or on political considerations? How can FNMA accommodate localized needs as they presently do, and at the same time fulfill their ratio obligations?

FNMA's forward commitment program (allowing four months for delivery) and their optional delivery mode (no penalties are assessed if the commitments are not filled), have been instrumental in stabilizing mortgage rates. These features have made it possible for lenders with limited in-house portfolio capacity to make mortgage funds available to small towns and communities where the funds either would not be available or would be available at higher interest rates created by the absence of a competitive market. FNMA would almost certainly have to either abandon or adversely modify their forward commitment and optional delivery programs in order to meet their ratio requirements.

Practically speaking, it simply is not possible for FNMA or any other company or institution to effectively operate under the proposed combination of restrictions.

SECTION 81.15

Paragraph (d) states in part that the Secretary may decrease FNMA's maximum debt-to-capital ratio at any time, if it is determined that such action is warranted by FNMA's curent financial condition and that such action will not be detrimental to the holders of FNMA obligations.

The actual effect of this provision would probably be to allow the Secretary to force FNMA to sell mortgages in the market from time to time to presumably make more mortgage funds available at any given time. The motive for this provision may be proper, but the reasoning is defective for the following reasons:

1. The sale of mortgages by FNMA would not create additional mortgage funds in the broad market. These mortgages would likely be purchased by private mortgage lenders (Savings Banks, Savings and Loan Associations and other traditional mortgage sources) and would correspondingly reduce these institutions ability to make additional loans.

2. Mortgage servicers who make loans and sell them to FNMA, generally do so because they do not have the financial capacity to retain them. They must maintain expensive personnel and equipment to properly service the loans. If FNMA developed a reputation of selling these servicing portfolios, leaving the servicers with insufficient income to pay their overhead, they would simply be forced to originate loans for sale in the private market, regardless of the extra front end and interest costs to the homeowner, which history proves would occur.

3. If FNMA were forced to sell mortgages during high interest rate cycles, the discounts it would have to absorb would undoubtedly be translated into higher interest rates on new mortgages.

SECTION 81.14

Paragraph (b) concludes with the statement that FNMA shall not issue any obligation, security, or debt instrument convertible into common stock.

The use of the convertible debenture has allowed FNMA to attract large volumes of money into the mortgage market from the securities market (as opposed to shifting money from one mortgage source to another as proposed in 81.15[d]). This vehicle has contributed substantially to FNMA's track record in stabilizing the mortgage market during tight money cycles. For example, FNMA's sale of $250 million in convertible debentures in 1971, resulted in their purchase of $6.5 billion in mortgages. Most of this money probably would not have been available to the mortgage market if FNMA had not been able to issue this type of instrument.

Many of the other provisions seem designed to accomplish a bureaucratic end rather than a useful purpose (such as the requirement for 23 additional reports, many of which duplicate other reports, or have no practical application), but the provisions discussed are the ones we consider to be most detrimental to FNMA's continued effectiveness in Wyoming. We strongly protest these proposed provisions and urge that they not be allowed to become law.

Very truly yours,

EDWARD R. BLOODWORTH,
Vice President.

ORDER FOR RECESS UNTIL 11:30 A.M., MONDAY, APRIL 24, 1978

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 11:30 a.m., on Monday, April 24, 1978.

The PRESIDING OFFICER. Without objection, it is so ordered.

REASON FOR RECESS UNTIL MONDAY

Mr. ROBERT C. BYRD. Mr. President, the reason the Senate is going over until Monday is twofold.

First of all, the Senate has completed in 2 days what we had anticipated would require 3 days. We had thought that 2 days would be required to complete the handling of the airline deregulation bill on yesterday, which was completed on yesterday, and we had intended, then, later today, or tomorrow, to proceed to the wiretap bill. The Senate has completed in 2 days what was anticipated to be done in 3 days. We looked at the calendar and have carefully gone over it, and there is no other measure that we are prepared to proceed to the consideration of on tomorrow. Consequently, I will go now to the second reason why we are going out. That is to express the hope that committees will take advantage of the opportunity on tomorrow to meet without interruption by rollcalls or quorum calls, keeping in mind that there is a May 15 deadline for reporting of new authorization measures.

I yield the floor.

ORDER FOR CONSIDERATION OF SENATE CONCURRENT RESOLUTION 80 ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at 12 o'clock noon on Monday the Senate proceed to the consideration of Calendar Order No. 674, Senate Concurrent Resolution 80, which is the concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal year 1979.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, I rise only to advise the majority leader that item, Senate Concurrent Resolution 80, Calendar Order No. 674, is cleared for action on Monday on this calendar, and we have no objection to such request.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished minority leader for indicating that the people on his side who handled this matter will be ready and prepared to proceed, and I thank the Senator for not objecting.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders are recognized under the standing order, there be a brief period for the transaction of routine morning business not to extend beyond the hour of 12 o'clock noon with statements limited therein to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY—A YEAR OF INDECISION

Mr. DOLE. Mr. President, today marks 1 year since the President announced his national energy plan to Congress. It has been a long, hard year for both the administration and Congress, and I might add the American people.

Today is a good day to review the lessons we have learned over the past year, and the reasons why the energy package has run into such trouble. Today is also a good day to look to the future in hopes that the administration might avoid the same problems when they send the Congress their next package of energy legislation.

THE NATURE OF THE PROBLEM

First of all, I think that 1 year ago the administration really did not understand the nature of the energy problem. Last year we heard that we were running out of energy, and worse, that the world was running out of energy. The call was to conserve energy because increased production was futile. There just was not any more oil and gas out there.

This year the story is somewhat changed. We now realize that the energy is there, at a price. If prices stay up, we now foresee a gradual shift to fuels derived from coal and shale, and we forsee a steady growth of nuclear power, solar energy, and other forms of inexhaustible supplies. But the transition to these fuels will take time. The more immediate problems now seem to be how to avoid, or how to cope with, the possibility of another major OPEC price hike of up to $10 a barrel, that could occur in the mid-1980's.

Thus it was inevitable that the national energy plan would run into trouble. We now realize that the problem is different from the one that the administration was trying to solve.

CONSERVATION

Conservation was the cornerstone of the national energy plan. But over the last year, we have also come to realize that the administration has greatly

overextended the concept of conservation.

When conservation means cutting down on wasted energy, we have seen that it is, indeed, cheaper to save a barrel of oil than to buy one. During the last year, industry has been rapidly changing its patterns of energy use and presently industry is progressing right on schedule towards its well-publicized energy efficiency goals.

Now industry is obviously not losing money because of their program to cut out waste and become more efficient. They are doing it precisely because it pays. And this is how conservation should work.

But in attempting to cut down our energy consumption, we have also found that some methods are simply not worth the cost or the hardship that would result. The crude oil equalization tax is a good example. The COET would cost the country $47 to save a barrel of oil. It is simply not worth the cost.

Lately we have also been threatened with a fee on imported oil, again purported to be a conservation measure. But our calculations have shown that such a measure would cost the people of this country between $100 and $150 to save a barrel of oil. Again, we can do without such a waste of our economic resources.

In fact, this brings us to one of the most important concerns that have risen in dealing with the energy bill this year. We have become very concerned of the costs as well as the effects in determining what makes a good approach to conservation. And it is on that basic issue that the administration and the Congress continue to disagree.

PRODUCTION

In the area of energy supplies, the administration has just simply failed to enact its one and only proposal to increase production. The administration had, and still does have, the authority to define certain classes of oil that could qualify for the world price. One year ago today, they announced that they planned to offer a production incentive by defining a class of oil priced at the world level. This did not appear in any of the bills because they had the authority to do it administratively.

But they have not done it. Somehow the administration continues to downplay the need to increase domestic production. They continue to hold out on this part of their plan, and they now call it a major concession. They will agree to do it, but only if the Congress agrees to pass the crude oil equalization tax.

In continuing to point the finger at Congress, the administration conveniently ignores the fact that they are failing to implement parts of the program that we all believe are absolutely necessary.

THREE BILLS READY

Then there is also the problem that three out of the five energy bills could have been passed last December, if the administration had been willing to let that happen. But they did not. And they continue to hold up these bills.

Today there is no good reason why several worthwhile energy programs are not already underway in this country. The pending bills would start a major program to insulate houses. They would assure that industry converts away from oil and gas in its new plants. They would signal the electric utility industry that the country expects a greater level of efficiency in their operations.

But these three bills have gone nowhere because the administration is holding them up. If the energy problem is so serious, and I for one am convinced that it is, then the administration should at least let us start the country on the road toward energy efficiency. Holding up these bills just makes no sense.

I have said it before, but today let me again urge the administration to allow us to pass the parts of the energy bill that are now ready.

AVERTING THE NEXT CRISIS

In looking to the future, the administration now realizes that the real problem is to increase supplies enough so that we can avert another crisis in the mid-1980's. Certainly they now have the means to work on this problem. The new Department of Energy, created in the last year, employs nearly 20,000 people. The American people have made a major commitment and we expect the new Department to solve this problem. With 20,000 people and $10 billion a year to work with, there can be no excuse for failure.

But I am already worried about whether the new Department can handle the problem. I am disturbed by reports about the approach that is being taken to the problem of increasing supplies. The last thing we need is another misguided list of proposed measures that have nothing to do with solving the problems that are facing this country.

The DOE is now busy at work on a study that is being called a supply strategy. From what I have heard about it, they are only concerning themselves with exotic energy supplies like coal liquification and gasification, technologies that will have no effect on our energy problems before 1990. I have yet to hear about what they plan to do to help the country during the next 5 years.

Today we have already lost a year during which we could have been increasing supplies in this country. If this new program from the DOE does not address supplies in the very near term, then it will quickly be judged to be a failure. After the experience of the last year, the administration should be aware of what can happen if they send another package of misguided energy measures to the Congress. I sincerely hope that this next package will more appropriately address the energy problem.

This is the start of a new year for energy. We have created a new Department to deal with the problem, and the first test of that Department is coming soon. This time the Congress expects to see proposals that will really address the problem.

I sincerely hope that we will not be disappointed.

HOLOCAUST—NEED FOR RATIFICATION OF THE GENOCIDE TREATY

Mr. PROXMIRE. Mr. President, last night was the final episode on the program "Holocaust." The indications are that many, many millions of Americans watched it all over the country. It obviously had a very profound impact. The indications were that in many places more than half of the people who had their television sets on were watching that program. Probably in the course of it 40 million to 50 million Americans watched that program, and I know it had a very, very profound effect.

Mr. President, it is appropriate that that program should have occurred at this time. We have just finished action on the Panama Canal Treaty that took some 2 months of our time. The Genocide Treaty has been pending in this body for 30 years. It is a treaty that has been ratified in every other developed country in the world—virtually 83 countries have ratified it.

It is a treaty which was, of course, one that the United Nations, by efforts of the United States, negotiated, a treaty supported by President Truman, President Eisenhower, President Ford, President Nixon, President Kennedy, and President Johnson; every President since President Truman has supported the Genocide Treaty.

Mr. President, that program that took 9½ hours on television, "Holocaust," spelled out in vivid, painstaking, cruel detail what genocide meant in Europe in World War II. I do not know how any American or any person could have watched that program without being deeply moved, and I think the overwhelming majority of people watching that program must have been convinced that at long last the Senate of the United States ought to recognize its obligations, and act on the Genocide Treaty.

In the course of depicting the vicious and monstrous actions taken against 6 million Jews, and killing them in World War II, the view of a German legal expert is set forth by a character named Erich Dorf.

He argues, and he argues very, very calmly and dispassionately, that this is legal, that genocide and wiping out of an entire people is right.

Mr. President, I think this would certainly appall a great majority of people. But if it is not legal why do we not ratify the Genocide Convention? Why do we not do what Presidents have been calling upon us to do, why do we not do what virtually every other major country in the world has done?

Mr. President, the action in trying to eliminate the Jews in Europe by Hitler was called the final solution, a solution that very nearly succeeded in Germany.

A recent article indicated that the Jews remaining in Germany are infinitesimal. It was a terrible and frightful kind of an action, but it is an action that

could recur. Those who think this is something that occurred once in history and will not occur again have a very limited and shallow view of history. It has occurred over and over and over again. It is occurring today in Cambodia, it is occurring in Uganda, and it is almost beyond belief that this body will not under these circumstances take up the Genocide Convention and act on it.

I do hope that in view of the great impact that that remarkable program has had, and I am sure it has had on the basis of everything I have heard, with a very large proportion of the American people exposed to it in one way or another, that the Senate will now realize this is the time to act on this treaty and ratify it.

We are the only body, the U.S. Senate, that remains an obstacle to action on the Genocide Treaty. The President has called for it. It does not require any action by the House. It is only up to this body to act.

Mr. President, the Committee on Foreign Relations has indicated repeatedly they would favor action on it. So I do hope that at long last we recognize our duty as well as our opportunity and ratify the Genocide Convention.

Mr. JAVITS. Mr. President, will the Senator allow me to be recognized at this time?

Mr. PROXMIRE. Yes, indeed. I am delighted to yield to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, first, I would like to join in and adopt everything that Senator PROXMIRE has said, and also to express my deep gratification, deep appreciation, for the fact that he has been so constant an advocate of the Genocide Treaty here on the floor.

It is absolutely shocking that it is 30 years that this matter has now been pending, without action; that we have reported it out of the Committee on Foreign Relations three or four times; and that I can have it, because the members have asked me to report it, reported out tomorrow, if we could get the necessary votes to pass it.

All of the old shibboleths and scares about the fact that it would materially change the basic laws of the United States and make Americans subject to trial by courts outside the United States, all of that has been blown out of the water by the endorsement of the American Bar Association. There really is not any reason why that treaty should not be ratified, and the United States should not take its place with so many other nations in making it effective.

Really, it belies our status as a superpower, as a strong contender for human rights, so much supported by this Congress. It is an anomaly and a contradiction of everything we represent to ourselves and to the world.

I agree with Senator PROXMIRE that if anything should shake us up, especially the younger people who did not experience it, it is the dreadful lineaments of the Holocaust as NBC showed it, because essentially the facts are as they presented them, however they may have been dramatized.

Mr. President, it can happen again and again and again; and here is a chance for the world to declare its outrage and to prescribe a remedy which will have some restraint on other generations which may not have endured the same experience.

Why we cannot get 67 votes on this floor, which is all the leadership wants us to do—if we can come together with any remote indication that the votes are here, they will call it up—is a mystery to me, and it is very depressing. I, like Senator PROXMIRE, will never let go in this effort so long as I am a Member of this body. That is the only thing we can do for the millions who died; we can only hope that conscience will reassert itself, hopefully while I am here.

Mr. PROXMIRE. Mr. President——

Mr. MATHIAS. Mr. President, if the Senator will yield, I just want to say, in response to the remarks of the Senator from New York, that I am honored to sit beside him on the Senate floor, and I consider it my honor to stand beside him in this cause.

Mr. JAVITS. I thank the Senator from Maryland.

Mr. PROXMIRE. Mr. President, I cannot neglect to thank the Senator from New York. He has been, in so many cases and in this case particularly, the intelligence, the driving force, and the person who worked the harder on this treaty than anyone else, and has fought for it so hard and effectively on the Foreign Relations Committee.

The timing, it seems to me, is most important, because these documentary dramatizations have a more profound effect on the American people, I believe, than most Senators appreciate. I am positive that this one, as well as "Roots," is having a tremendous effect on the American people right now. I think the time to work on this issue is now. The Senator from New York is correct; we did not have 67 votes before, but we may possibly have them at this time.

We are all interested in human rights. The President has made that the cornerstone of his foreign policy. The supreme human right is the right to live. If we do not act on this treaty, it seems to me any pretense that the Senate can oppose the Genocide Treaty and yet at the same time favor human rights is an impossibility.

Mr. JAVITS. The Senator is 100 percent right. I appreciate the courtesy of the Senator from Wyoming in permitting me to tag right on with what Senator PROXMIRE has said.

THE ANNIVERSARY OF THE ENERGY MESSAGE

Mr. HANSEN. Mr. President, earlier this afternoon I presented a birthday cake to the Nation in recognition of the fact that this is the anniversary of the declaration of the President that the solution to our energy problems as he then perceived them was the moral equivalent of war.

My purpose in offering this birthday cake symbolically to the Nation, and inviting those of my colleagues who are not privy to the secret sessions which have been going on for some time, was to do two things: First, to underscore the vacillating policy of the President and of others in his administration as they have literally moved from one end of the spectrum to the other in trying to come up with a policy that could be sold to Congress and, of course, to the people of the country—which has been characterized first by sober and somber declarations on the part of the President that he opposed the deregulation of natural gas, later by his assertion to at least three Governors of important States of this country that he would favor and support the deregulation of natural gas, and that he, by virtue of his political affiliation, would be able to talk with the dominating Members of the Senate and the House of Representatives in getting a bill passed; later on, by his renouncing the deregulation of natural gas; and then later on, just this week, by his impliedly assuring Senator ABOUREZK that he had, at least for a fourth time, changed his position again.

I do not know what his policy is as of the moment; I have not heard. But at least I can say that this is not the sort of posturing that encourages Members of Congress to believe that the proposal coming from the White House is a solid, sound proposal that will bring about the kind of policy that makes sense and will move America in the right direction.

Let me point out that no one discounts the importance of savings. The Senator from Ohio (Mr. METZENBAUM) said if we did nothing more than pass the three bills agreed to by the House and Senate conferees, we would achieve 90 percent of the energy savings that would flow from the adoption of all five of the energy bills proposed and recommended by the White House.

Mr. MATHIAS. Mr. President, will the Senator yield for a comment?

Mr. HANSEN. I yield.

Mr. MATHIAS. I just want to join with the Senator in the rather mournful exercise of commemorating this anniversary of 1 year without an energy bill, 1 year in which we have seen about $40 billion flow out of America into foreign economies, with very serious results to the American dollar and very serious results to our economy. One of the causes, I think the Senator from Wyoming would agree, has been that the President has not been able to get his message across to the American people. I think that there is a serious problem there. If there was ever a failure of leadership, that is it . The polls show that 50 percent of the American people do not even know we import even a drop of oil. If the President cannot get that message across to the people, he is in trouble, and we are in trouble with him. Would the Senator agree?

Mr. HANSEN. I would indeed agree with my good friend who so ably represents the State of Maryland (Mr. MATHIAS.). It is true that the President has not been getting his message across, and I would hasten to add that maybe his message, as the President of the

United States perceives the problem, is not really the answer to the problem.

It could well be that the people of the United States have heard the President, they have listened to him, they have seen him, as you and I have, on television, and we have seen his declarations in the press, his predictions of dire distress and even near calamity for the United States; but I have to conclude that what perhaps even the President does not understand is the importance of giving the right signals to our domestic economy.

I have spoken from time to time about the situation in my State of Wyoming, one of the major oil and gas producers. We are closing down wells in Wyoming now because it simply costs more to produce the oil and the gas out there than it can be sold for, and that makes no sense.

I am happy to yield to my friend from Maryland.

Mr. MATHIAS. Mr. President, a year or so ago I had the honor of visiting the State of Kansas and riding across that wonderful countryside with Alf Landon. He pointed out during that ride that at least 40 percent of all the oil that ever was in Kansas was still there, but it is down in the bottom of the wells where it costs a little more to get it out than the regulated price would justify and therefore, it is going to stay down there while we send our dollars overseas, depressing the American currency and affecting the American economy, because we do not let the market forces pump that oil out of the ground within the domestic economy.

Mr. HANSEN. My friend from Maryland is precisely right in deploring the ongoing policy, or lack thereof, in the United States which permits the continuation of this foolhardy attitude toward a very important industry in the United States.

If I could just add a footnote to the observations made with respect to the visit by my friend with Alf Landon, of Kansas, it would be to say that the facts are that in round numbers we have discovered around 300 billion barrels of oil in the United States, and in round numbers we have produced around 100 billion barrels. There are remaining roughly 200 billion barrels. Obviously, we cannot get every bit of it out of the ground, but we can get more of it out of the ground. There is no more immediate resource available than to get more oil and gas out of the ground, that which we already know the presence of.

That is where the fallacy in the present policy is so clearly demonstrated.

If the price could rise, it would be profitable, and, indeed, we would be pumping oil from wells which are being shut down and have been shut down simply because no one in his right mind is going to pump oil when it costs as much or more to pump it than that oil will sell for.

I would say further to my good friend from Maryland that I think the President also fails to perceive the relationship between the presence of producible oil and gas domestically to our national security. When we have to import, as we did last year, almost 50 percent of all the oil we use, we place our security in jeopardy to those nations around the world which are supplying the extra oil we need. If we should have the imposition of another embargo by the OPEC nations, we would be sorely pressed to mount any significant national defense effort and to keep our domestic economy going at the same time. We could not do it.

Mr. MATHIAS. The Senator speaks for the security of a State which has its own energy resources. I represent a State on the east coast where a great part of our energy has to come in a ship from some place else. It is not what extra things we could do, but what essential things we can do to keep people working in their jobs. It is not a question of 72-degree living rooms or Sunday afternoon drives, but it is a question of our basic economy.

Mr. HANSEN. As the Senator so correctly perceives, not only national security—and I mention that first because overall it has to be of major concern to every American and, as well, to our friends around the world——

Mr. MATHIAS. When the Senator mentions national security, the mere mention of the word means we have to worry about energy when we make foreign policy. We are no longer independent in our foreign policy as we once were and as we ought to be.

Mr. HANSEN. They are tied closely together.

The Senator mentioned jobs. Our economy is dependent upon oil and gas. As a matter of fact, on the farms and ranches in this country every man-hour of human effort, which is expended in producing the food and fiber this Nation needs and has come to depend upon from the ever present adequate farm and ranch production in this country, accounts for the consumption of 1.2 gallons of gasoline. So our economy and jobs are tied very intimately into the energy picture.

The balance of payments is the fourth problem I would mention. Last year we paid out roughly $45 billion to buy the oil and gas we found necessary to import into this country in order to give us the amount of energy necessary to accomplish the things that, as a Nation, we were able to accomplish last year.

So I say that if we consider national security, and indeed we must; if we are concerned with the economy, and obviously we are, because we know that only in a healthy economy can we find jobs, can we put people to work, can we provide opportunities for those who do not now have jobs; if we consider the importance to our balanced national budget, which yet seems a long way away, we have to understand that the way to change tax consumers into taxpayers is to provide jobs for people in the domestic economy. Here, again, energy plays a vital role in the United States.

Balance-of-payments problems are of concern to everyone, and well they should be. We have seen the dramatic dropping of the dollar in the last few years. In the last several months it has been very dramatic indeed. That is a reflection of the concern which is held worldwide as other nations look upon our actions here in this country. If we want to do something about balance of payments, I can think of no better way than to give encouragement and stimulation to the domestic oil industry. They can and will provide jobs. They can and will fortify and give added strength to our national security and vitality.

They will help significantly in a reduction of the balance-of-payments problem. Every barrel of oil we produce here and every thousand feet of gas we produce here means that that is one barrel of oil and a thousand feet of gas less that we will have to buy abroad. It means that the dollars we are now spending abroad can be invested here at home. We can keep them in our treasury to help with the balance of payments, to stimulate the economy, to give jobs to Americans.

I think the only kind of energy plan that makes any sense, Mr. President, is one that is going to accomplish the twin goals of providing more natural gas and oil domestically and to reduce our dependence upon foreign sources of supply and the outflow of money which has been occurring.

I hope we can come up with a good bill. I have increasing misgivings about that. Secret sessions have been in progress now for several weeks. I have not been invited to them because my views, seemingly, are not acceptable to some of the conferees who think that it is more important to come up with a so-called energy bill, whether indeed it does achieve the purposes that an energy bill must achieve if it is really going to be a solution to our energy problems.

I would say that it just might be that we would be better advised, better guided, and better served to continue with no bill at all than to take any old bill that would represent and include all sorts of compromises to all different kinds of ideas, which has the prime purpose of trying to get enough support to have it pass the House and the Senate, than is the concern to see that it truly serves America.

I note there has been a decrease in the amount of oil and gas that we are now importing. There has been some excess capacity developed on the west coast, specifically in the State of California. There has been some slight increase in production.

When we say that anything is better than what we now have going, I am not sure that is necessarily true. I hope if we do have a bill—and I admit that I have deep misgivings about that—it will be one we can look back upon 1 year from today and say it was a distinct movement forward.

I hope that it will not be necessary, a year from now, to present another birthday cake to a misguided energy plan proposed by the administration that has been able to bear as little fruit as has this last effort that reflects a full year of frustration and lack of move-

ment and accomplishment by the administration.

A DICTATOR'S SABER RATTLING

Mr. MELCHER. The risk of dealing with military dictators was amply demonstrated by Gen. Omar Torrijos' defiance of the United States late on April 18, the day the second Panama Canal Treaty was approved, in his public threat to disrupt the Panama Canal's operation by violence.

The Washington Post quoted Torrijos as saying of the canal:

> . . . the Panamanian national guard . . . has the capability of destroying it and we don't intend to lose that capability.

He also defiantly warned, the Post reported, that Panama would destroy the canal if the United States tried to intervene under the DeConcini resolution.

Torrijos spoke and acted like a typical dictator, and we continually run the risk, by our constant support of his regime, of alienating ourselves from the Panamanian people and, for that matter, the people of other Latin American countries who believe in human rights and democracy.

The Panamanians are freedom loving and friendly. If a free election were held in their country today, General Torrijos and his national guard would probably be replaced by a democratic form of government.

We are caught in the middle. The political parties of Panama are asking for a new plebiscite on the treaties. Much of their motivation—perhaps their major issue—is a vote of protest against the Torrijos regime. General Torrijos has made it clear that he will not permit a new plebiscite. He lauds the treaties and is using them to enhance his position as Panama's "liberator."

Torrijos came to power through the 1968 coup d'état with our backing. He has had our continuous support. He hopes to remain in power either in the forefront as the "Maximum Leader" and controller of the national guard, or in a more subdued position—perhaps with an even more colorful title such as "Supreme Liberator."

For Torrijos this is an hour of glory and, as he told 10 of us last January, he may soon be ready to step aside and take a less active role. But whatever his position or his title, it will continue to be one of strength with the power to use the national guard to control the country. Every act of U.S. generosity to Panama signals to all that we continue to strongly support the Torrijos regime without insisting on protection of Panamanian democratic functions and individual rights.

We are collaborating with a dictatorship and we are not apparently objecting to that regime's denial of basic human rights. Despite that, General Torrijos responds by saying that without the treaties' ratification on Tuesday, he would blow up the canal. Not only would he bite the hand that has fed him, but he would kill the goose that laid the golden egg.

Those cliches may sound trite, but they are no more trite than saber rattling by a military dictator. Just how big is General Torrijos? If anyone knows, we should know because we built him and his regime. So far, as our protege, he has not provided us—forgive me for another cliche—with our most shining hour.

He has us in the middle between his regime and the political forces in Panama that are striving for a return to a democracy.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, appoints the Senator from Maryland (Mr. MATHIAS) as a congressional adviser to the SALT delegation in Geneva during 1978.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MOYNIHAN). Without objection, it is so ordered.

ORDER FOR RECORD TO REMAIN OPEN UNTIL 5 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the RECORD be kept open until 5 p.m. today for the introduction of bills, resolutions, statements, petitions and memorials.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS UNTIL 5 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that committees may be authorized to file reports until 5 o'clock p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION TO RECEIVE AND REFER MESSAGES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to receive messages from the House of Representatives and the President during the recess over until Monday at 11:30 a.m., and that they may be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR CERTAIN ACTION TO BE TAKEN

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Vice President and the President pro tempore and the acting President pro tempore may be authorized to sign all duly enrolled bills and joint resolutions during the recess over until Monday at 11:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR EXTENSION OF TIME TO FILE ANNUAL REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Special Committee on Aging be granted an extension of time for filing its annual report until the close of business on April 28.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO MEET NEXT WEEK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during each day of each session of the Senate daily next week.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I revise the request as follows:

I ask unanimous consent that committees that find it necessary to meet daily during the sessions of the Senate next week may do so provided the matters to be considered are subject to the May 15 deadline under the Budget Reform Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT NO ROLLCALL VOTES OCCUR AFTER 4:30 P.M. ON MONDAY, APRIL 24, 1978

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday no rollcall votes occur after the hour of 4:30 p.m., except, and of course we would have to except any rollcall votes on motions to recess or adjourn, or to establish a quorum.

The PRESIDING OFFICER. Without objection, it is so ordered.

The RECORD will so show.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session for 1 minute for the purpose only of considering the nomination, under Appalachian Regional Commission, of Mr. Albers of the District of Columbia.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, I only wish to advise the majority leader that the nomination of Mr. Albers to be Alternate Federal Cochairman of the Appalachian Regional Commission is cleared on our Executive Calendar and we have no objection to proceeding to the consideration of that nomination and his confirmation.

Mr. ROBERT C. BYRD. I thank the distinguished minority leader.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

APPALACHIAN REGIONAL COMMISSION

The assistant legislative clerk read the nomination of William E. Albers, of the District of Columbia, to be Alternate Federal Cochairman of the Appalachian Regional Commission.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President of the United States be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 11:30 a.m. on Monday. After the two leaders or their designees are recognized under the standing order, there will be a period for the transaction of routine morning business, not to extend beyond 12 o'clock noon, with Senators permitted to make statements up to 3 minutes each during that period for the transaction of routine morning business.

At 12 o'clock noon, the Senate will proceed to the congressional budget resolution and presumably there will be rollcall votes during the afternoon, but in conformity with the order previously entered there will be no rollcall votes after 4:30 p.m. on Monday.

I think that about sums it up.

RECESS UNTIL 11:30 A.M. ON MONDAY, APRIL 24, 1978

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11:30 a.m. on Monday.

The motion was agreed to; and at 3:08 p.m., the Senate recessed until Monday, April 24, 1978, at 11:30 a.m.

NOMINATIONS

Executive nominations received by the Senate April 20, 1978:

DEPARTMENT OF STATE

Nancy Ostrander, of Indiana, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Surinam.

DEPARTMENT OF ENERGY

John Kenneth Mansfield, of Connecticut, to be Inspector General of the Department of Energy (new position).

CONFIRMATION

Executive nomination confirmed by the Senate April 20, 1978:

APPALACHIAN REGIONAL COMMISSION

William E. Albers, of the District of Columbia, to be Alternate Federal Cochairman of the Appalachian Regional Commission.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Thursday, April 20, 1978*

The House met at 11 o'clock a.m.

Rev. Otis Moss, Jr., D.D., Olivet Institutional Baptist Church, Cleveland, Ohio, offered the following prayer:

Dear God, Creator of life and judge of all nations, we call upon Thee to heal our land according to your loving kindness.

Bless the members of this legislative body whose responsibilities are gigantic in extent and consequential in detail.

Grant an everlasting awareness that each decision made here can either be the resurrection of hope, or, the crucifixion of justice, peace, and human rights.

May the seeds of the impossible dream forever be planted in this House of Representatives and transplanted to every district and hamlet—to such an extent that in our national life and our international relations, "justice will flow like waters and righteousness as a mighty stream."

"Father, into Thy hands we commend our Spirits." Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

The Chair recognizes the gentleman from Ohio (Mr. STOKES).

Mr. MAGUIRE. Mr. Speaker, on the approval of the Journal, I object.

The SPEAKER. Objection is heard.

The question is on the approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

The SPEAKER. The Journal stands approved.

Mr. MOFFETT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

Mr. BAUMAN. Regular order, Mr. Speaker.

The SPEAKER. The Chair will state that the gentleman did not raise his objection to the vote in a timely fashion.

Mr. MOFFETT. Mr. Speaker, I was on my feet, and the microphone was not turned on.

The SPEAKER. The Chair appreciates the fact that the gentleman was on his feet, but he was looking at the gentleman who made the first objection and was not addressing the Chair. In view of that fact, the Chair believes that a reasonable time had expired. If the gentleman wants to ask for the floor for something of that nature, he must seek recognition.

So the Journal was approved.

CALL OF THE HOUSE

Mr. MOFFETT. Mr. Speaker, I move a call of the House.

The SPEAKER. Without objection, a call of the House is ordered.

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I thought the Chair had already recognized the gentleman from Ohio (Mr. STOKES). Is it proper to interrupt the recognition of a Member with the offering of a motion?

The SPEAKER. The Chair will state that recognition to offer the motion offered by the gentleman from Connecticut (Mr. MOFFETT) is within the discretion of the Chair and if entertained is considered as a privileged motion.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 238]

Andrews, N.C.	Edgar	Nix
Archer	Ford, Mich.	Rahall
Armstrong	Frey	Rangel
Aspin	Garcia	Rodino
Beard, Tenn.	Harsha	Roncalio
Beilenson	Heckler	Runnels
Bonker	Heftel	Russo
Bowen	Holland	Santini
Burke, Calif.	Howard	Scheuer
Burton, John	Jenrette	Shipley
Cederberg	Kazen	Shuster
Chisholm	Krueger	Stark
Clausen, Don H.	Long, Md.	Steed
	McCloskey	Teague
Clay	McEwen	Thone
Cochran	Mann	Thornton
Conyers	Marriott	Tucker
D'Amours	Martin	Udall
Dellums	Mathis	Van Deerlin
Dent	Meyner	Whitley
Diggs	Mikulski	Young, Tex.
Duncan, Oreg.	Mikva	

The SPEAKER pro tempore (Mr. WRIGHT). On this rollcall 370 Members have recorded their presence by electronic device, a quorum.

Without objection, further proceedings under the call will be dispensed with.

Mr. MOFFETT. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. The gentleman from Connecticut reserves the right to object.

Mr. MOFFETT. Mr. Speaker, I want to point out that what is going on here today, while it might cause some inconvenience and unhappiness, we hope there will be tolerance and some understanding that on the first anniversary of the President's speech on energy it is time to give the Members the chance to vote on the pieces that have been agreed upon in conference, such as the provisions on utilities, insulation, coal conversion, and the like.

And now I object.

Mr. MEEDS. Mr. Speaker, I reserve the right to object.

Mr. BAUMAN. Mr. Speaker, I demand regular order.

The SPEAKER pro tempore. Regular order is being observed.

Objection is heard to dispensing with further proceedings under the call of the Chair.

The Chair recognizes the gentleman from Washington (Mr. MEEDS).

MOTION OFFERED BY MR. MEEDS

Mr. MEEDS. Mr. Speaker, I move that we dispense with further proceedings under the call of the House.

Mr. MAGUIRE. Mr. Speaker, I demand that the matter be taken up by motion, by written motion, Mr. Speaker.

The SPEAKER pro tempore. The gentleman's rights are going to be protected. We are going to proceed under the regular order.

Mr. MAGUIRE. Mr. Speaker, I demand that the matter be taken up by written motion.

POINT OF ORDER

Mr. MAGUIRE. Point of order, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MAGUIRE. Mr. Speaker, is it not in order for a Member to request that the matter be done in writing?

The SPEAKER pro tempore. The gentleman's point of order is what now, again?

Mr. MAGUIRE. The gentleman is demanding that the motion be made in writing.

The SPEAKER pro tempore. The gentleman is within his rights in that regard, and the motion now is reduced to writing and the motion, reduced to writing and received at the Clerk's desk, will be read by the Clerk.

The Clerk read as follows:

Mr. MEEDS moves to dispense with further proceedings under the call.

The SPEAKER pro tempore. The question is on the motion.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MAGUIRE. Mr. Speaker.

Mr. DOWNEY. Mr. Speaker.

The SPEAKER pro tempore. The Chair can assure all the gentlemen their rights will be protected.

Now just which gentleman wants to demand something?

Mr. DOWNEY. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. All those in favor of ordering the yeas and nays will stand and be counted.

The Chair will count all Members standing.

Thirty-two Members have risen. The Chair will now count the House.

Two hundred and thirty-nine Members are present, one-fifth of those present, not having arisen, the yeas and nays are refused.

So the motion was agreed to.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2452. An act to authorize funds for the Hubert H. Humphrey Institute of Public Affairs and for the Everett McKinley Dirksen Congressional Leadership Research Center.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2493. An act to amend the Federal Aviation Act of 1958, as amended, to encourage, develop, and attain an air transportation system which relies on competitive market forces to determine the quality, variety, and price of air services, and for other purposes.

THE REVEREND OTIS MOSS, JR.

(Mr. STOKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STOKES. Mr. Speaker, I am very pleased to welcome a close friend, Rev. Otis Moss, Jr., as today's visiting clergyman. Reverend Moss is the pastor of the Olivet Institutional Baptist Church which is located in my congressional district, and is the home of the largest black congregation in the State of Ohio.

Our visiting clergyman received his bachelor of divinity degree from Morehouse College of Religion in 1959 and has pastored churches prior to coming to Cleveland. One of those churches was Ebenezer Baptist Church, Atlanta, Ga., where he copastored with Dr. Martin Luther King, Sr.

Reverend Moss is not only a religious leader but has been in the forefront of community activities in our city. Additionally he has traveled extensively throughout the United States as a preacher, lecturer, and civil rights speaker and organizer.

He is also a teacher and a prolific writer. One of his publications was "Going From Disgrace to Dignity" which was chosen for the book "Best Black Sermons," published by Judson Press, October 1972. He has also authored "Black Church Distinctives:" and "The Black Church Revolution" which were published in the book "The Black Christian Experience."

In 1977 Reverend Moss returned to his alma mater, Morehouse College as their commencement speaker. On this occasion he was awarded a doctor of divinity degree. Among the many special honors he has been accorded is "Man of the Year in Religion," a listing as "One of the Most Outstanding Young men of America," and an honorary doctor of divinity degree from Temple Bible College, Cincinnati, Ohio.

Reverend Moss is married to the former Edwina Hudson Smith and they have three children, Daphne, Kevin, and Otis III.

Mr. Speaker, I am enormously proud to have had this distinguished minister lead us in prayer today. I am certain that his prayer has been an inspiration to all of my colleagues.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO FILE REPORT ON H.R. 12163, DEPARTMENT OF ENERGY AUTHORIZATION ACT

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology may have until midnight tonight, April 20, 1978, to file a legislative report on H.R. 12163, Department of Energy Authorization Act for fiscal year 1979.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO HAVE UNTIL MIDNIGHT, APRIL 21, 1978, TO FILE REPORT ON H.R. 11192, THE RECOMBINANT DNA ACT

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology may have until midnight, Friday, April 21, 1978, to file the legislative report on H.R. 11192, Recombinant DNA Act.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO SIT TODAY DURING HOUSE SESSION

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may sit during proceedings in the House today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. DOWNEY. Mr. Speaker, reserving the right to object, if I might, I would like to propound some questions to my esteemed chairman. We are marking up the authorization bill which provides for some $40 billion worth of procurements R. & D. I am wondering if there is not a more convenient time when the committee could do that other than on this day. I suspect there will be a lot of activity and Members will be called out from the committee to vote. Is it possible we could reschedule this, Mr. Chairman?

Mr. PRICE. The reason I made this request was so that we might have the legislative program in the House.

Mr. DOWNEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON INDIAN AFFAIRS AND PUBLIC LANDS OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO SIT DURING SESSION TODAY

Mr. RISENHOOVER. Mr. Speaker, I ask unanimous consent that the Subcommittee on Indian Affairs and Public Lands of the Committee on Interior and Insular Affairs be permitted to sit today for consideration of H.R. 11894.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman assure us that this will be for hearings only and there will be no markup of the bill?

Mr. RISENHOOVER. If the gentleman will yield, the gentleman has that assurance.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. ROSTENKOWSKI). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

TORRIJOS WAS PREPARED TO DESTROY THE CANAL

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Speaker, I rise to make note of two statements that were printed very prominently in the press yesterday, the first, one of Gen. Omar Torrijos, the cacique of the isthmus, who stated that if the Senate had not approved the treaty, he was prepared yesterday to destroy the canal, and the other statement was made by President Carter yesterday also, in which he said that he, too, had feared most apprehensively that the canal was going to suffer destruction. He added that he intends to fly down personally to the isthmus to present the bacon to General Torrijos.

It seems to me that under those circumstances it is a terrible travesty on the famous words of President Kennedy, who upon his inauguration said:

> We shall never fear to negotiate, but we shall never negotiate out of fear.

I suggest respectfully that the Senate can still reconsider the vote, and the President ought to reconsider making a personal trip to deliver the bacon to Torrijos, because around the corner is Fidel Castro, the cacique of the Caribe and Guantanamo Base.

IT'S TIME TO ACT ON ENERGY

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, today is April 20. One year ago tonight, President Carter called our Nation's energy problem and the need for a response "the moral equivalent of war."

Since that time, the problem has grown worse. We are importing more oil, not less. Our Nation's troubles have been exacerbated by what the public, at home and abroad, perceive as hesitancy and vacillation on the part of Congress.

On August 5, the House passed a comprehensive energy bill. On October 5, the Senate completed action on its version.

In the long meanwhile—for almost 7 months—House and Senate conferees have been haggling over details.

Our delay in coming forward with a positive and forthright program is hurting the United States and all of its citizens.

Our continuing reliance upon foreign imports, with no clear-cut plan to free ourselves from that dependence, has created a huge balance of payments deficit and significantly eroded the value of the dollar on world markets.

In 1973, when the Arab oil embargo should have shocked us out of our lethargy and into action, this country imported $7 billion worth of foreign petroleum.

Four years later, in 1977, we imported $45 billion worth—six times the dollar drain.

Every foreign leader whom I have met in the past 6 months has asked "What is Congress going to do about the energy problem?"

Our hesitancy and inaction on energy is the biggest contributory cause to inflation, to the decline in the dollar, to the trade deficit and to the erosion of respect throughout the world for the United States and our ability to come to grips with our problems.

The failure of Congress thus far to enact a meaningful response to the energy threat is a witch's brew of several ingredients—regional rivalries, the conflict of domestic pressure groups, an all-or-nothing insistence by some in the Congress upon ideological dogma at the expense of results, and a general unwillingness to bite the bullet and do what must be done.

The energy problem that besets our Nation will grow slowly and inexorably worse until this Congress acts to set us on a corrective course.

This is not a Democratic problem, and it is not a Republican problem. It is not a problem of consuming States versus producing States. It is a problem for the Nation. We are all in it together.

In a matter so infinitely complex, no member and no economic interest group can have its own way entirely. While each insists upon so doing, the Nation suffers.

Today I call upon every member of the conference to redouble his efforts to find a solution. The Nation deserves a solution, and we in Congress are the only ones who can provide it.

I call upon every member of the conference to subordinate the petty concerns of personality conflicts and the desire to create the energy bill in his own image and to bring to both House and Senate a bill which we can pass and give reassurance to the world that the United States still has the self-discipline to settle its disputes and solve its problems.

Too much time has passed already. A year has gone by since the President's message. The Nation and the world await our action.

NATIONAL ENERGY ANNIVERSARY

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I want to congratulate the distinguished majority leader for the statement which the gentleman has just made and to associate myself with that statement.

Mr. Speaker, a year ago President Carter declared a national energy emergency, called on the American people to sacrifice, and on Congress to enact a national energy policy.

In the interim, his "moral equivalent of war" has deteriorated into an endless war of words. The conferees have dug in behind ideological Maginot lines. The President himself has been an uncertain trumpet, changing his tune on crucial issues. How can the public be expected to feel any sense of urgency when the two houses of Congress have been stalemated for 5 months?

Meanwhile, we have a huge Department of Energy that has no policy to enforce. We have the deleterious effects of uncertainty weighing heavily on our economy, wreaking havoc with planning for the future.

It is obvious that somewhere amid the rhetoric and the posturing, the conflict and confusion, the public interest has been lost. The energy conferees are creating in the mind of the public a minimum of high regard for the efficacy of Congress, and we all are tarred with that brush.

It is high time to get off dead center, enact a national energy policy, remove uncertainty, and move this Nation toward a workable policy to provide adequate energy for jobs and an expanding economy.

Mr. Speaker, I want to commend the gentleman from Ohio (Mr. BROWN) and the gentleman from Connecticut (Mr. MOFFETT) for the efforts they have made to get the conference back to work. I believe the rules of the House are correct in saying a conference should be and must be open, unless the House agrees to close it.

I certainly am in hopes the efforts you are putting forth will have fruit and we will get the conferees together in the sunshine and do something about this most important national problem.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO FILE A REPORT

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that

the Committee on Merchant Marine and Fisheries may have until midnight Friday, April 21, to file a report on H.R. 11657, the Central, Western, and South Pacific Fisheries Act.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT DURING 5-MINUTE RULE TODAY

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the Committee on Merchant Marine and Fisheries be permitted to sit during the 5-minute rule today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, why is it so important that the committee meet during this great debate on lobbyists, which I understand is such a crucial issue?

Mr. MURPHY of New York. Mr. Chairman, the Subcommittee on Fisheries and Wildlife Conservation and the Environment is in the process of marking up the D–2 Lands Act under a very strict time schedule in cooperation with the Committee on Interior and Insular Affairs, and in order for the full committee to be able to take that legislation up and complete its work, the subcommittee will have to finish its work this week. That is the reason for the request.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, has the gentleman consulted with the minority? That is always an important point.

Mr. MURPHY of New York. Mr. Speaker, I have discussed this with the gentleman from Alaska (Mr. YOUNG), who is a key minority member of the subcommittee.

Mr. ROUSSELOT. And the request is only for today?

Mr. MURPHY of New York. It is only for today.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

A DESPERATELY NEEDED NATIONAL ENERGY PROGRAM

(Mr. ROSTENKOWSKI asked and was given 1 minute to address the House and to revise and extend his remarks.)

Mr. ROSTENKOWSKI. Mr. Speaker, the technical complexity of the energy issue can easily boggle a well-trained mind. When one adds the intense political pressures reflecting the diversity of interests affected, this legislation is not surprisingly, moving quite slowly to final passage.

In fact, today, 1 year after introduction, we find ourselves still at an impasse on the question of natural gas pricing and the crude oil equalization tax. Added to this is the frightening occurrence that despite public awareness of the need to conserve and the emphasis placed upon the energy issue, our domestic consumption of energy continues to climb at an alarming rate.

I know you do not need to be reminded of the importance of reducing oil imports, but our current balance-of-trade deficit is $26 billion. We are importing $45 billion worth of petroleum products a year. A national energy program is desperately needed. The elements of the plan must include an increase in the price of the basic fuel commodities—especially crude oil and natural gas so that consumption is not maintained at a high level by artificially low prices. Also, effective steps to promote conservation and new production, and an emphasis on developing new technology to provide tomorrow's fuel sources is badly needed. It all sounds deceptively simple—but we all know that it is not.

We can deliberate indefinitely on this issue, but the facts speak for themselves, we no longer have the luxury of putting off hard decisions on energy. Time has become as precious a resource as energy, itself.

The excuses that energy is a tough subject is no longer in order. Oratory about complexity of the issue will not reduce our imports or strengthen our currency. The Nation expects us to respond, sheer economic logic requires us to respond—I call upon Members of both Houses of Congress to resolve their differences on this crucial issue and pass a comprehensive national energy measure.

Mr. MURTHA: Mr. Speaker, the Secretary of Energy, before the Subcommittee on the Interior of the Committee on Appropriations, pointed out that by mid-1980 the lines would cross. What he meant by that is that the demand for oil would soon surpass the supply of oil in this world.

The Secretary predicted the supplies of oil would in today's dollars go to a price of over $30 a barrel, and that would have disastrous economic consequences—consequences that would be graver than those of the depression of 1932.

The only way we are going to reduce our dependence on foreign oil is by increasing production of coal. I come from a rich coal-producing area in Pennsylvania. In that coal-producing section the industry says that unless we have an energy package bill passed by Congress, it cannot move forward with coal production.

The coal industry believes at this time that it could go to the production of 850 million tons of coal under present conditions. As everyone knows, last year nationally we produced about 670 million tons of coal.

Mr. Speaker, it is essential that the conferees come forward with an entire package on energy, not parts of a package, so that this country can reduce its dependence on foreign oil and increase production of coal in this country.

ENERGY IMPASSE MUST BE BROKEN

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, I was so pleased a year ago this evening, after years of impasse, to watch the President take the first step toward establishing a national energy policy.

During this year, Congress has debated, deliberated, wrangled, and rowed. During this year the American people have been patient indeed—very patient.

Agriculture and industry alike cannot make business decisions. They cannot properly plan for the future because the energy bill languishes in the conference. They do not know what the supply of energy will be, they do not know what the cost of energy will be. Utilities that generate electricity do not know whether they must convert to coal, and, indeed, if they ultimately must do so, they cannot plan for tax considerations relative to the conversion of coal.

Furthermore, the annual purchase of $45 billion a year in foreign oil has helped put our dollar in the red. When we buy more foreign products than we sell, the dollar buys less at the supermarket. An energy bill is essential to help fight inflation.

Mr. Speaker, I know there are differences, I know there are problems. But the Congress must act. It is time for the compromise to work. It is time for the skill of statesmanship to take place.

I earnestly urge my colleagues on the energy conference to resolve their differences and to move forward with a bill that will restore confidence in the American economy.

CONFERENCE COMMITTEE SHOULD HOLD OPEN HEARINGS ON ENERGY BILL

(Mr. MOFFETT asked and was given permission to address the House for one minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, on the same subject, I want to make the point—and I think the gentleman from Vermont (Mr. JEFFORDS) has made it many times—that the solar industry is being hurt, severely hurt, by our inaction. The insulation industry is being hurt by our not moving the insulation pieces. Industrial conservation is being harmed in terms of incentives for conservation. Hydroelectric projects are important to us in New England. They are suffering. We do not suggest that the parts that have already been approved by the conferees make up an energy package which is by any means complete. But it is important to show the American people, on this first anniversary of the President's speech, that a majority of us think that it is really vital to have something in the way of a beginning and a foundation.

I hope that Members will understand what we are trying to do here within

the House rules. And I might add that the House rules have not been upheld with regard to openness of the conference.

TIME TO ACT ON ENERGY BILL

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, now is the time not to blame or scapegoat—and I have done my share on why we have not passed an energy bill—but, in my judgment, to act, to produce, and to lead. As a somewhat inexperienced freshman, who has not had a great deal of experience in matters of conference committees, I humbly say to the conferees the same thing I told my wheat farmers after we lost the farm bill last week, they should adopt the following attitude, and I quote, "Today is the first day in the rest of your life." Today we can prove that this statement is right and that we in the Congress have the good judgment from this point on to move this country responsibly toward energy independence.

ENERGY CONFEREES SHOULD ABIDE BY RULES OF HOUSE BY HOLDING OPEN CONFERENCES

(Mr. MAGUIRE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAGUIRE. Mr. Speaker, 1 week ago, the House voted, 371 to 6, that the rules of the House pertaining to open conferences shall be honored by the conferees on energy.

In the week that has elapsed, there has been not a single indication that the conferees are paying attention to that action by this House. In fact, we have had a continuation of secret meetings, behind closed doors, a clear example of public business not being conducted in public. Not only has the public been excluded, but furthermore, conferees themselves have not been permitted to be present.

Mr. Speaker, we are asking the House again now to make sure that we do not continue to do the business of this House in a regular day-to-day fashion until House rules are complied with by the energy conference committee. This House is not in order until its rules and resolutions are honored. Business should not proceed until the House and its conference committees are acting in conformity with the rules.

Second, Mr. Speaker, we are asking that the agreed upon portions of the energy bill be acted on positively by this House. Those completed sections deal with coal conversion, utility rate reform, and conservation. They constitute important elements of a national energy policy.

We believe Members should have an opportunity to exercise their rights under the House rules to move for a vote on provisions of the energy package already approved by the conferees. Conferees were told weeks ago that the conference would entertain such a motion, but that commitment, too, has been ignored.

Tomorrow is the first anniversary of the President's energy speech of April 20, 1977. That anniversary should be marked not by further deadlock and inaction, but by a signal that the vast majority of House Members of both parties favor the prompt consideration of an energy bill in an open atmosphere.

ANOTHER CALL FOR OPENNESS BY THE CONFERENCE COMMITTEE ON THE ENERGY BILL

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, one wonders what can be added to what has already been said with respect to the energy question in this county.

I would want to point out that none of us are particularly sanguine about offering dilatory tactics to slow the urgent business of this Nation and of this Congress. However, this is a small effort by some of us and, hopefully, more of us later to demonstrate to at least those of us here in the House of Representatives that the process for determining one of the Nation's biggest problems has to be an open process.

Mr. Speaker, we get caught up in this Congress in working on the dav-to-day business of questions like the lobby disclosure bill and ignore sometimes the larger issues of whether or not the Government operates in the open.

Mr. Speaker, this House has clearly demonstrated, through its rules, that we want to have open conferences, that the conferees are determining an important issue, and that it should be done with all Members being privy to what is happening and with the public being privy to what is happening.

Mr. Speaker, that is the only way in which a democracy can operate.

GENERAL TORRIJOS' STATEMENT ABOUT POSSIBLE DESTRUCTION OF PANAMA CANAL WAS IRRESPONSIBLE

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, 2 days ago, the 18th of April 1978, the Senate of the United States ratified a treaty with the Republic of Panama.

Immediately after that ratification, the ruler of that country, Gen. Omar Torrijos, made the statement that if the U.S. Senate had not approved the second Panama Canal Treaty, he was prepared to send troops in and destroy the Panama Canal.

Mr. Speaker, I want to express my feelings on this statement. In so doing, I want to express not just my own feelings, but the feelings of many people who live in my district in western Missouri. I am frankly incensed and disappointed at this irresponsible statement by that ruler. I hope that what he said immediately after the Panama Canal Treaty was passed 2 days ago will be remembered by my colleagues in the House and will be emblazoned in the memories of all Americans. Mr. Speaker, all of us should remember that this is the type of person with whom we have been dealing.

ENERGY CONFERENCE SHOULD BE CONDUCTED IN PUBLIC

(Mr. KILDEE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KILDEE. Mr. Speaker, on April 20, 1977, the President of the United States presented his energy package to a joint session of the House and the Senate. He called that energy crisis the moral equivalent of war.

A year later, we have not yet finally acted upon that package. I urge the conferees to report out the three sections of the energy package upon which the conferees have reached agreement. I also urge the conferees to follow the rules of this House by conducting the conference in public.

We reiterated our fidelity to that rule by an overwhelming vote last week. The public's business should be conducted publicly, and the public should have reason to worry when that is not done.

WE ARE LOSING THE WAR ON ENERGY

(Mr. KOSTMAYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOSTMAYER. Mr. Speaker, I want to associate myself with the remarks of the distinguished majority leader and with his concern about the energy crisis we face in this country. As has been pointed out, it was a year ago that the President of the United States stood in this Chamber and addressed himself to the problem, calling it the moral equivalent of war. If indeed that is the case, I think it is clear that we are losing the war.

My colleagues and I today, with all due respect to the Members and to the House, seek to bring this to the attention of the House and emphasize the seriousness of the problem. We regret, of course, using dilatory tactics, but I think it is important to bring this before the Congress.

Last week, the House voted overwhelmingly, by a vote of 371 to 6, to open the conference committee, to have the House consider this in a more open fashion. I commend the gentleman from Ohio (Mr. BROWN) and the gentleman from Connecticut (Mr. MOFFETT) for bringing this to our attention.

It grieves me to disagree with my distinguished colleague from Pennsylvania (Mr. MURTHA), but I think we should bring the three agreed upon titles out now; that the Congress should enact them into law and the President should sign them. We should wait no longer. We must act now.

ACTION NEEDED ON ENERGY CRISIS

(Mr. OTTINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, I congratulate the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Ohio (Mr. BROWN), the ranking minority member of our Energy Power Subcommittee, for this effort to bring to the attention of the people the urgent need for passage of energy legislation.

When the President a year ago declared the energy crisis to be the moral equivalent of war, he was right then. His assertion is even more right today. We are going to go broke. We simply cannot afford to spend $45 billion per year for importing oil. It is estimated that this will increase threefold by the year 1985 if we do not take significant action.

In addition, we are now importing more than half of our requirements of energy. That represents a severe and intolerable threat to our national security.

I have asked the President, joining with Senator HART of Colorado, to take immediate action to impose import quotas or import duties on oil, and to take action to spread the burdens of those actions equitably, until such time as the Congress can act. I think we do have a national emergency, and urgent action is needed.

The very least we can do is to pass the conservation measures already agreed to by both Houses of Congress and the conference. Our failure to take even these minimal actions would discredit the Congress and endanger the country.

OPEN THE CLOSED DOORS OF THE ENERGY CONFERENCE COMMITTEE

(Mr. MARKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARKEY. Mr. Speaker, I also rise in support of the actions of the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Ohio (Mr. BROWN). I think, Mr. Speaker, that what we see here today is only an extension of the frustration that most of us felt last week, in the recognition of the fact that the energy bill—which will be the most important bill passed in this Congress—is being negotiated behind closed doors, by a very select number of Members of this body and of the Senate.

If this body has stood for anything in the last 3 or 4 years, it is for open meeting and open budgets and disclosing how much money we receive from lobbyists. These are the kinds of attitudes that are prevalent in this country today, and this is the only way we can conduct our business.

The reason that open meeting laws were originally passed was not to open up the 90 percent of meetings which are inconsequential, which many of us engage in day after day, but rather to open up important meetings, such as defense and energy, that determine to a large extent the fate and destiny of this country.

I do not know whether it is by choice or not, Mr. Speaker, but the way this meeting is being held is an anachronism, and it must be stopped. I hope this body, in one way or another, is able to determine a way to accomplish that goal.

CONCERN OVER INABILITY TO PASS ENERGY BILL

(Mr. GORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GORE. Mr. Speaker, I rise to add my voice to those who are expressing concern this morning about our continuing inability to pass an energy bill and to those who have argued forcefully for the opening of the conference committee meetings. I personally believe that the most important reason why these meetings should be open is to allow members of that conference committee to make such motions as they feel will stimulate progress in the deliberations of the committee. I believe, for example, that we ought to take the three parts of the energy legislation already agreed to and pass them out so that the House and the Senate can vote on them.

We should be honest with the American people in telling them that these three components alone do not make up a comprehensive energy bill but those parts are a good first step and they will result in the saving of a good deal of energy. We ought to pass those three parts and then continue the debate on the other two more controversial elements of that bill.

ENERGY SOLUTION WOULD HELP IN WAR AGAINST INFLATION

(Mr. STARK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STARK. Mr. Speaker, I would like to suggest that moving toward a solution to the energy conference deadlock would have one additional effect on our country reducing inflation. The President has directed Mr. Strauss to start a war on inflation. They fired the first three or four shots last night at those people who really must be causing a lot of inflation—the postal workers, the teamsters. the farmers, and the environmentalists.

Fifty to seventy percent of our inflation is caused by the high cost of foreign crude oil. If we pass an energy bill that restricts the crude coming in to our country, then we can attack the biggest cause of inflation first and let alone the poor workers and environmentalists, who are the least causes of inflation. Put the pressure where it is needed, to move the energy bill ahead so that the public can have some protection from the high cost of energy, rather than put the pressure on the weakest and the least able to defend themselves.

PRESENT METHOD NOT PRODUCING AN ENERGY BILL

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, I rise to commend my colleagues, the gentleman from Ohio and the gentleman from Connecticut, for their effort in trying to open up this conference committee so that we can have sunshine on what is happening in that committee.

I particularly think that it is important because of the fact that if we want progress it is pretty obvious the present method simply is not giving us progress in an extremely important matter to our total society.

I have 22 counties and we have open door meetings in each of those counties twice a year, where everybody is invited to attend. Recently we had all those meetings in regard to our energy problems. I am here to tell you that the people are very disappointed in the fact that Congress has not moved more expeditiously in this regard.

In my opinion we should at least move forward with what has been agreed to so that we can bring forward those matters that have been agreed to and then proceed to tackle the more difficult problems that still exist in the committee.

I want to again commend my colleagues for their work in this effort.

UNITED STATES MUST REDUCE ITS USE OF IMPORTED OIL

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEAVER. Mr. Speaker, the United States is the only industrial nation which, since 1973, has used more oil than it used prior to 1973. All other industrial nations have decreased their consumption of oil since 1973.

The extravagant and flagrant use of energy in this country is something that we must curtail. We must establish strong conservation efforts in this regard.

My constituents tell me that they will be glad to reduce their energy use if all others do likewise. What good does it do them as individuals to reduce their use of energy if their neighbors do not?

So we need a national energy policy to achieve this purpose and therefore we must get moving on the energy bill.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from Maryland will state his parliamentary inquiry.

Mr. BAUMAN. Mr. Speaker, the gentleman has been observing this House for about 25 years now in various capacities and was under the impression that the Speaker's normal custom was to recognize Members for 1-minute speeches from his right to left allowing those Members who were there from the beginning to speak. This morning we have seen a parade of Members on the major-

ity side of the aisle fill up the seats of Members who have already taken their 1-minute speeches while several other Members on the minority side of the aisle have been sitting here for more than an hour. I just wondered if that is not still the custom of the House?

The SPEAKER pro tempore. The Chair is advised that recognition lies within the discretion of the Chair. This Member has observed the Chair, I think without exception, recognizing from his right side to his left. The Chair has no control of the number of Members who might seek recognition. But the Chair is seeking to protect the rights of all Members of the House and the gentleman from Maryland (Mr. BAUMAN) may be assured that the rights of all Members will be protected.

THE NEED TO PASS AGREED-UPON PARTS OF THE ENERGY PACKAGE

(Mr. HARKIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARKIN. Mr. Speaker, I too, want to commend the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Ohio (Mr. BROWN) for bringing this to the attention of the House today.

Last year I held many town meetings in my district to talk about the bill that the House had passed and the different parts of that bill. This year as I have gone back to my district we have had other town meetings. The people there have asked me about what has happened to the energy bill. I told them that the conferees cannot agree on a couple of parts concerning oil pricing and natural gas deregulation but that they have agreed on the other parts. They asked me the question, "Why don't you bring out the other parts of the bill and vote on them and get them into law?" And, you know, I could not answer that question why we cannot do so. I think it is truly illogical.

I think what we have to do is what the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Ohio (Mr. BROWN) have brought to the attention of the House today, and that is to get out of the conference committee those three parts that have already been agreed upon and bring them before the House and Senate, pass them and show the American people that we are willing and that we do have the strength to pass those pieces of the energy package so as to get us on the right road toward reduction of our reliance on the importation of foreign oil.

LEGISLATION DENYING FEDERAL RETIREMENT ANNUITIES TO CONVICTED FELON-OFFICIALS

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, I am today introducing legislation which would deny Federal retirement annuities to officials convicted of a felony which occurred in connection with his or her employment. Specifically, my bill would amend title 5 of the United States Code relating to Federal retirement annuities to individuals convicted of any felony.

Recent convictions of officials in Pennsylvania and Washington have convinced me of the necessity of this legislation. Officials who choose to rip off the American taxpayer while performing their duties should not be permitted to continue feeding at the public's trough in any way.

We have a $61 billion Federal budget deficit in addition to requiring the American taxpayer to bear a very stiff tax burden. For one nickel of honest hard-earned tax money to be used for the support of a convicted criminal constitutes a serious injustice to the American people.

The motto of President Grover Cleveland's administration was, "A public office is a public trust." That motto was never more true than it is today. We should be working to restore the faith our citizens have in their officials not be continuing to wear away that valuable faith which is a cornerstone of our democracy. My action today will hopefully assure the American people that abuses of their money and their faith will be dealt with harshly, as befits such a crime.

MARK RUSSELL: FOREMOST POLITICAL WIT

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I read with personal dismay the reports in local newspapers Tuesday of the rift between a well-known hostelry and my good friend Mark Russell. I am sure that most of my colleagues will recognize Mark as one of the foremost political wits of our time and certainly of our Capital City. Should events proceed as they seem certain to, the question is inevitable. In this city, where the weighty problems of a nation are brought for solutions, who will make us laugh? Who will turn calamity to comedy with a turn of the phrase? Who will mix politics and punch lines with such precision? Who, indeed, will help us laugh at ourselves?

I hope that these reports of Mark Russell's unseating are premature and that he will long stay among us to bait us and barb us, to razz us and roast us—but always to make us laugh.

"HOLOCAUST"—THE DANGER OF BIG GOVERNMENT

(Mr. EDWARDS of Oklahoma asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of Oklahoma. Mr. Speaker, last night I sat with my family, and I watched the final episode of the television series called, "Holocaust." My own Jewish heritage made the tragedy that that series depicted even more real and even more painful. But as I watched, another thought stood out as well.

Mr. Speaker, genocide is not new. Christians died by the thousands because they were Christians. American Indians died by the thousands because they were Indians. And Jews died by the millions because they were Jews. In each case these murders, by the thousands and by the millions, were made possible by one thing: by governments so large and so powerful that they had the ability to direct the lives of others and to end those lives if they chose. That, Mr. Speaker, is the ultimate, bottom line, danger of government that becomes too big and that acquires too much power.

CONGRESS SHOULD DECLARE THE ENERGY CRISIS OVER

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, speaker after speaker here today has been calling upon the Congress to do more about the energy crises. I am inclined to think that Congress has done much too much about energy over recent years and one of the main reasons we are in trouble today is bad decisions by Congress in the past and Congress indecision today. We should quit enlarging the intrusion of the Federal Government into the energy field.

I was highly impressed by an article by our colleague, the gentleman from Michigan, Mr. DAVE STOCKMAN, which appeared in the editorial portion of the Washington Post a week ago Sunday. In that article the gentleman from Michigan suggested that Congress declare the energy crisis over and let the marketplace function. That would be the finest thing Congress could do. If we would get Government out of the energy business, let the market function, we would have a larger supply of energy and be less dependent upon imports of oil.

Mr. Speaker, when we had a proposal before this body to establish a Department of Energy, I voted "no" and I explained my vote by declaring that once we have the Department of Energy, we will have institutionalized the energy crisis. The pending legislation promotes the same unfortunate tendency.

H. R. GROSS COMMEMORATIVE SCHOOL OF PARLIAMENTARY OBSTRUCTION

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, we are now at the end of an extraordinary 1 minute speech period lasting more than one hour. I would like to announce an educational course to be offered by the H. R. Gross Commemorative School of Parliamentary Obstruction, to be held shortly after the session today.

I knew that we had a determined liberal majority here in the House of Representatives, but I was not aware that they had discovered that the rules of the House do lend themselves at various times to underscore certain points. I did observe at the opening of the session today according to my calculations that 6

to 12 rollcalls could have been required by offering various motions. My liberal colleagues missed these chances to demonstrate their protests. I have a strong feeling there is a need for education in this area. Some of the other instructors for the Gross School I am contacting will include the gentleman from Ohio (Mr. ASHBROOK), the gentleman from California (Mr. ROUSSELOT) and any other of our gentlemen on this side who wish to enlighten our liberal colleagues.

Mr. Speaker, the rules can be a very useful source for making one's point but one must know how to employ them. I am glad to see that the majority of 2 to 1, plus 1, has discovered this fact. I hope they recall this truth when next their leaders seek to change the rules once again do take advantage of the minority.

PANAMA'S CIVILIAN OPPOSITION REJECTS TREATIES

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, this morning's Washington Post contains a very interesting article entitled, "Panama's Civilian Opposition Rejects Treaties." It goes on to say:

Leading Panamanian civilian politicians in a joint statement yesterday repudiated the amended texts, it violates the constitu- the absence of a new plebiscite the military government is making this pact on its own.

It continued:

If the government unilaterally approves the amended texts, it violates the constitution, the statement said.

The disavowal of the treaties raised questions about Panama's attitude toward the pact if and when the military government is replaced by civilians.

I would assume that the policy of the United States would support the idea of a democratically elected government in the Republic of Panama.

Spokesmen for four political groupings said last night that should the parties come to power they will immediately renounce the treaties. The parties include the Panamaista Party, the Liberal Party, the Christian Democratic Party, and the "Movement of Independent Lawyers."

Mr. Speaker, interestingly enough, the only political party in Panama that is supporting the treaties is the Communist Party.

Mr. Speaker, this is yet one more example of the folly of these treaties.

CONTRASTING OUR MISSING-IN-ACTION SITUATION WITH "HOLOCAUST" INCIDENTS

(Mr. DORNAN asked and was given permission to address the House for 1 minute.)

Mr. DORNAN. Mr. Speaker, this afternoon I have asked for 30 minutes under a special order to address the House about the decaying Indochina missing-in-action situation as it relates to way over 1,000 of our men who are still unaccounted for.

I am going to put into the RECORD this evening the Department of Defense briefing the Woodcock Commission prior to its departure for Hanoi last year. Acceding to requests of the Department of Defense, I have removed from the briefing analysis all the names of missing men and their photographs, because some of these photos and some of the references to their brutal treatment would bring further unnecessary heartache to wives and children. The pain of these families is exactly like the pain of the Jews of Europe who never learned the fate of their loved ones. Last night I watched for the fourth night in a row with millions of fellow Americans one of the most incredible stories based on fact ever to be presented on television—the TV 4 night series called "Holocaust." This real life horror story certainly rivals "Roots" for its presentation of an account of "man's inhumanity to man." Today was Adolph Hitler's birth date 89 years ago. A fitting day to recall the massacre he unleashed on this planet. "Holocaust" helped put the 1,000-year Reich into frightening perspective. There were some small unfair references to Ukranians and Lithuanians as though these peoples had all contributed to the brutal treatment of Jews. There are a few cynical references to our British and French allies while always the Red Army looks heroic. Hardly accurate.

Aside from these small flaws, "Holocaust" is an awesome, mesmerizing performance by its cast and a tour de force of writing skill.

While watching the torture and scenes of beatings I thought of our own POW's in Vietnam.

Our missing-in-action situation is similar to the type of Nazi brutality shown in "Holocaust." If we write off 1,339 missing American soldiers, sailors, and airmen in two categories described by our Defense Department as "accountable" by the North Vietnamese, will we ever see on television some evening a few years from now a portrayal by actors as gifted as those in "Holocaust" showing the pain of a family waiting in vain for some word for their son, their man who gave his all. I hope not.

USE OF HOUSE RULES SEEN AS WAY TO GET ACTION IN CONFERENCE COMMITTEE

(Mr. JEFFORDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JEFFORDS. Mr. Speaker, I also join in commending the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Ohio (Mr. BROWN) for making the Members aware as to what is going on and in effect using the rules to try and enforce the rules of the House in order to get the conference committee to meet.

I would like to focus for 1 minute on a point which I do not believe has been made, and that is that by this delay we are not just having business as usual. Rather, the delay has in effect, I believe, had a very negative effect on trying to solve the very problem before this conference committee.

After the President made his speech a year ago, there was tremendous enthusiasm by the people to insulate their homes and move toward the use of new technologies such as solar energy. However, after they found there was this delay, what we have seen after talking to people in industry is a precipitous decline in the effort in this area. Naturally people want to wait to see what is going to happen. They want to wait to see if they are going to get loans or tax breaks or whatever might be provided. I might add that with the record of this administration so far in living up to its promises, it is difficult to blame the public.

This delay, I believe, has had a tremendous negative effect on the development of new technologies such as solar energy.

So, Mr. Speaker, if we are going to go forward, we must force the conference committee to meet so that we can end this delay and provide the type of progress we need.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 11832, ARMS CONTROL AND DISARMAMENT ACT AUTHORIZATION, FISCAL YEAR 1979

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 95–1073) on the resolution (H. Res. 1144) providing for consideration of the bill (H.R. 11832) to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 11877, PEACE CORPS ACT AMENDMENTS OF 1978

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 95–1074) on the resolution (H. Res. 1145) providing for consideration of the bill (H.R. 11877) to authorize supplemental appropriations for fiscal year 1978, and to authorize appropriations for fiscal year 1979, for the Peace Corps, and to make certain changes in the Peace Corps Act, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 11401, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION ACT, 1979

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 95–1072) on the resolution (H. Res. 1143) providing for consideration of the bill (H.R. 11401) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes, which was referred to the House Calendar and ordered to be printed.

OPENNESS IN COMMITTEE SESSIONS REITERATED AS A GOAL OF THE HOUSE

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, I too, want to commend the gentleman from Connecticut (Mr. MOFFETT) and the gentleman from Ohio (Mr. BROWN) for the very necessary leadership role they are exerting in trying to get the House to abide by its own rules.

I was very proud when I came here 15 or 16 months ago to see that progress toward openness in this House was being made. Under the leadership of the gentleman from New York (Mr. DOWNEY) and the gentleman from Michigan (Mr. CARR), the rule which would open all the committee sessions, unless a specific motion to close them was agreed to, was adopted by almost the unanimous consent of this body.

For us now to be taking a step away from that kind of openness is, I think, doing a great disservice to this House. During the last year, in the consideration of various pieces of legislation such as the disclosure and lobbying legislation, this House has been proudly proceeding to accomplish its business openly and to demonstrate that we have nothing to hide from the American people.

The attitude and conduct of the conference committee, however, tells the American people something quite the opposite. I would think that it is in the best interests of the entire Nation and certainly in the best interest of this House to proceed apace, to start abiding by the rules of this House, and to open the energy conference so that we can get on with the business of the Nation.

PARLIAMENTARY INQUIRIES

Mr. YOUNG of Florida. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. YOUNG of Florida. Mr. Speaker, in view of the announced slowdown under which we are proceeding today, could the Speaker advise us whether we should use the early airplane schedule tonight or the late airplane schedule?

The SPEAKER pro tempore. The Chair will recognize the gentleman from California (Mr. DANIELSON), who is going to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8494, Public Disclosure of Lobbying Act of 1978.

Mr. OTTINGER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. OTTINGER. Mr. Speaker, it does not appear that there is a quorum on the floor of the House. Does a point of order lie at this time on that fact?

The SPEAKER pro tempore. Not until the Chair puts the question on the motion to be offered by the gentleman from California (Mr. DANIELSON). At that point, it would be in order, under the rules. The Chair is not going to recognize anybody prior to that motion.

The Chair is going to recognize the gentleman from California (Mr. DANIELSON). If anyone wants to object to the vote on the ground that a quorum is not present, that would indeed be in order.

PUBLIC DISCLOSURE OF LOBBYING ACT OF 1978

Mr. DANIELSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8494) to regulate lobbying and related activities.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. DANIELSON).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DOWNEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were yeas 369, nays 15, not voting 50, as follows:

[Roll No. 239]

YEAS—369

Abdnor	Burton, Phillip	Fary
Addabbo	Butler	Fascell
Akaka	Byron	Fenwick
Alexander	Caputo	Findley
Allen	Carney	Fish
Ambro	Carr	Fisher
Ammerman	Carter	Fithian
Anderson, Calif.	Cavanaugh	Flippo
	Chappell	Flood
Anderson, Ill.	Clawson, Del	Florio
Andrews, N.C.	Clay	Flowers
Andrews, N. Dak.	Cleveland	Flynt
	Cohen	Foley
Annunzio	Coleman	Ford, Tenn.
Applegate	Collins, Ill.	Forsythe
Armstrong	Conable	Fountain
Ashbrook	Conte	Fowler
Ashley	Corcoran	Fraser
Aspin	Corman	Frenzel
AuCoin	Cornell	Fuqua
Badham	Cornwell	Gammage
Bafalis	Cotter	Garcia
Baldus	Coughlin	Gaydos
Barnard	Crane	Gephardt
Baucus	Cunningham	Giaimo
Bauman	D'Amours	Gibbons
Beard, R.I.	Daniel, Dan	Gilman
Beard, Tenn.	Daniel, R. W.	Ginn
Bedell	Danielson	Glickman
Beilenson	Davis	Goldwater
Benjamin	de la Garza	Gonzalez
Bennett	Delaney	Goodling
Bevill	Derrick	Gore
Biaggi	Derwinski	Gradison
Bingham	Devine	Grassley
Blanchard	Dickinson	Green
Blouin	Dicks	Gudger
Boggs	Dingell	Guyer
Boland	Dornan	Hagedorn
Bolling	Downey	Hall
Bowen	Drinan	Hamilton
Brademas	Duncan, Tenn.	Hammer-schmidt
Breaux	Early	
Breckinridge	Eckhardt	Hanley
Brinkley	Edwards, Ala.	Hannaford
Brodhead	Edwards, Calif.	Harrington
Brooks	Edwards, Okla.	Harris
Brown, Mich.	Eilberg	Hawkins
Broyhill	Emery	Heckler
Buchanan	English	Hefner
Burgener	Erlenborn	Heftel
Burke, Fla.	Ertel	Hightower
Burke, Mass.	Evans, Colo.	Hillis
Burleson, Tex.	Evans, Del.	Hollenbeck
Burlison, Mo.	Evans, Ind.	Holt
Holtzman	Miller, Ohio	Sawyer
Horton	Mineta	Scheuer
Hubbard	Minish	Schroeder
Huckaby	Mitchell, N.Y.	Schulze
Hughes	Moffett	Sebelius
Hyde	Mollohan	Seiberling
Ichord	Montgomery	Sharp
Ireland	Moore	Shuster
Jacobs	Moorhead, Calif.	Simon
Jeffords		Skelton
Jenkins	Moorhead, Pa.	Slack
Johnson, Calif.	Mottl	Smith, Iowa
Johnson, Colo.	Murphy, Ill.	Smith, Nebr.
Jones, N.C.	Murphy, Pa.	Snyder
Jones, Okla.	Murtha	Solarz
Jones, Tenn.	Myers, Gary	Spellman
Jordan	Myers, John	Spence
Kasten	Myers, Michael	St Germain
Kastenmeier	Natcher	Staggers
Kelly	Neal	Stangeland
Kemp	Nedzi	Stanton
Ketchum	Nichols	Stark
Keys	Nowak	Steed
Kildee	O'Brien	Steers
Kindness	Oakar	Steiger
Kostmayer	Oberstar	Stockman
Krebs	Obey	Stokes
LaFalce	Ottinger	Stratton
Lagomarsino	Panetta	Studds
Latta	Patten	Stump
Le Fante	Patterson	Taylor
Leach	Pattison	Traxler
Lederer	Pease	Treen
Leggett	Pepper	Trible
Lehman	Perkins	Tsongas
Lent	Pettis	Udall
Levitas	Pickle	Van Deerlin
Livingston	Pike	Vander Jagt
Lloyd, Calif.	Poage	Vanik
Lloyd, Tenn.	Pressler	Vento
Long, La.	Preyer	Volkmer
Long, Md.	Price	Waggonner
Lott	Pritchard	Walgren
Lujan	Quie	Walker
Luken	Quillen	Walsh
Lundine	Railsback	Wampler
McClory	Rangel	Watkins
McCloskey	Regula	Waxman
McCormack	Reuss	Weiss
McDade	Rhodes	Whalen
McDonald	Richmond	White
McFall	Rinaldo	Whitehurst
McHugh	Risenhoover	Whitten
McKay	Roberts	Wiggins
McKinney	Robinson	Wilson, Tex.
Madigan	Roe	Winn
Maguire	Rogers	Wolff
Mahon	Roncalio	Wright
Markey	Rooney	Wydler
Marks	Rose	Wylie
Marlenee	Rosenthal	Yates
Martin	Rostenkowski	Yatron
Mattox	Rousselot	Young, Alaska
Mazzoli	Roybal	Young, Fla.
Meeds	Rudd	Young, Mo.
Metcalfe	Ruppe	Young, Tex.
Meyner	Ryan	Zablocki
Michel	Santini	Zeferetti
Mikva	Sarasin	
Milford	Satterfield	

NAYS—15

Bonior	Harkin	Quayle
Broomfield	Miller, Calif.	Symms
Brown, Ohio	Mitchell, Md.	Weaver
Collins, Tex.	Moss	Wilson, Bob
Hansen	Nolan	Wirth

NOT VOTING—50

Archer	Evans, Ga.	Pursell
Bonker	Ford, Mich.	Rahall
Brown, Calif.	Frey	Rodino
Burke, Calif.	Harsha	Runnels
Burton, John	Holland	Russo
Cederberg	Howard	Shipley
Chisholm	Jenrette	Sikes
Clausen, Don H.	Kazen	Sisk
	Krueger	Skubitz
Cochran	McEwen	Teague
Conyers	Mann	Thompson
Dellums	Marriott	Thone
Dent	Mathis	Thornton
Diggs	Mikulski	Tucker
Dodd	Moakley	Ullman
Duncan, Oreg.	Murphy, N.Y.	Whitley
Edgar	Nix	Wilson, C. H.

Messrs. MOFFETT, KOSTMAYER, MAGUIRE, MARKEY, OTTINGER, WEISS, and STARK changed their vote from "nay" to "yea."

Mr. QUAYLE changed his vote from "present" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

Mr. DOWNEY. Mr. Speaker, I move to reconsider the vote on the motion that the House resolve itself into the Committee of the Whole House on the State of the Union.

The SPEAKER pro tempore. Did the gentleman from New York (Mr. DOWNEY) vote on the prevailing side?

Mr. DOWNEY. Yes, Mr. Speaker, I vote on the prevailing side.

The SPEAKER pro tempore. The gentleman qualifies.

The question is on the motion offered by the gentleman from New York (Mr. DOWNEY) that the House reconsider the vote on the motion to resolve itself into the Committee of the Whole House on the State of the Union.

Mr. DANIELSON. Mr. Speaker, I move to lay the motion to reconsider the vote on the table.

The SPEAKER pro tempore. The Chair will state that the gentleman from New York (Mr. DOWNEY) has moved to reconsider the vote by which the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8494 and the gentleman from California (Mr. DANIELSON) has moved to lay that motion on the table offered by the gentleman from New York (Mr. DOWNEY).

The question is on the motion offered by the gentleman from California (Mr. DANIELSON) to table the motion offered by the gentleman from New York (Mr. DOWNEY) to reconsider the vote on the motion that the House resolve itself into the Committee of the Whole House on the State of the Union.

The question was taken and the Chair announced that the ayes appeared to have it.

Mr. DOWNEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were yeas 362, nays 26, not voting 46, as follows:

[Roll No. 240]

YEAS—362

Abdnor	Bedell	Burton, Phillip
Akaka	Beilenson	Butler
Alexander	Benjamin	Byron
Allen	Bennett	Caputo
Ambro	Bevill	Carney
Ammerman	Biaggi	Carr
Anderson, Calif.	Bingham	Carter
	Blanchard	Cavanaugh
Anderson, Ill.	Blouin	Chappell
Andrews, N.C.	Boggs	Clawson, Del
Andrews, N. Dak.	Boland	Clay
	Bolling	Cleveland
Annunzio	Bowen	Cohen
Applegate	Brademas	Coleman
Archer	Breaux	Collins, Ill.
Armstrong	Brinkley	Conable
Ashbrook	Brodhead	Conte
Aspin	Brooks	Corcoran
AuCoin	Brown, Calif.	Corman
Badham	Brown, Mich.	Cornell
Bafalis	Broyhill	Cornwell
Baldus	Buchanan	Cotter
Barnard	Burgener	Coughlin
Baucus	Burke, Fla.	Crane
Bauman	Burke, Mass.	Cunningham
Beard, R.I.	Burleson, Tex.	D'Amours
Beard, Tenn.	Burlison, Mo.	Daniel, Dan
Daniel, R. W.	Jones, N.C.	Quie
Danielson	Jones, Okla.	Quillen
Davis	Jones, Tenn.	Railsback
de la Garza	Jordan	Regula
Delaney	Kasten	Reuss
Derrick	Kastenmeier	Richmond
Derwinski	Kelly	Rinaldo
Devine	Kemp	Risenhoover
Dickinson	Ketchum	Roberts
Dicks	Keys	Robinson
Diggs	Kindness	Roe
Dingell	Krebs	Rogers
Dodd	LaFalce	Roncalio
Dornan	Lagomarsino	Rooney
Downey	Latta	Rose
Drinan	Le Fante	Rosenthal
Duncan, Tenn.	Leach	Rostenkowski
Early	Lederer	Rousselot
Eckhardt	Lehman	Roybal
Edwards, Ala.	Lent	Ruppe
Edwards, Okla.	Levitas	Ryan
Eilberg	Livingston	Santini
Emery	Lloyd, Calif.	Sarasin
English	Lloyd, Tenn.	Satterfield
Erlenborn	Long, La.	Sawyer
Ertel	Long, Md.	Scheuer
Evans, Colo.	Lott	Schroeder
Evans, Del.	Lujan	Schulze
Evans, Ga.	Luken	Sebelius
Evans, Ind.	Lundine	Seiberling
Fary	McClory	Sharp
Fascell	McCloskey	Shuster
Fenwick	McCormack	Sikes
Findley	McDade	Simon
Fish	McDonald	Skelton
Fisher	McFall	Skubitz
Fithian	McHugh	Slack
Flippo	McKay	Smith, Iowa
Flood	McKinney	Smith, Nebr.
Florio	Maguire	Snyder
Flowers	Mahon	Solarz
Flynt	Marks	Spellman
Foley	Martin	Spence
Ford, Mich.	Mathis	St Germain
Ford, Tenn.	Mattox	Staggers
Forsythe	Mazzoli	Stangeland
Fountain	Meeds	Stanton
Fowler	Metcalfe	Steed
Fraser	Meyner	Steers
Frenzel	Michel	Steiger
Fuqua	Mikva	Stockman
Gammage	Miller, Calif.	Stokes
Garcia	Miller, Ohio	Stratton
Gaydos	Mineta	Studds
Gephardt	Minish	Stump
Giaimo	Mitchell, N.Y.	Symms
Gibbons	Moakley	Taylor
Gilman	Mollohan	Thompson
Ginn	Montgomery	Traxler
Glickman	Moore	Treen
Goldwater	Moorhead, Calif.	Trible
Gonzalez		Tsongas
Gore	Moorhead, Pa.	Udall
Gradison	Moss	Van Deerlin
Grassley	Mottl	Vander Jagt
Green	Murphy, Ill.	Vanik
Gudger	Murphy, N.Y.	Vento
Guyer	Murtha	Volkmer
Hagedorn	Myers, Gary	Waggonner
Hamilton	Myers, John	Walker
Hanley	Natcher	Walsh
Hannaford	Neal	Wampler
Hansen	Nedzi	Watkins
Harrington	Nichols	Waxman
Harris	Nowak	Weaver
Harsha	O'Brien	Weiss
Hawkins	Oakar	Whalen
Heckler	Oberstar	White
Hefner	Obey	Whitehurst
Heftel	Ottinger	Whitten
Hightower	Panetta	Wiggins
Hillis	Patten	Wilson, Tex.
Hollenbeck	Patterson	Winn
Holt	Pease	Wirth
Holtzman	Pepper	Wolff
Hubbard	Perkins	Wright
Huckaby	Pettis	Wydler
Hughes	Pickle	Wylie
Hyde	Pike	Yates
Ichord	Poage	Young, Fla.
Ireland	Pressler	Young, Mo.
Jacobs	Pryer	Young, Tex.
Jenkins	Price	Zablocki
Johnson, Calif.	Pritchard	Zeferetti
Johnson, Colo.	Pursell	

NAYS—26

Bonior	Kildee	Pattison
Broomfield	Kostmayer	Quayle
Brown, Ohio	Markey	Rangel
Collins, Tex.	Marlenee	Rhodes
Edwards, Calif.	Milford	Rudd
Hammer-schmidt	Moffett	Stark
	Murphy, Pa.	Walgren
Harkin	Myers, Michael	Wilson, Bob
Jeffords	Nolan	Yatron

NOT VOTING—46

Addabbo	Frey	Nix
Ashley	Goodling	Rahall
Bonker	Hall	Rodino
Breckinridge	Holland	Runnels
Burke, Calif.	Horton	Russo
Burton, John	Howard	Shipley
Cederberg	Jenrette	Sisk
Chisholm	Kazen	Teague
Clausen, Don H.	Krueger	Thone
	Leggett	Thornton
Cochran	McEwen	Tucker
Conyers	Madigan	Ullman
Dellums	Mann	Whitley
Dent	Marriott	Wilson, C. H.
Duncan, Oreg.	Mikulski	Young, Alaska
Edgar	Mitchell, Md.	

Messrs. DOWNEY, DICKS, WEISS, and MAGUIRE changed their vote from "nay" to "yea."

Mr. MOFFETT and Mr. NOLAN changed their vote from "yea" to "nay."

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8494, with Mr. MEEDS in the chair.

The CHAIRMAN. When the Committee rose on Wednesday, April 19, 1978, all time for general debate had expired and the committee amendment in the nature of a substitute had been considered as having been read and open to amendment at any point.

Are there further amendments to the committee amendment?

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING:

On page 33, line 6, after "group of individuals" insert ", which has paid officers, directors, or employees".

Mr. SEIBERLING. Mr. Chairman, before I proceed, I yield to the gentleman from North Carolina (Mr. PREYER).

Mr. PREYER. I thank the gentleman for yielding.

Mr. Chairman, I have a question about section 7(b) of the bill. That section specifically provides that records maintained by the Comptroller General under the Lobbying Act are subject to the provisions of the Freedom of Information Act and the Privacy Act. It has been unclear for some time whether these two openness-in-government laws are applicable to the Comptroller General. While I agree that lobbying records maintained by GAO should be subject to these two laws, I do not wish the language in the lobbying bill to be taken as an indication of the views of the House on the general issue of the applicability of these laws to GAO.

When the language of section 7(b) was originally added to the lobbying bill in the 94th Congress, the former chairperson of the Subcommittee on Government Information and Individual Rights which I now chair indicated that it was not the intention of the language to resolve the general issue one way or the other. Is it your understanding that the reference to the Privacy Act and the Freedom of Information Act in this bill does not have any bearing on the issue

of the general applicability of these laws to the Comptroller General in other circumstances?

Mr. DANIELSON. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from California.

Mr. DANIELSON. Mr. Chairman, in response to the gentleman from North Carolina (Mr. PREYER), the answer to that question is "Yes."

Mr. SEIBERLING. Mr. Chairman, the lobbying disclosure bill that the House passed in 1976 contained the limitation that groups of individuals meeting the threshold amounts would have to register and report only if the group had paid officers, directors or employees. The 1976 Judiciary Committee report stated, and I quote:

> The key principle here is that to qualify as an organization it must have paid officers, directors or employees. Consequently, an ad hoc coalition of unpaid persons cannot qualify as an organization.

Unfortunately, Mr. Chairman, the Committee on the Judiciary, this time around, failed to include that provision. The obvious result is that registration and reporting would be required of every group of individuals that retains outside lobbying help for $2,500 in a calendar quarter or otherwise comes within the threshold requirements of the bill.

This means that if a family hired a lawyer to lobby for the passage of a private immigration or relief bill, they would then have to file a report under the Lobbying Act if they spent more than $2,500 for legal fees. It is pretty easy to run up that kind of a fee in this day and age.

Mr. Chairman, it means that a group of individuals who simply got together to lobby on a single issue and contributed a small amount of money to help make the group's views known to Congress would have to file a report.

As a practical result, Mr. Chairman, I think that many such groups of individuals would probably decide not to express their views to Congress if they had to register and report as lobbyists in precisely the same manner and detail as a large, well-financed organization.

Surely, Congress has no compelling interest which would justify placing small groups of individuals in such a position that they would be intimidated or deterred by the bureaucracy from exercising their rights, which are guaranteed by the Constitution, to participate in the legislative and political processes. Indeed, such ad hoc groups are needed to provide a check on the activities of the large, well-financed lobbies.

Mr. Chairman, I think that if we do not make this correction, we could well run afoul of Supreme Court decisions which have held that any burdens imposed by Congress on the exercise of first amendment rights must not be greater than necessary to meet a compelling national need. No case has been made that would justify the requirement in this bill that every group of individuals, however small or informal or inconsequential, be treated as an organization and made to file voluminous reports under penalty of criminal punishment if they fail to do so.

Therefore, Mr. Chairman, I urge support for this amendment.

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I am glad to yield to the gentleman from California.

Mr. WIGGINS. Mr. Chairman, I am going to support the gentleman's amendment because it narrows the scope of the bill; and to any extent that it is narrowed, I am supportive of it.

However, I would like the gentleman to state clearly that the language he adds to the bill is applicable only to groups of individuals and does not modify the listing of all other categories or organizations above.

Mr. SEIBERLING. That is absolutely correct. It is not the intent of the author of this amendment to create a loophole whereby some ingenious lawyers might create an organization and simply say that it is not going to have any paid officers and directors, even though it might be a large, massive lobby.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

(On request of Mr. KINDNESS and by unanimous consent, Mr. SEIBERLING was allowed to proceed for 2 additional minutes.)

Mr. WIGGINS. Mr. Chairman, will the gentleman yield further?

Mr. SEIBERLING. I yield to the gentleman from California.

Mr. WIGGINS. Mr. Chairman, I was just going to add that my support for the gentleman's amendment is not with total enthusiasm because we are raising equal protection problems by treating individuals and organizations differently for no other reason than that we seem to love people more than we do organizations, although both are entitled to full protection under the Constitution.

Mr. SEIBERLING. Mr. Chairman, if the gentleman would let me respond, I would simply say that we have first amendment considerations here, and we have to have a compelling interest to impose significant burdens on first amendment rights of people to communicate with their elected representatives. Therefore, I do feel that there is a careful balancing needed, and I believe that this amendment does do the job.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding.

I have one question which I would like to clarify about the amendment: Would the group of individuals be exempted if they had but one paid employee? The plural of "employees" gives me just a little bit of concern.

Mr. SEIBERLING. They would not be exempted if they had any paid officer or any paid director or any paid employee.

Mr. KINDNESS. Therefore, the intention of the gentleman is that even if there is one paid employee, then the group would not be exempted; is that correct?

Mr. SEIBERLING. Correct.

Mr. KINDNESS. I thank the gentleman, Mr. Chairman.

Mr. SEIBERLING. Of course, if they hired a lawyer to represent them, he would not be an employee within the intent of this amendment because otherwise, it would completely obfuscate the amendment itself. However, if they got together and simply spent some money on communications or if they hired a lawyer to represent them in connection with some private relief bill, for example, neither they nor the lawyer would be considered an employee.

Mr. KINDNESS. If the gentleman will yield further, that was the next area I wanted to get into.

Even if the group crossed the threshold otherwise in terms of, say, spending $2,500 to retain an attorney during a quarter, then it would still be exempt, if it is a group of individuals which has no paid officers, directors, or employees; is that correct?

Mr. SEIBERLING. Correct.

Mr. KINDNESS. And an independent contractor or retainee would definitely not be considered an employee; is that correct?

Mr. SEIBERLING. That is absolutely correct.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in very strong opposition to this amendment. I want to point out that it would throw the door wide open for persons who wish to get around this disclosure of lobbying bill. I am very pleased that the gentleman from Ohio (Mr. KINDNESS) and the gentleman from Ohio (Mr. SEIBERLING) did indulge in the last minute or so of colloquy, because it reinforces the argument that I wish to make.

Under this amendment, if it were adopted, any group of individuals—any group whatever—could simply band together and agree that what they would like to do is retain a retainee, a lobbyist, a lobbying organization, to advance their cause, and pay him whatever sum—$2,500, $25,000, $250,000—and they would not have to register, they would not have to report, no matter that they may have engaged in a most extensive lobbying operation. They can do that simply by banding together, not employing any one of them as an officer, director, or employee; paying no one compensation for being a member of the group, and then by hiring as a retainee the most influential lobbying firm in the District of Columbia, which could carry out their lobbying communications without limitation whatever without any need to register, without any need to report.

I respectfully submit, my dear fellow Members of this House, that this would be the biggest loophole we could possibly put into this bill. I urge all the Members, each and every one of them, to vote down the amendment, out of hand.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Virginia.

Mr. HARRIS. Mr. Chairman, I would join in my colleague's remarks. I can un-

derstand why someone might think that language such as this would help the "mom and pop" operation. But, it is not in any way restricted to the "mom and pop" operation.

If the president of Exxon, the president of Mobil, and the president of Texaco wanted to form an ad hoc organization in order to preserve peace and freedom, and wanted to contribute $200,000 from each corporaton toward that committee, that committee—not electing any officers or directors—could in fact use that money to direct extension lobbying operations. Under this language, that committee would not have to register or report any of its activities.

Mr. DANIELSON. That is correct, they would be outside the bill. A corporation could not, in my opinion, do so, but individuals could. We all know that there are some fortunate few in this world who have more money than commonsense to spend, and they certainly could band together in this regard.

I want to invite the attention of some of my more conservative friends to the fact that 10 or 12 Squeaky Cleans could get together for the purpose of lobbying to clean up the waters of America to the point where one could drink water out of New York Harbor. The Squeaky Cleans, with that huge lobbying fund, could not be reached at all if this amendment were adopted.

The same holds true, of course, for the Dirty Dozen. The Dirty Dozen could get together and they could do the same thing, and lobby to their hearts' content and never be forced to register and never be forced to report.

Ladies and gentleman of the committee, this would blow a hole in the bill big enough to put the Capitol through.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I would be pleased to yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, the right of people to get together and exercise their political powers of citizenship in this country is of the essence of democracy. It seems to me that anything that impairs the rights of our people all over this country—and in the gentleman's district— small groups, to combine in an informal way and contact their representatives, is impairing that right if there is a substantial burden.

Now, the fact that some people who might be wealthy might be able to do the same thing is not a reason for imposing the burden on the vast mass of people who do not have that status. It does seem to me that, with the careful colloquy that we have had, there is no real loophole of the kind the gentleman feels is there.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. RAILSBACK, and by unanimous consent, Mr. DANIELSON was allowed to proceed for 3 additional minutes.)

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, I thank the gentleman from California for yielding.

Initially I must confess I was a little bit concerned about the example given by the gentleman from Ohio, which seemed to me to possibly have some merit, and that is in the case of a private claim, but in reading the exemptions set forth in the bill, I find it makes it very clear, for instance, that there can be communications made at the request of a Federal officer or he may submit for inclusion for a report or a hearing or in the record or in a public file of a hearing. There can be under subsection (c) of that section a communication from an individual for a redress of grievances. And I am inclined to think we can make it very clear that we do not mean in this bill to include somebody seeking relief by hiring an attorney, seeking redress of his grievances for, say, a private client.

Mr. DANIELSON. I thank the gentleman for his contribution.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding.

With some feeling of being ill at ease and with some concern I must concur with the chairman of the subcommittee that so studiously considered this bill. I think the language of the amendment offered by the gentleman from Ohio (Mr. SEIBERLING) was intentionally left out of this year's bill for a good purpose, because it does create the kind of loophole in which I can see the presidents of large corporations as individuals taking action in such a way as to be exempt, or the presidents of a number of labor organizations or any type of group we might wish to name.

The gentleman from California (Mr. DANIELSON) has sized it up correctly, I think. Though I would very much like to see as little coverage of individual efforts as possible in this bill, whenever people do get together to make a joint effort, that is when the theory of this bill starts to take hold, and the payment of money or nonpayment of money should not be the measurement, I am afraid. So I join the gentleman in opposing the amendment.

Mr. DANIELSON. I thank the gentleman for his analysis. He is eminently correct. It is not a matter of clean or dirty, rich or poor, good or bad. It is just that this amendment takes the bottom out of the boat. There is nothing left.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Ohio.

Mr. SEIBERLING. The gentleman from Illinois used two examples which I do not think really hit the problem this amendment is directed to. There is in the bill a provision that if the congressional committee makes a request for the testimony of the group, then they are not covered by the bill, but we are talking about the situation where the citizens themselves initiate action which is not protected.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. SEIBERLING), and by unanimous consent, Mr. DANIELSON was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield further, the other point is an individual is exempt if he goes and hires an attorney, but that is exactly the point. This bill does not make an exemption for a small group who wish to collectively petition for redress of grievances or otherwise express their views to members of the legislature. The amendment does take care of that situation. So I do not think the exemptions the gentleman from Illinois (Mr. RAILSBACK) cited are apposite to this particular problem.

Mr. DANIELSON. Mr. Chairman, I thank the gentleman for his comments and most respectfully disagree with him. I know the amendment is offered in the highest of good faith. My only difference with him is that I think the amendment is wrong, and for that reason we should vote it down. I urge a "no" vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. MOFFETT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have responded. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business before the Committee is the demand by the gentleman from Connecticut (Mr. MOFFETT) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments?

AMENDMENT OFFERED BY MR. PRESSLER

Mr. PRESSLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRESSLER: On page 32, line 19, insert the following new language immediately after the word "company.": "department or agency of the executive branch of the Federal Government, or the White House Office,"; and

On page 32, line 22, strike out the word "Federal,".

Mr. PRESSLER. Mr. Chairman, the purpose of this amendment is to recognize the growing activities of many of the Federal departments or agencies of the Federal Government, or the White

House Office, in lobbying. It seems that since the last few administrations there have been a great number of activities on the part of the Federal Government in lobbying, and in some ways the Federal Government has become a lobby unto itself.

I might cite as an example last week when the White House very actively lobbied against the farm bill.

There is presently a statute against the use of lobbying with appropriated moneys, but this apparently is very vague. There is a need for clarification.

I believe that my amendment would treat the lobbying by different parts of the Federal Government on the same basis that we are treating lobbyists throughout the country in different groups.

Mr. Chairman, I might also say that recently when the Consumer Protection Agency bill was before this House, that I was called by a Commissioner of the Federal Trade Commission and urged to vote for the bill. I had not sought that input. I know existing law says that Members of Congress can request the opinions of agencies or get department views on legislation; but frequently there is outright lobbying by either the liaison offices in different departments and there is outright lobbying on behalf of legislation by the White House offices. The purpose of the law is to provide information when Congress requests it; but I think it would be rather artificial for us to pass a lobbying disclosure bill without addressing the growing lobbying being done by departments and agencies and in the White House offices. My amendment would cover departments, agencies, and the White House offices. It would not affect other agencies, but treat them equally.

I think discussion of this is appropriate. As the Federal Government becomes larger and larger, we are getting into a position where frequently the Federal Government is a lobby unto itself. For instance, we can frequently cite examples where different Federal agencies have a vested interest in the passage of legislation. Traditionally, they are not supposed to lobby, but they do send members over to Congress, not only at the assistant secretary level, but also at the program level.

There is also the problem of Federal agencies stimulating activity on behalf of their corresponding groups in the States to do mailings or to participate in some other way to influence Members of Congress. We have had a vote on the grassroots lobbying measure. We have covered various aspects of lobbying in the private sector. I think we should address the growing practice of lobbying in the Federal Government by the Federal Government.

For that reason, I think this is a very appropriate amendment.

Let me say that I think the various departments and agencies and the White House are getting more and more active in lobbying, coming up to the Hill and actually urging Members to vote for or against the bill.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. PRESSLER. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I thank the gentleman for yielding. I want to commend the gentleman for what I think is a very, very useful statement, about one of the glaring omissions in the bill that we have before us, which does not purport to deal with lobbying by the executive branch of Government. However, it is my belief that what we ought to do is perhaps consider separate legislation that could fully explore the need for some kind of regulation and reporting. I think maybe it is a little bit too much to ask to take such a major step at this time; but I certainly want to congratulate the gentleman and commend the gentleman for at least focusing on that particular omission.

Mr. PRESSLER. Mr. Chairman, I would like to continue by saying I think it is important and I thank the gentleman from Illinois; but I do believe this is such a glaring omission and the activities of the Federal agencies have become so widespread in the lobbying area that we should consider this.

Let me continue by saying there are many things the Federal agencies can do for or against a Member of Congress if that Member of Congress is friendly to the agency's proposals.

Mr. WIGGINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have just a few words to say. This amendment would require in all probability that the President register on behalf of the White House as lobbyists, which is unseemly to say the least.

This would require the production by the President of information which is readily available to all of us for the simple asking. It would require the President to do that which he may voluntarily do at any time. There is no law, regulation, or rule prohibiting the President from making full public disclosure, if that be his wish, as to the extent of lobbying activities conducted within the executive branch.

Perhaps that is a good idea for the President, if he is listening, but to subject the President to criminal sanction should he make a purposeful or willful omission of information in reports required under this act, including, for example, a description of the issues which concern him, is, it seems to me, an overkill.

I commend the gentleman from South Dakota (Mr. PRESSLER) for dramatizing the degree of lobbying activities conducted by the President, but if for some reason we should cover the executive branch by this amendment, simple comity and self-respect would, I think, require that we cover the activities of the Congress itself.

Mr. PRESSLER. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from South Dakota.

Mr. PRESSLER. Mr. Chairman, the purpose of the amendment would be to cover the White House offices and the legislative liaison offices, as well as various departments.

The President would, of course, still be able to take positions. If the White House was, through various agencies, engaged in certain activities or indeed if a Federal Trade Commissioner or some other Federal officer were engaged in lobbying on the Hill, this would not prohibit them from doing so. It would just require them to meet the same requirements other groups have to meet.

There was an article in the Washington Post today which will be discussed later by another Member, and that describes the activities of some foreign banks in urging Members of Congress to vote a certain way.

Mr. Chairman, I think under the spirit of this bill, if we are going to pass the bill and apply it to other groups, certain governmental agencies have become some of the biggest lobbyists up here and they should be covered.

Mr. WIGGINS. Mr. Chairman, I understand the gentleman's position, and I understand these groups are active. But if the gentleman wishes a public disclosure, then he should get the information which is available to him and put it in the RECORD, and then we will all know.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I thank the gentleman for yielding.

I am a student of the position of the gentleman from California (Mr. WIGGINS) as it relates to this bill. The gentleman has highlighted very succinctly the fact that somehow or other there must be an evil in lobbying because in this legislation we are regulating free speech, and we just should not do that without a clear and present danger being present or without some evil that should be corrected.

So obviously "lobbying" has become a quasi-dirty word. If that is so and if we are ready to regulate private money being expended by private parties to communicate with us, how much more important is it that we regulate public money being expended to communicate with us?

I know of no lobbying with the force, with the power, or with the persuasiveness of the executive branch of Government.

Personally, I am very chary of this whole legislation, but if communicating with Congress is suspect, as it must be, because we are regulating it. The executive branch, since it is expending public funds, ought to be subject to disclosure as everyone else is and we should let the sunshine in.

Mr. WIGGINS. Mr. Chairman, I do not think lobbying is an evil in either case.

Mr. DANIELSON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, in opposing the amendment offered by the gentleman from South Dakota (Mr. PRESSLER), I want first of all to express my appreciation to the gentleman from California (Mr. WIGGINS) for his comments in opposition to the amendment.

I would like to state that I associate myself with them fully, and I will cut

short my presentation a little bit because the gentleman said exactly some of things I want to say.

This amendment would be unseemly, to say the very least. Here we are, with what I think is the finest form of government that the mind of man has ever put together, even though it has its shortcomings. We have a tripartite government. It is inherent in our system of government that all three branches work together. The failure of that would be the end of our form of government. The Executive must work with the legislative branch. The legislative branch must work with the executive. The judicial branch must resolve cases and controversies which arise out of that functioning. If the President could not communicate with Members of Congress without the undue burdens placed upon him, this would result in an unacceptable sanction against cooperation between these two branches of Government. If the President were compelled to register as a lobbyist and report on his activities simply because he is carrying out the constitutionally mandated function of seeing to it that the laws are faithfully executed, of being Commander in Chief of the Armed Forces, et cetera, then we would in effect be nullifying what makes this country work so very well. And if the President is to be restricted, then why should not the Congress be restricted in communicating with the executive branch? You and I, all of us, phone some part of the executive branch every day, requesting assistance on this measure or that measure, or asking for comments, trying to work with the executive branch. I would say that if it is sauce for the executive, it should be sauce for the legislative branch, as well. This amendment could actually destroy the good functioning of our very fine government.

Furthermore, I submit that it violates the principle of separation of powers. Can the Congress tell the executive that the executive may not communicate with the Congress? I say no! I submit that this is an infringement of the rights of the executive branch.

Lastly, bear in mind that in this bill we are already exempting from the provisions of the bill government corporations. Then why do we impose a sanction against the executive? We are exempting State and local units of government, so why should we put a burden on the Executive Branch of the Federal Government? We exempt Indian tribes, of which there are many in the gentleman's state, South Dakota. We exempt national and State political parties and organizational units thereof, associations of Members of Congress and associations of Members of Congress and congressional employees.

I respectfully submit that it is unseemly, which is a gentle word to use to describe this proposed amendment. I have stronger words which I will not use right now.

Mr. PRESSLER. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from South Dakota.

Mr. PRESSLER. I thank the gentleman for yielding.

Mr. Chairman, I would like to state this would not inhibit the Federal Government from expressing its views. Would it not regulate them, the same as the others? So why would that inhibit the way the flow of information occurs if it would not inhibit the other groups that are under the bill? In other words, it would not inhibit the President or other units of government from doing anything. It would merely ask them to report their activities, as other groups under the bill would.

Mr. DANIELSON. We should consider the fact that under the Constitution the Executive power is vested in the President of the United States. There is only one President. He is not an organization. He does have helpers, of course. He has to have helpers. But the big point simply is this: We would be putting a burden upon his communicating freely with us. We should encourage this cooperation, not discourage it.

I submit that this would result in what you might call conservative anarchism, which I certainly do not subscribe to.

The CHAIRMAN. The time of the gentleman from California (Mr. DANIELSON) has expired.

(On request of Mr. FISH and by unanimous consent, Mr. DANIELSON was allowed to proceed for 3 additional minutes.)

Mr. PRESSLER. Mr. Chairman, will the gentleman yield for one more question?

Mr. DANIELSON. I yield to the gentleman from South Dakota for a question.

Mr. PRESSLER. Mr. Chairman, would not the same reason apply to other groups that are being covered by this lobbying disclosure? If this inhibits the Federal Government from certain activities, why would they not be in the same category as the groups we are covering? What is the distinction?

Mr. DANIELSON. We have a special case when there are two branches of the same Government. We are only one Government. We are a Government in three parts, executive, legislative, and judicial; and every encouragement should be given to increase, to intensify, to smooth out, to encourage communication. Anything at all which would slow up that communication would be an unjustified burden on the governmental process.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, I would like to associate myself with the remarks of the Gentleman from California (Mr. DANIELSON), and with those of the gentleman from California (Mr. WIGGINS) made earlier.

It just seems to me so fundamentally violative of how our federal system works that it is almost hard to explain the mischief of this amendment.

Mr. Chairman, I compliment the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. Mr. Chairman, I thank the gentleman. As usual, the gentleman from New York (Mr. FISH) has put it in just the right words.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Chairman, I thank the gentleman for yielding.

I rise in support of the gentleman's position on this amendment.

Mr. Chairman, I would ask the gentleman, my chairman, this question: Was there not, at our subcommittee meeting and at the full committee meeting, discussion had with respect to the basic reason for this legislation, which is reporting and publicity given to money spent? And if the gentleman will yield further, does not the President, the executive branch of the Government, have to reveal certain matters; do they not have to submit to the Congress their budget requests and so, in a sense, is there not this reporting and this publicity already?

Mr. DANIELSON. Mr. Chairman, I think the gentleman from Kentucky (Mr. MAZZOLI) has voiced something we have not said; and it is critically important, and that is that the Congress already has oversight jurisdiction, oversight hearings, and oversight over the various executive branches of the Government.

The President must come to the Congress and read his state of the Union message. He must submit budgets.

Many of the laws which we pass contain a proviso that this branch or that branch of the Government must report to the Congress annually, periodically, as the case may be.

There is no lack of disclosure of communications between the executive and the legislative branch. This amendment—I say the word "unseemly," but please think of the word "unseemly" in its strongest connotation when thinking of this amendment.

The CHAIRMAN. The time of the gentleman from California (Mr. DANIELSON) has expired.

Mr. MOORHEAD of California. Mr. Chairman. I move to strike the last word.

Mr. Chairman, I rise in opposition to this amendment.

I suppose many of us could support it on grounds that it would perhaps cause some mischief for an administration with which we did not totally agree. However, it would be totally irresponsible to put this burden on the President of the United States and upon the various executive departments of the Federal Government. We would have additional expense which the taxpayers would have to pay because of the reporting and recordkeeping required. It would absolutely serve no useful purpose.

Mr. Chairman, I think that if we want to get at this kind of thing, there are other ways we can do it.

Actually, it is against the law now for the executive branch to come down here and lobby the Congress on specific pieces of legislation. Yet, I notice that people from the White House do it on regular occasions. If we want to enforce that law, we can, but to require this kind of reporting would be undesirable.

It would not work to the benefit of the American people, and certainly would not fulfill the purpose of this legislation.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of California. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank my colleague for yielding to me.

Mr. Chairman, I would like to associate myself with the remarks of the gentleman from California (Mr. MOORHEAD).

Mr. MOORHEAD of California. I thank the gentlewoman.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of California I yield to the gentleman from Maryland.

Mr. BAUMAN. Is the gentleman from California telling us that the White House staff is now violating Federal statutes, and nothing is being done about it?

Mr. MOORHEAD of California. I am telling the gentleman that they may violate the Federal law if they are using appropriated money for lobbying on legislation.

Mr. BAUMAN. The thing that disturbs me about this problem is that the gentleman from South Dakota (Mr. PRESSLER) is attempting to clean up what has been described as a semi-evil lobbying effort by requiring that the White House inform the Members of the other body and the House where that lobbying is coming from.

Mr. MOORHEAD of California. I refer the gentleman to 18 U.S.C. 1913.

Mr. BAUMAN. I am very familiar with that part of the Federal Criminal Code. I must say that if reporting is the only way we can get evidence to stop illegal actions on the part of the Federal agencies, we should do that.

Esther Petersen spent thousands and thousands of dollars in lobbying for the consumer protection bill, using the facilities of the White House. I wrote and complained about it. She replied to me that it was not lobbying, but she was just giving information.

This morning the Baltimore Sun reported that the White House had given its lists to the Democratic National Committee and instructed them to phone people in the States of wavering Senators about to vote on the Panama Canal Treaty. Some 7,000 phone calls were made to Senators' constituents, and the Senators did not know who inspired those calls. Certainly, under previous administrations there was no hestiancy to condemn illegal acts and some even suggested impeachment when illegal acts occurred.

Mr. MOORHEAD of California. For one thing, if an act is illegal—and I am not going to make a final judgment on acts of that kind—but it would be a violation of fifth amendment rights. It would, in essence, be an admission of guilt in the registration and reporting.

Mr. BAUMAN. The thing that bothers me is that we are setting up a standard in this bill which diminishes the first amendment rights of all Americans governed by this bill, and we are setting aside in a special category certain types, including White House staff and Federal agencies. Why should the Government have more constitutional rights than individuals have. I think the Government ought to be more restricted than the average citizen is. That is something that might be done by the amendment now pending.

Mr. MOORHEAD of California. One further comment could be made. If we take the pernicious solicitations section that went into the bill the other day, and we put this in also, it could discourage the people in Government from communicating with citizens throughout the country on legislation. That would be absolutely ridiculous.

Mr. BAUMAN. I do not believe it would prohibit them from communicating with anyone. It would simply require them to report. That is why I think that in the Panama Canal Treaty debate, it would have been well for those Members of the other body to know that a mass of phone calls were inspired acts by the White House to trump up support. Without such illegal lobbying by the White House the Senators would have never heard from those people in their States.

Mr. KINDNESS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take the 5 minutes, but I would like to associate myself with the remarks of the gentleman from California (Mr. DANIELSON) in opposition to the amendment.

The problem here that is particularly highlighted by the other gentleman from California (Mr. MOORHEAD) is that with the bill now covering the reporting of grassroots lobbying solicitations, we can see how onerous the addition of Mr. PRESSLER's amendment would be. I think this points up the fact that we need to take a very hard look at what was done yesterday in adopting the Flowers amendment to include grassroots lobbying solicitations under the reporting section of this bill.

The gentleman from South Dakota has made a point here about the executive branch lobbying, but it has brought into focus the fact that we have this bill a little bit out of kilter at the present time. I would certainly hope that when a separate vote is requested on the Flowers amendment when this bill is reported by the Committee of the Whole back to the House, that we will very carefully reconsider the vote that occurred on that matter.

I think there is the possibility of more than one interpretation of section 1913 of title 18 of the United States Code, which prohibits the executive branch using money appropriated by the Congress for lobbying purposes. I am not saying that anything criminal is occurring by reason of the lobbying of the White House or any part of the executive branch, but I think it is something to be looked at more closely than we can do in the consideration of this amendment today.

I would certainly urge defeat of the amendment, though we must look more closely at section 1913 of title 18 of the Code, and see to its modification, because it is certainly not being enforced.

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. WIGGINS. Mr. Chairman, I think consideration of this amendment which, in all due respect, is near frivolous, requires the consideration of another matter which is not intended to be frivolous. I urge the attention of those who support the bill for a moment.

The bill covers oral or written communications. I have observed lobbyists frequent the corridors of this building and engage in a form of communication, symbolic of which perhaps is—I do not know how to describe it for the record, but I am holding out my fist with my thumb pointing upward, and then pointing downward.

I do not know how to report this for the record, but the symbol is this (gesturing). For the record, I am sticking my thumb up in the air, and occasionally it is this. I would like to know whether or not that is an oral or a written communication.

Mr. DANIELSON. Mr. Chairman, if the gentleman will yield, I would consider that to be a digital communication, and so far as the bill is concerned they are exempt, so we may just see a generation of lobbyists running around the country, some with thumbs up and some with thumbs down. We probably cannot distinguish them from hitchhikers.

Mr. KINDNESS. Mr. Chairman, I would say in further response to the gentleman from California that it is graphic communication and thus could be interpreted as written.

Mr. HYDE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, before I yield to the gentleman from South Dakota, I was interested in the remarks of the gentleman from California, and I agree I think we will see more subtle forms of communication develop and we will think we are watching the third base coach for the Baltimore Orioles with the signals we are going to be getting out there on some of these bills.

I yield now to the gentleman from South Dakota (Mr. PRESSLER).

Mr. PRESSLER. Mr. Chairman, I would like to respond just briefly to I think four objections to my amendment to place some of the White House agencies and executive agencies under this bill.

First, it is said it is onerous and would inhibit communications. This same argument could be used equally against these groups we are placing this limitation on.

Secondly, it could be pointed out there are three branches of Government and indeed I would agree, and the executive branch is not supposed to lobby unless it is asked for by the legislative branch.

Let me say that is not the case. Let me say I have complained about these activities under both the Ford administration and the Carter administration, so it is not a partisan thing in my mind.

I think we all know in the hallways of Congress there are lobbyists from the executive agencies and the White House who not only bring information but also requests to vote a certain way. Indeed some of the agencies have more of a chance to reward or punish a Congress-

man for voting their way by having them do a keynote speech at some of the openings of their buildings or programs in that district.

Also it is pointed out presently the Federal Government is not supposed to lobby this body under the United States Code. So if the Federal Government is not lobbying, then there would be nothing to report and I really cannot see logical objections to this. I think it is a very important point to be made in terms of the functioning of the three branches of Government.

I think it is an extremely important issue in the way our Federal Government functions. If the legislative branch is to be separate from the executive branch, as the committee chairman has so eloquently stated, then indeed he should support this amendment because it helps that separation of the powers. If indeed the executive branch is trying to influence the legislative branch through open lobbying, it should be reported.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

I will attempt to be brief.

I would like to ask a question of my very distinguished colleague, the gentleman from California (Mr. DANIELSON), the manager of this bill, who I think said that this amendment was "unseemly in the extreme."

Now my question is why is it unseemingly or extreme to make the White House and the Federal governmental agencies have to perform in the same way as companies, foundations, associations, labor organizations, firms, partnerships, societies, joint stock companies and others have to perform? Why cannot they perform in the same way? Is that not what the name of the game is as it relates to law to have everybody operating equally?

Mr. DANIELSON. Is that the question?

Mr. ROUSSELOT. That is the question.

Mr. DANIELSON. The answer, of course, is that we, the legislative branch and the executive branch are both parts of the whole one governmental organism which runs this country.

Mr. ROUSSELOT. Certainly, I understand that.

Mr. DANIELSON. Fine.

Mr. ROUSSELOT. That is basic.

Mr. DANIELSON. That is basic and I just wanted to be sure the gentleman had that point.

Mr. ROUSSELOT. I appreciate the gentleman calling it to my attention, though I obviously know that fact.

Mr. DANIELSON. I am always willing to assist my neighbor from the north in California (Mr. ROUSSELOT). However, it is unseemingly because, in order to have an operating and functioning government, I would say that that again is basic, that there must be a matching of opinions and communications between both the legislative and the executive branches.

Mr. ROUSSELOT. If I can interject briefly, we do have the concept of the "division of powers" which is clearly established in the Constitution. Why is it so unseemingly and wrong that the executive branch conform to the same kind of requirements that we are making the private sector and local levels of government perform?

Mr. DANIELSON. Because the Government of the United States, the executive portion of which is epitomized in the President, is not a corporation and it is not a labor organization.

Mr. ROUSSELOT. But I am sure the gentleman——

Mr. DANIELSON. If the gentleman does not want to hear the answer then of course I cannot finish.

Mr. ROUSSELOT. Go ahead. I certainly wish to understand the phrase "unseemly in the extreme."

Mr. DANIELSON. Fine.

The President of the United States is not a corporation, a company, a firm, a trade association, a labor organization, he is the President of the United States of America, your country and my country. He has the responsibility, indeed he has a constitutional mandate, to see to it that the laws are effectively executed, and the logical effect of this amendment is that there be required a disclosure of lobbying activities by the executive branch. Such activities are already reflected in the legislation which we consider, they are disclosed through that means, they are also disclosed through the various contacts between the Executive and the Members of the Congress in hearings, in subcommittee hearings and in the full committee hearings.

Mr. ROUSSELOT. Let us take an example.

Mr. DANIELSON. Does the gentleman refuse to yield further?

Mr. ROUSSELOT. Of course not, I would be glad to try to have a colloquy with the gentleman rather than a filibuster.

Mr. DANIELSON. Then let us "colloquyize."

Mr. ROUSSELOT. How does the gentleman explain all of the agreements that were made relating to the Panama Canal treaties by the White House? Was the gentleman aware of all those agreements, and what those were, and were those fully disclosed?

Mr. DANIELSON. Not to this gentleman because I am not a member of the other body.

Mr. ROUSSELOT. They were never disclosed to the gentleman?

Mr. DANIELSON. They were never disclosed to me. I was not privy to them date on what was going on in the other body and therefore was not fully up to date on what was going on in the other body. Also I was busy trying to put together a lobbying bill.

Mr. ROUSSELOT. I think this amendment would help solve this problem.

I might also add to the gentleman that the bill before us suggests that State and locally elected officials be subject to these requirements, and I really do not feel that the President, who campaigned on the basic belief that he should be subject to the same laws as everybody else should be handled different than anybody else. Therefore this amendment is just a matter of applying this potential law equally to all levels of government. This amendment is just a matter of equity. So that is why I rise in support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota (Mr. PRESSLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PRESSLER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Seventy-five Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from South Dakota (Mr. PRESSLER) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 44, noes 350, not voting 40, as follows:

[Roll No 241]

AYES—44

Archer	Dornan	Pressler
Armstrong	Edwards, Okla.	Quayle
Ashbrook	Evans, Ind.	Quie
Badham	Forsythe	Risenhoover
Bauman	Gonzalez	Rousselot
Broomfield	Guyer	Shuster
Brown, Ohio	Heckler	Skubitz
Burke, Fla.	Ichord	Smith, Nebr.
Caputo	Jeffords	Stockman
Carter	Leach	Symms
Clawson, Del	Long, Md.	Wilson, C. H.
Cleveland	Marlenee	Wydler
Collins, Tex.	McDonald	Young, Alaska
Crane	Miller, Ohio	Young, Fla.
Dickinson	Mottl	

NOES—350

Abdnor	Benjamin	Burton, Phillip
Addabbo	Bennett	Butler
Akaka	Bevill	Byron
Alexander	Biaggi	Carney
Allen	Bingham	Carr
Ambro	Blanchard	Chappell
Ammerman	Blouin	Chisholm
Anderson, Calif.	Boggs	Clay
	Boland	Cohen
Anderson, Ill.	Bolling	Coleman
Andrews, N.C.	Bonior	Collins, Ill.
Andrews, N. Dak.	Bowen	Conable
	Brademas	Conte
Annunzio	Breaux	Corcoran
Applegate	Breckinridge	Corman
Ashley	Brinkley	Cornell
Aspin	Brodhead	Cornwell
AuCoin	Brooks	Cotter
Bafalis	Brown, Calif.	Coughlin
Baldus	Brown, Mich.	Cunningham
Barnard	Broyhill	D'Amours
Baucus	Buchanan	Daniel, Dan
Beard, R.I.	Burgener	Daniel, R. W.
Beard, Tenn.	Burke, Mass.	Danielson
Bedell	Burleson, Tex.	Davis
Bellenson	Burlison, Mo.	de la Garza

Delaney	Kasten	Price
Derrick	Kastenmeier	Pritchard
Derwinski	Kelly	Quillen
Devine	Kemp	Railsback
Dicks	Ketchum	Rangel
Diggs	Keys	Regula
Dingell	Kildee	Reuss
Dodd	Kindness	Rhodes
Downey	Kostmayer	Richmond
Drinan	Krebs	Rinaldo
Duncan, Tenn.	LaFalce	Roberts
Early	Lagomarsino	Robinson
Eckhardt	Latta	Roe
Edwards, Ala.	Le Fante	Rogers
Edwards, Calif.	Lederer	Roncalio
Eilberg	Leggett	Rooney
Emery	Lent	Rose
English	Levitas	Rosenthal
Erlenborn	Livingston	Rostenkowski
Ertel	Lloyd, Calif.	Roybal
Evans, Colo.	Lloyd, Tenn.	Rudd
Evans, Del.	Long, La.	Ruppe
Evans, Ga.	Lott	Ryan
Fary	Lujan	Sarasin
Fascell	Luken	Satterfield
Fenwick	Lundine	Sawyer
Findley	McClory	Scheuer
Fish	McCloskey	Schroeder
Fisher	McCormack	Schulze
Fithian	McDade	Sebelius
Flippo	McFall	Selberling
Flood	McHugh	Sharp
Florio	McKay	Sikes
Flowers	McKinney	Simon
Flynt	Madigan	Sisk
Foley	Maguire	Skelton
Ford, Mich.	Mahon	Slack
Ford, Tenn.	Markey	Smith, Iowa
Fountain	Marks	Snyder
Fowler	Martin	Solarz
Fraser	Mathis	Spellman
Frenzel	Mattox	Spence
Fuqua	Mazzoli	St Germain
Gammage	Meeds	Staggers
Garcia	Metcalfe	Stangeland
Gaydos	Meyner	Stanton
Gephardt	Michel	Stark
Giaimo	Mikva	Steers
Gibbons	Milford	Steiger
Gilman	Miller, Calif.	Stokes
Ginn	Mineta	Stratton
Glickman	Minish	Studds
Goldwater	Mitchell, Md.	Stump
Goodling	Mitchell, N.Y.	Taylor
Gore	Moakley	Thompson
Gradison	Moffett	Traxler
Grassley	Mollohan	Treen
Green	Montgomery	Trible
Gudger	Moore	Tsongas
Hagedorn	Moorhead, Calif.	Udall
Hall		Ullman
Hamilton	Moorhead, Pa.	Van Deerlin
Hammer-schmidt	Moss	Vander Jagt
	Murphy, Ill.	Vanik
Hanley	Murphy, N.Y.	Vento
Hannaford	Murphy, Pa.	Volkmer
Harkin	Murtha	Waggonner
Harrington	Myers, Gary	Walgren
Harris	Myers, John	Walker
Harsha	Myers, Michael	Walsh
Hawkins	Natcher	Wampler
Hefner	Neal	Watkins
Heftel	Nedzi	Waxman
Hightower	Nichols	Weaver
Hillis	Nolan	Weiss
Hollenbeck	Nowak	Whalen
Holt	Oakar	White
Holtzman	Oberstar	Whitehurst
Horton	Obey	Whitten
Hubbard	Ottinger	Wiggins
Huckaby	Panetta	Wilson, Bob
Hughes	Patten	Wilson, Tex.
Hyde	Patterson	Wirth
Ireland	Pattison	Wolff
Jacobs	Pease	Wright
Jenkins	Pepper	Wylie
Johnson, Calif.	Perkins	Yates
Johnson, Colo.	Pettis	Yatron
Jones, N.C.	Pickle	Young, Mo.
Jones, Okla.	Pike	Young, Tex.
Jones, Tenn.	Poage	Zablocki
Jordan	Preyer	Zeferetti

NOT VOTING—40

Bonker	Dent	Lehman
Burke, Calif.	Duncan, Oreg.	McEwen
Burton, John	Edgar	Mann
Cavanaugh	Frey	Marriott
Cederberg	Hansen	Mikulski
Clausen, Don H.	Holland	Nix
	Howard	O'Brien
Cochran	Jenrette	Pursell
Conyers	Kazen	Rahall
Dellums	Krueger	Rodino
Runnels	Steed	Tucker
Russo	Teague	Whitley
Santini	Thone	Winn
Shipley	Thornton	

Messrs. NEAL, LAFALCE, DICKS, FORD of Michigan, SAWYER, and SATTERFIELD changed their vote from "aye" to "no."

Mr. QUAYLE changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. RAILSBACK

Mr. RAILSBACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAILSBACK: On page 39, after line 7, add a new paragraph:

"(c) The report covering the fourth quarter of each calendar year shall also include a separate schedule listing the name and address of each organization from which the reporting organization received an aggregate of $3,000 or more in dues or contributions during that calendar year and listing the amount given, where (i) the dues or contributions were expended in whole or in part by the reporting organization for lobbying communications and solicitations and (ii) the total expenditures reported by the reporting organization under subsections (b)(2) and (b)(7) of this section during that calendar year exceed 1% of the total annual income of the organization: *Provided*, that the reporting organization may, if it so chooses, instead of listing the specific amount received, state the amount, in the following categories: (A) amounts equal to or exceeding $3,000, but less than $10,000; (B) amounts equal to or exceeding $10,000, but less than $25,000; (C) amounts equal to or exceeding $25,000, but less than $50,000; (D) amounts equal to or exceeding $50,000."

Mr. RAILSBACK. Mr. Chairman, yesterday I had introduced an amendment that would have required the reporting of the so-called major contributors. My amendment would have included individuals as well as any organization that would make a substantial contribution to a registered lobbying organization. The amendment that was just read would remove individuals from that reporting requirement.

I want all the Members of the House to know that under existing law, under the 1946 act, there is a requirement that contributors of more than $500 be reported and that law, to be honest, just like the rest of the 1946 act, has really not been enforced.

The amendment I am now offering would provide for disclosure of those organizations which contribute significant amounts of money, that is more than $3,000.

The amendment does not, I reiterate, does not apply to any contributions given by individuals to a lobbying organization. Clearly the most frequently voiced argument yesterday against the amendment I offered was that it would unfairly invade the right of privacy of individual contributors or have a potential chilling effect, thereby discouraging individuals from contributing to lobbying organizations. I happen to believe that my amendment was drawn in such a way that it would have been a good amendment because of the exemptions and waiver provisions. However, today I am offering an amendment which will eliminate that one particular troublesome aspect that so many of the opponents spoke about.

It is important to recognize that this amendment will serve one of the most critical purposes that can be served by the bill: It will disclose those instances in which organizations lobby indirectly by putting up large amounts of money to finance a "front" organization that actually carries out the lobbying. Whether a group is called the Calorie Control Council, the Electric Consumer's Council, Americans for a Better Society, Common Cause, or the Public Citizen, I believe that the public deserves to know the true identity of those groups who are providing substantial financial help to that particular organization.

My amendment makes it possible to discover what groups are providing significant funding, without creating even a potential to abridge the rights of individuals.

Mr. GARY A. MYERS. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Chairman, I thank the gentleman for yielding. Yesterday, when I rose just before the vote on the gentleman's amendment, I was attempting to draw the attention of the committee to one of the concerns expressed about that amendment that may or may not have been real. That concern was expressed because the amendment required the disclosure of the amounts of money which were not necessarily committed to lobbying.

Would it not be the intent of the gentleman from Illinois (Mr. RAILSBACK) through this amendment, as well as the other amendment, to allow organizations to structure their books in such a way in which they could identify an arm of their organization, which is the lobbying organization, and therefore fulfill the commitments of this amendment by doing that and not require them to disclose the contributors to the other functions to which they might necessarily belong?

Mr. RAILSBACK. Yes. The answer, without a doubt, is yes. This could very easily be done.

Mr. KASTENMEIER. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Chairman, I would like to compliment the gentleman from Illinois (Mr. RAILSBACK) on his amendment and indicate my support for it. I think it is important that we do adopt this amendment because if we do not we will be taking a step backward both from the existing law and, in fact, the bill that was passed by this House overwhelmingly in 1976 had a section in it to this effect and was much more stringent than this.

I would also say that I think, whether I would like to compromise this far, it does reflect the philosophy of the bill, that is, to deal with organizations rather than individuals, and I think it ought to be overwhelmingly adopted.

Mr. WIGGINS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, on yesterday we had a very similar amendment which the House voted down. The only change from the wording of the amendment of yesterday is that its scope is limited to disclosure of contributions of organizations as distinguished from individuals. The changes in the Railsback amendment do not respond to the problem which prompted the House to reject the original amendment.

The associational rights which were recognized in NAACP against Alabama were in the context of an organization maintaining that lawsuit. Its rights were offended, said the court, by the compelled disclosure of its contributors. That is changed not one wit, of course, by saying that we are only interested in some of your contributors. This amendment contains, therefore, the same constitutional vice which infected the other amendment and should be rejected for identical reasons.

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from California.

Mr. EDWARDS of California. I thank the gentleman for yielding.

Would not the gentleman agree that even though organizations only would be affected here, names of individual members would still be disclosed in connection with the audits and examinations made necessary by the responsibilities of the General Accounting Office to determine if the organization is in compliance? So I do not think that this is very much of an improvement, and I agree with the gentleman.

Mr. WIGGINS. It is a serious risk. In this bill we have been rather cavalier with respect to the constitutional rights of organizations because, as the gentleman well knows, they are equally entitled to protection of those rights granted to individuals and which are involved in this bill. The amendment differentiates unwisely and I think improperly between the two classes.

Mr. MIKVA. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Illinois.

Mr. MIKVA. I thank the gentleman for yielding.

Let me say to my distinguished colleague that I think the reasons that were valid yesterday in opposition to the Railsback amendment—and I did oppose it yesterday—are not present in this amendment, and that the very combination of constitutional and policy questions which were addressed to the original amendment are not addressable to this amendment.

There is no constitutional right of an organization to remain anonymous. There is no right of privacy that extends to an organization. Almost none of the constitutional protections that we surround individuals with apply to organizations, and it is, to my mind, both constitutionally and policywise valid to expect organizations that contribute in substantial amounts to have their identity known.

I strongly disagree with my other colleague, the gentleman from California, that it does not necessarily follow that the membership needs to be made known, and it seems to me that what the gentleman from Illinois is doing is trying very carefully to answer the area which the Supreme Court has not suggested is improper, because we are not dealing here with individuals who can be discriminated against or persecuted, or whose privacy can be impinged upon by this disclosure.

Mr. WIGGINS. The Supreme Court defined the constitutional right involved in the NAACP against Alabama as a first amendment right. The Court characterized it as a right of association and within the first amendment's protection.

Let me ask the gentleman this: Does or does not the first amendment apply to an organization?

Mr. MIKVA. Will my colleague, the gentleman from California, yield again?

Mr. WIGGINS. I yield to the gentleman from Illinois.

Mr. MIKVA. Emphatically it does, and the Supreme Court decision specifically said it was talking about the rights of the individuals that made up the NAACP.

Mr. WIGGINS. That is a novel proposition of law. The Washington Post, an organization, would be surprised to find itself outside of the protection of the first amendment.

Mr. KINDNESS. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

I would seek to clarify something that has been argued yesterday and again today about the existing law to the effect that contributions of $500 or more are supposedly required to be disclosed. This is made clear in the Harris case to be only where the contribution is for the purpose of lobbying. There is no such distinction in the amendment of the gentleman from Illinois (Mr. RAILSBACK) offered yesterday or today. In other words, all contributions, if they happen to be from organizations to a church, for example, which uses some small portion, like 1 percent of its overall income, for lobbying, would qualify for disclosure. Organizations do, indeed, contribute to churches on occasion. So I think we are faced today with essentially the same amendment we had yesterday that was defeated by the House. The House in its wisdom turned down this amendment. It really has not changed any. The principle remains the same and the amendment ought to be defeated just as soundly.

Mr. GARY A. MYERS. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Chairman, the point the gentleman is making is clearly the point I just raised with the gentleman from Illinois. It seems to me there is a discretion in this House to establish legislative precedent that the intent of the amendment is to get directly at the contributions affecting lobbying activity and the House would not be offended by regulatory action which would only require that type of disclosure.

Mr. KINDNESS. Mr. Chairman, if the gentleman will allow me to respond on that point, I do not see how we can write statutory law on such a sloppy basis as that and expect it to be interpreted to the contrary.

Mr. GARY A. MYERS. Mr. Chairman, if the gentleman will yield further, it seems to me it is not unlike any other practice that goes on here daily, that an amendment drafted into law is not so specific as to exclude some latitude in interpretation. The House in its wisdom discusses the intent in such legislative drafting to give guidance to the regulatory body. All I am saying is that we are dealing with a bill that is addressing the question of lobbying and lobbying activity. It seems to me clearly the intent has already been described and we did clearly define our intent by the colloquy we have had here.

Mr. KINDNESS. Mr. Chairman, if the gentleman has not been disappointed by prior experiences with legislative history on that basis, the gentleman certainly will be in the future if this amendment passes.

I do not see how we can pass an amendment that says one thing and expect to treat it as meaning something entirely different.

Mr. Chairman, I would urge defeat of the amendment for the very good reasons that it was defeated yesterday.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, let me just reiterate what I believe I said yesterday, that is, that the dues or contributions must be expended in whole or in part by the reporting organization on lobbying communications.

Mr. KINDNESS. In what part?

Mr. RAILSBACK. In whole or in part.

Mr. KINDNESS. In what part?

Mr. RAILSBACK. I think the gentleman from Pennsylvania is saying that if someone wants to provide funds, and remember, we are talking about lobbying organizations that trigger the lobbying formula, so it is not as if money can be spent for anything. The money must be spent in whole or in part for communications and they are registered lobbyists.

Mr. KINDNESS. Mr. Chairman, I am sure the gentleman will allow that we cannot call a pickle an onion and expect people to believe it, and that is exactly the problem with the amendment, that it does not allow for that interpretation.

Mr. RAILSBACK. Mr. Chairman, if the gentleman will yield further, I can understand how the gentleman would be concerned if one individual was giving money. I understood the gentleman's argument yesterday. I happen to disagree with it, but now we are talking about not individuals, but organizations that are contributing money, some of which or all of which is being spent for lobbying. Under existing law there is a requirement that even $500 be reported by the contributor.

Mr. KINDNESS. If specifically given for the purpose of lobbying.

Miss JORDAN. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment offered by the gentleman from Illinois.

Mr. Chairman, it is amazing to me as I have listened to this debate that somehow we have cured the ubiquitous infirmity of yesterday's amendment in today's amendment, because yesterday we talked about personal contributions and today we talk about organizations.

I think that it is unfortunate that this novel approach of treating organizations differently under the first amendment than individuals has somehow seemed to gain some acceptance.

The point is the same infirmity is present in today's amendment that was present in yesterday's amendment. And what is that infirmity?

The governmental interest is not there to show any relationship to the information that is sought to be disclosed. There is no requirement whatsoever that this contributing organization which must now be disclosed under this amendment had anything to do with influencing the policy of the lobbying organization.

What the court has said in the cases that we have mentioned more than once is that if, in fact, we are going to erode ever so gently those rights that we say are sound and good and must be upheld, if we choose to do that in this body, then there must be a correlation between the governmental interest and the information which is sought to be disclosed.

Mr. Chairman, I would ask any Member in this Chamber to give us the answer to this question: What business is it on the part of the Government as to which organization contributes to the lobbying organization?

If anything, this amendment would give the Government a license to pry, which it should not have and ought not to have, and I would hope that the amendment is defeated.

Mr. MOORHEAD of California. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I think we have to look at exactly what the amendment does. It requires that any organization which spends more than 1 percent of its total income for lobbying purposes, to report all of its organizational contributors.

This kind of an amendment, if agreed to, is going to be very harmful on church and religious organizations and on any kind of an organization that lobbies for unpopular purposes. It is going to stagnate the first amendment rights of the people of this country. The net effect of the Railsback amendment is to discourage organizational contributions to all such entities.

Just as was the case yesterday, the $3,000 trigger figure is still far too low. A contribution of $3,000 a year hardly represents an opportunity for the donor to control the policies or views of the organization to which he is contributing. Many times a contributing organization or a contributor will believe in the basic purposes of an organization but will not support all of its lobbying activities. Certainly almost every Member of this organization contributes to churches or groups that may lobby for things that they do not believe in, but they still support the basic purpose of the organization to which they are contributing.

I think the constitutional problem raised with respect to dues and contributions disclosures by individuals can be applied here. Certainly we are still talking about the exercise of freedom of speech, the rights of association, and even the free exercise of religious beliefs.

If we look at the types of organizations that oppose this type of an amendment, we would have to include almost every church in the country. We would also include many other groups such as the American Civil Liberties Union, the National Association of Manufacturers, the Chamber of Commerce, and many environmental groups. We would include, in addition, many groups that have a good and solid purpose but which would lose the support they get if the contributions were reported.

Mr. Chairman, I ask for a "no" vote on the amendment.

Mrs. FENWICK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I opposed the Railsback amendment last night because I felt that it was damaging to free speech. But this is different.

If I understand it correctly—and I am not yet convinced as to which way I will vote—this would apply only to organizations, and to organizations in regard to contributions of 1 percent of their gross revenue or $3,000, either one.

Mr. Chairman, I have been working—and that is what took me from the floor—in this investigation of the Korean connection to Congress. We are discussing organizations here, and we ought to know when they are contributing to other organizations, that they are part of the picture. I voted against the Railsback amendment last night, because it involved individuals. But I believe we ought to know what organizations are doing. If I am a member of a church and contributing to a church, I would like to know to which organizations my church organization is contributing. Otherwise we will have a system for influencing Congress that we know nothing about. These organizations are being set up every day. They have very fine-sounding names. They may be called Pacific and Asia Development Corp. or Pacific and Asia Foundation. We do not know what they are doing, and we should.

Mr. KINDNESS. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentlewoman for yielding.

Mr. Chairman, do I understand that the concern is that an organization may be able to have an effect on legislation, where an individual would not, through such contributions?

Mrs. FENWICK. No. What I said on that point was that this amendment does not apply to individuals. It applies only to organizations. And when one organization is contributing to another organization which is a lobbying organization, I think we ought to know it.

Mr. KINDNESS. Mr. Chairman, if the gentlewoman will yield further, could it not be stated just as well that an individual contributing to an organization, a lobbyist, could just as readily influence the outcome of legislation?

Mrs. FENWICK. I do not like to apply it to individuals. I am not a lawyer, but I see something there I do not like. I think an organization is different.

Mr. KINDNESS. I would agree with the gentlewoman that there is not the basis for either the individual or the organization to be disclosed.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I urge support of the Railsback amendment to require disclosure of major contributions to lobbying organizations.

There have been some fears that this amendment, or indeed any legislation in this field, would have a so-called chilling effect on the constitutional rights of citizens to petition their legislature. In my judgment, those fears are overblown.

We should always, of course, be alert to potential restrictions of anybody's rights, but we ought not be scared away from needed legislative improvements merely because some people raise the specter of constitutional problems.

For instance, I cannot think of any right more important or fundamental than free speech in the election process. In the election law, we required not only reporting of contributions of individuals and groups, but we have even restricted the right of free speech of individuals and groups by limiting what they contribute to congressional campaigns.

In the Railsback amendment there are no restrictions on contributions. It does not apply to individuals at all. It only requires the reporting of contributions of groups over $3,000.

In the election law we require reporting of contributions over $100 for both individuals and groups. The Railsback amendment, which exempts individuals, sets a reporting limit that is 30 times higher than the election law.

I do not think the rights of free speech are being violated here if they are not violated in the election law. This modest reporting requirement is not chilling. It is not even air-conditioned. It will not affect anyone or anything or anybody except large contributors from fairly large organizations to lobbying groups.

The large contributors ought to be revealed because lobbying may have more effect on the direction or policy of this republic than the very small contributions which we require to be reported under the election law. And if one law makes sense, certainly the other does too.

I believe that the Railsback amendment is a very modest step toward sunshine in lobby disclosure, and I hope that it will be passed today.

Mr. FLOWERS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I shall be very brief, Mr. Chairman. I would like to ally myself with the remarks of the gentlewoman from Texas.

There is a lack of even-handedness in the approach of my dear friend, the gentleman from Illinois (Mr. RAILSBACK). I think the amendment he offered last evening had merit, but this one is not well balanced and I would oppose it.

Mr. Chairman, there is no rhyme or reason to exempt individuals if organizations should have to make such a report. What is good for the goose ought to be good for the gander. That is my feeling on the matter.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. FLOWERS. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I have the highest respect for my friend, the gentleman from Alabama (Mr. FLOWERS); but I find it rather ironic that the gentleman is the one who in considering the lobbying bill and in creating its major thrust differentiated between individuals and organizations. I really did not want to make that distinction, but the gentleman, in drafting this bill, is really the principal architect of not requiring individuals who retain lawyers to lobby to come under the coverage of the bill.

Mr. FLOWERS. Mr. Chairman, the reason for that, as the gentleman knows, was to create a simple mechanism in this bill insofar as basis coverage is concerned.

I still think that we ought to have a bill that cuts as evenly as possible across the entire spectrum. It would not do that if the gentleman's amendment is adopted, and I urge a no vote on the amendment.

Mr. FISH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment for the views very adequately expressed already. However, a proponent of the amendment has stressed a correlation between the measure before us and the Federal Election Campaign Act.

Mr. Chairman, I wish now to yield to my colleague, the gentleman from California (Mr. WIGGINS), who, in his views in the committee report, took great pains to distinguish that act from the present measure.

Mr. WIGGINS. Mr. Chairman, I thank the gentleman for yielding. I will only take a moment.

I wish simply to say that if first amendment rights are implicated, that does not end the matter. Of course, they were implicated in the elections statute, as they are implicated here. Also, first amendment rights can be regulated.

It is conceded that this bill does implicate first amendment rights; but now we must proceed and decide whether we can regulate them. That requires an analysis of a public evil, and a carefully drafted statute which responds narrowly to that evil. That is the holding of the NAACP and of many other cases.

Given that as the state of the law—and I represent it to be the law—the question here is, then, a factual one: What is the public evil? Where is the record?

At present the abusive conduct has not even been identified with respect to lobbying, as against the massive evidence of abusive conduct in the election field, which provides a clear track record upon which we could regulate such conduct in the election field, a record which is totally absent in this case.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. RAILSBACK).

The question was taken; and on a division (demanded by Mr. RAILSBACK), there were—ayes 27, noes 28.

RECORDED VOTE

Mr. RAILSBACK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 251, noes 135, not voting 48, as follows:

[Roll No. 242]

AYES—251

Abdnor	Dingell	Leggett
Addabbo	Dornan	Lent
Allen	Duncan, Tenn.	Levitas
Ambro	Early	Livingston
Ammerman	Eckhardt	Lloyd, Tenn.
Anderson, Ill.	Edwards, Okla.	Long, Md.
Andrews, N.C.	Eilberg	Lott
Andrews, N. Dak.	Emery	Lujan
	English	Luken
Applegate	Erlenborn	Lundine
Archer	Ertel	McCloskey
Ashbrook	Evans, Ga.	McCormack
Ashley	Evans, Ind.	McDade
Aspin	Fascell	McDonald
AuCoin	Fenwick	McHugh
Badham	Findley	McKay
Bafalis	Fisher	McKinney
Baucus	Fithian	Madigan
Bauman	Flood	Maguire
Beard, Tenn.	Florio	Marks
Bedell	Fowler	Martin
Bennett	Fraser	Mathis
Biaggi	Frenzel	Mattox
Blanchard	Gammage	Mazzoli
Blouin	Gaydos	Metcalfe
Boland	Gephardt	Meyner
Bolling	Gibbons	Michel
Bonior	Gilman	Mikva
Brademas	Ginn	Milford
Breaux	Glickman	Miller, Calif.
Brinkley	Gonzalez	Miller, Ohio
Brodhead	Gore	Mineta
Broomfield	Gradison	Minish
Brown, Ohio	Green	Mitchell, N.Y.
Buchanan	Guyer	Moffett
Burke, Fla.	Hagedorn	Mollohan
Burke, Mass.	Hall	Moore
Burleson, Tex.	Hamilton	Mottl
Burlison, Mo.	Hanley	Murphy, Pa.
Burton, Phillip	Hannaford	Murtha
Caputo	Harkin	Myers, Gary
Carney	Harrington	Myers, John
Carr	Harris	Myers, Michael
Cavanaugh	Heckler	Natcher
Chappell	Hefner	Neal
Cleveland	Heftel	Nedzi
Cohen	Hightower	Nichols
Coleman	Hillis	Nolan
Collins, Ill.	Hollenbeck	Nowak
Collins, Tex.	Horton	Oakar
Conable	Hubbard	Oberstar
Corcoran	Huckaby	Obey
Cornell	Hughes	Ottinger
Cornwell	Ichord	Panetta
Cotter	Ireland	Patterson
Coughlin	Jacobs	Pattison
Crane	Jeffords	Pease
Cunningham	Jenkins	Perkins
D'Amours	Kastenmeier	Pike
Daniel, Dan	Kemp	Pressler
Daniel, R. W.	Ketchum	Preyer
Davis	Keys	Pritchard
de la Garza	Kildee	Quayle
Derrick	Latta	Quie
Derwinski	Le Fante	Railsback
Devine	Leach	Regula
Diggs	Lederer	Reuss
Rinaldo	Spellman	Walsh
Roberts	Stangeland	Watkins
Roe	Stanton	Whalen
Rogers	Steers	White
Rooney	Studds	Whitehurst
Rose	Symms	Whitten
Rousselot	Thompson	Wilson, Bob
Ryan	Treen	Wilson, Tex.
Sarasin	Trible	Wirth
Scheuer	Tsongas	Wolff
Schroeder	Vander Jagt	Wydler
Schulze	Vanik	Wylie
Sharp	Vento	Yatron
Skelton	Volkmer	Young, Fla.
Slack	Waggonner	Young, Mo.
Smith, Iowa	Walgren	Young, Tex.
Solarz	Walker	Zeferetti

NOES—135

Akaka	Garcia	Pickle
Anderson, Calif.	Glaimo	Poage
	Goldwater	Price
Annunzio	Goodling	Quillen
Armstrong	Grassley	Rangel
Baldus	Gudger	Richmond
Beard, R.I.	Hammer-schmidt	Risenhoover
Bellenson		Robinson
Benjamin	Harsha	Roncalio
Bevill	Hawkins	Rosenthal
Bingham	Holt	Rostenkowski
Boggs	Holtzman	Roybal
Bowen	Hyde	Rudd
Brooks	Johnson, Calif.	Ruppe
Brown, Calif.	Johnson, Colo.	Santini
Brown, Mich.	Jones, N.C.	Satterfield
Broyhill	Jones, Okla.	Sawyer
Burgener	Jones, Tenn.	Sebelius
Butler	Jordan	Shuster
Byron	Kasten	Sikes
Carter	Kelly	Sisk
Chisholm	Kindness	Smith, Nebr.
Clawson, Del	Kostmayer	Snyder
Clay	Krebs	Spence
Conte	LaFalce	St Germain
Corman	Lagomarsino	Staggers
Danielson	Lloyd, Calif.	Stark
Delaney	Long, La.	Steed
Dickinson	McClory	Steiger
Dodd	McFall	Stockman
Downey	Mahon	Stratton
Drinan	Markey	Stump
Edwards, Ala.	Marlenee	Taylor
Edwards, Calif.	Meeds	Udall
Evans, Colo.	Mitchell, Md.	Ullman
Evans, Del.	Moakley	Van Deerlin
Fary	Montgomery	Wampler
Fish	Moorhead, Calif.	Waxman
Flippo		Weaver
Flowers	Moorhead, Pa.	Weiss
Flynt	Moss	Wiggins
Ford, Mich.	Murphy, Ill.	Wilson, C. H.
Ford, Tenn.	Murphy, N.Y.	Wright
Forsythe	Patten	Yates
Fountain	Pepper	Young, Alaska
Fuqua	Pettis	Zablocki

NOT VOTING—48

Alexander	Frey	Rodino
Barnard	Hansen	Runnels
Bonker	Holland	Russo
Breckinridge	Howard	Seiberling
Burke, Calif.	Jenrette	Shipley
Burton, John	Kazen	Simon
Cederberg	Krueger	Skubitz
Clausen, Don H.	Lehman	Stokes
	McEwen	Teague
Cochran	Mann	Thone
Conyers	Marriott	Thornton
Dellums	Mikulski	Traxler
Dent	Nix	Tucker
Dicks	O'Brien	Whitley
Duncan, Oreg.	Pursell	Winn
Edgar	Rahall	
Foley	Rhodes	

The Clerk announced the following pairs:

On this vote:

Mr. Kazen for, with Mr. Shipley against.

Mr. Howard for, with Mr. Jenrette against.

Mr. Teague for, with Mrs. Burke of California against.

Mr. Rahall for, with Mr. Dellums against.

Mr. Runnels for, with Mr. Krueger against.

Mr. Dent for, with Mr. Conyers against.

Mr. Traxler for, with Mr. Whitley against.

Mr. Rodino for, with Ms. Mikulski against.

Mr. John Burton for, with Mr. Stokes against.

Mr. YATES and Mr. LLOYD of California changed their votes from "aye" to "no."

Messrs. VENTO, GREEN, THOMPSON, HANNAFORD, WAGGONNER, and WHITTEN changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. VOLKMER

Mr. VOLKMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOLKMER: Page 41, line 7, delete the "." and insert in lieu thereof "; and".

Page 41, following line 7, insert the following new subsection:

"(7) to refer to the Attorney General all apparent violations of any provisions of this Act, or any rule or regulation promulgated in accordance therewith."

Mr. VOLKMER. Mr. Chairman, I will not take the full 5 minutes, because I believe that the amendment has been distributed to both the majority and the minority members of the committee.

The amendment, to briefly explain it, is just a clarification amendment to require any apparent violations coming to the attention of the Comptroller General to be referred to the Attorney General, the Attorney General being, of course, the enforcing agency.

Mr. DANIELSON. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from California.

Mr. DANIELSON. Mr. Chairman, I have looked over the amendment and studied it and I support it.

Mr. MOORHEAD of California. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from California.

Mr. MOORHEAD of California. Mr. Chairman, we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. VOLKMER).

The amendment was agreed to.

Mr. DANIELSON. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto cease at 5 o'clock p.m. this afternoon.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. KINDNESS. Mr. Chairman, reserving the right to object, there is a question that needs to be presented, and that is: How many amendments are at the desk?

Mr. DANIELSON. Mr. Chairman, if the gentleman will yield, I am not able to respond to the gentleman's question.

The CHAIRMAN. The Chair will advise the Committee that there are 13 amendments at the desk. There are several amendments that have been printed in the RECORD.

Mr. KINDNESS. Mr. Chairman, further reserving the right to object, there are Members of the Committee who still have amendments pending at the desk. For example, I have been seeking recognition for some time without an opportunity to present an amendment.

Mr. MILLER of California. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

MOTION OFFERED BY MR. DANIELSON

Mr. DANIELSON. Mr. Chairman, I offer a motion.

The Clerk read as follows:

Mr. DANIELSON moves that all debate on the bill and all amendments thereto be terminated at 5 o'clock p.m.

The CHAIRMAN. The question is on the motion offered by the gentleman from California (Mr. DANIELSON).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DOWNEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 18, noes 215, not voting 61, as follows:

[Roll No. 243]

AYES—158

Akaka	Fraser	Mollohan
Alexander	Gaydos	Montgomery
Allen	Gibbons	Motti
Ammerman	Ginn	Murphy, Ill.
Andrews, N.C.	Glickman	Murtha
Annunzio	Goldwater	Neal
Applegate	Gonzalez	Nedzi
Archer	Hall	Nowak
Aspin	Hamilton	Oakar
AuCoin	Hannaford	Oberstar
Baldus	Harrington	Obey
Beard, R.I.	Harris	Patten
Benjamin	Harsha	Pepper
Bennett	Hefner	Perkins
Blanchard	Hightower	Poage
Blouin	Hillis	Preyer
Boland	Hollenbeck	Price
Bolling	Huckaby	Railsback
Bowen	Jenkins	Reuss
Brademas	Johnson, Calif.	Risenhoover
Breaux	Jones, N.C.	Roberts
Brinkley	Kastenmeier	Roe
Brodhead	Keys	Rogers
Burke, Mass.	Krebs	Rose
Burleson, Tex.	Latta	Rosenthal
Burlison, Mo.	Le Fante	Roybal
Burton, Phillip	Lederer	Ryan
Carney	Leggett	Sawyer
Cavanaugh	Lent	Seiberling
Chappell	Levitas	Sikes
Collins, Ill.	Lloyd, Calif.	Sisk
Conte	Lloyd, Tenn.	Slack
Cornell	Long, La.	Smith, Iowa
Cotter	Long, Md.	Snyder
D'Amours	Lujan	Spellman
Danielson	Lundine	Staggers
Davis	McCormack	Steed
Dornan	McDade	Taylor
Duncan, Tenn.	McFall	Thompson
Eilberg	McKay	Udall
English	Madigan	Van Deerlin
Ertel	Maguire	Vanik
Evans, Colo.	Mahon	Waxman
Fary	Marks	Weaver
Fascell	Mattox	Whitten
Fenwick	Mazzoli	Wilson, Bob
Findley	Meeds	Wilson, Tex.
Fithian	Metcalfe	Wirth
Flood	Meyner	Wolff
Florio	Mikva	Wright
Flynt	Milford	Young, Tex.
Ford, Mich.	Mineta	Zablocki
Fountain	Moakley	

NOES—215

Abdnor	Badham	Boggs
Addabbo	Bafalis	Bonior
Anderson, Calif.	Baucus	Brooks
	Bauman	Broomfield
Anderson, Ill.	Beard, Tenn.	Brown, Mich.
Andrews, N. Dak.	Bedell	Brown, Ohio
	Beilenson	Broyhill
Armstrong	Bevill	Buchanan
Ashbrook	Biaggi	Burgener
Ashley	Bingham	Burke, Fla.
Butler	Hanley	Quie
Byron	Harkin	Quillen
Caputo	Heckler	Rangel
Carr	Heftel	Regula
Carter	Holt	Richmond
Chisholm	Holtzman	Rinaldo
Clawson, Del	Hubbard	Robinson
Clay	Hughes	Rooney
Cleveland	Hyde	Rostenkowski
Cohen	Ichord	Rousselot
Coleman	Ireland	Rudd
Collins, Tex.	Jacobs	Ruppe
Conable	Johnson, Colo.	Santini
Corcoran	Jones, Okla.	Sarasin
Corman	Jordan	Satterfield
Cornwell	Kasten	Scheuer
Coughlin	Kelly	Schroeder
Crane	Kemp	Schulze
Cunningham	Ketchum	Sebelius
Daniel, R. W.	Kildee	Sharp
Delaney	Kindness	Shuster
Derrick	Kostmayer	Skelton
Derwinski	LaFalce	Smith, Nebr.
Devine	Lagomarsino	Solarz
Dickinson	Leach	Spence
Dicks	Livingston	St Germain
Dingell	Lott	Stangeland
Dodd	Luken	Stanton
Downey	McCloskey	Stark
Drinan	McDonald	Steers
Early	McHugh	Steiger
Eckhardt	McKinney	Stockman
Edwards, Ala.	Markey	Stratton
Edwards, Calif.	Martin	Studds
Edwards, Okla.	Mathis	Stump
Emery	Miller, Calif.	Symms
Erlenborn	Miller, Ohio	Treen
Evans, Del.	Minish	Trible
Evans, Ga.	Mitchell, Md.	Tsongas
Evans, Ind.	Mitchell, N.Y.	Ullman
Fish	Moffett	Vander Jagt
Fisher	Moore	Vento
Flippo	Moorhead, Calif.	Volkmer
Flowers		Waggonner
Ford, Tenn.	Moss	Walgren
Forsythe	Murphy, N.Y.	Walker
Fowler	Murphy, Pa.	Walsh
Frenzel	Myers, Gary	Wampler
Fuqua	Myers, John	Watkins
Gammage	Natcher	Weiss
Garcia	Nichols	Whalen
Gephardt	Nolan	White
Giaimo	Ottinger	Whitehurst
Gilman	Panetta	Wiggins
Goodling	Patterson	Wilson, C. H.
Gore	Pattison	Wydler
Gradison	Pease	Wylie
Grassley	Pettis	Yates
Green	Pickle	Yatron
Guyer	Pike	Young, Alaska
Hagedorn	Pressler	Young, Fla.
Hammer-schmidt	Pritchard	Young, Mo.
	Quayle	Zeferetti

NOT VOTING—61

Ambro	Gudger	Nix
Barnard	Hansen	O'Brien
Bonker	Hawkins	Pursell
Breckinridge	Holland	Rahall
Brown, Calif.	Horton	Rhodes
Burke, Calif.	Howard	Rodino
Burton, John	Jeffords	Roncalio
Cederberg	Jenrette	Runnels
Clausen, Don H.	Jones, Tenn.	Russo
	Kazen	Shipley
Cochran	Krueger	Simon
Conyers	Lehman	Skubitz
Daniel, Dan	McClory	Stokes
de la Garza	McEwen	Teague
Dellums	Mann	Thone
Dent	Marlenee	Thornton
Diggs	Marriott	Traxler
Duncan, Oreg.	Michel	Tucker
Edgar	Mikulski	Whitley
Foley	Moorhead, Pa.	Winn
Frey	Myers, Michael	

Mr. WATKINS and Mr. TRIBLE changed their vote from "aye" to "no."

So the motion was rejected.

The result of the vote was announced as above recorded.

Mr. DANIELSON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. MEEDS, Chairman of the Committee of the Whole House on the State of the Union,

reported that that Committee, having had under consideration the bill (H.R. 8494) to regulate lobbying and related activities, had come to no resolution thereon.

LEGISLATIVE PROGRAM

(Mr. DEVINE asked and was given permission to address the House for 1 minute.)

Mr. DEVINE. Mr. Speaker, I ask for this time for the purpose of inquiring of the acting majority leader, the gentleman from California (Mr. DANIELSON) the schedule for the balance of the week and for the coming week.

Mr. DANIELSON. Mr. Speaker, will the gentleman yield?

Mr. DEVINE. I am happy to yield to the gentleman from California.

Mr. DANIELSON. I thank the gentleman.

Mr. Speaker, the program for next week will be as follows:

On Monday, the House meets at noon. We have the District Calendar, but there are no bills on that Calendar.

There are no bills on the Suspension Calendar.

We will take up H.R. 11504, Agricultural Credit Act of 1978, which has an open rule and 1 hour of general debate.

Following that, we will take up H.R. 11401, the NASA Authorization Act of 1979, with an open rule and 1 hour of debate.

On Tuesday the House meets at noon.

There are no bills on the Suspension Calendar.

We will consider H.R. 11877, the Peace Corps Act amendments, under an open rule with 1 hour of general debate; to be followed by—

H.R. 1, Ethics in Government Act, under an open rule with 4 hours of general debate. We hope to take up the rule and complete it plus general debate only on Tuesday.

On Wednesday the House meets at 3 p.m., to continue with—

H.R. 1, the Ethics in Government Act, and we hope to complete consideration.

On Thursday the House will meet at 11 o'clock a.m. to consider—

House Resolution 1049. Reorganization Plan One on the EEOC; and

H.R. 11302, the EPA authorizations, fiscal year 1979, under an open rule with 1 hour of general debate.

We also anticipate calling up one committee funding resolution.

On Friday the House will meet at 11 o'clock a.m., taking up—H.R. 11832, Arms Control and Disarmament Agency authorizations, under an open rule with 1 hour of general debate; and

House Joint Resolution 859, supplement appropriations for USRA, subject to a rule being granted.

The House will adjourn by 3 p.m. on Friday and by 5:30 p.m. on all other days except Wednesday.

Of course, conference reports may be brought up at any time and any further program may be announced later.

Mr. DEVINE. Mr. Chairman, I notice a startling absence on the schedule for next week of the Lobby Disclosure Act which we have been debating for the last 2 days. Has the leadership abandoned further consideration of this or put it over for some other time or will it come up again later?

Mr. DANIELSON. If the gentleman will yield further, no, the bill has not been discarded or abandoned and there is no plan to do so. However, because of the heavy schedule already planned, that bill will be taken up the following week.

Mr. DEVINE. The leadership feels the schedule for next week takes priority over the Lobby Disclosure Act; is that correct?

Mr. DANIELSON. It is a heavy schedule for next week, and inasmuch as the manager of the bill felt that it would be desirable to regroup, that bill has been put over until the next week.

Mr. DEVINE. I thank the gentleman for his confession.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule on Wednesday of next week be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ADJOURNMENT TO MONDAY, APRIL 24, 1978

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

AUTHORIZING CLERK TO RECEIVE MESSAGES AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS FOUND TRULY ENROLLED NOTWITHSTANDING ADJOURNMENT

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until April 24, 1978, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO HAVE UNTIL MIDNIGHT FRIDAY, APRIL 21, 1978, TO FILE LEGISLATIVE REPORT ON H.R. 12163, DEPARTMENT OF ENERGY AUTHORIZATION ACT, FISCAL YEAR 1979

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology may have until midnight Friday, April 21, 1978, to file the legislative report on H.R. 12163, Department of Energy Authorization Act for fiscal year 1979.

The SPEAKER pro tempore (Mr. DANIELSON). Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO FILE REPORTS

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight tonight, April 20, 1978, to file reports on the bill (H.R. 11797) survivor benefits for reservists; and the bill (H.R. 11823) pre-1945 reservists.

The SPEAKER pro tempore (Mr. DANIELSON). Is there objection to the request of the gentleman from Alabama?

There was no objection.

STATUS OF TAX REFORM AND TAX REDUCTION ACT

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. VANIK. Mr. Speaker, I would like to start out by reporting to you where the Committee on Ways and Means stands at this moment on President Carter's Tax Reform and Tax Reduction Act.

If at this point the committee had adopted all of the recommendations in the administration proposal, we would have picked up $7 billion in additional revenues. Instead, we are reforming at a negative rate of $300 million to $1.3 billion, depending on the revenue loss incurred by including the charitable deduction in the standard deduction.

There is every indication that the loss of Treasury revenue will increase as we move further along. We have not yet considered the major losers such as capital formation, the deferral of dividend income, the increase in the investment credit, or the proposed relaxation of capital gains taxation.

The administration bill provides for a 1979 deficit of $60.6 billion. If we proceed further with the tax reform bill, we will reform ourselves into a 1979 budget deficit of at least $70 billion or upwards.

There is strong sentiment to cut taxes and very little concensus on acceptable reforms.

The administration's proposal completely disregard temporary tax cuts which expire at the end of this year. These include:

[In billions]

The general tax credit, $35 credit per person	$7.2
The earned income credit	----
Corporate tax rates (small business surtax exemption)	1.1
Jobs credit bill	.7
Total	9.0

The administration's bill closes $6.5 billion in loopholes and opens up $9.5 billion in new loopholes and preferences

such as permitting 90-percent utilization of the investment credit and extending it to real estate.

For an average American family of four with a $15,000 income, the Administration proposal provides a tax cut of of $258 and takes away and terminates an existing tax credit to that family of $35 per person or $140. The net tax cut to such a family would total $118 per year, which is offset two or three times over by the increased rate of inflation the huge deficit will generate.

The proposal offered by Mr. PICKLE and myself would eliminate all tax cuts and all reforms and limit the tax bill to a simple renewal of those previously enacted tax cuts which expire this year. Failure to renew these proposals would result in an across-the-board tax increase by the termination of the general tax credit under which every taxpayer received a $35 credit for himself and every dependent. We cannot increase individual taxes or the taxes on small business. Our proposal would reduce the 1979 deficit from $60.6 or $70 billion to $28 billion.

It will be argued by some economists that without a tax cut we are withdrawing almost 20 percent of the GNP in Federal taxes. The restraint on this percentage can be achieved in either one of two ways: One, reducing Federal expenditures by increasing tax cuts; or two, increasing the gross national product.

The gross national product can be moved upwards. The climate for business and economic growth will be dynamically improved by reducing the inflationary impact of a $60 to $70 billion deficit. The stagnant level of the gross national product in the first quarter is the proximate result of the accelerated rate of inflation. A $28 billion indeficit would signal a massive attack on inflation—it would restore national confidence in the judgment of the Congress.

In the late sixties and early seventies, tax cuts got inflated credit for strength in the economy. In the late sixties, there was the full employment propellant of the Vietnam War. In later years, the Federal revenue items was inflated to include trust fund contributions which were not included in earlier years. Social security taxes were increased and added to Government receipts. In this same period—Federal expenditures were increased to include revenue sharing and massive transfers of revenues to the States which now range between $60 and $100 billion. The ratio between the GNP and government receipts must be amended to include these factors.

The reduction of the administration's 1979 deficit from $60 to $70 billion to $28 billion will insure no increase in the price of imported oil and restore confidence in the dollar—at home and abroad.

If we have the wisdom to move in this direction, I believe it will win the support and gratitude of the American people. It will be a viable congressional initiative on economic policy which can turn this country around. If the proposal of the administration is wrong and massive tax cuts and deficits are incurred—we cannot correct the error. We can always and anytime cut taxes—but history has proven that revenues lost are almost never restored.

FREEDOM ON TRIAL

(Mr. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CRANE. Mr. Speaker, it saddens me greatly to have to address you, once again, as I did last year on the case of Pavel Abramovich and his family who are still being held in the Soviet Union and have been refused permission for 7 years to emigrate to Israel.

Today, April 20, 1978, Pavel Abramovich goes on trial for what the Soviets term "parasitism." Parasitism for those not familiar with the term, is an odious classification given to those who do not have a job in the Soviet Union.

These people have either not wanted to work in the job they were placed in and subsequently been fired or they have exercised a freedom—one which we often take for granted—of choosing their own occupation and been punished for it by firing. Once fired, they cannot find work anywhere and are labeled as parasites by the Soviet Union.

Pavel Abramovich, formerly a respected electronics engineer, now lists his occupation as Hebrew teacher. This would be unremarkable in any place but the Soviet Union, where it is impossible to obtain textbooks, training, or the official recognition accorded teachers of other foreign languages. Considered the tongue of anti-Soviet "Zionists," Hebrew is offered only to a few Russians who are studying ancient languages. There is no education for future rabbis, and for most, Hebrew is forbidden. Pavel Abramovich is one of a small band of heroic figures, the Hebrew teacher of Moscow. Most of them are self-taught, and all are dedicated to a future in Israel, the land where their beloved language will be finally put to use.

Throughout the long wait since Pavel, with his wife and young son, applied for a visa to Israel, he has demonstrated amazing courage on behalf of other Soviet Jews. He publicly renounced his Soviet citizenship, claiming instead, Israeli citizenship. He has sent appeals to the United Nations Human Rights Commission, issued press statements, and been arrested on several occasions for demonstrating in protest to the treatment accorded Jews in Russia. His home has been raided and personal property confiscated, including his typewriter and books on Jewish history.

Last May, Abramovich and 20 other activists were visited by agents of the KGB, who warned them that unless they found work within a short time they faced arrest for "parasitism;" this despite the fact that Pavel had been fired when he applied for his visa and has since been refused all work.

During November and December of 1976, his home was again searched and his tape recordings of Jewish songs and Hebrew lessons were taken. Pavel appeared at the offices of Soviet officials with Prof. Benjamin Fain attempting to explain the planned Symposium on Jewish Culture, of which Abramovich was a committee member—but in vain.

Today, if convicted, Abramovich will most likely be incarcerated along with other men and women who have done what he has done in the Soviet Union: pursue basic human freedom and dignity. And what will happen to his family? I hope that I will not have to speak on their behalf next year, but can report instead that the Abramovich family is united and has been given permission to emigrate to Israel.

NO FRIENDS FOR THE UNITED STATES IN LATIN AMERICA

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, the announcement by Panama's so aptly termed cacique Omar Torrijos, right after Senate ratification of the Panama Canal Treaty, that he might have destroyed the canal if the vote had gone the other way clearly tells the world that the United States caved in to his blackmail.

It is a sad day for the American people and the free world that this now becomes a footnote to the history of this new treaty. Respect for the United States, and the credibility of our leadership in the world, have suffered badly as the result of this treaty and the way it was approved through the process of intimidation. We will feel the adverse effects of this mistake in the future.

The United States certainly made no friends in Latin America as the result of this new treaty despite claims to the contrary. Latin affairs editor Harold Milks of the Arizona Republic wrote an excellent analysis on this point, which appeared in that newspaper yesterday. I would like to include his column at this point in the RECORD:

INSTEAD OF GRATITUDE, CARTER CAN EXPECT TROUBLE FROM SOUTH AMERICA

(By Harold K. Milks)

The flood of gratitude President Carter expects to descend on his head from Latin American countries for steering the canal treaties with Panama through U.S. Senate approval may be a long time in coming.

Treaty supporters have long billed approval as a great victory for hemispheric unity. But Carter has stepped on too many delicate toes of Latin American government leaders, including Panamanian strongman Gen. Omar Torrrijos, to expect any bouquets now that the voting is over.

While publicly expressing their satisfaction in the formal Declaration of Washington last September over the Carter administration's program to hand over the canal to Panama, many had secret reservations.

"These are going to emerge now," said one Latin American diplomat whose own president gave only lukewarm support to the canal pacts. "Many countries will think not of Panama, but of the human rights campaign by which Carter publicly embarrassed them."

The human rights issue is not the only one between Washington and Latin American capitals which could postpone or destroy any honeymoon between the Carter administration and its Latin neighbors. But it is certainly the most general, with most nations of Central and South America having found themselves targets of the Carter arrows against abuse of human rights.

Brazil is far more interested in completing its nuclear pacts with West Germany and

maintaining the world prices on coffee than in what happens to the canal. The Carter administration actively opposed the nuclear agreement.

Chile has had its international credit damaged by Carter pressure on development banks. Uruguay's military-controlled regime reacted hotly to Carter criticism of its handling of political prisoners.

Far from the bottom of the list is Panama itself. While Gen. Torrijos, during last September's visit to Washington, performed as expected by most national leaders from the hemisphere, his position has been changed radically by developments preceding the final Senate vote.

The parade of U.S. senators to Panama for a personal inspection of both the canal and Gen. Torrijos left behind a huge reservoir of ill will. Many Panamanians, including both those for and against the treaties, called these visits Senate interference in Panama's internal affairs.

A major factor in Carter's problems with Latin America goes back over the terms of previous presidents—the great ease with which Latin American leaders raise cries of interference or humiliation whenever Washington adopts a stance opposing their own desires.

The DeConcini reservation giving the United States the right to send troops to Panama if operation of the canal is threatened, either during the interim or after Panama takes control in the year 2000, may haunt Carter, who accepted it to help assure Senate ratification of the treaties.

This reservation by Arizona's junior senator, Democrat Dennis DeConcini, as well as other changes and amendments made after Panama approved the pacts, brought a wave of hostility against both Washington and Torrijos in Panama.

Panama's ambassador to Washington called the treaty amendments humiliating and leftist foes of the pacts in Panama said they represented intervention in Panama's internal affairs.

Senate investigation of drug charges against members of the Torrijos family caused Panamanian dictator to lose face both at home and abroad, though no direct charges were raised against him personally. A proud man, Torrijos probably will remember this embarrassment in future dealings with the United States

"Eventually approval of the Panama treaties may bring President Carter more problems than solutions," said a retired U.S. diplomat long active in Latin America.

"It would be wonderful if the good will predicted to come from giving up the canal really materializes. But look out for trouble in the wake of Senate approval, especially if something happens to interfere with smooth operation of the waterway."

FEDERAL RESERVE MEMBERSHIP ACT OF 1978

(Mr. STANTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. STANTON. Mr. Speaker, today, I have introduced H.R. 12279, the "Federal Reserve Membership Act of 1978." I am deeply concerned about the current decline in Federal Reserve membership and its implications for the vitality of the Fed and the Nation's monetary policy. Significant problems which may result from a continued decline in Federal Reserve membership are: the Fed's monetary control could be weakened; the Nation could face increased risks of liquidity crises; the Fed may encounter difficulties in its predicting and target capabilities; and a substantial loss to Treasury revenues might be experienced. Statistical evidence compiled by the Federal Reserve indicates that both the percentage of banks belonging to the Fed and the percentage of gross deposits held by members have dropped significantly in recent years. Since 1970 over 400 banks have withdrawn from the Federal Reserve System; and in 1977 alone 45 banks left the Fed. While many explanations have been offered for the loss of Fed membership, the monetary cost of membership—chiefly maintaining reserve requirements—is the reason most frequently cited for withdrawals from the system.

Proposals suggested to arrest the downward trend in membership have taken a variety of forms: uniform reserve requirements, decreasing reserve requirements, pricing of system services, or interest payment on reserves. Independently, each of these proposals presents problems which make them unworkable. I feel that the best approach for stopping the current outflow of Fed membership is a combination of pricing and interest payments on reserves. This would insure that the benefits of Fed membership outweigh the costs. Thus, the two major provisions of the bill are: First, the explicit pricing of Federal Reserve payment services; and second, the payment of interest on required membership reserves.

The explicit pricing of Fed payment services would enable members to pay only for those services which they receive. The payment of interest on required reserves would enable members to turn their presently idle reserves into investments producing a market rate of return. Moreover, as another possible means of reducing the membership burden, my bill would direct the Fed to study the feasibility of permitting member banks to keep a portion of their reserves in Treasury securities.

In addition to addressing the Fed membership problem, my bill seeks to promote increased efficiency and competition within the banking industry. Along these lines, the bill requires that all Federal Reserve payment services be priced competitively with those offered by private institutions; and it opens access to Federal Reserve payment services to all depository institutions.

Timely action along the lines of this bill has been publicly suggested by the Chairman of the Federal Reserve Board, William Miller. I realize, however, that this is a highly complex issue which has far-reaching implications not only for the future of the Federal Reserve, but also for the entire banking system. Thus, I am hopeful that the introduction of this bill will encourage the Congress to give the thorough attention warranted by this issue.

Mr. Speaker, at this point I insert the text of the bill as well as a section-by-section analysis.

SECTION-BY-SECTION ON FED MEMBERSHIP BILL—H.R. 12279

TITLE

Federal Reserve Membership Act of 1978.

SECTION 2—PRICING OF SERVICES

Amends section 11 of the Federal Reserve Act to direct the Fed to establish a schedule of fees for payment services by July 1, 1979, and to put that schedule into effect by July 1, 1980. Subsection (c) establishes three pricing principles to be followed in setting the schedule of fees. The three principals are as follows:

(1) payment services priced explicitly;

(2) services priced competitively within private institutions; and

(3) payment services shall be made available to all depository institutions.

SECTION 3—INTEREST ON RESERVES

Amends section 19 of the Fed Act to pay interest on required reserves. The interest rate shall not exceed the 3 month Treasury bill rate during the preceding quarter.

Subsection (2) directs the Fed to submit, by July 1, 1981, to the Congress a study on the feasibility of member banks investing a portion of their required reserves in Treasury securities.

Subsection (3) directs the Fed to provide a full account of the impact of this Act in its annual report.

SECTION 4—DEFINITIONS

Definitions and technical amendments to the Fed Act.

H.R. 12279

A bill to amend the Federal Reserve Act to provide for the pricing of Federal Reserve System services and the payment of interest on reserves

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Reserve Membership Act of 1978."

PRICING OF SERVICES

SEC. 2. (a) The Federal Reserve Act is amended by inserting after section 11 (12 U.S.C. 248) the following new section:

"SEC. 11A. (a) Not later than July 1, 1979, the Board of Governors shall have prepared and shall publish for public comment a set of pricing principles in accordance with this section and a proposed schedule of fees for Federal Reserve System services; and not later than July 1, 1980, the Board shall put into effect a schedule of fees for such services which is based on those principles.

"(b) The Federal Reserve System services which shall be covered by the schedule of fees under subsection (a) are—

"(1) currency and coin services;

"(2) check collection services;

"(3) wire transfer services;

"(4) automated clearing house services;

"(5) net settlement services;

"(6) securities safekeeping services; and

"(7) any new payment services which the Federal Reserve System provides, including but not limited to payment services that effectuate the electronic transfer of funds.

"(c) The pricing principles referred to in subsection (a) and the schedule of fees prescribed pursuant to this section shall be based on the following general principles:

"(1) All services shall be priced explicitly.

"(2) Prices shall be established on the basis of all direct and indirect costs actually incurred in providing the services priced, including overhead, and an allocation of imputed costs that take into account the taxes that would have been paid and the return on capital that would have been provided had the payment services been furnished by a private business firm.

"(3) Services shall be made available to any depository institution at the same fee schedule applicable to member banks.".

INTEREST ON RESERVES

SEC. 3. Section 19 of the Federal Reserve Act is amended by inserting after subsection (b)(3) (12 U.S.C. 461(b)) the following:

"(4) The Board shall pay interest on those reserves required to be held pursuant to this subsection. The rate of interest shall be

periodically determined by an affirmative vote of not less than four members of the Board. The rate of interest shall not exceed the average rate paid during the preceding calendar quarter on United States Treasury bills with maturities of three months.

"(5) Not later than July 1, 1981, the Board shall prepare a study to be transmitted to the House Committee on Banking, Finance and Urban Affairs and Senate Committee on Banking, Housing, and Urban Affairs on the feasibility and impact of permitting member banks to invest a percentage of their required reserves in United States Treasury securities. The study shall examine the impact of such an arrangement on:

"(1) monetary and financial conditions;

"(2) Treasury revenues;

"(3) safety and soundness of member banks;

"(4) impact of benefits and costs of membership in Federal Reserve System.

"(6) In its annual report to Congress the Board shall provide a full account of the changes in membership during the preceding year, the pricing structure for services in effect during the preceding year, and the interest rate structure on reserves in effect during the preceding year.".

DEFINITIONS

SEC. 4. (a) The Federal Reserve Act is amended by adding at the end of section 1 (12 U.S.C. 221) the following new paragraph:

"The term 'depository institution' means—

"(1) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

"(2) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(3) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(4) any insured credit union as defined in section 101 of the Federal Credit Union Act;

"(5) any member as defined in section 2 of the Federal Home Loan Bank Act;

"(6) any insured institution as defined in section 401 of the National Housing Act; and

"(7) any association or entity which is wholly owned by or which consists only of institutions referred to in clauses (1) through (6).".

(b) The first paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 342) is amended—

(1) by inserting "or other depository institutions" after "member banks";

(2) by inserting "or other depository institution" after "nonmember bank or trust company" each place it appears;

(3) by inserting "and other factors as the Board may deem appropriate" after the words "held for its account by the Federal Reserve bank"; and

(4) by inserting "or other depository institution" after "nonmember bank" in the second proviso.

(c) The thirteenth paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 360) is amended as follows:

(1) by striking out the words "member banks" wherever they appear and inserting in lieu thereof "depository institutions"; and

(2) by striking out the words "member bank" wherever they appear and inserting in lieu thereof "depository institution".

(d) The fourteenth paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 248(o)) is amended by striking out "its member banks" and inserting in lieu thereof "depository institutions".

EASY WAY TO SAVE ENERGY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 15 minutes.

Mr. MILLER of Ohio. Mr. Speaker, In our school days we were all familiar with the geometric axiom "the whole is equal to the sum of its parts." This mathematical statement appropriately underscores the nature of our Nation's present energy problem. There are many areas of neglect that contribute to our overall energy shortage. By themselves they may appear incidental; added together they become very significant.

Today I would like to call your attention to one such area or part. I am going to address a subject that on reflection one would think needs no addressing. But I am concerned that in our search for energy saving techniques and approaches we have often focused on the technical aspects of the energy conservation question and resultantly overlooked some of the more promising and obvious areas of savings common to all.

As we search for energy-saving alternatives we often attempt to reinvent the wheel. What I ask today is that we all simply reexamine the wheel—or should I say wheels. Many of the suggestions and recommendations relative to national conservation programs have a cost factor associated with them that serve as a disincentive. What I propose today costs nothing, only air. What I propose can be accomplished with little effort on the part of those involved and will provide all who take advantage of these recommendations, safety as well as savings. The subject I am going to talk about today is proper tire inflation for the approximately 130 million cars and light trucks that travel America's highways.[1]

This subject has been virtually ignored. If given greater public attention it could save this country the equivalent of as much as 56 million barrels of oil a year.

Guided by various governmental and industry surveys which have been conducted in this regard, my office undertook a study to more specifically define the extent of the problem. Sampling 1,100 car and light truck tires in the Greater Washington, D.C., area we found that 4 out of every 5 automobiles tested were being driven with underinflated tires which on the average were 5 p.s.i. under the normally recommended pressure of 26 p.s.i. and 9 out of every 10 light trucks were being driven with underinflated tires which on the average were 8 pounds under the manufacturer's normally recommended pressure of 32 p.s.i.

Studies show that gasoline mileage will drop approximately one-half of 1 percent for every pound the average automobile tire is underinflated and 0.4 for light trucks.

Therefore, using our average finding of 5 pounds underinflation for automobiles, the estimated 87 million underinflated cars driving on American highways will experience a 2.5-percent loss in gasoline mileage. Treadwise, a car tire driven at 5 pounds under their recommended 26 pounds pressure will experience a 25-percent service loss per tire. With respect to light trucks, using our average underinflation finding of 8 pounds per truck tire, the estimated 19 million light trucks operating with underinflated tires will experience a 3.2 percent loss in gasoline mileage, and an average service loss per tire of 40 percent.

Based on the latest data available from the Motor Vehicle Manufacturers Association, this would mean in national terms that if the estimated 4 out of 5 of the 109 million registered passenger cars that are presently driving with an average underinflation of 5 p.s.i. and 9 out of 10 of the 21 million light trucks driving with an average underinflation of 8 p.s.i. were to bring their tires up to the pressures recommended by the manufacturers, the country could realize an equivalent savings of 56 million barrels a year.[2] This would amount to a national savings of almost 1 percent of our total annual petroleum needs or expressed another way, it would furnish this country its daily petroleum needs for a little over 3 days.

Dollarwise to the consuming American public, it would mean a total savings of approximately $3.2 billion annually.

Expressed in individual terms this would mean that cars driving the national average 9,634 miles per year while consuming an average of 712 gallons of gasoline, priced at 65 cents per gallon would pay on the average an extra $11.57 per year in gasoline costs to operate their vehicle should they be driving with the average underinflation figure of 5 pounds per tire, and an average of $15 in tire wear, for a total extra user cost of $26.57 per year. Light trucks which drive at the previously cited findings of 8 pounds tire underinflation and travel the national average 8,882 miles per year while consuming an average of 887 gallons of gasoline priced at 65 cents per gallon would pay an extra $18.46 per year in gasoline costs, and $32 in tire wear, for a total extra user cost of $50.46.

What is the likelihood of the American public taking action to voluntarily correct this problem? It is my contention that unless a concerted effort is undertaken by Government, the private sector, and the news media to focus attention on this particular aspect of energy conservation, our Nation's drivers will continue their wasteful ways.

This is not to suggest that the average American driver is callous to the President's call for energy conservation, or careless with respect to the practice of good driving habits. It is to suggest that it is a problem of education. The average motorist is not aware of many of the conditions that affect proper tire care. He does not realize that through normal use each tire on his vehicle loses an average of 1 pound of pressure per month regardless of usage. He does not realize that for each temperature drop of 10 degrees Farenheit, his tires lose a pound of pressure. As a result, he does not realize that to maintain proper air pressure in his tires he should check each tire at least once a month under normal driving conditions and when

[1] Heavy duty commercial trucks and busses were not included in our study due to the difficulty in determining relevant load factors.

[2] This figure also includes the 7-gallon-per-tire production savings that will be gained by reducing the demand for new tires.

taking a long trip he should check them daily.

The benefits that drivers will derive from observing good tire maintenance go beyond just fuel savings. Perhaps more importantly, the vehicle will be a much safer vehicle as a result of proper tire inflation. Underinflated tires cause handling problems, as well as uneven and premature treadwear which can lead to unexpected failure.

What are some of the approaches that can be taken to enhance the fuel efficiency of tires and to reduce the safety ramifications associated with this problem?

Much discussion has been voiced concerning the use of radial tires rather than bias tires in that extensive testing has substantiated that radials measureably reduce the rolling resistance a car encounters when in motion and at the same time provides the operator with much better handling and ride characteristics.

I do not know how many of you have manually tried to push a car lately, but believe me, it is like trying to push one up hill or through sand; it is no easy task.

Tests conducted suggest that by converting to radial tires, automobiles can experience fuel savings of 3 to 5 percent depending on the size and weight of the car, while trucks equipped with radials can improve their fuel efficiency by as much as 2 to 4 percent over standard bias tires. Putting this in quantitative terms, should the approximately 60 percent of the American passenger vehicle fleet presently riding on bias ply tires convert to radial tires and the 85 percent of light trucks presently using bias tires do likewise, an aggregate fuel savings of up to 54 million barrels of oil a year could be gained. This on top of the savings that can be attained through proper inflation, could mean a total savings of approximately 1.7 percent of our current national oil needs.

I must qualify that in researching this subject we found the data available from Government, industry, and other related sources insufficient to make a conclusive determination of the full nature of the problem.

However, I feel the preliminary findings we have uncovered are sufficient to justify a much more expansive study of this subject. Toward this end a I am requesting the Departments of Transportation and Energy to initiate detailed studies in this regard. Additionally, I am calling upon those Government agencies with lead responsibility for the care and maintenance of our Government vehicles to give greater emphasis to this promising area for savings.

It is time the American people stop paying lipservice to energy conservation and start practicing better habits. And what better place is there to start but here in Washington. The Federal Government should take the lead and set an example for all to follow.

At present EPA is circulating a fact sheet on automobile fuel economy, which fails to make any mention of proper tire inflation as a means of gaining better fuel performance. The General Services Administration which oversees a fleet of 86,000 general purpose vehicles for the Federal Government, invites the observation of minimal maintenance practices by requesting that the lessees of their vehicles maintain loosely defined owner manual maintenance recommendations. Tire checks at the Postal Service are conducted about every 24 weeks, at the time the vehicles are given their periodic maintenance inspections. The most flagrant cases of poor tire maintenance uncovered in our study were found to exist with Government vehicles; 92 percent of the Government vehicles we surveyed were underinflated an average of 6 pounds per tire. We found postal jeep dispatchers with a recommended rear tire pressure of 29 p.s.i. reflecting such diverse readings as 48 pounds pressure in their right rear tire, and 8 pounds pressure in their left rear tire. We found a heavy-duty six-wheeled truck driving with one of their double rear wheels flat. We found a Government sedan operating with an average inflation pressure of 10 pounds per tire.

Such apparent inattention to this subject suggests that we must undertake an aggressive public awareness program, which would make everyone concerned, much more conscious of the need for proper tire care and inflation. We must encourage the tire, automotive and petroleum industries to give this subject more emphasis in their developmental and consumer orientation programs. We must insure that Government sets the proper example through optimum utilization of present equipment. We need to explore legislative means that could help facilitate the transition to more fuel efficient tires and related equipment.

Conservation is everyone's concern and I hope you will make it yours, and help to promote this potentially significant form of fuel savings with your respective constituencies.

ANNIVERSARY OF PRESIDENT'S NATIONAL ENERGY MESSAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. CONTE) is recognized for 5 minutes.

● Mr. CONTE. Mr. Speaker, today marks the anniversary of the President's national energy message. As the Members are painfully aware, the proposal still languishes in the conference committee, while the public becomes frustrated over the lack of a comprehensive program.

Mr. Speaker, I supported the President in this ambitious effort last summer. Since then, I have watched the proposal flounder, ceremoniously buried in several instances, and then miraculously resurrected, we are now hearing of the final blow to this desired proposal, while at the same time, others are whispering that it "still lives." Nonetheless, it is easy to understand the public's weariness over these persistent and conflicting reports.

I have been fighting the President's most recent response, designed to facilitate the final approval of this massive proposal, by threatening that if the crude oil equalization tax title is not enacted, he will administratively impose import fees on crude oil. While this appears to be a simple answer to the problem of increasing imports, it begs the realities of who will be penalized by such action. The fee proposal will impose further hardships on the residents of New England, in particular, those who have been paying the high price of our national growing dependency on foreign supplies for years. The average New Englander's energy bill is 30 percent higher than other regions of the Nation. Now the administration, in the name of "good government" is threatening to impose this additional hardship on the New Englanders, which in their logic, will force the Congress to enact the crude oil equalization tax. I submit that this is not a rational conclusion to an irresponsible action. Unfortunately, the New England delegation cannot effectuate the approval of this controversial title. However, we are united in one effort, that is to vigorously oppose this additional injust fee. Such a fee would not result in what the President strives to achieve, the reduction of oil consumption. In New England, due to the current high costs, this conservation has already been achieved. But, this approach to the desired national energy act will force many Members to make every effort to see that this injust fee does not become a reality, thus further abrogating our economic disparity. In the interest of applying "just" and "reasonable" solutions to the complex energy problems, I would respectfully suggest that the administration take another look at the results of this hastily drafted import fee proposal. A minimal effort now may save a monumental effort in the future.

Thank you, Mr. Speaker.●

MARGARET BUSH WILSON OF THE NAACP ON THE RELATIONSHIP BETWEEN ENERGY GROWTH AND JOBS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

● Mr. KEMP. Mr. Speaker, on April 10 Mrs. Margaret Bush Wilson, chairman, National Board of Directors, National Association for the Advancement of Colored People, the oldest and largest civil rights organization in America, made a brilliant speech to the Edison Electric Institute on the relationship between economic growth and jobs, particularly in the area of energy.

The point of Mrs. Wilson's address was that black Americans have begun to realize that their greatest hope for full equality is to have a vigorously growing economy. She notes that despite all the Government programs for the poor and for minorities, blacks are no better off than they were 10 years ago. The reason is that these same Government policies have led to a slowdown in the economy which has undone minority gains—for the fact remains that blacks are the last hired and first fired.

Thus Mrs. Wilson argues that what black Americans need most is jobs, jobs, and more jobs; and not Government make-work jobs, but productive, meaningful jobs in private industry. The

Carter administration's policies, rather than fostering this goal, is inimical to it. The energy program, she says, is the worst example of this, by emphasizing conservation instead of new supplies. Since economic growth is associated with high energy consumption, she continues, a policy designed to reduce energy use must reduce economic growth, jobs, and hurt blacks most of all.

I could not possibly agree with Mrs. Wilson more and congratulate her for making such an important and courageous statement. She has certainly helped to open my eyes to another dimension of this whole issue of economic growth.

I sincerely hope my colleagues will take note of her remarks and realize at last that the best way to help the poor and disadvantaged of this country is not by redistributing income but by fostering income growth. Mrs. Wilson and the NAACP clearly are on the side of income growth.

ENERGY GROWTH AND JOBS

(Excerpts of Remarks by Mrs. Margaret Bush Wilson, Chairman, National Board of Directors, NAACP of the 46th Annual Convention of the Edison Electric Institute, the Hyatt Regency Hotel, Houston, Texas, Monday, April 10, 1978, 2 p.m. Mrs. Wilson is a practicing attorney and senior partner in the firm of Wilson, Smith, Wunderlich & Smith in St. Louis.)

Good afternoon to all of you assembled for the 46th Annual Convention of the Edison Electric Institute. Quite frankly I was non-plussed when I learned you have been in existence for 46 years—my perplexity stems in part from the fact that I have just recently made your acquaintance!

Indeed, I have been bemused ever since receiving the kind invitation to be one of your speakers for the First General Session. A year ago this time, neither you nor I would have forecast this particular detail, for then it seemed remote that the NAACP and the Edison Electric Institute had a mutually compelling interest.

Somehow, I am reminded of the words of an ancient, unknown mystic, whose words were quoted to me many years ago: "Like driftwood spars that meet and pass on ocean's plain, so on the sea of life, man meets man—nears—and parts again."

What has brought us near, of course, is a rather provocative nine page document which the National Board of Directors of the largest and oldest civil rights organization in the nation adopted unanimously on the 9th day of January of this year. It is entitled simply "Statement of Position on a National Energy Policy by the NAACP National Board of Directors".

You may find the headlines which this statement sparked as intriguing, as I have.

It was the Detroit News which first surfaced the matter with its forthright headline "Energy plan dooms poor, NAACP says". This was followed by the New York Times headline which triggered all the rest: "NAACP Takes Side of the Oil Industry in Energy Struggle". This was amplified a few days later by a curious lead editorial in the New York Times: "Does Civil Rights Include Energy". Then with staccato rapidity all across the country they came: "NAACP hits Carter Energy Plan". "Who's conning the NAACP on Energy?", "The NAACP Turns a Corner", "Big Oil's Black Allies", "Did the NAACP Board Know what it was Voting For". And, in the Congressional Record Sen. Orrin Hatch lambasts "The New Slavery" and supports the NAACP position, while Representative Richard Ottinger of New York calls it "A Travesty for Blacks".

The rhetoric has moved all of the way from the Wall Street Journal's "The NAACP—Free at Last", to Hoyt Fuller's "NAACP Takes a Giant Step—Backward"! Not to mention one of dubious throw-back: "Finding an oil man in NAACP wood pile".

It has been a heady and provocative three months. However, those of us in the civil rights movement who are long distance runners, and I consider myself among them, have mastered the art of endurance and patience and above all to wear controversy "like a loose garment".

Because there have been conflicting and confusing stories, it does seem important for me to give address to the major thrust of the NAACP Energy Policy. Perhaps no one has described that thrust better than our dynamic, new Executive Director, Benjamin L. Hooks and I shall quote him in detail:

"NAACP National Energy Policy is the sum total of seven months of intensive research and review . . . The major thrust of that policy is reflected in the following. . . .:

"The NAACP feels that President Carter's National Energy Program overly emphasizes conservation as opposed to directing national goals to the development of new and alternative energy supplies.

"That the President's emphasis on energy conservation could severely restrict the expansion of the national economy. Historically, energy abundance has gone hand in hand with economic expansion.

"The NAACP believes that a static economy will have the most disastrous effect upon the black community. There can be no new jobs created in a static economy and past record reveals that the job pool actually declines during a period of no growth.

"Black unemployment rates are at their highest level in ten years. Black teenage unemployment has reached such frightening levels that it has become the subject of numerous magazine and newspaper articles. Therefore, the NAACP understands that it will be the black community who will suffer most from the President's energy policies. The most recent experience of environmentalists in their pursuit of stricter environmental laws has demonstrated how adverse the effect can be on the local job market when careful consideration of the consequences are neglected.

"The NAACP also called into question the Administration's complex energy, tax and regulatory proposals. While its report does not oppose regulation or deregulation, it did raise questions as to which approach was best and most compatible with the needs for new energy supply development.

"The NAACP recognized that the National Energy Plan as presented by the Administration contained no input from America's minority community.

"It was in light of the conditions listed that the NAACP's Energy Committee report was adopted."

The primary thrust of this policy is to protect as well as foster the creation of jobs—especially for black Americans. The NAACP believes that any national policy that does not stress the development of new and alternative energy sources will increase, rather than reduce the present high rate of joblessness.

And high it is, indeed.

A decade ago, the National Advisory Commission on Civil Disorders warned that America was moving toward two societies separate but unequal, one white, the other black.

Today, despite much soul searching, the division between the well-to-do and the very poor seems to have widened. No doubt, there has been some progress for blacks. But, on the other hand, there are millions of black Americans who, to a large extent, must be considered to represent a permanent underclass in our society.

The race of the victims most certainly continues to be a primary factor that contributes to this problem. But, another reality has become evident in recent years. That is the economic factor.

Here is the extent of the problem.

Between 1969 and 1974, as a result of deliberately instituted national economic policies and the Arab oil boycott, unemployment rose from 2.8 million to 5.1 million. Blacks, through comprising 11 percent of the population, accounted for 20 percent of this increase.

Consequently, black unemployment for several years has been twice as high as the national average. When we examine this problem from a different angle, we will see that actually white adult males have been enjoying full employment. That is, their unemployment rate has been under 4 percent in recent months.

Statistically, we see that the median income of black families, from 1974 through 1976, adjusted for inflation, remained at $9,242; for whites it increased from $15,478 to $15,537. In 1969 when the real income of blacks was $9,315, it was 61 percent of the average white income.

There were a few blacks, those with incomes above $15,000, who have benefited from recent civil rights gains. But for the masses with incomes below $5,000, the economic situation continues to be dismal. In fact, to a large extent their plight has worsened.

The core problem, of course, is unemployment. While whites in 1977 recovered from the devastating 1974–75 recession, the black economic state is still in a depression. Official white unemployment fell from 7 to 6.5 percent between 1976 and 1977. But for blacks it remained at 13 percent. Translated into numbers, 60,000 more black people, or 1,492,000, were unemployed in 1977 than in 1976.

Unemployment among black teenagers constitutes an even more critical problem. Unschooled, untrained in work habits, and unskilled, black teenagers roam the streets of our urban centers without any hope of ever escaping from their lives of poverty, drugs and crime. In some cities, black teenage unemployment ranges from 40 to as high as 60 percent.

The festering confines of our big cities, where the majority of blacks now live, further increase the critical scope of the American dilemma.

More than a decade ago, when the Great Society programs were launched, our hope for government solutions to these problems was at its highest point. The reversal and failure of much of this effort, however, has led to widespread disillusionment throughout the black community about the strength of America's will to meet the challenges of the "Last Frontier."

After careful review of this history of social progress over the past 50 years, there are those among us who are now more convinced than ever that the solutions to these hard-core social problems do not rest with government alone. Private industry does have, and must play, a crucial role in this area.

The problem, we again stress, is not merely one of civil rights. In fact, having won the enactment of the several Civil Rights, Voting Rights and Housing Acts, blacks now find that the principal civil rights struggle is that of preventing the erosion of these gains. We must also struggle to ensure that these several laws are enforced.

At the same time, though, there is another dimension to the implementation of these gains. This involves bringing the traditional victims of racism into the economic mainstream of our society. The dominant dynamic today is economic.

And the provision of economic advancement can best be accomplished through the availability of an ample supply of jobs and

the assurance of equal opportunities for black workers and black entrepreneurs.

Thus, the principal challenge for black leaders today is to reawaken the concerns of America to the dimensions of these other problems. New jobs come from economic growth in the private sector.

This was another of the goals of the NAACP policy statement on energy. By actively becoming involved in the development of a national energy policy, the NAACP has served notice on our national leaders that a new dimension has been added to our concerns about social programs.

Seeking adequate amounts of welfare and food stamps are fine. But we must go beyond this syndrome since it represents the symptoms of a severe social condition, not a solution. Our broader and long-range perspective must center on closing the gap between black and white income. If we do not do that soon, we will be lost in an economic quagmire for generations to come.

The all-encompassing effects of energy scarcity were made very clear just five years ago when oil supplies from abroad were suddenly disrupted. The nightmare of long gasoline lines still hangs over us. Some still worry that the spigot of Mideast oil may be turned off again as easily as it was then.

There was also the troubling spectre of widespread layoffs of workers by several mid-Western industries in the winter of 1977 because of severe cold that caused shortages in the natural gas supplies. Natural gas supplies, we know, are rapidly dwindling. So the problem rapidly worsens.

A much more pervasive—and evident—problem is the price of these fuels. The poor, who drive the old, inefficient gas guzzlers and live in dilapidated housing already know just how much oil and natural gas prices have skyrocketed. They might still cope now through great sacrifices.

But what will America do when our supplies of oil and natural gas are depleted?

These are questions that affect not only white but black Americans.

These are questions that affect not only American industries but also home owners.

These are questions that affect the poor today; but they will surely affect the wealthy tomorrow.

One of the surest signs of this spreading effect is the rapid decline of the dollar abroad. Buttressed by a $2 trillion annual production level, we at home have hardly noticed the dimension of this problem. For the lowly serviceman abroad, however, or the American tourist scrimping to make ends meet in France or Germany, the effects are very obvious. The dollar today is buying considerably less than it did last year.

And the primary reason for this decline is the widespread lack of confidence that has been generated by America's whopping $20 billion balance-of-payments deficit which has been boosted by our huge oil importation bill.

Ultimately, it is feared that the increasing balance of payments problem will again spur worldwide inflation and its related problems. Then we will again be sent pell-mell into another inflation-depression situation.

Looking ahead, the NAACP would not be so presumptuous as to attempt to dictate to you, the experts, about the best sources of future energy supplies. What we can do, however, is to extend our support for your efforts to explore all possibilities with the goal of developing the most productive and efficient means. This is in the mutual self-interest of the members of the Edison Electric Institute and the constituency of the NAACP.

One question that has been raised about the energy industry concerns the number of jobs that you can provide. We are reminded that unemployed, unskilled blacks cannot expect to find much opportunities in capital intensive nuclear, natural gas and oil industries. So what can blacks expect as a return on their support for policies that directly benefit the industry.

One answer—and this the NAACP Energy Policy Statement sought to address—is a vigorous expansion of the national economy. Such an expansion along the lines of 7 percent a year would, we feel, open up enough opportunities for more blacks to find work.

Another answer directly involves the energy industry. Despite the fact that yours is a capital intensive industry, you do hire people. Comparatively fewer people might work in the industry in relation to dollars spent. But your presence here is ample evidence that electric companies hire people, and so do the oil, natural gas and nuclear production industries.

We are concerned, however, about the complexion of your technicians, engineers and middle and upper management personnel. There are, we all know, very few blacks working in your industries.

As a phase two of the NAACP Energy Policy Statement, therefore, you should expect that the Association will be addressing such issues as job opportunities within the industry for minorities.

The NAACP will be expressing strong concerns about the amounts of industry profits that are plowed back into research, exploration and development of new energy sources.

Let me be quite candid as I conclude these remarks. It would be shortsighted and naive on my part to believe that the overriding concern of those of you present here today is about the plight of a million and a half or so Americans of African descent who are out of work. Particularly, when you and I both know that some 93 million Americans are employed today, and it is estimated that 9 out of 10 new jobs created during 1977 were created by American business. .

What I surmise is that your concern is with inflation and the uncertainties surrounding a yet to be determined energy policy which may aggravate an already spiraling inflationary trend. This creates problems for business expansion, and since capital investment is the engine of economic growth in America the difficulties are obvious. Let me emphasize in the strongest tone possible, however, that "inflation is not caused by too many people working." As my good friend Clarke Watson, who is head of the American Association of Blacks in Energy has said: "There is something very paradoxical about paying the Arabs, the Nigerians and the Mexicans a third to twice as much for their energy, but hesitating to pay Americans to develop their own resources and thus get people back to work."

I share the views of the A. Philip Randolph Institute's Bayard Rustin that "it is going to take economic growth, and lots of it, if we are to realize the ideals of equality, cooperation, and economic justice that fired the American struggle for racial change. This will demand that we remove the current roadblocks which stand in the way of energy development. . . . The imperative of social equity cannot wait for the time when solar energy is available on a mass scale. To build housing, provide meaningful jobs, and make our society run efficiently for the masses of people we must expand the production of electrical energy from traditional energy sources." And, we must do it now! ●

OIL, THE ACHILLES HEEL OF U.S.-SOVIET CONFRONTATION; A CALL FOR RATIONING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McCLOSKEY) is recognized for 10 minutes.

Mr. McCLOSKEY. Mr. Speaker, our inability to reduce our oil imports is creating a major threat to our national security.

It is time Congress faced up to that threat.

Since the Arab oil embargo of late 1973, we alone of the major industrial nations have increased our reliance on Arab oil. We alone have kept gasoline prices at an artificially low level. Prices last week were 60 cents a gallon in California as compared with $1.02 in England, $1.42 in Germany, and $2.10 in Japan.

Our House and Senate conferees have been bogged down for the past 6 months over the questions of imposing taxes on oil and allowing the prices of oil and gas to increase. The continuing failure to resolve this problem has now become so serious, in my judgment as to justify use of the only alternative our Government can pursue in order to reduce our increasing dependence on foreign oil.

That alternative is rationing.

Congress gave the power to institute rationing to the President under Public Law 94–163 in 1975.

No President has exercised this power.

In an election year, no elected official really wants to discuss the problem.

We should be particularly concerned over the worsening economic position we face, vis-a-vis the U.S.S.R., as a result of Soviet oil surpluses and U.S. oil deficits.

The following facts are not in dispute.

On January 1, 1974, U.S.-proven oil reserves were 35.3 billion barrels. As of January 1, 1978, these reserves had dropped to 29.5 billion barrels. At our current production rate of approximately 3.1 billion barrels per year, we will exhaust our presently proven reserves within 10 years.

In our confrontation with the U.S.S.R., the Soviets are producing perhaps 11.5 million barrels per day (MB/D); we produce 8.5 million MB/D. The Soviets consume only 7.5 MB/D, however, and export 4 MB/D. The United States consumes 17 MB/D and is required to import 8.5 MB/D.

Of total world production outside the Communist countries, and leaving aside U.S. production, there is presently 38.5 MB/D produced, of which 31.5 MB/D is controlled by OPEC, and 20 MB/D by the Arab countries. Saudi Arabia is the largest exporter, roughly 9 MB/D, followed by Iran, 5 MB/D, and a number of countries around 2 MB/D, Iraq, Nigeria, Libya, Kuwait, Abu Dhabi, Indonesia, and Venezuela.

U.S. imports of 8.5 MB/D today come primarily from these countries.

Should a Mideast war erupt again, our assistance to our ally, Israel, will undoubtedly be followed by an oil embargo by the Arab nations. What will this do to our economy?

The 1973–74 embargo provided some guidance. We were then importing 25 percent of our oil from the various Arab States. In 1974 and 1975 we suffered a severe recession with a drop in GNP—in constant dollars—in both years. Unemployment rose to 8.5 percent.

Today, in 1978, we are importing 36 percent of our oil from the Arab States, 11 percent higher than in 1973. An embargo could cause unemployment to rise to a crisis level and our GNP to decline even more substantially than in 1974 and 1975.

The confrontation we face with the Soviets today is economic, as well as military. They understand as well as we do that a military confrontation would very probably bring on a nuclear exchange which would destroy both of our societies and perhaps most civilized nations as well. The Soviets presumably refrain from seizing Berlin, just as we refrain from seeking to restore Estonian, Latvian, and Lithuanian independence, not because there is not sentiment in our respective countries to do both, but because neither country desires to invoke nuclear war.

But no such inhibitions exist in our economic confrontation. If we deny most-favored-nation status to the U.S.S.R.—as we do—they are weakened. If the U.S.S.R. can exert economic pressure which results in a denial of oil to the United States at reasonable prices, we are weakened. Clearly, as we take such steps as ousting Russian ships from competing in U.S. foreign trades (H.R. 9998), we can expect the Soviets to take similar steps to exert economic leverage on us.

At a time when our expenditures to maintain military parity exceed $115 billion per year, it seems almost unforgivable to stand by and do nothing to try to maintain resource parity, particularly in a resource, oil, where our entire economy could be devastated by a Mideast war cutting off 36 percent of our supply.

Under these circumstances, Mr. Speaker, I think we owe duty to call to the President's attention his power under Public Law 94–163, and to strongly suggest that he invoke that power by imposing a fair system of rationing forthwith.

A resolution to this effect is offered for insertion in the RECORD at this point, together with an analysis of current world oil production figures prepared by one of my most valued constituents. I hope these documents will be of interest to our energy conference colleagues as well as to the President:

H.J. Res. —

Whereas Congress in Public Law 94–163 granted specific standby authority to the President, subject to congressional review, to impose rationing; and

Whereas steadily-increasing reliance on imports of foreign oil imperils the national security of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of Congress that the President exercise the authority under Public Law 94–163 to impose rationing of petroleum products forthwith should imports of foreign-produced oil exceed an average of 8.5 million barrels per day over a period of 30 successive days.

THE UNITED STATES ENERGY SITUATION, WORLD DATA, OIL AND GAS, 1977

The Oil and Gas Journal reports world production of crude oil, and marketed production of natural gas, as follows:

	1976	1977
Crude oil	[1] 20,900,000,000	21,816,000,000
Natural gas	[2] 50,407,500,000	53,883,700,000

[1] Barrels.
[2] Mcf.

On an oil equivalent basis, total *hydrocarbon* production marketed in 1977 amounted to 31,106,000,000 barrels, of which 30% was in the form of gas. The world's proven natural gas reserves amount to 40% of total world hydrocarbon reserves. As the natural gas now being burned at the wellhead is gathered and marketed, and dry gas fields now shut in are put on production, world natural gas production as a percentage of total hydrocarbon production will rise. It is probable that in some future years hydrocarbon consumption will increase in a year in which crude oil production declines.

The following table displays marketed hydrocarbon production by countries. Allowable crude oil production is shown where it has been publicly announced; some major producers, notably Iran and Iraq, have not made any official pronouncements. Where no allowable is shown elsewhere it usually means that 1977 production was essentially at capacity. U.S. production has been at capacity for some years; it is currently up to around 8,500,000 B/D and could reach 9,000,000 B/D in 1978 if there is no problem in moving the capacity of the Alyeska pipeline to market.

Some minor producers are not listed in the table. It should not be assumed that all the figures are precise; there are differences in reporting methods and some statistics have historically been more reliable than others.

	Crude oil (barrels per day)			Natural gas, 1977 (3 ft³)
	1976	1977	1978 allowable	
Russia	10,364,000	10,920,000	11,500,000	12,395,000,000
Saudi Arabia	8,344,000	9,023,000	8,500,000	121,000,000
United States	8,113,000	8,225,000		20,337,000
Iran	5,883,000	5,663,000		
Venezuela	2,290,000	2,234,000	2,200,000	393,000,000
Iraq	2,150,000	2,215,000		141,000,000
Nigeria	2,050,000	2,100,000		30,000,000
Libya	1,921,000	2,065,000	2,100,000	489,000,000
Kuwait	1,915,000	1,783,000	1,800,000	186,000,000
China	1,688,000	1,788,000		1,787,000,000
Indonesia	1,505,000	1,686,000		352,000,000
Abu Dhabi	1,590,000	1,665,000	1,600,000	137,000,000
Canada	1,303,000	1,397,000		3,301,000,000
Algeria	1,048,000	1,091,000		285,000,000
Mexico	801,000	981,000		745,000,000
United Kingdom	247,000	768,000		1,500,000,000
Qatar	487,000	440,000		70,000,000
Argentina	398,000	430,000		250,000,000
Australia	426,000	431,000		237,000,000
Egypt	328,000	418,000		93,000,000
Brunei-Malaysia	364,000	401,000		187,000,000
Neutral Zone	471,000	365,000		
Oman	366,000	341,000		
Dubai	313,000	319,000		31,000,000
Romania	290,000	295,000	305,000	1,006,000,000
Norway	279,000	280,000		66,000,000
Trinidad	211,000	230,000		150,000,000
Gabon	217,000	225,000		3,000,000
Syria	191,000	203,000		69,000,000
India	176,000	199,000		52,000,000
Ecuador	187,000	180,000		21,000,000
Brazil	167,000	167,000		61,000,000
Cabinda	88,000	140,000		
Colombia	146,000	138,000		
Germany	110,000	102,000		907,000,000
Tunisia	78,000	95,000		79,000,000
Peru	75,000	86,000		59,000,000
Yugoslavia	79,000	80,000		59,000,000
Bahrain	58,000	56,000		109,000,000
Bolivia	40,000	45,000		118,000,000
Netherlands	31,000	30,000		2,932,000,000
Sharjah	37,000	28,000		
Chile	23,000	23,000		209,000,000
France	20,000	20,000		257,000,000
Italy	21,000	18,000		449,000,000
Pakistan	7,000	10,000		91,000,000

World hydrocarbon production is seasonal since most are used for heating. The spread between the highest and the lowest monthly world crude oil production in the past 5 years has been:

[In thousands of barrels per day]

	Highest month	Lowest month	Spread
1973	47,828	42,101	5,727
1974	46,773	43,913	2,860
1975	46,252	40,119	6,113
1976	49,465	40,859	8,606
1977	49,050	44,204	4,846

Note: Figures are for all countries except China, Russia, and the satellites. This is the series usually used in discussions of world supply / demand although it is not totally informative since Russia sells oil and gas to Europe, and China sells considerable crude to Japan.

In any seasonal business there is always surplus capacity at the low point in demand, and that is true in the world oil business today. Peak demand has been occurring in the last month of the year, while the low month has been at the start of the year, since the pattern of annual price increases at the start of each year has been in vogue. The figures thus far in 1978 reflect this normal pattern.

All crude oils are different, and each refinery is capable of refining only those specific types for which it was designed. Sulfur is the principal contaminant in crude oils, and most consuming nations impose restrictions on the amount of crudes high in sulfur that can be processed. In 1976 world crude production by sulfur content broke down as follows:

	B/D
Low sulfur crudes	14,700,000
High sulfur crudes	29,900,000

There has been a world surplus of high sulfur crudes for many years, and it exists today. In discussing capacity many make no allowance for capacity to produce high sulful crudes which are often unmarketable, or marketable only at substantial price discounts. This, plus the seasonal factor, is the reason for the conflicting supply/demand forecasts which the general public sees. There is not now, and never will be, any glut of hydrocarbons.

Worldwide availability of hydrocarbons will be vastly below the current level during the lifetimes of hundreds of millions now living; what actual future figures will be in any year depends on just how the world prepares for that day. If this were One World, ruled by a Benevolent Despot, we would now probably be in a mode of reducing world crude oil production around 2% per annum in order to stretch supplies out well into

the 21st century. Actually in 1977 world production was up 4.4% over 1976 to a new global high. If we again eliminate China, Russia and the satellites the 1977 increase was 4%. If we project this 4% growth rate, required oil production would be:

	B/D
1977	46,656,000
1978	48,526,000
1979	50,467,000
1980	52,485,000
1981	54,584,000
1982	56,767,000

Five years hence world crude production would have to be 10,111,000 B/D higher than in 1977 if there were no natural decline in older production.

However, natural decline in production commences in every oil field the day it is first put on production. Writer knows of no world-wide data on the rate of natural decline. Moreover, in nations where there is only one producing entity, as is the case with Russia and Saudi Arabia for example, only certain fields are produced while others are kept on a shut-in status; whatever the rate of natural decline may be currently this is not directly related to world poven reserves. In order to get some handle on the this for purposes of discussion we can perhaps use a natural decline over the next 5 years of 4% for all fields now on production; if this is used, then new production that must be added by 1982 would amount to approximately 12,000,000 B/D.

There is a long lead time in getting new discoveries on production, especially in "frontier" areas where most of the current exploration is taking place. Prudhoe Bay was discovered in 1968 and in 1977 the first production from it moved to market. The billion plus barrel Hondo field offshore Southern California was discovered in 1968 and some small production from it will start in 1978. Only from currently known and proven reserves can the vast bulk of the indicated 12,000,000 B/D needed to obtained. The only country with reserves that could make anything like this increase in production possible in this time frame is Saudi Arabia which in 1977 produced 9,000,000 B/D. Their allowable production for 1982 has been set at 12,000,000 B/D so it is impossible to increase world production at 4% thru 1982.

Competition for what will be available will be ferocious. The following table is designed to show with which nations the U.S. will have to compete. The 1976 consumption figure is the O&GJ estimate. Where a nation's production exceeds its consumption, its production is shown in the "Surplus" column; where production is less than consumption (i.e. nation is an importer) *production* is shown in the "Deficit" column. Nations are listed in order of petroleum products consumption.

[In thousands of barrels per day]

	1976 consumption	1977 "Surplus" countries	1977 "Deficit" countries
United States	16,980		8,225
Russia	7,500	10,920	
Japan	5,195		10
Germany	2,885		102
France	2,385		20
Italy	1,970		18
United Kingdom	1,870		768
Canada	1,790		1,397
China	1,320	1,788	
Spain	955		16
Netherlands	800		30
Brazil	795		167
Mexico	675	981	
Australia	641		431
Belgium	560		0
India	535		199
Argentina	495		430
Sweden	585		0
Iran	469	5,663	
Brunei-Malaysia	364	401	
Denmark	335		9
Czechoslovakia	330		NA
Saudi Arabia	314	9,023	
South Africa	312		0
Poland	308		NA
Turkey	303		50
Romania	295		280
Switzerland	270		0
Yugoslavia	265		80
South Korea	263		0
Venezuela	255	2,334	
Finland	255		0
Austria	230		36
Indonesia	228	1,686	
Greece	210		0
Puerto Rico	206		0
Hungary	204		NA
Colombia	195		138
Norway	175	280	
Egypt	153	418	
Kuwait	146	1,783	
Chile	143		23
Peru	130		86
Pakistan	115		10
Iraq	112	2,215	
Syria	72	203	
Nigeria	63	2,100	
Trinidad	62		10
Algeria	60	1,091	
Bahrain	48	56	
Neutral Zone	40	365	
Tunisia	38	95	
Libya	38	2,065	
Qatar	NA	440	
Abu Dhabi	NA	1,686	
Oman	NA	341	
Dubai	NA	319	
Gabon	NA	225	
Ecuador	NA	180	
Cabinda	NA	167	
Sharjah	NA	28	
Bolivia	NA		35

The United States is the world's largest importer of hydrocarbons.

Japan is the second largest, and the largest single competitor for whatever supplies of hydrocarbons will be available for export in future years.

Combined, Germany and France import more hydrocarbons than Japan. All the industrial countries in Europe import far more hydrocarbons than all the Asian countries combined.

With their newfound wealth, oil exporting countries are increasing their own consumption of oil, reducing the amount available for export.

The surplus countries being overwhelmingly Arab, it is not difficult to see why no nation in the world except the United States supports Israel.

	B/D
Total world production, 1977	46,656,000
Deduct U.S. production, 1977	8,225,000
Balance	38,431,000
Of which OPEC	31,625,000
Of which Arab	19,984,000
Of which Saudi	9,023,000

OPEC producers account for all but a minor portion of all crude oil that is exported, and the bulk of this is Arab.

As noted, world oil consumption cannot continue to increase at the 1977 rate through 1982. Which nations will get what part of any increase that may become available? Obviously one factor will be which nations have the money to pay for increased imports. But a more significant factor, in a sellers' market, is that the oil exporters will possess the power to allocate supplies. Exxon's latest projection of U.S. oil imports for 1982 is around 12,000,000 B/D; there is no way anything like this amount could be obtained from non-Arab sources.

Although the need for a National Energy Policy was obvious 10 years ago we are still debating National Energy Plan No. 1. This is designed to reduce oil imports by 1985 to 7,200,000 B/D. Writer does not know anyone competent in the energy field who believes this is remotely possible. Development of alternate sources of energy requires extremely long lead times—up to 10 years—and we are already into 1978 so that 1985 is only 7 years away.

In the days ahead many popular myths will be shattered.

Myth No. 1 is that the world's oil exporters will produce all the crude oil for which there is a market demand. The fact is that there is not a single oil exporting country whose leaders are not aware of the finite nature of their hydrocarbon resources and who are not planning their depletion on the basis of optimizing the interests of their people. As in any trade, the interests of the oil exporting nations are diametrically opposite the interests of the oil importing nations, and there is no question whose wishes will prevail.

Myth No. 2 is that the Arabs will not use the oil weapon in their centuries old warfare with the Jews. Let us assume some foreign nation seizes New York State. How long would any government in Washington stay in power if it failed to use every weapon available to it to regain New York State? Nothing is different in the Arab world. The fact is that, while publicly decrying resort to the oil weapon, the Arab world has been using it for years while all forward planning is based on its continued use. If it so elected, Saudi Arabia could increase its 1982 allowable production well above the figure set; the message could not be louder or clearer. As the Saudi leaders have consistently emphasized, the United States is the only nation in the world supporting Israel so the United States is all that is preventing the Arabs from regaining the lands seized from them. In allocating available crude will they reduce the quantities being supplied those nations supporting them, diverting these to the only nation that stands in the way of achieving their goals?

Myth No. 3 is that only the U.S. Congress and the media understand the world energy situation. Of course the Arabs have access to the same statistics that we do. So do the Japanese, Germans, French, British and all other nations. Trade publications like the Oil and Gas Journal are sold in every corner of the world. Sundry other organizations collect vast quantities of data on the world hydrocarbon situation which are made available to all with no restrictions. Neither the CIA or any other U.S. organization has any information not available to other nations in the world.

From the Oil and Gas Journal the Arabs, as well as everyone else, can see the trend of proven recoverable crude oil reserves of the United States:

	Barrels
January 1, 1974	35,300,000,000
January 1, 1978	29,500,000,000

During this 4 year interval there were no price ceilings on such oil as could be added to recoverable reserves by installing secondary or tertiary recovery systems in known pools. There have been no price ceilings on newly discovered crude, for all practical purposes. These incentives were adequate to engage every available drilling rig while footage drilled in the United States and money spent has been at record levels. In these 4 years new discoveries, plus additions to existing fields, have fallen 5,800,000,000 barrels short of production. To meet this shortfall imports from the Arab world have been rising steadily, and all major international oil companies have publicly forecast a need for increasing imports from the Arab world in the years ahead.

To pay for higher imports a comparable increase in exports is obviously necessary. But in the face of these facts two states and the federal government have enacted anti-boycott legislation deliberately designed to reduce U.S. exports to the Arab world. Furthermore, with a completely neutral stance obviously necessary in the war be-

tween the Arabs and the Jews, U.S. foreign policy has continued to tilt in favor of the enemy of the nations on whom we will be increasingly dependent if we are to avoid an energy deficiency that could trigger a major depression.

The bloodless verdict of the market place has already been handed down; one U.S. dollar now buys only 2 marks and 238 yen. There are no mysteries that must be unraveled before the trends in the world financial markets can be explained. The only mystery is why corrective changes have not been made in national policies. Even after they have been made it could take years before American exporters could regain the share of foreign markets essential to restoring the value of the dollar.

DEATH IN TRANSIT—IV

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, I have on earlier occasions talked about the catastrophes that have occurred because of train accidents involving hazardous cargo. But deadly cargo is carried by other means, and those other means are not without problems or hazards. Trucks are subject to any number of accidents, and trucks carrying explosive or toxic materials can cause massive, even catastrophic amounts of carnage.

Almost exactly 2 years ago 16 people were killed at Eagle Pass, Tex., when a truckload of liquified petroleum gas exploded upon impact after an accident. Everyone in the area was hurt, and the total casualties were 51 persons.

Almost exactly 1 year ago a truck carrying 7,509 gallons of anhydrous ammonia toppled off an expressway ramp at Houston, Tex., releasing the deadly gas. In that accident six people were killed—five by inhaling the ammonia, which suffocated them. Another 178 persons were injured, and of these 78 had to be hospitalized.

In each case you might think that the accident took place on a rain-slick or fog-shrouded highway. Not so. Both these terrifying crashes occurred on a clear, bright, and sunny day. Driving conditions in each case were perfect.

In the Houston accident, the only saving grace was that it did not take place in a congested downtown area. If that deadly gas cloud had been released in a congested place, there is no way to estimate how many people would have died or been injured. The salvation was that the city of Houston prohibits hazardous cargoes from being moved in certain areas, or by routes other than those designated for hazardous cargo transportation.

But not all cities have designated routes for hazardous cargo, and it is a certainty that there are truckers that ignore the route restrictions that do exist.

In the Eagle Pass accident, the number of victims was limited only by the number of people in the vicinity of the accident. Hard as it is to believe, with 19 people dead and dozens more injured, that accident could have been worse.

What was common about these accidents?

Both took place on bright, sunny, and clear days.

Both involved semitrailers carrying tanks filled with a liquid material under pressure.

And in each instance the truck driver was speeding, moving at unsafe speeds.

In the Houston accident, a truck loaded with anhydrous ammonia, a material pressurized at 92.9 pounds per square inch, was negotiating an expressway interchange. It is estimated that the truck was traveling on the curved expressway ramp at a speed of 55 to 60 miles per hour. Shortly after the truck entered the curved ramp it started up a bridge, and at that point it began to roll to the right, and the wheels of the vehicle hit the curb, at which time the vehicle started to leave the ramp. In the words of the National Transportation Safety Board—

> The upsetting tank crushed and penetrated the bridge rail, and the vehicle fell onto the Southwest Freeway, approximately 15 feet below. As it fell, the tank struck a support column of an overpass that crossed over the ramp on which the truck was traveling.

Nothing could sound more prosaic, this language giving us in verbal slowmotion the deadly sequence of events. But the worst was yet to come.

This was the worst:

> The front end of the tank separated from the main body of the tank. This permitted a sudden and rapid release of the anhydrous ammonia . . .

Instantly the area was filled with a cloud of deadly gas. Five persons who were within 200 yards of the cloud were killed by the ammonia.

These victims included the daughter and small grandchild of a friend of mine.

People who were within 1,000 yards of the accident were in great peril, and of these, 78 had to be hospitalized. Another 100 were injured.

And it could have been worse—if the accident had taken place in a downtown area, or even if it had taken place in a rush-hour traffic situation.

Could the accident have been prevented?

Yes, if the truck had not been speeding.

Yes, if its partial liquid load had not shifted under the stress of the forces generated by the turn on the curved ramp.

And yes, probably, if the ramp barrier had been of an adequate design.

The barrier that this truck crashed through was never meant to contain anything heavier than an automobile.

Tests have demonstrated time and again that a new, concrete railing in the so-called "safety shape" can deflect and redirect a vehicle as heavy as a truck or bus. These barriers are intended to keep heavy vehicles from crashing through ramps—exactly the kind of situation that occurred in Houston.

And yet this kind of expressway barrier is not a standard design in Texas.

The Texas Highway Department could install these safer barriers, but it considers them only as an option.

As the National Transportation Safety Department put it—

> The Texas Highway Department is constructing, on I-610 interchanges, new bridge barrier systems that cannot be expected to redirect schoolbuses or heavier vehicles.

The Board believes that since safe barriers are available, they ought to be required. But the Federal Highway Administration has not adopted performance standards for barrier systems, though it has had more than 4 years in which to do this.

There have been many accidents that could have been mitigated, if safer barriers had been in place on expressways. The Houston catastrophe was just one of them.

And yet, highway builders are hesitant to install these systems.

There are dead and injured people who need never have suffered, simply because safety takes a low priority with transportation officials.

And yet I can think of any number of multilevel interchanges where heavy vehicles can crash through barriers and spill deadly cargoes. And there have been instances when passenger vehicles similarly crashed through barriers, with horrifying results.

Some of the most tragic accidents took place well after engineers knew about safe barrier systems. They will continue to take place, because things can go wrong with trucks and buses, and not even the most skilled driver can prevent accidents under any one of a huge number of circumstances. Highway designs can either reduce the damage or make it greater. At Houston, inadequate design of the highway killed innocent people, who could in no way imaginable find safety.

Yet safe barrier design is an option, even at the site of this most tragic accident.

I will soon discuss the holocaust at Eagle Pass, and another accident involving a dynamite load. There are sober lessons to be learned from each of these. The question is, when will the Department of Transportation learn them?

FREDERICK DOUGLASS—A LEADER OF CIVIL AND HUMAN RIGHTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. LE FANTE) is recognized for 5 minutes.

● Mr. LE FANTE. Mr. Speaker, in the neighborhood tradition which has become part of our American heritage, the Bergen-Lafayette and Greenville Ward Newsletter is published weekly by Political Unity Associates of Jersey City, N.J., which is in my congressional district.

More than 200 civic and political leaders and organizations regularly receive the newsletter which is also distributed by a group of merchants.

I want to call to the attention of my colleagues an article about Frederick Douglass which appeared in a February edition of the newsletter, which marked Black History Month. Mr. Douglass' contributions to the cause of civil and human rights are well known and are outlined in an exhibit at the African Museum, located not far from where we meet today.

Mr. Speaker, I commend the article, which I will include at the end of my remarks, to the Members of both Houses of this Congress. I would suggest that some morning soon before we meet, the Members of the Senate and House visit

the African Museum's exhibit and reflect on exactly how much progress there has been in the area of human rights and civil rights since the days of Mr. Douglass.

FREDERICK DOUGLASS

In commemorating the contributions made to our nation's history by Black Americans, we considered focusing on any one of a number of prominent individuals, Marian Anderson, James Baldwin, Mary McLeod Bethune, Ralph Bunche, Martin Luther King, Jr., Thurgood Marshall, Malcolm X, Adam Clayton Powell, Jr., Paul Robeson, Jackie Robinson, Roy Wilkins, Whitney Young, Jr., and many more. But in each instance the shadow and compelling influence of one nineteenth century giant forced us to realize that whatever each of our contemporary leaders had said and done in their lives, this proud Blackman had said and done nearly a hundred years earlier. It is, therefore, out of an enormous debt of gratitude that this issue is dedicated to the greatest civil and human rights leader of them all—Frederick Douglass.

On a hot day in August, 1864, a prominent politician entered the White House and paused in the President's outer office. "It was dark," Joseph T. Mills wrote later. "And there in a corner I saw a man quietly reading who possessed a remarkable appearance. I was riveted to the spot," he said, adding: "I stood and stared at him; he raised his flashing eyes and caught me in the act. I was compelled to speak. Said I, 'Are you the President?' 'No' replied the stranger, 'I am Frederick Douglass.'" It was an honest mistake. Frederick Douglass was in Washington to see Abraham Lincoln. He was not the President, but under different circumstances, he could have been. He had all the gifts, presence, passion, bearing, brilliance, all the gifts save one: he was non-white. Color—an accident of birth—barred him from the highest prize, but it did not prevent him from becoming one of the most remarkable men of that or any other age.

Born in the lowest position in society, Douglass emancipated himself and became an orator, an abolitionist, an editor, a politician, a seer, and a prophet. Born black and hungry in a society that forbade slaves to read, he lifted himself by his own efforts and became one of the great names of an age that abounds in greatness. For 50 years, from 1845 to 1895, he was in the forefront of the fight for human freedom. During this period he laid the foundation for the Black protest movement.

Although he died 83 years ago, Frederick Douglass is as current as today's headline. One hundred and twenty-five years ago, he was staging sit-ins on Massachusetts railroads. One hundred and twenty-one years ago, he was leading a fight for integrated schools in Rochester, New York. One hundred and fifteen years ago, he was denouncing hypocrisy and fraud with pre-Baldwin fury.

Two of Douglass' quotations should have special meaning and relevance for all of us as we attempt to deal with our society on a day-to-day basis:

"If there is no struggle," he said, "there is no progress. Those who profess to favor freedom, and yet depreciate agitation, are men who want crops without plowing up the ground. They want the rain without thunder and lightning. They want the ocean without the awful roar of its many waters. Power concedes nothing without a demand. It never did and never will. Men may not get all they pay for in this world; but they must certainly pay for all they get."

After a magnificent career as one of the leading abolitionists of his era, Douglass became an elder statesman. He was named Marshall of the District of Columbia and Minister to Haiti. But he continued to press the claims of Blacks. The other memorable quotation (of many) attributed to him was his death-bed answer to a young Black student who asked: "Mr. Douglass, what shall I do with my life?" The old warrior pulled himself up to a sitting position and his eyes blazed with the fury of his youth as he replied: "Agitate! Agitate!"

Too bad most of us only think about our Frederick Douglasses once a year at best.●

FOREIGN INVESTMENT HEARINGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 10 minutes.

● Mr. BINGHAM. Mr. Speaker, I am pleased to announce that the Subcommittee on International Economic Policy and Trade, which I have the honor to chair, will conduct a hearing on Tuesday, April 25, on the International Investment Survey Act. That hearing will take place at 3 p.m. in room H–236 of the Capitol.

In response to concern about the volume and implications of both foreign investment in the United States—so-called inward investment—and investment abroad by Americans—so-called outward investment—the Congress in 1976 passed the International Investment Survey Act (Public Law 94–472). That legislation requires the executive branch to collect and publish information on international capital flows, to conduct benchmark studies at least once every 5 years of both portfolio and other forms of investment, and to study the feasibility of monitoring foreign direct investment in American agricultural, rural, and urban real estate.

The principal agencies responsible for carrying out this important measure; namely, the Departments of Commerce, Treasury, and Agriculture, have been trying to determine how best to carry out these studies and fulfill the intent of Congress.

Of the $1 million authorized to be appropriated to carry out the act in fiscal year 1978, only about $550,000 was actually appropriated. As a result, responsible agencies have had to divert existing staff from other duties to begin work that will lead to the required benchmark and feasibility studies.

The Department of Agriculture, which has responsibility for the implementation of section 4(d), requiring a feasibility study to monitor and develop data systems with respect to foreign investment in agricultural and other kinds of land, received no funds in fiscal year 1978. In order to get its work underway, Agriculture has recently requested a supplemental appropriation for fiscal year 1978 of $450,000.

In the work that has been done so far, Mr. Speaker, it has become clear that the $1,000,000 authorized to be appropriated for fiscal year 1979 will be insufficient to meet the requirements of the act, and that additional funds will be needed at least through 1981 to assure that all the required studies are produced in a timely and useful form. The task of formulating and launching these studies has proved far more difficult and costly than was initially thought by either the Congress or the executive branch.

With that in mind, Congressman WHALEN, the ranking minority member of the International Economic Policy and Trade Subcommittee, and I will introduce legislation authorizing additional appropriations to carry out the International Investment Survey Act. Instead of the original $1 million authorized for fiscal year 1979, the proposed new legislation would authorize $4 million for fiscal year 1979, $5 million for fiscal year 1980, and $4 million for fiscal year 1981. These figures represent current congressional staff estimates of the costs of implementing the act.

To date, the Office of Management and Budget has authorized the Departments of Commerce and Treasury to request authorizations for fiscal year 1979 totaling $3.938 million. That amount is, I understand, contained in the President's budget submission for fiscal year 1979. No comparable action has been taken with respect to the needs of the Department of Agriculture.

A second provision of the bill that Congressman WHALEN and I will introduce would extend by 1 year the deadline for the feasibility study I mentioned to be conducted by the Department of Agriculture. This study is a most important one, particularly in view of persistent reports of growing foreign takeover of large blocs of American farmlands. Clearly, however, it cannot be completed this year, as presently required, and a 1-year extension is necessary.

In addition to this bill, Mr. Speaker, the subcommittee will also have under consideration House Resolution 1096, introduced by Mr. TUCKER, and identical resolutions calling for the completion of the studies mandated by section 4(d) of the International Investment Survey Act no later than the end of this year.

The subcommittee invites public comment on these proposals. Interested parties wishing to testify or to submit written statements for the hearing record should contact R. Roger Majak, staff director, Subcommittee on International Economic Policy and Trade, room 707, Annex No. 1, House of Representatives, Washington, D.C. 20515 (202–225–3246) as soon as possible.●

SUPPLEMENTARY FISCAL ASSISTANCE ACT OF 1978

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. FOUNTAIN) is recognized for 5 minutes.

● Mr. FOUNTAIN. Mr. Speaker, at the request of the administration, I am introducing today a bill to authorize a program of supplementary fiscal assistance payments to local governments.

This legislation is a part of the President's recently announced urban program. It would replace the present antirecession fiscal assistance program (more generally known as countercyclical revenue sharing) when the latter expires at the end of this fiscal year. The President's bill would authorize an appropriation of $1.04 billion for fiscal year 1979 and $1 billion for fiscal year 1980—plus administrative costs.

Under the bill, these funds would be allocated annually to eligible local governments but paid in quarterly installments. State governments would not be eligible for this program.

A local government would be eligible for the new program if it is a political subdivision of a State, performs substantial governmental functions, and is experiencing either unemployment in excess of 4.5 percent—the eligibility criterion in the present antirecession fiscal assistance program—or relatively slow growth in any two of the following three statistical indicators—employment, per capita income or population. Indian tribes and Alaskan Native villages performing substantial governmental functions, and certain territories and the Commonwealth of Puerto Rico are also eligible.

The annual share to be allocated to each eligible local government would be based on a formula that incorporates its general revenue sharing allocation, adjusted to reflect the above-mentioned factors relating to excess unemployment or slow growth.

Mr. Speaker, the Intergovernmental Relations and Human Resources Subcommittee, which I chair, will hold hearings on the President's bill beginning on May 4.

Any Members wishing to testify or to submit a written statement on this legislation should contact the subcommittee office.

H.R.—

A bill to authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Supplementary Fiscal Assistance Act of 1978."

FINDINGS OF FACTS AND DECLARATION OF POLICY

SEC 102. FINDINGS.—The Congress finds and declares—

(a) that local governments represent a significant segment of the national economy whose sound fiscal and economic condition is essential to national economic prosperity;

(b) that secular economic decline and national economic problems have imposed considerable hardships on many local government budgets;

(c) that general purpose assistance has been especially helpful to those governments experiencing secular economic problems which are aggravated by severe cyclical fluctuations; and

(d) that a general assistance program which aids local communities requiring fiscal relief is an essential component of a comprehensive urban policy.

AUTHORIZATION OF PAYMENTS

SEC. 103. (a) IN GENERAL.—The Secretary of the Treasury (hereinafter referred to as the "Secretary") shall in accordance with the provisions of this Act make payments to local governments, territories, Indian tribes and Alaskan native villages to provide fiscal assistance to areas experiencing substantial unemployment or a high degree of fiscal strain or secular economic decline as reflected in disproportionately slow growth in employment, per capita income and population.

(b) PAYMENTS TO RECIPIENT GOVERNMENTS.—The Secretary shall pay, not later than five days after the beginning of each calendar quarter, to each eligible local government, territory, Indian tribe and Alaskan native village, which has filed a statement of assurances under section 106, an amount equal to one fourth of the annual amount allocated to such government under section 104. The first quarterly payment shall be made within the first five days of October, 1978. Payments under this Act may be made with necessary adjustments on account of overpayments or underpayments.

(c) AUTHORIZATION FOR APPROPRIATIONS.—There is hereby authorized to be appropriated for payments to eligible local governments, territories, Indian tribes and Alaskan native villages for the fiscal year 1979 the sum of $1,040,000,000, and for the fiscal year 1980 the sum of $1,000,000,000, and such additional sums in each fiscal year as may be necessary for the administration of this Act.

LOCAL GOVERNMENT ALLOCATION

SEC. 104. (a) IN GENERAL.—The Secretary shall allocate to each eligible local government from the amount appropriated for payments for each fiscal year pursuant to section 103, an amount for each such fiscal year equal to such government's local government percentage multiplied by an amount equal to the difference between the amount appropriated pursuant to section 103 and the amounts allocable pursuant to sections 113 and 114. Such allocation shall be made by the Secretary during the September preceding the appropriate fiscal year for which such allocation is made, based on the most current available data, pursuant to rules issued under section 111 of this Act.

(b) LOCAL GOVERNMENT PERCENTAGE.—For purposes of this Act the local government percentage for an eligible local government is equal to the quotient resulting from—

(1) the product of the local distribution index for such eligible local government multiplied by the local revenue sharing amount for such eligible local government, divided by

(2) the sum of such products for all eligible local governments.

(c) DEFINITIONS.—For purposes of this Act—

(1) "local government" means a county, municipality, township, or other political subdivision of a State which is a unit of general government (determined on the same principles as are used by the Bureau of the Census for general statistical purposes), and performs substantial governmental functions. Such term includes the District of Columbia.

(2) "eligible local government" means a local government which satisfies the following conditions:

(A) For a local government with boundaries in whole or in part within a Standard Metropolitan Statistical Area (SMSA), as defined by the Department of Commerce and reported to the Secretary (hereinafter "SMSA governments"), an "eligible local government" is a local government which, in the area under its jurisdiction, either—

(i) has a local unemployment rate as determined pursuant to subparagraph (3)(A) in excess of 4.5 percentage points; or

(ii) satisfies at least two of the following:

(a) the local rate of growth in employment, as determined pursuant to subparagraph (3)(B), is less than the rate of growth in employment in all SMSA's;

(b) the local rate of growth in per capita income, as determined pursuant to subparagraph (3)(C), is less than the rate of growth in per capita income for all SMSA's;

(c) the local rate of growth in population, as determined pursuant to subparagraph (3)(D), is less than the rate of growth in population for all SMSA's.

(B) For a local government with boundaries entirely outside an SMSA (hereinafter "non-SMSA governments"), an "eligible local government" is a local government which meets the unemployment or growth criteria set forth in subparagraphs (2)(A)(i) or (ii), above, except that the term "non-SMSA" is inserted in lieu of "SMSA."

(3) Local rate of employment, and local rate of growth in employment, per capita income and population are determined as follows:

(A) "Local unemployment rate" is the rate of unemployment in the area under the jurisdiction of the local government during the most recent four calendar quarters for which data are available, as determined or assigned by the Secretary of Labor and reported to the Secretary. In the case of a local government for which the Secretary of Labor cannot determine a local government unemployment rate, the Secretary of Labor shall assign such local government the local unemployment rate of the smallest unit of local government or appropriate geographic area for which a local unemployment rate has been determined and within the jurisdiction or area in which such local government is located, unless an unemployment rate has been provided for the local government to the Secretary of Labor by the Governor of the State in which the local government is located and such rate has been determined by the Secretary of Labor to have been developed in a manner consistent with procedures used by the Secretary of Labor and then assigned to the local government.

(B) "Local rate of growth in employment" is the rate of employment growth determined by subtracting from the employment in the area under the jurisdiction of a local government for the most recent four calendar quarters for which data are available, the employment within such area for a four calendar quarter period which preceded such recent four calendar quarters by either five or six years (depending on which prior year data are most useful), as determined by the Bureau of Labor Statistics for the Secretary of Labor, and dividing this difference by the employment within such area for the earlier four calendar quarter period. In the event that data are not available for such earlier period for determining an allocation under this section, the Secretary of Labor shall determine the rate of growth in employment on the basis of data for the most appropriate period of time less than five years preceding the most recent year for which data are available. In the case of a local government for which the Secretary of Labor cannot determine employment for a local government, the Secretary of Labor shall assign to such local government the local rate of growth in employment of the smallest unit of local government or appropriate geographic area for which such rate has been determined and within the jurisdiction or area in which such local government is located, unless a local rate of growth in employment has been provided for the local government to the Secretary of Labor by the Governor of the State in which the local government is located and such rate has been determined by the Secretary of Labor to have been determined in a manner consistent with procedures used by the Secretary of Labor and then assigned to the local government. The local rate of growth in employment shall be determined or assigned by the Secretary of Labor and reported to the Secretary.

(C) "Local rate of growth in per capita income" is determined by subtracting from the per capita income in the area under the jurisdiction of a local government for the most recent year for which data are available, the per capita income within such area for a year which preceded such recent year by either five or six years (depending on which prior year data are most useful), as determined by the Bureau of the Census for the Secretary of Commerce for general statistical purposes, and dividing this difference by the per capita income within such area for the earlier year. In the event that data are not available for such earlier period for determining an allocation under this section, the Secretary of Commerce shall determine the local rate of growth in per capita income on the basis of data for the most appropriate period of time less than five years preceding the most recent year for which data are available. The local rate of growth in per capita income shall be determined by the Secretary of Commerce, and reported to the Secretary.

(D) "Local rate of growth in population" is determined by subtracting from the population in the area under the jurisdiction of

the local government for the most recent year for which population data are available, the population in such area as of a date which preceded the date of the most recently available population data by either five or six years (depending on which prior year data are most useful), as determined by the Bureau of the Census for the Secretary of Commerce for general statistical purposes, and dividing this difference by the population within such area for the earlier year. In the event that data are not available for such earlier period for determining an allocation under this section, the Secretary of Commerce shall determine the local rate of growth in population on the basis of data for the most appropriate year less than five years preceding the most recent year for which data are available. The local rate of growth in population shall be determined by the Secretary of Commerce and reported to the Secretary.

(4) "Local revenue sharing amount" for a local government is the amount determined under section 108 of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. § 1221 et seq.), for such local government for the most recently completed entitlement period, as defined under section 141(b) of such Act.

(5) "Local distribution index" means:

(A) For each SMSA government, the largest of the quotients resulting from—

(i) subtracting 4.5 percentage points from the local unemployment rate for such government and dividing the difference by the standard deviation weighted by population of all SMSA governments' unemployment rate, using 4.5 percentage points as the midpoint in calculating the weighted standard deviation;

(ii) subtracting the local rate of growth in employment for such government from the rate of growth in employment for all SMSA's (as calculated from data collected by the Bureau of Labor Statistics for the Secretary of Labor and reported to the Secretary for the same time period) and dividing the difference by the standard deviation weighted by population of all SMSA governments' rates of growth in employment for the same time period;

(iii) subtracting the local rate of growth in per capita income for such government from the rate of growth in per capita income for all SMSA's (as calculated from data collected by the Bureau of the Census for the Secretary of Labor and reported to the Secretary for the same time period) and dividing the difference by the standard deviation weighted by population of all SMSA governments' rates of growth in per capita income;

(iv) subtracting the local rate of growth in population for such government from the rate of growth in population for all SMSA's (as calculated from data collected by the Bureau of the Census for the Secretary of Labor and reported to the Secretary for the same time period) and dividing the difference by the standard deviation weighted by population of all SMSA governments' rates of growth in population.

(B) For each non-SMSA government, the same as it does for a SMSA government under subparagraph (5)(A) above, except that the term "non-SMSA" is to be inserted in lieu of "SMSA."

(d) ALLOCATION LIMITATIONS.—

(1) If the amount which would be allocated for any fiscal year to any eligible local government, territory, Indian tribe and Alaskan native village under this Act is less than $200, then no amount shall be paid to such government hereunder.

(2) The maximum amount payable annually to a local government under this Act shall be the lesser of the annual allocation determined under this section or the amount allocated during the period beginning July 1, 1977 and ending June 30, 1978 under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.), except for those governments which received no allocation under such Act during the period beginning July 1, 1977 and ending June 30, 1978.

(3) Amounts allocated under this section in excess of the maximum allowed under paragraph (d)(2) shall be reallocated to those remaining eligible local governments that have not exceeded the maximum allocation under paragraph (d)(2). Governments with no allocations under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.), for the period beginning July 1, 1977 and ending June 30, 1978 shall not be eligible for such reallocations under this paragraph.

(e) LOCAL GOVERNMENT LOCATED IN A LARGER ENTITY; BOUNDARY CHANGES AND GOVERNMENT REORGANIZATION, ETC.

(1) ONLY PART OF UNIT LOCATED IN LARGER ENTITY.—If only part of a local government is located in a larger governmental entity, such part shall be treated for allocation purposes as a separate unit of local government, and all computations except as otherwise provided in section 104(c)(2)(A) and appropriate rules, shall be made on the basis of the ratio which the estimated population of such part bears to the population of the larger governmental entity.

(2) Boundary Changes, Governmental Reorganization, Etc.—If by reason of boundary line changes, State statutory or constitutional changes, annexations or other governmental reorganizations, or other circumstances, the application of any provision of this section to a local government does not carry out the purposes of this Act, the application of such provision shall be made, under rules prescribed by the Secretary, in a manner which is consistent with such purposes.

USES OF PAYMENTS

SEC. 105. Each local government, territory, Indian tribe and Alaskan native village shall use payments made under this Act for basic services customarily provided to persons in the area under the jurisdiction of such government, including expenditures for capital outlay and basic governmental operations.

STATEMENT OF ASSURANCES

SEC. 106. Each eligible local government, territory, Indian tribe or Alaskan native village may receive payments under this Act only upon filing with the Secretary a statement of assurances, at such time and in such manner as the Secretary prescribes by rule. The Secretary may not require any such government to file more than one such statement during each fiscal year. Each such statement shall contain—

(a) an assurance that the requirements of section 105 will be complied with;

(b) an assurance that such government will—

(1) use fiscal, accounting, and audit procedures which conform to guidelines established therefor by the Secretary (after consultation with the Comptroller General of the United States), and

(2) provide to the Secretary (and to the Comptroller General of the United States), on reasonable notice, access to, and the right to examine, such books, documents, papers, or records as the Secretary may reasonably require for purposes of reviewing compliance with this Act;

(c) an assurance that reasonable reports will be furnished to the Secretary in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this Act;

(d) an assurance that the requirements of section 107 will be complied with;

(e) an assurance that the requirements of section 108 will be complied with;

(f) an assurance that such government will spend amounts received under this Act only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

NONDISCRIMINATION

SEC. 107. (a)(1) IN GENERAL.—No person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity of a local government, territory, Indian tribe or Alaskan native village which receives funds made available under this Act, or any program or activity of any State, local or territorial government funded in whole or in part with funds received under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.). Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.) or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 et seq.) shall also apply to such programs or activities. Any prohibition against discrimination on the basis of religion, or any exemption, from such prohibition, as provided in the Civil Rights Act of 1964 (42 U.S.C. § 2000e(2)) or title VIII of the Act of April 11, 1968 (42 U.S.C.§ 3601 et seq.), shall also apply to such programs or activities.

(2) EXCEPTIONS.—

(A) FUNDING.—The provisions of paragraph (1) of this subsection shall not apply where any State, local or territorial government or Indian tribe or Alaskan native village demonstrates, by clear and convincing evidence, that the program or activity with respect to which the allegation of discrimination has been made is not funded in whole or in part with funds made available under this Act or title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.).

(B) CONSTRUCTION PROJECTS IN PROGRESS.—The provision of paragraph (1), relating to discrimination on the basis of handicapped status, shall not apply with respect to construction projects commenced prior to January 1, 1977.

(b) ENFORCEMENT AND REMEDIES.—The provision of subsection (a) of this section shall be enforced by the Secretary in the same manner and in accordance with the same procedures as are required by sections 122, 124, and 125 of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. § 1221 et seq.), to enforce compliance with section 122(a) of such Act. The Attorney General shall have the same authority, functions, and duties with respect to funds made available under this Act and under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.) as the Attorney General has under sections 122 (g) and (h) and 124(c) of such first cited Act with respect to funds made available under that Act. Any person aggrieved by a violation of subsection (a) of this section shall have the same rights and remedies as a person aggrieved by a violation of subsection (a) of section 122 of such first cited Act, including the rights provided under section 124(c) of such Act.

LABOR STANDARDS

SEC. 108. All laborers and mechanics employed by contractors on all construction projects funded in whole or in part by payments under this Act or title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.) shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. § 276a § 276a–5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan No. 14 of 1950 (15 CFR 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. § 276c).

WITHHOLDING

SEC. 109. Except as otherwise provided by section 197(b), whenever the Secretary, after affording reasonable notice and an opportunity for a hearing, finds that a State, local or territorial government or any Indian tribe or Alaskan native village has failed to comply substantially with any assurance filed pursuant to section 106 of this Act or title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.), the Secretary shall notify that government, tribe or village that further payments will not be made under this Act until he is satisfied that there is no longer any such failure to comply. Until he is satisfied, no further payments shall be made to such government, tribe or village under this Act.

DATA PROVISION RESPONSIBILITIES

SEC. 110. The Secretary of labor and the Secretary of Commerce shall provide information and data necessary to the administration of this Act. Such information and data shall be provided for each local government, and shall be made available when necessary to the Secretary to assist him in carrying out the provisions of this Act. The Secretaries of Labor and Commerce shall also advise the Secretary as to the availability and reliability of relevant information and data.

RULEMAKING

SEC. 111. The Secretary is authorized to prescribe, after consultation with the Secretary of Labor and the Secretary of Commerce, such rules as may be necessary for the purpose of carrying out his functions under this Act. Such rules shall be prescribed by the Secretary not later than ninety days after the effective date of this Act.

REPORTS

SEC. 112. The Secretary shall report to Congress as soon as is practical after the end of each calendar year during which payments are made under the provisions of this Act. Such reports shall include detailed information on the amounts paid to each local or territorial government, Indian tribe and Alaskan native village under the provisions of this Act and any amounts withheld by the Secretary pursuant to sections 107 and 109.

ALLOCATION TO PUERTO RICO, GUAM, AMERICAN SAMOA AND THE UNITED STATES VIRGIN ISLANDS

SEC. 113. (a) IN GENERAL.—There shall be allocated for each of the fiscal years 1979 and 1980 for the purpose of making payments under the Act to the Commonwealth of Puerto Rico, Guam, American Samoa and the Virgin Islands, an amount equal to 1 percent of the amount appropriated pursuant to section 103, multiplied by the applicable territorial percentage.

(b) ALLOCATIONS.—

(1) TERRITORIAL PERCENTAGE.—For purposes of this section, the territorial percentage is equal to the quotient resulting from the division of the territorial population of a territory by the sum of the territorial populations for all territories.

(2) For purposes of this section—

(A) "territory" means the government of the Commonwealth of Puerto Rico, Guam, American Samoa or the Virgin Islands;

(B) "territorial population" means the most recent population for each territory as determined by the Bureau of the Census for the Secretary of Commerce and reported to the Secretary;

(3) The provisions of sections 103, 104(d)(1), 105, 106, 107, 108, 109, 110, 111, and 112 shall apply to payments to the territories under this Act.

(c) PAYMENTS TO TERRITORIAL LOCAL GOVERNMENTS.—The governments of the territories are authorized to make payments to local governments within their jurisdiction from sums authorized by and received pursuant to this Act as they deem appropriate.

ALLOCATIONS TO INDIAN TRIBES AND ALASKAN NATIVE VILLAGES

SEC. 114. (a) IN GENERAL.—There shall be allocated for each of the fiscal years 1979 and 1980 for the purpose of making payments under the Act to Indian tribes and Alaskan native villages, an amount equal to 0.3 percent of the amount appropriated pursuant to section 103, multiplied by the applicable Indian tribe or Alaskan native village percentage.

(b) ALLOCATIONS.—

(1) INDIAN TRIBE OF ALASKAN NATIVE VILLAGE PERCENTAGE.—For purposes of this section, the Indian tribe or Alaska native village percentage is equal to the quotient resulting from the division of the Indian tribe or Alaskan native village population by the sum of the populations for all Indian tribes and Alaskan native villages.

(2) For purposes of this section—

(A) "Indian tribe or Alaskan native village" means an Indian tribe or Alaskan native village which has a recognized governing body and performs substantial governmental functions.

(B) "Population" means the most recent population for each Indian tribe or Alaskan native village as provided by the Bureau of Indian Affairs for the purposes of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. 1221 et seq.).

(3) The provisions of section 103, 104(d)(1), 105, 106, 107, 108, 109, 111, and 112 shall apply to payments to the Indian tribes and Alaskan native villages under this Act.

APPLICABILITY TO ANTIRECESSION FISCAL ASSISTANCE

SEC. 115. Except for section 213 of title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.), and except as otherwise provided herein, such title II is repealed and the provisions of this Act shall govern the expenditure by State, local and territorial governments (as defined in title II) of funds made available under title II.●

WE MUST NOT SHRINK FROM DEMANDING A FULL ACCOUNTING OF POW/MIA FROM VIETNAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DORNAN) is recognized for 30 minutes.

Mr. DORNAN. Mr. Speaker, it was in this chamber 11 months ago that I joined with 159 determined colleagues in voting for a Defense appropriations bill amendment which would have effectively preserved the integrity of the full-scale program to seek a complete and final accounting of our POW's and MIA's in Southeast Asia. Specifically, we sought to prohibit the use of any funds which would be used to change the status of military personnel listed as missing in action unless requested by a family member or dependent, or if there was verifiable evidence of death. A skeptical House majority turned down our request. In large part this was because of what many of us were told by "friends" of the State Department. These "friends" and other State Department sources told us it is better to work quietly, that if we scale down our POW-MIA factfinding efforts, the information we seek could be gathered through the quiet filters of hushed diplomacy. It is now many months later, and Vietnam has been long forgotten by all too many. It seems also to have been forgotten by those who traffic in this so-called hushed diplomacy.

Those who have not forgotten it, however, are those who cannot forget it. They live, think, and have nightmares about it, and they will continue to do so until the truth they desperately seek is finally known. They are the wives, the sweethearts, sisters, brothers, parents, and other relatives of the American servicemen who remain missing and unaccounted for. I know dozens of them, and I know of their private anguish.

Since I first came to Capitol Hill as a newsman in the 1960's, and as a Reserve officer in the U.S. Air Force, whose best friends were POW's and are still missing in action, I have tried to help these wonderful people. I try to do so now in recognition of the fact that we, the Congress, have a special obligation to those who suffer for all of us.

My distinguished colleague, the gentleman from Mississippi (Mr. MONTGOMERY) set an example for us all by first leading the charge and opening up his office door for all of us who wanted to help. He ran interference with the State Department bureaucracy, which too often reflected the attitude that they would rather scoff at than read the reports issued by the Congress on the status of our American men missing in action.

The highly decorated former marine colonel, the gentleman from California (Mr. PAUL MCCLOSKEY) from my own State of California also put in long hours burning the midnight oil on this issue. Since his select committee has died prematurely, the leadership in this House for MIA's has been courageously carried forward by the gentleman from Massachusetts (Mr. MOAKLEY), by the gentleman from New York (Mr. OTTINGER), by former naval test pilot and attack pilot, the gentleman from California (Mr. LLOYD), and especially by the gentleman from New York (Mr. GILMAN), by the gentleman from Ohio (Mr. GUYER), and the gentleman from New York (Mr. WOLFF), chairman of one of the important International Relations Subcommittees.

The gentleman from New York (Mr. GILMAN) particularly has begged the support of all my colleagues for House Concurrent Resolution 331, which was reported out by a unanimous vote of the entire Committee on International Relations, which called upon the United Nations to vigorously pursue an accounting of our MIA's in Vietnam.

Mr. Speaker, the "sweep it under the rug" bureaucracy still exists. As a matter of fact, it still grows. It still yawns on the efforts of all of us to get a final accounting. This final accounting will never be gotten until the U.S. Government, as personified by our American diplomatic delegation to the United Nations, decides to put severe political and meaningful economic pressure on the Vietnam conquering regime.

We know there are those who believe that it is all over; they argue that we have gathered as much information as exists and that those who persist in promoting the cause of the missing in action are at best wasting our time, or at worst seeking cheap and sleazy monetary gain,

an ugly and untrue charge that the very best of our American families who have lost their sons and husbands and the very fact they would suggest they are grubbing for Government handouts is a very vicious charge.

I have reserved this time this afternoon to say that they are dead wrong. I have reserved this time in order to read into our RECORD the official Department of Defense briefing material which was presented to the Woodcock Commission prior to that Commission's departure for Hanoi last year. I have deleted many middle portions of this tragic Defense Department report, as I have been requested to do, in order to protect the families of the missing men. As we listen to this incredible intelligence analysis, I know we will begin to understand the sense of urgency with which I speak today.

I hope and pray all of us will understand the necessity of putting sustained and increasing pressure on President Carter, who has made so many promises on this issue, and upon his administration to do more than just issue press statements on the final and complete status of more than 1,300 heroic American servicemen who remain in an unaccounted-for limbo. They answered the call of duty in Vietnam throughout two decades. I believe firmly that every single man among them, dead or alive, would have wagered anything or everything that they possess that this great Nation of ours would leave no stone unturned to learn the fate of those missing soldiers, sailors, and airmen.

We are speaking of our very best citizens. If we allow this missing-in-action issue to die in a slow and ignoble way, what are we telling our young men and women in uniform today? What will we be telling our posterity?

The abridged Defense Department material follows. I will read it, because I do not want any black dots before or after, indicating that these words were not orally spoken in this august Chamber.

Picture, please, the five esteemed members of the Woodcock Commission listening to this briefing and then try to recapitulate, if you will, any of the ABC, CBS, NBC, AP, or UPI stories or newspaper accounts about some kind of tough fight they were supposed to have put up in Hanoi for a full accounting of our men.

Now, Mr. Speaker, I quote as follows:

We in the Department of Defense are pleased to assist you (the Woodcock Commission) as you endeavor to initiate this accounting for our missing men in Southeast Asia. The families of the missing have suffered the pain of uncertainty about our lost men for much too long, and needlessly so in many cases. Some of that doubt could have been alleviated long ago if the Indochinese Governments had cooperated with us at that time. We know they have information about some of our missing people but, for reasons of their own, have withheld it from us. We hope your efforts will ultimately result in increased cooperation between our nations so we might be able to finally close the books on the Vietnam War.

Today, I would like to tell you about some of these missing men and how we know the Communists can account for them. Conversely, we must not be so naive as to think they know about all of them, so any accounting we may get will be less than a full one.

The Vietnam cease-fire agreement contained the most comprehensive provisions to account for the missing ever found in any ceasefire document. Had these provisions been implemented, we would have had our accounting; however, the Vietnamese Communists consistently blocked the resolution of this matter. This is not the time for recriminations. The war is now over so there is no valid reason for the communists to continue withholding information about our people. It should also be noted that most of their earlier objections to implementation of the accounting became moot when the South Vietnamese government collapsed.

During Operation Homecoming in 1973, we repatriated almost 600 Americans who had been prisoners of war, but more than 2,500 other Americans did not return. There are still 2,546 Americans, including 41 civilians, listed as dead with bodies not recovered or as missing or prisoner. Although 758 military personnel are on the books as prisoners of war or missing, the distinction between the terms is probably academic. We have no evidence to indicate that any American servicemen are being held as prisoners in Southeast Asia, but whether a man is alive or dead does not relieve us of the responsibility to seek an accounting for him. We want the fullest possible accounting for the entire 2,546 and, wherein possible, we want the remains of our dead returned. We cannot attain this goal without complete cooperation by the Vietnamese.

It has been suggested that the Communists may be reluctant to give us incomplete remains or sketchy information. Since the cease-fire, the Vietnamese have returned some bodies to us and, in each case, they have been easily identifiable. Consequently, they may think we would be suspect of anything less, but this is not true. They should understand that we do not expect them to have knowledge of every one of our missing, but we do want to know what they do have. The smallest bit of new data may, in some cases, be the missing link to determine the fate of a missing man.

There is a great deal of information we can reasonably expect, but there are some inherent dangers in the exchange of these data. We have established categories to determine which men the Communists should know about, but categorizing is, at best, an inexact science. After the cease-fire, the Vietnamese gave us information about some men we did not expect them to know about. On the other hand, they denied knowledge of some Americans who were known to have been in their custody, some of whom had even been exploited by the enemy for propaganda purposes. Since our categories were devised using the limited data available to us, it was not in our best interest to tell the other side all we thought they should know. In the past, we have preferred to give them only representative information. This allowed us a better method of checking data they might furnish and it did not overwhelm their system for information gathering. This particular technique may or may not be the most advantageous one at this late date.

Now, Mr. Speaker, the five categories designed by the Department of Defense to determine the degrees of information of enemy knowledge of American POW/MIA personnel are roughly as follows:

Category 1: Confirmed. They have a degree of knowledge;

Category 2: Suspect. Degree of knowledge;

Category 3: Doubtful. Degree of knowledge;

Category 4: Unknown. Degree of knowledge; and

Category 5: Unrelated. Degree of knowledge.

Exhibits A through E further explaining each of the five categories are herewith included, to be printed as part of the official RECORD.

Mr. Speaker, I will not read those. They merely flush out those five catebories. But I will include them for the RECORD.

CATEGORY 1—CONFIRMED KNOWLEDGE

This category includes all personnel who were:

A. Identified by the enemy by name

B. Identified by reliable information received from releasees/escapees, or

C. Reported by highly reliable intelligence sources

D. Identified through analysis of all-source intelligence

CATEGORY 2 SUSPECT KNOWLEDGE

This category includes personnel who were:

A. Involved in the same incidents as individuals reported in category 1

B. Lost in areas or under such conditions that they may reasonably be expected to be known by the enemy

C. Connected with an incident which was discussed but not identified by name in the enemy news media, or

D. Probably identified through analysis of all-source intelligence

CATEGORY 3 DOUBTFUL KNOWLEDGE

This category includes personnel whose loss incident is such that it is doubtful that the enemy would have knowledge of the specific individuals (e.g., aircrews lost over water or remote areas).

CATEGORY 4 UNKNOWN KNOWLEDGE

This category includes individuals:

A. Whose time and place of incident are unknown (e.g., aircrew members downed at unknown locations or ground personnel separated from their unit at an unknown time or place), and

B. Who do not meet the criteria of categories 1 through 3

CATEGORY 5 CATEGORY UNRELATED TO DEGREE OF ENEMY KNOWLEDGE

This category includes those personnel whose remains have been determined to be nonrecoverable as outlined in Department of the Army Technical Manual 10-286, January 1964, section 39

Pages with names and photographs of servicemen illustrating categories 1 through 5 in the Defense Department presentation are herewith deleted for reasons I stated earlier.

The Defense Department does not determine the extent to which our nation will go to normalize relations with other governments. We would not presume to say what those limits should be, but we are convinced that there are segments of our population who are not willing to accede to any demands from the other side until they have demonstrated good faith in resolving this humanitarian problem. To Defense—

The Defense Department—

this is not an issue with a price tag. Accounting for our missing and recovering remains have always been a strictly humanitarian issue.

You have met with some families of the missing so you understand why they are distrustful of Communists. The other side's refusal to surrender data to us and the blatant manner in which they used our men for political gain do not engender much faith. We do not think that a single visit to Vietnam and Laos will dispel the disbelief built up by the dismal record of the past so we hope you do not look upon your commission as a one-shot effort.

Of course, that is exactly what it turned out to be.

I continue reading:

In light of this background information, it would be difficult for the families of the missing to accept at face value another statement that they have done all they can do. For the Vietnamese and Laotians to have any credibility in this issue, it is imperative that they address some of these cases of which they undoubtedly have knowledge.

An earlier denial of information by the North Vietnamese appears to be no barrier to later release of that same information. For many years, they have stated they had no additional information to give. Yet, they recently offered us the bodies of 12 of our men as a gesture of goodwill. This offer was withdrawn when a dispute over United Nations membership developed. We knew that they had information on nine of these and two of them—

I use here the names Jim Doe and John Smith—

were frequently used as examples of men for whom we could expect an accounting.

To do the accounting job properly, we should put American teams on the ground to locate and remove the remains of our men because proper recovery can enhance subsequent identification. Realistically, we doubt that the Indochinese would accept an American presence.

During the cease-fire negotiations, we were optimistic that the other side would cooperate in an accounting, and defense established the machinery to accomplish this mission. The four-party joint military team was established for the specific purpose of accounting for the missing. Although that organization is no longer active, the rest of the organizational structure is still in being and operational.

The Joint Casualty Resolution Center and Central Identification Laboratory now located in Hawaii are organizations to assist in recovering and identifying remains and resolving the status of Americans missing in action.

I add here, parenthetically, that I visited those two organizations. They do an absolutely incredible job.

The Center and Laboratory still are prepared to accomplish their mission. Whether it is feasible or advisable to involve JCRC in ground operations is a matter of diplomacy and foreign policy to be decided by the President and you; however, the capability is there to use if this is determined to be a viable option.

Whenever the missing are discussed, we are inevitably asked how many of the missing do we think the other side should account for. If we must give a number, we would say that it would be reasonable to expect an accounting for those men in categories 1 and 2—a total of 1,339 men. Mind you, I said an "accounting," not bodies. We have made mistakes, no doubt, in placing some men in these two categories. Conversely, one of the bodies returned to Congressman Montgomery's group had been listed by us as non-recoverable and one of the twelve names the North Vietnamese released this past September was in our category 5. We were 91 percent correct on our returned prisoners, but this is an area in which statistics and numbers can be completely meaningless. We consider numbers to be dangerous assumptions. There are too many cases we simply don't know about. These data represent our best knowledge of some of the Nation's finest young men. We have an obligation to them, their families, and to the Nation as a whole not to allow them to be used as pawns in a brutal game of diplomacy.

We would hope you are able to convey to the Vietnamese and Laotians our determination and need to account for these men to the fullest possible extent. We would hope that this is the first step in a continuing effort that will allow us to work with the other side to accomplish this goal. . . .

Mr. Speaker, I do not know why this basic report should have been classified. All of my colleagues and any interested family of an MIA can now disseminate this freely throughout the world. I emphasize again that figure of 1,339 in categories 1 and 2 of the 5 categories of accountability.

The parents and the loved ones, the wives and children of these men in these first two categories have a right to some accounting when we see ships of wheat leaving a Texas port, headed for North Vietnam, while the North Vietnamese engage in spying in this country. The Vietnamese arrogantly, as do many other small nations around the world, scoff at any basic humanitarian requests of the United States of America.

Mr. Speaker, as I said in my 1-minute remarks to the House at convening today, I have just finished watching every tragic minute of the NBC-TV series over four nights, totaling 9½ hours, called Holocaust.

I recall during the final night, remarking to my wife and children, that the Russians may have come out looking heroic but that Stalin was guilty of the same type of slaughter as Hitler. The Soviets, to this day, have dissidents escaping from Russia seeking freedom, and they tell of prisoners left over from World War II still in some of their Gulag Archipelago concentration camps. I remember vividly the scenes in the middle 1950's in Germany of prisoners being returned 10 years after World War II from the hell of Communist prisons.

The way the North Vietnamese conducted the torture of our prisoners was exactly as we saw the tortures portrayed on the artist prisoners in episode No. 3 of the NBC "Holocaust" program. I thought of our 566 military men returned, from Hanoi in 1973, particularly the senior Navy, Air Force, and Army officers who had been tortured, men like Lt. Col. Edward Aterbury, whose bracelet I still wear. He was beaten around the clock, 24 hours a day for 8 days until he died.

The North Vietnamese have a record of cruelty in their concentration camps equal to some of the nightmares we saw demonstrated in "Holocaust." We cannot end our Vietnam nightmare allowing the Vietnamese to get away with a Stalin-like refusal to account for thousands of missing people.

I want to see this Department of Defense briefing to the Woodcock Commission disseminated widely, especially since the Woodcock Commission seems to have disregarded it.

I recall seeing on network news some of the members of the Woodcock Commission singing and dancing with women in some of the Hanoi nightspots during that fruitless trip last year. I know one of the people on that Commission got a very wealthy contract to engage in some sort of school program with North Vietnam. This person knew nothing about the missing-in-action program when she was selected to go over there. She probably skipped this DOD briefing because she addressed herself to absolutely no aspect of missing-in-action tragedy when she came home.

Mr. Speaker, the Woodcock Commission has gone down in its short history as an irrelevancy, if not at worst a tragic waste of time and money.

I am not alone in my views on this issue. The gentleman from New York (Mr. GILMAN), the gentleman from Ohio (Mr. GUYER), agree. We all tell these MIA families that we have not forgotten them, that we have not forgiven the North Vietnamese for not accounting, and that we have not forgotten that this horrendous number of 1,339 American fighting men left behind is something that should be burned into every loyal American's brain forever.

Some day I hope to be submitting a resolution to this House that will provide over in Arlington Cemetery an equivalent memorial to that which represents unknown soldiers of World War I, World War II, and the Korean War. Something to represent our Vietnam casualties. Everybody of a killed-in-action casualty from that long war has fortunately been identified due to modern forensic skills.

Most Americans are not aware that we do not have anything at Arlington representing Vietnam such as an unknown soldier. Nothing to represent the dedicated men who fell in Indochina trying to contain communism. However, I believe there should be some memorial over there some day to the thousands of heroes still missing in action. Until that moment when we have absolutely no hope of some sort of accounting, I will hold off that resolution to so honor the 2.5 million veterans of the Vietnam conflict so that they also will be represented in our great cemetery on that hallowed ground at Arlington, across the Potomac River.

I thank the Chair very much for this time, and I yield back the balance of my time.

THE SOCIAL SECURITY HONOR ROLL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. BURKE) is recognized for 5 minutes.

● Mr. BURKE of Massachusetts. Mr. Speaker, Once again, I am including in the RECORD my Social Security Honor Roll. This latest roll, with well over 150 cosponors of my bill H.R. 10668, is testimony to the widespread support for a rollback in the regressive social security taxes recently enacted. The concept of using general revenues in the financing of social security is an idea whose time has come. Indeed, the substantial April 6 vote of the Democratic Caucus of 150 to 57, instructing the Ways and Means Committee to explore alternatives to the President's tax package through a rollback in the social security taxes, is further evidence of the support this year for a meaningful tax reform package.

The Joint Economic Committee has made the dire prediction that the logical results of raising social security taxes will be slower economic growth, higher unemployment and a faster inflationary spiral.

The committee's analysis ties the social security tax hike to the loss of 1,300,000 jobs for American workers. I hasten to remind my colleagues that 1.3 million jobs averages out to approximately 3,000 jobs per district. Moreover, this loss of jobs means a reduction in revenue back to the Federal Government, a larger Federal deficit and, of course, a higher rate of inflation.

I urge the Members who have not cosponsored this legislation to reassess their position and to join with over 150 of their enlightened colleagues who have supported this legislation. It is not too late. The Ways and Means Committee is currently considering the major tax reforms we will make this year, a social security tax cut will be part of this effort. A tax-burdened America looks toward Congress for no less.

The Social Security Honor Roll follows:

SOCIAL SECURITY HONOR ROLL

Addabbo, Joseph—New York.
Akaka, Dennis—Hawaii.
Ambro, Jerome—New York.
Ammerman, Joseph—Pennsylvania.
Anderson, Glenn—California.
Annunzio, Frank—Illinois.
Applegate, Douglas—Ohio.
Aspin, Les—Wisconsin.
Baucus, Max—Montana.
Beard, Ed—Rhode Island.
Biaggi, Mario—New York.
Bingham, Jonathan—New York.
Blanchard, James J.—Michigan.
Boland, Edward—Massachusetts.
Bonior, David—Michigan.
Brodhead, William—Michigan.
Burke, James—Massachusetts.
Burke, Yvonne—California.
Burton, John—California.
Burton, Phillip—California.
Carney, Charles—Ohio.
Chisholm, Shirley—New York.
Clay, William—Missouri.
Collins, Cardiss—Illinois.
Conte, Silvio—Massachusetts.
Conyers, John—Michigan.
Corman, James—California.
Cornell, Robert—Wisconsin.
Corrada, Baltasar—Puerto Rico.
D'Amours, Norman—New Hampshire.
Dellums, Ron—California.
De Lugo, Ron—Virgin Islands.
Dent, John—Pennsylvania.
Dicks, Norman—Washington.
Diggs, Charles—Michigan.
Dodd, Chris—Connecticut.
Downey, Tom—New York.
Drinan, Robert—Massachusetts.
Early, Joseph—Massachusetts.
Edgar, Robert—Pennsylvania.
Edwards, Don—California.
Eilberg, Joshua—Pennsylvania.
Ertel, Allen—Pennsylvania.
Evans, Frank—Colorado.
Fary, John—Illinois.
Fauntroy, Walter—District of Columbia.
Flood, Daniel J.—Pennsylvania.
Florio, James J.—New Jersey.
Ford, Harold E.—Tennessee.
Ford, William—Michigan.
Fraser, Don—Minnesota.
Gaydos, Joseph M.—Pennsylvania.
Gore, Albert Jr.—Tennessee.
Guyer, Tennyson—Ohio.
Hanley, James M.—New York.
Harkin, Tom—Iowa.
Harrington, Michael—Massachusetts.
Harris, Herbert II—Virginia.
Harsha, William H.—Ohio.
Hawkins, Augustus—California.
Heckler, Margaret—Massachusetts.
Holland, Ken—South Carolina.
Howard, Jim—New Jersey.
Jenrette, John W., Jr.—South Carolina.
Johnson, Harold—California.
Jones, Walter—North Carolina.
Jordan, Barbara—Texas.
Kastenmeier, Robert—Wisconsin.
Kildee, Dale—Michigan.
Kostmayer, Peter H.—Pennsylvania.
Krebs, John—California.
Lederer, Raymond—Pennsylvania.
Le Fante, Joseph A.—New Jersey.
Leggett, Robert L.—California.
Long, Clarence—Maryland.
Lundine, Stanley—New York.
Maguire, Andrew—New Jersey.
Markey, Edward—Massachusetts.
McFall, John—California.
McHugh, Matthew F.—New York.
McKinney, Stewart—Connecticut.
Metcalfe, Ralph—Illinois.
Meyner, Helen S.—New Jersey.
Mikulski, Barbara—Maryland.
Miller, George—California.
Minish, Joe—New Jersey.
Mitchell, Parren J.—Maryland.
Moakley, Joe—Massachusetts.
Moffett, Anthony Toby—Connecticut.
Moss, John E.—California.
Murphy, Austin J.—Pennsylvania.
Murphy, Morgan—Illinois.
Myers, Michael O.—Pennsylvania.
Nedzi, Lucien N.—Michigan.
Nix, Robert—Pennsylvania.
Nolan, Richard—Minnesota.
Nowak, Henry—New York.
Oakar, Mary Rose—Ohio.
Oberstar, James L.—Minnesota.
Ottinger, Richard—New York.
Patten, Edward—New Jersey.
Patterson, Jerry—California.
Pattison, Edward W.—New York.
Pepper, Claude—Florida.
Perkins, Carl D.—Kentucky.
Price, Melvin—Illinois.
Quillen, James H.—Tennessee.
Rahall, Nick Joe, II—West Virginia.
Rangel, Charles—New York.
Reuss, Henry—Wisconsin.
Richmond, Frederick—New York.
Risenhoover, Ted—Oklahoma.
Rodino, Peter W.—New Jersey.
Roe, Robert—New Jersey.
Roncalio, Teno—Wyoming.
Rooney, Fred B.—Pennsylvania.
Rose, Charles—North Carolina.
Rosenthal, Benjamin S.—New York.
Ryan, Leo J.—California.
St Germain, Fernand—Rhode Island.
Scheuer, James H.—New York.
Schroeder, Patricia—Colorado.
Seiberling, John F.—Ohio.
Shipley, George—Illinois.
Simon, Paul—Illinois.
Sisk, B. F.—California.
Solarz, Stephen—New York.
Spellman, Gladys Noon—Maryland.
Stark, Fortney Pete—California.
Steed, Tom—Oklahoma.
Stokes, Louis—Ohio.
Studds, Gerry—Massachusetts.
Thompson, Frank—New Jersey.
Traxler, Bob—Michigan.
Tsongas, Paul—Massachusetts.
Van Deerlin, Lionel—California.
Vento, Bruce—Minnesota.
Walgren, Doug—Pennsylvania.
Weaver, James—Oregon.
Weiss, Ted—New York.
Wilson, Charles H.—California.
Wolff, Lester—New York.
Won Pat, Antonio B.—Guam.
Yatron, Gus—Pennsylvania.
Zablocki, Clement—Wisconsin.
Zeferetti, Leo C.—New York.

SENATORS

Abourezk, James—South Dakota.
Durkin, John A.—New Hampshire.
Eagleton, Tom—Missouri.
Hatfield, Mark—Oregon.
Hathaway, William—Maine.
Moynihan, Daniel P.—New York.
Riegle, Don—Michigan.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Ms. MIKULSKI (at the request of Mr. WRIGHT), for today, on account of illness.

Mr. MARRIOTT (at the request of Mr. RHODES), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MARKS) to revise and extend their remarks and include extraneous material:)

Mr. MILLER of Ohio, for 15 minutes, today.

Mr. DORNAN, for 30 minutes, today.

Mr. CONTE, for 5 minutes, today.

Mr. KEMP, for 10 minutes, today.

Mr. MCCLOSKEY, for 10 minutes, today.

(The following Members (at the request of Mr. GARCIA) and to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. LE FANTE, for 5 minutes, today.

Mr. BINGHAM, for 10 minutes, today.

Mr. FOUNTAIN, for 5 minutes, today.

Mr. BURKE of Massachusetts, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. MARKS), and to include extraneous matter:)

Mr. O'BRIEN.

Mr. RUDD.

Mr. MICHEL.

Mr. MOORE.

Mr. ARMSTRONG.

Mr. COLLINS of Texas in two instances.

Mr. HAGEDORN in two instances.

Mr. RHODES.

Mr. GRADISON.

Mr. WHALEN.

Mr. DERWINSKI.

Mr. KELLY.

Mr. BOB WILSON.

Mr. STEERS.

Mr. DICKINSON.

(The following Members (at the request of Mr. GARCIA), and to include extraneous matter:)

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. MAZZOLI in five instances.

Mr. HUBBARD.

Mr. LEVITAS.

Mr. WAXMAN.

Mr. ROSENTHAL.

Mr. RYAN.

Mr. UDALL.

Mr. RICHMOND in two instances.
Mrs. LLOYD of Tennessee.
Mr. PRICE.
Mr. NOLAN.
Mr. STOKES in two instances.
Mr. DRINAN.
Mr. EARLY.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2493. An act to amend the Federal Aviation Act of 1958, as amended, to encourage, develop, and attain an air transportation system which relies on competitive market forces to determine the quality, variety, and price of air services, and for other purposes; to the Committee on Public Works and Transportation.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2452. An act to authorize funds for the Hubert H. Humphrey Institute of Public Affairs and for the Everett McKinley Dirksen Congressional Leadership Research Center.

ENROLLED JOINT RESOLUTION SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 649. Joint resolution to authorize the President to call a White House Conference on the Arts, and to authorize the President to call a White House Conference on the Humanities.

ADJOURNMENT

Mr. GARCIA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p.m.), under its previous order, the House adjourned until Monday, April 24, 1978, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3908. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to approve the sale of certain naval vessels and for other purposes; to the Committee on Armed Services.

3909. A letter from the Assistant Secretary of the Army, transmitting a draft of proposed legislation to amend section 2575 of title 10, United States Code, to provide for more efficient disposal of lost, abandoned or unclaimed personal property that comes into the custody or control of military departments; to the Committee on Armed Services.

3910. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to change the size, weight and design of the $1 coin, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

3911. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes; to the Committee on Government Operations.

3912. A letter from the Comptroller General of the United States, transmitting a report on the Federal Government's use of automatic data processing standards (FGMSD-78-23, April 19, 1978); to the Committee on Government Operations.

3913. A letter from the Chairman, Interstate Commerce Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act during the period March 12, 1977 to March 12, 1978, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3914. A letter from the Administrative Director, Arms Control and Disarmament Agency, transmitting notice of a proposed new system of records for the Agency, pursuant to 5 U.S.C. 522a(o); to the Committee on Government Operations.

3915. A letter from the Assistant Director for Information, Office of Governmental and Public Affairs, Department of Agriculture, transmitting an amended report on the agency's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3916. A letter from the Chief Counsel Designate, National Telecommunications and Information Administration, Department of Commerce, transmitting a report on the Office of Telecommunications Policy's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3917. A letter from the Chairman, National Endowment for the Arts, transmitting a report on the agency's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3918. A letter from the Acting President, Overseas Private Investment Corporation, transmitting a report on the Corporation's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3919. A letter from the Secretary, Commission of Fine Arts, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3920. A letter from the Executive Director, Federal Communications Commission, transmitting a report on backlog of pending applications and hearing cases in the Commission as of August 31, 1977, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DELANEY: Committee on Rules. House Resolution 1143. Resolution providing for the consideration of H.R. 11401. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes. (Rept. No. 95-1072). Referred to the House Calendar.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 1144. Resolution providing for the consideration of H.R. 11832. A bill to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act. (Rept. No. 95-1073). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 1145. Resolution providing for the consideration of H.R. 11877. A bill to authorize supplemental appropriations for fiscal year 1978, and to authorize appropriations for fiscal year 1979, for the Peace Corps, and to make certain changes in the Peace Corps Act. (Rept. No. 95-1074). Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. BOLAND: Select Committee on Intelligence. H.R. 12240. A bill to authorize appropriations for fiscal year 1979 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, the Central Intelligence Agency Retirement and Disability System, and for other purposes (Rept. No. 95-1075, Pt. I). Referred to the Committee on Armed Services and to the Committee on the Judiciary for a period ending not later than May 10, 1978, for concurrent consideration of such provisions of the bill as fall within the jurisdictions of those committees under Rule X, clause 1(c) and clause 1(m), respectively, and ordered to be printed.

Mr. NICHOLS: Committee on Armed Services. H.R. 11823. A bill to amend section 1331 (c) of title 10, United States Code, to allow certain otherwise ineligible reservists to become eligible for retired pay, and for other purposes (Rept. No. 95-1076). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Services. H.R. 11797. A bill to amend title 10, United States Code, to grant survivors of Reserves who retire for nonregular service and died before becoming entitled to retired pay eligibility for certain survivor benefits (Rept. No. 95-1077). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. H.R. 12163. A bill to authorize appropriations to the Department of Energy in accordance with section 261 of the Atomic Energy Act of 1954, section 305 of the Energy Reorganization Act of 1974, section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and section 660 of the Department of Energy Reorganization Act, for energy research and development, and for other purposes (Rept. No. 95-1078). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California (for himself, Mr. BEILENSON, Mr. LAGOMARSINO, Mr. MILLER of California, and Mr. SISK):

H.R. 12248. A bill to authorize a study of the feasibility and desirability of establishing a national recreation area to be known as the Santa Margarita National Recreation Area in the area in San Diego, Calif., which presently constitutes Camp Pendleton; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON of Illinois (for himself, Mr. AUCOIN, Mr. CORNWELL, Mr. LEACH, and Mr. MCCORMACK):

H.R. 12249. A bill to amend title XIV of the Public Health Service Act to provide Fed-

eral grants for small public water systems to meet national primary drinking water regulations; to the Committee on Interstate and Foreign Commerce.

By Mr. PHILLIP BURTON (for himself, Mr. VENTO, Mr. NOLAN, Mr. UDALL, Mr. KASTENMEIER, Mr. BINGHAM, Mr. BYRON, Mr. TSONGAS, Mr. FLORIO, Mr. KREBS, Mr. KOSTMAYER, Mr. SEIBERLING, Mr. WEAVER, Mr. CARR, Mr. MILLER of California, Mr. HOWARD, Mr. RONCALIO, Mr. BLOUIN, Mr. BRODHEAD, Mr. HARKIN, Mr. BROWN of California, Mr. PEASE, Mr. OTTINGER, Mr. BEILENSON, and Mr. CONYERS):

H.R. 12250. A bill to designate the Boundary Waters Canoe Area Wilderness, to establish the Boundary Waters Canoe Area National Recreation Area, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. AUCOIN (for himself, Mr. LUNDINE, Mr. HANLEY, Mr. LAFALCE, Mr. PATTISON of New York, Mr. PATTERSON of California, Mr. MITCHELL of Maryland, Mr. TSONGAS, Mr. BARNARD, Mr. MCHUGH, Ms. HOLTZMAN, Mr. KRUEGER, Mr. BEDELL, Mr. CORRADA, Mr. MINETA, Mr. PANETTA, Mr. FRASER, Mr. BRECKINRIDGE, Mr. PERKINS, Mr. BEVILL, and Mr. LONG of Louisiana):

H.R. 12251. A bill to amend title V of the Housing Act of 1949 to increase and extend authorities thereunder, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BEARD of Rhode Island (for himself, Mr. CARNEY, Mr. HILLIS, Mr. ROBERTS, Mr. HAMMERSCHMIDT, Mr. DANIELSON, Mr. BRINKLEY, Mr. CORNELL, Mr. APPLEGATE, Mr. BARNARD, Mr. HANSEN, Mr. SAWYER, Mr. TEAGUE, Mr. SATTERFIELD, Mr. EDWARDS of California, Mr. MONTGOMERY, Mr. WOLFF, Mr. MOTTL, Mr. HEFNER, Mr. HANNAFORD, Mr. EDGAR, Mr. HALL, Mrs. HECKLER, and Mr. WYLIE):

H.R. 12252. A bill to amend title 38 of the United States Code in order to require the Administrator of Veterans' Affairs to pay a $150 allowance to any State or any agency or political subdivision of a State in reimbursement for expenses incurred in the burial of each veteran in any cemetery owned by such State or agency or political subdivision of a State, if the cemetery or section thereof is used solely for the internment of veterans; to the Committee on Veterans' Affairs.

By Mr. BEARD of Rhode Island (for himself, Mr. ABDNOR, Mr. WALSH, and Mr. GUYER):

H.R. 12253. A bill to amend title 38 of the United States Code in order to require the Administrator of Veterans' Affairs to pay a $150 allowance to any State or any agency or political subdivision of a State in reimbursement for expenses incurred in the burial of each veteran in any cemetery owned by such State or agency or political subdivision of a State, if the cemetery or section thereof is used solely for the internment of veterans; to the Committee on Veterans' Affairs.

By Mr. BLOUIN (for himself, Mr. QUIE, Mr. BAUCUS, Mr. BEDELL, Mr. FRENZEL, and Mr. ROYBAL):

H.R. 12254. A bill to provide for grants to tribally controlled community colleges, and for other purposes; to the Committee on Education and Labor.

By Mr. BRADEMAS (for himself, Mr. JEFFORDS, Mr. PERKINS, Mr. QUIE, Mr. BEARD of Rhode Island, Mr. PRESSLER, Mr. MILLER of California, Mr. KILDEE, Mr. HEFTEL, Mr. HAWKINS, Mr. BIAGGI, Mr. SARASIN, Mr. THOMPSON, Mr. GOODLING, Mr. DENT, Mr. PURSELL, Mr. FORD of Michigan, Mr. PHILLIP BURTON, Mr. GAYDOS, Mr. CLAY, Mr. ANDREWS of North Carolina, Mr. BLOUIN, Mr. CORNELL, Mr. SIMON, and Mr. ZEFERETTI):

H.R. 12255. A bill to amend the Older Americans Act of 1965 to provide for improved programs for older persons, and for other purposes; to the Committee on Education and Labor.

By Mr. BYRON (for himself, Mr. LUJAN, Mr. BEVILL, Mr. CAVANAUGH, Mr. CHAPPELL, Mr. DUNCAN of Tennessee, Mr. GUYER, Mr. HOLLENBECK, Mr. HYDE, Mrs. LLOYD of Tennessee, Ms. MIKULSKI, Mr. MOAKLEY, Mr. MURPHY of Pennsylvania, Mr. STOKES, and Mr. YATRON):

H.R. 12256. A bill to amend the Railroad Retirement Act of 1974 with respect to benefits payable to certain individuals who on December 31, 1974, had at least ten years of railroad service and also were fully insured under the Social Security Act; to the Committee on Interstate and Foreign Commerce.

By Mr. CARNEY (for himself, Mr. HILLIS, Mr. ROBERTS, Mr. HAMMERSCHMIDT, Mr. DANIELSON, Mr. BEARD of Rhode Island, Mr. BRINKLEY, Mr. CORNELL, Mr. APPLEGATE, Mr. BARNARD, Mr. HANSEN, Mr. SAWYER, Mr. TEAGUE, Mr. SATTERFIELD, Mr. EDWARDS of California, Mr. MONTGOMERY, Mr. WOLFF, Mr. MOTTL, Mr. HEFNER, Mr. EDGAR, Mr. ALLEN, Mr. HALL, Mrs. HECKLER, and Mr. WYLIE):

H.R. 12257. A bill to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to furnish cemetery memorial headstones or markers to commemorate veterans who die after being honorably discharged and whose remains are not recovered or identified; to the Committee on Veterans' Affairs.

By Mr. CARNEY (for himself, Mr. HILLIS, Mr. ROBERTS, Mr. HAMMERSCHMIDT, Mr. DANIELSON, Mr. BEARD of Rhode Island, Mr. BRINKLEY, Mr. CORNELL, Mr. APPLEGATE, Mr. BARNARD, Mr. HANSEN, Mr. SAWYER, Mr. TEAGUE, Mr. SATTERFIELD, Mr. EDWARDS of California, Mr. MONTGOMERY, Mr. WOLFF, Mr. MOTTL, Mr. HEFNER, Mr. HANNAFORD, Mr. EDGAR, Mr. ALLEN, Mr. HALL, Mrs. HECKLER, and Mr. WYLIE):

H.R. 12258. A bill to amend title 38, United States Code, to increase the maximum amount which the Administrator of Veterans' Affairs may pay for the funeral expenses of a veteran from $250 to $350; to the Committee on Veterans' Affairs.

By Mr. CARNEY (for himself, Mr. ABDNOR, Mr. WALSH, and Mr. GUYER):

H.R. 12259. A bill to amend title 38, United States Code, to increase the maximum amount which the Administrator of Veterans Affairs may pay for the funeral expenses of a veteran from $250 to $350; to the Committee on Veterans Affairs.

H.R. 12260. A bill to amend title 38, United States Code, to authorize the Administrator of Veterans' Affairs to furnish cemetery memorial headstones or markers to commemorate veterans who died after being honorably discharged and whose remains are not recovered or identified; to the Committee on Veterans' Affairs.

By Mr. CARNEY (for himself, Mr. HILLIS, Mr. ROBERTS, Mr. HAMMERSCHMIDT, Mr. DANIELSON, Mr. BEARD, OF RHODE ISLAND, Mr. BRINKLEY, Mr. CORNELL, Mr. APPLEGATE, Mr. BARNARD, Mr. HANSEN, Mr. SAWYER, Mr. TEAGUE, Mr. SATTERFIELD, Mr. EDWARDS of California, Mr. MONTGOMERY, Mr. WOLFF, Mr. MOTTL, Mr. HEFNER, Mr. HANNAFORD, Mr. EDGAR, Mr. ALLEN, Mr. HALL, Mrs. HECKLER, and Mr. WYLIE):

H.R. 12261. A bill to pay tribute to those members of the U.S. Armed Forces who served honorably in Southeast Asia during the Vietnam conflict; to the Committee on Veterans' Affairs.

By Mr. CARNEY (for himself, Mr. ABDNOR, Mr. WALSH, Mr. GUYER, and Mr. HYDE):

H.R. 12262. A bill to pay tribute to those members of the U.S. Armed Forces who served honorably in Southeast Asia during the Vietnam conflict; to the Committee on Veterans' Affairs.

By Mr. CONABLE:

H.R. 12263. A bill to amend the Internal Revenue Code of 1954 with respect to individuals to defer gain on the sale of certain securities, to eliminate certain restrictions on the deduction for investment interest, and to remove limitations on offsetting capital losses on certain securities against taxable income; to the Committee on Ways and Means.

By Mr. CORNELL (for himself, Mr. KASTENMEIER, Mr. ZABLOCKI, Mr. OBEY, Mr. ASPIN, Mr. BALDUS, and Mr. REUSS):

H.R. 12264. A bill to designate certain lands in the State of Wisconsin as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. DRINAN (for himself, Mr. BLOUIN, Mr. CORRADA, Mr. EDGAR, Mr. EILBERG, Mr. ERTEL, Mr. FRENZEL, Mr. LEDERER, Mr. LE FANTE, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MURPHY of Pennsylvania, Mr. OTTINGER, Mr. WHITEHURST, Mr. WOLFF, and Mr. YOUNG of Alaska):

H.R. 12265. A bill to amend the Office of Federal Procurement Policy Act to require the payment of interest by Federal agencies on overdue payments to small business concerns; jointly, to the Committees on Government Operations, and Small Business.

By Mr. EDWARDS of California:

H.R. 12266. A bill to extend the Commission on Civil Rights for 5 years, to authorize appropriations for the Commission, to effect certain technical changes to comply with changes in the law, and for other purposes; to the Committee on the Judiciary.

By Mr. HANNAFORD:

H.R. 12267. A bill to amend the Older Americans Act of 1965 to establish a National Commission on Housing for the Elderly; to the Committee on Education and Labor.

By Mr. HARRINGTON:

H.R. 12268. A bill to amend title IV of the Higher Education Act of 1965 to establish a system of student tuition advances to be repaid as an income tax imposed by the Internal Revenue Code of 1954, and for other purposes; jointly, to the Committees on Education and Labor, and Ways and Means.

By Mr. HUGHES:

H.R. 12269. A bill to provide for the merit selection of U.S. attorneys and U.S. district court judges; to the Committee on the Judiciary.

By Mr. MCCORMACK (for himself, Mr. ULLMAN, Mr. JENKINS, Mr. COHEN, Mr. STOCKMAN, Mr. AUCOIN, Mr. CAVANAUGH, Mr. BAUMAN, and Mr. PATTISON of New York):

H.R. 12270. A bill to amend the Internal Revenue Code of 1954 with respect to the employment of full-time students under the age of 16 as hand harvest laborers in an agricultural operation; to the Committee on Ways and Means.

By Mr. MCDADE:

H.R. 12271. A bill to establish an incentive program for producers to cull dairy cattle; to the Committee on Agriculture.

By Mr. MILLER of California:

H.R. 12272. A bill to amend the act of June 3, 1960 (74 Stat. 156), to provide additional authority for the Secretary of the Interior to construct the San Luis Unit, Central Valley Project, California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MURPHY of Pennsylvania:

H.R. 12273. A bill to amend title II of the Social Security Act to provide that any fully insured individual may qualify for disability insurance benefits (and the disability freeze) if he has 40 quarters of coverage, regardless of when such quarters were earned, even if he does not have 20 quarters of coverage during the 40-quarter period immediately preceding his disability; to the Committee on Ways and Means.

By Mr. PRESSLER:

H.R. 12274. A bill to amend the Rehabilitation Act of 1973 to establish programs for training interpreters and for providing interpreter services to deaf individuals, and for other purposes; to the Committee on Education and Labor.

H.R. 12275. A bill to amend the Older Americans Act of 1965 to provide for the distribution of information relating to transportation services for older persons and to require the Federal Council on the Aging to conduct a study of such services; to the Committee on Education and Labor.

H.R. 12276. A bill to improve rail freight transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. RINALDO (for himself, Mr. PEPPER, and Mrs. MEYNER):

H.R. 12277. A bill to amend title XIX of the Social Security Act to permit States to provide home health care service and other services to individuals who would otherwise be eligible to receive medical assistance if they were institutionalized; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBERTS (by request):

H.R. 12278. A bill to amend section 3103 of title 38, United States Code, to extend the time period within which the board of review concerned, on its own initiative, shall determine whether a person who has been awarded a general or honorable discharge under revised standards for the review of discharges as specified in clause (A)(i), (ii), or (iii) of paragraph (2) of subsection (e) of such section 3103 would be entitled to an upgraded discharge under standards meeting the requirements of paragraph (1) of such subsection; to amend section 5 of Public Law 95-126 to extend the time during which a former serviceperson may continue to receive Veterans Administration benefits pending such determination; and for other purposes; to the Committee on Veteran's Affairs.

By Mr. STANTON:

H.R. 12279. A bill to amend the Federal Reserve Act to provide for the pricing of Federal Reserve System services and the payment of interest on reserves; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WALKER:

H.R. 12280. A bill to amend title 5, United States Code, to deny Federal retirement annuities to individuals convicted of any felony, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WHITEHURST (for himself and Mr. FRENZEL):

H.R. 12281. A bill to amend the Ports and Waterways Safety Act of 1972, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WHITEHURST (for himself and Mr. BLOUIN):

H.R. 12282. A bill to amend the Internal Revenue Code of 1954 to provide tax-saving incentives for savings accounts established for the purpose of purchasing a home; to the Committee on Ways and Means.

By Mr. CHARLES WILSON of Texas (for himself and Mr. GAMMAGE):

H.R. 12283. A bill to amend the Occupational Safety and Health Act of 1970 to prohibit restrictions on work rules in locations in which there is hunting, recreational fishing, or recreational sport shooting, and for other purposes; to the Committee on Education and Labor.

By Mr. ASHBROOK (for himself, Mr. DEVINE, Mr. KINDNESS, Mr. LATTA, Mr. SPENCE, Mr. BAUMAN, Mr. CARTER, Mr. KETCHUM, Mr. MCDONALD, Mr. BADHAM, Mr. DORNAN, Mr. ROUSSELOT, Mr. YOUNG of Florida, Mr. MARRIOTT, Mr. MILLER of Ohio, Mr. HALL, Mr. GUYER, Mr. JEFFORDS, Mr. EDWARDS of Oklahoma, Mr. SYMMS, and Mr. ARCHER):

H.J. Res. 862. Joint resolution proposing an amendment to the Constitution of the United States relative to force and effect of treaties; to the Committee on the Judiciary.

By Mr. BONIOR:

H.J. Res. 863. Joint resolution authorizing and requesting the President to issue a proclamation designating the period from October 8, 1978, through October 14, 1978, as "National School Bus Safety Week"; to the Committee on Post Office and Civil Service.

By Mr. GAYDOS:

H.J. Res. 864. Joint resolution extending the deadline for the ratification of the equal rights amendment; to the Committee on the Judiciary.

By Mr. PRESSLER:

H.J. Res. 865. Joint resolution proposing an amendment to the Constitution of the United States to limit the number of consecutive terms that Representatives and Senators may serve; to the Committee on the Judiciary.

By Mr. CONTE (for himself, Mr. AMMERMAN, Mr. BINGHAM, Mr. BONIOR, Mr. CARTER, Mr. CLAY, Mr. COHEN, Mr. COTTER, Mr. D'AMOURS, Mr. DAVIS, Mr. DOWNEY, Mr. DRINAN, Mr. EMERY, Mr. FLOOD, Mr. FLORIO, Mr. FRENZEL, Mr. HORTON, Mr. JEFFORDS, Mr. KREBS, Mr. KRUEGER, Mr. LEACH, Mr. LE FANTE, Mr. MIKVA, Mr. MITCHELL of Maryland, and Mr. MOAKLEY):

H. Con. Res. 565. Concurrent resolution condemning the slaughter of dolphins by Japanese fishermen; to the Committee on International Relations.

By Mr. CONTE (for himself, Mr. MURPHY of Pennsylvania, Mr. PATTEN, Mr. PICKLE, Mr. PANETTA, Mr. RODINO, Mr. SANTINI, Mrs. SCHROEDER, Mr. WEISS, Mr. WHITEHURST, and Mr. YOUNG of Florida):

H. Con. Res. 566. Concurrent resolution condemning the slaughter of dolphins by Japanese fishermen; to the Committee on International Relations.

Mr. DE LA GARZA:

H. Con. Res. 567. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. JEFFORDS (for himself, Mr. BINGHAM, Mr. BONIOR, Mr. EDGAR, Mr. FORD of Michigan, Mr. GIBBONS, Mr. LENT, Mr. OTTINGER, Mr. PRICE, Mr. RANGEL, and Mr. STARK):

H. Con. Res. 568. Concurrent resolution expressing the sense of the Congress that the United Nations should convene a World Alternate Energy Conference having as its major purpose the establishment of an International Alternate Energy Commission to facilitate the transfer among countries of information relating to alternate energy sources and to otherwise encourage the use of alternate energy sources; to the Committee on International Relations.

By Mr. SANTINI (for himself, Mr. ASHBROOK, Mr. ABDNOR, Mr. CHAPPELL, Mr. CLEVELAND, Mr. DAN DANIEL, Mr. DICKINSON, Mr. HALL, Mr. HUCKABY, Mr. KINDNESS, Mr. LOTT, Mr. LUKEN, Mr. MCDONALD, Mr. MONTGOMERY, Mr. JOHN T. MYERS, Mr. ROBINSON, Mr. SATTERFIELD, Mr. SPENCE, Mr. STOCKMAN, Mr. STUMP, Mr. TREEN, Mr. WAMPLER, and Mr. WATKINS):

H. Con. Res. 569. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. VOLKMER (for himself, Mr. ASHBROOK, Mr. BROWN of Ohio, Mr. CORCORAN of Illinois, Mr. DUNCAN of Tennessee, Mr. ERTEL, Mr. FLYNT, Mr. GRASSLEY, Mr. HARSHA, Mr. HUBBARD, Mr. LATTA, Mrs. LLOYD of Tennessee, Mr. MATHIS, Mr. PERKINS, Mr. QUAYLE, Mr. QUILLEN, Mr. REGULA, Mr. SEBELIUS, Mr. SKELTON, Mr. SNYDER, Mr. STANGELAND, Mr. THONE, Mr. TAYLOR, and Mr. WAGGONNER):

H. Con. Res. 570. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. KETCHUM:

H. Res. 1146. Resolution to amend the rules of the House; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

374. By the SPEAKER: A memorial of the Assembly of the State of New York, relative to the kidnapping of former Italian Prime Minister Aldo Moro; to the Committee on International Relations.

375. Also, memorial of the Legislature of the Territory of Guam, relative to supporting proposed legislation to authorize U.S. international air carriers to carry domestic traffic between U.S. cities, to the Committee on Public Works and Transportation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. QUIE introduced a bill (H.R. 12284) for the relief of Susan Katherine Adamski, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

446. By the SPEAKER: Petition of the city council, Philadelphia, relative to the printing of a brochure for the Kiev Agricultural Exhibit in the native Ukrainian language; to the Committee on International Relations.

447. Also, petition of the Cyprus Library Association and Pnevmatiki Stegi (Cultural Society), Cyprus, relative to the proposed lifting of the Turkish embargo; to the Committee on International Relations.

EXTENSIONS OF REMARKS

LAY OFF OUR DERBY

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. HUBBARD. Mr. Speaker, I would like to share with my House colleagues the following editorial entitled "Come On, Senator, Lay Off Our Derby," which appeared in the Monday, April 17, 1978, edition of the Louisville Times.

This humorous, tongue-in-cheek editorial was written by Warren Buckler, an associate editor of this fine Kentucky newspaper. It is as follows:

LAY OFF OUR DERBY

Now let's not carry this thing too far, Senator Kennedy.

We agree with you wholeheartedly that ordinary taxpayers shouldn't have to subsidize three-martini lunches and other forms of "business" entertainment. We are as shocked as you are by reports that businessmen claim trips to the Masters Golf Tournament and the Superbowl as tax-deductible expenses.

But you were way off the beam when you listed our Kentucky Derby as one of those "notorious magnets" for pleasure-loving plutocrats who have no qualms about billing the public treasury for a weekend of revelry.

It's true, of course, that just before the first Saturday in May corporate jets soar over Louisville like doves over a baited field.

But your indignant letter to Jerome Kurtz, commissioner of the Internal Revenue Service and a sworn enemy of tax breaks for high living businessmen, makes a li'l ol' two-minute horse race appear to be an orgy of party-going or an exercise in debauchery.

You talk, for instance, of the "promiscuous use of private corporate jets for personal pleasure trips." Of "pleasure jaunts." And of "luxury sporting event trips." Some citizens might get the impression that our quaint little spring outing is a hedonistic hoedown that would rival the worst excesses in the reign of Caligula.

Certainly you don't think that Derby week is something other than work, work, work for the folks who jet in for business meetings. Don't you realize Louisville hostesses despair of luring visiting bigshots away from their conference tables? The Derby itself is incidental. Surely you don't begrudge our guests an afternoon at the races after long hours of poring over sales charts and balance sheets.

Your insistence that Mr. Kurtz either disallow business deductions for Derby trips or require that the value of the trip be added to the executives' taxable income would hurt the little people, too.

Many of the "ordinary taxpayers" who are alleged to be the victims of all this unbridled hilarity actually profit handsomely from the influx of corporate executives. Who would pay inflated rates for hotel rooms or exorbitant prices for watery juleps or give big tips to taxi drivers if the IRS followed your advice?

Couldn't you agree, senator, after looking at the facts, that Derby trips are actually in the national interest? All Americans surely benefit when the nation's top managers spend a long weekend in Louisville keeping the economy vital. In fact, we'd be in a hell of a fix economically if it weren't for the first Saturday in May and the days preceding it.

Just think, our construction industry got a $1.5 million plum this year adding a floor to Churchill Downs that gives it 640 more seats, most of which the state—that means the taxpayers of Kentucky—is buying so Governor Carroll can entertain businessmen he's trying to woo to the commonwealth.

So crack down, senator, on boozy lunches and frivolous flights to golf games. But allow the Derby to thrive as the legitimate business event it unquestionably is.

If you still aren't convinced, our "notorious magnet" may pull you here for an on-site inquiry. And don't worry about the cost. In accordance with congressional tradition, just put it on the old expense account.●

NATURAL FOODS MONTH—REPRESENTATIVE MARGARET HECKLER, REPRESENTATIVE FRED RICHMOND

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. RICHMOND. Mr. Speaker, April has been designated as "Natural Foods Month" to remind Americans that their diets have changed considerably during the past five decades to the detriment of their health. For the first time in history, Americans are consuming more processed convenience snack foods than fresh foods. Natural foods are relatively unprocessed and contain no additives such as artificial coloring, flavoring, and preservatives. If more Americans were aware of the benefits of a nutritious diet, we believe that as a Nation we could begin reversing the tragically high personal and economic cost of malnutrition. Accordingly as members of the only Subcommittee on Nutrition in the House we wish to commend to our colleagues the following resolution which has been presented to us by Dr. Arnold Pike, of the National Nutritional Foods Association, and a distinguished advocate for making consumers aware of the relation of diet to health.

The resolution follows:

NATURAL FOODS MONTH SUGGESTED PROCLAMATION/RESOLUTION

Whereas the food supply in the United States has become more artificial and less nutritious than when our nation was founded,

Whereas we have reached a point in this country where more convenience, snack and processed food products are purchased than fresh foods to the detriment of the nation's health,

Whereas the importance of using all natural resources for the maximum benefit humanity requires that we give increased attention to the food and farming practices of our nation;

Be it resolved that April 1978 is hereby designated as Natural Foods Month and that each citizen is hereby encouraged to consider the relationship we each have with the environment which supports our natural lives, and

That we establish home gardens where possible, improving the soil by working in harmony with nature, and

That we seek to improve our diets and our nation's health by assuring the body of all nutrients needed for good health with foods as close to their natural state as possible, and

That we commend the National Nutritional Foods Association for its leadership in initiating Natural Foods Month to encourage better nutrition among all age groups.

With concern for the state of our nation's health I (we) do hereby proclaim April as Natural Foods Month.

(To be signed by: Governor, mayor, city council, board of supervisors, or others).●

TRIBUTE TO CHARLES AVERY

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. RUSSO. Mr. Speaker, on June 15, 1978, Charles Avery, chairperson of the foreign language department of Thornridge High School, Dolton, Ill., will retire. The people of my district and of Thornton Township District 205 schools will express best wishes to a fine educator, who for the past 26 years has dedicated himself to the study and promotion of the French and Spanish languages and their respective cultures.

Mr. Avery's work in the field of foreign language is as vast as his scholastic preparation. Prior to his employment by district 205, he studied and/or received degrees at both American as well as European universities. Among some of the universities attended in this country are Oberlin, Missouri, and Middlebury. He has also traveled and studied extensively in Europe.

From 1942 to 1945 he served his country in the Armed Forces in French Morocco, Algeria, Italy, and France.

Before beginning his teaching career at Thornton, he was on staff at Stephens College. From 1950 to 1952 he was the department chairperson of French at Chicago Latin School. He has also been an active member and officer of the American Association of Teachers of French. He has served as secretary-treasurer of that organization.

During the summer of 1977 Mr. Avery was recognized in a special way by the French Government. He attended the 50th annual convention of the American Association of Teachers of French in Paris, which met under the auspices of the French Government, the International Federation of French Teachers, and the International Center of Pedagogical Studies. The academic highlight for Mr. Avery was attending a dialog between Ionesco and Barrault on French theater.

Mr. Avery was also honored by an invitation for a radio interview on the state of French studies in the United States. He was particularly pleased to be able to point out the role of the French Government in Louisiana where French studies are assuming a renewed importance.

It is with great pride that we recognize an individual who has so unselfishly dedicated himself to the promotion of understanding among people of different cultures and I know my colleagues join with me in congratulating Mr. Avery. His students have benefited, not only from his vast knowledge of languages, but from his indepth understanding, love, and respect of the peoples and cultures whose languages he has promoted for so many years. His personal achievements as well as the wealth of knowledge he has imparted to students and colleagues will long be remembered.●

PASSOVER MESSAGE 1978 (5738)

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. WAXMAN. Mr. Speaker, the observance of Passover has a special poignance and urgency for the Jews who live in the Soviet Union. Passover's message of freedom and redemption in the Promised Land stands in stark contrast to the daily indignities and intimidations which visit those in the Soviet Union who are seeking to affirm their Jewish identity and destiny in Israel.

In March I visited the Soviet Union with the Armed Services Committee. In each city, my wife, Janet, and I sought out refuseniks whose names had been given us in the United States. Our conversations with them confirmed our worst fears over the extent of the personal and human tragedies with which they are forced to live each day. Jobs are revoked as soon as applications are made to emigrate. Families are shunned by their associates. Bureaucrats are singularly unresponsive to repeated pleas for answers as to when, or even whether, these potential emigres will ever be permitted to leave. Legal obstacles such as possession of "state secrets" are erected by the authorities. The most vocal among them are arrested and held incommunicado for months before being tried for "parasitism" or other insidious charges.

The result of his campaign appears to have the purpose of deterring any hope among the tens of thousands who wish to leave that they will ever be permitted to do so. And all because they are Jews who wish to live another life in another place.

Jews are enjoined on the Passover to recount the Exodus from Egypt as if they themselves had been enslaved. In recognition of the desperate conditions of Jews in the Soviet Union, and the compelling parallel to the present day, a fourth matzah, the Matzah of Hope, has been added to the Passover service.

I, therefore, wish to share with my colleagues on this Passover the message of Eugene Gold, chairman of the National Conference on Soviet Jewry, which reiterates our commitment to their freedom:

PASSOVER MESSAGE 1978 (5738)

(By Eugene Gold)

As we celebrate the deliverance of Jews from Egypt, we must remember that we Americans—Jews and non-Jews—are the tools of deliverance for the Jewish minority in the Soviet Union.

This past year we have witnessed the USSR's sensitivity to world criticism with harsh attacks on Soviet Jews, as well as a welcomed increase in Jewish emigration. While the plight of Jewish activist Anatoly Shcharansky has dominated the headlines, his case is only one facet of the overall situation confronting Soviet Jews. Harassments, a spate of trials on alleged charges of "parasitism" and an increasingly overt spread of anti-Semitism as a tool of Soviet propaganda threatens all Soviet Jews. Indeed the evil of Soviet anti-Semitism threatens all people, everywhere.

Jews in the USSR cannot freely profess and exercise their religious rites; nor fully develop their cultural heritage. Nor can they live without fear of reprisal and without prejudice to their work or study, should they decide to exercise their full right to leave the Soviet Union and live as Jews in Israel or elsewhere.

But there is strength in the courage shown by thousands of Soviet Jews who continue their struggle. Though everyday they live in fear, every hour they also live with hope.

We must continue to demonstrate our courage to show that we will join them in their struggle. This is the best way to give them the hope that they will share the next Passover holiday with their friends and their families in the free world and will live free from fear. As the NCSJ Matzah of Hope says, "We pause for a moment during this Seder to reaffirm our solidarity with Soviet Jewry. We pledge ourselves to continue to work for their freedom. We vow that, once they are free, we will help them rebuild their lives. We will not rest until the task is complete, for until all Jews are free, no Jew is free."●

HOLOCAUST: SAD CHAPTER OF HISTORY

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. MAZZOLI. Mr. Speaker, while I was unable to watch each segment of this week's television series, "Holocaust," I saw enough of the show to be revulsed and deeply moved by the unfolding of one of recorded history's bleakest and most savage chapters.

That human beings could have so systematically, methodically and remorselessly butchered other human beings whose sole crime was that they were Jewish is monstrous and stands as a heinous crime against God and nature.

Why the world did not respond more quickly and fully to the special plight of the Jewish people perplexes me.

There is shame enough in this sad chapter of history for us all, Mr. Speaker, as well as a lesson: The world community cannot let another Holocaust occur. Life is too precious.●

SALUTE TO EXCELLENCE IN SPECIAL EDUCATION PROGRAMS OF COMMUNITY SCHOOL DISTRICT 12, THE BRONX, N.Y.

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. BIAGGI. Mr. Speaker, and my colleagues here today, I would like to take a few minutes of your valuable time to alert you and interested Members of your constituencies throughout the Nation to the efforts of talented New York educators who are working daily to bring the vistas of knowledge and experience to children handicapped and afflicted with learning disabilities. At the same time, I would like to offer in tribute our fondest wishes and support to the disadvantaged children in Bronx District 12, and all within our country, that they can grow and achieve through our understanding of their needs and our offers of assistance.

I am happy to have this opportunity to salute Bronx special education leaders and their students of Community School District 12, and to highlight some of their valuable programs which have contributed so much to the Bronx community and youth.

It was my privilege to receive on their recent trip to our Nation's Capital, a dedicated educator, Paul Arilotta, supervisor of the Bronx Special Education Regional Office, and my friend and the gracious Lady Anne Dunbar, chairperson of special programs for the handicapped in Community School District 12. Just as importantly, it was my warm pleasure to greet the special objects of their attention, some 30 expectant and energetic pupils of District 12 schools, along with their chaperones. I want to mention their names as submitted by Mr. Arilotta. I appreciated the opportunity to work with Mr. Arilotta on some of the trip details:

MASTER LIST—WASHINGTON TRIP, MARCH 20–21, 1978

GROUP A

1. Mr. Joseph Hickey, Chaperone
2. Anthony Hill, I.S. 116
3. Clifton Watts, I.S. 167
4. Jose Feliciano, I.S 167

GROUP B

1. Mr. Richard Tardalo, Chaperone
2. William Caban, C.S. 50
3. Corey Ford, C.S. 50
4. Michael Malone, C.S. 50

GROUP C

1. Mr. Philip Santise, Chaperone
2. Philip Crooms, I.S. 158
3. Richard Burton, I.S. 158
4. Frank Singleton, I.S. 158

GROUP D

1. Mrs. Mercorella, Chaperone
2 Carl Mercorella
3. Christopher Dunbar
4. Melvin Velasquez, C.S. 61

GROUP E

1. Mrs. Nicolosi, Chaperone
2. Joseph Nicolosi, C.S. 102
3. Jose Valentin, C.S. 102
4. Stephen Walters, P.S. 198

GROUP F

1. Ms. Dorissa Choudbury, Chaperone
2 Beaufort Anderson, C.S. 198

3. Carlos Gonzalez, C.S. 198
4. David Green, C.S. 198

GROUP G

1. Ms. Cassandra Lyons, Chaperone
2. Ms. Virginia Karl, Chaperone
3. Sonya Rodriguez, I.S. 116
4. Maribel Gonzalez, I.S. 158

GROUP H

1. Ms. Iris Tufts, Chaperone
2. Greta James, C.S. 198
3. Michelle Levi, C.S. 92
4. Iris Rivera, C.S. 198

GROUP I

1. Jacqueline Couret, Chaperone
2. Wanda Gonzalez, C.S. 150
3. Robin Simmons, C.S. 150
4. Yolanda Llenza, I.S. 167

GROUP J

1. Ms. Carol Silverstein, Chaperone
2. Wendy Ocasio, C.S. 102
3. Wanda Turner, C.S. 102
4. Nancy Romero, C.S. 99

GROUP K

1. Mamie Terrel, Chaperone
2. Carmen Martinez, C.S. 57
3. Barbara Stevenson, C.S. 57
4. Christine Valez, C.S. 61

GROUP L

1. Mr. John Reehill, Chaperone
2. Mr. Joseph Leonzio, Chaperone
3. Mr. Paul Arilotta, Chaperone

It is interesting to note that their visit to Washington originated when Lady Anne Dunbar read of President Carter's people program, whereby community members can visit the White House. Lady Anne then contacted White House officials, and their special arrangements to visit the Presidential mansion were underway. It is also particularly noteworthy to mention that Nancy Jordan at the White House expressed a special interest in the children, and concern for their welfare. For Mrs. Jordan's kindness, I extend my personal gratitude and the appreciation of all the trip members and Bronx School District 12.

During the balance of their stay in Washington, the group enjoyed a tour of the Capitol and visits to the National Air and Space Museum, the Bureau of Printing and Engraving, and Monument Park.

This wonderful trip was made possible through the assistance of sponsors: Ben Lafiosca, president of the Parkchester Management Corp.; Donald Dimuro, assistant vice president at Bankers Trust Co.; and John F. Dunn, district manager of the New York Telephone Co. They should be commended as well by all who are involved in special education for their sincere interest in and devotion to our handicapped youth.

In January of this year, Community School District 12, spearheaded by Mrs. Dunbar, held their first annual reception and recognition awards ceremony to honor nearly 50 of their handicapped children. It was the first event of its kind in the borough of the Bronx. I was delighted to be a part of the presentations to the children for academic excellence and special achievements, and also to parents and community residents for their services to the handicapped. Notable respresentatives of local industries, charitable and fraternal organizations participated in the festivities. And more than 200 people attended, including public service and educational leaders.

In concluding, I want to add that both the privilege of making the trip and being honored at the awards ceremony were earned by the children as rewards for their accomplishments, despite their individual handicaps. Such is the good work of the District 12 special programs on the handicapped under the guidance and leadership of Lady Anne Dunbar, and the program vice-chairperson, Mrs. Couret.

I know that my colleagues will join with me in congratulating Mrs. Dunbar and her coworkers for their keen awareness of the importance in recognizing the milestones reached by children who have special needs, and who must make extra efforts to succeed educationally. Without the loving care and concern of individuals like Mrs. Dunbar, the achievements of these children might not otherwise be known. We can all agree that children are our country's most treasured and powerful resource. But it is all important to support our special educators in their work to develop and shape young minds so that all of our children can have the opportunity to grow in a natural and positive direction.

I wish all in the District 12 family well in continuing their good work. I note that the District 12 special fund for the handicapped will be aided from the proceeds of an upcoming "Styles Extravaganza Follies and Dance" honoring Lady Anne Dunbar, and featuring fashion designer, Cassandra Lyons, at the Roosevelt Hotel, New York City, on April 23, 1978.●

ONE-SIDED PRESS

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. RHODES. Mr. Speaker, despite the long-running debate over whether the news media is politically biased, and if so, in whose favor, the myth has seemed to endure that editors and publishers of the Nation's newspapers remain generally pro-Republican.

Last week there was an event in Washington which, as the Phoenix Gazette has said, should finally "put to rest" that myth. As the Gazette has noted, the American Society of Newspaper Editors managed to hold a 3-day convention here and find room on its program for only one Republican.

It is natural that such an organization would be strongly interested in the views of spokesmen for the party in power. However, I am appalled that this organization, consisting of editors with considerable say over what millions of people will or will not read about their Government and its policies, should have virtually no interest in the views of the other party.

The Gazette editorial raises this and other points that should be of concern to all of us, especially in an election year, and I insert it in the RECORD.

[From the Phoenix Gazette, Apr. 14, 1978]

ONE-SIDED PRESS

Republicans suffered the ultimate insult at the hands of the American Society of Newspaper Editors at its annual convention in Washington this week. They were ignored.

During a three-day program loaded with government officials, editors from around the nation heard from only one GOP figure, Rep. Barber Conable of New York, who appeared on a panel for a few minutes of instant analysis following President Carter's speech on inflation.

Of course, where both the administration and Congress are solidly in the hands of the Democratic Party, it is to be expected that a program on national affairs would tend to be dominated by the party in power.

But, in the name of simple fairness, it would seem that at least a little rebuttal time ought to have been given to the minority.

One thing can be said for certain: The idea that the nation's press is dominated by Republican-oriented editors and publishers ought to finally be put to rest.

The monopoly the Democrats enjoyed on the ASNE program testifies to the fact that they have the print media definitely on their side.●

SOCIAL SECURITY ROLLBACK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. DERWINSKI. Mr. Speaker, the debate is continuing to wage in the House and specifically in the Ways and Means Committee, over the rollback of the social security tax.

Having voted against the imposition of the new social security tax, I can appreciate the headaches that those Members have who voted to impose this additional burden on the public. Therefore, I wish to insert the following editorial broadcast over Chicago's WBBM radio station on April 7, which very effectively discusses the problems involving the social security tax:

SOCIAL SECURITY ROLLBACK

Surprisingly enough, there is good news coming out of Washington about the Social Security tax. Well, perhaps it's not really surprising news at that. After Congress upped the ante individuals and employers have to put into the Social Security fund there was a thunder of protest. Congressmen and Senators, back home in their states, couldn't help but hear the complaints. And they were made to understand that this time around they had reached the long arm of the government too far into people's pocketbooks.

Social Security benefits were never meant to fill the total financial needs of retired people, but in these days of spiraling inflation the benefits are coming to count for less and less while they take a bigger and bigger bite out of workers' paychecks. And, of course, as the population pyramid becomes top heavy as more of us live longer and fewer babies are born, there is growing concern that the Social Security system can't keep pace—at least not without taking a crippling amount from the paychecks of those who are working and those who employ them.

The stop-gap tax increase Congress enacted last year is an inadequate response to

the problem. And, as the legislators found, it's infuriating to the public. It may be that some of the benefits will have to be paid from the general revenue fund or that some benefits will have to be cut back down the road. But whatever the solution is, it had better come soon.

We're pleased, if surprised, that Congress recognized its mistake and intends to correct it.

That's our opinion. We'd welcome a reply.●

FRAUD AND ABUSE IN FEDERAL PROGRAMS

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. LEVITAS. Mr. Speaker, the extent of fraud and abuse in Federal programs is alarming. The American people are getting sick and tired of seeing their hard-earned tax dollars being wasted, or going down a rat hole, or lining the pockets of thieves.

GAO estimates anywhere from $12 billion to as much as $25 billion may be lost in a year through fraud and abuse in Federal economic assistance programs. What is equally as disturbing is the serious deficiencies in resources and procedures most Federal agencies and departments use to detect and recover these losses.

During the last Congress, my Subcommittee on Intergovernmental Relations of the Government Operations Committee conducted extensive hearings on fraud and abuse within HEW. As a result of those hearings, legislation was enacted establishing an Office of Inspector General within HEW. Although it has only been in operation for the past year or so, the HEW Office of Inspector General has begun to prove to be effective in fighting fraud and abuse in HEW programs. The law creating the new Department of Energy contains provisions for an Office of Inspector General similar to the one at HEW.

This week, the House passed legislation, H.R. 8588, providing for the establishment of Offices of Inspector Generals in 11 other Federal departments and agencies. The vote was an overwhelming 388 to 6. The need for these Offices of Inspector Generals has been clearly documented by my subcommittee and the Members of the House apparently agree.

In addition, I would like to call to the attention of my colleagues a series of articles which appeared in the New York Times over the past few days. I am inserting in today's RECORD the first of these articles entitled, "Fraud in Federal Aid May Exceed $12 Billion, Experts Say." The other articles will follow. The series further illustrates the extent of fraud and abuse within Federal programs and the necessity for improved methods of dealing with it. We cannot continue to let billions of taxpayer dollars be lost. The Inspector General legislation is an important factor in changing this sordid picture.

The articles follow:

FRAUD IN FEDERAL AID MAY EXCEED $12 BILLION ANNUALLY, EXPERTS SAY

(By Anthony Marro)

WASHINGTON, April 15.—Fraud in Federal aid programs has grown to the point at which, some experts say, its annual cost may exceed $12 billion. But many agencies have not yet established the mechanisms to detect, let alone prevent, fraud in their programs.

That is the assessment of a cross section of prosecutors, Congressional investigators and Government officials who said in recent interviews that the Federal Government has been so negligent in monitoring its own grants that it has permitted itself to become a major victim of white collar crime.

For the most part, the fraud is occurring in programs designed to provide services, training and aid to the disadvantaged: food stamps, health care, job training and housing aid

But it is not the classic case of the welfare mother who cheats. Much of the fraud is committed not by the poor persons receiving the benefits, but by relatively well-to-do doctors, pharmacists and businessmen who have contracted with the Government to provide services and then set out to defraud it intentionally and systematically.

There are no precise figures for the amounts lost each year because of fraud, Mark M. Richard, chief of the fraud section of the criminal division of the Justice Department, says that the mechanisms for detecting fraud in many agencies are so weak that "the data base just isn't there."

"FRAUD, ABUSE AND WASTE"

But a recent report by the Inspector General of the Department of Health, Education, and Welfare estimates that at least $6.3 billion to $7.4 billion was lost through "fraud, abuse and waste" last year in that agency alone.

And at a recent seminar on white collar crime, an official of the General Accounting Office, the investigative arm of the Congress, estimated that outright fraud in Federal economic assistance programs could amount from $12 billion to $15 billion a year and perhaps as much as $25 billion a year. The current annual budget of the State of New York is $12 billion.

Largely because of attention generated by a series of dramatic Congressional hearings and a string of critical audits by the accounting office, there has been a growing awareness of the extent of such fraud.

Among the problems and weaknesses cited repeatedly by persons familiar with fraud against the Government were these:

Relatively few resources have been committed to fight the problem. The fraud section of the Justice Department's civil division, for example, has only 13 staff attorneys and three supervisors to handle a load of about 1,200 active cases and a backlog of about 4,000 referrals.

Although the great bulk of the money in these programs comes from the Federal Government, the primary responsibility for policing them is often left to state and local prosecutors, who may lack the resources and expertise, and sometimes the enthusiasm, to do it. "The fact is that the public is more concerned with so-called street crime," Mr. Richard says.

With the exception of the Department of Housing and Urban Development, which was the victim of major program frauds in the early 1970's, few agencies have redesigned their programs to minimize the potential for fraud or to make detection easier.

DIFFERENCES ON SCOPE OF OFFENSES

There is some evidence that many of those engaged in fraud do not consider it theft, or at least see it as a crime less serious than robbery or mugging.

"There's a feeling that people have that they can rip off the Government and it doesn't matter, that it isn't really a crime," says John Ols, the G.A.O. official who cited the $12 billion to $15 billion estimate. "But the fact is that every dollar lost in this way is a dollar that doesn't go to someone who needs it and who is entitled to it."

Mr. Richard, the Federal prosecutor, says that fraud against the Government results in social costs beyond the money involved.

"It's not only a violation of law, but it's an attempt to subvert a program, and this sort of things affects us all," he said. "When someone manages to subvert a Federal program, he's done something to undermine the integrity of the system over and above the actual dollar cost."

Some evidence of the extent to which the "integrity of the system" has been subverted can be seen in the report by H.E.W., in prosecutions and civil suits by the Justice Department, in Congressional hearings and in audits by the G.A.O.

THOUSANDS COMMITTING FRAUD

Taken together, they present a picture of thousands of persons—many of them well-educated, middle-class citizens—engaged in schemes that range from pennyante abuses of food stamp programs to alleged fraud in massive, multimillion-dollar grain deals.

They include William C. Sibert, a former employee of the Department of Transportation who was charged with embezzling some $856,000 by putting his own name on checks intended for the construction of a subway in Atlanta.

Asked by a judge how this could happen, the Federal prosecutor is said to have replied: "Your honor, he posed as a subway system."

The cases include that of a doctor who allegedly billed H.E.W. for seven tonsillectomies on the same patient; the daughter of a Civil War widow who continued to collect "widow's benefits" for two decades after her mother had died and the officials of a health plan in California who persuaded some people to sign enrollment forms by telling them that they were signing petitions to impeach Ronald Reagan, who then the Governor.

They also include the case of William F. Wilson, a dentist in South Carolina who is now in prison after being charged with, among other things, extracting healthy teeth from poor children so that he could collect fees from a Medicaid dental plan.

"It was just awful," said Joel W. Collins, the Assistant United States Attorney who prosecuted that case. He said the dentist had been found to have billed the Government for thousands of dollars worth of work not actually performed as well as for work that was not required.

"BROKE YOUR HEART"

"There was one girl about 13 years old who only had about three teeth left in her mouth," Mr Collins said. "Looking at her just broke your heart."

Many of the case disclosed in recent prosecutions and investigations are far more complex and involve large sums of money.

Item: The Federal Government is trying to recover $24 million in damages from Cook Industries, which it contends defrauded the Government on grain shipments to 32 foreign countries. The suit, which is the largest civil suit the Justice Department is pressing in a fraud case, charges the company with having shortweighted, misgraded or adulterated grain shipments.

Item: The H.E.W. report, while saying that the estimates of dollars lost through "fraud, waste and abuse" might not have been more than 5.4 percent of its total budget of $136.1 billion, nonetheless concedes that the percentage was far higher in some programs. It said, for example, that at least 24 percent of

its Medicaid funds had been misspent and concluded on the basis of a preliminary and hurried investigation that "criminal prosecution potential" exists in cases involving at least 290 physicians and 245 pharmacists.

Item: After paying nearly $5 million in vocational training benefits for veterans enrolled in a "barber's school" in Puerto Rico, the Veterans Administration discovered that the bulk of the 1,000 veterans it intended to aid had never actually taken the courses and that the "school" was little more than a storefront.

The proprietor, Romanita Garcia, eventually was jailed, and the Government has since recovered about $500,000 through a civil suit But the rest was lost in what Federal prosecutors say was a classic case of fraud, much of it going to veterans who were not taking the courses they had reported taking, and much of it going to the businesswoman who was not providing the instruction she had promised.

Many fraud cases are fairly uncomplicated, relying less on careful planning than on the assumption that the Government cannot or will not audit its expenditures.

In many of the Medicaid fraud schemes, for example, doctors simply billed the Government for services not rendered or overcharged for services that were rendered. In many of the vocational education frauds, schools, sometimes with the aid of "students" who shared their Government benefit checks, simply enrolled veterans and billed the Government for training, even though the veterans never attended classes.

Often, this has involved some collusion with persons in the bureaucracy. In its investigation of prepaid health plans in California, a subcommittee headed by Senator Sam Nunn, Democrat of Georgia, discovered an official of H.E.W. who allegedly had accepted money and a car from a contractor whose grants he had approved. And as a result of an investigation of fraud in its educational training programs last year, the Veterans Administration, according to a recent report; meted out to its employees "one suspension, two demotions, 16 reprimands, 15 admonishments and 36 counselings."

FEW INSIDE ACCOMPLICES

Virtually all of those familiar with the programs agreed, however, that outsiders did not need, and in most cases did not have, inside accomplices to help them defraud the Government.

The fraud is not confined to social welfare and economic assistance programs. Although there are no estimates of fraud in military contracts and other forms of procurement, J. Roger Edgar, the head of the fraud section of the Justice Department's civil division, estimates that fraud in defense contracts accounts for 30 percent to 40 percent of his workload.

One typical case handled by his office resulted in the Government's recovery of $600,000 from a contractor who had been accused of using scrap metal rather than new materials in the catapults that launch aircraft from the carrier U.S.S. *Forrestal*.

In the past, Government officials say, the public and law enforcement figures were more concerned with other crimes, particularly organized crime and narcotics and street crimes, and fraud was not perceived as a major problem.

Even where there was heavy policing of fraud programs, they said, it often focused on welfare mothers who were believed to be obtaining benefits to which they were not entitled rather than on calculated and sophisticated fraud.

According to Richard L. Thornburgh, a former head of the criminal division, the Department of Justice did not even have a strategy for dealing with program fraud before 1972 and thus failed to detect many of the schemes to defraud Federal programs that are now known to have taken place.

"ERROR" OR "ABUSE"

One reason that estimates of the amount of fraud are so vague, sources said, is that many Government officials refuse to call fraud what it is, preferring to dismiss it as "error" or "abuse."

Another is that Federal audit cycles are so long that often fraud is not detected until years after it has taken place. In the case of Mr. Sibert, who allegedly embezzled the $856,000 from the Department of Transportation, the program that the money was taken from was not scheduled to be audited until eight years later, though the applicable statute of limitations runs only five years.

"It was a fluke that we caught him," said one Federal prosecutor. "If he hadn't aroused so much suspicion by spending so much money, the statute of limitations would have lapsed before we even knew the money was gone."

According to many of the sources, the problem is not just with the agencies, but with a lack of commitment by the Justice Department.

An indication of this can be seen in the limited resources of the civil fraud section headed by Mr. Edgar. Last year, it managed to recover about $8 million through civil suits against persons accused of defrauding the Government. It won numerous other suits against persons who did not have the resources to pay.

This, according to colleagues in other parts of the department, was an impressive performance for so small a staff, though it accounted for only a tiny fraction of the billions estimated to have * * *.

"There are a lot of cases that are going to have to be handled, and I'd like to know who is going to handle them," said one recently retired prosecutor. "If you start talking about a $6 billion problem at H.E.W., where are the bodies going to come from?"

A number of prosecutors and former prosecutors agree, noting that last year H.E.W. found suggestions of fraud by more than 13,000 persons in one welfare program alone and that since then several other agencies have begun similar internal investigations.

Griffin B. Bell, the Attorney General, has said repeatedly since taking office 14 months ago that fraud against the Government is a major concern and will be a top priority of the Justice Department.

To date, he has assigned nearly 200 agents of the Federal Bureau of Investigation to audits of health care programs and has added 13 staff lawyers, at least temporarily, to the 33-person staff in the criminal fraud section headed by Mr. Richard.

Although most of those interviewed argued that many more resources would be needed at both the State and Federal level, Mr. Richard said that he believes a strong commitment has now been made.

"You're dealing with an area that has been virtually ignored over the years in deference to other priorities," he said. "We are playing catch-up ball, and it's not going to be done overnight." ●

PERSONAL EXPLANATION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. MAZZOLI. Mr. Speaker, on April 18, 1978, I was unavoidably detained in a meeting of the House Select Committee on Intelligence.

Had I been present, I would have voted "yes" on rollcall No. 234, H.R. 11400, to authorize the appropriation of specified dollar amounts for each of the National Science Foundation's major program areas and certain subprograms, and to provide requirements relating to periods of availability and transfers of the authorized funds.●

MIDEAST: "THE ISSUE IS STILL ISRAEL'S RIGHT TO EXIST"

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. ROSENTHAL. Mr. Speaker, at a time when there is immense pressure on Israel, particularly from our own Government, to withdraw from the West Bank of the Jordan in favor of a Palestinian "entity" or "homeland," it is important to once again look at the impact of such a move.

As Israelis like to point out, for Americans the question is a matter of policy, but for Israelis it is a matter of survival.

That "entity," in the view of most, would soon fall under the domination of the PLO, an organization which boasts of its role in murdering 37 innocent Israeli civilians on a bus near Tel Aviv last month, and, more importantly, a terrorist organization whose basic tenet of faith is the destruction of the State of Israel.

"The paramount issue is still Israel's right to exist in peace and freedom behind secure boundaries," declares David Hyatt, president of the National Conference of Christians and Jews in a recent letter to the editor of the New York Times.

His letter states the issue clearly and forcefully. The "inevitable result" of the PLO occupying the West Bank, he writes, would be "another Middle East war."

Because I feel what Mr. Hyatt has to say is important and essential to an understanding of the Middle East situation, I am inserting it in the RECORD at this point in the hope that all my colleagues may read it.

The letter follows:

MIDEAST: "THE ISSUE IS STILL ISRAEL'S RIGHT TO EXIST"

To the Editor: I write this as a Catholic concerned about the survival of my Jewish brothers and sisters in Israel and the preservation of human rights in the Middle East.

Those at the very top level of our Government who deplore the so-called "intransigence" of present Israeli leadership regarding its terribly precarious security and call upon the Begin Government to hand the West Bank over to the Palestinians are simply not facing up to a number of frightening facts—particularly frightening facts to any Israeli who has had his country invaded three times in the last 25 years. These facts should make it clear to any reasoning human being that such a move without safeguards of great magnitude, backed by U.S. guarantees of force, could jeopardize not only peace in the Middle East but world peace itself. The shocking and utterly damaging facts are these:

The P.L.O. would obviously be the new ruling elite of a Palestinian government of

the West Bank, for it is, unfortunately, still deemed by a majority of the Arab world and other governments and the U.N. as the authentic voice of the Palestinians.

The West Bank under P.L.O. police-state rule would very soon become a Soviet-dominated, Soviet-armed satellite next door to Israel—not unlike Castro's Cuba. When tiny Cuba, a full 90 miles away from our coast, appeared to be threatening the giant, powerful U.S.A. simply by the presence of Soviet arms, although there were no Cuban guerrillas invading our country, blowing up our buses or killing our children, we mounted a major military solution to the problem. What would stop the P.L.O. from continual terrorist incursions? What guarantees to date does Israel have from the U.S. or the U.N. for its future security? What is left except self-protection through retaliation, such as its invasion of Lebanon?

The P.L.O. was driven from Jordan by King Hussein after its members attempted to assassinate him and destroy his Government. They then retreated to Lebanon and proceeded to turn that beautiful country into a battleground betwen Moslems and Christians.

Is not the lesson clear? With the P.L.O. occupying the West Bank, would not its next victim be Israel? And would not the inevitable result be another Middle East war?

The most recent madness of the P.L.O. in killing 35 people and injuring 76 in a sneak attack upon a public bus is but one of 14 such P.L.O. attacks in the past eight years. Israelis cannot easily forget the thousands of its people who have been murdered, maimed and injured by these terrorist assaults. To speak of establishing a Palestinian state next door to Israel to be headed by such murderers is sheer madness.

Every thinking American must be aware of the relentless Soviet pressure in the Middle East, but too few Americans appear to realize that it is our (U.S.) arms and Israel's guts, to put it buntly, that have prevented and continue to prevent a Soviet takeover of the whole Middle East. Israel is the one bulwark against Soviet aggression in the Middle East, a point too little emphasized in discussing U.S. Israeli relations. The sons and daughters of Israel who are now giving their flesh and blood to keep the Soviet Union at bay and to insure the freedom and peace and sovereignty of Israel deserve the applause of the entire free world.

Neither our Government nor any other has yet suggested any credible means of guaranteeing Israel the necessary safeguards for the true peace it so fervently desires and prays for. The paramount issue is still Israel's right to exist in peace and freedom behind secure boundaries.

As the minimal first step toward achieving a real peace, let all to whom captured territory is to be returned first recognize Israel and her right to exist. Then let the U.S. and others who truly believe in democracy and freedom guarantee the necessary stringent military enforcement steps to insure Israel's genuine security and peace, and Israel will no longer be intransigent but will welcome such an accord.

DAVID HYATT,
President, National Conference of Christians and Jews.

NEW YORK, *April 10, 1978.*●

ISAAC H. TAYLOR

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. BYRON. Mr. Speaker, I would like to take this opportunity to honor the memory of an Ellicott City, Md. resident, Isaac H. Taylor.

A highly respected citizen of Howard County, Mr. Taylor was the president of Taylor Manor Hospital, and held offices and memberships in the Ellicott City Rotary Club, Howard County School Board, the Dag Hammarskjold College, Howard County Public Library, the Howard County Fire Department and the Howard County YMCA, to name just a few.

Mr. Taylor was internationally recognized for leadership and support of social welfare, education, medical, and youth activities, giving, at the very minimum, tireless direction, and encouragement to all who sought his assistance.

His numerous contributions are too numerous to mention here, but his services will long be remembered, appreciated, and missed by his family, friends and coworkers. I know you will join me in extending the official sympathies of the impact of inflation upon a progres- the House in honor of this unselfish, diligent, and well-loved American.●

ONE CONSTITUENT AND "TAX REDUCTION"

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. HAGEDORN. Mr. Speaker, the following letter from a constituent of mine, Mrs. Ralph Stevens of Albert Lea, Minn., illustrates well the confusion felt by many hard-working, middle-class individuals whose tax burdens grow heavier each year despite the passage of one piece of "tax reduction" legislation after another. While many members of this the "silent" tax increase resulting from body continue to look favorably upon sive tax system, letters such as the following give me hope that the people are catching on.

The letter follows:

MARCH 7, 1978.

DEAR REPRESENTATIVE HAGEDORN: I am writing once more to express my opinion about the issues of tax cuts and the Carter "Simplifications".

When I picked up our tax papers from the preparer, I was stunned to find that we owed federal $840, the state $123. With the cost of preparation ($35), it came to $2 short of $1000.

We have had two difficult years, with some bad luck and big bills. I think that Carter's zero base income tax package hurt us. The tax preparer, who is thoroughly schooled, said that almost everyones tax he computed this year got a much lower refund, or people who had never paid in, previously, like us, had to pay.

When we had some rough times, I, who hadn't worked outside the home for 12 years, went out and got a part-time job, in order to help out. My husband drives 30 miles (one way) to work. He puts in 60-65 hours a week on a salary, not an hourly wage. We work hard for our money.

I work in a grocery store, doing everything from checking out groceries, stocking shelves, carrying groceries out, to part-time bookkeeper in the office 1 day a week. Yesterday, I checked out a food stamp order that totaled $105. In that order was 4 T-bone steaks, and an expensive boneless rump roast, 6 boxes of sugared cereal, our leanest ground beef, etc.—and when I got home, I looked over our tax papers.

My Gross Salary, $4,200.00.

Our joint taxes: Federal, $2,805.00; State $1,305.00; S.S., $12.11.

We paid more in taxes than what I even earned. I cannot feed my family nearly as well as the lady does with her $105 food stamp order. Something is wrong here. I am just making a comparison to draw to your attention the enclosed news editorial. On our federal return we got a $150 medical deduction, $63 gasoline deduction, $148 sales tax deduction. It isn't fair to keep on taking hard earned dollars from the middle income taxpayer. If we didn't desperately need my income (for the next 2 years) to help pay our bills, I would quit my job tomorrow.

The "working poor" will stay that way, if our gov't just encourages more and more benefits and tax cuts for low income people. If everyone paid 5 percent of their income for taxes—that is from the minimum wage earner to the largest corporation, I believe there would be more than enough money brought in to pay our country's bills. It can't be that simple, I realize. But please stop some of these "tax cuts" and the "Simplifications" because every time there is one, my husband and I end up paying more.

Sincerely,

MRS. RALPH STEVENS.

ALBERT LEA, MINN.●

WHAT ARE WE LEARNING FROM SKOKIE?

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. O'BRIEN. Mr. Speaker, in the last few months, there has been a great constitutional controversy swirling around the village of Skokie, Ill.

Much has been said about the first amendment question of whether or not a march by a small group of American Nazis should be permitted. My own view is that this is solely for the judicial branch to determine, but there remains the significant question of what messages are we to glean from the outcry from Skokie. We know that this village, many of whose citizens are survivors of Nazi concentration camps and remember all too vividly what Nazism really stood for, does not care to have that symbol displayed within its boundaries. Certainly this reaction is a normal response, but, apart from the personal sensitivities of the people there, it seems to me there is also an important message to all our citizens everywhere, regardless of their ethnic or religious background.

Thomas Jefferson wrote :

If a nation expects to be ignorant and free in a state of civilization, it expects what never was and never will be.

Today I fear that our society is ignorant of the many freedoms that it possesses. The people of Skokie are imploring us to value our freedom and to remember a time in the all too recent past when much of the world had no freedom from the Nazi brutality that reigned supreme; when Kaimkaplan wrote the diary he entitled "Scroll of Aging" of the Warsaw ghetto:

Is there any revenge in the world for the spilling of innocent blood . . .? The abominations committed before our eyes cry out from the earth: "Avenge me!"

Many of us have revisited that scene this week as we have watched the moving portrayal of the "Holocaust" on television. Perhaps in the wake of that program we can feel with new understanding the passionate concern of the villagers of Skokie as they face the prospect of swastikas marching in their streets.

What happened in Europe 40 years ago cannot happen here. We all believe that. But what we must never, never forget is just how fortunate we are that it cannot. That is the message from Skokie, Ill.

All of us would do well to pay attention to that message, and the outcry from our neighbors in Skokie, and value anew the freedoms we possess as Americans.●

GEORGE C. MARTIN RETIRES FROM WORCESTER VA HOSPITAL

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. EARLY. Mr. Speaker, it is a privilege for me to offer my very best wishes upon his retirement to Mr. George C. Martin, supervisor of medical administration at the Veterans' Administration Outpatient Clinic in Worcester, Mass. Mr. Martin is retiring after 37 years of Government service, 32 of which he has completed with the Veterans' Administration.

Mr. Martin started as a clerk at the VA Regional Office in Boston in February of 1946, and transferred to the Boston VA Outpatient Clinic in 1948. He participated in supervisory training programs, and in August 1960, he was appointed supervisor of medical administration at the Worcester VA Outpatient Clinic.

During his more than 17 years at the Worcester clinic, his name became synonymous with the clinic. Mr. Martin brought not only extensive knowledge of medical administration to the Worcester clinic, but also broad knowledge of all VA programs, procedures, and regulations. His advice was constantly sought from veterans, their families, and various service organizations throughout the State, in addition to VA employees.

Mr. Martin's position frequently made it necessary for him to inform veterans that they were not entitled to specific benefits. On these occasions he sometimes became the target of veterans' frustrations which he always handled in a professional manner. He would always take the time to explain avenues of appeal or recommend community resources to the veteran or his family.

Mr. Martin was personally aware of the problem of veterans, having served his country on three occasions. He served in the Army Air Force from January 7, 1942, to January 3, 1946, doing air rescue work in the China-Burma-India war theater. During this period of service, he participated in the first helicopter Air Force rescue. He was discharged a sergeant.

During the Korean war, he was recalled to active duty and served from May 1951 until January 1953, being discharged as a staff sergeant. In October of 1962 he was again recalled to active duty during the Cuban missile crisis.

Mr. Martin plans to take a well-earned rest and pursue his interests in fishing, gardening, and gourmet cooking. He resides at 37 Harriet Avenue, Shrewsbury, Mass., with his wife, Anna, and their two teenaged children, Sandra and Richard.●

LOCAL GOVERNMENTS PARTICIPATE IN FREE ENTERPRISE WEEK

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. MOORE. Mr. Speaker, as I indicated in my remarks in the CONGRESSIONAL RECORD of December 15, 1977, the first annual Free Enterprise Week celebration took place in my congressional district during the week of January 8 through 14, 1978. There are a number of local governments within that congressional district and it was determined that a complete celebration of Free Enterprise Week would not be possible without their participation.

Accordingly, a number of the local government entities issued proclamations stating their support for the free enterprise system and their participation in Free Enterprise Week. The following is the text of one such proclamation from the largest city in the Sixth Congressional District of Louisiana, Baton Rouge, which is also the State capitol:

PROCLAMATION

Whereas, free enterprise in the United States has produced the highest standard of living in the world for our citizens; and

Whereas, without economic freedom there can be no personal freedom; and

Whereas, the free market system is dedicated to providing the greatest number of consumers with the highest quality goods at the lowest possible price; and

Whereas, the free market system is based on the concept that profit motivates an individual to produce to the best of one's ability, that an individual should be rewarded in relation to productivity, and that only through a free market can an individual achieve full potential; and

Whereas, public faith in capitalism requires understanding of how it works and what it works and what it accomplishes; and

Whereas, confusion and lack of information about the free market system endangers our right to private ownership of property, right to choose our own profession, and the right to equal opportunity without regard to background; and

Whereas, free enterprise is everybody's business.

Now, therefore be it resolved, that the citizens of the City of Baton Rouge and Parish of East Baton Rouge do hereby support the Free Enterprise system through recognition of January 9–14, 1978, as Free Enterprise Week.

Local governments are far closer to the people than is that of the Federal Government. Perhaps local governments understand the free enterprise system better than we in the Congress do as they appear to be far more concerned about its destruction by Federal taxation and Federal regulations than we are.●

ALASKA LANDS LEGISLATION IMPORTANT TO MARYLANDERS

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. UDALL. Mr. Speaker, on April 7 the Committee on Interior and Insular Affairs filed its report on H.R. 39, the Alaska National Interest Lands Conservation Act—the most important land conservation bill which this House will consider during this Congress and perhaps during our lifetime.

The bill as reported is a carefully drawn compromise which recognizes the importance of allowing economic growth and development in Alaska and at the same time takes the actions which are indispensable if we are to protect the great scenic, wildlife, wilderness, and other values of the "crown jewels" of the public lands in Alaska which are the property and the heritage of all the American people.

During last session's extensive hearings and field trips in Alaska, numerous Members of our committee had an opportunity to see firsthand the areas involved and to hear from the people who know Alaska closeup. One of the Members who took a particular interest in this matter, and who worked hard to produce this bill in which we can take pride, is the gentleman from Maryland, Mr. BYRON. As reported in the March 16th issue of the Columbia (Md.) Flyer, his work on this bill "has demonstrated a solid support for protecting selected areas in Alaska * * * In supporting preservation for these lands in order to balance great development pressures in the State, Mr. BYRON has played a very important role."

Because the newspaper report and an accompanying article by our colleague Mr. BYRON so clearly depicts the importance of this legislation to his constituents and to the Nation, I am here having reprinted these extracts from the Columbia Flyer of March 16.

ALASKA'S FATE IN CONGRESS

(By Joan Moody)

The Interior Committee of the U.S. House of Representatives is now deeply engaged in revising the proposed Alaska National Interest Lands Conservation Act. Our congressman, Rep. Goodloe E. Byron (D-6th) serves on this committee.

Detached observers seem to be comparing the showdown between conservation interests on the one hand and loggers, miners and developers on the other hand to something resembling a giant game of Monopoly. How anyone can remain detached when so much is at stake for all of us escapes me.

Byron's work on the committee during the first round of mark-up sessions has demon-

strated a solid support for protecting selected areas in Alaska by adding them to the National Park System, National Wildlife Refuge System, National Wild and Scenic Rivers System, and National Forest System. In supporting preservation of these lands in order to balance great development pressures in the state, Byron has played a very important role—especially because many of the key votes have been quite close.

Nevertheless, I've heard this reaction to Byron's action from several dubious Columbia residents: "What does he have to lose? It's all up in Alaska." In fact, Byron and the people of Maryland will have much to lose if this legislation, H.R. 39, does not pass Congress this year.

For one thing, wild areas in Alaska serve as nesting and breeding grounds for millions of waterfowl and other birds that descend every major flyway to winter all across the lower 48 states. H.R. 39 and its Senate companion bill (S. 1500) would protect nesting habitat for many migratory species that populate the Eastern Shore of Maryland and the estuaries, rivers, streams and fields of our state.

For instance, this spring the whistling swans of the Chesapeake Bay area will head for western Alaska, where they will join clouds of geese, swans and myriad other birds streaming in from several continents to nest in the vast wet expanses of tundra in the proposed Yukon Delta Wildlife Refuge. Thousands of canvasbacks, lesser and greater scaup, redhead, and wigeon ducks will leave Maryland for interior Alaska, where the lakes ponds and streams along the wild floodplain of the Yukon River produce a lush growth of aquatic plants and summer temperatures reach into the 80s.

Mallard and other species from this state will head for other Alaskan areas proposed for protection under the legislation as well. These birds are valued by Maryland naturalists and sportsmen alike.

In addition to protecting key habitat for birds and other wildlife, the legislation now before Congress would preserve wilderness, recreational areas, subsistence-living resources, and scientific and cultural resources in the national interest. It would protect an incredible variety of landscapes—tundra lands alive with caribou, Swiss Alps-type scenery, wild rivers and salmon runs where brown bears fish, sand dunes above the Arctic Circle.

The package sent to the interior Committee for consideration proposes a total of 97.5 million acres of the state for addition to the four federal conservation systems. This acreage can be seen in the proper perspective only when one considers that under its statehood act, Alaska already has been promised 104 million acres for its 400,000 citizens—a California-sized birthday present going to a Fresno-sized population. Native peoples have claim to an additional 44 million acres under the Alaska Native Claims Settlement Act (ANCSA) of 1971.

What the Interior Committee is considering now is how the remaining federal lands in Alaska should be managed and protected. In ANCSA Congress gave itself until December 1978 to decide which public lands should be preserved for the benefit of all Americans. If the present bill were enacted, about two-thirds of the 365 million-acre state would be either state or native lands or public lands open to multiple uses and thus to development.

The revised version of HR 39 is a compromise bill. Following exhaustive studies of the resources of the proposed conservation areas, an Interior subcommittee drew boundaries to exclude the great majority of areas with potential for mining or oil and gas leasing from the conservation systems. In addition, a special process was devised to allow mining within many conservation areas in cases of national need.

About 85 per cent of Alaska will still be open to mineral and other development under the bill. The Forest Service has determined that the current level of timber production and related job market would not be adversely affected; the agency supports designation of some national forest areas in southeast Alaska as wilderness, which would protect commercial fishing and tourism.

Yes state and development interests continue to mount a massive media campaign to convince us that HR 39 and S 1500 represent nothing more than a big federal land grab instead of a chance for the American people to preserve part of our own lands as our last wilderness frontier. Some legislators actually are debating whether to preserve places such as Admiralty Island, an island in southeast Alaska that supports more nesting bald eagles than all the lower 48 states put together. (Meanwhile, in February the Interior Department finally declared the bald eagle, our national symbol, officially "endangered" in 43 of those states and "threatened" in the rest of them.)

The full Interior Committee is under much pressure to delete acreages, protect less of the land in question as official wilderness areas, weaken the orderly minerals process, and afford many areas a less protective status than they currently would receive under the bill. In light of these pressures, the importance of Rep. Byron's support for the legislation should not be underrated.

Let's give credit when credit is due! This is the biggest land conservation battle in our nation's history. What is most amazing about Alaska is that it is big and blessed enough to support both the conservation effort embodied in HR 39 and development as well.

NOTE: (Joan Moody, Swansfield resident, is assistant editor of National Parks & Conservation Magazine, which has closely followed the Alaskan land issue.

A CRITICAL DECISION

(By Representative GOODLOE E. BYRON)

The work of the House during the past two weeks provides a good opportunity to illustrate how legislative action is often shaped in committees rather than on the House floor. While the House passed a number of bills, including a constitutional amendment to give the citizens of the District of Columbia voting representation in Congress, action on several major bills was taking place in the various House committees. . . .

While the House Education and Labor Committee approved a revised version of the Full Employment and Balanced Growth Act, more commonly referred to as the Humphrey-Hawkins bill, the House Interior Committee held its first two weeks of drafting sessions on HR 39, the Alaska National Interest Lands Conservation Act. The Alaskan lands issue is the top environmental priority of the Carter Administration and has been termed "the most important conservation program in the history of this country" by Interior Secretary Cecil D. Andrus.

The Alaska Native Claims Settlement Act of 1971 gave Congress until the end of 1978 to determine which Alaskan land should be afforded federal protection through designation as wilderness, national parks, wildlife refuges, national forests, wild and scenic rivers, etc. Alaska contains 365 million acres of land and 10 million acres of inland waterways. This represents 38% of the country's shoreline and 65 per cent of the U.S. continental shelf. Much of this land is rich in both scenic beauty as well as potential mineral wealth. Deciding what level of protection to give to the approximately 100 million acres of Alaskan land included in HR39 is obviously an issue of critical importance to the general public as well as the environmental groups, timber and mining interests, and the Alaskans themselves.

This bill has been the subject of more extensive hearings than any other conservation bill in history. Twenty-three days of hearings were held in all sections of the country, as were numerous town meetings throughout Alaska. Over the last year, several alternative proposals have been presented which would protect as much as 115 million acres or as little as 25 million. The Carter Administration proposed protection for 92 million, while the bill currently being considered by the Interior Committee includes 98 million acres.

Last week during an Interior Committee meeting, the first important vote on this issue was taken. An amendment had been proposed which would have opened up nearly 50 million acres of Alaskan wilderness to economic exploitation. I joined with 21 of my colleagues on the Interior Committee to narrowly defeat this amendment by a vote of 22–20.

I felt this proposal was environmentally damaging to Alaska and undermined the unique opportunity America has, through this bill, to protect entire ecosystems, watersheds and critical wildlife habitats. This is an opportunity which is generally no longer available in any other state except Alaska, due to past development and population pressures.

The work of the committee on this issue is far from over. We are now in the process of "marking up" the bill, that is, considering amendments to it page by page and section by section. After the committee completes the bill, it will be sent to the House floor for consideration by the full House. The work of House committees on issues such as this one usually greatly influences the action taken by the full House when the bill comes to the floor.●

HUBERT H. HUMPHREY

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. DE LA GARZA. Mr. Speaker, in the annals of mankind, there are but a very few individuals who surpass the goals and expectations of their time and generation—most receiving said recognition years after their demise.

In the history of our country, again a very few have achieved this stature. One of these was Hubert H. Humphrey.

In him there was a combination that could not be reproduced. His chemistry was such that it fit no formula, nor could all the elements be readily identifiable. All that can be said is that there was and could only be one Hubert Humphrey. How sad this is—for we need so many—but yet how lucky we were that we had at least one.

The friend, the father, the husband, the politician, the "Happy Warrior." The energy, the wit, the basic honesty, the intelligence, the spark of life. The loyalty to friends, the reverence to basic human rights, the unyielding loyalty to his beloved country, and at the last, the graceful acceptance of the will of God.

What a great man, yet how humble, how kind, how understanding—the adjectives could be endless. Let it suffice for now to say—the world, our country, mankind—all of us collectively and those of us fortunate enough to know him personally are better citizens, better persons, because there once came our way, a man named Hubert H. Humphrey.

Yes, like the old lamplighter of old: "He made the world a little brighter wherever he would go." In behalf of his many friends in south Texas I say, we were so fortunate that our friend, Hubert H. Humphrey, "paso por aqui." ●

THE NATIONAL GRANGE SEEKS DEAF ADVOCACY

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. RICHMOND. Mr. Speaker, the deaf community in America has not had a national advocacy program from a nondeaf organization comparable to that of the blind through the Lion's Clubs or the crippled children through the Shriners. Now, however, the National Grange has initiated a support program for the deaf and hard-of-hearing.

The National Grange is our Nation's oldest farm organization. Currently, Grange organizations exist in 42 States. Over 500,000 individuals are affiliated with the Grange. The organization has long been involved in programs to accelerate agricultural progress and to promote community improvements.

The vast resources of this outstanding national organization are now being directed toward improving services to the deaf and hard-of-hearing.

In an effort to assist the deaf community throughout the United States to broaden communication systems, the Grange has become involved in many worthy projects. Members of the Grange are encouraged to volunteer their services to local agencies involved with the deaf. Scholarships to Junior Grange camps are provided for deaf children.

The Grange will provide hearing dogs, each worth $2,500, to needy deaf individuals. These dogs are trained to act as the ears of deaf people. The dogs alert the deaf person of such sounds as fire alarms, smoke detectors, burglars, alarm clocks, a baby's cry, and dozens of other sounds. In January, I introduced the Hearing Dog Training Act, H.R. 10442, which would provide $2 million to establish 10 regional centers to train these dogs. Approximately 500 dogs will be made available each year through this program and the cost to the deaf individual will be reduced to $25.

The Grange is actively involved in research and education programs for the deaf. A Grange-financed film entitled, "I Hear Your Hand" has been distributed to over 300 TV stations across the country. In 1976, the Grange published "Lift Up Your Hands," a song book in sign language, the first book of this kind to be produced. This book of 10 inspirational and patriotic songs is designed both for the use of the deaf and to encourage hearing people to learn sign language.

By recognizing the often overlooked needs of the deaf and hard-of-hearing, the Grange is making great progress toward breaking down the psychological and social barriers which have often kept deaf people from fully participating in the mainstream of American life.

The National Grange and I will be working together closely to expedite the enactment of legislation specifically aiding the deaf and hard-of-hearing. It is hoped that in the very near future the Grange will utilize its resources to make telecommunication devices (TTY's) available to emergency communication centers including hospitals and fire and police stations as well as the offices of elected officials.

I sincerely hope my colleagues will join with me in supporting this most commendable, humane effort of the National Grange.●

DOMESTIC VIOLENCE ASSISTANCE ACT OF 1978 NEW LEGISLATION TO HELP VICTIMS OF FAMILY VIOLENCE

HON. NEWTON I. STEERS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. STEERS. Mr. Speaker, today Congresswomen LINDY BOGGS and BARBARA MIKULSKI and, under the auspices of Congressman GEORGE MILLER of California are sponsoring legislation to help victims of family violence. "The Domestic Violence Assistance Act of 1978" sets up an Office of Domestic Violence within the Department of Health, Education, and Welfare to assist community grassroots efforts to provide emergency shelter and counseling and to coordinate existing Federal, State and local government initiatives which are currently attempting to meet the needs of family members who are forced to flee violent homes.

Ten months ago, on June 21, 1977, Congresswoman LINDY BOGGS and I introduced H.R. 7927, "The Domestic Violence Prevention and Treatment Act of 1977," to set up a demonstration grant program within HEW to assist groups providing direct services to families in crisis. Senators WENDELL ANDERSON and TED KENNEDY simultaneously introduced an identical version of that legislation, S. 1728 in the Senate. Shortly thereafter, Congresswoman BARBARA MIKULSKI introduced an innovative measure which set up a training and stipend program within ACTION for volunteers to work with local communityy groups serving victims of family violence.

Our efforts have received broad bipartisan support. Last summer, Congresswoman BOGGS and I worked closely with the Office of Public Liaison at the White House on this issue. To its credit, the White House spearheaded several meetings with community shelter groups, agency officials and Hill staff to help us gain nationwide recognition for the need to enact Federal legislation to assist victims of family violence.

In addition to the White House, Mary Crisp, cochairman of the Republican National Committee, took an active interest in our bill. Congressman AL QUIE, ranking minority member of the House Education and Labor Committee was an early cosponsor of our bill.

In the Senate, both Senator ALAN CRANSTON, chairman of the Child and Human Development Subcommittee and ranking minority member, Senator SAM HAYAKAWA, supported family violence legislation. In fact, Senator CRANSTON chaired hearings on the matter and subsequently introduced his own bill.

The legislation we are introducing today is a result of House hearings by the Select Education Subcommittee held on March 16 and 17 of this year chaired by Congressman GEORGE MILLER of California. Mr. MILLER has been extremely gracious to invite input on a number of occasions from Mrs. BOGGS, Ms. MIKULSKI and me both as to the March hearings and the legislation being introduced today.

This bill is an attempt to respond to the needs of family violence service providers. There are over 300 such programs existing in our country today in 44 States and Puerto Rico.

These programs are primarily providing emergency shelter to women and their children who must flee a violent home environment. When times get rough at home, when the husband loses his job, or when an unexpected new baby is coming, the wife becomes a scapegoat for societal pressures. Frequently, the battered wife is not readily employable, has no money in her own right and simply has no place to go. Tragically, this includes such women as the woman who lost her kidney, during a beating, who then went back to her husband after that beating and nearly lost her second and only remaining kidney in another beating. It includes the woman who lost an ear at the hands of her husband and the woman whose husband attempted to abort his own unborn child.

This legislation would set up a coordinating unit in the new Office of Domestic Violence within HEW to, first, develop and maintain a national clearinghouse on domestic violence, second, make an annual report to the Congress with respect to the status of Federal, State, and local programs relating to domestic violence, including recommendations for improved coordination; and, third, make recommendations to the Congress concerning the need for modification of Federal programs which may affect victims of domestic violence, including public assistance housing, legal and medical service, and job training.

A council including victims of domestic violence, persons who are experienced in the operation of community-based shelters and service programs and Federal agency representatives will approve grants to domestic violence programs which can demonstrate community support and past experience in treating victims of family violence.

A ceiling on the amount of a grant is designed to see that programs use Federal money as a supplement to other local sources of funding. This is why no grant may exceed $50,000 or 25 percent of a program's annual budget in a given year. In addition, no program may receive funding under this bill for more than 3 years. These funds are intended to be used for a broad range of services such as counseling, job training, legal services, shelter, emergency hotlines, transportation and, followup services.

In addition to direct grants, a second grant program is established to provide personnel training and technical assistance to individuals and organizations involved in establishing and maintaining community shelters. Not more than 20 percent of any amount appropriated for this bill may be used for this purpose. Funds may cover expenses and training programs including costs of first, dissemination of information regarding treatment of victims of domestic violence; second, technical training of shelter personnel, including transportation and living expenses for a period of no more than 2 weeks; third, production of media information programs concerning the problem of domestic violence and the availability of community services for victims of domestic violence; and fourth, shelter-based research programs concerning the need for shelters or other services for victims of domestic violence and their children, utilization of such a program, or related subjects.

The ultimate goal of Federal legislation should be to encourage and continue local efforts through some type of service funding.

Leland Bergstron, director of the family court services division of the Fresno, Calif., family court, summed up the need for legislation in a letter to me:

Regular funds are hard pressed by inflation and attitudes against start up of new services . . . . our best hope for a project is to fund it in the private sector, but until the public awareness both to the problem of battering and the help possible in treating this social ill have been raised to a sufficient level, the private funds are not sufficient to meet this challenge.

Mr. Speaker, when I first became involved with this problem in January of 1977 at the urging of my legislative assistant, Roberta Avencena, who works with a local District of Columbia shelter, the House of Ruth, I had no idea of the magnitude of this problem. Today I am thoroughly convinced that it has reached epidemic proportions, that it knows no social, racial, religious, or economic boundaries and that help is desperately needed now. I urge speedy enactment of this legislation we are introducing today.●

CONGRESSIONAL PAY RAISE?

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. MAZZOLI. Mr. Speaker, I note that Members of Congress are due to receive a cost-of-living pay adjustment in October.

I think Congress should forgo all or a substantial part of its pay raise in order to set an anti-inflation example for the whole country.

Federal workers may be required to forgo a part of their cost-of-living adjustments to battle inflation and to set an example for noninflationary wage settlements in the private sector.

Should not Congress do at least as much on its own part? ●

HOW OUR NUCLEAR POLICY BENEFITS THE KREMLIN

HON. MARILYN LLOYD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mrs. LLOYD of Tennessee. Mr. Speaker, I wish to insert the following article from the Washington Post for the benefit of my colleagues. I am, of course, very interested in the topic of this article which is nuclear power:

HOW OUR NUCLEAR POLICY BENEFITS THE KREMLIN

Partly obscured behind the shock waves of President Carter's neutron "bomb" decision, a crisis on nuclear power is building in the Western alliance over the creeping U.S. embargo against export of raw material for nuclear power plants, with the Soviet Union benefiting directly.

The limit on exporting U.S.-produced enriched uranium comes out of the new Nuclear Nonproliferation Act, with this unintended result: Soviet nuclear power becomes preeminent. Since breeder-reactor technology is regarded by oil-starved Europe as vital to future energy needs, our European allies may turn eastward for their enriched uranium and technology exchange.

Even without the new act, the president's abhorrence of the breeder reactor points to Soviet domination—as was pointed out in a confidential letter delivered to Carter April 4 from Rep. John W. Wydler of New York. The senior Republican on the House Science Committee, Wydler warned the president that "it is frightening to speculate on the degree of control of the world market [for breeder-produced nuclear power] that the Soviet Union might achieve by implementing" its fast-moving nuclear power program.

Economic and political stakes in the rush for nuclear energy by the Western democracies and Japan are awesome. Considering that, the Carter administration's nuclear nonpolicy could contribute to another global victory for the expansive masters of the Kremlin.

The Nuclear Nonproliferation Act, signed into law March 10 by Carter, adds to the danger. It gives the nine Western European countries who belong to EURATOM 30 days to start negotiations with the United States. The law bans U.S. exports of enriched uranium to Western Europe unless EURATOM agrees to U.S. control over spent fuel manufactured in European plants.

That is vitally important, giving Washington veto power over reprocessing spent fuel and, hence, over Europe's power to build breeder nuclear power plants. The breeder, making its own fuel as it manufactures power, is nearly indispensable to Europe's future power needs.

This unilateral change in existing agreements dating back to the mid-'60s infuriated the European nations. Forced to play the high-stakes nuclear power game the Washington way, their first reaction was symbolic retaliation. With the French taking the lead, they simply ignored the provision in the new U.S. law giving them 30 days to start negotiations for new licenses to import enriched uranium.

The EURATOM nations will surely agree, probably soon, to negotiate new enriched-uranium contracts. But thumbing their noses at starting the talks within the 30 days is a symbol of their anger.

Carter's deeply rooted fear is that reprocessed fuel—which is weapons-grade fuel—could be turned illegally into bombs. That is understandable when considered in a political vacuum. Unfortunately, however, the Soviet Union has no parallel concerns. The Soviets are far ahead of the breeder reactor curve today and picking up ever more speed.

Rep. Wydler drafted his warning to the president after talks with the International Atomic Energy Agency in Vienna, the French Atomic Energy Commission and finally with the Russians in Moscow last month. A congressional expert on nuclear power, Wydler predicted to Carter that we are "on the verge of an atomic Sputnik"—a sudden Soviet advance.

He warned the president that his opposition to the Clinch River experimental breeder reactor signals all other nations that the United States is not serious about preserving the breeder as a long-range option; that has undermined U.S. nuclear power credibility abroad "and made us an unreliable nuclear partner."

Over Carter's protest, Congress has kept the Clinch River "breeder" from dying a premature death. But that does not relieve the president from getting his act together and taking on the formidable, richly financed anti-nuclear lobby (with its equally formidable agents ensconced as officials deep inside his administration). Otherwise, the West may be doomed to fall behind the communist bloc, never to recover.

For example, the Soviets now operate a 350-megawatt experimental "breeder" on the Caspian Sea and will complete a 600-megawatt plant in 1980. Design is beginning for a 1,600-megawatt plant, which the Russians told Wydler would take only seven years to build.

No wonder, then, that the new law limiting export of U.S. enriched uranium is creating consternation. Following EURATOM's symbolic refusal to start new talks within the 30-day period, West Germany will soon increase its purchase of enriched uranium from the Russians. More attacks on the exposed flank of President Carter's nuclear power policy will surely follow.●

IN HONOR OF CHET HOLIFIELD, IN MEMORY OF HERB ROBACK

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. PRICE. Mr. Speaker, last Thursday, April 13, a special honor was bestowed on my special friend and former colleague in the House, Chet Holifield. He was awarded the first annual Herbert Roback Memorial Award. This award was established by the National Contract Management Association to honor the memory of the late Herb Roback. Herb was well known to many of us for his great contributions to good Government during his long service as

an outstanding professional staff assistant to committees of the House of Representatives.

I cannot think of a person who is more deserving of this special honor than our esteemed friend, Chet Holifield. I know firsthand of his dedicated efforts to advance good government and to protect the best interests of the citizens of this Nation. I am sure all of the Members of this body who knew and worked with Chet Holifield before he retired in 1974 join me in congratulating him on the receipt of this special honor. I also want to take this opportunity to wish him and his gracious wife, Cam, many years of pleasure and satisfaction in their retirement. I also want to express the wish that they continue to visit us regularly to provide us with the pleasure of their company and the benefits of their thoughts and counsel.

I also want to take this opportunity to express my best wishes and respect to Arlene Roback. I am sure that, in no small measure, the outstanding career, which the establishment of the Herb Roback award recognizes is due to the help which Arlene has provided.

I would like to include at the close of my remarks the statement our esteemed colleague FRANK HORTON made on the occasion of this award to Chet Holifield. I commend to all of you the remarks FRANK made since they concern a very important problem which Chet and many of us in this Chamber have devoted a great deal of effort to solve: Energy.

Statement follows:

ACTION ON ENERGY: THE MORAL EQUIVALENT OF RING-AROUND-THE-ROSY

(Text of Congressman Horton's remarks at the first annual Herbert Roback Memorial Award dinner, NCMA, Sheraton International Conference Center, Reston, Va.)

Chairman Chet and Cam, General Staats, Arlene, fellow Procurement Commission alumni and friends of the National Contract Management Association. This evening is a wonderful reunion indeed.

Tonight, in honoring Chet Holifield, you are really paying tribute to one of the best teams of people ever to be found on Capitol Hill, the Holifield-Roback team. Regardless of what the subject matter or the problem was, whenever that team of two mustaches and four twinkling eyes was working together, the results were always good for the American people.

As all of you from Procurement Commission days know, if it had not been for the foresight of Chet and the late, beloved Herb Roback, there would never have been a Government Procurement Commission, or an Office of Federal Procurement Policy. The state of federal purchasing would have remained in the sorry state it was in prior to 1969. As you know, the work of the Procurement Commission is still very much alive today. Through the incredible perseverance of Elmer Staats, Senator Lawton Chiles, Les Fettig, Don Sowle and countless other believers in the creed of our Commission, major work is still underway to implement the landmark recommendations of our Commission. I will always view my work with all of you on the Procurement Commission as one of the high points of my own Commission-studded career in the Congress.

One of my very finest privileges was to enjoy the services of Herb Roback as Director of Studies of the Commission on Federal Paperwork, where his contribution of objectivity, judgment and leadership left its indelible mark on the more than 800 recommendations we made to reduce the burden of bureaucracy and red tape on the American people.

When Don Sowle and Harry Tayloe asked me to speak to you tonight, they said I should feel free to discuss any subject I saw fit. Procurement legislation is a topic which nearly everyone here is well versed in, so I hope you will permit me to speak to you on a subject which I am far more intimately involved with these days, and which is very dear to the heart and mind of Chet Holifield.

The topic of my address this evening is: Action on Energy: The "Moral Equivalent" of Ring-Around-the-Rosy.

Every American is fortunate indeed that our deepening energy and economic crisis is not the equivalent of war, for if it were, our nation would have by now experienced the most devastating defeat in its history.

My legislative work in the energy field dates back to happier days when Chet Holifield and I helped to accomplish the first steps toward organizing the federal government to deal with the energy problem. We fostered the bills which created ERDA, the Nuclear Regulatory Commission and the Federal Energy Administration. All of these bills were products of the House Government Operations Committee under Chet's Chairmanship.

In the current Congress, as ranking minority member of Government Operations, I worked hand in hand with the Administration and with my colleagues in the majority party to fashion a bill creating the new Department of Energy.

During the current Congress, Government Operations was one of five House Committees to which various portions of the "National Energy Act" were referred. We reported out an infamous little provision of the President's bill which would have authorized the purchase of 6,000 vans to be used to shuttle federal employees back and forth to work, in the name of energy conservation. This provision, as well as many equally dubious and more onerous provisions of the Administration's energy policy survived consideration by the partisan express train otherwise known as the House *Ad Hoc* Committee on Energy, on which I also serve.

When the energy bill reached the House floor, only one amendment sponsored by a minority Congressman carried the day—that was my amendment to knock out the van pooling provision.

Perhaps you can sense that House consideration of the energy policy bill was neither as harmonious nor as bipartisan as the successful legislative effort to create a new Energy Department earlier in this Congress.

For the past six months, I have had the dubious honor of serving as a member of the august House-Senate Energy Conference Committee, where the fate of our nation's energy and economic future has been stalemated for over four months.

Actually, I am critical of the Conference Committee only because it has been run as a closed-door, partisan process. I do not envy the work of the Conference Committee, for it must somehow sort out the results of a flawed Presidential energy policy proposal which has muddled its way through a flawed series of legislative procedures on both sides of the Capitol.

The possibility of the Conference Committee coming out with a legislative product which amounts to good, sound energy policy is almost nil, given these circumstances. It is to our credit that we have reached at least shaky agreements on three imperfect compromises dealing with the three relatively minor portions of the President's plan. The energy conservation, coal conversion and public utility regulation portions of the bill have basically been agreed to. The current stalemate concerns the centerpieces of the Carter plan—natural gas pricing and new energy taxes, including the crude oil equalization tax, with the latter not having been considered seriously at all at this point.

Why am I so critical of the President's energy policy proposals? I assure you that partisan considerations play no part in my objections to this Rube Goldberg proposal. As most of you know, I have never hesitated to cross party lines to support legislation proposed by Democratic Presidents or by Democratic legislators which I viewed as being constructive or necessary for the nation.

But President Carter's energy policies, as contained in the House energy bill are not constructive, they are destructive in effect. The flaws in this plan are perhaps best known to Chet Holifield, who may be the greatest living student of energy ever to serve in the Congress.

Over six years ago, nearly two full years before the Arab oil embargo, Chet had behind his desk in the Rayburn Building, and near his right hand, charts showing just what was going to happen to this nation's domestic energy supplies, and to our demand for foreign crude oil resources. He knew then, in 1972, and he advocated then, national policies that would incentivize much greater domestic energy production. He had the foresight to realize that between the late 1970's and the 1990's we would have to rely to a much greater degree on nuclear-electric generating plants. He knew that the supply of uranium was finite, and that the design and construction of breeder reactors and of nuclear fuel reprocessing facilities could stretch endlessly the effective availability of relatively low-cost nuclear fuel. He knew that we would have to change federal regulatory policies to incentivize greater production of domestic natural gas. He saw the need to accelerate the exploration for crude oil and gas on the Atlantic shelf, and to expedite the construction of the Alaska pipeline. He understood then what our potential vulnerability would be economically and politically if we were to allow our dependence on other nations for oil to grow out of hand.

Chet knew that there would be a need to substantially increase reliance on coal resources, and he knew that as energy prices edged upward, market forces would begin to encourage conservation and an end to the wasteful consumption patterns of energy for which the United States had become famous.

Chet always did have the ability to think clearly when it came to arriving at solutions to complex problems. Chet, it is too bad that you were not asked to help draft this Administration's energy policy proposals last year.

What, then, is wrong with the proposals Jimmy Carter made to a Joint Session of Congress exactly 51 weeks ago tonight? What is wrong is that Jimmy Carter's energy policies do not do all the things which Chet Holified identified six years ago, it does not even do some of these things. Only one, the obvious need to rely on greater use of coal managed to survive the closed-door brainstorming which produced this plan.

The plan does not encourage or incentivize greater domestic energy production. It does not rely sensibly on market forces to increase conservation or to produce reliance on more available fuels. Instead, it contains the largest single mass of increased government intervention in the form of taxes and regulation ever sought by a President from the Congress of the United States. The plan does not address constructively the need for

breeder technology or for nuclear fuel reprocessing. It does not address the need for accelerated progress on safe nuclear waste disposal. It pays only lip services to the need for more reliance on nuclear power by proposing a model plant licensing procedure.

The breeder technology has the ability to increase the value of our domestic uranium ores by a factor of 70. The present estimate of the life of uranium ores is 50 years. The breeder would multiply the 50 years to 3500 years.

The Congress kept the breeder program going against President Carter's opposition. Our friend, Comptroller-General Staats, has been working hard to see to it that the Administration obeys the laws and expends properly the funds allocated for the breeder project.

Yesterday the Space and Technology Committeee kept the breeder in the pending authorization bill by a vote of 27 to 14. I believe we can pass that bill in the House and I understand that the Senate will also support it.

President Carter claims he wants the United States to set an example by refusing to use plutonium as an electric generating fuel—because it can be used in weapons. Six nations overseas who possess nuclear weapon technology have publicly rejected this Carter philosophy. England, France and the Soviet Union are now demonstrating breeder plants using plutonium as a fuel. The Soviets and French are now constructing their third advanced breeder plant.

International cooperation is the only way to control the spread of nuclear weapon materials and technologies. The Congress and several Presidents have supported this approach by establishing the International Atomic Energy Agency and the International Non-Proliferation Treaty.

A lone example of self denial of plutonium fuel usage will not reverse the work of these international agencies for the past 20 years.

We have heard of the dangers of inflation—and there is an average inflation of 5 to 6% per year.

Our balance of trade deficit grew in 1977 to $26.6 billion.

Our export of American dollars for imported oil was $45 billion. No wonder the dollar is slipping in value all over the world.

If we were pushing nuclear fuel to replace the cost of imported oil, we could strengthen the dollar.

The President's plan does not encourage more domestic oil production. It discourages this by taxing domestic oil to the level of the OPEC price without plowing back into exploration or new production any of the proceeds of the tax. The plan stifles new natural gas exploration and production by continuing an antiquated maze of federal price controls on gas.

The plan not only does not provide the kind of farsighted policies that can solve our energy problem, it would, in fact, stifle our already fragile economy by holding down energy demand growth to 2 percent, and by further taxing the American people.

I am not alone in feeling frustrated and bitter about the gyrations which the President and Congress have gone through for the past year on energy. Many other Members of Congress, both Republicans and Demorcats, see the same problems with this energy plan. That is why Congressional consideration of this hodge-podge has seemed like the "moral equivalent" of ring-around-the-rosy, with five House Committees and five Senate Committees dancing to a very discordant tune composed by the President.

It may, in fact, be best for the nation at this stage of the Capitol Hill energy merry-go-round that the questions of natural gas pricing and energy taxes remain unresolved until the American people have a chance to work their will in the upcoming Congressional elections.

What we need is an energy plan that will move us toward gas and oil deregulation, treading carefully to avoid excess energy company profits. What we need are incentives and perhaps tax credits for investment and research into new energy resources.

What we need is a pledge not to overregulate the coal industry.

What we need is a Presidential change of heart that will enable him to exercise responsible leadership on nuclear energy, instead of leading our nation into a dense fog of myth created by the shrill minority of anti-nuclear voices. Our nation cannot afford even one more year of huddling alone in fear of safe and careful development of nuclear technology, while the rest of the industrialized world gallops ahead of us in the breeder and fuel reprocessing fields.

What we need is an energy policy that will recognize and do something about the devastating effect of spending $45 billion annually on imported oil, which has produced the largest balance of payments deficits and the weakest U.S. dollar in recent history. We do not need an energy policy which shrouds our economy in stifling regulation and confiscatory taxes all designed around the fear that the energy industry in our private enterprise economy might earn a profit.

There are, to be certain, some hopeful signs in this muddled picture. Market forces, despite our policy-makers' apparent ignorance of them, are beginning to work. American people and businesses have begun to respond on their own to higher energy costs by conserving energy. The demand for insulation and heat and cooling control equipment is one indicator of this healthy trend. Also, our domestic production of crude oil, thanks to Prudhoe Bay in Alaska to secondary and tertiary recovery methods in older oil fields, has begun to climb Imports have even dipped slightly from their peak levels. Also, the international cartel-established price for oil has temporarily stabilized—not because we promised some military tinker toys to the Saudi Arabians, but because, at present, there is a world oil glut.

Further, the Supreme Court has taken a major step toward putting some brakes on the seemingly endless series of courtroom challenges to which each newly proposed nuclear-electric plant has been subjected.

There are also hopeful signs that the Congress, in the wake of its misguided imposition of 5 rounds of Social Security tax increases, is not anxious to follow suit in an election year by passing the new energy taxes proposed by the President.

These are some hopeful signs. Unfortunately, they do not point to the adoption of the kind of constructive energy policies which Chet Holifield envisioned six years ago, and which are even more desperately needed today.

For the time being, the energy game of ring-around-the-rosy will continue.

At this very moment, the United States has no viable energy policy, and adoption of the obvious and positive solutions which have been apparent and badly needed for the past six years seems, at best, a remote possibility. Our dependence on foreign energy has jumped from under 20 percent of our needs to nearly 50 percent of our needs in half a decade.

Despite the pleas of three Presidents, Congress is still pussyfooting on energy. The pussyfooting must stop, and stop now, before our nation and our economy are so irreparably damaged that no solution will bring us out of the energy tailspin we have drifted into.

Perhaps the American people are beginning to see the true meaning of what their federal policy-makers are doing to them on energy. Perhaps in the near future, perhaps on election day, 1978, they will say to us in the immortal words of cartoonist Walt Kelly,

"Why do we stand here confronted by insurmountable opportunities?"

Why, indeed?

Thank you.●

WORLD REFUGEE REPORT SURVEYS REFUGEE SITUATION IN AFRICA

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. DRINAN. Mr. Speaker, the 1978 World Refugee Report notes that civil war, tribal genocide, and racial unrest threaten to increase substantially the already large numbers of refugees in Africa. The largest growth in refugee population has taken place in Africa which 1.5 million people have been displaced by civil war in Angola. Another 800,000 persons have fled the growing conflict within Ethiopia. Because of severe human rights violations half the population of Equatorial Guinea—145,000 people. has fled the harsh rule in Macias Nguena Biyogo; 50,000 refugees have entered Algeria, fleeing the guerrilla war in Western Sahara and tens of thousands of new refugees from Uganda and the heightening conflict throughout Southern Africa have swelled the African refugee roster in 1978.

The growing number of refugees in virtually all parts of the continent have outpaced the capacity of government and international agencies to respond to their needs. Although the World Refugee Report notes some positive developments, it also observes that the refugee situation in Africa will continue unabated.

I commend to my colleagues the following survey from the 1978 World Refugee Report on the refugee situation throughout the African Continent:

AFRICA

The world continues to be shocked by large scale killings and torture in Equatorial Guinea and by tribal genocide in Uganda. In the Horn of Africa, a military junta is fighting for survival against internal assassinations, Eritrean rebellion and a major war with ethnic Somali insurgents in the Ogaden. The Polisario Front is fighting for independence of the phosphate-rich territory of Western Sahara, which was divided between Mauritania and Morocco, after independence from Spain in 1976. Angola remains a divided country as the civil war drags on. Fighting continues in the absence of a settlement to bring majority rule to Rhodesia (Zimbabwe) and protests against apartheid in South Africa have met with greater repressive measures by the South African government. Despite pressure from the international community, South Africa continues its illegal occupation of Namibia, Southwest Africa, and military pressure has been brought to bear on South Africa by SWAPO (Southwest African People's Organization) guerrillas.

All of these situations show few signs of abating in 1978. Yet some positive develop-

ments have also occurred for refugees in the African continent. Since Guinea Bissau won its independence in 1975, more than 50,000 persons who had fled the liberation struggle have been repatriated under the auspices of the United Nations High Commissioner for Refugees (UNHCR). Resettlement continues for those who were internally displaced by the war as well as those who had fled to Senegal. Negotiations are currently in progress for the transition to majority rule in Rhodesia (Zimbabwe). Many black refugees displaced by Mozambique's struggle for independence have returned.

Mozambique's economy, however, still reels from the deleterious impact of the flight of 200,000 Portuguese Mozambicans, who fled the country after its independence.

Recent Rhodesian army incursions deep into Mozambique—aimed at destroying guerrilla training bases and military depots—have also put a great economic and military strain on the Frelimo government.

Unlike Angola, Ethiopia and Guinea, which have been closed to the Western press, some Western, non-Marxist journalists have been allowed to tour Mozambique rather freely to see what is going on for themselves. Reporters have been impressed by the Frelimo government's dedication to overcome 400 years of colonialism, the post independence economic collapse, and the new ravages of the Rhodesian war.

EQUATORIAL GUINEA

According to recent reports by the international press, thousands of persons have been killed or have disappeared since Equatorial Guinea gained its independence from Spain a little over nine years ago. It is also estimated that 145,000 refugees—almost half of the country's original population—have fled to various countries of Central Africa and to Spain.

The Anti-Slavery Society, Amnesty International and the World Council of Churches have all denounced the regime of Macias Nguena Biyogo as "among the most brutal in the world." These international human rights organizations have reported systematic killings, torture and forced labor.

Macias, who rules Equatorial Guinea in constant fear of assassination, is reportedly backed by a ruthless militia comprised of members of his own tribe (the majority Fang Tribe) and by hundreds of Cuban, Chinese and Russian advisors. All American diplomats have been expelled.

With nearly all the opposition dead or in exile, the largely illiterate population is resigned to accepting the regime.

UGANDA

In 1972, 40,000 people poured out of Uganda when President Idi Amin Dada, who had come to power in a 1971 military coup, expelled all non-citizen Asians from the country. Now, a second wave of political refugees is coming out of Uganda into Kenya, Tanzania, and Zaire.

These new refugees are primarily from the Lango and Acholi tribes, part of the Christian minority in Uganda. They have been accused by Amin of continued support for Milton Obote, the former President ousted by Amin, now living in exile in Tanzania. Many government officials and military officers who fear Amin are also fleeing the country.

On the night of January 25, 1977, an attempted coup reportedly took place in Uganda. Since then, reports coming out of Uganda, and from refugees in Kenya, have indicated mass killings, disappearances and beatings by the State Research Bureau, Amin's secret police force.

Uganda radio reported the death of the Anglican Archbishop Janani Luwum, an Acholi. The Archbishop, accused of complicity in a coup attempt, allegedly died in an "auto accident." This story, however, has been widely disputed by knowledgeable observers and refugees; it is generally believed that the Archbishop was murdered by Amin's secret police.

As the death toll mounts in Uganda, hundreds continue to seek refuge in neighboring countries. Ugandan sources in Kenya have estimated close to 10,000 Ugandan refugees in Kenya, compared to an official estimate of 3,000. Many refugees, apparently do not register with the UN High Commissioner for Refugees (UNHCR) for fear of exposure to Amin's State Research Bureau. In Tanzania, the UNHCR recently completed a self-sustaining project for the settlement of 1,500 of the 3,000 refugees registered there.

Observers outside Uganda feel that the death of Archbishop Luwum, the exile of five of the eighteen bishops in Uganda and the failure of the January 1977 coup (and the subsequent military purge) indicate the desire of the Amin regime to eliminate all possible sources of dissent.

WESTERN SAHARA

After the death of Generalissimo Franco in Spain, the Spanish government agreed to relinquish its claim to the phosphate-rich Western Sahara. Under the Madrid Agreement of 1975, the territory was divided between Morocco (two thirds) and Mauritania (one third.)

In response to the division of their land, a popularly-backed guerrilla movement, the Polisario Front, began a hit-and-run war against the occupying powers. Polisario (Popular Front for the Liberation of Saquia el Hamra and Rio de Oro) has not only held its own but has scored some notable successes against more experienced Moroccan and Mauritanian troops. In the desert, the guerrillas are able to avoid the Moroccan columns and stage surprise attacks on supply depots and transport columns.

The fighting has resulted in severe hardship for the Saharan population. Major towns are still occupied by Moroccan and Mauritanian troops. Those Saharans who wish to flee to Algeria (about 50,000 have done so), must do so at night in order to avoid Moroccan troops and the Moroccan Air Force, which has been known to bomb refugee columns.

Once in Algeria, life is harsh. Most of the refugees live in one of twenty-two refugee camps in southern Algeria near Tindouf. Tents are their only protection against the blazing sun of the day, and the freezing cold of the desert night; they live on bread and semolina, and medical supplies are in short supply.

It is difficult for international organizations to assist these refugees. Tindouf is 1,200 miles from Algiers, making communications and transportation difficult. The Algerian government is reportedly spending $50,000 dollars a day on refugee relief.

And end to the fighting does not appear likely in the near future.

THE HORN OF AFRICA

Few countries are faced with the kind of political instability that has beset Ethiopia in recent years. Assassinations and assassination attempts of government leaders and various opposition elements have become commonplace in Addis Ababa, the capital. Numerous insurgencies continue throughout the country, the two most significant of which are the Eritrean drive for secession in the north, and the Somali-Ogaden claims for autonomy in the east.

The Somali people have a history of intense nationalism in spite of divergencies within their own society. As a people, the Somalis stretch from northern Kenya to the newly independent Djibouti on the Red Sea. Split up by colonial borders, the Somalis have always harbored a desire to unite in a "greater Somalia" organized and united under one government. Some observers feel that the Somalis saw in Ethiopia's internal problems, an opportunity to press their claims on the Ogaden Desert region which they claim as their own.

Eritrea, the coastal province in northeast Ethiopia, was once the ancient kingdom of Axum and has always remained distant from the highland government in Addis Ababa. Until 1962, the province was an autonomous region of Ethiopia. In that year, Emperor Hailie Selassie annexed the province into Ethiopia, repealing the autonomy of the Eritrean provincial government. Discontent and sporadic violence against the government have always existed, but observers and members of Eritrean support groups in the US feel that the 1973 drought and the government's failure to help are what led to the increased rebel activity in Eritrea in the last three years. At present, the government controls only the cities in Eritrea, and US State Department officials and other observers report that the cities are under siege by insurgents pressing on government forces who are fighting a two-front war in the Ogaden and in Eritrea.

The combination of drought, famine and fighting has thus far produced hundreds of thousands of refugees both within Ethiopia and in the surrounding countries of the Horn. The most serious problem is in Eritrea where an estimated 600,000 people have had to flee their homes.

While Eritrean forces control most of the province, the government has resorted to indiscriminate air attacks on Eritrean villages. Those whose homes have been destroyed, reportedly have been forced to seek shelter in caves or under trees. Food is a problem because many crops have been destroyed by the fighting. Moreover, relief efforts have been prohibited by the Ethiopian government and major international agencies have not been allowed to operate inside Eritrea.

Relief efforts are being carried out by the Eritrean Relief Committee which, with support from voluntary agencies and fund raising activities in the West, provides blankets, shelters, food, medical care, and clothing for the displaced. This aid must enter Eritrea via the southern Sudan on trucks and Land Rovers.

Since the beginning of severe fighting in Eritrea, over 150,000 people have fled to the southern Sudan. There, the UNHCR has been able to help some refugees find jobs or become self-sufficient farmers. The UNHCR also has two camps housing about 32,000 people. However, the $1,246,000 UNHCR program at the Esh Showak and Wad-el-Hileiwu camps cannot provide all the Eritrean refugees in need of housing and food. The UNHCR estimates that at least 55,000 refugees remain for whom no settlement assistance is available.

SOUTHERN AFRICA

In 1978, Southern Africa faces war, civil unrest, racial oppression and tribal strife. The resulting flight of refugees is bound to increase.

Angola remains a country divided and engaged in a bitter civil war rooted in ideological and tribal differences. The Popular Movement for the Liberation of Angola, supported by the Kimbundu tribe, the urban intelligensia, and twenty thousand Cuban troops, remains in control of the capitol, Luanda, and the central portion of the country. But the MPLA power faces a serious threat from Jonas Savimbi's National Union for the Total Independence of Angola (UNITA), supported by the Ovimbundo tribe (33 percent of the population), controlling much of the southern countryside.

In the north, the National Front for the Liberation of Angola (FNLA), headed by Holden Roberto, though far less active than UNITA, still holds the loyalties of the Bakongo tribe, which comprises 25 percent of

the population. In Cabinda, the oil-rich enclave north of the Zaire River, Cuban troops have been protecting the oil refineries from guerrillas who seek independence for Cabinda.

The unsuccessful invasion of Zaire's copper-rich Shaba province by Katangan exiles, who had been living in Angola, in March and April of 1977, has caused the flight of some 200,000 refugees into remote districts of Angola. These refugees, living in the remote bush, have strained relief operations, already taxed by the hundreds of thousands of persons internally displaced by the Angolan civil war.

Within Angola, these displaced persons are aided by several relief organizations. The UNHCR, WHO, UNICEF, World Food Program and the International Red Cross are working in a coordinated effort to provide food, shelter, clothing, communications and transport facilities. These efforts, however, have been severely hampered by war, lack of facilities and the remote location of some refugee groups.

In neighboring countries such as Zaire and Zambia, however, there are thousands more refugees. In Zaire, l'Eglise du Christ and l'Association International de Development Rural Outre-mer administer UNHCR programs for over 500,000 Angolan refugees. In Zambia, where there are 30,000 Angolans, UNHCR works in tripartite agreement with the Zambian government and the Lutheran World Federation/Zambian Christian Refugee Service has set up a settlement for Angolans at Meheba funded with 72,000 dollars and serving 11,000 refugees.

Attacks by Rhodesian security forces on refugees in southern Mozambique have claimed at least 1,000 refugee lives in a Rhodesian attempt to destroy guerrilla bases. There are 35,000 black Rhodesian refugees in southern Mozambique, most housed in three Mozambican-run and UN-assisted camps. In 1977, the UN provided around 2 million dollars worth of assistance to refugees in Mozambique and is projecting a budget of 3 million for 1978. In addition, voluntary agencies and governments will contribute another 1.4 million.

In Rhodesia the political situation remains tense. Recent reports, however, indicate a greater Anglo-American willingness to accept the plan. To date over 8,000 people have been killed in the six-year guerrilla war. In addition to the black Rhodesian refugees in Mozambique, there are large numbers of refugees from the guerrilla war in Zambia and Botswana. The refugees in Botswana are largely self-supporting and live in temporary refugee settlements at Francistown or in the Selebe Pikwe settlement. In 1977, the government of Botswana asked the UNHCR for 800,000 dollars to build a new emergency settlement which would house 2,000 more refugees. The government of Zambia, which hosts some 7,000 refugees from Rhodesia, is now renovating its Maleni refugee center to accomodate new arrivals from Rhodesia.

The exodus of whites from Rhodesia was 12,000 people in 1977, compared to 7,200 in 1976. These whites are emigrating to Western countries rather than staying to face the continued economic decline of Rhodesia, mandatory military service and a dubious future for the privileged white life style. The emigration of white Rhodesians, while relatively small, compared to the number of black refugees who have fled, is increasing monthly. A sharp increase could severely strain the already taxed resources and capacity of major countries of asylum and the various voluntary agencies that aid in resettlement abroad.

The continuing struggle between the Southwest African People's Organization (SWAPO) and South African troops, coupled with the police repression of student political organizers, has led to the flights of hundreds of Namibians to neighboring countries.

The question of Namibia has been on the UN General Assembly Agenda since 1946, when the Assembly refused a South African request to annex the territory. Under the League of Nations, Namibia became a mandated territory and South Africa was given the authority to govern it, and "promote to the utmost, the material and moral wellbeing and social progress of the inhabitants." The UN has charged that South Africa has violated this principle by introducing apartheid into the territory.

In 1966, after 20 years of UN efforts to bring about a change in South Africa's racial policy, the United Nations General Assembly revoked the League of Nations Mandate and placed the territory under UN control, declaring South African occupation of Namibia illegal. A special session of the General Assembly was called in 1967, to set up the Council for South West Africa and later changed the name to Namibia.

Namibia is a territory rich in copper, lead, zinc, uranium and diamonds. Most of the profits are exported as shareholders' dividends and taxes to South Africa; the Africans are demanding at least a portion of that income tax for distribution in Namibia to better the standard of living for the black majority.

For young students exiled for their political activities, the United Nations High Commissioner for Refugees (UNHCR), the Botswana Council of Churches and the International University Exchange Fund (IUEF), provide schooling, and scholarships. The UNHCR has built a secondary and a junior secondary school, each of which accommodates 480 students.

The government of Botswana is also letting Namibian students attend the University of Botswana. The American Friends Service Committee, through the Botswana Council of Churches, UNHCR, and IUEF is now raising funds to assist some students in attending universities in Europe and West Africa. Simlar efforts are being undertaken in Zambia, and in Angola, the UNHCR has provided $100,000 for the restoration of a SWAPO hospital destroyed in an attack.

In South Africa, a wave of "bannings" of black activists, the closing of the liberal press, and the tragic death of Steve Biko while in detention, brought South Africa to the attention of the international community this year. In response, the United Nations passed a resolution banning arms sales to South Africa (supported by the U.S. and the West) and threatened to impose an economic boycott.

One of the most salient symbols of the rising black consciousness in South Africa has been the student strike protesting inferior education for black students. Because of the Soweto violence, many black student leaders have been forced underground, and some have been forced to flee the country because of fear of police repression.

In Botswana, Lesotho, Swaziland, Mozambique and Tanzania, these students are assisted in continuing their education. Involved in the effort are: the Botswana Council of Churches, the Lesotho Christian Council, the IUEF, UNHCR and other voluntary agencies concerned with the education of South Africa's future black leaders.

White professionals are also leaving South Africa. Concerned about the future in racially separated South Africa, they are leaving at the rate of 1,000 a month (in contrast to a net inflow of 2,300 people in 1976). Many go to England or other European countries. As the level of tension in South Africa rises, more whites will undoubtedly choose to emigrate.●

RURAL POLICY INITIATIVES

HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. NOLAN. Mr. Speaker, on March 20, 1978, representatives of the National Association of Towns and Townships and I met with Mr. Stuart Eizenstat, Assistant to the President for Domestic Affairs and Policy. The purpose of this meeting was to discuss the rural policy initiatives of the Carter administration in anticipation of the President's urban policy statement which was subsequently announced on March 27, 1978.

This meeting was successful in that it served to open channels between the White House and Capitol Hill and foster a spirit of cooperation between our respective offices as we move to formulate a significant national policy for rural development in balance with its urban counterpart. In this regard, I would like to take this opportunity to submit for the RECORD the statement of the National Association of Towns and Townships as presented to Mr. Eizenstat:

STATEMENT OF THE NATIONAL ASSOCIATION OF TOWNS AND TOWNSHIPS ON THE CARTER ADMINISTRATION'S PROPOSED NATIONAL URBAN POLICY

"Small towns and rural areas cannot be excluded from any financial aid program devised. To do so would penalize citizens who remain (in such communities)."—Jimmy Carter.

"Although urban areas in this country have serious problems, their problems really pale in comparison to those faced by residents of rural areas. In terms of housing, transportation, energy, jobs, income, and almost any other measurement of economic well-being, rural Americans are worse off than are urban Americans."—Senator Lloyd Bentsen.

"There is always the danger that rural areas will become a residual part of the national geography, receiving only leftovers from an urban strategy."—Academy for Contemporary Problems.

"Is it really so difficult to figure out that the problems of the cities cannot be solved without simultaneously attacking the problems of the rural areas?"—Karl Van Asselt, New England Municipal Center.

INTRODUCTION

The National Association of Towns and Townships (NATaT) is a federation of state organizations representing over 13,000 local governments. The majority of NATaT's members are small (under 50,000 in population), non-metropolitan communities. Considering that over half of all Americans live in such localities, NATaT provides the focus for a vital intergovernmental perspective.

NATIONAL URBAN POLICY: SERIOUS NEEDS EXIST BEYOND METROPOLITAN BOUNDARIES

While there is no question that some of the nation's big cities are having serious problems which demand the attention of our national policy-makers, there can be no doubt that many of the country's smaller communities are also experiencing hard times. Local officials in non-metropolitan townships can attest to the fact that economic and social problems are not limited to the big cities. Rural localities contain twice as many substandard housing units as metropolitan areas. The median income of

non-metropolitan families is almost one-third less than that of metropolitan families. Four-tenths of the nation's elderly live in rural areas, and one-third of them have incomes below poverty level.

Minimal or non-existent infrastructure is also a fundamental problem for many smaller communities. They lack adequate roads and bridges, sewer and water plants, and other basic facilities which are taken for granted in the larger cities. Without a certain minimal level of capital development, citizens of rural areas can never hope to achieve economic well-being.

NATIONAL DEVELOPMENT: THE NEED FOR BALANCE

Balanced national development is an idea whose time has come. Yet, without consideration of small communities, there can be no balance, no equity. To focus exclusively on the plight of the inner city is to ignore the equally serious problems which exist in small towns all over America. To target new dollars or redirect current programs towards the big cities is to overlook the community development needs of thousands of this country's non-metropolitan communities. In short, conditions of deprivation exist in rural America which deserve immediate attention and require special, appropriately scaled solutions.

FEDERAL POLICY: A LACK OF EQUITY

Small towns receive a very limited and disproportionate share of federal grant-in-aid dollars. Since it has been established that a high level of human need exists in rural communities, it must be concluded that non-metro local governments lack the political clout necessary to receive equitable treatment in the federal decision-making process.

The Public Works and HUD Small Communities programs are examples of current federal activities which arbitrarily discriminate against non-metropolitan towns. These programs, and others, employ arbitrary population cut-offs and selection criteria which place heavy emphasis on the absolute number of unemployed represented by a given locality.

During the initial stages of the Urban Policy development process, some officials suggested that current programs such as Revenue Sharing be restructured to target money to the inner cities. Since it has been clearly documented that small towns and rural areas are already receiving a very small share of the federal dollars and are usually forced to compete for scarce discretionary funds, it would be a grave injustice to develop new funding formulas which are even more biased towards urban localities.

If the administration's policy theme of balanced national growth and economic development is to have integrity, the White House must examine and reshape existing programs which arbitrarily place non-metropolitan communities at a disadvantage in the intergovernmental system. It must also ensure that such communities are not considered as an afterthought in the implementation of the so-called urban policy and in the allocation of new dollars.

A NEW ROLE FOR THE STATES: LOCAL GOVERNMENTS MUST BE GIVEN THE LEAD

While the National Association of Towns and Townships supports the concept of a greatly improved state-local partnership for sub-national development, it is concerned about the administration's plans for involving local officials in that process, especially as it relates to non-metropolitan communities.

In the past, there has been a serious void in the policy-making structure of most states in terms of involving and assisting small towns and rural areas. A national development policy must address this problem and ensure that local officials serve in more than an advisory role. Simply encouraging the states to consult with local officials, especially those from rural areas, does not work. A review of the list of participants chosen by state governors to attend the White House Conference on Balanced National Growth and Economic Development is indicative of the problem: only one out of five hundred represented non-metropolitan local government interests.

If a state-local partnership is to produce results, incentives must be created to guarantee participation in state growth planning decisions. Otherwise, a "top-down" process will result and we will continue to see substate development programs dominated by urban interests.

NATIONAL DEVELOPMENT BANK: COMMERCE DEPARTMENT SHOULD HAVE JURISDICTION

If the purpose of the National Development Bank is to attract businesses to depressed areas generally, and not to the big cities exclusively, then the Commerce Department should oversee this important new program. This Department, through its Economic Development Administration, has a long history of experience with depressed communities of all types and is not biased in its approach to community development. HUD, on the other hand, has already expressed its interest in working exclusively with large urban centers; consequently, this department would be unable and perhaps unwilling to conduct a truly national development effort.

If it is to be the centerpiece of this administration's domestic development policy, a financing mechanism of this nature will work best as a function of the Commerce Department.●

NEEDED: A U.S. MARITIME STRATEGY

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. BOB WILSON. Mr. Speaker, the administration's defense budget has been the subject of a great deal of discussion particularly as it addresses the buildup of the Soviets in Central Europe. It emphasizes strengthening our ground forces in Europe and our airlift capability at the same time that it downgrades the mission of our Navy to support such conflicts as may arise outside the NATO arena.

I do not argue with improving our airlift capability, but at the same time, it cannot be ignored that the bulk of resupply or reinforcement must come by sea. Over 90 percent of our resupply effort to Southeast Asia was water-borne, but without an adequate merchant marine and Navy, any major resupply effort will be feeble at best.

In a recent article in Shipmate magazine, Rear Adm. George H. Miller, USN (retired), warns of the consequences of our having an inadequate Navy and merchant marine, and I believe his words would be of great value to all of us.

The article follows:

NEEDED—A U.S. MARITIME STRATEGY

In the history of the more successful—more lasting—civilizations of the past—Greece, Carthage, Rome, Spain, England, to cite a few examples, one notes a common threat. Their early years, the growth years, were characterized by the development of an expanding foreign trade, a trade carried to distant lands by merchant ships. Rival peoples built navies to protect—and disrupt—this trade. Thus the growth phase of these civilizations might be characterized as the maritime phase.

Eventually, as these civilizations stabilized, they began to send armies overseas to maintain stability and protect distant trading markets from intrusion. Getting mired down in overseas land wars bled nations of their wealth and manpower, and decline accelerated.

Navies take on the characteristics of the nations they serve. Growing nations, the traders, had what might be called maritime navies, whose primary concern was protection of shipping and control of the sea-lanes. Civilizations in the affluent, declining stage had what might be called land-war navies, whose primary occupation was to supply and support overseas land wars.

The rapid growth of Soviet foreign trade, along with their merchant marine and navy, is clear evidence that the Soviets understand how trade and maritime strength built many of the most successful and lasting civilizations of the past. The Soviets have carefully avoided committing Soviet forces to overseas land wars. Instead, they use foreign trade and their merchant marine to spearhead expansion, which is proceeding on a scale and at a rate unprecedented in history.

Meanwhile, the United States has thus far proved unable to cope with the maritime strategy of the Soviet Union. Instead, U.S. decision makers seem to occupy themselves with preparing for Soviet armies to storm the ramparts of NATO. But the land attack does not come. The Soviets are busy conquering the world without war. They find it cheaper and safer to conquer foreign trade with merchant ships than to conquer territory with troops.

The fact is that the United States, since World War II, has adopted a land-war strategy, very similar to that adopted by notable civilizations of the past in their declining years.

The U.S. Defense establishment, since passage of the National Security Act of 1947, has been structured primarily for land war. It is based principally on the theory that each of the Armed Services—Army, Air Force and Navy-Marine Corps—must have its share of the budget, its share of the action. So structured, the United States can employ its armed forces only when land war is involved. The United States at present has no maritime alternative to land war.

For those nations which think primarily in terms of land wars, it is easier for budget purposes to plan for short wars than for long ones. The usual procedure is to create a scenario for a land war, select an area where the war could logically occur, assume certain weaponry, together with quantities and capabilities on both sides, and run it through the war-gaming procedure, computerized or otherwise. One comfortable aspect of war-gaming a short land war, or sea war for that matter, is that our side usually wins. People who participate in these exercises usually don't address the uglier possibilities.

Short war planning also creates the rationale for buying missiles, tanks, aircraft and other land-war equipment and for avoiding the purchase of ships, which require longer construction lead-time and more money than land-war weaponry.

The campaigns of World Wars I and II were delayed again and again primarily because of a shortage of merchant ships. The United States embarked on massive emergency shipbuilding programs upon entry into both World War I and World War II.

Many of those ships, however, were not completed before the wars ended. Fortunately, in those days, strong allies held off the opponents while we organized and prepared. Today, the rapid growth of the Soviet Navy and Merchant Marine is clear evidence that the Soviets give high priority to the construction of both navy and merchant ships. Their shipbuildng program also suggests that they are preparing for a long war and do not intend to accommodate to the short war thinking of U.S. planners.

The record of the short war planners is not very good. Something goes wrong; people miscalculate; the opponent does not realize that the war is supposed to be short and fails to surrender according to the war-game scenario. One common characteristic of short war planners is that they almost invariably make a case for more land war forces and weaponry; they rarely make a case for more ships of any kind. A common conclusion among U.S. short war planners has been that we always have enough ships.

The German short war planners were proved wrong in World War I. They were wrong again in World War II. U.S. short war planners were wrong in the Korean war. They were wrong again in the Vietnam war. Those who think in terms of future short wars are probably just as wrong now, unless the U.S. itself plans to surrender according to the scenario.

A protracted war turns primarily into a sea war of attrition, a struggle for world resources, human and material. A sea war turns on who has the ships, on who can load those ships and shepherd them to the strategically and geographically important areas of the world. A sea war means persuading the populations of the world and the resources they control to join the struggle. It is the side with the ships, the side with the ability to keep those ships afloat and moving, the side with the persistence to carry on that usually wins the protracted struggle, a principle which land war strategists historically have seemed unable to comprehend. The nuclear war, hypothesized by today's land war scenarists, looks suspiciously like a warmed-over version of the blitzkreigs of World Wars I and II.

The fact is that since the late 1940s the U.S. has had a tendency to become involved in land wars, wars which have bled America of her treasure and her potential young leaders and competitors, wars which have undermined public confidence in our government's ability to provide for the common defense.

The U.S. Constitution and the U.S. Merchant Marine Act of 1936 do contain language which, if supported by the responsible government officials, provides the means to develop a U.S. maritime strategy alternative to land war.

The Constitution states that the Congress shall provide and maintain a Navy. It goes on to state that Congress shall raise and support armies but no appropriation for this purpose shall be for longer than two years. This raises a question concerning present Defense Department policy of giving higher priority to procurement of land war weaponry than to the procurement of ships.

The Merchant Marine Act of 1936–1970 states that a U.S. Merchant Marine is necessary for national defense and development of U.S. foreign and domestic commerce. The Merchant Marine Act specifies that the United States shall have a Merchant Marine sufficient to carry its domestic water-borne commerce and a substantial portion (interpreted as at least 50 percent) of the foreign waterborne export and import commerce of the United States, and to provide shipping service essential for maintaining the flow of such domestic and foreign waterborne commerce at all times. The Merchant Marine Act goes on to state that the U.S. Merchant Marine shall be capable of serving as a naval and military auxiliary in time of war and national emergency; that it is the policy of the United States to foster development and encourage the maintenance of such a merchant marine.

Under the Merchant Marine Act the Secretary of Commerce is responsible for carrying out the foregoing national policy and for adopting a long-range program for replacements and additions to the American merchant marine. The Act further directs the Secretary of Commerce to cooperate closely with the Secretary of Defense and the Secretary of the Navy on a number of matters concerning the U.S. Merchant Marine.

On the other hand, the National Security Act makes no mention of the Merchant Marine, or of need for cooperation between the Navy and Merchant Marine. The National Security Act makes no provision for development of a national maritime strategy to serve the Nation's interests without resort to land war. But the National Security Act does make the Navy responsible for "prompt and sustained combat incident to operations at sea." The National Security Act also makes the Navy generally responsible for protection of shipping.

Today, the U.S. has only 470 Navy ships and 577 merchant ships, capable of carrying only 6 percent of U.S. export and import trade, only 3 percent of U.S. petroleum imports. By comparison, the Soviet Union has 1919 Navy ships and 2420 merchant ships capable of carrying over 50 percent of Soviet export and import trade. This gives the Soviet Union an overall total of 4339 Navy and merchant ships, as compared to the U.S. total of a little over a thousand, a Soviet superiority of 4 to 1. As an example of how desperately short we are of ships, over 1700 merchant ships served as part of the U.S. Navy in World War II, over 100 of them as auxiliary aircraft carriers.

In World War II, the United States served as the arsenal of democracy. Today, however, the United States must import unprecedented quantities of petroleum and other critical raw materials. Interruption of the inflow of U.S. critical materials in time of war could force our war industries to shut down and could prevent U.S. armed forces from operating overseas. The Soviet Union, on the other hand, is virtually self-sufficient in critical raw materials.

America's post-World War II policy of neglecting shipbuilding and favoring large nuclear retaliation and land war forces has raised the possibility of defeat of the United States. The Soviet nuclear buildup assures destruction of the U.S. in event of a nuclear exchange. At the same time, the Soviet Union avoids a direct attack on areas occupied by U.S. land forces. With U.S. armed forces thus stalemated, the Soviet Union has been free to use its foreign trade and merchant marine assets in an organized campaign to achieve world domination.

Meanwhile, the U.S. has a paralyzing shortage of shipping, with neither plans nor organization capable of rebuilding and marshalling its maritime and foreign trade assets in the national interest.

It is a fact that foreign trade is now and always has been a major factor in a nation's world influence, economic strength and national security. Why is it then that almost any foreign flag ship can participate in U.S. seaborne trade, while foreign air transports can participate in U.S. airborne trade only on a *quid pro quo* basis under agreements negotiated by the U.S. Government? The current practice of squandering America's enormous seaborne foreign trade assets, with scant consideration for the national interest, offers little organized competition to the Soviet campaign of world conquest.

U.S. international efforts over the past three decades have been characterized by rationalized accommodation and retreat. Shall we go on fighting ourselves with the raised-in-America specter of instant nuclear retaliation? Shall we continue to accommodate to Soviet-inspired "wars of national liberation," in Southeast Asia, in the Middle East and Africa, in Central America? Or shall we forge an integrated, no-nonsense political-economic-maritime strategy to compete with Soviet imperialism now?

Land war strategy is contributing to the decline of U.S. world influence, economic strength and public confidence. The most important national security issue confronting the U.S. Government today is how to organize, develop and put into motion a U.S. maritime strategy. If Americans still prefer liberty to bondage, there may yet be time to turn the tide.●

CLEVELAND PHYSICIAN CITES DISPARITIES IN HEALTH CARE BETWEEN WHITES AND NONWHITES

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. STOKES. Mr. Speaker, recently, Dr. Edward L. Wilkerson, one of the most respected and distinguished physicians in Cleveland, Ohio, presented a paper at the Lake Front City Forum on health delivery in the innercity.

In his remarks, Dr. Wilkerson points out numerous disparities in health care delivery between whites and nonwhites, the affluent, and the poor in Cleveland. Mr. Speaker, I was particularly interested in Dr. Wilkerson's statistics since they so closely relate to the findings of the Congressional Budget Office report which I requested on the "Health Differentials Between Whites and Nonwhites in America." Dr. Wilkerson's paper further underscores the need for administrative and legislative initiatives to rectify this distressing situation.

At this time, Mr. Speaker, I submit Dr. Wilkerson's remarks for the RECORD, and I urge my colleagues to give careful consideration to this speech:

HEALTH DELIVERY IN THE INNER CITY

My subject is of vital concern to everyone here this afternoon—as it has to do with a matter of life or death, many Americans feel that health care is an American right although at this time, we are painfully aware that not all Americans are equitably exposed to the presently available health delivery system.

When we take a look at current vital statistics dealing with life expectancy, causes of death, births, and morbidity tables, it is tragically clear that in America today, economics and race are still primary factors in determining the length and quality of life. Let us take a critical look at our own community.

The last census showed the population of Cleveland to be 750,903, with 458,084 white and 292,819 nonwhite (mostly black). In 1976 we had 10,269 births and 7,732 deaths. Leading causes:

1. Heart Disease	3,071
2. Cancer	1,511
3. Cerebral Hemmorhage (Strokes)	628
4. Accidents	296
5. Diseases of Arteries	236
6. Cirrhosis	233
7. Homicide	228

The life expectancy for the Black male is 63.6 years and the white male is 69.4 years (9.1% lower than WM). The life expectancy for the Black female is 72.3 years while for her white counterpart it is 77.2 years (6.8% lower than the WF).

Births: White, 5,325, at a rate of 11.6 per 1,000; black, 4,944, at a rate of 16.9 per 1,000.

Infant Deaths: White, 80 (or 15.0 per 1,000 live births); black, 110 (22.2 per 1,000 live births).

When we look at statistics like the ones I have just given you, we tend not to associate them with ourselves, our family, or our friends. Certainly, we do not attach any economic significance to them.

Well—just for a moment, let us take a close look at the differential between blacks and whites as far as infant mortality is concerned, and project the economic impact on the black community.

The figures show that in 1976 we lost 30 more babies who were born alive than the white community.

Aside from grief, family disruption, the economic loss due to burial costs, their potential income was lost to the family and the community.

If we would assume that each of these babies, when grown, had a 30-year work potential, and if we assumed that each could generate at least $8,000 annually (taking into account the differential between white and black), then we see that the financial loss to the black community just for 1976 was $7,200,000.00!! Or enough money to send 600 people to college for 4 years.

Those of us who are left, if we are truly concerned about our community and our future, must be concerned about the system and quality of health care in the Inner City Area which allows this inequity in our daily life.

The present health delivery system in the Central City is primarily structured around outpatient clinic systems sponsored by hospitals or government funded clinics . . .

There are very few physicians, dentists, and podiatrists in private practice remaining in predominately black communities.

Most of the hospitals, including the V.A. Hospital, Mt. Sinai, St. Lukes, and Cleveland Metropolitan are under the control of or are affiliated with University Hospital and Case Western Reserve Medical School . . . Hough Norwood Clinic and the Kenneth W. Clement Health Center are likewise controlled by or affiliated with the University Hospital Complex.

Unless an inner city resident has a private physician, their health care will most likely be provided by the Clinics or emergency rooms of one of these institutions.

Most of these facilities have full time physicians who supervise the intern and resident staff as well as personally see patients on a private basis. University Hospital has a private office building on Green Road for serving the suburban areas and Mt. Sinai is trying to build a similar facility in an eastern suburb for its full time staff and visiting staff to service their private suburban patients.

It is significant that there are no minority physicians involved in these programs.

Health care is now the 3rd largest industry in the U.S. with an annual expenditure of approximately 150 billion dollars. The Federal Government provides about 50 billion of these dollars using our tax dollars.

Most of these federal dollars flowing into the Cleveland area are controlled and spent by the existing medical complexes.

From this brief overview of the present system, it is apparent that improvements in the quality and availability of responsive health care in the Inner city must evolve from community concern and demands.

To achieve this, the community must be involved in the planning and implementation of all programs designed to bring more and improved health services into our area . . . especially where federal funding is provided.

Secondly, every effort must be made to attract more physicians into private practice in the Inner City. Over the last decade there has been a serious decrease in the number of minority physicians, dentists and podiatrists practicing in the Cleveland area.

Latest figures for Cuyahoga County show that there are 3,857 physicians of whom 61 are Black—representing just over 1% of the physician pool or 1 Black physician for every 4,800 Black persons . . . ideally there should be at least 1 physician for every 7–800 people.

Similarly, there are 1,076 Dentists—50 of whom are black.

And 161 Podiatrists—12 of whom are Black.

To attract these new minority practitioners, the existing health institutions must offer opportunities for full time staff appointments as well as teaching appointments in the medical school.

New methods for rendering health care must be developed and implemented. Toward this end, the HMO movement as exemplified by the Buckeye Health Plan, must be encouraged and promoted.

Health is a national priority . . . and we must get our fair share.

For the sake of our families, our community, and our Race, none of us can afford the luxury of dying before our time.●

"ENERGY: WHERE DID THE CRISIS GO?"

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. MAZZOLI. Mr. Speaker, much has been made of the failure of Congress and the President to enact a national energy plan.

An article in Sunday's edition of the New York Times suggests that the failure to enact a national energy program has not had a deleterious effect on our Nation. As a matter of fact, the delay may well have served a public good.

The following article is well worth our careful attention:

ENERGY: WHERE DID THE CRISIS GO?

(By Steven Rattner)

WASHINGTON.—It is just a year since Jimmy Carter launched his national energy plan, under the banner, "the moral equivalent of war." As it turned out, a more propitious year could have been chosen.

Instead of wrenching shortages to provide a political push, there were surpluses large enough to be embarrassing. Instead of soaring prices, there was stability, and even some decline. The energy plan has faded almost as quickly as the natural gas crisis that had given the plan an early, glorious springboard.

For critics of the plan, the events of the year served as vindication of their proposition that forces already in motion could solve the nation's energy problems.

"The year has shown that without any super package—without any part of it passed—we have been able to conserve energy, reduce oil imports and maintain natural gas production," said John Lichtblau, executive director of the Petroleum Industry Research Foundation.

The Administration has been taking pains, however, to dismiss talk of gluts and price cutting, seeing them as a diversion momentarily hiding the vast energy upheavals it believes must surely lie ahead. Others agree with that view. "I think the whole world two years from now will not look anywhere as good," said an oil industry executive.

Energy Secretary James R. Schlesinger, in an interview last week, endorsed that view. "The fact that you don't have a visible shortage tends to mask the longer-range shortage. The things you cite have been used as an excuse for postponing until tomorrow what we ought to do today."

Among the developments:

The abundance of natural gas this winter, despite unusually cold weather. At the same time, a three-year decline in natural gas production appears to have been halted and several gas utilities are once again accepting new residential customers.

Imports of crude oil from the Organization of Petroleum Exporting Countries are down sharply—nearly 9 percent this year—as a result of new supplies from the North Sea, Alaska and elsewhere. Prices, particularly after adjustment for inflation, are also down.

Coal production rose last year despite the long strike, and industry and utilities have begun to convert to coal in droves. Electric power remains ample, partly as a result of increased nuclear supplies.

Energy consumption and gross national product in the United States formerly increased at almost the same rate. The relationship between the two has been changing and last year, energy growth totaled less than 65 percent of economic growth.

To be sure, not all the signs were hopeful. There were increased indications of production problems in Saudi Arabia and of an inclination among Saudis to limit their oil production. And the dollar plummeted on foreign exchange markets, in part reflecting a European perception that America had failed to deal with its energy problems.

"The long-term things all look worse now than we thought they would," said Alvin L. Alm, Assistant Secretary of Energy Policy.

The principal force behind the self-correction cited by a number of energy experts is higher prices; oil prices are up fivefold since 1973 and natural gas prices have more than tripled during the same period. At the same time, the effect of several pieces of legislation enacted by Congress in the wake of the Arab oil embargo—such as automobile mileage standards—is now beginning to be felt.

Perhaps the most dramatic demonstration of the shift involves natural gas. Hundreds of companies across the Middle West in the winter of 1976–77 lost their gas because of the short supply and residential priority. Hundreds of thousands of workers were temporarily unemployed.

This winter, which was equally cold on a national basis, saw not a single layoff due to gas supply problems. Moreover, the Texas Railroad Commission, which regulates energy production in the state, was forced to order a cutback because of excess supply. Prices in several gas-producing states were extremely weak.

In part, this reflects increased storage by the natural-gas utilities to prepare for any future shortages. In part, it represents widespread efforts by industry to speed conversion to other fuels, including coal.

But it also is indicative of the early effects of quickly rising prices. In 1973, 7,466 wells were drilled in the United States in search of oil and gas. By 1977, the total had climbed to 9,961.

The impact of all this drilling on gas production has become evident. From 1973 to 1976, natural gas production declined by 12 percent but last year it did not decline at all and several companies expect it to rise in 1978.

The improved gas outlook has also led a

number of utilities to accept new customers. New hookups have been tightly restricted for the most part since the early 1970's, when a coming gas shortage became apparent. Last year, about 550,000 new customers were hooked up, according to industry estimates.

"We've always thought there would be plenty of gas available for residential use if we could limit industrial use," said Theodore R. Eck, chief economist of the Standard Oil Company (Indiana).

The oil industry has experienced similar changes. Imports are down 16 percent for the first two months of this year while production is up 7.4 percent, chiefly reflecting the flow of Alaskan oil, which recently topped 1.1 million barrels a day. The upsurge in drilling has also helped oil production. Domestic production not including Alaska has continued to decline, but at a slower rate.

The improved domestic oil picture has actually led to a glut on the West Coast as Alaskan oil arrives by tanker. Crude oil supplies there are more than double year-ago levels and California, which produces nearly a million barrels a day, is warning that some of its wells may be forced to shut down.

Similar conditions pervade Europe. Oil imports hardly grew last year, reflecting weak economies, increased oil production from the North Sea and larger supplies of gas from Northern Europe.

As a result, demand for OPEC oil was down nearly 9 percent during the first two months of this year, to less than 30 million barrels a day. By comparison, OPEC production at its peak in 1973 totaled 31 million barrels a day.

The worldwide glut has in large part been responsible for an increasingly moderate stand on prices by the OPEC cartel. Prices appear to be frozen for 1978 and substantial quantities of oil have been moving at discounts as high as 30 cents a barrel.

To all appearances, supplies of other fuels are equally ample. In spite of the coal strike, coal miners were still able to produce 673 million tons last year, up from 665 million tons a year earlier, according to the National Coal Association. The frantic rush by coal users last fall to increase stockpiles before the strike pushed production in some weeks to 16 million tons a week, an annual rate of 840 million tons.

Moreover, industry and utilities, fearful of an eventual shortfall of oil and gas, appear to be moving of their own accord toward coal. A survey by the National Electric Reliability Council turned up plans by utilities to install 241 coal-fired boilers by 1985, which are expected to consume 400 million tons of coal a year.

Electric power is similarly abundant, partly because of increased nuclear supplies. According to the Atomic Industrial Forum, nuclear power increased its share of total generation by two-tenths of 1 percent last year, to 9 percent. Meanwhile, nuclear generation will nearly triple over the next decade as a result of power plants already under construction.

Perhaps more important is the pronounced shift toward conservation. Once energy consumption and the economy grew in lockstep; now, thanks to higher energy prices, that relationship appears to have been broken, or at least bent.

According to Mr. Lichtblau, the oil industry expert, the energy-to-G.N.P. ratio fell to between 60 and 65 percent last year from 70 percent in 1976.

Another calculation, by Henry S. Rowen, former president of the Rand Corporation, showed that G.N.P., after adjustment for inflation, has grown by 11 percent since 1973, while energy consumption increased by only 3 percent.

"In short," Mr. Rowen told an American Petroleum Institute seminar recently, "we are using 8 percent less energy than we would have if energy consumption had grown proportionately with G.N.P. as it did in the period from 1956 to 1970."

Conservation has taken a variety of forms: Homes have been insulated, industry has switched to more energy-efficient processes, improved airplane engines are coming into use, lights are being turned off.

Some of this conservation is being achieved by legislation. Sharp increases in automobile efficiency—to 27.1 miles a gallon on average by 1985—are expected to send gasoline consumption into decline by the early 1980's. Last year, gasoline demand was up by only 2.4 percent from a year ago, according to the American Petroleum Institute. This has kept gasoline prices essentially unchanged and in the Northeast they are even down by about 2 cents a gallon.

John G. Buckley, vice president of Northeast Petroleum Industries, calculated that 2.7 million homes were insulated in 1976 and six million last year. This year insulation is off to a slower start, Mr. Buckley said, because home owners are waiting for Congress to approve tax credits for the job.

"The market is working," he said. "Prices are high enough to encourage people to do it without tax credits."

Despite all these favorable developments, energy officials insist that the need for a national energy plan has not diminished.

For example, although many nuclear reactors are now under construction, few are on order and a number of energy experts believe it is nearly impossible to win approval today for a new nuclear facility. Similarly, the Administration believes that the potential for industrial coal conversion is not being realized.

Most important, the outlook for world oil supply is cloudy. The official Administration position is that a severe oil shortage will strike in the early 1980's, causing oil prices to double, not including increases to match inflation. Private economists are skeptical of this early date, although they agree that oil supplies are certainly limited.

For example, the Exxon Corporation's domestic subsidiary this year cut its estimate of United States oil imports in 1985 to 11.4 million barrels a day from last year's forecast of 11.7 million barrels a day.

"When exactly the oil crunch is going to strike is one of those incalculables," Schlesinger said, "but you know it's coming."●

ANOTHER EXAMPLE OF REGULATORY OVERKILL

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. ARMSTRONG. Mr. Speaker, despite all the rhetoric recently about the need to reduce unnecessary regulations and paperwork, the impact on small business has not changed. And all too often, the absolute literal interpretation of laws Congress passes and the regulations promulgated by various agencies result in ridiculous and unfair situations.

Sometimes people in my home State of Colorado are forced to comply with regulations which have little or no relevance to the climatic and geographical conditions which exist or to the size of the business involved.

Unfortunately, what we often fail to realize is that the business does not pay the costs associated with these inappropriate regulations. That business's customers do. Virtually all costs imposed by Federal regulations are passed on to the consumer. So ill-considered regulations are basically anticonsumer.

The following letter illustrates all too well some of these problems, and I commend it to my colleagues:

ACORN PETROLEUM, INC.,
Colorado Springs, Colo., March 9, 1978.

Hon. WILLIAM L. ARMSTRONG
U.S. House of Representatives,
Washington, D.C.

DEAR MR. ARMSTRONG: Acorn Petroleum, Inc., today paid a $500 fine to the U.S. Environmental Protection Agency for our failure to comply with EPA's Oil Pollution Regulation, 40 CFR 112, at our small bulk plant facility in Colorado Springs as disclosed by EPA inspection on April 15, 1977. Originally EPA assessed a $2,000 civil penalty for our violation, but they mitigated to $500 since we promptly complied with the requirements of 40 CFR 112, and requested such mitigation.

Our compliance consisted of engineering work, legal assistance, excavation, forming and concrete work, tank relocation, plumbing, grading, and back filling at our small five tank, above ground, bulk plant. This work cost us approximately $5,000 plus some sixty hours of managerial time.

The EPA people were polite and businesslike. They are enforcing the law as it presently exists, and we can not blame them for that.

We are deeply troubled that the law is grossly unfair. It imposes much the same requirements on our 60,000 gallon bulk plant as it does on a 100,000,000 gallon facility at Bayonne, New Jersey. By the general applicability section of the rules and regulations it establishes proceedures, etc., ". . . to prevent the discharge of oil from non-transportation-related onshore or offshore facilities into or upon the navigable waters of the United States or adjoining shorelines." This sounds worthwhile, does it not?

The big problem, however, is that the rules and regulations, as promulgated by the agency as directed by the enabling legislation passed by the U.S. Congress and signed by the President, have interpreted navigable waters to include waters in small or even intermittent streams located many hundred miles away from navigable waters.

Come to Colorado Springs and look at Fountain Creek. Except during floods or exceptionally heavy run offs, a person could not even float a kayak in its waters. A good share of the year in the spring, summer, and fall irrigating season, not one drop of its water leaves El Paso County. The stream is completely dammed off in at least a half dozen places and all of the water is diverted during the irrigation season.

This total diversion makes no difference according to EPA regs. Fountain Creek runs into the Arkansas River at Pueblo, Colorado, and the Arkansas River runs thru Eastern Colorado, Kansas, and down into Oklahoma where the Arkansas River has been dredged and locks have been built near Tulsa. The fact that any oil spill which we may suffer would never get some 500 miles down the Arkansas River to where it is navigable is apparently not worthy of mention.

Our company is a small family owned and operated business in existence for twenty years. Our officers do not know the meaning of the forty hour week. We are struggling for our very existence at a time of our lowest profitability in many years. We have never had an oil spill. The $5,500 in costs and fines that we have spent in no way increases the utility or value of our bulk plant. The money spent does not increase our productivity: it can only be considered a monument to government misfeasance.

Small business cannot survive the present onslaught of government rules, regulations, and controls. By the time we take care of our responsibilities to the Department of Energy, the IRS, OSHA, the wage and hour people, EPA, Department of Transportation, Bureau of Census, HEW Social Security regs and to so many other government requirements, we have precious little time left to effectively manage our business.

Now we didn't spend the time and effort necessary to write this letter just to cry the blues and ask for sympathy. You can do something about our problems and those of other small businesses; at the same time you will be doing your country a favor. Here is what we suggest:

(1) Reduce the volume of legislation being passed in our congress; there is so much that it cannot be well done.

(2) Stop passing legislation that is "open-end", that relies on government agencies to promulgate the rules and regulations, publishes them in the Federal Register, holds hearings, then adopts them. We cannot afford a staff person whose only duty is reading the Federal Register and advising us on it. Can you?

(3) Work hard to reduce the role of the federal government and the number of people working for it. In spite of its ever increasing role, it is apparent to any fair minded person that the effectiveness of the federal government in accomplishing good for the country is continuing to rapidly decline.

(4) Address specific inequalities in existent law and work to remove them. Work to remove the "paper load" from individuals and businesses.

(5) Consider the effect of any proposed or pending legislation on the free enterprise system. A free marketplace is still the hope of survival of democracy in this country. Our marketplace is suffering from foundation cracks and settling caused by the burden of government taxes and regulation; too much will cause our marketplace to collapse. This phenomenon warrants everyone's concern. The present state of the stock markets and world currency markets show the vast numbers of people and institutions who are aware of the problem.

Thank you for spending your time reading our letter. We earnestly solicit your help in creating a better climate in our beloved land for the prosperity of business and individuals not only financially, but more freely in pursuit of all worthwhile objectives Give us a chance. The results will be astounding.

Sincerely yours,

KENNETH P. OCHS,
Secretary and Treasurer.●

ANOTHER OPPORTUNITY TO DEFEAT SO-CALLED LABOR LAW REFORM

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. RUDD. Mr. Speaker, currently awaiting consideration by the Senate is S. 2467, which allegedly would reform the National Labor Relations Act.

It would do no such thing. This bill is an ill-advised attempt to disguise special interest legislation for big labor bosses as reform legislation. Here in the House, we had our chance to defeat this legislation, but a majority of our Members unfortunately approved its companion measure, H.R. 8410.

While the issue is now the Senate's, it is certainly far from dead for us in the House. It may not survive Senate debate, but if it is passed by that body it will return to haunt us. We will be called upon to approve or reject the Senate version of the bill, and very possibly to make a decision on a House-Senate conference report. We must therefore keep a close watch on developments in the Senate.

Meanwhile, the American people continue to be deeply concerned about this so-called reform bill. As evidence of this concern in my own State of Arizona is a continuing dialogue in The Phoenix Gazette about this proposed legislation. The most recent letter to the Gazette from Mr. Stephen W. Pogson of the highly respected law firm of Evans, Kitchel, & Jenckes clearly makes some cogent points about this proposal to benefit Big Labor organizers.

I hope that this will serve to remind my colleagues of the fact that we may very well have another opportunity to reject this ill-conceived legislative proposal. I would like to include Mr. Pogson's incisive comments at this point in the RECORD:

[From the Phoenix Gazette, Mar. 27, 1978]

"REFORM" LAW WOULD AID BIG LABOR

(By Stephen W. Pogson)

I would like to respond to Stanley Lubin's "Emphasis" article in the March 7th *Gazette*.

Mr. Lubin attempted to defend Big Labor's so-called labor law "reform" bill, S. 1883, in response to a letter previously printed in your paper from a Mr. Charles Bailey, vice president of the *National Right to Work Committee*.

There are several inaccuracies contained in Mr. Lubin's letter which should not go unchallenged.

First, Mr. Lubin contends that while the bill would "increase the risk faced by employers who illegally resist union organizing campaigns, it will in no way increase any risk faced by workers or employers who legally resist union organization efforts."

One of the primary objectives of S. 1883 is to arm union organizers with strong new legal weapons with which to coerce employers into reorganizing unions without a secret ballot election.

In addition, Section 8 of the bill contains severe new penalty provisions which can be imposed upon any employer who resists union demands.

Ruinous penalties such as debarrment from federal contracts and government-imposed wage settlements would make many employers feel compelled to knuckle under to an agency shop demand in non-Right to Work states, or an irrevocable renewable dues check-off demand in Right to Work states, rather than risk his business by refusing to negotiate away his employees' freedom of choice.

This points up another difficulty with the misnamed "reform" measure—namely, the failure of the bill's authors to clearly define what constitutes a violation of the law.

The question of "bargaining in good faith" is very ill-defined and is ultimately decided on a case by case basis by the National Labor Relations Board (NLRB), a government agency characterized as "an adjunct of organized labor," by news commentator David Brinkley.

Mr. Lubin attempts to refute the assertion made by opponents of S. 1883 that passage of the bill would pave the way for congressional repeal of existing state's Right to Work laws. Mr. Lubin contends that this law (S. 1883) will have nothing to do with repeal of Right to Work laws."

On this point, I defer to AFL–CIO President George Meany, who testified on September 8, 1977 before a congressional committee that speedy enactment of the "reform" bill was "only the first aspect of labor law revision." Pass it quickly, Meany said, "then let's get on to . . . Section 14(b) (of the Taft-Hartley Act)." Repeal of Section 14(b) would take away the right of states, such as Arizona, to enact Right to Work laws.

Mr. Lubin's contention that S. 1883 will not affect state Right to Work laws also contradict statements made by the bill's principle sponsor, Rep. Frank Thompson, D–N.J., who openly admits that the bill is aimed at "doing away with open shop havens (i.e. Right to Work states)."

In his letter, Mr. Lubin demands to know why the National Right to Work Committee has "repeatedly ignored a Supreme Court order requiring the committee to produce in connection with litigation its lists of corporate contributors."

While I am not employed by the National Right to Work Committee, I do know that the Supreme Court has never ordered the committee to reveal its contributors' names, and I am surprised that Mr. Lubin would make such an error in his recitation of the "facts."

I am also surprised at Mr. Lubin's statement that ". . . when the National Right to Work Committee is willing to operate in the public eye, as unions do as a matter of course . . ."

The suggestion that a national citizens' lobby, with more than 1.25 million members, operates in secrecy is almost as preposterous as the notion that unions "tell all" to the public.

It is a well known fact that unions can easily circumvent laws such as those requiring disclosures of contributions to political campaigns. While public interest lobby groups have to report every nickel contributed to candidates. Big Labor lavishes its favored politicians with inestimable (and unreported) "in-kind" contributions using its rank and file dues paying members' compulsory dues to finance its operation.

In conclusion, I find nothing in the facts presented by Mr. Lubin (or any other advocate of the so-called labor law "reform" bill) which substantiates his conclusion that the working people of this country would be well served by this kind of 'reform." Rather, the bill is simply another attempt to disguise special interest legislation as "reform" legislation.●

TAX CREDITS FOR COLLEGE TUITION: SOLUTION OR PLACEBO?

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. DRINAN. Mr. Speaker, as the Rules Committee prepares to debate the circumstances under which the House will consider tax credits for college and vocational school tuition, it is an appropriate time to reflect on the equity and usefulness of this approach to supporting postsecondary education.

In this regard, I highly commend the following critical analysis of college tuition tax credits which was authored by

Thomas J. Reese, a tax attorney affiliated with the citizens group Taxation With Representation, and a contributing editor of America magazine, the National Catholic Weekly.

The article follows:

[From America, Apr. 22, 1978]

TAX CREDITS FOR COLLEGE TUITION: SOLUTION OR PLACEBO?

(By Thomas J. Reese)

The supporters of a college tuition tax credit say that it will alleviate the financial burden of middle-income families who must bear the high costs of putting their children through college, without either the resources of the rich or the aid programs available to the poor. They also argue that the credit will help private colleges and universities. In fact, however, the credit is nothing but a placebo. It will not help the middle class or private education. This is true for a number of reasons.

TUITION COSTS HAVE NOT RISEN DRAMATICALLY

A presupposition in all the arguments in favor of the college tuition tax credit is that educational expenses have risen dramatically. This is simply not true when compared with the relative increase in median family income. Between 1967 and 1976 college charges for tuition, fees, room and board rose about 75 percent. But at the same time median income has increased almost 89 percent. As a result the relative financial burden for putting a student through college is actually less than it was 10 years ago. During the same period Federal appropriations for the major student-aid programs grew 262 percent per full-time-student equivalent. Although most of the appropriations went as aid for lower-income students, the Guaranteed Student Loan Program (G.S.L.P.), which is the primary source of assistance for middle-income families, also grew. G.S.L.P. appropriations rose by 433 percent and the volume of loans grew by 121 percent on a full-time-student equivalent basis. This does not mean that some families might not need help, but it does show that a general tax subsidy to everyone is no more necessary today than it was 10 years ago.

AID TO MIDDLE-INCOME FAMILIES

Another fallacy supporting the credit is the argument that middle-income families are not helped by the current programs. Again this is not true. In fiscal 1977 the Federal Government provided $8.5 billion in student aid in the form of direct outlays and tax expenditures. Students from families with incomes between $10,000 and $20,000, who account for 33 percent of all students, received 36 percent of this total, although they received a smaller share (21 percent) of the $2.3 billion provided under the programs based on need. Middle-income families are, therefore, already getting their fair share of Federal educational aid.

CREDIT HELPS WEALTHY

From the statements of the proponents of the tax credit for college expenses, one would think that the credit will only help middle-income families. But, in fact, 54 percent of the benefits of a $250 nonrefundable credit will go to taxpayers with incomes in excess of $20,000, who make up the richest third of the population. Middle-income families, those with incomes between $10,000 and $20,000, receive only 34 percent of the benefits from the credit. If the college tuition tax credit is aimed at middle-income families, it misses its target.

CREDIT MEANS HIGHER TUITION

One of the major uncertainties of the credit is its effect on tuition costs. Some people argue that the credit will allow colleges to raise their tuitions at a faster rate than they would have otherwise. To the extent that tuition costs are increased, the credit's benefits for taxpayers are reduced as the colleges capture some or all of the benefits through higher charges. If this happens, the tax credit will be an aid to colleges and not to taxpayers.

On the other hand, if one argues that the colleges will not be able to raise their tuitions, then one must also recognize that they will receive no benefits from the credit. Both the colleges and the students cannot enjoy the same benefits. To the extent that one gets the benefits, the other does not.

The only way that both colleges and students could enjoy the same benefits from the credit is if the credit allowed students to go to college who would not have been able to go without the credit. The number of students for whom this is true is so small that a study for the American Council on Education concluded that a tax credit is an inefficient means of promoting access to post-secondary education.

CREDIT HURTS PRIVATE INSTITUTIONS

Many people believe that the college tuition tax credit is especially helpful to private institutions. This is not the case. In fact, a flat credit will hurt private institutions. Although the credit will reduce the absolute cost of attending a private or public institution by an equal amount, the relative price of attending a private institution will be increased.

For example, if it costs $2,000 to attend a private college and $1,000 to attend a public institution, and absolute cost difference is $1,000 and, in relative terms, the private school costs twice as much. A $500 tax credit would reduce the net price of attending these schools to $1,500 and $500, respectively. While the subsidy would not change the absolute cost difference, it would raise the relative price of attending the private institution to three times the price of attending the public institution.

Another way to illustrate the bad effect of the credit on private colleges is to look at its effect on the average cost of attending a private versus a public institution. A tuition tax credit of $250 would reduce a family's total student charges from an average of $3,981 to $3,731, or about 6 percent. However, it would reduce the total student charges of attending an average public institution from $1,882 to $1,632, or by 13 percent. Thus the percentage reduction for public schools would be greater than for private. and the relative cost of attending a private college would increase when compared with the relative price of attending a public college. These changes will induce some students to attend public institutions whose relative price has fallen. This is why the Coalition of Independent College and University Students (COPUS) has called the tuition tax credit the Trojan Horse of independent higher education.

If the goal of the tax-credit supporters is to aid the independent colleges and universities, the credit does not do it. As Joseph A. Califano Jr., Secretary of Health, Education and Welfare, pointed out in analyzing one tax-credit proposal: "Only 30 percent of the benefits would go to families sending their children to private colleges, although they have almost 50 percent of the financial need. . . ." Why should a millionaire sending his child to a low-tuition institution get the same credit as a worker whose child attends an expensive independent college?

TAX CREDITS ADD COMPLEXITY

Tax credits for college educational expenses will complicate the lives of students and their families. It will provide new regulations, new forms, new requirements that they will have to be familiar with in order to benefit from the program. In addition, they will have to figure out how the credit relates to other educational aid programs. Will it reduce their scholarships and eligibility for loans?

Many people claim that the red tape involved in tax gimmicks is less than that involved in direct-expenditure programs. This is only true if the requirements for qualifying for the credit are simpler than for the spending program. In addition, the administrative cost of the program for the Government is less only because the Internal Revenue Service audits less than 3 percent of tax returns. If H.E.W. only checked on less than 3 percent of the students who applied for educational aid, its administrative costs would also be low.

CREDIT MEANS HIGHER TAX RATES

Some conservative supporters of the college tuition tax credit favor any tax credit or deduction that will lower taxes for the middle class because they feel that those taxes are too high. This approach is simplistic. The tax system will raise as much money as Congress determines is necessary no matter how many credits, deductions and exclusions are available. What these gimmicks mean is that tax rates must be higher than necessary. If Congress adopts a college tuition tax credit costing approximately $2 billion in revenue, that will be $2 billion that will be available for generated tax cuts for all taxpayers. Thus, this credit will mean higher taxes for the elderly, for people who have already put their children through college, for childless couples, for single persons, for people in vocational schools, for everyone who does not qualify for the credit.

LOANS HELP MORE THAN CREDITS

The college tuition tax credit is supposed to help families who are burdened by college expenses. They will be more than happy to receive a $250 credit, but it will not help very much those who are really burdened by the cost of education. A credit of $250 provides little relief to students or their families, who now face average tuition costs of $3,300.

College expenses cause a short-term cash flow problem to students and their families, which will be followed with higher earnings by the students or with lower expenses for the family. The best way to deal with a short-term cash-flow problem is with a loan. Loans provide a subsidy larger than could be provided through a tax credit at the same cost to the Government. Some of the cost of these loans can be borne by students when they are earning more after their education is completed; or the cost can be borne by parents whose expenses are reduced when the student is out of school and independent.

Before 1976, eligibility for Federal interest subsidies on Guaranteed Student Loans (G.S.L.P.) was lost when family income reached $15,000. The 1976 amendments lifted this ceiling to $25,000 (equal to about $31,000 of adjusted gross income) and thus expanded the eligibility to about 85 percent of all students. The 1976 amendments also raised from $10,000 to $15,000 the total amount that a student can borrow for undergraduate and graduate training. The 7-percent interest on the G.S.L.P. loans is not payable until a year after the student finishes his education. In addition, there is a National Direct Student Loan (N.D.S.L.) program for which the interest rate is only 3 percent payable beginning nine months after the student finishes school. An expansion of these programs would make much more sense than a new college tuition tax-credit program.

CONCLUSION

Congress should not adopt a college tuition tax credit. Such a program would benefit those with high incomes more than the middle class or the poor. It will require that tax rates be kept artificially high in order

to raise the billions of dollars needed to fund the program. It is questionable if the credit will even benefit families with college students, since colleges may be able to raise tuition charges and thus wipe out any savings to taxpayers. In addition, it is likely that the credit will upset the current balance between private and public higher education in favor of public education. Finally, the credit will add new complexity to an already complex area of educational aid when more help could be given through a fuller funding and simplifying of already existing programs.

[Thomas J. Reese, S.J., a consultant for Tax analysts and advocates, a public-interest law firm based in Washington, D.C., is a contributing editor of America.]●

A LINK TO APARTHEID?

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. STOKES. Mr. Speaker the perplexing question of divestiture of corporate investments in South Africa has long been a bone of contention for both Government officials and business executives. On one hand, many corporations feel that their dollars improve wages and living conditions for the Nation's 21.7 million nonwhites, while on the other hand, it is that very same dollar which continues to support the South African Government's vicious policy of apartheid.

In regard to this subject, Mr. Speaker, I would like to bring to your attention two articles which appeared in a recent edition of a Cleveland publication. Reporter David T. Abbott has interviewed corporate heads in Ohio on their South African policies. I am certain that my colleagues will find these articles to be both interesting and provocative.

Therefore, Mr. Speaker, I submit for the RECORD the following articles which appeared in the Sunday, April 16, 1978, edition of the Cleveland Plain Dealer:

[From the Cleveland Plain Dealer, Apr. 16, 1978]

A LINK TO APARTHEID?—DEBATE GROWS OVER U.S. CORPORATE ROLE

(By David T. Abbott)

When South African police crushed the series of anti-apartheid demonstrations that began nearly two years ago, killing more than 400 black men and women in the process, it is likely that many of the police rode to and from their work in American-made trucks on American-made tires.

It is that kind of participation in the enforcement of South Africa's racist laws that fuels the growing debate over the role of American corporations and banks in South Africa.

About 300 American firms, including 16 in Ohio, have more than $1.5 billion invested in South African subsidiaries and affiliates. About 50 American banks, including at least four from Cleveland, have combined outstanding loans and credits of at least $2 billion in South Africa, much of it with the government, according to U.S. Senate and private reports. In the eyes of an increasing number of churches, universities, unions and other groups, these financial ties to the government are immoral because they strengthen the South African economy and help preserve rule of 4.3 million whites over 21.7 million nonwhites.

These groups contend that loans and investments should stop or even be withdrawn.

Businessmen respond that their contribution to apartheid is insignificant, indirect and unavoidable. More importantly, they argue, their aid to the government is outweighed by corporate efforts to improve the lives of nonwhites.

Those who do not accept the business argument have applied pressure ranging from boycotts to shareholder resolutions. And in recent months they have acquired numerous converts. Among them:

The AFL-CIO demanded in February that American business ties to South Africa be severed.

Citibank of New York City, the nation's second largest bank and the leading overseas lender, announced last month that it will no longer make loans to the South African government.

The Michigan Legislature passed a resolution in February urging President Carter to impose economic sanctions on South Africa and suggested a ban on investment as one option.

Smith College sold $687,728 worth of stock in the Firestone Tire & Rubber Co. last October when Firestone did not adequately explain to the college what it was doing in South Africa.

In a referendum last month, voters in Davis, Calif., urged the city to withdraw its money from banks and corporations that do business in South Africa.

"There is a whole new phase of organizing beginning," said Timothy H. Smith, director of the Interfaith Center on Corporate Responsibility in New York City. "Things are happening so fast it's hard to keep up with them."

Smith's enthusiasm can be misleading, however. Corporations are not rushing to pull out of South Africa. In recent interviews, spokesmen for the 16 Ohio companies expressed their intention to remain in South Africa and to work for what they view as a gradual social change there.

Banks, however, concerned by the economic risk posed by South Africa's increasing political instability, are more receptive to demands that they stop making loans there.

The responses of Ohio corporations to critics' charges that they assist apartheid ranged from thoughtful concern to angry denunciation.

One executive wondered, "At what point do I say, 'I understand the problem but I've got a fiduciary obligation to enhance the equity holdings of the shareholders?' It's so damn complicated."

Less temperate was the response of one Cleveland official who would not talk about the issue unless his name and his company's name were not revealed. He repeatedly referred to South African blacks as illiterate savages and defended segregation, saying, "You can't expect whites to live in the same place as a native with a bone through his nose and carrying a spear, can you?"

In between these two views were several shades of two basic contentions: American investment does more good than harm. And withdrawal would especially hurt blacks through their loss of jobs.

American firms employ about 100,000 workers in South Africa, about 70% of whom are black, according to estimates by the Investor Responsibility Research Center in Washington, D.C.

"The problems there would not be solved by our walking away from them," said Alan Easton, vice president for communications of Addressograph-Multigraph Corp., a company with about 350 employes in South Africa.

Questions about South African investment unsettle some publicists and executives who are concerned about their company's image. One Ohio firm, Timken Co. of Canton, would not discuss the issue at all.

"Because there has been so much misunderstanding of South Africa, we've tended not to get involved in discussions of this type with the general public. That's all I'm going to say," said Donald E. Eagon, a company spokesman.

But most businesses defend their investment primarily in moral, not economic, terms.

"We're helping the country," said Michael O'Connor, manager of community relations for Lubrizol Corp. of Wickliffe. "When we are in a country, we help. There's nothing wrong with helping the country."

Critics agree that American investment helps the country and they condemn it. They say foreign investment and loans help South Africa by providing critically needed capital, technology, trade and taxes. The United States is the second largest foreign investor in South Africa. Great Britain is first.

According to a study by the Congressional Research Service, loans to South Africa have enabled that country to fortify itself against a hostile world. Loans "directly supported the South African government in its desire for greater economic and strategic self-sufficiency," the study reported.

That may be so, companies respond, but to pull out American dollars would set back the cause of South Africa's blacks by putting many of them out of jobs and by removing a force for orderly social change.

"Withdrawal would hurt South Africa in general, but it would hurt the lower racial classes the most," said James Lochridge, an international vice president of Cleveland's Ferro Corp., which makes plastics at its 200-employe plant in South Africa. "They would lose jobs and it would hurt their movement more."

"If they pulled out, sure there would be a lot of unemployed," said Dr. Kenneth Grundy, professor of political science at Case Western Reserve University. "But a lot feel that change can only come from the domestic front, by bringing things to a point of desperation so they take the situation into their own hands."

Grundy also expressed skepticism shared by other critics of the moral terms in which corporations defend their investment.

"Labor in South Africa is cheap," he said. "The government still maintains a fairly stable investment climate. That's why they're there. They aren't altruistic."

"Christ!" retorted one businessman. "We've got money invested down there. We don't want a revolution."

Nevertheless, since the violent uprisings of 1976, several companies have denounced apartheid. And Polaroid Corp. stopped selling its products in South Africa late last year because its distributor secretly broke the company's policy of not selling to the government.

Polaroid adopted that policy in 1971, after a furor over the use of Polaroid pictures in identity passbooks that all black South Africans must carry.

But Polaroid was a small operator in South Africa. Firms with much more to lose have not shown the same willingness to leave. Instead, they point out they have adopted a set of six employment principles drawn up by a Philadelphia minister who is on the board of General Motors Corp.

About 60 firms have signed the list since it was proposed last year by the Rev. Leon H. Sullivan. Principles call for corporations to do such things as desegregate plants, pay equal pay for equal work and train nonwhites for supervisory jobs.

Akron's Firestone and Goodyear Tire &

Rubber Co., two of the largest American investors in South Africa, signed the principles after some initial reluctance.

Goodyear contended the principles should be applied worldwide and not directed just at South Africa. Firestone said it feared that the principles would spark confrontation rather than promote social progress.

For one reason or another, 11 Ohio companies with investments in South Africa have not signed the principles. But they all said they endorse the philosophy the principles embody.

Most firms echoed the words of Goodyear's spokesman, William B. DeMeza, who said, "It's not completely possible to implement all of them overnight. We still must live within the framework of South Africa."

And that's the rub, critics charge.

"The principles are unobjectionable on the surface," said Jennifer Davis, research director of the American Committee on Africa of New York City. "The catch lies in what they exclude. There is no demand for any fundamental change in the structure of apartheid, no demand for black political rights and no commitment to negotiating with black unions."

Smith, of the Interfaith Center on Corporate Responsibility, calls the principles "virtually irrelevant in terms of social change."

"First of all, South Africa even embraces them. And Sullivan's personal position is to support withdrawal if the principles do not result in meaningful change. But he wants more time to test them."

Sen. Dick Cark, D-Iowa, recently concluded after research and testimony before his subcommittee on African affairs that American corporations have not helped weaken apartheid.

"Rather, the net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime," Clark wrote in his report.

Smith has helped organize a campaign to make corporations go beyond the Sullivan principles by bringing resolutions on South African investment before stockholders' meetings.

A coalition of colleges and church groups have filed resolutions this year with 23 companies in which they have stock with a combined value of $9.5 million.

Last April, a church-sponsored resolution to make Goodyear close its South African tire-making operation was opposed by management and was overwhelmingly defeated.

Although no major corporations have been willing to go any further than the Sullivan principles, activists have had greater success in their drive to halt bank loans to private enterprise and government agencies in South Africa.

"Citibank's decision to stop loans to the government is sure to accelerate a re-thinking of policy at other banks," Smith predicted.

That view is shared by Stephen E. Wall, vice president of Cleveland's Central National Bank and manager of its international division.

But Wall and spokesmen for National City Bank and the Cleveland Trust Co. said their banks adopted similar policies in the last two years.

Wall said several considerations, including political instability in South Africa, the Carter administration's opposition to apartheid and ethical concerns, prompted Central to stop lending money to the Government.

Wall said Central has about $5 million in outstanding loans in South Africa, some of them to government agencies. He said loans to private concerns in South Africa seeking to import American goods would still be considered, although they would be unlikely.

National City and Cleveland Trust said they no longer make such private loans to South African companies.

"We feel the political situation is really so unstable that it is not wise to put any money in there," said Jerry R. Loth, vice president of Cleveland Trust and deputy manager of the international division. He said the bank has about $3 million in outstanding loans in South Africa.

Union Commerce Bank said it has no policy dealing specifically with South Africa and refused to say if it has any loans there.

Loans to support American exports to South Africa are still possible at Society National Bank, said Albert O. Schupp, senior vice president. Schupp said Society has about $2 million in outstanding loans in South Africa.

Some bankers said such loans would be possible as long as they are legal.

"We deal with U.S. corporations who export goods," explained Roger H. Hippsley, Central's public relations chief. "Who are we to say you can't do business like that when the U.S. government has not said it is wrong? But if the government clamps down, then that is a different matter."

CWRU's Grundy agreed. "The United States government must carry the ball and apply the pressure to force corporations to function with greater conscience. Even if that happens, it may not immediately alter South Africa. But at least it would put us on the side of the angels."

OHIO COMPANIES' STAKES IN SOUTH AFRICA

It's not surprising that the world dominance of Akron-based rubber companies should extend to South Africa. Three of the four major tire manufacturers based in Akron are big investors in the white-ruled country.

Goodyear Tire & Rubber Co., with about 2,600 employees, and Firestone Tire & Rubber Co., with about 2,400, are two of the largest American employers of South Africans.

General Tire & Rubber Co. has no subsidiary in South Africa, but a company spokesman said General owns 26.4 percent of the stock in a company that operates with the same name. General of South Africa, which employs 211 persons, owns another South African rubber producer, Pigott Maskew & Co. Ltd.

Critics of U.S. investment in South Africa have special disdain for Goodyear and Firestone. According to the firms' responses to a survey by a U.S. Senate subcommittee wages they paid in South Africa barely covered basic living expenses.

Both Firestone and Goodyear were intially reluctant to sign a list of fair employment principles, which critics contend are ineffectual to begin with.

But spokesmen for both companies said they have made strides toward improving the lot of nonwhites who work for them.

According to information provided to a Senate subcommittee by the U.S. consulate in South Africa, other Ohio corporations with subsidiaries in South Africa are:

NCR Corp. of Dayton, which markets business machines through seven offices. It has about 800 employees.

Addressograph-Multigraph Corp. of Cleveland, which is moving to Los Angeles this year, employs about 250 South Africans, mostly in sales, the company said.

Hoover Co. of North Canton owns 55 percent of the stock of Hoover Ltd., which is based in Great Britain, the company said. Hoover Ltd. owns the South African subsidiary and controls policies dealing with its 298 employes.

Ferro Corp. of Cleveland, which makes plastics at its plant and employs about 200 persons.

Champion Spark Plug Co. of Toledo has 92 employes.

TRW inc. of Cleveland employs 60 persons in the production of automotive components.

Parker Hannifin Corp. of Cleveland has 54 employes who distribute hydraulic and pneumatic systems.

Lubrizol Corp, of Wickiffe employs 48 South Africans in the production of oil additives.

Timken Co. of Canton makes roller bearings, but the company would not reveal how many South Africans it employs.

Three other Ohio companies hold sizable amounts of stocks in companies operating in South Africa. They are:

Owens-Illinois Inc. of Toledo, which owns 20 percent of Consolidated Glass Works Ltd., which has 6,000 employes.

Owens-Corning Fiberglas Corp. of Toledo, which owns 25.5 percent of Fibre-Glass (South Africa) Ltd., which has 689 employes.

Preformed Line Products Co. of Cleveland, which owns 45 percent of Dulmison Preformed Line Products (South Africa) Ltd. That company employs 83 persons.

One other Ohio company—Ernst & Ernst, the Cleveland accounting firm—operates in South Africa. It has a partnership with a South African accounting firm called Steyn' Douglas & Co. and does work for American investors in South Africa. ●

GIVING UP THE GAME

HON. RICHARD KELLY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. KELLY. Mr. Speaker, within the next few weeks Congress will be called upon to vote on a second Federal bailout for New York City. The first one, the 1975 New York City Seasonal Financing Act was designed and represented to us as a one-time rescue effort. That effort failed to cure the city's financial crisis because vote-hungry politicians refused to take the necessary steps to bring spending in line with what the city could afford by: Cutting wages, reducing welfare payments, removing rent controls, and adopting sound accounting practices.

Despite protestations to the contrary during recent oversight hearings, conducted by the Economic Stabilization Subcommittee, it appears the present administration of New York City is doing little to change the situation. The reported offer by the city of a $600 million wage increase to be funded out of "found" money only serves to stretch the credibility gap.

An editorial, appearing in the April 6 edition of the Wall Street Journal, aptly describes the city's current situation. I commend the article to my colleagues' attention.

The article follows:

Talk about a New York City bankruptcy has seemed unsporting while Mayor Edward Koch is in the middle of make-or-break negotiations with his municipal unions, but the weekend's transit worker settlement may leave no other choice.

Even the city's potential benefactors are coming to realize as much. Congressman William Moorhead, sponsor of the main federal rescue plan for the city's finances, is wisely holding up his bill until he sees how much the city is forced to pay in labor contracts. In spite of Mayor Koch's game assertion there will be "no linkage" between the state's transit settlement and his own negotiations, the ultimate costs are almost certain to destroy Washington's hope that the

city is serious about healing itself. Without some dramatic turn, Congress should recognize that the administration's plan to guarantee New York City bonds would quickly be transformed into a continuing subsidy.

If applied to the 225,000 city workers still negotiating their contract, the terms for the 32,700 transit workers will cost the city more than $900 million for the two-year contract. The municipal unions have already declared they won't accept less. This figure would come on top of the one billion dollar annual deficit the city is already facing for the next four years. This means that the federal government could come through with all the aid the city has been asking; it could take over the local share of welfare costs and nationalize Medicaid to boot; and the city budget would be right back in the hole where it started.

Now Mayor Koch can argue that the transit talks were rigged to frustrate his "hang tough" labor policy, because of former Mayor John Lindsay's irresponsible decision to put the city bus and subway lines under state control. Gov. Hugh Carey, up for reelection, was willing to pay to avoid a strike, and Mayor Koch was limited to the last-minute choice of being the spoiler or the patsy. He chose to be the patsy. With the city's finances at stake, he should have played the spoiler.

Even before the Transit Authority upped the stakes, the city's own talks were reviving the fiscal irresponsibility of the past. The city was offering its workers a $600 million wage increase to be paid from "found" money. This package included the projected year-end "surplus" in the cash account, which isn't a surplus at all but money left over because the city has been slow in paying its bills. Using this already committed money for wage increases is just another form of borrowing.

But the transit settlement raises problems that go far beyond money. At stake is the city's ability to manage its work force. Under Mayor Landsay, the city allowed many traditional prerogatives of management to be incorporated into labor contracts, and this one chance to win them back is slipping away. The "give-back" issue, meaning cost-cutting revisions in existing contracts, is an absolutely essential element of the city's bargaining position, but the Transit Authority capitulated to the union on this point.

The transit contract does say that the second-year wage increase will be paid for by productivity improvements but this provision is, to be blunt, a fraud. The productivity agreements already in effect have been so weakened that only a third of the Transit Authority's current cost-of-living adjustment is being paid for by improved work efficiency.

More broadly, the transit situation is completing the erosion of New York State's controls over city labor contracts. One of the more distressing aspects of the settlement was the apparent readiness of Gov. Carey and Mayor Koch to turn the Emergency Financial Control Board, the city's fiscal monitor, into a rubber stamp. The EFCB has not yet held hearings on the contract, but everyone seems to feel its approval is a foregone conclusion. The precedent means it will take more than just the promise of a continued fiscal monitor to restore investor confidence in New York City.

The transit talks have underlined the fact that the city crisis goes far beyond the question of investor confidence or access to the bond market. New York is in trouble because it can't belance its budget. It has failed to put its house in order, and by now it should be clearer than ever that any federal bond "guarantees" to ease the consequences of this failure are going to be a permanent drain on the national taxpayer.●

TAX "LOOPHOLE" MYTHS

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. HAGEDORN. Mr. Speaker, increasingly the pejorative term "tax loophole" has come to refer to virtually any instance in which the Internal Revenue Code permits individuals to retain any portion of the income which they have earned. As with the term "'tax expenditure," the basic premise seems to be that the entire pool of income earned in this country rightfully belongs to the Government and that it is only through their good graces that individuals are allowed to retain a part of it.

It is this thinking which seems to motivate some of the hostility toward tuition tax credits, and which certainly motivates those who sponsor legislation to require "tax expenditures" to be subject to the formal procedures of the appropriation process.

While some critics might liken it to a defense of "child molesting," Prof. Murray Weidenbaum has some interesting things to say in defense of "tax loopholes" in a recent issue of Nation's Business. Director of the Center for the Study of American Business at Washington University, and a former Assistant Secretary of the Treasury, Dr. Weidenbaum notes:

To sum up, tax expenditures or "loopholes", in the main, are not special benefits to the highest income classes or the product of ingenious accountants or attorneys. The typical tax expenditure primarily benefits middle and lower-income groups.

Nor are the major benefits obtained by engaging in unusual activities. They are received in connection with such prosaic activities as paying state and local taxes, owning a home, and working for a company that provides group insurance and other extra benefits . . .

All in all, tax incentives may in this imperfect world often be the most realistic economic method of strengthening the country.

Following is the complete text of Professor Weidenbaum's statement:

IN DEFENSE OF TAX LOOPHOLES

Tax loopholes is a pejorative term. It implies that some special advantage is gained by certain individuals or groups at the expense of the general public.

And we are told repeatedly that elimination of all tax loopholes would permit a massive reduction in tax rates without any overall decline in revenues.

The implicit trade-off sounds so desirable that we may wonder why the change has never been made. An obvious answer comes quickly to mind: The special interests have prevented it.

Although that rationale may possess some explanatory value, a strong case can be made for these so-called loopholes, based on a broader view of public policy.

A NEED FOR BALANCE

In defending tax loopholes, I would not, of course, defend every raid on the U.S. Treasury. Nor would I support every special provision of the Internal Revenue Code which permits some taxpayers to depart from the basic structure used for taxing income.

As a general proposition, I favor the principle of horizontal equity—equal treatment of taxpayers in similar circumstances. It should be recognized that a cleaner tax code—one with fewer special provisions—could help achieve a greater degree of horizontal equity. At the same time there is room for legitimate quibbling as to who actually are the equals to be treated equally.

The taxpayer who voluntarily contributes a portion of his income to charitable institutions may quite properly be viewed differently than the taxpayer who has an identical income, but who devotes all of it to his personal gratifications. This would seem to be one of the many instances where sensible results are more likely to be achieved by carefully balancing a variety of important considerations than by single-mindedly attempting to pursue just one.

In the main, a tax loophole is not the product of an ingenious attorney or accountant laboriously studying the minutiae of the Internal Revenue Code. Rather, the typical loophole is something deliberately placed in the law by Congress to achieve a public purpose.

To belabor the obvious, the charitable deduction was not inserted in the tax system to provide a windfall for the wealthy, but to foster philanthropy.

AN ACT OF GRACE?

In recent years the term tax expenditures was developed to describe the cost to the government of what have been labeled loopholes. A formal definition is somewhat formidable: "Revenue losses attributable to provisions of the federal tax law which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability."

On the surface, the phrase tax expenditure may seem to be an anomaly. Either something is a tax, or it is an expenditure. The tax expenditure concept, however, is based on the implicit assumption that the state is entitled to as much of the individual's income as it desires. Hence, the individual's claim on his income is secondary. Any reduction in the flow of private income to the public Treasury is viewed as an act of grace by a benevolent sovereign.

And yet a tax expenditure—if the concept is to have any justification—signifies less taking of private funds by the government.

This is a simple but powerful point. In my view, tax expenditures should be seen in the context of the substantial taxes which are paid by individuals and corporations. To tell a person who is paying out more than one third of his income in federal taxes that he is unduly benefiting from some tax expenditure reflects a strange view of tax equity.

IF THERE WERE NONE

From a purely fiscal viewpoint, a dollar less paid in taxes has the same effect on the budget position as a dollar more disbursed by the government. But different consequences may flow from reducing the tax than from increasing the disbursal.

Many tax expenditures, as they are intended to do, increase private spending in certain categories. Therefore, economic conditions are altered. The elimination of the tax expenditures might require offsetting changes in federal spending or in other aspects of the tax system, in order to avoid undesirable effects.

The tax exemption of interest received on state and local bonds is a case in point. On the surface, this exemption appears merely to provide tax relief to the holders of these securities. On that basis, prompt elimination of the exemption is urged in some quarters.

But, in reality, this tax expenditure enables states and localities to issue bonds at lower interest rates than other borrowers can.

The purchasers of these securities would certainly turn to higher-yield issues if the interest on state and local bonds were taxable. Thus, the tax expenditure implicitly

involves a substantial subsidy to the governmental units issuing the securities. In fact, sophisticated proposals to eliminate or to reduce the number of tax-exempt securities call for federal subsidies to state and local governments to offset the higher interest payments they would have to make if their securities were taxable.

THE PUBLIC SPOTLIGHT

Depending on the subsidy level, there could be a net loss or a net gain to the Treasury from the combination of closing the tax exemption loophole and simultaneously enabling state and local governments to continue selling bonds at low interest costs.

While certain tax expenditures, such as the bond interest tax exemption and depletion allowances, have been in the public spotlight, they comprise a relatively small portion of the $95.3 billion of tax expenditures reported by the Treasury Department in fiscal 1976. Most of the $95.3 billion consists of items which many people never think of as loopholes.

One of the largest is the deductibility of mortgage interest and property taxes on owner-occupied residences. This accounts for $8.9 billion of revenue forgone in fiscal 1976.

MIDDLE CLASS BENEFITS MOST

Other significant special provisions include deducting charitable contributions ($5.4 billion of revenue loss to the Treasury), excluding from taxation employer and self-employed contributions to pensions ($8.4 billion) and medical insurance premiums and medical-care programs for employees ($4.5 billion), excluding from taxation Social Security and unemployment benefits ($7 billion), and deducting personal state and local taxes other than those on homes ($8 billion).

The bulk of tax expenditure benefits is received by lower and middle-income taxpayers—an estimated $56.5 billion out of the $95.3 billion in fiscal '76.

Taxpayers in the middle-income category benefit more than any other group. The figures are $38.6 billion for this category in fiscal '76 as compared to $17.9 billion for the lower-income category and $15.9 billion for the upper-income category. Tax expenditure benefits for corporations, it is estimated, came to $22.9 billion.

Several large tax expenditures primarily benefit lower-income taxpayers. Examples include tax exemption for veterans' disability compensation payments ($595 million of revenue forgone in fiscal 1976), Social Security benefits ($2.7 billion), and unemployment benefits ($3.3 billion).

At the same time, of course, several important types of tax expenditures primarily benefit corporations and relatively high-bracket income earners. Examples include the special tax treatment of capital gains ($7.9 billion), the investment credit ($9.5 billion), the exclusion of interest on state and local debt ($4.8 billion), and the excess of percentage over cost depletion ($1.3 billion).

Justifications put forward for special tax provisions are extensive. Objectives cited range from fostering employment and economic growth to supporting worthy private institutions and state and local governments.

PROMOTING INVESTMENT

The special treatment of capital gains, the investment credit, and similar items are justified by the need to promote investment. We should be aware of the obvious: To the extent that the private sector is unable to raise funds to finance economic growth, pressure rises for greater governmental involvement in business affairs.

Surely, in recent years, the federal government has become an important competitor for investment funds. The Treasury's financing of budget deficits plus a growing array of federally owned or federally sponsored credit agencies have obtained one third or more of the funds flowing through the nation's capital markets. Viewed from this perspective, the various tax expenditures devoted to encouraging private investment may merely offset the effects of the government's spending and borrowing activities.

A FORM OF REVENUE-SHARING

The deductibility of state and local taxes furthers the objective of strengthening state and local government through federal sharing of the burden of the taxes levied by these jurisdictions. This can be viewed as an early revenue-sharing effort in the federal system.

Numerous reasons are cited for the tax deductibility of charitable contributions. The private institutions thus supported provide diversity and free choice. They can experiment and enter fields too controversial for government agencies. They often take on responsibilities which otherwise would be financed entirely by tax revenues.

The deductibility of interest paid by individuals on mortgages on owner-occupied homes encourages home ownership, it is pointed out. The deterioration of many central cities in recent years has increased the desirability of such ownership as a means of enhancing family and neighborhood stability.

However, the deductibility of interest on general consumer debt may be more difficult to defend. It is hard to see why the general taxpayer should subsidize families that go into debt to buy a new refrigerator or second car. The interest which individuals receive on their savings is, of course, fully taxable. Perhaps this provision illustrates the tax system's tendency to tilt in favor of consumption rather than saving.

Some personal deductions are really reasonable refinements of gross income that were made to obtain a fair taxable-income base. Cases in point are the deductions of such expenses related to earning income as union dues, child care for working wives, and fees on safe-deposit boxes for securities.

A few corporate tax exemptions—notably those for credit unions and for some of the income of cooperatives—are an aid to nonprofit institutions organized in the corporate form.

WHAT CRITICS SAY

Many special tax expenditures have been attacked as being regressive because they reduce the tax burdens of upper-income taxpayers more than those of lower-income taxpayers. Deductions from income clearly do have that effect—an upper-income taxpayer receives a larger tax reduction than does a lower-income taxpayer for making the same dollar amount of charitable contribution or payment of state and local taxes.

In effect, the government subsidizes 14 percent of the state and local taxes and charitable contributions of the lower-bracket taxpayer when the taxpayer itemizes rather than taking the standard deduction. The government subsidizes 70 percent of these expenditures for taxpayers in the top bracket.

From the viewpoint of achieving public-policy objectives, special tax provisions lack some of the compelling characteristics of direct government expenditures. In typical direct-expenditure programs, the public can have a clearer picture of the flow of federal assistance. Congress can exercise annual control over the size and distribution of benefits, and the financial aid given to private individuals and groups can be weighed against the desirability of government agencies taking direct responsibility for the programs in question.

This idyllic view, however, is not readily reconcilable with the reality of federal budget trends. In recent years relatively uncontrollable expenditure programs such as Social Security pensions, interest on the public debt, and welfare have come to dominate federal spending.

As pointed out earlier, this is not a plea for retention of every special provision in the tax system. It is reasonable to contrast the costs and benefits of various mechanisms for achieving public-policy objectives. Certainly, in some cases, direct expenditures may be a more desirable alternative than tax incentives. In some cases, credit assistance, regulatory programs, or other approaches may be preferable.

The advantages and disadvantages of each mechanism should be weighed, and the most desirable one used to achieve a specific objective, be it encouragement of business investment or discouragement of environmental pollution.

MORE FEDERAL CONTROL

However, the implications of moving from indirect support through the tax system to direct federal expenditure subsidies are profound, especially in the many instances of aid to private and state-local government institutions. Taken literally, as has been suggested by some tax reformers, this move would mean putting private hospitals, orphanages, schools, and similar social service and charitable institutions in the federal budget. The resulting opportunities for federal control over the conduct of these private organizations are obvious.

The choice between tax incentives and direct federal expenditures thus turns out to involve more than selection among technical financing mechanisms. The choice involves altering the balance between public and private power in our society.

ALTERNATIVE TO THE DEDUCTION

Use of the tax incentive route does not require adhering to the tax expenditures now in use. For example, the deduction from taxable income is not the only way in which the tax system can be used to encourage people to spend some of their money in a manner which accords with national interests.

An alternative to the deduction is available—the tax credit, which is a deduction from ultimate tax liability rather than from taxable income. While ordinary deductions are implicitly regressive because of the progressive nature of the personal income tax structure, credits can be more flexible. A credit can be given in terms of a percentage of an expenditure, and a ceiling may be put on the amount of the credit. Moreover, credits can be used by the vast number of low and moderate-income taxpayers who do not itemize individual contributions, but use the standard deduction.

The credit concept is widespread in the corporate tax structure, where its use ranges from encouraging employment of welfare recipients to expanding business plant and equipment. In the individual tax system, credits are now provided for child and dependent-care expenses, retirement income, and political contributions. Suggestions that tax credits replace personal exemptions—the present $750 deduction for each taxpayer and dependent—have been made by President Carter and others.

SAME AT DIFFERENT LEVELS

Although the value of a deductible dollar varies with the taxpayer's bracket, this is not so in the case of a fixed percentage credit. With the credit a given dollar of charitable outlays would generate the same amount of tax saving, regardless of the taxpayer's income level. Of course, upper-bracket taxpayers might make a larger donation and thus qualify for a larger tax benefit in the absolute, but they would receive the same benefit proportionally.

The tax credit mechanism could be important in strengthening the role of voluntary organizations in our national life by

making them more democratic. Because the tax credit would operate to the advantage of lower and moderate-income taxpayers, it could help create a potential new constituency for private institutions, freeing many of them from their present dependence on the wealthier.

Unlike the alternative of direct support through government expenditures, substituting tax credits for personal deductions would be a modest step toward decentralizing decision-making in America and encouraging diversity in the way social objectives are achieved.

A MORE EFFECTIVE APPROACH

The fundamentally adverse impacts of government action on the private sector should never be overlooked in formulating tax policy. The simple elimination of tax expenditures often would leave unfulfilled the objectives they are designed to foster.

A more effective approach to public policy might be to deal with the basic conditions that often prevent private institutions, business and nonprofit alike, from performing their intended functions—conditions that frequently result from the expansion of governmental activities. Dealing with those basic conditions would have the added advantage of avoiding the revenue losses and equity problems that may result from using tax incentives.

It is cavalier, to say the least, for tax reformers to blithely ignore all the adverse impacts of government action on private institutions and then pick on one of the few areas of public policy—tax expenditures—where the public sector tries to undo the damage.

As noted earlier, the tax expenditure mechanism serves a variety of public purposes, ranging from promoting business investment and economic growth to encouraging private, voluntary organizations.

Indeed, the growth of tax expenditures may be viewed as a reaction to the severe obstacles that the expansion of government power and activities have placed in the way of private-sector institutions.

CONCLUSIONS

To sum up, tax expenditures, in the main, are not special benefits to the highest-income classes or the product of ingenious accountants or attorneys. The typical tax expenditure primarily benefits middle and lower-income groups.

Nor are the major benefits obtained by engaging in unusual activities. They are received in connection with such prosaic activities as paying state and local taxes, owning a home, and working for a company that provides group insurance and other extra benefits.

To be sure, not all tax expenditures are of this nature—and not each one needs to be defended. But the entire category should not be condemned.

All in all, tax incentives may, in this imperfect world, often be the most realistic economic method of strengthening the country.

TAFT-HARTLEY AND THE COAL SETTLEMENT

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. GRADISON. Mr. Speaker, now that the coal strike has been settled, and coal production is returning to full capacity, the time is right to assess the consequences of this recordbreaking strike. The 112-day interruption in coal supplies caused considerable hardship in terms of suspended production and lost employment opportunities. In addition, the strike served to raise considerable doubt concerning the feasibility of the administration's commitment to double coal production by 1985.

However, even more importantly, Mr. Speaker, the events of this past winter's strike reflect a disheartening ambivalence on the part of the Government toward the active employment and dutiful enforcement of labor laws constructed to protect our national interests. I would like to call attention at this time to an article which appeared on April 18, 1978, in the Cincinnati Post. I feel this cogent analysis serves well to detail the consequences of this noncommital approach to labor relations. The author, J. Mack Swigert, is a prominent Cincinnati attorney who was instrumental in the drafting of the Taft-Hartley Act:

TAFT-HARTLEY AND THE COAL SETTLEMENT

(By J. Mack Swigert)

Before we wrap up the coal strike and send it off to Memoryville, it might be well to take a goodbye look at what happened.

First of all, who won? That answer is easy. Nobody won. The operators failed to gain the efficient safeguards which seem essential if productivity is to be brought back to at least the levels of a few years ago. The miners won a 12 percent increase and the best contract in their history—but they lost their shirts in the process. Lifetime savings went down the drain and individual miners are in hock to their creditors for a year or so to come. The union treasury has been largely drained. The union itself is a shambles.

As for the public, which was the hostage in the heist—also, no gain. For its inconvenience sustained, and patience exemplified, during one of the coldest winters in history, the public's compensation will be permanently higher energy prices.

Another loser was President Carter, who left the impression of "too little and too late." His credibility on inflation was impaired by his commendation of a 12 percent wage increase, making this a probable new floor for big unions such as the Teamsters.

Possibly the biggest loser was the federal court system. Belatedly, a federal district court judge in Washington was asked to enjoin the strike under Section 206 of the Taft-Hartley law. He did so, but Attorney General Griffin Bell bobbled the service of the injunction and then took no steps to enforce it. A day or so earlier, President Carter, in a television interview, had commended the strikers, expressly reminding them that they had never gotten anything in their lives without "fighting" for it.

Even before the injunction was issued, the media sang a Cassandra chorus of "it won't work." It is not surprising, therefore, that when the restraining order was first issued, there was some delay on the part of the strikers in getting back to their jobs. Some of the union officials cosmetically complied by telling the men to go back to work but others, perhaps sensing administration weakness, arrogantly defied the court.

All complied, however, with that portion of the injunction which directed the parties to resume negotiations immediately in a good faith effort to reach an agreement ending the strike. Agreement was reached within the 10-day period of the restraining order, and a ratification vote was set to take place within a day or so after the date set for the hearing on a preliminary injunction.

Fearful that revelations in an injunction hearing might provide fodder for rabble-rousers and tip the scales against ratification of the critical third agreement, the government asked the judge to extend the restraining order without a public hearing. The judge refused and simply allowed the restraining order to expire.

Unfortunately, in apparent pique, the judge said, "No one is paying any attention to my order anyway." This statement shocked the country and damaged the prestige of federal courts. It sounded as though if a union doesn't choose to obey a federal court order the court will just rescind the order. The ordinary citizen isn't treated quite so considerately. In future strikes, federal judges will have to crack down hard to regain credibility in injunction situations.

But there was a good side to the injunction. It immediately ended the picketing of non-union mines and interference with the distribution of coal by barge, train and truck. One hundred and fifteen non-union mines reopened within a week. A great torrent of coal moved toward the Midwest's generating plants. In fact, distribution swelled to 60 percent of normal. Obviously the strike had become ineffective, so the third contract was ratified. Thus, the Taft-Hartley injunction did help, but not quite as much as if it had been obtained sooner and effectively enforced.

Finally, what of the future?

Non-union mines have proved that they can produce and deliver coal under UMW strike conditions. Big users will want to develop more non-union sources. Conversely, UMW mines appear to be an unreliable source of vital energy. President Carter had hoped that they would become a growing substitute for Arab oil. But now there is a question mark. A good many UMW members, fed up with irrational work stoppages and restrictions, will seek work in non-union mines not plagued by UMW wildcat strikes. The future of that strife-torn union appears bleak.

In view of what has happened, it seems unlikely that President Carter's recent appeal to hold future wage increases to 5.5 percent will be well received by big unions. From the day he intervened in the coal strike, the Secretary of Labor put pressure on the operators to make concessions to the UMW. It was this pressure in part which got the settlement figure up to better than 12 percent.

Few unions are likely to buy the idea that the UMW is a special case. They have seen once again that it's the squeaking wheel which gets the grease and that sweet reason has few rewards. Also, they may have a diminished concern for any 80-day injunction obtained from a federal judge by this particular administration.

Should the law now be amended? I think not. It is the quality of enforcement and not the words of the statute, which must be improved.●

THE CUBAN FOREIGN LEGION IN AFRICA

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. MICHEL. Mr. Speaker, the presence of over 42,000 Cuban fighting troops in Africa is one of the most amazing military and political stories of this decade. From the 25,000 Cubans now in Angola to the handful of Castro's soldiers in such countries as Uganda and Benin and Cape Verde, the Cuban presence is currently a powerful force in African af-

fairs. It is no exaggeration to say that Fidel Castro's decisions to use his troops as a Communist foreign legion in Africa has had more of an effect on developments in that troubled continent than any other factor in recent years.

Bonner Day, senior editor of Air Force Magazine, has written a concise and informative account of this phenomenon. He points out that most experts agree that Castro has sent Cubans to fight in Africa for three reasons: First, the Soviet Union has ordered Castro to do this because Castro owes billions of dollars to Moscow and is now "repaying" his friends—by aiding their geopolitical aims; second, Castro is a dedicated revolutionary and wants to export revolution wherever and whenever he can; and third, Castro enjoys the prestige that comes with winning military ventures.

At this point I want to insert in the RECORD, "The Cubans in Africa," by Bonner Day, from the April 1978 issue of Air Force Magazine.

THE CUBANS IN AFRICA

(Fidel Castro's armed forces—trained and equipped by the USSR—have been organized into a foreign legion bent on waging war far from Cuba's shores.)

The war in Ethiopia has focused the world's attention on Cuba and its military adventures in Africa.

Clearly a tool of the Soviet Union, Cuba nevertheless is making its foreign legions felt from the Algerian desert in the north to the coasts of Mozambique on the southeast edge of Africa.

From an island-bound force of guerrilla-led troops, the Cuban armed forces have become an important military organization to be reckoned with around the world. With continued Soviet support, and in the absence of opposition from the US, the Cubans, under Fidel Castro as commander in chief, are on the move.

In Ethiopia, Cuban troops are in the forefront of the battle for control of the strategic Horn of Africa. Raul Castro, second only to Fidel in Cuba, flew to Ethiopia the first week of January. Within a month, the Ethiopian armed forces, backed by Cuban air and ground forces, launched an offensive against Somali guerrillas, supported by neighboring Somalia, in Ethiopia's Ogaden Province.

An estimated 12,000 Cuban troops were put into the early fighting. Cuban pilots, flying US-built F-5s that were sold to Ethiopia or provided under grant aid prior to 1975 and recently delivered Soviet-built MiG-21s, quickly gained control of the skies in the first days. On the ground, Cuban soldiers armed with Soviet T-54 tanks were sent into the battle.

Assisting the Ethiopians have been several thousand East German and Russian military advisors. Russian ships, according to some reports, shelled Somali troops from the Red Sea. The Russians are reported to have pledged more than $800 million worth of arms and ammunition to Ethiopia, much of it delivered by a major Soviet airlift that began late last year.

But it was the Cubans who provided the most combat troops. Many were brought in from Angola. Others came from Aden in the Arabian Peninsula. As the Ethiopian offensive developed, the question among African diplomats was whether Ethiopia and its allies would be content with recovering its Somali-occupied territory, or would push on into Somalia. Somalia created an enemy in the Soviet Union when it broke relations last fall and ordered Soviet troops out of the Russian sea base and two airfield at Berbera on the Red Sea.

It is in Angola, however, that Cuba has had its biggest success so far. As many as 25,000 Cuban troops and another 6,000 technians have been brought in to prop up the government of Agostinho Neto, in charge following the withdrawal of Portugal from its former colony. Up to 4,000 troops and some Cuban noncombatants have been killed or wounded in the war, which still continues. Wounded Cubans apparently are being sent to East Germany and the Soviet Union in an effort to play down war news in Cuba.

Most of the Cuban troops in Angola are fighting two antigovernment armies that control about one-third of the countryside, but no major cities. The rest of the Cuban forces are engaged in training guerrillas for insurrections in nearby African countries.

CONTINENT-WIDE CAMPAIGN

The Rhodesian government of Ian Smith is a major target of the Cuban forces and the guerrilla movements Castro backs. To the north of Rhodesia are some 400 Cubans in Zambia, charged with supervising the transfer of Soviet-supplied weapons from stockpiles in Angola to the camps of Joshua Nkomo's anti-Rhodesia guerrilla movement. Convoys of Soviet-made military trucks transport weapons and Nkomo guerrillas from training camps in Angola. The whole operation is run by a military team working from the Cuban Embassy in Lusaka, Zambia.

To the east of Rhodesia, up to 1,000 Cubans operate another set of training camps in Mozambique. Some soldiers are trained for the Mozambique government. Others are trained as guerrillas for Robert Mugabe, another black anti-Rhodesian revolutionist.

In Tanzania, the Nyerere government hosts 500 Cubans who are training troops for the Tanzanian government and also are preparing guerrillas to fight in Rhodesia.

In Congo (Brazzaville), there are some 1,000 Cubans. Some are used to support the Agostinho Neto government in Angola.

In Guinea, President Sekou Touré has a permanent garrison of 1,000 Cuban soldiers to keep him in power.

Guinea-Bissau has another garrison of several hundred Cuban troops, mostly military advisors.

In Libya there are 1,000 Cubans. Egypt claims they have been used to fight Egyptian troops in recent border skirmishes.

Cuban soldiers act as advisors to Sierra Leone's Internal Security Unit. About 200 Cuban troops are stationed in the suburbs of the capital, Freetown.

Cubans based in Algeria have been supporting the Polisario Front in the western Sahara region of Morocco and Mauritania. The guerrillas have been fighting government forces of both Mauritania and Morocco, which now claim the territory.

Altogether, there are up to 42,000 Cuban troops in Africa, plus as many as 6,300 doctors and technicians. Other countries that have accepted Cuban troops and advisors include Cape Verde, São Tomé and Principe, Uganda, Equatorial Guinea, and the Malagasy Republic.

The Cuban armed forces have not been working alone. They have been supplied, encouraged, and, when necessary, transported to African battlefields by the Soviet Union.

CUBAN CHALLENGE—U.S. RESPONSE

Why is Castro, who has severe economic problems at home, sending troops to Africa?

United States experts on Cuba give three reasons.

First, the Cubans were ordered to Africa by Moscow. Castro, the beneficiary of billions of dollars of Soviet military and economic aid, could not refuse. Western analysts say there is evidence that Castro is being allowed to repay Moscow for its aid through these military operations, though it is unclear how the payments are calculated.

Second, Latin American experts consider Castro a dedicated revolutionary with a fanatical desire to export communism wherever possible.

Third, Castro enjoys the prestige that comes with a successful military venture. Castro's timely and vital role in helping to power Agostinho Neto, a fellow revolutionary, has whetted his appetite for similar victories.

Says one government expert: "Castro will try to improve his relations with the U.S. and at the same time continue his African adventurism. But if forced to choose, he will turn his back on the U.S. with little hesitation."

The U.S., under both the Ford and Carter Administrations, has limited its response to public criticism for the most part, and held back support of African forces opposing the Cubans.

Many in the present Administration, following the lead of Sen. George McGovern (D-S.D.), want the U.S. to mend its relations with Cuba and restore diplomatic and economic ties. The feeling is that with restored relations, the U.S. can exert more influence on Cuba. Some, such as Ambassador to the U.N. Andrew Young, have gone further, arguing that the Cubans in Africa can be a "stabilizing" force.

Other advisors have warned the President that the Cuban presence, with its Soviet support, represents a dangerous threat to the freedom and independence of African nations, a threat the U.S., as leader of the free world, cannot ignore.

While the debate continues within the Carter Administration, the Cuban invasion of Africa shows no sign of drawing to a close.

From Castro's point of view, the African adventures have to be considered a major success and have returned him, personally, to the center of the world stage after some frustrating setbacks.

CASTRO'S NEW STRATEGY

After his takeover in 1959, Castro focused his attention first on consolidating his hold on Cuba, and later on exporting revolution to Bolivia, Venezuela, Guatemala, and other Latin American countries.

There has been a Cuban military presence in Congo (Brazzaville) since the mid-1960s, and for years Castro has flirted with the radical leaders in Algeria and Libya. But his main early efforts, assisted by the Soviet Union, were in Latin America.

Then, after the death of Ernesto (Ché) Guevara in Bolivia in 1967, Cuban attempts to export revolution seemed to diminish in Latin America. In Cuba, economic problems increased and the people continued to suffer food, clothing, and other shortages.

Shortly after Ché's death, Moscow stepped in to take a stronger hand in Cuban military and foreign affairs. In 1970, the Cuban armed forces were reorganized along Soviet lines. Under the direction of Soviet advisors, the large standing army was cut forty percent in size, discipline in the reserves was tightened, training was improved, and equipment was modernized with the addition of the latest in Soviet tanks and planes. Cane-cutting duties, once a major occupation of the Cuban Army, were transferred to the newly created Youth Labor Army, and regular soldiers were freed to concentrate on their military jobs.

At about the same time, Castro, apparently under Soviet guidance, adopted a new strategy for exporting revolution. In Latin America, his earlier attempts to support guerrilla movements had been made without the backing of neighboring countries that might have been able to provide sanctuaries.

In Africa, however, Castro won invitations to several countries and the host countries in turn have been used as sanctuaries for supporting guerrillas.

Congo (Brazzaville), for example, was a sanctuary for Cubans and African guerrillas fighting in Angola, and now Angola is a sanctuary for Cuban efforts against Rhodesia, Namibia, and Somalia.

The strategy's success so far has made Castro a popular revolutionary in Africa, and given him new confidence. In response to questions about renewing diplomatic relations with the US, Castro has said:

"Our relations with Africa—that we cannot discuss, that we cannot negotiate. . . . It has nothing to do with the United States."

Whether the US can continue to stand aside militarily while Cuba and the Soviet Union increase their hold in Africa is a question the Carter Administration and Congress will address in the months ahead.

What is sure is that the Cuban armed forces have come of age. Their invasion of Africa, and the subsequent victories, pose a danger much larger than numerical strength would suggest.

WHERE THE CUBANS ARE IN AFRICA

Algeria—35 technicians.
Cape Verde—15 technicians.
Guinea-Bissau—200 soldiers.
Sierra Leone—200 soldiers.
Guinea—1,000 soldiers.
Benin—20 soldiers.
Sao Tome and Principe—100 technicians.
Equatorial Guinea—500 soldiers.
Congo (Brazzaville)—1,000 soldiers, 200 technicians.
Angola—25,000 soldiers, 6,000 technicians.
Libya—1,000 soldiers.
Ethiopia—12,000 soldiers.
Uganda—25 soldiers.
Tanzania—500 soldiers.
Zambia—400 soldiers.
Malagasy Republic—30 soldiers.
Mozambique—1,000 soldiers.●

CONGRESSMAN WHALEN ANNOUNCES THIRD OHIO DISTRICT POLL RESULTS

HON. CHARLES W. WHALEN, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. WHALEN. Mr. Speaker, I am pleased to insert at this point in the RECORD the results of my 12th and final survey of residents of the Third Ohio District.

The replies totaled slightly more than 14,500 at the time the tabulation was done. While that figure is down somewhat from the last few years' returns, it is, nonetheless, a significant number and reflects the generally high level of interest which prevails in the greater Dayton, Ohio.

The questions posed this year covered a variety of areas with emphasis on the subject of tax reform.

For the information of my colleagues, Mr. Speaker, I list herewith the results of my survey expressed in percentages rounded to the nearest 10th of a percent.

(1) Should the Senate ratify the Panama Canal Treaties? Yes, 34.7; no, 47.7; undecided, 17.6.

(2) Should Congress impose gas rationing to conserve energy and reduce our balance of payments deficits? Yes, 25.6; no, 59.9; undecided, 14.5.

(3) Should Congress create a Consumer Protection Agency? Yes, 56.2; no, 36.7; undecided, 7.1.

(4) Should Congress establish a tax return "check-off" of $1.00 to finance House and Senate general election campaigns aimed at minimizing the influence of special interest groups? Yes, 60.6; no, 34.3; undecided, 5.1.

(5) Should Congress authorize payment of Medicare funds to the poor for the cost of abortions? Yes, 37.1; no, 53.5; undecided, 9.4.

(6) Should Congress extend the deadline (March 29, 1979) for state ratification of the Equal Rights Constitutional Amendment? Yes, 35.2; no, 57.7; undecided, 7.1.

(7) Should Congress enact a Tax Reform Law which includes:

(a) Elimination of deductions for mortgage payments? Yes, 9.5; no, 85.9; undecided, 4.6.

(b) Elimination of deduction for state gasoline tax payments? Yes, 19.2; no, 76.8; undecided 4.0.

(c) Elimination of present exemption for state and local government bond interest received? Yes, 29.6; no, 56.4; undecided, 14.0.

(d) Elimination of the business luncheon deduction? Yes, 61.1; no, 35.1; undecided, 3.8.●

DICKINSON'S BILL TO HELP MILITARY AIR TRAFFIC CONTROLLERS

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 20, 1978

● Mr. DICKINSON. Mr. Speaker, I am pleased to report that I, along with Mr. Jerry Byrd, Data Systems officer, Cairns Army Radar Approach Control, Fort Rucker, Ala., and officials from the Administration, Department of Defense, and the Civil Service Commission, testified before the House Subcommittee on Compensation and Employee Benefits in support of H.R. 8503, on April 17.

This legislation, which I have sponsored, would give civilian air traffic controllers at the Department of Defense the same rights and benefits with regard to retirement and job retraining that were accorded air traffic controllers of the Federal Aviation Agency at the Department of Transportation under Public Law 92–297 which was enacted on May 6, 1972.

Mr. Carl Clewlow, Deputy Assistant Secretary of Defense for Civilian Personnel Policy, testifying in support of the bill said:

Recent studies conducted by the Civil Service Commission and the Department of the Army have shown that civilian air traffic controller positions of the Department of Defense have duties, responsibilities, and qualification requirements which are substantially similar to those of Department of Transportation air traffic controller positions.

He concluded that in the interest of equity, Department of Defense civilian air traffic controllers should be treated the same as controllers in the Department of Transportation.

This is the same position I have held for the past 5½ years, and am gratified to report our agreement on this important issue.

This bill, I believe, is simply a matter of providing equity. The Congress has recognized the special problems encountered by the 17,000 FAA air traffic controllers and the need for a legislative remedy. The 200 DOD air traffic controllers have the same physical and mental stresses as the FAA controllers and ought to be accorded the same treatment under the law.

I was very pleased with the gracious and courteous reception from my distinguished colleague who chairs the subcommittee, the Honorable GLADYS N. SPELLMAN of Maryland. It was especially gratifying to hear her indicate that she was in agreement with the purposes of my bill. I am very hopeful that her subcommittee and the full Post Office and Civil Service Committee will act favorably on this bill so that it can be brought before the House for consideration.

I am very pleased to present the following statement by Mr. Jerry Byrd on behalf of the DOD air traffic controllers:

STATEMENT BY JERRY BYRD

Most Honorable Chair, Honored Subcommittee members, Honorable Congressman Dickinson, Distinguished Counsel, for me to be here today is an example of the American dream come true. For I come to you from the grassroots level of government, appealing to your sense of fairness and to your conscience, as the representative of the civilian air traffic controllers at Fort Rucker, Alabama, and also as the unofficial voice of approximately 200 Department of Defense controllers—who—possibly through oversight, as much as any other reason, have undeniably been discriminated against by not being included under the provisions of P.L. 92–297. This hearing is what democracy is all about—and I am extremely pleased and proud to be here.

At the outset I would like to make it clear that my views and comments have been developed by my own research, as well as the research of others, and they are influenced by knowledge and experience gained in over 22 years of government service in the field of air traffic control.

These opinions may or may not reflect the position of my employer—the Department of Army or the Department of Defense—for I am appearing here at the invitation of Congressman Dickinson, simply as a private citizen, on my own time, but with an avowed purpose of doing all within my power to convince you of the critical and legitimate need for this legislation.

This is not a matter of providing Public Law 92–297 benefits to DOD controllers simply because FAA controllers are covered—but rather because there is a crying need for the DOD controllers to be covered. The Department of Army Report on the Study of the Profession, completed in August of 1977 documents and affirms this need.

I do not speak to you as a layman, but rather as a professional air traffic controller with experience in many types of facilities, at all levels of operation—from a basic nonradar tower controller, to a radar controller, to a supervisor, and finally to the staff position which I now occupy in the U.S. Army's busiest air traffic control facility.

I do speak as one who has personally experienced the mental and physical strain of controlling aircraft in and out of busy airports; as one who has experienced the stress of staying on the radar scope or in the tower

for long periods of time without a break; as one who has been confronted with the necessity of making successive decisions carrying life and death consequences—where the standard is always perfection; and finally as one who has experienced the day-in-day-out wear and tear on the individual and the disruption of a normal family life and social relationships, brought on by frequently changing shift requirements.

I also speak as one who has seen controllers break down and weep, on the job, as the result of the intense pressure and constant demand to speed the flow of air traffic—knowing full-well that the impending rush of air traffic will exceed his reasonable capacity, but also knowing that he will operate at the limits of his capabilities, on the brink of human disaster, for as long as necessary.

I've seen a controller get up from hours at a busy radar scope, walk to a wall and stand with his face only inches away, staring blankly at nothing, and unconsciously remove his necktie—and not realize what he is doing!

I have seen the most confident, even-mannered, self-possessed and calm spoken controller turn into a growling, irritable, irascible controller—who snaps at other controllers and pilots as well, as the intense control pressure builds.

I have also seen the most boring, tedious air traffic situation change in a twinkling to the most tense, harrowing and grueling contest between man, machine and time. As a controller and a pilot lock hands in a frightening effort to stave off an impending disaster in an emergency situation. And I have seen man lose.

Don't let anyone try to tell you that the DOD air traffic controllers job is any different from the FAA controllers job—it's not—and the Department of Army study completed in August of 1977 proves it. Who would know best whether there was any difference between DOD and FAA controller duties and responsibilities but a controller who had worked for both! Section III, page 22, of the Report which I have submitted to you gives the result of just such a questionnaire. 100% of those surveyed believe that there is absolutely no difference between them.

Surely these demands of the job are present, in one degree or another, in some other jobs. Yet, as pointed out in a report prepared for the FAA in 1970 by a blue-ribbon study committee, at the direction of the Senate Post Office and Civil Service Committee, "the controller work force is unhappily distinctive in the concentration of such demands." An accompanying report by Senator Fong contained an even stronger statement. "The nature of air traffic controller service is simply too great a strain on the mental and physical capabilities of a human being to stay on the job until attaining age 55 or 60."

I sincerely hope that this Committee will not consider my motive for testifying as self-serving—for this is certainly not the case. Since 1973 I have occupied a staff position which precludes my being covered by the proposed amendment. I am, however, prejudiced in my support of the DOD controllers need and right to fair and equitable treatment under the law.

Another extremely compelling reason for including DOD controllers under the provision of Public Law 92-297 is that some major insurance companies will not "write" disability income protection for air traffic controllers solely due to their occupation. Page 29 of the Report which I have presented to this Subcommittee contains a copy of a letter one of our controllers received from the Prudential Insurance Company. I quote from the letter: "Our underwriting rules prohibit us from considering Air Traffic Controllers for disability pay coverage. Please be assured that no adverse medical information was received and that your application was declined solely due to your occupation."

If an employee of the Federal government cannot obtain necessary insurance to protect his income because of the inherent debilitating aspects of the occupation, then surely the federal government has an obligation to provide appropriate protection. P.L. 92-297 affords this protection.

Unquestionably, there exists a precedent for providing P.L. 92-297 benefits to air traffic controllers staffing facilities located at military installations. In fact, the FAA itself staffs at least 21 air traffic control facilities located on military installations. Figure 3, page 31 of my Report lists these facilities.

It is particularly interesting to note that one of these facilities, Kwajalein ATCT, is actually located at an Army installation. Of this list only four exceed the annual instrument operations count at Fort Rucker, Alabama Whereas all of the FAA controllers at these facilities are covered under the provisions of Public Law 92-297. It is untenable that our government would knowingly continue the discriminatory practice of providing Public Law 92-297 benefits to FAA controllers at military installations and not providing them to DOD controllers at identical facilities.

In conclusion, this committee holds the fate of a relatively miniscule number of DOD controllers in its hands. These controllers have long gone overlooked because their small number does not give them any political "clout"; because they do not have the powerful voice of the FAA, or the representation of a national labor union. But their need is real—it is irrefutably documented and unquestionably justified. Any objections presented to this Committee will be illusory at best. The case of the DOD controller cannot be assailed on the basis of moral or ethical considerations; it cannot be attacked on the basis that the need is not documented; it cannot be attacked on the basis that the duties and responsibilities of the DOD controller differ from those of his counterpart. It cannot be said that the DOD controller's job is easier than the FAA controllers; it cannot be said that he is not subject to the same psychological and physiological debilities as the FAA controller. The DOD study completed by the Department of Army in August of 1977 affirms everything that I have said and unequivocably recommends that the DOD controller be covered by the law.●

HOUSE OF REPRESENTATIVES—*Monday, April 24, 1978*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

*I am the Lord your God * * * who leads you in the way you should go.*—Isaiah 48: 17.

Eternal Father, the unfailing refuge of all who put their trust in Thee and the unfaltering strength of those who turn to Thee for help, breathe Thy spirit upon us as we at the beginning of another week bow at the altar of prayer. We bring our restless hearts to the refreshing springs of Thy renewing grace. Guide us through the duties of these disturbing days that we may make wise decisions, speak sound words, and live good lives. Together may we cultivate the flowers of understanding and good will which climb over all dividing walls and make the nations one in spirit, one in purpose, and one in friendliness of mind and heart.

In Thy holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On March 21, 1978:

H.R. 8803. An act to amend the National Trails Act, and for other purposes.

On March 27, 1978:

H.J. Res. 715. Joint resolution proclaiming May 3, 1978, "Sun Day";

H.R. 1432. An act for the relief of Mrs. Desolina Sciulli;

H.R. 1939. An act for the relief of Meda Abilay Florin;

H.R. 2761. An act for the relief of Su-Huan Choe;

H.R. 3081. An act for the relief of Mrs. Chong Sun Yi Rauch;

H.R. 3813. An act to amend the Act of October 2, 1968, an act to establish a Redwood National Park in the State of California, and for other purposes

H.R. 4401. An act for the relief of Kwi Sok Buckingham (nee Kim);

H.R. 6975. An act to amend title 5, United States Code, to provide that hearing examiners shall be known as administrative law judges, and to increase the number of such positions which the Civil Service Commission may establish and place at GS-16 of the General Schedule; and

H.R. 11518. An act to extend the existing temporary debt limit.

On April 4, 1978:

H.J. Res. 796. Joint resolution making an urgent supplemental appropriation for disaster relief for the fiscal year ending September 30, 1978; and

H.R. 10982. An act to rescind certain budget authority contained in the message of the President of January 27, 1978 (H. Doc. 95-285), transmitted pursuant to the Impoundment Control Act of 1954.

On April 6, 1978:

H.R. 5383. An act to amend the Age Discrimination in Employment Act of 1967 to extend the age group of employees who are protected by the provisions of such act, and for other purposes.

On April 7, 1978:

H.R. 9169. An act to amend title XI of the Merchant Marine Act, 1936, to permit the

guarantee of obligations for financing fishing vessels in an amount not exceeding 87½ per centum of the actual or depreciated actual cost of each vessel; and

H.R. 11055. An act relating to the year for including in income certain payments under the Agricultural Act of 1949 received in 1978 but attributable to 1977, and to extend for 1 year the existing treatment of State legislators' travel expenses away from home.

On April 17, 1978:

H.J. Res. 770. Joint resolution to authorize and request the President to issue a proclamation designating April 18, 1978, as "Education Day, U.S.A.";

H.R. 2960. An act to authorize the Secretary of the Interior to memorialize the 56 signers of the Declaration of Independence in Constitution Gardens in the District of Columbia;

H.R. 5981. An act to amend the American Folklife Preservation Act to extend the authorizations of appropriations contained in such act; and

H.R. 8358. An act to amend title 44, United States Code, to provide for the designation of libraries of accredited law schools as depository libraries of Government publications.

On April 18, 1978:

H.R. 2540. An act pertaining to the inheritance of trust or restricted lands on the Umatilla Indian Reservation.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill and joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1566. An act to amend title 18, United States Code, to authorize applications for a court order approving the use of electronic surveillance to obtain foreign intelligence information; and

S.J. Res. 128. Joint resolution designating July 1, 1978, as "Free Enterprise Day."

AMERICAN PRESENCE NEEDED AT WORLD WAR I MILITARY CEMETERIES OVERSEAS

(Mr. HILLIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIS. Mr. Speaker, I have just learned that in an attempt to improve our balance of payments, President Carter is considering a further reduction in overseas personnel assigned to the American Battle Monuments Commission—the need for American superintendents at our World War I military cemeteries overseas is again being questioned.

I am strongly opposed to the use of foreign personnel as superintendents or assistant superintendents at the permanent American military cemetery memorials in foreign countries. The men and women interred in these cemeteries gave their lives for their country. I believe the least we can do is to have an American present at these cemeteries to insure their resting place is maintained properly, to greet relatives and escort them to the gravesite, and to demonstrate to all by their presence that our country truly cares. It is my firm belief these shrines and the American superintendents who operate them generate more goodwill within the areas they are located than any other U.S. governmental activity overseas.

There are also other important reasons for not using foreign superintendents. The superintendents of our World War I cemetery memorials administer annual budgets averaging $180,000 and are responsible for property, equipment, and structures with an average value of $2,700,000. These shrines for the most part are located in rural areas some distance from the field office. Consequently, they receive little direct supervision. I believe such monetary and supervisory responsibilities should be entrusted to American personnel.

I would, therefore, favor legislation to amend the ABMC's enabling legislation to provide that superintendents and assistant superintendents at their permanent American military cemeteries overseas shall always be U.S. citizens.

PERMISSION FOR SUBCOMMITTEE ON INVESTIGATIONS AND REVIEW OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT DURING 5-MINUTE RULE TODAY

Mr. CORNWELL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Investigations and Review of the Committee on Public Works and Transportation be permitted to meet this afternoon during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 11504, AGRICULTURAL CREDIT ACT OF 1978

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1140 and ask unanimous consent for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1140

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11504) to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider, clause 7, rule XVI to the contrary notwithstanding, the amendment printed in the CONGRESSIONAL RECORD of April 19, 1978, by Representative Jones of Tennessee. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California, Mr. SISK, is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA). Pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1140 provides for the consideration of the bill, H.R. 11504, the Agricultural Credit Act of 1978.

This is a simple, open rule, allowing 1 hour of general debate. The time is to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture.

The rule also provides one waiver. An amendment to be offered by Representative JONES of Tennessee and printed in the CONGRESIONAL RECORD of April 19, 1978, is specifically made in order and points of order pursuant to clause 7 of rule XVI, the germaneness rule, are waived.

Although the amendment deals with payments to farmers for emergency conservation measures, an area of great economic concern to farmers hard-pressed by drought and floods, there was concern that it would not be germane to the bill since the program category is not included under the statutes amended by the bill. Consequently, the waiver was granted so that the amendment could be considered.

Mr. Speaker, the Agricultural Credit Act of 1978 is of vital interest to farmers. All of us have become actutely aware over the past few months of the distress in which farmers view their economic situation. The anger and frustration which they expressed about their financial condition is certainly not without substantiation. Net farm income has fallen from $33 billion in 1973 to $20 billion in 1977. Their indebtedness is staggering in many instances. Nationally, farmers' ratio of debt to income has more than doubled in the past 4 years, increasing from 218 percent in 1973 to 503 percent in 1977. Obviously, some measure of Federal assistance must be forthcoming or the Nation faces the prospect of thousands of farmers being forced off their land. Such events would have long-term effects on our country both economically and socially.

The bill seeks to meet the needs of farmers and ranchers by updating the lending authority of the Farmers Home Administration and by providing a short-term emergency loan program.

The levels for individual farm operating and farmownership loans would be increased to reflect the costs of modern-day farming. Eligibility for these loans would be expanded. A special program would be established for low-income small family farmers to provide low interest rates for farmownership and operating loans. The bill also changes FmHA renewal provisions to allow consolidation and refinancing of loans. Interest rates on emergency disaster loans are adjusted.

The bill also provides an emergency loan program to be extended through 1979 to help farmers meet the immediate financial crunch. Insured and guaranteed loans would be available to refinance existing debt for farmland and operating expenses incurred after January 1, 1973, and before the enactment of the

bill. Operating loans would be available for essential needs. Family farms would be given preference under this program, and the farmers would be required to show that they could not obtain credit without the assistance of the program. The program would be authorized funding for $2 billion in fiscal year 1978 and $4 billion in fiscal year 1979.

In addition, the bill extends the Emergency Livestock Credit Act which would expire on September 30, 1978.

Mr. Speaker, H.R. 11504 represents a reasonable and rational approach to the crisis facing our Nation's farmers. It does not include everything demanded by our most vocal farm groups. Like most legislation, it is a compromise between the competing demands of different sectors of our economy and society. This bill should help avert wholesale bankruptcies in our agricultural communities. It is legislation desperately needed by our farmers and ranchers. This bill, however, is not something just for the farmers. It is a bill for consumers, too, for they are the ultimate losers when farmers are forced out of business. When commodities become scarce, as they must eventually as the farm population dwindles, the consumer will pay the price at his grocery checkout counter.

Mr. Speaker, I urge my colleagues to adopt House Resolution 1140 so that we may proceed to the consideration of H.R. 11504, the Agricultural Credit Act of 1978.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule provides 1 hour of general debate for the consideration of H.R. 11504, the Agricultural Credit Act of 1978. The bill will be open to all germane amendments.

In addition, the rule makes it in order to consider a nongermane amendment to be printed in the CONGRESSIONAL RECORD of April 19, 1978, by the gentleman from Tennessee (Mr. JONES). This amendment would authorize funds for the emergency conservation measures program.

Mr. Speaker, the purpose of H.R. 11504 is to revise and update the traditional credit programs of the Farmers Home Administration and provide a short-term emergency loan program for farmers and ranchers in the United States.

Mr. Speaker, the Congressional Budget Office has estimated that this bill, excluding the water and waste facility grants, will result in direct outlays of $24 million in fiscal year 1978, and net cost savings to the Government for subsequent fiscal years. The cost savings would be $13 million in fiscal year 1979, $52 million in fiscal year 1980, $36 million in fiscal year 1981, and $46 million in fiscal year 1982. The cost savings will result from a reduction of interest subsidies on farm loan programs. Net outlays in fiscal year 1978 result from economic emergency insured loans made by Farmers Home Administration in that period, but resold to the public after the end of the fiscal year.

In addition, the cost of the water and waste facility grant program would be $8 million in fiscal year 1979, $31 million in fiscal year 1980, $66 million in fiscal year 1981, $91 million in fiscal year 1982, and $100 million in fiscal year 1983.

Mr. Speaker, I support the rule and the bill and urge the passage of both.

Mr. Speaker, I reserve the remainder of my time.

GENERAL LEAVE

Mr. SISK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 1140.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 11401, AUTHORIZING APPROPRIATIONS TO THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 1143 and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 1143

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11401) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California (Mr. SISK) is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA). Pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1143 provides for the consideration of H.R. 11401, authorizing appropriations for the National Aeronautics and Space Administration for fiscal year 1979.

This is a simple, open rule. General debate time is to be limited to 1 hour and equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology. The bill will be read under the 5-minute rule for amendment by section and any germane amendment will be in order.

Mr. Speaker, H.R. 11401 authorizes appropriations of approximately $4.4 billion for NASA in fiscal year 1979. This is a 9-percent increase over fiscal year 1978 funding. The Committee on Science and Technology made some 10 line item changes in the administration's request which resulted in a net increase in the NASA budget of some $43.7 million.

Among other major changes, the committee added some $4 million to retain the option for a fifth Space Shuttle orbiter without incurring penalty costs. The administration withheld funding for procurement for the fifth vehicle, but the committee restored the $4 million so as to keep the option for the fifth vehicle and thereby avoid liability for penalty costs for not producing it. The committee also added some $3 million for the solar power satellite program and $39.5 million in increases for the aeronautics program.

The major emphasis of the NASA budget reported by the Committee on Science and Technology is for the encouragement of practical applications of space technology to problems on Earth.

Mr. Speaker, this is a program from which we may all benefit and I would urge my colleagues to adopt House Resolution 1143 so that we may proceed to consideration of H.R. 11401, the NASA authorization bill.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a routine rule providing 1 hour of general debate for the consideration of H.R. 11401, the authorization for the National Aeronautics and Space Administration for fiscal year 1979. There are no waivers of points of order in this rule. The bill will be open to all germane amendments.

Mr. Speaker, the bill made in order by this rule authorizes a total of $4.4 billion for fiscal year 1979. The largest single item in this budget is $1.4 billion for the Space Shuttle program.

Mr. Speaker the Committee on Science and Technology reported this bill by a vote of 31 to 0.

Mr. Speaker, I support the rule so that the House may proceed to consider the merits of this legislation. I do not support the passage of the bill as it is $43.7 million more than the amount requested by the administration.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ANNUNZIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 332, nays 0, not voting 102, as follows:

[Roll No. 244]

YEAS—332

Abdnor	Evans, Ga.	Mahon
Addabbo	Evans, Ind.	Markey
Akaka	Fary	Marriott
Alexander	Fascell	Martin
Allen	Fenwick	Mattox
Ambro	Findley	Mazzoli
Ammerman	Fish	Meeds
Andrews, N.C.	Fisher	Metcalfe
Andrews, N. Dak.	Fithian	Michel
	Flippo	Mikulski
Annunzio	Flood	Mikva
Archer	Flynt	Miller, Calif.
Armstrong	Foley	Miller, Ohio
Ashley	Forsythe	Mineta
Aspin	Fountain	Minish
AuCoin	Fraser	Mitchell, Md.
Bafalis	Frenzel	Mitchell, N.Y.
Baldus	Fuqua	Moakley
Barnard	Gaydos	Montgomery
Bauman	Gephardt	Moore
Beard, R.I.	Giaimo	Moorhead, Calif.
Beard, Tenn.	Ginn	
Bedell	Glickman	Moorhead, Pa.
Beilenson	Gore	Murphy, Pa.
Benjamin	Gradison	Murtha
Bennett	Grassley	Myers, Gary
Bevill	Guyer	Myers, John
Bingham	Hagedorn	Natcher
Blanchard	Hamilton	Neal
Blouin	Hammer-schmidt	Nedzi
Boggs		Nichols
Bolling	Hanley	Nowak
Bonior	Hansen	Oakar
Bonker	Harkin	Oberstar
Brademas	Harrington	Obey
Breaux	Harris	Ottinger
Brinkley	Harsha	Panetta
Brodhead	Hawkins	Patten
Brooks	Heckler	Patterson
Broomfield	Hefner	Pattison
Brown, Calif.	Heftel	Pease
Brown, Mich.	Hightower	Perkins
Brown, Ohio	Hillis	Pickle
Broyhill	Hollenbeck	Pike
Buchanan	Holt	Poage
Burgener	Horton	Preyer
Burke, Fla.	Hubbard	Price
Burke, Mass.	Huckaby	Pritchard
Burleson, Tex.	Hughes	Pursell
Burlison, Mo.	Hyde	Quayle
Burton, John	Ichord	Quie
Burton, Phillip	Jacobs	Quillen
Caputo	Jeffords	Rahall
Carney	Jenkins	Railsback
Carr	Jenrette	Rangel
Carter	Johnson, Calif.	Regula
Cavanaugh	Johnson, Colo.	Rhodes
Cederberg	Jones, Okla.	Richmond
Chappell	Jones, Tenn.	Rinaldo
Clawson, Del	Kastenmeier	Risenhoover
Cleveland	Kelly	Robinson
Cochran	Kemp	Roe
Cohen	Ketchum	Rogers
Collins, Tex.	Keys	Rose
Conable	Kildee	Rosenthal
Conte	Kindness	Rousselot
Corcoran	Kostmayer	Roybal
Corman	Krebs	Rudd
Cornwell	LaFalce	Ryan
Coughlin	Lagomarsino	Santini
Crane	Latta	Satterfield
Cunningham	Le Fante	Sawyer
D'Amours	Leach	Scheuer
Daniel, Dan	Lederer	Schroeder
Daniel, R. W.	Leggett	Schulze
Danielson	Lehman	Sebelius
Davis	Lent	Seiberling
de la Garza	Levitas	Sharp
Dellums	Livingston	Shipley
Derrick	Lloyd, Tenn.	Shuster
Derwinski	Long, La.	Sikes
Devine	Long, Md.	Sisk
Dickinson	Lott	Skelton
Dicks	Lujan	Slack
Dornan	Luken	Smith, Iowa
Downey	Lundine	Smith, Nebr.
Drinan	McClory	Snyder
Duncan, Tenn.	McCloskey	Solarz
Edgar	McCormack	Spellman
Edwards, Ala.	McDade	Spence
Edwards, Calif.	McDonald	St Germain
Edwards, Okla.	McEwen	Staggers
Eilberg	McFall	Stangeland
Emery	McHugh	Stanton
English	McKay	Stark
Erlenborn	McKinney	Steed
Ertel	Madigan	Steers
Evans, Del.	Maguire	Stockman
Stokes	Vanik	Wilson, C. H.
Stratton	Vento	Winn
Studds	Volkmer	Wolff
Stump	Walgren	Wright
Taylor	Walker	Wydler
Thompson	Walsh	Wylie
Traxler	Weaver	Yates
Treen	Weiss	Yatron
Trible	Whalen	Young, Alaska
Tsongas	White	Young, Fla.
Udall	Whitehurst	Young, Mo.
Ullman	Whitten	Young, Tex.
Van Deerlin	Wiggins	Zablocki
Vander Jagt	Wilson, Bob	

NAYS—0

NOT VOTING—102

Anderson, Calif.	Ford, Tenn.	Murphy, N.Y.
	Fowler	Myers, Michael
Anderson, Ill.	Frey	Nix
Applegate	Gammage	Nolan
Ashbrook	Garcia	O'Brien
Badham	Gibbons	Pepper
Baucus	Gilman	Pettis
Biaggi	Goldwater	Pressler
Boland	Gonzalez	Reuss
Bowen	Goodling	Roberts
Breckinridge	Green	Rodino
Burke, Calif.	Gudger	Roncalio
Butler	Hall	Rooney
Byron	Hannaford	Rostenkowski
Chisholm	Holland	Runnels
Clausen, Don H.	Holtzman	Ruppe
	Howard	Russo
Clay	Ireland	Sarasin
Coleman	Jones, N.C.	Simon
Collins, Ill.	Jordan	Skubitz
Conyers	Kasten	Steiger
Cornell	Kazen	Symms
Cotter	Krueger	Teague
Delaney	Lloyd, Calif.	Thone
Dent	Mann	Thornton
Diggs	Marks	Tucker
Dingell	Marlenee	Waggonner
Dodd	Mathis	Wampler
Duncan, Oreg.	Meyner	Watkins
Early	Milford	Waxman
Eckhardt	Moffett	Whitley
Evans, Colo.	Mollohan	Wilson, Tex.
Florio	Moss	Wirth
Flowers	Mottl	Zeferetti
Ford, Mich.	Murphy, Ill.	

The Clerk announced the following pairs:

Ms. Holtzman with Mr. Anderson of Illinois.
Mr. Zeferetti with Mr. Frey.
Mr. Roberts with Mr. O'Brien.
Mr. Bowen with Mr. Coleman.
Mr. Eckhardt with Mr. Gilman.
Mr. Tucker with Mr. Pressler.
Mr. Conyers with Mr. Skubitz.
Mr. Pepper with Mr. Marlenee.
Mr. Gammage with Mr. Butler.
Mr. Baucus with Mr. Thone.
Mr. Fowler with Mr. Gudger.
Mr. Waxman with Mrs. Pettis.
Mr. Lloyd of California with Mr. Badham.
Mr. Mottl with Mr. Don H. Clausen.
Mrs. Burke of California with Mrs. Collins of Illinois
Mr. Wirth with Mr. Dent.
Mr. Krueger with Mr. Wampler.
Mr. Ireland with Mr. Cornell.
Mr. Teague with Mr. Ashbrook.
Mr. Kazen with Mr. Clay.
Mr. Biaggi with Mr. Marks.
Mr. Rodino with Mr. Ruppe.
Mr. Rooney with Mr. Dingell.
Mr. Rostenkowski with Mr. Diggs.
Mr. Delaney with Mr. Applegate.
Mr. Cotter with Mr. Sarasin.
Mr. Florio with Mr. Goodling.
Mr. Mollohan with Mr. Dodd.
Mr. Whitley with Mr. Ford of Tennessee.
Mr. Waggonner with Mr. Steiger.
Mr. Howard with Mr. Goldwater.
Mr. Hannaford with Mr. Duncan of Oregon.
Mr. Anderson of California with Mr. Evans of Colorado.
Mr. Breckinridge with Mr. Symms.
Mr. Byron with Mr. Garcia.
Mrs. Chisholm with Mr. Green.
Mr. Ford of Michigan with Mr. Gibbons.
Mr. Early with Mr. Nolan.
Mr. Boland with Mr. Gonzalez.
Mr. Hall with Mr. Simon.
Mr. Flowers with Mr. Holland.
Mr. Murphy of New York with Mr. Reuss.
Mr. Nix with Miss Jordan.
Mr. Russo with Mr. Mathis.
Mr. Jones of North Carolina with Mr. Roncalio.
Mr. Mann with Mr. Kasten.
Mrs. Meyner with Mr. Moss.
Mr. Milford with Mr. Charles Wilson of Texas.
Mr. Moffett with Mr. Thornton.
Mr. Runnels with Mr. Watkins.
Mr. Murphy of Illinois with Mr. Michael O. Myers.

Mr. YOUNG of Missouri changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FIFTH REPORT OF UNITED STATES SINAI SUPPORT MISSION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on International Relations:

To the Congress of the United States:

In conformity with Section 4 of Public Law 94–110 of October 13, 1975, I am pleased to transmit herewith the Fifth Report of the United States Sinai Support Mission. It describes the continuing operation of the United States early warning system in the Sinai and its contribution to maintaining the disengagement arrangements between Egypt and Israel under the Sinai II Agreement signed on September 4, 1975.

The estimated cost for operating and maintaining the U.S. early warning system in Fiscal Year 1978, including all contractor and headquarters expenses, is expected to be about ten percent less than the $12.2 million appropriated. For Fiscal Year 1979, the budget is estimated at $11.7 million.

During the six-month period covered in this report, twenty-two minor violations of the Sinai II Agreement were detected. In each instance the violation was an unauthorized aircraft overflight. None of these incidents was serious.

Both parties to the Agreement recently reaffirmed to the Director of the Sinai Support Mission their full confidence in the manner in which the U.S. is discharging its responsibilities in the Sinai and wished this effort to continue as it is at present.

Dramatic developments in the Middle East over the past six months expanded hopes for a comprehensive peace settlement. While the diplomatic process is underway, I believe it imperative that the U.S. continue to meet fully its obligations under existing agreements. The activities of the Sinai Support Mission play an important part in fulfilling these obligations, and I urge continued Congressional support for this effective peacekeeping mission.

JIMMY CARTER.

THE WHITE HOUSE, *April 24, 1978.*

REPORT OF HOUSE SELECT COMMITTEE ON ASSASSINATIONS RECOMMENDING THAT THE CASE OF CLAUDE POWELL, JR., BE CERTIFIED TO THE U.S. ATTORNEY FOR CONTEMPT OF CONGRESS

Mr. STOKES. Mr. Speaker, I rise to submit a privileged report (Rept. No. 95-1080) on a matter concerning the Select Committee on Assassinations. It is a matter I first brought to the attention of the House on February 28, 1978. At that time, and as may be reviewed in the CONGRESSIONAL RECORD at H1596 of that date, I informed the House that the committee might recommend to the House that it cite for contempt a witness who refused to appear despite being subpenaed. The speech on February 28, 1978, was the final effort to induce the witness to appear. Despite all the committee's efforts, the witness has refused to obey the subpena. Accordingly, pursuant to a resolution of the select committee, I am submitting a privileged report recommending that Claude Powell, Jr., be certified to the U.S. attorney for contempt of Congress in accordance with section 194 of title 2 of the United States Code.

The privileged report was referred to the House Calendar and ordered to be printed.

AGRICULTURAL CREDIT ACT OF 1978

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11504) to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act.

The SPEAKER. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11504, with Mr. FUQUA in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Washington (Mr. FOLEY) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. MADIGAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the bill, H.R. 11504, The Agricultural Credit Act of 1978.

H.R. 11504 revises and updates the traditional credit programs of the Farmers Home Administration and provides a short-term emergency loan program for farmers and ranchers in the United States. It is the result of many weeks of work of the Agricultural Committee.

I

Title I is similar to legislation submitted to the Congress by executive communication and introduced by request as H.R. 8315. There are a few differences but we have retained the basic thrust of the administration's proposal. Title I is also similar to legislation which was introduced by the former chairman of the Conservation and Credit Subcommittee, the Honorable Bob Bergland.

Under title I, the levels for individual farm operating and farm ownership loans would be increased to make them responsive to the requirements of modern-day farming. In addition, the interest subsidy on farm ownership loans would be eliminated except for a special category of small low-income farmers who cannot meet the regular terms for FmHA loans.

The limit on farm ownership loans would be increased from $100,000 to $200,000 for insured loans and to $300,000 for guaranteed loans. The limit on farm operating loans would be increased from $50,000 to $100,000 for insured loans and to $200,000 for guaranteed loans. The interest rates for farm ownership and operating loans would be, in the case of guaranteed loans, a commercial rate as negotiated between the borrower and lender, and in the case of insured and direct loans would not exceed the cost of money to the Government, plus up to 1 percent added at the discretion of the Secretary. The interest rate for community facility loans to public bodies and nonprofit associations would be retained at 5 percent as in existing law.

There exists a special category of low-income farmers, especially young farmers, who cannot meet the regular credit terms of the Farmers Home Administration programs with the increased interest rates. Accordingly, the committee authorized the Secretary to establish a special program for this category of borrowers providing lower interest rates; namely, a maximum of 3 percent on operating loans and of 5 percent along with a reduced repayment schedule during the first 10 years for farm ownership loans. These borrowers would graduate to regular FmHA credit terms as their financial condition improves.

The committee believes that by reducing the cost of the program, the Congress and the administration would be more inclined to make greater funds available for farm ownership and operating loans. The funding level for the program has not kept pace with the need as production costs and farmland prices have skyrocketed in recent years.

The committee has attempted to address the changing pattern of farm management and ownership by extending eligibility for Farmers Home Administration programs to corporations, partnerships, and cooperatives, if they are controlled by farmers and ranchers and engaged primarily and directly in farming and ranching. The stockholders, members, or partners holding a majority interest would have to meet the family farm criteria and the test for credit the same as required of individual farmer applicants. This change will enable FmHA to help more individuals who rely on farm income for a living.

Another important change made was in the community facility program to increase the maximum grant for individual rural water and sewer systems from 50 to 75 percent, and to increase the limit on total annual funding of the program from $300 million to $400 million. Many small communities simply cannot afford the water and sewer system that are necessary for a decent standard of living and which must meet acceptable environmental pollution control standards. This particular change is important to rural areas and those concerned with rural development programs.

An amendment has also been made in the provisions that relate to FmHA emergency loans. Effective October 1, 1978, H.R. 11504 would delete the provision added a little over a year ago that requires the interest rate for such loans not to exceed the interest rate for Small Business Administration loans on loans of up to $250,000 for businesses and $40,000 for homeowners.

The result of this provision is that the interest rate for the entire amount of the actual loss would be 5 percent and for amounts in excess of the actual loss, interest would be at the prevailing market rate.

There are a number of other miscellaneous changes which have been made in the regular FmHA credit programs to facilitate the administration of the programs.

II

Title II, the Emergency Agricultural Credit Act, is designed to provide assistance to farmers and ranchers experiencing critical financial problems caused by skyrocketing production costs, low commodity prices, and a lack of credit from their normal credit sources. The Secretary of Agriculture has the authority and has acted to prevent foreclosures by the Farmers Home Administration of its regular borrowers. However, this represents a small percentage of the farm community. H.R. 11504 would provide similar assistance to farmers who have loans outstanding from private lenders by providing farmers the credit necessary to survive the temporary cost-price squeeze.

Title II authorizes insured and guaranteed loans to bona fide farmers and ranchers, including those organized as corporations, partnerships, or cooperatives. Eligibility would be limited to farmers who are temporarily unable to obtain sufficient credit from their normal credit sources to finance actual needs because of the stressed economic conditions. Preference would be given to the owners and operators of not larger than family farms but assistance would not be limited to this category.

Loans are authorized to repay debt incurred for real estate and operating purposes after January 1, 1973, but not later than date of enactment of the act with certain exceptions. Loans could cover particular principal and interest installments due or refinancing or consolidation of entire outstanding debt.

Loans could also cover operating expenses needed to assure repayment of outstanding debt. Such loans could be made for essential farm needs. However, loans could not be used to purchase or lease additional real estate.

Loans could be made for up to 30 years

if they are secured primarily by real estate. If secured by personalty, they would be for a term up to 7 years, renewable for an additional 5 years. These loans would be at a negotiated rate for the guaranteed loans and at the cost of money to the Government, plus an additional 1 percent at the discretion of the Secretary in the case of insured loans.

Loans for individual borrowers could not exceed $400,000. Authority to make loans would expire December 31, 1979. The total amount of loans outstanding at any one time in 1978 could not exceed $2 billion and the total amount of loans outstanding at any one time in 1979 could not exceed $4 billion.

The committee worked closely with the Farmers Home Administration, with private lenders, the Farm Credit Administration, and the major banking associations. The committee had difficulty in obtaining specific figures on credit needs in the farm sector. However, net farm income has fallen from around $33 billion in 1973 to $20 billion in 1977. It is showing some limited improvement thus far in 1978, but there is still a critical need for the program in many areas of the country. The ratio of debt-to-income has increased from 218 percent in 1973 to 503 percent in 1977. The thousands of farmers who have visited each of us in the last 3 or 4 months have impressed us with the serious nature of their financial crunch. The economic emergency loan program in title II does not represent the entire answer for farmer needs but it is an important and necessary tool to deal with the current crisis.

III

Title III of the act simply extends an existing emergency program, the Emergency Livestock Credit Act of 1974, which otherwise would expire on September 30, 1978. The program has had regional successes and in those areas where it has been used it has been effective. We think it should be continued for 1 year.

The Congressional Budget Office has estimated that H.R. 11504 will result in total direct outlays of $24,000,000 in fiscal year 1978, and net cost savings to the Government for subsequent fiscal years. The cost savings would be $13,000,000 in fiscal year 1979, $52,000,000 in fiscal year 1980, $36,000,000 in fiscal year 1981, and $46,000,000 in fiscal year 1982. Cost savings will result from a reduction of interest subsidies on farm loan programs. Net outlays in fiscal year 1978 result from those economic emergency insured loans which are made by FmHA in that period but not resold to the public until after the end of the fiscal year. In addition to the foregoing, the cost of the water and waste facility grant program would be $8,000,000 in fiscal year 1979, $31,000,000 in fiscal year 1980, $66,000,000 in fiscal year 1981, $91,000,000 in fiscal year 1982, and $100,000,000 in fiscal year 1983.

Mr. Chairman, H.R. 11504 is vital to the well-being of the agricultural sector. It balances the need to provide assistance to farmers within the bounds of the limited resources of the Federal Government.

I urge the Members to join me in voting in support of this measure.

Mr. MOORE. Mr. Chairman, would the gentleman yield for a question?

Mr. FOLEY. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, I appreciate the gentleman yielding. I want to associate myself with the gentleman's remarks. I think this is a fine bill and I compliment the gentleman and the gentleman from Tennessee for preparing this bill. I am a cosponsor of it.

Mr. Chairman, I have two questions for purposes of legislative history. First, under title II of the bill, particularly section 204(b) as it relates to rates of interest on guaranteed loans, would the Farmers Home Administration be able to guarantee loans made by Production Credit Associations and Federal Land Banks, which are a part of the Farm Credit Administration, even though they are made carrying variable interest rates?

Mr. FOLEY. Yes; it would be able to do so.

Mr. MOORE. Second, Mr. Chairman, if the gentleman will yield further, under title I of this bill, would the Farmers Home Administration be able to guarantee Production Credit Association operating loans and Federal Land Bank farm ownership loans, even though such loans were made at variable interest rates?

Mr. FOLEY. Yes, it would be able to do so.

Mr. MOORE. Mr. Chairman, I thank the gentleman.

Mr. MADIGAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I intend to offer a substitute to title II of H.R. 11504. I believe this substitute will improve the bill and make it more acceptable to Members, farmers, farm organizations, lending institutions, and those who are concerned about inflation.

Title I of this bill contains many provisions which I endorse and which "track" very closely the provisions in bills introduced by Chairman JONES of Tennessee and myself last year.

As many of you know, we considered a farm credit bill in the 94th Congress, but we did not have time to act upon it in the House before adjournment. Meanwhile, the emergency nature of the credit needs of farmers and ranchers have deteriorated over the ensuing months.

This bill addresses the high inflation rate affecting farmers. All of you know that you may be living in the same house you were living in 10 or 15 years ago, but your real estate taxes and utility bills have soared. The same thing has happened on the farms.

Title I and title III are almost unanimously supported by farm organizations and farmers. Title III extends the Emergency Livestock Credit Act of 1974 until October 1, 1979. Testimony established a need for this extension, and certainly it was supported in the committee.

Title I provisions are also largely noncontroversial. Title I increases loan limits for farm ownership and farm operating loans to a level more in keeping with today's inflation ridden economy. Eligibility for family farm corporations and partnerships are provided for such that as long as the farm operator or a majority of the stockholders or partners are family farmers or are related—eligibility is not denied by FmHA loans.

Low-income owners and operators of family farms—those unable to obtain credit under regular FmHA credit programs—are provided for in title I. This would presumably address the problem of new—including young, middle-aged, or old farmers—farmers who want to embark on a farming operation.

Direct and insured loan recipients are made subject to the "graduation" provisions of the basic law—in other words, if their economic situation improves, they must refinance their loans with conventional lenders—however, guaranteed loan recipients are exempt from the "graduation" provision.

Heretofore, if the county committee passing on FmHA loan applications denied an application for a particular borrower, there was no appeal procedure provided for review of that decision. This bill—correctly, in my opinion—provides for an appeal procedure for those determinations.

The bill also permits Federal departments and agencies to participate with FmHA in providing financial assistance to persons eligible under the farm credit laws.

Mr. MOORE of Louisiana inserted language in the bill which expressly establishes the Secretary's authority to grant moratoriums for payment of principal and interest and to forego foreclosures on FmHA loans under the Consolidated Farm and Rural Development Act.

These are illustrative of the many amendments in this bill to the Consolidated Farm and Rural Development Act which will improve on the loan services which FmHA can utilize in helping their clients.

The eligibility requirements of title I are still the family farm standard, and FmHA continues in title I as a lender of last resort.

I commend to your vote title I and title III of this bill as they are written because I believe them to be in most instances improvements on existing law.

As I stated earlier, I am troubled by title II as it appears in the bill, and I find it unacceptable. I, therefore, intend to offer a substitute to title II which I hope you will support.

As I stated in a "Dear Colleague" letter addressed to each of you today, I am of the opinion that title II of the bill promises more than it can deliver to farmers and ranchers based on the programs it provides and the funding limitation it contains.

I will ask the House to bring title II in line with the funding provided in the bill, and will have more to say about this later when I offer my amendment.

In conclusion, I urge you to support my amendment and adopt it and to pass H.R. 11504, once amended.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the subcommittee, the gentleman from Tennessee (Mr. JONES).

Mr. JONES of Tennessee. Mr. Chairman, rarely does any committee bring a bill to the floor of the House which will not only provide great assistance to our citizens but will save the taxpayers money as well. Primarily H.R. 11504

deals with the farm loan programs of the Farmers Home Administration including establishing a new economic emergency loan.

I stress that by eliminating the interest subsidy on the farm loans we will be saving American taxpayers $13 million in fiscal year 1979, save $52 million in fiscal year 1980, save $36 million in fiscal year 1981, and save $46 million in fiscal year 1982.

Another unique feature on this particular bill is that it has the general support of the administration.

Perhaps this bill has broad support because the need is so apparent. We all know that more loans will not solve our critical farm problem, but this bill addresses both the need to revise our outdated FmHA credit programs and also tries to come to grips with economic conditions in the agricultural sector resulting from production costs which have skyrocketed and commodity prices which have nosedived.

Using the value of the dollar in 1967 as a constant, realized net income from farming per farm has dropped from $7,980 in 1973 to $4.010 last year.

Any set of statistics you look at comparing the agricultural economy in 1973 with 1977 shows an almost unbelievable decline.

A function of this decline is that adequate credit is simply not available in the agricultural sector. Several factors account for this including: the high capital requirements of modern day farming; the volatility of agricultural commodity prices; the hesitancy of private lenders to venture into agricultural loans; the impacted liquidity positions of small local banks; the high cost of entry into farming and the outdated provisions of some Federal loans and regulations.

The Subcommittee on Conservation and Credit and the full committee worked hard to write provisions which will remove these barriers to credit availability. Particularly we are interested in the utility of the guaranteed loan program.

By using the guaranteed concept we encourage private lenders, local banks, and the Farm Credit System, to be more active in agricultural lending.

In particular, we are eager for the FmHA to participate with the Production Credit Associations and Federal Land Banks in serving individual borrowers. Under this bill, loans made with variable interest rates agreed to by the borrower and lender can be guaranteed. This provision will facilitate cooperation especially with the Farm Credit System.

H.R. 11504 represents the culmination of months of work which actually began in the previous Congress when a similar bill was sponsored by our former colleague, Bob Bergland.

Title II of the bill is a new emergency program which specifically addresses the current agricultural situation and while the authorized loan level is substantial, it is important to keep in mind that the assistance is in the form of loans only and the loans are not made at subsidized interest rates but at the cost of money to the Government for insured loans and a commercial rate for guaranteed loans.

Without a doubt this program will aid thousands of farmers and do so at a cost savings to the taxpayer.

I urge my colleagues to support this bill.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas (Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, for nearly a year and a half, I have been warning my distinguished colleagues that something would have to be done to alleviate the severe price, credit, and cash-flow crisis in High Plains farm country.

I am thoroughly aware that what many farmers do not need is more credit. Farmers in my district are almost unanimous in their beliefs that more credit is not the sole answer to our farm problem and that piling credit upon credit will only prolong the agony of the current cost-price squeeze. What they really want are higher farm prices.

Hopes for much needed cash-flow assistance were dashed on April 12 when the Emergency Agricultural Act of 1978 was defeated. Now, until profitable prices return, many hard-pressed farmers must reluctantly resort to their available credit sources to remain in business. This bill, with its modernization of loan limits, debt consolidation features, and expansion to include farm partnership and family farm corporations, is a courageous effort at making Farmers Home Administration more responsive to the needs of today's farmer.

Title I would amend the Consolidated Farm and Rural Development Act pertaining to the limitations for farm ownership and operating loans which is badly needed to compensate for inflation over the past several years. Title II, the Emergency Agricultural Credit Act of 1978, would respond to those farmers who have incurred sizable debts since 1973 and are in desperate need of consolidating and refinancing loans—both insured and guaranteed—of up to $400,000. Title III would extend the Emergency Livestock Credit Act of 1974 until September 30, 1979, so that farmers and ranchers who have substantial livestock operations may benefit from this program during the temporary adverse economic period.

I would like to point out that in January of 1977, I introduced H.R. 1973, an emergency farm credit bill, that would have done many of the things that are contained in H.R. 11504. At that time, it was my hope that action of this nature could have been expedited prior to considerations of the 1977 Food and Agriculture Act. I can not help but think that inaction on this important matter coupled with the administration's implementation of the 1977 act resulted in the widespread farmer discontent of the past 6 months.

Mr. Chairman, I support H.R. 11504 and urge its passage.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, I just wish to rise and commend the chairman of the subcommittee, the gentleman from Tennessee (Mr. JONES), for his usual outstanding work in bringing this very fine bill before the committee. I know he has worked very extensively and hard on it, as has the committee.

Mr. Chairman, I also want to commend the gentleman from Illinois (Mr. MADIGAN) for his very able and excellent work on this bill.

In 1975 this body adopted an amendment which I proposed that provided for flexibility within FmHA. I am most pleased that the same flexibility is established in this legislation here today. In 1975 the administration was successful in striking this feature during the House-Senate conference, however, the administration today is supportive.

At that time it was our dairy farmers who were faced with severe cash-flow problems. Today it is our western wheat and feed grain farmers that are faced with similar problems. This legislation will allow FmHA flexibility with operating loans, particularly in the consolidation and refinancing of these loans.

Also FmHA can now be responsive to "partnership" and "corporation" setups.

This legislation will allow our American farmer, particularly our younger farmers, more progressive farmers to survive a very rough economic period.

Again, I want to commend both Mr. JONES and Mr. MADIGAN for their outstanding leadership on this legislation.

Mr. JONES of Tennessee. Mr. Chairman. I yield such time as he may consume to the gentleman from Oklahoma (Mr. ENGLISH).

Mr. ENGLISH. Mr. Chairman, on January 25, 1978, I urged my colleagues to support emergency legislation which I had drafted to provide our Nation's farmers with some desperately needed financial assistance. That measure, H.R. 10539, was designed to enable family farmers who could not find adequate credit in the private sector to get emergency refinancing through the Farmers Home Administration. My original proposal included provisions which would allow farmers to refinance their agricultural indebtedness, and defer their first payment of principal and interest for up to 5 years.

During the Conservation and Credit Subcommittee's consideration of H.R. 11504, my legislation was revised with the help of Chairman ED JONES and the Farmers Home Administration, and was then included in the bill we are debating today as title II.

I believe that the provisions of title II are essential if we are to avoid losing an entire generation of family farmers. Without this legislation, we stand a very real danger of losing up to 10 percent of our farmers to bankruptcy this year—which can only lead to economic disaster throughout rural America.

But I would like to emphasize to my colleagues who are rightly concerned about holding down spending that participating farmers will pay an interest rate equal to the cost of money to the Government, plus a one percent surcharge to cover the program's operating costs. Yet even though there is no drain on the treasury, these much-needed loan provisions will give the Farmers Home Administration the tools it wants and needs to keep family farms producing quality food and fibre at reasonable prices.

The choice today is simple—by passing this legislation, we will give farmers a chance to survive their current economic crisis. I strongly urge every Member of the House to support the future of family farming by voting for H.R. 11504.

Thank you very much.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. STANGELAND).

Mr. STANGELAND. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the Agricultural Credit Act of 1978.

I would agree with the distinguished gentleman from Kansas (Mr. SEBELIUS) when he says that what we need for the farmer is price and not more loans. However, we also need loans, and we need the ability in the agriculture community to finance operations in the future.

Mr. Chairman, this bill recognizes what inflation has done not only to the values of land but also to the cost of operations.

In Minnesota we have a family farm corporation act recognizing the right and need for family farmers to incorporate. The fact that title I now recognizes the need to make partnerships and these types of corporations eligible for loans from FmHA is certainly a progressive step.

I would also like to draw attention to title II, the temporary loan section which is a very much needed place of legislation at this time. Many farmers, young and old alike, have been severely injured economically through adverse weather conditions and farm prices in very recent years to the point that they are on the verge of bankruptcy. Until the price structure improves, they need some temporary loan program to tide them over. Perhaps hardest hit are the beef-cow-calf operators who have suffered low prices from the period of 1973 through 1977. The prices are just now recovering but are not at an adequate level to establish a cash flow which will allow them to reduce their debt. This is a program that will allow them to consolidate their loans and extend the amortization until they can get back on their feet. It is amazing that we find people with more than adequate valuation to cover their liabilities who cannot get loans because of a cash flow problem. Many of these cow-calf operators are on land that is not suitable for any other type of agricultural operation. If we do not provide a mechanism to help them stay afloat, we can be in very serious danger in the future of being short of beef for the consuming public. This is a much needed strengthening of the FmHA program which has come to be a very much needed tool in the field of financing agricultural operations.

Again, I urge this House to strongly support this piece of legislation.

Mr. JONES of Tennessee. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas (Mr. GLICKMAN), a member of the committee.

Mr. GLICKMAN. Mr. Chairman, I rise in support of this bill and for the same reasons as those offered by everybody who has spoken before.

However, Mr. Chairman, I would also like to repeat the reason given by my colleague, the gentleman from Kansas (Mr. SEBELIUS), who indicated that the real answer to farm problems is raising prices.

Mr. Chairman, this is not a bill aimed at raising prices.

While this may help, we need to improve the underlying foundations that will go to the heart of the problem and make sure that rural America will continue to survive.

Mr. Chairman, I will offer an amendment to this legislation designed to incorporate language into the bill before us to provide that mortgage guarantees offered by the Farmers Home Administration would be subject to conditions no less favorable than those governing the comparable program administered by the Department of Housing and Urban Development.

However, Representative NEAL SMITH and I feel this is an issue which definitely warrants further attention. As we pointed out in our dear colleague, several major differences exist in the requirements for participation in the Farmers Home and HUD programs; differences which appear to us to put rural Americans at a real disadvantage. Just to name a few: the HUD program has no income ceiling on eligibility whereas the Farmers Home program does, the HUD program insures 100 percent of the eligible loans whereas Farmers Home insures only 90 percent, the HUD program has a $60,000 mortgage limit whereas Farmers Home limits the mortgage to $33,000. We are talking about programs designed to provide the same assistance, but what has resulted is more assistance being available to urban applicants with almost no help to rural residents. What we have, therefore, is a question of equity: of providing real access to comparable housing programs for rural and urban citizens alike. Which brings me to my next point.

HUD's focus on urban needs is understandable, in that that agency has traditionally been operated by urban-oriented administrators with a knowledge of and concern for the well-being of urban areas. However, the Department does have the authority to extend many of its programs to benefit rural areas, but yet to permeate those areas—in 1976 rural America received less than 1.5 percent of the mortgage guarantee program in question's benefits.

Therefore, we must justifiably rely on Farmers Home for attention to the unique needs of the rural population. However, it bothers me greatly that Farmers Home is not even implementing the mortgage guarantee program which Congress deemed necessary in approving the Rural Development Act 4 years ago.

We need to get the program moving. However, just implementing the program is not enough. The Farmers Home mortgage guarantee program should be made available to rural applicants on the same basis as the comparable urban program. Without making the program more reasonably available to rural applicants, the Government will continue to ignore a need equally if not more urgent in rural areas as in our cities.

While clearly other steps are needed to get the Farmers Home program moving, I feel this amendment should be approved today so there will be no question that the Congress expects nothing short of equal treatment of rural and urban Americans.

The amendment we are offering has considerable support from organizations who understand the problem that exists: the National Association of Counties, the National Association of Regional Councils, the National Association of Home Builders, the National Farmers Union and the National Rural Electric Cooperatives.

I urge you to join those groups and the 36 Members of the House who have already decided to cosponsor the Smith legislation in an effort to eliminate the present inequity, and to let rural Americans know that the Congress believes that they deserve equal treatment from their Government.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, I thank the gentleman from Illinois for yielding to me.

Mr. Chairman, members of the committee, this bill addresses itself to two categories of people who need help. No. 1, the people who have real need because of the farm credit crunch; the very people that we want to help start farming, the young farmers. It helps farmers who rent and have not had the benefit of the appreciation of farmland in the last decade, and it helps farmers hit simultaneously by low prices and no crops to harvest.

Second, this bill addresses itself to a whole category of new and innovative business arrangements that have become dominant in farming in recent years, which the original Farmers' Home programs could not legally address; particularly, family farm corporations and partnerships. These have evolved because of the credit crunch and the high machinery and land cost associated with the 1970 decade of agriculture.

For these reasons, this bill ought to be passed for the benefit and preservation of family farm agriculture in this country.

Mr. Chairman, I rise in support of H.R. 11504, the Agriculture Credit Act of 1978.

This legislation makes several needed changes, such as increasing the limitation of farm ownership and operating loans to a level which reflects the large increases in recent years in the cost of getting into and operating a farm. As a result of the increased cost of buying and operating a farm there has been a growing number of partnerships and family corporations involved in farming. This measure makes these two groups also eligible for Farmers Home Administration programs which I consider a desirable change.

In addition, this bill addresses the credit needs of farmers who are in a financial crunch because of low commod-

ity prices and, in some cases, adverse weather conditions. Farmers from all sections of the country came to Washington these past few months telling their elected officials of their financial problems and giving details of how they were selling their commodities at below the cost of production. Many farmers, especially young farmers who have just recently gotten into farming, need assistance and this measure provides help.

Hopefully, Congress will act quickly on this legislation and then the U.S. Department of Agriculture will move promptly to administer this important program. Mr. Chairman, I urge my colleagues to join me in support of H.R. 11504, and vote in favor of this legislation.

Mr. JONES of Tennessee. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, I rise in support of the bill H.R. 11504, and I wish to commend the chairman of the subcommittee, the gentleman from Tennessee (Mr. JONES), as well as the senior minority member on the subcommittee, the gentleman from Illinois (Mr. MADIGAN), for their work in producing this legislation. I feel this bill represents a sound and responsible approach to the financial crisis facing our farmers today.

A few weeks ago this Congress considered an emergency farm bill. It was defeated by the House for I think a number of reasons. Some felt it was wrong legislatively. Some felt it was wrong economically. Others felt it was wrong because it targeted at certain areas of agriculture.

This bill comes to the House in strong contrast to that legislation. This bill is the result of weeks of hearings and deliberations by the House Agriculture Committee, both the Subcommittee on Conservation and Credit as well as the full committee. Economically it does not involve additonal Government spending or inflationary costs, but it involves loans to farmers, loans to assist farmers, loans that they in turn will pay back plus interest. Lastly, it does not affect just one sector of our agricultural economy. It affects all of agriculture regardless of the crop one raises and regardless of whether one's operation is large or small. In that sense it tries to serve all of agriculture rather than a portion of it.

As a member of the subcommittee and the committee, I want to assure my colleagues that this bill will offer real relief to the farmers in rural communities that are being hit by the present credit squeeze. This bill represents a compromise between Members representing both large and small farmers growing a variety of crops from diverse areas of the country.

Make no mistake about it. Our Nation's farmers are in desperate need of help. There are thousands of farmers from several States throughout the country that are facing bankruptcy. Credit is not available to private lenders or through the Farmers Home Administration. The bill H.R. 11504 will respond to this need.

In addition to broadening eligibility for loans, increasing loan limits, and adjusting interest rates of regular FmHA programs, this bill establishes a new emergency credit program to provide immediate assistance to bona fide farmers and ranchers suffering from the present agricultural credit crunch that is taking place.

I believe title II is an essential component to this credit bill, for it demonstates our commitment to a comprehensive solution to the current credit problems.

In my opinion, the key to resolving our agricultural difficulties centers around responsible farm legislation, legislation that makes sense economically as well as legislation that makes sense for our farmers. The bill we have before us achieves these goals and I urge my colleagues to support it.

Mr. JONES of Tennessee. Mr. Chairman, I yield 1 minute to the distinguished member of the subcommittee, the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Chairman, when Congress reconvened in January the most immediate problem we had at that time was the agricultural situation. In the fall of 1977, when the farmers began to realize that the farm bill we had passed last year was not really going to provide the help they needed, they began to tell us just how critical the situation is. One of the arguments they made repeatedly was that it was not going to help if we provided more credit for them, that what they needed was higher prices. We heard that at the time and we committed ourselves to trying to get the higher prices. The farm bill we had that would have done that failed.

In spite of the fact that they said they did not need more credit, the reality is that they must have more credit. We have farmers going broke every day in my part of the country. The papers each week have many stories of foreclosures.

H.R. 11504 will not end the foreclosures, but it will help. It will help the farmer that is a good operator and is an innocent victim of the economic forces that have produced the present crisis.

I urge the House to speedily pass this bill. I hope that the President will quickly sign it in order that help will be on the way to rural America.

Mr. MADIGAN. Mr. Chairman, I yield such time as he may require to the gentleman from South Dakota (Mr. ABDNOR).

Mr. ABDNOR. Mr. Chairman, I rise in support of H.R. 11504, the Agricultural Credit Act of 1978.

While credit is no substitute for improved farm income, this legislation does provide for some important changes in the lending authorities of the Farmers Home Administration. These changes are justified on the basis of fairness and taking into account the inflation which has occurred in property values and operating expenses.

I urge my colleagues to oppose weakening amendments, but one amendment in particular deserves support. Currently a number of discrepancies exist between FmHA and HUD lending programs for housing. Despite the increasing emphasis on urban strategies, rural citizens deserve access to housing assistance on terms no less favorable than those available under HUD's program.

Other major aspects of H.R. 11504 include:

First. Making farmer-controlled cooperatives, partnerships, and private domestic corporations eligible for farm ownership and operating loans;

Second. Raising the limit on farm ownership loans for $100,000 to $200,000 for direct and insured loans, and to $300,000 for guaranteed loans;

Third. Deleting the current $225,000 limitation on a borrower's total real estate indebtedness and providing instead that total indebtedness may not exceed the value of the farm or other security;

Fourth. Raising the limit on farm operating loans from $50,000 to $100,000 for direct or insured loans, and to $200,000 for guaranteed loans;

Fifth. Establishing special direct or insured farm ownership and operating loan programs for small family farmers who have low incomes and are unable to obtain credit under the regulator programs.

Under these special programs, the interest rate shall not exceed 5 percent on farm ownership loans, which will be repayable over 40 years, with reduced payments in the initial 10 years. Special operating loans will have an interest rate not to exceed 3 percent, and borrowers under these special programs will be "graduated" to regular FmHA credit terms or to private credit as their financial situation improves.

Sixth. For emergency loans, effective October 1, 1978, the interest rate will be no more than 5 percent on the amount of the actual loss and the prevailing market rate for amounts in excess of the loss;

Seventh. The bureaucratic "job piracy" requirements on business and industrial loans are removed for loans to small businesses not exceeding $500,000 and not increasing employment by more than 20 employees;

Eighth. The overall authorization for water and waste disposal grants is increased from $300,000 million to $400,000 million; and these grants may provide up to 75 percent of a project's costs, instead of the current 50-percent limit;

Ninth. Emergency insured or guaranteed loans up to $400,000 are authorized to farmers and ranchers who are unable to obtain credit from normal sources because of depressed economic conditions and have the experience and resources to reasonably assure a successful operation. Insured loans under this program shall be at a rate of interest equal to the cost of money to the Government, plus 1 percent. These loans may be for terms of up to 30 years, but borrowers will be graduated to private credit when their financial conditions improve; and

Tenth. Finally, the Emergency Livestock Credit Act is extended until September 30, 1979.

I am somewhat concerned that the interest rate on direct and insured loans under FmHA's regular farm ownership and operating loans will be increased to

a rate not greater than the cost of money to the Government plus 1 percent. Lower rates will be preserved under the new special programs, though, and, hopefully, will direct additional assistance to where it is needed most.

There is no doubt H.R. 11504 is far from perfect. It is certainly no panacea for the economic problems of agriculture, and perhaps there will be additional amendments offered which can improve this legislation. On balance, however, H.R. 11504 is a very good and much-needed measure.

I strongly urge adoption of this legislation.

Mr. JONES of Tennessee. Mr. Chairman, I yield 1 minute to the distinguished member of the subcommittee, the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, I rise in support of this legislation to help us give some very urgently needed financial help to some of our hard-pressed farmers. However, I would like to call the committee's attention to a problem that we have in FmHA. That problem is pure and simple: They do not have adequate personnel to properly supervise these loans, to properly watch over these loans. This has broken out in my State in the press just in the last 2 or 3 days I find that since 1969 FmHA's outstanding loans have increased from $5.6 billion to $22.5 billion, a fourfold increase—and we have increased the staff by only 12 percent. I am told they do not have enough staff to inspect the buildings that they are making loans on, that they do not have enough staff to check with regard to repayment of the loans.

Mr. Chairman, it is only good banking practice that if we are going to make loans, we provide adequate personnel so that we can know what we are doing both on the loans that we make and in the supervision of the loans that are made.

Mr. MADIGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee, Mr. JONES, chairman of the Subcommittee on Conservation and Credit.

Mr. JONES of Tennessee. Mr. Chairman, I thank my good friend and colleague on the subcommittee, the gentleman from Illinois (Mr. MADIGAN). I am sure that I will not use all the time, but I do appreciate it.

I yield 2 minutes to my distinguished colleague, the gentleman from California (Mr. KREBS), a member of the subcommittee.

Mr. KREBS. Mr. Chairman, first of all I would like to congratulate the chairman of the subcommittee, the gentleman from Tennessee (Mr. JONES), as well as the ranking minority member, the gentleman from Illinois (Mr. MADIGAN), on the excellent job that they have done with this legislation. We recently had several days of hearings on the plight of the American farmer.

As has been pointed out, the House has seen fit not to pass emergency farm legislation for a number of reasons. As far as this Member is concerned, one of the reasons I could not support the legislation that was before us approximately 10 days ago was because I felt it would create problems in certain parts of the country in the hopes of helping farmers in other parts of the country. Certainly this is not true—and I want to emphasize not true—about the legislation before us.

I think the legislation before us is going to be of substantial help to farmers throughout the country, who find themselves in many cases in dire financial straits. It is also the purpose of this legislation to make it possible for farmers who find themselves in that position to get a new start, if you will, and it is in that spirit this legislation should be passed.

There is one aspect of the legislation that does give me some concern. An amendment will be offered by my colleague, the gentleman from Missouri (Mr. VOLKMER), which seeks to address the issue of placing a loan limit on the amount of funds that are going to be available. Under the legislation as it is now before us, it would be possible for an applicant to receive a grand total of $900,000 under both title I and title II. This obviously would not only represent a figure that would benefit primarily large operators, but would do so at the expense of the rest of the farmers who seek our help, in light of the fact that the total funds available are rather limited.

Mr. Chairman, I urge adoption of the Volkmer amendment.

Mr. JONES of Tennessee. Mr. Chairman, I yield 1 minute to my good friend and member of the full committee, the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Chairman, I rise in strong support of this legislation.

I would also like to commend my good friend, the gentleman from Tennessee, the chairman of the subcommittee, for all the many hours of labor the gentleman has put into this bill.

This bill is not going to solve the farmers' problems, as we all know. The emergency credit provisions in there are certainly going to help the farmers in my part of the country, as well as the entire Nation, who find themselves in dire financial straits today; but in addition, the bill does something that should have been done many years ago. If it passes, it will increase the amount that can be lent to farmers, whose expenses have gone up considerably in recent years, from $50,000 to $100,000 for operating expenses and from $100,000 to $300,000 for land. Certainly we are getting the Farmers Home Administration back into business where we can deal with the small and average farmer. This legislation for that reason is desperately needed.

Mr. JONES of Tennessee. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, I appreciate the gentleman yielding to me. I am pleased to extend my strong support for the Agricultural Credit Act. I think this is a demonstration of an area in our economy and in our Nation that desperately needs help.

From time to time different areas in our country, different sectors have to come to us for assistance. Later this spring we will have the city of New York coming to us making exactly the same case that the farm sector now makes. There is great similarity in these two bills. In fact, the amount New York will be asking for is less than the $4 billion authorized in this legislation.

I would hope in the same way that all of us across the country seek to assist with compassion our farmers, that all of us will look with genuine concern and understanding at the plight of New York City.

Mr. Chairman, as a representative of New York City, I can well understand how H.R. 11504, the Agriculture Credit Act of 1978, will help America's family farmers. As surprising as this may sound, the plight faced by the American farmer is very similar to the one confronting New York City.

As the gentleman from Oklahoma (Mr. ENGLISH), one of the supporters of this bill, has pointed out, we face the possibility of losing an entire generation of young farmers. New York City, as important to our Nation as farmers are, also faces the possibility of a catastrophic loss. It could lose its middle-class, its appeal as a business and artistic center, and thousands of jobs.

There are other analogies worth noting. One of the reasons family farmers are in the midst of an economic crisis is that they made large investments when times were good only to see the recession of 1974–75 undermine farm prices and their economic future.

New York City suffered a similar fate; the recession, the flight of business and the tremendous increase of people dependent on government services created a fiscal crisis.

The parallels between our Nation's family farmers and New York City do not stop with the causes of their economic plight. They extend to the solutions.

The Agriculture Credit Act of 1978 will enable—through Farmers Home Administration guaranteed loans—farmers to refinance their debt. As the bill's supporters have correctly pointed out, this loan guarantee program is self-supporting. It will cost the Government nothing.

In this respect, it is not unlike the long-term bond guarantees New York City has requested. These guarantees will not burden the Federal Treasury. In fact—like the New York Seasonal Loan Act which will net the Government $40 million in profits by this June—this program will generate a profit for the U.S. Treasury.

I support H.R. 11504. There is no justification for abandoning farmers or "teaching them a lesson" merely because they have come upon hard times. The family farmer is a crucial part not only of our economy but of our country's heritage.

I hope that in the coming months, when legislation to aid New York comes before us, we will remember the important contributions New York City has made and continues to make to this

country. It must not be abandoned either.

● Mr. TUCKER. Mr. Chairman, I want to take this opportunity to note my cosponsorship of H.R. 11504 and my wholehearted support for its passage. Farmers throughout this country have been very effective in informing Congress of their financial plight. Unfortunately, this Congress and the administration have not responded to this crisis with a farm bill that farmers and consumers can support.

H.R. 11504 is not a final solution to this problem. We still need a long range farm bill that will insure income and price stability in the farm sector of our economy. But the Agricultural Credit Act will provide farmers with one form of financial assistance that will allow many farmers to stave off financial disaster for another year.

Farm land prices have risen 300 percent in the last 5 years. More than one Arkansas farmer has quoted me a tractor or combine price that inflation has doubled in only 4 years. Fertilizer and pesticides have not only jumped in price but in some cases have been taken off the market resulting in less yield and ultimately less income.

All of these factors necessitate passage of this bill so that family farmers can receive the amount of loan assistance that they need to meet rising costs of production. Fortunately, title II of this bill goes one step further in meeting this problem by providing FHA with the authority to consolidate and refinance outstanding loans which farmers have made between 1973 and the date of enactment of this bill. This provision does not go as far as I would like, but it does provide some immediate financial assistance. In light of the present farm situation and considering how little has been done so far, this bill is a good first step toward the long-term need of stabilizing the farm sector of our economy, saving the family farm, and guaranteeing an abundant supply of food for our people.●

● Mrs. HECKLER. Mr. Chairman, as a member of the House Agriculture Committee, I was visited by hundreds of farmers in the past 4 months. Though their accents, backgrounds, and hometowns varied, one common thread united them all. The credit crunch has hit hard. Without congressional action they will be stripped of their livelihood. I will do my part to prevent that by voting for the Agriculture Credit Act of 1978.

H.R. 11504 amends ongoing Farmers Home Administration programs to reflect the credit crunch now facing farmers. In addition, it establishes a temporary loan program to provide financial aid to farmers and ranchers caught in the agricultural credit squeeze. Finally, it extends the Emergency Livestock Credit Act for 1 more year.

Title I of the bill increases loan limitations for both farm ownership and operations to reflect increased costs. Younger farmers in particular have borne the brunt of increased input costs and decreased income from production. Without these changes the Congress would be a party to closing out farming opportunities for a whole segment of ambitious young farmers. They would be the short-term losers; we would be the long-term losers.

Title II of H.R. 11504 establishes an emergency agricultural credit program designed to meet the immediate credit needs of the Nation's farmers. A loan consolidation framework is established to assure repayment of loans on debt incurred between January 1, 1973, and enactment. Preference is given to family farmers. This program will prevent thousands of family farmers caught in the vise of rising inflation and declining income from commodities. This title authorizes up to $2 billion in outstanding loans in calendar year 1978 and up to $4 billion in 1979.

Under title III of the legislation, USDA's authority to make loan guarantees under the 1974 Emergency Livestock Credit Act is extended for 1 year to September 30, 1979.

Mr. Chairman, the American farmer needs help. But, he does not seek a Government handout. This legislation provides the helping hand of easier credit and loan terms without burdening him with unwanted Government subsidies and the accompanying tarnished pride. H.R. 11504 provides the framework for the farmer to help himself, a goal on which we all can agree.●

● Mr. ALEXANDER. Mr. Chairman, the family farmer is the most productive, yet least appreciated partner in our economic system today. He, more than any other element of our population has suffered from inflation. As a result, the family farmer is deeper in debt today than at any time in our history. Forever at the mercy of the marketplace, the farmer's financial woes are aggravated and compounded by agricultural policies that, on the one hand, encourage "fencerow to fencerow" production and which impede exports on the other.

The family farmer is, it must be remembered, a consumer too. He spends billions annually on equipment, fertilizer, seed, and feed. His labors provide job opportunities for thousands of Americans who are involved in the marketing, processing, storing, and transporting of his product.

The bill before us today will aid those farmers most critically in need—those who actually face bankruptcy and repossession moves by their creditors.

It is one of several responses this Congress and this administration should make to the short-term needs of farmers. We must continue to seek target price and loan rate adjustments that more realistically reflect cost of production. At the same time, we must concentrate on expansion of markets, particularly world markets. A bill presently moving through the Agriculture Committee will facilitate that aim by setting up the machinery abroad in terms of trade offices and representatives to bolster export market development. That legislation will also provide an intermediate credit program, an additional tool to help increase the sales of U.S. agricultural products overseas.

I am encouraged that others in the House leadership agree with me that no legislation, with the exception of a comprehensive energy bill, is a more pressing priority of this body than emergency farm legislation.

Mr. Chairman, the farmer has been patient. He has come to Washington in an orderly fashion to petition his Government, I might add, in the finest American tradition. H.R. 11504 is one response to the farmer's legitimate grievances. The most productive partner in our economic system deserves no less than such reasonable responses to his immediate needs. I urge adoption of this bill.●

● Mr. FRENZEL. Mr. Chairman, I rise in support of H.R. 11504, the Agricultural Credit Act of 1978.

Without access to further credit, many of our small agricultural producers will no longer be able to own and operate their farms.

Statistical evidence shows that the costs of owning and operating a farm has increased greatly in the last few years—so much so that credit availability can no longer keep up with the amount of credit demanded. Therefore, I am in favor of Congress raising the loan ceiling to meet those demands.

I am also very much in favor of the new interest rates on loan programs, especially the guaranteed loan rate changes which should stimulate increased investment from the private sector and eliminate Government redtape and interference.

However, I am a little concerned with title II of the bill as it is presently written. I question whether it is wise to subsidize the entire debt that a farmer has incurred and thereby increase his dependence on the Government for help. Therefore, I will support the Madigan amendment which decreases Government involvement by allowing only for help in debt payments for a few years or until the farmer can take over payments himself.

Market prices will rise on their own but in the meantime many farmers are in need of immediate help to maintain their operations. For these reasons, I will vote for H.R. 11504.●

Mr. WAMPLER. Mr. Chairman, I rise in support of this agricultural credit bill, H.R. 11504.

I first wish to extend my congratulations to Chairman FOLEY for his leadership in shepherding this greatly needed legislation to the floor for our consideration.

I also wish to commend my good friend Ed JONES of Tennessee, chairman of the Subcommittee on Conservation and Credit, and EDWARD MADIGAN of Illinois, the ranking minority member of that subcommittee, for their leadership in bringing to the floor a badly needed piece of legislation at a very critical period. This is a time when farm production costs are soaring and farm income has been in a steep decline since early 1977 and shows little prospects for improvement in 1978—albeit it is showing some improvement at the moment.

I am sure all of the Members have some appreciation for the critical nature of the farm problem because of the large

numbers of farmers who discussed their problems with the Members over the last few months.

I must say that my experience with the farmers was positive. They were well-mannered and plainspoken, and they got their point across in a sincere, straightforward manner.

We were unsuccessful last week in passing a conference report on a farm bill that would have improved farm income. Based on the fact that the Senate Committee on Agriculture, Nutrition, and Forestry reported two new farm bills yesterday, I judge that farm legislation is still alive in Congress.

There remains a great need to update farm credit legislation, and we have an opportunity to do that today. Let us act decisively today and pass legislation to help the farm credit situation.

I am aware that there will be some disagreement over certain provisions of the bill; but after full debate and consideration on the merits, I urge the Members to pass this bill with a decisive vote. Let us send a message to farmers that Congress is genuinely concerned with their plight.

In speaking of possible amendments to this bill, I want to urge you to give serious consideration to the substitute to title II which will be offered by Mr. MADIGAN. Mr. MADIGAN is second to none in his support of farmers and the farm community, but he has serious reservations about title II. He is concerned that his version of title II—the Emergency Agricultural Credit Adjustment Act of 1978—will better serve farmers and ranchers and get help to them quicker and get help to those who need it most.

Title I of H.R. 11504 increases farm ownership and farm operating loan limits to a more realistic level reflecting increases in real estate prices and farm production costs.

The interest rate for emergency loans is placed at 5 percent for the amount of actual loss and the prevailing market rate for the amount of the loan over and above the loss.

Of interest to small rural communities is a provision that increases the authorizations for grant funds for water and disposal projects from $300 million to $400 million. Also, such grant funds may provide up to 75 percent of a project's development costs (increased from 50 percent).

Also of interest to Members is a provision which provides that beginning in fiscal year 1979 Congress would be required every 2 years to authorize lending limits for each program established under the Consolidated Farm and Rural Development Act.

Turning back to the severe credit crunch facing farmers, let me embellish a bit on that. The costs of farm real estate and operating expenses have jumped dramatically in recent years. Meanwhile, farm commodity prices have dropped 25 to 50 percent in some instances since 1974. Outstanding farm debt has more than doubled since 1970, having increased from approximately $50 billion in 1970 to $120 billion in 1978.

Total nonreal estate farm debt has increased from $21 billion in 1970 to $45 billion in 1978. Net farm income in 1974 was $27.7 billion, and despite an inflation rate of about 6 percent per year, farm net income dropped to $20.5 billion in 1977.

This bill is badly needed to bring loan limits into a proper relation with land prices and farm operating costs. Moreover, for those farmers who have been caught in a farm cost-commodity price squeeze, there is a great need for an Emergency Agricultural Credit Adjustment Act which is contained in title II. And, of course, there is a need to extend for another year (as is done in title II) the Emergency Livestock Credit Act of 1974.

I urge you to consider the amendments on their merits and to vote for final passage of H.R. 11504.

● Mr. KOSTMAYER. Mr. Chairman, I rise to express some reservations about H.R. 11504, the Agricultural Credit Act of 1978.

Section 306 of the Consolidated Farm and Rural Development Act is being amended to increase the authorization for water and waste disposal grants to $400,000,000 in any fiscal year, up from $300,000,000. Besides the fact that this is a one-third increase in spending and I think a one-third increase in spending for any program in one year is too big an increase, I think we have to evaluate the worth of the section 306 program.

All over America and in my congressional district as well there is an increased awareness of the catastrophic problem of vanishing prime agricultural land. I think we should question the spending of Federal dollars to extend sewer lines to rural areas, a policy which in my view encourages the loss of farmland. In southeastern Pennsylvania we are fighting to halt mindless urban sprawl which is devouring agricultural acreage, and changing the rural character of many areas, including my own home area in central Bucks County. It does not make sense to subsidize development by extending sewer lines to these fringe areas. Such a policy only spurs unwanted development.

I have no problem with waste treatment grants to areas which have a real need—be they urban, suburban, or boroughs in the midst of our rural townships. But I am concerned about the building of sewer lines to the middle of nowhere. This is happening in Pennsylvania, and it results in tremendous pressures to follow the sewer lines with housing which inevitably is followed by higher taxes and then by more spending. Thus, the cycle begins. We must break that cycle.

I am not in favor of deleting all this money from the bill, but I am opposed to increasing the funding and making it easier to obtain by requiring the local communities to contribute only 25 percent rather than the 50 percent now required. I am in favor of tighter coordination and planning so that the extension of sewer lines is subsidized to areas which truly need it. Too often there is inadequate planning. When vanishing agricultural land is a problem in an area, we should not subsidize a sewer line which exacerbates the problem.

I am hopeful that legislation which my distinguished colleague from Vermont, JIM JEFFORDS, has authored will be passed shortly by the Congress. That bill would provide for the study needed on this subject and hopefully improve Government programs in rural areas, perhaps by lessening them. This coordination is needed so that the programs, such as the section 306 program, do not destroy the rural character of the very areas the Farmers Home Administration seeks to help.●

Mr. JONES of Tennessee. Mr. Chairman, I have no further requests for time. I yield back the balance of my time.

Mr. MADIGAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Under the rule, all time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Credit Act of 1978".

TITLE I—AMENDMENTS TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

SEC. 101. ELIGIBILITY FOR FARM OWNERSHIP AND OTHER LOANS UNDER SUBTITLE A.—Section 302 of the Consolidated Farm and Rural Development Act is amended to read as follows:

"SEC. 302. The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers in the United States, and to farm cooperatives, private domesitc corporations, and partnerships controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, subject to the conditions specified in this section. To be eligible for such loans, applicants who are individuals, or in the case of cooperatives, corporations, and partnerships, members, stockholders, and partners, as applicable, holding a majority interest in such entity, must (1) be citizens of the United States, (2) have either training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, (3) be or will become owner-operators of not larger than family farms (or in the case of cooperatives, corporations, and partnership in which a majority interest is held by members, stockholders, or partners, as applicable, who are related by blood or marriage, as defined by the Secretary, such individuals are or will become either owners or operators of not larger than a family farm and at least one such individual is an operator of not larger than a family farm), and (4) be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. In addition to the foregoing requirements of this subsection, in the case of cooperatives, corporations, and partnerships, the family farm requirement of clause (3) shall apply as well to the farm or farms in which the entity has an ownership and operator interest and the requirement of clause (4) shall apply as well to the entity.".

SEC. 102. LOANS FOR RECREATIONAL AND POLLUTION ABATEMENT FACILITIES.—Section 304 of the Consolidated Farm and Rural De-

velopment Act is amended by adding at the end thereof a new subsection (c) as follows:

"(c) Loans may also be made or insured under this subtitle to any farm owners or tenants without regard to the requirements of clauses (1), (2), and (3) of section 302 for the purposes of meeting Federal, State, and local requirements for agricultural, animal, or poultry waste pollution abatement and control facilities, including the construction, modification, or relocation of farm or other structures necessary to comply with such pollution abatement requirements.".

SEC. 103. LIMITATIONS ON LOANS UNDER SECTIONS 302, 303, 304, AND 310D OF THE ACT.—Section 305 of the Consolidated Farm and Rural Development Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The Secretary shall make or insure no loan under sections 302, 303, 304, and 310D of this title which would cause the unpaid indebtedness under such sections to any one borrower to exceed the lesser of (a) the value of the farm or other security, or (b) 200,000, or in the case of a guaranteed loan to exceed $300,000.".

SEC. 104. WATER AND WASTE FACILITY GRANTS.—Section 306(a)(2) of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out in the first sentence the figure "$300,000,000" and inserting in lieu thereof "$400,000,000"; and

(2) striking out in the second sentence "50 per centum" and inserting in lieu thereof "75 per centum".

SEC. 105. RURAL AREAS.—Section 306(a)(7) of the Consolidated Farm and Rural Development Act is amended by striking out ", the Commonwealth of Puerto Rico and Virgin Islands,".

SEC. 106. INTEREST RATES FOR LOANS UNDER SUBTITLE A. DELETION OF ESCROW AGENT PROVISION.—Section 307 is amended by—

(1) amending subsection (a) to read as follows:

"(a)(1) The period for repayment of loans under this subtitle shall not exceed forty years.

"(2) Except as otherwise provided in paragraphs (3), (4), and (5) of this subsection, the interest rate or rates or loans under this subtitle shall be as determined by the Secretary, but not in excess of the current average market yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum, as determined by the Secretary.

"(3) The interest rate on loans (other than guaranteed loans) under section 310D, and loans (other than guaranteed loans) to public bodies or nonprofit associations (including Indian tribes on Federal and State reservations and other federally recognized Indian tribal groups) for water and waste disposal systems and essential community facilities shall be as determined by the Secretary, but not in excess of 5 per centum per annum.

"(4) The interest rate on loans under sections 304(b), 306(a)(1), or 310B (other than guaranteed loans and loans as described in paragraph (3) of this subsection) shall be as determined by the Secretary, but not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for a rate comparable to the rates prevailing in the private market for similar loans and considering the Secretary's insurance of the loans, plus an additional charge, prescribed by the Secretary, to cover the Secretary's losses and cost of administration, which charge shall be deposited in the Rural Development Fund: *Provided*, That the rate so prescribed shall be adjusted to the nearest one-eighth of 1 per centum.

"(5) The interest rate on any loan made under this subtitle as a guaranteed loan shall be at such rate as may be agreed upon by the borrower and the lender, but not in excess of a rate as may be determined by the Secretary.".

(2) redesignating subsection (b) as subsection (c); and

(3) inserting a new subsection (b) to read as follows:

"(b) The borrower shall pay such fees and other charges as the Secretary may require, and borrowers under this title shall prepay to the Secretary such taxes and insurance as the Secretary may require, on such terms and conditions as the Secretary may prescribe."

SEC. 107. REPEAL OF LIMITATION ON OUTSTANDING LOANS UNDER THE AGRICULTURAL CREDIT INSURANCE FUND.—(a) Section 309(f) of the Consolidated Farm and Rural Development Act is amended by changing the period at the end of the first sentence in paragraph (1) to a semicolon and striking out the second sentence therein which reads: "The aggregate of the principal of such loans made and not disposed of shall not exceed $500,000,000 at any one time;".

(b) Section 328 of the Consolidated Farm and Rural Development Act is amended by striking out ": *Provided*, That loans made under this section shall not be included in applying the $500,000,000 limitation in section 309(f)(1)".

SEC. 108. PURCHASE BY THE SECRETARY OF GUARANTEED PORTION OF LOANS.—The Consolidated Farm and Rural Development Act is amended by adding immediately after section 309A a new section 309B to read as follows:

"SEC. 309B. The Secretary is authorized to purchase, on such terms and conditions as the Secretary may deem appropriate, the guaranteed portion of any loan guaranteed pursuant to this title: *Provided*, That the Secretary may not pay for any such guaranteed portion of a loan an amount in excess of the principal balance due and accrued interest on the guaranteed portion of the loan. The Secretary may use for such purchases funds from the Rural Development Insurance Fund in respect of rural development loans as defined in section 309A(a) and funds from the Agriculture Credit Insurance Fund in respect of all other loans under this title.".

SEC. 109. EXEMPTION OF SMALL BUSINESS PROJECTS FROM RESTRICTIONS ON RURAL INDUSTRIAL ASSISTANCE.—Section 310B(d) of the Consolidated Farm and Rural Development Act is amended by—

(1) inserting in each of paragraphs (1), (2), and (3) immediately after "312(b)" wherever the term appears therein the following: ", except for cases where such assistance does not exceed $500,000 or for cases where direct employment will be increased by not more than twenty employees,"; and

(2) in paragraph (3) striking out the number "60" and inserting in lieu thereof of the number "30".

SEC. 110. LOW-INCOME FARM OWNERSHIP LOAN PROGRAM.—The Consolidated Farm and Rural Development Act is amended by adding immediately after section 310C the following new section:

"SEC. 310D. (a) The Secretary may make and insure loans for any of the purposes referred to in clauses (1) through (5) of section 303(a) to farmers and ranchers in the United States, who (1) are citizens of the United States, (2) meet the requirements of clauses (2) through (4) of section 302, (3) are unable to obtain sufficient credit under section 302 to finance their actual needs, (4) are owners or operators of small or family farms (including new owners or operators) and are farmers or ranchers with a low income, and (5) demonstrate a need to maximize their income from farming or ranching operations. The Secretary may also make such loans to any farm cooperative, private domestic corporation, or partnership which is controlled by farmers and ranchers and which is engaged primarily and directly in farming or ranching activities in the United States if all of its members, stockholders, or partners, as applicable, are citizens of the United States and the entity and all such members, stockholders, or partners meet the requirements of clauses (2) through (5) of the preceding sentence.

"(b)(1) Principal of and interest on each loan made or insured under this section shall be repayable over a period not in excess of forty years.

"(2) Each loan made or insured under this section shall be repayable in such installments as the Secretary determines meets the requirements of the following repayment schedule:

"(A) For the first annual installment, payment shall be made of 10 per centum of the principal of and interest on the loan which would be due for payment based upon the normal amortization of the loan.

"(B) For each of the succeeding annual installments, up to and including the tenth annual installment, payment shall be made of a per centum equal to ten times the number of the annual installment multiplied by the principal of and interest on the loan which would be due for payment based upon the normal amortization of the loan.

"(C) During the remainder of the repayment period of the loan, payments shall be made in such installments as the Secretary determines will result in the payment at the end of such repayment period of all principal of and all interest on the loan including all principal of and all interest on the loan deferred from payment under the provisions of subparagraphs (A) and (B) and all interest thereon.".

SEC. 111. ELIGIBILITY FOR OPERATING LOANS.—Section 311(a) of the Consolidated Farm and Rural Development Act is amended to read as follows:

"(a) The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers in the United States, and to farm cooperatives, private domestic corporations, and partnerships controlled by farmers and ranchers and engaged primarily and directly in farming or ranching in the United States, subject to the conditions specified in this section. To be eligible for such loans, applicants who are individuals, or in the case of cooperatives, corporations, and partnerships, members, stockholders, and partners, as applicable, holding a majority interest in such entity, must (1) be citizens of the United States, (2) have either training or farming experience which the Secretary determines is sufficient to assure reasonable prospects of success in the proposed farming operations, (3) be or will become operators of not larger than family farms (or in the case of cooperatives, corporations, and partnerships in which a majority interest is held by members, stockholders, or partners, as applicable, who are related by blood or marriage, as defined by the Secretary, such individuals are or will become either owners or operators of not larger than a family farm and at least one such individual is an operator of not larger than a family farm), and (4) be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. In addition to the foregoing requirements of this subsection, in the case of cooperatives,

corporations, and partnerships, the family farm requirement of clause (3) shall apply as well to the farm or farms in which the entity has an operator interest and the requirement of clause (4) shall apply as well to the entity.".

SEC. 112. LIMITATION ON FARM OPERATING LOANS.—Section 313 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out at the end of clause (1) "$50,000," and inserting in lieu thereof "$100,000 or, in the case of a guaranteed loan, to exceed $200,000, or",

(2) striking out the comma following the world "program" and inserting a period in lieu thereof, and

(3) striking out the balance of the sentence.

SEC. 113. FARM OPERATING GUARANTEED LOAN INTEREST RATES; CONSOLIDATION AND RESCHEDULING OF LOANS.—Section 316 of the Consolidated Farm and Rural Development Act is amended to read as follows:

"SEC. 316. (a) (1) The Secretary shall make all loans under this subtitle upon the full personal liability of the borrower and upon such security as the Secretary may prescribe.

"(2) Except as provided in paragraphs (3) and (4) of this subsection, the interest rate on loans under this subtitle shall be as determined by the Secretary, but not in excess of the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.

"(3) The interest rate shall be as determined by the Secretary but not in excess of 3 per centum per annum on loans (other than guaranteed loans) to farmers and ranchers in the United States who (1) are citizens of the United States, (2) meet the requirements of clauses (2) through (4) of section 311(a), (3) are unable to obtain sufficient credit under section 311(a) to finance their actual needs, (4) are owners or operators of small or family farms (including new owners or operators) and are farmers or ranchers with a low income, and (5) demonstrate a need to maximize their income from farming or ranching operations. The Secretary may also make such loans to any cooperative, private domestic corporation, or partnership which is engaged primarily and directly in farming or ranching activities in the United States, if all of its members, stockholders, or partners, as applicable, are citizens of the United States and the entity and all such members, stockholders, and partners meet the requirements of clauses (2) through (5) of the preceding sentence.

"(4) The interest rate on guaranteed loans made under this subtitle shall be at such rate as may be agreed upon by the borrower and the lender, but not in excess of a rate as may be established by the Secretary.

"(b) Loans made under this subtitle shall be payable in not to exceed seven years. The Secretary may consolidate or reschedule outstanding loans for payment over a period not to exceed seven years from the date of such consolidation or rescheduling, and the amount of unpaid principal and interest of the prior loans so consolidated or rescheduled shall not create a new charge against any loan levels authorized by law. A new loan may be included in a consolidation. Such new loan shall be charged against any loan level authorized by law. The interest rate on such consolidated or rescheduled loans, other than guaranteed loans, may be changed by the Secretary to a rate not to exceed the rate being charged for loans made under this subtitle at the time of the consolidation or rescheduling. Guaranteed loans under this subtitle that may be consolidated or rescheduled for payment shall bear interest at such rate as may be agreed upon by the borrower and the lender, but not in excess of a rate as may be established by the Secretary.".

SEC. 144. TECHNICAL AMENDMENTS TO EMERGENCY LOAN PROVISIONS.—Section 321 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out in subsection (a) the language ", Puerto Rico, and the Virgin Islands";

(2) amending subsection (b) to read as follows:

"(b) The Secretary shall make loans in any such area designated by the Secretary in accordance with subsection (a) hereof and in any area designated as a major disaster or emergency by the President pursuant to the provisions of the Disaster Relief Act of 1974 (1) to established farmers, ranchers, or persons engaged in aquaculture who are citizens of the United States and (2) to farm cooperatives, private domestic corporations, or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture: *Provided*, That they have experience and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loan and are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. The provisions of this subsection shall not be applicable to loan applications filed prior to July 9, 1975.".

SEC. 115. DELEGATION OF REQUIREMENT FOR EMERGENCY LOAN INTEREST RATES TO BE BASED ON SMALL BUSINESS ADMINISTRATION LOAN RATES.—Section 324 of the Consolidated Farm and Rural Development Act is amended, effective October 1, 1978, by deleting subsection (b) and redesignating subsection (c) as a new subsection (b).

SEC. 116. DELEGATION OF AUTHORITY TO COMPROMISE CLAIMS; AUTHORITY IN AREAS THAT HAVE CEASED TO BE RURAL.—Section 331 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out in clause (a) the words "and in Puerto Rico and the Virgin Islands";

(2) striking out in clause (d) "$15,000" and inserting in lieu thereof "$25,000";

(3) striking out the period at the end of clause (i) and inserting in lieu thereof "; and"; and

(4) adding at the end thereof a new clause (j) to read as follows:

"(j) notwithstanding that an area ceases, or has ceased, to be 'rural', in a 'rural area', or an eligible area, make loans and grants, and approve transfers and assumptions, under this Act on the same basis as though the area still was rural in connection with property securing any loan made, insured, or held by the Secretary under this Act or in connection with any property held by the Secretary under this Act.".

SEC. 117. MORATORIUM ON LOANS AND POLICY ON FORECLOSURES.—The Consolidated Farm and Rural Development Act is amended by adding a new section 331A to read as follows:

"SEC. 331A. In addition to any authority under existing law which the Secretary may have, during any time that any direct or insured loan is outstanding under this title, the Secretary is authorized under regulations prescribed by him to grant a moratorium upon the payment of interest and principal on such loan for so long a period as he deems necessary, upon a showing by the borrower that due to circumstances beyond his control, he is temporarily unable to continue making payments of such principal and interest when due without unduly impairing the standard of living of the borrower. The Secretary is also authorized to forego foreclosure on loans made under this title under circumstances set forth in this section.".

SEC. 118. APPEAL AND REVIEW OF COUNTY COMMITTEE DETERMINATIONS; EXEMPTION OF LOANS FROM GRADUATION REQUIREMENTS.—Section 333 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out the semicolon at the end of subsection (b) and inserting in lieu thereof the following: ": *Provided*, That the Secretary may provide a procedure for appeal and review of any determination relating to a certification or recommendation required to be made by the county committee, and for reversal or modification thereof should the facts warrant such action;";

(2) inserting in subsection (c) "except for guaranteed loans," immediately before "an agreement by the borrower"; and

(3) inserting in subsection (c) after "private credit source" the following: "(or, in the case of a borrower under section 310D, the borrower may be able to obtain a loan under section 302 and, in the case of a borrower under section 316(a)(3), the borrower may be able to obtain a loan under section 311(a))".

SEC. 119. DEFINITION OF "UNITED STATES" AND "STATE".—Section 343 of the Consolidated Farm and Rural Development Act is amended by striking out "and" immediately before "(5)" and inserting the following before the period at the end of the section: ", and (6) the terms 'United States' and 'State' shall include each of the several States, the Commonwealth of Puerto Rico, and the Virgin Islands".

SEC. 120. AUTHORIZATION OF INSURED AND GUARANTEED LOANS AMOUNTS; PARTICIPATION BY OTHER DEPARTMENTS AND AGENCIES.—The Consolidated Farm and Rural Development Act is amended by adding at the end thereof new sections 346 and 347 to read as follows:

"SEC. 346. Effective October 1, 1979, the aggregate principal amount of loans made, insured, or guaranteed for the programs authorized under each subtitle of this Act for each two-year period thereafter shall not exceed such amounts as may be authorized by law after the date of enactment of this section: *Provided*, That there shall be two amounts so established for each of such programs and for any maximum levels set forth in appropriation Acts for the programs authorized in this title, one against which direct and insured loans shall be charged and the other against which guaranteed loans shall be charged, with or without authority for the Secretary to transfer amounts between such categories within a given program for more effective program administration purposes.

"SEC. 347. Notwithstanding any other provision of law, departments, agencies, and executive establishments of the Federal Government may participate and provide financial assistance jointly with the Secretary to any applicant to whom assistance is being provided under any program administered by the Farm and Rural Development Administration. Participation by any other department, agency, or executive establishment shall be only to the extent authorized for, and subject to the authorities of, such other department, agency, or establishment, except that any limitation on joint participation is superseded by this Act.".

Mr. JONES of Tennessee (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered

as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE AMENDMENT

The Chairman. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 19, line 22, strike out "Farm and Rural Development Administration" and insert in lieu thereof "Farmers Home Administration".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. GLICKMAN

Mr. GLICKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GLICKMAN: On page 8 after line 19 insert the following:

"SEC. 109B. The Consolidated Farm and Rural Development Act is amended by adding at the end of section 310C the following:

"(c) Notwithstanding any other provision of law, any person who would be eligible for a guarantee of a mortgage under section 1709(b) of title 12, United States Code, shall be eligible for a loan guarantee under section 1487 of title 42, United States Code, under terms and restrictions no less favorable to the borrower and in amounts at least equal to those provided under said section 1709(b) of title 12. *Provided however*, That such guarantee shall apply to a mortgage on a dwelling in a "rural area", as defined herein."

Mr. GLICKMAN. Mr. Chairman, this amendment, which is offered by myself and by my colleague, the gentleman from Iowa (Mr. SMITH), reflects a piece of legislation which the gentleman from Iowa has offered in this Congress dealing with the issue of rural housing. That legislation is cosponsored by over 30 Members.

This amendment is intended to provide equal access to comparable housing programs for both rural and urban Americans.

HUD operates its 203(b) mortgage guarantee program with only a few exceptions in highly urbanized areas. A similar program is available to rural residents under the Farmers Home Administration. But currently the differences between the HUD and Farmers Home Administration guarantee programs are too numerous to be ignored.

This reflects the fact that primarily the HUD loans go to urban Americans and reflects the fact that rural Americans are not entitled to housing guarantees or direct loans under the same circumstances. This amendment is intended to offer some equity to correct that problem.

The HUD program has no income cap on eligibility. The Farmers Home Administration program does. The HUD program insures 100 percent of eligible loans, but the FmHA program insures only 90 percent. The HUD program has a $60,000 mortgage limit: the farmers home mortgage limit is only $33,000.

The HUD program does not provide a "credit elsewhere" test, but the farmers credit program does. The HUD insurance premium is 0.5 percent of the outstanding principal balance; the FmHA fee is 1 percent of the loan principal times the percentage of the guarantee.

This amendment that we propose guarantees that we treat no less favorably rural housing under the farm home mortgage guarantee program than we do urban housing under the HUD mortgage guarantee program. This is a minor change but an important one.

This would show that Congress has not put rural America on the back burner, and that we still believe in equal treatment for all Americans.

Mr. Chairman, I yield to the author of the bill, the Member who has led the effort on this piece of legislation, my colleague, the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Chairman, I want to thank the gentleman for yielding and for offering this amendment and sponsoring it in the committee.

I want to reiterate, that 70 percent of the substandard housing in the United States is in cities of 10,000 population or less and in rural areas. Yet HUD has put only 1½ percent of its money there.

If the Farmers Home Administration does not guarantee bank loans in those areas, there is not going to be Government housing activity in those areas. I think HUD has historically ignored its responsibility.

For many years HUD just arbitrarily said it would not provide housing for cities of 10,000 or less, so Congress finally passed a law that said the Farmers Home Administration would accept that responsibility. However, since that time, there have been limits applied to the Farmers Home Administration authority so it really cannot adequately serve the area.

I believe the thrift institutions ought to also provide more loans. But we know what is happening there. The thrift institutions go into the rural areas and set up an office to pick the rural savings up and take it back to the cities to loan. They not only red line rural areas but they even soak up and divert the money which is accumulated in those areas. They do not loan the money in the rural areas. They are soaking up the money out there for the HUD urban programs and also even send some of it clear out of the State in large blocks through the Home Loan Bank. Government bonds are also promoted which soaks up money which supports Government programs that do not treat rural areas equally.

Mr. Chairman, the only hope we have for more adequate rural housing is for these FmHA guarantees. I think it is a matter of simple fairness, and this is also an important credit matter, because the banks in the rural areas are already short of credit as everybody says, and if they cannot secure bank guarantees for housing loans, they cannot make long-term housing loans because they cannot market the paper when they need funds to make regular loans for other purposes. If they can secure a guarantee for the loans, they can sell or discount the paper and will not be so reluctant to make the long-term housing loan.

Also, the use of a bank guarantee is the cheapest way to increase and upgrade housing in rural areas, because when someone moves into a better house as a result of securing a bank guarantee, they vacate a substantial older home that someone without a home or with a substandard unit can move into. It is the best way to upgrade the area of the country which has 70 percent of the substandard housing in the United States.

Mr. Chairman, I commend the gentleman for offering this amendment.

Mr. GLICKMAN. Mr. Chairman, in conclusion, I think the purpose of this amendment is to insure the people in rural areas have the same access to the same statutory criteria for housing that people in urban areas do. The amendment is no more and no less.

A lot of people will say this will vastly expand the power and ability of the Farmers Home Administration to operate under an already shortage of manpower. My response is that the equity of the issue requires that people in rural areas be subject to the same eligibility requirements for housing as people in urban areas.

Inasmuch as my colleague, the gentleman from Iowa (Mr. SMITH) indicated that much of the substandard housing is in the rural areas, we owe it to rural America to provide that kind of opportunity.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Louisiana.

Mr. HUCKABY. I thank the gentleman for yielding.

Mr. Chairman, my friend, the gentleman from Kansas, might be aware that the Farmers Home Administration has a 502 section which allows for lower income areas and also an interest credit program.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has expired.

(On request of Mr. HUCKABY and by unanimous consent, Mr. GLICKMAN was allowed to proceed for 2 additional minutes.)

Mr. HUCKABY. If the gentleman will yield further, the program the gentleman is inquiring about here and is actually presenting his case on is the section of the guaranteed loans. I would like to point out to the gentleman from Kansas that the Office of Management and Budget cut this program back on the Farm Home Administration. This program exists today. But the Office of Management and Budget decided this was not needed for the rural areas. I am extremely happy that the gentleman is addressing this, and maybe the Office of Management and Budget will realize we do not have second class citizens in rural America and they are deserving of adequate housing just like our city cousins.

I think this is a very appropriate and a very timely amendment, and I think we should get on with trying to provide this guaranteed program for all people in rural areas.

Mr. GLICKMAN. I thank the gentleman for his comments.

Mr. JONES of Tennessee. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, my good friend, the gentleman from Kansas (Mr. GLICKMAN)

has made a good argument for his amendment, as has my good friend, the gentleman from Iowa (Mr. SMITH). There may be some merit in the proposal. But my point is and my opposition to the amendment emanates from the fact that we have had no hearings on this particular amendment whatsoever. We should have more input so that we know what we are doing with this amendment and what the impact will be.

Someone made a reference to the fact that they did not want to put rural America on the back burner. I would be one of the first to stand up and say, "I do not want rural America put on the back burner either." But I want to be sure that we are doing that which is right and that which we can live with.

Mr. Chairman, I would like to point out to the Members of this body that if this amendment were adopted there will be an estimated $5 million in additional lending programs in the next 5 years for housing loan guarantees. The proposal has a lot of inequities in it that I feel we should correct before enacting. It is not compatible with the Farmers Home Administration programs. Loans would not be limited to housing that is adequate but modest as it is now. I think we need to oppose the amendment today because it encompasses a whole new group of borrowers who have higher incomes. It changes the whole concept of housing programs so far as the Farmers Home Administration is concerned. It would require the Farmers Home Administration to guarantee loans to borrowers that are eligible for HUD insured loans.

Mr. Chairman, I ask that the amendment be defeated.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to underscore the arguments made by the distinguished chairman of the subcommittee, the gentleman from Tennessee (Mr. JONES). This amendment has not been the subject of hearings in the Committee on Agriculture. There is some divided jurisdiction between this committee and the Committee on Finance, Banking and Urban Affairs.

Beyond that question, we have a very substantial impact from this amendment, if it is adopted.

To repeat the statement that was made by the gentleman from Tennessee (Mr. JONES) a few moments ago, it is estimated that the loan activity under this program would be $5 billion within 5 years.

Mr. Chairman, if we are going to entertain programs of that size and dimension, they should be the result of consideration following hearings, when the ramifications of this program can be fully explored. To come on with a floor amendment which simply requires the FmHA to adopt the same standards or programs on housing as are covered by section 203 of the Housing Act under HUD, without an opportunity to examine whether or not those are entirely appropriate standards, seems to me to be an ill-considered judgment on the part of the House.

The Farm Credit Administration has expressed some grave reservation about the adoption of this amendment. It is opposed by the Department of Agriculture and the Farmers Home Administration. The program that is currently in existence for FmHA loans for rural housing concentrates on low and moderate income. This program would considerably raise the level of income eligible for housing assistance and would distort the existing priorities of the program at the present time.

Again, whether it is wise to do that is a judgment that should follow more extensive hearings than have been held on this particular proposal. As a matter of fact, no hearings have been held at all.

Mr. Chairman, I am concerned that we are being asked to make a very quick judgment on this amendment, without adequate consideration. The impacts are very large in terms of the housing program.

We hear constant complaints throughout the country today that Farmers Home Administration does not have adequate personel to serve the existing housing program; and before that problem is resolved, we are asked to put a very substantial additional program into effect, really overnight, without sufficient resources in terms of personnel to carry it out efficiently and effectively.

Mr. Chairman, I hope that the Members will, at this juncture at least, oppose this amendment.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I would like to speak to the objections expressed, which I was very much surprised at.

It has been said that there have not been any hearings. Let me tell the Members how some of the restrictions got into the law. They were adopted as a part of a bill last fall, in a conference report from the Committee on Banking, Finance and Urban Affairs.

There were no hearings. People from the administration went over to the conference and asked them to put restrictions in, curbing the ability of the Farmers Home Administration to make housing guarantees. There were no hearings on it.

The sponsors of this amendment asked for hearings on this amendment. We have discussed it enough, I think, so that it is obvious on the face of it that the situation is patently unfair to rural America. We have already had more hearings right here today than they had when they put the restrictions into the bill. Consequently, I do not think that that is a valid argument.

It was said that this amendment's application is not limited to cities under 10,000 and rural areas, but I think the last paragraph meets that objection.

Mr. Chairman, it is said that it will be a $5 billion guarantee program. That does not mean it will cost $5 billion. It will cost almost nothing. As a matter of fact, there is no way by which we can secure more housing in the area of the country that has 70 percent of the substandard housing of the United States cheaper than we can by making guarantees to rural banks. If applicants can secure a guarantee, the banks will make more loans to the rural people who want to buy a new house or a substantial older house, and then those people will vacate a substantial older house for somebody else to move into. That is the only practical way in which we will be able to rapidly upgrade the substandard housing in rural America.

Mr. Chairman, it is not surprising that the administration is opposed to it. They have been opposed to a lot of things down there at FmHA, some of which I assume is dictated by OMB. If we limit FmHA activity to what the Farmers Home Administration wants to get get around to administering, we will be waiting for a lot of things. I do not think we ought to go by that.

Mr. Chairman, what is really being said is that HUD is not doing the job and that the Farmers Home Administration would like the Congress to set up the restrictions so that they will have an excuse for not doing the job. If they, FmHA, cannot do the job, then we should seriously consider getting the Small Business Administration into it. We finally had to get them to make loans to farmers. I doubt if FmHA or OMB would support this bill if SBA were not recently authorized over their objections to provide service to farmers.

Mr. Chairman, those people who do not want to do the job should seek to give the responsibility to someone else and then we will get the Small Business Administration into it.

What they are saying is that they do not want somebody else to provide equal housing opportunities, but they do not want to do the job either. It is just patently unfair.

Mr. Chairman, I think that if we really want to do something for the rural banks so that they can extend more regular operating loans to farmers, then we should make some housing guarantees available to them so they can borrow on or discount that paper and get the money to make the farm loans that they need to make. We should take action to see that that is done.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, the gentleman in the well mentioned a point which is very dear to my heart.

Today we have the Small Business Administration making loans to many farmers. We have the Farmers Home Administration lending money for houses. Should we not possibly have an organization at this time for the home building industry just dealing with that industry, an organization for farmers dealing with that industry, and an organization for small businessmen dealing with that industry?

I hear so many complaints about people. They say, "Well, we are not set up for that. We do not know how to function in that area."

Mr. SMITH of Iowa. We single-tracked housing for years, and HUD

arbitrarily said, "We do not want to be bothered with any applicant who lives in a city of less than 10,000," so that is the reason we finally got Farmers Home Administration into the act. We moved to FmHA, when HUD did not show an ability to do so or a desire to guarantee loans in rural areas and smaller cities.

Mr. HUCKABY. It seems to me that we should go back and demand that the agency that should do the job perform in this area.

Mr. SMITH of Iowa. I think the Farmers Home Administration is now set up to do the job if they would just do it. They have people out there who can work with the banks. The least amount of administration, to secure an additional housing unit can be accomplished through a bank guarantee. It is a lot less work to get a house built that way and less Government supervision is required than under a direct loan program. I am not against direct loans, I am for that, but we can secure a lot more housing in rural America with the same effort and less cost under a bank guarantee program.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I agree with the thrust of the remarks made by the gentleman in the well. We had a great deal of difficulty, I remember, during the drought. We had a serious drought in Illinois, and there were two different sets of standards for the communities of over and under 10,000 population. It was administered. as I recall, by the Economic Development Administration, for the communities over 10,000. For the smaller communities the Farmers Home Administration was the administrator. The requirements were much more restrictive to obtain assistance. The EDA was much more liberal and much less restrictive. To try to get emergency drought assistance to develop wells, for instance, or to dig wells, the smaller communities came under the Farmers Home Administration which had these very cumbersome restrictions. It was ridiculous to me that we had so many more problems with small communities than we had with those of over 10,000 population.

Mr. SMITH of Iowa. That is just another example. They put a 20-percent restriction, which excluded a lot of applicant cities because they did not want the business. We corrected that with legislation.

Mr. WATKINS. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. WATKINS. Mr. Chairman, my colleagues, before I asked to become a Congressman I was a homebuilder in rural areas of Oklahoma. As my friend from Iowa stated, I witnessed and I worked with people who had at least 70 percent of their homes in a dilapidated condition. I for one, through my experience in trying to build homes in rural Oklahoma, in rural America, realized that we do not have an equity program in homeownership in this country.

It deeply concerns me if this body accepts our citizens in rural areas as second-class citizens. Again, as my good friend from Iowa has pointed out, this is a guaranteed loan, not a direct Government loan. The Farmers Home Administration has always prided itself on the fact that it did not lose money. I think it would be far better if it lost a few dollars trying to serve the people who need the help.

I would like to address briefly some of the programs of the Farmers Home Administration. The 502 program allows housing to lower income groups, but very few people can qualify for it. FmHA has an interest credit program to serve the lower income people, but very few people can qualify for it. They do not have a program, and it is nearly impossible for the rural citizens to be able to get adequate financing, for the moderate-income home buyer. All this amendment does, if I understand the gentleman from Kansas correctly, is to allow our citizens in rural areas of this country to have the same opportunity and qualifications for a home as do those in the urban areas. I do not think that is asking too much.

Another thing the Farmers Home Administration has done is that we have limited them to certain groups they are trying to serve. I have literally worked on these problems for a number of years and finally we received the opportunity to serve citizens in communities up to 20,000.

We talk about FmHA personnel and I would like to address that problem. One point is we are trying to revamp the Farmers Home Administration delivery system in this country to relieve them of some of the least utilized programs so they can better deliver these agricultural programs to the people.

Let me tell the Members this. Some of the personnel in the Farmers Home Administration in this country just need to be better organized because some of them are not doing the job they are paid to do, to deliver these services to the people.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. WATKINS. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, is the gentleman aware of the fact that at this time the loan load that is being carried by the people in the Farmers Home Administration is so great they are not able to do the work they need to do? I presume then the gentleman would support the efforts to try to get them personnel, if this is indeed expanded as proposed in the amendment.

Mr. WATKINS. I am aware of that. In Oklahoma we have some county supervisors making 125 loans a year and others making 4. That is not just a discrepancy in the program but it is just a discrepancy in those willing to get up and do the job for their people.

I have worked with them for 12 years in trying to get a program designed to be delivered to the people of our area. I think the Farmers Home does a tremendous job. I think they need help, and I am willing to work with them to try to get them additional personnel. But that does not mean we should not be able to give them an opportunity to be able to provide a home loan program equal to our city cousins in the major urban areas. What I would like to see us do is to adopt this amendment giving our people, the rural citizens, the same opportunity that city residents have today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas (Mr. GLICKMAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. LAGOMARSINO

Mr. LAGOMARSINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGOMARSINO: Page 20, after line 4, insert the following new section:

SEC. 122. Use of Qualified Personnel by the Department of Agriculture. It is the sense of Congress that, in carrying out the provisions of the Consolidated Farm and Rural Development Act, the Secretary of Agriculture should insure—

(1) that only officers and employees of the Department of Agriculture who are adequately prepared to understand the particular needs and problems of farmers in an area be assigned to such area; and

(2) that a high priority is placed on keeping existing farm operations operating.

Mr. LAGOMARSINO. Mr. Chairman, this amendment Mr. GILMAN and I are offering addresses a singularly onerous problem which farmers in Mr. GILMAN'S congressional district in New York have experienced.

However, the same complaint is widely heard in a multitude of congressional districts that Farmers Home Administration personnel are not adequately prepared or trained to deal with those particular problems endemic to vastly differing farming communities throughout this Nation.

In 1976, a compendium of testimony prepared jointly by Agricultural Subcommittees of both the House and Senate is laced with statements attesting to the inability of farmers seeking loan assistance.

I am sure that many of my colleagues have had relayed to them from farmers in their districts who have applied for FmHA assistance, a myriad of cases documenting FmHA mismanagement including personnel shortages, lack of personnel training, and complex regulations which intimidate and often do a stinging disservice to potential applicants and those who are granted loans.

Farmers, and representatives from the county extension service in Mr. GILMAN'S district have on several occasions come to Washington to testify before appropriate congressional committees on the lack of effectiveness of the FmHA loan programs. They invariably report that FmHA personnel are inadequately prepared to understand and deal with the problems encountered by, for example, the many vegetable farmers in Mr. GILMAN'S area.

According to the Orange County, N.Y., cooperative extension office:

The lack of adequate understanding of this type of agriculture, that FmHA had a responsibility to service has resulted in poor loan programs based on internal interpretation which have served to increase the risk of loss of FmHA loan moneys thru some farms being forced out of business. Shortsighted emer-

gency loan policies have intentionally minimized help to the large family farms, forcing unsound credit situations upon them and in some ways making their recovery from the original disaster more difficult.

Moreover, we have found that FmHA places its "highest priority" on the security of FmHA loan funds. While I am all for the security of these funds, FmHA's prevailing philosophy places this concern in an either-or relationship with the concept of providing the assistance FmHA was designed to provide needy farmers.

Farmers Home Administration should not be characterized by a parsimonius callousness that caused a group of Minnesota farmers to declare:

The farmers home administration resists making loans for all purposes including the disaster programs which are so important to us.

Staff personnel dealing with farmers who rightfully seek financial assistance from FmHA should possess not just general agricultural expertise, but a familiarity with the unique problems encountered by the farm operations prevalent in those areas to which FmHA personnel are assigned.

FmHA personnel should also reflect a concern not just for protecting administration money, but for coupling this concern with the intention to place a high priority on keeping existing farm operations operating.

The amendment we offer is part of earlier legislation, H.R. 8141, Mr. GILMAN, I and others have introduced addressing shortcomings in the FmHA loan program.

A USDA report on that legislation contained the following analysis of that section of the bill which I now offer as an amendment to H.R. 11504:

Section 3 of H.R. 8141 expresses the "sense of Congress" relative to the Secretary's responsibility for ensuring that only qualified employees who understand the needs and problems of farmers be assigned to administer the emergency loan program, and that high priority be given to keeping farmers in business. We concur with this philosophy and recognize the need to employ and train additional qualified personnel for these purposes.

Accordingly, I urge my colleagues to vote for passage of this amendment that I am offering.

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FOLEY. Mr. Chairman, what is the pending amendment? The gentleman offered the first of several amendments. Will the Clerk rereport the pending amendment?

The CHAIRMAN. Without objection, the Clerk will report the amendment again.

There was no objection.

The Clerk rereported the amendment offered by the gentleman from California (Mr. LAGOMARSINO).

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to state, speaking for this side of the aisle, we have no objection to this particular amendment. It restates what I think is the intention of the FmHA in operating their programs. I do not think anyone would take exception to this amendment. I have some reservation on some of the other amendments to which the gentleman is addressing himself, but this one is not objected to on this side of the aisle.

Mr. MADIGAN. Mr. Chairman, I rise in support of the amendment of the gentleman from California and urge that we pass it.

Mr. Chairman, I would state, first of all, that the House should support the first amendment being offered by the gentleman from California, as the chairman of the full committee has said. It simply restates a principle that should be restated occasionally.

I would urge Members to be very attentive to the other amendments being offered by the gentleman from California, but to support this one.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LAGOMARSINO).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BEDELL

Mr. BEDELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEDELL:

Page 7, after line 16, amend—

SEC. 107 of H.R. 11504 by adding new subsections (c) and (d) to read as follows:

"(c) Section 309(f) of the Consolidated Farm and Rural Development Act is amended by adding a new paragraph (6) as follows:

"'(6) to pay the Secretary's costs of administration necessary to insure, make grants, service, and otherwise carry out the programs under this title not specifically covered by the Rural Development Insurance Fund of section 309A, including costs of the Secretary incidental to guaranteeing loans under this title, either directly from the Fund or by transfers from the Fund to, and merger with, any appropriations for administrative expenses.'"

"(d) Section 309A(g)(8) of the Consolidated Farm and Rural Development Act is amended to read as follows: 'to pay the Secretary's costs of administration necessary to insure, make grants, service, and otherwise carry out the programs referred to in subsection (a), including costs of the Secretary incidental to guaranteeing rural development loans under this title, either directly from the Insurance Fund or by transfers from the Fund to, and merger with, any appropriations for administrative expenses.'"

Mr. BEDELL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BEDELL. Mr. Speaker, I have come before my colleagues today to request their support for an amendment to the Agricultural Credit Act of 1978, H.R. 11504. This amendment would allow the Farmers Home Administration (FmHA) to use program funds in order to pay salaries and expenses for hiring the additional field personnel needed to assure proper administration of the expanded FmHA program activities authorized by H.R. 11504.

H.R. 11504 is a very necessary piece of legislation. It would upgrade FmHA credit programs in recognition of the stressful economic situation now confronting many individuals, as well as rural communities, eligible for FmHA assistance. However, as H.R. 11504 increases the lending capacity of the Farmers Home Administration, it unfortunately exacerbates the increasing visible problem of expending program responsibilities administered by too few, overworked employees.

Since 1969, FmHA's outstanding loan balance has increased from $5.6 billion to $22.5 billion, a fourfold increase. The growth in annual program levels over the same period has gone from $1.4 billion to $7.2 billion, a fivefold increase. However, permanent, full-time field office employment in FmHA for the same period has only gone from 6,534 to 7,319, an increase of 12 percent. This lag in employment levels is resulting in a severe strain on FmHA's ability to function efficiently in providing the services which are the agency's fundamental purpose: processing credit applications and servicing existing loans.

While the effects of insufficient staffing have been experienced nationwide, I believe that the impact upon Iowa is especially illustrative of the problem. In Iowa, 51 FmHA county offices service 99 State counties, making loans under 12 different programs. In 1977, the Iowa FmHA lending level reached $259.2 million, up from the $8.8 million lending activity of 1961. During that time, while the workload was increasing by over 29-fold, the number of personnel available to service the programs only doubled, from 89 to 177. According to the Production Credit Association, the maximum number of loans that one loan officer and one clerk can handle is 75 to 80. However, many FmHA county offices are servicing three times that level. One office in northwest Iowa has three loan officers, one clerk, one part-time clerk and 664 loans to service.

The inability to properly service loans, particularly rural housing and farm operating loans, has resulted in a great deal of frustration for those citizens seeking assistance through the FmHA programs. It has been equally frustrating for FmHA field personnel who feel hampered in their attempts to do a good job with too little staff resources while being asked to cope with a growing number of program demands.

In my district, FmHA personnel have told me that they are able to make only one-third of the visits the regulations call for in servicing farm operating loan borrowers. It is my understanding that these visits are often made by part-time or emergency trainees who can offer little in the way of solid, professional farm management assistance. This type of assistance is especially crucial for the young, beginning farmer.

Under the rural housing program, which has grown to $89 million in Iowa during the last fiscal year, FmHA regulations call for at least three inspections by personnel during the building process. However, because of staffing shortages, one typical northwest Iowa county office reports that they are able to make only about half of the required rural housing inspections on FmHA-financed new homes. Under the remodeled homes

program, another Iowa county office claims that only 20 to 25 percent of the homes can be inspected; while a third laments that they can only get around to checking less than 1 percent of these older homes.

The programs administered by the Farmers Home Administration in the field are among the most essential of our Federal efforts to sustain and improve not only the quality of life in rural America, but also the viability of our agricultural production. I believe that ample evidence exists that it is not enough for this Congress to address the very real problems of rural America with new programs and increased lending authority. In order to be truly effective, we must go a logical step further and provide sufficient staff resources to allow for the intended, full implementation of such programs.

I therefore urge my colleagues to support the adoption of this amendment which would allow for the hiring of additional field personnel.

Mr. BEDELL. Mr. Chairman, the purpose of this amendment is to try to help put some push behind FmHA in order to get them to try to hire the personnel that they need in order to properly administer their loan program. If one is a banker, it does not make very much sense not to hire enough people so that they can check in regard to the loans they are making and check those loans to see that they are properly supervised.

I think we are sitting on a keg of dynamite with the problems FmHA has. Just this last weekend a situation has broken in the State of Iowa as to the problems we have out there in regard to loans made where inspections were not done on buildings and some of the problems occurring therein.

I find that in Iowa we now have six times the volume of loans; it has increased to that extent and they have only added 13 employees in total.

We find this all across the country. The purpose of this amendment is to say that they could use the revolving fund to hire the employees they need in order to adequately handle their loans.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman from Iowa for yielding.

Mr. Chairman, I rise in support of the amendment of the gentleman from Iowa and tell the members of the committee that one of the first things I did here as a freshman Member of Congress was to handle a private bill for a gentleman who had been a resident of the district of my predecessor. He had a home financed under one of these programs which burned to the ground and it was uninsured. Its uninsured status was the result of an oversight occurring in the FmHA regional office that was simply overstaffed. The settlement papers on the house and the insurance papers were never looked at by anyone and, as a consequence, the gentleman was going to be held responsible to the Government for the cost of this home. The Congress in its wisdom relieved him of that responsibility, but it took an act of Congress to do it.

That particular office that was supposed to be handling the oversight of that loan had the responsibility for 71 Illinois counties. having a population of almost 7 million people, and there were only 3 employees in the office.

I think if there is anything wrong with the amendment of the gentleman from Iowa (Mr. BEDELL), it is that it is 5 years too late.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to my colleague, the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, I rise in support of the gentleman's amendment and say it is a shame to have all these programs and not be able to get them to the people that need them, just for the reason that we do not have the capability to process the applications. Either we ought to have enough employees to administer the program, or not have the program in the first place, because it is unjust to the people in our country, not to render judgment in applications, or to supervise the loans adequately.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to my colleague, the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I, too, associate myself with the gentleman from Iowa. The gentleman has also pointed out that very recently we have learned about the lack of inspection of homes being built in the district I represent in Iowa, homes being built with Farmers Home Administration loans.

I support the gentleman's amendment, and in its support I would like to give some figures about the problems. This will show the problems that we have in Iowa.

For example, in 1970 the Farmers Home Administration in Iowa handled loans and grants of $48 million with a staff of 212. Last year it handled $282 million in loans and grants with a staff of 225. That was six times the volume, with only 13 more employees.

So again I think the gentleman has offered a good amendment here.

Mr. Chairman, I support the amendment, and I hope it is adopted.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I wish to rise in support of the amendment.

I want to point out that a year and a half ago the Congress appropriated the money for 1,600 additional personnel in FmHA. Then the OMB put a ceiling on that was 300 lower than what they previously had.

The Office of Management and Budget should become more realistic about Farmers Home Administration personnel needs. I hope this debate will serve notice on OMB to take another look at the way it is restricting Farmers Home Administration staffing. They need more personnel to execute responsibility.

Mr. Chairman, I thank the gentleman for yielding.

Mr. BEDELL. Mr. Chairman, the real problem with this legislation is that we must put some pressure on those people who are supervising the loans.

I had my field manager certify some facts for me, and in one of the counties he said they were only able to make 10 percent of the inspections they were supposed to make on the funding of the loans they were making.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. BEDELL).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. PHILLIP BURTON

Mr. PHILLIP BURTON. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. PHILLIP BURTON: Page 18, line 20, strike out the word, "and" page 18, line 21 immediately after the word "Islands" insert the phrase ", Guam, American Samoa, and the Northern Mariana Islands.".

In title II, page 29, immediately following line 17, insert the following new section 213:

"SEC. 213. For the purposes of this title the definitions of the terms 'United States' and 'State' contained in section 343 of the Consolidated Farm and Rural Development Act shall apply."

Title III, page 29, line 23, strike the word "and".

Page 30, line 2, strike out the period and insert in lieu thereof ", and".

Page 30, immediately after line 2, insert the following:

"(3) adding at the end thereof a new section 12 to read as follows:

"'SEC. 12. Financial assistance may be made available under this Act throughout the "United States" as that term is defined in section 343 of the Consolidated Farm and Rural Development Act.'"

Mr. PHILLIP BURTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read, printed in the RECORD, and that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PHILLIP BURTON. Mr. Chairman, I yield to the gentleman from Guam (Mr. WON PAT).

Mr. WON PAT. Mr. Chairman, I rise in support of this amendment to H.R. 11504, which would extend to my district of Guam the farm loan programs of the Farmers Home Administration.

These programs presently are extended to the States and the territories of Puerto Rico and the Virgin Islands.

Mr. Chairman, I would point out to you and our colleagues that until World War II Guam was self-sufficient in food, and during the war even supported several thousands occupying enemy troops. Had prewar conditions remained undisturbed, there probably would not have been any requirement for Federal agricultural assistance.

Since our liberation in 1944, the U.S. military services have owned about one-third of Guam's entire area, including the primary farming areas. Additionally, the services hired most of the local workers and farmers onto the Federal payroll.

It is only in recent years, with development of new lands and water sources, and decreased economic dependence on the military services, that a revival of

agriculture on Guam has become reasonable.

Guam now imports nearly all its food as do the military commands on the island.

Reestablishment of local food production has great potential for the island's general economy to be strengthened and to reduce its dependence on the Federal Government.

However, Guam's farmers are confronted with a severe lack of capital, particularly for land development and operations financing. And we are all aware that agriculture today is very capital-intensive.

Guam's farmers certainly deserve eligibility to seek Federal assistance the same as other U.S. farmers in the States, Puerto Rico, and the Virgin Islands.

This amendment would accomplish this and I strongly urge our colleagues to vote for its inclusion in H.R. 11504.

Thank you.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have no objection to the purpose of the amendment. I think that, with the situation as it is, we must do justice to these people in Guam.

But, very frankly, I am getting sick and tired of this Congress coming up here every few months and taking some kind of special action for some of our people in distant parts of the world. I think that we have to make up our minds how we want to treat all the people who make up the United States—those who are living in territories that are not States as well as those in the States. I believe every citizen of the United States ought to have the same kind of treatment. I want to give the people of Guam the same kind of treatment I want to give the people of Texas. I want to give American citizens the same kind of treatment regardless of where they live, but this can only be done if they are all citizens of some State.

But we never seem to be willing to face the question directly. We always do it on a bill like this, where we have no jurisdiction over the basic question.

The basic question is: What is the constitutional relationship between the people of the territories and of the District of Columbia and that of the rest of the United States? They are citizens of the United States. I think that we should treat them the same as we treat the other citizens of the United States, but other citizens of the United States are citizens of some State. Even the post-Civil War amendments, which have caused us more trouble than all of the rest of the Constitution put together, in determining the relationship between States and Federal Government, says that "All persons born in the United States are citizens of the United States and of the State wherein they reside."

Let us meet the question squarely and make the people of Guam a part of some State. There is not any State to which they can properly be made a part, except Hawaii. There is no sense in making the people of Guam a part of Alaska or a part of Maine or a part of Louisiana. But there is lots of sense in making them part of the State of Hawaii, a county of that State. Why do we not deal with the question?

I recognize that this committee does not have the jurisdiction to do that. I recognize it is not an agricultural problem. It comes up on every bill that passes out money. I am not criticizing, I am not objecting to the people of Guam having the same benefits that other citizens have, but let us meet the issue squarely. Make Guam a part of the State of Hawaii, and then we will not have this question comes up every time we pass a bill.

Mr. Chairman, I hope that the Members of this House will give this some basic consideration and do something that will solve some of these basic problems, instead of dealing with it every time we bring a bill up.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, speaking only for myself, I have no objections to this amendment. I would like to state, however, that there may be a technical problem in the operation of FmHA guaranteed and insured loans within the area of the Northern Marianas. The relationship of the Northern Marianas to the United States is that of a commonwealth and that is embodied in legislation enacted after a series of negotiations between the United States and the people of the Northern Marianas. Because of the peculiar relationship of the United States to the island area there are provisions in the laws, in the Constitution of the Northern Marianas, which are most unusual. These provisions prohibit transfer of title to land except to certain classes of citizens who reside in that area. Consequently, there may be problems in foreclosure actions by the Farmers Home Administration which could occur in the normal course of operation of the guaranteed or insured loan programs. Therefore, I want the record to show that the effect of this amendment insofar as it includes the Northern Marianas is simply to extend to the Farmers Home Administration authority to make such loans in the Northern Marianas. It does not require the Farmers Home Administration to make either guaranteed or insured loans in that area.

I would certainly hope personally that FmHA loans, and particularly insured loans, would not be made in that area without adequate security to protect the interests of the United States. To the degree that the particular land-holding arrangements in that area militate against the provision or availability of such security, the scope of the program, I think, accordingly, would have to be much diminished in the Northern Marianas area.

As far as I know, this problem does not affect Guam at all; and I do not believe it would affect the area of American Samoa, but it is peculiar to the Northern Marianas.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Chairman, I commend the chairman of the full committee for his observations.

Obviously, we want to be sure that the terms of the covenant are paramount, and we do not invite a violation of its fundamental terms, which, as I would deem it, could not even be contravened by statute.

As the gentleman from Washington (Mr. FOLEY) fully knows, all sides agree that we did not want U.S. ability to alienate or acquire by fee lands in the Northern Marianas primarily, among other things, because that would trigger a whole variety of treaty arrangements, which would invite countries from all over the world to purchase fee interests.

It is not my intention and, I am sure, not the intention of the gentleman from Guam (Mr. WON PAT) to in any way contravene that very emphatic and specific authority in the arrangements with the people of the Northern Marianas.

Mr. Chairman, I fully concur with the gentleman that if there is any contravention, the application of these laws should be administered in that way or not at all, so as to insure the purity, if you will, of that land ownership language in the Northern Mariana Islands covenant with the United States.

Mr. FOLEY. Mr. Chairman, I thank the gentleman for his contribution; but that was not the concern I was expressing.

I do not believe that this amendment would in any way contravene the requirements of the covenant of the United States with the Northern Marianas with respect to land transfers.

My concern is that the amendment be understood only to authorize guaranteed and insured loans. In no sense is it required that they be made if the peculiar land tenure requirements of the Northern Marianas do not allow, by their operation, the full protection of the security interest of the United States and of the FmHA in foreclosure actions.

It might, of course, be possible for the security of the United States to be fully protected by guarantees from the commonwealth government or by other arrangements. In such event, it would be possible to extend the program to the Northern Marianas under this amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from California (Mr. PHILLIP BURTON).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. LAGOMARSINO

Mr. LAGOMARSINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGOMARSINO: Page 20, after line 4, insert the following new section:

SEC. 121. CREDIT ELSEWHERE REQUIREMENT.—The Consolidated Farms and Rural Development Act is amended by adding at the end thereof new section 348 to read as follows:

"SEC. 348. An applicant for any loan under this title shall be deemed to meet the eligibility requirement that he be unable to obtain sufficient credit elsewhere to finance his actual needs at reasonable rates, taking into consideration prevailing private and cooperative rates in the community in or near which the applicant resides for loans for similar purposes and periods of time, if,

at the time the applicant applies for such loan under this title, such prevailing private and cooperative interest rates are more than the prevailing interest rate in the private market for similar purposes and periods of time, as determined by the Secretary.".

Mr. LAGOMARSINO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LAGOMARSINO. Mr. Chairman, the amendment I offer, on behalf of Mr. GILMAN and myself, is designed to protect disaster stricken farmers being arbitrarily forced to accept high interest rates on loans due to the nefarious "credit elsewhere" test employed by the Farmers Home Administration.

This discriminatory mechanism works as follows. A farmer applying for FmHA disaster assistance must first prove that he has been unable to obtain "credit elsewhere" at "reasonable rates and terms." If he can obtain such credit, however, he becomes ineligible for emergency loan assistance from FmHA.

Unfortunately, the term, "reasonable rates and terms" is so vague that farmers have often been forced to pay outrageous interest rates on loans financed by private lending institutions.

While under normal circumstances, private lending institutions provide valuable credit assistance to farmers, they have no special terms or rates for emergencies. Such lenders do not take into account abnormal circumstances such as repeated flooding or continual drought. By requiring farmers to apply for private credit, the Government is sentencing a disaster victim to apply for credit at terms offered a prosperous farmer.

The FmHA loan program is thus very discriminatory because, the credit elsewhere test, in effect, screens all but the most impoverished farmers or inept managers.

Our amendment would protect farmers from inordinately high interest rates sometimes subsumed under the rubric "reasonable" by clearly indicating what the term reasonable meant.

"Reasonable" would be defined as the prevailing interest rate for loans of similar purposes and periods of time as offered in the private market, as determined by the Secretary. Currently, in fixing interest rates for loans granted for above "actual losses" in a disaster, the Secretary has defined the market rate of interest at 8 percent. This same formula would be used to define "reasonable" as used in the credit elsewhere test.

In other words, if an applicant cannot obtain credit at or below the same rate as the market rate determined by the Secretary, the applicant will be deemed to have met the credit elsewhere test and thus remove a substantial impediment to becoming eligible for FmHA assistance.

Under this formula, we can begin to help those farmers, who, while surviving a disaster but with few assets and in no position to pay high interest rates and accept restrictive repayment provisions, have nevertheless been diligent, hardworking, and careful to keep their credit up, and thus, are rejected outright by FmHA.

I urge my colleagues to accept this amendment putting an end to the discrimination of worthy loan applicants that the current credit elsewhere test now perpetuates.

I would point out that under the small business loans the language of the amendment that I am proposing this afternoon is already in fact the law. As the committee report on the small business bill which we passed several weeks ago points out:

Under the FmHA program, an applicant is not eligible for disaster assistance unless he or she is able to show that credit cannot be obtained elsewhere. There are farmers and homeowners who have no assets and are not in a position to pay high interest rates but who can obtain credit elsewhere because they have been so diligent, hardworking and careful to keep their credit rating good. Under the FmHA credit elsewhere test, this applicant is penalized and told to secure the higher interest commercial loan with more stringent repayment provisions or quit; but the person who has not tried to keep a good credit rating receives the advantage of both lower interest rates and better repayment provisions.

Mr. JONES of Tennessee. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I shall not take 5 minutes, but I would like to point out that in the subcommittee discussions we took a number of votes that had to do with credit elsewhere provisions. We feel it is necessary that credit elsewhere provisions be retained in Farmers Home Administration programs in order to serve people who need assistance the most.

We want proof of that fact at the time application is made. I would urge my colleagues to oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LAGOMARSINO).

The amendment was rejected.

The CHAIRMAN. Are there any further amendments to title I?

AMENDMENT OFFERED BY MR. LAGOMARSINO

Mr. LAGOMARSINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGOMARSINO: Page 16, after line 5 insert the following new subsection:

(b) Section 324(a) of the Consolidated Farm and Rural Development Act is amended—

(1) by striking out "that prevailing in the private market for similar loans, as determined by the Secretary" in the first sentence and inserting in lieu thereof the following: "the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary"; and

(2) by adding at the end of such section the following new sentences: "With respect to any loan made or insured under this subtitle after the date of enactment of the Agricultural Credit Act of 1978, the Secretary shall make on behalf of the borrower all payments of principal which become due on such loan during the first one-fourth of the repayment period of such loan and the borrower shall make all payments of interest which become due on such loan during the first one-fourth of such repayment period. The borrower shall repay, without charge for interest and within such repayment period, the Secretary for any payment made on behalf of the borrower under the preceding sentence.".

Page 16, line 1, insert "; Interest Rates on Emergency Loans; Suspension of Certain Principal Payments" after "Loan Rates".

Page 16, lines 1 and 2, insert "(a)" before "Section 324".

Mr. LAGOMARSINO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LAGOMARSINO. Mr. Chairman, Mr. GILMAN and I, along with some of our colleagues representing farming districts, I have long been concerned with what are obvious shortcomings in the Farmers Home Administration (FmHA) loan program.

Mr. GILMAN has testified on numerous occasions on the need to reform the inequities and shortsightedness of FmHA programs, and in particular, the inadequacy of the FmHA emergency loan program.

During this Congress, he has twice presented testimony before the Subcommittee on Conservation and Credit of the House Committee on Agriculture concerning the need to correct serious defects in the FmHA emergency loan program. Moreover, during the first session of this 95th Congress, we introduced legislation addressing such FmHA staff training for dealing with problems endemic to certain regions, and the need to provide disaster stricken farmers with less restictive payment schedules.

Last year, during debate on the House floor on H.R. 7171, the Agricultural Assistance Act of 1977, Mr. GILMAN established, during a colloquy with the distinguished chairman of the Subcommittee on Conservation and Credit, the gentleman from Tennessee (Mr. JONES), that there was a real need to take a hard look at what manner of responsible change can be made in a program that is not adequately helping the farmers it was designed to assist.

While I am pleased that H.R. 11504, the Agricultural Credit Act of 1978, as reported, makes a number of much needed changes in FmHA programs, the measure fails to rectify a number of shortcomings which I will be addressing this afternoon by way of several amendments we are offering to H.R. 11504.

The first amendment we are offering seeks to help responsible farmers struggling to recover from a disaster in two ways. First, it would reduce the interest rate on emergency loans on other than actual losses to the lower interest rate paid by the Government on its own outstanding debt. That interest rate would be similar to the amount charged by SBA for loans above actual losses. I believe it is in our best interest to determine whether FmHA is in the business of helping disaster stricken farmers recover, or whether FmHA is more interested in

making a profit at their current lending rate of approximately 8 percent.

Second, my amendment would protect farmers from the usual FmHA policy of scheduling repayment of a loan within the shortest period possible. Such an unrealistic policy recently imposed an inordinate burden upon two Orange County, New York farmers, requiring them to repay 98 percent and 77.5 percent, respectively, of their 5-year loans within the first 18 months of their loans.

Our amendment provides that the Secretary of Agriculture shall make, on behalf of the borrower, all payments of principal which become due during the first one-fourth of the repayment period of the loan, with the borrower making all interest payments during this period. However, the amount of the principal paid by the Secretary shall be repaid by the borrower to the first quarter of the repayment period of the loan.

All too often, the vicissitudes that are inherent in farming subject farmers to subsequent disaster, or to a spell of poor crop growing seasons even as he valiantly tries to extricate himself from the deleterious consequences of the first disaster.

This amendment will allow disaster victims the chance they need and deserve, to regain their formerly economically viable footing.

Accordingly, I urge my colleagues to support this amendment and inject a sense of compassion and understanding into the FmHA assistance program.

Mr. FOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first of all the emergency loans presently carried on under the law provide for a 5-percent interest rate up to the amount of the loss, and the gentleman would not change that in his amendment, but he does go from a market interest rate on the balance of the emergency loans above the loss to a cost-of-money-to-the-Government proposal.

Of course, the idea of the emergency loan basically is to allow the farmers to have a loan program that would compensate them for the expenditures that they will have to make because of the loss. At least, it seems to me questionable whether we should expand very much beyond that loan level except at something like market rates of interest.

There is also in the second part of the gentleman's amendment a provision to extend the repayment period without charging any interest, which in effect is a forgiveness of interest on a period of repayment. These programs, Mr. Chairman, are really quite generous as they are. I know there is always a tendency for Members to come on the floor and want to offer additional opportunities for borrowers not to have to pay interest and to have programs extended, but all of these programs have an expenditure cost, and I hope the Members will resist the tendency to goldplate this legislation. I think the committee has been quite generous in reporting out the legislation that is on the floor today, and we have authorized expanded loans in the traditional FmHA areas. We have doubled the ceilings on most of the loan programs. We have provided for the cost of the money, of borrowing, in most cases, while retaining some continued at 5 percent, which is a subsidized interest rate.

We had before the committee a proposal which the committee rejected, to provide periods of forgiveness on interest and principal, feeling that it was not wise to recommend such legislation to the House.

The gentleman, of course, has a perfect right to offer these amendments. They were not offered in the committee. There was no testimony that I can recall—maybe the gentleman will correct me if I am not stating it accurately—in terms of the sponsorship of this particular amendment. I do not believe it was recommended to the committee for its consideration.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. FOLY. I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

I am offering, as I said, these amendments on behalf of the gentleman from New York (Mr. GILMAN); but my understanding was that there was testimony to these amendments, not on the present pending legislation but in previous hearings on similar legislation.

Will the gentleman agree with me that the amendment in the first part, section 1, subsection (1), would give to FmHA and the farmers seeking assistance from FmHA the same kind of consideration that they are able to get if they are able to do so under the SBA?

Mr. FOLEY. The gentleman is talking about the interest rate in section 1?

Mr. LAGOMARSINO. Yes.

Mr. FOLEY. Yes.

Mr. LAGOMARSINO. It is the current yield on outstanding market obligations of the United States, plus 1 percent.

Mr. FOLEY. Yes. Personally speaking, I have much less objection to this provision than the second part. The second part is, in my judgment, very unwise. I hope the gentleman will forgive me, but I think it was unwise to join these together. I might have been able to support the first one, but I very strongly object to combining them.

Mr. LAGOMARSINO. If the gentleman will yield further, will the gentleman be agreeable to a unanimous-consent request on my part to strike subsection (2)?

Mr. FOLEY. I would not object.

Mr. LAGOMARSINO. Mr. Chairman. I ask unanimous consent that subsection (2) be stricken from the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FOLEY. In that case. Mr. Chairman. I will leave it to the judgment of the Members of the Committee on that. I do not have any strong objection to the amendment as modified.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentleman from California (Mr. LAGOMARSINO).

The question was taken; and on a division (demanded by Mr. LAGOMARSINO) there were—ayes 3, noes 18.

So the amendment, as modified, was rejected.

The CHAIRMAN. Are there further amendments to title I? If not, the Clerk will read title II.

The Clerk read as follows:

TITLE II

SEC. 201. This title may be cited as the "Emergency Agricultural Credit Adjustment Act of 1978".

SEC. 202. AUTHORITY TO MAKE, INSURE, OR GUARANTEE LOANS; ELIGIBLE RECIPIENTS; PURPOSES.—(a) The Secretary of Agriculture is authorized to insure or guarantee loans (1) to bona fide farmers and ranchers who are primarily and directly engaged in agricultural production, and who are citizens of the United States and (2) to farm cooperatives, private domestic corporations, or partnerships that are primarily and directly engaged in agricultural production and in which a majority interest is held by members, stockholders, or partners who themselves are citizens of the United States and are primarily and directly engaged in agricultural production: *Provided*, That such farmers, ranchers, cooperatives, corporations, or partnerships have the experience or training and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loans, need such credit in order to maintain a viable agricultural production operation, and are unable at the time the loan application is filed to obtain sufficient credit from their normal credit sources to finance their actual needs at reasonable rates and terms due to a general tightening of agricultural credit and an unfavorable relationship between production costs and prices received for agricultural commodities.

SEC. 203. PURPOSES OF LOANS.—(a) Subject to the provisions of subsection (b) of this section, loans may be insured or guaranteed under this title for the purpose of making payment of principal and interest installments or refinancing, in whole or in part, any outstanding indebtedness incurred for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, pollution abatement control, (2) paying costs incident to reorganizing the farming system for more profitable operations, (3) purchasing livestock, poultry, and farm equipment (including equipment which utilizes solar energy), (4) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (5) other farm and home needs including but not limited to family subsistence, (6) loan closing costs, and (7) refinancing items previously described in this subsection.

(b) Indebtedness eligible for assistance under subsection (a) is limited to indebtedness which cannot be paid unless assistance is rendered under this title and which was incurred during the period beginning January 1, 1973, and ending on the date of enactment of this title, or indebtedness incurred after the date of enactment of this Act, but on or before December 31, 1979, to the extent which indebtedness may have been incurred in the refinancing of a loan made during the period beginning January 1, 1973, and ending on the date of enactment of this Act.

(c) Loans also may be insured or guaranteed under this title to cover operating expenses and adjustments in operations needed to assure the applicant's ability to make repayment on his outstanding indebtedness, including indebtedness incurred under subsection (a) of this section. Such loans may be made for (1) paying costs incident to reorganizing the agricultural operation to provide an economically sound operating unit, (2) purchasing essential livestock and poultry, and replacing essential farm equip-

ment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing other essential farm needs including but not limiting to family subsistence, and (5) loan closing costs. No loan may be insured or guaranteed under this subsection the purpose of which is to purchase or lease additional real estate.

(d) In making loans under this title, preference shall be given to owners or operators of not larger than family farms. In the case of farm cooperatives, corporations, and partnerships, the family farm preference shall apply to the farm or farms in which both the entity and its principal members, stockholders, or partners, as applicable, have an ownership and operator interest and are primarily and directly engaged in agricultural production.

SEC. 204. GUARANTEED LIMITS; RATES OF INTEREST; REPAYMENT PERIOD; RESTRICTIONS.—(a) The Secretary is authorized to guarantee for the purposes and subject to the conditions of this title not to exceed 90 per centum of the principal and interest on any loan made by a legally organized agency.

(b) Loans guaranteed under this title shall bear interest at a rate to be agreed upon by the lender and borrower. Loans insured under this title shall bear interest at a rate determined by the Secretary taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.

(c) Insured and guaranteed loans shall be for the period reasonably required by the needs of the borrower, taking into consideration the security the borrower has available, but not exceeding a term of thirty years for loans secured primarily by real estate, and not exceeding a term of seven years for loans secured primarily by personality: *Provided*, That renewal of loans secured by personality is authorized for an additional period or periods which shall not, in the aggregate, exceed five years beyond the original term of the loan: *And provided further*, That with respect to loans secured by personality the Washington office of the Farmers Home Administration may approve an original term of twelve years if it is determined that the need of the loan applicant justifies such a longer repayment period. Loans as to which the original term is twelve years may not be renewed.

(d) The total principal balance outstanding at any one time on loans insured or guaranteed under this title for any borrower shall not exceed $400,000: *Provided, however*, That no loan which will cause the total outstanding principal indebtedness of any borrower under this title to exceed $150,000 shall be made without the approval of the senior FmHA official in the State in which the loan is made.

(e) No fees or charges shall be assessed by the Secretary for any loan insured or for any guarantee provided under this title.

SEC. 205. CERTIFICATIONS; CONDITIONS.—(a) As a condition of the Secretary's guaranteeing any loan under this title the lender shall certify that—

(1) the lender is unwilling to provide credit to, or continue with, the loan applicant in the absence of the guarantee authorized by this title; and

(2) the loan applicant is directly and in good faith engaged in agricultural production, and the financing to be furnished the loan applicant is to be used for the purposes set forth in this title.

(b) As a condition of the Secretary's insuring any loan under this title the loan applicant shall certify that—

(1) the loan applicant will be unable to obtain financing in the absence of the assistance authorized by this title; and

(2) the loan applicant is directly and in good faith engaged in agricultural production, and the financing to be furnished the loan applicant is to be used for the purposes set forth in this title.

(c) As a condition for insuring or guaranteeing any loan under this title, the Secretary must find that there is reasonable probability of accomplishing the objectives of this title and repayment of the loan.

(d) The Secretary shall require—

(1) the county committee authorized under section 332 of the Consolidated Farm and Rural Development Act to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed operations, and will, in the opinion of the committee, honestly endeavor to carry out the applicant's undertakings and obligations; and

(2) except for guaranteed loans, an agreement by the borrower that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsibilities cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

SEC. 206. LOAN SECURITY.—Loans shall be insured or guaranteed under this title upon the full personal liability of the borrower secured by such collateral as is available which, together with the Secretary's confidence, and for guaranteed loans the confidence of the lender, in the repayment ability of the loan applicant, is deemed by the Secretary adequate to protect the Government's interest. The collateral may be subject to a prior lien or may be collateral which has depreciated in value owing to temporary economic conditions.

SEC. 207. FUNDING; LIMITATION ON LOANS.—(a) The Fund created in section 309 of the Consolidated Farm and Rural Development Act shall be used by the Secretary for the operation of the loan program and for the discharge of the obligations incurred pursuant to this title. Such Fund may also be utilized to pay salaries and other administrative expenses of the Secretary necessary to insure, guarantee, service, and otherwise carry out the provisions of this title. The Secretary in his discretion is authorized to use the Fund to purchase, on such terms and conditions as the Secretary may deem appropriate, all or any portion of any loan insured or guaranteed pursuant to this title, or to defer payments of principal and interest with respect to such loan, and to pay expenses and fees incident to such purchase or deferral. There shall be reimbursed to the Fund by annual appropriations the costs incurred by the Fund in the operation and administration of the program created by the title.

(b) The total principal amount of loans which may be outstanding at any time under this title in calendar year 1978 shall not exceed $2,000,000,000, and the total principal amounts of loans which may be outstanding at any one time under this title in calendar year 1979 shall not exceed $4,000,000,000.

SEC. 208. GUARANTEES SUPPORTED BY FULL FAITH AND CREDIT OF THE UNITED STATES.—Any contract of guarantee or insurance executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder had actual knowledge at the time it became a holder.

SEC. 209. EFFECTIVE PERIOD.—The provisions of this title shall become effective upon enactment, and the authority to insure and guarantee loans shall terminate on December 31, 1979.

SEC. 210. ISSUANCE OF CERTIFICATES OF BENEFICIAL OWNERSHIP; CONTRACTS OF GUARANTEE ASSIGNABLE.—(a) The provisions of section 310B(6) of the Consolidated Farm and Rural Development Act shall apply to loans insured or guaranteed under this title, and the Secretary is authorized to handle such guaranteed loans in the same manner as loans guaranteed under the Consolidated Farm and Rural Development Act.

(b) Contracts of guarantee executed pursuant to the provisions of this title shall be fully assignable.

SEC. 211. REGULATIONS; SECRETARY TO ACT EXPEDITIOUSLY.—The Secretary is authorized to issue such regulations as he determines necessary to carry out this title. Final regulations shall be issued as soon as possible, but in no event later than thirty days from the date of enactment of this title. Insofar as practicable, the Secretary shall complete action on each loan application within thirty days after its receipt.

SEC. 212. REPORT TO CONGRESSIONAL COMMITTEES.—The Secretary shall report to the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of this title not later than January 1, 1979. The Secretary shall include in such report the number of loan applications submitted, the number and amount of loans approved, the financial situation facing farmers and ranchers at the time of the report, the effect of this title on maintaining the operations of farmers and ranchers, and any recommendations the Secretary may have as to actions which can be taken to further facilitate the continued operations of prudent farmers and ranchers whose continued ability to remain in agriculture is threatened by economic factors not fairly within their control.

Mr. MADIGAN (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Amendment offered by Mr. MADAGAN:

Mr. MADIGAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MADIGAN: Strike out all from lines 6, page 20, through line 17, page 29, in title II and substitute therefore the following:

TITLE II

SEC. 201. This title may be cited as the "Emergency Agricultural Credit Adjustment Act of 1978".

SEC. 202. AUTHORITY TO MAKE, INSURE, OR GUARANTEE LOANS; ELIGIBLE RECIPIENTS; PURPOSES.—(a) The Secretary of Agriculture is authorized to insure or guarantee loans (1) to bona fide farmers and ranchers who are primarily and directly engaged in agricultural production, and who are citizens of the United States and (2) to private domestic corporations, or partnerships that are primarily and directly engaged in agricultural production and in which a majority interest is held by members, stockholders, or partners who themselves are citizens of the United States and are primarily and directly engaged in agricultural production: *Provided*, That such farmers, ranchers, cooperatives, corporations, or partnerships have the ex-

perience or training and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loans, need such credit in order to maintain a viable agricultural production operation, and are unable at the time the loan application is filed to obtain sufficient credit from their normal credit sources to finance their actual needs at reasonable rates and terms due to a general tightening of agricultural credit and an unfavorable relationship between production costs and prices received for agricultural commodities.

SEC. 203. PURPOSES OF LOANS.—(a) Subject to the provisions of subsection (b) of this section, loans may be insured or guaranteed under this title for the purpose of making payment of principal and interest installments on any outstanding indebtedness incurred for (1) acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, pollution abatement control, (2) paying costs incident to reorganizing the farming system for more profitable operations, (3) purchasing livestock, poultry, and farm equipment (including equipment which utilizes solar energy), (4) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (5) other farm and home needs including but not limited to family subsistence, (6) loan closing costs, and (7) refinancing items previously described in this subsection.

(b) Indebtedness eligible for assistance under subsection (a) is limited to indebtedness which cannot be paid unless assistance is rendered under this title and which was incurred during the period beginning January 1, 1977, and ending on the date of enactment of this title, or indebtedness incurred after the date of enactment of this Act, but on or before December 31, 1979.

(c) Loans also may be insured or guaranteed under this title to cover operating expenses and adjustments in operations needed to assure the applicant's ability to make repayment on his outstanding indebtedness, including indebtedness incurred under subsection (a) of this section. Such loans may be made for (1) paying costs incident to reorganizing the agricultural operation to provide an economically sound operating unit, (2) purchasing essential livestock and poultry, and replacing essential farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, (4) financing other essential farm needs including but not limited to family subsistence, and (5) loan closing costs. No loan may be insured or guaranteed under this subsection the purpose of which is to purchase or lease additional real estate.

(d) In making loans under this title, preference shall be given to owners or operators of not larger than family farms. In the case of private domestic corporations, and partnerships, the family farm preference shall apply to the farm or farms in which both the entity and its principal members, stockholders, or partners, as applicable, have an ownership and operator interest and are primarily and directly engaged in agricultural production.

SEC. 204. GUARANTEED LIMITS; RATES OF INTEREST; REPAYMENT PERIOD; RESTRICTIONS.—(a) The Secretary is authorized to guarantee, for the purposes and subject to the conditions of this title, loans which are made, held and serviced by any legally organized lending agency. The Secretary shall guarantee 100 per centum of the principal and interest on any loan guaranteed under this title: *Provided, however,* That the lender to whom such guarantee is extended agrees in consideration for such guarantee to extend to the loan applicant at not more than prevailing rates of interest sufficient production credit to maintain operation from the date of such loan for one calendar year or such other annual period as the nature of the loan applicant's agricultural or ranch operations require.

(b) Loans guaranteed under this title shall bear interest at a rate to be agreed upon by the lender and borrower. Loans insured under this title shall bear interest at a rate determined by the Secretary taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.

(c) Insured and guaranteed loans shall be for the period reasonably required by the needs of the borrower, taking into consideration the security the borrower has available, but not exceeding a term of twelve years for loans secured primarily by real estate, and not exceeding a term of seven years for loans secured primarily by personality: *Provided,* That renewal of loans secured by personality is authorized for an additional period or periods which shall not, in the aggregate, exceed five years beyond the original term of the loan: *And provided further,* That with respect to loans secured by personality the Washington office of the Farmers Home Administration may approve an original term of twelve years if it is determined that the need of the loan applicant justifies such a longer repayment period. Loans as to which the original term is twelve years may not be renewed.

(d) The total principal balance outstanding at any one time on loans insured or guaranteed under this title for any borrower shall not exceed $300,000: *Provided, however,* That no loan which will cause the total outstanding principal indebtedness of any borrower under this title to exceed $150,000 shall be made without the approval of the senior FmHA official in the State in which the loan is made.

(e) No fees or charges shall be assessed by the Secretary for any loan insured or for any guarantee provided under this title.

SEC. 205. CERTIFICATIONS; CONDITIONS.—(a) As a condition of the Secretary's guaranteeing any loan under this title the lender shall certify that—

(1) the lender is unwilling to provide credit to, or continue with, the loan applicant in the absence of the guarantee authorized by this title; and

(2) the loan applicant is directly and in good faith engaged in agricultural production, and the financing to be furnished the loan applicant is to be used for the purposes set forth in this title.

(b) As a condition of the Secretary's insuring any loan under this title the loan applicant shall certify that—

(1) the loan applicant will be unable to obtain financing in the absence of the assistance authorized by this title; and

(2) the loan applicant is directly and in good faith engaged in agricultural production, and the financing to be furnished the loan applicant is to be used for the purposes set forth in this title.

(c) As a condition for insuring or guaranteeing any loan under this title, the Secretary must find that there is reasonable probability of accomplishing the objectives of this title and repayment of the loan.

(d) The Secretary shall require—

(1) the county committee authorized under section 332 of the Consolidated Farm and Rural Development Act to certify in writing that the applicant meets the eligibility requirements for the loan, and has the character, industry, and ability to carry out the proposed operations, and will, in the opinion of the committee, honestly endeavor to carry out the applicant's undertakings and obligations; and

(2) except for guaranteed loans, an agreement by the borrower that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

SEC. 206. LOAN SECURITY.—Loans shall be insured or guaranteed under this title upon the full personal liability of the borrower secured by such collateral as is available which, together with the Secretary's confidence, and for guaranteed loans the confidence of the lender, in the repayment ability of the loan applicant, is deemed by the Secretary adequate to protect the Government's interest. The collateral may be subject to a prior lien or may be collateral which has depreciated in value owing to temporary economic conditions.

SEC. 207. FUNDING; LIMITATION ON LOANS.—(a) The Fund created in section 309 of the Consolidated Farm and Rural Development Act shall be used by the Secretary for the operation of the loan program and for the discharge of the obligations incurred pursuant to this title. Such Fund may also be utilized to pay salaries and other administrative expenses of the Secretary necessary to insure, guarantee, service, and otherwise carry out the provisions of this title. The Secretary in his discretion is authorized to use the Fund to purchase, on such terms and conditions as the Secretary may deem appropriate, all or any portion of any loan insured or guaranteed pursuant to this title, or to defer payments of principal and interest with respect to such loan, and to pay expenses and fees incident to such purchase or deferral. There shall be reimbursed to the Fund by annual appropriations the costs incurred by the Fund in the operation and administration of the program created by the title.

(b) The total principal amount of loans which may be outstanding at any one time under this title in calendar year 1978 shall not exceed $2,000,000,000, and the total principal amounts of loans which may be outstanding at any one time under this title in calendar year 1979 shall not exceed $4,000,000,000.

SEC. 208. GUARANTEES SUPPORTED BY FULL FAITH AND CREDIT OF THE UNITED STATES.—Any contract of guarantee or insurance executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder had actual knowledge at the time it became a holder.

SEC. 209. EFFECTIVE PERIOD.—The provisions of this title shall become effective upon enactment, and the authority to insure and guarantee loans shall terminate on December 31, 1979.

SEC. 210. ISSUANCE OF CERTIFICATES OF BENEFICIAL OWNERSHIP; CONTRACTS OF GUARANTEE ASSIGNABLE.—(a) The provisions of section 310B(6) of the Consolidated Farm and Rural Development Act shall apply to loans insured or guaranteed under this title, and the Secretary is authorized to handle such guaranteed loans in the same manner as loans guaranteed under the Consolidated Farm and Rural Development Act.

(b) Contracts of guarantee executed pursuant to the provisions of this title shall be fully assignable.

SEC. 211. REGULATIONS; SECRETARY TO ACT EXPEDITIOUSLY.—The Secretary is author-

ized to issue such regulations as he determines necessary to carry out this title. Final regulations shall be issued as soon as possible, but in no event later than thirty days from the date of enactment of this title. Insofar as practicable, the Secretary shall complete action on each loan application within thirty days after its receipt.

SEC. 212. REPORT TO CONGRESSIONAL COMMITTEES.—The Secretary shall report to the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of this title not later than January 1, 1979. The Secretary shall include in such report the number of loan applications submitted, the number and amount of loans approved, the financial situation facing farmers and ranchers at the time of the report, the effect of this title on maintaining the operations of farmers and ranchers, and any recommendations the Secretary may have as to actions which can be taken to further facilitate the continued operations of prudent farmers and ranchers whose continued ability to remain in agriculture is threatened by economic factors not fairly within their control.

Mr. MADIGAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADIGAN. Mr. Chairman, as I stated earlier in my general remarks on the bill, my substitute amendment for title II is similar in its general thrust to that contained in the subcommittee markup print when we first took up this matter.

If I may go back to that history for just a moment, in the beginning the Subcommitee on Conservation and Credit began with a bill to raise the loan limits that would be authorized for the Farmers Home Administration for both operating loans and real estate purchase loans. Under those such programs, the increases would provide reasonably modest increases in total loans and reflect only the natural inflationary increases that have occurred since the last time any increase was made.

As the subcommittee began its markup of the legislation, a substitute committee print for the bill which we were considering was offered and that substitute committee print included a second title, title II, which was generally the same as that I am now putting before the Committee as a substitute for the title II that was agreed to by the full committee. The title II which the subcommittee considered as a committee print initially would have provided a program by which farmers who were unable to meet installment payments, either interest or principal payments for a given period of time, would have been able to borrow the money from the Government to make those principal and interest payments and would have had a minimum of 7 years, but in some circumstances up to 12 years to repay.

From that rather modest beginning we have expanded title II of the bill into a program that now provides loans for the complete refinancing up to $900,000 of any farmer's outstanding obligations, regardless of the size of his operation, regardless of whether he is a family farmer, corporate farmer, or whatever, and these $900,000-loans would be available at a rate of interest equal to the cost of money to the Government at that time and, further, this farmer would have up to 30 years to repay these loans.

I might mention that the $900,000 would be a combination of loans under title 1 and title II of the bill, but the rest of what I said relating to interest and cost of the money to the Government and a term of up to 30 years to pay is appropriate, and those provisions are in title II of the bill.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, I simply want to point out to the gentleman, as he well knows, but to make it perfectly clear to the committee, the fact that the $900,000 would not be in insured loans, but would be loans that would be guaranteed through private lending institutions, and the cost to the farmer would be set by the farmer and the lender; it would not be set by the Government.

Mr. MADIGAN. Mr. Chairman, I have no argument with that. The point is that we have taken a program that would have simply allowed the people to borrow money to make principal and interest payments for a very short period of time and expanded that now into a 30-year complete refinancing at a guaranteed lower rate of interest for farmers, regardless of the nature of their operation or the size of their operation.

I think that goes far beyond anything we originally considered or had any idea we might get into.

I might say to the committee that initially the Farmers Home Administration told us that the more modest program which I am offering as a substitute would have a price tag of $5 billion. The program that we have before us has a price tag which I am not even able to estimate. However, I can say that in the State of Illinois the Farmers Home Administration estimates that only 800 farmers would even be interested in applying for these 30-year, low-interest loans. I think that is ridiculous when we consider that there are over 120,000 farmers in the State. Obviously we are calculating that less than 1 percent of those farmers would actually be applicants for this program.

I have no way of knowing what the program would cost. It might cost $20 billion, it might cost $30 billion, I do not know. But the $4 billion that is authorized in the bill is in my judgment simply not an adequate amount of money, considering the fact that initially even the Farmers Home Administration said it would cost $5½ billion.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. MADIGAN) has expired.

(By unanimous consent, Mr. MADIGAN was allowed to proceed for 2 additional minutes.)

Mr. MADIGAN. Mr. Chairman, I think that if we were to continue to work with title II of this bill that is before us, we could be accused of having just enacted a simple and empty promise. We would be providing these 30-year low-interest loans to actually only 2 percent of all the farmers in the country, if the FmHA estimates are correct.

I think that is the worst thing we could do: To say that we are going to do something and then not actually follow through by providing enough money.

I think we will have a situation where farmers will find out there is not enough money to accommodate all of the applications, and that applicant after applicant will be turned away. If I may quote the distinguished vice chairman of the committee, the gentleman from Texas (Mr. POAGE), he said that all this money could be used in just two counties in Texas if we leave the program written as it is.

I think my substitute answers the emergency credit needs that exist in agricultural America today. I think it provides enough money to go around. It does not create a situation where some will be served and some will be turned away. It is a program that will reach out to all the farmers and not just 1 or 2 percent of the farmers.

Mr. Chairman, this is an approach that is endorsed by the American Farm Bureau Federation. I think it is a good approach, and I urge the support of the Members for this substitute language.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. MADIGAN) has again expired.

(On request of Mr. GARY A. MYERS and by unanimous consent, Mr. MADIGAN was allowed to proceed for 2 additional minutes.)

Mr. GARY A. MYERS. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, under section 203, subsection (b), the wording of the gentleman's amendment is as follows:

Indebtedness eligible for assistance under subsection (a) is limited to indebtedness which cannot be paid unless assistance is rendered under this title and which was incurred during the period beginning January 1, 1977, and ending. . . .

And so forth.

Mr. Chairman, if the gentleman will continue to yield, with respect to the phrases "indebtedness" in this program and "incurred," is the intent of the gentleman's amendment simply to be indebtedness of the principal and interest that were incurred during that period of time, and not the indebtedness incurring alone itself?

Mr. MADIGAN. It is my intention that the indebtedness will refer to both principal and interest; that if a borrower, a potential borrower, under the provisions of the act, were not able to pay either principal or interest payments, that that borrower would be able to apply for a loan, through which he or she would be able to make both interest and principal payments. They could borrow an amount equal to whatever was needed to pay both of those things.

Mr. GARY A. MYERS. So the loan

could have been made prior to 1977, any debt, so long as there was principal and interest that came due during this period of time which is established in the bill?

Mr. MADIGAN. The effective period of the program under my amendment would be January 1, 1977, through December 31, 1979, with 7 years initially to repay and a 5-year extension beyond those 7 years under certain circumstances.

Mr. GARY A. MYERS. If the gentleman will yield further for one more clarification, that means that the loans could have occurred at any period of time? In other words, well before the 1973 date that is in the bill?

Mr. MADIGAN. If I understand the gentleman's question, the gentleman is asking me if the loan which the person would be borrowing money to pay could have been taken out prior to January 1, 1977. Is that the question?

Mr. GARY A. MYERS. That is correct.

Mr. MADIGAN. The answer is "yes."

Mr. GARY A. MYERS. I thank the gentleman.

Mr. ENGLISH. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, basically, what is involved here is the question of philosophy. And I might say that the philosophy that the gentleman from Illinois (Mr. MADIGAN) has presented to us in the form of this amendment, as he states, is the identical proposal that we started out with in the subcommittee as part of the original committee print. It was rejected in the subcommittee and it was rejected again in the full committee. And the reason was due to the fact, and a very simple fact, that any individual, due to the depressed economic situation facing our farmers today, if he is unable to make that payment today, how in the world is he going to make it next year, with additional debt piled on top of it? It simply makes the situation that much more impossible.

What our farmers need today is not additional debt. What they need is the chance to survive. And the only way in which they can survive under these circumstances and, given the depressed economic crisis that they have, is, very simply, by consolidating the debts that they have, reducing the interest rates which they are paying, and stretching the payments out over a longer period of time. This is it, pure and simple. And this is the only way for our farmers to have a chance. This is the reason the Madigan approach was rejected in the subcommittee, and this is the reason the Madigan approach was rejected in the full committee. I hope this is the reason it is going to be rejected here in this committee.

Mr. Chairman, I think it is imperative that the Members understand that the Madigan approach, in effect, guts the opportunity for farmers to survive this economic crisis, to hang on for the period of time that is going to be necessary for improvement in prices. I just want to plead and urge this committee to give our farmers a chance by rejecting the Madigan amendment.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Illinois.

Mr. MADIGAN. I thank the gentleman for yielding.

Mr. Chairman, the question I would like to ask the gentleman from Oklahoma is: How are we going to help these farmers whose cause the gentleman argues so effectively, if we are going to allow each of them to borrow, under this title of the bill, up to $400 thousand? And to allow them to borrow it for up to a 30-year period of time. How many farmers is the gentleman going to be able to help with the limited funding in the bill?

The gentleman from Texas (Mr. POAGE), our colleague and vice chairman of this committee, says that all of the money you are appropriating in this bill can be used up in just two counties in Texas.

How is the gentleman going to help the farmers in Illinois, in Indiana, and in all the other parts of the country that might want to become participants in this program if the gentleman is going to keep such a liberal program but also keep such a limit on the amount of money he is willing to put into the program?

Mr. ENGLISH. As the gentleman is well aware, the situation exists in which not all farmers are facing this type of catastrophe.

This program is aimed toward those who are facing a crisis, who are facing foreclosure in the immediate future; and we are hopeful that there is no more than 10 percent of the farmers of this Nation in need of this program.

As the gentleman knows, this is a very spotty problem. It is a problem that appears in some farming areas, but not in others. What we need to do today is to contain this problem.

As the gentleman well knows, this particular amount of money, the $2 billion, that is provided under this title for this calendar year, for the next 6 months or less, depending upon when this program would go into effect, is as much money as the Farmers Home Administration says it even has the capacity to take applications for and to loan out.

I would like to point out once again that this program will be reviewed the first of next year; and if this catastrophe is more serious than we all hope that it is, then we will have the opportunity to come back to the committee and to the House, but certainly no one would want to simply disregard and junk this section of the program simply because we are afraid that there is not enough money there. Certainly we can come back and make a case before this House, if that is the situation.

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield further, if I may quote what the gentleman from Oklahoma (Mr. ENGLISH) has just said, he has indicated that he thinks this special farm credit aid may be needed by as many as 10 percent of the farmers of the country.

I agree with the gentleman from Oklahoma completely and point out to the gentleman from Oklahoma that the Farmers Home Administration says that in order to accommodate those kinds of loans for just 2 percent of the farmers in the country, $5.5 billion would be required.

Mr. JONES of Tennessee. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I shall not take the 5 minutes because the question has already been well argued by my friend, the gentleman from Oklahoma (Mr. ENGLISH).

I hate to oppose my good friend, the ranking minority member on the subcommittee, the gentleman from Illinois (Mr. MADIGAN), because we worked closely on this piece of credit; we worked on it for 3 months.

However, I want to point out that there is a $4 billion cap for the 2-year program and we are now in the first year. We have considerably less than a year to go under the initial $2 billion ceiling. In other words, considering the short term of the program, I believe it is adequately funded.

As far as the $400,000 is concerned for those who are in need of loans, I want to point out that there are not too many farmers in the United States who will need to borrow $400,000 at one time from the Farmers Home Administration. We simply are kidding ourselves when we say that $400,000 would be borrowed by very many of our farmers.

In the first place, I would point out that we need the refinancing that is provided in some areas of the country. We do need to retain the language that we have in the bill at the present time.

Mr. Chairman, I urge my colleagues to vote against the Madigan amendment.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, I would simply like to reiterate what the chairman of the subcommittee has said so aptly; and that is without question, we are facing a crisis in parts of our agricultural economy in certain sections of the country.

The important thing at this point is that we have made a beginning in stopping this problem from spreading to other parts of the agricultural economy. It is as simple as that.

Certainly, as the gentleman pointed out, what $2 billion may be able to accomplish today it may not be able to accomplish next year; and the first important step that must be taken is the enactment of title II.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I am glad to yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, I want, first of all, to thank the gentleman from Tennessee (Mr. JONES) for the many courtesies extended to me as a member of his subcommittee during the consideration of this particular bill.

I also want to congratulate the chairman on the outstanding job he does in

bringing the subcommittee members together and in working with them very effectively, in my judgment.

I do want to take issue with just one statement the distinguished chairman made during his remarks a moment ago, when he suggested that he would doubt that there would be very many farmers in the United States applying for these kinds of loans at $400,000 limitation. I want to take issue with the chairman on that point, because the Farmers Home Administration, the agency with the responsibility of running all these programs, has said in its report to our subcommittee that it estimated that there would be 50,000 farmers applying for loans at levels of over $400,000 apiece. If my mathematics serves me at all, that would require some $20 billion of money to take care of all of them.

I thank the gentleman for yielding to me.

Mr. JONES of Tennessee. I thank my friend from Illinois (Mr. MADIGAN). I would like to rebut that by saying that the statistics that I have on the Farmers Home Administration ownership loan programs show that, thus far in 1978, it is estimated that the average initial loan from Farmers Home Administration is in the area of $50,000. I admit that farm costs are going up, that farm sizes are increasing, that farmers are getting older, that we have many, many younger people who are engaging, or trying to engage, in the farming profession today, and inordinately more money will be required. However, I want to point out that all of it cannot come from the Farmers Home Administration.

Mr. WATKINS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Oklahoma.

Mr. WATKINS. Mr. Chairman, I appreciate my friend from Tennessee standing in opposition to this amendment. I concur with him and with my colleague from Oklahoma (Mr. ENGLISH) that our farmers are in desperate need of more than just extending for another year. They are in need of a consolidation program for title II.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

(By unanimous consent Mr. JONES of Tennessee was allowed to proceed for 2 additional minutes.)

Mr. WATKINS. I would like to state that the farmers I have talked to in my part of the State of Oklahoma are in dire need of a longer period of time in consolidating the loans. This is the only way they are going to be able to survive. Many of them have actually gone out of business already. I think the program the gentleman from Oklahoma (Mr. ENGLISH) is advocating will see to it that our people will be able to survive, along with the emergency cattle loan program and the emergency drought relief program. I think we have a program that will allow our people to move forward and be able to continue in the family farming business.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, I would like to commend my fellow Member from Oklahoma (Mr. WATKINS). He is one of the original cosponsors and a strong supporter of this proposal. I wish to thank him for his support.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the Madigan substitute. I am sure that we all try to keep in mind the effect upon the total budget of legislation which we consider. In fact, we will very soon be in the appropriations process, and will be wrestling with the fragments of the appropriations system trying to reconcile those items with the expected revenues of our Government.

I was especially interested to hear what my colleague from Illinois (Mr. MADIGAN) had to say about the prospect that this might eventually entail outlays of many billions of dollars, well beyond the money limits expressed in the bill itself. I would like to ask the gentleman to elaborate on that a bit.

It is my understanding, my recollection, that he said that Illinois is set down for only 700 loans in the estimate made by the Department upon how popular this loan system would be. Well, we have 100 counties in Illinois. That is seven farmers per county.

I know from my own home county that there is an enormous number of individual farmers who would relish—and I use that world "relish" advisedly—relish the opportunity to borrow money at, let us say, about 6.5 percent today up to, who knows, perhaps even the outside limit of $900,000. My colleague from Illinois (Mr. MADIGAN) represents a commercial corn area. My impression would be that farmers in that region probably have use for even more per farm than in my home county of Pike.

I wonder if the gentleman could make or hazard a guess as to how many farmers in Logan County, Ill., would like to borrow money at 6½ percent with almost the sky as the limit as a result of this legislation?

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield, that could be 2½ percentage points less than the banks are charging for farm purchase loans in Logan County right now, and because this has a refinancing provision in it the farmer could actually take a loan made not too long ago at 9 percent and under the provisions of this bill refinance it at 6½ percent and have up to 30 years to pay if he could convince the local FmHA office to lend him the money.

Mr. FINDLEY. In my home county I would be surprised if there were not 500 farmers at the minimum who would like to borrow at this minimum rate. Would the gentleman agree that is a modest estimate for any county in Illinois?

Mr. MADIGAN. There are 120,000 farmers in Illinois and the FmHA estimates only 800 would be interested in this kind of loan. Yet any farmer who has a loan outstanding at a rate higher than 6½ percent would be interested in one of these loans.

Mr. FINDLEY. What concerns me most about the committee recommendation which is now before us, and the main reason why I support the approach by the gentleman from Illinois (Mr. MADIGAN), is that I feel with the committee recommendation we will set in motion a process we will be unable to stop. I know we have $3 billion as the cap for this in this bill, but once the news gets around in farming communities that Joe Smith down the road has been able to borrow money at 6½ percent, refinance his loan, and get the loan picked up by the Federal Government, we will get virtually half of his neighbors demanding the same consideration and there will be no way we can keep that $3 billion cap on the amount that could be obligated under this program.

Would the gentleman from Illinois (Mr. MADIGAN) give us an estimate out of his own consideration of this bill as to how many billions of dollars this might conceivably entail?

Mr. MADIGAN. If the gentleman will yield further, I would prefer, rather than making the estimate myself, to quote the estimate of the Farmers Home Administration which I think is low, because as in the case of our own State of Illinois they estimate only 800 applicants would use title II credit, but if we use that figure, which I estimate to be actually low, all over the country their estimate is there would be 49,200 applicants at $400,000 apiece, as I indicated earlier, and that would be nearly $20 billion.

Mr. FINDLEY. For the State of Illinois alone? I wonder if the gentleman from Illinois (Mr. MADIGAN), as the author of the substitute, could indicate the degree to which his language would restrict that?

The CHAIRMAN. The time of the gentleman from Illinois (Mr. FINDLEY) has expired.

(By unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield further, I would point out the 49,200 figure is the FMHA estimate for the entire country, not just the State of Illinois, but even at that estimate it could be still a $20 billion program.

Mr. FINDLEY. And the estimate of the gentleman from Illinois (Mr. MADIGAN) is that the FmHA estimate is on the conservative side.

Would the gentleman from Illinois (Mr. MADIGAN) contrast the proposition under title II of the committee recommendations with his substitute?

Mr. MADIGAN. If the gentleman will yield further, my substitute simply says we will make loans enabling people to pay their principal and interest for a period of time to end December 31, 1979, and that we will allow them to borrow that money from us but to repay it within 7 years rather than within 30 years, but it would be only to make principal and interest payments that they otherwise cannot make and some operating loan help. It would not allow this complete refinancing proposition that is contained in the bill before us.

Mr. FINDLEY. And there would remain the provisions of title I which was intended to meet the emergency created by low prices in wheat country primarily.

That would remain as an additional credit back-up for the distressed farmers. Am I correct?

Mr. MADIGAN. Title I programs have up to $500,000 for family farmers, yes.

Mr. FINDLEY. I need to make a statement and then I will be glad to yield.

It seems to me that the members of this committee would be very prudent to accept the Madigan substitute.

It leaves in place an enormous potential for credit to farmers who need refinancing. Perhaps that part goes a little bit too far for some members of this committee, but, nevertheless, I think it is a reasonable compromise. To go with the committee language we are asking for trouble as time goes by because I think the pressure for these low-interest loans will be irresistible.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ENGLISH, and by unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding.

I would simply like to point out to the gentleman that I am sure he is very familiar with the provisions of the bill, and the requirements of the bill basically are the same for those people who are facing foreclosure and bankruptcy. I know that if I had 500 farmers in my State who were facing bankruptcy, I would be most interested in trying to take action that would give them some relief and some assistance. But I would also like to say that the gentleman has a much different kind of farmer in his State than I do in mine. I have very few farmers in my hometown who are going to be helped, if they face foreclosure and bankruptcy, by additional loans. It simply gets them in deeper.

I would simply like to urge the gentleman to keep in mind that this is basically for that group that is facing those types of economic difficulties. It is not the people who would like to have those kinds of loans.

Mr. FINDLEY. Difficulty is in the eyes of the beholder, I guess, and I suspect that the farmers of the gentleman's home State, like the farmers of Illinois, have proved to be very resourceful when it comes to the task of qualifying for Federal subsidies programs. I think we will find an enormous number of farmers who are able to say that they are in financial difficulty and facing bankruptcy in order to trim 2 percent off of the interest bill that confronts them.

Mr. ENGLISH. I am sorry the gentleman feels that farmers would not honor the provisions of the bill. I am certain that an Oklahoman would.

Mr. FINDLEY. Let me tell the gentleman that early in my days on the House Agriculture Committee, we had a weather-beaten, old farmer as a witness one day who gave us some advice. He said, "You fellows on the Ag Committee ought to keep one thing in mind. There are only about 435 of you in the House of Representatives. You work together to fix up a farm program, but just bear in mind that there are 3 million of us farmers out there with pencils trying to figure out ways to beat it."

Mr. POAGE. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, I am reluctant to take the floor to oppose any part of a program as good as this, but I think that we should all bear in mind what we did 2 weeks ago. We destroyed an opportunity to be of real help to our farmers by trying to give them too much, and I think every Member of this House knows that, regardless of how he voted. I am one of those who voted for—for—the very generous provisions of the farm bill that we had before us. But we know that we got all of nothing because we asked for too much.

I am afraid we are asking for too much now. We are asking to take care of farmers who, we say, may need right at $1 million—actually $900,000 of Government credit, $500,000 under title I and $400,000 under title II. There are not many so-called family farmers who need $900,000 for the next 30 years at a subsidized interest rate.

Certainly we ought to take care of those who have suffered disaster, and I am for it. I commend the chairman, the gentleman from Tennesse (Mr. JONES), for working that out. But we all, at least those of us who are on the committee, know that I expressed myself while in the committee about this $900,000 and these 30 years.

These 30 years represent the active lifetime of any farmer, and we are going to keep him in debt all of his life. We are not solving emergencies when we provide a system which is going to put the farmer in debt and keep him there the rest of his productive lifetime. We cannot take care of the income problem simply by lending more money.

You can help by lending money where people need it. You can help by taking care of emergencies, but emergencies cannot last for a man's lifetime. If it lasts this long it ceases to be an emergency and becomes the commonplace.

We have got to recognize that this is supposed to be an emergency bill. We need a disaster emergency bill. We need a bill to take care of disasters. We need a bill to help people who are faced with disasters that come about without any fault on his part, but if we are simply going to put that man into the position of paying on a debt for the next 30 years, we are not helping very much.

I think we do a whole lot more good to provide the funds necessary to take care of those who are really faced with a disaster than to promise to take care of 10 percent or any other extreme number of the farmers in the United States under the tremendous figures that the bill now provides.

I think that the original proposal in the Madigan substitute amendment is substantially the original proposal of the subcommittee. It is not new. The new is the tremendous promise that we all know we cannot keep. You know you cannot keep it. You cannot spend $20 billion to subsidize 10 percent of the farmers of the United States through million-dollar loans for the next 30 years. You cannot do it and you are going to do for farmers just what you did last week. You are going to give them all of nothing, unless you cut this down to some point of reason. If you get it back to what the subcommittee originally had, we will have something worthwhile.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, first of all, this particular bill, title II, contains more money for the rest of 1978 than the regular Farmers Home program contains for the next fiscal year. Does this mean we should wipe out the existing Farmers Home program? Does it mean by raising the limits that the Farmers Home program as it exists today, we have done wrong?

I should also point out that the existing Farmers Home program makes loans for 40 years, not 30 years.

Mr. POAGE. Mr. Chairman, the original program made loans for 40 years for the purpose of purchasing farms. That was the original program. This is supposed to be a disaster program to take care of disaster situations.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(At the request of Mr. ENGLISH, and by unanimous consent, Mr. POAGE was allowed to proceed for an additional 2 minutes.)

Mr. ENGLISH. Mr. Chairman, if the gentleman will yield further, I would like to point out as well that the existing Farmers Home program has fallen short and has not covered all needs; but I have yet to hear anyone come before Congress and state that we should wipe out the entire Farmers Home program because there is simply not enough. There is never enough in most of these programs; but we must do the best we can with what we have.

I would like also to point out that as opposed to the situation we had a couple weeks ago, we now have the situation where the administration has said this is a good program and it will be signed.

Mr. POAGE. The existing Farmers Home program has a chance of being financed. This $20 billion program has no chance of being financed and every Member of this Congress knows it.

I hope some of the farmers of the United States now know it.

I come back to the thing I have said to this House so many times, that I would rather have a part of something, and get a part of something for my farmers, than to get them absolutely all of nothing. I think that is our choice.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. MADIGAN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MADIGAN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Illinois (Mr. MADIGAN) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 151, noes 215, answered "present" 1, not voting 67, as follows:

[Roll No. 245]

AYES—151

Allen	Forsythe	Murphy, Pa.
Ambro	Gephardt	Myers, Gary
Ammerman	Goldwater	Myers, John
Annunzio	Goodling	Pattison
Archer	Gradison	Pease
Armstrong	Grassley	Poage
Bafalis	Green	Price
Bauman	Guyer	Pritchard
Blanchard	Hagedorn	Pursell
Boland	Hamilton	Quayle
Brinkley	Hansen	Quie
Broomfield	Harris	Quillen
Brown, Mich.	Harsha	Railsback
Brown, Ohio	Heckler	Regula
Broyhill	Hillis	Rhodes
Burgener	Hollenbeck	Robinson
Burke, Fla.	Holt	Roe
Butler	Horton	Rousselot
Byron	Hyde	Santini
Caputo	Ichord	Satterfield
Cederberg	Jacobs	Sawyer
Chappell	Johnson, Colo.	Schroeder
Clausen, Don H.	Kelly	Schulze
	Ketchum	Sharp
Clawson, Del	Kildee	Shuster
Cleveland	Kindness	Simon
Cohen	Kostmayer	Snyder
Collins, Tex.	LaFalce	Stangeland
Conte	Lagomarsino	Stanton
Corcoran	Leach	Steers
Cornwell	Lent	Stockman
Coughlin	Livingston	Stratton
Crane	Lujan	Studds
D'Amours	Luken	Symms
Daniel, Dan	McClory	Taylor
Daniel, R. W.	McCloskey	Traxler
Derwinski	McDade	Treen
Devine	McDonald	Trible
Dickinson	McEwen	Vander Jagt
Dodd	Madigan	Volkmer
Dornan	Markey	Walker
Duncan, Tenn.	Marks	Walsh
Early	Marriott	Wampler
Emery	Mazzoli	Whitehurst
Evans, Del.	Michel	Wilson, Bob
Evans, Ind.	Milford	Wydler
Fenwick	Miller, Ohio	Wylie
Findley	Moore	Yates
Fish	Moorhead, Calif.	Yatron
Fisher		Young, Alaska
Fithian	Murphy, Ill.	Young, Fla.

NOES—215

Abdnor	Baldus	Boggs
Addabbo	Barnard	Bonior
Akaka	Beard, Tenn.	Bonker
Alexander	Bedell	Bowen
Andrews, N.C.	Beilenson	Brademas
Andrews, N. Dak.	Benjamin	Breaux
	Bennett	Brodhead
Applegate	Bevill	Brooks
Ashley	Biaggi	Brown, Calif.
Aspin	Bingham	Buchanan
AuCoin	Blouin	Burke, Mass.
Burleson, Tex.	Howard	Perkins
Burlison, Mo.	Hubbard	Pickle
Burton, John	Huckaby	Pike
Burton, Phillip	Hughes	Preyer
Carney	Jeffords	Rahall
Carr	Jenkins	Rangel
Carter	Jenrette	Richmond
Cavanaugh	Johnson, Calif.	Rinaldo
Chisholm	Jones, Okla.	Risenhoover
Clay	Jones, Tenn.	Rogers
Cochran	Jordan	Roncalio
Collins, Ill.	Kastenmeier	Rose
Corman	Keys	Rosenthal
Cornell	Krebs	Roybal
Danielson	Le Fante	Rudd
Davis	Lederer	Ryan
de la Garza	Leggett	Scheuer
Dellums	Lehman	Sebelius
Dent	Levitas	Seiberling
Derrick	Lloyd, Tenn.	Shipley
Dicks	Long, La.	Sikes
Downey	Long, Md.	Sisk
Drinan	Lott	Skelton
Edgar	Lundine	Slack
Edwards, Ala.	McCormack	Smith, Iowa
Edwards, Calif.	McFall	Smith, Nebr.
Edwards, Okla.	McHugh	Solarz
Eilberg	McKinney	Spellman
English	Maguire	Spence
Erlenborn	Mahon	St Germain
Ertel	Mathis	Staggers
Evans, Colo.	Mattox	Stark
Evans, Ga.	Meeds	Steed
Fary	Metcalfe	Stokes
Fascell	Meyner	Stump
Flippo	Mikulski	Thompson
Flood	Mikva	Tsongas
Flowers	Miller, Calif.	Udall
Flynt	Mineta	Ullman
Foley	Minish	Van Deerlin
Ford, Mich.	Mitchell, Md.	Vanik
Ford, Tenn.	Mitchell, N.Y.	Vento
Fountain	Moakley	Waggonner
Fraser	Montgomery	Walgren
Fuqua	Moorhead, Pa.	Watkins
Garcia	Murphy, N.Y.	Weaver
Giaimo	Murtha	Weiss
Ginn	Myers, Michael	Whalen
Glickman	Natcher	White
Gonzalez	Neal	Whitten
Gore	Nedzi	Wiggins
Hall	Nichols	Wilson, C. H.
Hammer-schmidt	Nolan	Wilson, Tex.
	Nowak	Winn
Hanley	Oakar	Wolff
Harkin	Oberstar	Wright
Harrington	Obey	Young, Mo.
Hawkins	Ottinger	Young, Tex.
Hefner	Panetta	Zablocki
Heftel	Patten	Zeferetti
Hightower	Patterson	
Holland	Pepper	

ANSWERED "PRESENT"—1

Cunningham

NOT VOTING—67

Anderson, Calif.	Gammage	Nix
	Gaydos	O'Brien
Anderson, Ill.	Gibbons	Pettis
Ashbrook	Gilman	Pressler
Badham	Gudger	Reuss
Baucus	Hannaford	Roberts
Beard, R.I.	Holtzman	Rodino
Bolling	Ireland	Rooney
Breckinridge	Jones, N.C.	Rostenkowski
Burke, Calif.	Kasten	Runnels
Coleman	Kazen	Ruppe
Conable	Kemp	Russo
Conyers	Krueger	Sarasin
Cotter	Latta	Skubitz
Delaney	Lloyd, Calif.	Steiger
Diggs	McKay	Teague
Dingell	Mann	Thone
Duncan, Oreg.	Marlenee	Thornton
Eckhardt	Martin	Tucker
Florio	Moffett	Waxman
Fowler	Mollohan	Whitley
Frenzel	Moss	Wirth
Frey	Mottl	

Messrs. LONG of Maryland, BRODHEAD, LEHMAN, SPENCE, CARNEY, LOTT, BEARD of Tennessee, and JOHNSON of California changed their vote from "aye" to "no."

Messrs. EVANS of Indiana, MARKEY, SATTERFIELD, KOSTMAYER, and FISHER, changed their vote from "no" to "aye."

Mr. ST GERMAIN changed his vote from "present" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. VOLKMER

Mr. VOLKMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOLKMER: On page 24 of H.R. 11504, as reported, title II, section 204, insert in subsection (d) after "*Provided, however,*" and before "That no loan which will cause", the following: "that such limitation shall be reduced to the extent of the principal of any loans outstanding to the borrower under subtitles A and B of the Consolidated Farm and Rural Development Act: *Provided further,*".

Mr. VOLKMER. Mr. Chairman, I support the bill that is before us. However, I have one serious reservation concerning the bill, and that is as to the total amount that a borrower could receive from the title I and title II provisions of the bill.

Under the present law, under title I a borrower can receive a maximum of $100,000 for real estate acquisition and $50,000 for operations. Under the changes in title I, a borrower could receive up to $200,000 for operations and up to $200,000 in direct payment of an insured loan for land acquisition or up to $300,000 for a guaranteed real estate loan.

Under title I a borrower could technically receive a total of $500,000 or half a million dollars for loans for operation purposes and for land acquisition.

Under the present law we do not have a title II provision for emergency loans or for consolidation of existing loans. A borrower can, then, borrow up to $400,000 on guaranteed or insured loans. Technically, there is nothing in this bill that would prohibit FHA from lending a total of $900,000 to a borrower under certain circumstances. This amendment would provide that any amount that one would be entitled to under title II would be reduced by any amount that one has previously been loaned under title I, which means that one could not receive more under title II than one has received under title I except to the extent the amount is raised to a maximum of $400,000.

In other words, if you had a loan outstanding of $200,000 under title I, and you made application under title II, you could only receive an additional $200,000. It would be reduced by the amount that you have already received under title I.

This is an attempt to help as many farmers as we can.

I know during the committee hearings, when this was offered, there were arguments to the effect that very few, if any, would ever receive any benefits under this, because only a very few would qualify for a total of $900,000 under the provisions that are written for title I loans and title II loans. However, it is admitted that, technically, it is possible for one borrower to receive this full amount.

Under the limited amount under the bill, the total limit of $2 billion for this

year and $4 billion total for 1979, I believe it is incumbent upon us to try to help as many farmers as we can, under the present circumstances. I believe that by limiting the amount that you can receive under title II by the amount you have already received under title I, we will be able to help many more farmers than we are if we do not limit it at all and prevent some farmers, although they may be few, from possibly receiving the full $900,000.

Mr. Chairman, I urge the Committee to vote for the amendment. I do believe that we need to help as many farmers as possible.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

Mr. Chairman, is my understanding correct in believing that the gentleman's amendment would put a cap of $400,000 on a loan that any individual farmer could get in the aggregate, under the various provisions of this bill?

Mr. VOLKMER. No, that is not quite correct. You could still get a total of $500,000 under title I.

Mr. FINDLEY. But it would reduce the aggregate?

Mr. VOLKMER. But if you had $500,000 under title I you are not going to get any under title II. If you had $400,000 under title I, you are not going to get any under title II.

Mr. FINDLEY. So the aggregate limit is $500,000 instead of $700,000, as the bill presently reads; is that correct?

Mr. VOLKMER. You reduce title II by the amounts under title I.

By the way, the amounts that are credited under title I are only land acquisitional and operational. They are not disaster loans.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. VOLKMER) has expired.

(On request of Mr. FINDLEY and by unanimous consent, Mr. VOLKMER was allowed to proceed for 2 additional minutes.)

Mr. VOLKMER. Under a combination loan, title I and title II, where you have both, you would be limited to $400,000 on that basis.

Mr. FINDLEY. So this would reduce the aggregate amount that any individual farmer could get under the various provisions of the bill by $200,000 to $300,000, depending upon the combination?

Mr. VOLKMER. Yes, depending upon the combination.

Mr. FINDLEY. I thank the gentleman, and I support the gentleman's amendment.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding, and I wonder if the gentleman will clear up some misunderstanding I may have about his amendment in the event that title II is used in part to refinance loans under subtitles A and B of the Consolidated Farm and Rural Development Act. Let me give an example. Suppose someone has $200,000 outstanding in real estate loans under subtitle A and wants to borrow $400,000 for the purpose of paying off $200,000 in subtitle A loans and obtaining $200,000 in additional financing. In that event, would he be able to borrow the full $400,000?

Mr. VOLKMER. Yes, he may.

Mr. FOLEY. And the limitation would be on the outstanding obligations after the refinancing procedure has been concluded?

Mr. VOLKMER. That is correct. It is on loans outstanding at the time of that consolidation. In other words, if you pay off a title I loan with title II money, then you do not have a title I loan still outstanding. But if you had a $200,000 loan outstanding at the present time and went in under the bill as it pertains right now, you could go in and get another $400,000 under title II and have $600,000 outstanding.

Mr. FOLEY. I understand what the gentleman is saying, but I want to make it clear. When a farmer uses financing under title II to consolidate debt previously incurred under subtitles A and B of the Consolidated Farm and Rural Development Act we look at the combined obligations outstanding after he has consolidated the debt?

Mr. VOLKMER. That is correct.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. VOLKMER) has again expired.

(By unanimous consent, Mr. VOLKMER was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, does the gentleman mean to include those loans that were made as a result of a disaster or some such situation as that?

Mr. VOLKMER. No, they are not included in any way.

Mr. ENGLISH. Mr. Chairman, I thank the gentleman.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. Yes, I yield to the gentleman from Illinois.

Mr. MADIGAN. Mr. Chairman, as the gentleman recalls, we discussed this in the subcommittee.

I want to see if my understanding of it is still correct. What the gentleman is saying is that unless we adopt his amendment, a farmer could borrow $500,000 under title I and up to $400,000 under title II, for a total of $900,000; but if we adopt this amendment, any borrowing in excess of $400,000 under title I would eliminate the person's eligibility under title II; is that correct?

Mr. VOLKMER. That is correct, if the person continued on with the title I loan. In other words, a person could go from a title I to a title II loan, but he would be limited to $400,000 by doing that.

Mr. MADIGAN. If the gentleman will yield further, Mr. Chairman, my concern now is as it was before, with the basic fairness of that.

The gentleman is saying that if a person has money borrowed under title I, that counts against the person's ability to partake in an emergency program, which is title II; but that if another person has an amount of money borrowed from any other source, whatever that amount of money may be, that that borrowing has no impact upon the person's credit rating or eligibility for money under title II; is that not correct?

Mr. VOLKMER. That is correct, because they are not now participating in the Government loans or the insured loan or guaranteed loan program. If they have not participated in it, then I do not see why they should be limited in the amount that they borrow under the title II program.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. VOLKMER) has again expired.

(On request of Mr. MADIGAN and by unanimous consent, Mr. VOLKMER was allowed to proceed for 1 additional minute.)

Mr. MADIGAN. Mr. Chairman, will the gentleman yield further?

Mr. VOLKMER. I yield to the gentleman from Illinois.

Mr. MADIGAN. Is it correct to say that a person with $1 million in assets could borrow $500,000 from a bank and up to $400,000 under title II; and a similar person with $1 million worth of assets, with $500,000 borrowed under title I, would not be eligible for anything under title II, even though the amount of his borrowing and the extent of his assets could be the same as his neighbor's? Is that correct?

Mr. VOLKMER. That would be theoretically correct; but I am sure that that type of person presently—and I think everyone realizes this—would have a Farmers Home Administration supplemental loan along with a bank loan.

I do not believe we will find any circumstance where there will be a person having a large Farmers Home Administration loan and no bank loan. We just will not find it.

Mr. MADIGAN. Mr. Chairman, I thank the gentleman for his clarification.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, I simply would like to ask the gentleman this question: As I understand his amendment, we would basically be faced with the situation in which a person under title I could borrow through the guaranteed loan program; is that correct?

The CHAIRMAN. The time of the gentleman from Missouri (Mr. VOLKMER) has again expired.

(On the request of Mr. ENGLISH and by unanimous consent, Mr. VOLKMER was allowed to proceed for 1 additional minute.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield further?

Mr. VOLKMER. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. To continue, Mr. Chairman, the gentleman could borrow $500,000 through the guaranteed loan program under title I. How much could

he obtain under title II in the guaranteed loan program?

Mr. VOLKMER. Nothing.

Mr. ENGLISH. No; I am talking about under title I or title II.

Mr. VOLKMER. With my amendment or without my amendment?

Mr. ENGLISH. With the gentleman's amendment. On one hand, he could get $500,000 under title I. Then if he came in under title II, how much could he get?

Mr. VOLKMER. $400,000.

Mr. ENGLISH. Why would the gentleman provide for less under title II?

Mr. VOLKMER. That is because the bill does.

Mr. ENGLISH. It is the gentleman's amendment which we are talking about. I am simply trying to get at the reason for the gentleman's offering an amendment which would limit title II to $400,000 when he is not directing himself toward title I, which has a $500,000 limit.

Mr. VOLKMER. The bill only allows $400,000 under title II. My amendment has nothing to do with that. My amendment does not have a figure in it.

Mr. ENGLISH. The gentleman's amendment does affect the amount a person can receive.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. VOLKMER) has expired.

Mr. KREBS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think the committee has tried its level best to come up with a bill that is fiscally responsible, a bill designed to meet the concerns of the farmers and, specifically those farmers who have been visiting with us for the last 2 or 3 months and who, in many cases, have found themselves in very serious financial difficulties.

However, having done so, I believe this particular amendment seeks to correct what, I submit, was an oversight, for lack of a better description, by, in effect, closing a loophole which would make it possible, as the author of this amendment previously attested, to, in effect, give a borrower an opportunity to borrow as much as $900,000.

In the final analysis, we have to make a policy decision here. Are we going to make these limited funds available to the largest number of applicants, or are we going to make them available, basically, to a relatively small number of borrowers who would be able to borrow relativey large amounts of money? I submit that in light of the limited funds that are available, it certainly would appear to me that the equitable thing to do would be to make these funds available to the largest number of borrowers rather than to limit these funds to a relatively small number of individuals.

So, I urge the Members of the committee to support the amendment offered by the gentleman from Missouri (Mr. VOLKMER).

Mr. FOLEY. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I rise because I have been advised that there is a technical problem in the language of the gentleman's amendment where the gentleman's refers to—

That such limitation shall be reduced to the extent of the principal of any loans outstanding to the borrower under title I of the Consolidated Farm and Rural Development Act: *Provided, further.*"

I am advised that in order to accomplish the gentleman's purpose, the reference to "title I" should be stricken and the language, "subtitles A and B" should be inserted instead.

The CHAIRMAN. The Chair would like to inform the gentleman from Washington that the copy of the amendment at the desk does contain that language.

Mr. VOLKMER. Mr. Chairman, this was brought to my attention earlier, and it has been corrected.

Mr. FOLEY. I thank the Chair.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Missouri (Mr. VOLKMER).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer amendments, and I ask unanimous consent that the amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. WEAVER: Page 20, line 7, insert "and Commercial Fishing" after "Agricultural."

Section 202:

Page 20, line 11, strike out "and ranchers" and insert in lieu thereof ", ranchers, or commercial fishermen".

Page 20, line 12, strike out the comma and insert "or commercial fishing".

Page 20, line 14, insert "or fishing" before "cooperatives".

Page 20, line 16, insert "or commercial fishing" before "and, in".

Page 20, line 19, insert "or commercial fishing" before the colon.

Page 20, line 24, insert "or commercial fishing" after "production".

Page 21, line 2, insert "or fishing" after "agricultural".

Page 21, line 4, insert ", including fish" before the period.

Page 21, line 11, insert "commercial fishing vessels", after the second comma.

Page 21, line 13, insert "or fishing" after "farming".

Page 21, line 16, insert "or commercial fishing equipment" before the first comma.

Page 21, line 17, insert "or commercial fishing supplies" after "farm supplies".

Page 21, line 18, insert "or commercial fishing" after "farm".

Page 21, line 19, insert "(or commercial fishing)" after "farm".

Page 22, line 13, insert "or commercial fishing" after "agricultural".

Page 22, line 15 insert "or commercial fishing", after "farm".

Page 22, line 16, insert "or commercial fishing supplies" after "farm supplies".

Page 22, line 17, insert "or commercial fishing" after "farm".

Page 22, line 18, insert "or commercial fishing" after "farm".

Page 22, line 24, insert "or [family] fishing operations" after "family farms".

Page 22, line 25, insert "or fishing" after "farm".

Page 23, line 2, insert "or fishing operation" after "farms".

Page 23, line 5, insert "or commercial fishing" before the period.

Page 24, line 1, insert "or commercial fishing vessels" after "real estate".

Section 205:

Page 25, line 5, insert "or commercial fishing" before the comma.

Page 25, line 14, insert "or commercial fishing" before the comma.

Page 25, line 22, insert "in the case of farmers and ranchers," after "(1)".

Page 29, strike out lines 4 through 8 and insert in lieu thereof the following:

The Secretary shall report—

(1) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of this title; and

(2) to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the effectiveness of commercial fishing loans made under this title;

not later than January 1, 1979. The Secretary shall include [in the report submitted under paragraph (1)] the number of loan

Page 29, line 10, strike out "and ranchers" and insert in lieu thereof ", ranchers, and commercial fishermen".

Page 29, line 12, strike out "and ranchers" and insert in lieu thereof ", ranchers, and commercial fishermen".

Page 29, line 15, strike out "and ranchers" and insert in lieu thereof ", ranchers and commercial fishermen".

Page 29, line 16, insert "or commercial fishing" after "agriculture".

Mr. WEAVER (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MADIGAN. Mr. Chairman, I reserve a point of order against the amendments.

Mr. FOLEY. Mr. Chairman, I reserve a point of order against the amendments.

Mr. WEAVER. Mr. Chairman, all my amendment does is to include in title II as qualifying for the emergency loans another great segment of our society which produces food, the commercial fishermen. The Farmers Home Administration presently makes fish loans, and so the fishermen certainly should qualify in this emergency loan program. My amendment will complement the existing authorities given the Farmers Home Administration in previous legislation to provide credit to farm-related businesses. Fish, of course, is a major source of food in most of the world, and is significant in the United States as well. It will become even more significant as we develop the fish resource within the 200-mile limit for American fishermen and processors.

We are already talking about "fish farming" and "aquaculture." Production of fish for protein can be and should be a growing American food industry. However, the legislation we have passed in this body to enhance aquaculture does not cover the harvesting of fish in the open seas. It covers only the structures and activities used in the culture of fish and other aquatic species.

Hence, the National Federation of Fishermen have expressed strong support for this amendment, as one means of meeting their urgent credit needs that have arisen from emergency conditions much like those faced by farmers.

A commercial fisherman in my district, Bob Hudson, and another great lady, Kathleen Vanderpool, have pointed out to me that today they face emergencies in the paying for their boats as urgent as the farmers face in paying for their farms and their operations. We have just as serious a deficiency in the prices that fishermen get from year to year as the farmers have in their crops.

Mr. Chairman, I urge adoption of this amendment.

Mr. BREAUX. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Louisiana.

Mr. BREAUX. Mr. Chairman, I have to apologize for asking the gentleman a question. He might have answered this in his initial statement. I know the gentleman is aware that the House has just passed a national aquaculture program which provides loans and loan guarantees as well as insurance for people engaged in the business of fish farming or in the business of aquaculture. I wonder how that works with his amendment?

Mr. WEAVER. This would have a completely different proposition. This is for boats only and the aquaculture does not apply to it.

Mr. BREAUX. This is only applicable to the boats, not to the aquaculture?

Mr. WEAVER. Absolutely. The Maritime Commission just issued a provision that no loans over $250,000 would be made and they have no adequate provision for obtaining funds except from this Farmers Home Administration.

The CHAIRMAN. Does the gentleman from Washington (Mr. FOLEY) desire to be heard on his point of order?

Mr. FOLEY. Mr. Chairman, I make the point of order the amendment is not germane to title II of the bill, I cite the title of title II which is "Emergency Agricultural Credit Adjustment Act of 1978." The purposes of title II of the bill are to make insured and guaranteed loans to bona fide farmers and ranchers who are primarily engaged in agricultural production, and to farm cooperatives, private domestic corporations or partnerships that are primarily and directly engaged in agricultural production.

No part of the bill deals with fishing activities or the fishing industry or has to do with establishing any loans or credits or otherwise providing financial assistance to any fishermen or those engaged in any fishing activity.

The whole structure and purpose of this title are limited to provision of credit to farmers and ranchers. Therefore, Mr. Chairman, I feel that the amendment is not germane to the title.

The CHAIRMAN. Does the gentleman from Illinois (Mr. MADIGAN) wish to be heard on the point of order?

Mr. MADIGAN. Mr. Chairman, the reservation has been spoken to most eloquently by the chairman of the committee and I would urge his position.

The CHAIRMAN. Does the gentleman from Oregon (Mr. WEAVER) wish to be heard on the point of order?

Mr. WEAVER. Mr. Chairman, I would like to say the Farmers Home Administration makes fish loans presently. This is a Farmers Home Administration bill. Certainly the fishermen should be given the right to borrow under this Emergency Loan Act.

The CHAIRMAN. The Chair is prepared to rule.

The amendment offered by the gentleman from Oregon (Mr. WEAVER) would add commercial fishermen to the category of those eligible under title II of the bill. Title II, as indicated in section 202 on page 20, establishes a new emergency agricultural credit adjustment program for bona fide farmers and ranchers who are primarily engaged and directly engaged in agricultural production and to other farming entities engaged in agricultural production. While this program would be available to farmers and ranchers, the Committee on Agriculture has chosen to treat them as a generic class of persons engaged in the production of agricultural commodities—a matter properly within the jurisdiction of that committee.

As indicated in Deschler's procedure, in section 7.17 of chapter 28—

To a bill providing relief for one class, an amendment to extend the relief to another class is not germane—

Especially where, as here, the class of recipients who may receive credit assistance is sought to be to commercial fishermen, matters which are within the jurisdiction of another committee of the House, as pointed out in the colloquy a few minutes ago. So, therefore, the Chair sustains the point of order against the amendment.

Are there any further amendments to title II?

AMENDMENT OFFERED BY MR. HARKIN

Mr. HARKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARKIN: Page 21 insert a period on line 24 after "under this title" and strike out all that follows through the period on page 22, line 6.

Mr. HARKIN. Mr. Chairman, what this amendment does is to strike out that part of title II that limits title II eligibiliy to debts incurred between January 1, 1973, and the date of the enactment of the bill, except there is a limiting exception for certain refinancing of loans.

Mr. Chairman, many farmers had long-term loans and some operating loans that were incurred at a time before January 1, 1973. Many of these farmers tightened up on their operations after that period. They did not go out and buy up a lot of other land and they did not go out and buy up a lot of new, fancy machinery to support those bigger land purchases. But some of these farmers who tightened down are in bad shape because of the long period of low cattle prices and low wheat and other grain prices which were exacerbated by the tremendous increase in input costs. So what we are doing is penalizing a lot of the farmers who were similarly situated when we have that cutoff time because we are really penalizing them in favor of other farmers.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I thank the gentleman for yielding.

I think the original intention of the bill in having a limitation of January 1, 1973, was because of the action on the part of the committee to perhaps reduce the scope of the eligibility of these loans, for the purpose of being somewhat conservative on the life of the program. But the gentleman from Iowa (Mr. HARKIN) has been sort of persuasive in his argument that he has made, and on this side of the aisle we are willing to accept the amendment.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, may I say that the date came from the original English bill and, as the chairman, the gentleman from Washington (Mr. FOLEY) has pointed out, it was to limit the scope of the legislation. We thought that a very strong case could be made for the fact that in 1973 when we had Government interference with the farmers that caused many damages, that a very strong case could be made for that particular date. But since the administration is supporting the removal of the time period, and would like to go further and as I believe a majority of the Members would, I wholeheartedly support the gentleman's amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, just to make sure I understand this, the effect of the amendment would permit refinancing of loans regardless of the date under which the obligation was incurred?

Mr. HARKIN. That is correct.

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield, I understand that the gentleman has the consent of the Farmers Home Administration in offering this amendment. Is that correct?

Mr. HARKIN. That is correct.

Mr. MADIGAN. Is it the understanding of the gentleman from Iowa (Mr. HARKIN) that we can go back to 1949 or 1945 or any time that we want to to start picking up these loans and that we can still do all of that within the $4 billion that is authorized in this legislation?

Mr. HARKIN. As I understand it, for all who have some debt situation the situation would be similar to putting them in the same kind of circumstances as those who incurred their debts after January 1, 1973. If that is the question posed by the gentleman from Illinois (Mr. MADIGAN) then the answer is, "Yes."

Mr. MADIGAN. So we are going back now and picking up real estate loans clear back to the 1960's or the 1950's, or any that might not be paid up we will not go back and have FHA guaranteed loans for them?

Mr. ENGLISH. Mr. Chairman, if the gentleman will yield, I would like to point out to the gentleman that most of the real estate debt that would have been incurred during any such particular period, certainly back beyond the

1960's would be at a much lower rate than you would have under this particular legislation. In fact, I think that you would find, particularly in loans made in the 1940's and 1950's and perhaps even into the 1960's, would be at least somewhere in the neighborhood of 5½- to 6-percent loans. So I think a farmer would be extremely foolish to exchange such loans with such a low rate of interest for a loan that would be in the neighborhood of 7½ percent or so.

Mr. HARKIN. Mr. Chairman, I thank the gentleman from Oklahoma (Mr. ENGLISH) for the statement he has made. The gentleman is correct. Again, it was intended to pick up those few that might have gotten into a bad situation but did so before 1973. I doubt that we would have very many that would go back very much further than the 1970's.

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield still further, will there be any additional cost involved or will we be able to do all of these things without any additional cost problems?

Mr. HARKIN. I assume and I would think that this could be handled under the total amounts that are authorized in this bill.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. HARKIN was allowed to proceed for 1 additional minute.)

Mr. HARKIN. As the gentleman knows, I did not agree with him on his amendment. I do not agree with the gentleman's opinion that there is not enough money in this bill to take care of what we have authorized in the bill. I think there is, because I do not think we will find farmers coming in for those maximum types of loans that are authorized in the bill. A few will, but most will not, and I think those will be able to be serviced by the amount of money that we have authorized.

Mr. Chairman, I urge adoption of the amendment, and I yield back the remainder of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. HARKIN).

The question was taken; and on a division (demanded by Mr. HARKIN) there were—ayes 32, noes 22.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. HARKIN

Mr. HARKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARKIN: On page 23, strike out line 25, and on page 24, strike out lines 1 through 12, and insert in lieu thereof: "but not exceeding a term as provided for comparable type loans under subtitles A and B of the Consolidated Farm and Rural Development Act."

Mr. HARKIN. Mr. Chairman, what my amendment does is to make the terms of the loans under title II consistent with other Farmers Home Administration programs. This amendment increases the maximum tenure for loans made under title II from 30 to 40 years for loans secured by real estate, and from 12 to 14 years for loans secured by personalty. In other words, it would be 7 years for an original loan plus a maximum of an additional 7 years on a loan if rescheduled. The reason is to give the Farmers Home Administration the maximum amount of flexibility in making loans available under this title, and to make this title II program consistent with current law in the case of real estate loans and consistent with title I in the case of loans secured by personalty.

While 40 years for a real estate loan may sound like a long time, few loans are ever carried this long because of the graduation requirement. Once they are financially sound, they can graduate them out of this program to private lending sources. Therefore, the 40-year maximum tenure will allow for scheduling repayment in such a manner as to minimize installment payments in the first few years of the loan.

One of the problems under title II is that real estate loans are for 30 years, but under existing law the Farmers Home Administration can give up to 40 years on real estate. What we are trying to do under title II is to loosen up a little bit some of the requirements for real estate loans. Yet under title II the repayment period is 30 years, and under existing Farmers Home Administration programs it is 40 years, so it does not make any sense.

All I am trying to do is to make title II consistent with what is already present in Farmers Home Administration law.

The second part is in title I, that is, the loans on personalty, loans that are secured by personalty. Under title I, again one can get these loans for up to 14 years. Under title II, again which is supposed to be the title that is supposed to loosen things up and provide a little bit extra money out there, it is restricted to 12 years.

I am trying to made title II consistent with title I in terms of loans secured by personalty, and make title II consistent with existing law with regard to loans secured by real estate.

I believe that this amendment will simplify the administration of these programs and eliminate an enormous amount of confusion that will arise among farmers and Farmers Home personnel who will have to deal with these programs out in the field.

Finally, the administration and the Department supports this amendment, and I would urge its adoption.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Illinois.

Mr. MADIGAN. I want to thank the gentleman for yielding.

As the gentleman knows, in the committee when the dispute arose over the adequacy of the funding, the amount of the funding, the point was made that these are revolving funds and that the total authority of funding flows out and flows back in as payments are made and as obligations are discharged.

It seems to me if we extend from 30 to 40 years the repayment schedule, we are probably reducing the amount of incremental payments and consequently reducing the amount that would be flowing back in.

I wonder, first, if the gentleman agrees with that and, second, if the gentleman does agree with that, if the gentleman would further agree that a total increase in the amount of authority would be necessary to accommodate the same amount of borrowers.

Mr. HARKIN. No; I do not agree with that. Again, this is a maximum amount they can get for loans. They look at the person's situation and determine how long they need that loan for. The maximum of 40 years would go to small farmers, low-income farmers, that really are in bad shape, where they need this for the lowest possible payments at this time; but again, they can be graduated out of that as their situation improves.

Mr. MADIGAN. Mr. Chairman, if the gentleman will yield further, I assume that both the Farmers Home Administration and the Office of Management and Budget are now supporting these amendments that the gentleman is so eloquently offering.

Mr. HARKIN. Yes.

Mr. MADIGAN. I wonder if the gentleman could tell me why the Farmers Home Administration and the Office of Management and Budget would be supporting these amendments when they were decrying the farm bill as being inflationary.

Mr. HARKIN. I do not know that I can adequately answer that question. I am thankful for their support of this amendment. I would have offered it had they not supported it. As the gentleman knows, I offered it in the committee.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. HARKIN) has expired.

(At the request of Mr. ENGLISH, and by unanimous consent, Mr. HARKIN was allowed to proceed for 2 additional minutes.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. Mr. Chairman, I would like to commend the gentleman for offering this amendment. It is a fine amendment and certainly one that makes a great deal of sense and it is consistent with title I. I can see no reason whatever that the amendment would not be supported and approved by the committee.

Mr. Chairman, again it is a fine amendment and I commend the gentleman for offering it.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words. I rise to oppose the amendment.

Mr. Chairman, the committee discussed this amendment of the gentleman from Iowa (Mr HARKIN). After some deliberations, they determined to limit the loans to 30 years on real estate and to provide for a 7-year payment on personality, with the possibility of an additional 5 years. We can, of course, redesign the whole program here on the floor of the House and expand it to make it more generous than the committee determined to do; but I really think overall the committee has brought a recommendation

here which cannot be heavily criticized as being ungenerous in its terms.

I think there is a difference between the 40-year term under subtitle A of the Consolidated Farm and Rural Development Act where real estate is acquired in the first instance and the term of a loan for refinancing or consolidation of real estate debt which was originally incurred at an earlier date.

So I would hope, and I think the gentleman himself realizes, that Members have considered this in the committee at various times; but the committee finally did recommend 30 years on real estate and 7 years on personalty with provision for renewal for an additional 5-year period.

I would hope we would not change that by amendment on the floor.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

I just simply want to say again that I cannot understand the logic whereby under existing law the Farmers Home Administration can go out and on a real estate loan give up to 40 years, yet under title II, which is supposed to liberalize the program and help farmers out of serious situations where they are purchasing real estate they can get only 30 years. They are buying the real estate, and yet they can only get 30 years. I just cannot understand that kind of logic.

Mr. SEBELIUS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would like to associate myself with the remarks of the chairman of the committee. We went over this matter well, and still ringing in my ears are the remarks of the gentleman from Texas (Mr. POAGE) when he called this the "used machinery to antique machinery amendment."

We are actually refinancing a loan, and we know that farm machinery depreciates very fast and becomes obsolete very fast.

What we are now talking about is 7 years on top of 7 years on top of whatever it was before that time. Likewise we are financing real estate loans.

I think this is probably what we might call a Christmas tree amendment. It seems that we cannot resist the temptation to be everything to everybody.

Mr. Chairman, I call upon my colleagues to vote down this amendment, and let us get on with trying to pass the emergency farm bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. HARKIN).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title II?

If not, the Clerk will read.

The Clerk read as follows:

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. EXTENSION OF THE EMERGENCY LIVESTOCK CREDIT ACT OF 1974; ANNUAL REPORT.—The Emergency Livestock Credit Act of 1974 is amended by—

(1) in section 8, striking out "September 30, 1978" and inserting in lieu thereof "September 30, 1979"; and

(2) in section 11, striking out "on or within one year of the date of the enactment of this section, and annually thereafter," and inserting in lieu thereof "on December 15 of each year,".

SEC. 302. CHANGE IN NAME OF FARMERS HOME ADMINISTRATION TO FARM AND RURAL DEVELOPMENT ADMINISTRATION. (a) The following provisions of law are amended by striking out the names "Farmers Home Administration" and "Farmers' Home Administration" wherever they appear therein and substituting in lieu thereof "Farm and Rural Development Administration":

(1) Section 5316(4) of title 5 of the United States Code;

(2) Section 1 of the Act of September 6, 1950 (64 Stat. 769; 7 U.S.C. 1033);

(3) Section 9(b) of the Act of August 3, 1956 (70 Stat. 1034; 7 U.S.C. 1040);

(4) Sections 309(c), 325, 331 (except in the phrase "Farmers Home Administration Act of 1946"), 335, and 338(a) of the Consolidated Farm and Rural Development Act;

(5) Section 302(c)(2)(A) of the National Housing Act;

(6) Section 7(a)(4) of the Federal Financing Bank Act of 1933;

(7) Sections 1 and 2 of the Act of September 12, 1964 (78 Stat. 933; 16 U.S.C. 410r-3 and 410r-4);

(8) Sections 657, 658, 1006, and 1014 of title 18 of the United States Code;

(9) Section 8(e)(1) of the United States Housing Act of 1937;

(10) Sections 501(a), 514(b)(3), and 517(j) of the Housing Act of 1949;

(11) Sections 731(c)(2) and 744 of the Economic Opportunity Act of 1964 (except in the phrase "Consolidated Farmers Home Administration Act of 1961"); and

(12) Section 51(a) of the Alaska Omnibus Act.

(b) Except where the context otherwise requires, any reference to the Farmers Home Administration in any provision of law not listed in subsection (a) of this section shall be deemed to refer to the Farm and Rural Development Administration.

(c) The officer occupying the position of Administrator, Farmers Home Administration, on the effective date of this section may assume the duties of the Administrator, Farm and Rural Development Administration. The officer assuming such duties shall not be subject to reappointment by reason of the enactment of this section.

(d) Upon this section becoming effective, the Farm and Rural Development Administration shall succeed to all the rights, duties, powers, and obligations of the Farmers Home Administration.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 30, line 3, through page 32, line 2, strike out section 302 in its entirety.

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. HIGHTOWER

Mr. HIGHTOWER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HIGHTOWER: On page 29, line 23, strike the word "and" the second time it appears on that line.

On page 30, line 2, strike the period at the end of the sentence and insert in lieu thereof the following: "; and".

On page 30, immediately after line 2, add the following:

"(3) in section 2 inserting after the words 'bona fide farmers and ranchers' the following: ', including persons owning livestock that are fed in custom feedyards,' ".

Mr. HIGHTOWER. Mr. Chairman, this amendment makes no substantive change; rather, it is to clarify the intent of Congress when the Emergency Livestock Credit Act was passed in 1974.

At that time cattle feeders had just been hit by low prices. Cow-calf producers had not yet felt the effect of the "4-year wreck," a term cattlemen use to describe their disaster from 1974 through 1977. So the Emergency Livestock Credit Act of 1974 was passed to assist cattle feeders and other livestock producers.

To assure that emergency loans were not made to outside investors and to large corporate-type feedyards, the term "bona fide farmers and ranchers" was used. The Farmers Home Administration interpreted this to exclude owners of cattle who send their cattle to custom feedyards to be finished, even though many of these are small operators who are full-time cattlemen.

That act was not intended to assist outside investors and I am not proposing that. But it was intended to assist small operators who are primarily dependent upon livestock for their livelihood, regardless of where they may keep their livestock.

In my district, many small cattle feeders keep their cattle in custom feedyards in order to gain the economies of scale. While the custom feedyard looks like a large operation, it actually is a congregation of small operators who hire someone else to feed and care for their livestock—much like a midwestern farmer-feeder would have a hired man to help feed and care for his cattle.

So this amendment is intended to clarify the act and include only those smaller operators who are owners of livestock that are fed in custom feedyards.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from New York.

Mr. RICHMOND. I thank the gentleman for yielding.

Mr. Chairman, the gentleman said in his remarks that this would benefit many farmers who own feedlots. What does the gentleman mean by "many"?

Mr. HIGHTOWER. No, I did not say that. What I said was it would benefit those cow-calf producers who feed their cattle in feedlots.

Mr. RICHMOND. Would this also benefit professional people, doctors, lawyers?

Mr. HIGHTOWER. This makes an amendment to the Livestock Credit Act, which only applies to those who are directly engaged in agricultural production for the purpose of breeding, raising, feeding, and marketing livestock. It is talking

about cattlemen. Assistance is only available to cattlemen. It would not be available to the doctor, or the lawyer, who might choose to invest in cattle, but it would be available to the cattleman who is feeding his cattle in a feedlot as a way of adding poundage. He should not be excluded just because he chooses, during the time of his ownership, to put them in a feedlot.

Mr. RICHMOND. Except we do have the words "bona fide farmers and ranchers." Does that not cover people who are actually bona fide farmers and ranchers who are engaged in the sale and fattening of cattle?

Mr. HIGHTOWER. Absolutely. It is my contention it does, I say to the gentleman from New York. We have gone over the record, and in committee, at the time the emergency livestock credit bill was passed, that point was raised over and over again. We were assured the Farmers Home Administration has not interpreted it that way.

Mr. RICHMOND. I cannot understand what the gentleman means by including people owning livestock that are fed in custom feedlots. That sounds to me like doctors, lawyers, and other types of investors.

Mr. HIGHTOWER. What I am doing is inserting those words into existing law and it would go on to read:

and who are primarily engaged in agricultural production for the purpose of breeding, raising, feeding and marketing livestock.

So they have to be primarily engaged in that activity. They cannot be secondarily or just consequentially engaged in that type of activity.

Mr. RICHMOND. They could be investors, could they not?

Mr. HIGHTOWER. Of course, anybody who is in the farming business, who owns his own cattle or his own land, is an investor. What we are talking about are investors who are farmers. This whole bill is designed to help the farmer investor. We are talking about investors for whom this is their livelihood—farmer investors.

Mr. RICHMOND. In that case, I would assume that the words "bona fide farmers and ranchers" would cover those people?

Mr. HIGHTOWER. That is what I explained to the gentleman a moment ago. That is what we assumed. But the Farmers Home Administration does not interpret it that way, so it is necessary to make this change.

Mr. RICHMOND. Would that not be for regulation and not legislation? If we changed those words, "bona fide farmers and ranchers," we would open ourselves to other people, doctors, lawyers, professional people, getting these benefits and we would not benefit farmers.

Mr. HIGHTOWER. The gentleman does not understand we are not changing those words. Just because one happens to be a livestock feeder does not mean he is not a farmer. If he is a midwestern farmer and feeder, why, he would be covered.

The CHAIRMAN. The time of the gentleman from Texas (Mr. HIGHTOWER) has expired.

(On request of Mr. FOLEY and by unanimous consent, Mr. HIGHTOWER was allowed to proceed for 2 additional minutes.)

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, in order to clear up the problem, I wonder whether I could ask the gentleman this question: The gentleman's amendment says:

. . . inserting after the words "bona fide farmers and ranchers" the following: ", including persons owning livestock that are fed in custom feedyards,".

Does the gentleman intend that those "persons owning livestock that are fed in custom feedyards" must also be bona fide farmers and ranchers?

Mr. HIGHTOWER. That is correct.

Mr. FOLEY. Therefore, it is not the gentleman's intention to allow any person owning livestock that are fed in custom feedyards to meet this definition; is that correct? Only bona fide farmers and ranchers who are carrying on this activity will be included in the definition; is that correct?

Mr. HIGHTOWER. Yes, and we are putting it in where it says that they have to be directly engaged in agriculture.

What we are saying is that just because a man is a cattle feeder does not mean he cannot be a bona fide farmer and rancher.

The CHAIRMAN. The time of the gentleman from Texas (Mr. HIGHTOWER) has expired.

(On request of Mr. FOLEY and by unanimous consent, Mr. HIGHTOWER was allowed to proceed for 1 additional minute.)

Mr. FOLEY. Mr. Chairman, will the gentleman yield further?

Mr. HIGHTOWER. I yield to the gentleman from Washington.

Mr. FOLEY. In other words, a person primarily engaged as a doctor, lawyer, or in some other field of activity could not, by reason of owning livestock fed in custom feedyards, bring himself under the purview of this act; is that correct?

Mr. HIGHTOWER. That is right.

Mr. FOLEY. If this primary activity was not cattle feeding?

Mr. HIGHTOWER. That is right.

Mr. FOLEY. And if he was not, therefore, a bona fide farmer and rancher, he would not be eligible for these guaranteed loans; is that correct?

Mr. HIGHTOWER. That is right. We are not trying to help that kind of investor at all.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from New York.

Mr. RICHMOND. What about an investor, I ask the gentleman?

Mr. HIGHTOWER. An investor would not be helped.

Mr. RICHMOND. What about a retired person who is an investor and who has cattle?

Mr. HIGHTOWER. If he is a cattleman investor, if he is a farmer investor, if that is his livelihood, then he is helped; but he just cannot take this as an investment and not be dependent on agriculture for his livelihood.

Mr. RICHMOND. Mr. Chairman, with all do respect to the expertise in agriculture of the gentleman from Texas (Mr. HIGHTOWER), I would think that the words "bona fide farmers and ranchers" cover the matter.

The CHAIRMAN. The time of the gentleman from Texas (Mr. HIGHTOWER) has again expired.

(On request of Mr. POAGE and by unanimous consent, Mr. HIGHTOWER was allowed to proceed for 2 additional minutes.)

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, is it not correct to say that under the gentleman's amendment, the first requirement which anybody would have would be that he was a bona fide farmer or rancher? He must be that whether he is feeding any cattle or not; is that correct?

Mr. HIGHTOWER. Absolutely.

Mr. POAGE. Then if he feeds cattle in a public feedlot, he is not disqualified simply because he feeds some cattle in this feedlot, if he is a bona fide farmer or rancher?

Mr. HIGHTOWER. That is right.

Mr. POAGE. That is the whole purpose. The gentlemen has not added anybody else; he confines the amendment to bona fide farmers and ranchers but is saying that the fact that the bona fide farmer or rancher is feeding some cattle in a feedlot does not disqualify him; is that correct?

Mr. HIGHTOWER. That is the intent of the amendment.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I think the gentleman from New York (Mr. RICHMOND) put his finger on a bit of the problem when he said that the Farmers Home Administration passed regulations; that is, they took our bill and they determined that the persons were not qualified. It was by their regulation that we got into trouble, not by the intent of the bill by which we are now trying to correct this situation.

Mr. HIGHTOWER. As I recall, Mr. Chairman, the gentleman from Kansas (Mr. SEBELIUS) was one of the ones who made it clear at the time that they were included; but the Farmers Home Administration has set that aside.

Mr. SEBELIUS. That is correct. Now we are straightening the matter out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HIGHTOWER).

The amendment was agreed to.

The CHAIRMAN. Are there any further amendments to title III?

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

We are close to passage of the bill, and I hope that no one in this room will be under the delusion that the other body or the White House will save us from

what I think is the mischief that is in this bill.

The other body will probably make it even worse. The President, I am sure, is going to sign whatever comes down the avenue to him.

The second thing we ought to keep in mind, Mr. Chairman, is that there is nothing so permanent as an emergency farm bill.

We passed an emergency feed grains bill in 1961; and we still had it, I think, about 6 or 8 years until it developed into something else.

Mr. Chairman, title III of this bill is the third extension of the emergency cattle bill, so we should not be under any illusion that what we are doing now is just for 1 or 2 years. It is going to be with us for a long time.

My third observation, Mr. Chairman, is that this is, without any question, the most enormous proposal of the U.S. Treasury financing for agriculture that this body has ever considered. It is truly enormous in its scope.

Now, there may be some bankers who are going to jump with joy over this bill because it will have the effect of bailing them out from some bad loans they have made. Their joy will probably be short-lived, however, as they contemplate the long-term effect of this legislation. If this becomes law, as I am sure it will, it bodes very ill for private financing of agricultural production needs in the future. What private institution can possibly compete with money provided by the U.S. Treasury at cost to the Treasury itself? This is always going to be several percent lower than interest that the private institutions must pay.

Another thing I think we ought to ponder is the effect upon the farming economy itself. We do not always do a big favor to a farmer by making it easy for him to borrow a lot of money. Sometimes, it is the worst thing we could do. There are a lot of people in agriculture who never should have been there in the first place. One of the effects of legislation such as this is to slow down the readjustment process that is essential to American agriculture so long as the production of food in this country is carried out through private ownership.

There always will be people on the fringe of the production system who ought to be out of the system, who ought to go to a different occupation. Legislation such as this tends to slow down what I think is a very healthy process. It would be far better if we would enact legislation which would give money, or loan money, to those people in distressed circumstances in agriculture to enable them somehow to get off farm income, and not to perpetuate the misery many of them are experiencing in agriculture.

From these comments, Members can deduce that I am opposed to the bill.

AMENDMENT OFFERED BY MR. JONES OF TENNESSEE

Mr. JONES of Tennessee. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Tennessee. Insert at the end of the bill the following new title:

TITLE IV—EMERGENCY CONSERVATION MEASURES PROGRAM ACT OF 1978

SEC. 401. The Secretary of Agriculture is authorized to make payments to agricultural producers who carry out emergency measures to control wind erosion on farmlands or to rehabilitate farmlands damaged by wind erosion, floods, hurricanes, or other natural disasters when, as a result of the foregoing, new conservation problems have been created which, (1) if not treated, will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage which is unusual in character and except for wind erosion, is not the type which would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

SEC. 402. The Secretary of Agriculture is authorized to make payments to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Secretary.

SEC. 403. The Secretary of Agriculture is authorized to make payments to agricultural producers to carry out emergency measures for runoff retardation and soil erosion prevention to safeguard lives and property from floods, drought, and the products of erosion on any watershed whenever fire or any other natural occurrence has caused a sudden impairment of that watershed.

SEC. 404. There are authorized to be appropriated such funds as may be necessary to carry out the purpose of this title. Such funds shall remain available until expended.

SEC. 405. The provisions of this title shall be effective October 1, 1978.

Mr. JONES of Tennessee. Mr. Chairman, I ask unanimous consent to modify my amendment to include certain technical and clarifying changes.

The CHAIRMAN. The Clerk will report the modification to the amendment offered by the gentleman from Tennessee (Mr. JONES).

The Clerk read as follows:

Amend section 403 to read as follows:

"SEC. 403. The Secretary of Agriculture is authorized to undertake emergency measures for runoff retardation and soil-erosion prevention, in cooperation with land owners and land users, as he deems necessary to safeguard lives and property from floods, drought, and the products of erosion on any watershed whenever fire, flood or any other natural occurrence is causing or has caused a sudden impairment of that watershed.".

Redesignate section 405 as section 406 and insert a new section 405 to read as follows:

"SEC. 405. The Secretary of Agriculture is authorized to prescribe such regulations as he determines necessary to carry out the provisions of this title.".

Amend the title of title IV to read "Title IV—Emergency Conservation Program".

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. JONES of Tennessee. Mr. Chairman, this I am sure is the final amendment that will be offered to this credit bill today.

Mr. Chairman, my amendment has two purposes and I shall explain them very briefly. The first comes from a suggestion made by our distinguished colleague, the gentleman from California (Mr. SISK), which would have the effect of putting into statute and permanent law an emergency program which we have operated for several years under language in appropriations bills.

It is the emergency conservation measures program administered by the Agricultural Stabilization and Conservation Service and the elected county committeemen with the technical assistance of the Soil Conservation Service. The program provides assistance to farmers to rehabilitate their farmland if it is damaged by natural disasters. This amendment clarifies that assistance would be available to carry out emergency water conservation measures in drought situations.

The second purpose follows the language of a bill already passed by the Senate, S. 1462, sponsored by Senator EASTLAND. It authorizes the Secretary of Agriculture to repair damage to watersheds whenever fire, floods, or any other natural occurrence causes an impairment of that watershed. It also establishes an emergency fund for such purposes.

This provision is also designed to clarify an existing situation whereby the Soil Conservation Service carries out this function under another authority but which is limited to $300,000. Actually we usually spend much more than this every year through supplemental appropriations. In addition, the President's budget stated that legislation would be transmitted to remove the $300,000 limitation.

I hope, Mr. Chairman, that my colleagues will support this amendment.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Chairman, I want to make sure that this includes the eradication of mesquite which the Soil Conservation Service says in a number of Southwestern States uses 20 times as much water as all industrial and municipal water use. I understand we have been including that and I just want to make sure it is the intention of the gentleman that this shall include a continuation of that kind of work.

Mr. JONES of Tennessee. May I answer the gentleman from Texas (Mr. POAGE) by saying it is my intention that this language continue the same practices and programs that we now have in effect.

The CHAIRMAN. The question is on the amendment as modified, offered by the gentleman from Tennessee (Mr. JONES).

The amendment, as modified, was agreed to.

Mr. RICHMOND. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as a New Yorker and urban member of the Agriculture Committee, I believe we have an opportunity today to provide real economic help to our Nation's beleaguered farmers.

I have listened to the farmers' pleas these past months and can tell my rural colleagues that while we urban members may disagree with you on parity formulas and price levels, when it comes to providing emergency loan guarantees to

keep the family farmers of this Nation from going bankrupt, we stand ready to lend our support.

We urban dwellers know that the family farmer is struggling to keep costs down and produce food as efficiently and inexpensively as possible. We understand the farmers' plight because our cities, too, are faced with rising costs, an eroding tax base and continual demands for essential municipal services. Our communities have sacrificed. We have cut services to the bone, closing firehouses, reducing police protection, and curtailing free admission to our city university in order to reduce our operating budget. We have implemented a $16 million expense control system and reduced our workforce by 60,000 employees.

In the same vein, farmers have sacrificed. They have refinanced their land and homes, continually repaired old equipment and have continued to plant crops even though they know it will force them deeper and deeper into debt. The Federal Government—and we, Members of Congress from both urban and rural America—have the ultimate responsibility of assuring the continued survival of both family farmers and the people of New York.

The Emergency Agricultural Credit Act, with its $4 billion package of guaranteed loans, will help more than 50,000 family farms through this difficult period by extending credit that may well mean economic life or death to our family farm system. As an urban Member, I believe this bill will give farmers the time they need to survive until prices rise and the 1977 Farm Act has a chance to work for them. Urban Members understand this bill because it is the same kind of assistance that New York City is seeking from Congress this spring—loan guarantees coupled with strict fiscal accounting, a balanced budget, and a regular repayment schedule.

For our farmers, this bill is vital if they are to survive and prosper in an open market, without Government handouts—just as for our urban consumers, the New York City Financial Assistance Act is vital if we are to bring our budget under control and provide the services necessary to keep our city alive.

Urban Members have learned that we cannot survive without our farmers providing wholesome foods to our city markets. And we know that farmers, like city dwellers, sometimes need support to see them through difficult times.

We have a chance today to build upon this understanding and revitalize the urban-rural coalition, which has been so successful in the past. I urge my urban colleagues to join with me in this effort on behalf of both farmers and consumers.

And, I hope, too, that when urban America reaches to Congress for assistance, my rural friends will remember how important New York and our other cities have been to building this country, educating our citizens, and providing an environment in which the arts, culture, sciences, and business have prospered.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. FUQUA, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 11504) to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act, pursuant to House Resolution 1140, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. MADIGAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were— yeas 347, nays 23, answered "present" 1, not voting 63, as follows:

[Roll No. 246]

YEAS—347

Abdnor	Burton, Phillip	Evans, Ind.
Addabbo	Butler	Fary
Akaka	Byron	Fascell
Alexander	Carney	Fish
Allen	Carr	Fisher
Ambro	Carter	Fithian
Ammerman	Cavanaugh	Flippo
Andrews, N.C.	Cederberg	Flood
Andrews, N. Dak.	Chappell	Flowers
	Chisholm	Flynt
Annunzio	Clausen, Don H.	Foley
Applegate		Ford, Mich.
Archer	Clay	Ford, Tenn.
Armstrong	Cleveland	Forsythe
Ashley	Cochran	Fountain
Aspin	Cohen	Fraser
AuCoin	Collins, Ill.	Frenzel
Bafalis	Corcoran	Fuqua
Baldus	Corman	Garcia
Barnard	Cornell	Gaydos
Bauman	Cornwell	Gephardt
Beard, R.I.	Coughlin	Giaimo
Beard, Tenn.	D'Amours	Gibbons
Bedell	Daniel, Dan	Ginn
Benjamin	Daniel, R. W.	Glickman
Bennett	Danielson	Gonzalez
Bevill	Davis	Goodling
Biaggi	de la Garza	Gore
Bingham	Dellums	Grassley
Blanchard	Dent	Green
Blouin	Derrick	Guyer
Boggs	Devine	Hagedorn
Boland	Dickinson	Hall
Bonior	Dicks	Hamilton
Bonker	Dodd	Hammer-schmidt
Bowen	Dornan	
Brademas	Downey	Hanley
Breaux	Drinan	Harkin
Brinkley	Duncan, Tenn.	Harrington
Brodhead	Early	Harris
Brooks	Edgar	Harsha
Brown, Calif.	Edwards, Ala.	Hawkins
Brown, Mich.	Edwards, Calif.	Heckler
Brown, Ohio	Edwards, Okla.	Hefner
Broyhill	Eilberg	Heftel
Buchanan	Emery	Hightower
Burgener	English	Holland
Burke, Fla.	Erlenborn	Hollenbeck
Burke, Mass.	Ertel	Holt
Burleson, Tex.	Evans, Colo.	Horton
Burlison, Mo.	Evans, Del.	Howard
Burton, John	Evans, Ga.	Hubbard
Huckaby	Mitchell, Md.	Shipley
Hughes	Mitchell, N.Y.	Shuster
Hyde	Moakley	Sikes
Ichord	Montgomery	Simon
Jacobs	Moore	Sisk
Jeffords	Moorhead, Calif.	Skelton
Jenkins		Slack
Jenrette	Moorhead, Pa.	Smith, Iowa
Johnson, Calif.	Murphy, Ill.	Smith, Nebr.
Johnson, Colo.	Murphy, N.Y.	Snyder
Jones, Okla.	Murphy, Pa.	Solarz
Jones, Tenn.	Murtha	Spellman
Jordan	Myers, John	Spence
Kastenmeier	Myers, Michael	St Germain
Ketchum	Natcher	Staggers
Keys	Neal	Stangeland
Kildee	Nedzi	Stanton
Kindness	Nichols	Stark
Kostmayer	Nolan	Steed
Krebs	Nowak	Steers
LaFalce	Oakar	Stockman
Lagomarsino	Oberstar	Stokes
Le Fante	Obey	Stratton
Leach	Ottinger	Studds
Lederer	Panetta	Stump
Leggett	Patten	Taylor
Lehman	Patterson	Thompson
Lent	Pattison	Traxler
Levitas	Pease	Treen
Livingston	Pepper	Trible
Lloyd, Calif.	Perkins	Tsongas
Lloyd, Tenn.	Pickle	Udall
Long, La.	Poage	Ullman
Lott	Preyer	Van Deerlin
Lujan	Price	Vander Jagt
Luken	Pritchard	Vanik
Lundine	Pursell	Vento
McClory	Quayle	Volkmer
McCloskey	Quie	Waggonner
McCormack	Quillen	Walgren
McDade	Railsback	Walker
McEwen	Rangel	Walsh
McFall	Regula	Wampler
McKay	Rhodes	Watkins
McKinney	Richmond	Weaver
Maguire	Rinaldo	Weiss
Mahon	Risenhoover	Whalen
Markey	Robinson	White
Marks	Roe	Whitehurst
Marlenee	Rogers	Whitten
Marriott	Roncalio	Wiggins
Mathis	Rose	Wilson, Bob
Mattox	Rosenthal	Wilson, C. H.
Mazzoli	Roybal	Wilson, Tex.
Meeds	Rudd	Winn
Metcalfe	Ryan	Wolff
Meyner	Santini	Wright
Michel	Satterfield	Wylie
Mikulski	Sawyer	Yatron
Mikva	Scheuer	Young, Alaska
Milford	Schroeder	Young, Fla.
Miller, Calif.	Schulze	Young, Mo.
Miller, Ohio	Sebelius	Young, Tex.
Mineta	Seiberling	Zablocki
Minish	Sharp	Zeferetti

NAYS—23

Broomfield	Fenwick	Madigan
Caputo	Findley	Myers, Gary
Clawson, Del	Goldwater	Pike
Collins, Tex.	Gradison	Rousselot
Conable	Hansen	Symms
Conte	Kelly	Wydler
Crane	Long, Md.	Yates
Derwinski	McDonald	

ANSWERED "PRESENT"—1

Cunningham

NOT VOTING—63

Anderson, Calif.	Gilman	Pressler
	Gudger	Rahall
Anderson, Ill.	Hannaford	Reuss
Ashbrook	Hillis	Roberts
Badham	Holtzman	Rodino
Baucus	Ireland	Rooney
Bellenson	Jones, N.C.	Rostenkowski
Bolling	Kasten	Runnels
Breckinridge	Kazen	Ruppe
Burke, Calif.	Kemp	Russo
Coleman	Krueger	Sarasin
Conyers	Latta	Skubitz
Cotter	McHugh	Steiger
Delaney	Mann	Teague
Diggs	Martin	Thone
Dingell	Moffett	Thornton
Duncan, Oreg.	Mollohan	Tucker
Eckhardt	Moss	Waxman
Florio	Mottl	Whitley
Fowler	Nix	Wirth
Frey	O'Brien	
Gammage	Pettis	

The Clerk announced the following pairs:

Ms. Holtzman with Mr. Anderson of Illinois.
Mr. Kazen with Mr. Frey.
Mr. Moffett with Mr. Latta.
Mr. Conyers with Mr. O'Brien.
Mr. Waxman with Mr. Sarasin.
Mr. Roberts with Mr. Thone.
Mr. Ireland with Mrs. Pettis.
Mrs. Burke of California with Mr. Steiger.
Mr. Mottl with Mr. Bellenson.
Mr. Fowler with Mr. Ashbrook.
Mr. Baucus with Mr. Gilman.
Mr. Gammage with Mr. Diggs.
Mr. Eckhardt with Mr. Martin.
Mr. Tucker with Mr. Gudger.
Mr. Thornton with Mr. Badham.
Mr. Krueger with Mr. Ruppe.
Mr. Florio with Mr. Jones of North Carolina.
Mr. Runnels with Mr. Rahall.
Mr. Whitley with Mr. Hillis.
Mr. Cotter with Mr. Dingell.
Mr. Delaney with Mr. Coleman.
Mr. Breckinridge with Mr. Skubitz.
Mr. Anderson of California with Mr. Reuss.
Mr. McHugh with Mr. Teague.
Mr. Mann with Mr. Kasten.
Mr. Hannaford with Mr. Duncan of Oregon.
Mr. Mollohan with Mr. Wirth.
Mr. Russo with Mr. Kemp.
Mr. Rodino with Mr. Pressler.
Mr. Rooney with Mr. Nix.
Mr. Rostenkowski with Mr. Moss.

Messrs. CAPUTO, DERWINSKI, and HANSEN changed their vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 11504

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct section numbers and cross references in the engrossment of the bill H.R. 11504.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute).

Mr. RHODES. Mr. Speaker, I take this time to inquire of the Chair as to the program for the balance of the day and the rest of this week, if the Chair is in a position to discuss the matter.

The SPEAKER pro tempore. The Chair will say to the gentleman that it is the understanding of the Chair that the gentleman from Washington (Mr. FOLEY) will have a motion very shortly, with respect to sending a bill back to conference.

That will conclude the legislative business for today.

On tomorrow, the House will meet at noon. There are no bills presently scheduled on suspension.

We plan to consider H.R. 11401, the NASA Authorization Act, under a rule adopted earlier today; H.R. 11877, the Peace Corps Act amendments; House Resolution 1049, the Reorganization Plan No. 1; and H.R. 11832, Arms Control and Disarmament Agency authorizations.

On Wednesday the House will meet at 3 o'clock, and we will complete consideration of H.R. 8494, the Public Disclosure of Lobbying Act of 1978.

For Thursday and the balance of the week, we will meet at 11 o'clock, and we have H.R. 11302, the EPA authorizations, which come under an open rule, with 1 hour of general debate, and House Joint Resolution 859, Supplemental Appropriations for USRA, subject to the granting of a rule.

Mr. RHODES. Mr. Speaker, would the Chair care to discuss the possibility of a Friday session?

The SPEAKER pro tempore. I think a Friday session will depend entirely upon our capacity to complete this schedule prior to Friday. It is impossible to predict with any accuracy, as the gentleman well knows. For example, on the bill today, 23 Members, if the Chair remembers correctly, voted in the negative, and yet the bill took all day. So the only answer I can give to the gentleman at this time is that it depends on our capacity to finish the schedule.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. RHODES. If I have any time remaining, I will be delighted to yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

Mr. Speaker, several weeks ago, when the ethics bill was first announced for the calendar, it disappeared. It disappeared again this week. I believe I asked the gentleman from Texas at that time the same question I would like to put to him on behalf of many Members of the House who are waiting anxiously for this legislation.

What has happened to the ethics bill, and will we ever see it again, and when?

The SPEAKER pro tempore. Oh, I think the Chair can assure the gentleman that he will see it again. It has been postponed for this week because we want to complete action on the lobbying bill.

APPOINTMENT OF CONFEREES ON H.R. 6782, EMERGENCY AGRICULTURAL ACT OF 1978

Mr. FOLEY. Mr. Speaker, I move to take from the Speaker's table the bill (H.R. 6782) to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement of raisins and distribution among handlers of the pro rata costs of such promotion, with Senate amendments thereto, insist on disagreement to the Senate amendments, and request a further conference with the Senate thereon.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Washington (Mr. FOLEY).

The motion was agreed to.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. FOLEY, POAGE, DE LA GARZA, JONES of North Carolina, JONES of Tennessee, MATHIS, BOWEN, ROSE, RICHMOND, WAMPLER, SEBELIUS, JOHNSON of Colorado, and MOORE.

There was no objection.

VETERANS OWE GREAT DEBT OF GRATITUDE TO CHAIRMAN RAY ROBERTS OF TEXAS

(Mr. HARSHA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HARSHA. Mr. Speaker, when the record of this 95th Congress is complete, it will be obvious that the veterans of America owe a great debt of gratitude to the chairman of the Committee on Veterans' Affairs, RAY ROBERTS of Texas. He is proving himself to be an outstanding leader.

Since the administration sent to us its emasculating budget for the Veterans' Administration, he has been tireless in his efforts to restore spending cuts. Newspapers and magazines all over the country have carried his warnings that the 3,132 bed cuts proposed for next fiscal year is one more step along the path of dismantling a once superb medical program.

RAY ROBERTS has used every parliamentary method open to him in the House to keep the VA intact. Now that the Budget Committee has upheld the administration's budget, the only course open to him is to offer an amendment on the floor of the House.

Mr. Speaker, every Member of this body will have to answer to veterans, their dependents, and survivors living in their districts for their stand on Mr. ROBERTS' amendment. For that reason I include in the CONGRESSIONAL RECORD an article that appeared in the April 1978 issue of the Disabled American Veterans national magazine. It spells out the issues we will be voting on and tells something about the character of the chairman of the Committee on Veterans' Affairs who is leading this fight, the outcome of which is so crucial to veterans:

ENLISTS SUPPORT OF DAV—ROBERTS CHALLENGES PROPOSED VA MEDICAL CARE CUTBACKS

When it became clear that the VA medical system was threatened with severe cutbacks proposed in the Administration's budget for Fiscal Year 1978, Congressman Ray Roberts (D-Tex.) was among the first leaders in the world of veterans' matters to register his stern protest.

As chairman of the House Committee on Veterans' Affairs, he, for one, was not willing to stand by and watch the VA's health care system "sink into a medical slum."

Since taking that stalwart stand, Roberts has become the leading voice of those in

Congress challenging the Administration's plan to cut back 3,132 operating beds, slash medical research at 64 VA medical facilities, and cut 36 important construction projects.

Early in the battle against the cuts, Roberts enlisted the ready support of the DAV, which promised an all-out campaign to get funding for these medical programs restored in the FY 1979 budget. And, the Congressman joins National Commander Oliver E. Meadows in asking all DAV and DAV auxiliary members to write to their Congressmen and Senators, demanding restoration of the operating beds, medical research, and construction projects.

Due to Congressman Roberts' constant understanding of the needs of disabled veterans since taking over the chair of the House Veterans' Affairs Committee, the alliance was easy in forming.

That understanding was demonstrated in January when Commander Meadows presented the DAV's 1978 Legislative Program to a joint session of the House and Senate Veterans' Committees.

"Because of your long experience and knowledge of the subject," Roberts asked the National Commander, "I would like for you to expand on your feelings about a pension for any specific group of veterans . . ."

Commander Meadows replied that he did not see any justification for legislating by wars—"singling out one individual group that served in a particular war for benefits." The Commander went on to explain, "The concept of pensions is that they are paid to an individual who has need, disability, and unemployability. And, of course, that can happen to any veteran of any war."

The hearing ended with the usual good wishes. And, as the Pension Improvement Act of 1973 (H.R. 10173) makes its way through Congress, it reflects the principle articulated by Commander Roberts and Congressman G. V. "Sonny" Montgomery (D-Miss.), chairman of the Pension Subcommittee, the bill will bring all pensioners . . . no matter what war they served in . . . well above the poverty level, linking pensions to the Consumer Price Index.

DAV members have also cheered Roberts' vigorous leadership in sponsoring legislation for the service connected. Last year, he steered a bill through Congress, granting a 6.6-percent increase in disability compensation and broadening entitlement to specially adapted housing for the service disabled.

This year, Roberts is seeking legislation to provide another cost-of-living increase in disability compensation and DIC to become effective October 1.

A combat Navy veteran of World War II and Korea, Roberts first moved into the public service arena when he was appointed Director of the National Youth Administration of Texas, serving under Lyndon B. Johnson. In 1940, he joined the staff of Sam Rayburn, Speaker of the U.S. House of Representatives.

After proving himself a successful businessman in his hometown of McKinney, Texas, Roberts returned to public service. He served seven years in the Texas State Senate before being elected to fill the vacancy left by the death of his friend and mentor, Sam Rayburn, in the U.S. House of Representatives.

Today, in addition to chairing the House Veterans' Affairs Committee, Roberts chairs the powerful Water Resources Subcommittee of the Public Works and Transportation Committee.

Commenting on Roberts' style as a Congressman, DAV National Legislative Director William B. Gardiner said the Texan "never depends on flamboyance and bombastic oratory. He pursues his goals by informing himself on the issues, and wins his points through quiet persuasion."

He has put that style to work in this year's push to prevent encroachment of other Federal agencies on the VA's programs. For instance, when HEW Secretary Joseph Califano said that VA education programs would be among those included in a new Department of Education proposed by the Administration, Roberts was right on top of the problem.

Now he says with satisfaction, "President Carter has assured me in a private conversation that the GI Bill will remain in the VA."

Roberts is also disturbed by Civil Service Commission Chairman Alan Campbell's efforts to curtail veterans' preference in Federal employment. Responding to Campbell's charge that the preference has outlived its usefulness and prevents women and minority group members from attaining top government jobs, Roberts says, "That makes no sense to me. The first veterans' preference law was passed by Congress in 1865. It is part of the very fabric of American life and public service. If it is true that veterans are in top government jobs, then what's wrong with that?"

But, the proposed cuts in the VA medical care program are the chief concern occupying the Texas Congressman's mind these days. "What is needed," he recently said, "is a mighty voice from the towns, cities, and states of America that will warn this Administration that veterans will not countenance the dismantling of the hospital system and the pecking away at veterans' entitlements."

GREEN DISCUSSES AGRICULTURAL CREDIT ACT VOTE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GREEN) is recognized for 5 minutes.

Mr. GREEN. Mr. Speaker, I voted today in favor of H.R. 11504, the Agricultural Credit Act. I shared the Agriculture Committee's concern that present FmHA authorities are insufficient to deal with the severe economic squeeze American farmers are experiencing. This legislation is necessary to enable the FmHA to assist those farmers who have been unable to take advantage of commercial lending services.

Let me add that we New Yorkers are not about to see needy farmers go under because of cash flow interruptions and increased debts brought about by droughts, low commodity prices, and high production costs. An emergency Federal loan program clearly is required for these farmers and ranchers.

Certainly, a Government that can provide assistance to Lockheed Corp. and underwrite billions of dollars worth of international development and emergency assistance can also support a program to help its own farmers who want to help themselves.

In like manner, I hope that my colleagues from farming States will be able to support Federal loan assistance for New York City when our Banking Committee reports a bill for full House consideration. The New York City Seasonal Financing Act of 1975 expires on June 30 of this year, and continued Federal assistance is needed to enable New York City to sustain the efforts it has made to help itself.

The 1975 act authorized Federal loans to New York City of up to $2.3 billion a year to cover seasonal shortfalls in revenues. The city has met its repayment schedules for Federal assistance either on time or ahead of time, and the aggregate amount of interest returned to the Treasury during the 3-year period, over and above borrowing costs, has been $30 million. In addition, the city has embarked on a rigorous program to reduce operating expenses and to achieve a balanced budget.

Just like the farmers who will be assisted by the Agricultural Credit Act, New Yorkers have shown that they are ready and able to help themselves. And just like farmers, New Yorkers are not looking for any free handouts from Uncle Sam.

It would be pathetically parochial for New Yorkers to oppose the Agricultural Credit Act merely because there are no farms in New York City. It is beyond question that the failure of large numbers of farmers and ranchers would have a severe impact on consumers in New York City.

So, too, the impact of the bankruptcy of New York City would be felt in our Nation's farming regions. The effects on the country's municipal bond markets, the exchange rate of the dollar, and other complicated economic interworkings would eventually be noticed in the farmer's pocket.

The interdependence of the various sectors of our national economy should preclude narrowminded regionalism. In this spirit, I lent my support to this bill, which will authorize up to $6 billion over the next 2 years for emergency agricultural credit. In so doing, I want to take this occasion to urge my colleagues to remain open to the prospect of lending their support to legislation to authorize up to $2 billion over 15 years to assist New York City.

EFT AT YOUR OWN RISK!

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, last August I introduced H.R. 8753 (now H.R. 12193), legislation to regulate electronic funds transfers so that consumers would be protected in their use of such services. I had hoped the legislation could be enacted before consumers suffered tragic financial losses. Unfortunately, this has already happened.

A woman from the Midwest recently wrote me about her loss of $1,350. This amount, according to the consumer, was stolen by means of the theft of her debit cards and secret number and then use of the card on several occasions.

Apparently the debit cards and secret number were stolen from the consumer's house. She had complied with the institution's request to keep the cards and number separate. It was not until the periodic quarterly statement arrived that she realized the funds had been stolen. The funds were taken in six withdrawals within a period of 3 days, twice a day. A good security system should have at least checked this. It didn't. The woman and her son offered to sign affidavits that they had not taken the

money. From these facts it does not appear to me that the consumer was anything but careful with her card and number. The financial institution, a savings and loan association, refused responsibility for the loss.

The savings and loan's position does not reflect this institution's willingness to fairly share the risks involved in use of EFT services. Apparently, through no fault of hers, this consumer has been deprived of $1,350. The notice from the institution that came with the card stated in part "you may be liable for the unauthorized use of this card." The consumer sued and lost.

How many of us would feel such a vague statement was a clear notice that we would be held responsible for any unauthorized use of our EFT card? How many of us can afford such a "service" knowing, if trouble occurs, we could lose all of our money?

What is a consumer to do? Financial institutions want consumers to use electronic funds transfer services which eliminate human contact and signatures, two important means of security. Yet, apparently consumers are to accept all of the risks of these services. That is simply not fair. It is all too easy to find out a person's secret number. A thief need only look over a consumer's shoulder when he or she uses an EFT terminal. The thief then steals the consumer's card. That is all it takes. Institutions control the security precautions and offer the services. If more secure systems are currently too expensive perhaps they should not offer EFT until secure systems are available.

H.R. 12193 provides a fair sharing of the risks of unauthorized losses in EFT. The bill holds an institution responsible for all losses resulting from unauthorized transfer of funds unless there is consumer fraud or except if the losses occur by means of a funds transfer card, in which case the consumer would not be reimbursed for the first $50 of losses. A consumer clearly then has an incentive to keep the card and number secret, while the institution has an incentive to provide the best possible security.

This woman who has sadly lost $1,350 of her money should be a lesson to all of us. Unless financial institutions are willing to limit consumer liability for unauthorized EFT losses, I believe EFT services are too expensive a risk for consumers to bear.●

WAYS AND MEANS TRADE SUBCOMMITTEE PLANS HEARING ON METHODS TO CONTROL OIL IMPORTS, INCLUDING H.R. 8800

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

● Mr. VANIK. Mr. Speaker, for over half a year, there have been rumors that the administration was about to impose some form of tariff or quota on oil imports to force the Congress to complete action on the President's energy bill. For a long time, there were reports that a $5 a barrel oil import fee would be imposed if the Congress did not act soon. In Thursday's papers, there are reports that administration officials are now studying some form of licensing and auction system as a way to control oil imports and reduce the demand for foreign oil by driving up its price.

The President has almost dictatorial authority under section 232 or the Trade Expansion Act of 1962 to restrict imports when he determines that such action is necessary for the national security.

The President's authority to act under section 232 was limited by an amendment to the Senate-passed energy bill. That bill, of course, is currently mired in conference committee—and the President still has the authority to take unilateral and drastic actions to limit imports.

Rather than continue the parade of trial balloons on this issue, I believe that the Congress should hold hearings to discuss the various ways that imports can best be limited and remaining supplies allocated with a minimum of disruption.

The Congress must not leave the debate on the use of the 232 power to the administration alone. Through the forum of public hearings and public contribution to the debate, I believe the soundest, most feasible solution to our national energy emergency can be found.

Personally, I am a supporter of strong action to reduce our dependence on foreign oil and last fall I urged the President that he take action under section 232 to reduce our disastrous dependence on foreign oil.

Last year, I offered an amendment in the Ways and Means Committee to the energy bill to provide for a system of quotas and the auction of quota allocations. Without administration support, the amendment failed in committee by a vote of 20 to 11.

On August 4, 1977, Representative OTTINGER and I introduced H.R. 8800 which provides, among other things, for the establishment and administration of an oil import quota system.

In order to focus debate on the best ways to limit oil and to provide public comment for the administration on how best to administer any import limitation program, I intend to hold hearings on H.R. 8800 as soon as the schedule of the full Committee on Ways and Means and the Subcommittee on Trade permits. While I obviously support H.R. 8800, reference to this bill is meant only to help focus the debate. I hope that we will receive a wide range of comments on the entire energy import issue and various plans which have been advanced over the years to reduce our reliance on OPEC, et cetera.

Following is a description of the import control features of H.R. 8800 taken from the CONGRESSIONAL RECORD of August 4. Other references to the concepts in this bill can be found in the CONGRESSIONAL RECORDS of May 9, pages 13974 and 21635 and June 24, page 20739.

Mr. VANIK. Mr. Speaker on behalf of Representative RICHARD OTTINGER and myself, I am today introducing oil import control legislation similar to, but much more flexible than title I of H.R. 6860, which was reported by the Ways and Means Committee in 1975 and retained on the floor of the House.

As the committee's report on the bill stated:

The quota is not intended as an independent discipline but rather as a means of being sure that the conservation and conversion efforts result in a reduction in imports, rather than a cutback in domestic production . . .

This legislation uses a system of quotas, import licenses, and tariffs to achieve this goal.

This amendment is not designed to force down demand, but rather, to follow demand down; its purpose is to keep a taut line on the relationship between increasing domestic production, domestic conservation, and declining imports. Chairman ULLMAN described this portion of the 1975 bill as the "centerpiece in our effort to become less dependent on foreign oil."

However, the amendment we are offering is not nearly as inflexible as the 1975 language and contains language insuring that no region of the Nation bears a special burden as a result of quotas. Rather than trying to set specific barrel figures in concrete today for 7 or 8 years from now, we allow more flexibility. Basically, the amendment requires the President each year to submit a 7-year projection of oil production and oil demand adjusted for conservation. He is then directed each year to limit imports for the following year to no more than that year's difference between planned demand and planned production. The yearly level of imports set by the President could be modified if necessary because of weather conditions or national emergencies. Any level set by the President may be rejected through a 90-day congressional veto process, thus forcing the President to revise his import figures.

In other words, the amendment is a yearly yardstick by which we measure how well we are doing in increasing production, obtaining conservation, and limiting imports. This is significantly different from the wording of the 1975 language. Instead of setting specific barrel per day figures in concrete now, we allow more flexibility. The 1975 language set a level of imports of 6 million barrels per day for 1976 and 6.5 million per day for 1977. In recent months, we were importing an average of 9.3 million barrels per day. The 1975 Act was unrealistic and too inflexible, but it also reflects our failure to moderate the increase in imports, and the growth of our dependency on oil imports. Developments since 1975 strongly demonstrate the need for limits on imports; thus while more flexible, this new language would keep the pressure on.

There is one provision, however, which would give the President the discretion to force energy conservation by setting lower levels of imports. This would be subject to Congressional veto. Indeed, if the Congress thinks this is too much discretion, an amendment could be offered limiting his discretion to no more than 20 percent or 5 percent or whatever of the difference between demand and supply. If all our other efforts fail, however, this authority to begin to cut down on imports could be the one way to force America to save energy and develop domestic sources.

It is the stated goal and purpose of this legislation to enable the United States to achieve a level of oil imports of no more than 6.5 million barrels per day by 1985. We think the legislative history would make it clear that this discretion would not be used unless the other measures in the various, recent energy laws were proving inadequate.

To control the level of imports and to have a standby system for allocating imports through the free market system, the

legislation provides for a licensing system similar to the one we approved in 1975. The licensing system distributes the "right" to buy and import oil through a bidding process. As in the 1975 Act, special provisions are made to protect the small refiners and marketers and to guard against fraud in the bidding process. To the extent that the quota set by the President accurately reflects the difference between demand and supply the value of the license "tickets" will be nominal. If, however, the quota is set lower so as to create a gap between demand and supply, the value of the license tickets will be bid up in the traditional market system—there will be no Government bureaucracy set up to allocate imports among users.

As in the 1975 bill there is provision for the Government to insure that imports are fairly distributed throughout the Nation—and that no region, such as New England, suffers economically. Specifically, the bill provides that anytime the value of import licenses in a region rises to 1 percent of the value of imported oil—which will only happen when the import restrictions are set so tightly that they begin to limit the supply of oil—then the revenue raised from the sale of those import licenses in a region will be returned to the States in that region. The State governments can then rebate the increased cost of oil to consumers or help those consumers insulate and find other sources of alternative energy.

There may be other, better ways to guard against injury to a region or set of industries, and alternatives to this proposal can be discussed in the hearing process. It is clearly our intention, however, to insure that no one area of the country, such as New England, bears the major burden in our effort to obtain energy independence.

The 1975 bill also provided for a 2 percent ad valorem tariff on crude and a 5 percent ad valorem tariff on refined petroleum—tariffs which would have raised some $2 to $3 billion per year. Since under the new plan we do not want to further increase the world price of oil, the legislation we are offering provides only a de minimus tariff on crude designed to force the adequate monitoring of imports by the Customs Service. The tariff on refined imports would be 3 percent ad valorem, equivalent to the present license fee differential between crude and refined—a differential which is necessary to protect domestic refineries and to encourage the construction of new refineries in the Eastern United States.

Finally, this legislation is not effective until January 1, 1979. This will give the Government time to put into place the administrative structure for controlling oil imports. Adequate leadtime will avoid administrative confusion.●

TODAY MARKS THE 63D ANNIVERSARY OF THE ARMENIAN MASSACRES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 60 minutes.

Mr. DANIELSON. Mr. Speaker, this is April 24, 1978. April 24 is a day which will live forever in the memories of the Armenian people.

Today is the 63d anniversary of the beginning of the Armenian massacres, which were the first organized genocide of the 20th century, a time of tragedy in which 60 percent of all Armenians living within the boundaries of Turkey met their deaths, and most of the remainder were scattered throughout the world.

Mr. Speaker, it was on April 24, 1915, that the then Government of Turkey—and I wish to emphasize that that is not the present Government of Turkey—caused the arrest of about 200 intellectuals and leaders of the Armenian community in Istanbul, Turkey, and thus officially began the pogrom which is now known to history as the Armenian massacres.

The 200 leaders first arrested included five members of the Turkish Parliament who were from the Armenian community. In the weeks and months that followed, the pogrom, the organized massacre of helpless people, was carried out through the portions of ancient Armenia which then lay with the political boundaries of Turkey. On April 24, 1915, there were about 2,500,000 Armenians living in that area of eastern Turkey south of the Caucasus, which was their ancestral home and where they had lived and worked from time immemorial. During the period of the massacres an estimated 1,500,000, about 60 percent of them, were killed or perished from starvation, thirst, and exposure in the desert areas of what is now Syria and Iraq and into which they were driven by their tormenters.

Of the remaining 1 million, about 100,000 lived in the city of Istanbul engaged in various occupations, and because of the fact that in Istanbul were found the diplomatic representatives of the rest of the world and good representation of the press and other media, and there was public scrutiny as to what was going on. Those 100,000 were spared their lives at least and given the opportunity to continue, under unfavorable circumstances but at least to continue their lives.

The remaining 900,000 were scattered to the four winds. Some of them escaped northeastward into what is now Soviet Armenia, the rest of them fled into the desert, into Iraq and Syria, and from thence into other parts of the world.

Many of them came to the United States of America where they found freedom and where they have flourished ever since. Many of them were not so fortunate and they went to other parts of the world. But I can say without any fear of contradiction that the Armenians of America, of whom we have now about 500,000, the descendants of those who fled into the wilderness, are among our best citizens. There is no group of immigrants which has a better record for good citizenship or of greater contribution to our culture, or for being law abiding, or for being self-reliant and not reliant upon the public welfare than the Armenian Americans.

Mr. SISK. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I yield to my colleague, the gentleman from California (Mr. SISK).

Mr. SISK. Mr. Speaker, I want simply to join with my good friend and colleague, the gentleman from California, Mr. GEORGE DANIELSON, in paying tribute to a great people, who have made a great contribution to the people of this country.

I happen to have the good fortune in my district in California to represent several thousand people of Armenia who fled from the terrible massacres our colleague has described. I have had the opportunity through the years to talk to many of these people who actually as youngsters literally found themselves saved by the fact that they were buried under the dead bodies of their parents. I think one of the great tragedies of the course of history is what these people had to undergo, and yet these people have come back. They are aggressive and they are excellent citizens. They have contributed so much to our country and particularly to the great State of California.

So I am particularly glad to have this opportunity to join with the gentleman from California (Mr. DANILSON) in paying tribute to a great people and in memory of a most tragic incident, which, Lord knows, we hope may never again recur in the history of the world.

I thank the gentleman for yielding.

Mr. DANIELSON. I thank the gentleman for his contribution.

Mr. KREBS. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from California (Mr. KREBS).

Mr. KREBS. Mr. Speaker, I thank the gentleman for yielding.

I commend the gentleman from California, Mr. GEORGE DANIELSON, for taking this special order and I certainly want to join him and my colleague, the gentleman from California (Mr. SISK) in the remarks they have just concluded.

We are obviously commemorating a day that is always going to be remembered by the civilized world. It is a day of tragedy not only for the Armenian people but also for all decent people around the world.

The reason it is important that we commemorate this day this year and each year thereafter is that, hopefully, never again will somebody be able to say that nobody even remembers the Armenian Massacre. I have specific reference, of course, to a purported dialog that took place in the early 1940's when Adolf Hitler was about to embark on the final solution in what became the biggest massacre of all history, and when he was asked whether this publicity that might result from the extermination of what later turned out to be no less than 6 million people, was not going to reflect adversely on the Third Reich, he thereupon, in true fashion, responded sarcastically, "Whoever discusses the Armenian Massacre of 1915?"

I think that exactly for that reason, if for no other, and obviously there are many other reasons, it is important to remember what these innocent people, even those who survived the massacre of 1915, had to go through to this very day. I say that because, as the gentleman from California (Mr. SISK) already has alluded to this and the gentleman now in the well from California you, GEORGE DANIELSON, have told us also, that when you talk to some of the survivors of the 1915 massacre it is very obvious that the scars of that event will forever be with these people.

I also think it is to the everlasting credit of those who survived that massacre and reached the shores of this country and became leaders of the communities in which they resided—communities such as the districts that the gentleman from California (Mr. SISK)

and I are privileged to represent which happen to have one of the largest concentrations of Armenians in America. If you look at Fresno, Tulare, and Kings Counties and various other communities of the San Joaquin Valley, and look at all of the professonal communities and the farming communities above all, one can see that Americans of Armenian descent have managed despite all of the discrimination through the past years to achieve prominence in their respective fields and have brought tremendous credit to their communities.

So, Mr. Speaker, I am privileged, indeed, to join the distinguished gentleman from California (Mr. DANIELSON) today in commemoration of this very important date, not only in the history of the Armenian people, but in the history of the world at large.

I thank the gentleman for giving me this opportunity to speak.

Mr. DANIELSON. Mr. Speaker, I wish to thank the two gentlemen who have just spoken. The gentleman from California (Mr. KREBS) not only represents a community which has a large number of Americans of Armenian descent in it, but who is one who has a unique understanding of the problem we are discussing. It is my recollection, sir, that you are of Jewish extraction, that you are an American who has lived in Israel and who has lived in Germany. If any of us have an understanding of the psychological shock and the trauma resulting from the massacre of a people, you, sir, probably understand it better than any.

So I deeply thank the gentleman for this contribution to this special order.

Mr. Speaker, I would like to point out that of the survivors, most of them—and this was true also of the holocaust in Germany—have been deprived, after their survival, of their properties, their homes, their farms, their businesses, and their personal properties.

One thing that is significantly different between the two massacres is that in Germany, the successor government, the modern Government of Germany, has tried to compensate for the massacre's consequences, which is different from the successor Governments of Turkey in terms of the fact that at least the modern German Government has acknowledged the wrongdoing of the predecessor government, and it has made to a very considerable extent some compensation for the losses of property. Of course, there is no way that compensation can ever be paid for the loss of life and human dignity, but at least an effort has been made along this line by the modern German Government.

Mr. KREBS. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from California.

Mr. KREBS. I thank the gentleman for yielding.

I think in that connection it is, unfortunately, also important to point out that while in Germany we have seen a very radical and drastic change in transition from the most vicious totalitarian regime in the history of men to a flourishing democracy with everything that it entails, in Turkey we have seen very little change since 1915. Not only did Turkey, of course, fight on the side of the Germans in World War I; they did the same thing for practical purposes in World War II. While it is true that it maintained a so-called neutrality in World War II, nevertheless, it was obvious wherein their sympathies lay at that time. Unfortunately, to this very day we do not have anything resembling a true democracy in Turkey. Of course, the situation in Cyprus demonstrates in no uncertain terms that very little has changed in Turkey since 1915.

Mr. DANIELSON. I thank the gentleman for his added contribution. Armenians everywhere will always remember the sad days of the massacres. Even today there is scarcely an Armenian American family that did not have some member of that family who suffered death during the summer of 1915. The Armenians of America can never forget that their fathers, their mothers, their brothers, and sisters were brutally killed or were left to perish in the desert heat. The memory runs very deep, and it will not be obliterated.

I am not of Armenian ancestry, but I have a host of friends who are, and I know their stories, having heard them time and time again. I also know that these fine people have been as good citizens as any we have ever had, and from that I infer that they were also good citizens when they lived within the political boundaries of Turkey. No group has ever worked harder or made a greater contribution to our economy and our culture than have they. They have never been a burden upon society.

One thing which I cannot understand, and I cannot believe that anyone understands, is that the present Government of Turkey, or any Government of Turkey since 1915, has never had the courage or the common decency or the will to at least admit the wrong of their Ottoman government and to make an honest effort to make amends. In 1915 and during the period of the atrocities, our own American Ambassador to Turkey, Henry Morgenthau, made public record of what he saw transpiring in Turkey. He sent reports to the Department of State as to what was happening to the Armenian people in Turkey. He protested to the Turkish Government and begged with them to show mercy to these helpless people. Yet nothing was done. At no time in the 63 years that have elapsed has any Government of Turkey taken any action whatever to acknowledge the fault of the Government of Turkey which was then in power, or to compensate the survivors in the Armenian community, even to the extent of the properties and the lands which were taken from them.

Strangely enough, some Governments of Turkey since 1915 have even denied that these events took place, even though diplomatic and historical records, including those of our own American Ambassador, Morgenthau, who even wrote a book detailing his experiences and what he saw take place, establish the facts beyond any reasonable doubt. On some occasions officials of the succeeding Turkish Governments have said that all that happened was an effort to suppress a rebellion by the Armenians who lived in the eastern portion of what was then Turkey. The facts themselves discredit that explanation. The persons killed, the persons driven from their homes and lands were not soldiers or persons capable of being soldiers. They included old men and women, the aged, the sick, the feeble. They included little children.

It must be apparent to all who can think that these people are not the substance of a rebellion. Even if they were, if there were a rebellion among 2,500,000 people, does that mean that they had to kill or disperse 2,500,000 people?

Commonsense tells us that there may be a few among that group who could have taken part in a rebellion; but for heaven's sake, not the old men and women, not the feeble, not the children. It was not necessary to obliterate the entire Armenian population in their own homeland.

Now, I know, I acknowledge gladly, that it was not the present-day Turkish Government that conceived this awful plan of genocide, that it was the policy of the Ottoman Empire, just as we know today it was not the present-day Germany that initiated the holocaust under the Hitler regime; but that is where the similarity ends with respect to these two nations, with respect to massive scale genocide against helpless minorities within their boundaries. On the one hand, Germany has held war crimes trials and has made or is making reparations for the actions and deeds of the past government. By doing so, it has made clear to the nations of the world that the past atrocities and genocides are not condoned as national policy within Western Germany. Even so, the holocaust against the Jews is still remembered and always will be, as it should be; but the German Government has separated itself from those crimes and history will record the fact that they made every reasonable effort to cleanse themselves of that guilt.

On the other hand, the present Government and all Governments of Turkey succeeding 1915 have been either unwilling or unable to come to grips with the dark blotch on their past history. If Turkey is harboring either the notion that the Armenian massacres never took place or that Armenians the world over will ever forget those horrors, they should know that either notion is sheer folly. By their refusal to face the facts and try to take steps to ameliorate such past tragedy, Turkey by its inaction continues to tell the world that apparently it still condones past acts of genocide as a national policy.

Let me say at this point, Mr. Speaker, that the day will come, and it surely will come, when the Government of Turkey must admit that the Armenian people within its borders were, in fact, the unfortunate victims of genocide. The leaders of the Turkish Government in power at the time of such an admission of responsibility will be the ones whom history will record and credit as the seekers of truth and justice.

Mr. Speaker, as Members of Congress,

as Members of this great Government of ours, I am sure that we all want to work for the common good with the governments of all free nations, all nations free or otherwise, around the world. We wish to work with Turkey, as well as we wish to work with any other country; but can the Government of Turkey fail to realize that we have within our borders 500,000 Americans of Armenian ancestry and that all 500,000 remember clearly the events of 1915? Can the Turkish Government fail to realize that those 500,000 Armenian Americans who pay taxes, yea, probably more than the average amount of taxes, for they are very successful in business and in commerce, that they do not want their tax money spent to send funds, relief, military aid or otherwise, to Turkey?

It is only human understanding that this is the case.

Can it be that the officials of Turkey do not recognize that it is incumbent upon them to acknowledge the fault of their antecedent government; that it is incumbent upon them to realize that they must dispel once and for all the concept that genocide is an acceptable means of government; that they must recognize these facts in order that an understanding can be brought about which is based upon sound logic and facts.

Mr. Speaker, as has been my practice during the 8 years that I have been in this Congress, I have ordinarily had as a summer intern a young man or woman of Armenian ancestry.

A couple of years ago I had an exceedingly bright intern, a young man by the name of Van Ajemian who just the other day sent me a copy of a story he had written concerning his grandmother's inconsolable grief. I wish to read it to the Members so that they can get some concept of the depth of feeling this young man has.

GRANDMOTHER'S INCONSOLABLE GRIEF: WHO CAN TELL BY LOOKING AT HER?

"The storm of grief bears hard upon (her) youth,
And bends (her) like a drooping flower to earth."

—*Nicholas Rowe.*

On an occasional Sunday morning you used to be able to see her standing on that empty lot near the corner of Lincoln Avenue and Montebello Boulevard in Montebello. She would be there with a kerchief wrapped around her head, and a small book held with both hands. Now and then she would cross herself with one hand in the Armenian Orthodox style, slightly different from that of the Greeks. She would try to bend as if genuflecting, but could do so only a little.

When my mother or I or one of her friends could not take her to the Armenian Church on 20th Street in Los Angeles, she would walk the five blocks from her house up the hill to that empty lot, where she would pray. Her little pilgrimages, which put a strain on her aging body, began after the local Armenian community had bought the lot for the building of a new church, one closer to the growing Armenian community of the east side: Montebello, Monterey Park, Pico Rivera and Whittier. But my grandmother doesn't go there anymore; her strength is no longer up to a long walk and an hour's prayer.

Yet, she still gets around by foot, doing her shopping alone at the corner grocery store and bringing the food home in her grocery cart. She knows some arithmetic (she once ran a grocery stand during the brief period of free enterprise in Soviet Russia), and can even utter numbers in English. Other than her numbers, her English vocabulary is limited to "no English," "not home," and "thank you very much." Despite her apparent isolation, she is not completely cut off from the world, as she does get the Asbarez, one of five Armenian-language newspapers published in the United States. Through the paper she has learned of Jimmy Carter, who made a campaign statement sympathizing with the plight of the Armenian nation. Now grandmother prays for him, mistakenly calling him "Julie" instead of "Jimmy." She also prays for Congressman George Danielson. She tells me in Armenian that they will bring justice to the Armenians.

One can never tell by seeing her pull her cart to the store and plant her seeds in the backyard just what kind of hard life she has led. She is a typical grandmother, proud of her sixteen grandchildren. She laughs, jokes, and even enjoys earthy humor—in Armenian, of course. She can even converse in village Turkish, and still retains some knowledge of Russian. Her devotion to the Armenian Church is typified by the small plaques of Holy Etchmiadzin, seat of the Armenian Church, found in her house. Someone has told her that our late President Kennedy was a good man, and she now hangs a picture of him in one of the rooms.

There is no outward sign, none at all (save the small indentation where her upper nose cartilage had been broken) that she, for all her typical grandmotherly traits, went through a hellish nightmare at the age of fourteen. No, you couldn't tell by looking at her. Only if you could understand her millenia-old Armenian tongue would you be able to unlock the chest containing the secrets of her past. It is my fortune to know Armenian well enough to have learned the secrets.

Grandmother never talks easily of those dark, troubled days. Indeed, we almost always have to get her a glass of water when she does, so that she can calm herself. It just happens that a word, a phrase, or even a happy song will trigger a memory of the past. And though the memory so triggered may at first be pleasant, it will end up turning into a haunting grief, grandmother's eyes filling with tears and the hearts of the audience filling with an uneasiness which betrays a frustration at not having been able to change history and an anger directed at the darker side of the human species.

"There was no trouble between the Armenians and Turks in the village of Dzart (near present-day Erzurum, Turkey), where I grew up," she recounted as I interviewed her for the Armenian Assembly's living history project. "We had a live-and-let-live attitude. The Turks would go about their business in their part of town, and we in ours. Then, things changed very suddenly."

It was during a time of international turmoil, namely, World War I, that the Ottoman government decided to get rid of the Armenian minority of eastern Anatolia, where the Armenians had been living for over two millenia. After all, the Armenians—all men, women and children—were conspiring with the Tsarist armies, weren't they? Talaat Pasha, Turkish Minister of the Interior, was confronted by the American ambassador about the massacres taking place against the Armenians. Talaat's reply: "Today's innocents will be tomorrow's subversives."

When grandmother gets into a story-telling mood, the consuming agony returns: "The Turkish soldiers took the Armenian men, from age thirteen on up, to St. Karapet monastery, where the Armenians were buried in the ground up to their necks. My two brothers were in the group. We ran after them. We cried when we saw the Turkish soldiers riding their horses over the half-buried men, crushing their skulls." Eventually her brothers' wives and her mother also perished. She was left with only a cousin and another relative. She survived only because of her cleverness and her faith. "The deportations . . . the people were multitude. You could count the stars in the heavens, but not the people. I would pray to St. Gregory the Illuminator (Armenian patron saint). I praise God, for St. Gregory would always help me out of danger." And grandmother invariably crosses herself after saying this.

She wandered through the interior of Turkey, crossing paths with Turks, Kurds, and even Armenian freedom fighters like Antranik and Mourat. At one point she wanted to throw herself into the Euphrates' headwaters, to wake up from the nightmare. Many mothers were doing this to their children to end the little ones' anguish. In some places the Turks would tie heavy stones around the necks of the deportees and cast them into the water, where the Armenians would drown and redden the biblical waters. "It was my sister-in-law who saved me. I was ready to jump, but she said, 'No, you must live so that you can avenge the death of your brothers.' And for this reason I didn't jump."

As I look at my radiant grandmother, I think to myself, "who can ever tell that she has heard the wail and lament of countless souls, has seen the mutilation of her loved ones, has been herself on death's doorstep?" Her face brightens upon seeing me; she showers me with a variety of blessings.

Yet, her mood will be different very soon. April 24 is commemorated by Armenians, from Soviet Armenia to Australia, as the day of remembrance of the massacres of 1915. Armenian churches everywhere will hold requiem services on the 24th. A crowd will gather at the Armenian Martyr's Monument in Bicknell Park, Montebello (you can see the monument to the south from the Pomona Freeway). There will be grandmother, clutching her candles, saying her prayers for those who were so cruelly separated from her just a generation ago. And she will pray for "Julie" Carter and George Danielson, because they will bring an antidote to the madness of genocide which began in the Ottoman Empire and swept through Europe in the forties, and nowadays breaks out in many countries.

"God bless you," she says to me. "May you blossom and become strong. May I never see the days of your suffering. Amen." And Vartanoush Nranian crosses herself.

VAN AJEMIAN.

MONTEBELLO, CALIF., *March 26, 1978.*

Mr. Speaker, I respectfully submit that this little story of Van Ajemian about his grandmother says as well as anyone can say why it is that this great tragedy in 1915 has to be righted. And it would be so easy to do so if the present Government of Turkey would only acknowledge the guilt of its previous Government, recognize the fact that genocide took place, and took some reasonable steps to make amends. You could never make amends for the loss of life, but at least for the loss of property. They should right the recorded history of that period, then a great step would be taken to right these wrongs.

We in this country, Mr. Speaker, in the last week have been privileged to see the television film "Holocaust" which was played on three or four separate evenings. The tragedies of that period were apparently the equal of the tragedies of Armenia in 1915. However, I recommend to the Government of Turkey that it look to the example of the Government of Germany to at least admit

the sins of past governments, to acknowledge the evil that took place, to cease hiding behind the fiction that they were merely suppressing a rebellion when they exterminated 1,500,000 innocent people and drove the remainder of them from their national homeland.

Mr. Speaker, on March 25, 1978, the Los Angeles Times carried a story setting forth the manner in which the present Government of Germany has attempted to make some recompense to the sufferers of the Jewish holocaust. It reads as follows:

BONN.—Over the past quarter century, the West German government has paid out billions of marks—about $28.5 billion of marks—about $28.5 billion at the current exchange rate—in compensation to Jewish victims and their families of Adolf Hitler's Third Reich.

The deadline to apply for compensation passed in 1969, but international Jewish organizations want the government to extend the program and accept new claims.

Among the recipients are survivors of concentration camps and others who can show that their lives were disrupted by the Nazis.

About 90% of the recipients are Jews. One-third of them live in Israel and one-third in West Germany. The others are scattered in other countries, including the United States.

The first law authorizing wiedergutmachung—literally, making good again—was enacted 25 years ago. Since then, the government has made payments totaling more than 57 billion marks. Last year alone the payments came to 1.8 billion marks, or about $900 million.

The government estimates that the program will continue through the year 2000 and that the total cost will exceed 85 billion marks. But officials concede that their estimates could be off.

"So far, all our estimates on the amount of money to be paid and the longevity of the beneficiaries have been too low," Wolfgang Kaphammel of the Finance Office, who has worked with the reparations program for 16 years, said.

"The life insurance actuarial tables are not valid for these people. Those who were able to survive the Nazi camps are very hardy people indeed."

The program has been an administrator's nightmare, Kaphammel said.

"We try to be understanding and tactful," he said, "but some people are never satisfied. One person hears that someone else got more money than he did so he comes in and makes a new appeal. Then there are the people who have come to the West (from Eastern Europe) since 1965 and do not know that under the law they cannot receive anything. They think our country is very rich and can afford to pay them. We try to be understanding and tactful."

Under the law, Dec. 1, 1969, was the deadline for applying for compensation, but Jewish organizations have sought to reopen the program largely to take care of persons who have emigrated from Communist Eastern Europe since 1965, the deadline for eligibility.

"The issue is brought up all the time," a government official said. "It is a political question."

The coalition government headed by Chancellor Helmut Schmidt takes the position that any legislation to approve an extension must be agreed upon by all the parties represented in parliament.

The opposition parties, the Christian Democratic Union and Christian Social Union, insist that the issue is the responsibility of the government, composed of Schmidt's Social Democrats and the Free Democratic Party.

One scheme was proposed by Dr. Nahum Goldmann, president of the World Jewish Congress and chairman of the Conference on Jewish Material Claims Against Germany, which includes representatives of 24 organizations.

Goldmann has proposed that Bonn contribute 600 million marks to set up an international foundation, based outside Germany, to assist recently arrived emigres from Eastern Europe who can claim damages because of Nazi war crimes.

"This would remove the program from control by German law," a government official said.

Jewish spokesmen were unanimous in their commendation of the manner in which the Bonn government has administered the program.

The Jewish organizations have also been highly critical of the East German Communist government, which has never acknowledged responsibility for recompensing Nazi victims.

Claims representatives met more than a year ago with East German officials and were offered $1 million to assist Jews from the Communist state who had become U.S. citizens.

"The offer is ridiculous in view of the claims outstanding," Goldmann said. "It's peanuts. Either we accept reparations for all victims or none at all."

"Unspeakable crimes have been committed in the name of the German people, calling for moral and material indemnity, both with regards to the individual harm done to Jews and to the Jewish property for which no legitimate individual claimants still exist," Adenauer said.

West Germany paid 1 billion marks to 12 West European countries to compensate Nazi victims there and 6.6 billion marks to a wide assortment of beneficiaries including the Lutheran and Roman Catholic churches and the Jewish Claims Conference.

Most recently West Germany signed an agreement with Poland that includes payments to individuals there who had claims arising from the Nazi occupation.

The two key programs that continue to make payments to Nazi victims around the world are the restitution system, which pays pensions, and the reparations program, which reimburses people for property lost, destroyed or stolen by the Nazis.

Until mid-1977, 4.3 million individuals had supplied for financial reimbursement under the West German restitution law and only 16,954 had not been settled.

Claimants included people who had been imprisoned, the survivors of prisoners, persons who said their professional careers had been interrupted, former government officials who lost their jobs and individuals whose health was broken. The claims are investigated with the help of the incredibly complete records kept by the methodical Nazis.

Former prisoners were granted five marks for each day of their confinement, the same payment given to persons locked into ghettoes or forced to wear yellow Star of David armbands.

Professional persons, on the other hand, were granted lifetime pensions based on their potential earnings. Survivors of camp victims were also given pensions, and former students were given lump sum settlements to compensate for their lost education.

When individuals dispute the decisions of the state offices, they can appeal through West German state and federal courts.

Widows have been paid an average of 700 marks a month and the maximum monthly pension paid is 1,800 marks. Orphans were paid until they reached their 18th birthday.

The number of persons receiving pensions reached a maximum of nearly 278,000 in 1972 and has been declining slowly ever since, but the total amount of pensions—tied to West German government raises—has increased every year.

Nearly 733,000 claims of property losses have been made. Only 1,809 were still outstanding in mid-1977.

Under this system, individuals describe what was lost to the Nazis—real property, jewelry, furniture, art works—and the government makes payment based on the estimated value.

Peter Menten, a Dutch former Nazi officer who was recently convicted as a war criminal, received 500,000 marks for art works he said were lost to the Third Reich. Now that he has been proved to have been a Nazi himself, Menten has been sued by the West German government for a million marks—the original payment plus interest.

East Germany pays pensions to some Nazi victims who live within its borders. As a Communist state, East Germany contends that it was liberated from Nazism by the Soviet army and that responsibility for Hitler's crimes rest with West Germany.

The question of payments to Nazi victims has been a major factor in preventing East Germany from establishing normal relations with Israel and hindering better relations with the United States, which has urged East Berlin to negotiate with the Jewish groups.

In contrast, West Germany maintains close relations with Israel.

A cornerstone in the West German wiedergutmachung program was the payment of reparations worth 3.45 billion marks to Israel over 12 years, starting in 1952. Eighty percent of the reparations to Israel consisted of goods to help build the industrial and agriculture base of the young country.

Initiated by the first postwar chancellor of Germany, Konrad Adenauer, a Roman Catholic who spent some time in a Nazi prison, the agreement was termed "something quite unprecedented" when it was signed in 1952 by Israeli Foreign Minister Moshe Sharett.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

Mr. Speaker, I want to commend the gentleman for his exceptionally fine statement and for bringing this to the attention of the full House of Representatives. It is particularly germane right at this time, as the gentleman knows, and not just because it is the anniversary of this atrocity, but because of other things which we will shortly be considering.

Mr. Speaker, I want to express my appreciation to the gentleman for bringing this to our attention.

Mr. DANIELSON. I thank the gentleman for his comments.

Mr. Speaker, I am mindful of what the gentleman says. I am sure that the gentleman from Ohio and all 435 of us in this House and all of those in the other body have as our one single motivating desire on every vote we cast that we cast our vote for what is in the best interest of our country. It makes it exceedingly difficult to do that once in a while, when we bear in mind the atrocities that some of our fellow Americans have suffered. I just hope to God that this message might reach someone who might be able to do something to right those wrongs.

Again, I thank the gentleman from Ohio for his contribution.

● Mr. ANNUNZIO. Mr. Speaker, today marks the 63d anniversary of the ruthless Turkish massacres of the Armenian people. I join my distinguished colleague

from the 30th district of California, Hon. GEORGE E. DANIELSON, who has taken this special order, and my other colleagues in marking this sad event.

In 1915, the Turks set out to exterminate the whole Armenian Christian population within the Ottoman borders. Systematically, and with cold callousness, the Turks first killed the writers, teachers, clergymen, and leaders of the Armenian people. Then the able-bodied men were brutally murdered and the young women enslaved. The remaining women, children, and old people were forced to march barefooted under the blazing sun, without food or water toward their ultimate destruction in the remote deserts of Der-el-Zor.

Along the way these helpless people were subjected to inhuman tortures and mutilation, to rape and massacre, and those who survived these initial brutalities, died one by one from exhaustion, disease, and starvation. The roads where these caravans passed were piled high with the corpses of these innocent victims of the Turks.

When the carnage was over, 1,500,000 martyrs had been slain and another million had been ruthlessly torn up from their ancient homeland and deported to the desolate deserts to die.

Not only had the Turks attempted to annihilate the Armenian nation, but at the same time they tried to obliterate every trace of the 3,000-year-old Armenian civilization. Universities, libraries, churches, and monasteries were burned, and with them, irreplaceable antiques, paintings, books, and relics were destroyed.

Not an Armenian alive today has been left untouched by these massacres. Grandparents, mothers and fathers, children, and even newborn infants were ruthlessly murdered. Whole families were wiped out with a single blow, and a new word, genocide, had to be coined to describe the Turks' efforts to destroy an entire race.

The massacres in 1915 were a more extensive repetition of the Armenian massacres in 1895 and 1896, which horrified a civilized world and caused Gladstone, Britain's Prime Minister, to rise up and make the last public speech of his career in defense of the Armenian people and against Abdul Hamid, the perpetrator of these crimes.

The Armenians are perhaps the oldest of the civilized races in Western Asia and were the first nation in the world to accept Christianity as their state religion. From time immemorial, the Armenian has worked peacefully and industriously in the high mountains which are his home between the Black Sea and the Caspian Sea. Here, church and people have maintained with amazing vitality their tradition and culture against wave after wave of alien conquests.

Mr. Speaker, at this point in the RECORD I would like to include "The Evidence of the Genocide" as compiled by the Armenian National Committee headquartered in Boston, Mass.:

ARMENIAN NATIONAL COMMITTEE,
Boston, Mass.

THE EVIDENCE OF THE GENOCIDE

The evidence of a planned and systematic genocide is overwhelming, as the following quotes—a brief sampling from thousands of readily available, authoritative, non-Armenian sources—indicate:

By any standards this was surely the most unprecedented, Indeed the most unimaginable racial annihilation, until then, in modern history. Nevertheless, apparently unconcerned by the enormity of their affront to civilization, the members of the Young Turk regime continued to view the "deportations" as nothing more than effective diplomacy, the realization of Abdul Hamid's injunction that "the best way to finish with the Armenian Question is to finish with the Armenians."

HOWARD M. SACHAR.

[Emergence of the Middle East 1914–1924, (Knopf, 1969)]

From May until October the Ottoman Government pursued methodically a plan of extermination far more hellish than the worst possible massacre. Orders for deportation of the entire Armenian population to Mesopotamia were despatched to every province of Asia Minor. No hamlet was too insignificant to be missed. The news was given by town criers that every Armenian was to be ready to leave at a certain hour for an unknown destination. There were no exceptions for the aged, the ill, the woman in pregnancy.

DR. HERBERT A. GIBBONS.

[The Blackest Page of Modern History (Putnam, New York 1916)]

In 1915 there occurred a "final solution" which is now almost forgotten, the deliberate extermination of the Armenians by the Turks. The Armenian "problem" was solved by the massacre or deportation of some 1,750,000 men, women and children from the Armenian provinces of Turkey. Over a million died or disappeared through massacres in Turkey or during the forced marches to the deserts of the Turkish eastern territories—the areas which were later to become Syria and Iraq.

ROGER MANVELL AND HEINRICH FRAENKEL

[The Incomparable Crime (Putnam 1976)]

When the Turkish authorities gave the orders for these deportations, they were merely giving the death warrant to a whole race; they understood this well, and, in their conversations with me, they made no particular attempt to conceal the fact.

I have by no means told the most terrible details, for a complete narration of the sadistic orgies of which these Armenian men and women were the victims can never be printed in an American publication. Whatever crimes the most perverted instincts of the human mind can devise, and whatever refinements of persecutions and injustice the most debased imagination can conceive, became the daily misfortunes of this devoted people. I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared to the sufferings of the Armenian race in 1915.

HENRY MORGANTHAU.

[Ambassador Morganthau's Story (Doubleday, Garden City 1918)]

A foreign witness has said that these deportation columns were merely a polite form of massacre, but in reality they were infinitely worse and more heartless; for instead of instant death they forced the victims to undergo all sorts of inhuman sufferings, while this cowardly and barbarous plan was to save the face of the authorities by posing as a necessary military measure. From June till August 1915 the hottest time of year when the victims were most likely to succumb, these processions of death wended their way endlessly from all the vilayets and towns where there were Armedians southwards in the direction of the desert.

FRIDTJOF NANSEN,
High Commissioner for Refugees, League of Nations.

[Armenia and the Near East, (New York 1928)]

And Hitler cited the Armenian Genocide with the comment, "Who talks nowadays of the extermination of the Armenians? The world believes in success only"?

His Eminence, Richard Cardinal Cushing, Archbishop of Boston, once termed the Armenian claim as the "oldest unresolved grievance on the agenda of world business" and charged the United Nations to effect a just solution for the Armenians in order to right the wrongs of the past and to demonstrate to the world that international justice is not merely an empty, meaningless phrase.

On this 63d anniversary of the Armenian Genocide—a crime with which no other in recorded history can compare—I would like to reiterate Cardinal Cushing's challenge to the United Nations that it fulfill its mission for world peace through international justice by proving that it is indeed a forum which can provide a peaceful redress for the legitimate grievances of the Armenians, and indeed, for any freedom-loving people whose inalienable rights of self-determination have been violated.

Mr. Speaker, as Members of Congress, let each of us examine our conscience, and let us do our utmost to alleviate the memory of this unjustified crime against the Armenian people, the scars of which are carried in the hearts and minds of every surviving Armenian.●

GENERAL LEAVE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 5 minutes.

● Mrs. COLLINS of Illinois. Mr. Speaker, because of commitments in my congressional district I was unable to vote on rollcall No. 244, the adoption of House Resolution 1143, the rule providing for the consideration of the bill, H.R. 11401 NASA authorization. I support the resolution and would have voted "aye." ●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, due to a delay in returning from my congressional district, I was absent on rollcall No. 244, the vote on the adoption of House Resolution 1143, providing for the consideration of H.R. 11401. Had I been present, I would have voted "aye." ●

THE NATIONAL CENTER ON PRODUCTIVITY AND QUALITY OF WORKING LIFE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 5 minutes.

● Mr. LAFALCE. Mr. Speaker, I am today introducing legislation which would extend for 1 year the life of the National Center for Productivity and Quality of Working Life. The National Center was created during the 94th Congress on November 28, 1975, when the President signed S. 2195 into law. Public Law 94-136 provides a 3-year authorization for appropriations for the Center through September 30, 1978. The Center was created as an independent agency governed by a 27-person Board of Directors consisting of representatives from government, business, and labor. The Center is the successor to earlier commissions dating back to 1971. During the 3-year life of the Center, it has operated with an annual budget of less than $3 million and a staff of fewer than 40.

FUNCTIONS AND ACCOMPLISHMENTS

Despite its limited resources, the Center has served and continues to serve several very useful functions and has to its credit several solid accomplishments. I would like to outline some of the functions and accomplishments in six areas.

First, in the human resources area, the Center has been instrumental in encouraging labor-management cooperation. Particularly in the face of increasing foreign competition, it is important that labor and management do their utmost to settle their differences in a way that is the least disruptive to our economy. Experience has shown that labor and management can cooperate in a way which is beneficial to both. This kind of cooperation supplements negotiated contracts and in no way interferes with the collective bargaining process. The Center has been in the forefront of encouraging the formation of labor-management committees on the plant level as well as the community level. It has, for instance, given technical assistance to the Buffalo-Erie County Labor-Management Committee.

Second, the Center has taken the initiative in special private sector projects. For instance, the Center funded a project involving the Rushton coal mine in Pennsylvania. This project involved increasing the role of the foremen in the area of safety and increasing the role of the other miners in the area of production. This Center-initiated project resulted in a reversal of the downward production trend and the worsening safety record so that now production has increased and safety violations have decreased. Particularly in view of the recent coal industry difficulties, this project is an important accomplishment not only in terms of the one mine but in terms of providing an example for others. In fact, earlier this month, a representative of the Center spent a day in Charleston, W. Va., discussing an agenda for a statewide labor-management committee and the Rushton project was of great interest to mine operators and UMW officials at the meeting and followup on the local level is likely.

Third, in the public sector, the Center has for the past year been working with local governments across the United States in establishing a network for the purpose of encouraging productive labor-management cooperation in local governments. While this is difficult to point to as an "accomplishment," it is a program where the Federal Government, at very modest cost, is serving a very useful role in terms of encouraging local communities to solve their own problems. Without the Center, it is doubtful that this sort of activity would be taking place.

Fourth, the Center is devoting considerable effort to the study of the impact of Government regulation on private industry. Most of us complain about Federal regulation and I for one am encouraged that at least one Federal agency is doing what it can to at least develop ways to measure regulatory impact. A report is being prepared which will contain guiding principles for establishing regulations which would hopefully result in productive achievement of the intended goals.

Fifth, in the area of technology, the Center is currently surveying small and medium sized manufacturing firms throughout the Nation to identify the reasons for the existing lag in the introduction of numerical control technology in those firms. This project is in response to a GAO report which cited this lag relative to our foreign competition. The importance of small batch manufacturing in terms of employment and defense readiness is significant and this project should be most useful to small and medium size manufacturing firms.

Sixth, from an overall perspective, the Center has performed a most useful catalytic function. It has encouraged the creation and support of other productivity and quality of working life centers around the country so that local efforts to make improvements in these areas can take place. The Center has, in response to its enabling legislation, sponsored several conferences around the country. As an independent agency with no regulatory power, it represents no threat or bias to labor or management and so both groups are willing to meet together when encouraged to do so by the Center. I saw this first-hand when the Center worked with me 2 years ago in sponsoring a labor-management seminar on productivity in my congressional district. Over 200 labor and management leaders attended that seminar and one interesting outcome was the establishment of a productivity course taught at night at a local community college. That course is now being taught and it includes 30 students from both labor and management. And so the dialog between labor and management continues. Earlier this month, the Center worked with me in sponsoring a followup seminar in which we heard from labor and management leaders from around the country discuss ways to work together. Finally, the Center publishes and distributes very worthwhile publications relative to various program areas. These publications serve to encourage local efforts to improve productivity and the quality of working life.

THE U.S. PRODUCTIVITY RECORD

Mr. Speaker, the recent productivity record in the United States is not something of which we can be proud. Our rate of productivity growth has decreased from an annual rate of about 3 percent during the first two postwar decades to less than 2 percent during the past decade. And this negative growth rate has occurred at a time of an increasing growth rate in other industrialized countries such as West Germany and Japan.

This low productivity growth rate has several effects. Inflation is spurred because costs of production rise without a corresponding increase in output. An employer's competitive trade position is adversely affected by productivity stagnation or loss. Inefficient use of resources means poor productivity which is reflected in higher prices which has resulted in American consumers buying more and more goods from foreign competitors. Therefore, low productivity means less demand for American products which contributes to our high unemployment rate. Finally, in the public sector, taxes increase or services decrease and the strength and credibility of Federal, State, and local governments are questioned when those units of government do not seek to improve their own productivity.

And so, Mr. Speaker, our poor productivity growth rate, particularly as contrasted to our foreign competitors, leads me to believe that it is imperative that this country make a commitment to the improvement of productivity. Other countries certainly have made that commitment and I think that we owe it to ourselves to make such a commitment. Two examples clearly illustrate our lack of commitment relative to other countries. The West Germany Government spends over $15,000,000 on its productivity efforts. The Japanese Government spends almost $15,000,000 on its efforts. These figures are most alarming when one considers the fact that West Germany, with less than a third of the U.S. population and Japan, with one-half of the U.S. population, each spends five times as much as the United States in its productivity efforts.

CENTER CONTINUATION

The National Center has a complicated mission and scant resources. Given these factors, I think the Center has done a commendable job. I was happy to note that the President's fiscal year 1979 budget at least proposed the same level of funding that the Center is now operating under. I think the Center's work should be expanded as part of an overall drive to combat inflation. I understand the President is considering reorganizing the Center's functions to line agencies and I support those shifts if they result in added emphasis to this major national problem. In the meantime the work of the Center must be continued.●

ANTIGUN LEGISLATION THROUGH DECREE

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Florida (Mr. SIKES) is recognized for 10 minutes.

● Mr. SIKES. Mr. Speaker, the Bureau of Alcohol, Tobacco and Firearms issued a "Proposed rulemaking" on March 21 which would bring about Federal firearms registration by decree rather than through the enactment of legislation. It is my understanding that the administration supports this proposal. This is antigun legislation through regulation.

The BATF program would require the 168,000 federally licensed firearms dealers, manufacturers, and importers to submit nearly 700,000 reports yearly covering 25 million to 40 million transactions at a cost in the millions to consumers for increased paperwork and $10 million per year to the taxpayer. The Bureau has not offered any reason to believe that these regulations and the expense and paperwork they would entail are necessary. The stated purpose of the regulations is to improve the tracing of firearms used in crime and to enable the BATF to put resources into problem areas but, in the past, the Bureau has pointed with pride to their existing tracing capabilities. No reason is given for expending $5 million to $7 million of taxpayer's money, in addition to the costs of complying with these regulations by Americans to institute a new system. This is particularly true in light of frequently stated and widespread opposition to such a program.

This appears to be an attempt by the Bureau to circumvent the will of Congress by avoiding the legislative process. I have written to Mr. Rex C. Davis, Director of the Bureau of Alcohol, Tobacco and Firearms, strongly protesting this action and have suggested that if the Bureau wishes to submit a proposal to the Congress calling for gun registration that it be done through regular legislative channels. I have also joined in cosponsoring a concurrent resolution disapproving the proposed regulations.

Since firearms control first became an issue before the Congress and throughout the legislative history of the Gun Control Act of 1968, Congress has specifically and repeatedly rejected national gun registration. At least four amendments were offered to the so-called Bayh gun control bill in 1972, which would have required national registration of either handguns or all firearms. Each amendment failed. Also, during House Judiciary Committee hearings, the committee rejected four times amendments which would have initiated registration schemes. I do not think there can be any question as to the feelings of the Congress on this matter. This most recent attempt by the Bureau of Alcohol, Tobacco and Firearms to usurp congressional authority demonstrates once again that some governmental officials seem altogether too indifferent to the express will of Congress and to the wishes of the American people.

It is well, also, to bear in mind that the proposed new registration program has not been financed. It is important that the Members of Congress speak out clearly against funding of the program which does not have the sanction of Congress.

In this day when Americans everywhere deplore the computerization of our society and growing Federal intrusion into all aspects of our lives, I do not think it makes sense to expend additional millions of dollars to mandate further computerization and further Federal intrusion when there is no justifiable need for doing so.

I urge my colleagues also to join in support of the resolution disapproving the BATF proposed regulations. If the resolution is not adopted, these regulations will go into effect. Certainly, we do not want this to happen. Congress never intended that the bureaucracy create national gun registration.●

LEGISLATION TO CONTINUE DEFERRED COMPENSATION PLANS FOR STATE AND LOCAL PUBLIC EMPLOYEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BOB WILSON) is recognized for 5 minutes.

● Mr. BOB WILSON. Mr. Speaker, I am introducing a bill today to reverse a proposed action by the Internal Revenue Service which would adversely affect the public employees of my district and the State of California, as well as other States. My bill requires the Treasury Department to issue regulations consistent with their long-standing actions regarding deferred compensation plans of State and local public employees. Since implementation of these plans, I understand that some 12,000 California State employees and thousands of local public employees participate. Both the city and county of San Diego received favorable rulings from the IRS—the city in 1973 and the county in 1976. Other local governments, such as Alameda County, have also received favorable IRS rulings. The State plan was approved by an IRS ruling in 1973.

These plans have many advantages. They allow the State's public employees to voluntarily set aside part of their current salaries to provide for their retirement years. The amounts deferred are not taxed in the year earned, but instead upon receipt in retirement. This encourages a systematic savings plan during the higher earnings' years and is a particularly important point in view of today's spiraling inflation.

Mr. Speaker, this legislation I have introduced today would continue the Internal Revenue policy in effect since the inception of the deferred compensation plans in my State of California and in other States with such plans. With this legislation, State and local public employees would be assured of the continuance of their deferred compensation plans—plans to which they have contributed in good faith over the years, looking toward a more secure retirement in the future.●

THE GUARDIAN OPPOSES LIFTING TURKISH ARMS EMBARGO

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BRADEMAS. Mr. Speaker, the Guardian is one of the most respected newspapers in the English-speaking world. I ask unanimous consent to insert at this point in the RECORD an editorial dated April 7, 1978, in the Guardian opposing lifting of the embargo on U.S. arms to Turkey so long as there is no action by Turkey for a settlement on Cyprus.

The editorial follows:

[From the London, Guardian]
Apr. 7, 1978]

TOO SOON TO SELL THEM ARMS

The best thing that could happen in the Aegean and the Eastern Mediterranean would be for the Greek and Turkish Cypriots to come to terms. Their chances of doing this depend, as so much else depends these days, on the decisions and policies of the beleaguered President Carter. Yesterday the new U.S. Ambassador to Cyprus, Mr. Galen Stone, presented his credentials to President Kyprianou. And yesterday, also, the U.S. Congress began to consider President Carter's decision to resume arms deliveries to Turkey.

At the back of the book, which is now quite long, was the Turkish invasion of Cyprus in 1974. Since then successive Turkish governments have made party political capital out of what was once considered to be a Greek threat—which always was ephemeral—to persecute Turkish Cypriots. What has happened since has been a somewhat degrading series of semi-bargains between the United States and the Greek and Turkish governments, most of which have ignored the real problems of a divided Cyprus.

The semi-bargains have been bedevilled by semi-threats. The latest is a Turkish threat to leave NATO and come to terms with the Soviet Union. The Greek Cypriots think that the Americans think that this is serious, which it is not. Islamic Turkey's mistrust of the Soviet Union is at least as deep-seated as its mistrust of Greece, and much more nearly justified. If the Turks really are telling the Americans that they are thinking of changing sides then the Turks are bluffing. No Turkish Prime Minister could conceivably lead his country into membership of the Warsaw Pact.

The Congressional hearings on arms deliveries to Turkey ought to result in a bargain. Turkey had no cause or reason to invade Cyprus in 1974 and should be made to make amends. Turkey had no cause—other than rather sordid reasons of domestic politics—to carry its dispute with Greece over the Aegean to anrgy lengths. If Turkey remains intransigent on the issue of a Cyprus settlement, then President Carter should stand by his embargo. But if Turkey, belatedly, is ready to make realistic concessions, then the President should be allowed to resume shipments of arms to Turkey as well as to Greece. Both countries, after all, are essential partners in the western alliance.●

ADDRESS OF CONGRESSMAN JOHN BRADEMAS, ANNUAL MEETING, AMERICAN COUNCIL OF LEARNED SOCIETIES

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BRADEMAS. Mr. Speaker, I had the privilege on April 20, 1978, of delivering an address at the annual meeting of

the American Council of Learned Societies in the National Portrait Gallery, Washington, D.C.

I insert at this point in the RECORD the text of my remarks on this occasion:

ADDRESS OF CONGRESSMAN JOHN BRADEMAS

I count it an honor to have been invited to be with you this evening at the annual meeting of the American Council of Learned Societies.

It is for several reasons that I feel very much at home with you. Not only was I for a brief time—between elections—a college teacher but also, in nearly twenty years in the House of Representatives, I have served on committees with primary responsibility for legislation that affects education and our institutions of culture generally.

This service has given me an opportunity to help write a wide variety of kinds of legislation to support colleges and universities, libraries, international education programs, elementary and secondary schools, the Smithsonian Institution, museums and, of course, the arts and the humanities.

So we have—you and I—been tilling much the same vineyard.

It is, indeed, a particularly propitious time for a Member of Congress who shares your concerns to be meeting with members of the American Council of Learned Societies.

For even now, Congress is considering various pieces of legislation that affect scholarship and learning in our country, including proposals to increase support of university libraries, to create a Department of Education, to stimulate research on urban problems and to provide more help to college students.

In addition, we meet not too many months after the inauguration of a new President of the United States and the installation of two relatively new Chairmen of both the Endowments, Livingston Biddle at the National Endowment for the Arts and Joseph Duffey, at the National Endowment for the Humanities.

So I should like, as we meet at a kind of time of passage, to talk with you this evening on three principal subjects: the work of the ACLS, some of the substantive questions that affect the humanities and some of the important tasks that, if we want to strengthen the humanities in American life, we must now undertake.

THE AMERICAN COUNCIL OF LEARNED SOCIETIES

Let me speak to you first of the achievements of your own organization. I note from your Annual Report that the ACLS considers the "core" of its activities to be its fellowship program, and surely giving scholars the opportunity for basic research is essential to humanistic scholarship and so to the humanities at large.

But, especially from the perspective of anyone in public life, you have other functions of great importance.

I understand that the ACLS was established in 1919 because the United States needed a spokesman in the International Union of Academies and that no organization then existed to serve this function; our National Academy of Sciences, unlike such academies in most other countries, was restricted to the sciences.

So for over a half a century the ACLS has in effect served as our national academy of the humanities. In your work with the International Council for Philosophy and Humanistic Studies and the United States National Commission for UNESCO and your official association with academic societies in other countries, you have been a spokesman for the United States on matters humanistic.

Your domestic base is set in your forty-two constituent societies and nearly one hundred associated research colleges and universities. As a federation of every major professional society in the United States directly concerned with the humanistic disciplines, you can speak with authority.

But you have also opened your ranks to the social science societies that have some humanistic orientation, and I suggest to you that your entire constituency gives you a potential power in the national scene of which you may not be aware and which you may not be exercising most effectively. It is to me significant that over two hundred of the nation's leading scholars in the humanities and social sciences serve on your Board, Council and your several committees.

I shall here note just a few examples of ACLS activities which I think illustrate the wide range of your concerns.

For nearly twenty years your American Studies Program has been informing European and Asian intellectual leaders about the United States, enabling them thereby to teach about important aspects of American history, literature and law, economy and government.

Your Dictionary of American Biography is a reference work indispensable in any serious library.

Your Dictionary of Scientific Biography is another significant contribution as are such other publications initiated by the ACLS and now operating independently as the Current Digest of the Soviet Press and the Journal of the History of Ideas. As one who spent two years of his life on a study of the anarchist movement in Spain, I am not unfamiliar with that latter journal.

Moreover, as sponsor in Congress of the International Education Act of 1965, which aims at supporting international studies and research at colleges and universities in this country, I have long been grateful for the leadership of the ACLS in foreign area studies. In fact, the original concept of organizing scholarly expertise around a cultural region grew out of the early work of the Council in Oriental Studies and Language Training, and today the ACLS administers a half dozen committees that deal with foreign area studies and is associated with a number of other similar efforts through the Social Science Research Council, the Universities' Service Center in Hong Kong and the International Research and Exchanges Board in New York.

As I am also a champion of research libraries, I appreciate too, what the ACLS has done to launch studies of the problems confronting research libraries and publishers and your help in preparing edition of American philosophers.

ACLS ROLE IN CREATION OF NATIONAL ENDOWMENT FOR THE HUMANITIES

Beyond all this, however, I think one of the most significant accomplishments of the Council is the role that it played in creating the National Endowment for the Humanities.

You will recall that it was the initiative of the ACLS that led to establishing a National Commission on the Humanities in 1963. Joined by the United Chapters of Phi Beta Kappa and the Council of Graduate Schools in the United States, the ACLS appointed a commission consisting of distinguished humanists, scientists, educators, businessmen and other interested citizens to study the state of the humanities in America. In issuing its public report, the Commission concluded that massive support for the humanities was urgently needed. The report, published and widely circulated in 1964, recommended the formation of a National Humanities Foundation.

Within one year, Congress passed legislation, in large measure a reflection of that recommendation, establishing the National Foundation on the Arts and the Humanities.

I need not for this group linger long on the indispensible support which the National Endowment for the Humanities has provided to research and scholarship in this country.

But the Endowment has assisted other types of activities which have brought the fruits of scholarship into more direct contact with the American people.

Museum exhibitions, like the King Tut show and the artifacts from Pompeii, have enjoyed remarkable popular success as well as scholarly acclaim.

The NEH has for five years sponsored courses by newspaper, with 400 newspapers participating and 300 colleges giving course credit.

The "Adams Chronicles" is an instance of the outreach of the NEH through television.

The Endowment has created a National Board of Consultants to help small colleges shape humanities curricula.

And the NEH has launched a Senior Centers Humanities Program which provides lectures and film courses at over 5,000 older Americans centers across the land.

Indeed, I think that a mark of the success of the NEH so far is that President Carter has asked for an increase in funds for its programs from the current figure of $121 million to $145.6 million for the Fiscal Year 1979.

When you consider that the Humanities Endowment began with an annual budget of only $2 million barely a decade ago, this support is indeed impressive.

SOME ISSUES IN POLICY FOR HUMANITIES

Yet I think we must recognize that there have been problems, too, during these years of achievement and I shall here mention only a few of the issues that have arisen during this period.

One is the fear of government control. With public funds must go public accountability for their expenditures. But I think that most observers would agree that both Endowments have functioned in an appropriately accountable way and without inappropriate interference from government.

Congressman Albert Quie of Minnesota, the number one ranking Republican on the House Education and Labor Committee, recently recalled his own early apprehension about government involvement in the arts and humanities but said that the record had persuaded him otherwise. In his words, "a *little* government has indeed gone a long way in touching many lives for the better."

A second issue has revolved around the respective expectations attached to the two Endowments and their relative achievements. Some observers have criticized the Humanities Endowment as having fallen short of its arts counterpart in the sense of public visibility and political popularity. My own view is that this difference is primarily attributable to inherent differences between the arts and the humanities.

The arts, by their nature, are directly apprehended through sight and sound and are therefore bound to occupy a position in the popular mainstream. The humanities are different. In the words of George Bonham, "Intellectual work tends to be private work, and it will never be shared by the large numbers more common to the creative and performing arts."

This difference, of course, places an added burden on the humanities to make effective its outreach programs and to be sensitive to the need to develop public and political support.

But we must, I think, avoid the paranoia which comes from equating the two fields and in comparing their performance in some simplistic way.

That the Congress has been sensitive to this point is demonstrated by the fact that appropriations for the two Endowments have since their inception been maintained at approximate parity.

A third issue is the so-called elitist-populist controversy. I think this question ought to be resolved by a recognition that we must have both a core of scholarship, without which the humanities would wither, and a serious effort to make the humanities acces-

sible beyond the university community. An insistence that we must somehow choose up sides between the "thinkers" and the "people" is really, in my view, pointless.

Yet another problem has been discussed cogently by Joseph Duffey in an address last February to the American Council of Education. Mr. Duffey suggested that the humanities in the United States have become increasingly specialized and professionalized in our research oriented graduate schools, and this increasing fragmentation has undermined the classic concept of the humanities as an intellectually integrating force.

If this move away from a concern with question that are basic to all the disciplines has been costly to the humanities within the academic community, the loss to society at large is perhaps greater still. For to the extent that the humanities become more technical, more balkanized, more arcane, they will be impeded in playing their traditional role of providing the basis for common culture.

THE HUMANITIES AND PUBLIC AFFAIRS

Not only does such a development relate broadly to the lives of our citizens, but more specifically still to matters of public policy.

In a technologically sophisticated age, it is all the more essential that we introduce humanistic considerations to the decision making process as we wrestle with such complex and vital questions as health care, energy and environmental protection, not to speak of the issues of nuclear, defense and foreign policy.

It is to this linkage between the world of the humanities, on the one hand, and of public affairs, on the other, of which I should like to say just a few additional words.

For the longer I serve in Congress, the more I am persuaded of the truth of what President Lyndon Johnson used to say, "My problem is not so much doing what is right as knowing what is right."

As a legislator, I can tell you that we want most earnestly to write laws based on more than our best intentions; we want the best evidence we can get for what is right.

But if we are wisely and effectively to write the nation's laws, we need not only the most objective and accurate information we can get, but also the soundest judgment we can find in terms of values.

And it is here that I think we in the world of politics need more help from the humanists in the academy.

Now I do not suggest that the relationship between professional intellectuals and professional politicians be a one-way street, with the Congressman waiting for the memorandum from Harvard telling him what he ought to do.

There must be built into the process of which I speak, if it is to be fruitful, a give and take that will enable the professional scholar to get a purchase on the way the legislator perceives and defines his problem.

There is some echo of what I am saying in this observation of Harold Howe: " . . . somehow we have to find . . . communication between those on the one hand who bear responsibility for action and those on the other who try to illuminate the implications of the various actions [that] action must consider."

A phrase I have found useful in describing what I think that we, at least those of us in Congress, need is "operative access to relevant intelligence."

By access, I mean being able to get at what we require; second, we must be able to do so with reasonable facility—the access must be operative.

Third, we really don't want to know everything about the subject but only what is relevant to our purpose, and fourth, we want access to intelligence, not simply information. We're already overwhelmed by reports, surveys, paper. We want to get at the best judgement as well as the most pages.

My own view is that developing a capability for operative access to relevant intelligence is far more important to the future role of Congress in the American political system than are many of the reforms of Congress more commonly discussed—but that is the subject for another speech.

There is I think justification for what I have been saying in the words of Woodrow Wilson in his famous address to the American Political Science Association in 1910.

Said President Wilson: ". . . the man who has the time, the discrimination, the sagacity to collect and comprehend the principal facts and the man who must act upon them must draw near to one another and feel that they are engaged in a common enterprise . . ."

This linkage, and how to strengthen it, between the world of the professional humanist and that of the political decision maker is surely crucial as we consider the many public policy problems with which the nation must deal.

But this is only one of many issues that should concern us as we look to the future of the humanities in American life. There are other questions as well that should preoccupy us, and the Endowment over little more than a decade has helped stimulate questions about the humanities which it seems to me require our most intense deliberation.

WHITE HOUSE CONFERENCE ON THE HUMANITIES

It is in fact because of this conviction that, together with Senator Claiborne Pell in the Senate, I have proposed two sets of White House Conferences, one on the humanities and one on the arts, to be held in late 1979.

Under our bill these two conferences, to be convened in Washington D.C. would each have been preceded by similar meetings in every one of the fifty states at which delegates would be selected and proposals discussed for consideration at the nationwide conferences.

The House approved this legislation this past February and the Senate, I am delighted to be able to tell you, approved an identical bill earlier this week and so we are now awaiting President Carter's approval.

It seems to me that a White House Conference on the Humanities can provide a splendid opportunity for scholars and teachers, representatives of state and local governments, business and labor, spokesmen for colleges and universities and knowledgeable persons from a diversity of backgrounds to discuss and debate the many issues facing the humanities in our country. Not least of these questions is, to repeat, one of the subjects on which I touch tonight, the contribution that the humanities can make in the process of making decisions on public policy.

Let me here, in further explaining the proposed conference, quote your distinguished President, Robert Lumiansky, who in his testimony before my Subcommittee made the following observation:

"I want to express vigorous support for the intent of this bill because maintenance of our strength in these fields requires widespread attention to the role which the humanities can play in our national life. That we have expected too much of science and technology is clear from various difficulties resulting from advances in those fields. That well-meant national programs in the social sciences have fallen short of expectations is also plentifully clear. Perhaps the addition of nationwide attention to the humanities can be a positive factor in the solution of some of the problems with which we are plagued.

"The advantage which concern with the humanities can bring to discussion of the nation's present and future is the clearer understanding of our national heritage and the fostering of a greater number of literate and rational minds to address the problems which confront us. As I see it, in order to establish the possibility for such discourse, a White House Conference on the Humanities can serve a very imporant function."

Now that Congress has sent the bill to the White House, I trust that you of the ACLS will also give your support to legislation to provide the appropriations to implement it. Moreover, I hope you will play a lead role among other humanists in generating interest in participating in the state-wide Conferences and in the National Conference in Washington.

THE HUMANITIES SHAPE OUR CHARACTER AS A NATION

For those of us gathered here tonight share a responsibility. We have an obligation to see that the humanities flourish in the United States—flourish because they are rich and rewarding in themselves and add beauty, wit and wisdom to our lives; flourish because they enable us to appreciate our own heritage and gain those insights into other cultures which lead to mutual understanding; and flourish because they serve as an essential counterweight in a nation which tends to be dominated by the material aspects of life. Indeed, our enormous scientific and technological achievements demand special attention to the humanities because, as Glenn Seaborg has said: "without knowledge of the humanities, science would lack wisdom, inspiration and purpose."

So it will in the final analysis be the humanities that shape our character as a nation.

Let me in closing tell you of a passage I read earlier today in the latest volume of the Proceedings of the American Antiquarian Society. I cite an essay by James Russell Wiggins on "Charting Cultural Priorities."

Said Mr. Wiggins:

"Friends of museums and libraries must occasionally feel as though there is nothing upon which they can depend but prayer. They are, however, practical people (as well as religious people) of the kind once described to me by Sir William Lawther, then Secretary of the British Coal Miners' Union. He told me that he and his Methodist neighbors used to pray to God to smite the coal owners. After giving prayer a reasonable time to effect their ends, he said, the miners would leave the church and throw stones at the coal owner's houses to help God answer their prayers."

Mr Wiggins concluded that "Friends of cultural institutions will not be content to rest on prayer alone either. They will, in my opinion, work to broaden both the contributions that their institutions make to society and the popular understanding of those contributions . . ."

I am confident that in addition to relying on prayer and stones, that friends of cultural institutions in the United States can also rely upon the work of the American Council of Learned Societies.●

PERSONAL EXPLANATION

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BRADEMAS. Mr. Speaker, I insert at this point a statement regarding a recorded vote I missed on Thursday, April 13, 1978, and an indication of how I would have voted had I been present.

The vote was on rollcall No. 223, a vote on a motion offered by Mr. MOFFETT of Connecticut, that the conference committee meetings between the House and the Senate on H.R. 5289, relating to natural gas regulation, be closed to the public, provided, however, that any sitting Member of Congress shall have the right to attend any closed or open meeting. The motion was rejected by a vote of 6 to 371. Had I been present, I would have voted against the motion.●

RADIOACTIVE CONTAMINATION OF BIKINI—A WARNING TO ALL MANKIND

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SEIBERLING. Mr. Speaker, the news media have been slow to explore the awesome implications of recent news articles concerning the decision of our Government once more to remove the native population of Bikini Island, once the site of fallout from U.S. nuclear weapons tests. Bikini was declared safe for habitation in 1969 by the Atomic Energy Commission after a $5 million cleanup that included plowing the land, removing all vegetation and planting new coconut and other trees and bushes. Those trees and bushes produced crops last year that turned out to be contaminated with radioactive strontium and cesium.

Now, more than 25 years after the Bikini tests, the Government says that Bikini cannot safely be inhabited for another 50 to 75 years.

A Defense Nuclear Agency official is quoted as saying, "the Government had learned from Bikini." One of the things the Government has apparently learned is how difficult it will be to make the continental United States inhabitable if it is ever subjected to a large scale nuclear attack. Accordng to an article in the Washington Post on April 18:

In the Pacific, the islands are porous and water washed the radioactive elements straight into the soil and down to the water table below.

On the U.S. mainland, rain would carry radioactive material left by a nuclear explosion down streams and into rivers, spreading it rapidly over a broad area.

"I'm not sure we could do surgical removal" in the United States, an Energy Department official said yesterday.

The same article also points out that on one of the northern islands of the Enewetak Atoll, an 18-kiloton device exploded but failed to chain react, spreading plutonium all over the island. The article goes on to say:

Officials decided the island could never be decontaminated and instead should be used as the burying ground for radioactive material and soil removed from other islands in the atoll.

Mixed with concrete, the radioactive waste is being buried in Runit's crater. Eventually it will be covered over with an 18-inch thick concrete cap, fenced off and put off-limits for 24,000 years.

Mr. Speaker and colleagues, does this little story not give us some hint of the suicidal nature of nuclear war and the futility of so-called civil defense? If the effect of a full-scale nuclear exchange would be to render huge areas of North America uninhabitable for 75 to 100 years and parts of it for upwards of 24,000 years, how can we or any other nation seriously pursue a strategy that includes nuclear war? The sad reality is that many nations are pursuing such a strategy.

It was possible to evacuate Bikini. For the world as a whole, that alternative does not exist.

Certainly the answer must be to press ahead with negotiations toward President Carter's proclaimed goal of a reduction and eventually the elimination of all nuclear weapons from the Earth.

The full text of the Washington Post article follows these remarks:

PACIFIC EXPERIENCE SHOWS DIFFICULTY OF CLEANING UP RADIATION

(By Walter Pincus)

The federal government has found it much more difficult than expected to decontaminate sites of nuclear weapons explosions and to make them safe for habitation under U.S. radiation standards.

A three-year, $80 million cleanup program is under way on Enewetak Atoll in the Pacific but it will not make safe for thousands of years the radiation-contaminated northern islands. The islands 20 years ago were the site of U.S. nuclear weapons tests.

The Pacific islands have a special problem: there are only six or seven inches of topsoil over the coral reefs, so deep earth removal of radioactive soil is not feasible.

But, according to some Department of Energy officials, contamination cleanup after a nuclear attack in the continental U.S. "may be more of a problem."

In the Pacific, the islands are porous and water washed the radioactive elements straight into the soil and down to the water table below.

On the U.S. mainland, rain would carry radioactive material left by a nuclear explosion down streams and into rivers, spreading it rapidly over a broad area.

"I'm not sure we could do surgical removal" in the United States, an Energy Department official said yesterday.

The Enewetak cleanup, directed by the Defense Nuclear Agency wih DOE assistance, is "technologically the most complex ever undertaken on earth," Vice Adm. Robert Monroe, DNA's director, said last week.

Energy Department officials said last week they were "surprised at the amount of plutonium fallout" still in the soil, particularly on Enjebi, once the residential island of the northern Enewetak people.

Enjebi, less than a mile square, had been the site of three nuclear test explosions.

Before the cleanup attempt began last May, scientists had expected radioactive strontium and cesium contamination in Enjebi's soil would make it unsafe for living for 25 to 50 years longer.

But they had hoped to be able to locate and remove the longer-lived (half-decay in 24,000 years) plutonium and americium, heavy radioactive elements created by the nuclear explosions.

These heavy elements emit dangerous alpha rays and if inhaled or swallowed can, over time, cause cancer of the lungs or bones.

An Energy Department official said yesterday he did not believe that Enjebi soil could be cleaned up through soil removal or deep plowing to reach the point of being considered safe by new Environment Protection Agency standards.

He thought a program of soil removal and plowing could cut down the danger of inhalation of radioactive plutonium. But the elements would remain in the soil and be taken up by plants to be later eaten by the natives if they were living on the island.

Natives who returned to Bikini Island, once the site of fallout from U.S. nuclear weapons test, are going to be removed from that island shortly because they are absorbing strontium from food grown in the contaminated soil.

Bikini was declared safe for habitation in 1969 by the Atomic Energy Commission after a $5 million cleanup that consisted primarily of plowing the island, removing all vegetation and planting new cocoanut and other trees and bushes.

Those new trees and bushes produced crops last year that turned out to be contaminated with strontium and cesium.

DNA's Monroe said the government had "learned from Bikini."

Enewetok, however, presented a different situation. The atoll's southern islands were untouched by nuclear shots and got only minor fallout. Test devices were exploded on northern islands or on barges anchored nearby.

The three former residential islands in the south were safely occupied during the tests and for the 20 years since testing stopped.

Thus, it is on the two-dozen northern Enewetok Island that the radiation cleanup has been focused.

Two of these islands, Enjebi and Runit, may provide the basic information on how large-scale nuclear cleanup can be done.

In 1958, an 18-kiloton device exploded on Runit but failed to chain react, spreading plutonium all over the island.

Officials decided the island could never be decontaminated and instead should be used as the burying ground for radioactive material and soil removed from other islands in the atoll.

Mixed with concrete, the radioactive waste is being buried in Runit's crater. Eventually it will be covered over with an 18-inch thick concrete cap, fenced off and put off-limits for 24,000 years.

Scientists had wanted to make Enjebi habitable once the strontium and cesium in the soil had decayed in 25 years or more.

IMPORTANCE OF SUBSISTENCE PROTECTION IN ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SEIBERLING. Mr. Speaker, the Alaska National Interest Lands Conservation Act (H.R. 39) as revised by the Committee on Interior and Insular Affairs is now being reviewed by the Committee on Merchant Marine and Fisheries, as to those portions within that committee's jurisdiction. It will soon be brought before the entire House.

During the Interior Committee's work on this bill, sponsored by Chairman UDALL and many others, we were greatly impressed with the importance of acting wisely to protect the options of those rural Alaskans—Natives and others—who are dependent upon subsistence uses of the renewable resources of the public lands in that State. Indeed Congress, in the 1971 Alaska Native Claims Settlement Act morally committed itself to protect these uses.

Throughout the rural areas of Alaska, in town meeting after town meeting, the residents lost no opportunity to stress the

importance of Federal action to guard against pressures now being brought upon those resources, pressures which directly threaten the continuation of subsistence uses which are vital to the economic and cultural well-being of tens of thousands of these people. Out of these hearings and town meetings, and through long and intricate negotiations involving the State of Alaska, the rural Alaskan community, the Department of Interior, and the conservation community, the Interior Committee fashioned a careful, balanced compromise which is contained in title VII of the bill as reported. That title provides for State regulation of the taking of fish and game for subsistence uses on all the public lands in Alaska, subject to necessary Federal oversight, and for the establishing of priorities which would insure that if it is necessary to restrict such taking, subsistence-dependent rural residents would be protected.

Mr. Speaker, I believe that our committee, in thus furthering the aims and policies of the Alaska Native Claims Settlement Act, has acted wisely and well. Therefore, I was gratified to note that the St. Louis Post-Dispatch (which has been following the progress of this legislation with a thoroughness not often displayed by other newspapers) supports what we have done. In an editorial in its editions of April 15, the Post-Dispatch points out that:

One of the issues that Congress must not lose sight of as it divides Alaskan lands is how subsistence hunting and trapping can continue while wildlife conservation is practiced. The legislation as reported strikes a delicate balance between these legitimate needs and animal protection.

The editorial notes that:

In many cases where jobs are scarce and commercial food is always expensive and not always available subsistence hunting is as much a necessity as it is a component of an old culture.

Mr. Speaker, for the benefit of all our colleagues who will soon have an opportunity to act on this important issue of human needs and human rights, I am offering for printing in full the editorial from the St. Louis Post-Dispatch following these remarks:

PRESERVING CULTURE

One of the issues that Congress must not lose sight of as it divides Alaskan lands is how subsistence hunting and trapping can continue while wildlife conservation is practiced. The Alaskan parks legislation, so far, recognizes that the use of game is essential to native Alaskan culture and to survival in remote areas. It strikes a delicate balance between these legitimate needs and animal protection.

The Aleuts and Eskimos are trying to maintain portions of their traditional way of life. This effort should be respected by the U.S. government, which has sometimes been destructive of native cultures. In many cases, where jobs are scarce and commercial food is always expensive and not always available, subsistence hunting is as much a necessity as it is a component of an old culture. So long as subsistence hunting does not threaten already endangered species, it should be given the protection that the parks bill would now provide.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JONES of North Carolina (at the request of Mr. WRIGHT), for this week, on account of a necessary absence.

Mr. GILMAN (at the request of Mr. RHODES), for Monday, April 24, on account of official business.

Mr. GAMMAGE (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. WHITLEY (st the request of Mr. WRIGHT), for this week, on account of medical reasons.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MOORE) and to revise and extend their remarks and include extraneous matter:)

Mr. BOB WILSON, for 5 minutes, today.
Mr. GREEN, for 5 minutes, today.
Mr. HAGEDORN, for 5 minutes, today.

(The following Members (at the request of Mr. WATKINS) and to revise and extend their remarks and include extraneous matter:)

Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. VANIK, for 5 minutes, today.
Mr. DANIELSON, for 60 minutes, today.
Mrs. COLLINS of Illinois, for 5 minutes, today.
Mr. PEPPER, for 5 minutes, today.
Mr. STAGGERS, for 5 minutes, today.
Mr. LAFALCE, for 5 minutes, today.
Mr. SIKES, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BRADEMAS, in three instances, and to include extraneous matter in two instances.

(The following Members (at the request of Mr. MOORE) and to include extraneous matter:)

Mr. CRANE in five instances.
Mr. BROWN of Ohio in two instances.
Mr. CORCORAN of Illinois.
Mr. GUYER.
Mr. TAYLOR.
Mr. PURSELL in three instances.
Mr. MCCLORY.
Mr. RUDD in two instances.
Mr. EDWARDS of Oklahoma.
Mr. BOB WILSON in two instances.
Mr. DICKINSON.
Mr. HYDE.
Mr. HANSEN.

(The following Members (at the request of Mr. WATKINS) and to include extraneous matter:)

Mr. ANNUNZIO in six instances.
Mr. GONZALEZ in three instances.
Mr. ANDERSON of California in three instances.
Mr. BROWN of California in 10 instances.
Mr. HAMILTON.
Mr. WAXMAN.
Mr. FRASER in five instances.
Mr. MOSS.
Mr. ENGLISH.
Mr. CARNEY in two instances.
Mr. KILDEE.
Mr. MAZZOLI.
Mr. DOWNEY.
Mr. FOLEY.
Mr. MURTHA.
Mr. NOLAN.
Mr. TUCKER.
Mr. VANIK.
Mr. BLANCHARD.
Mr. HARRIS in two instances.
Mr. FOUNTAIN.
Mr. MILLER of California.
Mr. TEAGUE.
Mr. PEPPER.
Mr. CONYERS.
Mr. EILBERG.
Mr. BONKER in two instances.
Mr. EDWARDS of California.
Mr. LEVITAS.
Mr. WALGREN.
Mrs. SCHROEDER.
Mr. MITCHELL of Maryland in two instances.
Mr. LONG of Maryland in two instances.
Mr. MAGUIRE.
Mrs. SPELLMAN.

SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1566. An act to amend title 18, United States Code, to authorize applications for a court order approving the use of electronic surveillance to obtain foreign intelligence information; to the Committee on the Judiciary; and

S.J. Res. 128. Joint resolution designating July 1, 1978, as "Free Enterprise Day"; to the Committee on Post Office and Civil Service.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on April 21, 1978, present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 649. To authorize the President to call a White House Conference on the Arts, and to authorize the President to call a White House Conference on the Humanities.

ADJOURNMENT

Mr. SEIBERLING. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 5 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 25, 1978, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3921. A letter from the Secretary of Agriculture, transmitting the report on the activities of the Rural Electrification Administration for fiscal year 1977, pursuant to 49 Stat. 1366; to the Committee on Agriculture.

3922. A letter from the Assistant Secretary of Defense (Comptroller), transmitting notice of the proposed obligation of funds available in the Marine Corps Stock Fund for war reserve stocks, pursuant to section 835 of Public Law 95–111; to the Committee on Appropriations.

3923. A letter from the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), transmitting a report on the adequacy of pays and allowances of the uniformed services assigned overseas; to the (a); to the Committee on Armed Services.

3924. A letter from the Deputy Assistant Secretary of Defense (Military Personnel Policy), transmitting a report that no use was made of the authority to make payments to officers holding positions of a critical nature during calendar year 1977, pursuant to 37 U.S.C. 306(f); to the Committee on Armed Services.

3925. A letter from the Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to provide for the advance payment of station housing allowances for members the uniformed services assigned overseas; to the Committee on Armed Services.

3926. A letter from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to modernize the permanent faculty structure of the U.S. Military Academy; to the Committee on Armed Services.

3927. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposal to sell certain defense equipment to the Federal Republic of Germany, pursuant to section 813 of Public Law 94–106; to the Committee on Armed Services.

3928. A letter from the Secretary of Housing and Urban Development, transmitting a draft of proposed legislation to authorize appropriations for fiscal years 1979 and 1980 for the section 312 rehabilitation loan program; to the Committee on Banking, Finance, and Urban Affairs.

3929. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 2–177, "To amend the District of Columbia Teachers' Salary Act of 1955, and for other purposes," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

3930. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 2–178, "To require, by statute, the installation of smoke detectors in dwelling units, hotels, motels, hospitals, nursing homes, jails, prisons and residential-custodial care facilities in the District of Columbia; to provide regulations for installation of smoke detectors, and for other purposes," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

3931. A letter from the Commissioner of Education, Department of Health, Education, and Welfare, transmitting a report on the Office's efforts to promote establishment of a guaranteed student loan insurance program and an updated summary of each State's activties in the program, pursuant to section 421(c)(3) of the Higher Education Act of 1965, as amended (90 Stat. 2100); to the Committee on Education and Labor.

3932. A letter from the Comptroller General of the United States, transmitting a report on the examination of financial statements of the Commodity Credit Corporation for the fiscal year 1977, pursuant to 31 U.S.C. 851 (H. Doc. No. 95–235); to the Committee on Government Operations and ordered to be printed.

3933. A letter from the Acting Chairman, United States Nuclear Regulatory Commission, transmitting a report on the Commission's activities under the Government in the Sunshine Act from March 12, 1977 through March 12, 1978, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3934. A letter from the Deputy Under Secretary of State for Management, trasmitting a report on the Department's actions to facilitate the employment of Foreign Service spouses, pursuant to section 413 of Public Law 95–105; to the Committee on International Relations.

3935. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Navy to offer to sell certain defense articles and services to the Federal Republic of Germany (transmittal No. 78–31), pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

3936. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to the request of the Government of the Federal Republic of Germany for permission to transfer certain U.S.-origin defense articles to the Government of the Netherlands, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

3937. A letter from the Administrator, Agency for International Development, Department of State, transmitting comparison tables of fiscal years 1977 and 1978 Agency for International Development programs with actual and revised programs, pursuant to section 634(d) of the Foreign Assistance Act of 1961, as amended; to the Committee on International Relations.

3938. A letter from the Vice President, Government Affairs, National Railroad Passenger Corporation, transmitting the financial report of the Corporation for December, 1977, pursuant to section 308(a)(1) of the Rail Pasesnger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

3939. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the month of December 1977 on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

3940. A letter from the Chairman, U.S. Civil Service Commission, transmitting a draft of proposed legislation to amend chapter 87 of title 5, United States Code, to increase the amounts of regular and optional group life insurance available to Federal employees and provide optional life insurance on family members; to the Committee on Post Office and Civil Service.

3941. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38 of the United States Code to require that veterans receiving hospital, nursing home, or outpatient medical care from the Veterans' Administration for nonservice-connected disabilities be charged for such care to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under workers' compensation or automobile accident reparation statutes of any State, and for other purposes; to the Committee on Veterans' Affairs.

3942. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a draft of proposed legislation providing for the designation of chairmen and vice chairmen of the U.S. International Trade Commission; to the Committee on Ways and Means.

3943. A letter from the Secretary of the Treasury, transmitting the ninth and tenth quarterly reports of the East-West Foreign Trade Board, pursuant to section 411(c) of the Trade Act of 1974; to the Committee on Ways and Means.

3944. A letter from the Secretary, Department of Energy, transmittiing a draft of proposed legislation to amend the Tariff Schedules of the United States in order to exempt the strategic petroleum reserve from payment of customs duties; to the Committee on Ways and Means.

3945. A letter from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to implement the Customs Convention on Containers, 1972; to the Committee on Ways and means.

3946. A letter from the Comptroller General of the United States, transmitting a report on the needs to improve the management of overseas military security assistance programs (ID–78–27, April 21, 1978); jointly, to the Committees on Government Operations, and International Relations.

3947. A letter from the Administrator of Veterans' Affairs, transmitting a report on specific methods to assist homeowners to apply residential energy conservation measures, pursuant to section 311 of Public Law 95–202; jointly, to the Committees on Veterans' Affairs, and Banking, Finance and Urban Affairs.

3948. A letter from the Comptroller General of the United States, transmitting a report on evacuation of U.S. civilians from selected areas (LCD–77–436, April 20, 1978); jointly, to the Committees on Government Operations, Armed Services, and International Relations.

3949. A communication from the President of the United States, transmitting proposed amendments to the request for fiscal year 1979 appropriations for the Department of Health, Education, and Welfare (student assistance and student loan insurance fund programs) (H. Doc. No. 95–326); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Pursuant to the order of the House on April 20, 1978, the following reports were filed April 21, 1978*]

Mr. TEAGUE: Committee on Science and Technology. H.R. 11192. A bill to extend for 2 years the scope of the containment requirements and the requirements of the experimental guidelines of the National Institutes of Health respecting recombinant DNA research to include all public and private recombinant DNA activities and to provide for a study respecting research and technology involving genetic manipulation; with amendment (Rept. No. 95–1005, pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 11657. A bill to authorize appropriations to carry

out the Central, Western, and South Pacific Fisheries Development Act until the close of fiscal year 1983; with amendment (Rept. No. 95–1079). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted April 24, 1978*]

Mr. STOKES: Select Committee on Assassinations. A report recommending that the case of Claude Powell, Jr., be certified to the U.S. Attorney for contempt of Congress; (Rept. No. 95–1080). Referred to the House Calendar.

Mr. ULLMAN: Committee on Ways and Means. H.R. 6853. A bill to amend the Internal Revenue Code to change the period for the payment of certain taxes; with amendment (Rept. No. 95–1081). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 11986. A bill to amend the Internal Revenue Code of 1954 to make certain changes in the taxes on transportation by air and to provide credits or refunds of a certain portion of such taxes for expenditures to retrofit and replace noisy aircraft; with amendment (Rept. No. 95–1082). Referred to the Committee of the Whole House on the State of the Union.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. TEAGUE: Committee on Science and Technology. H.R. 12163. A bill to authorize appropriations to the Department of Energy in accordance with section 261 of the Atomic Energy Act of 1954, section 305 of the Energy Reorganization Act of 1974, section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and section 660 of the Department of Energy Reorganization Act, for energy research and development, and for other purposes; with amendment (Rept. No. 95–1078, Pt. I). Referred concurrently to the Committee on Interior and Insular Affairs and to the Committee on Interstate and Foreign Commerce for a period ending not later than May 15, 1978, for consideration of such provisions in title IV and in the remainder of the bill as fall within the jurisdictions of those committees under rule X, clause 1(j) and clause 1(l) respectively, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAUCUS:

H.R. 12285. A bill to amend the act entitled "An act to provide for certain payments to be made to local governments by the Secretary of the Interior based upon the amount of certain public lands within the boundaries of such locality", approved October 20, 1976; to the Committee on Interior and Insular Affairs.

By Mr. BINGHAM (for himself and Mr. WHALEN):

H.R. 12286. A bill to amend the International Investment Survey Act of 1976, and for other purposes; to the Committee on International Relations.

By Mrs. BOGGS (for herself, Mr. BAUCUS, Mr. CLAY, Mr. DIGGS, Mr. DODD, Mr. FORD of Michigan and Mr. RICHMOND):

H.R. 12287. A bill to authorize the Smithsonian Institution to acquire the Museum of African Art, and for other purposes; to the Committee on House Administration.

By Mr. BRADEMAS (for himself, Mr. PEPPER, Mr. MOTTL, Mr. MICHAEL O. MYERS, Mr. MURPHY of Pennsylvania, Mr. LE FANTE, Mr. WEISS, Mr. CORRADA, Mr. ROYBAL, Mr. WAMPLER, Mr. ROONEY, Mr. HAMMERSCHMIDT, and Mr. COHEN):

H.R. 12288. A bill to amend the Older Americans Act of 1965 to provide for improved programs for older persons, and for other purposes; to the Committee on Education and Labor.

By Mr. CONABLE (for himself, Mr. LUKEN, and Mr. QUIE):

H.R. 12289. A bill to amend chapters 2 and 21 of the Internal Revenue Code of 1954 and title II of the Social Security Act to improve the financing of the social security programs by adjusting old-age, survivors, and disability insurance and hospital insurance tax rates, increasing the allocations for disability insurance purposes, repealing the recently enacted statutory increases in the contribution and benefit base, and permitting the two Old-Age, Survivors, and Disability Insurance Trust Funds to borrow from each other when necessary to make benefit payments and continue full operation; to the Committee on Ways and Means.

By Mr. DANIELSON:

H.R. 12290. A bill to enable the Department of Justice and the Administrative Office of the U.S. Courts to provide services and special supervision to drug dependent Federal offenders in an efficient and effective manner; to the Committee on the Judiciary.

By Mr. FISHER (for himself, Mr. CONABLE, Mr. BUCHANAN, and Mr. SHARP):

H.R. 12291. A bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions; to the Committee on Ways and Means.

By Mr. GORE:

H.R. 12292. A bill to amend section 330 of the Public Health Service Act to provide grants for developmental and demonstration projects relating to the provision of health services to medically underserved populations; to the Committee on Interstate and Foreign Commerce.

By Mr. FOUNTAIN:

H.R. 12293. A bill to authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes; to the Committee on Government Operations.

By Mr. GLICKMAN (for himself, Mr. NOLAN, Mr. AMMERMAN, Mr. HANNAFORD, Mr. HUGHES, and Mr. STOKES):

H.R. 12294. A bill to encourage the use of alcohol in motor vehicle fuels by requiring certain retailers to make alcohol-blended fuels available for sale, by allowing the rapid amortization of facilities producing alcohol for use in motor vehicle fuels, and by exempting alcohol-blended fuels from certain requirements of the Clean Air Act; jointly, to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. HILLIS (for himself, Mr. BENJAMIN, Mr. QUAYLE, Mr. JOHN T. MYERS, Mr. CORNWELL, and Mr. HAMILTON):

H.R. 12295. A bill to name the Veterans' Administration hospital located at 1481 West Tenth Street, Indianapolis, Ind., the "Richard L. Roudebush Veterans' Hospital"; to the Committee on Veterans Affairs.

By Mr. KASTENMEIER (for himself, Mr. BALDUS, Mr. AMMERMAN, Mr. BONIOR, Mr. CORNELL, Mr. D'AMOURS, Mr. DOWNEY, Mr. ERTEL, Mr. FITHIAN, Mr. GOLDWATER, Mr. HARKIN, Mr. LLOYD of California, Mr. MCHUGH, Mr. MIKVA, Mr. MURPHY of Pennsylvania, Mr. OTTINGER, Mr. PATTISON of New York, Mr. RAILSBACK, Mr. RANGEL, Mr. VOLKMER, Mr. WHITEHURST, Mr. YOUNG of Alaska, and Mr. ZABLOCKI):

H.R. 12296. A bill to amend section 553 of title 5, United States Code, to improve Federal rulemaking practice by creating procedures for regulatory issuance in two or more parts; to the Committee on the Judiciary.

By Mr. MAHON:

H.R. 12297. A bill to amend the Comprehensive Employment and Training Act of 1973; to the Committee on Education and Labor.

By Mr. MATTOX (for himself, Mr. MIKVA, Mr. MITCHELL of Maryland, Mr. MINETA, Mr. D'AMOURS, Mr. JENRETTE, Mr. CHARLES WILSON of Texas, Mr. RISENHOOVER, Mr. WEISS, Mr. ERTEL, Mr. MURPHY of Pennsylvania, Mr. LAFALCE, Mr. MATHIS, and Mr. PATTERSON of California):

H.R. 12298. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide for the financing of the hospital insurance program from general revenues rather than through the imposition of medicare taxes as at present and to eliminate the recently enacted special increases in the earnings base; to the Committee on Ways and Means.

By Mr. MILLER of California (for himself, Mrs. BOGGS, Ms. MIKULSKI, and Mr. STEERS):

H.R. 12299. A bill to establish a Federal Office on Domestic Violence, and a Federal Council on Domestic Violence, to provide grants for the assistance of victims of domestic violence and for training programs, and for other purposes; to the Committee on Education and Labor.

By Mr. MURPHY of New York (for himself, Mr. LEGGETT, and Mr. FORSYTHE):

H.R. 12300. A bill to amend the Fishery Conservation and Management Act of 1976 to include the Northern Mariana Islands; to the Committee on Merchant Marine and Fisheries.

By Mr. PERKINS:

H.R. 12301. A bill to authorize the construction of certain flood control facilities on the Tug Fork of the Big Sandy River, Kentucky and West Virginia; to the Committee on Public Works and Transportation.

By Mr. ROE (for himself, Mr. MOSS, Mr. DINGELL, Mr. STRATTON, Mr. ADDABBO, Mr. LEGGETT, Mr. BINGHAM, Mr. DE LA GARZA, Mr. WOLFF, Mr. RUPPE, Mr. ALEXANDER, Mr. DE LUGO, Mr. SOLARZ, Mr. BRODHEAD, Mr. DICKS and Mr. WATKINS):

H.R. 12302. A bill to increase the authorization for the Local Public Works Capital Development and Investment Act of 1976; to the Committee on Public Works and Transportation.

By Mr. ROGERS (for himself, Mr. SATTERFIELD, Mr. PREYER, Mr. SCHEUER, Mr. WAXMAN, Mr. FLORIO, Mr. MAGUIRE, Mr. MARKEY, Mr. OTTINGER, Mr. WALGREN, Mr. CARTER, Mr. BROYHILL, Mr. MADIGAN, and Mr. SKUBITZ):

H.R. 12303. A bill to amend title VIII of the Public Health Service Act to extend for 2 fiscal years the program of assistance for nurse training, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHULZE (for himself, Mr. BAFALIS, Mr. BURKE of Florida, Mr. COLLINS of Texas, Mr. DAN DANIEL, Mr. FLOOD, Mr. GARCIA, Mr. GUYER, Mr. HOLLAND, Mr. LAGOMARSINO, Mr. MCKINNEY, Mr. ROBINSON, Mr. SEBELIUS, and Mr. WAMPLER):

H.R. 12304. A bill to amend the Internal Revenue Code of 1954 to provide tax relief to small businesses; to the Committee on Ways and Means.

By Mrs. SPELLMAN:

H.R. 12305. A bill to amend title 5 of the United States Code to increase the amounts of group life insurance currently available to Federal employees, to decrease the amount of employee deductions for such insurance, to lessen current restrictions on continuation of regular and optional life insurance, to provide additional optional life insurance on Federal employees and family members, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BOB WILSON:

H.R. 12306. A bill to defer from income certain amounts deferred pursuant to State or local public employee deferred compensation plans; to the Committee on Ways and Means.

By Mr. YOUNG of Texas:

H.R. 12307. A bill providing for Federal maintenance of the Conn Brown Harbor Annex, Texas; to the Committee on Public Works and Transportation.

H.R. 12308. A bill to modify the project for the mouth of the Colorado River, Texas, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. BOWEN:

H.R. 12309. A bill to amend the Packers and Stockyards Act of 1921 to the Committee on Agriculture.

H.R. 12310. A bill to change target and loan prices on upland cotton; to the Committee on Agriculture.

By Mr. BURKE of Massachusetts:

H.R. 12311. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide for Federal participation in the costs of the old-age, survivors, and disability insurance program and the medicare program, with appropriate reductions in social security taxes to reflect such participation, and with a substantial increase in the amount of an individual's annual earnings which may be counted for benefit and tax purposes; to the Committee on Ways and Means.

By Mr. CONABLE:

H.R. 12312. A bill to amend the Employee Retirement Income Security Act of 1974 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church and to make certain clarifying amendments to the definition of church plan; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. DODD (for himself, Mr. CORNWELL, Mrs. SCHROEDER, and Mr. STARK):

H.R. 12313. A bill to authorize the Secretary of Health, Education, and Welfare to make grants to the States to reimburse the costs of studies to assess the cost of compliance with section 504 of the Rehabilitation Act of 1973 with respect to educational programs, and to make grants to educational institutions to pay the Federal share of the costs of such compliance, and for other purposes; to the Committee on Education and Labor.

By Mr. HOLLAND (for himself, Mr. BROYHILL, Mr. PEPPER, Mr. CORRADA, Mr. SARASIN, Mr. ERTEL, Mr. CLEVELAND, Mr. LOTT, Mr. LEDERER, Mr. RINALDO, Mr. YOUNG of Missouri, Mr. SISK, Mr. RICHMOND, Mr. GAMMAGE, Mr. EILBERG, Mr. SPENCE, Mr. SANTINI, Mr. COHEN, Mr. KINDNESS, Mr. OTTINGER, Mr. ROSE, Mr. RODINO, Mr. EDWARDS of Alabama, Mr. HIGHTOWER, and Mr. BINGHAM):

H.R. 12314. A bill to amend the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. KEMP:

H.R. 12315. A bill to amend parts A and D of title IV of the Social Security Act, and title XX of such act, to make needed reforms in the AFDC and child support programs and in the child care provisions of the social services program, to assist the States and localities in meeting welfare costs, and for other purposes; to the Committee on Ways and Means.

By Mr. LAFALCE:

H.R. 12316. A bill to extend for 1 year, through fiscal year 1979, the authorization for the National Center for Productivity and Quality of Working Life; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MONTGOMERY:

H.R. 12317. A bill to provide for the conveyance to the Holmes County School District of all the right, title, and interest of the United States in and to a certain tract of land in Holmes County, Miss.; to the Committee on Agriculture.

By Mr. PATTEN:

H.R. 12318. A bill to establish in the Smithsonian Institution the Thomas A. Edison Centennial Commission, to establish a grant program to assist the collecting, compiling, editing, and publishing of The Papers of Thomas A. Edison, and for other purposes; to the Committee on House Administration.

By Mr. PANETTA (for himself, Mr. WALGREN, Mr. RICHMOND, Mr. ROE, Mr. MILLER of California, Mr. MATHIS, Mr. EDWARDS of California, Mr. BONIOR, Mr. GORE, Mr. RAILBACK, Mr. STOKES, Mr. STARK, Mr. HARRINGTON, and Mrs. SPELLMAN):

H.R. 12319. A bill to amend the Congressional Budget Act of 1974 to provide for a 2-year budgeting cycle, to provide for separate and timely consideration each of authorizing legislation, budget resolutions, and appropriations, and for other purposes; to the Committee on Rules.

By Mr. PERKINS:

H.R. 12320. A bill to amend title I of the Water Resources Development Act of 1974; to the Committee on Public Works and Transportation.

By Mr. RANGEL:

H.R. 12321. A bill to amend the Internal Revenue Code of 1954 to reduce the foreign tax credit for taxpayers found to be in violation of certain principles of fair employment in the Republic of South Africa, and for other purposes; to the Committee on Ways and Means.

By Mr. ROSE:

H.R. 12322. A bill to amend the Rural Electrification Act of 1936, as amended, to provide for the financing of telecommunication facilities for cable television and other broadband services in small towns and rural areas; to the Committee on Agriculture.

By Mr. STOCKMAN (for himself, Mr. KEMP, and Mr. STEIGER):

H.R. 12323. A bill to amend the Internal Revenue Code of 1954 to provide for tax reform, and for other purposes; to the Committee on Ways and Means.

By Mr. TEAGUE:

H.R. 12324. A bill to amend the Atomic Energy Act of 1954 with respect to the prices charged by the Federal Government for uranium enrichment services; jointly, to the Committees on Interior and Insular Affairs, Interstate and Foreign Commerce, Science and Technology, and Rules.

By Mr. McCLOSKEY:

H.J. Res. 866. Joint resolution relative to the President's authority to implement petroleum rationing; to the Committee on Interstate and Foreign Commerce.

By Mr. MURPHY of Pennsylvania (for himself and Mr. RAHALL):

H.J. Res. 867. Joint resolution to postpone the implementation of the enforcement provisions of the Surface Mine Control and Reclamation Act of 1977, Public Law 95-87 for a period of 6 months; to the Committee on Interior and Insular Affairs.

By Mr. BRINKLEY:

H. Con. Res. 571. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. FARY:

H. Con. Res. 572. Concurrent resolution expressing the sense of the Congress that the President should do everything possible to expedite the return to the United States from the Soviet Union of John Jodwalis and Lorraine Jodwalis Vaicekauskiene; to the Committee on International Relations.

By Mr. ZABLOCKI (for himself, Mr. WRIGHT, Mr. FOUNTAIN, Mr. FASCELL, Mr. HAMILTON, Mr. BINGHAM, Mr. RYAN, Mr. WOLFF, Mr. SOLARZ, Mrs. MEYNER, Mr. PEASE, Mr. BROOMFIELD, Mr. DERWINSKI, Mr. FINDLEY, Mr. BUCHANAN, Mr. WINN, and Mr. LAGOMARSINO):

H. Con. Res. 573. Concurrent resolution denouncing the Government of Cambodia for its disregard of basic human rights; to the Committee on International Relations.

By Mr. CORNWELL (for himself, Mr. ARCHER, Mr. BROWN of California, Mr. CARR, Mr. GIBBONS, Mr. FOUNTAIN, Mr. D'AMOURS, Mr. GOLDWATER, Mr. KRUEGER, Mr. MCHUGH, Mr. MAGUIRE, Mr. RYAN, Ms. SCHROEDER, and Mr. WEISS):

H. Res. 1147. Resolution expressing the sense of the House of Representatives with respect to the killing of some 1,000 dolphins by Japanese fishermen in February 1978, and encouraging the Government of Japan to reassess its policy in permitting such killing; to the Committee on International Relations.

By Mr. SISK:

H. Res. 1148. Resolution to amend the Rules of the House of Representatives to extend the filing date this year under rule XLIV to June 30, 1978; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

376. By the SPEAKER: Memorial of the Legislature of the State of Colorado, relative to the use of antibiotics in animal feed grains; to the Committee on Interstate and Foreign Commerce.

377. Also, memorial of the Legislature of the Commonwealth of Pennsylvania, requesting that Congress call a convention for the purpose of proposing an amendment to the Constitution of the United States relative to the protection of the right to life of the unborn human fetus; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mr. DORNAN introduced a bill H.R. 12325 for the relief of Claire Hamada Bach; which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

448. The SPEAKER presented a petition of the National Drug Abuse Conference of 1978, Seattle, Wash., relative to expressing confidence in the leadership of Dr. Robert L. DuPont as Director of the National Institute on Drug Abuse; which was referred to the Committee on Interstate and Foreign Commerce.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1

By Mr. WIGGINS:

On page 18, strike lines 20–24. On page 19 strike lines 1–7.

On page 19, line 8 strike (d) and redesignate as (b), on line 14 strike (e) and redesignate as (c), on line 19 strike (f) and redesignate as (d).

On page 21, line 4, strike (g) and redesignate as (e).

On page 32, line 23, strike "pursuant to".

On page 32 strike lines 24–25. On page 33, line 1 strike "and was not subsequently elected,". Insert in lieu thereof "and who is no longer in any position designated in section 201,".

On page 33, line 2, after the word "individual" strike all that follows through line 5. Insert in lieu thereof "is no longer in such position designated in section 201".

On page 22, line 11, strike "and identity" and insert in lieu thereof "the identity of the source, and a brief description".

On page 21, line 15, after the word "income" insert "(other than from current employment by the United States)."

On page 23, line 3, after the word "year" insert ", excluding any deposit in personal savings or checking account which bears interest."

On page 23, line 6, strike "$2,500" and insert "$5,000".

On page 23, line 6, after the word "at" strike "any time during the year," and insert in lieu thereof "the close of the preceding calendar year,".

On page 23, line 8, after "payments," insert "excluding any loan made in the ordinary course of business secured by household furniture or appliances, and".

On page 23, line 19 after the word "property" insert "which is used primarily for commercial purposes," and on line 21 after the word "property" insert "which is or was used primarily for commercial purposes,".

On page 24, strike lines 3–5.

On page 24, line 6, redesignate (8) as (7) and on line 15 redesignate (9) as (8).

On page 24, line 4, after the word "held" insert "at any time".

On page 24, line 5 before the word "year" insert "preceding calendar".

On page 25, strike lines 10–19 and insert in lieu thereof:

(1) not more than $2,500,

(2) greater than $2,500, but not more than $5,000,

(3) greater than $5,000, but not more than $10,000,

(4) greater than $10,000, but not more than $25,000,

(5) greater than $25,000.

On page 25, strike lines 10–19 and insert in lieu thereof:

(1) not more than $5,000,

(2) greater than $5,000, but not more than $15,000,

(3) greater than $15,000, but not more than $50,000,

(4) greater than $50,000, but not more than $100,000,

(5) greater than $100,000.

On page 26, lines 2–3 after the word "of" strike ", and is not in any way, directly or indirectly, related to".

On page 26, lines 7–8 after the word "of" strike ", and is not in any way, directly or indirectly, related to".

On page 26, line 5, immediately before "value" insert "estimated".

On page 26, line 9, after the word "amount" strike "and identity of the reimbursement" and insert ", the identity of the source, and a brief description of the reimbursement".

On page 27, lines 4–5, after the word "to" strike "the interests of".

On page 27, strike lines 7–18.

On page 27 line 19 strike "(f)" and redesignate as "(e)".

On page 29 strike lines 20–24.

On page 30 strike lines 1–11.

On page 30, line 12 strike (2).

On page 28 line 16 strike (1) and all that follows through and including the number (2) on line 21.

On page 29, line 2, strike "$5,000" and insert "$10,000".

On page 30 strike line 25. On page 31 strike lines 1–24. On page 32 strike lines 1–18.

Insert in lieu thereof:

(b) Upon the request of information made available to the public under this title, the agency shall promptly forward a copy of such application to the reporting individual. The agency shall permit inspection by or furnish a copy of the report to any requesting person within fifteen days after the report is received by the agency. The agency shall require such requesting person to pay a reasonable fee in an amount which the agency finds necessary to cover the costs of reproduction and mailing of such report.

On page 32, line 19 strike (d) and redesignate as (b).

On page 31, line 21, after the word "report" strike the period, insert a comma and the following language: "excluding any salary of any employee involved in such reproduction or mailing. A copy of such report may be furnished without charge or at a reduced charge if it is determined by the Director that waiver or reduction of the fee is in the public interest because furnishing the information may be considered as primarily benefiting the public."

On page 31 following "requests;" on line 7 insert the word "and." Strike lines 8–9. On line 10 redesignate (D) as (C).

On page 32, line 3, strike the word "inspect".

On page 32, line 15 strike the word "inspects,".

On page 32, lines 12–13 strike "political, charitable, or other".

On page 32, line 13, after "purpose" strike the period, insert a comma and the language "other than for a political purpose."

On page 32, strike lines 19–25, on page 33 strike lines 1–5. Insert in lieu thereof:

(d)(1) Any report filed under this title shall be available for public inspection for a period of five years, so long as the reporting individual remains in a position designated in section 201, after which the report shall be destroyed.

(2) If the individual who filed the report is no longer within any position designated in section 201 and so notifies the Director, the report shall, one year after such notification, no longer be available for public inspection. Such report shall be retained by the Director for the remainder of the seven year period after which it shall be destroyed;

(3) If the individual specified in subsection (2) returns to any position designated in section 2 during such seven year period, his report shall again be made available for public inspection for the remainder of that seven-year period.

On page 32, line 23, strike "pursuant to"

On page 32 strike lines 24–25. On page 33, line 1 strike "and was not subsequently elected,". Insert in lieu thereof "and who is no longer in any position designated in section 201,".

On page 33, line 2, after the word "individual" strike all that follows through line 5. Insert in lieu thereof "is no longer in such position designated in section 2.".

On page 33, strike "(a)" on line 7 and strike lines 12–15.

On page 33, strike lines 21–25 and on page 34 strike lines 1–4.

On page 34, line 5, redesignate (c) as (b).

On page 35, line 13, after the word "reporting" strike the semicolon, insert a comma, and include the following: ", and shall be deemed to include the finance or financee of the individual reporting;".

On page 39, strike lines 7 and 8.

On page 39, line 9, redesignate (9) as (8).

On page 39, line 11, redesignate (10) as (9).

On page 39, line 14, redesignate (11) as (10).

On page 39, line 21, redesigate (12) as (11).

On page 40, line 3, redesignate (13) as (12).

On page 40, line 4 after "agencies" insert:

(14) rendering advisory opinions in writing to any person covered by this title.

Notwithstanding any other provision of law, the individual to whom an advisory opinion is rendered in accordance with this paragraph and any other individual covered by this title who is involved in a fact situation which is indistinguishable in all material respects, and who acts in good faith in accordance with the provisions and findings of such advisory opinion shall not, as a result of such act, be subject to any sanction provided in this Act.

On pages 49–63 strike all of title II.

On page 49, strike lines 15–18.

On page 49, line 19, redesignate (d) as (c).

On page 50, line 12, redesignate (e) as (d).

On page 61, line 16, after the word "report" strike all that follows through the word "Senate" on line 18. Insert in lieu thereof "who is no longer in any position designated in section 301,".

On page 61, line 19, after "ual" strike all that follows on line 19 and insert in lieu thereof: "is no longer in such position designated in section 301.".

On page 50, line 23, after the word "income," insert "(other than from current employment by the United States Government),".

On page 51, strike lines 24–25. On page 52 strike lines 1–6.

On page 52, line 11, after the word "year" insert "excluding any deposit in a personal savings or checking account which bears interest".

On page 52, line 14, strike $2,500 and insert $5,000.

On page 52, line 16, after "payments," insert "excluding any loan secured by household furniture or appliances, and".

On page 52, line 14, after the word "at" strike "any time during the year," and insert in lieu thereof "the close of the preceding calendar year,".

On page 53, line 2 after the word "property" insert "which was used primarily for commercial purposes," and on line 4 after the word "property" insert "which was used primarily for commercial purposes,".

On page 53, line 6, after the word "sale" insert a period and strike all that follows through line 9.

On page 53, strike lines 10–12.

On page 53, line 13, redesignate (8) as (7), and on line 22 redesignate (9) as (8).

On page 53, line 11, after the word "held" insert "at any time".

On page 53, line 12, after the word "the" insert "preceding calendar".

On page 54 strike lines 18–24 and on page 55 strike lines 1–3, and insert in lieu thereof:

(1) not more than $2,500,

(2) greater than $2,500 but not more than $5,000,

(3) greater than $5,000, but not more than $10,000,

(4) greater than $10,000, but not more than $25,000,

(5) greater than $25,000.

On page 54, strike lines 18–24 and on page 55 strike lines 1–3, and insert in lieu thereof:

(1) not more than $5,000,

(2) greater than $5,000, but not more than $15,000,

(3) greater than $15,000, but not more than $50,000,

(4) greater than $50,000, but not more than $100,000,

(5) greater than $100,000.

On page 55, line 10, after the word "of" strike ", and is not in any way directly or indirectly related to".

On page 55, line 15, after the word "of" strike ", and is not in any way directly or indirectly related to".

On page 55, line 13, immediately before "value" insert "estimated".

On page 55, lines 17–18, after the word "amount" strike "and identity of the reimbursement." and insert ", the identity of the source, and a brief description of the reimbursement.".

On page 56, line 13, after the word "to" strike "the interests of."

On page 56, strike lines 16–25, and on page 57 strike lines 1–5.

On page 59, line 4, after the word "section" strike the comma, insert a period, and strike all that follows through line 18.

On page 58, line 6 after "States" insert:

(8) render advisory opinions in writing to any person covered by this title.

Notwithstanding any provision of law, the individual to whom an advisory opinion is rendered in accordance with this paragraph and any other individual covered by this title who is involved in a fact situation which is indistinguishable in all material respects, and who acts in good faith in accordance with the provisions and findings of such advisory opinion shall not, as a result of such act, be subject to any sanction provided in this Act.

On page 58, line 15 strike "(a)" all that follows through "(b)" on line 20.

On page 58, line 25, strike "$5,000", and insert "$10,000".

On page 59 strike lines 19–24. On page 60 strike lines 1–25. On page 61 strike lines 1–11. Insert in lieu thereof:

(b) Upon the request of information made available to the public under this Act, the agency shall promptly forward a copy of such application to the reporting individual. The agency shall permit inspection by or furnish a copy of the report to any requesting person within fifteen days after the report is received by the agency. The agency shall require such requesting person to pay a reasonable fee in an amount which the agency finds necessary to cover the costs of reproduction and mailing of such report.

On page 61, line 12 strike (d) and redesignate as (c).

On page 60 following "requests;" on line 2 insert the word "and". Strike lines 3–4. On line 5 redesignate (D) as (C).

On page 60, line 22, strike "inspect".

On page 61, line 8, strike "inspects,".

On page 61, strike lines 12–19, and insert in lieu thereof:

(d)(1) Any report filed under this title shall be available for public inspection for a period of five years, so long as the reporting individual remains in a position designated in Section 301, after which the report shall be destroyed.

(2) If the individual who filed the report is no longer within any position designated in section 301 and so notifies the Committee, the report shall, one year after such notification, no longer be available for public inspection. Such report shall be retained by the office designated in section 6 for the remainder of the seven year period after which it shall be destroyed.

(3) If the individual specified in subsection d(2) returns to any position designated in section 301 during such seven year period, his report shall again be made available for public inspection for the remainder of that seven-year period.

On page 61, line 6, after the word "any" strike "political, charitable, or other".

On page 61, line 6, after the word "purpose" strike the period, insert a comma and the language "other than for a political purpose."

On page 61, line 16, after the word "report" strike all that follows through the word "Senate" on line 18. Insert in lieu thereof "who is no longer in any position designated in section 301,".

On page 61, line 19, after "ual" strike all that follows on line 19 and insert in lieu thereof: "is no longer in such position designated in section 301.".

On page 61, strike line 25 and on page 62 strike lines 1–7.

On page 62, line 8 designate (c) as (b).

On page 62, line 13 strike "(a)" and strike lines 18–25.

H.R. 8494

By Mr. KINDNESS:

On page 28, strike lines 6–16.

On page 28, line 23, strike "other than exempt travel expenses".

On page 30, line 22, strike "or written".

On page 31, line 18, insert after the word "public" and before the comma the following language: "or to the membership of an organization".

On page 32, on line 9 and on line 13 strike the word "principal".

On page 32, line 16, insert "or" after the semicolon.

On page 32, after line 16, insert the following additional language: "(E) a communication which deals only with the existence or status of any issue, or which seeks only to determine the subject matter of an issue."

On page 32, strike lines 22–25, and on page 33, strike lines 1–6, and insert the following in lieu thereof: "or appointed officials, a State college or university as described in section 511(a)(2)(B) of the Internal Revenue Code of 1954, group of organizations, or group of individuals (excluding any Federal department or agency, Indian tribe, any national or State political party and any organizational unit thereof, and any association comprised solely of Members of Congress or Members of Congress and congressional employees), and with respect to the activities of its Washington representative, a State or unit of local government; and".

On page 33, after line 12, insert the following new definition:

"(13) The term 'Washington representative' means any agent or employee of a State or unit of local government who maintains a business address in the standard metropolitan statistical area which includes the city of Washington, District of Columbia, and whose function includes making lobbying communications.".

On page 33, line 22, strike the comma after the word "communications" and insert a semicolon.

On page 33, lines 22–24, strike "or for the express purpose of preparing or drafting any such lobbying communication;".

On page 44, line 15, strike "$10,000" and insert "$5,000".

On page 44, line 24, strike "$10,000" and insert "$5,000".

On page 44, lines 24–25, strike "two years" and insert "one year".

On page 45, line 5, strike "$10,000" and insert "$5,000".

On page 45, lines 5–6, strike "two years" and insert "one year".

On page 45, line 10, strike "$10,000" and insert "$5,000".

H.R. 11901

By Mr. WEISS:

Page 10, after line 2, insert the following new section (and redesignate the succeeding sections accordingly):

SEC. 5. No part of any funds available to the Administrator pursuant to this Act may be used for any research or development activity relating to civilian Advanced Supersonic Transports, or for the preparation of an overall program plan or any other study, analysis, or planning relating to technology for such transports.

H. CON. RES. 559

By Mr. MATTOX:

In the matter relating to the appropriate level of total new budget authority reduce the amount by $255 million;

In the matter relating to the appropriate level of total budget outlays reduce the amount by $255 million;

In the matter relating to the amount of the deficit reduce the amount by $255 million;

In the matter relating to the appropriate level of the public debt reduce the amount by $255 million;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, reduce the amount by $255 million.

In the matter relating to Function 050 reduce the amount for budget authority by $175 million; and reduce the amount for outlays by $175 million.

In the matter relating to Function 920 reduce the amount for budget authority by $80 million; and reduce the amount for outlays by $80 million.

SENATE—*Monday, April 24, 1978*

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by Hon. ROBERT MORGAN, a Senator from the State of North Carolina.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, we thank Thee for the gift of this new day with its many opportunities for growth in character, in nobility, and service. Old problems unsolved and vexing new ones press their claims upon us. We know who we are, by ourselves weak and human. But we know who Thou art, the mighty God, powerful and wise beyond our grasp, speaking through Thy word, saying to us: "If any of you lack wisdom, let him ask of God, that giveth to all men liberally, and upbraideth not; and it shall be given him." (James 1: 5) Then awaken us to that higher wisdom which comes from beyond ourselves to the here and now of daily toil, and give us joy and victory in our work until evening comes and the shadows flee away and we are at peace.

Through Him who went about doing good. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 24, 1978.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROBERT MORGAN, a Senator from the State of North Carolina, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. MORGAN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia (Mr. ROBERT C. BYRD) is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the legislative Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand adjourned for 5 seconds.

There being no objection, at 11:33 a.m. on Monday, April 24, 1978, the Senate adjourned for 5 seconds.

AFTER ADJOURNMENT

MONDAY, APRIL 24, 1978

The Senate met at 11:33 a.m., pursuant to adjournment, and was called to order by Hon. ROBERT MORGAN, a Senator from the State of North Carolina, the Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, for the purpose only of statements, petitions, memorials, and introduction of bills and resolutions, for not to exceed 15 minutes, with statements therein limited to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the call of the calendar under rule VII may be waived.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

S. 1537 INDEFINITELY POSTPONED

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Calendar No. 182. S. 1537, be indefinitely postponed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MEASURES PLACED ON CALENDAR FOR SUBJECTS ON THE TABLE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Calendar No. 520, Senate Concurrent Resolution 60, and Calendar No. 521, House Concurrent Resolution 388, be placed on the calendar for "Subjects on the Table."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendars Nos. 683 and 684.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

VOTING RIGHTS IN MAJOR CORPORATIONS

The resolution (S. Res. 421) authorizing the printing of the committee print entitled "Voting Rights in Major Corporations" as a Senate document, was considered and agreed to, as follows:

Resolved, That the committee print of the Committee on Governmental Affairs entitled "Voting Rights in Major Corporations" be printed as a Senate document, and that there be printed five hundred additional copies of such document for the use of that committee.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–748), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Rules and Administration, to which was referred the resolution (S. Res. 421) authorizing the printing of the committee print entitled "Voting Rights in Major Corporations" as a Senate document, having considered the same, reports favorably thereon without amendment and recommends that the resolution be agreed to.

Senate Resolution 421 would provide (1) that the committee print of the Committee on Governmental Affairs entitled "Voting Rights in Major Corporations" be printed as a Senate document, and (2) that there be printed 500 additional copies of such document for the use of that committee.

The printing-cost estimate, supplied by the Public Printer, is as follows:

Printing-cost estimate

To print as a document (1,500 copies)	$10,531.09
500 additional copies, at $2,105.14 per thousand	1,052.57
Total estimated cost, S. Res. 321	11,583.66

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

KRISTIN T. ATKINSON

The resolution (S. Res. 437) to pay a gratuity to Kristin T. Atkinson, was considered and agreed to as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Kristin T. Atkinson, widow of Marshall L. Atkinson III, an employee of the Senate at the time of his death, a sum equal to five months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, are there any orders for the recognition of Senators today?

The ACTING PRESIDENT pro tempore. There are not.

Mr. ROBERT C. BYRD. I thank the Chair.

NEW YORK CITY AND PUBLIC EMPLOYEE UNIONS

Mr. BARTLETT. Mr. President, during a statement I made last week concerning the problems that face our cities, I referred to the increased blurring of the separation of powers that the prospect of a Federal bailout of our cities has caused. This blurring of the areas of constitutional jurisdiction is occurring not only between the Federal, State, and local levels of government, but is also occurring between the even more fundamental divisions—between the legislature, the executive and the judiciary. I think New York City and its relationship to its public employee unions is the best example of this blurring of how power is to be exercised in our system.

I believe that the excessive power, both political and economic, that the New York City municipal employee unions exercise in local affairs raises serious questions as to whether or not the Federal Government should perpetuate the present system by any kind of outright loans or loan guarantees to insure the city's continued solvency.

But even if I believed that New York City's political system was the most perfect one in America, I would still ask, as Senator LUGAR did on March 16, 1978, in a major urban policy statement, "Who in America should pay for wage and pension settlements which are clearly excessive, however understandable the motive of the mayors who agree to them, as they attempt to preserve a degree of public safety in a complex and vulnerable urban society?"

Public employee unionism is about two decades old but public employee membership organizations go back many more years than that, particularly in the uniformed services. The formalization of municipal employee unions and their recognition as the bargaining agents for public employees, coupled with State and local legislation recognizing the process and attempting to tailor bargaining procedures somewhat in line with private sector bargaining procedures has created a new and different aspect in local government. For example, collective-bargaining agreements in New York City are made between the mayor and the union representatives. The city's elected governing body, the city council, has no voice in the process. Any agreement negotiated, however, is not final until the members of the union have approved it, whereas there is absolutely no requirement that the body which must appropriate the funds and which represents the general public also ratify it.

Furthermore, local unions are not subject to Federal legislation governing the range and manner of their State and local political activity. Provisions under the Federal Corrupt Practices Act which bar both unions and business firms from providing financial assistance to candidates for office do not apply to State and local offices. It strikes me that there may be real questions of national policy as to whether the Federal Government should be putting money into a local government that operates under these standards of political participation different than those mandated for the Federal level.

Another point is the degree of sheer economic power that municipal employee labor unions exercise in the affairs of New York City. In the case of the New York City municipal unions there is such a degree of monopoly power in many service areas that the unions can, and do, hold the entire city ransom before their demands. Given a coalition of unions bargaining together, there is a real potential for a complete shutdown of all city operations.

As in all cases of the exercise of excessive economic power, the New York City unions have been able to bargain for far more than just pay levels. Their ability to force public employees to pay union dues whether they are union members or not, the so-called agency shop policy, the unions' ability to require the city to contribute directly to the unions to purchase packages of fringe benefits for their members, to bargain on work rules, pensions, and other benefits, has a major impact on the city's financial position. In effect, the New York City unions handle, annually, $150 million channeled into their coffers directly by the city. And the unions' ability to contract out many of their benefit packages and to purchase a wide variety of services adds to their economic influence in New York City. With such access to taxpayers' money to pay for their employee benefits, the unions are left with $36 million collected in dues every year to dispose of as they see fit—for such purposes as organizing, public relations, and political action.

Public employee unions in New York City have developed such political and economic power that few elected officials dare to oppose them. Prohibitions that were originally a part of the city charter, for example, barring political activity by public employee groups, have been discarded. Political participation of city unions is readily sought and readily given at election time.

As a measure of union influence, the current attitude to the use of municipal pension funds to help the city out of its current crisis is germane. Every one of these funds was established long before there were any municipal unions in New York City, and are still trust funds of the taxpayers for city employee pensions. Yet the unions have been able to infiltrate the management of the funds and have created the attitude that these are their funds, using their ability in influencing investment decisions to influence decisions of the city administration. Even the media has fallen into the trap of referring to the funds as union pension funds.

The underlying question that all of this raises is whether our traditional concepts of a democratic government can survive under the pressures created by such developments. Where does the primary propriety interest in local government lie—in the general taxpaying public or in some loose coalition of governmental employees, via their union representatives, and the elected officials whom they support? What happens to the two-party political system and the concept of "checks and balances" when public employees become a dominant factor in the election of public officials?

Can this one-sided growth of political and economic power in New York City be reversed or even slowed? So far it has not been.

Should non-New York City residents be called on to support such a trend? I think not.

During his election campaign Mayor Edward Koch promised to get tough with New York City's unions, but the nearly $100 million—incidentally, some people refer to it as $300 million—settlement that he has just made with the city's 33,000 transit workers, and his $600 million offer to the 225,000 workers in the other municipal unions whose contracts expire at the end of June, appears to be New York City politics as usual.

I intend to watch closely the progress of New York City union labor negotiations. And because I do not believe that under our system of government the Federal Government should force a change in political systems down New York City's throat, I believe that New York City residents must solve their own problem and face their own responsibilities. New York City citizens must themselves grapple with the problem of how to restrain their public employee labor unions. Citizens of the rest of the country should not be called upon to support a system which they feel is basically corrupt and not subject to the normal processes of a democratic government. I certainly will not vote to support New York City's profligate ways.

Mr. President, I thank the Chair, and I thank the minority leader.

PRIVILEGES OF THE FLOOR—SENATE CONCURRENT RESOLUTION 80

Mr. STEVENS. Mr. President, I ask unanimous consent that Skip Priest and Steven Welkins of Senator PACKWOOD's staff be accorded the privilege of the floor during consideration of Senate Concurrent Resolution 80.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROXMIRE addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin, Mr. PROXMIRE.

Mr. PROXMIRE. Mr. President, are we in the morning hour?

The ACTING PRESIDENT pro tempore. The Senate is transacting routine morning business.

CONGRESSIONAL BUDGET, 1979—SENATE CONCURRENT RESOLUTION 80

AMENDMENT NO. 1799

(Ordered to be printed and to lie on the table.)

Mr. PROXMIRE. Mr. President, I am today submitting an amendment to the budget resolution, Senate Concurrent Resolution 80, to decrease the appropriate level of total budget authority to $540 billion. This represents a decrease of $26 billion from the $566 billion level proposed by the committee and somewhat more than that from the original budget authority request of $569 billion of the President.

In round numbers it represents a $26 billion or about a 5-percent decrease in Federal Government budget authority for fiscal year 1979.

While the Budget Committee deserves great credit in not increasing the estimates and in not giving in to the pressures to spend more, I believe that $499 or $500 billion in outlays and $566 billion budget authority are too high and should be cut.

It represents an enormous burden on the hard-pressed taxpayers of the United States.

EVERY GENERAL FUNCTION COULD BE CUT 5 PERCENT

As one who has served on the Senate Appropriations Committee for about 15 years and who has examined the budgets of at least 40 agencies, I can say without fear of contradiction that there is not a

single agency in the Government which could not absorb a 5-percent decrease in its funds and actually increase the efficiency of its programs if it were determined to do so. This is true of defense, foreign aid, welfare, housing, education, law enforcement, public works, highways, reclamation, sugar subsidies, mineral subsidies, or even heatlh.

Not every function could be cut an equal amount, especially in the short run, but over time many of them could absorb a cut as small as 5 percent. Because of this fact, I am leaving the determination of the specific cuts in the specific aggregates this year to the Budget Committee.

I am aware that in any 1 year more than one-half of Federal spending is considered to be relatively uncontrollable. Too much of today's spending is determined by existing laws and contracts. That is, in fact, why I am proposing this amendment to budget authority because that affects the future.

Some of the so-called uncontrollables could be reduced or eliminated. Some of them cannot be cut and should not be cut.

Among the first, those that could be cut, an HEW audit report found at least $6.4 billion in waste, mismanagement or fraud in some HEW programs, some of which, like medicaid, are said to be uncontrollable. Obviously that should be "controlled." We could reduce net interest by cutting spending and lowering the deficit. This would bring lower interest rates and a smaller debt and less inflation. I personally would eliminate the general revenue sharing program. Some disagree with that, but it could be done.

On the other hand we could not and should not reduce social security or railroad retirement or Federal employees retirement or veterans benefits which have all been established under law and for which people have both qualified and have every proper reason to expect to receive. As I say, my amendment would not cut those or similar items.

If we say that about one-half of the $566 billion is controllable either in the short run or changes in the law which could be enacted shortly, my cuts would mean that the cuts in the controllable would amount to about 10 percent.

WOULD HELP FIGHT INFLATION

A cut of $26 billion in budget authority could also have a salutary effect on the economy and on our central problem of inflation. It could have this effect without harming employment and, indeed it could actually improve the employment picture and reduce unemployment.

How could this be done? Let me explain.

A reduction in budget authority and spending could reduce the Federal deficit. This, in turn, would allow us to do two things. First, we could return the funds to the people through tax cuts without adding to the deficit. Second, it would allow the Federal Reserve Board to have an easier monetary policy without adding to inflation.

Through such policies there would be additional funds in the private sector from both the reduction in spending and a reduction in taxes. Second, easier monetary policies should reduce interest rates, spur private spending and investment, and produce more jobs, greater economic growth and a healthier economy.

Meanwhile, the reduced borrowing of the Federal Government to finance the deficit should reduce inflationary pressures. All of this would add to growth, to jobs, and to the reduction of inflation.

THE WAY TO SOLVE STAG-FLATION

It is the one prescription to stop "stagflation" and to bring relatively full employment and stable prices which has not been tried.

FIVE PERCENT IS AN ACHIEVABLE CUT

I believe a 5-percent or a $26 billion cut is achievable. What we need to do in the Senate is to set such a ceiling and then demand that the various agencies stay under it.

The only way Government or business can actually keep spending down is to set such ceilings. If done the other way around—first asking everyone what they are going to spend and adding up the totals—the totals will go higher and higher and higher.

Therefore I believe that we should first set such a reduced ceiling in order to force Government agencies to cut back on waste, ferret out their marginal programs, and establish stricter priorities. I want to make it clear that I am not calling for an arbitrary 5 percent across the board cut. I am calling for a 5-percent cut in the totals but some programs, as determined by the Budget Committees and the Congress, can take larger cuts and some, in the short run and without legislation, would be difficult to cut that much immediately.

TOO MUCH MACROECONOMICS

Modern economists for too long have merely looked at the "macro" or overall effects of spending. Very little attention has been paid to the genuine benefits of the proposed increase in outlays.

They are justified on such spurious grounds as necessary to "keep even" with inflation or to stimulate the economy to offset fiscal drags.

The general has overcome the specific. Spending is justified for these general purposes without any or few arguments justifying their specific benefits.

We are urged to keep wasteful military projects going to avoid cuts in jobs, to continue pork barrel public works programs because local communities want them, and to universalize spending because if all 50 States are not cut in on the proposal, it will fail of passage.

WE DO NOT NEED A BLOATED CIVILIZATION

It is true as Justice Holmes remarked that with taxes we buy civilization. But we are not required to buy a wasteful or bloated supercivilization.

Further, the totals proposed by the President this year are essentially unprecedented. As the distinguished financial analyst Henry Kaufman testified before the House Budget Committee the fiscal 1978 outlays represent a record postwar high of 22.6 percent of the gross national product. The 1979 outlays proposed by the President would decline to 22 percent, but this would still be the fourth highest in terms of the percentage of the GNP in the last 25 years.

We have to face the hard tough facts and start to live within our means. We must use public funds wisely. The Government should not be required to subsidize almost everybody everywhere.

FOLLOW LINCOLN'S PRESCRIPTION

I believe we should carry out Lincoln's definition of the legitimate objects of government as doing for the people "whatever they need to have done, but cannot do at all or cannot so well do for themselves in their separate and individual capacities."

Even a generous interpretation of that sentiment would allow us to reduce Government spending by more than the $25 billion I have proposed.

THE RIGHT WAY TO PRESERVE NEIGHBORHOODS

Mr. PROXMIRE. Mr. President, the movement to save our neighborhoods has now come of age. For years the Federal Government, through its mindless policies, did more to destroy than to save neighborhoods.

The highway departments pushed their wide, concrete ribbons through neighborhoods all over the country. Public demolitions destroyed housing. Urban renewal projects used the bulldozers to push down the slums, but then built luxury apartments or shopping centers on the sites while those who had been displaced had to fend for themselves to get almost nonexistent public housing.

Meantime, the Federal Housing Administration pursued policies to promote suburbs and to abandon the central cities, forming a white noose around black central cities, reducing or destroying the tax base of the cities, and breaking up traditional neighborhoods.

Most of this is in the past. But now citizens, working with only marginal Government help, are learning to save their neighborhoods by their own actions. One such example is in Baltimore where in the Patterson Park area the local citizens have organized themselves to save their neighborhood. And they have largely succeeded.

This story is told by Neal R. Peirce in a Washington Post article of Friday, April 21, 1978. I ask unanimous consent that this success story of private initiative be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SMALL NEIGHBORHOOD MIRACLES

(By Neal R. Peirce)

BALTIMORE.—After more than 30 years in a row house in southeast Baltimore's Patterson Park area, Matilda Koval was set to move out. The neighborhood was on the slippery slope to slumdom: There was a fire a week; rats were everywhere; the alleys were so strewn with debris that sanitation trucks couldn't get through. European ethnic families like her own were leaving in droves. In her immediate neighborhood alone, 40 to 60 houses were abandoned and boarded up.

That was four years ago. "But nothing can make me move now," says Koval, a local legend for her Ukrainian pastries and her organizing talents. The reason: Local residents, led by Koval and others, were able to

make common cause with Baltimore's banks and savings and loans and city government in a Neighborhood Housing Services organization.

Since January 1975, when the NHS opened its doors, the rate of home ownership in many blocks of Patterson Park has risen from as low as 20 percent to as high as 75 percent. Residents have gone on a paint-up, fix-up spree. Loans totaling $4 million have been secured for people to purchase and rehabilitate their homes.

A fresh confidence in the neighborhood has stopped the outward flow of residents; and new people, including many young professionals, are moving in. But by channeling the newcomers into larger homes needing major investment, the NHS has been able to keep smaller units for poorer residents and prevent their displacement.

The Baltimore NHS is not alone. The same concept, pioneered in Pittsburgh in the late 1960s, is being tried in 52 neighborhoods in 46 cities around the nation. Twenty-nine new NHSs are now in development. Under a bill passed by the Senate and now awaiting House action, the total would be raised to some 200 by 1981.

But except for technical advice and a minimum of start-up funding, the NHSs have not depended heavily on federal support. On the contrary, the programs have succeeded because the "feds" are only peripherally involved. The programs are grass-roots based and free of the layers of bureaucracy and regulations that plague so many government housing efforts.

Up to now federal guidance has come from the Urban Reinvestment Task Force, a joint effort of the federal financial regulatory agencies and the Department of Housing and Urban Development. The pending legislation would create a permanent Neighborhood Reinvestment Corporation. But it, too, would be a very independent, quasi-public organization.

The NHS idea has been guided from coast to coast by William Whiteside, a genial, bearded Californian. Local NHSs succeed because they are based on a partnership between groups often at loggerheads. The citizens of a neighborhood agree, at least within NHS, to forsake rough confrontation tactics; the city government to provide essential services; the lending institutions to make reasonable-risk loans in an area they may have redlined before.

In Baltimore, it was Matilda Koval's block club, working with Baltimore's Southeast Community Organization, one of the country's most broad-gauged and activist local citizens' groups, that formed the nucleus of resident participation. Robert Embry, then Baltimore's housing commissioner (and now an assistant secretary of HUD), pledged the city's cooperation for necessary improvements sanitation, lighting and code enforcement. The lenders, originally skeptical were brought into camp by Howard Scaggs, president of Baltimore's American National Building and Loan Association.

But before the Baltimore NHS was launched, 40 community residents, lenders and city officials held a two-day workshop on neutral turf—in Easton, Md. There, says Scaggs, they let out their antagonisms, identified Patterson Park's problems and finally determined "we should collectively attack the problems instead of each other."

After that the Ford Foundation donated $100,000. Scaggs and his savings and loan associates raised $200,000. The Urban Reinvestment Task Force lent staff support. Koval and her friends kept the heat on the city government—and on any laggard neighbors to fix up their properties.

The NHS operates as a friendly all-round broker. Recognizing that many lower-income people don't know how to approach a banker about a loan, it counsels them on how to do that, helps them apply for urban homesteading or government-sponsored low-interest loans or, where all else fails, offers them inexpensive loans from its own high-risk revolving loan fund.

How widely can NHS projects be extended around America? Scaggs believes all of Baltimore, even its most devastated neighborhoods, could one day be covered. Whiteside, more conservatively, says NHS would need much larger high-risk loan funds to reach such areas.

What is clear is that race doesn't make much difference to the programs" success. Patterson Park is overwhelmingly white and Catholic—Polish, Ukrainian, Greek, German and Irish, plus a sprinkling of Orientals and Lumbee Indians, and only 10 percent blacks. But nationwide, 52 percent of NHS neighborhoods have more than 50 percent black or Hispanic residents, some close to 100 percent.

Whiteside has repeatedly warned that the NHS concept shouldn't be expanded too rapidly lest the quality of staff work and sensitivity in stimulating local initiatives be lost—a rare modesty and aversion to empire building among bureaucrats.

But he is eager to experiment more with fresh strategies to preserve neighborhoods. Five efforts in neighborhood commercial revitalization have been started. An apartment-improvement program, begun in Yonkers, and soon to be tried in Hartford, enlists lenders, property owners and tenants in a partnership to upgrade deteriorated multi-unit buildings. In the embryonic stage are plants to manage and market vacant buildings, to cope with neighborhood crime and to bring the schools into a closer partnership in community revival.

With the average big federal department, one would have to shudder at such an ambitious agenda. But so long as Whiteside and his colleagues can grow slowly and remain insulated from the Washington bureaucracy, acting simply as catalysts for actions that local people themselves must launch and maintain, the dangers may be minimal. Indeed, this may be one of the very few federally inspired efforts in which more—not less—is better.

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1978—S. 2637

AMENDMENT NO. 1800

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. PROXMIRE. Mr. President, I am submitting, at the request of the administration, an amendment to S. 2637, the Housing and Community Development Amendments of 1978. This amendment, which would authorize an additional $150 million for rehabilitation loans under the section 312 program during fiscal years 1979 and 1980, is one of the President's recently announced urban initiatives. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 2, line 1–7, insert the following:

(b) Section 312(d) of the Housing Act of 1964 is amended by striking out "and not to exceed $60,000,000 for the fiscal year beginning on October 1, 1977" and inserting in lieu thereof "not to exceed $60,000,000 for the fiscal year beginning on October 1, 1977, not to exceed $245,000,000 for the fiscal year beginning on October 1, 1978, and not to exceed $245,000,000 for the fiscal year beginning on October 1, 1979".

"HOLOCAUST"—A PORTRAYAL OF GENOCIDE

Mr. PROXMIRE. Mr. President, last week, like millions of other Americans, I made it a point to watch the moving television production "Holocaust." I believe that this show succeeded in giving an idea of what life for Jews in Germany was like during the Hitler genocide. It did by focusing on a Berlin family named Weiss. Take one of many moving episodes—there were a number of very moving episodes.

Carl Weiss and his wife were both at Auschwitz, housed in separate barracks, and kept from each other by stringent concentration camp rules. They had been respectable, upper class German citizens. But to the Nazi regime, they were incorrigible criminals because they were Jews. The conditions at those prison camps were unspeakable. Disease was rampant, the living conditions were inhuman, and death was always imminent.

Those who saw the show will no doubt remember the time when Carl returned from his work detail, and tried to visit the barracks where his wife had been kept. He entered the barracks, which had been filled with Jewish women but a few hours before. The barracks were empty; all of its occupants had made the march to the gas chambers, and none had returned.

As Carl sat beside his wife's bunk, he picked up the few effects his wife had left behind. There were photos of their children, who were scattered now through Europe, and fading sheets of her piano music. His own life was in ruins and, indeed, he himself was gassed a few days later.

Scenes like that speak for the urgency of the Genocide Convention.

I understand some 120 million Americans viewed this dramatization of the terrible plight of the Jews in Hitler's Germany.

Mr. President, I hope that Senators who have had an opportunity to watch any part of this will recognize that this certainly should be the basis for our calling up and passing the Genocide Convention.

The convention was drafted over 30 years ago, in hopes that nations could come together to prevent recurrence of the premeditated murder of an entire people.

President Truman signed the treaty in 1948, and it has been awaiting the action of the Senate ever since then.

I hope Senators will listen to their hearts and their consciences and ratify the Genocide Convention as soon as possible.

BEDFORD-STUYVESANT

Mr. PROXMIRE. Mr. President, I have spoken critically of New York at some times. I speak in praise today of an accomplishment for which they deserve great credit and for which the Federal Government's assistance has helped; to wit, Bedford-Stuyvesant.

Bedford-Stuyvesant has the largest concentration of black American citizens in the country outside of Chicago's South

Side; 270,000 people live there. It covers 653 city blocks, and it is perfectly enormous. Forty percent of work-age people are out of work, but it has had some real success. There have been $130 million in mortgage funds from 80 banks and 9 insurance companies, and with some assistance from the Federal Government less than 1 percent, I should say, of foreclosure of those mortgages.

IBM has moved in and provided 420 jobs, is staying, and finds it profitable.

There has been no corruption in this project. And during New York City's blackout last July no damage was done to the restoration centers or other restoration properties. Fires that destroyed city blocks were elsewhere. This indicates a great pride that the people in Bedford-Stuyvesant have in their community.

Mr. President, I ask unanimous consent that an article from the Washington Post, dated Saturday, April 22, 1978, by Lee Lescaze, entitled "The Success of Bed-Stuy" and an article by Neal R. Peirce entitled "Small Neighborhood Miracles" be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE SUCCESS OF BED-STUY

(By Lee Lescaze)

NEW YORK.—The effort to aid Bedford-Stuyvesant, born of a walking trip through the large, desperately poor section of Brooklyn by then Sen. Robert F. Kennedy, is now the grandfather of community development programs.

That it is called a grandfather at age 11 reflects on the transitory nature of programs in the business of fighting poverty.

The pressure to kill off a program mounts with each failure—and the landscape is littered with failures—while public officials and philanthropic foundations have always been on the lookout for new approaches.

"There has been an insistence and a persistent need to try something new without giving a fair chance to fragile experiments that have been launched out of great expectations and great hopes," Ron Gault of the Ford Foundation remarked of the phenomenon.

Community development like the Bedford-Stuyvesant Restoration Corp. means minority development and its first decade has been a process of trial and error.

"Black people," Gault said, "have not had the privilege of trying something and not succeeding."

Even for those community development corporations like Bedford-Stuyvesant that have shown achievements, it is a time of uncertainty.

The Carter administration's urban policy has not been announced; the Community Services Administration has been raked over the coals for management weaknesses by the House Government Operations Committee, and the projected federal budget figures for fiscal 1979 community development corporations are sharply lower than in the past.

The House committee wants several of the community development corporations canceled. "These are the ones that better pull off some spectacular plays or get off the team," a congressional staffer said. "There's money going out every damn day."

Of 36 existing community development corporations, the CSA lists six as "probationary"—in danger of losing federal funding.

If the projected fiscal 1979 budget for the community agencies remains at the present $21 million, down from a present $35 million, there won't be any new ones begun, a CSA official said.

Bedford-Stuyvesant is not in danger of losing its federal funding, but the prodigal reputations of some of its brother community development corporations don't help. "It's the best of the bunch," Gault said. Federal officials agree that Bed-Stuy's performance has been impressive.

Any reduction would be a blow to an organization that in its 11 years has established a presence and accomplished some impressive construction and rehabilitation projects in the nation's second largest concentration of blacks. Only Chicago's South Side is larger.

If Bed-Stuy were a city it would be the 29th largest in the country. More than 270,000 people live in an area of about 5½ square miles, or 653 city blocks.

It is a long ride on the train from Manhattan and when Robert Kennedy saw it in 1966, Bed-Stuy was a place to get out of, if you had any place to go.

What had been a white, middle-class community at the turn of the century had been deserted by white citizens and white businessmen, and federal urban renewal funds of the 1950s and early '60s had been spent elsewhere.

The federal program that became the community development corporation plan was an initiative of Kennedy and Sen. Jacob K. Javits (R-N.Y.) and in 1967, the Bedford-Stuyvesant effort began.

Bed-Stuy has received more than $56 million in federal funds and about $75 million from other sources, including $20 million that has been committed from a $65 million mortgage pool formed by 80 banks and nine insurance companies.

The foreclosure rate is less than 1 percent on these mortgages, and they have been given Veterans Administration- and Federal Housing Administration-insured status.

"Fifty million, considering the needs of that community, is really a pittance," a CSA official who oversees community development corporations said.

Bernard McDonald, a vice president of Bedford-Stuyvesant Restoration, says "this project has been underfunded for some time."

The Nixon administration housing freeze in 1972–73 paralyzed plans in Bed-Stuy for a time. "We viewed that as a period of harassment," McDonald said.

The highest national one-year level of appropriations for community development was $48 million. "How many airplane wings can you buy for that?" McDonald asked.

The legislation governing community development corporations requires that they have "an appreciable impact" in their community. Impact in a community as large as Bed-Stuy is difficult to measure.

If a walking tour of Bed-Stuy began today at the $6 million Commercial Center designed by Washington architect Arthur Cotton Moore and visited the rehabilitated shop fronts and new apartment buildings in the area, the walkers could only call the impact impressive.

The Commercial Center contains Bedford Stuyvesant Restoration Corp. offices and a number of paying tenants. It resembles Georgetown's Canal Square, which Moore designed.

One tenant is Plaza Exchange, a small discount department store which the corporation started after six department store chains refused to come into the area. It marks up goods about 22 percent, roughly half the usual increase.

A joint venture with Supermarkets General Corp. is under construction at one end of the center. It will be a 30,000 square-foot supermarket, the first to be built in Bedford-Stuyvesant in years.

The Commercial Center itself is built around one of the largest buildings in Bed-Stuy, one that was a milk bottling plant until its owner, Sheffield, moved to Long Island in the 1950s. Sheffield's cows are still on the facade.

In all, homes on 106 blocks of Bedford-Stuyvesant have had their facades renovated under the corporation's improvement program.

Owners are charged $50 for painting, patching masonry, fixing glass and ironwork that actually costs from $800 to $1,200 a house. Block associations apply for the program and the winners are chosen by lot.

The work is done in large part by teenagers who earn summer money and pick up a skill under the supervision of experienced workers. They do about 10 blocks each summer.

After years during which banks refused mortgage loans in Bed-Stuy, conventional mortgage money is now available for the kind of renovation of houses that goes on in many Washington neighborhoods.

Redlining (the refusal by lending institutions to lend in an area) is easing, McDonald said, but he calls it "a glacial process."

As a result of Bedford-Stuyvesant Restoration projects, the area is dotted with new apartment projects with rents held within reach of local residents.

"Nothing they've done has fallen apart," said one outside admirer. "It's quality work."

There are still about 2,000 vacant lots and 2,000 abandoned buildings in Bed-Stuy. About 40 percent of all working-age people are not employed, according to McDonald's estimate, and median family income is still about $6,300 for a family of four.

About 6,000 jobs in some 1,235 businesses left Bed-Stuy between 1969 and 1974. The most notable success in attracting outside business was IBM's 1968 move to a Bed-Stuy site that brought 420 jobs. IBM is now moving to another location, but still in Bed-Stuy.

The impact on Bed-Stuy's spirit is hardest of all to measure, but there are some clues. When the corporation held its 10th birthday party last summer, 15,000 people came. While poverty officials in other parts of Brooklyn have been indicted with appalling frequency for mishandling funds, the restoration corporation has never been accused of any corruption.

"You will find truly in that community a respect for restoration," a federal official said. "They've had a lot of problems, but they wouldn't wither away tomorrow if we pulled out our support."

During New York's blackout last July, there was no damage to the Commercial Center or other restoration corporation properties. The fires that destroyed city blocks were elsewhere.

SMALL NEIGHBORHOOD MIRACLES

(By Neal R. Peirce)

BALTIMORE.—After more than 30 years in a row house in southeast Baltimore's Patterson Park area, Matilda Koval was set to move out. The neighborhood was on the slippery slope to slumdom: There was a fire a week; rats were everywhere; the alleys were so strewn with debris that sanitation trucks couldn't get through. European ethnic families like her own were leaving in droves. In her immediate neighborhood alone, 40 to 60 houses were abandoned and boarded up.

That was four years ago. "But nothing can make me move now," says Koval, a local legend for her Ukrainian pastries and her organizing talents. The reason: Local residents, led by Koval and others, were able to make common cause with Baltimore's banks and savings and loans and city government in a Neighborhood Housing Services organization.

Since January 1975, when the NHS opened its doors, the rate of home ownership in many blocks of Patterson Park has risen from as low as 20 percent to as high as 75 percent. Residents have gone on a paint-up, fix-up spree. Loans totaling $4 million have been secured for people to purchase and rehabilitate their homes.

A fresh confidence in the neighborhood has stopped the outward flow of residents; and new people; including many young professionals, are moving in. But by channeling the newcomers into larger homes needing major investment, the NHS has been able to keep smaller units for poorer residents and prevent their displacement.

The Baltimore NHS is not alone. The same concept, pioneered in Pittsburgh in the late 1960s, is being tried in 52 neighborhoods in 46 cities around the nation. Twenty-nine new NHSs are now in development. Under a bill passed by the Senate and now awaiting House action, the total would be raised to some 200 by 1981.

But except for technical advice and a minimum of start-up funding, the NHSs have not depended heavily on federal support. On the contrary, the programs have succeeded because the "feds" are only peripherally involved. The programs are grassroots based and free of the layers of bureaucracy and regulations that plague so many government housing efforts.

The NHS operates as a friendly all-round broker. Recognizing that many lower-income people don't know how to approach a banker about a loan, it counsels them on how to do that, helps them apply for urban homesteading or government-sponsored low-interest loans or, where all else fails, offers them inexpensive loans from its own high-risk-revolving loan fund.

The citizens of a neighborhood agree, at least within NHS, to forsake rough confrontation tactics; the city government to provide essential services; the lending institutions to make reasonable-risk loans in an area they may have redlined before.

What is clear is that race doesn't make much difference to the programs' success. Patterson Park is overwhelmingly white and Catholic—Polish, Ukrainian, Greek, German and Irish, plus a sprinkling of Orientals and Lumbee Indians, and only 10 percent blacks. But nationwide, 52 percent of NHS neighborhoods have more than 50 percent black or Hispanic residents, some close to 100 percent.

The NHS concept shouldn't be expanded too rapidly lest the quality of staff work and sensitivity in stimulating local initiatives be lost—a rare modesty and aversion to empire-building among bureaucrats.

But he is eager to experiment more with fresh strategies to preserve neighborhoods. Five efforts in neighborhood commercial revitalization have been started. An apartment-improvement program, begun in Yonkers, and soon to be tried in Hartford, enlists lenders, property owners and tenants in a partnership to upgrade deteriorated multi-unit buildings. In the embryonic stage are plans to manage and market vacant buildings, to cope with neighborhood crime and to bring the schools into a closer partnership in community revival.

ECONOMIC PROGRESS IN NEW YORK

Mr. PROXMIRE. Finally, Mr. President, I would like to call the attention of the Senate to an article in Thursday's New York Times which reported on the progress New York is making economically, and the outlook which has been improving steadily for New York, and indicating that they can make a go of it in coming years.

Mr. President, I ask unanimous consent that this article by James P. Sterba be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PANEL REPORTS NEW YORK GAINED IN 1977 AS A GOOD CITY FOR BUSINESS

(By James P. Sterba)

It is still an expensive city, but New York's competitiveness as a place to do business improved slightly in the last year and the improvement is likely to continue, a panel of public and private economic analysts reported yesterday.

Ironically, they said, the city's high unemployment rate and the dollar's plunge on world money markets appear to have helped.

The analysts told businessmen at the 11th annual forum at Pace University on the city's economy that wages and prices were continuing to rise more slowly here than in most large American cities and many foreign business capitals.

For example, the Consumer Price Index, averaged for 1977, for urban wage-earners and clerical workers stood at 181.5 for the country as a whole and 185.5 for New York City. But the local inflation rate last year was 1.3 percentage points lower than the national rate of 6.5 percent. In February there was a 1.6-point difference—the local rate was 4.8 percent and the national 6.4.

Thus, the panel said, the expense gap for business is narrowing.

And with inflation for several years running at double-digit levels in many foreign cities, some foreign companies are already finding New York to be a bargain business town.

Economists at the forum, which was sponsored by the New York City Council on Economic Education, reported evidence of economic buoyancy here that they said was unexpected a few years ago. But they cautioned against interpreting recent recovery trends as anything more than anemic in comparison with national growth.

"Altogether, the near-term outlook for New York City is brighter than it has been for many years," said Karen N. Gerard, a vice president of the Chase Manhattan Bank and its chief analyst of the New York economy. But she tempered her optimism by cautioning that continued improvement depended on an ongoing expansion nationally, a municipal wage package negotiated with "a degree of sanity" and "reasonable" Federal actions on the city's financing woes.

"The next real test for New York will be over the next two or three years," Mrs. Gerard said. "There will be a U.S. slowdown some time during this period, and the question is whether the city will lead the nation into the next slowdown, as it did in 1969 and 1973, or whether we've moved to a firmer base."

Significantly, she found in a computer analysis of the city's wage and price trends that their smaller increases were not the result of differences from the rest of the country in buying patterns.

Even increases in pay for clerical workers, which exceeded those in other cities through 1974, have been lower in the last two years as other cities have caught up, according to Herbert Bienstock, regional commissioner of the Federal Bureau of Labor Statistics.

Enormous energy costs, crime and deteriorating buildings, roads and other physical elements remain major disadvantages in doing business here. But the panelists noted that the recent gain in business activity took place despite those conditions.

Rosemary Scanlon, chief of the regional-studies section of the Port Authority of New York and New Jersey, reported in a survey of the regional economy last year that despite the severe winter and some extreme summer weather, as well as the dislocations caused by the July blackout, job levels were beginning to recover, the unemployment rate was easing, construction awards were expanding sharply and inflation was abating.

"The New York-New Jersey region ended 1977 with evident signs that the long economic slide which began with the 1969 recession is finally over," she reported.

But instead of a resumed growth like that in the late 1960's, she said, "it appears that the overall regional economy has approached stability, punctuated by pockets of recovery as well as continued trouble spots."

Mr. Bienstock said that some "structural trends" toward increased local competitiveness had continued in the right direction for two years or more.

Between 1972 and 1976 the annual rate of increase in consumer prices turned around from being higher in the New York area to being higher in the rest of the country. The region's Consumer Price Index, once the country's highest, has been surpassed in the last two years by Houston, Baltimore and Minneapolis-St. Paul, he said.

Mr. PROXMIRE. I yield the floor.

Mr. MOYNIHAN. Mr. President, I would like to take the occasion to express my appreciation to the Senator from Wisconsin for his generous remarks about the Bedford-Stuyvesant restoration project which, indeed, has been very much a success. It was, of course, an enterprise which my, our, dear friend and my precedessor in the Senate, Robert F. Kennedy, began, and it clearly marks one of those partnerships which works.

These are necessarily rare events in experiments. One of the large points about the efforts of the 1960s in social programs that seems to be overlooked is that new ideas in social programs are not likely to have any higher rate of success than new ideas in business enterprises. I mean, most corporations founded in the United States fail within the first 2 or 3 years of incorporation. The number that finally succeed is very small, but out of the process of innovation experimentation eventually you find things that work.

If you hold onto them and learn from them, you learn something. That is how knowledge advances.

There are other areas in New York City which are especially attractive for this kind of enterprise and effort. The one that interests me most at this moment is the area of Jamaica, which is the center of Queens County, has been since the 17th century, not a suburb, but it has been a city there. The first U.S. Senator, Rufus King, was buried in Jamaica in the Episcopal Church there.

That is the same kind of effort, with possibly greater reward, if we put it together.

RICHARD STROUT

Mr. MOYNIHAN. Mr. President, I would like to take this happy occasion to speak to the special Pulitzer Prize citation which has been given to Richard Strout, of the New Republic, and for the distinguished political commentary for which he has been responsible for over six decades in the practice of journalism, two of these as the famous "TRB" of the distinguished political weekly, the New Republic.

His columns over these years form a coherent body of work, incisive, principled, memorable, influential. An explanation for such achievement is not easily

forthcoming. But, as the junior Senator from New York, I should like to offer one. In fact, Mr. Strout speaks well for our State. He is a resident, a summer resident, of the town of Davenport, in which I live myself, and his home is not far from mine.

There, in the Valley of the Susquehanna River, in the foothills of the Catskill Mountains, one can hope that time spent in that magnificent and historic area will sharpen one's powers of analysis and observation, and, let us hope, add to one's capacity for forgiveness of the weakness of others, a generosity so much a part of Richard Strout's life.

True, he would have brought such powers to his work perhaps no matter the surrounding geography. But cannot his neighbors be excused for claiming him for their part of the world, just as we claim the genius of James Fennimore Cooper from neighboring Cooperstown?

We do this not to share the honor, for it is he who honors us, but rather to express our genuine delight in what has happened.

In honoring Richard Strout, the Pulitzer Committee honors as well a tradition of plain speaking in American journalism, a tradition which has served us well, and which is still much needed.

Richard Strout remains an outstanding example for today's political commentators, and I rise to express what would be the hope of every Member of the Senate, that he shall continue into his ninth decade to be such an example for the commentators of tomorrow.

May I close by recalling that wonderful line of Yeats from "The Land of Heart's Desire." He spoke of a land where "even the old are fair and even the wise are merry of tongue," and few lines there are that more evoke the spirit in the life and the works of Richard Strout of the Christian Science Monitor and the New Republic.

I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MOYNIHAN). Without objection, it is so ordered.

The Senator from North Carolina.

FUNDING THE NATIONAL EFFORT TO DEVELOP A SAFER CIGARETTE

Mr. MORGAN. Mr. President, last week I had the privilege to appear before the Subcommittee on Agriculture and Related Agencies, chaired by the distinguished Senator from Missouri (Mr. EAGLETON), to discuss the importance of agriculture research to the welfare of this great Nation. In my comments to the subcommittee, I discussed the continuing contribution of the Oxford Tobacco Research Station to agriculture research and to the Nation's effort to develop a safer cigarette.

In the President's budget request the funding for this research center was cut. I am convinced this is a serious mistake, a mistake which I hope the Congress will see fit to correct. The recommendation to close this center fails to realize the intimate link between tobacco production research and tobacco health research. The Oxford Center is at the forefront of research efforts to isolate and eliminate those components of tobacco that may pose a health hazard. At a time when the administration has launched an all-out attack on unsafe cigarettes, it makes no sense to stop development of a safer cigarette.

I would like to share my comments with the Members of the Senate. I ask unanimous consent that the text of my remarks be printed in full in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ROBERT MORGAN

I come before this subcommittee today to lend a strong vote of support to the efforts to restore the agricultural research money cut from the President's budget request. Before focusing on the Oxford Tobacco Research Center at Oxford, North Carolina, and its role in our effort to make a safer cigarette, I would like to make a few brief remarks on the central role of agriculture in our economy, and the contribution tobacco makes to agriculture.

Today, American agriculture is in a period of great uncertainty. But there is an underlying strength to American agriculture that continues to make American agriculture preeminent in the world. American agriculture has achieved its leadership role in the world economy for many reasons, but if one had to single out any one factor, it would have to be the great productivity of the American farmer. This productivity is the product of the great strides made by agricultural research. It is my view that the continued preeminence of American agriculture is directly dependent upon a vigorous agricultural research program. We would be "penny wise and pound foolish" to cut the modest sums necessary to fund this research. At a time when greater demands are being placed on American agriculture, it just doesn't make sense to cut agricultural research. Agricultural research has improved the productivity of the American farmer to the point where agricultural exports provide a sizeable share of our foreign earnings. Preserving and increasing the productivity of American agriculture should be a major national priority.

There is one sector of American agriculture whose contribution to our national economy has been underestimated in some quarters during recent years, and that is tobacco. Tobacco plays a vital role in our nation's economic life. Last year alone tobacco earned the United States well in excess of a billion dollars in desperately needed foreign exchange. At home, tobacco generated some $17 billion in retail sales. The federal and state governments raised some $6 billion in revenue from tobacco taxes.

In some regions of our country, the importance of tobacco is even larger. In the tobacco producing states roughly half a million families are involved in tobacco production alone. In my home state of North Carolina, the well-being of the rural population is directly dependent on tobacco. Quite simply, tobacco is the foundation of our economy.

Compared to the $6 billion in tax revenues generated by tobacco last year, the entire tobacco research budget is a mere $5.1 million. To put these sums in perspective, only one out of every five hundred federal tax dollars generated by tobacco is returned for research. Considering the contribution to the total national economy by tobacco products, only one dollar out of forty-six hundred is returned for tobacco research. On top of this record of under-funding, the Administration now wants to cut all tobacco research. How many $17 billion industries, upon whom millions depend for a livelihood, are having their search funding cut back to zero? This question brings me to the focus of my concern today, the Administration's proposal to close the tobacco research Center at Oxford, North Carolina. Since it was opened in 1912, the Oxford Research station has made many important contributions to improving tobacco cultivation. And yet this center costs the federal government only $900,000 a year to operate.

Over the years this center has been directly responsible for scientific advances that have produced billions of dollars worth of added tobacco production. The people of North Carolina, hundreds of thousands of tobacco farmers, and millions of cigarette smokers have been immeasureably benefited by the work of this one small center.

Since opening over half a century ago, the Oxford Center has been a leader in finding creative and positive solutions to the problems of tobacco farmers. For many years the greatest problems confronting the tobacco farmers of America were pests, blights and rots that ruined crops. Such long forgotten and exotic sounding menaces as Granville Wilt, blank shank, and root knot nematodes were conquered by Oxford research scientists. The productivity of the American tobacco farmer is thus to a large degree dependent upon the work of this one small laboratory.

Today, of course, the greatest threat to the tobacco farmer is the concern over the health hazards of smoking. Even root knot nematodes seem tame by comparison with this threat. In recent years the Oxford Center has concentrated its efforts on conquering the health problems associated with smoking. The Oxford Center Station has already achieved impressive health related scientific breakthroughs.

While the nation has poured billions of dollars into finding cures for the diseases supposedly caused by smoking, the Oxford Center has focused its limited resources on finding, isolating, and eliminating those components of tobacco that pose a possible health hazard.

Already this laboratory has developed tobacco that is low in nicotine. Low nicotine tobaccos developed by this center have found widespread use in health research all over the world.

Given this Administration's widely publicized campaign against the alleged harms of tobacco, it is particularly paradoxical that OMB would propose closing a research center at the forefront of our efforts to develop a safe cigarette. What accounts for these efforts at such cross purposes? Why is OMB closing a research center dedicated to developing a safe cigarette, while HEW is embarking upon a major, all-out campaign against unsafe cigarettes?

The reason for this error is relatively simple: OMB did not realize that tobacco production research is inseparably connected with tobacco health research. I cannot emphasize this point enough: the success of our tobacco health research efforts will depend upon our ability to manipulate the components of tobacco.

Let me sketch in some detail the current work of this facility. A brief look at the work of this center should explain OMB's mistake and at the same time dispel any doubts about how vital this center is.

The core of the Oxford Tobacco Research Station is one of the world's largest collections of tobacco germ. The diverse genetic resources of this gene bank are being used to produce types of tobacco which have never been produced before. These efforts hold the possibility that we will be able to develop

tobacco without many of the substances suspected of causing harm.

The center is also involved in harvesting and curing research, but here too the aim is health related. One promising development is "homogenized leaf curing". Using this process, chemicals can be added to or taken out of cured tobacco leaves. This process may offer the key to the whole smoking problem.

Also under active study is a process for extracting pure protein from tobacco leaves. Protein—a potentially harmful component of tobacco—could be extracted and used for food without reducing the flavor of tobacco. In our protein short world this could be a great advance.

Another effort at Oxford involves the biological control of diseases and insects without the use of pesticides. By breeding pest resistent strains of tobacco and using natural enemies of the pest, reliance upon pesticides can be minimized. I needn't even comment on the possible health pay-off from reducing pesticide use on tobacco.

The work of this center—tobacco breeding, tobacco curing, and tobacco pest control—on first glance seem to have little to do with health research. But—as I hope my detailed description has made clear—these tobacco production efforts are absolutely central to some of our most promising health research.

For only $900,000 we are funding research that could well eliminate the health threat of smoking and reinvigorate a major sector of our economy.

Given the staggering potential of these research efforts, it's really beyond belief that we're even thinking of closing this center down. I can only conclude that someone in OMB didn't look closely at what the center is doing. At a time when the Administration has embarked upon an all-out war against cigarette smoking, it makes no sense whatsoever to close the Oxford Research Center.

This center has a vital role to play in our efforts to develop a safer cigarette.

I hope this subcommittee will see fit to provide the modest sum necessary to fund this vital work.

(Routine morning business transacted and additional statements submitted are printed later in today's RECORD.)

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired, and morning business is closed.

CONGRESSIONAL REPRESENTATION FOR THE DISTRICT OF COLUMBIA

The PRESIDING OFFICER. The Senate having adjourned, House Joint Resolution 554 will now receive its second reading.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 554) proposing an amendment to the Constitution to provide for representation of the District of Columbia in Congress.

Mr. ROBERT C. BYRD. Mr. President, I object to any further proceedings with respect to House Joint Resolution 554.

The PRESIDING OFFICER, Further proceedings having been objected to, under the precedents, the joint resolution will go to the calendar.

CONGRESSIONAL BUDGET, 1979

The PRESIDING OFFICER. Under the previous order, the hour of 12 noon having arrived, the Senate will now proceed to the consideration of Senate Concurrent Resolution 80, which the clerk will state.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 80) setting forth the congressional budget for the United States Government for the fiscal year 1979.

The concurrent resolution is as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1978—

(1) the recommended level of Federal revenues is $443,300,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $29,200,000,000;

(2) the appropriate level of total new budget authority is $566,100,000,000;

(3) the appropriate level of total budget outlays is $498,900,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $55,600,000,000; and

(5) the appropriate level of the public debt is $853,800,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $101,800,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1978, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $129,800,000,000;
(B) Outlays, $116,600,000,000.
(2) International Affairs (150):
(A) New budget authority, $12,800,000,000;
(B) Outlays, $7,200,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,200,000,000;
(B) Outlays, $5,000,000,000.
(4) Energy (270):
(A) New budget authority, $10,200,000,000;
(B) Outlays, $10,100,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $13,700,000,000;
(B) Outlays, $12,500,000,000.
(6) Agriculture (350):
(A) New budget authority, $12,400,000,000;
(B) Outlays, $7,800,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $5,900,000,000;
(B) Outlays, $3,600,000,000.
(8) Transportation (400):
(A) New budget authority, $19,500,000,000;
(B) Outlays, $17,500,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $10,400,000,000;
(B) Outlays, $9,000,000,000.
(10 Education, Training, Employment, and Social Services (500):
(A) New budget authority, $31,600,000,000;
(B) Outlays, $31,200,000,000.
(11) Health (550):
(A) New budget authority, $52,700,000,000;
(B) Outlays, $49,500,000,000.
(12) Income Security (600):
(A) New budget authority, $192,500,000,000;
(B) Outlays, $159,900,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $21,000,000,000;
(B) Outlays, $20,800,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,300,000,000;
(B) Outlays, $4,200,000,000.
(15) General Government (800):
(A) New budget authority, $4,100,000,000;
(B) Outlays, $4,100,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $9,700,000,000;
(B) Outlays, $9,600,000,000.
(17) Interest (900):
(A) New budget authority, $46,800,000,000;
(B) Outlays, $46,800,000,000.
(18) Allowances (920):
(A) New budget authority, $700,000,000;
(B) Outlays, $700,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, —$17,200,000,000;
(B) Outlays, —$17,200,000,000.

The ACTING PRESIDENT pro tempore. Under the law, the time for debate on this concurrent resolution is 50 hours, to be equally divided and controlled by the majority and minority leaders or their designees, with 2 hours on any amendment in the first degree, and with 1 hour on any amendment in the second degree, debatable motion, or appeal, with all time on any amendments, debatable motions, or appeals to come out of the 50 hours on the concurrent resolution. Motions or requests to further limit debate are not debatable.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on the Budget be allowed to remain on the floor during consideration of and votes on Senate Concurrent Resolution 80:

John McEvoy, Karen Williams, Sid Brown, Van Ooms, George Merrill, Dan Twomey, Tom Dine, Ira Tannenbaum, Jacques Cook, Elizabeth Tankersley, Bob Sneed, Barbara Levering, Charles Flickner, Terry Finn, John Giles, Rodger Schlickeisen, Don Campbell, Tony Carnevale, Rob Fersh, Gail Picker, Ann Lockwood, and Brenda Tremper.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of Senate Concurrent Resolution 80, the first concurrent resolution on the budget.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, Senate Concurrent Resolution 80, the first concurrent resolution on the budget for fiscal year 1979, is a moderate budget. This budget has been carefully crafted to sup-

port continued national economic recovery at the lowest possible risk of inflation.

The deficit this budget contains is lower than the deficit in the President's budget and lower than this year's deficit.

Before discussing the particular features of this budget resolution, I am compelled to make certain observations about the state of the congressional budget reform process itself.

Congress has begun the fourth cycle of the budget control reform we enacted in 1974. Many of the features of that reform which were considered radical or unrealistic when we enacted it have become commonplace since in both the Senate and the House.

Every Senate committee except one makes meaningful March 15 reports about its legislative plans and the Budget Committee bases its budget resolution on those reports.

Almost all new authorizing legislation is reported by May 15 to facilitate a very tight Appropriations Committee schedule.

The Appropriations Committee has admirably succeeded each year in enacting almost every appropriations bill before the second budget resolution in September. The only exceptions have occurred in a few cases where legislative matters have deadlocked the conference process.

The Budget Act mandated all these reforms and more. Ironically, while the procedural reforms it contained continue to prosper, budget control itself has begun to falter.

The Senate must recognize that we cannot take for granted that this try at budget reform will survive to achieve its principal objective of budget control and an orderly priority setting process.

THREATS TO THE BUDGET PROCESS

As this fourth year of the budget process begins, we confront two critical threats to budget reform.

First, we confront a resurgence of a free spending mentality, even in the face of our worst peacetime deficits.

Some Senators apparently believe that there is no harm in exceeding the budget resolution, when the politics of the moment move them.

They seem to believe that a little excess is not a dangerous thing. That we can afford to have everything that attracts us, all of the time.

A congressional budget process reduced to an accounting system for what Congress would do anyway is not a reform. It is a hoax.

Second, we face a growing resentment—even contempt—on the part of certain committees and some members toward the clear requirements of the budget act itself.

This scorn of the budget process threatens to bring down the entire structure of the budget reform that we have worked so hard to achieve.

We intended the budget reform process to help us get real congressional control over the budget—with all the hard and painful choices that responsibility implies.

But recently some Members have replaced support for the Budget Act with disdain and rejection of the discipline which is the very heart of budget reform.

Some Senators—and some committees—seem to view the budget process simply as a series of roadblocks to evade rather than guideposts to replace the bankruptcy of the free spending mentality which prevailed before the Budget Act.

We need to go back no further than a month ago when the Senate—with full knowledge of its action—chose to violate the second concurrent resolution for 1978. The Senate voted for a multibillion-dollar agriculture bill in a legislative stampede at the expense of the public and the budget process.

Two weeks later, the Agriculture Committee trampled the clear and easily-complied-with requirements of the budget act regarding its conference report. That committee successfully moved to suspend the Budget Act itself, and the Senate passed the multibillion-dollar conference report over the broken remnants of the budget process.

Fortunately, the House acted responsibly and overwhelmingly rejected the bill.

Last year's farm bill—which, incidentally, was given no chance to work before this new one was rammed through the Senate—presents another painful case in point.

In fact, it illustrates two of the most dismaying trends we confront in the budget process. First is the spectacle of Senators who vote for budget resolutions with apparent intention to violate them later.

Even more discouraging is the apparent cynicism of those who vote against budget resolutions as being too extravagant and then vote for bills which exceed them.

These Senators's votes on budget resolutions seem to be infected by mental reservation and purpose of evasion.

Their effect is to prevent us from bringing spending under control.

They threaten to carry us back to the free spending chaos of the pre-Budget Act period.

Two bills—one a small agriculture bill; the other a major tax bill—dramatically demonstrate these trends.

In setting the agriculture limits in the second resolution last fall, the Budget Committee raised the first resolution targets by more than a billion dollars—to $5.6 billion—to accommodate the full cost of the Senate-passed agriculture bill.

And we included a "reconciliation instruction," as required by the Budget Act, to reduce any conference agreement which exceeded the $5.6 billion figure.

The very day after the Budget Committee went along with the $5.6 billion cost of the Senate-passed bill, the agriculture conference committee reported a conference report costing $6.3 billion.

And the Senate supported that conference bill and defeated the Budget Committee recommendation. By a vote of 64 to 27, the Senate voted to raise the second budget resolution—and the deficit it contained—to pay for this new agriculture bill. Then, just 3 weeks later the Senate voted to break this new ceiling the Agriculture Committee had added to the budget resolution.

The Agriculture Committee reported another bill which breached the ceiling Congress had just adopted. This new bill provided a new and unanticipated $29 million payment program for some of the wealthiest, largest farmers in the United States. It gave them money to cut their crop losses from this year's drought, even though loan programs are available from the Government for the same purpose.

When Senator BELLMON and I took the floor against this budget-busting bill, we were defeated by a vote of 61 to 26.

And—mark my words—10 Senators who had voted against the budget resolution only weeks before because it was too high, voted for this new agriculture bill which broke that very budget.

What happened to the fiscal responsibility these Senators claimed in voting against the budget resolution when it came time to hold the line on the budget which was adopted? But the worst was yet to come.

During the debate last year on the energy tax bill we witnessed again this eagerness to sacrifice budget reform in favor of spending proposals when political opportunity becomes more attractive for the moment.

As they were reported, the provisions of the Senate energy tax bill would have violated the revenue floor of the second concurrent resolution by more than $1 billion.

They would have cut taxes by more than $1 billion in excess of what the congressional budget would allow. Under the rules of the Budget Act that legislation should have been subject to a point of order.

But the Committee on Finance included a gimmick in its bill to create a new loophole in the discipline of the budget process. The bill contained a provision that the Secretary of the Treasury could delay the implementation of the tax-losing features of the legislation long enough to postpone for 1 year the revenue loss which would violate the budget resolution.

The bill created an actual $47 billion, 8 year revenue loss. But the Finance Committee instructed the Secretary of the Treasury to change the law after it was enacted so it would lose no more the first year than the $1 billion the budget resolution allowed.

By delaying these huge revenue losses for 1 year, the Finance Committee intended to evade the congressional budget, which is written on a 1-year basis.

No matter about the huge revenue losses which mortgaged the future.

The future—and the congressional budget—be damned.

Clearly, acceptance of this kind of procedure by the Senate or the House means the end of the budget process.

If the rules of the Budget Act, designed as guideposts for spending and tax discipline, are treated as mere parliamen-

tary roadblocks to be gotten around by such raw gimmicks, there is nothing left of the Budget Act.

THE SENATE'S CHOICE: BUDGET REFORM OR BUDGET CHAOS

The Senate must decide whether to choose the side of those who are more comfortable with the chaos of the pre-Budget Act period.

I hope the Senate will accept the harder discipline of the budget reform and fiscal responsibility, even at the expense of temporary parochial political advantage.

Those who would treat the Budget Act as a burden to be dropped whenever it interferes with personal or committee advantage surely are saboteurs of fiscal responsibility.

If Senators wish the Budget Act to be trampled by one committee, or for a few votes on a pet project, then let us be frank and open about it.

I for one am prepared to accept the Senate's judgment on this issue.

This year's budget resolution presents a critical test case of the Senate's willingness to accept budget reform as more than political propaganda.

It contains very significant reductions in the spending and tax cut plans recommended by other committees. Without these adjustments, the deficit could exceed ninety billion dollars this year alone.

Let those who disagree with our recommendations debate them here on the floor. Let those who would raise the budget or cut it offer amendments to that budget and get rollcall votes on those amendments.

Then let us all be bound by the result.

Let none who vote for the budget resolution vote later to violate it.

Let none who vote against it as being too extravagant vote later for bills which exceed it.

Let us clearly face the choices the budget puts before us.

Let us be judged by the result.

Let us see if we are really equal to the budget reform we have enacted.

MAJOR FEATURES OF THIS YEAR'S BUDGET

Now, Mr. President, let me discuss some of the most significant parts of the budget resolution the Budget Committee recommended.

The budget contains the following overall totals:

Total budget authority of $566.1 billion;

Total budget outlays of $498.9 billion;

Total revenues of $443.3 billion;

A deficit of $55.6 billion, and a public debt level of $853.8 billion.

The committee's recommendations for fiscal year 1979 include the following major highlights:

A substantial income tax reduction of $19.4 billion to become effective January 1, 1979.

Continued real growth in spending for national defense, particulary in support of our commitment to NATO.

Continued strong emphasis on energy programs, reflecting the Budget Committee's belief that these programs are an important national priority.

Substantial support for the Nation's farmers and increased agricultural research.

Major new efforts to assist the Nation's distressed cities.

A college tuition tax credit.

Continuation and improvement of efforts to provide jobs for the structurally unemployed, including youth, unskilled workers, and welfare recipients.

Continued efforts to control health costs as part of the fight to reduce inflation.

Limitations on Federal pay increases for civilian and military personnel in recognition of the need for Federal leadership in the anti-inflation fight.

No reduction of social security taxes in 1979 and no financing of social security benefits through appropriated general revenues.

THE BUDGET DEFICIT AND PROSPECTS FOR BALANCE

This is a moderate budget designed to promote continued expansion of our national economy and reduction in unemployment at the lowest possible risk of inflation.

Although the economic recovery has not reached a point where the budget can be balanced this year, the deficit which will result from this budget is lower than of the current year or the deficit contemplated by the President in his budget submitted in January.

This budget substantially reduces the spending increases and tax cuts recommended by the other committees in their March 15 reports.

The $55.6 billion deficit which will result from adhering to this budget is $36 billion less than the deficit which would result from the recommendations made to the Budget Committee by the other standing committees.

It reflects a $9 billion reduction in outlays compared to the request of the Appropriations Committee alone. It recommends $15 billion less in tax reductions than were suggested by the Finance Committee.

Notwithstanding these reductions, Mr. President, this budget is not unduly restrictive. It provides for a real increase in budget authority of $18.2 billion, and allows for major new initiatives in fiscal year 1979 in the areas of energy, urban initiatives, the national defense, and agriculture.

In order to allow room for the continued growth of these new fiscal year 1979 initiatives, the Budget Committee believes that agencies should absorb some inflation costs and maintain program levels through increased efficiency rather than enlarged budget requests.

The simple fact is that we cannot fight inflation or balance the budget if we start with the premise that every Federal program will always be increased to match the rate of inflation in the private economy.

We cannot fight inflation or balance the budget if we take a $50 or $60 billion deficit as the starting point for adding to the budget.

The Federal deficit projected in these recommendations, as were the deficits of the three preceding fiscal years, is largely a result of a recession-plagued economy operating below its full capacity. A weak economy shrinks Government revenues at the same time that it raises costs of unemployment compensation and other income support programs. This budget is designed to provide sufficient economic support to achieve sufficient recovery in the private economy to reach a balanced budget by 1983. Deeper deficits stemming from spending increases or tax cuts greater than proposed in this budget threaten to ignore significantly increased inflation and to shatter any hope for budget balance in the next 6 years.

BUDGET CONTROL

Mr. President, I have described some of the main features of the 1979 budget resolution.

But the Budget Committee has learned during its first 3 years of activity that control over the budget cannot be accomplished if budgets are planned 1 year at a time.

In a 1-year time frame, it is almost impossible to influence future directions and costs of spending or tax legislation. I have already illustrated those points by a couple of dramatic examples of the last year. In truth, 1 year budgeting has become obsolete.

More than 75 percent of this year's budget is required to pay the costs of legislation enacted in prior years. Only the remaining 25 percent is "controllable" this year. And much of that 25 percent left over after we pay the bills for previous legislation goes for a few major programs, like national defense and education.

In the same way, much of the cost of legislation Congress enacts in 1979 will not be felt until future fiscal years. It is not reflected in this budget.

It has become popular to describe these mortgages on future spending as "uncontrollable spending," because you cannot reduce it in any particular year except by repealing a prior year's laws.

It is also popular to complain about uncontrollable expenditures but to do nothing about them.

The simple fact is that we probably cannot save much money this year by repealing laws we have already enacted.

Sunset legislation, such as I have proposed, will help us weed out existing programs which have lost their utility or efficiency. Not even sunset, however, will reduce the percent of the budget in any particular year which results from laws still on the books.

But if we cannot gain greater control of this year's budget by repealing last

year's laws, surely we can gain greater control of next year's budget and the years after that by carefully reviewing the future-year impact of this year's spending decisions.

Realizing this fact, the committee this year has adopted a major innovation aimed at more nearly achieving the broad goals of the congressional budget process.

The committee has built a 5-year Federal budget. By examining the future year implications of it's revenue and spending decisions for fiscal year 1979, the committee has projected the costs of those decisions over the period fiscal years 1979–83. Moreover, it has related those decisions to future year budget margins in the light of the longer run outlook for the economy.

Let me say, Mr. President, that most of the standing committees of the Senate have provided excellent cooperation and supplied 5-year data on the programs within their jurisdiction to assist the Budget Committee in this effort.

Incidentally, Mr. President, no attempt has ever been made in the Federal Government to get control of Federal spending by viewing our budget commitments 5 years in advance.

Until now.

By looking forward 5 years and outlining the budget framework for fiscal year 1983, Congress can regain substantial control of today's uncontrollables.

Now the assertion has been made that 5-year budget numbers are "meaningless," that they are mere guesses about the unknown. A charge of this kind ignores the fact that if we do not try to look ahead, recognizing that there are uncertainties, we will quite simply never gain control over the budget.

The projections we have used in building the 5-year budget have been developed by the Congressional Budget Office based on the best-cost estimating techniques available.

Dr. Alice Rivlin and her staff are to be commended for their cooperation and hard work on this project.

By looking at what future year budgets could realistically look like, the committee was able, I believe, to make more rational and orderly budget choices for fiscal year 1979.

In other words, looking ahead 5 years helped to discipline our choices for fiscal year 1979.

Mr. President, the message is clear. Only by being aware of the future implications of present budget choices can we ever hope to regain control of the congressional budget.

To disregard these cost projections is to prefer the chaos of ignorance over rational decisionmaking that can bring the budget under control.

So Mr. President, we will be making frequent reference to the 5-year projections of the cost of this year's legislation as each major bill is considered. And I hope other committees will do so too.

For the plain fact is that if we are to have a chance to balance the budget during the next 5 years, we can enact only a relatively small amount of new tax cuts or spending beyond the commitments contemplated by this budget—less than $90 billion, as a matter of fact, Mr. President, during the entire next 5 years.

And let no one doubt that we already face planty of demands to spend this fiscal margin. During the committee's markup of this budget resolution, we also took note of some of the major spending decisions we will face in the next 5 years, quite apart from this year's budget. These possible future spending demands are itemized in a table appearing on page 31 of the committee's report.

These future year choices could range from $74 billion up to $416 billion, during the next 5 years alone, compared to the $86 billion total we now can project may be available to meet them during that period.

I am talking about numbers in addition to the projected future cost of the current budget. And if we use all of this fiscal margin for spending increases, we will have no room for additional tax cuts during the same period.

Mr. President, I ask unanimous consent that the table setting forth these amounts be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

MAJOR FUTURE-YEAR BUDGET CHOICES

[In billions of dollars]

Function/issue	Total fiscal year 1980–83: change from current law		First full-year cost: change from current law	
	Budget authority	Outlays	Budget authority	Outlays
Function 050:				
Failure to obtain a strategic arms limitation agreement.	+28	+18	+0.8	+0. 2.
Change in treatment of military retirement benefits.	−16	−16	−3	−3.
Function 150:				
Doubling of foreign economic development assistance.	+9	+5	+1. 1	+0. 6.
IMF quota increase	+3 to +5	0	+3 to +5	0.
Function 250: None.				
Function 270: None.				
Function 300: Safe drinking water grants.	+2 to +3	+1 to +2	+1	+0.5.
Function 350: Direct grant disaster assistance.	0 to +2	0 to +2	0 to +0. 5	0 to +0. 5.
Function 370:				
GNMA assistance	+3 to +10	0 to +1	+1 to +3	0 to +0. 3.
Placing the Federal Financing Bank on budget.	0 to +100	0 to +80	0 to +20	0 to +15.
Function 400:				
Rail rehabilitation	0 to +4	0 to +3	0 to +0. 6	0 to +0. 3.
Air development	0 to +1	0 to +1	0 to +0. 2	0 to +0. 04.
Function 450: None.				
Function 500:				
Services to the handicapped.	+10 to +11	+8 to +9	+3	+2.
Higher education student aid.	+18 to +51	+15 to +48	+13	+13.
Function 550: National	+25 to +150	+25 to +150	+25 to +150	+25 to +150.
Function 600:				
Social security reforms:				
Equalized treatment of women and men.	0	−21 to +20	0	−21 to +20.
Universal coverage	0 to +6	0 to +6	0 to +2	0 to +2.
Eliminate retirement test.	0	+12 to +24	0	+4 to +8.
Function 600—Continued				
Expansion of occupational disease disability programs.	+(2) to +10	+(2) ro +10	+0. 1 to+5	+0. 1 to +5.
Minimum unemployment benefits.	+12 to +15	+12 to +15	+4 to +5	+4 to +5.
Housing allowances.	0 to +16	0 to +16	0 to +8	0 to +8
Change in treatment of military retirement benefits.	+89	+50	+20	+11.
Function 700:				
Veterans health system reform.	0 to +1	0 to +1	0 to +1	0 to +1.
Function 750:				
Drug Enforcement Administration.	+(2)	+(2)	0 to +00. 4	0 to +0. 04.
Law Enforcement Assistance Administration.	+(2)	+(2)	0 to +0. 1	0 to +0. 1.
Function 880:				
Congressional services.	0 to +1	0 to +1	0 to +0. 05	0 to +0. 05.
Congressional campaign financing.	+(2)	+(2)	+0. 05	+0. 05.
Internal Revenue Service.	0 to +1	0 to +1	0 to +0. 05	0 to +0. 05.
Function 850:				
General revenue sharing.	0 to +3	0 to +3	0 to +0. 5	0 to +0. 4.
Function 900:				
Change in treatment of military retirement benefits.	+6	+6	+1	+1.
Function 920:				
Absorption of future-year pay raises.	−1 to −(2)	−1 to −(2)	−0. 4 to −0. 1	−0. 4 to −0. 1
President's executive pay proposals.	−(2)	−(2)	−0. 01	−0. 01.
Function 950:				
Change in treatment of military retirement benefits.	−40	−40	−9	−9.
	+148 to +466	+74 to +416	+61 to +229	+28 to+232.

[1] This listing of possible choices and the dollar amounts involved have been compiled by Senate Budget Committee staff. Due to the many uncertainties involved, the listing and the dollar amounts should be considered approximate and indicative only of a possible order of magnitude. The dollar amounts are frequently expressed in ranges since there is often more than one option possible.

[2] Less than $500 million.

Mr. MUSKIE. Mr. President, so the challenge is clear. Either we clear some of the deadwood through sunset and comparable efforts or we must simply forego most attractive new additions to spending for the foreseeable future.

To spend more than this fiscal margin may force us to pay twice for those new programs—once in legislation and again in inflation.

INFLATION

Mr. President, inflation is a critical and increasing concern for all Americans.

Our present inflation results primarily from inflationary momentum that has been incorporated into the system. Wage demands reflect previous increases in prices, and prices are increased to cover higher wages.

What sustains inflation, Mr. President, is the determination of every individual in our economy, every group in our economy, to catch up, refusing to recognize that that catchup effort is itself inflationary.

This underlying inflation should decline gradually over time. However, price and wage changes also respond to inflationary expectations. This makes it especially necessary to follow steady fiscal and monetary policies.

The committee's recommendations embody two principles that must be followed if Congress is to act responsibly to help reduce inflation.

First, Congress must start to exert stricter control over spending today if it is to prevent the budget from overstimulating the economy late in 1979 and in 1980 as we approach full employment.

The budget deficits resulting from the successful congressional fiscal policy which produced recovery from the deep recession have not been a significant source of inflation. Testimony before the committee was very clear on this point. In the early stages of the recovery deficits provided jobs programs and tax cuts to support private consumption, employment, income, and investment.

But we cannot continue similarly large deficits as expansion proceeds in the future. That would be inflationary.

Large budget deficits as the economy nears full employment will stimulate the demand for goods and services beyond the economy's capacity to produce them. The result will be an acceleration of inflation.

If we are to trim the size of the budget deficit in the future, we must get a firm grip on Federal spending now.

Let me sound a clear warning: Congress must resist the unending pressures for additional spending.

Each committee must closely examine each new policy proposal and exercise considerable self-restraint as it reports new legislation to the floor.

Moreover, each committee must diligently evaluate ongoing programs and consider discontinuation of programs which—even though they may have merit—are of lower priority. This process of continual reevaluation is central in the sunset legislation now being considered by the Congress.

Congressional budget discipline is vital to a successful fight against inflation.

The second principle Congress must adopt is careful consideration of the inflationary impact not only of individual tax and spending bills, but also bills that cause inflation by restricting supply and directly raising costs even though they do not add significantly to Federal expenditures.

For example, just 2 weeks ago this body passed a farm bill which, together with the administration's recent actions, would have added another half of a percent to consumer prices.

Fortunately, I sense a growing awareness that we cannot afford to continue to legislate inflation.

The committee's recommendations include a 5-percent cost-of-living pay raise for white collar employees, one-half percent deeper than the President's recommended pay cap. This action indicates the committee's determination to signal the private sector that the Federal Government will attempt to hold down price and wage increases.

Mr. President, before I leave the topic of inflation, I would like to state my concern over a very disturbing tendency I have noticed in the Congress and elsewhere in the Federal Government—the tendency to disregard the inflationary impact of a bill if it is "only" a few tenths of a percent.

Mr. President, I would like to illustrate how serious a "few" tenths of a percent of inflation is.

Consider the Nation's consumers: Two-tenths of a percent of additional inflation cuts $2.5 billion from the purchasing power of their incomes. It cuts another $1 billion from the purchasing power of their savings.

Furthermore, this two-tenths of a percent inflation leads to cost-of-living adjustments, higher wages, and a second round of higher prices. Even consumers fortunate enough to get pay increases to recover their lost purchasing power end up worst off, because they find themselves in higher tax brackets.

Two-tenths of a percent of inflation means a lot to consumers.

Consider the Nation's businesses. The expectation of more rapid inflation is quickly reflected in higher interest rates, greater uncertainty in investment decisions, and a weaker stock market. The inflation itself leads to greater tax burdens, because it artificially inflates taxable business profits. The result is less business investment.

Two-tenths of a percent of inflation means a lot to the Nation's businesses.

Consider foreign exchange markets. More rapid inflation will be partly reflected in a future depreciation of the dollar. The status of the dollar as a reserve currency will be weakened, import prices will increase, and the inflationary spiral will go on.

But perhaps the most serious danger in ignoring a "little inflation" is that a little inflation "here" and a little inflation there add quickly up to a full percentage point or more of inflation here and a full percentage point or more there.

Last year in Congress, we ignored a few tenths on the inflation rate on numerous occasions, and we added a full percent or more to inflation, as a result, through such bills as minimum wage, farm price supports, and increased payroll taxes.

Congress must begin to examine the inflationary impact of proposed legislation. The Budget Committee will explore mechanisms for doing so, with the assistance of the Congressional Budget Office.

CONGRESSIONAL FISCAL POLICY

Mr. President, over the past 3 years, Congress has adopted a moderately expansive fiscal policy in order to promote economic recovery.

It has also been a bipartisan fiscal policy. That policy has been strikingly successful in maintaining growth and reducing unemployment. The economic expansion it fostered has already continued for over 3 years, longer than the average postwar peacetime expansion.

The unemployment rate has fallen from 9 percent in 1975 to 6.2 percent today. While this unemployment rate is still unacceptably high, it has been consistently reduced in line with the goals established by the committee fully 2 years ago in the early stages of recovery.

In drafting the Federal budget for fiscal year 1979, the Budget Committee has had to consider new and difficult economic circumstances.

Full employment remains a major concern. With the decline of cyclical unemployment, structural unemployment has become a major focus of employment policy.

As I have mentioned, inflation has now emerged as a paramount economic concern of most Americans.

In addition, Mr. President, we now face a complex international situation involving slow economic growth abroad, huge trade deficits, and dangers from a declining dollar.

The budget resolution we put before the Senate today reflects our response to this changing economic environment.

The levels of revenue and spending in the proposed budget support a policy of moderate growth consistent with further reductions in unemployment, but not so rapid as to require larger budget deficits or to accelerate inflation.

Mr. President, the committee's fiscal policy recommendations are consistent with the economic forecasts of the Congressional Budget Office, the Joint Economic Committee, and the administration. All these forecasts projected sharply lower growth and rising unemployment by the end of 1979 in the absence of tax reductions. This slowdown would result in part from increasing tax burdens on individuals and businesses, from higher payroll taxes, and the fiscal drag caused by inflation and growth.

To achieve continued expansion, the committee has recommended that the revenue floor in the first concurrent resolution be reduced to accommodate general income tax reductions of $25 billion on a full-year basis.

With the fiscal policy recommended by the committee, the economy should grow at about a 4½-percent rate in both 1978 and 1979. With this continued economic

expansion, unemployment will fall to about 5.7 percent by the end of 1979, and about 4¾ million jobs will be created by the expansion of the economy during the 2-year period. This moderate growth is not expected to add significantly to inflationary pressures.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table which shows the economic objectives and assumptions underlying the committee's recommendations and compares them to those of the President.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ECONOMIC OBJECTIVES AND ASSUMPTIONS COMPARED WITH THOSE OF THE ADMINISTRATION

[Calendar years: dollar amounts in billions]

	Actual	Committee assumptions		Administration assumptions	
	1977	1978	1979	1978	1979
GNP (current dollars)	1,890	2,098	2,329	2,099	2,335
Real GNP (1972 dollars)	1,337	1,399	1,462	1,400	1,467
Percent change	4.9	4.6	4.5	4.7	4.8
Unemployment rate (percent):					
Yearly average	7.0	6.3	5.9	6.3	5.9
4th quarter	6.6	6.2	5.7	6.2	5.8
Consumer Price Index (percent change)	6.5	5.9	6.0	5.9	6.1
Interest rate 91-day Treasury bills (percent)[1]	5.3	6.6	6.4	6.1	6.1

[1] The administration forecast assumes continuation of market rates at the time the estimates were made.

COORDINATION OF FISCAL AND MONETARY POLICY

Mr. MUSKIE. Mr. President, the committee's fiscal targets are consistent with real economic growth in the gross national product of about 4½ percent through the end of 1979. This growth rate assumes moderate growth in investment, expanded foreign markets for U.S. exports, and monetary growth at the upper end of the ranges projected by the Federal Reserve.

Federal Reserve Chairman Miller appeared before the committee a month ago and offered his views on monetary policy, fiscal policy, and inflation. He assured the committee that the Federal Reserve would maintain a flexible approach, putting the long-run performance of the economy above the pursuit of any fixed monetary target.

Chairman Miller and the committee share the belief that monetary and fiscal policy must work together to reduce both unemployment and inflation.

He has made it clear that coordination of fiscal and monetary policy is a two-way street.

I find this flexible approach reassuring.

Responsible fiscal policy must not be aborted by excessive monetary restriction. At the same time, Congress cannot—and should not—expect the Federal Reserve to compensate with excessive monetary growth a loss of fiscal discipline by Congress. That could only lead to accelerating inflation and eventually to credit restriction, high interest rates, and recession.

Policy coordination can work in the present economic environment only if fiscal and monetary policies are moderate and responsible. That is why the Congress must exercise great fiscal restraint in its budget for fiscal year 1979.

The recommendations of the Budget Committee reflect prudence and fiscal restraint. I am confident that if we hold to these recommendations Federal Reserve monetary policy will complement congressional fiscal policy.

I am confident that the terrible costs of the excessive monetary restraint which was applied a few years ago are as apparent to the Federal Reserve as to Congress.

SPENDING RECOMMENDATIONS

Mr. President, let me now turn to an explanation of some of the committee's major spending recommendations for fiscal year 1979.

But before I do, let me describe another major innovation in this year's budget which will make it both more meaningful and understandable.

The Budget Act mandates that Congress should determine our national priorities. To provide a coherent framework within which to determine those priorities, the Budget Act requires that, beginning this year, the budget must be presented in mission terms, meaning that each function is subdivided into the major "missions" that the Federal Government is pursuing in order to meet the major national need addressed by the function itself.

By examining each mission within each function, the Congress can decide which missions should be encouraged and which might be cut back, without deciding the amount to be allocated to individual programs within the missions.

In the past, Mr. President, we have been frustrated by consideration of bill after bill, with no real notion of how that bill relates to any coherent effort to address any of our national needs.

Each bill was considered in isolation from most others. Scores of bills designed to provide relief or promote activity in the same area are passed without comparison of their relative efficiency or their relationship to existing law.

The mission budget concept permits Federal budgets to be built on an understanding of just how Federal spending is addressing and meeting the needs of our Nation.

It is the committee's hope that through the innovations of the mission concept and 5-year economic, spending, and revenue projections in its report. The Senate will be better able to understand and debate the committee recommendations for fiscal year 1979.

In drafting this budget, the Budget Committee examined each spending category on both the mission and 5-year bases. Let me detail some of our major recommendations in that context.

NATIONAL DEFENSE

In the national defense field, the committee has tried to bridge two conflicting problems.

First is the committee's deep concern about the steady strategic and tactical arms build-up by the Soviet Union. This is particularly manifested among Warsaw Pact nations which confront NATO forces and challenge the security of Western Europe.

Second is the high cost of defense and the effect this price tag has on America's fight against inflation.

The Budget Committee, beginning in fiscal year 1976 and continuing through fiscal year 1979, has voted for real growth in the defense budget. But while spending more, we also must keep in mind the burden of restraint which defense and every other category of the Federal budget must bear.

It is in this context, Mr. President, that the committee arrived at its recommendation for national defense in fiscal year 1979.

The committee recommends $129.8 billion in budget authority and $116.6 billion in outlays for fiscal year 1979. It is anticipated that these amounts will total $782.2 billion in budget authority and $720.5 billion in outlays over the fiscal year 1979–83 period.

The committee believes that the strategic and tactical warfare missions warrant top priority in determining the level of defense funding.

In the strategic mission, the committee's recommendation for fiscal years 1979–83 exceeds the President's projections, because of two basic concerns:

First. The vulnerability of U.S. ICBM forces in the early 1980's due to improved Soviet accuracy on its ICBM's, and

Second. The delay of Trident submarines into the force at a time when the Polaris and Poseidon submarines are being phased out of the fleet.

The committee determined that the funding levels in the President's budget request did not provide the quick fiscal response required to alleviate these two problem areas. The committee has recommended, therefore, a level of real growth in strategic spending that is intended to overcome potential force deficiencies.

In the tactical mission, the committee believes that it is essential for the United States to meet the pledge made by each NATO government in May 1977. Each member nation pledged to plan an increase of about 3 percent in total defense expenditures over the several years.

To insure that the United States will meet its pledge in fiscal year 1979 and throughout the 5-year period, the committee has recommended spending totals that would provide funds for land, air, sea, and mobility force modernizations. In addition, the committee's recommendation is intended to provide a decent standard of living for our forces abroad, particularly in geographic areas where the U.S. dollar is declining in value.

As part of its anti-inflation effort, the committee recognizes the need for the Federal Government to exercise fiscal responsibility. The committee's recommendation assumes a 5-percent "pay cap" on the anticipated October 1978 pay raise, along with a 20-percent absorption of the cost of the pay raise. The cap and absorption are to be applied equally to civilian and military

employees of all agencies of the Federal Government.

INTERNATIONAL AFFAIRS

Mr. President, let me now turn briefly to the international affairs budget.

Mr. President, the committee's recommendation is $12.8 billion in budget authority and $7.2 billion in outlays for fiscal year 1979. The committee anticipates that these figures will total $71.2 billion in budget authority and $42.1 billion in outlays for the fiscal year 1979–83 period.

The committee's recommendation allows for 5-percent real growth in most foreign economic assistance programs to help the world's poor and to facilitate long-term capital flows for development.

Much of this economic assistance will be used to purchase American goods and services. The committee recommendation allows for appropriations of up to 90 percent of the President's request for these banks in fiscal year 1979. The remainder can be funded in fiscal year 1980 when U.S. commitments would otherwise be smaller than this year's request.

Two other areas of the international affairs function should be mentioned: The International Monetary Fund's Witteveen Facility and security supporting assistance. The committee's recommendation allows for full appropriation in fiscal year 1979 of the $1.8 billion U.S. share of the Witteveen Facility. This balance-of-payments facility was originally proposed as a fiscal year 1978 off-budget item. The legislation is expected to come before the Senate this spring or summer.

For security supporting assistance, the committee recommends an allowance of about $100 million in both budget authority and outlays for an increase later this year in the President's request for base agreements with several NATO members.

HUMAN RESOURCES

Mr. President, the committee's recommendation for human resources programs is $297.8 billion in budget authority and $261.4 billion in outlays for fiscal year 1979. The committee anticipates that these figures will total $1,851.6 billion in budget authority and $1,557.0 billion in outlays for the fiscal year 1979–83 period.

In the human resources area, the budget resolution as reported to the Senate makes room for additional Federal efforts in several high priority programs serving the human needs of citizens.

The Budget Committee recommended substantial funding increases in several critical areas:

Improvements in elementary and secondary education programs;

Improvements in the provision of health care and nutritional services to low-income pregnant women and young children;

Improvements in veteran's income security programs and the veteran's medical care system;

Improvements in health care services and research for the general population; and

Increased social services grants to help the neediest and most vulnerable groups in our society.

Mr. President, the first budget resolution for fiscal year 1979 will continue the strong congressional commitment to put unemployed Americans to work. The Budget Committee recognizes that, as the economic recovery continues and the inflation threat looms large, the focus of Federal employment efforts should shift from the cyclically unemployed to the structurally unemployed.

Thus, while the committee assumes that the funding which is now spent on the provision of public service jobs will be continued at a constant level over the next 5 years, the committee recommends that half of that funding be directed toward employment and training services for the structurally unemployed.

The committee's recommendations will also allow full funding for youth employment initiatives as well as new initiatives designed to help move CETA workers to private sector employment.

The committee also recommends increases for the WIN program, as part of an effort to move AFDC recipients off the welfare rolls and into jobs.

Further, the committee's resolution recommends that the Federal, State, and local welfare system be reformed. As part of this effort, the committee recommends that the earned income tax credit be expanded in fiscal year 1979, with subsequent changes becoming effective in future years.

The committee expects that such reform will provide fiscal relief to State and local governments against the cost of welfare. The committee's recommendation rejects the notion of fiscal relief in isolation from overall reform. Such a measure would fail to address the most glaring shortcomings in the welfare system.

The committee believes that increased Federal efforts to put the structurally unemployed to work will result in reductions in expenditures for welfare programs.

The committee continues to be concerned over the rapid escalation in health care costs that has occurred in recent years.

The committee is gratified by the voluntary efforts initiated by the hospital industry to curb hospital costs. The committee believes these efforts will be successful during fiscal year 1979, producing substantial savings in Federal programs which finance the cost of health care.

The committee recognizes, however, that these private efforts may not be fully adequate to stem the rise in hospital costs in future years. As a result, Federal cost control efforts may be necessary in the future.

The committee recommends that the Congress enact legislation providing such fallback controls in the event the private efforts should fail.

Finally, the committee has identified programs, such as medicaid, veterans' readjustment benefits, child nutrition programs, and health professions education grants programs, in which savings can occur due to administrative or legislative reform. We urge the authorizing committees and the President to adopt such reforms.

PHYSICAL BESOURCES AND GENERAL GOVERNMENT

Mr. President, the committee's recommendation for physical resources and general Government programs is $95.4 billion in budget authority and $83.4 billion in outlays for fiscal year 1979. The committee anticipates that these figures will total $477.3 billion in budget authority and $450.4 billion in outlays for the fiscal year 1979–83 period.

In the physical resources area, the committee recommends continuing the major increases of recent years for energy supply research and development and for the strategic petroleum reserves. It also recommends moderate increases to levels of support for natural resources and environment programs.

For agriculture, the committee's recommendations would permit a major increase above current law funding for farm income support programs (including the latest administration actions), as well as increased support for agricultural research.

The committee's recommendation would permit funding for Federal disaster assistance for the average level of disasters of recent years, but would require tighter administration to target benefits better on those truly in need in all sectors of the economy, including America's farmers.

The committee's recommendations continue Federal budget support for the Postal Service at the level recommended by the Postal Service itself, which will need to improve its operations to achieve financial viability.

For transportation, the committee's recommendation would accommodate increased funding for highways, including funding for bridge repair and replacement. The levels recommended are the maximum that can be accommodated by the highway trust fund without future increases to gasoline and other highway taxes.

The committee's recommendation would also accommodate further funding for the financially troubled ConRail. For mass transit, the committee's recommendation would accommodate approximately the current activity levels, but with the revised funding mechanism proposed by the President.

With respect to the President's urban initiative, the committee's recommendations would accommodate significant expansion in economic development activities for existing and new major grant programs and labor-intensive public works proposals. In addition, the committee recommended targets that are adequate to increase support to fiscally distressed areas through increased direct Federal aid and through the State incentive program designed to increase State assistance to such areas. However, legislative details of the credit-related components of the National Development Bank were considered to be too unclear to merit increases to the budget totals at this time.

REVENUES

Mr. President, much further detail regarding each of these individual functions in the budget resolution can be

found in the committee's report. I ask unanimous consent that portions of that report detailing the specific recommendations of the committee by function be included at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CHAPTER V. THE BUDGET BY FUNCTION AND MISSION

INTRODUCTION

This chapter provides details on the Committee's spending recommendations for each of the 19 functional areas of the budget.

This information differs from that presented in prior years in two major respects:

Much greater emphasis has been placed on the five-year (FY 1979–83) outlook for the budget in recognition of the fact that effective budget choices cannot be made in a one year context;

A new focus has been provided on the major missions within each functional area of the budget as a result of the Committee's efforts over the past year to develop and improve this aspect of budget presentation.

The discussion of each functional area of the budget is divided into the following parts:

A narrative statement sets forth the major national need addressed by the program in the function, the major missions in the function under which individual programs are grouped, the results expected by 1983 from Federal program efforts, and possible future year choices. Against this background, the details of the Committee's recommendations for the function and each major mission in the function are explained.

Each functional section also contains tables providing numerial information on current trends in the function and compares the Committee's recommendations with those recommended by President Carter or suggested by other Senate committees. These recommendations and suggestions were considered by the Committee in arriving at the recommended First Budget Resolution targets.

The "current law" and "current policy" estimates used in this chapter have been prepared by the Congressional Budget Office on the basis of the program detail contained in the FY 1978 estimate, which represents action to date by the Congress plus likely requirements that remain to be acted upon. The "current law" estimates reflects program and caseload changes and adjustments for inflation that are required by law. The "current policy" estimate is the current law estimate plus a further adjustment for inflation which, though not required by law, would be necessary to keep all programs constant in real terms. Both the current law and current policy estimates assume extension of established programs for which authorizations expire in the FY 1979–83 period; this is consistent with long-standing Office of Management and Budget and Congressional practice.

The "President's budget request" figures used in this chapter include the estimates transmitted in the President's original budget request in January, as well as an update of the President's original budget request submitted by OMB to the Congress on March 13 and the President's urban policy proposals submitted on March 27.

The "Senate authorizing committees" estimates in this chapter represent the information received in the March 15 reports to the Budget Committee pursuant to Section 301(c) of the Congressional Budget Act. As requested, most committees furnished budget estimates for FY 1979 and the five-year period, FY 1979–83, for all programs under their jurisdiction. It has been necessary, however, in some cases, for the Budget Committee staff to calculate FY 1979 or future year estimates where the data submitted were insufficient. These Senate Budget Committee staff estimates were made in consultation with the staff of the relevant authorizing committees, the CBO, and Executive departments, where appropriate. This information represents the policies recommended by the authorizing committees and is intended to provide the Senate with the best possible set of FY 1979–83 estimates based on those recommended policies.

In the case of all tabular material in this chapter, details may not add to totals due to rounding.

BUDGET SUMMARY TABLES

SUMMARY TABLE 1.—CURRENT TRENDS

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	465.2	401.9
1978 estimate	500.7	452.6
1979:		
Current law	534.5	486.4
Current policy	547.9	491.4
President's budget request	569.0	499.4
Appropriations Committee	584.7	508.2
Authorizing committees	603.0	519.4
Budget Committee recommendations	556.1	498.9

SUMMARY TABLE 2.—PROJECTIONS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
BA	534.5	576.6	614.2	652.9	687.9
O	486.4	520.1	548.8	581.4	616.7
Current policy:					
BA	547.9	605.2	658.5	713.7	766.3
O	491.4	534.8	574.3	619.4	668.2
Authorizing committees:					
BA	603.0	639.4	699.3	762.6	821.0
O	519.4	568.1	611.8	664.1	718.0
Budget Committee recommendation:					
BA	566.1	618.6	667.9	726.4	779.0
O	498.9	546.4	583.8	634.0	681.5

SUMMARY TABLE 3

FISCAL YEAR 1979 BUDGET OPTIONS BY FUNCTION

[In billions of dollars]

Function	Current law	Current policy	President's budget request	Appropriations Committee	Authorizing committees	Budget Committee recommendation
050: National defense:						
Budget authority	121.8	126.6	128.4	130.1	130.1	129.8
Outlays	113.0	114.9	117.8	118.5	118.5	116.6
150: International affairs:						
Budget authority	9.7	10.1	13.1	13.8	13.6	12.8
Outlays	6.9	7.1	7.2	8.6	7.2	7.2
250: General science, space, and technology:						
Budget authority	4.9	5.2	5.2	5.2	5.3	5.2
Outlays	4.8	5.0	5.1	5.1	5.2	5.0
270: Energy:						
Budget authority	8.0	8.4	9.5	10.5	10.7	10.2
Outlays	9.1	9.2	9.9	10.1	10.3	10.1
300: Natural resources and environment:						
Budget authority	12.9	13.7	12.7	14.0	14.4	13.7
Outlays	11.9	12.3	12.3	13.0	13.2	12.5
350: Agriculture:						
Budget authority	7.3	7.4	7.2	12.3	7.3	12.4
Outlays	6.6	6.6	5.4	5.5	12.0	7.8
370: Commerce and housing credit:						
Budget authority	5.5	5.7	6.6	6.8	12.4	5.9
Outlays	3.5	3.5	3.0	3.1	3.7	3.6
400: Transportation:						
Budget authority	15.3	15.9	18.6	21.7	21.5	19.5
Outlays	16.6	16.7	17.4	19.4	18.3	17.5
450: Community and regional development:						
Budget authority	8.2	8.7	11.4	8.4	10.6	10.4
Outlays	8.8	8.9	9.0	9.0	10.9	9.0
500: Education, training, employment, and social services:						
Budget authority	29.1	30.6	35.5	35.6	44.9	31.6
Outlays	29.7	30.2	31.3	31.6	34.2	31.2
550: Health:						
Budget authority	52.0	52.4	52.7	53.5	54.2	52.7
Outlays	49.9	50.1	49.7	50.3	51.0	49.5
600: Income security:						
Budget authority	192.5	194.7	191.4	191.0	202.9	192.5
Outlays	158.8	158.8	159.9	160.4	160.1	159.9
700: Veterans benefits and services:						
Budget authority	19.6	20.5	19.1	20.0	21.6	21.0
Outlays	19.3	20.2	19.3	20.0	21.2	20.8
750: Administration of justice:						
Budget authority	4.0	4.1	4.2	4.2	5.1	4.3
Outlays	4.0	4.1	4.2	4.3	5.1	4.2

SUMMARY TABLE 3—Continued

FISCAL YEAR 1979 BUDGET OPTIONS BY FUNCTION—Continued

[In billions of dollars]

Function	Current law	Current policy	President's budget request	Appropriations Committee	Authorizing committees	Budget Committee recommendation
800: General government:						
Budget authority	3.9	4.0	4.4	4.4	4.2	4.1
Outlays	3.9	4.0	4.3	4.3	4.2	4.1
850: General purpose fiscal assistance:						
Budget authority	9.1	9.1	15.1	16.0	9.7	9.7
Outlays	9.1	9.1	9.8	9.2	9.7	9.6
900: Interests:						
Budget authority	46.8	46.8	49.0	49.0	49.4	46.8
Outlays	46.8	46.8	49.0	49.0	49.4	46.8
920: Allowances:						
Budget authority	1.1	1.1	1.2	4.2	1.3	0.7
Outlays	1.1	1.1	1.3	2.8	1.4	0.7
950: Undistributed offsetting receipts:						
Budget authority	−17.2	−17.2	−16.5	−16.0	−16.2	−17.2
Outlays	−17.2	−17.2	−16.5	−16.0	−16.2	−17.2
Total:						
Budget authority	534.5	547.9	569.0	584.7	603.0	566.1
Outlays	486.4	491.4	499.4	508.2	519.4	498.9

SUMMARY TABLE 4.—BUDGET COMMITTEE RECOMMENDATIONS BY FUNCTION

[In billions of dollars; fiscal years]

Function	1977 actual	1978 estimate	1979 recommendation	1980 projection	1981 projection	1982 projection	1983 projection
050: National defense:							
Budget authority	110.4	118.2	129.8	143.3	155.9	169.3	183.8
Outlays	97.5	105.4	116.6	132.2	144.4	156.6	170.6
150: International affairs:							
Budget authority	6.6	9.5	12.8	13.1	14.4	15.1	15.8
Outlays	4.8	6.0	7.2	8.0	8.4	8.9	9.5
250: General science, space, and technology:							
Budget authority	4.6	4.8	5.2	5.5	5.9	6.2	6.4
Outlays	4.7	4.7	5.0	5.3	5.7	6.1	6.2
270: Energy:							
Budget authority	5.0	8.6	10.2	6.3	6.7	9.0	10.4
Outlays	4.2	6.1	10.1	10.1	7.3	9.9	9.7
300: Natural resources and environment:							
Budget authority	9.5	12.9	13.7	15.0	15.7	16.2	16.9
Outlays	10.0	11.4	12.5	14.2	15.4	16.3	17.2
350: Agriculture:							
Budget authority	2.4	3.0	12.4	9.2	7.1	7.9	8.2
Outlays	5.5	8.8	7.8	7.6	7.6	8.1	8.7
370: Commerce and housing credit:							
Budget authority	5.5	5.5	5.9	8.0	7.3	6.7	7.0
Outlays	−(*)	3.2	3.6	4.4	4.0	3.8	3.9
400: Transportation:							
Budget authority	10.4	15.1	19.5	20.6	20.2	21.0	21.9
Outlays	14.6	15.8	17.5	18.7	19.2	20.3	21.3
450: Community and regional development:							
Budget authority	12.8	9.4	10.4	10.7	11.0	10.4	10.9
Outlays	6.3	10.9	9.0	9.9	10.5	10.9	10.5
500: Education, training, employment, and social services:							
Budget authority	30.4	24.6	31.6	34.0	35.7	37.2	38.8
Outlays	21.0	27.0	31.2	33.9	35.1	36.5	38.1
550: Health:							
Budget authority	40.4	46.5	52.7	59.6	70.3	79.7	87.4
Outlays	38.8	44.3	49.5	55.6	61.4	67.5	74.2
600: Income security:							
Budget authority	168.6	180.1	192.5	220.5	241.6	270.5	291.4
Outlays	137.0	146.0	159.9	174.1	189.2	212.3	231.8
700: Veterans benefits and services:							
Budget authority	19.1	19.0	21.0	21.1	21.4	21.7	22.7
Outlays	18.0	19.1	20.8	20.7	21.0	21.5	22.5
750: Administration of justice:							
Budget authority	3.6	3.8	4.3	4.4	4.7	5.0	5.3
Outlays	3.6	3.9	4.2	4.4	4.7	4.9	5.2
800: General government:							
Budget authority	3.9	3.6	4.1	4.2	4.5	4.7	4.8
Outlays	3.4	3.7	4.1	4.3	4.4	4.7	4.8
850: General purpose fiscal assistance:							
Budget authority	9.3	9.7	9.7	9.7	8.8	8.9	9.1
Outlays	9.5	9.6	9.6	9.7	8.8	8.9	9.0
900: Interest:							
Budget authority	38.1	42.4	46.8	51.6	55.9	58.7	60.8
Outlays	38.1	42.4	46.8	51.6	55.9	58.7	60.8
920: Allowances:							
Budget authority		0.9	0.7	1.2	1.1	1.2	1.2
Outlays		0.9	0.7	1.1	1.1	1.1	1.2
950: Undistributed offsetting receipts:							
Budget authority	−15.1	−17.0	−17.2	−19.4	−20.3	−23.0	−23.7
Outlays	−15.1	−17.0	−17.2	−19.4	−20.3	−23.0	−23.7
Total:							
Budget authority	465.2	500.7	566.1	618.6	667.9	726.4	779.0
Outlays	401.9	452.6	498.9	546.4	583.8	634.0	681.5

*Less than $50,000,000.

SUMMARY TABLE 5

FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

[Outlays, in billions of dollars; fiscal years]

Function and mission [1]	1979	1980	1981	1982	1983
050: National defense: (4) Other national defense programs	0.1	0.1	0.1	0.1	0.1
150: International affairs: (1) Foreign economic assistance and financial programs	(2)	(2)	(2)	(2)	(2)
270: Energy:					
(1) Energy supply	.1	.1	.1	.1	.1
(2) Energy conservation	.6	.7	.5	.5	.4
Total, energy	.7	.8	.7	.6	.4
300: Natural resources and environment:					
(1) Water resources	.1	.1	.1	.1	.1
(2) Conservation and land management	.1	.1	.2	.2	.2
(3) Recreational resources	.4	.5	.5	.5	.6
(4) Pollution control and abatement	4.6	5.0	5.3	5.6	5.8
(5) Other natural resources and environment programs	(2)	(2)	(2)	(2)	(2)
Total, natural resources and environment	5.3	5.8	6.1	6.4	6.7
350: Agriculture:					
(1) Farm income stabilization	(2)	(2)	(2)	(2)	(2)
(2) Agricultural research and services	.4	.5	.5	.5	.6
Total, agriculture	.5	.5	.5	.6	.6
370: Commerce and housing credit:					
(1) Mortgage credit and thrift insurance	(2)	(2)	(2)	(2)	(2)
(3) Other commerce and housing credit programs	(2)	(2)	(2)	(2)	(2)
Total, commerce and housing credit	(2)	(2)	(2)	(2)	(2)
400: Transportation:					
(1) Highways	7.3	7.8	8.1	8.4	8.7
(2) Railroads	.1	.1	.1	.1	.1
(3) Mass transit	2.3	2.5	2.7	3.2	3.6
(4) Air transportation	.5	.6	.7	.7	.7
(5) Water and other transportation	(2)	(2)	(2)	(2)	(2)
Total, transportation	10.2	10.9	11.6	12.5	13.2
450: Community and regional development:					
(1) Community development	3.6	4.2	4.9	5.3	5.5
(2) Area and regional development	2.6	2.4	2.1	2.0	1.3
(3) Disaster relief and insurance	.3	.3	.3	.3	.2
Total, community and regional development	6.5	6.9	7.3	7.6	7.0

Function and mission [1]	1979	1980	1981	1982	1938
500: Education, training, employment, and social services:					
(1) Elementary, secondary, and vocational education	6.1	6.9	7.4	8.2	8.5
(2) Higher education	(2)	(2)	(2)	(2)	(2)
(3) Research and general education aids	.4	.5	.5	.5	.5
(4) Training and employment	11.1	12.6	12.9	13.2	14.5
(6) Social services	5.2	5.4	5.6	5.8	6.0
Total, education, training, employment, and social services	22.8	25.4	26.4	27.7	29.5
550: Health:					
(1) Health care services	13.3	14.6	15.6	16.5	17.8
(2) Health research	(2)	(2)	(2)	(2)	(2)
(3) Education and training of the health care work force	.3	.3	.3	.3	.3
(4) Consumer and occupational health and safety	.1	.1	.1	.1	.1
Total, health	13.7	15.0	16.0	16.9	18.3
600: Income security:					
(3) Unemployment compensation	1.0	.9	.9	.9	.9
(4) Public assistance	6.7	7.0	6.9	13.6	14.9
(5) Nutrition programs	3.6	3.8	4.1	4.3	4.5
(6) Housing assistance	3.0	3.6	4.4	5.2	6.1
Total, income security	14.2	15.2	16.2	24.0	26.5
700: Veterans benefits and services: (3) Hospital and medical care for veterans	.1	.1	.1	.1	.1
750: Administration of justice:					
(1) Federal law enforcement activities	(2)	(2)	(2)	(2)	(2)
(2) Criminal justice assistance	0.5	.6	.6	.6	.6
Total, administration of justice	.6	.6	.6	.6	.6
800: General government: (2) Other general government programs	.2	.2	.2	.2	.2
850: General purpose fiscal assistance:					
(1) General revenue sharing	6.9	6.9	6.9	6.9	6.9
(2) Other general purpose fiscal assistance	2.6	2.7	1.8	2.0	2.1
Total general purpose fiscal assistance	9.5	9.6	8.7	8.8	8.9
Total	84.2	91.2	94.5	106.1	112.2

[1] The mission numbers agree with those used in other tables in this chapter: functions and missions not listed do not include any programs that provide direct assistance to State and local governments.

[2] Less than $50,000,000.

(050) NATIONAL DEFENSE

National need and missions

The national need addressed by National Defense is the protection of America's people, society, territory, and allies from attack by potential adversaries. Defense programs address this need by: preservation of an overall military balance in total force capabilities between the United States and its allies and the Soviet Union and its allies that is at least as favorable as the present balance; maintenance of essential equivalence in strategic nuclear deterrence with the Soviet Union, including the preservation of the capability to launch a retaliatory second strike that would inflict unacceptable damage; maintenance of sufficient forces, together with our allies, to deter or counter aggression at levels below strategic nuclear conflict; and negotiation of international agreements which limit and reduce armaments as well as strengthen international stability.

The major mission areas in National Defense are: (1) strategic warfare forces, (2) tactical warfare forces, (3) defense-wide forces and support, and (4) other national defense programs.

Current trends

The following table shows the Committee recommendations for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	110.4	97.5
1978 estimate	118.2	105.4
1979:		
Current law	121.8	113.0
Current policy	126.6	114.9
President's budget request	128.4	117.8
Appropriations Committee	130.1	118.5
Authorizing	130.1	118.5
Budget Committee recommendation	129.8	116.6

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $654.2 billion in budget authority and $627.6 billion in outlays for *National Defense*, while *current policy* would cost a total of $654.2 billion in budget authority and $50.5 billion in outlays. The implications of current trends in the four major mission areas are:

(1) *Strategic Warfare Forces.—Current law* would cost a total of $80.9 billion in budget authority and $77.3 billion in outlays over the FY 1979–83 period. This would provide for selective continuation of the air-, land-, and sea-based elements of the TRIAD, but might force a choice between maintaining force levels and upgrading the quality of our strategic systems. *Current policy* would cost an additional $10.9 billion in budget authority and $7.1 billion in outlays, and would sustain all elements of the TRIAD, provide growth in Trident and cruise missile capabilities, and provide for development of the MX missile system.

(2) *Tactical Warfare Forces.—Current law* would cost an additional $10.9 billion in authority and $368.0 billion in outlays over the FY 1979–83 period. This would provide for limited force modernization, particularly for improvements in NATO force capabilities, and selective modernization of sea control forces, but would not simultaneously permit upgrading of naval force projection capabilities. *Current policy* would cost an additional $51.2 billion in budget authority and $33.0 billion in outlays. This would permit more rapid force modernization, with emphasis on upgrading NATO forces and sea control force capabilities, but permit very limited upgrading of naval force projection capabilities unless force level tradeoffs occurred in the sea control area.

(3) *Defense-Wide Forces and Support.—Current law* would cost a total of $114.9 billion in budget authority and $109.1 billion in outlays over the FY 1979–83 period. This would allow gradually declining funding levels for research and development, intelligence and telecommunications, defense agencies and other support programs and effort. *Current policy* would cost an additional $13.0 billion in budget authority and

$8.4 billion in outlays, and would protect these programs from degradation due to price rises.

(4) *Other National Defense Programs.*—*Current law* would cost a total of $73.3 billion in budget authority and $72.8 billion in outlays over the FY 1979–83 period. This would provide military retirement benefits for military retirees, but would force a cutback in the defense-related activities of the Department of Energy. *Current policy* would cost an additional $3.1 billion in budget authority and $2.3 billion in outlays, and would permit the continuation of the DOE defense-related activities at current levels of effort.

Future-year choices

(1) *Strategic Warfare Forces: Outcome of SALT II.*—The failure to achieve a satisfactory arms limitation agreement with the Soviet Union would force some difficult strategic policy choices as to proper responses and levels of capability. The failure to achieve an arms agreement could drive costs up by as much as $70 billion (in constant FY 1979 dollars) over the next 15 years under an option that includes 300 MX ICBM's 32 Tridents, 75 cruise missile carriers, and other systems.

Multi-Mission: Reform of the Military Retirement System.—The President's Commission on Military Compensation has recommended far-reaching reform of the military retirement system to bring it more closely into alignment with the civil service retirement system. The budgetary impact of these reforms is uncertain, although savings almost certainly would result. The reforms might also have a significant impact on military service career patterns.

COMMITTEE RECOMMENDATIONS

The Committee recommends $129.8 billion in budget authority and $116.6 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $782.2 billion in budget authority and $720.5 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	121.8	126.3	130.8	135.3	140.0
Outlays	113.0	119.2	125.7	131.7	138.1
Current policy:					
Budget authority	126.6	136.0	146.0	156.3	167.4
Outlays	114.9	124.5	135.1	145.9	157.7
Authorizing committees:					
Budget authority	130.1	143.4	158.0	174.0	191.2
Outlays	118.5	132.1	147.4	163.8	182.0
Budget Committee recommendation:					
Budget authority	129.8	143.3	155.9	169.3	183.8
Outlays	116.6	132.2	144.4	156.6	170.6

For the missions in this function, the Committee makes the following recommendations:

(1) *Strategic Warfare Forces.*—The Committee recommends $14.3 billion in budget authority and $13.7 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $91.3 billion in budget authority and $84.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation would permit maintaining the current TRIAD force levels with continuing modernization focusing on the strategic cruise missile, MX, and Trident systems. The recommended funding levels would accommodate the following potential actions: (a) deferral of the planned FY 1979 appropriation of the Trident submarine with no effect on the overall Trident force level; (b) possible start-up of a second source for production of the Trident submarine; and (c) increased R&D activity on alternative ICBM technology associated with a hard target kill capability.

Over the five-year period, this level of funding can be expected to permit the continuation of the TRIAD and provide significant real growth in spending for strategic force modernizations and enhancement of U.S. strategic capabilities.

MISSION 1: STRATEGIC WARFARE FORCES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	15.2	15.6	16.2	16.7	17.2
Outlays	14.0	14.6	15.5	16.2	17.0
Current policy:					
Budget authority	15.9	17.0	18.3	19.6	21.0
Outlays	14.3	15.4	16.8	18.2	19.7
Authorizing committees:					
Budget authority	15.0	16.6	18.4	20.5	22.5
Outlays	13.6	15.3	17.1	19.2	21.5
Budget Committee recommendations:					
Budget authority	14.3	16.8	18.4	20.0	21.8
Outlays	13.7	15.3	16.8	18.3	19.9

(2) *Tactical Warfare Forces.*—The Committee recommends $80.2 billion in budget authority and $70.5 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $478.1 billion in budget authority and $439.7 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit a considerable increase in modernization of U.S. tactical land, air, sea, and mobility forces. The Committee is concerned that the United States met its NATO pledge that each member country aim at an increase in the region of three percent real growth in defense expenditures over the next several years. The Committee's recommendations also permit funding for enhancement of U.S. sea warfare forces, including potential actions associated with AEGIS ships and mid-sized carriers.

Over the five-year period, this level of funding can be expected to permit the United States to meet its three percent pledge to NATO, as the alliance moves to counterbalance the growth in Warsaw Pact military strength.

MISSION 2: TACTICAL WARFARE FORCES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	72.7	74.3	77.0	79.2	81.7
Outlays	66.9	69.9	73.7	77.0	80.5
Current policy:					
Budget authority	75.8	80.8	86.9	93.0	99.6
Outlays	68.2	73.4	79.8	86.3	93.3
Authorizing committees:					
Budget authority	78.5	86.6	95.7	105.8	116.5
Outlays	71.2	79.7	88.9	99.4	110.7
Budget Committee recommendation:					
Budget authority	80.2	87.4	95.2	103.3	112.0
Outlays	70.5	81.2	88.3	95.6	104.1

(3) *Defense-Wide Forces and Support.*—The Committee recommends $23.3 billion in budget authority and $20.7 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $139.9 billion in budget authority and $125.3 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit a broad range of program enhancements and program growth for such efforts as basic technology R&D, intelligence and telecommunication, and essential support activities.

Over the five-year period, this level of funding can be expected to permit three percent annual real growth for these activities.

MISSION 3: DEFENSE-WIDE FORCES AND SUPPORT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	21.2	22.7	22.9	23.6	24.5
Outlays	19.4	21.1	21.9	22.8	23.9
Current policy:					
Budget authority	22.0	24.1	25.5	27.2	29.1
Outlays	19.7	21.9	23.5	25.2	27.2
Authorizing committees:					
Budget authority	23.4	26.2	28.9	31.9	35.6
Outlays	20.8	23.0	26.3	29.4	33.2
Budget Committee recommendation:					
Budget authority	23.3	25.7	27.8	30.2	32.9
Outlays	20.7	22.6	25.0	27.2	29.

(4) *Other National Defense Programs.*—The Committee recommends $13.0 billion in budget authority and $12.7 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $76.6 billion in budget authority and $75.2 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit the government to meet its obligations to retired military personnel as well as to provide adequate funding for those Department of Energy activities related to U.S. defense programs.

Over the five-year period, this level of funding can be expected to permit the government to meet its military retired pay obligations and allow for energy-related research and production efforts to keep pace with anticipated U.S. nuclear force modernizations.

MISSION 4: OTHER NATIONAL DEFENSE PROGRAMS

[In billions of dollars: fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	12.8	13.7	14.6	15.6	16.7
Outlays	12.6	13.5	14.5	15.5	16.6
Current policy:					
Budget authority	12.9	14.1	15.2	16.5	17.8
Outlays	12.7	13.8	15.0	16.2	17.5
Authorizing committee:					
Budget authority	13.2	14.0	15.0	15.8	16.6
Outlays	12.9	14.1	15.1	15.8	16.6
Budget Committee recommendation:					
Budget authority	13.0	14.1	15.2	16.5	17.8
Outlays	12.7	13.8	15.0	16.2	17.5

Multi-Mission Issues.—The Committee recommends savings of $1.0 billion in both budget authority and outlays for FY 1979 based upon expected limitations on the October 1978 pay raise. The Committee anticipates that these figures will total $3.7 billion in savings in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation assumes that a five percent limit will be placed on the October 1978 pay raise for Federal civilian and military employees. The Committee also recommends that the Department of Defense be required to absorb, through savings in other activities, 20 percent of the costs of the October 1978 pay raise and each succeeding fiscal year's pay raise required by law during the five-year period. The Committee's recommendation does not assume Congressional enactment of wage board pay reform or the requested level of new stockpile disposals above the level of stockpile acquisitions in FY 1979.

MULTIMISSION ISSUES

[In billions of dollars, fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	(1)	(1)	(1)	(1)	(1)
Outlays	(1)	(1)	(1)	(1)	(1)
Current policy:					
Budget authority	(1)	(1)	(1)	(1)	(1)
Outlays	(1)	(1)	(1)	(1)	(1)
Authorizing committees:					
Budget authority	(1)	(1)	(1)	(1)	(1)
Outlays	(1)	(1)	(1)	(1)	(1)
Budget Committee recommendation:					
Budget authority	−1.0	−0.7	−0.7	−0.7	−0.7
Outlays	−1.0	−0.7	−0.7	−0.7	−0.7

[1] Amounts are included in Missions 1–4.

Intelligence Spending.—The Committee recognizes that, in the past, Congress has reduced the President's request for funding for national foreign intelligence and defense-related intelligence. This part of the budget will likely be subject to similar reductions this year. In the future, it will be necessary for the Committee to review intelligence spending and its five-year implications as carefully as any other area of the Federal budget.

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of benefits and allowances to Armed Forces personnel:						
Individuals	1,260	1,370	1,470	1,585	1,715	1,850
Corporations						
Exclusion of military disability pensions:						
Individuals	115	120	130	135	145	150
Corporations						
Total	1,375	1,490	1,600	1,720	1,860	2,000

Note: All estimates are rounded to the nearest $5,000,000.

(150) INTERNATIONAL AFFAIRS

National need and missions

The national need addressed by *International Affairs* is the advancement of U.S. political and economic interests abroad. Federal programs meet this need through: political, economic, and cultural relations with foreign nations; economic and security support for allies and friendly governments; maintenance of a healthy international economic system and promotion of U.S. exports; efforts to improve the quality of life in the developing world; and the furtherance of respect for human rights throughout the world.

The major mission areas in *International Affairs* are: (1) foreign economic assistance and financial programs; (2) foreign military assistance and sales; and (3) other international affairs programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	6.6	4.8
Fiscal year 1978 estimate	9.5	6.0
Fiscal year 1979:		
Current law	9.7	6.9
Current policy	10.1	7.1
President's budget request	13.1	7.2
Appropriations Committee	13.8	8.6
Authorizing committees	13.6	7.2
Budget Committee recommendation	12.8	7.2

Current law and current policy for fiscal year 1979–83

Over the next five years, *current law* would cost a total of $58.5 billion in budget authority and $38.0 billion in outlays for *International Affairs*, while *current policy* would cost an additional $9.0 billion in budget authority and $5.3 billion in outlays. The implications of current trends in the three major mission areas are:

(1) *Foreign Economic Assistance and Financial Programs.—Current law* would cost a total of $37.7 billion in budget authority and $28.3 billion in outlays over the FY 1979–83 period. This would permit the continuation of existing bilateral, multilateral, and financial programs, but would force cutbacks in several areas. Reductions in financial programs might force poor countries to rely more heavily on short-term commercial loans, which could retard their long-term growth and development. The promotion of U.S. exports through the Export-Import Bank and the Food for Peace programs also would decline. *Current policy* would cost an additional $7.0 billion in budget authority and $3.7 billion in outlays. This would avoid these cutbacks, and facilitate agreements among OECD and OPEC countries to further assist developing countries.

(2) *Foreign Military Assistance and Sales.—Current law* would cost a total of $13.4 billion in budget authority and $2.3 billion in outlays over the FY 1979–83 period. This would allow the U.S. to meet most security requirements of allies and friendly governments, but grants and credit sales of arms and supporting equipment would be reduced. While such a development is consistent with efforts to restrain arms sales, current law would not provide for possible security requirements of African countries that are threatened by forces inimical to the U.S., but are unable to afford the cash purchases of defense materials. Should these countries turn to alternative sources of supply, the U.S. share of security-related exports would decline. *Current policy* would cost an additional $0.9 billion in budget authority and $0.6 billion in outlays. This would provide for a fairly extensive global military assistance and sales program, and for additional base agreements between the U.S. and foreign countries.

(3) *Other International Affairs Programs.—Current law* would cost a total of $7.4 billion in both budget authority and outlays over the FY 1979–83 period, providing for a declining level of diplomatic and informational activities. *Current policy* would cost an additional $1.1 billion in budget authority and $1.0 billion in outlays, and would permit continuation of current program levels.

Future-year choices

(1) *Foreign Economic Assistance and Financial Programs:* (a) *Development Assistance.*—Administration officials and some members of Congress are giving serious consideration to a Brookings Institution recommendation that foreign economic development assistance be doubled by FY 1983, an increase over current policy of $2.6 billion in budget authority and $1.4 billion in outlays. No specific Administration proposals have yet been offered.

(b) *IMF Quota Increase.*—The next regular increase in funds committed to the International Monetary Fund (IMF) for balance-of-payments loans is due by FY 1981. The U.S. share of this increase is expected to be in the range of $3 to $5 billion.

Committee recommendations

The Committee recommends $12.8 billion in budget authority and $7.2 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $71.2 billion in budget authority and $42.1 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	9.7	11.7	12.3	12.4	12.4
Outlays	6.9	7.6	7.7	7.8	7.9
Current policy:					
Budget authority	10.1	12.6	14.1	15.0	15.7
Outlays	7.1	8.2	8.7	9.3	10.0
Authorizing committees:					
Budget authority	13.6	14.7	15.2	15.6	15.8
Outlays	7.2	8.8	9.6	10.3	10.5
Budget Committee recommendation:					
Budget authority	12.8	13.1	14.4	15.1	15.8
Outlays	7.2	8.0	8.4	8.9	9.5

For the missions in this function, the Committee makes the following recommendations:

(1) *Foreign Economic Assistance and Financial Programs.*—The Committee recommends $9.0 billion in budget authority and $5.1 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $49.1 billion in budget authority and $31.0 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit, at a minimum, discretionary inflation adjustments to keep all programs in the mission, other than security supporting assistance, constant in real terms. The targets take into account some of the President's reductions from FY 1978 levels in supporting assistance. The Committee assumes that in FY 1979 the U.S. contributions to the multilateral development banks will not exceed ninety percent of the President's request and that real growth for other economic development assistance and contributions to international organizations will be no more than five percent. The recommended targets also permit full appropriation of the U.S. share of the proposed Witteveen Facility of the International Monetary Fund.

Over the five-year period, this level of funding can be expected to permit expanded bilateral and multilateral efforts to reduce poverty in the poorest areas of the world. Funds provided through the International Monetary Fund and U.S.-backed multilateral development bank borrowing in private money markets will facilitate the flow of capital to middle income developing countries to help strengthen the international economic system. Growth in the middle income developing countries and U.S. export promotion programs together can be expected to assist American agricultural and industrial exports.

MISSION 1: FOREIGN ECONOMIC ASSISTANCE AND FINANCIAL PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	6.0	7.8	8.1	8.0	7.8
Outlays	5.1	5.7	5.7	5.8	5.9
Current policy:					
Budget authority	6.3	8.5	9.5	10.0	10.4
Outlays	5.2	6.1	6.4	6.9	7.4
Authorizing committees:					
Budget authority	8.2	9.6	10.4	11.2	11.8
Outlays	4.7	6.1	6.7	7.3	7.8
Budget Committee recommendation:					
Budget authority	9.0	9.0	9.9	10.3	10.9
Outlays	5.1	5.9	6.2	6.6	7.2

(2) *Foreign Military Assistance and Sales.*—The Committee recommends $2.4 billion in budget authority and $0.6 billion in outlays for this mission in FY 1979. The Committee

anticipates that these figures will total $13.5 billion in budget authority and $2.6 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit foreign military sales to continue at FY 1978 levels. An increment above current levels in grant military assistance for possible base agreements with Greece and Turkey is included.

Over the five-year period, this level of funding can be expected to permit the U.S. to meet most presently identified security requirements of allies and friendly governments, but grants and credit sales of arms and supporting equipment would be available to fewer countries than at present as military assistance declines in real terms due to a Congressionally mandated phaseout of the Military Assistance Program.

MISSION 2: FOREIGN MILITARY ASSISTANCE AND SALES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.3	2.5	2.7	2.9	3.0
Outlays	.5	.5	.5	.5	.5
Current policy:					
Budget authority	2.4	2.6	2.9	3.2	3.3
Outlays	.5	.5	.6	.6	.7
Authorizing committees:					
Budget authority	3.7	3.3	2.9	2.4	1.9
Outlays	.9	.9	1.0	.9	.6
Budget Committee recommendation:					
Budget authority	2.4	2.6	2.7	2.9	3.0
Outlays	.6	.6	.5	.5	.4

(3) *Other International Affairs Programs.*—The Committee recommends $1.5 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $8.6 billion in budget authority and $8.5 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit the current level of diplomatic activities in support of U.S. political and economic interests abroad to continue in real terms. A small allowance for the effects of dollar depreciation will enable information and cultural activities abroad to escape the effects of sharply escalating dollar costs needed to meet contracts for goods and services denominated in foreign currencies.

Over the five-year period, this level of funding can be expected to permit the diplomatic service, arms control endeavors, people-to-people activities, and Radio Free Europe/Radio Liberty, and the Voice of America to continue at present levels.

MISSION 3: OTHER INTERNATIONAL AFFAIRS PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.4	1.4	1.5	1.5	1.6
Outlays	1.4	1.5	1.5	1.5	1.6
Current policy:					
Budget authority	1.5	1.6	1.7	1.8	2.0
Outlays	1.4	1.6	1.7	1.8	1.9
Authorizing committees:					
Budget authority	1.6	1.7	1.8	2.0	2.1
Outlays	1.6	1.7	1.8	2.0	2.1
Budget Committee recommendation:					
Budget authority	1.5	1.6	1.7	18.	2.0
Outlays	1.5	1.6	1.7	1.8	1.9

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of income earned abroad by U.S. citizens:						
Individuals	360	385	415	475	510	550
Corporations						
Deferral of income of domestic international sales corporations (DISC):						
Individuals						
Corporations	1,135	1,335	1,525	1,630	1,700	1,830
Deferral of income of controlled foreign corporations:						
Individuals						
Corporations	615	665	720	775	835	905
Special rate for Western Hemisphere trade corporations:						
Individuals						
Corporations	25	15	5			
Total	2,135	2,400	2,665	2,880	3,045	3,285

Note: All estimates are rounded to the nearest $5,000,000.

(250) GENERAL SCIENCE, SPACE, AND TECHNOLOGY

National need and missions

The national need addressed by *General Science, Space, and Technology* is the advancement of scientific knowledge and the exploration of space. Federal programs meet this need through support of basic research in all major disciplines and a civilian space program of manned and unmanned missions to earth orbit and beyond.

The major mission areas in *General Science, Space, and Technology* are: (1) science, and (2) civilian space program.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	4.6	4.7
Fiscal year 1978 estimate	4.8	4.7
Fiscal year 1979:		
Current law	4.9	4.8
Current policy	5.2	5.0
President's budget request	5.2	5.1
Appropriations Committee	5.2	5.1
Authorizing committees	5.3	5.2
Budget Committee recommendation	5.2	5.0

Current law and current policy for FY 1979–83

Over the next five years *current law* would cost a total of $24.9 billion in budget authority and $24.6 billion in outlays for *General Science, Space, and Technology*, while *current policy* would cost an additional $5.2 billion in budget authority and $4.3 billion in outlays. The implications of current trends in the two major mission areas are:

(1) *Science.—Current law* would cost a total of $6.4 billion in budget authority and $6.2 billion in outlays over the FY 1979–83 period. This would continue basic research in many disciplines such as physics and biology, but at gradually declining levels of support as price increases occurred. *Current policy* would cost an additional $1.5 billion in budget authority and $1.1 billion in outlays, and would prevent a decline in support levels due to inflation.

(2) *Civilian Space Program.—Current law* would cost a total of $18.5 billion in both budget authority and outlays over the FY 1979–83 period. This would provide for a four-orbiter Space Shuttle program, but would force NASA to reduce planned flight operations. *Current policy* would cost an additional $3.6 billion in budget authority and $3.2 billion in outlays. This would permit planned flight operations to be conducted, and would permit either a fifth Space Shuttle orbiter or additional space science missions.

Future-year choices

No new major policy choices are forthcoming over the FY 1980–83 period that can be expected to alter significantly the size of this function.

Committee recommendations

The Committee recommends $5.2 billion in budget authority and $5.0 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $29.2 billion in budget authority and $28.3 billion in outlays over the FY 1979–83 period.

The amounts recommended for FY 1979 will support the Federal role in sponsoring basic research and will continue the nation's civilian space program.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	4.9	4.9	5.0	5.0	5.1
Outlays	4.8	4.8	4.9	5.0	5.1
Current policy:					
Budget authority	5.2	5.6	6.0	6.4	6.9
Outlays	5.0	5.3	5.7	6.2	6.7
Authorizing committees:					
Budget authority	5.3	5.9	6.4	6.5	6.9
Outlays	5.2	5.7	6.1	6.4	6.8
Budget Committee recommendation:					
Budget authority	5.2	5.5	5.9	6.2	6.4
Outlays	5.0	5.3	5.7	6.1	6.2

For the missions in this function, the Committee makes the following recommendations:

(1) *Science.*—The Committee recommends $1.4 billion in budget authority and $1.3 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $7.5 billion in budget authority and $7.0 billion in outlays over the FY 1979–83 period.

The Committee's recommendation supports funding levels for basic research that will maintain current levels of effort with an allowance for inflation. The five-year totals, however, do not provide a full adjustment for inflation, and thus necessitate greater efficiencies to maintain current program levels.

MISSION 1: SCIENCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.3	1.3	1.3	1.3	1.3
Outlays	1.2	1.2	1.2	1.3	1.3
Current policy:					
Budget authority	1.4	1.5	1.6	1.7	1.8
Outlays	1.3	1.3	1.4	1.6	1.7
Authorizing committees:					
Budget authority	1.4	1.5	1.6	1.7	1.9
Outlays	1.4	1.5	1.6	1.7	1.8
Budget Committee recommendation:					
Budget authority	1.4	1.4	1.5	1.6	1.6
Outlays	1.3	1.3	1.4	1.5	1.5

(2) *Civilian Space Program.*—The Committee recommends $3.8 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $21.7 million in budget authority and $21.3 billion in outlays over the FY 1979–83 period.

The Committee's recommendation would continue the U.S. civilian presence in space. The amounts recommended for FY 1979 would accommodate procurement of long lead items in FY 1979 for a fifth Space Shuttle orbiter, should Congress direct the administration to include procurement of this orbiter as part of the overall U.S. effort in space. The five-year cumulative totals do not provide a full adjustment for inflation. Hence, procurement of a fifth orbiter would necessitate real reductions in other projected activities.

MISSION 2: CIVILIAN SPACE PROGRAM

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.6	3.7	3.7	3.7	3.8
Outlays	3.6	3.6	3.7	3.7	3.8
Current policy:					
Budget authority	3.8	4.1	4.4	4.7	5.1
Outlays	3.8	4.0	4.3	4.6	5.0
Authorizing committees:					
Budget authority	3.9	4.4	4.8	4.7	5.0
Outlays	3.8	4.2	4.5	4.7	5.0
Budget Committee recommendation:					
Budget authority	3.8	4.1	4.4	4.6	4.8
Outlays	3.8	4.0	4.3	4.5	4.7

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Expensing of research and development expenditures:						
Individuals	30	30	35	35	35	35
Corporations	1,450	1,520	1,610	1,695	1,715	1,635
Total	1,480	1,550	1,645	1,730	1,750	1,670

Note: All estimates are rounded to the nearest $5,000,000.

(270) ENERGY

National need and missions

The national need address by *Energy* is the provision of sufficient and secure energy resources. Federal programs meet this need through: development of supply-related technologies; conservation of energy; creation of a strategic petroleum reserve; development and dissemination of reliable data; and regulation of energy prices.

The major mission areas in *Energy* are: (1) energy supply, (2) energy conservation, (3) emergency energy preparedness, and (4) other energy programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	5.0	4.2
1978 estimate	8.6	6.1
1979:		
Current law	8.0	9.1
Current policy	8.4	9.2
President's budget request	9.5	9.9
Appropriations Committee	10.5	10.1
Authorizing committees	10.7	10.3
Budget Committee recommendation	10.2	10.1

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $31.5 billion in budget authority and $36.2 billion in outlays for Energy, while *current policy* would cost an additional $5.3 billion in budget authority and $4.0 billion in outlays. The implications of current trends in the four major mission areas are:

(1) *Energy Supply.—Current law* would cost a total of $18.4 billion in budget authority and $22.1 billion in outlays over the FY 1979–83 period. This would fund gradually declining levels of on-going research and development in such areas as solar energy, fossil fuels, and nuclear power. The gradual decline in real spending would lengthen the already-long process of commercializing fuel technologies. *Current policy* would cost an additional $3.9 billion in budget authority and $2.9 billion in outlays. These additional funds would permit more comprehensive solar energy research and development, increase the likelihood of constructing a commercial-sized demonstration plant for coal-derived fuels, and support greater research and development efforts on the thorium and plutonium nuclear fuel cycles.

(2) *Energy Conservation.—Current law* would cost a total of $6.0 billion in budget authority and $3.7 billion in outlays over the FY 1979–83 period. This would provide: Weatherization of about 310,000 low-income homes; commercialization of some energy-efficient-building standards; development of advanced electrical transmission systems; installation of cogeneration units; and insulation of schools and hospitals. *Current policy* would cost an additional $0.7 billion in budget authority and $0.5 billion in outlays, and would prevent program efforts from declining due to price inflation (for example, about 18,000 more low-income homes could be insulated).

(3) *Emergency Energy Preparedness.—Current law and current policy* are the same, and would cost a total of $3.4 billion in budget authority and $6.7 billion in outlays over the FY 1979–83 period. This would provide an oil reserve of 500 million barrels by the end of calendar year 1980, assuming no unforeseen developments.

(4) *Other Energy Programs.—Current law* would cost a total of $3.7 billion in both budget authority and outlays over the FY 1979–83 period. This would support declining levels in informational, administration, and regulatory programs of the Department of Energy, Federal Energy Regulatory Commission (formerly Federal Power Commission), and the Nuclear Regulatory Commission. *Current policy* would cost an additional $0.8 billion in budget authority and $0.6 billion in outlays, and would prevent a decline in real program levels due to rising costs.

Future-year choices

(3) *Emergency Energy Preparedness: Strategic Petroleum Reserve.*—The major decision affecting the *Energy* function is the decision as to whether the strategic petroleum reserve will be expanded beyond 500 million barrels, which is discussed in the next section.

Committee recommendations

The Committee recommends $10.2 billion in budget authority and $10.1 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $42.6 billion in budget authority and $47.1 billion in outlays over the FY 1979–83 period.

The amounts recommended reflect the Committee's strong belief that energy programs must continue to be treated within the budget as an important national priority. Together with appropriate energy price and regulatory policies, the programs in this function can accelerate the development of sufficient and secure domestic energy resources, which are essential to U.S. economic prosperity and national security.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	8.0	5.9	4.5	6.1	7.0
Outlays	9.1	9.4	5.4	6.2	6.1
Current policy:					
Budget authority	8.4	6.6	5.5	5.7	8.9
Outlays	9.2	9.8	6.2	7.4	7.6
Authorizing committees:					
Budget authority	10.7	6.4	6.1	8.6	9.8
Outlays	10.3	11.8	8.4	10.9	10.3
Budget Committee recommendation:					
Budget authority	10.2	6.3	6.7	9.0	10.4
Outlays	10.1	10.1	7.3	9.9	9.7

For the missions in this function, the Committee makes the following recommendations:

(1) *Energy Supply.*—The Committee recommends $3.9 billion in budget authority and $4.8 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $22.6 billion in budget authority and $25.3 billion in outlays over the FY 1979–83 period.

The Committee recommendations represent increases above the President's budget request and above current policy amounts, which the Committee believes would be insufficient levels of investment for stimulating additional energy supplies. The Committee's recommendation assumes no enactment of the legislation regarding commercial pricing of enriched uranium.

MISSION 1: ENERGY SUPPLY

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.4	3.5	2.5	4.1	5.0
Outlays	4.5	4.7	3.6	4.7	4.6
Current policy:					
Budget authority	3.6	3.9	3.2	5.2	6.4
Outlays	4.6	5.0	4.2	5.5	5.7
Authorizing committees:					
Budget authority	4.1	3.6	2.5	4.7	5.9
Outlays	5.0	6.8	5.4	6.9	6.5
Budget Committee recommendation:					
Budget authority	3.9	3.9	3.2	5.2	6.4
Outlays	4.8	5.1	4.2	5.5	5.7

(2) *Energy Conservation.*—The Committee recommends $1.2 billion in budget authority and $1.0 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $4.6 billion in budget authority and $4.5 billion in outlays over the FY 1979–83 period.

While the Committee recommendations appear to represent a decrease from the President's budget request, they in fact represent a slight increase as the President's request is artifically inflated by inclusion of a refund from the proposed tax on fuel inefficient automobiles, a refund that is not expected to be enacted. The Committee believes the traditional conservation spending programs are an important element in U.S. energy strategy and has recommended amounts that will support a wide variety of conservation activities.

MISSION 2: ENERGY CONSERVATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.2	1.2	1.2	1.2	1.2
Outlays	.7	.8	.7	.7	.7
Current policy:					
Budget authority	1.2	1.3	1.3	1.4	1.4
Outlays	.7	.8	.8	.9	.9
Authorizing committees:					
Budget authority	1.2	1.2	.9	.6	.6
Outlays	1.1	1.2	.9	.6	.6
Budget Committee recommendations:					
Budget authority	1.2	1.1	1.1	.6	.6
Outlays	1.0	1.1	.9	.9	.6

(3) *Emergency Energy Preparedness.*—The Committee recommends $4.3 billion in budget authority and $3.5 billion in outlays for this mission in FY 1970. The Committee anticipates that these figures will total $10.8 billion in budget authority and $12.7 billion in outlays over the FY 1979–83 period.

The Committee recommendations for FY 1979 will support initial expansion of reserve facilities above the currently planned 500 million barrel capacity as well as the purchase of oil in quantities that, together with funds already provided, will enable nearly 500 million barrels to be procured. The cumu-

lative five-year totals associated with the recommendation would complete the expansion of facilities and allow at least 250 million additional barrels of oil to be purchased. The remaining oil would be procured in FY 1984–85. The amounts assumed by the Committee are those requested by the President and recommended by the Committee on Energy and Natural Resources and include the OMB March 1978 estimate. The Budget Committee concurs with their view that our increasing dependence upon foreign oil necessitates a larger strategic petroleum reserve. The Committee regards its recommendations as a clear signal that the United States will protect itself against both the threat and actuality of another oil embargo.

MISSION 3: EMERGENCY ENERGY PREPAREDNESS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.8	0.5	(*)	(*)	(*)
Outlays	3.1	3.3	0.3	(*)	(*)
Current policy:					
Budget authority	2.8	.5	(*)	(*)	(*)
Outlays	3.1	3.3	.3	(*)	(*)
Authorizing committees:					
Budget authority	4.3	.5	1.5	2.2	2.3
Outlays	3.3	2.9	1.1	2.4	2.3
Budget Committee recommendation:					
Budget authority	4.3	.5	1.5	2.2	2.3
Outlays	3.5	3.1	1.2	2.5	2.4

*Less than $50,000,000.

(4) *Other Energy Programs.*—The Committee recommends $0.8 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $4.6 billion in both budget authority and outlays over the FY 1979–83 period

The Committee recommendations are sufficient to sustain the administrative, informational, and regulatory activities covered by this mission.

MISSION 4: OTHER ENERGY PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	198 1	1982	1983
Current law:					
Budget authority	0.7	0.7	0.7	0.8	0.8
Outlays	.7	.7	.7	.7	.8
Current policy:					
Budget authority	.8	.8	.9	1.0	1.0
Outlays	.8	.8	.9	.9	1.0
Authorizing committees:					
Budget authority	1.1	1.1	1.1	1.1	1.0
Outlays	1.0	1.0	1.0	1.0	.9
Budget Committee recommendation:					
Budget authority	.8	.8	.9	1.0	1.1
Outlays	.8	.8	1.0	1.0	1.0

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years; in millions of dollars]

	1978	1979	1980	1981	1982	1983
Expensing of exploration and development costs:						
Individuals	300	300	360	420	480	545
Corporations	885	965	1,185	1,185	1,265	1,360
Excess of percentage over cost depletion:						
Individuals	340	370	405	430	435	440
Corporations	1,120	1,210	1,310	1,400	1,485	1,570
Capital gains treatment of royalties on coal:						
Individuals	50	60	70	75	85	95
Corporations	15	15	20	20	20	20
Total	2,710	2,920	3,245	3,530	3,770	4,030

Note: All estimates are rounded to the nearest $5,000,000.

(300) NATURAL RESOURCES AND ENVIRONMENT

National need and missions

The national need addressed by *Natural Resources and Environment* is the preservation and utilization of the Nation's natural resources and the improvement of the environment. Federal programs meet this need through: development of water resources in ways that realize both economic benefits and environmental protection; conservation and management of Federal lands and the encouragement of conservation on private lands; provision of recreational opportunities in national parks, recreation areas, wild and scenic areas, and wildlife refuges, and assistance to States for recreation, fish and wildlife conservation, and historic preservation; control and abatement of pollution; and promotion of increased understanding of the earth's structure, environment, and atmosphere.

The major mission areas in *Natural Resources and Environment* are: (1) water resources, (2) conservation and land management, (3) recreational resources, (4) pollution control and abatement, and (5) other natural resources and environment programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	9.5	10.0
1978 estimate	12.9	11.4
1979:		
Current law	12.9	11.9
Current policy	13.7	12.3
President's budget request	12.7	12.3
Appropriations Committee	14.0	13.0
Authorizing committees	14.4	13.2
Budget Committee recommendation	13.7	12.5

Current law and current policy for fiscal year 1979–83

Over the next five years, *current law* would cost a total of $66.4 billion in budget authority and $66.2 billion in outlays for *Natural Resources and Environment*, while *current policy* would cost an additional $10.5 billion in budget authority and $7.4 billion in outlays. The implications of current trends in the five major mission areas are:

(1) *Water Resources.—Current law* would cost a total of $19.5 billion in both budget authority and outlays over the FY 1979–83 period. This would continue programs for navigation, flood control and protection, irrigation, hydroelectric power generation, provision of municipal and industrial water supplies, soil conservation, and recreation at a rate that would maintain construction schedules and meet ongoing operation and maintenance requirements. A limited number of new planning and construction starts could be accommodated as ongoing projects were completed, although by FY 1983, only about 10 (instead of 20) new Corps of Engineers construction starts could be accommodated annually, out of a backlog of 200–300 active, authorized projects. The Soil Conservation Service (Department of Agriculture) could maintain 25 new construction starts annually on watershed and flood prevention projects, but construction schedules would have to be delayed. *Current policy* would cost an additional $3.6 billion in budget authority and $3.0 billion in outlays, and by FY 1983 would allow about 20 new Corps of Engineers construction starts annually, to address a wider variety of needs. Present construction schedules for the Soil Conservation Service could be maintained.

(2) *Conservation and Land Management.—Current law* would cost a total of $10.8 billion in budget authority and $10.5 billion in outlays over the FY 1979–83 period. This would provide for continued administration of the 760 million acres of Federal land, but would limit new data collection for land-use planning decisions. Department of Agriculture programs for maintaining the long-term productivity of agricultural lands would continue, but at declining levels of effort. The Forest Service could continue timber production and road construction activities on schedule, but would have to reduce from 15 percent to 10 percent the share of its funds devoted to future outputs such as reforestation and research. *Current policy* would cost an additional $1.4 billion in budget authority and $1.1 billion in outlays. This would maintain current levels of reforestation and research by the Forest Service, provide improved land management programs through increased data acquisition for management decisions, and maintain the current level of effort for conservation of topsoil on agricultural acreage.

(3) *Recreational Resources.—Current law* would cost a total of $8.6 billion in budget authority and $8.3 billion in outlays over the FY 1979–83 period. This would continue the Federal acquisition of lands for recreational use and preservation of natural and historic areas, but probably would not permit elimination of the land acquisition backlog by FY 1983. Assistance to States of up to 50 percent of the costs of planning, acquiring, and developing recreational resources also would be continued. *Current policy* would cost an additional $1.2 billion in budget authority and $0.8 billion in outlays. This would increase the probability of eliminating the existing land acquisition backlog by FY 1983, and provide a constant level of real assistance to States.

(4) *Pollution Control and Abatement.—Current law* would cost a total of $27.6 billion in budget authority and $28.2 billion in outlays over the FY 1979–83 period. This would maintain 75 percent assistance to States and municipalities in the form of EPA wastewater treatment construction grants. There currently are about 12,000 active projects, and by FY 1983, about 1,800 completions could be expected annually. The levels of effort would decline in EPA research and regulatory programs for development of environmental standards; pollution monitoring; grant support for State and local planning and enforcement programs; and research and development for regulating, preventing, and abating pollution. As a consequence, some environmental degradation and threats to public health and welfare could occur. *Current policy* would cost an additional $3.6 billion in budget authority and $1.9 billion in outlays, which could increase annual wastewater treatment project completions to about 2,000 annually by FY 1983 and prevent declines in research and regulatory programs.

(5) *Other Natural Resources and Environment Programs.—Current law* would result in net receipts, for a total of —$0.1 billion in budget authority and —$0.3 billion in outlays over the FY 1979–83 period. This would provide for declining levels of research and other services of the Geological Survey, National Oceanic and Atmospheric Administration, and Bureau of Mines, such as supervision of Federal mineral leasing, topographic surveys and mapping, water resources investigations, atmospheric environmental monitoring, protection of marine mammals and endangered species, and control of the adverse environmental impacts of mining. *Current policy* would cost an additional $0.7 billion in budget authority and $0.6 billion in outlays, and would prevent program declines due to inflation.

Future-year choices

(4) *Pollution Control and Abatement.*—Pursuant to the Safe Drinking Water Act of 1974, the EPA recently promulgated safe drinking water standards for major urban

areas. A grant program may be proposed to assist State and local governments in meeting these and related drinking water standards. Assuming a 50 percent Federal share of costs it is estimated that a $5 billion program would be adequate to assist all municipalities with public water systems serving a population of 50,000 or more.

Committee recommendations

The Committee recommends $13.7 billion in budget authority and $12.5 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $77.6 billion in budget authority and $75.8 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	12.9	13.2	13.3	13.5	13.6
Outlays	11.9	12.9	13.5	13.9	14.0
Current policy:					
Budget authority	13.7	14.7	15.3	16.0	17.2
Outlays	12.3	13.6	14.9	16.0	16.8
Authorizing committees:					
Budget authority	14.4	15.3	15.7	16.4	16.8
Outlays	13.2	14.9	15.7	16.3	16.5
Budget Committee recommendation:					
Budget authority	13.7	15.0	15.7	16.2	16.9
Outlays	12.5	14.2	15.4	16.3	17.2

For the missions in this function, the Committee makes the following recommendations:

(1) *Water Resources.*—The Committee recommends $3.6 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $22.2 billion in budget authority and $22.1 billion in outlays over the FY 1979–83 period.

The Committee recommendation would allow for maintenance of ongoing planning and construction schedules of the Corps of Engineers as well as for all new planning and construction starts recommended by that agency. Funding would be available for the continuation of construction on the Auburn Dam and the Garrison Diversion Project by the Bureau of Reclamation pending resolution of safety and legal questions. Acceleration of some ongoing construction activities of that agency would be possible.

MISSION 1: WATER RESOURCES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.7	3.9	3.9	4.0	4.0
Outlays	3.6	3.8	4.0	4.1	4.0
Cuurrent policy:					
Budget authority	3.9	4.4	4.6	4.9	5.3
Outlays	3.7	4.1	4.6	5.0	5.1
Authorizing committees:					
Budget authority	3.5	4.0	4.2	4.5	4.7
Outlays	3.5	4.0	4.2	4.5	4.7
Budget Committee recommendation:					
Budget authority	3.6	4.3	4.5	4.8	5.0
Outlays	3.6	4.2	4.5	4.8	5.0

(2) *Conservation and Land Management.*—The Committee recommends $2.4 billion in budget authority and $2.0 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $13.2 billion in budget authority and $12.4 billion in outlays over the FY 1979–83 period.

The Committee recommendation would continue ongoing programs for the conservation of agricultural lands at current levels in FY 1979, and would permit real growth in future years. A new agricultural cost sharing program to improve water quality through prevention of nonpoint source pollution could be funded at the level authorized in the Clean Water Act of 1977. Funding for Forest Service activities could be continued at a level that would allow the agency to meet 85 percent of its long-term renewable resources management goals as determined pursuant to the Forest and Rangelands Renewable Resources Planning Act of 1974. Increased funding for the Bureau of Land Management would allow greater emphasis on management of lands and resources.

MISSION 2: CONSERVATION AND LAND MANAGEMENT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.0	2.1	2.2	2.2	2.3
Outlays	1.8	2.1	2.2	2.2	2.3
Current policy:					
Budget authority	2.1	2.3	2.4	2.6	2.8
Outlays	1.8	2.2	2.4	2.5	2.7
Authorizing committees:					
Budget authority	2.4	2.5	2.6	2.8	3.0
Outlays	2.0	2.2	2.5	2.7	3.0
Budget Committee recommendation:					
Budget authority	2.4	2.5	2.6	2.7	3.0
Outlays	2.0	2.3	2.5	2.6	3.0

(3) *Recreational Resources.*—The Committee recommends $1.9 billion in budget authority and $1.6 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $10.3 billion in budget authority and $9.2 billion in outlays over the FY 1979–83 period.

The Committee recommendation would permit the programs in this mission to experience real growth beginning in FY 1979. The increases for the Land and Water Conservation Fund would provide for greater Federal and State land acquisition. Increased funding for the Fish and Wildlife Service would allow that agency to meet responsibilities resulting from new legislation. Increases for other mission elements would allow continuation of those programs at nearly constant levels.

MISSION 3: RECREATIONAL RESOURCES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.6	1.7	1.7	1.8	1.8
Outlays	1.5	1.6	1.7	1.7	1.8
Current policy:					
Budget authority	1.7	1.8	2.0	2.1	2.2
Outlays	1.5	1.7	1.8	2.0	2.1
Authorizing committees:					
Budget authority	2.5	2.3	2.2	2 3	2.2
Outlays	2.2	2.0	2.0	2.1	2.1
Budget Committee recommendation:					
Budget authority	1.9	2.0	2.1	2.1	2.2
Outlays	1.6	1.7	1.8	2.0	2.1

(4) *Pollution Control and Abatement.*—The Committee recommends $5.7 billion in budget authority and $5.4 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $31.3 billion in budget authority and $31.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation would maintain the programs in this mission at approximately constant real levels for the next five years. Increases over the President's recommendation for EPA research and regulatory programs would allow that agency to comply more closely with statutory requirements. The wastewater treatment construction grants program could be increased over current levels, though funding would remain below the authorized level.

MISSION 4: POLLUTION CONTROL AND ABATEMENT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	5.5	5.5	5.5	5.5	5.6
Outlays	5.1	5.5	5.7	5.9	6.0
Current policy:					
Budget authority	5.9	6.1	6.2	6.3	6.8
Outlays	5.2	5.6	6.0	6.5	6.7
Authorizing committees:					
Budget authority	5.8	6.4	6.7	6.8	6.9
Outlays	5.4	6.6	7.0	7.0	6.7
Budget Committee recommendation:					
Budget authority	5.7	6.1	6.4	6.5	6.6
Outlays	5.4	6.0	6.5	6.8	7.0

(5) *Other Natural Resources and Environment Programs.*—The Committee recommends $0.1 billion in budget authority and less than $0.05 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $0.6 billion in budget authority and $0.4 billion in outlays over the FY 1979–83 period.

The Committee recommendation would permit funding for programs in this mission to continue at approximately constant real levels through FY 1983. These include research and other services by the Geologic Survey, National Oceanic and Atmospheric Administration, and Bureau of Mines.

MISSION 5: OTHER NATURAL RESOURCES AND ENVIRONMENT PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.1	(*)	−(*)	−0.1	−0.1
Outlays	−(*)	(*)	−(*)	−0.1	−.1
Current policy:					
Budget authority	.1	0.1	0.1	.1	.1
Outlays	(*)	.1	.1	.1	.1
Authorizing committees:					
Budget authority	.2	.1	(*)	(*)	(*)
Outlays	.1	.1	(*)	(*)	(*)
Budget Committee recommendation:					
Budget authority	.1	.1	.1	.1	.1
Outlays	(*)	(*)	.1	.1	.1

*Less than $50,000,000.

Tax expenditures related to the function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of interest on State and local government pollution control bonds:						
Individuals	110	130	145	160	175	185
Corporations	220	265	300	330	355	390
Exclusion of payments in aid of construction of water and sewage utilities:						
Individuals						
Corporations	10	10	10	10	10	10
5-yr amortization on pollution control facilities:						
Individuals						
Corporations	−130	−45	40	130	180	140
Tax incentives for preservation of historic structures:						
Individuals	(1)	5	5	10	10	10
Corporations		5	5	5	5	5
Capital gains treatment of certain timber income:						
Individuals	60	65	70	80	85	95
Corporations	205	230	250	275	300	335
Capital gains treatment of iron ore:						
Individuals	5	10	10	10	10	10
Corporations	5	10	10	10	10	10
Total	485	685	845	1,020	1,140	1,190

[1] Less than $2,500,000.

Note: All estimates are rounded to the nearest $5,000,000.

(350) AGRICULTURE

National need and missions

The national need addressed by *Agriculture* is the promotion of a healthy and efficient agricultural economy. Federal programs meet this need through: financial assistance to farmers, to ensure them a fair return on their production costs; maintenance of food and fiber supplies adequate to meet domestic and export needs; and support of research and other services to increase agricultural efficiency and output, improve health through better nutrition and food safety, and improve the efficiency and reliability of domestic and export marketing systems.

The major mission areas in *Agriculture* are: (1) farm income stabilization, and (2) agricultural research and services.

Current trends

The following table shows the Committee recommendations for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	2.4	5.5
1978 estimate	3.0	8.8
1979:		
Current law	7.3	6.6
Current policy	7.4	6.6
President's budget request	7.2	5.4
Appropriations Committee	12.3	5.5
Authorizing committees	7.3	12.0
Budget Committee recommendation	12.4	7.8

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $38.5 billion in budget authority and $37.5 billion in outlays for *Agriculture*, while *current policy* would cost an additional $0.8 billion in budget authority and $0.7 billion in outlays. The implications of current trends in the two major mission areas are:

(1) *Farm Income Stabilization.—Current law* would cost a total of $31.7 billion in budget authority and $30.9 billion in outlays over the FY 1979–83 period. This would provide farm price supports for increases in annual production from 2 billion to 2.8 billion bushels in food grains and from 8.3 billion to 8.8 billion bushels in feed grains, and for sustained annual production of 1.7 billion bushels in oil grains, assuming normal weather and the formulas set forth in the Food and Agriculture Act of 1977. Government-assisted agriculture loans would be sustained at the current $2.9 billion annual level, which would fall below expected demand. Administrative services for farm programs in the States and counties would decline in real terms, by about 12 percent in FY 1983. *Current policy* would cost an additional $0.2 billion in both budget authority and outlays, and would prevent declines in real program levels for loans and administrative services.

(2) *Agricultural Research and Services.—Current law* would cost a total of $6.8 billion in budget authority and $6.6 billion in outlays over the FY 1979–83 period. This would provide for declining levels of program activities for basic research and services in areas such as animal and plant production; human nutrition; conservation of soil, water, and energy; animal and plant pest management; animal and plant health inspection; Federal grain inspection; and economic, statistical and marketing services. *Current policy* would cost an additional $0.6 billion in budget authority and $0.5 billion in outlays, and would prevent program declines due to inflation.

Future-year choices

(1) *Farm Income Stabilization:* (a) *CCC Price Supports.*—Under the Food and Agriculture Act of 1977, the Secretary of Agriculture has broad discretionary authority to increase income assistance to farmers by establishing loan and target prices for major commodities and by diverting land from production. The exercise of this authority and the impact of variations in the weather could cause significant increases regardless of the FY 1979 decisions of the Congress with respect to farm income stabilization.

(b) *Direct Grant Disaster Assistance Payments.*—Authority for direct grant disaster assistance payments to producers of wheat, feed grains, cotton, and rice expires with the 1979 crops (FY 1980). Although an Administration proposal is expected shortly, neither the Administration nor the Agriculture Committees have made specific recommendations as to whether and in what form these payments should be reauthorized. The Congressional Budget Office has analyzed several options, including one which would eliminate direct grant payments and expand Federal Crop Insurance to a nationwide program with a 50 percent Federal subsidy for insurance premiums. This option would increase budget authority and outlays by $0.3 to $0.5 billion in FY 1983.

Committee recommendations

The Committee recommends $12.4 billion in budget authority and $7.8 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $44.9 billion in budget authority and $39.9 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	7.3	9.0	6.9	7.7	7.6
Outlays	6.6	7.4	7.4	7.8	8.3
Current policy:					
Budget authority	7.4	9.1	7.0	7.9	7.9
Outlays	6.6	7.5	7.5	8.0	8.5
Authorizing committees:					
Budget authority	7.3	4.5	4.6	4.7	4.8
Outlays	12.0	12.1	12.2	12.3	12.4
Budget Committee recommendation:					
Budget authority	12.4	9.2	7.1	7.9	8.2
Outlays	7.8	7.6	7.6	8.1	8.7

For the missions in this function, the Committee makes the following recommendations:

(1) *Farm Income Stabilization.*—The Committee recommends $11.0 billion in budget authority and $6.4 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $36.9 billion in budget authority and $32.1 billion in outlays over the FY 1979–83 period.

The Committee recommendation provides for CBO's April estimate of current law and current policy for CCC price supports, allows a full inflation adjustment for other programs in this mission, and would provide additional budget authority to increase CCC borrowing authority to $25 billion and CCC outlays by $1.0 billion. These increases would allow for some increased farm price supports, but would not accommodate the larger outlays that would occur in FY 1979 if H.R. 6782, the Emergency Agricultural Act of 1978, were enacted.

The Committee's five-year totals would generally allow the program activities announced by the Secretary of Agriculture under the 1977 Food and Agriculture Act to continue at current policy levels. They assume that the $1.0 billion increase in outlays in FY 1979 would not recur in future years, and that full inflation adjustments would be made in other programs in this mission through FY 1983.

MISSION 1: FARM INCOME STABILIZATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	6.1	7.7	5.5	6.3	6.2
Outlays	5.4	6.2	6.1	6.5	6.8
Current policy:					
Budget authority	6.1	7.8	5.6	6.3	6.2
Outlays	5.4	6.2	6.1	6.5	6.9
Authorizing committees:					
Budget authority	5.7	2.8	2.8	2.8	2.8
Outlays	10.5	10.5	10.5	10.5	10.5
Budget Committee recommendation:					
Budget authority	11.0	7.8	5.6	6.3	6.2
Outlays	6.4	6.2	6.1	6.5	6.9

(2) *Agricultural Research and Services.*—The Committee recommends $1.4 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $8.0 billion in budget authority and $7.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation for FY 1979 would generally support the same real level of basic agricultural research and services as now exists at universities, colleges, and other agriculture installations across the nation. It would also permit funding of some increases above current law recommended by the Senate Agriculture and Appropriations Committees for selected programs such as nutritional status monitoring and pest control research.

The Committee's five-year totals would generally allow for the continuation of the same real level of research and services as recommended for FY 1979.

MISSION 2: AGRICULTURAL RESEARCH AND SERVICES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.2	1.3	1.4	1.4	1.5
Outlays	1.2	1.3	1.3	1.4	1.4
Current policy:					
Budget authority	1.3	1.4	1.5	1.6	1.7
Outlays	1.2	1.3	1.4	1.5	1.6
Authorizing committees:					
Budget authority	1.6	1.7	1.8	1.9	2.0
Outlays	1.5	1.6	1.7	1.8	1.9
Budget Committee recommendation:					
Budget authority	1.4	1.5	1.6	1.7	1.9
Outlays	1.4	1.4	1.5	1.6	1.8

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Expensing of certain capital outlays:						
Individuals	445	460	480	495	515	530
Corporations	70	75	80	80	85	85
Capital gains treatment of certain ordinary income:						
Individuals	350	365	385	405	425	450
Corporations	10	10	10	15	15	15
Deductibility of noncash patronage dividends and certain other items of cooperatives:						
Individuals	−175	−185	−190	−200	−210	−220
Corporations	490	525	560	595	635	675
Total	1,190	1,250	1,325	1,390	1,465	1,535

Note: All estimates are rounded to the nearest $5,000,000.

(370) COMMERCE AND HOUSING CREDIT

National need and missions

The national need addressed by *Commerce and Housing Credit* is the advancement of commerce and housing, and support of postal operations. Federal programs meet this need through: mortgage market assistance to ensure an adequate supply of mortgage credit; financial assistance to assure the provision of adequate mail service; financial and technical assistance for the development of small business; and support of administrative and regulatory activities that maintain a competitive economy and protect the consumer.

The major mission areas in *Commerce and Housing Credit are:* (1) mortgage credit and thrift insurance, (2) Postal Service, and (3) other commerce and housing credit programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	5.5	—(*)
1978 estimate	5.5	3.2
1979:		
Current law	5.5	3.5
Current policy	5.7	3.5
President's budget request	6.6	3.0
Appropriations Committee	6.8	3.1
Authorizing committees	12.4	3.7
Budget Committee recommendation	5.9	3.6

*Less than $50,000,000.

Current law and current policy for FY 1979–83

Over the next five years, current law would cost a total of $29.8 billion in budget authority and $18.2 billion in outlays for Commerce and Housing Credit, while current policy would cost an additional $4.5 billion in budget authority and $1.8 billion in outlays. The implications of current trends in the three major mission areas are:

(1) *Mortgage Credit and Thrift Insurance.—Current law* would cost a total of $13.3 billion in budget authority and $1.9 billion in outlays over the FY 1979–83 period. This would provide for declining program levels to increase housing production and partially protect the housing industry from the effects of cyclical swings in the flow of deposits to thrift institutions. By FY 1983, assistance for construction of low-income housing would support only 75,000 annual starts, just over 40 percent of the annual goal of 180,000 new or substantially rehabilitated units stated in the President's budget for FY 1979.

Current policy would cost an additional $3.5 billion in budget authority and $1.1 billion in outlays. This would continue mortgage market assistance at current real levels, and would support a total of 95,000 annual starts in low-income housing.

(2) *Postal Service.—Current law and current policy* are the same, and would cost a total of $8.4 billion in both budget authority and outlays over the FY 1979–83 period. This would provide a decreasing "public service cost" payment, and put additional pressure on the Postal Service to raise postal rates and/or reduce services to live within its own resources. Since this payment currently is inadequate to cover operating losses and since it is unlikely that the Postal Service will be able to eliminate losses in the foreseeable future, the Service probably would exercise its existing authority to borrow up to $500 million annually from the off-budget Federal Financing Bank (FFB) to cover operating losses. It is unlikely that these loans could be repaid without supplementary Federal payments to the Postal Service for that purpose.

(3) *Other Commerce and Housing Credit Programs.—Current law* would cost a total of $8.1 billion in budget authority and $7.9 billion in outlays over the FY 1979–83 period. This would support decreasing levels of services by such agencies as the Department of Commerce, Small Business Administration, Federal Communications Commission, Federal Trade Commission, and Securities and Exchange Commission. *Current policy* would cost an additional $1.0 billion in budget authority and $0.7 billion in outlays. This would prevent program declines due to inflation, and permit the SBA to rely somewhat more on direct loans in lieu of loan guarantees than would current law.

Future-year choices

(1) *Mortgage Credit and Thrift Insurance: GNMA Assistance.*—It is possible that additional Government National Mortgage Association (GNMA) assistance may be recommended in support of low-income housing, should this housing continue to be heavily dependent on GNMA mortgage purchase assistance and the Congress decide to maintain current levels of new Section 8 construction. This could add $1 to $3 billion in budget authority in FY 1983, and about 10 percent of that amount in outlays.

(2) *Other Commerce and Housing Credit Programs: Federal Financing Bank.*—It is possible that a proposal will be offered to include the FFB, which is now off-budget, in budget totals. This change might have no programmatic effect, but would significantly increase budget totals, the amount depending on pending proposals such as energy financing. It is likely that FY 1983 totals would be increased by $25 to $30 billion in budget authority and $20 to $25 billion in outlays if FFB were brought on-budget.

Committee recommendations

The Committee recommends $5.9 billion in budget authority and $3.6 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $34.8 billion in budget authority and $19.7 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	5.5	6.9	6.3	5.6	5.6
Outlays	3.5	4.0	3.8	3.5	3.4
Current policy:					
Budget authority	5.7	7.6	7.3	6.8	7.0
Outlays	3.5	4.2	4.1	4.0	4.1
Authorizing committees:					
Budget authority	12.4	8.8	9.4	9.9	10.4
Outlays	3.7	5.4	4.8	5.1	5.5
Budget Committee recommendation:					
Budget authority	5.9	8.0	7.3	6.7	7.0
Outlays	3.6	4.4	4.0	3.8	3.9

For the missions in this function, the Committee makes the following recommendations:

(1) *Mortgage Credit and Thrift Insurance.*—The Committee recommends $2.4 billion in budget authority and $0.3 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $16.9 billion in budget authority and $3.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation would accommodate funding required to ensure an adequate supply of mortgage credit with Federal assistance maintained at current levels in real terms. The targets would allow GNMA mortgage purchase activities to provide below market interest rate mortgages at levels requested by the President to help finance new subsidized housing for low-income families and unsubsidized housing for moderate income families in distressed areas. The Committee recommendation also assumes funding at current policy levels of assistance for housing in rural areas and for elderly and handicapped people.

MISSION 1: MORTGAGE CREDIT AND THRIFT INSURANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.1	3.6	3.0	2.3	2.3
Outlays	.3	.7	.5	.3	.1
Current policy:					
Budget authority	2.3	4.2	3.8	3.3	3.4
Outlays	.3	.8	.7	.6	.5
Authorizing committees:					
Budget authority	8.2	4.2	4.5	4.7	5.0
Outlays	−0.3	1.1	0.3	0.3	.4
Budget Committee recommendation:					
Budget authority	2.4	4.2	3.8	3.3	3.4
Outlays	.3	.8	.7	.6	.5

(2) *Postal Service.*—The Committee recommends $1.8 billion in budget authority and $1.8 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $8.4 billion in budget authority and $8.4 billion in outlays over the FY 1979–83 period.

The Committee recommendation assumes a continuation of the Federal Payment to the Postal Service consistent with existing law, which anticipates that the Postal Service will make steady progress toward achieving financial self-sufficiency. During markup, the Committee was advised that Assistant Postmaster General Finch recommended against any increase in appropriations, apparently believing that the Postal Service will be able significantly to improve its financial situation if it is required to accommodate its operations to the decreasing level of financial assistance permitted under current law. Accordingly, the Committee has recommended mission targets which anticipate that appropriations will approximate $1.8 billion in FY 1979, and will decline steadily thereafter to $1.6 billion in FY 1983. The Senate should be aware, however, that if the Postal Service is not able to improve its performance as it expects, this decreasing funding level will exacerbate its financial problems, and further increase the pressure to raise postal rates and reduce delivery standards. Under these circumstances, the Postal Service also will be likely to return to its practice of financing up to $500 million of its annual operating losses by "borrowing" off budget from the Federal Financing Bank. As history has shown, such "borrowing" can-

not be repaid except with the assistance of emergency congressional appropriations.

MISSION 2: POSTAL SERVICE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.8	1.7	1.7	1.6	1.6
Outlays	1.8	1.7	1.7	1.6	1.6
Current policy:					
Budget authority	1.8	1.7	1.7	1.6	1.6
Outlays	1.8	1.7	1.7	1.6	1.6
Authorizing committees:					
Budget authority	2.6	2.7	2.8	2.9	3.0
Outlays	2.6	2.7	2.8	2.9	3.0
Budget Committee recommentation:					
Budget authority	1.8	1.7	1.7	1.6	1.6
Outlays	1.8	1.7	1.7	1.6	1.6

(3) *Other Commerce and Housing Credit Programs.*—The Committee recommends $1.6 billion in budget authority and $1.4 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $9.4 billion in budget authority and $8.4 billion in outlays over the FY 1979–83 period.

The Committee recommendation would generally allow for a continuation of the current level of activity in programs administered by agencies such as the Department of Commerce, FCC, FTC and SEC. For SBA's programs of credit assistance to small business, the recommended targets could accommodate the recommendation of the President and the Senate Select Committee on Small Business, that future assistance should place more emphasis on the use of loan guarantees, which require the participation of private lenders, in comparison with 100 percent direct Federal loans. The targets do not include allowances for the creation of new programs or agencies which would require substantial amounts of Federal funding.

MISSION 3: OTHER COMMERCE AND HOUSING CREDIT PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.5	1.6	1.6	1.7	1.7
Outlays	1.4	1.6	1.6	1.7	1.7
Current policy:					
Budget authority	1.6	1.7	1.8	1.9	2.0
Outlays	1.4	1.7	1.7	1.9	2.0
Authorizing committees:					
Budget authority	1.6	1.9	2.1	2.2	2.4
Outlays	1.4	1.6	1.8	1.9	2.1
Budget Committee recommendation:					
Budget authority	1.6	2.1	1.8	1.9	2.1
Outlays	1.4	1.9	1.6	1.6	1.8

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following tables:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Dividend exclusion:						
Individuals	475	505	530	560	590	620
Corporations						
Exclusion of interest on State and local industrial development bonds:						
Individuals	115	135	155	175	195	220
Corporations	235	270	315	355	400	445
Exemption of credit union income:						
Individuals						
Corporations	80	90	100	115	125	140
Excess bad reserves of financial institutions:						
Individuals						
Corporations	705	790	930	1,025	1,040	1,085
Deductibility of mortgage interest on owner-occupied homes:						
Individuals	4,985	5,530	6,140	6,815	7,565	8,395
Corporations						
Deductibility of property tax on owner-occupied homes:						
Individuals	4,665	5,180	5,750	6,385	7,085	7,865
Corporations						
Deductibility of interest on consumer credit:						
Individuals	2,120	2,350	2,610	2,895	3,215	3,565
Corporations						
Expensing of construction period interest and taxes:						
Individuals	140	90	145	165	205	230
Corporations	500	525	555	585	615	645
Excess first-year depreciation:						
Individuals	145	155	165	170	180	190
Corporations	45	50	50	55	55	60
Depreciation on rental housing in excess of straightline:						
Individuals	300	290	290	300	315	335
Corporations	70	70	70	75	80	85
Depreciation on buildings (other than rental housing) in excess of straightline:						
Individuals	125	115	105	95	90	95
Corporations	140	130	115	110	105	105
Asset depreciation range:						
Individuals	115	135	165	190	215	245
Corporations	2,245	2,640	3,120	3,625	4,155	4,725
Capital gains (other than farming, timber, iron ore, and coal):						
Individuals	7,430	7,990	8,585	9,230	9,925	10,665
Corporations	540	575	635	705	780	865
Deferral of capital gains on home sales:						
Individuals	935	980	1,030	1,080	1,135	1,195
Corporations						
Capital gains at death:						
Individuals	8,120	8,975	9,910	10,945	12,090	13,535
Corporations						
Corporate surtax exemption:						
Individuals						
Corporations	3,885	3,540	2,905	3,005	3,225	3,480
Investment credit:						
Individuals	2,390	2,725	3,020	2,980	2,620	2,745
Corporations	10,735	12,320	13,650	13,085	11,400	11,410
Total	51,240	56,155	61,045	64,725	67,405	72,935

Note: All estimates are rounded to the nearest $5,000,000.

(400) TRANSPORTATION

National need and missions

The national need addressed by *Transportation* is satisfaction of the transportation needs of commerce and the public. Federal programs meet this need through development of the various modes of transportation and regulation of transportation activities.

The major mission areas in *Transportation* are: (1) highways, (2) railroads, (3) mass transit, (4) air transportation, and (5) water and other transportation.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	10.4	14.6
Fiscal year 1978 estimate	15.1	15.8
Fiscal year 1979:		
Current law	15.3	16.6
Current policy	15.9	16.7
President's budget request	18.6	17.4
Appropriations Committee	21.7	19.4
Authorizing committees	21.5	18.3
Budget Committee recommendation	19.5	17.5

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $86.0 billion in budget authority and $90.3 billion in outlays for *Transportation*, while *current policy* would cost an additional $11.7 billion in budget authority and $4.7 billion in outlays. The implications of current trends in the five major missions areas are:

(1) *Highways.—Current law* would cost a total of $38.0 billion in budget authority and $38.9 billion in outlays over the FY 1979–83 period. This would continue adequate construction funding for the Federal-aid highway system, predominantly for the 42,500-mile Interstate system, which now is about 92 percent (39,000 miles) constructed, a proportion which would reach almost 98 percent (41,500 miles) by the end of FY 1983. However, increasing costs could cause declines in real assistance for maintenance projects and for construction projects not on a Federal-aid system. *Current policy* would cost an additional $4.9 billion in budget authority and $1.2 billion in outlays, and would support increased highway and bridge rehabilitation. However, since rehabilitation expenses appear to be growing at a rate higher than the inflation rate, even these additional funds might not be enough to keep pace with requirements, which might necessitate an increase in highway taxes.

(2) *Railroads.—Current law* would cost a total of $7.1 billion in budget authority and $7.7 billion in outlays over the FY 1979–83 period. This would be adequate to fund completion of the high-speed Northeast Corridor Project by 1983, and to continue at current funding levels, the existing pilot rail rehabilitation programs to improve rail freight service and safety. However, current law levels would result in substantial cuts in Amtrak services and would provide for no additional assistance to Conrail, resulting in a serious funding shortage. *Current policy* would cost an additional $0.6 billion in budget authority and $0.4 billion in outlays. This should allow Amtrak to maintain its current route schedule, but provide no significant increase in Federal assistance to rail freight. This means that in the absence of substantial budget increases, rail rehabilitation investment may be restricted to private funding or to off-budget loans and/or loan guarantees.

(3) *Mass Transit.—Current law* would cost a total of $10.7 billion in budget authority and $13.8 billion in outlays over the FY 1979–83 period. This would continue funding of the currently approved new rail systems in six cities, but real levels of other capital assistance and operating subsidies

gradually would decline. Urban areas thus might, be pressured to increase the share of funds they provide by transit fares or local subsidies, or to cut back on equipment purchases and service standards. *Current policy* would cost an additional $3.4 billion in budget authority and $1.1 billion in outlays. This could permit construction starts on one or two additional new rail systems, although Federal grant assistance would continue to emphasize less capital-intensive projects such as rail rehabilitation and modernization, bus replacement, restricted traffic lanes, improved traffic management, and the like. Financial pressures on local transit systems would be eased somewhat, but it still would not be certain that Federal assistance would be adequate to both continue the current rate of bus fleet expansion and pay an average of 16 percent of transit operating expenses.

(4) *Air Transportation.—Current law* would cost a total of $18.3 billion in budget authority and $18.4 billion in outlays over the FY 1979–83 period. This probably would continue adequate operation of the air traffic control system and other administrative and technical functions of the Federal Aviation Administration (FAA), but would result in decreasing real levels of assistance for airport development and the purchase of supporting facilities and equipment. *Current policy* would cost an additional $1.5 billion in budget authority and $1.1 billion in outlays. Since Federal programs of assistance to air transportation are well established and experiencing no inherent pressures for expansion, this funding should be adequate to meet currently projected needs for the airport development and facilities and equipment programs.

(5) *Water and Other Transportation.—Current law* would cost a total of $11.9 billion in budget authority and $11.5 billion in outlays over the FY 1979–83 period, but would result in declining real levels of assistance. *Current policy* would cost an additional $1.2 billion in budget authority and $0.9 billion in outlays, and would prevent declines in assistance due to inflation.

Future-year choices

(2) *Railroads: Rail Rehabilitation.*—The Administration has indicated its intent to recommend next year a comprehensive program to assist national rail rehabilitation, which is expected to require elimination of duplicative freight lines in return for financial assistance in support of roadbed and other physical asset rehabilitation. Rehabilitation would increase the speed and reliability of rail freight transport, enhance the ability of railroads to transport coal as necessary to implement the energy conversion strategy, and reduce the probability of train derailments. In FY 1983, the program would cost from zero to about $1 billion in budget authority and zero to $0.8 billion in outlays, depending on whether direct loans or loan guarantees were used.

(4) *Air Transportation: Airport development.*—The Senate Commerce Committee indicates that an increase in the airport development grant program may be proposed when the current authorization expires in FY 1980, to reduce aircraft noise problems through the purchase of real estate adjoining airports. In FY 1983, this could add $0.2 to $9.4 billion in budget authority and $0.2 to $0.3 billion in outlays.

Committee recommendations

The Committee recommends $19.5 billion in budget authority and $17.5 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $103.1 billion in budget authority and $97.0 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	15.3	16.5	17.8	18.1	18.3
Outlays	16.6	17.3	18.2	18.8	19.4
Current policy:					
Budget authority	15.9	18.0	20.1	21.3	22.5
Outlays	16.7	17.8	19.1	20 2.	21.3
Authorizing committees:					
Budget authority	21.5	22.1	22.5	23.7	24.9
Outlays	18.3	19.9	20 9	22.4	23.8
Budget Committee recommendation:					
Budget authority	19.5	20.6	20.2	21.0	21.9
Outlays	17.5	18.7	19.2	20.3	21.3

For the missions in this function, the Committee makes the following recommendations:

(1) *Highways.*—The Committee recommends $8.2 billion in budget authority and $7.4 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $42.6 billion in budget authority and $41.2 billion in outlays over the FY 1979–83 period.

The Committee recommendation would accommodate the recommendation of the Senate Environment and Public Works Committee to increase funding slightly above the President's request in FY 1979, but to allow for only very moderate increases thereafter. As recommended by the authorizing committee, such funding in FY 1979 could allow acceleration of interstate construction and also permit a significant expansion in the level of assistance to help meet the priority need for highway bridge repair and replacement. The level of spending assumed for highways is consistent with the level of receipts projected for the Highway Trust Fund. Higher levels of highway spending would require increases in the gasoline and other excise taxes supporting the Trust Fund.

MISSION 1: HIGHWAYS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	7.6	7.6	7.6	7.6	7.6
Outlays	7.2	7.4	7.8	8.1	8.4
Current policy:					
Budget authority	7.9	8.2	8.5	8.9	9.3
Outlays	7.2	7.6	8.0	8.4	8.8
Authorizing committees:					
Budget authority	8.4	8.4	8.9	8.9	8.9
Outlays	7.5	8.1	8.4	8.8	9.1
Budget Committee recommendation:					
Budget authority	8.2	8.2	8.7	8.7	8.7
Outlays	7.4	8.0	8.2	8.6	8.9

(2) *Railroads.*—The Committee recommends $2.4 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $8.8 billion in budget authority and $9.3 billion in outlays over the FY 1979–83 period.

The Committee recommendation would support the continuation of current activity levels for the programs of the Federal Railroad Administration, and would accommodate additional on-budget investment in Conrail equal to that railroad's minimum needs estimate of $1.3 billion. The targets also assume that the "zero base" study of Amtrak's route structure currently being undertaken by DOT will result in implementation sometime next year of a more efficient rail passenger network, and that this will permit a reduction in the rate of growth of future Amtrak subsidies.

MISSION 2: RAILROADS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.8	1.6	1.2	1.2	1.3
Outlays	1.8	1.7	1.6	1.3	1.3
Current policy:					
Budget authority	1.9	1.7	1.3	1.4	1.5
Outlays	1.8	1.7	1.7	1.5	1.5
Authorizing committees:					
Budget authority	2.8	2.7	1.7	1.9	2.0
Outlays	2.7	2.7	2.0	1.9	1.9
Budget Committee recommendation:					
Budget authority	2.4	2.4	1.3	1.3	1.4
Outlays	2.4	4.4	1.7	1.4	1.4

(3) *Mass Transit.*—The Committee recommends $3.2 billion in budget authority and $2.3 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $18.7 billion in budget authority and $14.6 billion in outlays over the FY 1979–83 period.

The Committee recommendation would permit funding slightly in excess of the Prseident's January budget request, and thus would approximately maintain current activity levels for programs providing assistance for mass transit construction, extension and rehabilitation, bus purchases, other capital assistance, and operating subsidies. Without reductions in other programs, however, it is unlikely that the recommended targets would be adequate to fund construction of any major new rail systems or to implement any sizable new grant programs such as that recently proposed by the President for construction of multi-modal transportation terminals in central cities.

MISSION 3: MASS TRANSIT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.5	1.4	2.9	2.9	2.9
Outlays	2.3	2.5	2.8	3.1	3.1
Current policy:					
Budget authority	.5	1.9	3.6	3.9	4.1
Outlays	2.3	2.5	2.9	3.4	3.7
Authorizing committees:					
Budget authority	4.1	4.4	4.8	5.2	5.9
Outlays	2.5	2.9	3.6	4.4	4.9
Budget Committee recommendation:					
Budget authority	3.2	3.8	3.6	3.9	4.1
Outlays	2.3	2.5	2.8	3.3	3.7

(4) *Air Transportation* and (5) *Water and Other Transportation.*—The Committee recommends a total of $5.7 billion in budget authority and $5.3 billion in outlays for these missions in FY 1979. The Committee anticipates that these figures will total $33.0 billion in budget authority and $31.9 billion in outlays over the FY 1979–83 period.

The Committee recommendation would continue current real program levels for agencies such as the Federal Aviation Administration, National Aeronautics and Space Administration, Civil Aeronautics Board, Coast Guard, Maritime Administration, Federal Maritime Commission, and Interstate Commerce Commission. Funding would be likely to prove inadequate to accommodate any major new or significantly expanded programs without major reductions in other programs.

MISSION 4: AIR TRANSPORTATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.4	3.5	3.7	3.8	3.9
Outlays	3.3	3.5	3.7	3.9	4.0
Current policy:					
Budget authority	3.4	3.7	3.9	4.2	4.5
Outlays	3.3	3.6	3.9	4.2	4.4
Authorizing committees:					
Budget authority	3.7	3.9	4.3	4.6	4.9
Outlays	3.4	3.8	4.2	4.6	4.9
Budget Committee recommendation:					
Budget authority	3.5	3.7	3.9	4.2	4.5
Outlays	3.3	3.6	3.9	4.2	4.5

MISSION 5: WATER AND OTHER TRANSPORTATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.1	2.3	2.4	2.5	2.6
Outlays	2.0	2.2	2.3	2.5	2.5
Current policy:					
Budget authority	2.2	2.5	2.7	2.8	3.0
Outlays	2.0	2.3	2.5	2.7	2.9
Authorizing committees:					
Budget authority	2.4	2.6	2.8	3.0	3.2
Outlays	2.2	2.4	2.6	2.8	3.0
Budget Committee recommendation:					
Budget authority	2.2	2.5	2.7	2.8	3.0
Outlays	2.0	2.3	2.5	2.7	2.9

Tax expenditures related to this function

The estimated revenue losses from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Deductibility of nonbusiness State gasoline taxes:						
Individuals	760	840	935	1,035	1,150	1,275
Corporations						
5-yr amortization on railroad rolling stock:						
Individuals						
Corporations	−40	−40	−40	−40	−40	−35
Deferral of tax on shipping companies:						
Individuals						
Corporations	105	85	70	60	55	45
Total	52,145	57,040	62,010	65,780	68,570	74,220

Note: All estimates are rounded to the nearest $5,000,000.

(450) COMMUNITY AND REGIONAL DEVELOPMENT

National need and missions

The national need addressed by *Community and Regional Development* is strengthening the economies and physical structure of urban and rural areas. Federal programs meet this need through: assistance to State and local governments in rehabilitating housing, constructing public facilities, and attracting job-producing private investment; investment in improved roads, water and waste treatment systems, health centers, and other facilities; and disaster assistance to State and local governments, private firms, and individuals to facilitate recovery from the effects of floods, drought, and other natural and economic disasters.

The major mission areas in *Community and Regional Development* are: (1) community development, (2) area and regional development, and (3) disaster relief and insurance.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years]

	Budget authority	Outlays
1977 actual	12.8	6.3
1978 estimate	9.4	10.9
1979:		
Current law	8.2	8.8
Current policy	8.7	8.9
President's budget request	11.4	9.0
Appropriations Committee	8.4	9.0
Authorizing committees	10.6	10.9
Budget Committee recommendation	10.4	9.0

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $40.3 billion in budget authority and $41.9 billion in outlays for *Community and Regional Development*, while *current policy* would cost an additional $8.7 billion in budget authority and $4.8 billion in outlays. The implications of current trends in the three major mission areas are:

(1) *Community Development.—Current law* would cost a total of $23.5 billion in budget authority and $23.0 billion in outlays over the FY 1979–83 period. This would provide grants-in-aid to almost all State and local governments at a level equal to about 2 percent of their total spending in FY 1979, but declining to about 1 percent by FY 1983. These grants and direct loans assist these governments in the repair and construction of public facilities such as parks, streets, and sewer lines; subsidize firms willing to relocate to or expand in economically distressed localities; and support State and local planning for the development of urban and rural areas. Recent revisions to distribution formulas and other changes would direct an increasing portion of this aid to high-need areas such as older cities, and to lower-income people within these areas. Some analysts suggest that an undetermined but growing number of distressed local governments depend on this Federal aid to avoid financial crisis, and that a decline in real levels of assistance might cause financial crises in a number of areas. *Current policy* would cost an additional $4.8 billion in budget authority and $2.4 billion in outlays, and would sustain Federal assistance at a level equal to about 2 percent of total State and local spending.

(2) *Area and Regional Development.—Current law* would cost a total of $11.9 billion in budget authority and $14.2 billion in outlays over the FY 1979–83 period, while *current policy* would cost an additional $2.6 billion in budget authority and $1.3 billion in outlays. Except for the fact that programs in this mission focus on broader geographic areas, the discussion under the preceding mission applies equally well to these programs.

(3) *Disaster Relief and Insurance.—Current law* would cost a total of $4.9 billion in budget authority and $4.8 billion in outlays over the FY 1979–83 period. If the occurrence of disasters is consistent with the experience of recent years, these amounts would not be adequate to sustain real levels of assistance, and could force such measures as increased interest rates charged to borrowers under the Small Business Administration (SBA) and Farmers Home Administration (FmHA) disaster loan programs. *Current policy* would cost an additional $1.3 billion in budget authority and $1.2 billion in outlays, and would provide adequate assistance for the average level of disasters experienced in recent years.

Future-year choices

Since Congressional action is expected in FY 1979 on disaster assistance and on the President's urban policy proposals, no major choices are now foreseen for the FY 1980–83 period.

Committee recommendations

The Committee recommends $10.4 billion in budget authority and $9.0 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $53.2 billion in budget authority and $50.8 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal year]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	8.2	8.0	8.0	8.0	8.0
Outlays	8.8	8.2	8.3	8.4	8.3
Current policy:					
Budget authority	8.7	9.2	9.8	10.4	11.0
Outlays	8.9	8.8	9.2	9.7	10.3
Authorizing committees:					
Budget authority	10.6	11.2	11.9	12.3	12.9
Outlays	10.9	11.4	11.3	10.6	10.9
Budget Committee recommendation:					
Budget authority	10.4	10.7	11.0	10.4	10.8
Outlays	9.0	9.9	10.5	10.9	10.5

For the missions in this function, the Committee makes the following recommendations:

(1) *Community Development.*—The Committee recommends $5.0 billion in budget authority and $4.0 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $27.0 billion in budget authority and $25.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation assumes an increase in rehabilitation loans to levels that would bring over 20,000 homes and commercial properties up to code standards. The Committee recommendation would accommodate moderate increases in the Community Development Block Grant program and other community development program over the next ve years.

MISSION 1: COMMUNITY DEVELOPMENT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Currant law:					
Budget authority	4.7	4.7	4.7	4.7	4.7
Outlays	3.9	4.3	4.8	5.0	4.9
Current policy:					
Budget authority	5.0	5.3	5.6	6.0	6.4
Outlays	4.0	4.5	5.2	5.7	6.0
Authorizing committees:					
Budget authority	5.4	5.6	5.8	5.9	6.1
Outlays	4.3	4.7	5.1	5.1	5.1
Budget Committee recommendation:					
Budget authority	5.0	5.2	5.4	5.6	5.8
Outlays	4.0	4.5	5.2	5.5	5.8

(2) *Area and Regional Development.*—The Committee recommends $3.7 billion in budget authority and $3.9 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $18.6 billion in budget authority and $19.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation assumes the levels of funding requested by the President for the Economic Development Administration's programs to aid local economies hurt by long term decline or shifts in foreign trade. The Committee recommendation would accommodate funding for the labor-intensive "soft public works" program proposed in the President's urban message. The recommended targets assume funding of other regional development programs at levels that would maintain current levels in real terms.

MISSION 2: AREA AND REGIONAL DEVELOPMENT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.4	2.3	2.4	2.4	2.5
Outlays	3.8	2.9	2.5	2.5	2.5
Current policy:					
Budget authority	2.5	2.7	2.9	3.1	3.4
Outlays	3.8	3.0	2.7	2.8	3.1
Authorizing committees:					
Budget authority	2.8	3.0	3.2	3.3	3.4
Outlays	4.5	4.6	3.9	3.0	3.1
Budget Committee recommendation:					
Budget authority	3.7	3.9	4.1	3.4	3.6
Outlays	3.9	4.0	3.8	3.9	3.4

(3) *Disaster Relief and Insurance.*—The Committee recommends $1.2 billion in budget authority and $1.0 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $4.9 billion in budget authority and $4.8 billion in outlays over the FY 1978–80 period.

The Committee recommendation would accommodate disaster loans and grants adequate for a level of disasters slightly below the average experienced in recent years. It is assumed that SBA disaster loans for crop damage would continue, but would be provided at the government's cost of capital, as current law will require beginning in FY 1979.

MISSION 3: DISASTER RELIEF AND INSURANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.2	1.1	1.0	0.9	0.8
Outlays	1.0	1.0	1.0	.9	.8
Current policy:					
Budget authority	1.3	1.3	1.2	1.2	1.2
Outlays	1.0	1.3	1.2	1.2	1.2
Authorizing committees:					
Budget authority	2.4	2.6	2.9	.1	3.4
Outlays	2.1	2.1	2.3	2.5	2.7
Budget Committee recommendation:					
Budget authority	1.2	1.1	1.0	.9	.8
Outlays	1.0	1.0	1.0	.9	.8

Multi-Mission Issue.—The Committee recommends $0.6 billion in budget authority and $0.1 billion in outlays for the National Development Bank programs in FY 1979. The Committee anticipates that these figures will total $2.8 billion in budget authority and $2.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation would accommodate funding of Federal grants the President has requested as part of his proposed National Development Bank. These grants would be provided through HUD and the Economic Development Administration to encourage private firms to locate or expand facilities in economically distressed areas. The Committee recommendation would not accommodate the President's recommended amounts for such other elements of the National Development Bank proposal as loan guarantee default reserves, interest rate subsidies and secondary market activities.

MULTIMISSION ISSUE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	(1)	(1)	(1)	(1)	(1)
Outlays	(1)	(1)	(1)	(1)	(1)
Current policy:					
Budget authority	(1)	(1)	(1)	(1)	(1)
Outlays	(1)	(1)	(1)	(1)	(1)
Authorizing committees:					
Budget authority	(1)	(1)	(1)	(1)	(1)
Outlays	(1)	(1)	(1)	(1)	(1)
Budget Committee recommendation:					
Budget authority	0.6	0.6	0.6	0.6	0.6
Outlays	0.1	0.4	0.5	0.6	0.6

[1] Amounts are included in missions 1–2.

Tax expenditures related to this function

The estimated revenue losses resulting from the tax expenditure related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
5-yr amortization for housing rehabilitation:						
Individuals	10	5	5	(1)	(1)	−5
Corporations	5	5	5	(1)	(1)	−5
Total	15	10	10	(1)	(1)	−10

[1] Less than $2,500,000.

Note: All estimates are rounded to the nearest $5,000,000.

(500) EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

National need and missions

The national need addressed by *Education, Training, Employment, and Social Services* is the assurance of full and equal educational and employment opportunities for all Americans. Federal programs meet this need through: improvement of elementary and secondary education opportunities for students in need of financial assistance; support for educational and cultural institutions and activities; improvement of the understanding of the educational process through research; training and employment opportunities to promote sustained full employment; regulation of standards applicable to labor-management relationships; collection and dissemination of labor statistics; and supportive services to the poor, the aged, the handicapped, and other groups with special needs, to help them become self-sufficient.

The major mission areas in *Education, Training, Employment, and Social Services* are: (1) elementary, secondary, and vocational education; (2) higher education; (3) research and general education aids; (4) training and employment; (5) other labor services; and (6) social services.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years.

	Budget authority	Outlays
1977 actual	30.4	21.0
1978 estimate	24.6	27.0
1979:		
Current law	29.1	29.7
Current policy	30.6	30.2
President's budget request	35.5	31.3
Appropriations Committee	35.6	31.6
Authorizing committees	44.9	34.2
Budget Committee recommendation	31.6	31.2

Current law and current policy for fiscal year 1979–83

Over the next five years, *current law* would cost a total of $150.5 billion in budget authority and $152.1 billion in outlays for *Education, Training, Employment, and Social Services*, while *current policy* would cost an additional $26.9 billion in budget authority and $21.4 billion in outlays. The implications of current trends in the six major mission areas are:

(1) *Elementary, Secondary, and Vocational Education.—Current law* would cost a total of $34.0 billion in both budget authority and outlays over the FY 1979–83 period. The proportion of educationally handicapped children being served would decline from 62 percent to 40 percent, and the Federal share of the costs of educating the handicapped would drop from 8 percent to 5 percent. *Current policy* would cost an additional $9.0 billion in budget authority and $5.9 billion in outlays, and would maintain the current levels of 62 percent of educationally disadvantaged children served and 8 percent Federal share of costs educating the handicapped.

(2) *Higher Education.—Current law* would cost a total of $20.8 billion in budget authority and $20.7 billion in outlays over the FY 1979–83 period. The proportion of students receiving Federal higher education subsidies would decline from the current 27 percent to 14 percent in FY 1983, in part because of inflation, and in part because rising family incomes would reduce the eligible population. *Current policy* would cost an additional $2.6 billion in budget authority and $2.1 billion in outlays, and would provide higher education subsidies for about 21 percent of all students.

(3) *Research and General Education Aids.—Current law* would cost a total of $6.6 billion in budget authority and $6.5 billion in outlays over the FY 1979–83 period. This would maintain the current mix of assistance to cultural institutions and activities, educational and scientific research, and related projects, but at gradually declining levels. *Current policy* would cost an additional $1.1 billion in budget authority and $0.8 billion in outlays, and would prevent program declines due to inflation.

(4) *Training and Employment.—Current law* would cost a total of $61.3 billion in budget authority and $62.9 billion in outlays over the FY 1979–83 period. By FY 1983, the number of public service jobs and of training slots funded would decline by over 17 percent and over 27 percent to 600,000 and 717,800 respectively. *Current policy* would cost an additional $11.3 billion in budget authority and $9.2 billion in outlays, and would sustain the current levels of 725,000 public service jobs and 990,800 training slots.

(5) *Other Labor Services—Current law* would cost a total of $2.5 billion in budget authority and $2.4 billion in outlays over the FY 1979–83 period, and would result in declining levels of service in programs to establish and enforce employer-employee relationship standards and to collect and disseminate statistics on employment, wages, and prices. *Current policy* would cost an additional $0.2 billion in both budget authority and outlays, and would maintain current levels of service.

(6) *Social Services.—Current law* would cost a total of $25.5 billion in both budget authority and outlays over the FY 1979–83 period. This would result in substantial reductions in services, because the Title XX program of social services grants to States is "capped" and 47 of the 50 States currently are at their ceiling. *Current policy* would cost an additional $2.7 billion in budget authority and $2.2 billion in outlays. However, unless the "cap" on Title XX grants is raised, real levels of services still would decline.

Future year choices

(1) *Elementary, Secondary, and Vocational Education: Services to the Handicapped.*—The enactment of two recent laws may cause pressures to increase funding for services to the handicapped. The Education for All Handicapped Children Act of 1975 authorized Federal sharing of the costs of educating handicapped children, at a rate increasing by 10 percent per year from the FY 1978 level of 10 percent to 40 percent in FY 1981. Should the Congress decide to fund these increasing shares and extend the 40 percent share through FY 1983, the Federal share would rise to $1,023 per child in FY 1983 for a total cost of $4.2 billion, or $3.2 billion above the current policy estimate for that year (which assumed a 10 percent share). Section 504 of the Vocational Rehabilitation Act of 1973 requires that all public facilities and programs be open and accessible to handicapped citizens. Several bills have been introduced to provide Federal sharing of the costs of

removing architectural barriers, with cost estimates ranging from $0.5 to $1.5 billion.

(2) *Higher Education: Student Aid.*—The Congress currently is considering alternatives for tuition assistance for middle-income families, which will influence choices in reauthorizing the Higher Education Act next year. Whichever option is chosen by this Congress, direct grants or tuition tax credits, pressures for increased assistance are likely to arise.

The House Education and Labor Committee has suggested $1.2 billion for grants in FY 1979, and $2.0 billion in FY 1980. The Finance Committee has reported a bill that includes a tax credit for elementary and secondary school tuition, the enactment of which may accelerate pressures to provide general aid to public schools, in addition to the existing Federal aid for schools serving disadvantaged students. Additional Federal assistance could cost from $7 to $18 billion in FY 1983.

Committee recommendations

The Committee recommends $31.6 billion in budget authority and $31.2 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $177.2 billion in budget authority and $174.8 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	29.1	30.4	30.4	30.3	30.3
Outlays	29.7	31.1	30.5	30.5	30.4
Current policy:					
Budget authority	30.6	33.8	35.7	37.7	39.7
Outlays	30.2	33.6	34.6	36.5	38.5
Authorizing committees:					
Budget authority	44.9	39.6	41.9	44.1	46.4
Outlays	34.2	39.0	40.9	42.8	45.2
Budget Committee recommendation:					
Budget authority	31.6	34.0	35.7	37.2	38.8
Outlays	31.2	33.9	35.1	36.5	28.1

For the missions in this function, the Committee makes the following recommendations:

(1) *Elementary, Secondary, and Vocational Education.*—The Committee recommends $7.7 billion in budget authority and $6.6 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $43.0 billion in budget authority and $40.3 billion in outlays over the FY 1979–83 period.

The Committee recommendation permits sufficient funds to accommodate increases for Title I of the Elementary and Secondary Education Act to fund the Federal share of the excess cost of educating handicapped children at 12 percent, and to provide for increases in other elementary and secondary programs, such as Head Start and Emergency School Aid. The Committee assumes savings from inclusion of smaller programs for the disadvantaged and set-aside programs in Title I.

MISSION 1: ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	6.8	6.8	6.8	6.8	6.8
Outlays	6.5	6.9	6.9	6.9	6.9
Current policy:					
Budget authority	7.4	7.9	8.6	9.2	9.9
Outlays	6.6	7.5	8.0	8.6	9.2
Authorizing committees:					
Budget authority	8.9	9.5	10.2	11.0	11.8
Outlays	7.5	9.0	9.5	10.2	11.0
Budget Committee recommendation:					
Budget authority	7.7	8.0	8.6	9.1	9.6
Outlays	6.6	7.7	8.2	8.6	9.2

(2) *Higher Education.*—The Committee recommends $4.4 billion in budget authority and $4.2 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $22.7 billion in budget authority and $22.6 billion in outlays over the FY 1979–83 period.

The Committee recommendation would permit current law spending for programs in this mission, plus an amount for the refundable portion of a higher education tuition tax credit.

MISSION 2: HIGHER EDUCATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	4.3	4.3	4.2	4.1	4.0
Outlays	4.1	4.3	4.2	4.1	4.0
Current policy:					
Budget authority	4.4	4.6	4.7	4.8	4.8
Outlays	4.1	4.6	4.6	4.7	4.8
Authorizing committees:					
Budget authority	6.3	6.6	6.7	6.8	6.9
Outlays	4.2	6.5	6.6	6.7	6.8
Budget Committee recommendation:					
Budget authority	4.4	4.6	4.6	4.6	4.6
Outlays	4.2	4.5	4.6	4.6	4.7

(3) *Research and General Education Aids.*—The Committee recommends $1.2 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $7.2 billion in budget authority and $7.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation permits current law funding for all programs included in this function with some adjustment for inflation. The Committee expressed concern over the possible costs which could be involved in removing architectural barriers to the handicapped, but concluded that there was inadequate information available to assume any funds for this purpose at this time. The Committee expressed an interest in directing a portion of the EDA "soft public works" funding, assumed in function 450, for this purpose.

MISSION 3: RESEARCH AND GENERAL EDUCATION AIDS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.2	1.3	1.3	1.3	1.4
Outlays	1.2	1.3	1.3	1.3	1.4
Current policy:					
Budget authority	1.3	1.4	1.5	1.6	1.7
Outlays	1.2	1.4	1.5	1.6	1.7
Authorizing committees:					
Budget authority	1.7	1.8	2.0	2.1	2.3
Outlays	1.5	1.8	2.0	2.1	2.3
Budget Committee recommendation:					
Budget authority	1.2	1.3	1.4	1.6	1.7
Outlays	1.2	1.3	1.4	1.5	1.6

(4) *Training and Employment.*—The Committee recommends $12.0 billion in budget authority and $12.9 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $74.2 billion in budget authority and $75.0 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit the maintenance of current policy levels for employment and training programs. In view of changing economic conditions, the Committee recognizes the reduced need for countercyclical employment subsidies. The Committee therefore recommends that half the current spending effort for public service jobs be directed toward employment and training services for the structurally unemployed. The Committee assumed that increased efforts for youth initiatives, services to welfare recipients, and new private sector initiatives could be accommodated within the total funding assumed for comprehensive services to the structurally unemployed. The Committee mark includes sufficient funds to provide some increases for expansion in WIN services to AFDC recipients.

MISSION 4: TRAINING AND EMPLOYMENT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	11.3	12.5	12.5	12.5	12.5
Outlays	12.4	13.0	12.5	12.5	12.5
Current policy:					
Budget authority	11.7	13.8	14.7	15.7	16.6
Outlays	12.7	14.3	14.5	15.4	16.4
Authorizing committees:					
Budget authority	19.4	14.8	15.7	16.7	17.6
Outlays	14.2	14.8	15.5	16.4	17.4
Budget Committee recommendation:					
Budget authority	12.0	14.3	15.2	16.0	16.8
Outlays	12.9	14.6	15.0	15.9	16.6

(5) *Other Labor Services.*—The Committee recommends $0.4 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $2.5 billion in budget authority and $2.4 billion in outlays over the FY 1979–83 period.

The Committee's recommended targets permit current law spending for programs included in this mission.

MISSION 5: OTHER LABOR SERVICES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.4	0.5	0.5	0.5	0.5
Outlays	.4	.5	.5	.5	.5
Current policy:					
Budget authority	.5	.5	.5	.6	.6
Outlays	.5	.5	.5	.6	.6
Authorizing committees:					
Budget authority	.6	.6	.7	.7	.8
Outlays	.6	.6	.7	.7	.8
Budget Committee recommendation:					
Budget authority	.4	.5	.5	.5	.6
Outlays	.4	.5	.5	.5	.5

(6) *Social Services.*—The Committee recommends $5.9 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $27.5 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee's recommended targets permit sufficient funds to provide for increases in the level of social services funded under Titles XX and IV–(B) of the Social Security Act, and payments of retroactive claims for social services.

MISSION 6: SOCIAL SERVICES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	5.1	5.1	5.1	5.1	5.1
Outlays	5.1	5.1	5.1	5.1	5.1
Current policy:					
Budget authority	5.3	5.5	5.6	5.8	6.0
Outlays	5.2	5.4	5.5	5.7	5.9
Authorizing committees:					
Budget authority	8.0	6.3	6.6	6.8	7.0
Outlays	6.2	6.3	6.5	6.7	6.9
Budget Committee recommendation:					
Budget authority	5.9	5.3	5.4	5.4	5.5
Outlays	5.9	5.3	5.4	5.4	5.5

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of scholarship and fellowship income:						
Individuals	295	330	355	385	415	450
Corporations						
Parental personal exemption for students age 19 or over:						
Individuals	770	790	815	840	865	890
Corporations						
Exclusion of employee meals and lodging (other than military):						
Individuals	300	325	350	380	410	445
Corporations						
Exclusion of contributions to prepaid legal services plans:						
Individuals	10	15	20	35	50	60
Corporations						
Investment credit for employee stock ownership plans (ESOP's):						
Individuals						
Corporations	255	305	330	190		
Deductibility of charitable contributions (education):						
Individuals	585	645	720	795	885	980
Corporations	255	285	315	350	380	410
Deductibility of charitable contributions to other than education and health:						
Individuals	4,370	4,855	5,385	5,980	6,635	7,365
Corporations	315	350	390	430	470	510
Maximum tax on personal service income:						
Individuals	665	800	955	1,150	1,375	1,655
Corporations						
Credit for child and dependent care expenses:						
Individuals	525	575	635	695	765	840
Corporations						
Credit for employment of AFDC recipients and public assistance recipients under work-incentive programs:						
Individuals						
Corporations	15	20	20	20	20	20
New jobs tax credit:						
Individuals	985	860	(1)	(1)	(1)	(1)
Corporations	1,475	1,035	215	110	55	25
Total	10,820	11,190	10,505	11,360	12,325	13,660

[1] Less than $2,500,000.

Note: All estimates are rounded to the nearest $5,000,000.

(550) HEALTH

National need and missions

The national need addressed by *Health* is the improved health status of Americans. Federal programs meet this need through: efforts to improve access to health care services for those who otherwise could not afford proper health care, primarily by payments for services; research into the cause, treatment, and prevention of disease; support for health care work force education and for facility construction; and regulatory efforts to improve public protection on the job and in the consumer marketplace.

The major mission areas in *Health* are: (1) health care services; (2) health research; (3) education and training of the health care work force; and (4) consumer and occupational health and safety.

Current trends

The following table shows the Committee recommendations for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	40.4	38.8
Fiscal year 1978 estimate	46.5	44.3
Fiscal year 1979:		
Current law	52.0	49.9
Current policy	52.4	50.1
President's budget request	52.7	49.7
Appropriations Committee	53.5	50.3
Authorizing committees	54.2	51.0
Budget Committee recommendation	52.7	49.5

Current law and current policy for fiscal years 1979–83

Over the next five years, *current law* would cost a total of $339.8 billion in budget authority and $317.5 billion in outlays for *Health*, while current policy would cost an additional $7.8 billion in budget authority and $6.6 billion in outlays. The Federal Government would account for about one-third of the Nation's total expenditures for health. The implications of current trends in the four major mission areas are:

(1) *Health Care Services.—Current law* would cost a total of $316.2 billion in budget authority and $294.1 billion in outlays over the FY 1979–83 period. This would account for about 28 percent of the Nation's total spending for health care services, and would finance services for about 44 million people in 1979 and 47 to 48 million people in 1983. *Current policy* would cost an additional $3.0 billion in budget authority and $2.9 billion in outlays, and would sustain current levels of assistance in certain programs where adjustments for inflation are not mandated by current law.

Despite these sizeable costs, access to health care will continue to be limited for many. Although the aged and disabled are eligible for medicare, cost-sharing requirements and noncovered services result in their paying 40 percent of their own health costs. Further, about 25 percent of the Nation's poor are ineligible for medicaid because they do not receive welfare benefits under categorical income security programs. (Even the poor who do qualify for medicaid often find their choices limited to health care providers that are willing to take the "less than going rate reimbursement imposed by State reimbursement schedules.) Between 12 and 18 million Americans have no private health insurance, and are ineligible for Federal assistance.

Finally, the focus on the institutional mode of treatment limits cost-effective care for those in need of outpatient care, home care, or preventive services.

(2) *Health Research.—Current law* would cost a total of $14.9 billion in budget authority and $14.8 billion over the FY 1979–83 period. This would provide a total nominal increase of only 2.9 percent over the period, causing substantial reductions in the real level of support. Currently, research efforts focus on treatment rather than prevention, although prevention appears to be more promising. *Current policy* would cost an additional $3.3 billion in budget authority and $2.6 billion in outlays, and would prevent research support declines due to inflation.

(3) *Education and Training of the Health Care Work Force.—Current law* would cost a total of $4.4 billion in budget authority and $4.3 billion in outlays over the FY 1979–83 period, with real levels of support declining steadily as the result of inflation. Because of the long lead-time between obligation of funds and the completion of training, this decline should cause no appreciable decrease in the number of health care workers in 1983, but might have serious implications for the post-1983 period. At present, more than 4.8 million people—about 5 percent of the total civilian labor force—are employed in health-related jobs, and many received their training as the result of Federal aid. *Current policy* would cost an additional $1.1 billion in budget authority and $0.7 billion in outlays, and would sustain real program levels. However, current projections indicate that significant surpluses in physician and nursing manpower may occur by 1990.

(4) *Consumer and Occupational Health and Safety.—Current law* would cost a total of $4.4 billion in both budget authority and outlays over the FY 1979–83 period. Anticipated inflation during the period would reduce Federal compliance and review efforts by 14 percent, a critical development in view of the fact that current Federal efforts are inadequate (for example, only 1 to 2 percent of the Nation's workplaces are now reviewed for compliance with safety requirements in any one year, and about 2.2 million disabling injuries occur every year because of "unsafe" work places). *Current policy* would cost an additional $0.4 billion in budget authority and $0.3 billion in outlays, and would prevent program declines due to inflation.

Future-year choices

(1) *Health Care Services: National Health Insurance.*—The need of many Americans for improved access to health care has been the genesis of many national health insurance proposals, currently ranging from a limited expansion of existing programs to complete financing of all services for all people. The future-year implications of national health insurance depend very heavily on the policies adopted by the Congress. If cost control efforts fail and health care prices continue to rise at the 15 percent per year rate of the past decade, the choices as to the form of national health insurance will be particularly difficult. Continued health cost inflation could make the need for comprehensive national health insurance more critical, but could also force the adoption of a more limited approach that could be accommodated at more reasonable Federal costs.

Depending on the approach adopted, Federal costs for national health insurance by FY 1983 could range from $25 to $150 billion per year.

Committee recommendations

The Committee recommends $52.7 billion in budget authority and $49.5 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $349.7 billion in budget authority and $308.2 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	52.0	58.2	68.3	77.1	84.2
Outlays	49.9	56.2	62.8	70.2	78.4
Current policy:					
Budget authority	52.4	59.2	69.9	79.2	86.9
Outlays	50.1	56.9	64.0	72.1	80.9
Authorizing committees:					
Budget authority	54.2	61.3	72.0	81.6	90.0
Outlays	51.0	56.2	63.0	70.7	79.6
Budget Committee recommendation:					
Budget authority	52.7	59.6	70.3	79.7	87.4
Outlays	49.5	55.6	61.4	67.5	74.2

For the missions in this function, the Committee makes the following recommendations:

(1) *Health Care Services.*—The Committee recommends $47.9 billion in budget authority and $44.8 billion in outlays for this mission in

FY 1979. The Committee anticipates that these figures will total $322.5 billion in budget authority and $281.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation anticipates legislation to improve the medicaid program by some combination of additional benefits, expanded coverage or increased matching rates. The various improvements discussed by the Committee included mandatory dental benefits, coverage of low-income pregnant women, and mandatory coverage of children from low-income non-welfare eligibile families. The Committee did not assume that all these changes would require expenditures for the full fiscal year 1979. Funds are also included for growth in such health service programs as community health centers, migrant health centers, and preventive care programs. The recommendation assumes reductions based on the enactment of a hospital cost containment proposal combining both voluntary and possible back-up Federal controls. Further savings are anticipated from improved administration of the medicaid program.

MISSION 1: HEALTH CARE SERVICES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	47.4	53.5	63.6	72.3	79.4
Outlays	45.3	51.6	58.1	65.5	73.5
Current policy:					
Budget authority	47.5	53.9	64.2	73.1	80.4
Outlays	45.4	51.9	58.7	66.3	74.7
Authorizing committees:					
Budget authority	48.8	55.4	65.7	74.9	82.8
Outlays	46.1	50.9	57 3	64.6	73.0
Budget Committee recommendation:					
Budget authority	47.9	54.5	64.9	74.0	81.3
Outlays	44.8	50.5	56.1	62.0	68.4

(2) *Health Research.*—The Committee recommends $3.1 billion in budget authority and $3.0 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $18.2 billion in budget authority and $17.4 billion in outlays over the FY 1979–83 period.

The Committee recommendation includes discretionary inflation allowances to keep the funding of research activities constant in real terms and anticipates that the President's initiatives for increases in basic research will be a top priority. The Committee notes its concern about the quality of the administration of certain research programs.

MISSION 2: HEALTH RESEARCH

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.9	3.0	3.0	3.0	3.0
Outlays	2.9	2.9	3.0	3.0	3.0
Current policy:					
Budget authority	3.1	3.4	3.6	3.9	4.2
Outlays	3.0	3.2	3.5	3.7	4.0
Authorizing committees:					
Budget authority	3.5	3.8	4.0	4.3	4.6
Outlays	3.1	3.3	3.6	3.8	4.1
Budget Committee recommendation:					
Budget authority	3.1	3.4	3.6	3.9	4.2
Outlays	3.0	3.2	3.5	3.7	4.0

(3) *Education and Training of the Health Care Work Force.*—The Committee recommends $0.8 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $4.0 billion in budget authority and $4.1 billion in outlays over the FY 1979–83 period.

The Committee recommendation includes part of the President's requested reduction in funding for health professions educational assistance. The Committee notes that improvement of the geographical and specialty maldistribution, rather than increasing the total number of health care professionals, is the priority objectives for this mission.

MISSION 3: EDUCATION AND TRAINING OF THE HEALTH CARE WORK FORCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.9	0.9	0.9	0.9	0.9
Outlays	.8	.9	.9	.9	.9
Current policy:					
Budget authority	.9	1.0	1.1	1.2	1.3
Outlays	.8	.9	1.0	1.1	1.2
Authorizing committees:					
Budget authority	1.0	1.1	1.2	1.3	1.4
Outlays	.9	1.0	1.1	1.2	1.3
Budget Committee recommendation:					
Budget authority	.8	.8	.8	.8	.8
Outlays	.8	.9	.8	.8	.8

(4) *Consumer and Occupational Safety and Health.*—The Committee recommends $0.9 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $5.0 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee's recommended target includes funds to support activities mandated by legislation passed by the Congress last year.

MISSION 4: CONSUMER AND OCCUPATIONAL HEALTH AND SAFETY

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.8	0.8	0.9	0.9	1.0
Outlays	.8	.9	.9	.9	.9
Current policy:					
Budget authority	.8	.9	1.0	1.0	1.1
Outlays	.8	.9	.9	1.0	1.1
Authorizing committees:					
Budget authority	.9	1.0	1.1	1.1	1.2
Outlays	.9	1.0	1.0	1.1	1.2
Budget Committee recommendation:					
Budget authority	.9	.9	1.0	1.0	1.1
Outlays	.9	1.0	1.0	1.0	1.0

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of employer contribution for medical care:						
Individuals	6,340	7,225	8,240	9,390	10,705	12,205
Corporations						
Deductibility of medical expenses:						
Individuals	2,435	2,655	2,895	3,155	3,435	3,745
Corporations						
Expensing of removal of architectural and transportation barriers to the handicapped:						
Individuals						
Corporations	10	10	(1)	(1)	(1)	(1)
Deductibility of charitable contributions (health):						
Individuals	875	970	1,075	1,195	1,330	1,475
Corporations	160	175	195	215	235	255
Total	9,820	11,035	12,405	13,955	15,705	17,680

[1] Less than $6,500,000.

Note.—All estimates are rounded to the nearest $5,000,000.

(600) INCOME SECURITY

National need and missions

The national need addressed by *Income Security* is the assurance of a minimum standard of living for individuals and families. Federal programs meet this need through: protection against loss of income due to the retirement, disability, unemployment, or death of a wage-earner; provision of income support for those unable to secure an adequate income for themselves; assistance in providing shelter for those without adequate housing; and provision of more nutritionally adequate diets for children and others.

The major mission areas in *Income Security* are: (1) general retirement and disability insurance, (2) Federal employee retirement and disability, (3) unemployment compensation, (4) public assistance, (5) nutrition programs, (6) housing assistance, and (7) other income security programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	168.6	137.0
Fiscal year 1978 estimate	180.1	146.4
Fiscal year 1979:		
Current law	192.5	158.8
Current policy	194.7	158.8
President's budget request	191.4	159.9
Appropriations Committee	191.0	160.4
Authorizing committees	202.9	160.1
Budget Committee recommendation	192.5	59.91

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $1,186.1 billion in budget authority and $945.2 billion in outlays for *Income Security*, while *current policy* would cost an additional $35.3 billion in budget authority and $2.7 billion in outlays. The implications of current trends in the seven major mission areas are:

(1) *General Retirement and Disability Insurance.*—Current law would cost a total of $702.5 billion in budget authority and $663.3 billion in outlays over the FY 1979–83 period. This would provide for projected needs over the period for such programs as Social Security old-age and survivors benefits and disability benefits (collectively called OASDI). These programs now serve 15.6 percent of the total population, which would increase to 16.8 percent, or 38.8 million people, in FY 1983. *Current policy* would cost an additional $0.1 billion in budget authority and $0.6 billion in outlays, and would prevent declines in programs where inflation adjustments are not mandated by current law.

(2) *Federal Employee Retirement and Disability.*—*Current law* and *current policy* are essentially identical, and would cost a total of $124.5 billion in budget authority and $76.5 billion in outlays over the FY 1979–83 period. The largest component, the Civil Service retirement and disability system, now provides benefits to 1.5 million people, or 0.6 percent of the U.S. population; by FY 1983, this would increase to 1.8 million, or 0.8 percent of the U.S. population.

(3) *Unemployment Compensation.*—*Current law* would cost a total of $76.8 billion in budget authority and $53.1 billion in outlays over the FY 1979–83 period. This would provide continued benefits to unemployed workers, the number of which is expected to decline from the FY 1978 average of 2.4 million to 1.8 million in FY 1983, as the rate of unemployment responds to an improving economy. *Current policy* would cost an additional

$0.4 billion in budget authority and $1.0 billion in outlays, for the Federal unemployment benefits and allowances (FUBA) program and for increases in State administrative costs, but would not affect the level of protection for most unemployed workers.

(4) *Public Assistance.—Current law* and *current policy* are the same, and would cost a total of $101.4 billion in both budget authority and outlays over the FY 1979–83 period. The number of recipients is expected to be lower in FY 1983 than at present, due to economic improvement and a declining birth rate. For example, a monthly average of about 16 million people, or 7.3 percent of the U.S. population, will receive food stamps in FY 1978; by FY 1983, this number is expected to decline to 14.6 million, or 6.4 pecent of the population. Simila deceases are expected to occur in other programs, but costs with increase due to gradually rising benetfis.

(5) *Nutrition Programs.—Current law* and *current policy are* essentially identical, and would cost a total of $20.5 billion in budget authority and $20.3 billion in outlays over the FY 1979–83 period. Eight percent more meals than at present are expected to be served in FY 1983 to children in 89 percent of all schools. Total school enrollment is expected to drop by 6 percent over the next five years.

(6) *Housing Assistance.—Current law* would cost a total of $159.0 billion in budget authority and $29.1 billion in outlays over the FY 1979–83 period. The number of persons receiving housing assistance would grow considerably by FY 1983; however, the number added each year would be increasingly constrained by declines in real program levels due to inflation, and would decline from about 380,000 in FY 1978 to 280,000 in FY 1983. The total Federal commitment would grow from 3.6 million families (9 percent of those eligible) in FY 1978 to 5.3 million families (12 percent of those eligible) in FY 1983. *Current policy* would cost an additional $34.7 billion in budget authority and $1.0 billion in outlays. This would provide assistance for an additional 300,000 families by FY 1983, thus raising the total Federal commitment to about 5.6 million families (about 12.7 percent of those eligible).

(7) *Other Income Security Programs.—Current law* would cost a total of $1.4 billion in both budget authority and outlays over the FY 1979–83 period. *Current policy* would cost an additional $0.1 billion in both budget authority and outlays, and would prevent a gradual decline in real program levels due to inflation.

Future-year choices

(1) *General Retirement and Disability Insurance:* (a) *Social Security Reforms.*—Several developments are possible that would affect Social Security programs, including: more equitable treatment of female workers and their dependents and survivors; coverage for all workers, including Federal employees; changes in the earnings limitations for retirees; changes in eligibility requirements for disability benefits; and changes in the financing of the system. The impact of these reforms by FY 1983 could range from *savings* of $21 billion to additional *costs* of $30 billion.

(b) *Expansion of Occupational Disease Disability Programs.*—Legislation may be considered to provide benefits to victims of occupational diseases, such as "brown lung" benefits for textile workers, and benefits for workers exposed to radiation or asbestos particles. Depending on the scope and level of new benefits provided, additional costs by FY 1983 could be as much as $10 billion annually.

(3) *Unemployment Compensation: Minimum Unemployment Benefits.*—Since the States currently set their own benefit levels, the level of income protection offered to unemployed workers varies significantly. Legislation might be considered to establish a national minimum level, resulting in additional annual costs of $4 to $5 billion by FY 1983.

(4) *Public Assistance: Welfare Reform.*—Significant future-year costs may be incurred due to decisions made on welfare reform this year and in future years.

(6) *Housing Assistance: Housing Allowances.*—Legislation may be considered which would provide a housing allowance or other direct housing assistance to low income families. Such a program could reach 40 percent of the eligible population, compared to the approximately nine percent served under existing programs. Annual costs by FY 1983 could be as much as $8.0 billion.

Committee recommendations

The Committee recommends $192.5 billion in budget authority and $159.9 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $1,216.6 billion in budget authority and $967.3 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	192.5	216.0	237.5	260.2	279.9
Outlays	158.8	172.5	187.8	204.1	222.0
Current policy:					
Budget authority	194.7	220.8	244.5	269.6	291.8
Outlays	158.8	172.8	188.3	204.9	223.1
Authorizing committees:					
Budget authority	202.9	229.2	253.7	279.4	302.2
Outlays	160.1	174.0	189.9	207.0	225.5
Budget Committee recommendation:					
Budget authority	192.5	220.5	241.6	270.5	291.4
Outlays	159.9	174.1	189.2	212.3	231.8

For the missions in this function, the Committee makes the following recommendations:

(1) *General Retirement and Disability Insurance.*—The Committee recommends $107.0 billion in budget authority and $109.2 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $702.5 billion in budget authority and $663.3 billion in outlays over the FY 1979–83 period.

The Committee recommendations permit continuation of spending at current law levels. The Committee recommends this policy without prejudice toward certain increases in railroad retirement benefits now pending before the Senate.

MISSION 1: GENERAL RETIREMENT AND DISABILITY INSURANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	107.0	121.5	139.7	159.0	175.4
Outlays	109.2	120.3	132.0	144.2	157.6
Current policy:					
Budget authority	107.0	121.5	139.7	159.0	175.4
Outlays	109.3	120.4	132.1	144.4	157.8
Authorizing committee:					
Budget authority	107.1	121.6	139.8	159.1	175.5
Outlays	109.4	120.5	132.2	144.5	157.9
Budget Committee recommendation:					
Budget authority	107.0	121.5	139.7	159.0	175.4
Outlays	109.2	120.3	132.0	144.2	157.6

(2) *Federal Employee Retirement and Disability.*—The Committee recommends $20.3 billion in budget authority and $12.0 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $124.7 billion in budget authority and $76.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation provides, in addition to current law, for several liberalizations of civil service retirement benefits suggested by the Governmental Affairs Committee in its March 15 report to the Budget Committee.

MISSION 2: FEDERAL EMPLOYEE RETIREMENT AND DISABILITY

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	20.3	22.9	24.9	27.1	29.3
Outlays	12.0	13.5	15.2	16.9	18.8
Current policy:					
Budget authority	20.3	22.9	24.9	27.1	29.3
Outlays	12.0	13.5	15.2	16.9	18.8
Authorizing committees:					
Budget authority	20.7	23.3	25.3	27.5	29.7
Outlays	12.3	13.8	15.6	17.4	19.3
Budget Committee recommendation:					
Budget authority	20.3	22.9	25.0	27.2	29.3
Outlays	12.0	13.6	15.2	17.0	18.9

(3) *Unemployment Compensation.*—The Committee recommends $16.4 billion in budget authority and $11.1 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $76.8 billion in budget authority and $53.1 billion in outlays over the FY 1979–83 period.

The Committee recommendation provides for a continuation of current law.

MISSION 3: UNEMPLOYMENT COMPENSATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	16.4	15.1	15.1	15.2	15.0
Outlays	11.1	10.2	10.2	10.6	11.0
Current policy:					
Budget authority	16.4	15.1	15.2	15.3	15.2
Outlays	11.1	10.4	10.4	10.9	11.4
Authorizing committees:					
Budget authority	16.4	15.1	15.2	15.3	15.2
Outlays	11.1	10.4	10.4	10.9	11.4
Budget Committee recommendations:					
Budget authority	16.4	15.1	15.1	15.2	15.0
Outlays	11.1	10.2	10.2	10.6	11.0

(4) *Public Assistance.*—The Committee recommends $18.9 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $118.1 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation assumes savings from increased targeting of public service jobs on low income people and from the standardization of the allowance provided to AFDC recipients for work related expenses in determining their benefit levels. Small additional costs are assumed for public assistance amendments now pending in the Senate. The Committee recommends an expansion of the earned income tax credit and treatment of the refundable portion of the credit as spending in this function rather than as a loss in revenues, which was the past practice. Other than the expanded earned income credit, the Committee recommendation does not assume any welfare reform costs for FY 1979, but does leave room for welfare reform initiatives in future years. While the allowance for welfare reform costs is reflected in fiscal years 1982 and 1983, the Committee recommendation is not intended to preclude earlier spending on welfare reform should legislation be adopted and implemented.

The Committee recommendation does not assume enactment of legislation providing fiscal relief to State and local governments for part of their welfare costs. The Committee believes that possible shifts in the burdens of welfare costs among the Federal and State/local governments should be dealt with in the context of welfare reform.

MISSION 4: PUBLIC ASSISTANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	18.1	19.4	20.3	21.2	22.3
Outlays	19.1	19.4	20.3	21.2	22.3
Current policy:					
Budget authority	18.1	19.4	20.3	21.2	22.3
Outlays	18.1	19.4	20.3	21.2	22.3
Authorizing committees:					
Budget authority	18.2	19.1	20.0	20.9	21.9
Outlays	18.3	19.1	20.0	20.8	21.9
Budget Committee recommendation:					
Budget authority	18.9	20.3	20.8	27.9	30.1
Outlays	18.9	20.3	20.8	27.9	30.1

(5) *Nutrition Programs.*—The Committee recommends $3.9 billion in budget authority and $3.7 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $21.1 billion in budget authority and $20.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation permits expansion of the special supplemental food programs for women, infants and children (WIC) to the level proposed by the President and also assumes enactment of some reductions in other child nutrition programs.

MISSION 5: NUTRITION PROGRAMS

[In billions of dollars: fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.7	3.8	4.1	4.3	4.6
Outlays	3.6	3.8	4.0	4.3	4.6
Current policy:					
Budget authority	3.7	3.8	4.1	4.3	4.6
Outlays	3.6	3.8	4.0	4.3	4.6

MISSION 5; NUTRITION PROGRAMS—Continued

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Authorizing committees:					
Budget authority	4.1	4.4	4.8	5.1	5.4
Outlays	3.8	4.2	4.6	5.0	5.3
Budget Committee recommendation:					
Budget authority	3.9	3.9	4.2	4.4	4.7
Outlays	3.7	3.9	4.1	4.4	4.6

(6) *Housing Assistance.*—The Committee recommends $25.5 billion in budget authority and $4.4 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $171.0 billion in budget authority and $33.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation equals the President's budget request, the recommendation of the Appropriations Committee and the low range of the Banking Committee's March 15 recommendation to the Budget Committee. The Committee took into account the possible use of Housing Assistance funds for "troubled" housing projects.

MISSION 6: HOUSING ASSISTANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	26.7	33.1	33.1	33.1	33.1
Outlays	4.3	5.0	5.8	6.6	7.4
Current policy:					
Budget authority	28.9	37.8	40.0	42.3	44.7
Outlays	4.3	5.0	5.9	6.9	7.9
Authorizing committees:					
Budget authority	35.9	45.2	48.1	51.0	54.0
Outlays	4.6	5.5	6.6	7.9	9.2

MISSION 6: HOUSING ASSISTANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Budget Committee recommendation:					
Budget authority	25.5	36.3	36.3	36.4	35.5
Outlays	4.4	5.3	6.4	7.7	9.2

(7) *Other Income Security Programs.*—The Committee recommends $0.5 billion in budget authority and $0.6 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $2.4 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation includes an allowance for continuation of the emergency assistance program for low income households with high fuel costs.

MISSION 7: OTHER INCOME SECURITY PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.3	0.3	0.3	0.3	0.2
Outlays	.4	.3	.3	.3	.2
Current policy:					
Budget authority	.3	.3	.3	.3	.3
Outlays	.4	.3	.3	.3	.3
Authorizing committees:					
Budget authority	.5	.5	.5	.5	.5
Outlays	.6	.5	.5	.5	.5
Budget Committee recommendation:					
Budget authority	.5	.5	.5	.5	.4
Outlays	.6	.5	.5	.5	.4

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of social security benefits:						
Disability insurance benefits:						
Individuals	550	605	685	760	840	925
Corporations						
OASI benefits for retired workers:						
Individuals	4,210	4,700	5,165	5,670	6,205	6,735
Corporations						
Benefits for dependents and survivors:						
Individuals	950	1,040	1,160	1,275	1,395	1,515
Corporations						
Exclusion of railroad retirement system benefits:						
Individuals	265	280	295	305	315	325
Corporations						
Exclusion of workmen's compensation benefits:						
Individuals	835	970	1,115	1,285	1,475	1,695
Corporations						
Exclusion of special benefits for disabled coal miners:						
Individuals	50	50	50	50	50	50
Corporations						
Exclusion of unemployment insurance benefits:						
Individuals	1,200	1,135	1,090	1,015	950	905
Corporations						
Exclusion of public assistance benefits:						
Individuals	345	260	380	395	410	430
Corporations						
Exclusion of sick pay:						
Individuals	75	60	65	65	70	75
Corporations						
Net exclusion of pension contributions and earnings:						
Employer plans:						
Individuals	9,940	11,335	12,925	14,740	16,815	19,175
Corporations						
Plans for self-employed and others:						
Individuals	1,650	1,920	2,205	2,535	2,915	3,355
Corporations						

	1978	1979	1980	1981	1982	1983
Exclusion of other employee benefits:						
Premiums on group term life insurance:						
Individuals	905	955	1,010	1,065	1,120	1,185
Corporations						
Premiums on accident and disability insurance:						
Individuals	75	80	85	85	95	100
Corporations						
Income of trusts to finance supplementary unemployment benefits:						
Individuals	10	10	10	10	10	10
Corporations						
Exclusion of interest on life insurance savings:						
Individuals	2,025	2,225	2,450	2,705	2,980	3,290
Corporations						
Exclusion of capital gains on home sales for persons age 65 and over:						
Individuals	70	70	70	70	75	75
Corporations						
Additional exemption for elderly:						
Individuals	1,155	1,215	1,275	1,340	1,405	1,475
Corporations						
Additional exemption for the blind:						
Individuals	20	20	20	20	20	20
Corporations						
Deductibility of casualty losses:						
Individuals	360	395	430	470	510	555
Corporations						
Tax credit for the elderly:						
Individuals	250	255	255	255	255	255
Corporations						
Earned income credit:						
Nonrefundable portions:						
Individuals	285	265				
Corporations						
Refundable portion:						
Individuals	945	900				
Corporations						
Total	26,170	28,845	30,740	34,115	37,910	42,150

Note: All estimates are rounded to the nearest $5,000,000.

(700) VETERANS BENEFITS AND SERVICES

National need and missions

The national need addressed by *Veterans Benefits and Services* is support for veterans in recognition of their service in their country's defense. Federal programs meet this need through: payments to compensate for lost earning capacity due to disabilities incurred in service; income assistance for needy, disabled, and aged wartime veterans and their families; training and education to assist veterans in finding civilian employment; medical care for veterans through a separate system of hospitals and other health care facilities; and other specialized benefits such as life insurance coverage and guaranteed housing loans.

The major mission areas in *Veterans Benefits and Services* are: (1) income security for veterans; (2) veterans education, training, and rehabilitation; (3) hospital and medical care for veterans; and (4) other veterans benefits and services.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars; fiscal years]

	Budget authority	Outlay
1977 actual	19.1	18.0
1978 estimate	19.0	19.1
1979:		
Current law	19.6	19.3
Current policy	20.5	20.2
President's budget request	19.1	19.3
Appropriations Committee	20.0	20.0
Authorizing committees	21.6	21.2
Budget Committee recommendation	21.0	20.8

Current Law and Current Policy for FY 1979–83

Over the next five years, current law would cost a total of $96.0 billion in budget authority and $94.7 billion in outlays for Veterans Benefits and Services, while current policy would cost an additional $15.2 billion in budget authority and $14.4 billion in outlays. The implications of current trends in the four major mission areas are:

(1) *Income Security for Veterans.*—Current law would cost a total of $52.7 billion in budget authority and $51.7 billion in outlays over the FY 1979–83 period to provide benefit payments for veterans, dependents, and survivors. However, since veterans income security programs, unlike most other income security programs, are not automatically adjusted by law to offset inflation, the real purchasing power of these benefits would be about one-third less by FY 1983 than at present. Current policy would cost an additional $8.6 billion in budget authority and $8.4 billion in outlays, and would provide for periodic increases to prevent an erosion in benefits due to rising prices.

(2) *Veterans Education, Training, and Rehabilitation.*—Current law would cost a total of $8.9 billion in both budget authority and outlays over the FY 1979–83 period. Annual costs would decline substantially, partly because the eligible population of veterans is expected to decline to one-third of the current level by FY 1983, and partly because real benefits to eligible veterans would decline substantially, since these benefits are not automatically adjusted by current law to reflect inflation. Current policy would cost an additional $3.3 billion in budget authority and $3.2 billion in outlays, to provide periodic increases to compensate for rising prices.

(3) *Hospital and Medical Care for Veterans.—Current law* would cost a total of $30.9 billion in budget authority and $30.8 billion in outlays over the FY 1979–83 period. This would result in a reduction in health services by FY 1983 as real program levels decline due to inflation (current construction projects would not be affected, since funds already have been provided and obligated). The primary focus of veterans health programs would continue to be on acute-care services. *Current policy* would cost an additional $3.1 billion in budget authority and $2.6 billion in outlays, and would prevent levels of health care from declining due to inflation.

(4) *Other Veterans Benefits and Services.—Current law* would cost a total of $3.5 billion in budget authority and $3.4 billion in outlays over the FY 1979–83 period. *Current policy* would cost an additional $0.2 billion in both budget authority and outlays, which should prevent a decline in services due to inflation in general operating expenses.

Future-year choices

(3) *Hospital and Medical Care for Veterans: Health System Reform.*—There is a growing need for the Veterans Administration to reshape its health care system to better meet the needs of the aging veteran population. Necessary changes may include reducing or converting acute-care beds, building nursing homes and providing home health services. Although such reforms might eventually produce savings, their likely effect over the next five years would be to increase costs by as much as $1 billion in FY 1983.

Committee recommendations

The Committee recommends $21.0 billion in budget authority and $20.8 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $108.1 billion in budget authority and $106.7 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	19.6	19.3	19.1	19.0	19.1
Outlays	19.3	19.0	18.8	18.8	18.8
Current policy:					
Budget authority	20.5	21.4	22.2	23.1	24.0
Outlays	20.2	21.0	21.7	22.7	23.6
Authorizing committees:					
Budget authority	21.6	22.6	23.6	24.9	26.2
Outlays	21.2	22.3	23.3	24.6	26.0
Budget Committee recommendation:					
Budget authority	21.0	21.1	21.4	21.7	22.7
Outlays	20.8	20.7	21.0	21.5	22.5

For the missions in this function, the Committee makes the following recommendations:

(1) *Income Security for Veterans.*—The Committee recommends $11.6 billion in budget authority and $11.3 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $61.0 billion in budget authority and $60.0 billion in outlays over the FY 1979–83 period.

The Committee recommendation includes funds for pension reform and improvements in the veterans and survivors service-connected compensation programs.

MISSION 1: INCOME SECURITY FOR VETERANS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	10.5	10.5	10.5	10.6	10.6
Outlays	10.3	10.3	10.3	10.4	10.5
Current policy:					
Budget authority	11.0	11.6	12.2	12.9	13.6
Outlays	10.7	11.3	12.0	12.7	13.4
Authorizing committees:					
Budget authority	11.7	12.4	13.1	14.0	14.9
Outlays	11.4	12.2	12.9	13.8	14.7
Budget Committee recommendation:					
Budget authority	11.6	11.7	12.0	12.5	13.1
Outlays	11.3	11.5	11.8	12.3	13.0

(2) *Veterans Education, Training, and Rehabilitation.*—The Committee recommends $2.8 billion in budget authority and $2.9 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $10.6 billion in both budget authority and outlays over the FY 1979-83 period.

The Committee recommendation permits modest increases above current law for cost-of-living increases or improvements in the GI bill program.

MISSION 2: VETERANS EDUCATION, TRAINING, AND REHABILITATION

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.7	2.2	1.7	1.3	0.9
Outlays	2.8	2.2	1.7	1.3	.9
Current policy:					
Budget authority	3.0	2.8	2.4	2.1	1.8
Outlays	3.1	2.8	2.4	2.1	1.7
Authorizing committees:					
Budget authority	3.0	2.8	2.4	2.1	1.8
Outlays	3.1	2.8	2.4	2.1	1.7
Budget Committee recommendation:					
Budget authority	2.8	2.5	2.1	1.7	1.5
Outlays	2.9	2.5	2.1	1.7	1.4

(3) *Hospital and Medical Care for Veterans.*—The Committee recommends $6.0 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $33.0 billion in budget authority and $32.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation includes sufficient funds to cover new legislation expanding outpatient services of the veterans' medical system and includes an allowance for current policy costs of maintaining the current system, including medical research efforts. The Committee expresses its concern about the inefficient use of acute care facilities and notes that tighter administration coupled with a redirection of resources to outpatient and home health services will reduce future costs while better meeting the needs of the aging veteran population.

MISSION 3: HOSPITAL AND MEDICAL CARE FOR VETERANS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	5.7	5.9	6.2	6.4	6.7
Outlays	5.7	5.9	6.1	6.4	6.7
Current policy:					
Budget authority	5.9	56.	6.8	7.3	7.8
Outlays	5.8	6.2	6.6	7.1	7.6
Authorizing committees:					
Budget authority	6.2	6.7	7.3	8.0	8.7
Outlays	6.1	6.7	7.3	8.0	8.7
Budget Committee recommendation:					
Budget authority	6.0	6.2	6.6	6.8	7.3
Outlays	6.0	6.1	6.4	6.8	7.3

(4) *Other Veterans Benefits and Services.*—The Committee recommends $0.6 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $3.5 billion in budget authority and $3.4 billion in outlays over the FY 1979–83 period.

The Committee recommendation would continue funding at current law levels.

MISSION 4: OTHER VETERANS BENEFITS AND SERVICES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.6	0.7	0.7	0.7	0.8
Outlays	.6	.6	.7	.7	.8
Current policy:					
Budget authority	.7	.7	.8	.8	.9
Outlays	.6	.7	.7	.8	.9
Authorizing committees:					
Budget authority	.6	.7	.8	.8	.9
Outlays	.6	.7	.7	.8	.8
Budget Committee recommendation:					
Budget authority	.6	.7	.7	.7	.8
Outlays	.6	.6	.7	.7	.8

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of veterans disability compensation:						
Individuals	840	830	855	850	845	825
Corporations						
Exclusion of veterans pensions:						
Individuals	40	40	40	40	35	35
Corporations						
Exclusion of GI bill benefits:						
Individuals	200	170	150	130	110	95
Corporations						
Total	1,080	1,040	1,045	1,020	990	955

Note: All estimates are rounded to the nearest $5,000,000.

(750) ADMINISTRATION OF JUSTICE

National need and missions

The national need addressed by *Administration of Justice* is the preservation of public order and the advancement of justice. Federal programs meet this need through: general investigative activities to safeguard the public interest in legal matters and to apprehend and prosecute criminals; fair and prompt trials to assure equal justice under law; dentention and rehabilitation of persons convicted of violating Federal law; and financial assistance to State and local governments in controlling crime and improving criminal justice systems.

The major mission areas in *Administration of Justice* are: (1) Federal law enforcement activities, (2) criminal justice assistance, and (3) other administration of justice programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	3.6	2.6
Fiscal year 1978 estimate	3.8	3.9
Fiscal year 1979:		
Current law	4.0	4.0
Current policy	4.1	4.1
President's budget request	4.2	4.2
Appropriations Committee	4.2	4.3
Authorizing committees	5.1	5.1
Budget Committee recommendation	4.3	4.2

Current law and current policy for FY 1979–83

Over the next five years *current law* would cost a total of $21.7 billion in budget authority and $21.8 billion in outlays for *Administration of Justice*, while *current policy* would cost an additional $1.8 billion in budget authority and $1.7 billion in outlays. The implications of current trends in the three major mission areas are:

(1) *Federal Law Enforcement Activities.*—*Current law* would cost a total of $11.0 billion in budget authority and $10.9 billion in outlays over the FY 1979–83 period. This would continue current efforts to control organized crime, public corruption, drug trafficking, and illegal immigration, and to prevent racial and ethnic discrimination, but at gradually declining levels due to inflation. *Current policy* would cost an additional $0.6 billion in budget authority and $0.5 billion in outlays, and would sustain current real program levels.

(2) *Criminal Justice Assistance.*—*Current law* would cost a total of $3.3 billion in budget authority and $3.4 billion in outlays over the FY 1979–83 period. This would continue existing programs of assistance to State and local governments, but at levels declining from the present 3.5 percent of total State and local spending to about 3 percent in FY 1983. *Current policy* would cost an additional $0.5 billion in budget authority and $0.4 billion in outlays, permitting the Federal Government to sustain its 13.5 percent share of funding for State and local criminal justice activities.

(3) *Other Administration of Justice Programs.*—*Current law* would cost a total of $7.4 billion in budget authority and $7.5 billion in outlays over the FY 1979–83 period. Real program levels would decline gradually due to inflation. *Current policy* would cost an additional $0.8 billion in budget authority and $0.7 billion in outlays, and would sustain current real levels of program activity.

Future-year choices

(1) *Federal Law Enforcement Activities: Drug Enforcement.*—It is possible that a proposal will be considered to increase funding for the Drug Enforcement Administration (DEA) by 25 to 50 percent above current policy levels, to hire additional agents and other personnel so as to improve the control of drug abuse. This could increase annual costs by as much as $0.1 billion by FY 1983.

(2) *Criminal Justice Assistance: Grants to State and Local Governments.*—The current authorization for the Law Enforcement and Assistance Administration expires at the end of FY 1979. The Senate Judiciary Committee has suggested that higher funding may be needed to support State and local efforts to improve criminal justice systems and strengthen law enforcement, or to expand Federal support to include civil as well as criminal justice systems. Others have suggested reductions in LEAA grants. A change of 20 percent from current levels could reduce or increase annual costs by about $0.2 billion in FY 1983.

Committee recommendations

The Committee recommends $4.3 billion in budget authority and $4.2 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $23.6 billion in budget authority and $23.5 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	4.0	4.1	4.3	4.5	4.7
Outlays	4.0	4.2	4.3	4.5	4.7
Current policy:					
Budget authority	4.1	4.4	4.7	5.0	5.4
Outlays	4.1	4.4	4.7	5.0	5.3
Authorizing committees:					
Budget authority	5.1	5.3	5.7	6.0	6.4
Outlays	5.1	5.3	5.6	5.9	6.2
Budget Committee recommendation:					
Budget authority	4.3	4.4	4.7	5.0	5.3
Outlays	4.2	4.4	4.7	4.9	5.2

For the missions in this function, the Committee makes the following recommendations:

(1) *Federal Law Enforcement Activities.*—The Committee recommends $2.1 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $11.7 billion in budget authority and $11.6 billion in outlays over the FY 1979–83 period.

The Committee recommendation for FY 1979 would generally support present levels of program activity by the Department of Justice and other agencies to control organized crime, public corruption, drug trafficking, illegal immigration, and to prevent racial and ethnic discrimination. In addition, it would permit funding of about three-fifths of the total proposed increases by the Senate authorizing committees for FBI salaries, new immigration controls, and increased antidiscrimination and enforcement.

The five-year total would support these activities at current law levels and would also provide for about three-fourths of the discretionary inflation adjustments needed to keep the programs at current real levels. The Committee also included funds for about three-fourths of the estimated cost of new initiatives which are included within its FY 1979 recommendation. The five year total would not fully fund new initiatives in FY 1980–83 unless reductions are made in other activities. The Committee recommendation assumes that greater program efficiencies can be achieved to hold down costs in this mission.

MISSION 1: FEDERAL LAW ENFORCEMENT ACTIVITIES

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.0	2.0	2.2	2.3	2.4
Outlays	1.9	2.1	2.2	2.3	2.4
Current policy:					
Budget authority	2.0	2.1	2.3	2.5	2.6
Outlays	2.0	2.1	2.3	2.4	2.6
Authorizing committees:					
Budget authority	2.1	2.2	2.3	2.5	2.6
Outlays	2.1	2.2	2.3	2.5	2.6
Budget Committee recommendation:					
Budget authority	2.1	2.2	2.3	2.5	2.6
Outlays	2.1	2.2	2.3	2.5	2.6

(2) *Criminal Justice Assistance.*—The Committee recommends $0.7 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $3.7 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation for FY 1979 would continue aid to State and local governments through the Law Enforcement Assistance Administration (LEAA) at about present levels of activity. The Committee rejects the Senate Judiciary Committee proposal to provide for additional LEAA prison construction as premature at this time. The Committee recommendation accepts current law funding levels and about half of the cost of new initiatives as recommended by the President, and the Senate authorizing and appropriation committees. These initiatives would provide additional funding for LEAA State planning grants, State and local antitrust grants, aid for juvenile delinquency, community anticrime programs, and new assistance to victims of crime and to public safety officers.

The five-year total would support criminal justice assistance at about the present program level in budget authority, but at a slightly lower level in outlays. The Committee recommendation would not permit present programs to be funded at the same real dollar level if the FY 1979 new initiatives were also funded during FY 1980–83. This would require that the LEAA program be restructured to accommodate the new initiatives, or that the new initiatives be funded in lieu of some other LEAA assistance to State and local governments.

MISSION 2: CRIMINAL JUSTICE ASSISTANCE

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.7	0.7	0.7	0.7	0.7
Outlays	.7	.7	.7	.6	.6
Current policy:					
Budget authority	.7	.7	.7	.8	.9
Outlays	.7	.8	.8	.8	.8
Authorizing committees:					
Budget authority	1.3	1.3	1.4	1.5	1.5
Outlays	1.3	1.4	1.4	1.4	1.5
Budget Committee recommendation:					
Budget authority	.7	.7	.7	.8	.8
Outlays	.7	.7	.7	.7	.8

(3) *Other Administration of Justice Programs.*—The Committee recommends $1.5 billion in budget authority and $1.4 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $8.2 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation for FY 1979 would support Federal litigative, judicial, and correctional activities at about present program levels, and would also accommodate one-fourth of the total expenditures for new initiatives proposed by the President and the Senate authorizing and appropriations committees. These initiatives recommend higher levels of spending for Legal Services to indigents, some increases for U.S. Attorneys, U.S. Marshals, and new Federal judges. They also propose other increases for Federal bankruptcy reform, attorney fees in certain civil actions, and for speedy trial and pretrial services.

The five-year total assumes that greater program efficiencies can be achieved to hold down the costs in later years. The Committee included funds for about three-fourths of the estimated cost of the discretionary inflation adjustment needed to keep programs at constant real levels. The Committee assumes that these reductions in FY 1979–83 can be made without impairing program activities. However, if new initiatives recommended in FY 1979 result in higher program costs in later years comparable reductions are assumed to be made in other programs.

MISSION 3: OTHER ADMINISTRATION OF JUSTICE PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.4	1.4	1.5	1.5	1.6
Outlays	1.4	1.4	1.5	1.6	1.6
Current policy:					
Budget authority	1.4	1.5	1.6	1.7	1.9
Outlays	1.4	1.5	1.6	1.7	1.9
Authorizing committees:					
Budget authority	1.7	1.8	2.0	2.1	2.3
Outlays	1.7	1.7	1.9	2.0	2.1
Budget Committee recommendation:					
Budget authority	1.5	1.5	1.6	1.7	1.8
Outlays	1.4	1.6	1.6	1.7	1.8

Tax expenditures related to this function

There are no tax expenditures related to this function.

(800) GENERAL GOVERNMENT

National need and missions

The national need addressed by *General Government* is provision of certain centralized functions of the Federal Government. Federal programs meet this need through such services and activities as: the Legislative branch; the executive offices of the President; central fiscal and financial operations; and centralized property and personnel management activities.

The major mission areas in *General Government* are: (1) legislative functions, and (2) other general government programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	3.9	3.4
Fiscal year 1978 estimate	3.6	3.7
Fiscal year 1979:		
Current law	3.9	3.9
Current policy	4.0	4.0
President's budget request	4.4	4.3
Appropriations Committee	4.4	4.3
Authorizing committees	4.2	4.1
Budget Committee recommendation	4.1	4.1

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $21.0 billion in both budget authority and outlays for *General Government*, while *current policy* would cost an additional $1.6 billion in budget authority and $1.5 billion in outlays. The implications of current trends in the two major mission areas are:

(1) *Legislative Functions.—Current law* would cost a total of $4.8 billion in budget authority and $4.9 billion in outlays over the FY 1979–83 period. Non-pay supporting assistance would decline by about 9 percent in real terms, due to rising prices, and would not be adequate to meet expected needs. *Current policy* would cost an additional $0.3 billion in both budget authority and outlays, and would sustain real levels of supporting activities.

(2) *Other General Government Programs.—Current law* would cost a total of $16.2 billion in budget authority and $16.1 billion in outlays over the FY 1979–83 period. Non-pay supporting assistance would decline by about 11 percent in real terms, due to inflation, and probably would not be adequate to meet expected needs. *Current policy* would cost an additional $1.2 billion in both budget authority and outlays, and would sustain real levels of supporting activities.

Future-year choices

(1) *Legislative Function:* (a) *Congressional Services.*—The increasing legislative workload has resulted in a 20 percent increase in Congressional staff over the past five years. If a similar increase is required over the next five years, additional annual costs of staff and supporting facilities would be about $0.1 to $0.2 billion in FY 1983.

(b) *Congressional Campaign Financing.*—There are several proposals before the Congress to provide Federal financing for Congressional as well as Presidential campaigns, up to a maximum of 50 percent of primary and general campaign spending ceilings, or about 20 cents per vote on a national average. This would cost about $0.1 billion in each election year.

(2) *Other General Government Programs: Internal Revenue Service.*—An increase in funding for IRS may be recommended, to help the Service absorb an increasing workload, develop new automated processing systems, and increase the detection of unified returns and unpaid taxes. Based on experience over the past 5 years, a 2 percent annual increase in personnel, or 10,000 additional employees by FY 1983, might be necessary, at an annual cost in FY 1983 of up to $0.2 billion.

Committee recommendations

The Committee recommends $4.1 billion in both budget authority and outlays for this function in FY 1979. The Committee anticipates that these figures will total $22.2 billion in budget authority and $22.3 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.9	4.0	4.2	4.4	4.6
Outlays	3.9	4.1	4.2	4.3	4.5
Current policy:					
Budget authority	4.0	4.2	4.5	4.8	5.1
Outlays	4.0	4.3	4.5	4.7	5.0
Authorizing committees:					
Budget authority	4.2	4.4	4.8	5.2	5.1
Outlays	4.2	4.4	4.8	5.1	5.5
Budget Committee recommendation:					
Budget authority	4.1	4.2	4.5	4.7	4.8
Outlays	4.1	4.3	4.4	4.7	4.8

For the missions in this function, the Committee makes the following recommendations:

(1) *Legislative Functions.*—The Committee recommends $0.9 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $5.1 billion in budget authority and $5.2 billion in outlays over the FY 1979–83 period.

The Committee recommendation for FY 1979 would generally support legislative activity at the same real level of activity as now exists. It would also permit funding of Sunset legislation and other small housekeeping expenditures at the levels recommended by the Senate Governmental Affairs Committee.

The five-year total generally would allow for the continuation of the same real level of legislative activity as now exists.

MISSION 1: LEGISLATIVE FUNCTIONS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	0.9	0.9	1.0	1.0	1.1
Outlays	.9	1.0	1.0	1.0	1.1
Current policy:					
Budget authority	.9	1.0	1.0	1.1	1.2
Outlays	1.0	1.0	1.0	1.1	1.2
Authorizing committees:					
Budget authority	.9	1.0	1.0	1.1	1.2
Outlays	1.0	1.0	1.0	1.1	1.2
Budget Committee recommendation:					
Budget authority	.9	.9	1.0	1.1	1.1
Outlays	.9	1.0	1.0	1.1	1.1

(2) *Other General Government Programs.*—The Committee recommends $3.2 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $17.1 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation for FY 1979 would generally support fundamental government activities for executive direction and management, central fiscal operation, property and records management, and certain other government activity at about present program levels. It would also permit additional funding for about one-third of the total increases above current law recommended in the President's budget and by the Senate authorizing committees for this mission. These optional spending proposals include additional funding for the Internal Revenue Service, the Bureau of Public Debt, and other central fiscal operations, additional funding for the Trust Territories; higher levels of funding for general property and other programs; and small amounts proposed for administrative law reform and for a new National Growth and Development Commission. The Committee makes no specific recommendation as to which new initiatives should be funded.

The five-year totals would generally result in a declining level of funding in support of the Executive Office of the President, the Treasury Department, the General Services Administration, and other independent agencies which oversee the general operation of the Federal Government. The Committee recommendation provides for three-fourths of the discretionary inflation adjustments needed to maintain present program levels over the next five years. This would require reduction of waste and greater efficiency in existing programs, or elimination of some programs over the next five years.

MISSION 2: OTHER GENERAL GOVERNMENT PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	3.0	3.1	3.3	3.3	3.5
Outlays	3.0	3.1	3.2	3.3	3.5
Current policy:					
Budget authority	3.1	3.3	3.5	3.7	3.9
Outlays	3.0	3.3	3.4	3.6	3.9
Authorizing committees:					
Budget authority	3.3	3.4	3.8	4.1	4.0
Outlays	3.2	3.4	3.8	4.0	4.3
Budget Committee recommendation:					
Budget authority	3.2	3.2	3.4	3.6	3.6
Outlays	3.2	3.3	3.4	3.6	3.6

Tax expenditures related to this function

The estimated revenue losses resulting from the expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Credits and deductions for political contributions:						
Individuals	60	75	60	85	65	90
Corporations						

Note: All estimates are rounded to the nearest $5,000,000.

(850) GENERAL PURPOSE FISCAL ASSISTANCE

National need and missions

The national need addressed by *General Purpose Fiscal Assistance* is strengthening federalism through general fiscal assistance to State and local governments. Federal programs meet this need through: general fiscal assistance that may be used essentially without restriction to meet urgent State and local needs; special fiscal assistance to jurisdictions where Federal land holdings deprive governments of tax revenues or where Federal installations impose special burdens on local systems such as schools, roads, and other services; and "counter-cyclical" assistance to areas of high unemployment so that essential services can be maintained.

The major mission areas in *General Purpose Fiscal Assistance are*: (1) general revenue sharing, and (2) other general purpose fiscal assistance programs.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	9.3	9.5
Fiscal year 1978 estimate	9.7	9.6
Fiscal year 1979:		
Current law	9.1	9.1
Current policy	9.1	9.1
President's budget request	15.1	9.8
Appropriations Committee	16.0	9.2
Authorizing committees	9.7	9.7
Budget Committee recommendation	9.7	9.6

Current law and current policy for FY 1979–83

Over the next five years, *current law* would cost a total of $43.6 billion in both budget authority and outlays for *General Purpose Fiscal Assistance*, while *current policy* would cost an additional $2.9 billion in budget authority and $2.6 billion in outlays. The implications of current trends in the two major mission areas are:

(1) *General Revenue Sharing.—Current law* would cost a total of $34.3 billion in both budget authority and outlays over the FY 1979–83 period. The level of assistance would decline from its present 4 percent total of all State and local revenues, to about 2 percent in FY 1983. This could force some governments, particularly those with stagnant or declining tax bases, to impose sharp tax increases or reductions in services. *Current policy* would cost an additional $2.8 billion in budget authority and $2.5 billion in outlays, and would sustain the current level of assistance in real terms.

(2) *Other General Purpose Fiscal Assistance Programs.—Current law* would cost a total of $9.3 billion in both budget authority and outlays over the FY 1979–83 period. Essentially all programs would sustain their current levels in real terms, with antirecession assistance phasing out as the economy continues to improve. *Current policy* would cost an additional $0.1 billion in both budget authority and outlays, which would sustain the real level of funding for Federal capital improvement loans to the District of Columbia.

Future-year choices

(1) *General Revenue Sharing.*—The current program expires at the end of FY 1980. Although the level of assistance may be changed at that time, it is not expected that the funding level would fall outside the range represented by current law and current policy.

Committee recommendations

The Committee recommends $9.7 billion in budget authority and $9.6 billion in outlays for this function in FY 1979. The Committee anticipates that these figures will total $46.1 billion in budget authority and $46.0 billion in outlays over the FY 1979–83 period.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	9.1	8.5	8.6	8.7	8.8
Outlays	9.1	8.5	8.6	8.7	8.8
Current policy:					
Budget authority	9.1	8.5	9.1	9.6	10.2
Outlays	9.1	8.5	8.9	9.5	10.1
Authorizing committees:					
Budget authority	9.7	9.5	9.6	10.2	10.9
Outlays	9.7	9.5	9.6	10.2	10.9
Budget Committee recommendation:					
Budget authority	9.7	9.7	8.8	8.9	9.1
Outlays	9.6	9.7	8.8	8.9	9.0

For the missions in this function, the Committee makes the following recommendations:

(1) *General Revenue Sharing.*—The Committee recommends $6.9 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $34.3 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation assumes funding of General Revenue Sharing at current levels through 1983, and is not meant to prejudice the action of the Congress when the general revenue sharing program is considered for reauthorization in fiscal year 1981.

MISSION 1: GENERAL REVENUE SHARING

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	6.9	6.9	6.9	6.9	6.9
Outlays	6.9	6.9	6.9	6.9	6.9
Current policy:					
Budget authority	6.9	6.9	7.3	7.8	8.3
Outlays	6.9	6.9	7.2	7.7	8.2
Authorizing committees:					
Budget authority	6.9	6.9	6.9	6.9	6.9
Outlays	6.9	6.9	6.9	6.9	6.9
Budget Committee recommendation:					
Budget authority	6.9	6.9	6.9	6.9	6.9
Outlays	6.9	6.9	6.9	6.9	6.9

(2) *Other General Purpose Fiscal Assistance.*—The Committee recommends $2.8 billion in budget authority and $2.7 billion in outlays for this mission in FY 1979. The Committee anticipates that these figures will total $11.8 billion in budget authority and $11.7 billion in outlays over the FY 1979–83 period.

The Committee recommendation would accommodate aid to distressed localities under a supplemental fiscal assistance program at levels requested in the President's urban initiative. The Committee assumes that such assistance would be provided only to local governments experiencing a high degree of fiscal distress. The recommendation also assumes funding of incentive grants to encourage States to provide fiscal assistance to distressed local governments.

MISSION 2: OTHER GENERAL PURPOSE FISCAL ASSISTANCE PROGRAMS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	2.3	1.6	1.7	1.8	1.9
Outlays	2.3	1.6	1.7	1.8	1.9
Current policy:					
Budget authority	2.3	1.6	1.7	1.8	2.0
Outlays	2.3	1.6	1.7	1.8	2.0
Authorizing committees:					
Budget authority	2.8	2.6	2.8	3.4	4.0
Outlays	2.8	2.6	2.8	3.4	4.0
Budget Committee recommendation:					
Budget authority	2.8	2.8	1.9	2.1	2.2
Outlays	2.7	2.8	1.9	2.1	2.2

Tax expenditures related to this function

The estimated revenue losses resulting from tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Exclusion of interest on general-purpose State and local debt:						
Individuals	1,925	2,150	2,309	2,655	2,950	3,255
Corporations	3,470	3,865	4,305	4,780	5,310	5,845
Deductibility of nonbusiness State and local taxes (other than on owner-occupied homes and gasoline):						
Individuals	8,505	9,440	10,480	11,630	12,910	14,330
Corporations						
Tax credit for corporations doing business in U.S. possessions:						
Individuals						
Corporations	485	520	565	610	660	710
Total	14,385	15,975	17,740	19,675	21,830	24,140

Note: All estimates are rounded to the nearest $5,000,000.

(900) INTEREST

National need and missions

The national need addressed by *Interest* is payment of interest on the public debt and miscellaneous other interest payments and collections by the Federal Government.

The major mission areas in *Interest* are: (1) interest on the public debt, and (2) other interest.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	38.1	38.1
Fiscal year 1978 estimate	42.4	42.4
Fiscal year 1979:		
Current law	46.8	46.8
Current policy	46.8	46.8
President's budget request	49.0	49.0
Appropriations Committee	49.0	49.0
Authorizing committees	49.4	49.4
Budget Committee recommendation	46.8	46.8

Current law and current policy for fiscal years 1979–83

Current law and current policy are the same, and over the next five years would

cost a total of $273.9 billion in both budget authority and outlays for *Interest*. The implications of current trends in the two major mission areas are:

(1) *Interest on the Public Debt.—Current law* and *current policy* are the same, and would cost a total of $309.8 billion in both budget authority and outlays over the FY 1979–83 period. This would provide for interest payments on the existing public debt and on the additional debt associated with the fiscal policies projected by the Congressional Budget Office to be consistent with long-term economic assumptions, at estimated rates of interest that are consistent with such policies.

(2) *Other Interest.—Current law* and *current policy* are the same, and would result in total net interest collections, i.e., deductions from both budget authority and outlays, of—$35.9 billion over the FY 1979–83 period.

Future-year choices

Since *Interest* requirements are determined by the level of the public debt and the interest rates that must be paid on borrowings, Congresssional choices affecting *Interest* essentially are limited to the fiscal policy decisions that affect the level of the debt and, especially interest rates. Interest rates also are significantly affected by monetary policy, which largely is not subject to direct control by the Congress.

It is not feasible at present to estimate the effect on *Interest* of future-year Congressional choices.

Committee recommendations

The Committee recommends $46.8 billion in both budget authority and outlays for this function in FY 1979. The Committee anticipates that these figures will total $273.9 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee's recommended targets are the same as the current law/current policy estimates for both missions in this function, and are fully consistent with the Committee's economic assumptions and fiscal policy recommendations.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	46.8	51.6	55.9	58.7	60.8
Outlays	46.8	51.6	55.9	58.7	60.8
Current policy:					
Budget authority	46.8	51.6	55.9	58.7	60.8
Outlays	46.8	55.6	55.9	58.7	60.8
Authorizing committees:					
Budget authority	49.4	51.6	55.9	58.7	60.8
Outlays	49.4	55.6	55.9	58.7	60.8
Budget Committee recommendation:					
Budget authority	46.8	55.6	55.9	58.7	60.8
Outlays	46.8	55.6	55.9	58.7	60.8

For the missions in this function, the Committee makes the following recommendation:

(1) *Interest on the Public Debt.*—The Committee recommends $53.2 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total $309.8 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation will provide for interest payments on the existing public debt and on the additional debt resulting from fiscal policies consistent with the Committee's economic assumptions, at interest rates that are consistent with these policies and assumptions.

MISSION 1: INTEREST ON THE PUBLIC DEBT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	53.2	58.4	63.1	63.3	68.8
Outlays	53.2	58.4	63.1	66.3	68.8
Current policy:					
Budget authority	53.2	58.4	63.1	66.3	68.8
Outlays	53.2	58.4	63.1	66.3	68.8
Authorizing committees:					
Budget authority	55.8	58.4	63.1	66.3	68.8
Outlays	55.8	58.4	63.1	66.3	68.8
Budget Committee recommendation:					
Budget authority	53.2	58.4	63.1	66.3	68.8
Outlays	53.2	58.4	63.1	66.3	68.8

(2) *Other Interest.*—The Committee recommends —$6.4 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total —$35.9 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation will provide for miscellaneous other interest payments and for interests collections by the Federal Government.

MISSION 2: OTHER INTEREST

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	−6.4	−6.8	−7.2	−7.6	−8.0
Outlays	−6.4	−6.8	−7.2	−7.6	−8.0
Current policy:					
Budget authority	−6.4	−6.8	−7.2	−7.6	−8.0
Outlays	−6.4	−6.8	−7.2	−7.6	−8.0
Authorizing committees:					
Budget authority	−6.4	−6.8	−7.2	−7.6	−8.0
Outlays	−6.4	−6.8	−7.2	−7.6	−8.0
Budget Committee recommendation:					
Budget authority	−6.4	−6.8	−7.2	−7.6	−8.0
Outlays	−6.4	−6.8	−7.2	−7.6	−8.0

Tax expenditures related to this function

The estimated revenue losses resulting from the tax expenditures related to this function are set forth in the following table:

[Fiscal years, in millions of dollars]

	1978	1979	1980	1981	1982	1983
Deferral on interest on savings bonds:						
Individuals	625	670	725	780	840	905
Corporations						

Note.—All estimates are rounded to the nearest $5,000,000.

(920) ALLOWANCES

National need and missions

The National need addressed by *Allowances* is providing the annual pay increases which permits employees of Federal agencies other than the Department of Defense to maintain pay comparability with their private sector counterparts (equivalent pay increases for Department of Defense employees are provided for in the *National Defense* function).

The single mission area in *Allowances* is civilian agency pay raises.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual		
Fiscal year 1978 estimate	0.9	0.9
Fiscal year 1979:		
Current law	1.1	1.1
Current policy	1.1	1.1
President's budget request	1.2	1.3
Appropriations Committee	4.2	2.8
Authorizing committees	1.3	1.4
Budget Committee recommendation	.7	.7

Current law and current policy for FY 1979–83

Current law and *current policy* are the same, and over the next five years would cost a total of $7.0 billion in budget authority and $6.9 billion in outlays for allowances for *civilian agency pay raises*. This would provide annual pay increases of 6.4 percent in FY 1979, 7.7 percent in FY 1980, 7.0 percent in FY 1981, 6.6 percent in FY 1982 and 6.6 percent in FY 1983, the levels estimated by the Congressional Budget Office to be required to maintain comparability between Federal and private sector pay.

Future-year choices

The President recently proposed changes in the compensation procedures for senior Federal executives, and tentatively is considering a proposal to adopt a "full compensation" approach to determining comparability of Federal compensation with the private sector. Prospects for enactment of these proposals are uncertain, as are their budgetary impacts.

There also are the future-years' options of continuing the practice of past budget resolutions in requiring Federal agencies to absorb part of the costs of each year's pay raise through savings in other activities. This could produce savings of up to $0.4 billion in FY 1983.

Committee recommendations

The Committee recommends $0.7 billion in both budget authority and outlays for FY 1979. The Committee anticipates that these figures will total $5.4 billion in budget authority and $5.3 billion in outlays over the FY 1979–83 period.

The Committee recommendation reflects the Committee's assumption that the October 1978 comparability pay raise for Federal employees will be limited to 5 percent, and that agencies will be required to absorb 20 percent of the costs of that pay raise through savings in other activities.

The five-year totals assume that annual pay raises will occur for FY 1980–83 at the levels estimated by the Congressional Budget Office to be necessary to maintain the pay of Federal employees at levels comparable to those of their private sector counterparts, and assume that agency absorption of 20 percent of pay raise costs will be required in each of those years.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	1.1	1.4	1.4	1.4	1.5
Outlays	1.1	1.4	1.4	1.4	1.5
Current policy:					
Budget authority	1.1	1.4	1.4	1.4	1.5
Outlays	1.1	1.4	1.4	1.4	1.5
Authorizing committees:					
Budget authority	1.3	1.2	1.3	1.3	1.5
Outlays	1.4	1.3	1.4	1.5	1.6
Budget Committee recommendation:					
Budget authority	0.7	1.2	1.1	1.2	1.2
Outlays	0.7	1.1	1.1	1.1	1.2

Tax expenditures related to this function

There are no tax expenditures related to this function.

(950) UNDISTRIBUTED OFFSETTING RECEIPTS

National need and missions

The national need addressed by *Undistributed Offsetting Receipts* is providing deductions from budget authority and outlays due to Federal receipts that cannot reasonably be assigned to other functions.

The major mission areas in *Undistributed Offsetting Receipts* are: (1) rents and royalties in the Outer Continental Shelf ("OCS receipts"), (2) employer share, employee retirement, and (3) interest received by trust funds.

Current trends

The following table shows the Committee recommendation for FY 1979 as compared to recent trends in the function and other alternatives presented to the Committee.

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1977 actual	−15.1	−15.1
Fiscal year 1978 estimate	−17.0	−17.0
Fiscal year 1979:		
Current law	−17.2	−17.2
Current policy	−17.2	−17.2
President's budget request	−16.5	−16.5
Appropriations Committee	−16.0	−16.0
Authorizing committees	−16.2	−16.2
Budget Committee recommendation	−17.2	−17.2

Current law and current policy for fiscal year 1979–83

Current law and current policy are the same, and over the next five years would result in total deductions of—$103.6 billion from both budget authority and outlays for *Undistributed offsetting Receipts*. The implications of current trends in the three major mission areas are:

(1) *Rents and Royalties on the Outer Continental Shelf ("OCS Receipts").—Current law and current policy* are the same, and would result in total deductions of—$17.3 billion from both budget authority and outlays. These estimates assume the revised OCS management procedures included in S. 9, the OCS Act Amendments, which would, *inter alia*, require increased use of "royalty" bidding, where payments are made to the Federal Government as production of oil and gas occurs, in lieu of "bonus" bidding, which requires initial payments before production, so as to assist smaller producers in obtaining OCS leases.

(2) *Employer Share, Employee Retirement.—Current law and current policy* are the same, and would result in total deductions of—$31.9 billion from both budget authority and outlays over the FY 1979–83 period. This would avoid double-counting the contributions that Federal agencies make toward retirement for their employees, which are included in personnel benefit costs in other functions.

(3) *Interest Received by Trust Funds.—Current law* and *current policy* are the same, and would result in total deductions of—$54.5 billion from both budget authority and outlays over the FY 1979–83 period. This would provide deductions for the intrabudgetary interest payments on U.S. securities held by trust funds; these payments are included in interest on the public debt in the *Interest* function.

Future-year choices

No major choices affecting *Undistributed Offsetting Receipts* are currently expected in the FY 1980–83 period.

Committee recommendations

The Committee recommends—$17.2 billion in both budget authority and outlays for this function in FY 1979. The Committee anticipates that these figures will total—$103.6 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation is the same as the current law/current policy estimate for all components of this function.

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	−17.2	−19.4	−20.3	−23.0	−23.7
Outlays	−17.2	−19.4	−20.3	−23.0	−23.7
Current policy:					
Budget authority	−17.2	−19.4	−20.3	−23.0	−23.7
Outlays	−17.2	−19.4	−20.3	−23.0	−23.7
Authorizing committees:					
Budget authority	−16.2	−17.6	−19.0	−20.5	−22.0
Outlays	−16.2	−17.6	−19.0	−20.5	−22.0
Budget Committee recommendation:					
Budget authority	−17.2	−19.4	−20.3	−23.0	−23.7
Outlays	−17.2	−19.4	−20.3	−23.0	−23.7

For the missions in this function, the Committee makes the following recommendations:

(1) *Rents and Royalties on the Outer Continental Shelf ("OCS Receipts").*—The Committee recommends −$2.8 billion in both budget authority outlays for this mission in FY 1979. The Committee anticipates that these figures will total −$17.3 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation assumes the revised OCS management procedures established by S. 9, the OCS Act Amendments.

MISSION 1: RENTS AND ROYALTIES ON THE OUTER CONTINENTAL SHELF

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current laws:					
Budget authority	−2.8	−3.6	−3.1	−4.3	−3.5
Outlays	−2.8	−3.6	−3.1	−4.3	−3.5
Current policy:					
Budget authority	−2.8	−3.6	−3.1	−4.3	−3.5
Outlays	−2.8	−3.6	−3.1	−4.3	−3.5
Authorizing committees:					
Budget authority	−1.8	−1.8	−1.8	−1.8	−1.8
Outlays	−1.8	−1.8	−1.8	−1.8	−1.8
Budget Committee recommendation:					
Budget authority	−2.8	−3.6	−3.1	−4.3	−3.5
Outlays	−2.8	−3.6	−3.1	−4.3	−3.5

(2) *Employer Share, Employee Retirement.*—The Committee recommends −$5.4 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total −$31.9 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation will provide amounts necessary to offset the intrabudgetary contributions made by Federal agencies to employee retirement systems, which are included as part of personnel benefit costs in other functions.

MISSION 2: EMPLOYER SHARE, EMPLOYEE RETIREMENT

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	−5.4	−5.8	−6.3	−6.9	−7.5
Outlays	−5.4	−5.8	−6.3	−6.9	−7.5
Current policy:					
Budget authority	−5.4	−5.8	−6.3	−6.9	−7.5
Outlays	−5.4	−5.8	−6.3	−6.9	−7.5
Authorizing committees:					
Budget authority	−5.4	−5.8	−6.3	−6.9	−7.5
Outlays	−5.4	−5.8	−6.3	−6.9	−7.5
Budget Committee recommendation:					
Budget authority	−5.4	−5.8	−6.3	−6.9	−7.5
Outlays	−5.4	−5.8	−6.3	−6.9	−7.5

(3) *Interest Received by Trust Funds.*—The Committee recomemnds −$9.1 billion in both budget authority and outlays for this mission in FY 1979. The Committee anticipates that these figures will total −$54.5 billion in both budget authority and outlays over the FY 1979–83 period.

The Committee recommendation will provide amounts necessary to offset intrabudgetary payments of interest on U.S. securities held by the trust funds, which are included as part of interest on the public debt in the *Interest* function.

MISSION 3: INTEREST RECEIVED BY TRUST FUNDS

[In billions of dollars; fiscal years]

	1979	1980	1981	1982	1983
Current law:					
Budget authority	−9.1	−10.0	−10.9	−11.8	−12.7
Outlays	−9.1	−10.0	−10.9	−11.8	−12.7
Current policy:					
Budget authority	−9.1	−10.0	−10.9	−11.8	−12.7
Outlays	−9.1	−10.0	−10.9	−11.8	−12.7
Authorizing committees:					
Budget authority	−9.1	−10.0	−10.9	−11.8	−12.7
Outlays	−9.1	−10.0	−10.9	−11.8	−12.7
Budget Committee recommendation:					
Budget authority	−9.1	−10.0	−10.9	−11.8	−12.7
Outlays	−9.1	−10.0	−10.9	−11.8	−12.7

Tax expenditures related to this function

There are no tax expenditures related to this function

Mr. MUSKIE. A full discussion of the committee's revenue recommendations is also contained in the committee's report. But let me summarize for you now some important features of those recommendations.

The committee recommends a revenue floor of $443.3 billion for fiscal year 1979.

The committee revenue floor allows for a $19.4 billion income tax reduction in addition to the extension of the general tax rate reductions scheduled to expire at the end of calendar 1978.

The $19.4 billion reduction represents a $25 billion reduction on a full year basis, but assumes that all the additional rate reductions first would become effective on January 1, 1979, for only 9 months of fiscal year 1979.

By comparison, the administration recommended a full fiscal year $25 billion in additional net tax reductions. Primarily because of the later effective date assumed by the committee for new rate reductions. The committee recommends $5.2 billion less in net revenue reduction legislation for fiscal year 1979 than does the administration.

The committee specifically rejected a proposal to reduce social security taxes and to partially finance the hospital insurance trust fund with appropriated general revenues.

I strongly concur with the committee in this decision. The American people broadly approve of the existing social security system—a system based for over 40 years on trust funds financed solely with social security tax contributions.

The link between social security benefits and taxes should not be severed by a general financing mechanism without the most deliberate and careful study and analysis.

The 1977 Social Security Amendments first take effect in January 1979. They will have a limited effect in 1979 on both individual workers and the economy. Therefore, the Budget Committee recommends that Congress not act in haste to block those increases. At least four

major studies of the social security system are scheduled during the next year. We should have the benefit of the results of these studies before further action is taken.

Mr. President, tinkering with the social security system every year, even if in response to voter concerns in an election year, will only serve to reduce public confidence in our system and the ability of the Congress to handle it responsib.y.

The committee's revenue floor would allow for a number of legislative proposals, including a college tuition tax credit, a targeted employment tax credit, and an expanded earned income credit.

I was outvoted by the committee on the tuition tax credit. Personally, I oppose enactment of a tuition tax credit, whether it applies solely to college tuition or also to elementary and secondary school costs. Enactment of such a credit would be inflationary at a time when the Senate should do everything it can to contain inflation. The credit would be inflationary because most of its benefits would be captured by educational institutions in the form of higher tuition charges. Taxpayers would be little or no better off than they are without the credit.

Moreover, all the reliable data indicate that, contrary to public perceptions, tuition costs are not rising faster than the average income levels. The need for this credit has not been demonstrated. As a result, a tuition tax credit is neither efficient nor justifiable education policy.

I should add that the committee made no allowance for the increased direct grant approach to tuition aid which the President offered as an alternative to the tax credit

CONTROLLING THE FREE-SPENDING MENTALITY

Mr. President, I have described some of the major implications of the recommended 1979 budget and some of the Budget Committee's concerns in shaping it.

But Mr. President, let there be no doubt that the Senate itself holds the key to success or failure of budget reform.

The congressional Budget Act reforms have gained a momentum and have had an influence on congressional spending as great as any for which we dared hope when they were enacted 4 years ago.

But I must frankly advise the Senate that this may well be the decisive year in which the fate of this attempt at fiscal responsibility will be sealed.

We simple cannot afford to enact every bill, every program which appeals to us—or which some interest group is pressuring us to enact. Each of us in the Senate has a greater responsibility. That is to be responsible with the public interest, the public purse, and the public trust. To ignore this responsibility is to bankrupt our Nation, destroy our budget process and betray the confidence and well-being of the people we are supposed to represent.

Rather, we must choose carefully those bills, those programs, which we have judged most meritorious and most advantageous to the greatest number of American citizens. We cannot afford them all.

Mr. President, in the absence of congressional restraint we could face the very real possibility of an $80 billion deficit in fiscal year 1979.

Not the $61 billion deficit the President proposed.

Not the $56 billion deficit this resolution assumes.

But $80 billion. Almost a 10-percent increase in our national debt to be added in a single year.

This $80 billion deficit was not plucked out of midair. It was taken from the reports of just two committees of the Senate.

First, the Appropriations Committee recommended total outlays in fiscal year 1979 of $508 billion. Second, the Committee on Finance recommended tax cuts to reduce fiscal year 1979 revenues to $428 billion.

The difference between the spending recommended by the Appropriations Committee and the taxes recommended by the Finance Committee is $80 billion. And the requests of the other standing committees would make the total go even higher—beyond $90 billion.

Mr. President, the Budget Committee exercised great care and restraint in reporting to the Senate a $55.6 billion deficit. And now the full Senate must act responsibly in reviewing the congressional budget and adhering to the budget we adopt.

Let Senators who disagree with the recommedations of the Budget Committee openly acknowledge their positions and offer amendments to change the results.

We cannot afford to have Senators supporting the resolution with mental reservations which only emerge when later spending or revenue measures hit the floor. We should all be cognizant of the impact any changes could have on the deficit—and on the Federal budget.

Mr. President, this year the Senate has already demonstrated on the agriculture bill a willingness to pass legislation without pausing to examine its budgetary and inflationary consequences.

Thanks to the House of Representatives which rejected the conference report by almost a 2-to-1 margin, we will not have to live with the consequences of such legislation. We will not have to respond to the American people when they ask why we enacted a bill which would have increased the inflation rate for food by 1.1 percent to 1.5 percent in fiscal year 1979.

But we cannot continue to rely on the the President or the House of Representatives to demonstrate fiscal responsibility in Washington.

The Senate must also send a signal to the American people that we are serious about restraining Federal spending, that we do intend to hold the line on inflation, that we will reduce the deficit.

And we must start today—with the first budget resolution. I realize that the budget recommended by the committee does not provide each committee with everything it wanted Each committee, in making its request for fiscal year 1979, addressed national needs as it saw fit, and none should be condemned for doing so.

But we cannot enact all of this legislation. We cannot afford it all.

I know it, the other Members of this body know it.

The American people know it.

We must begin to show our people that we are doing our very best to hold Federal spending to the lowest possible level consistent with effective fiscal policy to meet the Nation's needs.

Mr. President, any additional spending and a higher deficit than the committee's recommendation would send the wrong signal to the American people, and I must oppose all such amendments.

Mr. President, in closing let me express by great personal admiration and gratitude to the distinguished Senator from Oklahoma (Mr. BELLMON) the ranking member on the Budget Committee, for his consistent support and counsel in upholding the goals and objectives of the Budget Act. I could not have asked to work with an individual more devoted to the maintenance of the integrity of the budget process. Without his unflinching support the budget process would not have had 3 years of positive achievements of which we can all be proud.

Let me also express my thanks to the staffs of the Budget Committee and the Congressional Budget Office for the diligent and excellent and highly professional support they have provided in the preparation of the first budget resolution. Their task this year was especially challenging as the committee moved into multiyear and mission budgeting. But we have come to expect the highest professional performance from them and we were not disappointed this year.

Mr. President, I yield the floor.

Mr. BELLMON. Mr. President, I wish to begin my remarks by congratulating my good friend Chairman MUSKIE for the remarkably incisive statement he has just now made. He covers not only the fiscal year 1979 budget but the entire panopoly of issues and attitudes which underlie the budget process.

His remarks are totally in keeping with the total dedication and inspired leadership Chairman MUSKIE has given the budget process during the past 3 years. His efforts plus the work of an able staff have brought the budget process through its infancy. It is not yet full grown but it is a healthy adolescent—alive and kicking. I am convinced that it can and must be around for a long, long time.

Major credit must go to Chairman MUSKIE for the contribution he has made in the important leadership position the Senate has given him.

Mr. President, I ask unanimous consent that the following members of the staff of the Committee on the Budget be allowed to remain on the floor during consideration of and votes on Senate Concurrent Resolution 80:

Robert S. Boyd, Charles McQuillen, William Stringer, Gary Kuzina, Robert Fulton, Barry Kinsey, Carol Cox, Becky Davies, Paul Carttar, Mike Pillsbury, and Joyce Purcell.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Also, Mr. President, I ask unanimous consent to add to the request the names of Rick Brandon of Senator CHILES' staff and Hal Cross, Karyn Mandan, and Michael Shorr of Senator JAVITS' staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Oklahoma yield?

Mr. BELLMON. I yield.

Mr. HARRY F. BYRD, JR. I ask unanimous consent that John I. Brooks of my staff be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, the Senate's consideration today of the first concurrent resolution for fiscal year 1979 marks the beginning of the fourth year of the congressional budget process. It is through this process that Congress has its best opportunity to address systematically its economic policies and national priorities and to express it own will regarding the total level of Federal revenue and expenditures.

By and large, these past few years have demonstrated that Congress does have the ability to effectively reassert its fiscal role in the face of ever increasing executive power. In fact, one need only remember the haphazard process that predated the Budget Act in order to appreciate fully the advances that this body has made in harnessing runaway Federal spending and imposing a considerable degree of order. In the past 3 years, Congress has operated within the set budgetary constraints. Spending ceilings have not ben violated; authorizing legislation has been reported on time; and with few exceptions relating to attachment of legislation has been reported on time; and with few exceptions relating to attachment of legislative amendments, action on appropriation bills has been completed prior to the start of the relevant fiscal year. I submit that all of those are major accomplishments.

As with any new procedure, these initial years have been far from troublefree. Perhaps the greatest problem is attributable to simple political realities—our system of Government tends to focus on attempts to deal with very specific problems and individual pieces of legislation. There is less concern for the larger, more general, yet ultimately deadly, dangers such as runaway inflation. Thus, the temptation to vote for each new or expanded spending program is enormous. Efforts to confront the total costs of the actions we take, and thus avoid the less apparent but more dangerous longer term results, are less attractive. Since the budget process is the most visible effort to bring the vast range of Federal spending into perspective, it is cast by some as the "spoiler." Consequently, in our annual battles between the total budget and its thousands of components, Senators and Representatives who voted for the resolution are tempted to abandon the budget and align themselves with particular and always appreciative special interests. It is a sad fact of political life that legislators who want to do good can, and historically have, by their largess, damaged the body politic they seek to serve. This is evidenced by the fact that the public debt next year will exceed $850 billion and the interest cost of the debt will be over $46 billion in fiscal year 1979.

This moves some commentators to claim that the budget process is ultimately doomed—that the conflicting interests of Members of Congress makes its demise inevitable, that the advocacy of particular programs and interests will forever prevent us from considering the greater issues of inflation and economic vitality.

Such claims are unfortunate and untrue, for one simple reason: Legislators, even while subject to intense constituent pressure, have time after time proven themselves capable of highly responsible action. Thus, when fully understood, the congressional budget process makes too much sense to be allowed to fail. As Congress holds constitutional control over Federal purse strings, as Congress stands as the branch of our Government most clearly representative of the American people, as Congress alone can make the will of the people into law, it would be preposterous for this body not to have a mechanism whereby it can clearly view, effectively control, and adjust in a timely and intelligent way, the scope of Federal activities.

The former system—or I might say lack of system—in which spending and revenue policies were nothing more than the end result of dozens of separate, unrelated decisions, was an embarrassment to this body and a threat to the economic vitality of the country. But if Congress, already equipped with an effective process for ordering national priorities and establishing coherent fiscal policy, were to destroy that system or to render it ineffective and useless, this would be no mere embarassment. Rather, it would be a nationtal disgrace.

Mr. President, the congressional budget process can be better understood and strengthened. It must survive. But it will do so only if Members of Congress and the committees are willing to fit their individual desires into the broader national purposes through the budget process.

Let me illustrate my point. The total recommendations of all Senate committees would have raised the fiscal year 1979 deficit to over $90 billion. At the same time, through the timely and informative reports from other committees, the Budget Committee was able to produce a resolution which attempts to balance the various recommendations while keeping the deficit at a more appropriate level than $90 billion.

The need for this cooperation does not end with establishment of the budget targets. Once adopted by the Senate, and the House, budget resolutions are a compact toward fiscal responsibility which should be respected by all committees and Members of Congress. If the budget process is to be effective—and it must be—it is imperative that this compact be honored, that individual Senators and Representatives take a stand in favor of their budget resolution, one that belongs to all of us. Defenders of the resolution, once adopted, are defenders of the expressed will of the Senate. They are not spoilers; they are simply doing their job in trying to hold the budget resolution in line with the action which the Senate has agreed to take.

Mr. President, I have noted over the past years various reports by Federal auditing agencies suggesting potential savings through program efficiencies and elimination of fraud and abuse.

A recent report from the office of the Inspector General indicating substantial fraud and abuse in HEW programs is a case in point. The Budget Committee is delighted whenever it can assume savings through such measures. In fact, this resolution assumes savings of $700 million in the medicaid and medicare programs through voluntary hospital cost containment. However, I should point out that the Budget Committee has neither legislative nor oversight functions and it is ultimately the proper authorizing and appropriating committee which must effect these potential savings. The March 15 reports submitted to the Budget Committee this year showed little evidence that such reforms were contemplated by the authorizing committees.

The Budget Committee this year has compiled a 5-year budget designed to provide the Senate with an opportunity to see more clearly the future impact of decisions made for fiscal year 1979.

In addition, the committee has focused its discussions and decisions on the major missions within each functional area of the budget—missions that represent the Federal Government's efforts to address the Nation's principal needs and priorities.

As the distinguished chairman of the Budget Committee, Senator MUSKIE, has often pointed out, no one ever claimed that the fiscal discipline which this process affords would be easy. Far from it. In truth, it is very difficult and demands some measure of personal sacrifice from all of us. But we must find ways of making the advantages to be gained from congressional control of the budget every bit as worthwhile and politically palatable as those advantages sought through advocacy of special interests.

Last year was not an easy one for this process, as the budget targets were repeatedly challenged by efforts to further increase a variety of specific programs. And the Senate was not very successful in repelling these challenges, which ultimately increased the annual cost and the deficit by well over $6 billion.

But even at the most discouraging of moments, I found reason to be optimistic. My greatest source of consolation was the very youth of the congressional budget process. We have made considerable progress in the past 3 years. Members of Congress are still adapting to these relatively new constraints on the old free-spending ways, and all phases of the budget process—from economic analysis to markup to scorekeeping—are being reviewed and refined.

This growing budgetary sophistication is quite evident in the resolution now

before us, as major innovations have been made to more nearly achieve the goals of the congressional budget process.

Perhaps most notably, we have all learned that if budgeting is undertaken only one year at a time, Congress can neither develop its own fiscal policy nor establish general national priorities nor control Federal spending.

Furthermore, the committee has paid particular attention to insuring that the current and future budget recommendations are consistent with our economic goals and assumptions.

This year's resolution also reflects the growing capabilities of the budget process and the Budget Committee to respond to the changing economic environment. Lower-than-expected unemployment, a stubbornly high rate of inflation, and the deteriorating international condition of the U.S. dollar have all suggested a rethinking of fiscal policy, and this budget has answered that challenge.

In contrast to the past 3 years, in which our budgets were most affected by unacceptably high unemployment, this year's greatest concern has been inflation, which recent statistics indicate is still growing. In response, the committee has produced a deficit lower than that anticipated for fiscal year 1978, with a fiscal year 1979 spending level some $20 billion below that suggested by Senate authorizing committees and $9 billion under the Senate Appropriations Committee's recommendation. Further, our deficit is $5.7 billion lower than that requested by the President.

Mr. President, I think I should say at this point that those figures need to be analyzed a little more carefully because there are some assumptions that are necessary to be understood before the comparisons are entirely accurate.

Our deficit, however, is the maximum that we can tolerate without placing undue pressure on monetary authorities and pushing inflation even higher.

Economic considerations also prompted the committee to take action such as responding to the changing character of unemployment by recommending that funding for public service jobs be redirected from cyclical efforts to an attack on structural unemployment; and recommending against introduction of general revenue financing of the social security system, since it was viewed as an over-reaction to problems created by last year's hasty consideration of the social security tax increases.

Moreover, with this resolution, the Budget Committee has reaffirmed its conviction to achieve a balanced budget. As the economy moves toward full employment and as the private sector regains its strength, budget surpluses will become necessary to sustain economic growth and to control inflation. The 5-year recommendations by the committee foresee a balanced budget by fiscal year 1983 if the recovery continues as anticipated and other key assumptions prove correct.

Mr. President, I recognize that many of my colleagues will favor even more vigorous restraints on Federal outlays than are represented by the Budget Committee's recommendations. Indeed, I join them in expressing concern over a budget deficit that—while lower even than the President's—is still larger than I would prefer for this point in the recovery period. But it is significant that we are moving toward a balanced budget, and we must not allow this direction to be changed.

The fiscal year 1979 recommendations constitute a strong budget and are worthy of support by the Senate and the full Congress. However, despite the considerable achievements realized by the committee and embodied in the first concurrent resolution, I have certain reservations regarding the future impact of this year's effort.

First, I am troubled that because of the suggested outyear spending levels in this budget, we have reduced our flexibility to accommodate within reasonable ceilings legislative initiatives which will be introduced in the future. While I do not favor proposals like national health insurance and increased governmental spending on energy, should they be adopted in the next few years, we will likely be forced either to continue deficit spending or raise taxes to meet these new obligations.

I am concerned that a statement to this effect, made in my Additional Views to the report on this resolution, may be misinterpreted by some as a proclamation of support for many of these future initiatives. Rather than voicing my position on the individual issues, I intended by the statement made in my additional views, which is found on page 208 of the report, only to express my doubts about our ability to finance them in the next few years without taking relatively drastic actions, that, through greater prudence, we might avoid.

The second point I should like to make, Mr. President, is that I do not believe that this budget has dealt as effectively as it should have with the issue of national priorities. A mature budget process must ultimately come to grips not simply with spending levels, but also with the needs and desires underlying those levels. However, this year, the necessary tradeoffs between priorities did not occur—the old did not give way to the new. For example, the committee funded a major portion of the administration's urban package which had only recently been received and not yet adequately justified. None of the existing urban programs were identified as ineffective, nor was the funding of any current programs cut. This kind of failure further constrains our ability to deal adequately with future needs.

Mr. President, in that connection, let me point out that this budget represents what I consider to be very substantial increases in most of the significant programs, increases which are more than I would have recommended in acting strictly on my own. I felt, as a member of the committee, that I needed to go along and support the final result of the committee, but it is not a result that I personally would have crafted had I been able to do so on my own authority.

For instance, the growth between fiscal year 1978 and 1979 in budget authority is a total of $65.4 billion and in outlays, the growth is $46.3 billion. This amounts to a 13-percent growth in budget authority and a 10-percent growth in outlays. Both those figures are well above the current rate of inflation.

In defense, the rate of growth is $11.6 billion in budget authority and $11.2 billion in outlays. That amounts to a 10-percent growth in budget authority and an 11-percent growth in outlays, again well in excess of inflation.

In international affairs, and here these figures are slightly inappropriate, because we have taken some new action to put some activities in on-budget where previously, they had been considered off-budget. The indicated growth in budget authority is $3.3 billion; in outlays, $1.2 billion. This is a 35-percent increase in growth in budget authority and a 20-percent growth in outlays.

In agriculture—and again, this is a little difficult to understand, because most of the money will finally come back to the Treasury, since a lot of the budget authority is to cover the cost of commodity loans—that increase in budget authority is $9.4 billion. There is a decrease in outlays of $1.0 billion. The percentage increase in budget authority is 313 percent; in outlays, it is a reduction of 11 percent.

In energy and natural resources, the growth in budget authority is $2.4 billion; the growth in outlays is $5.1 billion. There is an 11-percent increase in budget authority and 29-percent increase in outlays, a good bit of which goes to add to the costs of buying oil for the strategic petroleum reserve.

In education and training, the increase in budget authority is $7 billion; in outlays, it is $4.2 billion. It is a $28.5-percent increase in budget authority and a 16-percent increase in outlays.

In health, the increase is $6.2 billion in budget authority, $5.2 billion in outlays. That, Mr. President, is 13 percent in budget authority and 12 percent in outlays.

In income security, the increase is $12.4 billion in budget authority and $13.5 billion in outlays. That figures out to be a 7-percent increase in budget authority, a 9-percent increase in outlays.

In interest, the increase is $4.4 billion in budget authority, the same amount in outlays, the increase being 10 percent in both categories.

There are other functions that I have not mentioned specifically. In those, the growth in budget authority is $8.7 billion, the growth in outlays is $2.5 billion, giving us a 16-percent growth in budget authority and a 5-percent growth in outlays.

My point, Mr. President, in giving these figures to the Senate is to show that this budget has taken into account the requests for significant growth in most of the major functions and there is simply no basis for any charges that the budget has not adequately responded to the legitimate needs of the country. My concern is that we may have over-responded and, in this way, contributed unnecessarily to inflationary pressures that are already growing.

Mr. President, to get to my third and

final point, as a result of the earlier concerns I expressed, I am apprehensive over the possibility that during the 5-year period encompassed in this resolution the Federal share of the gross national product may grow rather than fall back to its historical level of 18 to 19 percent. If we fail to cause a thorough review of, and make needed adjustments in, ongoing programs in the spending base, the Federal Government will consume an ever-larger share of national wealth and thereby reduce the economic freedom which is essential in a free society.

In spite of these reservations, I believe that the budget recommended in this resolution will be adequate to promote continued expansion of our national economy and reduction of unemployment, while easing persistent inflationary pressures.

Mr. President, the need for budgetary discipline is clear. Equally clear is the need for Congress to intelligently and thoroughly structure the budget to assert strongly its rightful role at the forefront of efforts to set the course America will take this year and in the future. Let us discharge that duty in the highest sense of public service.

Mr. President, I suggest the absence of a quorum.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator withhold that request?

Mr. BELLMON. I am very happy to withhold.

(Mr. LEAHY assumed the chair.)

Mr. HARRY F. BYRD, JR. Mr. President, may I ask several questions, after which I shall probably call up an amendment.

I ask the Senator from Oklahoma, and it has nothing to do with the amendment I plan to call up, to look at page 2 of the legislation, line 22, the international affairs item. In most of these items, the new budget authority figure and the outlay figure are roughly the same. There is not a great deal of difference between them.

Mr. BELLMON. Is the Senator referring to the committee report?

Mr. HARRY F. BYRD, JR. No, I am referring to page 2 of the printed concurrent resolution.

Mr. BELLMON. I believe I am with you.

Mr. HARRY F. BYRD, JR. In most of the items listed in the concurrent resolution, there is not a great deal of difference between the new budget authority and the outlays. There is some difference, but not a tremendous difference. But in the international affairs section, we find that the new budget authority is $12,800 million, with the outlays being $7,200 million. That is a 70-percent difference. I am wondering why there would be such a large differential between outlays and new budget authority.

Mr. BELLMON. Mr. President, it probably would be well for someone who is a little more expert in the international category than I am to respond fully, but I can say part of that discrepancy is due to the fact that we are making provision here for establishing this new so-called Witteveen Facility. This international monetary program will help governments with balance-of-payments problems and to support their currencies. That amounts to $1.8 billion in budget authority. We will soon have a chance to debate and vote on an authorization bill recommended by the Senate Foreign Relations and Banking Committees.

In addition, there is a provision for adding to the loan authority of some of the international development banking establishments. Just part of that loan authority will be used in 1 year.

I believe the answer to the question is primarily in those two areas. If the Senator would like, I shall be glad to provide a breakdown of just where this is.

Mr. HARRY F. BYRD, JR. This budget resolution, then, envisions a very large increase in authorizations and appropriations for the international banking institutions, I take it.

Mr. BELLMON. Our chairman has come back. He may want to respond more fully.

I think the answer to the question is that it is not necessarily a large expansion so much as in the budget authority figure making provision for future year use of the funds which, in many cases, is not necessarily expansion, the size of the program, but that the past money has now run out.

Mr. HARRY F. BYRD, JR. In any case, those additional tax funds would be used for that purpose.

Mr. BELLMON. That Senator is correct.

This is, of course, all tax money.

Mr. HARRY F. BYRD, JR. I am wondering whether the Congress is justified in such tremendous increases as proposed by this resolution for these international financial institutions.

The foreign aid program already is tremendously high. Yet, this budget resolution would provide huge additional sums to the international institutions over and beyond the economic aid that will be provided in other areas of the budget.

Does not the committee feel that this is an unusually heavy increase? And why should we be increasing these international financial institutions to the extent that we are?

Mr. MUSKIE. Mr. President, I am sorry I was not on the floor when the Senator raised his question. I will try to respond.

Mr. HARRY F. BYRD, JR. Does the Senator want me to go over the background again?

Mr. MUSKIE. Let me make two points, and then, if I have not covered the Senator's question adequately, I will be glad to have him repeat his question and I will respond.

There are several major elements in the international affairs function which has raised the level of budget authority for fiscal 1979. One is the so-called Witteveen facility created to help countries with balance-of-payment problems generated by the five-fold increase in energy costs and the imbalance in their foreign exchange which resulted.

The administration asked that our contribution be funded off-budget. The Foreign Relations Committee also supported off-budget funding.

If we kept it off, the $1.8 billion would not be here at all. We would not see it.

The Budget Committee pinpointed that program and voted to put it on-budget in fiscal year 1979. It was argued, pursuant to the Budget Act and our constitutional responsibilities to share in policy decisionmaking, that when we undertake diplomatic and financial responsibilities of that kind, we ought to put them on the budget.

In times past, this kind of national effort would not be on-budget and not in these numbers. So that makes the function larger by that amount.

Second, our contributions to international financial institutions is increasing. We did not recommend 100 percent funding at the President's requested level. Instead we recommended 90 percent funding of these obligations. In addition, there were arrearages of contributions due but several years delayed to the World Bank group, the Inter-American Development Bank, and the Asian Development Bank. As long as there were commitments, the committee voted to meet them.

Mr. HARRY F. BYRD, JR. Commitments by whom? Not by the Congress.

Mr. MUSKIE. Yes. Commitments in the sense the United States is a vital part of these institutions and members in them. This country made agreements with the other members of the banks as to the funding levels and we have not met those.

Mr. HARRY F. BYRD, JR. Is the Senator from Maine saying that the Congress has an obligation to appropriate whatever funds the representatives of that Government agree to with other countries as to what they will get?

Mr. MUSKIE. These agreements were made by the previous administration.

Mr. HARRY F. BYRD, JR. Regardless of what administration, they cannot bind Congress, as I understand it.

Mr. MUSKIE. In the literal sense of the word, that is true.

Mr. HARRY F. BYRD, JR. Does the Senator believe it is a moral obligation to accept whatever Mr. McNamara says we ought to put up?

Mr. MUSKIE. No, I suppose not.

It is true we are members in these international financial institutions and that membership has been recognized in the past by the Congress. And the Presidents—using the plural—have undertaken to represent us and enter into those agreements with other countries that are essential if the institutions are to operate.

We have tried to take the leadership in these institutions in order to be of assistance to developing countries, to support export growth in various countries, as well as our own. Strengthening the economies of the so-called middle-income countries, I might add the fastest growing market for American products, is helpful on both sides of the equation. These international development institutions have served a useful purpose.

Mr. HARRY F. BYRD, JR. I am not suggesting they have not, in some cases, served a useful purpose. I am concerned

as to whether, No. 1, Congress has any obligation whatever to accept whatever figure Mr. McNamara, or somebody else in one of these organizations, says it ought to be.

Mr. MUSKIE. Congress has no obligation to support any part of this budget, whether it is a foreign affairs function, or the defense function, or any of the domestic functions. The Congress, of course, in the literal sense, makes its own commitment. I suppose we could even ignore the social security laws, if we wished.

Mr. HARRY F. BYRD, JR. Oh, no. It has nothing to do with that. That statement was prompted, I might say to my friend from Maine, by the statement——

Mr. MUSKIE. But the Senator is asking me, cannot Congress ignore these commitments?

Of course, it can.

Mr. HARRY F. BYRD, JR. That was not what I was asking. What I am asking——

Mr. MUSKIE. The Senator asked if just because President Ford entered into these agreements, whether Congress is obligated to meet the commitments. I am answering the Senator in the way I thought he wanted me to. Of course, we are not obligated.

Mr. HARRY F. BYRD, JR. It is not President Ford, and it makes no difference to me which President it was.

Mr. MUSKIE. The particular obligations to which I am referring were negotiated by him, and I am trying to give the Senator the origins.

Mr. HARRY F. BYRD, JR. I thought they were negotiated by the international banking institutions.

Mr. MUSKIE. The United States is a member of several of these institutions.

Mr. HARRY F. BYRD, JR. I understand.

Mr. MUSKIE. And, as a member, we are part of the negotiation which establishes the funding shares of the various member countries, and other countries have met the commitments they made under those agreements. We have not with respect to the $350 million of arrearages and it is now proposed we meet them.

If Congress does not want to meet them, that is its prerogative in our form of equal and separate branches of Government.

Mr. HARRY F. BYRD, JR. May I ask the Senator, what is $350 million we did not meet?

Mr. BELLMON. Will the Senator yield for one comment?

Mr. HARRY F. BYRD, JR. Yes, I yield.

Mr. BELLMON. If the Senator from Virginia will look on page 67 of the report, there is a table at the bottom of the page that discusses foreign military assistance and sales. He will notice that of the, roughly, $5.6 billion of budget authority over outlays, that $2.4 of that is intended to cover the foreign military assistance and sales.

So, about half of the figure that concerns the Senator from Virginia I think is explained by the fact that we are trying to make provision for the recommended increase in military sales that President Carter has suggested.

Mr. HARRY F. BYRD, JR. That is the first time I heard of the military sales being involved in this particular item.

Mr. BELLMON. This function does cover the foreign military assistance and credit sales.

But I am concerned, as the Senator from Virginia is, that that does seem to be a large chunk. But I believe this explains about half of it.

Mr. HARRY F. BYRD, JR. I thank the Senator from Oklahoma.

Mr. BELLMON. I might point out that this is a jump over 1978, but in 1975 and 1976 we have been at that level in the past. There has been a reduction in recent years, because grant military assistance have been down.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. MUSKIE. We are concerned here with three banking institutions, the World Bank, the Inter-American Development Bank, and the Asian Development Bank. Moneys were all authorized. They have not been fully appropriated, and that is what the arrearages are.

Mr. HARRY F. BYRD, JR. Will the Senator mention all the figures as to what this $350 million in arrearages is?

Mr. MUSKIE. These three banks.

I wish to correct a statement I made earlier. The $350 million does not fully meet the arrearages. The arrearages, as of now, are $834.7 million for the various international development banks.

Mr. HARRY F. BYRD, JR. Those are arrearages from the figures sought by the banks?

Mr. MUSKIE. They are arrearages from the commitments the U.S. Government has made with other countries as our share of funding levels for these financial institutions.

Mr. HARRY F. BYRD, JR. Is it not appropriate for Congress to review those figures and reduce those figures if it feels that the figures are too high?

Mr. MUSKIE. This, of course, is what has happened. This is why there are arrearages of $834.7 million.

Mr. HARRY F. BYRD, JR. Let me see if I understand the Senator. The Senator says that Congress in the past has refused to approve those arrearages. Now we want to come back in this and give up the arrearages.

Mr. MUSKIE. We are not picking up all the arrearages. There are arrearages totaling $734.7 million, and what is included in this resolution is $350 million.

Mr. HARRY F. BYRD, JR. The resolution proposes, then, to pick up $350 million of what these international institutions previously sought but were not granted by Congress. Is that it?

Mr. MUSKIE. Let me see if I can state it in another way.

We have entered into agreements with other member countries in the past for funding shares—shares of funding levels—and we have not fully met ours. It is not a case in which each year there is a formal request from the bank to us. The fact is that we have made a commitment.

Mr. HARRY F. BYRD, JR. It has been each year for the last 10 years or 12 years. Each year, the banks have come in for a replenishment. We just had a fourth replenishment last year for one of these banks.

Mr. MUSKIE. There is a distinction between replenishments and arrearages.

I have a statement from the Treasury on this arrearage problem, which I will have printed in the RECORD, but I will read part of it:

> As part of the FY 1979 foreign assistance appropriations request the Administration is requesting appropriations for $834.7 million—

That is the figures I gave the Senator:

> In unfunded past pledges for the international development banks. This consists of $375 million for IDA, IV, $139 million for the Inter-American Development Bank's capital, $125.3 million for the IDB/FSO—

That is the soft loan program of the Inter-American Development Bank:

> . . . $35.6 million for the Asian Development Bank's capital, $10.5 million for the Asian Development Fund, $143 million for the IBRD and $6.6 million for the International Finance Corporation.
>
> These amounts are needed by the banks to continue effective operations. In the case of IDA, all contributor countries to the fourth replenishment other than the United States have made their full contributions available for drawdown when necessary. By the end of FY 1979, IDA will need approximately $340 million for disbursements from the $750 million we are requesting.
>
> The remainder will be drawn down, as needed, during the following three fiscal years.
>
> In the case of the IDB U.S. failure to provide the amounts previously pledged would cause serious and immediate consequences. The 1978 foreign exchange lending program calls for loans totaling $780 million in the FSO and $930 million in the capital window. Presently FSO availability in convertible currencies—approximately $200 million—will be exhausted by about June 1978. Similarly, with regard to the hard capital window, present availabilities of $280 million will permit normal lending only through about May of this year. After these dates, no loans could be formally approved until further funds are received; all approvals would have to be on a contingent basis. In neither window would there be any reasons to expect action by other donors to offset the U.S. shortfall. To the contrary, the prospects for replenishment, on which calendar 1979 operations depend, will further deteriorate without U.S. action on the shortfalls.
>
> Moreover, our shortfall blocks the use of contributions already made by other member countries by virtue of a character provision which provides that the U.S. share of capital cannot be less than 34.5%. This provision was inserted at U.S. insistence to maintain our veto power in the FSO. The contributions of others, which are now ready to be subscribed, can be accepted only if we either make good on past pledges or give up the veto.
>
> In the case of the ADB, these funds are needed to regain our parity in voting power with Japan. This parity has been our aim from the beginning of the Bank in 1966. When the second general capital increase became effective on September 30, 1977, our voting strength fell to 8.6 percent, considerably less than that of Japan. If we are to maintain our influence on important policy matters in the ADB, these funds must be appropriated as soon as possible.
>
> The threat posed by the funds cut last year for the IBRD is in the reaction of other donors. The internationally agreed U.S. share of the Selective Capital Increase now in progress is only 19 percent—a lower share

than many other donors find warranted by U.S. economic size and strength. When the U.S. reaches an agreement with other donors and then, after other contributions are fixed, further cuts its share, the credibility of the U.S. in subsequent negotiations is seriously eroded. Other donors may then try to drive up the U.S. share by curtailing their own contributions in the expectation that it will subsequently be cut by Congress.

Mr. HARRY F. BYRD, JR. I think it is very desirable to have in the RECORD the figures to which the Senator referred.

Mr. MUSKIE. May I add this, for the Senator's information:

During the course of the Budget Committee's consideration of this item, Members were interested in knowing what the rock-bottom figure on meeting arrearages would be, in terms of the obligations of the banks.

I discussed the matter with Secretary Blumenthal; and after some discussion, he said that he thought they could get by with half of the $634.7 million in fiscal 1979. We provided something less than that. We provided $350 million. The Secretary said he hoped Congress would appropriate the remainder in fiscal 1980.

As the Senator will recall from my reading of this document, some of the requirements would fall in the second and third year from now, so that to some extent we have taken advantage of an opportunity to further delay payment of these arrearages.

And the administration understands that. In a tight budget, we do have to look at those options, but we think we have brought this figure down to a tight figure.

(Mr. MOYNIHAN assumed the chair.)

Mr. HARRY F. BYRD, JR. The figure arrearages, so-called, and I object to that term, but the figures on the so-called arrearages have gone down but the total figure is way up, up tremendously.

I think it is important to have in the RECORD the Treasury communication because it points out the vast amount of money that we are throwing around all over the countryside to all of these international financial institutions, and I am glad to get it in one sheet of paper there in the RECORD.

Mr. MUSKIE. I am trying to say to the Senator I know how vigorous he is in opposition to these programs, because I have heard him before and I am certainly not going to try to cool his indignation on this point. What I am trying to point out is that the obligations covered by this function, to which we are addressing ourselves, are not new obligations; they are obligations we assumed with respect to these international banks. We regarded it in our national interest to be members of these banks.

Many Members over the years I have been here in the Senate have preferred to see foreign aid handled through multilateral institutions like these banks rather than bilateral aid programs administered by AID. These multilateral banks have been regarded in the national interest.

All we are talking about in that part of the function is meeting a part, not all, but a part of our past pledges to these banks.

The Senator may still oppose it, but that is still the explanation.

The Witteveen facility is new. Our share of $1.8 billion expands that function considerably. I could have eliminated it and taken it out of the sight of the Senator by going the off-budget route which we were urged to do by the Treasury and a few Senators.

Mr. HARRY F. BYRD, JR. That would not eliminate it.

Mr. MUSKIE. No, it would not eliminate it, and I wish to get some credit for insisting that it be included in the budget where we can see it. In response to the Senator's indignation, when he says why is it so much bigger, a reason the function is so much bigger is that this year it is included on budget and not off budget.

Mr. HARRY F. BYRD, JR. Last year it was not included at all.

Mr. MUSKIE. It was not included at all because it was not authorized yet.

Mr. HARRY F. BYRD, JR. It was not involved at all.

Mr. MUSKIE. I understand, but there are other off-budget activities that we are bringing back on budget, and I just wish the Senator to recognize when that happens budget implications are going to be inflated. Whether or not we need the Witteveen facility, whether the Senator thinks we should be involved in that additional international responsibility, is an issue he can address when that legislation comes to the floor. But to make room for it in the budget so that it could be considered on its merits, we included $1.8 billion, and that does make the figure larger.

A further item in function 150 that makes the level larger than last year is foreign military assistance and sales. That used to be in the national defense function. You cannot absorb $2.4 billion in budget authority and $600 million in outlays in a small function from a huge function without it resulting in larger numbers.

First, the Witteveen facility; second, these payments to the international financial institutions; and third, foreign military assistance and sales are the three major elements of the foreign affairs function. They are identified. Identifying them does not mean the Senator from Virginia is going to support them, but he has asked the question as to what is included, and those are the items.

Mr. HARRY F. BYRD, JR. I thank the Senator from Maine, and I commend the Senator from Maine and the committee for not permitting these items to be considered as an off-budget item. I think it is very important that they be placed in the budget just as the Senator from Maine has urged and the committee has approved.

So I commend the Senator from Maine (Mr. MUSKIE) for that action. But I think it is certainly the proper course for Congress to take to have all of this as a part of the budget process rather than have the administration, whatever administration it might be, whether it be the Ford or Carter administration, or some other administration, go to the back door and bypass Congress, which has been done, as the Senator pointed out in the past, and has been done in the past.

I still am not clear on it. If the Senator does not mind, I think he mentioned some figures there about the International Development Association. How much is involved in that?

Mr. MUSKIE. May I apologize to the Senator. I am not exposed to these institutions as a member of the Foreign Relations Committee, so I sort of have to brush up my recollection of the details as the Senator's questioning proceeds. With respect to the International Development Association, we now owe $800 million under current policy to IDA V.

Mr. HARRY F. BYRD, JR. Excuse me just a minute. The Senator says we now owe?

Mr. MUSKIE. That is our replenishment obligation on IDA V.

Mr. HARRY F. BYRD, JR. IDA V.

Mr. MUSKIE. IDA V.

Let us take IDA IV first. There is $375 million; that is the arrearage on IDA IV.

Mr. HARRY F. BYRD, JR. How much did Congress appropriate for IDA IV last year?

Mr. MUSKIE. Nothing.

Mr. HARRY F. BYRD, JR. I am wondering how we got that $375 million figure as the arrearage that we allegedly owe IDA IV.

Mr. MUSKIE. We did not appropriate the replenishment amounts as they came due. In other words, each year we have gone through some of the same exercise that we are going through now, determining how much we can delay and postpone out of our replenishment obligations, so that they begin to catch up, of course. For future scheduled replenishments to IDA V, our full commitment will be another $1,175 million. The Senator should have, and I do not have the original commitments, what was the starting point in terms of the agreements we entered into and the shares to which we and other countries committed ourselves.

If you have that beginning point, these can fall into place more readily. All I have before me here are the numbers identifying an obligation for the IDA V, a remaining obligation for IDA IV, and the future scheduled operations. I can give the Senator those four figures.

Mr. HARRY F. BYRD, JR. This is the first year for IDA V, is it not?

Mr. MUSKIE. It is the second year.

Mr. HARRY F. BYRD, JR. The second year for IDA V?

Mr. MUSKIE. Second year.

Mr. HARRY F. BYRD, JR. What was appropriated last year for IDA V?

Mr. MUSKIE. The entire $800 million was appropriated last year for IDA V.

Mr. HARRY F. BYRD, JR. There is no so-called arrearage for IDA V?

Mr. MUSKIE. No; there is no arrearage for IDA V, but there is for IDA IV.

Mr. HARRY F. BYRD, JR. Then IDA IV must go back to 3 or 4 fiscal years?

Mr. MUSKIE. This would be its fourth year, I understand.

Mr. HARRY F. BYRD, JR. So, is the Senate to understand then that although the Senate refused in the past to authorize these funds for IDA IV, we are

going to come along now, 3 or 4 years later, and say that we neglected to do something 3 or 4 years ago and now we are going to appropriate this additional money; is that correct?

Mr. MUSKIE. I am not sure my recollection is clear to judge whether or not it was a refusal altogether or whether it was a postponement of a part. I think it was a postponement to be picked up later rather than a refusal to meet our commitment. I mean just as in this year, if we approve the budget here, we will not be approving the payment of all the arrearages, but only part of them, so I do not interpret that as meaning a refusal to pay the rest.

Indeed, the conversation I had with Secretary Blumenthal 2 week ago was to the effect of how much must we meet this year and how much can we postpone; not how much can we refuse.

Mr. HARRY F. BYRD, JR. Does the chairman of the Budget Committee take the position that we cannot or should not refuse—that we should appropriate whatever they submit and not have any discretion to refuse?

Mr. MUSKIE. I do not think that phrase describes the nature of the commitment I am talking about "whatever they submit." These shares are shares that were established under agreements involving ourselves and other member countries. We are talking about meeting our word, our previous commitment which Congress has already fully authorized but not fully appropriated. It is for the Congress to decide whether or not we just walk out on those agreements, not for the Budget Committee.

We are trying to schedule the funding in accordance with what our obligations are, what our commitments are, and what we can afford to fund of the institutions' requirements.

Mr. HARRY F. BYRD, JR. This is going to take a little longer than anticipated.

Mr. MUSKIE. You see in effect what we are doing, Senator, with respect to the arrearages is postponing those 1 more year just as they were postponed before.

Mr. HARRY F. BYRD, JR. That certainly was not what the Senate did last year. By a recorded vote the Senate cut $150 million out of the World Bank, out of IDA, cut it out by recorded vote here.

It was sustained by the House. It is now law. Yet we are being told now, as I understand it, we have got to come back and make that up although the Senate, by recorded vote, refused to appropriate.

Mr. MUSKIE. It was not on the budget resolution.

Mr. HARRY F. BYRD, JR. I beg pardon?

Mr. MUSKIE. There was not a vote on the budget resolution.

Mr. HARRY F. BYRD, JR. It was not on the budget resolution but it was on the appropriation bill.

Mr. MUSKIE. I do not believe that vote is being negated by this provision in the budget.

What happened was, as I understand, the contribution of IDA IV in the appropriations bill was struck from that appropriations bill last year. That did not go to the question of rejecting our total commitment to IDA IV.

Mr. HARRY F. BYRD, JR. No, of course, it did not.

Mr. MUSKIE. That would have to be done by legislation, I would assume.

Mr. HARRY F. BYRD, JR. What was done, I may say to the Senator, was the request was for $950 million, and the Senate reduced that by $150 million, reduced it to $800 million, which I assumed, and I though most Members of the Senate assumed, that the Senate had the responsibility, not only the right but the responsibility, to do that if the Senate felt the figure was too high.

What happens is when the Senate does that, whether it be a committee doing it, as has been done in the past, or the Senate itself, as has been done in the past, the administration, whichever the administration is, then adds that up and comes in at a later date and says, "Oh, wait, you did not pay us as much as we wanted last time so that is an arrearage we have to take up this year." So we have to fight the battle every year.

Mr. MUSKIE. I guess what the Senator ought to have then is legislation withdrawing or reducing our commitment to these institutions. If we delay, as we do here, payment of a commitment that is one thing. But to actually cancel it out, I would think, would require positive legislation because the fact that we reduced the amounts appropriated before or there is a reduction in the amounts appropriated, have never been interpreted as a legislative repeal of the authorization from which the request for the appropriation came.

Mr. HARRY F. BYRD, JR. Of course, all of us——

Mr. MUSKIE. Often in appropriations bills we try to influence legislation. Although we are not supposed to, we do. If the Senator seeks to permanently reduce our commitment to these institutions, or one of them, then he ought to seek legislation with that objective. But to ask the Budget Committee to act as though it were a legislative committee with power to treat a commitment of this kind as no longed valid legally, I think is to go beyond our mandate and role.

Mr. HARRY F. BYRD, JR. Well, that is not what the Senator is asking at all.

I can see it is going to take a great deal of time on this, so, if it suits the Senator from Maine, I would like to leave this subject temporarily because, as I understand it, we have 50 hours of debate on the budget resolution, and I would like to——

Mr. MUSKIE. I hope we do not take all 50 of them, Senator.

[Laughter.]

Mr. HARRY F. BYRD, JR. I would like to come back to this matter of international——

Mr. MUSKIE. Of course, any time it would suit the Senator's convenience.

Mr. HARRY F. BYRD, JR. I thank the Senator.

AMENDMENT NO. 1795

At this point I call up amendment No. 1795.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk proceeded to read the amendment.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 24, delete "$31,600,000,000;" and insert in lieu thereof "$31,114,000,000;".

On page 3, line 25, delete "$31,200,000,000." and insert in lieu thereof "$30,714,000,000.".

On page 4, line 2, delete "$52,700,000,000;" and insert in lieu thereof "$48,626,000,000;".

On page 4, line 3, delete "$49,500,000,000." and insert in lieu thereof "$45,426,000,000.".

On page 4, line 5, delete "$192,500,000,000;" and insert in lieu thereof "$191,454,000,000;".

On page 4 line 6, delete "$159,900,000,000." and insert in lieu thereof "$158,854,000,000.".

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the Senator from Texas (Mr. TOWER) and the Senator from North Carolina (Mr. HELMS) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, this amendment to Senate Concurrent Resolution 80, the first concurrent resolution on the budget, quite simply would eliminate funds from the budget which the Department of HEW itself says have been misspent.

I am sure that my colleagues were as startled and appalled as I was when the Inspector General of HEW reported, on April 3, that during 1977 his Department had misspent between $6.3 billion and $7.4 billion.

This misspending was attributed to a combination of waste, mismanagement, and fraud. Mr. President, those figures and that statement are not the figures and not the statement of the Senator from Virginia. Those figures were developed by the Inspector General of HEW itself: that between $6.3 billion and $7.4 billion was misspent, due to a combination of waste, mismanagement, and fraud.

These, to me are startling figures. First, the funds misspent by HEW, at the lowest estimate, consumed the total Federal income tax payments of more than 4 million American families with incomes of $15,000 each.

Second, the funds misspent by HEW in 1977 exceeded by 50 percent the entire expenditure of the Federal Government on energy programs.

Third, the amount misspent through waste, mismanagement, and fraud by HEW last year was at a rate of $17 million a day.

Fourth, the HEW misspending exceeded the total of all individual Federal income taxes collected in each Senator's State with the exception of the six largest States.

Secretary Califano stated that the Inspector General's findings showed that about 5 percent of HEW's $36 billion in 1977 outlays was misspent. This calculation, however, includes the huge social security programs for retirement and disability, in which very little waste was found. Those programs seem to be running efficiently. If we deduct the retire-

ment and disability funds and the small amount of waste in those programs, we find that in the rest of HEW's operations, $6.2 billion was misspent out of a total of $62.5 billion. In other words, outside of social security, HEW wasted, through mismanagement and fraud, a dime out of every dollar.

Lest anyone think that the report of misspending in HEW is exaggerated, let us keep in mind that the report came from the Department's own Inspector General. Furthermore, the Inspector General in his report made this statement:

In our view, the report portrays a conservative measure of the extent of fraud, abuse, and waste in key HEW programs and their cases.

That is a very significant statement that I want to read into the RECORD again. The Inspector General in his report stated:

In our view, the report portrays a conservative measure of the exent of fraud, abuse, and waste in key HEW programs and their causes.

Yes, the report that between $6.3 billion and $7.4 billion was wasted is, in the words of the Inspector General, a conservative estimate. Clearly the HEW budget is out of control.

It seems to me that the chief cause of this gross misuse of public funds is the astronomical growth of the budget of HEW. Is it not obvious that money has been appropriated for this exploding Department so fast, at so fast a rate, that no one can keep track of it? Is it not clear that the programs in HEW have mushroomed to the extent that they are out of control?

The total budget request for HEW for 1979 exceeds $165 billion.

Mr. President, I made an error in stating that total. That was the 1978 budget. The 1979 figure is $181 billion. Ten years ago, in 1968, it was one-fourth that amount, or $41 billion. Just in the last 4 years the HEW budget has grown by 76 percent.

If we set aside trust funds and count only the Federal funds or general revenues used by HEW, we find that the total more than doubled, from $27 billion to $55 billion, from 1972 to 1978.

I am sure that this skyrocketing spending has a lot to do with the waste, mismanagement, and fraud which the Inspector General of HEW has uncovered. The most rudimentary sense of responsible stewardship of public funds, namely, the tax dollars paid to the Government by the hard-working men and women of this country—demands, as I see it, that this monumental misuse of money be halted. But first, the amount of funds given to HEW must be cut. We will not eliminate waste until we get the appropriation under control. That is the purpose of the amendment which I am offering today.

In calculating the amount by which funds for HEW programs should be reduced to end misspending, I have given the Department the benefit of every doubt. First let me say that I am not speaking of reducing funds below the current fiscal year; I am speaking of reducing the figure in the second concurrent resolution. But in calculating the amount by which funds for HEW programs should be reduced to end misspending, I have given the department the benefit of every doubt. That is what this amendment does; it gives the Department the benefit of every doubt.

First, I have taken the lowest estimate of 1977 misspending by the Inspector General. He said the range of misspent funds was from $6.3 billion to $7.4 billion, and I have accepted the $6.3 billion figure.

Second, I have taken into account the fact that Secretary Califano claims a number of corrective actions have been undertaken in his department. While these actions are of fairly recent date, and there is no proof of any total of misspending eliminated—there is no proof of that at all—still, I have credited HEW with a reduction in waste, mismanagement, and fraud of 10 percent since 1977.

Finally, I have eliminated from accounting any alleged misspending not clearly traceable to a single HEW program.

The result is an amendment of the budget resolution which would reduce outlays and budget authority by just over $5.6 billion, or $727 million less than the Inspector General's low estimate of 1977 misspending. This would be approximately 3 percent of HEW's budget request.

It is interesting to note that HEW, for the coming year, is seeking an increase of about $7 billion in its Federal funds—seeking an increase of $7 billion, that is, in funds from general revenues, outside of social security and other trust funds.

This increase is about equal to the amount which the Inspector General found was wasted last year.

In light of the Inspector General's finding, I think it would be outrageous to approve a major increase in funds for HEW.

The reduction envisioned in my amendment would be distributed in this way: Function 500, a reduction of $486 million; function 550, a reduction of $4,074 million; function 600, a reduction of $1,046 million.

This distribution of reductions accords with the distribution of misspending reported by the Inspector General, to the best of my knowledge. Since I do not believe that either budget authority or outlays should be approved for the purpose of being misspent, I have made identical reductions in both the budget authority and outlay allocations.

It is important to bear in mind that this amendment would in no way damage federally funded projects in education, health, or income security. No person would be denied a real benefit to which he or she is entitled under the law. What we would be cutting by the adoption of this amendment would be funds that would, based on the findings by the Inspector General, almost certainly be squandered in waste, mismanagement, and fraud.

I must point out that my amendment would have the effect of reducing Federal outlays and the deficit by $5.6 billion. This would help to counter inflation by reducing the budget deficit from $55.6 billion to $50 billion, or a reduction in the deficit of 10 percent.

I realize that many of my colleagues argue that we need to incur a large deficit in the year ahead to provide certain new programs or to stimulate the economy. While I do not agree with such arguments, I recognize that they represent sincerely held beliefs.

Surely, however, no one can reasonably argue that we should run multibillion dollar deficits to finance waste, mismanagement, and fraud. I hope the Senate will adopt this amendment.

I ask unanimous consent that at this point in the RECORD there be printed tables showing HEW appropriations outlays for 1970 through 1979, and personal income tax liability by State.

I also ask unanimous consent that there be printed in the RECORD at this point chapter 1 of the HEW Inspector General's report which is a summary of the best estimates of fraud, waste, and abuse in HEW programs.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Department of Health, Education, and Welfare, appropriated funds and total outlays, fiscal years 1970–79, inclusive

(Billions of Dollars)

	Appr. funds	Total outlays
1970	17	52
1971	21	62
1972	27	72
1973	31	82
1974	31	94
1975	37	112
1976	44	128
1977	51	148
1978 (est.)	55	165
1979 (request)	62	181

SOURCES.—Office of Management and Budget, Senate Committee on Appropriations.

Personal income tax liability by State, 1975 preliminary figures

[Dollars in thousands]

State	*Amount*
United States, total	128,173,094
Alabama	1,545,769
Alaska	475,070
Arizona	1,116,108
Arkansas	792,876
California	13,634,564
Colorado	1,620,008
Connecticut	2,453,737
Delaware	410,512
District of Columbia	556,819
Florida	4,780,667
Georgia	2,267,581
Hawaii	561,869
Idaho	391,087
Illinois	8,405,470
Indiana	3,142,902
Iowa	1,725,842
Kansas	1,431,004
Kentucky	1,583,163
Louisiana	1,830,662

Personal income tax liability by State, 1975 preliminary figures—Continued

[Dollars in thousands]

State	Amount
Maine	457,793
Maryland	3,053,277
Massachusetts	3,543,049
Michigan	5,663,703
Minnesota	2,211,191
Mississippi	776,530
Missouri	2,634,928
Montana	383,827
Nebraska	925,566
Nevada	432,201
New Hampshire	448,364
New Jersey	5,483,916
New Mexico	499,698
New York	11,785,394
North Carolina	2,371,474
North Dakota	373,934
Ohio	6,656,959
Oklahoma	1,363,556
Oregon	1,319,595
Pennsylvania	7,140,206
Rhode Island	515,361
South Carolina	1,133,769
South Dakota	307,962
Tennessee	2,007,322
Texas	7,581,452
Utah	538,251
Vermont	212,234
Virginia	3,057,695
Washington	2,478,530
West Virginia	908,434
Wisconsin	2,462,388
Wyoming	266,383
APO/FPO	250,054
Puerto Rico	3,329
U.S. citizens abroad	199,117

SOURCE.—IRS. Preliminary statistics of income.

[From Department of HEW, Office of Inspector General, Annual Report]

CHAPTER 1—AN INVENTORY OF "BEST ESTIMATES" OF FRAUD, ABUSE, AND WASTE IN HEW PROGRAMS

A wealth of information has resulted from Congressional hearings, GAO audits, HEW audits, quality control surveys, and other studies dealing with problems of fraud, abuse, and waste in HEW programs. Some of these span many years and reveal chronic failures to take corrective action. Others reveal dramatic progress in reducing losses due to errors and ineligibility rates. But no summary or analysis of these findings has ever been compiled. Hence, it was decided to compile an inventory of the "best available estimates" we could locate.

It must be stressed that this summary is no more than an initial inventory. It is not an independent study, although we believe the data are reasonable estimates. Because the sources are not complete, the inventory is not complete. Despite these limitations, it is the best perspective that has yet been assembled. In our view, it portrays a conservative measure of the extent of fraud, abuse, and waste in key HEW programs, and their causes.

It must also be acknowledged that it is virtually impossible to distinguish sharply between *fraud, abuse,* and *waste,* since frequently one problem involves all three. For purposes of rough definition, we have adopted the following:

Fraud is defined as the obtaining of something of value, unlawfully, through willful misrepresentation.

Abuse covers a wide variety of excessive services or program violations, and improper practices not involving prosecutable fraud.

Waste is the incurring of unnecessary costs as a result of deficient practices, systems of controls.

As summarized below, this inventory of best estimates reveals that for programs involving Federal outlays in FY 1977 of $136.1 billion, the incidence of fraud, abuse and waste—at a minimum—ranged between $6.3 and $7.4 billion (exhibit 1).

EXHIBIT 1

INVENTORY OF "BEST ESTIMATES" OF FRAUD, ABUSE, AND WASTE IN KEY HEW PROGRAMS, FISCAL YEAR 1977

Program	Federal outlays (billions)	Best estimates of losses (in millions)
A. Health care:		
Medicaid	$9.8	$2,310–$2,640
Medicare	21.9	2,217
Subtotal	31.7	[1] 4,527–4,857
B. AFDC	6.3	669
C. Income security and SSI	89.7	[2] 494–1,201
D. Social services	2.7	88
E. Student financial aid	3.6	356
F. ESEA title I	2.1	97
G. Indirect	(3)	102
	136.1	6,333–7,370

[1] Federal losses revealed by medicaid quality control range from $330,000,000 to $660,000,000, depending upon interpretation of data. This matter is under review by GAO. Higher number preferred by HCFA.

[2] Range of estimates provided by SSA. Only lower number is verified by them.

[3] In above.

This was between 4.7 and 5.4 percent of the Federal outlays—although the range is from 1 percent of the Income Security Program to 24 percent or more of the Medicaid Program.

The detail supporting these data is contained in Appendix I and summarized in this chapter. It is clear that most of the loss is attributable to errors and faulty management systems—i.e., waste—rather than to fraud and abuse. While these categorizations are necessarily imprecise, they underscore the wisdom of Congress in defining the OIG charter so that it is concerned both with detecting fraud and abuse and fostering efficiency and economy, through better systems and controls.

A. MEDICARE LOSSES (FEDERAL SHARE)

This is the largest area of losses due to all causes.

[In millions of dollars]

	Causes		
	Management and systems	Professional and technical	Fraud and abuse
1. Errors, ineligibility, overpayments, audit findings	525–855		
2. Failure to collect 3d party liability	330		
3. Medicaid mills			423
4. Clinical labs			45
5. Excessive hospital beds		377	
6. Unnecessary surgery		187	
7. Unnecessary hospital stays		41	
8. Excessive physician costs—percentage contracts		25	
9. Unnecessary X-ray costs		172	
10. Questionable nursing home costs			185
Total	855–1,185	802	653

Note: Range: $2,310 to $2,640 (24 to 27 percent).

It is recognized that additional sources of fraud and abuse are missing, particularly by pharmacists, physicians, home health agencies, and other providers. Further, some of the losses attributed to professional and technical reasons might be found to fit the category of fraud and abuse. The classifications shown are those identified by the inventory as interpreted by the IG

B. MEDICARE LOSSES

This is the second largest category identified in the inventory:

[In millions of dollars]

	Causes		
	Management systems	Professional and technical	Fraud and abuse
1. Excessive nursing differential		185	
2. Renal dialysis costs		152	
3. Provider overpayments	141		
4. Audit findings	27		
5. Excessive hospital beds		753	
6. Unnecessary surgery		468	
7. Unnecessary hospital stays		83	
8. Excessive physician costs from percentage contracts		48	
9. Unnecessary X-ray costs		344	
10. Questionable nursing home costs			15
Total—($2,217)	168	2,034	15

Again, the limitations of data are acknowledged but it is of interest to observe that losses due to (1) management and systems deficiencies, and (2) fraud and abuse are much lower than for Medicaid. However, far larger losses are identified due to "professional and technical" causes.

C. LOSSES IN THE AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM (AFDC)

The problems encountered in this program are widespread and characterized by payment errors, ineligibility, and beneficiary fraud and abuse. The best estimates are as follows:

	Amount (Millions)
Payments to ineligibles and overpayments to eligibles	$490
Fraud and abuse	145
Quarterly expenditure report reviews	13
Audit exceptions	21
Total	669

As in case of Medicaid, the leading problems in AFDC are management and systems problems.

An area requiring continuing study is administrative costs, which have grown from $575 million to $1.3 billion (over 118 percent between 1973 and 1977. Continuing findings of improper charges are occurring. A total of 66 States audits identified $78.2 million, claimed by States, as not eligible for Federal reimbursement during the 3-year period ending August 31, 1977.

D. INCOME SECURITY AND SUPPLEMENTAL SECURITY INCOME

In terms of program dollars, these programs accounted for over $89.7 billion in Federal outlays in FY 1977. The problem areas, again, are largely concerned with systems, as illustrated by the following:

SSI overpayments and payments to ineligible recipients (including nursing home residents)—$334 million.

Overpayments to Retirement and Survivors Insurance beneficiaries, Disability Insurance and Black Lung beneficiaries—$867 million.

Total—$494 to 1,201 million.[1]

Again, it is recognized that some portion of these amounts may be attributable to fraud and abuse.

E. SOCIAL SERVICES

In the Title XX area of $2.7 billion, $88 million of disallowances was revealed in FY 1977 by the Quarterly Expenditure Report

[1] It should be noted that a substantial amount of estimating is involved in this number, and Social Security states that at least $707 million must be considered "ball park" figures of "questionable reliability." They are offered here simply to denote an order of magnitude.

Reviews ($82 million) and audit exceptions ($6 million). Disallowances represent improper expenditures due to overpayments, unallowable costs, services to ineligibles, etc. Other areas requiring further study are contracting for servises (especially homemaker/chore), improper diversion of funds, etc.

F. STUDENT FINANCIAL AID PROGRAMS

The five Student Aid Programs disbursed $3.6 billion in FY 1977. A wide range of problems was found by the inventory:

Program	*Amount (Million)*
Excessive payments and payments to ineligibles (BEOG)	$120
Fraud and abuse by schools (NDSL and GSL)	53
Fraud and abuse—Defaulted loans (NDSL and GSL)	183
Total	356

These problems are primarily concerned with faulty management practices and systems, which have permitted and encouraged fraud and abuse.

G. ESEA TITLE I

$2.1 billion in FY 1977 of Federal funds were granted to local educational agencies to meet the special needs of disadvantaged children.

Audits of these programs revealed the need for financial adjustments equal to 4.6 percent of funds, or $97 million in FY 1977, which have been improperly expended because of violations of regulations concerned with (1) supplanting of funds, (2) permitting students not eligible to participate, and (3) failure to meet the comparability standards.

H. INDIRECT COSTS

Last year $102 million was disallowed through reviews and negotiations with colleges, universities, hospitals, State and local governments, and other institutions who submitted indirect cost proposals in connection with their conduct of HEW programs. These negotiations are conducted by HEW's regional offices.

I. AREAS NEEDING FURTHER RESEARCH IN ORDER TO ESTIMATE FRAUD, ABUSE, AND WASTE

In the above discussions we have noted the absence of (1) any estimates for home health agencies and a variety of other health providers, (2) possible overcharges by contractors in the Social Services Programs and (3) excessive administrative costs in the AFDC Program.

In addition to these, some major areas which we feel are especially worthy of further study are:

Drug purchases, where Federal expenditures in FY 1977 were about $2.7 billion.

Respiratory therapy, where the Federal expenditures in FY 1977 were reported as $272 million, and where the staff of the Senate Committee on Finance feels that abuses are occurring.

The other Student Financial Aid Programs not discussed earlier, namely, the College Work Study and Supplemental Educational Opportunity Grants Programs.

This inventory will be repeated periodically and strong support given to expanding and sharpening all estimates, while seeking more scientific measures. Project Integrity should make an important contribution to this objective in the health field, as well as the projects planned by HCFA's Office of Program Integrity (OPI).

J. SUMMARY OF BEST ESTIMATES INVENTORY FOR FY 1977

In the meantime, to place the above in an overall perspective, Exhibit 2 shows a breakout by program area and type of fraud, abuse, and waste. This analysis discloses the relative importance of each area and highlights the need for improved management and systems.

In this connection, Exhibit 3 shows a recapitulation of HEW personnel resources by program now allocable to (1) quality control operations, (2) management and systems oversight, (3) accounting and auditing oversight, and (4) fraud and abuse investigations. The numbers in parentheses indicate the increases in staffing requested in the FY 1979 budget.

In summary this analysis reveals that there are today 4,282 personnel authorized in the several functional areas concerned with fraud, abuse, and waste. This number would grow to 5,636 in FY 1979. Of greater interest is a comparison of the distribution of these personnel by function in the two years, as shown in the following:

Function

Percent Distribution of Personnel

	FY 1978 (4,282)	*FY 1979 (5,636)*
Quality control	45	43
Management and systems	10	8
Accounting and auditing	25	20
Fraud and abuse	20	29
Total	100	100

EXHIBIT 2

INVENTORY OF LOSSES BY PROGRAM AND CAUSE

[In millions of dollars]

	Management and systems	Professional and technical	Fraud and abuse	Total
A. Medicaid	$855–$1,185	$802	$653	$2,310–$2,640
B. Medicare	168	2,034	15	2,217
C. AFDC	524	----------	145	669
D. Income security and SSI	494–1,201	----------	----------	494–1,201
E. Social services	88	----------	----------	88
F. SFA	120	----------	236	356
G. ESEA	97	----------	----------	97
H. Indirect cost	102	----------	----------	102
Total	2,448–3,485	2,836	1,049	6,333–7,370

EXHIBIT 3

DISTRIBUTION OF PERSONNEL

[Parenthetical figures requested in fiscal year 1979 budget]

Program	Quality control	Management and systems	Accounting and auditing	Fraud and abuse	Total
HCFA	359 (484)	105 (133)	1 ----------	379 ----------	844 (997)
SSA	1,597 (1,932)	78 ----------	5 ----------	125 (315)	1,805 (2,330)
PHS	----------	19	36	----------	55
OHDS	----------	28	47	----------	75
OS	15	123	900 (960)	114 (214)	1,152 (1,312)
OE	----------	61 (65)	90 (92)	200 [1] (710)	351 (867)
Total	1,971	414	1,079	818	4,282
Percent	45	10	25	20	100
Total fiscal year	(2,431)	(446)	(1,141)	(1,618)	(5,636)
Percent	43	8	20	29	100

[1] In fiscal year 1979, 510 permanent and temporary positions will be added to support the loans collection effort.

While much improved overall staffing is proposed in FY 1979 (including a very sizeable addition to collect defaulted loans in the Student Financial Aid Programs) the understaffing of the "management and systems" area is prominent in both years. It is our belief that there is now a significant imbalance because of this. While "Quality Control" operations properly require a large number of personnel to develop precise measures to depict trends, the staff available to plan corrective actions, test them, and provide consulting service and technical assistance is inadequate. Unless this staffing imbalance is corrected, the opportunities to cut the losses resulting from management and systems deficiencies will not be exploited.

This finding is borne out in the chapters which follow by numerous findings resulting from our audits and investigations. The message is that more attention must be given to tightening the "front end" of systems—especially eligibility determinations and claims payments—while simplifying reimbursement rules and procedures, and insisting on higher standards of integrity—by all concerned, beneficiaries, employees, and managers alike—in the expenditure of public funds on HEW programs.

Mr. BELLMON. Will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. BELLMON. First, Mr. President, let me say that the savings which are anticipated are largely in the entitlement programs. The medicaid program has waste estimated to be $2.3 to $2.6 billion, medicare about $2.2 billion AFDC

$269 million, SSI $334 million, and social services $88 million.

Those, Mr. President, are all entitlement programs and they are all under the jurisdiction of the Finance Committee.

In past years the Senate Budget Committee has had the audacity, I suppose is as good a word as any, to suggest to the Finance Committee that they might make some savings in certain programs for which they have oversight responsibility. When we have done that, we have incurred the wrath of the Finance Committee. In no case have they agreed that they can make the savings and in no case have the savings actually resulted.

I think all we are saying here is the fact that the Inspector General is agreeing with the Budget Committee, and that the Finance Committee ought to take action to tighten down the way these programs are run and to eliminate some of the fraud, mismanagement, and abuse that the Senator from Virginia has very properly pointed out.

This year when we received the May 15 letter from the chairman of the Finance Committee, Senator RUSSELL LONG, he includes on page 6—and I believe the Senator from Virginia has a copy of this—a statement that says:

> At the same time, the committee notes that the administration budget proposes a savings of $.7 billion in Medicare and Medicaid through its hospital cost containment proposal. The committee believes it would be unrealistic to base a congressional budget estimate on the expectation that this proposal will be enacted.

In effect, the chairman of the Finance Committee is saying to the Budget Committee, "Do not expect any significant savings in the medicare-medicaid program."

While I agree with the objective of the Senator from Virginia, I believe realistically we could not possibly expect the Finance Committee to come anywhere close to obtaining a $5.6 billion savings by cleaning up the programs it has under its jurisdiction in 1 year.

The budget resolution does assume a $700 million savings in medicare and medicaid over what the Finance Committee has recommended. They have recommended $300 million in quality control savings. We assume that, and then we go on and assume another $700 million savings in addition.

I believe the Budget Committee has been responsive to what we believe are realistic possibilities in the programs to which the Senator from Virginia has called our attention.

Mr. HARRY F. BYRD, JR. I thank the Senator. That does not in any way get to the fact that HEW has been granted more money than it has been able to properly spend. It does not get around the fact that HEW misspent between $6.3 and $7.4 billion. I think this budget resolution should take that into consideration and that the figures for functions 500, 550, and 600 should be reduced to reflect at least two-thirds of the amount which has been misspent. It does not reflect the total amount of funds misspent. It does not reflect the total at all. It does reflect about two-thirds of the amount which has been misspent. I think that is reasonable. As a matter of fact, I think it would be unreasonable for the Senate to approve a budget resolution which did not take into consideration the Inspector General's report showing just how great is the amount of funds being misspent by that Department of Government.

Mr. MUSKIE. Mr. President, I have just a couple of observations, adding to what my good friend from Oklahoma has already said.

In the first place, I am sure all of us are outraged by any evidence we ever get of fraud, waste, and abuse in Government programs. I do not think the report to which the Senator from Virginia refers is accurately characterized when he describes it only as evidence that HEW has misspent public funds. The fraud, waste, and abuse described in the report goes much further than that. It goes into the health delivery services in this country in the private sector.

It goes to the standards of individual citizens, whether they are students receiving education loans or other people eligible in one way or another under entitlement programs. This is not evidence only of Government abuse; it is evidence of citizen abuse.

If I may read from page 74 of the report, just to give something of the flavor of what this report undertakes to describe for us all:

"It includes moneys paid to ineligibles."

Well, who are ineligibles? They are senior citizens, other citizens, students. Those are the people who are eligible under entitlement programs, and there are others. If ineligibles are getting money or have received money under these programs, how do we, in the Budget Committee, get that money back in order to reduce the Government's total needs for this purpose? Education programs, for example, are forward funded. To the extent that these abuses took place in the student loan program last year, for example, that money has already been paid out. How does the Budget Committee, may I ask the Senator from Virginia, get that money back in order to reduce the Department's needs for funds in fiscal 1979?

If there have been overcharges by those who deliver health services, those overcharges have been paid and are disclosed by postaudit procedures. How do we get the money back?

I am sure the Senator, as a member of the Committee on Finance, is more of an expert on those kinds of procedures than we on the Budget Committee, because it is the Committee on Finance which oversees some of these entitlement programs and which has the responsibility for trying to find ways to eliminate fraud, waste, and abuse. We rely upon the Committee on Finance to tell us how and to what extent savings can be realized that we can reflect in our budget recommendations.

I remember 1 year, 2 years ago, our recommendation in that respect was challenged on the floor by the chairman of the Committee on Finance, who said we were expecting miracles of him that the Finance Committee could not produce. Yet Senator BYRD, as one member of the Committee on Finance, expects the Budget Committee, somehow, to produce that miracle and to find a way to realize $5.6 billion in waste so that we can reduce the requirements for next year

I know of no way to get those savings except by putting the pressure on the Finance Committee. The Senator from Oklahoma has already stated that we followed the recommendations of the Finance Committee with respect to the savings that can be realized in quality control and other savings. If the Senator from Virginia can assure us that the Finance Committee will find a way to recover this $5.6 billion so that we can apply it to the program needs for 1979, I should be delighted to accept his amendment and count on those returns, but I do not know of any such way.

The mere fact that these abuses have taken place, to me, suggests that we have a management problem here; maybe also a policy problem. Maybe there is a way of putting together legislative policy to improve the management of these things so that students will not lie about their eligibility—if they do lie; I do not know. Or that they will repay their loans if they do not repay them, and I guess they do not always repay them; or that doctors will not overcharge, or that ineligibles will not apply for benefits.

If there is a magic answer that would eliminate these human weaknesses that are represented in so much of this report, I should be glad to know what it is and I should be glad then to take advantage of it and thence to reduce the budget. But to suggest that the Budget Committee, because this report exists, is at fault for somehow not converting that report into actual dollar savings on the order of $5.6 billion that we can use to fund the program for fiscal year 1979, I think, is going beyond the bounds of reason. I do not think there is any reason for us to do it. I do not think there is any way we can be expected to do that.

The Senator assures the eligibles that they would not be hurt, that his amendment would not hurt them at all; that it would not hurt the senior citizens benefits under social security; that it would not hurt the beneficiaries under the student loan program; that it would not hurt medicare beneficiaries. Why would it not? If there are $5.6 billion missing from these functions that is needed to fund social security or to fund medicare, where is it going to come from if we cut it out now? I should like to know the answer to that question. Either entitlement benefits are going to have to be denied contrary to law or programs like health research, that are not entitlement programs and which are a small part of the total, would have to be eliminated altogether. In other words, programs financed by straight appropriations that are under the jurisdiction of this Department would have to be decimated in order to absorb the $5.6 billion if we do not want to cut the benefits of those entitled to benefits under the entitlement laws.

You cannot have it both ways. The Budget Committee does not have a special bank account labeled "fraud, waste,

and abuse" out of which we can draw checks to pay for these benefits.

We ought to welcome this report for what it does point out to us. This is a red flag. This tells us where there are abuses. This is a challenge to the Finance Committee. This is a challenge to other committees of Congress to find out where those abuses exist and to do everything possible, legislatively and administratively, in a management way, to eliminate it.

Even then there is going to be an irreducible minimum. I tell you, average human beings have ways of getting around laws and administrative procedures and practices that the genius of legislators cannot confound. And there is an irreducible minimum in that errors are going to happen in any case. That amounts to a few million dollars of this $5.6 billion.

I say to my good friend from Virginia that I applaud his bringing this important matter to the attention of the Senate. I certainly do not object to his offering his amendment, because I think maybe, in that way, he drives these points home to our colleagues in the Senate that this problem does exist and maybe we can meet the challenging of meeting it. But I do not think we can meet it by arbitrarily reducing funds necessary in this function to meet legitimate needs of people that our laws say are entitled to social security benefits, medicare benefits, education benefits, and so on.

Why should we punish the innocent, those who have not abused the law, in an ill-conceived attempt to get at those who have abused it? I am for getting at the abuses, but let us work through the committees that have jurisdiction to find out who they are, where they are, how they can be blocked and frustrated; what new law we need to do it and how, administratively, we can do it effectively. If we can do all that, we will have met a tough challenge. But I do not think we can do it by just cutting down the top number on the income security function and the health function and the education function in this budget resolution. It just is not going to work. If the Senate does it that way, we know we are bound to hurt some people that this Congress intends to help.

Mr. HARRY F. BYRD, JR. Mr. President, the fact is that the Department of Health, Education, and Welfare spent approximately $7 billion, or misspent approximately $7 billion through mismanagement and waste. Taking that into consideration and in reducing the budget recommendation by $5.6 billion, which is two-thirds of the amount which the Inspector General said was misspent, does not take away from those functions and from those individuals who, by law, are entitled to the appropriation.

What it does say is that HEW has been getting too much money. It cannot appropriately spend that amount of money and, as a result, has been misspending it.

Unless an amendment along those lines is approved by the Congress, HEW will continue to get such huge amounts of funds that additional large amounts will be again misspent through waste, mismanagement, and fraud.

I was at a meeting with a group of 500 or 600 citizens not long ago—just a few days ago, as a matter of fact. This subject came up and one of the citizens addressed this question to me. He said: "Can't the Congress do anything about the misspending of public funds?"

Maybe my reply was wrong, but I said, "Yes, the Congress can, if the Congress will."

I realize it is difficult to try to get Government spending under control. I understand that eliminating waste in the Executive Department is not easy. But if we are going to take the view that it is impossible, then we are condemning taxpayers to go on forever paying billions of dollars year after year in funds that will be misspent.

I realize that I have a minority view in regard to Government finance. I realize that I am in a minority position in the Congress of the United States when I say that the American tax funds are not being used as a public trust. They are not being handled as a public trust.

I realize I am in a minority position when I take the view that we are appropriating to the departments of Government too much money, such vast sums that they cannot be appropriately spent.

I must say that even though I have held that view for a while, even I was shocked by the Inspector General's report. I could not conceive of such gigantic figures, such huge amounts of tax funds, being misspent through waste, mismanagement, and fraud.

Now, they can take the view in the Congress, "Well, that's too complicated. It's very difficult. I don't know how we are going to get hold and get Government spending under control. We just have to coast along."

That is an approach this Congress has taken for many years now. I suspect it will go on for a while yet, although as this inflation increases—and it is going to increase—as this inflation increases the working people of this country one of these days will rise up and demand that something be done.

There is an interesting Gallup poll which was published this morning. The results of the poll taken by the Gallup organization showed that by a ratio of 9 to 1—9 to 1—the American people would prefer that the Government get inflation under control rather than to give a reduction in taxes.

To me, that is quite significant. I would think most American citizens would like to have and would want a reduction in taxes, and I think they do. But the individual citizen and the working people of this country can understand that in order to get a tax reduction that means anything, in order to get a tax reduction without stimulating inflation, it is necessary to get Government spending under control.

This amendment is just one effort to do that. This amendment is addressed to areas of the budget which, through investigation by the Inspector General of the Department itself, presents evidence that between $6.3 billion and $7.4 billion appropriated by the Congress has been misspent.

There is no way, of course, that anyone can force the Congress to take steps to attempt to get such misspending of funds under control. But I felt it was worth the effort to present the amendment.

I would have no hesitancy at all in being the only Senator on the floor to vote for it. I would be glad, as a matter of fact, to be in that position, in a way. The only reason I would not be glad to be in that position is because I would like to see it passed.

This Congress cannot go on month after month, year after year, spending more and more money, running more and more deficits, without all of that being paid for.

Many of my colleagues say, "Don't worry about the deficit, just add it to the debt. No one has to pay the debt. Just add it to the debt."

The American people, I am convinced, do not believe that. The American people, I am convinced, realize that this huge Government spending, including the waste, must be paid for either by direct taxation or by the most vicious tax of all—inflation, and that is the way it is being paid for now.

That is the way the fiscal 1978 budget deficit is being paid for. That is the way the 1977 budget deficit was paid for; the 1976 budget deficit; the 1975 budget deficit. And that is the way the 1979 budget deficit will be paid for, through the cruel and hidden tax of inflation.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, I assure my good friend the Senator from Virginia that I am as concerned about eliminating fraud, waste, and abuse in Government programs as he is, and I am sure of his commitment. I doubt that any Member of this body would not join us in that concern.

Second, I say to my good friend from Virginia that my response to his amendment by no means constitutes running away from the problem, because I think it is too hard to handle. If that were my test, I would have rejected this Budget Committee responsibility 4 years ago. But if one really wants to get at problems of this kind, one must find a way to do it.

On page 169 and following pages of this report, to which the Senator has referred, there is a list of the kind of abuses that were referred to U.S. attorneys in calendar year 1977. I am going to refer to a few of them, so that one might have an appreciation of the difficulty of converting this report into cash that can be cut from a budget resolution.

These are some of the cases, and I read them off briefly:

One, billing for services not rendered. This presumably was a health professional who billed for services not rendered.

Two, billing for services not rendered.

Three, bribery and kickbacks to providers.

Four, billing for services not rendered.

Five, billing for services not rendered.

Six, excessive payments.

Seven, billing for services not rendered.

Eighth, billing for services not rendered.

Nine, falsifying records recertification for participation in medicare program.

Ten, falsifying medicare recipient claims.

Eleven, falsifying records documents.

Twelve, bribery.

And so on, page after page of this kind of abuse.

These are all criminal abuses which subject the perpetrators to prosecution under the criminal laws of this country.

How does HEW convert these lists of cases in the Federal district courts into cash to pay medicare benefits or social security benefits or to make student loans?

If one wants another description of the kind of abuses to which the Senator's amendment is addressed, I refer him to page 86 of the document, and I read:

> We identified four cost centers related to hospital inpatient services where we believe $2 billion in Federal funds may have been lost due to fraud, waste and abuse.

That is $2 billion of the Senator's $5.6 billion, and there are just four items.

What is the first one? Excessive hospital beds, $1.130 billion. These are hospital beds scattered throughout the country in communities which, I suspect, resist and resent any effort on the part of HEW or even State medical authorities to cut back on those beds. Beds in a hospital are considered surplus when the annual occupancy rate falls below 80 percent.

What does the Senator propose—that we give HEW the authority to arbitrarily eliminate hospital beds in any part of the country where that test is not met? That is what needs to be done in order to save that $1.1 billion. How does the Senator's amendment equip us to do that? That is a responsibility for the legislative committee. That is part of the $2 billion.

Second, unnecessary surgery, $655 million. I read from the report:

> The Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce performed an in-depth examination into the area of unnecessary surgery and concluded, in a report dated January 1976, that an estimated 17 percent of all procedures funded by Medicare and Medicaid during fiscal year 1974 were unnecessary.
>
> Making the same assumptions as above—namely that 17 percent of the procedures are unnecessary—and applying this same percentage to FY 1977 costs, we estimate $468 million of Medicare funds and $187 million of Medicaid funds were spent on unnecessary surgery that year.

How does HEW go about eliminating unnecessary surgery? You would have to find a way to do it and do it quickly, before fiscal year 1979, in order to achieve the savings the amendment of the Senator from Virginia would ask us to achieve.

The third category: Unnecessary hospital stays. Without reading that at length, doctors are ordering unnecessary hospital stays. How does HEW get an instant answer to that problem in order to satisfy the Senator from Virginia?

Fourth, excessive physicians' cost:

> A study funded by HCFA . . . shows that physicians on a percentage system of reimbursement make more money than salaried doctors doing the same type of work . . .
>
> The message in these statistics . . . is that consumers and taxpayers are being overcharged by as much as $215 million a year because doctors are making exorbitant profits from percentage contracts with hospitals.

What, then, should we do—prohibit doctors by law from entering into percentage contracts with hospitals? If you do not have some such change in the laws, how are you going to eliminate that fraud, abuse, and so on?

I say to the Senator from Virginia that, as I look over this report—and my curiosity has been stimulated by his amendment—I find that the achievement of his objective is not a simple matter of changing a number in a budget resolution but is a task of hard, nitty-gritty work for appropriate committees of the Senate and the House, and hard, nitty-gritty administration, and then some changes in policy by States as well as by the Federal Government.

If the Senator thinks he can achieve all that by an amendment on the Senate floor this afternoon, I think he is being oversimplistic, and he certainly is not going to be effective in achieving what he wants to achieve—with all respect.

(Mr. SARBANES assumed the chair.)

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. MOYNIHAN. Mr. President, as a member of the Finance Committee, I state that I am ultimately persuaded by the careful argument which the Senator from Maine has made about the difficulty of applying the concerns of the Senator from Virginia to the budget resolution.

As a member of that committee and as one who holds him in the highest regard I wholly share his indignation and his concern. I do think this is a responsibility which we must carry forward in the Finance Committee, as the Senator from Maine has said.

To the degree that the Senator from Virginia takes the lead in this enterprise, I hope he will consider me as one who will follow him, and I will feel honored to do so.

There is a question of the integrity of the public purposes with respect to these laws, and those who do not care about that integrity do not care about these issues, either.

I thank the Senator.

Mr. MUSKIE. I thank the Senator from New York.

Mr. BELLMON. Mr. President, the HEW inspector general's report, which has been referred to, points out that the loss in the AFDC program is $669 million. This consists largely of overpayments and payments to ineligibles, and it is certainly a loss that should get our attention and the attention of the appropriate committees, and the program should be tightened down to eliminate it.

But I point out that since 1973 when the AFDC quality control program was started by the previous administration the dollar losses from overpayments and payments to ineligibles have dropped from 16.5 percent down to about 8.5 percent. So there is an ongoing effort being made to reduce the waste and the overpayments under the AFDC program.

Congress, on the recommendation of the Finance Committee, has endorsed a goal of 4 percent dollar loss. So we are trying to get from 16½ percent down to 4. We are already more than halfway there. It is unlikely that we will ever be able to get the error rates down to zero, and that is what the Inspector General's report would assume, and it is a totally unrealistic assumption.

The budget resolution assumes that there will be continued improvement in program management, and we hope that the Finance Committee will take the lead insuring faster progress in trying to eliminate the overpayments that still exist in this program.

I wish to make it clear, Mr. President, that I am not at all opposed to the objective of Senator BYRD's resolution. The only problem is that it is really the responsibility of the oversight committees to move in that direction and, as I have said before, when we tried to assume they would, the Budget Committee has been criticized for having made that assumption, and this year we did not go as far as the Senator wants to go, although we did assume savings of over $700 million in the health function, over and above those recommended by the Finance Committee.

The Inspector General's study found that most of the fraud and abuse in health was from inappropriate or unnecessary services; only about 25 percent was from provision of services to ineligible recipients. This suggests that large savings can best be achieved by legislation designed to provide proper incentives to providers to reduce unnecessary or inappropriate care. Such legislation is the responsibility of the authorizing committees, especially the Finance Committee which has jurisdiction over medicare and medicaid. That committee must act before the Budget Committee can assure that these savings are going to accrue.

One act, the medicare antifraud and abuse bill, has just been passed by Congress. This act addresses some of the problems identified in the Inspector General's report. For example, it makes medicare fraud a felony and it strengthens enforcement efforts, and I wish to say for the record that the Senator from Oklahoma supported this antifraud and abuse bill. This legislation should help to reduce fraud and abuse. However, it is going to take some time to implement the act, and we cannot achieve savings of the magnitude suggested by the Senator's amendment in 1 year.

Mr. President, on this matter of reducing fraud and abuse in medicare and medicaid, I would be very happy to support an amendment that is more real-

istic. I do not know whether the Senator would find it possible to reduce the amount of savings anticipated, but I would say that if we can speed up the action or the work under the antifraud and abuse bill it would be, I think, a very good thing for us to attempt to do.

Mr. President, on the higher education-student aid programs, the Budget Committee recommendation is $1.4 billion below what the administration requested and $1.6 billion below the Human Resources Committee request. So we have, we think, been extremely careful not to provide excess fundings in that mission. I hope the budget restraint reflected in the Budget Committee's recommendation will help to promote the kind of good management the Senator from Virginia is recommending.

No Member of the Senate wants the student aid money or any other program benefits to go to people who are not eligible. All of us in Congress and the executive branch need to step up the oversight of these programs, but again that is primarily the responsibility of the authorizing committees.

I suggest to the Senator from Virginia that he push the Finance Committee to exercise this oversight, and I agree with our chairman that arbitrary budget cuts of the magnitude suggested by the Senator from Virginia are excessive and that it is not the way to improve the management of the program. I think a more reasoned approach would perhaps get the results that the Senator from Virginia wants, not all in one year, but over a period of years.

Mr. HARRY F. BYRD, JR. Mr. President, if the Senator will yield there, he feels this figure is excessive. Does the Senator have a figure in mind that would be acceptable?

Mr. BELLMON. I would suggest to the Senator from Virginia that that figure should come from the Finance Committee. The oversight committee, the Budget Committee, in the past has attempted to produce figures that we thought were reasonable but until we can get the cooperation and support of the authorizing committees our figures are not acceptable here on the floor.

Mr. HARRY F. BYRD, JR. I misunderstood the Senator. I thought he had in mind supporting the amendment if the figures were changed slightly.

Mr. President, I ask unanimous consent that Senator ROTH of Delaware be named a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. And I shall take only a moment or two.

I think the importance of putting the——

Mr. BELLMON. Mr. President, will the Senator yield for one comment?

Mr. HARRY F. BYRD. I yield.

Mr. BELLMON. I wish to point out, as I tried earlier, that the budget resolution does assume a savings of $1 billion in the health mission. That is already in our——

Mr. HARRY F. BYRD, JR. How much has the Budget Committee increased the HEW appropriations exclusive of social security? I think the answer is $7 billion.

Mr. BELLMON. As I understand it, our increases are to account for the costs of inflation and normal expected increases.

Mr. HARRY F. BYRD, JR. I understand that. But regardless of the reason—if I am wrong, correct me—the fact is that the budget resolution provides for a $7 billion increase in the operation of HEW exclusive of social security.

Mr. BELLMON. But from that the department must pay the increased costs due to inflation, which I think the Senator will agree are certainly substantial.

Mr. MUSKIE. For instance, indexing social security benefits every year adds $5 to $6 billion.

Mr. HARRY F. BYRD, JR. This is exclusive of social security, I will say to the Senator.

Mr. MUSKIE. We are talking about programs where indexing is of that order of magnitude.

Mr. HARRY F. BYRD, JR. We are talking about programs exclusive of social security being increased according to this budget resolution for HEW $7 billion.

Mr. BELLMON. But those are entitlement programs. The costs of medicare and medicaid delivery are going to rise as inflation goes up, and the Budget Committee would be highly irresponsible to ignore that fact.

Mr. HARRY F. BYRD, JR. I am wondering whether Congress would not be irresponsible to ignore the fact that $7 billion has been wasted. So they did not need that $7 billion last year. This is an increase of over and above that $7 billion.

Mr. MUSKIE. Mr. President, if the Senator will yield, he says they did not need the $7 billion. How in heaven's name when HEW processes the application for a student loan is HEW to anticipate that that applicant is ineligible, that he is applying fraudulently? Or how is HEW to anticipate when it is paying a doctor's bill for a patient covered by medicare or medicaid that that particular bill was fraudulent, for services not required, or for excessive surgery? How does HEW control that, by denying payment at that point? Will the Senator tell me?

Mr. HARRY F. BYRD, JR. I think the answer is what the Senator from Oklahoma said a moment ago, that there needs to be a great management responsibility in HEW. Apparently what HEW has been doing is just trying to get rid of the money that Congress has been appropriating to it.

Mr. MUSKIE. Is the Senator suggesting that nobody in America is defrauded except the Government? What the Senator is saying is that the Government somehow has to anticipate now that it is going to be defrauded to the extent of $7 billion, should anticipate that in advance and not pay the money. But not pay to whom at that point?

Mr. HARRY F. BYRD, JR. Maybe it is not realistic to feel that $7 billion of tax funds should not be misspent by HEW. Maybe I am being unrealistic.

Mr. MUSKIE. The Senator is putting words in my mouth which I resent deeply because the Senator offers an oversimplistic way of getting at the problem. He accuses me of not caring about the problem.

Mr. HARRY F. BYRD, JR. I did not accuse the Senator of not caring. I was speaking of myself.

Mr. MUSKIE. The Senator was referring to me.

Mr. HARRY F. BYRD, JR. I am speaking of myself. I said maybe I am unrealistic.

Mr. MUSKIE. May I say to the Senator he is a member of the Finance Committee.

It is clear that the responsibility for handling this problem rests in the Finance Committee. If the Finance Committee will tell me, through you as its spokesman, or through its chairman, that it can take this Department by the scruff of the neck and shake $7 billion of fraud, waste, and mismanagement money out of it this next year, I will be glad to cut this deficit by $7 billion or by $5.6 billion, whatever.

Mr. HARRY F. BYRD, JR. Only the Congress——

Mr. MUSKIE. The Senator is a member of the committee.

Mr. HARRY F. BYRD, JR. I do not speak for the committee. Only the Congress can deliver a message to HEW; only Congress can do that. You start cutting HEW's budget—not cutting it but stop giving them such tremendous increases as are envisioned by this budget resolution, and then that will get the word to them. They will begin to tighten up their operation.

The first thing they have to do is tighten up their operations.

Mr. MUSKIE. The first thing to do is to eliminate all citizens who are tempted to commit fraud, to overcharge, to apply for benefits they are not eligible for; the only way you can eliminate such concerns is to strike the programs from the lawbooks of the country. Then you do not open them to temptation, you do not bring temptation within the reach of the average citizen—the doctor who overcharges the citizen who applies for benefits he is not eligible for. That way you will legislate virtue not only for the Department of Health, Education, and Welfare but for all of our fellow citizens all over the country.

Mr. HARRY F. BYRD, JR. I will say to my dear friend I would take it from the opposite direction. I would tackle it by the Congress demanding greater competency on the part of the Administrators of HEW.

I will yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator from Virginia for yielding. I compliment the Senator for raising this issue. I think it needs to be highlighted.

I understand the concerns of our Members on the Budget Committee and with the desire to demand good and efficient administration. I think this is what we should demand, good and efficient administration.

The Finance Committee does not administer these programs; HEW administers these programs.

It seems to me that to say the Finance Committee has to find a way of administering the program flies in the face of the government organization that says Congress passes the laws and creates the programs but the executive branch administers the programs. It was not in the creation of the programs but in the administration of the programs that the waste occurred.

I think the Senator from Virginia is exactly correct in focusing on a problem that does exist and says that it is our responsibility, as the Congress, as the legislative branch, to require of the administrative branch to clean up their act, to stop the waste of the taxpayers' money that ought to be flowing through to legitimate beneficiaries of programs created by Congress.

I think it might be well to compare for a moment the relative efficiency or lack thereof. It has been suggested that 16-percent waste was too much, and that a $7 billion waste is, perhaps, too much, and it can be reduced, but that $7 billion waste is 7 percent of their budget.

It is worthwhile noting that social security recipients, a broad spectrum of American citizens, a much larger program than these HEW programs, in that case the loss in maladministration of social security programs is less than 1 percent; and for my colleagues to indicate that a 7-percent inefficiency, a 7-percent wastage, is acceptable when we can look at another program that has less than 1 percent waste seems to me to fly in the face of reality, and also to obscure the responsibility which we in Congress have to try to require better administration of these programs.

I appreciate the initiative of my colleague from Virginia. He is doing his usual fine service in this body and to the people of this country in focusing on fiscal mismanagement of this country. Certainly that is one of the basic problems.

Mr. HARRY F. BYRD, JR. I thank the Senator from Idaho. I will take just one moment, and then, if it is the wish of the other Senators, I would have a vote.

I just want to say I think it is important if we are going to reduce waste in Government—and I do not see how anyone can deny that there is waste, and I do not know that anyone does really—here is the time to start by reducing the vast amount of money that is permitted as a result of this budget resolution.

Mr. BELLMON. Mr. President, will the Senator from Virginia yield for a question?

Mr. HARRY F. BYRD, JR. Yes.

Mr. BELLMON. Does the Senator, who is a member of the Finance Committee, the committee that has oversight over these programs, genuinely believe this kind of savings is possible?

Mr. HARRY F. BYRD, JR. I think if this Congress would tell HEW, if it adopts this amendment, that there will be a $5.6 billion reduction, HEW can manage its affairs where that would not hurt any recipients who really are entitled to receive the appropriation.

Mr. BELLMON. So the answer to the question is, yes, you feel that the savings of $5.6 billion are possible in the administration of these programs?

Mr. HARRY F. BYRD, JR. I think, based on the funds that HEW has in the past mishandled, yes, I think it is appropriate.

Mr. BELLMON. Does the Senator further believe that the Finance Committee would not be offended if the Senator from Maine and I joined in this resolution and helped pass it here on the floor?

Mr. HARRY F. BYRD, JR. I do not speak for the Senate Finance Committee. I am only one member of the Senate Finance Committee. I personally would welcome the Senator's support and that of the Senator from Maine, and I hope he will support it. That is the most hopeful news I have heard all day—as a matter of fact, it is the most hopeful news I have heard all year.

Mr. BELLMON. We have undertaken this on our own—the Budget Committee has brought in a resolution assuming savings not of this magnitude, but at a level which has incurred the opposition of the Finance Committee.

Mr. HARRY F. BYRD, JR. I do not know about that. I think if you will check the record—Senator MUSKIE does not have to check the record, because he is aware of it—I voted against every single effort to increase what the Budget Committee did. What I am trying to do is reduce what the Budget Committee brought in.

Mr. BELLMON. Our position is that the Budget Committee over the years has been very close to the proposal that the Senator from Virginia is offering, not in magnitude so much as in direction and in thrust.

Mr. HARRY F. BYRD, JR. Fine, I am delighted to be in such good company. That makes me feel real good.

Mr. BELLMON. If the Senator from Virginia can persuade his own chairman, the Senator from Louisiana, that this is a good approach, he might be surprised at how much support he would get from the members of the committee.

Mr. HARRY F. BYRD, JR. If I can persuade the chairman of the Budget Committee and the ranking Republican member of the Budget Committee, I am sure we can make some headway in other areas.

Mr. MUSKIE. That I would doubt considerably, may I say to my good friend, but before I vote I would check with Senator LONG.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the Senator from Nevada (Mr. LAXALT) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I have three tables showing the deficit in Federal funds and interest on the national debt, the unified budget receipts and outlays, and the national debt in the 20th century. I ask unanimous consent to have these tables printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT FOR FISCAL YEARS 1959-79, INCLUSIVE—PREPARED BY U.S. SENATOR HARRY F. BYRD, JR., OF VIRGINIA

[In billions of dollars]

Year	Receipts	Outlays	Surplus (+) or deficit	Debt interest
1959	65.8	77.0	−11.2	7.8
1960	75.7	74.9	+.8	9.5
1961	75.2	79.3	−4.1	9.3
1962	79.7	86.6	−6.9	9.5
1963	83.6	90.1	−6.5	10.3
1964	87.2	95.8	−8.6	11.0
1965	90.9	94.8	−3.9	11.8
1966	101.4	106.5	−5.1	12.6
1967	111.8	126.8	−15.0	14.2
1968	114.7	143.1	−28.4	15.6
1969	143.3	148.8	−5.5	17.6
1970	143.2	156.3	−13.1	20.0
1971	133.8	163.7	−29.9	21.6
1972	148.8	178.1	−29.3	22.5
1973	161.4	187.0	−25.6	24.8
1974	181.2	199.9	−18.7	30.0
1975	187.5	240.0	−52.5	33.5
1976	200.3	269.1	−68.8	37.7
Transition Quarter	54.0	65.0	−11.0	8.3
1977	240.4	294.9	−54.5	42.6
1978 [1]	267.9	332.7	−64.8	48.4
1979 [1]	289.1	363.0	−73.9	55.9

[1] Estimated figures.

Source: Office of Management and Budget, March 1978.

UNIFIED BUDGET RECEIPTS, OUTLAYS AND SURPLUS OR DEFICIT FOR FISCAL YEARS 1958-79, INCLUSIVE—PREPARED BY SENATOR HARRY F. BYRD, JR., OF VIRGINIA

[In billions of dollars]

Fiscal year	Receipts	Outlays	Surplus (+) or deficit (−)
1958	79.6	82.6	−3.0
1959	79.2	92.1	−12.9
1960	92.5	92.2	+.3
1961	94.4	97.8	−3.4
1962	99.7	106.8	−7.1
1963	106.6	111.3	−4.7
1964	112.7	118.6	−5.9
1965	116.8	118.4	−1.6
1966	130.8	134.6	−3.8
1967	149.5	158.2	−8.7
1968	153.7	178.8	−25.1
1969	187.8	184.6	+3.2
1970	193.8	196.6	−2.8
1971	188.4	211.4	−23.0
1972	208.6	231.9	−23.3
1973	232.2	247.1	−14.8
1974	264.9	269.6	−4.7
1975	281.0	326.1	−45.1
1976	299.2	365.6	−66.4
Transition quarter	81.8	94.8	−13.0
1977	356.9	401.9	−45.0
1978 [1]	400.5	453.5	−53.0
1979 [1]	439.8	499.5	−59.6

[1] Estimated figures.

Source: Office of Management and Budget, March 1978

THE NATIONAL DEBT IN THE 20TH CENTURY—TOTALS AT THE END OF FISCAL YEARS 1970-79

[Rounded to the nearest billion dollars]

1900	1	1920	24	1940	43	1960	291
1901	1	1921	24	1941	49	1961	293
1902	1	1922	23	1942	72	1962	303
1903	1	1923	22	1943	137	1963	311
1904	1	1924	21	1944	201	1964	317
1905	1	1925	21	1945	259	1965	323
1906	1	1926	20	1946	269	1966	329
1907	1	1927	19	1947	256	1967	341
1908	1	1928	18	1948	251	1968	370
1909	1	1929	17	1949	252	1969	367
1910	1	1930	16	1950	256	1970	383
1911	1	1931	17	1951	254	1971	410
1912	1	1932	20	1952	258	1972	437
1913	1	1933	23	1953	265	1973	468
1914	1	1934	27	1954	271	1974	486
1915	1	1935	29	1955	274	1975	544
1916	1	1936	34	1956	273	1976	632
						TQ	646
1917	3	1937	36	1957	272	1977	709
1918	12	1938	37	1958	280	1978 [1]	778
1919	25	1939	40	1959	288	1979 [1]	866

[1] Estimated figures.

Source: Office of Management and Budget, March 1978.

Mr. BELLMON. Mr. President, before we vote I would like to make the record clear that I do not want to seem, and I do not think any member of the Budget Committee wants to seem, to try to be providing funds for waste or mismanagement or abuse. Our resolution already has assumed some $1 billion savings in the medical programs which we took to be realistic, and to be about the limit which we could realistically hope to achieve, and hope to see the oversight committees achieve and HEW achieve.

If the Senator from Virginia has reason to believe that that figure is inadequate, then certainly it ought to be reconsidered. But the budget resolution we have before the Senate at this time does assume some savings and in the out years perhaps we can reach a figure of something like that which the Senator from Virginia has in mind.

Mr. HARRY F. BYRD, JR. I move the adoption of the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. HARRY F. BYRD, JR. There is no time involved, is there?

Mr. MUSKIE. Yes, there are 2 hours on each amendment.

Mr. HARRY F. BYRD, JR. I yield back my time.

Mr. MUSKIE. I yield back my time, Mr. President.

The PRESIDING OFFICER. All the time has been yielded back. The question, therefore, is an agreeing to the amendment of the Senator from Virginia. The yeas and nays have been ordered on the amendment, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Minnesota (Mr. ANDERSON), the Senator from Texas (Mr. BENTSEN), the Senator from North Dakota (Mr. BURDICK), the Senator from Florida (Mr. CHILES), the Senator from Missouri (Mr. EAGLETON), the Senator from Montana (Mr. HATFIELD), the Senator from Maine (Mr. HATHAWAY), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Louisiana (Mr. LONG), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Florida (Mr. STONE) are necessarily absent.

I further announce that the Senator from New Jersey (Mr. WILLIAMS) is absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. ANDERSON), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from North Dakota (Mr. BURDICK) would each vote "nay".

Mr. STEVENS. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from Nebraska (Mr. CURTIS), the Senator from New Mexico (Mr. DOMENICI), the Senator from New York (Mr. JAVITS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 28, nays 48, as follows:

[Rollcall Vote No. 129 Leg.]

YEAS—28

Allen	Hansen	Proxmire
Bartlett	Hatch	Roth
Byrd, Harry F., Jr.	Hayakawa	Schmitt
DeConcini	Helms	Scott
Dole	Hodges	Talmadge
Eastland	Laxalt	Thurmond
Ford	Lugar	Tower
Goldwater	McClure	Young
Griffin	Morgan	Zorinsky
	Nunn	

NAYS—48

Bayh	Haskell	Nelson
Bellmon	Hatfield, Mark O.	Packwood
Biden	Heinz	Pell
Bumpers	Hollings	Percy
Byrd, Robert C.	Humphrey	Randolph
Cannon	Inouye	Riegle
Case	Jackson	Sarbanes
Chafee	Kennedy	Sasser
Church	Leahy	Schweiker
Clark	Magnuson	Sparkman
Cranston	Mathias	Stafford
Culver	Matsunaga	Stennis
Danforth	Melcher	Stevens
Durkin	Metzenbaum	Stevenson
Glenn	Moynihan	Wallop
Gravel	Muskie	
Hart		

NOT VOTING—24

Abourezk	Eagleton	McGovern
Anderson	Garn	McIntyre
Baker	Hatfield, Paul G.	Pearson
Bentsen	Hathaway	Ribicoff
Brooke	Huddleston	Stone
Burdick	Javits	Weicker
Chiles	Johnston	Williams
Curtis	Long	
Domenici		

So Mr. HARRY F. BYRD, JR.'s amendment (No. 1795) was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, and I do this after having consulted with the distinguished chairman (Mr. MUSKIE) and the distinguished ranking member (Mr. BELLMON) and others on both sides of the aisle, that the time be reduced from 50 hours to 20 hours, with the understanding that if all of the 20 hours are consumed in the offering of amendments, and Senators wish to have additional time for debate thereafter, there will be an extension of 4 hours. I should think 20 hours should be sufficient. In the event it was not, however, the Senators would have that backup, of course.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, does the Senator from West Virginia feel that will be adequate time for a $500 billion proposition?

Mr. ROBERT C. BYRD. I think it would be adequate time. We have already used 4 hours and this will make it a maximum of 24 hours. This time can be increased by unanimous consent. After the 24 hours have expired, if the Senator feels he needs additional time, that will be satisfactory .

Mr. HARRY F. BYRD, JR. I do not expect to take a great deal of time. As the discussion progresses, there may be areas which perhaps would require more discussion than first appeared on the surface. I will not object.

Mr. ROBERT C. BYRD. If the Senator needs additional time, that will be fine. As the Senator saw the other night, I was not very successful in one endeavor. If the Senator feels that a little more than 24 hours will be necessary, we will have a little more.

Mr. HARRY F. BYRD, JR. Does the Senator mean 24 additional hours?

Mr. ROBERT C. BYRD. In addition to what we have used thus far.

Mr. HARRY F. BYRD, JR. I do not believe we would have any trouble in cutting it down.

Mr. ROBERT C. BYRD. I would have no trouble cutting it down. A nondebatable motion can be offered and the Senate will cut it down, I am sure. This seems to be a reasonable compromise, having used some of it already.

Mr. HARRY F. BYRD, JR. It is so reasonable, I cannot but agree.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Who yields time?

Mr. DECONCINI. Mr. President, I ask unanimous consent that Jerry Bonham be granted the privilige of the floor during debate and vote on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, the Senator from California has been wanting to make a statement. I wonder if he is prepared at this time?

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that Janet Olson of my staff be granted the privilege of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I yield to the Senator from Kansas 5 minutes.

Mr. DOLE. Mr. President, before the Senate has further debate on specific sections of the first concurrent budget resolution, I want to address my colleagues on several budgetary items which are particularly important. The decisions which Congress makes in its budget resolutions could well set the tone for the performance of the economy for the near future. There is no doubt about it, many difficult decisions will have to be made between now are passage of the resolution and we must not lose sight of the importance of our actions to American citizens and taxpayers.

ECONOMIC OUTLOOK

When the administration sent the fiscal year 1979 budget to Congress, the total requests were in excess of $500 billion, an unprecedented figure. The deficit under that budget would be $60 billion more than the budget for fiscal year 1978 with a total increase in spending of over $40 billion. The picture of economic instability that these numbers present is not comforting. The primary economic cloud on our horizon is a continuing high rate of inflation. Both the President's

proposal and the Budget Committee's recommendation fail to take adequate steps to control the enemy of every American, inflation.

As long as Congress continues to bow to requests for bigger and bigger spending deficits—and the Senator from Kansas was involved in agriculture legislation recently that I felt was very important, we had some very hard decisions to make. I respect the view of the chairman on that issue.

However, unless we reverse the current trend, the high rate of inflation that the United States has experienced will continue.

It seems to the Senator from Kansas that thus far, at least, the efforts made by the administration are not adequate. They are rather insignificant in comparison to the inflationary pressures that will be generated by a budget deficit of the size now under consideration.

CONGRESS MUST ACT FIRST

After looking at the proposals in President Carter's 1979 budget, it is clear that the first steps toward a rational economic policy will have to be made by Congress. Hard choices will have to be made not only in the budget resolution but also in the appropriation legislation that will follow during the remainder of the session.

In the Budget Committee, I was ready to support reductions in figures for virtually every budget function except defense. As a people, we must stop looking to the Government for a solution to every problem that confronts us without thinking of the costs involved. We must all realize there is nothing magical about Government spending that will cure all the ills of the country. Too often, a bigger Government program only creates a bigger problem.

AMERICA'S DEFENSE MUST REMAIN STRONG

The one area in which the Budget Committee has made cuts in the budget that I cannot agree with is in defense spending. The cuts in function 050, defense, are unwarranted. The administration's proposal of $128.4 billion in budget authority and $117.8 billion in outlays for defense in fiscal year 1979 does not provide for the growth needed to fulfill our commitments to our NATO allies and to update our naval strength. In the first round of the markup, the committee shaved $1.2 billion in outlays from the administration's request. At the start of the second round, the chairman suggested an additional cut in outlays of $1 billion.

America is at a crossroads. We have seen our posture and respect slip around the world. The United States cannot afford to be vulnerable. The problems and tensions we face are too serious. The Middle East remains unsettled. The Horn of Africa is an explosive powder keg. The Soviet Union is continually expanding their offensive capabilities.

Wherever we look, whether it is the Mideast or the Horn of Africa, or whether it is dealing with the Soviet Union, we find difficulty and confusion.

Although I strongly take exception with the administration's decision to cancel the B–1 bomber, to curtail the full-scale development of the MX missile system, and to cut back new naval ship construction, the defense function reported by the Senate Budget Committee contains a further elimination or drastic curtailment of major weapons systems needed ot insure the security of our country now and in the future.

Besides these somewhat controversial programs, the Budget Committee has made reductions in many other defense programs. Many of these projects have been a major part of our defense strategy for a number of years. The F–14 long-range Navy interception aircraft and the F–18, also for the Navy, were left out even though the Soviets have stepped up production of the backfire bomber. A number of other programs, ranging from a more fuel efficient transport to submarine-based cruise missiles, were also impaired by the Budget Committee's actions.

This unilateral self-denial is dangerous. It is based on the faulty assumption that the United States with little or no military modernization will be able to deter a Soviet attack on the United States and in Western Europe.

TAXES ARE A MAJOR ITEM IN 1979 BUDGET

Recent actions and potential changes in the tax system occupy a pivotal position in the 1979 budget. Congress has legislated a major increase in the tax burden and is feeling the heat from the indignation of taxpayers in this election year. The response from Congress promises to create an even larger budget deficit.

Last December, the leadership of both Houses of Congress proclaimed a victory upon the passage of the social security financing amendments. However, it seems that those who vigorously supported the tax increase are now the biggest advocates of tax relief.

I might say to the credit of the Budget Committee, that is one area where the Budget Committee indicated a show of good judgment insofar as trying to find some immediate solution. It seems as we look at the social security tax and the social security tax increase and the best way to deal with it that many Members of Congress have come up with unique and indigenious ideas.

The Senator from Kansas expressed serious doubts about the social security legislation that would raise $227 billion in new social security taxes in the next 10 years. I felt, as I do now, that the action taken was hasty and ill-conceived.

The social security tax is intolerable. I believe that Americans need and deserve a tax cut. However, the tax cut should not come from a reduction in social security taxes. A better approach is to give taxpayers a tax break that will not adversely affect the social security system. I have introduced legislation to accomplish this goal and will pursue this avenue in the Senate Finance Committee.

SOCIAL SECURITY TAX CREDIT

My proposal, S. 2808, would grant a 20-percent refundable tax credit on the social security employee and self-employed contribution paid. The legislation will grant tax relief to Americans inflicted with the burdensome social security tax without endangering the integrity of the social security trust fund. It avoids the perils of general revenue financing by retaining the requirement that Congress cannot indiscriminately raise social security benefits without increasing social security taxes to pay for the benefits. My proposal, unlike general revenue finance or social security tax rollback will keep the social security trust fund actuarially sound. I support the decision of the Budget Committee not to take the easy way out of the social security dilemma.

POLICY IS IN STATE OF FLUX

The indecision in Congress about the size of social security tax increases is matched in the hesitation of the Ways and Means Committee on the proper size of a general tax reduction. With the specter of rising inflation, many committee members are backing away from a major tax reduction. Administration spokesmen are suggesting that some moderation in the size of the tax reduction may be needed to help the fight against inflation. The Federal Reserve Board chairman, G. William Miller, has urged the President to cut back or postpone the tax reduction.

This type of ambivalence is typical of recent congressional action in the area of taxes. The rule has been ad hoc tax cuts, usually in elections years, in response to continuing inflation. Normally these reductions have been just enough to offset the effects of inflation, but only past inflation not future inflation. Some Members of Congress have proposed a more significant reduction in tax rates, an idea which has some merit. However, these proposals fail to come to grips with the realities of the distortions that inflation introduces into the tax system.

INDEXING IS NEEDED

The reason that inflation is a problem is that the tax system treats every increase in income as if it were real income. The tax system does not take into account the fact that a worker's real income has increased less than nominal income because the entire nominal income gain is taxed. Thus, with the sustained high inflation in recent years, workers have had wage increases reduced not only by inflation but also by the higher taxes that must be paid as inflation pushes incomes into higher tax brackets.

I believe that the way to provide for continued and orderly growth is to index the tax system. Legislation to index the tax system before the Congress, in fact addressed in the Senate Finance Committee today, will provide the needed economic stimulus in the out-years without new inflation. Indexing will stop the endless and counterproductive roller-coaster policies of the past.

EMPLOYMENT EXPANSION PROVIDED

In the Tax Reduction and Simplification Act of 1977, Congress adopted for the first time a jobs tax credit. I have advocated this type of "peoples" tax credit since I was in the House a number of years ago. In both the 94th and the 95th Congresses, I introduced legislation to establish a jobs tax credit. The President's budget strangely indicated that the employment tax credit would be allowed to expire. It is a sign of encouragement to

all unemployed Americans that the Budget Committee has corrected this oversight.

The resolution provides $200 million for a targeted jobs tax credit to areas which are economically depressed and to groups that have higher unemployment rates. A targeted approach will encourage more jobs for the money and help most minority and young Americans whose unemployment rates range as high as 40 percent.

STATE AND LOCAL CRIME CONTROL AID GIVEN

The administration has called for some reduction in spending and even more significant shifts of money between programs in the criminal justice system. One administration target has been the Law Enforcement Assistance Administration. While some LEAA projects have seemed an unwise choice of expenditures, the many planning grants that LEAA has given to government in Kansas have been very beneficial. These LEAA planning functions have wide support in rural communities across the country.

The Budget Committee would continue aid to State and local governments through the LEAA at about present levels of activity. The suggested level of funding would provide room for some limited initiatives for LEAA State planning grants and other areas. I hope that the Appropriations Committee follows the lead of the Budget Committee and does not make reductions in LEAA planning grant activities.

Mr. President, I hesitate to support the resolution as reported because of the cuts in the defense and the fact that I believe additional spending cuts in nonmilitary areas could have been made. President Carter has asked for increased budget authority for many areas—urban policy, education, and health—without the underlying policy decisions in these areas being made. The President's urban plan is keyed to "distressed areas" yet not a definition of what a "distressed area" is included in the plan. The administration has proposed a new Cabinet level Department of Education, the cost of which is unknown. President Carter still supports national health insurance which could have a major impact on the budget projections for future years. These budget proposals are typical of the fuzzy requests made to Congress. The President has asked for a blank check in these areas. I do not think that the American public is willing to spend the money that a blank check requires.

The time for Congress to make the choice to move toward a balanced budget is on this first budget resolution. If we do not reduce the size of the deficit, inflation will continue to accelerate. The consumer prize squeeze is cause for national alarm. It is the responsibility of the Congress to curb spending and to cut back unneeded regulations that cost consumers and business billions of dollars each year.

Mr. BELLMON. Mr. President, I yield myself 2 minutes.

First, I commend the Senator from Kansas for the fine statement he has made. He points out some very cogent elements that need to be understood better.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing a comparison of the defense budgets of the President and the Senate Budget Committee.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1979 COMPARISONS OF DEFENSE BUDGETS

[In billions of dollars]

	President		Senate Budget Committee	
	Budget authority	Outlays	Budget authority	Outlays
Unadjusted	128.4	117.8	129.8	116.6
CBO reestimates (outlay shortfall)		−1.9		
Trident delay	−.9			
Assume 5 percent pay cap	−.5	−.5		
Assume 20 percent pay absorption	−.5	−.5		
Adjusted total	126.5	114.9	129.8	116.6

Note: Senate Budget Committee over (+)/under (−) President: Budget authority, +3.3; Outlays, +1.7.

Mr. BELLMON. Mr. President, the Budget Committee makes some assumptions that the President did not make. We assumed the Trident submarine, No. 8, will be delayed and that this will reduce the need for spending $900 million of budget authority.

We assumed a 5-percent pay cap that saves $500 million, and a 20-percent pay absorption that saves $500 million, which puts our budget figures, the Budget Committee figures, at $129.8 in budget authority, compared to the President's figure of $126.5, and the Budget Committee's outlay figures of $116.6 compared to the President's of $114.9.

So comparing the two assumptions, the Budget Committee is $3.3 billion higher than the President's.

The PRESIDING OFFICER (Mr. GRAVEL). The Senator's time has expired.

Mr. BELLMON. One additional minute.

The Senate Budget Committee's figure is $3.3 billion above the President's and the budget authority $1.7 billion above the President's in outlays.

So I believe it is neceessary to keep the record straight by stating when we compare the President's defense budget with the Senate Budget Committee's figures, using the same assumptions, that the Budget Committee is $3.3 billion over in budget authority and $1.7 billion in outlays.

The PRESIDING OFFICER. Who yields time?

The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I just want to address a question or two.

The PRESIDING OFFICER. Who yields time to the Senator?

Mr. BELLMON. How much time does the Senator from Virginia require?

Mr. HARRY F. BYRD, JR. I just wanted to ask a few questions. I do not think it will take long.

Mr. BELLMON. Ten minutes?

Mr. HARRY F. BYRD, JR. Let us say 10 minutes.

Mr. BELLMON. I am happy to yield the Senator 10 minutes.

Mr. HARRY F. BYRD, JR. I thought I might address this question to either the manager or the ranking minority member.

Page 2 of the resolution says:

The amount by which the statutory limit of such debt should accordingly be increased $101.800 billion.

Is the Senator from Virginia correct in assuming from that that the Federal funds deficit would be $101.8 billion?

Mr. MUSKIE. The $101.8 billion includes the Federal fund deficit.

Mr. HARRY F. BYRD, JR. The resolution says that the amount of the deficit in the budget which is appropriate in the light of economic conditions and all relevant factors is $55.6 billion.

Of course, that means the unified budget, the total budget.

Mr. MUSKIE. The Senator is correct.

Mr. HARRY F. BYRD, JR. The next item says that the appropriate level of the public debt is $853.8 billion, and the amount by which the statutory limit on such debt should be accordingly increased is $101.8 billion.

Now, I would assume, although I may be in error, that that must be the anticipated Federal funds debt.

Mr. MUSKIE. The Federal funds deficit is included in those figures.

Mr. HARRY F. BYRD, JR. Pardon?

Mr. MUSKIE. Those figures include borrowing by off-budget agencies as well as, of course, the on-budget borrowing.

Mr. HARRY F. BYRD, JR. Yes.

Mr. MUSKIE. I do not know if I have it with me. But that is the answer to the question. I can get the detail of it.

Mr. HARRY F. BYRD, JR. I would appreciate that. I am taking it from memory. My recollection is that the Federal funds deficit, leaving out the off-budget items, would be about $74 billion, and the off-budget items then must be somewhere around $26 billion.

Would that be correct?

Mr. BELLMON. Will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. Yes, I yield.

Mr. BELLMON. That figure the Senator pointed out would seem to be disproportionate. But the fact is the total amount of borrowing has to be adequate to cover the particular debt at its highest point. It may be the debt will reach a higher level sometime during the fiscal year and then comes down, so at the end of the year it is only $55.6 billion. But in order to cover those fluctuations, it is necessary to raise the debt limit to the figure of $101.8 billion.

Mr. MUSKIE. The detail I have in front of me now. The existing debt ceiling is $752 billion through July 1 of this year.

Mr. HARRY F. BYRD, JR. Yes.

Mr. MUSKIE. Now, in order to anticipate what it would be at the beginning of fiscal year 1979, we have to estimate what the debt will be at the end of the current fiscal year, that is, September 30.

Mr. HARRY F. BYRD, JR. That is right.

Mr. MUSKIE. And as of that date, it is estimated it will be $769.2.

In other words, there would have to be an increase in the debt ceiling for the

current fiscal year from $752 to $769.2 to cover the remainder of this fiscal year.

Then to that we add the estimated fiscal year 1979 deficit of $55.6.

Mr. HARRY F. BYRD, JR. No, not $55.6. That is the Federal—I mean——

Mr. MUSKIE. I am giving the Senator the details.

Mr. HARRY F. BYRD, JR. I beg pardon.

Mr. MUSKIE. We will get to it. I will give the items.

Mr. HARRY F. BYRD, JR. That is fine.

Mr. MUSKIE. We add $55.6. The deficit of the off-budget agencies is estimated at $12.5, and then to that is added the surplus of trust funds which is $16.5. Because they hold Government securities, they are counted in as part of the debt.

If we add those four items, we arrive at the figure of $853.8 billion.

Going over those again, $769.2 billion at the end of this fiscal year. $55.6 billion is the estimated deficit for 1979, $12.5 billion, the off-budget agencies, and $16.5 billion, the surplus of trust funds.

That adds up to $853.3 billion.

Mr. HARRY F. BYRD, JR. Let me state it this way and see if I am accurate in so stating: As we all know, of course, the debt is affected primarily and almost entirely by the Federal funds deficit rather than by the unified deficit.

Does the Senator have the Federal funds estimate? The Senator from Virginia has a figure of $74 billion as the Federal funds deficit. To that is added the off-budget borrowing. Was it 16.5 or 12.5?

Mr. MUSKIE. 12.5.

Mr. HARRY F. BYRD, JR. That is $86.5 billion. What is the 16.5 the Senator gave me a moment ago?

Mr. MUSKIE. The 16.5 is the surplus of the trust funds.

Another item that the Senator may not have included is this—and I do not know how that fits his method of computing it: The anticipated debt at the end of this fiscal year would be $769.2 billion, which is $17.2 billion above the existing debt ceiling.

Mr. HARRY F. BYRD, JR. The figure I have for the deficit for fiscal 1978, the current year, is $64.8 billion. But the Senator says it will be how much for the current fiscal year?

Mr. MUSKIE. The deficit for fiscal 1978 is $56.3 billion.

Mr. HARRY F. BYRD, JR. That is the unified deficit.

Mr. MUSKIE. That is the unified deficit.

Mr. HARRY F. BYRD, JR. The Federal funds deficit is what—that is, general operations of Government, leaving out the trust funds?

Mr. MUSKIE. I am afraid I do not have that figure as such.

Mr. HARRY F. BYRD, JR. All right. In any case, the debt limit in this 1 year needs to be increased by $101.8 billion.

Mr. MUSKIE. Part of that is the fiscal 1978 increase. Take $17.2 from that number, and that shows the increase, reflecting the off-budget agencies, the on-budget agencies, the increase in the surplus of trust funds.

Mr. HARRY F. BYRD, JR. That is right. Let me state it this way, and see if it is about right: Included in this $101.8 billion is the deficit which will be incurred for the period July 1 through September 30.

Mr. MUSKIE. Yes.

Mr. HARRY F. BYRD, JR. And from October 1 through the following fiscal year—in other words, 15 months. This $101.8 billion is a 15-month figure, not a 12-month figure.

Mr. MUSKIE. The Senator is correct. That states it more simply.

Mr. HARRY F. BYRD, JR. I thank the Senator. That is the point on which I was not clear. I am glad to have that cleared up.

The PRESIDING OFFICER. The 10 minutes of the Senator have expired.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield me additional time?

Mr. MUSKIE. I yield the Senator 5 additional minutes.

Mr. HARRY F. BYRD, JR. I thank the Senator.

The figure I have for the interest on the debt—I am speaking now of the upcoming fiscal year—is $55.9 billion. On page 4, the figure for new budget authority is $46.8 billion. Is that for fiscal 1979?

Mr. MUSKIE. That is for fiscal 1979.

Mr. HARRY F. BYRD, JR. That figure is a great deal lower, if I am correct about it, than the budget estimate. I am wondering why it would be that much lower. It is exactly $9 billion less.

Mr. MUSKIE. Is the Senator looking at the budget report? If he looks at page 160 of the budget report, there are two tables that are relevant. The one at the top indicates "Mission 1: INTEREST ON THE PUBLIC DEBT," $53.2 billion. The table at the bottom indicates "Mission 2: OTHER INTEREST," which is minus $6.4 billion. If the Senator will make the subtraction, he will get $46.8 billion as the net.

Mr. HARRY F. BYRD, JR. I suppose that, really, my question to the Senator is, which is the appropriate figure to use? It occurs to me that the interest on the debt—in other words, what it costs to service the debt—is a great deal higher than the figure included in the budget resolution. The reason it is higher is that there is offsetting interest which the Government receives. As I understand it, the Budget Committee has reduced the total interest charges by the amount of the offsetting interest. Is that correct?

Mr. MUSKIE. No. We have given the functional total, which is accurate. In the report, it gives the information on the makeup of the functional total, and the interest on the public debt is clearly stated on page 160, at $53.2 billion.

Mr. HARRY F. BYRD, JR. Then, what is the $6 billion on the table below?

Mr. MUSKIE. Other interest payments and interest collections by the Federal Government. Collections exceed payments, and so there is a net inflow of $6 billion.

Mr. HARRY F. BYRD, JR. That is right. That is what I mentioned, I think, a moment ago.

Mr. MUSKIE. Yes.

Mr. HARRY F. BYRD, JR. The Senator has offset the cost of financing or servicing the debt.

Mr. MUSKIE. Both of these items are included in that function, and I do not know of any way to avoid the arithmetic of subtracting the interest received from the interest paid in order to get the functional total. I don't see a problem so long as the functional total is clearly described in the committee report, which I think it is.

In other words, interest paid is not a separate function from interest collected; and this is not the only place where we offset expenditures, say, by income of one kind or another received. For example, we receive revenues from oil leases in the Outer Continental Shelf, and that is subtracted in function 950, undistributed offsetting receipts.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUSKIE. I yield another 5 minutes.

Mr. HARRY F. BYRD, JR. I am not critical, I might say to the Senator. I just wish to understand the procedure used.

Mr. MUSKIE. I understand.

Mr. HARRY F. BYRD, JR. I do not doubt, and I do not say that the Budget Committee is not using the appropriate procedure. But I do say this, that the cost of servicing the debt is not $46.8 billion.

Mr. MUSKIE. It is $53.2 billion.

Mr. HARRY F. BYRD, JR. It is $53.2 billion. That is the cost of servicing the debt.

Mr. MUSKIE. The Senator is correct.

Mr. HARRY F. BYRD, JR. As a result of the deficits and as a result of the total debt the taxpayers are billed for that much.

Mr. MUSKIE. The Senator is correct.

Mr. HARRY F. BYRD, JR. There is an offset that is the interest which the Government receives in other areas.

Mr. MUSKIE. That is correct.

Mr. HARRY F. BYRD, JR. But so far as servicing the debt is concerned, it is greater than the $46.8 billion.

Mr. MUSKIE. That is clearly correct, yes.

Mr. HARRY F. BYRD, JR. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Does the Senator wish more time for any purpose?

Mr. HARRY F. BYRD, JR. Not at the moment.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time? Whose time will the rollcall be charged to?

Mr. MUSKIE. I ask unanimous consent that the time be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. Presi-

dent, will the Senator from Oklahoma yield for 5 minutes so that I might ask a question?

Mr. BELLMON. I am very happy to yield 5 minutes to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I note that the new budget outlays—and I shall use round figures for clarity—in the budget resolution are $499 billion and the appropriate level of new budget authority is $566 billion. There is a difference of $67 billion between outlays and new budget authority.

My question is: If one looks at other years, is that not an unusually wide difference between outlays and budget authorities?

Mr. BELLMON. The Senator understands, of course, that the difference is that in the budget authority we include funds that will not be spent in this current fiscal year.

Mr. HARRY F. BYRD, JR. Yes.

Mr. BELLMON. Some defense procurement comes in out years, some of the public works in others.

Going back to fiscal year 1975, the budget authority was $412 billion, outlays were $326 billion. That is about a $90 billion difference, which is regular.

Mr. HARRY F. BYRD, JR. It is greater than that. The last year I think the difference was about $40 billion—the current year as compared with the previous year was about $40 billion.

Mr. BELLMON. In fiscal year 1976, the budget authority was $415 billion; outlays were $365 billion. That was a $50.5 billion difference which, considering the size of the budget, was pretty much in line with fiscal year 1979.

Fiscal 1977, the budget authority was $465 billion; the outlays were $401 billion, so that was a $64 billion spread.

As the Senator said, in fiscal 1978 the budget authority was $501 billion and the outlays $452 billion, so the spread was $48 billion. So I think the range is not necessarily out of line with the past.

The fact is, I might say to the Senator from Virginia, the Budget Committee has been trying very hard to hold budget authority down, because we realize that does translate into future spending, and while I could not go through and give the Senator from memory all the issues we discussed, we were aware of this danger, and we are trying to be responsible and hold the figure as low as we can.

Mr. HARRY F. BYRD, JR. I thank the Senator for the information he has submitted to the Senate.

The reason I inquired is that there is a difference of about 17 percent in budget authority as compared with outlays. Apparently that is not necessarily out of line.

Mr. BELLMON. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. I yield to the distinguished Senator from North Carolina. How much time would the Senator need?

Mr. MORGAN. Ten minutes.

Mr. MUSKIE. I yield 10 minutes.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. MORGAN. Mr. President, before I begin my prepared remarks, I want to commend my distinguished colleagues, the Senator from Maine (Mr. MUSKIE), and the Senator from Oklahoma (Mr. BELLMON) for the very fine work they have done on the budget resolution and the work they have done during the last four years in trying to make the Budget Reform Act work in the Senate.

I happen to believe that it is, perhaps, that act is, the most important piece of legislation that has been enacted by this Congress in a decade, if not in decades.

It was inconceivable to me, as a member of State government in North Carolina, where we had always practiced fiscal responsibility and were required by law to maintain a balanced budget, that this Congress had no real way of knowing how much money was being spent during the session until after the session was over and the appropriations had been added up.

The PRESIDING OFFICER. Will the Senator withhold until we can get some order in the Senate? The Senator is entitled to be heard.

The Senator may proceed.

Mr. MORGAN. I believe that the Budget Reform Act of 1974 offers to the American people a real hope of bringing some sense of fiscal responsibility into our actions.

As I said to my colleague, the Senator from Maine, this morning, I appreciate very much the hard work that he has done, work which has at times appeared to be thankless, in trying to make this act work.

I listened this morning to his presentation. I wish every Member of the Senate who was not here would take the time to read his presentation and see how far we have come in making the Budget Act work, and yet at the same time see how far we need to go.

I think I have done very well in trying to support the act on almost every occasion where I have declined to vote to waive the budget resolution in given cases. I am not here to say that on every occasion I have, although I do not remember having not done so. But after listening to the distinguished Senator this morning I concluded then and there that I do not intend to vote again to waive the provisions of the budget resolution. When we adopt this budget resolution we ought to be able to see far enough down the road to take care of contingencies and emergencies, and if we cannot do that then those matters would just have to wait, in my mind, for another year.

I thought it was rather meaningful this morning that the Senator from Maine pointed out that at least 10 Members of the Senate who had voted against the budget resolution in years past, if not last year, because it called for expenditures of too much money, had voted to suspend that resolution during the year in order to spend more money than the resolution called for.

So I think it is really time that we in the Senate take this Budget Act seriously and make a concerted effort to live within the resolution, and that we emphasize it to the people, our colleagues, in the House.

I just came back from a weekend in North Carolina. I realize, of course, that it is just past the time for paying income taxes, but I heard more real concern from the people of my State about deficit spending on the part of the Federal Government and irresponsible fiscal policies than ever before. It came from a group, from groups, of people who never before have expressed this kind of concern.

I might say I visited a couple of months ago at a caucus in Charlotte, N.C., a caucus that normally is concerned with spending programs. These people a few years ago, this particular caucus, would have been involved and would have been more concerned with how much money are you willing to spend than any other caucus. I went there prepared to answer that. Much to my chagrin the entire evening was taken up in considering reckless spending on the part of the Federal Government.

I might mention that this was a minority caucus. These people, because of what Congress has done and the Government has done over the years, have now become substantial taxpaying citizens, and they are beginning to see waste in Government, not only the Federal Government but at every level. So I think it is something we should all be concerned about.

I want to make one other observation before I go on to my prepared remarks. We sometimes blame ourselves and we blame each other for the large amounts of spending in Congress. But what I said to my people in North Carolina last week, and what I am going to continue to say, is that the people in Congress represent the will of the people in America. The entire Congress may not represent the will of the people in my home State, because I think we are more conservative in our spending outlook than most people, but by and large we represent the will of the people of America. When the people of America stop demanding so many of these programs and begin to support us in our efforts to bring fiscal soundness to our budget, then we can do it.

Our President recommended a budget that I think was fairly conservative, taken in the light of the inflationary spiral, but in almost every single program where he recommended cuts I have been lobbied by my constituents back home, to put it back.

I will give you an illustration. I had a delegation call on me from the conservation program. That is a great program, and I, for one, have benefited from it, because I have been a farmer all my life.

But they came to me and said, "Look, if you accept the President's recommendation, you are going to lose 20 men

in your home district." You see, they related it to my district.

Then I had the 4-H Clubs—a great program; I was a 4-H Club member. I remember very well a white-faced steer I took to the fair and sold. It was a great program.

They had young people visit me, who said, "Look, if you follow the President's recommendation, this is what we are going to lose in North Carolina," and they must have listed a dozen different programs.

When I went home this weekend, on the front page of my county paper there was a headline stating that my county plans to ask for a $1 million grant for community action programs.

I am sure we could use that money; but somewhere along the way we are going to have to say, back home, that we can do things ourselves, that these may be things that are desirable, but we cannot afford them. There is not a Member of the Senate, or not a one listening to me today, who has not at one time or other had a desire for a new automobile, or maybe the wife would like to have had a new refrigerator, but you had to take a look at your budget and say, "You know, we just can't afford it at the present time." That is what we are going to have to say to some of our people back home.

Mr. President, I wish now to make a few remarks on the budget as a whole.

The budgetary framework we are about to approve today proposes that the United States spend some $55 billion that it does not have. Although smaller than the $60 billion deficit proposed by the President, this figure is still far too high. This $55 billion deficit will raise the total national debt to about $600 billion. I, for one, do not believe that we can continue this pattern of reckless spending without fundamentally damaging the free enterprise system and our system of limited government. We must find a way to bring the Federal budget into balance.

The deficit we are being asked to approve today will continue a trend of unrestrained deficit spending that, since 1969, has nearly doubled the total national debt. At the end of fiscal 1978 the national debt will total almost $600 billion, up from $279 billion in fiscal 1969. This doubling of the total national debt in under 10 years does not look well for the future solvency of our Government. There was once a day when we resorted to deficit spending only in times of grave national emergency. But since 1969 we have endured massive deficits, whether in time of peace or in times of war, in times of prosperity as well as in times of recession. Our deficit spending has become reckless, uncontrolled, and indiscriminate. What began as an emergency practice has now become standard operating procedure.

Deficit spending is a fundamentally unsound practice and a good deal of our current economic difficulty can be traced to the unrestrained deficit spending of recent years. Deficit spending has become popular, because deficit spending is perceived as a quick means of economic stimulus. This view is faulty. Deficit spending will cause nothing but inflation unless private investment is strong. But—and this is the key link missed by deficit proponents—private investment is undermined by deficit spending. Deficit spending starts a vicious cycle leading to more and more deficit spending: As the Government borrows money to finance deficit after deficit, private investors have less money available to build job-creating business. Starved for funds, the private sector is unable to create enough jobs. Consequently, rising unemployment leads the Government to raise the deficit, starting the cycle anew.

If I may digress for a moment to give a very simple illustration, I am a director of a small savings and loan association in my hometown of about 50,000 people. Either last summer or the summer before—the exact time escapes me—the Federal Government had to have $17 billion in order to meet its obligations, and they put out a particular issue of bonds in denominations as low as $1,000, paying more interest than we were able to pay in our savings and loan association; and we had a run on our savings and loan association of people drawing their money out and putting it in Government bonds.

What that meant was that we had less money to invest in my county, to make available to homebuilders to build homes. That is a cycle that we get into, and I think it is one we ought to be aware of.

Not only does deficit spending "crowd out" private investment and cause inflation, but deficits undermine the business confidence so essential to job-creating investment decisions. The business community perceives that the Federal Government is fundamentally out of control. Businessmen are not going to invest in long-term capital investments when they think Government-fueled inflation is growing. I believe there is mounting evidence that the business community will not make job-creating capital investment until the Federal Government sets its own house in order. Balancing the budget would be an unmistakable signal that the Federal Government will no longer be a disruptive force in the economy.

In the 1960's we thought high inflation and high unemployment were impossible at the same time. Today we have both: high unemployment and high inflation. This worsening picture is the long-term consequence of reckless deficit spending. With our deficits we have created short-term unproductive employment at the expense of long-term investment in plants and factories, with the stable payroll they provide. I believe the inflation picture is bound to worsen despite the President's new anti-inflation drive. Having starved private investment, we will find that our attempts at "economic stimulus" will increasingly cause inflation, not create jobs. It is time we stop the spiral of fiscal irresponsibility before we do irreversible damage to the economy.

The massive deficits of recent years and the damage they have done can clearly be blamed on Congress and on Congress alone. Congress alone has the responsibility and, most importantly the power, to balance the budget. The budget is not balanced, because we have not balanced it. Faced with the unpopular choice between raising taxes and cutting spending, which is important to the people back home, Congress has taken the easy way out—deficit spending. The electoral consequences of raising taxes or cutting spending are short and quick. But the consequences of deficit spending are longer term and not so direct. In responding only to the short-term pressure for more spending and low taxes, Congress has clearly failed in its responsibility to the public.

While Congress must be more disciplined in its spending habits, I believe the time has come to bring a halt to recklessly running up deficits. We have abused the right to tax and to spend, and so we must forfeit part of that right. Only a constitutional amendment limiting Congress can stem the political pressures that have lead to our present excesses, especially if our present Budget Act does not work.

In my home State of North Carolina the constitution requires that the budget be balanced each year. This constitutional requirement has insured the solvency of the State of North Carolina. I think it is time the Federal Government adopt a similar solution to the problem of growing deficits.

In writing the Constitution, the Founding Fathers were guided by the animating principle of the American revolution: "No taxation without representation." The Founding Fathers were careful to insure that the power to tax resided only in those who were the representatives of the taxpayers. Deficit spending violates the principle of taxation without representation, because deficit spending is really a tax on the unborn, and the unborn do not vote. Because the unborn cannot vote, Congress can tax items with impunity. There is not a powerful constituency against deficit spending because the victims of our reckless spending are not yet born. This year alone, we will spend $45 billion paying off an old debt. This figure is sure to grow in years ahead. We must stop burdening our children with taxes that will not benefit them and of which they had no opportunity to approve.

A constitutional amendment limiting the Congress ability to spend beyond receipts has precedent in the profoundest principles of our Constitution. In delineating the powers of the branches of Government, the founders were careful to preserve from congressional control those matters that might be popular in the short run but harmful in the long run. For example, civil liberties were to be guaranteed by the courts rather than by Congress. In many periods of hysteria or intolerance Congress—responsive to the immediate yearnings of the people—might well have repealed basic civil liberties but for the fact that guardianship of these liberties was entrusted to the courts. The founders here as elsewhere recognized that the well-being of the Nation could not be entrusted to short term impulse and convenience. Quite simply, the founders recognized

that we as a nation needed protection from our own short term impulses and passions.

I believe it is time to take the fiscal integrity of the Federal Government out of the hands of those dominated by the short term perspective and insure that integrity by constitutional means. Both the economic chaos we are creating and the most central principles of constitutional Government require nothing less.

Mr. MUSKIE. Will the Senator yield.

Mr. MORGAN. I am delighted to yield.

Mr. MUSKIE. First, I express my appreciation for the Senator's attention today. Second, I would like to say how grateful I have been for the steadfast and understanding support which he has given the Senate Budget Committee and, more importantly, the congressional budget resolutions over the years he has been in the Senate that we have brought those resolutions to the floor. I know for the last 3 years the Senator has been one of only 16 Senators whose support for the budget resolution is above 500. I know that comes, because of his great interest in the problem and his great concern about inflation and about the importance of setting a goal for balancing the budget.

I have listened to what he has had to say this afternoon. I think he is right on target. I appreciate his philosophy. More than anything, I wanted to indicate my recognition of the help that he has given to us and to me particularly over the last 3 years.

Mr. MORGAN. I thank my distinguished colleague very much.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. How much time would the Senator wish?

Mr. MOYNIHAN. Fifteen minutes, if possible.

Mr. MUSKIE. I yield 15 minutes to the Senator.

Mr. MOYNIHAN. I thank the distinguished chairman of the committee.

Mr. President, I would like to raise a concern with the managers of this resolution. The Committee on Finance will soon be coming to the Senate floor with a bill know as H.R. 7200, the public assistance amendments of 1978. This will include a series of important provisions affecting the present public welfare system.

One of these provisions is fiscal relief for State and local governments with respect to their present share of welfare costs. In some jurisdictions these costs are very high indeed. In most of the counties of New York State, for example, they exceed 50 percent of the county budget.

I am chairman of the Subcommittee on Public Assistance of the Finance Committee. Last summer I first proposed such relief in the amount of $1 billion to be allocated among the several States according to their welfare cost burdens. In our hearings, Governors, mayors, county executives, and public welfare administrators made it abundantly clear that not only was such relief essential to them if they were to continue providing welfare recipients the benefits to which they are entitled, but also that such fiscal relief is necessary as a precursor of general welfare reform itself.

This proposition was initially resisted by some, including the present administration, which indicated reluctance to provide fiscal relief until such time as a comprehensive welfare reform plan was fully implemented.

We argued the opposite view, that States and localities ought not to have to wait until 1982 for help with these financial burdens of the welfare system inasmuch as a single clear and undisputed objective of the welfare reform proposal is that the Federal Government should assume a much larger proportion of the local costs of this national program than it now does.

We argued further that the way to build momentum for welfare reform was to begin right now what we could do right now, which was to provide some share of that relief. In time, the President came round on this view, and it was agreed that for the 3 fiscal years commencing with the present one and including the two to follow, there would be fiscal relief for welfare costs, the payments for fiscal 1979 and 1980 to be included in, the President hoped, a general welfare bill which would take effect in fiscal 1981.

Mr. President, I would like to state that I, for one, am still altogether optimistic about our prospects of enacting a major piece of welfare legislation this year. I accept that it is historical to suppose that such an event is ever going to happen but there has been an intervening event of great consequence, which is that the distinguished minority leader and the Senator from Oklahoma, who is the distinguished ranking minority member of the Budget Committee, Senator DANFORTH, of Missouri, and Senator RIBICOFF, of Connecticut, have come forward with a major welfare proposal which represents the first assertion of large bipartisan interest in the Senate for such a measure.

We are now holding hearings on the Baker-Bellmon-Danforth-Ribicoff proposal, and we have in H.R. 7200, among other things, a vehicle by which we might send elements of such a bill back to the House. Members of the House by no means have given up their efforts. We have spent 15 months in bringing ourselves to this stage. To abandon the enterprise now would scarcely abide by our own purposes or previous pronouncements. In my mind, it makes the case for not abandoning fiscal relief.

I would have to say that the report of the first concurrent resolution on the budget for fiscal 1979 is not reassuring with respect to the broader responsibility the Federal Government has taken on to share the increasing resources that flow from a graduated income tax under conditions of protracted inflation with State and local governments which do not have the same resources.

The Budget Committee reports, for example, with respect to function 850, which is general revenue sharing, the level of assistance contemplated over the next 5 years—this is on page 155—would decline from its present 4 percent total of all State and local revenues to about 2 percent in fiscal 1983.

This marks a major decision in political economy. If it goes forward like that, it seems to me I should be most reluctant to see that happen, but in any event that is what is projected here.

Under section 850, for general purpose fiscal assistance, the Budget Committee recommendation is to cut the President's budget request of $15.1 billion to $9.7 billion, a reduction of one-third, or 36 percent. At the same time,—and in striking contrast—on function 350 the committee proposes to increase the President's budget request for agriculture from $7.2 to $12.4 billion, an increase of 70 percent. The figures have been just about reversed; from $7.2 billion agriculture and $15.1 billion for general revenue sharing, we go to $12.4 billion for agriculture and $9.7 billion for revenue sharing.

It is a policy decision of very large moment. My proposal with respect to $400 million is not very sizable. I hope the chairman of the committee will want to comment, inasmuch as revenue sharing has seemed so much to be an urban program. Most Americans live in urban areas. Revenue-sharing is cut by a third.

Mr. MUSKIE. Will the Senator yield?

Mr. MOYNIHAN. Of course, I am happy to yield.

Mr. MUSKIE. With respect to the President's budget in function 850, that number was higher than the committee's, because the administration has proposed a taxable municipal bond option. At the present time, as the Senator knows, municipal bonds are not taxable.

Mr. MOYNIHAN. Yes.

Mr. MUSKIE. What the administration proposed was a substitute for that in the form of an interest subsidy. If we had included that, we would have had to include budget authority in function 850 to cover it. We did not include it.

Mr. MOYNIHAN. Mr. President, I am only harassing the chairman about these bills for the purpose of impressing upon him the minuscule proposal I put before him for a mere $400 million.

Mr. MUSKIE. I understand, but I was puzzled for a moment, because I momentarily forgot why we should be so much lower than the President in budget authority for function 850. Once I recalled the facts, I thought I ought to share the recollection with the Senator from New York.

Mr. MOYNIHAN. I had feared the Senator might, but at the same time, he would grant that on page 155 of the committee report appears the 5-year forecast for general revenue sharing. To cut the proportion of State and local expenditures supplied by revenue sharing by half, from 4 to 2 percent, is an event we will all want to talk about, a proposition we will want to discuss.

Mr. President, what I want now to ask of the chairman is, would the budget resolution as recommended by the Budget Committee prevent the Senate from approving State and local fiscal relief as recommended by the Finance Committee and agreed to by the President?

Mr. BELLMON. Mr. President, if I may respond, the Budget Committee's

recommendations to the Senate do not assume any of the $400 million funding for fiscal relief the Finance Committee recommended. While the Budget Committee's recommendations do not preclude the passage of a fiscal relief provision, such a provision could only be enacted if there were offsetting reductions in one or more of the priority items included in our assumptions. To pay for fiscal relief, the Finance Committee could reduce spending by a total of $400 million in other programs within its jurisdiction. This could be achieved by substituting fiscal relief costs for other increases in expenditures assumed by our committee—such as the social service claims settlement, increased title XX funding, increased health program funding and an expanded earned income tax credit—or by enacting benefit reductions in current programs such as social security, medicare, medicaid, AFDC, and SSI.

What I am saying, Mr. President, is that there is room here, but it is up to the Finance Committee to decide where to use that room.

Mr. MOYNIHAN. I do thank the distinguished Senator from Oklahoma for a very clear and satisfactory reply.

I would like to ask one further question, in order that we might know what our relationships are likely to be. That is, does the Senate Budget Committee oppose fiscal relief in principle? I point out, for example, that the committee's altogether proper concern for inflation may not be most effectively directed to this issue, because we are involved here not with an increase in overall Government expenditure, but with a transfer of levels of expenditure among levels of Government. I wonder if my friend, the Senator from Oklahoma, wishes to comment on that.

Mr. BELLMON. Mr. President, I am very happy to respond. Let me first say that the Senator from Oklahoma does not oppose fiscal relief. In fact, the bill which the Senator from New York mentioned earlier does provide fiscal relief.

Mr. MOYNIHAN. It most assuredly does, and most effectively, I might say.

Mr. BELLMON. The Budget Committee's decision not to assume, in the first budget resolution, that the $400 million would be provided was based on two considerations: First, our judgment that we had to identify any and all uncertain items—and cut those out of the budget wherever possible—in order to hold down the deficit. This is a particular concern this year, as my colleague knows. The deficit is still far too large.

It is up around $55 billion. We felt we had to be vigilant not to let it get any higher than it already is.

Second, the Budget Committee felt that fiscal relief should be addressed as part of the overall welfare reform issue rather than as a forerunner of welfare reform. On the latter point, I would like to make the following personal observations as a coauthor of one of the pending welfare reform proposals:

First. Most people who have studied the welfare system agree that poverty is a national problem—I think that is the key underlying issue here—and that the Federal Government should bear a larger percentage of future welfare costs than it now does. In particular, the burden of welfare financing should be taken off the local property tax in those States where that tax provides much of the support for welfare.

Second. I fear that providing fiscal relief without first enacting a welfare reform bill may slow down the progress of welfare reform, since it will tend to take off some of the pressure for enactment of a reform bill.

The PRESIDING OFFICER (Mr. METZENBAUM). The 15 minutes allotted to the Senator from New York has expired.

Mr. BELLMON. I yield an additional 5 minutes.

Third. President Carter has not included in his budget or otherwise endorsed fiscal relief before welfare reform. His most recent position statement is contained in the March 22 announcement of his urban strategy. He said:

> . . . I propose to phase in the fiscal relief component of the Better Jobs and Income Act as soon as Congress passes this legislation, rather than in 1981 as originally planned.

Fourth. The welfare bill, which six other Senators and I have coauthored (S. 2777), provides fiscal relief for State and local governments, starting in fiscal year 1980 and increasing in fiscal year 1981 and fiscal year 1982. In fiscal year 1982 and beyond, our bill would provide a shift of more than $3 billion per year in State and local costs to the Federal level.

Fifth. I believe personally, and I want to stress this point, that we can and should pass a welfare reform bill this year. If substantial progress can be made between now and September on welfare reform, I would support the addition of money to the second budget resolution if needed to enable fiscal relief to begin in fiscal year 1979, even though it would not start until fiscal year 1980 under the bill that we have introduced, which I support.

What I am saying to the Senator is, if we can get some progress toward welfare reform, I shall be glad to support additional funds.

Mr. MOYNIHAN. I could not be more grateful to the Senator, both for the energy he has shown in the preparation of the welfare bill and in his responses today.

I appreciate the clarification the Senator has provided on first, the considerable flexibility which will exist under this resolution for the finance committee and the Senate as a whole for consideration of fiscal relief, and second, on Senator BELLMON's personal perspectives on fiscal relief and its relationship to welfare reform. While I differ with him on the latter point, I am very pleased that we are in basic agreement on the much more important longer-run fiscal relief question.

I would take 1 more minute of his time just to ask whether there may be some current figures on this whole question of the different rates of revenue increases for the Federal Government and the State and local governments.

The last time I knew, these figures, because of this phenomenon of inflation, suggested that for every 1 percent increase in the revenue of the Federal Government owing to the graduated tax system and an increase of 1 percent or less in revenues of State and local government.

I do not assert this is a fixed ratio in our economy, but it was once rather stable and, if it is still the case, the Federal Government has a responsibility to increase its rate of revenue sharing rather than otherwise if anything like equal levels of governmental competence and fiscal viability are to be retained at the different levels of the Federal system.

Inflation will do many things to us. One thing it will do the quickest is give the Federal Government an extraordinary predominance in the political economy as against State and local governments.

Mr. BELLMON. The Senator's figures are correct. The Federal revenues are increasing more rapidly than State and local governments. But we probably should not press this too far because during hearings this year we were told by competent witnesses that whereas Federal Government budget deficits are $55 billion or $60 billion, the State and local governments are carrying very sizable surpluses.

That is not true in all instances.

Mr. MOYNIHAN. I do thank the Senator from Oklahoma and the Senator from Maine.

I leave the general thought in mind, but I thank them very much for these specific undertakings. I appreciate the time of the committee.

Mr. BELLMON. I thank the Senator. I have enjoyed working with him on this.

Mr. MUSKIE. With respect to the Senator's observations relative to the relationship between Federal revenues and growth in GNP, the figures he used were 1.5 to 1, as I recall.

Mr. MOYNIHAN. That was the early 1970's.

Mr. MUSKIE. That is true as to the personal income tax, but not as to Federal revenues generally. The figure there is between 1.2 and 1.3 percent.

With respect to general revenue sharing, we made no assumptions that would respond to the magnitude of that program, would respond to inflation. That is a decision for Congress to make. The Congress has just renewed general revenue sharing with some increase to reflect inflation. But we felt in committee we ought not make any assumptions about what Congress would do when the next authorization period came up.

Of course, Congress can do whatever it decides appropriate at that time.

Mr. MOYNIHAN. But is it not the case that the figure the Senator has just projected as in the Budget Committee report shows, in effect, a policy decision to reduce the impact of revenue sharing rather considerably unless we decide to do something about it.

The way things are left, we are going to cut the impact of that program in half.

Mr. MUSKIE. I do not think——

Mr. MOYNIHAN. This is not the doing of the Budget Committee at all.

Mr. MUSKIE. But I do not think there

is anything in the history, which is not all that long, to shorten that conclusion. That may happen, but my own guess is that Congress will probably increase the amount by something to reflect inflation.

But may I state, Federal expenditures on the order of $84 billion in the 1979 budget now go to State and local governments through grant and aid programs and block grant programs.

Mr. MOYNIHAN. And that has——

Mr. MUSKIE. That has grown enormously.

Mr. MOYNIHAN. That is the point I would make. This money will make its way back. But if we do not watch out, it will be in very precise grants decided on in Washington and administered from Washington, in contrast to the general theory of revenue sharing which was to maintain local decisionmaking.

Mr. MUSKIE. I understand whenever moves are undertaken to convert those specific grant-in-aid programs to more general block grant programs or general revenue sharing, not only is there response here in Congress where people like to make the spending decisions more directly, but there is also resistance among constituencies at the grassroots who do not like to lose our specific programs.

Mr. MOYNIHAN. Constituencies created by the Federal Government.

Mr. MUSKIE. That is true, but they are there.

Mr. MOYNIHAN. A vertical bureaucracy, to the State capital and the county.

Mr. MUSKIE. There are also State, local and county governments who become constituencies because they see that when programs are converted to general purpose programs like community development programs, for example, that the larger units tend to benefit and the smaller get lumped together in groups where they have to scramble for inadequate funding.

So the problem of shifting from grant-in-aid programs to general revenue sharing is not all that simple.

I have been a proponent for that movement over several years and we may make some progress. I think we ought not ignore the fact, however, that $84 billion is being made available in fiscal year 1979.

There is another point, may I say to the Senator. Although surpluses are not evenly distributed among State governments today, nevertheless, overall, State governments are in surplus.

There are those in politics at the State level who pat themselves on the back for the fact that they are in surplus, whereas the big, bad, Federal Government is in deficit, ignoring the fact that in many cases their surpluses are made possible by the general revenue sharing funds that deepen the Federal deficit.

So there is a little grating of the nerves that takes place in that kind of dialog.

But, nevertheless, I think the Senator has made a valid point. I have long believed when we finally dealt with the welfare problem adequately we would lift that burden to a substantial degree off State and local governments, as we probably should. I think that is likely to happen.

So when we look at the whole picture, at that time we may see the equities a little differently and, hopefully, we will make more equitable distributions of the burden.

I would like to say one other thing, if I may, to the Senator about the tough choices that he will face as he considers the possibility of finding room in this budget resolution for fiscal relief.

The choices to which Senator BELLMON referred are tough ones. We assumed increases in a variety of programs in the Finance Committee jurisdiction, such as $500 million for social services claim settlement, $200 million for increased title funding, and $400 million for an expanded earned income credit. To accommodate fiscal relief, one or more of those may have to be cut.

But, in any case, that option is there.

I agree with what my good friend from Oklahoma said on that point. We do not try to exercise those options for the committees involved.

Mr. MOYNIHAN. You have troubles enough.

Mr. MUSKIE. We inherit all the accumulated problems of all the other committees, and I guess we should not complain about that.

Mr. MOYNIHAN. I thank the chairman and I thank the ranking minority member.

Mr. MUSKIE. Mr. President, earlier, the Senate acted on an amendment presented by the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.). Subsequent to the vote on that amendment, I received a letter from the Secretary of HEW, Joseph A. Califano, Jr., on the subject of the amendment and the intentions of the Department to seek to implement the Inspector General's report which was the basis for that amendment.

I ask unanimous consent that the letter be printed in the RECORD at this point, so that Members who are concerned about the amendment and particularly the Inspector General's report can get this evidence of the Secretary's determination to seek to implement that report.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF
HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., April 24, 1978.

Hon. EDMUND S. MUSKIE,
Chairman, Committee on Budget, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that during floor consideration of S. Con. Res. 80, the First Concurrent Resolution on the FY 1979 Budget, Senator Harry Byrd intends to offer an amendment to reduce outlay authority by $5.6 billion in the three functional categories affecting HEW programs. Specifically, the amendment would eliminate: (a) $500 million from Function 500—Elementary and Secondary Education Programs, (b) $4.1 billion from Function 550—Medicare and Medicaid, and (c) $1.0 billion from Function 600—AFDC and SSI.

According to Senator Byrd, the basis for this sweeping amendment is the recently released annual report by HEW's Inspector General, which estimated that of $148 billion in HEW fiscal year 1977 outlays, between $6.3 and $7.4 billion were unnecessarily or improperly spent. This estimate, which is rough and incomplete, was prepared at my request because I believe it is important that we identify all potential areas of unnecessary and inappropriate expenditures as we strive to eliminate them.

To use this estimate as a basis for making widespread reductions in HEW programs, however, would be a serious mistake. It would attempt to cure complex problems primarily in the entitlement programs of Medicare, Medicaid, AFDC and SSI which have developed over many years.

Adoption of the Byrd amendment would not help to accomplish the goal of eliminating fraud, abuse and error from these programs. Aggressive and sustained action is the way to deal with such problems, and we are committed to such action.

Congress acted last year to assist us in meeting problems of fraud and abuse by approving H.R. 3, the Medicare, Medicaid antifraud and abuse legislation. Enactment of our proposed hospital cost containment bill, now pending before Congress, would represent a major step in dealing with the problem of excessive health care costs. Reducing the excessive number of existing hospital beds will also contribute significantly to a lowering of unnecessary Medicare and Medicaid expenditures. We will also need assistance from Congress in other areas to acquire the necessary tools to eliminate fraud, abuse and waste in Federal health programs.

The other major reduction proposed by the Byrd amendment would be in the area of education activities. It would eliminate Administration initiatives to increase Title I, ESEA to benefit approximately 900,000 more children, increase the Federal share of educating handicapped children, and increase Head Start Funds.

We are committed to improving the management of HEW programs and to assure that taxpayers' dollars are properly spent for the purposes intended. We have undertaken major initiatives to deal with the problems discussed in the Inspector General's report, among them:

Protect Integrity, which uses computer techniques to screen Medicaid claims of doctors and pharmacists for fraud, abuse, and error.

Project Match, which matches payrolls and welfare rolls to identify individuals improperly receiving cash assistance.

Operation Cross-Check, which uses computer techniques to identify government employees who have defaulted on student loans.

A reorganization that consolidated Medicare and Medicaid administration in the Health Care Financing Administration in order to manage more effectively the Federal health dollar and to reduce fraud, abuse, and error.

A reorganization and consolidation of the student assistance program and to put them on a sound financial footing.

Consolidation of all cash assistance programs under the Social Security Administration.

Timely development of criteria for the establishment of State fraud and abuse units in Medicare and Medicaid as required by Congress.

Tightened control over grants and procurements.

Development of major new accounting and quality control systems in Medicare and Medicaid, SSI and AFDC aimed at reducing error rates.

Institution of a major initiative tracking system to monitor departmental provision of services in an effective fashion including error rate reduction.

Proposing major welfare reform legislation to consolidate all cash assistance programs on a single computer system to reduce fraud, abuse, and error.

These and other actions clearly demonstrate our commitment to deal effectively with the problems identified in the In-

spector General's report. Senator Byrd's amendment would not result in the savings he has projected. If adopted, it could instead cause reductions in important discretionary grant programs to meet the outlay levels proposed. We therefore urge the rejection of Senator Byrd's amendment.

Sincerely,

JOSEPH A. CALIFANO, Jr.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. CRANSTON. I want to comment on how this budget resolution affects funding for the Space Shuttle. As most Senators know, the Space Shuttle is a transportation system which enables a space vehicle to be launched, orbit the Earth, and be recovered. As the generation of space vehicles which follows upon the successful Apollo program, the Shuttle will provide us with routine access to space, at considerable savings resulting from phasing out of inefficient nonreusable launch vehicles.

The development plan for Space Shuttle envisions construction of five orbiters. The orbiter is that component of the Shuttle that contains crew and payload and is reusable. Congress, wisely I believe, established a five-vehicle fleet in order to assure that the full potential of the Shuttle system would be realized.

The administration has proposed to reverse the Congress decision and reduce the Shuttle fleet to four orbiters, and consider additional orbiter capacity in future years. The fifth orbiter is needed. At the relatively small additional cost of $265 million, spread out over several years, it constitutes a particularly sound investment. For fiscal year 1979 the funding requirement is small indeed, some $4 million. Moreover, delaying its procurement until fiscal year 1981 will add as much as $235 million to its cost according to reliable estimates. That, in my view is penny-wise and budget-foolish.

Will the chairman tell me whether the budget resolution we are debating today assumes funding for the fifth Space Shuttle orbiter?

Mr. MUSKIE. I know that the distinguished Senator from California is a strong supporter of the Space Shuttle. Let me respond to his question by first noting that the civilian space program, including the Shuttle, falls into Function 250: General Science, Space and Technology. In this function, the Budget Committee is recommending targets of $5.2 billion in budget authority and $5.0 billion in outlays.

Mr. CRANSTON. Yes, I am aware those are the recommended amounts. The chairman will recall our discussion during the Budget Committee markup about this item.

Mr. MUSKIE. As the Senator knows, the Budget Committee does not make its determinations by line items. We do not specify individual programs in the budget resolution, so the Budget Committee has neither endorsed the fifth orbiter nor rejected it.

However, the $5.2 billion budget authority recommended amount would be sufficient to accommodate first year funding of the fifth orbiter, should the authorizing and appropriations committee wish to proceed with it, as the committee's report notes on page 72.

Mr. CRANSTON. I believe the other items that are included in the President's budget in this function are also quite important. They include funds for the National Science Foundation and the basic research programs of the Department of Energy, and the balance of the civilian space program.

To assure funding sufficient to cover the fifth Shuttle orbiter, it is my understanding that the budget authority total in function 250 would need to be $5,220 million. This amount represents the President's budget request for this function of $5,216, which does not include the orbiter plus the orbiter's first year incremental cost, which is only $4 million. Is the $5.2 billion recommended by the committee sufficient to cover the $5,220 required to fund the fifth orbiter and the other programs in this function?

Mr. MUSKIE. Yes. The Budget Committee, as the Senator from California knows, in order to simplify its work and assist others in understanding it, uses the conventional rule of rounding. Under this rule, for example, 5,163 would be rounded up to 5.2 while 5,249 would be rounded down to 5.2.

Mr. CRANSTON. So the $5.2 billion recommended by the committee is not a flat 5,200.

Mr. MUSKIE. That is correct.

Mr. CRANSTON. So that if actual fiscal year 1979 spending in function 250 threatened to total 5,220 in budget authority or even 5,235, the distinguished chairman of the Budget Committee would not come to the floor and suggest that a piece of pending legislation which would create that spending level was breaching the functional target of the budget resolution.

Mr. MUSKIE. As long as the spending, under the rule of rounding, could be rounded down to 5.2, my position would be that the bill does not exceed the target. The committee's past practice and current policy has been and is to define spending as within the target if the amount in question can be rounded to the target amount.

Let me state though that should spending legislation involve additional spending and, when rounded, cause the function 250 total to reach $5.3 billion in budget authority, then the target the committee is now recommending would be considered breached, and I reserve judgment as to what action I would recommend to the Budget Committee as appropriate.

Mr. CRANSTON. I understand that, and I thank the chairman for his clarification of this issue.

Mr. MUSKIE. Again, let me state for the record that the Budget Committee's recommended budget authority target in function 250 of $5.2 billion does not endorse or reject the fifth Shuttle orbiter. The mix of program activity within the functional amounts is for others to determine. But the target of $5.2 billion is not our view of a ceiling of 5,200. If spending can be rounded down to the 5.2 amount, I will not consider the functional target to have been breached. If the fifth orbiter can be funded within such spending, then the target is sufficient to accommodate the orbiter.●

ROUTINE MORNING BUSINESS

(Routine morning business transacted and additional statements submitted today are as follows:)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE UNITED STATES SINAI SUPPORT MISSION—MESSAGE FROM THE PRESIDENT—PM 168

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Foreign Relations:

To the Congress of the United States:

In conformity with Section 4 of Public Law 94–110 of October 13, 1975, I am pleased to transmit herewith the Fifth Report of the United States Sinai Support Mission. It describes the continuing operation of the United States early warning system in the Sinai and its contribution to maintaining the disengagement arrangements between Egypt and Israel under the Sinai II Agreement signed on September 4, 1975.

The estimated cost for operating and maintaining the U.S. early warning system in Fiscal Year 1978, including all contractor and headquarters expenses, is expected to be about ten percent less than the $12.2 million appropriated. For Fiscal Year 1979, the budget is estimated at $11.7 million.

During the six-month period covered in this report, twenty-two minor violations of the Sinai II Agreement were detected. In each instance the violation was an unauthorized aircraft overflight. None of these incidents was serious.

Both parties to the Agreement recently reaffirmed to the Director of the Sinai Support Mission their full confidence in the manner in which the U.S. is discharging its responsibilities in the Sinai and wished this effort to continue as it is at present.

Dramatic developments in the Middle East over the past six months expanded hopes for a comprehensive peace settlement. While the diplomatic process is underway, I believe it imperative that the U.S. continue to meet fully its obligations under existing agreements. The activities of the Sinai Support Mission play an important part in fulfilling these obligations, and I urge continued Congressional support for this effective peacekeeping mission.

JIMMY CARTER.

THE WHITE HOUSE, *April 24, 1978.*

MESSAGE FROM THE HOUSE RECEIVED DURING THE RECESS

Under authority of the order of April 20, 1978, the Secretary of the Senate, on April 20, 1978, received a message from the House of Representatives which announced that the Speaker has signed the following enrolled bill and joint resolution:

S. 2452. An act to authorize funds for the Hubert H. Humphrey Institute of Public Affairs and for the Everett McKinley Dirksen Congressional Leadership Research Center; and

H.J. Res. 649. A joint resolution to authorize the President to call a White House Conference on the Arts, and to authorize the President to call a White House Conference on the Humanities.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on April 21, 1978, he presented to the President of the United States the following enrolled bill:

S. 2452. An act to authorize funds for the Hubert H. Humphrey Institute of Public Affairs and for the Everett McKinley Dirksen Congressional Leadership Research Center.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ALLEN, from the Committee on Agriculture, Nutrition, and Forestry, with an amendment and an amendment to the title:

S. 2146. A bill to amend the Consolidated Farm and Rural Development Act, as amended (Rept. No. 95–752).

By Mr. DECONCINI, from the Committee on the Judiciary, with an amendment and an amendment to the title:

S. 1819. A bill to reduce the cost of operating the Federal criminal justice system, reduce the criminal caseload of the Federal courts, and establish alternatives to criminal prosecution for certain persons charged with nonviolent and, in selected instances, violent offenses against the United States, and for other purposes (Rept. No. 95–753).

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, with an amendment:

S. 2789. A bill to provide authorization for appropriations for the Office of Rail Public Counsel, and for other purposes (Rept. No. 95–754).

EXECUTIVE REPORTS OF COMMITTEES

By Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs:

Saul Silverman, of Pennsylvania, to be Assayer of the U.S. Assay Office at New York, N.Y.

The following-named persons to be Directors of the Securities Investor Protection Corporation:

Hugh F. Owens, of the District of Columbia;

Ralph D. DeNunzio, of Connecticut;

Brenton H. Rupple, of Wisconsin; and

Michael A. Taylor, of New York.

(The above nominations from the Committee on Banking, Housing, and Urban Affairs were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation:

Rear Adm. Robert I. Price, U.S. Coast Guard to be the Commander, U.S. Coast Guard Atlantic Area, with the grade of vice admiral.

Rear Adm. James S. Gracey, U.S. Coast Guard, to be the Commander, U.S. Coast Guard Pacific Area, with the grade of vice admiral.

Rear Adm. John B. Hayes, U.S. Coast Guard, to be the Commandant of the U.S. Coast Guard, with the grade of admiral.

Rear Adm. Robert H. Scarborough, Jr., U.S. Coast Guard, to be the Vice Commandant of the U.S. Coast Guard, with the grade of vice admiral.

(The above nominations from the Committee on Commerce, Science, and Transportation, were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. CANNON. Mr. President, I also report favorably sundry nominations in the Coast Guard which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of April 6, 1978, at the end of the Senate proceedings.)

By Mr. EASTLAND, from the Committee on the Judiciary:

Glen E. Robinson, of California, to be U.S. marshal for the northern district of California.

(The above nomination from the Committee on the Judiciary was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. RANDOLPH (for himself and Mr. SCHWEIKER):

S. 2972. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide special consideration to Opportunities Industrialization Centers and to other community-based organizations in the furnishing of services under that act, and for other purposes; to the Committee on Human Resources.

By Mr. MOYNIHAN (for himself and Mr. MCCLURE) (by request):

S. 2973. A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes; to the Committee on Environment and Public Works.

By Mr. CHURCH (for himself, Mr. JACKSON, Mr. PAUL G. HATFIELD, Mr. MCGOVERN, Mr. EAGLETON, Mr. MCCLURE, Mr. ZORINSKY, Mr. STEVENS, Mr. GRAVEL, Mr. CULVER, and Mr. MARK O. HATFIELD):

S. 2974. A bill to establish a National Historic Trails Category within the National Trails System, to designate certain historic routes as National Historic Trails, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HATHAWAY (by request):

S. 2975. A bill to authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes; to the Committee on Finance.

By Mr. MORGAN:

S. 2976. A bill for the relief of Evelyn Khoury; to the Committee on the Judiciary.

By Mr. PACKWOOD:

S. 2977. A bill for the relief of Renuka Pavia; to the Committee on the Judiciary.

By Mr. MCCLURE:

S. 2978. A bill to amend the Occupational Safety and Health Act of 1970 to prohibit restrictions on work rules in locations in which there is hunting, fishing, or shooting sports, and for other purposes; to the Committee on Human Resources.

By Mr. RIEGLE:

S. 2979. A bill to provide a special program of financial assistance to Opportunities Industrialization Centers in order to provide new motivational and skills training opportunities for welfare recipients, and new incentives for business and industry to coordinate their employment plans and job creation efforts with Opportunities Industrialization Centers and national community-based organizations which have demonstrated effectiveness in developing cooperative relationships with the private sector; to the Committee on Human Resources.

By Mr. CHAFEE (for himself, Mr. DANFORTH, Mr. HELMS, Mr. ROTH, and Mr. DECONCINI):

S.J. Res. 129. A joint resolution directing the Architect of the Capitol to halt construction of the extension to the Dirksen Office Building and providing for the conversion of the site of such extension into a public park to be known as the Philip A. Hart Park and an underground parking garage for tourists and visitors to the Capitol; to the Committee on Rules and Administration.

By Mr. MATHIAS (for himself and Mr. BAYH):

S.J. Res. 130. A joint resolution designating John Philip Sousa's "The Stars and Stripes Forever" as the national march of the United States; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. RANDOLPH (for himself and Mr. SCHWEIKER):

S. 2972. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide special consideration to Opportunities Industrialization Centers and to other community-based organizations in the furnishing of services under that act, and for other purposes; to the Committee on Human Resources.

OPPORTUNITIES INDUSTRIALIZATION CENTERS AND COMMUNITY-BASED ORGANIZATIONS SERVICES IMPROVEMENT ACT

● Mr. RANDOLPH. Mr. President, for myself and the able Senator from Pennsylvania (Mr. SCHWEIKER) I send to the desk for appropriate reference a bill to amend the Comprehensive Employment and Training Act of 1973 to provide that special consideration be given to Opportunities Industrialization Centers and other community-based organizations in the furnishing of services under that act.

As we know, unemployment continues to be one of our most serious national problems. While measures which serve to stimulate job creation may be sufficient to brighten the employment picture for some, there remains a large group of unemployed Americans who are not likely to benefit from an increase in demand. This group, comprised of the young, the minorities, and middle-aged and older workers, those entering the labor market for the first time, and other similarly disadvantaged individuals, share a common problem of little training and even less experience.

We must continue our efforts to combat this pressing national problem. The legislation being introduced today seeks to assure that those organizations, with demonstrated ability to train and successfully place disadvantaged individuals, will be given the opportunity to continue their participation in the attempt to reduce unemployment. It is my belief that special consideration should be given to community-based organizations such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, and other similar groups.

The effectiveness of community-based organizations in delivering quality services is graphically demonstrated by the record of Opportunities Industrialization Centers (OIC). Under the guidance of Rev. Leon Sullivan, the OIC, since its creation in 1964, has trained over 400,000 previously unemployed individuals. Of that number, 75 percent were placed in meaningful jobs following training and 80 percent were retained in those jobs. This impressive record assumes greater significance when viewed in light of the fact that an investment of $1,500 per trainee was able to yield a savings of approximately $2 billion in Federal assistance payments while simultaneously generating $4 billion in wages.

Also of significance is OIC's ability to reach the disadvantaged Americans which CETA was designed to benefit. Of those trained by OIC through its network of 150 community-based chapters in 48 States in 1977, 90 percent were economically disadvantaged, 74 percent were public assistance recipients, 62 percent were heads of families, and 13 percent were veterans. Although OIC is open to all qualified individuals, 75 percent of its participants are members of minority groups and 90 percent of the participants have a high school education or less.

This record makes it readily apparent that OIC, as well as other community-based organizations, can, and do, deliver the requisite services necessary to reach the chronic, hard-core unemployed. This bill seeks to recognize this proven ability.

The Congress supported the provision for special consideration for community-based organizations contained in the Comprehensive Youth Employment and Demonstration Projects Act last year. It should similarly support the special consideration for community-based organizations in other than the Youth titles of CETA proposed by this bill.●

● Mr. SCHWEIKER. Mr. President, I am pleased to join with my distinguished colleague from West Virginia, Mr. RANDOLPH, in sponsoring a bill to improve the Government's employment and training programs by insuring special consideration to Opportunities Industrialization Centers and other community-based organizations in carrying out the programs authorized by the Comprehensive Employment and Training Act.

The unemployment crisis in the United States today is well known to every Member of the Senate. Millions of Americans are unable to find meaningful employment, and even more tragically, a vast number of them are virtually unemployable because they lack the skills, education, or experience necessary to successfully compete in the labor market. This year, Congress will likely enact two major pieces of legislation, the Comprehensive Employment and Training Amendments of 1978 and the Full Employment and Balanced Growth Act of 1978, to deal with this national disaster. In both bills, primary emphasis should be given to assisting the hard-to-employ to obtain meaningful, permanent jobs. The legislation Senator RANDOLPH and I introduce today is designed to improve CETA's services by insuring appropriate utilization of programs of demonstrated effectiveness operated by community-based organizations, such as Opportunities Industrialization Centers of America, Inc.

In my opinion, and as indicated by the statistics presented in Senator RANDOLPH's comments, Rev. Leon Sullivan's Opportunities Industrialization Centers operate our Nation's most effective manpower training programs, particularly in working with the private sector to place trainees in permanent jobs. Many of the witnesses who testified before the Subcommittee on Employment, Poverty, and Migratory Labor on the CETA reauthorization bill last month stressed the need for increased efforts to prepare the hard-to-employ for employment and place them into unsubsidized jobs. To accomplish this, we must take maximum advantage of the effective programs already in operation.

Mr. President, Congress, particularly the Senate, has recognized the effectiveness of OIC and other community-based organizations in past legislation dealing with unemployment. For example, last year, in passing the Youth Employment and Demonstration Projects Act of 1977, Congress adopted a section I sponsored which provided that, in operating the youth employment and training programs authorized by title II of that act, prime sponsors shall give special consideration to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as OIC, the National Urban League, SER-Jobs for Progress, Mainstream, and the like.

In addition, the Comprehensive Employment and Training Act now recognizes the work of OIC and other community-based organizations by specifically listing them as eligible participants in CETA programs. The original language of the Senate-passed version of CETA went a step further, with a provision I sponsored, requiring that prime sponsors give special consideration to OIC and other community-based organizations, just what we propose today, in the operation of job training programs.

Mr. President, I have in the past sponsored several bills designed to fund directly through the Secretary of Labor comprehensive employment and training programs operated by OIC and other community-based organizations. However, concern had been expressed that such an approach would diminish the emphasis on decentralized prime sponsor operation of employment and training programs. Therefore, we do not take that approach in this legislation. Instead, we seek to reassert the consensus of the Senate that CETA prime sponsors, in carrying out the programs authorized by that act, give careful attention and special consideration, just as the law now requires with respect to youth programs, to all programs of demonstrated effectiveness operated by OIC and other community-based organizations.

Mr. President, I hope my colleagues will continue to give these organizations the endorsement they have earned and insure appropriate utilization of their programs in our employment and training activities.

I ask unanimous consent that the text of our bill appear in the RECORD following my statement.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2972

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Opportunities Industrialization Centers and Community-Based Organizations Services Improvement Act".

SEC. 2. (a) Section 103 of the Comprehensive Employment and Training Act of 1973 (hereafter in this Act referred to as the "Act") is amended by inserting at the end thereof the following new subsection:

"(j) Programs receiving assistance under paragraph (1) of subsection (a) of this section shall give special consideration, in carrying out programs authorized under this title, to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, union-related organizations, employer related nonprofit organizations, and other similar organizations.".

(b) Section 202 of the Act is amended by adding at the end thereof the following new subsection:

"(c) Programs receiving assistance under subsection (a) of this section shall give

special consideration, in carrying out programs authorized under this title, to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, union-related organizations, employer related nonprofit organizations, and other similar organizations.".

(c) (1) Section 315 of the Act is amended by inserting "(a)" after the section designation and by adding at the end thereof the following new subsection:

"(b) The Secretary shall, in carrying out the provisions of this title, give special consideration to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, union-related organizations, employer related nonprofit organizations, and other similar organizations.".

(d) Section 407 of the Act is amended by adding at the end thereof the following new subsection:

"(c) In carrying out the provisions of this section, the Secretary shall give consideration to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, union-related organizations, employer related nonprofit organizations, and other similar organizations.".

(e) Section 603 of the Act is amended by adding at the end thereof the following new subsection:

"(d) Programs receiving assistance under paragraph (1) of subsection (a) of this section shall give special consideration, in carrying out programs authorized under this title, to community-based organizations which have demonstrated effectiveness in the delivery of employment and training services, such as the Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, Mainstream, Community Action Agencies, union-related organizations, employer related nonprofit organizations, and other similar organizations.". ●

By Mr. CHURCH (for himself, Mr. JACKSON, Mr. PAUL G. HATFIELD, Mr. MCGOVERN, Mr. EAGLETON, Mr. MCCLURE, Mr. ZORINSKY, Mr. STEVENS, Mr. GRAVEL, Mr. CULVER, and Mr. MARK O. HATFIELD):

S. 2974. A bill to establish a National Historic Trails Category within the National Trails System, to designate certain historic routes as National Historic Trails, and for other purposes; to the Committee on Energy and Natural Resources.

NATIONAL HISTORIC TRAILS ACT OF 1978

● Mr. CHURCH. Mr. President, I am introducing today, along with cosponsors, the National Historic Trails Act of 1978.

When Congress enacted the National Trails System Act 10 years ago, we established a system to identify and protect certain routes of national significance. At that time, two trails, the Appalachian Trail and the Pacific Crest Trail were immediately included in the system due to their spectacular scenic and recreational potential. Fourteen other routes were to be studied by the Departments of Interior and Agriculture to determine if they too should be part of the national system.

Citing increasing demands by the public for outdoor recreation, the original National Trails Act sought to provide high quality scenic and recreational opportunities along specific established trails. The routes selected for study under the 1968 act were thought to be excellent candidates for inclusion within the national system as either national scenic or national recreational trails. However, once the studies were concluded by the executive agencies on some of these 14 trails, those agencies determined that trails such as the Lewis and Clark Trail and the Oregon Trail did not qualify for addition to the national system under the criteria of the 1968 act. For instance, the Department of Interior's report on the Oregon Trail found that:

The Oregon Trail has national historical significance as one of the best known and most heavily traveled routes in the Nation's westward migration, and was a major determinant in settlement of the American Northwest. Strong public support exists for its commemoration and preservation. It does not, however, qualify as a national scenic trail since approximately 80 percent of the route has been altered or destroyed by highways, utility rights-of-way, agriculture, and other activities. It also does not follow a continuous and scenic corridor suitable for hiking and horseback riding which are qualifying criteria for National Scenic Trails.

Similarly, the conclusion reached in the studies of the Mormon Pioneer, Lewis and Clark, and Iditarod (Alaskan Gold Rush) Trails was that each of these trails is of national historical significance, but does not provide the kind of scenic or recreational opportunities necessary for inclusion in the National Trails Systems as it is presently structured. However, each of these studies also recommended including the trail in question within the Trails System as a national historic trail if the 1968 act were suitably amended and the necessary category established.

Mr. President, the legislation I am introduced today has three purposes. First, it corrects the oversight in the 1968 National Trails System Act by creating a new category of national historic trails. Without this new category and the protection it will afford, the heritage of our country's historic migration and transportation routes, with their remaining edifices and artifacts, may be lost forever. And we would be the less for it. Many historic trail remnants have, according to Interior's Oregon Trail report, already been "erased by the bulldozer and the plow." What remains of our historic trails lie "gently on the land, as easily erased as a pencil line on paper."

Second, this bill designates four historic routes, the Oregon Trail, the Mormon Pioneer Trail, the Lewis and Clark Trail, and the Editarod Trail as the first national historic trails. As I mentioned earlier, each of these trails has been thoroughly studied by the various departments and was found to possess outstanding historical qualities which should be protected through inclusion within the national system.

Finally, the legislation amends the 1968 act to provide procedures for the study of other routes to determine the feasibility and suitability of their designation as national historic trails. These new procedures are needed to provide a mechanism to study trails which though not available for intensive recreation, are nonetheless vital parts of America's past.

To qualify for designation as a national historic trail, a trail must meet all three of the following criteria:

It must be a trail or route established by historic use and must be historically significant as a result of that use. The route need not currently exist as a discernable trail to qualify, but its location must be sufficiently known to permit evaluation of public recreation and historical interest potential;

It must be of national significance with respect to any of several broad facets of American history, such as trade and commerce, migration and settlement, or military campaigns. To qualify as nationally significant, historic use of the trail must have had a far-reaching effect on broad patterns of American culture. Trails significant in the history of native Americans may be included;

It must have significant potential for public recreational use or historical interest based on historic interpretation and appreciation. The potential for such use is generally greater along the roadless segments developed as historic trails, and at historic sites associated with the trail. The presence of recreation potential not related to historic appreciation is not sufficient justification for designation under this category.

In the last Congress, I sponsored legislation which was subsequently signed into law to authorize a study of the desirability of designating the route traveled by Chief Joseph and the Nez Perce Indians during their famous retreat of 1877, as a national scenic trail.

During hearings on that legislation before the Parks and Recreation Subcommittee, I suggested that this route should eventually be classified as an historic trail. Although the route is one of classic beauty, it is my belief that its deep historical value should be recognized directly.

It is my intent in introducing this legislation to create a category in the National Trails System which will encompass those routes presently excluded from designation under the 1968 act and those presently under study which more properly should be classified as historical rather than scenic or recreational.

Mr. President, I ask unanimous consent that excerpts from various reports prepared by the Department of Interior, a resolution adopted by the board of directors of the National Trails Council in support of a historic trails category, and the text of the bill be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2974

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Historic Trails Act of 1978".

TITLE I.—FINDINGS AND PURPOSES

SEC. 101. FINDINGS.—The Congress finds that—

(a) The primary purpose for the enactment of the National Trails System Act of 1968 (P.L. 90–543) was to establish a national system of recreational and scenic trails in order to meet some of the outdoor recreation needs of America's expanding population and in order to promote public access to, travel within, and enjoyment and appreciation of the open-air, outdoor areas of the Nation;

(b) The National Trails System Act as amended by P.L. 94–527 established procedures for studying other nationally significant trails to determine the suitability of their inclusion within the National Trails System as National Scenic Trails and identified 22 routes to be so studied;

(c) A number of the studies recently completed pursuant to the National Trails System Act have found that routes of important national historic significance—such as the Oregon Trail, the Mormon Pioneer Trail, the Lewis and Clark Trail, the Santa Fe Trail and the Iditarod Trail—when compared to concepts set forth in P.L. 90–543 and criteria subsequently developed for national scenic trails, are not suitable for inclusion within the National Trails System as National Scenic Trails;

(d) Because these routes presently have no formal protection, they are subject to a multitude of pressures which threaten to alter or destroy their historic values;

(e) Without adequate protection, the heritage of our country's historic migration and transportation routes, with their remaining historic edifices and artifacts, may be lost forever;

(f) It is therefore in the National interest to amend the National Trails System Act to establish a category of National Historic Trails in order to commemorate certain routes important and significant to American history as routes of trade and commerce, migration and settlement, or military campaigns; and

(g) The Oregon Trail, the Mormon Pioneer Trail, the Lewis and Clark Trail, and the Iditarod Trail, all having been studied and found suitable for protection are logical additions to the National Trails System as National Historic Trails.

SEC. 102. PURPOSES.—The Congress declares that the purposes of this Act are to—

(a) Establish within the National Trails System a category of National Historic Trails;

(b) Amend the National Trails System Act to provide procedures for the study of certain trails to determine their suitability for inclusion within the National Trails System as National Historic Trails; and

(c) Designate certain routes of special historical significance as National Historic Trails.

TITLE II.—ESTABLISHMENT OF A NATIONAL HISTORIC TRAILS CATEGORY WITHIN THE NATIONAL TRAILS SYSTEM

SEC. 201. The National Trails System Act (82 Stat. 919; 16 USC 1241), as amended, is further amended as follows:

(a) In section 2(a) after "promote" insert "the preservation of,"; and after "outdoor areas" insert "and historic resources".

(b) In section 2(a) delete "(ii)" and the remainder of the sentence and insert "(ii) secondarily, within scenic areas and along historic travel routes of the Nation, which are often remotely located.".

(c) In section 2(b) delete "and scenic" and insert ", scenic and historic".

(d) In section 3 redesignate subsection "(c)" as "(d)", and insert a new subsection (c) as follows:

"(c) National historic trails, established as provided in section 5 of this Act, which will be extended trails which follow as closely as possible and practicable the original trails or routes of travel of national historical significance. Designation of such trails or routes shall be continuous, but the established or developed trail, and the acquisition thereof, need not be continuous onsite. National historic trails shall have as their purpose the identification and protection of the historic route and its historic remnants and artifacts for public use and enjoyment ".

(e) In the new section 3(d) delete "or national scenic" and insert "national scenic or national historic".

(f) Change the title of section 5 to read "NATIONAL SCENIC AND NATIONAL HISTORIC TRAILS".

(g) In section 5(a), insert in the first sentence after the word "scenic" the words "and national historic" and change the second sentence to read: "There are hereby established the following National Scenic and National Historic Trails:".

(h) In section 5(a)(1), in the first sentence, after the word "Appalachian", insert "National Scenic", and in section 5(a)(2), in the first sentence, after "Pacific Crest", insert "National Scenic".

(i) In section 5(b) after "national scenic" wherever it appears insert "or national historic"; in the first sentence after the phrase "Secretary of the Interior," insert "through the agency most likely to administer such trail,"; delete the third sentence; and delete that portion of the fourth sentence which precedes the numerical listing, and insert in lieu the following: "The studies listed in subsection (c) of this section shall be completed and submitted to the Congress, with recommendations as to the suitability of trail designation, not later than three complete fiscal years from the date of enactment of their addition to this subsection, or from the date of enactment of this sentence, whichever is later. Such studies, when submitted, shall be printed as a House or Senate document, and shall include, but not be limited to:".

(j) In section 5(b)(3) after the semicolon add "and in the case of national historic trails the report shall include the recommendation of the Secretary of the Interior's National Park System Advisory Board as to the national historic significance based on the criteria developed under the Historic Sites Act of 1935 (49 Stat. 666; 16 USC 461);"

(k) In section 5(b)(8) delete the word "and" at the end of the sentence; in section 5(b)(9) change the period at the end of the sentence to a semicolon; and at the end of section 5(b) add the following new paragraphs:

"(10) the anticipated impact of public outdoor recreation use on the preservation of a proposed national historic trail and its related historic and archeological features and setting, including the measures proposed to ensure evaluation and preservation of the values that contribute to their national historic significance; and

"(11) to qualify for designation as a national historic trail, a trail must meet all three of the following criteria:

"(A) It must be a trail or route established by historic use and must be historically significant as a result of that use. The route need not currently exist as a discernable trail to quality, but its location must be sufficiently known to permit evaluation of public recreation and historical interest potential. A designated trail should generally accurately follow the historic route, but may deviate somewhat on occassion of necessity to avoid difficult routing through subsequent development, or to provide some route variation offering a more pleasurable recreational experience. Such deviations shall be so noted on site. Trail segments no longer possible to travel by rail due to subsequent development as motorized transportation routes may be designated and marked outside as segments which link to the historic trail.

"(B) It must be of national significance with respect to any of several broad facets of American history, such as trade and commerce, migration and settlement, or military campaigns. To qualiy as nationally significant, historic use of the trail must have had a far-reaching effect on broad patterns of American culture. Trails significant in the history of native Americans may be included.

"(C) It must have significant potential for public recreational use or historical interest based on historic interpretation and appreciation. The potential for such use is generally greater along roadless segments developed as historic trails, and at historic sites associated with the trail. The presence of recreation potential not related to historic appreciation is not sufficent justification for designation under this category.".

(l) In section 5 delete subsection (d), and insert a new section 5(d) to read as follows:

"(d) The Secretary charged with the administration of each respective trail shall, within one year of the date of the addition of any national scenic or national historic trail to the System, and within sixty days of the enactment of this sentence for the Appalachian and Pacific Crest National Scenic Trails, establish an advisory council for each such trail, each of which councils shall expire ten years from the date of its establishment. The appropriate Secretary shall consult with such council from time to time with respect to matters relating to the trail, including the selection of rights-of-way, standards for the erection and maintenance of markers along the trail, and the administration of the trail. The members of each advisory council, which shall not exceed thirty-five in number, shall serve for a term of two years and without compensation as such, but the Secretary may pay, upon vouchers signed by the chairman of the council, the expenses reasonably incurred by the council and its members in carrying out their responsibilities under this section. Members of each council shall be appointed by the appropriate Secretary as follows:

"(i) a member appointed to represent each Federal department or independent agency administering lands through which the trail route passes, and each appointee shall be the person designated by the head of such department or agency;

"(ii) a member appointed to represent each State through which the trail passes, and such appointments shall be made from recommendations of the Governors of such States;

"(iii) one or more members appointed to represent private organizations, including corporate and individual landowners and land users, which in the opinion of the Secretary, have an established and recognized interest in the trail, and such appointments shall be made from recommendations of the heads of such organizations: *Provided*, That the Appalachian Trail Conference shall be represented by a sufficient number of persons to represent the various sections of the country through which the Appalachian Trail passes; and

"(iv) the Secretary shall designate one member to be chairman and shall fill vacancies in the same manner as the original appointment.".

(m) In section 5 add a new subsection (e) as follows:

"(e) Within two complete fiscal years of the date of enactment of legislation designating a trail as part of the system, and within two complete fiscal years of the date of enactment of this subsection for the Pacific Crest and Appalachian Trails the responsible Secretary shall, after full consultation with affected Federal land managing agencies, the Governors of the affected States, and the Appalachian Trail Conference in the case of the Appalachian Trail, submit to the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the Senate, a comprehensive plan for the acquisition, management, development, and use of the trail, including but not limited to, the following items:

"(1) specific objectives and practices to be observed in the management of the trail, including the identification of all significant natural, historical, and cultural resources to be preserved (along with high potential historic sites and high potential route segments in the case of national historic trails), details of anticipated cooperative agreements to be consummated with other entities, and an identified carrying capacity of the trail and a plan for its implementation;

"(2) an acquisition or protection plan, by fiscal year, for all lands to be acquired by fee title or lesser interest, along with detailed explanation of anticipated necessary cooperative agreements for any lands not to be acquired; and

"(3) general and site-specific development plans, including anticipated costs.".

(n) In section 6 in the first sentence delete "or national scenic" and insert ", national scenic or national historic", and in the second sentence delete "or scenic" and insert ", national scenic, or national historic".

(o) In section 7(a) in the first sentence delete "National Scenic Trails" and insert "national scenic and national historic trails"; in two instances in subsection (b), and in the first sentence of subsection (c), after "scenic", insert "or national historic"; in the fourth sentence of subsection (c), after "trail", insert "and within any high potential historic sites and high potential route segments of any national historic trail"; in subsection (c) in the second proviso, after "recreation" delete "or scenic" and insert ", national scenic, or national historic"; and in the fifth sentence after "recreation" delete "and scenic" and insert ", national scenic, and national historic"; in subsection (d) after "recreation" delete "or scenic" and insert ", national scenic, or national historic"; in subsection (e) after "scenic" in both instances where it appears insert "or national historic"; in subsection (h) in the first sentence after "recreation" delete "or scenic" and insert ", national scenic, or national historic", and in the second sentence after "scenic" insert "or national historic"; in subsection (i) after "recreation" delete "or scenic" and insert ", national scenic, or national historic".

(p) In section 7(c) at the end of the fourth sentence insert the following: "Where a national historic trail follows existing public roads, developed rights-of-way or waterways, and similar features of man's nonhistorically related development, approximating the original location of a historic route, such segments may be marked to facilitate retracement of the historic route, and where a national historic trail parallels an existing public road, such road may be marked to commemorate the historic route.".

(q) In section 7(e), in the first proviso, delete within two years".

(r) In section 7(g), delete the second proviso entirely.

(s) At the end of subsection 7(g) add the following new sentence: For national historic trails, direct Federal acquisition for trail purposes shall be limited to those areas indicated by the study report or by the comprehensive plan as high potential segments or high potential historic sites.".

(t) In section 8 in the first sentence of subsection (a) after "establishing park, forest, and other recreation" insert "and historic" and after "administered by States, and recreation" insert "and historic"; and at the end of the first sentence insert the following: "The Secretary is also directed to encourage states to consider, in their comprehensive statewide historic preservation plans and proposals for financial assistance for State, local, and private projects submitted pursuant to the Act of October 15, 1966 (80 Stat. 915), as amended, needs and opportunities for establishing historic trails.".

TITLE III.—DESIGNATION OF CERTAIN ROUTES AS NATIONAL HISTORIC TRAILS

SEC. 301. The National Trails System Act (82 Stat. 919; 16 USC 1241) as amended, is further amended as follows:

(a) In section 5(a), delete paragraph (3) and insert in lieu the following new paragraphs:

"(3) The National Historic Oregon Trail, a route of approximately two thousand miles extending from near Independence, Missouri, to the vicinity of Portland, Oregon, following a route as depicted on maps identified as 'Primary Route of the Oregon Trail 1841–1848', in the Department of the Interior's Oregon Trail study report dated April 1977, and which shall be on file and available for public inspection in the office of the Director of the National Park Service. The Trail shall be administered by the Secretary of the Interior.".

"(4) The National Historic Mormon Pioneer Trail, a trail of approximately one thousand three hundred miles from Nauvoo, Illinois, to Salt Lake City, Utah, following the primary route of the Historic Mormon Trail depicted on a map, identified as, "————" in the Department of Interior Mormon Trail study report dated ——— —, ——: *Provided*, (a) that while this section of this Act commemorates the entire route of the Mormon Trail along its historic alinement by designation as the National Historic Mormon Pioneer Trail, only those suitable cross-country segments of the Mormon Trail which are within the exterior boundaries of federally administered areas and which meet the national historic trail criteria established in this Act, are established initially as components of the National Historic Mormon Trail; and (b) that the Secretary of the Interior may designate lands outside of the exterior boundaries of federally administered areas as segments of the National Historic Mormon Trail upon application from State or local government agencies or private interests involved if such segments meet the national historic trail criteria established in this Act and such criteria supplementary thereto as the Secretary may prescribe, and are administered by such agencies or interests without expense to the United States.".

"(5) The National Historic Lewis and Clark Trail, a trail of approximately three thousand seven hundred miles, extending from Saint Louis, Missouri, to the mouth of the Columbia River in Oregon, following the outbound and inbound routes of the Lewis and Clark Expedition depicted on maps, identified as, "Vicinity Map, Lewis and Clark Trail study report dated April 1977: *Provided*, (a) That while this section of this Act shall commemorate the entire route of the Lewis and Clark Expedition along its historic alinement by designation as the National Historic Lewis and Clark Trail, only those selected land and water based components of the Lewis and Clark Trail which are within the exterior boundaries of federally administered areas and which meet the national historic trail criteria established in this Act, are established initially as components of the National Historic Lewis and Clark Trail; and (b) that the Secretary of the Interior may designate land outside of the exterior boundaries of federally administered areas as segments of the National Historic Lewis and Clark Trail upon application from State or local government agencies or private interests involved in such segments meet the national historic trail criteria established in this Act and such criteria supplementary thereto as the Secretary may prescribe, and are administered by such agencies or interests without expense to the United States.".

"(6) The National Historic Iditarod Trail, a trail of approximately one thousand six hundred miles extending from Seward to Nome Alaska, following the route(s) as generally depicted on the maps identified as 'The Seward-Nome Route', in the Department of Interior's Alaskan Gold Rush Trails study report dated September 1977, and which shall be on file and available for public inspection in the office of the Director of the National Park Service. The trail shall be administered by the Secretary of the Interior.".

TITLE IV.—MISCELLANEOUS PROVISIONS

SEC. 401. The National Trails System Act (82 Stat. 919; 16 USC 1241), as amended, is further amended as follows:

(a) At the end of section 7, insert the following new paragraphs:

"(j) The provisions of section 5(a) of this Act designating certain national historic trails, do not prohibit the construction, reconstruction, or improvement of roads, highways, railroads, or water transportation routes which may be designated as segments of a national historic trail."

"(k) Notwithstanding any other provision of law, the designation of any trail under section 5(a) of this Act as a national historic trail shall not prohibit the construction of new transportation or utility systems across or along portions of the trail right-of-way.

SEC. 402. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

STUDY REPORT: OREGON TRAIL

FOREWARD

The Oregon Trail was a wagon road stretching 2,000 miles from Missouri to Oregon's Willamette Valley. It was not a road in any modern sense, only parallel ruts leading across endless prairie, sagebrush desert, and mountains to an unknown Promised Land.

A quarter of a million people set out on this faint track, their possessions reduced to what could be carried in a wagon or on the backs of their livestock. Most said goodbye forever to friends, relatives, and familiar places. Many were destined to a shallow grave along the way, and the Oregon Trail often has been called the longest cemetery in the Nation.

To survivors, the 6-month journey was the most important event in their lives. Over 700 of them left diaries and journals. These written accounts, together with remnants and relics of the trail itself, today provide a window to the past.

Many trail remnants have been erased by the bulldozer and the plow. Much of the route today lies under highways and city streets, or traverses farmland where prairie grasses and sagebrush have given way to corn and wheat. Here and there, however, are segments relatively untouched by civilization. Much of the Oregon Trail's potential for public enjoyment lies in these visible remnants, and in the historic sites associated with the trail.

What remains of the Oregon Trail lies gently on the land, as easily erased as a pencil line on paper. If protected, these remnants can provide future generations the opportunity to catch glimpses of our land as it appeared to the emigrants, to relive vicariously their great adventure, and to sense the enormity of its consequence . . .

STUDY REPORT: THE MORMON TRAIL

NATIONAL SIGNIFICANCE

Background

The history of the United States during the nineteenth century was one of discovery, exploration, and settlement of a vast continental area. Within the space of a few years the boundaries of the United States were pushed across half the continent. The most significant aspect of this era was the movement of emigrants. The optimistic farmer, moving with his family to Oregon; the persevering Mormon, searching for a home in which he might live in peace; and the adventurous Forty-Niner, hurrying to the new El Dorados with visions of the wealth that awaited him there—all these carried American civilization westward and built the foundations for a new society.

The Mormon migration was unique by contrast to other migrations and was one of the dramatic events in the history of American westward expansion. It was a permanent movement of a whole people—family groups led by Brigham Young to a new location and a fresh start. Except for possibly the segment in Iowa, Young Mormon pioneers did not originate the route they followed. It was a combination of several existing routes beginning with the earlier trapper, missionary, and Indian trails, and the more widely known Oregon, Overland, and California Trails. Yet, the Mormon emigration "differed profoundly from the Oregon and California westward migrations."[1]

For their journey from Nauvoo, Illinois, Brigham Young set forth the organization and rules by which the Mormons would travel. For example, the pioneers were directed to organize themselves into tens, fifties, and hundreds. During 1847 these groups were organized in semi-military fashion with Brigham Young as general and others serving as company captains, hunters, and scouts.

Unlike most of the California- or Oregon-bound emigrants, the first thoughts of Brigham Young's pioneer company were to improve the journey for the Mormons who would follow. They "noted good campgrounds, wood, water, grass, measured distances and set up mileposts."[2] *The Emigrants' Guide*, compiled by William Clayton, a member of the Mormon pioneer party, became the guidebook for thousands of emigrants who followed their trail.

The Mormons established semi-permanent camps and ferries, graded down the steep approaches to fords, and cleared boulders out of the path. In contrast, the Oregon- and California-bound emigrants continued to follow the steep descent at Windlass Hill above Ash Hollow. They did little to make the route easier because none expected to go that way again. The Mormons not only traveled west, but also eastward to pick up supplies and new converts at the Missouri River, or to meet faltering companies and help them on to Salt Lake City.

The Mormons were one of the principal forces in the settlement of the West. "They opened up southern Iowa, from Locust Creek to the Missouri, made the first roads, built the first bridges, and established the first communities along the route."[3]

They made Winter Quarters (Florence, a suburb of Omaha) and Kanesville (Council Bluffs) into outfitting points that rivaled Independence, Westport, and St. Joseph of Oregon Trail fame. "They defined the road up the north side of the Platte that is now the route of both U.S. 30 and the Union Pacific Railroad."[4]

[1] Wallace Stegner, *The Gathering of Zion—The Story of the Mormon Trail* (New York: McGraw-Hill Book Company, 1964), p. 11.

[2] Ibid.

[3] Ibid., p. 6.

[4] Ibid., p. 7.

National qualities

Existing national monuments, Federal, State, and local recreation areas, and scenic tour routes provide a full range of outdoor recreation opportunities along or accessible from the Mormon Trail.

Many historic points along the 1,300-mile (2,092-km.) route have high potential for historical interpretation and/or recreation. National recognition would enhance the importance of historic values commemorated at these sites and encourage preservation and interpretive facilities for a trail now considered only part of a broad migration corridor to the west.

Most of the original Mormon Trail has disappeared across Iowa and Nebraska. Croplands and highways have removed all but a few traces of the route. However, in the western sections through Wyoming and Utah, much of the environment is little different today than it was in 1847. In these sections, numerous ruts and other trail evidence remain undisturbed.

Various bluffs and geologic features form impressive landmarks along the natural migration corridor. Notable among these are the Mississippi and Des Moines Rivers, which the Mormons crossed in their journey from Illinois through Iowa. Farther west in Nebraska the corridor included such prominent natural landmarks as Courthouse and Jail Rocks, Chimney Rock, and Scotts Bluff. Now a national monument, Scotts Bluff offers a sweeping panorama of the North Platte Valley from its summit. From this point, Chimney Rock lying 25 miles (40 km.) east and Laramie Peak looming 100 miles (161 km.) west can be located.

In contrast to the pastoral scenes of Iowa and the river valley of Nebraska, the mountain and desert scenery of Wyoming and the forested rugged mountains and canyons of Utah provide awe-inspiring, ever-changing scenery.

Spectacular and colorful rock formations and the snowcapped Wind River Range border the trail. The scene along the Sweetwater River remains virtually unchanged with features including Devils Gate and Split Rock which rises 1,000 feet (305 meters) above the valley floor in this semidesert region.

Significant segments of the trail and adjacent trails were used by early-day Indians, ancient cliff-dwelling tribes, explorers, missionaries, fur traders, mountain men, and the fabled miners. Ghost towns, mining operations, museums, and reconstructed "boom towns" associated with the Old West are in evidence along the trail corridor.

The potential for connecting trails of nationwide interest is exceptional. In addition to following the corridor of the nationally known Oregon Trail, the Mormon Trail crosses the Lewis and Clark Trail at the Missouri River and the Continental Divide Trail at South Pass. In places it parallels the Overland Stage, Cherokee, and Pony Express Trails. It has connections with several other Old West routes, including the Lander Cut-Off and the Sidney-Deadwood, Bozeman, Pikes Peak, and Cheyenne-Deadwood Stage Trails, to name only a few.

STUDY REPORT: THE IDITAROD (SEWARD-NOME ROUTE) AND OTHER ALASKAN GOLD RUSH TRAILS—DEPARTMENT OF THE INTERIOR, SEPTEMBER 1977

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The Seward-Nome (Iditarod) route is composed of a number of trails and side trails developed at different times during the Gold Rush Era. The Iditarod strike began in 1908; it was the last of the major Alaskan strikes and prompted the Alaska Road Commission to improve the Rainy Pass-Kaltag section of the Seward to Nome trail. Because the Iditarod mining district was the most common destination of travelers in this last phase of the Gold Rush Era, the name Iditarod Trail has become a term of convenience to describe the many geographic and historic segments of the Seward to Nome trail. These trails, aggregating 2,037 miles, offer a rich diversity of climate, terrain, scenery, wildlife, recreation, and historic resources in an environment largely unchanged since the days of the stampeders. It is the isolated, primitive quality of this historical environment that makes the Iditarod National Historic Trail proposal unique. No where in the National Trails System is there such an extensive landscape, so demanding of durability and skill during its winter season of travel. On Iditarod, today's adventurer can duplicate the experience and challenge of yesteryear.

Though comprehensive studies of historic resources remain to be done, preliminary surveys have indicated that the Iditarod Trail possesses national historical significance. Rapid erosion of known historic resources, and impending threats to the primitive quality of the trail, are immediate concerns. Should the Congress act favorably on the Iditarod Trail proposal, comprehensive studies and management programs would be initiated to preserve the trail's historic environment and resources.

STUDY REPORT: LEWIS AND CLARK TRAIL

INTRODUCTION

Historical background

In 1803 President Jefferson commissioned two Army officers, Captains Meriwether Lewis and William Clark, and their Corps of Discovery, as the Expedition was commonly known, to explore routes through the newly purchased Louisiana Territory and to secure and extend this claim to the Pacific Ocean. In May of 1804, the group left the preparation camp near Wood River, Illinois, to cross vast regions of the Louisiana Territory and the Pacific Northwest in one of the most important events in Western United States history.

They followed the Missouri River upstream for approximately 2,400 miles to Three Forks in Montana, then the Jefferson River to its headwaters, and thence the Beaverhead River to the vicinity of the Continental Divide at Lemhi Pass. Proceeding toward the Pacific, the explorers followed the Salmon River, recrossed the Montana-Idaho border at Lost Trail Pass and continued through the Bitterroot Valley to the vicinity of Lolo, Montana. Again crossing the Montana-Idaho border, this time at Lolo Pass, the group began its westward descent along the Clearwater, Snake, and Columbia Rivers. In November 1805, they arrived at the Pacific Ocean.

On the return trip, the Expedition followed the same general route as far as Lolo, Montana, where they formed into two groups. Captain Lewis followed the Bitterroot, Clarks Fork and the Blackfoot Rivers to cross the Continental Divide at what is now Lewis and Clark Pass. He descended the Sun River and explored the upper reaches of the Marias River before proceeding down the Missouri River. Captain Clark traveled south to cross the Divide at Gibbon's Pass, descended the Beaverhead and Jefferson Rivers and then crossed to the Yellowstone River. He followed the Yellowstone downstream and joined Lewis below its confluence with the Missouri River.

Captain Clark and Captain Lewis together made the remainder of the trip down the Missouri and arrived at St. Louis in September 1806.

NATIONAL SIGNIFICANCE

Background

The Lewis and Clark Expedition of 1804–1806 is considered by many to be one of the most important factors in the expansion of the Continental United States. It paved the

way for the settlement and development of the Northern Plains, the Rocky Mountains, and the Pacific Northwest. This journey had a profound and lasting effect on the political, economic, and geographic development of the western half of the Nation.

The need for exploration of the western portions of the continent had become apparent to President Jefferson long before Napoleon made his offer to sell the Louisiana Territory. In his address to Congress on January 18, 1803, Jefferson asked for and was granted an appropriation of $2,500 for an expedition across the continent to the Oregon Country.

Later that year, Napoleon offered to sell all of the Louisiana Territory for $15 million. Jefferson took this opportunity and on October 25, 1803, the United States Senate ratified the Louisiana Purchase Treaty.

On May 14, 1804, with the firing of a cannon shot, the Lewis and Clark Expedition set forth from their winter camp at the mouth of Wood River, Illinois, to secure the American claim. The trip lasted 2 years, 4 months, and 9 days and encompassed about 7,500 miles. Few similar journeys were so well managed and so free from errors in judgment, miscalculations, and tragedy. Only an incident with the Sioux Indians at the mouth of the Bad River and another with the Blackfeet which resulted in the deaths of two Indians marred the trip. The only death among members of the Expedition was that of Sergeant Floyd and is presumed to have resulted from a ruptured appendix.

The contacts made with the Indians by Lewis and Clark were of great political importance in the Government's later dealings with the various tribes. By completing a journey up the Missouri River and then down the Columbia to the Pacific Ocean, the Americans strengthened their claim to the Oregon Country.

There were significant economic benefits resulting from the Expedition. Trappers and then traders gradually penetrated this rich land. Lewis and Clark established that beaver were abundant and exploitation began almost immediately. The fur trade was the principal industry of the area until the late 1830's when the price for pelts declined.

Descriptions and specimens of the flora and fauna taken back by members of the Expedition added considerably to the scientific knowledege existing at that time. Birds, small mammals, hides, and boxes of Indian articles were returned to the East. Detailed descriptions of the pronghorned antelope, the Columbia blacktailed deer, beaver, bobcats, foxes, wolves, and squirrels were prepared.

Geographically, the Expedition had more far-reaching effects. Prior to the journey, it was generally assumed that a mere 20 miles separated the Missouri headwaters from the headwaters of the Columbia River which could be followed to the sea. They had not anticipated mountains as extensive as the Rockies. Instead of 20 miles, they were forced to traverse almost 200 miles of rugged territory to reach a tributary of The Snake River. Most significant, however, was the final realization that a northwest water passage to the Orient could never exist.

NATIONAL QUALITIES

On this 7,500-mile journey, the Lewis and Clark Expedition traversed a wide variety of physical environments. From the hardwood forests of the northern Ozarks to the rolling grasslands and cottonwood river bottoms of Kansas, Nebraska, and Iowa, they followed the muddy Missouri River into what is now the Dakotas. Bison, antelope, and other game were plentiful along the rolling grasslands.

In Montana, the explorers passed through the desolate, but beautiful, Missouri "Breaks," where spectacular rock formations bordered both sides of the river. In western Montana, the Expedition encountered pine-covered slopes of the Rocky Mountains. After crossing the snow-capped Continental Divide, they descended tributaries of the Columbia to the Pacific. Here they spent a cold, damp winter on the densely forested Pacific Coast. Portions of this wilderness which the explorers crossed have been drastically changed by man, while other portions remain virtually unchanged from the way they appeared to Lewis and Clark.

The Missouri River has since been channeled and impounded. Numerous towns and cities appear along the banks. Although much of the river is no longer wild, much of its charm remains. The river is lined with cottonwoods and flanked by cultivated fields, creating a pastoral scene. Waterfowl still follow the Missouri in their seasonal migration, and catfish are found in the old oxbows and along the river banks.

The great change has been the construction of six large dams on the river from Nebraska to central Montana. These reservoirs, which are almost end-to-end through the Dakotas, have inundated many of the historic sites and scenic features related to the Expedition. The loss to historians has been a gain for recreationists. The large lakes now offer abundant opportunities for boating, swimming, and fishing.

West of Fort Peck Reservoir in Montana are the Missouri Breaks. The beauty of this area prompted one member of the party to record, "These hills exhibit a most extraordinary and romantic appearance as the water has worn the soft sandstone into a thousand grotesque figures which seem the productions of art, so regular is the workmanship . . ." This stretch of river between Fort Peck Reservoir and Fort Benton remains, today, in its appearance and in its wild nature, much as it was in 1805.

After a long portage around the Great Falls of the Missouri and a difficult decision at Three Forks, the party chose the Jefferson River and followed it and the Beaverhead to the Continental Divide at Lemhi Pass. Along this stretch they first experienced the ruggedness and the beauty of the Rocky Mountains. Portions of this area have been developed, but the beauty still remains.

The Salmon River and the Lolo Trail followed by the Expedition through the Idaho Mountains remain relatively untouched by modern man. The area is characterized by steep valleys, coniferous forests, lakes, and rapidly flowing streams.

The remainder of the party's westward journey followed the Snake River, and finally, the Columbia River to the Pacific Coast. Both of these rivers have undergone major development and modifications. The impoundments on the Snake are in remote, isolated canyons, while those on the Columbia are paralleled by good roads and are easily accessible.

Many changes in the character of the land and water have occurred during the last 165 years. Much of the wild land has been tamed. The rivers have been harnessed by large dams. Although the wildness has been diminished, the opportunities for fishing, boating, and camping have been increased many fold as a result of the river development projects.

RESOLUTION OF THE NATIONAL TRAILS COUNCIL PERTAINING TO THE ESTABLISHMENT OF NATIONAL HISTORIC TRAILS

Whereas, there are many trail routes in the United States which are of national historic significance, and

Whereas, the National Trails System Act does not contain provision for designation of historic trails, and a number of trails having historical significance which are presently under study for designation as national scenic or recreation trails do not meet the criteria for such designation; and

Whereas, it is important that the historical significance of these routes as foundations of the country's development be preserved for the enjoyment, recognition and understanding of future generations of Americans.

Therefore, be it resolved that the National Trails Council, an organization representing members of the public and government involved in the establishment and use of all types of trails, urges the Congress of the United States to amend the National Trails System Act to provide for the category of National Historic Trails and Travelways; and

Be it further resolved that the National Trails Council urges the U.S. Department of the Interior and the U.S. Department of Agriculture to support such legislation, including the preparation of and immediate submittal of appropriate draft legislation to Congress to accomplish this objective.●

○ Mr. GRAVEL. Mr. President, I am delighted to join Senator CHURCH in sponsoring legislation to create a new system of national historic trails.

Last Congress I introduced legislation—reintroduced this Congress as S. 929—to create a category of historic trails within the National Trails System and to designate the Iditarod Trail in Alaska as a national historic trail. Since that time several other bills have been introduced designating potential historic trails, and legislation dealing with several of these trails has cleared the House. This legislation being introduced today consolidates the various historic trail bills before the Senate and forms the basis for a comprehensive new system of trails which I believe will be a significant asset to the National Trails System and to our Nation's historic resources.

The trail of particular concern to me is the Iditarod Trail. This trail with its major branches and alternate routes stretches nearly 2,000 miles between Seward and Nome, Alaska. The various routes were used first by Native peoples and later by those seeking gold during the famous Alaskan Gold Rush days at the turn of the century. Primarily a winter route, the trail served as the only communication and transportation link with the "Outside" for many of the gold mining boomtowns during the 6 to 8 months when the rivers and seas were frozen.

Today a few segments near population centers are being used as recreational trails by dog mushers, cross-country skiers, snow-machiners, hikers, and other outdoor enthusiasts. Some segments are still used as winter transportation links between remote Alaskan villages. Other segments have been overlain by roads and the Alaskan Railroad, while still other segments remain as faint to nonexistent traces through Alaska's bush. In commemoration of the historic trail and to the vital role of dog mushing in Alaska's history, a 1,000-mile dogsled race has been held annually since 1973 between Anchorage and Nome. This race remains the supreme test of man and dog with travel conditions and stamina requirements varying little from that experienced by mushers 80 years ago.

This bill incorporates virtually all of the provisions of my bill, S. 929. However, there are some differences which I want to emphasize and which I will seek modifications of prior to passage of this legislation. The Iditarod Trail was found by the Department of the Interior to not qualify as a national scenic trail due to

large stretches of trail having very low potential as developed, hiking-type trails such as the Appalachian Trail, due to the use of off-road vehicles along many portions, and due to development of roads and a railroad over portions of the trail.

It is important to emphasize that although there are segments which are unroaded, they are still not suitable for development as hiking-type trails. In addition, many of these unroaded segments are being used for recreational purposes and basic transportation purposes by off-road vehicles, primarily snowmachines.

Thus, at least in the case of the Iditarod Trail I will be recommending that the fourth sentence in section 7(c) of the National Trails System Act prohibiting off-road vehicle use on national scenic trails not be applied to historic trails. I do recognize that there may be segments of historic trails where it will be desirable to limit off-road vehicle uses to protect historic sites and sensitive environmental areas, but this should be dealt with administratively on a case-by-case basis by the trail manager.

Another concern which I understand is shared by others supporting this historic trails legislation is that the entire trail corridor may somehow be treated as a national historic site as that term is used under section 4(f) of the National Transportation Act. This section provides that no Federal actions may be taken affecting such sites unless there is no prudent and feasible alternative, and if there is none, that substantial mitigation be done. Because existing roads and railroads and potential road crossings and corridors will be a part of the Iditarod Trail, I think we need language clarifying that this legislation should not be construed as to interfere with normal upgrading and work on existing transportation systems or prohibit the development of new transportation systems across or along portions of the trail route. There, of course, may well be specific historic sites along the route which would merit 4(f) protection.

I am quite confident that these concerns will be addressed and satisfactorily resolved in the consideration of this bill. I strongly urge my colleagues to join with me in support of this bill and to seek its swift passage.●

By Mr. HATHAWAY (by request):

S. 2975. A bill to authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes; to the Committee on Finance.

SUPPLEMENTARY FISCAL ASSISTANCE ACT OF 1978

● Mr. HATHAWAY. Mr. President, today, by request, I am introducing the administration's draft bill "To authorize a supplementary fiscal assistance program of payments to local governments." The legislation would replace the Anti-recession Fiscal Assistance program which expires on September 30, 1978.

The Senate Finance Subcommittee on Revenue Sharing, Unemployment Compensation and Economic Problems has scheduled a hearing at 10 a.m. on May 3, 1978 to consider supplemental fiscal assistance to State and local governments.

I ask unanimous consent that the Senate Finance Committee press release concerning the hearing be included in the RECORD.

Also, in order that my colleagues may have an opportunity to fully consider the administration's recommendations on this important Federal measure, I ask unanimous consent that the text of the administration bill and a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2975

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Supplementary Fiscal Assistance Act of 1978."

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 102. FINDINGS.—The Congress finds and declares—

(a) that local governments represent a significant segment of the national economy whose sound fiscal and economic condition is essential to national economic prosperity;

(b) that secular economic decline and national economic problems have imposed considerable hardships on many local government budgets;

(c) that general purpose assistance has been especially helpful to those governments experiencing secular economic problems which are aggravated by severe cyclical fluctuations; and

(d) that a general assistance program which aids local communities requiring fiscal relief is an essential component of a comprehensive urban policy.

AUTHORIZATION OF PAYMENTS

SEC. 103. (a) IN GENERAL.—The Secretary of the Treasury (hereinafter referred to as the "Secretary") shall in accordance with the provisions of this Act make payments to local governments, territories, Indian tribes, and Alaskan Native villages to provide fiscal assistance to areas experiencing substantial unemployment or a high degree of fiscal strain or secular economic decline as reflected in disproportionately slow growth in employment, per capita income, and population.

(b) PAYMENTS TO RECIPIENT GOVERNMENTS.—The Secretary shall pay, not later than five days after the beginning of each calendar quarter, to each eligible local government, territory, Indian tribe, and Alaskan Native village, which has filed a statement of assurances under section 106, an amount equal to one fourth of the annual amount allocated to such government under section 104. The first quarterly payment shall be made within the first five days of October 1978. Payments under this Act may be made with necessary adjustments on account of overpayments or underpayments.

(c) AUTHORIZATION FOR APPROPRIATIONS.—There is hereby authorized to be appropriated for payments to eligible local governments, territories, Indian tribes, and Alaskan Native villages for the fiscal year 1979 the sum of $1,040,000,000, and for the fiscal year 1980 the sum of $1,000,000,000, and such additional sums in each fiscal year as may be necessary for the administration of this Act.

LOCAL GOVERNMENT ALLOCATION

SEC. 104. (a) IN GENERAL.—The Secretary shall allocate to each eligible local government from the amount appropriated for payments for each fiscal year pursuant to section 103, an amount for each such fiscal year equal to such government's local government percentage multiplied by an amount equal to the difference between the amount appropriated pursuant to section 103 and the amounts allocable pursuant to sections 113 and 114. Such allocation shall be made by the Secretary during the September preceding the appropriate fiscal year for which such allocation is made, based on the most current available data, pursuant to rules issued section 111 of this Act.

(b) LOCAL GOVERNMENT PERCENTAGE.—For purposes of this Act the local government percentage for an eligible local government is equal to the quotient resulting from—

(1) the product of the local distribution index for such eligible local government multiplied by the local revenue sharing amount for such eligible local government, divided by

(2) the sum of such products for all eligible local governments.

(c) DEFINITIONS.—For purposes of this Act—

(1) "local government" means a county, municipality, township, or other political subdivision of a State which is a unit of general government (determined on the same principles as are used by the Bureau of the Census for general statistical purposes), and performs substantial governmental functions. Such term includes the District of Columbia.

(2) "eligible local government" means a local government which satisfies the following conditions:

(A) For a local government with boundaries in whole or in part within a Standard Metropolitan Statistical Area (SMSA), as defined by the Department of Commerce and reported to the Secretary (hereinafter "SMSA governments"), an "eligible local government" is a local government which, in the area under its jurisdiction, either—

(i) has a local unemployment rate as determined pursuant to subparagraph (3)(A) in excess of 4.5 percentage points; or

(ii) satisfies at least two of the following:

(a) the local rate of growth in employment, as determined pursuant to subparagraph (3)(B), is less than the rate of growth in employment in all SMSA's;

(b) the local rate of growth in per capita income, as determined pursuant to subparagraph (3)(C), is less than the rate of growth in per capita income for all SMSA's;

(c) the local rate of growth in population, as determined pursuant to subparagraph (3)(D), is less than the rate of growth in population for all SMSA's.

(B) For a local government with boundaries entirely outside an SMSA (hereinafter "non-SMSA governments"), an "eligible local government" is a local government which meets the unemployment or growth criteria set forth in subparagraphs (2)(A)(i) or (ii), above, except that the term "non-SMSA" is inserted in lieu of "SMSA."

(3) Local rate of unemployment, and local rate of growth in employment, per capita income, and population are determined as follows:

(A) "Local unemployment rate" is the rate of unemployment in the area under the jurisdiction of the local government during the most recent four calendar quarters for which data are available, as determined or assigned by the Secretary of Labor and reported to the Secretary. In the case of a local government for which the Secretary of Labor cannot determine a local government unemployment rate, the Secretary of Labor shall assign such local government the local unemployment rate of the smallest unit of local government or appropriate geographic area for which a local unemployment rate has been determined and within the jurisdiction or area in which such local government is located, unless an unemployment rate has been provided for the local government to the Secretary of Labor by the Governor of the State in which the local government is located and such rate has been determined

by the Secretary of Labor to have been developed in a manner consistent with procedures used by the Secretary of Labor and then assigned to the local government.

(B) "Local rate of growth in employment" is the rate of employment growth determined by subtracting from the employment in the area under the jurisdiction of a local government for the most recent four calendar quarters for which data are available, the employment within such area for a four calendar quarter period which preceded such recent four calendar quarters by either five or six years (depending on which prior year data are most useful), as determined by the Bureau of Labor Statistics for the Secretary of Labor, and dividing this difference by the employment within such area for the earlier four calendar quarter period. In the event that data are not available for such earlier period for determining an allocation under this section, the Secretary of Labor shall determine the rate of growth in employment on the basis of data for the most appropriate period of time less than five years preceding the most recent year for which data are available. In the case of a local government for which the Secretary of Labor cannot determine employment for a local government, the Secretary of Labor shall assign to such local government the local rate of growth in employment of the smallest unit of local government or appropriate geographic area for which such rate has been determined and within the jurisdiction or area in which such local government is located, unless a local rate of growth in employment has been provided for the local government to the Secretary of Labor by the Governor of the State in which the local government is located and such rate has been determined by the Secretary of Labor to have been determined in a manner consistent with procedures used by the Secretary of Labor and then assigned to the local government. The local rate of growth in employment shall be determined or assigned by the Secretary of Labor and reported to the Secretary.

(C) "Local rate of growth in per capita income" is determined by subtracting from the per capita income in the area under the jurisdiction of a local government for the most recent year for which data are available, the per capita income within such area for a year which preceded such recent year by either five or six years (depending on which prior year data are most useful), as determined by the Bureau of the Census for the Secretary of Commerce for general statistical purposes, and dividing this difference by the per capita income within such area for the earlier year. In the event that data are not available for such earlier period for determining an allocation under this section, the Secretary of Commerce shall determine the local rate of growth in per capita income on the basis of data for the most appropriate period of time less than five years preceding the most recent year for which data are available. The local rate of growth in per capita income shall be determined by the Secretary of Commerce, and reported to the Secretary.

(D) "Local rate of growth in population" is determined by subtracting from the population in the area under the jurisdiction of the local government for the most recent year for which population data are available, the population in such area as of a date which preceded the date of the most recently available population data by either five or six years (depending on which prior year data are most useful), as determined by the Bureau of the Census for the Secretary of Commerce for general statistical purposes, and dividing this difference by the population within such area for the earlier year. In the event that data are not available for such earlier period for determining an allocation under this section, the Secretary of Commerce shall determine the local rate of growth in population on the basis of data for the most appropriate year less than five years preceding the most recent year for which data are available. The local rate of growth in population shall be determined by the Secretary of Commerce and reported to the Secretary.

(4) "Local revenue sharing amount" for a local government is the amount determined under section 108 of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. § 1221 *et seq.*), for such local government for the most recently completed entitlement period, as defined under section 141(b) of such Act.

(5) "Local distribution index" means:

(A) For each SMSA government, the largest of the quotients resulting from—

(i) subtracting 4.5 percentage points from the local unemployment rate for such government and dividing the difference by the standard deviation weighted by population of all SMSA governments' unemployment rate, using 4.5 percentage points as the midpoint in calculating the weighted standard deviation;

(ii) subtracting the local rate of growth in employment for such government from the rate of growth in employment for all SMSA (as calculated from data collected by the Bureau of Labor Statistics for the Secretary of Labor and reported to the Secretary for the same time period) and dividing the difference by the standard deviation weighted by population of all SMSA governments' rates of growth in employment for the same time period;

(iii) subtracting the local rate of growth in per capita income for such government from the rate of growth in per capita income for all SMSAs (as calculated from data collected by the Bureau of the Census for the Secretary of Labor and reported to the Secretary for the same time period) and dividing the difference by the standard deviation weighted by population of all SMSA governments' rates of growth in per capita income;

(iv) subtracting the local rate of growth in population for such government from the rate of growth in population for all SMSAs (as calculated from data collected by the Bureau of the Census for the Secretary of Labor and reported to the Secretary for the same time period) and dividing the difference by the standard deviation weighted by population of all SMSA governments' rates of growth in population.

(B) For each non-SMSA government, the same as it does for a SMSA government under subparagraph (5)(A) above, except that the term "non-SMSA" is to be inserted in lieu of "SMSA."

(d) ALLOCATION LIMITATIONS.—

(1) If the amount which would be allocated for any fiscal year to any eligible local government, territory, Indian tribe and Alaskan native village under this Act is less than $200, then no amount shall be paid to such government hereunder.

(2) The maximum amount payable annually to a local government under this Act shall be the lesser of the annual allocation determined under this section or the amount allocated during the period beginning July 1, 1977 and ending June 30, 1978 under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.*), except for those governments which received no allocation under such Act during the period beginning July 1, 1977 and ending June 30, 1978.

(3) Amounts allocated under this section in excess of the maximum allowed under paragraph (d)(2) shall be reallocated to those remaining eligible local governments that have not exceeded the maximum allocation under paragraph (d)(2). Governments with no allocations under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.*), for the period beginning July 1, 1977 and ending June 30, 1978 shall not be eligible for such reallocations under this paragraph.

(e) LOCAL GOVERNMENT LOCATED IN A LARGER ENTITY; BOUNDARY CHANGES AND GOVERNMENTAL REORGANIZATION, ETC.—

(1) ONLY PART OF UNIT LOCATED IN LARGER ENTITY.—If only part of a local government is located in a larger governmental entity, such part shall be treated for allocation purposes as a separate unit of local government, and all computations except as otherwise provided in section 104(c)(2)(A) and appropriate rules, shall be made on the basis of the ratio which the estimated population of such part bears to the population of the larger governmental entity.

(2) BOUNDARY CHANGES, GOVERNMENTAL REORGANIZATION, ETC.—If by reason of boundary line changes, State statutory or constitutional changes annexations or other governmental reorganizations, or other circumstances, the application of any provision of this section to a local government does not carry out the purposes of this Act, the application of such provision shall be made, under rules prescribed by the Secretary, in a manner which is consistent with such purposes.

USES OF PAYMENTS

SEC. 105. Each local government, territory, Indian tribe, and Alaskan native village shall use payments made under this Act for basic services customarily provided to persons in the area under the jurisdiction of such government, including expenditures for capital outlay and basic governmental operations.

STATEMENT OF ASSURANCES

SEC. 106. Each eligible local government, territory, Indian tribe, or Alaskan native village my receive payments under this Act only upon filing with the Secretary a statement of assurances, at such time and in such manner as the Secretary prescribes by rule. The Secretary may not require any such government to file more than one such statement during each fiscal year. Each statement shall contain—

(a) an assurance that the requirements of section 105 will be complied with;

(b) an assurance that such government will—

(1) use fiscal, accounting, and audit procedures which conform to guidelines established therefore by the Secretary (after consultation with the Comptroller General of the United States), and

(2) provide to the Secretary (and to the Comptroller General of the United States), on reasonable notice, access to, and the right to examine, such books, documents, papers, or records as the Secretary may reasonably require for purposes of reviewing compliance with this Act;

(c) an assurance that reasonable reports will be furnished to the Secretary in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this Act;

(d) an assurance that the requirements of section 107 will be complied with;

(e) an assurance that the requirements of section 108 will be complied with;

(f) an assurance that such government will spend amounts received under this Act only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

NONDISCRIMINATION

SEC. 107. (a)(1). IN GENERAL.—No person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity of a local government, territory, Indian tribe or Alaskan native village which receives funds made available under this Act, or any program or activity of any State, local or territorial

government funded in whole or in part with funds received under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.*). Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. § 6101 *et seq.*) or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*) shall also apply to such programs or activities. Any prohibition against discrimination on the basis of religion, or any exemption, from such prohibition, as provided in the Civil Rights Act of 1964 (42 U.S.C. § 2000e (2)) or title VIII of the Act of April 11, 1968 (42 U.S.C. § 3601 *et seq.*), shall also apply to such programs or activities.

(2) EXCEPTIONS.—

(A) FUNDING.—The provisions of paragraph (1) of this subsection shall not apply where any State, local or territorial government or Indian tribe or Alaskan native village demonstates, by clear and convincing evidence, that the program or activity with respect to which the allegation of discrimination has been made is not funded in whole or in part with funds made available under this Act or title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.*).

(B) CONSTRUCTION PROJECTS IN PROGRESS.—The provision of paragraph (1), relating to discrimination on the basis of handicapped status, shall not apply with respect to construction projects commenced prior to January 1, 1977.

(b) ENFORCEMENT AND REMEDIES.—The provision of subsection (a) of this section shall be enforced by the Secretary in the same manner and in accordance with the same procedures as are required by sections 122, 124, and 125 of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. § 1221 *et seq.*), to enforce compliance with section 122(a) of such Act. The Attorney General shall have the same authority, functions, and duties with respect to funds made available under this Act and under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.*) as the Attorney General has under sections 122 (g) and (h) and 124(c) of such first cited Act with respect to funds made available under that Act. Any person aggrieved by a violation of subsection (a) of this section shall have the same rights and remedies as a person aggrieved by a violation of subsection (a) of section 122 of such first cited Act, including the rights provided under section 124(c) of such Act.

LABOR STANDARDS

SEC. 108. All laborers and mechanics employed by contractors on all construction projects funded in whole or in part by payments under this Act or title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.) shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. §§ 276a, 276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan No. 14 of 1950 (15 CFR 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. § 276c).

WITHHOLDING

SEC. 109. Except as otherwise provided by section 107(b), whenever the Secretary, after affording reasonable notice and an opportunity for a hearing, finds that a State, local or territorial government or any Indian tribe or Alaskan Native village has failed to comply substantially with any assurance filed pursuant to section 106 of this Act or title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.), the Secretary shall notify that government, tribe or village that further payments will not be made under this Act until he is satisfied that there is no longer any such failure to comply. Until he is satisfied, no further payments shall be made to such government, tribe or village under this Act.

DATA PROVISION RESPONSIBILITIES

SEC. 110. The Secretary of Labor and the Secretary of Commerce shall provide information and data necessary to the administration of this Act. Such information and data shall be provided for each local government, and shall be made available when necessary to the Secretary to assist him in carrying out the provisions of this Act. The Secretaries of Labor and Commerce shall also advise the Secretary as to the availability and reliability of relevant information and data.

RULEMAKING

SEC. 111. The Secretary is authorized to prescribe, after consultation with the Secretary of Labor and the Secretary of Commerce, such rules as may be necessary for the purpose of carrying out his functions under this Act. Such rules shall be prescribed by the Secretary not later than ninety days after the effective date of this Act.

REPORTS

SEC. 112. The Secretary shall report to Congress as soon as is practical after the end of each calendar year during which payments are made under the provisions of this Act. Such reports shall include detailed information on the amounts paid to each local or territorial government, Indian tribe and Alaskan Native village under the provisions of this Act and any amounts withheld by the Secretary pursuant to sections 107 and 109.

ALLOCATION TO PUERTO RICO, GUAM, AMERICAN SAMOA AND THE UNITED STATES VIRGIN ISLANDS

SEC. 113. (a) IN GENERAL.—There shall be allocated for each of the fiscal years 1979 and 1980 for the purpose of making payments under the Act to the Commonwealth of Puerto Rico, Guam, American Samoa and the Virgin Islands, an amount equal to 1 percent of the amount appropriated pursuant to section 103, multiplied by the applicable territorial percentage.

(b) ALLOCATIONS.—

(1) Territorial percentage.—For purposes of this section, the territorial percentage is equal to the quotient resulting from the division of the territorial population of a territory by the sum of the territorial populations for all territories.

(2) For purposes of this section—

(A) "territory" means the government of the Commonwealth of Puerto Rico, Guam, American Somoa or the Virgin Islands;

(B) "territorial population" means the most recent population for each territory as determined by the Bureau of the Census for the Secretary of Commerce and reported to the Secretary;

(3) The provisions of sections 103, 104 (d)(1), 105, 106, 107, 108, 109, 110, 111, and 112 shall apply to payments to the territories under this Act.

(c) PAYMENTS TO TERRITORIAL LOCAL GOVERNMENTS.—The governments of the territories are authorized to make payments to local governments within their jurisdiction from sums authorized by and received pursuant to this Act as they deem appropriate.

ALLOCATIONS TO INDIAN TRIBES AND ALASKAN NATIVE VILLAGES

SEC. 114. (a) IN GENERAL.—There shall be allocated for each of the fiscal years 1979 and 1980 for the purpose of making payments under the Act to Indian tribes and Alaskan Native villages, an amount equal to 0.3 percent of the amount appropriated pursuant to section 103, multiplied by the applicable Indian tribe or Alaskan Native village percentage.

(b) ALLOCATIONS.—

(1) Indian tribe or Alaskan Native village percentage.—For purposes of this section, the Indian tribe or Alaskan Native village percentage is equal to the quotient resulting from the division of the Indian tribe or Alaskan Native village population by the sum of the populations for all Indian tribes and Alaskan Native villages.

(2) For purposes of this section—

(A) "Indian tribe or Alaskan Native village" means an Indian tribe or Alaskan Native village which has a recognized governing body and performs substantial governmental functions.

(B) "Population" means the most recent population for each Indian tribe or Alaskan Native village as provided by the Bureau of Indian Affairs for the purposes of the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. 1221 et seq.).

(3) The provisions of section 103, 104(d)(1), 105, 106, 107, 108, 109, 111, and 112 shall apply to payments to the Indian tribes and Alaskan Native villages under this Act.

APPLICABILITY TO ANTIRECESSION FISCAL ASSISTANCE

SEC. 115. Except for section 213 of title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 et seq.), and except as otherwise provided herein, such title II is repealed and the provisions of this Act shall govern the expenditure by State, local and territorial governments (as defined in title II) of funds made available under title II.

SECTIONAL ANAYSIS OF A BILL

"To authorize a supplementary fiscal assistance program of payments to local governments, and for other purposes."

Section 101. Short Title. This section provides that the Act may be cited as the "Supplementary Fiscal Assistance Act of 1978."

Section 102. Findings of Fact and Declarations of Policy. This section sets forth a policy statement on the importance of the economic well-being of local governments to the national economy. Many local governments have experienced secular decline, and are also suffering from the effects of national economic problems. Due to these economic factors, there is a need for a program to continue general purpose fiscal assistance to local governments experiencing budgetary hardship due to secular economic decline. In addition, assistance to local governments is an essential element of a comprehensive urban policy.

Section 103. Authorization of Payments. This section authorizes the Secretary of the Treasury (hereinafter referred to as "the Secretary") to make payments each calendar quarter to local governments experiencing substantial unemployment (above 4.5%) or secular economic decline, as reflected in slow growth or decline in two of the three following factors: employment, per capital income and population. (§ 103(a) and (b)).

This section also authorizes an appropriation of $1,040,000,000 for each of fiscal year 1979 and $1,000,000,000 for fiscal year 1980 for payments to eligible local and territorial governments, Indian tribes and Alaskan native villages, in addition to funds necessary for the administration of the program. This level of funding for the program is consistent with the President's budget. Payments are authorized only to local and territorial governments, Indian tribes and Alaskan native villages, and the level of funding represents

an amount that approximates such governments' aggregate share under title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.;* hereinafter referred to as "title II").

State governments are excluded for several reasons. As independent political entities, State governments have a variety of revenue sources that are not available to local governments. Further, many State governments have current revenue surpluses and, as a whole, are less in need of supplemental fiscal assistance than local governments experiencing substantial unemployment or secular economic decline. Also, State governments are generally not experiencing a secular economic decline. Direct payments to local governments will be made effective in alleviating budgetary hardships resulting from high levels of unemployment and secular economic decline within a local jurisdiction.

The existing program under title II contains several variable factors which control the level of funding nationally, and to individual governments each quarter. These fluctuations in funding cause a considerable decree of uncertainty on the part of recipient governments and hinder their efforts to plan, budget and efficiently use the funds. A great deal of the uncertainity as to funding levels and eligibility in the existing program is eliminated in the program under this Act. The latter provides for the amount appropriated to be allocated and paid nationally during a fiscal year. Also, the possibility that funding would cease when the national rate of unemployment fell to six percent has been deleted from this Act.

Payments would continue to be made on a quarterly basis but allocations to the individual governments would be made annually; quarterly allocation and reallocation, as required by the existing program, are no longer deemed necessary since the mitigation of cyclical fluctuations is no longer a purpose of the legislation. Local governments would thus have adequate notice of whether they are eligible for the program, and of the amount of their payment for the upcoming fiscal year. Payments would be made within the first five days of each calendar quarter in fiscal years 1979 and 1980.

The program of payments under this Act, like those under the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. § 1221 *et seq.*) and title II of the Public Works Employment Act of 1976, as amended (42 U.S.C. § 6721 *et seq.*), is not a grant or financial assistance program. It is an entitlement program and, as such, is not governed by the requirements and conditions normally applicable to grant or financial assistance programs.

Section 104. Local Government Allocation. This section contains the formula, definitions and eligibility criteria used to allocate funds to local governments under this Act. The formula criteria are necessarily complex to accommodate the various measures of fiscal strain and financial need.

Section 104(a) provides that each eligible local government's annual allocation under the Act will equal its "local government percentage" multiplied by the appropriation for the fiscal year less the amounts allocable to the territories under § 113 and to Indian tribes and Alaskan native villages under § 114.

Section 104(b) provides the method for determining a "local government percentage." That percentage represents each government's share of the annual appropriation. A local government percentage is computed by multiplying a government's "local distribution index" (a term defined in § 104 (c)(5)) by its local revenue sharing amount for the most recently completed general revenue sharing entitlement period, and then dividing the product of that multiplication by the sum of such products for all eligible local governments nationally.

This allocation formula differs from the formula under title II which is geared exclusively to unemployment, and multiplies a government's unemployment rate in excess of 4.5% by its local revenue sharing amount. The local government index used for the program in this Act utilizes several additional data factors in measuring fiscal need. The local revenue sharing amount data factor under the current legislation is retained because of its factors of tax effort, population and per capita income. Also, it is incorporated so as to produce a result consistent with the distribution pattern of the current program.

Section 104(c) sets forth the eligiblity criteria and the method of calculating a local government index for each eligible local government.

The definition for a local government (§ 104(c)(1)) is substantially the same as the definitions used in the State and Local Fiscal Assistance Act of 1972, as amended (31 U.S.C. 1221 *et seq.*) and title II.

Eligibility (§ 104(c)(2)) is limited to fiscally distressed local governments because State governments generally have a greater revenue raising capacity and would be better able to replace title II funds.

For the purpose of determining eligibility, local governments are divided into two categories—those wholly or partly within a standard metropolitan statistical area (SMSA) (§ 104(c)(2)(A)) and those entirely outside an SMSA (non-SMSA) (§ 104(c)(2)(B)). Because of techniques used to generate unemployment and employment data, separation into SMSA and non-SMSA groups will compensate for and minimize measurement discrepancies between the sizes of potential recipient governments. Fiscal stress between urban and rural governments may not be comparable by the same measures, and the SMSA/non-SMSA distinction is intended to equalize the relative posture of each group.

A government will be eligible if it has an unemployment rate in excess of 4.5%, or if it satisfies two of the following three conditions: (1) its local rate of growth in employment is less than such rate for all SMSAs (or non-SMSAs); (2) its local rate of growth in per capita income is less than such rate for all SMSAs (or non-SMSAs) or; (3) its local rate of growth in population is less than such rate for all SMSAs (on non-SMSAs). Therefore, a government can qualify on the basis of its unemployment rate, or its slow growth as compared to its group (SMSA or non-SMSA) in two of the three data factors specified above (employment, population or per capita income). Generally, these growth rates are determined by subtracting from the most recently available data for each data category, the data for a preceding comparable period of time for all eligible local governments, or for a specific government, as appropriate, and dividing that difference by the data for such prior period.

The eligibility criteria measure the government's secular economic condition and serve as indicators of a government's fiscal strain, if any.

The use of a local unemployment rate (§ 104(c)(3)(A)) in excess of 4.5% results in targeting to areas with higher fiscal strain, since unemployment rates above this level generally reflect the magnitude of secular decline, such as decline in employment, low assessable base growth, and high tax burdens. Unemployment rate is a conceptually straightforward measure of economic distress that is widely accepted by the public, Congress, and various interest groups, and is used in the current program. Therefore, the use of unemployment also provides a link with the existing distribution pattern. A virtue of unemployment rates is their availability on a current basis. The use of an unemployment rate above 4.5% also serves as a measure of a local government's social welfare burden in terms of welfare payments, and health and criminal justice services.

The local rate of growth in employment (§ 104(c)(3)(B)) is a good indicator of the long term trend of the local economy. When used in conjunction with the local rate of growth in per capita income and population, it may give a better indication of secular economic decline in rural government areas than unemployment alone. Also, it represents the employment aspects of the unemployment, and is more indicative of government revenues, since employment generates tax receipts.

As a determinant of taxable wealth and level of economic activity, measurement of local rate of growth in per capita income (§ 104(c)(3)(C)) gauges each government's economic position relative to its group (SMSA or non-SMSA). For governments in rural areas, this is a particularly good indication of relative secular economic decline. Per capita income is also an important measure of living standards and purchasing power, and therefore relates directly to economic conditions and government financial condition. This indicator can also provide a measure of underemployment, which is particularly common in rural areas because many agricultural jobs pay low wages in relation to manufacturing or service jobs, and there are often too few full-time jobs relative to population.

Recent evidence indicates that there is a direct relationship between local rate of growth in population (§ 104(c)(3)(D)) and fiscal condition. Generally, cities with declining or slowing population growth have greater fiscal strain.

The local rate of growth in population is also considered to be a good indicator of a community's attractiveness in terms of its ability to draw future residents and a labor supply and, thus, of its future economic health. The local rate of growth in population may reflect past shifts in economic activity as well as how to predict future changes. Individuals make residential choices for a number of reasons. To the extent that people move in search of better employment opportunities, the rate of growth in population is a second-order indicator of past economic performance.

Population changes affect governmental revenues and expenditures, either directly or indirectly, since they impact the economic base of a government. For example, the residential property tax is the foundation of most local government revenues. Changes in population influence the amount of property tax revenues by causing changes in the market value of residential property. As the population of a city increases, demand for available housing is likely to rise and so will its market value and, thus, property tax revenues. Although the supply of housing will in time expand in response to this rise in demand, this does not happen immediately. A fall in a city's population produces the opposite effect: demand drops, as do market values and property tax receipts. The supply of housing in this instance is usually even more unresponsive and will remain constant for some time.

Once the SMSA and non-SMSA eligible governments are identified, then next step is to determine each eligible government's "local distribution index" (§ 104(c)(5)). Several calculations are used so that each government gets the benefit of whichever one produces the highest result. These four

separate calculations are based on the following data: (1) the local rate of unemployment in excess of 4.5%; and the local rates of growth in (2) employment, (3) per capita income, and (4) population. For each of these data categories, the difference between a local government's rate and its group's (SMSA or non-SMSA) rate is divided by the standard deviation (weighted by population to account for differences in size between governments) of the rates of the governments in its group.

Once this index is developed for each government, it is used to compute that government's local government percentage. That percentage represents a local government's share of the total funds to be made available for payments to local governments each fiscal year of the program.

Section 104(d) provides that if the annual allocation to a local or territorial government, Indian tribe or Alaskan native village for a fiscal year is less than $200, such government shall not receive any payment for that fiscal year. Allocations below $200 per year are too small to be meaningful to those governments and the processing of the payments creates a substantial administrative burden (§ 104(d)(1)).

The other limitation on allocations (§ 104 (d)(2)) is that a government may not receive more funds under the Act than it received under title II during the period beginning July 1, 1977 and ending June 30, 1978, except for those governments which received no allocation under such Act during that time period. Funds made available due to this allocation constraint will be redistributed to the remaining governments (§ 104 (d)(3)). Governments that received no allocations under title II during the aforementioned time period will not benefit from this redistribution of funds.

Section 104(e) provides authority regarding treatment, for allocation purposes, of a local government located only in part within a larger political entity, and authority to take into account boundary changes and governmental reorganizations.

Section 105. Use of Payments. This section provides that payments under the Act shall be used for basic services customarily provided to persons under the jurisdiction of the recipient local or territorial government, Indian tribe or Alaskan native village. The governments may use payments for the same governmental purposes for which as they use their own revenues, including capital expenditures for equipment and construction projects. This provision eliminates the restriction on capital expenditures currently applicable to payments under title II. As with funds under title II, these payments may be used as the local contribution for a Federal matching grant to be utilized in a manner not inconsistent with the Act.

Section 106. Statement of Assurances. This section provides that in order for a local or territorial government, Indian tribe or Alaskan native village to receive a payment, a statement of assurances shall be filed annually with the Secretary. The signatory government shall assure the Secretary that it will comply with the following conditions in the expenditure of payments under the draft bill: the government will use the funds for basic expenditures as set forth in section 105 (§ 106(a)); it will use fiscal, accounting and audit procedures that conform to guidelines established by the Secretary (after consultation with the Comptroller General) (§ 106 (b)(1)), it will provide access to the Secretary (and the Comptroller General) of any books, documents, papers or records as the Secretary may require to review compliance within the provisions of the Act (§ 106(b) (2)); it will make such reports as are requested by the Secretary to carry out the purposes of the Act (§ 106(c)); it will comply with the nondiscrimination requirements of section 107 (§ 106(d)) and the labor standards requirements of section 108 (§ 106(e)); and it will use payments only in accordance with the substantive laws and budgetary procedures that are applicable to the use of its own source revenues (§ 106(f)). The latter assurance is currently in the State and Local Fiscal Assistance Act of 1972, as amended, and title II and would be the principal restriction on the use of the payments under this Act.

Section 107. Nondiscrimination. This section prohibits discrimination on the basis of race, color, national origin or sex under any program or activtiy funded by payments under either this Act or title II (§ 107(a)(1)). Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. § 6101 *et seq.*) or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*) also applies to any such program or activity; the handicap discrimination provisions would not be applicable to construction projects begun before January 1, 1977 (§ 107(a)(2)(B)). The ban on discrimination on the basis of religion in the Civil Rights Act of 1964 (42 U.S.C. § 2000e(2)) and in title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601–19) also applies to such program or activity. In addition, the provisions of the State and Local Fiscal Assistance Act of 1972, as amended and title II with respect to fund tracing (§ 107(a)(2) (A)), administrative enforcement, the authority of the Attorney General to intervene or initiate suit, and private remedies (31 U.S.C. § 1242, 1244–45), are incorporated in this section (§ 107(b)) of the Act.

Thus, the section is substantially similar to the pertinent provision in title II. However, it is intended that any act of discrimination alleged to have occurred prior to the effective date of this Act, despite the repeal of title II, will continue to be subject to the jurisdiction of the Secretary.

Section 108. Labor Standards. This section provides that all laborers and mechanics employed by contractors on construction projects funded in whole or in part by payments under this Act or title II shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor under the Davis-Bacon Act (40 U.S.C. §§ 276a–5).

This section is substantially identical to the pertinent provision in title II. However, it is again intended that the Secretary retain jurisdiction, notwithstanding the repeal of title II.

Section 109. Withholding. This section provides that after affording reasonable notice and an opportunity for a hearing, payments shall be withheld by the Secretary from a government that has failed to perform any action covered by any assurance required by section 106 of this Act or by title II, except for the nondiscrimination provisions, until the Secretary is satisfied that compliance with that section has been achieved. For discrimination cases, the remedies and procedures of section 107 apply.

Section 110. Data Provision Responsibilities. This section requires the Secretary of Labor and the Secretary of Commerce to collect and make available to the Secretary the data needed to administer the Act. The Secretaries of Labor and Commerce are also required to advise the Secretary as to the availability and reliability of data relevant to the program.

Section 111. Rulemaking Authority. This section authorizes the Secretary, after consultation with the Secretaries of Labor and Commerce, to prescribe rules necessary to carry out his functions under this Act, not later than 90 days after the effective date of this Act.

Section 112. Reports. This section provides that the Secretary shall report to Congress as soon as practical after the end of each calendar year during which payments are made, on the amounts paid to local governments, Indian tribes and Alaskan native villages, as well as withholding actions taken pursuant to section 107 (Nondiscrimination) and section 109 (Withholding).

Section 113. Allocations to Puerto Rico, Guam, American Samoa, and the United States Virgin Islands ("territories"). This section allocates to these territories, in the aggregate, an amount equal to 1 percent of the amount appropriated for each fiscal year (§ 113(a)). Each of the territories shall receive an allocation based on its population compared to the total population of all the territories (§ 113(b)(1)). Each territory may allocate such sums to the local governments within its jurisdiction as it deems appropriate (§ 113(c)). This is similiar to the pertinent provision in the title II, except that the funds paid to the territories under his Act are not in addition to the funds paid to the eligible local governments.

Section 114. Allocations to Indian tribes and Alaskan native villages. This section allocates to Indian tribes and Alaskan native villages, in the aggregate, an amount equal to 0.3 percent of the amount appropriated for each fiscal year (§ 144(a)). Each tribe or village shall receive an allocation based on its population compared to the total population of all Indian tribes and Alaskan native villages (§ 114(b)(1)). This differs from title II, under which the tribes and villages are generally treated in the same manner as local governments.

Section 115. Applicability to Antirecession Fiscal Assistance. This section repeals title II with certain exceptions and provides that the expenditure of any funds made available in fiscal year 1977 and 1978 provided under title II, which remain unexpended, shall be governed by the provisions of this Act. Thus, restrictions under title II relating to use and other matters will no longer be applicable to the expenditure of those funds, after this Act become effective. Since the countercyclical aspects of the existing program are no longer relevant under this Act, funds remaining available for expenditure will not be subject to the requirements that have been imposed for countercyclical purposes. The exceptions to repeal are for the purpose of ensuring that the assurance, nondiscrimination, labor standards and withholding provisions of title II remain in force with respect to title II funds. It is intended by this means to preserve the Secretary's jurisdiction over noncompliance which has, or is alleged to have, occurred prior to the effective date of this Act.

Subcommittee on Unemployed Compensation, Revenue Sharing and Economic Problems Announces Hearing on the Supplemental Fiscal Assistance Proposals Contained in the President's National Urban Policy Recommendations

Subcommittee Chairman William D. Hathaway (D.-Maine) today announced that a hearing will be held on May 3, 1978, on the President's national urban policy recommendations regarding supplemental fiscal assistance for State and local governments. These proposals would replace the Antirecession Fiscal Assistance Act which expires on September 30, 1978.

The hearing will be held on Wednesday, May 3, 1978, at 10 a.m. in room 2221 Dirksen Senate Office Building.

Senator Hathaway noted that, "The Countercyclical Assistance Program which will expire later this year, has provided critical assistance to State and local governments suffering from high unemployment and inadequate revenues." He pointed out that, "Termination of this program could prove disastrous for many of these governments which continue to lack a sufficient tax base to provide adequate revenues to maintain government services at even the most minimal levels. The President's proposal to provide $1 billion of additional fiscal assistance annually for the next two fiscal years is an important step in the right direction. The purpose of this hearing is to determine whether the proposed modifications of this program constitute constructive changes." Hathaway added that it is his hope that the extension of this important program can be authorized as soon as possible.

Requests to Testify.—Persons who desire to testify at the hearing should submit a written request to Michael Stern, Staff Director, Committee on Finance, Room 2227 Dirksen Senate Office Building, Washington, D.C. 20510 by no later than close of business on Friday, April 28, 1978.

Legislative Reorganization Act.—Senator Hathaway stated that the Legislative Reorganization Act of 1946, as amended, requires all witnesses appearing before the Committees of Congress "to file in advance written statements of their proposed testimony, and to limit their oral presentations to brief summaries of their argument."

Witnesses scheduled to testify must comply with the following rules:

(1) A copy of the statement must be filed by the close of business two days before the day the witness is scheduled to testify.

(2) All witnesses must include with their written statement a summary of the principal points included in the statement.

(3) The written statements must be typed on letter-size paper (not legal size) and at least 75 copies must be submitted by the close of business the day before the witness is scheduled to testify.

(4) Witnesses are not to read their written statements to the Committee, but are to confine their ten-minute oral presentations to a summary of the points included in the statement.

(5) Not more than ten minutes will be allowed for oral presentation.

Written Testimony.—Senator Hathaway stated that the Subcommittee would be pleased to receive written testimony from those persons or organizations who wish to submit statements for the record. Statements submitted for inclusion in the record should be typewritten, not more than 25 double-spaced pages in length and mailed with five (5) copies by May 26, 1978, to Michael Stern, Staff Director, Committee on Finance, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20510.●

By Mr. McCLURE:

S. 2978. A bill to amend the Occupational Safety and Health Act of 1970 to prohibit restrictions on work rules in locations in which there is hunting, fishing, or shooting sports, and for other purposes; to the Committee on Human Resources.

● Mr. McCLURE. Mr. President, a recent action by OSHA poses a serious threat to the future of sport hunting for millions of American outdoorsmen. This threat stems from a decision by OSHA to fine a Louisiana timber company for operating an unsafe workplace because the company allowed public hunting on its 580,000 acres of timberlands.

If this ruling is allowed to stand, landowners throughout the country could be forced to close their land to sportsmen. Access to millions of acres is at stake. OSHA jurisdiction extends not only to workers employed on private timberland, but also to farmland and even national forests. My concern about this ruling is heightened by the fact that OSHA told the timber company that no abatement action other than removal of the hunters or the employees would be considered sufficient. The company involved, Olinkraft, has decided to fight this case through the OSHA appeal system and I commend them for that. But Congress created OSHA and we should be the ones who correct its abuses. Therefore, I am introducing legislation to remove from OSHA any authority to regulate hunting, fishing, or any shooting sport. Under my bill, these activities would continue to be regulated by the agencies with the most knowledge and experience in this area, the fish and game departments of the 50 States.

The outdoor heritage of our country is unique because in America hunting and fishing are not a special privilege reserved exclusively for the wealthy and powerful but are available to all. In no other country are these sports so widely enjoyed. Our wholesome outdoor way of life cannot be preserved if Congress allows an agency of the executive branch on its own to overturn a longstanding policy which benefits millions of American sportsmen.

Mr. President, I ask unanimous consent that there be printed in the RECORD a statement by a spokesman for the Louisiana Department of Wildlife and Fisheries and also a memorandum prepared by the Department of Fish and Wildlife of Oregon.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LOUISIANA DEPARTMENT OF WILDLIFE AND FISHERIES

Out of the millions of hunters in the United States, probably half avail themselves of lands which could be affected by the OSHA ruling. In the western states, where 90 percent of the land may be owned by the federal government, the percentage could be much greater than that,

If that citation is upheld by the administrative law judge, and possibly in the federal courts, then millions of sportsmen throughout the United States could be denied access to hundreds of millions of acres previously open for hunting.

Timber companies and other large landholding corporations would find it extremely difficult to separate their workers from the hunters under current free access policies which have provided so many sportsmen with land on which to hunt.

The implications are astronomical. And we're not just talking about Louisiana, where we have some 15 million acres of forestland. Were talking about all the 50 states.

If OSHA maintains its position that you have to separate workers from sportsmen, then the people who will be hurt most are the hunters themselves. These companies couldn't realistically be expected to shut down their operations during the hunting season.

Instead, it's possible that they would simply close their lands to hunting rather than to be faced with federal action.

[Oregon Department of Fish and Wildlife]

MEMORANDUM

Subject: Hunting Accidents/Woods Employees.

Oregon casualty statistics bear no correlation whatsoever of hunting related accidents to timber operation employees.

For your information I have enclosed copies of Oregon Casualty Reports for 1974–5–6. A short summary is included below:

Casualties

1974		35
1975		58
1976		50
Total		143

Self-inflicted/hunting partner

1974		33
1975		51
1976		43
Total	(89%)	127

Occurred at 0–25 yards

1974		27
1975		44
1976		38
Total	(76%)	109

Of particular note is the fact that 89% of these casualties involved a hunting partner or were self-inflicted. It is a common misconception of the non-hunting public that hunters are mistaken for game or are wounded in some sort of massive crossfire by unknown shooters. Our stats have shown that this is simply not true. The majority of Oregon's hunting casualties are the result of individual carelessness at very close range. Regulatory agencies need not concern themselves with hunting activity as a reason for curtailing any other occupational or sporting activity, as those concerns have no basis in fact.●

By Mr. RIEGLE:

S. 2979. A bill to provide a special program of financial assistance to opportunities industrialization centers in order to provide new motivational and skills training opportunities for welfare recipients, and new incentives for business and industry to coordinate their employment plans and job creation efforts with opportunities industrialization centers and national community-based organizations which have demonstrated effectiveness in developing cooperative relationships with the private sector; to the Committee on Human Resources.

OPPORTUNITIES INDUSTRIALIZATION CENTERS SKILLS TRAINING AND PRIVATE SECTOR JOB CREATION WELFARE REFORM ACT OF 1978

● Mr. RIEGLE. Mr. President, I am today introducing the Opportunities Industrialization Centers (OIC) Skills Training and Private Sector Job Creation Welfare Reform Act. Congressman MICHAEL O. MYERS has introduced similar legislation in the House, along with 21 cosponsors.

This legislation would authorize the Department of Labor to contract with the OIC, the National Urban League, SER–Jobs for Progress, Mainstream, and other national community based organizations to provide motivational and skills training to welfare recipients and then

to provide job counseling and placement in permanent private sector jobs.

The goal of the legislation is to take 500,000 Americans off welfare and place them in meaningful jobs. Priority for assistance will be given to those welfare recipients who are: First, the particularly hard to employ; Second, living in urban and rural areas with the highest concentration of welfare clients; and Third, living in rural areas so that outmigration can be minimized. Unemployed people who were laid off during the last recession and whose unemployment insurance has recently expired would also be eligible. Special outreach efforts will be made to Vietnam-era veterans, the handicapped, older persons, women, and minorities.

Mr. President, the OIC and other national community based organizations have outstanding records in the area of job training over many years. This legislation will provide additional support for these outstanding programs and provide many more people with the opportunity of obtaining meaningful work.●

By Mr. CHAFEE (for himself, Mr. DANFORTH, Mr. HELMS, Mr. ROTH, and Mr. DECONCINI):

S.J. Res. 129. A joint resolution directing the Architect of the Capitol to halt construction of the extension to the Dirksen Office Building and providing for the conversion of the site of such extension into a public park to be known as the Philip A. Hart Park and an underground parking garage for tourists and visitors to the Capitol; to the Committee on Rules and Administration.

HALT CONSTRUCTION OF THE PHILIP A. HART SENATE OFFICE BUILDING

● Mr. CHAFEE. Mr. President, the joint resolution I am introducing today would require the Architect of the Capitol to order an immediate halt to any further construction of the Philip A. Hart Senate Office Building, which now threatens to be the most expensive Federal building in the Nation's history.

Once work is halted, the site would be reclaimed as a park for Washington residents and visitors to the Capitol, and would be named the Philip A. Hart Public Park.

Mr. President, I take this action because I am overwhelmed by the projected cost of this publicly financed palace. It is now estimated that its final cost will be $122 million, or approximately 10 times as costly as the Louisiana Purchase. Plus, since the opening of the building is 3 years away, we can just wonder how valid today's cost projection is.

Looking down into the 3-acre, five-story-deep excavation pit, and looking ahead to the cost escalations still to come, my head literally spins. I am convinced, Mr. President, that we are digging a hole in which taxpayers would rather not be.

The rationale for constructing this building was to help alleviate staff overcrowding. In fact, the size of the Senate staff has almost doubled since 1968, and the legislative budget has more than tripled in that time.

But a new building will only compound this growth, not cure its symptoms. I am a firm believer in Parkinson's law—that work expands to fill the time available. I am also a firm believer in CHAFEE's law—that staff expands to fill the space available.

Does anyone really think we in the Senate are not imaginative enough to find ways to employ sufficient people to overcrowd this third Senate office building?

Is it really necessary to build another marble giant whose gross square footage will almost equal the combined area of both the Russell and Dirksen Senate Office Buildings, two structures that already give us over 31 acres of floor space?

In 1972, when funds were first appropriated for the Hart Building, it was "only" a $48 million project. That escalated to $68 million in 1973, and $85 million in 1974. The Architect of the Capitol recently requested an additional $37 million for completion of the building, which would bring its total cost to $122 million.

Let us look at the record and make a realistic appraisal of this building's final cost. Since first conceived and funded 6 years ago, its "final cost" has gone up over 150 percent. So, for the sake of argument let us say that "final cost" will go up another 75 percent in the 3 years before the doors open in May 1981.

That would make the final bill a whopping $213 million. Look at it this way: That's approaching half the current budget for the entire State of Rhode Island.

This project is already establishing itself not as memorial to the Honorable Philip A. Hart, but as an offensive monument to the continued growth of the Senate's bureaucracy. If we desire to halt inflation, we have to cut back on every project where its effects are being most painfully felt. Let us start with a massive building intended solely for the comfort and convenience of 100 Americans—the ones who voted for the structure in the first place.

If Congress intends to tell Federal agencies and departments to tighten their belts in the fight against inflation, then the Senate must be willing to strike the first blow and set an example.

I am not going to be swayed by the old argument of, "Well, we've already spent so much money, we have to go ahead." As a former Secretary of the Navy, I have heard that one before.

We have to stop this right now.●

By Mr. MATHIAS (for himself and Mr. BAYH):

S.J. Res. 130. A joint resolution designating John Philip Sousa's "The Stars and Stripes Forever" as the national march of the United States; to the Committee on the Judiciary.

NATIONAL MARCH OF THE UNITED STATES

● Mr. MATHIAS. Mr. President, I send to the desk for myself and Senator BAYH, a joint resolution to designate "The Stars and Stripes Forever," by John Philip Sousa as our national march.

Throughout history, music has been an integral part of human civilization. The major events of our personal lives—weddings, funerals, commencements, religious observances, athletic events, ceremonial occasions, and so forth—are distinguished by musical accompaniment. Music sets the mood, heightens the senses, deepens the feelings, and highlights the significance of special moments, just as it helps to make a leisurely afternoon or evening more pleasant and relaxing.

During the Bicentennial we all realized the significance of music in public ceremonies. And year after year on the Fourth of July, one event certain to occur in virtually every town and city is a parade. It is appropriate, therefore, that we, as a nation, recognize the contribution American composers of marching music have made to our lives and to our celebrations.

In that spirit, Mr. President, members of the American School of Band Directors Association and others have suggested that we should pay tribute to all of our great composers by designating as our national march what they believe to be the greatest march of the greatest composer of marches, John Philip Sousa.

John Philip Sousa has been selected for this honor for numerous reasons. Born in our Nation's Capital, he remained a Washingtonian in spirit throughout his life. He was the son of immigrant parents. His musical genius was evident very early, and he enrolled in a conservatory in Washington at the age of 6. He enlisted in the U.S. Marine Band at the age of 13, and served for 5 years until he left to pursue more formal studies of music. He had sold his own musical compositions by the age of 18. In 1880, at the age of 26, he became the conductor of the U.S. Marine Band. He served as conductor for 12 years. During that time he composed the official Marine March, "Semper Fidelis" as well as such famous marches as the "Washington Post March," "The High School Cadets," "The Gladiator," "Hands Across the Sea," "King Cotton," and "The Liberty Bell." In 1890, Sousa edited for the Department of the Navy a work entitled "National, Patriotic and Typical Airs of All Lands."

Sousa served with distinction with three branches of our Armed Forces; as musical director of the VI Army Corps during the Spanish-American War, as conductor of the U.S. Marine Band, and as lieutenant in charge of Navy bands during World War I. He served in the latter position for nominal compensation, and raised millions of dollars for the Government's liberty loan drives. Sousa's contributions were recognized by his receipt of the Royal Victorian Order of Great Britain, the Golden Palms and Rosette of the French Academy, and the Cross of Artistic Merit of the Academy of Arts, Science, and Literature of Hain-

ault, Belgium. Sousa was elected to the Hall of Fame of Great Americans.

During his life, John Philip Sousa composed more than 100 marches, as well as a number of waltzes, overtures, suites, comic operas, and other musical compositions. He became to the march what Strauss was to the waltz or Beethoven to the symphony. His personal library of music was bequeathed to the University of Illinois. John Philip Sousa died in 1932 and was buried in Congressional Cemetery in Washington, D.C.

Mr. President, Sousa's distinction as a musical composer, band director, public leader, and patriotic citizen makes it appropriate that through him we honor all composers and musicians throughout the Nation. We can do this by designating his great work "The Stars and Stripes Forever" as our national march.

I am pleased, therefore, to introduce this resolution and to commend it to the attention of my colleagues. I ask unanimous consent that the text of the measure be printed at this point in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 130

Whereas, through his many outstanding military airs and marches, John Philip Sousa has brought worldwide musical recognition to the United States of America;

Whereas Sousa's "The Stars and Stripes Forever" is universally known and is associated with our flag and our country more than any other military air or march; and

Where the United States of America has no official national march to be used to salute the appearance of high Federal and State Government officials, other than the President, on public occasions: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the musical composition by John Philip Sousa, known as "The Stars and Stripes Forever", is hereby designated the national march of the United States of America.

SEC. 2. For the purposes of this joint resolution, the term "The Stars and Stripes Forever" means a composition by John Philip Sousa consisting of the following words and music:

THE STARS AND STRIPES FOREVER
(Words and Music by John Philip Sousa)

1. Let martial note In triumph float, And liberty extend its mighty hand, A flag appears, 'Mid thun-d-rous cheers, The banner of the Western land. The emblem of the brave and true, Its folds protect no tyrant crew, The red and white and starry blue, Is Freedom's shield and hope.

CHORUS

Other nations may deem their flags the best And cheer them with fervid elation, But the flag of the North and South and West is the flag of flags. The flag of Freedom's nation. Hurrah for the flag of Freedom's nation. Hurrah for the flag of the free, May it wave as our standard forever, The gem of the land and the sea, The Banner of the Right. Let despots remember the day When our fathers with mighty endeavor, That by their might, And by their right, It waves forever!

2. Let eagle shriek From lofty peak, The never ending watchword of our land. Let summer breeze Waft through the trees The echo of the chorus grand. Sing out for liberty, and light, Sing out for freedom and the right, Sing out for Union and its might, Oh, patriotic Sons!

CHORUS

Other nations may deem their flags the best And cheer them with fervid elation, But the flag of the North and South and West is the flag of flags, The flag of Freedom's nation. Hurrah for the flag of the free, May it wave as our standard forever, The gem of the land and the sea, The Banner of the Right. Let despots remember the day When our fathers with might endeavor, Proclaim'd as they march'd to the fray, That by their might, And by their right, It waves forever!

[Due to mechanical limitations, music referred to is not printed in the RECORD.]

[For the musical version referred to herein see clerk's copy on file in the Senate.●]

● Mr. BAYH. Mr. President, I am pleased to join with my distinguished colleague from Maryland, Senator MATHIAS, in introducing legislation to designate "The Stars and Stripes Forever" by John Philip Sousa as the national march of the United States.

We Americans are a people with a unique national heritage, who point with pride to our achievements. Americans have contributed much to a wide variety of musical expressions. But I think we would be hard pressed to point to a single invidual who has had more of an impact than John Philip Sousa, American composer, performer, conductor, and author.

Born in the Nation's Capital in 1854, Sousa was trained in classical music, receiving his first instruction on the violin and later learning several band instruments. At the age of 13, he joined the U.S. Marine Band, of which his father had been a member, as an apprentice, and remained with the band for the next 5 years. During this time, Sousa began his prolific career as a composer, and before reaching his twentieth birthday had toured as an orchestra conductor.

At the age of 26, Sousa assumed the conductorship of the Marine Band, and embarked on a reorganization of the band which emphasized its development through new patterns of instrumentation which allowed the band to produce effects as soft as those of a symphony orchestra. Prof. Al G. Wright, director of bands at Purdue University, has noted that "probably no man will ever exert a greater influence on the total growth and recognition of the Wind Band as an accepted vehicle of culture on the concert stage as did John Philip Sousa." Sousa organized his own band in 1892, and this elite group of top professionals traveled over 1 million miles, delighting audiences worldwide.

In his career, Sousa wrote some ten comic operas, including the still popular "El Capitan," 50 songs, 2 overtures, and 12 suites, while rightly being hailed as the "March King." It has been said that Sousa was to the development of the march what famed Viennese composer Johann Strauss was to the waltz, and even an abbreviated listing of his compositions emphasizes his accomplishments. Among the popular Sousa scores which occupy a distinctive place in American history are "The Washington Post March," "Semper Fidelis," "The Thunderer," "King Cotton," and "High School Cadets." The most famous of all, the strains of which are familiar to virtually all Americans young and old, is surely "The Stars and Stripes Forever." Therefore, it is fitting that we accord formal recognition to this piece by designating it as our national march, both in tribute to John Philip Sousa, a man who once listed his occupation as "Salesman of Americanism," and in acknowledgement of the degree to which this particular march symobilzes the American spirit itself. A constituent, Debra Lankford of Evansville, Ind., recently wrote to me and summed up the impact of "The Stars and Stripes Forever." She wrote:

> Just like the song, America has had its ups and downs, its loud and soft times, and yet it always moves on stronger than ever. The brisk tempo reflects this nation's desire for leadership and zest for life.

Ours is a musical country, as each year thousands of our young people look forward to performing in school bands and orchestras, and many adults recall happy memories of similar times in years before. It has been noted that anyone who has ever performed "Stars and Stripes" in a band knows the reaction and feeling associated with this music. I do not think it would be going too far to say that each of us who hears it, whether played by a great symphony orchestra or a high school band on the Fourth of July, is moved. A wide variety of band associations support the recognition of this march as a national symbol, and I urge my colleagues to consider this measure favorably.●

ADDITIONAL COSPONSORS

S. 1967

At the request of Mr. ROBERT C. BYRD, the Senator from New Hampshire (Mr. MCINTYRE) was added as a cosponsor of S. 1967, relating to deposit of social security contributions by State and local governments.

S. 2388

At the request of Mr. PACKWOOD, the Senator from New Mexico (Mr. DOMENICI was added as a cosponsor of S. 2388, a bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from gross income of certain employer educational assistance programs.

S. 2576

At the request of Mr. MCCLURE, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 2576, a bill to amend the Internal Revenue Code of 1954 with respect to the tax treatment of earned income of U.S. citizens and resident aliens from sources without the United States, and for other purposes.

S. 2725

At the request of Mr. MATSUNAGA, the Senator from Hawaii (Mr. INOUYE) was

added as a cosponsor of S. 2725, a bill to provide that certain air traffic specialists be considered as air traffic controllers for retirement purposes.

S. 2751

At the request of Mr. KENNEDY, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor of S. 2751, a bill to amend the Immigration and Nationality Act relative to the admission of refugees.

S. 2929

At the request of Mr. HELMS, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 2929, a bill to provide for the safeguarding of taxpayer rights, and for other purposes.

SENATE JOINT RESOLUTION 121

At the request of Mr. PELL, the Senator from Nebraska (Mr. CURTIS) was added as a cosponsor of Senate Joint Resolution 121, authorizing the President to proclaim the second full week in October 1978 as National Legal Secretaries' Court Observance Week.

SENATE CONCURRENT RESOLUTION 73

At the request of Mr. DOLE, the Senator from Utah (Mr. HATCH) was added as a cosponsor of Senate Concurrent Resolution 73, relating the imposition of import fees on crude oil.

SENATE CONCURRENT RESOLUTION 79

At the request of Mr. MCCLURE, the Senator from Montana (Mr. MELCHER), the Senator from Delaware (Mr. ROTH), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. PAUL G. HATFIELD), and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of Senate Concurrent Resolution 79, disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters.

AMENDMENT NO. 1796

At the request of Mr. SPARKMAN, the Senator from Massachusetts (Mr. BROOKE) was added as a cosponsor of Amendment No. 1796, intended to be proposed to S. 2637, the Housing and Community Development Amendments of 1978.

AMENDMENTS SUBMITTED FOR PRINTING

CONGRESSIONAL BUDGET, 1979—S. CON. RES. 80

AMENDMENT NO. 1799

(Ordered to be printed and to lie on the table.)

Mr. PROXMIRE submitted an amendment intended to be proposed by him to Senate Concurrent Resolution 80, setting forth the congressional budget for the U.S. Government for the fiscal year 1979.

(The remarks of Mr. PROXMIRE when he submitted the amendment appear elsewhere in today's proceedings.)

AMENDMENT NO. 1801

(Ordered to be printed and to lie on the table.)

Mr. NELSON submitted an amendment intended to be proposed by him to Senate Concurrent Resolution 80, supra.

CIVIL SERVICE RETIREMENT COSTS AND THE FIRST CONCURRENT BUDGET RESOLUTION

Mr. NELSON. Mr. President, the amendment I am submitting today would increase the budget authority of the income security function—Function 600—set forth in the first concurrent budget resolution by $6.1 billion to reflect the liability the Federal Government will incur in fiscal year 1979 as a result of the Federal retirement benefits provided to Federal employees through the civil service retirement program. Currently, the Federal agencies report only their annual matching contributions, not the total liability associated with providing civil service retirement benefits to Federal workers. This amendment would increase budget authority under Function 600 to reveal the present and future costs in fiscal year 1979 of the largest Federal retirement system—the civil service retirement program.

It is time for the Congress to acknowledge that the Federal Government has assumed monumental liabilities associated with the civil service retirement program, and reflect these retirement costs in the Federal budget.

In 1974, Congress enacted the Budget Control Act. This legislation established an annual discipline through which Congress, after consideration of the President's proposed budget and with the advice of its legislative committees and of this process. Civil service retirement expenditure and revenue targets for Federal programs. This amendment is designed to fulfill the goals and objectives of this process. Civil Service Retirement benefits have significant budgetary implications for Federal agency operation costs that should be reflected in the congressional budgeting process.

Right now, there are some 68 different retirement systems covering Federal employees, although seven of these plans cover 98 percent of all Federal employees. These seven retirement systems include: civil service, Foreign Service, uniformed services, U.S. Tax Court judges, Tennessee Valley Authority, Federal judiciary, and the Federal Reserve Board. The civil service retirement program, however, covers 75 percent of all Federal employees.

The fiscal year 1979 budget recommendations sent to the Congress by the President do not reveal how much it costs American taxpayers to support the retirement benefits of personnel within Federal agencies. This is true for virtually every agency of the Federal Government, ranging from the Department of Health, Education, and Welfare to the Department of Commerce.

Budgets of the Federal agencies indicate only a portion of the costs associated with the civil service retirement system. The portion of retirement costs which these budgets do reveal is the amount which the agency is required to contribute as its match to the employee contribution. Agencies whose employees are covered by the civil service retirement system are required to make a matching contribution to the retirement fund. This agency match is generally 7 percent of payroll throughout the Federal Government, where the employee works in the Government.

This approach to the reporting of the agency contributions to the civil service retirement programs on behalf of their employees does not reflect the full costs to the Federal Government of the primary Federal retirement program. In fact, the employee and agency contributions together do not pay for even one-half the cost of the civil service retirement program.

Data prepared at my request by the chief actuary of the civil service retirement fund demonstrates that, at a minimum, the civil service retirement system in fiscal year 1977 cost 29.3 percent of payroll with the Federal Government paying 75 percent of these costs. Employees contributed 7 percent, agencies another 7 percent, and general revenue contributions were 15.3 percent, making for a total Government contribution of 22.3 percent of payroll. Virtually all the other Federal retirement programs are similarly situated—employee and agency contributions are not paying the full cost of retirement benefits.

I ask unanimous consent that a report prepared for me by the chief actuary of the civil service retirement system, which illustrates the true total costs of the civil service retirement system be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

CONTRIBUTIONS OF THE CIVIL SERVICE RETIREMENT FUND AS A PERCENTAGE OF COVERED PAYROLL

Fiscal year	Employee contribution	Government contribution			Total[1]
		Agency	General revenues	Total Government contribution	
1970	6.7	6.7	0.9	7.6	14.3
1971	7.0	7.0	2.8	9.8	16.8
1972	7.0	7.0	3.9	10.9	17.9
1973	7.0	7.0	5.9	12.9	19.9
1974	7.0	7.0	7.7	14.7	21.7
1975	7.0	7.0	11.8	18.8	25.8
1976	7.0	7.0	13.1	20.1	27.1
1977	7.0	7.0	15.3	22.3	29.3
PROJECTED[2]					
1978	7.0	7.0	17.5	24.5	31.5
1979	7.0	7.0	19.4	26.4	33.4
1980	7.0	7.0	21.2	28.2	35.2
1985	7.0	7.0	23.1	30.1	37.1
1990	7.0	7.0	25.1	32.1	39.1
1995	7.0	7.0	26.8	33.8	40.8
2000	7.0	7.0	28.0	35.0	42.0

[1] Combined employee, Government contributions.
[2] With 4 percent CPI, 4.5 percent salary increase, and 5 percent interest on trust funds.

Mr. NELSON. Because Federal agencies indicate only a portion of the costs accruing to the Government for providing benefits under the Civil Service Retirement program, the actual cost of Federal Government operations is being seriously understated, and some agencies whose operations are intended to be self-supporting are annually receiving large unrecognized subsidies.

This amendment would insure that the fiscal year 1979 first concurrent budget resolution acknowledge and anticipate the liabilities the Federal Government will incur in the next fiscal year as a result of the benefits promised to Federal employees by the Civil Service Retirement program.

In my judgment, Congress should recognize these Civil Service benefit costs in the budget process, and require that the agencies recognize the costs in their budgets, so that the Congress and the American public will be provided with realistic information on the actual cost of Federal retirement systems, and therefore the total cost of operating programs and agencies. With this information, our ability to make sound fiscal and legislative decisions on funding or amending Federal retirement and agency programs would be significantly enhanced.

This is not a new idea. It has, in fact, been recommended by the General Accounting Office in a report entitled "Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits", and in an Office of Management and Budget circular, No. A–76.

The General Accounting Office, in its report on the Federal retirement systems, reached this conclusion:

> Funding of Federal retirement systems remains a serious, growing problem that needs further attention. We believe that retirement costs for all systems should be determined and funded on a dynamic basis. The Congress, employees, and taxpayers should not be misled by unrealistic estimates of retirement costs. When the full costs are not recognized, there may be a tendency to adopt added benefits which could jeopardize the eventual affordability of the retirement systems. Lack of full cost recognition also results in the understatement of the costs of Government programs, including subsidies to agencies whose operations are intended to be self-supporting. Furthermore, without full funding, the Government's retirement system liabilities are not totally reflected in the public debt.
>
> We recommend that the Congress enact legislation requiring all Federal retirement systems to be funded on a dynamic normal cost basis and that the difference between dynamic normal cost and employee contributions be charged to agency operations.

COST OF FEDERAL RETIREMENT PROGRAMS

The benefits accruing to employees under the various Federal retirement systems represent a very large and growing long-term financial commitment of the Federal Government. The full recognition of these liabilities as they accrue is essential, both in terms of determining and allocating the cost of Government operations and in determining the uncontrollable fixed costs to general revenues. At present, these benefit costs are not fully recognized and, consequently, huge unfunded liabilities have been created and the costs of operating Federal programs are understated.

An examination of the civil service retirement system, which covers 75 percent of Federal employees, illustrates the situation most Federal retirement systems find themselves in.

CIVIL SERVICE RETIREMENT COSTS

Normal Cost—The value of benefit rights accrued annually by employees under a retirement system is referred to as the "normal cost" of the system. Normal cost is commonly expressed as a percent of payroll, representing the estimate of the amount of funds which, if accumulated annually and invested over covered employees' career, will be enough to meet their future benefit payments. The process utilized to determine the normal cost involves mathematically predicting the future experience of the system—salary progression, rate of return on investments, probable rates of employees' death, disability, retirement and termination of employment—and translating this experience into cost on the basis of the system's benefit provisions.

METHOD OF FINANCING

A retirement system is considered actuarially sound if trust fund reserves and income to be received are equal to the system's liability for benefit payments to present retirees and the anticipated liability for active employees who will receive benefits in the future.

Most Federal employees contribute 7 percent of pay and agencies match this contribution with another 7 percent for a total of 14 percent (congressional employees contribute 7.5 percent, and Members of Congress contribute 8 percent of pay). Historically, the 14 percent combined rate has been compared to the static normal cost of 13.64 percent, leading some to the conclusion that the Civil Service Retirement System is actuarially sound.

Because of the relationship between the employee contribution rate and the static normal cost, many people are convinced that Federal employees pay half the cost of their benefits. Historically, the Government has not always matched the employee contribution each year by putting its contribution into the trust fund, and therefore, it is widely believed that the current unfunded liability is the responsibility of and should be financed by the Federal Government.

In fact, employees pay much less than half the cost of the retirement system, and this can be demonstrated in several ways. The fact that the largest share of the benefit cost is paid by Federal general revenues can be seen my comparing total employee contributions to the benefits received by new annuitants. By this measure, each group of new retirees pays over their working years for less than 2 years of their retirement benefit. The 1975 Civil Service Retirement statistical report, for example, shows an average total contribution by employees of $10,218 and an average annual benefit of $7,164. If interest payments are included, the employee contributions would pay benefits for less than 4 years while the life expectancy after retirement of new annuitants is around 20 years. Although many other factors are involved, such as survivor benefits, withdrawal probabilities and cost-of-living increases, the ratio of expected employee share of Civil Service Retirement costs to Government contributions is 1 to 5.

The total cost of the civil service retirement system in fiscal year 1977 was 29.3 percent of payroll, with the Federal Government paying 75 percent of these costs. At my request, the chief actuary projected the future costs of this system.

By the year 2000 the chief actuary estimates that the civil service retirement system will cost a total of 42 percent of payroll or 7 percent of pay for employees and 35 percent of payroll for the Government. It should be emphasized that these cost projections are based on optimistic economic projections of a 4 percent increase in the Consumer Price Index, 4.5 percent salary increase and 5 percent interest annually.

Clearly, the current method of utilizing static calculations to determine financing requirements does not reveal the total costs of the system. The total costs are hidden from the general public and even from Federal employees or retirees who often believe their contribution and an equal agency contribution on their behalf actually finances the system.

There is a need to determine the actual long-range cost of the current civil service retirement system and other Federal retirement systems, taking into account the effect of inflation on salaries and benefits. Such costs should be determined through the use of dynamic assumptions.

There are three major economic assumptions which must be included in a dynamic valuation of a retirement system: annuity increases, salary increases occurring as a result of inflation adjustments, and the rate of investment return.

In civil service retirement, post-retirement annuities are tied to the Consumer Price Index (CPI) and initial annuity levels are related to the average of the highest 3 years' salary. Therefore, assumptions must be made as to the future CPI annuity increases and salary increases in a dynamic valuation of civil service retirement. The interest rate for investment return used in a dynamic valuation should also be higher than that used for a static valuation since the return should be higher as inflation increases.

The Civil Service Retirement Board of Actuaries, in its most recent actuarial report, expressed concern that the potential long-range obligations resulting from pay increases and annuity cost-of-living adjustments are not reflected in static calculations. The Board, therefore, presented dynamic calculations in its report.

Both the General Accounting Office and the Office of Management and Budget (OMB) have recommended that the costs of the civil service retirement system be determined through the use of dynamic calculations.

In October of 1976, OMB instructed all Federal agencies to use a retirement cost factor of 31.7 percent of payroll when making decisions and cost comparisons for the purpose of determining whether to use Federal employees and

facilities or contract out for needed services and products. In June of 1977, OMB temporarily suspended the instructions. However, my office has been advised that OMB plans to re-issue the instructions at the beginning of the upcoming fiscal year.

The time has come for the Congress to recognize the retirement programs' total costs in the budget process, in appropriations, and in developing future legislation and policy. If Congress is to make prudent decisions, then the true facts must be revealed.

UNDERSTATED COSTS RESULT IN UNRECOGNIZED SUBSIDIES

When agencies, whose operations are intended to be self-supporting, are only charged a portion of the costs accruing to the Government for Federal retirement programs, these agencies are receiving annually substantial unrecognized subsidies.

There are many Government agencies that have been established to operate on a self-supporting basis, and others that sell products or services which are expected to recover costs incurred. Because most of these agencies are charged only 7 percent of payroll for Federal retirement contributions, their operations are, in effect, subsidized by an amount that is equal to the agency's share of unrecognized and unallocated retirement costs.

The General Accounting Office reported that the Federal Home Loan Bank Board, the Export-Import Bank, the Federal Deposit Insurance Corporation, the Panama Canal Company and Canal Zone Government, and the Farm Credit Administration collectively received $41 million in subsidies in 1976. The General Accounting Office calculated the subsidies by using the Office of Management and Budget's estimate of 24.7 percent as the dynamic normal cost for the retirement system not covered by employee contributions.

I ask unanimous consent that the letter from the General Accounting Office be printed in the RECORD.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C. April 24, 1978.

HON. GAYLORD NELSON,
U.S. Senate.

DEAR SENATOR NELSON: This is in response to your letter of March 10, 1978, which asked, among other things, for a comprehensive list of Federal agencies and the amounts by which their fiscal year 1979 budget authority should be increased to reflect the actual cost of Federal retirement programs. In subsequent discussions with your staff, it was agreed that the information should be limited to the three largest retirement programs—the civil service, uniformed services, and Foreign Service retirement systems—and that the additional amounts should be aggregated for each of the 12 cabinet-level departments.

CIVIL SERVICE RETIREMENT SYSTEM

As discussed in our August 3, 1977, report entitled, "Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits," the costs of benefits accruing each year under the civil service system are understated because no consideration is given in the "normal cost" calculations to the effect of future general pay increases and annuity cost-of-living adjustments on ultimate benefit payments.

The normal cost of the system is currently estimated to be 13.66 percent of pay which is about equal to the combined rate of contributions being made to the retirement fund by agencies and their employees (generally 7 percent of pay each). However, the Office of Management and Budget (OMB) has determined that the "dynamic" normal cost of the system is 27.4 percent of pay, assuming that future pay increases and interest on fund investments will average 1.5 percent and 2.5 percent, respectively, above the future rate of inflation. Based on this OMB estimate, Federal agencies should be contributing 20.4 percent of their covered employees' pay to the fund (27.4 percent less 7 percent employee contributions) if their budgets are to reflect the full cost to the Government of benefits accruing under the system.

The total payroll for employees covered by the system is estimated to be about $45.8 billion during fiscal year 1979. At 20.4 percent of pay, the cost to the Government of benefits accruing during the year will be $9.3 billion—$6.1 billion more that the $3.2 billion included as agency contributions in the proposed fiscal year 1979 budget. The following table shows the amounts we estimate should be added to the budgets of each of the 12 departments to reflect their share of retirement system costs.

[In millions]

Department	Costs at 20.4 percent of pay	Costs included in proposed budget	Additional amounts needed
Agriculture	$305.6	$104.9	$200.7
Commerce	111.2	38.1	73.1
Defense	2,227.5	764.3	1,463.2
Energy	82.2	28.2	54.0
Health, Education, and Welfare	523.5	179.6	343.9
Housing and Urban Development	71.9	24.7	47.2
Interior	205.5	70.5	135.0
Justice	209.3	71.8	137.5
Labor	93.2	32.0	61.2
State	57.7	19.8	37.9
Transportation	233.0	110.9	212.1
Treasury	385.8	132.4	253.4
Total	4,596.4	1,577.2	3,019.2

The remaining $3.1 billion in unrecognized costs are applicable to the Postal Service ($1.3 billion) and other Federal agencies ($1.8 billion).

UNIFORMED SERVICES RETIREMENT SYSTEM

This system operates on a pay-as-you-go basis. A fund is not maintained, and benefit payments are financed through annual congressional appropriations. As a result, the Department of Defense budget reflects some of the cost of retirement benefits earned in prior years but does not include any accrual of retirement costs for current military personnel.

At our request, the actuary for the Department of Defense calculated the normal cost of the system using the economic assumptions followed by OMB for the civil service system. The normal cost was determined to be 37.1 percent of basic pay, excluding survivor benefits and benefits for reserve personnel.

The proposed fiscal year 1979 budget includes $17.2 billion for basic pay for active military personnel. At 37.1 percent of basic pay, the cost of retirement benefits accruing during the year would be $6.4 billion.

FOREIGN SERVICE RETIREMENT SYSTEM

Under this system, employees contribute 7 percent of pay, and the Government contributes the difference between the system's normal cost and employee contributions. Currently, the system's actuary estimates normal cost to be 21.89 percent of pay, 14.89 percent of which represents the Government's share. However, using OMB's economic assumptions, the system's actuary estimated normal cost to be 32.37 percent of pay.

The proposed fiscal year 1979 budget includes $40.6 million as the Government's share of the system's currently accruing retirement costs. This amount is based on a normal cost contribution of 21.89 percent and an estimated 1979 payroll for personnel covered by the system of $272.9 million. However, based on the same payroll and a normal cost of 32.37 percent, the Government's share for fiscal year 1979 would be $69.2 million, a difference of $28.6 million from that contained in the proposed budget.

We trust this information satisfies your needs.

Sincerely yours,

H. L. KRIEGER,
Director.

Mr. NELSON. Mr. President, the U.S. Postal Service provides another example of a subsidy being provided to an agency that is intended to be self-supporting.

Of all the agencies participating in the civil service retirement system, the Postal Service is the only one required to amortize any increase in the system's unfunded liability which results from employee pay raises and benefit increases. The General Accounting Office reported that in 1976, "the Postal Service paid about $1 billion to the civil service retirement fund, including $614.5 million to match employees' contributions and $385.9 million in amortization payments. However, if accruing costs were calculated on a dynamic basis and the Postal Service was required to pay all costs not covered by employees' contributions, the service's 1976 contribution would have been approximately $2.2 billion—$1.2 billion more than the amount paid. Subsidies will continue each year as long as the Postal Service is not required to pay for cost-of-living adjustments received by retirees."

Many other agencies and instrumentalities are receiving similar subsidies, including the Federal National Mortgage Association, farm credit banks, the Tennessee Valley Authority, and the District of Columbia, to name just a few. There are many others.

Through the budget process, Congress should recognize the full cost of Federal retirement programs; otherwise, the cost of Government operations will be understated. The liabilities assumed by the Government, as required in the various retirement laws, will be ignored and agencies and entities whose operation the Congress intended to be self-supporting will continue to receive subsidies.

The amendment I am offering will put an end to the Congress ability to deceive itself and the American public by failing to recognize the full costs of the civil service retirement system. This amendment will add $6.1 billion in budget authority to Function 600 in order to fully recognize the retirement costs associated with all Federal employees covered by civil service retirement. Several weeks ago, I introduced legislation which would

move the legislative committees toward recognition of these costs. I have also advocated the establishment of one pension committee here in the Senate to oversee the proliferation of Federal retirement programs, to review and update their financing plans, and to coordinate their benefits.

Today I am proposing that the budget process, and ultimately the appropriation process, also recognize Federal retirement systems' costs. The Federal Government has promised civil service retirement benefits to millions of Federal workers. It is time now to recognize the terms and obligations associated with providing those benefits.

AMENDMENT NO. 1802

(Ordered to be printed and to lie on the table.)

Mr. EAGLETON submitted an amendment intended to be proposed by him to Senate Concurrent Resolution 80, supra.

● Mr. EAGLETON. Mr. President, I was saddened earlier this year when President Carter submitted a fiscal year 1979 defense budget of $128.4 billion in budget authority and $117.8 billion in outlays. This is $10.6 billion in budget authority and $10.2 billion in outlays above the corresponding figure for the fiscal year 1978 defense budget. Many of us had hoped that the President would have been able to make a reduction in the defense budget.

I find it very unfortunate, in view of the already sizable increase proposed by the President, that the Senate Budget Committee has reported out a concurrent resolution that proposes to add $1.4 billion to the President's defense budget. I simply do not see any need for such an increase, and share the President's view, stated in his address on inflation on April 11, that—

> The prospective deficit in the budget is as large as we can afford without compromising our hopes for a balanced economic growth and a declining inflation rate . . . I'm especially concerned about . . . [potential increases in] defense spending . . . By every means at my disposal I will resist these pressures and protect the integrity of the budget. Indeed, as opportunities arise, we must work to reduce the budget deficit, to insure that beyond 1979 the deficit declines steadily and moves us toward a balanced budget.

Because I believe so strongly that we should not go above the President's recommendation for defense, I am, therefore, submitting an amendment that would restore his figures to the budget resolution for the defense function. Of course, it also makes necessary technical adjustments to the totals and the deficit.

I hope that my colleagues can support this amendment, and support the President in this matter.●

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1978—S. 2637

AMENDMENT NO. 1800

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. PROXMIRE (by request) submitted an amendment intended to be proposed by him to S. 2637, the Housing and Community Developments of 1978.

(The remarks of Mr. PROXMIRE when he submitted the amendment appear elsewhere in today's proceeding.)

LABOR LAW REFORM ACT OF 1978—S. 2467

AMENDMENT NO. 1803

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to the bill (S. 2467) to amend the National Labor Relations Act to strengthen the remedies and expedite the procedures under such act.

NOTICES OF HEARINGS

SUBCOMMITTEE ON PARKS AND RECREATION

● Mr. ABOUREZK. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Parks and Recreation Subcommittee of the Senate Energy and Natural Resources Committee.

The hearing is scheduled for May 1 beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding proposals to designate certain historic trails to the National Trails System Act, including H.R. 6900, S. 929, S. 28659, S. 2663, S. 2664, and S. 2974.

For further information regarding the hearing, you may wish to contact Laura Beaty at x47144.

Those wishing to testify or who wish to submit a written statement for the record should write to: Parks and Recreation Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.

CHANGE OF HEARINGS ON BUDGET REQUEST OF LEAA

● Mr. EASTLAND. Mr. President, I wish to announce that the hearing previously scheduled on the budget request of LEAA for April 18 was canceled, because of final debate on the Panama Canal Treaty. This hearing has now been rescheduled for May 1 and May 8 at 10 a.m. in room 2228, Dirksen Senate Office Building.●

CHANGE OF DATE OF HEARING

● Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that the public hearing scheduled for Tuesday, May 2, 1978, has been rescheduled for Wednesday, May 3, 1978, at 9 a.m., in room 2228, Dirksen Senate Office Building, on the following nominations:

Cristobal C. Duenas, of Guam, to be judge of the district court of Guam for a term of 8 years (reappointment).

Alfred Laureta, of Hawaii, to be judge for the district court for the Northern Mariana Islands for a term of 8 years (new position Public Law 95–157).

Len J. Paletta, of Pennsylvania, to be U.S. district judge for the western district of Pennsylvania vice Herbert P. Sorg, retired.

Leonard B. Sand, of New York, to be U.S. district judge for the southern district of New York vice Charles M. Metzner, retired.

Any persons desiring to offer testimony in regard to these nominations shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

This hearing will be before the full Judiciary Committee.●

CHANGE OF HEARINGS ON BUDGET REQUEST OF LEAA AND BUDGET REQUEST OF CIVIL RIGHTS DIV.

● Mr. EASTLAND. Mr. President, I wish to announce that the additional hearing previously scheduled on the budget request of LEAA has been moved ahead from 10 a.m. to 9:30 a.m. on May 8.

The hearing previously set for April 25, at 2 p.m. on the budget request of the Civil Rights Division has been rescheduled for May 8 at 10:30 a.m. in room 2228, Dirksen Senate Office Building.●

ADDITIONAL STATEMENTS

MAY 3—SUN DAY

● Mr. BAYH. Mr. President, on May 3 citizens all around the Nation will join together to participate in Sun Day, demonstrating their conviction that solar energy should play an important role in America's future. This national celebration will be dedicated to making progress in harnessing the power of the sun—whose rays belong to us all—to help heat, cool, and light our homes and factories and farms just as soon as is technically and economically feasible.

May 3 has been designated Sun Day to call attention to the applications of solar energy, what can be done to increase its usage and the roles that individuals, private enterprise and Government can play in its development. Activities have been planned in most American communities highlighting solar technology, including a number of Hoosier communities. There will be exhibits of solar-powered apparatus, panel discussions, and outdoor rallies.

In short, Sun Day will be a national celebration of the world's only inexhaustible, predictable, and nonpolluting energy source.

I am proud to have been a sponsor of the congressional resolution designating May 3 as Sun Day. As a member of the Solar Coalition—a bipartisan group of congressional members—it has been my privilege to work on legislation designed to promote the development of solar energy. The Solar Coalition is united in the conviction that solar energy in its many forms is the resource that will best provide harmony between our need for energy and national goals to stimulate our economy and protect the environment.

Solar technologies are not exotic. Many of them predate the oil, gas, and nuclear technologies that surround us today. Few people realize that solar energy goes beyond the scope of solar collectors or photoelectric power cells. Wind, biomass conversion, hydroelectric power, and energy derived from wood are all examples of solar energy—and none would be possible without the Sun's energy-laden rays.

The United Auto Workers Union has been among those in the forefront of finding practical applications for solar technology. The union has installed solar panels at its conference center in Michigan, and is sponsoring an exhibition of solar powered devices on Sun Day in Indianapolis.

Clearly, solar energy has become an integral part of our daily lives. Dozens of homes and businesses all over Indiana have installed heating and cooling systems that rely on energy from the Sun. And in his energy message to Congress last spring, President Carter set for the Nation a goal of having solar energy in use in 2.5 million American homes by 1985. In New York City, some enterprising residents erected a windmill on the roof of their apartment building that not only provides a large portion of their electric usage, but actually sends power into Con Edison's system on windy days.

Not long ago, many of my colleagues in the Solar Coalition joined in a letter to the President asking the administration to join with us in endorsing reasonable, well-planned and thorough programs to stimulate the use of solar energy and development of new solar technologies. This request was followed by the introduction of 11 different legislative proposals which reflect a good start toward accomplishing the goal of commercialization of this important energy option.

One bill, which I have cosponsored, will make loans available to small companies through the Small Business Administration for marketing and producing solar or energy conservation products or services. It will also fund training seminars to help small businesses facilitate the installation and servicing of solar energy systems. These proposals will be the subject of hearings in the Senate soon, and stand a good chance of becoming law this year.

Disturbing to me has been the Department of Energy's apparent lack of emphasis on solar projects, such as biomass conversion—which converts such products as solid urban wastes and farm residues—into methane and other alternative fuels. Senator EDWARD BROOKE and I have introduced an amendment to the DOE authorization bill to increase the funding levels for biomass projects to helps get this vital option off the ground.

Mr. President, the major barriers to introduction of solar energy in this country have been economics and lack of information. Those barriers are rapidly coming down. As increased efficiencies and demand have reduced solar prices, the costs of competing energy sources have steadily gone up. At the same time, the public has become increasingly aware of new solar options and more willing to try such devices out.

I am hopeful that the legislative package introduced by the Solar Coalition last month, combined with the solar tax credits in the National Energy Plan, now pending in conference, will move us toward near-term widespread introduction of solar energy within the next decade. I will do all I can in the coming days to support and adequately fund Federal programs designed to achieve the goals. I urge public and private organizations throughout the country to participate in Sun Day and follow up with public information services to alert our citizens to the opportunities solar energy offers them as individual consumers, as well as the important benefits it promises for our country.

Mr. Preident, I have attached two recent articles on solar energy for the information of my colleagues and constituents. One appeared in the February 1978 edition of Solar Age and was written by a constituent of mine, Charles Akers. Mr. Akers has recently constructed a solar heated home in Montgomery County in Indiana, and has been professionally involved, as an architect, in stimulating the use of solar energy in his community. The second article, entitled "We Can Use Solar Energy Now", written by Denis Hayes, appeared in the February edition of the Washington Post. It succinctly describes the state of the art of solar technology and outlines the steps we must take to make progress toward its widespread use.

Mr. President, May 3, 1978, when the Sun first hits the United States at the top of Cadillac Mountain in Maine, a group of citizens will be there to usher in the nationwide Sun Day activities with a celebration honoring solar energy. Let us hope that they are also celebrating a new era in our energy scheme, one of abundant, reliable, and clean power from the Sun.

The articles referred to above follow:

CHARLES AND SHIRLEY AKERS' SOLAR HOUSE

(By Charles Akers)

In June of 1976, my wife and I found and purchased a forty-four acre farm in Montgomery county in Indiana on which we planned to design and construct a new home. Because of the nationwide furor, the energy crisis, and because at that time my architectural firm was involved with a solar retrofit project for the local park and recreation center, it seemed only natural that we give serious consideration to using solar energy in the new house. Some simple mathematics reflecting the high interest rates and the estimated solar system cost of $8,000 soon revealed what all knowledgeable solar buffs know, but few dwell upon: the painful fact that solar heating is no bargain at today's fossil fuel prices. An $8,000 investment, at 9½ percent interest, and twenty-year payback, amortizes at the rate of $895 per year. The estimated cost of oil heating a residence of the proposed size would only be $557 per year. If solar energy accounted for 60 percent of the total house heating needs, there would be only $334 savings to pay back $895 per year. It would take my lifetime to pay the initial investment if the price of oil never increased.

We turned to other rationalizations for building solar—the obvious future increase in fossil fuel prices, energy conservation, anticipated governmental tax breaks, publicity for the architectural firm, service to God and country. When all was said and done—and I was perfectly honest with myself—I knew we would build solar not for any noble or wise reasons, but simply because I wanted to do it. The experience has been exciting, educational, rewarding, and fun. I feel certain the future will make it a wise and noble venture.

The space heating system is an air collector type that uses water heat storage in conjunction with the house distribution system which is a normal forced air furnace and ductwork installation. Electric resistance is the back up heat source. The air collection method seemed to be the most appropriate for an on-site constructed collector because of low initial cost, freeze-proof, and non-leaking features. Because it requires only semi-skilled trades to install, it was an easy choice over a liquid collection system. The storage medium is water in 50 gallon barrels placed in an insulated basement storage room. Water was selected over rocks or masonry because of the greatly reduced storage space requirements and because of the more efficient heat transfer from natural convection within the water barrels. In addition, the barrels are cheap ($3 each), available and easy to handle by hand.

Domestic hot water is heated by a liquid collection system and electric resistance heat back up. About 125 square feet of looped galvanized steel pipe, painted black, attached to the collector metal plate, and filled with non-toxic antifreeze, were incorporated in the upper portion of the air collector. The liquid is circulated to the hot water tank. The domestic water is used on a year-round basis and this method brings the most heat to the source of need without introducing unnecessary heat into the house in the summer. The hot water collector uses the direct sunlight striking its area, and is strategically placed to collect additional heat, summer and winter, from the entire collector because the air moving through the collector passes over the water heating portion at the point of highest air temperature.

Because the collector must be ventilated in the summer, the hot air is vented to the exterior and draws replacement air from within the house space via the furnace ductwork from each room. This results in natural gravity ventilation that could be reinforced by forced air ventilation if desired, by turning on the collector circulation fan manually. This combination has worked well, and in conjunction with the carefully designed window ventilation it has made air conditioning unnecessary.

The laundry room is located on the second floor, directly beneath the solar collector. This is near the source of most household laundry and allows easy connection of the clothes dryer to the solar collector heat. When there is heat in the collector, a manual damper allows solar preheated air to enter the dryer. The exhaust air is directed to the exterior in summer and to the interior in winter, providing warm humidifying air for the house.

Our basic design philosophy was that the house was to be first and foremost a livable and comfortable home for the family. The solar and energy conservation requirements would be important, but secondary to that prime goal. I wanted no part of cavemen underground living or passive heat, southern glare, snow blindness. The solar guest to our

home was to be an automated servant, not a benevolent time-demanding master. The beautiful north view of woods, creek, and a farming valley deserved and got large glass windows regardless of heat loss. North light and northern viewing still have tremendous virtue. Wood stove heating and cooking are fine for those who want to live primitive, but that sort of thing is impossible for the busy and rushed life of our family. Microwave oven, hot showers, and electric heat back-up are frivolous necessities to our modern family life style. A full basement doesn't conserve energy, but the cheap space used for solar heat storage, food canning room, tornado shelter, general storage, and future game room justified its inclusion. The new house is not air conditioned because we prefer natural ventilation, which is especially appropriate for this rural site.

Early in the planning I decided an important goal would be to design a residential solar energy system that could be constructed with off-the-shelf local materials, by local building trades, at a cost below the current manufactured systems price. The system, especially the collector portion would be integrated in the overall architecture of the house. It would have a natural place of importance, but would not dominate, or be the overpowering architectural feature. In addition, it seemed reasonable to incorporate as many fringe benefitsof energy use and conservation as practical beyond the basic house space heating needs. The total system provides space heating, domestic hot water heating, clothes drying heat, and summer ventilation. A central fireplace capable of heating the house and adding heat to the solar storage was incorporated into the final design.

Our construction management division used local carpenters, electricians, plumbers and heating contractors for the project. Because of their reluctance to bid on the unfamiliar solar system, all trades were hired on a time-and-material basis. This arrangement proved to be satisfactory and especially appropriate. The contractors were able to do the solar work at a guaranteed profit, and we were able to monitor the actual cost of the solar portion of the project in detail. I would recommend this construction approach for any solar project erected in an area where the construction trades are suspicious of the newfangled solar construction. After the project was complete, they were, to a man, amazed at the simplicity of the solar concept and the routine skills required. I believe they would now bid-price any future solar work in this area without reservation.

The cost for the complete system came well within our budget even though there were first-time construction problems that would not be part of any future similar system. Based upon our experience and cost records, this type of solar system—including the domestic hot water system—could be marketed complete for less than $7,000.

We moved into the home in late June 1977, but the solar system was not completed and operating until late fall. A complete analysis of the system will not be available until next fall, 1978. The furnaces, the collector fan, and the hot water heater have been metered separtely and will give an accurate report of the total electricity used for each unit. From this I will be able to determine the energy provided by the sun. To date our biggest disappointment has not come from the performance of the system, but has come from the uncooperative weather. We have been especially pleased with the domestic hot water system. It furnished 65 gallons of 140°F water on a sunny autumn day. The space heating system was started up too late in season to develop the potential of the 2,500 gallon storage system, but the collector has recorded 62,500 Btuh on a sunny December noon, 20° F, outside temperature, and appears to have the desired capability if only more than one day of sunlight would make an appearance. Central Indiana had only five sunny days and a few scattered cloudy days in the month of November. The rest have been, to my dismay, foggy and overcast. An open house on Sunday afternoon November 22 produced 321 interested and curious visitors, but not one Btu from an embarrassing cloudy sky.

[From the Washington Post, Feb. 27, 1978]

WE CAN USE SOLAR ENERGY NOW

(By Denis Hayes)

We all believe in solar homes. We think we heat our houses with oil, natural gas or electricity, but 95 percent of their warmth comes from sunbeams. In a sunless world, our dwellings would be 400 degrees Fahrenheit below zero when we turned on our furnaces. The houses of solar pioneers simply squeeze a few more degrees from the sun than do the conventional homes of their neighbors.

Twenty years ago, virtually all Americans hung up their weekly wash on "solar clothes driers." Today, few do. If I hang my wash on a line and you put yours into an electric drier, the solar energy I use will be ignored by statisticians while the electricity you use will be tabulated in next year's almanacs.

We ignore the sun for the same reasons that fish ignore water: It is abundant, free and dependable.

The solar influx is so large that it defies easy comprehension by students of conventional energy sources. Every day, the world receives 10,000 times more energy from the sun than humankind derives from all conventional fuels combined. But the official 825-page United Nations Survey of World Energy Supplies does not even mention the sun.

We know how to harness this solar influx directly as sunlight and indirectly through wind, green plants and running streams. Every essential technological ingredient for a commercial solar energy system has existed for more than a decade, although most of these devices have not yet benefited from mass production. The issue today is whether we will make the necessary policy decisions to develop these resources, or whether vested interests will coerce our continued reliance on sources that are dangerous, vulnerable to disruption and ultimately unsustainable.

Unlike fossil and fissile fuels, sunlight is a flow and not a stock. Once a gallon of oil is burned, it is gone forever; but the sun will cast its rays earthward billions of years from now, whether sunshine is harnessed for human needs or not. Technical improvements in the use of sunlight could lower prices permanently; similar improvements in the extraction of finite fuels could hasten their exhaustion.

SOLAR HEATING AND COOLING

Heating water with sunlight is simple. The collector is, in essence, a box with a black bottom and a glass top. Glass is transparent to sunlight but not to the radiation of longer wavelengths given off by the hot collector itself. Hence, heat is trapped inside. When water is pumped through the hot collector, its temperature rises. The hot water is then piped to a very well insulated storage tank where it is kept until needed.

Other countries are outpacing the United States in this field. About 30,000 American homes heat their water with sunlight. In tiny Israel, 200,000 homes have solar water heaters, and in Japan the figure is over 2 million. In remote northern Australia, where fuels are expensive, the law requires solar water heaters on all new buildings.

There is some controversy over how rapidly we will catch up. The original goal of the Carter administration's energy plan was 2.5 million solar heaters by 1985. In subsequent congressional testimony, Energy Secretary James Schlesinger trimmed this target to 1.3 million.

Wilson Clark, energy adviser to Gov. Jerry Brown of California, finds the federal figures amusing. "We will, beyond a doubt, have more solar collectors installed in California by 1985 than those guys are forecasting for the whole country," says Clark. The Solar Energy Industries Association, which represents most major solar manufacturers considers 11 million installations a reasonable 1985 goal.

Sunshine can also be used to heat buildings. "Passive" systems store energy right where sunlight strikes the building's walls and floor. Such systems are designed to shield the structure from unwanted summer heat while capturing and retaining the sun's warmth during the colder months. Passive solar architecture is, beyond doubt, the most efficient and cost-effective way to heat and cool new buildings. Modest investments will often provide 80 to 100 per cent of a building's space conditioning requirements. But passive features cannot easily be added to existing structures.

"Active" solar heating systems are more expensive, but they can be bolted onto the roofs or southern walls of existing buildings as a substitute for—or supplement to—conventional furnaces. In active systems, fans or pumps move solar-heated air or liquid from collectors to storage areas, from which heat is withdrawn as needed. Solar self-sufficiency will usually dictate a combination of active and passive features in all but the southern rim of the United States.

Buildings can be cooled as well as heated by sunlight. Again, passive solar design is the most important first step, but active solar air conditioners are also now being marketed. Absorption solar air conditioners, which operate on the same principle as gas refrigerators, reach peak cooling capacity when the sun burns brightest, which is when they are most needed. They therefore could reduce peak demands on many electrical power grids. As solar air conditioners penetrate the housing market, the overall economics of active solar heating systems will improve, because solar collectors will begin providing a year-round benefit.

Solar technologies have industrial applications as well. A study of the Australian food processing industry, for example, found that heat comprised 90 per cent of the industry's energy needs. Almost all this heat was at under 150 degrees Centigrade and 80 per cent was below the boiling point of water. Such low-temperature heat can be easily produced and stored using simple solar devices. In the United States, solar heating is now being applied to a soup-canning plant in California, a fabric-drying facility in Alabama and a concrete block factory in Pennsylvania. Solar-powered laundries and car washes are now operating in California, and a St. Louis brewery has turned to solar pasteurization.

SOLAR CELLS

The most exciting solar electric prospect is the photovoltaic cell—now the principal power source of space satellites and the main element in photographic light meters. Such cells generate electricity directly when sunlight falls on them. They have no moving parts, consume no fuel, produce no pollution, operate at environmental temperatures, have long lifetimes, require little maintenance and can be fashioned from silicon, the second most abundant element in the earth's crust.

Photovoltaic cells are modular by nature, and little is to be gained by grouping large masses of cells at a single collection site. On the contrary, the technology is most sensibly applied in a decentralized fashion—perhaps incorporated in the roofs of buildings—to minimize transmission and storage problems. With decentralized use, solar cells can be combined with compatible technologies to use waste heat for space heating and cooling, water heating, and refrigeration. Last summer a photovoltaic array in Mead, Nebr., irrigated 80 acres of corn at a thousand gallons per minute.

The manufacture of photovoltaic cells is currently a low-volume business—only 750 kilowatts of photovoltaic capacity were produced in 1977—and the products are consequently rather expensive. But a recent U.N. report concluded that solar cells would become cheaper than nuclear power if they received a total investment of $1 billion—less than the cost of just one large nuclear power plant.

STORING SUNLIGHT

Solar energy is too diffuse, intermittent and seasonally variable to harness directly to serve some human needs. Interruptions plague all energy systems, however. Electrical power lines snap, gas and oil pipelines crack, dams run low during droughts and nuclear power plants frequently need repairs, refueling and maintenance.

Sometimes the intermittent nature of an energy source causes no problems. For example, solar electric facilities with no storage capacity can be used to meet peak demands, since virtually all areas have their highest electrical demands during daylight hours.

Low-temperature heat can be temporarily stored in such substances as water or gravel; in fact, substantial short-term heat storage capacity can be economically designed into the structural mass of new buildings. The larger the storage container, the less surface area (through which heat can leak) it has per unit of volume. Large storage tanks serving clusters of houses can be designed to have such low leakage rates that seasonal storage becomes economically possible. Princeton physicist Theodore Taylor advocates solar "ponds" serving as many as 100 houses—collecting heat in July for use in February, and producing ice in February for air conditioning in July.

Eutectic salts, which melt at about 90 degrees Fahrenheit, provide a much more compact storage medium than water. These cheap, plentiful salts can hold prodigious amounts of heat. In the past, salt caked on the interior walls of the storage container, interfering with efficient heat transfer. General Electric has overcome this problem by rotating the storage cylinder at 3 revolutions per minute.

Electricity can be stored directly in batteries. Existing batteries are expensive, but new types may soon enter the market. For example, the "iron redox" batteries that will store 2,200 kilowatt-hours of photovoltaic-generated electricity for an Arkansas community college are expected to cost less than one-fifth as much as standard lead-acid batteries when mass produced.

But nuclear reactors and large coal plants also require energy storage. These facilities cannot be geared up and down to follow the peaks and valleys of electrical demand; they produce power at a steady rate, and surplus power from non-peak hours must be stored for the periods of heaviest demand. Because more energy is used during the day than at night, the overall storage requirements for a society based on renewable energy sources may prove no greater than those of an all-nuclear society.

SOLAR COSTS

Conventional wisdom holds that while solar energy has many attractive characteristics, it is too expensive today to see widespread application. As is so often the case with conventional wisdom, yesterday's truth has become today's misapprehension.

Five years ago, solar energy could not compete economically with low-priced fuels. Most solar homes used materials that were handcrafted in small workshops. But since 1973, the cost of solar equipment has dropped steadily while the costs of all competing energy sources have skyrocketed. Today, with factory production, a typical solar collector costs about $25 a square foot; by 1981, mass production could bring average costs under $10. Solar technologies already can provide energy for many purposes at no higher cost than conventional energy sources.

Take, for example, solar heating. Throughout the lower 48 United States, solar house heating now makes economic sense at the margin. That is to say, if the energy is to come from a new solar unit or a new nuclear power plant, the solar investment will be cheapest. The homeowner, of course, will not be buying electricity just from the expensive new power plant; the utility will average the expensive new energy in with cheap energy from existing sources, so that the true cost of new power is hidden from the individual consumer (and borne, through rising utility bills, by all consumers). But for society as a whole, the new energy could be most cheaply harnessed with solar equipment.

Even where the homeowner must compare the marginal costs of new solar equipment with the average cost of competing energy sources, solar investments will generally make sense over the lifetime of the building. The most important first step is to incorporate passive solar design into the building's blueprints. Often this costs little or nothing. For example, it costs no more to place most windows in the southern wall than to place them facing north, but southern windows capture the sun's warmth while northern windows merely leak the building's internal heat. Roof overhangs, masonry floors and working shutters are not expensive. Yet, combined with tight construction and good insulation, they can lower the heating load of the building by 75 per cent and more. In Arkansas, 200 well-designed houses constructed under a grant from HUD cost no more than neighboring houses built using conventional construction standards, but their fuel bills are only one-fourth as high.

More elaborate designs can lead to greater savings. In the relatively mild climate of Atascadero, Calif., Harold Hay's passive solar house was constructed with bags of water incorporated in its roof. These act like "thermal flywheels," capturing energy on winter days and storing it to meet nighttime heating requirements. In the summer, the system collects heat from the interior during the day and radiates it outward at night. The cost of the solar features was about $5,000. The solar system has provided 100 per cent of the home's heating and cooling needs for several years.

In climates where passive solar design will not provide 100 per cent of heating requirements, back-up fuels or active solar systems are needed. In Princeton, N.J., architect Douglas Kelbaugh's passive solar home captures energy through a huge southern window wall during the day and stores it in a concrete interior wall to meet nighttime heating requirements. Like other passive solar homes, the Kelbaugh residence employs no pumps or fans—just careful design. The solar features cost around $9,000, and they provide virtually all of the home's requirements. In the unusually cold winter of 1976–77, the year's heating bill was just $75. Financed with a conventional home mortgage, Kelbaugh's solar energy system would require $1,800 cash at construction with monthly payments of $60—far less than his neighbors' fuel bills.

Many different solar collectors, pumps, fans and storage systems are now on the market. Prices frequently fluctuate several-fold. For example, solar collectors can be built and installed for a materials cost of about $2 per square foot. Prices of professionally installed solar collectors can range from under $10 per square foot to more than $70. The prices of thermal storage containers range from about $10 per cubic meter for hand-built systems to as much as $35 per cubic meter for commercial products. Hand-built solar systems can hold marked advantages over all competing energy sources. At the lower end of the price range, commercial solar systems also make economic sense.

Skeptics often point to the high-cost solar equipment used in some federal solar demonstration projects and claim that the buildings could have been heated with oil for a fraction of the cost. But such buildings incorporate no cheap passive solar features and they generally employ the most expensive solar hardware on the market. Moreover, the price of oil is an average price—not the price of new oil—and even this average price is kept artificially low through oil depletion allowances, intangible drilling cost write-offs, foreign tax credits, unsafe tankers built for accelerated depreciation, polluting refineries in the Caribbean and direct governmental price controls. Even in this loaded contest, solar energy compares fairly well.

THE COST OF SOLAR CELLS

Even photovoltaic cells—the most expensive technology now being used to harness solar energy—are much less expensive than is commonly believed. For example, a panel of distinguished scientists assembled by the Ford Foundation incorrectly reported in 1977 that "current [photovoltaic] collector costs are about $200,000 per kilowatt of peak electrical capacity."

The most charitable thing to be said for this figure is that it is 20 years out of date. Solar cells did cost about $200,000 a peak kilowatt in the late 1950s, but by early 1975, the costs had dropped to $31,000. By September, 1976—eight months before the Ford report was issued—the costs had dropped to $15,500.

Within months of the Ford report's release, the cost of solar cells fell to $11,750 a peak watt. And last December, the Department of Energy awarded a grant for a solar cell array that "tracks" the sun across the sky and concentrates its rays into comparatively small photovoltaic cells. This system, which will be installed at the Arkansas community college, will generate 362 kilowatts at a total installed cost of $6,000 per peak kilowatt.

Making allowances for the average availability of sunshine versus the average capacity factors of large nuclear power plants and considering demand patterns, transmission and storage, solar cells are now probably about 10 times as expensive as nuclear power in the most favorable regions of the United States. Solar cells now cost about one-tenth what they cost 5 years ago; nuclear power now costs about twice as much as it cost 5 years ago.

The United States now has about 48,000 megawatts of nuclear capacity and less than 1 megawatt of terrestrial photovoltaic capacity. With mass production, solar cell costs are expected to continue falling dra-

matically. A 1977 report by the Federal Energy Administration contends that a $240 million purchase of 150 megawatts of solar cells, staggered over three years, would lead to a cost of just $500 per kilowatt for the 70 megawatts producted the third year.

Both solar-electric and wind-electric devices produce direct current—not the alternating current we are used to. Hence, one occasionally hears the comment that the cost of a solar society should include the cost of replacing all our appliances with devices that run on direct current (as do appliances in many motor homes today). Ignoring the possible merits of converting to direct current, the issue is trifling. Many things—from incandescent light bulbs to stoves—can perform well on direct current. Devices to convert direct current into alternating current are on the market for $180 per kilowatt for home-size units. For large orders, the price can fall to $50 per kilowatt.

WHAT NEXT?

After four years of fumbling, the federal government appears to be on the verge of passing a National Energy Act. This legislative "cornerstone" of the Carter administration is—in essence—an attempt to squeak through 1985 without having to grant Saudi Arabia the mineral rights to Ft. Knox. What it lacks is what America most desperately wants: a vision of where we are going.

The transition to a sustainable, post-petroleum world will require some decades to complete. The National Energy Act—almost totally dependent on the expansion of conventional, centralized energy sources—is not even a step in the right direction. If solar energy is to play an important role in the future, several actions must be taken immediately.

First, there is no substitute for money. While competing energy sources have financially benefited from the diligent efforts of scores of high-paid lobbyists, solar energy has not. Since 1952, when the Paley Commission recommended to President Truman that solar energy be aggressively developed, solar technology has received less than 1 five-hundredth of federal energy funding. Although solar funding increased rapidly after the Arab oil embargo of 1973, it has now remained stalled for two years with less than 4 per cent of the federal energy budget.

For solar enthusiasts, the new Carter budget is a great disappointment. Solar, wind and biological energy sources combined will receive less than one-fifth as much as is directly spent on nuclear fission. Renewable energy resources will receive $200 million less than breeder reactors alone. In fact, after adjusting for inflation, the federal solar budget is $40 million lower this year than it was last year.

The current state of solar technology would justify a budget in the $1 billion range. There would be little public opposition to this $5 per capita investment in our most promising energy source. If our current energy crisis requires "the moral equivalent of war," surely the solar, wind and biological answers to that crisis deserve at least the financial equivalent of one small weapons system.

Of course, no one wants to see tax dollars shoveled out stupidly. A good solar program will require clear-eyed managers and sufficient staff to handle the load. The current solar effort is deficient in both respects. Consequently, research has emphasized small numbers of huge projects. It is far easier for an understaffed office to manage a few big projects than many small ones.

In addition to performing research and development, the federal government should actively encourage the commercialization of solar technologies. Such proposals always stick in the craw of people who would prefer to see commercialization handled in the free marketplace. Alas, the free marketplace for energy disappeared long ago, when mineral depletion allowances, investment tax credits, accelerated depreciation schedules, federal assumption of nuclear liability, federal ownership and subsidization of uranium enrichment facilities, federal underwriting of synthetic fuel development, oil and gas price controls, the rural electrification program, and dozens of other financial and regulatory actions were instituted. Without exception, these discriminated against decentralized technologies. Today's need is for policies that will put solar energy on an even footing with its competitors.

HELPING THE BUYER

Because the initial investment is the principal cost for solar technology, prospective consumers must have access to up-front money. Different residential solar tax credits have now passed both houses of Congress; the likeliest compromise will provide a credit of 30 percent on the first $2,500 investment and 20 per cent on the next $7,500. Businesses that install solar equipment will receive a 10 per cent credit above the existing investment tax credit.

Unfortunately, this will not begin to counterbalance the higher tax credit allowed for investments in nuclear and synthetic fuels facilities in the Senate version of the National Energy Act. Moreover, tax credits are of limited usefulness for millions on fixed incomes who are being ravaged by rising fuel prices. Poor people will require something like a Treasury rebate as a down payment before they will be able to afford solar investments.

A financing authority should be established to give the homeowner and small businessman access to investment capital on terms at least as attractive as those available to utilities to invest in centralized energy sources. This might take the form of the national Solar Development Bank proposed by Rep. Stephen Neal (D.-N.C.), making 30-year loans at very low rates of interest. States could supplement such a federal effort with state institutions funded with revenues from tax-free bonds; several such proposals are now before the California legislature.

Many homeowners are reluctant to purchase solar equipment because such merchandise often carries an inadequate warranty. Warranties are considered important because the initial cost of solar technologies is generally high. Solar investments make economic sense only because they have no fuel costs and low maintenance costs in future years. But if the performance of the equipment is not guaranteed for several years, the economics of solar technologies become more questionable.

However, a warranty system can discriminate against small manufacturers. In a nascent industry, warranties are meaningful only if they are backed by performance bonds. Otherwise, businesses can simply disappear, leaving the consumer holding the bag. But setting aside scarce capital to guarantee the performance of equipment for a decade can pose an unbearable burden on small entrepreneurs.

California Energy Commissioner Ronald Doctor has suggested a solar warranty fund, analogous to the oil spill liability fund. All solar manufacturers meeting certain standards would be allowed to contribute to the fund; if anyone's equipment proved faulty, the funds would guarantee remuneration. The state would be the warrantor of last resort.

The construction of a house or other building involves a 30-to-50-year commitment to energy usage levels. By 1981, it would be reasonable to require at least passive solar design features in all new buidings. At the very least, new buildings should be required to meet vigorous regional weatherization standards, and to be built and oriented in ways that facilitate eventual retrofitting with solar equipment.

A more direct role can be played by the federal government—the largest single purchaser of almost everything in the American economy—through its procurement policies. If, for example, the Defense Department were to make a concerted effort to provide solar heat where possible to its existing residences a market in excess of 50 million square feet would open up. The total U.S. market for solar collectors in 1977 was about 5 million square feet.

If Defense were to purchase 150 megawatts of photovoltaic capacity for $450 million (including storage batteries and power conditioning equipment), it would save $1.5 billion net over the next 25 years in fuel and maintenance costs for displaced gasoline generators. A 1977 FEA report found that such a Pentagon purchase would reduce the cost of commercial photovoltaics to $500 a kilowatt—a price that is competitive for many purposes with conventionally generated electricity.

HELPING THE THIRD WORLD

One of the most dramatic solar efforts the federal government could undertake would be in the realm of foreign assistance. Solar energy makes even more sense today in the Third World than it does domestically. Developing countries tend to be richly endowed with sunlight. Their population patterns lend themselves to decentralized energy sources: half the people in Latin America, 70 percent in South Asia and 85 percent in Africa still live in rural areas. And in remote Third World villages, the current high cost of conventional energy, especially electricity, makes virtually all solar options economically competitive today.

Last May, President Carter eloquently proclaimed our national interest in improving the prospects of the world's poor. Energy is vital to economic development. Since Carter is understandably cautious about the proliferation of nuclear power around the world, solar energy poses an obvious answer.

What would it cost to provide a minimum decent supply of energy to each of the world's 1 million rural villages before the end of the century? Quite a bit. If the United States were to shoulder the entire burden, it might amount to one-half of 1 percent of our gross national product annually.

That would be a very substantial pledge, but it must be placed in perspective. American aid to Europe under the post-World War II Marshall Plan amounted to 2.8 percent of GNP. By comparison, 0.5 percent for solar assistance is a pittance. Next year, it would amount to over $5 billion—a large figure, but not too intimidating when compared to annual Third World arms receipts of nearly $28 billion.

Much of this foreign assistance would be spent here at home. As American manufacturers begin to mass produce photovoltaic arrays, small wind turbines, etc., the domestic prices of these items should plummet. This would be a boon to U.S. consumers, and it would help American solar companies in the world solar market. As a way to incorporate his concern for poverty, human rights and nuclear proliferation in one package, a

"Carter Plan" to bring solar technology to the poor villages of the world may represent the President's most attractive opportunity.

A final area where federal assistance should aggressively harness renewable energy sources is on the farm. U.S. farmers are upset with the low prices their crops are now bringing. U.S. consumers are unwilling to see their food bills rise. One answer would be a major national effort to make America's firms independent of high-priced fuels—thus separating food prices from fuel-induced inflation. Solar, wind and biological sources can be easily tapped to meet the energy demands of American agriculture. A solar equivalent of President Roosevelt's rural electrification program, which provided subsidized loans at 2 per cent interest to extend the nation's electrical lines to the farm, could lead to energy self-sufficiency for the nation's farms by 1990.

THE SOLAR SOCIETY

Energy transitions always bring fundamental social change. In the 18th century, the substitution of coal for wood and for draft animals made possible the Industrial Revolution. The later shift to petroleum made possible the jet plane and the automobile, shrinking the world and reshaping its cities. The coming energy transition, whatever direction we take, will bring similarly far-reaching changes.

Tapping some energy sources demands ever-increasing centralization; solar resources are best used at dispersed locations. Some dangerous sources can be permitted widespread growth only under authoritarian regimes; solar energy can lead to nothing more dangerous than a leaky roof. Some energy sources invite profiteering cartels; solar sources would tend to narrow the gap between rich and poor—both within and among countries. Some energy sources will tend to reduce the size of the workforce; solar sources promise large numbers of new jobs. Some energy sources involve technologies that baffle all but a few specialists; solar energy can be harnessed by individual homeowners with simple devices built of local materials.

Of the possible futures we might choose, a solar-powered one appears most inviting. But the transition will not be smooth and painless. Competing energy sources will be vigorously championed by powerful vested interests. Bureaucractic inertia, political timidity, conflicting coroporate designs and the simple, understandable reluctance of people to face up to far-reaching change will all discourage a solar transition from occurring spontaneously.

If the solar transition is to be speedily undertaken, the federal government will have to play a strongly promotional role. But thus far the influence of national policy makers has probably been negative. For two years they have caused homeowners to delay solar purchases by promising eventual tax credits—and then failed to pass the necessary legislation. They have invested the lion's share of federal solar research in elephantine technologies to the detriment of the small-scale, decentralized options best suited to solar equipment. They have spared no pains to involve electric and gas utilities in solar applications, ignoring the fact that solar energy is a textbook case of an anti-monopolistic resource.

While still hoping for leadership from Washington, many Americans are no longer waiting for it. With the sure instincts displayed by innumerable inventors, tinkerers and entrepreneurs throughout our history, these citizens are in the vanguard of a nation that, in the years ahead, must increasingly turn toward the sun.●

THE CURRENT U.S. POPULATION

● Mr. PACKWOOD. Mr. President, I wish to report that, according to the U.S. Census Bureau estimates, the total population of the United States on April 1, 1978, was 218,575,974. In spite of widely publicized reductions in our fertility levels, this represents an increase of 1,785,513 in 1 year. It also represents an increase of 126,731 in 1 short month.

Over the year, therefore, we have added enough people to fill the combined cities of Milwaukee, Wis., Austin, Tex., Sacramento, Calif., Mobile, Ala., Knoxville, Tenn., and Springfield, Mo. And in the short space of 4 weeks, our population has grown enough to more than fill the city of Topeka, Kans.

The acute problems of an ever-expanding population are certainly not unique to the United States. In country after country, the pressures exerted on the birth rate and the accompanying overcrowding, malnutrition, disease, pollution, and other social ills continue relatively unchecked. Unchecked, but never unnoticed.

Since its founding in 1929, the Population Reference Bureau, Inc., located in Washington, D.C., has gathered, interpreted, and disseminated the best available information on the world's population trends. The bureau has again publicized its most current World Population Data Sheet. According to their estimates, by mid-1978, the world's population will be 4,219,000,000 and will take a quantum leap to 6,223 billion by the year 2000, or in just a little over two decades.

I should call particular attention to a new feature contained in the bureau's statistics entitled "Projected Labor Force Increase, 1978–2000." These figures show that over 800 million more individuals throughout the world will be looking for work in the next 22 years. That figure is roughly three times the estimated U.S. population by the year 2000.

As strongly as I feel about this global problem and the urgent need for the United States to again demonstrate its leadership in dealing constructively with the world's population explosion, I ask to have printed in the RECORD the "1978 World Population Data Sheet" of the Population Reference Bureau. I recommend this as essential reading for each of us.

The material follows:

1978 WORLD POPULATION DATA SHEET

Region or country [1]	Population estimate mid-1978 (millions) [2]	Birth rate [3]	Death rate [3]	Rate of natural increase (annual, percent) [4]	Number of years to double population [5]	Population projection to 2000 (millions) [6]	Infant mortality rate [7]	Population under 15 yr (percent) [8]	Population over 64 yr (percent) [8]	Life expectancy at birth (years)	Urban population (percent) [9]	Projected labor force increase 1978-2000 (millions) [10]	Per capita gross national product (U.S. dollars) [11]
World	4,219.0	29	12	1.7	41	6,233.0	99	36	6	60	39	811.0	6,154
Africa	436.0	46	19	2.7	26	813.0	146	44	3	46	25	121.0	440
Northern Africa	103.0	43	14	2.9	24	184.0	128	44	3	52	40	25.0	650
Algeria	18.4	48	14	3.4	20	36.4	145	48	3	53	52	4.7	990
Egypt	39.6	38	12	2.5	28	63.5	108	41	3	53	44	7.4	280
Libya	2.8	48	9	3.9	18	5.3	130	49	4	53	30	.6	6,310
Morocco	18.9	45	14	3.1	22	35.4	133	46	2	53	38	5.3	540
Sudan	17.1	48	16	3.1	22	33.3	141	45	3	49	20	5.8	290
Tunisia	6.0	36	13	2.3	30	10.5	135	45	4	55	50	1.3	840
Western Africa	128.0	49	22	2.7	26	243.0	158	45	3	42	19	36.0	350
Benin	3.4	49	22	2.7	26	6.0	149	46	4	41	14	1.1	130
Cape Verde	.3	28	9	1.8	38	.4	105	48	5	50	8	(*)	260
Gambia	.6	43	23	2.0	35	.9	165	41	2	40	16	.1	180
Ghana	10.9	49	20	2.9	24	21.4	115	47	4	49	31	3.5	580
Guinea	4.8	46	21	2.5	28	8.4	175	43	3	41	20	1.3	150
Guinea-Bissau	.6	41	24	1.7	41	.8	208	37	4	39	23	.1	140
Ivory Coast	7.2	45	19	2.6	27	13.2	154	43	3	44	20	1.7	610
Liberia	1.7	50	21	2.9	24	3.0	159	42	3	45	28	.4	450
Mali	6.3	50	25	2.5	28	11.5	188	49	2	38	13	2.2	100
Mauritania	1.5	45	24	2.1	33	2.6	187	42	6	39	23	.2	340
Niger	5.0	52	24	2.7	26	9.6	200	43	3	39	9	1.3	160
Nigeria	68.4	49	21	2.8	25	134.8	157	45	2	41	18	19.4	380
Senegal	5.4	47	23	2.4	29	9.2	159	43	3	40	32	1.1	390
Sierra Leone	3.3	44	19	2.5	28	5.8	136	43	3	44	15	.7	200
Togo	2.4	50	22	2.8	25	4.5	163	46	3	41	15	.7	260

Footnotes at end of table.

1978 WORLD POPULATION DATA SHEET—Continued

Region or country [1]	Population estimate mid-1978 (millions) [2]	Birth rate [3]	Death rate [3]	Rate of natural increase (annual, percent) [4]	Number of years to double population [5]	Population projection to 2000 (millions) [6]	Infant mortality rate [7]	Population under 15 yr (percent) [8]	Population over 64 yr (percent) [8]	Life expectancy at birth (years)	Urban population (percent) [9]	Projected labor force increase 1978–2000 (millions) [10]	Per capita gross national product (U.S. dollars) [11]
Upper Volta	6.5	48	25	2.3	30	11.1	182	43	3	38	4	2.0	110
Eastern Africa	124.0	47	20	2.7	26	238.0	146	45	3	45	12	39.0	210
Burundi	4.0	48	22	2.5	28	7.2	150	44	2	42	2	1.2	120
Comoros	.3	45	20	2.5	28	.5	160	43	3	46	10	.1	180
Djibouti	.1	48	24	2.4	29	.2					70	(*)	1,940
Ethiopia	30.2	49	25	2.4	29	53.9	162	44	3	42	12	8.0	100
Kenya	14.8	48	15	3.3	21	31.3	119	46	3	50	10	5.0	240
Madagascar	8.0	47	22	2.5	28	16.3	102	45	3	44	16	3.5	200
Malawi	5.4	50	26	2.4	29	9.8	142	45	3	43	10	1.5	140
Mauritius	.9	26	8	1.8	38	1.2	40	38	4	63	44	.2	680
Mozambique	9.9	42	19	2.3	30	17.7	140	43	3	44	6	2.1	170
Reunion	.5	28	7	2.1	33	.7	44	43	4	63	51	.1	1,920
Rhodesia	7.0	48	13	3.5	20	15.2	122	48	2	52	19	2.2	550
Rwanda	4.5	51	22	2.8	25	8.6	133	44	3	41	4	2.0	110
Seychelles	.1	28	8	2.0	35	.1	35	43	6	65	26	(*)	580
Somalia	3.4	48	21	2.7	26	6.5	177	45	2	41	28	.9	110
Tanzania, United Republic of	16.5	47	22	2.5	28	33.1	167	47	2	44	7	5.7	180
Uganda	12.7	45	15	3.0	23	24.8	160	44	3	50	7	4.1	240
Zambia	5.5	50	19	3.1	22	11.5	159	46	3	44	36	1.7	440
Middle Africa	50.0	44	20	2.4	29	90.0	164	43	3	42	27	12.0	230
Angola	6.4	47	23	2.4	29	11.7	203	42	3	38	18	1.3	330
Cameroon, United Republic of	8.0	41	21	2.0	35	13.7	137	40	3	41	29	1.5	290
Central African Empire	1.9	43	21	2.2	32	3.4	290	42	3	41	36	.6	230
Chad	4.3	44	23	2.1	33	6.9	160	40	3	38	14	.8	120
Congo, People's Republic of	1.5	45	19	2.6	27	2.8	180	42	3	44	40	.4	520
Equatorial Guinea	.3	36	18	1.7	41	.5	165	37	3	44	45	.1	330
Gabon	.5	29	21	.8	87	.7	178	32	4	41	32	(*)	2,590
Sao Tome and Principe	.1	40	13	2.7	26	.1	75	—	—	53	16	(*)	490
Zaire	26.7	45	18	2.7	26	49.9	160	44	3	44	29	7.1	140
Southern Africa	31.0	41	16	2.5	28	57.0	119	42	4	52	44	10.0	1,240
Botswana	.7	47	21	2.6	27	1.4	97	48	6	56	12	.3	410
Lesotho	1.3	40	18	2.1	33	2.1	114	40	4	46	3	.3	170
Namibia	1.0	45	16	2.9	24	1.9	177	41	4	49	32	.2	980
South Africa	27.5	40	15	2.5	28	51.0	117	41	4	52	48	8.5	1,340
Swaziland	.5	49	20	2.9	24	1.0	168	48	3	44	8	.2	470
Asia	2,433.0	30	12	1.9	36	3,656.0	105	38	4	58	26	509.0	610
Southwest Asia	92.0	40	13	2.7	26	166.0	117	43	4	55	45	25.0	1,730
Bahrain	.3	43	8	3.5	20	.6	78	44	3	63	78	—	2,410
Cyprus	.6	20	10	1.0	69	.8	27	28	10	71	42	.1	1,480
Gaza	.4	49	16	3.3	21	.9	—	53	5	52	87	—	—
Iraq	12.2	48	14	3.4	20	24.2	104	48	3	53	65	3.1	1,390
Israel	3.7	28	7	2.1	33	5.6	20	33	8	73	86	.9	3,920
Jordan	2.9	48	13	3.4	20	5.8	97	48	3	53	42	.7	610
Kuwait	1.1	43	5	3.9	18	2.8	44	44	2	69	56	.4	15,480
Lebanon	2.9	40	9	3.1	22	5.6	59	41	5	64	60	.9	—
Oman	.8	49	18	3.2	22	1.6	138	—	—	—	5	—	2,680
Qatar	.1	44	14	3.0	23	.2	138	—	—	—	69	(*)	11,400
Saudi Arabia	7.8	49	19	3.0	23	14.9	152	45	3	45	21	2.1	4,480
Syria	8.1	45	14	3.1	22	16.0	114	48	3	57	47	2.1	780
Turkey	42.2	34	11	2.3	30	71.1	119	40	4	57	45	12.3	990
United Arab Emirates	.8	44	14	3.0	23	1.6	138	—	—	—	52	(*)	13,990
Yemen	5.8	49	19	3.0	23	10.9	155	45	3	45	9	1.7	250
Yemen, Democratic	1.9	49	19	3.0	23	3.5	155	47	4	45	33	.4	280
Middle South Asia	879.0	37	15	2.2	32	1,459.0	133	41	3	49	21	222.0	220
Afghanistan	17.8	48	22	2.6	27	31.2	190	44	3	40	15	5.4	160
Bangladesh	85.0	47	20	2.7	26	153.5	153	43	3	46	9	22.8	110
Bhutan	1.3	43	19	2.4	29	2.1		42	3	44	3	.4	40
India	634.7	34	14	2.0	35	1,017.7	129	40	3	49	21	155.6	150
Iran	35.5	45	14	3.1	22	65.4	104	47	3	57	47	9.8	1,930
Maldives	.1	50	23	2.7	26	.2		44	2		11	(*)	110
Nepal	13.4	44	20	2.3	30	23.0	152	40	3	44	4	4.4	120
Pakistan	76.8	44	14	3.0	23	145.1	139	46	3	51	26	20.4	170
Sri Lanka	14.2	26	9	1.7	41	20.4	47	39	4	68	22	3.0	200
Southeast Asia	341.0	37	13	2.4	29	574.0	118	43	3	52	21	94.0	330
Burma	32.2	38	15	2.4	29	52.7	140	40	4	50	22	7.6	120
Dem. Kampuchea (Cambodia)	8.2	47	18	2.9	24	14.7	150	45	3	45	12	2.6	
East Timor	.8	44	22	2.3	30	1.2	175	42	3	40	11	.1	
Indonesia	140.2	38	14	2.4	29	226.4	137	44	2	48	18	33.7	240
Lao People's Democratic Republic	3.6	44	21	2.4	29	5.8	175	42	3	40	15	.9	90
Malaysia	13.0	31	6	2.5	28	21.7	41	43	3	68	27	4.1	860
Philippines	46.3	35	10	2.5	28	84.7	80	43	3	58	32	15.7	410
Singapore	2.3	19	5	1.4	50	3.1	12	32	4	71	100	.4	2,700
Thailand	45.1	33	10	2.3	30	83.3	89	45	3	61	13	17.8	380
Vietnam	49.2	41	19	2.2	32	80.3	115	41	4	48	22	11.4	
East Asia	1,122.0	22	8	1.4	50	1,457.0	59	33	6	66	31	167.0	900
China, People's Republic of [12]	930.0	22	8	1.4	50	1,213.0	65	33	6	65	24	136.9	410
Hong Kong	4.5	18	5	1.3	53	5.8	14	30	6	72	92	.7	2,110
Japan	114.4	16	6	1.0	69	132.1	9	24	8	74	76	12.0	4,910
Korea, Democratic People's Republic of	17.1	34	9	2.5	28	27.4	70	42	4	61	43	6.1	470
Korea, Republic of	37.1	24	7	1.7	41	53.5	47	39	4	65	48	8.3	670
Macao	.3	25	7	1.8	38	.4	48	38	5		97	(*)	780
Mongolia	1.6	35	8	2.7	26	2.7	70	44	3	61	46	.5	860

Footnotes at end of table.

1978 WORLD POPULATION DATA SHEET—Continued

Region or country [1]	Population estimate mid-1978 (millions) [2]	Birth rate [3]	Death rate [3]	Rate of natural increase (annual, percent) [4]	Number of years to double popula-tion [5]	Population projection to 2000 (millions) [6]	Infant mortality rate [7]	Population under 15 yr (percent) [8]	Population over 64 yr (percent) [8]	Life ex-pectancy at birth (years)	Urban population (percent) [9]	Projected labor force increase 1978–2000 (millions) [10]	Per capita gross national product (U.S. dollars) [11]
Taiwan (Republic of China) [13]	16.9	26	5	2.1	33	22.1	25	35	4	70	63	2.7	1,070
North America	242.0	15	9	.6	116	292.0	15	25	10	73	74	30.0	7,850
Canada	23.6	16	7	.9	77	31.3	14	26	8	73	76	3.7	7,510
United States	218.4	15	9	.6	116	260.4	15	24	11	73	74	26.6	7,890
Latin America	344.0	36	9	2.7	26	606.0	84	42	4	62	61	96.0	1,100
Middle America	87.0	42	8	3.3	21	174.0	68	46	3	63	58	28.0	1,100
Costa Rica	2.1	29	5	2.4	29	3.6	38	44	4	68	41	.6	1,040
El Salvador	4.4	40	8	3.3	21	8.5	55	46	3	58	39	1.5	490
Guatemala	6.6	43	12	3.1	22	12.2	75	45	3	53	36	1.8	630
Honduras	3.0	47	13	3.5	20	6.1	103	47	2	55	31	1.1	390
Mexico	66.9	42	8	3.4	20	135.2	66	46	3	65	64	21.4	1,090
Nicaragua	2.4	47	13	3.4	20	4.8	110	48	3	53	49	.9	750
Panama	1.8	32	7	2.6	27	3.2	47	43	4	66	50	.5	1,310
Caribbean	28.0	29	8	2.0	35	44.0	64	41	5	64	48	6.0	1,063
Bahamas	.2	20	5	1.4	50	.3	35	44	3	66	58	(*)	3,100
Barbados	.3	19	9	.9	77	.3	28	34	9	69	44	(*)	1,550
Cuba	9.7	21	5	1.5	46	14.7	27	37	6	70	60	2.1	860
Dominican Republic	5.1	39	9	3.0	23	10.6	96	48	3	58	47	1.7	780
Grenada	.1	27	6	2.2	32	.1	24			63	15	(*)	400
Guadeloupe	.3	28	7	2.1	33	.4	35	40	5	65	48	.1	1,500
Haiti	4.8	39	17	2.2	32	7.1	115	42	4	50	23	1.0	200
Jamaica	2.1	30	7	2.3	30	2.8	20	46	6	68	41	.5	1,070
Martinique	.3	22	7	1.6	43	.4	32	41	5	65	50	.1	2,350
Netherlands Antilles	.3	28	7	2.1	33	.4	28	38	5	62	48	(*)	1,680
Puerto Rico	3.4	24	6	1.7	41	4.2	21	35	7	72	62	.4	2,430
Trinidad and Tobago	1.1	23	6	1.6	43	1.4	31	39	4	66	49	.2	2,240
Tropical South America	188.0	37	9	2.8	25	337.0	98	43	3	61	60	57.0	1,090
Bolivia	4.9	47	18	2.9	24	8.7	157	42	4	48	34	1.5	390
Brazil	115.4	36	8	2.8	25	205.2	109	42	3	61	60	33.5	1,140
Colombia	25.8	33	9	2.4	29	46.7	90	44	3	61	64	8.7	630
Ecuador	7.8	40	9	3.2	22	14.8	66	45	4	60	41	2.7	640
Guyana	.8	27	7	2.0	35	1.2	50	44	3	68	40	.2	540
Paraguay	2.9	39	8	3.1	22	5.3	65	45	3	62	37	.9	640
Peru	17.1	40	11	2.9	24	31.2	80	45	3	56	55	5.1	800
Surinam	.5	37	7	3.0	23	.9	30	50	4	66	50	.2	1,370
Venezuela	13.1	36	7	3.0	23	23.2	49	45	3	65	75	4.1	2,570
Temperate South America	40.0	23	9	1.4	50	52.0	57	30	7	66	80	5.0	1,400
Argentina	26.4	23	9	1.3	53	32.9	59	29	8	68	80	2.7	1,550
Chile	10.8	25	7	1.8	38	15.4	56	35	5	63	79	2.1	1,050
Uruguay	2.8	21	10	1.1	63	3.4	49	28	9	69	83	.3	1,390
Europe	480.0	15	10	.4	173	538.0	20	24	12	71	65	30.0	4,420
Northern Europe	82.0	13	13	.1	693	90.0	13	23	14	72	73	5.0	4,910
Denmark	5.1	13	11	.2	347	5.4	10	23	13	74	67	.2	7,450
Finland	4.8	14	9	.5	139	4.8	10	22	10	71	59	.1	5,620
Iceland	.2	19	6	1.3	53	.3	8	30	9	75	87	(*)	6,100
Ireland	2.3	22	10	1.1	63	4.0	15	31	11	71	52	.4	2,560
Norway	4.1	13	10	.3	231	4.5	10	24	14	75	45	.3	4,720
Sweden	8.3	12	11	.1	693	9.2	9	21	15	75	83	.6	8,670
United Kingdom	56.0	12	12	0		61.6	14	23	14	72	76	3.5	4,020
Western Europe	153.0	12	11	.1	693	169.0	14	23	14	72	79	9.0	6,900
Austria	7.5	12	13	−.1		8.0	18	23	15	71	52	.5	5,330
Belgium	9.9	12	12	0		10.7	14	23	14	71	87	.4	6,780
France	53.4	14	10	.3	231	61.2	13	24	14	73	70	4.9	6,550
Germany, Federal Republic of	61.3	10	12	−.2		65.6	17	21	15	71	92	2.1	7,380
Luxembourg	.4	11	13	−.2		.4	18	20	13	70	69	(*)	6,460
Netherlands	13.9	13	8	.5	139	16.0	11	25	11	74	76	1.0	6,200
Switzerland	6.2	12	9	.3	231	6.9	11	22	13	73	55	.4	8,880
Eastern Europe	108.0	18	11	.7	99	122.0	25	23	11	70	58	8.0	2,820
Bulgaria	8.8	16	10	.6	116	9.9	23	22	11	71	58	.3	2,310
Czechoslovakia	15.2	19	11	.8	87	17.0	21	23	12	70	67	1.0	3,840
German Democratic Republic	16.7	12	14	−.2		17.4	14	21	16	72	76	.9	4,220
Hungary	10.7	18	12	.5	139	11.1	30	20	13	69	50	.2	2,280
Poland	35.1	20	9	1.1	63	30.2	24	24	9	71	55	3.5	2,860
Romania	21.9	20	10	1.0	69	26.0	31	25	10	70	48	1.9	1,450
Southern Europe	137.0	17	9	.8	87	158.0	24	26	11	71	51	8.0	2,620
Albania	2.6	32	8	2.4	29	4.1	87	40	5	68	34	9	540
Greece	9.3	16	8	.8	87	9.9	23	24	12	72	65	.2	2,590
Italy	56.7	14	10	.4	173	61.8	19	24	12	72	53	2.1	3,050
Malta	.3	19	10	.9	77	.3	14	26	9	70	94	(*)	1,390
Portugal	9.7	19	10	.9	77	10.8	39	27	10	69	26	.4	1,690
Spain	36.8	18	8	1.0	69	45.3	11	28	10	72	61	2.8	2,920
Yugoslavia	22.0	18	8	1.0	69	25.6	36	26	8	68	39	1.7	1,680
U.S.S.R.	261.0	18	9	.9	77	313.0	28	25	9	69	62	20.0	2,760
Oceania	22.0	21	9	1.2	58	32.0	41	32	7	68	71	5.0	4,730

Footnotes at end of table.

1978 WORLD POPULATION DATA SHEET—Continued

Region or country [1]	Population estimate mid-1978 (millions)[2]	Birth rate [3]	Dexth rate [3]	Rate of natural increase (annual, percent)[4]	Number of years to double population [5]	Population projection to 2000 (millions)[6]	Infant mortality rate [7]	Population under 15 yr (percent)[8]	Population over 64 yr (percent)[8]	Life expectancy at birth (years)	Urban population (percent)[9]	Projected labor force increase 1978–2000 (millions)[10]	Per capita gross national product (U.S. dollars)[11]
Australia	14.3	17	8	.8	87	19.9	14	28	8	72	86	2.7	6,100
Fiji	.6	29	7	2.2	32	.8	41	39	3	70	38	.1	1,150
New Zealand	3.2	18	8	1.0	69	4.3	16	30	9	72	81	.5	4,250
Papua New Guinea	3.0	41	16	2.5	28	5.1	106	44	4	48	13	.9	490
Samoa, Western	.2	37	7	3.0	23	.3	40	50	3	63	21	(*)	350
Solomon Islands	.2	36	13	2.3	30	.4	52	44	3	—	9	(*)	250

[1] The Data Sheet lists all U.N. members and all geopolitical entities with a population larger than 200,000.

[2] Except for the People's Republic of China, based on a population total from a very recent census or on the most recent official country or U.N. estimate; for almost all countries the estimate was for mid-1976. Each estimate was updated by the Population Reference Bureau to mid-1978 by applying the same rate of growth as indicated by population change during part or all of the period: since 1970.

[3] Annual number of births or deaths per thousand population. For the more developed countries with complete or nearly complete registration of births and deaths, nearly all the rates shown pertain to 1975 or 1976. For most developing countries with incomplete registration, the rates refer to 1976 and were obtained by interpolating the 1970–75 and 1975–80 estimates of the U.N. to 1976. The 1970–75 and 1975–80 rates were used in the medium variant estimates and projections as assessed by the U.N. in 1973 (U.N. Selected World Demographic Indicators . . .). The interpolated figures should be considered as rough approximations only.

[4] Birth rate minus the death rate. Since the rates were based on unrounded birth and death rates, some rates do not exactly equal the difference between the birth and death rates shown because of rounding.

[5] Based on the rate of natural increase shown and assuming no change in the rate.

[6] Except for the United States, estimated by the Population Reference Bureau by applying the percentage increase in the population 1978–2000 implied by the U.N. medium variant projections to the population total as estimated for mid-1978. For the United States, the figure shown is the series II projection given in the U.S. Bureau of the Census, Projections of the Population of the United States: 1977 to 2050, p. 25, No. 704, July 1977.

[7] Annual number of deaths to infants under 1 yr of age per thousand live births. For countries with complete or nearly complete registration of births and deaths, nearly all rates pertain to 1975 or 1976. For many developing countries with incomplete registration, rates are the latest available estimates generally obtained from the U.N. sources noted above; from World Health Organization, World Health Statistics Report vol. 29, No. 11, 1976; or from U.S. Bureau of the Census, World Population: 1975, and draft materials of the forthcoming world population: 1977.

[8] The "age dependency ratio" for each country or region can be derived by adding the percentages under 15 yr and over 64 yr and dividing by the complement. For the world as a whole, for example, 36 percent plus 6 percent divided by 58 percent gives a figure of 72 persons in the "dependent ages" for each 100 persons in the "working ages" of 15 to 64.

[9] The percentage of the total population living in areas defined as urban by each country.

[10] An asterisk (*) denotes a labor force increase of less than 50,000. Except for the People's Republic of China and Taiwan, the source for all figures is Labour Force Estimates and Projections, 1950–2000, 2d edition, International Labour Office (ILO), Geneva, 1977. These labor force projections are based on estimated and projected age-sex specific activity rates for each country and the U.N. medium variant projections of the total population of each country. The 1978 labor force figure was obtained by interpolating the ILO figures for 1975 and 1980. Figures for the People's Republic of China and Taiwan were obtained by applying the ILO's projected activity rates for China (including Taiwan) for 1978 (interpolated from 1975 and 1980 rates) and 2000 to the PRB's population totals for these dates. It was assumed that the activity rates for Taiwan would be the same as for the People's Republic of China.

[11] Data refer to 1976 except for 12 of the smaller countries for which the data refer to 1975. All data for the individual countries are from the World Bank Atlas: Population, Per Capita Product, and Growth Rates, World Bank, 1977.

[12] Recent reports of provincial population totals announced through Chinese radio and newspapers during the 1975–77 period indicate that the population of the People's Republic of China is much higher than previous estimates have shown. Consequently, most estimates of the PRC's population have been revised upward to take into account these higher provincial totals. Recent reports of the PRC's successful efforts in family planning and health care have also led to downward revisions in the estimated levels of fertility and mortality. After evaluating estimates from a variety of sources, the Population Reference Bureau considers the estimates shown here to be reasonable.

[13] The U.N. does not show figures for Taiwan. These figuers were separately estimated on the basis of official Taiwan data. The population was assumed to increase to 2000 at the same rate as that of the People's Republic of China.

GENERAL NOTES

World Population Data Sheets of various years should not be used as a time series. Because every attempt is made to use the most recent and most accurate information, data sources vary and radical changes in numbers and rates from year to year may reflect improved source material, revised data, or a later base year for computation, rather than yearly changes.

Sources of data: Aside from population estimates and projections (see footnotes 2 and 6), number of years to double population (footnote 5), projected labor force increase (footnote 10), and per capita gross national product (footnote 11), most of the data in this table were reported in the following United Nations (U.N.) publications: Demographic Yearbook, 1975 and 1976 editions; Population and Vital Statistics Report, Data Available as of Jan. 1, 1978, Statistical Papers, series A vol. XXX, No. 1; Selected World Demographic Indicators by Countries, 1950–2000, ESA/P/WP. 55, 28 May 1975; and Single-Year Population Estimates and Projections for Major Areas, Regions and Countries of the World, 1950–2000, ESA/P/WP. 56, 6 October 1975. A few figures shown were from other sources, including: draft materials for the forthcoming U.S. Bureau of the Census report, World Population: 1977; unpublished materials and reports of the Census Bureau's Foreign Demographic Analysis Division; D. Nortman and E. Hofstatter, Population and Family Planning Programs: A Factbook, 9th ed., The Population Council, forthcoming May 1978; various analytical studies; and official data reported by individual countries. The source for any figure shown on the Data Sheet may be obtained by writing or telephoning the Population Reference Bureau.

Figures for the regions and the world: Population totals take into account small areas not listed on the Data Sheet. Totals may also not equal the sums of their parts because of independent rounding. All other data are weighted averages for countries for which data are available.

Dashes indicate data are unavailable.

THE SCHOOL LUNCH PROGRAM

● Mr. TALMADGE. Mr. President, on Wednesday the Committee on Agriculture, Nutrition, and Forestry sent a letter to the Senator from Connecticut (Mr. RIBICOFF), chairman of the Committee on Governmental Affairs, expressing our vigorous opposition to the proposal to transfer the school lunch and other child nutrition programs from the Department of Agriculture to the proposed new Department of Education.

The depth of the committee's feeling on this crucial issue is demonstrated by the fact that the letter was signed by all 18 members—both Democrats and Republicans.

The action of our committee is not to be construed as opposition to the creation of the Department of Education itself. Indeed, I support such a department. I know that some other members of the committee do likewise.

But we are unanimous and emphatic in our opposition to the transfer of the school lunch program from the Department where it has been administered effectively from the inception to a new and untested agency. I can think of no activity of the Federal Government that has made a greater contribution over the years to the health and welfare of this country than the school lunch program.

As our letter states, the proposal to strip the child nutrition programs from USDA would be bad for the programs, bad for agriculture, and bad for the children of America.

Our committee also views this proposal as only the first step in a long-developing campaign to emasculate and dismember the Department of Agriculture. If this first move succeeds, efforts to strip away other functions will surely follow until the Department is reduced to sub-Cabinet status.

I and the members of the Committee on Agriculture, Nutrition, and Forestry do not intend to sit idly by and let this happen.

Mr. President, I submit the text of our letter for the RECORD.

The material follows:

WASHINGTON, D.C.,
April 18, 1978.

HON. ABRAHAM RIBICOFF,
Chairman, Governmental Affairs Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing with regard to the provision in S. 991 which would transfer the child nutrition programs, including the school lunch program, from the Department of Agriculture to a new Department of Education.

While many of us support the concept of a Department of Education, all of us believe that transferring the child nutrition programs to the Department of Education would be detrimental to the programs, to the children of the Nation and to American agriculture. It might well jeopardize the creation of the Department.

The school lunch program has grown and developed within the Department of Agriculture. It makes no sense at all to transfer the child nutrition programs out of the Department of Agriculture at the very time it is becoming increasingly clear that food, agriculture, and nutrition are interrelated.

Transferring the child nutrition programs would, in our opinion, lead to elimination of commodity support for the program, undercut the nutritional aspects of the program, and remove the school lunch program as a mechanism for the disposal of surplus commodities. In addition, it would greatly undercut the effectiveness of the Department of Agriculture.

The school lunch program today constitutes the only effective means through which the Secretary of Agriculture can provide price and market stability to those farm commodities that do not enjoy the protection of government price support programs. This is accomplished through direct USDA purchases of those commodities when in surplus supply—such as beef, pork, poultry, eggs, fruits, potatoes and other vegetables—for distribution through the school lunch program.

If this program is stripped from the Department of Agriculture and placed in the

new and untested hands of a Department of Education, this closely related and mutually beneficial agriculture and nutrition function will be greatly weakened, if not destroyed, and the children would suffer. The function should remain in a single Department that will have concern and jurisdiction for both. To divide the function would probably mean over a period of time that distribution of surplus commodities through the school lunch program would be replaced by a straight cash subsidy program. That would be highly detrimental to both the recipients and producers of farm commodities in temporary surplus.

The proposal to shift the child nutritional programs to a new Department of Education will, if successful, encourage further predatory raids on functions and activities of the Department of Agriculture. Indeed, such raids already are being organized. If the dismemberment of USDA is allowed to succeed, this century-old Department will become little more than an empty shell, incapable of serving either farmers or consumers.

The role of "food and nutrition" in our agriculture policy has increased dramatically in recent years. This interdependence will grow in future years. It must not be divided at this critical juncture.

The bounties of our land must be divided between the competing demands of foreign sale, foreign humanitarian donation, domestic sale, and our domestic food programs.

Nutrition is no longer viewed as a "fad" but as an important policy issue with major consequences for American agriculture as well as our Nation's health.

In short, it is of paramount importance that the United States have a coordinated food and agriculture policy—and to accomplish that goal these two areas must be united in the Department of Agriculture.

We believe this has always been the historic role of the Department of Agriculture.

The original mandate creating the Department in 1862 required it "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of terms . . ."

The first appropriation by the Congress to a Federal agency specifically for studies in human nutrition was made to the Department of Agriculture in 1893.

Later when the National School Lunch Act was passed in 1946 "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities", the Secretary of Agriculture was chosen to administer the program.

The Food and Agriculture Act of 1977 noted: "nutrition and health considerations are important to United States agriculture policy."

Most recently, the Secretary of Agriculture, Bob Bergland, told the Congress:

"We think this country must develop a policy around human nutrition, around which we build a food policy for this country and as much of this world as is interested. And in that framework we have to fashion a more rational farm policy. We've been going at it from the wrong end in the past."

Central to the development of a nutrition policy is the Nation's food programs: Food stamps, school lunch, school breakfast, and WIC. These programs, which represent the Nation's backbone in the fight against hunger, must not be taken from the Department of Agriculture just as we broaden our investigations in the area of nutrition and begin to address other emerging nutritional issues, including obesity, the relationship between diet and disease, nutrition research, food labelling, and nutrition education. Indeed, as we progress into these other issues the food programs may provide a valuable source of information for consumption data, a forum for nutrition education, and perhaps other research information.

GAO, in a recent report on nutrition research, found a "lack of central focus and coordination" to be the number one barrier to progress in the area.

We feel certain that progress in evolving a food and agricultural policy is equally dependent on having a central focus. If the development of a national energy policy demanded a new Department of Energy to coordinate and pull together all aspects of the problem, then we insist that the same principle applies to the development of a national food, nutrition, and agriculture policy. The nutrition programs should not be sent to other agencies or department; indeed the food-related functions of other departments should be consolidated within the Department of Agriculture.

We, therefore, strongly urge you, Mr. Chairman, to reconsider that provision of S. 991 and of the President's proposal which would transfer the child nutrition programs to a new Department of Education.

Sincerely,

Herman E. Talmadge, Chairman; George McGovern, John Melcher, Kaneaster Hodges, Jr., Richard G. Lugar, Henry Bellmon, Milton R. Young, Richard (Dick) Stone, Jesse Helms, S. I. Hayakawa, Bob Dole, James O. Eastland, James B. Allen, Walter D. Huddleston, Dick Clark, Patrick J. Leahy, Edward Zorinsky, and Carl T. Curtis.

WASHINGTON, D.C.
April 14, 1978.

Hon. HERMAN TALMADGE,
Chairman, Senate Commiteee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The National Milk Producers Federation was greatly heartened by your strong statement in opposition to proposals which would seriously weaken the U.S. Department of Agriculture by transferring major functions to other agencies of government. As we indicated to you at the time of your December 27 statement on the issue, such moves are totally counter to the effort to develop a coordinated food policy and the maintenance of a strong agriculture. We continue to look to you for leadership in this area.

It is our understanding that the administration has now recommended that the Child Nutrition Programs administered by the Food and Nutrition Service of the USDA be shifted to the proposed Department of Education. Such a move has no more merit than earlier plans to shift these operations to the Department of Health, Education and Welfare.

The Federation will meet early next week with a number of farm commodity and other groups to consider means of countering this move. We will keep you informed of this effort. In view of the continued push on the part of some to move these programs from the Department of Agriculture, it has occurred to us that oversight hearings on the part of the Committee on Agriculture, Nutrition and Forestry might be helpful in demonstrating the effective functioning of these programs in their present status as well as establishing the case for retaining them in USDA.

Sincerely,

PATRICK B. HEALY,
Secretary,
National Milk Producers Federation.●

ENCOURAGING PROSPECTS FOR SOLAR ENERGY

● Mr. PERCY. Mr. President, Gus Speth, council member of the Council on Environmental Quality, recently delivered an excellent speech outlining the benefits and prospects of solar energy. The speech, entitled "The Sky Is Falling; New Prospects for Solar Energy" was given before the Environmental Industry Council on February 23, 1976. I highly commend this speech to my colleagues.

In his speech, Mr. Speth enumerates the many benefits of solar power. Included is the fact that it is environmentally benign, embargo proof, and that it provides more jobs than conventional technologies.

Drawing from a recent Department of Energy study indicating that the entire State of California could operate on solar energy in the year 2525, Mr. Speth is optimistic that solar could be a major energy source for this Nation, and not just a supplement.

As Mr. Speth rightly points out, the future prospects of solar boil down to simple economics. I am heartened that we, in the Congress, are taking important steps to assure that the economics of solar are favorable.

Recently, an informal group of Senators and Representatives introduced a package of legislation dedicated to promoting the widespread use of solar energy. As a member of this coalition, I introduced several pieces of legislation which directly benefit the economics of solar energy.

One, a bill to create an Office of Small Scale Technology within the Department of Energy, would provide grants, technical assistance and information to small businesses and community groups to promote conservation, solar, and other energy-renewable technologies and non-energy-renewable technologies.

The second is a bill authorizing the Commerce Department to conduct a global market survey for American solar industries to determine potential export markets. I share Mr. Speth's belief that U.S. solar technology equipment can develop into a sizable export industry. An important step in that direction would be a determination of where the best markets are.

To further enhance the ability of American solar industries to export, I introduced a bill (S. 2835) on Wednesday, April 5, which would amend the Export-Import Bank Act by creating an officer of the Bank whose exclusive task would be to promote the export of solar and other renewable energy technologies. The Eximbank has been a very important factor in the development and growth of America's nuclear export. I believe that American solar industries, given similar attention by the Bank, could also begin exporting.

Mr. President, I believe that these legislative initiatives, along with others introduced by my colleagues, would provide major assistance to this growing and vital industry and help assure its promi-

nence in America's future energy makeup.

Mr. President, I ask that Mr. Gus Speth's speech entitled "The Sky Is Falling: New Prospects for Solar Energy" be printed in the RECORD.

The statement follows:

THE SKY IS FALLING: NEW PROSPECTS FOR SOLAR ENERGY

Though I have not seen an advance copy of their remarks, I suspect my colleagues on this panel will cover thoroughly the environmental impacts of fossil-fuel development and combustion. I reserve, of course, my Constitutional right to nit-pick later on . . . but I want to devote my time to a single topic that may otherwise receive only passing mention: the prospects for solar energy.

The principal supply alternatives for the United States are coal, nuclear power, and solar, both direct and indirect. The National Energy Plan recognizes that all of these options will be used in the years ahead. Recent developments, however, have increased concern with both coal and nuclear as longer-term supply options and have provided the basis for far greater optimism regarding solar. The arguments are sufficiently compelling that many thoughtful persons now believe we should adopt national and international strategies aimed at shifting as rapidly as possible—perhaps within a few decades—to a society based predominantly on solar energy.

First, let's consider some of the benefits of power from the sun. While not completely free of adverse environmental effects, solar technologies should generally have a much smaller impact than conventional technologies that provide equivalent amounts of energy. Solar poses little risk to climate, and creates little direct air pollution, no radiation hazards, and no risk of nuclear weapons proliferation. It offers important economic opportunities: the U.S. is the acknowledged leader in solar technology, and can develop an important export market here if we get cracking on it. Further, solar could make a substantial dent in our nagging unemployment problem: preliminary data to be published this summer indicate that capital investment in solar heating systems will generate between 2 to 5 times as many jobs as the same expenditure for central station electric power plants.

Solar differs from other energy sources in its utter democracy: it falleth on the just and the unjust alike, on Arab and non-Arab. Hence it is not subject to embargoes. Its potential is immense: a recent study for the Department of Energy concludes that from the single standpoint of resource availability, it would be possible to operate an advanced, post-industrial society in California almost entirely on solar energy, even with major increases in population and per capital income. Solar energy thus has the potential to be a leading source of U.S. energy supply, not just a supplement. Indeed, from the standpoint of technology and resources, there appears to be no reason why solar energy cannot eventually meet most of our needs, given adequate efforts to increase energy efficiency. Whether and how soon solar energy in fact becomes the mainstay of U.S. supply depends principally on economic factors.

Happily, the economics of solar energy are improving with remarkable speed. In just the last five years, solar energy has advanced from its former status as a technical curiosity to become the subject of serious development. Among the companies interested in solar are Dow Corning, Grumman Aviation, Mobil, and Shell Oil, Texas Instruments, RCA, and Motorola. Out of curiosity, I checked the Washington, D.C. Yellow Pages yesterday for listings under solar energy. The May, 1975 edition had one such listing; the May, 1977 edition had seventeen. According to Science magazine, the number of solar-heated houses built in the U.S. has doubled every nine months since 1973.

Despite these evidences of interest, many of the comments I see—from officials in government as well as in private industry—assure us that the solar era is off in the distant future, if it exists at all. I think—and I hope my remarks will support this view—that solar energy can contribute in a major way in this century to meeting our energy needs. Consider the following:

Solar collectors can now produce hot water at costs generally competitive with electric water heaters, and the use of solar for heating homes and buildings, producing industrial steam and powering heat engines should begin to become competitive in the next few years.

Photovoltaics (or "solar") cells, which produce electricity directly from sunlight and have powered satellites, were roughly 100 times more expensive a few years ago than they are today. A number of applications are already economic; by 1985 solar cells are expected to be economically competitive for a wide range of applications. If the Department of Energy's price goals are met as expected, market forecasts suggest that photovoltaics could become a major source of new electrical generating capacity in the 1990's.

Biomass—which includes forest, crop and animal residues, as well as crops grown for their energy content—has an energy content comparable to Western lignite and can be burned directly or converted to a full range of storable liquid or gaseous fuels, such as methane and alcohol. One recent study suggests that such sources could provide an energy equivalent of about 1 million barrels of oil per day by the year 2000. More important is the growing agreement that, with appropriate government support, fuels from biomass can be economical on a large scale by the century's end.

Small-scale wind energy systems are already a practical reality. While some systems are cost-effective for specific applications today, projections for the cost of electricity generated from wind power range from 5¢ kwh for small (8 kw) machines, to 1.7¢ for large (1500 kw) machines. Recent studies for the Department of Energy suggest that wind energy could provide on the order of 10 percent of the nation's electrical energy demand by the year 2000.

Small-scale hydro systems are receiving increased attention. Studies indicate that more than 14,000 megawatts electric (MWe) of untapped hydro power potential exists at small, 3 to 5 MWe sites across the United States. In New England, for example, more than 100 hydro sites have been abandoned since 1941 because other sources of power become more economic; many have now regained economic viability. An additional 14,000 MWe is available in unfilled generation bays at existing dam sites.

Thus solar energy is not a far-out option; it is with us today in various forms, and the obstacles to its widespread application are falling rapidly. The outlook for solar is promising enough that, if we invest sufficient determination and resources now, we could find solar our primary replacement source of energy a decade hence.

A strong case can be made that a national commitment in the 1950's to develop solar technology—one comparable to the commitment we made then to nuclear power—would have led to the widespread economic feasibility of solar energy today. Whatever the worth of that speculation, it's critical that we recognize that a major national commitment to solar is no longer merely desirable; it is essential. Given the long lead-times necessary to convert our energy supply systems, we should make that commitment now.●

COMMUNITY DEVELOPMENT CORPORATIONS

● Mr. KENNEDY. Mr. President, the Human Resources Committee is now considering the reauthorization of the Economic Opportunity Act, through which the Community Services Administration operates. So, too, the Appropriations Committee is considering funding for the coming fiscal year for programs administered through CSA.

One of the most important of these programs is that embodied in title VII of the Economic Opportunity Act, which establishes a "special impact program" through which the Community Development Corporations are funded. These Community Development Corporations are extremely important vehicles in our efforts to revitalize low income neighborhoods. They are important because they use the entrepreneurial talents of those who live in the neighborhood and who know which operations are important in building the local economic infrastructure and which operations have the greatest social benefit to the community. They are important because they use and train local talent, giving the business skills which are necessary in a capitalist society. They are important because the local people know the comparative advantages of their community—they not only know what the community needs, they know what the community has for export. And, they are important because the results of the efforts made by those within the CDC's are returned to the community.

Mr. President, the flagship Community Development Cooperation is the Bedford-Stuyvesant Restoration Corporation, which was started in 1967. I am extremely proud of the efforts that Senator Robert F. Kennedy and Senator JACOB K. JAVITS made when they first established the community development program and when they focussed their attention on the first CDC, Bedford-Stuyvesant. There is no finer example of the successful regeneration of an area than in that community.

The successes of that CDC have recently been brought to our attention through articles by Michael Harrington in the New York Magazine and by Lee Lescaze in the Washington Post. I ask these articles be printed in the RECORD.

The articles follow:

THE SOUTH BRONX SHALL RISE AGAIN

(By Michael Harrington)

The streets are lined with elegant, well-kept, brownstones which could easily serve as a backdrop for a Henry James novel about upper-middle-class life at the turn of the century. Only they are located in the middle of the city's largest black ghetto (and the nation's second-largest black community). On the periphery of this Shangri-La—most dramatically in the Bushwick section to the

north—the scenery is more typical of the times, an urban war zone of burned-out and abandoned buildings rotting in the aftermath of the Great Blackout of the summer of 1977. But in Bedford-Stuyvesant, there was hardly any looting.

The Bedford-Stuyvesant restoration is a living remnant of the social imagination and innovation of the sixties—a dream, it would seem, that works. Or does it? That question is an important one in the discussion of President Carter's urban policy, which will be announced this week. For if there is even one neighborhood which was headed toward the fate of the South Bronx—New York's municipal Appalachia—and then reversed the disastrous trend, that is important news for the nation as a whole. It means that the prime domestic tragedy of recent years—the deterioration of the great cities—is not inevitable.

The South Bronx. It is a legendary symbol for the despair of the seventies. In the sixties, there was Pruitt-Igoe, the housing project in St. Louis that failed so badly that part of it was dynamited, not by vandals, but by the city fathers. Only the South Bronx is more menacing than Pruitt-Igoe. It is not a planner's mistake, a single development gone wrong, but the indictment of a civilization, a man-made lunarscape of empty fields where tenements once stood and hulking wrecks of buildings wait to be demolished.

Is Bedford-Stuyvesant an answer to this desolation? Jimmy Carter, whose casual trip to the South Bronx last fall committed the prestige of his administration to the daring proposition that something can be done, would like to know. And so would every American with a shred of decency.

To begin the outline of a response to that question, it is necessary to go back in the chronology of social time by one entire epoch, which in this case is twelve years back. This excursion into history is not in the least academic, for it raises the central question about the relevance of Bedford-Stuyvesant today: Granted that the Bed-Stuy restoration is a modest success—which, in the context of so many failures, is to say a remarkable success—is it the result of unique political and economic factors which will never again be repeated? In short, can Bed-Stuy be reproduced elsewhere?

In the mid-sixties, Bedford-Stuyvesant was on the well-greased road to economic and sociological hell. True enough, 90 percent of the houses had been built before 1920 and were—still are—first-rate structures. But the white middle class had long since left and the black migrations into the area, at first as a result of the desperation of the thirties which drove people out of the rural South and then because of the prosperity of the Brooklyn Navy Yard during World War II, had changed its character. With the decline of the navy yard, the economic base was disappearing. As a 1967 NYU study put it, "Bedford Stuyvesant is more depressed and impaired than Harlem—i.e., fewer unified families, more unemployment, lower incomes, less job history. . . ."

In all of this accelerating misery, there were, however, a few extremely hopeful facts. About 22 percent of the brownstones were owner-occupied; homeowners had lived in the area for fifteen years on the average; and another 9.7 percent of the houses were owned by people who lived in close proximity to them.

Enter Robert Kennedy, then moving farther to the left than any major American politician before or since. It was almost inevitable that he would want to do something basic about black poverty, an issue which combined two of the central social concerns of the decade. And there were other, non-ideological reasons for his trying to do something about Bedford-Stuyvesant. It had become painfully clear that we could not have both guns and butter, because of the war in Vietnam; tapping private funds in an economic-development project thus might deal with a serious new problem. Not so incidentally, it might also provide Kennedy with a pro-business image for a presidential campaign, something sorely needed by the man who had sent FBI agents to wake up steel-corporation executives during a crisis in his brother's administration. Indeed, there was a peculiar convergence of left and right in the notion of community development, and that too must have been politically attractive. To militant black-power advocates it meant local control of local resources and, in some of the extreme images, a kind of socialism in one neighborhood. Those themes also spoke to a significant section of the radicalizing, college-educated young, the members of Students for a Democratic Society, who were becoming more and more suspicious of liberal, technocratic planning from Washington. At the same time, the notion fit in with new theories of black capitalism. So William Buckley responded to some Kennedy bills articulating the Bed-Stuy philosophy by calling the program "so sensible that it made recommendations I made three years ago."

Thanks to Kennedy, then the junior senator from New York, a special impact program was written into the Economic Opportunity Act in 1966 which offered specific support for the Bedford-Stuyvesant project.

In 1967, the first funds began to flow into Bedford-Stuyvesant: a modest $6.9 million. That, to be sure, did not happen automatically, not the least because Lyndon Johnson was not interested in having his administration finance successful projects promoted by Robert Kennedy. Still, there was another reason. A debate was raging within the Office of Economic Opportunity: Should the government seek to make life supportable for the poor and the minorities where they were living—the central cities—or should it encourage their dispersal?

Kennedy won enough of that debate to get Bedford-Stuyvesant started in April 1967. Two organizations were set up: the Restoration Corporation, which was run by a board of twenty people from the neighborhood, most lower-income and one third of them female, and the Development and Services Corporation, which was to give Establishment support to the locals. That second organization enrolled New York's *haute bourgeoise* in its efforts—people like Thomas Watson of IBM; Douglas Dillon, the former Treasury secretary; William Paley of CBS; George Moore of First National City Bank; and a man, who would become a key figure over the years, Benno Schmidt of J. H. Whitney & Company.

Predictably, the whole idea met with intense hostility from elements in the community. There was, remembers Franklin Thomas, the man who was to head the program for a decade, a "terrible suspicion." The militants were suspicious of the black middle class and the white bourgeoise; some of the black men, resentful of what they took to be matriarchal patterns of power in their world, were suspicious of the women on the board; local officials from other poverty programs were suspicious of an effort which pulled an end run on their own work; and so on. There were stormy meetings and the community corporation had to be broadened to include militants and representatives of the Puerto Rican minority in the area. Some of the middle-class people tried to maintain the old corporation, but Kennedy, after intense personal involvement, had achieved the beginnings of his alliance.

A successful social experiment should look and feel successful. The Bedford-Stuyvesant restoration does.

You walk down Fulton Street and there is a red tenement façade floating alongside a modern building. Next door there is a converted milk-bottling plant which had been abandoned for eight years before the planners took it over. Banners flap in the wind and you pass through an entryway which opens under the façade into a courtyard ringed by a new structure which contains shops and offices. The mood is not unlike that of a suburban shopping center, only more restrained and tasteful. That space flows into another plaza, with a skating rink. Beyond that, there is a low-rise housing developmtnt, also put up by the Restoration Corporation. In good weather, all of these public spaces can be, and are, used for picnicking, concerts, and the like. Across the street, a series of apartments encircle a courtyard. Solar equipment is being installed. In the neighborhood around the center, there are those blocks of marvelous, intact brownstones.

Franklin Thomas remembers starting the center on spec with an analysis that projected a 50–50 chance of succeeding. That was enough to persuade the Ford Foundation to put up a 70 percent guarantee on a construction loan; Chemical Bank came across with the money and the project was on. But its secret, says Thomas, is not in its striking physical success. Rather, it is that the Bedford-Stuyvesant effort—unlike many other attempts at community development—combined physical rehabilitation with economic growth and social services. Others did one or another of those jobs; no one integrated them as comprehensively as the Bed-Stuy planners.

It was the existing home-ownership pattern that allowed Bed-Stuy to go ahead with the obviously successful rehabilitation program. From the start, the residents were chary and suspicious. But after a few blocks were fixed up, young blacks from the neighborhood, taught by older blacks mainly from the neighborhood as well—and at a fraction of the commercial cost—became so proud of their efforts that they started wearing their hard hats outside of working hours, as a kind of status symbol. The physical upgrading of the entire neighborhood tied into the economic drive. On the one hand, the rehabilitation provided work. Thomas was in touch with Peter Brennan, the building-trades leader, who was quite cooperative. The instructors in the rehab program were often union members and the young trainees were doing jobs created only because of the program; they were not, therefore, competing with other unionists. At the same time, the corporation aggressively went out to stimulate new employment. It brought IBM into the area, and it is now keeping it there. That meant a factory and 400 jobs (and will soon mean a new factory which will push the job total to 500).

And finally, there were social services as well as economic development and physical rehabilitation: employment programs, a summer camp, parties for the children, a project dealing with sickle-cell anemia—and more. So it was that a neighborhood was saved and then passed its final exam by remaining calm during a time when surrounding areas were looted and burned. That, clearly, is a substantial and important success. But, again, is it transferable? Is anything that was learned there relevant to the South Bronx, where Jimmy Carter is committed to doing something, however unspecific at this point?

Yes and no.

The "no," alas, is easier to document and perhaps more important to state, since the unwary tourist of misery could be misled by passing through the ruins of Bushwick and entering into the calm and beauty of Bedford-Stuyvesant. Indeed, the physical beauty is part of the problem of transferring the experience. Bed-Stuy began with the advantages of the brownstones and, even more important, the social presence of their owners. In 1976, according to a recent city report, in the South Bronx—an area with more than 3,000 vacant lots and buildings spread over 500 acres—one out of three people was on welfare. Indeed, even 30 or 40 years ago, when the South Bronx was a Jewish working-class community, it was already one of the poorest of those areas. It did not have the middle class that persisted in Bedford-Stuyvesant because of those lovely houses; it certainly does not have it now.

Second, there is another advantage enjoyed by Bedford-Stuyvesant which, by its very nature, is limited and perhaps unique: that support from the haute bourgeoisie of New York. The single most important source of new jobs was that IBM plant. More recently, when there were problems with mortgages, it was possible to make contact with the banks through some of the powerful figures involved in backing the program. And last fall, when some of the Bed-Stuy executives complained of a lack of publicity at a meeting with a group of their prestigious sponsors, their comments led, within a week, to a Times editorial and a picture of the Fulton Street center in Time magazine.

Third, and most important, even with the success of the restoration, Bedford-Stuyvesant has had a very limited record in generating new jobs. The rehabilitation work for the young people is temporary (although it is useful in many other respects). There have been a certain number of jobs generated by the businesses which have been brought into the neighborhood, but what would that mean in the South Bronx, where approximately 30 percent of the work force is on the streets? Indeed, even the outstanding Bed-Stuy accomplishment in this area—the IBM plant—is not without is ambiguities.

IBM had installed the plant at Nostrand and Gates avenues ten years ago. It turned out to be a very good investment as well as the source of 400 jobs for the community. The computer-cable-construction factory was located in a renovated 68-year-old building which also happens to be architecturally pleasing, even charming. It became one of IBM's top-ten plants in efficiency and productivity. But then the company had to relocate for technical reasons. The Restoration Corporation obviously wanted to keep those jobs in the neighborhood, so it set out to convince IBM that it should stay. The operation was a model of the kind of efficiency and competence the corporation has been demonstrating all along.

First, the corporation found four sites which it offered to IBM for its consideration. One was chosen and it was agreed that it would be delivered to the company at a certain price per square foot. But the same area had already been picked for a new school and a model-city project. Neither of those was likely to ever be built, but they placed the land in a legal limbo. So the corporation assembled the political leaders, put pressure on City Hall, and finally, six months after the original search, was able to tell IBM that it had its deal.

What is ambiguous in this success is that it took such an incredible mobilization of energy and imagination to hold on to the only major plant which had located in Bedford-Stuyvesant during the decade. There have been other such successes here and there: The Harlem Commonwealth Council managed to retain the Washburn Wire Company in 1976. But what this means is that major battles are required to win skirmishes. It is not that the corporations involved are vicious. They are, after all, engaged in making money. So they have to be bribed into staying—legally, honestly, openly bribed. The communities involved have to go to work, in effect, for the corporations that are supposed to help them.

This problem relates to an even larger difficulty. If the Carter administration doesn't improve its efforts to reduce unemployment, the successes within a neighborhood like Bedford-Stuyvesant will be menaced, and even subverted, by the failures of the larger economy.

And it is quite possible that Carter has already effectively sabotaged the urban program which he will unveil this week. In his budget proposals, the president came up with an investment tax credit with a new wrinkle: If passed by Congress, it will apply to structures as well as to capital equipment. The old investment tax credit was already a handsome subsidy to companies that wanted to move out of New York, since it meant that the feds paid a significant portion of the cost of new machinery. Now, if that largess is extended to structures—if a corporation can deduct from its taxes a chunk of the price of that new, linear plant in the Sunbelt or the suburbs—there will be one more reason for companies to flee depressed areas. In effect, Washington will have mobilized the Treasury to fight against groups like the Restoration Corporation.

However, even if Carter makes a dramatic turnaround, the problem with areas like the South Bronx is that even in good times they do not make gains. The vast exodus of jobs from New York over the past ten years has gone on during booms as well as in the midst of busts. There have to be mechanisms, planned mechanisms, to make sure that the poor areas get a piece of the governmentally induced prosperity.

And this is where the "good side" of the Bedford-Stuyvesant effort emerges. If it is conceived of not as a panacea which will bring capitalist wealth or socialist justice to the poor, but as an important technique to mobilize people on their own behalf in the context of a booming national economy, then it has a relevance.

Bedford-Stuyvesant proves that there are community energies which people, given half a chance, can use to help themselves. But that is going to take a much wider base than the one achieved in Bed-Stuy. The corporate rich will support one or two such efforts, out of noblesse oblige; but they do not have the time, the money, or the political inclination to enlist in a national struggle. The banks did not redline Bedford-Stuyvesant, not least because some of their board members were patrons of the experiment. Yet at the same time that they were engaged in what was a laudable, but minor, act of decency, they were redlining much of the rest of New York City, unloading municipal paper, and engaging in all the rest of the vile practices designed to shift the burden of the crisis to the backs of those least able to pay. So the network of support has to be extended far beyond the lords and ladies bountiful.

Unions, for instance, have been involved in some of the community-development projects; so have the churches. And there is an important grid of community-organizing groups emerging in the United States, often led by the veterans of the sixties movements, people who the press and the public think have disappeared.

They can bring some money and even organized political power; they could use the techniques pioneered in Brooklyn. And if they do, they would be well advised to follow a central principle of the Restoration Corporation's effort: to look for comprehensive solutions which provide housing and jobs and services according to an integrated plan.

It is at this grim point that a shocking fact emerges: The South Bronx—and all the neighborhoods of lesser desolation—can be saved.

For that to happen, the nation will have to care about such concentrations of urban misery. It doesn't now. But that callousness need not be terminal, since it rests upon an eminently rebuttable myth. It is one of the prime tasks of the Koch administration to challenge that belief. A carefully documented case, showing how this city—and many others in the Northeast and Middle West—has been victimized by federal policy, is an essential element in a program for genuine revival.

In the popular imagination, the South Bronx and like areas of municipal decay are the result of Great Society failures and bleeding-heart politics in general. New York's mushy liberalism, it is thought, priced the city out of a market which went on dutifully transmitting the desires of many people to move from Snowbelt to Sunbelt, or at least from central city to suburbia. In fact, the sweeping urban plans of the sixties were never implemented. They glittered in Lyndon Johnson's rhetoric, they were passed into law, and then, under the Nixon administration, they were administered by the "true disbelievers," as Robert Wood has labeled them.

As for the market, a de facto federal anti-urban policy rigged it against New York. Billions in agricultural subsidies to wealthy corporate farmers enabled them to mechanize jobs out of existence and send millions of systematically undereducated poor people to the cities. The Puerto Rican development programs had a similar effect. At the same time, federally funded highways were speeding jobs and the middle class out of town, taking them to suburban houses and factories built with subsidized credit and tax deductions. Adam Smith's invisible had had almost nothing to do with this publicly funded social calamity.

Many people generalize this experience and come to an understandable, and completely wrong, conclusion: The old cities, like New York, are not worth helping. That is the rational deduction made from the irrational premises of a political system which paid billions to make the traditional urban centers unattractive when compared with the new possibilities. It leads to a serious underestimation of the value of those cities. We have to deal with "people, not places," said HEW Secretary Joseph Califano recently. In part, that is probably just a bureaucratic ploy in Califano's battle with Patricia Harris over at HUD. But it also treats cities as mere geographical coordinates—as places—rather than as living entities which are crucial for culture, for ideas, and, for that matter, for commerce.

If Koch and company could educate the people, and even Senator Proxmire, on this point, that would be the beginning of hope. And, to reiterate my shocking proposition, that applies even to the South Bronx.

If that area lacks all the advantages of Bed-Stuy, if it is empty lots and decaying tenements rather than brownstones, it also has some pluses. It is, for instance, ideally located within the most impressive rail complex to be found in the United States, and, for intolerable reasons, it has empty space. It has physical potential for industrial development; if has, God knows, an abundant unemployed labor force. Something could be

done if Carter gets much more aggressive in the fight for full employment; if the administration stops paying corporations to leave New York; if there were imaginative plans and government moneys and community organizers to make sure that the outcasts are not, as usual, cast out of the prosperity; if . . . Looking at all of these qualifications coldly and soberly, one is not permitted to hope too much. The likelihood, on this eve of the government's new urban policy, is that the human and physical agony of the poor of this city will go on.

And yet, for all the criticisms and limitations of the Bed-Stuy experiment, it is extremely satisfying to witness a social idea that works. Passing through the tenement facade into the artful space of the center on Fulton Street, driving past the brownstones, savoring the calm of the place, one can see an immense and important fact: The blight of urban decay is not inevitable; there are alternatives.

Something good is happening in Bedford-Stuyvesant.

[From the Washington Post, Apr. 22, 1978]

THE SUCCESS OF BED-STUY—INNER-CITY COMMUNITY DEVELOPMENT AT ITS BEST

(By Lee Lescaze)

NEW YORK.—The effort to aid Bedford-Stuyvesant, born of a walking trip through the large, desperately poor section of Brooklyn by then-Sen. Robert F. Kennedy, is now the grandfather of community development programs.

That it is called a grandfather at age 11 reflects on the transitory nature of programs in the business of fighting poverty.

The pressure to kill off a program mounts with each failure—and the landscape is littered with failures—while public officials and philanthropic foundations have always been on the lookout for new approaches.

"There has been an insistence and a persistent need to try something new without giving a fair chance to fragile experiments that have been launched out of great expectations and great hopes," Ron Gault of the Ford Foundation remarked of the phenomenon.

Community development like the Bedford-Stuyvesant Restoration Corp. means minority development and its first decade has been a process of trial and error.

"Black people," Gault said, "have not had the privilege of trying something and not succeeding."

Even for those community development corporations like Bedford-Stuyvesant that have shown achievements, it is a time of uncertainty.

The Carter administration's urban policy has not been announced; the Community Services Administration has been raked over the coals for management weaknesses by the House Government Operations Committee, and the projected federal budget figures for fiscal 1979 community development corporations are sharply lower than in the past.

The House committee wants several of the community development corporations canceled. "These are the ones that better pull off some spectacular plays or get off the team," a congressional staffer said. "There's money going out every damn day."

Of 36 existing community development corporations, the CSA lists six as 'probationary"—in danger of losing federal funding.

If the projected fiscal 1979 budget for the community agencies remains at the present $21 million, down from a present $35 million, there won't be any new ones begun, a CSA official said.

Bedford-Stuyvesant is not in danger of losing its federal funding, but the prodigal reputations of some of its brother community development corporations don't help. "It's the best of the bunch," Gault said. Federal officials agree that Bed-Stuy's performance has been impressive.

Any reduction would be a blow to an organization that in its 11 years has established a presence and accomplished some impressive construction, and rehabilitation projects in the nation's second largest concentration of blacks. Only Chicago's South Side is larger.

If Bed-Stuy were a city it would be the 29th largest in the country. More than 270,000 people live in an area of about 5½ square miles, or 653 city blocks.

It is a long ride on the train from Manhattan and when Robert Kennedy saw it in 1966, Bed-Stuy was a place to get out of, if you had anyplace to go.

What had been a white middle-class community at the turn of the century had been deserted by white citizens and white businessmen, and federal urban renewal funds of the 1950s and early '60s had been spent elsewhere.

The federal program that became the community development corporation plan was an initiative of Kennedy and Sen. Jacob K. Javits (R-N.Y.) and in 1967, the Bedford-Stuyvesant effort began.

Bed- Stuy has received more than $56 million in Federal funds and about $75 million from other sources, including $20 million that has been committed from a $65 million mortgage pool formed by 80 banks and nine insurance companies.

The foreclosure rate is less than 1 percent on these mortgages, and they have been given Veterans Administration- and Federal Housing Administration-insured status.

"Fifty million, considering the needs of that community, is really a pittance," a CSA official who oversees community development corporations said.

Bernard McDonald, a vice president of Bedford-Stuyvesant Restoration, says "this project has been underfunded for some time."

The Nixon administration housing freeze in 1972–73 paralyzed plans in Bed-Stuy for a time. "We viewed that as a period of harassment," McDonald said.

The highest national one-year level of appropriations for community development was $48 million. "How many airplane wings can you buy for that?" McDonald asked.

The legislation governing community development corporations requires that they have "an appreciable impact" in their community. Impact in a community as large as Bed-Stuy is difficult to measure.

If a walking tour of Bed-Stuy began today at the $6 million Commercial Center designed by Washington architect Arthur Cotton Moore and visited the rehabilitated shop fronts and new apartment buildings in the area, the walkers could only call the impact impressive.

The Commercial Center contains Bedford Stuyvesant Restoration Corp. offices and a number of paying tenants. It resembles Georgetown's Canal Square, which Moore designed.

One tenant is Plaza Exchange, a small discount department store which the corporation started after six department store chains refused to come into the area. It marks up goods about 22 percent, roughly half the usual increase.

A joint venture with Supermarkets General Corp. is under construction at one end of the center. It will be a 30,000 square-foot supermarket, the first to be built in Bedford-Stuyvesant in years.

The Commercial Center itself is built around one of the largest buildings in Bed-Stuy, one that was a milk bottling plant until its owner, Sheffield, moved to Long Island in the 1950s. Sheffield's cows are still on the facade.

In all, homes on 106 blocks of Bedford-Stuyvesant have had their facades renovated under the corporation's improvement program.

Owners are charged $50 for painting, patching masonry, fixing glass and ironwork that actually costs from $800 to $1,200 a house. Block associations apply for the program and the winners are chosen by lot.

The work is done in large part by teenagers who earn summer money and pick up a skill under the supervision of experienced workers. They do about 10 blocks each summer.

After years during which banks refused mortgage loans in Bed-Stuy, conventional mortgage money is now available for the kind of renovation of houses that goes on in many Washington neighborhoods.

Redlining (the refusal by lending institutions to lend in an area) is easing, McDonald said, but he calls it "a glacial process."

As a result of Bedford-Stuyvesant Restoration projects, the area is dotted with new apartment projects with rents held within reach of local residents.

"Nothing they've done has fallen apart," said one outside admirer. "It's quality work."

There are still about 2,000 vacant lots and 2,000 abandoned buildings in Bed-Stuy. About 40 percent of all working-age people are not employed, according to McDonald's estimate, and median family income is still about $6,300 for a family of four.

About 6,000 jobs in some 1,235 businesses left Bed-Stuy between 1969 and 1974. The most notable success in attracting outside business was IBM's 1968 move to a Bed-Stuy site that brought 420 jobs. IBM is now moving to another location, but still in Bed-Stuy.

The impact on Bed-Stuy's spirit is hardest of all to measure, but there are some clues. When the corporation held its 10th birthday party last summer, 15,000 people came. While poverty officials in other parts of Brooklyn have been indicted with appalling frequency for mishandling funds, the restoration corporation has never been accused of any corruption.

"You will find truly in that community a respect for restoration," a federal official said. "They've had a lot of problems, but they wouldn't wither away tomorrow if we pulled out our support."

During New York's blackout last July, there was no damage to the Commercial Center or other restoration corporation properties. The fires that destroyed city blocks were elsewhere.●

A TALE OF ONE CITY

● Mr. MATHIAS. Mr. President, last week I introduced several bills as a first installment in what I believe will be a comprehensive legislative attack on the problems of our cities. In my statement on those bills, I called attention to the failures of many of our urban areas.

Now, I would like to strike a more positive note. I want to call my colleagues' attention to an urban success story. The city I have in mind is Hagerstown, Md., located in nearby Washington County.

Two years ago, Hagerstown was in trouble. The unemployment rate topped

14 percent. Industry was stagnating. People were moving away. Today, the situation has turned around completely. Unemployment is down to 4.8 percent—well below the national average. Business is booming and the citizens of Hagerstown are busy restoring the downtown area. New people are moving to Hagerstown to settle and enjoy a pleasant urban environment.

Much of the credit for this upturn in Hagerstown's fortunes must go to Mayor Varner L. (Pat) Paddack, a Republican, who in the bravest tradition of the Republican Party, has led a predominately Democratic constituency in an effective public-private cooperative effort to revive the city.

Mr. President, Hagerstown's rejuvenation was described in full detail in an article by John B. Willmann in the Washington Post real estate section on April 14, 1978. I ask that this article be printed in the RECORD.

The article follows:

HAGERSTOWN HOUSING MARKET REBOUNDING

(By John B. Willmann)

HAGERSTOWN, MD.—In 1740, Capt. Jonathan Hager built a two-story, fieldstone house on 200 acres that was to become the centerpiece of this western Maryland city when it was founded 22 years later.

Hager House still stands in a mid-town park in Washington County's seat (population 35,862), which is participating in the residential real estate boom now shaking up much of urban America.

Housing prices in Hagerstown, whose general area encompasses 75,000 persons, are not Washington prices. But they've been rising recently at the rate of more than 10 per cent annually. A small, single-family house priced under $40,000 goes fast and a nice rambler tagged at $41,500 is likely to be sold before the multiple listing cards are distributed.

"Our hot market is between $45,000 and $70,000 for existing houses," said Roland G. Hebb, president of the Hagerstown Board of Realtors.

Two years ago, Hagerstown was experiencing an unemployment rate of 14 percent and was losing population. The economy there has since turned around—the unemployment rate has dropped to 4.8 percent—with a rise in fortune of the area's industries. While the population of Hagerstown proper has remained unchanged for three to four decades, the area around it is now growing.

Hebb and several other active realtors said the relatively low unemployment rate and an increasing number of two-income families have triggered the current, higer-than-usual interest in home ownership.

Broker Harry Van Mater said that, for instance, a 1½-story masonry house with four rooms in Hamilton Park near the Fountain Head Country Club can sell quickly for $35,000. Those small, well-kept houses—many of which have been improved with additions—originally sold for less than $8,000 during the war years when Fairchild Republic Co. was going full blast in the production of boxcar airplanes for the government.

Van Mater said Hamilton Park houses commonly sold for around $12,000 10 years ago, but improved houses there now sell for up to $35,000. "They really go fast," he added.

Joseph N. Rowe, a veteran Hagerstown broker who also plays bass fiddle in a jazz band on Saturday nights, said the local board of realtors had about 1,500 listing last year, three-fourths of which were sold. He added that 447 new houses were started last year, along with 220 rental apartments. Most of the apartments are in 10 moderately sized developments where rents range from $160 for an efficiency to $275 for three bedrooms—considerably below the level in the D.C. area. Vacancies are estimated at 5 percent in Hagerstown.

What about condominiums? Five leading brokers agreed that this increasingly popular form of home ownership of apartments and town houses has not caught on in Hagerstown. "Our market is the single house," said broker Guy L. Smith.

"And it seems that in recent years more people are wanting a house on three to five acres with a stream running through the property. That's a scarce commodity," commented broker Sidney Machat, who does business out of Boonsboro, Md., a tiny and increasingly chic town eight miles southeast of Hagerstown where antique shops proliferate.

As Hagerstown enjoys its revived prosperity—which stems from the vitality of leading industries such as Fairchild, Mack Trucks, Inc. (the largest employer with 4,600 jobs) and the Pangborn division of the Carborundum Co.—the center city area has been undergoing needed rejuvenation.

Realtor Varner L. (Pat) Paddack, Republican who is serving his second term as mayor in a city that is predominantly Democrat, helped to spark a combined municipal-private effort to update the old square and put new life in midtown business places. There's a big hole in the ground at one downtown corner (formerly the site of the railway passenger station) for a new building where the city's two newspapers (The Morning Mail and the Daily Herald) will relocate from an old building up the street.

The lovingly rebuilt Maryland Theater will reopen later this month as a center for cultural activities. One downtown movie theater is still operating. And there are plans to make the former landmark Alexander Hotel, now idle, into apartments for the elderly. A large apartment building for the elderly was completed three years ago within three blocks of the center square.

Hagerstown realtors are also encouraged by a recent survey by the Marketing Economics Institute showing that 1,600 households in Washington County had annual incomes over $25,000 and that 190 had incomes over $50,000. More than three-fourths of the county's households have two incomes, and a third are run on three incomes.

Those figures indicate to some degree why the Hagerstown area is experiencing a strong period of residential resales. The mayor and his fellow realtors noted that new home construction inside the city limits has been retarded by lack of undeveloped land.

Areas that have been annexed and given sewer and water service are now feeling the strain. However, some new housing developments are being done on one-acre lots with septic tanks and wells. They are usually large and higher priced.

"The urge to spread out somewhere is evident among many home-seekers," commented realtor Rowe, who said that many persons are selling existing house and moving up in class. "For a long-timer like myself, it's sort of scary to see the effects of unusual inflation in resale houses, some of which have doubled in price in five years.

Rowe's Maryland General Realty Co. currently has a listing on a 33-acre tract zoned for apartments and with sewer and water service available. It's priced at $11,300 an acre, which Rowe said is not out of line.

Because the real estate business is thriving, there now are 38 realty brokerage offices and 200 agents (a number of which do not work full time.)

A recent growth in resales and the number of agents has tended to heat up the competition for obtaining listings and that has helped drive up asking prices. In a hot realty market, asking prices tend to be selling prices more often than not.

As befits a city old as Hagerstown, there's a large stock of older houses. Some of the large old mansions in the heart of the city have been converted into apartments or offices. Some young couples are buying older houses and redoing them—part of a national trend in large cities. Also, the city midway between the Pennsylvania and West Virginia state lines (six miles from each) has a stock of older double-houses, which are called semi-detached in the Nation's Capital.

Hagerstown's modest supply of public housing for lower-income persons includes one new project (Bethel Gardens), an attractive addition to the older west end, where housing prices are lowest. Highest housing prices are in the area to the north, followed by those to the east and south.

Not unlike other small U.S. cities with aged downtowns, Hagerstown has been growing outward for the last generation. One big complex is the 3,500-pupil Hagerstown Junior College on a fine campus east of the city. There's also a growing industrial complex of new buildings to the southwest. The airport north of the city is adjacent to the Fairchild plant now turning out low-level fighter planes for the Air Force and not far from the big Mack Truck plant that recently dedicated an addition.

Once a minor rail center and still with freight service from several railroads, Hagerstown now ascribes some of its new prosperity to the strategic location of a crossing of two major interstate highways just west of the city limits. There Rte. 81, going north and south, crosses 70N, which moves northwest and southeast. Distribution centers have found the location to their advantage.

Just west of 81, a fine old mansion on an estate owned by a building contractor and north of it is the area's main covey of mobile houses that provide the only real-low-cost housing in the area.

Because Hagerstown is the only city in Washington County and the largest within a big trading area, it has been the site of several large new shopping centers. Valley Mall has 72 stores on 60 acres and Long Meadow has 31 stores. Both were preceded by South End Shopping Center.

Once plagued by high unemployment and a tired image of a city of yesteryear, Hagerstown shows strong signs of rejuvenation that are borne out by home sales. About 15 per cent of sales are made to persons moving into the area. Some area residents commute to jobs in the Washington area but realtors get even more upbeat because some Washington area residents are going up that week to find future retirement homes. Comparable taxes on homes are 25 per cent lower in Hagerstown than in the District or its suburban jurisdictions.

Washington County, which includes Hancock to the far west and other towns named Williamsport, Keedysville, Boonsboro, Sharpsburg, Funkstown, Clear Spring and Smithburg, boasts a heap of beautiful rural and mountain scenery. A latter day Jonathan Hager might decide to set up a residence in the Hagerstown area because it's still beautiful, conveniently located and has some attractive single-family houses selling for less than $60,000.

What's more, there's a McDonald's, a plant that makes pipe organs, a tennis club under a "bubble" and a downtown adult book store.●

COMMUNITY APPROACH TO GASOHOL

● Mr. BAYH. Mr. President, last January, after months of construction and

administrative preparation, the Southwest Alabama Farmers Cooperative Association of Selma (SWAFCA), headed by Albert Turner, began producing alcohol fuel made from farm products in their own still. Their production now is small—only about 500 gallons to date—but it is a good beginning. For 65 cents a gallon SWAFCA is making 180 proof alcohol which can be burned straight or blended with gasoline to make a high octane, low polluting, and reliable auto fuel. The SWAFCA project demonstrates a practical and efficient example of an alternative energy source. Jack Anderson, in the April 20 edition of the Washington Post, described the SWAFCA operation and I ask to submit the article be printed in the RECORD at the conclusion of my remarks.

I hope the Department of Energy which has been spinning its wheels for the past few months, will take a close look at this project—a small scale, relatively inexpensive facility—tailored to the needs of the community in which it is located. Albert's still can make use of agricultural waste and distressed crops, as well as surplus commodities, thus adding to farmers' incomes while providing them with a secure and inexpensive source of fuel. This integrated system approach, of small production facilities located in areas in which they make good sense, is an approach DOE has ignored in its rush to build large, capital intensive, "hard technology" facilities. I hope DOE's revised alcohol fuels program plan will correct this oversight.

In light of all the objections the oil companies and others have raised to discredit alcohol fuels, it is very encouraging to know a man like Albert Turner who just went out and did it. Albert Turner has shown that fuel grade alcohol can be made at a reasonable price when production facilities are designed to meet the needs of a particular community. Albert came to Washington for the Gasohol Caravan which I hosted in October of last year to share his message with the Nation. He drove his own farm tractor, which runs on 100 percent alcohol, right up to the Capitol steps. In January, Albert returned to testify at Appropriations Committee oversight hearings to provide firsthand information on alcohol fuel production. I would like to share his story with my colleagues. I ask that this very helpful statement and comments also be printed in the RECORD.

The material follows:

[From the Washington Post, Apr. 20, 1978]

EX-MOONSHINER MAKING AUTO FUEL

(By Jack Anderson)

While the nation's big brains fuddle over the energy crisis, a reformed Alabama moonshiner and a former civil rights worker have teamed up to build a different kind of still that is beginning to provide their neighbors with a cheap and efficient substitute for gasoline.

Albert Turner, a black man once close to Martin Luther King Jr., and Albert Hubbard, a white man formerly in the bootleg business, have demonstrated on a minor scale the feasibility of producing auto fuel from corn alcohol—an idea that has been opposed by the oil tycoons and shrugged off by federal energy czar James Schlesinger.

The product from this jerrybuilt still in the Alabama piney woods country has been tested with excellent results. And the backwoods entrepreneurs intend to market their alcohol fuel soon for 65 cents a gallon.

This will confound the ivory tower experts in Washington who have insisted that such fuel couldn't be produced for less than $1 a gallon and was, therefore, economically impractical.

Furthermore, in these days of multimillion-dollar government boondoggles, Turner and Hubard built their pilot plant and began production for less than $12,000 out of a federal grant of $82,000 from the Office of Minority Business Enterprises.

We sent our investigative reporter, Hal Bernton, to work on the still and report back how it's doing. It was constructed primarily of junkyard materials not far from Selma, Ala.

Turner heads a small black cooperative that will operate the backwoods distillery. He evolved the idea in consultation with a Minnesota scientist named Alan Zithamer.

A private firm offered to build the still for Turner for $60,000. Instead, Turner and his associate constructed it for one-fifth that cost. A piece of old steel pipe was used as a column; an old garbage container was converted into a giant boiling pot for the corn mash, and a large gas storage tank became the fermenting vat.

Treasury agents, who monitor the project to make sure it doesn't produce cheap rotgut for people, were skeptical that it would ever produce the high-proof alcohol necessary for auto fuel.

But last November, Hubbard happened on the scene. The 47-year-old ex-moonshiner from the piney woods hadn't practiced his illegal craft for 20 years, but he hadn't forgotten it. Intrigued with the idea of providing inexpensive fuel for farmers, he suggested several major design changes. He was hired on as a consultant.

Our reporter found the experimental plant off a main highway leading out of Selma. Hubbard was hard at work, testing a batch of fermenting mash that would be run through the still.

He inspected the thick mixture of corn, yeast, enzymes and water, perhaps out of past habit, pronounced it unpalatable for drinking purposes. But his moonshine was intended for car engines.

Using large slabs of discarded cuttings from the local saw mill as firewood, Hubbard heated up the still. The alcohol in the corn brew began steaming off through a series of pipes to an old car radiator salvaged from the junkyard. Then the water-cooled alcohol condensed back into liquid and ran down to a storage tank.

The tank is securely locked and can be opened only by Treasury agents and a security guard. Samples of the final brew are tested daily for strength; it tests out about 180 proof.

For the moment, Turner dispenses his experimental fuel in informal, country store fashion. A local minister drove up to the still in his green Impala Chevy. Turner cried out in mock alarm: "Preacher, you caught me in the act. Come on up and try some."

The visitor agreed to test the product, and a gallon was blended with the regular gasoline in his tank. As he purred away, Turner grinned at our reporter and predicted: "Once the preacher gets hooked on this stuff, the whole congregation will go for it."

Those who have tested the brew in their cars insist it increases the engine power noticeably and makes the motor "sound like it had a tuneup." Barring hitches, Turner intends to erect a one-pump filling station on the property, and begin selling the alcohol fuel on a limited scale. Eventually, he hopes to expand the distillery.

[Southwestern Alabama Farmers Cooperative Association]

STATEMENT OF ALBERT TURNER, MANAGER, SOUTHWESTERN ALABAMA FARMERS COOPERATIVE ASSOCIATION, SELMA, ALA.

COMMUNITY APPROACH TO ENERGY ISSUE

Senator BAYH. The next witness will be Mr. Albert Turner, manager of the Alabama Southwestern Farmers Cooperative Association, Selma, Ala.

Mr. TURNER. Senator Bayh, my name is Albert Turner.

Senator BAYH. Good to see you again. Did you bring your John Deere with you this time?

Mr. TURNER. I left it at home. [Laughter.]

I am the manager of the Southwest Alabama Farmers Cooperative. It is a small farm cooperative that is located in the black belt of Alabama.

I come today not to place the blame on you fellows who do all the reports. I am here for another side of the coin. Presently, we are for the urban pilot project to produce alcohol and to see just what can we do with it opposed to just studying it.

Of course, as you may know, I do not have with me any prepared notes to turn in after my presentation, because we are very informal to a certain extent in what we are doing. We feel that this has a very, very great impact on the possibility of using alcohol as a fuel economically.

I will approach my testimony from the view of a small city, with a very small distillery, and with all the raw material in very close proximity to the plant. Also with distribution of this alcohol or this motor fuel, not being considered at all in terms of alternates.

But it is there, distribution will be directly from the plant. I feel very strongly that this approach to the energy issue is very important. If you want to call it some type of name, I would guess I would call it the community approach.

I would like to speak from that experience and I would also like to give you a few examples of the experiences that I have had. We have made some alcohol, and I have with me a little bit of the alcohol that we made as a motor fuel simply to prove that we made some and that what we have made is burning in automobiles and tractors.

Of course, we have proof. We had open house last Thursday. We had open house at our small plant, which is a plant that produces about, roughly, 100 gallons of alcohol within a 6-hour period.

We have a plant with a batch capacity of 1,000 gallons of mash. This 1,000 gallons of mash will produce about 90 gallons of alcohol. This is a very small plant. Of course, we did not have adequate funds when we first began our plant, because the idea did not have very much support.

We would like to be looked upon as we are. Of course, when other funds become available so that we can have a larger plant, a more up-to-date plant, we will be very glad to be looked at from that level.

But we felt a lot of questions needed to be asked, and somebody needed to get out and do something to check into some of these things because, personally, I feel that there is quite a bit of research already done on using alcohol as an energy source.

It has been very surprising that none of the speakers today have referred to the research that has been done. For instance, eight States in the Midwest in the thirties actually produced alcohol and sold it to each other. In my research, I did not find

that there was any serious problems in terms of the alcohol for farming. There may have been a few problems in other fields that caused this plant to go out of existence, but the alcohol performed very well and, of course, nobody ever mentions these types of things.

WOOD USED AS FUEL

We also found we would use wood as a fuel to convert our alcohol into a vapor. We find that this is very economical from our way of analyzing it. Of course, I may not raise all the scientific things that everybody else would consider; but we use wood that has no value in the area where we live.

We would call it slabs. We can obtain this wood for little or no cost. We put a wood value on it of $7. This is enough heat to convert 1 ton of corn into 90 gallons of alcohol.

This is not theory. This is what we are actually doing. So we take 7 dollars worth of energy to make 90 gallons of alcohol from 1 ton of corn.

We also use about 1 dollar's worth of yeast, 1 dollar's worth of ore, 2 dollar's worth of enzymes and 2 dollar's worth of acids.

The corn itself is based on $2.50 a bushel and this is ground corn when we receive it in the form that it comes in. When we put those factors into the equation, trying to arrive at some type of cost, the cost of producing it at 90 gallons of alcohol turns out to be $113.

LABOR COSTS

Of course, we didn't pad into it the cost of labor. But adding the cost of labor, I estimate it takes about 6 hours to produce this amount of alcohol. So giving a man $4 an hour to produce it, we are talking about $25 at the most.

One man could do this operation once it is organized.

So we still haven't arrived at any more than maybe, at the most, $135 to produce 90 gallons of alcohol. Of course, we did not consider going anyplace to get our material. When I have to carry my cows from the stockyard, nobody pays me to carry them. I have to carry them myself.

If we assume we put a plant in the proximity of where the product is grown, then the farmer would be happy to bring his crop to the plant. We have to carry our soybeans to the plant and everything else.

We didn't consider that because we are talking about being in a general area where people could bring their crops, not that we add a figure in for actually distributing our alcohol to the farmer or to the buyer.

We will give the consumer, when they come by the plant, a pump that would mix alcohol and gasoline as you want it. In other words, you could push a button and get $2 or get $10 of gasoline out of our pump.

We would do that, or the farmer could pick up his alcohol as he brings his products in. This approach eliminates the cost of distribution of the raw material.

But using that as a means of arriving at a cost of production, 90 gallons of alcohol, this is ethanol alcohol, given the formula of $2 a bushel for preground corn, would cost us $135 to produce.

We could sell sour mash back as a feed and the sour mash would bring for a ton of corn $108, selling at the rate of $6 a hundred pounds; that is, the dry biomass back as feed.

I am sure we would sell it for that inasmuch as we pay $5 for the corn in the beginning.

So we have $108 for that ton of corn, then we subtract that from the $135. So the biomass itself would pay for the cost with the exception of roughly $25. All we need to do is make $25 off of the 90 gallons of alcohol and we will have broken even at least and all of the rest of the cost of the alcohol in my opinion could be applied to the cost of the plant or some cost of the profit.

I am willing to be questioned, but this is the analysis that I made. It is a true analysis and it will stand up if you consider the things that I have considered in cost.

So what I am saying, if we sold alcohol, that we made today for 60 cents a gallon, we would obtain $54 for the 90 gallons of alcohol that would be put with the $108 for the biomass of byproduct that we resell. That total combination of things would come to us a total price of $172 for biomass and alcohol sold at 60 cents a gallon and the cost of producing that, the way we talk about it, is $135.

This is not a big factory approach, but I think we have got to consider this approach also and if we do consider this approach, we will find that a lot of people will be helped.

WASTE CROPS

We also have to consider that there are numerous crops in my area in particular that have no value to us at all. They are waste crops. For instance, corn gets wet, molds; corn is diseased or watermelons or peaches or grapes; and all of these types of things happen because of various weather conditions, and so forth. They cannot be used for anything.

If we would create a situation whereas the farmer could simply use these type crops as the swap out, if nothing else, for his energy, bring two bushels of corn and get two gallons of alcohol and leave us half a gallon. These type of approaches could be used to help small farmers in particular or farmers in the type of situation that I am in.

In fact, this approach could even work in the Midwest where there are large farmers who could take their waste crops and swap them at least, for their fuel they use in their vehicles.

All of this research is for the hogs. Really and truly, the men may not know it, but I have got a John Deere tractor that I own personally that is 40 years old and we did nothing to that tractor, but cranked it up on some gasoline and one tank and had alcohol in another tank that they made from the factory like that 40 years ago and switched it when the tractor got to running and we have been able to burn alcohol that is 100 proof in that tractor, with no modifications at all.

I have also been able to burn alcohol in a 1975 Ford pickup truck that I personally own that is 100 proof by simply pouring it in the tank of the car with no type of modification to the engine at all. And I haven't had any trouble at all burning that alcohol.

I think a lot of the studies and a lot of the theories, I don't know what happens if I did this for 100,000 miles, but I do know Nebraska has done a 2-million-mile study also and, according to their study, they find no problems in alcohol as a blend.

I think what we need to do is go ahead and convince this country that if they want to alleviate that deficit that was created by imported fuel, that they should go about now and immediately start burning some alcohol that can be immediately made.

It does not need to take till 1985. We received a small grant in July and, of course, we are presently now making alcohol, not being delayed 3 months trying to get some legal documents from the AFT and we are burning the alcohol we are making.

We could immediately start doing something about the energy problem by setting up small plants that could easily be set up, easily be operated and that cost very little money.

I doubt that our plant cost $2,000. The way we constructed it, we made it ourself and we are making alcohol in that plant. They can make better plants than we have got, plants that are more efficient.

But then these type of plants could also serve a very valuable need in low income areas where people need fuel and can make it themselves.

ALCOHOL, TOBACCO, AND FIREARMS REGULATIONS

One other thing that nobody addressed today, and I don't know if these figures take this into consideration, but there is a problem with ATF, the alcohol, tobacco, and firearms people.

These people regulate alcohol very viciously and I think if you ever get into real alcohol production, someone is going to have to deal with the ATF regulations in order to produce alcohol that can be used as a motor fuel.

This is probably one of the biggest hassles I have. It was trying to obtain the legal permission to produce the alcohol because I had to meet so many ATF standards and they were afraid we were going to make alcohol for human consumption.

So this is one thing that I think will be a serious problem. We have to be bothered. It takes excessive money. I don't know if the professors have considered the cost of bonding in their figures or not when they talk about producing alcohol as a motor fuel or whether they feel it will be large enough that ATF does not regulate. I don't know. I am just speaking from experiences that I have run into trying to operate a small plant.

FOREIGN USE OF ALCOHOL FUELS

A lot of the questions at this time cannot be answered by our operation because we simply got started, we just got started. But personally, I think of most of the persons already announced that all the foreign countries are using alcohol now.

Brazil, Germany, and the International Harvester made a tractor that would burn off alcohol completely for the Filipinos. So they made one that was doable for the Filipinos. They can make one that we can use, too. All of these things are being done in other countries.

We are supposed to be a superior country with superior brains. I see no reason why Germany has been able to produce alcohol as a motor fuel and use it very effectively, along with small, undeveloped countries, and we are still sitting here debating about whether it is feasible, whether it is practical or whether or not it is economical. I think when you consider what medicine should cost a certain amount, you consider all of the factors in it; not consider just the factors of producing that physical medicine.

I come to Washington basically to tell my story, not to give a report in writing, because I haven't had any time. I have been making alcohol. [Laughter.]

And I can write, if I have to write, but I just wanted to simply be here today to let people know that there is somebody doing more in this field than simply sitting in laboratories trying to find a way that alcohol will not work, instead of talking about all of the pluses.

Senator BAYH. Mr. Turner, I find it rather refreshing to see someone like yourself, sort of following the philosophy that I recall first having presented to me, I think, in about the first grade. It might have been in kindergarten. There was a story of a little train that said, "I think I can, I think I can, I think I can," and this positive approach, I think, is what we are going to have to have; not only in this area, but in the wide variety of al-

ternative areas that compose our energy problem and opportunity.

Let me ask you just a few very specific questions to try to take advantage of your operational experience in the field.

SUPPLY PROBLEMS FOR CURRENT DISTILLERY

Have you had any problem or do you anticipate any problem in getting a constant supply of whatever is necessary to keep your distillery operating?

Mr. TURNER. Presently our volume is so small it is difficult to answer that question specifically. But with a general knowledge of the area that I live in, my personal assessment of the raw material would be that we will have more that we could digest unless somebody would put up a multimillion dollar plant there.

We could find enough cucumbers, for instance, that we already grow, that have no value, to probably make all the alcohol we are making at the present point. In addition there are so many crops that are there, that man just considers a waste. That is just a fact of life.

These guys could be preserving these raw materials for a profit and to make alcohol. But we live in an area where there is plenty of water, there is plenty of wood, where there is plenty of land and there are plenty of people.

We have got a lot of labor, cheap labor, if it is necessary. We have got a lot of what you call small farmers who own their own land and their own manpower, what have you, which makes this type of approach a great approach.

MARKET POTENTIAL OF ALCOHOL FUEL

Senator BAYH. Let's look again at your approach right there is Selma. Let's not talk about the million dollar plant. Let's talk about the Albert Turner baby. You will get enough supply.

Do you think you will be able to find enough people to buy the product? If you can get a consistent supply, a consistent demand, then it seems to me you have the two indispensable ingredients.

Mr. TURNER. We had our open house Thursday. We had four probate judges visit us from the surrounding counties. We had also the mayors of the small towns and people from the school boards. These people have very large needs for fuel, police departments, where we could simply drive 10 miles maybe, and put 100 gallons of alcohol into their 1,000-gallon tank that they already have.

These type of people are very willing to buy. Presently, to be honest with you, the big problem I have now is everybody is wanting to know when I am going to put some on the market.

Personally, I think the demand for alcohol in that general area, is a new idea I would like to say. They don't know if you go back to the thirties it was used, and so forth. They think this is a new venture.

Of course, people are very enthused at this point and I foresee no problem at all marketing the alcohol within a very reasonable distance because so many people there will use this product and people from the street.

Our general membership will be glad to put this alcohol into their own farm vehicles and a lot of farmers have those 40-year-old tractors like I have got, that they simply could burn alcohol as a fuel to farm without any motor conversion whatsoever.

There is one other thing I would like to point out while I am stating this. People talked today about the fact that we would use too much land or so much land would be necessary to produce this alcohol that the fertility of the soil would be run down.

CROP ROTATION

But I think what they have not taken into consideration is that we could use rotation crops. For instance, we could use a soybean crop or legume type crop that would build the ground and follow that crop with the wheat at winter, that needs fertilizer.

So what I am saying is, even though we would be taking something away from the crop, we also could run a cycle of crops that would by nature put nitrogen into the earth.

Another thing that most people have evaded today is the fact that we can grow sweet potatoes, white potatoes, or sugarcane, beets or something that would produce probably 20 or 30 tons of products per acre where corn would produce but maybe 5 tons, whatever the tonnages are.

But what I am saying, there are many crops that would take little land and have high density production, along with the fact that if a farmer really was able to market this crop instead of him going, growing soybeans for 3 months out of the year, this land being out the rest of the year, he probably could produce three crops off that same acre of land if he had somewhere to sell it.

So we really don't have all of these problems that people seem to be putting up about the fact that we have run out of land, we have run out of these kinds of things because so many things we are not producing and there is so much land that is in production part of the time that could be in production all of the time if there was money value to it.

I wanted to point this out today while I had this opportunity because nobody has alluded to that fact that there are crops like sweet potatoes, artichokes, white potatoes, or crops like soybeans, that are soil builders that could be followed by another crop that is a soil tearer down.

So we don't need to put the residue of the stalk back into fertilizer, just alternate crops and then the ground will build the ground back up and these crops could still be used for fertilizer.

Senator BAYH. Your project is presently funded under the Office of Minority Business Enterprises in Commerce.

Mr. TURNER. That is right.

CURRENT PLANT POTENTIAL

Senator BAYH. Is it your plan or do you anticipate that from what you now know in the early stages that you will be able to make this plant function in a way that you can get the return on investment and repay the capital as an organization might if it did not have the support of OMBE?

Mr. TURNER. At the present time, the project in its present stage has not been funded to a tune that would allow it to be large enough to produce any matter that would bring the return back necessary.

It will be necessary, we hope, and anticipate the fact that his plant will be expanded to a size that be large enough to produce enough, what we might say volume, to make a return.

We feel that it is very necessary for us to have accepted a small amount of money that we did accept to get the ball rolling. But we anticipate and we hope that as a result of these type hearings, and so forth, that we can get a plant that will be economical, feasible in terms of size and volume.

But 100 gallons of alcohol a day would not bring a return back sufficient to retire the type of capital that is necessary at this point even though we have got very little money invested in the equipment, or what have you, but in order to really have a plant that is large enough to be feasible in terms of dollars, we need additional funding to make a larger plant.●

DEUTCH REPORT ON NUCLEAR WASTE

● Mr. PERCY. Mr. President, I recently submitted a statement to the distinguished chairman and ranking minority member of the Subcommittee on Nuclear Regulation, Senators HART and MCCLURE, in their hearings on nuclear waste disposal. I wish to share that statement with my colleagues.

These hearings provided an excellent record of public and private opinions on nuclear waste issues. I commend the subcommittee for having assembled a superb base for further legislative work.

I am currently working with a number of experts on this subject in Illinois and in the rest of the country to produce legislation on nuclear waste. The goals of this legislation will be to set specified target dates for decisions by the Department of Energy in its waste program, and to make provision for congressional and State review of DOE decisions. I am also working with Senators MATHIAS and GLENN to set up hearings on these and other organizational aspects of solving nuclear waste.

Mr. President, I ask that the text of my statement before the Subcommittee on Nuclear Regulation be printed in the RECORD.

The statement follows:

STATEMENT OF SENATOR CHARLES H. PERCY

Chairman Hart, and distinguished ranking minority member Mr. McClure, I thank you for this opportunity to testify before you today on the pressing question of nuclear waste management.

This nation is committed to the use of light water nuclear reactors for production of electricity. Nuclear power is now an essential part of the mix of generating capacity many electric companies employ. Nuclear plants have performed admirably when needed recently during the coal emergency.

The generation of atomic power entails the production of highly toxic and long lived wastes. Unfortunately, our energy officials and the industry have yet to show the same ability to deal with these wastes that they have shown in running nuclear power plants. We have postponed a solution to waste disposal for twenty and more years, as the wastes from defense programs and commercial programs accumulated.

It is no longer possible to wait. A well-justified sense of alarm about nuclear wastes has surfaced in California, Illinois, New England, and other locations. If the Congress and the Administration do not move ahead and set the framework for a waste disposal industry in the next year or two, growing public concern may lead us to a wrenching confrontation on this issue.

I myself became alerted to the consequences of the waste issue in Illinois last fall, thanks to the efforts of Illinois Attorney-General William Scott. Attorney General Scott pointed out numerous deficiencies at low level waste and spent fuel storage sites in Illinois.

In December, the House Subcommittee on Environment, Energy, and Natural Resources held a day of hearings in Chicago. At that time I pledged to hold Government Affairs Committee hearings on waste, and to develop comprehensive waste legislation. Since that time I have developed an outline for legis-

lation, and have begun work with Senator Mathias to set those hearings.

I wish to take the opportunity presented by this hearing today to evaluate the recent report of the Department of Energy Task Force for Review of Nuclear Waste Management in light of our own developing recommendations.

John Deutch, Director of Energy Research at the Department of Energy, has produced a valuable and informative report on the waste issue. He and his task force have been able to define the major issues before us.

However, I myself feel, and I detect among many associated with the waste issue, a growing sense of frustration at the lack of final decisions on a waste program from this and earlier Administrations. I find myself disappointed that the Deutch Task Force has raised questions but not answered them. The Task Force produced no major legislative recommendations. Its major findings are that the target date for an operational waste repository will slip three or more years to 1988, and that DOE will need additional funds to handle waste. There is no final decision on the October spent fuel policy, no policy on international fuel storage, no discussion of the role Congress should play, and indecision concerning who in DOE is to run the waste program.

I appreciate the time constraints of this review, and I applaud DOE's wish to maximize public, agency, and Congressional input into policymaking. But some may construe this task force report as showing an inability by energy officials to make the decisions on waste. It may bring into question the resolve of the Administration to finally get the government moving on nuclear waste.

In the face of the current situation, I believe the Congress needs to start its own policy initiatives. For that reason I am developing legislation containing the following major provisions:

Waste responsibility must rest at a high administrative level.

Waste activities should rest with an Assistant Secretary of Energy, and not with a Deputy Assistant as the Deutch report proposes. Congressional confirmation of the top wate official will elevate the importance of the waste task.

DOE should meet legislatively specified targets for waste decisions.

In another few years this or another Administration may wish to start again with a basic waste policy review, as the President has done with the Deutch task force. The way around indecision is for Congress to mandate that DOE develop by set dates plans for decisions on site selection, technical criteria, and financial arrangements.

Congress must have a decisionmaking, not a consultative role in waste decisions.

The Deutch report does not address Congress' role. I propose that DOE plans be submitted to Congress for review and veto under a mechanism similar to the legislative Reorganization Act. Waste is a national issue, and the ultimate decision on waste must be national, not local. Congress is better suited than the Executive Branch to respond to state and local views and reach decisions that reflect a national consensus.

States should receive decisionmaking roles in important aspects of a waste program.

DOE's attitude may be that of a project manager concentrating on technical details, with states seen as public-relations problems. States can and should be given more of a management role in deciding specifics of a project within their borders once a siting decision is reached. The debate on the states' role has focused singlemindedly on the question of ultimate Federal preemption. We have forgotten that states know far better than Washington does about land use, transport, and geological conditions within their borders. The Department should allow states not just to review DOE plans, but to lay out plans for repositories within their borders, within the scope of DOE and Nuclear Regulatory Commission criteria. To deprive states of authority is to force them into an adversarial and obstructionist role, to the detriment of the overall program.

The Federal government should assert responsibility for long-term care of all wastes.

The Deutch task force has taken this step. In one of their few legislative recommendations, they suggest that DOE take responsibility for commercial low-level waste sites (the only operating facilities not now under DOE control). As Senator from a state whose residents have had reason to worry about perpetual care of low-level waste at the Sheffield facility, I praise this recommendation.

Taxpayers should not have to pay for waste-related costs.

The Deutch task force recognizes that users should pay all the anticipated costs of waste disposal, and I wholeheartedly agree with this finding. The best way to implement it is to establish a dedicated trust fund to pay for all waste costs. Only establishment of such a fund can ensure the Treasury is not left holding the bag at some future point. In addition, users should pay for all relevant costs, including research and development.

Mr. Chairman, I thank you for the opportunity to participate in this hearing. I look forward to seeing the results of your Committee's review, and to working with you on development of waste legislation this session.●

LIBRARY OF CONGRESS ANALYSIS OF TAXATION OF AMERICANS WORKING OVERSEAS

● Mr. KENNEDY. Mr. President, the Library of Congress has recently completed an analysis of pending proposals for tax relief for Americans working overseas. The analysis shows that many of the pending proposals are excessive compared to the relief that could be justified on the basis of cost-of-living differentials between the United States and foreign nations.

I welcome the study as a useful and impartial economic analysis that will help the Senate deal with this complex tax issue. It is a good example of the sort of factual economic analysis needed on many other subsidies in the tax laws. Far too many tax-spending programs are simply a waste of scarce Federal dollars.

Prior to 1976, section 911 of the Internal Revenue Code allowed Americans working overseas to exclude up to $25,000 of income a year from tax. Under the Tax Reform Act of 1976, the exclusion was reduced to $15,000 and other aspects of the prior law were tightened. In 1977, as a result of lobbying pressure from overseas groups affected by the tax, Congress delayed the effective date of the changes for a year. H.R. 9251, the bill reported recently by the Senate Finance Committee and now awaiting action by the full Senate, would soften the 1976 reforms by granting a general deduction to overseas American workers for living costs and special additional deductions for housing and education costs.

The cost to the Treasury of the tax relief provided in the pre-1976 law is $498 million a year. The 1976 reforms reduced the revenue loss to $180 million. H.R. 9251 would increase the revenue loss to $310 million. A modified version suggested by the Treasury Department would produce a revenue loss of $255 million.

The Library of Congress economists compared each of the alternatives to a "neutral" standard under which the U.S. tax laws would neither encourage nor discourage workers fom accepting jobs overseas. By this standard, there would be no tax inducements for workers to take jobs overseas. But if they chose to accept such jobs, they would suffer no tax penalties because of higher foreign living costs.

Using the neutral standard, the study found that each of the alternatives being discussed would produce lower U.S. tax liabilities for overseas Americans, thereby encouraging American workers to take overseas jobs. According to the study, providing no tax relief at all for such cases would come closer to the neutral standard than any of the alternatives analyzed.

The study was particularly critical of an aspect of the proposals which keyed tax relief to cost of living differentials between foreign nations and average U.S. costs. To avoid discriminating against domestic workers assigned to jobs in high cost American cities, the study said that differentials for foreign workers should be based on the highest cost regions of the United States.

The study noted, for example, that the cost of living is essentially the same in New York City, Boston, Hong Kong, and Tehran, Iran. Yet the pending proposals would grant thousands of dollars in tax deductions for workers in Hong Kong and Tehran that would be denied to workers in New York City and Boston. The study said:

> Allowing deduction of living costs in excess of average costs in the U.S. would be unfair to the large number of Americans who live in areas or cities within the U.S. where the cost of living is higher than the average.
>
> A provision which allows a $5,060 deduction based on cost of living for a family in Tehran and which does not allow a similar deduction for a family in Boston with an equal income and facing similar living costs, or for a similar family in New York, Honolulu or Anchorage where living costs are even higher, is inconsistent with standards of horizontal equity.

The study was also critical of a feature of H.R. 9251 which would allow a full tax deduction equal to the foreign cost of living differential. The result, said the economists, would be to leave foreign workers better off than domestic workers. The experts said that the cost of living deduction should be taken against the worker's average tax rate, rather than allowing a deduction from

the worker's top tax bracket rate. For a $25,000-a-year wage earner, said the analysts, a U.S. worker will have "real" after tax income of $15,000. Under the Senate Finance Committee deduction, his real after tax income would rise to nearly $17,000 if he accepted employment overseas.

The study was also critical of the bill for allowing "double dip" deductions by providing separate tax adjustments for housing costs as well as the cost of living. Housing costs should be included in the overall cost of living adjustment, the study said.

In addition, the study rejected arguments that additional tax relief for overseas workers was necessary to achieve other economic goals such as reducing unemployment, promoting U.S. exports, or protecting the competitiveness of U.S. firms operating overseas. As the study concluded:

There is no clear evidence that artificially encouraging Americans to work abroad through the tax code serves any identifiable national purpose. Therefore, the resulting increased "competitiveness" of American firms and citizens in foreign locations appears to be at the expense of other Americans—through higher and more inequitable taxes and through less efficient allocation of economic resources.

Mr. President, I ask that the study, prepared by Jane G. Gravelle and Donald W. Kiefer, Specialists in Taxation and Fiscal Policy in the Economics Division of the Library of Congress, may be printed in the RECORD.

The study follows:

U.S. TAXATION OF CITIZENS WORKING IN OTHER COUNTRIES: AN ECONOMIC ANALYSIS

(By Jane G. Gravelle and Donald W. Kiefer, Specialists in Taxation and Fiscal Policy, Economics Division, Congressional Research Service, Library of Congress, April 20, 1978)

(The Congressional Research Service works exclusively for the Congress, conducting research, analyzing legislation, and providing information at the request of Committees, Members and their staffs.

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SUMMARY

The combination of changes to section 911 of the Internal Revenue Code in the Tax Reform Act of 1976 and a recent Tax Court ruling that certain cost of living allowances are fully taxable has increased the U.S. tax liabilities of some citizens working abroad, and in some cases by substantial amounts. The resulting controversy has led to the delayed implementation of the section 911 revisions, and both the Senate Finance Committee and the Treasury have proposed changing the tax provision affecting foreign Americans from an income exclusion to a cost of living adjustment. This study evaluates the alternative policies according to the principles of tax neutrality, tax equity, and the achievement of national economic goals.

The principle of tax neutrality would recommend taxing overseas workers in such a way that the U.S. tax system provides neither an inducement nor a discouragement to U.S. workers in deciding whether to accept employment abroad and to U.S. employers in deciding whether to employ American workers abroad. This principle requires a tax adjustment for Americans working in foreign locations with very high living costs because of the progressive rate structure of the U.S. tax system. However, to achieve neutrality the tax adjustment for overseas workers should not be a deduction equal to the foreign cost of living differential, because such a provision would make a foreign worker better off than a domestic worker. The tax neutrality concept requires that a foreign worker's compensation for higher living costs should be taxed at the effective tax rate which would apply to the worker ignoring the cost of living compensation. Furthermore, the adjustment should be made only for the cost of living in excess of the highest cost locale in the United States.

By this standard all of the present alternative tax treatments of U.S. citizens living abroad are nonneutral. The prior and present versions of section 911 are nonneutral because they provide flat across-the-board allowances to foreign taxpayers which are unrelated to foreign cost of living differentials. The Senate Finance Committee proposal (H.R. 9251) is also nonneutral because it provides a separate tax adjustment for housing costs rather than a single cost of living adjustment, allows outright deductions of cost of living allowances rather than applying the appropriate effective tax rate to the allowance amount, bases the allowances on the average cost of living in the U.S. rather than on the highest cost of living locale, and also bases the allowances on an assumed salary of $22,000 rather than on actual salary. The Administration's proposal is also nonneutral because it would make no general cost of living adjustment, and its allowances for housing costs and travel would not be based on the highest cost U.S. locale, nor would they be subject to the appropriate effective tax rate of the taxpayer. Example calculations show that, with the exception of the present section 911 with regard to upper income taxpayers in higher cost of living foreign locations, all of the alternative policies yield lower U.S. tax liabilities for overseas Americans than would a neutral tax adjustment. Of the five alternative policies examined, disallowing any tax adjustment for foreign taxpayers appears to most closely approximate the tax neutrality result overall, although the present section 911 produces results closer to the tax neutrality standard in higher cost foreign locations.

There are two aspects of tax equity which are usually considered: horizontal equity, or the equal treatment of those in equal circumstances (generally defined as those with equal incomes), and vertical equity, which is concerned with how the tax burden is distributed across income classes. In general, the points regarding tax neutrality also pertain to the consideration of tax equity. Thus, to avoid discriminating among taxpayers with equal abilities to pay taxes, any cost of living adjustment for citizens working abroad should be based on the highest cost locale within the U.S., and the amount of the deduction should be subjected to the appropriate effective tax rate. Specifically, a provision allowing deduction of living costs in excess of average costs in the U.S. would be unfair to the large number of Americans who live in areas or cities within the U.S. where the cost of living is higher than the average. Example calculations and data illustrate the degree of this inequity with regard to a general cost of living allowance, and also with regard to specific allowances for housing costs and travel. With regard to vertical equity considerations, because citizens working abroad have comparatively high incomes, tax provisions benefitting them tend to reduce the progressivity of the U.S. income tax structure.

The alternative tax treatments for overseas Americans are also evaluated in terms of achieving other economic goals, specifically in terms of achieving other economic goals, specifically in terms of their impact on foreign trade and employment. First, it must be observed that the relationship between U.S. tax treatment of citizens working in other countries and the quantity of U.S. exports is indirect and uncertain. However, even if there were a direct relationship, a tax subsidy would not have a permanent effect on the balance of payments because, under a system of flexible exchange rates, international currency price adjustments will render ineffective policies which attempt to have a long-term impact on a nation's balance of payments. With regard to employment and unemployment policy goals, tax subsidies for overseas Americans do not contribute directly to solving the causes of either cyclical or structural unemployment problems. Even if preferential tax treatment for Americans working in other countries creates jobs in the export industries, under a system of flexible exchange rates this policy will likely accelerate the decline of import competing industries and lead to less employment in those sectors. A recent study by the General Accounting Office performed an economic analysis to estimate the maximum impact on U.S. trade and employment which could be anticipated from the 1976 changes in section 911 and calculated that the impacts would be very small.

An additional argument which has been used in support of section 911 is the impact of U.S. taxes on foreign "competitiveness" of U.S. industries and workers. However, the standard of tax policy with respect to business and employee location decisions should be to achieve neutrality so that tax provisions do not cause distortions in location decisions unless some clear national purpose is served by such nonneutralities. As indicated in the analysis, there is no clear evidence that artificially encouraging Americans to work abroad through the tax code serves any identifiable national purpose. Therefore, the resulting increased "competitiveness" of American firms and citizens in foreign locations appears to be at the expense of other Americans.

I. Introduction

The Tax Reform Act of 1976 amended section 911 of the Internal Revenue Code to reduce the benefits from allowing certain exclusions of income earned abroad under the Federal individual income tax. In addition, the Tax Court has ruled that certain allowances paid by employers on behalf of employees working abroad, which heretofore had been excluded from income by some employees, were subject to taxation. These allowances generally relate to housing, education and travel. The combination of these changes increased the tax liabilities of some Americans working abroad, and in some cases by substantial amounts.

As a result of this effect, considerable controversy has been generated over the issue of the tax treatment of U.S. citizens working abroad. Americans working abroad and their employers have argued that more liberal tax treatment is justified because of high costs of living abroad, particularly for housing, and because of the potential effect of the tax changes on U.S. foreign trade and investment. Proposals have been made to return to the

pre-1976 version of the law; in fact, the implementation of the 1976 changes has already been delayed for one year and may be delayed again. Other proposals have been made to restructure the allowance from an income exclusion to a cost of living adjustment, a change which would alter the level of benefits and the distribution across different groups of taxpayers. This type of proposal has been adopted in the Senate Finance Committee and a similar, although more limited, proposal has been made by the Treasury Department.

Others propose that the present version of the law, reflecting the 1976 changes, be retained, or that no provision at all be made for lower taxation of Americans abroad. These proposals reflect the view that reduced taxation of Americans abroad is unfair to taxpayers living in the United States and that the provision is a nonneutral tax adjustment.

The Treasury Department has estimated the revenue loss from the version of the law prior to the 1976 changes and Tax Court decisions at $563 million. The Tax Court changes reduced this amount by $65 million to $498 million. The 1976 changes reduced that loss by $318 million for a total loss of $180 million. The Senate Finance Committee bill is estimated to cost $310 million, while the Treasury proposals would involve a revenue loss of $255 million.[1] Therefore, in aggregate revenue loss terms, the prior law is the most liberal, followed by the Senate Finance Committee proposal, the Treasury Department proposal and the present law, which is the most restrictive.

In response to the legislative issues, the General Accounting Office prepared a report which focused on the impact of the tax changes on U.S. trade,[2] and the Treasury Department has prepared an extensive statistical study of the current and proposed revisions of the law.[3] The present study, while relying in part on the GAO and Treasury studies, is more general in nature and focuses on evaluation of the alternative policies according to the basic principles of tax policy: neutrality, equity, and achievement of national economic goals.

II. Past and Present Law and Current Proposals

There are four specific tax alternatives which must be considered in an evaluation of U.S. taxation of Americans working in other countries. Section 911, "Earned Income From Sources Without the United States," is the relevant section of the Internal Revenue Code. This section was amended substantially by the Tax Reform Act of 1976; thus, the first two tax provisions which necessitate consideration are section 911 prior to the Tax Reform Act of 1976, and the present section 911. The 1976 amendments to section 911 generated controversy because they resulted in higher tax bills for many overseas Americans. Because of the controversy, implementation of the new section 911 was delayed until January 1, 1977 (the 1976 Tax Reform Act would have made the change effective January 1, 1976) and may be delayed further. Also, alternative tax treatments of Americans working abroad have been proposed. The two most prominent alternative proposals are the Senate Finance Committee proposal which the Committee amended into H.R. 9251 and generally follows the form of S. 2115, introduced by Senator Ribicoff, and secondly the Administration proposal, presented by Donald Lubick, Acting Assistant Secretary of Treasury for Tax Policy, to the Ways and Means Committee on February 23, 1978. These four alternative tax treatments of U.S. citizens living in other countries are described below.

Footnotes at end of article.

A. Prior section 911 [4]

U.S. citizens are generally taxed by the United States on their worldwide income with the allowance of a foreign tax credit for foreign taxes paid. However, for years prior to 1977, U.S. citizens (other than employees of the U.S. Government) who were working abroad could exclude up to $20,000 of income earned during a period in which they were present in a foreign country for 17 out of 18 months or during a period in which they were bona fide residents of a foreign country (sec. 911). In the case of individuals who had been bona fide residents of foreign countries for three years or more, the exclusion was increased to $25,000 of earned income. Further income tax savings could be obtained where foreign taxes were paid on the excluded income because those taxes could be credited against the U.S. tax on any foreign income above the $20,000 (or $25,000) limits.

Under prior law individuals claiming the standard deduction were not entitled to claim the foreign tax credit.

B. Present section 911

The Tax Reform Act of 1976 generally reduces the earned income exclusion for individuals working abroad to $15,000 per year. However, the Act retained a $20,000 exclusion for employees of charitable organizations. In addition, the Act made three modifications in the computation of the exclusion.

First, the Act provided that any individual entitled to the earned income exclusion is not to be allowed a foreign tax credit with respect to foreign taxes allocable to the excluded income.

Second, the Act provided that any additional income derived by individuals beyond the income eligible for the earned income exclusion is subject to U.S. tax at the higher rate brackets which apply if no exclusion were allowed.

Third, the Act made ineligible for the exclusion any income earned abroad which is received outside the country in which earned if one of the purposes of receiving such income outside of the country is to avoid tax in that country.

In addition to the changes made in the computation of the exclusion, the Act provided an election for an individual not to have the earned income exclusion apply. The election is binding for all subsequent years and may be revoked only with the consent of the Internal Revenue Service.

Finally, the Act provided that individuals taking the standard deduction are to be allowed the foreign tax credit.

Under the 1976 Act as originally enacted, the changes in the taxation of Americans working abroad would have become effective for taxable years beginning in 1976. However, implementation of the new section 911 in the 1976 Act was delayed for one year by the Tax Reduction and Simplification Act of 1977. Implementation of the provision would be further delayed by enactment of H.R. 9251, the Tax Treatment Extension Act. This bill is presently pending in the Senate. The House version of the bill would delay effectiveness of the new section 911 for an additional year, until January 1, 1978. The Senate Finance Committee version of the bill would extend the application of the prior section 911 until January 1, 1979, and then would change the nature of the allowances for Americans working abroad to a series of deductions for "excess" living costs as described below.

C. Senate Finance Committee proposal

H.R. 9251 (the Tax Treatment Extension Act) was amended by the Senate Finance Committee to revise the treatment of income earned abroad. Special itemized deductions for excess foreign living costs would be provided in three areas: cost of living, housing, and education. The deductions would be adjustments to gross income and thus would be allowed in addition to the standard deduction. The deductions would generally be allowed only to the extent that the employer pays directly or provides reimbursement for the employee's excess cost-of-living, housing, and education expenses. In addition, employees would be required to file with their returns an employer certification attesting to the fact that the reimbursements are in addition to normal compensation.

Specifically, the bill would allow special deductions as follows:

Cost of living.—The cost-of-living deduction would be limited to amounts set forth in tables prepared by the IRS showing the excess of the cost of living (excluding housing and education) in the particular foreign place over the average cost of living in the U.S. for families of various sizes with an income of $22,000, which will be adjusted for inflation.

Housing.—The excess housing costs deduction would be limited to the excess of the amount expended on housing in the foreign place over an amount representing the housing cost the individual typically would have incurred if he were working in the U.S. For this purpose, typical U.S. housing costs are considered to be an amount equal to one-sixth of the individual's base salary (earned income less excess housing, cost of living, and educational costs).

Educational expenses.—The deduction for reimbursed educational expenses would cover the cost of tuition, fees, books, and local transportation for elementary and secondary education of dependent children at local American-type schools. Reimbursed expenses for room and board would be allowed in situations where no local American-type schools are available.

Charitable employees and employees furnished lodging.—The principal exception to these rules involves employees of charitable organizations, employees who reside in camps because of their employment, and employees who would qualify under section 119 for exclusion of employer-supplied housing (the special deductions are available only if an election is made not to claim the sec. 119 exclusion). These employees are required to deduct, in lieu of their actual reimbursed excess foreign living costs, an amount equal to the average deductions claimed for cost of living, housing, and education by all other taxpayers in that foreign place for the previous year (the educational deduction is limited to the amount actually expended). Appropriate average deduction tables would be issued by the IRS.

Self-employed and employees of foreign businesses.—Special rules are also provided for self-employed individuals and employees of foreign businesses (other than U.S. controlled foreign corporations). Because employer reimbursements are either not possible or not meaningful in these situations, the deductions are not limited to employer reimbursements but rather to the average amount deducted by employees of U.S. companies for the foreign place for the previous year.

D. Administration Proposal

The Administration proposal would allow Americans working abroad three special deductions for costs associated with housing, education, and home travel. The total amount of the deductions would be limited to the amount of earned income from foreign sources. The deduction for housing costs would be nearly identical to the housing deduction under the Senate Finance Commit-

tee proposal. The educational expense deduction would also be similar under the Administration proposal to that in the Finance Committee bill, except that the amount of the deduction would be limited to $4,000 per student per year, and the Administration proposal would allow deduction for two round trips per year between the school and the foreign residence. The transportation deduction, but not the deduction for other educational costs, would also be available for college students.

The Administration proposal would not allow an adjustment for general costs of living. However, it would allow a deduction for one economy round trip fare every other year for each member of the taxpayer's family between a foreign post and the taxpayer's residence, or last place of residence, in the United States.

The Administration's proposal also includes changes in Internal Revenue Code sections 119 (employer furnished meals or lodging), 217 (moving expenses), and 1034 (sale or exchange of residence) to adapt these provisions to the special circumstances of overseas Americans. These changes, primarily affecting the eligibility criteria for the tax benefits under these sections, are not analyzed in this study.

III. *Evaluation in terms of tax neutrality and equity*

Over the years a number of principles or canons of taxation have been developed to offer guidance in developing and evaluating tax policy. As with all such guiding principles, they are primarily ethical and subjective in nature; they cannot be proved or disproved, but they seem to have wide a priori appeal.[5] These principles include concepts such as the tax system should be simple to administer, simple for taxpayers to understand and comply with, should cause minimum interferences in the economy, should raise revenue on an equitable basis, should operate in a manner consistent with attainment of other goals, for example, maximizing employment, and real incomes and minimizing inflation, and, of course, in addition to these other objectives the tax structure should raise the necessary revenue for the operation of government. One of the difficulties of policy making is that it is frequently impossible to satisfy all of these principles simultaneously. For example, a tax provision designed to be the most equitable may be very complicated, necessitating some compromise between the competing objectives. Nonetheless, the various principles serve as useful abstract goals in designing and evaluating tax policy, and they may be employed in the study of the taxation of citizens living abroad.

The two taxation principles which would seem to be the most relevant to this analysis are the principles of tax neutrality and tax equity. The principle of tax neutrality maintains that the tax system should be structured to minimize unintended economic effects. Any tax, of course, will reduce after tax income and thereby affect economic activity, but tax neutrality counsels avoidance of unintended changes in relative prices which would induce substitution of one economic activity for another.[6] The principle of tax equity, of course, prescribes that the tax system should be fair both horizontally (that is, treating people in equal circumstances equally) and vertically (i.e., achieving appropriate relative treatment of those in different circumstances). Obviously, the concept of horizontal equity provides a more objective (although not entirely objective) criteria for judgment; regarding vertical equity, objective analysis can measure impacts but usually cannot offer judgments.

Footnotes at end of article.

A. TAX NEUTRALITY

1. The principle:

The principle of tax neutrality would recommend taxing overseas workers in such a way that the U.S. tax system provides neither an inducement nor a discouragement to U.S. workers in deciding whether to accept employment abroad and to U.S. employers in deciding whether to employ American workers abroad. This principle requires looking at two aspects of foreign employment: foreign taxes and foreign costs of living.

The present U.S. tax treatment of citizens living abroad under section 911 clearly does not achieve neutrality with regard to foreign taxes (for the moment ignoring foreign living costs) because there are tax benefits to working in a low tax foreign country.[7] The low taxes of the foreign host country, combined with the exclusions of section 911, yield a lower tax liability than would be experienced by remaining and working in the United States. Thus, the U.S. tax system provides an inducement to U.S. workers to accept jobs in low tax foreign countries. Because of the operation of the foreign tax credit, the U.S. tax system does not provide incentives or disincentives to U.S. workers with regard to employment in high tax foreign countries.[8]

Examining the neutrality aspects of taxing income of individuals earned abroad in light of widely varying foreign costs of living is less straightforward. In the first place, it must be observed that considering costs of living in a discussion of appropriate treatment under the U.S. tax code is itself unusual. The U.S. tax system is not inflation-indexed to account for rising costs of living each year, nor is the system indexed to account for variation in costs of living among areas within the United States, though such variation is considerable. In the substantial literature on the taxation of foreign earned income of corporations there is no suggestion that U.S. taxes should be lower on income earned in countries where the cost of doing business is higher. Additionally, the legislative history of section 911 suggests that consideration of foreign costs of living is a relatively recent issue in the discussion.[9] Nonetheless, considerable attention has been focused on the high cost of living in foreign countries in the recent discussions of section 911.

To be strictly consistent with the remainder of the U.S. tax code, no special tax treatment should be accorded foreign individual income on the basis of living costs. However, it may be countered that the variation in living costs abroad is larger than the variation within the U.S. (see discussion on pages 37 and 38 for evidence of this fact) and, therefore, the lack of an adjustment for domestic cost of living variations may not be compelling. The question of whether special treatment of income earned abroad to adjust for high costs of living can be defended without also extending such treatment to domestic workers is, thus, an empirical and judgmental question regarding relative variability of living costs.

If costs of living abroad are extremely high compared to the U.S., the combination of cost of living reimbursement for foreign employees and the progressive rate structure of the U.S. tax system may suggest a tax adjustment based on the principle of tax neutrality. The neutrality concept would require that if, in the absence of tax considerations, it would cost, say, 50 percent more to employ a U.S. worker in a given foreign location than in the U.S., then this relative cost differential should also exist when taxes are considered. If the tax structure reduces the differential it would provide an incentive to foreign employment; if the tax structure increases the differential, it would discourage working abroad. If no adjustment were made to the tax liabilities of foreign workers in high cost areas this would increase the cost differential, and thus discourage employment in such areas, due to the progressive tax rate structure. This is because the 50 percent higher wages paid by the employer to the foreign worker to compensate for the higher living costs become part of taxable income. This taxable income will be taxed at higher marginal tax rates under the progressive tax rate structure. Thus, an employer must increase an employee's salary by more than 50 percent to leave the employee with an after tax income which is 50 percent higher.[10] In this sense disallowing an adjustment for high costs of living in foreign locations may be nonneutral.

Given this consideration, how should an adjustment for foreign living costs be structured to achieve locational neutrality? Clearly the adjustment should not be a deduction of an amount equal to the compensation for higher living costs, because such a procedure would make the foreign worker better off than the domestic worker. Consider a domestic worker earning a $20,000 income and paying $5,000 in tax, for an effective tax rate of 25 percent. A U.S. citizen working abroad in an area with a 50 percent higher cost of living would require a $30,000 income to have the same real income before taxes. If the $10,000 cost of living salary adjustment were allowed as a deduction, the foreign worker would pay only $5,000 in U.S. taxes for an effective tax rate of 16.7 percent ($5,000/$30,000). Thus, the foreign worker's after tax income is 83.3 percent of his before tax income and the domestic worker's is only 75 percent even though their real before tax incomes are the same. Their real after tax incomes would be $15,000 for the domestic worker and $16,666.66 for the foreign worker.[11] As an alternative way of looking at the relationship, if the foreign employee is allowed to deduct the cost of living allowance, his employer can pay him a salary in his foreign location of $27,000 (still assuming a 25 percent effective tax rate on income after adjustment) and leave the employee with the same real after tax income.[12] Thus, the tax system would reduce the cost differential to the employer of employing the individual in the foreign location from a 50 percent higher cost to a 35 percent difference.

2. The Tax Neutrality Standard:

To achieve tax neutrality, i.e., a condition in which the percentage differential in after tax employment costs is equal to the before tax differential, the compensation for higher living costs should be taxed at the effective tax rate which would apply to the worker ignoring the cost of living compensation. Under this system, if the cost of living in a foreign location is 50 percent higher than in the U.S., an American citizen who moves to the locality and receives a 50 percent higher salary would pay a 50 percent higher U.S. income tax (rather than more than a 50 percent higher tax in the absence of any adjustment). Another way of perceiving the system is that whatever a worker's effective tax rate in the U.S., if he takes a foreign job and is compensated for the cost of living differential, his effective tax rate would remain constant. Thus, for example, a U.S. citizen who pays 25 percent of his income in Federal income taxes would still pay 25 percent of income in U.S. income taxes if he accepted a foreign job with cost

of living compensation.[12] This system would preserve the relative before tax costs of U.S. versus foreign locations; thus, a location in which living costs are 50 percent higher, ignoring taxes, would also be 50 percent more expensive when taxes are considered.

For illustrative purposes, and for reference in the remainder of this report, it will be useful to specify the mechanics involved in a hypothetical tax provision which would allow neutral adjustments for foreign living costs as described above. This hypothetical tax provision is offered not as a proposal or recommended policy, but merely as a specific reference for measuring the neutrality aspects of the alternative proposals. Such a provision would work as follows:

1. Special deductions from total income would be allowed foreign taxpayers for the costs of elementary and secondary education of dependent children at English language schools. The amount of the deduction would be the minimum cost associated with attaining such educational services at each location (which may be zero in certain English-speaking countries) to include transportation and room and board in areas where no English-language schools are available locally. A specially deduction is required for educational expenses because they will generally not be included in normal cost of living indices and because public primary and secondary education is provided free of charge in the U.S.; thus, a percentage adjustment for costs abroad is unworkable. A special deduction for educational expenses is also more neutral because the tax benefit will be conferred only on those who incur the additional expenses.

2. The Treasury would be responsible for determining each year the amount by which costs of living in relevant foreign locations exceed the living costs in the highest cost of living location in the United States.[14] Based on these determinations the Treasury would devise adjustment factors for each foreign location to be used by taxpayers in determining their "equivalent U.S. income." For example, if the cost of living in a given foreign location exceeded by 50 percent the highest cost locale in the U.S., the adjustment factor for that location would be 66⅔.[15]

3. Foreign taxpayers would multiply their actual adjusted gross income, after subtraction of any foreign educational expense deduction, by the Treasury cost of living adjustment factor to determine their "equivalent U.S. adjusted gross income." Taxpayers who itemize deductions would also multiply their total itemized deductions by the cost of living adjustment factor. They would then compute their U.S. income tax liability based on their "equivalent U.S. adjusted gross income" and adjusted itemized deductions. Their total U.S. income tax liability would then be determined by the following formula: [16]

$$\left(\begin{array}{c}\text{Total U.S.}\\ \text{income tax}\end{array}\right)=\left(\frac{\begin{array}{c}\text{income tax based on}\\ \text{"equivalent U.S.}\\ \text{adjusted gross income"}\end{array}}{\begin{array}{c}\text{"equivalent U.S.}\\ \text{adjusted gross income"}\end{array}}\right)\times\left(\begin{array}{c}\text{Total adjusted gross}\\ \text{income after foreign}\\ \text{educational ex-}\\ \text{pense deduction}\end{array}\right)-\left(\begin{array}{c}\text{Foreign}\\ \text{tax}\\ \text{credit}\end{array}\right)$$

A simple example will serve to illustrate this hypothetical neutral tax adjustment for foreign living costs. Assume a family of two adults and a child has an income, earned by one of the adults and consisting entirely of wages and salary, of $20,000 in the U.S. They move abroad to assume a foreign job with the same company and are exactly compensated for their higher living costs. General living costs are 50 percent higher in their foreign location, and American-type education for the child will cost $2,000; therefore, their income in the foreign location is $32,000.

Under tax law applicable to calendar year 1977, the family's U.S. income tax on its $20,000 income earned in the U.S. would be $2,711 (assuming use of the standard deduction and no special deductions or exemptions). Under the hypothetical neutral tax adjustment provision outlined above its U.S. tax liability in the foreign location would be computed as follows:

Total foreign income	$32,000
Minus foreign educational expense deduction	2,000
Total adjusted gross income	30,000
Equivalent U.S. adjusted gross income ($30,000 x .66⅔) [17]	20,000
U.S. income tax on equivalent U.S. adjusted gross income	2,711
Total U.S. income tax before foreign tax credit (.13555 x $30,000) [18]	$4,066.50

Ignoring the special foreign educational costs, this U.S. tax liability leaves the family with an after tax income of $25,933.50 ($30,000 − $4,066.50). Since this is exactly 1.5 times the family's after tax income in the U.S. of $17,289 ($20,000 − $2,711), the family is left with the same after tax real income. Thus, under this system the U.S. tax structure would introduce no distortion in the relationships between foreign and domestic costs to a company of employee location, and relationships between foreign and domestic incomes to employees. The pre-tax relationships in these quantities would be preserved by the tax system; the tax structure would offer neither an incentive nor a disincentive with regard to foreign location of employees.

3. Evaluation of the Alternatives

Since this hypothetical tax provision would make the U.S. tax system locationally neutral with regard to both foreign taxes and foreign living costs, it may be used as a standard for evaluating the neutrality of other adjustment provisions for overseas Americans. To the extent that taxes in a given location or under specified circumstances under another provision would be less than or greater than the hypothetical neutrality adjustment would suggest, the tax provision would provide an incentive or disincentive to foreign employment.

The prior and present versions of section 911 outlined in section II above clearly are not neutral by this standard. Neutrality requires tax adjustments based on foreign living costs. The past and present versions of section 911 provide flat across-the-board allowances to foreign taxpayers which are unrelated to living costs. Thus, these provisions would make neutral adjustments for foreign living costs only by change in isolated circumstances.

The foreign tax provision in H.R. 9251 is also nonneutral by the above measure, although it may be less arbitrary in impact than the past and present section 911. In particular it would not bestow benefits on low cost foreign locations as do these provisions.

H.R. 9251 includes a general cost of living adjustment and two specialized separate allowances: housing and education for elementary and secondary students.

It is not clear why housing costs should be adjusted for separately rather than built into a single cost of living adjustment as suggested in the hypothetical neutral tax adjustment provision outlined above. A separate adjustment could potentially lead to overcompensation for cost of living differentials because the overall cost of living in a given locale may not be high, but there may be a relatively higher cost of housing as compared with, say, food or local transportation. Since there is no penalty in the proposal for a lower cost of living on non-housing items, an individual could receive a deduction for housing where the overall cost of living is not higher than—or is even lower than—the U.S.

However, if separate treatment is desirable for measurement or administrative reasons, a more neutral provision would allow a deduction based on the housing cost differential between the foreign location and the highest cost location within the U.S., and the amount of the deduction would be taxed at the taxpayer's effective tax rate based on "equivalent U.S. income." To allow an outright deduction overcompensates for the higher foreign living cost, as explained above on page 17.

The cost of living adjustment in H.R. 9251 is also nonneutral because it is based on average cost of living within the U.S. rather than the highest cost locale, and because it also does not apply the taxpayer's effective tax rate based on "equivalent U.S. income" to the amount of the deduction. These aspects of the provision tend to overcompensate for foreign living costs. At the same time, however, the cost of living adjustment is based on an assumed salary of $22,000 rather than the actual salary. Thus, although the adjustment varies by locale, it does not vary by income class, and this factor, looked at in isolation, tends to undercompensate for higher foreign living costs for upper income people. The result of this variety of circumstances is that the cost of living adjustment contained in H.R. 9251 has substantial elements of arbitrariness which, in theory, could overcompensate some individuals and have the potential for undercompensating others.[19]

An additional observation on the tax neutrality aspects of H.R. 9251 is warranted regarding a provision which is primarily administrative in nature. With the exception of employees of charitable organizations, self-employed persons, and employees of foreign corporations (other than U.S. controlled foreign corporations), the bill would allow deductions for higher living costs only to the extent that the taxpayer's employer pays directly or provides reimbursement for the higher costs For purposes of tax neutrality, in attempting to minimize locational incentives or disincentives in the tax system, direct payment or reimbursement by the employer is immaterial. The interaction of the higher foreign living costs and the U.S. progressive income tax are the factors which necessitate an adjustment to achieve locational neutrality; the method of compensating for the higher living costs, or whether they are compensated for, does not affect the appropriate neutrality adjustment.

The Administration's proposal would make adjustments for educational expenses and housing costs similar to those in H.R. 9251, and, therefore, the comments above regarding H.R. 9251 also apply to the Administration proposal. The proposal does not include a general cost of living adjustment for two stated reasons: (1) it would be difficult to administer because of measurement problems, would lead to demands for more tax relief, and add complexity to the tax laws; and (2) a cost of living adjustment for Americans living abroad would be unfair to taxpayers at home who receive no tax relief for wide variations in living costs.[20]

With regard to the first stated reasons, of course, simplicity is frequently one of the tax policy goals with which the goals of tax equity and efficiency conflict and, therefore,

Footnotes at end of article.

some policy tradeoffs are inevitable. It is correct that administration of a general cost of living adjustment might be somewhat complicated; however, the other proposals made by the Treasury also involve complexity. With regard to the second criticism, the element of unfairness (and nonneutrality) with respect to U.S. residents also applies to the housing cost adjustment and to the Administration's proposed travel allowance discussed below. However, under the neutral tax adjustment standard outlined above this problem does not exist because the basis for adjustment is the highest cost locale in the United States, rather than average costs.

The Administration proposal would allow a deduction for the cost of one round trip visit to the most recent place of residence in the U.S. for each family member every two years (two round trip fares per year between school and home are also allowed for college students and pre-college students in boarding schools). This aspect of the proposal seems inconsistent with the Administration's second reason stated above for rejecting the general cost of living adjustment, namely that no such allowance is provided domestic taxpayers even though they may travel considerable distance to and from their place of employment or schooling and "home" to visit relatives. In many cases the domestic trips would cost more than the foreign travel (see discussion on p. 42).

Thus, overall, all of the provisions would result in a nonneutral allowance for the cost of living abroad. The prior and current versions of section 911 tend to favor lower cost of living, low tax countries as compared to the neutral standard and the other proposals. The Senate Finance proposal would tend to favor high cost of living jurisdictions and particularly those which have high housing costs. The Treasury proposal also favors jurisdictions with high housing costs.

4. Illustrative Examples:

In order to explore these relative effects of the different tax provisions more fully, a series of hypothetical examples has been prepared. Table 1 compares tax liabilities under the prior section 911, current section 911, allowing no benefits, applying the tax neutrality standard previously described, and the Senate Finance Committee proposal. This table assumes that housing costs are in line with other costs of living and, therefore, the Treasury proposal will have no impact. Education and travel expenses are not considered because of their special nature. The tables cover income levels equivalent to $25,000,-$50,000 and $100,000 for the highest cost U.S. location of Anchorage.

The table covers five countries with varying cost of living situations: Japan (the highest cost of living area), Frankfurt (which is also a high cost area), Riyadh, Saudi Arabia (whose cost of living is approximately the same as Anchorage), Rome (whose cost of living is lower than Anchorage but higher than the U.S. average) and London (where the cost of living is relatively close to the U.S. average).

The following results can be gleaned from the table:

(1) Prior section 911 departs most from the neutral standard, particularly for lower cost of living locations. It provides substantial tax benefits in every example.

TABLE 1.—COMPARATIVE U.S. TAX LIABILITIES BEFORE FOREIGN TAX CREDIT UNDER ALTERNATIVE PROPOSALS (ANCHORAGE INCOME EQUALS 100)[1]

	Anchorage income levels—					
	$25,000		$50,000		$100,000	
	Tokyo, Japan (122): Income level—					
	($30,555)		($61,111)		($122,222)	
	Tax	Effective rate (percent)	Tax	Effective rate (percent)	Tax	Effective rate (percent)
Prior 911	$710	2.3	$8,053	13.2	$33,254	27.2
Current 911	3,383	11.1	14,834	24.3	40,807	33.4
No provision[3]	5,630	19.1	17,282	28.3	43,254	35.4
Neutral standard	5,255	17.2	15,400	25.2	41,311	33.8
Senate Finance (H.R. 9251)[3]	3,012	9.9	12,605	20.6	38,504	31.5
	Frankfurt, West Germany (111): Income level—					
	($27,777)		($55,555)		($111,111)	
Prior 911	$307	1.1	$6,226	11.2	$28,523	25.6
Current 911	2,608	9.4	12,473	22.4	36,085	32.5
No provision[2]	5,055	18.2	14,920	26.9	38,532	34.7
Neutral standard	4,777	17.2	13,999	25.2	37,555	33.8
Senate finance (H.R. 92551)[3]	2,937	10.5	11,378	20.5	34,814	31.3
	Riyadh, Saudi Arabia (101): Income level—					
	($25,250)		($50,500)		($101,000)	
Prior 911	0	0	$4,836	9.6	$24,235	24.0
Current 911	$1,922	7.6	10,377	20.5	31,788	31.5
No provision[3]	4,369	17.3	12,824	25.3	34,235	33.9
Neutral standard	4,343	17.2	12,726	25.2	34,138	33.8
Senate finance (H.R. 9251)[3]	2,862	11.3	10,282	20.4	31,441	31.1
	Rome, Italy (91): Income level—					
	($22,777)		($45,555)		($91,111)	
Prior 911	0	0	$3,602	7.9	$20,032	22.0
Current 911	$1,333	6.0	8,442	18.5	27,585	30.3
No provision[2]	3,780	16.5	10,889	23.9	30,032	33.0
Neutral standard	3,780	16.5	10,889	23.9	30,032	33.0
Senate finance (H.R. 9251)[3]	2,799	12.3	9,293	20.4	28,165	30.9
	London, England (75): Income level—					
	($18,888)		($37,777)		($75,555)	
Prior 911	0	0	$1,954	5.2	$13,446	17.8
Current 911	$452	2.4	5,671	15.0	20,943	27.8
No provision[2]	2,898	15.3	8,117	21.5	23,420	31.0
Neutral standard	2 898	15.3	8,117	21.5	23,420	31.0
Senate finance (H.R. 9251)[3]	2,698	14.3	7,803	20.7	23,010	30.5

[1] Assumes joint return, 2 exemptions, itemized deduction equal to 15 percent of actual income. The calculations also ignore the general tax credit since it would be the same under each alternative and, therefore, does not affect the relationships. Housing costs are assumed equal to 16.7 percent of income (average for United States) so that no benefits occur under Treasury proposal. Assumes no travel or education expenses. Equivalent indexes for U.S. urban average equals 100 are: Anchorage, 140; Tokyo, 172; Frankfurt, 156; Riyadh, 142; Rome, 128; and London, 106.

[2] Equal to Treasury proposal under assumptions.

[3] Assumes implementation of proposal will index for cost of living equal to one-half of statutory amount ($11,000).

Source: Indexes are taken from State Department Index, April 1977, Labor Department Index, Autumn, 1976. State Department Index excludes housing.

(2) Current section 911 leads to beneficial taxation at the lower end of the income scale and for lower cost of living jurisdictions as compared with the Senate Finance Committee proposal which tends to favor individuals in the higher cost locations. Both current section 911 and the Senate Finance proposal confer benefits in every case as compared with the neutral standard.

(3) Overall, a policy of no adjustment provision tends to match the neutrality standard more closely than any other alternative.

(4) After the no exclusion option, current section 911 tends to match the neutrality standard most closely at high income levels where the cost of living is higher than the cost in the highest cost U.S. locale. The Senate Finance Committee proposal tends to come closer at lower income levels in lower cost jurisdictions.

Table 2 provides examples for the same income levels and jurisdictions under the alternative assumption that housing costs are twice the percentage of income as housing costs in the United States. This assumption, while somewhat arbitrary, allows analysis of the impact of the proposals, including the Treasury proposal, in the circumstance which has generated the most controversy, namely, the situation of very high foreign housing costs.

The following results can be gleaned from Table 2:

(1) Prior section 911 departs most from the neutral tax standard for the $25,000 income in every case and for other income levels in lower cost of living jurisdictions. The Senate Finance Committee proposal departs from the neutral standard most for the high cost jurisdictions and higher income cases. The Treasury proposal results in lower tax liabilities than prior section 911 in the highest income cases ($100,000 equivalent) in the higher cost jurisdictions.

(2) Prior section 911, the Senate Finance proposal and the Treasury proposal confer benefits in every case, as compared with the neutral standard. Current section 911 also confers benefits except in higher income level, higher cost jurisdictions.

(3) Overall, the no provision alternative comes closest to the neutrality standard in the lower cost areas, whereas current section 911 more closely approximates the neutrality standard in the higher cost areas.

TABLE 2.—COMPARATIVE U.S. TAX LIABILITIES BEFORE FOREIGN TAX CREDIT UNDER ALTERNATIVE PROPOSALS ASSUMING HIGH HOUSING COSTS (ANCHORAGE INCOME EQUALS 100)[1]

	Anchorage income levels					
	$25,000		$50,000		$100,000	
	Tokyo, Japan (152) income level					
	($38,210)		($76,267)		($152,591)	
	Tax	Effective rate (percent)	Tax	Effective rate (percent)	Tax	Effective rate (percent)
Prior 911	$2,035	5.3	$13,736	18.0	$46,161	30.3
Current 911	5,814	15.2	21,276	27.9	53,714	35.2
No provision	8,261	21.6	23,723	31.1	56,161	36.8
Neutral standard	6,572	17.2	19,219	25.2	51,575	33.8
Senate finance (H.R. 9251)[2]	2,723	7.1	11,492	15.1	36,116	23.7
Treasury proposal	5,873	15.3	17,355	22.7	43,420	28.5
	Frankfurt, West Germany (144) income level					
	($34,743)		($69,429)		($138,972)	
Prior 911	$1,387	4.0	$11,040	16.0	$40,323	29.1
Current 911	4,665	13.4	18,391	26.5	47,926	34.5
No provision	7,111	20.4	20,838	30.0	50,373	36.2
Neutral standard	5,975	17.2	17,508	25.2	46,973	33.8
Senate finance (H.R. 9251)[2]	2,675	7.7	10,436	15.0	32,724	23.5
Treasury proposal	5,093	14.7	15,037	21.6	38,769	27.8
	Riyadh, Saudi Arabia (126) income level					
	($31,581)		($63,163)		($126,325)	
Prior 911	$875	2.8	$8,739	13.8	$34,998	28.0
Current 911	3,696	11.7	15,707	24.9	42,551	33.7
No provision	6,143	19.5	18,154	28.7	44,998	35.6
Neutral standard	5,432	17.2	15,917	25.2	42,697	33.8
Senate finance (H.R. 9251)[2]	2,625	8.3	9,484	15.0	29,543	23.4
Treasury proposal	4,402	13.9	12,927	20.5	24,449	27.4
	Rome, Italy (114) income level					
	($28,453)		($56,978)		($113,957)	
Prior 911	$400	1.4	$6,715	11.8	$29,742	26.0
Current 911	2,792	9.8	13,078	23.0	37,294	32.7
No provision	5,239	18.4	15,526	27.2	39,741	34.9
Neutral standard	4,894	17.2	14,358	25.2	38,517	33.8
Senate finance (H.R. 9251)[2]	2,578	9.1	8,579	15.1	26,452	23.2
Treasury proposal	3,801	13.4	10,977	19.2	30,227	26.5
	London, England (95) income level					
	($23,625)		($47,250)		($94,535)	
Prior 911	0	0	$4,005	8.5	$21,487	22.7
Current 911	$1,536	6.5	9,090	19.2	29,040	30.7
No exclusion	3,982	16.9	11,537	24.4	31,487	33.3
Neutral standard	3,982	16.9	11,537	24.4	31,487	33.3
Senate finance (H.R. 9251)[2]	2,521	10.7	7,248	15.3	21,600	22.8
Treasury	2,919	12.4	8,181	17.3	23,594	25.0

[1] Assumes joint return, 2 exemptions, itemized deductions, equal to 15 percent of actual income. The calulation also ignore the general tax credit since it would be the same under each alternative and, therefore, does not affect the relationships. Housing costs are assumed to be 33.4 percent of ncome (tcwice U.S. average) (assumed no travel or education expenses). Equivalent indexes for U.S. urban average equals 100 are: Anchorage, 140; Frankfurt, 195; Rome, 160; Tokyo, 214; Riyadh, 177; London, 132.

[2] Assumes implementation of proposal will index for cost of living equal to ½ of statutory amount ($11,000).

Source: Indexes recomputed from State Department Index, April 1977, Labor Department Index, Autumn 1976.

While it is difficult to generalize from these examples, they do suggest certain results. If it were decided to account for greater variability in foreign living costs by reducing taxation in those jurisdictions where costs of living were higher than the United States, a tax neutrality standard has been developed. If this neutrality standard is not a legislative option, then the closest approximation to it among the five alternatives examined would be to repeal section 911 and allow no adjustments for Americans living abroad. This result is substantiated in part by the examples, and also by the fact that the examples are weighted toward high cost of living locations. If this option were not adopted, current section 911 appears to come closer to the neutrality standard than the other options, especially in the case of the higher income levels and higher cost of living locations.

In every case examined, prior section 911 and the Senate Finance Committee proposals confer benefits compared to the tax neutrality standard and therefore provide an incentive to Americans to work abroad. In general, the Senate Finance Committee proposal, and the Treasury proposal to a lesser extent, tend to favor higher income taxpayers. Current section 911 tends to favor lower income taxpayers more than the Finance Committee and Treasury proposals.

As suggested earlier, the Senate Finance Committee and Treasury proposals tend to favor upper income individuals in higher cost jurisdictions as compared to prior and current versions of section 911.

B. Tax Equity

The second major tax policy principle applicable to an evaluation of the tax treatment of overseas Americans is that of tax equity. There are two aspects of tax equity which are generally considered: horizontal equity, or the equal treatment of those in equal circumstances (generally defined as those with equal incomes), and vertical equity, which is concerned with how the tax burden is distributed across income classes.

1. Horizontal equity:

The basic idea behind the concept of horizontal equity is that people with equal income and who are equal in other characteristics deemed relevant (such as family size) have an equal ability to pay taxes. The decision as to what constitutes a relevant characteristic is a subjective one; however, the horizontal equity standard tends in most respects to have a basic intuitive attraction to most people. For example, family size and income are generally accepted as relevant characteristics on intuitive grounds, while hair or skin color is rejected.

Horizontal equity tends in most cases to be consistent with tax neutrality since it generally suggests that individuals not be taxed differently due to, among other things, their patterns of consumption or their choices of investment or employment. Those provisions which violate horizontal equity standards usually tend to violate tax neutrality standards as well, although this result is not always the case.

Whether residence abroad should be considered as a relevant characteristic for horizontal equity considerations is, of course, a subjective question. In general, location has not been viewed as a relevant characteristic in the United States in terms of horizontal tax equity. Thus, it would seem initially that a person earning an income abroad should be regarded as having an ability to pay taxes equal to that of an individual earning the same income in the United States, a view consistent with fully taxing income earned abroad and allowing a foreign tax credit. Under this standard, the past and present versions of section 911 are inconsistent with horizontal equity. In both cases, they allow substantial tax benefits to individuals living abroad which are not available to those in equal positions in the United States. The past version of section 911 allowed tax savings up to a maximum of $12,500 ($25,000 times the 50 percent maximum tax rate). The present version provides savings up to approximately $3,000—a saving not available to people in the United States with similar real incomes.

There are two arguments which have been advanced to counter this general view. The first is based on cost of living differentials. The second suggests that another standard of tax equity, the benefits received principle should govern, or partially govern, in the case of income earned abroad.

(a) General Cost of Living Differentials

Location and the differences in cost of living which result from location choice have generally not been treated as relevant characteristics to the standard of horizontal tax equity in the U.S., and thus a family of four with an income of $15,000 would pay the same Federal income tax whether they lived in different States, in urban rather than rural areas, etc.[21] This approach has obvious administrative advantages, and adjusting taxable incomes for cost of living differentials within the United States has never been seriously considered. Arguments have been made, however, for making such adjustments for those living abroad.

The argument is often made that the variability of cost of living abroad is greater than the variability in the United States. Data from various sources tend to support this argument although they asume that the "basket of goods" purchased abroad will be the same as that purchased in the United States. This method of measurement might tend to increase the apparent cost of living abroad if it includes goods which are in scarce supply or are expensive because they are imported (e.g., Western-style housing in Japan). Using this standard, however, it would appear that there are some very high cost countries and some very low cost ones, and the higher variability of cost of living argument cannot be rejected outright.[22]

Footnotes at end of article.

In general, the points made above regarding tax neutrality also pertain to the consideration of tax equity. Thus, to avoid discriminating among taxpayers with equal abilities to pay taxes, any cost of living adjustment for citizens living abroad should be based on the highest cost locale within the U.S., and the amount of the deduction should be subjected to the taxpayer's effective tax rate based on his "equivalent U.S. income." The latter point was demonstrated by example above (see page 17). The first point can be illustrated by sample cost of living adjustment calculations.

A provision allowing deduction of cost of living in excess of average costs in the U.S. would be unfair to the large number of Americans who live in areas or cities within the U.S. where the cost of living is higher than the average. This effect can be substantial as illustrated by the following paired U.S. and foreign cities where the cost of living is roughly equal, listed with the deduction which would be allowed foreign taxpayers under a cost of living adjustment based on the U.S. average. The comparisons assume an average cost of living in the U.S. of $22,000, which is the statutory basis for determining the cost of living adjustments in H.R. 9251 (although the deduction will actually be figured in a different manner under the bill and could be larger or smaller).

DEDUCTION ALLOWED WITH A COST-OF-LIVING EXCLUSION BASED ON THE U.S. AVERAGE COST: PAIRED U.S. AND FOREIGN CITIES

Foreign city	Cost-of-living index [1]	U.S. city	Cost-of-living index [1]	Deduction allowed foreign resident not allowed U.S. resident [2]
Riyadh, Saudi Arabia.	142	Anchorage	140	$9,240
Rome, Italy	128	Honolulu	127	6,160
Hong Kong	125	New York	125	5,500
Tehran, Iran	123	Boston	123	5,060

[1] Based on Department of State Index for April 1977; Department of Labor Urban High Budget Index for August 1978. The foreign indexes exclude housing.

[2] This is the deduction which would result from a straight cost-of-living allowance. It is not equivalent to the expected allowance in H.R. 9251, which is comprised of a general cost-of-living allowance relating to consumption outside of housing, plus a separate housing allowance.

A provision which allows a $5,060 deduction based on cost of living for a family in Tehran and which does not allow a similar deduction for a family in Boston with an equal income and facing similar living costs, or for a similar family in New York, Honolulu or Anchorage where living costs are even higher, is inconsistent with standards of horizontal equity.

To avoid this violation of the horizontal equity standard would require a cost of living adjustment limited to amounts in excess of the most expensive place in the United States.

(b) *Relief for Specified Extraordinary Expenses*

Horizontal equity as practiced in the United States has allowed tax relief for particular expenses or circumstances which are deemed to involuntarily reduce the ability to pay taxes. Examples of provisions embodying this principle include the deductions for excess medical expenses and casualty losses. Some proposals for reducing the tax liability of individuals living abroad are similarly couched in terms of an adjustment for extraordinary specified expenses or excess financial burden. Examples are the special deductions included in the Treasury proposal and H.R. 9251 for the "excess" cost of housing abroad, and in the Treasury proposal for the cost of traveling home.

However, the housing and travel costs experienced by foreign employees are distinguished from the present hardship deductions for medical expenses and casualty losses by the fact that foreign employment and its concomitant expenses are a matter of choice, whereas medical expenses or casualty losses represent involuntary reductions in ability to pay taxes. Thus, the same principles of tax equity are not applicable to the two categories of expenses.

Nonetheless, if the decision is made to provide tax relief for specified extraordinary expenses rather than, or in conjunction with, a general cost of living adjustment, two additional points should be made. First, the mechanism of making separate adjustments for specified categories of expenses may, itself, fail to provide appropriate cost of living adjustment when considered on an overall basis. This is clear in the Treasury proposal which provides adjustments for specified extraordinary expenses but allows no general cost of living adjustment. It also may be true in some cases under the provisions of H.R. 9251 if a separate housing cost adjustment leads to larger allowances than would be suggested if overall living costs are considered. (See discussion on p. 23.)

The second additional point about relief for specified expenses is, as mentioned above for general allowances: any relief should be for expenses exceeding the highest levels in the U.S., not average levels. Relief based on average levels of domestic expenditures would discriminate against domestic taxpayers. This was demonstrated for a general cost of living adjustment above; it can also be illustrated for specific adjustments for housing and foreign travel. There is a variation among locations in the U.S. in the average percent of a family's budget spent for housing. According to family budget data from the Department of Labor, Boston appears to have the highest ratio of average housing cost to income in the U.S. at approximately 22 percent.[23] Thus, for example, if an allowance for "excess" housing costs were provided to overseas Americans based on housing costs exceeding one-sixth of their incomes, this provision would discriminate against the residents of Boston by denying them equal treatment despite experiencing similar "extraordinary" expenses. The denied tax benefit would be a deduction averaging 5 percent of Bostonians' incomes.

Similarly, the allowance of a deduction for the cost of travel home in the Treasury proposal would seem to violate the principle of horizontal equity. This proposal, or some modification of it, would be less violative of equity principles if the U.S. were small geographically so that foreign travel almost always involved comparatively high costs. However, this is not the case. Under the Treasury proposal a family living and working in Toronto visiting relatives in New York could deduct the cost of the trip, while a family working in San Francisco also visiting relatives in New York would receive no such deduction. Even when overseas travel is involved, the costs do not necessarily exceed the costs of domestic travel within the U.S. Round trip coach air fare between Boston and London is $409, Boston to Paris is $409, and Boston to Bonn is $434; on the other hand, round trip fare Boston to San Francisco is $462, Boston to Anchorage is $524, and Boston to Honolulu is $584.[24] Given the mobility of the American population, millions of people within the U.S. live and work long distances from their close relatives. Therefore, providing a tax benefit for home travel for people who choose to work in foreign location may be especially difficult to defend against complaints of unfair treatment from Americans who work far away from "home" but within the U.S.

(c) *Taxes as Payments for Benefits Received*

The concept of judging the horizontal equity of a tax system based on the ability to pay taxes is one of the two common approaches to the equity issue and the one most appropriate to analysis of the Federal income tax. A second approach to tax equity issues is called the "benefits received" concept, and measures the equity of tax payments by comparing the amount of tax to the amount of direct benefit the taxpayer receives from government services financed by the taxes. This concept thus attempts to view taxes as being like prices in the private sector of the economy, i.e., direct payments for goods and services received. While this approach to the equity issue has a certain intuitive appeal, it is obviously limited to the financing of government services which produce benefits which are primarily direct in nature rather than social or humanitarian. For example, judging the appropriate level of taxes to be paid by each taxpayer for support of government services on the basis of their consumption of the services may be appropriate when considering fees to pay for public swimming pool usage or gasoline taxes which are used to finance highways; it is obviously inappropriate when considering the financing of welfare payments and inapplicable for national defense (how are personal benefits measured?).

The argument is occasionally made that individuals living abroad receive smaller benefits from U.S. Government services than those living in the United States, and therefore overseas Americans should be exempt or partially exempt from the Federal income tax. However, no one seriously argues that the U.S. Federal income tax is based on the benefits received principle of taxation. It is clearly based on the ability to pay principle because most of the expenditures funded by the income tax are services which produce primarily social or humanitarian benefits—national defense, income maintenance, general government, foreign affairs and foreign aid, basic research, natural resource development, health care, and contributions to culture and arts. All of these expenditures primarily provide general benefits to all Americans rather than private benefits to specific individuals who could be charged for the services. Although this issue is obviously more judgmental than others, there seems no strong reason to argue that American citizens living abroad do not share in these general benefits.

2. Vertical equity:

Another equity standard for judging tax policy is that of vertical equity. Judgment of a tax provision on this ground usually involves the examination of tax levels by income class. The U.S. tax system is progressive, based on the notion of ability to pay and reflecting the idea that a wealthy individual can afford to pay in taxes a larger fraction of marginal earnings than a poor individual.

Overall the tax provisions benefitting individuals living abroad tend to reduce the progressivity of the U.S. income tax structure. This effect occurs because, by and large, those individuals living abroad tend to have much higher incomes than those in the United States. According to a recent Treasury study,[25] 47 percent of the individuals claiming a deduction for the prior section 911 had adjusted gross incomes of more than $20,000, as compared with 14 percent in the United States. Taxpayers with incomes of over $50,000 account for 10 percent of section 911 taxpayers while accounting for only 1 percent of U.S. taxpayers. This study indicates that 84 percent of the tax benefit under prior section 911 accrued to individuals earning over $20,000, 65 percent accrued to those with incomes over $30,000, and 31 percent accrued to those with incomes of over $50,000. Therefore the bulk of the tax reduction accrues to individuals in the richest 15 percent of the population.

The 1976 tax increase on overseas Americans which resulted from the revision of sec-

Footnotes at end of article.

tion 911 tended to fall more heavily on high income individuals; 96 percent of the increased taxes accrued to those earning over $20,000, 79 percent accrued to those earning over $30,000 and 40 percent accrued to those earning over $50,000. Thus, the current version of section 911 favors lower income taxpayers relative to the prior version.

IV. Effects on Trade and Employment

A. Tax incidence and relationship to U.S. exports

Although the basic policy principles most appropriate for evaluation of the tax treatment of Americans working in other countries are neutrality and equity, provisions which violate those standards may still be desirable policies if they achieve some other beneficial public purposes. The other public purposes most often related to the taxation of Americans living abroad are the effects of the tax treatment on international trade and American "competitiveness"—generally expressed in terms of seeking employment and balance of payments objectives via increasing exports. However, since the link between the level of taxation of Americans working abroad and the level of U.S. exports is somewhat indirect, it is useful to discuss the relationship and the related issue of the incidence of taxes on overseas Americans.

Tax incidence refers to the final burden of taxes after they have been shifted among economic agents, e.g., through higher prices, lower wages, or reduced profits. The shifting process has effects on economic behavior. For example, if taxes are increased on U.S. citizens working abroad, the initial burden of those increased taxes will fall on the employees reducing their after-tax income. This will diminish the willingness of those employees to work abroad, thus, reducing the supply and increasing the cost of American workers to foreign employers. In this manner some of the burden of the higher taxes is shifted to employers.

The process may also occur in another manner. Many U.S. companies operating abroad have tax protection or tax equalization programs designed to shelter their employees from any higher taxes associated with foreign employment. If the employer has such a practice and pays the employee higher wages following a tax increase, the initial burden of the tax is shifted immediately to the employer. However, if the resultant increase in employment costs (and decrease in profits) leads the employer to hire fewer American workers, then the wages paid to these workers may decline, thus shifting some of the increased tax burden back onto the employees. The employer may also attempt to pass part of the tax increase on to customers by raising prices. This will likely result in reduced sales and output.

Therefore, U.S. tax benefits to citizens working in foreign countries beyond the treatment which would be suggested by the tax neutrality principle serve to subsidize the operations of business located in foreign countries which employ American workers. Since foreign investment and production by U.S. multinationals is in many cases a substitute for domestic production and exporting to the foreign markets, it seems ironic that subsidizing foreign operations should be perceived as stimulating U.S. exports. The argument is made that foreign operation by U.S. multinationals expands their foreign sales and, because their foreign production uses U.S. produced inputs, thereby expands U.S. exports. Whether this effect outweighs the effect of foreign production substituting for U.S. produced exports is unknown and cannot be assumed without supporting evidence.

Thus, the relationship between U.S. tax treatment of citizens working in other countries and the quantity of U.S. exports is indirect and uncertain. The GAO report on the trade impact of section 911 suggested that a more direct relationship may exist because "it is essential to maintain a large force of U.S. citizens abroad to promote and service U.S. products and operations";[26] however, there seems to be no specific evidence in the export experience of the United States or other countries to support this assertion (e.g., the substantial success of imported automobiles, televisions, calculators, etc., in this country has not been accompanied by an influx of foreign nationals to sell and service them).

B. Balance of payment and employment effects

Even if there were a direct relationship between U.S. tax treatment of citizens working abroad and U.S. exports, a tax subsidy would not have a permanent effect on the balance of payments. This is because a flexible exchange rate system will automatically move, through market adjustments in exchange rates, toward a position of balance in the international payments accounts of each country. This movement may be somewhat unsteady and protracted, and may be moderated or retarded by the policies of interested governments (as the world is presently experiencing), but in the long run any policy which attempts to increase permanently net export receipts without also increasing exports of investment capital will be rendered ineffectual by market forces. For example, if a tax subsidy were successful in temporarily increasing U.S. exports, under flexible exchange rates this initial effect would eventually cause an increase in the price of the dollar on foreign exchange markets. This exchange rate change would reduce U.S. exports and increase imports, thus offsetting the effects of the original incentive as far as the balance of payments is concerned. Thus, under a system of flexible exchange rates, international currency price adjustments will render ineffective policies which attempt to have a long-term impact on a nation's balance of payments.

These adjustments are part of the normal economic process by which supply and demand adjustments in international markets occur under a system of flexible exchange rates. There might occasionally be reasons a country would wish to intervene on a short-term basis in the foreign exchange market. First, all countries have an interest in smooth adjustments in the exchange markets because erratic adjustments erode planning capabilities and cause a deterioration in trade and investment conditions. This concern for stable adjustments is particularly strong with regard to the U.S. dollar, not only within the U.S. but abroad, because the dollar is the exchange medium for much of the world's trade. Secondly, net exports (exports minus imports) enter into the aggregate demand of a nation's economy which determines levels of income and employment. Thus, for example, the U.S. may be concerned about an initial deficit in the trade account and wish the price of the dollar to fall more quickly, while foreign countries may be concerned, once the price of the dollar begins to fall, about the effect on their export sector and wish it to fall more slowly. In the case of some foreign countries whose economies are heavily dependent on the international trade sector, this concern may be greater than in the United States.

These reasons for intervening in the foreign exchange markets are short term in nature. They require policies which are temporary, easily controlled, quick acting, and capable of coordination with the policies of other nations. Market adjustment mechanisms such as the buying and selling of foreign currencies meet these criteria; tax subsidies for Americans working in foreign countries do not.

Another argument which has been used in support of tax preferences for foreign employment is the effect of these provisions on employment in the United States through the impact on exports. It is argued that, because tax subsidies for citizens working abroad lead to higher exports (which, as discussed above, is a questionable assertion on at least two grounds), the tax policy will increase domestic employment and thereby help solve the unemployment problems. Unemployment is generally considered to result from structural and cyclical problems. The structural problems may be considered long term in nature and the cyclical problems short term, although even the short term may be somewhat protracted as demonstrated by current economic conditions. Cyclical unemployment results from a greater number of job seekers than job openings and can result from a number of factors such as a recession (or "growth recession"), an unusually large influx of new labor force entrants, and downwardly rigid wages. Appropriate policy responses to cyclical unemployment include countercyclical fiscal and monetary policy and programmatic responses such as job programs, public works projects, and countercyclical revenue sharing. Tax subsidies for overseas Americans are not candidates for short-term countercyclical policies because they are not amenable to increasing or decreasing as the cyclical patterns of the economy may require, nor can their impact be targetted toward the unemployed.

The structural unemployment problems involve the distribution of skills and the location of the labor force compared to the requirements of the job market. Policy responses to structural unemployment include training, relocation programs, and income maintenance programs. Tax subsidies for overseas workers do not contribute directly to a solution to these structural unemployment problems. Additionally, even if preferential tax treatment for Americans working in other countries creates jobs in the export industries, under a system of flexible exchange rates this policy will likely accelerate the decline of import competing industries and lead to less employment in those sectors.

Despite these points it is true that expansion or contraction of exports can have temporary impacts on employment and the balance of payments. These impacts were the focus of the recent GAO Report on section 911. The GAO study employed the Data Resources, Inc. (DRI) econometric model of the U.S. economy to estimate the effects on U.S. trade and employment of the 1976 amendments to section 911. The chapter of the GAO Report which gives the results of this analysis is reproduced as an appendix to this report. Basically, the GAO Report concludes that the impact of the tax change on U.S. exports and employment is extremely small. With regard to employment, the report states:

The largest effect on domestic employment is produced in 1981, when approximately 21,000 jobs are lost. To give some perspective to this number, it should be noted that the average growth rate of the United States creates 30,000 jobs a *week*. Thus, the largest effect on employment will be about two thirds of a normal week's job creation. In 1978, the estimated job loss is only 4,000 or about the number of jobs added to the U.S. economy in one normal day.[27]

The effect of the increased taxes on the balance of payments is actually to improve it due to the elasticities of demand for exports contained in the DRI model. The improvement is, however, very small.[28]

Despite the small impact of the tax changes estimated by the GAO study, the

Footnotes at end of article.

methodology employed can be regarded as yielding a maximum, or worst case estimate, because the assumptions made in the analysis bias the results in this direction [29] (this is not necessarily a criticism; in doing this type of analysis assumptions must be made and, where uncertainty exists, it is often desirable that the assumptions be biased in the opposite direction of the results).

The first assumption in the GAO analysis is that all Americans affected by the revision in section 911 are occupied in selling U.S. produced exports. This is unlikely since at least some Americans abroad are involved in foreign production which might act to substitute for U.S. exports or to increase U.S. imports. To the extent this effect occurs, section 911 acts like a subsidy, not to exports, but to foreign investment.

The GAO simulation also assumes that overseas taxpayers are totally reimbursed by their employer for the higher U.S. tax and do not bear any of the burden of the tax themselves, an assumption which tends to maximize the effect of section 911 on wage costs. GAO's survey of business firms operating board indicates that only about one-half of individuals working abroad receive tax allowances from their employers. While the GAO Report notes that the results of the survey cannot be used as input to the simulations because of its non-random nature, nevertheless the survey results and tax incidence theory suggest that this assumption overstates the wage impact of the section 911 change.

The GAO study assumes that the increased wage costs resulting from compensating employees for their higher U.S. taxes are completely passed through to foreign customers in the form of price increases for exports, which, in effect, assumes a perfectly horizontal supply curve.

Finally, the GAO analysis assumes a marginal tax rate of 50 percent, which is the maximum tax rate on earned income.

The GAO Report also points out that the estimates do not include two other effects which would tend to offset the impacts of the tax policy changes. The first is the effects of flexible exchange rate adjustments which are not included in the DRI model and which would tend to mitigate the impact of the changes in section 911, as discussed above. The second is the assumption of an absolute tax increase, rather than an increase in taxes on employees in foreign countries and a decrease in taxes in other areas. Given the Congressional budget process, one would expect an offsetting tax reduction which would reduce the impact of the policy change on employment.

These assumptions could act to significantly overstate the quantitative results in the GAO study. The possible magnitude of this overstatement can be illustrated by changing two assumptions in entirely reasonable ways. First assume that only one-half of the foreign firms reimburse their employees for high taxes, consistent with the GAO survey data. Secondly, assume the average marginal tax rate on U.S. citizens abroad is 40 percent rather than 50 percent, a rate consistent with distributions of the tax benefit across income classes. If these assumptions are more realistic, the effect of the original assumption was to overstate the price effect by 140 percent.[30] If the first assumption were also modified—only one-half of U.S. citizens abroad in jobs related to export sales, plus one-half of higher taxes reimbursed, plus the 40 percent marginal tax rate—the overstatement would be 380 percent. However, as noted earlier, since the resultant effects are so minor, it is useful to have maximum impact assumptions, since they provide assurance that the true effect will be smaller, and therefore also insignificant.

C. Effects on competitiveness

An argument which has been used in support of section 911 and which is related both to the effects on trade and employment and to tax neutrality is the issue of competitiveness. U.S. firms operating abroad maintain that increasing U.S. taxes on their employees will increase their wage costs, thus forcing their prices up and reducing their competitiveness. Similarly, U.S. citizens working in other countries claim that higher U.S. taxes will make them less competitive in the foreign job market with foreign nationals who are not taxed by their home countries.

The argument that reduction of tax benefits for overseas Americans would lead to a small reduction in U.S. business activities abroad is correct, and is viewed by firms as reducing their "competitiveness". Similarly, the argument that increased taxation of Americans working abroad would tend to lead to a substitution of foreign for U.S. employees (a substitution which has been occurring for years for other reasons) is also correct—and viewed by U.S. employees as a reduced ability to compete. The implications of this argument must be considered carefully, however.

The standard of tax policy with respect to business and employee location decisions should be to achieve neutrality so that tax provisions do not cause distortions in location decisions unless some clear national purpose is served by such nonneutralities. As indicated in the analysis above, there is no clear evidence that artificially encouraging Americans to work abroad through the tax code serves any identifiable national purpose. Therefore, the resulting increased "competitiveness" of American firms and citizens in foreign locations appears to be at the expense of other Americans—through higher and more inequitable taxes and through less efficient allocation of economic resources.

APPENDIX

Chapter 3, "Impact of 1976 tax changes on U.S. Balance of Payments and Domestic Economy," General Accounting Office, Impact on Trade of Changes in Taxation of U.S. Citizens Employed Overseas, February 21, 1978. (Not included in RECORD.)

FOOTNOTES

[1] Estimates provided to CRS by the Office of Tax Analysis, U.S. Department of the Treasury. All of these revenue loss figures are compared to full taxation of foreign income and imputed in-kind income.

[2] General Accounting Office, Impact on Trade of Changes in Taxation of U.S. Citizens Employed Overseas, February 21, 1978. Hereafter referred to as the GAO Report.

[3] U.S. Department of the Treasury, Taxation of Americans Working Overseas, Revenue Aspect of Recent Legislative Changes and Proposals, February, 1978.

[4] The descriptions of the provisions, except for the Administration proposal, are taken, mostly verbatim, from Proposals for Taxation of Americans Working Overseas, Prepared for Use by the House Ways and Means Committee at Hearings on February 23–24, 1978, by the Staff of the Joint Committee on Taxation.

[5] The principles are, of course, subject to differing interpretation and application with regard to specific issues. See, for example, Karegeorgas, Dionisios, Taxation of Foreign Firms: Discriminative and Allocative Effects, Public Finance Quarterly, Vol. 1, No. 3, July 1973, pp. 239–265, which disagrees with the standard application of the neutrality principle in taxation of foreign corporate income.

[6] Of course, some tax provisions, such as the investment tax credit, are intended to change relative prices and induce economic substitutions, in this case to stimulate higher investment in qualifying assets.

[7] In this discussion, "low tax" foreign country and "high tax" foreign country refer to foreign tax systems which produce tax liabilities lower and higher, respectively, than the U.S. tax system.

[8] If the concern were the neutrality aspects of the worldwide tax structure, rather than just the U.S. tax system, attention would have to be focused on foreign taxes which are higher than U.S. taxes and thereby discourage foreign employment by U.S. workers in high tax countries. To achieve worldwide neutrality, such "excess" tax liabilities would have to be refunded.

[9] See Levine, Mel, Section 911: The Foreign Earned Income Exclusion—Death Blow or Recovery? Taxes—The Tax Magazine, March 1978, pp. 169–178. Apparently the original reason for adopting the predecessor to section 911 in 1926 was to insure that U.S. citizens working abroad had the same overall tax burden as citizens living in the U.S. Later reasons for changes in section 911 were to stimulate U.S. exports and to put U.S. expatriots in a similar tax position to foreign workers from other countries who enjoy home country tax benefits. Since the late 1950s the legislative direction has been toward reducing the benefits available under section 911 to tax overseas American workers more similarly to domestic workers.

[10] This statement is, of course, true whether the salary increase is to compensate for higher foreign living costs or merely to provide a salary increase. However, the issue of locational neutrality arises only with the former purpose.

[11] The foreign worker's after tax income is $25,000, which equals $16,666.66 in real terms after adjustment for the 50 percent higher foreign living costs.

[12] The worker's taxable income would be $18,000 ($27,000 × ⅔) producing a tax liability of $4,500; his after tax income of $22,500 equals $15,000 in real terms after adjustment for the 50 percent higher living costs.

[13] Of course, his effective tax rate would increase if his foreign salary more than compensated for the cost of living differential.

[14] The approach of most of the cost of living adjustment proposals is to peg the adjustment to an average cost of living in the United States. This is clearly inappropriate since the provision would be nonneutral, inequitable, and inconsistent wtih regard to the tax treatment of citizens living within the U.S. who live in locations of above average living costs. See further discussion of this point in the Equity section below (especially pp. 37–43).

[15] To be perfectly neutral with regard to cost of living in foreign locations, the adjustment should also account for locations which have lower costs of living than the lowest cost of living locale within the U.S. This adjustment would require an *addition* to the actual income (rather than a deduction from income) to determine U.S. tax liability on the basis of an equivalent real income.

[16] This adjustment mechanism would achieve the same thing as indexing the income tax for the appropriate cost of living adjustment specific to each foreign location.

[17] Ignores any difference in the cost of living adjustment due to the adjustment being pegged to the highest cost of living location in the U.S.

[18] $\frac{\$2,711}{\$20,000} = .13555$

[19] In fact, H.R. 9251 would overcompensate in most circumstances compared to the neutrality standard. See analysis in next subsection, pp. 27–34.

[20] See statement of Donald C. Lubick, Acting Assistant Secretary for Tax Policy on Taxation of Americans Working Outside the

United States, before the Committee on Ways and Means, February 23, 1978, p. 7.

[21] Assuming other tax characteristics were the same.

[22] Based on Washington, D.C. = 100, costs of living for the nineteen largest cities in the U.S. vary from 122 to 86 (Department of Labor, Autumn, 1976 Index). Using the same base, costs of living for the twenty cities in countries with the largest number of Americans working abroad vary from 165 to 78 (State Department Index, April 1, 1977). See discussion in the GAO report, op. cit., p. 99.

[23] Labor Department Cost of Living Index, August 1976.

[24] Trip fares provided by Library of Congress Travel Office.

[25] Taxation of Americans Working Overseas, Department of the Treasury, February 1978. The Treasury study notes that higher salaries abroad may reflect higher living costs which would mean real income may be lower than nominal income. However, the reported income levels are net of in-kind allowances for excess housing, education and travel, partially offsetting this effect.

[26] GAO Report, op. cit., p. 1.

[27] GAO Report, op. cit., pp. 22–23.

[28] These results seem inconsistent with the policy recommendation in the GAO Report which was "that consideration be given to continuing some type of incentive, at least until more effective policy instruments for promoting exports and commercial competitiveness abroad are identified and implemented."

[29] The GAO Report, op. cit., p. 14, states:

"Our approach to estimating the effect of changes in Section 911 on the U.S. balance of payments, domestic employment, gross national product, and Federal budget position is to make several assumptions that are apt, if anything, to exaggerate the number of Americans abroad engaged in promoting U.S. exports; to compute the maximum effect that the tax increase might have on the prices of U.S. products sold abroad; and to trace the effects of the subsequent decline in export demand back to the domestic economy."

[30] To illustrate this effect, assume the higher taxes on overseas Americans amounted to $100. Under the GAO assumptions the price increase would be twice that amount or $200. Under the new assumptions only one-half, or $50 would affect firms. Furthermore, because the marginal tax rate is 40 percent rather than 50 percent, wages would be increased only by $83.33. The percentage overstatement is then $200/$83.33, or 2.4 times as large, or a 140 percent overstatement.

THE PRIZE: A FREE EDUCATION WORTH $85,000

● Mr. MATHIAS. Mr. President, on April 2, 1978, the Baltimore Sun magazine carried a story by Carleton Jones on the rigid selection process faced by young men and women who are candidates for nomination to our service academies.

Carleton Jones has captured the essence of this intricate process in his excellent analysis of the academy selection program I have established.

Mr. President, I ask that Carleton Jones' article entitled "The Prize: A Free Education Worth $85,000" be printed in the RECORD.

The article follows:

THE PRIZE: A FREE EDUCATION WORTH $85,000

(By Carleton Jones)

One misty, gusty Saturday, many young people could be seen hustling up the steps of the normally (on weekends) deserted Fallon federal building in Hopkins Plaza.

Each one, as they entered the grim-looking highrise, clutched a form letter from Senator Charles McC. Mathias (R., Md.). It praised their "excellent academic profile" and asked them to show up at a certain time that day.

Guards herded them into elevators for a trip to the dark and crowded 16th floor lobby where they wandered, sometimes with a somewhat lost air of anticipation and always with questions.

"We're looking for Air Force One," said one visitor. "Check in right over there," answered a seated attendant.

Air Force One in this case was not the plane that took Senator Humphrey home to Minnesota or JFK back to Washington, but merely a group designation for one of Maryland's most unusual academic competitions.

The prize is the world's best free education, at one of the nation's four service academies, a prize worth $85,000 on today's educational market, according to Dan Zaccagnini, one of the Senator's aides. About 800 young Marylanders every year apply for one of the service academy openings. Usually about 12 to 20 make it. This accounts for the tense sessions, the scared faces, the chewed fingernails and the downright glum looks of almost everyone at the January tryouts.

The service derby for a Maryland aspirant, the Merchant Marine academy excepted, may be at best about a 10 to 1 shot, with even longer odds if you are applying for the Naval Academy. (It's much easier to get into Harvard where about one out of every six who apply get in.) At the service academy eliminations this year, Senator Mathias had 156 candidates for Annapolis, 10 of whom will be put on a list sent to the academy for a single senatorial opening. There were 63 applicants vying for 2 Air Force openings, 28 for one West Point place and 18 people interested in the Merchant Marine. (Merchant Marine nominations are handled different. Senator Mathias submits 10 candidates who will compete for 6 openings statewide, along with nominations from other members of Congress.)

Congressionally sponsored openings depend in some degree on how well previous candidates from Maryland do. If four Marylanders become plebes and three drop out, four years later the senatorial quota is only one opening. If all finish, then there are four openings for the state. Senator Sarbanes, for instance, has only one Air Force opening this year because that was all that started through for this academy four years ago under a Senator Beall nomination.

At the annual Hopkins Plaza semifinals, 25 volunteer specialists in education interview aspirants to select them for a final senatorial selection made at the end of January. Two housewives, two union presidents, three private school administrators, seven active or retired service men and women and three businessmen make up part of the group. Most other members of the Maryland congressional delegation and the Congress use less formalized selection methods. This month most of the candidates should learn whether they have made it or not and virtually all should have had their physicals.

Few candidates are unaware that their chances are slim. Most pre-register at alternate schools, just in case, and here they have the advantage over Maryland preppies trying to get into big-name Ivy League colleges, for they may register for as many schools as they can afford to finance a registration fee. Many of the more uppity private high schools in the East, in fact, limit the number of schools their seniors can apply for, in part to keep their acceptance average high with the "seven sisters" colleges and Harvard, Yale, Princeton and assorted counterparts.

However, even if a service academy candidate makes it, they can flunk West Point or Annapolis physicals for things as picayune as buck teeth or minor eye defects.

At a big U-shaped table in the offices of the Federal Highway Administration, borrowed for the mammoth, all-day interviews, a television set, almost unnoticed, sends out the pink and green cartoons of Saturday morning kiddie shows. A cartoon gremlin bounds across the screen but almost nobody watches. Overhead on the walls are the gaudy state seals of the operating area of FHA. Names are called and candidates file out into narrow hallways where they wait in line in turn for the interview panels.

The groups fan out and fill the floor of the building as a sort of continuing pep talk goes on in the conference room:

"I want to at least look at you before you go into the pressure cooker . . . Don't try to con them [the interviewers] . . . just be yourself," cautions Mr. Zaccagnini, a former high school teacher-coach and counselor for Essex Community College. There's a thing about those SAT (Scholastic Aptitude Test) scores, he says, and you need 1,050 in a composite score, say 450 on verbal tests and 600 on math. Not everybody present has it.

"You might only be a 900 plus and still be here. That's because something about you caught our eye . . . your activities, community involvement, elective office, Eagle Scout or athletics. Remember, all the SAT's prove is that you can read and write and remember. There's nothing there to do with a combat situation," says the test supervisor.

Mr. Zaccagnini spends part of the quietly hectic session plumping for the Merchant Marine academy. Low score people, he says, should apply there first, then try the Navy later, after they have proved themselves academically. "You can still be an admiral if that's what you want to be," he says to the Merchant Marine aspirants.

"Everybody wants to go to the Naval Academy . . . I don't understand it . . . it's eight to one," says Zaccagnini, a shade hopelessly.

One of them is Joseph (Jody) Osterman, of Edgewater, near Annapolis, scrubbed and shining and 17, an all-county offensive tackle who hopes to be a Marine Corps officer. He waits patiently in one of the narrow halls for interview time. "I've always studied military history," says the academy aspirant.

Another Annapolis hopeful is Dave Frazier, 17, a hulking 6-foot-1-inch tall 190-pound linebacker for Friendly High of Oxon Hill who has already been scouted by VPI and thought he was in the Virginia school, except that they "fired all the coaches . . . everybody." Dave made the first string suburban high school team in the Washington newspapers and also the National Honor Society. Annapolis, to him, "sounds like a good education . . . It'll be worthwhile," he adds.

"The academies have a 40 percent dropout rate . . . It used to be 30 percent in the Sixties . . . it's a tragedy," runs Mr. Zaccagnini's monologue as the candidates continue to pile in and then leave as their names are called.

(One wonders how this can be as the quietly restless young people just sit there and the soundless TV goes into a noonhour newsbreak—how all these superb people in vested suits, school blazers, uniforms of the academy prep schools, armed with all the sacrifice their parents have given, could go through what is ahead, and not finish. One thinks that only 10 or 20 of about 300 finalists will make it, maybe less, and if national averages hold up, 6 or 8 of them will not finish. Then a congressional aide assures us that of the 10 or so Maryland appointments in each service academy class, few ever drop out. The average is high.)

Robert K. Baumbach, 18, of Pasadena, near Annapolis, is the umpteenth Naval

Academy aspirant waiting in line. An engineering student at Anne Arundel Community College, the Navy just "seems like a great career" to him. "The Naval Academy seems like the best way to go," he adds.

Behind one of the closed doors a three-member panel, a union president and two retired career officers, interviews candidates one by one.

Mrs. Barbara Wiggins, former Fort Meade post adjutant, now a retired lieutenant colonel with 20 years personnel experience in the Army, is one of them. She is human resources director for Commercial Credit Corporation.

Mrs. Wiggins, married to a retired lieutenant colonel who served with the medical service corps, is a *new wave* woman professional and *new Army*. "I'm so many minorities . . . I'm a majority," she says, adding: "I'm black, I'm a woman, I'm retired Army and I work."

She was rather startled by one of her other military panelist's "outdated" outlook on what the new Army involved. "I don't picture today's military people as trained killers. I think of them as soldier-diplomats. The military man has a key role today in the search for peace," she says.

The candidates were so good and so assured, that a final choice of 2 or 3 out of about 15 became almost a "subjective" thing for the panelists, said Mrs. Wiggins. "They have mature views of the world. We weren't dealing with highly studious, academic types of people." Each candidate was asked point blank what they would do if the country got into another non-publicly sanctioned fight like Vietnam, and part of the evaluation was based on their answers to this question.

Mrs. Wiggins was pleased to see a strong turnout of women candidates, but was a little surprised that her group did not include a minority candidate or a black.

There were black candidates, however. One was Cheryl Marie Taylor, 17, poised and vivaciously pretty, daughter of a Howard University professor who died last year, and the cheerleader for varsity sports at Montgomery County's Paint Branch high school. You ask her what academy she hopes for. Out pops Annapolis. "I didn't have the eyes for the Air Force," she says, explaining that the tight visual standards for Colorado Springs are necessary so that pilots can be qualified.

Another woman candidate is Linda Mary Tussing, 18, of Catonsville, who is usually smiling but today is serious and sober like most everyone else.

Behind one of the doors, as Linda prepares to go on, one of the interviewers who has been at it all day, George E. Surgeon, Brooklyn Park elementary principal, is not glum, but happy and proud for America.

He is, in fact, so impressed he is bubbling over with admiration:

"If a person ever has a doubt about young people of today, he should go on a panel like this. They really have it. They have really put it together," he says of the almost endless stream of "excellent" students. Like Mrs. Wiggins, he finds choices tough, almost insoluble. "They're so evenly matched you could almost put the names in a hat and know you would draw out somebody who would make it."

Many of the students tell panelists they will go to college this year and try again for an academy in 1979 if they don't make it.

Linda wants to be an engineer like her father. She has her eye on VPI and Georgia Tech and, of course, Annapolis. Her father is assistant chief of design for the Baltimore District Corps of Engineers, and inherited family talent may have helped out with her favorite high school course, calculus, where she only got a "B" from a "tough grader."

A handsome young Colombian from Bogota escorts her into the tryouts, but he is not her steady boyfriend, who is another young man, studying chemical engineering at the University of Delaware, Linda says.

"It's strange to have friends in other parts of the world," says Linda, who explains that she spent last summer as an American Field Service exchange student in the South American capital where she was surprised by the "British English" people spoke and by the heady trial of playing basketball at 9,000 feet up. "I almost had a heart attack."

Linda is here because her father showed her a news article one day that played up the first batch of lady middies at Annapolis with photos and quotes. "It looked sort of interesting. It's not sort of as if I'd wanted to go to the academy ever since I was young. The Naval Academy has added Rickover Hall and now has one of the best labs in the country."

As Linda waits, Mr. Zaccagnini keeps plumping for the Mathias selection program, which changes a bit each year, with refinements and now requires a 500-words-or-more-essay explaining the candidate's service goals.

"Last year 6 out of 10 Maryland candidates made the Merchant Marine," he says. "This program is so non-political it's hard to believe. None of us are political hacks. We don't go and get Joe Brown's grandson's name for the Naval Academy. That's why the process is so good. There's no politics.

"What I have to offer stands a very good chance," concludes young Linda, perhaps summarizing a theme for Maryland's 1978 high school seniors who want to don the cadet gray, the Navy blue or combat fatigues.●

NATIONAL GRANGE WEEK

● Mr. LEAHY. Mr. President, today marks the beginning of National Grange Week—April 23–29—which not only recognizes the Nation's oldest farm organization, but also honors the National Grange's 111th year of service to agriculture and rural America.

The first permanent grange organization was formed in Vermont on August 12, 1871, in St. Johnsbury and appropriately named Green Mountain One.

The Vermont State Grange was temporarily organized July 4, 1872. It was the first State grange in New England and the seventh in the United States. At that time, 13 granges existed in Vermont, located principally in Caledonia, Essex, Lamoille, Orleans, and Washington Counties.

The first annual session of Vermont State Grange took place on December 10, 1872, and made the State organization permanent.

The grange in Vermont has long been in the forefront advocating and promoting enlightened programs that would benefit and enhance the fortunes of farmers, not only in Vermont, but throughout the United States.

In the early 1800's the antirailroad movement had reached Vermont. The annual meeting of 1885 squarely went on record for a railroad commission and the following resolution was adopted:

Resolve, that the State Grange of Vermont will use its influence in obtaining from the next Legislature a railroad commission with full power to establish and regulate rates of transportation and traffic when those of the railroads are exorbitant and such as to cripple the industries of the State, and to adjust any difficulties which may arise between the people and the roads.

Of this and the earnest labors of patrons, the Railroad Commission was born in 1886.

Worthy Master Franklin in his annual address to the State Grange in 1880, spoke with the real spirit of his Western brothers:

It is clear from experience that in order that exact justice may be done and corporate greed may be restrained within proper bounds, legislative enactment should determine the basis on which transportation should be regulated. When we contemplate the power which transportation companies have assumed; the encroachment on rights which clearly belong to the people, and its entire forgetfulness of the dignity and respect of innocent people from which it eminated; its utter disregard of the role of the people and its warnings against attempts to recover rights carelessly and heedlessly yielded by the people, taxing the products of labor at will only because they have the power to do so; that it is not subject to public control on the ground and plea of private property; it challenges the power of the people and defies legislatures in any attempt to impose restraints; how, then shall we free ourselves from the incubus which is laid upon us?

Two years later the rising tide brought the Vermont "short haul" law.

In many cases the issues do not really change with time. Dairy and poultry farmers in New England are still at odds with the ICC with respect to discriminatory feed grain rates imposed by our Nation's railroads and once again the grange is in the forefront opposing these rate increases in a case before the ICC.

It would be difficult to list every area where the grange has been instrumental in leading the national attitude. Yet, let me highlight a few.

Seventy-one years ago the grange secured initial action establishing our system of agricultural experiment stations.

It championed the Soil Conservation Service, Farmers Home Administration, upstream small waterways, school lunch and milk programs, rural area development, food for peace programs.

One has only to look at the National Grange's legislative policies for 1978 in the areas of agriculture, energy, transportation, national welfare, conservation, education, and health to recognize that this organization is still in the forefront advocating progressive policies for rural America. Mr. President, I not only salute the National Grange as an organization, but in particular salute the 7,066 Vermonters who are members of the grange organization.●

SENSIBLE ECONOMIC REFORMS: TWO PROPOSALS

● Mr. McCLURE. Mr. President, two timely and provocative articles were published in the April 8 issue of National Review which I call to the attention of the Senate. Both articles are by respected economists whose discussion of current economic issues and administration programs merit serious consideration by my colleagues.

In the first article, Paul Craig Roberts, who is on the staff of Senator ORRIN HATCH, explodes a few popular myths concerning taxes and inflation—myths which I often hear repeated in the

Budget Committee and on the floor of the Senate.

Dr. Roberts does a superb job of destroying the notions that tax inflation hurts the rich more than it does the poor and that those earning the least pay the bulk of the taxes while the wealthy manage, through tax loopholes, to avoid paying taxes altogether. The bitter truth is that the top 10 percent of U.S. taxpayers—those earning $23,420 a year or more—pay almost half the total income taxes while the bottom 10 percent pay only one-tenth of 1 percent of the taxes.

Roberts demonstrates that it is the middle- and low-income taxpayers, not the rich as widely believed, who benefit most from the various tax deductions that President Carter wants to do away with as part of his "tax reform" package. However, as Roberts points out:

The largest loophole of all in our income tax system works for the benefit of government. It is the loophole that allows government to use inflation to increase its tax bite on constant—and even on declining—levels of purchasing power without having to legislate higher tax rates. The central issue of tax reform is the closing of this loophole.

Roberts concludes that, because of the tax system's increasing progressivity and the increasingly great tax burden borne by Americans, "in relative terms, our position is worse than that of a medieval serf who owed the state only one-third of his working time." In this regard, Mr. President, the U.S. Chamber of Commerce has calculated that this year the average taxpayer must work 131 days just to pay his share of the costs of government at all levels and only after May 10 will he (or she) start working to support himself and his family.

In the same issue of National Review, Yale Brozen argues persuasively against enactment of the so-called Full Employment and Balanced Growth Act and discusses "what Humphrey-Hawkins won't do." In an article adapted from his recent speech to the Chicago Association of Commerce and Industry, the distinguished University of Chicago professor of business economics suggests that if the Congress were really concerned about high unemployment in the country, it would revise the minimum wage laws and the Davis-Bacon Act and adopt strict eligibility requirements for receiving jobless and welfare benefits.

Mr. President, I request that the complete text of these articles from National Review by Paul Craig Roberts and Yale Brozen be printed in the RECORD.

The articles follow:

SOME TAX MYTHS: WHO PAYS WHAT?

(By Paul Craig Roberts)

In the debate on tax reform, we are going to hear so much nonsense from the White House, the Treasury, the Congress, the Brookings Institution, Harvard, and People of Sensibility that I would like to head off some of it by getting some facts on record before it begins.

First, let's look at the impact of inflation on the taxpayer and on government revenues. Who can imagine a jar of peanut butter costing $11.23, a gallon of milk costing $12.49, a pair of work pants costing $80.69? Yet that is exactly what these things will cost 45 years from now if prices rise by 5 per cent a year—and how many of us have heard it said that if we could just get inflation down to 5 per cent a year and keep it there we would have the beast back in the box?

What happens, though, to a person whose income rises along with inflation by 5 per cent a year? Doesn't he maintain his purchasing power and standard of living? Absolutely not.

To show that it is not just the upper-income taxpayers who are harmed, let's take for an example someone earning $6,240 a year. In 1976 he would have paid no taxes. Instead, he would have received a $155 check from the Treasury, thanks to the earned income credit. After 45 years of 5 per cent pay raises, he would be earning about $56,000 a year—on which he would have to pay about $18,000 in taxes. His after-tax money income would have risen from $6,395 in 1976 to about $38,000 in 2021, or by substantially less than the rate of inflation. His after-tax income in 2021 would have a purchasing power equal to about $4,350 in 1976 terms. In spite of his much larger money income, this person would have experienced a decline in his living standard of nearly one-third. This is the result of progressive income taxation plus inflation, which together caused taxes on the same amount of purchasing power—$6,240 in 1976 terms—to rise from a refund of 2.5 per cent in 1976 to a tax of 30 per cent in 2021.

Indexing the tax structure (adjusting it to offset inflation) would prevent this deterioration that is occurring in the living standards of all Americans. One might think that this would make indexing an important issue in tax reform. Yet, it is not part of the Administration's proposals. Opponents of indexation have argued that inflation causes government's costs to rise, so that it also needs more revenues. However, the way it is now, the government's revenues don't simply rise by the amount of the inflation, they rise by 1.65 times the rate of inflation. A 10 per cent rate of inflation means a 16.5 per cent increase in revenues. That is why governments prefer to fight unemployment.

WHO PAYS?

How much faster than the rate of inflation would an individual's income have to rise for his after-tax income to maintain the same purchasing power? That depends on his tax rate. Professor Dan Throop Smith, a tax expert at the Hoover Institution at Stanford University, has calculated that a person at the lower end of the income distribution, who is paying an average income tax of 10 per cent and a marginal tax rate of 20 per cent, can keep his purchasing power constant only if his income rises by 11 per cent above the rate of inflation. A person with an average tax rate of 30 per cent and a marginal rate of 50 per cent would have to have his income increased by 40 per cent above the rate of inflation to maintain constant purchasing power. A person in the upper brackets, paying an average tax rate of 50 per cent and a marginal rate of 70 per cent, would have to have a 67 per cent increase in income above the rate of inflation in order to stay even. The idea that inflation hurts the lower income brackets more than the upper income brackets is clearly erroneous. What inflation really does is to push everyone into higher tax brackets. Government speeds this process along by designing tax cuts that reduce the bottom brackets by more than the top brackets. The result is to make the income tax system more steeply progressive, thus magnifying the ravages of inflation.

Another myth that bounces around the Congress is that the bulk of the taxes are paid by lower income earners, while the rich largely escape taxation. If we look at the IRS's *Statistics of Income*, we discover that this myth, which is so assiduously kept alive, is not even a half-truth. It is a whole lie. Look at the table opposite, which was prepared by the Tax Foundation, and be amazed at the distribution of the tax burden.

This table shows that taxpayers with incomes in the top 5 per cent—those with adjusted gross income of $29,272 or more—paid over one-third of the total personal income taxes collected by the Federal Government in 1975. The top 10 per cent of taxpayers—those earning $23,420 or more—picked up the tab for nearly half the total tax bill. In contrast, the lowest 10 per cent of taxpayers paid only one-tenth of 1 per cent of the total tax bill. Similarly, taxpayers with adjusted gross incomes of $15,898 or more—those in the top 25 per cent—paid 72 per cent of total personal income taxes. Taxpayers in the lowest 25 per cent did not even pay 1 per cent of total income taxes. Even the bottom 50 per cent accounted for only 7 per cent of total tax collections. Yet those in the top 1 per cent paid almost 20 per cent of the total revenues that the government collects from the personal income tax.

Although much has been said about high-income taxpayers with little or no tax liability and about the poor paying the way for the rich, the Tax Foundation notes: "The latest *Statistics of Income* showed that the 1,149 taxpayers earning $1,000,000 or more in 1975 paid an average tax of $1,011,317. The total tax paid by these few high-income taxpayers added up to $1.15 billion." (What public services, one might ask, does a taxpayer receive in return for a million dollars in income taxes?)

WHO DEDUCTS?

The table shows another interesting fact. Since 1970 the tax burden has been placed more and more firmly on the upper brackets. In 1970 the lowest 50 per cent paid 10.3 per cent of the total taxes paid, and the highest 50 per cent paid 89.7 per cent. By 1975 the percentage paid by the lowest 50 per cent had declined to 7.1, and the burden carried by the highest 50 per cent had risen to 92.9 per cent. In addition, the Tax Foundation reports that "several million taxpayers disappeared from the tax rolls altogether as a result of legislative changes benefiting those with lower incomes during the period 1970–75." Treasury figures for 1976 show that the tax burden carried by the top 50 per cent increased to 94 per cent.

This brings us to the myth that obscures our vision of the facts of deductions. These are everywhere denounced as loopholes for the rich. However, the bulk of deductions benefit those in the middle to lower income tax brackets, and the percentage difference between adjusted gross income and taxable income is greater the lower the income bracket. For example, in the under $10,000 adjusted gross income class, deductions come to 48.9 per cent of adjusted gross income. In the $10,000 to $24,999 class, deductions are 31.1 per cent of adjusted gross income, and in the $25,000 and over class they are only 22.8 per cent.

According to Treasury figures in 1976, the upper-income group benefited from about $16 billion in deductions, exclusions, and other privileges, about half of which resulted from recognizing the difference between capital gains and ordinary income. Lower- and middle-income groups, on the other hand, benefited from about $50 billion in deductions and exclusions, such as the exclusion of unemployment benefits, Social Security payments, workers' compensation benefits, pension contributions and earnings, employer-paid medical insurance premiums and medical care, the deductions of interest on

consumer credit and home mortgages, property taxes, medical expenses, and state and local taxes, and the deferral of capital gain on the sale of a home plus credit for the purchase of a new home. For every dollar of upper-bracket tax savings, the lower and middle brackets saved three dollars.

In a recent speech in the U.S. Senate, Senator Curtis, the ranking Republican on the Senate Finance Committee, examined the Treasury's list of 69 tax loopholes for the 1977 fiscal year. The Senator pointed out that the Treasury's loophole list consists primarily of the fringe benefits and deductions that pertain to the middle and lower income groups. On the Treasury's loophole list of untaxed income are such items as veterans' disability compensation, disabled coal miner's benefits, GI bill benefits, and Social Security benefits. Senator Curtis pointed out that two of the biggest loopholes on the Treasury's list are the contributions that employers make to pension plans and medical insurance for their employees. Said Senator Curtis: "When I see that the great majority of these benefits go to people who are not rich, I wonder what the tax reformers are up to."

Roger Freeman of the Hoover Institution summed up his book on tax loopholes as follows: "The literature of the tax reform drive usually asserts that most of the loopholes were designed for and worked to the benefit of the rich, that poor and middle-income taxpayers are taxed on all of their income, with no escape possibilities, and that most of the income that avoids taxation is to be found in the very high income brackets. The facts, however, suggest the opposite: much or most of the untaxed income is in the low and medium income brackets." One of the Administration's tax reform proposals is to tax fringe benefits, by which they claim to mean "the three-martini lunch." But the unions are concerned rather than fooled. They know where the untaxed benefits are that would yield substantial tax revenues.

At the beginning of this article, I showed how inflation and progressive taxation combine to reduce the purchasing power of rising incomes. Dale W. Sommer, in the September 26, 1977 issue of Industry Week, presents some interesting statistics from the Department of Commerce's 1976 National Income and Products Accounts that illustrate the extent to which American incomes have been undone by tax-flation. Over the past ten years the average wage has risen 77.3 per cent, whereas the Consumer Price Index has risen 75.4 per cent. So the average worker seems to have kept up with inflation. But the total tax burden has risen 144 per cent during the same period. The 144 per cent growth in the total tax bite exceeded the 126.6 per cent growth in total production of goods and services (GNP) and the 119.2 per cent growth in total national income. On a per-capita basis, Americans paid $2,261 in taxes in 1976, compared to $1,014 in 1966.

Last year Americans paid $16.7 billion more in taxes than they spent on the three basic necessities of food, clothing, and housing. The total tax bill came to $486.4 billion, whereas the total spent on food, clothing, and housing came to $469.7 billion. Per capita, $2,261 was spent on taxes, whereas $1,048 was spent on food, $354 on clothing, and $780 on shelter. Added together, the three necessities still come to $79 less than per-capita taxes paid by the American people.

Taxes far outpace the growth in real income. In 1976, federal taxes grew 20.8 per cent. The entire economy grew 11.6 per cent, and 5.3 per cent of that growth was the result of inflation rather than an actual increase in the production of goods and services.

The largest loophole of all in our income tax system works for the benefit of government. It is the loophole that allows government to use inflation to increase its tax bite on constant—and even on declining—levels of purchasing power without having to legislate higher tax rates. The central issue of tax reform is the closing of this loophole.

But in its proposal to tax so-called capital gains as ordinary income, the Carter Administration shows every intention of enlarging it. During inflationary periods, the taxation of capital gains as ordinary income can amount to confiscation of people's assets. Suppose you invest $10,000 in an income-producing asset and inflation drives the price of that asset to $15,000. Suppose that family educational or medical expenses force you to sell the asset. Even though its replacement cost is $15,000—the $15,000 you receive will not buy any more than the $10,000 you paid—the government will claim that you have a $5,000 capital gain and tax it. Suppose you are in the 25 per cent bracket. That means $1,250 of your assets will be confiscated by the government.

If the Administration widens government's tax loophole under the guise of tax reform, it will be confiscating assets in addition to taxing the income from the assets. People who face such a situation are likely to invest less. It is better to consume than to be expropriated. And as investment falls, the growth in real income will fall even further behind the growth in taxation. We are already 79 dollars' worth along the way to per-capita taxes being twice as great as per-capita expenditures on the three necessities.

We have come a long way since the 1940s, when the intellectual community got terribly upset because F. A. Hayek said something about the road to serfdom. A serf was a person who did not own his own labor. Although he was not himself owned by another—that is, he could not be bought and sold like a slave—the feudal nobility, which constituted the state of that period, had rights over the serf's labor. When we say that a peasant was enserfed, we mean that he owed a certain amount of his working time to the state. Over time and regions, this obligation seems to have averaged about one-third of a serf's working life.

WORSE THAN THE SERF

The serf's position provides a perspective that lets us sum up the success of reactionary forces in this century in simple economic terms. At the turn of the century, government in the U.S. had a claim to only one-eighth of the national income. By 1976, government had a claim to 42 percent of the national income. In relative terms, our position is worse than that of a medieval serf who owed the state only one-third of his working time.

Many may reject this parallel. They may say that we have a democratic government controlled by the people, and that high taxes and big government merely reflect the voters' demands for public goods in the public interest. Such an argument is reassuring but problematical. The income tax was voted in under one guise and retained under another. Furthermore, it was the action of a past generation. For us it is an inherited obligation, as were feudal dues, and it is seen that way by the Internal Revenue Service. All of us have been born to the statist gospels. Any clamors for tax reduction are quickly translated into proposals for tax reform, which are further transformed into proposals for securing more revenue for government. As we hear the talk about tax reform and "equity," we might pause to consider, if our cultivated progressive image will allow, that "equity" means more taxes on the productive in order to provide the revenues that build the spending constituencies of the Congress and the federal bureaucracy. What is operating is not equity, but the self-interest of government.

PERCENTAGE OF TOTAL TAXES PAID BY HIGH- AND LOW-INCOME TAXPAYERS, 1970 AND 1975

Adjusted gross income class	Income level (dollars) 1970	1975	Percentage of total taxes paid 1970	1975
Highest:				
1 percent	43,249 or more	59,338 or more	17.6	18.7
5 percent	20,867 or more	29,272 or more	34.1	36.6
10 percent	16,965 or more	23,420 or more	45.0	48.7
25 percent	11,467 or more	15,898 or more	68.3	72.0
50 percent	6,919 or more	8,931 or more	89.7	92.9
Lowest:				
50 percent	6,918 or less	8,930 or less	10.3	7.1
25 percent	3,157 or less	4,044 or less	.9	.4
10 percent	1,259 or less	1,527 or less	.1	.1

Source: Tax Foundation computations, based on Internal Revenue Service Statistics of Income.

WHAT HUMPHREY-HAWKINS WON'T DO

(By Yale Brozen)

The much revised Humphrey-Hawkins Full Employment and Balanced Growth Act (H.R. 50 and S-50) provides that the President must include in his annual Economic Report:

1. Current and future economic trends in the U.S.;

2. Five-year numerical goals for employment, production, real income, productivity, and balanced growth;

3. Programs to achieve "reasonable" price stability.

These, plus an annual monetary policy statement from the Federal Reserve, are the only specific actions mandated by the bill.

Title I declares that Humphrey-Hawkins' goal is to fulfill "the right of all Americans able, willing, and seeking to work to full opportunities for useful paid employment at fair rates of compensation." Now, no one quarrels with this goal. And that is *why* the bill should be opposed: because it starts us on a road that leads in the opposite direction.

DANGEROUS RELATIONSHIP

The bill sets an interim goal of 3 per cent adult unemployment, and 4 per cent total unemployment; these numerical goals are ridiculous. The required statement from the Federal Reserve on monetary policy and the relationship of that policy to the short-term goals in the President's Economic Report are dangerous. And the numerical goals to be set in the Economic Report itself are potentially lethal.

I think the unemployment goals are ridiculous for two sets of reasons. The first set derives from the fact that Congress does not mean to do what is truly required to meet them. If Congress were serious about unemployment, it would not be enacting another law. Instead, it would *repeal* some laws.

First, it would repeal the minimum-wage provisions of the Fair Labor Standards Act. That in itself would, within two years, halve the unemployment rate among minority teenagers, which now stands at almost 40 per cent.

Second, it would repeal the Davis-Bacon Act, which requires proportional minority hiring. That Act inflates the cost of federal and federally assisted construction projects by 10 to 15 per cent. Also, it indirectly inflates the cost of private construction by about 5 per cent. Repeal of Davis-Bacon would eliminate the $5-billion drain that is currently placed on capital markets in order to finance the excessive portion of the cost of federal projects. The new availability of this $5 billion in the capital market would directly create an additional 250,000 jobs in private-sector capital-formation industries

(e.g., the machinery and construction industries).

Current rates of purchase of plant, equipment, and homes are about $20 billion below what would normally be expected at the end of a third year of recovery from a cyclical low. Normally, we would be at a rate of capital formation 10 per cent above the previous peak (fourth quarter of 1973). Instead, we are 2 per cent below that peak. The reason for this is the unprecedented behavior of the Federal Government. It is running a bigger deficit in this third year of recovery ($60 billion) than it did in the second year ($45 billion). Normally, the deficit should by now be vanishing, and the capital that had been absorbed by the deficit should be becoming available for private capital formation. Instead, the rising deficit has forced up interest rates, and funds are being drained from the financial markets that otherwise would go into capital-goods industries. Repealing Davis-Bacon isn't the whole answer, of course, but that one action alone would cut the drain by $5 billion—without any reduction of federal activity!

A GOAL ALREADY MET

Third, if Congress were really interested in reducing the unemployment rate, it would mandate the enforcement of eligibility standards for receiving unemployment compensation. That one action would reduce the unemployment rate by one to 1.5 percentage points, bringing it down to 5 per cent.

The second set of reasons that make a 4 per cent unemployment goal ridiculous is that the reported unemployment rate is partly fictitious and partly a consequence of changes in demographics. The fictitious portion is contributed by the relatively new job registration requirements for people receiving food stamps and Aid to Families with Dependent Children. Under these requirements, all able-bodied persons between the ages of 18 and 65 in families receiving such aid must register for employment in order to continue their eligibility. Ninety per cent of these compulsory registrants never take a job or enter a training program. This contrasts with the normal experience of unemployed persons, who generally find a job within eight to ten weeks after starting to look for one. These compulsory registrants have, within the past few years, added up to 2 percentage points to the reported unemployment rate. If there were no compulsory registration requirements, the current reported unemployment rate would be at a level which today would be regarded as showing full employment.

MORE UNEMPLOYMENT

The current full-employment unemployment rate, removing the fictional element, is approximately 4.9 per cent. The full-employment unemployment rate in 1960 was 4 per cent. The difference between those two figures is where the changes in demographics come in. A higher proportion of job-seekers today are new entrants or reentrants into the labor force than was the case in 1960. Those newly entering or re-entering the labor force take more time searching for a desirable job and receive more job offers before finally selecting one than people who have voluntarily quit or who have been permanently laid off. There is always some unemployment in a full-employment economy in America, because each year about one-fifth to one-quarter of all workers voluntarily quit to search for better jobs. On the average, they take six to eight weeks between jobs. That in itself creates an average unemployment rate of 3 per cent at full-employment levels. Add in workers who prefer to take seasonal employment and then report themselves as unemployed in the off-season so as to collect unemployment compensation; workers permanently laid off who take time to choose among alternative jobs; and the new entrants and re-entrants—and we have a full-employment unemployment rate of 4.9 per cent. That is why a 4 per cent target is ridiculous. Such an imprudent goal will only give Congress and the Administration an excuse to add more government employment programs and to fund more useless public projects such as the water projects which President Carter tried, and failed, to kill last year.

Humphrey-Hawkins' provision that the Federal Reserve must issue an annual statemen on monetary policy and on the relationship of that policy to the goals in the President's Economic Report is exceedingly dangerous. It perpetuates the fiction—enshrined in the Phillips Curve, which has been totally discredited by modern economic research—that unemployment can be cured by creating a little more money and a little more inflation. In fact, the result will be a lot more inflation and probably more, not less, unemployment.

THE CAMEL'S NOSE

Finally, the addition of five-year numerical goals to the Economic Report is potentially lethal. It is another step down the road to national planning. Why we should take such a step when five-year plans have earned such ill repute in other countries surpasses all understanding. Even the Russians have, semantically at least, abandoned five-year planning: they have shifted to six-year plans in the hope that this will wipe the egg off their faces.

The trouble with five-year plans is that people, or at least politicians and bureaucrats, will come to believe that they should try to make them come true. What little planning the government has done for some industries has already led to several disasters. For years, the government set goals for agricultural output, applied various controls to try to make these goals come true—and was constantly surprised by what actually happened. It applied indicative planning in tin and aluminum and then tried to make its indications come true by supplying financing subsidies, special tax breaks, and stand-by purchase contracts We ended with a glut of tin-smelter and aluminum capacity. Our government, alarmed by a potential shortage of helium, again applied indicative planning. It signed purchase contracts for helium on the basis of its projections. Now it has more helium on its hands than anyone knows what to do with and has been trying to wriggle out of its contracts for years.

Indicative planning or the setting of goals is the camel's nose under the tent. It has created havoc nearly every time we have done it. It's easy to bet the taxpayer's shirt on some presumed national need. But why not let the people who are betting their own shirts do the planning? Their mistakes are self-limiting, and their vision is more realistic.●

PROPOSED ARMS SALES

● Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notification I have just received.

The notification follows:

WASHINGTON, D.C.,
April 20, 1978.

In reply refer to: I–13419/77ct.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78–31, concerning the Department of the Navy's proposed Letter of Offer to the Federal Republic of Germany for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $80.5 million and support costs of $5.1 million for a total estimated cost of $85.6 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director, Defense Security Assistance Agency.

[Transmittal No. 78–31]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Federal Republic of Germany.

(ii) Total Estimated Value:

	Million
Major Defense Equipment*	$80.5
Other	5.1
Total	85.6

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: One hundred thirty-two (132) Harpoon missiles, ten (10) test Harpoon missiles, launch canisters, blast test vehicle and support.

(iv) Military Department: Navy.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: April 20, 1978.●

A DISTRICT OF COLUMBIA MOTHER'S LETTER ON D.C. REPRESENTATION IN CONGRESS

● Mr. KENNEDY. Mr. President, at last week's hearing on the pending constitutional amendment to grant full voting representation in Congress for the District of Columbia, one of the most dramatic and moving moments came in the testimony by our distinguished colleague from Missouri, Senator EAGLETON.

In his testimony, he told of a letter he had received from a District of Columbia mother whose son had been killed in the Vietnam war. Yet, as she told Senator EAGLETON, she had no one in Congress to represent her views in decisions on the war.

That letter sums up very eloquently what this issue is all about. The House has already approved a constitutional amendment to grant to the people of the District of Columbia the full voting representation they deserve in Congress. I am very hopeful that before Congress adjourns this year, the Senate will also approve the amendment, and that it will be ratified by the States.

I ask that an excerpt from Senator EAGLETON's testimony may be printed in the RECORD.

The excerpt follows:

EXCERPT FROM TESTIMONY OF SENATOR THOMAS F. EAGLETON

I should have brought with me, but I was unable to find, a letter I received from a resident of the District of Columbia back in 1971. I think it was 1971 because that was when I became chairman of the powerful Senate District of Columbia Committee.

This letter was from a mother who had two sons in the army. 1971, as the Chairman will recall, was still a very high point in the Vietnam War. Her elder son had been killed, and naturally that had had a traumatic impact on her, her thinking, et cetera, and she wrote me a very moving but simple letter saying, in essence, "I have lost one son. I may well lose another. Yet I have no voice in voting on how far this war should go, or how long it should go on, or how much expanded it should be—into the Parrot's Beak, or how many bombs we should drop on the Ho Chi Minh Trail. I am hopeless, and in that sense I am voiceless."

I think that one letter did more to shape my thinking than a million words or a 200-page memorandum. The appeal is not simplistic, it is just fair and equitable.●

QUEEN ISABELLA DAY

● Mrs. HUMPHREY. Mr. President, it is appropriate that Queen Isabella be honored for her vision in accepting and supporting Christopher Columbus's unorthodox plan to journey to the East Indies by sailing west. Remembering Queen Isabella's birthday, April 22, would be a fitting tribute to the woman who facilitated the discovery of the New World she never saw. For this reason, I am pleased to bring to the attention of my colleagues a Proclamation by Gov. Rudy Perpich of Minnesota, declaring April 22, 1978 to be Queen Isabella Day.

Mr. President, I ask that the text of this proclamation be printed in the RECORD.

The text follows:

PROCLAMATION

Whereas: throughout the ages, man's course has often been guided and altered by great rulers who have left indelible marks upon their areas; and

Whereas, Queen Isabella, wife of Ferdinand of Aragon, exercised great wisdom and valiant courage throughout her reign, changing the course of history for all mankind; and

Whereas: said ruler enabled Christopher Columbus to make his daring voyage that resulted in the discovery of the New World, thus laying open a new chapter in the history of mankind's progress; and

Whereas: the history of America has direct linkage to the birth of Queen Isabella on April 22, 1451; and

Whereas; the 527th birthday of Isabella, Queen of Castile, occurs on Aprill 22, 1978;

Now, Therefore, I, Rudy Perpich, Governor of the State of Minnesota, do hereby proclaim Saturday, Queen Isabella Day in Minnesota, and do urge all citizens to pay homage to the memory of said queen whose daring vision and fervent support for explorer's dreams made possible the epoch-making discovery of the New World.●

WHAT'S RIGHT WITH AMERICA

● Mr. BAYH. Mr. President, the Kokomo Board of Realtors recently sponsored a letterwriting contest entitled "What's Right With America." Approximately 2,700 students from Kokomo and Howard County wrote to their Senators and Representatives affirming their pride in our country.

A panel of judges, which consisted of members of the local Indiana University campus, determined what they felt to be the best letters in five pre-determined categories. At the April meeting, the board awarded $25 U.S. series "E" savings bonds to the winners.

Ronald L. Tomlinson, president of the Kokomo Board of Realtors, forwarded to me several hundred of these letters. It was indeed refreshing to review the thoughts of the students and to know that so many young people are sincerely interested in the future of our Nation. I commend the Kokomo Board of Realtors for sponsoring this worthwhile project. If there are no objections, I welcome this opportunity to print the two winning letters I received in the RECORD.

The letters follow:

KOKOMO, IND.,
March 20, 1978.

DEAR SENATOR BIRCH E. BAYH: America is a great country to live in because of all the opportunities available.

In America we have a lot of jobs, freedom of speech and religion.

In addition, America is beautiful. There are endless opportunities for culture and travel.

I wouldn't want to live anywhere else.

Sincerely,

LORI DOWNHOUR.

KOKOMO, IND.,
March 17, 1978.

U.S. SENATOR BIRCH E. BAYH,
Russell Office Building,
Washington, D.C.

DEAR SENATOR BAYH: I feel that popular sovereignty is one of the best features of our system. The government is created to serve the people and we have the right to see that it does.

Very truly yours,

CAROLINE LANDIS.●

UNITED STATES-ROMANIAN COMMUNIQUES DURING PRESIDENT CEAUSESCU'S VISIT

● Mr. KENNEDY. Mr. President, last week the President of Romania, Nicolae Ceausescu, concluded his fourth visit to the United States, further strengthening relations between Romania and the United States.

I had the privilege to meet with President Ceausescu and to discuss many of the issues that tie our two nations. I know in his meetings with other Members of Congress, and with President Carter and members of his administration, he impressed all with his thoughtful comments on a number of urgent diplomatic and international problems that confront our countries.

This is strongly reflected in his statements and exchange of toasts with President Carter, and in the joint declaration signed at the conclusion of his visit in Washington. Mr. President, I would like to share these important communiques with my colleagues, and I ask that they be printed in the RECORD.

The communiques follow:

JOINT DECLARATION OF THE PRESIDENT OF THE UNITED STATES OF AMERICA, JIMMY CARTER, AND OF THE PRESIDENT OF THE SOCIALIST REPUBLIC OF ROMANIA, NICOLAE CEAUSESCU

The President of the United States of America, Jimmy Carter, and the President of the Socialist Republic of Romania, Nicolae Ceausescu,

Having noted with satisfaction that the political, economic, scientific, cultural and other relations between the two countries have developed significantly in recent years,

Having determined to take further steps to expand bilateral relations and cooperation, to build security and develop cooperation in Europe, to strengthen international peace and security, and to seek solutions for the manifold issues confronting the world,

Agreed on the following Declaration:

I. They reaffirmed the commitment to continue the development and expansion of relations between the two countries on the basis of the Joint Statement signed in Washington on December 5, 1973 and of the Joint Statement on Economic, Industrial and Technical Cooperation between the United States of America and the Socialist Republic of Romania of the same date. These relations are based on the purposes and principles of the United Nations Charter and of the Declaration on Principles Guiding Relations Between Participating States of the Final Act of the Conference on Security and Cooperation in Europe, and consistent with these, particularly on the following interrelated principles:

The right of each state to existence, freedom, independence and national sovereignty;

The equal rights of all states, irrespective of their size, level of development, and political, economic and social systems;

The right of each state freely to choose and develop its political, social, economic and cultural system;

The right of each people to decide its own destiny;

Refraining from the threat or use of force inconsistent with the purpose of the United Nations;

Respect for territorial integrity and inviolability of frontiers;

Non-intervention, direct or indirect, for any reason whatever, in the internal affairs of any other state;

Peaceful settlement of international disputes;

Observance of and promotion of respect for human rights and fundamental freedoms, including all the conditions required for a free, dignified and prosperous life;

Cooperation among states in order to promote world peace and security and economic and social progress.

II. They stated their joint determination:

1. To continue meetings at the highest level and consultations at other levels, and to encourage interchanges between members of legislatures and representatives of local administration.

2. To promote and facilitate the expansion of trade and economic cooperation between the two countries, taking into account Romania's present status as a developing country;

3. To promote the reduction of tariffs and non-tariff barriers to trade in conformity with the Agreement on Trade Relations between the two countries, and to seek to increase the volume and diversify the structure of bilateral trade.

4. To seek ways to put existing non-discriminatory trade relations on a more stable and long-term basis, in particular through the renewal of the Agreement on Trade Relations.

5. To encourage the development of cooperation activities, including joint ventures and cooperation in third markets, contracts and interchanges between American firms and Romanian economic organizations, participation in specialized exhibitions in both countries, increased exchange of economic information and data, and other measures for the implementation of the Long-Term Agreement on Economic, Industrial and Technical Cooperation, signed in 1976; and to support in this respect the activities of the Joint American-Romanian

Economic Commission and of the United States-Romanian Economic Council.

6. To cooperate in the settlement of humanitarian issues, including family reunification, in the spirit of mutual understanding and good will.

7. To promote cultural and scientific exchanges under the terms of the Agreement on Cooperation and Exchanges in the Cultural, Educational, Scientific and Technological Fields of 1974, as well as regulations and contacts between institutions, organizations and citizens of the two countries, and to encourage tourism, in order to increase mutual understanding and friendship between the two peoples.

III. They also expressed their joint determination.

1. To strengthen and make irreversible the process of detente in Europe and throughout the world.

2. To work for ensuring opportunities for all countries, big or small, to contribute to the settlement of complex world issues on the basis of equality.

3. To promote the settlement of all disputes among states by peaceful means and the elimination of the threat or use of force.

4. To contribute actively to the full implementation of all the provisions of the Final Act of the Conference on Security and Cooperation in Europe and to promot the multilateral process initiated by the Conference. They agreed that the Belgrade Meeting provided a firm basis for continuation of this process; at the same time, they expressed disappointment that it had not been possible to reach agreement on the numerous useful proposals which had been put forward. They agreed to cooperate closely so that the 1980 Madrid Meeting should take effective steps toward strengthening security and developing cooperation in Europe in the fields of economic cooperation, of cultural exchanges and humanitarian problems, and of military disengagement and disarmament. They also agreed that the development of friendly and neighborly relations among Balkan countries will be a positive contribution to re-enforcing security and expanding cooperation in Europe.

5. To act resolutely for the adoption of a wide range of disarmament measures, including nuclear disarmament, such as halting the build-up of armaments and reducing military budgets, armed forces and armaments leading utimately to general and complete disarmament under effective international control. They endorsed a more effective role for the United Nations in dealing with international disarmament issues and underlined their active support for the Special Session on Disarmament of the United Nations General Assembly.

6. To work toward a more just and equitable international economic order, which should promote the accelerated economic development of developing countries; and to intensify dialogue and cooperation among all countries, directed toward solving major economic problems, on the basis of the principles of equality, equity and mutual benefit.

7. To encourage efforts aimed at a just, comprehensive and lasting peaceful settlement in the Middle East, based on Israel's withdrawal from territories occupied as a result of the 1967 war, respect for legitimate rights of the Palestinian people, and insurance of the independence, territorial integrity and security of all states in the region. To this end, they expressed themselves in favor of negotiation among all the interested parties for solving the Middle East situation, with appropriate representation of the Palestinian people.

8. To support the legitimate aspirations of the African peoples for peace, freedom and independence. They reaffirmed the inalienable right of the peoples of Zimbabwe and Namibia to sovereignty and independent development, and the necessity of ensuring, as soon as possible, the transfer of power to the African majority, in the spirit of pertinent United Nations resolutions. They also expressed deep concern about the South African policy of apartheid and racial discrimination and stood for the abolition of these practices.

9. To strengthen the role of the United Nations in the maintenance and consolidation of world peace, in the development of cooperation among all nations, and in furtherance of the principles of international law in the relations among states, through reforming and restructuring the UN system in order to make it stronger and more effective; and to strengthen cooperation between their two countries within the United Nations and other international organizations and conferences.

IV. The two Presidents expressed their conviction that friendly relations between the United States of America and the Socialist Republic of Romania, based on equality, mutual respect and due consideration for their respective interests, serve the cause of world peace, security and cooperation. They reaffirmed their commitment to expand and deepen, both through diplomatic channels and meetings at all levels, the consultations, contacts and exchanges that have become an important and lasting element of their cooperation.

Done in Washington on the thirteenth of April, 1978.

JOINT COMMUNIQUE

At the invitation of President Jimmy Carter and Mrs. Carter, the President of the Socialist Republic of Romania, Nicolae Ceausescu, accompanied by Mrs. Elena Ceausescu, paid a state visit to the United States of America between April 12–17, 1978.

President Carter and President Ceausescu conducted official talks on the current state of relations between the United States and Romania as well as on the possibilities for their further development. They also had a broad exchange of views on a series of major world problems of common concern. The talks were held in a cordial atmosphere of openness, esteem, and mutual respect which reflects the positive evolution in United States-Romanian relations.

President Ceausescu met with members of the House of Representatives and the Senate. The talks showed that both sides desire to contribute to the deepening of understanding and to the growth of contacts between the American and Romanian peoples.

President Ceausescu also met with leading personalities in the business, financial, scientific, engineering and cultural life of the United States.

The two Presidents noted with satisfaction that the relations between the two countries have further developed and broadened in the spirit of the principles embodied in the Joint Declaration signed in Washington, D.C., on December 5, 1973. They expressed their common determination and interest to encourage and promote the continuing expansion of ties of cooperation and friendship between the two countries and peoples.

In order to further develop and diversify the relations between the two countries as well as to contribute to the strengthening of international peace and security, President Carter and President Ceausescu signed a Joint Declaration.

The two Presidents, expressed their satisfaction at the results of their talks and agreed to continue the bilateral dialogue at the highest level as well as at other levels and through diplomatic channels.

President Ceausescu and Mrs. Elena Ceausescu also visited, in addition to Washington, D.C., Chattanooga, Dallas, Houston, New Orleans and New York.

President Ceausescu and Mrs. Elena Ceausescu expressed their cordial thanks to President and Mrs. Carter for the friendly and hospitable reception extended to them during their visit which is a natural expression of the traditional friendship and mutual respect between the American and Romanian peoples.

President Nicolae Ceausescu and Mrs. Elena Ceausescu invited President Jimmy Carter and Mrs. Rosalynn Carter to pay an official visit to the Socialist Republic of Romania. The invitation was accepted with pleasure.

EXCHANGE OF TOASTS BETWEEN THE PRESIDENT AND HIS EXCELLENCY NICOLAE CEAUSEAU, PRESIDENT OF THE SOCIALIST REPUBLIC OF ROMANIA

The PRESIDENT. I think it is the guests that we have, but I believe the Strolling Strings sounded better tonight than any time I have ever heard them, and I want to thank you for bringing out the best in them. I thought it was very wonderful.

How many of you here either came from a foreign country to our nation or had your parents or grandparents come from a foreign country? Raise your hand, if you would.

Mr. President, you can see more than half. It is obviously more than half of the people here have come to the United States from a foreign country, most of you from Europe. And I think this in itself demonstrates vividly to our distinguished guests how close the ties are between our nation and his and those nations that are neighbors of his.

We are indeed honored to have all of you here tonight, and particularly honored to have President Ceausescu and his wife, Elena, and the distinguished Ministers of his Government come to visit the White House, the First Family of our country, and the people of our country.

Mr. President, you are welcome to our country.

We paid him a special honor today, perhaps unprecedented in the history of our nation. We played two different national anthems to Romania—(laughter)—the incorrect one this morning and the correct one tonight. (Applause) And I think this gives us an excellent opportunity to judge the tremendous progress that has been made in Romania—(laughter)—because I like the one tonight much better, Mr. President.

It is always an exciting thing for us to have distinguished leaders from other nations come to visit us, and we always like to put our best foot forward and not only entertain our guests, but let them know what a great country we have.

I was particularly eager to impress the President's wife tonight because she, on her own, is a distinguished scientist, a chemist, has done great research work. And I was very careful to place on her left someone who could speak her language about science and about whom I could brag as a distinguished American to show how superior our country was. As a matter of fact, Dr. Palade is a Nobel laureate, and I wanted to let Mrs. Ceausescu know how advanced we were in training Americans to win the foremost prize in all the world. So I was explaining it to her very carefully and in the middle of my dissertation he pointed out to me he was born, raised and trained in Romania.

So we learned a lot about each other.

I have had a delightful day with the President of this great country. I think it is accurate to point out that as the leader of his great nation, he has not only brought tremendous progress to Romania, but also has taken on a role of leadership in the entire international community that is notable.

He has been dedicated to the proposition that a nation was sovereign, that its territorial integrity should be honored, that its

people should be independent, and that in spite of this complete commitment to the pride of one's own nation, that there should be bridges built, not only to other countries from your own, but between other countries who have difficulty in commuicating because of different political and economic organizations within their own countries.

He was one of the first leaders, I think, who saw the benefits, economically, politically, militarily, in detente, and he has been a foremost proponent in trying to bridge the gap between the Warsaw Pact nations and the NATO countries. He has a unique ability to relate easily to leaders of nations, regardless of their political commitment or orientation or background or history or conviction about the present or future status of their countries.

He has been very helpful to me and my predecessors in the White House in trying to bring messages directly from leaders with whom we don't communicate because of absence of diplomatic interrelationships; and has provided a bridge for the easing of tensions and the better understanding on a worldwide basis.

As a member of the developing nations of the world, he has been able to be an evocative and a very effective spokesman in acquainting the industrial nations of the world with how we could interrelate more easily and more effectively with a group of countries who quite often are not well organized or not willing to sit down and calmly negotiate the way to alleviate the wide disparity in economic benefits.

He is the leader of one of the few Eastern European nations who is a member of the Group of 77, now comprising about 95 countries, and I think this shows the breadth of his vision and the commitment he has to bridge those gaps that I have just described.

We have got an excellent relationship with Romania. I think it has been growing steadily and on a very sound basis for the last ten years or more.

This is the President's fourth trip to our country, and after he leaves Washington shortly, he will be going to other places in the United States. He will be going to Chattanooga, to Dallas, to Houston, to Orlando. He will also be visiting New York. Unfortunately he won't get to Georgia—(laughter)—on this trip. He is going to save that for dessert when he comes back on his next trip.

But he knows our country. He has studied it with a great deal of interest, and he has been one of the people who have made notable progress among other countries that are in the most intense disputes at this point.

I would say more than any other leader, certainly including myself, he was responsible for the historic visit of President Sadat of Egypt to Jerusalem and Israel.

By the way, the capital of Israel is Tel Aviv and not Jerusalem.

And we have seen that this ability of his has paid rich dividends to us. Romania was one of those countries instrumental in evolving the Conference on Security and Cooperation in Europe that we refer to in our country most often as the Helsinki Agreement. And at Belgrade, which he described this morning as a disappointment, he was very eager to try to move forward to a much more substantive accomplishment that might be realized at the next meeting scheduled to be in Madrid.

We are very proud that the Helsinki Conference Agreement includes the Third Basket, which covers more deeply than ever before the question that is of profound importance to our country, that is, basic human rights. And we have an ability, President Ceausescu and myself, his Ministers and mine, to discuss ways by which we might move, perhaps in different means and at different rates of advance, to bring about those basic human rights that our people so urgently need—the reunification of families and the basic freedoms that are important to us.

I have enjoyed being with him. He is a very good adviser. He is a man who in the past has suffered greatly in prison, tortured, but because of his courage and because of his belief in the future of his own country, notable achievements have been brought to the people who have confidence in him.

It is a great pleasure for me again to express my welcome to him to our country, and I would like to propose a toast to a great leader, President Ceausescu, and to the brave and friendly people of Romania.

Mr. President, to you and your people. (Applause)

President CEAUSESCU. Mr. President, Mrs. Carter, ladies and gentlemen: It is for myself, for my wife and for the members of my party a reason of special pleasure to be your guests here tonight, to be again here in the United States to meet again many citizens of your lovely country.

Today we had the first round of talks on a rather large sphere of problems, and we have also reached a number of common conclusions. The first regards the need to establish broader cooperation between our two countries and to take more sustained efforts towards peace, towards more democratic international relations, and towards insuring to each and every nation the right to live in freedom and to develop according to their own aspirations.

You said, Mr. President, that many people here in the United States have come from Europe or other parts of the world. I cannot boast that many Romanians have come from other parts of the world, because for almost 2,050 years—because in 1980 we are going to celebrate the 2050th Anniversary of the first centralized Nation State of Romania—Romanians have been there, and they are going to stay there. They fought to be free, and they want to be always free.

In many ways the history of our two respective countries are different, and the present is also different from a number of viewpoints. The United States is a developed country and a big country. Romania is a smaller country and a still developing country. But it is our wish by relying on the labors and efforts of our own people to develop on broader lines to gain access to modern science, to civilization and to live a life of dignity, freedom and independence.

I think that despite all differences, including differences in social systems, there are many things that can be common to our two countries and to our two peoples, and mainly our common wish for progress, our wish to see that the accomplishments of human genius are put in the service of happiness of all peoples. No doubt, also, we have a common determination to do everything we can in order to see to it the wonderful achievements of science should not serve destruction and war, but the progress, well-being and happiness of each people and of all peoples.

I think that that is precisely the supreme rationale of human existence, and that is also the fundamental problem, the core of human rights—the right to be free, the right and the duty to respect the freedom of others, and the duty to work in such a way in order to enjoy himself or herself and let others enjoy the benefits of civilization. (Applause) Maybe on certain aspects of human rights we might have different philosophical concepts, and there is nothing in that. But we in Romania set out from the premise that everything we do should serve the well-being of the people, should help all people live life with more dignity and more freedom. And we have a saying in Romania that the little we have, we should distribute fairly for all to enjoy.

You told me tonight, Mr. President, about your Presidential campaign in the early stages and how you really got elected President. It is wonderful that you could win over all obstacles, and now to have a farmer at the head of the United States, and also a farmer's son, and that I used to work in the field, I used to work in factories, and we have there in Romania a farmer's son who has worked all his life with his hands and he is now a President, too. (Applause)

Maybe that helps our people also understand that whatever we do is for the people to benefit and for them to live life with more dignity.

As a matter of fact, if I remember right, either the first or the second President of the United States used to be a worker, and the founding father of scientific socialism, Marx, used to say and to quote that as an example of how a working man can rise to the highest dignity of office.

Now when we talk about human rights, it is good to remember all these things, because the rights of all human beings begin with the right to work, with the right to learn, with the right to have access to culture, with the right to live in freedom and also with the right to participate in the management of all national affairs without discrimination.

And this also includes the right to have any creed, either religious or philosophical.

We endeavor to respect such rights fully, and we regard them as sacred. We think that everything should be done and no effort should be spared in order to have those rights asserted in all countries, so that they become a basis for equal cooperation among all nations. That is why we take a stand against all wars and for disarmament, first of all for nuclear disarmament. That is why we believe that the world should cease to be divided into opposing military blocs and new relations should be built in a world without military blocs. That is why we stand for a political solution in the Middle East. That is why we welcomed President Sadat's initiative and now we are hopeful that his efforts will, and the others will, lead to a just and lasting peace in the area.

That is also the reason why we wish to see new relations in Europe and the document signed in Helsinki implemented in full.

As there are more baskets than one, we would wish that all should be implemented and more progress should be made in particular on the military side of it, considering that in Europe, where many Americans of today have come from, we have to deal with the highest concentration of forces and modern armaments.

You know Europe. You know Europe is not such a big place, and little place is now left for anything but arms. So we shall have to remove them to make place for people. That is why, while giving attention to the Third Basket, we should also give more attention to military disengagement and disarmament.

These are the same reasons why we support the liberation movements in Rhodesia and Namibia and the majority in South Africa, their right to be free, to decide their own future, and to participate in the management of their own affairs.

Finally, I shouldn't fail to mention the fact that two-thirds of mankind is poor, and one-third is relatively rich, because not all are rich in that one-third. That makes it necessary, in our view, to join the efforts with these people, with the developing nations, in order to secure their more rapid economic and social progress. Without this we can hardly say that all nations can enjoy the fruits of modern civilization.

We would certainly welcome with great satisfaction more active support from the United States to the solution of these worldwide problems, if more is done for these two-thirds of mankind that live in poverty.

Of course, I have in mind not only the United States but all developed countries, all those who are able to take action in

order to bring new solutions to the vital problems of mankind.

We know well that just a few countries, even if they are as big as the United States, cannot solve all these problems. What is needed is for all people, all nations, to join their efforts in order to bring about solutions that would be up to the expectations and aspirations of all people.

I am convinced that despite the difficulties, that all the nations of the world will be able to bring about new solutions to the problems we are facing and to build together a better world with more justice.

We wish that our visit here and our talks together should help us identify new fields for cooperation between Romania and the United States, but at the same time should provide new opportunities for cooperation with a view to solving the problems that confront humanity today.

I should like to propose this toast for better cooperation between Romania and the United States, for a more democratic international policy. I wish the people of America prosperity and peace for all.

To your health, President Carter, Mrs. Carter. We are looking forward to seeing you in Romania. To your health, everybody. (Applause.)

EXCHANGE OF REMARKS BETWEEN THE PRESIDENT AND HIS EXCELLENCY NICOLAE CEAUSESCU, PRESIDENT OF THE SOCIALIST REPUBLIC OF ROMANIA

The PRESIDENT. This morning the people of the United States are honored by having as our guest a great leader of a great country, President Ceausescu, who is here from Romania with his wife, Elena. And it is a great personal pleasure for me on behalf of our country to welcome them.

This is the fourth visit by President Ceausescu to the United States, and my predecessors have honored themselves by visiting the nation of Romania.

It is accurate to say that in the last ten years or more the friendly relationships between the United States and Romania have increased and improved rapidly to the satisfaction and to the benefit of our people.

Trade between our two countries in the last ten years has been multiplied ten times over. And because of the rapidly improving relations that still exist, we expect the volume of trade to more than double in the next three years.

It is also of great benefit to me as President to have a chance to consult with a national and an international leader like our guest today. Their influence as Romanian leaders throughout the international world is exceptional. Because of the strong commitments of the President and the independence of the people, Romania has been able to serve as a bridge among nations with highly divergent views and interests and among leaders who would find it difficult under some circumstances to negotiate directly with each other.

One recent notable achievement of President Ceausescu was to be instrumental in arranging the historic visit of President Sadat of Egypt to the capital of Israel in Jerusalem. Both of those countries have found in Romania an avenue of communication and understanding that has been very valuable to them, to the Middle East, and to world peace.

There are differences, obviously, between the United States and Romania, in our political system, and also in our military alliances. But the factors which bind us together are much more profound and of much greater benefit to our countries. We share common beliefs. We believe in strong national sovereignty. We believe in preserving the independence of our nations, and also of our people. We believe in the importance of honoring territorial integrity throughout the world. We believe in equality among nations in bilateral dealings, one with another, and also in international councils. We believe in the right of every country to be free from interference in its own internal affairs by another country. And we believe that world peace can come, which we both devoutly hope to see, through mutual respect, even among those who have some differences between us.

Our goals are also the same, to have a just system of economics and politics, to let the people of the world share in growth, in peace, and personal freedom, and in the benefits to be derived from the proper utilization of natural resources.

We believe in enhancing human rights. We believe that we should enhance, as independent nations, the freedom of our own people. And Romania has been instrumental in pursuing the goals of the Helsinki Conference, in particular building the mutual confidence factors that can let the nations of Eastern Europe and the nations of Western Europe understand one another better and build up legitimate trust through that understanding.

We also believe in a common goal—which President Ceausescu has endorsed forcefully and publicly—in the principle of world disarmament, based on mutually beneficial agreements and based on an enhanced prospect for peace.

Mr. President, Mrs. Ceausescu, on behalf of the American people, I want to extend my expression of honor that you are here and the warmest welcome to the United States.

Thank you very much. (Applause)

President CEAUSESCU. Mr. President, esteemed Mrs. Carter: It is with particular pleasure that myself, my wife, and the associates accompanying me are visiting again the United States at the kind invitation extended by you, Mr. President, and by Mrs. Carter.

I should like to begin by addressing to you and to the people of America the warmest greetings of the people of Romania, who are most desirous to entertain and to develop friendly relations and cooperation with the great people of the United States.

Our visit here takes place at a time when the relations between Romania and the United States have seen continuous progress. Indeed, in the last ten years, there was a significant growth in our economic exchanges, which have increased almost ten times over, as well as in our cooperation in the field of science, culture, and in the exchange of citizens between our two countries.

I do hope that in the course of our talks these days we shall be able to identify new opportunities so that in the forthcoming years we shall make even more significant progress in our relationship, in full accord with the basic interests of our two nations and with the interests of cooperation and peace throughout the world.

It is true, as you mentioned, sir, that our two countries have different social systems. But I believe that in the world of today this should not be an obstacle in the way of more active cooperation in all fields based on mutual respect of each country's independence and sovereignty, renunciation of the use of threat or force, and mutually advantageous cooperation.

I would like to mention with satisfaction, as well, that it is precisely on that basis that the relations between Romania and the United States have been established and are now developing.

So, Mr. President, I think we can be satisfied with the present level of the relations between our two countries. As for the state of international affairs, unfortunately we are still facing events which are both complex and complicated.

The world is now confronted with severe economic problems. In many areas of the world there are still conflicts and threatening clouds are menacing the peace of the world with very severe consequences.

In the face of this situation, it is now necessary for all countries, irrespective of their size, of their military might, of their social system, to take action and to uphold the principles of peaceful coexistence in order to build a kind of cooperation based on equal rights and mutual respect, and to insure to each nation the right to develop in freedom without any outside interference.

As participants and signatories of the Helsinki documents on European security, both Romania and the United States are working for the implementation of those documents, which we both see as one whole in the economic, cultural, scientific, humanitarian fields, as well as in the field of military engagement.

Unfortunately, at Belgrade, no significant progress was made. That is why we believe it necessary now that before our next meeting in Madrid, new efforts should be made in order to meet the people's aspirations for peace cooperation.

It is also true that no effort should be spared in order to bring peace to the Middle East, leading to the withdrawal of Israel from the territories occupied as a result of the 1967 War, the settlement of the Palestinian question, including the establishment of an independent Palestinian state, and by guaranteeing the independence, sovereignty and integrity of all the states in the area, which should establish their relations on the principles of good neighborly relations and cooperation.

We would like to work together closely on such matters as disarmament. We are hopeful that at the forthcoming Special Session of the United Nations General Assembly, practical results will be worked out, leading to actual disarmament and in particular nuclear disarmament, enabling us to build a world of cooperation and peace for all.

Although the United States is a developed country—I would say highly developed country—and Romania is still a developing one, such problems as the elimination of underdevelopment and the establishment of a new international economic order are matters of equal concern for both our countries, because without insuring new relations, new democratic relations based on equal rights and mutual advantage, we shall not be able to eliminate underdevelopment and to insure economic stability and progress to the world.

It is also true that there are many problems on which our two countries can well work together and with good results, too. And I hope that our talks will further strengthen the basis for our mutual cooperation aimed at meeting their common interests of our two nations and also meeting the aim of a better world, a world with more justice in which each and every people should be able to dedicate their efforts to their happiness, to their well-being, to their freedom.

It is my conviction that all this will come true. And once again, I should like to express my wish to see good cooperation develop between our two nations and our wish to the friendly people of America every success and peace.● [Applause]

THE NUTRITION EDUCATION PROGRAM

● Mr. EAGLETON. Mr. President, few Americans are immune to the ravages of inflation and most Americans believe that one of the causes of inflation is the continuing growth of Federal spending. "When are you going to do something to cut Federal spending?" is a question all of my colleagues hear often when they return to their home States.

Of course, as my colleagues know, it is one thing to talk about cutting Federal spending and quite another thing to actually do it. Fully 75 percent of Presi-

dent Carter's proposed $500 billion budget is comprised of so-called "uncontrollable" expenditures. Nearly $375 billion will go to meeting pension obligations, contracts already committed, social security benefits and programs funded through entitlements. These are Federal expenditures the Congress could not eliminate or reduce immediately even if we were of a mind to do so.

But these uncontrollable expenses notwithstanding, there are some things the Congress can and must do to get a better handle on the growth of Federal spending. One of the easiest and most sensible such things would be to simply stop creating new "uncontrollable" expenses. For every time we start a new program using entitlement funding, we are starting an inexorable process of continuing, uncontrolled spending increases, a process which cannot help but feed inflation.

This is an opinion shared by the General Accounting Office, which recently reported to me in connection with entitlement funding of the special supplemental feeding program for women, infants, and children. In the report, GAO stated (in regard to the general practice of entitlement) that:

> Our main concern on entitlement programs centers on the weakening of Congressional budgetary control inherent in these types of programs . . . The key characteristic of entitlement programs is that, once enacted, the authorizing legislation automatically creates legally enforceable claims to benefits and thus effectively preempts the Congress' formal process of deliberating funding levels and appropriating funds . . . Any action which permits a Federal activity or program to operate without a related requirement for regular Congressional reviews on planned programs and financing needs—equivalent to that which characterizes the appropriations process—should be viewed as a lessening of Congressional control. Departures from this standard should be permitted only on a clear showing that an activity or program cannot be successfully and effectively operated in the public interest within the Congressional appropriations process or that the demonstrated advantages attributable to the departure clearly outweigh the disadvantages of lessened Congressional control, preferably with a Congressional expression to that effect.

Clearly, it is the feeling of the GAO that the entitlement route should be followed only as last resort, and only after thorough study and analysis of a given program. Unfortunately, this often is not the philosophy followed in actual practice.

My colleagues will recall the enactment of last year's child nutrition amendments, a bill I supported. In its deliberations on that bill, the Agriculture Committee considered the question of entitlement funding, and very responsibly voted to eliminate the entitlement feature for the new nutrition education program. When the measure came to the floor, however, some of my colleagues moved to revive the entitlement feature with an unprinted amendment. By the time Senator MUSKIE and I could object in the name of the budget process, the amendment had already been adopted on a voice vote.

This is the kind of uncontrolled free-spending which feeds inflation. For that reason, I was very pleased last month to receive a letter from Assistant Secretary of Agriculture Carol Tucker Foreman, in which the Department acknowledged problems with the entitlement process. In her letter, Ms. Foreman unequivocally stated the Department's intention to support a return to appropriated-funding status for the program this year.

Now, however, I am distressed to learn that the Department of Agriculture has reversed its position, and wants to continue entitlement funding for the nutrition education program. I do not know what brought about this change of heart. Assistant Secretary Foreman's testimony, which discussed this, provides no compelling reason for this about-face. I do know that this action, and the congressional action in approving entitlement funding last year, simply is not consistent with President Carter's recent speech on inflation. In that speech, President Carter urged Congress to exercise restraint, and to report regularly on the inflationary effect of pending legislation. Clearly, creating new entitlement programs is inflationary, because such programs inevitably build in large spending increases in future years.

I am confident that I cannot be characterized as an "antinutrition" Senator. I have voted for every major nutrition program in the Senate since I came here 10 years ago. However, I cannot in good conscience support some of the proposals which would engrave these programs in stone, eliminate meaningful congressional review and lock the taxpayers of this country into an unalterable commitment to pay for these programs regardless of whether they are doing what they are supposed to do.

I will continue to oppose the indiscriminate use of entitlement funding for nutrition and other programs, and I urge my colleagues to study the opinion of the General Accounting Office on this matter.

Mr. President, I ask that the following documents be printed in the RECORD at this point:

(1) Letter from Senator Eagleton to Comptroller General Staats, 1/30/78.

(2) Report of the Comptroller General #B0176994, 4/13/78.

(3) Letter from Senator Eagleton to Secretary Bergland, 2/14/78.

(4) Letter from Assistant Secretary Foreman to Senator Eagleton, 3/13/78.

(5) Excerpt from Statement of Carol Tucker Foreman, 4/12/78.

The material follows:

HON. ELMER B. STAATS,
Comptroller General of the United States, General Accounting Office, Washington, D.C.

DEAR MR. STAATS: The Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies will hold hearings on March 14–15, 1978, to consider program funding for various Federal feeding programs, including the Special Supplemental Food Program for Women, Infants and Children (WIC). To assist in the review of the WIC program, the Subcommittee requests that GAO, based on discussions with knowledgeable people and an analysis of existing studies, prepare and transmit to us a summary of issues and questions for use in our hearings. Coverage should include a consideration of studies on the benefits of nutritional assistance; information on Federal and State program management evaluations; views on the potential impact of significant program expansion; and GAO views on whether the use of entitlement funding on the WIC program is appropriate, especially in view of the intent of the 1974 Budget and Impoundment Act. GAO's formal views on entitlement funding should be provided in writing to us by April 15, 1978.

After this initial effort is completed, the Subcommittee may request GAO to conduct a more comprehensive review of the WIC program to help in considering the 1980 budget request. Agreement on the matters to be reviewed and the timing of this work can be worked out by our respective staffs at a later date.

Sincerely,

THOMAS F. EAGLETON,
Chairman, Subcommittee on Agriculture, Rural Development and Related Agencies.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., April 13, 1978.

HON. THOMAS F. EAGLETON,
Chairman, Subcommittee on Agriculture, Rural Development, and Related Agencies, Committee on Appropriations, U.S. Senate.

DEAR MR. CHAIRMAN: In response to your January 30, 1978, letter, we are providing our views on the authorizing and financing of entitlement-type programs and whether such funding for the Special Supplemental Food Program for Women, Infants, and Children would seem appropriate, given the intent of section 401 of the Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1351). Our main concern on entitlement programs centers on the weakening of congressional budgetary control inherent in these types of programs.

In general, entitlement legislation requires the payment of benefits to any person, State, or local government meeting the requirements established by law. The key characteristic of entitlement programs is that, once enacted, the authorizing legislation automatically creates legally enforceable claims to benefits and thus effectively preempts the Congress' formal process of deliberating funding levels and appropriating funds.

Entitlement programs may be financed through various mechanisms, such as general funds, trust funds, and revolving funds. Also, some may be permanent funds that are automatically replenished and require no current action by the Congress. Entitlement programs are generally open-ended; thus, the determination of outlays at any given time is a function of variables—such as the number of beneficiaries or the rate of inflation—outside the control of the Appropriations Committees. By authorizing entitlement programs, the Congress effectively relieves the Appropriations Committees of their responsibility for determining spending levels.

Entitlement programs usually are created by the Congress because of the desire to give certain programs secure or preferred access to Federal funds. For example, the Congress has sought to provide workers assurance about future social security payments by making social security an entitlement program. In this and other instances, the absence of effective control through the appropriations process has been deemed to be outweighed by the public interest of certainty of the benefits.

We have consistently taken the position that the public interest is best served when congressional control over activities is exercised through periodic reviews, affirmative action on planned programs, and financing requirements through the appropriations process. We have, therefore, advocated (1) that programs be financed through periodic direct appropriations or (2) that legislation authorizing financing through other means provide for adequate and continuing congressional control.

Any action which permits a Federal activity or program to operate without a related requirement for regular congressional reviews on planned programs and financing needs—equivalent to that which characterizes the appropriations process—should be viewed as a lessening of congressional control. Departures from this standard should be permitted only on a clear showing that an activity or program cannot be successfully and effectively operated in the public interest within the congressional appropriations process or that the demonstrated advantages attributable to the departure clearly outweigh the disadvantages of lessened congressional control, preferably with a congressional expression to that effect.

The fundamental objective of the 1974 act was to establish a process through which the Congress could systematically consider the total Federal budget and determine priorities for the allocation of budgetary resources. It included procedures to reintegrate "backdoor" spending—financing by means other than by direct appropriations—into the formal budget process.

Section 401 of the act applies new procedures to entitlement legislation to provide a more comprehensive and consistent control over spending actions. The act makes entitlement programs fully subject to the budgetary process by providing that entitlement legislation cannot be considered in either the House or Senate if it would have an effective date before the start of the new fiscal year.

FINANCING OF THE SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

According to officials of the Department of Agriculture's Food and Nutrition Service, the Program is not considered an entitlement program because it operates within a funding ceiling and cannot serve all areas or health clinics that desire to administer those types of projects.

The Program was created in 1972 as an amendment to the Child Nutrition Act of 1966 (42 U.S.C. 1786). Agriculture officials told us that, because the amendment was introduced after the Department's 1973 appropriations act was passed, the Congress decided to finance the Program through "backdoor" funding made available from section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), instead of by direct appropriations. Under section 32, 30 percent of custom receipts collected by the Treasury Department's Customs Service during the preceding calendar year plus unused balances of up to $300 million are available to the Secretary of Agriculture for use at his discretion. Service officials explained that using these funds was probably the quickest and easiest way to get the Program started.

In fiscal year 1978 the use of section 32 funds for the Program was eliminated. Service officials explained that the section 32 provision is no longer needed because the Program is receiving direct appropriations and the present Administration seems committed to its continuation. A description of the Program's financing, from its inception through fiscal year 1978, is provided in the enclosure.

CONCLUSIONS

The Program was created before the passage of the Budget and Impoundment Control Act of 1974 and the increased concern and awareness for budgetary control that has resulted from it. We have continually favored the financing of Government programs through direct appropriations because the appropriations process provides for periodic scrutiny and affirmative congressional action. Such scrutiny is not so readily available to the Congress, through entitlement, or other "backdoor" financing methods, such as the use of section 32 funds, which avoid the appropriations process. In addition, we are unaware of any study results that effectively demonstrate that the loss of budgetary control that would occur if the Program was made an entitlement program would be in the public's best interest.

A similar view on entitlement funding has been expressed by the House Committee on Appropriations, which apparently considers the practice to be undesirable and counter to the philosophy of the recent efforts of the Congress to strengthen legislative budgetary control. In a report (H. Rept. 94–1165, May 27, 1976) on a bill to extend and amend the State and Local Fiscal Assistance Act of 1972, the Committee stated:

"Entitlement provisions * * * make a mockery of the legislative budget and the appropriations process. The Congress is placed in the position of having absolutely no choice but to make an appropriation for entitlement programs even though the basic legislation technically might contain an authorization for appropriations. This results because if the Congress did not make such an appropriation then it could conceivably be subject to a judgment issued by the courts. This approach removes such entitlement programs from any effective annual fiscal control by the Congress."

We believe it is necessary for the Congress to be fully aware of, and to affirmatively sanction, the effect entitlement programs have on congressional budgetary control before authorizing them. When the Congress passes legislation authorizing entitlement programs, we must assume that, in most cases, it has decided to relinquish budgetary control of these programs via the appropriations process. It would be preferable if the Congress took this action only after explicitly considering the advantages and needs justified in each case in relation to the decreased congressional control.

As arranged with your office, we will make this report available to anyone requesting it 10 days after issuance.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

APPROPRIATIONS HISTORY OF THE SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN FROM FISCAL YEARS 1973 TO 1978

[Dollars in millions; fiscal years]

	1973	1974	1975	1976	Transition quarter	1977	1978
Sec. 32 funds	$20	$40	$100	$144	$62.5		
Direct appropriations from general funds				106		$250	$250
Total (program authorization)	[1] 20	[2] 40	100	[3] 250	62.5	250	[4] 250

[1] None of the $20,000,000 authorized for fiscal year 1973 was spent; however, it was again made available for the program in fiscal year 1974.
[2] Includes the $20,000,000 of unspent funds from fiscal year 1973.
[3] Service officials explained that sec. 32 funds were used in 1976 because the Department was (and still is) under a court order (Durham vs. Butz) to spend all moneys made available for the program (including all unspent money carried over from previous fiscal years) during the 27-mo. period from July 1, 1976, to Sept. 30, 1978. Because only $106,000,000 was directly appropriated from general funds, the Department used the sec. 32 funds to obtain the full $250,000,000 authorized.
[4] The fiscal year 1978 amount includes $247,000,000 directly appropriated for the program and a separate appropriation of $3,000,000 for operating expenses.

COMMITTEE ON APPROPRIATIONS,
Washington, D.C., February 14, 1978.

Hon. BOB BERGLAND,
Secretary of Agriculture,
U.S. Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: The Congress recently enacted amendments to the National School Lunch and Child Nutrition Acts (P.L. 95–166, dated November 10, 1977). Included as part of this legislation was Section 15, providing for nutrition education and training grants funded as an entitlement program during fiscal years 1978 and 1979, and a legal authorization for appropriations during fiscal year 1980.

In preliminary conversations with representatives of the Food and Nutrition Service, and preliminary review of the FY 1979 budget justifications, the Subcommittee has noted an apparent administrative problem resulting from the entitlement nature of the program coupled with the provisions of Section 15 (h) (1), (2) and (3) of the Act. The latter three sections provide for a nine month period during which a state nutrition coordination shall be afforded an opportunity to develop, prepare and furnish a comprehensive plan for nutrition education within each state.

According to the information furnished the Subcommittee, most states will be unable to utilize anything near the full amount of the grant (which is based on an entitlement of 50¢ per child but not less than $75,000 per state per year) during fiscal year 1978. Actual obligations are projected to be only about $5 million against a total availability of $26.2 million. Accordingly, USDA is proposing to carry over the unobligated balance, and apply it to the fiscal year 1979 nutrition education grant program. Since an additional $26.2 million becomes available for nutrition education grants in fiscal year 1979 because of the entitlement nature of the program, the effective FY 1979 program level would amount to $47.2 million, far more than the Congress intended when it enacted the legislation establishing this program.

In order to address this problem, it is the Subcommittee's understanding that USDA will propose legislation that will eliminate the entitlement nature of the fiscal year 1979 program. This would then permit the unobligated FY 1978 balance of $21.2 million to be used to operate the program during FY 1979. In addition, we have been advised that USDA will propose certain technical corrections that have been noted in PL 95–166.

As is evident, the late passage of the law (November 10, 1977), the lack of a fully planned program at either the USDA or state level, the sections of the law permitting the states nine months to plan their programs, plus the entitlement in FY 1978 and FY 1979, seems to have resulted in a situation where it will be difficult for the USDA to carry out the current law at the program level intended by the Congress.

In order to assist the Department in its

implementation of this important program of nutrition education, the Subcommittee would appreciate receiving the Department's views on the following aspects of this situation:

1. What is the estimated amount of funds for nutrition education grants that will be obligated by the states during FY 1978? What is the estimated amount that will be expended during the same fiscal year?

2. Under the administration's proposed FY 1979 budget and legislative program, what will be the effective funding level of this program during FY 1978 and FY 1979?

3. To what extent does the Department believe that the somewhat tangled financial situation of this program is a result of providing entitlement funding during FY 1978 and 1979, in lieu of a simple authorization for appropriation?

4. Does the Department continue to oppose entitlement funding for nutrition education, as it did last year during Congressional consideration of the legislation?

5. Will the Department recommend elimination of entitlement authority as part of its FY 1979 legislative program, and if so, when will the draft legislation be submitted to the Congress?

6. Would the Department support an effort to make a change in the law early in this session of Congress, that would eliminate the entitlement features, and convert the nutrition education grant program to a simple authorization of appropriations, in order to ameliorate the problems discussed earlier in this letter.

Your response to these questions within the next week will greatly facilitate the work of this subcommittee in clarifying this situation.

Yours very truly,

THOMAS F. EAGLETON,
Chairman, Subcommittee on Agriculture, Rural Development and Related Agencies.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 13, 1978.

Hon. THOMAS F. EAGLETON,
Chairman, Subcommittee on Agriculture, Rural Development and Related Agencies, U.S. Senate, Washington, D.C.

DEAR SENATOR EAGLETON: The Department is now making plans to issue regulations to establish the Nutrition Education and Training Program established by Public Law 95–166. Interim regulations to be published next week will cover the responsibilities of the State agency, the qualifications of the coordinator, application procedures, use and availability of funds for (1) hiring the State coordinator for nutrition education and training, and (2) conducting the needs assessment and developing the State plan. A comment period of 30 days is specified for the interim regulations. If comments are received which significantly impact on the Program, the interim regulations will be amended immediately following the comment period.

On or about April 15 additional regulations will be published. These regulations will cover all remaining areas of the Program not addressed in the interim regulations. The later regulations will provide State agencies details on the conduct of the needs assessment, criteria for the State plan and additional program operational requirements.

Although the legislation states that a State may take up to nine months to conduct the needs assessment and submit a State plan, some States may be able to submit their State plan earlier. The Department will accept State plans after the regulations are published on April 15.

Comments on all regulations received will be considered in the promulgation of final regulations. Final regulations addressing all aspects of the Program will be published on or about June 15, 1978.

In regard to the specific questions posed in your letter, the Department views are as follows:

1. What is the estimated amount of funds for nutrition education grants that will be obligated by the States during FY 1978? What is the estimated amount that will be expended during the same fiscal year?

The interim regulations will specify that each State may receive funds for the expenses related to hiring of the coordinator and up to $100,000 for assessment and planning. These expenses may total about $5 million in FY 1978. Some additional funds may be used in the last few months of FY 1978 as States begin implementation of their state plans. The Department anticipates that all or nearly all of the remaining funds will be obligated by States in FY 1978 and expended in FY 1979.

For the purposes of this Program, obligated funds are those funds for which orders have been placed, contracts and/or grants awarded, services received, and similar transactions for which the State agency has incurred a commitment. Expenditures are considered to be the requirement for providing funds in administration of the program for goods and other tangible property received and/or services performed by employees, contractors, subgrantees, and other payees.

Any funds unobligated by a State will revert back to the Department for use in all child nutrition programs. The use of these carry over funds will be subject to the executive budgetary process.

2. Under the Administration's proposed FY 1979 budget and legislative program, what will be the effective funding level of this program during FY 1978 and FY 1979?

We estimate that all or nearly all of the $26.2 million will be obligated during FY 1978. It is difficult to predict just how much will be expended, but it would likely be in the range of $5–$8 million. As a result, the funds available during FY 1979 will probably exceed $40 million.

3. To what extent does the Department believe that the somewhat tangled financial situation of this Program is a result of providing entitlement funding during FY 1978 and 1979, in lieu of a simple authorization for appropriation?

The entitlement funding of this Program has contributed to a somewhat tangled financial situation. The law requires that the States initially conduct a needs assessment and develop a State plan. States have up to nine months to develop this plan, and States are then to receive the funds to implement the plan after the plan is approved. Thus, the statute requires entitlement funding to implement the program this fiscal year even though the program cannot be implemented until after plans and needs assessments are developed and approved. Since the plans are likely to presume expenditures at each State's entitlement level, this will likely lead to a situation where some FY 1978 entitlement funds are obligated in FY 1978 and expended in FY 1979, and where some FY 1979 entitlement funds are obligated in FY 1979 for expenditure in FY 1980.

4. Does the Department continue to oppose entitlement funding for nutrition education, as it did last year during Congressional consideration of the legislation?

Yes, the Department continues to oppose this entitlement funding. The entitlement funding has created the situation where a State may not be able to expend FY 1978 funds it has obligated. In states where this situation occurs, a State would have available FY 1978 and FY 1979 funds for this Program to expend in FY 1979. In addition, the Department believes the Program should not start as an entitlement program before it has been tested. Entitlements are generally used for programs where cash or in-kind benefits are being provided to individuals or families, rather than where funds for education and training services are being provided to states.

5. Will the Department recommend elimination of entitlement authority as part of its FY 1979 legislative program, and if so, when will the draft legislation be submitted to the Congress?

The Department will submit legislation next month recommending the elimination of the entitlement provisions of this Program. This proposed legislation will attempt to consolidate, into one piece of legislation, various nutrition education and training authorities under the National School Lunch Act and Child Nutrition Act.

6. Would the Department support an effort to make a change in the law early in this session of Congress, that would eliminate the entitlement features, and convert the nutrition education grant program to a simple authorization of appropriations, in order to ameliorate the problems discussed earlier in this letter?

The elimination of entitlement is not the only modification the Department is seeking in the nutrition education and training provisions of P.L. 95–166. The Department will soon submit proposed legislation that makes a number of modifications in the nutrition education and training programs now authorized under the Child Nutrition Act (and that also revises a number of other programs authorized under this Act or the National School Lunch Act). We would expect the proposed end of entitlement funding for nutrition education and training to be considered in conjunction with our other proposed legislative changes. In addition, any legislation to modify P.L. 95–166 must go through both the Senate Agriculture Committee and the House Education and Labor Committee. The only legislation over which these two particular committees share jurisdiction is child nutrition legislation, and we know of no child nutrition bills these Committees plan to consider in advance of the more comprehensive child nutrition legislation we will soon submit. Therefore, we anticipate that the nutrition education entitlement issue will be considered when more comprehensive child nutrition legislation is taken up next month.

We hope the foregoing information satisfactorily answers your concerns.

Sincerely,

CAROL TUCKER FOREMAN,
Assistant Secretary for Food and Consumer Services.●

EXCERPT FROM STATEMENT OF CAROL TUCKER FOREMAN

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here this morning to present the Administration's child nutrition legislation. I know how deeply you and other members of the Subcommittee have been involved over the years in fashioning our child nutrition programs, and I look forward to working with you on this major and important bill.

Before addressing the substance of our proposal, there is one new development I would like to share with you. As you know, P.L. 95–166 established an entitlement structure during fiscal years 1978 and 1979 for a new nutrition education program. The Administration's budget proposed to end the entitlement status for fiscal 1979, and to consolidate Sections 18 and 19 of the Child Nutrition Act under one authority. During recent weeks, we have thought long and hard about this matter and have decided that due to the uncertainty our proposal has generated, removal of entitlement status for fiscal 1979 would not be in the best interests

of getting this new program off the ground. I wish to acknowledge that we made a mistake. The Administration is now changing its position on this issue, and the bill I present to you today maintains both the fiscal 1979 entitlement for nutrition education and the separate authority for research and development in nutrition education under what has been Section 18 of the Child Nutrition Act.

THINK BEFORE REGULATING DNA RESEARCH

● Mr. SCHMITT. Mr. President, the Senate may soon have to decide whether or not the Federal Government should take a major new step in the regulation of public, private, and industrial research. The precedents would be set, if we choose to do so, over the issue of recombinant DNA research, its benefits versus its imagined dangers.

Bernard D. Davis in his article "The DNA Research Scare" from the April 5, 1978, Wall Street Journal, sets the perspective of this issue very well. As he points out, it is extremely important that we develop a general approach to serious policy relative to issues of this type before we regulate present and future generations out of the benefits of new science and the application of such science.

In this regard, I call my colleagues' attention to S. 2267, a bill to establish a 2-year National Science Policy Commission to study and recommend alternative approaches to policies dealing with potentially hazardous materials.

I request that Dr. Davis' article be printed in the RECORD.

The article follows:

THE DNA RESEARCH SCARE

(By Bernard D. Davis)

Four years ago a group of molecular biologists publicly expressed grave concern over the potential dangers of research with recombinant DNA, a novel technique that allowed a small amount of DNA, the material of which genes are made, from any organism to be incorporated into a bacterium. At their urging the National Institutes of Health issued an elaborate set of guidelines, forbidding the formation of certain kinds of recombinants and placing various restrictions on others. And last spring Congress was framing legislation carrying additional restrictions and harsh penalties.

But the NIH is now considering substantial relaxation of the guidelines, congressional committees are considering much milder legislation, and the need for any legislation is increasingly questioned. It is important to know why the dangers seem so much smaller today.

First, people for several years have been making recombinants in many laboratories, without a single resulting illness. It is clear that the predicted dangers remain entirely hypothetical.

Second, the recombinant technique is increasingly recognized as a tool of great versatility, comparable to the use radioactively labeled molecules in studying the chemical processes in living systems. For example, recombinants make it possible to isolate human genes. Moreover, they also make it possible to study the action and the regulation of these genes in the thousandfold simpler background of a bacterial cell. And gene regulation—the selective turning on of some genes and turning off of others—is a crucial problem in modern biomedical science.

It is the key to the normal development of a fertilized egg into a human being, and also to the abnormal development of a cancer (a line of cells that have escaped from normal growth regulation). Other uses of recombinants, of more immediate medical and industrial importance, will include the manufacture of innumerable useful human products, such as insulin, other hormones, antibodies and antiviral agents. With such benefits in sight we will be paying an extravagant price if we perpetuate restrictions that are not justified by the hazards. Moreover, if this price involved only money, like the tens of millions of dollars wasted on lunar quarantine, it would be bad enough. But it also involves a greater, hidden cost: hindrance of research on diseases that are meanwhile taking human lives.

A DIFFERENT SCIENCE

Third, though the development of these novel recombinant organisms was created by specialists in molecular biology, the assessment of the possible hazard is a problem in quite a different area of science: infectious disease. Unfortunately, few professionals in this field were included in the early discussions, though they might have kept the scenarios within realistic bounds. The NIH finally assembled a world-wide group of such experts last summer, and they agreed that the proposed recombinants could not be as dangerous as many known disease-producing organisms, which are cultured in thousands of medical laboratories every day.

Fourth, the bacteria being used in this work are special, weakened strains, carefully developed to require nutrients that are not encountered in natural environments. Moreover, in the absence of these required compounds the cells not only fail to grow, they are rapidly suicidal: If they accidentally infected a laboratory worker they would all die within a few hours. Hence recombinants made with such strains could not conceivably spread. Moreover, experiments in the past year have shown that the chance of escape of the recombinant genes from these dying bacteria into healthy ones is infinitesimal.

Fifth, the present guidelines consider incorporation of the DNA of a virus into bacteria especially dangerous. But to cause disease, that DNA would have to be released from the host bacterium as naked DNA, which would then have to infect a human cell. This probability is also exceedingly low, for we know that the naked DNA of a virus is less infectious than the same DNA inside the viral coat, by as much as a million-fold. Recognizing these facts, European biologists are recommending great relaxation of the guidelines for virus-bacterial recombinants—much greater than that contemplated in this country. Hence excessive restrictions may cause this country to fall behind rapidly in this important area of medical research.

My sixth point concerns the class of recombinants containing human DNA. These have particularly broad promise for medical research; but they have been classified as particularly dangerous, because of fear that they might pick up and spread the genes of human viruses. But this fear is based on the additional assumption that these recombinants would be an entirely novel class of organisms, never encountered before in nature. With further discussion this assumption has become exceedingly unlikely. We know that bacteria can take up DNA (though infrequently); and since bacteria have been growing in the colons of our ancestors for millions of years, it is virtually certain that they have often taken up human DNA, released from dying cells of the surrounding intestinal wall. Accordingly, mankind must have long been exposed to recombinants of this kind.

Finally, the initial discussions not only neglected relevant principles of infectious disease, they also failed to take into account well-established evolutionary principles, which are essential for understanding the spread of any novel organisms.

Specifically, bacteria in great variety compete for survival and multiplication on various parts of our body, on plants and in the soil. The successful strains are those that are best adapted to a given location, and to be well-adapted they must have a well-balanced set of genes.

NATURAL SELECTION

This adaptation, and this balance, have been evolved over billions of years, by natural selection; it is a process that moves in small steps and that perpetuates only the tiniest fraction of all the genetic novelty that appears. Hence splicing DNA from a distant source into a bacterium is not at all likely to produce a well-balanced, competitive set of genes, any more than inserting a random radio part would be likely to improve a watch.

With these developments, the initially very cautious attitude of the scientific community has shifted dramatically. The bluntest critique has come from James Watson (who triggered the development of molecular biology by his discovery, with Francis Crick, of the structure of DNA). Though he was one of those who first voiced caution, he now urges that we abandon the whole expensive bureaucracy of guidelines and release the wasted time and money for solving real health problems. It seems almost certain that Watson will prove right. But meanwhile it also seems clear that public anxiety, generated initially by scientists, cannot be reversed until the true nature of recombinant DNA research is widely understood.

The recombinant DNA story illustrates a broader problem: how to handle public policy issues that have a large technical content. If we wish to maximize beneficial research, without jeopardizing either public welfare or public confidence, we must find ways to work out more clearly the role of the community of experts in ascertaining the facts as objectively as possible, and the subsequent role of the broader public in making value judgments and policy decisions. For while the public has a right to know, it also has a right to be protected from false alarms. A useful model may be that of the medical profession, which often has to consider alternative diagnoses in a case but also exercises discretion in avoiding premature discussion of unproved possibilities that would unduly alarm the patient. Perhaps the scientific profession and the public are groping for a similar code.●

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 95–45, appoints the Senator from Alabama (Mr. SPARKMAN), Chairman, and the Senator from Vermont (Mr. STAFFORD), vice Chairman, to the 65th Interparliamentary Conference, to be held in Bonn, Germany, September 5–13, 1978.

FRAUD AND EMBEZZLEMENT IN GENERAL SERVICES ADMINISTRATION PROCUREMENT OPERATIONS

Mr. CHILES. Recently, the Senate Subcommittee on Federal Spending Practices and Open Government of which I am chairman, was called upon to conduct an oversight investigation into recent reports that a procurement scandal involving the General Services Administration (GSA) was not receiving the full attention of Federal law enforcement authorities.

The request resulted from newspaper

reports alluding to an ongoing investigation of contracting activities in the GSA's Region III offices. (Region III encompasses the Washington, D.C., area and surrounding States.) Charges have been made that millions of dollars have been paid over the years to Government contractors for repair and alteration work on Government owned and leased facilities which was only partially done, or never done at all. The proceeds from these operations were disbursed to contractors as unearned profits and to GSA officers as bribes.

As the chairman of the Senate subcommittee which has principal jurisdiction over Government procurement practices, I am naturally most concerned both with the frauds themselves and the possibility that faults in our present and proposed procurement mechanisms have permitted this to happen. It would appear that things have come to their present sorry state, because many GSA procurement officers ignore all relevant rules and procedures, while their superiors choose to look the other way. Indeed, it appears in many cases that the inventors of these illegal schemes were GSA officials, not contractors.

Given these concerns, I directed the subcommittee staff to conduct a series of interviews with appropriate Justice Department and GSA officials. To date, we have learned that—

The frauds, defalcations, and embezzlements run into the millions of dollars and involve contracts which, over the years, may have involved hundreds of millions of dollars.

The pattern of bribery and corruption stretches back in time for at least 10 years.

A goodly number of FBI agents, assisted by a GSA task force, are conducting a vigorous investigation of the dozens of GSA officials and contractors who appear to be involved in these activities.

Justice Department officials are now in the process of considering the appeals of certain contractors and GSA officials that they be extended some measure of leniency in return for testimony against others.

Justice Department officials are well aware of the possibility that great sums of money may be involved and are in no way limiting the scope of their inquiries.

I am satisfied that Mr. Earl Silbert, U.S. attorney for the District of Columbia, fully comprehends the potentially vast size and importance of the case he is now pursuing. General Services Administration authorities are cooperating with the Justice Department, and steps are being taken to preclude future disasters. While I do not wish to impede the successful conclusion of a well-advanced criminal investigation by launching a parallel investigation at this particular time, I will be looking into the procurement practices which lead to these abuses and any reforms underway within GSA.

I intend to continue to monitor the Justice Department investigation to learn how many should be in jail, and how many will be dismissed from the Federal service, and how much the IRS and Justice's Civil Division can recover from the plunderers. Additionally, the subcommittee is in the process of preparing an oversight review of GSA procurement mechanisms as they relate to the major systems acquisition policies embodied in the Office of Management and Budget's policy circular A–109. So, we will be in the neighborhood and within earshot as the investigation proceeds.

Should the Justice Department investigation show any sign of faltering at all, I shall give vigorous counsel and public advice, whether or not said advice has been solicited. I find it incredible that the basic pattern of these frauds was brought to GSA's attention almost 3 years ago, and yet nothing happened until a fortuitous incident gave strong support to the original allegations. Accordingly I will be looking particularly closely at GSA reform efforts and at what steps they take to insure that such massive perversions do not recur.

COMMITTEE MEETINGS

Mr. MUSKIE. Mr. President, at the request of the majority leader, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Governmental Affairs Committee be authorized to meet during the sessions of the Senate on Monday, April 24, and Tuesday, April 25, 1978, to conduct organized crime labor racketeering investigations; that the Select Committee on Small Business be authorized to meet during the session of the Senate on Tuesday, April 25, 1978, from 1 p.m. until 4 p.m. to hold hearings on the nomination of Mr. Milton D. Stewart for the position of chief counsel for advocacy at the Small Business Administration; and that the Foreign Relations Committee be authorized to meet during the session of the Senate on Wednesday, April 26, 1978, to consider committee business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Immigration Subcommittee of the Judiciary Committee be authorized to meet during the sessions of the Senate on Wednesday, May 3; Thursday, May 4; Tuesday, May 9; Wednesday, May 10; Thursday, May 11; Tuesday, May 16; Wednesday, May 17; and Thursday, May 18, 1978 to consider S. 2252, to amend the Immigration and Nationality Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL OCEAN POLLUTION RESEARCH AND DEVELOPMENT AND MONITORING PLANNING ACT OF 1978

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1617.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1617) entitled "An Act to establish a program of ocean pollution research and monitoring, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: *That this Act may be cited as the "National Ocean Pollution Research and Development and Monitoring Planning Act of 1978".*

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds and declares the following:

(1) Man's activities in the marine environment can have a profound short-term and long-term impact on such environment and greatly affect ocean and coastal resources therein.

(2) There is a need to establish a comprehensive Federal plan for ocean pollution research and development and monitoring, with particular attention being given to the inputs, fates, and effects of pollutants in the marine environment.

(3) Man will increasingly be forced to rely on ocean and coastal resources as other resources are depleted. Our ability to protect, preserve, develop, and utilize these ocean and coastal resources is directly related to our understanding of the effects which ocean pollution has upon such resources.

(4) Numerous departments, agencies, and instrumentalities of the Federal Government sponsor, support, or fund activities relating to ocean pollution research and development and monitoring. However, such activities are often uncoordinated and can result in unnecessary duplication.

(5) Better planning and more effective use of available funds, personnel, vessels, facilities, and equipment is the key to effective Federal action regarding ocean pollution research and development and monitoring.

(b) PURPOSES.—It is therefore the purpose of the Congress in this Act—

(1) to establish a comprehensive 5-year plan for Federal ocean pollution research and development and monitoring programs in order to provide planning for, coordination of, and dissemination of information with respect to such programs within the Federal Government;

(2) to develop the necessary base of information to support, and to provide for, the rational, efficient, and equitable utilization, conservation, and development of ocean and coastal resources; and

(3) to designate the National Oceanic and Atmospheric Administration as the lead Federal agency for preparing the plan referred to in paragraph (1) and to require the Administration to carry out a comprehensive program of ocean pollution research and development and monitoring under the plan.

SEC. 3. DEFINITIONS.

As used in this Act, unless the context otherwise requires—

(1) The term "Administration" means the National Oceanic and Atmospheric Administration.

(2) The term "Administrator" means the Administrator of the Administration.

(3) The term "Director" means the Director of the Office of Science and Technology Policy in the Executive Office of the President.

(4) The term "marine environment" means the coastal zone (as defined in section 304(1) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(1)); the seabed, subsoil, and waters of the territorial sea of the United States; the waters of any zone over which the United States asserts exclusive fishery management authority; the waters of the high seas; and the seabed and subsoil of and beyond the Outer Continental Shelf.

(5) The term "ocean and coastal resource" has the same meaning as is given such term in section 203(7) of the National Sea Grant Program Act (33 U.S.C. 1122(7)).

(6) The term "ocean pollution" means any short-term or long-term change in the marine environment.

SEC. 4. COMPREHENSIVE FEDERAL PLAN RELATING TO OCEAN POLLUTION.

(a) LEAD AGENCY FOR PLAN.—The Administrator, in consultation with the Director and

other appropriate Federal officials having authority over ocean pollution research and development and monitoring programs, shall prepare, in accordance with this section, a comprehensive 5-year plan (hereinafter in this Act referred to as the "Plan") for the overall Federal effort in ocean pollution research and development and monitoring. The Plan shall be prepared and submitted to Congress and the President on or before February 15, 1979, and a revision of the Plan shall be prepared and so submitted by February 15 of each odd-numbered year occurring after 1979.

(b) CONTENT OF PLAN.—The Plan shall contain, but need not be limited to, the following elements:

(1) ASSESSMENT AND ORDERING OF NATIONAL NEEDS AND PROBLEMS.—The Plan shall—

(A) identify those national needs and problems, which relate to specific aspects of ocean pollution (including, but not limited to, the effects of ocean pollution on the economic, social, and environmental values of ocean and coastal resources), which exist and will arise during the Plan period;

(B) establish the priority, based upon the value and cost of information which can be obtained from specific ocean pollution research and development and monitoring programs and projects, in which such needs should be met, and such problems should be solved, during the Plan period; and

(C) contain, if pursuant to the preparation of any revision of the Plan required under subsection (a) it is determined that any national need or problem or priority set forth in the preceding version of the Plan should be changed, a detailed explanation of the reasons for the change.

(2) EXISTING FEDERAL CAPABILITY.—The Plan shall contain—

(A) a detailed listing of all existing Federal programs relating to ocean pollution research and development and monitoring (including, but not limited to, general research on marine ecosystems), which listing shall include, with respect to each such program—

(i) a catalogue of the Federal personnel, facilities, vessels and other equipment currently assigned to, or used for, the program, and

(ii) a detailed description of the existing goals and costs of the program, including, but not limited to, a categorical breakdown of the funds currently being expended, and planned to be expended, to conduct the program; and

(B) an analysis of the extent to which each such program, if continued on the basis and at the funding level described pursuant to subparagraph (A)(ii), will assist in meeting the priorities set forth pursuant to paragraph (1)(B) during the Plan period.

(3) POLICY RECOMMENDATIONS.—If it is determined, as a result of the analysis required to be made under paragraph (2)(B), that the priorities set forth pursuant to paragraph (1)(B) will not be adequately met during the Plan period using the existing Federal capability described pursuant to paragraph (2)(A), the Plan shall contain those recommendations for changes in the overall Federal effort in ocean pollution research and development and monitoring which would ensure that those priorities are adequately met during the Plan period. Such recommendations may include, but need not be limited to—

(A) changes in the goals to be achieved under various existing Federal ocean pollution research and development and monitoring programs;

(B) suggested increases and decreases in the funding for any such existing program consistent with the extent to which such program contributes to the meeting of such priorities;

(C) specific proposals for interagency cooperation in cases in which the pooling of the resources of two or more Federal departments, agencies, or instrumentalities under existing programs could further efforts to meet such priorities or would eliminate duplication of effort; and

(D) suggested legislation to establish new Federal programs considered to be necessary if such priorities are to be met.

(4) BUDGET REVIEW.—The Plan shall contain a description of actions taken by the Administrator and the Director to coordinate the budget review process for the purposes of ensuring interagency coordination and cooperation in (A) the carrying out of Federal ocean pollution research and development and monitoring programs; and (B) eliminating unnecessary duplication of effort among such programs.

(c) For purposes of this section, the term "Plan period" means—

(1) with respect to the Plan as required to be submitted on February 15, 1979, the period of 5 fiscal years beginning on October 1, 1978; and

(2) with respect to each revision of the Plan, the period of 5 fiscal years beginning on October 1 of the year before the year in which the revision is required to be prepared under subsection (a).

SEC. 5. COMPREHENSIVE OCEAN POLLUTION PROGRAM IN THE ADMINISTRATION.

(a) ESTABLISHMENT OF PROGRAM.—The Administrator shall establish within the Administration a comprehensive coordinated, and effective ocean pollution research and development and monitoring program. The Administrator shall carry out all projects and activities under the program in a manner consistent with the Plan.

(b) CONTENT OF THE PROGRAM.—The program required to be established under subsection (a) shall include, but not be limited to—

(1) all projects and activities relating to ocean pollution research and development and monitoring for which the Administrator has responsibility under provisions of law (including, but not limited to, title II of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1441–1444)) other than paragraph (2);

(2) such projects and activities addressed to the priorities set forth in the Plan pursuant to section 4(b)(1)(B) that can be appropriately conducted within the Administration; and

(3) the provision of financial assistance under section 6.

SEC. 6. FINANCIAL ASSISTANCE.

(a) GRANTS AND CONTRACTS.—The Administrator may provide financial assistance in the form of grants or contracts for research and development and monitoring projects or activities which are needed to meet priorities set forth in the Plan pursuant to section 4(b)(1)(B), if such priorities are not being adequately addressed by any Federal department, agency, or instrumentality.

(b) APPLICATIONS FOR ASSISTANCE.—Any person, including institutions of higher education and departments, agencies, and instrumentalities of the Federal Government or of any State or political subdivision thereof, may apply for financial assistance under this section for the conduct of projects and activities described in subsection (a), and, in addition, specific proposals may be invited. Each application for financial assistance shall be made in writing in such form and manner, and contain such information, as the Administrator may require. The Administrator may enter into contracts under this section without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5).

(c) EXISTING PROGRAMS.—The projects and activities supported by grants or contracts made or entered into under this section shall, to the maximum extent practicable, be administered through existing Federal programs (including, but not limited to, the National Sea Grant Program) concerned with ocean pollution research and development and monitoring.

(d) ACTION BY ADMINISTRATOR.—The Administrator shall act upon each application for a grant or contract under this section within six months after the date on which all required information is received by the Administrator from the applicant. Each grant made or contract entered into under this section shall be subject to such terms and conditions as the Secretary deems necessary in order to protect the interests of the United States. The total amount paid pursuant to any such grant or contract may, in the discretion of the Administrator, be up to 100 percent of the total cost of the project or activity involved.

(e) RECORDS.—Each recipient of financial assistance under this section shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or activity in connection with which such assistance was given or used, the amount of that portion of the cost of the project or activity which was supplied by other sources, and such other records as will facilitate an effective audit. Such records shall be maintained for three years after the completion of such project or activity. The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of receipts which, in the opinion of the Administrator or of the Comptroller General, may be related or pertinent to such financial assistance.

SEC. 7. INTERAGENCY COOPERATION.

The head of each department, agency, or other instrumentality of the Federal Government which is engaged in or concerned with, or which has authority over, programs relating to ocean pollution research and development and monitoring—

(1) shall cooperate with the Administrator in carrying out the purposes of this Act;

(2) may, upon written request from the Administrator or Director, make available to the Administrator or Director, on a reimbursable basis or otherwise, such personnel (with their consent and without prejudice to their position and rating), services, or facilities as may be necessary to assist the Administrator or the Director to achieve the purposes of this Act; and

(3) shall, upon a written request from the Administrator or Director, furnish such data or other information as the Administrator or Director deems necessary to fulfill the purposes of this Act.

SEC. 8. DISSEMINATION OF INFORMATION.

The Administrator shall ensure that the results, findings, and information regarding ocean pollution research and development and monitoring programs conducted or sponsored by the Federal Government be disseminated in a timely manner, and in useful forms, to relevant departments, agencies, and instrumentalities of the Federal Government, and to other persons having an interest in ocean pollution research and development and monitoring.

SEC. 9. EFFECT ON OTHER LAWS.

Nothing in this Act shall be construed to amend, restrict, or otherwise alter the authority of any Federal department, agency, or instrumentality, under any law, to undertake research and development and monitoring relating to ocean pollution.

SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Administration for the purposes of carrying out this Act not to exceed $5,000,000 for the fiscal year ending September 30, 1979.

Amend the title so as to read: "An Act to

establish a program of ocean pollution research, development, and monitoring, and for other purposes."

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate concur in the House amendments en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 675, 676, and 678, which have been cleared on the other side.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL CLIMATE ACT

The Senate proceeded to consider the bill (H.R. 6669) to establish a national climate program, and for other purposes, which had been reported from the Committee on Commerce, Science, and Transportation with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "National Climate Act".

SEC. 2. FINDINGS.

The Congress finds and declares the following:

(1) Weather and climate change affect food production, energy use, water resources and other factors vital to national security and human welfare.

(2) An ability to anticipate natural and man-induced changes in climate would contribute to the soundness of policy decisions in the public and private sectors.

(3) Significant improvements in the ability to forecast climate on an intermediate and long-term basis are possible.

(4) Information regarding climate is not being fully disseminated or used, and Federal efforts have given insuffcient attention to assessing and applying this information.

(5) Climate fluctuation and change occur on a global basis, and deficiencies exist in the system for monitoring global climate changes. International cooperation for the purpose of sharing the benefits and costs of a global effort to understand climate is essential.

(6) The United States lacks a well-defined and coordinated program in climate-related research, monitoring, assessment of effects, and information utilization.

SEC. 3. PURPOSE.

It is the purpose of the Congress in this Act to establish a national climate program that will assist the Nation and the world to understand and adapt to natural and man-induced climate processes and their implications.

SEC. 4. DEFINITIONS.

As used in this Act, unless the context otherwise requires:

(1) The term "Office" means the National Climate Program Office.

(2) The term "Program" means the National Climate Program.

(3) The term "Secretary" means the Secretary of Commerce.

SEC. 5. NATIONAL CLIMATE PROGRAM.

(a) ESTABLISHMENT.—The President shall establish a National Climate Program in accordance with the provisions, findings and purposes of this Act.

(b) DUTIES.—The President shall—

(1) establish Program priorities:

(2) define the roles in the Program of Federal officers, departments, and agencies, including the Departments of Agriculture, Commerce, Defense, Energy, Interior, State, and Transportation; the Environmental Protection Agency; the National Aeronautics and Space Administration; the Council on Environmental Quality; the National Science Foundation; and the Office of Science and Technology Policy; and

(3) provide for Program coordination.

(c) NATIONAL CLIMATE PROGRAM OFFICE.—The Secretary shall establish within the Department of Commerce a National Climate Program Office. The Office shall be responsible for administering the Program. Each Federal officer, employee, department and agency involved in the Program shall cooperate with the Secretary in carrying out the provisions of this Act.

(d) PROGRAM ELEMENTS.—The Program shall include, but not be limited to, the following elements:

(1) procedures for assessing the effect of climate on agricultural production, energy use, water resources, transportation, human health and national security;

(2) basic and applied research to improve the understanding of climate processes, natural and man induced, and the social, economic, and political implications of climate change;

(3) methods for improving climate forecasts on a monthly, seasonal, yearly, and longer basis;

(4) global data collection and climate monitoring activities to provide reliable information on a continuing basis;

(5) systems for the dissemination of climatological data and information;

(6) measures for increasing international cooperation in climate research, monitoring, analysis and data dissemination;

(7) mechanisms for intergovernmental climate-related research and services including participation by universities in applied research and advisory services; and

(8) a 5-year-plan, with annual reviews, for the implementation of this Act.

(e) ADVISORY COMMITTEES AND INTERAGENCY GROUPS.—The Secretary may establish and maintain advisory committees and interagency groups as are necessary or appropriate to assist in carrying out responsibilities under this Act. Members of such committees who are not employed by the Federal Government may receive compensation at the daily rate for GS–16 of the General Schedule for each day engaged in the actual performance of his duties for the committee and while so serving away from their homes or regular place of business may be allowed travel expenses, including per diem in lieu of subsistence.

(f) INTERNATIONAL COORDINATION AND COOPERATION.—The Secretary and the Secretary of State shall cooperate in (1) providing representation at climate-related international meetings and conferences in which the United States participates, and (2) coordinating the activities of the Program with the climate programs of other nations and international agencies and organizations, including the World Meteorological Organization, the International Council of Scientific Unions, the United Nations Environment Program, the United Nations Educational, Scientific, and Cultural Organization, the World Health Organization, and Food and Agriculture Organization.

(g) BUDGETING.—Each Federal agency and department participating in the Program, shall prepare and submit to the Office of Management and Budget, on or before the date of submission of departmental requests for appropriations to the Office of Management and Budget, an annual request for appropriations for the Program for the subsequent fiscal year. The Office of Management and Budget shall review the request for appropriations as an integrated, coherent, multiagency request.

SEC. 6. INTERGOVERNMENTAL CLIMATE PROGRAMS.

(a) ESTABLISHMENT.—The Secretary shall establish a program for Federal and State cooperative activities in climate research and advisory services. The Secretary is authorized to make annual grants to any State or group of States, such grants to be made available to public or private educational institutions and to other persons qualified to conduct climate-related research or services. Such grants may be made for not more than 50 percent of the costs, in any one year, of the research conducted or services provided under the grant. Federal funds received from other sources shall not be used to pay the remaining share of the cost of such research or services.

(b) DETAIL OF THE PROGRAM.—The intergovernmental program shall provide, among others, the following State and regional services and functions:

(1) research relating to and analyses of climatic effects on agricultural production, water resources, energy needs and other critical sectors of the economy;

(2) atmospheric data collection and monitoring on a statewide and regional basis;

(3) advice to regional, State, and local government agencies regarding climate-related issues;

(4) information to users within the State regarding climate and climatic effects; and

(5) information to the Secretary regarding the needs of persons within the State for climate-related services and data.

(c) PROGRAM REQUIREMENTS.—Prior to making a grant to any State or group of States under this section, the Secretary shall find that—

(1) the State, or each of the States in a group, has adopted a State climate program in accordance with the provisions of this Act and rules and regulations promulgated by the Secretary; and

(2) the State, or each of the States in a group has—

(A) integrated its climate program with the program; and

(B) established an effective mechanism for consultation and coordination with Federal and local governmental officials and users within the State.

The Secretary shall insure that grants made to a State or group of States under this section are made on an equitable basis.

SEC. 7. EXPERIMENTAL CLIMATE FORECAST CENTERS.

The Secretary shall establish experimental climate forecast centers. Such centers shall—

(1) be responsible for making and routinely updating experimental climate forecasts of a monthly, seasonal, annual, and longer nature, based on a variety of experimental techniques;

(2) establish procedures to have forecasts reviewed; and

(3) protect against premature reliance on such experimental forecasts.

SEC. 8. ANNUAL REPORT.

The Secretary shall prepare and submit to the President and the authorizing committees of the Congress, not later than January 30 of each year, a report on the activities conducted pursuant to this Act during the preceding fiscal year, including—

(a) a summary of the achievements of the Program during the previous fiscal year;

(b) an analysis of the progress made toward achieving the goals and objectives of the Program;

(c) a copy of the 5-year plan and annual reviews; and

(d) any recommendations for additional legislation which may be required to assist in achieving the purposes of the Act.

SEC. 9. AUTHORIZATION FOR APPROPRIATIONS.

(a) GENERAL AUTHORIZATION OF APPROPRIATION.—In addition to any other funds otherwise authorized to be appropriated for the

purpose of conducting climate-related programs, there are authorized to be appropriated to the Secretary for the purpose of carrying out the provisions of this Act, not to exceed $50,000,000 for the fiscal year ending September 30, 1979, and not to exceed $65,000,000 for the fiscal year ending September 30, 1980.

(b) AUTHORIZATION OF APPROPRIATION FOR GRANTS.—There are authorized to be appropriated to the Secretary sums not to exceed $10,000,000 for the fiscal year ending September 30, 1979, and not to exceed $10,000,000 for the fiscal year ending September 30, 1980, as may be necessary for grants under section 6 of this Act to remain available until expended.

● Mr. PEARSON. Mr. President, I am convinced of the need for Federal legislation to establish a national climate program and I urge my colleagues to support H.R. 6669, the National Climate Act, as reported by the Committee on Commerce, Science, and Transportation.

As the original sponsor of climate legislation in the Senate, S. 421, the National Climate Program Act, I have had a longstanding interest in the development of legislation that would provide the mechanism for a comprehensive coordinated national program of climate research, monitoring, and analysis.

The need for legislation in this area has been highlighted by the climate conditions of the past several years. After two decades of relatively mild weather and above average rainfall, the trends shifted suddenly to periods of extreme cold and severe drought. The effect on major sectors of the economy has been dramatic. Food production, energy supplies, and water resources have all been affected. No better example of the sensitivity of the United States to climate fluctuations can be given than the severe disruption in natural gas supplies during the winter of 1977.

Despite the obvious relationship between climatic conditions and man's well-being, our present ability to predict changes in climate is insufficient to provide meaningful contributions to policy formulations affecting critical sectors of the economy. Climate problems and processes recognize no national boundaries, and if we are to make real progress in our ability to understand the climate process, we must increase both our own atmospheric research efforts and our efforts to coordinate the activities of our national climate program.

The costs of our lack of knowledge of the workings of the natural climatic system, to say nothing of our ignorance of man's effect on climate change and variability, are unacceptably high. We simply cannot continue to assume that the relatively favorable climatic conditions of the past several decades will continue indefinitely. The climatic events of the past several centuries, with associated changes in climatic patterns and increased climate variability, are quite likely to recur in the future. Establishment of a national climate program is a much needed step to provide us with the knowledge necessary to minimize the potentially high costs associated with such changes and to provide us with the basic knowledge necessary to understand both natural and man-induced climate changes and climatic processes.

Mr. President, I would like to point out one aspect of the bill which I feel is especially important. I am referring to section 6, which provides for intergovernmental climate programs. This feature of the legislation reflects the views of many of the witnesses who stressed the need for a focus for the national program at the State level. User group climate services have declined in recent years and are insufficient to meet the growing demand for climate-related information, particularly in the agricultural sector. Under this bill, the Secretary of Commerce would be authorized to provide matching grants to States to conduct climate research and provide climate services aimed at regional, State, and local needs. It is intended to be a joint Federal-State effort that assists user groups throughout the Nation and, at the same time, provides incentive for States to develop a climate program compatible with the national climate program.

The bill before the Senate today is the result of much discussion and deliberation. Under the capable leadership of Senators STEVENSON and SCHMITT, the Subcommittee on Science, Technology, and Space held 6 days of hearings on the climate issue and received testimony from more than 50 witnesses. The bill incorporates features from the various bill introduced in the Senate. The committee staff has worked closely with the administration and it is my understanding that the administration now supports the bill.

Mr. President, the development and implementation of a national climate program is long overdue. I am hopeful the Senate will take immediate action to approve H.R. 6669.●

● Mr. STEVENSON. Mr. President, the severe winters of 1977 and 1978 and droughts in 1976 and 1977 indicate possible changes in weather and climate patterns which could have major economic and social consequences. By the same token, the ability to forecast longer term climatic fluctuations would produce significant benefits in many sectors of our economy and in protecting humans from adverse weather conditions. We need to expand our knowledge of the human activities which, like natural forces, can affect climate patterns. In short, we need to understand climate so we can adapt to it.

The period, 1957 to 1972, was characterized by stable and favorable worldwide weather patterns. Since 1972, however, drought has occurred in the Sahel area of the Sahara Desert. A freeze in 1972 resulted in a major loss of grain production in the U.S.S.R., and the collapse of the Peruvian anchovy harvest in 1972 and 1973 was also attributable to climatic variations. What the future holds we cannot now say.

Last year the Subcommittee on Science, Technology and Space of the Committee on Commerce, Science and Transportation, conducted hearings on climate. The hearings considered two bills, S. 421, introduced by Senators PEARSON, GOLDWATER, and SCHMITT, and S. 1652, introduced by Senators HUMPHREY, ABOUREZK, ANDERSON, BENTSEN, CULVER, HART, HASKELL, MCGOVERN, MELCHER, and TOWER. Six days of hearings were held in Washington, D.C. and other sections of the country. Based on the hearings, two additional bills were introduced, S. 1980 by Senator PEARSON with Senators GOLDWATER and SCHMITT and S. 2092, which I introduced with Senators HUMPHREY and CRANSTON.

The bill before the Senate today endeavors to combine the best features of these bills. H.R. 6669, as amended by the Senate substitute, would establish the following objectives:

First. To develop more reliable knowledge about climate processes and improve the capability to forecast climate change;

Second. To use climate-related information to determine the effect of climate change on agriculure, water, energy, and other areas; and

Third. To organize more effectively the Federal Government's planning, management, and budgeting functions for climate research and advisory services.

The elements of the national climate program would include: A comprehensive and coordinated program in basic and applied research; methods to improve climate forecasts on a monthly, seasonal, yearly, and longer bases; improved global data collection and climate monitoring activities; climate data and information dissemination systems; procedures to assess the effect of climate on agricultural production; energy use, water resources, transportation, human health and other sectors; measures for international cooperation; and mechanisms for intergovernmental climate-related research and services.

The bill directs the President to establish program priorities, define the roles of various departments, agencies, and offices, and provide for program coordination. The bill establishes the Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA) as the lead agency to administer the national climate program. Other departments and agencies would cooperate, including the Departments of Agriculture, Defense, Energy, Interior, State, and Transportation; the Environmental Protection Agency; National Aeronautics and Space Administration; Council on Environmental Quality; National Science Foundation; and the Office of Science and Technology Policy.

Mr. President, this bill, if enacted, would establish a national program with Federal Government leadership and participation by State and local governments, the private sector, universities and the public. An effective national climate program must rely on the best scientific expertise available. The bill provides for a comprehensive, basic and applied research program, including the establishment of experimental climate forecast centers.

The effective use of climate-related information is also important. To make information on climate available as widely as possible and to provide research reflecting State and local needs, the bill established an intergovernmental cooperative program. A Federal/State program of matching grants in climate research and advisory services is established within NOAA; the Secre-

tary of Commerce is authorized to make Federal grants of up to 50 percent of the cost of such intergovernmental programs.

Piecemeal and uncoordinated funding of climate research by the Federal Government is a principal reason why this legislation should be enacted. Mission agencies are supporting climate-related programs without broader goals or a commonality of purpose. The establishment of a lead Federal agency in the Commerce Department, the requirement of a 5-year plan, an OMB review of the climate program as a unified activity, and the requirement for an annual report will point us in the direction of a more unified and productive national effort. I expect that the Office of Science and Technology Policy will be particularly helpful in focusing and coordinating climate activities.

This is a time for action. There have been numerous reports by advisory committees and Federal agencies on the need for a national climate program. The former Domestic Council issued a report in December 1974 entitled "A U.S. Climate Program" which recommended increased funding for climate research, monitoring, and warning systems. A report in 1974 by the Central Intelligence Agency entitled "A Study of Climatological Research As It Pertains to Intelligence Problems" dealt with the importance of climate forecasting for the intelligence community.

In 1975 the National Academy of Sciences issued a report setting a research agenda for the United States. The National Advisory Committee on Oceans and Atmosphere periodically has recommended the establishment of a national climate program. Most recently, in July 1977, the President's science adviser issued a report prepared by the Interagency Committee on Atmospheric Sciences which also recommended a national climate program.

With all these reports, hearings, and bills as the foundation, the Committee on Commerce, Science, and Transportation favorably reported this bill. We have worked closely with the administration in drafting this bill, and an Executive order to implement this legislation is in preparation.

The House of Representatives has already passed a climate bill under the able leadership of Representative GEORGE BROWN of California. While the House version differs somewhat from this bill, I do not believe the differences are major. I expect that the Senate and House will be able to resolve their differences without much difficulty. I urge my colleagues to support H.R. 6669. I am hopeful that a bill can be sent to the President by early summer.●

● Mr. SCHMITT. Mr. President, pending on the unanimous consent calendar is H.R. 6669, the National Climate Act, recently reported out of the Commerce, Science, and Transportation Committee.

As a member of the Commerce Committee, I was pleased to participate in the series of climate hearings and to chair those conducted in Albuquerque. My home State of New Mexico, as well as the entire Southwestern United States, has as great, if not greater, interest in climate prediction as most other areas of the Nation. Our basic climate is compatible with ranching and farming, but just barely. The more often and the more accurately we can predict annual and multiannual climate variations, particularly, the adverse years, the more economical will be our agricultural and community service activities.

These lessons from New Mexico have more general applications. The industrial nations of the world are pushing the limits of the availability of energy. Thus, annual and multiannual variations in climate, specifically heat and cold. can cause major crises of energy supply. We have seen this demonstrated the last two winters in this country.

The rapidly increasing populations of the developing nations of the world are pushing the limits of the availability of food supplies. Thus, small annual and multi-annual variations in climate, specifically snowfall and rainfall, can cause major seasonal shortages of food. We see these crises each year in many parts of the world.

For the future, technology offers major relief, but for the next several decades improved climate prediction is absolutely necessary if we are to buy time for politics and technology to expand the limits we now face.

This is as true for the United States as it is for the world. Therefore, I hope the Senate will act immediately to pass the National Climate Act in order to establish the organizational framework for research in climate prediction.●

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read:

An Act to establish a comprehensive and coordinated national climate policy and program, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–740), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purposes of the National Climate Act are to expand the Nation's understanding of natural and man-induced climate processes, to relate knowledge of climate and its implications and effects to human welfare and the environment, and to respond more effectively to climate-induced problems. Climate fluctuations and change can have serious and disruptive effects on food production, water resources, energy use and other important human activities. An effective climate policy and program would help reduce the Nation's vulnerability to such disruptions.

BRIEF DESCRIPTION

Climatic conditions during the past two decades have been relatively mild, but more severe weather conditions in the last few years may be indicative of significant climate fluctuations and change in the future. Such changes would likely cause serious problems for the United States in a number of critical areas, such as food production, energy supplies, water resources, and maintenance of human health. The United States must be prepared to adapt to future climate fluctuations should they occur.

The objectives of the national climate program are: (1) to develop more reliable knowledge about climate and to improve the capability to forecast climatic change, (2) to organize more effectively the Federal Government's planning, management and budgeting functions for climate research and advisory services, and (3) to use existing and future climate information to determine the effect of climate change on agriculture, water, and other areas.

The program includes several elements: a comprehensive and coordinated program in basic and applied research; methods to improve climate forecasts on a monthly, seasonable, yearly, and longer basis; improved global data collection and climate monitoring activities; climate data and information dissemination systems; procedures to assess the effect of climate on agricultural production, energy use, water resources, transportation, human health and other sectors; measures for international cooperation; and mechanisms for intergovernmental climate-related research and services.

The President is directed to establish the national climate program and (1) to establish program priorities, (2) define the roles in the program of the various departments, agencies and offices, and (3) provide for program coordination.

The Secretary of the Department of Commerce is directed to establish a national climate program office. The office shall be responsible for administering the program. The program requires that a number of Federal agencies be involved and cooperate with the Secretary of Commerce in carrying out the provisions of the act. These departments and agencies include the Departments of Agriculture, Defense, Energy, Interior, State, and Transportation; the Environmental Protection Agency; the National Aeronautics and Space Administration; the Council on Environmental Quality; the National Science Foundation; and the Office of Science and Technology Policy.

The Secretary of Commerce is authorized to establish any necessary or appropriate advisory committees and interagency groups in carrying out responsibility under the act. The Secretary of Commerce and the Secretary of State shall be responsible for coordinating U.S. activities with those of other nations and provide U.S. representation at climate-related international meetings.

Certain specific activities are required under the bill: (1) program planning and budgeting, (2) an intergovernmental climate program, (3) experimental climate forecast centers, and (4) an annual report.

The act mandates the preparation of a national 5-year climate plan, with annual updates, for implementing the provisions of the act. This plan would include a statement of priorities among various elements of the program, responsibilities of the Federal agencies involved in the program, and program coordination. Each participating agency shall prepare an annual request for appropriations for the program. The Office of Management and Budget is directed to review the plan and request for appropriations as a coherent and integrated multiagency request.

The intergovernmental climate program provides that the Secretary of Commerce establish Federal /State cooperative activities in climate research and advisory services. The intergovernmental program includes applied research designed to meet State, regional and local needs, and an advisery

service to provide research results and information to individuals concerned with agricultural production, water resources, energy use and other sectors of the State and regional economy. The Secretary is authorized to make grants of up to 50 percent of the costs in any one year of research and services provided at the State or regional level. States or groups of States are required to develop their own climate program in order to obtain grants under the program. The Secretary is required to make grants available to States or groups of States on an equitable basis.

Experimental climate forecast centers are authorized for the purpose of directing research efforts toward improving the capability to forecast climate and weather on a monthly, seasonal and longer basis. This research effort is to complement the basic and applied research under the national program. The centers shall make climate forecasts on an experimental basis, insure that forecast efforts are appropriately reviewed, and guard against premature reliance on the experimental forecasts.

The Secretary of Commerce also is required to prepare and submit to the President and the authorizing committees of the Congress an annual report that outlines achievements of the Program during the previous fiscal year and describes and evaluates any difficulties encountered under the act.

The bill contains total authorizations for appropriations, in addition to any other funds otherwise authorized to Federal departments and agencies of $60 million and $75 million for fiscal years 1979 and 1980, respectively, to the Secretary of Commerce.

MARITIME AUTHORIZATIONS ACT, 1979

The Senate proceeded to consider the bill (S. 2553) a bill to authorize appropriations for the fiscal year 1979 for certain maritime programs of the Department of Commerce, and for other purposes, which had been reported from the Committee on Commerce, Science, and Transportation with amendments as follows:

On page 2, line 11, strike "$5,220,000" and insert "$5,370,000";

On page 3, beginning with line 3, insert the following:

SEC. 4. Section 1103(f) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1273(f)), is amended by striking out "7,000,000,000", and inserting in lieu thereof "$10,000,000,000".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Maritime Appropriation Authorization Act for Fiscal Year 1979".

SEC. 2. Funds are authorized to be appropriated without fiscal year limitation as the appropriation Act may provide for the use of the Department of Commerce, for the fiscal year 1979, as follows:

(1) For acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, not to exceed $157,000,000;

(2) For payment of obligations incurred for operating-differential subsidy, not to exceed $262,800,000;

(3) For expenses necessary for research and development activities, not to exceed $17,500,000;

(4) For maritime education and training expenses, not to exceed $22,483,000, including not to exceed $15,359,000 for maritime training at the Merchant Marine Academy at Kings Point, New York, $5,370,000 for financial assistance to State marine schools, and $1,904,000 for supplementary training courses authorized under section 216(c) of the Merchant Marine Act, 1936; and

(5) For operating expenses, not to exceed $34,845,000, including not to exceed $5,516,000 for reserve fleet expenses, and $29,329,000 for other operating expenses.

SEC. 3. There are authorized to be appropriated for the fiscal year 1979, in addition to the amounts authorized by section 2 of this Act, such additional supplemental amounts for the activities for which appropriations are authorized under section 2 of this Act, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, and for increased costs for public utilities, food service, and other expenses of the Merchant Marine Academy at Kings Point, New York.

SEC. 4. Section 1103(f) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1273(f)), is amended by striking out "$7,000,000,000", and inserting in lieu thereof "$10,000,000,000".

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–741), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE LEGISLATION

This legislation would authorize funding for the fiscal year 1979 of certain maritime programs of the Department of Commerce.

Section 209 of the Merchant Marine Act, 1936, provides that after December 31, 1967, there are authorized to be appropriated for certain maritime activities of the Department of Commerce only such sums as the Congress may specifically authorize by law. The bill thus authorizes appropriations for those activities listed in section 209 for which the administration propcses to seek appropriations.

For the first time, in accordance with the Maritime Appropriation Authorization Act for fiscal year 1978, the legislation would also authorize appropriations for the operating expenses of the Maritime Administration.

The requests in the bill as amended, for 1979 appropriations authority total $494,778,000.

The requests by activity are:

$517,000,000 for ship construction;

$262,800,000 for operating-differential subsidies;

$17,400,000 for research and development activities; and

$22,483,000 for maritime education and training expenses. This includes $15,359,000 for maritime training at the U.S. Merchant Marine Academy at Kings Point, N.Y., $5,370,000 for assistance to State marine schools, and $1,904,000 for supplementary training authorized under section 216(c) of the Merchant Marine Act, 1936; and, $34,845,000 for Maritime Administration operating expenses. This amount will provide $5,516,000 for the National Defense Reserve Fleet, and $29,329,000 for operating expenses related to the development and use of waterborne transportation systems and to general administration.

Added to that amount is $164,704,000 in carryover and deferral funds so that the program level for the Maritime Administration for fiscal year 1979 totals $659,332,000.

BACKGROUND AND NEED

Our national shipping policy is intended to establish and maintain a strong merchant fleet built and owned by American citizens, operated by American crews, and fully capable of serving our international economic, military, and political commitments under all foreseeable circumstances. It recognizes that even in times of peace, economic and political tensions and other unforeseen contingencies may seriously disrupt or distort traditional patterns of commercial intercourse on international trade routes. As such, it reflects the realization that an international power such as the United States cannot be dependent upon ocean transportation media owing allegiance to alien flags without threatening its national security.

The primary objective of the Maritime Administration and its programs therefore is to assure a strong U.S. merchant marine by promoting the U.S.-flag merchant marine and private shipbuilding industry in our country in times of peace and to insure the defense readiness of both in the event of war or other national emergency.

In the judgment of this committee, the money spent on the programs of the Maritime Administration is money wisely spent in the national interest.

According to one source, the United States is giving its maritime industry about $2.47 a year per capita in total assistance and aid through operating differential subsidy, construction differential subsidy, and financing assistance. Norway, on the other hand, gives assistance to its maritime industry equal to $78.86 per capita; Sweden spends about $15.90; and Great Britain gives $5.81 per capita in total assistance and aid.[1]

Our program to promote the U.S. merchant fleet is vital to the Nation's economy and security.

In recommending the instant legislation to accomplish this objective, however, the committee would be remiss if it failed to recognize the existence of other circumstances and policies which contradict and frustrate what S. 2553 is intended to achieve.

It makes no sense, logically or financially, as a Government to spend money to promote the merchant fleet on the one hand, and to permit practices in our trades which undermine and weaken the fleet on the other.

Hearings on S. 2553 were held on March 10, and the Assistant Secretary of Commerce for Maritime Affairs and five maritime industry witnesses testified in support of the authorization levels in the bill as essential for the Maritime Administration to carry out its statutory directives.

Industry witnesses also recommended an amendment which would raise the ceiling on the amount of indebtedness the Government could guarantee under the Federal ship financing program. (Title XI) from $7 billion to $10 billion.

JEAN LAFITTE NATIONAL HISTORICAL PARK AND PRESERVE

The Senate proceeded to consider the bill (S. 1829) to provide for the establishment of the Jean Lafitte National Historical Park in the State of Louisiana, and for other purposes which had been reported from the Committee on Energy and Natural Resources with an amendment to strike all after the enacting clause and insert the following:

[1] American Shipper, January 1978, p. 5.

That in order to preserve for the education, inspiration, and benefit of present and future generations significant examples of natural and historical resources of the Mississippi Delta region and to provide for their interpretation in such manner as to portray the development of cultural diversity in the region, there is authorized to be established in the State of Louisiana the Jean Lafitte National Historical Park and Preserve (hereinafter referred to as the "park"). The park shall consist of (1) the area of approximately twenty thousand acres generally depicted on the map entitled "Barataria Marsh Unit-Jean Lafitte National Historical Park and Preserve" numbered 90,000B and dated April 1978, which shall be on file and available for public inspection in the office of the National Park Service, Department of the Interior; (2) the area known as Big Oak Island; (3) an area or areas within the French Quarter section of the city of New Orleans as may be designated by the Secretary of the Interior for an interpretive and administrative facility; (4) the Chalmette National Historical Park; and (5) such additional natural, cultural, and historical resources in the French Quarter and Garden District of New Orleans, forts in the delta region, plantations, and Acadian towns and villages in the Saint Martinville area and such other areas and sites as are subject to cooperative agreements in accordance with the provisions of this Act.

SEC. 2. (a) Within the Barataria Marsh Unit the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to acquire not to exceed eight thousand acres of lands, waters, and interests therein (hereinafter referred to as the "core area"), as depicted on the map referred to in the first section of this Act, by donation, purchase with donated or appropriated funds, or exchange. The Secretary may also acquire by any of the foregoing methods such lands and interests therein, including leasehold interests, as he may designate in the French Quarter of New Orleans for development and operation as an interpretive and administrative facility. Lands, waters, and interests therein owned by the State of Louisiana or any political subdivision thereof may be acquired only by donation. In acquiring property pursuant to this Act, the Secretary may not acquire rights to oil and gas without the consent of the owner, but the exercise of such rights shall be subject to such regulations as the Secretary may promulgate in furtherance of the purposes of this Act.

(b) With respect to the lands, waters, and interests therein generally depicted as the "park protection zone" on the map referred to in the first section of this Act, the Secretary shall, no later than six months from the date of enactment of this Act, in consultation with the affected State and local units of government, develop a set of guidelines or criteria applicable to the use and development of properties within the park protection zone to be enacted and enforced by the State or local units of government.

(c) The purpose of any guideline developed pursuant to subsection (b) of this section shall be to preserve and protect the following values within the core area:

(1) fresh water drainage patterns from the park protection zone into the core area;

(2) vegetative cover;

(3) integrity of ecological and biological systems; and

(4) water and air quality.

(d) Where the State or local units of government deem it appropriate, they may cede to the Secretary, and the Secretary is authorized to accept, the power and authority to confect and enforce a program or set of rules pursuant to the guidelines established under subsection (b) of this section for the purpose of protecting the values described in subsection (c) of this section.

(e) The Secretary, upon the failure of the State or local units of government to enact rules pursuant to subsection (b) of this section or enforce such rules so as to protect the values enumerated in subsection (c) of this section, may acquire such lands, servitudes, or interests in lands within the park protection zone as he deems necessary to protect the values enumerated in subsection (c) of this section.

(f) The Secretary may revise the boundaries of the park protection zone, notwithstanding any other provision of law, to include or exclude properties, but only with the consent of Jefferson Parish.

SEC. 3. Within the Barataria Marsh Unit, the owner or owners of improved property used for noncommercial residential purposes on a year-round basis may, as a condition of the acquisition of such property by the Secretary, elect to retain a right of use and occupancy of such property for noncommercial residential purposes if, in the judgment of the Secretary, the continued use of such property for a limited period would not unduly interfere with the development or management of the park. Such right of use and occupancy may be either a period ending on the death of the owner or his spouse, whichever occurs first, or a term of not more than twenty-five years, at the election of the owner. Unless the property is donated, the Secretary shall pay to the owner the fair market value of the property less the fair market value of the right retained by the owner. Such right may be transferred or assigned and may be terminated by the Secretary, if he finds that the property is not used for noncommercial residential purposes, upon tender to the holder of the right an amount equal to the fair market value of the unexpired term. As used in this section, the term "improved property" means a single-family, year-round dwelling, the construction of which was begun before January 1, 1977, which serves as the owner's permanent place of abode at the time of its acquisition by the United States, together with not more than three acres of land on which the dwelling and appurtenant buildings are located which the Secretary finds is reasonably necessary for the owner's continued use and occupancy of the dwelling.

SEC. 4. In furtherance of the purposes of this Act, and after consultation with the Commission created by section 7 of this Act, the Secretary is authorized to enter into cooperative agreements with the owners of properties of natural, historical, or cultural significance, including but not limited to the resources described in paragraphs (1) through (5) of the first section of this Act, pursuant to which the Secretary may mark, interpret, restore, and/or provide technical assistance for the preservation and interpretation of such properties, and pursuant to which the Secretary may provide assistance including management services, program implementation, and incremental financial assistance in furtherance of the standards for administration of the park pursuant to section 6 of this Act. Such agreements shall contain, but need not be limited to, provisions that the Secretary, through the National Park Service, shall have the right of access at all reasonable times to all public portions of the property covered by such agreement for the purpose of conducting visitors through such properties and interpreting them to the public, and that no changes or alterations shall be made in such properties except by mutual agreement between the Secretary and the other parties to such agreements. The agreements may contain specific provisions which outline in detail the extent of the participation by the Secretary in the restoration, preservation, interpretation, and maintenance of such properties.

SEC. 5. Within the Barataria Marsh Unit, the Secretary shall permit hunting, fishing (including commercial fishing), and trapping in accordance with applicable Federal and State laws, except that within the core area and on those lands acquired by the Secretary pursuant to section 2(c) of this Act, he may designate zones where and establish periods when no hunting, fishing, or trapping shall be permitted for reasons of public safety. Except in emergencies, any regulations of the Secretary promulgated under this section shall be put into effect only after consultation with the appropriate fish and game agency of Louisiana.

SEC. 6. The Secretary shall establish the park by publication of a notice to that effect in the Federal Register at such time as he finds that, consistent with the general management plan referred to in section 8, sufficient lands and interests therein (i) have been acquired for interpretive and administrative facilities, (ii) are being protected in the core area, and (iii) have been made the subject of cooperative agreements pursuant to section 4. Pending such establishment and thereafter the Secretary shall administer the park in accordance with the provisions of this Act, the Act of August 25, 1916 (39 Stat. 535), the Act of August 21, 1935 (49 Stat. 666), and any other statutory authorities available to him for the conservation and management of natural, historical, and cultural resources.

SEC. 7. (a) There is established the Delta Region Preservation Commission (hereinafter referred to as the "Commission"), which shall consist of the following:

(1) two members appointed by the Governor of the State of Louisiana;

(2) two members appointed by the Secretary from recommendations submitted by the President of Jefferson Parish;

(3) two members appointed by the Secretary from recommendations submitted by the Jefferson Parish Council;

(4) two members appointed by the Secretary from recommendations submitted by the mayor of the city of New Orleans;

(5) one member appointed by the Secretary from recommendations submitted by the commercial fishing industry;

(6) three members appointed by the Secretary from recommendations submitted by the commercial fishing industry;

(7) one member appointed by the Chairman of the National Endowment for the Arts.

(b) Members of the Commission shall serve without compensation as such. The Secretary is authorized to pay the expenses reasonably incurred by the non-Federal members of the Commission in carrying out their duties.

(c) The function of the Commission shall be to assist and advise the Secretary in the selection of sites for inclusion in the park, in the development and implementation of a general management plan, and in the development and implementation of a comprehensive interpretive program of the natural, historic, and cultural resources of the region. The Commission shall inform interested members of the public, the State of Louisiana and its political subdivisions, and interested Federal agencies with respect to existing and proposed actions and programs having a material effect on the perpetuation of a high-quality natural and cultural environment in the delta region.

(d) the Commission shall act and advise by affirmative vote of a majority of its members: *Provided*, That any recommendation of the Commission that affects the use or development, or lack thereof, of property located solely within a single parish or municipality shall have the concurrence of a majority of the members appointed from recommendations submitted by such parish or municipality.

(e) The Directors of the Heritage Conservation and Recreation Service and the National Park Service shall serve as ex officio members of the Commission and provide

such staff support and technical services as may be necessary to carry out the functions of the Commission.

SEC. 8. (a) There is authorized to be appropriated, to carry out the provisions of this Act, not to exceed $50,000,000 from the Land and Water Conservation Fund for acquisition of lands, waters, and interests therein and such sums as necessary for the development of essential facilities: *Provided*, That no funds for the development of essential facilities shall be authorized prior to October 1, 1978.

(b) Within three years from the date of enactment of this Act, the Secretary, after consultation with the Commission, shall submit to the Committee on Interior and Insular Affairs of the House of Representatives, and the Committee on Energy and Natural Resources of the Senate a general management plan for the park indicating—

(1) transportation alternatives for public access to the park;

(2) the number of visitors and types of public use within the park which can be accommodated in accordance with the protection of its resources;

(3) the location and estimated cost of facilities deemed necessary to accommodate such visitors and uses; and

(4) a statement setting forth the actions which have been and should be taken to assure appropriate protection, interpretation, and management of the areas known as Big Oak Island and Couba Island.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

A bill to provide for the establishment of the Jean Lafitte National Historical Park and Preserve in the State of Louisiana, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–743), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of S. 1829, as ordered reported, is to establish the Jean Lafitte National Historical Park and Preserve in the State of Louisiana. The park would be patterned after the "satellite" concept developed in recent years for the designation of several national parks in or near urban areas. Rather than comprising a single unit, the Jean Lafitte National Historical Park and Preserve would consist of several distinct elements, which taken together, represent the rich historical, natural and cultural resources of the Mississippi Delta Region. The Jean Lafitte Park and Preserve, as ordered reported, would include the following:

(a) A 20,000-acre Barataria Marsh Unit consisting of an 8,000-acre core area and a 12,000-acre park protection zone;

(b) French Quarter interpretative and administrative facilities;

(c) Big Oak Island;

(d) Chalmette National Historical Park; and

(e) Subject to cooperative agreements, additional natural, cultural and historical properties in and around the city of New Orleans and surrounding parishes.

BACKGROUND AND NEED

The Delta Region of Louisiana possesses a blend of cultural and natural elements justifiably termed unique. This region of Louisiana encompasses approximately 8,900 square miles of land, water, and marsh—an area about the size of the State of Massachusetts. The region is characterized by verdant lushness and a semi-solid landform which reflect the natural evolution of a delta interacting with scattered human settlements and a major metropolitan center. Within this area. French, Spanish, Anglo-American, Irish, German, Black, Indian and Latin-American cultures have been fused into a whole while retaining the best features of each.

These cultural remnants are manifested in the area's ethnic composition, lifeways, and traditions. They are expressed too in geographical and manmade features; for example, this delta, bayous, marshes, forts, plantations, homes, churches, and public places. The national significance of many individual properties in and around the New Orleans area has been established through their designation as national historic landmarks. Although most of them are in good hands and accessible to the public to varying degrees, their preservation and public appreciation could be significantly enhanced by National Park Service coordination and assistance.

The committee feels that the preservation and interpretation of the marsh area and related sites will provide future recreation and educational opportunities for the people in and around the New Orleans area as well as visitors to the area.

LEGISLATIVE HISTORY

A Jean Lafitte National Park proposal was first introduced in the Senate by Senator Johnston on June 10, 1976. Field hearings were held by the Subcommittee on Parks and Recreation in Gretna, La., on December 6, 1976, but no further action was taken during the 94th Congress. Senator Johnston reintroduced the proposal as S. 1829 on July 11, 1977. The subcommittee conducted another hearing in Gretna on December 17, 1977, and an additional hearing in Washington, D.C. on February 3, 1978.

CHANGE IN ORDERS FOR RECOGNITION OF SENATORS

Mr. ROBERT C. BYRD. Mr. President, do we have any special orders for recognition of Senators on tomorrow?

The PRESIDING OFFICER. No.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I believe there are four special orders for Thursday, they being for the recognition of Messrs. JAVITS, PERCY, STAFFORD, and MATHIAS. I ask unanimous consent that those orders be transferred to Wednesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, we cannot start them at 10 a.m. That request has been made. It depends upon what progress the Senate is making at that time. So I am not going to ask at this time that we begin those orders at 10 o'clock. It may be that we will have to agree to begin them at 9, depending on the progress in the meantime.

So I suggest that the Senators be advised accordingly.

ORDER FOR RECOGNITION OF SENATOR MARK O. HATFIELD AND SENATOR STEVENS ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senator MARK O. HATFIELD and Senator STEVENS be recognized on tomorrow, each for not to exceed 15 minutes, after the prayer.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF THE BUDGET RESOLUTION ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of Senator MARK O. HATFIELD and Senator STEVENS on tomorrow, the Senate resume consideration of the Budget Resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF AMENDMENT BY SENATOR McGOVERN ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate resumes consideration of the Congressional Budget Resolution tomorrow, Mr. McGOVERN's amendment be made pending at that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 a.m. tomorrow morning.

The motion was agreed to; and at 5:30 p.m., the Senate recessed until Tuesday, April 25, 1978, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate April 24, 1978:

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

Kenneth M. Curtis, of Maine, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada, vice Victor L. Smith, resigned.

THE JUDICIARY

Adrian G. Duplantier, of Louisiana, to be United States District Judge for the Eastern District of Louisiana, vice R. Blake West, deceased.

DEPARTMENT OF JUSTICE

George H. Lowe, of New York, to be United States Attorney for the Northern District of New York for the term of four years, vice James M. Sullivan, Jr., resigned.

IN THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the National Oceanic and Atmospheric Administration:

To be lieutenants

Joseph G. Gofus III
Ted I. Lillestolen
Mark F. Sullivan
John C. Osborn, Jr.
Alan R. Bunn
Maureen R. Kenny
John M. Tokar
Edward M. Clark, Jr.
David L. Gardner
Robert G. Mann
Roger L. Parsons
Michael J. Kretsch
Bryce M. Scott
Kent A. Doggett
Kenneth G. Vadnais
Warren T. Dewhurst
Neal G. Millett
Dean L. Smehil
Stanton M. Ramsey
James F. McGough, Jr.
Hubert M. Kirch
George E. Leigh
Michael S. Sagalow
David K. Howard
William W. Pearson II
Virginia E. Newell
David M. Goodrich
John C. Person
Donald R. Rice
Patrick J. Rutten
Charles E. Gross
Gerald E. Wheaton

To be lieutenant (junior grade)

Gary M. Barone

To be ensigns

Lyman M. C. Burk, Jr.
John C. Clary III
Peter M. Connors
Federico R. Diaz
Daniel R. Herlihy
Paul S. Morton
Timothy A. Peasley
Wayne E. Porter
Jay T. Rodstein
Andrew N. Shepard, Jr.
Elizabeth A. Van Etten
Arthur W. Wenderoth
Charles I. Zigelman

IN THE NAVY

The following-named commanders of the reserve of the U.S. Navy for permanent promotion in the grade of commander in the line and staff corps, as indicated, pursuant to title 10, United States Code, section 5911, subject to qualifications therefore as provided by law:

LINE

Abel, Rudolph, Jr.
Abeyta, Alfredo L.
Abrell, Gary A.
Abreu, Norman H.
Acquilano, Rocco D.
Adams, David A.
Adams, James D.
Adams, Richard F., Jr.
Adams, Stanford M.
Adorno, Arnaldo
Aimone, Robert J.
Alafetich, Jack M.
Alberse, Peter T.
Albin, Robert L., Jr.
Alkema, Andrew G.
Alker, Paul B.
Alkov, Francis L.
All, Kenneth O.
Allan, Alexander J.
Allan, Andrew S., III
Allard, Dean C., Jr.
Allen, Arnold C.
Allen, Dennis K.
Allen, Frederick S., Jr.
Allen, Martyn A.
Allen, Richard E.
Allen, Robert C., Jr.
Allison, Donald L.
Allison, Gene L.
Altsman, Robert J., Jr.
Alvick, Roy E.
Ambrose, Michael J.
Ambrose, Robert C.
Ames, Robert S.
Amick, Neal J.
Ammerman, Hugh T., Jr.
Anderson, Alan A.
Anderson, Charles D.
Anderson, Charles D.
Anderson, Harold E.
Anderson, Larry G.
Anderson, Robert M.
Anderson, Roland B.
Anderson, William W.
Andre, William A.
Andrus, Frederick H.
Andrus, Roger D.
Antonio, Robert J.
Archibald, Robert E., Jr.
Ardleigh, Paul D.
Arens, Stewart S.
Armes, Donald S.
Armstrong, Daniel L., III
Armstrong, Fred G., Jr.
Armstrong, Melvin R.
Arseneault, Walter A.
Arthur, Paul K.
Ascherl, John L.
Ashbaugh, Charles I.
Atkinson, Ernest R.
Atkisson, Robert D., Jr.
Atwood, Alan F.
Auborn, James J.
Augenstein, John E.
Augustine, William D.
Aulenbach, Glen L.
Austraw, James D.
Averitt, Raymond V.
Avignone, Frank T., III
Avila, Philip F.
Ayers, Robert J.
Ayscue, Billy N.
Babcock, Richard B.
Babis, Robert E.
Bachman, Richard C., Jr.
Backer, John M.
Backman, John R.
Bailey, Charles E., Jr.
Bailey, James G.
Baker, Arthur J., III
Baker, Forrest L.
Baker, Frank J.
Baker, Herbert N., Jr.
Baker, James R.
Baker, William E.
Bakula, William J., Jr.
Balderston, Kenneth K.
Baldes, Joseph J.
Baldwin, Donald R.
Baldwin, George L.
Baldwin, John G.
Balog, Julius, Jr.
Balunek, Adelbert A.
Banks, Otis G.
Bannan, Edward K.
Bardel, Donald L.
Barker, Brian H.
Barker, James E.
Barkman, Paul E.
Barnes, Thomas L.
Barnum, Daniel B.
Barrett, Curtis L., Jr.
Barrett, Gary T.
Barrett, Stephen P., Jr.
Barsanti, Adolph J.
Barsness, John G.
Bartell, Ronald
Bartholf, Robert G.
Bartlett, John B.
Barton, Alexander J.
Baskin, Walter H.
Bass, Arthur D.
Batchelor, Jon D.
Batt, David B.
Batts, Charles J.
Baublitz, John E.
Bauer, Douglas C.
Baxter, George W.
Bay, Barton H.
Baynes, Gerald T.
Beakschi, Peter F. M., III
Beam, Henry H.
Beatty, Robert P.
Beavins, Robert C.
Bechtel, Richard N.
Becker, Paul W.
Becker, Robert E.
Becket, Joseph M., III
Beckman, John D.
Bedard, Gerald F.
Beers, Frank W.
Beesburg, Robert Y.
Beesley, Norman L.
Begin, Donald R.
Beidleman, Wynn H.
Beishline, Richard R.
Bell, Jerrold M.
Bell, Raleigh V.
Bell, Richard H.
Bell, Ronald I.
Bellino, Joseph M.
Belperain, Lloyd G.
Belt, William W.
Beltrami, Albert P.
Belyea, Ivan L.
Bendel, James D.
Benham, James T.
Bennett, Alfred A.
Bennett, Robert F.
Bennett, William D.
Bennington, William J.
Benson, Leo, III
Bentley, Johnny E.
Bentz, Alan E.
Berg, Peter E.
Bergert, Frederick L.
Begert, James W.
Bergquist, John C.
Berlandi, Francis J.
Bernard, Francis X.
Bernardo, Albert L.
Best, John W., Jr.
Best, Walter C.
Betts, Fred R.
Bewley, Jack D.
Beyer, Robert H.
Beyette, Thomas K.
Bidwell, John B.
Bigger, Gene W., Jr.
Biggers, James C.
Biggs, Robert S.
Bigsby, Charles F.
Billings, Henry C. W.
Billington, Murray R.
Bingham, Tad H.
Bingham, William H.
Bird, Walter R.
Birgeles, Joseph J.
Birkner, Robert O.
Bisbey, John E.
Bishop, Jerrold K.
Biss, Joseph E.
Bitting, Robert A.
Bittle, Lehner K.
Biwer, Robert A.
Black, Bruce A.
Black, Donald A.
Blados, Walter R.
Blair, John E.
Blair, Ronald E.
Blalock, Leonard K.
Blankenship, Upton D.
Blanton, Eugene W.
Blanz, Charles D.
Blasi, Donald T.
Blatus, Richard J.
Block, Albert E., Jr.
Block, John A.
Blomgren, Harry L.
Bloodworth, Gerald B.
Bloore, John L.
Blunt, William G.
Boaz, David M.
Bobrick, Edward A.
Boch, Ronald V.
Bock, Joseph G., Jr.
Bodmer, James R.
Boettcher, Thomas C.
Bogar, Norman J.
Bogert, John A.
Bogle, Robert J.
Bonham, Charlton H., III
Bonn, Richard I.
Bonnema, Norman G.
Bonwell, Charles C.
Booher, Timothy
Boone, David V.
Boosman, Jaap W.
Booye, Robert J.
Bordenkircher, Charles E.
Bottom, Dale C.
Boughton, Harold G.
Bourgeois, Gerald P.
Bourke, Robert H.
Bourland, David L.
Bowles, Howard A., Jr.
Bowman, John L.
Bowser, John V.
Bowser, Peter A.
Boyd, Richard R.
Boykin, Milton L.
Boyle, Thomas J.
Boynton, Robert T.
Boynton, Russell F.
Braden, Frank E.
Bradish, Steven D.
Bradshaw, John P., Jr.
Brakke, Bernhard A.
Bramble, Arthur W.
Brand, Walter N., III
Branning, Delos J., Jr.
Brant, Joseph W.
Braswell, Joel H.
Braun, John C., Jr.
Braunlich, William E.
Breeze, Harrel R.
Breiten, Oscar A., Jr.
Breithaupt, Paul D.
Brenner, Marc A.
Brewer, Ernest C.
Brewster, Thomas P.
Brideson, John K.
Brinn, Ronald C.
Brisack, Philip R.
Brockman, John L., Jr.
Brockway, David M., Jr.
Brockway, Edwards L.
Bromwell, Kent S.
Brooke, James F., III
Brooks, Andrew D., Jr.
Brooks, Billy C.
Brouwer, Dirk V.
Brow, John J.
Brown, Edward A.
Brown, James H.
Brown, Richard A.
Brown, Robert S.
Brown, Thomas R.
Browne, Henry W., Jr.
Brownlee, James L., Jr.
Bruce, Walter E., Jr.
Bruemmer, Jerry L.
Brunnworth, Rolland H.
Bryan, William A.
Bryan, William E.
Bryant, Leon D.
Buchanan, David G.
Budat, Donald M.
Buell, Byron "W"
Buelow, Thomas W.
Buford, Manville T., III
Bugg, William A., Jr.
Bugler, Winfred H.
Bulow, Harland C.
Bundy, Bobby F.
Bunn, Donald B.
Burchfield, Nejel
Burgdorf, Otto, Jr.
Burger, Francis J., III
Burgess, John
Burk, Robert W.
Burkart, Melvin G.
Burke, Joseph P.
Burke, Patrick J.
Burke, Paul E., Jr.
Burke, Raymond C.
Burmester, Raymond F.
Burnett, Donathan
Burns, Kenneth F.
Burns, Robert N.
Burridge, Geoorge D.
Burroughs, Robert P.
Burrud, Richard J.
Busch, Joseph H., Jr.
Busch, Kenneth L.
Bush, Gregory G.
Buxton, Joseph T., III
Buxton, Richard L.
Byrd, David G.
Byrne, Robert A.
Cahill, Theodore K.
Cajski, Thomas A.
Caldwell, William T.
Calhoon, Theodore H.
Callan, James R.
Calligan, Christopher C.
Camp, Carl R., Jr.
Campbell, Colin C.
Campbell, George R.
Campbell, Richard B.
Campbell, Thomas H.
Cannon, Harry D.
Cannon, Leo J.
Cant, Geoffrey D.
Cantrell, William A.
Cantus, Howard H.
Caponi, Elso R.
Cappabianca, Domenic R.
Cardenas, Carlos G.
Carlisle, Sanford K., Jr.
Carlo, James N.
Carlson, Frederick P.
Carlson, John W.
Carr, Jay C.
Carr, Paul B.
Carr, Richard W.
Carr, William K.
Carrico, James E.
Carter, James E.
Carter, James W.
Carter, Jere S.
Carter, Malcom K., Jr.
Carter, Paul A.
Castor, John R.
Caton, Robert L.
Cecere, Anthony M.
Centodocati, Anthony A.
Chamberlain, George A.
Chamberlain, Richard J., Jr.
Champeon, Douglas L.
Chapman, Craig B.
Chapman, Paul W.
Chappell, Clarence J., III
Chase, Jon G.
Chatt, Rodrick H.
Chigos, David K.
Ching, Stephen T. T. K. I.
Chisum, William R.
Chop, Raymond E.
Christensen, Claude H.
Christie, Duane L.
Christopherson, Allen E.
Churchill, William B.
Churdar, John B.
Cistrano, John J.
Clancy, Robert A.
Clark, George G.
Clark, James F.
Clark, James M.
Clark, John E.
Clark, Ralph W.
Clark, William B.
Clark, William E.
Clarke, Brandon O.
Clarke, Charles E., Jr.
Clements, Robert F.
Clendenon, Claude E.
Clouse, Charles E.
Coates, John, Jr.
Cobb, Joseph K.
Coburn, George H.
Cockelreas, Charles E.
Coffey, John J.
Cohn, Peter S.
Cole, Bertram D., III
Cole, Jerry L.
Cole, Robert J.
Collins, Everett F., Jr.
Collins, Thomas E.
Collins, William A.
Colton, William S.
Colver, John F.
Colvin, John P.
Colwell, Samuel C., III
Combs, Charles E.
Commins, William J.
Compardo, James R.
Conklin, Dwight E.
Conklin, John B.
Conlin, George B.
Connell, James G., Jr.
Conner, Steven E.
Conrady, Raymond F.
Conte, John C.
Cook, Arthur G.
Cook, Ben C.
Cook, Richard A.
Cook, William C.
Coolican, Donald J.
Coomer, Lesley B., Jr.
Coonrod, Donald H.
Cooper, Jerry A.
Cooper, Richard M.
Corboy, Thomas S.
Cornforth, Clarence M
Cortelyou, Robert J.
Cota, Charles D.
Coughlan, George R., III
Coughlin, Daniel T., Jr.
Coughlin, Joseph A., Jr.

Courneya, Thomas E.
Cox, Larry G.
Cox, Mack M.
Coyle, Francis X.
Craddock, Thomas A.
Craig, Charles E.
Crais, Henry R.
Cram, Kenneth R.
Crawford, Forrest S.
Crawford, John C., III
Crownover, James E., Jr.
Crowther, Douglas A.
Cuccio, Michael V.
Culp, Melvin F.
Cunningham, Glenn J.
Currie, Robert E.
Curtis, Philip N.
Curtis, Richard A.
Curtis, William H.
Cutliffe, John N.
Cutting, Guy D.
Cyr, Charles R.
Dabbs, Sidney C.
Dalbey, Ralph J., Jr.
Dale, Donald M.
Dalessio, Robert M.
Daley, Joseph M., Jr.
Daly, Bruce D.
Damm, Bruce A.
Danby, Charles E.
Daniel, Troy E.
Daniels, Richard O.
Danley, Warren H.
Darr, Ralph M.
Davenport, Frank G.
Davidson, Barrett K.
Davies, William
Davis, Charles S., III
Davis, Dewitt, IV
Davis, James D.
Davis, Jerry S.
Davis, John B.
Davis, Lloyd J.
Dawson, Herbert C.
Day, John M.
Dearth, Andrew H.
Deas, William J., III
Debay, Orian
Degraw, William R.
Delaune, Clarence R.
Delgado, Rene, Jr.
Deloach, Robert D.
Delprincipe, Ronald F.
Delude, Howard D.
Demeo, Edward A.
Dempsey, Brian
Dennis, Dwight L., Jr.
Dennis, John P., Jr.
Dennis, Lester J.
Dennison, Thomas W.
Denson, Dale H.
Dent, Joseph B., Jr.
Despasquale, Peter J.
Depew, John N.
Depirro, Michael J.
Derr, John F.
Derr, Thomas A.
Desjardins, Charles R.
Dethomas, Joseph, III
Devalcourt, Carol C.
Deveau, Roger L.
Devincenzi, Ronald D.
Dewyer, William L., III
Diamond, Kent "J"
Dick, Calvin R.
Dickens, John W.
Dickey, Glen L.
Dickey, Robert C.
Dickson, Charles H.
Dieckhoff, Philip H.
Diehl, Russell C., Jr.
Dietschweiler, Leon E.
Dighton, Anthony E., Jr.
Dillon, Martin C.
Dillon, Ronald L.
Dimsdale, William
Dinge, Carl F.
Dipalma, Mario
Dirksen, John V.
Dismukes, Newton B., Jr.
Ditchey, Robert L.
Dittrick, Alfred S.
Dixon, William H.
Dobson, Percival D. G.
Douge, Douglas D.
Dolan, Peter B.
Dolbeare, Robert L.
Dombrowski, Chester J.
Dommers, Richard W.
Donevant, Jerry A.
Donnell, Robert E.
Donnelly, Michael J.
Donnelly, William J., Jr.
Donovan, Daniel J., Jr.
Doran, David J.
Dorman, Marshall L., Jr.
Dorsey, Joseph C.
Doty, Kenneth G.
Doughty, Arthur R., Jr.
Douglas, James G.
Dowd, John E., Jr.
Dower, John J.
Downard, William E.
Downing, Robert E.
Doxey, Samuel G.
Doyel, Marion L.
Doyle, Charles A.
Drake, Robert L.
Draney, Jerald L.
Draper, John A.
Dressel, Henry F.
Dresser, George B.
Driesen, Jeffrey M.
Driver, Donald E.
Droese, Karl E., Jr
Drotleff, William C., Jr.
Drumm, Thomas F., Jr.
Drummond, Richard C.
Dubs, Theodore B.
Duffield, Don F.
Duffy, Charles J.
Duggan, Edward H., Jr.
Dulin, Robert O., Jr.
Duncan, Donald G.
Duncan, Hugh C.
Dunham, Edward M., Jr.
Durbin, Gerald T.
Durling, Allen E.
Durocher, William T.
Dutton, William M.
Duxbury, Richard B.
Dyer, Garrett M.
Dyer, Gerald R.
Dyke, David W.
Dykema, Owen W.
Eade, Robert M.
Eades, Glenn B.
Earle, Ronald L., Jr.
Eastham, Clarence S., Jr.
Ebbs, James G.
Ebel, Frederick W.
Eddy, Ronald E.
Edgar, Bobby G.
Edgar, John B.
Edwards, Colvin M.
Edwards, James D., III
Edwards, Warren E.
Eichenbaum, Harold, Jr.
Eichler, William L.
Eichorn, Robert R.
Eizen, Sheldon D.
Ellett, Frank T.
Elliott, Norman S., Jr.
Ellis, Donald D.
Ellis, Howard B., III
Elsner, Norbert B.
Embree, Frank G.
Embry, John H.
Emerick, Robert H.
Emerson, Richard E.
Emery, Richard L.
Emmons, Francis A.
Enderson, Laurence W., Jr.
Engel, Gary L.
English, Robert J.
Enright, Marc E.
Ergle, Thomas S.
Ericksen, Grover G.
Esco, David D., Jr.
Espenmiller, Allen R.
Essary, Wilburn D.
Esslinger, Jon H.
Estey, David W.
Estrin, Sherwin
Evans, Homer D.
Evans, John C.
Evans, Robert B.
Evans, Robert D.
Evans, William L.
Evatt, Harmon P.
Everman, Jerry D.
Fagerson, Robert J.
Fahey, John P.
Fairley, Carl R.
Falck, Henry J.
Falco, James F.
Farrell, Gerard D.
Fasano, Vincent P.
Faure, Joseph, Jr.
Favrot, Richmond G.
Fawthrop, Roland P., Jr.
Fay, Edward D., Jr.
Feeney, James F.
Feld, Gerald A.
Fellman, Paul R.
Ferguson, Charles E.
Ferguson, Earl A.
Ferguson, Malcolm M., Jr.
Ferrara, John J.
Ferrera, John J.
Ferris, Edward
Fidler, Paul P.
Fidler, William K.
Fields, Walter S., III
Finerty, Gary T.
Finley, Robert H.
Finnes, Roger G.
Finney, Robert G.
Fischer, Harry L.
Fishburn, Thomas F.
Fitzgerald, George M.
Fitzgerald, Richard S.
Flagg, Wilson F.
Fleming, Garwin K.
Fleming, Robert W.
Flodman, William C.
Flohr, Robert B.
Florio, Anthony W.
Flynn, Harry F.
Flynn, Henry M., Jr.
Flynn, Martin R.
Flynn, Richard P.
Flynn, Robert W.
Foley, Carl O.
Foley, Dennis J.
Foley, Michael T.
Foley, Robert J.
Foltz, Peter C.
Ford, John W.
Ford, Preston W., Jr.
Ford, Thomas C.
Fore, William D.
Forney, Paul B., Jr.
Forrest, "L" Albert, Jr.
Forslund, Robert A.
Forsythe, William D., Jr.
Fort, Thomas H.
Fossedal, Donald E.
Fossell, Ronald G.
Foster, George O., Jr.
Foster, Theodore D.
Foster, William L.
Foster, William L., Jr.
Fowler, Carlo S.
Fowler, Eugene F., Jr.
Fox, John F.
Fox, Kenneth J., Jr.
Fox, Merle T.
Francis, Paul E.
Frank, Kenneth D.
Franklin, David C.
Franklin, John D.
Franklin, Larry B.
Franks, Frederick B., III
Frazier, Ross A.
Frederick, Paul E.
Freeley, Edward D.
Frick, Alvin F.
Frick, Bill L.,
Fricke, Hans W.
Friedman, Leslie H.
Friedman, Ronald S.
Frizzell, George E.
Froelich, Bernard J., Jr.
Frye, David B.
Fuller, Brooks, Jr.
Fuller, Gran F.
Gable, Carl F., Jr.
Gagen, Michael H.
Galamaga, Donald P.
Gallagher, Connell J.
Gallagher, Eugene J.
Gallagher, Robert J.
Gallaher, Edward J., III
Gallo, John J., Jr.
Galuppo, Lawrence J.
Gandia, August N., Jr.
Gann, James W., Jr.
Gardenier, John S., II
Gardner, Chester R.
Gardner, John E., Jr.
Garrett, Roger A.
Garrett, Thomas C.
Garrido, Donald P.
Garton, Ronald R.
Gashler, Daniel H.
Gasper, Charles A.
Gauld, Edwin S.
Gauntlett, James F.
Gause, Gadsden S.
Gay, Daniel J., III
Geenen, William H.
Gehman, Thomas E.
George, Willard E.
Gerboth, Don M.
Gerdes, Walter H.
Gere, William B.
Geronime, Lee J.
Gerosa, Vincent C.
Gerosa, William A.
Ghiradella, Ronald J.
Gibbs, David L.
Gick, Robert P.
Gifford, Laurence S.
Gilbert, William C.
Gilbertson, Gilbert O.
Gilbertson, Roger G.
Gill, Henry A., Jr.
Gillespie, Richard I.
Gilliam, Coogie C., Jr.
Gillies, Donald C.
Gillio, David A.
Gillis, Dana G.
Gilmer, David S.
Glatzer, Maurice
Glawe, Paul A.
Glenn, Robert C.
Gnaedinger, Wallace R.
Gniffke, Bruce A.
Goble, Robin P.
Godshall, Douglas R.
Goehl, Kenneth E.
Goggin, William G.
Goldstein, Robert M.
Gomez, Francis A.
Gooch, Tarrant A.
Good, Edwin M.
Goodman, Grayson A.
Goodwin, Don F.
Goodwin, William
Goorjian, Paul M.
Gordon, James A., Jr.
Gordon, Samuel J.
Gore, Alfred M.
Gorena, Rolando R.
Gorman, Lanny R.
Gorman, Timothy L.
Gorzelnik, Stanley V.
Gosda, Gary L.
Graham, Albert E., Jr.
Graham, Andrew R.
Graham, Billy D.
Graham, David K.
Granneman, Gary A.
Grapsy, Ronald P.
Graska, Theodore W., Jr.
Grasso, Dominic J.
Gravagna, Angelo F.
Gravel, Arthur J.
Gray, James S.
Graymer, Leroy E.
Grebe, Leslie E.
Greenberg, Samuel J.
Green, William E.
Greenlee, Wilfred M.
Greenwood, James S.
Greer, Charles R.
Greer, Glynn R.
Greeves, Robert E.
Gregory, George M., Jr.
Gregory, Herbert W.
Greiner, Donald J.
Grettum, Donald K.
Grevstad, Bennard I.
Grey, Barry W.
Grieco, Joseph P.
Griessel, Rodger F.
Griffith, John F.
Griffith, Robert E.
Griggs, Stanley D.
Grimson, James A.
Grocki, Chester J.
Groepler, Neil F.
Grosheider, Arthur R.
Gross, Omer S., Jr.
Groth, Roger P.
Guderian, William, Jr.
Guenter, Gordon E.
Guillette, Robert
Gunderson, Robert C.
Gustafson, Donald C.
Guthrie, Wallace N., Jr.
Habermas, Thomas W.
Hacala, Martin J.
Hackenberg, Richard B.
Hackett, Vincent T.
Hagan, Kenneth J.
Hager, Robert M.
Hahn, Carl G.
Hahn, Peter W.
Hahn, Richard C.
Hairston, Waller S.
Hakala, Jack W.
Haldeman, John S.
Halferty, Richard L.
Hall, Arthur H.
Hall, Charles E.
Hall, Daniel B., Jr.
Hall, Gerald A.
Hall, Kenneth T., Jr.
Hall, Lawrence J.
Hall, Robert R.
Hall, Roy B.
Hall, Wallace H.
Halloran, John F.
Halsey, Maurice E.
Hamilton, Frank P.
Hamilton, John E.
Hamilton, Robert C.
Hammond, Edward P., III
Handler, Bruce H.
Hanke, Harold W.
Hannah, Floyd L.
Hanrahan, Donald J.
Hansen, Richard A.
Harada, Kikuo
Harcos, Kermit A., Jr.
Hardesty, William H., III
Harding, Francis A., Jr.
Harding, William C.
Hardt, Dan A., II
Hargadon, Edward W.
Harkness, Daniel H., Jr.
Harmon, George P. W.
Harper, Bruce G.
Harrell, David M.
Harris, Ezra R.
Harris, Ronald L.
Harrison, Peter B.
Harrison, William L.
Harrod, James W.
Harryman, Carrel R.
Hart, Harold J., Jr.
Hart, Irving H., III
Hart, Vernon D.
Hartley, James W.
Hartman, Donald L.
Hartman, Harvey L.
Harvey, William L.
Haslim, Leonard A.
Haueter, Herbert B.
Haug, Shain B.
Hause, Rusel C.
Hawk, Richard S.
Hawkins, William F.
Hawks, Donald R.
Haworth, Charles T.
Hayes, Arthur A.
Hayes, William A.
Haynes, Terry K.
Hays, Russell O.
Heacock, Louis W.
Heasley, Allen D.
Heavey, James L.
Hedrich, David R.
Hegner, Casper F., II
Heimerdinger, Walter L.
Heisel, Lawrence L.
Held, John N.
Helip, Donald L.
Helland, Paul A. S.
Heller, Frank A., Jr.
Hellewell, Martin S.
Helweg, Otto J.
Henkel, Elmer T.
Henry, James R.
Henshaw, Lawrence K.
Hensley, George L., Jr.
Herbein, John G.
Herbert, Frank R.
Herman, Peter E.
Herman, Richard M.
Herr, James F.
Herr, Richard K.
Herrick, Richard E.
Herring, Benjamin C., Jr.
Hervey, John C.
Heslar, Fred G.
Heyck, Joseph G., Jr.
Heydon, Linus W., Jr.
Heyward, Cabell C.
Hickok, William G.
Hicks, Charles D.
Hicks, Gerald F.
Higman, Darrell E.
Hilf, Paul T.
Hilinski, Richard R.
Hill, A. Jackson
Hill, David G.
Hill, Joe D.
Hill, John D.
Hill, Terrance G.
Hills, Chester I., Jr.
Hinson, Bruce H.
Hipp, Robert M.
Hoak, Frank M., III
Hobokan, Andrew
Hoch, Robert G., Jr.

James, Edward B., Jr.
Hockett, Harold L.
Hodge, Don W.
Hoel, Willard R.
Hoff, Richard W.
Hoff, Walter M.
Hoffler, Marvin L.
Hoffman, Charles E., Jr.
Hogan, Earl A., Jr.
Hogan, William P.
Holland, Charles E., Jr.
Hollenbach, Roger C.
Hollmer, Alvin
Holloway, Richard E.
Holly, Russell D.
Holmes, James F.
Holmes, Milburn J.
Holubec, Ray A.
Hood, William S., Jr.
Hoogenboom, Robert L.
Hooper, Charles E.
Hooper, Frank R.
Hopfe, Manfred W.
Hopkins, David H., Jr.
Hoppe, Gary H.
Hopper, Hugh R.
Horan, John J.
Horlacher, Stephen L.
Horn, James W.
Horner, George R.
Horner, John B.
Horsman, Oliver W.
Houtz, Leroy C.
Howe, Robert R.
Howlett, Frederick J.
Hubbs, David A.
Huey, Victor B., Jr.
Huff, Stanley R.
Huggins, Bobby W.
Hughes, Arthur L.
Hughes, Faust F., Jr.
Hughes, William R.
Hulley, William P.
Hulse, Robert C.
Humphreys, Luther W., Jr.
Hungarland, John D., Jr.
Hungerford, William P.
Hunt, Alan G.
Hunt, Joe M.
Hunter, Everett N.
Hunter, Gilbert R.
Hurley, James G.
Hurst, Daniel S.
Hurt, Clarence M.
Huston, Donald B.
Hutchins, James R.
Hutchinson, Fred A.
Hutchinson, Samuel F.
Hutchison, Claude B., Jr.
Hutchison, David B.
Hutchko, Alvan J.
Hutton, Robert G.
Hyde, Richard C.
Hyman, Theodore K.
Hyndman, Harry L.
Indiviglia, Salvatore J.
Ingram, Charles R.
Ingram, Houston G.
Interian, Alfred F.
Ireland, Richard J.
Irving, Willard A., III
Irwin, Thomas C.
Ishol, Lyle M.
Isquith, David A.
Ivans, Garvin J.
Jacksonis, Michael J.
Jackson, Donald G.
Jackson, Robert W., Jr.
Jacobs, Kenneth W.
Jaeger, Boi J.
James, Jon G.
Jamison, Lyle C.
Jancuski, John
Janes, David A.
Janes, Gregory H.
Jarchow, John H.
Jarema, Frank E.
Jarmer, Elwood R.
Jaroszewski, Milroy R.
Jeffery, Samuel D.
Jenkins, Wallace T.
Jennings, George R.
Jennings, Robert W., Jr.
Jensen, Richard A.
Jetton, Thomas C.
John, Joseph R.
Johnson, Charles D.
Johnson, Clinton B.
Johnson, Donald L.
Johnson, Donn R.
Johnson, Edward L.
Johnson, James F.
Johnson, Paul W., Jr.
Johnson, Robert A.
Johnson, Stephen J.
Johnston, Douglas M., Jr.
Johnston, Francis X., III
Jokanovich, Peter
Jones, Charles R.
Jones, George C.
Jones, Louis E.
Jordan, Alexander J., Jr.
Jordan, Jonathan H.
Jordan, Kenneth L.
Jory, Jerrold G.
Joseph, John B.
Joslin, Ivan L.
Juda, Richard J.
Juergens, Kenneth C.
Julian, Ronald H.
Kadingo, Edward P.
Kale, Stephen H.
Kalil, Charles J.
Kamberos, Louis S.
Karg, James L.
Karger, Ernest W.
Karlsen, Gustav E.
Karlson, Edward S.
Kass, Matthew A.
Katilus, George J., Jr.
Kauffman, William A.
Kay, Robert P.
Keane, John T.
Keck, William D.
Kee, Kenneth R.
Keefer, Frederick E.
Keenan, Thomas D.
Kees, William R.
Keeslar, Paul T.
Kehl, William W.
Kelch, Oakley A.
Keleher, Peter D.
Keliikoa, Edward N.
Keller, Donald G.
Keller, Warren R.
Kelley, Richard A.
Kells, Keith E.
Kelly, John P.
Kelly, William C.
Kelso, Gerald K.
Keltner, Jerry M.
Kemp, Michael H.
Kennedy, Dennis E.
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Kennedy, James R.
Keough, Richard J.
Kercsmar, John
Kermoian, Ralph
Kerrebrock, Robert A.
Keske, Carl D.
Kesler, Walter W.
Ketchum, Daniel C.
Kettenhofen, Billy W.
Key, Thomas H., Jr.
Kiewel, Peter W.
Kiker, Robert D.
Kimball, Warren F.
Kimm, Richard M.
Kimmel, William K.
King, Allen L.
King, Gary E.
King, George S.
King, Kenneth P., Jr.
King, Michael J.
Kinnett, Gary E.
Kinney, James R.
Kirby, James E.
Kirk, David Q.
Kirkeby, Lenny E.
Kisiel, Roger W.
Kitts, Earle L., Jr.
Kizer, Clyde R.
Kjellman, John V.
Klapp, Anthony J.
Klein, Anthony J.
Klimkowski, Johnnie F.
Klingler, Peter J.
Klocek, Matthew W.
Knapp, Larry J.
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Knibloe, Paul C.
Knight, Robert L.
Knobloch, William F.
Knoll, David W.
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Knowles, Charles E.
Knowles, Jonathan R.
Knox, Ronald W.
Knutsen, Edward W.
Koffler, Samuel
Kolar, Michael J.
Kolasa, Walter Z., Jr.
Kollath, Newell E.
Koonce, William G.
Kortum, Robert W.
Koutsky, Milos J.
Kowall, Robert J.
Kramer, Joseph P., III
Kramer, Robert M.
Krause, Robert E.
Krauss, Edwin H.
Krauss, Gordon W.
Kreisher, Durrell M.
Kremer, John R., Jr.
Kriebel, James M., Jr.
Krischker, Allen L. J.
Kroner, Frank R., Jr.
Krucke, Hans H.
Krula, Laudimir W.
Kuchem, Francis R.
Kuebler, Richard J.
Kvaska, Frank, Jr.
Kyle, Alan M.
Kyle, James P.
Kyriakakis, Thomas
Lackey, Marvin L., Jr.
Lacroix, Michael H.
Lafranchi, Vince E.
Lagrandeur, Larry B.
Lagueux, Paul B.
Lahey, Leroy A.
Laird, Roger S.
Lamar, Robert O., III
Lamb, Dennis W.
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Land, Walter R.
Landers, Edward L.
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Landin, Thomas M.
Langan, John J., Jr.
Lange, James B.
Langell, James D.
Langenbach, Ross K., III
Langford, John A., Jr.
Langland, Jay E.
Langston, William D., Jr.
Larocque, David F.
Larson, Arthur D.
Larson, Frederick R.
Larson, Glenn A.
Larson, James F.
Larson, Jay R.
Larson, Lawrence P.
Larson, Reuben R.
Larson, Richard H.
Lastovica, Norman J.
Lauer, William J.
Lawler, Albert M.
Lawson, Charles A., Jr.
Lawson, David S., Jr.
Lazzaretti, Anthony F.
Leahy, John H.
Learson, Harold W.
Leathem, Douglas B.
Lee, Gilbert J.
Lee, Jerald K.
Lee, Kenneth R.
Leeds, Daniel B.
Leeney, John P.
Leese, John A.
Leffler, Paul
Legard, Edwin N., Jr.
Leinwohl, Arthur
Lekebusch, Adolf O.
Lemieux, Robert A.
Lennington, Terrence R.
Lennon, John E.
Leonardy, Donald B.
Leschack, Leonard A.
Leslie, William H.
Less, Frank, Jr.
Levenson, Saul
Levine, Emil H.
Levine, Jules I.
Levit, Bernard E.
Levorchick, Joseph D., Jr.
Lewis, Johnston C.
Lichtenberg, Robert H.
Liddle, Donald J.
Lidstone, Alan J.
Liipfert, Benjamin B., Jr.
Lillie, Robert B.
Lincoln, Donald R.
Lindbloom, Arthur L., III
Lind, Thomas O.
Lindenauer, Richard M.
Lindquist, Reese M.
Lingan, Henry B., III
Link, Morris A.
Linsenbard, William E.
Lipscomb, Lee M., Jr.
Lipscomb, Roland D.
Lipsey, Edward S.
Litchfield, Rodger A.
Lobue, Thomas J.
Lockland, Walter G.
Locklin, Ralph H.
Loeffler, Lawrence E.
Logan, Alexander S.
Logan, James L., Jr.
London, "J" Phillip
Long. James L.
Long, James P.
Long, Robert L.
Longton, Joseph N.
Longyear, George Y.
Lorenzen, Phillip H., Jr.
Lovejoy, James L.
Lowell, William A., II
Lu, Davidson C. C.
Luce, Ralph W., III
Lueder, John R.
Luetge, James D.
Lukens, Reeves A.
Lukert, James L.
Lund, Peter B. F.
Lunden, Francis G.
Lutes, Billy D.
Lutton, James D.
Lykins, Lidle L.
Lyle, Charles K., Jr.
Lyman, Charles W., III
Lyman, Richard F.
Lynch, John A., Jr.
Lynch, John J.
Lynch, Robert K.
Lyon, Russell E.
Lyons, Richard B.
Lyons, William M.
Lysne, Howard C.
Madden, John S.
Magee, John J.
Magelssen, Gerald R.
Magers, Francis D., Jr.
Maguire, John E.
Maher, James J.
Mahone, Philip H.
Mahoney, John F.
Mahoney, John
Main, Donald J.
Maiorana, Mario
Malcolm, Lawrence D.
Malecki, Gerald S.
Malmberg, Norman R.
Malone, David B.
Malone, Jack H.
Malyevac, David S.
Mandel, Philip N.
Mann, James T.
Manning, John E.
Manta, Vincent J.
Manthorne, Stephen J.
Manuel, Ralph N.
Marler, Marvin R.
Marquis, Dean A.
Marsalis, Forrest S.
Marsh, John L. Jr.
Martella, Alex A., Jr.
Martenson, Craig S.
Martin, Albert J.
Martin, Bruce G.
Martin, Donald C.
Martin, John D.
Martin, Kenneth., Jr.
Martin, Roman G., Jr.
Martin, Ronald C.
Marxen, Harry A.
Masat, Kenneth J.
Mascali, John H.
Mash, Rodney L.
Mashek, Harold E.
Maskell, David K.
Mason, Charles C.
Mast, Benjamin V.
Matthews, Robert S.
Maughlin, Richard K.
Mayberry, Clarence D.
Mayfield, David M.
Maynard, Theodore W.
McAfee, Robert E.
McAlick, John
McAnulty, John F.
McBride, Donald J.
McBryde, Robert D.
McBurney, Robert M.
McCabe, John J.
McCall, Edgar O.
McCann, William E., Jr,.
McCarthy, Matthew A.
McCartney, Robert L.
McCasland, James S.
McClarren, Ralph G.
McConnell, Ronald L.
McConville, John P.
McCravy, Frank E., Jr.
McCreight, Floyd A.
McCutcheon, Rob A.
McDermott, Daniel J.
McDonnell, James F.
McDonnell, Thomas P.
McDougle, John D.
McDowell, Gary D.
McDowell, William M.
McEligot, Donald M.
McElligatt, Edward C.
McElroy, Jerry L., Jr.
McElroy, Lowell R.
McEnery, Thomas A.
McEvoy, Joseph P.
McGill, John R.
McGirl, Patrick
McGregor, Theodore S.
McGrew, Edwin W.
McGruder, Jon C.
McGuire, Francis J.
McHugh, Richard M.
McKenna, Michael P.
McKenna, William J.
McKinley, John H., Jr.
McKinley, Samuel H.
McKinney, Joe R.
McKinney, Kenneth W.
McLaughlin, John P.
McLellan, Laureston H.
McLoone, Hugh E.
McLoskey, Robert D.
McMahon, Raymond J., Jr.
McManus, Arthur T.
McMaster, David S.
McMenamin, Joseph L.
McMillan, Joseph C.
McMillan, Malcolm R.
McNergney, Robert P.
McNerney, James L.
McPadden, Joseph G.
McPartlin, Raymond C.
McPhee, Bruce G.
McSharry, Dennis M.
McWilliams, Samuel E.
Mead, David R.
Mead, David R., Jr.
Meagher, Maurice F., Jr.
Mehldau, Alan P.
Melendy, Herbert E.,
Melkerson, Jon E.
Mello, Edward
Melville, Reid T.
Mericle, Richard B.
Merle, Pierre F. V.
Merrifield, Robert G.
Merritt, William A., Jr.
Merselis, Stephen W.
Mertz, Robert M.
Messikomer, Edwin E.
Messman, Arthur R.
Metz, Thomas O.
Metz, Thomas R.
Metzger, Alan W.
Meyer, Karl A., Jr.
Meyer, Victor A.
Mezger, Erik B.
Michael, Cloyd R.
Michels, Bruce E.
Michl, Daniel J.
Middleton, Clyde W.
Mihaly, Donald G.
Miller, Albert E., III
Miller, Allen I.
Miller, Gardner H.
Miller, Gerald A.
Miller, Harlan B.

Miller, James M.
Miller, Kenneth R.
Miller, Melvin D.
Miller, Robert L.
Miller, Terry G.
Miller, William E., III
Millroy, Donald L.
Mills, Michael T.
Mills, Stuart K., Jr.
Milotich, Alexander A.
Miner, Theodore R., Jr.
Minnich, Charles E.
Minturn, Robert B., Jr.
Minzner, Allan L.
Miralia, Laurene M.
Mitchell, Ellis G.
Mitchell, Gary A.
Mitchell, Owen N.
Moberger, William H.
Moe, Gerald L.
Moir, Edwin L.
Moll, Herbert
Monahan, Edward J., Jr.
Moncure, Edwin C., Jr.
Monson, Arthur C.
Montanaro, Joseph A.
Montelaro, Carlos P.
Montgomery, Clarence P., Jr.
Moody, James R.
Moon, Tylman R.
Moore, Andrew J., Jr.
Moore, Dudley B., III
Moore, Edward R.,
Moore, George W.
Moore, Robert H.
Moore, Walter J., Jr.
Moore, Winsow L.
Moorhead, Robert G. C.
Moran, Gerald F.
Morency, Donald C.
Morey, Eldon L.
Morgan, Charles V.
Morgan, James W., Jr.
Moriarty, Brian M.
Morris, Edward N.
Morris, Robert A., III
Morrison, Michael F.
Morrison, Todd H.
Morrow, Frank S., Jr.
Morton, William W., Jr.
Moser, James W.
Moynahan, Dennis M.
Moyse, James E.
Mullen, Claude H., Jr.
Mullen, Merritt D.
Mullenhoff, Paul F.
Muller, Robert J.
Mullin, Robert J.
Mundis, John A.
Murphey, Clifford W.
Murphy, Daniel W.
Murphy, George E.
Murphy, John R.
Murphy, Richard W.
Murphy, Robert J., III
Murphy, William A.
Murray, Alen C.
Murray, Thomas P.
Myers, Dale F.
Myers, George D., III
Myers, George K., Jr.
Myers, John A.
Naab, Geoffrey
Nagel, David J.
Nageotte, Richard R.
Nagle, John S.
Nailor, Kerwin C.
Nannini, Albert A.
Nash, Spencer J.
Navin, John J., Jr.
Neal, Rodney D.
Neef, James V.
Neemes, John C., III
Nehrich, Richard B., Jr.
Neibauer, James E.
Neibauer, Rodney D.
Nelms, Harry A.
Nelson, Allen J., Jr.
Nelson, Dallas E. A.
Nelson, Lowell B.
Nelson, Marc H.
Nelson, Roger E.
Newburn, Robert M.
Newcomb, Joseph S.
Newman, Jack G.
Newman, Laurence S., Jr.
Nicholas, Jack R., Jr.
Nicholson, Daniel A.
Nickell, Claude T.
Nickerson, Howard C., Jr.
Nickles, Lawrence A., Jr.
Nienstedt, John "F"
Nix, Carleton D.
Nixon, James J., Jr.
Noble, Herbert G., Jr.
Nolan, John T.
Nolan, Michael E.
Norcross, Philip F., Jr.
Norman, Peter A.
Norman, William S.
Normandeau, Robert J
Norris, Elliott W.
Norton, Charles J.
Nossen, Robert P.
Notter, Frederick W.
Nourse, David A.
Novak, Vincent L.
Nuissl, Rudolph F. H.
Nutt, Andrew T.
Oakes, Don E.
Oberin, Frederick W.
Oberle, William J.
Obley, Loren L.
O'Brien, Edmund R.
O'Brien, Martin J.
O'Brien, Ward J.
Ochel, Henry R.
Ocker, Jerold R.
O'Connell, John R., Jr.
O'Connell, Paul J., III
O'Connor, Thomas P.
O'Donnell, William P., Jr.
Oechslin, Peter E.
O'Gorman, George D.
O'Hearn, Lawrence S.
Ohl, Phillip D.
Ohnstad, Donald A.
Oistad, Byron J.
Okunewick, James P.
Old, Harold E., Jr.
Olsen, Kenneth F.
Olson, Donald W.
Olson, Vernon E.
O'Mara, William M.
O'Neil, Jay R.
O'Neil, William D., Jr.
Onken, Ronald W.
Orme, Douglas L.
Orr, Charles W., Jr.
Osborn, Jerry C.
Osborne, Thomas M.
Ossing, Henry A.
Ostertag, Larry G.
Ostrom, Kenneth R.
Osucha, Harold D.
Otness, Phillip C.
Ottaviano, Peter A.
Otterlee, Stuart E.
Owen, John F.
Owens, Bruce H.
Pace, William F.
Pacheco, Leonard J.
Pagnillo, Richard J.
Pain, George R.
Palermo, Norman A.
Palisi, Joseph J.
Palmer, George M., III
Palmer, Rodney L.
Palmquist, Robert D.
Panico, Robert G.
Pankratz, John M.
Pannell, Clifton W.
Panshin, Daniel A.
Pape, Brian V.
Pappalardo, Salvatore J.
Pappas, Sam G.
Pardo, Stanley T.
Pardoe, George A.
Parker, Joseph B.
Parkinson, Bobbie J.
Parks, Richard E.
Parks, Robert M.
Parrillo, Joseph L.
Partlow, James G.
Pate, Allen S.
Patterson, William H.
Paty, Charles R.
Paules, Granville E., III
Paulmann, Calvin J.
Payne, Harvey M.
Peace, "H" "W" II
Pearson, Melvin E.
Pearson, Robert W.
Pederson, Ronald G.
Peloquin, Robert A.
Peluso, Angelo R.
Pendergast, Thomas P.
Penwell, David W.
Pepka, Ronald F.
Perotti, Joseph G.
Perron, Dean R.
Peters, David E.
Peters, Wayne E.
Peters, William J., III
Petersen, John H.
Peterson, Alan E.
Peterson, Albert E.
Peterson, Carl A., Jr.
Peterson, Charles H.
Peterson, David W.
Peterson, James E.
Pethick, Donald R.
Petterson, Norman F.
Pettit, John T., Jr.
Petwitt, Nelson D.
Pfeil, Richard A.
Pflieger, James E.
Pfotzer, William
Phillips, Charles L.
Phillips, Edwin D., Jr.
Phillips, Ewart E.
Phillips, George B., Jr.
Phillips, Joe C.
Pierce, Glenn I., Jr.
Pierce, Huey L.
Pierce, Richard J.
Pilch, Edward D.
Pinkerton, James B., Jr.
Pittsey, Tony E.
Piwko, Robert C.
Plohetski, William
Poe, James L.
Poffenberger, Richard L.
Polgreen, John A., Jr.
Poling, John D.
Pollock, Orthello B., Jr.
Polsenski, James J.
Polutnik, Francis L.
Poole, Peter P.
Pooley, David W.
Pope, Richard J.
Popp, Joseph M.
Porter, William R., Jr.
Porterfield, Denzil R.
Posner, Ernest G.
Potter, Charles R.
Potter, John L.
Potts, Raymond A.
Pouliot, John E.
Poulton, William L.
Powell, Hurley J. T.
Powers, Thomas J.
Praetorius, Hugh M.
Pratt, Marvin J.
Prebola, George J.
Prescott, Dewitt C., Jr.
Press, William A.
Preston, Harvey R., Jr.
Prevost, Stephen M.
Price, Robert D.
Price, Robert N.
Primacio, Leo P.
Printer, Norman G.
Pruett, Burley F.
Punches, Gerald N.
Purdy, Kenneth L.
Puryear, Harry H.
Quackenbush, Gilbert W.
Quaglino, Joseph, Jr.
Quigley, Gary P.
Quigley, Raymond F., Jr.
Raack, James D.
Rabideau, Joseph E.
Rackett, Peter J.
Rainey, William M.
Ramsey, George N.
Raskopf, Frederick J., Jr.
Rasmus, Ronald C.
Rasmussen, John P.
Rasor, Eugene L.
Rastallis, Henry A.
Raudabaugh, Richard L.
Rauen, Theodore J.
Rausch, Harry A., Jr.
Rauscher, Bernard J.
Ravetta, Richard C.
Ravitz, Robert A.
Ray, Billie D.
Raymond, David A.
Read, Nathaniel B., Jr.
Redmond, James W., Jr.
Reece, Dale I.
Reed, Dale F.
Reeger, Harold L.
Rees, Gayle "H"
Reese, Arthur H., Jr.
Reeves, Donald J.
Regan, James D.
Rehberg, Richard E.
Reid, Charles P. P.
Reid, William L.
Reilly, Gorman T.
Reilly, Hugh
Reimann, Ronald H.
Reinke, Henry S.
Reker, Frederick A.
Resor, Joseph D.
Reu, Laverne F.
Reutter, Walter E.
Reynolds, George W., Jr.
Reynolds, John M.
Rhoades, William W.
Rhodes, Lee R., Jr.
Rhodes, Thomas W.
Rich, Charles H., Jr.
Rich, James H., Jr.
Richards, Douglas M.
Richards, Grahame P., Jr.
Richards, Harry K.
Richards, Nelson C.
Richards, Richard L.
Richards, Thomas A., Jr.
Richardson, Jackie
Richardson, Park W.
Ricker, Charles T., Jr.
Ricketts, Donald B.
Ricks, Morris L., Jr.
Riddle, Ferdinand A., Jr.
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Ridgway, Paul M., Jr.
Rieger, Jon H.
Riepe, William J.
Riess, Daniel M.
Riess, John K.
Rieves, Ralph A.
Rigone, John L.
Rikkers, William J.
Riley, Frederick L.
Riley, Harold P.
Riley, James C., Jr.
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Rimbach, David G.
Ripberger, Raymond J.
Ripsom, George A.
Ritmire, Kenneth D.
Rivera, William H.
Roach, William J.
Robb, David M., Jr.
Robbins, Clyde D.
Roberts, James R.
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Roberts, John S., Jr.
Roberts, Lawrence E., Jr.
Roberts, Michael M.
Roberts, Rex G.
Roberts, William P.
Robertson, Alfred L.
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Robeson, Ross K.
Robinson, Andrew F., Jr.
Robinson, David G.
Robinson, Don E.
Robinson, Richard H.
Robinson, William A.
Robison, Earl L.
Robson, John H.
Roby, David D.
Rockwell, Richard B.
Rodger, Thomas W.
Rodriguez, Ramon
Rodriguez, Ronald J.
Rogers, Paul D.
Rogers, William P.
Rogness, Ronald M.
Rohm, Edward L.
Romanchek, Walter R.
Romero, Darryl J.
Rosaschi, Peter P., Jr.
Rose, Waldo B.
Ross, Benjamin A.
Ross, Chester S.
Rothwell, William F.
Rousseau, Charles E.
Routh, Alan C.
Rowe, John B.
Roy, Robert L.
Royal, Loren E.
Royston, John P.
Rucker, James B., Jr.
Rudnik, James R.
Rudolph, Walter P., Jr.
Ruesch, Ronald E.
Rufe, Robert W.
Rumrill, James K.
Runyon, James C.
Russell, Kenneth M.
Russo, Ronald A.
Ryan, Calvin C., Jr.
Ryan, Robert E.
Rynerson, John W.
Safarik, Robert L.
Sage, Clarence E.
Saller, Joseph R.
Sakuda, Paul S.
Salassi, Raymond J., Jr.
Salata, Stanley A., Jr.
Salisbury, Roger E.
Salko, Andrew, III
Salmon, Richard G.
Salmon, Wayne S.
Salvo, Len V.
Samuelson, Ronald A.
Sanborn, James H.
Sanchez, William A.
Sandmann, Robert E.
Sansone, Wallace T.
Saponaro, Joseph A., Jr.
Sargent, Stephen E.
Sasser, Lyle B.
Satterthwaite, Francis G.
Sauer, Dale E.
Savage, John E.
Savio, Leo J.
Savrides, Peter S.
Scalo, Richard S.
Scanlan, Thomas M., Jr.
Schaefer, Dale G.
Scharles, Henry G., Jr.
Scheck, Timothy R.
Schick, Philip F.
Schlameus, Alfred B.
Schlang, Lawrence H.
Schlegel, James D., II
Schmahl, Donald V.
Schmidt, Donald L.
Schmidt, Raymond P.
Schmidt, Robert H.
Schmitt, John A.
Schmitt, Richard R.
Schmitz, Leonard H.
Schmook, James R.
Schnabel, Walter F.
Schnauffer, Patrick M.
Schneider, Thomas H.
Schneider, William B.
Schneider, William J.
Schomer, Peter A.
Schroeder, Douglas D.
Schroeder, Earl E., Jr.
Schug, Ronald J.
Schuldt, Theodore J. C., Jr.
Schuller, John L., Jr.
Schulz, Roy S.
Schuster, Stephen H.
Schuyler, Paul G.
Schwartz, Ronald L.
Schwartzkope, Gary P.
Schwob, Thomas N.
Sciacqua, Robert V.
Scichili, Carl J.
Scott, Joseph R.
Scott, Lawrence S.
Scott, Richard R.
Scott, Walter J., Jr.
Scott, Wayne E., Jr.
Scruggs, Joseph M., Jr.
Seafeldt, Albert C.
Seanor, James E.
Seeley, Jimmie W.
Self, Luther E.
Selman, Robert L.
Selvig, Van M.
Semon, Robert L.
Sergio, Frederick A.
Severance, Alexander G., Jr.
Severson, Paul J.
Seymour, John C.
Seymour, John E.
Shanahan, Vincent J.
Shanley, Peter A.
Shannon, James O.
Sharp, Stanley E.
Shawl, Stanley H.
Shea, Joseph G.
Sheehan, Brian T.
Sheehy, John L., Jr.
Shelton, Sylvester M.

Sheridan, Earl A.
Shigekawa, David G.
Shimkus, John J.
Shontz, Donald W.
Shyne, John W., Jr.
Sibold, Robert D.
Siciliano, Eugene L.
Sidler, Norman F., Jr.
Siftar, Frank C.
Siler, Eugene E., Jr.
Sillidorff, James S.
Simchock, John W., Jr
Simmons, George T.
Simmons, Joseph L.
Simonson, Gerald L.
Sinclair, Robert E.
Sindelar, James H.
Singer, Lawrence E.
Singer, Robert S.
Sisley, Dale L.
Skaggs, Cecil M., Jr.
Skaggs, Glenn E.
Skidmore, Frederick A., III
Skinner, William L.
Slater, John W., III
Slater, Martin I.
Slater, Raymond C.
Sleavin, Frank R., Jr.
Sluyter, Verlin C.
Smalley, Reed A.
Smallwoor, George E.
Smith, Canie B.
Smith, Carl T.
Smith, Charles J., Jr.
Smith, David W.
Smith, Don P.
Smith, Fred B., Jr.
Smith, Gary N.
Smith, Gerald A.
Smith, Hamilton S., Jr.
Smith, Henry H.
Smith, James R.
Smith, Kenneth A., Jr.
Smith, Loren M.
Smith, Marvin M.
Smith, Norman D.
Smith, Norman G.
Smith, Peter H.
Smith, Regis R.
Smith, Richard Carlisle
Smith, Richard Carrol
Smith, Richard Cole
Smith, Robert Edward
Smith, Robert Ernest
Smith, Wilbur C., Jr.
Smith, William W.
Smith, Walter I.
Smoot, William T.
Snipes, Stephen G.
Snow, Robert G.
Snyder, Daniel R.
Snyder, George A.
Soderholm, Robert V.
Soliwoda, Edmund S.
Soltys, Robert S.
Sommerhalder, John O.
Spaulding, Ralph F., Jr.
Spears, Richard E.
Specht, Malcolm R.
Spence, Donald W.
Spence, James A.
Spence, Stuart B.
Spencer, Edmund B.
Spilios, George B.
Sprague, Robert A.
Spurlock, Burton C., Jr.
Staes, James P.
Stagg, Robert B.
Stahel, Rudolf S.
Stambaugh, Roger V.
Stanford, Bruce E.
Stanford, Harold M.
Stanley, Howard C.
Stanton, Courtney W.
Stapleford, Thomas C.
Stark, Daniel H.
Starke, Bolling P., Jr.
Stauffer, William H.
Steele, Francis A.
Steffenson, Michael R.
Steinkrauss, Joseph C.
Stender, Charles F.
Stephens, Clinton T., Jr.
Sternberg, Harold I.
Stetson, John B.
Stevens, James T., Jr.
Stevens, Richard G.
Stevens, Victor B., Jr.
Stevens, William R.
Stewart, Donald B.
Stewart, Johnnie L.
Stewart, Robert J., Jr.
Stickle, Robert J.
Stiehm, Bruce G.
Stilwell, Frederick L.
Stilwell, William E., III
Stites, John, Jr.
Stokes, Francis G.
Stone, Philip L.
Stoner, William G.
Stookey, Stanley F.
Stoorza, Edwin L., Jr.
Storer, Arthur E.
Stout, Peter C.
Strand, Allan E.
Strickland, Clarence L., Jr.
Strickler, David W.
Stroessler, Hans M., Jr.
Stromberg, Jack W.
Struble, Glenn E.
Stuart, Charles L., Jr.
Sturch, Billy
Styers, James D.
Suda, George A.
Sullivan, Patrick H.
Sullivan, Paul F.
Summers, Bruce G.
Summey, James W., III
Sumner, Irving E.
Sumner, Paul
Sutherland, Charles S
Sutter, Joe R.
Swanberg, Paul M.
Swart, Coleman A.
Sweeney, Jeremiah J. J
Swenson, Gerhard M.
Swenson, John B.
Swift, William D.
Swisher, John R.
Swobda, Harvey J.
Sylvester, Torrey A.
Szabo, Alex J.
Szurpicki, John J.
Taft, Richard P., Jr.
Tait, John H.
Takeuchi, Robert S.
Talley, Alfred F., Jr.
Talley, James M., Jr.
Tamburino, Richard C.
Tapp, James T., Jr.
Tassin, Raymond J.
Tate, John T.
Tate, Willie H.
Taylor, Charles A.
Taylor, Charles L.
Taylor, Donald S.
Taylor, Emory W.
Taylor, Joshua E.
Taylor, Kenneth B.
Taylor, Malcolm, E.
Temanson, Lee E.
Tennant, William K.
Tennent, Richard E., Jr.
Terry, John T.
Terry, Thomas J., Jr.
Thacker, Tommy G.
Tharnish, John L.
Thews, Albert W., Jr.
Thiele, Gary F.
Thomas, Arthur J.
Thomas, Charles E.
Thomas, David L.
Thomas, Gene A.
Thomas, John D.
Thomas, John R., Jr.
Thomas, Paul R.
Thomas, Quinn D.
Thompson, Bobby C.
Thompson, David A.
Thompson, Herbert G., Jr.
Thompson, John W., Jr.
Thompson, William H.
Thorderson, John R.
Thornton, Jack W.
Thorp, Chester A., Jr.
Thorstad, Harvey L.
Thurman, Michael E.
Thut, Frederick H.
Thweatt, Frank M., Jr.
Tickle, Tommy R.
Tiernan, Paul J.
Tilton, Allan P.
Tipton, Donald D.
Tober, Gary E.
Tobin, Daniel J.
Todd, Frank P.
Todd, William D., Jr.
Toland, David A.
Toleno, Daniel R.
Toler, William G.
Tomlinson, Rodney G.
Toner, David J.
Torsen, Richard M.
Touhey, Robert J.
Toups, James E., Jr.
Townsend, John F.
Trammel, James A.
Traut, Arthur J.
Travis, James E.
Treanor, James A., III
Tremblay, Victor J.
Trepagnier, Albert J.
Treubert, John H.
Trierweiler, James R.
Trimble, David C.
Trimble, Donald M.
Tripple, Harvey D.
Troidle, Thomas N.
Trotter, John H.
Trout, Ben T.
Truty, John T.
Tucker, Samuel S.
Tuleya, Raymond R.
Tuma, Albert L., II
Tupper, Bruce C.
Turco, Robert I.
Turgeon, Charles F.
Tunk, Alan R.
Turk, Frank, Jr.
Tutt, Billy D.
Tweden, Wallace D.
Twilla, William M., Jr.
Twiss, Ralph B.
Tychsen, Paul E., Jr.
Tyler, Thomas D.
Udovch, Joseph J.
Umpleby, Marshall F.
Umstead, Robert L.
Unger, Robert F.
Unger, Verner B.
Urias, Gonzalo B.
Usiskin, Lawrence G.
Valley, Raymond L.
Van Deavener, Benjamin F., Jr.
Vandermyde, Paul A.
Vandermyde, Philip L.
Vandriel, Eugene P.
Vanduyn, David L.
Vangorp, Dirick P.
Vanistendal, Theodore G.
Vansoest, Peter D.
Vatter, Robert B.
Veal, John S.
Veccia, James E.
Vickery, Walter R.
Vikdal, Allen C.
Vogel, James M.
Vohs, Paul A., Jr.
Volz, Vincent J.
Vonderohe, Robert H.
Vonfischer, Eduard L., III
Vongarlem, Thomas A.
Vunkannon, James C., Jr.
Waddell, Robert A.
Waddoups, Jed M.
Wagner, John D.
Wahler, Fred R.
Wainwright, Howard E.
Wales, William D.
Walker, David R.
Walker, George K.
Walker, Lynn W.
Walker, Wallace H.
Wall, Richard L.
Waller, James W.
Waller, John C. H.
Wallin, Carl R.
Walsh, James W.
Walsh, Joseph F., Jr.
Walsh, Roger W.
Walters, Robert R.
Ward, Jack H.
Ward, John W.
Ward, Norman J., Jr.
Wardman, Richard W.
Warren, John A.
Warrington, Robert G.
Washburn, Rolla G.
Wasserman, Lary P.
Watkins, John R.
Watson, William H., III
Wayland, Henry P., Jr.
Weaver, David K.
Webber, Kent S.
Webster, Richard G.
Wechter, James K.
Weed, John J.
Weidner, Robert C.
Weingariner, John
Weisenburger, Philip J.
Weisgarber, Robert L.
Weiske, Harold R.
Weissbach, Albert F., Jr.
Weitfle, Paul L., Jr.
Weitgenant, Harold R.
Welch, Houston L., Jr.
Welch, Kenneth J.
Welch, Michael F.
Weller, Reginald F.
Welsh, David M.
Wenzler, Henry R., III
Wenzler, Robert T.
Wertz, Joseph S.
Wesner, Ross C.
West, David P.
Westbrook, John F.
Westerman, Christian C., III
Wetzel, Robert E.
Weyler, Frank W.
Wheaton, David J.
Wheeler, Donald R.
Wheeler, Felder B., Jr.
Wheeler, William A.
Whetsel, Carlton E.
Whitaker, David A., Jr.
White, Thomas L., Jr.
White, Willis A.
Whitehead, Morris R.
Whitmore, John B., Jr.
Whitney, Clarence C.
Whitney, Frank C.
Whitt, Darnell M., II
Wieber, John A.
Wiegand, James J.
Wiklinski, Stanley E.
Wilber, James D.
Wilfert, Eugene N.
Wilhelm, Laurin P.
Wilkerson, William D.
Wilkinson, Richard P.
Will, Gene R.
Willard, Gerale W.
Wille, Gerald H.
Willey, Michel F.
Williams, James L.
Williams, James M.
Williams, John R.
Williams, Morton D.
Williamson, George, Jr.
Williamson, Thomas D., Jr.
Willingham, Robert J., Jr.
Wills, John A., Jr.
Wilner, Arthur I.
Wilpitz, Louis W., Jr.
Wilson, James S., Jr.
Wilson, Larry K.
Wilson, Newton A.
Wilson, Richard H.
Wilson, Wilbur G.
Wines, Richard L.
Wingfield, Charles G.
Winstead, Walter G.
Winter, Jerrold C.
Winter, Milford F., Jr.
Winter, William C.
Wirth, William T.
Wisniewsky, Richard L.
Witamyer, John H., III
Witcher, Murray H., Jr.
Withers, Larry K.
Wix, Donald M.
Wolf, Gerald P.
Wolf, Lee E.
Wolfe, John C.
Wolfe, John G.
Wolpert, Donald T.
Womack, Lowell A.
Womack, William G.
Womble, Robert W.
Wood, Donovan M.
Wood, John R.
Wood, Kenneth L.
Woodrick, Clifford P.
Woods, David L.
Wright, Bruce C.
Wright, Charles W. J., Jr.
Wright, Gary D.
Wu, Theodore W., Jr.
Wyatt, David R.
Wylie, Donald G.
Wyman, Elliott H.
Wynn, Earl B., Jr.
Wynn, Ralph H.
Yarber, William J.
Yates, Robert D.
Yates, Walter T.
Yatsko, George J.
Yeager, Robert D.
Yost, Floyd G.
Young, Harold A.
Young, James F.
Young, Larry R.
Young, Stephen G.
Young, William K., Jr.
Yusem, Stephen G.
Zaiser, Ray W., Jr.
Zanin, Norman R.
Zannis, Thomas N.
Zavisza, Daniel M.
Zeilinger, Ronald F.
Zickrick, Jerome L.
Zimmerman, Charles W.
Zimmerman, Robert C.
Zinn, Clyde D.
Zinn, Robert H.
Zinn, Thomas E.
Zirkle, Don E.
Zorn, Robert M., Jr.
Zschau, Julius J.
Zumwalt, Robert E.

MEDICAL CORPS

Ackley, Harry A.
Adams, Herbert D., Jr.
Alston, Robert M.
Alvarez, Reinaldo G.
Ammons, John C., Jr.
Anderson, Homer A., Jr.
Ballard, Ian M.
Bailey, Cass H.
Barry, William S.
Bass, George L., Jr.
Bauer, Earl A., Jr.
Bauknight, Remsen S.
Bell, Donald D.
Benson, Daniel R.
Bergfeld, John A.
Berman, Samuel I.
Bernstein, Sidney S.
Bigley, Harry A., Jr.
Blome, Bruce R.
Blood, Joseph B., Jr.
Bloustine, Stanley A.
Boensch, Frank N., Jr.
Boffman, Harry R., Jr.
Boles, Lawrence R., Jr.
Borgman, Theodore J., Jr.
Boring, James H.
Bosley, William R.
Bossert, John E.
Bounds, Terrell B., Jr.
Boyd, Gerald E.
Bright, Robert W.
Bruton, Orin H.
Bryan, Floyd T.
Bryant, David W.
Bubinak, Joseph F.
Burkle, Frederick M., Jr.
Burrow, Rex L., Jr.
Burvant, Michael U.
Canada, Catherine F.
Capps, James A., Jr.
Carmick, Edward S., Jr.
Cavenar, Jesse O., Jr.
Chapman, James H.
Charles, Clive R.
Chatowsky, Anthony P.
Chernov, Merrill S.
Chun, Clyde W.
Clark, George W., Jr.
Clement, Gordon S.
Clyde, Harrie R.
Cobb, James R.
Cole, Joe C.
Conte, Stephen J.
Cord, Richard H.
Creson, Daniel L.
Dalessandro, Angelo A.
Davis, Thomas S.
Davis, Timothy J.
Dinan, John T., Jr.

Dodge, Herbert S.
Dorman, John D.
Douglas, Donald S.
Downing, John E.
Drake, Clayton F., Jr.
Duffey, Depue H., Jr.
Duffy, Francis D.
Dunlap, Daniel C.
Duren, Craddock P.
Earnest, David L., III
Edwards, John P.
Eisenman, Lawrence S.
Ellis, Robert J.
Fargason, Crayton A.
Felsoory, Attila
Filo, Ronald S.
Fontanelli, Enio
Fowler, Glenn W.
Fowler, James R.
France, Thomas D.
Frary, Lynn R.
Fraser, Richard A.
Fuerstner, Ronald Charles
Fulton, Lyman A.
Gallagher, William J.
Gansa, Alexander N.
Geeslin, James M., Jr.
Giasi, Robert M.
Gilson, Mayo Dean
Gleason, Terrence H.
Goldschmidt, Jerome H.
Gondring, William H., III
Grace, James B., Jr.
Gray, John E.
Greene, Charles A.
Greer, Mack V.
Grimes, James A.
Guintoli, Robert L.
Gunther, Stephen F.
Hagele, Herbert C., Jr.
Haley, John H.
Ham, Charles L.
Hamilton, William R.
Haney, John F. B.
Hanson, Bruce A.
Hanson, Donovan D.
Harris, Arthur S.
Harrison, Ronald A.
Hendericks, Frederick B.
Hinz, William M.
Hoffman, John W.
Holder, James B., III
Hricko, George M.
Hudson, Charles J.
Humphrey, Chester B.
Hunt, Ernest W., Jr.
Jackson, Charles T.
Jackson, William B.
Jakubowski, Michael S.
Janssen, Erwin T.
Jochimsen, Peter R.
Johnson, Paul E.
Jones Wendell E.
Jordan, Robert E.
Kanner, Richard E.
Karo, James J.
Kayye, Paul T.
Kelly, Daniel J.
Kelly, Thaddeus E.
Kendall, Harry O.
Kenefick, Thomas P.
Kerstein, Morris D.
Ketron, Gary D.
King, Charles R.
Klenk, Eugene L.
Knowles, Robert C.
Knudson, Robert D.
Kraft, Avram "R"
Krishingner, Gene L.
Kronzer, William W.
Leatherman, Edward H.
Lee, Wayland S.
Leverett, Cary L.
Levin, Gordon L.
Levine, Michael J.
Lewis, Ronald W.
Lipkin, Philip
Lorenzen, Paul C.
Love, James T., Jr.
Lovett, William L.
Lovinger, Robert D.
Macdonald, Vance D.
Mallon, Robert B.
Marcoux "J" Paul
Marlowe, Frank I.
Marnell, Daniel J.
Martin, Alfred J., Jr.
Mason, Jack F.
Mccarthy, Leo J.
McDonaugh, Edward R.
McGill, Willis A., II
Merrick, Robert M.
Miercort, Roger D.
Miller, Ira D.
Miner, James M.
Mitchell, James C., III
Moglen, Leslie J.
Moore, Laurie W., Jr.
Moran, Thomas E.
Mulvey, Robert J.
Nebel, Otto T. III
Nobrega, Fred T.
Oliver, Richard T.
O'Malley, Edward P.
O'Neill, Edward J.
Panek, Henry F.
Parent, Joseph A., Jr.
Parisi, Frank
Pasker, Roy N.
Perry, Herbert S.
Pfeifer, James F.
Piconi, John R.
Pilapil, Virgilio D.
Podurgiel, Bernard J.
Proctor, Jack D.
Puls, Jerry L.
Radnich, Robert H.
Ralph, James W.
Ramenofsky, Max L.
Rankin, Robert A. M.
Ray, Walter F.
Redding, Marshall S.
Reeves, Charles S.
Renfro, Carl E.
Rhyne, Dennis A.
Ringer, James H., Jr.
Riordan, Robert H.
Robinson, Gary L.
Robinson, Ralph G.
Rodgers, Stephen J.
Rosene, Philip G.
Rousseau, David V.
Rowe, Stephen W.
Ryter, Stephen R.
Sanfilippo, Joseph A.
Sapala, Joseph C.
Sayler, Osbey L.
Scaring, William A.
Scheidt, Kenneth A.
Schroder, Paul E.
Schulman, Norman H.
Schultz, Leonard S.
Sherman, Jerrold M.
Shipman, Noland D.
Sorensen, Vale H.
Sterling, Robert A.
Stetz, Joseph A., Jr.
Stevens, Larry P.
Stewart, Edgar B.
Stewart, James A.
Strauss, Michael B.
Sullivan, Timothy J.
Sutton, Phon D., Jr.
Swan, David S.
Tachovsky, Thomas J.
Tanenhaus, Herbert M.
Tate, James E.
Thomas Jerry L.
Thornton, James J., III
Todd, Gary P.
Tucker, Samuel H.
Turner, Tommy
Tyson, James W.
Uznanski, Kenneth M.
Vandersalm, Thomas J.
Vondoepp, Christian E.
Wachtel, Thomas L.
Walker, Robert D., III
Wallin, Gene A.
Walsh, Patrick C.
Wand, Oscar
Watkins, Robert P., Jr.
Watterson, Samuel G.
Waugh, Robert A.
Weisberg, Jan J.
Weissfisch, George
Welch, William C.
Wellish, Carl S.
White, Austin E.
White, Marshall W., Jr.
Wieting, William F.
Wilcox, Martin W.
William Ackerman C., Jr.
Williams, Anderson R.
Winsky, Allen D.
Wolarsky, Evan R.
Wolfsen, Jamse L.
Yarbrough, William M.
Zaroulis, Charles G.
Zel, Gerald
Zelko, James J.

SUPPLY CORPS

Allan, Ronald C.
Alwine, Paul R., Jr.
Anderson, Rolph E.
Arensmeyer, Harold J., Jr.
Austin, Sheldon C., Jr.
Bachler, Michael R.
Bain, Elliott M.
Bain, William D.
Baker, Roland J.
Barr, Charles V.
Bartsch, Lynn P.
Basler, Richard A.
Bender, John H.
Bentson, Gordon J.
Bernhardt, Paul A.
Bernstein, Robert S.
Bingham, Fredric J.
Bird, Jon A.
Birnbaum, Leonard G.
Blackwelder, John N.
Blue, William A.
Bohensky, Donald F.
Booth, Henry A., Jr.
Bowne, Charles J., Jr.
Boye, Robert G.
Bradley, Stephen P.
Breingan, Peter L., Jr.
Brill, Henry F.
Brooks, James A.
Brustares, James S.
Buckmaster, John E.
Budill, Edward J., Jr.
Burlingame, Robert E.
Chapman, Bruce T.
Chapman, William D.
Collins, Francis A.
Connaughton, Kenneth N.
Connell, James J.
Copeland, Stuart W.
Costa, Dominic P.
Crowley, Philip C.
Davis, Woodie E.
Deckert, Warren P.
Delzell, Wiliam W.
Denney, Jay R.
Desibour, Jay R. L.
Doddridge, Benjamin F.
Donohue, Patrick T.
Dugue, Regis G.
Eickhoff, Roger C.
Eilberg, James S.
Ellermeier, Joel D.
Enright, Charles F.
Fallmezger, Robert C.
Fairall Robert L.
Fee, Brian B.
Fine, Charles B.
Fischetti, John A.
Fitzsimmons, Ted R.
Floyd, Edward T.
Flynn, Phillip W.
Fruin, Jeremiah E.
Fry, Vance H.
Gamble, Carl T.
Garbarini, Anthony P., Jr.
Gardner, William V.
Gauthier, Robert R.
Giles, Frederic P.
Gilman, Joseph
Godwin, Albert D.
Gough Richard J.
Grip, Herman W.
Habiltzel, Charles E.
Hallett, John J.
Hansen, Oluf M., Jr.
Harvey, Thomas G., Jr.
Head, Clarence M., Jr.
Hecker, Robert W.
Herndon, David L.
Hiban, Arthur W.
Hickey, John P.
Hillig, Kenneth J.
Hillman, Tatnall L.
Holle, Karlton
Hoover, Marcus G.
Horton, William E.
Humphreys, Keith C.
Hunt, Charles J., Jr.
Jackson, Robert M.
Jaminet, John A.
Jensen, Arthur R.
Jones, William J.
Kaufman, John R.
Keane, Francis W.
Keister, Richard R.
Kilmurray, Robert B.
Kitts, Willis M.
Krupinski, Stephen R., Jr.
Lacey, Howard W.
Lamphear, Steven C.
Lavisky, Joseph S., Jr.
Leonard, Thomas A., Jr.
Levinson, Henry G.
Lieblein, Robert V.
Liegel, Robert G.
Limberty, William G.
Lindsley, Robert M.
Loreen, Jon M.
Lunan, Ralph G.
Maguire, James A.
Mahoney, David L.
Maslov, Victor M.
McCann, Charles J., Jr.
McCarty, Richard L.
McCay, Wilton T., Jr.
McCormack, Terrence S.
McFall, Tommy K.
McNaughton, John B., Jr.
Mencarini, Richard
Miller, George H.
Mitchell, Arthur J.
Modell, Robert L.
Morre, Douglas M., Jr.
Morgan, Ronald G.
Morse, Gary A.
Moss, Thomas A.
Mulhern, John J.
Mynatt, William A.
Norby, Karl G.
O'Brien, Joseph E., Jr.
O'Hare, Arthur J.
Pagel, Barton L.
Palmer, John D.
Palmer, William J., Jr.
Parsons, Stanley S.
Partridge, Stevens H., Jr.
Peck, Leo J.
Pfund, Gale A.
Piester, Fay M.
Pinsker, Clive D.
Pizzano, William C.
Plein, Leanard A.
Price, Jacob M.
Priest, William G., Jr.
Pyron, Edwyn B.
Ray, Harold L., Sr.
Reuscher, Edward J.
Rice, Robert C., Jr.
Richardson, Russell G.
Riggs, Richard W.
Riordan, John J.
Russell, Sanford H.
Russell, Scott C.
Sands, Arthur W., Jr.
Schildwachter, Stephen J.
Schreiber, Richard E., Jr.
Schumacher, Jon R.
Sera, John B.
Serafini, Attilio, Jr.
Shaw, Robert R.
Sheill, Gordon Walter
Six, Thomas J.
Sklar, Fred H.
Smith, Norman B.
Soine, Jon C.
Soletti, Lawrence A.
Stevens, Louis A.
Sturhahn, David P.
Sturms, Herschel T., Jr.
Sutton, James E., Jr.
Titus, Robert C.
Troxell, Lewis M.
Tyler, David A.
Vanness, Robert L.
Villella, Conrad L.
Waite, Richard IV
Walrod, Donald
Wanko, John
Warren, David G.
Warrick, James C.
Weber, Frank E.
Webster, Guy N.
Wells, Michael V.
White, Brents R.
Wilde, Harold J.
Wilmoth, James P., III
Wolf, Carl G.
Wood, Oliver G., Jr.
Wright, William R.
Wyant, Frederick E.
Zanic, George E.

CHAPLAIN CORPS

Allen, Donald Ray, Jr.
Awes, Vernon E.
Bentley, Elder K.
Bollesen, Melius E.
Butenshon, Donald E.
Caniff, James B.
Carroll, Richard F.
Conn, George M., Jr.
Cox, Douglas W.
Crist, Richard A.
Crofton, Walter M., Jr.
Cronin, Hugh J.
Curent, Robert J.
Davis, William C.
Dinges, Thomas L.
Duke, Harvey L.
Dunning, David D.
Dwyer, Martin J.
Eades, Robert E.
Furlow, Charles M., III
Goldburg, Jay B.
Gordon, Kenneth R.
Griffith, John D.
Hansen, Roger K.
Harrel, Francis L.
Henriksen, Veryle A.
Hensley, Basil A.
Huls, Richard
Hunt, John R.
Johnston. James S.
Keim, Walter R.
Kieffer, Kenneth F.
Kollar, Anton J.
Krajewski, Walter M.
Loeffler, Henry K.
Loesch, Nathan O.
Longnecker, Nelson C.
Lundeen, Lyman T.
Mauldin, Jack B.
McCall, Donald D.
McCloskey, George P.
McConnell, William J.
McKinley, Phillip B.
McMahon, Charles W., Jr.
McNeely, Richard I.
Moe, Ralph H.
Nycklemoe, Glenn W.
Panko, Stephen M.
Peters, Frederick J.
Phillips, Harry H.
Pickrell, John W.
Poerschke, James P.
Prescott, Roger K.
Rambo, Harold M.
Reagan, Charles H., Jr.
Reynolds, David D.
Rosenberger, Berly G.
Salmon, Edward P.
Schofield, Calvin O., Jr.
Shaner, Donald W.
Shuart, Esler L.
Smith, Paul H.
Sorensen, Harry C.
Sorrill, Harold W., Jr.
Spiers, Kerry E.
Spittler, Russell Paul, Jr.
Stone, Daniel G.
Stough, Richard H.
Strickland, William J.
Tea, Clark A., Jr.
Volz, Walter D.
Woodward, Albert T.

CIVIL ENGINEER CORPS

Aaron, Lawrence E.
Araneo, Peter J., Jr.
Bader, Robert H.
Bamburg, Marvin A.
Barclay, Robert A.
Belson, Harold B.
Blanchar, James H.
Block, Neil

Bogan, William F.
Brabston, William N.
Bradley, Clyde E.
Brewster, William L.
Bridges, Donald N.
Brown, Ronald L.
Bruen, Walter P., Jr.
Buckelew, Richard L.
Burhans, Robert A., Jr.
Burks, Lawrence H.
Caswell, Richard F.
Chiogioti, Melvin H.
Collins, Robert W.
Comuzzi, Donald R.
Connelly, Trulyn G.
Daniels, Joe D.
Davis, John M.
Day, John G.
Delagarza, Felipe T.
Denham, Charles R.
Denny, Thomas P.
Dixon, Philip G.
Doctor, Richard P.
Field, Peter W.
Frenkel, Robert L.
Gaal, Philip L.
Gaul, William M.
Gibson, William R.
Gottlieb, Paul A. M.
Gray, Robert W., Jr.
Gutierrez, Rosendo, Jr.
Haley, Charles E.
Hanna, Bruce E.
Hanson, Martin P.
Harris, John R.
Harwell, Thomas W.
Heine, William A., III
Helton, Ronald L.
Henry, William G., Jr.
Hensgen, Oscar E.
Hepburn, Raymond G.
Hinkle, Daniel Baxter
Holm, William D.
Kane, John V., III
Karps, John
Killingsworth, Joel E.
Knox, Kenneth B.
Laton, Richard W.
Leamond, Harold J.
Lind, James L.
Lynch, Philip H.
Maclaren, Frank H.
Maddox, Robert G.
Mann, Spencer I.
Mattox, Thomas B.
McCaslin, Joe C.
McEvoy, Robert W.
McInnes, Robert C.
Meisner, Walter T., Jr.
Miller, Charles D.
Moore, Douglas W.
Morris, Alan E.
Mullarky, Jon I.
Mumford, Gerald W.
Murphy, James L.
Mysinger, Edward D.
Nifong, Robert L.
Ogden, Buckley L.
Orange, Edward N.
Papex, James S.
Papineau, Daniel A.
Paradies, Gilbert E.
Peet, John R.
Pickrell, John H.
Powell, David J.
Priest, John E.
Reese, Joseph W.
Remular, George E.
Rhodes, Raymond
Robertson, George E.
Rohde, Francis E.
Rude, Arthur H.
Russell, William H.
Scott, James W.
Sears, George F.
Sifferman, Donald J.
Skarupa, Thomas
Smelser, Dale E.
Smith, Gerald
Smith, Jerrold M.
Smith, Orville A.
Smith, Raymond C.
Smith, Theodore A.
Snead, James D., Jr.
Strain, Boyd P., Jr.
Stratbucker, Gerald L.
Terrell, David S.
Tisdale, James L.
Tomlinson, Dempsey M.
Vaitas, Vilimantas S.
Vanniel, Cornelius R.
Vukovitz, John C.
Wacker, Arthur M.
Wallingford, Marvin C.
Walter, Richard J.
Wilson, Thomas M.
Winkel, Philip J.
Wolfram, Carl B.
Wong, Richard
Zoller, John B., II

JUDGE ADVOCATE GENERAL'S CORPS

Abel, Robert M.
Adams, Jared H.
Adams, Joseph A., Jr.
Agger, James H.
Aires, Randolf H.
Allen, John F., III
Anderson, Robert L.
Baldwin, Robert F., Jr.
Bales, John A.
Barber, Michael E.
Bayley, Christopher T.
Bell, Irving
Belser, Townsend M., Jr.
Birkmeyer, Roy J.
Bonner, Walter J.
Brant, Kirby E.
Brodsky, Ronald D.
Butler, Donald R.
Caine, Patrick R.
Carnes, Conrad D.
Chapman, Henry S.
Clark, Richard E.
Condos, Steve G.
Danahey, James P.
Darby, Joseph J.
Derose, James M.
Dietrich, Donald P.
Drowota, Francis F., III
Eide, David B.
Erit, Bartholomew
Evans, John A.
Falbo, Gerald A.
Fauntleroy, John D.
Feldman, Joel M.
Fenton, Alber "B"
Flanagan, Hugh M.
Frank, M. Allen
Frederick, Robert B.
Frommelt, Roger H.
Galliani, William R.
Gehrke, Harold D.
Glazer, Jack H.
Grant, Stuart L.
Grossbaum, John J.
Hamner, Elmer D., Jr.
Harootunian, Shant J.
Harris, Vernon A.
Roberts, Charles P.
Hetherington, John W.
Hicks, Ralph H.
Hoge, William R., Jr.
Hooper, Ellis C.
Hougland, Charles A.
Huber, Fred D., Jr.
Hungate, Joseph W.
Jakoboski, Theodore P.
Jobin, Robert E.
Jones, Taylor W.
Karnes, Robert E.
Kartvedt, Maynard O.
Katz, Myron B.
Kelberg, Lee
Knippa, Larry D.
Knowles, Kent N.
Koenig, Rodney C.
Koletsky, Joseph Q
Krieger, Walter W., Jr.
Lanza, Carl F., Jr.
Lathrop, Mitchell L.
Lenehan, George T.
Lewis, John B., Jr.
Luke, Randall D.
Lunney, James R.
Markel, Sheldon M.
Mauer, William F.
McCuliffe, William C., Jr.
McCormack, Howard M.
McCormick, Leo L.
Mech, Raymond R.
Merino, Frank Q.
Meyers, Gerson E.
Miller, Mallory L., Jr.
Mordy, Paul F.
Nobles, Eric A.
O'Brien, Keith G.
O'Connor, Otis L.
Pfeiffer, Fred N.
Power, Joseph E., Jr.
Pritchard, Edward K., Jr.
Psihas, Andrew P.
Rabideau, Clarence J.
Rieder, Richard E.
Riley, James
Ross, James E.
Rousseau, Conrad E., Jr.
Schumacher, James J.
Schumann, Alfred W.
Sheehy, John J.
Siegel, Jay M.
Simpson, Robert L.
Smallmon, John W.
Spaeth, Karl H.
Statton, Edward C.
Storm, Charles R.
Stubbeman, David G.
Tebbutt, Harry K.
Thompson, Elliott D.
Tisch, Alfred C.
Tourtelotte, James H.
Vannuys, Francis B.
Vogel, Thomas W.
Whitlock, Robert B.
Wimberly, Bennie C.
Wollenberg, William L. Jr.
Yock, Robert J.

DENTAL CORPS

Adams, James T.
Albright, Jimmy E.
Anderson, Stanley N., Jr.
Balmforth, John B.
Balsiger, Verlin W.
Barnes, Edward D.
Bass, Ernest B., Jr.
Baziotes, Nicholas P.
Belinski, Edward J.
Bennett, Steven L.
Bjorndahl, Robert W.
Blackburn, Mark W.
Bojar, James A.
Boltz, Roger H.
Boon, Enice T., Jr.
Bradbury, David R.
Bradley, Bruce E.
Brecht, Jon H.
Brown, Allen K.
Brown, Will M.
Brown, William D.
Buckis, David C.
Burk, Jimmie L., Jr.
Burns, Max H.
Bush, Richard D.
Cahan, John M.
Caldwell, Clifton O., Jr.
Campbell, Bowen, Jr.
Carroll, Lon D.
Cavanaugh, John W., II
Chaconas, Spiro J.
Charbonneau, Paul C.
Cimino, Samuel P.
Crowell, Nelson T.
Cunningham, Peter R., II
Depuy, Robert W.
Detrick, Mark
Dittmer, John C.
Dollard, John R.
Donoho, Donald H.
Drennan, Ronald L.
Duncan, James M.
Eischen, James J.
Emery, Lee E., Jr.
Eng, Wellington R. "L"
Ennis, Richard J.
Eure, Darden J., Jr.
Ferry, Edward T.
Finagin, William B.
Foley, James P.
George, Chester L.
Girolami, John J., Jr.
Gomez, Edward
Grage, Walter A.
Hall, Daniel L.
Hall, Lawrence B.
Hallman, Robert R.
Harnett, Jeffrey "H"
Harrison, William S.
Hashimoto, Richard I.
Hera, James D.
Herman, Harry A., Jr.
Hill, David H.
Hirst, Robert C.
Hohit, William F.
Hoover, William G.
Howell, Gerald L.
Josselyn, Horace W.
Joy, Edwin D., Jr.
Kear, Harold J.
Ketner, Bruce A.
Kilpatrick, Richard L.
King, Gordon W.
Kislan, Thomas A.
Kumamoto, Steven Y.
Ladd, Paul V. B.
Lanier, Thurman W.
Levine, Lowell "J"
Lindsay, Joseph L., III
Lovejoy, Garvin C.
Luckam, Thomas G.
Ludwigsen, Lawrence R.
Lund, Warner E., Jr.
Mailander, Gary D.
Marsalek, Daniel E.
Martin, Carlton S.
Martin, Donald W.
McAnear, Jon T.
McCallum, Walter E.
McCallum, William C.
McCarthy, Terrence F.
Menke, Henry J.
Milford, Michael L.
Miller, John J.
Mincey, David L.
Mitchem, John C.
Morrison, George C.
Moutos, Minelaos G.
Murphy, Richard T.
Neilans, Lionel C.
Newman, Arthur L.
Nickelsen, Dale C.
Niebuhr, Robert M.
O'Malley, George C.
Otis, Donald R.
Pebbles, Harold A., Jr.
Peck, Crosby S., Jr.
Perigon, Gustave J., III
Perkins, Martin C.
Pickett, Charles E.
Pollard, Donald K.
Prohaska, Gerald F.
Pudwill, Myron L.
Purucker, Kenneth R.
Raper, Hal S., Jr.
Reynolds, Donald R.
Roberts, "J" Keith
Roller, George S.
Ronning, George A.
Schubert, Frederick W., Jr.
Sheller, Donald F.
Sherard, Harold T.
Shirley, Robert L.
Silverman, Melvin
Simpson, Oscar V., Jr.
Smith, Charles L., Jr.
Smith, Edgar L.
Spencer, Duane E.
Stark, Lawrence W.
Stende, Gregory W.
Sternberg, Neil V.
Strife, Peter H., II
Sweeney, James M.
Szakaly, John S.
Szatkiewicz, Richard J.
Taylor, Kent L.
Thomas, John P.
Triftshauser, Roger W.
Uveges, Alfred C.
Vaillant, Dennis P.
Vick, John B.
Voldeng, Karl E., Jr.
Vraney, Robert E.
Walker, David F.
Ward, George H.
White, Paul M.
Widican, Raymond
Williams, Alvin R.
Williams, Pryor A., Jr.
Williams, Terry C.
Wilson, Noel C., Jr.
Young, Guy E.

MEDICAL SERVICE CORPS

Basdekian, Edward A.
Carrerra, Richard N.
Cothran, Walter W.
Davis, Linda J.
Earle, Alvin M.
Eckfeld, Frederick J.
Emerson, George S. G.
Fisher, Benjamin D.
Ginn, Robert W.
Gray, Robert I.
Hanisbarger, William M.
Haynes, Jack R.
Holland, Francis J.
Horrigan, David J., Jr.
Knisely, Ralph F.
Lawson, Betty D.
Lindberg, David S.
Maddox, Michael L.
Maschmeyer, Elwood P.
Pincus, Irwin D.
Powers, Kendall G.
Reich, Melvin
Sagan, William
Sager, Kenneth B.
Scott, Kenneth T.
Thorpe, Bert D.
Vedros, Neylan A.

NURSE CORPS

Armstrong, Margaret E.
Bahry, Vera J.
Bauer, Catherine M.
Buttner, Virginia H.
Dubiel, Marlene J.
Hart, Sarah E.
Haubenreich, Catherine R.
Jones, Margaret E.
Kelly, Wanda J.
Komnenich, Pauline
Kowalski, Maxine L.
Little, Sonya K.
Moffett, Sulinda
Murphy, Anna T.
Piasta, Mary I.
Purdy, Claire H.
Quinn, Frances M.
Ryan, Dorothy A.
Stevens, Peggy J.
Ryan, Judith A.
Wolford, Helen G.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for permanent appointment to the grade of colonel under the provisions of title 10, U.S. Code, sections 5769 and 5780:

Jerry T. Bowlin
Samuel P. Brutcher
Robert T. Garney
James E. Cassity
Dale H. Clark
Fred J. Cone
Ernest T. Cook
Roy G. Corbett
John R. Dailey
William J. Doerner
Warren A. Ferdinand
Robert L. Formanek
Ray M. Franklin
Laurence S. Fry
Richard A. Gustafson
Don K. Hanna
Edmund P. Looney, Jr.
Darwin D. Lundberg
Jarvis D. Lynch, Jr.
James P. McWilliams, Jr.
John G. Miller
Robert G. Mitchell
Donald L. Morris
Carl E. Mundy, Jr.
Ronald L. Murray
Don J. Ogden
James W. Orr
Robert F. Overmyer
Billy E. Pafford
Robert L. Petersen
Reed Phillips, Jr.
Bruce A. Pifel
Robert R. Porter
Robert N. Rackham
Donald F. Schaet
Roger F. Scott, Jr.
Michael K. Sheridan
Frederick E. Sisley
James E. Swab
William J. Tirschfield
James B. Townsend
Donald D. Wilson
Walter M. Winoski
Fitz W. M. Woodrow
Joseph B. Wuertz
Richard C. Yezzi

EXTENSIONS OF REMARKS

A TRIBUTE TO THE HONORABLE ROY E. GRANTHAM

HON. GLENN ENGLISH

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. ENGLISH. Mr. Speaker, I want to bring to my colleagues' attention the outstanding record of service of Senator Roy Grantham, who is retiring from office this year after 28 years of commitment to the needs of the people of Oklahoma.

I can say without hesitation that no member of the Oklahoma Senate commands greater respect than Senator Grantham, who has been variously selected by his own colleagues as the most helpful senator, the best committee chairman, and the member best liked by those with whom he has served.

Roy Emery Grantham was born in 1907 in Oklahoma territory. He has earned three degrees from Oklahoma University, has served in the Army and the Army Reserve, and has been county attorney for Kay County, Okla.

He was first elected to the Oklahoma State Senate in 1950, and has served in that body continuously since that time. As chairman of the senate's judiciary committee for the past decade, he has been able to combine his varied talents as teacher, attorney, and lawmaker. "Every committee meeting is like attending a legal seminar," commented one committee member. Under Grantham's leadership, the judiciary committee has become one of the most productive committees and its meetings have become the best attended in the entire senate.

Senator Grantham is perhaps best known for presiding over the impeachment trial of a member of the Oklahoma Supreme Court. During the proceedings, both sides were ample in their praise of his evenhanded performance. Subsequently, the Ponca City lawmaker has headed special committees investigating allegations of wrongdoing in the Oklahoma Corporation Commission, the Highway Commission, and the personnel administration system. In every case, his leadership has meant fairness and equity for all involved—whether the inquiry lead to resignations and corrective legislation, or a clean bill of health for those under investigation.

Another measure of Senator Grantham's effectiveness is his overwhelming popularity among his own constituents. On the rare occasions that Grantham was opposed for reelection by a member of either party, the voters of district 20 responded by giving him decisive margins of victory.

Roy Grantham has for many years provided the Oklahoma legislature, and the State as a whole, with a model of absolute integrity—an integrity which crosses party lines and seeks no personal or political advantage.

As he voluntarily leaves the arena in which he has performed so well, Roy Grantham leaves a record of accomplishment which typifies all that is best in the tradition of American public service. I am pleased to join with his many friends and colleagues in expressing our deepest appreciation to Senator Grantham for his years of dedication to the needs of our State.●

TRUE INTENT OF VETERANS PREFERENCE

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. EILBERG. Mr. Speaker, I want to voice my strong personal objection to the reduction in veterans preference proposed by President Carter.

In his recent message to Congress, the President asked that we enact legislation which would sharply limit the advantages that veterans receive in civil service hiring and firing procedures. Before the Post Office and Civil Service Committee votes on the President's proposal—contained in legislation numbered H.R. 11280—the committee should examine closely the true meaning and intent of the veterans preference.

The veterans preference in civil service hiring does not give veterans an advantage in the job market; rather, it is an attempt to makeup for the disadvantage they face because of time spent out of the work force. In particular, when the veteran leaves the service, he or she is far behind his or her contemporaries in terms of work experience, skills, and seniority. Thus, the veterans preference is an effort to compensate them for their disadvantage in getting a job and advancing in that job.

Mr. Speaker, I must also oppose the provisions of the bill that limit the veterans preference in reduction-in-force situations. Under the President's proposal, after 3 years of Government service a veteran would be entitled to only an additional 5 years seniority for purposes of determining his or her rights in reduction-in-force situations.

Franklin D. Roosevelt clearly stated his ideas on the veterans preference in reduction-in-force situations. In a letter dated February 26, 1944, Roosevelt wrote to the chairman of the Civil Service Committee of the House:

> Veterans should be accorded special consideration in connection with any reductions in total personnel which it may be necessary for federal agencies to work out from time to time.

I see no reason for the Congress to stray from the fundamental concept that Roosevelt expressed so forthrightly.

Let me emphasize, Mr. Speaker, that I sympathize with the President's goal of bringing more women and minorities into Government service. I do not believe, however, that this goal should be achieved at the expense of the men and women who have served our country in the military.

It is my hope that Congress will not take any steps toward changing the veterans preference in civil service procedures. Civil service reform is a worthy undertaking for President Carter and this Congress, but I personally cannot support any measures that would be detrimental to the interests of our veterans.●

FEDERAL SALARY INCREASE SHOULD BE 5.5 PERCENT

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MATTOX. Mr. Speaker, the first-target budget resolution, which will be considered on the floor of the House of Representatives on May 2 and 3, should be amended to target a pay increase for all Federal employees not to exceed 5.5 percent. The budget resolution as reported out of the committee assumes 6-percent funding for increases in Federal salaries.

Specifically, my amendment will target a reduction of $255 million in budget authority and outlays in order to roll back the Federal salary increase to the 5.5-percent level. The President's recommendation for this action came after our committee had finished its deliberations, otherwise I woud have offered it then. I hope, however, it can be accepted as a committee amendment.

This is one of the major recommendations of the President of the United States as a first step toward abating the extreme inflationary pressures we are currenty experiencing. It has been set forth by the President as an example of essential Federal restraint, which, hopefully, will serve as a guideline for State and local governments and business and labor groups.

In the battle against inflation, which involves every man, woman, and child in the United States, someone must be willing to take the first step.

The President's recommendation is a very modest one that the Congress can endorse and support without inflicting undue harm on anyone. Federal employees will still receive a 5.5 percent upward salary adjustment.

If our example is followed throughout our vast economy, the benefits to individuals will in the long run, be far greater than the temporary sacrifice we call upon them to make at this critical time.

I urge you to support my amendment so that the Nation as a whole will know that the Congress pledges its support to all effective initiatives to reduce inflation.

Thank you.●

HOUSE MEMBERS URGE EXTENSION OF DEADLINE FOR ALLOCATING FUEL ASSISTANCE FUNDS

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. FRASER. Mr. Speaker, many low-income people throughout the country have been hard hit by high home heating costs during this past winter. In order to deal with this problem, funds were provided in the fiscal year 1978 supplemental appropriations bill for the Community Services Administration to defray fuel costs for low-income families.

Under agency regulations, the funds must be allocated by May 1, 1978. Many of us in the House believe this deadline to be unworkable and have sent a letter to Community Services Administration Director Olivarez, urging the agency to seek an extension of this deadline. A copy of that letter and its cosigners now follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 11, 1978.

DR. GRACIELA OLIVAREZ,
Director, Community Services Administration, Washington, D.C.

DEAR DR. OLIVAREZ: We are writing to urge that CSA extend the May 1, 1978, spending deadline for the EEAP program to help defray fuel costs for low-income families and elderly people hardest hit by this winter's prolonged cold spell.

As you know, the FY 1978 Supplemental Appropriations Bill was signed into law on March 7, after a delay of several months. This delay has had an especially serious effect on the much needed fuel assistance program since the program's principal goal is to assist low-income people with energy related emergencies arising as the result of the winter season.

Even though final approval of the fuel assistance program experienced considerable delay, final CSA rules stipulate that no funds under the EEAP program can be obligated after May 1, 1978. We now have a situation similar to last year's when the assistance also came late and was available only for a limited period of time.

To avoid a repetition of last year's difficulties in administering this program, we urge that the May 1, deadline be extended so that CSA can indeed meet its mandate of assisting eligible households with energy related emergencies arising as a result of the winter season.

Thank you for your consideration. We are looking forward to your response.

With best wishes.

Sincerely,

Bruce Vento, Peter Rodino, John Conyers, Helen Meyner, Joshua Eilberg, Donald Fraser, Harold Ford, Parren Mitchell, Joe Moakley, Rick Nolan, William Brodhead, John Duncan, Mark Andrews, Robert Roe, James Hanley, Stewart McKinney, Joseph Addabbo, Lee Hamilton, Don Mitchell, John Anderson, Michael Blouin, Richard Ottinger, Max Baucus, Charles Rangel, Ronald Mottl, William Moorhead, Fernard St Germain, Toby Moffett, and David Obey.

Douglas Applegate, Louis Stokes, Stephen Solarz, Charles Carney, Robert Drinan, Norman D'Amours, Bob Young, Edward Markey, Gladys Spellman, James Jeffords, John Seiberling, Austin Murphy, William Hughes, Arlan Stangeland, Margaret Heckler, Stanley Lundine, Thomas Downey, Ronald Sarasin, Ralph Metcalfe, Dale Kildee, Bob Traxler, Robert Edgar, John Brademas, Henry Reuss, Adam Benjamin, Matthew McHugh, Edward Patten, Berkley Bedell, Barbara Mikulski, Paul Simon, James Cleveland, Lester Wolff, Joseph McDade, Robert Kastenmeier, and James Leach.●

THE PEOPLE WANT TAX CREDITS

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CORCORAN of Illinois. Mr. Speaker, the New York Times, in an article on April 20, reported on two surveys which were currently conducted regarding tax relief for families who pay college tuition. The first survey was conducted by the New York Times and CBS News and the second by the Gallup organization. The Times survey found that 83 percent of the respondents questioned favored a tax break for college tuition costs, while only 13 percent were opposed and 4 percent replied, "Don't know." The second survey by Gallup found that 51 percent of those questioned favored tax credits for college tuition as opposed to 34 percent who supported the Carter-Califano plan for expanding existing Federal scholarships and loans. Fifteen percent responded, "Don't know."

As the principal House sponsor of the "College Tuition Relief Act," I am, of course, pleased with the findings of these opinion surveys. Hopefully, the Carter administration will soon get the message that people are more interested in tax relief at home, than in added bureaucracy in Washington.

Mr. Speaker, at this time, I would like to insert this article into the RECORD:

TWO POLLS FIND MOST ADULTS FAVOR TUITION TAX BREAK

(By Marjorie Hunter)

WASHINGTON.—Two new national polls reported that a majority of this nation's adults favor some form of tax relief for families who pay college tuitions.

A New York Times-CBS News survey, conducted April 3–7, found that 83 percent of those questioned favored a tax break for college tuition costs, while only 13 percent were opposed and 4 percent replied "don't know."

A Gallup Poll, taken March 20–April 3 and made public today, found that 51 percent of those questioned favored tax credits for college tuition as opposed to 34 percent who supported the Carter Administration's plan for expanding existing Federal scholarships and loans to aid college students from middle-class families. Fifteen percent replied "don't know."

The Gallup Poll gave those questioned an option between tuition tax credits and the Administration's scholarship-loan program. The Times-CBS News survey simply asked whether parents should get a tax break for part of the college tuition.

A tuition tax credit would permit taxpayers to subtract a certain part of tuition costs from the amount of Federal income tax owed.

On Feb. 23 the Senate Finance Committee approved, by a vote of 14 to 1, a bill that would allow parents of students in college or postsecondary vocational schools to subtract up to $250 from taxes owed on this year's income. In 1980, coverage would be expanded to include tuition for private elementary and secondary schools, and the maximum write-off would be raised to $500 per student.

The House Ways and Means Committee approved a bill April 11 that limits tax credits to college tuitions. Parents would be allowed to subtract from taxes owed up to $100 for each dependent college student this year, up to $150 next year and up to $250 in 1980. The bill may reach the House floor next week.

Neither the New York Times-CBS News survey nor the Gallup Poll asked whether tuition tax credits should be given to parents of students in private elementary or secondary schools.●

RURAL RESIDENTS ELIGIBLE FOR HEALTH INSURANCE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CRANE. Mr. Speaker. With continued public and private focus on the health care sector and the growing frequency of Government criticism of the private sector for its alleged lack of ingenuity regarding coverage of persons who might not have available to them adequate or existing health insurance coverage, I would like to share with my colleagues the following article. In my home State of Illinois, the Blue Cross and Blue Shield Association has for the past 30 years made available what is called the Health Improvement Association (HIA's). Originally intended to cover rural Illinois citizens, self-employed, and those working for companies with less than five full-time employees, the program has been extended to others and has been successful in covering about 250,000 who might otherwise not have had adequate health insurance coverage. Our neighboring State, Iowa, also has a similar HIA program.

The article follows:

RURAL RESIDENTS ELIGIBLE FOR HEALTH INSURANCE

For 30 years, Health Improvement Associations (HIAs) have made available Blue Cross and Blue Shield health insurance to rural Illinois citizens who might otherwise find it hard to obtain.

The HIA program started immediately following World War II when rural residents found it difficult to obtain adequate health insurance. Farmers, small town businessmen and the self-employed were not eligible for the more economical group health benefit plan.

"To help rural people, we had to start by finding a substitute for the employer-based group concept," says George Starkey, assistant vice president of state sales for the Chicago-based Blue Cross and Blue Shield Plan.

"Farmers and other rural residents had to be brought together into an organization that would qualify them as a group," he says.

Rural residents, who were accustomed to banding together to help neighbors, responded favorably to the idea of forming such an organization. The effort resulted in the chartering of the first Illinois HIA in 1948.

The not-for-profit HIA program now has 94 local associations in the state under a parent organization, called the Illinois Health Improvement Association. About

250,000 people have Blue Cross and Blue Shield coverage through the program. The Plan considers the program its largest enrolled group.

Initially, HIA coverage was limited to the self-employed and those who worked for firms with less than five full-time employees. Members could not live in towns with more than 5,000 people.

The population limit has since been dropped and businesses with as many as 21 employees now can purchase coverage for their workers.

Benefit levels also have been revised. Members can select a plan that pays 100 percent of all eligible charges and includes a special major medical program. There is another plan that pays 80 percent of eligible charges. HIAs also offer a Medicare supplemental program and in some counties a health maintenance organization type coverage. Members also have the option of selecting a special guaranteed decreasing term life insurance plan.

The HIA concept is based on volunteerism. Volunteers seek out new members, run the parent association and assume leadership roles in community programs.

"HIA members believe in traditional values like volunteerism and helping out neighbors. And they prove it daily by giving so unselfishly of their own time," says Starkey.

Most individual contracts are sold by HIA volunteers. The Illinois Plan maintains a rural marketing staff to help the HIAs sell coverage to groups. This staff also helps HIAs on servicing problems, such as untangling snarls in submitted claims.

While the main thrust of the concept has been the enrollment of members in Blue Cross and Blue Shield, HIAs also are engaged in community oriented projects.

Individuals may join an HIA without taking the Blue Cross and Blue Shield coverage. Their membership dues, which run around six dollars, are used to support the various community projects and scholarships.

Blue Cross and Blue Shield of Iowa also supports a similar HIA program within its state.●

LET COOLER HEADS PREVAIL

HON. L. H. FOUNTAIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. FOUNTAIN. Mr. Speaker, I commend to the attention of my colleagues and the members of the Civil Aeronautics Board a not so tongue-in-cheek Richmond Times-Dispatch column which makes some salient points concerning the issue of smoking on commercial flights. The column also mentions a story which my good friend, Rep. DAN DANIEL, has often told about the effects of tobacco on his grandmother.

The article follows:

[From the Richmond Times-Dispatch, Apr. 2, 1978]

SEATED, MOST HAPPILY, IN A CLOUD OF SMOKE

(By Frances Hallem Hurt)

Slowly I have become aware that I'm a full-fledged freak. Whenever I take an airplane, which is fairly often, I sit with the smokers. I've never smoked a cigarette in my life. Well, hardly ever. There was the time behind the barn.

Although I've sat with smokers for years (with a few match books deep in the debris of my handbag), it had not occurred to me how very peculiar it is until we found ourselves, as we have, swamped with the rising tide of piety and intolerance among those who have kicked the habit. The witch-burning syndrome is on the march. I know of nothing more pitiful than the increasingly common sight of a grown man, hanging his head in shame and whispering: "Do you mind if I smoke?" Shades of Hester Prynne's "A." The next trick in the Califano bag may well be to brand smokers with a scarlet "S."

When the airlines first started separating the sheep from the goats, asking, "Smoking or non-smoking?" for seat reservations, I honestly answered, "Non-smoking." I took my seat in the best part of the plane while the untouchables were herded to the tail. That's how I learned.

Please don't think I'm tainted with intolerance on my side of the question. Indeed, some of my best friends don't smoke. I simply recognize that my behavior is bizarre and feel that I owe an explanation. Among the smokers, you see, one can be at ease. The smoker is not driven to conversation. He can smoke contentedly as he gazes at his patch of sky or rests from his reading or work. One need not bury one's own head in one's book to avoid the friendly opening smile or the fishing out of the photo wallet.

This is all very serious for me, for I am as friendly as a puppy. I was trained at my mother's knee to give smile for smile and courtesy for courtesy, which can lead to a good many complications. Actually, I've met some very nice people in the non-smoking section. It is, for example, a splendid place to meet Moslems.

There are also environmentalists, backpackers, first-fighters, plain vanilla people like myself, health nuts, people with recent operations and gum-chewing knuckle-crackers. We know what their problem is.

The thing, I think, that really turned me off the non-smoking section is the high ratio of evangelists. They can tell at a glance who needs working on, even if I am a pewwarming Presbyterian who teaches Sunday School besides. As far as they are concerned, just to brighten the corner where you are is not enough. You've got to come out of the closet.

Let me give you a case in point, although this happened to a friend. My friend is a non-smoker, given to waving her hand delicately under her nose if smoking is in progress within 100 feet. We were flying to London—non-smoking, of course. Being a true non-smoker, my friend turned immediately to her neighbor to chat, as charming as if at tea. It developed that the neighbor was not exactly a Moslem, but a lapsed Moslem, on his way to win other Moslems in the name of Jesus. After a long ardent conversation, he said to my friend, "Are you saved?" She replied uncertainly, "I don't think so. I'm a Methodist."

On the next leg of our journey we sat by an un-lapsed Moslem, with eyes as blue as a Siamese cat's (Crusader genes?) and a gold medallion around his neck, quoting the Koran. His field was international law and he gave us the word on the Arab-Israeli confrontation. He said, his eyes flashing like "Star Wars" ray guns, "This time the U.S. will back the Arabs. They've got the oil. "Seeking safer ground, my friend unfortunately mentioned our other Moslem, off on his evangelical mission. "Impossible!" Moslem No. 2 shouted, and we Christian dogs cowered, waiting for the scimitar.

I confess that my fondness for smokers is rooted in nostalgia—for all of the men in my life who represented security and affectionate support. My father died when I was five, but there were my uncles, coming for Thanksgiving and Christmas with their fragrant after-dinner cigars. Then my husband—a cigarette pack always in his white shirt pocket, giving him a special mix in my olfactory memory of fresh tobacco, fresh linen and faint talcum. Add to this my husband's father and my uncles and my brothers, and you'll understand why I'm at ease with the lepers in the tail of the plane.

As our new Savonarola rises from HEW, stomping on our freedoms for our own good, it is about time for Rep. Dan Daniel of the 5th District to tell the little tale of his grandmother. Daniel was born in a cabin on a Pittsylvania County tobacco farm, he says, and grew up working in the bright leaf for which the area is famous.

He proceeds something like this: Now that he has heard his distinguished colleagues describe the horrors of this evil weed, he knows what killed his grandmother. She doted on tobacco in every form, pipe to snuff. And it finally killed her. She was 99 years old and 11 months.

So I'm a freak and a freak I intend to remain. At least among the smokers I won't find myself sitting by Secretary Califano. On second thought, I wouldn't find myself sitting by him anyway. He's a billion-budget expense account man. He flies first class.●

H.R. 11002: STREAMLINING THE GOVERNMENT CONTRACT DISPUTES PROCESS

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. HARRIS, Mr. Speaker, The Judiciary Subcommittee on Administrative Law and Governmental Relations on February 8 reported H.R. 11002, the "Contracts Disputes bill," drafted and sponsored by myself and my colleague from Ohio, Congressman TOM KINDNESS.

H.R. 11002 would establish in law for the first time a clear and precise Government policy and process for resolving disagreements between the Government and outside contractors. The bill will reform a process that has evolved erratically over the years, a system that certainly needs improvement and is described by some as being in "total disarray." It would carry out the 1972 recommendations of the Commission on Government Procurement which concluded that the present system is too expensive and time-consuming for the taxpayer and contracting companies and needs significant overhaul to provide effective justice.

DEFECTS IN THE CURRENT SYSTEM

Currently, if there is a disagreement over the terms or meaning of a contract, there are three levels through which the dispute may be processed: First, the contracting officer; Second an administrative level other than the contracting officer, usually a board of appeals; and third, the courts.

It is not uncommon for current contract disputes to take 10 years to resolve. In order to reach settlement, both government officials and private companies must spend many hours and dollars going through contracting officers, boards of contract appeals and the courts. The Commission found that 33 percent of all disputes took more than 6 months to resolve at the contracting officer level; of those appealed to boards, 70 percent took

more than 6 months and 15 percent more than 2 years.

Lengthy delay in resolving protests can seriously impair the Government and be economically devastating to the contractors. For example, the Department of the Navy and General Dynamics are currently attempting to resolve a dispute over construction of a nuclear submarine. The company claims the Navy owes it $544 million for more than 35,000 changes in the construction of attack submarines. Work stoppages are threatened. To go through a protracted settlement could ultimately affect the Nation's defense capabilities, employment in those industries, and the U.S. Treasury.

The cost of protracted legal actions to resolve a dispute discourages many businesses, particularly small ones, from even seeking business with the Federal Government. The complications and expenses of a cumbersome disputes-resolving process discourages companies from even selling goods and services to the Government—which defeats the whole purpose of a competitive contracting system. "If the concerns about inequities and inefficiencies in disputes-resolving system procedures cause potential contractors to avoid Government work, the procurement process will suffer," said the Commission. Additionally, the potential costs and chaos of pursuing a dispute causes those who do do business with the Government, to submit higher bids at the taxpayer's expense.

The current system is also unfair because the Government has the upper hand. The rights of parties are governed by the "disputes clause" in the contract which is both written and interpreted by the Government, one of the parties in the contract.

This inequity is compounded by the unique feature of a Federal Government contract—the contractor is required to continue performing work even though there is a dispute. For example, if the Government and a contractor disagree over the cost of a specification included in the contract, the company must continue performing that work even though it may take months or years to resolve the dispute.

Under the present system, a contractor must appeal the decision of a contracting officer with the agency board before taking the case to court. This layer can add unnecessary time and expense; and some cases, particularly the more complex ones, are more suited for court resolution.

The agency boards of contract appeals are problem areas as well. They do not have the procedural authority, such as discovery and subpena powers, to insure that all relevant facts and issues are brought before them. And although boards are essentially objective and independent, their members are appointed by agency heads and must depend on them for career advancement. The Commission found, "The procedural safeguards in the boards and the quality and independence of the board members are uneven. Yet * * * the findings of fact by the boards are essentially final on subsequent judicial review."

The Commission found no evidence of a comprehensive plan to improve the current system. The boards, on the one hand, have adopted judicial-like procedures and at the same time have tried to maintain a degree of flexibility and informality not usually found in court. This lack of direction from Congress and lack of planning in the executive branch has exacerbated the inefficiencies and expense.

HARRIS-KINDNESS WILL STREAMLINE AND REDUCE COSTS

H.R. 11002 establishes as a Government-wide policy that disputes should be resolved by mutual agreement when possible and requires at least one informal conference between the contractor and the agency before formal proceedings are begun. Agencies are authorized to establish full-time boards of appeals to hear and decide disputes. Both the Government and the contractor could go directly to court, bypassing the agency board. Also, boards are required to establish simplified procedures for the speedy handling of small claims. The bill includes specific deadlines for taking actions at the various levels and grants the boards clear powers to assure fairness to both the Government and the contractor.

I believe H.R. 11002 will provide a clear base in law for resolving contract disputes, which involve millions of contractor and taxpayer dollars. I am hopeful that the full Judiciary Committee will take prompt action on this bill and I will work for prompt enactment into law. We have let a system evolve sporadically and that system has become cumbersome and expensive. This bill will help bring economic and legal justice to both the taxpaying citizen and private companies.

I would like to include in the RECORD at this point three examples of contract dispute cases which point out some of the problems addressed by this legislation:

EXAMPLES OF CONTRACT DISPUTES

Carlo Bianchi and Company, Inc. In July 1946, Carlo Bianchi and Company entered into a contract with the Army Corps of Engineers for the construction of a flood contro dam. Work was completed on June 30, 1949. In May 1947, the contracting officer rejected the company's claim that additional supports were needed in the water diversionary tunnel. In 1948 Bianchi's appeal was denied by the board and in 1954 Bianchi filed in the U.S. Court of Claims. In 1959 the Court of Claims entered judgment for the contractor and in 1963 the U.S. Supreme Court vacated the Court of Claims judgment on the ground that under the Wunderlich Act the lower court should have confined itself to review of the administrative record. In 1964, on remand, the Court of Claims found the board's action to be supported by substantial evidence and dismissed the contractor's petition; a motion for reconsideration was denied. In September 1973, twenty-six years after the claim was rejected, settlement for $149,617.36 was announced following Congressional reference to the Corps of Engineers. The settlement amount matched exactly the original award of the Court of Claims in 1959.

J. L. Simmons Company, Inc. On October 5, 1949, J. L. Simmons Company, Inc. entered into a contract to construct a hospital for the Veterans' Administration and completed work on April 30, 1953. In 1951 the contracting officer denied the first of Simmon's claims for extra foundation work and a timely appeal was filed. In 1959, the board and the Assistant Administrator for Construction approved the board's action. Less than a month later, Simmons filed a petition with the Court of Claims alleging breach of contract and attacking the board's decision as arbitrary. The case became stalled because of the turmoil created by the Wunderlich, Bianchi, Utah and Grace cases. In June 1966, proceedings in the Court of Claims were suspended to permit the Board of Contract Appeals to correct defects in the record. In 1967, a second board decision was issued substantially increasing the award to Simmons. The Board decision was modified and affirmed by the Court of Claims on July 16, 1969. In August 1970, nineteen years after the first claim was denied, a $650,000 judgment for the company was entered.

Utah Construction and Mining Company. Utah Construction executed a contract in March 1953 to build a facility for the Atomic Energy Commission. After completion of the project in 1955, the contractor filed a claim under the changed conditions clause and the claim was denied by the contracting officer. The board held that there had been a changed condition but that relief was unavailable under the contract. In the subsequent breach of contract suit, the Court of Claims held that the claims were outside the disputes clause and were therefore subject to de novo review. In 1966, the Supreme Court affirmed the Court of Claims in its determination of the scope of the disputes clause but reversed the lower court because of failure to give finality to certain factual findings made by the board. In July 1966, the Court of claims withdrew its opinion and returned the matter to its commissioner for further proceedings. In 1968, thirteen years later, the parties entered a settlement stipulation for $100,000.

SUMMARY AND EXPLANATION OF H.R. 11002, THE CONTRACT DISPUTES BILL

H.R. 11002, the Harris-Kindness Contract Disputes bill, would establish in law for the first time, a clear policy and process for resolving disagreements between the federal government and private contractors when there is a dispute over the terms of the contract. The bill establishes as a policy that disputes should be resolved by mutual agreement when possible and requires at least one informal conference between the contractor and the agency before formal proceedings are begun. The bill authorizes agencies to establish full-time, formal boards of contract appeals which would hear and decide disputes. It grants both the contractor and the government "direct access" or the right of review of any adverse agency board decision in court. And it requires agency boards to establish a simplified procedure for expeditiously settling small claims.

BACKGROUND

Government contracting is as old as our form of government. The public, through Congress, has decided that government contracting for goods and services must be undertaken for the benefit of the public primarily by fulfilling government needs through competitve pricing methods that assure equal opportunities for businesses to compete at the lowest possible cost to the government. Government contracts are formed according to an etxensive and complex set of formal rules, comprised of laws, executive orders, regulations and agency internal procedures.

Contracting with the federal government is somewhat unique because the rights of the parties are governed by the so-called "disputes clause" in the contract. This clause gives the government, one of the parties in the contract, the power to decide what the contract provisions mean. Additionally, under government contracts, the contractor is required to continue to perform work

while the dispute is being resolved—a requirement that is not found in contracting between two non-government entities in the private sector.

The current method of resolving contract disputes is essentially a set of practices that have evolved out of agencies' needs without firm or clear foundation in law. Currently, when there is a disagreement over the terms meaning of a contract between the government and the contractor, there are three levels through which the dispute may be processed: (1) the contracting officer; (2) an administrative level other than the contracting officer (usually a board of contract appeals); and (3) the courts.

The 91st Congress created the Commission on Government Procurement and among its mandates was a requirement to study the current methods for settling contract disputes and to make recommendations to Congress for improvements. The Commission, in its 1972 report, concluded. "The present system for resolving contract disputes in connection with contract performance needs significant change if it is to provide effective justice. The system is often too expensive and time-consuming for efficient and fair resolution of claims."

Other findings of the Commission were as follows:

The delays and confusion of the current system make it costly for the taxpayer.

Because the current process is cumbersome and requires expensive, protracted litigation, small businesses are reluctant to sell goods and provide services to the federal government. Two-thirds of the small businesses questioned by the Commission said they would not appeal an adverse decision on a claim under $5,000. Additionally, businesses with small claims find the cost of pursuing a claim exceeds the amount of the claim; thus, many claims are not pursued and only large contractors are able to recover.

The present system does not provide due process for litigants because the agency boards of contract appeals do not possess the procedural authority or machinery to ensure that all relevant facts are brought before the boards and given adequate consideration. Even though the boards lack adequate legal powers for taking evidence and making decisions, the boards' findings of fact are essentially final on subsequent judicial review. Additionally, since the members of the boards are appointed by their agency head, their independence is often questioned.

There is increasing frustration and disillusionment with the contract disputes process among contractors. The federal contracting process is based on open competition, but faced with inequities, ambiguity and inefficiencies in the process, many potential contractors avoid government work and the procurement process suffers.

There is no evidence of an overall plan to improve the method of handling government contracts. The present system merely evolved over the years and a series of court decisions have tended to judicialize the boards' administrative procedures, while at the same time the boards have tried to maintain a degree of flexibility and informality not found in court procedures.

The Commission recommended a number of changes to accomplish four objectives:

1. Induce resolution of more contract disputes by negotiation prior to litigation;

2. Equalize the bargaining power of the parties when a dispute exists;

3. Provide alternative forums suited to handle the different types of disputes; and

4. Ensure fair and equitable treatment of contractors.

LEGISLATIVE ACTION: THE HARRIS-KINDNESS BILL, H.R. 11002

Since the Commission on Government Procurement reported to Congress in 1972, a number of bills have been introduced in both the House and Senate in each Congress. On November 10 and 11, 1977, the House Administrative Law and Governmental Relations Subcommittee of the Judiciary Committee held hearings on H.R. 664 and related bills, all of which would place in law a systematic method of handling contract disputes.

On February 8, the Subcommittee reported H.R. 11002, drafted and sponsored by Congressmen Herbert E. Harris (D-Va.) and Tom Kindness (R-Ohio), which implements the Commission's recommendations by establishing in law clear procedures for settling contract disputes.

H.R. 11002 has the following provisions:

1. Each federal agency is authorized to settle claims and disputes with contractors. Agencies are authorized to establish an agency board of contract appeals when the volume of procurement justifies a full-time agency board of at least three members. If the volume of procurement is not sufficient to justify an agency board, an agency can arrange for appeals of decisions by a board of another agency.

2. H.R. 11002 declares that it is the policy of the Congress that contract claims should be resolved by mutual agreement instead of litigation as much as possible and requires the agency to provide at least one informal conference after a contracting officer's decision in an effort to settle the claim by mutual agreement. The informal conference would be held by designees of the agency head who are employed at a level above the contracting officer.

3. Agency boards are authorized to administer oaths, authorize depositions and discovery proceedings, subpoena witnesses and records, and take testimony.

4. Agency boards are required to establish procedures to provide for the informal, expeditious, and inexpensive resolution of disputes and must issue all decisions in writing on each appeal. The board's decision is final unless the contractor appeals the decision in a U.S. district court or the U.S. Court of Claims within one year.

5. Each agency board is required to establish a simplified procedure for handling small claims appeals. The contractor can elect the small claims procedure and disputes must be resolved within 120 days.

6. All contract claims are required to be filed with the agency in writing and the contracting officer is required to issue a written decision on all claims within sixty days.

7. The bill gives the contractor the right to appeal the contracting officer's decision to the agency board of contract appeals within 90 days of the decision.

8. A contractor can elect to bring a suit on the claim directly in a U.S. district court or the U.S. Court of Claims within 12 months from the decision or final delivery of supplies or performance of the work under the contract, whichever is later, or to appeal a contracting officer's decision to the agency board. If a contractor appeals a board decision in court, the agency board's decision on questions of law shall not be final and conclusive, but the findings of fact by the board shall be final and conclusive unless fraudulent, arbitrary, capricious, so grossly erroneous as to imply bad faith, or not supported by a preponderance of the evidence.

9. At the request of an agency head, the Attorney General may appeal the board's decision in a U.S. district court or the U.S. Court of Claims in cases where the board awards the contractor over $1 million or if the Attorney General determines there is the existence of a compelling governmental interest that affects federal procurement policy.

10. In an appeal by the government, the board's decision on any question of law shall not be final and conclusive but the findings of fact by the board shall be final and conclusive unless fraudulent, arbitrary, capricious, so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

11. Interest on amounts found due on claims to contractors must be paid from the date of the decision by the contracting officer until payment following a decision by the agency board or court.

12. The upper dollar limit for contract claims cases handled by U.S. District Courts is increased from $10,000 to $25,000 and District Courts have concurrent jurisdiction with the U.S. Court of Claims for cases involving amounts up to $25,000.

13. The current appropriation authority for the payment of judgments found due to contractors is continued with a requirement that agencies reimburse the treasury for amounts paid out.●

THE OUTSTANDING WORK OF THE MENNONITE CHURCH

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MURTHA. Mr. Speaker, in the months since the devastating flood in central Pennsylvania, I have tried to cite many individuals and groups who contributed to the recovery effort. I would like to insert into the RECORD an editorial from the Johnstown Tribune Democrat that rightly praises the work Mennonites performed in the recovery effort. I personally saw many of these individuals at work helping our area, and that assistance was a source of great inspiration for the community during that difficult time.

The editorial follows:

THE MENNONITES

No group could be more deserving of an award for voluntary health service than the Johnstown Area Mennonite Disaster Service.

And the Mennonites are going to get that, the Benjamin Rush award of the Pennsylvania Medical Society.

The award is to be presented Wednesday in Hershey, but it is what the Mennonites did starting last summer that has brought the Rush honor their way. For it was then, following the July 20 flood, that 2,000 Mennonite volunteers came to Johnstown and provided inestimable help to our people.

The volunteers helped to shovel mud from basements; they supplied lunches and drinking water for other workers; they housed, through the Mennonite Disaster Service group, other volunteers who stayed on to continue cleanup work; and they provided counseling service for flood victims.

But they did not stop there.

After the cleaning up was well along, craftsmen got together to help flood victims who were rebuilding or repairing houses.

And the Mennonites went about their work quietly and effectively. They of course got some deserved publicity over the post-flood months; and now they will be getting more.

They are not going to stop and take a breather on their laurels, however; in conjunction with the '77 Flood Relief Center, the Allegheny Conference of the Mennonite Church will continue efforts to help flood victims.

Flood-damaged houses are to be bought, repaired and sold to flood victims at cost. And those costs will be remarkably low, primarily because the labor going into the work will be done by, once again, Mennonite volunteers.

The volunteers will be getting help, of course; the money to purchase the damaged houses will have to come from somewhere; the amount collected so far has come from three sources—the Methodist Church, the Episcopal Diocese in Pittsburgh and the '77 Flood Relief Center. Contributions are being sought from other churches.

Will Johnstown recover from the flood? Who knows whether recovery will be complete?

But in reply, if we don't fully recover it won't be because the Mennonites didn't try.●

ATF REGULATIONS WILL AID LOCAL LAW ENFORCEMENT

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● McCLORY. Mr. Speaker, the apparent misrepresentation which has been leveled by some members of the National Rifle Association against regulations proposed by the Bureau of Alcohol, Tobacco, and Firearms is most unfortunate. The principal Federal agency charged with enforcement of the Federal firearms laws—in developing regulations to provide uniform serial numbers on firearms and to establish a mechanism for recording lost and stolen weapons—is entirely consistent with the objective of meeting the challenge of crime in our Nation.

The Bureau's objective is clearly to assist local and State law enforcement agencies in tracing weapons used in cases of violent crime and to assist in apprehension of those who engage in the illegal trafficking of firearms and the use of firearms—particularly handguns.

Those who oppose any additional Federal gun control laws argue that we should have better enforcement of the existing laws. That is precisely the objective of the ATF regulations which are, indeed, consistent with the 1968 statute.

Mr. Speaker, I am enclosing an illuminating and persuasive editorial which appeared in Sunday's Washington Post—and which should, indeed, encourage NRA members to support and not oppose those in the Bureau of ATF who are endeavoring to enforce the existing federal gun laws in behalf of the law-abiding citizens of our Nation.

The Post editorial follows:

FOLLOW THOSE GUNS

The Treasury Department's Alcohol, Tobacco and Firearms Bureau has, shall we say, come under fire from the National Rifle Association and congressional opponents of gun-control laws. Their target is a set of regulations proposed by ATF that they claim would create, in NRA's words, "a massive system of centralized national firearms registration" with "no specific congressional authority."

ATF is doing nothing of the sort. The agency is simply trying, at long last, to crack down on the vast, nationwide illegal traffic in guns. Under the proposed rules, every new firearm, including future imports, would have to bear a unique serial number. Licensed manufacturers, importers and dealers would have to file quarterly reports on the disposition of each firearm they make or handle. Finally, every theft or loss of a firearm in commercial channels would have to be reported at once.

We emphasize "commercial channels" because the rules would *not* require any reporting or registration by individual owners of guns. While reporting that a given firearm had been sold, dealers would *not* have to tell Washington the buyer's identity. Dealers would have to keep that information, as they do now—and ATF agents could inspect those records during business hours, as they may now. The rules governing legitimate firearms purchases and possession would not be changed.

What would be changed—and in our view greatly improved—is the ability of officials to trace the thousands of firearms used in crimes. Last year ATF conducted a record 62,498 trace efforts, many at the request of state or local agencies, with success in 55 percent of the cases. The process now requires separate inquiries to manufacturers, wholesalers and retailers. If future commercial records are centralized and computerized, the history of illegally used guns can be reconstructed much more quickly and easily.

Beyond that, ATF could gain a much clearer picture of the whole firearms business. Officials have documented some well-traveled channels through which guns move from legitimate commerce to crime. ATF found last year, for instance, that over half of the firearms confiscated by the District of Columbia police came from Maryland or Virginia. Mississippi seemed to be the main out-of-state source for guns seized by Chicago's police. But how do the firearms get to Maryland, Virginia or Mississippi? Past administrations have not pressed the industry for information. The new system would enable ATF to find out—for the first time—precisely how many firearms are being made, where those weapons go in commerce, and where they leave commercial channels by means other than documented sales.

Finally, what about the charge that ATF is exceeding its authority? That's nonsense. In the 1968 Gun Control Act, Congress specifically required licensed firearms manufacturers, importers, dealers and collectors "to maintain such records" and "submit to the Secretary [of the Treasury] such reports and information with respect to such records and the contents thereof as he may by regulation prescribe." (That's in Section 923(g) of Title 18, U.S. Code, in case you want to look it up.) So the NRA is way off target. Congress should encourage, not hamper, ATF's new effort to enforce the laws.●

"INTERNATIONAL WEEK" AT DEER PARK HIGH SCHOOL

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. DOWNEY. Mr. Speaker, I would like to bring to the attention of the House a very special program inaugurated this year by the Deer Park High School in my congressional district.

The week of April 24–28 has been designated as "International Week" by Deer Park High School. The week will bring together foreign exchange students from 12 countries. These students will live with families in the Deer Park community and will take part in the academic life of the local high school and in many of the outside activities of Long Island.

The program will give these students a view of America which I believe will be invaluable to their understanding of our country. For Deer Park students and families, the program offers a chance to exchange ideas with young people from all over the world.

Mr. Salvatore Dionisio of the Deer Park High School foreign language staff has thoughtfully arranged the program. He, and the families of Deer Park students who are bringing these exchange students into their daily lives, deserve to be recognized.

"International Week" at Deer Park will make a great contribution to the school, the community, and to the Nation.●

INTRODUCTORY STATEMENT BY CONGRESSMAN GEORGE MILLER

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MILLER of California. Mr. Speaker, I am introducing today the Domestic Violence Assistance Act of 1978. I am very proud to have as my cosponsors Congresswomen BOGGS and MIKULSKI and Congressman STEERS.

The Domestic Violence Assistance Act of 1978, represents an effort by the Federal Government to provide critical aid to people who are planning and operating community-based shelters and related service programs for victims of one of our Nation's least acknowledged, but most prevelant crimes—domestic violence.

In 2 days of hearings last month, the Subcommittee on Select Education heard substantial amounts of testimony regarding how widespread the problem of domestic violence and spousal abuse is in the United States. A recent study by the Washington Star, and the recent monograph, Conjugal Crime, suggest that physical or severe mental abuse occurs in as many as half of the Nation's households. The Post reported that 10 percent of the abused wives nationally receive severe injuries. In California, almost one-third of all homicide victims were murdered by their husbands, a figure similar to that in other States. Nor are the spouses the only victims. One-fifth of the police killed on duty in 1974 were intervening in domestic disputes at the time of their deaths, and police have repeatedly testified that there is a greater likelihood of suffering serious injury or death as a result of intervening in a domestic argument than any other crime. Lastly, it is not limited to any one class. In fact, some studies have indicated that the incidence of abuse increase with income and education.

Despite the undisputed widespread nature of the problem, relatively few resources have been developed for the prevention of domestic violence or to aid its victims. The subcommittee, as well as the Senate subcommittee and the U.S. Commission on Civil Rights, have all heard how difficult it is for community groups to secure the level of funding necessary to establish and maintain a shelter, or other services, during the critical first few years of

operation. As a result, there are many communities where facilities and services for the victims of abuse are wanting.

The purpose of the Domestic Violence Assistance Act is to supplement these local efforts by targeting limited Federal funds to proven shelter programs for a maximum of 3 years. The bill also provides short-term funding for programs designed to provide technical assistance to groups wishing to develop community facilities for the assistance of battered spouses. Funding is limited to any particular grantee specifically so that the program will retain the strong community basis which has been critical to the success of these programs in the past, and upon which their future existence will necessarily depend. Showings of such community support and local need for a program are contained in the legislation as criteria for the awarding of a grant.

A major goal of the legislation is to avoid establishing a maze of Federal bureaucracy along with the grant program. The sponsors of the bill recognize that the Federal Government is supplementing local efforts, and should not establish bureacratic obstacles which will impede the operation of the shelters. The legislation, therefore, contains sufficient safeguards to provide necessary accountability for the expenditure of Federal funds, while at the same time permitting the latitude in operations which community-based groups will require.

The legislation also recognizes the number of experienced personnel, academicians, administrators, and others with great expertise in this field. These community people are to constitute a majority of the council which will award grants to eligible applicants. The remainder of the council will be composed of representatives of Federal agencies whose programs have a relationship to the problem of domestic violence.

The need for an expanded shelter and service program is widely recognized. Community workers, social service providers, police, and others have told the subcommittee, and written widely, that these programs address a major problem in our country, and that there are currently insufficient shelters and service programs to meet the need. Indeed, whenever a program is established, the great outpouring of clients testifies to the latent nature of the problem of domestic violence, as abused people finally recognize the availability of services which they have, in many cases, waited years to find. This is the program which the Domestic Violence Assistance Act is designed to support. The people who need these programs are very great in number, and the financial outlay for the Federal Government is very small. This legislation would direct Federal support to proven and effective programs, and would encourage the replication of these programs throughout the country.

Mr. Speaker, I want to conclude by again thanking Congresswomen BOGGS and MIKULSKI, and Congressman STEERS, for the very great help they have been in developing this legislation. Their original bills crystalized public attention in the Congress toward the issue of domestic violence, and have provided the foundation of the legislation which they join me in cosponsoring today. I would also like to personally thank their staff people who have worked so hard in developing this legislation, Mimi Griffith for Mrs. BOGGS, Joanne Howes for Ms. MIKULSKI, and Bobbi Avancena for Mr. STEERS.

The text of the bill follows:

H.R. 12299

A bill to establish a Federal Office on Domestic Violence, and a Federal Council on Domestic Violence, to provide grants for the assistance of victims of domestic violence and for training programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Domestic Violence Assistance Act of 1978".

ESTABLISHMENT OF NATIONAL OFFICE ON DOMESTIC VIOLENCE

SEC. 2. There is hereby established within the Office of the Secretary of Health, Education and Welfare an Office on Domestic Violence which shall be headed by an Administrator of Programs on Domestic Violence.

APPOINTMENT AND DUTIES OF ADMINISTRATOR

SEC. 3. (a) The Administrator shall be appointed by the Secretary of Health, Education and Welfare.

(b) The Administrator shall——

(1) maintain a national clearinghouse on domestic violence for purposes of (A) collecting and disseminating information on domestic violence, (B) reviewing Federal, State and local programs relating to domestic violence, (C) compiling and actively distributing information on existing programs for the prevention and treatment of domestic violence, and (D) developing a national directory of temporary shelters and other services for the victims of domestic violence;

(2) make an annual report to the Congress with respect to the status of Federal, State and local programs relating to domestic violence, including recommendations for improved coordination;

(3) develop a national media campaign to increase public awareness of the problem of domestic violence and the availability of services for its victims, including, if he deems necessary, a national toll-free hotline to provide information regarding the availability of services in particular areas of the country;

(4) make recommendations to the Congress concerning the need for the modification of Federal programs which may affect or have applicability to victims of domestic violence, including federally supported housing and community development activities, legal and medical services, and job training programs; and

(5) provide the Council with such information as may be necessary for the Council to discharge its functions under section 4(a).

FUNCTIONS AND DUTIES OF COUNCIL

SEC. 4. (a) The Council shall have sole responsibility for determining the awarding of grants pursuant to sections 5 and 6 of this Act.

(b)(1) The Council shall be composed of members appointed by the Secretary of Health, Education, and Welfare, and shall consist of—

(A) not less than five individuals who are victims of domestic violence or who are experienced in the operation of community-based shelters or service programs for victims of domestic violence and their children and in the delivery of services to such victims, but who are not employees of government; and

(B) representatives from such agencies as—

(i) the Office of Children, Youth, and Families, Department of Health, Education, and Welfare;

(ii) the National Institute of Mental Health;

(iii) the ACTION Agency;

(iv) the Law Enforcement Assistance Administration;

(v) the Legal Services Corporation;

(vi) the Community Services Administration; and

(vii) representatives of State or local government.

Provided however, That the non-Federal members appointed pursuant to subparagraph (A) of this section shall at all times constitute a majority of the members of the Council.

(2) While away from their homes or regular places of business in the performance or services for the Council, members of the Council who are appointed pursuant to paragraph (1)(A), and members appointed pursuant to paragraph (1)(B) who are not otherwise reimbursed for travel expenses, shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as employees of the Federal Government are allowed such expenses under subchapter 1 of chapter 57 of title 5, United States Code.

(3) Members of the Council who are officers or employees of the Federal Government shall receive no additional pay on account of their service on the Council.

GRANT PROGRAMS

SEC. 5. (a) (1) The Council shall make grants under this section for programs designed to prevent domestic violence and to provide aid to victims of domestic violence.

(2) No grant made under this section shall be approved for more than $50,000 in any fiscal year, or for more than 25 percent of the annual budget of such program, whichever is less. No program for which a grant has been made under this section shall receive funds for more than 3 fiscal years.

(b) Except as provided in subsection (c), any applicant applying for a grant under this section shall demonstrate to the satisfaction of the Council that the program for which the grant will be used—

(1) has been in operation and has offered the type of services outlined in the application for a period of not less than 6 months;

(2) is receiving community support in the form of financial donations or in-kind goods and services; and

(3) is operated by personnel who have appropriate skills, including professional, clinical, or volunteer training, necessary to provide services to victims of domestic violence and their children, including multilingual skills, where appropriate.

(c) A grant may be made to a qualified applicant unable to meet the requirements of subsection (b)(1) if such applicant demonstrates to the satisfaction of the Council that—

(1) there is a local need for the establishment and maintenance of such services;

(2) there is an extreme financial hardship requiring the awarding of startup funds in order to achieve the establishment of the program. No amount in excess of 40 percent of the total amount of a grant made to any applicant under this subsection may be advanced for startup funds. The Council shall provide the remaining funds for any grant made pursuant to this subsection upon a finding that the program has been established in conformity with the grant application; and

(3) no funds provided under this Act shall be used to supplant other funds otherwise available to an applicant.

(d) (1) Except as otherwise provided in paragraph (2) with respect to grants made pursuant to this section in any fiscal year, the proportion of funds made avaiable by

the Council for programs in any State to the total funds granted by the Council for programs under this section shall not exceed the proportion of such State's population to the total population of the United States, according to the latest available reliable data.

(2) The Council shall select grantees from diverse demographic regions within each State or territory.

(3) Any funds appropriated for purposes of this Act for any fiscal year which were not allocated before January 1 of such fiscal year shall be available for awarding to other qualified applicants upon approval on an application by the Council.

(e) Funds provided through grants made under this section may be used for services and related expenses including, but not limited to, the following——

(1) rent or mortgage payments for facilities (except that no more than 33 percent of any grant may be used for rent);

(2) emergency counselling;

(3) job training;

(4) legal services;

(5) provision of food or clothing;

(6) emergency telephone assistance and councelling;

(7) housing information and referral;

(8) follow-up services;

(9) the dissemination of information and advocacy of other related social services; and

(10) administrative expenses (not to exceed 15% of any grant).

(f) No funds provided through grants made under this section shall be used as direct payment to any victim of domestic violence.

(g) Services provided under this section shall be considered emergency services and no income eligibility standard shall be imposed with respect to any individual seeking such service.

(h) Any grant recipient under this section shall furnish to the Council within 90 days after the end of the fiscal year for which a grant was made to such grant recipient—

(1) an audit of all expenditures;

(2) a report of all purchases and related financial matters;

(3) information regarding the number of individuals served, and the services offered, and a description of the disposition of cases, except that no grantee may be required to release the identity of any victim served by the program if the grant recipient of such program deems such identity to be confidential; nor shall the exact street address of any grantee be made public if public knowledge of the location of a shelter would expose residents of that shelter to physical or psychological abuse;

(4) any other information the Council may require with respect to the program for which such grant was made.

GRANTS FOR TRAINING PROGRAMS

SEC. 6. (a) The Council shall make grants under this section for programs designed to provide personnel training and technical assistance training to individuals and organizations involved in establishing or maintaining community services for victims of domestic violence.

(b) Any applicant applying for a grant under this section shall demonstrate to the satisfaction of the Council that—

(1) such applicant is able to train personnel, and has expertise in the area of emergency victim assistance;

(2) a thorough description of the program for which such grant shall be used.

(c) Funds provided through grants made under this section may be used for expenses of training programs including costs of—

(1) dissemination of information regarding treatment of victims of domestic violence;

(2) technical training of shelter personnel, including transportation and living expenses for such personnel for a period of no more than 2 weeks;

(3) production of media information programs concerning the problem of domestic violence and the availability of community services for victims of domestic violence; and

(4) shelter-based research programs concerning the needs for and use of programs for victims of domestic violence; and

(5) programs designed to develop economic self-sufficiency of community-based service providers in order to assure the continuity of programs funded under this Act.

(d) Any grant recipient under this section shall furnish to the Council within 90 days after the end of the fiscal year in which a grant was made to such grant recipient—

(1) an audit of all expenditures;

(2) a report of all purchases and related financial matters; and

(3) any other information the Council may require; with respect to the program for which such grant was made.

(e) The Council shall, as is practicable, distribute grants under this section to ensure that training programs will be established in all regions of the United States, as determined according to the regional organization of the Department of Health, Education, and Welfare.

(f) No grant pursuant to this section shall be in excess of $30,000 and shall be renewable, at the discretion of the Council, for not more than one additional year.

APPROVAL OF BUDGETS

SEC. 7. Before any funds are provided for any program for which a grant has been made under this Act, a budget for such program for the fiscal year in which such funds shall be used shall be approved by the Council.

EFFECT ON ELIGIBILITY FOR OTHER FINANCIAL AID

SEC. 8. No Federal income supplement, or nutrition, education, legal, or medical assistance, or job training shall be denied to any individual otherwise qualified for such supplement, assistance, or training, or to any child of such individual, because such individual has received aid from any shelter or program for victims of domestic violence to which a grant has been made under this Act, or has received any service provided by such shelter or associated service provider.

REGULATORY AUTHORITY

SEC. 9. The Secretary of Health, Education, and Welfare shall have the authority to promulgate such rules and regulations as he may deem necessary to carry out the provisions of this Act. Proposed regulations shall be subject to the approval of the Council.

DEFINITIONS

SEC. 10. As used in this Act——

(1) the term "Administrator" means the Administrator of the Office on Domestic Violence referred to in section 2;

(2) the term "applicant" means any community-based, nonprofit organization or Indian tribe or public agency in any State;

(3) the term "Council" means the Federal Council on Domestic Violence established in section 4;

(4) the term "domestic violence" means any act or threatened act of violence, including any forceful detention of an individual, which results or threatens to result in physical injury, and is committed by a person against another person to whom such person is married or has been married or with whom such person is residing or has resided;

(5) the term "shelter" means a facility maintained by an applicant or grant recipient under this Act which provides, on an emergency basis, temporary housing and food, or related services, to victims of domestic violence;

(6) the term "State" means the 50 States and the District of Columbia, Guam, the Virgin Islands, and Puerto Rico; and

(7) the term "victim" means any individual threatened with or suffering injury or duress as a result of domestic violence, or the child under the age of 18 of such individual.

AUTHORIZATION OF APPROPRIATIONS; LIMITATIONS

SEC. 11. (a) There are authorized to be appropriated for the purpose of this Act $15,000,000 for fiscal year 1979, $20,000,000 for fiscal year 1980, and $30,000,000 for each of the three succeeding fiscal years.

(b) No amount in excess of 10 percent of any amount appropriated under this Act in any fiscal year shall be used to administer the provisions of sections 3 and 4 of this Act.

(c) No amount in excess of 20 percent of any amount appropriated under this Act in any fiscal year shall be used for grants made under section 6 of this Act.●

NATIONAL RAISIN WEEK

HON. B. F. SISK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. SISK. Mr. Speaker, I am pleased to join with my colleague, Hon. JOHN KREBS, in calling to the attention of this body some of the nationwide activities which will help celebrate National Raisin Week. This year's observance will be from April 27 through May 7 and will be highlighted by a series of conferences at major universities under the sponsorship of the California raisin advisory board and the President's Council on Physical Fitness and Sports.

Dr. Sally Ride, selected as a member of the first group of women astronauts, will be a guest of honor at a joint conference of the California raisin advisory board and the President's Council. Kathrine Switzer, who was the first woman to run in the Boston Marathon, will be a speaker at this and other conferences.

Others participating in the April 27 conference in Berkeley include Jackie Sorenson, founder and president of Aerobic dancing: Glen Swengros, Director of Federal-State relations for the Council, and Dr. Beverly Bullon, also a Director.

Others in the conference series are scheduled May 1 at Rice University, Houston; May 3 at Northwestern University, Chicago; and May 5 at Boston University. A pre-raisin week program is set for tomorrow at George Washington University here in the District. The theme of all the conferences is aimed at exercise and good nutrition and is directed to women with young families.

In its own State of California, the raisin industry will present a fast-moving original health play produced by the Community Children's Health Project of Fresno. The production, to be staged at the State Capitol in Sacramento, has been a popular highlight of local and statewide educator and health official meetings and school assemblies. The play informs children of good health habits, including good nutrition, in an entertaining manner.

We feel the raisin industry is to be praised for these and other innovative

techniques in stressing to our young people the vital importance of good nutrition.

The great San Joaquin Valley of California is the very heart of this Nation's raisin industry, and, in fact, grows and processes virtually all of the energy-packed raisins produced domestically, and accounts for one-third of the world's supply.

Historically, California's vineyards and related industries engaged in producing, processing, and distributing rasins have supplied an average of more than 200,000 tons of nutritious and delicious raisins a year to United States and foreign consumers for eating out-of-hand, for cooking, for use in baked goods, and in gourmet dishes. In doing so, the raisin industry has added to the economy of California and the Nation by providing thousands of jobs.

It is hoped that consumers will continue to enjoy raisins and join in the observance of National Raisin Week, recognizing that this industry continues its substantial contribution to the nation's economy and to the welfare of its citizens.●

YOUNGSTOWN, OHIO, SALVATION ARMY TO CELEBRATE 90TH ANNIVERSARY

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CARNEY. Mr. Speaker, the Youngstown, Ohio, Salvation Army will celebrate its 90th anniversary on May 19, 1978. A civic dinner will be held at the Saxon Club of Youngstown to commemorate the occasion.

The Salvation Army organization was founded in England in 1865 by a Methodist minister, the Rev. William Booth. Reverend Booth left the clergy to spread the good news of Christianity, not by preaching, but by doing good deeds and helping those in need.

Since its inception, the Salvation Army has established itself in 82 countries, tailoring its services to the needs of the individual regions which it serves.

The early history of the Salvation Army in Youngstown is chronicled by articles appearing in the Youngstown Vindicator 90 years ago. The Vindicator's account of the newly established Youngstown Salvation Army did not depict a favorable reception by local government:

A division of The Salvation Army, consisting of Captains Hunt, Fanny, and Lt. Bell, of Pittsburgh opened their batteries here today to fight the devil. They have leased a hall for a year, and say they expect to make a long fight here. Mayor Lawthers has notified them that in case they violate any of the ordinances they will be fired out of the city.

Indeed, the pioneer Salvationists were asked to vacate many Youngstown public meeting places before the community recognized the value of the army. However, the Youngstown Salvation Army members held tenaciously to their belief in God, and the army flourished.

Today, the Youngstown Salvation Army offers services for every age and type of individual. Men and women find meaningful activities, boys and girls learn new skills, the ill and confined are shown that someone cares, and disaster victims are given assistance in their time of need. The Youngstown Salvation Army truly offers a variety of services to a multitude of people, and the city of Youngstown has now benefited from the presence of the Salvation Army for 90 years.

Mr. Speaker, the accomplishments of the Youngstown Salvation Army are truly remarkable and deserving of the highest praise. For nearly a century, the army has provided necessary and timely assistance to our community. The Salvation Army is one of the major uplifting forces in the area, and we are grateful for its presence.

I join the citizens of Youngstown and the friends of the Salvation Army in commending the local officers and soldiers of the Youngstown Salvation Army for their outstanding community service. I wish the Youngstown Salvation Army continued success in its future endeavors.●

FEDERAL EMPLOYEE ORGANIZATION ENDORSES MERIT EMPLOYMENT ACT OF 1978

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. HARRIS. Mr. Speaker, I am pleased to learn that the National Federation of Federal Employees has endorsed H.R. 11165, the Merit Employment Act of 1978, which I introduced on February 27, 1978.

My bill would strengthen the civil service system in four major ways:

First, it requires that all personnel actions be made on the basis of merit without any special consideration.

Second, it prohibits political and other nonmerit recommendations for Federal jobs.

Third, it would put in law for the first time specific criteria for placing positions outside the career, competitive service.

Fourth, it places squarely with every agency head the responsibility for insuring merit employment within each agency and requires that all personnel director positions be in the career, competitive service.

I am pleased to share with my colleagues the statement of NFFE submitted to the House Post Office and Civil Service Committee during recent hearings on H.R. 11280, the Civil Service Reform Act, as follows:

REMARKS OF JAMES M. PIERCE ON PROTECTION OF THE MERIT SYSTEM

I would like to take this opportunity to laud the efforts of Congressman Herbert Harris, who is a member of the House Post Office and Civil Service Committee. The Congressman's endeavors on behalf of merit in government are evidenced by his sponsorship of H.R. 11165, the proposed "Merit Employment Act of 1978." The NFFE shares Congressman Harris' belief that merit principles should be clearly established in law to eliminate the potential for abuse which now exists. We feel that H.R. 11165 is the first realistic piece of legislation introduced in this Congress to achieve this worthwhile goal.

We note that H.R. 11165 identifies the Civil Service Commission as the agency which would except positions from the competitive service. Other proposals would vest this power with a proposed management arm successor agency of the Commission (OPM). Should the CSC as we now know it be dismantled, we would welcome the adoption of the bill if this authority is given to the Merit Systems Protection Board, or a larger Federal Labor Relations Authority which would encompass the functions of the Board, and have the same three member leadership as is now provided for in CSC.

The intrusion of politics and other nonmerit factors in to the Federal career service is a reality which we at NFFE have witnessed time and again throughout our 60-year history. Traditionally, we have urged that strong legislation be adopted to reaffirm and strengthen the merit system. As a result of our daily dealings with the Executive branch, we have seen agencies disregard the legislated principles and guidelines of Congress in many areas where there was no procedure available to redress such abuses.

Therefore, we would urge that Congressman Harris' excellent proposal be coupled with provisions for an enforcement mechanism to insure compliance with Congressional mandates for a merit system. This, we feel, would be the ultimate solution.

H.R. 11165 makes a major stride toward achieving this end. The establishment of merit principles in legislation is an urgent necessity and we urge this Committee to act favorably on the proposed "Merit Employment Act of 1978," with the amendments suggested.●

ADA HIGH SCHOOL BULLDOGS WIN OHIO CLASS A GIRLS BASKETBALL CHAMPIONSHIP

HON. TENNYSON GUYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. GUYER. Mr. Speaker, the name Sharon Pitts or the Bulldogs may not be well known in this area, but in Ada, Ohio, those two names stir some of the same proud feelings as the names of many, or any, of our national heroes. For the Ada High School Bulldogs, ably coached by Sharon Pitts, have made a dream come true by winning the Ohio State class A girls basketball championship.

One of the highlights of the class A tournament, and for me personally, was the selection of Lynne Coe as Ohio "A" Player of the Year. Lynne was selected for this honor for very solid reasons—40 points and 17 rebounds in the 2 playoff games. Earlier this year it was my pleasure to nominate Lynne for an appointment to the Naval Academy in Annapolis, Md. It was even more of a pleasure to find out that she has been accepted by the Academy. Lynne has accepted the appointment to the Academy and will begin her career where such notables as Admirals Nimitz and Halsey, and astronauts Shepard and Schirra, to name only a few, also began their careers.

Ada is part of Ohio's Fourth Congressional District and it is my distinct pleasure and privilege to represent this area in the U.S. House of Representatives. Needless to say, I, too, am excited and proud of the showing by the Bulldogs in the State tournament. I offer my sincere congratulations to the coach, the players, the faculty, the entire student body, and to everyone who supported the team the entire season in its championship drive.

I would like to recognize each of the members of this team who worked hard and deserve this honor. Making up the 12-girl squad were: Lynne Coe, Kathy Decker, Teri Stahl, Donna Hall, Judy Long, Anna Wright, Lori Klingler, Linda Bischoff, Vickie Oates, Stephanie Pitts, Jodi Kindle, and Carol Pitts.

This first-time-ever event is even more significant in light of heavy competition, and the fact that the Ada team was not expected to win. Desire, direction, and determination characterized this signal achievement. Ada, Ohio, was once noted for having two U.S. Senators on the faculty of a fine school, Ohio Northern University—Senators Simeon D. Fess and Frank Willis. Now, even the stalwart memory of these statesmen is joined by this new honor for this outstanding community, the home of the Bulldogs, State champs.●

SARGENT SHRIVER ON THE NEED FOR AN INDEPENDENT PEACE CORPS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. BONKER. Mr. Speaker, recently Sargent Shriver, the first Director of the Peace Corps, testified before an International Relations Subcommittee in favor of the Peace Corps Reform Act, H.R. 9774, which I introduced jointly with Congressman HARRINGTON and other colleagues last October. Mr. Shriver's eloquent statement in my judgment provides compelling reasons why the Peace Corps must be independent if it is to successfully accomplish its unique purpose. This was the first time Mr. Shriver has testified on the Peace Corps since he left the agency, he felt so strongly about this issue. Therefore, I ask that a copy of Mr. Shriver's testimony be submitted for the RECORD for the benefit of my colleagues.

This testimony should be studied not only because it is from someone who has had extensive experience with the Peace Corps, but also because it describes the dangers of current efforts to improve the effectiveness of U.S. foreign aid programs by combining them. How many times must we rediscover the wheel? The sad experience of the Peace Corps' being placed in ACTION a few years ago clearly demonstrates that the effectiveness of agencies is reduced, not enhanced, by "consolidating" them in larger bureaucracies.

The statement follows:

Mr. SHRIVER. Thank you very much, Mr. Chairman and members of the committee, and Director Dellenback.

I want to start off by apologizing for not coming here with a properly prepared written statement that you could have had and read before I arrived. Part of the reason for that dereliction on my part is that I have never testified before Congress about the Peace Corps since I left there. I did not do so for a number of reasons. One of them was the fact that when the Democrats were in power and Jack Vaughn had succeeded me, I did not want to be in the position of looking over his shoulder commenting upon or criticizing what he was doing. And when the Republicans came into power and ACTION was created I felt that even the manly efforts of a John Dellenback would be lost and submerged, and that he would find it difficult to keep the Peace Corps alive and vital in those days.

One of the indications of that reality is the fact that John had, to serve in ACTION for a long time and never even had the title of Director of the Peace Corps. I frankly think this was a part of a latent antipathy to, or desire—how shall I say, to subbordinate or water down the visibility of the Peace Corps, to make it one of a number of enterprises—domestic and foreign—rather than to see it grow, and to see it become ever more visible than it had been. That is my own opinion. I do not really have anything to prove that, but I think John could testify himself to some of the difficulties of a bureaucratic and budgetary nature he encountered when he was trying to achieve things with the Peace Corps.

I think that since Sam Brown, and Mary King, and Carolyn Peyton have been attempting to resuscitate the Peace Corps, substantial progress has been made. I wish to commend them personally. I think what they have been trying to do is helpful and aimed in the right direction.

Once again I will say, I would not be here today if that were the only or principal question, namely, how well the current leaders are running the Peace Corps. I think, considering the condition in which the Peace Corps was when they got it, they have been doing a commendable job. Maybe a very, very good job. But once again, I would not be here if that were the issue, or the only issue.

I am coming here today because I believe that there is a great danger to the Peace Corps now and for the future because the magnificent heritage and name of one of the greatest Americans of our time, Hubert Humphrey, is connected with the program which would put the Peace Corps back into an economic development assistance corporation or effort, and that idea is exactly like the idea that was popular when we started the Peace Corps. So that I am here to try to speak about some of the features of the Peace Corps which encouraged most of us, or all of us at the beginning, to resist exactly the same effort which is being attempted today. Consequently, what I am talking about has nothing to do with the activities of the Peace Corps under Jack Vaughn who succeeded me, or under any of the directors who ran it while the Republicans were in power in Washington. I am going all the way back to the beginning.

I think to understand at least why I feel the way I do, and why I believe that I speak for a vast majority of people that were involved in the creation of the Peace Corps, to understand that, one has to understand at least two or three things about the Peace Corps, which are so obvious that one sometimes hesitates to even talk about them, but nevertheless, they are so profound as well as obvious that they are essential, I believe, to the success of the Peace Corps.

The first one is the whole idea of volunteers and volunteering. Now, the reality is that very few people volunteer for anything. A computation we made back in 1961–65 indicated that only about one out of every 100,000, maybe 150,000 Americans, ever volunteered for the Peace Corps. Most people in any country, at any time, do not volunteer. Volunteers are exceptional people in any society, at any time, and under any circumstances.

Most of the people at the time of the American Revolution did not volunteer to fight with Washington. A huge proportion of the people in the Colonies were sitting in New York or Philadelphia, enjoying good parties and going to them with the Tories. All you have to do is to recall Valley Forge to know that there was a mere handful of people going through the winter out there with Washington, out of the total percentage of the people in the Colonies.

That is the reality just as much today, and in every country, as when the Peace Corps started.

So, the first, absolutely essential thing is to organize the Peace Corps in a way that it appeals to that special breed of people who volunteer. Now, nobody will volunteer for the Peace Corps, in my judgment, because it is in ACTION or out of ACTION, or in the new proposed Foreign Aid Administration or outside of it. In other words, volunteers do not volunteer because of the bureaucratic arrangement in Washington. In fact, most of them do not even know what the bureaucratic arrangement is in Washington and do not care about it.

Contrary to ideas that exist in Washington, the volunteers are neither motivated or unmotivated by what we do here in Washington, bureacratically speaking. The reality is that volunteers are motivated, some of them, by spirit of adventure; some by desire to help their fellow human beings; some by the challenges of the work, a sort of Mount Everest syndrome, you know, "Why do you climb it?" "I climb it because its there." Some volunteer because of emotional or even religious ferver; some because of feelings of humanism.

Volunteers do not volunteer, for example, for Amtrak. If you organized a big campaign to get volunteers for Amtrak you would not get them. You do not get many people to volunteer for the Post Office. There is nothing the matter with Amtrak, or the Post Office—but people do not volunteer for such enterprises. They do not volunteer to work in the Commerce Department, or the Defense Department, or the Justice Department. Again, there is nothing the matter with those departments, I am merely trying to explain what I think is an extremely important point. Nobody is going to volunteer for AID, or for AID's predecessor, ICA, or for the new agency, no matter what it is called, that follows the ultimate passage, if it occurs, of the Humphrey bill.

Nobody volunteered for the Peace Corps because of the existence of ACTION. Nor for VISTA or for Foster Grandparents. If anything ACTION with its additional layers of bureaucrats in Washington probably turned off volunteers. The same thing will happen if the Peace Corps is put into a new super AID. Volunteer agencies need less bureaucracy, not more.

The Peace Corps must look like and be a place and a program which challenges people, appeals to them; even calls on them for sacrifices. The Peace Corps must be like the civil rights movement. Martin Luther King did not volunteer to come up to Washington and join the Civil Rights Division of the Justice Department. He could have, some people do go to work there. There is nothing the matter with that. But Martin Luther King being a true, even a heroic volunteer, did his work out in the grassroots, which is natural for a man of that disposition and psychology. The same is true of all the other volunteers, like Ghandi in India—they do not join Governments. That is why in our country, most of the time, the volunteer spirit has been

exemplified by people joining private voluntary organizations, whether they are church-related or otherwise, like CARE or the Church World Service.

It is abnormal, therefore, I believe, for people to volunteer for anything financed by the Government. The Peace Corps in that sense is, in my judgment, an abnormality. It is an aberration, it is not a normal thing for Government, any Government, to be involved with a largely independent, free-spirited movement like the Peace Corps.

Now, having said that, what is it, in addition to volunteers, that makes me feel that the Peace Corps will be ill served by being in the proposed new legislation?

The second reason is bureaucracy. It is popular nowadays to inveigh against the bureaucrats, in Washington or elsewhere. I happen to have a very high regard for people who serve in the Federal Service, in the Civil Service. In my experience, if you appeal to them in the right way, they will work as hard and as imaginatively as any group of people in America.

But the natural tendency of the bureaucracy is to protect itself. The natural tendency of most bureaucrats is not to take too many risks without risking the whole ball game. We have seen some dramatic examples of that. Mr. Fitzgerald, for example, who blew the whistle over in the Defense Department is still trying to find a job.

On the other hand, the Peace Corps is a risk-taking enterprise. If the director of the Peace Corps is worried about his job security and is therefore afraid to take a risk, he is not going to be a good director of the Peace Corps.

Let me give you a couple of examples of what I mean. Early on, in the very early stages of the Peace Corps it was recommended to me, urged upon me to put the Peace Corps into Vietnam—I refused. I was asked to put the Peace Corps in the Congo at the time when there was a rather difficult situation there—and I refused.

Now, it takes, in the bureaucracy, a great deal of independence of position to be able to say to the Secretary of State, "No, I will not send the Peace Corps," or to say to the President, "No, I will not send the Peace Corps to Vietnam." It is the normal thing for people who have a Presidential appointment to do what the President wants them to do. It is the normal thing in the Government for people in an administration—I do not care whose administration it is—to go along with the purposes, so-called, or the specific needs of the administration.

You have to have a purpose with your organization above and beyond the immediate needs of the existing administration to justify philosophically, or politically or morally, going against what the administration proposes. Therefore, the Peace Corps has to have an independence of status, and the Director has to have an independence of spirit, which will enable them to withstand the pressures that are inevitably put upon them by the bureaucracy or by the political leadership. That has nothing to do, again, with whether people are Republicans or Democrats. It is just in the nature of things that political leadership will want parts of the Government, which may be helpful one way or another in a situation, to do what "the Government" thinks is desirable, politically.

I could give you a lot of examples of this problem which, again, indicate to me—and I hope to you—that the Peace Corps has been bureaucratically independent.

Let me give you another example. At the time of the revolution in the Dominican Republic we had Peace Corps volunteers in Santiago. President Johnson landed the Marines on the shores near Santiago. Our U.S. Marines started firing into Santiago. The reality then was that we had Peace Corps volunteers in Santiago, any one of which could have been killed by our Marines. The question was presented to me, should we take the Peace Corps volunteers out of Santiago.

Now, let me assure you that, for me, that was an extremely difficult question. If one of our Peace Corps volunteers, or more than one, got killed by the U.S. Marines, can you imagine what would have happened back home here if I tried to explain to the press or to the parents that I left these volunteers in Santiago where our Marines were firing at them? What moral justification could I adduce to justify exposing our Peace Corps volunteers to the fire of our Marines? How could I explain that to a bereaved parent?

But I decided to leave the volunteers in there; and they stayed. Thank God, none of them was hurt.

But why did we let them stay there when the U.S. Government, at least its military embodiment, was fighting against the very people our Peace Corps nurses were taking care of? These were Peace Corps nurses, and they were taking care of the wounded who were being wounded by the firing of persons representing the U.S. Government.

Well, the theory was—and I think it is still good—that the Peace Corps goals in the Dominican Republic or in any other country are to work with the people of the country. The volunteers enter the foreign country with the tolerance of the government of that country and with the support, financial, of our Government. But they do not go there to serve only the interests of our Government; or certainly only the interest of the foreign government. They go there to serve the human interests of the people.

Now, most people in the world do not believe that. When a Peace Corps volunteer arrives in a particular place anywhere it takes him a minimum of 3 to 6 months before anybody believes he is actually going to stay there for 2 years. This kind of thing does not happen; the world is not like that.

So when you are confronted with the question, do you take the volunteers out or not take them out, you run the risk that by taking them out you dissipate or wreck your credibility in that country with the people—not with the political leadership, but with the people—who will say, "Same old thing, when it gets dangerous or we are in trouble, they will quit."

There is a big risk involved in leaving them in, I already mentioned it. The same thing happened in Panama when they rioted down there in 1964 about the canal, long before the current treaty discussions. We had 50 or so volunteers out in the villages of Panama. Dean Rusk called me up on the phone and said, "Sarge, you know I have a great confidence in your judgment; but I want to advise you that I think you ought to take the Peace Corps volunteers out of Panama and put them in the Canal Zone for safety."

There were marauding bands going around the countryside in Panama looking for North Americans on whom they could wreck some vengeance. Here we had the same question again, would we take out the volunteers. We left them in once again. And in the villages the Panamanians protected the Peace Corps volunteers. When bands of marauders came by, the Panamanians would hide the volunteers in their houses. The volunteers, the Panamanians would hide them. The result was that nobody got hurt in the Peace Corps; 8 or 10 people got killed in the Panama Canal Zone where they had the protection of the U.S. Armed Forces. Again, however, the risk was very great to leave them in the Panamanian villages, a risk similar to the one I just tried to describe in the Dominican Republic.

Now, what I am trying to say is that if the director of the Peace Corps is inside of a bureaucracy, even if he were in a high place in a bureaucracy, there is a terrific danger that the other bureaucrats in that bureaucracy will see their own careers jeopardized by independent actions of that type by the Peace Corps or by its director. That is not to criticize anybody in the bureaucracy; I think it is only to say that is normal, it is human nature. People do not recall very often now, but another matter that has some significance, even today, occurred at the beginning of the Peace Corps.

We offered to send Peace Corps volunteers to the Soviet Union. We said we would be happy to send Peace Corps volunteers behind the Iron Curtain—and the Iron Curtain was a lot higher and more difficult to pierce in 1960–61 than it is today. But we said, "Certainly, if the Soviet Union, Poland, or Czechoslovakia wants to have Peace Corps volunteers, we will send them in."

The fact is they never asked for them to come in; never were willing for them to come in. But, what would happen today if the Director of the Peace Corps said. "We are going to send 50 volunteers to Russia"? That would become, I think, quite a foreign policy issue, and it might very well be that the Peace Corps would be prevented from doing that, even though, according to the Peace Corps philosophy, according to the purpose of the Peace Corps, that would be a perfectly legitimate thing for the Peace Corps to do. That action would inevitably today, I fear, be linked into a whole foreign policy debate.

Now, there are many other less dramatic examples where the Peace Corps itself did things then—and ought to be doing things now, in my judgment—which might not have the support of older and wiser heads. Eleanor Roosevelt was very scared when we said we were going to send Peace Corps volunteers 300 or 400 miles up-country in Ghana, or central African republic places that were very remote in terms of medical assistance.

She told me personally, she said, "Mr. Shriver, you do that, and you will have disasters. I have been all over the world, and Americans cannot exist there in that country. They will get all kinds of diseases, you will have a terrible fallout rate; and it will be a disaster."

Now, nobody could criticize her, I think, for being faint-hearted, nor for having lack of experience. But what she had not had much experience with at that time was the kind of person who joins the Peace Corps. The reality turned out to be just the opposite of what you would expect; namely, if you put Peace Corps volunteers in the most difficult places they performed better. The tougher the going, the better they are. In fact, if you put them in Thailand, for example, in Bangkok they do not do nearly as well as if you put them 300 miles away from Bangkok. So, it was just the reverse of what our preconceptions had been.

So I say, therefore, that if you leave the Peace Corps within the normal Government bureaucracy the decisions made by the Director are going to be influenced by considerations that are not Peace Corps considerations. He is going to be subjected to bureaucratic pressures that are not Peace Corps concerns.

I fear that the whole spirit of the enterprise will be modified to its disadvantage by that kind of arrangement.

The third point I would like to make is this, and it would almost have to do with political philosophy, or political science—maybe even with moral philosophy. The U.S. Government—thank God—is one of the few governments now in existence in the world which as a matter of philosophical commitment says that the individual citizen, individual human being is the most important entity in that country. The power actually comes to the Government from the people. A lot of governments say that, but it does not actually operate that way. Here we say that is a fact. We say there are certain things

about you Mr. Chairman, and everybody else in this room that the Government cannot invade or violate. We say those are private rights. We say that you have those private rights because you are superior to the Government—you are—I am—the stenotypist is. That is because we place a certain evaluation on you Mr. Chairman, that is higher than the evaluation we put on the Government. In fact, historically looking ahead and looking back in history we can say, governments, come and go. The Roman Empire lasted 1,000 years, 500 years, but it does not exist any more. The people do. In the religious churches we even say that people have an eternal destiny, that a person, you—you are going to live forever, Therefore you are infinitely more important than the Government. The Government is a vehicle to help you to achieve your goals, not the reverse. You are not the means for enabling the Government to achieve its goals.

Now, what does that mean, really, in terms of the Peace Corps? It means that the people who run the Peace Corps have to believe enough in the individual American who is in it, the person, the human being, to allow that person freedom to operate; freedom to say things when they are overseas which may be against the Government policy of the United States.

In the early days of the Vietnamese business I was still with the Peace Corps and the White House used to get annoyed when some people, some volunteers in some country would be saying that the United States should not be going into Vietnam, and were opposing the war in Vietnam when the White House was sending troops in. I would get calls saying, "What are the guys you've got down there"—in Chile or some place—"what are they doing? They are contesting us."

The philosophy of the U.S. Government, I believe, by God, is that they have a right to contest that, even if they are being paid as volunteers by the U.S. Government.

Now, first of all, there are very few governments in the world that believe that today. Consequently, when the Peace Corps volunteers are just walking around the street in an African, or South American, or Asian country, that volunteer—male or female—is like a walking advertisement of the philosophy of this country. It is almost like lighting up a Coca-Cola sign if you are trying to sell Coca-Cola in Indonesia.

A Peace Corps volunteer becomes a symbol of what this country is all about. I can guarantee you, that Peace Corps volunteer is a more effective advertisement of the philosophy of the United States than $100 million because dollars are only money. Everybody thinks we have a lot of money, so, what difference does it make if we give away $100 million. They just say, "You have more, give us more."

But a Peace Corps volunteer—repeat—symbolizes the entire theoretical position, philosophical and political idea of America. And to that extent they are the greatest advertisement we can send overseas.

Now, it is a little different for the Peace Corps than a private voluntary agency. A private voluntary agency is sensational, I am all for it. But since they are privately financed they do not have the mark of the Government on them. When a private volunteer is over there he is not looked upon—or she is not looked upon—as an agent of the United States in any sense. But a Peace Corps volunteer is. A Peace Corps volunteer, therefore, becomes an anomaly—difficult, maybe impossible to pigeonhole; that is why the Soviet immediately characterized the Peace Corps as agents of the CIA and still do.

I have talked to them over in Russia about that many times in the last 5 years. And even today they cannot understand the idea that the Government of the United States would finance people to go overseas who are not under the control of the Government. [Pause.] I am letting that sink in, because today having control over other people gives some people a sense of power even in our society—whether they are being controlled by medical means or other means. But political power in an authoritarian state is synonymous with control over people. Our Government goes at the world a different way.

Therefore, the very concept of our Nation is being contested at that point where an independent, freestanding human being confronts authority, especially absolute authority. That is why a person like Solzhenitsyn is so powerful and impressive in his country and in ours. He is a single human being that stood up to the juggernaut of Stalin. He is a world hero.

The reason Peace Corps volunteers are admired in foreign countries is because they are, shall we say, little heroes. They represent the capacity of human beings to stand up against politics, or political power. That is the most precious thing, or one of the most precious things that is in the Peace Corps.

Again I say, to have that encapsulated or covered over by being a part of the official foreign mission of the United States in a particular country, I think, would be a grievous mistake.

I was an Ambassador in France, and it is nice to talk about all the coordination that is going to happen, how effective all the coordination is going to be in every one of these foreign countries because everybody is in one agency here in Washington. Well, allow me to assure you, although it looks good on paper, it does not work out that way, really, when you are out there in the front lines. The Ambassador, or the AID director, or the CIA director, does not really effectively coordinate all the agencies; nor in fact, with respect to the Peace Corps, can he or she do it because, if the Peace Corps is going to be run properly, it is spread all over the country. It would take the ICA, or AID, or the new director of the total foreign agency, foreign development agency, it would take him months just to get around to find the Peace Corps volunteers. It would take him 2 weeks just to do the Philippines.

So, you have to understand that this idea for new legislation, this Washington idea—you know, these people who have Ph. D.'s in public administration, their idea where they have a chart as big as the wall behind you and everybody is in it, according to a Ph. D. thesis, that plan is terrific on that wall, but that is not what happens in the field. It is like the GHQ of General Marshall in the Pentagon in the war, it is not very closely related to what happens in the trenches in Guadalcanal. Now, the Peace Corps is like being in the trenches in Guadalcanal, as compared to be in the Pentagon in World War II. What you have to have in the trenches is independently qualified, highly trained, highly motivated human beings who are willing to lay down their lives. That is what the Peace Corps at its best ought to be in the trenches, so to speak.

That, really, can be achieved only if it has an independent status here in Washington. Thank you.●

GRANGE WEEK

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. FOLEY. Mr. Speaker, the week of April 23–29 marks the celebration of Grange Week. As you know, the National Grange has a half a million members in 41 States. Five thousand local communities will be joining in this national recognition of the contributions that the National Grange has made not only to supporting vital agricultural policy initiatives but in working daily to improve the quality of rural life and maintaining the strength of American farm families.

Since its founding the National Grange and its individual members have been dedicated to the spirit of a free nation and of free agriculture. They have realized so well that a strong agriculture based on family farming is indeed the essence of a strong and dynamic America. I take this opportunity to congratulate the Grange and to express my deep appreciation to all its members for their untiring efforts on behalf of American agriculture.●

EXECUTIVE BRANCH FINANCIAL DISCLOSURE COVERAGE: A BETTER APPROACH

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. LEHMAN. Mr. Speaker, the joint substitute to title II, part A, of H.R. 1, the Ethics in Government Act, which will be offered by my colleague Mr. STRATTON, is the joint product of work performed by the Committees on Post Office and Civil Service and Armed Services.

In developing financial disclosure rules for executive branch civilian employees, my colleagues and I on the House Post Office and Civil Service Committee were of the general opinion that no traces of the present financial disclosure system for executive branch employees should be left intact and that Congress should, by statute, enact a comprehensive financial reporting system to apply to all executive branch employees, whatever their grade levels. The simple reason for this approach is that the present financial reporting system, operated pursuant to Executive Order 11222, has been a disaster.

H.R. 1 would let this disaster stay in existence. The Stratton substitute will abolish it, and I urge my colleagues to support it. The following discussion of this issue of difference between H.R. 1 and the joint substitute will be helpful in this regard:

SCOPE OF COVERAGE

The joint substitute and H.R. 1 are similar as to the civilian employees whom they cover as to public disclosure. One glaring omission in H.R. 1, however, is that ethics counselors—those who will be reviewing the public reports of others—will not have their own reports made publicly available if, indeed, they have to file them at all.

The far greater failure of H.R. 1 is to grapple with the system of confidential financial disclosure covering lower level Federal employees. Under H.R. 1, the financial reporting system established and administered under Executive Order 11222, the same system whose failure has resulted in the need for financial disclosure legislation, will remain in place. Under the joint substitute, E.O. 11222

will be overridden and all financial reporting—public and confidential—will be pursuant to statute.

The problems with E.O. 11222 have been immense. Review of the 21 General Accounting Office reports issued in the last three years upon its effectiveness find little of it worth salvaging. It has been overapplied, underapplied, misapplied, and interpreted by whims. Although the GAO has estimated that 80,000 employees are in positions which should require the filing of reports under the Order, nobody is certain that they are, nobody is certain that their reports are accurate, and nobody is certain how many Federal employees whose positions do not justify reporting are being required to report through misinterpretation.

The joint substitute replaces the Executive Order with a statute containing understandable guidelines. The types of positions which may, by the director of the Office of Government Ethics, require filing are spelled out. They include positions involving investigations, inspection, or auditing with respect to civil or criminal law enforcement or authority with respect to awarding grants subsidies, licenses, contracts, or other benefits—positions in which conflicts of interest may occur. The number of Federal employees who could file under the joint substitute would be about the same. The assurances that the right employees are designated will be much greater.●

CIA OFFERS SURPRISING OIL FIGURES

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. BROWN of Ohio. Mr. Speaker, an article appeared yesterday in the Washington Post about the validity of the CIA's estimates of international oil reserves. These estimates are the sole data base for the President's crude oil pricing policy. That these estimates are continually changing and have been challenged in numerous forums can only heighten the unease with which the Congress confronts the administration's crude oil equalization tax. I am inserting this article into the RECORD so that my colleagues might have the opportunity to review the background work that has formed the basis for the National Energy Act:

[From the Washington Post, Apr. 23, 1978]

CIA OIL FIGURES RAISE EYEBROWS AMONG EXPERTS

(By Richard Harwood and J. P. Smith)

This is a story about the Central Intelligence Agency and the domestic energy policies of the American government.

It begins, in a public sense, last April, when President Carter revealed in a television appearance that he had received "disturbing" new findings about world energy supplies.

There is less oil and gas available in the world, he said, than the government had previously believed. It was therefore imperative that an energy bill be passed "to cut down the waste of energy."

His fears were underscored eight months later, on Christmas Day, when The New York Times reported that Saudi Arabia, with its oceans of oil, may have far less productive capacity than previously believed. This information, said the Times, came from "leading energy experts."

It was, in fact, the CIA which had raised the alarm about the Saudis, and it was the CIA that had provided Carter with the ammunition for his warning.

Carter acknowledged his debt to the CIA during his television appearance. In so doing, he also acknowledged the dependence of the White House and of Congress on the CIA in the formulation of domestic energy policies.

For good or ill, the CIA is the government's most important single source of international energy information, including estimates of how much is out there and how much is available to the United States.

This may seem both unfortunate and sinister to the agency's critics. It is an inevitable and sensible role for the agency in the minds of others, including the respected international energy expert at the Library of Congress, Herman Franssen.

"The CIA," he says, "probably has the best act in town. Nobody else can do it; the only other source would be the companies."

Energy Secretary James R. Schlesinger Jr. says the CIA's role in making estimates of foreign oil capacity in connection with the domestic energy plan is to be expected, "given that the CIA has been at work for years on the question of estimating . . . the trends in foreign capacity and foreign intentions with regard to production."

"What falls outside of the traditional compass of the intelligence community is that this has gone public," Schlesinger says.

There is another question about the CIA and energy policy, however. It is directed at the agency's capabilities and the quality of its work.

Specifically, there is widespread doubt in the energy community about the validity of the CIA report cited by the President last April and about the CIA report cited by the Times in December.

The heart of the April report was a CIA prediction that the Soviet Union would be importing up to 3.5 million barrels of oil per day by the mid-1980's. Previously, the assumption had been that the Soviets would continue to be self-sufficient in meeting their oil and gas needs.

The CIA's revisionist analysis is now under serious challenge by West European intelligence agencies, by the Library of Congress, by a number of major oil companies, by the Soviets and, somewhat surprisingly, by Schlesinger.

The same is true of the revisionist analysis of the Saudi oil fields, prepared by the CIA's Bureau of Economic Research, classified secret and never released except in the form of a leak to The New York Times.

The response to the Times' version of the CIA's Saudi report has ranged from ridicule to astonishment. The critics include the State Department, the General Accounting Office, the Arabian American Oil Co. (Aramco), the Saudi government and, to a lesser extent, Schlesinger.

In summary, the CIA claimed that the Saudi oil fields were, in effect, wearing out, partly because of mismanagement, and that their ability to produce oil was far less than previously believed.

This revisionist conclusion may have been reflected in the unexplained gyrations that began appearing in December in the CIA's biweekly reports on world oil supplies.

In November, the agency estimated the productive capacity of the Saudi fields at 11.5 million barrels a day. In December, that estimate was cut to 10.5 million barrels. In January it was cut to 8.8 million barrels.

These vanishing millions of barrels of oil baffled consumers of the CIA's intelligence reports. They were further baffled in February, when the CIA again shifted gears and reported Saudi capacity at 10.5 million barrels.

This upward revisions, according to Schlesinger, was "a result of certain articles in The Washington Post," articles that had reported the gyration in the agency's estimates and had further reported that between November and February the CIA had lopped 5 million barrels a day off the "surplus production" capability of the 13 members of OPEC (Organization of Petroleum Exporting Countries).

The confusion sowed by all this in the international oil community carried a special irony, since that community is heavily populated with present and former CIA people.

They include:

Schlesinger, a CIA director in the Nixon administration.

Walter McDonald, former director of the CIA's energy analysis section, who is now a Schlesinger aide as deputy assistant secretary of energy for international affairs.

Frank Pagnotta, another Schlesinger aide, who worked for the CIA's deputy director.

Philip Woodside, the international oil specialist for the General Accounting Office, who spent more than a decade with the CIA as an oil analyst in the Middle East and Latin America.

George W. Cave, the CIA station chief in Saudi Arabia, who is a former Aramco employe.

Raymond H. Close, the former CIA station chief in Saudi Arabia, who retired from the agency last year and now works for the Saudis.

There are, in addition, scores of known or suspected CIA operatives, alumni and cooperators with an abiding interest in oil.

Two of the best known and most respected in international oil cricles are Mike Ameen of the London office of the Mobil Oil Corp., and Jack Bridges, a former congressional aide who now works for the Saudis as director of the King Faisel Foundation with offices in Northern Virginia.

They ritually deny CIA ties, but there is no doubt that they have CIA contacts and intimate relationships with the Saudis.

This web of relationships is nothing new in the oil business. For years, the CIA and the international oil companies have worked closely together out of a community of interest.

Frank Jungers, board chairman of Aramco until last year, is candid on that point: "For years out there (in Saudi Arabia) we had a good relationship with the agency, partly because I thought it would make things easier."

He said the industry-wide practice was to maintain "liaison" with the CIA. But involvements sometimes were more direct. Ashland Oil, for example, said it was surprised to find some years ago that the CIA was using the company as a cover for an agent operating abroad.

The agency also maintains a network of clandestine contacts with foreign nationals operating state-run oil companies. It may be coincidence, but the CIA compound in Saudi Arabia is located directly across the street from the Ministry of Petroleum and Minerals.

These contacts have paid off frequently.

Years before the Mexican government made public its extensive oil finds in Chiapas and Tabasco, the CIA circulated top-secret reports that Mexico was sitting on billions of barrels of oil. These reports grew out of contacts with Petroleum Mexicanos (Pemex) the state oil company.

With the rise of new technologies, the CIA has developed other information sources. Spy satellite systems track the movement of oil tankers, conduct aerial surveys, photograph drilling operations and collect geographic evidence of mineral and oil deposits. Its agents have also cooperated with the U.S. Geological Survey.

Then there is the time-honored drudge work, the collection of data from thousands of technical publications, newspapers, journals and radio broadcasts.

From all these sources—spies, friends, satellites and statistical tomes—come the special CIA studies and the biweekly energy estimates that are circulated to senior officials in the White House, the State Department, the National Security Council, the Energy and Treasury departments and congressional committees.

This is the data that is crucial to government planning and domestic policymaking in the energy field.

The dependence on the CIA in these matters is reflected in the comment of an Energy Department official who concedes, "The department simply does not have the kind of people on hand to verify the CIA analysis."

It is reflected in a recent comment by CIA Director Stansfield Turner: "I'm just so proud of what we have contributed in the past nine months to the public debate on major issues." He was talking about energy.

"I intend to keep on with this program," he said. "I will be criticized sometimes for supporting the administration's policy and sometimes for not supporting it."

His agency's contribution to the "debate" on energy is correct in the sense he intended and in the narrower sense that a lot of the "debate" swirls around the accuracy of the CIA's Soviet and Saudi studies.

James Akins, the former U.S. ambassador to Saudi Arabia, is something of an energy expert himself. He is a former director of the State Department's Office of Fuels and Energy.

He describes the CIA's woeful analysis of the Saudi oil fields as "absolutely pernicious." What is more, he said, it "gives the Saudis the perfect excuse to cut production" at a time when U.S. officials are pressuring the Saudis to increase production capacity to avert a worldwide oil supply shortage in the next four or five years.

His skepticism grows, in part, out of a personal experience. While in the State Department some years ago, Akins says, he headed off a classified CIA report forecasting a world tanker shortage. He thought the analysis was questionable. Time proved him right. There is a glut of tankers in the world today, and tanker prices and shipping costs are at their lowest level in decades.

This skepticism infects the Saudis and the Americans who run their oilfields. Abdul Aziz Turki, the deputy petroleum minister, said, "We in the Ministry of Petroleum found no reason to reply to such reports because they are ridiculous and obviously untrue." The Saudi minister of planning, Hisham Nazer, laughed at the report, while sarcastically telling an American visitor, "How am I to say this is not true if it comes from your mighty CIA?"

The most rigorous dissent from the CIA's reported Saudi conclusions came from former CIA operative Phillip Woodside, in a report for the GAO.

Woodside toured the Saudi fields in December, and upon his return reported that he found no uncommon problems, no evidence of mismanagement and no technical obstacles to much higher levels of production.

The CIA has not replied to these criticisms. It has not released its Saudi report or publicly acknowledged its existence. Schlesinger talks about the report with the caveat that what he is talking about is "hypothetical."

So the controversy over the report's validity is one-sided and, in that circumstance, produces much speculation about the agency's motives and integrity.

In the past and in other areas of study, the CIA's reputation for objection and sensible analysis has been relatively good. But in this energy arena, charges are flying about the "political motivation" of the agency.

At the time the CIA's Saudi study was reported in the Times, Sen. Frank Church (D-Idaho) was accusing the agency—in other connection—of tailoring its facts to its needs.

"We found," he said, "that the CIA was reporting the facts that they wanted to find." On oil production, he said, the agency "tended to accept a level of production that they'd hoped for without weighing other information."

A more common allegation is that the agency has produced gloomy data to give political support to the Carter energy program.

Asked about the shifting view of Saudi production in the CIA report, an administration official said, "There is certainly a political element in it."

And there even have been suggestions that the agency downgrades the oil capacity of the Saudis in order to influence the three-pronged relationship between the United States, Israel and the Arabs.

No one has produced any evidence to support these allegations, and Schlesinger rejects them vehemently. "That's ridiculous," he says. "In my experience I can recall only rare circumstances in which they deviated only slightly from what they regarded as the objective truth or could be referred to as [their having] political motivations. I just don't think that that's part of it. The agency can be wrong as everybody else in this area, but by and large they've done pretty good work."

What has changed, as Schlesinger has noted, is the public emergence of the CIA as a contributor to domestic policymaking in the field of energy. Its role in this area in the past was not talked about, and it was thus not a vulnerable target for examination.

That changed last April when President Carter waved the CIA report before the television cameras in support of his energy proposals.

He opened the question that has yet to be answered fully: how good are the CIA estimates? ●

A POSTHUMOUS TRIBUTE TO PATTIE BLEECKER

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. KILDEE. Mr. Speaker, the hearing impaired community in Flint and the rest of Michigan recently lost one of its most effective and devoted leaders with the passing away of Pattie M. Bleeker. Though she is gone, she certainly is not forgotten, and there will be a special posthumous tribute extended in her memory on April 29, 1978, by the Social Services for the Hearing Impaired in Flint. The tribute will be in recognition of the great work she did in the community as one of the foremost advocates of the hearing impaired who was a sincere and devoted educator. After teaching in the Dearborn and Lansing areas, Pattie returned to her native Flint in the 1960's. While working in the Flint public schools, Pattie developed a special interest and concern for the basic communication problems faced by hearing impaired students. Her intense desire to overcome some of the inherent inequities and difficulties of teaching the hearing impaired led to her development of a model education program for the deaf. She utilized her talents and skills as a pioneer in the education of the hearing impaired at Zimmerman Junior High School, Flint Southwestern High School, and Flint Open School. Pattie also funneled her enthusiasm and energy to the Social Services for the Hearing Impaired, which she served as vice president and as a member of its executive board.

Her expertise, enthusiasm, and dedication have left the hearing impaired of the Flint area as her beneficiaries. Indeed, I am more sensitive to the needs of the hearing impaired because of her efforts to inform those who were needed to understand and help those whom she served so well.●

ADVICE FOR MR. BLUMENTHAL

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. HAGEDORN. Mr. Speaker, while the recent surge in the stock market has been encouraging, it remains more than 20 percent lower than when the present administration took office. Treasury Secretary Michael Blumenthal was quoted recently as stating:

The Carter Administration has about reached the limits of what it can do to make business happy. . . . There's nothing more we can do. I can't explain the stock market. Of course, I am concerned if the stock market goes down, but there's nothing more we can do.

Well, I can't explain the stock market either, but as a public service to Mr. Blumenthal, I would humbly suggest to him that the administration that has done it all might consider, in addition, taking just a few of the following actions. I have a sneaking suspicion that even a market as inscrutable as our own might finally perk up a bit.

ADVICE FOR MR. BLUMENTHAL

Consider reducing, by a few dollars, budget deficits expected to exceed $60 billion in both FY 78 and 79, with estimates of the FY 79 budget reaching as high as $100 billion. The total national debt is likely to exceed $873 billion by FY 79.

Consider reducing, by a few dollars, off-budget deficits expected to exceed $12 billion in FY 79, a 50 percent increase in just two years.

Consider reducing, by a few dollars, the first half-trillion dollar budget in our nation's history, a budget up 15 percent from original estimates of FY 78 outlays, and nearly 25 percent from actual FY 77 outlays.

Stop playing games with budget figures in an effort to portray them as being lower than they actually are as, for example, by treating expenditures of crude oil equalization tax dollars as "refunds" rather than outlays, and by making the largest budget cuts in popular program areas certain to be restored by Congress such as veterans' programs, biomedical research, and SBA assistance.

Revamp a "zero-based budgeting" campaign that has resulted only in the zero-elimination of Federal agencies, and which has resulted in budget reductions for nearly the same number.

Quit trying to sell as "stern" and "austere" a Federal budget that provides for 70,000 more Federal employees than the previous year's budget; that contains hefty increases for such agencies as the National Foundation for the Arts and Humanities and the Equal Employment Opportunity Commission;

that contains $2.1 billion in new HEW discretionary programs; and that contains sizable spending increases for public service jobs, welfare, food stamps, urban renewal, mass transportation operating subsidies, anti-smoking programs, and Federal prison programs.

Adopt an energy program aimed at encouraging new energy exploration and development, rather than one imposing hosts of new taxes upon the citizenry. These taxes are expected to cost the American taxpayer a minimum $100 billion per year by 1985.

Stop lending the Administration's support to legislation making it more difficult to mine coal, develop nuclear power, transport energy supplies, and produce Outer Continental Shelf oil and gas.

Re-think tax simplification efforts which are reported to have resulted in a 100 percent increase in business for H&R Block.

Index the internal revenue code so that individuals are not pushed into higher tax brackets by paper gains in income. Failure to "index" the code will cost taxpayers an estimated $270 billion over the next five years.

Reduce taxes permanently and across-the-board for individuals and businesses.

Instead of imposing increased taxes on investment income, through treating it the same as ordinary income or through raising the alternative tax, consider instead policies designed to promote capital investment such as the elimination of double taxation of corporate income, reduction in capital gains taxes, reduction in corporate tax rates, increasing the investment tax credit, or liberalizing depreciation. The ratio of investment to GNP in the United States is already less than half of that in countries such as Japan.

Leash Jerome Kurtz who seems absolutely to salivate at the prospect of taking increased shares of the national product for the Federal government. Disavow his proposals to tax fully fringe benefits, and to require taxpayers to "flag" or bring to the attention of the IRS "questionable" deductions.

Stifle the demogoguery about "three martini lunches" and "tax lopholes", the major purpose of which is to pave the way for the transfer of more income from the private to the public sectors.

Cut the charade of giving the American people "tax reduction" legislation in 1977 which raised taxes for millions of citizens earning above $13,000 and provided tax "rebates" to welfare recipients while providing none to those individuals who paid the most in taxes; as well as "tax reform" legislation in 1978 which would result in higher taxes for virtually everyone earning more than $20,000.

In addition to new income taxes and energy taxes, stop burdening the productive sector of the economy with huge new Social Security taxes and unemployment compensation taxes. The $227 billion Social Security tax increase makes it the single largest tax increase in our country's history, a tax on work.

Quit trying to redistribute income with every new program. The wealthier half of the country already pays 94% of its taxes, while the wealthiest 1.4% pays nearly a quarter of its taxes.

Stop proposing welfare reforms which add millions to the welfare rolls and add billions to the cost, and food stamp reforms which do the same thing. Reconsider your opposition to "workfare" proposals, and your support of HEW disability regulations which will sharply increase eligibility for welfare.

Support elimination of out-dated Federal statutes such as the Davis-Bacon and the Jones Acts which cost American citizens billions of dollars in inflationary labor costs.

Rein in a bureaucracy in which HEW goes after smokers, EPA goes after commuters, the Office of Civil Rights goes after cheerleaders, FDA goes after saccharin, Department of Agriculture goes after bacon and the Consumer Product Safety Commission goes after match makers.

Take a break from (a) proposing new Federal agencies such as the Consumer Protection Agency, the Department of Energy, and the Department of Education; (b) involving Washington in such new areas of regulation as debtor-creditor relations and hospital facilities; and (c) expanding the regulatory jurisdiction of such agencies as FTC, FDA, EEOC, and EPA. The Federal Register set a new record in 1977 of 65,603 pages with more than 7500 new rules and regulations. CPSC goes on regulating matchbooks, DOT mandatory airbags, and the BATF handguns.

Stop proposing $2.4 billion urban programs which give the American people the same sort of warmed-over Great Society that you campaigned against. Re-assess the contributions of a HUD Secretary who warns against too much reliance upon the private sector for new housing.

Forget about comprehensive National Health Insurance.

De-emphasize the cosmetic gimmickries of 'zero-based budgeting', sunset laws, re-organization, paperwork commissions, and guidelines for Federal Register prose as substitutes for genuine regulatory reform, and start mustering up the will to make some tough decisions. Quit subordinating substance before form.

Stop transferring employment from the private to the public sectors through increased public employment programs, increased "counter-cyclical, anti-recessionary" assistance, CETA, and Humphrey-Hawkins.

Quit supporting such blatantly special interest, union-backed legislation as common situs picketing, cargo preference, and labor law reform. While you're at it, ask yourself why the Administration supported the largest increase in the minimum wage in our country's history, an increase from $2.30 to $3.35 over a three year period.

Question the wisdom of a Secretary of Commerce who considers a priority of hers the creation of a Social Performance Index for businesses.

Once and for all, make clear that wage and price controls will not be a tool in the Administration's anti-inflation program. Recognize also that controls applied selectively, e.g. hospital cost controls, will have the same distortive economic effect as controls applied on a more widespread basis.

Re-assess the Administration's identification with, and support of racial quotas, affirmative action strengthened "anti-discrimination" efforts in the nation's schools and businesses, and regulations which associate handicapped citizens and drug addicts as equal victims of discrimination.

Reconsider the Administration's position that it is only a "myth" that the government can do very much to combat inflation.

Downplay the "jawboning" of steel price increases and the like immediately after acceding to a trend-setting 39% pay increase for coal miners, a pay increase accompanied by no provisions for increases in productivity.

Slow down the Federal government's rush to take control of hundreds of thousands of acres of land throughout the country, closing such lands entirely to mining, logging, and virtually all developmental uses. Washington already owns or controls 80% of nation's coal supplies.

Restrict the more "innovative" anti-trust efforts of the Justice Department and the FTC, including "price-signalling", "shared monopolies", etc. Discontinue support of parens patriae anti-trust suits, legal subsidies for interest group litigation, etc.

Recognize realistically the root causes for the plight of the U.S. dollar and attend to these instead of blaming the speculators, the Japanese, and wasteful U.S. energy consumption.

Resolve to remain firm in opposition to "protectionist" economic impulses. At the same time, reconsider policies which cripple U.S. business abroad, e.g. increased employee tax liability, DISC phase-out; and policies which subsidize our competitors, e.g. palm oil loans to Indonesia, crude oil entitlements.

Instead of increasing both White House staff and salaries by considerable amounts, reduce them as you promised during your campaign.

Stop endorsing 45% pay hikes for Members of Congress, judges, and high level executive personnel, and cut back proposed Federal employee pay raises beyond the 5.5% figure. Federal employees already earn far more than private sector employees both with respect to straight salary and fringe benefits.

Reconsider your support of Hatch Act reforms and Civil Service reforms, both of which are certain to enhance the power of militant public employee unions.

Encourage "your" man at the Federal Reserve to consider reversing the Board's nearly 50% increase in the rate of growth of the money supply during the past year.

Quit recognizing as legitimate demands the re-distributionist economic goals of the Third World. These would include those expressed in the International Law of the Sea Conference and the on-going North-South economic talks, as well as demands that the United States "renegotiate" $500 million in loan repayments by Third World countries.

Put the country's national defense policies in order. In return for caving in repeatedly at SALT, foregoing production of the B-1, deferring production of the neutron bomb, cutting back on Naval ship-building, and delaying MX and Cruise missile development, what have we gotten in return?

Reconsider Administration policies which are steadily eroding the abilities of the FBI and the CIA to carry out their law enforcement and national security functions.

Put the country's foreign policy in order. This might include a re-assessment of (a) a 'human rights' policy that combines toughness toward our allies with obsequiousness toward the likes of Tito, Gomulka, Brezhnev, Obasanjo, and Nyerere; (b) a world view that sees the U.S. as growing in respect with Latin America through a surrender of the Panama Canal; (c) a chaotic Middle East policy; (d) continued indifference toward the genocide today occurring in Southeast Asia; (e) a policy that allows international financial institutions to dictate foreign policy to the U.S. rather than the other way around; (f) a Southern Africa policy designed to promote the interests of Marxist, terrorists in that part of the world; and (g) the contributions of Andrew Young in the development of our foreign policy.

Repudiate the suggestions of Agriculture Secretary Bergland that international commodity cartels are the best way to organize the world economy.

Re-assess the contributions made to good public policy by the hordes of 'public interest' group alumni that are populating your Administration.

Do something to ease the burdens placed upon small businessmen by uninterpretable Federal pension regulations, and by heavy product liability insurance premiums.

Refuse to extend Federal assistance to New York City for a second time in order to prevent their bankruptcy.

Stop trying to nationalize flood insurance and federalize automobile insurance.

Hire yourself a new Assistant Secretary of Education, one that doesn't look to the People's Republic of China as a model for the United States.

Push for changes in the new 'carry-over' basis provisions of the estate tax laws.

Recommend amendments to the Clean Air Act that will permit increased industrial development and remove from EPA life-and-death authority over the developmental goals of communities throughout the country.

Repudiate the centralized planning objectives of the Humphrey-Hawkins Act, and further recognize that voluntary price restraints are not only incompatible with a free enterprise economy but impossible within it. Prices are set through competition, not through the individual preferences of business enterprises.●

MR. ED SALT, OF YOUNGSTOWN, OHIO, PRESENTS "MY AMERICA" SERIES

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CARNEY. Mr. Speaker, Mr. Ed Salt, a long-time resident and journalist of Youngstown, Ohio, has recently provided me with his series of newspaper articles entitled "My America."

This series recently won the Freedoms Foundation of Valley Forge's George Washington honor medal for its contribution to the appreciation and understanding of our American heritage. I commend Mr. Salt for his winning series.

Mr. Salt has been one of Youngstown's best-known newsmen for over 50 years. Born in the tiny Columbiana County village of Salineville, Mr. Salt spent a Ohio Northern University. Prior to entering the journalism profession, Mr. Salt year studying electrical engineering at worked as a mould runner in a pottery factory, a laborer in a brickyard, a railroad "gandy dancer," and a motor tester.

In 1922, his newspaper career began as a cub reporter for the Alliance Review, where he worked for 8 years. He left the Review to become editor of Trip Topics, a magazine for the Utilities Service Co. which operated telephone and powerlines, ice plants, and an electric railroad. The depression ended Mr. Salt's editorship at that publication, and he subsequently became a police reporter and photographer for the old Youngstown Telegram. When the Telegram merged with the Youngstown Vindicator, Mr. Salt worked briefly for the Columbus Citizen, but he returned to Youngstown to open a Vindicator news bureau in Sharon, Pa. While at the Vindicator, he worked as a reporter, photographer, assistant city editor, and, during World War II, as acting city editor.

In 1945, Mr. Salt became editor of the Youngstown Sheet & Tube Co.'s Bulletin, a publication with both Youngstown and Chicago district editions. As an industrial editor, he was committed to explaining the end uses of steel products. Consequently, he traveled extensively, from the mining fields of Minnesota to the oil wells of the Southwest. As the editor of an employee's publication, he felt just as strongly that he should be knowledgeable about al phases of the manufacturing operation. Therefore, he was a familiar face to many employees at the Campbell and Brier Hill plants. He also regularly attended weekly supervisors' meetings at Youngstown Sheet & Tube to keep up with business trends. After 21 years with the Bulletin, Salt retired, and became a freelance writer.

Salt's award-winning "My America" series recently appeared in the Boardman News. He explains that his purpose in writing the series is threefold:

My objective is to make people more aware of the country in which they live and more appreciative of that country, as well as focus on the American economic system that makes this country the greatest in the world and also to reflect the cost of independence that was won over 200 years ago.

Mr. Speaker, it is with great pleasure and pride that I present the first installment of Ed Salt's "My America" series. From time to time, I will be inserting these articles in the CONGRESSIONAL RECORD because they deserve the attention and consideration of all of us.

The article follows:

FABULOUS LAND

A little more than 200 years ago, a new nation was born. It was given the name "The United States of America" and was composed of 13 colonies stretched along the Atlantic Coast.

In two centuries this nation's population has grown from less than 3,000,000 to more than 215,000,000. In land area it has grown from less than 1,000,000 to more than 3,500,000 square miles.

The United States contains only six per cent of the world's land area and population. In area, it is smaller than Canada and smaller than China. It is a little larger than Australia and a little larger than Brazil. It is less than half the size of Soviet Russia.

Yet we have 50 per cent of the world's wealth. We manufacture 63 per cent of the world's goods; drive 58 percent of the world's automobiles and talk on 56 per cent of the world's telephones.

If the world's total population of more than four billion people were reduced to one thousand, fewer than 300 would be white and only 53 would be Americans. The 53 Americans would have half the world's total income while the other half would be divided among 947 persons.

Our gross national product (the value of goods and services) in 1975 amounted to $1,516,338,000,000—three times what it was in 1960. Our national income—received by more than 90,000,000 workers in wages, salaries, and fringe benefits, plus income from farm, business and professional activities and corporation profits—amounted to $1,207,584,000,000. This was nearly three times what it was in 1960. Our closest rival is Japan where the gross national product is less than one-third of ours.

In comparison, Canada's gross national product was $118,900,000,000; West German $348,170,000,000; France, $255,060,000,000 and Australia $52,160,000,000. Our gross national product is greater than the USSR (Soviet Russia), West Germany and France combined.

Of the 68 largest cities in the world, 13 are in the United States. New York, with a 1970 population of more than 16 million, is the world's largest. It is followed by Tokyo, Japan, the second largest, with an estimated 11,612,311 in 1973; Shanghai, China with an estimated 10,820,000 in 1970 and Mexico City with an estimated 10,766,791 in 1974.

Based on our nation's 1970 census, other American cities with two million or more people, were Los Angeles-Long Beach (7,032,075); Chicago (6,978,947); Philadelphia (4,817,914); Detroit (4,199,931); Washington area (2,861,123); Boston (2,753,700); Pittsburgh (2,401,245); Dallas-Fort Worth (2.377,979); St. Louis (2,363,017); Baltimore (2,070,670); Cleveland (2,064,194); and Newark, N.J. (2,054,928).

Americans are always hunting for new methods of doing things or inventing new products. Of more than 300 great inventions and scientific discoveries, approximately 60 percent are credited to the United States and the other 40 percent to the rest of the world.

The United States is credited for the adding machines, Addressograph, aerosol spray, air brakes used on railroads, the motorized airplane and airplane automatic pilot; the hydro airplane, electric auto, auto self-starter, bifocal lenses for spectacles, bottling machine, cameras producing almost instant pictures in black and white and color, cash register, cotton gin, electric fan, grain harvester, mower and reaper; movies, Kodak, electric light, turret lathe, linotype and monotype for setting type for the printing industry, Mason canning jar.

Microphone, talking movies, nylon and rayon, paper machine, ball point and fountain pens, phonograph, color photography, photo film which made the glass photo plate obsolete, safety pin, revolving chamber pistol, cast iron plow and disc plow, rotary and web printing presses, punch card accounting.

Radar, radio beacon, safety and electric razors, repeating rifle, rubber vulcanizing, sewing machine, alloy steel, submarine and submarine torpedo, telegraph and teletype machines, radio and automatic telephones, electronic television. automatic toaster, electric trolley cars, typewriter, electric vacuum cleaner, electric washer, electric welding, barbed wire and the zipper.

I like My America. It's a fabulous land and we have a lot going for us.●

HUMANITARIAN EFFORTS LAUDED

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MARKEY. Mr. Speaker, we are all aware of the disastrous storms that ravaged our country this past winter. Massachusetts was particularly hard-hit, and parts of my district, the Seventh District, took the brunt of those storms. Thousands of people were forced to evacuate their homes, and the property damage was enormous. Many people and organizations came to the aid of those who were hurt by the storm. For all of their help I give my heartfelt thanks. In particular, I would like to express my sincere gratitude to, among others, Allegheny Airlines, the Heinz U.S.A. Co., and the Campbell Soup Co. These three groups provided great relief to our area by supplying food to our citizens and transporting that food free of charge. Such humanitarian efforts should not go unnoticed. I would like to enter my letters of appreciation to these three groups into the RECORD so that we may all be aware of their fine and commendable efforts:

FEBRUARY 15, 1978.

Mr. RAYMOND S. PAGE, Jr.,
U.P. Government Relations, Campbell Soup Co., Campbell Place, Camden, N.J.

DEAR MR. PAGE: On behalf of all the storm victims who have had their lives made a little easier thanks to the generosity of the Campbell Soup Company, may I offer my sincere thanks.

Campbell's donation of thousands of cases of canned goods came at a critical time when individuals and families were desperately in need of some good, hot food.

Campbell's exemplary humanitarian efforts during our time of need will remain prominent in the memories of Massachusetts citizens for years to come. We are deeply grateful.

Sincerely,

EDWARD J. MARKEY,
Member of Congress.

FEBRUARY 15, 1978.

Mr. FRANK ZUSEL,
Customer Service Manager, Allegheny Airlines, Logan International Airport, E. Boston, Mass.

DEAR MR. ZUSEL: On behalf of all the storm victims who have had their lives made a little easier thanks to the generosity of Allegheny Airlines, may I offer you and your company my sincere thanks.

Truly, if it were not for the humanitarian efforts of Allegheny, the expeditious shipment of thousands of pounds of canned goods donated by the Heinz and Campbell companies, would have not been possible.

Your company has performed an exemplary service to the people of Massachusetts. We are deeply grateful.

Sincerely,

EDWARD J. MARKEY,
Member of Congress.

FEBRUARY 15, 1978.

RICHARD B. PATTON,
President, Heinz U.S.A., Pittsburgh, Pa.

DEAR MR. PATTON: On behalf of all the storm victims of eastern Massachusetts who have had their lives made a little easier thanks to the generosity of the H.J. Heinz Company, may I offer my sincere thanks.

The Heinz donation of thousands of cases of canned goods came at a critical time when many families were desperately in need of some good, hot food.

Your company's exemplary humanitarian efforts during our time of need will remain prominent in the memories of Massachusetts citizens for years to come. We are deeply grateful.

Sincerely,

EDWARD J. MARKEY,
Member of Congress.●

COMMENT ON FOOD LABELS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CRANE. Mr. Speaker, for those who have recently been exposed to some Government commercials stating "Have you read a good label recently?" the following will make interesting reading. If the Congress cannot pinpoint all of the reasons why food costs have been going up, here is an easy one:

LABELING OF FOOD PRODUCTS 1978

HOW MUCH IS ENOUGH?

Recipe—Macaroni and Cheese Casserole:
1 cup Grated American Cheese.
4 oz. Macaroni.
¼ cup Bread Crumbs.
3 tbsp. Margarine.

1977—4 Ingredients: Macaroni, Cheese, Bread Crumbs, Margarine.

INGREDIENT DECLARATION 1978

Macaroni and Cheese Casserole

1978—53 Ingredients: Macaroni (Durum and Patent Flour, Niacin, Sodium Iron Phosphate, Thiamine Mononitrate, Riboflavin); American Cheese (Water, Cream, Milk, Sodium Citrate, Disodium Phosphate, Salt, Artificial Color and Sorbic Acid (a preservative)); Bread Crumbs Enriched Flour (Wheat Flour), Niacin, Reduced Iron, Thiamine Hydrochloride, Riboflavin), Corn Syrup, Sugar, Vegetable and/or Animal Shortening (Contains one or more of following: Hydrogenated Soybean Oil, Hydrogenated Cottonseed Oil, Hydrogenated Palm Oil, Lard), Salt, Yeast, Whey, Soy Flour, Dough Conditioner (Sodium Stearoyl-2-Lactylate), Yeast Nutrients (Contains one or more of the following: Mono Calcium Phosphate, Calcium Sulfate, Ammonium Chloride, Potassium Bromate), Calcium Propionate to retard spoilage; Margarine (Liquid Corn Oil, Partially Hydrogenated Soybean Oil, Water and/or Pasteurized Skim Milk and/or Nonfat Milk, Salt, Lecithin, Artificial Flavor, Colored With Carotene and Vitamin A Palmitate).

Is this really more informative?
Is this the intent of Congress? ●

APPROPRIATIONS TESTIMONY—HIGH ENERGY PHYSICS

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. PURSELL. Mr. Speaker, on April 12, 1978, I had the honor of introducing three distinguished professors from the University of Michigan—which I represent—to the House Public Works Appropriations Subcommittee. The testimony concerned a topic which is crucial to all of us—alternative sources of energy. Prof. Lawrence W. Jones spoke about elementary particle high energy physics. Prof. Terry Kammash addressed the question of magnetic fusion energy research. Solar energy was discussed by Dr. John A. Clark. Realizing the tremendous importance of new energy sources, the subcommittee received this testimony with interest. Therefore. over the next 3 days, I would like to share this testimony with you, as I believe each man addressed an area which we should be more aware of.

Today, I would like to present the testimony of Prof. Lawrence W. Jones on high energy physics:

My name is Lawrence W. Jones, I am a Professor of Physics at the University of Michigan, and I would like to address the question of support for the Department of Energy program of basic research in the area of elementary particle high energy physics.

I have been continuously active in the area of elementary particle experimental research for over 25 years as a member of the University of Michigan faculty. My research has included work on the development of new particle accelerators and detection devices as well as experiments on the nature of elementary particules and their reactions. I have done experiments at facilities built under the auspices of the Atomic Energy Commission at the Berkeley Lawrence Radiation Laboratory, the Brookhaven National Laboratory, the Argonne National Laboratory, and (currently) the Fermi National Accelerator Laboratory, as well as at the European Nuclear Research Center (CERN).

I am not a member of any board, panel, or committee of the Department of Energy nor of any of its laboratories or facilities, and my own research program is supported by grants from the National Science Foundation.

THE CURRENT CHALLENGES IN ELEMENTARY PARTICLE PHYSICS

Elementary particle physics has evolved rapidly over the past decade, so that our view on the structure of matter at its most fundamental level is dramatically different from what we learned and taught only two decades ago. It is now understood that portions, neutrons, and mesons as well as the myriad of erstwhile "elementary" particles are not themselves fundamental entities but that they in turn are composed of more elementary constituents. The concept of these constituents, generally referred to as "quarks", has permitted a general and unifying explanation of what threatened to become a mushrooming plethora of many kinds of particles, just as the Periodic Table of Elements and the subsequent understanding of the structure of the atom over 50 years ago led to an understanding and systematization of the hundred or so chemical elements.

With the quarks concept of particle structure we have reached a new level in the hierarchical structure of matter, continuing downward to the increasingly microscopic, a sequence that may now be arranged as: crystal, molecule, atom, nucleus, particle, and quark.

We know with some certainty that there are at least four kinds of quarks, and there is new evidence from experiments last year at the Fermi National Accelerator Laboratory, that there may be a fifth quark. The questions now begged include the following:

(1) Are there additional new quarks? If so, how many and what are their masses and other properties?

(2) What is the nature of the forces that bind quarks together? How do they interact, and how can we understand the observable properties of our "elementary" particles in terms of their quark constituents?

(3) May there be an internal structure to the quark?

(4) Where are the quarks? In spite of the success of the quark model, free, independent quarks remain very elusive, and a theoretical structure has evolved to explain the apparent permanent confinement of quarks into the observed particles. And yet, to many physicists, the explanation is unsatisfying and the search for free quarks remains a challenge.

I have noted here but one of the areas in particle physics which is currently experiencing a rapid conceptual advance. On another front, we seem to be on the verge of a comprehensive understanding of the "weak" interaction, that force which governs most radioactive decay. A crucial prediction in the theory concerns the existence of very massive fundamental bodies, the "intermediate vector bosons". These cannot be produced at any existing accelerators and must await facilities now under construction, due to the great energies required for their formation. The observation of these bosons with their predicted properties would be a landmark in our understanding of the weak interaction without parallel.

The single, most important parameter of our laboratory facilities for studying the structure of matter at its most fundamental level is energy, and it is this toward which current developments in our program of facilities development and construction is directed. Raising the energy is equivalent to examining a system with a more powerful microscope. The laws of physics teach us that higher energy is necessary to probe smaller dimensions. The rapid strides in our progress in this area over the past few years is a direct consequence of the energies made available by the CERN storage rings, the Stanford Electron-Positron Storage Ring, SPEAR, and the Fermilab 400 GeV proton synchrotron. And yet cosmic ray experiments at energies well beyond those available in any current facility hint at phenomena totally unantici-

pated by current theories and by experiments at existing accelerators. Whereas the cosmic ray intensity at these energies is quite inadequate to study most of the predicted challenging phenomena such as the intermediate vector bosons, these observations offer an outstanding challenge to our comprehension of elementary particle physics.

THE RELATIONSHIP BETWEEN NATIONAL LABORATORIES AND UNIVERSITY USERS

The Department of Energy program in support of research in elementary particle physics, together and in cooperation with that of the National Science Foundation, is based on two elements: the facilities at the national laboratories and research centers, and the community of physicists in the major universities of the nation. Whereas the spokesmen for the national laboratories have articulately stated their program needs, I believe that those of us in the universities who make use of the national facilities may have been less vocal in our support of this program. I should like to emphasize the essential dependence of our research program in elementary particle physics at the University of Michigan for example, on the continued vitality and federal support of the national facilities at Stanford, Argonne, Brookhaven, and Fermilab.

The United States has a remarkable record since 1945 in this area of science as indeed in most of science and technology. Our share of the world's major discoveries and inventions has been quite out of proportion to our financial investment in research. I believe that our success is due in no small part to our integration of the most advanced research into the graduate—and undergraduate—educational programs of the great universities. This is in marked contrast to the system in some other nations where most research is isolated in large research institutes, and a quite separate group of scholars are involved at the universities in the education of students. And yet huge particle accelerators are beyond the scope of single universities to build and staff; the existence of the national laboratories is logical and necessary. But I urge continued cognizance of these two facts; that the universities and their faculties are an essential part of this national program, and that the central facilities at the national laboratories are essential to the programs in physics education and research at the universities.

THE CURRENT FUNDING CRISIS AND THE FERMILAB ENERGY DOUBLER-SAVER

Our national preeminence in this area of science is currently threatened by the increasingly lavish support extended to the corresponding research programs in Western Europe, the Soviet Union, and the Far East. We now see evidence of a reverse brain drain, where some of our best scientists have joined the staff of the CERN European Laboratory, and other physicists have moved their research activities to Europe while retaining an operational base at an American university.

Meanwhile, younger, promising students are discouraged from entering the field in view of the long term employment prospects, and more senior scholars are drifting away into other research areas.

There are currently three major new facility efforts active in the Department of Energy program in this area: The Stanford Linear Accelerator Center Positron-Electron Project (PEP), the Brookhaven Intersecting Storage Accelerator (ISABELLE), and the Fermi National Accelerator Laboratory Energy Saver-Doubler. All three are important and valuable steps in our national program, and I urge the strongest, most vigorous financial support of each.

I would like to emphasize in particular my interest in and support of the Fermilab Energy Doubler. This is the smallest (financially) of the three, and its funding is at the lowest, slowest level. However, its potential for very significant advances in our understanding are so very great that I personally believe that it may yield a research payoff quite out of proportion to the investment.

The Energy Doubler was originally conceived as a means of doubling the Fermilab accelerator energy through addition of a second ring of magnets in the same tunnel, the new magnets are to be superconducting and thus achieving over twice the field strength and hence twice the particle energy of the present facility. This objective entirely justifies the cost and effort required. The Fermilab accelerator, thus upgraded, will provide beams of neutrinos, mu mesons, pi mesons, and other secondary particles more energetic by more than a factor of two than any other facility on earth. In addition, the superconducting magnets will achieve this energy increase with a great reduction in electric power, leading to sufficient economies to pay for the cost of the program over a period of several years.

And yet the most exciting potential research use of the Energy Doubler appears to me to be as a colliding beam storage ring. This role, less apparent in the early discussions of the Doubler and in its justification before D.O.E. and Congress, had evolved over the past two years to a point where it has generated a very high level of excitement among many physicists. The Energy Doubler will make possible collisions of 150 GeV protons stored in the existing accelerator ring with 1000 GeV protons in the Energy Doubler ring, achieving an energy in the center-of-mass of 800 GeV, equivalent to a high energy proton of about 300,000 GeV incident on a stationary target. The Energy Doubler ring could also be used to contain counter-rotating protons and antiprotons on the same orbit, and collisions of these two beams, each of 1000 GeV, would provide an energy of 2000 GeV in their center-of-mass, equivalent to an antiproton of about 2,000,000 GeV incident on a stationary proton target! This most remarkable feat is possible with intensities and interaction rates of interest using a combination of very ingenious tricks and sophisticated new technology. The energies which will thus become available are 1000 times the highest energy currently achieved with particle accelerators (60 GeV center-of-mass, equivalent to 2000 GeV on a stationary target at the European Nuclear Research Center).

The energies encompassed by this facility will comfortably exceed those at which remarkable and mysterious cosmic ray phenomena are reported, and will permit a quantitative search for the intermediate vector bosons noted earlier. Great as the excitement surrounding this search will be, I find even more challenging the opening of an energy frontier at one stride a thousand times beyond our experience. Previous steps in particle accelerator construction have permitted advances in the energy frontier by factors of 3 to 10 every 5 to 10 years. Never before has a leap of this magnitude been technically possible.

The experimental exploitation of this new energy regime will require great ingenuity, expertise, and time. It is intrinsic in the nature of colliding beam facilities that few experiments and groups can be accommodated simultaneously. Thus it is important and desirable that two other facilities will enter this energy domain. The CERN 400 GeV proton synchrotron is being modified to store counter-rotating proton and antiproton beams, each up to 400 GeV, thus providing an energy of up to 300,000 GeV equivalent, and the Brookhaven ISABELLE project will achieve the same energies with proton-proton collisions at higher intensities and with more fully-developed facilities for experimental exploitation. I am absolutely convinced that the physics revealed in the new energy regime thus made accessible will productively occupy an intensive experimental effort at each of these three facilities for many years, and that the progress of physics will thus be most productively served.

United States physicists are understandably eager to be the first to explore this scientific no-man's-land, however the CERN program is well funded and staffed, and is scheduled for operation in the early 1980's. With proper financial support, the Fermilab antiproton-proton facility could mount experiments in 1981, due to the Energy Doubler progress to date.

The Fermilab Energy Saver-Doubler appears in the President's FY 79 budget as a $10 million construction and a $5 million operation items in a total Fermilab budget of $84.4 million. Regrettably the budget history of the project has been one of cutbacks and slowdowns, leading most recently to the resignation of the laboratory director. I urge most strongly that this budget be supported and increased if at all possible.

SUMMARY

Elementary particle high energy physics has significantly altered our comprehension of the fundamental nature of matter in recent years. Developments in accelerator technology now make possible dramatic increases in the energy available with the accelerator facilities at our national laboratories through colliding beams. Cosmic ray experiments, theoretical predictions, and past experience all strongly suggest remarkable new discoveries and advancements in knowledge will flow from experiments with these facilities.

As a university scientist, I am concerned over the level of support of these laboratories and the rate of construction of these new facilities, particularly of the Energy Doubler-Saver at the Fermi National Accelerator Laboratory. I respectfully urge you to support the entire elementary particle physics program of the Department of Energy and to assist it in achieving the rich potential which is now apparent.●

IOWA SUPPORT FOR THE BOUNDARY WATERS WILDERNESS ACT

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. FRASER. Mr. Speaker, Minnesota's Boundary Waters Canoe Area (BWCA), the American half of the Quetico-Superior wilderness lakes country, has become the focal point of considerable controversy both in Congress and in my home State. It is important to bear in mind that the decisions Congress will make about this area's future management are of concern to citizens throughout the country, not only to the residents of Minnesota. Widespread interest has developed about our deliberations, an interest exemplified by the active concern of Minnesota's southern neighbor, Iowa.

There has been consistently strong support among Iowans throughout the debate for bringing full wilderness protection to the BWCA. Lacking wilderness areas in their own State, residents of Iowa explore the BWCA's lakes and forests by the thousands—according to recent Forest Service data, they account for approximately 45,000 visitor-days annually in the BWCA. More than 60

percent of these visitors do not use motorboats, preferring instead to paddle a canoe, hike, or cross-country ski.

Interest from their constituents encouraged five of my colleagues from Iowa to cosponsor H.R. 2820, the Boundary Waters Wilderness Act: BERKLEY BEDELL, MICHAEL BLOUIN, CHARLES GRASSLEY, TOM HARKIN, and JIM LEACH. More recently these same Members sent a letter to the House Interior Committee urging support for a compromise BWCA bill developed by PHIL BURTON and BRUCE VENTO and subsequently passed by the committee on April 10. I include the text of their excellent letter below:

CONGRESS OF THE UNITED STATES,
April 10, 1978.

Hon. PHILLIP BURTON,
Chairman, Subcommittee on National Parks and Insular Affairs, Interior and Insular Affairs Committee.

DEAR MR. BURTON: As bipartisan co-sponsors of the original Fraser bill concerning the Boundary Waters Canoe Area (BWCA), we compliment you and Mr. Vento on your efforts to arrive at a fair compromise regarding its future.

Last year, over 6,500 Iowans registered as visitors to the Boundary Waters Wilderness. The Subcommittee has on file petitions signed by over 10,000 Iowans urging support for the original Fraser bill. In addition, there are some Iowans who have vacation homes in the BWCA. For this reason, we had concerns as to how their property and lifestyle would be impacted—concerns which we believe have been addressed by the Subcommittee.

While you and the Committee members have certainly spent many hours studying the BWCA issue, we would like to share with you our reasons for supporting the Subcommittee bill. We urge you to oppose weakening amendments that will be offered during Committee mark-up. Possible amendments include:

1. Logging: The anticipated amendment would call for a 20-year phase-out of logging in the BWCA. The Subcommittee bill calls for an immediate halt to logging, but provides authority for the Secretary of Agriculture (1) to intensify forest management on federal lands outside the BWCA; (2) to furnish substitute timber outside the BWCA for companies now holding contracts in the BWCA; and, (3) to compensate the companies now holding contracts for losses. Equally as important, the State of Minnesota has pledged that it will make up for the softwood volumes that the industry claims will be lost if the BWCA is closed to logging. The State has submitted a report to the Subcommittee that details its plan.

2. National Recreation Area (NRA): The anticipated amendment would strike the 227,000 acre NRA which the Subcommittee bill establishes. We oppose this amendment. However, based upon our belief that zoning decisions are better made locally, we do support the amendment which will be offered reducing the Secretary of Agriculture's zoning authority and strengthening the zoning authority of the State and counties within tho NRA.

3. Motorboats: The anticipated amendment would open up lakes in the interior of the BWCA to motorboat travel. The Subcommittee bill allows continued motorboat use of 13 of the lakes on the perimeter of the BWCA and responds to the concerns of home owners, resort operators, and local fishermen by: (1) allowing motors on every lake (with 2 minor exceptions) where there are concentrations of homes and resorts; (2) authorizing the Secretary to develop a recreational plan outside the BWCA in the surrounding Superior National Forest that would include improving access to remote lakes; and, (3) making available financial and technical assistance to resort owners and canoe outfitters to help them adjust to more wilderness-oriented management of the BWCA.

4. Snowmobiles: The anticipated amendment would establish snowmobile trails in the BWCA. The Subcommittee bill continues the current ban on snowmobiles, but allows for 2 routes to enable people to reach homes and resorts in Canada. The Subcommittee bill takes into account that snowmobiles have been banned by an order from the Secretary of Agriculture for the last two winters. The ban was proposed after extensive public hearings. The bill also authorizes the Secretary to complete trunk snowmobile trails in the rest of the Forest outside the BWCA.

We appreciate your consideration of our bipartisan effort and hope you will share this communication with the other members of the Committee prior to mark-up.

Kindest personal regards,

Sincerely,

MICHAEL T. BLOUIN,
Member of Congress.
CHARLES E. GRASSLEY,
Member of Congress.
TOM HARKIN,
Member of Congress.
JIM LEACH,
Member of Congress.
BERKLEY BEDELL,
Member of Congress.

There has also been firm editorial support from the Iowa press for the Boundary Waters Wilderness generally and the Burton-Vento compromise bill specifically. One writer refers to the "proprietary attitudes" held by certain people who live and work in the vicinity of the BWCA. That proprietary attitude can be expressed just as legitimately by Iowans. One Iowan who testified at field hearings last summer in St. Paul put the matter quite clearly: "We will grow your corn if you will preserve our wilderness." I commend the two pieces from the Des Moines Register to my colleagues' attention:

PLUS FOR PRESERVATION

If the compromise bill on the Boundary Waters Canoe Area, approved by a House subcommittee this week, makes it through Congress pretty much as is, the cause of wilderness preservation will have been served. In this conflict—local commercial interests and motorboaters vs. pure-wilderness advocates and canoeists—those who favor minimum human impact on the wilderness have an edge.

The compromise legislation, offered by Representatives Phillip Burton (Dem., Calif.) and Bruce Vento (Dem., Minn.), would permit limited us of motorboats and snowmobiles but would ban mining and logging. It would provide compensation for loggers' losses and help for resort owners affected by tighter restrictions on use of the BWCA. A 227,000-acre National Recreation Area would be designated outside the BWCA, and the million-acre wilderness would be enlarged slightly.

Commercial interests are unhappy with the compromise; their champion, Representative James Oberstar, calls "compromise" a misnomer. Oberstar, whose district includes the Boundary Waters, had introduced a bill to continue multiple-use management of the area.

Some of Oberstar's constituents would have to adjust to a new situation if the compromise bill passes, but the need to maintain the nation's storehouse of wilderness should be given overriding consideration. Whether it will be is uncertain. Burton is chairman of the subcommittee that approved the compromise, so clearing the initial hurdle was not unexpected. Oberstar and likeminded legislators may have more clout later.

It would be unwise for lawmakers to make more concessions to commercial interests and communities on the edge of the BWCA. Preserving the wilderness is of national interest. A new law should not be any less protectionist than the subcommittee bill.

BOUNDARY WATERS WILDERNESS: LOCAL VS. NATIONAL INTEREST

(By Richard Liefer)

Indians and trappers who once paddled and portaged in what today is the Boundary Waters Canoe Area (BWCA), a million-acre wilderness in extreme northern Minnesota, would have marveled at the agitation in nearby Ely on July 8.

Many businesses were closed; "Gone to the BWCA hearing," store-window signs explained. Three Democratic congressmen were holding House subcommittee hearings at the high school, exploring ways to regulate use of the BWCA.

Parked in front of the school were loggers trucks bearing signs like "We need BWCA pine NOW!" One truck was a gallows from which the Sierra Club and two environmentalists were hanging in effigy. Bumper stickers invited the Sierra Club to "kiss my axe." Some people wore patches that said, "Snow belongs to everyone."

Recognizing one side of the BWCA-use dispute was no trick; subtlety was not rampant. The preponderant local sentiment seemed to be: Don't restrict "our" wilderness area any further.

The other side was represented, too, if less ostentatiously. In fact, the Sierra Club concluded that supporters of the environmentalists' pro-wilderness position were dominant in number at Ely and at a similar hearing the day before in St. Paul. Many came from far away.

The hearings addressed two proposals for regulating activities in the BWCA. One bill, by Representative Donald M. Fraser of Minneapolis, would preserve the wilderness character of all the BWCA by banning timbercutting, mining and the use of snowmobiles and motorboats. Iowa's Dick Clark has introduced an identical bill in the Senate.

The other House bill, sponsored by Representative James Oberstar of northeastern Minnesota, would divide the BWCA into two blocks, a 600,000-acre wilderness and a 500,000-acre national recreation area. Timber harvesting, snowmobiling, motorboating and some commercial activities could take place in the recreation area. Both bills would enlarge the BWCA.

New legislation affecting this vast expanse of lakes, streams and forests would be unnecessary but for a significant imperfection of the 1964 Wilderness Act, which included the BWCA in the new wilderness preservation system. (The BWCA is the second-largest wilderness area in the system, the largest east of the Rockies.)

Although the 1964 law defined wilderness as a place "where the earth and its community of life are untrammeled by man," it said the BWCA should be managed "without unnecessary restrictions on other uses, including that of timber." It also allowed for "the continuance within the area of any already established use of motorboats."

Those contradictions have kept the BWCA in a spotlight of controversy. Congress ought to end the ambiguity by declaring the BWCA a full-fledged wilderness. But that proposed solution boils the blood of many who testified in Ely.

Snowmobile and motorboat advocates, outfitters, officials of small communities adjacent to the BWCA, state legislators from the area, and elderly and handicapped outdoorsmen spoke in favor of the Oberstar bill or of no bill. Some prefer the status quo, or want the management authority of the secretary of agriculture reduced.

For the most part, the present management plan for the BWCA dates from 1965, when Orville Freeman was secretary of agriculture. Freeman designated 19 canoe routes (60 per cent of the water surface) for motorboat and snowmobile use. He divided the BWCA into an interior zone closed to logging and a slightly smaller area, a portal zone, open to timber harvesting.

Snowmobiling was prohibited last September, generating antipathy in Ely that beggars description.

It is not difficult to understand some of the concerns of northeast Minnesotans, for they involve matters of economics and convenience. El Lustman, executive director of the Ely Chamber of Commerce, figures that 65 per cent of the Ely economy is derived from tourism and logging, and that further restricting BWCA use would hurt the town. Officials of other small towns expressed a fear that federal encroachment on more municipal land would adversely affect their tax bases.

Fraser's bill, however, would increase federal payments to local governments in lieu of taxes. And there is no reason why local economies could not be adjusted to emphasize the unique, purely wilderness aspect of the BWCA.

Outfitters with money invested in motors and towboats naturally do not want them banned in the BWCA. And the elderly and handicapped who can fish but not paddle a canoe consider motorboats vital.

Considerable logging has taken place, but by 1975 a federal District Court had barred further harvesting of large blocks of virgin timber.

The Eighth Circuit Court of Appeals overturned the lower court's prohibition on logging about a year ago, but four timber companies with contracts on six timber stands have refrained from cutting until mid-September to give Congress time to act. Hence the need for prompt action.

While it is possible to sympathize with those likely to be inconvenienced by BWCA restrictions or affected by a reordering of the local economy, it is not possible to embrace the "liberty" argument. "People of Ely are also citizens of the United States," said one motorboat enthusiast. The right to motor to a favorite fishing spot is assumed to be God-given and constitutionally protected.

Lawmakers with the national interest in mind will discount that contention, and they will discount proprietary attitudes toward the BWCA—attitudes like those of Bob Lessard, a member of the Minnesota Legislature, who said: "We can take care of our lands up here."

Presumably Lessard would exclude from his list of exemplary local stewards whoever left a 1950s-vintage car rusting with its bumper almost in the water. True, the heap of metal I paddled past was just outside the BWCA, but is the mind-set behind such a practice left at the edge of the wilderness?

The BWCA is a national asset. It should be preserved for future generations in a state as close to natural as possible. This consideration should prevail over the narrow, short-range view of those who would exploit the wilderness. Under the Fraser bill, only non-motorized canoeists, hikers, snowshoers, etc., would use the BWCA.

Logging would destroy the BWCA's balanced ecosystem; it would deprive researchers of an invaluable gene pool. The BWCA still contains about half a million acres of virgin forests. Timber-harvesting practices cannot duplicate nature; forests grow back but species are lost.

The logging industry's need for timber from the BWCA is doubtful. Gerald L. Seck, a lawyer from Walker, Minn., who helped obtain an injunction against logging in the BWCA's portal zone, testified that timber-cutting in the BWCA is an "insignificant part of the logging industry in Minnesota." The state has 16 million acres of commercial forests, with only 160,000 acres of virgin timber in the portal zone.

Sigurd Olson, the leading environmentalist in Ely and a person of national reputation, contended that plenty of timber is available outside the BWCA. Two-thirds of the Superior National Forest lies outside the BWCA. Olson went along with the ambiguous language of the 1964 act—for which Minnesota Senator Hubert Humphrey is to thank or blame, depending on your viewpoint—because he wanted the bill as a whole. What has changed in 13 years? Use of the BWCA has increased enormously, Olson said. So has interest in canoeing and in the wilderness experience concept.

The "wilderness experience" is hard to define and highly subjective. It is easily ridiculed and can smack of the worst kind of elitism. At the very least, it means the enjoyment of peace, quiet and isolation. Motors destroy the peace.

There are thousands of lakes and millions of acres of timberland outside the BWCA, surely enough for loggers and motorboat enthusiasts. Compromise, the thrust of the Oberstar bill, is not necessary.

Congress must decide between local interests and the national interest. Lawmakers are expected to act soon. Jay Scholtus of Virginia, Minn., told the congressmen in Ely: "We have a wilderness treasure on our doorstep." The nation has a wilderness treasure in northern Minnesota. The treasure needs the protection only formal wilderness status will provide it.●

MUSKIE ON SUNSET

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. BLANCHARD. Mr. Speaker, recently the distinguished Senator from Maine, EDMUND S. MUSKIE, gave a very thoughtful speech on the current public attitude toward Government and the overwhelming need for us to enact meaningful "sunset" legislation. While his address would be relevant to our work at any point, it is particularly timely in view of the upcoming debate on the first budget resolution of 1979.

I would like to share Senator MUSKIE's thoughts with our colleagues, particularly with those who are cosponsors of my "sunset" legislation in the House—the identical version of the Muskie bill in the Senate:

REMARKS BY SENATOR EDMUND S. MUSKIE, ST. JOSEPH COLLEGE, PHILADELPHIA, PA., APRIL 11, 1978

I want to talk to you today about the State of your Government in Washington—A Government of which I am now a part—and which your generation will inherit before the next decade is out.

The news I bring from Washington is mixed.

The good news is that for most of us, 1978 is a pretty good year. We are coming out of the worst recession since the 1930's. Unemployment is slowly but surely coming down. The economy is slowly but surely picking up steam. We are at peace abroad and at home. We have little immediate reason for complaint.

The bad news is that many of us are uneasy about the state of national affairs. Unemployment may be coming down, but inflation is heating up. Our most thorny problems—energy and inflation—defy easy solution. We are less certain in our optimism for the future—and more nostalgic for times now passed.

Much of our uncertainty is directed at Government as the cause of all our ills.

The polls tell us that even with Vietnam and Watergate well in the past, Americans continue to have little confidence in their Government in Washington. Three quarters of the people believe Government is wasting their hard-earned money.

We in Congress get particularly low marks. Only a third of the public approves of the way we do our job.

But the public is not the only one who's frustrated with Government these days.

For years, Presidents have complained that when they push a button to get something done, nothing happens. President Carter is learning this painful lesson now. He may be the President, but up against an entrenched Bureaucracy, an Independent Congress, and well-established special interests, he is not always in charge.

And, believe it or not, some of us members of Congress are frustrated as well.

Over the last fifteen years, Congress has been at the forefront of tremendous economic and social change. Government has labored to produce a Governmental remedy to every injustice and need under the sun.

Clearly, the Nation has made much progress as a result.

We have made tremendous strides toward racial equality.

We have raised the standard of living for many poor Americans.

And we have provided health care to many who previously could not afford it.

Surely, we all have reason to be proud.

Yet today, our Nation has many unmet needs. And they bear a striking resemblance to those we first addressed through Government programs a decade ago.

Economic opportunities for blacks have increased dramatically. And yet unemployment among black inner city youth is a National disaster.

We have not yet eliminated poverty. Indeed, we have not even lessened the imbalance in income distribution between rich and poor to any great degree.

And we still have not cracked the fundamental health problem—providing high quality care at a cost all can afford.

We have pursued these and other problems at no small cost to the Federal budget.

And we have reaped an even greater cost, in the form of massive frustration with Government at every turn.

This frustration stems, I believe, not from Government having tried to solve problems—but from not having solved them well enough.

It stems not from a disenchantment with the goals we've set—but with a Government grown so large and ineffective that it is suffocating the very goals it seeks to achieve.

Finding a remedy for this frustration is the most important—and difficult—challenge to Government today. For we have little hope of solving the truly serious problems we face—from inflation to energy to jobs—as long as Government bears this burden of no trust.

And I am convinced that we cannot meet that challenge unless Government is prepared to change its ways.

In my view, the task of meeting this challenge must fall first of all to the Congress.

It is the Congress which is the arbiter of national priorities, through the legislation we enact.

It is the Congress which is vested with control over Government spending, through the constitutional power of the purse.

And it is the Congress which has generated most of the activities of Government which now give us both hope and despair.

If Government has become unresponsive to the people, it is the Congress which must bear much of the blame. For it is our job not just to take the credit for new programs, but to see to it that all tax dollars are well spent.

Today, I believe that Congress is failing to meet its responsibilities on both important counts. Instead, we find ourselves increasingly unable to respond to problems which arise. For to a surprising degree the hands of Congress are tied by legislative commitments we've made in the past.

A brief look at some numbers from the budget illustrates the reason for my concern.

President Carter's budget for next year will be at least $40 billion larger than last year's spending total.

Of that $40 billion increase, fully three quarters is automatically committed before the first budget decision is made. That $30 billion will be spent on programs we call "uncontrollable"—programs which mandate certain benefits regardless of cost, and over which neither Congress nor the President has any control save through amending or repealing existing law. Uncontrollable spending includes such programs as social security, veterans' benefits, medicaid, medicare and welfare.

Only $2.5 billion of the increase in next year's budget is available for all other domestic needs—education, housing, mass transit, pollution control and many more.

More shocking than these numbers is the budget trend they confirm. Over roughly the last ten years, uncontrollable spending has grown from about 55% of the budget to more than 75% of all Federal spending for fiscal 1979. From 1968 to 1977, the budget grew from $180 billion to $400 billion. Of that increase, a staggering 37% went for three uncontrollable programs alone—social security, medicare and medicaid.

Meanwhile, other spending on which the public places a high priority has been squeezed out. For example, Federal spending for education has actually grown less than the budget as a whole over this same period.

Why doesn't Congress do something to rein in uncontrollable spending? Because most of these programs, in addition to being popular, are almost permanent. They never come up on a regular basis, for thorough, top-to-bottom review.

To be sure, they are amended from time to time, to correct the worst examples of waste. By and large, they are protected from the normal political and budget pressures of our democratic process. So each year we watch them devour ever larger amounts of scarce resources. And each year we are left with less room in the budget to meet changing national needs.

To make a bad situation worse, the meteoric rise in uncontrollable spending is not the only factor tying our hands. Uncontrollable programs are the big ticket items, and so they command the greatest concern.

But the vast majority of Federal programs are relatively modest, short-term efforts aimed at a highly specific need. And today, these programs constitute a maze of government activity that no mere mortal can comprehend.

We have both health and community development programs in the hundreds—veterans and education programs in the dozens.

We have over a hundred different agencies with regulatory responsibilities. And twenty-two separate offices have health programs that they run.

In a single office in the Department of Housing and Urban development, there is one program to promote development in inner cities, and another to encourage development in the suburbs.

Of the many health programs we have, there are 29 related to cancer prevention alone. That ought to be enough to meet any conceivable need. Yet a comprehensive cancer prevention plan proposed by the State of New Jersey early last year has yet to be funded, because individual Federal agencies couldn't get together in a joint effort to help the state.

Legislation to remedy this kind of problem has seldom been used, because each agency insists on going its own separate way. Only one state in the country, for example, has succeeded in untangling dozens of overlapping planning programs into a single, unified plan.

In 1973, the Federal Register contained 35,000 pages of rules and regulations governing the way Federal laws are carried out. Only four years later, the size of the Register had almost doubled, to 65,000 pages.

Twenty-four States and 44 cities now have their own office in Washington to keep up with everything the Federal Government churns out.

And it's not hard to understand why.

Many programs overlap. Others work at cross purposes to each other.

No agency knows what any other is doing. And until recently, many congressional committees did not even know how many programs fell within their jurisdiction.

In sum, over the last fifteen years, Congress has created an array of programs so complex that government cannot deliver the very services we've enacted into law.

What good does it do us to have 29 different cancer programs when they can't work together to do the job?

What good does it do us to spend billions to revive our older cities and at the same time encourage people to leave the cities behind?

The answer is, of course, that it makes no sense at all.

Why, then, doesn't Congress do something to make the system more sane?

The answer to that question lies in the way Congress works.

Over the years, Congress has responded to a host of individual problems and needs. We have done so with the best of intentions. But we have also done so one program at a time.

Today, our good intentions notwithstanding, we've accumulated so many programs that we have no idea how they all mesh. And we have even less idea how much the public's tax dollars have bought.

Pressure to continue all these programs is strong.

Support for reexamining them simply does not exist. Every agency, committee and lobby wants its own program to not only continue but grow. No one is willing to take the risk that fewer programs might be for the good.

As a result, we are all paying the price, in the form of government immobilized by the past.

As one who believes strongly in an active federal role, I am very much troubled by this situation we are in.

Our dilemma limits both present and future budgets—and the national priorities they define.

It denies Congress the money and the public support it needs to effectively carry out its legislative work.

It raises a particularly serious issue for your generation. For your future could be even more heavily mortgaged to the past, unless Congress is willing to mend its ways.

And there is another, more tangible threat which concerns me very much. It is that if Congress cannot bring spending under control, Government may well drive inflation through the roof.

In a recession, it is important for government to spend money to keep the economy from going dry. When unemployment is high, government spending replaces private consumption, which declines during hard times.

But as we head into an inflationary period—which by all accounts we are doing today—excessive government spending only makes inflation worse.

That means that over the next few years—or as long as inflation poses a threat—if we want to spend more money on a good program, we're going to have to throw a bad one out.

This is not lofty rhetoric about making government more effective. It is a hard fact of life—one that Congress can ignore only at substantial political peril to itself, and at devastating economic peril to the nation as a whole.

With all this talk of gloom and doom, where should Congress go from here?

For starters, Congress took an important step toward controlling government spending four years ago, when it adopted the Congressional Budget Act. In agreeing to budget reform, Congress for the first time committed itself to considering the budget as a whole—of setting spending limits each year and trying to abide by them.

As chairman of the Senate Budget Committee since that new process began, I can report that our experience so far has been mixed.

On the positive side, budget reform has dramatically increased the awareness in Congress of the costs of actions we take.

On the negative side, budget reform has failed to give us the discipline over spending that we need.

The temptation to always spend more on existing programs is irresistibly great. And in our yearly battle between the budget total and its individual parts, the parts always seem to win.

So the lesson of budget reform for me is that the process does not go far enough. For unless and until Congress gains control over the individual parts of the budget, we will never have truly effective control over the budget as a whole.

Two years ago, I introduced a bill in the Senate which I believe can help provide the kind of extra discipline that we need. Known as the "sunset" bill, this proposal embodies a very simple approach. First, it would require that all Federal programs come up for review on a regular basis. Only those programs which Congress specifically decided to reenact would remain on the books.

Second, the bill would require that all programs of similar purpose come up for review at the same time. This provision would give Congress much needed perspective on the entire Federal effort in an area at once, instead of the usual one program at a time.

When the sunset bill was first introduced, it had enormous political appeal. More than half the Senate and over a hundred members of the House added their names to the bill's support.

In the campaign of 1976, sunset was a ready-made issue for voters concerned about government out of control.

Today, that political climate has changed—and the outlook for sunset is bleak. Efforts are afoot in the Senate and House to do the bill in—and replace it with legislation which resembles sunset only in name.

And the closer we get to a vote, the harder it is to find the support we thought we had.

Opponents of sunset argue that it will create a workload too great for Congress to manage well. They argue that termination is too heavy-handed an approach to encourage program review.

I believe these arguments are a smokescreen for other, more political concerns.

The real opposition to sunset, I believe, is rooted in the very system which makes sunset such a good idea—a system that rewards

politicians if we pass new programs, but not if we take some away.

And sunset, for all its ultimate promise, offers none of us the immediate acclaim we've come to expect.

Over the long haul, sunset can help free up scarce resources—and that will be a boon to us all. Indeed, that is the essence of my support and hard work for this idea for the last two years.

But others view the sunset idea as a threat to benefits they've fought hard to win.

I do not share their worry. And it concerns me very much.

Our national interests are not set in concrete. And we are not well served by a government which is.

We have a great unfinished agenda—one begun two hundred years ago. To fulfill it we will need to call on every resource we have. Today, we may all have to forgo something we want, so that tomorrow we will have the resources we need.

We cannot afford a government which does not spend our money well.

We cannot afford the inflation which will come if government does not tighten its belt.

And we cannot afford a continuing vote of no confidence from the people we are bound to serve.

Sunset offers us one of the few opportunities I've seen to respond to these various needs. It may not be a perfect answer—but I haven't heard anything better. And I think we ought to give it a try.

As widely as sunset is feared, it will not change the spending patterns of government overnight.

All it can do is open up the political process through which our democratic system works best—so that we can again have a government which reassures and unites the hopes of this great land.●

THE CONGRESSIONAL RAILROAD COSTING PLAN—A $2 BILLION IMPROVEMENT

HON. JOHN E. MOSS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MOSS. Mr. Speaker, 2 years ago Congress enacted the Railroad Revitalization and Reform Act of 1976, popularly referred to by the railroad industry as the 4R Act. The purpose of the act was to improve the quality of rail service in the United States through various regulatory reforms, including a revision of the agency's cost and pricing practices which theretofore had been totally independent and unrelated.

Title II of the act directs the Commission to establish expeditious procedures for the publication of railroad rates based on seasonal, regional, or peak-period demand for rail services, or in accordance with the carrier's cash outlays for such service and the demand therefor. The first three are forms of "peak responsibility pricing," while the latter is a value of service methodology. Definitions for peak, seasonal, and regional are not provided in the act because neither the ratemaking nor accounting professions could provide such delineations.

Title III of the act deals with the Uniform System of Accounts, which Congress directed the Commission to revise to be cost effective, nonduplicative, and compatible with present and desired managerial and responsibility accounting requirements of the carriers. In order to assure the availability of accurate and pertinent economic and accounting data, the act specifically directs the Commission to revise the system of accounts to give due consideration to appropriate economic principles. As the House Committee on Interstate and Foreign Commerce carefully observed in its report of December 12, 1975, on H.R. 10979, it intended these principles to include at least peaks in traffic demand and differences in value of service.

Peaks in traffic demand and value of service are two economic factors which play a role in determining costs and the use of capacity. However, unless such economic factors are taken into consideration in the computation of costs, all other traffic will be burdened with the cost of unused or excess capacity. Accordingly, the committee directed the Commission to devise the system of accounts to give due consideration to appropriate economic principles in order to assure the availability of accurate and pertinent economic and accounting data for essential regulatory purposes including rate change request, abandonment of facilities, determination of responsibility for peaks in demand and cost of service, and issuance of securities." Report 94–725, 94th Congress, 1st Session, p. 65.

Thus, Mr. Speaker, it is clear that one of the principal goals of Congress in enacting the 4R act was to harmonize the agency's cost and pricing practices. To be specific, it is the intent of Congress that the Uniform System of Accounts be revised in such a manner that the cost section of the Commission's Bureau of Accounts will allocate the railroad's fixed, common, joint, and constant costs on the basis of appropriate economic principles—including peaks in traffic demand and value of service—and that the tariff sections of the railroads and Commission will relate the railroads' rates to those costs.

I should interject, for purposes of clarification, that the Commission found in docket No. 34013 that peaks in traffic demand require added capacity which is idle at other times. The higher the peak traffic demand relative to average demand, the greater both the added cost of providing such service, and the total costs. As a result, unless such added costs are assigned directly to the traffic responsible for the peak demand, as mandated by Congress, all other traffic will be burdened with the cost of the excess capacity during the idle times engendered.

With respect to the allocation of expenses on the basis of demand or value of service, the Committee on Interstate and Foreign Commerce noted in its report on the Surface Transportation Act of 1974 that "This is the most commonly used business method for allocating costs. It is a weighting technique. The end result of this methodology is to allocate costs to traffic on the basis of the value of that traffic." Report 93–1381, 93d Congress, 2d session, page 40.

The reason that I, as a member of the Committee on Interstate and Foreign Commerce, am reiterating the intent of Congress in passing this legislation is because I understand there is some misunderstanding within the industry and the Commission as to our intent. The difficulty arises in part from the fact that Congress could not define the various appropriate economic principles and terms precisely since, as I observed earlier, the accounting professions could not provide us with such definitions.

In addition, the Commission initially opposed such a costing methodology. Its specific objections were set forth in a letter to our distinguished chairman, Hon. HARLEY O. STAGGERS, dated October 3, 1974:

> In Title VI, new objectionable language has been added in section 601. . . . It requires us to consider 'peaks in demand' and 'value of service' in determining the apportionment of common, joint, fixed or common costs to more than one service or activity. Peaks in demand and value of service are not use factors to be considered in determination of cost. They are economic considerations which may play a role in product pricing. These are for use in management decisions and deserve consideration in the regulatory process insofar as setting rates is concerned, but not as cost considerations. Therefore we strongly recommend that 'peaks in demand' and 'value of service' be deleted as mandatory considerations in computation of costs.

Suffice it to say, the House of Representatives rejected the Commission's argument and adopted H.R. 5385, as amended. A year and a half later, the Senate joined the House in again mandating the same costing methodology in section 307 of the 4R act. I might add, since many railroads are now conglomerates, it is becoming increasingly difficult to understand why anyone would contend that appropriate economic principles, such as peaks in demand and value of service, should not be considered in determining the rail service costs when those same factors are being used by the firm to allocate the expenses associated with its lumber, oil, real estate, and other nonrail operations.

Finally, it should be noted that in a report to Congress on "The Impact of the 4-R Act Railroad Ratemaking Provisions," dated October 5, 1977, the Commission stated, "it is estimated that peak period premium rates designed to equalize demand could yield over $100 million in additional revenues annually from grain, metallic ores, and construction aggregates industries, and that "under best case assumptions, it is estimated that during the next 10 years, a capital expenditure of nearly $1 billion for new covered grain hoppers alone could be avoided by an effective peak load pricing strategy." Page 15.

A billion dollars in additional revenues and a billion dollar reduction in capital expenditures, over the next 10 years, clearly establishes the real value of the congressional plan to relate rail rates to properly allocated costs, and the need to have the cost sections of the railroads and the ICC's Bureau of Accounts allocate the railroads' fixed, common, joint, and constant costs on the basis of appropriate economic principles—includ-

ing peaks in traffic demand and value of service.●

DEPARTMENT OF AGRICULTURE AND THE MEAT INDUSTRY RESOLVE DRUGS CONTROVERSY

HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. NOLAN. Mr. Speaker, when Carol Tucker Foreman, Assistant Secretary of Agriculture for Food and Consumer Services, addressed the National Pork Congress on March 10, 1978, she announced a policy of cooperation between the Department of Agriculture and the meat industry to resolve the controversy regarding the use of nitrites and sulfa drugs.

Neither the interests of producers nor consumers will be furthered by an atmosphere of constant confrontation. I welcome Secretary Foreman's decision to seek a mutual resolution of the outstanding problems. As Foreman emphasized in her speech:

Our goal must be to carry out the law in a way that will protect the public and build confidence in the food supply while not causing major dislocation to producers and processors.

The speech follows:

I appreciate the opportunity to meet here with you today. The USDA is concerned with the well-being of America's farmers, including pork producers. I am concerned about America's farmers and pork producers—that's why I accepted the position as Assistant Secretary at USDA, and that's why I am happy to be here with you today.

Let me talk a moment about my responsibilities at the Department and how they might affect you as farmers and pork producers. Under my policy jurisdiction is the Meat and Poultry Inspection Program—the program that is vested with the enormous responsibility and duty to assure the safety and wholesomeness of our nation's meat and poultry supply. I want you to know that I feel that duty and responsibility personally. I have great respect for American meat producers. You do a good job for the public. But my job involves evaluating—using the best methods and research available—any system, substance or product involved in meat or poultry production which may be harmful to the public health. Congress, speaking for the people, gave this important safety mandate to USDA and to the Meat and Poultry Inspection Program.

There are several areas where our actions seem to have aroused understandable concern on your part.

The first involves the use of sodium nitrite to cure meat products. The second is sulfa residues in swine meat. We at USDA know that we will be able to resolve both of these problems in a manner that protects public safety, builds public confidence that pork and cured meat products are safe and wholesome, and causes no major economic dislocation to pork producers. It is a tall order but we can do it.

Let me explain. First, I would like to go over for you why USDA is involved in regulating nitrites and sulfa. Second, I would like to explain what we have done and propose to do with regard to nitrites. Third, I would like to announce publicly to you today our plans for a Government-wide effort to reduce the percentage of sulfa residue violations and to help producers who have had violations avoid them in the future.

First, the Department of Agriculture is involved in regulating nitrites and sulfa because Congress has directed us to make certain that no adulterated or contaminated meat moves in commerce.

Federal meat inspection functions were first created and given to USDA by Act of Congress over 70 years ago. Some people wonder why a Department set up to represent the interests of farmers was given this function of public health protection. Certainly, one good reason is that the law is designed to protect the good reputation of meat products and meat producers. It makes certain that you don't lose business because someone tries to get an economic advantage by selling an inferior or adultered product. Imagine how many people would decide not to eat meat if they were afraid they would get sick from it. Obviously, meat producers want people to eat meat. Obviously, consumers want to eat meat. Meat is an excellent source of protein and iron and it tastes good. It is a highly desirable product. So public health protection in this case is also farmer and producer protection.

Now you may be wondering if industry protection was so vital, why has it been that only in the past year or so the problem of public health protection has gotten so much attention and caused you so much trouble. Well, the first answer is that it hasn't happened just over the past year or so. Surely, we all remember our history lesson about the first meat inspection act which was passed because of Upton Sinclair's revelations in his book *The Jungle*, about filthy meat packing plants. One of the reasons for the early meat inspection laws was to stop meat packers from using dangerous chemicals such as formaldehyde to give bad meat a fresh appearance. Public health issues, such as chemicals in meat, are not new. They simply involve different chemicals today. We must work together to resolve the problems we face. Ignoring problems, denying them, hoping they will go away are really not answers.

Even if I left USDA today and John Soorholtz took my place, there would still be public concern about the safety and quality of food. Reporters would still ask questions, congressional committees would still demand to know why we allow meat with nitrite or sulfa residues on the market. There would still be a law to enforce and a market to be preserved. Our goal must be to carry out the law in a way that will protect the public and build confidence in the food supply while not causing major dislocation to producers and processors.

The meat inspection law states that we shall not approve as wholesome any product that contains a substance that may be injurious to health.

Nitrites alone are not injurious to health. In some products, however, they can combine with other substances to form a powerful cancer-causing substance known as nitrosamines. Since nitrites have the virtue of providing a desirable taste and color and some protection from botulism, we want a system where we can have those benefits with the assurance of no nitrosamines.

We have asked the meat packing industry to show that we can continue to use nitrites with no nitrosamine formation. We expect that they will be able to do so—either by using ascorbate and perhaps Alpha tocopherol to block the formation of nitrosamines or by reducing the use of nitrites, or by a combination of these factors. At the very worst, we might have to find ways to manufacture cured meat products using substitutes for nitrites. Some small packing companies do this now and do it very successfully.

Stories have appeared in the media saying that USDA might "ban bacon." Those are not our words, nor our sentiments. We feel confident that the public will continue to have cured meats, including bacon.

Our goal is to have cured meats in a way that preserves consumer confidence. If the public fears that there is a threat in eating cured meat, they won't eat it. We must assure safety to preserve the market for your products.

Now let's turn to sulfa. We at the USDA know how important sulfa is to you in preventing such diseases as atrophic rhinitis. We want you to continue to have access to sulfa drugs. No one wants to see them removed from the market.

Once again, however, the Meat Inspection Act requires that meat not contain any substance that may be harmful to health. Sulfa residues can cause allergic reactions in some people. If someone gets sick from eating pork, or thinks they might get sick, they won't eat pork. They'll choose a substitute. I think the solution to the sulfa residue problem must be a way for pork producers to use sulfa with no residues above the accepted tolerance.

USDA is committed to a strong course of action to achieve this. Today, I want to announce to you a Government-wide action plan to eliminate the troublesome and persistent problem involving sulfa residues.

Let's look at the problems you have told us that you are having with the sulfa residue testing program and see how USDA, with your valuable assistance, can solve them.

First, the period of time it takes to get test results back to the producer has been too long. So we will commit more resources to our testing program in order to cut down the turn-around time. We will also make greater efforts to notify a producer promptly by telephone (backed up by a registered letter) whenever a violation is discovered. We want to work closely with you in dealing with these problems.

But you also have to work with us. We know that when violations are discovered, some producers have been changing routes or using other producers as middlemen to get their animals into commercial channels.

This practice involves only a smaller minority of producers, but it has become a significant problem. The deliberate diversion of pork with residues into the market is the main reason we have to ask for legislative authority to quarantine herds and premises when a residue problem has been identified, and the authority to require owner identification of all livestock. We would like to avoid that legislation by seeing the residue problem disappear.

Second, I have met with the leaders of all the pertinent U.S. Government agencies and we have developed a program that will help us help you avoid residue violations. We have developed a coordinated program to use all of the USDA's extensive resources to do this. On Wednesday, Secretary Bergland gave us his approval to move ahead with our action plan. Most of you know Dr. Frank Mulhern of the Department's APHIS. He is a man of great talent and experience in dealing with animal health problems. He and his agency have led the fight to eliminate hog cholera. He will now coordinate a new program using many of the same techniques to help eliminate sulfa residue violations.

As you know 10 to 15 percent of swine slaughtered since 1973 have had violative levels of sulfa residues.

We have not done a very good job of finding out why this is the case. In part that is because FDA only investigates violations to determine if there is a need for prosecution. FSQS really only carries out its functions at the slaughterhouse and APHIS only has authority to deal with disease control. As a result, there has been no comprehensive eval-

uation of the total problem on the farm. In addition, we have not found adequate ways to work with producers. And producers fear that if they are open about their problems, they won't be able to market their hogs.

The new USDA program will work with FDA and producer groups and feed and sulfa manufacturers to:

1. Conduct a study of the factors causing residue violations and train personnel to identify these sources to producers who have violations.

2. Carry out an information campaign to let producers know about steps needed to avoid violations. This will include fact sheets, background materials, slide presentations and other methods.

3. Conduct research studies on such problems as recycling of sulfa thru feces and urine; feed manufacturing practices; dose levels and time of withdrawal.

FDA, APHIS, FSQS, Extension and ARS will all play a role. We want and Dr. Mulhern has sought your advice and counsel too. We want a practical, realistic and workable program to aid swine farmers when violative levels are found at slaughter and to help producers prevent a recurrence.

We believe the program I've outlined will succeed. We want to work with you in this and the Department has assigned the lead role to a man who we know has your confidence.

Finally, the USDA will seek to create a joint task force of producers, feed and drug manufacturers and consumers to review the sulfa program. The NPC has sought this action and we are glad to comply, working together I believe this is a problem that can be overcome. We believe this approach will make it possible to carry out the dual responsibilities of USDA—to protect and promote the interests of producers and to assure the safety and quality of food for the American public.

The fact is that I believe that, by working together, we can resolve virtually any problem that arises. I have never accepted the position that farmers and the people who consume their products must be in conflict. I would like to prove I am right. If I am, we will all benefit.●

FLORIDA THANKS ISABELLA OF SPAIN

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. PEPPER. Mr. Speaker, my distinguished colleagues, I would like to bring to your attention a recently issued proclamation of the State of Florida, honoring Queen Isabella of Spain, whose effort and vision aided Christopher Columbus in his momentous discovery of the American Continuent, and whose birthday of April 22, 1451, we will remember this year.

It is unusual for our democratic Government to pay such homage to the royal rulers of the Old World in that bygone epoch, when the rights to vote and decide for others lay wholly in their hands and was not shared as we believe to be desirable and just. Yet we are grateful for the opportunity Columbus opened up for our fathers, and, indeed, for the world, to live their lives in freedom under equal law. And we also thank Queen Isabella for having shown a sensitivity to the progress of nations and of men, which finally enabled Columbus to undertake that "fanciful" journey of his, which others had denied him, but which would change forever the face of the known Earth and the assumptions of the medieval human mind.

The resolution follows:

Whereas, throughout the ages, man's course has often been guided and altered by great rulers who have left indelible marks upon their eras; and

Whereas, the enthusiasm and support of a single ruler led to the discovery of America and the resounding effect this discovery had upon the history of the world; and

Whereas, this great ruler, Queen Isabella, wife of Ferdinand of Aragon, enabled Christopher Columbus to make his daring voyage that resulted in his reaching the shores of the New World, thus laying open a new chapter in the history of mankind's progress; and

Whereas, the discovery and history of Florida are closely tied to said Spanish daring and exploration; and

Whereas, the history of America has direct linkage to the birth of Queen Isabella on April 22, 1451;

Now, therefore, I Reubin O'D. Askew, by virtue of the authority vested in me as Governor of the State of Florida, do hereby proclaim April 22, 1978 as "Queen Isabella Day" in Florida and do urge all citizens to pay homage to the memory of said Queen whose daring vision and fervent support for explorers' dreams made possible the epoch-making discovery of the New World.

In witness whereof, I have hereunto set my hand and caused the Great Seal of the State of Florida to be affixed at Tallahassee, the Capital, this 9th day of March in the year of our Lord nineteen hundred and seventy-eight.

REUBIN O'D. ASKEW,
Governor.

Attest:

BRUCE A. SMATHERS,
Secretary of State.●

STATE OF TEXAS MOVES OUT ON SELF-SUFFICIENT ENERGY FARMING

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. PICKLE. Mr. Speaker, the Southwest Farm Press recently carried an article outlining the innovative approach being taken in the State of Texas to farm energy. State-supported efforts there center on small scale, on-site energy systems composed of low-technology, "off-the-shelf" components using farm wastes, solar and wind energy, and other renewable resources to make each farm self-sufficient in energy.

I commend this effort in my State and I urge my colleagues to read the article, reproduced, in shortened form, as follows:

SELF-SUFFICIENT ENERGY FARMING BEING PUSHED

(By Calvin Pigg)

COLLEGE STATION, TEX.—Considering the money you send off to pay fuel and power bills, it's a little hard to believe your farming operation has the potential for becoming nearly totally energy self-sufficient.

"The farmer is in an enviable position," contends one energy authority. "He produces not only food and fiber but also a carbonaceous, energy-rich byproduct called agricultural residue, or biomass."

"Using these and other available resources, such as solar and wind power, he conceivably could become a producer of excess energy on his farm."

Energy farming is definitely a thing of the future.

These rather startling revelations on the tightening energy crisis question came to light during a recent special report given to a Texas House legislative subcommittee here. The subcommittee is holding hearings around the state to explore and make recommendations to the state legislature on alternate sources of energy for agriculture, and how specifically such developments can be speeded up.

Agriculture consumes just under 10 percent of the total amount of energy used within the state.

Farmers currently are shelling out a gigantic $700 million a year for all fuels.

"If all goes well," a Stephenville poultry specialist told the subcommittee headed by Representative Bill Keese of Somerville, "we'll be lighting light bulbs in May with electricity generated from methane gas derived from poultry wastes."

"This is a start, at least," said E. L. Fulton, poultry husbandman from Tarleton State University. "Our goal is to run the whole poultry house on gas generated from poultry manure."

EFFORT BY STATE

The day and a half session held on the Texas A&M University campus under auspices of the Center for Energy and Mineral Resources (CEMR), and other Texas A&M departments, agencies and divisions, brought into perspective an apparent well-directed and little-known state effort to devise alternative sources of competing energy, not only for agriculture, but for other segments of the Southwestern economy as well.

Conference participants took the wheel of a small automobile whose engine was fueled with methanol, an alcohol derived from cereal grains.

The group heard about potential "energy-making crops" and farm cropping systems coming on stream that reduce total energy inputs.

"ENERGY DEMONSTRATORS"

Subcommittee members heard a prediction that in the not-too-distant future certain local farmers will be selected as "energy farm demonstrators." They would show their fellow growers the latest "unconventional energy-generation systems," much the same way they demonstrate a new cotton variety or farm machines today.

The subcommittee heard reports on agricultural biomass, the conversion of grains into alcohol, methane generation from poultry, swine and beef feedlot wastes, wind and solar power and a host of other research developments—either now in progress or on the drawing board.

One major departure from federally-sponsored energy developmental efforts, the subcommittee was told, is Texas' effort to devise small-scale, on-site systems of energy-making for the private citizen that will require low-level technology to install and operate.

Initial efforts in this direction, said CEMR acting director Dr. Spencer Baen, are being made to build such units with what he referred to as off-the-shelf components.

The six-member subcommittee was appointed by Representative Joe A. Hubenak of Rosenberg, chairman of the Committee

on Agriculture and Livestock within the Texas House of Representatives. Subcommittee members, besides Rep. Keese, are Rep. Dan Kubiak of Rockdale, Rep. Susan McBee of Del Rio, Rep. Luther Jones of El Paso, Rep. W. G. "Bill" Coody of Weatherford and Rep. Elmer Martin of Colorado City.

As part of an overview of energy usage by Texas farmers, a university official said producers today are spending some $700 million annually for all types of fuel. This, he said, compares with a total net income of $900 million not very many years ago. He was indicating the sharp increase in costs to producers for fuels that has taken place in the last four years.

Nearly 40 percent of the state's total agricultural energy-fuel requirement goes for fuels to pump irrigation water.

The spokesman, Dr. Harry O. Kunkel, dean of agriculture at Texas A&M, said he expects to see a giant conversion taking place within agriculture in the years ahead as energy costs further rise and as it seeks to become a producer of energy to meet its owr. needs.

The region's large supplies of lignite coal, forestry and crop residue biomass by-products and large quantities of animal wastes are among the tools and raw resources scientists have at hand to work with in the quest for new and economically feasible sources of energy.

On the overall subject of energy research for agriculture, one speaker, Dr. Kurt J. Irgolic, an Austrian-born chemist, said that while Texas agriculture's consumption of energy is only 0.6 percent of the total U.S. energy consumption, it is of vital importance to the state's overall economic health.

"It is extremely disturbing that the energy necessary to produce vital food and fiber products might not be available in the future in sufficient amounts to Texas farmers."

"The rising prices for energy commodities could make many agricultural operations unprofitable. There is also the possibility that these commodities might not be available in sufficient quantities at any price in the near future, because of unpredictable political developments involving oil-producing countries, and in the long term, because of the decline in the production of petroleum and natural gas."

"SAVING GRACE"

Dr. Irgolic said that the various carbon and hydrogen-based residues produced on the farm "might be the saving grace for agriculture in an energy-scarce future."

AS SUBSTITUTE FUEL

The conversion into pyrolysis liquids (from gas), he continued to tell the legislative subcommittee, could serve as a substitute for gasoline or diesel, or into methanol or ethanol suitable as fuels for internal combustion engines. He said such on-farm wastes can be most simply burned directly producing steam and then electricity.

Dr. Irgolic said that today, however, very few, if any, of the systems needed for on-farm energy production are presently available to farm producers at an affordable price.

Recognizing this, he said that the CEMR and other university branches has sought to initiate and fund research, development and demonstration activities "whose goals are to make available efficient, reliable and affordable systems for energy-generation on the farm."

He added that all projects underway are looking at low-technology, small-scale systems suitable for on-farm operation.

EIGHT APPROACHES

The Texas A&M chemist who is CEMR associate director said the major thrust areas of such development are divided into eight basic areas:

Combustion and gasification of biomass.

Pyrolysis of carbonaceous materials to general liquid fuels.

Anaerobic digestion of animal wastes to methane.

Methane production on a poultry farm.

Bioconversion of agricultural residues to hydrogen.

Methanol as a motor fuel.

Agricultural use of solar energy.

Optimizing wind as an energy resource.

PROGRAM FUNDING

Existing activities, it was reported, are being funded in part by the Texas Legislature for what is known as an Energy Public Service Program.

Compared to the Nation's tightening energy squeeze, the CEMR official said that, fortunately for agricultural producers, the task of developing small-scale, on-farm energy conversion systems based on agricultural by-products stands to be accomplished in a few years.

"We really do not have much choice," concluded Dr. Irgolic. "An energy crisis will immediately be followed by a food crisis. Nobody will even notice then whether he freezes or is uncomfortably hot, because hunger pains will overwhelm him."

During the meeting the House representatives were given briefings on the Econocot cotton growing methods being devised in the energy-pinched Pecos River Valley of Texas, and newest crop production methods, featuring fast-maturing varieties and integrated pest management methods that cut cost outlays and energy inputs into major agronomic crops of the state.

AGRICULTURAL BIOMASS

A major part of the subcommittee report dealt with agricultural biomass and its potential within the state.

(The term biomass refers generally to all living or once living matter.)

(It is estimated that over 12 million tons of agricultural wastes are produced annually in Texas, and the average heat content of this residue is between 5,000 and 6,000 Btu per pound. This compares, according to a subcommittee finding, with Texas lignite coal which is valued at about 7,000 Btu per pound, but with a high undesirable sulphur content.)

On the subject of energy from biomass, Dr. Edward A. Hiler, soil and water engineer, said a recently completed study reveals that five major Texas crops—sorghum, corn, cotton, wheat and rice—are known to produce about 20 million tons of in-field plant residues. These residues, he said, have a theoretical heat value of 270 trillion Btu's.

He said this alone represents energy in amounts equal to all on-farm fuel purchases within the state in the year 1974.

Dr. Hiler said that in other terms the amount of potential energy to be found in these crop leftovers in equal to 1.7 times the energy used for irrigation, or 64 percent of the total energy requirements of Texas agriculture.

He said that generally the collection and transportation of biomass materials is not seen as a bottleneck to new energy source production, when scaled down to the individual farm unit basis.

The engineer told the House subcommittee members that technology for a small, on-site energy production plant using agricultural biomass currently is being put together at Texas A&M. He and team members are working on a prototype engine system for converting biomass into power.

"We've considered a number of various energy transfer methods," said Dr. Hiler adding that the direct combustion (burning) of cotton gin trash has been chosen for the trial.

"We also are concentrating on using presently available components to combust and convert the energy into usable shift power to generate electricity."

OLD TECHNOLOGY

He said the technology to be used is far from new. "This first demonstration is aimed at establishing the operational requirements and economics of small-scale, on-site systems."

It was obvious that research workers are keying-in on cotton gin trash as an initial fuel source. It is readily available at the gin site, and for the most part is considered a waste product with little economic value.

Engineer Dr. Hiler cited two examples of the potential energy in common crop residues—gin trash and grain crop residues.

"A gin operating at a capacity of 15 bales per hour is accumulating trash which contain thermal potential equivalent to 21,-545 kilowatts of power."

COULD POWER GIN

"Only about 750 KW is needed to power the gin; so with a thermal conversion as low as 3.5 percent, gin trash could provide the power for the gin."

A 2,000-acre Texas High Plains farm growing sorghum, corn or wheat was his second example. Such an operation, he explained, normally yields 1.5 to 3 tons of crop residues per acre. (The residues are either grazed in the field by livestock or turned back to the soil.)

All crop residues from the 2,000 acre place, he continued, would have a thermal potential equivalent to 14 million kilowatt hours per year. "If the farm has 200 irrigation wells requiring 50 horsepower each and operating 2,000 hours annually, 1.5 million Kwh each year are needed to pump the water."

"Assuming only a 10.6 percent conversion efficiency," said Dr. Hiler, "crop residues could be used to supply energy enough to pump this water."

ENERGY FARM

He said looking beyond his present work, he foresees the need in the future for such a thing as an energy research and demonstration farm to be located somewhere across the state.

"We believe a central place is needed to bring all the energy research together and demonstrate its use."

"This farm would demonstrate new crop production systems like Econocot, and low pressure mobile trickle irrigation methods. It would also use solar energy, biomass and wind energy sources."

FOREST RESOURCE

The state's massive forestry resources offer another major possible source of biomass for energy purposes. Speaking to this point with projections was Dr. Ed J. Soltes, associate professor of forest science.

Dr. Soltes said that approximately five million tons of "logging residues" annually are known to result from an annual harvest and processing of 475 million cubic feet of timber.

"Some or all of the logging residues, and wood associated with our woody brush in Texas," he said, "could be made available for energy generation." There are, however, he continued, several technical and economic problems that must first be addressed and solved.

He said that in general the problem areas are not specific to wood but are associated with the use of many types of agricultural biomass. These include basic availability of the resource, havesting and collecting, transportation costs, processing method and finally the economics of the whole procedure.

In concluding its report to the legislators, speakers concurred that agricultural residues cannot solve the United States' overall energy problem, but, they stressed, can provide significant contributions in specific situations, keyed on local small scale, on-site energy generation in the future.●

DICKINSON: SCHOOLS SHOULD TEACH FREE ENTERPRISE

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. DICKINSON. Mr. Speaker, the Dothan Eagle on April 17, 1978, ran an editorial entitled "Shouldn't Schools Teach Basics of Our Free Market System?" The Eagle answered its own question with a resounding "Yes."

I am afraid that most adults and youth have lost sight of what made this Nation the economic giant it used to be—the free market system. But now less and less of this philosophy is being passed on to our children. Our children are being exposed to more and more about the "evils of business."

I would not doubt that the steady slide our Nation is taking toward "socialism" and "welfare stateism" in part, is proportional to the education our kids are not getting about the strengths of the free market system.

I commend to my colleagues the following editorial from the Dothan Eagle:

SHOULDN'T SCHOOLS TEACH BASICS OF OUR FREE MARKET SYSTEM?

Railroad president Prime F. Osborn III touched on one of our pet peeves in a speech to the Dothan Rotary Club last week: ignorance of how our economic system works.

This ignorance has been confirmed time after time over many years by the results of questionnaires submitted to college and high school students. Some of the misconceptions are little short of astounding.

We have often thought that courses explaining the free market economic system should be required, starting with the lower grades and progressing through the upper levels. In high school our system could be compared to socialism, mixed economic systems and totalitarianism. And we're not advocating propaganda, but rather imparting factual information.

Somehow we need to teach our young people (and a lot of their elders) that the keystone of free enterprise is the profit motive and that this system has produced the highest living standard, has benefited more people, than any economic system in the history of man. It is often said that profit is not a dirty word, but unfortunately it is to too many people.

Would fifth graders understand economics? Yes, if we start with simple explanations. We could start with the simple truth that governments create no wealth, earn no money. Individuals and companies create wealth. Governments take part of this wealth by taxing profits and redistribute it, supposedly for the benefit of all the people.

At the appropriate grade level we could explain how businesses, large and small, actually operate and who benefits. We could teach difference between the markup and profit. We could explain that a certain kind of store's average markup is, say, 40 per cent; that is, the store buys an item for $1 and sells it for $1.40. But that out of the 40 cent markup all expenses must be paid, including salaries, rent, electric power, insurance, social security taxes, license fees, office supplies and so on. What's left is profit, which then must be divided with government. How many young (or old) people know that the federal government takes about half of a corporation's profits in taxes?

In the higher grades we could teach the different ways of measuring profits. That is, operating profits (revenue less expenses), after-tax profits, and return on investment. The importance of the latter should be taught because companies don't just start; they must be created and pump-primed with money invested by individuals, groups such as labor unions, pension funds, or other companies. The money is invested with the hope of making a profit eventually, a hope that is not always realized. And that would lead to an understanding of what we call venture or risk capital, and its importance in our free market system.

Some of the things that should be taught would surprise not only young people but many adults. For instance, how volume is directly related to prices and profits. How many people know that the large retail food chains make a profit of less than five cents on each dollar taken in, and some years it's 2 cents or even less?

High-volume businesses such as food stores should be compared to comparatively low-volume concerns such as jewelry stores where much higher markups are necessary for the proprietors and employees to make even a modest living.

Well, enough of this skipping about at random among economic facts. But perhaps the point has been made. We need a better understanding of how our economic system works. And perhaps the best way is to teach the subject in schools, early on.●

SUBCOMMITTEE ON CRIME TO HOLD HEARINGS ON TREASURY'S NEW FIREARMS REGULATIONS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CONYERS. Mr. Speaker, I wish to announce that the Subcommittee on Crime of the House Committee on the Judiciary will on May 3 and 4, 1978, hold hearings on proposed new firearms regulations by the Treasury Department.

On March 21, Treasury published in the Federal Register a notice of proposed rulemaking, proposing that first, a unique serial number be required on all firearms imported into or manufactured in the United States; second, all Federal firearms licensees be required to report to the Bureau of Alcohol, Tobacco and Firearms any theft, loss, or recovery of a firearm; third, each licensed manufacturer be required to submit to ATF a quarterly report of firearms manufactured; fourth, licensed manufacturers and dealers be required to submit a quarterly report of firearms dispositions. Comments on the proposed regulations may be submitted to BATF for a period of 60 days following publication in the Federal Register.

We do not ordinarily hold hearings on administrative regulations issued pursuant to legislative authority, as is the case here. However, considerable controversy has surrounded the proposed regulations from the day they were announced, and public misunderstanding of them is widespread. Our public hearings, which will include examination of the need for the new regulations, the legislative authority under which they were issued, and their operational scope and effectiveness, should serve to help put the regulations in proper perspective.

Hearings will begin each day at 9:30 a.m., in room 2141, Rayburn House Office Building. Witnesses representing Treasury Department and BATF, police officials, the firearms industry, retailers of firearms, elected officials, and private organizations concerned with firearms issues will be among those appearing.

Persons wishing to submit prepared statements or to testify should contact the Subcommittee on Crime, 207E Cannon House Office Building, telephone 225-1695.●

SAVAGING THE PRESIDENT

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. EDWARDS of California. Mr. Speaker, has any President in recent times had a more successful first year? I think not, and the following article by Anthony Lewis from the April 24, 1978, issue of the New York Times examines the record.

SAVAGING THE PRESIDENT

LONDON, April 23.—In Europe as in America, Jimmy Carter is the subject of much head shaking. The Economist of London leads this week's issue with a worried article about what it calls his "insouciant Presidency." America's friends, it says, must hope that "the giddy slide" in his fortunes is coming to an end.

Some of Mr. Carter's troubles are no doubt of his own making. He was naive in his expectations of quick reform. He evidently lacks a taste—a Rooseveltian savor—for political maneuver. And so on. The list is familiar.

But his shortcomings by no means explain the scorn, the savagery of the attacks on him. That is evident if the criticism is viewed in the light of a little history.

The current wisdom among political analysts, for example, is that Mr. Carter has "overloaded the circuits" in Congress with his legislative requests. Compared to what? Harry Truman poured Fair Deal proposals onto resistant Congresses, and he is now everyone's political hero.

One of President Kennedy's assistants goes around the country these days making sour remarks about Jimmy Carter. I greatly admired Kennedy, but his first year in the White House was hardly a model of wisdom. Its distinction included the Bay of Pigs and a national bomb shelter program. Compared to that, Mr. Carter's first year was a blessing.

Then there were Lyndon Johnson and Richard Nixon. Can people really have forgotten their terrible flaws of character? The Economist, fairer to Jimmy Carter than his domestic critics, did praise his personal qualities while faulting his politics. He has "many of the right instincts," it said, "whether on disarmament, racism or human rights." It praised his openness and decency and said, "He may be impulsive, but he is not furtive."

Memories seem short on both sides of the Atlantic. The Europeans complain about lack of consultation, and there are such faults in the Carter record. But they do not amount to much compared, say, with the sudden, unilateral change imposed by Mr.

Nixon on the dollar basis of the world monetary system—nor to the crudity with which Mr. Nixon's Secretary of the Treasury, John Connally, dismissed European and Japanese views.

Foreign policy experts, European and American, express a good deal of longing for the experience and sureness, as they put it, of Henry Kissinger. But their memories are partial, too—or their values distorted.

Mr. Carter's foreign policy advisors may not have so magisterial a presence. But they have not bombed a peasant society back to the Stone Age. They have not bombed any countries, or invaded any. In fact, this is the first recent Presidency that in its first year has not used military force.

It would be too much to expect a sense of history from the press when it performs its function of criticizing politicians. But in its treatment of Jimmy Carter's White House, it has seemed especially shallow and shrill—more concerned with gossip and style than with substance.

When Mr. Carter talks about inflation, the critics examine the inconsistencies in his past views, the dubious prospects for success. But hardly anyone states the simple truth that inflation is an extraordinary intractable problem, and not only for this country. That is so of all economic issues in the developed world today. Does France have the answer to unemployment, or Britain?

In many areas the problems are harder than they used to be, and the resistance of interest groups to any conceivable solution more intense. Fighting the rapid rise in hospital costs sounds like good politics, but it turns out that hospital workers and doctors and trustees have their reasons to disagree with the policy—and powerful means to fight it.

The problems are more difficult, consensus more elusive than Jimmy Carter said in his campaign—or probably understood. That is a reason for disappointment with him. And I think he and his Georgia colleagues are still resented by some as outsiders. There are Europeans bothered by the idea of a "peanut farmer" as President. And in Washington, last year, there was the nauseating absurdity of a newspaper reporting resentment at the Georgians' failure to come to dinner parties.

But Jimmy Carter rates no personal sympathy; he asked for the job. And indeed, the tendency to focus political disappointment and animosity on the American President goes beyond him.

Writing in The New York Review of Books, Professor Sheldon Wolin of Princeton suggests that "an unnatural rite has become incoporated into the anthropology of American political life: the ritual destruction of the President." If that is so, America's friends should worry—and for reasons much more serious than the faults of Jimmy Carter.●

PERSONAL EXPLANATION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MAZZOLI. Mr. Speaker, on April 13, 1978, I was unavoidably detained in carrying out my responsibilities as a House conferee on the omnibus judgeship bill.

Had I been present, I would have voted "yes" on roll No. 222, H.R. 11003, authority for employment of personnel in the White House Office and the Executive Residence.●

JUDGES AND "FORGOTTEN INTELLIGENCE"

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the Record, I include the following:

[From the Washington Star, Apr. 22, 1978]

JUDGES AND "FOREIGN INTELLIGENCE"

The notion that so-called "foreign intelligence" electronic surveillance—the kind that has to do with espionage and the like—should henceforth be controlled by judicial warrant has become an idee fixe in Congress. Mighty labors have been expended to design bills effecting this control. One passed the Senate overwhelmingly on Thursday.

Their passage marks a sharp departure. Every president for almost four decades has assumed that the discretion to gather such intelligence on his own motion lay among the "inherent" presidential powers.

Now a curious thing has happened. The longer the legislative tinkering goes on, the more the doubts of both libertarian and conservative critics seem to converge. Those doubts did not impress the Senate, but there is still time to consider them in the House.

These two sets of critics start, of course, from very different outlooks. Libertarians worry that judicial restrictions, which they otherwise favor, may be too lax—especially if warrants for electronic eavesdropping are not governed by the "probable cause" standards that govern the issuance of ordinary domestic search warrants. Conservatives worry that the president's intelligence-gathering capacity might be stunted at the risk of injury or mischief to the national security.

What is remarkable is that, starting poles apart, both have conceived substantial doubts that judges, deliberating in closeted hearings, are or can be proper and effective monitors of what is permissible in "foreign intelligence" surveillance practices.

Statistics from the U.S. Judicial Conference, of primary interest to liberatarian critics, show that wiretap warrants for domestic criminal purposes in the year 1976 were easily obtained. Only two were denied; 686 were authorized. Such figures raise the spector of the "rubber stamp."

Conservative critics are skeptical of the effectiveness and usefulness of judges for other reasons. The most compelling comments we have seen are by former Solicitor General Robert Bork and by Rep. Robert McClory of Illinois, ranking Republican on the House Judiciary Committee.

Both offer similar criticisms for the *idee fixe* of judicial supervision. Mr. Bork, for instance, observes that since the purposes of foreign intelligence surveillance are quite different in nature from the purposes of domestic intelligence (it is necessarily more speculative and often does not look to prosecution) the process of clearance is more administrative than judicial.

"There are and can be," writes Mr. Bork in a recent *Wall Street Journal* article, "no judicial criteria for making decisions about the needs of foreign intelligence, and judges cannot become adequately informed about intelligence to make the sophisticated judgments required. To do an adequate job they would have to be drawn fully into intelligence work, which is not the point of this enterprise. To suppose that they would defer to the superior expertise of the agencies is either to confess the safeguards will not work or to underestimate the strength of the tendency displayed by the judiciary in recent years to take over both legislative and executive functions."

Mr. Bork and Representative McClory both make the additional point that any law vesting control over foreign intelligence in the bench "seems certain," as Mr. Bork puts it, "to diminish substantially the responsibility and accountability of the executive branch." Writes Mr. McClory: "It should be seen that by shifting from the president to the judiciary the responsibility to authorize foreign intelligence electronic surveillance, the courts become a buffer to executive accountability."

Even conceding that the executive branch has sometimes abused the "foreign intelligence" discretion and may do so again, we nonetheless find these criticisms compelling. If special judges designated to issue warrants for foreign intelligence surveillance are held to a "probable cause" standard (i.e., if they must be shown how the job at hand is directly related to the commission, or possible commission, of a crime) they will undoubtedly have to veto some intelligence operations that are arguably prudent and necessary. If the standards governing their warrant-issuing function are broad, making allowance for the difference between foreign and domestic intelligence, what is "judicial" about the judge's role?

We wonder, in short, whether the debate over this legislation isn't misconceived. By and large, the debate has turned on the mechanics and details of judicial control—not on the more basic issue of whether judges are necessarily more satisfactory guardians of foreign-intelligence gathering than duly-instructed, responsible executive officials who are overseen by, and accountable to Congress.

The House and Senate bills differ in detail but share the fixed notion that judges *must* be brought into the picture. Must they? Is the case so open-and-shut? It may be a good time to reexamine this fundamental premise of intelligence "reform." Are judges really the answer to perceived abuses and excesses that originated more in administrative laxity and misbehavior than in institutional necessity?●

FINANCIAL DISCLOSURE BY REPRESENTATIVE CLARENCE D. LONG

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. LONG of Maryland. Mr. Speaker, each year at this time I make a voluntary disclosure of income, taxes, assets, and liabilities.

For 1977, I paid taxes totaling $21,970.32 on an income of $58,021.49.

My Federal income tax was $15,239.90; State and local income taxes totaled $3,892.82; real estate and sales tax totaled $2,837.60.

Chief source of income was $54,275 salary as Congressman. Other taxable income included: An annuity of $1,233.68 and dividends of $788.33 from the Teachers Insurance Annuity Association; net rents of $1,623.48 from a farm in Harford County, Md.; $100 for an article in the spring 1977 Harvard Journal of International Security. No outside income was received for speeches. Mrs. Long's total income was $1 won in the Maryland lottery.

Following my long-standing policy, no gifts however small or in whatever form were accepted by me or my staff—not even flowers or fruit.

Real property consists of a home in Ruxton, Md., purchased in 1946 for $32,000 and currently mortgaged for $5,443.65 with the Provident Savings Bank of Baltimore, and a 112-acre farm in Harford County purchased in 1965 for $118,000. I owe $1,000 on an unsecured short-term note to the Equitable Trust Co. of Baltimore.

Contributions to the Federal retirement system for 1977 totaled $4,342. In nearly 16 years as Congressman, I have contributed a total of $43,477.76 to this fund, which cannot be withdrawn in cash. Estimated capital value of my Teachers Insurance Annuity Association policies as of December 31, 1977, was $23,605.06. This also cannot be withdrawn as cash.

Other assets include a 1976 Buick, a 1977 Plymouth station wagon, home furnishings, my wife's jewelry (nearly all inherited), clothing, and a small checking balance sufficient to pay current bills.●

MS DINNER OF CHAMPIONS

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. HYDE. Mr. Speaker, last year, my wife, Jeanne, our youngest son, Tony, and I were privileged to attend the Multiple Sclerosis Dinner of Champions sponsored by the National Capital Chapter. It was one of the most inspirational, relaxing, and entertaining events I have ever been associated with.

It was unusual because the special guests were national and local sports personalities who were giving their time as "Athletes Versus MS," to join in the battle against MS to raise funds for much-needed research. Personalities like George Allen, Sonny Jurgensen, members of the Washington Redskins, Baltimore Colts, Pittsburgh Steelers, Washington Diplomats, Washington Capitals, Washington Bullets—seated at each table.

It was a family affair, with spouses and children not only welcomed but encouraged to attend, with opportunities for photographs and autographs. It was truly an evening of sports entertainment.

As a former athlete and the father of three healthy sons, I know how vital it is for young people to have good health. MS strikes between the ages of 20 to 40—right when athletes and all young people are at the most productive point in their lives. I was proud and honored to join the team of "Athletes Versus MS."

There is another dinner this year, on June 6 at the International Inn. Sonny Jurgensen and his wife, Margo, are the honorary chairmen. Pat Summerall and Tom Brookshire of CBS Sports will be among the many honored guests. My family is going to be there, showing our continued support for the fight against MS. I urge my colleagues to join me in the important battle to find a cure for multiple sclerosis, a tragic, crippling neurological disease.●

CARL ROWAN'S COMMENTARIES ON TUITION TAX CREDITS

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MITCHELL of Maryland. Mr. Speaker, much of the current debate over providing tuition tax credits to elementary and secondary schoolchildren has focused on the issue of the appropriate role of the Federal Government in directly aiding private schools. I agree with many of the persons engaged in this debate that the provision of a $250 or $500 per student tax credit to any individual having children in private schools would be the beginning of the total destruction of our public school system in this country.

I am afraid, however, that many of my colleagues have not formed their opinions on this subject by any review of the actual merits or demerits of the tax credit approach. Rather, many Members' opinions on this subject are based on the political benefits to be gained by going home and saying to their constituents that they voted for a tax credit for all parents with children in private elementary and secondary schools.

I was pleased to see that my good friend, Carl Rowan, in another hard-hitting series of commentaries, has also chosen to announce publicly what many of us have known but not spoken. Mr. Speaker, I direct my colleagues attention to Mr. Rowan's commentaries, the full text of which follows:

[Feb. 24, 1978]

TUITION CREDITS

In election years you can count on Congress to create the illusion that it is giving voters something for nothing. This year the gimmick is to offer middle-class Americans college tuition money.

The Senate Finance Committee has just voted for a 4..5 billion dollar raid on the Treasury in the form of 250 dollar tax credits for each college undergraduate or vocational school student. Drunk with the spirit of largesse, the committee wants to hike the credit to 500 dollars in two years and to extend it to elementary and secondary school pupils in 1980.

This bill appears to give Americans something, but it will cost them plenty.

Our public schools today are far from the best; they will become atrocious if this measure becomes law, because we'll have the Federal Government propping up private and parochial schools at the expense of public schools. If I want to send my children to a private or a church-oriented school, that should be my business, and at my expense.

Does the average American want a 250 dollar tax credit badly enough to tolerate another erosion of the principle of separation of church and state? Do Americans really want to see education for the masses so weakened that we'll wind up paying thousands of dollars to support those whom we leave incapable of fending for themselves in this complex society?

If the Congress is so vote-hungry that it passes this tuition credits monstrosity, I pray that President Carter will veto it.

This is Carl Rowan.

[Mar. 24, 1978]

WHAT THE TUITION CREDIT FIGHT IS ABOUT

(By Carl T. Rowan)

WASHINGTON.—Caught up in its biennial gush of election-year irresponsibility, a majority of congressmen and senators seems determined to put the federal government into the business of financing private and church school educations for millions of youngsters.

Starting with the legitimate notion that many middle-class families want help in financing their children's college educations, the Congress wants to leap to the point of forking over up to $500 to taxpayers' money per elementary or secondary school child—no matter how many children a family may have, or how much income that family has.

Thus a family with eight children in church school could get $4,000 a year from Uncle Sam, even if the parents had income of a million dollars a year.

The bill ignores the factor of "need" to the point that it is absurdly unfair. It is a vote-hunting gimmick in which congressmen open the U.S. Treasury for a raid by those Americans who live handsomely but are moaning, "Everybody gets handouts but us."

The Carter administration opposes this plan for tuition tax credits as do many educational groups across America. Many opponents are emphasizing their view that the Constitution forbids the federal government to give aid to church-related schools. A few days ago Attorney General Griffin Bell issued an opinion that tuition tax credits would violate the constitutional provisions relating to separation of church and state.

While I am convinced that this bill would offend seriously the First Amendment and other provisions of the Constitution, I believe it would be a mistake to base the fight on those grounds.

There is no clear body of Supreme Court decisions relating to the separation of church and state. The high court ruled in 1947 that a state could provide bus transportation to and from school for parochial school students, but it said in 1977 that the state could not provide such transportation to and from field trips. The high tribunal approved state provision of textbooks for sectarian schools in 1975 but forbade state provision of instructional materials and equipment in 1977.

Because the Supreme Court has been all over the lot on this issue, members of Congress are going to interpret the Constitution in the way that seems to offer them the most votes.

Maybe—just maybe—some of our lawmakers can be persuaded of one overriding reality: tuition tax credits as proposed in the Packwood-Moynihan-Roth bill would have a destructive effect on public education in America in particular, and on this society as a whole.

When Uncle Sam ponies up $500 per child for private schooling, half the fly-by-night evangelists in America are going to open schools. We'll see a lot of "private schools" pop up which are not church-related—just schools set up to rip off the treasury, or keep out blacks, or Presbyterians, or Indians.

The spirit of snobbery and elitism is now so strong in America that it will become a stigma to have your child in anything but a private school. The public school system will become a cripples outpost for children of families so poor that, even with tuition tax credits, they can't send their children to private schools.

So we shall have a country polarized on many levels: one class of people who, because of governmental largesse, send their children to Catholic schools, Lutheran schools, Holy Roller schools, Zen schools, white supremacy schools, black power schools; then another

class of down-and-out Americans with no political clout whose children go to ramshackle schools with bad equipment and worse teachers.

I know that the Congress is now caught up in mob psychology. I understand that some people turn to the constitutional argument because the Constitution alone has built-in safeguards against mob fever.

But in our Congress so cravenly political that a majority of its members cannot be convinced to vote against tuition tax credits on the simple basis that such credits would be profoundly harmful to this society?

[Mar. 1, 1978]

THE PERILS OF THOSE TUTION CREDITS

(By Carl T. Rowan)

WASHINGTON.—For years we've heard Americans earning $15,000 to $50,000 a year wailing that they are the unfavored people of this land.

They tell tear-jerking stories about how they're not poor enough to get welfare, food stamps, Medicaid or college scholarships for their children: and they aren't rich enough to enjoy the tax loopholes that cladden the hearts of the rich.

So now, in an election year, comes the Senate Finance Committee with a $4.5 billion morale builder for these Americans who are pleading with government to "give" them something. What these Senate vote hustlers are offering is going to cost middle-class Americans plenty in the longrun.

The Finance Committee has voted to raid the treasury of $4.5 billion in order to give tax credits of up to $250 for each college undergraduate and vocational school student. Drunk with the spirit of election-year largesse, the committee also voted to hike the credit to $500 in two years and to extend it to elementary and secondary school pupils in 1980.

I can hear 'em shouting in Middle America: "Hooray! Farmers and poor people, the aged and the sick, veterans and New York City, and all the others have been raking in the handouts. Now I'm gonna get mine!"

If this atrocious Senate bill passes, they're sure going to "get it"—right in the old bank account. They're going to get a piddling tuition tax credit and then pay through the nose for the damage that this scheme will do to the country.

Americans in the $15,000 to $50,000 category already pay heavy taxes to help sustain the tens of millions of Americans who are so ill-educated that they can't cope in this society. Pass this bill and let Uncle Sam give tuition money for elementary and secondary pupils and we'll have a vaster army of Americans who can't read, write or find a job. Because we will cripple even more a public school system that already is a disgrace in many communities.

Does the average American really want a $250 tax credit badly enough to accept another erosion of the principle of separation of church and state? Do we want Congress to put $250 in one pocket and take $1,000 out of another to support those whom we will leave incapable of fending for themselves because we have relegated them to even worse public schools? Is our greed for a tax credit so great that we will now permit Uncle Sam to help finance the "private academies" that have been created in Virginia and elsewhere to avoid desegregation?

It serves the common welfare for government to make available to all the best public schools we can create. But it is not the business of government to subsidize those who, for elitist, religious, racial or whatever other reasons, prefer private or parochial schools. That is their choice and it should be at their expense.

The cries for financial help from middle-class America are so strident that many congressmen will overlook the fact that what the Senate Finance Committee has approved is bad educational policy, bad social policy and probably unconstitutional. So they'll give the old re-election-year wave to enactment.

But you ought to join me in asking President Carter to veto it. Rowan.●

A DESERVED TRIBUTE TO JOHN RHODES

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. RUDD. Mr. Speaker, a deserved tribute to our distinguished and much admired minority leader, JOHN RHODES, has been written by Arizona's highly regarded political writer John Kolbe.

Mr. Kolbe's column appeared this afternoon in the Phoenix Gazette.

I believe this column succintly explains why JOHN RHODES is the Republican Party's most valuable asset. I would like to include it at this point in the RECORD:

[From the Phoenix Gazette, Apr. 24, 1978]

RHODES IS TIRED OF HEARING HE'S IN TROUBLE

(By John Kolbe)

John Rhodes is tired of hearing he's in trouble.

It's understandable. The veteran congressman is in his 26th year in the House, longer than anyone in Arizona history, one of the two most potent Republicans in Washington, in his third term as minority leader, and he keeps hearing he's about to lose his political shirt.

To some extent, such rumors are the price of power, and Rhodes can be philosophical about it. "Heck, I used to get ticked off at the leadership myself," he notes, adding he once considered challenging Gerald Ford for the job.

But in his case, it's also the price of being a square, nose-to-the-grindstone straight arrow, thus appearing more vulnerable.

So during slow days on Capitol Hill, the pundits often take up the familiar theme—Rhodes' leadership is in jeopardy from the GOP's right wing.

And he becomes less philosophical. "It really galls me," he concedes about the stories, "because it hurts morale in the House, and certainly doesn't help our unanimity, which is little short of fantastic."

He has a point. So far in the 95th Congress, the Republican Policy Committee has taken formal positions on 48 key issues; on those, an average of 83 percent of the 147 GOP House members toed the line. Not a bad demonstration of party leadership.

Speaker, Tip O'Neill, the man whose job Rhodes wants and who never seems to be subject to the same rumors of impending job loss, would welcome a record of party solidarity even close to that. With it, he might now be hailed as the legislative genius who rammed through such controversial items as situs picketing, cargo preference and consumer protection bills—rather than the man who presides over the most hopeless congressional disarray of modern times.

It's a tribute to the myopia of the GOP's ideological right that there is even the kernel of truth needed to sustain such stories.

Political gnats dog his footsteps both at home and on the Hill.

In his First District domain, it started with the right-to-life crowd who regarded him as mushy on the abortion issue, and was taken over by the Reaganites who could not forgive his support for old friend Ford. Rhodes' consistently high conservative voting scores don't satisfy the malcontents; an 80 percent rating only means he's a 20 percent nogoodnik.

Among House colleagues, the discontent is fanned by a few hard-righters who see his efforts for building party strength and solidarity as a threat to their more important priority—party purity.

He has the gall to campaign for such Republican moderates as John Anderson and Paul McCloskey. That he does the same for the right-wingers seems not to assuage the hard-liners. Purity before harmony, please.

Probably most annoying, he has the temerity to say things that drive them up the wall. Like suggesting the Republicans' loss of black voters, who regarded the GOP as their natural home for 70 years, is a product of Republican neglect. Or that Jimmy Carter's "instant voter registration" concept (although not his exact proposal) is "not going to do us in."

Nevertheless, he must be doing something right. He became GOP leader in 1973, when Ford became vice president, without opposition—for the first time in several decades. And he's repeated the performance twice since.

One former colleague, a member of the House right-wing gang, notes: "No one can talk to all sides like John. They don't always like him, but they always respect him. No one can touch him."

That straight-arrow image is deceiving. He may not be Mr. Excitement, but it's precisely because he is so approachable, so void of any personal ambition beyond building a GOP majority which will make him speaker (and give all of them new power), that he is so secure, rumors notwithstanding.

He insists he could achieve his goal in this election, although it would require a massive shift of six dozen seats. Privately, he's hoping for 30 or so.

Then, if the GOP fields a strong presidential candidate in 1980, and Carter continues his current blundering, and O'Neill maintains the most fiercely partisan House regime in recent history to forestall effective congressional action, Rhodes could be in striking distance of the brass ring in 1981.

That's a tall order, of course, and not even GOP diehards—including Rhodes—are ready confidently to predict it will happen.

But if it, or something close to it, doesn't happen sometime soon, John Rhodes, just may be ready to hang up his spikes after a quarter-century spanning six Presidents and a sevenfold increase in the federal budget.

"Sure, I'm tired of being in the minority," says Rhodes, one of only three Republicans who have been around long enough to remember what it's like in a majority, "and if things don't get better, I'm going to get the hell out."

Which is why Rhodes criss-crosses the country, 90 or 100 hours a week, making endless speeches and beating endless drums, "trying to convince people that this Congress they don't like is a Democratic Congress."

John Rhodes may not get to the top, but it won't be for lack of trying.●

DR. WILLIAM WADE HONORED FOR 33 YEARS OF SERVICE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. LONG of Maryland. Mr. Speaker, on April 20, 1978, hundreds gathered in southeastern Baltimore County, Md., to pay tribute to Dr. William C. Wade.

Dr. Wade has been part of the Turners Station community for 33 years, both as a general practitioner of medicine for

area families and as a concerned and active citizen.

After earning his bachelor's degree at Howard University in 1938 and his medical doctorate at the distinguished Meharry Medical School in Nashville, Tenn., in 1943, Dr. Wade interned and served his residency at Homer Phillips Hospital in St. Louis. He then came to Turners Station and has spent over three decades providing medical care to area families.

Dr. Wade served his country during World War II and was honorably discharged as a captain in the Army Medical Corps in 1954.

Joining me and 500 other citizens in honoring Dr. Wade, Baltimore County Executive Ted Venetoulis issued a formal proclamation renaming a street in the Turners Station area William Wade Avenue. It was my pleasure to present this proclamation to Dr. Wade, together with my congressional commendation for his 33 years of service.

In these days of specialists, rising health care costs, and malpractice suits, it is heartwarming that hundreds of people gather to honor their doctor. In the words of one woman present at the ceremony, "It didn't matter whether you were rich or poor, whether you could pay now or never, Dr. Wade would always care for you and your children. That's one reason we love him."●

THE CASE FOR BREEDERS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. TEAGUE. Mr. Speaker, in the ongoing debate over breeder reactors and reprocessing of nuclear fuel and their relationship to the increase of plutonium in the world, I would like to submit this extremely thoughtful article by Walter Marshall, Deputy Chairman of the United Kingdom Atomic Energy Authority, which appeared in the April 19 issue of the New York Times.

Mr. Marshall states his case for breeder reactors very concisely:

If the energy demand does increase, we had best have fast reactors, used as breeders, to meet it, whereas if it does not increase we had best have fast reactors, used as incinerators, to eliminate the plutonium that will not be needed.

The full text of Mr. Marshall's article explains why he believes breeders are necessary even without a major increase in energy demand, why he considers breeders important in attaining our nonproliferation goals, and how he suggests the vulnerability of plutonium in the reprocessing step should be solved.

I believe this information is important for all my colleagues as we prepare to determine the direction of America's breeder program for the next decade.

The article follows:

ON PLUTONIUM FEARS

(By Walter Marshall)

UPTON, N.Y.—The argument in the United States about nuclear power and weapons proliferation usually asserts, or acknowledges, that the reprocessing of nuclear fuel and the subsequent use of plutonium do have "proliferation" risks, and then debates whether their economic value justifies those risks.

This debate is seriously misoriented because most public statements on these topics are technical, correct and obscure or simple, understandable and misleading.

All reactors now in use produce plutonium. The plutonium is initially "inaccessible" because it is contained in highly radioactive fuel elements, but this ceases to be true as the radioactivity decays over a period of some years. Therefore, storing fuel elements indefinitely establishes plutonium "mines" and the availability of plutonium increases as its quantity grows, as the fuel elements lose radioactivity and as their distribution in the world becomes widespread with the growing use of nuclear power.

Therefore the fuel elements are best retrieved from these widespread locations and the best motivation for retrieval is to reprocess the fuel at a few very large reprocessing plants, re-use the unburned uranium in thermal reactors and use the plutonium in fast breeder reactors.

It is factually correct, but consistently misunderstood, that the use of fast breeder reactors instead of thermal reactors decreases the amount of plutonium in the world. This is because fast breeder reactors do not breed fast, they use fast neutrons and breed slowly.

To explain this we should remember that a typical thermal reactor (of 1,000 megawatts) produces about 300 kilograms of plutonium each complete year it operates. Therefore, if thermal reactors alone are used, the plutonium in the world grows and grows indefinitely. That was never the intention. That is why, throughout the world, fast breeder reactors were planned to incinerate that plutonium.

The fast reactor has a core and a region surrounding that called a "blanket." The core is a straightforward incinerator of plutonium, producing electricity in the process. Typically, 200 kilograms are incinerated each year by a 1,000 megawatt reactor.

The material put into the blanket is optional. It can be, and usually will be, the type of uranium that cannot be used in thermal reactors. This gets converted to plutonium. The maximum production of plutonium in the blanket is about 450 kilograms a year so, taking account of the 200 kilograms incinerated in the core, the overall production is about 250 kilograms. This is rather less than the production rate from thermal reactors. If the material in the blanket is changed, we get a "fast incinerator reactor."

The choice of blanket material, therefore, gives us a technical option to control the total amount of plutonium to that required. Whether that option is used or ignored depends upon governments, not upon technologists. Without fast reactors the option does not exist.

These facts are usually lost in arguments because the nuclear technologist stresses his ability to produce plutonium to match the energy demands he is sure will exist, while the nuclear opponent fears that plutonium will be produced whether the demand is there or not. But they both ought to be insisting on fast reactors because if the energy demand does increase, we had best have fast reactors, used as breeders, to meet it, whereas if it does not increase we had best have fast reactors, used as incinerators, to eliminate the plutonium that will not be needed.

However, the main proliferation attraction of the fast reactor is neither the control of the total quanity of plutonium nor the opportunity to incinerate plutonium. It is the fact that so long as plutonium is used in reactors it becomes associated with so much radioactivity that it is rendered "inaccessible" and therefore safe from diversion.

But in order to realize the advantages of fast reactors, it is necessary to reprocess the spent plutonium fuel elements. In reprocessing, plutonium is separated from the radioactivity of the fuel element, fabricated into fast reactor fuel and transported to the reactor. There are fears that the plutonium might be diverted to weapons use during these last two steps.

These fears prompted President Carter to call for an international study of the problem. My American and British colleagues and I have tried to respond to his initiative by making constructive proposals to how, given time, those fears can be eliminated—if society wishes—by never separating plutonium from a high level of radioactivity.

This would remove, in my opinion, the fundamental obstacles to claiming the benefits facts reactors promise for energy supply, environmental and nonproliferation objectives.●

AKRON EDITOR PRAISES CARTER'S DECISION ON NEUTRON BOMB

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. SEIBERLING. Mr. Speaker, the Akron Beacon Journal for April 13 contained an outstanding article by the Beacon Journal editor, David B. Cooper, on curbing the nuclear arms race. Mr. Cooper recently joined the staff of the Beacon Journal after a distinguished record with other Knight-Ritter newspapers, including the Charlotte Observer and the Detroit Free Press.

Mr. Cooper points out that criticism of President Carter for taking a long time to make up his mind about the neutron warhead is specious. As he says—

If Americans learned anything from our involvement in Vietnam, it was that we don't want our leaders making hasty decisions about American military involvement or nuclear weapons that can fuel the arms race.

He further points out that President Carter "has displayed to the world and the Soviets a new and wholesome American commitment to slow the growth of nuclear weaponry. He has offered them the opportunity to respond during the SALT negotiations in ways that can benefit both countries and a world that has reason to fear the dangers of a nuclear holocaust."

The full text of Mr. Cooper's article follows these remarks:

CURBING THE NUCLEAR ARMS RACE

(By David B. Cooper)

The current controversy over the neutron "bomb" reminds me of something President Eisenhower said as he went out of office in 1961.

Mr. Eisenhower's record as a military man was exemplary and revered. His two terms as President came during the Cold War, and his strong military background was comforting to many Americans while he was the nation's commander-in-chief.

In his farewell address to the country as he left the presidency, Ike issued this warning:

"This conjunction of an immense military establishment and a large arms industry is new in the American experience . . . We recognize the imperative need for this devel-

opment. Yet we must not fail to comprehend its grave implications . . .

"In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."

There's no way of knowing whether Mr. Eisenhower would have applied his comments to the neutron bomb controversy, but I think they do in part fit.

For example, congressional funding for production of the weapon was proceeding with no public attention until less than a year ago.

A classified amount of money—but obviously hundreds of millions or even billions—was tucked away in the Energy Research and Development Administration budget for production of this new nuclear weapon. The first public notice about this proposed funding came from a Washington Post story last June 6 headlined, "Killer Bombs Buried in ERDA Budget." President Carter, who has now deferred production of the weapon, said later he did not know about the neutron budget proposal.

The bomb, which is really a shell designed to be fired from a cannon at tank concentrations, had therefore slowly developed a life of its own within the military planning at the Pentagon.

There have been numerous other examples. The B1 bomber became an Air Force sacred cow even after the development of the cruise missile made it unnecessary to build. In the final days of the arguments over the B1, before Mr. Carter said he would veto an attempt to finance its production, justification for the B1 was even based on the jobs it would create.

Mr. Carter's decision on the neutron weapon, which is designed to kill people but to spare property, has aroused widespread controversy, both in this country and abroad.

Even so, I think his decision was eminently correct.

Criticism of the President for waffling about this weapon before reaching his decision seems especially specious. He may have taken a long time to make up his mind. However, if Americans learned anything from our involvement in Vietnam, it was that we don't want our leaders making hasty decisions about American military involvement or nuclear weapons that can fuel the arms race.

The neutron weapon has some tactical appeal, especially for our NATO forces in Europe, and that is precisely why I think Mr. Carter is wise to be cautious about deploying or producing it. The danger with an attractive new nuclear weapon is that it may make nuclear war more likely.

Reducing that danger, as well as reducing the awesome costs of the strategic arms race, is what the U.S.-Soviet SALT talks are designed to accomplish.

Those talks take place in a world already dangerously armed for nuclear annihilation. So armed, in fact, that some of the current strategic thinking begins to sound like the dialogue from a play by Kafka. For example, some strategists believe that a defense system against Soviet nuclear weapons is no longer advisable, since that may encourage the Russians to believe we would not initially retaliate with the full weight of our own strategic nuclear forces.

As Paul Warnke, our chief negotiator in the SALT talks, says:

"The thing that deters the use of nuclear weapons is the prospect for retaliation . . . We have to be sure we have the retaliatory capability to respond with such devastating force that we would destroy all Soviet society."

What this amounts to, he has pointed out, is "mutually assured destruction—the acronym for which is MAD."

It is in that sense that I think Mr. Carter made the right choice at this time on the neutron bomb.

He has made no decision that would prevent production or deployment of the weapon at some future time, if that became necessary.

He has displayed to the world and the Soviets a new and wholesome American commitment to slow the growth of nuclear weaponry.

He has offered them the opportunity to respond during the SALT negotiations in ways that can benefit both countries and a world that has reason to fear the dangers of a nuclear holocaust.●

RESOLUTIONS OF THE 87TH CONTINENTAL CONGRESS, DAUGHTERS OF THE AMERICAN REVOLUTION

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. RUDD. Mr. Speaker, for the past several weeks, ladies from throughout our country whose direct ancestors participated in the American Revolution have been meeting at the 87th Continental Congress of the Daughters of the American Revolution.

Among these devoted patriots was Mrs. John Trudeau Salmon of Tucson, Ariz., a regent of the Daughters of the American Revolution and longtime citizen leader in our State.

The DAR Continental Congress passed 14 important resolutions, covering the full range of national and international concerns facing our country today. I believe that that these resolutions merit the careful consideration of every Member of Congress and the leaders of our Nation at every level of government.

I would like to include those resolutions, adopted as official DAR policy on April 19, at this point in the RECORD:

RESOLUTIONS OF THE 87TH CONTINENTAL CONGRESS, DAUGHTERS OF THE AMERICAN REVOLUTION

REDEDICATION

This country became the greatest nation on Earth by following the way of the Lord.

In George Washington's day we knew that we wanted to be free politically, economically, and in every other way—realizing that each of us had the sole responsibility for the welfare of self and family.

We need faith in America and in the principles upon which it was founded. Let us rededicate ourselves to faith in our future and Divine Providence, remembering that "Faith is the substance of things hoped for, the evidence of things not seen."

GOVERNMENT REGULATIONS

Whereas the success of the American free enterprise system has traditionally depended upon a maximum of individual initiative and a minimum of governmental interference; and

Whereas the ever increasing list of multiple regulatory agencies is instituting and enforcing policies that prevent many private businesses from receiving a fair return on investment; and

Whereas increased costs to businesses in fighting these injustices add inflationary cost to the consumer; and

Whereas increasing regulation of free enterprise is slowly but surely eroding our democratic process and leading to socialism;

Resolved, That the National Society, Daughters of the American Revolution, oppose dictatorial intrusion into this country's free enterprise system by bureaucratic regulatory agencies.

DESPERATION TACTICS ON ERA

Whereas the present deadline for ratification of the Equal Rights Amendment is March 22, 1979, with chances of its ratification by that date being remote; and

Whereas in tactics of desperation the proponents of the Equal Rights Amendment are seeking an extension for ratification beyond the customary limit of seven years, traditionally regarded as a "reasonable time"; and

Whereas the proponents are employing a campaign of retaliation using blackmail against the states which have not ratified the Equal Rights Amendment by attempting to impose boycotts of hotels and convention facilities in these states, thus threatening a financial loss of millions of dollars on uninvolved businesses and individuals in order to force ratification by these state legislatures;

Resolved, That members of the National Society, Daughters of the American Revolution, as individuals, continue to oppose the conspiratorial boycott in states which have not ratified the Equal Right Amendment and to oppose an extension of the time limit for ratification of the Equal Rights Amendment.

CIVIL SERVICE REFORM

Whereas in order to correct inefficiencies in the Civil Service System, the administration has proposed changes which expand political appointment at the expense of merit examination; and

Whereas a movement is under way to repeal the Hatch Act, a political code of conduct for federal employees allowing them a broad range of political activity but protecting them from intimidation by supervisors; and

Whereas further proposals would curtail veterans' benefits in federal hiring, thus invalidating the pledges made under the 1944 Veterans Preference Act;

Resolved, That the National Society, Daughters of the American Revolution, oppose political favoritism in federal service and support continuation of the Hatch Act and of veterans' benefits.

UNITED NATIONS COVENANTS COMMUNIST CONTROL UNDER ONE WORLD GOVERNMENT

Whereas the 1948 United Nations Declaration of Human Rights, a statement of principle without the force of law, has been transformed into "treaty provision" by two convenants, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and

Whereas these treaties—with the concept of government-granted rights as opposed to United States inalienable rights which limit government—have been signed by the President and the United States Ambassador to the United Nations and are pending before the Senate Foreign Relations Committee, although previous administrations have taken no official action on these treaties; and

Whereas these treaties which exclude the right to own property as individuals or in association with others free from arbitrary seizure by government, also exclude many of the other United States constitutionally guaranteed rights; and

Whereas these covenants are a blueprint for total communist control under One World Government and would supercede the Constitution if ratified by the Senate;

Resolved, That members of the National Society, Daughters of the American Revolution, alert the citizens of this country to the immediate danger of the complete loss of our freedoms with ratification of the In-

ternational Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and, as individuals, work to oppose ratification of these treaties.

NATIONAL DEFENSE—FOR OUR NATIONAL SURVIVAL

Whereas since the Cuban missile crisis the Soviet Union has increased its military might at an alarming rate; and

Whereas the Soviet Union has also provided an unsurpassed Civil Defense capability for the protection of its citizens; and

Whereas through the SALT agreement, the myth of detente, and the failure of United States policies to support the necessary development and production of advanced weapons systems to keep the United States in a position of military superiority, our country is now in a critically inferior position; and

Whereas the abandonment or curtailment of such vital projects as the B-1 bomber, nuclear missile programs, the destruction of defensive systems, the closing of important military installations, the reduction of military personnel at home and abroad, the failure to provide any civilian defense, the alarming reduction of naval strength, including the cutback in building of nuclear submarines have greatly impaired the capability of the United States to effectively oppose an aggressor; and

Whereas this frightening military imbalance could subject our nation to nuclear blackmail or Soviet first-strike annihilation; and

Whereas the number of Soviet spies known to be operating within the United States has greatly increased in recent years endangering every phase of our economy and our national defense; and

Whereas according to military authorities the national defense capability of the United States has, since 1962, changed from a position of dominance in every category to a complete reversal, as the Soviets now have the superior capability;

Resolved, That as American citizens we reorder our priorities to place stronger emphasis on National Defense, to recreate the patriotism evidenced in previous national crises and to educate our youth to the dangers that threaten our very existence as a nation; and

Resolved, That the members of the National Society, Daughters of the American Revolution, insist that our national legislators assert their authority to restore this nation to its former position of outstanding strength and superiority in order to ensure the survival of the United States of America as a free nation.

LABOR REFORM—POWER GRAB

Whereas organized labor, becausee of declining union membership, is urging passage of the Labor Law Reform Bill of 1978, using the power of the federal government to take punitive action against business; and

Whereas this bill would force compulsory union membership on all businesses, nullifying the individual states' Right to Work Laws and the Taft-Hartley Law; and

Whereas the effect of this power grab benefits only unions, ignoring legitimate concerns of employers and employees; and

Whereas direct intrusion of government into the collective bargaining process and unionization of business will result in higher prices, inflation and bankruptcies;

Resolved, That the National Society, Daughters of the American Revolution, continue to support Right to Work Laws and to oppose the Labor Reform Bill of 1978.

THE ASSAULT ON INTELLIGENCE AGENCIES

Whereas the survival of the United States of America and its defense against both external and internal threats are dependent upon accurate intelligence; and

Whereas the common goal of those attacking the activities of the FBI, the CIA and the entire intelligence community is to diminish and curtail their functions, to destroy their effectiveness and to discredit them in the eyes of the American people; and

Whereas the intelligence units of the Defense Department have been eroded, the authority of the FBI and the CIA weakened, and governmental boards and committees concerned with subversion have been abolished—all grim evidence of the success of the assault on the intelligence community;

Resolved, That the National Society, Daughters of the American Revolution, affirms the right and duty of the United States government to engage in whatever intelligence operations are necessary to protect and defend the nation; and

Resolved, That the National Society, Daughters of the American Revolution, supports the efforts of the FBI and the CIA in their intelligence gathering activities, and urges the strengthening of the intelligence units of the Defense Department and the restoration of the congressional committees and governmental boards dealing with subversion.

WORLD MONETARY CONTROL

Whereas foreign aid appropriations channeled through the United Nations specialized agencies, the International Monetary Fund and the World Bank and its affiliates, are a continuing financial drain upon the United States which is burdened with massive debt and is faced with dwindling gold reserves at Fort Knox; and

Whereas through United States payments for imports, multinational investments and tourist trade, up to 300 billions of dollars are floating around the world; and

Whereas the United States government has no control over reinvestment by foreign interests in the products, securities and real property of the United States; and

Whereas vast wealth controlled by would-be world managers has created an international group which by design partially controls the economic policies of the industrialized nations and is conspiring to control the developing naticns of the world; and

Whereas would economic control is tantamount to world government;

Resolved, That the National Society, Daughters of the American Revolution, recommends that the nation adopt as its goal a return to gold backed dollars;

Resolved, That the National Society, Daughters of the American Revolution, urges disentanglement of the United States from the International Monetary Fund and World Bank and affiliates which have been ineffective, have wasted billions of dollars of American money, have demonstrated no ability to restore a sound world economy and pose an imminent threat to the solvency of the United States cf America.

CONSTITUTIONAL CRISIS

Whereas the Constitution, the law of the land, protects the American people from tyranny as long as they are alert enough to protect the Constitution; and

Whereas the Constitution must not be compromised by treaty manipulations which endanger the guaranteed rights and privileges of citizens; and

Whereas the United States of America has been governed by an activist Supreme Court which has usurped law-making powers far beyond its judicial responsibilities as set forth in the Constitution and has interpreted failure of legislatures as grounds for court interference; and

Whereas provisions of the Constitution have been abrogated by Executive Orders; and

Whereas proposals have been made to rewrite the Constitution on the pretext that the Constitution is not germane to present day social and economic conditions;

Resolved, That the National Society, Daughters of the American Revolution, impress upon its members that they study and know the Constitution and the responsibilities of the Executive, the Legislative, and the Judicial branches of government for the protection and betterment of all.

FOREIGN POLICY HYPOCRISY

Whereas the Trilateralists have assumed leadership of the Foreign Policy of the United States and policies once considered treason are now openly and boastfully made daily, promoting the convergence of the American people with the aims of the Soviet government; and

Whereas current foreign policy is based on the "liberal" assumption that equality is far more important than freedom, that a powerful government aiming to promote the "common good" is preferable to an effective limited government; and

Whereas United States foreign policy has become a process of "moral selectivity" motivated by an attempt to impose upon other nations a false interpretation of the basic American principles resulting in favoritism to enemies and repudiation of our proven friends and allies;

Resolved, That the National Society, Daughters of the American Revolution, firmly supports a foreign policy that would protect our proven friends and would cease to deal with our mutual enemies—economically, politically and militarily.

FEDERAL LAND EMPIRE

Whereas the United States of America has encouraged and promoted the historic concept of the right of individuals to own and manage land; and

Whereas there has been a reversal of this policy in a concentrated onslaught against private land ownership by unfavorable tax rulings, wilderness land acquisition, organized environmental groups and dictatorial management practices of lands and water; and

Whereas under the provisions of the Reclamation Act of 1902, a court ruling (as cited in the Federal Register of August 25, 1977) has permitted the federal government to acquire and redivide into 160 acre plots privately owned farmland watered by Federal Reclamation Dams, and has stipulated regulations for residency, leasing and selling; and

Whereas without prior disclosure to the owner or lessee, land has been confiscated by Executive Order; and

Whereas the federal government owns more than one third of all the land in the United States with approximately 96 percent of the land of Alaska, 45 percent of California, 66 percent of Idaho, 85 percent of Nevada, 53 percent of Oregon, and 65 percent of Utah;

Resolved, That the National Society, Daughters of the American Revolution, views with alarm the extent of socialistic land control and interference into private ownership of land.

Resolved, That the National Society, Daughters of the American Revolution, urges that the vast empire of federally owned land be reduced in size by sale to the private sector.

REAFFIRMATIONS

Whereas all past resolutions previously adopted by the National Society, Daughters of the American Revolution, are in effect unless rescinded;

Resolved, That the following resolutions be reaffirmed:

1. (Executive Orders—1964–1972) Congress should restore its authority of Constitutional powers vested in it by the Constitution of the United States of America.

2. (Education—1956, 1964, 1966, 1970, 1977) Work to insure that our children understand the classic meaning of freedom and to instill a renewed sense of self-discipline and moral obligation.

3. (Gun Control—1957, 1966, 1975) Those who take away our guns and ammunition take away our freedom.

4. (Illegal Aliens—1975 back to 1952) Oppose the rewarding of aliens' illegal conduct by giving them amnesty—thus undermining the efficacy of our laws.

5. (Voter Registration—1977) Continue to oppose universal voter registration which expands the power of the federal government, preempts states rights, and enlarges federal control of voter qualifications.

6. (Food and Agriculture—1975) Continue to oppose the proliferating governmental control of the American farmers.

7. (Health—1977) Continue to oppose any national health plan that could have a disastrous effect on the overall health care of Americans.

8. (The Flag of the United State of America—1966, 1977) Reiterate that respect for and honor to the Flag of the United States of America be strictly enforced and upheld by the courts.

EMERGENCY RESOLUTION—PANAMA CANAL

Whereas approval of the Panama Canal Treaties has been voted by the required two thirds of the United States Senate in spite of the overwhelming opposition of the American people; and

Whereas the ominous threat of complete Communist domination of the entire Caribbean area resulting in the encirclement of the United Sttates of America by Communist forces has now become inevitable according to plans already formulated by the Soviet military command as published in their official journal, *Red Star;*

Resolved, That the members of the National Society, Daughters of the American Revolution, as individuals express deep sorrow and apprehension concerning this tragic decision which will insure the continuance of Soviet Communist expansion and domination to the detriment of the United States of America and the other free countries of the world;

Resolved, That the members of the National Society, Daughters of the American Revolution, as individuals, highly commend those Senators who placed loyalty to country and dedication to its ideals above political expediency and considerations by voting against the Panama Canal Treaties and for their efforts to preserve and protect this strategically important geographic area so vital to the security and defense of the United States of America and the free world;

Resolved, That the members of the National Society, Daughters of the American Revolution, as individuals, redouble their efforts to insist that this disposal of United States property be brought before the House of Representatives and to the courts of the United States of America for final adjudication.●

EXECUTIVE BRANCH FINANCIAL REPORTING REQUIREMENTS

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mrs. SCHROEDER. Mr. Speaker, I am inserting in the RECORD, for the information of my colleagues, a discussion of the differences in reporting requirements for executive branch employees which are contained in H.R. 1 and the substitute to H.R. 1 developed by the Committees on Post Office and Civil Service and Armed Services. The discussion follows:

REPORTING REQUIREMENTS

The reporting requirements for the Executive Branch, unlike those for the Legislative or Judicial branches, will apply to thousands of individuals. Accordingly, it is extremely important that these financial reporting requirements be as simple, clear, and unambiguous as possible. Many of these reports will be available for public scrutiny, so it is extremely important to minimize the possibility that a Civil Service employee could in good faith file an inaccurate report because the requirements are vague, ambiguous, misleading, or subject to more than one legal interpretation. Moreover, although the approximately 2,500 political appointees in the Executive Branch may be somewhat insulated from such an immediate possibility, the other 10,000 Executive Branch employees whose reports are open to public examination, and who are not political appointees, can be fired (and have been fired for even good faith misinterpretations of financial disclosure and conflict of interest rules. And while judgment of the initial adequacy and inadequacy of financial reporting in the Legislative and Judicial branches will be carried on by the peers of these who are filing, the only effective mechanism for reviewing the over 14,000 employees who would file public reports (and 80,000 who now file and will continue to file confidential reports) is to have control coming from a centralized office.

A number of questions have arisen concerning the substance Part A, of the Judiciary Committee bill, H.R. 1, to which the Post Office and Civil Service and Armed Services Committees have prepared a joint substitute (printed in the Record, April 10, 1978, pages H-2704 and following) derived from their reported versions of H.R. 6954 (House Report 95-642, Parts I and II). The issues are discussed as follows:

A. Section 202(a)(1) (page 21, lines 15–17) of H.R. 1 requires "the source and amount of income, including honoraria, received during the preceding calendar year aggregating $100 or more in value" to be reported. Literally this means that if income received from all sources totals $100 or more the amount received from each source must be reported. For example, an individual receives during the year a $12,000 civil service salary and $5 for cutting his neighbors' lawn. Both must be reported as to source and amount since income received during the year aggregates $100 or more. It could be argued that the amounts from each source should be aggregated separately except that where aggregation by source is intended in the bill, the bill's provisions specifically so provide See, page 21, lines 20–21 ("from any one source"); page 22, line 6 ("from any one source"); page 22, lines 12–14 ("from a single source"); page 22, line 18 ("gifts aggregating $1,000 or more made *to any one* recipient"). Given such specificity, section 202(a)(1) can only be read to require aggregation of income from all sources, and since everyone required to report receives a salary of more than $100, the $100 threshold is meaningless. Compare the language used in the joint substitute: "receives from any source during such period does not exceed $100 per year."

B. Categorizing Assets. H.R. 1 creates separate categories for reporting (a) personal property held in trade of business, (b) transactions in "securities or commodities futures," (c) real property holdings or transactions, and (d) interests in patents, copyrights, or mineral leases (regardless of value).

The joint committee substitute requires reporting on *property* held for trade or investment and transactions in such *property.*

The intentions of financial disclosure are not served by jumping through hoops. Property is property, and a rose given to a lover need not be identified by its Latin subspecies. If a rose smells the wrong color it will smell the same if it's a security, a real property interest, personal property, or a mineral lease, especially since a mineral lease is recognized in many states as a real property interest.

There are some real issues of definition contained in the categorization of H.R. 1 which the joint substitute solves by using the term property:

(a) It is possible under the laws of most states to hold a copyright in any unpublished effort. Registering at the Copyright Office is not required. The interest is a common law right to protect the unauthorized publications of person's letters. Would H.R. 1 require the listing of every item a person wrote or where do we draw the line? In addition, what purpose is served by the disclosure, as H.R. 1 would definitely require, of a long lost boyhood love song dutifully entered at the Copyright Office 25 years ago?

(b) A person who invests in a Broadway play be a partner in a venture which involves copyright, property held in investment (costumes and scenery), and securities. How, under H.R. 1, does he divide the whole when each part is probably valueless alone? He has a property interest, for investment, under the joint substitute, and it is the fact of the interest upon which a conflict of interest may lie if, for example, he is an employee of the Securities and Exchange Commission investigating offerings to theatre angels.

(c) A person who owns shares in a Real Estate Investment Trust (REIT) may actually own interest in real property of which he has no actual knowledge. How would be declares under H.R. 1?

(d) A person who, under one of the new plans by which one purchases a right to a vacation condominium for set weeks each year (other people purchasing the other weeks, and the condominium being rented for the benefit of its co-owners at other times) may own real property and securities. How does he report under H.R. 1?

(e) Since patents and copyrights are sui generis to trademarks, and H.R. 1's categories do not include trademarks, is one violating the law by reporting a trademark interest one owns?

C. H.R. 1 consistently requires the reporting of financial interests held or liabilities owed "directly or indirectly". What constitutes indirect holding? Would the following examples constitute indirect holding?

An individual transfers title to all real property to a revocable trust. Must the real property be reported?

An individual sets up a partnership with a third party and transfers all financial interests to that partnership. Must the transferred financial interests be reported?

An individual sets up a close corporation, retains 51 percent interest in the corporation then transfers $100,000 worth of GM stock to the corporation. Must the GM stock be reported?

An individual buys a 51 percent interest in a corporation. The corporation owns $100,000 worth of GM stock. Must the GM stock be reported?

An individual buys $100,000 worth of GM stock. GM has as a wholly owned subsidiary a company, XYZ. XYZ is seeking a multimillion dollar contract with the reporting individual's agency. Must the wholly owned subsidiary (XYZ) be reported as an indirect interest? Would the answer be any different if the individual owned only one share of GM stock?

A large misconception about the joint substitute is that it will unduly burden individuals with reports about income and interests of business associations and trusts. This misconception has come about because the joint substitute rejects the "directly or indirectly" language and spells out general

guidelines of what "directly or indirectly" probably is meant to mean. The following language is used in the joint substitute:

"(2)(A) Subject to subparagraph (B) of this paragraph, income, property, and liabilities attributable to any partnership, corporation, or trust (other than a blind trust) in which the individual or member of the individual's immediate family holds a substantial interest, as determined under regulations prescribed by the Director, shall be reported as if directly attributable to such individual or family member.

"(B) Except with respect to the reporting of the identity of parties to any transaction, additional information otherwise required be reported under subparagraph (A) is not required to be reported unless a party to such transaction—

"(i) has, or is seeking to obtain, contractual or other business or financial relations with the reporting individual's employing agency;

(ii) conducts operations or activities which are regulated by such agency; or

(iii) has interests which may be substantially affected by the performance or nonperformance of such individuals official duties.

The provision hones in on situations which may cause conflicts of interest. It will not, for example, require one to file with his financial disclosure form a copy of all the bookkeeping entries and a list of renters (from each of whom he received indirectly a share of income) of an apartment house of which he owned a five percent share, although he might have an indirect interest in all of the dealings on this apartment house under H.R. 1. He would just have to report on the income he received from the apartment house plus the fact that he held a share in it under the provisions for reporting income and property held for investment in the joint substitute. Only where a substantial interest is involved, for example, tantamount to control of the apartment house, or a close or public corporation, would more detailed reporting be required. The blunderbuss concept of reporting indirect interests in H.R. 1 is bound to be error prone and not a reasonable approach to the detection of conflicts of interest.

D. Section 202(a)(4) of H.R. 1 requires liabilities . . . which exceed $2,500 to be reported. Thus if an individual signs ten $2,400 notes with the same bank, none of the liabilities would be reported since none exceeds $2,500 (even though the total of all liabilities owed the bank is $24,000). Compare the joint substitute, which requires the reporting of "any liability owed *any person*, if the aggregate amount *owed such person* . . . exceeds $2,500."

Morover, one has to know, under H.R. 1, the person whom the money is owed to actually is. A person who, for example, borrows on a stock brokerage account cannot easily trace to whom he is actually in debt. All he knows is that he pays back the broker. The same goes with many automobile loans, personal loans, mortgage loans, or small business loans, which may be discounted to other firms although collected by the original holder. Consequently, under H.R. 1, a person could have 100 outstanding $2,499 "loans" from a person he regulates and never report any while a person who reported a General Motors Acceptance Corporation auto loan which actually had been discounted to the Bank of America would be misfiling. The joint substitute would not permit such an absurdity to occur.

In addition, the joint committee substitute permits the yearly averaging of a revolving credit card debt. H.R. 1 does not. Under H.R. 1, needless reporting, such as that of a State Department employee who charges an official trip to Japan on his American Express (which costs $3,000 and for which he is reimbursed the next month) will not occur, since the employee can average the debt out over the year.

E. Section 201(e) of H.R. 1 provides that an individual must file a report "before leaving" his position. Must an individual who has been fired be kept on the rolls (and paid) until he files a report? Requiring an individual to remain in a job against his will may be a violation of the 13th Amendment. The joint substitute requires such reports to be filed 30 days after leaving the job.

F. Section 201(b) of H.R. 1—Individuals nominated to positions which require "the advice and consent of the Senate" must file reports. What about an individual nominated for Vice President under the 25th Amendment which also requires House confirmation? The joint committee substitute specifically accommodates this situation.

G. H.R. 1 contains no separate provision for the reporting of unearned income (or income other than for personal services). Exact amounts of unearned income would be reported.

The joint substitute contains a special category for reporting income for other than personal services which aggregate $100 or more from a source in the calendar year. Such income would also be reported by categories of amount.

On a disclosure form filed under H.R. 1, a person who derived $1,000 from interest on a savings account at a bank would consequently look the same to the world as one who worked for the same banks and earned a $1,000. Public review of such reporting could lead to the unfounded conclusion that numerous thrifty employees were holding jobs on the side. Since many Executive Branch employees are prohibited from holding second jobs, the problem is not a joking matter. Since earned and unearned income are easily separable, no purpose is served by the potential amount of confusion which non-separation of earned and unearned could cause.

H. H.R. 1 permits any gifts valued under $35 to escape detection no matter their number. The joint substitute requires reporting of gifts aggregating $100 a source, with no exemption, and requires additional reporting on gifts from those who might have official dealings with the employee.

The reception of a gift, lunch, or anything else, by an employee in the Executive Branch which comes from one he officially deals with is generally grounds for dismissal from the Civil Service. The public's faith in the Executive Branch will not be served by opening up the loophole H.R. 1 creates: that Federal employees may be wined and dined up to $35 by those they regulate.

I. H.R. 1 excludes reporting of alimony and child support payments received. The joint substitute contains no such provision. Alimony would be treated as income to the reporting individual. Child support would be income to immediate family members.

The need for any special exclusion for such payments is debatable. We are, mind you, primarily dealing in financial disclosure legislation with persons with incomes over $36,500 per year. Nevertheless, it is rather absurd to require the spouse of an individual to the source of income received when the same source of income, and probably the same desire to assure its continued receipt, may be present in the case of an ex-spouse who is required by law to pay alimony or child support.

J. Section 202(a) of H.R. 1 requires only certain disclosure in the case of family members. Generally reporting is required only of a spouse residing with the reporting individual and a reporting individual's dependent child and only to the extent to which either a spouse or child's interest are or have been entangled with those of the reporting individual. This subsection is a noble attempt at protecting privacy within the family which in the process of excepting out for privacy's sake creates untold loopholes.

Under section 202(d)(3) a naval officer on a year long cruise or a civilian employee detailed to Alaska for six months would not have to file on spouse interests because they were living "separate and apart."

Under section 202(d)(2) no reporting would be required on a dependent child's controlling interest in Exxon Corporation if the child had received it from his grandparents. Moreover, a non-dependent child living in the household of an SEC Commission employee could be trading hundreds of thousands of dollars daily in the stock market and escape disclosure even if he were giving all his profits to the same Commission employee.

Examples such as these (there are many more of a less outrageous variety) are why the joint substitute contains (a) a tough definition regarding immediate family and (b) vests authority in the overseers of the program to make exceptions to unneeded disclosure.

This definition of immediate family in the joint substitute requires reporting of the interests of (a) one's spouse, unless legally separated for six months, (b) minor children, wherever they reside, and (c) any relative residing in one's household. The joint substitute assures the detection of conflicts of interest where a reporting individual has been in a close relationship with a relative.

Moreover, this definition in the joint substitute is based upon the language of Executive Order 11222, which now requires confidential financial disclosure for Executive Branch employees, and which would continue to apply to employees below grade GS–16 if H.R. 1 were enacted. Consequently, enactment of H.R. 1 without adoption of the joint substitute will require two types of disclosure for family members of Federal employees, the more extensive being for those under grade GS–16.

K. The blind trust provisions of H.R. 1 and the joint substitute are similar. The joint substitute, however, requires such a trust to be administered by a person unassociated with the settlor of the trust.

There is a great debate about whether or not such an animal as a blind trust can really exist. However, there can be no doubt that one of the requirements of a blind trust should be the absence of association (past or present) of the trustee or the settlor. Under H.R. 1, an individual could use the family lawyer, former business partner, nondependent child, father, mother, girlfriend, or boyfriend as trustee. The "insulation" of a blind trust must be two-way. Even if a Federal employee does not know what is in such a trust, if he is associated with the trustee he could, unintentionally or intentionally, "spill the beans" about an anti-trust case about to be announced, or a large contract about to be let, which his trustee could use to his eventual advantage. It makes little sense to make even the inadvertent disclosure of information which might affect a trustee's dealing with the assets of a blind trust possible.

L. *Income from the U.S. Government.* The joint substitute requires disclosure of all income, including that received from the United States Government. There is a great need for such disclosure, and it will not, for most employees in the Executive Branch who are only receiving salaries, involve any new intrusion upon privacy: salaries of Federal employees are already publicly available.

The most impressive case regarding this matter is that of the Federal employee at the Department of Transportation who recently was convicted of receiving about $800,000 in U.S. mass transit funds. Although, of course, such a case might be covered up by a willful failure to disclose, eliminating the disclosure of Federal payments received as one of the

criteria which must be checked out during review or audit of financial disclosure form directs efforts away from a potential area of abuse. An even more recent example of, at least, appearance of impropriatey in this area is the investigation of certain Federal employees who review workman's compensation cases and have collected workman's compensation.

Other problem areas which could be ignored by not requiring disclosure of Federal payments include a Federal employee who works on the side as a consultant to his agency, a Federal employee who is selling property to his agency, a Federal employee who is wrongfully claiming partial cancellation of a student loan on the basis of being a teacher, and a Federal employee receiving research grant.

M. *Job Description.* H.R. 1 does not require the filing of an employee's job description (if available) with his financial disclosure form. The joint substitute does.

10,000 or so of the 14,000 Executive Branch employees of whom public financial disclosure will be required are not high ranking political appointees who may be in positions in which any investment might be affected by a decision they make. Conflicts of interest for the bulk of Executive Branch employees will thus result from financial dealings in narrow areas of concern. It thus makes sense to require that the public have available when reviewing their reports, the general guidelines of their duties. This will cause the public less confusion and since job descriptions are already publicly available (with a little trying) will create no burden to employees themselves.●

DISCLOSURE OF FINANCIAL REPORTS: A BETTER APPROACH FOR THE EXECUTIVE BRANCH

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mrs. SPELLMAN. Mr. Speaker, when the House considers H.R. 1 on Wednesday, Mr. STRATTON will offer a substitute to part A of title II of this bill. This substitute contains the joint efforts of the Committees on Post Office and Civil Service and Armed Services. I urge my colleagues to closely examine it.

With thousands, rather than hundreds, of employees in the executive branch being required to file financial reports, consideration must be given to the varied situations in which these employees obtained their jobs and the varied amounts of disclosure which may be required to detect conflicts of interest. H.R. 1 just broad brushes all employees into full financial disclosure to the public. It makes no distinction between a Federal employee who is a librarian or assistant bureau chief and the President.

In my opinion, there is a need to make such distinctions. The President may be able to call a press conference to explain away an error in his financial form. The librarian of the assistant bureau chief could call a thousand press conferences and probably never have anyone attend to listen to his explanation.

I urge my colleagues to examine the joint substitute and the following discussion of the differences regarding disclosure of reports between the substitute and H.R. 1:

DISCLOSURE OF REPORTS

H.R. 1 requires full disclosure of all reports filed pursuant to it. There is no review of the reports prior to disclosure.

The joint substitute varies the amount of public disclosure. Political empoyees would disclose all information they report. Career employees would disclose only the identities or sources of items in all categories which they report except that they would disclose the amount of outside income earned. Military personnel and career employees below grade GS–16 would not be required to publicly disclose their reports.

Under the joint substitute review is required of all reports before they are made publicly available. Review of reports, especially of those to be made public, is crucial to preventing public confusion, preventing the public from misinterpreting information in the reports, and perhaps correcting apparent conflicts of interest.

With 14,000 executive branch employees publicly disclosing, the odds are that many reports will (not through willfulness) be inaccurate. We have only to view the number of income tax forms found to have mathematical errors to recognize one source of such errors. Yet, if an employee transposes an error on his tax form onto his financial disclosure form (and the expectation and argument is that the forms may be completed together), H.R. 1 permits no opportunity for correction of the error through reviews. Factor in the possibilities of miscategorizing an asset or missinterpreting a definition and the problems multiply. Review prior to public availability is a necessity which is recognized by the joint substitute.●

U.S. AGENCIES BOLSTER DEFENSES AGAINST FRAUD

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. LEVITAS. Mr. Speaker, last week I submitted for the RECORD the first article in a series which appeared in the New York Times concerning fraud and abuse in Federal programs. Today, I would like to bring to the attention of my colleagues the second article in the series, entitled "U.S. Agencies Starting To Bolster Meager Defenses Against Fraud."

This article points to some of the problems the Government faces in beefing up efforts to weed out fraud and abuse in Government programs. One of these problems is the built-in bias of administrators who do not want their programs to be identified with cheaters, but who oftentimes are the ones investigators must clear with before initiating an investigation.

As you know, the House approved last week legislation establishing Offices of Inspectors General in 11 executive agencies and departments. This legislation should solve this particular problem, inasmuch as the Inspectors General will be responsible for audits and investigations only and have no program responsibility to divide their allegiances.

The article follows:

U.S. AGENCIES STARTING TO BOLSTER MEAGER DEFENSES AGAINST FRAUD

(By David Burnham)

WASHINGTON, April 16.—The Department of Transportation last year assigned only four inspectors to detect fraud and abuse in the $6 billion Federal highway program.

The Veterans Administration had only one auditor for every $238 million provided it by Congress.

The Labor Department devoted only three one-hundredths of one percent of its $23.5 billion budget to investigations and audit.

As these examples suggest, the Government's defense against fraud has been meager. But there are some preliminary signs that Congress and various agencies are beginning to move to stanch the annual flow of billions of tax dollars to dishonest executives, hospitals, schools, doctors, banks, welfare recipients and others who try to bilk the Government. Among these signs are the following:

The House of Representatives is expected to approve on Tuesday legislation mandating the establishment of a central, semi-autonomous office of inspector general in 12 Federal agencies that each year spend $100 billion.

Attorney General Griffin B. Bell, in his first year in office, has sought to increase the efforts of the Justice Department, the Federal Bureau of Investigation and the 94 United States attorneys to combat white-collar crime, particularly fraud against the Government. Although some experts believe that his personnel allocations have not kept pace with his statements, the Attorney General has emphasized this effort in a series of speeches in which he promised new attacks on white-collar crime. "One serious aspect of white-collar crime is fraud against the Government, including Medicare and Medicaid programs," he said in a speech to the bar association in Little Rock, Ark. "But fraud is too nice a term. It is theft of Government funds, and that really means stealing from the public.

In response to a law approved by Congress in 1976, largely at the urging of Representative L. H. Fountain, Democrat of North Carolina, the Department of Health, Education, and Welfare has created a unified and still growing Office of Inspector General, which has begun trying to improve the detection and prevention of fraud and mismanagement in the department's 320 programs.

The Law Enforcement Assistance Administration, a branch of the Justice Department, has made a series of grants to help local prosecutors improve their ability to deal with economic crimes and to assist states in adopting model laws on purchasing and contracts designed to reduce the opportunities to steal from the Government.

NEW EFFORTS TO REDUCE FRAUD

Interviews with a cross section of officials and former officials further indicate that a number of agencies, responding to the pressure developed by Mr. Fountain in hearings of his House Intergovernmental Relations Subcommittee, have begun to increase their efforts to reduce fraud.

Allan L. Reynolds, the recently appointed inspector general of the Veterans Administration, for example, is in the process of tripling his audit and investigation team, expanding it to 325 persons as against about 100 at the end of last year.

Secretary of Labor Ray Marshall announced last week the formation of a permanent office of special investigations to deal with fraud and mismanagement in his department's programs.

Despite these and other steps, however, many officials cited a variety of continuing psychological, sociological and programmatic pressures that mean the Federal Government is still an easy mark.

LACK OF BUILT-IN INCENTIVES

Simply put, the Government lacks some of the built-in incentives to protect itself from fraud that an individual or a business concern has.

An individual has limited resources to spend and normally is quick to notice when he is being cheated. Corporate managers

must answer to stockholders if they are being cheated and must disclose the situation on their balance sheets.

But Government administrators handle money that belongs to no one because it comes from everyone, and they often deal with people they have never seen and to whom they are not immediately accountable.

Charles F. C. Ruff, the fourth Watergate prosecutor, now the deputy inspector general of the Department of Health, Education and Welfare, touched on the matter in a recent interview.

Some of the "inducements to heightened criminality," he said, include "very few controls on how the money is spent, no immediate victims" and low odds that an offender will be caught. He added: "No one is really being hurt."

Mark M. Richard, head of the fraud section in the Justice Department's criminal division, said, "The problem with fraud, and with most white-collar crime, is in showing the significance of what was done. It's not a sexy area."

Moreover, Government officials may be disinclined to root out corruption because to do so might reflect badly on their programs and ultimately damage their careers. Most of those interviewed said that program managers frequently had an allegiance to the clients or administrative system their programs were serving, a factor that often undermined efforts to improve accountability.

Mr. Reynolds, the new inspector general at the Veterans Administration and for almost 25 years an auditor at H.E.W. and the Interior Department, said: "There is a motivation among many program people toward the client or industry—by this I mean a school or hospital system—that they are serving. They don't have a high level of concern, characteristically, about preventing fraud and abuse."

He emphasized that he had not been at the V.A. long enough to make generalizations about that agency.

Robert R. Elliott, the former general counsel of the Department of Housing and Urban Development, said that administrators of Federal programs had "a tremendous tendency" to decide that people stealing from the Government were doing so by accident rather than design. "It doesn't help a program if its constituents are viewed as frauds," Mr. Elliott said. "Who wants to find his own program full of frauds?"

MEALS FOR 2.4 MILLION

Administrators of programs, and the sponsors of them in Congress, tend to concentrate on the social problems their programs are designed to alleviate and sometimes look upon controls to prevent fraud as a hindrance.

The summer food service program for children, for example, in recent years has provided meals to 2.4 million children at more than 16,000 places throughout the United States.

But the General Accounting Office has investigated the program and uncovered indications of kickbacks, bribes, improper bidding procedures and questionable claims for payments.

Another explanation for the Government's failure to combat fraud more effectively is the sheer size and complexity of many programs. The Veterans Administration, for example, provides monetary benefits to more than six million people. In the fiscal year 1977, the Defense Department had 10,320,141 "procurement actions" in which it paid $10,000 or more for some item or service, according to Brent Rushford, who was recently named an assistant general counsel of the department with a specific mandate to reduce fraud.

Adding to this complexity is the fact that many Federal programs are run by state, county or city governments. The Labor Department's $15 billion unemployment insurance program, for example, is administered by the 50 states. Its supervision at the Federal level consists of the part-time effort of six trained criminal investigators and 13 program analysts.

LETHARGIC ENFORCEMENT POSSIBLE

Such situations tend to breed lethargic enforcement. The experienced head of the fraud section in one Federal prosecutor's office said that if he was a local district attorney he would not be greatly concerned about fraud against his city or county when as much as 90 percent of the funds lost came from Washington.

"I'd figure that if the Federal Government wants to throw away its money, let the Federal Government prosecute the cases," he said.

Moreover, states and local governments are sometimes not eager to find corruption in Federal programs because they might be held liable for the repayment of losses from their own budgets.

The General Accounting Office has suggested that Federal prosecutors, like their colleagues at the local level, frequently fail to prosecute those found to be stealing from the Government because of a lack of manpower.

According to one of its reports, almost two-thirds of the 1.2 million criminal complaints referred to Federal prosecutors in a recent six-year period were not prosecuted, at least in part for that reason. Furthermore, the G.A.O. found that in four sample offices 22 percent of the complaints on which the Government did not act "were considered prosecutable."

CONCENTRATION ON DETECTION

While the hearings by Representative Fountain's subcommittee and the statements of President Carter about the need for efficiency in Government appear to have heightened sensitivity to fraud against the Government, officials so far have concentrated on detection and prosecution rather than prevention. Yet it is in the area of prevention that many experts believe real improvements are possible.

For example, Mr. Richard of the Justice Department said that since neither the Federal nor State criminal justice systems could adequately cope with the fraud that existed, the Government should devise programs that were less subject to abuse.

Thomas D. Morris, H.E.W.'s inspector gen- involved in shaping . . . Mr.Morris's deputy, Mr. Ruff, added that his hope was "to reduce fraud by simplifying government."

"If all we do is add new reporting forms, if all we do is make Government more complicated," Mr. Ruff said, "we might as well fold up our tent and go away."

But interviews with officials throughout the Government indicated that there was no concerted effort to prevent fraud.

NO PROJECT ON PREVENTION

Peter J. Petkas, director of the management staff of President Carter's Government reorganization project, said that his group had no across-the-board project concerning fraud prevention. Richard Berg, executive director of the United States Administrative Conference, an agency designed to improve Government procedures, said he could not recall any project by his agency aimed at reducing fraud.

And the Office of Management and Budget has repeatedly reduced the size of investigating and auditing branches in various agencies in the last few years.

According to a number of officials, one underlying explanation for the Government's broad failure to detect, prosecute and prevent fraud is that program managers frequently come from the constituencies they are serving, expect to join them when they leave Government service or have financial interests in those areas.

"The revolving door is a contributing factor to this problem," Mr. Reynolds said. "Conflicts of interest in the sense of the ingrained biases of an administrator who comes from an industry he is responsible for, that is a tough problem."

Brent Rushford, who recently joined the Defense Department as an assistant general counsel to work on the fraud problem agreed. "My own opinion is that while there are a lot of good reasons for cross fertilization, it creates serious problems," he said. "It is very hard to switch your loyalties, very hard to drop old loyalties."●

PARREN J. MITCHELL—AN ALTERNATIVE MILITARY STRATEGY

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MITCHELL of Maryland. Mr. Speaker, one of the most unfortunate aspects of the national discussion on defense policies and military spending is that it resembles a monolog more than a dialog. The voices appealing for constructive and less costly alternatives to present policies have not been afforded a fair hearing. The only question we seem to debate each year in Congress is which, not whether our foreign policy or international position requires us to maintain a huge defense establishment reminiscent of the Cold War.

During the consideration of the first budget resolution, I shall raise the issue of alternative policies and expenditures. To prepare for that national priorities debate, I would like to share with my colleagues a report prepared recently by two eminent military authorities which recommends substantial reductions below current force levels without jeopardizing any commitments to our friends and allies.

The report, entitled, "Military Policy and Budget Priorities: Fiscal Years 1979–82," was prepared by Townsend Hoopes and Dr. Herbert Scoville. Mr. Hoopes was Under Secretary of the Air Force (1967–69), Principal Deputy Assistant Secretary of Defense for International Security Affairs (1965–67), and Assistant to the Secretary of Defense (1949–52). Dr. Scoville was Assistant Director of the Arms Control and Disarmament Agency (1963–69), Assistant Director and Deputy Director of the Central Intelligence Agency (1955–63) and Technical Director, Armed Forces Special Weapons Project, Department of Defense (1948–55).

Their report concludes that significant savings can be achieved and our security enhanced by a courageous reexamination and realinement of the force structure.

As I intend to use their recommendations to provide assistance in developing military reductions in my transfer amendment to the budget resolution, I urge my colleagues to give it close scrutiny.

It should also be noted, Mr. Speaker, that their report contains an introduction signed by the presidents of our major domestic institutions, including the U.S. Conference of Mayors, the United Auto Workers, the Urban League, the American Federation of State, County

and Municipal Workers, the International Association of Machinists, and the National Education Association. The introduction urges that wasteful defense spending be eliminated and that provisions be made for the conversion of unnecessary military production facilities to civilian uses. These national leaders suggest that unwarranted defense spending should be trimmed and transferred to domestic programs to revitalize our cities and rural areas. I heartily endorse their transfer perspective.

I feel that this report, "Military Policy and Budget Priorities: Fiscal Years 1979–82" deserves close attention, for it is one of the most serious efforts to swim against the tide on military policy issues. During this week, I will be inserting each of the Report's sections, and I will also enter into the CONGRESSIONAL RECORD some of the press responses to the report.

The first installment, which includes the introduction by major domestic leaders and the foreign policy framework set out by Mr. Hoopes and Dr. Scoville, now follows:

THE FOREIGN POLICY FRAMEWORK

If the United States has suffered foreign policy frustrations recently, none has been the result of U.S. military weakness. Larger military forces would not have enabled us to roll back the price of oil, manage the transition from minority white rule in Southern Africa, or effect a political settlement in the Middle East. Our decision not to intervene militarily in these situations did not follow from a judgment that our military forces were inadequate, but rather from a considered conclusion that none of these situations lent itself to a military solution—indeed that a U.S. military intervention could only have exacerbated the difficulties. In part, our sensible restraint was derived from the painful and sobering lessons learned in Vietnam—that there are inherent limits to the effectiveness of military power as an instrument of policy, even for a great power. An equally influential factor was the commonsense realization of our government and people that the critical problems that cut across the world today—ranging from food shortages, energy imbalances, rising national tariff walls, large-scale violation of human rights, and the precarious stability of democratic governments—cannot be ameliorated by military force.

Nor is there any significant element in present or prospective U.S.-Soviet relations that requires us, rationally, to expand our military forces. Unfortunately, reason and proportion have frequently conflicted with the picture painted by proponents of larger U.S. military spending. They have argued that the story of the past decade in world diplomacy is the story of Soviet gains and American losses—caused by rising Soviet military power. This seems to us a quite false picture of reality. Western frustrations and setbacks have been fundamentally unrelated to Soviet military strength. Moreover, there is abundant evidence that the Soviets have been seeking normalized relations with the West during this period, in part to gain the benefits of Western technology and even of Western foodstuffs, but even more basically to enhance the security of the USSR. And Soviet diplomatic forays in the Third World have been tentative and have not fared well. The Soviets face continuing dissension in Eastern Europe, are quarreling bitterly with the Euro-communist parties of Western Europe, have been expelled from Egypt and Somalia, have lost influence in Syria, and have been rebuffed by the new countries in Africa and Indochina in their efforts to establish military bases in those places. In our judgment, both superpowers have been forced in recent years to accept a greater accommodation to the indigenous dynamic of local events in an increasingly unmanageable world.

The overall U.S.—Soviet balance remains stable. Both the USSR and the United States possess enormous military power, and both countries have been expanding or modernizing their military forces beyond reasonable limits. Both have far more military capability in the aggregate than they can effectively utilize in conjunction with any foreseeable international crisis—including total nuclear war. The contention that whichever superpower spends more of its GNP on military procurement will automatically gain prestige or leverage in the Third World, or in foreseeable crisis situations anywhere, is a highly dubious proposition, as reference to the nonmilitary nature of the overriding global problems has suggested. It is well known, for example, that the Soviet Union spends a greater proportion of its GNP on agriculture than we do, but this does not make Russia the world's leading breadbasket; on the contrary, the Soviets must import huge quantities of wheat from us. The CIA recently doubled its estimate of the percentage of Soviet GNP devoted to military spending, but it did not change its estimate of Soviet military capability. The analysis showed, not that we are twice as threatened, but that the Soviet economy is twice as inefficient as we had originally thought. Finally, we see little indication in present and prospective Soviet policy of an aggressive drive carrying with it a willingness to run a serious risk of war.

We need to maintain significant military power. But in an era of slow economic growth and scarce resources worldwide, the particular size and character of the U.S. defense budget does not send sensitive or even relevant "signals" of our intentions to either allies or potential adversaries. A "real growth" military budget is not therefore a prerequisite to effective U.S. efforts to confront, define and resolve major global problems facing the world today; nor is it a test of our internationalism, in the sense that a reduction in the military budget would be read as a return to isolationism. We are hardly an isolationist nation. The Carter Administration has launched a whole range of significant foreign policy initiatives—in the Middle East and Africa, in Latin America, on nuclear proliferation, on Western economic policy, on arms sales, and human rights. Success in these initiatives demands the concentrated attention of our best diplomats and government managers, and they need to be backed by significant resources, but it does not depend upon an expansion of U.S. military forces.

President Carter said recently, "It is a new world that calls for a new American foreign policy." We agree, and suggest that the military posture appropriate to underpin such a foreign policy is one sufficient to defend the United States and its principal strategic interests, but that we neither want nor need a capacity for extensive military interventions in the Third World.

THE MILITARY BUDGET

The important military budget issues facing the American people today relate to force structure—how many active Army divisions should be deployed, how many Air Force wings should be procured and maintained, and how much military force should be "forward positioned" far from our shores. These are the basic questions. The new Administration has inherited and is carrying forward a planned expansion of U.S. military forces. In our view, such an expansion is not warranted at this time either by the general climate of international conditions or by the present and prospective state of US—Soviet or US—China relations. On the contrary, we believe that a number of our military deployments can be safely reduced, and that such actions would be in the national interest. They would produce desirable savings in the military budget and thus permit the transfer of funds to socially useful programs. Of equal importance, they would give us a military posture more appropriate to our national requirements in a period when the primary foreign policy problems are nonmilitary in nature.

If the military force structure is expanded, then it is certain that the longer term costs of manpower, procurement and operations will dwarf any short-term savings that may be realized through greater efficiencies. Decisions made now on force structure questions will determine the character and level of military spending for decades to come.

One principal aim of this paper is to broaden the debate over military alternatives, which has been confined within very narrow limits during the past several years. While the factor of the US-Soviet military balance is fundamental in such a debate, there are many other considerations. President Carter has instituted a "zero-based budgeting" technique aimed in part at achieving a balanced budget by 1981. This technique forces government agencies to justify and "prioritize" their entrenched spending programs. Such a process requires the vigorous development and debate of alternative programs; nothing is regarded as sacred, everything is open to question. It is imperative that this "zero-based" technique be applied to our military spending and military commitments, for two reasons: First, there exists a powerful inertia in favor of the steady expansion of military programs, sustained by a powerful military-industrial constituency. Second, there exists in our society a strong tendency to accept new military technology, without examining whether it will produce greater or lesser security.●

QUEEN ISABELLA DAY

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. RAHALL. Mr. Speaker, I would like to bring to the attention of my colleagues a proclamation offered by Gov. John D. Rockefeller IV, Governor of the State of West Virginia, on behalf of the residents of West Virginia declaring April 22, 1978, as Queen Isabella Day. This day is set to honor the 527th birthday of the woman responsible for the discovery of America.

Whereas, America's Discovery in 1492 was made possible through support from Queen Isabella (1451–1504), Queen of Castile, wife of Ferdinance of Aragon; and

Whereas, the navigator was able to present his innovative navigational theories to the Spanish Court because Queen Isabella had been moved by his honesty and determination; and

Whereas, that voyage opened North and South America to settlement and development by European nations, laying the foundations for contemporary American societies; and

Whereas, the colonizing of this country and the winning of its independence could have been delayed for many years without Queen Isabella's initiative and the successful voyage of Columbus; and

Whereas, Sail explorations gave Spain a vast empire, Isabella did not treat the NEW WORLD with greed or neglect. Many times she expressed concern with the plight of the American natives. When Indians were

brought back to Spain as slaves, Isabella ordered them freed; and

Whereas, The history of America has direct linkage to the birth of Queen Isabella on April 22, 1451; and

Whereas, the 527th birthday anniversary of Queen Isabella occurs on April 22, 1978.

Now, therefore, I, John D. Rockefeller IV, by virtue of the authority vested in me as Governor of the State of West Virginia, do hereby proclaim April 22, 1978, as "Queen Isabella Day" in West Virginia, and do urge all citizens to observe the day and that teachers direct the attention of your students to the history of Queen Isabella, whose generosity resulted in generations of immigrants from all over the world seeking their freedom and fortune in the Western Hemisphere.

In witness whereof, I have hereunto set my hand and caused the Great Seal of the State to be affixed.

Done at the Capitol in the City of Charleston, State of West Virginia, this the Sixth day of April, in the year of our Lord, One Thousand Nine Hundred Seventy-eight and in the One Hundred Fifteenth year of the State.

By the Governor:

JOHN D. ROCKEFELLER,
Governor.
A. JAMES YANCHINE.
Secretary of State.●

MISSOURI'S VOICE OF DEMOCRACY WINNER

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. TAYLOR. Mr. Speaker, recently a young constituent of mine, Mr. Shelby Michael Durham became the representative for the State of Missouri in the annual Voice of Democracy scholarship program. Shelby was one of over a quarter of a million young people who took part in the scholarship program. For the past 16 years, the Veterans of Foreign Wars and its Ladies Auxiliary has offered our Nation's youth an opportunity to win a scholarship and participate in our country's post-secondary education process. In the beginning, one $1,500 scholarship was awarded for the first place winner. Today, the program has grown until the VFW is able to offer five awards for a total of $22,500. It is my hope that they will be able to continue this fine service to our youth as well as to our Nation.

I am proud of Missouri's winner, as I am sure Shelby's parents and friends are in his hometown of Springfield, Mo. I would like to share Shelby's outstanding speech with my colleagues.

The speech follows:

SHELBY MICHAEL DURHAM, MISSOURI WINNER OF 1977–78 V.F.W. VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

In this land of the free we must each ask ourselves how long will it continue to be free? Will it last another two hundred years? This land will only continue to be a land of freedom as long as its people fulfill their responsibilities as American citizens. Thus, we must ask ourselves another question, what are the responsibilities of Americans? After contemplating this question myself, I concluded that there are three responsibilities that are the most important for a young American citizen as myself; the responsibility of being knowledgeable of the major issues, voicing my opinion in a constructive manner, and being faithful to the call of duty in the armed services.

People are destroyed for their lack of knowledge. Consequently, a society dies because its members are ignorant of the issues that affects them. Ignorance works within a nation like cancer does within a human body. Therefore to perform my obligations I must be aware of the controversies that influence me directly or indirectly. Knowledge is also the instrument of production in a democratic state in which all citizens are to participate. But in order for everyone to be productive they must be well informed of their responsibilities. The way I can be productive is to do the best I can to learn in the classroom and to be open to the news media. Knowledge is a life giving source to the principle of human liberty.

As a result of being knowledgeable of the major issues I then can perform my second responsibility; to voice my opinion in a constructive manner. Knowledge is the door to democracy and practice is the key that unlocks knowledge. In order for knowledge to work it must be used. If I disagree with an idea I have the right and the duty to say so. The concept of a "government of the people, by the people, and for the people" will not work unless the people do participate and make their voices heard. To fulfill this responsibility now and in the future I can express myself through voting, petitions, and formal speeches. If this nation is to increase its greatness, young people like myself and others must voice our approval or dissent. We must be willing to accept change for the better through the voice of disagreement of acceptance and to see our plans carried out.

The third obligation is to serve my country honorably in one of the military branches if called upon to do so. The price may seem great but freedom was never free. If the draft were to be reenacted and I burned my draft card or fled the country after being drafted then I would not deserve the pride of saying that I was an American. To march on foreign soil in order not only to secure America's liberty, but also to promote democracy and freedom is possibly the greatest thing an individual can do for his country. To be able to say that I served my country is a self-recognition that is truly deserved. An individual must be willing to protect America unless he can prove it contradicts his religious values.

The value of being an American is hard to put into words if one seeks its true worth, for it is very valuable. The privileges of being an American to me is the honor of existing in a status that is respected all over the world. It gives me an identification with our forefathers who considered the same three responsibilities that I gave as the building blocks of a great nation. Therefore, I view my role as a citizen very important. I hope to be knowledgeable in America's laws and issues. I plan to voice my opinion if needed and to defend my country spiritually, morally, and physically. I must strive to fulfill these responsibilities and if I succeed I will find myself fulfilling my greatest responsibility and that is giving my entire self to this beloved country.●

TRANSFER AMENDMENT

HON. DOUGLAS WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. WALGREN. Mr. Speaker, the council of the city of Pittsburgh, on April 3, 1978. approved a resolution which I would like to insert in the RECORD at this time:

RESOLUTION

Whereas, President Carter and the Democratic members of the Congress have publicly committed themselves to re-order Federal spending priorities away from wasteful military programs and toward domestic programs meeting human needs; and

Whereas, the security of our nation, our city, and our neighborhoods is directly threatened, daily, by neglected human needs; and

Whereas, Pittsburgh does not have the financial resources, by itself, to resolve a number of urgent social, economic, educational, medical, legal and environmental problems; and

Whereas, Congress will introduce a Transfer Amendment for Fiscal Year 1979 Federal Budget; Now therefore be it

Resolved, That the Council of the City of Pittsburgh calls upon Congress to redress the imbalance between domestic expenditures and the Pentagon by supporting the transfer of funds from unwarranted military spending to human needs programs through the Congressional budget process.●

LOCKING CONSTITUTIONAL HORNS OVER THE PANAMA CANAL

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. HANSEN. Mr. Speaker, although I am extremely disappointed in the vote last week by the Senate to dispose of the Panama Canal without the consent of the House of Representatives as required in article IV. section 3. clause 2, of the U.S. Constitution, I would like to assure my colleagues in the House that the battle has only just begun.

Our position is sound and our efforts did receive aid because of an amendment to the treaties by Senator BROOKE which keeps the President from exchanging instruments of ratification until March 31, 1979. This helps assure the House time to consider several options. We could, for instance, reject the administration's implementing legislation, or propose various amendments to appropriations authorizations for fiscal year 1979 to deny funds to be used in connection with the treaties until such time as the House votes on disposition of U.S. property in the Panama Canal Zone.

The fight in the House of Representatives has just started, and I would like to remind each of my colleagues that it is not too late to sign discharge petition No. 6 as many are doing each day.

There is no need to point out the mischief which might take place if the concept of "self-executing treaties" is allowed to prevail where property disposal and appropriations are involved. Once the precedent exists, where will the lines be drawn? Will treaty approval power further expand to preclude any need for action by the House of Representatives in matters of foreign policy? If the possibilities are expanded, will self-executing treaties even allow tax adjustments and other appropriations-type authority exclusive of House action? And ultimately, can a President eventually sign Executive agreements which finally preclude even the Senate in treaty matters?

The Senate via the Brooke amend-

ment has granted us the time to resolve the question of a House vote and they have also created a situation whereby the House will offer the ultimate resolution to the Panama issue by accepting or rejecting the administration's implementing legislation.

There are two fights involved—one over the Panama Canal and one over the Constitution. I ask that, whatever your feelings regarding the Panama Treaty issue, you continue to fight for the rights of the House and preservation of our proper constitutional role as representatives of the people. The House must assert itself and preserve the separation of powers. This constitutional principle must remain intact.

However, when the will of the House is thwarted by certain influences, then we must turn to the only legislative tool capable of alleviating the situation. Therefore, I initiated discharge petition No. 6 which would allow for immediate consideration by the entire House of House Concurrent Resolution 347 which now has 239 cosponsors. Some 170 Members have already signed this discharge petition and the number is increasing rapidly.

DISCHARGE PETITION NO. 6 SUPPORTED BY COMMITTEE CHAIRMAN JOHN M. MURPHY

. . . It remains of paramount importance that House Members sign discharge petition No. 6 . . . the most expeditious means of bringing the Resolution (No. 347) to the floor and allowing all Members to express a position on a matter that vitally affects the power of which we are trustees.—Congressional Record, April 6, 1978, E1711.

DISCHARGE PETITION NO. 6 SUPPORTED BY MINORITY LEADER JOHN J. RHODES

. . . if ever there was a time for this unusual procedure to preserve our legislative system and the constitutional provisions for checks and balances, this is it. I have accordingly extended my support both as a cosponsor of H. Con. Res. 347 and as a co-signer of the discharge petition No. 6 and strongly encourage all Members to do the same.—Letter to Congressman George Hansen, April 4, 1978.

I also call the attention of my colleagues to a statement by Congressman METCALFE, the chairman of the Panama Canal Subcommittee and a supporter of the treaties in the CONGRESSIONAL RECORD of April 18, 1978, page 10453.

Mr. Speaker, it is my personal conviction that the Constitution vests in Congress exclusive jurisdiction with regard to the disposal of U.S. property. This is based upon a careful evaluation of the testimony of numerous witnesses (pro and con) who have appeared before various committees of Congress during recent years and my own personal study of the issue.

Acting pursuant to my own convictions on the meaning of Article IV, Section 3, Clause 2 of the Constitution, and acting pursuant to the expressed opinions of members of the Subcommittee on Panama Canal, I have consistently urged that the role of the House be respected.

The time is ripe and the people of the United States are looking to the House of Representatives for leadership and action on this crucial question. I repeat, it is not too late to sign the discharge petition. Please reflect the views of your constituents and sign discharge petition No. 6 today.

Mr. Speaker, the present situation regarding the Panama issue as set by the Senate is as follows:

First. The DeConcini, of Arizona, reservation, had the situation in chaos just 4 days prior to the final vote on the Panama Canal Treaty. The "Tale of Two Countries" finally shed some light on the obvious fraud of selling an agreement where each party is giving conflicting assurances of the terms. However, I believe that the DeConcini reservation is now worthless in light of statements made to ABC's Barbara Walters by Panama's Gen. Omar Torrijos on April 19. Torrijos stated that if the Senate had not ratified the treaties he was prepared to intervene militarily in the Canal Zone the next morning. He also stated that he would blow the canal up before he would ever allow the United States to intervene militarily to reopen the canal in case of shutdown. These inflammatory statements are given even stronger support in light of his further remarks on April 21 when he stated that Muammer el-Qaddafi, the terrorist-supporting dictator of Libya, helped to formulate the plans to destroy the canal. Obviously, there is no guarantee by Panama of the United States right to unilaterally keep the canal open. This, I believe, is a rejection by Panama of the terms of the treaties as passed by the U.S. Senate.

(2) The Hatch (Republican, of Utah) amendment which insisted that treaty action disposing of titled U.S. property must be contingent upon an act of Congress under article IV, section 3, clause 2 of the U.S. Constitution failed to pass the Senate by a vote of 58 to 37. Such an amendment or reservation had significant support.

a. In the House where 239 Members have cosponsored legislation demanding that article IV be complied with and a discharge petition is rapidly being completed (having 167 of the required 218 signatures at this date) to force a vote on the matter; and

b. In the courts where this same separation-of-powers question concerning article IV has risen through the U.S. District Court, the Court of Appeals, and now rests before the entire Supreme Court on a priority basis.

(3) The Brooke amendment which placed the effective date of exchange of instruments of ratification on March 31, 1979, or earlier if required congressional action occurs, has several significant aspects.

a. Senate sources indicate that Senate leaders agreed to the Brooke reservation as a means of hopefully minimizing the impact of the passage of the Panama treaties on this year's elections. However, the reverse is true especially in the House where voters are looking to Members expecting action to counteract Senate ratification. A majority of the House is already on record in belief that Senate ratification is incomplete and unconstitutional without House approval of the disposition of U.S. property. National polls indicate that almost three-fourths of the American public feel that the House must vote on disposition of U.S. property in the Panama Canal Zone.

b. The Brooke reservation may also be viewed as a concession by the Senate to the House. I believe that the 239 cosponsors of House Concurrent Resolution 347 influenced passage of the Brooke reservation. Senator BROOKE was a strong advocate of the Hatch amendment and I am sure that he proposed his reservation in deference to due process and in sympathy to House Members. The Brooke reservation was designed to allow needed time for House action.

The present situation concerning the Panama situation in the House is as follows:

(1) The Hansen-Murphy resolution, House Concurrent Resolution 347 now has 239 cosponsors and many more sympathizers in addition, an unprecedented show of support for legislation involving a major controversial issue. This has been in progress since the treaty signing and has become the foundation for a constitutional defense against the administration's railroad job on the Panama Canal giveaway in the Senate. The fight is to save the Constitution. I am sure that is why over half of the Members of the House, including the chairman of the committees immediately concerned, have cosponsored the Hansen-Murphy resolution. This strong manifestation of support for House action in traditional constitutional fashion has buttressed arguments in the court where constitutional confrontations cannot be ignored.

a. Immediate action on House Concurrent Resolution 347 has become necessary and therefore I filed Discharge Petition No. 6 with the unusual and unprecedented outspoken support of the chairman of the affected committee, Congressman JOHN MURPHY (D–NY), of Merchant Marine and Fisheries, and Minority Leader JOHN RHODES (R-Ariz.) Already 167 of the necessary 218 have signed. Continued action in this regard will accomplish three things.

First. Completing the discharge petition will demonstrate forcefully that we will not tolerate the Senate's unreasonable application of the use of self-executing treaties in order to deprive the House of its constitutional responsibilities as the voice of the people. Additionally completion of the discharge petition will notify the Senate and the President that the House considers ratification of the Panama Canal treaties without an appropriate act of Congress as incomplete and unconstitutional.

Second. Completion of the discharge petition will also provide a much-needed legislative history in case of a similar situation occurring in the future.

Third. Finally, completion of the discharge petition will significantly enhance any court action which is presently being undertaken by some Members of House or others and any court action which may be undertaken in the future. We are intent that the court understand that the House is not complacent about invasions of its responsibilities and expects any judgment to be predicated accordingly.

Although the discharge petition is a highly irregular method, congressional leaders agree that it is necessary to push House Concurrent Resolution 347 out of intracommittee controversy, past the Rules Committee and Speaker to unimpeded early and privileged consideration on the floor of the House.

(2) H.R. 11201 (sponsored by myself) is similar to House Concurrent Resolu-

tion 347 and is in the Committee on Armed Services. Where House Concurrent Resolution 347 generally provides for no transfer of U.S. property to Panama without an act of Congress (assigned to Merchant Marine and Fisheries Committee), H.R. 11201 provides that no military base or U.S. property under the jurisdiction of a secretary of any branch of the military services can be transferred without an act of Congress. Over 80 percent of the members of the Armed Services Committee are cosponsors and letters and petitions have been circulated calling for early consideration.

(3) H.R. 11415 (sponsored by myself) is also similar to House Concurrent Resolution 347 and is in the Committee on Veterans Affairs. This legislation would provide that there be no transfer without an act of Congress of property in Panama wherein Americans are interred who are in any way the responsibility of the Veterans' Administration. This was introduced in reaction to administration requests before the House Veterans Affairs Committee for $300,000 to move interred Americans including veterans from Mount Hope Cemetery to Corozal in the Canal Zone in obvious compensation for oversight in the proposed treaty agreement, and after loud administration assurances that there would be no cost to U.S. taxpayers in the Canal Zone transfer.

(4) H.R. 11634 (sponsored by myself) is the administration's proposed treaty implementation legislation. The text is unchanged but the title was expanded to include the necessary functions for the Canal Zone transfer as provided by the Constitution.

This means authorization for transfer or disposal as stipulated by Article IV, authorization for necessary appropriations as stipulated by article I, and authorization for implementation to supplement article II. Requests have been made of the four committees to which the bill was assigned and to three others with apparent jurisdiction that early consideration be given inasmuch as the Senate has approved the proposed treaties. Answers have been received to the effect that the committees would act expeditiously when the official executive branch request is submitted. My action in introducing the administration's implementation legislation gave opportunity to teach a civics lesson as enumerated in the conditions of the title and flushed out the need for House Concurrent Resolution 347 which is intended to prevent the administration from any attempt to implement the treaties prior to House action. To be confined to a post-implementing role is to put the House in a hostage condition where they must act in conformance to pre-set conditions or risk creating international incidents if it chooses to work its will otherwise.

(5) Another means of impressing the Senate and Administration with the power of the House to assert its right to legislative partnership as provided by the Constitution in treaty consideration involving disposal of U.S. property or appropriations of funds is the ability to boycott or amend ongoing legislation such as State and Defense Department appropriations authorizations for fiscal year 1979 to make a point. There is no question but what serious attempts will be made in this regard. I have already formulated amendments using language similar to that of House Concurrent Resolution 347 to properly encumber upcoming appropriations bills.

IN THE COURTS

The U.S. Supreme Court is now considering accepting the Separation of Powers case sponsored by 66 Members of Congress. The case originally was dismissed by the U.S. district court in the District of Columbia and then appealed to a circuit court three-judge panel. Split decisions (2–1) on substance and on a requested injunction prompted the case to be accepted by the Chief Justice for decision by the entire Supreme Court. Some decision is expected immediately. Many court cases have been prompted by the proposed Panama Treaties.

The first was a suit by Members of Congress (HANSEN and MCCLURE) to force treaty negotiator Linowitz to take obvious conflicts of interest to the U.S. Senate for the normal ambassadorial advice and consent process since his special appointment had allowed a bypass of this usual prerequisite. The second was an early suit by Members of the House and Senate similar to the current case which was dismissed on technical grounds. The third was an action dismissed by the Supreme Court brought by attorneys general of several States supported by Members of Congress to block the treaties on economic grounds and other factors of concern to those respective States as political entities in their own right. The current action has excellent potential for forcing high Court action in that the Senate has voted (Hatch Amendment No. 92 defeated 58–37) to reject need for compliance to article IV, section 3, clause 2 in the Panama Treaty considered and the House has strongly demonstrated its will that article IV applies by the fact that a large majority of the Members are cosponsors of House Concurrent Resolution 347 which makes that point precisely.

Thus, a classic head-on confrontation over constitutional power and authority is evident and must be resolved. If perchance a point of technicality should allow the Court to again sidestep making the needed constitutional determination, then we will proceed to use a completed discharge petition and House vote on House Concurrent Resolution 347 as the grounds for a new filing and other action as necessary to support our efforts. We will not rest in anything short of victory in preserving the balance of powers endowed on us by our Founding Fathers to assure that the people's interests are protected and their voice is heard.●

TAX REFORM: WHY IS THE TIME NEVER RIGHT?

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. MAGUIRE. Mr. Speaker, last September, the Treasury Department, at President Carter's request, presented him a lengthy package of ambitious tax reform proposals. The Treasury was guided by Mr. Carter's own compelling sense that the Federal tax system is a "disgrace to mankind."

And who can doubt that? Our income tax system necessarily relies, for the most part, upon voluntary compliance to finance all but 12 percent of Federal expenditures. Voluntary compliance must be founded, in turn, on a prevailing belief that the laws are just and fairly administered. The Internal Revenue Code, however, is comprised of 8 pages of tax rules and tables, and 2,104 pages of exceptions.

Mr. Speaker, I wish to share with my colleagues a summary of major contrasts between the September package and the 1978 tax program ultimately sent to Congress by the President. Not much in the real world has changed in the few months since the President was on the verge of accepting a strong package of reforms on the advice of his Treasury Department. Most of the changes promoted then are still good ideas, and for the same reasons. I insert this synopsis at this point in the RECORD:

I. MARRIAGE TAX PENALTY REDUCTION

Problem: Present law provides a substantial disincentive for marriage, encouraging people to "live together." This is due to higher tax rates for joint income where both partners work, a lower combined zero bracket amount (standard deduction) for couples, and the general tax credit which is half as large for a couple as for two single people. The IRS believes the vast majority of two wage earner couples pay a marriage tax.

September Proposal: In addition to rate cuts and a unified $250 credit which would reduce the penalty somewhat, the Treasury supported a special working spouse deduction equal to 10 per cent of the first $6,000 of earnings by the partner with the lower earnings. Thus, the maximum deduction would be $600.

President's 1978 Tax Program: It contains no relief beyond a $240 credit and rate reductions that will eliminate less than half of the penalty. The September proposal would have eliminated all but 12 percent of the penalty for couples earning $20,000 annually, where the higher earning spouse earns $14,000 of that amount.

II. TREATMENT OF CAPITAL GAINS

Problem: Assets accrued through capital gains, usually by the well off, are accorded exceedingly preferential treatment over assets accrued through earned income. Only half of long-term capital gains (those held more than a year) are fully taxed, and the first $50,000 of such gains may be taxed at a maximum rate of only 12.5 percent. This provision alone is anticipated to cost the Treasury nearly $9 billion from individuals, nearly all in upper income brackets, and $700 million from corporations. Capital gains could be equitably taxed as ordinary income if the purchase price of the asset were adjusted for the effects of inflation.

September Proposal: The September proposal would have fully taxed long-term capital gains, with certain exceptions for rolled-over sales of houses. Capital loss treatment would be changed accordingly. In exchange, the basis value would be indexed to inflation to the extent the asset was held longer than 10 years. A special venture capital rule sustaining present preferential treatment for the initial stock offerings of new corporations would encourage risk capital formation and new enterprise. The changes would have raised $3.5 billion from individuals and closed off the full $700 million loss to corporations.

1978 Tax Program: It only proposes to end the 12.5 percent rate limitation on the first $50,000 of gains, thus raising only $100 million from individuals.

III. DOUBLE TAXATION OF DIVIDEND INCOME

Problem: Profits distributed as dividends are taxed twice, once at the corporate tax rate, and once as individual income to the recipient. Only $100 of dividend income may be excluded by individual taxpayers. Many elderly taxpayers rely upon dividends to supplement fixed incomes. Additionally, the double taxation distorts capital financing in favor of internal earnings, and away from new equity issues.

September Proposal: Pursuant to Mr. Carter's campaign pledges, the Treasury urged partial integration of corporate and individual taxes. Corporate taxes pro-rated to dividends could be claimed as a credit by individual dividend receipients. The $100 exclusion would be ended.

1978 Tax Program: This problem is not addressed.

IV. WITHHOLDING TAX ON INTEREST INCOME

Problem: No tax is withheld on interest income to domestic taxpayers. The Treasury estimates that up to $8 billion of interest income escapes taxation by not being voluntarily reported to the IRS, an act of illegal tax avoidance.

September Proposal: The Treasury recommended withholding 20 per cent on interest income, except where an exemption certificate was filed stating the expectation that the taxpayer will owe no taxes that year. The Treasury projected this would raise $1.4 billion already legally owed it.

1978 Tax Program: It does not address this problem.

V. GROUP TERM LIFE INSURANCE

Problem: Under current law, taxable employee income excludes premiums paid by employers for the first $50,000 of group term life insurance. There is, however, no reason why such premiums should not be considered constructively received income.

September Proposal: The Treasury recommended the exclusion be reduced to $25,000, chipping away at this loophole which is not available to most lower income workers. Such a change would net the Treasury $165 million.

1978 Tax Program: The Program before Congress does not address this inequity.

VI. PERCENTAGE DEPLETION ON HARD MINERALS

Problem: There is no conceptual reason to permit continued percentage depletion for hard minerals, a tax accounting policy that encourages waste of limited raw resources instead of using recycled resources. Congress has already seen fit to end percentage depletion for major oil companies and the same logic which resulted in that action should apply to the 125 remaining categories of percentage depletion allowed for hard mineral exploitation.

September Proposal: The Treasury urged phasing out percentage depletion over 10 years, a modest proposal designed not to shock the affected industries. Percentage depletion would be replaced with cost depletion that would permit write-off of investments in mineral properties over their useful life as with most other investments. This change would close off $82 million of the loophole in 1979 rapidly increasing to $403 million by 1982, and higher thereafter.

1978 Tax Program: It drops this reform entirely.

The President's final 1978 tax program is only a shell of the September Treasury proposal. We have all heard what supposedly happened in those intervening months. The President was persuaded by advisers and key Members of Congress that now was not the time for reform. It would only interfere with the critically needed revenue reduction and bog down the debate. In the words of one Congressman "there's just no constituency for reform." So, we are told it is fatuous to suggest Congress might alter the Internal Revenue Code just because reform is in the public interest. The congressional tax agenda seems always set by the crisis of the moment, whether real or contrived. In short, now would never be the time for reform if we listened to certain people.

In spite of its limitations, however, the President's proposal, if accepted in full, would bring meaningful progress this year, and a good basis for future action next year.

But, unfortunately, the prospect is for less than the President advocates. The special interests and their sycophants in Washington are even now celebrating over a sumptuous, tax deductible meal, the anticipated bowdlerization of the President's program.

The President, I hope, will learn two things from his experience in trying to sell to Congress and the people a toned down reform package:

First, he will always achieve less than whatever he proposes, especially concerning tax legislation because so many congressional committees and interests are determined to influence the product. Therefore, he might as well seek everything that is needed, and be willing to accept essential compromises for the sake of accomplishing some good. His initial proposals would then, at least, have the strength of internal logic derived from a set of consistent and explicit principles of tax equity. I fear, however, that his current tax program attempts to write the conference report on the bill before handing it for the first time to the tax committees.

Second, there will never be a public constituency for tax reform with as intensely held views as those collectively expressed by special interests. And we know where those special interests lie on the income scale thanks to the Treasury analysis released a few weeks ago by Senator MUSKIE. Those individuals in the top 1.4 percent of income have the greatest stake in preserving and expanding tax breaks since they receive a third of all such benefits. And, of course, corporations—generally our largest—receive $20 billion or more each year in tax expenditures.

That these laws are nearly incomprehensible to many people—not raising simple issues of commonsense and justice as with civil rights for instance—does not mean there are fewer matters of equity and fairness for us in Congress to confront. With a small measure of courage and an understanding of our responsibility, we need not let the country down.

Finally, there are two special tax issues I wish to discuss: The employment tax credit and the investment tax credit. These credits are intended to encourage the full use of this Nation's productive resources.

I was pleased to see the President proposed substantial revisions of the employment tax credit (ETC) in his recently released urban policy. The credit we hastily adopted last year does not provide a very efficient hiring incentive for many companies which fall outside of the narrow employment growth range where taking on additional workers is rewarded. The President's proposal would better target the disadvantaged and low-skilled unemployed. It would include a partial second year credit to encourage retention of the newly hired worker, and continued investment in his or her ability to keep an unsubsidized job.

The employment credit must be considered in conjunction with the investment tax credit since both affect relative production factor costs. The investment tax credit was originally enacted as a temporary measure during an economic contraction, and then for only 7 percent instead of 10 percent of qualified fixed investments. Now the President proposes making the credit permanent and extending it to structures, thus inducing further abandonment of our few remaining inner city factories. Such a revision would seriously undermine the President's own program for assistance to cities. Surveys show that business leadership would prefer a general rate reduction but will take any reduction if they can get it. So, let us fashion more precise tools that do not undermine other key objectives. Business is just like the rest of us—its appetite for higher income is insatiable—and if Congress feeds it at the slightest cry of impending doom then we can expect such unfounded cries to resound regularly and repeatedly in the halls of the Capitol.

Finally, every credible study of the impact of the investment tax credit has demonstrated it to be a largely ineffective stimulus, subsidizing many expenditures which would be made anyway. It is true that capital formation is not proceeding as it should this far into a long recovery. But we know that this is mostly explained by uncertainty about future economic health and a low rate of utilizing present capacity. Cheapening the use of structures and equipment relative to labor will not eliminate those causes of the problem.

Mr. Speaker, there can be no doubt the President's tax program was watered down in response to congressional inflexibility. I hope this does not signal a more timid approach toward an admittedly recalcitrant Congress during 1978. Last year, despite undeserved darts, Mr. Carter presented Congress the foundations of a Democratic program delivering on some of the promises to remedy ills accumulated during prior years of misguided policies and neglect. I applaud his boldness in 1977 and encourage him to build on that record, starting with tax reform. At the same time, I urge the tax writing committees of Congress to place the public interest in tax justice above all else in their deliberations.●

"DEKE" SLAYTON SPEAKS AT KEYSER HIGH SCHOOL, WEST VIRGINIA

HON. HARLEY O. STAGGERS

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. STAGGERS. Mr. Speaker, earlier this month I had the very distinct

privilege of introducing former astronaut Donald "Deke" Slayton to the student body and guests at my alma mater, Keyser, West Virginia High School.

Mr. Slayton was the principal speaker at the 33d annual Ed Kelley Memorial Award ceremonies. This prestigious award honors an outstanding student-athlete at the school as well as the memory of Ed Kelley, who was posthumously awarded the Congressional Medal of Honor for his valor and courage during World War II.

I am certain that every Member is aware of Mr. Slayton's unmatched contribution to our space program. Not only did he command the historic Apollo-Soyuz space flight, he has also played a key role in every U.S. manned space flight since he was chosen as one of the original seven astronauts in 1959. He is currently the Director of our Space Shuttle program.

Mr. Slayton's address was extremely informative and inspirational, and I wish to share his words with my colleagues:

SPEECH OF NASA ASTRONAUT DONALD K. SLAYTON

It is an honor for me to be asked to Keyser to say a few words to this assembly and share in the 33d Annual Jonah Edward Kelley Memorial Awards Program.

Staff Sergeant Kelley, who lost his life in winning the nation's highest award for courage above and beyond the call of duty, needs no introduction to most of you. Certainly not to General Parker, former commander of the 78th "Lightning" Infantry Division, or to General Jones, who heads the Division's Association. Or to the Moose Lodge members sponsoring this program. Indeed, many of them or their relatives survived the terrible days of the second world war.

For my part, I proudly salute the memory of Sergeant Kelley as a comrade-in-arms; and the more so because this young man was the sole Medal of Honor winner in one of the U.S. Army's proudest—and fighting-est—outfits.

Ed Kelley, as he is identified in the 78th's official history, was a team man in that he led an infantry squad—twelve men, each of whom was dependent for survival on the performance under fire of his eleven squadmates. Though twice wounded in the grittiest kind of ground warfare—house-to-house fighting—he refused to be evacuated. He pushed on to the final objective. His third and fatal wound came as he emptied his weapon and completed his mission.

That gallant deed of over 33 years ago in a town in Germany called Kesternich, must strike many of you KHS students of 1978 as something that happened a long time ago and has no particular relevance on today apart from a routine tribute to an extraordinarily brave West Virginian.

You couldn't be further wrong.

"What's past is prologue," said William Shakespeare almost 400 years ago. He knew whereof he spoke and he even convinced the people in Washington he was on the mark: When they built the National Archives in our nation's capital, to house the Declaration of Independence, the Constitution and other invaluable records, they engraved his words in stone over the entrance.

When Jonah Edward Kelley got his diploma here in 1941, he pretty well KNEW what the future had in store. We were not in the war then—Pearl Harbor was a few months away. Nevertheless, every able young American in 1941 faced the near-certainty of participating in armed conflict. It was just a matter of how soon and where. President Roosevelt had already said that "this generation has a rendezvous with destiny." I doubt that, in 1941—even with fine teachers like your principal, Mr. Shelton, who had him as a student—that Ed Kelley had ever heard of the Roer River. And if he had, he probably wouldn't have been too interested. Yet his final rendezvous came along its banks less than four years later.

So . . .

What may not seem relevant to the KHS Class of 1978 could be a keystone in the life that lies ahead of each of you. Keeping in mind that coming events cast their shadows before, I think that, if Sergeant Kelley were here, he would be concerned about your future because you and he have much in common.

When you analyze, President Roosevelt's "rendezvous with destiny" statement, it really wasn't that profound. What generation DOESN'T face coming to grips with the future? In one way or another?

Let's talk for a few minutes about the future of you young people. Though you may never hear a shot fired in anger or—like Sergeant Kelley—be called upon to make the ultimate sacrifice in a strange land, the future is out there and it belongs to you.

What are you going to do with your lives?

It has been my good fortune to survive two wars, be a member of the team of the first seven astronauts, share vicariously in all of our country's manned—or should I say personed—space flights, participate in one of my own, and to have a hand in developing the Space Shuttle, the space transportation system of the future. Like yours, the future of the Shuttle is almost upon us.

I don't pretend this has given me the wisdom of the ages or am I about to give a lengthy "graduation address." However, I do have some ideas I'd like to pass on and I earnestly hope they will help in your own thinking.

First, let's ask ourselves what some of the essentials might be in any life we plan for ourselves.

An indispensable one is another person to share it with. I'm afraid I can't be much help there. It's every man (or woman) for him or herself.

Right here in Keyser, your education thus far has been sufficient to give you insight and information on which to base intelligent decisions, both personal and otherwise.

In my view, the single most important factor to be weighed is the selection of the right profession or occupation. By "right," I mean one that satisfies certain requirements.

It should be interesting and challenging to keep you on your toes.

It should provide the opportunity to advance in responsibility and compensation as rapidly as your abilities permit.

It should be something that is necessary and important and something which contributes to the overall welfare of our country so that you can have the satisfaction of knowing that you are accomplishing more than just bringing home a pay check.

But it should pay well enough to provide an adequate standard of comfort and convenience for you and your family.

It should be fun. Yes, I said fun. By that, I mean it should provide the zest and excitement without which life can become just a dreary chain of gray, monotonous days and weeks and years.

You're probably expecting me to say next that all of these things can be yours if you go on to college and maybe even try for an advanced degree or two. After all, I do come from a background of high technology, precise tolerances, and a national program that, in its 20 years of existence, accomplished such wonders as placing the first humans on the surface of the Moon and returning them safely to Earth. No way.

It is not my intention to tell you that you shouldn't go to college. Nor would I have you go against the wishes of your families, your teachers or your counselors. I only want to stress that, in my opinion—using the requirements I have already listed—the final decision should be yours.

And I don't, and you shouldn't think arriving at the decision is going to be easy. You young people are arriving at maturity at a time very different from any other in man's history. The world is changing so fast we really have no accurate idea of what it will be like when your children are your age. That isn't a very profound statement either. Your parents were in the same predicament. The one difference is, given today's technology, the changes can come much faster and be fraught with greater consequence. The population of the planet is doubling every few years.

New nations have struggled and will continue to struggle up out of centuries of primitive obscurity.

Minorities of all kinds are striving rightfully for equal opportunity and their fair share of what life has to offer.

We are fighting to prevent fatal pollution of our environment.

There is a real danger to the survival of the way of life we have come to take pretty much for granted.

To zero in on your future and whether it must include a college education, I can only say some of the happiest, best-adjusted, respectable-in-every-way and valuable men and women I have known in the military service and in my years with NASA have never seen the inside of a college classroom.

As you must reach a decision, each of them did. I'm talking about machinists, mechanics, secretaries, carpenters, clerks and technicians of all kinds who are happily living the good life because they knew what they wanted.

If you want to study law, medicine, architecture, engineering, agronomy or become a teacher or professor, then college is the place for you—there's no other way. But please don't go to college just for the sake of appearances. If you haven't decided what line of work you would like to pursue, college could be four years of wasted time and an awful lot of money.

There's an old law about a college diploma guaranteeing a foot in the door. This may have been true at one time, but I don't think it's necessarily so in today's world. They are looking for skills and craftsmanship at all levels out there. At NASA, for example, the men and women who executed the designs and helped implement the ideas of some of the most sophisticated devices ever assembled are just as important as the geniuses and near-geniuses who conceived them.

If you have decided what you want to do and it includes going to college, don't be discouraged if your academic record is not the best. It took Winston Churchill three tries to get past college examinations. And he turned out rather well.

But to those of you who don't know what you want to do and to those of you who do, there is that commonality with Sergeant Kelley. Whatever it may bring, the future is now. And you and I—every one of us—owe him something.

Can we pay the debt? Can each of you reach down inside and find the kind of courage to decide for yourself if you can have his team spirit? More importantly, can you muster the resolve to be yourself and, in your own way, make a truly noble thing of the sacrifice of Sergeant Kelley and so many others before and after him?

I urge you above all to have faith in the United States of America, its people and the special form of government we enjoy. It is a fabric woven with thoughtfulness and care by such ordinary, yet extraordinary, men over two centuries ago and so carefully natured since then. Remember that, unlike the great pyramids, such monuments of the spirit will not survive untended.

They must be nourished in each generation by the dedicated believing of loyal men and women.

Thank you.●

FETAL MONITORS AND MEDICAL TECHNOLOGY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. WAXMAN. Mr. Speaker, this week the House Subcommittee on Health and the Environment will hold hearings on medical technology, a subject which is receiving increasing attention among health planners and the medical academic community. We are seeing the proliferation of purchases of new medical equipment whose proper utilization is not yet fully understood. Medical technology may be an important cause of spiraling health costs or it may be saving us money by diagnosing and treating illness more rapidly than was ever possible before—no one really knows. We must find ways to reduce the time it takes to transfer medical discoveries into daily practice once we know they will improve patient care. At the same time we must prevent premature use of technology of unproven value which may trigger discomfort and long-term side effects in the patient. A solution must be found to the maldistribution of medical technology, which, like our physicians, is highly concentrated in large metropolitan areas.

An outstanding case study of one instance of medical technology—fetal monitors—was done by Judith Randal in the Outlook Section of the Washington Post on April 16. I include her fine investigative report in the CONGRESSIONAL RECORD. I can think of no recent article which provides a better backdrop for the Health Subcommittee's hearings this week on medical technology:

IS FETAL MONITORING SAFE?—WIDELY USED TECHNIQUE NEEDS MORE TESTING

(By Judith Randal)

Angela Miller was a healthy young woman facing the prospects of an uncomplicated first pregnancy. The 27-year-old wife of a telephone company employe had been born in a hospital and expected that her baby would be too. But when she learned that her obstetrician was likely to wire her and her unborn infant to a machine during labor, she turned for prenatal care to Maternity Center Associates, a Maryland group of certified midwives, and made arrangements to be delivered at her Sterling Park, Va., home. Allison Kay was born April 5. She and her mother are fine.

Fetal monitoring, the major factor in Miller's decision to seek out the midwife group, has become an important part of medical practice in the last 5 years or so. Already, however, it has become controversial not only because about 90 percent of the nation's hospitals where babies are delivered already have installed the equipment, but also because no one really know whether it should be routine for all pregnancies or, for that matter, whether it does more harm than good.

The idea behind monitoring is that the use of electronic listening devices in the maternity suite will be more effective than the stethoscope or the traditional laying on of hands in alerting doctors and nurses to "fetal distress," medical parlance for any one of several things that can go wrong during labor and irreparably damage or even kill the child. The earlier such problems are detected, according to the technologys' enthusiasts, the better modern medicine can successfully intervene.

Actually, fetal monitoring is a pair of techniques rather than a single technology. Both provide continuous electronic measurements of the fetal heart rate and the mother's contractions during labor. But in one, which relies on ultrasound (the use of echoes to detect internal events), the electrodes are placed on the mother's abdomen and fastened on by belts, while in the other the sensors and their wires are threaded through the vagina and into the uterus, where one is screwed or clipped into the fetal scalp and the other, a tiny tubelike device, is positioned on the uterus behind the baby's head.

Often a third element is added to internal monitoring, a second needle in the baby's head so that its blood can be sampled for its oxygen content. Whatever the method, the electrodes continually feed their data to an oscilloscope which displays the patterns on a screen and prints out the tracings.

In some maternity units, only external monitoring is used.

The days of external monitoring, however, may be numbered. Although it has the advantage of allowing the expectant mother some freedom of movement and posing no risk of infection, it has gotten a reputation for being unreliable because the sensors tend to slip when the fetus or the woman change position and become capable of either missing or falsely identifying fetal distress. Besides, some scientists are worried that, because ultrasound is a form of radiation, it may ultimately prove to have delayed detrimental effects on the child, even though the wattages are very low.

No one has been injured yet by external monitoring, insofar as is known, but there have been a number of accidents with its internal counterpart. A Georgia woman died when part of the uterine monitor behind her baby's head was somehow pushed into a large blood vessel and the fluid surrounding the infant got into the bloodstream, causing a fatal clot.

Scalp abscesses are fairly common among monitored infants and deaths have been recorded among them, too. What happened to two newborns whose mother had herpes virus infections in their vagina at the time of labor is illustrative. The babies picked up the infection, which does not respond to drugs, through the place where the electrode had broken the skin on their heads and, despite all efforts to save them, died when the spread of the virus could not be controlled.

Mishaps like this are to be expected from any medical technology. Even a mainstay as benign as penicillin causes an occasional death from a severe allergy reaction known as anaphylactic shock. The question with fetal monitoring is whether the risks are acceptable relative to the benefits.

DEATH RATE DECLINES

Monitoring enthusiasts claim that newborn death rates plummet where the technology is used. It is true that the nation's track record on infant mortality has improved somewhat. But whether monitoring can claim the credit or whether at least a share of it must go to such other factors as more readily available prenatal care, legal abortion and family planning services which prevent high-risk women from becoming pregnant isn't all that clear.

In one study made in Vermont by Dr. John Wennberg of the Harvard School of Public Health, the newborn death rate dropped 30 percent between 1969 and 1974 in the hospital affiliated with a medical school where fetal monitoring had been introduced. But the same gains in infant survival occurred in the rest of the state's hospitals, suggesting that influences other than this technology had been at work.

There also has been two controlled trials, in Australia and Colorado, in which high-risk women—those who for reasons of health, age, weight or previous reproductive history are likely to have complicated pregnancies—have been randomly assigned to be internally monitored or not so that the results could be compared.

In Dr. Peter Renou's Australian study, he and his colleagues found less death and disability reported among the infants whose mothers had been assigned to the monitored group, but experts have quibbled with the design of the experiment and found inconsistencies in its results.

Dr. Ronald Havercamp's study at the Denver General Hospital, in which some 1,000 women participated, also has been challenged on several grounds, most notably that the unmonitored group had more attention from the nurses in the maternity suite than those who were monitored. Havercamp has been following the outcome of these pregnancies for several years now and has found nothing to indicate that monitoring made any difference to the infants.

"What about normal (as opposed to high-risk) obstetrical patients?" he asked at a health care meeting held in New York last year. "What if the nurse . . . could only intermittently check [fetal] heart rate tones . . . as so often happens on a busy labor floor? If she can't be with the patient all the time, she can't watch the monitor continuously either."

Similar points have been made by other critics, even those willing to give monitoring the benefit of the doubt. In Atlanta, Judy Rooks, a certified nurse-midwife, agreed to submit to monitoring because she had lost a previous baby and was clearly having a problem pregnancy.

Because of her own professional experience she could tell that her uterus wasn't relaxing between contractions as it should. But when she pointed this out to a nurse and asked her to feel for herself by putting a hand on her uterus, the woman suggested instead—until Rooks insisted otherwise—that she just turn the knob on the machine so that the tracings would go back to where they were supposed to be.

"Monitors are somewhat like TV sets," explains Rooks, who is nonetheless grateful to her obstetrician for having provided her with a healthy son. "It's hard to know when the picture goes awry whether the trouble is in the set or at the broadcasting station. There is tendency to nurse the monitor and not nurse the patient and if she [the nurse] had been nursing me and not the monitor, she wouldn't have needed my expertise to tell her that something was wrong."

PROBLEMS IN TECHNOLOGY

Nor, seemingly, is misinterpretation the only potential pitfall. That internal monitoring has disclosed information important to patient care is not in dispute. It is a visual tool and so has sensitized nurses and obstetricians to the immediate harmful effect of some drugs on the fetus and such benefits as placing the laboring mother on her left side. Still, skeptics like Rooks and Havercamp have a number of other concerns.

For one thing, the technology requires the mother to be fitted with an intravenous drip and to lie on her back, although she can turn from side to side—this at a time when it is natural for a woman to walk around a great deal to relieve both her physical discomfort and her emotional anxiety. The position also puts the weight of the uterus and the fetus on the blood vessels of the placenta, diminishing its ability to provide nourishment to the baby in the crucial hours before it is born.

Another of the technology's requirements, that the bag of waters, or amniotic sac encasing the fetus, be broken early to permit the insertion of the instrumentation, is regarded with suspicion, too. While such advocates of monitoring as Dr. L. Stanley James

of the Columbia-Presbyterian Medical Center in New York claim that any resulting infection can easily be handled by antibiotics, this is not necessarily the case.

Moreover, while those who, like James, claim that infection is a small price to pay for a baby who might otherwise be handicapped by lifelong mental retardation, no one has come up with hard and fast evidence that monitoring actually achieves this result. And though no studies of the problem have been done in the United States, there is a growing suspicion in some other countries that the pressure brought to bear on the baby's brain by early rupture of the mother's membranes may itself diminish the infant's potential IQ.

By far the most serious charge leveled at fetal monitoring, however, is that it tends to confuse fetal stress which is normal with fetal distress which is not and so is primarily responsible for the nation's escalating caesarian section rate.

According to data collected by the National Center for Health Statistics, the rate has more than doubled since 1971 to the point where 11.4 percent of American babies are being surgically removed from their mothers' wombs. In some hospitals relying heavily on monitoring, in fact, as many as one in five infants comes into the world without passing through the mother's birth canal. James and other monitoring enthusiasts say that, properly used, it should reduce rather than increase the C-section rate, but no study has supported their contention to date.

Again, advocates say that more C-sections make for better, healthier babies. And again, skeptics ask where the evidence is. Is it worth it, they wonder, to subject so many mothers and babies to the added anesthetic and infection risks that are fellow travelers of this operation, not to mention its psychological drawbacks.

"Everything we know," says Havercamp, "points to the importance of the emotional bond formed between the mother and her infant just after birth. In that connection, you can't do anything worse than an unnecessary C-section which puts the infant in the newborn nursery and the mother sick in bed with an I.V. (intravenous drip) going and dependent on a Foley catheter to drain her urine. What's more, once a woman has had a C-section, it's near certainty that she'll have to have one the next time she delivers, too."

INCREASE IN COST

There is also the matter of cost. Women having caesarians stay an average of twice as long in the hospital, 7 to 8 days, as those delivering vaginally, longer if some complication like infection intervenes. Whereas the average vaginal delivery costs $700, the typical C-section runs to at least $3,000.

The infant may have to stay longer, too particularly if it is delivered earlier than it would have been otherwise. It is thought that even a few days can spell the difference between a baby whose lungs function normally and one who, assuming that it lives at all, develops respiratory distress syndrome (hyaline membrane disease) and th s must spend days, weeks or even months in a neonatal intensive care facility at a cost of $10,000 or more.

To be sure, there is a feeling among experts that if a baby is destined to be born weighing 3 pounds or less, fetal monitoring, caesarian or both will increase its chances of survival. But one study suggests that the mothers of these tiniest prematures have been those least likely to be monitored and, like so much about this entire subject, the theory has yet to be put to a rigorous test.

With national health insurance now a distinct possibility, it might be best to declare a moratorium on the wholesale use of fetal monitoring, particularly for low risk women, until more of the answers about it are in. Unfortunately, the technology is changing so fast that it is increasingly difficult to evaluate. Besides, the practice has become so ubiquitous that obstetricians, understandably, are reluctant to participate in controlled clinical trials lest they be sued by someone in the study from whom monitoring is withheld.

The day obviously will come when an obstetrician is sued because fetal monitoring is alleged to have injured a woman or her baby. Meanwhile, at least one physician already has been brought to court on malpractice charges that he is culpable for his failure to use a procedure that other obstetricians in his community said was necessary. Such is the dilemma created by a largely untested medical technology, yet one which is widely applied.

FETAL MONITORING IS BIG BUSINESS

Fetal monitoring was pioneered in Uruguay during the 1950s by Dr. Roberto Calderyo-Barcia, who developed both a transducer to record the baby's heartbeat during labor and a catheter that was passed through the mother's abdomen during labor to record the pressure in the uterus. But it was not until the 1960s, when Dr. Edward Hon—then at Yale and now in Los Angeles at the University of Southern California—further refined the instrumentation so that it could all be inserted through the vagina, that first internal monitoring and then external ultrasound monitoring began to attract the attention of the U.S. obstetrical community.

A system capable of both kinds of monitoring typically costs a hospital $6,500 to $7,500, depending on its sophistication, and adds $75–$100 to the cost of a delivery. Six U.S. companies are in the business, with sales said to be running $25–30 million a year. The firm with by far the largest share of the market is Corometrics in Wallingford, Conn., now a subsidiary of the American Home Products Corp. Dr. Hon is a consultant to Corometrics and owns stock in both it and American Home Products.●

LEGISLATION TO CHANGE FORMULA FOR VOCATIONAL REHABILITATION FUNDS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. BIAGGI. Mr. Speaker, last week I was joined by my colleagues Mr. ZEFERETTI and Mr. MILLER of California in sponsoring H.R. 12195 legislation to amend the Rehabilitation Act of 1973. The bill specifically addresses itself to reforming the antiquated method by which vocational rehabilitation funds are directed into the States.

The present formula was adopted in 1954 and modeled after the Hill-Burton Hospital Survey and Construction Act. The formula was based on population weighted by an inverse per capita income factor which is squared thereby giving additional weight to the low per capita income States. Initially, the formula was devised to reduce the difference between States with low- and high-income per capita incomes and their ability to afford to provide vocational rehabilitation services. This initial difference has been virtually eliminated. Instead, those higher per capita income States with a high vocational rehabilitation target population are getting shortchanged. Fiscal year 1973 figures showed the 25 States with the lowest per capita allotments for vocational rehabilitation services, had 75 percent of the population. More recent figures show the tremendous disparity in present per capita payments for vocational rehabilitation services. Whereas Mississippi was receiving $10.46 per person, New York received $4.41. Wyoming $8.62, California $4.35, Arkansas $8.87, Illinois $4.16. I wish to insert at this point in the RECORD a table prepared for Senator JAVITS, whose bill S. 2142 mine is modeled after, by the Congressional Research Service.

	Population ages ages 18–64 (as of July 1, 1976)	Vocational rehabilitation appropriation (fiscal year 1978)	Fiscal year appropriation per person, 18–64
Alabama	2,113,000	$18,103,094	$8.57
Alaska	231,000	2,000,000	8.66
Arizona	1,295,000	8,526,789	6.58
Arkansas	1,181,000	10,472,837	8.87
California	13,106,000	57,035,827	4.35
Colorado	1,568,000	8,295,388	5.29
Connecticut	1,885,000	7,017,813	3.72
Delaware	351,000	2,000,000	5.70
District of Columbia	437,000	5,427,250	12.42
Florida	4,748,000	29,138,423	6.14
Georgia	2,920,000	21,133,655	7.24
Guam			
Hawaii	544,000	2,310,785	4.25
Idaho	472,000	3,344,923	7.09
Illinois	6,616,000	27,499,339	4.16
Indiana	3,092,000	19,066,756	6.17
Iowa	1,630,000	9,036,986	5.54
Kansas	1,349,000	7,200,397	5.34
Kentucky	1,987,000	15,919,071	8.01
Louisiana	2,177,000	18,074,413	8.30
Maine	611,000	4,967,235	8.13
Maryland	2,534,000	11,455,890	4.52
Massachusetts	3,453,000	18,212,747	5.27
Michigan	5,359,000	26,886,001	5.02
Minnesota	2,278,000	13,303,546	5.84
Mississippi	1,281,000	13,402,867	10.46
Missouri	2,760,000	18,198,853	6.60
Montana	435,000	2,886,498	6.64
Nebraska	884,000	5,032,964	5.69
Nevada	372,000	2,000,000	5.38
New Hampshire	478,000	3,282,747	6.87
New Jersey	4,388,000	18,376,436	4.19
New Mexico	666,000	5,647,884	8.48
New York	10,814,000	47,714,258	4.41
North Carolina	3,277,000	24,464,797	7.47
North Dakota	364,000	2,472,049	6.79
Ohio	6,309,000	36,617,086	5.80
Oklahoma	1,609,000	11,529,952	7.17
Oregon	1,382,000	8,109,804	5.87
Pennsylvania	7,072,000	39,945,506	5.65
Puerto Rico (1973 total population)	2,951,000	22,368,458	7.58
Rhode Island	545,000	3,264,733	5.99
South Carolina	1,677,000	13,905,312	8.29
South Dakota	383,000	2,799,957	7.31
Tennessee	2,489,000	19,262,813	7.74
Texas	7,279,000	46,756,113	6.42
Utah	680,000	5,559,165	8.18
Vermont	274,000	2,123,949	7.75
Virgin Islands			
Virginia	3,075,000	17,499,157	5.69
Washington	2,159,000	11,079,348	5.13
West Virginia	1,063,000	8,538,262	8.03
Wisconsin	2,653,000	16,785,908	6.33
Wyoming	232,000	2,000,000	8.62
Total, United States	129,488,000	758,054,041	5.854

The present formula has been subjected to much criticism but little has been done in the way of substantive change. One amendment adopted in 1970 increased the Federal match to a uniform 80 percent. In 1973, the minimum State allotment was raised to $2 million. The results of a study mandated by Congress in 1973 may have provided the main impetus for change. The survey done by the DHEW was critical of the present formula and recommended that greater emphasis be placed on the total population. They charged that the current Hill-Burton formula does not allocate funds in close proportion to the incidence of the best estimated of VR target population. The study further recommended that any change in formula be spaced out over a time period to avoid major disruptions.

My bill proposes a gradual 5-year change in the present VR formula through a process of "phasing in" the total population factor in each State. This would result in vocational rehabilitation funds in future years being distributed in the following way—

Fiscal year 1979—20 percent by population—80 percent current formula.

Fiscal year 1980—40 percent by population—60 percent current formula.

Fiscal year 1981—60 percent by population—40 percent current formula.

Fiscal year 1982—80 percent by population—40 percent current formula.

Fiscal year 1983—100 percent by population.

This is perhaps the fairest approach which offers the best hope for real reform. It guarantees that no State will lose any funds over the next 4 years, but also provides a more realistic share of the Federal dollar. The extent to which each State would benefit is dependent on the total amount authorized for the bill. With a modest $215 million increase between now and fiscal year 1983, hard pressed States would receive as much as 90 percent more in additional VR Federal funds.

We have reached an important stage in the history of the Rehabilitation Act. It is imperative that the act reflect the realities of today by directing its funds in a way where it helps the most people who are in need of services. The present formula inhibits the bill from achieving its true mandate which is to make services available to eligible individuals and to equalize access to such services across the States. This change in formula is an essential first step which must be adopted if we are to make these improvements. I am a member of the House Select Education Subcommittee which will be marking up legislation to extend the Rehabilitation Act. I hope to offer my formula change as an amendment and welcome any and all support.●

SENATE COMMITTEE MEETINGS

Title IV of the Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings when scheduled, and any cancellations or changes in meeting as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committees scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, April 25, 1978, may be found in Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 26

8:45 a.m.

Judiciary

To resume consideration of S. 1874, to allow consumers and other parties who have not dealt directly with an antitrust violator to recover their damages under the antitrust laws.

2228 Dirksen Building

9:00 a.m.

Commerce, Science and Transportation

Science, Technology, and Space Subcommittee

To hold oversight hearings to examine the science and technology aspects of the Federal Research and Development budget.

5110 Dirksen Building

Energy and Natural Resources

Public Lands and Resources Subcommittee

To hold hearings on S. 2913 and S. 2914, to amend the Federal Land Policy and Management Act so as to conform the interest rate therein to yield on certain tax exempt bonds and U.S. obligations.

3110 Dirksen Building

Human Resources

Employment, Poverty, and Migratory Labor Subcommittee

To continue markup on S. 2570, to extend the Comprehensive Employment Training Act (CETA).

4232 Dirksen Building

9:30 a.m.

Armed Services

General Legislation Subcommittee

To consider S. 1708, to prohibit the sale of certain defense articles from the stocks of the Department of Defense.

224 Russell Building

Environmental and Public Works

Regional and Community Development Subcommittee

To mark up S. 1816, authorizing funds for a program of research, development, and demonstration of guayule rubber production.

4200 Dirksen Building

Judiciary

Antitrust and Monopoly Subcommittee

To resume oversight hearings on ICC's price regulation in the motor common carrier industry.

2228 Dirksen Building

Judiciary

Criminal Laws and Procedures Subcommittee

To hold hearings on the subject "Terrorism in Today's Society".

457 Russell Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To hold hearings on budget estimates for FY 79 for the Federal Home Loan Bank Board and the National Institute for Building Sciences.

S-128, Capitol

Appropriations

Interior Subcommittee

To continue hearings on proposed budget estimates for FY 79 for the Department of the Interior, and related activities.

1114 Dirksen Building

Appropriations

State, Justice, Commerce, the Judiciary Subcommittee

To hold hearings on budget estimates for FY 79 for the Arms Control and Disarmament Agency, Foreign Claims Settlement Commission, Japan-U.S. Friendship Commission, and the Legal Services Corporation.

S-146, Capitol

Appropriations

Transportation Subcommittee

To hold hearings on budget estimates for FY 79 for ConRail and the U.S. Railroad Association.

1318 Dirksen Building

Armed Services

To mark up S. 2571, FY 79 authorizations for military procurement.

212 Russell Building

Banking, Housing, and Urban Affairs

Housing and Urban Affairs Subcommittee

To hold hearings on S. 2726, 2798, 2800, and 2931, bills to amend the housing act.

5302 Dirksen Building

Commerce, Science, and Transportation

To hold oversight hearings on the Fishery Conservation and Management Act (P.L. 94-265).

235 Russell Building

Energy and Natural Resources

To consider pending calendar business.

3110 Dirksen Building

Environment and Public Works

Nuclear Regulation Subcommittee

To mark up FY 79 authorizations for the Nuclear Regulatory Commission.

S-126, Capitol

Finance

Public Assistance Subcommittee

To continue hearings on S. 2084, to replace the existing Federal welfare program with a single coordinated program.

2221 Dirksen Building

Foreign Relations

Foreign Assistance Subcommittee

To hold hearings on S. 2846, the proposed International Security Assistance Act.

4221 Dirksen Building

Governmental Affairs

Intergovernmental Relations Subcommittee

To hold hearings on public attitudes toward Congressional review of Federal programs.

6202 Dirksen Building

Rules and Administration

To resume hearings on S. Res. 160, to reorganize administrative services of the Senate, and to consider other legislative matters.

301 Russell Building

Select Indian Affairs

To hold hearings on S. 2358 and 2588, to declare that the U.S. hold in trust for the Pueblo tribes of Zia and Santa Ana respectively, certain public domain lands.

6226 Dirksen Building

10:30 a.m.

Governmental Affairs

Governmental Efficiency and the District of Columbia Subcommittee

To mark up H.R. 7747, to amend the D.C. Code with regard to pretrial release or detention.

SB-6, Capitol

1:30 p.m.
Conferees
On S. 1678, to amend and extend through FY 79 the Federal Insecticide, Fungicide, and Rodenticide Act.
H–140, Capitol

2:00 p.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the National Transportation Safety Board and the ICC.
1224 Dirksen Building

Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To hold hearings on budget estimates For FY 79 for the FCC, Federal Maritime Commission, FTC, International Trade Commission, and on supplemental appropriations for FY 78.
S–146, Capitol

2:30 p.m.
Armed Services
To continue mark up of S. 2571, FY 79 authorizations for military procurement.
212 Russell Building

Foreign Relations
To hold hearings on the nominations of William B. Edmondson, of Nebraska, to be Ambassador to the Republic of South Africa, and David Bronheim, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development, to be followed by a business meeting.
S–116, Capitol

APRIL 27

9:00 a.m.
Agriculture, Nutrition, and Forestry
Foreign Agricultural Policy Subcommittee
To hold hearings on S. 2385, S. 2405, and S. 2504, bills to authorize the Commodity Credit Corporation to finance export credit sales of agricultural commodities.
324 Russell Building

Energy and Natural Resources
Energy Research and Development Subcommittee
To resume mark up of S. 2692 and S. 2693, FY 79 and authorizations for the Department of Energy.
3110 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 65, to amend the Constitution so as to provide for representation of the District of Columbia in Congress.
5110 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume markup of S. 2065, 2470, and 2546, to prescribe policies and procedures to protect consumer rights in relation to the electronic fund transfer system.
5302 Dirksen Building

Environment and Public Works
Resource Protection Subcommittee
To resume consideration of proposed resources protection legislation.
4200 Dirksen Building

Judiciary
To hold hearings on S. 1382, to establish criteria for the imposition of the sentence of death.
2228 Dirksen Building

Criminal Laws and Procedures Subcommittee
To resume hearings to examine the erosion of law enforcement intelligence gathering capabilities.
424 Russell Building

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To hold hearings on budget estimates for FY 79 for the Civil Rights Commission, EEOC, and on supplemental appropriations for FY 78.
S–146, Capitol

Appropriations
HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for FY 79 for HUD, and related agencies.
1318 Dirksen Building

Finance
To hold a business meeting.
2221 Dirksen Building

Foreign Relations
East Asian and Pacific Affairs Subcommittee
To hold hearings on the current situation of U.S.-Japanese bilateral relations.
4221 Dirksen Building

Governmental Affairs
To resume hearings on S. 991, to create a separate Cabinet-level Department of Education.
3302 Dirksen Building

10:30 a.m.
Commerce, Science, and Transportation
To continue oversight hearings on the Fishery Conservation and Management Act (P.L. 94–265).
235 Russell Building

2:00 p.m.
Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To hold hearings on budget estimates for FY 79 for the Renegotiation Board, SEC, and on supplemental appropriations for FY 78.
S–146, Capitol

Conferees
On S. 1678, to amend and extend through FY 79 the Federal Insecticide, Fungicide, and Rodenticide Act.
H–140, Capitol

APRIL 28

9:00 a.m.
Energy and Natural Resources
To hold hearings on the nomination of John K. Mansfield, of Connecticut, to be Inspector General of the Department of Energy.
3110 Dirksen Building

Judiciary
Constitution Subcommittee
To continue hearings on S.J. Res. 65, to amend the Constitution so as to provide for representation of the District of Columbia in Congress.
5110 Dirksen Building

9:30 a.m.
Environment and Public Works
Resources Protection Subcommittee
To continue consideration of proposed resource protection legislation.
4200 Dirksen Building

Human Resources
To consider S. 2450, FY 79 authorizations for Community Mental Health Centers and for biomedical research; S. 2466, to establish a National Institute of Health Care Research; S. 2474, to extend through FY 1983 the Public Health Service Act; and S. 2579, to establish a President's Commission for the Protection of Human Subjects of Biomedical and Behavioral Research.
4232 Dirksen Building

Judiciary
To resume consideration of S. 1874, to allow consumers and other parties who have not dealt directly with an antitrust violator to recover their damages under the antitrust laws.
2228 Dirksen Building

Select Small Business
To hold hearings on S. 836, to amend the Small Business Investment Act so as to provide an adequate guarantee for participating surety companies.
424 Russell Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Foreign Agricultural Policy Subcommittee
To continue hearings on S. 2385, S. 2405, and S. 2504, bills to authorize the Commodity Credit Corporation to finance export credit sales of agricultural commodities.
322 Russell Building

Appropriations
HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for FY 79 for HUD and related agencies.
1318 Dirksen Building

Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To receive testimony on budget estimates for fiscal year 1979 for the Departments of State, Justice, Commerce, the Judiciary, and related agencies.
S–146, Capitol

Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on S. 88, to add additional lands to the Sequoia National Park, California, and S. 1906, to establish the Channel Islands and Santa Monica Mountains National Park and Seashore in California.
3110 Dirksen Building

Foreign Relations
Foreign Assistance Subcommittee
To hold hearings on S. 2646, FY 79 authorizations for development assistance programs.
4221 Dirksen Building

MAY 1

9:30 a.m.
Environment and Public Works
To resume consideration of proposed highway legislation.
4200 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
5302 Dirksen Building

Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on H.R. 6900, S. 929, 2659, 2663, 2664, and 2705, bills to amend the National Trails Systems Act.
3110 Dirksen Building

Foreign Relations
To resume hearings on FY 79 authorizations for foreign assistance to Korea related to the withdrawal of U.S. forces, and on S. 2420, proposed International Development Cooperation Act.
4221 Dirksen Building

MAY 2

9:00 a.m.
Judiciary
To hold hearings on the nominations of Cristobal C. Duenas, to be Judge for the district court of Guam; Alfred Laureta, of Hawaii to be Judge for the district court for the Northern Mariana Islands; Len J. Paletta, to be U.S. District Judge for the western district of Pennsylvania; and Leonard B. Sand, to be U.S. District Judge for southern district of New York.
2228 Dirksen Building

9:30 a.m.
Environment and Public Works
To mark up proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Office of the Secretary, DOT.
1224 Dirksen Building
Banking, Housing, and Urban Affairs
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
5302 Dirksen Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building
Finance
Public Assistance Subcommittee
To continue hearings on S. 2084, to replace the existing Federal welfare programs with a single coordinated program.
2221 Dirksen Building
Foreign Relations
To continue hearings on FY 79 authorizations for foreign assistance to Turkey and Greece, and on S. 2420, proposed International Development Cooperation Act.
4224 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on S. 35, the proposed Civil Rights Improvements Act.
6226 Dirksen Building
Select Indian Affairs
To hold hearings on S. 857, to provide Federal financial education assistance to Hawaiian natives.
1202 Dirksen Building

MAY 3

9:00 a.m.
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To hold hearings on proposed new criminal code for the District of Columbia.
3302 Dirksen Building
Judiciary
Constitution Subcommittee
To continue hearings on S. 35, the proposed Civil Rights Improvements Act.
1202 Dirksen Building

9:30 a.m.
Environment and Public Works
To continue mark up of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
5302 Dirksen Building
*Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2883 and S. 2901, authorizations for the Corporation for Public Broadcasting for fiscal years 1979–1983.
1224 Dirksen Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

MAY 4

8:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings on the status of nonfarm, nonfood, and fiber rural development research with USDA and the State land grant system.
322 Russell Building

9:00 a.m.
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To continue hearings on proposed new criminal code for the District of Columbia.
3302 Dirksen Building

9:30 a.m.
Environment and Public Works
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building
*Commerce, Sciences, and Transportation
Communications Subcommittee
To continue hearings on S. 2883 and S. 2901, authorizations for the Corporation for Public Broadcasting for fiscal years 1979–1983.
1224 Dirksen Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

MAY 5

8:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To continue hearings on the status of nonfarm, nonfood, and fiber rural development research with USDA and the State land grant system.
322 Russell Building

9:30 a.m.
Environment and Public Works
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building
Veterans' Affairs
To markup S. 2393, to extend the period of eligibility for Vietnam-era veterans' readjustment appointment within the Federal Government; H.R. 5029, authorizing funds for hospital care and medical services to certain Filipino combat veterans of WW II; and S. 2836, to amend the Veterans' Administration Physician and Dentist Pay Comparability Act.
412 Russell Building

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the St. Lawrence Seaway Development Corporation, the Research and Special Programs Directorate, Department of Transportation, and the Minority Business Resources Center.
1224 Dirksen Building
Banking, Housing, and Urban Affairs
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
5302 Dirksen Building

MAY 8

9:30 a.m.
Human Resources
To mark up S. 2600, to extend certain vocational rehabilitation programs and to establish a comprehensive services program for the severely handicapped.
4232 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2211, the International Maritime Mobile Satellite Telecommunications Act.
235 Russell Building

MAY 9

9:00 a.m.
*Judiciary
Improvements in Judicial Machinery Subcommittee
To resume hearings on S. 1314, to provide that State and Federal prisoners may petition Federal courts in a writ of habeas corpus.
2228 Dirksen Building

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Office of the Secretary of Transportation.
1224 Dirksen Building

MAY 10

9:00 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 2782, to protect consumers from misrepresentative advertising of gold and silver jewelry.
235 Russell Building

9:30 a.m.
Judiciary
Citizens and Shareholders Rights and Remedies Subcommittee
To resume oversight hearings on the rights and remedies of insurance policy holders.
5110 Dirksen Building

MAY 15

10:00 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on ICC's price regulation in the motor common carrier industry.
2228 Dirksen Building

MAY 16

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Department of Transportation.
1224 Dirksen Building
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings jointly with the Senate Banking Subcommittee on International Finance on technology exports and research and development investments.
6226 Dirksen Building
Banking, Housing, and Urban Affairs
Financial Institutions Subcommittee
To resume hearings on S. 2096, Right to Financial Privacy Act, and S. 2293, to modernize the banking laws with regard to the geographic placement of electronic fund transfer systems.
5302 Dirksen Building

MAY 17

10:00 a.m.
Banking, Housing, and Urban Affairs
Financial Institutions Subcommittee
To continue hearings on S. 2096, Right to Financial Privacy Act, and S. 2293, to modernize the banking laws with regard to the geographic placement of electronic fund transfer systems.
5302 Dirksen Building
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings in connection with restrictions employed by foreign coun-

tries to hold down imports of U.S. goods.
Room to be announced

MAY 18

9:30 a.m.
Veterans' Affairs
Housing, Insurance, and Cemeteries Subcommittee
To hold hearings on S. 1643 and H.R. 4341, to eliminate the requirement for inspections of the mobile home manufacturing process by the VA, and S. 1556, authorizing funds through FY 81 to assist States in establishing and maintaining VA cemeteries.
457 Russell Building

MAY 22

9:00 a.m.
Select Small Business
To resume hearings on the Federal government patent policy.
318 Russell Building

10:00 a.m.
Select Small Business
To resume hearings on the Federal government patent policy.
318 Russell Building

10:00 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on ICC's price regulation in the motor common carrier industry.
2228 Dirksen Building

MAY 23

9:00 a.m.
Select Small Business
To continue hearings on the Federal government patent policy.
6226 Dirksen Building

JUNE 7

9:30 a.m.
Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold oversight hearings on use of the drug PCP (Angel Dust).
4232 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, April 25, 1978*

The House met at 12 o'clock noon.

Dr. Robert H. Mayo, Beulah United Presbyterian Church, Pittsburgh, Pa., offered the following prayer:

Bless Your servants, our Congressmen, O Lord, as they wrestle with our number one problem of inflation at home and the devaluation of the dollar abroad, and the even greater problem in the devaluation of our moral currency.

In all the tensions and pressure of this time-space continuum, be gracious as they effectively govern in Washington, and yet conscientiously serve their district at home. Bless them in this election year by helping them to stretch their ministry across the miles with love and understanding for their electorates there, and with perception and patriotism in the unsolved problems of the state here.

In their continuing dependence upon You even after this prayer is said, may they conclude the day to their satisfaction and with your approval through Christ. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1617. An act to establish a program of ocean pollution research and monitoring, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6669. An act to establish a national climate program, and for other purposes.

The message also announced that the Vice President, pursuant to Public Law 95-45, appointed Mr. SPARKMAN, Chairman; and Mr. STAFFORD, Vice Chairman; to the 65th Interparliamentary Conference, to be held in Bonn, Germany, September 5–13, 1978.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1829. An act to provide for the establishment of the Jean Lafitte National Historical Park and Preserve in the State of Louisiana, and for other purposes; and

S. 2553. An act to authorize appropriations for the fiscal year 1979 for certain maritime programs of the Department of Commerce, and for other purposes.

TRIBUTE TO DR. ROBERT MAYO

(Mr. BOB WILSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BOB WILSON. Mr. Speaker, I would like to acknowledge and thank Dr. Robert Mayo for our opening prayer today. Dr. Mayo serves as pastor of the Beulah United Presbyterian Church of Pittsburgh, Pa., but I have known him from the years he served as my pastor at the First Presbyterian Church of San Diego, until last year when we lost him to Pennsylvania. San Diego's loss is certainly Pittsburgh's gain.

Dr. Mayo was a most valued member of San Diego's community, having served as president of the San Diego Council of the Navy League, on the boards of the American Red Cross, the American Cancer Society and the Rotary Club. He was also an advisory committee member of the Freedom's Foundation and the San Diego Community College, and an executive committee member of the Postal Customers Council.

In 1972. Dr. Mayo was presented the coveted Silver Beaver Award by the Boy Scouts of America, and he has been the recipient of eight George Washington Honor Medals presented by the Freedoms Foundation at Valley Forge.

Dr. Mayo and his wife, Janet. have four daughters and three grandchildren.

Dr. Mayo has a keen interest in Government affairs. I am always happy to have the benefit of his thinking and thank him for sharing his time with us here today.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE JOINT RESOLUTION 859, SUPPLEMENTAL APPROPRIATIONS FOR U.S. RAILWAY ASSOCIATION

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Joint Resolution 859, making supplemental appropriations for the U.S. Railway Association for the fiscal year ending September 30, 1978, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO CONSIDER IN HOUSE ON THURSDAY OR ANY DAY THEREAFTER HOUSE JOINT RESOLUTION 859, SUPPLEMENTAL APPROPRIATIONS FOR U.S. RAILWAY ASSOCIATION

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it may be in order on Thursday or any day thereafter to consider in the House as in Committee of the Whole, House Joint Resolution 859, making supplemental appropriations for the U.S. Railway Association for the fiscal year ending September 30, 1978.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

WE SHOULD SUPPLY FOOD TO LAOS

(Mr. SIMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIMON. Mr. Speaker and my colleagues, for the first time since the end of World War II there is a nation that is desperately in need of food and that has asked the United States for food and

we have turned that nation down. That nation is Laos.

I do not happen to approve of the government that is in power in Laos and I know that my colleagues do not but we can convert no one to our way of life by refusing food to desperate people.

I am pleased to join my colleague the gentleman from California, Mr. McCLOSKEY, and the Senator from Massachusetts, Mr. KENNEDY, in protesting this lack of response by the administration.

Mr. Speaker, we rained some 2 million tons of bombs on that country and now when they ask us for help, it seems to me it is clearly a moral responsibility on our part to respond. And it is sound economics and sound politics.

I hope we will change our decision and do what is both prudent and right.

THE SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY BOUNDARY SETTLEMENT ACT OF 1978

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, today I am introducing for myself and the other members of Arizona's congressional delegation, a bill to modify a portion of the south boundary of the Salt River Pima-Maricopa Indian Reservation in Arizona, to settle a longstanding dispute between the Indian community and its neighbors regarding the boundary of the tribe's reservation. This bill represents the fruition of 2 years of hard work on the part of the tribe, the city of Mesa, Ariz., and a lot of other concerned people to see that the tribe's reservation boundary is established so the Indian community and its neighbors can live in harmony together and prosper.

The Salt River Indian Reservation was created back in 1879, to accommodate the Pima Indians who had migrated to the area in search of greater water supplies. Subsequent Executive orders in 1910 and 1911 enlarged the reservation so that as of 1974, the reservation consisted of over 49,000 acres, equally divided between allotted land and tribally owned land.

At the time of the creation of the reservation, a portion of the southern boundary was established to follow the course of the then flowing Salt River. In the ensuing years, the United States granted patents, leaseholds, and other interests in lands adjacent to this ambulatory southern boundary to other settlers in the Salt River Valley who were not members of the Indian community. However, as the course of the Salt River shifted, much uncertainty was created with respect to the precise location of the tribe's southern reservation boundary. In order to insure that neither the Indian community, or its neighbors, has to involve themselves with costly and lengthy litigation to settle this dispute that has arisen because of conflicting decisions made by the U.S. Government over the years, I have introduced this bill today with the other members of the Arizona delegation.

GENERAL LEAVE

Mr. TEAGUE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days during which to revise and extend their remarks and include extraneous material on the bill (H.R. 11401), authorizing appropriations to the National Aeronautics and Space Administration.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING APPROPRIATIONS TO THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. TEAGUE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11401) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. TEAGUE).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 387, nays 3, not voting 44, as follows:

[Roll No 247]

YEAS—387

Abdnor	Bolling	Coleman
Addabbo	Bonior	Collins, Ill.
Akaka	Bowen	Collins, Tex.
Alexander	Brademas	Conable
Allen	Breaux	Conte
Ambro	Breckinridge	Corcoran
Ammerman	Brinkley	Corman
Anderson, Calif.	Brodhead	Cornell
Anderson, Ill.	Brooks	Cornwell
Andrews, N.C.	Broomfield	Coughlin
Andrews, N. Dak.	Brown, Calif.	Crane
Annunzio	Brown, Mich.	Cunningham
Applegate	Brown, Ohio	D'Amours
Archer	Broyhill	Daniel, Dan
Armstrong	Buchanan	Daniel, R. W.
Ashbrook	Burgener	Danielson
Ashley	Burke, Fla.	Davis
Aspin	Burke, Mass.	de la Garza
AuCoin	Burleson, Tex.	Delaney
Badham	Burlison, Mo.	Dellums
Bafalis	Burton, John	Dent
Baldus	Burton, Phillip	Derrick
Barnard	Butler	Devine
Bauman	Byron	Dickinson
Beard, R.I.	Caputo	Dicks
Beard, Tenn.	Carney	Dingell
Bedell	Carr	Dodd
Bellenson	Carter	Dornan
Benjamin	Cavanaugh	Downey
Bennett	Cederberg	Drinan
Bevill	Chappell	Duncan, Oreg.
Bingham	Chisholm	Duncan, Tenn.
Blanchard	Clausen, Don H.	Early
Blouin	Clawson, Del	Eckhardt
Boggs	Clay	Edgar
Boland	Cleveland	Edwards, Ala.
	Cohen	Edwards, Calif.
		Edwards, Okla.
Eilberg	Latta	Reuss
Emery	Le Fante	Rhodes
English	Leach	Richmond
Erlenborn	Lederer	Rinaldo
Ertel	Lehman	Robinson
Evans, Colo.	Lent	Roe
Evans, Del.	Levitas	Rogers
Evans, Ind.	Livingston	Rooney
Fary	Lloyd, Calif.	Rose
Fascell	Lloyd, Tenn.	Rosenthal
Fenwick	Long, La.	Rostenkowski
Findley	Long, Md.	Rousselot
Fish	Lott	Roybal
Fisher	Lujan	Rudd
Fithian	Luken	Ryan
Flippo	Lundine	Santini
Flood	McClory	Sarasin
Flowers	McCormack	Satterfield
Flynt	McDade	Sawyer
Foley	McDonald	Scheuer
Ford, Mich.	McEwen	Schroeder
Ford, Tenn.	McFall	Schulze
Forsythe	McKay	Sebelius
Fountain	McKinney	Seiberling
Fowler	Madigan	Sharp
Fraser	Maguire	Shipley
Frenzel	Mahon	Shuster
Fuqua	Markey	Sikes
Garcia	Marks	Simon
Gaydos	Marlenee	Sisk
Gephardt	Marriott	Skelton
Giaimo	Mattox	Slack
Gibbons	Mazzoli	Smith, Iowa
Gilman	Meeds	Smith, Nebr.
Ginn	Metcalfe	Snyder
Glickman	Meyner	Solarz
Goldwater	Michel	Spellman
Gonzalez	Mikulski	Spence
Goodling	Mikva	Staggers
Gore	Milford	Stangeland
Gradison	Miller, Calif.	Stanton
Grassley	Miller, Ohio	Stark
Green	Mineta	Steed
Gudger	Minish	Steers
Guyer	Mitchell, N.Y.	Steiger
Hagedorn	Moakley	Stockman
Hall	Moffett	Stokes
Hamilton	Montgomery	Stratton
Hammer-schmidt	Moore	Studds
Hanley	Moorhead, Calif.	Stump
Hannaford	Moorhead, Pa.	Symms
Hansen	Mottl	Taylor
Harkin	Murphy, Ill.	Teague
Harrington	Murphy, N.Y.	Thompson
Harris	Murphy, Pa.	Thone
Harsha	Murtha	Traxler
Hawkins	Myers, Gary	Treen
Heckler	Myers, John	Trible
Hefner	Myers, Michael	Tsongas
Heftel	Natcher	Udall
Hightower	Neal	Van Deerlin
Hillis	Nedzi	Vander Jagt
Holland	Nichols	Vanik
Hollenbeck	Nolan	Vento
Holt	O'Brien	Volkmer
Holtzman	Oakar	Waggonner
Hubbard	Oberstar	Walgren
Huckaby	Obey	Walker
Hughes	Ottinger	Walsh
Hyde	Panetta	Wampler
Ichord	Patten	Watkins
Ireland	Patterson	Weaver
Jacobs	Pattison	Weiss
Jeffords	Pease	Whalen
Jenkins	Pepper	White
Jenrette	Perkins	Whitehurst
Johnson, Calif.	Pettis	Whitten
Johnson, Colo.	Pickle	Wiggins
Jones, Okla.	Pike	Wilson, Tex.
Jones, Tenn.	Poage	Winn
Jordan	Pressler	Wirth
Kasten	Preyer	Wolff
Kastenmeier	Price	Wright
Kelly	Pritchard	Wydler
Kemp	Pursell	Wylie
Ketchum	Quayle	Yates
Keys	Quie	Yatron
Kildee	Quillen	Young, Alaska
Kindness	Rahall	Young, Fla.
Kostmayer	Railsback	Young, Mo.
Krebs	Rangel	Zablocki
Lagomarsino	Regula	Zeferetti

NAYS—3

McHugh	Mitchell, Md.	Wilson, Bob

NOT VOTING—44

Baucus	Burke, Calif.	Cotter
Biaggi	Cochran	Derwinski
Bonker	Conyers	Diggs

Evans, Ga.	Mann	Ruppe
Florio	Martin	Russo
Frey	Mathis	Skubitz
Gammage	Mollohan	St Germain
Horton	Moss	Thornton
Howard	Nix	Tucker
Jones, N.C.	Nowak	Ullman
Kazen	Risenhoover	Waxman
Krueger	Roberts	Whitley
LaFalce	Rodino	Wilson, C. H.
Leggett	Roncalio	Young, Tex.
McCloskey	Runnels	

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11401, with Mr. McKAY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas (Mr. TEAGUE) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. WINN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. TEAGUE).

Mr. TEAGUE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it has been my privilege to be a part of our national space program since its inception. On the basis of that participation I wish to offer a few comments on the significance of the space program to our Nation and the importance of H.R. 11401 authorizing funds for NASA for fiscal year 1979 which is before us today.

Twenty years in space has demonstrated for us a number of fundamental principles. First, the most significant contributions of our space program to our quality of life and economic well-being were not clearly recognized when the challenge of Sputnik occurred. Second, the importance of the space program in maintaining and enlarging our technical competence and our international competitive capabilities is not as clearly perceived today as it was when we found our leadership challenged in the late 1950's.

Today we recognize that satellite communications, navigation, and Earth resource monitoring have become tools that we accept as necessities. They have returned far more directly to our economy than the total cost of our space program. The wealth of new knowledge, instruments, and equipment created by our scientific exploration of the solar system and beyond has provided a "seedbed" for new practical applications while enlarging our viewpoint and challenging our innovative abilities.

Yet, we may fail to heed the lessons of our first two decades in space. We stand today challenged on all sides by the growing technological excellence of the nations of the world. Our access to essential resources diminishes with time.

None of this needs to be a prophecy of doom. We need only to recognize that technology is that foundation which allows us to adapt to changes while maintaining a high standard of living. Our national space program has been and continues to be a vital link in maintaining technological expertise.

The bill before us today, H.R. 11401, maintains current NASA programs with modest increases in key areas to encourage advanced program planning and supplemental applications programs. A number of increases and decreases to the bill resulted in a net overall increase of $43.7 million to the budget submission for NASA.

These changes are:

Space Shuttle: $4 million increase for maintaining the option to purchase a fifth Space Shuttle Orbiter;

Space flight operations: $10 million general reduction in development, test, and mission operations; $7 million increase in advanced planning including a 25-kilowatt power module definition and development;

Expendable launch vehicles: $5 million decrease to be applied across the program as conventional launch vehicles are phased out;

Space applications: $10 million increase for applications research and technology development; $4 million increase to initiate a Stereosat development program;

Technology utilization: $1.5 million increase for industrial applications; $4 million increase for technology applications (bioengineering);

Aeronautical research and technology: $26.7 million increase for composite primary aircraft structures program; $8 million increase for variable cycle engine components program; $4 million increase for supersonic cruise research program; $1.5 million increase for aerial applications systems technology; $12 million decrease for engine components improvement and energy-efficient transport programs;

Space research and technology: $3 million increase for space structures, power conversion, microwave technology;

Energy technology applications: $3 million increase in energy technology applications for solar satellite power;

Tracking and data acquisition: $5 million decrease in system operations; $4 million increase for Spacelab systems implementation;

Construction of facilities: $5 million reduction in rehabilitation and modification of facilities at various locations.

Two additional changes to the bill are recommended by the committee: First, a new section 6 making the technical corrections to paragraphing in the basic act; and second, a new section 7 making changes to sections 102 and 203(b) of the National Aeronautics and Space Act of 1958.

Section 7 is recommended to assure that the technical and managerial skills and the technology of space are fully applied to the field of bioengineering. As you know, NASA has carried on a significant technology utilization program for a number of years. This program has provided the basic technology for major new products to reach the marketplace and created the basis for advances in metallurgy, computer and other industries. The requirements for the technology utilization program are small but its contributions far exceed the modest cost. An opportunity exists for NASA with its skills in materials, human factors engineering, electronics, and automated systems to provide valuable service in bioengineering. Section 7 of the bill provides for that opportunity.

In addition to the funding changes which I have outlined, a number of significant views were adopted by the committee and have been included in the report which accompanies H.R. 11401. All were considered of sufficient importance to warrant committee support. I will discuss only one at this time—future space programs. As we approach the availability of a true space transportation system in the early 1980's, new and substantial space applications programs are possible. Routine access to space at lower costs means even greater returns from practical Earth oriented space effort. The committee has insisted that the executive branch and NASA strengthen its future programs both in terms of engineering studies and technology development. The bill which we consider today will start to do this. Before hearing from the distinguished gentleman from New York (Mr. WYDLER) and the distinguished gentlemen from Florida (Mr. FUQUA) and Texas (Mr. MILFORD), I want to say to my colleagues that the members of the Committee on Science and Technology have fashioned an excellent bill and it deserves your support. I want to commend these gentlemen and all members of the committee for their efforts. I urge passage of H.R. 11401.

Perhaps the best way to describe the diversity and value of the space program is to outline the launch plans of NASA for 1978.

Twenty-five launches, including 11 Delta launch vehicles and 8 Atlas Centaurs, have been scheduled by NASA in 1978.

NASA personnel will provide support in connection with three Atlas-F space launches from Vandenberg Air Force Base, Calif.

Most of the launches in 1977 emphasized the use of space for the direct benefit of people on Earth—such as communications, geodetic, environmental, navigation, meteorological, and Earth resources.

In 1978, plans call for missions virtually equally divided between emphasis on these applications and launches of spacecraft for primarily scientific and exploratory research.

Fifteen launches will be for paying customers other than NASA. They include the European Space Agency (ESA), Comsat Corp., the U.S. Navy, Japan, the National Oceanic and Atmospheric Administration (NOAA), the United Kingdom, and Canada.

During 1977 the agency logged 16 launches—12 of them "reimbursables," for paying customers.

With 25 launches scheduled in 1978, the expendable vehicles workload will be heavy throughout the year. The tentative schedule provides for two to three or more launches in some months.

Ten of the Deltas will be launched by Kennedy Space Center, Fla., from Cape Canaveral Air Force Station, and one

from a western test range (WTR) launch pad at Vandenburg AFB. All of the Atlas Centaurs will be launched from complex 36 at the Cape.

First launch of the year (January 6) was Intelsat IV–A (F–3), one of a series of International Telecommunications Satellite Organization spacecraft launched on the Atlas Centaur. A second, Intelsat IV–A (F–4), could be launched in April.

Another Atlas Centaur with FLTSAT COM–A, the first of a series of geosynchronous orbiting spacecraft in a new Navy worldwide communications system, was launched in February.

An International Ultraviolet Explorer (IUE) flew from Cape Canaveral, January 26. In geostationary orbit above the equator, IUE will obtain data on ultraviolet emissions from stars and other stellar sources.

The IUE spacecraft was built at NASA's Goddard Space Flight Center, Greenbelt, Md. The European Space Agency and Great Britain's Science Research Council will participate in IUE experiments.

Landsat–C was launched on a Delta from Vandenberg on March 5. The picture-taking satellite joined Landsat–1 and Landsat–2 in polar orbit to expand NASA's program for cataloging the Earth's resources and monitoring changing environmental conditions.

Launch of an experimental broadcasting satellite, Japan-BSE, for research leading to the orbiting of future large-scale broadcasting satellites by the island nation, is scheduled on a Delta from Cape Canaveral March 23.

A backup ESA Orbital Test Satellite (OTS) on a Delta from Cape Canaveral is scheduled in April. An earlier attempt to orbit an OTS failed when Delta–134 exploded shortly after liftoff September 13, 1977.

Pioneer Venus–A, the first of two missions to examine the Venusian atmosphere and the planet's weather, is scheduled for launch on an Atlas Centaur in May. Pioneer Venus-A's mission is to place its spacecraft in orbit to examine the upper atmosphere.

Pioneer Venus–B will be launched on an Atlas Centaur in August. A multiprobe, it is scheduled to enter the Venusian atmosphere 6 days after arrival of the orbiter. The spin-stabilized multiprobe spacecraft consists of a bus, a large probe and three identical small probes, each with scientific instruments.

The probes will be released from the bus 20 days prior to arrival at Venus. The large probe will conduct sounding of Venus' lower atmosphere, measuring clouds as well as atmospheric structure and composition. The smaller probes, entering at widely separated points, will provide information on the general circulation patterns of the lower atmosphere.

A Japanese spacecraft that would be launched on a Delta from Cape Canaveral if an earlier Japanese mission is not successful, is on the schedule for June. If the Japanese spacecraft is not required, ESA–GEOS–B, a scientific satellite, will be launched on a Delta in June. GEOS–1, launched from the Cape April 20, 1977, did not reach its intended orbit, although the spacecraft is transmitting data back to Earth and the mission is listed as partially successful.

COMSTAR–C, a domestic communications satellite, will be launched for COMSAT General Corp. on an Atlas Centaur in June.

Scheduled for July launch is International Sun Earth Explorer-C (ISEE–C) on a Delta from the Cape. ISEE–C will be orbited at the liberation point between the Earth and the Sun, a point in space where the force of gravity and dynamic force exert an equal pull.

From there it will obtain data on solar wind similar to, but from a different location than, that obtained by ISEE–1 and ISEE–2. ISEE–1, developed by NASA, and ISEE–2, developed by ESA, were launched in tandem on a Delta, October 22, 1977.

NATO–III–C, a North Atlantic Treaty Organization communications satellite, is on the launch schedule for October. Launch will be on a Delta from Cape Canaveral.

Telesat–D, a domestic communications satellite that will be renamed Anik–4 in orbit, will be launched for Telesat Canada in November. Launch will be on a Delta from Cape Canaveral.

High Energy Astronomy Observatory-B (HEAO–B) is scheduled for launch on an Atlas Centaur during November. HEAO–B will maneuver and point for long periods of time at selected celestial X-ray sources mapped earlier by HEAO–1 and other X-ray spacecraft. HEAO–1 was launched August 12, 1977.

A second FLTSATCOM spacecraft is scheduled for launch during November, also on an Atlas Centaur.

Schedule for launch on Atlas-F launch vehicles from Vandenberg are Seasat-A, NASA polar-orbiting spacecraft for global monitoring of the oceans and ocean phenomena, in May; TIROS–N, a NASA polar-orbiting experimental weather satellite, also in May; and NOAA–A, a polar-orbiting weather satellite for NOAA, tentatively in September.

A possible Delta call-up launch is on the 1978 schedule. If required to replace a presently operational spacecraft, Geostationary Operational Environmental Satellite-C, GOES–C) would be launched from Cape Canaveral in May. In addition, Nimubs–C, a NASA research satellite for testing sensors for oceanographic and meteorological monitoring, is planned for launch from Vandenberg in August.

The launch schedule for 1978 could not have been conceived of in 1958 when our space program began. In 1998 people will look back to 1978 and likely say the same thing. That will only occur if we support a strong continuing space program. H.R. 11401 deserves the support of this body and your vote.

Mr. WINN. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, it gives me pleasure to rise in support of the fiscal year 1979 NASA (National Aeronautics and Space Administration) authorizing legislation, H.R. 11401. My colleagues and I, on both sides of the aisle, have worked quite diligently to bring this legislation to the House floor. We have conducted several hearings, beginning in the fall of 1977, both in the field and on the Hill, which have contributed immensely in formulating it.

One set of hearings entitled the "Future Space Programs" has proven quite interesting because it has given us a glimpse of the administration's long term or future perspective of the space program. I must admit that the glimpse we received is not the most desirable. In fact, the future looks rather drab and bleak. Not because of what NASA is planning to do, they are commended for what they are doing—but because of what they plan not to do.

We live in an innovative and creative nation. In fact, no other nation in the world can hold a candle to the innovative and creative abilities of the American people. As a consequence, I have anticipated that NASA, as one of the few Government agencies chartered with harnessing this innovativeness and creativity, would present some bold new initiatives for resolution of the pressing problems we are now facing. Problems such as energy, communications, and in an indirect way, even foreign trade deficits.

Unfortunately, our glimpse did not include any bold new initiatives. It did include a strong commitment to a space applications program and I compliment NASA and the administration on this commitment. However, I must admit that I am disappointed not to see more bold new initiatives oriented toward the pressing issues and problems at hand.

The budget that was presented by the administration to the Science and Technology Committee was $4,371,600,000. This is a lot of money by any standards. However, when compared with other portions of the Federal budget it is really quite small. In fact, it represents less than 1 percent of the $500 billion Federal budget. This is a relatively small amount to pay for technology that could conceivably hold the key to our continued prosperous existence.

The equivalent of the fiscal year 1979 NASA budget is spent every 9 days by the Department of Health, Education, and Welfare. With statistics like this, I sometimes wonder if we have placed our priorities in the proper area.

I feel quite adamant that technology is one of the most valuable commodities that our Nation has to offer to the world.

In fact, I am quite certain that our technology combined with the agricultural exports, represents a majority of our exports. Unfortunately, I continue to see national policies being established that tend to ignore that fact. The committee has acted in a very conservative manner to maintain some of the long-term options such as in the advanced programs, energy technology applications, and large space structures.

Additionally, I feel the committee took the only logical action by reinstating the funding to procure the fifth Space Shuttle Orbiter. The probability seems quite high that we will need the fifth orbiter, therefore spending the additional $4 million in 1979 with a reasonable chance of

saving $220 million in penalty cost is more than adequate justification. The net change to the budget is a total increase of $43.7 million, a change, which I mentioned earlier, is quite conservative. I am certain that if the committee would have been provided with more long-term programs we would have justified further increases. The final budget, as reported to the House, is $4,415,300,000. This is approximately 9 percent greater than last year's budget and represents a slight growth above a constant level of effort.

In closing, I would like to reemphasize my support for this budget and commend the administration for highlighting the significance of space applications. I have been crying for years how important it is to get the space age technology down to earth. However, we must continue looking ahead and exploiting the creativity and innovativeness of the American technology.

Mr. WYDLER. Mr. Chairman, will the gentleman yield?

Mr. WINN. I yield to the gentleman from New York.

Mr. WYDLER. Mr. Chairman, I congratulate both the chairman of the committee and the chairman of the subcommittee, and the ranking minority members, for bringing forth what I consider a good solid piece of legislation.

Mr. Chairman, I rise in support of the legislation, H.R. 11401, the National Aeronautics and Space Administration (NASA) authorization bill. This bill will allow NASA to continue to make a very valuable contribution to the development of this Nation's technological base.

The Administration presented a budget to the Committee on Science and Technology that was of concern to my minority colleagues and me.

This concern was centered around the apparent dichotomy that existed between what the Administration's stated position was and the fiscal actions that were taken. For example, NASA's Administrator stated in hearings before the committee that a primary goal was the successful implementation of the Space Transportation System. However, the budget excluded the fiscal year 1979 funding required for the fifth space shuttle orbiter. The justification given for this action was that it had not been proven that the fifth orbiter was required. Therefore, it would be worthwhile to delay this procurement until 1981. This delay, due to penalty cost, will increase the total cost of the fifth orbiter from $585 million to $820 million—an increase of $235 million.

The committee did not agree with this position. First of all, both DOD and NASA witnesses stated that they felt the fifth orbiter would be required. Secondly, the only additional funding required for fiscal year 1979 was $4 million. As a consequence, this addition has been made. This will allow us another year to look at the necessity of a fifth orbiter without incurring the huge penalty cost.

Another area of concern is the energy technology area. This Nation is faced with, in the words of our President, "the moral equivalent of war," when we look at our energy problems. This is not only a short-term but also a long-term problem. Unfortunately, this budget does not reflect that same concern. We as a nation should be exploiting every conceivable opportunity for solving both the short- and long-term energy problems. A large percentage of the NASA expertise could be utilized in this solution. The committee has taken actions to more fully capitalize on this capability by adding $3 million in the solar power satellite and $3 million in the space research and technology area for low density structures, and microwave energy technology.

In conclusion, let me restate my support for this legislation. This is a small investment to make in our future, but it is an investment that we must make.

● Mr. FREY. Mr. Chairman, it gives me great pleasure to pledge my wholehearted support to this legislation. The National Aeronautics and Space Administration epitomizes one of the most valuable assets the United States possesses—technological innovation.

NASA's programs make major contributions to the health and growth of the U.S. business and industrial communities. New technologies are stimulated across a broad spectrum of disciplines which create new processes, products, and business opportunities. Direct applications of space technology has made possible worldwide communications systems providing rapid, reliable telephone links with distant segments of U.S. business at reduced cost. Earth sensing systems such as Landsat and Seasat assist U.S. industry in the search for new resources, and in the effective use of their present holdings. Improved weather forecasting permits the businessman to plan his operations more efficiently than ever before. NASA research in aeronautics furnishes the technology base for the U.S. aircraft industry which exports products worldwide at a level second only to our agricultural resources. New products result from the innovative use of technology developed for NASA's aerospace programs. For instance, Kaman Helicopter Corp. set up a new subsidiary to develop better musical instruments than existed before by applying the structural dynamic theory used in the design of helicopters to the design of these instruments.

In short, it is difficult to find any segment of American business or industry that has not benefited from the use of shown that there is from a sevenfold to fourteenfold return to the country's economy for every dollar invested in NASA programs.

I feel quite strongly that we have an obligation to the future generations to provide a credible legacy of technology. I urge my colleagues to also support this legislation.●

Mr. TEAGUE. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. (FUQUA), the chairman of the subcommittee that held the hearings on this bill.

Mr. FUQUA. Mr. Chairman, during 1977 NASA undertook 16 launches. Thirteen of these were successful and 12 of the total were paid for by other agencies of Government, private enterprise or foreign agencies. This is indicative of gradual but significant change in our space program. In 1978, NASA is scheduled to launch 25 payloads. Of these, 15 will be paid for by customers other than NASA. The first four of these launches have already taken place; Intelsat IV–A for international communications, a Navy communications satellite, an international ultraviolet explorer (IUE), Landsat-C and a Japanese experimental broadcasting satellite (Japan-BSE). In 1979, a diverse scientific and space applications program will continue using conventional launch vehicles and the first flights of space shuttle transportation system will begin. Our space program will have begun a new way of operating where lower cost transportation, repair and recovery of payloads from space can become routine. The budget before you today supports a continuing program of space science and practical applications without a large increase in fundings.

There are substantial opportunities for our Nation in space beyond the content of this budget. It is my belief that this body will want to support a number of new initiatives in space in the years ahead. In looking ahead, the vision and leadership of the gentleman from Texas (Mr. TEAGUE), chairman of the Committee on Science and Technology, continues to give strength and direction to our national space program. It is important to note that the gentleman's contribution to bringing the benefits of the space program to the American public is second to none.

I want to add, Mr. Chairman, the gentleman from Texas for the past 20 years, after serving on the select committee that established not only the National Aeronautics and Space Administration, but also recommended to Congress the establishment of the Committee on Science astronautics. and has served on this committee throughout that time and the last number of years as its chairman.

As he has announced earlier this year this will probably be the last time that he will participate in the presentation to this body of a NASA budget. I think this House and this country owes the gentleman from Texas (Mr. TEAGUE), a great deal of gratitude for the leadership that he has exerted, particularly during the time of the Apollo program, as well as programs prior to, and since, that time in making this Nation second to none in our leadership in space. On behalf of the committee, wish to thank the gentleman for his outstanding contributions to our space program.

As chairman of the Subcommittee on Space Science and Applications, I want to recognize also the dedicated efforts of all the members of the subcommittee in developing the bill before us today. Each Member on both sides of the aisle has made a significant contribution. As

always, we can depend on the gentleman from Kansas (Mr. WINN), the ranking minority member of the subcommittee, for his knowledge and personal insight into the complex programs. His diligent effort continues to be of immeasurable help in establishing a sound bill and strong NASA program.

Again, I would like to commend all members of the committee who have so diligently worked on bringing this bill to the floor.

I also wish to commend our very outstanding staff without whose help we could not have made this possible.

My remarks will be directed primarily to the actions taken by your Committee on Science and Technology as a result of the recommendations of the Subcommittee on Space Science and Applications, which it is my privilege to chair. The gentleman from Texas (Mr. MILFORD) distinguished chairman of the Subcommittee on Transportation, Aviation, and Weather will cover those areas of aviation contained within H.R. 11401.

The committee as a whole recommended 10 changes to funding line items and added two sections to the bill. A net increase in research and development is recommended by your committee over that requested by NASA with a small reduction in construction of facilities. The net overall recommendation is $43.7 million more than the President's budget submission for NASA. The actions taken by the committee on the program contained in the budget as submitted have the effect of:

First, increasing by $80.7 million certain programs while decreasing by $37.0 million other areas of effort;

Second, maintaining the option to purchase a fifth space shuttle orbiter without incurring penalty costs;

Third, placing increased emphasis on advanced planning for future programs including the industrialization of space;

Fourth, additional emphasis on space applications program particularly at the State and local level for Earth resources data;

Fifth, adding special emphasis to utilization of NASA technology as it applies to bioengineering;

Sixth, recognizing the major contribution that NASA can make to the solution of our energy problems by augmenting solar satellite power technology studies; and

Seventh, providing 18 areas of comment—committee views—for emphasis or improvement through which the committee would seek to insure a strong national space program.

For the benefit of my colleagues, I am including in the RECORD a table which summarizes the budget actions of the committee for fiscal year 1979:

FISCAL YEAR 1979 NASA AUTHORIZATION BILL—COMMITTEE RECOMMENDATIONS

[In thousands of dollars]

Subline	Line item	Fiscal year 1978 House authorization	Fiscal year 1979 NASA request	Committee action	Remarks	
1(a)(1)	Space Shuttle	$1,349,200	$1,439,300	1,433,300	+$4.0 million	5th Space Shuttle Orbiter.
1(a)(2)	Space flight operations	270,800	311,900	308,900	−10.0 million	Development, test, and mission operations reduction.
					+7.0 million	Advanced programs.
1(a)(3)	Expendable launch vehicles	129,500	76,500	71,500	−5.0 million	General reduction.
1(a)(4)	Physics and astronomy	229,200	285,500	285,500		
1(a)(5)	Lunar and planetary exploration	161,200	187,100	187,100		
1(a)(6)	Life sciences	33,300	40,600	40,600		
1(a)(7)	Space applications	238,800	274,300	288,300	+10.0 million	Applications research and technology development.
					+4.0 million	Stereosat.
1(a)(8)	Technology utilization	9,100	9,100	14,600	+1.1 million	Industrial applications
					+4.0 million	Technology applications (bioengineering).
1(a)(9)	Aero. research and technology	236,500	264,100	292,300	+26.7 million	Composite primary aircraft structures program.
					+8.0 million	Variable cycle engines components program.
					+4.0 million	Supersonic cruise research program.
					+1.5 million	Aerial applications systems technology.
					−12.0 million	Engine components improvement program and energy efficiency transport program.
1(a)(10)	Space research and technology	101,700	108,300	111,300	+3.0 million	Low-density space structures, solid state. Power conversion, microwave energy technology.
1(a)(11)	Energy technology applications	9,500	3,000	6,000	+3.0 million	Energy technology applications for solar satellite power.
1(a)(12)	Tracking and data acquisition	278,700	305,400	304,500	−5.0 million	Operations reduction.
					+4.0 million	System implementation (Spacelab).
	Subtotal, research and development	3,047,500	3,305,100	3,353,800	+48.7 million	R. & D.
1(b)(1)	Ames Research Center, modification of unitary plan wind tunnel		5,390	*5,390		*Transportation, Aviation, and Weather Subcommittee items.
1(b)(2)	Ames Research Center, modification of 3.5-ft wind tunnel		1,870	*1,870		
1(b)(3)	Ames Research Center, modification of 12-ft pressure wind tunnel		2,510	*2,510		
1(b)(4)	Goddard Space Flight Center, modification and additions for logistic and supply functions.		5,640	5,640		
1(b)(5)	Jet Propulsion Laboratory, modification and additions to space flight operations facility.		3,060	3,060		
1(b)(6)	Jet Propulsion Laboratory, modifications to various buildings for seismic protection.		1,570	1,570		
1(b)(7)	Langley Research Center, modifications for utility control systems		1,980	1,980		
1(b)(8)	Langley Research Center, rehabilitation of unitary plan wind tunnel		4,520	*4,520		
1(b)(9)	Lewis Research Center, construction of research analysis center		6,140	*6,140		
1(b)(10)	Large aeronautical facilities at various locations as follows:					
	(a) Construction of national transonic facility, Langley Research Center.		24,500	*24,500		
	(b) Modification of 40x80-ft. subsonic wind tunnel, Ames Research Center.		31,600	*31,600		
1(b)(11)	Space Shuttle facilities at various locations as follows:					
	(a). Modifications to launch complex 39, John F. Kennedy Space Center.		13,570	13,570		
	(b) Modification of manufacturing and final assembly facilities for external tanks, Michoud Assembly Facility.		13,980	13,980		
	(c) Modification to solid rocket motor manufacturing and assembly facilities, Thiokol Plant, Wasatch, Utah.		1,920	1,920		
	(d) Minor Shuttle—unique projects, various locations		1,600	1,600		
1(b)(12)	Rehabilitation and modification of facilities at various locations, not in excess of $500,000 per project.		17,800	12,800	−5.0 million	Program reduction.
1(b)(13)	Minor construction of new facilities and additions to existing facilities at various locations not in excess of $250,000 per project.		4,200	4,200		
1(b)(13)	Facility planning and design		10,650	10,650		
	Subtotal, construction of facilities	158,340	152,500	147,500		
1 (c)	Research and program management	847,989	914,000	914,000		
	Subtotal, research and development	3,047,500	3,305,100	3,353,800		
	Subtotal, construction of facilities	158,340	152,500	147,500		
	Subtotal, research and program management	847,989	914,000	914,000		
	Total	4,048,329	4,371,600	4,415,300	+43.7 million	Above request.

Language amendments: new sec. 6—To make technical changes to sec. 203 of the basic act. New sec. 7—To provide for use of NASA management and technical skills in the field of bioengineering.

Mr. Chairman, the Subcommittee on Space Science and Applications held a total of 10 hearings in September 1977 and January and February 1978 to review the NASA fiscal year 1977–78 budget performance and the fiscal year 1979 budget request. Testimony was also taken from representatives of NASA, the U.S. Air Force, the European Space Agency, and members of the industrial and scientific community on NASA related programs. In addition, the full committee heard testimony in 3 days of hearings on future space programs. The aeronautical programs of NASA have been covered separately by the Subcommittee on Transportation, Aviation, and Weather and will be reported on separately by the gentlemen from Texas (Mr. MILFORD).

For use of the Members a budget analysis for the NASA programs is included:

NASA BUDGET ANALYSIS

BUDGET OVERVIEW

Fiscal Year 1978 Operation Plan (See Chart I):

1. No significant difference exists between the final appropriation for the current year (Fiscal Year 1978) and the Operating Plan.

2. A small decrease from the authorized amounts in Space Transportation Systems, Space Sciences and Aeronautical Research and Technology with a small increase from the amount authorized for Space Applications was made to adjust to $31.5 million decrease from the amount authorized to the amount appropriated.

CHART I—FISCAL YEAR 1978 OPERATING PLAN

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

FISCAL YEAR 1978 OPERATING PLAN—SUMMARY OF NEW OBLIGATIONAL AUTHORITY

[In millions of dollars]

Research and development	Fiscal year 1978 budget request	Authorization	Appropriation	Current operating plan
Space transportation systems	1,753.5	1,756.5	.....	1,751.5
Space Shuttle	1,349.2	1,354.2	.....	1,349.2
Space flight operations	267.8	267.8	.....	267.8
Expendable launch vehicles	136.5	134.5	.....	134.5
Space science	415.7	414.7	.....	401.7
Physics and astronomy	224.2	228.2	.....	224.2
Lunar and planetary	158.2	153.2	.....	147.2
Life sciences	33.3	33.3	.....	33.3
Space and terrestrial applications	241.9	248.9	.....	243.9
Space applications	233.8	239.8	.....	234.8
Technology utilization	8.1	9.1	.....	9.1
Aeronautics and space technology	333.2	341.2	.....	333.2
Aeronautical research and technology	231.0	234.0	.....	228.0
Space research and technology	97.7	99.7	.....	97.7
Energy technology applications	4.5	7.5	.....	7.5
Tracking and data acquisition	281.7	280.2	.....	278.3
Research and development total	3,026.0	3,041.5	3,013.0	3,011.6
Construction of facilities	161.8	160.9	160.9	162.3
Research and program management	847.0	847.0	844.0	844.0
Subtotal	4,034.8	4,049.4	4,017.9	4,017.9
Proposed supplemental to cover increased salary rates				46.2
Total, NASA	4,034.8	4,049.4	4,017.9	4,064.1

Reductions in NASA budget by Office of Management and Budget (OMB):

The following tabulation (Chart II) shows the fiscal year 1979 NASA request to OMB, the Budget requests to Congress and comparison with the fiscal year 1978 Operating Plan (Chart I). The remarks column defines reductions made by OMB. Among the reductions of particular note are:

1. Reduction of Advance Planning (Space Flight Operations).

2. Deletion of definition funding for 25 KW power module (Space Flight Operations).

3. Deletion expansion of upper atmospheric research program (Physics and Astronomy).

4. Deletion of funding for definition of potential future missions (Physics and Astronomy).

5. Deletion of funding for improved efficiency data processing equipment SEASAT A radar (Space Applications).

6. Deletion of funding for augmentation of applications team activities in biomedical and other technology transfer areas (Technology Transfer).

7. Reduction in system technology and flight experiments (Space Research and Technology).

8. No funds requested or included for Solar Satellite Power technology activities (Energy Technology Applications).

9. Reduction in fund for NASA personnel (Research and Program Management).

CHART II—NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—REDUCTIONS TO NASA REQUEST, FISCAL YEAR 1979 BUDGET

[In millions of dollars]

	Fiscal year 1978 operating plan	Fiscal year 1979 budget request of OMB	Reductions	Fiscal year 1979 budget request to Congress	Remarks
RESEARCH AND DEVELOPMENT					
Space Shuttle	1,349.2	1,443.3	−4.0	1,439.3	
Design, development, test, and evaluation	1,307.5	985.3	.....	985.3	
Production	41.7	458.0	−4.0	454.0	Delete fiscal year 1979 funding for 5th orbiter.
Space flight operations	267.8	319.4	−7.5	311.9	
Advanced programs	10.0	12.0	−7.0	5.0	Reduction in advanced planning for potential future space transportation capabilities, deletion of funding for definition of 25 kW power module.
Other space flight operations activities	257.8	307.4	−.5	306.9	Deletion of upper stage for Lunar Polar Orbiter.
Expendable launch vehicles	134.5	76.5	.....	76.5	
Physics and astronomy	224.2	303.9	−18.4	285.5	
Gamma ray observatory	.....	10.0	−10.0	.....	Deletion of funds to initiate proposed mission to conduct a whole-sky survey in the highest energy region of the electromagnetic spectrum.
Mission operations and data analysis	27.0	33.3	−.8	32.5	Deletes funds planned to extend orbiting solar observatory mission into fiscal year 1979; reduction in data analysis level of funding.
Research and analysis	33.4	42.3	−6.4	35.9	
Upper atmospheric research	(11.6)	(14.0)	(−2.1)	(11.9)	Deletion of proposed extension of current upper atmospheric research activities to include the upper stratosphere and mesosphere and the coupling of these regions.
Other research and analysis	(21.8)	(28.3)	(−4.3)	(24.0)	Deletion of proposed funding for definition of potential future missions.
Shuttle/spacelab payload	28.9	39.5	−1.2	38.3	Reduction in fiscal year 1979 funding for initial activities on multi-user instruments development for future spacelab missions.
Other physics and astronomy activities	134.9	178.8	.....	178.8	
Lunar and planetary	147.2	197.8	−10.7	187.1	

CHART II—NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—REDUCTIONS TO NASA REQUEST, FISCAL YEAR 1979 BUDGET—Continued

[In millions of dollars]

	Fiscal year 1978 operating plan	Fiscal year 1979 budget request of OMB	Reductions	Fiscal year 1979 budget request to Congress	Remarks
Lunar Polar Orbiter		7.3	−7.3		Deletion of funds to initiate proposed mission to provide comprehensive set of global chemical and physical data on the Moon.
Mission operations and data analysis	84.5	86.9	−2.5	84.4	Reduces funding planned for extension of Viking operations and data analysis in fiscal year 1979.
Research and analysis	23.9	24.9	−.9	24.0	Reduction in planned funding for ground based planetary astronomy instrumentation.
Other lunar and planetary projects	38.8	78.7		78.7	
Life sciences	33.3	44.6	−4.0	40.6	Reduction in planned development of life science experiments to be conducted on Spacelab missions.
Applications	234.8	304.6	−30.3	274.3	
Earth resources detection and monitoring	107.0	170.2	−18.7	151.5	
Landsat-D	(48.2)	(87.5)	(+10.0)	(97.5)	Addition of provision for 1 multi-spectral scanner instrument to be flown on Landsat-D.
Spaceborne imaging radar		(8.0)	(−8.0)	(....)	Deletion of funding for proposed development of experimental microwave instrument to provide all-weather Earth resources data—especially soil moisture measurements.
Applications research and technology	(49.8)	(57.1)	(−20.7)	(36.4)	Reductions in Earth resources research and analysis, including advanced crop prediction, microwave applications for agriculture and operational systems planning.
Other Earth resources projects	(9.0)	(17.6)		(17.6)	
Weather observatories and forecasting	25.1	22.8		22.8	
Climate	2.5	12.2		12.2	
Earth dynamics monitoring and forecasting	7.2	14.6	−6.0	8.6	
Spacelab geodynamic ranging system	(....)	(5.0)	(−5.0)	(....)	Deletion of funding for proposed development of experimental laser ranging instrument for accurate measurement of crustal plate motion for use in earthquake research.
Other Earth dymanics project	(7.2)	(9.6)	(−1.0)	(8.6)	Reduction in applications research and technology related to Earth polar motion studies.
Ocean condition monitoring and forecasting	16.9	14.9	−2.5	12.4	Deletion of funding for planned procurement of equipment to improve efficiency of SEASAT A radar data processing, and in planned definition of future missions.
Environmental quality monitoring	26.2	20.2		20.2	
Materials processing in space	15.2	21.4	−1.0	20.4	Reduction in applications research and technology and sounding rocket experiments.
Space communications	21.2	24.1	−2.1	22.0	Deletion of planned definition study on a public service broadcast satellite, and reduction in applications research and technology activities.
Applications explorers	13.5	4.2		4.2	
Technology utilization	9.1	10.6	−1.5	9.1	Deletion of proposed funding for augmentation of applications team activities in biomedical and other technology transfer areas.
Aeronautical research and technology	228.0	303.5	−39.4	264.1	
Composite primary aircraft structures	25.1	46.7	−26.7	20.0	Reorientation of previously planned activities in application of composites to aircraft primary structures.
Aerial applications technology		2.0	−2.0		Deletion of planned systems technology for improved effectiveness of aircraft and related systems in agricultural applications.
Variable cycle engine technology and supersonic cruise aircraft research.	15.2	22.0	−6.1	15.9	Deletion of proposed augmentation of experimental activities on components and technologies required for an advanced propulsion system and research on structural material, configuration and environmental factors with potential application of any future supersonic aircraf .
High performance flight experiments-variable camber and digital engine control.		3.1	−3.1		Deletion of planned flight experiments using the F-111 to test a smooth camber variable cycle wing and the F-15 to test an advanced digital engine control concept.
VTOL flight experiments—using modified Harrier		1.5	−1.5		Deletion of proposed flight experiments using a modified Harrier aircraft to validate ground simulation of vertical takeoff and landing handling qualities, flight control, display concepts * * *.
Space research and technology	97.7	119.1	−10.8	108.3	
Systems technology	5.8	12.7	−4.8	7.9	Reduction in systems technology relating to multipurpose user oriented software, large area structures, and composite materials in advanced transportation system.
Space technology payloads planned for shuttle/Spacelab missions.	10.3	15.4	−5.0	10.4	Reduction of planned activity on space technology flight experiments in such areas as advanced guidance and control, combustions, zero-G fluid flow and cryogenic handling and storage.
Low-cost systems	9.0	10.0	−1.0	9.0	Reduction in planned effort on cost reduction through standardization of space hardware and software.
Other space R. & T. activities	72.6	81.0		81.0	
Energy technology applications	7.5	3.6	−.6	3.0	Deletion of planned concept definition on a system of orbiting reflectors for collection and transmission of sunlight to a ground receiving station.
Tracking and data acquisition	278.3	312.4	−7.0	305.4	
Spacelab payload data processing		6.6	−6.6		Deferral of funding to provide data processing capability required for future Spacelab missions.
Support for Lunar Polar Orbiter		.4	−.4		Deletion of tracking and data equipment to support Lunar Polar Orbiter.
Other T. & D. activities	278.3	305.4		305.4	
Research and development, total	3,011.6	3,439.3	−134.2	3,305.1	
Construction of facilities	162.3	171.7	−19.2	152.5	
Space Shuttle facilities	64.9	37.7	−6.6	31.1	Deferral to fiscal year 1980 of increment of funding required for modification of Pad B at Launch Complex 39, KSC, rather than full funding in fiscal year 1979.
Flight experiment facility addition Ames-life science experiments.		2.2	−2.2		Deletion of funding for flight experiment facility addition required in support of life sciences experiments planned to be flown on Spacelab missions.
Spacelab data facility—Addition—GSFC		5.9	−5.9		Deferral of construction of facility to house data processing equipment required in support of future Spacelab missions.
Rehabilitation and modifications	18.9	19.7	−1.9	17.8	Reduction in planned funding for facility rehabilitation and modification.
Minor construction	6.0	4.5	−.3	4.2	Reduction in planned funding for minor construction.
Facilities planning and design	11.8	12.9	−2.3	10.6	Reduction in planned funding for facilities planning and design.
Other construction projects	60.7	88.8		88.8	
Research and program management	844.0	870.0		870.0	
Subtotal	4,017.9	4,481.0	−153.4	4,327.6	
Additional requirement for unbudgeted Civil Service pay increases	46.2	44.0		44.0	
Total NASA	4,064.1	4,525.0	−153.4	4,371.6	

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Unobligated balances

The unobligated balances (Chart IV) as of September 30, 1977, at the close of fiscal year 1977 were within amounts considered normal for carry-over to the next fiscal year

CHART IV

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

UNOBLIGATED BALANCES

[In millions of dollars]

	Fiscal year 1977 and prior unobligated balance Sept. 30, 1977	Fiscal year 1978 and prior unobligated balance Dec. 31, 1977 (end of 1st quarter of fiscal year 1978)	Estimated unobligated balance Sept. 30, 1978
Research and development:			
Space Shuttle	4.9	885.7	
Space flight operations	13.3	214.1	
Expendable launch vehicles	34.4	146.1	
Other space flight	1.1	3.2	
Physics and astronomy	27.6	192.0	
Lunar and planetary	30.3	131.8	
Life sciences	5.1	31.7	
Space applications	19.4	197.8	
Technology utilization	1.6	9.8	
Aeronautics research and technology	21.2	204.7	
Space research and technology	8.0	76.8	
Energy technology applications	1.0	7.4	
Tracking and data acquisition	22.6	186.6	
Total, research and development	190.5	2,287.7	
Construction of facilities	80.3	211.1	71.9
Research and program management		655.9	
Total, NASA	270.8	3,154.7	71.9

Note: All research and development and research and program management funds are planned for obligation by the end of fiscal year 1978. Historically, however, there remains a relatively small amount of R. & D. funds in the procurement pipeline which is technically unobligated at the end of the fiscal year. This amount, statistically equivalent to a few weeks of procurement activity, is normally legally obligated in the next fiscal year. These amounts in the procurement pipeline have no impact on the following fiscal year requirements. For construction of facilities, it is estimated that $122,000,000 of the fiscal year 1978 appropriation of $162,300,000 will be obligated in fiscal year 1978, leaving a planned unobligated balance of $40,300,000. In addition $31,600,000 of prior appropriations are estimated to be unobligated at the end of the year.

Inflation effect—NASA budget

Chart V shows the effect of inflation on the buying power of the NASA dollar. Note that $4.572 billion in fiscal year 1979 represents $3.368 billion in terms of 1976 dollars. For example, the effect of inflation is as follows on the Space Shuttle Design, Development, Test, and Evaluation Program.

	Millions of Dollars
Original development estimate in 1971 dollars	$5,150
Increases in development estimate resulting from program and schedule changes	280
Revised estimate in 1971 dollars	5,430
Inflation adjustment to FY 1979 budget dollars	1,881
Estimate in FY 1979 budget dollars	7,311
Additional inflation adjustment through completion assuming a future annual rate of 7%	43
Total estimate in real year dollars	7,354

CHART V.—EFFECT OF INFLATION OF TOTAL NASA BUDGET PURCHASING POWER

[In millions of dollars]

	1976	1977	1978	1979
Actual budget authority	3,552	3,846	4,064	4,372
Budget authority in terms of constant fiscal year 1976 dollars, based on compensation index	3,552	3,459	3,375	3,368

You will note that in the area of space science and applications nine changes to budget line items are recommended. The total net dollar change to the NASA request (exclusive of aeronautical research and development) is $15.5 million which is comprised of $40.5 million of increases and $25.0 million of decreases. These recommended changes are as follows:

A. Space Shuttle: $4.0 million increase for maintaining the option to purchase a 5th Space Shuttle Orbiter.

B. Space Flight Operations:

$10.0 million general reduction in development, test and mission operations.

$7.0 million increase in advanced planning including a 25 kW power module definition and development.

C. Expendable Launch Vehicles: $5.0 million decrease to be applied across the program as conventional launch vehicles are phased out.

D. Space Applications:

$10.0 million increase for applications research and technology development.

$4.0 million increase to initiate a Stereosat development program.

E. Technology Utilization:

$1.5 million increase for Industrial Applications.

$4.0 million increase for Technology Applications (Bioengineering).

F. Space Research and Technology: $3.0 million increase for space structures, power conversion, microwave technology.

G. Energy Technology Applications: $3.0 million increase in Energy Technology Applications for solar satellite power.

H. Tracking and Data Acquisition:

$5.0 million decrease in system operations.

$4.0 million increase for Spacelab systems implementation.

I. Construction of Facilities: $5.0 million reduction in rehabilitation and modification of facilities at various locations.

Your committee reviewed the bill section by section. A section change is proposed of a technical nature to clarify the paragraphing of the basic act as follows:

SEC. 6. Section 203 of the National Aeronautics and Space Act of 1958 is amended—

(1) by inserting "(1)" after "(b)" in the subsection which was added by section 15 (c) of Public Law 94–413; and

(2) by redesignating the subsection which was added by section 4 of Public Law 93–409 (and redesignated by section 15(c) of Public Law 94–413) as paragraph (2) of subsection (b).

LANGUAGE AMENDMENTS

SECTION 7

The committee amended section 102 and section 203 of the National Aeronautics and Space Act of 1958 directing NASA to apply its expertise in science, engineering, and administration of complex interdisciplinary research and development programs to initiate, support, and carry out research, development, demonstration, and other related activities in bioengineering to assist handicapped individuals and lessen or alleviate the problems caused by disability. To carry out this directive, there is authorized to be appropriated to the National Aeronautics and Space Administration, $4 million (in addition to any other amount authorized by this act) for research and development to become available October 1, 1978.

An additional sectional change is recommended to modify sections 102 and 203b of the basic act as follows:

SEC. 7. (a) Section 102 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451) is amended (1) by redesignating subsection (f) as subsection (g) thereof; and (2) by inserting immediately after subsection (e) thereof the following new subsection.

"(f) The Congress declares that the general welfare of the United States requires that the unique competence of the National Aeronautics and Space Administration in science and engineering systems and in the administration of complex interdisciplinary research and development programs be directed toward bioengineering research, development, and demonstration programs. Such programs shall be conducted to alleviate and minimize the effects of disability."

(b) The subsection of section 102 of such Act redesignated as subsection (g) by subsection (a) of this section is amended by striking out "and (e)" and inserting in lieu thereof "(e), and (f)".

(c) Section 203(b) of such Act is amended by inserting after paragraph (2), as redesignated by section 6 of this Act, the following new paragraph:

"(3) The Administration shall initiate, support, and carry out research, development, demonstrations, and other related activities, to the extent funds are appropriated therefor, in bioengineering includ-

ing but not limited to materials, human factors engineering, electronics and automated systems) to assist handicapped individuals and lessen or alleviate the problems caused by disability. To the extent appropriate, these bioengineering research, development and de... istration programs shall be conducted in coordination and cooperation wi'h other related Federal agency programs."

In addition to the budget changes noted, your committee is recommending a number of committee views. The remainder of this report provides in somewhat more detail an analysis of actions recommended and a statement of views recommended and incorporated within the report of the bill.

SPACE SHUTTLE

NASA requested $1,439,300,000 for the Space Shuttle in fiscal year 1979. These funds will support the Shuttle design, development, test, and evaluation program and the Shuttle production program for a four orbiter fleet. The committee believes that there is a requirement for a five-orbiter fleet to provide flexibility for exploitation of the orbiter capabilities and to provide a backup for any unforeseen loss of a vehicle. Considerable economy can be realized if production of the fifth orbiter is initiated in fiscal year 1979. Therefore, the committee recommends the addition of $4 million, for the fifth orbiter resulting in a total Space Shuttle program authorization of $1,443,300,000. This action will maintain the option of the fifth orbiter for another year without incurring any penalty costs.

SPACE FLIGHT OPERATIONS

NASA requested $311,900,000 for space flight operators programs in fiscal year 1979. Within this line item the committee decreased development, test, and mission operations $10 million and increased advanced programs $7 million resulting in a total recommended authorization of $308,900,000 for space flight operations in fiscal year 1979.

Development, test, and mission operations—NASA requestd $163 million for development, test, and mission operations in fiscal year 1979. It has been the committee's understanding that the development, test, and emission operations activities would decrease as the space transportation system operations capability activity increased. The committee reviewed the funding history of the development, test, and mission operations item and found that the fiscal year 1979 estimate is more than the amount funded in fiscal year 1976 whereas the space transportation systems operations capability activity has increased from a level of $11,300,000 in fiscal year 1976 to a request of $110,500,000 in fiscal year 1979. Therefore, the committee recommends a total authorization of $153 million for development, test, and mission operations for fiscal year 1977, a reduction of $10 million from the NASA request.

Advanced programs—NASA requested $5 million for advanced programs in fiscal year 1979. The committee recommends an addition of $7 million for advanced programs resulting in a total authorization of $12 million in fiscal year 1979. It has been the position of the committee that all reasonable steps should be taken to gain the full potential of practical space application at the earliest possible time. The committee continues to see a need to conduct studies and investigations to define systems for future missions that will exploit Space Shuttle capabilities in the 1980's. Therefore, the committee has added funds to augment definition efforts in the areas of space platform; space construction concepts; systems to erect large structures in orbit using the Shuttle; and definition of orbital transfer vehicles required for geosynchronous orbit. Within funds available, NASA is authorized to proceed with definition and development of a 25kW power module.

EXPENDABLE LAUNCH VEHICLE PROGRAM

The committee decreased NASA's expendable launch vehicle program budget request of $76,500,000 by $5 million in recognition of the low level of launch activities for NASA programs in fiscal year 1979 and the opportunities for reducing NASA costs during the phase out of the expendable launch vehicles program. Therefore, the committee recommends that a total of $71,500,000 be authorized for the expendable launch vehicle program in fiscal year 1979.

SPACE APPLICATIONS

NASA requested $274,300,000 for space applications programs in fiscal year 1979. Within this line item, the committee increased Earth resources detection and monitoring programs by $14 million resulting in a total recommended authorization of $288,300,000 for space applications programs in fiscal year 1979.

NASA requested $151,500,000 for Earth resources detection and monitoring programs in fiscal year 1979. Within this subline item, the Office of Management and Budget reduced NASA's request for application research and technology programs by $20,700,000. The committee believes there is a need to augment efforts to transfer this technology to State and private sector users and, therefore, the committee recommends an increase of $10 million for applications transfer and demonstration programs, augmentation of support to States, advanced crop prediction, and advanced data analysis techniques. The committee also recommends an increase of $4 million to initiate development of Stereosat, a remote sensing satellite that would provide greatly improved geological Earth resources data for mineral exploration. The committee insists that NASA establish such mechanisms as may be necessary whereby the industrial community will share in the costs of the Stereosat program. The committee recommends a total authorization of $165,500,000 for Earth resources detection and monitoring programs in fiscal year 1979.

TECHNOLOGY UTILIZATION PROGRAM

The committee increased the technology utilization program budget request of $9,100,000 for fiscal year 1979, by $5,500,000 in recognition of the technology utilization program's contributions and opportunities for further contributions to the national economy and human benefits.

Within the increase, $1,500,000 is restored to NASA's request deleted by the Office of Management and Budget (OMB) to offset inflation, increase the scope and effectiveness of industrial application centers and other technology dissemination mechanisms, and to continue evaluation of program benefits and appraisal of future opportunities. An additional $4 million is added to assure that aggressive programs are maintained for transferring NASA technology to bioengineering applications in the areas of materials, human factors engineering, and electronics. Therefore, the committee recommends a total of $14,600,000 be authorized for the technology utilization program for fiscal year 1979.

SPACE RESEARCH AND TECHNOLOGY

NASA requested $108,300,000 for space research and technology programs in fiscal year 1979. Within this line item, the committee increased the systems technology programs by $3 million for power conversion technology, microwave energy technology, and to augment large low density space structure fabrication concepts, fabrication technology, materials performance verification, and controls studies. Therefore, the committee recommends a total authorization of $111,300,000 for space research and technology programs in fiscal year 1979.

ENERGY TECHNOLOGY APPLICATIONS

NASA requested $3 million for energy technology applications activities in fiscal year 1979. Within this line item, the committee added $3 million for energy from space/solar power satellite activities resulting in a total recommended authorization of $6 million for energy technology applications in fiscal year 1979.

NASA stated that its efforts in support of energy from space would be funded by the Department of Energy in fiscal year 1979. However, the presently agreed on NASA/DOE solar power satellite plans do not include any space related technology effort. The committee feels strongly that space related technological effort is needed for power conversion technology to develop thin/lightweight, high efficiency, radiation resistant, solar cells of silicon, gallium arsenide, and alternative materials and for microwave energy technology in areas of direct current-to-microwave energy conversion, microwave beam forming, construction of receiving-and-rectifying antenna, radio frequency interference, and interactions of microwave beams with the ionosphere. Without this necessary space related technology, the economic and environmental issues will remtain unresolved.

CONSTRUCTION OF FACILITIES

NASA requested $152,500,000 for construction of facilities in fiscal year 1979. The committee reduced the request for the rehabilitation and modification of facilities program by $5 million, resulting in a total recommended authorization of $147,500,000 for construction of facilities in fiscal year 1979.

NASA requested $17,800,000 for rehabilitation and modification of facilities programs. The committee recognizes the

continuing need to maintain existing institutional and service facilities and to protect past investments in property. The committee also recognizes, however, that several projects requested by NASA do not appear to be high priority for fiscal year 1979 authorization. Therefore, the committee recommends a reduction of $5 million, resulting in a total recommended authorization of $12,800,000 for rehabilitation and modification of facilities programs in fiscal year 1979.

FUTURE SPACE PROGRAMS

The committee views with increasing concern the apparent lack of interest of the executive branch in consistent and continuing future planning for a strong national space program as reflected by the budget submission for fiscal year 1979. If our Nation is to realize the full potential of the abundant applications of space science and technology, the planning for future programs must necessarily receive consistent funding and NASA management's enthusiastic support. Such planning must then be followed with sufficient new NASA programs to sustain the space scientific and technological base while supporting those practical applications demonstrated to be significant to the needs of our society. The committee questions the basis for the current NASA "institutional review" as confusing the means with the ends, therefore, potentially lacking in an adequate evaluation of the benefits derived from our space program and consequently underestimating the size, nature, and structure of the future NASA institution best serving the broadest interests of the Nation. Therefore, the committee insists that NASA, during the next year, inform the committee at least quarterly as to what actions may be planned or underway to strengthen future peaceful space program planning and recommend a mechanism by which the executive branch will assure a full and adequate dialog before any actions are taken with respect to the current NASA "institutional review."

The committee further observes that in consonance with the National Aeronautics and Space Act of 1958, NASA should take the initiative in cooperation with other cognizant agencies of the executive branch, to promote, encourage, and otherwise strengthen the commitment of the signatory nations to the Outer Space Treaty.*

RESEARCH AND ANALYSIS

The committee is concerned with the level of support for research and analysis and the essentially constant level of university funding. The committee believes that NASA should continue a vigorous program in upper atmospheric research to study processes affecting the filtering of harmful solar radiation and coupling phenomena which may affect the ability to develop an understanding and prediction capability in the areas of weather and climate. In addition, the committee shares the view of the Space Science Board of the National Academy of Science that the lack of anticipatory concepts and instrumentation development will undermine future space science programs constraining NASA from studying all highly desirable options. The committee, therefore, recommends that NASA provide additional emphasis on research and analysis, seek ways to further broaden and strengthen its upper atmospheric research program, and assure universities an expanding role in these areas.

LUNAR EXPLORATION

The committee believes that further exploration of the Moon should be predicated on more than its relative scientific merit since the continued and detailed study of the Moon is of unique interest due to its proximity to Earth and potential for future applications providing opportunities to capitalize on our present data and understanding for relatively low additional cost. The committee urges NASA to again consider in subsequent budgets a polar orbiting mission to the Moon that will obtain global measurements of the Moon's chemistry and mineral distribution as well as other general properties and provide unique opportunities to correlate remote sensing and "ground truth" data for resource analysis and calibration of instrumentation to accommodate future planetary missions. Such consideration should not necessarily place the lunar polar orbiter mission in competition with only scientific satellites, but also should be evaluated as a program with the potential for long-term beneficial uses.

LAUNCH VEHICLE REIMBURSEMENT POLICY

NASA is the lead agency for the launching of civilian payloads into space. Cost reimbursement is required when launches are conducted for the benefit of other Government agencies, foreign countries, and commercial firms. The amount of reimbursement in each case depends on the kind of customer. When other Government agencies are involved, NASA seeks to recover only those costs that are over and above their costs for launching NASA payloads. For example, the salaries of NASA civil service employees who conduct a NOAA or DOD launch are not recovered. The underlying assumption in this approach is that NASA will have a sufficient in-house business base to justify a launch vehicle program. However, as the expendable vehicles are phased out, this assumption is becoming weaker.

Therefore, the committee requests NASA to reevaluate the reimbursement policy for expendable launch vehicles and to report their findings by June 1978.

LIFE SCIENCES SPACELAB MISSIONS

Life sciences flight experiments in biomedicine, biology, and life support in the near weightlessness of Earth orbit provide one of the major uses for the pressurized Spacelab flown on Space Shuttle missions. It is imperative that full advantage be taken of this new space transportation system in an aggressive, orderly, and coordinated life sciences flight experiment program involving broad participation from the scientific and industrial communities. NASA, therefore, should assure sufficient effort so that the life sciences program is consistent with maintaining commitments to an effective Spacelab/Space Shuttle launch schedule.

SPACE APPLICATIONS

The committee notes a reduction in the funds to support technology transfer and demonstration projects and an increased emphasis on the scientific content of the applications programs. While the committee recognizes the need for a sound science base for space applications, there is a need for more support for technology transfer and demonstration projects to increase the number of users and hasten the transition from experimental to operational programs. Therefore, the committee recommends that NASA evaluate what strategies and programs are necessary to strengthen user oriented progams at all levels and advise the committee pior to the next annual authorization what steps need to be taken to meet this objective.

SEASAT PROGRAM FOLLOW-ON

The committee is concerned that NASA did not request funds to initiate a follow-on SEASAT program in fiscal year 1979. The committee considers the follow-on SEASAT to be a high priority program. Therefore, the committee urges NASA to play a leadership role in resolving the institutional issues involved in a follow-on SEASAT program and to plan and propose a program for the next authorization which resolves current issues.

WEATHER OBSERVATION AND FORECASTING

The committee has been very supportive of this program and its general objectives. Society, since the beginning of mankind, has been at the mercy of natural weather phenomena. The space age technology has presented a new hope for being able to predict and even control many of these phenomena.

It is the view of the committee that progress in this program is being limited, because of a lack of well defined goals, both as to objectives and schedule which would allow for higher visibility and better opportunity to measure progress.

The committee does recognize, though, that NASA is taking action, such as moving overall program direction and coordination to headquarters, which will help to alleviate this situation. The committee also recognizes the significance of the global atmospheric research program and the impact it may have upon the overall program and its looking forward to seeing the results of that program and its influence on the total weather program during next years' authorization hearings.

SPACE COMMUNICATIONS RESEARCH AND DEVELOPMENT

The committee observes that the Nation's space telecommunications industry is facing increasing foreign competition. A major question exists as to whether the communications satellite industry can maintain the technical superiority of the United States without NASA as a source of research and development support in high risk areas of technology.

*Treaty on Principals Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies.

The committee urges NASA to carefully consider its future role in communications satellites research and development and make recommendations to the Congress as to the future role of NASA at the earliest possible time. Such recommendations should carefully evaluate how NASA perceives its role relative to other agencies of Government as well as the private sector.

* * * * *

BIOENGINEERING APPLICATIONS

NASA has challenged some of our Nation's best minds in meeting the demands of its space programs. These programs have produced unique achievements in technology at the cutting edge of understanding in human and machine relationships and interactions. It is the view of the committee that NASA should take every reasonable opportunity both unilaterally and in concert with other agencies to assure that this technology is not only made available for public access but is transformed into useful applications. This extra step in applying engineering principles to problems of biomedicine and rehabilitation affecting large numbers of people in this Nation provides a focus for compiling and coordinating the necessary technology for proof of concept development. NASA, therefore, should apply its technology utilization capabilities to assure a maximum return from these technologies most applicable to bioengineering.

ENERGY RESEARCH AND DEVELOPMENT

The committee observes that in the continuing energy crisis all potential energy sources should be thoroughly evaluated to determine their value to the Nation. The committee further observes that solar satellite power represents one of the potentialy most promising sources of energy and that NASA expertise and facilities need to be used to the fullest extent possible to assure that this technology is evaluated. The committee is encouraged by the joint Department of Energy/NASA program for solar power satellite studies related to system definition, environmental issues, and economic issues. However, there is continued concern over the lack of funds for the necessary technology development to resolve these issues. Therefore, the committee urges that the President and responsible energy authorities within the executive branch encourage the use of NASA expertise and facilities by—

First, allocating sufficient funds to the National Aeronautics and Space Administration for verification of the technology essential to solar satellite power demonstration, and

Second, reviewing the existing National Aeronautics and Space Administration facilities and equipments complement to assure that these National assets are employed in solution of our energy problems.

ENERGY TECHNOLOGY IDENTIFICATION AND VERIFICATION

The committee is pleased that the reimbursable energy technology responsibilities assigned to NASA continue to increase. The committee believes that the funds being devoted to this area are being effectively used and continue to be necessary to most effectively assure that the capabilities of the Agency are focused on energy problems in support of the Department of Energy. However, the committee notes a substantial opportunity exists to expand this activity and encourages the Department of Energy to do so.

CONSTRUCTION OF FACILITIES

The committee question of the contruction of facilities project for modification and additions for logistics and supply functions, Goddard Space Flight Center. Since the committee has previously authorized funds for converting a warehouse (building 16) to office space, there is concern about changing this facility back to a warehouse.

The committee recommends that NASA review the long-range needs for warehouse space and office space at Goddard Space Flight Center to assure the efficient use of funds.

TRACKING AND DATA ACQUISITION

The committee decreased the tracking and data acquisition program budget request of $305,400,000 for fiscal year 1979 by $1 million. The net reduction includes a $4 million increase for data processing implementation and a $5 million decrease for operations.

The $4 million addition provides funding to initiate development and equiping of a new data processing center for operation in the latter part of 1981 meeting requirements of Spacelab missions which exceed by a factor of 10 or more the data processing capability of existing facilities at the Goddard Space Flight Center. Additional funding will be required in subsequent authorizations to fully realize the total system. If partial funding were deferred to fiscal year 1980, th Center would not be available until the latter part of 1982, extending the severe data constraints imposed on the first three Spacelab missions for 2 years, impacting experiment selection, and compromising the effectiveness of Spacelab missions. The $5 million decrease for operations is in the committee's recognition of the need for NASA to take full advantage of cost reduction opportunities within projected workloads to offset worldwide escalation in operating costs. Therefore, the committee recommends that a total of $304,400,000 be authorized for tracking and data acquisition in fiscal year 1979.

PROJECT MANAGEMENT

The committee report on NASA program planning and control identified the development activity as the largest single user of financial and manpower resources. The report further found great variability among large development projects as to the number of "in-house" people required to manage them. Upon further investigation, the committee finds that there are a variety of factors that affect project manpower levels. Most obvious among these is whether a substantial portion of the work is done "in-house" or is contracted to a private firm. But other factors can contribute to management complexity. Some of these are: The involvement of several associate contractors, the involvement of principal investigators, the type of contract used, the existence of multiple external relationships and management philosophy.

Nevertheless, the committee is concerned that some NASA project offices perform tasks, involving detailed contractor oversight or recordkeeping, that are either redundant or actually unnecessary to effective project management. This concern is increased in the light of recent personnel reductions that have forced NASA to cut back or, in some cases, eliminate high value research and development programs.

Therefore, the committee requests the Administrator of NASA to review project management practices with an eye toward:

First. Streamlining the functions performed by current project offices, and

Second. Developing guidance for future projects.

Such findings and recommendations as are resultant from this review should be available for committee consideration during program review hearings in September 1978.

I urge passage of H.R. 11401.

I urge adoption of the bill as recommended by your committee.

Mr. WINN. Mr. Chairman, I yield myself such time as I may consume, and I take this time in order to have the opportunity to join the chairman of the subcommittee the gentleman from Florida (Mr. FUQUA) in his words of tribute paid to the distinguished chairman of the full committee, the gentleman from Texas (Mr. TEAGUE).

It has been my privilege to work very closely with the gentleman from Texas (Mr. TEAGUE) in the past 12 years that I have been in the Congress. He has been one of the greatest workers for and supporters of our space program—not only in the Congress but in the world. He has frequently visited facilities in this country and in other parts of the world to see that other countries shared and worked with us in the technological field of space science and of its applications. As I say, I take this time to pay my own tribute to the gentleman from Texas (Mr. TEAGUE).

I also wish to pay tribute to the chairman of the subcommittee the gentleman from Florida (Mr. FUQUA), who has done an outstanding job. He stays right on top of the problems and more fully understands than anyone else in Congress the problems of the space program.

At this time I would like to yield 5 minutes to the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, I rise in support of this piece of legislation.

Mr. Chairman, I rise in support of H.R. 11401 authorizing appropriations for the National Aeronautics and Space Administration in fiscal year 1979.

There are many aspects of the authorization to be addressed; however, I am going to confine my rmarks to NASA work that is necessary in the STOL and Agricultural Aviation R. & D. areas.

The NASA STOL technology program for some time has been directed at providing, by the early 1980's, design and operational data for the U.S. aerospace industry to be able to establish appropriate certification standards. The need for such research was recognized more than a decade ago when public resistance to noise and increasing airport congestion warned of trouble ahead.

While the noise problem came on with a vengeance, airport congestion did not develop as expected. However, air traffic is picking up again, with a growth rate projected at about 6 percent annually for at least the next 10 years. Present terminals and ground handling systems will become overwhelmed at some future time unless new major airport facilities are developed—which is not very likely—or unless better use is made of existing under-utilized airports.

In order to cope with the expected congestion problem, we will need to take advantage of all existing airports, and we will need a new passenger airplane—one with shorter takeoff and landing capability and the performance capability to climb, descend and maneuver, while keeping most of the noise within airport boundaries.

NASA's STOL technology program addresses, with the aircraft industry, the key technologies such as noise reduction, improved propulsion and aerodynamic efficiencies, advanced flight controls and operational techniques through the use of analytical studies, wind tunnel and flight simulation investigations and aircraft flight research activities. The credibility of much of NASA's STOL program likes in the proof-of-concept flight tests of many of the technology concepts which have been developed.

Participation by NASA in the Air Force advanced medium STOL transport (AMST) prototype flight test program has provided technology needed for full-scale, mission-sized derivative civil vehicles. NASA's quiet, short-haul research aircraft (QSRA) program complements the AMST program in proof-of-concept and flight validation of noise reduction technology, alternative propulsive-lift concepts, and a wide range of operational techniques. The QSRA will provide technology that bridges the gap between the larger short-haul STOL transports and smaller commuter-type aircraft and will provide the FAA with criteria for development of airworthiness, certification, noise, and operational standards.

The rollout of the QSRA took place on March 31, 1978, at Boeing Field, Seattle, Wash. This research aircraft—which was built around the body of a deHavilland Buffalo—will not only possess unusually high lift and control power capabilities, but will be the quietest jet airplane ever flown. The predicted performance of the aircraft meets or exceeds all of NASA's goals. On a comparable basis, the QSRA noise footprint will be 30 times quieter than that of a Boeing 727 trijet. At this point in the $21 million Boeing contract, the aircraft is about on schedule and is about 15 percent under target cost, which clearly demonstrates that Government and industry teams working together toward common goals can perform in an outstanding manner.

The QSRA aircraft, scheduled for flight research by NASA in the fall of 1978, will be flying a workshop for advanced development in propulsive-lift for future STOL transport aircraft. The performance of this aircraft for research purposes should be outstanding. The airplane design is highly versatile, making it practical to explore a wide range of operating conditions including various field lengths for landing and takeoff.

The output of the NASA STOL program will provide the needed technology for decisions relating to future transportation options. It is also important to recognize that many of the technology components that will be developed in this program will spin off to benefit other elements of the air transportation system.

In regard to agricultural aviation R. & D., this committee added very modest funding of $1.5 million to the budget.

The role of general aviation in the production of food and fiber cannot be overemphasized.

In recent years the aerial application of seeds, fertilizer, and pesticides has become a vital part of our agricultural system. The 7,000-plus fleet of aircraft apply over $1 billion worth of chemicals to some 250 million acres each year. Mounting pressure for higher, more efficient food production foretells of continued growth in this very vital area. This is in spite of very real limits on the capability for accurate delivery and precise placement of chemicals with current aircraft and dispersal equipment.

The development of new technology to improve both the accuracy and efficiency of the aerial application of agricultural chemicals holds the promise of significant benefits, not only to the aircraft users and manufacturers, but to the farmer and the consumer as well. Increased precision of the application can result in an overall reduction in the volume of chemical drift outside the intended field reduces the adverse environmental impact and the potential for damage to adjacent crops.

Greater aircraft efficiency in terms of payload, ferry speed, turning performance, and short-field operation can lower the cost of aerial application even further.

NASA's efforts to provide technical improvements in each of these problem areas, properly coupled with supporting activities in the Department of Agriculture and the Environmental Protection Agency, should be aggressively pursued. The original proposal by NASA to allocate $500,000 to this effort in fiscal year 1979 permits a slow buildup of in-house activity. It, however, does not provide for the level of industry and university involvement that is absolutely vital to the rapid application of technology developments.

The subcommittee's action in amending the NASA request to provide an additional $1.5 million in fiscal year 1979 provides for both a more aggressive in-house effort by NASA and the resources to undertake joint activities with manufacturers and universities from the outset of the technology programs. I believe it is exceedingly important that NASA, industry, and the universities work together from the outset to develop the needed technology and the proposed NASA budget addition will provide for this joint activity.

Mr. WINN. At this time, Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. HOLLENBECK).

Mr. HOLLENBECK. Mr. Chairman, I am honored to have the opportunity to express my views in support of this legislation, H.R. 11401, and to commend the gentleman from Florida (Mr. FUQUA) and the gentleman from Kansas (Mr. WINN) on their diligence and intelligence in preparing the bill. Also, the longtime efforts of Chairman TEAGUE must not be overlooked.

The public at large is generally supportive of the space program and when opportunities occur, the public has expressed great interest in space programs. One has only to look at the crowds visiting the National Air Space Museum or the visitors at the Kennedy Space Center or Johnson Space Centers. These are the major tourist attractions in their areas. In Washington, for example, the National Air and Space Museum draws more visitors than the White House or Capitol. Some 250,000 people created a massive traffic jam in Houston over the weekend of March 11, as they drove out to Ellington Air Force Base to see the Space Shuttle Orbiter.

Consumers now seem to be taking the space program for granted. Perhaps this is as it should be—they have seen men walk on the Moon on television and they have been able, along with scientists, to scan the horizons of Mars via the TV cameras on the Viking landers. They seem to expect great improvements in such down-to-earth things as telephones and pocket calculators as a matter of course. After all, "We've got to the Moon, we can do anything."

Consumers, that is to say the general public, have developed an increasing awareness in recent years of how the space program is making things better for them here on Earth. Responding to the increasing awareness, local, State, and Federal Government organizations are looking more and more to the space program for help either in the form of "spinoffs" or in direct benefits, such as using Landsat to help in land usage planning, mapping, and resource surveys.

Consumers are aware that it is easier to place a direct dialed phone call to Bermuda, or Europe, or Japan today, than it was to make a long distance call from one city to another in the United States 20 years ago. And it is cheaper, one of the pleasant exceptions to most of our living expenses which have been carried along by inflation.

Consumers credit the space program

for many other benefits which have made their daily lives better. They know that advances in medical equipment, weather predictions, food preparations, watchmaking, firefighting, electronics, among other things, were made possible or at least expedited, by the space program. They look on the space program as a worthwhile, although expensive, national program. Many think more is being spent on space than actually is being spent. They compare space budgets with budgets of other programs and many times express beliefs that we are spending more on space than on the Department of Health, Education, and Welfare. Despite these erroneous impressions, they think it is worth it.

I, too, think it is worth it. And I urge my colleagues to join me in supporting this legislation.

Mr. TEAGUE. Mr. Chairman, I wish to express my appreciation for the kind remarks of the gentleman from Kansas and the gentleman from Florida. No man could have a better committee to be the chairman of than I have had on the Committee on Science and Technology.

Mr. Chairman, I yield 3 minutes to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, as a freshman on the committee, I might say that it has been a pleasure to serve under the leadership of a man of the gentleman from Texas (Mr. TEAGUE'S) fairness and courtesy. I was somebody who came into this House with no previous legislative experience, and I say to the chairman, the gentleman from Texas (Mr. TEAGUE) in addition to all of the kudos that have been given to him on the space program as far as being a good chairman, he has been a friend of mine, and I appreciate it.

Mr. Chairman, I rise in support of H.R. 11401, authorizing appropriations for the National Aeronautics and Space Administration for fiscal year 1979.

Air transportation is a vital part of America's business and commerce. The demand for rapid and efficient delivery of people and goods is obvious at any of our large hub airports. But that is not all. While most people recognize the role of the large transport aircraft, they often overlook the important part general aviation plays in our transportation system.

One-third of all intercity air travelers use general aviation aircraft. A total of 100 million people each year travel between 13,200 airports, only 425 of which are served by the airlines. That service is particularly vital to rural areas. In many instances, general aviation air service provides the most effective, if not the only timely, link between rural communities and their closest urban neighbors.

And general aviation serves many needs. For example, 72 percent of all operations is for business and commercial purposes; 23 percent is for personal transportation and proficiency; and the remaining 5 percent is dedicated to sport.

The business aircraft has become an indispensable tool for the modern corporation. Of the top 1,000 industrial firms, 502 operate their own aircraft, while generating 83 percent of the total sales.

Air taxis and commuters provide demand air service to the entire country. Last year, the commuter segement carried seven million passengers, 215 million pounds of cargo, and 109 million pounds of mail. Nearly 86 percent of the commuter flights connect with scheduled airline service. Of the multitude of special purpose flying done, such as firefighting, pipeline patrol and law enforcement, one has been of extraordinary benefit: the use of aircraft in agriculture. Given the expense of America's arable soil, the use of the general aviation aircraft in agriculture is a natural. Over a billion dollars worth of materials is applied to the Nation's crop land each year by air. Eight thousand airplanes cover 200 million acres each season in seeding, fertilizing and protecting our food supply. The efficiency of that technology means lower prices for consumers and thereby helps to slow inflation.

General aviation is an industry composed mostly of small independent businesses. However the sum of their individual efforts adds up to an industry employing a quarter of a million people and producing a $5 billion share of the Nation's gross national product each year. A considerable portion of the industry is based in the Wichita area and I can tell you first hand that it makes a significant, positive contribution to the Kansas economy.

In addition, general aviation also contributes significantly to the U.S. balance of payments. For every general aviation aircraft imported into this country, U.S. manufacturers export 35. In 1976, 3,539 airplanes valued at $331 million were shippped to 100 countries. Historically, one quarter of our production is sold outside the United States. It is all too evident that we desperately need more industries of that nature.

NASA is playing an important cooperative role in development of the general aviation industry in this country. Early in this decade, NASA began to focus attention on the unique technological problems of general aviation. Recognizing that the technology base available to light aircraft builders and designers was nearly 30 years old, NASA undertook general aviation research across the spectrum of aeronautical disciplines.

In the 5 years since the NASA program began, significant results have been achieved—not only in terms of successful research, but also in the practical application of new technology. New trainers by Piper Aircraft Co. and Beech Aircraft utilize the new low-speed airfoils as does the Cessna prototype 303 light twin. One of the business jets, Foxjet, also uses a new NASA airfoil. The Gates Learjet model 28/29 is being equipped with winglets as one means of increasing efficiency. American Jet Industries will begin delivery in 1978 of the Hustler which incorporates flaps and spoilers demonstrated in the advanced technology light twin program.

And each of the manufacturers is utilizing data and test techniques developed by NASA. That NASA background work is helping in efforts to improve the stall/spin characteristics of aircraft, and to improve seat attachment, restraint systems, and energy-absorbing seat design.

NASA and the general aviation community have worked together well. The progress of recent years has been possible because of an effective partnership aimed at strengthening a vital link in our transportation system. I am proud that Kansas has been able to play a key part in that progress. I want to see that continue.

The rapid acceptance and application of the NASA technology provides confidence in the direction and relevance of the current programs and establishes a firm direction for future research. The bill before us will permit that research to move ahead to the benefit of all of us.

Mr. TEAGUE. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Chairman, I would like to echo the remarks made by my colleague, the gentleman from Kansas (Mr. GLICKMAN), and thank our chairman, the gentleman from Texas (Mr. TEAGUE), and our subcommittee chairman, the gentleman from Florida (Mr. FUQUA).

Mr. Chairman, space research offers us the opportunities to go beyond the limitations imposed by our earthly perspective, to challenge our reasoning, feed our intellect and formulate concepts for addressing problems here on Earth. The NASA authorization bill, H.R. 11401 provides sound funding for this research with well directed and balanced space projects such as the space telescope. I believe space science deserves our continued support.

Last year, we initiated actions to provide the astronomers of the world a new "window on the heavens" to unlock secrets of the universe which will undoubtedly lead to additional technologies having importance to man's existence on Earth. The space telescope, as the large observatory above the veiling effects of the atmosphere, represents a very large step in capability above ground-based observatories and will allow large numbers of astronomers from all over the world to work truly on the forefront of science.

Astronomy has evolved to the point where most facilities capable of making significant advances can no longer be handled by individual investigators or institutions. Large telescopes are required to study distant astronomical objects, and modern-day astronomers have tended to pool the use of large instruments rather than distributing funding so that each could have his own much less capable instrument. In this way, one large telescope can enable at least 100 astronomers each year to pursue astronomical research at the forefront of science, as opposed to astronomers being able to conduct only the most routine observational research on a number of smaller, less capable instruments.

Throughout history, astronomy has been the basic forerunner of technology, and with the progress that is taking place today we can look to even more astonishing results in the future. Astronomical studies reveal the existence of stars that are as massive in weight as the Sun, but no bigger in size than the Earth. Yet, these objects turn on and off completely, 30 times a second. I cannot believe that incredible discoveries of this type will not act in time to change our concepts of physical processes in the universe and affect our lives in significant ways.

Astronomers are united in their view that the space telescope is the next logical and necessary step in the exploration of our universe. NASA has responded by getting off to a very rapid start on a very well conceived and planned program which will lead to the launch of the space telescope in 1983. The contractors are on board and working, and the science experiments have been selected. On launch in 1983, it will become the "Mt. Palomar" of space, insuring American preeminence in astronomy for the remainder of this century.

Mr. TEAGUE. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. I thank the chairman for yielding.

Mr. Chairman, I, too, want to rise in strong support of this authorization bill. I, for one, have been dismayed at some of the apparent—I say "apparent" because I do not think it is real but apparent—lack of support for an aggressive space program in this country. I think it is something that we have to move ahead on aggressively in the future, not only for outer space, the far outer reaches of space, but for near-term space, in developing what I think will be forces of energy to meet our energy needs in this country and, indeed, throughout the world.

I compliment the chairman of the committee, the gentleman from Texas (Mr. TEAGUE), and the chairman of the subcommittee, the gentleman from Florida (Mr. FUQUA), for bringing forth this authorization. I hope it has the full support of the House.

Mr. TEAGUE. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, I, too, want to express my appreciation to the distinguished chairman of the Committee on Science and Technology for the gentleman's graciousness and friendship in yielding to me at this time and to the gentleman from Florida (Mr. FUQUA), the chairman of the subcommittee as they have always been very generous, even though I have disagreed with some parts of the proposals they come before us with.

Mr. Chairman, I want to indicate at this time that I will be offering an amendment when we get to the 5-minute rule which will be a continuation of the effort that I started last year when almost by accident in going through the report of the committee I discovered that we seem to be on the way once again to planning for the development of a new civilian supersonic transport.

Mr. Chairman, the unhappy fact is that at the same time we cry about how desperately short we are of necessary funds for our necessary needs, we are on the path of committing ourselves to a project that will cost our Nation in 5 or 6 years as much as $1.7 billion.

Now, that is not my projection. That is NASA's projection. We have the report ready. Today the authorization for the SST is for $27.9 million. That will bring us to a total of almost $100 million, since in 1971 the Congress decided to scrap the SST program, which up to that point had cost the taxpayers of this country $1 billion. It seems to me, Mr. Chairman, that if we really are concerned about inflation, about the waste of the taxpayers' money, that before we proceed on this kind of program we would let the American people know exactly what it is we are up to, have them come in here, testify for and against, and after we have heard everybody, then make a judgment whether to proceed; but I am concerned that we are trying to do this very, very softly, and we are going down the path of a $1.7 billion expenditure before anyone knows we are halfway there.

Mr. WYDLER. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from New York.

Mr. WYDLER. Mr. Chairman, I would ask the gentleman to reconsider offering this motion again this year. Possibly the gentleman has already made the point that the gentleman wants to make, that is, trying to focus the attention of Congress and the attention of the Nation on the fact that we are trying to develop advanced aeronautical techniques. That is true. We cannot stop the development of just those particular parts of aeronautical techniques that might be useful in a supersonic transport.

The CHAIRMAN. The time of the gentleman from New York (Mr. WEISS) has expired.

Mr. TEAGUE. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, I yield to the gentleman from New York.

Mr. WYDLER. Mr. Chairman, if the gentleman's desire was to focus attention on this, I think the gentleman really has accomplished that. The gentleman did it last year on this bill and has done it today on the floor of the House.

Mr. WEISS. Mr. Chairman, if the gentleman will permit, it took 10 years of effort to stop the SST the last time. It may take 10 more years to do it again. I fully intend to offer the amendment.

Mr. WYDLER. Mr. Chairman, if the gentleman will yield further, let me ask this question. I simply do not understand the gentleman. If we were able to develop an advanced supersonic transport that was environmentally sound and gave the United States the best airplane in the world, would the gentleman oppose that?

Mr. WEISS. I would oppose spending the kind of money we are talking about, when we are trying to get it through the backdoor. As far as I am concerned, after the action the Congress took some 7 years ago, it seems to me we have the obligation to come forth fully and openly and indicate clearly what we are about before we make the kind of commitment we are making.

Mr. WYDLER. Mr. Chairman, if the gentleman will yield further, that is exactly what we are doing. It is here on the floor of the House. We are debating it. Members present will hear it. The CONGRESSIONAL RECORD will contain it.

It is open; here it is. All we are trying to do, if the gentleman would think about this, is to develop a supersonic transport that does not have the problems of the current supersonic transport, one that is quite enough and one that does not do environmental damage.

If our country can do that and we can have a supersonic transport of that kind, would the gentleman not be in favor of our developing that type of a supersonic transport?

Mr. WEISS. Mr. Chairman, that was exactly the argument we heard the last time, and it raged and raged for some years. Finally the conclusion was that if we did that, we would just be throwing money down a sinkhole.

Mr. WYDLER. But would the gentleman be for that if we could do it? Could I just establish that one point with the gentleman, that he would be in favor of our doing that?

The CHAIRMAN. The time of the gentleman from New York (Mr. WEISS) has expired.

Mr. TEAGUE. Mr. Chairman, I yield 1 additional minute to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, in response to my good friend, the gentleman from New York (Mr. WYDLER), part of the problem is that it is really not possible to make even that kind of determination without the kind of full, open, and multi-sided inquiry into this legislation or this proposal which has not been had.

Mr. Chairman, last year we were told that no prototype was being funded by NASA for a new SST.

This year, however, we learn that NASA is contemplating a new SST prototype in the 75,000-pound class. This SST prototype according to NASA would be part of a complete effort to be ready for production of a new SST by 1983. If the prototype is approved as part of an integrated program to build a new SST the cost of the development program is expected to be between $900 million and $1.7 billion.

The participation of the Federal Government is highly questionable: As OMB commented last year—"Concerning a renewed attempt to initiate the full-scale development of a supersonic transport, we believe that the private sector is the appropriate arena for assessing the economic viability of an advanced supersonic transport." NASA itself acknowledged the inappropriateness of Federal involvement when it said in a letter to the Committee on Science and Technology: It "is not the proper agency to de-

velop a complete supersonic transport plan."

Why is the Federal Government still providing what amounts to a direct subsidy to commercial aircraft corporations for research and development of an SST or AST? Is this an appropriate expenditure for a project that was judged by Congress to be economically and environmentally benign? Why don't commercial carriers take the investment risks entailed in research and development of a supersonic transport plane?

Let private corporations achieve technological breakthroughs by investing their capital in prototypes, studies, testing, and eventually design and construction. I am confident that our free enterprise system is sufficiently resourceful to develop such an aircraft.

Another disconcerting fact about this relatively unknown R. & D. program for a new SST is that yearly we have seen it increase and we can anticipate greater increases as time goes on: This year's request for $27.9 million is nearly twice last year's authorization. In the overall program plan on technology readiness for an SST prepared by NASA for the committee in September 1977, NASA states that early technology readiness for a new SST or AST "could be reached in 1984–86 at a total cost of about $1.7 billion." So far, this backdoor program has cost $69.2 million; if this authorization passes nearly $100 million will be spent.

This projected 7-year advanced-technology project leading to production of a new SST certainly warrants full and careful congressional scrutiny. Indeed, over 10 years of debate took place in relation to the previous SST—why should we now be forced to run with another SST when we already decided to halt the one in 1971 because of its economic and health problems.

Experience with the Concorde already demonstrates the economic difficulties confronting us in making the SST worthwhile and the noise level of the Concorde is above that of normal subsonic planes.

The reason for Congress past decision to stop the SST has not been dispelled or diminished over the last 5 years since congressional action took place.

We must face up to the fact that a new SST may slip up on us before we have a chance to examine the issue fully and carefully—before we know whether this is safe and sound technology to pursue.

I urge my colleagues to act now and not to wait until later before confronting this issue—confronting the monetary costs and the opportunity costs. The opportunity costs concern me the most, because if next year we are spending twice what we are spending this coming year for the SST then we will be denying funding for much more important domestic programs in the field of education, employment, and other programs of necessary social benefit.

Mr. Chairman, I yield back the balance of my time.

Mr. TEAGUE. Mr. Chairman, do I understand the gentleman from Kansas (Mr. WINN) has no further requests for time?

Mr. WINN. Mr. Chairman, I do have further requests for time.

If I may, Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. GOLDWATER) so that he may pursue the subject matter brought up by the gentleman from New York (Mr. WEISS).

Mr. GOLDWATER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, the gentleman from New York (Mr. WEISS) made a statement that I wish he would clarify, and that is that we are in this request for money going to be developing a supersonic transport. I believe the gentleman said something to that effect.

The question I must ask the gentleman is this: Where in the bill, where in the report, or where in the transcripts of our hearings is there any indication that these moneys are going to be used to develop a supersonic transport? Where is this language the gentleman is talking about?

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I will be glad to yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, in the fourth paragraph down on page 9 of the report, this language is found:

> The Committee has reviewed NASA's response to the request of last year for a program plan leading to technology readiness for an advanced supersonic transport and has found it unacceptable and unresponsive. Therefore, the Committee requests that NASA redo the plan in accordance with the specifics contained in the report on the Fiscal Year 1978 NASA Authorization bill. The plan should be available for Committee consideration prior to the program review hearings in September 1978.

Mr. Chairman, I have a copy of the report which NASA submitted to the committee. That report is dated September 1977, and it is entitled "Program Options for Achieving Advanced Supersonic Transport Technology Readiness."

I do not know what more we need beyond that. There is, of course, mention in the report of the subject matter, but there is not a detailing and there is not a clear-cut statement up front that that is the path we are taking.

Mr. GOLDWATER. Mr. Chairman, I would suggest to the gentleman that his amendment to delete these funds is not founded on any kind of actual facts establishing a Federal Government program in the development of a supersonic transport.

I want to point out to the gentleman that a great deal of this research that is being done in advanced flight is being done on behalf of the military. The military flies supersonic aircraft, and it flies hypersonic aircraft. If we are going to increase our military capability, this kind of basic research and development and testing is essential. This is necessary if we are going to maintain a strong military profile.

Oviously there may be some spinoffs as it pertains to commercial transportation, but I do not think the gentleman will find anywhere in this report or in this program an effort leading to commercialization of supersonic flight.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I would be happy to yield to the chairman of the committee.

Mr. TEAGUE. Mr. Chairman, I would like to ask the gentleman from New York (Mr. WEISS) if he would read the next paragraph in the report.

Mr. WEISS. I would be pleased to do that, Mr. Chairman, if the gentleman from California (Mr. GOLDWATER) will yield further.

The next paragraph says this:

> Although endorsing a modest increase in the research on the well-known problems of supersonic flight—
>
> And the modest increase is $12 million—the Committee wishes to stress that no funds are authorized to be appropriated for the construction of a prototype supersonic transport.

That is what is said here. I am not saying that, in fact, there is money in here for that purpose or that this $27.9 million is for the construction of a prototype.

What I am saying is that these funds are for research and development leading toward the construction of an advanced supersonic transport by, according to the NASA report, sometime between 1983 and 1992, depending on what options are utilized. That is spelled out so clearly that I assume the gentleman is not suggesting that none of this is intended to lead toward the technology readiness for the construction of a supersonic transport beginning sometime in the early to mid 1980's.

Is the gentleman suggesting tha*?

Mr. GOLDWATER. What I am suggesting is that this is one of many programs that NASA is involved with to research and develop the whole field of aeronautics. Flying at supersonic is nothing new and it is nothing unusual. As I had mentioned, our military does it all the time. We are researching subsonic, as well, supersonic, as well as hypersonic, so that we have better knowledge how to construct and build future aircraft.

The gentleman from New York (Mr. WYDLER), I think, pointed out one of our goals is to make aircraft environmentally and socially acceptable. We are not going to be able to do that unless we put the necessary research dollars into it, whether it be for subsonic, hypersonic, or supersonic. The decision point on whether the United States will build a future supersonic transport is way, way down the road, after we have better knowledge. And, in fact, I would suggest to the gentleman that a U.S. SST may not be an appropriate goal for the Federal Government to be involved in, that it should be a commercial type of effort and perhaps not a Federal effort.

Again I point out that nowhere in this bill, nowhere in this report, does it talk about building a supersonic transport. In fact, the gentleman from New York (Mr. WYDLER) has been very insistent upon this point that, yes, we try to seek knowledge but we do not commit this Government to building a supersonic transport. What the gentleman is doing by his amendment is deleting the fine efforts of the gentleman from New York to do what we should do.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, can the gentleman assure me at this point, without any question or ambiguity, that in fact there is not a plan to spend down the path anywhere from $900 million to $1,700,000,000 for the development of the supersonic transport, as set forth in the NASA report to the committee?

Mr. GOLDWATER. I can assure the gentleman that there has been no plan endorsed or adopted by this committee, nor by this Congress, to build a supersonic transport. All that we are doing is providing money to study and evaluate supersonic and hypersonic flight in order to give us some kind of knowledge for decisionmaking purposes.

Mr. DORNAN. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from California (Mr. DORNAN).

Mr. DORNAN. I thank the gentleman for yielding.

Mr. Chairman, with all due respect to the gentleman from New York, I can easily picture the gentleman 73 years ago standing there in this very Chamber suggesting that for the Signal Corps to support the Wright brothers and their infernal flying machine will be an intolerable waste of public funds.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I will ask the gentleman: Did the Wright brothers get the research undertaken by the Federal Government?

Mr. DORNAN. Yes, they did after 1905.

Mr. WEISS. Or did they do it themselves?

Mr. DORNAN. During the early years, they did.

Mr. WEISS. After the first 3 years?

Mr. DORNAN. Without Government money Orville and Wilbur would not have been able to continue.

Mr. Chairman, January 21 I had the opportunity to fly back to this country from Europe on the Concorde supersonic transport. Last year I had asked our distinguished chairman, "If the opportunity should ever arise to fly aboard an SST, should I?" He answered, "By all means. A member of the Committee on Science and Technology should do that; we will be voting on SST research this Congress." So I did, without using Government funds I might add. As a matter of fact, I was returning with the Senator from Illinois, with whom, you, sir, had just traveled to Europe in January to return the Crown of St. Stephen to conquered Hungary. Senator STEVENSON is chairman of the Ethics Committee in the other body, so evidently it is ethical for Senators to fly that nasty Concorde. He and I were both deeply impressed with flying across the entire Atlantic at mach-2 speed. An awesome feat considering that this December 17 at Kitty Hawk, N.C., we celebrate only the 75th anniversary of powered flight.

What we are talking about here is defying a simple rule of life that "time is money." The supersonic transport is inevitable. You cannot stop it. No one can. It is already here in the uneconomical Concorde. For all of its beauty and the fact that it is a flying engineering marvel the Concorde is not the ultimate SST. We have here an opportunity for the United States of America to continue the much deserved lead it has in commercial aircraft development and production. And, yes, if this research turns into, as the gentleman from New York (Mr. WYDLER) has pointed out, to be an efficient, clean, and economic mode of hyperfast transport, so what? Great. But I do not think anyone, especially the three pilots who are standing on their feet here, the gentleman from California (Mr. GOLDWATER), the gentleman from Texas (Mr. MILFORD), and myself would ever vote for research on an aircraft that is unsafe, dirty, or uneconomical.

I represent one of the two major airports in this country, Los Angeles International, as the gentleman from New York (Mr. WYDLER) represents the other JFK International Airport.

Neither the citizens in his district nor the citizens in my district want the British-French Concorde over a better U.S. SST. Because of noise and other environmental concerns my constituents still are fighting landing rights for the Concorde. However, when we see sales being lost to a European consortium, the airbus from Europe purchased by Eastern Airlines, and when we see a dangerous encroachment on our leadership in this commercial transport field, why would you defy the truism that "time is money" and try to cut off this minimal scientific money to advance into research that is inevitable. I think this is as shortsighted as any amendment I have heard offered yet this year in the House.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I would just like to respond briefly to the gentleman's economic argument.

I have talked with several executives of the major airlines of the United States, and their statement was:

> We cannot make this comment public because of the politics, but don't give us this turkey, because once you develop the SST, you force each airline to purchase them. We have already bought the 747. To keep it on the ground costs us from $250,000 to $300,000.

From their standpoint, it does not make economic sense, and because of the competition, it is wiped out by the international airlines anyway. Yet, we still go out and purchase airplanes like the 747.

Mr. GOLDWATER. Mr. Chairman, I can only say to the gentleman that what he is saying may or may not be true. I am not sure that it has any bearing on the merits of the Weiss amendment, which is to delete funds for basic research and development in the supersonic and hypersonic flights.

What we are trying to do is to answer questions about economics and about environment.

Mr. DELLUMS. I am simply trying to answer the argument that has been posed.

Mr. GOLDWATER. Then we can make a decision or, as a matter of fact, the commercial operators can make a decision; but until we have those answers, we are nowhere close to flying, let alone building an SST.

What we are saying is that we should use these funds under the very strict guidelines proposed by the gentleman from New York (Mr. WYDLER). We are not trying to build a commercial airplane. What we are trying to find out is answers to the questions that have been raised by supersonic flight, such questions as: What does it to the ozone layers? What does it do to human beings? What does it do to aircraft structures and to fuel economy?

These are basic questions the answers to which we all need to know before we can make an intelligent judgment or decision on whether to fly commercially supersonically.

Mr. Chairman, I would suggest that by adopting the gentleman's amendment, we are just putting ourselves that much further back on finding out the truth.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I appreciate the gentleman's yielding.

The report which I quoted from at the gentleman's request indicated that the plan, the report of NASA to the committee for September 1977, had been rejected and was found not acceptable.

Mr. Chairman, one of the questions which I will ask the gentleman is whether he knows why, in fact, the committee found that report unacceptable. Secondly, I would like to point to the authorization report for fiscal year 1978, at page 18, in which it says as follows:

> The plan should describe the efforts needed in each of the major technology disciplines, the associated costs and the significant milestones.
>
> In addition, an analysis of the broader economic and policy questions should be prepared in conjunction with the program plan.
>
> Among the important factors to be addressed are:
>
> (1) Economic analysis covering investment/return aspects of development implementation.
>
> (2) Societal benefits of supersonic transportation, including trade and communications.
>
> (3) Societal, including environmental impacts from the operation of a fleet of supersonic transports.
>
> (4) Approaches for development financing.
>
> (5) Extent of Federal government participation in the development and alternatives for organizational arrangements.

My second question is this: Was it the failure of NASA, on the basis of a direction from the Office of Management and Budget, to respond to those societal and economic questions that the committee found the NASA report to be unacceptable?

Mr. GOLDWATER. Mr. Chairman, could the gentleman repeat the question?

Mr. WEISS. I would be pleased to.

Mr. WINN. Mr. Chairman, I do not yield any more of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Chairman, I yield such time as he may consume to the gentleman from Arizona (Mr. RUDD), a member of the committee.

Mr. RUDD. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I wish to join my distinguished colleagues on the Committee on Science and Technology in support of H.R. 11401.

Despite the House's modest increases in NASA's aeronautical research and technology budget amounting to $28.2 million over the administration's submittal, the other body is recommending deletion of all our recommendations. Our purpose is to restore NASA's role in aeronautics to that approximating what existed prior to 1958 with the National Advisory Council on Aeronautics. The world-renowned success of aeronautics in the United States is directly attributable to the work of the NASA.

With the reorganization of NACA into NASA immediately after Sputnick in 1958, the momentum in air breathing technology was transferred to space activity. The whole world knows of the success of this transition.

Today, after 20 years, we are in the process of another transition. While, in real terms, the U.S. space program is not keeping up with inflation, aeronautics is not being expanded to meet the urgent needs for refilling the well of aeronautical technology needed to maintain our leadership in world markets.

Aeronautical products constitute by far the largest category of manufactured products exported by the United States each year. Other countries, notably our allies in Europe, have served notice that they are embarking upon nationally funded programs to produce aircraft and engines superior to U.S. products.

It is obvious, I think, that the surest way for the Congress to guarantee U.S. leadership in world aeronautics, both civil and military, is to restore to NASA the resources and incentive for aeronautics which it lost with the creation of the space program.

To put the matter into better perspective, in fiscal year 1978 NASA's aeronautical R. & T. budget equalled only 6 percent of its total budget. Notwithstanding the increasing recognition of both the immediate and continuing long-term importance of aeronautics, the OMB approved NASA budget for fiscal year 1978 raises this portion to something less than 7 percent of the total NASA budget.

I have the feeling the majority of this House would support a greatly enhanced NASA role in aeronautical development. Perhaps, we will need new legislation specifically designed to correct current NASA deficiencies in aeronautical work. Perhaps we must consider establishing a separate organization dividing aeronautical from space development.

Since the Senate Subcommittee on Science, Technology, and Space, meeting in markup, has deleted the House changes, I urge your support in sending to the other body the unmistakable message that we are insisting upon strengthening NASA's aeronautical research and technology.

Mr. WINN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of H.R. 11401; NASA authorization act of 1979. I would like to commend the chairman, Mr. TEAGUE, and the committee for their thorough and responsible approach to this legislation.

As you know, I am a strong supporter of the Space Shuttle program, not only because the west coast launch site is in my district, at Vandenberg AFB. But because of the significant benefits to be derived from the program both technological and scientific. The Space Shuttle program will offer, for the first time, a versatile and economical space transportation system. Because the Shuttle is reusable it will provide substantial savings over the continued use of expendable launch vehicles to place scientific and military hardware into Earth orbit. Yet, perhaps more importantly, the shuttle can perform a myriad of duties that expendable launch vehicles cannot. The Shuttle can retrieve payloads from orbit for refurbishment and reuse, service, and repair satellites in space, transport to orbit, operate and return space laboratories, transport materials and equipment to orbit, perform rescue missions and experiments in space which can be conducted in zero gravity adding significantly to our scientific knowledge and our technical expertise. This Nation has a commitment and an obligation not only to ourselves but to all the nations of the world to continue with the exploration of space.

I am most pleased to note the committee has recommended the development of a five orbiter shuttle fleet. This will insure that the program will operate at maximum efficiency by insuring launch reliability and a fleet large enough to accommodate the heavy launch schedule now planned for the Shuttle program. When the Shuttle program is operational, it makes little sense to continue to use expendable launch vehicles to perform the tasks the Shuttle is capable of and at a lower cost simply because the Shuttle fleet cannot handle the launch volume. I believe a five orbiter fleet is justified and I am pleased to find the committee has agreed.

I am also pleased to note the bill before us is predicated on the use of the west coast launchsite at Vandenburg Air Force Base in California. As you know, there has been considerable discussion about the necessity of having a fully operational west coast launch facility. I believe Vandenburg is essential to the program for the following reasons.

Vandenburg Air Force Base is our national space port for all high inclination polar or near polar orbits. High inclination orbits are essential because they allow satellites maximum time for repetitive viewing of the Earth's entire surface. These trajectories are critical for sensing natural resources, monitoring crops and rangeland, mapping, and military surveillance, to name but a few applications. While some have argued that high inclination orbits can be conducted from the Kennedy Space Center in Florida, I must disagree because of the unacceptable risks and loss of efficiency incurred. High inclination launches cannot be conducted from the Kennedy Space Center without unacceptable overflights of highly populated areas during launch. While the so-called dogleg maneuver eliminates some of the problems such as sonic boom damage, it would still result in a flight pattern which would involve suborbital flights over highly populated areas in the Soviet Union, Canada, China, and the Eastern United States threatening not only the safety of those areas in the event of an abort but raising grave concern over Soviet and Chinese reactions to suborbital overflights of their territory; for example, this weekend's shooting down of a Korean civilian passenger plane. In addition, the "dogleg" trajectory would result in a payload reduction of about 10,000 pounds or 30 percent of the normal launch capability.

I believe the United States must maintain its capability to achieve these high inclination orbits with the Space Shuttle to obtain maximum efficiency from the Shuttle program. To do otherwise would result in higher costs, through the continued use of expendable launch vehicles, and seriously degrade the overall objectives of the Shuttle program. For example, 31 of the 39 Spacelab missions and 44 Shuttle launches critical to our national defense now scheduled for Vandenburg would be seriously affected.

In my opinion, too much time, money, and effort have already been invested in the Space Shuttle program to limit its usefulness by restricting operations to a single launch complex. I am most pleased to see the committee concur and I urge adoption of the legislation now before us.

This weekend the shooting down of the Korean passenger plane, I think, illustrates that very well.

I urge my colleagues to support and vote for this legislation.

Mr. WINN. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. DORNAN).

Mr. DORNAN. Mr. Chairman, I rise in support of the NASA authorization for fiscal year 1979, H.R. 11401. As a member of the Science and Technology Committee, I recognize the importance of this legislation on which rests the future of our U.S. Space Shuttle program.

There have recently been stories about alleged problems with Space Shuttle engine development. However, these reports have for the most the product of hearsay. I have talked with the managers and workers who are designing and constructing these beautiful machines, and I am confident that the

Space Shuttle program is making continuing progress. The Shuttle approach and landing test program was successfully completed last fall ahead of schedule. Every other aspect of the technical specification program is on target. Ground test firings of the solid rocket motors; assembly of flight-type hardware at NSTL for the main propulsion test including engines, external tank, orbiter equipment, are all nearing the last stretch of their developmental phase in construction. All in all, there is much news to tell about the Space Shuttle program, and it is all good.

As we meet here this afternoon, test activities are underway at the Marshall Space Flight Center. The great testing grounds of Marshall were the site last year of the successful Orbiter 101 flight which was piggy-backed on a 747. The other flight hardware which is required to support the first manned orbital flight in 1979 of the shuttle are also being built and tested.

It is difficult to demonstrate in mere words how dramatic, how revolutionary has been the progress of NASA and the aerospace companies involved in overcoming scientific mysteries which have plagued us since we first learned to fly. These mysteries have been overcome, and it has all happened during the life of this 95th Congress. NASA has overseen the completion of the shuttle craft which has been tested at 100 percent thrust.

Whatever technical problems may have arisen in the past due to the testing of an entirely new engine design, these problems have been and will continue to be overcome. In 1978 and 1979, The Space Shuttle program will be going through an extremely intense period of testing. The program progress is advanced to the stage that a large number of U.S. and foreign customers have already begun beating at our door to get launch services on the Space Shuttle in the 1980 to 1982 timeframe. These potential customers are not visionaries. They are hard businessmen who know a good thing when they see it; men who are in themselves the best indicator that the Space Shuttle program and the American companies involved in production are on the right track. They are an indicator that NASA will deliver on its commitment to Congress—that commitment being to develop a versatile and low cost space transportation system.

Let us not tire on the home stretch. Let us not be indecisive or impractically cautious at a time when we are in the final phase of developing for our Nation the program which will once again proclaim America's rightful status as No. 1 in space. Let us not vote to cripple our Nation's space program now that it has again been resurrected. I urge my colleagues to vote for this NASA authorization, and I thank the chairman for his consideration.

Mr. WINN. Mr. Chairman, I reserve the balance of my time.

Mr. TEAGUE. Mr. Chairman, it is the understanding of the chairman of this committee that has the responsibility of studying the future aviation of this country that no speed is over any other and it applies to every speed, and there is no money for construction of any aircraft in any way, form, or fashion.

Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. MILFORD).

Mr. MILFORD. Mr. Chairman, I thank the gentleman from Texas for yielding.

Mr. Chairman, I believe I can clear this up in a short period of time.

Mr. Chairman, I rise in support of H.R. 11401.

As chairman of the subcommittee that has jurisdiction over the aeronautics portion of this bill, I would like to clear up one or two apparent misconceptions.

We have no plans whatsoever to spend $1 billion, or any other amount close to that, in connection with the production of any type of supersonic craft.

Furthermore, the NASA report which has been waved around here today, has been specifically rejected by this committee and new instructions are contained in the bill report before us today.

Mr. Chairman, I urge the adoption of the fiscal year 1979 authorization bill and the rejections of any amendments which may be offered.

The Subcommittee on Transportation, Aviation and Weather conducted numerous field inspections and held extensive hearings here in Washington on the aeronautical part of the fiscal year 1979 NASA authorization. Testimony was taken from a variety of witnesses both inside and outside of NASA.

Members of the subcommittee worked long and hard in carefully reviewing the NASA aeronautical program and the 1979 budget request. We found that although the dollar amount for aeronautical R. & D. is small—$292 million this year—the pay-off is very large. This is true because NASA emphasizes the high-risk, long-term research and technology that industry is financially unable or unwilling to undertake. Such efforts provide the foundation for future aircraft and engines which return many times their initial investment to our economy.

Because of this the Committee on Science and Technology has repeatedly urged the administration and the Congress to increase the resources devoted to aeronautical R. & D. We have often pointed to the many long-term benefits of investment in this area, which are reflected in billions of dollars in sales of U.S. aircraft both here and abroad, and in millions of jobs for Americans. So I am very pleased to report that this year's request continues the trend, started last year, toward real growth. The amount this year is about 8 percent.

The fiscal year 1979 program in aeronautics represents a modest increase in NASA's efforts to advance technology across the board. Specifically, NASA is working in virtually all areas of aircraft technology including materials, structures, propulsion, aerodynamics and avionics. Of special note this year is a substantial amount for developing the technology needed for a new generation of fuel-efficient subsonic aircraft. This program, which was carefully worked out with the close involvement of industry, holds great promise for our continued worldwide leadership in aviation.

Finally, let me turn briefly to an issue about which many members are properly concerned. That issue relates to the committee's action in the area of advanced supersonic research. Notice that I said research. I cannot emphasize this too strongly. We are specifically not authorizing the construction of a prototype aircraft or any other flyable hardware. We are directing NASA to continue their experiments on potential solutions to the well known side-effects of supersonic flight. So please do not be misled by the misinformation being circulated today. We are talking only about research.

Mr. Chairman, that part of NASA's program having to do with aeronautics is broken down into three categories:

First. Research and program management.

Second. Research and technology.

Third. Construction of facilities.

RESEARCH AND PROGRAM MANAGEMENT

The research and program management funds related to aeronautics are requested to provide the civil service manpower for in-house research, planning, management. and support of R. & D., as well as the costs of operating, maintaining and supporting research center installations. The funds related to aeronautics are not identified separately in the budget request and have been discussed by others; therefore, I will not go into program details.

RESEARCH AND TECHNOLOGY

The amount requested by NASA for aeronautical research and technology for fiscal year 1979 is $264,100,000. The committee approved this amount and recommended an addition of $28,200,000 for a total $292,300,000. The additional amount consists of the following:

First. An increase of $26.7 million to restore the essential flight test phase of the composite primary aircraft structures program, that was cut by OMB;

Second. An increase of $8 million to accelerate the very promising variable cycle engine components program and an increase of $4 million to augment the supersonic cruise research program;

Third. A corresponding decrease of $12 million to be taken from those activities within the engine components improvement and energy efficient transport programs with near-term application; and

Fourth. An increase of $1.5 million to establish a new sub-line item for aerial applications systems technology.

The objectives of the R. & T. program are to advance technology to make possible safer, more economic, and environmentally acceptable air transportation systems which are responsive to current and future national needs; to maintain a strong competitive position of the United States in the international aviation marketplace; and to support the military in maintaining the superiority of the Nation's military aircraft. To meet these objectives, NASA is maintaining a strong research effort in the areas of materials, structure, avionics, propulsion, aerodynamics, and man-vehicle interactions.

The aeronautical program also includes a major effort aimed at reducing aircraft energy consumption and the undesirable environmental effects of noise and pollution. This effort is directed at providing the technology for quiet, clean, and efficient propulsion systems; the reduction of aerodynamic drag; the application of active control concepts, and advanced materials and structural concepts of aircraft to reduce weight and improve operating efficiency; and an examination of new types of fuel.

Another major area of emphasis is concerned with improving aircraft terminal operations and safety through development of technology in areas such as avionics systems, operation procedures, crash-worthy aircraft structures, and fire-resistant aircraft interior materials.

All of these technology efforts are integrated with various systems studies to provide the technical basis for future advanced long-haul and short-haul transportation aircraft—which, of course, is the ultimate reason for NASA engaging in aeronautical research and development.

The aeronautical research and technology program is divided into three major efforts. First, there is the research and technology base which is discipline-oriented and has the overall objective of establishing a solid foundation for the evaluation of advanced concepts. The second area—systems technology programs—contains technical demonstration and proof-of-concept activities which have matured to the point where they are ready for systems integration and demonstration, or the project definition phase of potential future experimental programs. Third, there are the experimental programs which involve multidisciplinary concept demonstration and major research vehicle development.

CONSTRUCTION OF FACILITIES

The construction of facilities request for aeronautics by NASA was $76,500,000 for fiscal year 1979. It is important to emphasize that the great bulk of our civil aviation research and development facilities were constructed in the 1940's. Such money as has been invested over the past 30 years has been largely devoted to modifications for upgrading capabilities.

But such extensions of capabilities can go only so far. To meet the requirements of doing R. & D. for future generations of aircraft—and for improving current aircraft—we must face the fact that the Nation will have to build some new aeronautical R. & D. facilities in order to maintain its leadership in aviation. I have already noted the major contributions to our trade balance with other nations made by the sale of aircraft and parts.

Between 75 and 80 percent of aircraft flying today in the non-Communist part of the world were built in this country. If we wish to retain this leadership—which also means hundreds of thousands of jobs—we must provide the kind of research and facilities necessary to maintain technical leadership.

For such reasons as these, the committee recommends approval of the requested amount which includes the third funding increment for the National Transonic Facility at Langley Research Center and the third increment for the 40-by-80-foot subsonic tunnel at Ames Research Center.

● Mr. GAMMAGE. Mr. Chairman, I rise in support of H.R. 11401 authorizing appropriations to the National Aeronautics and Space Administration for fiscal year 1979. I would like to congratulate the chairman of the Space Science and Applications Subcommittee, Mr. FUQUA, and the ranking minority member, Mr. WINN, for the fine work they did in getting this legislation ready for consideration. They have worked many hours in the past 2 months reviewing this budget request.

Mr. Chairman, I believe, and most of my colleagues would agree, that NASA is the best managed agency in the Federal Government. The NASA programs make a positive contribution to our everyday lives in helping to build a stronger economy, in helping to monitor and understand our environment, in helping to manage our natural resources, and in challenging our minds to a better understanding of the universe in which we live.

Perhaps as we look to our future space program, one of the most important development programs is the reuseable Space Shuttle, the key element of a versatile, economical transportation system to provide a wide variety of users with round-trip access to space.

Enthusiasm for the space program has been increasing greatly in the last few years. The Space Shuttle will give Americans a tangible return for these long years of investment. On March 10–12 of this year, the first model of the Space Shuttle, the "Enterprise," perched atop its 747, landed at Ellington Air Force Base. Ellington, located in my district just south of Houston, Tex., is the airfield used by the Johnson Space Center in its astronaut training mission. Close to a quarter of a million area citizens ventured out to Ellington to view the "Enterprise." Cars were backed up for miles with the largest crowd ever to visit the base. This outpouring is but a small demonstration of the intense interest of Americans in the space program and its future directions.

As we consider the NASA budget, I wish to express my strong support for the Space Shuttle program. The Space Shuttle is approaching its first orbital flight in 1979. It has reached its peak budget and its peak employment.

The national commitment to routine space exploitation is being implemented by NASA in their success, oriented Space Shuttle program. Their management system is a logical and objective way to proceed. It has lead to excellent progress in many areas. Some unforeseen problems have developed and schedule and/or budget flexibility must be exercised. However, I am sure NASA will solve their technical problems and provide us with an operational space transportation system in 1980 as planned.

As unemployment problems appear around the country, the Space Shuttle provides significant employment in many States. Almost every State in the Union has people working on some portion of the Space Shuttle. Employment this year will reach close to 50,000 and there are almost 200 industrial contracts which are over a million dollars each on this program. This country must continue its efforts to exploit space and provide an operational space transportation system to achieve those vast benefits which will be accessible with the Space Shuttle.

We must not lose sight of the advantages to be gained today and in the future from our continued investment in this exciting technological advance. Future application of thermal protection systems developed for the Space Shuttle may provide energy savings as the products make the transition to commercial use. Newly developed alloys and metal applications may provide stronger, lighter weight vehicles to save energy and resources spent on repairs. And the results of scientific experiments during flight may improve crop yield and thus feed more of the people on Earth for less.

Cost savings is a paramount feature of the Space Shuttle. For example, when multiple payloads are launched, up to 65 percent of today's boosters cost can be eliminated and by checking out the satellite prior to placement in orbit, far more successful spacecraft will become operational.

Starting in the 1980's, the Department of Defense has committed itself to use the Space Shuttle for all of its payloads. All expendable boosters for defense use will be phased out.

The Space Shuttle will allow the United States to make space available to provide benefits for everyone on Earth. If we continue our congressional support, we will soon operate routinely and economically from the weightless vacuum of space to obtain advances in Earth resources science, manufacturing, and international cooperation. I urge each of you to support this program.

We must also do a better job of defining and understanding what our future goals in space should be. For the past several years, we have felt funding requested for this important activity has been inadequate. The reduction of 50 percent in the fiscal year 1979 budget request over fiscal year 1978 is a serious mistake. This is the critical seed activity that germinates new space missions and opportunities. The ability of the Nation to exploit the capabilities and technological leadership the Shuttle will provide is very much dependent on the breadth and depth of the studies and engineering support done in the advanced programs area.

An aggressive advanced programs effort is required to define the new ideas and concepts required for the Nation to move forward in the critical areas of:

First. Space power augmentation to extend Shuttle usefulness, mission duration, and economy of operation;

Second. Large structures space engineering demonstrations to develop the techniques to build large space structures. This work is the keystone to fu-

ture giant steps in space power, communications, and Earth oriented sensing;

Third. Exploring the future potential of space industrialization; and

Fourth. Expanding man's capabilities to conduct complex space operations of the future.

By the mid-80's, the Shuttle will be fully operational. It is therefore important that the next several years be used to develop a wide range of new ideas and concepts that will lead to significant new mission and space benefits, since the development lead time is nominally 5 to 7 years from concept definition to flight.

The number of new mission options that can be defined as well as the quality and depth of definition is totally dependent on the level of funding provided for this activity. In the pre-shuttle development period—fiscal year 1968–70—approximately $20 million per year were effectively devoted to this activity.

For these reasons, I feel it is in the national interest to support the committee recommendation to add $7 million to the $5 million budget request for Advanced Programs. These funds should be used to proceed with definition and design of a power module and both deepen and expand activities related to definition of large structures engineering demonstrations, space platforms, orbit to orbit transportation concepts, as well as related required engineering support activities.

One of the most promising and attractive uses of large space structures is for solar power satellites. NASA and the Department of Energy are in the process of evaluating the practicability of the satellite power systems concept, by which electrical energy would be generated in space from sunlight and beamed to earth for distribution in the national electric power grid. The current assessment is primarily analytical and, accordingly, many assumptions have to be made concerning the performance of the system. Many of these assumptions are of a highly critical nature and need to be verified with experimental data as soon as possible. The funding provided by H.R. 11401 will enable NASA to begin the most critical of these experimental tests.

The issues here are too important to our country's future welfare to be allowed to remain as open questions for want of some small additional funding which will put the issues to rest.

Finally, I would like to turn my attention to the use of remote sensing for assisting in monitoring our world food supply. The U.S. Great Plains—our breadbasket—is providing the United States with the world's largest discretionary supply of food. We have been able to help feed the world's hungry millions, we have been able to reduce our balance of payments problems and we have been able to develop and maintain the world's highest standard of living. This is due, in large part, to the productivity of our farmers.

The Department of Agriculture serves the farmer and the Nation by providing information concerning agriculture. They are looking for ways of producing this information in a more timely, accurate and efficient maner. The development of the remote sensing technology that could provide valuable, global information about situations that would reduce a region's food supply or would accurately predict crop production in foreign areas is important to USDA and to the Nation. Monitoring changes in agricultural land use practices, the effectiveness of our soil conservation practices, the utilization of our renewable resources and the effects of pollution help insure that we continue to have the wealth of an abundant food supply.

NASA, NOAA and USDA are developing a research, development and testing activity. As the technology is proven, the information derived from satellite remote sensing data will be phased into the USDA existing information system. This will allow our farmers and our businessmen to be among the best informed people in the world.

Another area where remote sensing offers the potential for significant benefits is in helping to manage the natural resources which are finite and in limited supply. Most of the world's natural resources that are formed by geologic processes are finite in measure and, therefore, in limited supply. Many of these resources, especially some essential commodities such as fossil fuels, are being consumed faster than new discoveries are being made. It is apparent that to address these problems of dwindling resources, we must expand our geological knowledge of the earth.

A new and widely used tool in geological research and applications in the fields of oil, gas and mineral exploration, engineering geology, and environmental geology is remote sensing from space. This tool is essentially an extension of lower level, airborne remote sensing; and it offers many new advantages to assist in the geological and geophysical mapping of the earth.

The objective of NASA's nonrenewable resources program is to provide information useful for assessment of the resource potential of the major continental areas. These assessments provide the basis for future geophysical exploration and for evaluation of the global mineral and petroleum resource potential. An accurate assessment of the world's resource potential is of fundamental importance to the development of a national energy policy and to the economic well-being of both developed and undeveloped nations of the world. There are great uncertainties as to the magnitude of available nonrenewable resources, particularly minerals and petroleum. Recent discoveries of new petroleum sources in previous unexpected areas imply a limitation of current geophysical prospecting techniques.

The subcommittee's action in amending the NASA request to provide $4 million in fiscal year 1979 for Stereosat provides for the initiation of a satellite system dedicated to obtaining new information that can be readily supplied to mineral and resources exploration. This satellite system can be ready to fly in 1982. The global stereo imagery to be obtained by Stereosat will add a badly needed third dimension to the geological information for the exploration process. Significant information for mineral and petroleum exploration may be obtained with the use of a remote sensing imaging device capable of providing repetitive global stereo coverage. The uses of this data will also extend to many other practical areas such as water resources and hydrology, land use monitoring, and geologic mapping.

Mr. Chairman, I would like to again express my strong support for H.R. 11401, the fiscal year 1979 NASA authorization bill.●

● Mr. GORE. Mr. Chairman, space is an international forum for cooperation which offers unlimited opportunities for exceptional human achievements in concert with expanding peaceful activities for the benefit of all mankind. I support the National Aeronautics and Space Administration authorization bill, H.R. 11401, and NASA's continued commitment to the peaceful exploration and exploitation of space.

Although this commitment cannot be limited to planetary exploration alone, missions such as the Galileo, which was previously called the Jupiter Orbiter Probe, provide a framework for congealing mutual interests. One hundred and ten scientists have been selected to participate in this exploration of Jupiter including participants from Germany, the Netherlands, Canada, France, and Sweden, as well as the United States.

The Galileo mission plays an important role in meeting the objectives of planetary exploration to understand the origin, evolution and current state of the solar system, to understand past and present processes that affect the Earth's and man's environment by comparative study of the solar system, and to understand the relation of the chemical history of the solar system to the origin of life, here and possibly elsewhere. Exploration of Jupiter is particularly important because it is the largest planet in our solar system, with a diameter 10 times that of Earth and contains more matter than all other planets put together. Jupiter may include the original "star-matter" from which the Sun and all planets were formed and is itself a miniature solar system containing 13 known moons.

Congressional approval last year for the Galileo program provided NASA with the necessary lead-time to develop the instruments and spacecraft for a Space Shuttle launch in January 1982. This balanced continuation of planetary exploration assures that we will maintain the highly skilled NASA/industry/university team necessary for a strong technology base for future scientific activities.

The Galileo program involves combination probe spacecraft and orbiter spacecraft with the spacecraft propulsion system supplied by the Federal Republic of Germany, under a recent international agreement. The probe spacecraft will plunge deep into the planet's atmosphere, measuring the chemistry and structure as it descends. The orbiter spacecraft after releasing the probe will

continue to circle Jupiter for 20 months to explore the near-Jupiter space, to measure its magnetic field and radiation belts and to examine the huge satellites around it.

Mr. Chairman, we can be confident that the measurements from these spacecraft will be returned for analysis by som of the best scientific minds not only in the United States, but in the world. I believe that Galileo as well as other international space programs cannot help but bring this world closer together through mutual interest and understanding.●

● Mr. FLIPPO. Mr. Chairman, I fully support the recommendations of the Committee on Science and Technology, upon which I have the pleasure to serve and recommend passage of H.R. 11401 which authorizes appropriations to NASA for fiscal year 1979. I would like to congratulate Mr. FUQUA, chairman of the Subcommittee on Space Science and Applications, and Mr. WINN, the ranking minority member, for their efforts and the fine work they have done.

I would first like to focus my remarks on the Space Telescope which is now under development by NASA. The United States has a long record of excellence in astronomy. The fruits of private enterprise in the past were often turned to the general good, by farsighted businessmen, who donated considerable sums of money to establish astronomical observatories. The most outstanding example is the Mount Palomar telescope. These private businessmen felt that astronomy was so important to man's intellectual progress that they gave their dollars to build telescopes. The telescopes needed to continue this progress are now far too expensive to expect private philanthropy to play a significant role—the Federal Government must provide the funding if the progress is to continue.

In fiscal year 1979 NASA is continuing the development of the Space Telescope. The Space Telescope will be a national observatory in orbit around the Earth for 10 to 15 years. It will be placed in orbit, using the Space Shuttle, in 1983. The Space Telescope, by being outside the Earth's atmosphere, will enable astronomers to see images that are 10 times smaller than with ground-based telescopes. Additionally, the color-range over which we can "see" or photograph the universe will be increased by a factor of more than a thousand.

The Space Telescope is the logical and economical successor to the previous NASA program of short-lived individual space astronomy experiments. The availability of the Space Shuttle will enable NASA to maintain and update a single observatory in space for a period of many years at a fraction of the cost of sending up a series of duplicate spacecraft. There comes a time in the evolution of a scientific discipline when the individual experimenter cannot afford or manage the facilities necessary to make significant advances. As an analogy, high energy and particle physics have already gone through that evolution. The day of the one-man cyclotron is largely over and has been replaced by the advent of the large facility, that is, the Fermilab.

Space astronomy is now at the crossroad with the Space Telescope being the equivalent of the Fermilab. The reality of this big science is that it can create more opportunities for individual investigators than does an agglomeration of many small projects. NASA expects a minimum of 100 astronomers per year to use the Space Telescope and that over its lifetime of 10–15 years a major fraction of the world's astronomers will use the Space Telescope.

Finally, history has shown astronomy as a science that is at the cutting edge of new technology. The Space Telescope will certainly tell us much about the early stages of our universe and the formation of the galaxies. One powerful hint which we have already is the existence of quasars. Quasars are the most distant and most energetic objects known in the universe. No one knows for sure how quasars manage to produce such great amounts of energy. It is conceivable that an understanding of the way quasars produce energy could lead to improved laws of physics or even some practical applications. As an historical example, we recall that the inspiration for this country's controlled thermonuclear fusion program came from the realization, by astronomers and physicists working in pure research, that the sun shines on the basis of hydrogen fusion.

An additional potential application of the space telescope is a better understanding of weather and climate. This will be the first telescope that will be able to study the meteorology and the atmosphere of other planets. Just as if somehow, sometimes it is easier to understand your own children if you can look at how your friend's children are behaving; then it may also be easier to understand the Earth's weather if we have a chance to look frequently at the weather of other planets.

I would like to support the action of increasing the NASA budget request for advanced programs from $5 to $12 million.

Your committee believes the activity under this line item to be extremely important. Important to the Nation by insuring that the vital new concepts of bringing the benefits of space to mankind continue to be explored; important to the NASA by insuring that they have adequate "seed corn" resources to explore these new ideas and concepts; and important to the Congress by insuring we have timely information to make the proper decisions relative to the growth and continuation of our marvelous space achievements.

It is this budget activity that spawned dramatic and valuable space achievements for which we are all so proud. From early studies in this area came the Gemini, the Apollo, the Skylab, the Apollo-Soyuz, and the Space Shuttle. For the future, similar new concepts will emerge that will guarantee this Nation's leadership on this new frontier of space.

Our hearings this year have given us new insights on the potentials for growth in space. Space offers unusual possibilities for developing inexhaustible sources of energy; for creating new means of providing services to the man in the street such as electronic mail, personal navigation schemes and similar public service satellites; for new information systems for monitoring natural resources and the environment; and for means of exploiting the space environment for the benefit of all.

The potential for creating new industries in space for manufacturing, for erecting large structures, for building power stations, and numerous other objectives all emerge from studies and experimentation within the NASA advanced programs efforts.

As the Shuttle goes into service, its initial use will be essentially as a manned booster. We must early on, learn to use the Shuttle as a spacecraft more to do things in space as compared to only going to and from space. With this capability the promise of space industrialization can become a reality.

Finally, I would like to make some remarks concerning the solar satellite power system concepts.

Various alternative energy sources have been proposed in the last few years in response to the energy crisis. The recognition that not one of these energy sources will, by itself, meet all future power needs, together with the large uncertainties inherent in the achievement of full potential for each source, has led to what might appear the most daring proposal so far: large-scale solar-energy conversion in space with a satellite solar powered station located in synchronous orbit around Earth.

First proposed by Dr. Peter Glaser of Arthur D. Little, Inc., in 1968, the satellite power system (SPS) could use one or more of several methods to convert solar energy to electricity. This electricity would be fed to microwave generators incorporated in a transmitting antenna in the satellite, and the antenna would direct a microwave beam to a receiving antenna on Earth. There the microwave energy would be reconverted safely and efficiently to electricity and fed into conventional power-transmission networks. Technical and economic feasibility studies of such system already indicate that they may provide an economically viable, and environmentally and socially acceptable, option for power generation on a scale substantial enough to meet a significant portion of future energy demands.

Of the many uses for energy, the largest by far is for the production of electrical power. While projections vary, it is reasonable to expect that the U.S. electrical power demand will triple before the year 2000. Unfortunately, there is no single, obvious energy source to supply this demand. Thus, it appears prudent for us to investigate the potential benefits of a number of candidate approaches for increasing the energy available to our country.

A satellite power system which changes the Sun's energy to electricity in orbit and sends it to Earth for use has been suggested. It has been esti-

mated that as much as 25 percent of the additional U.S. power needs in the first part of the 21st century could be supplied by such systems.

NASA has only scratched the surface in its work to date to completely explore the system concept, but we do know that, as yet, no insurmountable problems have been identified, and it appears that the cost of power from such a system could well be competitive with other candidate energy sources for the future such as the solar energy available in space is approximately six times as great as that available on the surface of the Earth; that the Sun is an inexhaustable energy source; and that power generated in this manner will not pollute the air we breathe.

Additionally, this concept could supply great quantities of power for future industrial activities in space and for sale to energy hungry foreign nations. On the other hand, we know that development of such a system will be a very costly undertaking. Therefore, we must look, and look hard, before we leap.

We must examine the concept in detail to obtain a better understanding of the problems to be resolved, to determine the amount of risk which will be involved and to estimate the resource requirements which will be necessary to develop the system. Then, and only then, will we have adequate facts to make an enlightened decision concerning the potential worth of the system in comparison to other candidate concepts.

The Department of Energy and NASA have developed a plan to pursue this promising concept in a practicable and sensible manner.

However, the work to date has been mostly analytical. NASA is drawing heavily on its past experience in conducting its assessment but, in some instances, there is no hard data available to confirm or deny the assumptions which must be made. Some of these assumptions are so critical to the projected success of the concept that they must be verified at the earliest practicable time. One example of such an assumption is concerned with the effect which the power beam from space to Earth will have on the ionosphere. Some scientists predict that worldwide radio communications will be disrupted by the passage of the beam through the ionosphere. NASA's calculations indicate that the planned beam intensity will be below the threshold for such effects to occur. Fortunately, NASA has designed an experiment which will obtain the data to either confirm or eliminate this concern at a cost of few million dollars.

The potential effect of issues, such as the one which I have just described, is too vital to be allowed to remain as an unanswered question if we can reasonably put the question to rest. The funds provided by this authorization bill will permit NASA to start experiments which will resolve such issues in a timely manner.

I think that Congress would be remiss not to approve this program and provide the rather modest funding to develop the knowledge required to intelligently make those national decisions.

NASA has been and should continue to work with DOE in the effort. However, funding for the work has been provided in the NASA budget since that is where the capability resides to obtain the facts we need.●

● Mr. BROWN of California. Mr. Chairman, I support H.R. 11401 which authorizes appropriations to the National Aeronautics and Space Administration for fiscal year 1979. The Nation is very familiar with the NASA's excellent and extensive space programs. The funds authorized in H.R. 11401 will allow the NASA to continue moving ahead in this field. The agency, though, is also involved in areas which one might not readily associate with the NASA—such as remote sensing of Earth resources and dynamics and environmental quality detection and monitoring; climate research and the transfer of NASA technoloy to the State and local governments. I would like to discuss these topics first and then turn to some of the logical outgrowths of these programs which will undoubtedly consume considerable amounts of our time and thought in years to come—namely, the civilian use of satellite technologies including development of these technologies for the developing nations.

The NASA Landsat satellites are powerful new tools for researchers, resource managers, and others. The early pictures from space have allowed for substantial improvements in the detection of various resources, geologic hazards, such as earthquake faults, areas of diseased and damaged trees and crops and more. Perhaps more importantly, though, the development of these technologies gave us an idea of the great potential remote sensing has for the effective management of our resources. This legislation allows for NASA to reach this potential and set new goals for remote sensing applications. Without this effort it would be doubtful that we could conduct the type of environmental monitoring needed to effectively enforce environmental regulations and meet other environmental and resources challenges.

One activity of this environmental detection and monitoring effort of which I am interested, is directed toward increasing our understanding of the Earth climatic systems. The House recently passed and the Senate will soon consider the National Climate Act. The severe climatic fluctuations of the past few years—not only in the United States but worldwide—resulted in considerable hardship for millions of people.

The National Climate Act will seek to assess and enhance our understanding of the climate and our ability to predict its changes. Such understanding and predictive capability would permit better preparation which could reduce the amount of social and economic disruption. H.R. 11401 authorizes $35 million for NASA's weather observation and forecasting and climate research programs. These programs will certainly figure prominently in the success of the national climate program.

Mr. Chairman, the Science and Technology Committee believes many of the Nation's scientific and technological problems—such as air and water pollution, energy supply, and the presence of health hazards in the environment—are interdisciplinary. Further, the committee believes the solutions to these interdisciplinary problems are proper and vital missions at the Federal R. & D. facilities. The NASA has a commendable technology utilization program and seeks $14.6 million for fiscal year 1979. The funds include projects in industrial and in health technology applications. The latter includes $4 million for bioengineering applications. This program, coupled with $2 million just authorized by the House for a handicapped research program within the National Science Foundation, holds great promise in relaxing the barriers imposed by disabling physical handicaps. This effort within NASA holds great promise and deserves the support of this House.

The reception of Federal programs that transfer science and technology to State, county, and local governments has been excellent and enthusiasm for the programs has been growing rapidly. The imaginative yet practical uses these jurisdictions have found for this technology are astounding and have greatly assisted in such areas as transportation, highway and public safety, law enforcement, and rescue and lifesaving efforts. Further, it appears that soon this demand and need of the States, counties, and cities will exceed our present capabilities to transfer technology.

The present NASA efforts in these two areas—interdisciplinary research and intergovernmental technology transfer—are valuable and H.R. 11401 will authorize the agency to continue them. Future directions of NASA, however, should include a more aggressive coordination of research with other Federal R. & D. labs and a more aggressive or active outreach to State, county, and local governments to assist them, both in the solution to their technological problems and in the eventual development of their own technological capability. I, therefore, urge my colleague to support H.R. 11401 and support the further improvement of NASA's technology utilization program.

Mr. Chairman, there is little doubt that the United States will be improving our already impressive statellite technology capability. Earlier, I briefly mentioned this capability and some of its practical applications. My colleagues have described these capabilities and applications in more detail. Now, I wish to briefly outline what I see as some future needs and logical implications of the NASA programs in satellite technology.

As an outgrowth of NASA's continual improvement of its remote sensing and communication satellites, the civilian sector—both private industry and non-Federal jurisdictions—appear to be willing and capable of entering into these fields. These uses of satellite technology should be encouraged.

The confusion of the Syncon-4 program, which involved NASA, was perhaps inevitable—I certainly do not wish to debate this now. However, similar programs will certainly be attempted in the future and hopefully, NASA, and the Federal Government in general, will be more

positive and aggressive in cultivating these partnership programs.

I was pleased to note in the April 14 issue of the Washington Star that CIA Director Stansfield Turner wants to share intelligence information with the public. The article quotes Mr. Turner as saying:

> There is economic and political information that we can collect that would be of value to American businessmen.

To quote the article, he said that:

> Through satellites there are great amounts of information about potential oil and energy reserves, crop perspectives and industrial expansion, and that the CIA, as a public-funded agency, should share such information on a wider scale.

This change to a more open CIA is welcomed by many of the public. We in the Congress should assist both the CIA and the NASA in these efforts.

This brings me to my last point, Mr. Chairman. This satellite technology is, of course, global in character; and much of the information we collect is on foreign territory and international waters. As the innovator and presently the sole source of global resource data, the United States has an exceptional opportunity to give practical expression to its stated policy of sharing its science and technology with the developing countries to promote their development.

The Science and Technology Committee discusses this topic in its report for H.R. 11401. There the committee wisely notes that our preeminent position in satellite technology is a source of international responsibility, as well as national pride and that to passively respond to this responsibility would eventually lead to political difficulties with the developing nations similar to those experienced in the Law of the Sea controversy. The National Academy of Science report, "Resource Sensing From Space—Prospects for Developing Countries," sums up this responsibility nicely.

> If the operation of a global remote sensing activity is to be politically acceptable, some type of international framework would seem to be required. The need for this is supported by several factors: the global character of the technology; its capacity to serve transnational objectives; the desirability of allaying national fears and concerns; the advantages of a cooperative, participatory approach as opposed to one characterized by either dependence or potential rivalry; and the increasing sense—both in the United States and in the international community—that activities in the common domain of humanity, such as the oceans and space, require some form of accountability to an international entity.

The committee has requested NASA to prepare a preliminary plan of how it will move in this direction over the next 5 to 10 years. And, I urge my colleagues to consider the importance of such a program, and encourage its development.

Mr. Chairman, I have outlined some aspects of H.R. 11401 and what I view as some of the logical outgrowths and responsibilities that this legislation carries. On balance, the NASA, in the past and currently, functions well and in a responsible manner. H.R. 11401 and the programs you are asked to authorize would allow the agency to continue to develop needed technology, share this technology widely and continue to reasonably well fulfill its responsibilities. For these reasons I not only support the bill and urge my colleagues to do likewise, but I also urge the Members of Congress to support the NASA as it attempts to aggressively and equitably respond to the new and emerging responsibilities I have outlined.●

● Mr. DOWNEY. Mr. Chairman, I support the National Aeronautics and Space Administration Authorization bill, H.R. 11401. Our Nation's space program has had revolutionary effects on how we perceive the world around us and has opened up new understanding of natural phenomena which will undoubtedly have profound effects on our earthly future. We must continue to encourage NASA's far-reaching explorations which recognize our dependence and rather fragile place within the surrounding cosmos.

In particular, we must understand the vast dynamic processes of the Sun which interact with our planet as well as the other planets of the solar system and provide the origin of essentially all Earth's energy. Recent space observations have shown that recurrent geomagnetic storms and auroral activity are caused by high speed solar wind streams from so-called coronal holes. The ability to predict such storms from solar observations can have application to shortwave communications, navigation and geological exploration systems using magnetic detectors, power surges in Arctic power lines and terrestrial surveillance from space. Likewise, the magnetic sector boundaries of the solar wind have been shown to be statistically correlated with the cyclonic circulation in the Earth's upper atmosphere, at least in the Northern Hemisphere.

This year NASA proposes to initiate a new mission to explore the regions of the solar system above and below the Sun's polar caps. The Solar Polar Missions would involve two spacecraft sponsored jointly by NASA and the European Space Agency (ESA). Using gravitational swing-bys of Jupiter enables the two spacecrafts to travel perpendicular to the Earth's orbit around the Sun, entering regions of the Solar System never before reached.

A primary objective of the Solar Polar Mission is the three-dimensional study of the solar wind with the dual spacecraft providing "steroscopic" observations of solar, interplanetary and cosmic phenomena. Of special interest is the existence of high-speed solar wind streams that may originate from the large coronal holes known to dominate the Sun's polar caps before solar minimum. It is important to understand the complex impingement of the solar wind on the Earth and it is expected that the solar wind flow and composition from the caps should be much simpler, and thus more amenable to analysis and understanding, than the complicated wind usually measured by satellites in the ecliptic plane.

Also to be studied is the propagation of cosmic rays through our solar system from interstellar space. These energetic nuclei of heavy atoms are modulated by the complex solar wind in the Earth's orbital plane, but should stream easily along the simpler magnetic fields from the Sun's poles. These observations should help explain why more cosmic rays strike the Earth during minimum solar activity than maximum.

Combined observations from two spacecraft will help define the mechanism for X-rays from solar flares leading to an increased ability to predict major flares. Similar observations will help pinpoint the location of some of the most mysterious, and potentially highest energy, cosmic phenomena yet known, the gamma-ray burst objects. Finally, the Solar Polar Mission will make pioneering observations of the cosmic dust and gases that surround and pervade our solar system itself.

Mr. Chairman, Space Science is more than scientists talking and writing to each other. I believe that space explorations, such as the Solar Polar Mission, are our only way of unraveling secrets of the universe which can have substantial effect on life on Earth.●

Mr. TEAGUE. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 11401

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the National Aeronautics and Space Administration to become available October 1, 1978:

(a) For "Research and development," for the following programs:

(1) Space shuttle, $1,443,300,000;

(2) Space flight operations, $308,900,000;

(3) Expendable launch vehicles, $71,500,000;

(4) Physics and astronomy, $285,500,000;

(5) Lunar and planetary exploration, $187,100,000;

(6) Life sciences, $40,600,000;

(7) Space applications, $288,300,000;

(8) Technology utilization, $14,600,000;

(9) Aeronautical research and technology, $292,300,000;

(10) Space research and technology, $111,300,000;

(11) Energy technology applications, $6,000,000;

(12) Tracking and data acquisitions, $304,400,000;

(b) For "Construction of facilities," including land acquisition, as follows:

(1) Modification of unitary plan wind tunnel, Ames Research Center, $5,390,000;

(2) Modification of 3.5-foot wind tunnel, Ames Research Center, $1,870,000;

(3) Modification of 12-foot pressure wind tunnel, Ames Research Center, $2,510,000;

(4) Modifications and additions for logistic and supply functions, Goddard Space Flight Center, $5,640,000;

(5) Modifications and additions to the space flight operations facility, Jet Propulsion Laboratory, $3,060,000;

(6) Modifications to various buildings for seismic protection, Jet Propulsion Laboratory, $1,570,000;

(7) Modifications for utility control system, Langley Research Center, $1,980,000;

(8) Rehabilitation of unitary plan wind tunnel, Langley Research Center, $4,520,000;

(9) Construction of research analysis center, Lewis Research Center $6,140,000;

(10) Large aeronautical facilities at various locations as follows:

(A) Construction of national transonic facility, Langley Research Center, $24,500,000;

(B) Modification of 40- by 80-foot subsonic wind tunnel, Ames Research Center, $31,600,000;

(11) Space Shuttle facilities at various locations as follows:

(A) Modifications to launch complex 39, John F. Kennedy Space Center, $13,570,000;

(B) Modication of manufacturing and final assembly facilities for external tanks, Michoud Assembly Facility, $13,980,000;

(C) Modifications to solid rocket motor manufacturing and assembly facilities, Thiokol Plant, Wasatch, Utah, $1,920,000;

(D) Minor Shuttle-unique projects, various locations, $1,600,000;

(12) Rehabilitation and modification of facilities at various locations, not in excess of $500,000 per project, $12,800,000;

(13) Minor construction of new facilities and additions to existing facilities at various locations, not in excess of $250,000 per project, $4,200,000;

(14) Facility planning and design not otherwise provided for, $10,650,000;

(c) For "Research and program management," $914,000,000, and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

(d) Notwithstanding the provisions of subsection 1(g), appropriations for "Research and development" may be used (1) for any items of a capital nature (other than acquisition of land) which may be required at locations other than installations of the Administration for the performance of research and development contracts, and (2) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities; and title to such facilities shall be vested in the United States unless the Administrator determines that the national program of aeronautical and space activities will best be served by vesting title in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to insure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" pursuant to this Act may be used in accordance with this subsection for the construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator or his designee has notified the Speaker of the House of Representatives and the President of the Senate and the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of the nature, location, and estimated cost of such facility.

(e) When so specified and to the extent provided in an appropriation Act (1) any amount appropriated for "Research and development" or for "Construction of facilities" may remain available without fiscal year limitation and (2) maintenance and operation of facilities and support services contracts may be entered into under the "Research and program management" appropriation for periods not in excess of twelve months beginning at any time during the fiscal year.

(f) Appropriations made pursuant to subsection 1(c) may be used, but not to exceed $25,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator and his determination shall be final and conclusive upon the accounting officers of the Government.

(g) Of the funds appropriated pursuant to subsections 1(a) and 1(c), not in excess of $25,000 for such project, including collateral equipment, may be used for construction of new facilities and additions to existing facilities, and not in excess of $50,000 for each project, including collateral equipment, may be used for rehabilitation or modification of facilities: *Provided*, That of the funds appropriated pursuant to subsection 1(a), not in excess of $250,000 for each project, including collateral equipment, may be used for any of the foregoing for unforeseen programmatic needs.

SEC. 2. Authorization is hereby granted whereby any of the amounts prescribed in paragraphs (1) through (13), inclusive, of subsection 1(b)—

(1) in the discretion of the Administrator or his designee, may be varied upward 10 per centum, or

(2) following a report by the Administrator or his designee to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate on the circumstances of such action, may be varied upward 25 per centum.

to meet unusual cost variations, but the total cost of all work authorized under such paragraphs shall not exceed the total of the amounts specified in such paragraphs.

SEC. 3. Not to exceed one-half of 1 per centum of the funds appropriated pursuant to subsection 1(a) hereof may be transferred to the "Construction of facilities" appropriation, and, when so transferred, together with $10,000,000 of the funds appropriated pursuant to subsection 1(b) hereof (other than funds appropriated pursuant to paragraph (14) of such subsection) shall be available for expenditure to construct, expand, or modify laboratories and other installations at any location (including locations specified in subsection 1(b)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) he determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations unless (A) a period of thirty days has passed after the Administrator or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate and to the Committee on Science and Technology of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete statement concerning (1) the nature of such construction, expansion, or modification, (2) the cost thereof including the cost of any real estate action pertaining thereto, and (3) the reason why such construction, expansion, or modification is necessary in the national interest, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SEC. 4. Notwithstanding any other provision of this Act—

(1) no amount appropriated pursuant to this Act may be used for any program deleted by the Congress from requests as originally made to either the House Committee on Science and Technology or the Senate Committee on Commerce, Science, and Transportation,

(2) no amount appropriated pursuant to this Act may be used for any program in excess of the amount actually authorized for that particular program by sections 1(a) and 1(c), and

(3) no amount appropriated pursuant to this Act may be used for any program which has not been presented to or requested of either such committee,

unless (A) a period of thirty days has passed after the receipt by the Speaker of the House of Representatives and the President of the Senate and each such committee of notice given by the Administrator or his designee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (B) each such committee before the expiration of such period has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SEC. 5. It is the sense of the Congress that it is in the national interest that consideration be given to geographical distribution of Federal research funds whenever feasible, and that the National Aeronautics and Space Administration should explore ways and means of distributing its research and development funds whenever feasible.

SEC. 6. Section 203 of the National Aeronautics and Space Act of 1958 is amended—

(1) by inserting "(1)" after "(b)" in the subsection which was added by section 15(c) of Public Law 94-413; and

(2) by redesignating the subsection which was added by section 4 of Public Law 93-409 (and redesignated by section 15(c) of Public Law 94-413) as paragraph (2) of subsection (b).

SEC. 7. (a) Section 102 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451) is amended (1) by redesignating subsection (f) as subsection (g) thereof; and (2) by inserting immediately after subsection (e) thereof the following new subsection.

"(f) The Congress declares that the general welfare of the United States requires that the unique competence of the National Aeronautics and Space Administration in science and engineering systems and in the administration of complex interdisciplinary research and development programs be directed toward bioengineering research, development, and demonstration programs. Such programs shall be conducted to alleviate and minimize the effects of disability.".

(b) The subsection of section 102 of such Act redesignated a subsection (g) by subsection (a) of this section is amended by striking out "and (e)" and inserting in lieu thereof "(e), and (f)".

(c) Section 203(b) of such Act is amended by inserting after paragraph (2), as redesignated by section 6 of this Act, the following new paragraph:

"(3) The Administration shall initiate, support, and carry out research, development, demonstrations, and other related activities, to the extent funds are appropriated therefore, in bioengineering (including but not limited to materials, human factors engineering, electronics and automated systems) to assist handicapped individuals and lessen or alleviate the problems caused by disability. To the extent appropriate, these bioengineering research, development, and demonstration programs shall be conducted in coordination and cooperation with other related Federal agency programs.".

SEC. 8. This Act may be cited as the "National Aeronautics and Space Administration Authorization Act, 1979".

Mr. TEAGUE (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with and that the bill be printed

in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. WEISS

Mr. WEISS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEISS: Page 10, after line 2, insert the following new section (and redesignate the succeeding sections accordingly):

SEC. 5. No part of any funds available to the Administrator pursuant to this Act may be used for any research or development activity relating to civilian Advanced Supersonic Transports, or for the preparation of an overall program plan or any other study, analysis, or planning relating to technology for such transports.

Mr. WEISS. Mr. Chairman, in the course of the general debate on this matter there were some indications that all we are engaged in is pure scientific research effort and that any suggestion on my part that, in fact, we are working toward the development of an actual airplane somewhere in the future arises from some misunderstanding, perhaps, on my part. Mr. Chairman, that is possible, but I must tell you that if I misunderstand the situation then the bible of the aviation industry, Aviation Week and Space Technology, also misunderstands the situation because in their issue of April 17, 1978, they have, as one of their lead stories a picture of a supersonic airplane and it has the caption under it that says:

NASA Considers Fiscal 1983 New Start for Supersonic Technology Demonstrator.

It goes on to say:

Supersonic technology demonstrator under consideration by NASA for a possible fiscal 1983 new start would be an arrow wing design in the 75,000 pound class.

This is not a figment of their imagination or of my imagination. They got their information from the same place I got mine, the report that was submitted by NASA to the committee in which it stated program options for achieving an advanced supersonic transport technological readiness—not research and development readiness. Not an indication as to the elimination of environmental hazards that may be met, but technology readiness, a plane to go into the air to fly. That is what this is all about.

They point out in this report that they can do it by 1983 probably and that the cost would be somewhere between $900 million and $1.7 billion. So here we are talking today about a $27.9 million authorization but we all had better be looking down the road 5 years from now when we are talking about almost $2 billion of expenditures for a project, which, I need not remind anyone again, but I will—which in 1971 was scrapped by the Congress after an expenditure of over a billion dollars in taxpayers' funds. Congress can make that decision, but in making it we ought to be fair to the American taxpaper and the American public at large. What we ought to be saying is, "OK, everybody, we think that we are ready now to explore this before we make a full commitment. We want to be ready, technologically ready by 1983 but we want everyone to know in advance what our plans are." Let us have full scale hearings, not the kind of effort we have had so far because NASA indicates that they expect to start on the project very soon.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from Florida.

Mr. FUQUA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, let me say to the gentleman from New York (Mr. WEISS) that I have been working on this committee for some 16 years and no new starts can be made by NASA without the full congressional authority. It has to have the approval first of the Office of Management and Budget, and their report comes down to the Congress. Let me further say that there is nothing in this bill or in this report that the Congress of the United States has given NASA authority to go ahead with the supersonic transport program. They are doing only research. If they want to come in in 1983, or whatever year, then there must be a request on the part of NASA and OMB that will be presented to the Congress for our action. At that time I can assure the gentleman that then there will be ample opportunity for hearings and debate on this floor as to whether we should proceed or not proceed.

I have no idea, I do not know, my crystal ball does not reveal that day to me, but I might point out to the gentleman that there is not in any way any intention by the committee to put this "snoot" under the tent to open up the SST production. It is specifically prohibited in the report and it appears nowhere in the bill. There is no way NASA can proceed with any type of development of an SST.

We are doing research in all types of aircraft, as has been pointed out, so I would hope that the gentleman's amendment would not prevail.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. WEISS was allowed to proceed for 2 additional minutes.)

Mr. WEISS. I appreciate the comment and the statement my good friend has made, and I have no reason to question his integrity or commitment to the statements that he makes. The problem, of course, is that we are always faced with a double-edged sword. We have gone down the path now for some 7 years, and if this measure is authorized today and the money is subsequently appropriated, we will have spent $100 million on this research and development aspect. This year's authorization is almost twice as much as last year's authorization. Next year's authorization will probably be twice or more times this year's authorization. By the time we get to where the gentleman says, now let us let the American public in, we may, in fact, have committed $1 billion to the project. Then the question again will be at that stage: How can we waste $1 billion?

It seems to me, Mr. Chairman, that the time to be concerned about the program, the feasibility or desirability of going forth, is before that money is spent, not after it is spent. That is why I urge that the amendment be adopted. Let us have full, open hearings and national debate on this thing now before the money is spent.

Mr. Chairman, I yield back the remainder of my time.

Mr. TEAGUE. Mr. Chairman, the subject of this amendment has been debated for the last hour. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was agreed to will be recognized for 1¼ minutes each.

The Chair recognizes the gentleman from New York (Mr. WYDLER).

Mr. WYDLER. Mr. Chairman, I do not think there is any Member on this floor who is more adversely affected by the current Concorde SST landing in the United States than myself. I opposed that landing; I fought it at every twist and every turn; and I continue to oppose it. But I think this kind of amendment is just mischievous. I think it is terribly destructive of our Nation's future. I think it is a very bad amendment, because this amendment would cut off the very research, the very studies that could improve the problems and do away with the problems that we are presently suffering from. So although last year, Mr. Chairman, I put in a substitute amendment which simply said that the funds could not be used for the construction of a prototype supersonic transport, I do not think that is necessary this year. That point has been made. The money that we are spending is money for research, money to keep the United States of America in the lead in aircraft and aeronautics. It is absolutely essential not only to the economic future of our Nation, but to give the people who are now suffering from this noise the relief they need. Do not cut that off. Reject the amendment.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

This House on untold occasions has acted as a forum for supersonic debate. While we talk, our foreign competitors act. Supersonic flight is here to stay. We either keep our ace in the hole with a limited research program or we abandon the field to the British, French, and Russians.

Pride is at stake, of course. But, more importantly, we are looking at the matter of economics. Aviation contributes favorably to the plus side of our balance of payments. Yet, we are witnessing a chink in the armor. Our foreign competitors are penetrating the American market. The French A-300 airbus is a case in point.

It would be tragic if we totally abandoned the field of supersonic development when we have the expertise to develop at some time in the future a supersonic aircraft that is environmentally acceptable and economically viable.

Actually, our work on supersonic research in NASA has been extremely modest, while at the same time producing some impressive results. But, we are at the crossroads, and American industry and its competition abroad is waiting to see what we do.

For instance, in the area of variable-cycle engine technology, NASA has identified concepts that will effectively lower fuel consumption and noise for supersonic aircraft.

And, in the supersonic cruise aircraft research (SCAR) program, NASA is doing basic work that will lead to technologies far superior to what is being done by our competitors. The Congress is not being asked this year, nor for several years, to decide on an SST development program. Rather, what we are asking is that the U.S. technology base in aeronautics remains second to none; that we preserve our options to compete in world aeronautical markets.

Apart from the long-range potential for civil applications, the VCE is needed immediately as a propulsion system for innovative military designs. One which comes to mind is the Navy's VSTOL-B program, which is the deployment of high performance supersonic aircraft to small ships having only helicopter platforms.

Congress should support NASA's coordination of technology for civil/military applications to insure the maximum value to the taxpayers and continued aeronautical leadership.

Mr. Chairman, I believe the gentleman from New York is raising a false issue. There is nowhere in this bill, nor was it the intention of the members of the committee, to have our Government build a supersonic transport. What we are trying to do is address ourselves to basic aeronautic research and development so that we can advance the state of the art so we can maintain our keen competitive advantage in the international world of competition.

One of the plus factors in our international balance of trade has been our superiority in high technology as applies to aeronautics. Here again we can only do this by maintaining a well balanced, positive, progressive research and development program in all areas of flight, including supersonic and hypersonic, not to mention the contribution that this kind of effort will make toward our military capability for future military aircraft on into the future. In addition to this, if we in the Congress and the people of this country are to make decisions about the future of flight as it pertains to the SST, we have got to base those decisions on knowledge arrived at from research and development. I would hope that we would vote down this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. MILFORD).

Mr. MILFORD. Mr. Chairman, I would strongly urge all Members to reject this amendment. The most damaging part about the amendment is the wording which would stop the study of this realm. In effect this would stop us from learning more about supersonic flight. NASA would be prohibited from conducting any research in aeronautics other than subsonic-type research. At the same time, our foreign competitors could go full bore ahead with unrestricted aeronautical research. This would place in jeopardy 2 million jobs in the United States and also place in jeopardy our second place export item, that being the sale of aeronautical products. Therefore, I would strongly urge all Members to reject this amendment.

The gentleman from New York has raised what may appear to be some fundamental questions. I say "appear" because in posing them he has relied on information that is clearly at variance with the facts. Let me set the record straight!

First, the question of adequate congressional oversight of NASA's advanced supersonic research program. I believe I can deal with this one quickly.

The gentleman is, of course, well aware that Congress treats complex subjects by first assigning them to committees which have expertise in that particular area. In the case of civil aeronautical R. & D., it is my Subcommittee on Transportation, Aviation and Weather that has the jurisdiction. And I can assure the gentleman that we have exercised that jurisdiction aggressively each year (and recently twice a year) to carefully review all of NASA's aeronautical program. We have looked at each of the many subprograms within that budget line item, including the very modest amount being devoted to research on the problems of supersonic flight. In fact, the time we have spent on that subject has been all out of proportion to the dollar amounts involved. But we have done it because of its unique importance to the country.

The point is, that far from the implied coverup there is an extraordinary volume of material that traces congressional involvement in oversight of this important subject.

Last year, in a letter to the gentleman from New York, Dr. Fletcher, who was then the NASA Administrator, enumerated in detail all of the occasions, since 1972 on which his Agency gave testimony to the authorizing committees of Congress on this subject. That list showed 18 such occasions. In addition, the House and Senate Appropriations Committees have considered the program each year since 1972.

The second issue the gentleman raises is a very basic one. It concerns whether it is proper for the Government to be involved in advanced research and development.

Now this is a question that can be raised in a variety of fields from transportation to energy and yes, even to social problems.

The answer, to my mind, ultimately comes down to questions of national interest, budget priorities and the ability of industry to do the work.

In aeronautics there is a long history of government-sponsored research which has been adopted by private industry and applied to a variety of useful products that have benefited us all. NASA and its predecessor agency have been working on advanced civil and military aeronautical concepts since 1915. One need only look up to see the fruits of this investment. And it truly has been an investment. I cannot think of a single other field where small government expenditures in research have been transformed so effectively into such impressive returns to our economy and our way of life.

For example, government-sponsored research led directly to the new quieter and less polluting engines that now power the jumbo jets. The bill being presented today is aimed at further gains in this area. The NASA supersonic research program is aimed at solving the undesirable side effects of supersonic flight.

We are all concerned about environmental damage and about economics. We know that we must do considerably better than the Concorde. And, I believe we can.

Ever since the 1971 decision to terminate the American SST program, thereby abandoning the field to the British, French, and Russians; NASA has conducted a low level research program.

This program, although restricted mostly to paper studies, has yielded impressive results. For example, we now believe that it is possible to build a fuel efficient, environmentally acceptable advanced supersonic transport. This aircraft would bear no resemblance to the Concorde or any other airplane now flying. It would be as different from the Concorde as today's wide-bodied jets are from the first jet powered transport, the British Comet. But before any American company can assume the enormous cost of building such an aircraft, the theories must be proven in the laboratory. And this has traditionally been a NASA role. Government must take the first step.

Finally, let me make one other point. It is important to stress that in everything I have been saying, I have been talking only about research. Nowhere have I said anything about a prototype airplane or any other flyable hardware. In fact, the committee specifically prohibited NASA from constructing such a prototype.

But we must make a greater research effort than we have in the last 7 years. We must move from the concept formulation stage to the concept validation stage. The time for this is now. We are at a crossroads. We must either keep our options open by moving to the next logi-

cal step in the research program or we must decide now that we do not want an advanced supersonic transport for the foreseeable future. Either we expand this program or we let our highly skilled industry teams evaporate. This is the question before us.

Since the advanced supersonic transport is the only invention with a real potential for increased productivity in the air transportation field, I think it is a very important question. One that will surely affect our future. I urge my colleagues to consider it carefully and defeat this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. TEAGUE).

Mr. TEAGUE. Mr. Chairman, there is nothing I could add to what has been said.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WEISS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. WEISS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN pro tempore (Mr. WIRTH). One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from New York (Mr. WEISS) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. GARY A. MYERS

Mr. GARY A. MYERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARY A. MYERS: On page 11 after line 23 add the following new section and renumber the old section 8:

"SEC. 8. The administrator of the National Aeronautics and Space Administration will report to the House Committee on Science and Technology and the Senate Committee on Commerce, Science and Transportation no later than December 31, 1978 on the Administration policy regarding, conflicts of interest, standards of conduct and financial disclosure and the implementation of that policy."

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Texas.

Mr. TEAGUE. Mr. Chairman, NASA says this is a good amendment. So far as this side of the aisle is concerned, we will accept the amendment.

Mr. WINN. Mr. Chariman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Kansas.

Mr. WINN. Mr. Chairman, we on this side of the aisle accept the amendment offered by the gentleman from Pennsylvania (Mr. GARY A. MYERS), a Member of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GARY A. MYERS).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. BOLLING) having assumed the chair, Mr. MCKAY, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 11401) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes, pursuant to House Resolution 1143, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WEISS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present. The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 345, nays 54, not voting 35, as follows:

[Roll No. 248]

YEAS—345

Abdnor	Bafalis	Breaux
Addabbo	Barnard	Breckinridge
Akaka	Bauman	Brinkley
Alexander	Beard, R.I.	Brooks
Allen	Beard, Tenn.	Broomfield
Ambro	Benjamin	Brown, Calif.
Anderson, Calif.	Bennett	Brown, Mich.
	Bevill	Brown, Ohio
Anderson, Ill.	Biaggi	Buchanan
Andrews, N. Dak.	Bingham	Burgener
	Blanchard	Burke, Fla.
Annunzio	Blouin	Burke, Mass.
Applegate	Boggs	Burleson, Tex.
Archer	Boland	Burlison, Mo.
Armstrong	Bolling	Burton, Phillip
Ashbrook	Bonker	Butler
Ashley	Bowen	Byron
Badham	Brademas	Caputo
Carney	Hawkins	Pease
Carr	Heckler	Pepper
Carter	Hefner	Perkins
Cavanaugh	Heftel	Pettis
Cederberg	Hightower	Pickle
Chappell	Hillis	Pike
Clausen, Don H.	Holland	Poage
	Hollenbeck	Pressler
Clawson, Del	Holt	Preyer
Clay	Horton	Price
Cleveland	Hubbard	Pritchard
Cohen	Huckaby	Pursell
Coleman	Hyde	Quie
Collins, Ill.	Ichord	Quillen
Collins, Tex.	Ireland	Railsback
Conable	Jeffords	Regula
Conte	Jenkins	Rhodes
Corcoran	Jenrette	Richmond
Corman	Johnson, Calif.	Rinaldo
Cornwell	Johnson, Colo.	Robinson
Cotter	Jones, Okla.	Roe
Coughlin	Jones, Tenn.	Rooney
Crane	Jordan	Rose
Cunningham	Kasten	Rostenkowski
D'Amours	Kelly	Rousselot
Daniel, Dan	Kemp	Rudd
Daniel, R. W.	Ketchum	Ryan
Danielson	Keys	Santini
Davis	Kildee	Sarasin
de la Garza	Kindness	Satterfield
Delaney	LaFalce	Sawyer
Dent	Lagomarsino	Scheuer
Derrick	Leach	Schroeder
Devine	Lederer	Schulze
Dickinson	Le Fante	Sebelius
Dicks	Leggett	Sharp
Diggs	Lehman	Shipley
Dingell	Lent	Shuster
Dodd	Levitas	Sikes
Dornan	Livingston	Sisk
Downey	Lloyd, Calif.	Slack
Drinan	Lloyd, Tenn.	Smith, Iowa
Duncan, Oreg.	Long, La.	Smith, Nebr.
Duncan, Tenn.	Long, Md.	Snyder
Early	Lott	Solarz
Eckhardt	Lujan	Spellman
Edgar	Luken	Spence
Edwards, Ala.	Lundine	St Germain
Edwards, Calif.	McClory	Staggers
Edwards, Okla.	McCloskey	Stangeland
Eilberg	McCormack	Stanton
Emery	McDade	Stark
English	McEwen	Steed
Erlenborn	McFall	Steers
Ertel	McHugh	Steiger
Evans, Colo.	McKay	Stockman
Evans, Del.	McKinney	Stokes
Evans, Ga.	Madigan	Stratton
Fary	Mahon	Stump
Fascell	Marks	Symms
Fisher	Marlenee	Taylor
Fithian	Marriott	Teague
Flippo	Martin	Thompson
Flood	Mathis	Thone
Flowers	Mattox	Traxler
Flynt	Mazzoli	Treen
Foley	Meyner	Trible
Ford, Mich.	Michel	Tsongas
Ford, Tenn.	Mikulski	Ullman
Forsythe	Milford	Van Deerlin
Fountain	Miller, Calif.	Vander Jagt
Fowler	Miller, Ohio	Vanik
Fuqua	Mineta	Waggonner
Garcia	Mitchell, N.Y.	Walgren
Gaydos	Moakley	Walker
Giaimo	Moffett	Walsh
Gibbons	Montgomery	Wampler
Gilman	Moore	Watkins
Ginn	Moorhead, Calif.	Whalen
Glickman		White
Goldwater	Moorhead, Pa.	Whitehurst
Gonzalez	Murphy, Ill.	Whitten
Gore	Murphy, N.Y.	Wiggins
Gradison	Murphy, Pa.	Wilson, Bob
Grassley	Murtha	Wilson, C. H.
Green	Myers, Gary	Wilson, Tex.
Gudger	Myers, John	Winn
Guyer	Myers, Michael	Wirth
Hagedorn	Natcher	Wolff
Hall	Neal	Wright
Hamilton	Nedzi	Wydler
Hammer-schmidt	Nichols	Wylie
	Nowak	Yatron
Hanley	Oakar	Young, Alaska
Hannaford	Oberstar	Young, Fla.
Hansen	Panetta	Young, Mo.
Harkin	Patten	Zablocki
Harris	Patterson	Zeferetti
Harsha	Pattison	

NAYS—54

Aspin	Goodling	Obey
Baldus	Harrington	Ottinger
Bedell	Holtzman	Quayle
Beilenson	Hughes	Rahall
Bonior	Jacobs	Rangel
Brodhead	Kastenmeier	Reuss
Broyhill	Kostmayer	Rogers
Burton, John	Krebs	Rosenthal
Chisholm	Latta	Roybal
Cornell	McDonald	Seiberling
Dellums	Maguire	Simon
Evans, Ind.	Markey	Skelton
Fenwick	Metcalfe	Studds
Findley	Mikva	Vento
Fish	Minish	Volkmer
Fraser	Mitchell, Md.	Weaver
Frenzel	Mottl	Weiss
Gephardt	Nolan	Yates

NOT VOTING—35

Ammerman	Jones, N.C.	Roncalio
Andrews, N.C.	Kazen	Runnels
AuCoin	Krueger	Ruppe
Baucus	Mann	Russo
Burke, Calif.	Meeds	Skubitz
Cochran	Mollohan	Thornton
Conyers	Moss	Tucker
Derwinski	Nix	Udall
Florio	O'Brien	Waxman
Frey	Risenhoover	Whitley
Gammage	Roberts	Young, Tex.
Howard	Rodino	

The Clerk announced the following pairs:

On this vote:

Mr. Rodino for, with Mr. Conyers against.

Until further notice:

Mr. Roberts with Mr. Ammerman.
Mr. Risenhoover with Mr. Krueger.
Mr. Whitley with Mr. Mann.
Mr. Jones of North Carolina with Mr. Andrews of North Carolina.
Mr. Waxman with Mr. Kazen.
Mr. Udall with Mr. Russo.
Mr. Nix with Mr. AuCoin.
Mrs. Burke of California with Mr. O'Brien.
Mr. Florio with Mr. Skubitz.
Mr. Howard with Mr. Tucker.
Mr. Meeds with Mr. Moss.
Mr. Mollohan with Mr. Frey.
Mr. Thornton with Mr. Roncalio.
Mr. Derwinski with Mr. Runnels.
Mr. Cochran of Mississippi with Mr. Ruppe.

Messrs. KREBS, LATTA, and RAHALL changed their vote from "yea" to "nay."

Mr. MARTIN changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 9400 TO AUTHORIZE ACTIONS FOR REDRESS IN CASES INVOLVING DEPRIVATIONS OF RIGHTS OF INSTITUTIONALIZED PERSONS SECURED OR PROTECTED BY THE CONSTITUTION OR LAWS OF THE UNITED STATES

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 95–1085), on the resolution (H. Res. 1150) providing for consideration of H.R. 9400, to authorize actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2222, TO AMEND THE NATIONAL LABOR RELATIONS ACT TO CLARIFY THE SCOPE OF ITS COVERAGE

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 95–1084), on the resolution (H. Res. 1149) providing for consideration of H.R. 2222, to amend the National Labor Relations Act to clarify the scope of its coverage, which was referred to the House Calendar and ordered to be printed.

PEACE CORPS ACT AMENDMENTS OF 1978

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1145 and ask for its immedate consideration.

The Clerk read the resolution, as follows:

H. RES. 1145

Resolved, That upon the adoption of this resolution it shall be in order to move, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93–344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11877) to authorize supplemental appropriations for fiscal year 1978, and to authorize appropriations for fiscal year 1979, for the Peace Corps, and to make certain changes in the Peace Corps Act. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from California (Mr. DEL CLAWSON) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1145 provides for the consideration of H.R. 11877, the Peace Corps Act Amendments of 1978. This rule provides for the usual open rule with 1 hour of general debate, the time to be equally divided and controlled in the customary manner by the majority and the minority. The rule provides for one waiver of a point of order in regard to the Budget Act with the understanding that the Committee on International Relations will offer an amendment to correct what would justify the point of order in the consideration of the matter on the floor.

Mr. Speaker, H.R. 11877 authorizes $96,135,000 for fiscal year 1979, including $1.3 million for the U.S. contribution to the United Nations Volunteer Program and approximately $1.1 million for increases in salary, retirement, and other employee benefits which are authorized by law.

This bill would also amend the Peace Corps Act to make its declaration of purpose in line with the policy directions of the Foreign Assistance Act enacted by the Congress in 1973 which emphasizes helping those persons in the poorest regions of the world. Other changes in the act include directing the Peace Corps to increase efforts in programs aimed at integrating women into the economies of host countries, updating the readjustment allowances for volunteers, providing for volunteers the same medical malpractice protection that is accorded the Department of State, and lifting the limitation on the number of volunteers the President may assign to international organizations, while also giving the Chief Executive explicit authority to assign volunteers to help in refugee assistance programs, with the consent, of course, of the host government.

There are a number of other changes made by this legislation. They will be discussed by the Committee on International Relations subsequent to the consideration of the rule.

Mr. Speaker, we all know what the Peace Corps has done and what it means. I hope this rule will be adopted so that this House may again do this great service for mankind in the extension of the Peace Corps.

I yield to my friend the gentleman from California (Mr. DEL CLAWSON).

Mr. DEL CLAWSON. Mr. Chairman, I yield myself such time as I may require.

Mr. Speaker, House Resolution 1145 provides for the consideration of H.R. 11877 which authorizes appropriations for fiscal year 1979 for the Peace Corps and a supplemental appropriation for fiscal year 1978. The rule allows 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations. The bill will then be open to amendment under the 5-minute rule. Upon completion of consideration, one motion to recommit will be in order.

The resolution contains a waiver of the provisions of section 402(a) of the Congressional Budget Act of 1974. A waiver is made necessary by the bill's authorization of new budget authority for fiscal year 1978. This is in violation of the May 15 deadline as set forth in the Budget Act. We understand, however, that the committee will offer a floor amendment which will correct the violation by removing the provisions for the 1978 supplemental appropriation authorizations. The chairman of the Budget Committee has advised us that he has no objection to the Budget Act waiver, as the committee amendment would render it technical in nature.

It is rather interesting that the legislation originally authorized more than $3.5 million "necessary" funds to supplement the 1978 budget. When the extra authorization ran into obstacles, the "need" suddenly disappeared and an amendment will be offered to strike it.

Mr. Speaker, to my knowledge the resolution has no organized opposition.

Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. HARRINGTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11877) to authorize supplemental appropriations for fiscal year 1978, and to authorize appropriations for fiscal year 1979, for the Peace Corps, and to make certain changes in the Peace Corps Act.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. HARRINGTON).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11877, with Mrs. BOGGS designated as Chairman, and Mr. KOSTMAYER (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN pro tempore. Under the rule, the gentleman from Massachusetts (Mr. HARRINGTON) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. WINN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Massachusetts (Mr. HARRINGTON).

Mr. HARRINGTON. Mr. Chairman, I yield myself such time as I may consume.

I rise in support of the bill H.R. 11877, the Peace Corps Act Amendments of 1978.

The principal purpose of this bill is to authorize a fiscal year 1979 appropriation of $96,135,000 for Peace Corps programs and activities and such sums as may be necessary during that fiscal year.

The authorization for programs and activities represents a modest increase of $9,522,000 over the administration's revised fiscal year 1978 request. The purpose of the bulk of that increase as requested by the administration, or $8,522,000, is to improve the quality of Peace Corps training and programing.

During its deliberations on this bill, the Subcommittee on International Development found that, since fiscal year 1972, spending on each Peace Corps volunteer measured in constant 1972 dollars has declined significantly. Unfortunately, this decline has occurred in functions that affect the volunteer's performance, including training and country programing. This modest increase in last year's level should help to reverse this trend and put better prepared volunteers in the field.

The remainder of the increased authorization, $1 million, was added by the committee in order to provide for an expanded U.S. contribution to the United Nations Volunteer Program. The proposed increase above the current U.S. contribution of $320,000 would provide for 100 additional U.N. volunteers. The bill earmarks $1,320,000 of the total authorization for this purpose. Such a contribution, in the view of the committee, could also motivate other donor nations to expand their support of this worthwhile international program.

Mr. Chairman, in addition to the fiscal year 1979 authorization for the Peace Corps, the bill, as reported by the Committee on International Relations, also contains a supplemental fiscal year 1978 authorization which was added at the request of the administration. The supplemental authorization would provide an additional $3,644,000 in order to improve the quality and duration of volunteer training and provide for additional program support for the remainder of the current fiscal year. The supplemental authorization would also provide an additional $69,000 for pay raises and other employee benefits mandated by law.

However, because floor consideration of supplemental authorizations at this time would violate section 402(a) of the Congressional Budget Act, it was necessary to seek a waiver of this provision in order to bring H.R. 11877 to the floor. Under the Budget Act, such a waiver may be granted in the House if it is determined that emergency conditions so require. The Committee on Rules, in consultation with the Budget Committee, did not find that the supplemental request was the result of an emergency situation, but did agree to the waiver provided that the International Relations Committee would offer an amendment on the floor to strike the supplemental authorization from the bill. It is my intention to offer such an amendment, without prejudice to the basic justification of the administration request, at the appropriate time today.

Apart from the authorization of appropriations for fiscal year 1979, the bill contains a few additional amendments to the Peace Corps Act which would:

Make the act's declaration of purpose consonant with the New Directions policy adopted by the Congress in the Foreign Assistance Act of 1973;

Direct that the Peace Corps give increased emphasis to programs which integrate women into the economies of host countries;

Update language in the act regarding the readjustment allowance for volunteers;

Remove the current ceiling on the number of volunteers the President may assign to international organizations, particularly in case of disasters;

Increase the President's authority to settle tort claims against the Peace Corps;

Increase the authority of the Peace Corps to provide hospital care and medical treatment to foreign employees who are in training in the United States;

Provide explicit authority for the President to assign Peace Corps volunteers to assist in refugee assistance programs abroad; and

Expand the Peace Corps annual reporting requirement to Congress.

Mr. Chairman, Peace Corps volunteers are currently representing the United States by assisting the peoples of 64 nations throughout the developing world. In my opinion, these men and women are bringing much needed skills and assistance to less developed countries as well as continuing to emphasize the American spirit of volunteerism. H.R. 11877 provides the authorization necessary to continue their good work.

I urge the adoption of the bill.

Mr. SISK. Madam Chairman, will the gentleman yield?

Mr. HARRINGTON. I would be pleased to yield to the gentleman from California.

Mr. SISK. Madam Chairman, I just want to ask the gentleman two or three very brief questions to clarify this.

As a longtime supporter of the Peace Corps, I expect to support this bill, but I want to make absolutely certain that all the money that is being authorized here is in fact for the Peace Corps and none of it is for ACTION or VISTA programs.

Mr. HARRINGTON. That is entirely consistent with our understanding. The committee's jurisdiction does not in fact run beyond the Peace Corps request for fiscal year 1979.

Mr. SISK. Madam Chairman, the distinguished gentleman from Massachusetts also mentioned the possibility of some studies and hearings going on in connection with some reorganization or changes in the status of the Peace Corps.

Does this look in the direction of removing the Peace Corps, let us say, from ACTION or removing its association thereunder?

Let me say quite frankly to my colleague, the gentleman from Massachusetts, that I have great reservations about the director of this program. I do not intend to pull any punches. Very frankly, I was amazed when he was appointed, and I have not seen any reason to change my mind. In fact, the more I hear about him, the worse I think he is.

However, that in a way is beside the point at this time if we are in fact moving toward possibly rearranging or restructuring the Peace Corps and separating it from the existing so-called ACTION program.

I want to commend my colleague, the gentleman from Massachusetts, for bringing to us a bill that, as far as I know, I can support. I just cannot, though, let this opportunity pass without raising serious questions about some of the things that apparently are going on in connection with VISTA and that apparently are being pushed by the present Director. I just want to take this opportunity to say that, and I thank my colleague for yielding.

Mr. HARRINGTON. Madam Chairman, let me see if I can carefully wend my way through the range of concerns expressed by the gentleman from California (Mr. SISK) and try to deal with his basic concern.

There are presently a number of dif-

ferent options being considered by the subcommittee dealing with the prospective status of the Peace Corps organization. Among them is legislation filed by a number of members of the subcommittee, including the gentleman from Washington (Mr. BONKER) and myself, who were the principal proponents of this effort to sever the Peace Corps from the existing umbrella organization of ACTION and restore it in a general fashion to its preexisting status prior to the reorganization efforts of the Nixon administration which established the hybridization to which the gentleman referred.

Senator Humphrey, prior to his death submitted broadly ranging legislation dealing with the whole question of foreign aid and made a recommendation which appears attractive to some, including members of the committee itself, the present Director of ACTION, and, to a degree, the White House, that would tend to have the same result to which the gentleman referred, that of placing the Peace Corps with a number of other volunteer organizations.

Let me say to the gentleman that as timely as tomorrow it is my intent to consult with members of the subcommittee to explore on my side of the aisle the appeal of Members of Congress for these options that would move in the direction that has been indicated this afternoon by the gentleman from California (Mr. SISK).

Mr. SISK. Madam Chairman, I thank the gentleman for his remarks, and I want to commend him on the work he is doing.

I was here, of course, at the time the Peace Corps was established, when a distinguished citizen from the gentleman's State, John F. Kennedy, was President of the United States, and I remember the efforts of Sargent Shriver, to whom I give credit for almost single-handedly creating the Peace Corps.

I well remember nights, 7 or 8 o'clock at night, over in the old Cannon Building, walking out and meeting Sarge tramping down the corridors, almost alone selling that great program. And I was one of those who was an early-on supporter. I feel that the Peace Corps has done a great deal for this country in building up and creating friendships in many countries. And that fact itself is the reason, as I said. Maybe I am wrong on some of the other points I make, but I am very much concerned. I just would hope that we do not taint it with something that certainly in many quarters today has the concerns of the American people.

Mr. HARRINGTON. I think there is no substantial disagreement with the gentleman from California on the basic concern about preserving and, to the degree that we can do it, restoring and enhancing what I think is the peculiar benefit the Peace Corps has represented over the period of its existence.

Mr. SISK. I thank the gentleman.

Mr. WINN. Madam Chairman, I yield myself such time as I may consume.

Mr. BROOMFIELD. Madam Chairman, will the gentleman yield?

Mr. WINN. I yield to the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Madam Chairman, I rise in strong support of this bill.

Madam Chairman, I would like to take this opportunity to express my support for the fiscal year 1979 Peace Corps authorization bill, H.R. 11877.

H.R. 11877 authorizes $96.1 million for Peace Corps operations and programs for the coming fiscal year. I have no hesitation in urging the passage of this bill. Of the several varieties of foreign assistance programs conducted by the United States, the Peace Corps, perhaps because of its unique character as a volunteer organization, has been one of the more efficient and widely supported programs, both by the Congress and the American public in general.

Despite an occasional lapse into a regrettable pattern of recruiting Peace Corps volunteers long on reformist zeal and short on practical skills, the Peace Corps has generally been successful at providing trained, motivated, and culturally sensitive volunteer manpower to serve at the village level in a number of countries in the developing world.

The Peace Corps is putting increased emphasis on grass roots assistance to help the people of host countries to develop an improved capacity to provide for their own basic human needs. In this regard, Peace Corps programing has been deemphasizing to a degree its traditional heavy involvement in providing teachers, particularly teachers of English as a foreign language, in favor of concentrating more on volunteers in the areas of food production and storage, nutrition, health, and simple rural water systems.

In addition to the direct developmental benefits obtained by the people of the more than 60 host countries where Peace Corps volunteers serve, there are some more subtle, but important benefits from Peace Corps programs. The Peace Corps provides an opportunity for Americans and the people of the less-developed countries to exchange insights and better understand each other's cultural traditions and views of our rapidly changing world and the problems and aspirations which we have in common.

In conclusion, let me reiterate that I believe in the basic purpose and goals of the Peace Corps and I support this bill before the House authorizing fiscal year 1979 funding for the Peace Corps.

Mr. WINN. Madam Chairman, I support H.R. 11877, the bill now pending before the House to authorize funds for the Peace Corps for fiscal year 1979.

The principal purpose of this legislation is authorized $96.1 million for the Peace Corps' fiscal vear 1979 programs as well as such sums as may be necessary for increases in salary, pay, retirement, and similar employee benefits otherwise authorized by law.

The fiscal year 1979 program includes a significant initiative to upgrade Peace Corps skills, language, and cross-cultural training programs. In recent years the average number of weeks of volunteer training has declined.

The fiscal year 1979 program contemplates increasing preservice, in-service, and specialized skills training which will improve the capabilities and effectiveness of Peace Corps volunteers. The growing emphasis in Peace Corps programs on people-to-people self-help assistance to meet basic human needs requirements, particularly in the development categories of health, nutrition, and food production depends on this.

In addition to the basic authorization for fiscal year 1979, H.R. 11877 includes several amendments to various provisions of the Peace Corps Act. The bill adds policy language to the Peace Corps Act similar to that contained in the Foreign Assistance Act focusing Peace Corps programing on the poorest of the poor, and also language recognizing the role of women in development. Among the other amendments in H.R. 11877 are provisions to require more comprehensive information on Peace Corps' cooperation and coordination with international and host country volunteer organizations in the annual report to Congress; to specifically authorize assignment of Peace Corps volunteers to organizations; and entities providing development or other relief assistance to displaced persons and refugees and provide a more flexible ceiling on annual Peace Corps funding to promote the development of host country and international voluntary service organizations.

The Peace Corps has been a leader in demonstrating and promoting innovative programs to organize and mobilize concerned citizen volunteers for providing practical, appropriate technical assistance and training in a people-to-people setting. In some 64 countries worldwide the Peace Corps is essentially doing just that today.

The Peace Corps has generally enjoyed fairly wide public and congressional support, and, in fact, this particular bill, H.R. 11877, had broad bipartisan support in the International Relations Committee. Even more significantly, perhaps, I think the increasingly active interest other countries who have been exposed to Peace Corps volunteers are showing in international and domestic volunteer development service organizations is fairly strong evidence that the Peace Corps is seen as an effective organization by many people in other countries.

Of course, there is still room for improvement in a number of aspects of Peace Corps operations. However, after fairly careful scrutiny of Peace Corps programs in general, and this authorization in particular, I feel the Peace Corps merits our continued support. On this basis, I urge the passage of H.R. 11877.

Mr. HARRINGTON. Madam Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. ZABLOCKI), the chairman of the full committee.

Mr. ZABLOCKI. Madam Chairman, I thank the chairman of the subcommittee for yielding me this time.

Madam Chairman, I rise in support of the bill H.R. 11877 and endorse the recommendations of our Subcommittee on International Development—as reviewed and acted upon by the full Committee on International Relations.

As the subcommittee chairman (Mr. HARRINGTON) has pointed out, this is essentially a "funding bill"—to support the activities of the Peace Corps during fiscal year 1979. While the subcommittee has held an extensive set of hearings on the possible reorganization of the ACTION Agency, it was decided to deal with that question separately and to take up the administration's basic authorization request without delay.

I believe that was a wise decision. There have been a number of thoughtful and far-reaching proposals for changing and strengthening the Peace Corps' organizational structure—as mentioned by Chairman HARRINGTON and our colleague the gentleman from Kansas LARRY WINN—including, among others, the bill sponsored by the gentleman from Washington (Mr. BONKER) and the so-called Humphrey bill which is still undergoing detailed and painstaking review. Whether the Peace Corps requires a greater degree of autonomy or a closer association with a restructured foreign aid administration are matters which deserve careful scrutiny, and thorough, deliberate consideration; and that is exactly what our committee intends to give them in the months ahead.

While the bill we are considering today represents a $9,522,000 increase over the administration's revised fiscal year 1978 request, I am convinced that this is a worthwhile investment. I particularly welcome the new emphasis which has been placed on improvements in training, programing, and volunteer support—all areas in which the committee's oversight operations have uncovered past deficiencies. I am also encouraged by the apparent progress which has been made over the past year in recruiting 34 new country directors—27 of whom have already been placed in the field, while the remaining 7 are still in training. This is in accord with the recommendation which was contained in last year's committee report; namely, that—

. . . Major attention should be devoted to the recruitment of qualified Peace Corps leadership, both in Washington and overseas, to provide adequate direction to, and supervision over, Peace Corps activities worldwide. The future of the Peace Corps is largely dependent on ACTION's success in meeting this important goal.

It is true that the Peace Corps, under its present management, has encountered difficulties in "putting its act together." As of this date, in fact, the incumbent director has only been in office for 6 months and there have been delays and setbacks in moving ahead with a new sense of direction and purpose.

Frankly, I am not as impatient on this point as are some of the Corps' more vocal critics. I would rather have the leadership move cautiously and advisedly, rather than hastily and, perhaps, rashly, in devising and implementing new programs. I am more interested in quality programing than in the so-called "numbers game" by which the agency has attempted to justify its existence to Congress over a period of almost 15 years, and I am pleased to note that the ACTION Director appears to be a recent convert to that view.

At the same time, Madam Chairman, it is clear that the jury is still very much out on the Peace Corps. In the coming fiscal year, we will be looking for results and progress in those areas I have mentioned. Above all, we want to insure that volunteers have real jobs to perform—Jobs which the host governments need and are willing to support—and the committee intends to monitor very closely future developments in those areas.

With this authorization, the Peace Corps will have the "tools" to "get on with the job." We now expect—and will demand—that the job be done, and done properly.

Madam Chairman, it is with these thoughts in mind that I call for the adoption of H.R. 11877.

Mr. HARRINGTON. Madam Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. BONKER).

Mr. BONKER. Madam Chairman, I thank the chairman of the subcommittee for yielding me this time, and I rise in support of the authorizing bill.

While this amount is that which was supported by the administration, I still think it is less than what we need to accomplish the many desirable goals which the Peace Corps has established over the years.

As I understand it, the Senate may be adding further to the Peace Corps authorization. I would also like to echo what the chairman of the full committee has just stated, that the performance of the Peace Corps staff in getting their budget to us and making their case and trying to present consistent figures has not been very impressive. So, I would hope that the Peace Corps sponsors in future years will be coming forth with a clear and certain budget that we can act upon.

I would also like to take this opportunity to renew my support for legislation that is before the subcommittee to reorganize the Peace Corps; specifically, a bill to take the Peace Corps out of ACTION and make it an independent agency. All of the testimony that has come before the subcommittee has been in support of a change that would give the Peace Corps more independence and would revitalize that important agency.

One of the last witnesses was Sargent Shriver, the first Director of the Peace Corps, who expressed not only his strong support for taking the Peace Corps out of ACTION, but his growing concern that we might come up with legislative proposals that would place the Peace Corps in a revamped AID agency. Saying that he was terribly concerned about such a concept, Mr. Shriver noted that in earlier years they had fought the same battles within the White House, and it was vitally important that we have a Peace Corps that is apart and separate from a State Department agency.

While I applaud the efforts of the subcommittee chairman and his staff to go ahead with this legislation, I still feel a sense of frustration that we have yet to come before the full committee and to the floor with a specific bill that would address this problem.

Madam Chairman, I would like to take this moment to ask the chairman of the full committee when he expects the subcommittee to take specific action on the legislation pending before us.

Mr. HARRINGTON. Madam Chairman, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from Massachusetts.

Mr. HARRINGTON. Madam Chairman, I do not want my uncharacteristic lack of patience to indicate a lack of interest in the general area of the resolution, but tomorrow we are trying to assemble the membership that has expressed a continued interest in the subject of Peace Corps reorganization to see if there is a particular bias in support of a particular proposal. I think the gentleman knows my feeling on the matter. I would like to insist on the bill he and I filed last year, and hope that we can get enough support to make that not a totally futile effort. As a sometime expert on futile efforts, I think it would be useful to see whether or not we can develop a sense that the matter might meet with the general approbation of some of our colleagues.

If the gentleman can help round up some of those Members tomorrow, I would be very grateful.

I feel in many ways the same as the gentleman does, that there have been a number of unnecessary impediments that are the result of nothing more than the misplaced opportunities of the first Democratic administration I have had the experience of serving under to take advantage of what I hoped would be a long-sought departure from some of the practices of the preceding few years. I regret that was not appreciated and approached with a little bit more urgency than was the case.

I think there is an opportunity of this kind still to be gained with regard to the Peace Corps.

Mr. BONKER. I thank the chairman.

Mr. HARRINGTON. Madam Chairman, I have no additional requests for time.

Mr. WINN. Madam Chairman, I yield such time as he may consume to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Madam Chairman, I am pleased to rise in support of this measure, H.R. 11877, the Peace Corps Act amendments. Certainly the Peace Corps has done an outstanding job in many of the developing nations. While there have been certain areas of criticism that have been properly laid before the Peace Corps by our committee, and while there is a need for reorganization—and I have joined with the gentlemen from Washington (Mr. BONKER) in presenting a bill to do just that and I hope our committee will soon undertake a further review of that important legislation, I do rise in support of this measure, and urge my colleagues to vote in favor of it.

Throughout its 17-year history, the Peace Corps has remained a source of pride for this Nation as a symbol of its true "volunteer" spirit. The Peace Corps has survived as an essential part of the

overall U.S. development assistance effort.

Recently a constituent of mine returned from a 2-year tour in the Peace Corps with these incisive observations:

Peace Corps volunteers see first hand the enormous problems and suffering with which humankind is afflicted. And they are standing up to these challenges. They act; they are out there doing something about the lack of education, health care, technical knowledge and a long list of other matters which to most people in the underdeveloped world are matters of dire urgency . . . Often dismissed as idealists, these people not only tolerate but thrive in condition which most would shun and in which most of the inhabitants of this earth live . . . They indeed reflect the very best in the American Character, and they are a credit to their country."

In order to continue the effective operation of the Peace Corps and help it to meet the many challenges of a changing world we must seek new ways to maintain its unique, image, identity, sense of direction, flexibility of operation, and, most important, its volunteer spirit. The bill before us, H.R. 11877, contains many important provisions reflecting our continually changing world.

I believe that the Peace Corps volunteers are a composite of what America is really about and that they remain to this day one of the best advertisements we can send overseas. They deserve our continued support and I urge my colleagues to vote in favor of this legislation.

● Mr. DERWINSKI. Madam Chairman, I rise in support of H.R. 11877. I continue to believe that the underlying philosophy of the Peace Corps is a sound one. There are many Americans willing to endure the rather spartan existence which Peace Corps service customarily entails.

To the extent that the Peace Corps maintains a commitment to providing practical, basic technical assistance at the grassroots level, it has a continuing contribution to make which can benefit many people in the developing countries. The increased emphasis in the Peace Corps' fiscal year 1979 budget for skills training for volunteers is a fairly hopeful sign that there is some recognition of the need for a practical, down-to-Earth approach to the appropriate implementation of the Peace Corps' broad mission of providing volunteer manpower to help our fellow human beings in the so-called Third World countries.

I would, however, take this opportunity to briefly touch upon one matter in particular which does bother me somewhat. Those who have had the opportunity and inclination to peruse the committee report which accompanies this bill may have noticed the supplemental views in which several of us on the International Relations Committee expressed concern about a recent phenomenon in the ACTION/Peace Corps leadership here in Washington. That phenomenon is the inclination, or perhaps habit, of the agency leadership to increasingly describe Peace Corps policies and goals in warmed-over radical activist rhetoric, sprinkled with a few terms from the contemporary jargon of development assistance.

The thing that troubles me with this habit is that, to paraphrase the British statesman, Benjamin Disraeli, the ACTION/Peace Corps hierarchy may become inebriated with the exuberance of their own vague but intense rhetoric, and project an image of activist political and social reform to which countries with different cultural traditions will react adversely. Thus the Peace Corps' effectiveness would diminish.

Nevertheless, I urge the House to pass H.R. 11877. I do so because, Peace Corps programs in the field have generally been useful and effective, and because I am confident that Congress, in particular my colleagues on the International Relations Committee, will continue to scrutinize Peace Corps policies and programs very carefully.●

Mr. WINN. Madam Chairman, I have no further requests for time on this side, and I reserve the balance of my time.

Mr. HARRINGTON. Madam Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 11877

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Peace Corps Act Amendments of 1978".

SEC. 2. Section 2 of the Peace Corps Act (22 U.S.C. 2501) is amended by inserting "particularly in meeting the basic needs of those living in the poorest areas of such countries," immediately after "manpower,".

SEC. 3. Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended—

(1) in subsection (b) by striking out the matter before the first proviso and inserting in lieu thereof the following: "There are authorized to be appropriated to carry out the purposes of this Act (1) for fiscal year 1978 not to exceed $86,544,000, and (2) for fiscal year 1979 not to exceed $96,135,000 of which $1,320,000 shall be available only for Peace Corps contributions to the United Nations volunteer program:";

(2) in subsection (c) by striking out "for the fiscal year 1978, $1,000,000" and by inserting after "by law" the following: ", for fiscal year 1978, $1,069,000, and for fiscal year 1979 such sums as may be necessary"; and

(3) by adding at the end thereof the following new subsection:

"(g) In recognition of the fact that women in developing countries play a significant role in economic production, family support, and the overall development process, the Peace Corps shall be administered so as to give particular attention to those programs, projects, and activities which tend to integrate women into the national economics of developing countries, thus improving their status and assisting the total development efforts.".

SEC. 4. Section 5 of the Peace Corps Act (22 U.S.C. 2504) is amended—

(1) in the first sentence of subsection (c) by striking out "; except that" and all that follows through "President"; and

(2) in subsection (h) by adding at the end thereof the following new sentences: "The provisions of section 1091 of the Foreign Service Act of 1946, relating to malpractice protection, shall apply to volunteers, and the Director of ACTION shall have the authority granted to the Secretary of State in subsection (f) of such section. For purposes of subsection (g) of such section, a Peace Corps representative shall be deemed to be a principal representative of the United States.".

SEC. 5. (a) Section 10 of the Peace Corps Act (22 U.S.C. 2509) is amended—

(1) in subsection (a)(2) by striking out "; *Provide*" and all that follows through "section";

(2) in subsection (b) by striking out "$10,000" and inserting in lieu thereof "$20,000"; and

(3) by adding at the end thereof the following new subsection:

"(h) The President may provide hospitalization and medical treatment to Foreign Service local employees who are within the United States for training related to their employment under this Act, for illnesses, injuries, or conditions other than those arising out of and in the course of employment, which, in the judgment of the President, began during such employee's travel related to such training or so near to the beginning of such travel that the onset of the illness, injury, or condition could not have been known, and for which immediate medical treatment or hospitalization is reasonably required.".

(b) The amendment made by paragraph (2) of subsection (a) shall apply to claims made after the date of the enactment of this Act.

(c) Section 10(a) of such Act is further amended—

(1) by inserting the following new paragraph after paragraph (2):

"(3) assign volunteers to duty or otherwise make them available to any entity referred to in paragraph (1), in order to assist such organizations and agencies in providing development or other relief assistance to displaced persons and refugees in any country, if the government of the country agrees to such assignment;"; and

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively.

SEC. 6. Section 11 of the Peace Corps Act (22 U.S.C. 2510) is amended by adding at the end thereof the following new sentence: "Each report shall contain information describing efforts undertaken to improve coordination of activities of the Peace Corps with activities of international voluntary service organizations, such as the United Nations Volunteer Program, and of host country voluntary organizations, including—

"(1) a description of the purpose and scope of any development project which the Peace Corps undertook during the preceding fiscal year as a joint venture with any such international or host country voluntary service organization; and

"(2) recommendations for improving coordination of development projects between the Peace Corps and any such international or host country voluntary service organization.".

"SEC. 7. (a) Section 301(b)(2) of the Peace Corps Act (22 U.S.C. 2501a(b)(2)) is amended by striking out "$350,000 may be used in any fiscal year" and inserting in lieu thereof "2 per centum of the amount appropriated to the Peace Corps for a fiscal year may be used in such fiscal year.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1978.

Mr. HARRINGTON (during the reading). Madam Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AMENDMENT OFFERED BY MR. YOUNG OF FLORIDA

Mr. YOUNG of Florida. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Florida: Page 2, line 1, insert "(a)" after "SEC. 3.".

Page 2, insert the following after line 25:

(b) Section 3(b) of such Act is further amended by adding the following new sentence at the end therof: "None of the funds authorized to be appropriated under this subsection for fiscal year 1979 may be used to carry out any program in the Central African Empire.".

Mr. YOUNG of Florida. Madam Chairman, this is a very simple amendment. It speaks to one particular country in this program, and that is the Central African Empire. The record of human rights violations on the part of the leadership of this country is so bad that even AID, our own bilateral aid program, is being pulled out of the Central African Empire. I think any time AID is willing to pull out of a country because of this kind of problem, the problem must be really bad.

Not only are there violations of human rights which have been reported, but also—and I will ask unanimous consent when we go back into the House that I be permitted to include extraneous material with my remarks—but also in the December 19, 1977, issue of Newsweek it was reported that Emperor Bokassa actually required the members of the Cabinet to go into a prison and observe while some prisoners were beaten to death by rifle butts.

While that situation is bad, we also ought to be concerned about this. The Central African Empire, a small country, with a budget last year of around $75 million, and that was the whole budget, spent one-third of that budget or $25 million—which would be comparable to us spending something like $200 billion—last year for the coronation of the emperor. This certainly has to be a rather unusual expenditure of funds, to spend one-third of the country's annual budget just to crown a king or an emperor, especially when the people of the country have such serious needs.

What the Peace Corps plans to do in the Central African Empire is to increase the Peace Corps involvement in dollars and cents, from the amount last year of $974,000, by another half million in this fiscal year, to the tune of $1,504,000.

I would like to be of aid and assistance to the poor folks in the Central African Empire, but my feeling is if their own country does not have any more concern for them, why should we? Why does not their own government take that extra $25 million and put it into aid and assistance for their own people?

AID is withdrawing from the Central African Empire, and yet the Peace Corps plans to nearly double their involvement. It is certainly anything but consistent.

The story about Bokassa and his coronation and the things they did to spend this $25 million would make a fine movie, comparable to the "King and I" or something like that.

I do not think American tax dollars ought to be used in this way.

With this, I hope the Committee will agree with my amendment and be consistent in our concern for human rights. Let the world know, and especially those people that violate human rights, that we will not allow the spending of our dollars in countries where violations of human rights are so flagrant. It is an amendment which is consistent and compatible with the position this House has taken on many occasions on the question of human rights.

Madam Chairman, I urgently urge the members of the committee to consider this amendment in the very sincere and serious light in which it is offered.

Madam Chairman, I include at this point the Newsweek article to which I previously referred:

BOKASSA'S NEW CLOTHES

(Africa had a brand-new Emperor last week—Bokassa I of the Central African Empire. From Bangui, the sweltering capital of Bokassa's empire, Newsweek's Loren Jenkins filed this report:)

The setting was the Jean-Bédel Bokassa sports palace, located next to Jean-Bédel Bokassa University on Jean-Bédel Bokassa Boulevard. Bokassa, 56, a former sergeant in the French Army, sat impassively on a gilded, 15-foot-high throne in the winged shape of an imperial eagle. To his right sat Empress Catherine, 28, sheathed in gold lamé, and his 2-year-old son and heir apparent, Jean-Bédel Georges, wearing a crisp white military uniform. Officers of the imperial guard draped Bokassa's shoulders with a 30-foot train of red velvet embroidered in gold and trimmed with ermine. A beplumed general presented him with a diamond-studded scepter and then held up a $2.5 million gem-encrusted gold crown on a velvet cushion. Bokassa stood and slowly raised the crown to his head. Then, like his idol, Napoleon Bonaparte, he crowned himself Emperor.

The Central African Empire—known in French colonial days as Ubangi-Shari—is a landlocked nation of 2.2 million hapless souls teetering on the edge of bankruptcy. But that did not stop its bandy-legged new Emperor from splurging on grandeur. The coronation cost about $25 million, nearly a third of the country's annual budget, and the ceremony was a conscious imitation of Napoleon's own coronation in 1804. For the ensuing festivities, Bokassa imported 40,000 bottles of French table wine, 24,000 bottles of Moët et Chandon champagne, a similar amount of Chivas Regal Scotch, 450 pounds of rose petals, 25,000 fresh-cut flowers and 60 Mercedes limousines—which had to be airfreighted into Bangui.

FIREWORKS AND BARE-BREASTED MAIDENS

The result was a rousing good show. When he wasn't escaping the heat in an air-conditioned Mercedes, the Emperor rode in a green-and-gold carriage drawn by matched grays imported from Normandy (and doomed to die in the fetid climate). The 3,500 invited guests were treated to lavish banquets—and to a ton and a half of fireworks that rained sparks on them as they ate. Lancers in green tunics paraded, bands played, bare-breasted maidens danced and tribesmen coaxed strange sounds out of giant horns. Sparse knots of Bokassa's subjects watched the pageant morosely, but the Emperor himself defended the extravagance. "One cannot create a great history without sacrifices," he declared.

As for the guest list, anyone who was anyone wasn't there. Bokassa had invited his fellow emperors, Hirohito of Japan and the Shah of Iran, along with Queen Elizabeth II and 150 heads of state. Pope Paul VI was invited to hand Bokassa his crown, as Pius VII had done for Napoleon. But Bokassa was royally snubbed by nearly one and all. Pope Paul informed him that the Vatican was no longer in the business of crowning emperors and instead sent an archbishop to watch. Despite his admiration for the French (Bokassa had wept at Charles de Gaulle's funeral), Paris sent only its Minister of Cooperation. The U.S. was represented by its ambassador. The only Head of State in attendance was the Prime Minister of Mauritius, Sir Seewoosagur Ramgoolam.

The fact is that Bokassa has become an embarrassment, even to his tolerant African peers. He is no Idi Amin, but his rule has been mercurial and arbitrary since he took power in a coup on New Year's Day, 1966. Opponents have been jailed or killed—and some have disappeared. The Emperor is still trying to live down an incident that occurred five years ago, when he led his Cabinet into a prison and made them watch as a group of convicted thieves were beaten to death with clubs and rifle butts. Last summer, he had two Western reporters thrown into jail. Before they were freed, one of them, Michael Goldsmith of the Associated Press, was brought before Bokassa, who accused him of being a South African spy, beat him to the ground and stepped on his glasses.

Bokassa's big day began slowly: the Emperor was an hour and a half late to his coronation. As the guests sweated in despair, a French Navy band ran through its entire repertoire and was replaced by canned music. The Women's Army Corps handed out bags of caramels "pour passer le temps." Finally Bokassa arrived and crowned himself. A 21-gun salute rattled the windows of the sports palace, prompting one startled journalist to ask: "Is that outgoing or incoming?" As he prepared to crown his wife, the Emperor announced that "We, Bokassa I" would scrupulously uphold the constitution.

FROM CATHOLICISM TO ISLAM AND BACK

Next, the ceremonies moved to the Cathedral of Notre-Dame de Bangui, where the Emperor's ascension was sanctified by a Solemn High Mass. Conveniently forgotten was the fact that, only a year before, Bokassa had announced his conversion to Islam, in anticipation of aid from the rich and devoutly Muslim regime of Libya. The aid never materialized and Bokassa reverted to his Roman Catholic faith. As the papal delegate, Archbishop Domenico Enricci, looked on, the Archbishop of Bangui officiated at the Mass and an imperial chamberlain with a handkerchief in either hand mopped up the sweat that ran in rivulets from the imperial brow.

That night, Bokassa treated 4,000 people to banquet. There was a giant tureen of caviar and bottles of wine and liquor graced every table. To honor the Emperor's service in Vietnam (where he fought with the French Army and sired one of his 30 children), some of the entertainment was provided by a song-and-dance troupe composed partly of former bar girls from Saigon. But the food ran out before the guests did, and the liquor was pilfered by waiters and soldiers.

MAJORETTES AND PYGMIES

The final act was a parade down the former airport runway now known as Bokassa Boulevard. Wearing a Napoleonic uniform and a cockaded hat, Bokassa reviewed his entire 1,000-man army. Drum majorettes pranced past, led by a leggy baton twirler from Nice. Students and the business community were represented along with a loyal delegation from the country's Pygmy Women's Association.

No amount of spectacle could conceal the fact that the Central African Empire is one of the 25 poorest nations on earth (per capita income is less than $200 a year). On the last day of the festivities, the U.S. announced that it was phasing out its $1 million annual

aid program because of Bokassa's human rights violations. But nothing could dampen the Emperor's spirits. With more bravado than need, he placed an order for still more Mercedes limousines. Few of his guests were impressed by the long-term propects for Bokassa's reign. "It's all well and good to carry on about Napoleonic grandeur," said a French businessman. "What Bokassa seems to be forgetting is that after the grandeur came Waterloo."

Mr. HARRINGTON. Madam Chairman, I rise in somewhat perplexed opposition to the amendment.

Madam, Chairman, I have no desire to debate the specifics of the extent, scope, and magnitude of the details as the gentleman from Florida (Mr. YOUNG) has, with very obvious sincerity, characterized them as they apply to the head of state of the Central African Empire. I have just a couple of observations to make that I think might be useful to put this in perspective.

There has never been, including a country that I have some poignant memories of being involved with in a very, very painful way, Chile, in 1975, any successful effort either from the conservative or from the liberal sides of the areas of the spectrum of the House of Representatives to link the Peace Corps with concerns that relate to the practices of the head of a state, whether they be right, left, or some benign form of government in the middle.

I believe that we should look at the track record of the Central African Empire to the degree that it allows volunteers to better the livelihood of certain segments of its population. To the degree that we can measure success by the number of volunteers asking for reassignment to such countries, let me point out that such requests for reassignments are higher here than in most other countries. Therefore, we have some measure on the part of our own citizens of the level of satisfaction with the program in the Central African Empire.

I believe the broader question is whether we can continue with the practices that have existed under both administrations, Republican and Democratic, to maintain a depoliticized Peace Corps program, and to recognize that we have had to find a way to bridge very significant cultural and political gaps. While I do not necessarily agree with the practices being presently displayed in the Central African Empire, the central purpose of this piece of legislation runs to the philosophy of the Peace Corps as we know it. This I hope will allow us a somewhat broader perspective and not allow us to extend it to the fractionalization on a country-by-country basis or by some misleading misunderstanding of the activities of the Peace Corps there.

Mr. PEASE. Madam Chairman, will the gentleman yield?

Mr. HARRINGTON. I yield to the gentleman from Ohio.

Mr. PEASE. Madam Chairman, I would like to associate myself with the remarks made by the distinquished chairman of our subcommittee, the gentleman from Massachusetts (Mr. HARRINGTON), and point out that there are no other limitations on the assignment of Peace Corps personnel in the statutes. While there are limitations imposed by the Peace Corps itself on a number of nations because of the conditions existing within those nations, there are none that are imposed by the Congress.

I fully appreciate the concern of the gentleman from Florida (Mr. YOUNG) about the Central African Empire. I do not want to defend that nation, or the head of state of that nation. Indeed, I could add a couple of others, most notably Uganda, from my own point of view or concern. But I do think the principle of the Peace Corps is to help the poorest people within these nations and, indeed, if the head of state is squandering money on his own coronation then it may well be that in that nation, above all, we need to put the Peace Corps operations there in order to help the really poor and needy people there.

I thank the gentleman for yielding.

Mr. YOUNG of Florida. Madam Chairman, will the gentleman yield?

Mr. HARRINGTON. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Madam Chairman, I thank the gentleman for yielding.

I would like to use this time in order to make a correction. When I talked about the total budget I said $1 billion when I meant to say $1 million. And I apologize for that.

Mr. PEASE. I understood that intent.

Mr. YOUNG of Florida. I wanted to make that comment and to further make one more point, if the gentleman will yield again to me. I agree with the gentleman's remarks about Uganda but, of course, there are no Peace Corps volunteers involved in Uganda. But later on we will have an opportunity to work on Uganda through another vehicle.

Mr. WINN. Madam Chairman, I move to strike the last word and I rise in opposition to the amendment.

Madam Chairman, I rise in opposition to the amendment. I appreciate what the gentleman from Florida is trying to accomplish, but I would like to clarify a few points, if I may.

The gentleman referred to AID and withdrawing our support in the Central African Empire. I would like to point out that that is a government-to-government type of support. As the chairman of the subcommittee, the gentleman from Massachusetts (Mr. HARRINGTON) pointed out, the Peace Corps tries not to politicize our aid around the world in our programs.

I would like to touch just briefly, on a few of the priorities of the Peace Corps. Certainly these would be affected by the amendment in the central African empire. Small-scale food production programs are geared toward individuals at the village level, and health and village improvement projects that decrease the incidence of disease and provide villagers with the capacity for improving the quality of life by their own actions; educational programs that provide classroom contact with young adults, trained teachers, and contribute to curriculum development; water resource projects that provide clean water supplies for villages and lead to other community level projects; and long-range projects that provide basic research and information for economic development; indoor physical facilities for critical government reform programs.

I think this points out that the basic philosophy of the Peace Corps is not government to government but is trying to aid the people in the field. I would like to close by pointing out that the Central African Empire is one of the poorest countries of the world. The annual per capita GNP is $230. The U.N. considers it 1 of the 29 most underdeveloped countries in the world, so I think we would have to say that this comes under the classification of a subsistence economy. I think this is a case where a direct people-to-people program is warranted.

Madam Chairman, I yield back the remainder of my time.

Mr. ROUSSELOT. Madam Chairman, I rise to strike the requisite number of words.

I am really quite amazed that my distinguished colleagues on this committee would oppose this very simple amendment which merely asks to strike any support for just 1 year to this ruthless dictator and all who work around him from the Peace Corps. Several of my colleagues have admitted that this rather ruthless dictator manages this small country very improperly. I would almost be interested to see if Nazi Germany were in existence today whether we would send any Peace Corps people there to help the poor people get to the gas chambers, or something.

I am just amazed that my colleagues would even think of wanting to send any help to this extremely ruthless dictator, who runs the country with an iron fist. It is very likely that none of the Peace Corps people would really be able to help the general populace anyway, because the dictator would decide whom they would help and whom they would not, whether it be constructing hospitals or helping poor people be better fed, or whatever.

This amendment is only striking Peace Corps support for the Central African Empire for the fiscal year 1979 which begins October 1, and I am really somewhat amazed that it is so objectionable to cut out this support for just 1 year. Let us try it and see what happens. Maybe they might get the message.

Mr. YOUNG of Florida. Madam Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Florida.

Mr. YOUNG of Florida. I thank the gentleman for yielding.

I think the gentleman makes an excellent point. The gentleman from Kansas talked about the difference in the Peace Corps program and the AID program, saying that AID was the government-to-government program, but, of course, it is intended to help people. The Peace Corps is supposedly the people-to-people program.

The fact is that they are all American tapayers' dollars and when the Interternal Revenue Service forms are filed and the taxes are paid the American people do not have the right to make a differentiation between AID, International Financial Institutions or the Peace Corps; will the gentleman not agree to that?

Mr. ROUSSELOT. No, they certainly do not.

I could pose another question. Is it not true that this great Emperor Bokassa, whatever he calls himself, the supreme wizard of the country, pretty much dictates what happens in that country. I find it difficult to believe that just sending Peace Corps representatives there, that they really would be able to penetrate into the country to help people if the dictator of that country did not want them to; is that no correct?

Mr. YOUNG of Florida. Mr. Chairman, if the gentleman will yield further, of course, he is correct. We had the same argument with Idi Amin in Uganda. I do not care what money or assistance goes into Uganda or the Central African Empire, those dictators are going to have the control of it.

Mr. ROUSSELOT. And whether Mr. Bokassa has control does not make any difference.

Mr. YOUNG of Florida. Of course, it does. The gentleman from Kansas made the point that we ought not to politicize the Peace Corps. Every time any one of us tries to put some limitation on something going overseas to some dictator, corrupt or not, moral or not, human rights violator or not, it is always suggested that we ought not to politicize.

The very act that authorizes the Peace Corps provides for politicization. In fact, I am reading from the Peace Corps Act, subparagraph (3) of section 4 says:

(3) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the programs authorized by this Act, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

Now, I just do not believe that it is the foreign policy of the United States, our President has spoken on this issue many times, I do not think it is the foreign policy of the United States to give aid or comfort or dollar assistance to a leader of a nation who is a known violator of human rights. I do not think it is in the best interest of the foreign policy of the United States to send our American tax dollars into a country that spends one-third of their own annual budget to crown their king, including a $2.5 million throne and a $1 million crown. A lot of poor people could be fed on that money.

Mr. ROUSSELOT. I would suppose that a lot of Peace Corps people want to polish that throne.

Mr. YOUNG of Florida. Mr. Chairman, if the gentleman will yield further, my feelings toward the Peace Corps would be a lot different if we were not making that kind of contribution.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. ZABLOCKI, and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for an additional 2 minutes.)

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Now that the gentleman has secured more time for me, I am delighted to yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, does the gentleman from Wisconsin understand the gentleman from California to say this amendment would discontinue the Peace Corps program in the Central African Empire for 1 year?

Mr. ROUSSELOT. That is my understanding of the amendment.

Mr. ZABLOCKI. Mr. Chairman, if the gentleman will yield further, does that imply the gentleman from California might review it after a year?

Mr. ROUSSELOT. I would be glad to come back and review it with the gentleman from Wisconsin, who is an excellent chairman and who I know wants to make sure we will not help dictators like this overseas who do not seem to have much care for the concept of human rights and who spend too much money on their thrones.

Mr. ZABLOCKI. Mr. Chairman, if the gentleman will yield further, I certainly want to thank the gentleman for his kind assessment of my chairmanship. Let me assure the gentleman from California that I am just as anxious not to perpetuate any ruthless leader, including the ruler of the Central African Empire; and that is not the Peace Corps' purpose in that country or any country. Rather, the purpose of the Peace Corps is to help the people in the countries to which they are assigned to meet their needs for trained manpower, and to help them understand the American way of life and government. This is definitely what the Peace Corps program is all about. We are not giving aid to the leader of the Central African Empire. We are giving aid to the people of that country and in the process educating them not only to read and write but to aspire to a better life.

Mr. ROUSSELOT. If we could say that the Peace Corps educators going in there would really have the freedom to educate the people of that country to the disadvantages of that kind of dictatorship, that would be fine.

But I really do not think they would be allowed that kind of privilege. I am sure the gentleman does not believe that either.

Mr. ZABLOCKI. No, of course I do not.

Madam Chairman, if the gentleman will yield further, I will venture to say that the people in the Central African Empire do not know what they spent for the coronation of their king. Had they known, I am sure they would have objected.

The CHAIRMAN. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. YOUNG of Florida. Madam Chairman, will the gentleman yield?

Mr. ROUSSELOT. I would be pleased to yield to my friend, the gentleman from Florida, who is the ranking minority member of the Subcommittee of the Committee on Appropriations that has to review all foreign aid requests.

Mr. YOUNG of Florida. Madam Chairman, I appreciate the gentleman's yielding to me again.

I am really interested in this conversation between the gentleman and the chairman of the Committee on International Relations. I want to make sure that my ears did not deceive me.

I wonder if the gentleman from California understood the same thing I did: That the chairman of the committee was in effect suggesting that the Peace Corps members were there to educate the people of the Central African Empire to overthrow their established government?

Mr. ROUSSELOT. No, I do not think the gentleman said that. I believe the gentleman's statement was that they were to educate them as to the disadvantages of all these kinds of corruption in the present leadership and dictatorship. My belief is—and I am sure the gentleman from Florida would agree with me—that that kind of an effort would be impossible under this type of dictatorship.

If I had the slightest evidence that those educators would be allowed access to the people, and especially to the young people in the colleges, and that these institutions would allow that kind of teaching, that would be fine. However, I seriously doubt, on the basis of everything I have heard about this dictator, that that would be possible. I emphasize this point because I know the gentleman from Florida (Mr. YOUNG) has reviewed many of these appropriations that come under these authorizing bills. It is my understanding that Mr. Bokassa has given no evidence that he wants anybody in his country to be educated.

Those are the kinds of undertakings our distinguished committee chairman has suggested; is that not correct?

Mr. YOUNG of Florida. The gentleman is correct.

Mr. ROUSSELOT. Madam Chairman, I urge my colleagues to support this amendment. I think it is a very reasonable test amendment for a period of 1 year.

Mr. ZABLOCKI. Madam Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the chairman of the committee.

Mr. ZABLOCKI. Madam Chairman, I think the gentleman has tried to explain the position of the gentleman from Wisconsin.

Mr. ROUSSELOT. I did the best I could.

Mr. ZABLOCKI. It was not my intention to in any way imply that the Peace Corps volunteers are teaching politics or in their present education programs are teaching any of the citizens of the Central African Empire about the political situation. But if these people can learn to read and write, then they will be able to understand what their role in government should be.

This does not politicize the Peace Corps at all.

The CHAIRMAN. The time of the gen-

tleman from California (Mr. ROUSSELOT) has again expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 1 additional minute.)

Mr. YOUNG of Florida. Madam Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Madam Chairman, I thank the gentleman for yielding.

To begin with, during our hearings it was not established that we were going to teach these people to read and write. That was not the purpose of the Peace Corps involvement.

But beyond that, even if that were the case, I believe that as long as their own government can afford to spend a third of their annual budget to crown the emperor, they could afford to teach their own people how to read and write. Why in the world could they not use that money to pay for their own educational system to teach their own people how to read and write?

The point is this: Why do we have to take care of people in cases where their own government is wasting money by the millions and in some cases by the billions of dollars?

That is like our giving foreign aid to some countries that turn around and establish a foreign aid program of their own to help other countries. Then when the American dollar goes from us to country A, the money ends up in country B, and later on we are going to hear about how country B in some cases is Vietnam.

Mr. ROUSSELOT. Madam Chairman, I urge my colleagues to vote for the amendment. It is a very reasonable and positive amendment, and it deserves our support.

Mr. HARRINGTON. Madam Chairman, I move to strike the requisite words.

Madam Chairman, I have no desire to provide the gentleman from California (Mr. ROUSSELOT) or his colleague, the gentleman from Florida (Mr. YOUNG) with a chance to turn this debate into a Panama Canal issue in the late spring of 1978.

Let us put this in perspective, if we can. We are dealing with a country with a population of 2.4 million people, we are dealing with a country with a budget under $70 million, we are dealing with a low per capita income, we are dealing with a country in which some of the most poignant, messy events dominate their affairs in the argument about what mankind is doing to mankind.

Let us put this in perspective. We are dealing with 2.4 million people, and the Peace Corps is making the best effort it can to help address their problems. I wish somehow, in addition to discussing these issues and emphasizing the sport we can have in talking about that coronation, we could spend an appreciable amount of time where it counts. I do not think this is where the action is; I do not think this is where it counts.

I appreciate the argument that has been made, but the amendment simply does not fit with the philosophy and purpose of the Peace Corps.

Madam Chairwoman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. YOUNG).

The question was taken; and on a division (demanded by Mr. HARRINGTON) there were—ayes 17, noes 21.

Mr. YOUNG of Florida. Madam Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, she will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The pending business is the demand of the gentleman from Florida (Mr. YOUNG) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 169, noes 228, not voting 37, as follows:

[Roll No. 249]

AYES—169

Abdnor	Edwards, Okla.	Lederer
Ambro	Emery	Lent
Ammerman	English	Levitas
Applegate	Ertel	Livingston
Archer	Evans, Del.	Lloyd, Tenn.
Ashbrook	Evans, Ga.	Long, Md.
Badham	Flippo	Lott
Bafalis	Flowers	Lujan
Barnard	Flynt	Luken
Bauman	Fountain	McClory
Beard, Tenn.	Fowler	McDade
Bennett	Fuqua	McDonald
Bevill	Gaydos	McKay
Breaux	Gibbons	McKinney
Brinkley	Gilman	Madigan
Broomfield	Ginn	Marks
Broyhill	Gradison	Marlenee
Burgener	Grassley	Marriott
Burke, Fla.	Gudger	Martin
Burleson, Tex.	Guyer	Mathis
Butler	Hagedorn	Michel
Byron	Hall	Milford
Caputo	Hammer-schmidt	Miller, Ohio
Cederberg		Montgomery
Chappell	Hansen	Moore
Clausen, Don H.	Harsha	Moorhead, Calif.
	Hefner	
Clawson, Del	Hillis	Murphy, Pa.
Cleveland	Holland	Murtha
Cohen	Holt	Myers, Gary
Coleman	Horton	Myers, John
Collins, Tex.	Huckaby	Myers, Michael
Corcoran	Hyde	Neal
Coughlin	Ichord	Nichols
Crane	Ireland	O'Brien
Cunningham	Jenkins	Poage
Daniel, Dan	Jenrette	Pressler
Daniel, R. W.	Jones, Okla.	Pursell
Davis	Jones, Tenn.	Quillen
de la Garza	Kelly	Regula
Dent	Kemp	Rhodes
Derrick	Ketchum	Robinson
Devine	Kindness	Rogers
Dickinson	Lagomarsino	Rousselot
Dornan	Latta	Rudd
Duncan, Tenn.	Le Fante	Ryan
Santini	Stump	Watkins
Satterfield	Symms	Whitehurst
Sawyer	Taylor	Whitten
Schulze	Thone	Wiggins
Sebelius	Treen	Wilson, C. H.
Shuster	Trible	Wydler
Skelton	Vander Jagt	Yatron
Smith, Nebr.	Volkmer	Young, Alaska
Snyder	Waggonner	Young, Fla.
Spence	Walker	Young, Mo.
Stangeland	Walsh	
Stockman	Wampler	

NOES—228

Addabbo	Fithian	Oberstar
Akaka	Flood	Obey
Alexander	Foley	Ottinger
Allen	Ford, Mich.	Panetta
Anderson, Calif.	Ford, Tenn.	Patten
	Forsythe	Patterson
Anderson, Ill.	Fraser	Pattison
Andrews, N.C.	Frenzel	Pease
Andrews, N. Dak.	Garcia	Pepper
	Gephardt	Perkins
Annunzio	Giaimo	Pettis
Armstrong	Glickman	Pickle
Ashley	Goldwater	Pike
Aspin	Gonzalez	Preyer
AuCoin	Goodling	Price
Baldus	Gore	Pritchard
Beard, R.I.	Green	Quayle
Bedell	Hamilton	Quie
Beilenson	Hanley	Rahall
Benjamin	Hannaford	Railsback
Biaggi	Harkin	Rangel
Bingham	Harrington	Reuss
Blanchard	Harris	Richmond
Blouin	Hawkins	Rinaldo
Boggs	Heckler	Roe
Boland	Heftel	Roncalio
Bolling	Hightower	Rooney
Bonior	Hollenbeck	Rose
Bonker	Holtzman	Rosenthal
Bowen	Hubbard	Rostenkowski
Brademas	Hughes	Roybal
Breckinridge	Jacobs	Scheuer
Brodhead	Jeffords	Schroeder
Brooks	Johnson, Calif.	Seiberling
Brown, Calif.	Johnson, Colo.	Sharp
Brown, Mich.	Jordan	Shipley
Brown, Ohio	Kasten	Simon
Buchanan	Kastenmeier	Sisk
Burlison, Mo.	Keys	Skubitz
Burton, John	Kildee	Slack
Carney	Kostmayer	Smith, Iowa
Carr	Krebs	Solarz
Carter	LaFalce	Spellman
Cavanaugh	Leach	St Germain
Chisholm	Leggett	Staggers
Clay	Lehman	Stanton
Collins, Ill.	Lloyd, Calif.	Stark
Conable	Long, La.	Steed
Conte	Lundine	Steers
Corman	McEwen	Steiger
Cornell	McFall	Stokes
Cornwell	McHugh	Stratton
Cotter	Maguire	Studds
D'Amours	Mahon	Thompson
Danielson	Markey	Traxler
Delaney	Mattox	Tsongas
Dellums	Mazzoli	Udall
Dicks	Meeds	Ullman
Diggs	Metcalfe	Van Deerlin
Dingell	Meyner	Vanik
Dodd	Mikulski	Vento
Downey	Mikva	Walgren
Drinan	Miller, Calif.	Weaver
Duncan, Oreg.	Mineta	Weiss
Early	Minish	Whalen
Eckhardt	Mitchell, Md.	White
Edgar	Mitchell, N.Y.	Wilson, Bob
Edwards, Ala.	Moakley	Wilson, Tex.
Edwards, Calif.	Moffett	Winn
Erlenborn	Moorhead, Pa.	Wirth
Evans, Colo.	Mottl	Wolff
Evans, Ind.	Murphy, Ill.	Wright
Fary	Murphy, N.Y.	Wylie
Fascell	Natcher	Yates
Fenwick	Nedzi	Zablocki
Findley	Nolan	Zeferetti
Fisher	Oakar	

NOT VOTING—37

Baucus	Conyers	Frey
Burke, Calif.	Derwinski	Gammage
Burke, Mass.	Eilberg	Howard
Burton, Phillip	Fish	Jones, N.C.
Cochran	Florio	Kazen

Krueger	Risenhoover	Teague
McCloskey	Roberts	Thornton
McCormack	Rodino	Tucker
Mann	Runnels	Waxman
Mollohan	Ruppe	Whitley
Moss	Russo	Young, Tex.
Nix	Sarasin	
Nowak	Sikes	

Messrs. McKAY, LUKEN, MARTIN, and EVANS of Delaware changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. HARRINGTON

Mr. HARRINGTON. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARRINGTON: Page 2, line 7, strike out "$86,544,000" and insert in lieu thereof "$82,900,000".

Page 2, line 13, strike out "$1,069,000" and insert in lieu thereof "$1,000,000".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. HARRINGTON).

The amendment was agreed to.

Mr. BURKE of Florida. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I feel that my statement that I am opposing H.R. 11877 will probably fall on deaf ears, particularly in view of the vote on the Young amendment.

I would like to say, however, that frankly I think it is ridiculous for us to talk about what we are going to do to save the American dollar overseas and what we are going to do for our American economy and then decide to spend the amount of money we are spending on this Peace Corps program, which in my opinion has long outlived its usefulness.

It has been very difficult for me to stand before my own committee members, who almost unanimously support this program, along with many other Members on this floor, and make this statement. But I think we do have to wake up pretty soon and decide where we stand. The fact that this program at one time made good sense does not mean that it makes good sense today.

I filed opposing views in the report, and I found no members of the committee who supported those opposing views. I was interested in the supplemental views filed by several of my colleagues, most of whom I consider fellow conservatives. These Members said in their supplemental views, "At the outset let us say that the concept of the Peace Corps is a noble one." They should have said, "The concept of the Peace Corps was a noble one."

The Peace Corps was instituted by a martyred President, so it is extremely difficult to say that a bill like this, when we ask for authorization of appropriations at a time like this, should not be passed. Certainly this is a controversial program when we have a situation as we do, and it is difficult to say we should not continue this program in effect.

There is no reason in the world that we should presume now that there is going to be any change in the program from what it has been in the past. In fact, it has been mostly, in the main, ineffectual in many of the countries. It is true that there have been some countries which have stood up and said, "We like your programs, we think they are good." But I think that is an exception. It has not been the rule in the past, nor in the last ten years I have been here. Madam Chairman, I want to commend the attention of the Members to a very recent book by Kevin Lowther and C. Payne Lucas, called, "Keeping Kennedy's Promise: The Peace Corps, Unmet Hope of the New Frontier."

These gentlemen, former Peace Corps volunteers, ably depict and analyze the performance of the Peace Corps since its inception. While they want to improve the Peace Corps by upgrading the level of technical competency of the volunteers, they recognize the grave defects that have characterized the Peace Corps since its earliest and in its most recent days. At present, a Peace Corps volunteer costs about $16,000 a year, dividing the entire cost of the agency by the number of volunteers in the field. To have a corps of technically capable volunteers would probably be impossible, since most volunteers are generalists and liberal arts students with liberal arts backgrounds. Volunteer engineers, who are badly needed as technicians throughout the world, could not be obtained in today's competitive market, and it would be prohibitively impossible for this program to survive with engineers capable of handling the engineer projects which we are told the Peace Corps handles.

Let me just say that the obvious truth is that this program of the Peace Corps was fine in its inception, but I think the time has come when we ought to bury the Peace Corps. The Peace Corps no longer does what it was intended to do, and very often the volunteers do not even know to what extent their program is authorized, so far as they are concerned individually.

So I say to the Members that what we ought to do, instead of talking about a volunteer program—it is no longer a volunteer program, it is a program that is part of the taxpayers expense to the United States—is to return it back to a volunteer program to the church agencies, to the other agencies that handle programs such as this and did handle them prior to the Peace Corps.

I ask the Members, please let us not keep on funding program after program because it sounds terribly good and because we are afraid to face up to the fact that some of the programs that we fund today, including this one, should be buried.

The CHAIRMAN. Are there further amendments to the bill? If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. EVANS of Colorado) having assumed the chair, Mrs. BOGGS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11877) to authorize supplemental appropriations for fiscal year 1978, and to authorize appropriations for fiscal year 1979, for the Peace Corps, and to make certain changes in the Peace Corps Act, pursuant to House Resolution 1145, she reported the bill back to the House Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 297, nays 102, not voting 35, as follows:

[Roll No. 250]

YEAS—297

Abdnor	Cohen	Green
Addabbo	Coleman	Gudger
Akaka	Collins, Ill.	Guyer
Alexander	Conable	Hagedorn
Allen	Conte	Hamilton
Ambro	Corcoran	Hanley
Anderson, Calif.	Corman	Hannaford
	Cornell	Harkin
Anderson, Ill.	Cornwell	Harrington
Andrews, N.C.	Cotter	Harris
Andrews, N. Dak.	Coughlin	Hawkins
	D'Amours	Heckler
Annunzio	Danielson	Hefner
Applegate	de la Garza	Heftel
Armstrong	Delaney	Hollenbeck
Ashley	Dellums	Holtzman
Aspin	Dicks	Horton
AuCoin	Diggs	Huckaby
Baldus	Dingell	Hughes
Beard, R.I.	Dodd	Jacobs
Bedell	Downey	Jeffords
Bellenson	Drinan	Johnson, Calif.
Bennett	Duncan, Oreg.	Johnson, Colo.
Biaggi	Early	Jordan
Bingham	Eckhardt	Kasten
Blanchard	Edgar	Kastenmeier
Blouin	Edwards, Ala.	Kemp
Boggs	Edwards, Calif.	Ketchum
Boland	Emery	Keys
Bolling	Erlenborn	Kildee
Bonior	Ertel	Kostmayer
Bonker	Evans, Colo.	Krebs
Bowen	Evans, Del.	LaFalce
Brademas	Evans, Ind.	Leach
Breckinridge	Fary	Lederer
Brinkley	Fascell	Leggett
Brodhead	Fenwick	Lehman
Brooks	Findley	Lent
Broomfield	Fisher	Levitas
Brown, Calif.	Fithian	Lloyd, Calif.
Brown, Mich.	Flood	Long, La.
Brown, Ohio	Foley	Long, Md.
Broyhill	Ford, Mich.	Luken
Buchanan	Ford, Tenn.	Lundine
Burgener	Forsythe	McClory
Burke, Mass.	Fountain	McCloskey
Burlison, Mo.	Fowler	McDade
Burton, John	Fraser	McEwen
Burton, Phillip	Frenzel	McFall
Caputo	Garcia	McHugh
Carney	Giaimo	McKay
Carr	Gibbons	McKinney
Carter	Gilman	Maguire
Cavanaugh	Ginn	Mahon
Cederberg	Glickman	Markey
Chisholm	Gonzalez	Marks
Clausen, Don H.	Goodling	Marlenee
	Gore	Martin
Clay	Gradison	Mattox
Cleveland	Grassley	Mazzoli

Meeds	Pritchard	Steers
Metcalfe	Pursell	Steiger
Meyner	Quayle	Stokes
Michel	Quie	Stratton
Mikulski	Rahall	Studds
Mikva	Railsback	Thompson
Miller, Calif.	Rangel	Thone
Mineta	Regula	Traxler
Mitchell, Md.	Reuss	Treen
Mitchell, N.Y.	Rhodes	Trible
Moakley	Richmond	Tsongas
Moffett	Rinaldo	Udall
Moore	Roe	Ullman
Moorhead, Pa.	Roncalio	Van Deerlin
Murphy, Ill.	Rooney	Vander Jagt
Murphy, N.Y.	Rose	Vanik
Murphy, Pa.	Rosenthal	Vento
Myers, Michael	Rostenkowski	Volkmer
Natcher	Roybal	Walgren
Neal	Ryan	Walsh
Nedzi	Santini	Wampler
Nolan	Sawyer	Weaver
Nowak	Scheuer	Weiss
Oakar	Schroeder	Whalen
Oberstar	Schulze	White
Obey	Seiberling	Whitehurst
Ottinger	Sharp	Wilson, Bob
Panetta	Shipley	Wilson, C. H.
Patten	Simon	Wilson, Tex.
Patterson	Sisk	Winn
Pattison	Skubitz	Wirth
Pease	Smith, Iowa	Wolff
Pepper	Smith, Nebr.	Wright
Perkins	Solarz	Wydler
Pettis	Spellman	Wylie
Pickle	St Germain	Yates
Pike	Staggers	Yatron
Pressler	Stangeland	Young, Mo.
Preyer	Stanton	Zablocki
Price	Stark	Zeferetti

NAYS—102

Archer	Gaydos	Moorhead, Calif.
Ashbrook	Gephardt	Mottl
Badham	Goldwater	Murtha
Bafalis	Hall	Myers, Gary
Barnard	Hammer-schmidt	Myers, John
Bauman	Hansen	Nichols
Beard, Tenn.	Harsha	O'Brien
Benjamin	Hightower	Poage
Bevill	Hillis	Quillen
Breaux	Holt	Robinson
Burke, Fla.	Hubbard	Rogers
Burleson, Tex.	Hyde	Rousselot
Butler	Ichord	Rudd
Byron	Ireland	Satterfield
Chappell	Jenkins	Sebelius
Clawson, Del	Jenrette	Shuster
Collins, Tex.	Jones, Okla.	Sikes
Crane	Jones, Tenn.	Skelton
Cunningham	Kelly	Slack
Daniel, Dan	Kindness	Snyder
Daniel, R. W.	Lagomarsino	Spence
Davis	Latta	Steed
Dent	Le Fante	Stockman
Derrick	Livingston	Stump
Devine	Lloyd, Tenn.	Symms
Dickinson	Lott	Taylor
Dornan	Lujan	Waggonner
Duncan, Tenn.	McDonald	Walker
Edwards, Okla.	Marriott	Watkins
English	Mathis	Whitten
Evans, Ga.	Milford	Wiggins
Flippo	Miller, Ohio	Young, Alaska
Flowers	Minish	Young, Fla.
Flynt	Montgomery	
Fuqua		

NOT VOTING—35

Ammerman	Howard	Rodino
Baucus	Jones, N.C.	Runnels
Burke, Calif.	Kazen	Ruppe
Cochran	Krueger	Russo
Conyers	McCormack	Sarasin
Derwinski	Madigan	Teague
Eilberg	Mann	Thornton
Fish	Mollohan	Tucker
Florio	Moss	Waxman
Frey	Nix	Whitley
Gammage	Risenhoover	Young, Tex.
Holland	Roberts	

The Clerk announced the following pairs:

Mr. Waxman with Mr. Derwinski.
Mr. Rodino with Mr. Conyers.
Mr. McCormack with Mr. Ammerman.
Mr. Florio with Mr. Teague.
Mr. Kazen with Mr. Thornton.
Mr. Roberts with Mr. Sarasin.
Mr. Russo with Mr. Tucker.
Mr. Jones of North Carolina with Mr. Runnels.
Mr. Whitley with Mr. Nix.
Mr. Gammage with Mr. Ruppe.
Mr. Howard with Mr. Krueger.
Mr. Baucus with Mr. Frey.
Mr. Moss with Mr. Fish.
Mrs. Burke of California with Mr. Cochran of Mississippi.
Mr. Mann with Mr. Mollohan.
Mr. Risenhoover with Mr. Madigan.
Mr. Eilberg with Mr. Holland.

So the bill was passed.

The result of the vote was announced as above recorded.

TITLE AMENDMENT

Mr. HARRINGTON. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Amendment offered by Mr. HARRINGTON to the title: Amend the title so as to read: "A bill to authorize appropriations for fiscal year 1979 for the Peace Corps and to make certain changes in the Peace Corps Act."

The SPEAKER pro tempore. The question is on the amendment to the title offered by the gentleman from Massachusetts (Mr. HARRINGTON).

The amendment to the title was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

REPORT ON RESOLUTION RELATING TO PROVIDING FOR THE EXPENSES OF INVESTIGATIONS AND STUDIES TO BE CONDUCTED BY COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. THOMPSON, from the Committee on House Administration, submitted a privileged report (Rept. No. 95–1086), on the resolution (H. Res. 1013) to provide for the expenses of investigations and studies to be conducted by the Committee on Science and Technology, which was referred to the House Calendar and ordered to be printed.

TO DISAPPROVE REORGANIZATION PLAN NO. 1 OF 1978

Mr. BROOKS. Mr. Speaker, pursuant to section 912 of Public Law 95–17, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the resolution (H. Res. 1049) to disapprove Reorganization Plan No. 1, transmitted by the President on February 23, 1978, and pending that motion, I ask unanimous consent that general debate on the resolution may continue not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from New York (Mr. HORTON) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BROOKS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Resolution 1049, with Mr. KILDEE in the chair.

The Clerk read the title of the resolution.

By unanimous consent, the first reading of the resolution was dispensed with.

The CHAIRMAN. Pursuant to section 912 of Public Law 95–17, and under the unanimous consent agreement, the gentleman from Texas (Mr. BROOKS) will be recognized for one-half hour, and the gentleman from New York (Mr. HORTON) will be recognized for one-half hour.

The Chair recognizes the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, we have before us today President Carter's first reorganization plan of 1978 submitted to Congress on February 23.

The reorganization plan consolidates various equal employment programs of the Federal Government into the Equal Employment Opportunity Commission. The EEOC was created under the Civil Rights Act of 1964 to administer provisions of that act which require that all persons be given equal opportunity in employment regardless of race, sex, or national origin. The Commission's work heretofore has been primarily in the field of private industry. The reorganization plan will transfer into the Commission functions relating to equal employment opportunity in the Federal Government, and Federal employment of handicapped individuals, now carried out by the Civil Service Commission; and the administration of the Equal Pay Act which prohibits wage discrimination on the basis of sex and the Age Discrimination Act both presently in the Labor Department and the CSC. A total of approximately 417 positions and expenditures of $15.3 million will be involved.

The plan will transfer from the Equal Employment Opportunity Commission to the Attorney General of the United States functions relating to the initiation of litigation with respect to employment discrimination by State or local government. It will also abolish the Equal Employment Opportunity Coordinating Council.

The President has said that this plan will lay the foundation of a unified coherent Federal structure to combat

job discrimination; produce consistent agency standards and increased accountability. It will reduce overlap and duplication in regulation and enforcement procedures to a minimum thereby providing a major benefit to our business community.

During the hearings held by our Subcommittee on Legislation and National Security we questioned the administration witnesses closely on the capability of the EEOC to carry out its additional responsibility. I am satisfied that under the leadership of its new Chairman who has instituted a number of major reforms within the Commission that it will be able to adequately and properly perform these duties.

The plan was considered by the Committee on Government Operations and received unanimous support from our committee. It is our opinion that the plan meets the requirements of the Reorganization Act and will improve the administration of the programs to be carried out by the EEOC.

It is estimated by the Congressional Budget Office that the only significant cost to the Government as a result of the reorganization will be $1 to $2 million during fiscal year 1979 for the transfer of personnel.

House Resolution 1049 is the instrument by which we act upon the President's reorganization plan. Our recommendation to the House is that House Resolution 1049 be rejected since the resolution reads that the House does not favor Reorganization Plan No. 1 of 1978. A vote to support the plan will be a "no" vote on the resolution. Those who oppose the plan will vote "yes."

I urge that the Members vote "no" on the disapproval resolution and allow the President's reorganization plan to go into effect.

Mr. HORTON. Mr. Chairman, I yield myself 5 minutes.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I thank the gentleman for yielding.

Mr. Chairman, without much enthusiasm, I rise in opposition to the resolution of disapproval, and therefore, in favor of the reorganization plan.

Equal employment opportunity is a dream that America has promised its sons and daughters for generations, but never truly achieved. In the last 15 years, we in Congress have made great efforts to advance its cause by writing statute after statute and creating bureaucracy after bureacracy. Sometimes we have actually aided people whom we have intended to help. But on other occasions, we have only provided employment for more civil servants and lawyers. The present governmental structure for promoting and insuring equal employment opportunity is, to be blunt, a mess.

For several months last fall and winter, we heard that the President was about to propose a reorganization plan that would bring order out of this chaos and reinvigorate the Federal Government's commitment to EEO.

However, when the actual plan was announced, I was disappointed. What is before us today is beneficial in that it evinces Presidential interest in consolidating EEO law enforcement, and in that it begins to accomplish that consolidation. But the beginning is so small that it makes me wonder why so much hoopla surrounded its introduction.

I wonder, for example, why the Office of Federal Contract Compliance Programs (OFCCP) is not designated for inclusion in the EEOC. Because it is not Government contractors will continue to find themselves in a situation where their EEO practices could be blessed by the EEOC, but could be challenged in court by OFCCP. I wonder also why the Congress has not been asked to consolidate procedures governing discrimination complaints, as well as consolidating some of the programs for dealing with those complaints. Because the procedures remain diverse, EEOC may administer some programs now handled by the Labor Department, but they will have to follow procedures of labor law, rather than EEOC, in running those programs.

One portion of the reorganization plan seems counterproductive to me. That is the part dealing with resolution of Federal employees' discrimination claims. Under present law, these claims are resolved by the Civil Service Commission. Under the plan, they would still be adjudicated by the Civil Service Commission but, if the employee who had made the claim was dissatisfied with the CSC's determination, he could appeal it to the EEOC. The EEOC could then overrule the Civil Service Commission. In a "mixed case" involving questions of merit as well as discrimination. I question whether this new procedure would be legal, since it would permit the EEOC to order a remedy which could vitiate a ruling of the Civil Service agency on a matter governed by the Civil Service Act, none of whose authority is transferred by this plan. But even if legal, what is the sense of the new procedure? Two steps are never simpler than one. Additional legal complications will mean that Government employees will more frequently have to hire lawyers to plead their cases. And to those who wish to replace the Civil Service Commission as final arbiter of employees' EEO complaints on the ground that it may be partial to management, I ask, why is it more just to designate as final arbiter the EEOC, an agency which exists to promote the cause of a certain portion of labor?

Fortunately, the weaknesses of the plan can be corrected. The President and the Congress can both be spurred on by this first step to propose further consolidations in equal employment opportunity law enforcement. And the EEOC can, under the plan, delegate so much of the determination regarding Federal employees' EEO complaints back to the Civil Service Commission that rational resolution of those claims can be achieved.

I urge all Members to join with me in casting a vote for a beginning—and I emphasize beginning—toward better organization of the Federal Government's equal employment opportunity programs by supporting Reorganization Plan No. 1 and opposing the resolution of disapproval.

Mr. HORTON. Mr. Chairman, I rise in opposition to the resolution and in support of Reorganization Plan No. 1 of 1978.

Protecting American citizens' rights to equal employment opportunity is a valuable function of the Federal Government. We are not doing as good a job of performing that function as we could be doing, though. After listening to analyses of the situation first in my capacity as Chairman of the Commission on Federal Paperwork and later as ranking minority member of the Committee on Government Operations, I have become convinced of this: The Government's structure for enforcing EEO laws is so complex that it sometimes interferes with effective enforcement of those laws.

Eleanor Holmes Norton, the Chair of the Equal Employment Opportunity Commission, has made substantial improvements in the management and efficiency of her agency. Her reforms are highly commendable; they make our laws work better.

Ms. Norton and the EEOC cannot do the job alone, however. Enforcement of EEO laws is a responsibility spread throughout the Government, something in which many, many agencies are involved. Only a large-scale reform of the organization and procedures by which we enforce these laws can be expected to make any improvement.

Reorganization Plan No. 1 is a small, first step in the right direction. It addresses the problem in a fashion which is generally reasonable, if incomplete. On the whole, the governmental structure it proposes is better than the one we have. For that reason, I support the plan.

In the additional views which I have had printed in the Government Operations Committee's report on the resolution of disapproval, I listed four areas of concern I have with regard to the reorganization plan. I would like to take just a moment to mention them here.

First, the plan purports to "lay the foundation of a unified, coherent Federal structure to combat job discrimination in all its forms." Regrettably, the effort falls far short of its goal. In what is called a unified structure, untold numbers of agencies—the EEOC, the Office of Federal Contract Compliance Programs, the Department of Labor, the Department of Justice, the Civil Servic Commission, and all agencies administering grant programs—will retain responsibilities. Further reorganization—including some by legislation—is still needed.

Second, the plan maintains a distinction between Federal contractors and grantees with regard to supervision of EEO activities—the OFCCP will scrutinize the programs of contractors, and individuals granting agencies, under the general direction of the EEOC, will watch

over grantees. This artificial division, based solely on the legal instrument by which U.S. funds are received, disturbs me. It will create problems for institutions such as universities which receive Federal money from both sources. For these people, EEO compliance will be almost as difficult and confusing if the plan becomes law as if it does not.

Third, the plan vastly complicates the procedures by which Federal employees complaints of EEO law violations will be resolved. Under present law, a Federal employee who believes that he has been discriminated against for reasons of race, color, religion, sex, national origin, or age may seek the aid of the Civil Service Commission in righting his agency's treatment. Under the reorganization plan, if the employee is dissatisfied with the decision of the Civil Service, he could appeal still further—to the Equal Employment Opportunity Commission. This two step procedure appears to considerably complicate the current system.

Fourth, the plan assigns to the EEOC the function of coordinating the activities of other Federal agencies in the EEO field but does nothing to alter each of those agencies' preeminence in its own part of the area. EEOC should exercise its authority by truly coordinating, rather than directing, agencies of equal or higher rank which have complementary functions in enforcing various EEO laws.

All told, Mr. Chairman, Reorganization Plan No. 1 has some faults, but it also makes some useful changes in equal employment law enforcement. On balance, it merits our approval.

Mr. WALKER. Mr. Chairman, will the gentlemen yield?

Mr. HORTON. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I would iike to associate myself with the gentleman's remarks supporting the reorganization plan and the disapproval of the resolution.

Mr. HORTON. In other words, what the gentleman is saying the gentleman is for the reorganization plan.

Mr. WALKER. I am for the reorganization plan.

I would like to make one point that was brought out in the hearings and ask the gentleman to confirm this, that there is nothing in this reorganization plan that will result in the adoption of a quota system with regard to affirmative action programs under the resolution; is that correct?

Mr. HORTON. Mr. Chairman, the gentleman is quite accurate in the statement he made. That question was specifically asked, and it was specifically answered by the witnesses on the part of the administration that no quota system would be involved in this plan.

Mr. WALKER. Mr. Chairman, I thank the gentleman.

Mr. BROOKS. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. Mr. Chairman, I rise in strong support of reorganization plan No. 1 of 1978 and in opposition to the resolution of disapproval. My involvement personally, and the involvement of the Congressional Black Caucus in bringing about reorganization of the Federal equal employment opportunity agencies dates to the end of 1976 when the caucus met with President-elect Carter and agreed to present him with our recommendations for EEO reorganization.

We continued to work closely with the administration, presenting our proposal in February 1977 and convening a meeting of major civil rights and women's organizations last summer provided the President without joint views on the reorganization.

I am pleased to say that reorganization plan No. 1 of 1978 embodies the major elements of the caucus' recommendations and of the other major organizations with which we worked.

The plan will strengthen the Equal Employment Opportunity Commission which, until the past year had been weak and ineffective. The combination of the strengthened authority given EEOC and the dynamic leadership of the new chair, Eleanor Holmes Norton, will I believe, result in major advances in the fight against employment discrimination.

The statistics on progress made recently by the Equal Employment Opportunity Commission are impressive. New case processing procedures are presently being implemented and will be completed by the end of the fourth quarter of this year. The backlog which had only been talked about in the past, is now being reduced at a rate of 4 percent each month, and 73 percent of new charges are resolved in 4 months or less.

I would like to point, particularly, to the importance of including Civil Service Commission EEO functions within the Equal Employment Opportunity Commission. The Federal Government has, itself, been a prime offender with respect to equal employment opportunity, and it has been clear that the body which administers the Federal civil service system is not the best agency to enforce the EEO laws. There is an inherent conflict in having the civil service system investigate itself on discrimination charges. Equal Employment Opportunity Commission will best be able to fulfill that function.

I am pleased that there has been no major opposition to this reorganization plan. Support has come from groups ranging from the NAACP to the National Women's Political Caucus to the Leadership Conference on Civil Rights and to Women's Legal Defense Fund.

We have suffered too many years of neglect of our civil rights laws. The recent press articles commemorating 10 years since the death of Dr. Martin Luther King all pointed out how far black Americans still have to go in attaining true equality. This Congress, working closely with the administration, can reinvigorate and revitalize the civil rights law enforcement process, and can send a message that this Nation will no longer tolerate discrimination against any group of its citizens.

Mr. HORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. Mr. Chairman, I have a keen interest in restructuring our civil rights enforcement system to better carry out the intent of our civil rights laws. On October 28, 1977, 32 other Members of Congress and I introduced H.R. 9804—the Civil Rights Act of 1977. The purpose of our bill was to make more uniform and efficient the coverage provided by existing civil rights statutes.

While we continue to believe that the measures provided in our bill would most effectively and comprehensively achieve that purpose, we recognize that the more limited plan proposed by the President is not likely to be disapproved by the Congress. Because our primary concern remains the revitalization of an ailing system of civil rights enforcement, we have examined the President's plan in terms of what its effect will be upon complainants and regulated organizations. While we support the plan, we have concluded that standing alone, it does not adequately address the problems posed by the current fragmented and overlapping system of civil rights enforcement.

If the Equal Employment Opportunity Commission is to be given expanded jurisdiction, as provided in the reorganization plan, we feel the Congress needs to take additional action to correct the following problems:

First. The plan only begins to address the diffused, overlapping system of equal employment opportunity enforcement.

Duplicative enforcement of the more than 30 non-discrimination grant provisions would be totally unaffected by the plan. What does this omission mean for regulated organizations?

Twenty-one overlapping EEO provisions applicable to State and local governments would continue to present duplicative requirements.

Nine overlapping EEO provisions for institutions of higher education would be unaffected by the plan.

Eight duplicative provisions affecting business organizations would perpetuate inconsistent requirements.

In addition, the Civil Service Commission as well as EEOC would have jurisdiction over State employment practices. And the Department of Labor and the EEOC would share enforcement of nondiscrimination provisions affecting Federal contractors. Elimination of these needless overlaps must be a top priority of the Congress.

Second. EEOC's efforts to administer effectively laws placed under its authority by the plan will be hampered by statutory inconsistencies that can be remedied only by legislation.

Many statutorily based provisions of existing law that would be enforced by EEOC are incompatible. These inconsistencies would not be remedied by the President's plan and would continue to plague both employee and employers. These inconsistencies include:

Administrative procedures involving complaint handling.

Coverage provisions.

Authority to issue regulations.

Sanctions—both for civil and criminal offenses.

For example, while a complainant is entitled to only injunctive relief and backpay under title VII, under both the Age Discrimination Act and the Equal

Pay Act, the same complainant might be awarded double damages.

Another illustration: An employer with 17 employees would be subject to regulation by the provisions of the Equal Pay Act and title VII, but not the Age Discrimination Act.

Clearly, these conflicting provisions must be made consistent if we are to truly coordinate civil rights enforcement and produce a uniform, easily understood system of standards and procedures.

Third. Reorganization plan No. 1 deals only with employment discrimination and leaves unaffected massive duplication, overlap, and inconsistencies under numerous general civil rights provisions which include both service delivery aspects and employment.

The Congress must assist the President in completing a job only just begun by his reorganization plan No. 1. My colleagues and I are working on a bill that would substantially increase the effectiveness of the consolidation proposed in the plan. The bill would:

Create a single set of administrative and procedural requirements for the three non-Federal government EEO programs now under EEOC jurisdiction—that is, title VII of the Civil Rights Act of 1964, the Equal Pay Act, and the Age Discrimination Act of 1967.

Eliminate "substantive inconsistencies" among the acts which would create unjust differences in the protection afforded racial and religious minorities (covered only by title VII), and the aged population (covered only by the Age Discrimination Act), and women (covered by title VII and the Equal Pay Act but not the Age Discrimination Act).

Alter the role and operation of EEOC to make the commission more efficient, less burdensome to regulated organizations and complainants, and more responsive to overall policy direction of the President and the Attorney General.

I would be greatly disappointed if this plan represents the end of the line for reorganization, and I look forward to working with my colleagues to create a civil rights enforcement system worthy of our important civil rights laws.

Mr. BROOKS. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I am awfully sorry that because of time constraints, with so many committees, we never have enough Members on the floor to consider really important legislation. The AFL–CIO recently advised me on what is happening in the President's reorganization proposal. They asked me to vote against the 1978 Reorganization Plan No. 1. The President proposes to move the enforcement of the Equal Pay Act out of the Labor Department and into the EEOC. This historical act has been separately administered since 1963 by the Department of Labor without any major criticism. If we pass this resolution with a "no" vote—which is another peculiar way to have to vote—we are tying the equal pay law to equal opportunities. Equal opportunities legislation was passed for the simple purpose of making sure that discrimination was not practiced in employment. But equal pay for equal work is a fundamental labor law covering all spectrums of labor, regardless of age, color, creed, or any other distinction.

Mr. Speaker, the Congress in 1963 rejected this very proposal because it was felt that the Labor Department was better suited to enforce the equal pay provisions. Since then the Wage and Hour Division has enforced the Equal Pay Act with vigor and effectiveness. It makes no sense, after 14 years of success, to now abandon something that has worked well.

I voted and worked for equal opportunities legislation. But for the last 20 years I have also been responsible for holding safe and sound the Fair Labor Standards Act, which is the Magna Carta of unorganized labor.

I say we should not pass legislation without the consideration of the whole House present to hear long and able debate on the matter.

Mr. Chairman, the AFL–CIO and I urge the House of Representatives to reject Reorganization Plan No. 1 of 1978 in its present form. We are opposed to moving the enforcement of the Equal Pay Act (EPA) and the Age Discrimination in Employment Act (ADEA) to the Equal Opportunity Commission, as the plan provides.

We view both the Equal Pay Act and the Age Discrimination in Employment Act as labor standards legislation, designed to protect the interests of workers, particularly low wage workers.

These acts are currently administered by the Department of Labor and, in our view, the Department of Labor has done an efficient job in interpreting these statutes and an effective job in enforcing them in the private sector.

We do not believe that there is any significant overlap between title VII of the Equal Employment Opporttunity Act and the Equal Pay Act, although both prohibit wage discrimination based on sex. In our view, the guarantee of equal pay is a basic protection for the worker similar to the minimum wage or the hours-worked standard in the Fair Labor Standards Act (FLSA).

We note that the Congress took a similar view with respect to EPA when that law was passed in 1963. The legislative history clearly shows that the Congress enacted the Equal Pay Act only after it was incorporated into the FLSA, and primarily because the measure was viewed as labor standards legislation.

There was a consensus at that time that the expertise developed by the Wage-Hour Division of the Department of Labor since 1938 in enforcing the FLSA was directly transferable to implementing the EPA. The rationale expressed by the Congress is even more valid today than it was in 1963, when the law was enacted. Since June 1964, when the EPA went into effect, the Department of Labor has administered and enforced the Equal Pay Act with vigor. The Wage and Hour Division has about 1,000 investigators, all of whom have received training in the Equal Pay Act along with their training in all other aspects of the FLSA. Most investigators have had experience in investigating equal pay violations. All 60,000 investigations completed in a year by the Wage-Hour Division include a routine check for equal pay violations. It is our view that a significant number of equal pay violations will go undetected if this program were moved to EEOC. We are convinced that moving the program to EEOC would not transfer the 14 years of expertise to that agency and that the workers will be the losers.

Most of the arguments for retaining EPA in the Department of Labor apply equally to retaining ADEA. While the ADEA is not an integral part of the FLSA the Congress clearly established the interrelationship of the two statutes and the enforcement techniques of the FLSA were actually incorporated into the ADEA. This has resulted in utilizing the proven talents of the Department of Labor in administering and enforcing ADEA.

The close link between the ADEA and the FLSA was cited in a February 22, 1978, Supreme Court decision in which the Court ruled 8 to 0 that when an employee sues for lost wages under the 1967 Age Discrimination in Employment Act, either party to the suit may demand a jury trial. Justice Marshall, speaking for the Court, stated, in part:

> Looking first to the procedural provisions of the statute, we find a significant indication of Congress' intent in its direction that the ADEA be enforced in accordance with the "powers, remedies and procedures" of the FLSA.

This month the President signed the Age Discrimination in Employment Act Amendments of 1978. There is no evidence in the language of these amendments that the Congress intended that enforcement of this act, as amended, would not be retained by the Secretary of Labor.

The Department of Labor has established an impressive record in administering these statutes and we question the wisdom of upsetting a well-run operation. We believe the priorities currently given to sex- and age-based discrimination by the Department of Labor will be diluted in the move to EEOC.

Mr. BROOKS. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, I rise in opposition to House Resolution 1049. This resolution disapproves Reorganization Plan No. 1 of 1978, which consolidates into the Equal Employment Opportunity Commission a number of equal employment enforcement activities being carried out elsewhere in the executive branch.

The Reorganization Plan No. 1 provides structural and procedural reforms which are desperately needed to strengthen the effectiveness of the Commission to be the instrument for eliminating discrimination that the Congress had intended it to be. In 1972, the Congress had intended for the Equal Employment Commission to integrate litigation powers within the preexisting investigative and conciliation functions of the agency to overcome a much criticized dual agency structure where investigators worked at cross pur-

poses with lawyers instead of in partnership.

However, the Reorganization Plan No. 1 does much more than simply provide a structure. It also designates the EEOC as suitable for the role of the principal Federal agency for fair employment enforcement.

The President, in his message transmitting the plan, informed Congress that the transfer of the Civil Service Commission's equal employment opportunity responsibilities to the EEOC is needed to insure that: First, Federal employees have the same rights and remedies as those in the private sector and in State and local government; second, Federal agencies meet the same standards as are required of other employers; and third, potential conflicts between an agency's equal employment opportunity and personnel management functions are minimized. The Federal Government must not fall below the standards of performance it expects from private employers.

The Civil Service Commission has in the past been lethargic in enforcing fair employment requirements within the Federal Government. While the Chairman and other Commissioners which have been appointed have already demonstrated their personal commitments to expanding equal employment opportunity, responsibility for insuring fair employment for Federal employees should rest ultimately with the EEOC.

Eleanor Holmes Norton, chairperson of the Equal Employment Opportunity Commission, informed the House Government Operations Committee on March 2, 1978 that the Commission will insure that full attention will be given to new jurisdictions. The Commission intends to administer new programs as functional units of a total enforcement effort. Organizational identity will be given to programs both in the field and headquarters structure.

Norton emphasized that the clear lesson of the past decade's experience is that a coherent, Federal job discrimination program requires focus in a single agency. A consolidation of equal employment efforts in one agency creates a focal point to which employers and individuals can look for standards, guidance and information. And with one agency responsible for an effective, cohesive Federal program, accountability to the public will be assured.

Primary implementation will be through: First, the authority of the coordinating council; second, the responsibilities of the Civil Service Commission for Federal employees; and third, the Department of Labor's responsibilities for age discrimination and equal pay in the private sector. A word about each:

A. COORDINATING COUNCIL

The Commission is the only Federal agency whose sole mission is the furtherance of equal employment opportunity. As such, it is the natural home for the responsibilities of the Equal Employment Opportunity Coordination Council.

B. JURISDICTION OVER FEDERAL EMPLOYEES

When the Equal Employment Opportunity Act of 1972 was passed, both the EEOC and the Civil Service Commission were charged with new responsibilities. The EEOC was given jurisdiction over charges of employment discrimination in the private sector of the economy, plus jurisdiction over changes from State and local government employees. Jurisdiction for Federal Government employee charges was given to the Civil Service Commission. The separate enforcement paths taken by the two agencies led to differing compliance standards and to differences in the burdens imposed on individuals charging employment discrimination. The transfer encompasses the authority the Civil Service Commission now exercises under the Equal Pay Act and the Age Discrimination In Employment Act as they apply to Federal employees, and the Rehabilitation Act provisions applicable to Federal employees.

C. EQUAL PAY AND AGE DISCRIMINATION

The shift in responsibility from the Department of Labor's wage and hours division to the EEOC is not scheduled under the reorganization plan until July 1, 1979. The shift is highly logical. In substance, both acts overlap title VII. Virtually any violation of the Equal Pay Act is also a violation of title VII.

Similarities in substance promise to make administration of the three acts a true tandem operation.

The reorganization plan No. 1 of 1978 is not the end, but the beginning to enforce the laws which we in Congress pass to protect the rights of equality for our Nation's citizens. This plan will eliminate a substantial amount of the bureaucratic maze to which many of our constituents are continually subjected by consolidating the functions of various agencies under one roof—EEOC.

I therefore urge my colleagues to vote in opposition to House Resolution 1049, which disapproves the reorganization plan No. 1 of 1978 to the Equal Employment Opportunity Commission.

Mr. BROOKS. Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I thank the distinguished chairman of the committee for yielding.

I would like to ask the chairman this question: I have looked at the reorganization proposal, and may I say that I looked at the Labor Department personnel within my own congressional district and found that these personnel were highly qualified and experienced to deal with the Equal Pay Act and the Age Discrimination Act.

Mr. Chairman, I would hope that this reorganization would give these people who have the experience and the ability to deal in this area the opportunity to be folded into the newly reorganized EEOC.

Is this generally the intent and hope of the chairman of this committee?

Mr. BROOKS. If the gentleman will yield, Mr. Chairman, I would say to my distinguished friend, the gentleman from Oklahoma (Mr. JONES), that it is the intention of the administration, as I understand it, that all of the 198 positions in the Labor Department that will be transferred will have an opportunity to transfer at their own discretion.

Mr. JONES of Oklahoma. I thank the chairman for yielding, and I congratulate him for bringing this bill to the floor.

● Mr. HAWKINS. Mr. Chairman, I rise in support of President Carter's reorganization of equal employment opportunity programs and to disapprove House Resolution 1049.

The President's EEO reorganization plan provides a sound and orderly basis for reducing overlap, duplication and inconsistency in EEO enforcement. Even more significantly, by consolidating resources and functions it should lead to stronger enforcement efforts of equal employment opportunity throughout this great Nation.

Reorganization alone will not resolve all problems of EEO enforcement. Strong leadership and a commitment by this administration to vigorously enforce all the tools to end employment discrimination are essential. Moreover, the Congress must provide the resources and the support necessary to carry out these functions. A large part of the President's reorganization plan mirrors the findings and recommendations of the Subcommittee on Employment Opportunities, December 1976 Report on its Oversight of Federal EEO Enforcement, which, among other things, found:

Major restructuring of Federal equal employment opportunity efforts to bring about consistency, increased efficiency and more effective enforcement will, of course, require statutory changes. The subcommittee believes that such changes are both necessary and timely. Arguments for retaining a many-headed enforcement structure proposed during consideration of the Equal Employment Opportunity Act of 1972 have proven false, and the current structure is both cumbersome and ineffective. Needed changes to present law include the following: consolidating equal employment opportunity enforcement authority in the Equal Employment Opportunity Commission.

Establishing EEOC as the authority for promulgating equal employment opportunity regulations and extending coverage of title VII to include discrimination on the basis of age and handicapped, and expanding jurisdiction to include employers of legislative and judicial branches and uniformed military employees.

Specifically, the subcommittee found that:

The EEOC has been the most progressive of the three major equal employment enforcement agencies in setting policy, interpreting title VII, the EEOC's role in the *Griggs* v. *Duke Power Company*, 401 U.S. 424 (1971) and other Landmark cases, have contributed immeasurably to an understanding of discriminatory impact that has reshaped employment practices and benefited countless thousands of minorities and women.

Moreover, the Commission has consistently taken positions in the development of guidelines for employee selection, back-pay, pregnancy and other employment factors which have had a far-reaching impact on employment practices and which have established the EEOC as the lead agency in defining employment discrimination.

Overall, the Subcommittee found that the Civil Service Commission has failed in its responsibility under Section 717 to eliminate employment discrimination as it impacts upon affected classes in the Federal Government.

The Commission had not made agencies accountable for the irradication of employment discrimination in all of its forms. It has not sufficiently asserted its authority to issue rules, regulations, orders, and instructions to agencies in the institution of affirmative programs of equal employment opportunity. Such Federal programs reflect a passive, non-discrimination interpretation of section 717 oriented toward complaint processing, yet the complaint process itself is biased against the complainant. Federal EEO programs are not structured to remedy the effects of systemic discrimination through affirmative action. In addition, there is an apparent unwillingness among Federal officials to develop effective methods of identifying discriminatory employment patterns and practices.

Executive Order 11246 issued in 1965 and amended in 1967 and 1968 by President Lyndon B. Johnson, prohibits employment discrimination by federal contractors and subcontractors on the basis of race, color, religion, sex, or national origin. This order places responsibility for administration and enforcement of the Federal Contract Compliance Program in the Department of Labor and provides sanctions against noncomplying contractors. Federal contractors or subcontractors who fail to comply with the nondiscrimination provisions of the Order or its regulations are subject to contract cancellation, termination, or suspension in whole or in part, and the contractor may be declared ineligible for further government contracts.

The Secretary of Labor has delegated this authority for overall administration for the Contract Compliance Program to the Office of Federal Contract Compliance Programs within the Department of Labor. Primary responsibility for compliance with the Executive Order rests with sixteen compliance agencies designated by the Director of OFCCP.

The threat of withholding Federal contracts from companies that discriminate against minority and female workers should constitute the Federal Government's most effective weapon in the civil rights arsenal. In fact, the failure of the Department of Labor and the compliance agencies to effectively administer and enforce the Executive Order has led to the program being called a "comic foam-rubber club", rather than the "stiffest civil rights stick."

The Department of Labor has made technical conformity with complex and cumbersome regulations a greater priority than meaningful progress in employment of minorities and women. The Contract Compliance Program is spread out over 17 federal agencies with a resulting lack of conformity in enforcement. OFCCP has been given neither the status nor the resources to adequately monitor the compliance agencies or effectively enforce the Executive Order.

The Equal Employment Opportunity Coordinating Council was established by section 715 of the Equal Employment Opportunity Act of 1972, which amended title VII of the Civil Rights Act of 1964. The Council is composed of the Secretary of Labor, the Chairman of the Equal Employment Opportunity Commission, the U.S. Attorney General, the Chairman of the U.S. Civil Service Commission and the Chairman of the U.S. Commission on Civil Rights.

The Coordinating Council has been used to forestall basic structural and administrative changes that would improve enforcement. Existence of the Coordinating Council has prevented consolidation of enforcement activities. The subcommittee will continue its oversight activities and will offer all assistance and cooperation to facilitate the smooth and orderly operation of President Carter's reorganization plan.

The President's plan provides:

Responsibility for enforcing the Equal Pay Act and Age Discrimination in Employment Act, and the authority to issue equal employment opportunity for Federal employees would be transferred to the EEOC. Responsibility to coordinate equal employment programs that reside in the agencies other than the EEOC also would be assigned to the EEOC, and the Equal Employment Opportunity Coordinating Council would be disbanded, and its duties transferred to the EEOC. All contract compliance activities initially would be centralized in the Department of Labor.

The reorganization plan defers until 1981 the decision whether to transfer the contract compliance program now administered by the Office of Federal Contract Compliance Programs in the Department of Labor to EEOC.

While the EEOC has demonstrated remarkable improvement in management and enforcement capability over the past year, consolidation of all EEO functions in the EEOC might well prove a back-breaking burden, overwhelming the significant progress which is being made in that agency. The delay of further consolidation decision until January 1981 will serve as a proving time for both OFCCP and EEOC.

I support the proposed plan's transfer of authority for EEO enforcement for Federal employees to the EEOC. Our own subcommittee findings concur with the OMB criticism that "Equal employment opportunity and affirmative action have not been pursued vigorously or administered effectively in Federal departments and agencies."

Transferring responsibility to EEOC for Federal complaints will give Federal employees the same rights and remedies as private employees and employees of State and local governments. I also support the plan's retention of civil service responsibility to develop personnel policies that will insure agency compliance with title VII.●

● Mrs. COLLINS of Illinois. Mr. Chairman, I rise in opposition to House Resolution 1049, to disapprove Reorganization Plan No. 1 of 1978.

Reorganization Plan No. 1 would reorganize the Federal Government's equal employment opportunity programs by consolidating in the Equal Employment Opportunity Commission a number of activities being carried out elsewhere in the executive branch. This reform is urgently needed if we are to end the fragmentation of authority which currently hinders the effective enforcement of Federal prohibitions against discrimination based on race, national origin, sex, age, or religion.

Mr. Chairman, there are today 18 different departments and agencies responsible for enforcing the provisions of the Civil Rights, Equal Employment Opportunity, Equal Pay, Age Discrimination and Rehabilitation Acts. As a result, the executive branch lacks a unified and coherent structure to combat job discrimination, produce consistent agency standards and accountability. For example, Federal employees do not, under current law, have recourse to the EEOC, but must file complaints of discrimination with their own agencies, and ultimately, appeal their case to the Civil Service Commission. However, it is widely acknowledged that the Civil Service Commission has been less than enthusiastic in enforcing fair employment requirements within the Federal Government. As a result, the percentage of minorities and women in all grade levels has remained relatively constant over the last several years, and remain largely concentrated in the lower paying jobs.

To remedy this situation, Reorganization Plan No. 1 would transfer the Civil Service Commission's equal employment opportunity responsibilities to the EEOC. This would insure that Federal employees have the same rights and remedies as those in the private sector and in State and local governments.

Another problem with current practice is the duplication of functions performed by the Equal Employment Opportunity Commission and the Department of Labor in the administration of the Equal Pay and Age Discrimination in Employment Acts. From the point of view of employees, it is necessary to utilize both the procedures of the EEOC and the Department of Labor in order to file a complaint. Therefore the employer must deal with two different Federal agencies and must often comply with different standards and procedures. To resolve these conflicts the Reorganization Plan transfers from the Department of Labor to the EEOC the administration of both the Equal Pay Act and the Age Discrimination in Employment Act.

Finally, the reorganization plan clarifies the authority of the Attorney General to enforce equal employment practices against State and local governments, specifically with respect to the right to file pattern and practice suits. In all other respects, the plan makes the EEOC the principal Federal agency in equal employment enforcement. This is as it should be, considering the expertise that the EEOC has developed in the field of employment discrimination since its creation by the Congress in 1964.

I urge my colleagues to join me in opposition to the resolution to disapprove House Resolution 1049.●

● Mr. GARCIA. Mr. Chairman, I rise in opposition to House Resolution 1049, the resolution which would disapprove the President's Reorganization Plan No. 1, the reorganization of the Equal Employment Opportunity Commission.

One of the least efficient and effective parts of the Government is supposed to be the most effective—and certainly has the potential for being one of the most important. The Equal Employment Opportunity Commission was organized to put an end to discrimination of all kinds in hiring and unemployment. Unfortu-

nately, not only has EEOC been hampered by inadequate staffing, a stunning backlog of cases, and until the outstanding leadership being now provided by my fellow New Yorker, Eleanor Holmes Norton, a really take charge leadership, but it has been crippled by limited jurisdiction. At the same time, enforcement efforts in other agencies, like the Civil Service Commission and the Labor Department have been equally weak.

It is time, finally, to put our action where our legislation is. By consolidating the scattered antidiscrimination functions into the agency where they belong, by charging one agency—and the most logical one may I add—with the responsibility of getting this very, very important aspect of Government operations really functioning, we will finally be on the track toward proper and tough enforcement of the good civil rights laws now on the books.●

Mr. EDWARDS of California. Mr. Chairman, I support the President's Reorganization Plan No. 1 because I believe it is a signal to all concerned of a Federal effort to provide leadership and direction by example rather than by pronouncement.

The consolidation of employment discrimination functions in one agency is not only appropriate but necessary.

The Judiciary Subcommittee on Civil and Constitutional Rights has held numerous hearings regarding the underrepresentation of women and minorities in key professional positions within the Federal Government. Only recently we received testimony from the General Accounting Office—GAO—regarding equal employment opportunities within two Justice Department Bureaus. The finding in both bureaus—Immigration and Naturalization Service and the Drug Enforcement Agency—was that women and minorities are concentrated in the lower level position. This information is particularly disturbing because the key professional jobs from which these groups are being excluded are the very ones needed to qualify for the supervisory and administrative policymaking positions higher up within the Justice Department.

One of the reasons for the lack of progress in equal employment opportunities within the Department appears to be a less than vigorous enforcement effort by the Civil Service Commission.

Transfer of these functions to the EEOC, an agency which has developed experience and expertise in this area, should set the stage for significant increase in equal employment opportunities for women and minorities within the Federal Government.

As the President stated in his message transmitting this plan—

(T)he Federal Government must not fall below the standard of performance it expects of private employers.

Mr. BROOKS. Mr. Chairman, I have no further requests for time.

Mr. HORTON. Mr. Chairman, I have no requests for time.

The CHAIRMAN. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 1049

Resolved, That the House of Representatives does not favor the Reorganization Plan Numbered 1 transmitted to the Congress by the President on February 23, 1978.

Mr. BROOKS. Mr. Chairman, I move that the Committee do now rise and report the resolution back to the House, with the recommendation that the resolution be not agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KILDEE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H. Res. 1049) to disapprove Reorganization Plan Numbered 1 transmitted by the President on February 23, 1978, had directed him to report the resolution back to the House, with the recommendation that the resolution be not agreed to.

The Clerk read the resolution.

The SPEAKER. Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. HORTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 39, nays 356, not voting 39, as follows:

[Roll No. 251]

YEAS—39

Ambro	Dornan	Quillen
Archer	Gaydos	Robinson
Ashbrook	Goldwater	Rousselot
Badham	Hansen	Rudd
Bauman	Hyde	Satterfield
Bowen	Kelly	St Germain
Burleson, Tex.	Lagomarsino	Symms
Clawson, Del	Latta	Taylor
Collins, Tex.	Lott	Young, Alaska
Crane	McDonald	Young, Fla.
Cunningham	Marlenee	
Daniel, Dan	Montgomery	
Daniel, R. W.	Moorhead, Calif.	
Dent		
Devine	Poage	

NAYS—356

Abdnor	Barnard	Breaux
Addabbo	Beard, R.I.	Breckinridge
Akaka	Beard, Tenn.	Brinkley
Alexander	Bedell	Brodhead
Allen	Beilenson	Brooks
Anderson, Calif.	Benjamin	Broomfield
Anderson, Ill.	Bennett	Brown, Calif.
Andrews, N. Dak.	Bevill	Brown, Mich.
Annunzio	Biaggi	Brown, Ohio
Applegate	Bingham	Broyhill
Armstrong	Blanchard	Buchanan
Ashley	Blouin	Burgener
Aspin	Boggs	Burke, Fla.
AuCoin	Boland	Burke, Mass.
Bafalis	Bolling	Burlison, Mo.
Baldus	Bonior	Burton, John
	Bonker	Burton, Phillip
	Brademas	Butler
Byron	Harsha	Nichols
Caputo	Hawkins	Nolan
Carney	Heckler	Nowak
Carr	Hefner	Oakar
Carter	Heftel	Oberstar
Cavanaugh	Hightower	Obey
Cederberg	Hillis	O'Brien
Chappell	Holland	Ottinger
Chisholm	Hollenbeck	Panetta
Clausen, Don H.	Holt	Patten
Clay	Holtzman	Patterson
Cleveland	Horton	Pattison
Cohen	Hubbard	Pease
Coleman	Huckaby	Pepper
Collins, Ill.	Hughes	Perkins
Conable	Ichord	Pettis
Conte	Ireland	Pickle
Corcoran	Jacobs	Pike
Corman	Jeffords	Pressler
Cornell	Jenkins	Preyer
Cornwell	Jenrette	Price
Cotter	Johnson, Calif.	Pritchard
Coughlin	Johnson, Colo.	Quayle
D'Amours	Jones, Okla.	Quie
Danielson	Jones, Tenn.	Rahall
Davis	Jordan	Railsback
de la Garza	Kasten	Rangel
Delaney	Kastenmeier	Regula
Dellums	Kemp	Reuss
Derrick	Ketchum	Rhodes
Dickinson	Keys	Richmond
Dicks	Kildee	Rinaldo
Diggs	Kindness	Roe
Dingell	Kostmayer	Rogers
Dodd	Krebs	Roncalio
Downey	LaFalce	Rooney
Drinan	Le Fante	Rose
Duncan, Oreg.	Leach	Rosenthal
Duncan, Tenn.	Lederer	Rostenkowski
Early	Leggett	Roybal
Eckhardt	Lehman	Ryan
Edgar	Lent	Sawyer
Edwards, Ala.	Levitas	Scheuer
Edwards, Calif.	Livingston	Schroeder
Edwards, Okla.	Lloyd, Calif.	Schulze
Emery	Lloyd, Tenn.	Sebelius
Erlenborn	Long, La.	Seiberling
Ertel	Long, Md.	Sharp
Evans, Colo.	Lujan	Shipley
Evans, Del.	Luken	Shuster
Evans, Ga.	Lundine	Sikes
Evans, Ind.	McClory	Simon
Fary	McCloskey	Sisk
Fascell	McDade	Skelton
Fenwick	McEwen	Skubitz
Findley	McFall	Slack
Fisher	McHugh	Smith, Iowa
Fithian	McKay	Smith, Nebr.
Flippo	McKinney	Snyder
Flood	Madigan	Solarz
Flowers	Maguire	Spellman
Flynt	Mahon	Spence
Foley	Markey	Staggers
Ford, Mich.	Marks	Stangeland
Ford, Tenn.	Marriott	Stanton
Forsythe	Martin	Stark
Fountain	Mathis	Steed
Fowler	Mattox	Steers
Fraser	Mazzoli	Steiger
Frenzel	Meeds	Stokes
Fuqua	Metcalfe	Stratton
Garcia	Meyner	Studds
Gephardt	Michel	Stump
Giaimo	Mikulski	Thompson
Gibbons	Mikva	Traxler
Gilman	Milford	Treen
Ginn	Miller, Calif.	Trible
Glickman	Miller, Ohio	Tsongas
Gonzalez	Mineta	Udall
Goodling	Minish	Ullman
Gore	Mitchell, Md.	Van Deerlin
Gradison	Mitchell, N.Y.	Vander Jagt
Grassley	Moakley	Vanik
Green	Moffett	Vento
Gudger	Moore	Volkmer
Guyer	Moorhead, Pa.	Waggonner
Hagedorn	Mottl	Walgren
Hall	Murphy, Ill.	Walker
Hamilton	Murphy, N.Y.	Walsh
Hammer-schmidt	Murphy, Pa.	Wampler
Hanley	Murtha	Watkins
Hannaford	Myers, Gary	Weaver
Harkin	Myers, John	Weiss
Harrington	Myers, Michael	Whalen
Harris	Natcher	White
	Neal	Whitehurst
	Nedzi	Whitten

Wiggins	Wirth	Yates
Wilson, Bob	Wolff	Yatron
Wilson, C. H.	Wright	Young, Mo.
Wilson, Tex.	Wydler	Zablocki
Winn	Wylie	Zeferetti

NOT VOTING—39

Ammerman	Howard	Runnels
Andrews, N.C.	Jones, N.C.	Ruppe
Baucus	Kazen	Russo
Burke, Calif.	Krueger	Santini
Cochran	McCormack	Sarasin
Conyers	Mann	Stockman
Derwinski	Mollohan	Teague
Eilberg	Moss	Thone
English	Nix	Thornton
Fish	Pursell	Tucker
Florio	Risenhoover	Waxman
Frey	Roberts	Whitley
Gammage	Rodino	Young, Tex.

The Clerk announced the following pairs:

Mr. Rodino with Mr. Cochran of Mississippi.
Mr. Roberts with Mr. Andrews of North Carolina.
Mr. Risenhoover with Mr. Thone.
Mr. Santini with Mr. Conyers.
Mr. Waxman with Mr. Derwinski.
Mr. Russo with Mr. Tucker.
Mr. Kazen with Mr. Sarasin.
Mr. Gammage with Mr. English.
Mr. McCormack with Mr. Ammerman.
Mr. Eilberg with Mr. Teague.
Mr. Baucus with Mr. Ruppe.
Mr. Mann with Mr. Florio.
Mr. Thornton with Mr. Fish.
Mr. Whitley with Mr. Stockman.
Mr. Jones of North Carolina with Mr. Moss.
Mr. Howard with Mr. Nix.
Mrs. Burke of California with Mr. Pursell.
Mr. Krueger with Mr. Mollohan.
Mr. Runnels with Mr. Frey.

Messrs. GONZALEZ, MARKS, and BURKE of Massachusetts changed their vote from "yea" to "nay."

Mr. KELLY and Mr. MARLENEE changed their vote from "nay" to "yea."

So the resolution was rejected.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the resolution just considered.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet at 2 o'clock p.m., rather than 3 o'clock p.m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 11832, ARMS CONTROL AND DISARMAMENT AGENCY AUTHORIZATIONS

Mr. MURPHY of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1144 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1144

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11832) to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Illinois (Mr. MURPHY) is recognized for 1 hour.

Mr. MURPHY of Illinois. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from California (Mr. DEL CLAWSON); pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1144 provides for an open rule with 1 hour of general debate on H.R. 11832.

This bill authorizes an appropriation of $18,395,000 to fund the Arms Control and Disarmament Agency's operations for fiscal year 1979. This is $2 million more than the amount requested by the Agency. Half of this increase will be used to support the nuclear safeguards programs of the International Atomic Energy Agency, an increase which the committee found to be in the national security interest of the United States. The other $1 million is provided to cover projected increases in the cost of the SALT negotiations caused by the recent devaluation of the dollar, as well as similar cost increases which may confront other negotiations in Europe such as mutual and balanced force reductions and the conference of the committee on disarmament.

Mr. Speaker, I urge the adoption of House Resolution 1144 in order that H.R. 11832 may be considered.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as has been stated, House Resolution 1144 provides for the consideration of H.R. 11832, which authorizes appropriations for 1979 under the Arms Control and Disarmament Act. One hour of general debate is to be equally divided and controlled by the chairman and ranking minority member of the Committee on International Relations. The bill will then be open to all germane amendments under the 5-minute rule. At the conclusion of consideration, one motion to recommit is made in order. No waivers are contained in the rule.

Mr. Speaker, H.R. 11832 authorizes $18.3 million to the Arms Control and Disarmament Agency. The ACDA participates in a variety of arms control negotiations and assists in formulation of U.S. arms control policy. Some of its primary concerns are nuclear nonproliferation, the United Nations Special Session on Disarmament, and the SALT negotiations.

Some reservations have been expressed that the Agency has allowed too many concessions to the Soviet Union. It is always hoped that the Agency be more responsive to these concerns. Nevertheless, the purpose and intent of the ACDA is laudable.

Mr. Speaker, I know of no opposition to the rule.

Mr. MURPHY of Illinois. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DENOUNCING GOVERNMENT OF CAMBODIA FOR ITS DISREGARD OF BASIC HUMAN RIGHTS

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the concurrent resolution (H. Con. Res. 573) denouncing the Government of Cambodia for its disregard of basic human rights, and ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the chairman of the committee explain briefly what this concurrent resolution is about?

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I would be delighted to yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Speaker, I would be delighted to try to explain the concurrent resolution.

This is a very simple resolution. As the gentleman from California (Mr. ROUSSELOT) knows, the President last week issued a condemnation in the form of a memorandum or statement condemning Cambodia, and this resolution would state that the Congress joins the President in condemning and denouncing the Government of Cambodia for its atrocities, its killings, and its continuing disregard for basic human rights.

The concurrent resolution requests that the President call on the governments of those countries which have diplomatic relations with Cambodia to use their good offices to influence the Cambodian authorities to rectify this inhumane situation.

Thirdly, the concurrent resolution urges the President to cooperate with other nations through appropriate international forums such as the United Nations, in an effort to bring the flagrant violations of internationally recognized

human rights now taking place in Cambodia to an end.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I certainly join with the gentleman in his effort to condemn these atrocities. I am surprised that the gentleman did not join us in condemning the Central African Empire earlier, but I understand.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 573

Whereas there have been continuing numerous credible accounts by refugees from Cambodia telling of countless killings and other barbaric acts by the Government of Cambodia;

Whereas reliable estimates put the death toll since 1975 in Cambodia at more than one million people;

Whereas the foreign policy of the United States Government gives high priority to the issue of human rights and freedom of the individual around the world; and

Whereas President Carter, in his statement on the violations of human rights in Cambodia stated that Cambodia is the worst violator of human rights in the world today:

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) joins the President in condemning and denouncing the Government of Cambodia for its atrocities and killings and its continuing disregard for basic human rights;

(2) requests that the President call on the governments of those countries which have diplomatic relations with Cambodia to use their good offices to influence the Cambodian authorities to rectify this inhuman situation; and

(3) urges the President to cooperate with other nations through appropriate international forums such as the United Nations, in an effort to bring the flagrant violations of internationally recognized human rights now taking place in Cambodia to an end.

The SPEAKER. The gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 1 hour.

Mr. ZABLOCKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the resolution.

The purpose of House Concurrent Resolution 573 is to condemn the atrocities and killings in Cambodia, to request that the President call on other governments to influence Cambodian authorities to rectify this inhuman situation and to urge the President to cooperate with other nations, under the auspices of appropriate international bodies, in an effort to bring the flagrant violations of internationally recognized human rights now taking place in Cambodia to an end.

On Friday, the President called Cambodia "the worst violator of human rights in the world today." For 3 years now, we have been viewing from afar a situation of growing horror for the people in that unfortunate land. Refugee reports and rare visits to Cambodia bring back what were at first unbelieveable impressions of total violation of even the most basic standards governing human conduct. Total suppression of political and and religious freedoms and economic deprivation appear to be the common practice. Murder has become the instrument of control and fratricide the common experience of a people whose culture and refinement in earlier ages reached world renown.

With the recent reawareness of the Nazi holocaust, we cannot simply stand aside and watch without protecting the "holocaust of the present day." What is daily happening in Cambodia must certainly qualify as mass slaughter of the proportion rarely experienced in human times.

While the resolution before us now will create no miracles for the people of Cambodia, it may hopefully help the search for ways to bring under control the wanton waste of human life that is occurring in Cambodia.

As yesterday's editorial in the Washington Post urged with respect to the terror taking place in Cambodia—

It must be confronted, discussed and investigated insofar as that is possible—and condemned, again and again.

Only through such efforts, can the world community hope to encourage the Cambodian Government to make positive changes.

In his statement on Friday, the President took note of actions on the part of the Norwegian Parliament and by Amnesty International to raise the issue of Cambodian atrocities forcefully. International efforts to involve the U.N. Human Rights Commission have persuaded that body to investigate human rights violations in Cambodia. These are worthy first steps.

Cambodia today presents a real challenge to the American conscience. The horror is apparent; the means to stop it, elusive. We cannot stop a foreign assistance program, nor deny credit nor even use diplomatic means to directly express our concerns to the Cambodian authorities. We can, however, work to build a broad international network of protest, to use all international instruments including the United Nations to bring what is most decent in the nature of mankind to bear on the problem of Cambodia. Hopefully, by such effort and determination, we can play a positive role in halting the destruction and in aiding the Cambodian people as they move to restore their once peaceful land.

Mr. Speaker, I urge the adoption of the resolution.

Mr. DORNAN. Mr. Speaker, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from California.

Mr. DORNAN. Mr. Speaker, I just wish to congratulate the distinguished chairman of the committee for bringing us this resolution on the condemnation of Cambodia, and I wish to commend two of the television networks, CBS and NBC, although they were 3 years coming to a recognition of the horrendous fact that we had another "Nazi holocaust" going on in Cambodia. These networks presented an excellent report of this all-too-real nightmare. The date of these news presentations was fittingly Adolf Hitler's birthday, April 20. CBS did another excellent followup report on April 21.

Mr. Speaker, the transcripts of the reports follow:

[CBS Evening News, Apr. 21, 1978]

CAMBODIA UNDER COMMUNIST RULE

ROGER MUDD. In the three years that Cambodia has been under communist rule it has undergone a dramatic change. A change dictated by its authoritarian government in an effort to create a new order. A Yugoslav television team, in a recent visit there, took a close look at the new Cambodia and the government that runs it. Bert Quint, in New York, narrates the second of two reports.

BERT QUINT. Phnom Penh has become a city of nameless streets, as part perhaps, of the new regime's effort to wipe out traces of Cambodia's pre-revolutionary past.

Street signs have been whitewashed; and why, one might ask, do you need signs in a place where almost no one lives. You do see a few cars in front of the building where the government is housed. With the country closed for three years to most foreigners, there's been no way for outsiders to be sure even who the rulers are.

Certainly, it's not the Parliament which is said to meet just once a year. The Yugoslavs were given the impression that the number one man is Pol Pot, Prime Minister and Communist Party Secretary. Pol Pot, virtually unknown in the West, told the Yugoslavs about his background.

"I lived the life of peasants like my parents. For six years, I was in a pagoda, learning to read and write. And for two years, I was a monk."

He received a scholarship to study in France and then lost it because he dedicated more time to student politics than to his studies. Pol Pot returned to Cambodia to fight against the French colonial regime. Despite Chinese and North Korean influence, there seems to be a do it yourself, trial and error pattern to the building of this new Cambodia.

Pol Pot says the government evacuated the towns because the people could not be fed in urban areas. But also, because it would have been easier for opponents of the regime to commit sabotage in the cities in the name of American imperialism.

"The evacuation of the towns did not follow a pre-determined plan," he says. "It was the situation of the moment that made us take this measure."

The economy of the new Cambodia is of the kind man knew thousands of years ago. The National Bank, destroyed by an explosion just after the fall of Phnom Penh, has not been rebuilt. There's no need for it in a land where the barter of goods has replaced money.

There are a few small industries, but most of life is on the level of primitive agriculture and handcraft. Hoes are made with the metal of bombshells dropped in the years of war. Cambodia's trying to make up for its lack of technology and money by harnessing its greatest resource: manpower.

The highest priority? Dams to provide the water to grow the rice that is the backbone of the economy and Cambodia's currency in international trade.

One outlet to the sea for that rice is Vietnam. The border fighting between Cambodia and Vietnam has blocked this outlet. The dispute can be explained in part by an age old enmity. Some observers believe the antagonism is fostered by Moscow, as Vietnam's patron and by Peking, as Cambodia's

in an Asian power struggle between the two communist giants.

Two things the Yugoslavs specifically were forbidden to see were military installations and hospitals. Why hospitals? They didn't know, but perhaps the government didn't want them to see men wounded in battle.

One of the first victims of the new regime was the religion of most of the people. Atheism has replaced Buddhism as the official creed. The temples are empty, the saffron robes of the bonzes (?) gone.

The Prime Minister told the Yugoslavs, "Our desire is to build a society in which all people take part in production and national defense. If the people agree," he says, "we can accomplish it all." From the look the Yugoslavs have given us, it would seem the people have little choice.

[CBS Evening News, Apr. 20, 1978]

CAMBODIA

ROGER MUDD. It's been three years now since the communists, the Khmer Rouge took over Cambodia. And in that time, a curtain of isolation has dropped around the country effectively sealing it off from the outside.

But Yugoslavian television within the past month visited Cambodia for a rare look inside. Bert Quint, who covered the war there for CBS News, narrates in New York this first of two reports.

BERT QUINT. Phnom Penh, 1975. A city that had suffered but still was very much alive. Five years of war had seen a change from an oasis of peace to a place like Saigon. Scarred, disheartened, swollen with refugees, another victim of the Indochina conflict. Two million persons fearful of what the imminent victory of the Cambodian communists would mean to them.

Phnom Penh today. A ghost town in a country that has been all but sealed off from the world outside. And where the question remains, what did happen to those who lived there? Where is everybody?

There have been reports, mostly from people who fled to neighboring Thailand, of mass murder that even in a world where atrocities have become commonplace, has been done on an uncommon scale.

The story of a million people killed by the new government because they represented the old burgeoisie, or because they refused to adapt to the new reality have not been confirmed by neutral observers.

Neither have Cambodia's new rulers bothered to deny them.

Other than the representatives of a few countries friendly to the new regime, especially China, few foreigners have been permitted to see what is happening in the country that today calls itself Campuchea (?).

Thanks to Yugoslavia's position as a leader of the nonaligned world, journalists from that country recently were allowed into Cambodia. A Belgrade television team brought out rare pictures of the new Cambodia. An image of life in that hidden land, but an image lacking in many significant details.

It's the picture of a country whose society, whose economy, whose way of life have been transformed almost overnight.

Pol Pot, the Prime Minister, told the Yugoslavs that it was impossible to feed people in the cities, so we emptied the cities. By persuasion, by force, by massacre. Just how the cities were emptied is not clear.

The Yugoslavs had no freedom to move about. Impressions more than facts is what they went home with. Perhaps the most vivid impression is that of a nation of children. Children harvesting rice. If we have rice, the government says, we can eat. We can trade abroad. We can survive.

Children, hardly able to reach the machinery, working in factories. Children, many of whom never had seen the sea, manning boats. Children, in a land where there no longer are high schools and the universities empty, learning the geography of a world, where for Cambodia only seven or eight countries exist in terms of commercial or political relations; learning to read, to add a few figures; or to work with electricity. Children who rarely live with both their parents.

Marriage in the formal sense no longer exists. Those who were married before or who were joined in these years, with the approval of the local communist chiefs, often are separated. The man to work on 1 cooperative, the woman on another. These children are growing up in a country that has gone back to an age where money has no meaning. Where those cooperatives that gather salt, for example, give it to the government for rice that has been gathered by another cooperative. Where the government issues enough rice to keep each family alive and one pair of black pajamas a year to clothe each person.

Where people work nine hours a day for ten days, and then have one day off to listen to political lectures.

Where people apparently do not go hungry as many did before, but where they can be moved by the government, but not move on their own.

If this is a nation of children, what happened to the older people? Many are refugees, what about the others?

Were they indeed killed by the regime, and where is this young nation heading? We'll have a report tomorrow on what Cambodia's rulers say they're trying to do.

["Today Show" NBC–TV Apr. 20, 1978]

CAMBODIA

TOM BROKAW. Former Cambodian Information Minister Song Chang (?) has accused Cambodia's present communist regime of carrying out mass murders on a scale similar to what the Nazis did in World War II.

Speaking in Washington on the third anniversary of the communist victory in Cambodia, Chang said there should be an international conference on human rights violations in his homeland.

Western newsmen are not permitted into Cambodia now, but NBC News has obtained film that gives unusual insight into conditions there. And Jim Lorry has the story.

JIM LORRY. The radical change that has been imposed on Cambodia in three years is obvious in this rare film shot in December by a delegation from Laos.

The capital is now a ghost town of 20,000 soldiers and government officials. Chickens command the school ground of the old French lycee in the heart of town.

Pnomh Penh's inhabitants were driven out of the city just three years ago; sent to the countryside to begin what the communists rulers called "a new peasant society."

The rulers are a handful of French-educated radicals. They are seldom seen except when greeting official parties like this one led by Souvana Vong (?) from Laos.

Children form the backbone of the new Cambodian society; most adults are kept out of sight in rural work camps. Refugees report thousands of Cambodians have died in those camps, some at the hands of 13 year olds charged with maintaining security.

Some youngsters are being trained to work for the new society at schools like this near the seaport of Campongsan (?). Much of the technical know how is provided by China. China is just about Cambodia's only backer, and at the port, most of the ships are Chinese, delivering essential foreign aid.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield ?

Mr. ZABLOCKI. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I thank my colleague for yielding.

Mr. Speaker, I rise in support of this concurrent resolution. I hope the intent and purpose of this excellent resolution will make clear that this is the sense of the whole House.

I hope that all of us who have wondered how we might express some of the distress and sorrow and anguish of the people of Cambodia may be assured that this will somehow be a vehicle to convey our solidarity and our feelings about the suffering of those people.

Mr. ZABLOCKI. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I would like to make an inquiry of the chairman of the committee, but first I wish to say I support this resolution very strongly, as I am sure the gentleman already knows.

I am very curious as to why the resolution is limited to Cambodia when there are so many countries like Laos, for example, that refuse to even acknowledge our inquiries as to American servicemen missing in action. I refer to Uganda, for example.

I am curious why it is only aimed at Cambodia, when there are a number of others that really fall into the same category and deserve the same condemnation.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding, and I will be happy to advise the gentleman that, so far as atrocities, the atrocities are greater in Cambodia than in any other country that the gentleman has mentioned. I would advise the gentleman further that I am in sympathy that we ought to, as the gentleman has pointed out, also condemn the human treatment in all of the other countries he has mentioned.

Mr. YOUNG of Florida. I thank the gentleman.

Mr. ZABLOCKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Speaker, I, too, want to commend the chairman for this resolution, and I would like to say to the gentleman from Florida that we do have under consideration at this time in the Subcommittee on Africa legislation on the subject of Uganda that I think the gentleman will approve.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 573, presently under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, I move the previous question on the concurrent resolution.

The previous question was ordered.

The SPEAKER. The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 388, nays 0, not voting 46, as follows:

[Roll No. 252]

YEAS—388

Abdnor	Carr	Flippo
Addabbo	Carter	Flood
Akaka	Cavanaugh	Flowers
Alexander	Cederberg	Flynt
Allen	Chappell	Foley
Ambro	Chisholm	Ford, Mich.
Anderson, Calif.	Clausen, Don H.	Ford, Tenn.
Anderson, Ill.	Clawson, Del	Forsythe
Andrews, N. Dak.	Cleveland	Fountain
Annunzio	Cohen	Fowler
Applegate	Coleman	Fraser
Archer	Collins, Ill.	Frenzel
Armstrong	Collins, Tex.	Fuqua
Ashbrook	Conable	Garcia
Ashley	Conte	Gaydos
Aspin	Corcoran	Gephardt
AuCoin	Corman	Giaimo
Badham	Cornell	Gibbons
Bafalis	Cornwell	Gilman
Baldus	Cotter	Ginn
Barnard	Coughlin	Glickman
Bauman	Crane	Goldwater
Beard, R.I.	Cunningham	Gonzalez
Beard, Tenn.	D'Amours	Goodling
Bedell	Daniel, Dan	Gore
Bellenson	Daniel, R. W.	Gradison
Benjamin	Danielson	Grassley
Bennett	Davis	Green
Bevill	de la Garza	Gudger
Biaggi	Delaney	Guyer
Bingham	Derrick	Hagedorn
Blanchard	Devine	Hall
Blouin	Dickinson	Hamilton
Boggs	Dicks	Hammer-schmidt
Boland	Diggs	Hanley
Bolling	Dingell	Hannaford
Bonior	Dodd	Hansen
Bonker	Dornan	Harrington
Bowen	Downey	Harris
Brademas	Drinan	Harsha
Breaux	Duncan, Oreg.	Hawkins
Breckinridge	Duncan, Tenn.	Heckler
Brinkley	Early	Hefner
Brodhead	Eckhardt	Heftel
Brooks	Edgar	Hightower
Broomfield	Edwards, Ala.	Hillis
Brown, Calif.	Edwards, Calif.	Holland
Brown, Mich.	Edwards, Okla.	Hollenbeck
Brown, Ohio	Emery	Holt
Broyhill	English	Holtzman
Buchanan	Erlenborn	Horton
Burgener	Ertel	Hubbard
Burke, Fla.	Evans, Colo.	Huckaby
Burke, Mass.	Evans, Del.	Hughes
Burleson, Tex.	Evans, Ga.	Hyde
Burlison, Mo.	Evans, Ind.	Ichord
Burton, Phillip	Fary	Ireland
Butler	Fascell	Jacobs
Byron	Fenwick	Jeffords
Caputo	Findley	Jenkins
Carney	Fisher	Jenrette
	Fithian	Johnson, Calif.
Johnson, Colo.	Montgomery	Sikes
Jones, Okla.	Moore	Simon
Jones, Tenn.	Moorhead, Calif.	Sisk
Jordan	Moorhead, Pa.	Skelton
Kasten	Mottl	Slack
Kastenmeier	Murphy, Ill.	Smith, Iowa
Kelly	Murphy, N.Y.	Smith, Nebr.
Kemp	Murphy, Pa.	Snyder
Ketchum	Murtha	Solarz
Keys	Myers, Gary	Spellman
Kildee	Myers, John	Spence
Kindness	Myers, Michael	St Germain
Kostmayer	Natcher	Staggers
Krebs	Neal	Stangeland
LaFalce	Nedzi	Stanton
Lagomarsino	Nichols	Stark
Latta	Nolan	Steed
Le Fante	Nowak	Steers
Leach	O'Brien	Steiger
Lederer	Oakar	Stockman
Leggett	Oberstar	Stokes
Lehman	Ottinger	Stratton
Lent	Panetta	Studds
Levitas	Patten	Stump
Livingston	Patterson	Symms
Lloyd, Calif.	Pattison	Taylor
Lloyd, Tenn.	Pease	Thompson
Long, La.	Pepper	Thone
Long, Md.	Perkins	Traxler
Lott	Pettis	Treen
Lujan	Pickle	Trible
Luken	Pike	Tsongas
Lundine	Pressler	Udall
McClory	Preyer	Ullman
McCloskey	Price	Van Deerlin
McDade	Pritchard	Vander Jagt
McDonald	Quayle	Vanik
McEwen	Quie	Vento
McFall	Quillen	Volkmer
McHugh	Rahall	Waggonner
McKay	Railsback	Walgren
McKinney	Rangel	Walker
Madigan	Regula	Walsh
Maguire	Reuss	Wampler
Mahon	Rhodes	Watkins
Markey	Richmond	Weaver
Marks	Rinaldo	Weiss
Marlenee	Robinson	Whalen
Marriott	Roe	White
Martin	Rogers	Whitehurst
Mathis	Roncalio	Whitten
Mattox	Rooney	Wiggins
Mazzoli	Rose	Wilson, Bob
Meeds	Rostenkowski	Wilson, C. H.
Metcalfe	Rousselot	Wilson, Tex.
Meyner	Roybal	Winn
Michel	Rudd	Wirth
Mikulski	Ryan	Wolff
Mikva	Satterfield	Wright
Milford	Sawyer	Wydler
Miller, Calif.	Scheuer	Wylie
Miller, Ohio	Schroeder	Yates
Mineta	Schulze	Yatron
Minish	Sebelius	Young, Alaska
Mitchell, Md.	Seiberling	Young, Fla.
Mitchell, N.Y.	Sharp	Young, Mo.
Moakley	Shuster	Zablocki
Moffett		Zeferetti

NAYS—0

NOT VOTING—46

Ammerman	Harkin	Rosenthal
Andrews, N.C.	Howard	Runnels
Baucus	Jones, N.C.	Ruppe
Burke, Calif.	Kazen	Russo
Burton, John	Krueger	Santini
Clay	McCormack	Sarasin
Cochran	Mann	Shipley
Conyers	Mollohan	Skubitz
Dellums	Moss	Teague
Dent	Nix	Thornton
Derwinski	Obey	Tucker
Eilberg	Poage	Waxman
Fish	Pursell	Whitley
Florio	Risenhoover	Young, Tex.
Frey	Roberts	
Gammage	Rodino	

The Clerk announced the following pairs:

Mr. McCormack with Mr. Cochran of Mississippi.

Mr. Rodino with Mr. Ammerman.

Mr. Waxman with Mr. Clay.

Mr. Rosenthal with Mr. Teague.

Mr. Dellums, with Mr. Derwinski.

Mr. Dent with Mr. Andrews of North Carolina.

Mr. Nix with Mr. Baucus.

Mr. Risenhoover with Mr. Fish.

Mr. Roberts with Mr. John Burton.

Mr. Eilberg with Mr. Skubitz.

Mr. Florio with Mr. Mann.

Mr. Gammage with Mr. Conyers.

Mr. Harkin with Mr. Frey.

Mr. Howard with Mr. Mollohan.

Mr. Jones of North Carolina with Mr. Moss.

Mr. Whitley with Mr. Runnels.

Mr. Shipley with Mr. Pursell.

Mr. Santini with Mr. Obey.

Mr. Russo with Mr. Thornton.

Mr. Kazen with Mr. Ruppe.

Mr. Krueger with Mr. Tucker.

Mrs. Burke of California with Mr. Sarasin.

Messrs. EDWARDS of California, LUKEN, and ASHLEY changed their vote from "nay" to "yea."

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. HARKIN. Mr. Speaker, I just arrived on the floor moments after the time closed for voting on House Concurrent Resolution 573. I was not aware this resolution was coming up for a vote this afternoon. Also, I have one of these new-fangled gadgets that is supposed to call you when the bells ring, but mine either was not working, or it was shut off.

Mr. Speaker, as one who has taken a central role in promoting human rights legislation in the House, I regret we were not given more notice that this resolution was coming up for a vote. I am quite disturbed that I was not able to record my vote in favor of House Concurrent Resolution 573.

Cambodia presents to us a perplexing situation: we know there has been, and continues to be, massive violations of human rights in Cambodia. Yet we have no economic, military, nor even diplomatic ties with this country. So there is little we can do directly. But we must call on those governments that do have relations with Cambodia to use whatever influence they have to help the suffering people of Cambodia who are suffering under the heel of an oppressive dictator. We must do more to bring the atrocities perpetrated by the Cambodian Government before the world public, to make sure all the world knows what is taking place there.

Again, Mr. Speaker, House Concurrent Resolution 573 has my full support.

MOVING PLACE FOR HOLDING COURT FOR DISTRICT COURT OF EASTERN DISTRICT OF NEW YORK TO BROOKLYN AND HEMPSTEAD

Mr. WYDLER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the Senate bill (S. 2597) to amend title 28, United States Code, to move the place for holding court for the district court of the eastern district of New York to Brooklyn and Hempstead, and for other purposes, and

ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. WYDLER)?

Mr. AMBRO. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. The gentleman from New York (Mr. AMBRO) reserves the right to object.

Mr. AMBRO. Mr. Speaker, I wonder if I could ask the sponsor of the bill a couple of questions.

Mr. WYDLER. Certainly.

Mr. AMBRO. The district in question is the second largest Federal judicial district in the United States. We both understand that the present site on Long Island, one of those of the eastern district, is inadequate. For example, the courtroom itself only seats 40 people and there is a current trial part with 32 defendants so there is not room in the courthouse to allow the defendants and their attorneys to be present together.

We also understand that at the present moment the former IRS training center on the Hofstra University campus is the only suitable available site to relieve the court's critical situation with respect to inadequate facilities.

Does the gentleman agree with me that moving on to the Hofstra site is only a temporary stopgap measure which should in no way deter us from moving in another direction whenever this site is approved?

Mr. WYDLER. If the gentleman will yield, yes, of course, the gentleman is correct. Whatever we do in the Nassau County area and the Suffolk County area is going to be a temporary situation. This will be rented space; as a practical matter all we are doing literally is moving the court from its present site to within a mile of where it now exists, to a better location so the court can function more efficiently. The only question that was raised in doing that was in crossing geographical lines, and this legislation was needed to make that possible.

The gentleman knows that we are operating against an absolute deadline at the end of this week in which this move must be consummated or the space is going to be lost, if it does lose by the action we take today.

Mr. AMBRO. In terms of the proposed new facility, what will be in this new facility as opposed to the existing facility? What kind of services will the new facility provide?

Mr. WYDLER. If the gentleman will yield further, the building that is under consideration is an excellent building for the courthouse, but the best thing that can be said about it is that it has the full support of all the judges of the eastern district of New York, which is not something that is done very often. They all agree that this building is an excellent building for their purposes. It is a good building that is presently being used by the Custom Service as a training center. But it is a separate and definitely distinguished looking building on the Hofstra campus and will serve the court for a number of years in a very able capacity. It has more space than they are now using in the commercial building.

Mr. AMBRO. The existing space, as I understand it, is 22,000 square feet, and this will double the space. Will it provide detention facilities?

Mr. WYDLER. Yes, it will.

Mr. AMBRO. Will it provide facilities for lawyer-client consultations?

Mr. WYDLER. It will.

Mr. AMBRO. Are there any other adjunct services that can be provided with this facility?

Mr. WYDLER. Of course it will provide clerk of the court services and marshal services as well. It will be a fully operating office for the eastern district of New York.

Mr. AMBRO. As the gentleman knows, one of the reasons why I find difficulty with this approach is because I have a bill which would separate Nassau and Suffolk Counties from the existing judicial district. That would then make the two new districts, if it were to be approved, the 14th and 17th largest in the United States among the over 90 existing today. It was my concern that if we move into a new facility the bill that will be reviewed by the Committee on the Judiciary, in the omnibus judicial bill, will be jeopardized in terms of this concept of this facility. Do we have assurances from the chairman of the subcommittee and the full Committee on the Judiciary that the concept of separating the two counties that we are talking about, Nassau and Suffolk, from Brooklyn and Queens will not be jeopardized by moving to this new facility?

Mr. WYDLER. If the gentleman will yield still further, I can only say that I cannot see how that could have any effect on that at all. This is merely a technical change in the present law to allow the courts that now exist to continue to exist. There is no real change in the operation other than the facilities will be better facilities than now exist in the Nassau-Suffolk County areas and that, of course, will help the gentleman's proposal in the long run because it will mean we will have more actual space in the district court in that area. So I think it could only, in the long run, tend to lend strength to the gentleman's proposal which primarily is the ultimate objective of myself, as well. I hope to see the day when that will come about.

Mr. AMBRO. So we both agree that the best result would be the separation of those two counties from the existing district, and we both agree as well that in our conversations with the subcommittee and committee chairmen this would not jeopardize that concept, which would be aired in a couple of months, but would aid it, in fact?

Mr. WYDLER. The gentleman is correct.

Mr. AMBRO. And the gentleman supports that concept?

Mr. WYDLER. I do.

Mr. AMBRO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. WYDLER)?

Mr. WOLFF. Mr. Speaker, reserving the right to object, I take this time to ask the gentleman, as I understand it, the cost for these new facilities will be the same as the cost of the old facilities? Am I correct in this?

Mr. WYDLER. Mr. Speaker, will the gentleman yield?

Mr. WOLFF. I yield to the gentleman from New York.

Mr. WYDLER. I thank the gentleman for yielding.

No, I do not think that is correct, but the difference in cost will not be a significant amount of money. There is some difference in the cost.

Mr. WOLFF. But the cost differential is very slight for the additional facilities?

Mr. WYDLER. Yes. It is in the thousands of dollars. It is not a large sum of money.

Mr. WOLFF. Mr. Speaker, further reserving the right to object, I ask the chairman of the subcommittee of the Committee on the Judiciary which has jurisdiction about his feelings on this particular situation.

Mr. KASTENMEIER. Mr. Speaker, will the gentleman yield to me under his reservation of objection?

Mr. WOLFF. I will be happy to yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. I thank the gentleman for yielding.

Mr. Speaker, I discussed this, of course, with the gentleman from New York (Mr. WOLFF), some time ago, as I am sure the chairman of the Committee on the Judiciary, the gentleman from New Jersey (Mr. RODINO) did, and more recently the gentleman from New York (Mr. WYDLER) and the gentleman from New York (Mr. AMBRO). Earlier we had hoped to have an omnibus bill in which this would be a part, but it is clear at this point in time that we cannot process legislatively an omnibus bill relating to the places for holding court in various places throughout the country and various judicial districts so as to include this particular item. Therefore, very recently both the chairman of the Committee on the Judiciary, the gentleman from New Jersey (Mr. RODINO), and I agreed that the Senate bill S. 2597 ought to be concurred in for the purpose of accomplishing what is intended here as originally raised by the gentleman from New York (Mr. WOLFF) and more recently by the gentleman from New York (Mr. WYDLER) with discussions with the gentleman from New York (Mr. AMBRO). This should not, however, constitute a precedent. This is not the best way to proceed in these matters.

I would agree with the observations of the gentleman from New York (Mr. AMBRO) that this does not in any sense compromise or mitigate any other interests there may be in legislation affecting those judicial districts which may be pending. The accomplishment of what is incorporated in S. 2597 will not adversely affect any other existing legislation which seeks to accomplish other resolutions of problems with respect to those judicial districts.

I do, however, indicate, I will say to the gentleman from New York (Mr. WOLFF) that both the gentleman from

New Jersey (Mr. RODINO) and I concur in having discharged and approving S. 2597 for the purposes described.

Mr. WOLFF. I thank the Chairman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. ADDABBO. Reserving the right to object, Mr. Speaker, I may possibly object. I notice that the court is being moved in Westbury. Will this give greater accommodations to the people of Queens County and give greater accommodations to the courts?

Mr. WYDLER. Mr. Speaker, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from New York.

Mr. WYDLER. I thank the gentleman for yielding.

As the gentleman knows, great parts of Queens County in which the gentleman's congressional district lies are closer to the Hempstead site in this bill than they are to the Brooklyn site, so for a great many people resident in Queens this facility would be a definite advantage. I think the gentleman should understand that this bill does not change present law insofar as the places to hold court are concerned. This bill merely changes the possible location of the court in one of the two areas where it is already provided for, so there is no change in the current law at all insofar as the places in which court can be held.

Mr. AMBRO. Mr. Speaker, will the gentleman yield for an observation?

Mr. ADDABBO. I yield to the gentleman from New York.

Mr. AMBRO. I appreciate the gentleman's yielding.

I think the RECORD should contain the fact that this present building and location, vacant for some 10 or 11 months, is one in which GSA has been paying rent.

It is a superb facility as a stopgap measure, so that the existing inadequate facility can be moved about a half a mile. The reason for the urgency of the bill is that within days the GSA would like to make a decision as to whether or not it should or could rent to another client, thereby recovering the amount of money that it has been paying in rent for this facility. They would like an urgent and immediate answer.

The Senate has already passed, as I understand it, this bill and so trying to meet, I think, the April 30 deadline, the gentleman and my colleague from Nassau, the gentleman from New York (Mr. WYDLER) is bringing this bill before us.

Mr. ADDABBO. Mr. Speaker, I thank the gentleman, and in view of the fact it will be of great benefit to my people in Queens, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. WYDLER)?

Mr. AMBRO. Mr. Speaker, reserving the right to object, I would just like to once more round out the RECORD by including in this discussion an editorial which outlines, I think, in succinct and clear fashion the whole dilemma of the problem. It is from Newsday and I would like to make that a part of the RECORD.

The editorial follows:

MOVING LONG ISLAND'S FEDERAL COURT

In baseball, hustling infielders have been known to collide and send each other sprawling while the ball drops between them. In Washington, a similarly untidy incident threatens unless Representatives Jerome Ambro (D-East Northport) and John Wydler (R-Garden City) coordinate their efforts to make the federal courts more convenient for Long Islanders.

Both men have excellent motives and—in the manner of those infielders—they appear to be making all the right moves. But unless they work together, a chance for immediate improvement in court facilities could be missed. Ambro has yet to give his approval for House action on a bill that would permit the Long Island branch of the U.S. Court for the Eastern District, which has its headquarters in Brooklyn, to move from a building in Westbury, where it occupies 22,000 square feet, to a government-leased building on the Hofstra University campus. The building, which offers twice the space, was originally built to serve as a training center for Internal Revenue Service personnel. It's empty now, but a decision on whether the court can move may have to be made by the end of this month.

Ambro says the deadline is meaningless because he, as a member of the building and grounds subcommittee of the Public Works and Transportation Committee, can have it set aside. He's sponsoring a bill that would create a separate federal court district for Nassau and Suffolk Counties. That's a concept we've long supported, and Ambro claims there's a good chance the enabling legislation will be incorporated in an omnibus judicial bill to be considered in the House Judiciary Committee next month.

His proposal calls for the headquarters of the new district to be located within five miles of the Nassau-Suffolk line. He's worried that the shift to the Hofstra campus will dilute the argument in favor of the separate district. He wants Wydler, whose district includes Hofstra, to give assurances of support for the new district.

Wydler says he's all for it, but he believes it's still years away. And he wants Ambro to support the Hofstra move. We think they should be backing each other. A temporary move to Hofstra is fine. Indeed, it's overdue. Let's accomplish that and then go to work on the next step—a separate Nassau-Suffolk judicial district.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. WYDLER)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2597

An act to amend title 28, United States Code, to move the place for holding court for the district court of the Eastern District of New York to Brooklyn and Hempstead, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second paragraph of section 112(c) of title 28, United States Code, is amended to read as follows:

"Court for the Eastern District shall be held at Brooklyn and Hempstead (including the village of Uniondale).".

SEC. 2. The United States District Court for the Eastern District of New York, by order made anywhere within its district, may pretermit the regular session of court at Hempstead until Federal quarters and accommodations are available and ready for occupancy, except that for the entire period and such pretermission, a special session of the court shall be held at Westbury. Pretermission may be ordered without regard to the provisions of section 140(a) of title 28, United States Code.

SEC. 3. Notwithstanding the provisions of section 142 of title 28, United States Code, the Administrator of General Services, at the request of the Director of the Administrative Office of the United States Courts, shall continue to provide existing quarters and accommodations at Westbury for the duration of the special session held pursuant to section 2 of this Act. Appropriations to the judicial branch of Government shall be available to the Director to make necessary disbursements for such quarters and accommodations, and to pay user charges as required by section 210 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490), at rates otherwise authorized by law.

SEC. 4. Notwithstanding the provisions of section 456 of title 28, United States Code, any judge, and any officer or employee of the judicial branch, whose official station is, on the day before the date of enactment of this Act, Westbury, may maintain that official station for the duration of the special session held pursuant to section 2 of this Act.

SEC. 5. The Director of the Administrative Office of the United States Courts may pay travel and transportation expenses in accordance with subchapter II, chapter 57 of title 5, United States Code, to any officer or employee of the judicial branch whose official station changes as a consequence of this Act and who relocates his residence incident to such change of official station.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE FANNIE MAE RAID

(Mr. SISK asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SISK. Mr. Speaker, several weeks ago I called to the attention of the House the mischief that was being perpetrated on the Federal National Mortgage Association and the home buying public by the Department of Housing and Urban Development.

Since that time, the Secretary has published proposed regulations which are extensive in their scope. Industry reaction has been uniformly critical of the regulations for the simple reason that they would hurt, rather than help, the people who have unmet housing needs.

A number of newspapers have pointed out the faulty premises on which the proposed regulations are based, most recently the Wall Street Journal in an editorial on Monday morning.

Last night, eight members of the California delegation, both Republican and Democrats, signed a letter objecting to the proposed regulations as being inconsistent with the intent of Congress in making Fannie Mae a private corporation.

I ask unanimous consent to have inserted in the RECORD the full text of the

Wall Street Journal editorial and the letter objecting to the regulations.

[From the Wall Street Journal, Apr. 24, 1978]

THE FANNIE MAE RAID

Year-old feuding between the Department of Housing and Urban Development and the Federal National Mortgage Association might have begun as a patronage coup, but it now threatens to damage what has been a highly successful government intervention in the economy. HUD Secretary Patricia Roberts Harris is trying to engineer a power play which could ultimately hurt would-be homeowners across the country.

At issue is control of FNMA, a privately owned "corporate instrumentality of the United States" whose flighty nickname of Fannie Mae belies its $35 billion in assets.

By the middle of this week, the public comment period closes on HUD-proposed rules that would straitjacket Fannie Mae. Secretary Harris must decide whether to press ahead with her coup, which will certainly produce a major lawsuit, or drop the whole idea. We would all be better off if she dropped it.

From its New Deal origins in the Reconstruction Finance Corp., Fannie Mae has been transformed through increasing private participation into a key element of the national market in mortgages. Using proceeds from public bond issues, it buys mortgages from bankers and mortgage brokers, thus providing them the cash for more mortgage lending. This secondary market increases the flow of money for home buyers, evens out tight money cycles and makes it easier for mortgage lenders in capital-poor regions to attract funds from financial centers. The home buyer benefits most.

Fannie Mae owes its success to its clear distinction between making a market and subsidizing one. Lyndon Johnson spun it out of the federal government in 1968 with the directive to be self-supporting. Even though its charter required it to devote some resources to housing for lower-income families, these mortgages were supposed to provide "reasonable economic return." Its subsidy operations were split off and assigned to its sister Ginnie Mae (the Government National Mortgage Association), which remained a subsidized federal agency.

It's this distinction which HUD Secretary Harris is now trying to obliterate. As the latest phase in her siege of Fannie Mae, she has issued regulations that would substantially redirect its lending. Starting in 1979, at least 30 percent of its conventional mortgage purchases would have to be located in central cities; at least 30 percent would have to be for previously occupied homes; purchase of mortgages with an outstanding principal of more than $75,000 would be verboten. At least 30 percent of all Fannie Mae's yearly mortgage buying would service "low- and moderate-income families."

If these regulations ever went through, they would wreak havoc with Fannie Mae and the mortgage market. Pat Harris's people support the rules in part as an attack on "redlining"; in other words, they are meant to reverse the alleged reluctance of lenders to give inner-city home buyers the same deal on mortgages that suburbanites get. But we've seen little evidence to suggest that this different treatment results from anything other than basic economics. The primary market for inner-city mortgages may well be much smaller than HUD thinks it should be simply because the demand isn't there.

These rules would undeniably disrupt the open auctions by which Fannie Mae maintains its secondary market. Secretary Harris has admitted as much, and has shown by some other disruptive maneuvers that she doesn't give a hoot. Beyond that, the rules put Fannie Mae in a destructive dilemma. It might have to reduce its total activity, if it couldn't find enough sound inner-city mortgages to fill its quota, or it might have to accept riskier mortgages. In the second case, it would ultimately risk its financial soundness and its ability to borrow on the private market, not to mention the capital of its stockholders.

The worst of these consequences may never come to pass, since Fannie Mae has a good chance of killing the rules in court. After all, it's still a private company, in spite of its special government connections. Ms. Harris doesn't have the same power to make it lose money that, for example, New York Gov. Nelson Rockefeller had over his Urban Development Corporation. But the Fannie Mae raid shows the same cast of mind that brought the UDC into temporary default.

Whenever a government-sponsored venture successfully taps the private market, politicians can't resist the temptation to run it into the ground. They forget that the money comes from private investors and try to make it serve their own notion of the public good, no matter how money-losing. In the end comes a collapse that dries up funds for all the projects, financially sound or not.

We're not sure how great a disaster would befall the housing market if Fannie Mae went this route. It occupies a strategic place in the national mortgage market, but some say this function might be better filled by the burgeoning private mortgage insurance industry, unencumbered by Fannie Mae's residual government ties. This fight does show the weakness of the Fannie Mae-style mixed economy: If there's a government string attached somewhere, some politician is going to try to pull it.

APRIL 24, 1978.

RULES DOCKET CLERK,
Office of the General Counsel, Department of Housing and Urban Development, Seventh Street, SW., Washington, D.C.

DEAR SIR: This letter is written to object to the regulations promulgated in the Federal Register on Friday, February 24, 1978 (Docket No. R-77-509).

Our objection basically goes to the concept of the regulations, which are contrary to the intent of Congress in making the Federal National Mortgage Association a privately owned corporation controlled by its shareholders.

Article 3531 of Title 42 of the United States Code states that it was the intention of the Congress in establishing the Department of Housing and Urban Development that the new department address itself to a number of problems relating to housing and urban areas and that it was to "encourage the maximum contributions that may be made by vigorous private homebuilding and mortgage lending industries to housing, urban development, and the national economy."

Section 3532(b) states that among other things, it is to be the duty of the Secretary of the Department to "encourage private enterprise to serve as large a part of the Nation's total housing and urban development needs as it can and develop the fullest cooperation with private enterprise" in meeting the nation's housing needs.

In 1968, a combination of circumstances arose which made it necessary for the Congress to consider the desirability of making FNMA a private corporation and—if that were to be done—how to do it. FNMA was at that time a Government corporation partly owned by the United States Government, partly owned by mortgage lending institutions and, to a lesser extent, partly owned by the general public. The mixed ownership of FNMA was a result of the 1954 Housing Act, which had as one of its long-term objectives the conversion of FNMA to private status.

Faced with budget problems resulting from the adoption of new federal budget concepts and consistent with both the objectives of the 1954 Housing Act and the stated government policy of encouraging private enterprise to play a major role in meeting the nation's housing objectives, FNMA in 1968 was made a stockholder owned corporation with control to rest with its shareholders. During the deliberations leading up to this enactment, a number of alternatives were considered, one of which was to convert FNMA into what would amount to a cooperative. This would involve buying up what stock was in the hands of the public, paying off the United States Government for its share of the ownership, and having the entire amount of the required capital put up by the mortgage lending institutions which would sell mortgages to FNMA. However, it was the considered judgment of the leaders of the industry and the Johnson Administration that this approach was not feasible because the mortgage lenders doing business with FNMA—mainly mortgage companies—could not provide sufficient capital. Accordingly, the Congress decided to permit the public to buy stock.

The implications of this decision are obvious: if private investors were going to be induced to provide the capital for FNMA, they must be given the same expectation of return on their investments as they have with other investments; they must have control over the institution in which they have invested their funds; and they must have confidence that the United States Government would not renege on its word and change the rules of the game after they made their investment.

In a nutshell, what the proposed regulations would do is change the rules of the game. They would, in effect, make FNMA an adjunct of the Department of Housing and Urban Development. This cannot be allowed to happen. The integrity of the Congress of the United States is at stake.

It is true that in making FNMA a private corporation, the 1968 Housing Act also gave the Secretary of Housing and Urban Development certain regulatory authority over FNMA. In due time, it is likely that the courts will have an opportunity to rule on specific questions of how extensive that regulatory authority is.

However, from the public policy standpoint, it appears on the face of it that the proposed regulations are running absolutely counter to the general thrust of Government today. An announced objective of the Carter Administration is to have less regulation, not more. The application of that principle to FNMA not only makes good sense, it is in keeping with what Congress had in mind when FNMA was made private. The committee reports accompanying the 1968 Housing Act make clear that the purposes of HUD regulations were two-fold: (1) to assure that FNMA was not so ineptly managed as to throw the financial burden of its operations back on the United States, and (2) to assure that the needs of the home buying public were not ignored. It was clear that within these parameters, the responsibility for setting FNMA policy and for managing the enterprise were to be left to its Board of Directors and to the management which it would select.

This matter is of great concern to the State of California because excessive regulations can only hinder FNMA's ability to meet California's need for housing finance. If there is one thing about which almost all segments of the housing industry seem to agree, it is that excessive red tape and overregulation have kept the FHA from playing the role it should in housing the American people. We cannot permit that to happen to FNMA.

During 1977, FNMA purchased $1.6 billion in mortgages in California—approximately 34 per cent of its total purchases for the year. Of that amount, $311 million were for the financing of housing by veterans living in the State of California under the VA home loan guaranty program. Another $321 million

were for the financing of housing under the various FHA programs, and $884 million were for the financing of housing under conventional loan programs—that is to say, those not insured by the FHA or guaranteed by the VA.

Of the 30 largest SMSAs in the United States, six are in the State of California. FNMA purchases in 1977 in those six SMSAs are as follows:

Los Angeles/Long Beach, $405 million; San Francisco/Oakland, $154 million; San Jose, $150 million; San Diego, $146 million; Anaheim, $121 million; and San Bernardino, $99 million.

The purchases in the Los Angeles/Long Beach area alone exceeded the total purchases in any other single state in the United States (excepting, of course, California).

It seems odd that in the face of the dismal performance of such other institutions as the postal service and Amtrak, the one successful example of a government-chartered corporation—FNMA—should be made the target of an ill-advised regulatory effort which is totally out of keeping with the need. The proposed regulations far exceed what FNMA's history and performance record indicate is necessary or desirable. Such regulations as are absolutely necessary should be kept to the absolute minimum and should be well within the confines of what Congress intended—a privately owned and managed corporation, entirely privately funded, and operating on its own steam and to the greatest extent possible without interference from the Federal Government.

Sincerely,

Clair W. Burgener, Del Clawson, Barry Goldwater, Jr., Robert J. Lagomarsino, Jim Lloyd, B. F. Sisk, Lionel Van Deerlin, and Charles H. Wilson, Members of Congress.

THE 761ST TANK BATTALION OF THE 3D ARMY OF THE SECOND WORLD WAR

(Mr. LEDERER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LEDERER. Mr. Speaker, I would like to pause in the business of the House to join with President Carter in recognizing the service of the 761st Tank Battalion of the 3d Army of the Second World War. The Secretary of the Army, Clifford Alexander, presented the members of the unit with the Presidential Unit Citation at Fort Myer, Va., on April 20, 1978.

The 761st Tank Battalion was organized in 1942 at Camp Claibourne, La., as the first all-black tank unit. In October 1944, the 756 men of the battalion landed in their first combat engagement at Nancy, France. They proved themselves in battle by taking three German towns in the first day. They went on to fight for 183 days before taking their first relief.

This tank engagement was under the command of Gen. George Patton, Commander of the 3d U.S. Army. The unit went on to serve under the 7th and 9th U.S. Armies in France, Holland, Belgium, Luxembourg, Austria, and Germany. After the end of the hostilities, the 761st occupied Bavaria until being disbanded and shipped home in 1947.

In their combat history, the members of the 761st earned 298 Purple Hearts for wounds sustained in action, 11 Silver Stars, and 70 Bronze Stars for heroism. Thirty-three members of the unit were killed in action.

Nothing epitomizes the patriotic spirit of the 761st Tank Battalion as much as the stirring poem penned and recited on the Capitol steps by Walter Lewis of the 761st. I would like to share this poem with my colleagues in the House:

(Words written in conjunction with the PUS AWARDS)

THIS IS OUR OWN OUR NATIVE LAND!

Brought here in chains . . . .
Shackled without name
Forced position . . . .
Not of our own volition.
Frustration . . . . denegation
. . . . But the untiring hand of God Almighty
has mettled out to us a station!
That one day we shall rise up and give an account of ourselves—
in this great nation.
America right . . . . America wrong . . . .
This is the land where we belong,
This is our own our native land!

Released from the shackles and bondage of hell
Who among us refuses to tell?
To whom are we to turn?
From whom are we to learn?
. . . . And then the Great Bell arose and sounded!
We thought the Great Bell silently grounded.
Its message reaching the ear of every man
Its thunder echoing throughout the land
This is our own our native land!

As we search our conscience clear
Hark! O'er hills and valley's dear
We hear the glorious freedom song . . . .
Let's listen to the message reborn!
Let's once again sing . . . . the freedom song
This is our own our native land!

America strives hard to keep us free . . . .
How can we possibly deny thee?
And when we have reached Heaven's choice
We shall still hear America's voice—
We hear the glorious freedom song . . . .
This is where we were born . . . .
assuring us
This is our own our native land!

It was World War II, that gave us birth
The Seven Hundred Sixty First!
Surely and slowly we set the tone
Like the steady beat of a metronome
Our Panther's roared farthest east . . . .
Never once did we retreat,
A long time coming . . . . this reward
Pass that citation Mr. President . . . . Praise we the Lord!
Once again we take our stand . . . . in this,
Our own our native land!

WALTER LEWIS.

INADEQUATE FUNDING OF VA RESEARCH PROGRAMS

(Mr. GUYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GUYER. Mr. Speaker, recently we honored two full-time VA employees who received the Nobel Prize for medicine for their outstanding work with the Veterans' Administration. Although publicity has focused primarily on the outstanding achievements of Dr. Rosalyn S. Yalow and Dr. Andrew V. Schally, senior research investigators with the Veterans' Administration hospitals in the Bronx, N.Y., and New Orleans, La. I can assure my colleagues that the same quality of work is being conducted by numerous VA professionals in our medical and prosthetic research programs. It is, therefore, critical that we continue to fund VA's research program at an adequate level to assure the continuation of the research being conducted.

We are led to believe by the administration that the research programs in most VA hospitals throughout the country will not be adversely affected by the funding level being proposed by the administration for fiscal year 1979. This certainly is not the case, and notwithstanding the budget cuts imposed on the agency by the Office of Management and Budget, our responsibility is to see that adequate funds are included in the research budget for fiscal year 1979. Otherwise programs at 53 hospitals will be terminated during the next year.

So that my colleagues will be aware of the concern of those involved in the research program, there follows correspondence between VA physicians at the Veterans' Administration hospital here in Washington, D.C., and Mr. Denvel D. Adams, national adjutant of the Disabled American Veterans, calling to our attention the hard fact that unless we do something about it in VA's fiscal year 1979 appropriations bill, the Veterans' Administration research programs are going to suffer.

ASSEMBLY OF PHYSICIANS
AND DENTISTS,
VETERANS ADMINISTRATION HOSPITAL,
Washington, D.C., March 24, 1978.

DENVEL D. ADAMS,
National Director, Disabled American Veterans, Washington, D.C.

DEAR MR. ADAMS: We are enclosing a statement signed by nearly every member of our professional staff expressing our alarm concerning the budgetary cuts in VA research and its catastrophic effects on the care of our patients.

Sincerely,

Paul Schafer, M.D., President; Herman Segal, M.D., Vice President; Omega L. Silva, M.D., Secretary; R. James Hawley, M.D., Treasurer; Council: Perry Banda, M.D.; Halley Taylor, M.D.; William Jennings, D.D.S.; Cullen Ward, D.D.S.; Ralph Lingeman, M.D.; and Robert Saunders, M.D.

We, the 128 undersigned physicians and dentists of the Washington, D.C. Veterans Administration Hospital, are greatly alarmed by the catastrophic fiscal year 1979 budget cut which will abolish all research in over one-third of VA hospitals throughout the country and which will gravely curtail research in the remaining two-thirds. Failure to increase the VA research budget according to the cost-of-living increases over the past four years, plus the severe cut which has been planned this year threatens to destroy the entire VA hospital system.

VA research accomplishments have been of enormous practical benefit to our sick and wounded veterans and to all Americans in the fields of cancer, hypertension, infectious disease, spinal cord injuries, prosthetics, sickle cell anemia, psychopharmacology, endocrinology, and innumerable other fields. Two Nobel prizes in medicine were awarded this year to VA researchers! The research activities of VA physicians and paramedical personnel directly and indirectly provide vital patient-care to thousands of sick veterans. The VA research career development program which is also being drastically cut back has trained many bright young investigators who have remained in the VA system to provide quality care for the veteran.

The high caliber of VA research has been the main attraction for the recruitment of

well-trained physicians who wish to participate and work in a stimulating environment where modern, innovative, and imaginative medicine can be practiced. Failure to provide the same salary and benefits to VA doctors as are received by most federal doctors has dissuaded young doctors from making their career in the VA; the elimination of VA research would be the final blow.

The abolition or drastic curtailment of research will rapidly convert VA hospitals into domiciliaries, nursing homes, and second-rate custodial institutions; VA hospitals would become a wasteland. Hundreds of irreplaceable technicians would be fired. Hundreds of academically-oriented doctors would resign, and most of the remaining physicians would be those unable to find positions elsewhere. No University would wish to continue its association with such hospitals. Bottom of the barrel medical care would be a cruel tragedy for our patients, the sick and wounded American veterans who have fought for our country and for all Americans.

VA research must be saved in order to save quality VA medicine. Human lives are at stake. The VA research budget must immediately be restored by $25 million.

DISABLED AMERICAN VETERANS,
NATIONAL SERVICE & LEGISLATIVE HEADQUARTERS,
Washington, D.C., April 11, 1978.

PAUL SCHAFER, M.D.
President,
Assembly of Physicians and Dentists,
Silver Spring, Md.

DEAR DR. SCHAFER: Thanks very much for forwarding the statement signed by nearly every member of the professional staff at the VA Hospital, Washington, D.C. concerning the budgetary cuts in VA research and its catastrophic effects on the care of patients.

The Disabled American Veterans agrees with your conclusion and I want you to know that we are doing everything possible, including a concerted effort on a National basis, to have the Congress restore the funds necessary to provide quality care to this Nation's disabled veterans. I appreciate your forwarding the detailed information and the statement signed by staff members which support our efforts.

Sincerely,

DENVEL D. ADAMS,
National Adjutant.

INDIAN LAND CLAIMS: MAINE'S LOOMING BATTLE

(Mr. COHEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. COHEN. Mr. Speaker, my colleagues in this House have heard me speak on many occasions of the Maine Indian land claims case. This monumental case, which is being pressed by the Justice Department in behalf of Maine's 3,000 Indians, threatens to cloud title to millions of acres of land in my State. It is a major source of concern to every resident of Maine.

I have found, however, that the enormity of the case and its significance for the rest of the country is often lost on residents of other States. In this morning's edition of the Washington Post appears an article by a distinguished Maine journalist, James Russell Wiggins. Mr. Wiggins, a former executive editor of the Post, is the publisher of the Ellsworth American and is recognized as an authority on the Maine Indian land claim.

In his article, Mr. Wiggins gives a concise history of the Maine claim and points out a number of the major legal questions raised by the suit. It is inevitable that Congress will eventually have to face these questions, since the answers we find will set a precedent that will affect similar Indian claims in many Eastern States. I urge each of my colleagues to read the article which follows:

INDIAN LAND CLAIMS: MAINE'S LOOMING BATTLE

(By James Russell Wiggins)

The Department of Justice, on June 15, will commence legal action against property owners of Maine, on behalf of the Penobscot and Passamaquoddy Indians, involving 12½ millions acres of land. If that action is not forestalled by negotiation between now and May 10, or subsequently settled out of court, and is pursued to successful conclusion, it would evict more people from their lands and homes than were involved in North America's two most historic expulsions—that of the Acadians from Nova Scotia in 1755 and that of the Indians from Georgia in 1836.

Much of the land involved is like that from which the French Acadians were driven by the British—as Longfellow described it in Evangeline—"forest primeval," with "murmuring pines and the hemlocks." Much of it is thickly settled—cities, towns and farms along the Maine coast. Much of it includes villages like the Georgia settlements from which the Creeks, Choctows and Cherokees were driven by the federal government in the days of Jackson and Van Buren.

Maine awakened to the seriousness of the case in 1975 when the Indians, under the leadership of Tom Tureen, of the Native American Rights Association at Calais, achieved a legal coup in the U.S. District Court of the Maine district. The court held, in *Passamaquoddy v. Morton*, that the Indian Non-Intercourse Act is applicable to the tribe and establishes a trust relationship between the United States and the tribes. Even then, many legal scholars felt the opinion only gave the standing to sue. The decision was upheld in the U.S. Circuit Court. The Department of Justice did not appeal. Nor did the State of Maine which had paid little attention to the case which it had entered as an intervenor.

The decision did a great deal more than open the courts to the Indians. It directed the federal government to treat the Indians as its wards, and it put the Department of Justice on the side of the Indians (in a curious legal twist). The Carter administration has concluded that the department must fight Maine property owners in court to fulfill this fiduciary relationship.

President Carter intervened first, by the appointment of Judge William B. Gunter to inquire into the case. Then he set up a task force, which includes Eliot Cutler, deputy director of the Office of Management and Budget, Leo M. Krulitz, and A. Stephens Clay. The task force met with the Indians and devised a settlement proposal that would clear all titles in one part of the claimed area (9.2 million acres) for payment of $25 million by the federal government, leaving in dispute 3 million acres owned by 14 large landowners and 350,000 acres owned by the state.

The "compromise" would require Maine to pay the Indians $1.7 million a year for 15 years. The large landowners would sell the Indians 300,000 acres of timber land and give them options to buy 200,000 acres.

Maine has not accepted the proposal. It has until May 10 to do so. At that time, according to Eliot Cutler, no settlement having been reached, the Carter administration will ask Congress to appropriate $25 million. Whether that is done or not, the Department of Justice will start legal action on June 15. If no negotiations have succeeded, all the landowners in the original 12 million acre claim area will be vulnerable.

Those lawsuits will raise some of the most interesting legal questions in the country's history:

What is the precise nature of "aboriginal" title, on which the Indians base their suits?

Did the Indians still possess any lands in Maine after the end of the French and Indian Wars in 1763 when France lost its North American possessions and its Indian allies were defeated and submitted to Massachusetts?

If the Indians had any valid titles to land after 1763, did the Non-Intercourse Act of 1790 invalidate the transactions between the remnants of the tribes and the Massachusetts and Maine governments which progressively delimited Indian hunting grounds? (District and circuit court opinions say it did, but the federal government never pretended such a trust relationship prior to 1975).

Have the innumerable grants and sales made by Massachusetts and Maine the same validity as the legislative grants made by the State of Georgia in the 18th century and upheld by the United States Supreme Court in 1810 (*Fletcher v. Peck*), or are those Maine grants to be held invalid?

If the Indians win the Maine case, will many land titles in New England (and in some other parts of the nation) be open to like attack? Tureen has said there are 120,000 Indians in New England alone who have been illegally deprived of their land.

The implications of this enormous tide of litigation are only beginning to be realized by Maine's citizens, who are slowly becoming aware of the threatened erosion of the very foundations of private ownership of land that have hitherto stood every assault for 150 years. In the rest of the country, the scope of the legal battle seems only dimly perceived.

The Indians are confident of victory. Their lawyers, paid by the great foundations that finance the Native American Rights Associations, are confident. The Department of Justice made a poor case when it was defending Maine's landowners, but is proceeding vigorously to carry out the instruction the court gave it to defend the Indians. The president has announced he will not sign a congressional act to extinguish the land claims.

Perhaps the country will not awaken to the third great hegira in North American history until a melancholy train of vehicles, piled high with the possessions of the emigres, crosses the bridge at Portsmouth. Perhaps only in the distant future will literature embellish that expulsion with the drama with which it has invested the British deportation of the Acadians or the tragedy pictured in the "Trail of Tears," in which one-fourth of the Georgia Indians died.

What a curious irony that the descendants of those who drove the Indians out of Georgia now are engaged in driving the non-Indians out of Maine. What an amazing history is unfolding. The mighty Penobscot Indians, armed with the Tomahawk, the scalping knife, and the bow and arrow, for more than a hundred years terrified English settlements from Massachusetts to Machias, in a vain effort to check the invasion of their hunting grounds. Now, more than two hundred years later, armed only with subpenas, writs, and summonses, their descendants seem to be on the brink of a spectacular success.

THE NEED TO REDUCE TAXES NOW

(Mr. STANTON asked and was given permission to address the House for 1

minute and to revise and extend his remarks and include extraneous matter.)

Mr. STANTON. Mr. Speaker, the House Ways and Means Committee has only begun to deal with the President's $25 billion tax reduction program and yet that program is in trouble.

The prospect of sizable income tax cuts for individuals and business is in trouble primarily for one reason—deepening inflation.

Some members of the Ways and Means Committee are talking about cutting back the tax cut to $15 or $20 billion in order to hold down the Federal deficit in the inflation fight. My friend and neighbor CHARLES VANIK is heading up a move to junk the 1978 tax reduction entirely, get at least some tax reforms approved, and maybe reduce the projected deficit by about half. Mr. VANIK would simply extend the modest tax cuts of 1977, and I am told the vote on the Vanik proposal will be close.

The Vanik proposal has much appeal but we need the $25 billion tax cut proposed by the President. We need the tax cut to prevent the economy from sliding into a recession. The American people need the tax cut. Their tax bills are far too high and inflation keeps bumping them into higher income tax brackets, which is the same thing as raising their taxes. What we need to do is to cut taxes and to cut Federal spending at the same time.

Mr. Speaker, I say to you and to my other colleagues that if the American people fail to get tax relief this year it will be because Mr. Carter has failed to fight inflation during the entire 15 months he has been in office.

In fact, not only has Mr. Carter failed to fight inflation, he has even helped to promote it.

Last year, it will be recalled, Mr. Carter signed into law a number of bills that pushed up the cost of doing business—and thus pushed up prices. That legislation included minimum wage increases, rises in social security and unemployment taxes, strip mine controls, and a bill which had the effect of greatly boosting sugar prices.

Now Mr. Carter has vowed to do battle with inflation—like he did when he delivered his state of the Union message to Congress in January. And he has promised to veto any bill that adds to the $60 billion fiscal 1979 deficit he is so proud of. I say that Mr. Carter brandishing his veto threat now is like a brakeman standing at the depot and swinging a stop lantern at a train that has already left the station.

Matters would be much worse if Mr. Carter had had his way last year and had managed to push his cargo preference bill through the Congress. Congress wisely rejected that legislation and saved us all an additional inflationary burden.

Not only does Mr. Carter come belatedly into the inflation fray. I understand he donned his shining armor only because he was pressured by Treasury Secretary Michael Blumenthal, chief economic adviser Charles Schultze, and Federal Reserve Board Chairman G. William Miller.

I do not know why Mr. Carter had to be pushed into fighting inflation. The Consumer Price Index has risen at an annualized rate of 8.4 per cent so far this year and the Wholesale Price Index has been going up even more sharply. I personally believe the inflation rate for consumers will be 7½ to 8 percent by year's end and could reach double digit figures in 1979 unless the President's anti-inflation program has an impact.

Reducing inflation requires follow-through and inspired leadership.

Unfortunately, Mr. Carter has yet to prove he is a leader.

Maybe we should take comfort in the fact that Mr. Carter has named his special trade representative, Robert Strauss, as special counselor on inflation. Mr. Strauss is well known as a snake-oil artist, a charmer who might be able to score some anti-inflation points with both business and labor.

I hope Mr. Carter's anti-inflation program succeeds. But his past record does not give us much reason to be optimistic. And neither does the attitude of American labor leaders, who understandably are pointing to the highly inflationary coal settlement as an indication of what their union members expect as a result of their next contract talks.

I do believe Washington should set an example in the fight against inflation. But I do not believe industrial workers are going to be particularly impressed by the possibility that Federal workers will be held to a 5.5 percent cost of living increase next October.

We are now in our fourth year of economic expansion. If Mr. Carter wanted to set an example for the Nation he would reduce the Federal deficit for fiscal 1979 to at least the $53 billion anticipated for this fiscal year rather than peg it at $60 billion.

Mr. Speaker, I agree with Ways and Means Committee senior Republican BARBER CONABLE when he says:

> Not to cut taxes at this point would raise the total tax burden of the American people by default. The recently enacted Social Security tax increases and the impact of inflation on the graduated income tax have combined to add billions to federal taxation. The issue, then, is not one of stimulus but of trying to reduce the drag on the economy, struggling under these great tax burdens. It is also one of tax equity for the individual who must otherwise constantly run faster to keep from falling behind. If Congress is unwilling to index taxes while pursuing inflationary policies, it must repeatedly pass tax reduction measures or subject our citizens to the double jeopardy of lost purchasing power and tax exploitation.

MUST LEGISLATION TO COMBAT ILLEGAL ALIEN PROBLEM

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ASHBROOK. Mr. Speaker, for a number of years the Director of the Immigration and Naturalization Service (INS) has been warning that the influx of illegal aliens into the United States was reaching unmanageable proportions. Estimates of between 8 and 10 million illegals have been advanced, demonstrating the enormity of the problem. While the administration has talked about amnesty for illegals now in the country, the logical and long-established solution, in my opinion, is deportation supplemented by a beefing up of the Border Patrol to drastically reduce future entries.

In checking with the INS people both here and at the border, I have been informed that, unlike the drug traffic where conveyances can be confiscated, there is no provision in law to confiscate vehicles carrying illegal aliens. In fact, vehicles that are apprehended with a shipment of illegals are returned to Mexico, in many cases, to be used again in this illicit traffic.

As in the illegal drug traffic, smuggling rings dealing in the transportation of illegals do exist and are big business. See the item from the San Diego Union of March 22 of this year reporting the capture of 116 illegals caught in one truck. Earlier in the month 110 illegal aliens had been apprehended—riding in two vehicles.

The alien smuggling trade has reached the point of sophistication in which vehicles use false panels, floors, and so forth, to secrete human beings; alteration of conveyances previously apprehended to avoid future detection; the use of "drop houses" in the United States to facilitate the shipment of humans from one point to another.

Needless to say, widespread confiscation of these "special" vehicles would drastically reduce, if not cripple, the smuggling rings which now capitalize on the human yearning for a better way of life.

I have joined with several of my colleagues in offering legislation to plug a loophole which is most glaring. My legistion would grant authority for confiscation of vehicles used in transporting illegal aliens into the United States. Hopefully, this legislation will see quick enactment.

Inserted at this point in the RECORD are two items from the San Diego Union, "116 Illegal Aliens Caught in One Truck", appearing in the March 22, 1978, issue, and "19 Indicted as 'Drop Houses' Hit," which was carried in the April 7, 1978, issue.

ONE HUNDRED AND SIXTEEN ILLEGAL ALIENS CAUGHT IN ONE TRUCK

SAN MARCOS.—Border Patrol officers yesterday apprehended 116 illegal aliens who were being transported north in a single semitrailer truck.

A sheriff's deputy spotted the truck parked in the 700 block of La Moree Road and reported to Border Patrol officers that suspicious persons were being loaded into the vehicle.

As sheriff's deputies approached, the suspects scattered. More sheriff's units along with Border Patrol officers were called about 11 a.m.

Some of the 116 were in the immediate area while others were attempting to hide in the truck. Taken into custody on suspicion of transporting undocumented aliens was the driver of the truck, George Beadles, 32, of Buena Park.

According to officials about 15 of those arrested were residents of El Salvador and many of those taken into custody said they had paid between $50 to $300 each to be taken to Los Angeles.

Border Patrol Agent Alvin Francis said it appeared the truck was to be driven through the San Clemente checkpoint over the truck scales to escape detection.

Earlier this month, 110 illegal aliens were apprehended riding in two vehicles.

ALIEN CASE: NINETEEN INDICTED AS "DROP HOUSES" HIT

(By Roger Showley)

For the last few months, Saad Hirmez noticed that two or three Mexican men shopped almost daily at his grocery store, Miller's Market at 30th and C streets.

"They would come in at 9 a.m. and buy 18 packages of tortillas, chorizo, eggs, beer, coke, soda, lots of fruit punch," the grocery manager recalled.

During this same period, the residents and staff of the House of Metamorphosis, a drug rehabilitation center, noticed an unusual number of vans and cars driving to and from two nearby homes in the Southeast San Diego community.

The pattern was consistent. Someone would stand out on the curb while one or more vans pulled into the alley.

"At first, I thought it was a drug ring or drug connection," one of the residents said. "Then, when I saw the people were Chicanos, I knew it was alien smuggling."

Yesterday, federal officials said the two houses at 628 and 634 30th St.—and a third one nearby at 2954 Webster St.—were being used as "drop houses" in what was described as a major alien smuggling ring.

Border Patrol officers said that during the six months the three sites were under surveillance in a secret investigation, as many as 3,000 persons may have been transported in newly purchased vans from the border to these drop houses, where they waited for several hours—perhaps days—before boarding the vans again.

The vans followed a 400-mile circuitous route to Los Angeles via Arizona to avoid the immigration checkpoints at San Clemente and Temecula, officials said, noting this was an unheard-of procedure in the annals of alien smuggling.

A federal grand jury here handed down an indictment late Wednesday naming 19 persons, 15 of whom were arraigned yesterday in U.S. Magistrate Edward W. Infante's court. A 16th is expected to be arraigned today and more arrests are expected in the next few days. The charges involve conspiracy to harbor and transport illegal aliens.

NEVER SO MANY

"We have never had a case with this many defendants here at one time," said James C. Heinecke, head of the U.S. Border Patrol's anti-smuggling unit. "It's one of the largest rings here and probably anywhere lately."

The maximum penalty for alien smuggling is a $2,000 fine per smuggled alien, a five-year prison sentence or both.

The alleged smugglers, aged 17 to 52, sat in Infante's courtroom yesterday morning, wearing the red, blue and orange uniforms provided by the Metropolitan Correctional facility, where they are being held.

An interpreter was needed to convey the court's procedures to the seven American and eight Mexican citizens.

According to investigators, the case is both predictable and unique—predictable in the way smuggled aliens were treated in passage from Mexico into the United States, unique in the way the alleged smugglers tried to circumvent authorities.

ANONYMOUS TIP

The investigation began on an anonymous tip to the Border Patrol last October. The name of Naomi Irene Jackson, also known as Irene Perez and Maria Garcia-de Sanchez, was provided, along with vehicle license plates and street addresses.

Daniel McCaskill, a border patrolman, was assigned alone to the case and sporadically took up watch 100 to 200 yards away from the houses on 30th Street.

McCaskill received help from six more patrol officers starting Feb 1, when a special 60-day anti-smuggling program began. It has since been extended an additional two months. The agents watched the smugglers shop at a nearby grocery. They watched new vans, being driven in between the two houses on 30th Street, where aliens were loaded or discharged.

Finally, on March 12, the Border Patrol made its first arrest, of Antonio Ortega-Borrayo, 52, of Santa Barbara. Then on March 26, the major arrests were made, followed by two more in the next several days.

WITH DAUGHTER

Jackson, the woman with two aliases, was arrested Tuesday with her 17-year-old daughter, Rebecca, by Mexican authorities at the Hotel El Sol in Tijuana and turned over to U.S. authorities Wednesday.

McCaskill already had looked into Jackson's background. She was a 42-year-old American, three times married, and 25 years on the welfare rolls. In addition to Rebecca, her children Ruth, 19, and Johnny, were arrested on suspicion of alien smuggling.

McCaskill said a check of long-distance telephone records showed numerous calls had been made to Los Angeles, Chicago and Indiana from the 628 30th St. house, where Jackson and her children were listed as residing.

What this information pointed to, McCaskill said, was a highly organized smuggling ring, in which Mexican nationals crossed the border at prearranged spots, boarded vans under cover of darkness and rode to the "drop houses" on 30th Street, Webster Street and possibly three other locations.

After a wait of several hours or days, the aliens then boarded the vans again, bound for Los Angeles, via points in Arizona to avoid immigation checkpoints at San Clemente and Temecula. For this, they paid between $200 and $300 per head. From Los Angeles, they paid additional funds for a flight to Chicago and other cities, where jobs awaited in garment factories and other labor-intensive industries.

FROM PHOTOS

According to photographs provided by the Border Patrol, the aliens had to suffer intolerable conditions of filth and human waste in the drop houses for hours or days at a time until they could be transported to the next destination.

At one of the drop houses on 30th Street, photos showed plastic jugs full of urine arranged in a row on a dirt-covered floor of an old garage. At the time of the March 26 arrests, there were 28 aliens waiting to be transported to Los Angeles, agents said, and many of these people were wrapped up in blankets on the floor, amid discarded food wrappers, soft beverage cans and bits of garbage.

McCaskill said the conditions were not unusual. And the ring, while the largest encountered in the current crackdown, is small compared to a ring he has been chasing for six years that involves an estimated 130 smugglers. He said this ring is thought to be the largest in Mexico, involving the transportation of Central and South American nationals through Mexico into the United States.

As McCaskill's boss, Heinecke, remarked, "Illegal aliens are a commodity to be bought and sold, to be moved in here and then moved out."

THE SEAL HUNT ENDED YESTERDAY—APRIL 24 YOU WERE ON THE ICE—MARCH 12 (FIRST DAY OF THE HUNT)

The SPEAKER pro tempore (Mr. BENJAMIN). Under a previous order of the House, the gentleman from California (Mr. RYAN) is recognized for 60 minutes.

Mr. RYAN. Mr. Speaker, the hunt has been going on in Canada for nearly 200 years.

More than 50 million seals have been killed over the years in the Front and Gulf off Newfoundland.

Canadian journalists have referred to it as the "greatest, most protracted mass slaughter ever inflicted upon any wild animal species".

Demand for seal products was high in the 19th century when the blubber was processed into oil used in the manufacture of soaps, ointment, perfumes, and later margarine.

A historical perspective:

Like medieval men rallying to the call of a crusade, the outporters left their humble homes in February and headed for St. John's. The captains, men of island-wide fame, handed out berth tickets with the air of feudal lords bestowing favors. The fleet left early in March. The ships, originally designed for 40 or 50 whalers, now carried 150 to 200 sealers. Most slept in the hold, a filthy, fetid, floomy hellhole, curling up anywhere they could find space. They had no beds, no bunks, no blankets. Until they reached the seals, the men subsisted on hardtack and tea, after that on seal meat, often eaten raw, especially the hearts. The men were bound together by a rough and honest camaraderie. The trips had the spice of gambling. In 1901 the Southern Cross sailed straight into the heart of the "main patch" and was back in St. John's, loaded with pelts, this time taken in the Gulf, got caught in a storm on the way home. She never arrived. Lost with her were 173 men. "The sea is made of mothers' tears", is a Newfoundland saying. Excerpt from "The Life of the Hard Seal," Fred Bruemmen.

Today, the seal hunt resembles only remotely the danger, adventure and economic necessity of the hunt during the 1800's. In fact, one Canadian journalist suggests that modern sealers "take to the hunt as an exhilarating release from grinding poverty and as a primeval rite of spring."

Another perspective: My counsel who is a woman, who accompanied me to the ice floes this year, was verbally blasted on the ice by a bearded young sealer with blood smeared under his eyes. When she asked him how long he had been sealing, he retorted: "Go away woman, can't you see I'm working." The comment suggests that the sealing activity to prove their manliness is one of few remaining primitive hunting activities that has survived the Ice Age. I submit the price is too high to the rest of the world.

STATISTICAL INFORMATION

Until 1971 no quotas for the take had ever been established.

The take averaged 282,000 a year throughout the 1960's.

All authorities agree that during the 1950's and 1960's harp seal numbers dropped by at least 60 percent.

In 1971 the quota was set at 245,000.

In 1972 the quota was reduced to 150,000 and remained unchanged for 4 years.

In 1975 the quota of 150,000 was exceeded by 24,000 seals.

In 1976 the quota was reduced to 127,000 but the take amounted to 165,000.

The pattern is distressing. The high catch in 1975 exceeding the quota, was followed by a lower quota in 1976 which was also exceeded.

The 1977 quota was raised to 170,000, an increase in the quota by one-third.

In 1978, the quota was raised to 180,000.

ECONOMIC FACTORS

The unit value of the seal pelt in 1976 was $29.76.

Pelt sales contributed $3 million to the Canadian economy in 1976.

Pelt sales accounted for 77 percent.

Oil sales accounted for 9 percent.

Meat sales accounted for 14 percent.

The sealers receive little remuneration for their 6-week efforts: Lansmen, $232; and small vessel sealers, $1,256.

And 27 percent of the seal hunters receive a gross income over $500. (I interpret that to mean that 73 percent of the sealers receive gross incomes under $500.)

The profiteers in the venture are the large vessel operators averaging $35,000 for the season.

The cost of monitoring the hunt is over one-half million dollars.

Only 4,000 sealers engage in the hunt. The population of Newfoundland is 554,000.

The seal skins are used for trinkets, key chains, bow ties, fur-lined cigarette cases and trim on boots.

CONFLICTING SCIENTIFIC DATA

Five studies were recently completed on the Harp seal population. Four of the five studies suggest the population is still in decline.

Based on the conflicting data, the International Union for Conservation of Nature and Natural Resources (IUCN), an independent non-government body headquartered in Switzerland, called for a cancellation in the hunt this year.

The IUCN is a highly respected organization which has existed since 1948 to promote scientifically based action for the conservation of wild living resources.

The IUCN concluded that the 1978 take may well reduce the total population of the Harp seal rather than allow it to grow (as is Canada's policy).

METHODS OF KILL

Killing the Harp seal with a hakapik is the most well-known method. However, other methods, less publicized, are equally as barbarous if not more inhumane.

NET FISHERIES

The fishermen set the nets in the water. The Harp seal becomes trapped in the net, and undergoes a slow death by eventual drowning. (The number of Harp seals taken by this method are unknown.)

SPEED BOAT HUNTING

This method entails shooting the Harp seal while it is swimming in Canadian waters. Again, the take is hard to estimate, not to mention the numbers that cannot be retrieved after they are shot for one reason or another.

FINAL NOTE

On September 20, 1977, two Newfoundlanders were charged with cruelty to animals under the Newfoundland Provincial Animal Protection Act for poking the eyes out of porpoises. H. W. Stone, magistrate of Clarenville Court found the two men not guilty.

Rationale: The Animal Protection Act can be invoked only to protect animals that are in captivity. Thus, the act has absolutely no value in protecting the Harp seal.

(This story is enlightening in understanding the difference that exists between the United States and Canada regarding what constitutes animal protection.)

● Mr. D'AMOURS. Mr. Speaker, I rise on this occasion to urge the Government of Canada to heed the growing international protest toward its present policy of allowing the annual harp seal hunt.

For 6 weeks every year, Canadians and Norwegians venture onto ice floes off the coast of Newfoundland to hunt baby seals for their pelts. The Canadian hunters beat the seals on the head with a club until they are dead. The Norwegians use a long, spiked pole called a hakapik. These helpless pups are skinned on the spot and their carcasses are left behind to rot.

Not only can the method by which this hunt is conducted be called cruel, but more disgusting is the fact that it does not serve to meet any of the basic needs of man. The seals are not used for food, and their pelts do not go for clothing. Rather, the entire purpose of the hunt is to get pelts that go for trinkets and souvenirs for the tourist industry.

It has been brought to light in recent years that the Canadian Government's own figures showing the current herd count of harp seals are grossly overstated. The Government itself has admitted that its counting method consists primarily of fishing officials just walking through the herd to get a feel for its size.

Concerned groups from all over the world have protested the hunt with renewed vigor. The House of Representatives itself overwhelmingly passed a resolution last year urging the Canadian Government to reassess its policy of permitting these killings.

Yet, despite all these facts, the Canadian Government has irresponsibly responded by substantially increasing the permitted kill quota of these animals by 53,000 over the last 2 years. This year alone 180,000 harp seals will be slaughtered. This continued practice is pushing this species to extinction, most likely by the end of this century.

The continued existence of the harp seal is at a critical juncture. We cannot afford to sit idly by if we expect these animals to survive. I call upon the Canadian Government to exercise its moral responsibility and take action that will preserve the harp seal for future generations.●

● Mr. PEPPER. Mr. Speaker, the advent of spring signals a yearly event which takes place off the coast of Canada—the killing of thousands of newborn harp seals. Annually, Canadian and Norwegian clubbers descend upon these helpless creatures for their valuable white fur.

Under the Marine Mammal Protection Act of 1972, these skins cannot and have not been imported into the United States. The Canadian and Norwegian Governments have assured us that the kill was humane and that it was not endangering the harp seal herd with extinction.

I believe that this hunt is neither humane nor necessary. Respected scientists agree that the harp heal population is becoming endangered, and a study by the Swedish Museum of Natural History suggests that harp seal numbers are gradually declining. While more humane methods of killing the seals are being developed, furthermore, the quotas on these killings are being virtually ignored.

The argument that these seals are killed to prevent overcrowding is not valid. The Canadian Department of Fisheries and Forestry admitted that there had been an overkill in the North Atlantic in recent years and that the herd that arrived off Labrador was seriously depleted. Canada's own figures further indicate that the size of the herd has been reduced considerably in the last 20 years—from 5 million to 1.5 million.

Despite these figures, the fact also remains that coats and other items made from this fur are hardly necessities in our society. It is apparent that something must be done to protect these creatures from their annual fate; and the passage of House Concurrent Resolution 533, urging the Canadian Government to reassess its policy of permitting the killing of newborn harp seals, would definitely be a step in the right direction.●

● Mr. KEMP. Mr. Speaker, I join my colleagues today in expressing my deep concern over the senseless slaughter of the harp seal pups in Canadian waters.

Last year, the Congress sent to the Canadian Government a strong message of opposition to the Canadian Government's continued policies permitting this annual harp seal hunt. Yet this year the total allowable catch has increased by 10,000—up to 180,000. Even the Canadian Government admits that approximately 80 percent of this quota will be filled by "whitecoats"—that is, pups under 10 days old who still have the transparent, pure white fur that will be sold for trinkets and boot trim.

I have introduced new legislation, House Concurrent Resolution 532, which again expresses the U.S. Congress serious reservations over Canada's harp seal policies. This bill has 67 cosponsors, and specifically draws attention to the increased quota.

The arguments against the harp seal hunt are many, and frankly, stem from a sense of the inhumaneness associated with killing defenseless pups less than 10 days old. Even regulated sport hunting does not allow the mass killing of wild animals' young. The obvious counter to this, and the argument that the Canadian Government makes in return, is that the inhabitants of the Canadian Arctic and Greenland and the landsmen of Newfoundland need the revenue from this annual seal hunt to exist during the winter months. What the Canadian Government fails to point out is that less than half of the seal pelts taken in 1977 went to these people. More than one-half were harvested by large Canadian and Norwegian commercial ships. This year the Norwegian quota alone was 35,000 pelts. None of these pelts, or the revenue from them, returns to Canada.

These pelts return to Norway, where they are prepared for the European market. Yet there is strong evidence that the market for seal pelts is severely decreasing due to environmental group protests, even though the Canadian quota for 1978 was increased. In fact,

there are numerous reports of 1976 pelts still in storage for lack of buyers, and white-coat pelts being dyed before they go to auction.

Because of the lack of complete data on the seal population, there are differences of opinion as to the total size of the herds. One thing, however, is known—that the total harp seal population has dropped by approximately two-thirds within the last 20 years. Herds that used to number approximately 10 million at the begining of the century are now reduced to roughly 1.3 million. Subsistence harvest levels now announced by the Canadian Government attempt to keep the seal population at around the 1.3 million level. Yet there is no guarantee that this harvest plan will keep the herd at a healthy size. Observers at the 1977 and 1978 hunts have witnessed seal dams aborting their pups on the ice before their time. It is theorized that these dams, who bear new pups each spring, may be responding to the repeated slaughter of their pups by sealers in previous years. If this situation becomes prevalent, the outlook for the harp seal herds will indeed be grave. Dr. David M. Lavigne, the noted scientist widely quoted by the Canadian Government for his work on the infrared tracking of harp seal populations, stated in the January 1976, National Geographic:

> Although it is still too early to give a definitive answer (about the total harp seal population), it seems clear that the harp seal is in trouble. . . . As our census continues, we see increasing evidence that the western Atlantic harp seal population cannot survive continued harvesting by big factory ships. Perhaps the landsmen, under strict rules, may still go out on the seasonal hunts. But we must work fast to provide reliable figures to hunters and conservationists alike. The survival of the harp seal hangs in the balance.

I strongly urge the Canadian Government to take another look at their policies of encouraging this anual harp seal slaughter. To slaughter a vulnerable species for trinkets and toys is a cruelty beyond belief.●

GENERAL LEAVE

Mr. RYAN. Mr. Speaker, I ask unanimouse consent that all Members may be permitted to extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

H.R. 2222 IS BAD LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. ASHBROOK) is recognized for 10 minutes.

● Mr. ASHBROOK. Mr. Speaker, today the Rules Committee granted a 1-hour open rule on H.R. 2222, a bill to amend the National Labor Relations Act to include interns, residents and fellows who are engaged in hospital training programs as professional employees within the definition of section 2(12)(b) of that act. The asserted need for this legislation is to overrule the National Labor Relations Board's decision in the *Cedars-Sinai Medical Center* case, 223 NLRB 251 (1976), reconsideration denied 224 NLRB 626 (1976), in which the Board, with all the facts before it, held that interns and residents were primarily "students" and not "employees" nor professional employees as those terms are used in a collective bargaining sense.

I am opposed to this bill for a number of reasons as set forth in the minority views in House Report No. 95–980, pages 10 to 18. Additionally, there are a number of issues that should be more fully explicated so that the House may be aware of these additional factors before it acts. These issues can be summarized as:

Dividing three parties two ways;

Bargaining unit determinations for interns and residents;

Bargaining over educational topics;

NLRB intrusion into educational activities;

Exclusion of graduate students in fields other than medicine;

Number of persons affected;

Administrative complications of enactment;

Opinions of residents opposed to H.R. 2222;

Impact on community teaching hospitals and primary care;

Inflationary impact; and

Destroying the intern and resident matching program.

Let me begin with two points today. Other points will be covered in future special orders.

DIVIDING THREE PARTIES TWO WAYS

The National Labor Relations Act is a carefully fashioned piece of legislation designed around some critical assumptions. One of those assumptions that collective bargaining can be adequately conducted in a two-party setting; that is, that labor and management are the two significant parties to the dispute. This assumption, while reasonable in the standard industrial or commercial setting, does not characterize the setting of graduate medical education.

Graduate medical education is, at minimum, the outcome of the collaboration of at least three parties: interns and residents, teaching faculty, and hospitals. The hospitals, like universities, provide the institutional setting and administrative operation within which graduate medical education occurs. They do not, however, provide the teaching or patient care supervision of the intern and resident. That teaching and supervision is provided by a third party, the faculty. Faculty determine the tasks which are to be assigned to a resident. Faculty determine the resident's competence in performing those tasks. Faculty determine the patients on whom the resident will assist. Faculty determine the degree of independence that the resident will have in any particular case. Faculty evaluate the resident for continuation in the program. Thus, we must conclude that significant decisions about graduate medical education programs are made by a faculty.

The assumption of a two-party negotiation under the National Labor Relations Act is violated by reality. If residents are to organize and collectively interact with the hospital, the absence of a role for faculty may undermine the bargaining. It would be unwise to solve this problem by simply combining the faculty and the hospital into the employer unit. The teaching faculty and hospital management may have differing perspectives which should be preserved. Given the heavy educational emphasis of accredited graduate medical education programs, resident relationships should be based upon an educational model rather than an industrial model. The two-party assumption of the industrial model is inappropriate. The three-party combination of the educational model—faculty, student and institution—is appropriate. Under the National Labor Relations Act, I see no possibility for the preservation of the existing and essential three-party relationship in graduate medical education. Therefore, rather than legislating the form and structure of graduate medical education, by artifically imposing a two-sided relationship, I am opposed to H.R. 2222 and would urge my colleagues to oppose it for similar reasons.

BARGAINING UNIT DETERMINATIONS FOR INTERNS AND RESIDENTS

H.R. 2222 is a significant piece of legislation which seeks to deliberately overturn a carefully reasoned position of the National Labor Relations Board that individuals who are essentially in a student role should not be granted collective bargaining rights. The bill is made all the more significant by the sudden effort of its proponents to use this bill to proliferate the number of bargaining units in hospitals.

In the reports accompanying the 1974 health care amendments to the National Labor Relations Act, the Congress directed the NLRB to prevent the proliferation of bargaining units in the health care industry. When the Subcommittee on Labor-Management Relations and the full Committee on Education and Labor marked up and approved H.R. 2222, the proponents were questioned about their intentions regarding bargaining unit determinations for interns and residents. In both sessions it was publically stated that the NLRB should be free to determine the appropriate bargaining unit for these persons.

Nevertheless, in direct contradiction to the proponents' statements, the committee report on H.R. 2222 now advocates a separate and distinct bargaining unit for interns and residents. This sudden and unexplained shift is directly contrary to the congressional directive of 1974, a directive I still find to be desirable.

Therefore, I urge those supporting this bill to adopt a position which clearly reiterates the position that proliferation of bargaining units should be avoided in health care institutions and which directs the NLRB to determine the appropriate bargaining unit for interns and residents under its normal procedures. Otherwise, the small bargaining units resulting from this bill will undermine the previous congressional directive and stimulate many similarly small units. This most certainly would cripple our Nation's hospitals.●

NO PEACE IN MIDEAST UNLESS ARAB COMMUNITY CONTROLS TERRORISTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. EDWARDS) is recognized for 5 minutes.

● Mr. EDWARDS of Oklahoma. Mr. Speaker, we are all saddened by the recent Palestinian terrorist attack on innocent civilians just north of Tel Aviv. Thirty-one people were killed and more than 80 were wounded. But I am all the more saddened over what this cowardly act will do to Mideast peace prospects.

Egyptian President Sadat, in another display of courage and statesmanship, has condemned this attack. I believe he understands why Israel insists on secure borders, understands the history of the oppression of the Jewish people, understands how the Holocaust has influenced the attitude of all Israeli citizens toward threats of external hostility, understands that no final peace agreement between Israel and the Arab world will come to pass until Israel truly believes it will be free from the threat of terrorism.

The Arab community must come to realize that it must control the terrorist organizations in their midst or there will be no chance for peace in the Mideast. I am particularly concerned about the support Saudi Arabia has given the Fatah, the major branch of the Palestinian Liberation Organization, founded and led by Yasir Arafat. The official Saudi radio claimed this massacre was a courageous operation designed to "let the world remember that the Palestinians do exist and that no peace talks will succeed without their participation." The Saudi Arabian Government has also contributed large sums of money to the PLO. Last year Time magazine reported that the Saudi Government had given $5 million to Yasir Arafat and that this was in addition to the $25 million that the Saudi Government annually contributes to Palestinian refugee organizations.

A New Year's Day broadcast on Saudi radio this year revealed that the Fatah had received 120 million riyals—about $34 million—from the Saudi Government and Saudi organizations.

It seems clear to me that some of this money goes to buy weapons and materials for PLO terrorists. Until the Arab community is willing to put its own house in order and restrain the terrorist organizations, peace will never come to the Mideast.●

PLAYGROUND SAFETY BILL REINTRODUCED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 5 minutes.

● Mr. WHALEN. Mr. Speaker, I am pleased to note that the Public Playground Equipment Safety Act is being reintroduced today with 15 new cosponsors.

First introduced on March 16 by NEWTON STEERS and me, this legislation, H.R. 11614, is intended to help reduce the number and severity of accidents involving children's playground equipment. Currently, over 100,000 children each year are seriously injured in accidents involving playground equipment. This shows up year after year as the fifth most common category of product-related injuries requiring hospital treatment.

Of course we recognize that there is no way anyone could possibly hope to eliminate all playground accidents. But there very definitely are steps that can and should be taken now to eliminate design defects that make some playground equipment inherently hazardous.

By the simple steps of causing the Consumer Product Safety Commission to issue advisory standards and creating the basis of a strong market for safer playground equipment, we believe children's playground equipment can be made much safer than it is today. There need not be any imposition on the private marketplace and the cost to the public would be negligible.

Mr. Speaker, I find it very interesting to note that most of the cosponsors of the Public Playground Equipment Safety Act are from metropolitan areas. Very few are from truly rural districts.

I do not think this is because Representatives from rural areas have any less concern for the safety and well-being of children. Rather, I think it is just a matter of Members who come from urban areas being more familiar with public playgrounds.

For many American children, there are no big open fields to go out and play on. There are no nearby woods and streams to provide recreational outlets. Instead, many children in our Nation's metropolitan areas must rely on public parks and playgrounds for their recreation. And even in the less densely populated areas, many childhood hours are spent on school playgrounds or other public facilities.

Parents naturally assume that schoolyards and public playgrounds are safe places. But this is not necessarily a correct assumption. Until H.R. 11614 or comparable measures are enacted there is no way for parents or local officials to establish the safety of the equipment on which children play.

The Public Playground Equipment Safety Act remains open for additional cosponsors, Mr. Speaker, and we encourage our colleagues to join in this effort to help protect American children.●

DEATH IN TRANSIT—V

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, in order to emphasize the woeful need for transportation safety I evoke a most painful Texas tragedy.

Almost exactly 3 years ago—on April 29, 1975, to be precise—it was a clear day in Eagle Pass, Tex.

At midafternoon people were going about their daily business. Just outside of the town, Route 277 was about the same as any other small-town highway—a mobile home park, an oil company loading and storage area, a used-car lot, and intersecting county roads.

At exactly 4:20 p.m., a tractor-trailer loaded with butane and propane approached Eagle Pass, headed west on Route 277. There was a dirt road intersection near an irrigation canal there, on the outskirts of town. A used car lot and junkyard was also there, and a number of cars were parked along the roadside, near the lot.

The truck was moving at about 50, or perhaps 55 miles per hour, just at or slightly above the posted speed limit.

A white car ahead of the truck suddenly slowed down to turn off the road, which was a two-lane highway. No one remembers seeing any turn signal from the white car. The truck swerved to avoid the car, which put the truck into the lane for oncoming traffic. There were three cars in that lane, headed toward the truck.

The truck driver, having avoided the turning white car, swerved again to avoid the three cars bearing down on him.

The stresses of this double swerve caused the trailer to separate from the tractor, and the trailer also turned over.

The tractor came to a halt, or nearly to a halt, but the overturning trailer skidded into the 23-inch high, 12-inch thick headwall of a culvert for the irrigation canal, which ran under the roadway. The trailer split open.

Inside the trailer was a load of pressurized LPG, 8,748 gallons of it, split evenly between butane and propane. These gases were at about 80 pounds of pressure per gallon, which made them liquid. But, of course, when the tank split open, the pressure disappeared—witnesses said that it sounded like a windstorm—a windstorm because the decompressing liquid gas immediately vaporized. Then there was a violent explosion, a fire, another explosion. No one can say for sure what happened, it was so fast and so violent.

When the fire died down and the explosions ended, there were 16 people dead, 51 injured, 1 building destroyed, 51 vehicles destroyed, and 3 mobile homes destroyed or damaged. The large forward section of the tank was propelled 1,654 feet before it came to a rest.

The truck involved was owned by a Mexican company and the driver was a Mexican citizen. No one has ever been able to find out who drove the white car that slowed down to turn in front of the truck, or even to find the car; it simply vanished.

Federal regulations required that the driver of the truck have a medical certificate, but he did not. He was supposed to have a Mexican driver's license, but no one knows for certain if he did. Nor were Federal safety investigators able to learn anything about the driver's experience or his safety record.

The National Transportation Safety Board observed that—

> Neither the vehicle, the driver, nor the company were in compliance with all applicable Federal Motor Carrier Safety Regulations.

The carrier, Surtigas, a Mexican company, had never been served with a copy of the regulations, even though it was subject to those regulations while its vehicles operated inside the U.S. border.

But because it is a Mexican company, no one has ever been able to examine whatever vehicle maintenance and driver records it maintained.

It is possible that this accident could not have been prevented under the circumstances, no matter how well maintained the vehicle was or how skillful the driver might have been. The roadside was cluttered with parked cars, which greatly restricted maneuvering room; the car in front of the truck slowed suddenly, and probably never gave a turn signal; there was oncoming traffic that also had to be avoided.

But no one can question the driver, because he is dead. His skull was crushed, probably by the force of the explosion. No one knows for certain what kind of condition the vehicle was in, because it was so wrecked by the explosion that no real examination of it could be made, and no records were available from the Mexican company.

If the speed limit had been lower, and if the truck had been moving at such a lower limit, the accident might have been avoided. But no one knows.

What we do know is that Mexican-owned trucks can, do, and are, operating on the U.S. side of the border and that there is no real recourse if they become involved in an accident, even a major disaster like the holocaust at Eagle Pass.

Texas law does not require Mexican operators in the border zone to be registered, licensed, or inspected in Texas. Federal inspectors do not stand at the border handing out the applicable Federal regulations, because they cannot really be enforced on foreign owners. After the Eagle Pass disaster, Federal safety officials, again in the words of the National Transportation Safety Board, "made roadchecks at border crossing points to identify other LPG carriers and to assure that they were aware of the regulatory requirements * * *"

But even if they are aware of regulations, suppose these carriers are not in compliance? Who is to know, and how is the law to be enforced? The State law practically exempts these carriers, and the Federal staff is so small that it may not even know which carriers are operating inside the U.S. border. Indeed, Federal safety personnel did not even know that Surtigas, S.A., was operating in Texas.

Our laws end at the border, but the traffic flows across the border. American operators must abide by all the rules, and can be penalized if they do not. But Mexican operators do not have to comply, because they cannot effectively be penalized.

Even supposing that the driver and vehicle in this disaster were not at fault, the hard truth is that they could have been and might have been. What then? What recourse would our law enforcement agencies have, and what recourse would aggrieved families have? None at all. In this case, the lawsuits were directed against the tank manufacturer—an American firm. The foreign truck line was safe—safe from answering any questions, safe from any legal recourse, and safe from having to comply with U.S. safety laws and regulations, whether known to him or not.

There are sober lessons in this. It is clear that we need some means of assuring that foreign truck lines not only know about U.S. safety requirements, but abide by them. More important, those same foreign truck operators ought to be exposed to the same legal liabilities as American lines are. That alone would assure compliance. That alone would assure that legal liability, where it exists, will be borne by the party responsible, and not by the innocent victims.

THE DuNOIR OF WYOMING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wyoming (Mr. RONCALIO) is recognized for 5 minutes.

● Mr. RONCALIO. Mr. Speaker, I am today introducing legislation to add the 28,800-acre DuNoir Special Management Unit in Wyoming's Shoshone National Forest, plus some 11,000 acres of contiguous roadless lands, to the National Wilderness Preservation System.

I am hopeful that this legislation will spell the end of a controversy over the fate of the unique DuNoir Basin which reaches back many years, for in my estimation, the DuNoir is the crown jewel of Wyoming's remaining nonwilderness roadless lands. Back in 1971, prior to the creation of the DuNoir Special Management Unit by Public Law 92-476, I visited the DuNoir and determined that "the entire DuNoir Basin was not only eligible for inclusion as wilderness, but was, in fact, probably the most desirable area in all Wyoming to be in wilderness." That statement is even more accurate today in Wyoming, as our wilderness system is, I believe, more than that of any other State, at the point where only a few more areas are needed to round it out.

My bill is necessary for two primary reasons. First, the Forest Service recommendation for the Special Management Unit, which was by law required no later than October of last year, is already 6 months overdue. I had hoped and expected that this recommendation would be completed on schedule so that my Subcommittee on Indian Affairs and Public Lands would have plenty of time to act on it during my last year in Congress. Time is now running short, however, and legislation is critical if the 95th Congress is to act on this area of utmost concern to myself and all of Wyoming. Second, the long overdue preliminary environmental statement (DES) on the DuNoir Special Management Unit, released February 28, 1978, by the Shoshone National Forest, proposes a DuNoir Wilderness so inadequate and unsupported by the facts as to demand immediate legislative response.

The approximate 40,000-acre DuNoir addition to the existing Washakie Wilderness proposed by my bill affords maximum protection to the wildlife and other wilderness values of the DuNoir Basin. At the same time it excludes several areas important for nonwilderness use. Specifically (as discussed later) several contiguous roadless areas identified by the Forest Service's RARE II inventory could justifiably have been included in my bill to preserve their outstanding wilderness values for addition to the Teton and Washakie Wilderness Areas. However, my bill is strictly confined to roadless lands within the DuNoir Basin drainage itself, and does not spill over into adjacent watersheds as advocated by some. Thus, the unifying thread of my proposal is to protect the DuNoir watershed, which is the last remaining nonclearcut watershed in the upper Wind River Valley, from further encroachments by man so as to preserve it for use and enjoyment by future generations of Americans.

Prior to deciding to introduce this legislation, I thoroughly examined the draft environmental statement (DES) prepared by the Shoshone National Forest to determine whether their proposal should be the basis for my bill. Not only did I find their 11,000-acre wilderness proposal to be totally inadequate, but I was also astonished and disappointed to discover that the facts contained in the DES argue strongly against the conclusion it reaches. Indeed, the draft environmental statement (DES) virtually confirms the necessity for the 40,000-acre proposal of my bill. As proof of this I would offer the following analysis of the two proposals.

BOUNDARIES

The wilderness boundary proposed by the DES is completely illogical, and would be totally unrecognizable, unmanageable, and unenforceable on the ground. Nowhere is this better illustrated than in a series of aerial photographs contained at the back of the DES. These show the proposal cutting directly through forested areas where no recognizable terrain features exist, truncating stream drainages in an irrational pattern, and bisecting key wildlife habitat. From the point of view of wilderness and nonwilderness uses on the ground, the proposed boundary would be almost impossible to find unless marked by expensive fencing or posted boundary signs at close intervals.

By way of contrast, the boundary I am proposing follows either clearly defined ridgelines and hydrographic divides or else the actual national forest boundary line in the Lower DuNoir Basin. As such, it will be readily identifiable by all forest users, and avoids the arbitrary division of stream drainages and wildlife habitat.

WILDLIFE SUITABILITY OF THE DU NOIR BASIN

One of the prime controversies which led to the creation of the DuNoir special management unit wilderness study in 1972 was whether remnants of past selective logging in the DuNoir Basin (and contiguous roadless lands) in the 1920's disqualified the area from wilderness consideration on the theory that it was not entirely free from the imprint of man's activities. During my August 1971 visit and detailed inspection of the area, it became abundantly clear to me that whatever evidence of past selective logging then existed, it did not seriously impair the area's overall scenic beauty and grandeur. The supposed man-made intrusions consisted of little more than an occasional winch cable scar on trees, old rotting stumps, slight paths (sometimes called primitive roads) which had become almost im-

passable to all but the most rugged of four-wheel drive vehicle users, scattered remnants of deteriorating railroad ties, and a few eroding structures which have now been abandoned for 50 years. When placed in context of the 60-square-mile area covered by my bill, these so-called intrusions are insignificant. Further, almost 7 years have elapsed since my 1971 visit, and these features have become less visible with each passing year.

In the interim, Congress has acted numerous times to refute the idea that wildernness must be entirely free from past signs of man's activities, using the logic that the Wilderness Act of 1964 only requires that areas be substantially free from the "imprint of man's work." In this light, Congress passed the Eastern Wilderness Act in 1974 (Public Law 93–622) with the Senate committee report noting that while "* * * It cannot be questioned that national forest lands in the East have felt the impact of man * * * many of these areas have been restored or are in the process of restoration to a primitive and natural condition." More recently, Congress passed the Endangered American Wilderness Act (Public Law 95–237) which specifically laid to rest any notion (the so-called "purity" issue) that a few rotting stumps, primitive roads, or abandoned structures should be used to disqualify an area from wilderness consideration and designation. Concurrently, the Carter administration has rejected the "purity" concept of wilderness and undertaken a new review of wilderness caliber lands that will, in the words of Assistant Secretary of Agriculture Cutler:

> Evaluate and recommend for wilderness lands which are not entirely free of the marks of mankind, but (which are) fully capable of providing, in the long term, wilderness benefits to many people.

Unfortunately, it would appear that those responsible for the preparation of the DuNoir draft environmental statement (DES) are unaware of Congress' direction in recent years, and more importantly, have overlooked their own administration's new policy rejecting the "purity" argument and endorsing wilderness caliber lands which are not entirely free of man's imprint. This oversight is dramatically highlighted by dialog and photographs in the DES which seek to revive the discredited "purity" argument, and use the previously described minor manmade "intrusions" to disqualify over 14,000 acres of the DuNoir Special Management Unit from wilderness consideration. I cannot disagree more completely with the statement in the DES that these intrusions "tend to dominate the landscape," and I submit that the aerial and other photographs in appendix F of the DES emphatically refute this statement.

Further, the 11,000 acre DES recommendation amounts to little more than a "rocks and snow" wilderness proposal. While such high altitude lands are definitely of wilderness caliber, they are representative of only one type of wilderness terrain—terrain that is of little use to humans or wildlife during many months of the year. Once again, the DES own photographs furnish the best evidence that the 11,000-acre proposal is basically confined to the same type of high country and nonforested land which characterizes the contiguous Teton and Washakie Wilderness Areas. The great value of my DuNoir proposal, however, is that it protects a diversive, forested, and relatively low elevation drainage which is of immeasurable importance to wildlife and nonmotorized-recreation use year round. This, more than anything, speaks to its suitability for inclusion in the wilderness system to complement the hundreds of thousands of acres of adjacent high altitude wilderness lands.

TIMBER AVAILABILITY

Simply stated, the timber values of the DuNoir Basin are insignificant in comparison to its other attributes. Although my wilderness proposal contains timber lands with an estimated annual potential yield of from 1.5 to 2 million board feet (MMBF), this represents less than 1.5 percent of the 134.6 MMBF annual potential yield available from the Shoshone and Bridger-Teton National Forests. Intensive forestry practices which are being implemented on national forest lands could more than double this available figure.

The average figures for timber cut in these two forests over the last 9 years show that of a total annual potential yield of 134.6 million board feet (MMBF), only 31.8 MMBF per year—or 24 percent—were actually cut. Of the so-called standard timber component—timber which can be economically harvested using conventional equipment and logging techniques, the 31.8 MMBF actual cut represents only 50 percent use of the total 63.4 MMBF of "standard" timber available. These annual cut figures indicate beyond the shadow of a doubt, that there is currently plenty of timber available in these two forests not only to sustain industry at present levels, but also a "cushion" to permit doubling of the present cut from the "standard" component alone. Of course, the additional availability of timber from State, private, and Indian lands is not even included in these figures. In light of these facts, it is absurd to suggest that wilderness designation for the DuNoir will in any way jeopardize the timber industry. Indeed, the standard component "cushion" indicates that there could be substantial future wilderness additions in these two forests without any harm to the prevailing level of industry.

Further, it should be fully understood that the timber resources of the DuNoir Basin are currently withdrawn from timber harvest, and are, therefore, not included as part of the annual potential yield in the Shoshone National Forest. As such, they are not part of the official timber base of the forest, and current timber availability will not be reduced by designation of the DuNoir as wilderness. What is at stake, however, is whether 2 million board feet per year will be added to the current base to increase timber supply. According to the DES, addition of the DuNoir to the base would create 10 new timber jobs in the local economy—10 new jobs. It is inconceivable to me that one can seriously suggest that the creation of a mere 10 timber jobs should take precedence over the absolutely magnificent nontimber values—and potential for job increases involving wilderness recreation—of the DuNoir—especially when one considers the previously discussed timber supply "cushion" in the Shoshone and Bridger-Teton National Forests.

WILDLIFE VERSUS TIMBER HARVEST AND OFF ROAD VEHICLE USE

Perhaps the most important feature of my 40,000-acre wilderness proposal is that it affords permanent legislative protection to the wildlife values of the DuNoir Basin. These values are best summarized in the testimony of the Wyoming Fish and Game Department at the Forest Service's April 1, 1978, hearing in Dubois, Wyo., on their draft environmental statement, in which they stated:

> The present DuNoir Special Management Unit contains important wildlife habitat for elk, moose, bighorn sheep, deer and trout fisheries, which could substantially benefit from habitat protection provided by inclusion in wilderness status. . . . It is the recommendation of this Department that the entire DuNoir Special Management Unit be designated as wilderness to assure continuation of existing wildlife populations in these drainages.

The 11,000-acre DES wilderness proposal is completely deficient in protecting wildlife values, and, once again, the information provided in the DES (on wildlife maps in Appendix D) furnishes the best possible evidence against the wilderness proposal finally recommended in the DES. To begin with, the DES proposal omits critical "high quality" bighorn sheep habitat in the scenic Pinnacle Buttes and Ramshorn areas, 100 percent of the "high quality" mule deer habitat in the lower DuNoir Basin, the bulk of the "high quality" elk habitat, all of the elk calving grounds and late fall habitat, and most of the "important moose habitat." Trail Lake, having rare nesting trumpeter swans, and which the DES states "is a popular waterfowl nesting area * * * waterfowl would benefit from restricted human use in the area and around the lake," is also excluded. Despite the DES' warning that the basin's lakes are not capable of supporting heavy fishing pressure, the DES excludes the majority of the lakes from wilderness, and the DES proposal to allow off-road vehicle use in these areas—plus construct new permanent roads—can only increase fishing pressure.

The elk habitat of the basin is especially important. Between 1,000 to 1,200 elk migrate through the basin annually, and there is a resident summer population of some 300 to 400 animals. According to the Wyoming Game and Fish Department "there is limited hunting pressure along mountain divides at this time due to restricted road access, and we feel this must be continued to prevent alteration or changes in migration movement through this area." The DES proposal, however, would open the bulk of the basin, including the elk calving grounds, to timber harvest, the construction of permanent logging roads, and off-road vehicle—including snowmobile—use. Even if some of these roads were closed subsequent to logging, the

game and fish department feels the Forest Service's history of road closures shows that they cannot be enforced. Thus, an area which is now unroaded and basically unsuited for off-road vehicle use would be "developed" for such use. This could totally disrupt resident game populations, and drastically diminish the basin's wildlife values.

To prevent this, my bill adopts the recommendation of the game and fish department proposing wilderness for the entire DuNoir special management unit and also picks up the contiguous roadless lands in the lower basin which contain the bulk of elk calving grounds, moose, and high quality mule deer habitat. Trail Lake, with its trumpeter swans and other waterfowl is also protected, as are the popular and highly scenic Kisinger Lakes. In this regard, it should be stressed that the Wilderness Act permits the fisheries values of these and other lakes in the basin to be augmented by aerial stocking, as is noted in the recent House of Representatives committee report on the Endangered American Wilderness Act (Report No. 95-540). My proposal would also preserve the important Bighorn sheep habitat in the Pinnacle Buttes and Ramshorn areas.

NONWILDERNESS USES

I recognize, however, that nonwilderness uses must also be accommodated, and therefore have left several high quality wilderness potential areas out of my proposal. The 26,300-acre Togwatee Roadless Area (RARE II No. 4-903) immediately west of Bonneville Pass is one of these. This area contains several thousand acres of timbered lands and terrain in the vicinity of Brooks Lake and the Jules Bowl which is suitable and popular for off-road vehicle use—especially snowmobiling. While several witnesses at the April 1, 1978, Forest Service hearing urged that this area be included in wilderness, I have determined that its timber and nonwilderness recreation values outweigh its wilderness potential, particularly since it is not part of the DuNoir drainage. Portions of the West DuNoir Roadless Area (RARE II No. 059) have likewise been excluded from my bill for their timber values, and because they do not drain into the DuNoir watershed. The nearby 4,040-acre Carson Lake roadless Area (RARE II No. 055), although a logical and spectacular potential addition to the Washakie Wilderness, has also been omitted despite keen wilderness interest in this area.

WATER QUALITY

Another serious defect of the 11,000-acre DES wilderness proposal is its total failure to protect the watershed values of the DuNoir Basin. As previously discussed, the DES boundary truncates virtually every stream drainage in the basin. Where the upper stream drainages are protected in wilderness, the lower basin is proposed to be opened to logging, road development, and off-road vehicle use. It is no secret that such activities increase surface runoff and, as is indicated in appendix H of the DES, the soils of the entire basin have a high on-site erosion hazard potential. While the DES cites advantages of increased water flows, the Wyoming Game and Fish Department thinks otherwise:

Timbering practices which include road construction and logging, particularly clear cutting (but also some select cuts) have caused increased turbidity in streams in the Wind River drainage. This increased turbidity is in part caused by past logging practices which have caused erosion and the resultant siltation which in turn have damaged the aquatic habitat.

The claim that beneficial increased water flows have resulted from logging could be misleading. Increased flows do occur but the major portion of the increase occurs during the runoff period in the spring when there are often greater flows occurring than the stream channels are capable of handling. The result is increased erosion and siltation and additional flows would only accelerate and increase these problems.

If the DuNoir Special Management Unit is placed in Wilderness status, water quality and the fisheries habitat would be protected. Present logging practices and ensuing activities do not protect either water quality or the fisheries habitat.

As noted by the Game and Fish Department, any increased runoff which occurs as a result of logging in the DuNoir Basin is likely to occur in the spring. Scientific evidence exists, and some area residents have expressed the fear, that increased spring runoff might be associated with less runoff during the ensuing dry season. Such an impact could lead streams to dry up earlier than is now the case, thereby severely curtailing existing grazing patterns and recreational use.

GRAZING

The DuNoir Special Management Unit is currently supporting 1,712 animal unit months of grazing. Although the DES does not come right out and say it, the Forest Service plans a cutback to 1,260 animal unit months no matter what the wilderness future of the unit may be. This cutback comes as a result of an "updated range analysis" which shows "that portions of wet meadows originally classified as suitable range, are, in fact, not suitable * * *"

No matter what the Forest Service finally does to implement this cutback, it should be stressed that the cutback results from normal Forest Service grazing policy changes, and not from any wilderness proposals. In fact, the Wilderness Act provides that grazing shall be permitted to continue in wilderness areas. This whole question is so important (and often misunderstod) that it was the subject of a policy discussion in a recent House of Representatives committee report (Report 95-620) which I feel is instructive here:

GRAZING

Section 4(d)(4) of the Wilderness Act states that grazing in wilderness areas, if established prior to designation of the area as wilderness, "shall be permitted to continue subject to such reasonable regulations as are deemed necessary by the Secretary of Agriculture". To clarify any lingering doubts, the committee wishes to stress that this language means that there shall be no curtailment of grazing permits or privileges in an area simply because it is designated as wilderness. As stated in the Forest Service regulations (36 CFR 293.7), grazing in wilderness areas ordinarily will be controlled "under the general regulations covering grazing of livestock on National Forests . . .". This includes the establishment of normal range allotments and allotment management plans. Furthermore, wilderness designation should not prevent the maintenance of existing fences or other livestock management improvements, nor the construction and maintenance of new fences or improvements which are consistent with allotment management plans and/or which are necessary for the protection of the range.

From the above, I think it is very clear that my 40,000-acre DuNoir wilderness proposal—or other wilderness proposals for that matter—will not require any reduction in grazing levels. Rather, such reductions, if they occur, will be as a result of the normal Forest Service grazing and range management planning process.

OFF-ROAD VEHICLE USE

As previously mentioned, much of the DuNoir Basin is forested, and not readily suited for use by off-road vehicles. The DuNoir special management unit has been closed to off-road vehicles for almost 6 years now, and has provided a high quality wilderness experience to many users. As is noted at several points in the DES, the motorized recreation potential of the unit cannot be realized without significant development of new roads—or the permanent upgrading of primitive vehicle tracks—and such development is entirely inconsistent with wildlife and other values. Therefore, my wilderness proposal would continue the existing closure of the DuNoir Basin to off-road vehicles, while keeping the more open and popular terrain in the Upper Brooks Lake and Jules Bowl areas available for off-road vehicle use.

For all these reasons, I feel that the highest and best use of the DuNoir Basin is to preserve its wilderness values unimpaired for future generations. The basin is a complete, inseparable, and important ecological unit which cannot, and should not, be arbitrarily cut up or developed. The entire watershed is deserving of immediate legislative protection, and my bill does precisely that. I hope my colleagues in both the House and Senate will join me in insuring that the DuNoir is designated as wilderness before the close of the 95th Congress.●

THE CONSUMER BEEF-GRADING ACT OF 1978

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. RICHMOND) is recognized for 5 minutes.

● Mr. RICHMOND. Mr. Speaker, today when the American consumer reaches for a product in our brightly decorated supermarkets, he or she rarely examines the invisible conglomerate of support and regulatory systems which exist in the gimmick-ridden world of food marketing. The problem is not that the consumer is not looking; rather the production of American food is largely invisible.

As the only urban member of the House Agriculture Committee, I believe the time has come for the USDA to give consumers the tools they need to function intelligently in the food marketplace.

An obvious area of neglect is the Federal meat grading system. On the average, Americans spend one-third of their food bill on meat and meat products. This amount totals $50.9 billion spent by consumers on meat each year. These expenditures demand an increased con-

sumer involvement in USDA activities which affect both the price and quality of the meat we buy.

The USDA's neglect of consumer needs and desires was unfortunately demonstrated 2 years ago when the last Administration spent millions of taxpayer's dollars in court defending a streamlined beef grading system which confused and deceived the consumer. Meanwhile, current standards are still based on the unhealthy premise that the best meat contains the most fatty marbling. It is difficult if not impossible, to buy leaner cuts of beef. The USDA in the past has made little effort to promote the consumption of lean, grass-fed or limited grain-fed beef, because cattlemen believe they can survive only by maximum grain-feeding of cattle under the current law.

In response to the glaring omission of consumers from this vital area, I have introduced a bill designed to aid the USDA in its efforts to grant consumers an audible voice in the development of new beef grading standards.

The bill establishes an evenly representative task force within the Department to develop new beef grading standards based on health and nutrition, as well as consumer, farmer and industry acceptance. New standards would help to change the cycle of grain-feeding, allowing cattlemen to raise beef at less cost.

By requiring food stores to post the standards and educate consumers about the nutritional value and cost of the various grades of beef they buy, the Department will also be more able to help consumers make intelligent decisions with their food money.

Last year, Congress widened the jurisdiction of the Federal Meat Inspection Service, and created the Food Safety and Quality Service. Without important revisions in establishing new grading standards, our efforts to insure healthy and high quality meat for the consumer will be meaningless. We cannot strengthen an agency without making it more responsive to the needs and desires of those it serves.

Following is a section-by-section analysis of the bill. I urge my colleagues to read it and to join me in working to establish a broad-based and viable beef grading system which favors no one and allows for rational and healthy food marketing and purchasing.

ANALYSIS OF CONSUMER BEEF-GRADING ACT

Sec. 1: Title: "Consumer Beef-Grading Act of 1978."

Sec. 2: Establishes Task Force on Beef-Grading Standards within USDA, to exist until terminated by Congress.

Sec. 3: Requires Task Force to make recommendations within nine months to the Secretary of Agriculture and to Congress on new beef-grading standards which take into account nutritional properties of beef as affected by age and heredity of cattle, carcass conformity, marbling, leanness and yield grading, nutritional value of grain-fed vs. grass-fed beef, consumer preferences, special consumer health needs, restaurant standards, cost differences in producing various grades, industry acceptance and compliance, retail pricing, uniformity, aging and preservation.

Sec. 4: Task Force is composed of four USDA employees, four producers or others in cattle industry, four consumer representatives, and four nutritionists or other medical personnel who shall serve for two-year terms, appointed by the Secretary.

Sec. 5: Task Force shall have a director and staff of USDA employees, and may use private experts and consultants and employees of other Federal agencies temporarily.

Sec. 6: Secretary shall prescribe proposed regulations based on Task Force recommendations and public comments on which the Task Force has acted. The regulations shall become effective only after a reasonable period to allow the industry time to comply. Subsequent amendments shall be made only after consultation with and receipt of recommendations from the Task Force.

Sec. 7: Notices describing the new standards shall be prepared by the Secretary, and must include descriptions of marbling and leanness of each grade, nutritional qualities of each grade, flavor, tenderness and moisture qualities and preferred uses of each grade, cost-value of each grade and preparation of cooking instructions. Notices shall be provided to all retail stores selling beef, and must be prominently displayed subject to a $1,000 civil penalty.

Sec. 8: Secretary shall educate consumers on the new standards, including providing information on possible health hazards, differences between grain-fed and grass-fed beef, effects of marbling, yield grading and other information. The program shall use pamphlets, materials for schools and other institutions, radio and T.V. and consultation with other Federal and State agencies which purchase beef.

Sec. 9: After the new standards are prescribed under Section 6, the Secretary may not prescribe any beef-grading standards under any other provisions of law.

Sec. 10: Authorization to appropriate such sums as may be necessary.●

WAYS AND MEANS TRADE SUBCOMMITTEE PLANS HEARINGS ON METHODS TO CONTROL OIL IMPORTS, INCLUDING H.R. 8800

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

● Mr. VANIK. Mr. Speaker, for over half a year, there have been rumors that the administration was about to impose some form of tariff or quota on oil imports to force the Congress to complete action on the President's energy bill. For a long time, there were reports that a $5 a barrel oil import fee would be imposed if the Congress did not act soon. In Thursday's papers, there are reports that administration officials are now studying some form of licensing and auction system as a way to control oil imports and reduce the demand for foreign oil by driving up its prices.

The President has almost dictatorial authority under section 232 of the Trade Expansion Act of 1962 to restrict imports when he determines that such action is necessary for the national security.

The President's authority to act under section 232 was limited by an amendment to the Senate-passed energy bill. That bill, of course, is currently mired in conference committee—and the President still has the authority to take unilateral and drastic actions to limit imports.

Rather than continue the parade of trial balloons on this issue, I believe that the Congress should hold hearings to discuss the various ways that imports can best be limited and remaining supplies allocated with a minimum of disruption.

The Congress must not leave the debate on the use of the 232 power to the administration alone. Through the forum of the public hearing and public contribution to the debate, I believe the soundest, most feasible solution to our national energy emergency can be found.

Personally, I am a supporter of strong action to reduce our dependence on foreign oil and last fall I urged the President that he take action under section 232 to reduce our disastrous dependence on foreign oil.

Last year, I offered an amendment in the Ways and Means Committee to the energy bill to provide for a system of quotas and the auction of quota allocations. Without administration support, the amendment failed in committee by a vote of 20–11.

On August 4, 1977, Representative OTTINGER and I introduced H.R. 8800 which provides, among other things, for the establishment and administration of an oil import quota system.

In order to focus debate on the best ways to limit oil and to provide public comment for the administration on how best to administer any import limitation program, I intend to hold hearings on H.R. 8800 as soon as the schedule of the full Committee on Ways and Means and the Subcommittee on Trade permits. While I obviously support H.R. 8800, reference to this bill is meant only to help focus the debate. I hope that we will receive a wide range of comments on the entire energy import issue and various plans which have been advanced over the years to reduce our reliance on OPEC, and so forth.

Following is a description of the import control features of H.R. 8800 taken from the CONGRESSIONAL RECORD of August 4. Other references to the concepts in this bill can be found in the CONGRESSIONAL RECORDS of May 9, pages 13975 and June 24, page 20739.

Mr. Speaker on behalf of Representative RICHARD OTTINGER and myself, I am today introducing oil import control legislation similar to, but much more flexible than title I of H.R. 6860, which was reported by the Ways and Means Committee on 1975 and retained on the floor of the House.

As the committee's report on the bill stated:

The quota is not intended as an independent discipline but rather as a means of being sure that the conservation and conversion efforts result in a reduction in imports, rather than a cutback in domestic production . . .

This legislation uses a system of quotas, import licenses, and tariffs to achieve this goal.

This amendment is not designed to force down demand, but rather, to follow demand down; its purpose is to keep a taut line on the relationship between increasing domestic production, and domestic conservation, and declining imports. Chairman ULLMAN described this portion of the 1975 bill as the "centerpiece in our effort to become less dependent on foreign oil."

However, the amendment we are offering is not nearly as inflexible as the 1975 language and contains language insuring that no region of the Nation bears a special burden as a result of quotas. Rather than trying to set specific barrel figures in concrete today for 7 or 8 years from now, we allow more flexibility. Basically, the amendment requires

the President each year to submit a 7-year projection of oil production and oil demand adjusted for conservation. He is then directed each year to limit imports for the following year to no more than that year's difference between planned demand and planned production. The yearly level of imports set by the President could be modified if necessary because of weather conditions or national emergencies. Any level set by the President may be rejected through a 90-day congressional veto process, thus forcing the President to revise his import figures.

In other words, the amendment is a yearly yardstick by which we measure how well we are doing in increasing production, obtaining conservation, and limiting imports. This is significantly different from the wording of the 1975 language. Instead of setting specific barrel per day figures in concrete now, we allow more flexibility. The 1975 language set a level of imports of 6 million barrels per day for 1976 and 6.5 million per day for 1977. In recent months, we were importing an average of 9.3 million barrels per day. The 1975 Act was unrealistic and too inflexible, but it also reflects our failure to moderate the increase in imports and the growth of our dependency on oil imports. Developments since 1975 strongly demonstrate the need for limits on imports; thus while more flexible, this new language would keep the pressure on.

There is one provision, however, which would give the President the discretion to force energy conservation by setting lower levels of imports. This would be subject to Congressional veto. Indeed, if the Congress thinks this is too much discretion, an amendment could be offered limiting his discretion to no more than 20 percent or 5 percent or whatever of the difference between demand and supply. If all our other efforts fail, however, this authority to begin to cut down on imports could be the one way to force America to save energy and develop domestic sources.

It is the stated goal and purpose of this legislation to enable the United States to achieve a level of oil imports of no more than 6.5 million barrels per day by 1985. We think the legislative history would make it clear that this discretion would not be used unless the other measures in the various, recent energy laws were proving inadequate.

To control the level of imports and to have a standby system for allocating imports through the free market system, the legislation provides for a licensing system similar to the one we approved in 1975. The licensing system distributes the "right" to buy and import oil through a bidding process. As in the 1975 Act, special provisions are made to protect the small refiners and marketers and to guard against fraud in the bidding process. To the extent that the quota set by the President accurately reflects the difference between demand and supply, the value of the license "tickets" will be nominal. If, however, the quota is set lower so as to create a gap between demand and supply, the value of the license tickets will be bid up in the traditional market system—there will be no Government bureaucracy set up to allocate imports among users.

As in the 1975 bill, there is provision for the Government to insure that imports are fairly distributed throughout the Nation—and that no region, such as New England, suffers economically. Specifically, the bill provides that anytime the value of import licenses in a region rises to 1 percent of the value of imported oil—which will only happen when the import restrictions are set so tightly that they begin to limit the supply of oil—then the revenue raised from the sale of those import licenses in a region will be returned to the States in that region. The State governments can then rebate the increased cost of oil to consumers or help those consumers insulate and find other sources of alternative energy.

There may be other, better ways to guard against injury to a region or set of industries, and alternatives to this proposal can be discussed in the hearing process. It is clearly our intention, however, to insure that no one area of the country, such as New England, bears the major burden in our effort to obtain energy independence.

The 1975 bill also provided for a 2 percent ad valorem tariff on crude and a 5 percent ad valorem tariff on refined petroleum—tariffs which would have raised some $2 to $3 billion per year. Since under the new plan we do not want to further increase the world price of oil, the legislation we are offering provides only a deminimus tariff on crude designed to force the adequate monitoring of imports by the Customs Service. The tariff on refined imports would be 3 percent ad valorem, equivalent to the present license fee differential between crude and refined—a differential which is necessary to protect domestic refineries and to encourage the construction of new refineries in the Eastern United States.

Finally, this legislation is not effective until January 1, 1979. This will give the Government time to put into place the administrative structure for controlling oil imports. Adequate leadtime will avoid administrative confusion.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. BYRON) is recognized for 5 minutes.

● Mr. BYRON. Mr. Speaker. It has come to my attention that on April 18, 1978 I was recorded in the CONGRESSIONAL RECORD as having voted "no" on rollcall vote No. 233. This vote was a motion to reduce the authorization level for National Science Foundation biological, behavioral, and social science projects by $6 million. It was my intention to vote in favor of this amendment to cut these funds. I do not know whether the electronic voting machine malfunctioned or whether I accidentally pushed the wrong button, however I would like to state for the RECORD at this time my position supporting efforts to cut these funds and I will vote accordingly when the actual appropriations bill is considered.●

A TRIBUTE TO WILL GEER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, in the annals of American history, there are a few individuals who have blessed our times with the passage of their lives. One such individual was Will Geer.

I am sure that many of my colleagues in the House were saddened, as I was, to learn that Mr. Geer, at the age of 76, passed away this last weekend.

As chairman of the House Select Committee on Aging, I had the opportunity to meet with Will Geer last fall when he came to Washington, D.C., to testify before an Aging Committee on "Active Americans Over 65." At that time, Mr. Geer shared with the committee and with all older Americans his belief that the later years can really be a beautiful and wonderful time of life and should not necessarily be connected with sickness, ill health, disability, inability to think and inability to provide.

Indeed, Mr. Geer personified what most older Americans hope to achieve—the capacity for involvement in life's affairs. Mr. Geer's competence as an actor is near legend, as well as his ability to perform many roles. Part of his strength, enthusiasm and vigor in the theater, as well as in life, was his understanding of the feelings of other actors and actresses and his compassion toward them.

Many have noted that although he appeared gruff, he was a soft touch to many aspiring actors and actresses who were looking for their first break. Certainly, his grasp of the history of both theater and television was something that set him apart from many performers.

Mr. Geer most recently portrayed Grandpa Walton in the CBS television program, "The Waltons." His acting career began over 50 years ago in riverboat shows, tent shows, repertory companies, and Shakespearean troupes. He appeared on Broadway in "Merry Wives of Windsor," "Unto Such Glory," "Cradle Will Rock," "Waiting for Lefty," "Of Mice and Men," and "Tobacco Road." He was in numerous films, including "In Cold Blood," "The Reivers," "Jeremiah Johnson," and "Fight for Life." In addition to all this, he somehow managed to find the time to appear on such television shows as "Bonanza," "Mission Impossible," "Gunsmoke," "Hawaii Five-O," and "The Bold Ones." Finally, he continued to tour in his "Americana" show which featured the poetry of Robert Frost and the music of Woodie Guthrie.

This was a great American, still extremely effective and great in what we call his latter years.

Mr. Speaker, I am sure many could benefit from the views and thoughts expressed by Mr. Geer on the subject of the need for involvement in life's later years. I would like to submit for the RECORD at this point the entirety of Mr. Geer's testimony before the Aging Committee on May 25, 1977:

STATEMENT OF WILL GEER, ACTOR

Mr. GEER. Thank you.

Up on "Walton's Mountain" we have a habit, whenever we sit down together, the young and the old, of holding hands and having a little blessing. I would like to give you one, paraphrased, of Robert Frost's.

You should all hold one another's hands, figuratively, or reach out to someone that you have known in the past, some teacher, some professor, some worker in a big industry, whose lives were completely destroyed when they retired, peripherally, at 65. All of you here have known one, or two, or a dozen such persons. Let's hold out our hands to them and wish for the good beginning to start with this committee

"Oh, give us pleasure in the flowers today; and give us not to think so far away as the uncertain harvest. Keep us here all simply in the spring of our years. Amen. Ah, women."

That was a paraphrase of Mr. Robert Frost, and all of us, in our memory, know when he stood out here on the steps of the Capitol as an old man in the eighties and the wind blew his manuscript away. Vice President Johnson held his hat to try to shield it. He couldn't think of the poem that he had written especially for that day. "So many artists who participate in august occasions of the State see something artists ought to celebrate. Today is for my cause a day of days,

and blessed be him who was the first to think of such a thing." Of course, he meant President Kennedy.

The wind blew his manuscript away and he couldn't complete the poem he wrote; but he stood there that day as a man who at the age of 40 was completely unknown as a poet. He came over here and when he got to be in his seventies everything in the world happened to him. His favorite daughter died in childbirth; his son killed himself; his daughter was in an insane asylum; his wife died. He picked himself up out of the gutter, literally, a professor up at Harvard helped him, dusted him off, and he rose to become that figure at President Kennedy's inauguration.

Nowadays, I am asked often to go out and talk to young people everywhere. What they are worried about is security, education, the lack of employment. I went to a university recently; they voted to get me. They said they didn't want a professor, or a politician, or a preacher, or a businessman from Kiwanis; they wanted Grandpa Walton to come and talk to them, because they were all graduating into a world where there was no work, and Grandpa Walton seemed to be able to live without any money. They wanted to find out how to build a new life.

It is my belief that it is criminal, absolutely criminal, that old people should be put on a shelf and told they can no longer work when they want to work, and they can. I think it is a criminal offense on the part of our democracy. I think it is equally criminal that we should believe, actually believe, that there isn't work enough for all of us here in this country, for those who are healthy and want to work. The good Lord upstairs, the "Man upstairs," your genes, your ancestors, and your own lifestyle determine how long you are going to keep on working and living. Retirement will come from all those forces together naturally, just as it does in mother nature, just as Justice Douglass finally went off in that wheelchair after doing wonderful, remarkable work for all those years. And those other senior citizens who retired, as Benjamin Franklin did when he came back from the courts of France, and finally retired gracefully under the little monument that he has in Philadelphia.

All of these things are important, but the important thing is we don't begin to realize the employment that can go on here. Young people themselves know that. For the first time, I believe, here in the Carter administration, and other administrations would gone toward that, we are beginning to see that the variation of employment is what is necessary in this country. In my time, as a young man, we depended upon others to give us work. Nowadays, the people are going along in a stream of democracy, the stream of life, and living it are those who are going to create employment for others. It is just beginning to start in this administration.

I, too. would like to go back to Chief Justice Holmes, when his wife Annie said to him, "We can't possibly employ all these people." Chief Justice Holmes said to his wife, Annie, "We've lived to a remarkable old age, Annie. I'm almost 90 and you are too. We've had many troubles, most of which never happened." The notion that unless old people retire, jobs will be taken away from young people coming along is ridiculous. I saw for myself—you don't have to do it the way they did in the Soviet Union. I was over there last year to do a second remake of the "Blue Bird," with Elizabeth Taylor, and a lot of us other old bags. In the picture itself I ran across a man who is head of the makeup department at Leningrad, and I worked with him 50 years before doing a picture called "Under the Circus Top." He is an old man in his nineties, and he was still working as head of the makeup department at the Linfield Studio in Leningrad. He didn't do much except go around and cock a little finger and say, "This eyebrow needs tilting here, and she needs a little more on this side of her face," but that was his work, and he was still working.

We can do it likewise. We do not have to do it the way it is in the Soviet Union. We can do it our way, the American way, and we are just beginning.

Too often I do not think we really realize how much it is we can do, and it is wonderful to see a committee like this stirring up things that have been criminal in our past, because it is criminal to put people on the shelf at the age of 65.

I think I have time to tell this. There was one incident in my life, and I would never be in this business, and would never be working perhaps as I am now if it had not been for a schoolteacher of mine, a principal of a high school in this little town in Indiana, Frankfort, Ind., Miss Catherine Howard.

I was sitting there one day in the sixth grade in an assembly, and was supposed to be studying geography, and I had it underneath the seat at that point. I was looking at all the pictures of the beautiful, big, bright red tomatoes planted in the garden, and underneath that I had a copy of Walt Whitman's "Leaves of Grass."

Miss Howard came up behind me and said, "What are you reading?"

I said, "Ah, ah."

"What is that book?"

I said, "That's Walt Whitman's 'Leaves of Grass.' "

"Oh, William, don't go any further when Mr. Whitman says, 'Oh, Captain, my Captain.' "

[Laughter.]

Mr. GEER. I said, "Why, Miss Howard?"

"Walt Whitman was a filthy, lascivious kind of writer. He was a socialist and a friend of George Sanders."

Immediately I read everything that Walt Whitman ever wrote.

[Laughter.]

Mr. GEER. Then 25 years later I came back to Indianapolis, playing leads in a show with Ethel Barrymore, and I went over to my old high school, and she had been retired, forced into retirement at age 65. She was in a little old cottage.

She said, "Oh, William. I knew that you would be the kind of person who would go and do these things. That is why I told you not to read Walt Whitman."

She had a double plan behind it all. That kind of woman knew the extra breath that it took in the performance of a show; a woman who knew everything, and at 65 she was put on the shelf.

She went out to Long Beach, got shook up by the earthquake, and went back, sat and died.

She said, "William, William, the saddest thing in life is that the best thing in it is courage, and, oh, what courage it takes for me to sit here with nothing to do, with no one to really talk to any more. They have all grown up and forgotten me. I have no prestige, and I have no recognition, and there is nothing for me to do but die, nothing but to die."

Put on the shelf at 65, a woman like that.

I do not want to wander on, because I know dozens of people like that. I think it is criminal to force retirement like that at this age. I also believe that when you ask questions about what the younger people are going to do if they do not have jobs to take over from the older, the point is, change our system in a democratic way so that we can create work.

I can only reiterate what Mr. Corcoran said, as a performer, or as a man, that a man does not really seriously start to work from dawn till dark until he is 70 years of age.

Thank you very much.

[Applause.]

Mr. PEPPER. Mr. Geer, could I ask you, in your experience, do you believe the criteria for job performance seem to change and become more difficult as persons get older? For example, are errors, such as, forgetting lines, treated differently when made by an older person than by a younger person?

Mr. GEER. Oh, we have all had that experience in our lives many times over. I know that 25 years ago I had a young man tell me on stage, "You've had it, old man; haven't you?"

I saw Richard Bennett, a marvelous actor. He got to be only 70 some odd years. He said, "You know, next year the Theater Guild decided that I was so old that I couldn't remember my lines."

We sat and talked about what this country had done to its older people. We ourselves are fortunate. We have no such age limitations in the theater, as long as you can walk and talk. But over and over again you hear people say, "He is not only going to be put on the shelf, he's slipping, he's slipping, he's slipping."

Part of our society says 65 is the limit, and part of our society will go on to say that 70 and 75 is the limit. So over and over again these people saying these things are bringing these things about.

Mr. PEPPER. In your work and numerous activities, I am sure you come into contact with many persons like yourself who have much to contribute after the normal retirement age. Have you noticed situations where employers in your own field or other have, subtly or openly, pressured capable persons to retire because of age, solely because of age?

Mr. GEER. I have seen that throughout my entire life. I have seen old character actors, Theodore Robinson, for instance, told that he was so old that he could not hold his water on stage, that he should not be employed, because doctors and people were not aware of the fact that it could be controlled.

I have seen people put down constantly, not by just younger people, but people pushing them along at the same time in their own field. It is a terrible thing. It is a great injustice. This jealously can be controlled. It can be controlled, and that is part of our democratic process, to do it.

Mr. PEPPER. Are there other questions?

Mr. Cohen.

Mr. COHEN. Thank you, Mr. Chairman.

Mr. Chairman, I was told that John Wayne sent a photograph to show how vigorous he is at his age, and I would simply say in this case that one picture of John Wayne is not the equivalent of a thousand words from you, because you are one of the most vigorous and dynamic people that I have ever come in contact with.

When you quoted from Robert Frost, it struck a note in my own heart, because I recall a quote from Robert Frost. He said, "Dear Lord, if you will forgive the little jokes I have played on thee, I'll forgive the big one you played on me."

It seems to me that Congressmen and the American people have had a big joke played on them when they reach that age of 65. They think that life is going to be a bit easier, and they find that they have a very low income, no job opportunities, and a policy which has become institutionalized in this country, that when you reach 65, you take one long step into old age, and all the abilities and disabilities that that entails, and I think that you are living proof that that is not the case.

One more quote from Robert Frost, and then I will stop. In one of his poems he said:

"I shall be telling this with a sigh somewhere ages and ages hence: Two roads diverged in a wood, and I—I took the one less traveled by, and that has made all the difference."

Mr. GEER. A very fortunate man; wasn't he?

Mr. COHEN. Yes.

Mr. GEER. Robert Frost's exact quote was, "Forgive, oh, Lord, my little jokes on Thee, and I forgive Thy great big one on me."

Mr. COHEN. Thank you, Mr. Geer.

Mr. GEER. Thank you very much.

Mr. PEPPER. Ms. Oakar, do you have a question?

Ms. OAKAR. Thank you, Mr. Chairman.

This is the Robert Frost day. Robert Frost also said, "The woods are lovely, dark and deep. But I have promises to keep, and miles to go before I sleep."

I am wondering, in the field of acting and in the arts as you mirror so well, what are the possibilities for older Americans? What about actor's equity and all of the unions? What are they doing for the older Americans who do find gainful employment in the arts? Do you know of any programs?

Mr. GEER. Not really. I can only state an example. The first year of the Waltons, 6 years ago, the first script I played in was of an old grandpa sitting in a rocking chair with the family, and he was so old he could not use his gun any more. He handed it over to John Boy, and he said, "You go out and get that bear and the turkey for supper."

I saw that if I did not do something about it myself, that I would be written out of the script in 3 weeks, that I would be retired by a falling tree.

(Laughter and applause.)

Mr. GEER. So I took advantage of all the old people that I had heard in the past, and I got a feeling about it. I took that gun and I went upon the hill to shoot the Thanksgiving Day turkey.

I think it is up to all of us to get out of our rockers and that's by being active after 65. It keeps you going, and keeps you contributing in the future.

Ms. OAKAR. Thank you, Mr. Chairman.

Mr. PEPPER. Thank you, Mr. Geer. Mr. Corcoran and I welcome you to the mid-seventies, and we congratulate you on the great years that lie ahead. Thank you very much.

Mr. GEER. Thank you very much.●

SCHOOL LUNCH

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PERKINS. Mr. Speaker, today I am introducing for the administration its proposed legislation that would incorporate into one comprehensive law the provisions now contained in the National School Lunch Act and Child Nutrition Act of 1966. This bill, entitled "The Child Nutrition Assistance Act," represents a major effort on the part of the administration to streamline and to make more effective the existing child nutrition legislation.

The major thrusts of the administration's bill are to consolidate and revise the provisions contained in the two authorizing acts; to extend and amend the child care food program and the special supplemental program for women, infants, and children (WIC), whose authorizations are to expire at the end of this fiscal year; and to amend and strengthen certain ongoing child nutrition programs in an effort to make them more responsive to the needs of the target populations that they serve.

On March 21 I introduced for the consideration of the House H.R. 11699, a bill to consolidate, revise, and extend certain child nutrition programs as authorized by the National School Lunch Act and Child Nutrition Act of 1966, as amended. This bill was prepared by the National Coalition on Child Nutrition.

Although H.R. 11699 and the administration's bill are identical in their statement of purpose, they vary somewhat in their proposed legislative improvements. On Thursday, April 27, the Subcommittee on Elementary, Secondary, and Vocational Education is conducting a hearing focusing specifically on these two pieces of proposed legislation. At that time, the subcommittee will receive testimony from both the administration and the National Coalition on Child Nutrition, as well as from the American School Food Service Association. The purpose of this hearing is to educate the subcommittee members on the similarities and differences of the two bills and on the potential impact that each proposal would have on the child nutrition programs.

Mr. Speaker, to my mind, the legislation that I am introducing today is especially significant in that it represents a major statement of commitment on the part of the Carter administration to the child nutrition programs. At times during the past, Congress has had to force the hand of previous administrations to carry out their responsibilities in administering these programs; and I want to take this opportunity to commend this administration on its efforts in drafting this comprehensive piece of legislation.

Although I have reservations with regard to a few provisions contained in this bill, I do want to insure that it is on the public record for discussion purposes and for the consideration of my colleagues in the House.●

THE MIDDLE EAST ARMS SALES PACKAGE

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a statement on the Middle East arms sales package prepared by the National Association of Arab Americans and comments on that memorandum which I requested from the Department of State.

This exchange follows correspondence I had with the Department of State on a memorandum prepared by the American Israel Public Affairs Committee on the sale of 60 F–15 aircraft to Saudi Arabia which appeared in the CONGRESSIONAL RECORD of February 21, 1978, on pages 3900–3905.

In the memorandum prepared by the National Association of Arab Americans (NAAA), support is expressed for the administration's Middle East arms sales package but the Department of State takes issue with several comments made by the NAAA in the memorandum.

The NAAA memo and the State Department's comments follow:

SUMMARY OF NAAA POSITION PAPER ON MIDDLE EAST ARMS SALES

NAAA endorses the Administration's proposed "package" sale of aircraft to Israel Egypt, and Saudi Arabia because the Arab sales underscore the growing political and economic importance of the Arab World to the United States. The sales to Arab nations also serves as a reminder that Israeli arms requests are no longer considered in a vacuum.

NAAA also calls for development of a regional American arms policy that will take into account all of the principal Middle East actors and their legitimate defense needs. The new policy must include a systematic phase-down in total arms transfers to the region over a 5–10 year period, in cooperation with other principal international arms suppliers. The United States has no moral basis for asking others to reduce arms flows until it demonstrates leadership on its own.

Weapons for the Middle East are a troubling issue, reflected in NAAA's traditional opposition to large-scale arms transfers to the region. We believe that American political ideals are ill-served by our role as the principal international arms supplier. Furthermore, the Middle East conflict has been intensified by years of American over-supply of weapons to Israel.

The arms for Egypt and Saudi Arabia will not upset the "military balance" in the region, a term that has come to mean Israeli military domination of all its neighbors. Neither Egypt nor Saudi Arabia seeks a military solution to the Middle East Conflict.

The United States is dependent on Saudi Arabia for oil, and the Saudis believe that their moderating role within OPEC and the region, as well as their willingness to pump oil at a rate higher than revenue needs justify, warrants special consideration by the United States.

NAAA urges that Congress take no action that might jeopardize implementation of the proposed aircraft sale.

MARCH 8, 1978.

NAAA POSITION PAPER ON AIRCRAFT SALES TO THE MIDDLE EAST

I. BACKGROUND

On February 14 the Carter Administration announced its intention to sell a "package" of advanced aircraft worth $4.8 billion to Israel, Egypt, and Saudi Arabia. Following receipt of the official letter of intent on April 3, Congress will have thirty days in which it may disallow the sale by concurrent resolutions in both Houses. Secretary of State Vance said at a Congressional hearing on February 24 that the Administration would withdraw the entire package if any part of if were altered by Congress. Resolutions to block Arab portions of the sale have already been introduced in the House of Representatives.

The box below provides details on the package:

Country	Aircraft type/maker	Number	Individual cost	Total
Israel	F–16/General Dynamics	75	$7–9 mil.	$1.5 bil.
Israel	F–15/McDonnell Douglas	15	17 mil.	400 mil.
Egypt	F–5E/Northrop	50	5–8 mil.	400 mil.
Saudi Arabia	F–15/McDonnell Douglas	60	17 mil.	2.5 bil.

II. BASIC ISSUES

Arms transfers to the Middle East are a troubling issue. The Middle East has been the scene of four major wars and numerous other bloody exchanges in the past thirty years, and another war would likely result in higher levels of civilian casualties than in the past. President Carter campaigned for

office on a pledge to reduce America's role as the leading international arms supplier, yet last year American arms transfers abroad exceeded $11 billion, with the Middle East receiving some two-thirds of the total.

The United States has a variety of interests in the Middle East, and reconciling them is not easy. Although Israel plays a special role in American attitudes toward the Middle East, it is but one of America's interests in the region. The proposed arms sales to Egypt and Saudi Arabia should be interpreted politically, not militarily. They represent official acknowledgement of the growing political and economic bonds between America and the Arab World. It is inaccurate and misleading to characterize the arms for Egypt and Saudi Arabia as a security threat to Israel. They should, rather, be seen as indicative of changing American political relationships in the area in which Israel no longer plays the dominant role. The sales to Egypt and Saudi Arabia are symbols of American rediscovery of its ties to the Arab World, which stretch back 150 years and which were cordial until the introduction of the Arab-Israeli dispute and American "choosing of sides"; American officials fell into the habit of equating Israel's "enemies" with America's "enemies". The damage caused by this simplistic approach to a complex issue is slowly being repaired as American policy-makers begin to appreciate the extent to which America and the Arab World share interests in common.

III. NAAA POSITION

NAAA has traditionally opposed all large-scale arms transfers to the Middle East. This policy reflects the view that the Middle East, a volatile region with a history of violence in recent years, should be kept as weapons-free as possible. NAAA still holds to that policy but is making an exception in the case of the proposed arms sale for a compelling reason: the political significance of the sale to Egypt and Saudi Arabia. NAAA does not support the proposed sale of additional aircraft to Israel but accepts it as part of the package concept.

NAAA endorses the proposed package sale of aircraft to the Middle East and urges that Congress take no action to jeopardize it. NAAA believes that the current sale should set the stage for a different and more enlightened arms transfer policy in the future.

NAAA calls for the development of a regional approach to arms transfers to the Middle East which would take into account the principal actors and their legitimate defense needs. The package approach of the Administration in the present proposal is a useful, if unintentional, step in that direction.

NAAA calls on the Administration to build into its arms policy a schedule for systematic reduction in total transfers to the Middle East over a 5–10 year period and to seek commitments from other major manufacturers to do the same. There is no moral basis for our country asking others to reduce arms flows when we are the greatest arms supplier in history. It is encouraging that French President Giscard d'Estaing recently pledged the cooperation of France in restricting arms flow to the Middle East following political resolution of the conflict.

IV. "MILITARY BALANCE"

The allegation has been made that the proposed sales to Egypt and Saudi Arabia will upset the "military balance" in the Middle East. It is an open secret in Washington that the term "military balance" has been employed as political shorthand to justify the continuation of overwhelming Israeli military superiority, defined not only in terms of Israel's immediate neighbors but also the other Arab states and their combined military establishments, regardless of whether they could or would be brought to bear in a war with Israel. This approach has been effective in obtaining desired levels of arms for Israel, but it has ignored political and logistical realities in the Arab World. The Arab World is diverse, and not even the general antipathy toward Israel has ever been translated into the collective military threat invoked when Israel seeks arms from the United States. Dale Tahtinen, a military analyst quoted in *Newsweek* recently, observed that the proposed arms package *will* imbalance the region—but even further in Israel's favor because of its ability to utilize fully all weapons it receives.

It should also be pointed out that Israel, alone of the three proposed recipients of arms, maintains a military occupation of land belonging to its neighbors. The arms for Israel will serve to tighten Israel's hold on those areas and provide protection for the 90-plus settlements that President Carter and other Administration officials have repeatedly described as "illegal" and "an obstacle to peace"

The following is a country-by-country commentary on the proposed aircraft sales:

V. EGYPT

Egypt is to receive 50 F–5E fighters, an airplane designed principally for the export market. Military analysts rate it equivalent to the Soviet Mig–21. From 1955 until recently, Egypt received its military equipment from the Soviet bloc. President Sadat expelled the 20,000 Soviet advisers in 1972, and Egyptian relations with the Soviet Union began to deteriorate. The political break appears virtually complete at this time, and Defense Department officials confirm that Egypt has received no new aircraft deliveries since 1975. Egypt's turning to the United States for military equipment represents political intention as well as defense needs.

It should be recalled that Egypt's 20-year military involvement with the Soviet Union began in 1955 after President Nasser was rebuffed in his attempts to obtain military equipment from the United States following an Israeli attack on the Gaza Strip. (Subsequent developments included Secretary of State Dulles' withdrawal of American support for the Aswan High Dam, the nationalization of the Suez Canal, and the combined Israeli-British-French invasion of Egypt in the fall of 1956.) President Sadat requested American military assistance in the wake of the Sinai II accords in 1975 but was rebuffed by Congress.

President Sadat has taken bold steps toward Middle East peace, and President Carter referred to him publicly as "the world's foremost peacemaker". President Sadat has made clear his intention to seek a diplomatic, not a military, solution to the Middle East conflict.

The United States has an interest in supporting the goals of President Sadat and should be responsive to his defense needs as well. Rejection of the Egyptian request for aircraft might well be interpreted as rejection of President Sadat's path toward peace. It is in the American interest to strengthen bilateral relations with Egypt, the largest country in the Arab World. The United States has no quarrel with Egypt and should make this clear by pursuing a policy of cooperation and friendship.

VI. SAUDI ARABIA

Saudi Arabia is to receive 60 F–15's, one of America's most advanced jet fighters. The American national interest in Saudi Arabia is fast becoming one of this country's most important bilateral ties. The United States is the world's principal user of petroleum products; Saudi Arabia is the world's principal supplier. This reality, reaffirmed by rising levels every year, is the "bottom line" in the American-Saudi relationship, and the United States is more dependent on Saudi Arabia than the other way around. In the event of Saudi unwillingness or inability to ship oil to the United States, Saudi ability to keep functioning would be relatively unaffected in the short term while the American economy would be hard hit.

The United States has a major interest in helping Saudi Arabia sustain orderly economic and social development, since continuity within the country is also reflected in continuity in its vital role in the region as a whole. The United States also has an interest in maintaining access to Saudi markets for goods and services in its rapid economic development. American export of technology and services to Saudi industrial development is a sound way to help offset the cost of importing Saudi oil into this country.

The proposed sale of F–15's to Saudi Arabia should be viewed primarily as political symbolism and affirmation of the American-Saudi relationship. From the Saudi point of view these considerations may be greater than they are to the United States. Long promised access to an American aircraft of their choice to replace the aging fleet of British Lightnings, the Saudis chose the F–15 and now expect the promise to be honored. As one of America's most important allies, the Saudis feel entitled to more than routine treatment in an issue of great national concern. The Saudis see their role as a moderating influence politically and financially within OPEC, where other members consistently push for higher oil prices. It should be remembered that as recently as last December it was Saudi influence that kept OPEC from instituting a rise in the price of oil. The Saudis also believe that their decision to pump oil at a rate far exceeding national revenue needs, in order to meet western demand, is a gesture that warrants consideration in the United States. The Saudis believe that their national interest would be better served by a lower production rate that would conserve the oil by keeping it in the ground, where it has a higher value than it does once pumped and sold.

The Saudis view access to the F–15, the aircraft of their choice, as proof that the United States attaches importance to strengthened bilateral ties. Any attempt to divert or suppress the aircraft request would raise questions in Saudi minds about the seriousness of American intentions and could set in motion Saudi re-consideration of the premises upon which they have been acting in response to American needs.

Militarily, the F–15 in Saudi hands would not pose a security threat to Israel. Saudi Arabia has not played any significant role in previous Arab-Israeli wars. It knows that as a large country with a small population, it cannot afford to invite attack. It knows that its armed forces are no match for those of the Israelis and will not be into the foreseeable future. It knows that Saudi influence can best be expressed in political and financial terms, not military.

The F–15 is so complex and so difficult to fly that it could not be transferred readily to a "confrontation state" in the event of war even if the Saudis were willing to do so. Such a transfer would not only leave a dangerous gap in Saudi air defenses: it would also invite attack on the kingdom in its weakened state. Americans will be involved in training and maintenance roles for the F–15 and will be in a position to note unusual aircraft movement. Delivery dates estimated to start no earlier than 1981 or 1982 even further reduce any security threat to Israel. In fact, the role of Israel in the transfer of F–15's to Saudi Arabia is insignificant, either in terms of motivation or results. The F–15 sale to Saudi Arabia is in harmony with American strategic thinking about Saudi Arabia, a key nation in the crucial Arabian/Persian Gulf region.

VII. ISRAEL

Israel is intended to receive 75 F–16's and 15 F–15's in the package sale. NAAA believes that the delivery of additional combat aircraft to Israel will further over-arm the

country relative to its defense needs and does not support the sale.

Although the United States has no treaty obligation to Israel, a "special relationship" between the two countries has developed over the years. American political, military, and financial support has always been important to Israel's ability to function. International criticism of Israeli policies now has reached the point where the United States is its only major external supporter. It is time that the United States reassessed its open-ended support of Israel and analyzed Israeli policies and the extent to which they help or hinder American objectives in the Middle East and elsewhere in the world.

An important distinction must be made between assistance to Israel within its June 4, 1967 boundaries and Israel in its present configuration as an expansionist state. The commitment of the United States is to the former, not to the "Greater Israel" of Prime Minister Begin's plan which would necessitate permanent occupation of large amounts of Arab territory. One of the applications of American arms shipments to Israel since 1967 has been to extend the Israeli military "shield" deep into Arab territory.

American military assistance to Israel jumped from some $300 million in FY 1972 and 1973 to $2.5 billion in FY 1974 and is at the level of $1 billion for FY 1978 and the proposed FY 1979 request. It is disturbing to realize that part of the American "price" paid for Israeli acceptance of the Sinai II Accords of September 1975 was agreement to send even higher levels of military aid to Israel.

These levels of assistance should be assessed in conjunction with the recent Defense Department estimates that in terms of military strength at the time of the 1973 war, Israel is at a level of 160%, Syria at 100%, and Egypt to approximately 80–90%. Israel is stronger relative to its neighbors than at any time in its 30-year history. In addition to Israel's military arsenal, its air refueling capability has extended the effective combat range of every aircraft in Israel's possession. Anthony Cordesman, a military analyst writing in *Armed Forces Journal*, noted recently, "Israel is no longer a small state surrounded on all sides by neighbors with large forces. It is a militaristic state whose military buildup has gone far beyond the requirements of defense." Israeli Foreign Minister Moshe Dayan remarked in March 1977 that "Israel has more planes than Italy or Germany or France and a little less than England".

Other considerations that Congress should weigh in assessing the level of arms transfers to Israel are the following:

(1) Israel is the only country among the proposed arms recipients that refuses to become a signatory to the nuclear non-proliferation treaty. Israel is reported by authoritative American government sources to have a nuclear military capability.

(2) Israel is becoming a major arms exporter, with principal clients including South Africa and several Asian and Latin American countries. Israel is giving serious consideration to launching production of an advanced fighter similar to the F–15 or F–16 and has the technical capability to do so.

(3) American arms shipments to Israel while it occupies Arab lands are seen by the Arabs as evidence that despite what it says about illegal settlements, the American government tacitly supports Israeli military occupation of the Sinai Peninsula, the Gaza Strip, the West Bank, and the Golan Heights.

(4) American officials estimate that as the result of the buildup of forces since 1973, Israel has the capability to attack up to three of its neighbors and fight for 30 days without resupply—a need which gave the United States diplomatic leverage over Israeli actions during the 1973 war.

VIII. CONCLUSION

The Middle East conflict represents the overflow into neighboring parts of the region of the core Palestine issue. The American government and people have been more than generous in responding to Israel's fears of Arab intentions. The military realities have been all the other way, however, resulting in Israeli occupation of Arab lands, displacement of indigenous populations, and development of Israel into a modern-day Sparta.

Congress has made much of this possible through appropriation of funds, often exceeding Administration requests for arms to Israel. NAAA is of the opinion that much of the opposition to the Arab portion of the proposed arms sale is an attempt to thwart a shift in American political relationships in the region rather than fear for the military security of Israel.

At a time when American taxpayers are being pressed by rising government expenditures, we are being asked in the coming fiscal year to pay one-half billion dollars for arms to Israel and to absorb another one-half billion in loans at low interest rates over the next thirty years. American taxpayers are not, however, being asked to underwrite the cost of the aircraft for Egypt and Saudi Arabia.

NAAA is encouraged by evidence that the Carter Administration wants to serve the American interest and human rights in the Middle East. This approach is long overdue, and NAAA welcomes it.

America can regain credibility and a moral position with regard to the Middle East. We can protect Israel without subjecting the rest of the region to Israeli hegemony; Israeli security must not mean the utter insecurity of all its neighbors. We can develop American ties to the Arab World that reflect mutual interests. We must begin, and begin soon, however, to develop a regional, rational approach to arms transfers to the Middle East that incorporates phased reduction in cooperation with the other principal arms suppliers of the world.

MARCH 24, 1978.

Hon. CYRUS R. VANCE,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: I enclose for the detailed comments of the Department of State a memorandum prepared by the National Association of Arab Americans on the Middle East arms sales package.

I would like very much to have your comments on this memorandum in early April.

With best regards.

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on Europe, and the Middle East.

DEPARTMENT OF STATE,
Washington, D.C., April 20, 1978.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East, Committee on International Relations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: As you requested in your letter of March 24 to the Secretary, I am transmitting the comments of the Department of State on the memorandum of the National Association of Arab Americans on the Middle East aircraft package.

Sincerely,

DOUGLAS J. BENNET, JR.,
Assistant Secretary for Congressional Relations.

DEPARTMENT OF STATE COMMENTS ON MEMORANDUM PREPARED BY THE NATIONAL ASSOCIATION OF ARAB-AMERICANS ON MIDDLE EAST ARMS SALES

NAAA MEMORANDUM

"NAAA endorses the Administration's proposed 'package' sale of aircraft . . . because the Arab sales underscore the growing political and economic importance of the Arab world to the United States. The sales to Arab nations also serve as a reminder that Israeli arms requests are no longer considered in a vacuum."

DEPARTMENT OF STATE COMMENT

The proposed aircraft sales were not designed as a political gesture to any party, nor should one conclude that our arms sales to the region will in the future require the linking of transfers to different countries.

Each of the four proposed sales was considered on its merits in terms of the requesting nation's need for defensive aircraft. We shall continue to follow this practice, consistent with the guidelines of the President's arms transfer policy. The four sales will be presented to Congress as a "package" because of their interrelated implications for the regional military balance and the peace process. In deciding on arms transfers to the Middle East these factors have regularly been examined. Israeli requests have never been considered "in vacuum."

NAAA MEMORANDUM

"The Middle East conflict has been intensified by years of American over-supply of weapons to Israel."

DEPARTMENT OF STATE COMMENT

The sale of U.S. arms to Israel over the years has been motivated by our determination that Israel have the necessary equipment to deter and, if necessary, to defend itself successfully against aggression. Furthermore, the U.S. has consistently exercised restraint in an effort to avoid fueling arms races in the Middle East. It was not until the 1967 Arab-Israel war, when other sources were no longer available, that the U.S. assumed the role as the preponderant supplier of Israel's arms. We believe that our response to Israel's needs, both before and after 1967, had been appropriate to the circumstances of the military balance at the time, particularly in light of Soviet shipments to Arab states.

NAAA MEMORANDUM

" . . . American officials fell into the habit of equating Israel's 'enemies' with America's 'enemies.'

DEPARTMENT OF STATE COMMENT

Throughout the thirty years of Israel's existence, the U.S. has sought to maintain a balanced and fair approach in its relations with both sides of the Arab-Israel dispute. In addition to the intrinsic value of good bilateral relations in the region, we have recognized that friendly and productive ties with the Arab states are a necessary condition if the U.S. is to help in the search for an Arab-Israel settlement.

NAAA MEMORANDUM

"The arms for Israel will serve to tighten Israel's hold on those (occupied) areas and provide protection for the 90-plus settlements. . . ."

DEPARTMENT OF STATE COMMENT

The U.S. has sold arms to Israel to help assure its security. We have explicitly stated that we would not use the level of arms supply to pressure Israel in negotiations. Similarly, our arms transfers do not constitute approbation of all Israeli policies or actions, with some of which we disagree. The U.S. considers that it has a historic responsibility to assist Israel with its defense and that this responsibility overrides separate political questions. More importantly, it is clear that the peace settlement that Israel and most of the Arab states so earnestly desire will be achieved when both sides display the requisite understanding and flexibility. Israel's military strength should not form an impediment to successful negotiations. Rather, we believe all parties must have confidence in their individual security in order to make the difficult compromises necessary for peace.

NAAA MEMORANDUM

"The proposed sale of F–15s to Saudi Arabia should be viewed primarily as po-

litical symbolism and affirmation of the American-Saudi relationship."

DEPARTMENT OF STATE COMMENT

We agree that there is an important symbolism in this sale. Over the years Saudi Arabia has looked to the United States for support of the Kingdom's security and territorial integrity. Saudi confidence in this support has been based not only on the ability of the U.S. as a great power to work for global peace and order, but also on the reliability of the U.S. as supplier of equipment, advice and training for the development of Saudi Arabia's own defense capability. Saudi Arabia's confidence in our concern for its security needs is a key element in maintaining the broad relationship which has so well served major U.S. interests. The Saudis regard acquisition of the F–15 as a particularly significant element in their long-term effort to develop an adequate defense capability and hence regard our willingness to provide the aircraft as a test case of our willingness to meet legitimate Saudi security needs.

The Administration feels, however, that quite beyond this symbolic aspect there is a major US national security interest in providing the F–15 in order to enable the Saudis to create an effective air defense for their national territory. The importance of Saudi Arabia to key U.S. national interests is clear. It is in our own national interest that Saudi Arabia be safe from attack, capable of deterring aggression against its territory and equipped to provide for its legitimate defense needs. The Administration has determined that providing the F–15 to Saudi Arabia will play a most important role in responding to these interests.

NAAA MEMORANDUM

". . . last December it was Saudi influence that kept OPEC from instituting a rise in the price of oil."

DEPARTMENT OF STATE COMMENT

Saudi Arabia has on three occasions since 1975 been the leading force preventing or restraining an OPEC price increase, thus sacrificing billions of dollars in additional revenues. Iran joined Saudi Arabia in urging the price freeze that was approved by OPEC in December 1977.

NAAA MEMORANDUM

"The F–15 is so complex and so difficult to fly that it could not be transferred readily to a 'confrontation state' . . ."

DEPARTMENT OF STATE COMMENT

It is not accurate to describe the F–15 as "complex and so difficult to fly"; in fact, the F–15 is especially engineered for relatively simple maintenance and operation compared to other combat aircraft of the same class.

It is true, nevertheless, that a transfer of the F–15 to another country could not be accomplished without substantial training for the new ground and air crews, and extensive logistic support. This could not be provided by Saudi Aradia without observation by U.S. personnel assisting the Saudi Air Force. Saudi Arabia has stated unequivocally that it will not transfer U.S.-supplied arms, including the F–15, without U.S. approval as required by law.

NAAA MEMORANDUM

". . . Israel's . . . air refueling capability has extended the eeffctive combat range of every aircraft in Israel's possession.'

DEPARTMENT OF STATE COMMENT

Israel now has two KC–130 and two KC–97 tanker aircraft. These planes can refuel most of Israel's 228 A–4 aircraft and a limited number of its 152 F–4's. None of Israel's other aircraft (Mirage or Kfir) can be air-to-air refueled.

NAAA MEMORANDUM

"Israel . . . is a militaristic state whose military build-up has gone far beyond the requirements of defense."

DEPARTMENT OF STATE COMMENT

We disagree with the characterization of Israel as a "militaristic state." Despite its heavy security concerns, Israel is a flourishing democracy with freedom of debate totally unlike the restricted atmosphere in various states dominated by military elements. Israel's civilian economy is healthy and building new strength; it is geared to the production of higher levels of material well-being for the population. As indicated earlier, we do not believe that Israel's military capability is excessive to its requirements for deterrence and defense.

NAAA MEMORANDUM

"Israel is the only country among the proposed arms recipients that refuses to become a signatory to the nuclear non-proliferation treaty."

DEPARTMENT OF STATE COMMENT

Neither Israel nor Saudi Arabia has adhered to the Nuclear Non-Proliferation Treaty; Egypt, while it has signed the Treaty, has yet to ratify its acceptance. The Policy of the U.S. is to achieve the adherence of all states in the Middle East to the NPT, and we will continue to pursue this goal.

NAAA MEMORANDUM

"Israel is reported by authoritative American government sources to have a nuclear military capability."

DEPARTMENT OF STATE COMMENT

We have noted strong Israeli statements that Israel will not be the first to introduce nuclear weapons into the Middle East. This position was reiterated on October 25, 1977, by an Israeli Government spokesman. In December 1974 the Israeli Prime Minister publicly stated, "We have no nuclear weapons." Again in September 1975, the Prime Minister stated, "Israel is a non-nuclear country." These are authoritative statements of the Government of Israel on this matter.

NAAA MEMORANDUM

"Israel is becoming a major arms exporter * * *"

DEPARTMENT OF STATE COMMENT

For several years Israel's sales of military equipment have totalled a few hundred million dollars annually. According to ACDA, in 1976 Israel ranked 14th among 44 nations in terms of the value of its arms exports. Its arms exports are well below the levels of a number of Western and Eastern arms suppliers.

NAAA MEMORANDUM

"Congress has made much of this possible (i.e., "Israeli occupation of Arab lands, displacement of indigenous populations, and development of Israel into a modern-day Sparta.") through appropriation of funds, often exceeding Administration requests for arms to Israel."

DEPARTMENT OF STATE COMMENT

This statement is inconsistent with actual American policy and actions in the Arab-Israel dispute. The views of the Executive and Legislative Branches historically have been generally congruent on the main lines of U.S. policy on Israel. Consistent with our long-standing commitment to the security of Israel, the U.S. Government has been dedicated to the achievement of a just and durable peace in the Middle East, in accordance with the principles set forth in UN Security Resolution 242; the Executive Branch's efforts in that regard have had the support of the Congress. Finally, Congress and the Executive Branch have worked closely on appropriations legislation and generally have been in accord on the level of funding the Administration considered necessary for Israel.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. RISENHOOVER (at the request of Mr. WRIGHT), for today, on account of official business.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special order heretofore entered, was granted to:

Mr. ASHBROOK, for 10 minutes, today, and to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. WALKER) and to revise and extend their remarks and include extraneous matter:)

Mr. EDWARDS of Oklahoma, for 5 minutes, today.

Mr. WHALEN, for 5 minutes, today.

Mr. KEMP, for 10 minutes, today.

(The following Members (at the request of Mr. PEASE) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. RONCALIO, for 5 minutes, today.

Mr. RICHMOND, for 5 minutes, today.

Mr. VANIK, for 5 minutes, today.

Mr. STOKES, for 15 minutes, today.

Mr. BYRON, for 5 minutes, today.

Mr. PEPPER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. HARKIN, to insert his remarks immediately after the vote today on Senate Concurrent Resolution 573.

Mr. HAMILTON, and to include extraneous material notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,150.

Mr. YOUNG of Florida, and to include extraneous material with remarks made during debate on Peace Corps Act Amendments of 1978.

(The following Members (at the request of Mr. WALKER) and to include extraneous matter:)

Mr. SARASIN.

Mr. BROWN of Ohio in two instances.

Mr. BOB WILSON in three instances.

Mr. REGULA.

Mr. DERWINSKI.

Mr. EMERY.

Mr. PURSELL.

Mr. ANDERSON of Illinois in two instances.

Mr. LEACH in two instances.

Mr. FISH.

Mr. RAILSBACK.

Mr. CRANE.

Mr. MICHEL.

Mr. LENT.

Mr. FINDLEY.

(The following Members (at the request of Mr. PEASE) and to include extraneous matter:)

Ms. MIKULSKI.
Mr. ADDABBO.
Mr. FISHER.
Mr. RICHMOND in two instances.
Mr. EDGAR in two instances.
Mr. GONZALEZ in three instances.
Mr. ANDERSON of California in three instances.
Mr. WIRTH.
Mr. CORRADA.
Mr. CONYERS.
Mr. MINETA in two instances.
Mr. SKELTON.
Mr. CARR.
Mr. LEVITAS.
Mr. SIMON in five instances.
Mr. HARRINGTON.
Mr. CARNEY.
Mr. RYAN.
Mr. OBERSTAR.
Mr. MAZZOLI.
Mr. MCDONALD.
Mr. LUKEN.
Mr. GIBBONS.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1829. An act to provide for the establishment of the Jean Lafitte National Historical Park and Preserve in the State of Louisiana, and for other purposes; to the Committee on Interior and Insular Affairs; and

S. 2553. An act to authorize appropriations for the fiscal year 1979 for certain maritime programs of the Department of Commerce, and for other purposes; to the Committee on Merchant Marine and Fisheries.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1617. An act to establish a program of ocean pollution research, development, and monitoring, and for other purposes.

ADJOURNMENT

Mr. HARKIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, April 26, 1978, at 2 o'clock p.m.

EXECUTIVE COMMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3950. A letter from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 6(d)(1) of the Military Selective Service Act (50 USC App. 456(d)(1)) to provide greater training flexibility for Reserve officers ordered to active duty for training for not more than 6 months by deleting the requirement that they be ordered to active duty for not less than 3 months; to the Committee on Armed Services.

3951. A letter from the Director, Defense Civil Preparedness Agency, transmitting a report covering the quarter ended March 31, 1978, on property acquisitions of emergency supplies and equipment, pursuant to section 201(h) of the Federal Civil Defense Act of 1950, as amended; to the Committee on Armed Services.

3952. A letter from the Secretary of Labor, transmitting a report on the Department's activities under the Freedom of Information Act during the calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3953. A letter from the Special Assistant for Management, Office of the Special Representative for Trade Negotiations, Executive Office of the President, transmitting a report on the Office's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3954. A 1 etter from the General Counsel, Securities and Exchange Commission, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3955. A letter from the Chairman, National Park Foundation, transmitting the first decade report and the 1977 annual report of the Foundation, pursuant to section 10 of Public Law 90–209; to the Committee on Interior and Insular Affairs.

3956. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Nancy Ostrander, Ambassador-designate to Surinam, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

3957. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment and services sold commercially to Argentina (MC–9–78), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on International Relations.

3958. A letter from the Assistant Secretary of the Treasury (Legislative Affairs), transmitting various project performance audit reports prepared by the International Bank for Reconstruction and Development and a postevaluation report by the Asian Development Bank, pursuant to section 301(e)(3) of the Foreign Assistance Act of 1961, as amended (87 Stat. 718); to the Committee on International Relations.

3959. A letter from the Controller, American Chemical Society, transmitting the annual report and audit of the organization for calendar year 1977, pursuant to section 8 of Public Law 75–358 and section 3 of Public Law 88–504; to the Committee on the Judiciary.

3960. A letter from the Secretary of the Interior, transmitting the second annual report on the Tule elk herds in California, pursuant to section 3 of Public Law 94–389; to the Commitee on Merchant Marine and Fisheries.

3961. A letter from the Secretary of the Army, transmitting a report from the Chief of Engineers on the Seattle Metropolitan Urban Drainage Study-Cedar and Green River Basins, Washington, together with other pertinent reports, pursuant to section 209 of the Flood Control Act of 1962 (Public Law 87–874); to the Committee on Public Works and Transportation.

3962. A letter from the Assistant Secretary of Commerce for Economic Development, transmitting notice of a delay in preparation of the annual report of the Economic Development Administration for fiscal year 1977; to the Committee on Public Works and Transportation.

3963. A letter from the Federal Cochairman, Upper Great Lakes Regional Commission, transmitting the Commission's 1977 annual report, pursuant to section 510 of the Public Works and Economic Development Act of 1965, as amended; to the Committee on Public Works and Transportation.

3964. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes; to the Committee on Veterans' Affairs.

3965. A letter from the Comptroller General of the United States, transmitting a report on work requirements of the food stamp program (CED–78–60) April 24, 1978; jointly, to the Committees on Government Operations, and Agriculture.

3966. A letter from the Comptroller General of the United States, transmitting a report on the status of the Air Force's F–16 aircraft program (PSAD–78–36, April 24, 1978); jointly, to the Committees on Government Operations, and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAHON: Committee on Appropriations. House Joint Resolution 859. Joint resolution making supplemental appropriations for the United States Railway Association for the fiscal year ending September 30, 1978, and for other purposes (Rep. No. 95–1083). Referred to the Committee of the Whole House on the State of the Union.

Ms. CHISHOLM: Committee on Rules. House Resolution 1149. Resolution providing for the consideration of H.R. 2222. A bill to amend the National Labor Relations Act to clarify the scope of its coverage (Rept. No. 95–1084). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 1150. Resolution providing for the consideration of H.R. 9400. A bill to authorize actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States (Rept. No. 95–1085). Refererd to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 1013. Resolution to provide for the expenses of investigations and studies to be conducted by the Committee on Science and Technology; with amendment (Rept. No. 95–1086). Referred to the House Calendar.

Mr. ZABLOCKI: Committee on International Relations. H.R. 12222. A bill to amend the Foreign Assistance Act of 1961 to authorize development and economic assistance programs for fiscal year 1979, to make certain changes in the authorities of that act and the Agricultural Trade Development and Assistance Act of 1954, to improve the coordination and administration of U.S. development-related policies and programs, and for other purposes (Rept. No. 95–1087). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL (for himself, Mr. PREYER, Mr. SCHEUER, Mr. FLORIO, Mr. MAGUIRE, Mr. OTTINGER, Mr. MARKEY, Mr. WALGREN, Mr. CARTER, Mr. BROYHILL, and Mr. MADIGAN):

H.R. 12326. A bill to amend the Developmental Disabilities Services and Facilities

Construction Act to revise and extend the programs under that act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of California (for himself and Mr. CRANE):

H.R. 12327. A bill to amend title 38 of the United States Code in order to provide for the payment of service pensions to veterans of World War I and for certain surviving spouses and certain children; to the Committee on Veterans' Affairs.

By Mr. BROYHILL (for himself, Mr. GINN, and Mr. EVANS of Georgia):

H.R. 12328. A bill to authorize a study for the purpose of determining the feasibility and desirability of designating the Overmountain Men Victory Trail as a national scenic trail; to the Committee on Interior and Insular Affairs.

By Mr. DELLUMS (for himself, Mr. WEISS, Mr. GARCIA, and Mr. GUYER):

H.R. 12329. A bill to amend the Internal Revenue Code of 1954 to provide that a taxpayer conscientiously opposed to participation in war may elect to have his income, estate, or gift tax payments spent for nonmilitary purposes; to create a trust fund (the World Peace Tax Fund) to receive these tax payments; to establish a World Peace Tax Fund Board of Trustees; and for other purposes; to the Committee on Ways and Means.

By Mr. DIGGS (by request):

H.R. 12330. A bill to restrict the possession and carrying of pistols, other firearms, and other dangerous weapons by members of the District of Columbia Department of Corrections to the periods of time when they are on duty and authorized by the Director of the District of Columbia Department of Corrections; to the Committee on the District of Columbia.

H.R. 12331. A bill to amend the Public Buildings Act of 1959 in order to restore the Pension Building in Washington, District of Columbia, to house the Museum of Building Arts, and for other purposes; jointly, to the Committees on Public Works and Transportation and Education and Labor.

By Mr. DRINAN (for himself, Mr. AMBRO, Mr. JACOBS, Mr. KEMP, and Mr. MCHUGH):

H.R. 12332. A bill to promote the development of methods of research, experimentation, and testing that minimize the use of, and pain and suffering to, live animals; to the Committee on Science and Technology.

By Mr. EDWARDS of Oklahoma:

H.R. 12333. A bill to amend chapter 5 and chapter 7 of title 5, United States Code, to improve and reform the administrative procedures of Federal agencies, and for other purposes; to the Committee on the Judiciary.

By Mr. FOLEY:

H.R. 12334. A bill to amend section 1001 of the Food and Agriculture Act of 1977; to the Committee on Agriculture.

By Mr. GIBBONS:

H.R. 12335. A bill to amend the Internal Revenue Code of 1954 to discourage the termination of certain multiemployer plans, and for other purposes; to the Committee on Ways and Means.

By Mr. GLICKMAN:

H.R. 12336. A bill to increase the target prices for the 1978 through 1981 crops of wheat; to the Comittee on Agriculture.

By Mr. KREBS (for himself, Mr. WHITEHURST, Mr. FRASER, Mr. TRAXLER, Mr. EILBERG, Mr. LAFALCE, Mr. SEIBERLING, Mr. HUGHES, Mr. BADHAM, Mr. MATHIS, Mr. ERTEL, Mr. THOMPSON, Mrs. SPELLMAN, Mr. TRIBLE, Mr. SIMON, Mr. PATTERSON of California, Mr. MCHUGH, and Mr. PANETTA):

H.R. 12337. A bill to amend the Internal Revenue Code of 1954 to allow any active participant in a retirement plan a deduction for amounts of retirement savings paid by such individual in any taxable year before such individual's retirement rights vest under such plan; to the Committee on Ways and Means.

By Mr. LEACH:

H.R. 12338. A bill to amend the Internal Revenue Code of 1954 to provide that certain farm buildings shall be eligible for the investment tax credit; to the Committee on Ways and Means.

By Mr. LEDERER (for himself, Mr. BURKE of Massachusetts, Mr. BURLESON of Texas, Mr. CRANE, Mr. DUNCAN of Tennessee, Mr. JENKINS, Mr. KETCHUM, Mr. PICKLE, Mr. WAGGONNER, Mr. ROSTENKOWSKI, Mr. ARCHER, Mr. FISHER, Mr. BRODHEAD, and Mr. VANDER JAGT):

H.R. 12339. A bill to amend section 118 of the Internal Revenue Code of 1954 to clarify the treatment of contributions in and of construction to regulated electric or gas public utilities; to the Committee on Ways and Means.

By Mr. MCEWEN (for himself, Mr. HANLEY, Mr. HANNAFORD, Mr. LAFALCE, Mr. DOWNEY, Mr. LENT, Mr. WALSH, Mr. GREEN, Mr. RICHMOND, Mr. EDWARDS of California, Mr. NOWAK, Mr. KEMP, Mr. LUNDINE, Mr. ADDABBO, Ms. HOLTZMAN, Mr. DORNAN, Mr. BOB WILSON, Mr. MURPHY of Pennsylvania, Mr. GOLDWATER, Mr. WINN, Mr. WHITEHURST, Mr. CARTER, Mr. STRATTON, Mr. ZEFERETTI, and Mr. CONABLE):

H.R. 12340. A bill to provide for the striking of national medals by the Lake Placid 1980 Olympic Winter Games, Inc., in commemoration of the XIII Olympic winter games; to the Committee on Banking, Finance and Urban Affairs.

By Ms. MIKULSKI (for herself, Mrs. SPELLMAN, and Mr. GILMAN):

H.R. 12341. A bill to amend title 39, U.S. Code, to prevent deceptive business solicitations by providing that any such solicitation which is designed to resemble a bill or statement of account shall be nonmailable matter; to the Committee on Post Office and Civil Service.

By Mr. MINETA (by request) (for himself and Mr. JOHNSON of California):

H.R. 12342. A bill to amend the act of October 19, 1965, to provide additional authorization for the Library of Congress James Madison Memorial Building; to the Committee on Public Works and Transportation.

By Mr. PERKINS:

H.R. 12343. A bill to amend, revise and consolidate the provisions of the child nutrition programs in the National School Lunch Act, as amended, and the Child Nutrition Act of 1966, as amended, and for other purposes; to the Committee on Education and Labor.

By Mr. RHODES (for himself, Mr. STUMP, Mr. RUDD, and Mr. UDALL):

H.R. 12344. A bill to modify a portion of the south boundary of the Salt River Pima-Maricopa Indian Reservation in Arizona, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mrs. HOLT (for herself, Mr. BURGENER, and Mr. MICHEL):

H.R. 12345. A bill to improve the congressional budget process by the establishment in the House of Representatives of a two-step budget procedure for the consideration of a first required concurrent resolution on the budget; to the Committee on Rules.

By Mr. RICHMOND (for himself, Mr. BARNARD, Mr. BIAGGI, Mr. BONIOR, Mr. BRINKLEY, Mr. BUCHANAN, Mr. CLAY, Mr. CORRADA, Mr. FITHIAN, Mr. GREEN, Mr. HAMMERSCHMIDT, Mr. HARRINGTON, Mr. JEFFORDS, Mr. LE FANTE, Mr. MCCLOSKEY, Mr. MARKEY, Ms. MIKULSKI, Mr. MICHAEL O. MYERS, Mr. NATCHER, Ms. OAKAR, Mr. RODINO, Mr. ROONEY, Mr. THORNTON, Mr. YATRON, and Mr. YOUNG of Missouri):

H.R. 12346. A bill to provide an opportunity to individuals to make financial contributions, in connection with the payment of their Federal income tax, for the advancement of the arts and the humanities; to the Committee on Ways and Means.

By Mr. ROGERS (for himself, Mr. PREYER, Mr. SCHEUER, Mr. FLORIO, Mr. MAGUIRE, Mr. OTTINGER, Mr. MARKEY, Mr. WALGREN, Mr. CARTER, Mr. MADIGAN, and Mr. SKUBITZ):

H.R. 12347. A bill to amend the Public Health Service Act to revise and extend the programs of assistance for libraries of medicine and the programs of the National Heart, Lung, and Blood Institute and the National Cancer Institute, to revise and extend the program for National Research Service Awards, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS (for himself, Mr. SATTERFIELD, Mr. PREYER, Mr. SCHEUER, Mr. FLORIO, Mr. MAGUIRE, Mr. MARKEY, Mr. WALGREN, Mr. CARTER, Mr. BROYHILL, Mr. MADIGAN, and Mr. SKUBITZ):

H.R. 12348. A bill to amend the Drug Abuse Office and Treatment Act of 1972 to extend the programs of assistance under that act for drug abuse prevention, education, treatment, and rehabilitation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RONCALIO:

H.R. 12349. A bill to provide for the DuNoir Basin Addition to the Washakie Wilderness; to the Comittee on Interior and Insular Affairs.

By Mr. RONCALIO (for himself, Mr. DUNCAN of Oregon, Mr. BAUCUS, and Mr. SIMON):

H.R. 12350. A bill to amend title 10, United States Code, to authorize the Secretary of the Army to establish an Army Reserve career interest program for persons between the ages of 14 and 18; to the Committee on Armed Services.

By Mr. RONCALIO (for himself, Mr. JOHNSON of Colorado, Mr. SANTINI, Mr. MCKAY, Mr. ARMSTRONG, and Mr. MARRIOTT):

H.R. 12351. A bill to amend the Federal Coal Leasing Amendments Act of 1975 (Public Law 94–377; 30 U.S.C. 181 et seq.); to the Committee on Interior and Insular Affairs.

By Mr. ROSTENKOWSKI:

H.R. 12352. A bill to amend the Internal Revenue Code of 1954 to provide that income from certain railroad rolling stock shall be treated as income from sources within the United States; to the Committee on Ways and Means.

By Mr. TEAGUE (for himself, Mrs. HECKLER, Mr. ROBERTS, Mr. HAMMERSCHMIDT, Mr. WOLFF, Mr. MOTTL, Mr. CORNELL, Mr. HANNAFORD, Mr. ALLEN, Mr. APPLEGATE, Mr. HEFNER, Mr. WYLIE, Mr. WALSH, Mr. SATTERFIELD, Mr. EDWARDS of California, Mr. MONTGOMERY, Mr. CARNEY, Mr. BRINKLEY, Mr. BEARD of Rhode Island, Mr. EDGAR, Mr. HALL, Mr. BARNARD, Mr. HILLIS, Mr. ABDNOR, and Mr. GUYER):

H.R. 12353. A bill to amend title 38, United States Code, to extend the period of eligibility for veterans readjustment appointments in the Federal Government for veterans of the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. TEAGUE (for himself, Mr. HANSEN, and Mr. SAWYER):

H.R. 12354. A bill to amend title 38, United States Code, to extend the period of eligibility for veterans readjustment appointments in the Federal Government for veterans of

the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. UDALL:

H.R. 12355. A bill to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. UDALL (for himself and Mr. RAHALL):

H.R. 12356. A bill to amend the Surface Mining Control and Reclamation Act of 1977 to raise certain authorized funding levels contained therein, to increase amounts authorized to be appropriated for the fiscal year 1979 and succeeding fiscal years to carry out the purposes of section 507(c) thereof, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ULLMAN:

H.R. 12357. A bill to amend the Internal Revenue Code of 1954 to provide that certain agricultural labor performed by individuals under the age of 16 will not be subject to the Federal unemployment tax; to the Committee on Ways and Means.

By Mr. WALGREN:

H.R. 12358. A bill to amend the Public Health Service Act to provide for the development of standards for provision of hospice care, to provide for studies and demonstration projects in the provision of hospice care, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WEISS (for himself, Mr. ROE, Mr. BONIOR, Mr. MCCLOSKEY, Mr. ZEFERETTI, Mr. MARKEY, and Mr. DOWNEY):

H.R. 12359. A bill to provide that the Secretary of Housing and Urban Development may not approve any application for rental increases in federally assisted housing unless the amount of such increase is permitted under State and local law; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WEISS (for himself, Mr. DRINAN, Ms. HOLTZMAN, Mr. BEDELL, and Mr. HARRINGTON):

H.R. 12360. A bill to provide that ionization smoke detectors containing any radioactive isotope shall be considered banned hazardous substances subject to the prohibitions of the Federal Hazardous Substances Act; to the Committee on Interstate and Foreign Commerce.

By Mr. WHALEN (for himself, Mr. STEERS, Mr. BINGHAM, Mr. BUCHANAN, Mrs. COLLINS of Illinois, Mr. DRINAN, Mr. EDGAR, Mr. GARCIA, Mr. GREEN, Ms. HOLTZMAN, Mr. MURPHY of Pennsylvania, Mr. OTTINGER, Mr. PEASE, Mr. RAHALL, Mr. RODINO, Mr. ROSENTHAL, and Mr. WOLFF):

H.R. 12361. A bill to provide for advisory safety standards for public playground equipment, and to provide that such equipment located in federally assisted playground facilities shall comply with such standards; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITEHURST (for himself, Mr. BINGHAM, Mr. DERWINSKI, Mr. DUNCAN of Tennessee, Ms. HOLTZMAN, Mr. KRUEGER, Mr. PEPPER, Mr. RODINO, and Mr. WAXMAN):

H.R. 12362. A bill to establish a National Zoological Foundation; to the Committee on Merchant Marine and Fisheries.

By Mr. WIGGINS:

H.R. 12363. A bill to amend title 42, to provide for appropriate reimbursement for certain services provided by nonprofit rehabilitation clinics to crippled and aged persons covered by the medicare program; to the Committee on Ways and Means.

By Mr. WON PAT:

H.R. 12364. A bill to provide for the establishment of a National Seashore on the Island of Guam, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 12365. A bill to establish War in the Pacific National Historic Park in Guam; to the Commitee on Interior and Insular Affairs.

By Mr. YATES:

H.R. 12366. A bill to provide for the conveyance of the property known as Mar-A-Lago from the United States to the Marjorie Merriweather Post Foundation of the District of Columbia; to the Committee on Interior and Insular Affairs.

By Mr. ASHBROOK:

H.R. 12367. A bill to provide for the seizure, forfeiture, and disposition of vehicles used to illegally transport persons into tne United States, and for other purposes; to the Committee on the Judiciary.

By Mr. KETCHUM (for himself, Mr. ARCHER, Mr. VANDER JAGT, Mr. STEIGER, Mr. FRENZEL, Mr. MARTIN, Mr. BAFALIS, Mr. SCHULZE, and Mr. GRADISON):

H.R. 12368. A bill to amend the Social Security Act and the Internal Revenue Code of 1954, to strengthen the financing of the social security system, to provide for a gradual increase in retirement age, to improve the treatment of women through the establishment of a working spouse's benefits and to eliminate gender-based discrimination, to provide coverage under the system for Federal employees, to increase and ultimately repeal the earnings limitation, and for other purposes; to the Committee on Ways and Means.

By Mr. LEACH:

H.R. 12369. A bill to amend the Farm Labor Contractor Registration Act of 1963 to provide that certain individuals employed in the detassling of hybrid seed corn shall not be considered migrant workers for purposes of such act; to the Committee on Education and Labor.

By Mr. ROGERS (for himself, Mr. MAGUIRE, Mr. MARKEY, Mr. OTTINGER, Mr. WALGREN, Mr. CARTER, and Mr. MADIGAN):

H.R. 12370. A bill to amend the Public Health Service Act and related health laws to revise and extend the programs of financial assistance for the delivery of health services, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SYMMS:

H.R. 12371. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide that drugs will be regulated under the act solely to assure their safety, to promote the efficient and fair treatment of new drug applications, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITEHURST (for himself and Mr. TRIBLE):

H.R. 12372. A bill to amend the Internal Revenue Code of 1954 to provide tax-saving incentives for savings accounts established for the purpose of purchasing a home; to the Committee on Ways and Means.

By Mr. RICHMOND:

H.R. 12373. A bill to establish a task force within the Department of Agriculture to develop new beef-grading standards based on consumer needs and preferences, to require the posting of such standards in retail food stores, and to educate consumers with regard to the Department of Agriculture's beef-grading standards and their relation to the nutritional value and cost of beef; to the Committee on Agriculture.

By Mr. BYRON (for himself and Mr BAUCUS):

H.J. Res. 868. Joint resolution to authorize the President to issue a proclamation designating the Sunday following Fire Service Recognition Day as "Memorial Sunday" for firefighters who have been disabled or killed in the line of duty during the preceding year; to the Committee on Post Office and Civil Service.

By Mr. LATTA:

H.J. Res. 869. Joint resolution proposing an amendment to the Constitution of the United States to provide that appropriations made by the United States shall not exceed its revenues, except in time of war or threat of war as determined by the Congress; and to provide for the systematic paying back of the national debt; to the Committee on the Judiciary.

By Mr. MOORE (for himself, Mr. BAUMAN, Mr. BROYHILL, Mr. CARTER, Mr. CEDERBERG, Mr. DEL CLAWSON, Mr. COHEN, Mr. COLLINS of Texas, Mr. CONTE, Mr. GUYER, Mr. MARKS, Ms. MIKULSKI, Mr. MONTGOMERY, Mr. O'BRIEN, Mr. RHODES, Mr. ROBINSON, Mr. SANTINI, Mr. SIMON, Mr. STAGGERS, Mr. STANTON, Mr. STOCKMAN, Mr. TREEN, Mr. VAN DEERLIN, Mr. BOB WILSON, and Mr. WIRTH):

H.J. Res. 870. Joint Resolution designating July 1, 1978, as "National Free Enterprise Day"; to the Committee on Post Office and Civil Service.

By Mr. PRESSLER:

H.J. Res. 871. Joint resolution proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons; to the Committee on the Judiciary.

By Mr. SYMMS (for himself, Mr. ROBINSON, Mr. CRANE, Mr. ARMSTRONG, Mr. DORNAN, Mr. QUILLEN, Mr. MOORHEAD of California, Mr. DEL CLAWSON, Mr. KETCHUM, Mr. JOHNSON of Colorado, Mr. MARLENEE, Mr. TAYLOR, Mr. LAGOMARSINO, Mr. ROUSSELOT, Mr. CUNNINGHAM, Mr. YOUNG of Florida, Mr. HAMMERSCHMIDT, Mr. HAGEDORN, Mr. QUAYLE, Mr. EDWARDS of Oklahoma, Mr. BADHAM, Mr. KELLY, Mr. YOUNG of Alaska, Mr. HANSEN, and Mr. TREEN):

H.J. Res. 872. Joint resolution disapproving proposed regulations of the Department of the Treasury requiring centralized governmental registration of firearms; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. ASHBROOK (for himself, Mr. ALEXANDER, Mr. AMMERMAN, Mr. AUCOIN, Mr. BEVILL, Mr. DON H. CLAUSEN, Mr. CRANE, Mr. EDWARDS of Oklahoma, Mr. GUDGER, Mr. HEFNER, Mr. HIGHTOWER, Mr. MARRIOTT, Mr. MOORE, Mr. MOORHEAD of California, Mr. RAHALL, Mr. RHODES, Mr. RISENHOOVER, Mr. RUNNELS, Mr. RUPPE, Mrs. SMITH of Nebraska, Mr. TEAGUE, Mr. TUCKER, Mr. WALKER, and Mr. CHARLES WILSON of Texas):

H. Con. Res. 574. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. BONKER (for himself, Mr. PEASE, Mr. JENRETTE, Mrs. FENWICK, Mr. LEHMAN, Mr. OTTINGER, Mr. D'AMOURS, Mr. CARTER, Mr. BEILENSON, Mr. BONIOR, Mr. CORCORAN of Illinois, Mr. MCHUGH, Mr. DOWNEY, Mr. LAFALCE, Mr. EILBERG, Mr. LUKEN, Mr. BRODHEAD, and Mr. VENTO):

H. Con. Res. 575. Concurrent resolution providing that the President should implement measures to discourage activities which benefit the Government of the Republic of Uganda; to the Committee on International Relations.

By Mr. FISH (for himself, Mr. TREEN, Mrs. HECKLER, Mr. BLANCHARD, Mr. LEHMAN, Mr. EDWARDS of California, Mr. DORNAN, Mr. AMBRO, Mr. GREEN, Mr. KEMP, Mr. BINGHAM, Ms. HOLTZMAN, Mr. SOLARZ, Mr. KILDEE, Mr. EDGAR, Mr. TUCKER, Mr. FRENZEL, and Mr. MURPHY of New York):

H. Con. Res. 576. Concurrent resolution expressing the sense of the Congress that the President should direct the U.S. Ambassador to the United Nations to offer a resolution in the General Assembly which would remove the observer status of the Palestine Liberation Organization; to the Committee on International Relations.

By Mr. GAYDOS:

H. Con. Res. 577. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. WEAVER (for himself, Mr. ASHBROOK, Mr. ANDREWS of North Dakota, Mr. ARCHER, Mr. BADHAM, Mr. BAUMAN, Mr. CARTER, Mr. COLLINS of Texas, Mr. CUNNINGHAM, Mr. DAVIS, Mr. DINGELL, Mr. DORNAN, Mr. ENGLISH, Mr. HANSEN, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MARLENEE, Mr. MURPHY of Pennsylvania, Mr. MURTHA, Mr. ROUSSELOT, Mr. RUDD, Mr. SIKES, Mr. TRAXLER, and Mr. BOB WILSON):

H. Con. Res. 578. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. FINDLEY (for himself, Mr. BEVILL, Mr. GLICKMAN, Mr. HARKIN, Mr. TUCKER, and Mr. WATKINS):

H. Res. 1151. Resolution to maximize local nighttime radio service; to the Committee on Interstate and Foreign Commerce.

By Mr. FINDLEY (for himself, Mr. ADDABBO, Mr. BEVILL, Mr. BOLAND, Mr. BUCHANAN, Mr. CEDERBERG, Mr. DON H. CLAUSEN, Mr. COLEMAN, Mr. CORCORAN of Illinois, Mr. DAN DANIEL, Mr. DEVINE, Mr. DUNCAN of Tennessee, Mr. FARY, Mr. GOLDWATER, Mr. GUYER, Mr. HIGHTOWER, Mr. HORTON, Mr. HYDE, Mr. JONES of North Carolina, Mr. KEMP, Mr. KETCHUM, Mr. KINDNESS, Mr. LAGOMARSINO, Mr. LATTA, and Mr. LEACH):

H. Res. 1152. Resolution to recognize Bob Hope on his 75th birthday; to the Committee on Post Office and Civil Service.

By Mr. FINDLEY (for himself, Mr. LOTT, Mr. MICHEL, Mr. MOAKLEY, Mr. MONTGOMERY, Mr. MOORE, Mr. MURPHY of Pennsylvania, Mr. MICHAEL O. MYERS, Mr. NICHOLS, Mr. O'BRIEN, Mr. PANETTA, Mr. RINALDO, Mr. SCHULZE, Mr. SIKES, Mr. SNYDER, Mr. SPENCE, Mr. STEIGER, Mr. STRATTON, Mr. WINN, and Mr. YOUNG of Alaska):

H. Res. 1153. Resolution to recognize Bob Hope on his 75th birthday; to the Committee on Post Office and Civil Service.

By Mr. PATTISON of New York (for himself, Mr. STUDDS, Mr. FAUNTROY, Mr. DIGGS, Mr. RANGEL, Mr. DELLUMS, Mr. BLANCHARD, Mr. MOAKLEY, Mr. SCHEUER, Mr. MARLENEE, Mr. PANETTA, Mr. MAZZOLI, Mr. MANN, Mr. CARR, Mr. PURSELL, Mr. WALGREN, Mr. EILBERG, and Mr. KREBS):

H. Res. 1154. Resolution to authorize each Member of the House of Representatives to hire two additional Lyndon Baines Johnson congressional interns and to authorize payment of additional compensation for such interns from the clerk hire allowance; to the Committee on House Administration.

By Mr. PRESSLER:

H. Res. 1155. Resolution to provide that individuals attending or teaching at vocational schools shall be eligible to serve as congressional interns in the House of Representatives; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

378. By the SPEAKER: Memorial of the Legislature of the State of California, relative to control of the Japanese beetle; to the Committee on Agriculture.

379. Also, memorial of the Legislature of the State of Hawaii, relative to the base flood standard under the National Flood Insurance Act; to the Committee on Banking, Finance and Urban Affairs.

380. Also, memorial of the Senate of the State of Hawaii, relative to Federal insurance of mortgages on leasehold property; to the Committee on Banking, Finance and Urban Affairs.

381. Also, memorial of the Legislature of the State of Hawaii, relative to no-fault automobile insurance; to the Committee on Interstate and Foreign Commerce.

382. Also, memorial of the Senate of the State of Hawaii, relative to no-fault automobile insurance; to the Committee on Interstate and Foreign Commerce.

383. Also, memorial of the Legislature of the State of California, relative to revitalization of California's aerospace industry; to the Committee on Science and Technology.

384. Also, memorial of the Legislature of the State of California, relative to State and local government pension and retirement plan reports; to the Committee on Ways and Means.

385. Also, memorial of the Legislature of the State of California, relative to supplying water from imported Antarctic icebergs; jointly, to the Committees on Merchant Marine and Fisheries, International Relations, Interior and Insular Affairs, Public Works and Transportation, and Science and Technology.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KRUEGER:

H.R. 12374. A bill for the relief of Ty Leslie McLean; to the Committee on the Judiciary.

H.R. 12375. A bill for the relief of Jack Faircloth; to the Committee on the Judiciary.

H.R. 12376. A bill for the relief of Carla K. Finch; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

449. By Mr. SYMMS: Petition of the St. Joe Valley Association, St. Maries, Idaho, relative to the proposed designation of a portion of the St. Joe River, Idaho, as a component of the Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

450. By the SPEAKER: Petition of the Louisiana District Attorneys Association, Baton Rouge, La., relative to opposing proposed legislation to make States and local governments liable for certain deprivation of civil rights; to the Committee on the Judiciary.

451. Also, petition of the town council, Indialantic, Fla., relative to medical services for veterans in the Brevard County, Fla., area; to the Committee on Veterans' Affairs.

452. Also, petition of the Massachusetts Association of Contributory Retirement Systems, Inc., Watertown, Mass., relative to voluntary coverage of public employees under social security; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8494

By Mr. KINDNESS:

On page 28, line 3, strike the comma after the word "value" and insert a semicolon.

On page 28, strike the language beginning with the word "but" on line 3 through to "teer" on line 5.

On page 28, line 3, strike the comma after the word "value" and insert a semicolon.

On page 28, strike the language beginning with the word "but" on line 3 through to the semicolon on line 5.

Page 29, insert after line 14 the following new paragraph (7) and redesignate the following new paragraphs accordingly:

(7) The term "franchisee" means a person who, pursuant to an agreement with one or more parties, has the right to distribute, sell, or provide goods, services, or facilities, within a specified area.

Page 33, insert after line 9 the following new paragraph (11) and redesignate the following paragraphs accordingly:

(11) The term "principal place of business" means—

(A) an office, production facility, or other establishment, in which an organization conducts its business or activities and which is located in a State in which such organization is incorporated, or

(B) any office, production facility, or other etabilshment, in which an organization conducts a substantial portion of its business or activities, but such term does not include an establishment of a franchisee.

On page 30, line 22, strike "or written".

On page 32, strike lines 6–17, and insert the following new subsection in lieu thereof:

(D) a communication on any subject directly affecting any organization to a Member of the Senate or of the House of Representatives, or to an individual on the personal staff of such Member, if such organization's principal place of business is located in the State represented by such Member.

On page 32, line 5, strike "or".

On page 32, line 16, insert "or" after the semicolon.

On page 32, after line 16, insert the following additional language:

"(E) a communication which deals only with the existence or status of any issue, or which seeks only to determine the subject matter of an issue."

On page 32, following line 16, insert the following new paragraph:

"(F) a communication by, or on behalf of, a candidate, as defined in section 301(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(b)) or by, or on behalf of, a candidate for a State or local office, made in his capacity as a candidate for Federal, State, or local office, including a communication or solicitation by, or on behalf of, an organization in its capacity as a political committee, as defined in section 301(d) of such Act (2 U.S.C. 431(d));".

On page 32, line 21, insert the following before the word "organization": "any Indian tribe,".

On page 33, line 1, strike "any Indian tribe,".

On page 39, strike lines 11–22, and insert the following new subsection in lieu thereof:

"(1) to develop a filing system to carry out the purposes of this Act;".

On page 40, strike the language beginning on line 16 through line 4 on page 41.

On page 40, line 15, strike the semicolon, insert a comma, and add the following language: "and to permit copying of such information by hand or by copying machine or, at the request of any individual or organization, to furnish a copy of such information upon payment of the cost of making and furnishing such copy; and".

On page 41, line 6, strike "(6)" and insert "(4)".

On page 46, strike lines 4–10, and insert the following new section:

"SEC. 15. This Act shall take effect on October 1, 1979."

Add the following new section at the end of the bill:

TERMINATION

SEC. 16. (a) This Act shall terminate at the end of the 5-year period beginning on the date of the enactment of this Act.

(b) The termination date specified in subsection (a) shall not affect any civil or criminal action commenced under section 8 of this Act before the termination date of this Act. In all such actions, proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if this Act did not terminate.

(c) The termination date specified in subsection (a) shall not affect the requirements set forth in sections 5(c) and 7(a)(3) this Act.

By Mr. SANTINI:

Page 45, insert the following new section after line 10 and redesignate succeeding sections accordingly:

STUDY OF CERTAIN LOBBYING COMMUNICATIONS

SEC. 12. The Advisory Commission on Intergovernmental Relations shall conduct a study of lobbying communications made by Federal, State, and local elected officials, in order to determine whether the provisions of this Act should apply equally to all such entities. The Commission shall, not later than January 1, 1979, submit a report to the Congress containing the findings of such study and containing legislative recommendations in accordance with such findings.

Page 46, line 4, strike out "subsection (b)," and insert in lieu thereof "subsection (b) and (c),".

Page 46, insert the following new subsection after line 10:

(c) Associations of State and local elected officials shall be subject to the provisions of this Act on January 1, 1980.

SENATE—*Tuesday, April 25, 1978*

(Legislative day of Monday, April 24, 1978)

The Senate met at 10 a.m., on the expiration of the recess and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Draw nigh unto God, and He will draw nigh unto thee.—James 4: 8.

Let us pray:

"Spirit of God, descend upon our hearts,
Wean them from earth; through all their pulses move;
Stoop to our weakness, mighty as Thou art,
And make us love Thee as we ought to love."

GEORGE GROLY—Adapted.

O God, ever near and dear to us, we thank Thee for this hallowed moment and for prayers heard or read unspoken which lift our horizon, clarify our vision, and send us to our task renewed and strengthened.

We join our hearts in prayer for the President, so harried and harassed by unrelieved burdens. Lift him up and give him courage and wisdom.

Help us to grasp the lessons of history. Help us to read and understand what the past has to say to the present. Then help us to act with wisdom in our day and to be unafraid of the future. Give us a part in moving forward the kingdom of justice and truth, over which Thou dost rule eternally.

We pray in the Great Redeemer's name. Amen.

ALASKA'S D–2 LANDS

Mr. STEVENS. Mr. President, on April 19, I presented a brief summary of each of the d–2 proposals before Congress. It is my belief that all Americans should be aware of the various pieces of legislation concerning this issue. Since the insertion of those summaries another bill has been introduced concerning the final disposition of Alaska's d–2 lands. This bill was introduced by my colleague, Senator MIKE GRAVEL. At this time I ask unanimous consent to have printed in the RECORD a brief summary of this new legislation.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

S. 2944: Introduced by Senator Gravel provides for the establishment of approximately 50 million acres of national parks, refuges, forests and wild rivers. Federal lands not reserved for a specific purpose by legislation and state lands would be classified by a land classification commission.

NATURAL GAS COMPROMISE

Mr. STEVENS. Mr. President, I want to take a few minutes of my time this morning to talk about the natural gas compromise which I hope will be worked out very soon. I welcomed the news last Friday that a tentative agreement has been reached, as I know my colleagues have welcomed any indication we have received over the past 5 months that progress is being made toward a compromise.

But there are a few very important issues which have not been resolved. One of these is the pricing policy applicable to gas from the North Slope of Alaska.

Last fall, the Congress approved the President's selection of the Alaska highway pipeline route for bringing natural gas from the North Slope of Alaska to energy markets in the South 48 States. But the selection and approval did not guarantee that the project will be completed, or even started, on schedule.

The major hurdle facing the project at this time is financing. This pipeline will be the largest single project undertaken by private capital. Putting this much money together would be difficult under any circumstances. But the task is made more complicated by the fact that the market for the product—natural gas—is not assured. This is because of the uncertainties surrounding the Federal pricing policy which will be applied to this gas.

Unless these uncertainties are cleared up, gas sales contracts cannot be negotiated, the necessary financing cannot be obtained, and construction of the pipeline cannot begin on time to meet the January 1, 1983, startup target.

The legislation which is now before the conference committee must provide the appropriate pricing policy for this gas. Otherwise, it will be up to the Federal Energy Regulatory Commission to determine that policy under the Natural Gas Act, a process which could delay the project a year or two, or even longer.

The conferees have agreed on one part of that pricing policy—a wellhead price ceiling.

But another, and perhaps more important, element is still missing: rolled-in pricing. Rolled-in pricing is needed to assure that the gas shipped through the line can be sold. Although the gas would probably be marketable even if it were incrementally priced, rolled-in pricing—the method by which the costs of new sources of gas have traditionally been allocated to users—is needed to remove the last bit of uncertainty which prevents investors from getting involved in the project. This point cannot be overstated. Incremental pricing magnifies the uncertainty in future energy markets to the scale that investors would be driven away from a project of the magnitude of the Alaskan gas pipeline.

Incremental pricing would most likely postpone, and may even prevent, financing and construction of the gasline. This would be ironic, in light of the fact that the whole purpose of the natural gas legislation which Congress has been working on for more than a year is to establish a pricing policy to increase future gas supplies.

I have communicated my concerns to

the Senate conferees and to their chairman, Senator JACKSON, on several occasions. I appreciate their recognition of the importance of rolled-in pricing to the Alaska Highway pipeline and their unfailing support for this provision in negotiations with the House conferees. By my remarks this morning I mean to encourage them to stand firm until this issue is resolved.

I yield back the reminder of my time.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, I had assumed there was time available under the recognition of the leadership. I do have a special order for 15 minutes this morning. I ask unanimous consent that the time I have just taken not be deducted from that, and that that time be yielded to the Senator from Oregon (Mr. MARK O. HATFIELD).

The PRESIDENT pro tempore. Without objection, it is so ordered.

SPECIAL ORDER

The PRESIDENT pro tempore. Under the previous order, the Senator from Oregon (Mr. MARK O. HATFIELD) is recognized for not to exceed 15 minutes, plus the time yielded by the Senator from Alaska.

Mr. MARK O. HATFIELD. I thank the Senator from Alaska for yielding me his time.

Mr. President, I yield 2 minutes of my time to the Senator from Idaho (Mr. MCCLURE).

Mr. McCLURE. Mr. President, I thank the Senator from Oregon for yielding this time, and I appreciate particularly his allowing me to take this time ahead of his presentation.

CENSORSHIP AT NBC

Mr. McCLURE. Mr. President, the National Broadcasting Corp. has recently won well-deserved accolades for its presentation of "Holocaust," a gripping portrayal, in the lives of individual men and women, of the unspeakable tragedy unleashed upon Europe's Jews by Hitlerian madness. Many viewers found the program too terrible to watch, but most found it too compelling to ignore. The NBC Television Network can take pride in its courageous decision to bring to the American people four evenings of unforgettable drama that will have an impact upon our thoughts and actions for many years to come.

The National Broadcasting Corp.'s Radio Network, however, seems not to have the same taste for facing unpleasant realities. It recently banned from the airwaves a sermon by the Reverend Dr. Oswald Hoffmann. The sermon was scheduled for broadcast over "The Lutheran Hour," a distinguished religious program which, for more than 20 years, has brought thoughtful and inspiring entertainment to its listeners.

Dr. Hoffmann's sermon was not political. It was not offensive. It did not attack or demean anyone. It surely could not be faulted for improper language. Why, then, was it censored by NBC? Why did the network, which takes some $75,000 from the Lutheran Layman's League, sponsor of "The Lutheran Hour," refuse to air this one program?

Dr. Hoffmann, you see, was discussing abortion. And that, in the view of NBC, is not acceptable. The network complained that the sermon presented "one side of a controversial issue."

Will NBC executives now insist that every religious program present both sides of every issue: for and against racial discrimination, for instance, and the pros and cons of drunkenness?

Abortion is controversial. And I hope our country never sees the day when the taking of human life is not controversial. The way a democracy deals with controversial issues is to discuss them openly, to expose the facts of the situation, and to utilize instruments of public communication to allow the people to judge for themselves the proper course of public policy.

It is a pity that those who control the NBC Radio Network did not understand that when they kept Dr. Hoffmann's sermon off the air. And it is a special irony that they took their high-handed action only a few weeks before the NBC Television Networks "Holocaust" portrayed the awful consequences of the same kind of censorship and insensitivity in Germany some 40 years ago. If Dr. Hoffmann had been preaching in Berlin in 1938, would he have been required to present both sides of controversial issues: whether Jews have human rights, whether the authority of the State is supreme over individual liberties, whether life is sacred? Would his sermon have been banned unless it gave equal time to nazism?

While the NBC Network is congratulating itself for the success of "Holocaust," I hope its personnel will think on these things. And in order that we all may have a better understanding of the issues we face—not only abortion but freedom of speech—I ask unanimous consent that Dr. Hoffmann's censored sermon be printed in the RECORD, together with two press stories concerning it.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SANCTITY OF LIFE

(By Dr. Oswald Hoffmann)

(Then God said, "Let us make man in Our image, after Our likeness; and let them have dominion over the fish of the sea, and over the birds of the air, and over the cattle, and over all the earth, and over every creeping thing that creeps upon the earth." (Genesis 1:26 RSV))

Today let me talk to you about a subject that troubles people all over the world: legalized abortion. And if I can, to bring you some help from the Word of God. There is a great, surprising and astonishing piece of news about God in the first chapter of the first book of the Bible. It tells us, "Then God said, 'Let us make man in Our image, after Our likeness; and let them have dominion over the fish of the sea, and over the birds of the air, and over the cattle, and over all the earth, and over every creeping thing that creeps upon the earth.' "

What is surprising about that? For one thing, it is a lot more surprising than many of the discoveries that have been made about humanity by any of the sciences. It tells us something about ourselves that can be discovered nowhere else in exactly the same way. It also tells us something about human life, that it is not only human but is especially important to God because it is human. The sanctity of human life comes directly from creation by God, and the sanctity of human life is of continuing concern to God. He did His part in the creation of human life. He did His thing in the redemption of human life through His Son, Jesus Christ, and He pursues His plan in the constant sanctification of human life by the power of His Holy Spirit.

There are plenty of people today, millions of them, who don't believe a word of this, of course. They have been terribly impressed with the "information," if that is what it can be called, developed by anthropologists, psychologists and other practitioners of the art of philosophy, which sometimes comes to be labeled science just because the philosopher happens to be a scientist. In the same way, the philosophy of a man comes to be thought of as having special significance just because that man happens to be a world renowned violinist.

I am talking today about a philisophy of life which regards human life as no different from animal life. All of us know, of course, that biologically human beings are very much like animals. There are many obvious and significant similarities. We have the same bodily structures many animals do. Both animals and humans have legs and lungs, flesh and blood, eyes, ears, nose and mouth. Many minerals and chemical reactions are common to both human beings and animals. When we die, this body of ours, like that of the beast of the field, returns to dust and dirt from which it sprang. That's a fact.

It is not a fact that human life is the same as animal life. That's fiction. At best it is philosophy, and at its worst it is fiction. The Bible discloses information about human life that has to be taken into account by any thinking person. Human beings and animals do have a single Creator. He did follow a plan of His own in creation. When God created other forms of life, the Bible tells us, He "let the waters and the earth bring forth living creatures—fish, birds, cattle, beasts and creeping things." When the Almighty was about to create man, He made it clear that He was going to do something special. God paused. He held a consultation with Himself, you might say, and said, "Let us make man in Our image, after Our likeness."

God did not say, "Let us make man in the image of the animals, after their likeness." Instead, He declared, "I shall make man to be someone like Myself."

If you keep telling people, "You are animals. You are nothing but animals. You are nothing but highly developed animals," there can be only one result. Believing they are animals, they will act like animals. Maybe that is why there is so much animal-like even sub-animal-like behavior in our time. People act out the philosophy they have been fed.

The Bible tells every human being, "You were created by Him, in His image." This stupendous disclosure is not calculated to make human beings conceited or to give them the big head. It is a necessary piece of information we must have if we are to be truly human. It is the basis for all self-respect and also for genuine modesty which keeps us from thinking that we have all the answers. This is not a discovery, it is a disclosure.

It can be a discovery for people who see themselves as something a good deal less than the image of God. Many younger and older people today, some of whom I have

known from personal experience, have a very poor self-image. Note that word "image." They tell themselves, "I am no good. Others are better than I am." There are people who do their level best to contribute to this low self-esteem which others have developed. They keep putting them down. They laugh at them. They ridicule them. They criticize them repeatedly. "You can't do anything right," they say, "that's what is wrong about you. You are no good. You are a dummy. You are nothing but a dunce." In time you begin to believe what others tell you: "If they say so, it must be true. I really am dumb. I am a good-for-nothing nobody."

Disclosure of the truth about humanity in the Bible is quite opposite. We are meant for better things, all of us. We are not to write ourselves off as of no account. We may be going the wrong way and even sliding down hill, but that is not God's plan for any one of us. In His sight, from the day of creation to this day, that is not God's plan for you. It is not God's plan for anyone.

God breathed, as the Bible puts it, into the nostrils of man the breath of life. He did not do this for the animals. There is something special about humanity. There is a spirit there which is not characteristic of animal life. There is an ability to communicate which goes far beyond any communication which any animals have ever possessed. The fact of the matter is humanity was created with the ability to communicate with God, to understand God and to speak to God.

I don't have to tell you that the likeness with God which enabled human beings at creation to understand Him and to speak to Him has been covered up by what the Bible calls sin. You don't understand God when you refuse to listen to Him, and you can't talk to God when you don't talk His language. People resent this fact. They will object to my even mentioning it. The Bible calls that attitude "enmity with God." The natural mind of humanity has a blanket of sin over it and just does not understand the things of the Spirit of God. When disaster comes, people shake their fists at God. When somebody points out the problems of humanity, people blame God for their troubles. They even demand of Him that He forget His justice and recognize their justice. For pride, you can't beat that. Essentially, human sin is human pride at work.

God Himself broke through all that pride with His own act of redemption. He did what only He could do: He sent His own eternal and unique Son, Jesus Christ, as a human being. As a human being, Jesus was born and lived and died. He walked through life and met death as a human being must. He did it all for us human beings, that we might be brought back again by His forgiveness and the gift of His Holy Spirit to understand Him again, to be able to speak to Him again. That's God, the Creator and Redeemer. Redemption is His act of re-creation through the good offices of His Son, Jesus Christ.

Let no one say that this disclosure of God and His action toward humanity, the humanity He created and redeemed, is only of academic interest today. It is the most practical thing in the world and has to do with the basic and deepest issues of life. It is the only thing that can save our world from its own inhumanity.

One of the basic issues of life now before people all over the world is legalized abortion. This is a real issue, like the scourge of world hunger and overpopulation, like the plight of the unwanted child and the unwanted senior citizen, along with the ethics of terminating or sustaining life in a hospital.

The sanctity of life has to do not only with abortion, but with every issue of human life. All too often anti-abortionists have identified themselves as sensitive only to the issue of abortion and have shown themselves to be very insensitive to other issues of human life. The sanctity of human life has to do with all the issues of human life.

In the area of abortion, we are dealing not only with a legal matter but with a moral and spiritual question. When people make a decision regarding abortion, regardless of what the law permits, they are making a moral and spiritual decision. The courts cannot help anyone of us on that score. That's where God comes in, and the Word of God speaks to us about that.

There is no reference to abortion as such in the Scriptures, although there are a number of references to life in the womb. It is quite clear that the Bible is on the side of life. Speaking to Jeremiah, God said, "Before I formed you in the womb I knew you, and before you were born I consecrated you; I appointed you a prophet to the nations." (Jeremiah 1:5) And the psalmist said, "Thou didst form my inward parts, and Thou didst knit me together in my mother's womb. I praise Thee for Thou art fearful and wonderful. Wonderful are Thy works. Thou knowest me right well; my frame was not hidden from Thee, when I was being made in secret, intricately wrought in the depths of the earth." (Psalm 139:13-14)

The pronouns used of the fetus in the womb are human, as they are in Psalm 51:5: "Behold I was brought forth in iniquity, and in sin did my mother conceive me." There is no question about the fact that the Supreme Court of the United States could not have told Elizabeth that her six month old fetus was anything but human when the baby jumped in her womb at the time that Elizabeth met Mary, who was to be the mother of Jesus. The classic statement about human life is still that casual remark in the book of Genesis: "The Lord God formed man of dust from the ground, and breathed into his nostrils the breath of life; and man became a living being."

There is no doubt that God is the source of our being through the entire process by which we become alive. Theologians have argued for centuries about the point when the soul is given to man, but that is philosophical and academic. The fact remains that we become what we are from the moment of conception. His inception is our conception. You may distinguish between a fetus and a grown adult, but in any case we are dealing with human life. It is life created by God and cared for by God and man, and to be fulfilled again one day by God.

Abortion seems to be well on the way to becoming an accepted part of modern life. The opposition is understandable. The Roman Catholic declaration on procured abortion of 1974 stated, for example: "Never, under any pretext, may abortion be resorted to, either by a family or by a political authority, as a legitimate means of regulating births." That statement has been echoed by many church bodies who are sincerely concerned about the abortion mentality developing in modern society which can only lead to a cheapening of human life.

These days, even secularists are coming to the same conclusion. Going on the basis of their own observation, secular thinkers are pointing out that abortion is not, as one of them says, a "practical solution to the blight of poverty or an answer to the burdens of a wasteful welfare program." Others have suggested that abortion is an attempt to commit genocide by reducing certain types of population in the world. Clearly, the issue of abortion is more than a problem a woman might have in deciding if a life is to be saved or whether embarrassment and inconvenience justify terminating a human life. A little human being who has committed no crime does not deserve that kind of treatment. If the world proceeds with such solutions to human problems, even in the enactment of law and the establishment of medical procedures, a life style and a social mentality will be established which in the long run will decrease rather than enhance the quality of life we all seek. Sanctity will become sordid, and meanness become the measure of our humanity.

The Bible comes out on the side of reverence for life. It extols humanity, even though it tells us we are not what we ought to be and we have not done what we ought to have done. The Bible keeps telling us who we are and who God is. He is the Creator of human life, which is special to Him as it must be to us. We human beings are the custodians of His grace and favor, from which we can turn away as we often do, or to which we can turn in repentance toward God and in faith toward the Lord Jesus Christ, whom God sent for our salvation.

It is the glory of God and He resists the proud and gives grace to the humble. There is probably no quality of life so characteristic of a child of God as humility. All the true saints have always been humble people. They always recognize themselves as sinners under the judgment of God but saints forgiven by the grace of God. No one can go that route without genuine humility, which is not the put on variety but the genuine article.

There are always agonizing decisions that have to be made in life in the spirit of humility. I feel with doctors who have to decide what to do when one of their patients, sometimes a personal friend of long standing, has a terminal illness. I feel with soldiers in wartime who have to kill when they have been taught the divine command, "Thou shalt not kill." I feel with people who have an insoluble family problem, when both of them know that all divorce is wrong. I feel with parents who have an unwed daughter about to have a child, and I feel with that girl in the agonizing problems she faces. The problems are not exactly exceptional, but they are real.

All of us have to wrestle with the issues of life all the time. All human people have agonizing decisions to make. As long as they are capable of making wrong decisions, the Gospel of God will be necessary to bring forgiveness and healing where life is impossible without that forgiveness and healing which comes from God Himself. It probably means suffering with people through their terrifying decisions both during and after, under the grace of God by faith in Jesus Christ through whom alone God forgives and sets consciences free.

It also means taking God's plan and His law seriously. Otherwise we only destroy ourselves. It means living as people freed by the grace of God are expected to live. It is living as St. Peter saw it: "Live as free men, yet without using your freedom as a pretext for evil; but live as servants of God."

The worth of a child, in the final analysis, is not determined by the emotional acceptance with which his parents may look upon his coming. That child, even under the most adverse circumstances, is the gift of God our Father, loving and caring, as someone has said, "infinitely concerned about the well-being of all His children, born and unborn."

It will take more than new laws to deal with the problems of mankind. There is no substitute for commitment to God and for living and keeping His commandments out of love for God who first loved us and gave, simply gave, His Son as a sacrifice in our place for our sins. There is a necessity for respecting the sanctity of life with which we have been endowed by God Himself. By the grace of God in Jesus Christ all of us are offered a golden and gracious opportunity to enjoy the sanctity of life with His blessing, with His forgiveness and also with the promise of His glory. Amen.

[From the Chicago Tribune, Mar. 15, 1978]

NBC Bars Sermon on Abortion

St. Louis.—A segment of the religious program, "The Lutheran Hour," that presents

an antiabortion view has been rejected by the NBC Radio Network, officials said Tuesday.

The program, produced in St. Louis for broadcast April 9, includes an antiabortion sermon by the Rev. Dr. Oswald Hoffmann. Lutheran officials said the network's refusal to carry the program is a violation of their constitutional rights.

A spokeswoman for the network, Helen Manasian, confirmed in New York that the script will not be aired because it deals with only one side of the issue.

"The Lutheran Hour" is sponsored by the Lutheran Laymen's League of the Lutheran Church-Missouri Synod.

A spokesman for "The Lutheran Hour," Tommy Thompson, confirmed that the sermon is pro-life but noted also that the Laymen's League pays $75,000 annually to air its weekly program to 32 stations on the NBC network.

"In the more than 20 years that "The Lutheran Hour" has been on NBC, we've never experienced this problem," said Thompson, who is manager of domestic radio for the league. "In our opinion, NBC's refusal to air the program is a clear violation of our right under the 1st Amendment to the U.S. Constitution."

"They're saying, in effect, that it is fine to have religion on the air as long as it doesn't say anything controversial," Thompson said.

In New York, spokeswoman Manasian explained NBC's position by noting that the network "does not sell time for the presentation of views on controversial public issues" but instead covers them in news discussion and interview programs.

The broadcasts began in 1930 and have been aired by NBC since 1956. In addition, about 950 other stations in the United States air the program free, a spokesman said. The Laymen's League is an auxiliary to the 2.7 million-member Missouri Synod.

Burt Sherwood, vice president and general manager of WMAQ, the radio network's local outlet, said he hadn't yet been notified of the network's decision, but since the program is fed to WMAQ from New York, he said, the April 9 program might never get to the local outlet.

Perry Straw, a program administrator at WMBI and WMBI-FM, stations owned by Moody Bible Institute which also air "The Lutheran Hour," said no decision has been made on whether to air the program because the stations have not yet received their copies of the taped broadcast.

[From the Washington Post, Mar. 24, 1978]

CENSORSHIP IS LAID TO NBC OVER SERMON ON ABORTION

NEW YORK.—The sponsor of the NBC network radio's "Lutheran Hour" and the Roman Catholic Archdiocese of St. Louis are attacking the network for censorship because it refused to carry an antiabortion sermon.

NBC says it rejected the sermon because it presents "one side of a controversial issue."

The 50-year-old program, on which the Rev. Dr. Oswald Hoffmann of St. Louis now is the speaker, is broadcast by about 1,000 stations in the United States, including about 50 NBC outlets for which time is paid.

The sermon was recorded for use April 9 and was entitled "The Sanctity of Life."

"I've never seen anything quite as heavy-handed as this," said Tom Thompson, manager of domestic radio for the International Lutheran Laymen's League, which sponsors the show.

Thompson said a network "does not have a right to censor the church . . . They're saying in effect that it's fine to have religion on the air so long as it doesn't say anything controversial. But the Christian gospel itself is controversial."

In the sermon, Hoffmann said legalized abortion is one of the "basic issues of life now before people all over the world."

Citing scripture, he said: "We become what we are from the moment of conception . . . You may distinguish between a fetus and a grown adult, but in any case we are dealing with human life."

In a letter of protest, John Cardinal Carberry of St. Louis said Lutheran teaching "proclaims numerous controversial positions, such as declaring that Jesus Christ is Messiah and Lord, a controversial position to many Americans.

The archdiocesan weekly, the St. Louis Review, called the NBC decision "shocking effrontery" that "violates freedom of speech."

"Lutheran Hour" officials said WBAL radio in Baltimore plans to broadcast the program. An NBC radio spokesman in Washington said that the program was offered to WKYS, a Washington FM station affiliated with NBC but that the station turned down the program because "the subject is inappropriate."

Mr. MARK O. HATFIELD. Mr. President, as a long-time friend of Dr. Oswald Hoffmann. I am glad to hear our colleague from Idaho make this presentation, and to associate myself with his remarks.

AMERICAN POLICY TOWARD UGANDA

Mr. MARK O. HATFIELD. Mr. President, this is the third time that I have taken the floor of the Senate to call attention to what I consider to be one of the great travesties and injustices of our times: The almost calmly accepted procedures and practices happening today in the country of Uganda.

No less an authority on terror than Joseph Stalin once said that "while one death may be a tragedy, a succession of them is only a statistic."[1] Each year the world's greatest proponent of human rights continues to import Ugandan coffee in increasing quantities. In so doing, the United States knowingly supplies Idi Amin with hundreds of millions of dollars to pay his Sudanese mercenaries. Hundreds of thousands of Ugandan citizens have been murdered in circumstances of wanton bloodlust under the direct orders of this madman, or at the hands of his monstrous henchmen.

It has been said that Uganda is an African problem, to be dealt with by Africans. But the reality is that Africa has chosen to ignore and even to praise Idi Amin. Last summer, he received a standing ovation at a meeting of the Organization of African Unity. Silence might be expected from nations who also abuse their citizens. Though they recognize that Uganda's genocidal policies are a case apart, they choose to ignore it out of fear that their own policies may also fall under scrutiny. Africans, however, are not the optimum instrument to use in order to bring pressure to bear on Idi Amin. Because, unlike the United States and the developed Western world, Africa has relatively little economic leverage to use against Uganda. They could only present a serious threat to Amin by armed attack, and that would result in further suffering for innocent Ugandans. It is the West, and the United States in particular that can alter the political situation in Uganda. Though our policy makers would like to separate the economic realm from the political, the truth is that they are inseparable. Unfair as it may be, while the world grows increasingly interdependent in many ways, economically the dominant trend is toward increasing dependence on the part of the smaller, less developed nations while simultaneously the largest powers grow more independent. The cost of disentanglement is the principal measure of dependence. The larger a country's trade is, the less severe the impact of individual economic occurrances will be. Relations between Uganda and the United States illustrate this point clearly. While U.S. purchases of coffee amount to over a third of Uganda's export earnings, they amount to less than 5 percent of our coffee imports. We are often criticized for this economic independence. But it is a political reality and I say it is time that we utilize our great economic power to alter what we can no longer deny is a country that rules by institutionalized genocide.

It has been said that the Soviet Union will come to Amin's rescue if the United States cuts off its supply of hard currency. To this I would say, first, that if they want to take on the label of Amin's savior, so be it. But this is unlikely for a number of reasons. The Soviets are sensitive to world opinion. They prefer reliable loyalists who will adhere to their ideology. Amin is an irrational madman who cannot be depended upon. Most importantly, due to Amin's mismanagement of this once prosperous economy, Uganda's currency is practically worthless. The Soviet Union demonstrates great benevolence in supplying nations with outmoded military equipment, but when it comes to delivering the hard currency that Amin needs to meet his mercenary payroll, the history of Soviet aid does not support such an argument. Any other regime anxious to rescue Amin would lack the resources necessary to cushion the impact of an American boycott. While the Soviets continue to become increasingly entangled in Africa with populations who do not welcome their presence, the United States could add to its list of allies a nation forever indebted for our efforts in removing a murderous tyrant from their lives.

While I have been greatly encouraged by enthusiastic support from the public, I have been disturbed at the attitude of firms engaged in trade with Uganda. Their arguments are reminiscent of the "when in Rome do as the Romans do" attitude that was frequently expressed by corporations under investigation for illegal payments to foreign governments. At least one corporation, the Lockheed Aircraft Co., has acted in a forthright and responsible manner by refusing to do business with Amin, and I commend them. But many others justify their behavior on the grounds that if they discontinue business relations with Uganda, a firm from Germany or Japan will simply fill the vacuum. Also, they argue that it is the U.S. Government's responsibility to determine where companies can do business and where they cannot. The

[1] Dr. Jeffrey L. Lant, professor, Boston College.

U.S. Government is not the sole depository of moral judgment. It rests with each and every one of us. These are the same companies who come eagerly knocking on Government doors when an issue provides them with an opportunity to promote their own interests. But when it comes to voluntarily terminating relations with a government which rules by genocide, they are silent. I pray that the judgment of history will not show that America was unable to learn from our mistakes of the late 1930's when we refused to listen to the Jewish community and continued to trade with Hitler's Nazi Germany.

Two weeks ago (on April 6, 1978), I testified before the Committee on International Relations to share my views on relations between the United States and Uganda. I was joined by representatives of several U.S. firms engaged in various kinds of trade with Uganda. Each firm had been asked to prepare a response to four questions submitted by the committee. Most of these companies expressed a willingness to obey the law if the U.S. Government adopts a new trade policy toward Uganda. However, statements made by some of these companies demonstrated a total disregard for the moral implications at stake in this matter. Of particular interest was the continuity of the positions these companies set forth in response to a request for their assessment of the political and social situation in Uganda and any particular responsibilities that may have with respect to the situation. Over and over again their responses read "we have no firsthand information of the political or social situation in Uganda." Folger Coffee Co. (John Lankaster, manager of coffee purchases) stressed that private firms simply do not have sufficient access to the necessary information nor the ability to make such decisions. They then went into a detailed assessment of the economic implications of a boycott on Uganda.

Folger also stated that—

> We do not have employees located in Uganda. As a result, we have no firsthand knowledge of the political situation in Uganda, or the actions of the Ugandan leadership.

The Harris Corp. (represented by former Congressman James Stanton), a company which operates an Earth satellite station in Uganda, and has also trained members of Idi Amin's central mercenary organization, the State Research Bureau, in communications technology, quoted an eloquent statement made by former President Kennedy on the benefits of a greater exchange of ideas between the many countries of the world, and concluded that their firm "believes that the impact of their program upon the general population of Uganda and the government is favorable."

Continuing, they stated that—

> Our people who work in Uganda are primarily technicians . . . the nature of their work does not give them any special opportunity to be involved in political or social situations by which they could reasonably make such assessments.

One of Page Gulfstream's vice presidents was appointed by Amin to be his personal representative in the United States with the rank of honorary consul at large and was also made an honorary citizen of Uganda.

Page Gulfstream, subsidiary of Page Airways:

> We sincerely feel poorly equipped to participate in any meaningful discussion of these pieces of legislation.

General Foods Corp. (Andrew S. Shroder, vice president, public affairs):

> Actions and decisions governing our country's relations with foreign countries must be the province of the U.S. government.

Grumman American Aviation Corp. (Corwin H. Meyer, president) blankly stated that it does not, "feel that it, through its trade, sales and subsequent support of the aircraft it sold, have particular responsibilities with regard to the political and social situation in Uganda."

The International Technical and Industrial Trade Co., (Robert Danning, president) took the most extreme view of conditions in Uganda, offering the rationale that when human rights are violated the proper response is not to reduce trade with the guilty country—but to increase it.

They stated that—

> Uganda is not really all that separate in context with many other countries of similar situations.
>
> . . . it behooves us to try to open doors rather than to close them if we are to affect the type of policy changes in countries such as Uganda that we wish to see.

I continue to believe that there is a moral base to American free enterprise, and that it is not within the boundaries of this moral base to acquiesce in the dark fear and bloodletting that pervades this small nation.

Mr. President, my office has been overwhelmed with requests from people all over the country to know the brand names of American companies which have bought or are buying Ugandan coffee and which have not yet implemented policies to insure that their products do not contain it. I would like to submit this list in the hope that it will accelerate the process of ridding the Ugandan people of Idi Amin. It is admittedly incomplete and so I would like to point out that the only way consumers can insure that they are not purchasing Ugandan coffee would be to seek out brands that are specifically labeled to indicate that their contents are 100 percent from a country other than Uganda. The following list, however, constitutes products which are manufactured by firms who buy the largest amounts of Ugandan coffee:

General Foods—Brim, Maxim, Max Pax, Maxwell House, Mellow Roast, and Sanka.
Folgers—Folgers Instant.
Nestles—Nescafe, Tasters Choice.

No one can say for sure that if a boycott is successful in removing Amin that it will insure a better future for the Ugandan people. But whoever Amin's successors may be, the chances are overwhelming that they will not be afflicted with the demented and vicious behavior that he has demonstrated. They have no way to go but up.

It is generally argued, and I am usually in agreement, that politics and economics belong on separate tracks. But, Mr. President, there are cases where the two are inseparable, and Uganda is such a case. Resolutions have been passed, aid has been cut off and embassies have been closed; but the slaughter continues. The truth is that our economic action has profound political consequences. "Amin is no more an internal matter for Uganda than was Hitler an internal matter for Germany."[2] The tacit decision to allow market forces to govern the amount of Ugandan coffee American firms purchase is also a tacit decision to wield our economic leverage in support of Amin. Clinging to this convenient argument makes a mockery of our human rights policy.

Recently, Congressman DONALD PEASE aptly defined the issue which faces us today when he drew fror the wisdom of one of the greatest men of our time:

> I am reminded that Albert Einstein once observed that it is a very dangerous world we live in. Not so much because of those who would do evil, but because of those who would do nothing about them.[3]

The telecast of the "Holocaust" series should remind us of the spiritual nature of this Hitleresque issue. How often does a clear demonic expression arise in the history of man's struggle toward God's Kingdom? Once or twice in a generation it would seem there are leaders of such diabolical proportions that all mankind should turn its prayer and efforts toward their defeat. The collective guilt we bear for our early support of Adolph Hitler will ever be upon our conscience as a nation. We again have before us a clear moral choice. Will we be inadequate for the demands of moral distinction once more? I trust that we will give evidence as a Congress, and as a Nation, that we still do have the "soul of a church" as deTocqueville stated.

I call for the support of my Senate colleagues to cosponsor the legislation that Senator WEICKER introduced on January 23:

> S. 2412, a bill to prohibit the importing of Ugandan articles into the United States;
>
> S. 2413, a bill to amend the Export Administration Act of 1969 to prohibit the exporting of goods to Uganda; and
>
> S. 2414, a bill to amend the Tariff schedules of the United States in order to prohibit the importation of coffee which is the product of Uganda.

I also, today, call upon the American people to buy no more Ugandan coffee. The list of corporate supporters of the Amin regime is now available so that choices can be made. We can no longer beg ignorance.

Further, I have requested that Mr. Treadwell, the Food Service Director for the Congress, cease purchasing products with Ugandan coffee. I also will be asking that all departments and agencies of the Federal Government do likewise.

In consultation with others of my colleagues will be deciding on further legis-

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[2] Donald M. Pease, House of Representatives, 95th Congress, February 22, 1978.
[3] *Ibid.*, February 21, 1978.

lation, hearings and initiatives to press this course.

A compelling statement attributed to German Pastor Martin Niemoller instructs us today as we face the Ugandan neo-Nazism:

First the Nazis came for the communists and I didn't speak up because I wasn't a communist. Then they came for the Jews and I didn't speak up because I wasn't a Jew. Then they came for the trade unionists. I didn't speak up because I wasn't a trade unionist. And when they came for the Catholics I didn't speak up because I was a Protestant. Then they came for me. And by that time there was no one left to speak up for anyone.

Mr. President, I ask unanimous consent that articles entitled "Pour One Down the Drain for Idi Amin," by William F. Willoughby of the Washington Star and "Uganda Tragedy of Today," by Tom Braden of the Washington Post be printed in full in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Star, Apr. 8, 1978]

POUR ONE DOWN THE DRAIN FOR IDI AMIN

(By William F. Willoughby)

When big Daddy Idi Amin made the boast before the Organization of African Unity last year, "I have eaten my enemies before they could eat me," that was not merely a mouthful of rhetoric. It was a mouthful of substance. Substance with flesh and blood.

If you're reading this over a cup of coffee, I wish you'd pour the cup of coffee down the drain and then read it. I'll explain why later.

Amin's words before the conclave were the big bad man's religion being expressed. Not the Moslem faith which he professes. That is but a veneer. The truth of the matter is that Amin never has been fully converted to the tenets of the Moslem faith, but is motivated by tribal animistic religion. That is what makes him the incorrigible brute that he is.

Don't ask diplomats to tell you that what I have just said is so. They don't generally use that kind of language, the language of religion, to explain things. Too simplistic. Not sophisticated enough. Maybe so, but it's right on the money.

Diplomats are more content to use terms like left-wing or right-wing in an attempt to tell you what is going on in Uganda. Such language fits in well when talking about Portugal or Brazil or Chile. But you've got to look to religious motivations to understand the big man in Africa and once one understands those motivations, other things fall into place.

Amin is a member of the primitive Kakwa tribe, who, while professing to be Moslem, carry out animistic beliefs that run completely contrary to Islam, a most noble faith in its purer forms. The animistic eat the vital organs or flesh of their victims simply on the belief that in doing so they acquire the power of those whom they've killed. That's the essential religious philosophy behind cannibalism.

When Dr. John Kibukamusoke, who once was Amin's personal physician, related that an autopsy on murdered Foreign Minister Michael Ondoga showed there was an incision into the body and the liver was removed, there was no doubt in any Ugandan's mind who ordered the murder and what was done with the liver.

Amin makes no bones about the fact that he is a cannibal. Kefa Sempangi, a pastor in the Redeemed Church of Uganda, who miraculously escaped assassination, says Amin professes to be a Moslem because he needs the support of the country's 750,000 Moslems, but he practices witchcraft. In the meantime, he gives the Moslem faith an undeserved black mark.

The ritual murders that take place in Amin's prisons also are attributed partially to tribal religious customs. Kibukamusoke said that prisoners are lined up, "face to face, and the captives are forced to batter one another's head with sledgehammers . . . down the line, leaving only the last survivor to be shot."

Although in many areas Moslems and Christians attend the same meetings, with many Moslems interested in the open-air evangelistic services of the Christians, Amin personally is carrying out a *jihad*, or holy war, against Christians (and, until they left, Jews). Nearly 300,000 Ugandans have been murdered since Amin took over. That's a city the size of Richmond or Norfolk completely obliterated.

"The only being I fear is God," Amin said after shooting Anglican Bishop Janani Luwum in the mouth as he prayed. And better he had be fearful of God! The Day of Reckoning won't have enough hours in it to deal with that man.

Last year Amin ordered the murder of all Ugandans who wear glasses or who live in houses with tin roofs. The answer to that bit of capriciousness is that he reasoned such individuals had learned to read from Christian missionaries or, because they had tin roofs, were capitalists or agents of Western imperialism.

Chalk up the sweet nothings of the Communists in his ears for that carnage. The Day of Reckoning surely will have to be held over for those ideological darlings of this world's empty-headed, never-learn pseudointellectuals. Hitler, Amin's hero, will be let off easier than they in that Day of Judgment. Either that or justice doesn't originate with God.

We've got hope, though, that some time before that Judgment Day Amin will be purged from the earth. A dozen assassination attempts have failed, and he's really not too concerned, in a sense, how many more attempts are made. He'll live, he says, until he sires 200 children.

The magic number now is 34 or 35 that anyone knows about. That, too, is a result of his religious beliefs—visions and voices which come to him.

But Amin, according to Kibukamusoke, suffers from advanced stages of syphilis. The hypomanic paranoia which stems from that explains, in part, why he is suspicious of so many people and has outbursts of anger that result in the murder of tens of thousands of a particular type. As his brain deteriorates, worse things are to come.

He also suffers from insomnia, and refugees from government posts tell of him waking at night, entering coolers where he keeps the heads of murdered enemies, and lecturing the heads about their former owners' sins. This, the most popular man in Africa! Even the Devil is embarrassed over this man.

But all is not dark. It's quite bright despite Amin. The story of Kefa Sempangi, that pastor from the Redeemed Church of Uganda I mentioned earlier, is heartening, symptomatic of something wonderful that is going on in much of Africa. Despite the murder of tens and even hundreds of thousands of Christians in Uganda, God is moving in revival dimensions there.

Before the persecution began, 52 percent of the Ugandans professed faith in Christ—most of them a real fervid evangelical type of witness. That is an incredible number for a country that received its first Christian missionaries—notably the famous Henry M. Stanley—only 103 years ago.

Now the ratio has jumped to an astounding 65 percent, Sempangi said. The increase is within the span of six years.

The first effort to kill Sempangi came as he prepared to preach to thousands of people gathered for an Easter service in 1972. Five assassins surrounded him with guns and told him they had come to kill him. "What are your last words?" they asked him.

"I'm already dead—dead and buried in Jesus. But I would like to pray for you. Bow your heads."

Unlikely as it sounds, they lowered their guns and he prayed for their salvation. And what a prayer that humble man of God must have prayed!

God intervened, Sempangi said, and the would-be quintet of assassins surrendered their lives to Christ. As proof of their conversion, they became counter agents and helped save more than 1,000 marked people, including Sempangi and his family, from annihilation.

"There's something about persecution that's essential to the Christian life," the preacher said. "People flocked to the church, though they knew the price of commitment was death."

I never thought of it before, but as much as I drink coffee, I've probably been helping support Amin unwittingly. I think the least we could do as Christians and as people of good will is to back the measures in Congress calling for a boycott of Ugandan coffee. They say 32 American companies use it in their blends.

The likes of Idi Amin is too much to enjoy over a cup of coffee. I'm glad you poured yours down the drain.

[From the Washington Post, Apr. 22, 1978]

UGANDA: TRAGEDY OF TODAY

(By Tom Braden)

Is there a modern parallel to "Holocaust?" I asked myself that question the other night as I watched the first episode in the series and remembered that, during the days it pictured, we Americans could have rescued the people portrayed in the film and did not do so.

Not that it was a conscious decision on all of our individual parts. As a people, we didn't know how Jews were being treated in Germany. But our State Department knew at least to some extent and decided not to recommend action. We were at the time isolationist-minded. We were also going through a major depression. Was our government afraid to suggest that we take in large numbers of jobless immigrants?

In any event, as the story on the screen revealed, we did nothing. And it seems to me that there is a modern parallel. Something a little like what happened in Germany is taking place today in Uganda and, although we are more conscious of it, we are again doing nothing.

The parallel is not exact. Hitler set out to exterminate Jews. Idi Amin seems to have a preference for exterminating Christians, but he is by no means systematic—anybody will do. Recently a young man named Remigius Kintu, an escapee from Uganda, told me how it was done.

I don't suppose it matters how people are exterminated. But somehow the details make the reality as the word "exterminate" does not.

Kintu explained: Idi Amin's guards like to castrate prisoners; they like to force people to kill each other by hitting each other with hammers; they like to cut a small hole in a prisoner's intestines and then, while he is still conscious, insert fire crackers connected to a fuse, then stand back and watch what happens.

Kintu said Amin rewards his army for this sort of ingenuity. His chief of training in the army, for example, achieved rapid pro-

motion after publicly dismembering the body of a local mayor and then licking the sword.

I mention all this in connection with "Holocaust" because it seems to me that it's wrong for the children and young adults of America today to say to themselves, "Well, that happened before I was born, and people don't behave that way any more."

The fact is that people do behave that way, and are now behaving that way, and what people should be saying to themselves instead is, "What can I do about it?"

Kintu, who has formed a Committee on Uganda, to try to interest us in what is going on in his country, asks us to do a very simple thing. He asks us to stop buying Ugandan coffee, the revenue from which is the means by which Amin raises the hard cash to keep himself in power.

Amin confiscates the coffee from the farmers and sells it himself, retaining all profits. He sells it chiefly to U.S. companies. The brand names of the coffee you buy, part of which comes from Uganda—according to Kintu and confirmed by a congressional source—include Maxwell House, Sanka, Nescafé, Folger's and Mellow Roast.

These companies could go elsewhere for the Ugandan green coffee which they add to their mixture. But it would be troublesome for them to break off old and established trade relations, and they will certainly not take the trouble unless you and I complain.

I did not complain at the time of the Holocause because I was in junior high school.

But as the Bible says, "When I was a child, I understood as a child." We are old enough now to put away childish things.

(Mr. HARRY F. BYRD, JR., assumed the chair.)

Mr. MARK O. HATFIELD. A survivor of Auschwitz helps to put Uganda in perspective when he writes:

Perhaps it is the instinct of self-preservation that brings the Holocaust back to our attention. Yesterday the Jews were the victims, tomorrow perhaps another group. It may be that because this instinct for spotting danger failed, we still feel it in our bones.

The Holocaust, after 33 years, is emerging into the daylight like an iceberg, which has been floating until now, in the dark night sea of our lives. And our sense of life would be weaker without a knowledge of it.

It is in the range of the power of man, only of man, to change past errors into future achievements, a lost past into a future gained, past tragedies, into future life.[4]

Human rights are violated at every corner of the globe—fortunately genocide is not so commonplace. Fitting the world's tyrants and butchers into a neat package only serves to blur the essential differences between them. This is precisely why we cannot fail to act against Amin on the grounds that we have not moved against other human rights violators. Each must be condemned in a manner consistent with the level of its abuse, and according to the degree of involvement we share in their ability to implement such policies.

Knowing this, God forbid that we close our eyes and fail to speak out about and act upon the suffering of our African brothers who share our most unifying characteristic—the common spiritual heritage as children of the Creator.

[4] Arnost Lustig, "Solidarity to Warm the Sorrow," *Washington Post*, April 19, 1978.

Mr. McGOVERN. Mr. President, will the Senator yield to me just briefly?

Mr. MARK O. HATFIELD. I am happy to yield.

Mr. McGOVERN. Will the Senator include me as a cosponsor to the piece of legislation he mentioned, the boycott legislation involving Uganda?

Mr. MARK O. HATFIELD. I shall be very happy to include the distinguished Senator from South Dakota.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I commend the Senator from Oregon for the leadership he has taken in this field. I do think Uganda is a special case in point. With the possible exception of Cambodia, there is nowhere else in the world where such indiscriminate slaughter is taking place at the hands of the government as in Uganda. I had the same reaction the Senator from Oregon did in watching the recent "Holocaust" series on television. It brings back all of the raw memories of some 40 years ago, when the world stood by while 6 million of our fellow human beings were systematically exterminated. From all reports, something of the same kind of thing is now going on in Uganda.

We have read about special killing rooms that are set aside for the systematic slaughter of critics of the Uganda Government, or even those who, for reasons that are quite clear, have earned the disfavor of that government. I regard Idi Amin as a barbarian, as a man without conscience, without judgment, who is killing thousands of his fellow citizens, and I do not think this country or any other moral society can stand by and permit that to take place without action.

One of the things that kept going through my mind in watching this recent television series is a question why it was that the outside world stood by for so long and permitted this horrible slaughter and torturing to go on. The question is, are we going to do it again with reference to Uganda? Will, once again, a government in power be permitted, without serious action from the outside world, to kill its own citizens in what amounts to a form of genocide?

I commend the Senator from Oregon for the effort he has taken. Ordinarily, I do not like the idea of economic boycotts and economic sanctions, but when a government loses all sense of restraint, we have no recourse except to take measures of that kind. If that does not work, I think we shall have to consider seriously even stronger measures.

I do commend the Senator for his leadership in this field and I hope he will add me as a cosponsor to his legislation.

Mr. MARK O. HATFIELD. As always, I am grateful to the Senator from South Dakota for his comments. I appreciate the fact that the Senator did point up the common view that he and I hold about boycotts generally. So frequently, we have seen boycotts in the past really impact primarily upon the poor of the country rather than upon the powerful and those who are promulgating policies that we are hoping to change through the boycott. In this particular case, there is another distinction, which is that most of the people are involved in subsistence agriculture and, therefore, when you look at the economic base of the country, they have primarily one cash crop, that being coffee.

When you look at the political power base as it merges with the economic factor and reality of Ugandan life, that political power base is not Ugandan people, but imported mercenary Sudanese soldiers. They have to be paid off in cash in order to maintain the power base for Amin.

I thank the Senator, and I wish to be associated with him, as I expect to be later on today in another important issue.

COMMITTEE MEETING

Mr. MUSKIE. Mr. President, I ask unanimous consent that the Public Assistance Subcommittee of the Finance Committee be authorized to meet during the session of the Senate today to hold hearings on President Carter's welfare reform bill and other related legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONGRESSIONAL BUDGET, 1979

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of Senate Concurrent Resolution 80, which the clerk will state.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 80) setting for the Congressional budget for the United States Government for the fiscal year 1979.

The Senate resumed the consideration of the Senate concurrent resolution.

The PRESIDING OFFICER. The pending question is on the amendment by the Senator from South Dakota (Mr. McGOVERN). If the Senator will send his amendment to the desk, the clerk will state it.

Mr. McGOVERN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGOVERN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1244

(Purpose: To decrease new budget authority and outlays for national defense and increase new budget authority and outlays for energy, transportation, community and regional development, and education, training, employment, and social services)

Mr. McGOVERN. Mr. President, I ask unanimous consent that Mr. John Holum and Mr. Alan Stone of my staff be granted privilege of the floor during consideration of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I now send my amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from South Dakota.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. McGOVERN) proposes an unprinted amendment numbered 1244.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 20, strike out "$129,800,000,000" and insert "$125,185,000,000".

On page 2, line 21, strike out "$116,600,000,000" and insert "$115,074,000,000".

On page 3, line 5, strike out "$10,200,000,000" and insert "$12,150,000,000".

On page 3, line 6, strike out "$10,100,000,000" and insert "$11,240,000,000".

On page 3, line 17, strike out "$19,500,000,000" and insert "$19,831,000,000".

On page 3, line 20, strike out "$10,400,000,000" and insert "$10,673,000,000".

On page 3, line 21, strike out "$9,000,000,000" and insert "$9,068,000,000".

On page 3, line, line 24, strike out "$31,600,000,000" and insert "$33,661,000,000".

On page 3, line 25, strike out "$31,200,000,000" and insert "$31,692,000,000".

Mr. McGOVERN. Mr. President, the reductions I would suggest in the 050 national defense function are a combination of modest foreign policy adjustments, realinements in the force structure, efficiency measures, and arms control initiatives.

In short, what I am proposing today is a reduction of some $4.6 billion in the military spending level suggested by the Budget Committee and the transfer of those funds to other functions in the budget, including the development of alternative sources of energy, the improvement of our transportation system, an attack on the problems of structural unemployment and support for students' families pursuing a higher education.

The military savings that I am suggesting in this amendment can be made without the slightest jeopardy to our national defense. I do not think there is any debate here in the Senate about the need to maintain a fully adequate national defense, and nothing involved in the modest transfer proposal that I am suggesting here today in any way jeopardizes the fundamental defense posture of this country.

But I also offer this suggestion for a broader reason. I think we need to renew in the Congress a serious debate on national defense and national security issues, and we need to be very mindful at all times of what those factors are that contribute to the overall strength and security of the United States and not measure it in terms that are too much restricted to military outlays alone.

I fear we are in the grip of a new orthodoxy on military spending—an approach in which the only debatable issue is which piece of hardware we should buy.

We rarely ask the more fundamental questions, whether our defense truly requires real growth in overall expansion of the budget, whether there are less costly alternatives that would buy us just as much in the way of national security, or whether substantial reductions in arms spending can, in fact, enhance our national safety, which I happen to believe.

I am concerned that this new orthodoxy will ultimately weaken the country. It may compel us to build new weaponry which can destabilize the nuclear balance and actually heighten the risk of war.

At the same time the burgeoning cost of the arms establishment can only undermine our economic vitality and rob our standard of living at home.

Let us be clear on one fundamental point. What we have before us in the recommendations of the budget committee is a mammoth increase in military spending.

I do not mean to imply that the Budget Committee is responsible for all of that, but the bill, as it emerges from the Budget Committee with the recommended increases that the administration has called for, plus add-ons in the committee itself, does represent a very substantial increase in military outlays if we approve it for the coming fiscal year.

The increases suggested by the Carter administration, and then expanded by the Budget Committee, may appear to be relatively modest at first glance—at least in this realm where anything less than a billion dollars seems hardly worth mentioning. But those increases are only the first installments on dramatically higher arms appropriations a few years hence.

To fund existing defense policy, without any new initiatives, would cost $126.6 billion in fiscal 1979 if we approved of no increases. The Budget Committee recommends $129.8 billion, an add-on of $3.2 billion more.

But by fiscal year 1983, that $3.2 billion that the committee proposes to add on for fiscal 1979 would have grown to a total budget of $167.4 billion to fund current policy and $183.8 billion, or $16.4 billion more, to pay for present policy plus the add-ons the committee proposes.

In other words, once we approve the beginning of a new expansion of a particular part of the military budget, we have to count the continuing cost that that add-on means in terms of the weapons systems envisioned by it.

There is a steadily widening difference between existing policy and the Budget Committee program. It is $3.2 billion now, it will be $7.3 billion next year, and then $9.9 billion, and then $13 billion, and finally $16.4 billion in the fifth year of the program.

So it is not a simple $3.2 billion addition we are called upon to support; it is a 5-year program that will cumulatively total nearly $50 billion more than our present, extremely formidable military establishment.

Further, our current declared defense policy is substantially more ambitious than existing law. If we simply funded existing law in this field it would cost $8 billion less than the committee recommends in fiscal 1979, expanding up to a $43 billion difference in 1983. Over 5 years the Budget Committee recommendation would cost $127.9 billion more than the current program.

This is what we are being drawn into if we approve the figure that is before us. Instead of dealing with a routine arms program, we are asked by the Carter administration and then by the Budget Committee to accept a huge leap upward for the military. And while we may have had a sharp escalation in the propaganda about dangers to the United States, I submit that there simply has been no escalation in the threat which would warrant these towering new figures.

On the contrary, I think these new arms spending figures grow primarily not out of a fear that the security risk has grown, but out of a concern over our international image.

While we go through the motions of considering individual programs, the underlying premise seems to be that we need to show real growth in arms spending as a demonstration that Vietnam notwithstanding, our power and our will remain undiminished. Regardless of where the money goes, there is this connection between total military spending and, say, Soviet activities in Africa, or between a 3 percent increase and the fear that Eurocommunists will come to power in France, Italy, or Spain. It has occurred to me that the proposed increase in the arms budget might, in fact, be the first year's political cost of the Panama Canal treaties—money spent to convince ourselves or others abroad that we are still tough even though we are "giving away" the canal.

If that is the case, then it is a sad way indeed to set national priorities or to provide for our national safety. It just will not work. There is no credible evidence that either the Soviet Union or third countries make decisions about their foreign policy in the short term based on decimal point calculations of the American military budget. Even if we were to double our arms spending this year, I would be willing to bet it would not produce the slightest change in Soviet policy in Africa. Indeed, in the long term I think it would add to the comparative strength of the Soviets—if they could muster the good sense not to copy us—by further weakening our economy and by depleting still further our limited resources for addressing such real threats as unemployment, inflation, and dwindling energy supplies.

That, in the end, is what is really wrong with spending these billions on our image. As we strive to impress the Russians and others around the world, all we accomplish is to punish the American people.

In contrast to the committee figure, I am proposing new budget authority of $125.18 billion. Now, I know this will be called a "slash" or a "meat ax" approach to our national security. It will likely be claimed that this amendment would, in a single act, strip us of our defenses and leave us standing helpless in a hostile world.

But to put it in perspective, what I am proposing is a $7 billion increase over spending in the same category in fiscal 1978. In constant dollars it is within about $100 million of last year's figure. And that comparison compensates the Pentagon fully for all the inflation since last year, a privilege most Americans and most other programs are, needless to say, denied.

The budget process deals in functions rather than specifics; therefore, my amendment does not specify the programs which would be reduced. The main question here today is one of priorities. If we decide to limit the national defense function, number 050, to $125.18 billion, then it would be the job of other standing committees—Armed Services and Appropriations to design the various specific elements of the Pentagon budget within that total.

Alternatively they could, of course, conclude it was impossible, and report totals in excess of the budget resolution. In that case, if the full Congress agreed, the second budget resolution would have to be adjusted accordingly.

I am confident, however, that those committees would not have any particular difficulty in fashioning a scale of defense priorities that would stay within this rather generous ceiling. Indeed, I note that two members of the Appropriations Committee—Senators EAGLETON and PROXMIRE—have already done substantial work along that line. In a separate statement submitted with the Appropriations Committee's views on the first budget resolution on March 15, Senators EAGLETON and PROXMIRE took note of the contrast between candidate Carter's plans for a $5 to $7 billion cut in defense spending and President Carter's recommendation for a $9.1 billion increase. They then recalled that they had—

> . . . discussed with the defense subcommittee a list of illustrative items where we believe it would be possible to make prudent reductions in the defense budget. As we stated, these items, which totaled to reductions of about $2.7 billion in budget authority and $2.1 billion in outlays, were meant to be only illustrative and not definitive.
>
> We do believe that some of the items on it were good candidates for reduction, if only because eight out of the twenty items on the list were virtually identical to cuts recommended by this committee and the Senate last year, and involved items that have reappeared in the 1979 budget.

Though I will, of course, let the authors of that statement speak for themselves, I understand that their studies have since been revised and that they have now isolated illustrative cuts of $3.376 billion in budget authority and $2.382 billion in outlays. In the first year, at least, those figures are larger than the cuts I have proposed in the transfer amendment.

It is also worthwhile to underscore in the statement by Senators PROXMIRE and EAGLETON that a number of the candidate items they propose for reduction or elimination are items that the Senate has eliminated in prior years but that have nonetheless been resubmitted by the administration. I cannot imagine better evidence that the Budget Committee recommendation is heavily laced with the problem I raised a few minutes ago of measuring our international worth by the total of our arms budget, instead of budgeting for legitimate security needs.

Last year, for example, the Appropriations Committee deleted a requested allowance for anticipated inflation in routine operations and maintenance purchases. This year the same request was back in the budget, now for $611 million in new budget authority. The Budget Committee made no downward adjustment for that figure, even though the Senate is virtually certain to do so. No other Federal agency is allowed to budget for inflation on routine operating supplies, and I cannot fathom how it will help our military readiness to allow the Pentagon to do so. Yet, it is allowed for in this resolution. Presumably, it will help show that we are not getting soft.

Indeed, the record on past appropriations for the military is most pertinent in the context of my amendment. Over the past 7 years, Congress has reduced Pentagon appropriations by an average of almost $4.4 billion each year below what the executive branch originally requested. The biggest cut, of $7.4 billion, was in 1976; the smallest, of $2.8 billion, was made last year. Yet, in the face of that record, the Budget Committee has now added $1.4 billion for fiscal 1979. It is a measure of how moderate my amendment is that it proposes a reduction that is less than the average that Congress has been taking out of this part of the budget ever since 1972.

I hope we can anticipate that the Congress will be equally skeptical in considering the current request. In either case, we will have an opportunity to consider specific reductions during the authorization and appropriations process.

In connection with my amendment I have, however, suggested one set of areas in which I believe these reductions might prudently be made. In my view they illustrate quite clearly that it is possible to reduce Pentagon spending on the order of magnitude I have recommended without jeopardizing our legitimate defenses in the slightest.

First, I believe it would be prudent to delete some $2.3 billion added by the Budget Committee mainly for an accelerated shipbuilding program. I agree with the committee's decision to defer the planned 1979 appropriation for the Trident submarine program. That offset some $900 million of the add-on, leaving a net of $1.4 billion. But I do not agree that any of the $2.3 billion additional funding is warranted, or, particularly, that we can justify new commitments for, in the words of the committee report:

> . . . enhancement of U.S. sea warfare forces, including potential actions associated with A.E.G.I.S. ships and mid-sized carriers.

In my view this addition amounts to pouring good money after bad, without accounting for either the dismal performance of the shipbuilding industry or for the urgent need for a serious look at the Navy's future.

The Carter administration has reacted understandably to the billions in cost growth, the delays of as long as 2 years in delivery dates, and other problems which continue to plague this industry. The President has proposed an interim 5-year program to build 70 new ships. In the meantime there is an expectation that some progress will be made on shipbuilding overruns and delays, and we will also have some time to study the Navy's C-Plan 2000 dealing with the longer term future of this branch of our Armed Forces. With those demands pending, it makes no sense at all to simply dump more money into this part of this budget.

The greatest problem for the Navy today is not to build more ships but to define its mission. In terms of foreign policy, the aircraft carrier has served historically as a platform for Vietnam-style interventions against Third World countries. I trust we have learned the lesson of the folly and self-defeating nature of such interventions. Nor does new carrier procurement make sense in terms of projecting military power against the Soviet Union.

It is generally recognized that the carrier in this mission would come under such intense threat that it would have to expend most of its resources simply to defend itself. The Carter administration is wisely moving away from this power projection mission. Since the AEGIS defensive system was designed primarily to protect the carrier in this high-threat environment, changing the carrier mission also means changing escort requirements. Therefore, it would not be wise to rush ahead with the AEGIS strike cruiser.

It should also be noted that this is not one of those areas in which we are under an intense and immediate challenge from the Soviet Union. At the end of fiscal 1978, the United States will have 510 active and reserve ships in the inventory, with an average age of 15.5 years. Beyond that, an additional 93 ships have been authorized but not yet delivered, and the administration program called for initiation of 15 more ships next year. Meanwhile the Soviet force of about 233 principal surface combatants, instead of growing, is actually expected to shrink over the next 10 years. We have come through the period of "block obsolescence," when many World War II vintage ships were retired within a short period of time. The Soviets, however, did not build any sizable Navy until after the war; for them, block obsolescence is just about to begin.

So we can well afford a more deliberate shipbuilding pace while we examine the performance of the major shipbuilders and debate appropriate roles and missions for the longer term.

Second, I have suggested that we delete $532 million from the budget for the SSN–688 *Los Angeles*-class nuclear attack submarine. The budget committee has already deleted the Trident money simply because the funds cannot be spent within the fiscal year. The same consideration prevails with respect to the attack submarine, except that it is worse. Our contractual relations with the submarine's manufacturer, Electric Boat, could not be worse. By way of illustration, the SSN–701 was originally contracted for delivery in February of this year. Electric Boat now estimates

that it will be delivered in October of 1980. SSN–702 was supposed to be delivered in July of this year, but it will not be completed until February of 1981. The entire SSN–688-class program is, in fact, running an average of 2 to 3 years delay per boat. If we add funds for an additional submarine this year we will simply be adding to the already unmanageable backlog of ships. The possibility of costly new delays will increase, and the producer will gain more leverage over the Government to reassess its claims for cost overruns.

It may not be commonly known that I have always supported the nuclear attack submarine program. In 1972, in an alternative to the Nixon administration's defense posture statement, this was one area in which I recommended an increase in the total program. Nevertheless, I cannot see any merit in rushing to reward an unsatisfactory performance by the builder. I would think all Senators could agree that it would be bad management to authorize contracting for another SSN–688 when construction could not possibly begin during the fiscal year.

Third, although the first year's savings would be relatively small—only $532 million—I have suggested reductions related to a cancellation of the three new NATO-dedicated divisions which were added in 1974.

This year's budget is widely called a "NATO budget" and the President has promised a 3-percent real growth increase in NATO accounts. The transfer amendment offers a more cautionary approach. Naturally, we should take into account the President's pledge of 3-percent real growth. But we should certainly not consider ourselves bound by it. The ERA of unilateral Presidential commitments is over. The Congress has a constitutional responsibility to determine budgetary levels and we should not repeat past errors of letting this authority disappear whenever national security is invoked.

The goal of my proposal is to end unilateral American initiatives to strengthen NATO, while at the same time allowing for the modernization of our basic NATO forces.

The major change from current policy would be deletion of the three divisions which were unwisely added to the force structure in 1974, and a corresponding reduction in procurement, strategic mobility, and logistics forces. This return to a more limited American role within NATO would affect such programs as the advanced tanker cargo aircraft, the utility tactical transport aircraft system, and the prepositioning of equipment (POMCUS) in Europe. Over the next 5 years, but not reflected in the fiscal 1979 reductions, would be a reduction in procurement of one F–15 wing and one F–16 wing.

We should not rush in to enlarge American forces in NATO at this time.

Only a few years ago, the distinguished majority leader at that time, Senator Mansfield, proposed an amendment to reduce U.S. forces in Europe, and it had, as I recall, something like 39 or 40 Senators cosponsoring that proposal. The Mansfield amendment to reduce U.S. forces in Europe was given a serious chance of success. Frankly, I simply do not see how overall political conditions in Europe or in the international environment in general have worsened to the extent that we should now be adding more soldiers to our Army in Europe. We need a more balanced assessment of security needs for Europe which takes into account not only how many tanks or aircraft each side possesses, but the political, economic, and historical factors as well.

After spending some time in Eastern Europe and the Soviet Union last summer, I am thoroughly convinced that the existing NATO force structure, including tactical nuclear weapons, and with a modest modernization program, is more than adequate to deter a conventional Warsaw Pact attack in Europe.

What is always left out of the equation in Europe is the fact that those countries have suffered far more from modern war on their territories than we have. I find it impossible to imagine goals for which the Soviet Union or any of its Eastern block allies would launch an aggressive war against the West, knowing that they would inevitably suffer far more destruction than that which crippled them so badly in World War II and World War I.

There are military reasons for a more cautious approach as well. Most experts agree that NATO's most serious military weaknesses are found not in the U.S.-defended sectors but in sectors defended by our European allies. Many of the administration's programs are designed to acquire the forces enabling the United States to reinforce and defend these other sectors.

Since we are not insisting upon full partnership—on the allies bearing their fair share of their defense requirements—I believe this policy represents an unwise expansion of our political role in NATO. Modest U.S. improvements for our own sectors coupled with greater pressure for a larger allied share makes military as well as economic sense.

I do not dispute the premise that the alliance has weaknesses. But it is absurd to contend that they exist because the United States has been deficient in supplying military manpower.

Beyond a contingent sufficient to guarantee our involvement should aggression occur, I continue to believe that the logical distribution of effort between us and our European allies is that they should provide the bulk of the manpower that is permanently stationed on European soil, that we should concentrate our support in the less manpower-intensive areas such as tactical air support and naval forces, and that we should stand ready to redeploy ground forces to Europe when and if an emergency does arise.

Fourth, I have proposed that we remove funds for a series of counterforce options—weapons with sufficience force and accuracy to pose a significant threat to the adversary's nuclear deterrent. They are the M–X ICBM, Minuteman III improvements including the MK–12A warhead and the NS–20 guidance system, advanced ballistic reentry systems (ABRES), and the Trident II missile. Savings would total another $396 million.

The Budget Committee indicates that its target for strategic forces will permit,

> Increased R&D activity on alternative ICBM technology associated with a hard target kill capability.

I firmly oppose both any increased commitment to this area made by the committee and the program recommended in the first place by the Carter administration.

The rationale for these counterforce programs is that several years down the road—unless we can prevent it in SALT—the Soviets may catch up with us in the accuracy needed to destroy hardened missiles in their silos. Then their ICBM's, with larger throwweights, will pose a serious threat to the survivability of our Minuteman ICBM's. So what we are doing is anticipating the Soviet counterforce capability by developing one of our own.

It is, in my view, a mistaken and dangerous strategy. For example, it is not often noted that aside from one feature of the M–X—mobility—none of these systems is designed to maintain what a Soviet counterforce capability would undermine, that is, the prelaunch survivability of our land-based deterrent. So it is a misnomer to argue that we are responding to a Soviet counterforce threat. Rather, we are simply taking the lead in another new wrinkle in the arms race.

Further, regardless of what the Soviets do, an American counterforce program is likely to increase the likelihood of the very nuclear war it is supposed to defend against. In testimony before the Budget Committee on March 1, Dr. Herbert Scoville, a former official of the Arms Control and Disarmament Agency, the Central Intelligence Agency, and the Department of Defense, offered some extremely sound advice on this score:

> Despite recent statements to the contrary, the acquisition of a U.S. counterforce capability is an irrational—not a security—response to a possible Soviet counterforce capability; it does not provide a deterrent against a Soviet attack and could provoke none.

Despite quantitative limits on nuclear weapons, counterforce capabilities and doctrines could well succeed both in putting a hair trigger on nuclear war and in extracting billions of dollars in arms spending from both sides without enhancing their security at all. Certainly we ought to contemplate this whole problem in more depth before we move into it more deeply. Otherwise I think we will be a party to another fateful decision similar to the 1969 decision to deploy multiple independently targetable reentry vehicles, or MIRV's, instead of seriously seeking to control them. That decision laid the foundation for much of what we fear the most now—including the potential for a Soviet counterforce program. This time we should exhibit more sense.

Fifth, I think we ought to delete the $105 million in additional funding for research and development on the B–1 bomber. I think everyone must have come to terms by now with the decision that the B–1 is not going to be built. That being the case, it does not seem to

me that we can justify spending more money on a dead program.

There is $10 million in the budget for investigating alternative manned strategic aircraft concepts. Therefore, this money for B–1 research and development seems similar to the money we spent to build and operate the ABM site in North Dakota after we had already agreed in SALT, that a nationwide program would not be built. It is superfluous spending.

Sixth, I propose that we cut out the sea-launched cruise missile, for a savings of $152 million. This is, in part, an arms control initiative. Since it could arguably transform every naval vessel into a potential strategic launch vehicle, the SLCM would render verification of an arms control agreement virtually impossible. Further, as many of our military experts have recognized, opening up a competition in this area would be of greater advantage to the Soviet Union because our coastal cities are more vulnerable than theirs to attack from the sea. Beyond that, I have yet to encounter anyone who can come up with an intelligent use for these missiles—one that would not detract fatally from the primary missions of our nonstrategic naval forces.

Finally, I have proposed several efficiency reductions. The Budget Committee suggests that the Department of Defense be required to absorb 20 percent of the cost of next year's pay increase; I would increase that slightly to 25 percent, for a cut of $112 million.

In addition, for reasons outlined earlier, I suggest that the operations and maintenance account absorb at least a portion of nonpay inflation. Forty percent absorption would save $232 million. Another $256 million would be saved if we required the research and development account to absorb the same proportion of its nonpay inflation, an approach which is not at all unreasonable considering that this is essentially a "level of effort" program.

Together, the adjustments I have outlined would total $4,615 billion in budget authority, which is the amount that I recommend be transferred to functions in the civilian sector. Aside from illustrating that these cuts can be accomplished, they can serve as one good standard for measuring priorities. I hope every Senator will weigh carefully whether the programs I have described are more urgent for the country than the domestic functions to which I would transfer these funds.

Let me repeat that the total of these proposed military outlays is some $4.6 billion. The budget process does not earmark them specifically as to where these funds should be spent but for illustrative purposes I have suggested ways in which the money could be more wisely invested in other sectors of the budget.

I proposed a $1.9 billion transfer to the energy functions of our budget including alternative energy research and development.

I propose some $331 million for railroad and railbed rehabilitation in the transportation sector of the budget; a $273 million transfer for economic conversion assistance to communities that may be losing defense contracts or military installations to help them convert to other job-creating enterprises and to tide them over during this conversion period; and, finally, some $2 billion for training employment and higher education money that is earmarked for dealing with the problem of structural unemployment and to deal with the necessity of assisting families who have children involved in higher education.

In any event Mr. President, I believe this range of alternatives will contribute more to the defense and security of the country and that, as a matter of fact, the $4.6 billion that I suggested in military reductions in no way jeopardizes the security of this country and does, in fact, open up the way for constructive expenditures that would add not only to our security but to the quality of life in our country.

So, Mr. President, I am very hopeful that, operating within the budget authority this modest transfer can be seriously considered and hopefully approved by the Senate.

A similar effort is being made in the other body and I hope it will succeed in the Congress as a whole.

ELECTRICAL WORKERS CITE INFLATION

Mr. McGOVERN. Mr. President, the United Electrical, Radio and Machine Workers of America (UE) have listed a reason for supporting the transfer amendment which I believe every Senator should find especially compelling.

In a statement endorsing the amendment, U.E. points out that:

Federal dollars poured into military production come back into the economy as claims on consumer goods and services, yet no consumer goods or services have been produced to back up this money. This is a guaranteed formula for inflation. The proposed military budget contains an increase even greater than the present rate of inflation—other categories, mainly human service sectors, contain no real growth. This can only exacerbate inflationary pressures.

That excerpt describes what I consider to be a central element in the punishing inflation all Americans continue to suffer. A hard-nosed examination of the military budget is an essential element in any program to combat inflation.

UAW BACKS TRANSFER

Mr. President, the breadth of support for the transfer amendment is demonstrated very clearly in a letter to all Senators bearing yesterday's date and signed by Howard G. Paster, legislative director of the United Automobile, Aerospace and Agricultural Implement Workers of America.

Mr. Paster writes:

We believe this transfer amendment is strongly in the public interest, aiding important domestic initiatives without any negative effect on our security interests. We hope you will agree with us and urge your support of the McGovern amendment.

I want to express my appreciation to the UAW both for that organization's help in designing this concept and especially for its leadership in pushing for an economic conversion component to assist workers and communities in shifting from military to civilian priorities.

ENVIRONMENTAL ACTION URGES SUPPORT

Mr. President, Environmental Action, a group here in Washington, has also written to Senators under date of April 21 urging support for the transfer amendment.

I ask unanimous consent that the statement of the United Electrical, Radio and Machine Workers, the letter from the United Automobile, Aerospace, and Agricultural Implement Workers, and the letter from Environmental Action be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UE SUPPORTS THE TRANSFER AMENDMENT

The United Electrical, Radio and Machine Workers of America (UE) fully supports the Transfer Amendment to be offered in the House by Rep. Parren Mitchell and in the Senate by Sen. George McGovern. Rank and file delegates to the 42nd UE International Convention adopted a resolution in support of the Transfer Amendment. UE Districts and UE Local Unions around the country have also indicated support.

The Transfer Amendment this year proposes a less than $5 billion shift in Federal funds from wasteful military spending to useful and productive civilian-oriented projects. This compares to the $7 billion cut in military spending promised by President Carter in his election compaign, and to a more than $10 billion cut recommended by Townsend Hoopes and Dr. Herbert Scoville, two former Defense Dept. specialists.

THE TRANSFER AMENDMENT MEANS JOBS

Several independent studies make it indisputable that military spending, dollar for dollar, means less jobs than the same amount spent on civilian-oriented projects. The diversion of resources, of R & D efforts and of capital into the military budget lessens the productive capability of U.S. mass-production industries—steel, railroads, electronics, shoes, textiles, etc. It also detracts from high employment sectors such as health care, education and other social services.

THE TRANSFER AMENDMENT IS ANTI-INFLATION

Federal dollars poured into military production come back into the economy as claims on consumer goods and services, yet no consumer goods or services have been produced to back up this money. This is a guaranteed formula for inflation. The proposed military budget contains an increase even greater than the present rate of inflation—other categories, mainly human service sectors, contain no real growth. This can only exacerbate inflationary pressures.

THE TRANSFER AMENDMENT IS A TEST OF NATIONAL PRIORITIES

It is the responsibility of Congress to lay out the Nation's priorities in its budget deliberations. The national defense is secure. The country is at peace. At the same time, millions of unemployed, especially unemployed youth, face a bleak future. Energy and transportation, especially railroads, are in crisis. The housing stock, water and sewer systems, schools and other needs of the cities are in desperate condition. Adequate health services are available only to upper income steady-job-holding citizens, leaving millions without coverage or with deplorable service in city and county hospitals.

It is time for Congress to declare forthrightly that these human needs will get priority in the national budget.

UE urges a yes vote on the transfer amendment.

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

Washington, D.C., April 24, 1978.

DEAR SENATOR: This year, before the Joint Economic Committee and the Senate Budget Committee, UAW President Douglas Fraser said "the military budget is the most expensive public service jobs program in existence." At the same time he called for a lowering of the defense budget "by at least $5 billion" to make additional funds available to fund domestic programs meeting human needs.

A report on the defense budget by Townsend Hoopes and Herbert Scoville recommends cuts in Pentagon spending of more than $10 billion without in anyway jeopardizing the national security. The money saved could then be spent on housing, jobs, energy and other national needs.

Senator McGovern will offer an amendment to the first concurrent budget resolution to transfer approximately $5 billion from defense spending to civilian needs, with a strong emphasis on conversion to counteract economic dislocation suffered by workers and communities as a result of defense contract termination. Senator McGovern's amendment will suggest reduction in defense spending of about $4.6 billion in budget authority and $1.5 billion in outlays which is less than the amount proposed by the UAW and more than 50% less than that suggested in the Hoopes-Scoville report.

We believe this transfer amendment is strongly in the public interest, aiding important domestic initiatives without any negative effect on our security interests. We hope you will agree with us and urge your support of the McGovern amendment.

Sincerely,

HOWARD G. PASTER,
Legislative Director.

ENVIRONMENTAL ACTION,

Washington, D.C., April 21, 1978.

DEAR SENATOR: We are writing to urge your support for the McGovern Transfer Amendment, which will be introduced in the Senate during floor debate on the First Budget Resolution. As you know, the McGovern Amendment calls for a transfer of approximately $5 billion in funds from the military budget to critical domestic programs—particularly in the areas of solar energy development and revitalization of our nation's rail system.

As environmentalists we believe that the McGovern Amendment is an important effort to focus attention on the question of priorities in national spending. The modest reductions in military spending called for in the McGovern Amendment would in no way endanger our national security. Our national security is threatened, however, by continued inattention to the issues of energy and the environment.

Increasing the availability of public transportation, improving energy-efficient rail transport, and moving toward safe, clean energy sources like solar are among Environmental Action's top legislative priorities. We strongly urge that you support the McGovern Transfer Amendment as a positive step in these directions.

Sincerely,

VICKI LEONARD,
Coordinator.

Mr. McGOVERN. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Maine (Mr. MUSKIE).

Mr. MUSKIE. Mr. President, with some reluctance, I rise in opposition to the amendment of my good friend from South Dakota. I understand his motivations and his concerns, in fact, I share many of those concerns.

This so-called transfer amendment about which Senator McGOVERN alerted us in testimony before the Budget Committee is intended to put more Federal dollars, now allocated to defense, into domestic programs which, hopefully, will contribute to the cure of certain domestic yields currently existing in this Nation.

So there are really two basic parts to the amendment: First, the cut in defense spending; and, second, the proposed increase in spending in domestic functions of the budget.

As chairman of the Budget Committee, Mr. President, I am well aware of the pressures exerted in every single function of the budget. Members and interest groups want the maximum amount of the funds available for the missions that comprise the functions that are of direct concern to them.

The budget before us today is an attempt at allocating funds in a way to achieve the best balance between defense and nondefense needs.

The approach of the transfer amendment offered by Senator McGOVERN presumes that the total amounts in this recommended congressional budget are appropriate, but that the allocation within the functions is wrong. Such, I submit, Mr. President, is not the case.

To gain the proper perspective on the question of priorities, it might be useful to make a few observations about the nature of the budget process as we have tried to implement it on the Senate side.

First, in the development of the Budget Act in 1974 one proposal we considered writing into the act was the requirement that the budget resolution reported from the Budget Committees could not be amended except by amendments that undertook balance in the sense of a transfer amendment which had balance impacts on the resolution. In other words, if there was a proposal to increase spending the same amendment ought to propose cuts in spending or increases in revenue in order to leave the total intact.

The theory was that the budget resolution was an economic instrument as well as a programmatic instrument, and that the amendment or any amendment offered should be thus disciplined.

The authors of the Budget Act, Mr. President, decided not to do that because we thought that was too inflexible. Instead we created the reconciliation process with which the Senate is familiar. This process enables Congress, after it has amended and finally acted on the first budget resolution, and modified it in the second resolution examining the authorizing and appropriations legislation, to make a second judgment about what resources are to be devoted to what needs. So although the transfer amendment idea was considered, it was not made a part of the budget process.

The alternative of the reconciliation process has offered greater flexibility to all committees in resolving any reallocation problems.

Second, Mr. President, in the Senate we have adopted the practice of pursuing two rounds of votes on functional totals. The first round involves votes on each function separately without any advance judgments as to what the total will add up to when we are through. We really try in this round in the Budget Committee to nail down a reasonable estimate of the need.

Then, in the second round we look at the bottom line and determine its significance. If we think it is excessive in terms of the resources that ought to be available, and the fiscal policy needs of the economy, then we examine the whole budget for possible cuts.

Third, Mr. President, in its deliberations this year the Budget Committee had three paramount concerns: the programmatic needs, the size of the total budgt, and the size of the deficit. The committee, as a whole, is enormously concerned with the threat of inflation, given the present trend in the economy and the potential deficit that might result from enactment of these pending recommendations we received from other committees.

As we examined each function and each mission and the needs expressed by the committees and the President, we were watchful for any reduction or modification in programs that might lead to a reduction in the deficit.

Indeed, in an effort to find savings and to hold down the deficit, I took a hard look at the spending recommendations of the committee after our first round decisions. I examined not only defense spending, but nondefense areas as well. I came back to the committee with a proposal that cut $4.7 billion in budget authority and $4 billion in outlays from our original recommendation. I felt strongly that there were areas within the defense and nondefense budget where significant savings could be achieved without damaging our national security or impinging on essential Federal programs.

I believe this was a balanced cut that called for sacrifice in a number of different areas. Included in these cuts were programs with which I have had a special interest, including the emergency fuel assistance program, the EPA construction grant program, and countercyclical revenue sharing.

It was my hope that in demonstrating support for cuts in programs that I consider of vital importance that this would set an example for other members of the committee and, hopefully, the entire Senate, to support small sacrifices in other areas in which I was able to identify room for savings and program efficiency.

As I have indicated earlier, my principal motivation in offering these second round reductions in 17 functions of the budget was to send a signal to the American people that the Senate was serious in its anti-inflation efforts and in its drive to hold down the Federal deficit.

Adoption of the transfer amendment would not achieve these goals, as indeed its only purpose is to reallocate the same total spending levels and maintain the aggregate budget totals. Moreover, it is clear that the establishment of priorities should be based on national needs.

Mr. President, let us look closely at the transfer amendment. The purpose of the amendment is to reduce the national defense targets in the fiscal year 1979 first concurrent resolution by $4.6 billion in budget authority and $1.5 billion in outlays. The funds available from this reduction would be transferred to other functions of the budget in order to shift priorities away from national defense to education, employment, and other domestic and social needs. A major objective of this approach is to reduce unemployment and stimulate the economy.

Mr. President, I would like to outline my reasons for opposing this amendment:

First. There are many priorities that this country must decide upon in determining U.S. commitments throughout the remainder of this century. These priorities touch not only our commitments here at home, but also those that involve us in international matters.

It is a fact that the favorable balance in arms strength enjoyed by the United States and its allies since the end of World War II is threatened by the signficant increases in defense spending levels by the Soviet Union. These spending increases have resulted in the Warsaw Pact nations improving significantly the capabilities of their conventional forces that confront the NATO alliance.

It is also anticipated that Soviet ICBM gains may jeopardize the survivability of the U.S. ICBM force by 1983 to 1985. The Budget Committee's recommendations for fiscal year 1979 and the 5-year projections through fiscal year 1983 recognize this deterioration in the United States/Western Europe defense position. The committee seeks to rectify the situation by insuring that priorities are assigned for maintaining an overall military balance with our adversaries that is at least as favorable as the present balance.

Second. The defense programs which would be affected by the amendment include the following: The MX and ICBM technology improvements; sea warfare force modernizations such as Aegis ships; general R. & D. and O. & M. activities; the U.S. NATO force levels and rate of NATO force modernization; the sea-launched cruise missile; and the nuclear-attack submarine program.

Without specifically addressing each of these items, it should be stressed that the Budget Committee's recommendation is based on concerns and priorities that directly conflict with the meaning of the transfer amendment.

I repeat that the committee is concerned that the strategic warfare and tactical warfare missions deserve priority because of the probable vulnerability of the U.S. ICBM force in a few years and the need to counterbalance the growth in Warsaw Pact conventional arms capabilities. It is not possible to focus on these priorities and accept the amendment simultaneously.

Third. The budget functions dealing with domestic needs which would be modified by the transfer amendment include energy, transportation, community and regional development, education, training, employment, and social services. These functions have been recommended for increases by the Budget Committee of 24 percent from fiscal year 1978 to fiscal year 1979—with an allowance for inflation, this represents approximately a 17 percent increase in real terms. The Budget Committee recommendation for national defense is for 3-percent real growth from fiscal year 1978 to fiscal year 1979.

The committee recommendation provides for over $84 billion in Federal aid to State and local governments. This represents a $5.1 billion increase from fiscal year 1978 to fiscal year 1979. Moreover, the committee projects a $28 billion increase in this activity from fiscal year 1979 to fiscal year 1983.

Fourth. Supporters of the transfer amendment argue that it would stimulate the economy and create thousands of additional jobs. This argument is deficient on at least three counts:

First, transferring spending within the budget is not an effective instrument of macroeconomic policy, and should not be used as such. Government spending programs should be evaluated on their merits, both in relation to each other and in relation to alternative private sector uses of the same resources.

The size and distribution of Federal spending should be determined by national priorities and congressional decisions respecting the overall size of government. The level of economic stimulus may then be adjusted if necessary, as it has been historically, by changes in tax rates and in monetary policy.

The PRESIDING OFFICER (Mrs. HUMPHREY). The Senator's 15 minutes have expired.

Mr. MUSKIE. I yield myself another 5 minutes, Madam President.

If Congress wants more economic stimulus, it can enact more economic stimulus. If Congress wants more jobs programs, it can enact more jobs programs. But let us not pretend it is necessary to have transfer amendments, and to cut spending on national security, in order to conduct macroeconomic policy.

Second, the immediate economic impact of transferring spending from national defense to other areas would probably be to reduce stimulus and employment rather than to increase it. This is because there are inevitably lags and administrative delays in committing and spending new budget authority on new or rapidly increasing programs.

We have observed this recently in the persistence of the Federal spending "shortfall." We observe it also in the large surpluses currently being run by many State and local governments.

Transferring spending from existing programs to new initiatives in any portion of the budget is likely to result in reduced fiscal stimulus in the short-run.

Finally, even in the longer-run, no significant increase in employment would result from such a transfer of spending authority.

A significant portion of Federal grants to State and local governments will simply substitute for spending by these authorities in the longer term. Therefore $2 billion of outlays for economic conversion and jobs programs would certainly have much less than a $2 billion net impact on spending in the economy. Additional spending on energy research and development, whatever its merits in terms of national needs, would certainly not appear to be a very labor-intensive activity.

Again, let me say if the Congress wants more economic stimulus it should enact more economic stimulus. But let us not confuse the setting of national priorities with the setting of appropriate macroeconomic policies.

Madam President, in closing my remarks, I would like to restate my respect for the aims of this amendment. I wholeheartedly support the cause of improving the general welfare of U.S. citizens. I have stood before my colleagues innumerable times speaking out against human injustices and for the basic human dignities that this amendment addresses.

I would like to support this amendment, but I am not convinced that it solves our problems.

But, Madam President, this body must make choices. We cannot afford to commit the Federal budget in every direction at once. There are continually many attractive alternatives before us. It is up to us to determine our national priorities and to provide for our general welfare and security both here at home and abroad.

Let me illustrate my concern about some of the spending increases reflected in this transfer amendment in terms of specifics.

The transfer amendment would increase the function 450 targets by $0.3 billion in budget authority and $0.1 billion in outlays to accommodate a substantial expansion of "Title Nine" economic adjustment programs of the Economic Development Administration. These increases would help local communities adjust to the closing of military bases and defense plants.

Let us look at that justification.

Adoption of this amendment would result in a massive increase in EDA economic adjustment activities. In fiscal year 1978, this program is funded at about $63 million. The Senate Budget Committee's recommended targets already could accommodate the President's request to expand the program to over $450 million in fiscal year 1979. That would be a seven-fold increase in 1 year. Senator MCGOVERN'S amendment assumes the program would expand to about $730 million in fiscal year 1979. That would be almost a 12-fold increase. Clearly the program could not expand that rapidly without undermining program efficiency and effectiveness and the Budget Committee took that into account in justifying the increase from $63 to $450 million as representing the amount that could be efficiently used for this purpose in fiscal year 1979.

Let us look at the purposes for which this increase is justified by the transfer amendment.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MUSKIE. I yield myself 2 additional minutes, Madam President.

Even if the Congress decides to reduce military spending in the amounts recommended by Senator MCGOVERN, heavy spending for economic adjustment would

not occur for a number of months. For instance, large bases are not closed until an environmental impact statement is prepared—a process which takes about a year. During this time, only planning money would be necessary and this involves only about 3 to 5 percent of total spending on an average project. The increases suggested in the transfer amendment would not be needed by EDA in fiscal year 1979.

So with respect to this particular increase in domestic spending, the budget resolution makes adequate provision, increased the provision over 1978, and could not efficiently use the added amounts presented by the transfer amendment.

In summarizing, Madam President, I repeat that the procedure adopted by the Senate Budget Committee has been to go through each of the 19 functions of the budget carefully, without carrying any total target for spending, to establish and to address needs, not only in terms of current law and the impact of inflation, but in terms of the additional recommendations we have been asked to consider.

Each function's total and, indeed, the missions within each function, are addressed in that fashion. There is no arbitrary ceiling imposed on domestic spending. There is an honest attempt to address legitimate needs in each function. I think the budget resolution does that.

When one takes into account additionally the threat to inflation represented by excessive spending or spending above actual needs, the pressures ought to be to reduce the deficit and not to increase domestic spending.

At this time, I reserve the remainder of my time and yield to my good friend from Oklahoma.

Mr. BELLMON. Madam President, I yield myself 5 minutes, if the Senator will yield.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BELLMON. Madam President, I rise to join with the distinguished chairman of the Senate Budget Committee in opposition to the McGovern amendment. The chairman has made many compelling arguments, especially in discussing the way the Senate Budget Committee has arrived at the defense figure, but there are some additional points I would like to make.

Mr. MUSKIE. Will the Senator yield for one moment?

Mr. BELLMON. I yield.

Mr. MUSKIE. Madam President, I ask unanimous consent that Mike Joy, of Senator HOLLINGS' staff, be granted the privileges of the floor during the consideration of this concurrent resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. In addition to the points Senator MUSKIE has made, there are one or two other arguments I would like to suggest.

In Senator MCGOVERN's amendment, he proposes to add funds to functions that have already been significantly increased by the Budget Committee. He wants to increase the domestic functions but we have already increased them by about 24 percent for the fiscal year 1979 budget as compared to fiscal year 1978. This is a major increase. Our increases amount to a 17-percent increase in real terms. I doubt very seriously if these programs could use large infusions of new money in a single fiscal year. This is the amount that the Budget Committee has already increased. We have already increased these programs by 17 percent and now Senator MCGOVERN's amendment would increase them significantly further.

The defense budget by contrast, Madam President, rose only 3 percent in real terms. Now Senator MCGOVERN would like to cut the defense budget and add even more money onto the programs that the Senate Budget Committee has treated very, very generously.

Again, to restate the case, the domestic functions which Senator MCGOVERN wants to increase further have already been increased by 17 percent in the budget resolution. The defense budget has risen only 3 percent in real terms. To me, this reflects a very realistic transfer of priorities which has been dealt with already by the Senate Budget Committee preparing the budget before us.

The second point is that the transfer which Senator MCGOVERN is proposing will not have the economic impact which he claims. Economists do not believe that macroeconomic policy can be effectively made by transfers within the Federal budget in gross terms of this order. Some regions may even be harmed by the way the Pentagon allocates the cut. Little real growth in employment can be reasonably expected from the additions to the domestic functions that Senator MCGOVERN's amendment proposes to increase.

A third point is that Senator MCGOVERN's amendment has ignored the very real danger to this Nation's strategic missile and submarine forces which has been posed by the impressive advances this year in Soviet ICBM missile accuracy.

Both university scholars and the intelligence community are now concerned about the dangers in the mid-1980's—1983–85—to our own nuclear missiles. Unless we spend the funds the McGovern amendment would cut to strengthen our strategic forces we are going to create a missile gap which the Soviets will know about immediately this year. This will undercut the SALT negotiations, which are now underway and which most of us in this body, including Senator MCGOVERN support.

The fact is that there is not a genuine arms race underway, so far as we can tell, at this time. The Soviets have been increasing their defense spending at the rate of about 4 percent per year on a regular basis over the last 12 years. We now propose to increase our spending by about 3 percent. This is not a sudden surge on the part of either the U.S.S.R. or the U.S. It simply is our reaction to ongoing Soviet policy they have been following in an effort to strengthen our defenses rather than let us fall behind.

These defense cuts would make it impossible for the United States even to come close to the pledge we made in May of 1977 to NATO. We would fall further behind the long-term spending that we have pledged and that will make it impossible for us to continue to meet our NATO commitments.

Senator MCGOVERN's proposed cuts are aimed at a defense budget that has been been cut already by $9 billion down from what President Ford would have proposed for this year. The Office of Management and Budget has cut $6 billion more out of the Secretary of Defense's request. This defense budget is really a kind of detente budget. It is so low that the Budget Committee has not cut any real military programs this year as Senator MCGOVERN is aware, the Budget Committee is usually not generous with the defense budget, but now we are restoring some of the administration cuts to show both our NATO allies and the Soviets that we are committed to a strong defense posture.

Senator MCGOVERN has made a point with which many of us agree, that the Soviets do not respond to gross increases in defense spending. It is one that we are perfectly aware of, that we should not spend just to show we are "tough." The $1.4 billion above the President's budget that the committee included here is carefully designed to meet specific needs in NATO and in our strategic missile forces. It is not just spending to show we are "tough."

It is spending for a definite purpose and one that I feel is well justified by the facts. Therefore, I join in opposing the McGovern amendment.

Mr. MCGOVERN. Madam President, I yield myself such time as I require.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 21 minutes.

Mr. MCGOVERN. Mr. President, the distinguished Senator from Maine, the chairman of the committee, and the ranking minority member of the committee (Mr. BELLMON) have both questioned the impact on the economy and on our society of the transfer that I am suggesting here today, so I should like to take the remainder of my time to describe in more depth what I think could be the impact, in a constructive way, of making the kind of transfer that I propose.

Before I do that, I call the attention of the Senate to a report that was issued last year by two of our most eminent defense authorities on national security issues, Mr. Townsend Hoopes, former Under Secretary of the Air Force and the principal deputy Assistant Secretary of Defense in the Johnson administration; and Dr. Herbert Scoville, the former director of the Arms Control and Disarmament Agency and the past Deputy Director of the Central Intelligence Agency. In that report last year, these two men pointed out how $10.5 billion could be carved out of the then projected fiscal 1970 arms budget without any harm to our national strength. I realize that the budget we are talking about now is slightly different than the one that had been projected earlier for fiscal 1979, but, nevertheless, the fact remains that I am suggesting here a cut roughly half the size recommended by Mr. Scoville and Mr. Hoopes last year.

In their report, they outline a series of steps that could be taken in the Defense Department that would result in savings in excess of $10 billion. I think it is important that that report be made a part of the RECORD, so I ask unanimous consent that the report, entitled "Military Policy and Budget Priorities, Fiscal Years 1979–1982," be printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the Record, as follows:

MILITARY POLICY AND BUDGET PRIORITIES
FISCAL YEARS 1979–82

(By Townsend Hoopes and Dr. Herbert Scoville)

Summary of recommendations

(all figures in billions of FY 78 constant dollars)

	FY 1970
Strategic weapons	$2.784
Army	3.555
Air Force	1.045
Navy	2.860
Marine Corps	.220
Total	10.464
FY 1980	10,830
FY 1981	9,845
FY 1982	11,133

INTRODUCTION

The major social concerns of the country cannot be set aside, and if the government is to respond to them, it must provide the funds they require. The country needs an effective urban strategy to address the cyclical and structural problems of our older central cities; the goals of the Humphrey-Hawkins bill, endorsed by the President, must be implemented by effective programs; the health care system must be rationalized and reformed to insure that all individuals receive adequate health coverage; our educational system must remain the finest in the world. In addition, social security financing must be put on a sounder basis and welfare reform must be intelligently and humanely pursued.

Such programs will require substantial new outlays from the Treasury, but slow economic recovery and President Carter's goal of balancing the federal budget by 1981 have raised serious questions whether the necessary funds will be available for these new initiatives. The tax reform package, expected to reduce federal revenues by $20 billion, will compound the problem.

We therefore anticipate severe competition for federal funds in the coming years. As a result, the country's spending priorities will have to be scrutinized closely, not only to identify waste, but also to insure that the federal budget appropriately reflects the national commitment to social justice and a secure standard of living.

To help clarify the national priorities dilemma, we have invited Mr. Townsend Hoopes and Dr. Herbert Scoville, two former national security officials and current close observers of national defense issues, to review the nation's present and projected military budget. We asked them to determine whether the nation's genuine defense needs and national security can be adequately provided at lower levels of spending. The Carter Administration inherited from the Ford and Nixon Administrations a program of "real growth" expansion in the military force structure and in corresponding budget outlays, and a major test of President Carter's commitment to social concerns will therefore be his decisions on military spending—whether to pursue the force expansion or to make feasible reductions.

Mr. Hoopes and Dr. Scoville conclude that selective reductions can be made without risk to the national security. We do not necessarily endorse their specific recommendations. But we believe the magnitude of their proposals demonstrates that the range of alternates available to the Administration and Congress is much broader than the current defense debate would indicate. We believe that trimming unnecessary defense expenditures will generate an important source of funds for meeting our vital needs at home. Transferring these funds to the domestic budget will be an important first step to reorder our national priorities.

We emphasize in the strongest terms that this nation must look after the people who suffer as a result of a conversion from wasteful military expenditures to peaceful social expenditures. When the whole society benefits, one group should not bear the total cost. Along with other social programs, the government must provide the means so that those who formerly made swords can make plow-shares.

THE MILITARY BUDGET

The important military budget issues facing the American people today relate to force structure—how many active Army divisions should be deployed, how many Air Force wings should be procured and maintained, and how much military force should be "forward positioned" far from our shores. These are the basic questions. The new Administration has inherited and is carrying forward a planned expansion of U.S. military forces. In our view, such an expansion is not warranted at this time either by the general climate of international conditions or by the present and prospective state of US-Soviet or US-China relations. On the contrary, we believe that a number of our military deployments can be safely reduced, and that such actions would be in the national interest. They would produce desirable savings in the military budget and thus permit the transfer of funds to socially useful programs. Of equal importance, they would give us a military posture more appropriate to our national requirements in a period when the primary foreign policy problems are nonmilitary in nature.

If the military force structure is expanded, then it is certain that the longer term costs of manpower, procurement and operations will dwarf any short-term savings that may be realized through greater efficiencies. Decisions made now on force structure questions will determine the character and level of military spending for decades to come.

One principal aim of this paper is to broaden the debate over military alternatives, which has been confined within very narrow limits during the past several years. While the factor of the U.S.-Soviet military balance is fundamental in such a debate, there are many other considerations. President Carter has instituted a "zero-based budgeting" technique aimed in part at achieving a balanced budget by 1981. This technique forces government agencies to justify and "prioritize" their entrenched spending programs. Such a process requires the vigorous development and debate of alternative programs; nothing is regarded as sacred, everything is open to question. It is imperative that this "zero-based" technique be applied to our military spending and military commitments, for two reasons: First, there exists a powerful inertia in favor of the steady expansion of military programs, sustained by a powerful military-industrial constituency. Second, there exists in our society a strong tendency to accept new military technology, without examining whether it will produce greater or lesser security.

THE FOREIGN POLICY FRAMEWORK

If the United States has suffered foreign policy frustrations recently, none has been the result of U.S. military weakness. Larger military forces would not have enabled us to roll back the price of oil, manage the transition from minority white rule in Southern Africa, or effect a political settlement in the Middle East. Our decision not to intervene militarily in these situations did not follow from a judgment that our military forces were inadequate, but rather from a considered conclusion that none of these situations lent itself to a military solution—indeed that a U.S. military intervention could only have exacerbated the difficulties. In part, our sensible restraint was derived from the painful and sobering lessons learned in Vietnam—that there are inherent limits to the effectiveness of military power as an instructment of policy, even for a great power. An equally influential factor was the commonsense realization of our government and people that the critical problems that cut across the world today—ranging from food shortages, energy imbalances, rising national tariff walls, large-scale violation of human rights, and the precarious stability of democratic governments—cannot be ameliorated by military force.

Nor is there any significant element in present or prospective U.S.-Soviet relations that requires us, rationally, to expand our military forces. Unfortunately, reason and proportion have frequently conflicted with the picture painted by proponents of larger U.S. military spending. They have argued that the story of the past decade in world diplomacy is the story of Soviet gains and American losses—caused by rising Soviet military power. This seems to us a quite false picture of reality. Western frustrations and setbacks have been fundamentally unrelated to Soviet military strength. Moreover, there is abundant evidence that the Soviets have been seeking normalized relations with the West during this period, in part to gain the benefits of Western technology and even of Western foodstuffs, but even more basically to enhance the security of the USSR. And Soviet diplomatic forays in the Third World have been tentative and have not fared well. The Soviets face continuing dissension in Eastern Europe, are quarreling bitterly with the Euro-communist parties of Western Europe, have been expelled from Egypt and Somalia, have lost influence in Syria, and have been rebuffed by the new countries in Africa and Indochina in their efforts to establish military bases in those places. In our judgment, both superpowers have been forced in recent years to accept a greater accommodation to the indigenous dynamic of local events in an increasingly unmanageable world.

The overall U.S.-Soviet balance remains stable. Both the USSR and the United States possess enormous military power, and both countries have been expanding or modernizing their military forces beyond reasonable limits. Both have far more military capability in the aggregate than they can effectively utilize in conjunction with any foreseeable international crisis—including total nuclear war. The contention that whichever superpower spends more of its GNP on military procurement will automatically gain prestige or leverage in the Third World, or in foreseeable crisis situations anywhere, is a highly dubious proposition, as reference to the nonmilitary nature of the overriding global problems has suggested. It is well known, for example, that the Soviet Union spends a greater proportion of its GNP on agriculture than we do, but this does not make Russia the world's leading breadbasket; on the contrary, the Soviets must import huge quantities of wheat from us. The CIA recently doubled its estimate of the percentage of Soviet GNP devoted to military spending, but it did not change its estimate of Soviet military capability. The analysis showed, not that we are twice as threatened, but that the Soviet economy is twice as inefficient as we had originally thought. Finally, we see little indication in present and prospective Soviet policy of an aggressive drive carrying with it a willingness to run a serious risk of war.

We need to maintain significant military

power. But in an era of slow economic growth and scarce resources worldwide, the particular size and character of the U.S. defense budget does not send sensitive or even relevant "signals" of our intentions to either allies or potential adversaries. A "real growth" military budget is not therefore a prerequisite to effective U.S. efforts to confront, define and resolve major global problems facing the world today; nor is it a test of our internationalism, in the sense that a reduction in the military budget would be read as a return to isolationism. We are hardly an isolationist nation. The Carter Administration has launched a whole range of significant foreign policy initiatives—in the Middle East and Africa, in Latin America, on nuclear proliferation, on Western economic policy, on arms sales, and human rights. Success in these initiatives demands the concentrated attention of our best diplomats and government managers, and they need to be backed by significant resources, but it does not depend upon an expansion of U.S. military forces.

President Carter said recently, "It is a new world that calls for a new American foreign policy." We agree, and suggest that the military posture appropriate to underpin such a foreign policy is one sufficient to defend the United States and its principal strategic interests, but that we neither want nor need a capacity for extensive military interventions in the Third World.

STRATEGIC NUCLEAR POLICY

Our strategic forces are the quintessential element of our national security structure, since a nuclear attack on this country would kill tens of millions of our people and destroy our society. Therefore, there can be no compromise over the procurement of the weapons needed to maintain a secure deterrent and a stable strategic nuclear balance between and among the nuclear-armed powers. But more strategic weapons, possessing greater explosive yield, throw-weight, and accuracy do not necessarily make for greater security; indeed, the reverse is often the case.

There is no defense today against the kind of nuclear attack that we can launch or that can be launched against us by the USSR, and it is probable that there can be none. Therefore, security for all nuclear-armed nations must continue to depend upon a considered self-restraint based on the perception that a rash attack on a powerful adversary would also result in the virtually certain destruction of one's own society. This mutual restraint is called deterrence. We must continue to have strategic retaliatory forces capable of making nuclear aggression, upon us or our allies, a totally irrational act, but we should not pursue the illusory goal of nuclear superiority vis-a-vis the USSR.

Stable deterrence thus requires both the US and USSR to refrain from developing policies or forces that seem to threaten the deterrent forces of the other side, for such apparent threats increase the incentives for preemptive war or the likelihood of accidental nuclear war, and create tensions that decrease the security of all parties. The United States must retain secure retaliatory nuclear forces, but these forces should not include a threatening counterforce or first strike capability, for that would destabilize the strategic balance.

ARMS CONTROL

In our judgment, the current strategic nuclear balance is stable and cannot be easily upset, and it will be far better maintained by equitable arms control agreements (including especially arms reduction agreements) than by the development and procurement of new weapons systems. Certain aspects of the scope and pace of the Soviet strategic buildup are disturbing, but certain aspects of the U.S. nuclear program must also seem disturbing as seen from the Soviet viewpoint. While superior Soviet throw-weight worries some American defense planners, prospective improvements in the yield and accuracy of Minuteman (which would insure an impressive U.S. superiority in hard-target kill capability for at least five years) are equally alarming to Soviet defense planners.

Wisdom for the United States does not lie in following Soviet moves to improve the hard target kill capability of land-based missiles, for this would create the prospect of an increasingly tense and precarious relationship between mutually vulnerable land-based missile forces—like two adversaries facing each other with cocked pistols. In our judgment, the Soviets do not now possess a counterforce capability against our land-based missile forces. But even if they were to achieve it, we should not attempt to match it. On the contrary, we should continue to exercise restraint with respect to modernizing such forces, for our sea-based and bomber forces would remain secure and the ensuing situation would offer the Soviets no incentive for preemptive war. Accordingly, we should concentrate on taking whatever measures are necessary to ensure the invulnerability of our sea based and air-based forces, and on striving to persuade the Soviets not to develop a land-based counterforce capability. An effective SALT agreement would greatly assist this effort.

In our judgment, it is doubtful that the USSR is seriously seeking a capability to fight and win a nuclear war. The scenario that the USSR would launch a preemptive attack in the confidence that its civil defenses (including the evacuation of cities) were sufficient to protect most of the Soviet population from the thousands of surviving U.S. warheads is, in our judgment, paranoid. No rational Soviet leader would risk the fate of his nation—and 50 million to 100 million fatalities—on the basis of computer simulations about the theoretical course of a nuclear war or on the presumed effectiveness of civil defense measures. The notion that the Soviet leadership would initiate nuclear war in the hope that the USSR could "be ahead of the United States" ten to fifteen years after a mutually catastrophic nuclear exchange is not credible.

An effective agreement limiting strategic arms would be the most reliable way to maintain a stable deterrent, to reduce the risks of nuclear conflict, and also to reduce the present high costs of the arms race. A treaty establishing long-term ceilings on all strategic delivery vehicles at levels somewhat below those agreed to at Vladivostok (2400 bombers and missiles, of which 1320 could be MIRV'd) would give confidence that neither side would seek an advantage in numbers of delivery vehicles. A protocol restricting, even for three years, further development and deployment of MIRV'd ICBMs, strategic-range cruise missiles, mobile ICBMs, and the Backfire Bomber would slow down the present dangerous arms competition, help to establish a discernible momentum toward mutual trust, and improve the prospect for further reducing the levels of all strategic arms. We note with encouragement that the SALT II negotiations seem to be moving in this direction. Conclusion of a SALT II treaty along these lines should set the stage for a more ambitious effort to curb the testing and development of all new strategic weapons; this would have the beneficial effect of imposing genuine restraints on the military application of new technology.

STRATEGIC WEAPONS PROGRAMS

Beyond the possibilities of successful SALT agreements, there is in the present situation an opportunity for the Carter Administration to make progress in arms control by the practice of selective independent restraint. In our judgment, strategic forces capable of surviving a first strike and of retaliating effectively can be maintained at a level of expenditure and effort lower than the currently programmed level.

1. The following programs, which are designed to provide significant counterforce capabilities by greatly improving warhead accuracy, should be cancelled:

a. The MX mobile ICBM—the Soviets would accurately perceive the MX as a clear first strike threat to their land-based ICBM force. Its development and deployment would gravely complicate verification of any numerical limits on land-based strategic delivery vehicles, and would thus possibly preclude any further SALT agreements. The estimated FY 79 cost saving of the MX cancellation is $245 million; 4-year savings could reach at least $2 billion.

b. Minuteman improvements (MK 12-A warhead, NS-20 guidance system)—these will provide an unnecessary higher yield and improved accuracy in the immediate future, if not cancelled. Estimated cost savings in FY 1979: $100 million.

c. Advanced ballistic reentry systems (ABRES)—these would develop maneuverable reentry vehicles (MARV) which would be far more accurate than a free-falling ballistic missile. Estimated FY 79 cost saving: $125 million.

d. Trident II missiles—this would have a 6000-mile range and be fitted with a maneuvering reentry vehicle (MARV). Cost saving in FY 79: $110 million.

2. The following strategic programs are *not* required for the maintenance of a secure retaliatory force in the foreseeable future, and shoud be cancelled:

a. Cruise Missiles of Strategic Range—Our overriding interest in stable, verifiable arms control agreements and arms reductions makes it imperative that we limit cruise missiles to tactical ranges—i.e., not exceeding 600 km. If the U.S. were to deploy even air launched cruise missiles (ALCM) of strategic range this could, unless strigently controlled by an arms control agreement, create irresistible pressures for the future development of both land-launched and sea-launched cruise missiles of strategic range. It could also lead to a proliferation of cruise missiles (within each of the U.S. armed services and within allied and Third World armed forces) that could become dangerously unmanageable. Neither sea-launched nor land-launched cruise missiles of *any* range are necessary or even sound additions to the U.S. strategic retaliatory forces. It could be reasonably argued that U.S. deployment of air-launched cruise missiles exceeding 600 km could buy us certain advantages if aircraft were our sole or primary means of strategic retaliation. But the strategic bomber force is only one element of the deterrent triad. Bombers will be reaching the Soviet Union hours after our sea-launched ballistic missiles and surviving ICBM's will have devastated its air defenses. Therefore, it is hard to conceive of a realistic situation which will require ALCM's with ranges greater than 600 km.

In our judgment, the continued development and the deployment of all types of cruise missiles by both sides would pose new dangers to U.S. security, more than offsetting the advantages to be gained from U.S. deployment of long-range cruise missiles at this time. The result would be more weapons and less security for both countries, and would add further complications to the already perplexing arms control problem. FY 79 savings: at least $800 million.

b. Trident Submarines—Seven new Trident (Ohio class) submarines have already been fully funded by Congress. Six additional submarines are planned for the next four years. Procurement of this class should be reduced for several reasons. First, the Trident I (C–4) missile, which will be deployed in the Poseidon boat, will extend the operational range of Poseidon threefold, thus providing an enormous margin of protection against Soviet anti-submarine warfare technique. Second, if the lower MIRV sub-limits in SALT II (and expected further MIRV reductions in SALT III) become part of a treaty agreement, the Navy will not be able to fit all of its

planned Tridents under those ceilings. Third, it is still not too late to examine lower-cost alternatives to the enormously expensive Trident, which costs over $1 billion each.

For these reasons, Trident should be procured at a more modest rate than currently programmed. Procurement over the next four years should be reduced from 6 to 3, leaving an authorized force of 10 Tridents by 1982. FY 79 savings: approximately $1.2 billion. Four-year savings of at least $3.6 billion.

3. We should not continue to expend effort and money on strategic defense programs that cannot realistically provide meaningful protection, including the following:

a. Follow-on Interceptor Aircraft—we see no sense in spending large sums to develop an advanced interceptor aircraft against bomber attacks when there is no protection against the devastating effects of Soviet ballistic missile warheads and when the Soviet bomber force has a very limited intercontinental capability and can only penetrate the U.S. subsonically at high altitudes. FY 79 savings: $81 million; 4-year savings of $1.9 billion.

b. Civil Defense—whatever the size of the present Soviet civil defense program, it cannot protect the Soviet population or economy from devastating consequences in the event of a Soviet-U.S. nuclear exchange. By the same logic, no rational U.S. civil defense program can protect the American population or economy from the equally devastating consequences of a Soviet nuclear attack. In an era of powerful, plentiful and increasingly precise ballistic missiles on both sides, a serious effort to protect these assets through civil defense programs is by definition a waste of money. Worse than that, it might engender a false sense of security or give rise in the USSR to falsely-based fears of U.S. aggressive intent in the same way that the Soviet civil defense program has been perceived by some in this country. For both political and financial reasons, the proposed expenditures on civil defense are a mistake and should be cancelled. The estimated cost saving in FY 79 would be $123 million.

GENERAL-PURPOSE FORCES

U.S. general-purpose forces have four main purposes—to defend United States territory, support the NATO commitment, meet other treaty commitments and respond to a range of lesser contingencies in other parts of the world as may be necessary to protect U.S. interests.

Europe and the NATO alliance remain our highest priority security interest in the world today. The United States must continue to provide the forces necessary to give NATO both military and political credibility.

We find, however, two basic discrepancies between a credible NATO commitment and the current expansion of U.S. forces oriented to Europe. First, this expansion does not appear justified by either the military balance in Europe or the present state of U.S.-Soviet relations. Second, the ground forces in the United States that are programmed for European reinforcement are unusably large and inadequately ready to meet the requirements of the most likely European contingency—a short, intense conventional war which will end either in an urgently negotiated ceasefire or an escalation to a nuclear war.

While the U.S. and NATO planning assumptions increasingly emphasize the need for a rapid response at a high level of combat capability, the size and readiness level of our reinforcing forces and the plans for their movement to Europe (primarily via seaborne transport operating along sealanes protected by the U.S. Navy) appear to be geared to a relatively slow build-up and an extended conventional war.

These discrepancies need to be recognized and corrected. Expansion appears to be the wrong alternative, for the real need is for a smaller, more combat ready force tailored to a contingency demanding a quick response at acceptable procurement and maintenance costs.

The military forces we deploy in Asia, and maintain at home for Asian contingencies, are also unreasonably large in the post-Vietnam period. These forces, costing an estimated $30 billion per year, or about 20 percent of the total military budget, constitute a holdover from the era of confrontation in which the United States sought to exercise a tight strategic control over large areas of the region and stood poised to intervene directly and militarily in local situations. That era has passed. Our need now is to bring our Asian policy and our supporting military deployments into better alignment with new strategic realities in Asia and new political realities at home.

A. GROUND FORCES

Since 1975 the authorized U.S. Army ground forces have been expanded from 13 to 16 active divisions. In addition, there are 3 active Marine Corps divisions. Five Army divisions are in Europe (4 full divisions and 1/3 of each of 2 U.S.-based divisions, plus assorted independent units), 1 in South Korea, 1 in Hawaii, and 9 in the continental U.S. One active Marine division is based in North Carolina, 1 in California and 1 is split between Hawaii and Okinawa (on a 1/3-2/3 basis).

The Marine Corps active force structure is set by law at its present level. The Army active structure has been expanded by 3 divisions since 1975, but without significant increases in Army manpower ceilings—which has resulted in a lowered level of manning throughout the structure. In addition, the Army is converting two of the three new light infantry divisions into "heavy" armored divisions and is procuring new generations of tanks, attack helicopters, armored personnel carriers and other equipment. This combined expansion and modernization is very expensive. For example, the estimated five-year procurement, operations and maintenance costs of the three new Army divisions alone are $4.5 billion (up from the 1975 projection of $1.8 billion).

NATO CONSIDERATIONS

The offered rationale for this Army force expansion is a perception that the Soviet Union now has the capability to launch a successful "blitzkrieg" attack that could quickly defeat NATO forces and result in the Soviet occupation of Western Europe. There is no doubt that Warsaw Pact forces have improved significantly in overall strength and modernization improvements in the past ten years. At the same time, however, NATO forces have been comparably modernized and upgraded. Although both NATO and the Warsaw Pact appear to enjoy advantage over the other in individual aspects and categories, the overall military balance in Europe is stable. The Brookings Institution, which in recent years has sounded an alarm about NATO capabilities, stated in its 1977 report Setting National Priorities:

In side-by-side comparisons of similar weapons technology, NATO appears to have done rather well (since 1970) . . . It seems evident—within the limits of uncertainty surrounding any such assessments—that the modernization of Warsaw Pact forces has been effectively matched by NATO improvements . . . In effect the current balance of forces is such that neither side could be guaranteed a favorable outcome should war break out in Europe.

The Brookings report adds that the present logistical support structure of Soviet forces in Eastern Europe is insufficient for launching an immediate attack, and that large-scale preparations could not escape Western detection.

This purely military judgment is reinforced by the present state of political detente. There is little indication in Soviet policy of any aggressive intention to invade, occupy or rule Western Europe. Soviet policy tends to be concerned more with defending and gaining broader recognition for existing spheres of influence, and with taking measures to limit the cohesiveness of the Atlantic powers. USSR relations with the Euro-communists in the West are strained, and its continued position as an unwelcome occupier in Eastern Europe reinforces other existing deterrents to a Soviet attack on the West. On this reading, the Soviets face far too many uncertainties to make "blitzkrieg" a credible option.

An important consequence of expanding the U.S. ground force structure without significant manpower increases is a low level of manning, especially in the three new Army divisions. This weakness is aggravated by a heavy dependence on the effective mobilization of Reserve units in time of crisis, in order to bring the regular forces to combat readiness. The apparent rationale for these three new divisions is that they would be required for the reinforcement of NATO Europe in an extended conventional war. But given the far greater likelihood of a "short war scenario" in Europe, it seems to us doubtful whether substantial U.S. ground forces, including specifically the three new Army divisions, could be mobilized and transported to Europe in time to have any significant impact on the outcome of the conflict.

In our judgment, the situation does not call for carrying out the planned expansion of U.S. forces oriented to Europe. The need is to tailor the size of our ground forces to the realities of a short war scenario in Europe and to guarantee that these forces are maintained at a high level of combat readiness. Reducing the Army force structure should produce an improvement in manning levels, and will also ease the strain on the voluntary recruiting system.

We recommend against the withdrawal of any Army combat forces in Europe at this time, but we urge serious new efforts to negotiate mutual East-West force reductions. We do recommend, however, that the total active Army force structure be reduced from 16 to 10 divisions, worldwide, over four years. This would permit us to provide 10 highly ready and well-supplied divisions. Regular Army personnel strength would decrease by 160,000 while 18,000 civilian and 21,000 reserve component personnel would be added to upgrade the support and readiness capabilities. Manning percentages throughout the 10 divisions would be very high and their combat readiness would be less heavily dependent on reserve mobilization. (See "Deployments in Asia" p. 24 *infra.*)

Over the next four years, such an alternative Army structure would cost approximately $14 billion less than the programmed force expansion. FY 79 savings alone could approximate $3.6 billion. To achieve a comparable state of preparedness throughout a 16-division structure would cost $22 billion above the current program level.

As part of this realignment, we strongly support President Carter's efforts to improve readiness in and for NATO by increasing the stocks of prepositioned equipment and ammunition in Europe, constructing additional hardened airbase facilities in Europe and encouraging greater standardization and interoperability of NATO weapons systems.

B. TACTICAL AIR FORCES

The Air Force tactical forces, which constitute 22 wing-equivalents of aircraft within a 26-wing structure, are currently engaged in a simultaneous expansion and modernization program. The plan is to procure enough new aircraft and personnel to fully equip 26 wings; at the same time, nearly one-half of the units are being modernized. The net effect of this dual development is to drive procurement costs up dramatically. The plan is to procure 1600 new aircraft during the period FY 77–81 at a cost of $15 billion, re-

sulting in a net addition of 300 operational aircraft (17 percent) to the total inventory. For the first time, the Air National Guard will be supplied with new planes rather than those phased out of the active force structure.

We support the modernization program, but believe there is no justification for an expansion to the 26-wing structure. Consolidating the tactical air forces at the 22-wing level, and assuring their adequate modernization, is a much better choice and would be more consistent with the NATO short war scenario. Such a structure would still provide us with both massive and thoroughly modern tactical air power. Accordingly, we propose:

1. Cancellation of the procurement of two F–15 wings, at an estimated savings of $2.9 billion over 4 years;

2. Cancellation of the procurement of one A–10 wing, at an estimated 4 years saving of $750 million.

3. Deactivation of one wing of F–4 aircraft (located in the Philippines and Okinawa), at an estimated four-year savings of approximately $480 million.

Forgoing the 4-wing expansion would permit a reduction of military manpower spaces in the Air Force by at least 7,000 below the planned level.

The most important of these proposed actions is to halt procurement of the F–15. This gold-plated weapon was designed to replace the F–4 Phantom in the modernization program, but the costs have risen to a prohibitive $15 million per plane—a 40 percent increase above the original unit cost estimate. In addition, the F–15 lacks the cost-effective general-purpose versatility of either the F–4 or the F–16, being suited primarily for the "air superiority" mission.

Stabilizing the force at 22 wings on the basis of the proposed cancellations and deactivation would leave a modernized, highly capable force structure by 1981 composed of: 4 wings primarily for close air support and battlefield interdiction missions (1 A–7 wing, 3 A–10 wings); 4 wings primarily for air superiority (F–15); 4 wings primarily for battlefield interdiction (F–111); and 10 multipurpose wings (8 F–4 wings, 2 F–16 wings). Under this proposed force, mission priorities would be geared to the short war scenario to a greater degree than in the current force and to the same degree as in the programmed 26-wing force.

Savings in Air Force F–15 and A–10 production and F–4 deactivation in FY 79 would be $1 billion. The aggregate 4-year estimated savings would be $4.338 billion.

C. NAVAL FORCES

We find current U.S. naval policy lacking a rational conceptual framework (both political and military) and thus confused and wasteful of resources. In the absence of a clear, consistent view of naval missions, advocates of expanded U.S. naval power are increasingly prone to take intellectual refuge in exaggerated formulations of the Soviet naval threat. In our judgment, the great need today is not the procurement of more and larger U.S. warships, but rather an intensive, objective effort to define the future role of U.S. general purpose naval forces. (The submarine-based strategic deterrent force is a separate subject.)

Given the strategic nuclear forces available to the U.S. and the USSR, and the high stakes inherent in any confrontation between the two nations, it is not rational to build U.S. naval power on the assumption that it will be called upon to conduct an extended worldwide conventional fight against the Soviet navy. Instead, the U.S. Navy should be structured to carry out missions below the threshold of general war that will support uniquely American purposes in various parts of the world.

The current US–Soviet naval balance if seen in broad perspective is favorable. First, the decline in the number of U.S. naval vessels results from "block obsolescence" of World War II ships The Soviets will face the same problem in the near future. Overall, the U.S. has lost 45 percent of its naval vessels since 1958 to obsolescence; the Soviets have lost 27 percent. Both fleets have been shrinking. Moreover, overall trends in such areas as production of surface warships and nuclear attack submarines favor the United States. Second, the naval forces of the NATO allies are substantial additions to U.S. naval power, while the Warsaw Pact naval forces add little or no strength to the Soviet navy. Canada and the Western European allies (including France) provide substantial naval power. If Japan, Australia and other allied countries are added, the allied fleet total 8.1 million naval tons versus a Soviet bloc total of 2.8 million tons. It includes over 500 major surface combatant ships versus less than 250 for the Soviet bloc. Forty-five percent of the Soviet bloc vessels are small patrol class ships (1,000 ton displacement or less), while only 20 percent of the allied ships are in this category. Finally, in terms of relative efficiency, only one of every six Soviet ships is maintained on station compared to one of every three for the United States.

The character of Soviet naval forces has developed, in part, in an effort to counter U.S. carrier deployments. In some large part, however, Soviet efforts to develop a "blue water" navy seem to us an extravagant exercise in grandeur,; an attempt to develop a mirror image of the "naval power projection" concept which has been the essence of U.S. naval doctrine since World War II. It is doubtful whether these rather grandiose Soviet developments will prove to be useful supports for Soviet policy, particularly in a conflict situation. It is even more doubtful whether they should be used as serious reference points for the structuring of U.S. naval power in the coming era.

In keeping with the foreign policy framework we outlined at the outset of this paper, we see no need to identify or equate our national will with the weight of our naval tonnage. Without any new procurement, we will have, for a long time to come, more than adequate naval power to support a firm U.S. policy in local crisis situations, and it should be recognized that our general purpose naval forces will continue to be most relevant in relation to that kind of contingency. General purpose naval forces do not have a significant role to play in a European war that unfolds as a short, intensive conventional conflict followed by either negotiated cease-fire or escalation to general nuclear war. Accordingly, it is hard to conceive of a realistic need for a large naval force dedicated to maintaining control of the Atlantic sea lanes in order to assure a massive flow of reinforcement forces and materials to Europe, for such forces could not arrive in time to have a significant impact on the outcome of a short, intense European war.

Since World War II, our general purpose naval forces have been used primarily to project U.S. military power against Third World countries, including amphibious operations in Lebanon and the Dominican Republic, and carrier-based air attacks against Vietnam. Even in an era when U.S. foreign policy is likely to be less interventionist than in the past, it will be prudent to maintain such capabilities, but to do so will not require larger naval forces or new carrier platforms. For almost by definition, such operations will be carried out in situations where the small nations we are seeking to restrain will lack the means to seriously threaten our naval power.

Notwithstanding these relevant considerations, proponents of a larger U.S. Navy are trying to make the size and composition of the Soviet Navy and the Soviet naval threat the basic reference points and justifications of an expansion of U.S. naval forces. Indeed, they are even arguing that general-purpose naval forces (particularly the carrier task forces) have a "power projection mission" against the Soviet Union. We find this argument without military logic. On a purely tactical level, the closer an aircraft carrier moves toward Soviet shores, the more it is exposed to threat from sophisticated anti-ship defensive systems. And as the perception of this threat grows, so does the perception of the number and character of escort ships needed to protect the carrier. This adds heavily to cost without significantly reducing vulnerability. More basically, the mission itself makes little sense, for it is not realistic to believe the United States could conduct limited air strikes against the USSR without triggering a nuclear confrontation. Yet in such a confrontation, or in an ensuing nuclear war, aircraft carriers would play no necessary role. Thus the probability is that this proposed carrier mission might well trigger nuclear war.

What is our need for general purpose naval forces? They should provide us with the capacity to exercise effective control of the waters surrounding the United States and in other key strategic sea areas where we have definite commitments—especially Europe, the Mediterranean, Japan and Korea. However, such a capability must be developed and nurtured with the clear understanding that unchallenged control of the sea is no longer possible nor, in an era of intercontinental missiles and large numbers of nuclear warheads, can it be strategically decisive. Technology has changed the old conditions. Accordingly, we believe the present level of general purpose naval forces is more than sufficient, and that no significant increment of protection and security can be obtained by purchasing larger forces. Indeed, we believe that the number of carriers should be reduced from 12 to 9 (See "Deployments in Asia," p. 25 infra.).

By foregoing procurement of new carriers, and also of the AEGIS strike cruisers and destroyers necessary to protect and support them, we would realize savings of $6.7 billion over the next four years. Reducing operational carriers from 12 to 9 would realize additional savings of $3.1 billion over four years.

In addition, we believe the procurement of the F–14 should be halted immediately. The F–14 is a very expensive aircraft, can operate only from very large carrier platforms, is designed chiefly for an "air superiority mission" to protect the carrier task force, and has a notoriously low readiness rate. We believe that the F–18 should be used in place of the F–14 on the reduced number of naval carriers.

DEPLOYMENTS IN ASIA

Almost one-third of our total general purpose forces are deployed in or oriented toward Asia. These include two Army divisions (the 2nd in South Korea and the 25th in Hawaii), one Marine Division and one Marine Air Wing (two-thirds of each stationed in Okinawa-Japan and the remaining third in Hawaii), six aircraft carriers (two deployed west of Hawaii), 4 amphibious squadrons (at least 1 of which is always on station in the western Pacific, carrying two reinforced Marine battalions), nine Air Force tactical fighter squadrons (three in Korea, four in Okinawa, two in the Philippines), two forward based tactical airlift squadrons (one in Japan, one in the Philippines) and nine U.S.-based tactical airlift squadrons (Hawaii, the West Coast and Alaska), and also a number of other naval vessels. In the aggregate, these forces cost an estimated $30 billion per year and constitute about 20 percent of the total military budget.

In our judgment, U.S. forces in Asia are excessive when measured against the Soviet threat in the area or against other contingencies, including an attack by North Korea. Responsible analysts agree that most Soviet ground and air forces in the Asian area are positioned primarily against the

People's Republic of China and represent a remote threat to United States forces and interests. The Soviet Pacific fleet faces major geographical disadvantages, since its naval bases are located near "choke points" that could easily be cut off or isolated from supply bases and air support; moreover, it is relatively inactive and appears to receive low priority attention within the Soviet Navy. Finally, it is important to reiterate the central fact that the US-Soviet military balance is essentially a global one, based primarily on strategic rather than local forces and calculations. Both sides appear to recognize the global implications of any local US-Soviet confrontation.

The Chinese threat to U.S. forces and interests in the Asian area is highly remote. Since the renewal of our diplomatic contact with China, we have gained a more realistic view of the limited Chinese military capabilities. Moreover, aside from Taiwan and possibly Korea, there are very few places in Asia where our critical national interests might conflict militarily with those of Peking.

Accordingly, we see in the present situation an opportunity to define a new post-Vietnam Asian policy based on a firm adherence to present treaty obligations, but also on a national understanding that U.S. military intervention in other Asian situations would be unnecessary and unwise. U.S. interests are better served by a watchful accommodation to local political developments.

For all of these reasons, we believe the Carter Administration should move over the four-year period ahead (FY 79–82) toward a significant reduction in the deployment of U.S. general-purpose forces in Asia. Consultation with our friends and allies will be an essential concommitant of such reductions, for otherwise the proposed moves could be disturbing and misleading to those who have placed their trust in the United States. But if these consultations are carefully handled, there need arise no substantial Asian fears that the United States is abandoning the area. We recommend the following:

1. Withdraw and deactivate the two Army divisions now based in the Pacific—the 2nd Infantry in South Korea and the 25th Infantry in Hawaii.

ROK active ground forces are well armed and total 560,000 men; they face a North Korean army of 430,000 men. They possess significant capabilities against armored attack and are aided by mountainous terrain in Korea which generally restricts tank forces to corridors. Most responsible analysts believe that the balance of combat ground forces appears to be adequate to prevent a rational attack on South Korea, even without the combat contribution of the U.S. 2nd Division. While the ROK air force is more modern than its northern counterpart, it is smaller in size, but this disadvantage will continue to be balanced by a full U.S. Air Force tactical wing based in Korea. In terms of its contribution to the deterrence of conflict in the western Pacific, deactivation of the 25th Division in Hawaii would have the least impact upon the assessments and calculations of the Soviets, the Chinese, the Japanese, and the Koreans.

2. Withdraw and deactivate the two-thirds Marine Division and the two-thirds Marine air wing based in Okinawa-Japan, together with supporting elements, but maintain the one-third Marine Division and the one-third Marine air wing based in Hawaii.

Even without these Marine Corps units based in the western Pacific, a substantial "quick reaction" force would remain in the form of the two Marine battalions which are now kept constantly "on station" in the western Pacific aboard ships of the Amphibious Ready Squadrons. Savings in FY 79 of $220 million; 4 year savings of $1.240 billion.

3. Withdraw and deactivate three of the six carriers now based in the Pacific.

The estimated cost savings would approximate $3 billion over the next 4-year period. FY 79 savings would be $615 million.

4. Withdraw and deactivate three of the nine Air Force tactical fighter squadrons assigned to Asia—two F–4 squadrons at Clark Field in the Philippines and one F–4 squadron at Okinawa (see Tactical Air Forces section, p. 19).

Taken together, the aforementioned Asia force reductions and deactivations would result in an estimated savings of $8 billion for the four-year period.

Even if these reductions and deactivations were carried out, U.S. forces remaining in Asia would still be substantial. They would include three carrier task forces (supporting two wings of naval carrier aircraft); six Air Force tactical squadrons (three based in Korea, three in Okinawa); one-third Marine Division and one-third Marine air wing (based in Hawaii); two Marine battalions on station in the western Pacific as part of the Amphibious Ready Groups; and also substantial cruiser and destroyer strength, airlift squadrons and ASW ships. In our judgment, such a respectable force would be more than sufficient, under current and foreseeable conditions, to honor our commitments to Japan and South Korea, and maintain a general posture of readiness in the whole Pacific area.

MILITARY BUDGET SAVINGS

[All figures in billions of fiscal year 1978 constant dollars]

	Fiscal year—			
	1979	1980	1981	1982
I. Strategic weapons:				
1. M–X ICBM	0.245	[1] 0.688	[1] 0.688	[1] 0.688
2. Minuteman improvements	.100	[1] .190		
3. ABRES	.125	[1] .125	[1] .125	[1] .125
4. Trident II SLBM	.110	[1] .110	[1] .110	[1] .110
5. Strategic cruise missiles	.800	[1] .800	[1] .800	[1] .800
6. Trident submarine	1.200	1.200		1.200
7. Follow-on interceptor	.081	.110	.830	.870
8. Civil defense	.123	[1] .123	[1] .123	[1] .123
II. Army: 1. 10-division force structure	3.555	4.587	3.545	3.310
III. Air Force:				
1. F–15 procurement	.743	[1] .532	[1] .532	[1] .532
2. A–10 procurement	[1] .182	[1] .182	[1] .182	[1] .182
3. F–4 deactivation	[1] .120	.120	.120	.120
IV. Navy:				
1. Forego new carrier	1.213			
2. Forego strike cruiser (CSGN)	1.067			.800
3. Forego Aegis destroyer (DDG–47)		1.033	1.550	1.033
V. Asia deployments:				
1. Deactivate 2 divisions [2]	.610	.790	.890	.890
2. Deactivate 2/3 Marine division plus wing	.220	.300	.360	.360
3. Retire 3 carriers	.580	.730	.880	.880
4. Deactivate 1 tactical air wing [2]	.210	.120	.120	.120
Total	10.464	10.830	9.845	11.133

[1] Estimate.
[2] Forces listed twice but counted once.

Note: In several cases, fiscal year 1979 figures combine CBO fiscal years 1978 and 1979 savings.

Mr. McGOVERN. This report, incidentally, was endorsed by top officials of the U.S. Conference of Mayors, it was endorsed by the United Auto Workers, the National Urban League, the National Education Association, the International Association of Machinists, and the American Federation of State, County, and Municipal Employees.

I am also pleased to note that the Coalition for a New Foreign and Military Policy, made up of some 37 organizations, has expressed firm support for the transfer amendment now pending. I ask unanimous consent that a letter dated April 21 from that group be printed at this point in the RECORD, along with a list of the religious, peace, labor, professional, and social action organizations which are members of the coalition.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COALITION FOR A NEW FOREIGN AND MILITARY POLICY,
April 21, 1978.

DEAR SENATOR: Soon you will have the opportunity to consider the First Budget Resolution for FY 1979.

The legislation that established the new Congressional Budget process, Public Law 93–344, Section 2(4) states: "The Congress declares that it is *essential to establish national budget priorities.*" In our judgment, this is a mandate to you as a Senator to examine carefully the Budget Resolution in the light of the priorities it sets for federal spending, and to debate fully with your colleagues the question of budget priorities appropriate to the nation's needs. The proper functioning of the Budget Process, and an adequate Congressional response to the pressing needs of the American people demand no less.

Toward that end, we wholeheartedly endorse the initiative by Senator George McGovern to offer a "Transfer Amendment" to the First Budget Resolution for FY '79 when it comes to the floor. The McGovern Amendment would reduce the ceiling in the National Defense (050) function of the Budget Resolution by $4.6 billion in budget authority, and $1.5 billion in FY '79 outlays; and raise spending ceilings by a commensurate amount in budget functions covering programs to address structural unemployment, to convert portions of the economy from military to civilian production, to step up development of solar energy, and to revitalize the nation's railroads and railbeds.

The McGovern Amendment thus raises the question of priorities in the federal budget in a dramatic and wholly appropriate way, consistent with the mandate of law. Equally important, it offers a creative and constructive response to our most urgent needs as a nation—needs which we believe are inadequately addressed by the Budget Resolution as proposed by the Senate Budget Committee. And finally, it constitutes a promising new approach to meeting our domestic needs without increasing deficit spending.

A recent report by former Under Secretary of the Air Force Townsend Hoopes and former Deputy Director of the CIA Dr. Herbert

Scoville recommends military budget savings of $10.464 billion for FY '79, which could be realized through reduction or elimination of specific programs which are not essential to the nation's security.

We agree with Mr. Hoopes and Dr. Scoville that "the debate over military alternatives . . . has been confined within very narrow limits during the past several years." In a time of peace, and when neither the Soviet Union nor any other power poses a real threat to the nation's security, we can ill afford such a narrow debate over military spending. In the current defense debate Congress has failed to address our nation's *true* security needs, and by allowing scarce dollars to be drained into unnecessary military programs, has precluded a badly needed assault on the nation's domestic problems.

The McGovern Amendment is a small but essential step to begin to redress the imbalance in federal spending priorities. We strongly urge that you support this measure.

Sincerely,

DAVID SAPERSTEIN,
Americans for Democratic Action, Priorities Working Group of the Coalition.
VICKI OTTEN,
Co-Director, Religious Action Center of Reform Judaism, Vice-Chair of the Coalition.

ORGANIZATIONS

The Coalition for a New Foreign and Military Policy unites religious, peace, labor, professional and social action organizations in an effort to develop a peaceful, non-interventionist, humanitarian and open U.S. foreign and military policy. Member organizations include:

American Friends Service Committee.
Americans for Democratic Action.
Argentine Commission for Human Rights.
Business Executives Move for New National Priorities.
Center for International Policy.
Chile Legislative Center.
Church of the Brethren, Washington Office.
Christian Church (Disciples of Christ), Department of Church in Society.
Clergy and Laity Concerned.
Episcopal Peace Fellowship.
Friends Committee on National Legislation.
FRIENDSHIPMENT.
Friends of the Filipino People.
International Longshoremen's and Warehousemen's Union.
Inter-University Committee to Stop Funding War and Militarism.
Jesuit Conference, Office of Social Ministries.
Mennonite Central Committee, Peace Section.
National Association of Social Workers.
National Center to Slash Military Spending.
National Council of Churches.
National Federation of Priests' Councils USA.
Network.
Northern Ohio Project on National Priorities.
SANE.
TAPOL.
Union of American Hebrew Congregations.
Unitarian Universalist Association.
United Church of Christ, Board for Homeland Ministries.
United Church of Christ, Office for Church in Society.
United Methodist Church, Board of Church and Society, Division of World Peace.
United Methodist Church, Board of Global Ministries, Women's Division.
United Presbyterian Church, USA, Washington Office.
Washington Office on Africa.
Washington Office on Latin America.
Women's International League for Peace and Freedom.
World Federalists Association.
Women Strike for Peace.

Mr. McGOVERN. Madam President, the oil embargo of 1973–74 and concommitant quadrupling of petroleum prices made the connection between energy policy and national security painfully apparent. However, 4 years later our position has not improved. In fact, it has markedly deteriorated. In 1977 the United States imported almost half of its petroleum—more than 20 percent of its total energy supply.

The effects have been devastating. In 1977, the United States accumulated a $44 billion balance-of-payments deficit—far greater than any other year in our history. The largest portion of this deficit is attributable to payments for imported oil. The imbalance of payments is singularly responsible for the precipitous decline in the strength of the dollar. These matters also touch on national defense, as well as the number of missiles that we are accumulating.

One year ago President Carter proposed a series of measures designed to reduce dependence on imported oil. There was considerable doubt at the time the legislation was proposed that the national energy policy, if implemented, would lead to the proposed reductions. What is more, it is highly unlikely that Congress will enact some of the significant features of the plan, as originally called for. Thus, even if energy legislation is passed, but no additional measures are taken, U.S. dependence on imported oil will be greater in 1985 than it was in 1977.

One of the things that I am urging in the transfer amendment is that we allocate additional funds for developing all alternative sources of energy and that we move on that problem with a greater sense of urgency.

Mr. President, everyone agrees that dependence on imported energy significantly undermines both our national security and domestic well-being. I am convinced that it makes far more sense to take action to reduce the necessity for imports than it does to continue to spend billions of dollars to prepare for military contingencies that arise from import dependence.

The energy measures that I have suggested in the transfer amendment will not, of course, lead to total energy self-sufficiency by next year, or even by 1985. They are, however, an essential first step in making an accelerated national commitment to development of renewable energy sources and energy conservation.

Escalating military budgets and emergency measures designed to cope with our dependence on imported oil are making it impossible to undertake the development of renewable energy sources that are essential to achieve real energy self-sufficiency. For example, more than half of the Energy Department's proposed budgetary authority for fiscal year 1979 is not allocated for either energy conservation or production. The single largest item is the $4.4 billion strategic petroleum reserve program, designed to pump 1 billion barrels of oil back into the ground by 1985. The second largest item is the $2.8 billion expenditure for atomic energy defense activities. With such allocations at the top of the list, is it any wonder that only 3 percent of DOE's proposed budgetary authority will be utilized for solar energy purposes?

Most of the programs that I am including in the transfer amendment will have a direct impact upon human welfare as well as energy use. For example, $400 million would be redirected to the low-income weatherization program—more than twice the proposed level.

Madam President, I have no doubt that expenditures of that kind can be efficiently and well spent.

This $400 million would allow for weatherization of an additional 1.5 million homes of those citizens who are hurt the most by rising energy prices. I believe it is more sensible to weatherize homes now than to implement costly emergency payment programs later to help pay for utility bills.

In related areas, this section of the transfer amendment would make funds available to advise middle income homeowners on how to add innovative solar and conservation measures to their homes; to pay for increased Federal purchases of solar equipment, which should quickly help to make this technology economically competitive; and, to involve States and local communities more extensively in the development of solar and energy conservation programs.

In the research, development, and demonstration area, the transfer amendment provides money for programs that are literally starved for funds.

In all due respect to the assurances of the members of the Budget Committee (Mr. MUSKIE and Mr. BELLMON), we have not adequately funded these programs for alternative energy development and for proper insulation of our homes and public buildings.

Initiatives will be made possible for the Office of Small Scale Technology, particularly the appropriate technology small grants program. Another $100 million would be made available for research and development into wind energy, as well as for small scale hydroelectric power.

These are the real possibilities for additional energy that will help us begin the process of reducing our dependence on foreign oil.

Substantial new moneys would be made available to produce energy from biomass and from "passive" solar sources. Each of these is a substantially underutilized clean energy source.

Department of Energy's budget, and that approved by the Budget Committee, is woefully weak in each of these areas, given the potential for gain.

I would like to emphasize that this kind of increased spending on alternative energy, in addition to attacking one of our most debilitating public problems, is basically spendable now. A February Government Accounting Office study done for the Senate Budget Committee on funding levels for solar energy looked at increased spending and concluded that the funds could be reasonably well spent. If that is the case, I think we would be foolish not to go ahead with greater vigor.

STRUCTURAL UNEMPLOYMENT—FULFILLING THE HUMPHREY-HAWKINS MANDATE

Briefly put, I am attempting with this section of my amendment to adequately respond to the problem of structural unemployment.

This is the first budget resolution to fall within the 5-year Humphrey-Hawkins time frame. Many now say Humphrey-Hawkins is without teeth. I disagree. I believe it provides very important policy guidelines and involves an important issue of principle. The budget resolution as it presently stands fails to meet the commitment of Humphrey-Hawkins legislation.

We must, with this resolution, set the course for future positive responses to the goals of the Humphrey-Hawkins measure.

In offering this transfer amendment, I am drawing on a very thoughtful investigation conducted by the House Budget Committee's task force on the distributive impact of budget and economic policies, who spent months studying the long-term outlook for those groups in the population who suffer disproportionately high rates of unemployment. The task force conducted a series of hearings, receiving testimony from the Council of Economic Advisors, the Department of Labor and the Congressional Budget Office. In addition, the Congressional Budget Office contracted with the Urban Institute to do a special study of the extent to which economic growth will mean lower unemployment rates for those groups who suffer most severely from unemployment.

These different lines of inquiry have tended to converge on one basic point:

Even if we achieve low overall rates of unemployment for the population as a whole, a major effort will have to be made in order to meet the needs of the structurally unemployed—a more major effort than that included in this budget.

In her testimony before the task force, Dr. Rivlin, Director of the Congressional Budget Office, underscored this point. She said:

> This (economic) recovery has not affected all population groups equally. Unemployment inequalities have not narrowed substantially in spite of large declines in the aggregate unemployemnt rate. Future declines in either the unemployment rates or unemployment inequalities are most uncertain for nonwhites, particularly nonwhite teenagers. In spite of projected declines in aggregate unemployment (from 7 to 4.8%) and projected growth in aggregate employment (11%) between 1977 and 1981, the employment level and the employment-to-population ratio for nonwhite teenagers may remain constant over the next few years.

Testimony from the Department of Labor shows that the unemployment rates of nonwhites will continue to be at least double those of whites.

And it should be remembered, this is on the assumption of very impressive economic growth throughout the period.

The most recent unemployment data (March 1978) merely confirms what we are expecting.

The House task force, understandably staggered by the implications of continued gross disparities in employment figures among young workers, especially young minority workers, which their study revealed, sought ways to correct these inequities. They requested that the Congressional Budget Office identify feasible levels of expansion that might be undertaken in the various Federal job and training programs. The Congressional Budget Office agreed to respond to the request.

The employment and training figures I am recommending today merely reflect what the Congressional Budget Office has shown to be feasible levels of expansion that we can implement now.

The transfer amendment would allow us to deal much more seriously with the disadvantaged young and old. It does not call for expansion in the 725,000 public service jobs funded under titles II and VI of the CETA program. The main components of the amendment are for title I, for the Youth Employment Demonstration and Project Act (YEDPA), and for older Americans.

Title I is a well-targeted program that provides training and work experience for the structurally unemployed. Title I targets specifically on low-income persons, youth, minorities, and those with less than a high school education—those who comprise the most serious unemployment problem in this country.

Another objective of my amendment is to expand the Youth Employment Demonstration and Project Act programs.

As part of its preparation for the fiscal 1979 budget, the House budget task force requested copies of the Labor Department's zero-based budget submissions to the Office of Management and Budget. These reports show that the Labor Department had requested approval of a more substantial youth program than ultimately emerged from the Office of Management and Budget. My proposal would help meet some of the Labor Department's original goals of 69,000 more youth slots. With 1.6 million teenagers currently unemployed and an additional 1.5 million young persons age 20 to 24 unemployed, it is not a large number.

Madam President, this entire amendment is a very moderate and modest transfer of funds that does not seriously dislocate the budget.

There has been some concern over the ability of the Labor Department to achieve this level of expansion before the end of fiscal 1979. Before offering my amendment, I sought information on this issue. The youth programs only began to enroll young people in January of 1978. However, by the end of March they had over 119,000 persons on board. They could easily reach their target of 157,000 persons by the end of fiscal 1978. An additional 80,000 during the 12 months of fiscal 1979 appears to be well within reason. The evidence is that we could absorb the kind of increased employment stimulus that this amendment calls for within fiscal 1979.

The transfer amendment would also allow an expansion of the Community Service Employment for Older Americans program. This is an excellent program for which the administration plans no expansion during fiscal 1979. Everyone I talk with supports the goals of this program, and urges its expansion. It does not suffer from the problem of "substitution" so frequently cited as a difficulty with public service employment programs. The program is currently up for reauthorization and, I am told, should be reauthorized at levels sufficient to accommodate the expansion I have urged in this amendment.

This part of the transfer amendment is not large. It will raise Federal spending in job and training areas by only 6 percent. By no means will it solve our unemployment problems. However, it will present steady progress in doing what we can.

The Joint Economic Committee recommended no less in its annual report, stating:

> Current Federal manpower training programs are inadequately funded. . . . Such programs should be expanded by about 1 to 1½ billion over the next two years."

RAILROADS AND SURFACE TRANSPORTATION

The third part of the proposed expenditure in the civilian sector goes to the railroads and surface transportation system.

Our railroad system is in chaos. Last year an incredible 8,000 derailments cost the system $600 million. In my State, 30 percent of all the railroad mileage ever constructed has been approved for abandonment, with almost 50 percent potentially eligible for abandonment shortly.

The track beds in our State are so bad that we had to slow the freight trains down to 7 or 8 miles an hour in order to keep them from falling off the track. Twice in the last 2 years we have had trains in South Dakota that fell off the track while they were standing still. This situation exists all over the country.

How many people can remember having a ride on a train anywhere in this country in recent years that was not rough? We have huge rolling stock shortages and dislocations, along with critical deterioration of railbeds.

I have introduced comprehensive legislation to make this system work better. But I believe this budget resolution could help things along considerably by adjusting itself upward modestly, principally to make more funds available for section 803 of the 1976 Railroad Rehabilitation Act. This would cover the cost of State and local assistance programs for rail-line purchase, rehabilitation, maintenance, upgrading, and modernization of railroads and railbeds.

I have heard the argument of the distinguished Senator from Maine that the railroad bureaucracy cannot at this time, or does not want to at this time, to spend more money than is being provided. I respect that argument. But I have talked to the States and believe that in some programatic areas the modest sums freed up by this transfer amendment could be well and quickly spent.

Last year $67 million was appropriated for section 803 of the Railroad Act of 1976, and all of it was expended. Much of this revenue went to States to develop State rail plans which are a prerequisite for States to receive program assistance moneys to acquire and upgrade lines. Last year, the majority of the States only received planning money. This year several States have completed or will be completing their planning and will be

applying for extensive program assistance grants.

However, the Federal Rail Administration has only requested $67 million again this year although it anticipates a substantial increase in applications. Part of the reason for this is that the northeastern States which have participated in the program for the greatest length of time, will be applying for less assistance. However, between 17 and 24 new States are anticipated to request program assistance under this program during fiscal year 1979. Consequently, adequate funding will not be available. Additionally, some of the six States already receiving program assistance moneys may make new applications this year. For example, while South Dakota has now received assistance for part of one line in the eastern part of the State, 50 percent of the State's rail lines are in trouble and over one-third of the existing lines are subject to abandonment in the immediate future. Several States have indicated that they would like to apply for additional moneys under this program if the funds became available.

Mr. President, I sincerely believe that by improving our rail-transportation network, we can open up new markets and expand our economy. In improving this network, we can take a major step toward energy efficiency, reduce our reliance on imported petroleum products, and reduce the trade deficit. We can also create a large number of diverse job opportunities for the unemployed. The need at the State and local level is desperate, and this amendment would help reach that need.

TUITION ASSISTANCE FOR MIDDLE-INCOME FAMILIES

Everyone agrees that something should be done to maintain traditional levels of support for students wishing a college education. The debate revolves around the best method of doing this: tuition tax credits or Federal grants and loans.

Without arguing the merits at this point, let me say that I believe the final response should and will include a considerable expansion of the present system of Federal grants and loans to college students, extending them for the first time to youngsters from families slightly higher in the middle-income range. And this is as it should be, because their parents are paying the bulk of the taxes.

But this first budget resolution does not provide the funds necessary to meet that challenge.

If the College Opportunity Act (S. 2539), which has been reported out of committee, becomes law, the funds in this amendment will be necessary to maintain, and slightly expand, our current system. I have no problem substituting an expenditure for guns to an expenditure for books. We should take this opportunity to do so. In any case, our first and final line of defense will ultimately depend on the intelligence and training of our young people. No nation's internal security is strengthened by pricing thousands of students out of college assistance.

ECONOMIC CONVERSION

This amendment includes a substantial amount of funds to meet the problems caused by the loss of defense contracts, base closings, and other economic dislocations connected with a cut in the defense budget.

I am very conscious of the argument made by some people of good faith that defense cuts may make good sense, but that we cannot afford to disrupt hundreds of communities and dislocate thousands of families. I agree, and could not in good faith offer such a cut unless the same legislation provided protection against just those kinds of situations.

By adding funds primarily but not exclusively to title IX of the Economic Development Act, affected communities could receive a range of benefits, including money for planning, rent subsidies, and relocation costs, as well as longer term kinds of assistance, such as turning closed military bases into industrial parks.

These laws are on the books. We do not need new ones. However, we do need a greater commitment of funds if we are to fully protect communities, and to allow a smooth conversion to a more peacetime-like economy.

CONCLUSION

Finally, I would like to address the fears many have that this transfer amendment is inflationary because it, strictly speaking, enlarges next year's deficit.

First of all, only the narrowest perspective, concerned only with next year's numbers, to the detriment of the economy as a whole, could maintain this posture. Because this is a transfer, there will be no increase in the deficit. Some short-term expenditures will quickly be balanced by other savings.

Also, given the current underutilized capacity of many of our critical industries and labor sectors, this is a good year to add a very small additional stimulus. It is needed.

And there is another compelling reason not to take a numbers only, short-term view of next year's deficit and this transfer amendment. If we do not invest more now in conserving energy, developing our own cheaper and cleaner energy sources, and providing jobs and training for those who need it, future budgets will make this one look splendid. These kinds of investments have to be made, and will only cost more next year, or the year after.

The problems are not going to go away, and I believe the prudent course is to face up to them now, lest we pay dearly later.

The PRESIDING OFFICER. The Senator's 21 minutes have expired.

Mr. McGOVERN. Madam President, I ask unanimous consent that the name of the Senator from Oregon (Mr. MARK O. HATFIELD) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Madam President, I yield myself 2 minutes, and then I will yield to my good friend from Mississippi (Mr. STENNIS).

I have listened to the statement by the distinguished sponsor of this amendment, Senator McGOVERN. As I listen, I get two impressions which I would like to refute.

The first is that there is no concern in the Budget Committee for the priorities which Senator McGOVERN has described at some length. Let me assure the Senator that I have heard his speech repeated over and over again in the Budget Committee by various Senators, on both sides of the aisle.

Let me assure him, also, that with respect to each of these priorities, the budget resolution before us reflects increases which reflect, in turn, our concern about these priorities.

The third point I make is that the Budget Committee has a responsibility, across the board, for 19 functions of Government, to try to fit all priorities within a spending total that relates to our economic condition. We have the responsibility of splitting up the pie, and we have to be concerned with the rate at which spending can be applied usefully to a problem. And most important, the pie itself is not expanding.

There is an idea that if you are concerned about the condition of our railroad beds, you just throw a lot of money at it. The Budget Committee has pushed for progress in this area ever since it came into existence.

The amount of money we provide in this budget resolution for that purpose is enough, and I suspect more than can be spent efficiently, until national policy identifying the specific railbeds to be improved and the transportation goals to be met are established.

There is another implication in Senator McGOVERN's statement which I refute, and that is the idea that the Budget Committee writes the authorizing legislation.

I listened to his description, for example, of his proposal to increase other spending.

Madam President, the Budget Committee does not decide on the mix of technologies. We provide the overall functional totals. The authorizing committees decide on the mix.

In any case, I do not have the time, unfortunately, to get into all the areas touched upon by Senator McGOVERN specifically.

I ask unanimous consent to have printed in the RECORD, Budget Committee staff memorandums which undertake to respond to the transfer amendment in the light of what the Budget Committee actually did. These memorandums will put these matters in better perspective as part of the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ARGUMENTS AGAINST SENATOR McGOVERN'S AMENDMENT TO INCREASE BUDGET TARGETS FOR TRANSPORTATION

PURPOSE OF AMENDMENT

To increase the budget targets for transportation by up to $0.5 billion in budget authority and $0.1 billion in outlays to allow for increased funding for national rail rehabilitation.

REASONS TO OPPOSE THE AMENDMENT

1. The Budget Committee targets already include $0.6 billion in both budget authority and outlays above current policy for Mission 2, Rail Transportation. This increase will permit additional Federal investment for the continued rehabilitation of Conrail.

2. The targets are adequate to accommodate the President's request of $279 million for

national rail rehabilitation (excluding Conrail), and it is not clear that even this amount will be fully utilized. It represents the balance of the $600 million authorized by Section 505 of the Railroad Revitalization and Regulatory Reform Act of 1976 (the 4R Act) for Federal equity investment in railroads requiring rehabilitation assistance. In the two years since the 4R Act was enacted, DOT has received only $400 million in applications for these funds and has approved less than $100 million.

3. The 4R Act provides additional financial assistance for rail rehabilitation which is not being used. Section 511 of the Act authorizes Federal loan guarantees of up to $1 billion. However, in two years DOT has received applications for less than $200 million, and has approved less than $50 million.

4. DOT has been very slow in completing its study of the rail rehabilitation problem and providing assistance to improve the nation's rail lines, but a shortage of funds is not the cause of the delay. It is likely that higher funding levels would only add to the backlog of unobligated funds.

ARGUMENTS AGAINST SENATOR MCGOVERN'S TRANSFER AMENDMENT TO INCREASE BUDGET TARGETS FOR EDUCATION

PURPOSE OF AMENDMENT

The amendment would transfer $4.6 billion in budget authority and $1.7 billion in outlays from defense to other spending purposes. The amendment transfers $2.0 billion in budget authority and $0.5 billion in outlays to function 500.

REASONS TO OPPOSE AMENDMENT

The amendment includes $1.3 billion in budget authority and $0.1 billion in outlays to provide for expanded spending for middle income tuition assistance.

The Committee mark for the Higher Education programs did not assume amounts necessary to fund the College Opportunity Act. Instead, the Committee voted to make room in the revenue floor for a modified version of the post-secondary education tuition tax credit portion of the Packwood/Moynihan Bill as reported by the Finance Committee. The Committee mark assumes $0.5 billion for enactment of the tax credit in revenue reductions in FY 1979, with the $0.1 billion refundable portion carried as spending in Function 500. The Committee voted to maintain current law in the existing higher education programs, which means continuation of the $1600 ceiling in BEOGs and no increases in the other programs. The spending proposal was rejected as the tax proposal and the spending bill serve the same purpose and the Congress cannot afford to enact both.

You should oppose the $1.3 billion transferred for middle-income tuition assistance on the grounds that it is inflationary and will most likely result in increased tuition rates. The spending will add to the budget deficit and the first year costs are only a foot in the door. Amounts assumed for the tax credit are sufficient.

The widespread support for middle class college tuition assistance is principally based on the perception that children of middle-income families are being squeezed out of the opportunity for higher education because of their inability to meet its high cost. A recent report of the Bureau of the Census has challenged this contention. The date show that overall enrollment rates for middle-income students were not different than enrollment rates in 1967 and that by last year the trend of declining enrollment of middle-income students had reversed and returned to the higher levels. In addition, growth in family incomes has more than kept pace with increases in tuition costs. For example, during 1967–76, median family income increased by 88.6 percent. Because of this growth in family income, student charges at public institutions decreased from 13.4 to 12.4 percent of median family income, while student charges at private institutions fell from 27.8 percent to 26.1 percent of median family income.

4. Add-ons proposed for employment and training programs will not spend in fiscal 1979. Both CBO and OMB agree that, at a minimum, $400 million of the $1.0 billion appropriated for new youth programs in the Economic Stimulus Appropriation in 1977 will remain unsent by the end of FY 1978. The Committee mark already presumes a $500 million increase over the original appropriation. Much the same is true for the Job Corps program which was doubled in size in fiscal 1978.

ARGUMENTS AGAINST SENATOR MCGOVERN'S AMENDMENT TO INCREASE BUDGET TARGETS FOR ENERGY

PURPOSE OF AMENDMENT

The transfer amendment would increase spending for energy (Function 270) by $2.0 billion for alternative energy research and development.

FUNCTION 270

In this function the Budget Committee is recommending $10.2 billion in budget authority and $10.1 billion in outlays. By mission, the Committee's recommendation is as follows:

	BA	O
Energy supply	3.9	4.8
Energy conservation	1.2	1.0
Emergency preparedness	4.3	3.5
Other energy programs	0.8	0.8
	10.2	10.1

Real growth—The Committee's recommendation for energy provides approximately, 21% real growth, by assuming $1.8 billion in budget authority and $0.9 billion in outlays over current policy, as shown below:

	BA	O
Current law	8.0	9.1
Full discretionary inflation	0.3	0.1
	8.4*	9.2
Real growth	1.8	0.9
	10.2	10.1

*Figure does not add due to rounding.

Increase over President—The Committee's recommendation for the energy function is $0.7 billion in budget authority and $0.2 billion in outlays above the President's request. This request is viewed by many as inadequate, and the Committee has responded accordingly.

Tools other than spending—The McGovern transfer amendment employs only direct spending to promote solar energy technologies and energy conservation. Yet these activities (which just about everyone supports) can be supported with tools other than direct spending. For example, solar technologies can be promoted by loans or loan guarantees. Energy conservation can be achieved by tax policies (such as the proposed Crude Oil Equalization Tax).

Committee does not specify technology mix—The McGovern transfer amendment implies that current energy programs emphasize nuclear and coal technologies at the expense of solar and conservation activities. Regardless of whether this view is correct, the Budget Committee's recommendation does not address the appropriate mix of energy programs. If the authorizing and appropriations committees, within the amounts recommended by the Budget Committee, wish to adjust funding for solar energy and conservation, they are free to do so.

(Mr. METZENBAUM assumed the chair.)

Mr. MUSKIE. Mr. President, I ask unanimous consent—and I understand that this has been cleared by the leadership on both sides—that the vote on the McGovern amendment take place at 2 o'clock or following the debate on the Eagleton amendment, so that the votes can be back to back. I ask unanimous consent at this point that the vote on the McGovern amendment be set for 2 o'clock this afternoon.

Mr. McGOVERN. With the understanding that it will come before the vote on the Eagleton amendment.

Mr. MUSKIE. That is my understanding. That is not in my instruction.

Mr. McGOVERN. With that understanding, I will not object. I think it is important that we vote on this amendment first. I am not concerned about whether it is now or 2 o'clock, so long as we have an opportunity to vote on this amendment in the order in which it was brought up.

Mr. MUSKIE. Let me make that clear.

I add to the unanimous-consent request the further request that any votes ordered in the interim will follow the vote on the McGovern amendment.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Mr. President, reserving the right to object, I ask the Senator this: Suppose the debate on the Eagleton amendment should conclude prior to 2 o'clock. What would be the situation? Could we vote, then, when debate has been completed on both amendments, or would we have to wait until 2 o'clock?

Mr. MUSKIE. I assume, from what I have been told—and I have not had opportunity to discuss this formally with the leadership—that the intention still is to schedule the votes for 2 o'clock, with the vote on the McGovern amendment coming first.

Mr. STENNIS. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, at this time I yield 10 minutes to the distinguished Senator from Mississippi.

Mr. STENNIS. Mr. President, first, I want to say a special word of thanks as well as commendation for the members of the Senate Budget Committee. These men have done much in a relatively short time in bringing some order and arrangement of priorities out of what have been more or less loose, uncertain, and at times chaotic situations that we would get into here in discussion of the annual budget of many hundred billions of dollars.

I certainly commend them highly. They have accomplished more than a great many of us thought they could, due to the fine, dedicated hard work of the chairman, the ranking minority member, and a number of other members of that important committee.

Mr. President, I am here this morning as chairman of the Armed Services Committee which authorizes about 70 percent of the military budget, and also I make some reference to what the appropria-

tions subcommittee has done on this same subject matter.

I think it is rather striking, Mr. President, that the Budget Committee now, with all their preparation and their splendid staff, has come up with a figure that is very close to the President's figure on what he thinks should be the military budget for the year and very close to what the membership of the Armed Services Committee has come up with, and also very close to what the Appropriations Committee thinks is the probable figure with reference to the priorities and the total amount that should be appropriated.

Mr. President, almost 4 months after the convening of this session, with a lot of work having gone into it already last fall by the staffs of these committees, the closeness of the final findings in dollars itself is tremendous argument in favor of the probability of the correctness of these figures.

More especially is this true now, at this stage of this Senate budget resolution, as it starts out on the floor here for the first time with actual figures in it. This is by no means the final appearance that it will have to make before it becomes valid and has the approval of this body. We will be back here May 15, or soon before, and everything will be open then for consideration and debate.

So I respectfully say that now is a time to make an overall rough estimate, so to speak, rather than have the final consideration of these hard figures. The work that has already gone into this matter by those who work on it from year to year to year certainly is prima facie evidence showing the approximate correctness for the Members of the body who have not had the chance to study as those whom I have referred to have.

To get down to the specific figures here, this massive defense budget of $128,400,000,000 as submitted by the President has been increased only $1.4 billion, just a little over 1 percent by the Budget Committee, just a slight amount more by the Armed Services Committee, $1.7 billion, and a similar increase by the Appropriations Committee. That is about as good a flying start as could be made with these estimates.

If there is a judgment of the body to reduce some of these military figures, I certainly will bow to that judgment, but I do not think to reduce the military budget is any argument for putting the money in another part of the budget. We are here to consider these segments in a tentative way, as I have said, but I do not believe it adds strength for putting the money in another part of the budget. I have great respect of the author of this amendment. He is consistent, diligent, honest and hard-working, and you better not discount him. If you do, those of us who handle bills here in the Senate will get into trouble if we do not take him seriously. That is Senator McGovern of South Dakota. I respect him very highly.

But now I respectfully submit that we must move on. We must move on now to the next steps. I hope that this military budget, with all the work that has been done on it, will continue as it is. Let us go and mark up the bill. That is what we will be doing starting tomorrow. This is a budget that has already been described by the Secretary of Defense as austere, and the Secretary of the Navy, a man of unusual ability, says that the austerity in the shipbuilding program for this budget request should not continue beyond this year. That itself shows some pressure for some additional shipbuilding. That is what it is. That is the main reason why the Armed Services Committee voted to make a little above 1 percent increase in the President's total budget. That was to make room for what the committee might do with reference to some increase, a stepping up of the shipbuilding program, with the possibility of laying the groundwork for different types of ships to come.

I have the vote here, if anyone is interested in seeing it, that we took—it was not just a leap in the dark—before our Armed Services Committee. We had rollcall votes on the President's budget and then the proposed increases. One proposal was for an increase—I believe the highest one ran to as much as $6 billion, and that was voted down by a very solid vote. Other smaller decreases were voted down, and we finally established the figure I have already referred to.

I wish to make clear that I hope we can hold this bill even below the President's budget, if reasonably possible. That is our committee recommendation.

Frankly, I do not expect now that can be done. But certainly we are going to try to hold it to the lowest possible dollar or the lowest reasonable dollar, because the time has passed when we can just throw away money right and left. I think our national debt and the deficits, and so forth, clearly give us that unmistakable warning that the days of free spending have to be brought to an end.

So, we want to go back now and work on this matter. We do not object to differences of opinion, but orderly processes are already in motion. A tremendous number of Members' minds have worked on these matters in detail. I think it is in fair shape.

The Senator from South Dakota referred to the fact of NATO increases. If we can find a place to decrease the amount the President recommended, we will certainly do it. He referred to the fact that a few years ago a great number of Senators were in favor of reducing NATO.

I remember when there were 44 Senators who offered a resolution here to very substantially reduce NATO—and 44 is almost half the membership—but that resolution did not pass. Here we are several years later with more support now in the body here, as I interpret it, for NATO than there has ever been since I have been handling these bills as floor manager.

So again with great deference to the author of this amendment, as a member of the Armed Services Committee, I submit these matters here on the basis of their merits and the work in which every member of this committee has actively participated and brought you this judgment. I hope it will not be upset.

I thank the chairman and I yield the floor, Mr. President.

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. I yield 5 minutes to the distinguished Senator from Oklahoma.

Mr. BELLMON. Mr. President, I have listened with great interest to the McGovern proposal, and have already commented to some extent on what the transfer would do. But there are another couple of points I believe need to be made before we vote on this important amendment.

The McGovern proposal to increase funding in the area of education, in my judgment, does not fully take into account the actions of the Budget Committee. Senator McGovern would add an additional $1.6 billion for tuition assistance to middle-income families and for youth unemployment. The Senate Budget Committee has already allowed room in the resolution for a refundable tuition tax credit for middle-income families.

Mr. President, to keep the record straight, I would like to make it clear that I opposed provision for this credit in committee, and it is my intention now to oppose the tax credit when the legislation is before the Senate. But, nevertheless, this resolution which we have before us, and which I support, recognizes the concern which Senator McGovern and others feel about providing funding for tuition assistance to middle-income families.

In addition, the Budget Committee has recommended a shift of $3 billion of the $6 billion requested by the administration for CETA public service jobs to service the needs of the structural unemployed. So this resolution deals with that concern which Senator McGovern has expressed.

Contrary to Senator McGovern's assertion, the resolution includes as much money for existing youth programs as the committee was advised could effectively be expended in fiscal year 1979.

One of the problems we have, Mr. President, is sometimes we push so much money into these programs that it cannot be used effectively, and the result is that in efforts to spend the money the agencies frequently allow waste and abuse to creep in and put the whole program into disrepute. We simply cannot allow that to happen in these areas, and our resolution, we feel, does include as much money as can be effectively expended in fiscal year 1979.

We have checked with CBO and with the Department of Labor on this point and we got the information before the Budget Committee reached its decision.

Naturally, we are all concerned about the levels of youth unemployment. It is one of the great problems we have in our country, and the Budget Committee's recommendation does include, we feel,

what should be the proper level of funding for youth unemployment programs in the maximum range we were told the money could be spent in existing programs.

Now then, Mr. President, in the energy function, the Budget Committee has added 19 percent of growth over fiscal year 1976 in budget authority, and a 65-percent growth in outlays over fiscal year 1976.

Let me repeat that. Our resolution, the resolution before us, which Senator McGOVERN would amend, already includes 19 percent growth in budget authority and 65 percent growth in outlays in the energy function for 1979 over 1978.

This is one of the most dramatic increases included in any function in the budget this year.

The McGovern amendment would add an additional $1.9 billion in budget authority, an additional $1.14 billion in outlays to the energy function, and that would make an increase of 20 percent in budget authority over the committee recommendation and would bring the total increase in projected outlays to a whopping 87 percent over fiscal year 1978.

In my judgment, it is an unreasonable addition to a function we all know is important. But again the Budget Committee has taken the need into account and, we feel, adequately addressed the need in the resolution we have before us.

I feel that information needs to be taken into account by Members before we vote on the McGovern amendment.

Mr. MUSKIE. Mr. President, yesterday in colloquy with the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) I had discussion relative to replenishment of the IDA IV and IDA V, so-called soft lending programs of the World Bank.

In response to questions put by Senator BYRD yesterday I have had a memorandum prepared which outlines the history of IDA IV and IDA V at length, and I think it would be useful information to include in the RECORD.

I ask unanimous consent that that memorandum be included in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, D.C., April 24, 1978.

MEMORANDUM

To: Senator Muskie.
From: Committee Staff.
Subject: The Difference between IDA IV and V.

The terms IDA IV and IDA V refer to the fourth and fifth replenishments of the International Development Association (IDA), the soft-loan window of the World Bank. "Replenishment" is the technical term for a multiyear schedule of donations by the wealthier nations (mostly in North America, Europe, and East Asia) which belong to the World Bank and the regional development banks. The total amount, individual country shares, and length of each replenishment are decided at a special negotiating session by designated finance ministry officials. The results of the session are submitted to governments (and their legislatures) for approval; agreements go into effect only afterwards.

The authorization for the U.S. to enter into IDA IV was enacted in 1974 (P.L. 93-373). It committed the U.S. to provide $375 million a year for four years, for a total of $1.5 billion. The other donor countries extended their donations over three years, beginning in 1975. The U.S. insisted, however, on a four-year donation schedule starting in FY 1976. In part, this U.S. decision was due to a desire to prevent overlapping between IDA IV and the final installment of IDA III, due in FY 1975. For IDA IV, the other donor countries completed their contributions on schedule in FY 1977.

During the first two years of IDA IV, FY 1976–77, Congress met the U.S. commitment, but on a delayed basis, as shown on the following table:

(Dollars in millions)

	Enacted	Request
FY 1976 foreign assistance appropriation bill	320	375
FY 1977 foreign assistance appropriation bill	375	430
FY 1977 supplemental appropriation bill	55	55

The final two years' funding for IDA IV ran into trouble in Congress in FY 1978 when the Executive branch negotiated IDA V and asked Congress to begin the Fifth IDA Replenishment (IDA V). The final two installments of IDA IV were due in FY 1978 and FY 1979.

The IDA V replenishment, fully authorized in 1977 (P.L. 95-118), was for the first time formally made subject to subsequent appropriations action. The U.S. share of the $7.3 billion total replenishment was 31 percent, or $2.4 billion. The payments were spread over three years, for an annual request of $800 million. The other donor nations, led by the West Germans, structured the IDA V agreement so that if the U.S. failed to pay its share in any year, the agreement would lapse. For this reason, the Carter Administration has concentrated on securing funds for IDA V at the expense of the remaining installments of IDA IV. Every other donor has completed payment on IDA IV.

During the FY 1978 appropriation process, the Administration requested $1,175 million ($375 million, IDA IV and $800 million, IDA V), but received only $800 million for IDA V. The Senate Committee on Appropriations reported a foreign aid bill which included $950 million for IDA ($150 million IDA IV and $800 million IDA V). On the Senate floor, a threat by Senators Allen and Harry Byrd to offer and debate at length 39 amendments to the Foreign Assistance Appropriation Bill resulted in an agreement to cut the development banks. The two Senators mentioned above, the Committee, and the Leadership agreed to amend and lower the amounts for most of the development banks. For IDA, the decision was made to eliminate the remaining $150 million for IDA IV in the Committee bill. This is the Senate decision Senator Harry Byrd referred to on the floor today.

The floor manager did not strongly resist the elimination of IDA IV from the FY 1978 bill because he hoped to encourage the World Bank to accomplish management reforms and savings. The Inouye Subcommittee has held hearings in this session on the $375 million due to IDA IV in FY 1978 and the final $375 million due this year. Both are part of the President's total FY 1979 request for IDA, which also included the second $800 million for IDA V. If the Subcommittee is satisfied with World Bank management reforms and savings, all of IDA V due this year and at least part of IDA IV is likely to be reported by the Committee in the FY 1979 appropriations bill.

● Mr. METZENBAUM. Mr. President, I support the amendment offered by the Senator from South Dakota.

I do so because I believe that the Senator is correct in pointing out that this Nation cannot afford to pour ever-increasing amounts of money into ever more costly military hardware at the expense of urgently needed domestic programs.

But I also support this amendment because I am convinced that the Department of Defense is one of the least efficient of all of our inefficient Federal bureaucracies. I firmly believe that our Nation can have fully adequate military forces at a cost far below that which the American taxpayer is now required to bear.

The Department of Defense is, for example, required by law to go to the competitive market place to procure the goods and services it requires. Yet in fiscal year 1976, the DOD awarded over $23 billion in contracts without competition. This included the incredible total of 117,000 noncompetitive awards greater than $10,000. Of these, 31,000 exceeded $100,000.

As one who spent much of his life in business, I know that no private firm could possibly operate in this manner and hope to survive in our free market economy. I am certain that the DOD's unbusinesslike approach to procurement must inevitably result in an annual loss of staggering amounts of taxpayer funds. I believe that procurement reform alone could save far more money—and on a continuing basis—than will the amendment before us today.

I note that the Senator from South Dakota has made a number of suggestions about specific items that could be cut from the defense budget. I think that some of his suggestions are well-taken, though I would want to examine others in greater detail before reaching a position on them.

But the main issue, whether we approach it from the point of view of national priorities, of specic programs, or of proper management of public funds, is that we are clearly spending too much for military purposes. We can bring the bill down and we can do so without impairing our national security or that of our allies.

Mr. President, I am aware that this amendment has little chance of passage at this time. I believe, however, that it is an important step in calling public attention once again to the unresolved questions about the true extent of our need to devote scarce resources to the defense budget. I hope that this amendment will reopen the question of how much is enough and I congratulate my colleague from South Dakota for his courage and foresight in bringing this vital issue before the Senate and the American people.●

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McGOVERN. Mr. President, I ask

unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1802

Mr. EAGLETON. Mr. President, I call up my amendment No. 1802 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposs an amendment No. 1802.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 7, strike out "$443,300,000,000" and insert in lieu thereof "$443,800,000,000".

On page 1, line 11, strike out "$566,100,000,000" and insert in lieu thereof "$564,700,000,000".

On page 2, line 2, strike out "$498,900,000,000" and insert in lieu thereof "$500,100,000,000".

On page 2, line 5, strike out "$55,600,000,000" and insert in lieu thereof "$56,300,000,000".

On page 2, line 7, strike out "$853,800,000,000" and insert in lieu thereof "$854,500,000,000".

On page 2, line 9, strike out "$101,800,000,000" and insert in lieu thereof "$102,500,000,000".

On page 2, line 20, strike out "$129,800,000,000" and insert in lieu thereof "$128,400,000,000".

On page 2, line 21, strike out "$116,600,000,000" and insert in lieu thereof "$117,800,000,000".

Mr. EAGLETON. Mr. President, I ask unanimous consent that Skip Hayes be granted the privileges of the floor during the debate on Senate Concurrent Resolution 80.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I will begin my remarks with a quotation.

The elimination of waste, duplication, and outmoded or unjustifiable expenditure items from the Defense budget is a long and arduous undertaking, resisted by special arguments and interests from economic, military, technical and other special groups. There are hundreds of ways, most of them with some merit, for spending billions of dollars on defense; and it is understandable that every critic of this budget will have a strong preference for economy on some expenditures other than those that affect his branch of the service, or his plant, or his community.

But hard decisions must be made. Unneeded facilities or projects must be phased out. The Defense Establishment must be lean and fit, efficient and effective, always adjusting to new opportunities and advances, and planning for the future. The national interest must be weighed against special or local interest; and it is the national interest that calls upon us to cut our losses and cut back those programs in which a very dim promise no longer justifies a very large cost.

President John F. Kennedy spoke those words in his first defense budget message to the Congress 17 years ago. He recognized—as has every President since—that money must be saved in the defense budget, but not at the price of reduced national security. President Kennedy therefore tried to find the kind of balance he mentioned—a budget that would assure a lean and fit defense force, and would eliminate waste, duplication, and outmoded or unjustifiable expenditures.

Things have not changed much in our current perception of how the defense budget should be structured. However, I would remind my colleagues that there is one very significant difference between the defense budget of Kennedy's day, and the defense budget of fiscal 1979. Back in 1961, when the President spoke to Congress, he was discussing a defense budget of $47 billion, which in turn was part of a total Federal budget of $98 billion. Today, the defense budget alone totals some $30 billion more than what it cost to run the entire Government in 1961.

Mr. President, less than 2 weeks ago, President Carter gave a major address on inflation. He stated that "inflation has now become imbedded in the very tissue of our economy. It has resisted the most severe recession in a generation. It persists because all of us—business, labor, farmers, consumer—are caught on a treadmill which none can top alone." I subscribe fully to that view, and to the sentiment expressed by the President that we must do something to get a grip on the inflation which threatens us all, both in our domestic economy and in our international financial and trade dealings.

President Carter made some other very important points in his inflation speech. He said, for example:

Our first and most direct efforts are within government itself. Where government contributes to inflation, that contribution must be lessened. Where government expenditures are too high, that spending must be reduced . . . Wherever government can set an example of restraint and efficiency, it must do so. The budget that I propose for our next fiscal year is both tight and capable of meeting the nation's most pressing needs. The prospective deficit in the budget is as large as we can afford without compromising our hopes for a balanced economic growth and a declining inflation rate.

I applauded that statement. I kept applauding when President Carter went on in his inflation speech to warn that he would use every means at his disposal to head off potential outlay increases being seriously considered by the Congress. He cited defense for special attention. He said:

I will work closely with the Congress, and if necessary I will exercise my veto authority to keep the 1979 budget deficit at or below the limit that I have proposed.

I have been looking forward to taking the President up on his offer to work with us to curb spending growth. I was, therefore, disturbed by the President's proposed 1979 defense budget, which calls for a $10.6 billion increase in budget authority and a $10.2 billion increase in outlays over the comparable figures for 1978. Those figures, which represent almost a 10-percent increase, do not jibe very well with the President's well-remembered campaign pledge to reduce defense spending by $5 to $7 billion.

That campaign pledge obviously was on the President's mind when he submitted the budget. His budget message said:

Consistent with campaign pledges to the American people, it [the defense budget] is $8 billion below the defense budget projected for 1979 by the previous administration.

I prefer to let the figures speak for themselves. This budget represents no cutback and no reduction. In real dollars—those that this Congress appropriates—it represents a $10 billion increase over the highest defense budget that the Congress of the United States ever approved—the 1978 defense budget. The projections of the 1979 defense budget used in President Ford's budget message are a questionable yardstick for comparison. They were not not based on a detailed review of defense needs. Rather, they reflected President Ford's somewhat generalized notions of "where we should be going." Furthermore, these projections reflected major new outlay-increasing initiatives that the Congress never agreed to support and never voted on. These can be found on page 11 of the Ford budget message, which I ask be printed in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

Outlay increases due to proposed new programs and program increases, 1977–79

(In millions of dollars)

Function and program	Outlay increases 1978	1979
National defense:		
Increase Defense Department purchases in real terms for supplies, fuel, training, recruiting, and other operations and maintenance activities	620	1,118
Increase Defense Department procurement in real terms for essential weapons systems acquisition	606	2,840
Increase Defense Department research, development, test and evaluation for new weapons systems development in real terms to provide for necessary future defense modernization	600	1,222
Increase military construction to permit accelerated modernization of domestic installations	-----	87
Increase funding for military housing to remove deficiencies, such as temporary World War II facilities	57	183
Increase funding for military assistance education and training	8	8
Increase nuclear weapons research and development, nuclear waste management projects, and related activities	88	216
Acquire potential shortage materials for strategic stockpile	183	265
Total	2,162	5,939

Mr. EAGLETON. The major initiatives proposed for fiscal year 1979 totaled some

$6 billion—and Congress never approved them, nor even agreed to support them. To use that kind of a baseline for comparison is simply wrong. We must use the only valid baseline available, and that is the congressional budget for 1978—the amount we appropriated after a careful and detailed review of the President's proposals.

I cannot bring myself to believe that the President's proposed major increase over that 1978 budget is justified. That being the case, I obviously believe that the Budget Committee's proposed further increase of $1.4 billion—which raises the President's $10.6 billion hike to the even higher figure of $12 billion—is even less warranted.

The Budget Committee's report accompanying Senate Concurrent Resolution 80 offers little to challenge this assumption. For example, the narrative implies that more money has been "assumed" in this resolution for new ships not in the budget, but the report never actually says this. There is a lot of idle chatter in the report about "program enhancements", but it is not clear whether it is the President's program that is to be "inhanced" or the current program that is to be enhanced. By taking a budget request that the Congress has been reviewing now for some 3 months, then breaking it down into mission areas different from those recognized in the President's budget, and then failing to show in their report what the President's request was for each mission area, they have made it virtually impossible to tell what their resolution seeks to add or delete. I truly regret that the Budget Committee's report failed to provide the President's budget baseline for each mission category so that at least the numbers would be somewhat recognizable to those of us who have been reviewing the President's budget now for 3 months.

I shall not belabor the point. Suffice it to say that I cannot understand why this resolution should be increasing defense spending, any more than I can understand why President Carter is boosting the defense budget by so much. As a member of the Defense Appropriations Subcommittee I have made a careful preliminary review of the 1979 defense budget. I find it similar in many ways to past defense budgets. It is so similar, as a matter of fact, that it includes numerous items that one House of Congress or the other, one authorizing committee or the other, one appropriations committee or the other, has been attacking for at least the past 2 or 3 years. It seems somewhat incredible that the Defense Department keeps sending these things up so Congress can keep cutting them out. But they do. So, I think it is time we got out our pruning shears and prepared to cut.

It only remains to decide where the cutting shall occur. Of course, this is simply a budget resolution, and we could easily defer decisions on specific cuts until later. But that would be too easy, and it would also allow our critics to charge us with "unspecified" cuts that will "hurt" our defenses. I believe that many of the items requested in the 1979 defense budget are so glaringly unnecessary, so patently flawed, and so totally ridiculous that they leap out as prime candidates for fiscal surgery. I have a long list of 27 such items, and I ask that my list be printed in the RECORD following these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EAGLETON. I think that my colleagues will find this list of illustrative cuts interesting, although I am afraid they will not find it very original. Nearly every item on it is one which has been recommended for cutting, at one time or another, by the Senate Armed Services Committee, the Senate Appropriations Committee, the House Appropriations Committee, the House Armed Services Committee, or the General Accounting Office. Agreement on cutting these questionable items—items that do little or nothing to enhance our national security—could produce a budget reduction of as much as $3.8 billion in budget authority and $2.3 billion in outlays for fiscal year 1979. That would actually take us back much closer to the level of actual defense spending for fiscal year 1978, and would not that be good news for inflation-weary taxpayers?

EXHIBIT 1

ILLUSTRATIVE OPERATING REDUCTIONS, FISCAL YEAR 1979 DEFENSE BUDGET

[Dollar amounts in millions]

Item no.	Item	Illustrative reduction: Budget authority	Illustrative reduction: Outlays	Explanation of rationale	References/citations
1	Military personnel on nonappropriated fund (NAF) activities (PX, golf courses, etc.). Eliminate 12,000 military personnel in NAF's; deactivate 8,000 and transfer 4,000 to military units in combat positions.	−$112	−$106	Elimination of military personnel in NAF's was recommended by Senate Appropriations Committee in fiscal year 1978, but was lost in conference. All military personnel would be eliminated and replaced by NAF civilians financed from PX profits.	Last year (fiscal year 1978 bill) Senate recommended transfer of all military personnel in nonappropriated fund activities to military units in combat positions. See pp. 48–58, S. Rept. 95–325, July 1, 1977.
2	Junior enlisted travel benefits	−102	−97	These benefits were eliminated by Congress when last requested in fiscal year 1975. Budget would result in reduced U.S. force readiness overseas, increase in the number of dependents in Europe, thereby complicating civilian evacuation plans in event of war, and be very costly (over $5,000,000,000) over next 5 yr.	See pp. 35–36 of S. Rept. 93–1104, Aug. 16, 1974. This recommendation was sustained in conference and junior travel benefits were deleted.
3	Operation and maintenance (O. & M.) account inflation.	−611	−580	Consistent with Senate actions on DOD budget in fiscal year 1977 and fiscal year 1978. This permits legitimate inflation in stock funds, but deletes anticipated inflation in routine O. & M. purchases (paint, supplies, typewriters, etc.), which Senate has consistently viewed as unjustified since they are unrelated to military readiness and since no other Federal agency is permitted to budget for inflation in these routine operating supplies.	For past 2 yr in fiscal year 1977 and 1978 bills, the Senate recommended deleting all nonreadiness related inflation. See pp. 67–69 of S. Rept. 95–325, July 1, 1977, and pp. 26–31 of S. Rept. 94–1046, July 22, 1976.
4	Retired military compensation	[1] −30	−30	Prohibits collection of retired pay until age of 55 reached. Includes grandfather clause. If no grandfather clause, saving would be $2,500,000,000.	Consistent with thrust of report of President's Commission on Military Compensation (Zwick Commission) April 1978 (see p. 3 of Zwick report). Also see p. 284 of Senate Rept. 95–325, July 1, 1977, which included a general provision limiting "double-dippers."
5	Base operating support (BOS)	[1] −120	−114	Consistent with Senate actions on BOS in fiscal year 1978 bill. Deletes those portions cut by Senate, but restored in conference (−3,570 military man-years; −4,400 civilian man-years) approximate.	See pp. 30–35 of S. Rept. 95–325, July 1, 1977 which recommended BOS cuts. Also see item 4, fiscal year 1979 budget decrement, DOD zero based budget package, which proposed a BOS reduction of $124,000,000. Also see pp. 113–115 and p. 130 of Senate Armed Services Committee Report (S. Rept. 95–129) which recommended a BOS reduction of 3,000 military and 3,700 civilians.
6	Commissary subsidies	−339	−322	Consistent with Senate actions of 2 previous occasions (1976 and 1977), and Senate Appropriations Committee recommendation in fiscal year 1978 bill.	See pp. 35–42 of S. Rept. 95–325, July 1, 1977.
7	Nonappropriated fund transportation, space required subsidy.	−76	−72	Eliminates subsidy for transportation of U.S. goods overseas on space-required basis. This has been recommended 2 yr in a row by the Senate. (This is prohibited by law, but DOD denies it.) PX's would need to increase prices by only 2 percent in order to make up the subsidy.	See pp. 58–59 of S. Rept. 95–325, July 1, 1977. Also see pp. 115–118 of S. Rept. 94–1046, July 22, 1976.
8	Aircraft maintenance personnel	−28	−27	Deletes aircraft maintenance personnel computed by GAO as not required using military services' own personnel standards. Fully consistent with Senate action on fiscal year 1978 appropriations bill—most of which was lost in conference. (2,000 man-years—includes mix of military and civilian.)	See pp. 62–64 of S. Rept. 95–325, July 1, 1977. Also see item 7, fiscal year 1979 budget decremen., DOD zero-based budget package, which proposed a reduction of $61,000,000 for aircraft maintenance personnel.
	Total, illustrative operating reductions	−1,418	−1,348		

[1] Estimate.

EXHIBIT 1—Continued

ILLUSTRATIVE PROCUREMENT AND RESEARCH AND DEVELOPMENT (R. & D.) REDUCTIONS—FISCAL YEAR 1979 DEFENSE BUDGET

[Dollar amounts in millions]

Item No.	Item (quantity)	Budget authority requested	Illustrative reduction	Explanation of rationale	References/citations
9	CTX (22): Procurement	$27.4	−$27.4	Senators Metzenbaum and Goldwater have questioned whether this is being competitively procured. Defer procurement 1 yr pending a competition between vendors.	See House Armed Services Committee Report (H. Rept 95–194) Apr. 7, 1977, p. 41. Also, see House Appropriations Committee Report (H. Rept. 95–451) pp. 241–242.
10	EF–111A (5):				
	Procurement	188.8	−197.6	High cost of system that is being bought in very small quantities makes this not very cost-effective. Defer procurement at least 1 yr pending study of alternatives or ways to improve EF–111A cost-effectiveness. GAO recommended a deferral.	See House Appropriations Committee Report (H. Rept. 95–451) June 21, 1977, which recommended denial of all procurement funding for EF–111 modification kit procurement. Also, see GAO report PSAD–77–25, Feb. 3, 1977, "Status of the EF–111A Electronic Warfare Aircraft Program."
	R. & D	8.8			
	Total	197.6			
11	Patriot:				
	Procurement	67.3	−307.1	Patriot (formerly SAM–D) has consistently been shown to be not cost-effective by GAO and other non-DOD groups. The system is far too expensive and too complicated, and should be eliminated, with "sunk" costs written off.	This is 1st yr procurement funds that are being requested See GAO report PSAD 78–15.
	R. & D	228.4			
	Milcon	11.4			
	Total	307.1			
12	Phalanx close-in weapons system (CIW's) (45):				
	Procurement	109.3	−109.3	Phalanx has never been demonstrated to work properly against realistic targets. Test and evaluation to date has been against targets that do not adequately simulate the threat. Defer procurement funding pending successful demonstration against realistic targets. House Appropriations Committee recommended cancellation 2 yr ago.	See House Appropriations Committee report (H. Rept. 94–517) Sept. 25, 1975, p. 227.
	R. & D	3.9			
	Total	113.2			
13	CH–53E, helicopter (14):				
	Procurement	168.1		Proposed buy of a total of 49 helicopters is not attractive from cost-effectiveness standpoint. It is also questionable if CH–53E is required for its stated mission. GAO did a recent highly critical report on this system.	See GAO report, PSAD 78–27 Mar. 23, 1978, "Is production of the CH–53E Helicopter Warranted?"
	R. & D	15.1			
	Total	183.2			
14	Tacfire (42):				
	Procurement	88.7	−89.4	System is 11 yr behind schedule and does not work, according to GAO. Eliminate and write off all funds spent to date.	Most recent GAO report in draft stage, a briefing provided to Senator Proxmire by GAO strongly recommended redesign cancellation based on shortcomings and vulnerability.
	R. & D	.7			
	Total	89.4			
15	SSN–688 submarine (1):				
	Procurement	458.8	−474.4	Large part of SSN–688 buy is for direct support roles, which GAO has questioned on grounds that more cost-effective systems are available to perform the surveillance function. Defer this buy, and reevaluate entire program buy.	See GAO report PSAD 78–21.
	R. & D	8.0			
	Milcon	7.6			
	Total	474.4			
16	T–AGOS (1) (SURTASS support ship):				
	Procurement	98.0	−98.4	Questionable requirements for the SURTASS surveillance system; it provides peacetime capability only, since ships required to make it work are to be manned by civilians.	
	R. & D	.4			
	Total	98.4			
17	3/E–3A advanced warning and control system (AWACS):				
	Procurement	245.5	−304.1	Additional procurement beyond the AWACS already procured is unwarranted. No more than 10 aircraft can be justified for non-NATO requirements.	See pp. 245–246 of House Appropriations Committee Report H.R. 94–517 of Sept. 25, 1975.
	R. & D	58.6			
	Total	304.1			
18	Ballistic missile defense (BMD) systems technology and advanced technology BMD program: R. & D.	227.5	−100.0	Consistent with previous reductions recommended by Senate Appropriations Committee in view of limitations on deployment in ABM treaty with U.S.S.R. Remaining $127,500,000 is adequate to advance state of the art and maintain technological lead over U.S.S.R. Current ABM treaty limits deployment in United States and U.S.S.R. to only 2 sites.	See p. 250, Senate Appropriations Committee Report (S. Rept. 95–325) July 1, 1977. Also see p. 232, Senate Appropriations Committee Report (S. Rept. 94–1046) July 22, 1976.
19	Seafarer—Extremely low-frequency communications: R. & D.	40.5	−40.5	Senate has consistently vetoed Seafarer money because of lack of justification and environmental hazards of system. Last year, House Appropriations Committee recommended cancellation.	See pp. 301–302, House Appropriations Committee Report (H. Rept. 95–451) June 21, 1977. Also, see pp. 93–94 of Senate Armed Services Committee Report (S. Rept. 95–129) May 10, 1978.
20	LAMPS helicopter (Light airborne multipurpose sensor—used for antisubmarine warfare): R. & D.	124.5	−124.5	Other alternatives for the mission may be more attractive. A GAO report indicates LAMPS can't meet the threat because of sensor limitations. Technical feasibility, as now proposed, is questionable. For most missions, S–3 and P–3 provide the greatest capability presently available or likely for the future.	See GAO report PSAD 78–30.
21	C–5 Airlift squadrons (Rewing): R. & D	37.2	−37.2	Not cost-effective. It is cheaper to buy new Boeing 747's than to rewing C–5 at a cost of $1,000,000,000.	
22	E–4 Advanced airborne command post (AABNCP): R. & D.	32.0	−32.0	There is no justification or need for advanced avionics—current E–4 equipment is more than adequate through mid–1980's.	See House Appropriations Committee Report (H. Rept. 94–1231) p. 29, June 8, 1976.
23	NAVSTAR global positioning system (GPS): R. & D.	129.0	−65.0	Highly questionable requirements. Present OMEGA and LORAN–D systems are adequate for Navy's needs and high cost of NAVSTAR makes it very low in cost-effectiveness.	See GAO report PSAD 77–23 Mar. 2, 1977, "Status of the NAVSTAR Global Positions System."
24	Precision location strike system (PLSS): R. & D.	86.8	−86.8	System is highly complex and not cost effective. It is cheaper to use other techniques to locate and destroy enemy radars and surface-to-air missiles. Senate Armed Services Committee questioned proliferation of PLSS-type systems in Air Force and Army.	See p. 24, Senate Armed Services Committee Report (S. Rept. 94–878) May 14, 1976.

Recap	Amount
R. & D. budget authority reductions	$933.2
Associated R. & D. outlays (75 percent)	700.0
Procurement budget authority reductions (excluding ships)	895.1
Associated outlays (25 percent)	223.8
Procurement of ship reductions—budget authority	556.8
Associated outlays (5 percent)	27.8
Total, procurement and research and development reductions:	
Budget authority	2,385.1
Outlays	951.6

EXHIBIT 1—Continued

SUMMARY TOTALS OF ILLUSTRATIVE DEFENSE BUDGET REDUCTIONS

[Dollar amounts in millions]

	Budget authority	Associated outlays
Illustrative operating account reductions	$1,418.0	$1,348.0
Illustrative procurement and research and development reductions	2,385.1	951.6
Illustrative military construction reductions	19.0	1.0
Grand total, illustrative reductions	3,822.1	2,300.6

POTENTIAL ADDITIONAL REDUCTIONS IN PERSONNEL

Item No.	Item	Rationale	Citations
5	Training personnel	Makes further reductions in accordance with recommendations of Senate Armed Services Committee, which recommended personnel cuts in training as follows: fiscal year 1978 —13,600 military, —900 civilians; fiscal year 1977 —1,300 military, —600 civilians.	Senate Armed Services Committee report (S. Rept. 95-129) pp. 112-115, pp. 130-131, May 10, 1977. Also pp. 123-129 and pp. 153-156 Senate Armed Services Committee report (S. Rept. 94-878) May 14, 1976. Also, see GAO report FPCD 78-13, Feb. 14, 1978 "Opportunities Exist for Substantial Savings in Administration of Military Skill Programs."
26	Headquarters/command personnel	Make further reductions in accordance with recommendations of Senate Armed Services Committee, which recommended personnel cuts in command/headquarters as follows; fiscal year 1978 —400 military, —4,400 civilians; fiscal year 1977 —2,700 civilians.	Senate Armed Services Committee report (S. Rept. 95-129) pp. 112-115 and pp. 130-131, May 10, 1977. Also, pp. 123-129 and pp. 153-156 Senate Armed Services Committee report (S. Rept. 94-878) May 14, 1976.
27	Civilian general reductions	Make further reductions in accordance with recommendations of Senate Armed Services Committee, which recommended cuts in "general schedule" civilians of 10,600 in fiscal year 1978.	Pp. 150-131, Senate Armed Services Committee Report (S. Rept. 95-129) May 10, 1977.

Mr. EAGLETON. Now, a word or two, Mr. President, on these 27 illustrative items. I said in my prepared remarks that this list was not all that terribly original. These are items that, in the most recent years, have been severely criticized by one or all four of the defense-related committees of both Houses. I mean by that the authorizing and the Appropriations Committee of the House and of the Senate. None of these items cuts out military muscle. None of these items, if cut, would constitute unilateral disarmament. They are all patent waste.

Cutting these things would not jeopardize our national security one whit. These are items that are unnecessary frills and unnecessary duplications. I shall not take the time of the Senate to read through each of these, one by one. I do wish that my colleagues would take the time to study this list, either now, during the debate, or perhaps after the debate appears in full in the RECORD.

I think a careful study of these 27 items will show that these need to be deleted just in the name of simple commonsense and efficiency and the prudent spending of the public purse. In fact, to do otherwise would be to fritter away precious Federal dollars at a time when there are so many worthwhile competing demands for dollars for such things as better education, better health, better housing, better transportation—the whole litany of unmet and unfilled domestic needs. We should not be squandering money on these items reflected in this illustrative budget reduction document. To waste money like this is sinful, Mr. President.

I did not prepare this list. Thus, I am free, not being the original author thereof, to compliment my staff, who pulled this together, giving, in the right-hand column, the reference citations of what committee recommended each cut. I think it is as good a compendium of military waste as has ever been put together in concise form.

Some of my colleagues have said, "Oh well, you fellows always talk about cutting the defense budget, but you will never say to cut it. All you do is talk about cuts, but you never specify anything. What is wrong with the spending levels in the defense budget?"

This 11-page, typewritten document, is the answer to that question if it is ever propounded to my colleagues. Here are 27 questionable items. Here are—does Heinz have 57 varieties? Heinz has 57 and Howard Johnson has a number of flavors and Wilson had 14 points and God had 10 commandments. Here are 27 glaring examples of waste.

I think this is as good a time as any for the Senate as a whole to say, "Enough. We are for a strong national defense, we are for whatever it takes to make our country secure against any threats, overt or covert; but we are not in favor of squandering money in the name of defense."

You know, you do not sanctify waste merely by saying it is defense waste. If it is waste, it is just that—waste. And if this waste is permitted to continue, then there will be less dollars available for things I deem important, like funding for the Older Americans Act, for instance, Mr. President.

Our Subcommittee on Aging marked up the Older Americans Act just this morning. Senator KENNEDY and Senator CHAFEE were both there. Each one of us had a certain area where we thought the Government ought to be of some needed and useful assistance to senior citizens in order to enhance the quality of their lives.

Some of us talked about nutrition for the elderly, others spoke of transportation programs for the elderly. Some talked about better in-home services for the elderly.

And the total amount, Mr. President, under the existing budget for the Older Americans Act, for the whole range of services that come under that act in this year's budget, the total amount is $697 million; $697 million is what the present budget says we can afford to spend to enhance and improve the quality of life for America's senior citizens. Contrast that $697 million with this list of $3.8 billion and we can see the great harm that we are doing to our country in perpetrating this kind of waste.

How great it would be for the country if this $3.8 billion of waste could be redirected to meeting needs of America's senior citizens. I think that is the point Senator MCGOVERN has made in his presentation earlier today and that I would underscore in this.

The McGovern amendment may not pass. What we are proposing here today is about as modest as can be. What we are proposing is that the Budget Committee go back to the figures President Carter recommended. Surely they are enough.

As I pointed in my speech, those were not very parsimonious figures. They were certainly not stingy figures from one who said he would cut the budget by $5 billion to $7 billion.

President Carter's budget is up by $10.6 billion in budget authority compared to last year.

So I can say that insofar as defense is concerned, the President has not been a pennypincher in his budget. I think it is the most significant single increase in any function of the entire 1979 budget. In real terms, a larger increase was made in the defense function of the budget than to any other function, with the single exception of the income security function which went up $12.4 billion.

So it cannot be said he is in any way stingy with the spending of Federal money on defense.

If there has been this kind of growth already recommended by the President, why do we have to sweeten the kitty? Especially when we read the Budget Committee report. Defense critics are attacked for not telling where to cut. I now am criticizing those who would add to the defense budget. I do not know where this additional $1.4 billion is going to be spent.

Why do we just have to add this frosting to an already sweetened cake?

So I urge my colleagues that, given the illustrative list we put in the RECORD, that they support my amendment. There

is an abundant number of items on that illustrative list of $3.8 billion where we can save some money.

Mr. President, I reserve the remainder of my time.

Mr. DECONCINI assumed the chair.

Mr. BELLMON. Mr. President, the Senator from South Carolina, who is a member of the Budget Committee and somewhat of an authority on armed services matters, will be here momentarily to discuss this matter.

I wonder if in his absence Senator EAGLETON will yield for a couple of questions I would like to raise?

Mr. EAGLETON. Certainly.

Mr. BELLMON. Let me say first of all, Mr. President, that I agree with some of the points Senator EAGLETON makes in the list of items where he feels savings are possible.

For instance, on page 3, he points out the commissary subsidies which could save $300 million in budget authority and the same amount, roughly, in outlays in fiscal year 1979, and savings even more significant in the out years.

I think the Senator will remember, I have joined in the past in efforts to try to remove this item from the budget. Our problem in the committee is that we do not deal with line items. We simply provide a total figure and hope that the appropriate subcommittee of the Appropriations Committee will go ahead and follow our lead.

So I would join with him on this one item, but some other items he raises cause me trouble.

One of them is the point that is made on page 8, item 21, which deals with the C–5 airlift squadrons.

The Senator seems to take the position here that the Boeing 747 is a suitable substitute or a suitable alternative to the C–5A.

I think the Senator will remember that during the most recent conflict in the Middle East, C–5's were used to bring in large quantities of military hardware, some tanks and heavy artillery pieces.

Is it his feeling the Boeing 747 is a suitable substitute for the C–5A and would the plan be to allow the C–5A to become inoperative?

Mr. EAGLETON. I do not know if it would become inoperative. The Air Force would simply have to stop flying it around so much in peacetime. This is a matter that Senator PROXMIRE has devoted a great deal of attention to. I have listened to him on this subject matter and I think it is an example of where $37 million could be saved without, again, in any way sacrificing our national security.

There are several thousand hours left on the present C–5A wings and, as a consequence, Senator PROXMIRE asked, and I in his stead asked, what is the necessity of this rewing item for $37 million. The C–5 was designed for a wing life of 30,000 hours. It is only good for 8,000. Even that 8,000, if properly conserved in peacetime, could last for many years. I would remind my colleague that there are only two outsize pieces of equipment that only the C–5 can carry. All other items fit in a C–141, and that is an airplane that will last a long time, and has no wing or engine problem that I have ever heard of.

Mr. GOLDWATER. Will the Senator yield?

Mr. EAGLETON. Yes.

Mr. BELLMON. I am glad to yield.

Mr. GOLDWATER. Mr. President, I have not been able to be here during the entire discussion. I came in just as the point was raised relative to the 747 versus the C–5A.

Taking it sort of in back order, it is true, if the wings of the C–5A were not modified, there is about 8,700 hours available. But the wings are being modified. In fact, we are about one-quarter of the way through. It was designed for 30,000 hours.

Getting into comparison between the C–5 and the 747, as far as being a cargo carrier, it is true the 747 cargo version is a very fine freight airplane for what I would call nominal, everyday freight, boxed and ready to go. But it has a very high point of entry into the fuselage that requires lift not available at most bases where the C–5 can be driven into.

In addition to equipment, it can carry complementary troops that are necessary.

It would be possible to move as high as a thousand men in the C–5A, any number of vehicles, and move them as close to the front lines as any aircraft could land, whereas the 747 does not have that strength built into it.

I say to the present floor manager of the bill that, to me, any suggestion that we strike the C–5 improvements would be a mistake, and we would wind up wasting money. I will have more to say on this as we go along.

Mr. EAGLETON. Mr. President, I ask the distinguishel Senator from Arizona if he will yield to me for a question.

Mr. GOLDWATER. I yield.

Mr. EAGLETON. I have put into the RECORD an 11-page document listing 27 items I consider to be wasteful. As the Senator from Arizona came into the Chamber, Senator BELLMON, quite properly, was inquiring about item No. 21 on my list.

Inasmuch as the Senator from Arizona is in the Chamber, I ask him to look at No. 9 on my list.

Mr. GOLDWATER. I am looking at it now.

Mr. EAGLETON. That is the CTX, $27.4 million. If I read correctly the hearing record of the Senate Armed Services Committee, both Senator METZENBAUM and Senator GOLDWATER have questioned the wisdom of this particular item.

Mr. GOLDWATER. I will answer by saying that I cannot say it is a waste. All I can say is that during the arguments between the House and the Senate conferees, during the writeup of the Senate bill, I insisted on language being included that would make the CTX type of aircraft—which we might call a small VIP carrier—subject to competitive flying and competitive bidding, because we have possibly manufacturers in this country who make an airplane that is similar to the Army's, one of which, I think, is the C–12, which is the Beechcraft Co.'s King Air, a very fine airplane.

We later debated this on the floor, and we had the absolute assurance of the chairman of the Armed Services Committee that it was to be competitive bidding. But, lo and behold, when the whole thing was over, there was language written into the House appropriations bill providing that there would be commonality. So the Navy, through practicing commonality, bought the same airplane the Army had and violated the express wishes of the Armed Services Committee, the conferees, and so forth. Whether or not bidding would have produced a cheaper price, I cannot say. The competitive airplanes in that category are all priced—I will not say close together, because I cannot call $50,000 close; but they are in the same general area.

Senator METZENBAUM and I then sued the Navy to make them stop buying this airplane, which they did. Later, the Cessna Aircraft Co., competitors of Beechcraft, entered the suit, after the judge ruled that a Senator does not have the right to intervene.

I congratulate the Senator for having chosen this. In fact, Senator MORGAN is chairman of the subcommittee, and I serve with him as the ranking member; and we are going to hold meetings this week, we hope, on how we can begin to improve our procurement methods.

One of the chief items of interest to both of us is to stop this business of buying off the shelf from a certain manufacturer who happens to have an "in."

The money involved in this is not a gigantic amount, but it is big. The Navy is back this year for about 30 more of the same aircraft, and I can promise my friend from Missouri that I am going to make darn sure this year that the language is plain, simple English, so that even the Navy can understand it.

Mr. EAGLETON. I thank the Senator from Arizona. I believe that is a very full and complete response to my question, and is very useful.

Mr. President, it points up the purpose I am trying to make in this speech and the purpose I am trying to make by the amendment now pending before the Senate.

There are 27 items in this 11-page document. Many are under $100 million. When you are talking about the Defense Department and you mention $100 million, you are talking about their "paper clip" account. Those fellows take $100 million out of the petty cash drawer. They have been known to round-off more than $100 million. We have many items on this list that are under $100 million.

As Senator GOLDWATER has pointed out, he has had some questions on at least one item.

I suppose he would not like to have to vote yes or no on the CTX at this moment, but he has raised some questions about it. I suppose there is no other Member of this body, on a personal basis, who knows more about aviation than does Senator GOLDWATER. Here is one of the items that struck his eyes. There are 26 other items on this list.

They total $3.8 billion. However, instead of offering a $3.8 billion amend-

ment, I said I will just put these in as illustrations, so that a group of reasonable men and women could sit around the room and, after pouring over this document showing illustrative cuts of $3.8 billion, in not a long period of time could come up with $1.4 billion—the amount the Senate Budget Committee is proposing to add above the President's request.

That really tells the story of this whole document.

Item No. 14, $89.4 million; Item 16, $98 million; Item 24, $86 million; Item 22, $32 million.

When you start adding up the 32's, the 69's, and the 98's, you are getting up to big money. Indeed, you can probably add them up and get to more money than we spend on America's senior citizens under the Older Americans Act.

So far as I am concerned, that is what we are debating in this amendment. Would you rather waste $1.4 billion on useless frills, including the commissaries, or would you rather spend that amount of money on needy senior citizens?

Senator BELLMON brought up the commissary item when Senator GOLDWATER came into the Chamber. This one always intrigues me, because the members of the House Defense Appropriations Subcommittee fight more strenuously about this than anything else.

If you cannot have those five commissaries that are down in San Antonio, six in Washington, three in Honolulu, four in Norfolk, and five in San Francisco, the country would crumble, and the Commies would take over. If they cannot get their discount canned goods and their discount wine the country is going to go to pot.

I am always bemused at the conference on the defense appropriations bill. The fiercest debate is usually on the commissary item.

I think that, in many respects, Senator STENNIS sympathizes with the point I am trying to make, but he knows that in many instances it is like talking to a stone wall.

Commissaries are as patriotic as apple pie. I have already said there are six in this metropolitan area. Our Nation's survival depends on the six commissaries in Washington, the four in Norfolk, and so forth, as I said before.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. EAGLETON. I yield.

Mr. GOLDWATER. Because the Senator has touched upon commissaries, I should like to comment on this subject. It is not as easy as the Senator might feel, to just stop a commissary or a PX or the privileges contained therein.

Mr. EAGLETON. Even eliminating the subsidy would not close a commissary. All this says is that a nice, cozy $300 million subsidy is going to be eliminated. Commissaries will be put on the same basis as the post exchanges and save $300 million of the taxpayers' money.

Mr. GOLDWATER. I remind the Senator that before the pay scales were revised a few years ago, before many benefits were improved in the armed services, we were dependent upon promises that had been made many years ago—in fact, it goes down through the whole 200-year history of our military—when pay to the military was totally inadequate, and we had to make promises, such as the ability for the military family to live in cheaper quarters, at cheaper rent, to buy food at cheaper prices.

It was only a few years ago that an amendment was adopted to the authorization bill that called for a scaling-down in the commissary prices of about minus 23 percent; or, to put it another way, a 23-percent discount in 5 years to 13 percent, in view of the change that had been made in the payment to the military.

So this is an item that we owe through promises. It is just like looking at tremendous increases in the cost of retired military—probably $400 million ahead of us if we do not take another man in uniform this afternoon.

But these were promises made by the people of the United States to men and women who want to serve their country in the military.

I hate to add up all the little perks that we in Congress enjoy and the members of the administration enjoy. I am sure it would come to a far greater figure than the men and women in the military enjoy.

I make that comment, because we catch it all the time on the Armed Services Committee, "Why not stop this and stop that," all of which were promises made by the American people to other American people.

Mr. EAGLETON. Mr. President, once again I say to my colleague I think perhaps unwittingly he has helped make the point I am trying to make. I would agree with the Senator if we were debating this issue back in 1935 or even up to 1959. The Senator would be absolutely correct. There used to be a song back in the thirties—I do not remember it firsthand—maybe the Senator does—but there was a song back in the thirties, "Twenty-one Dollars a Day Once A Month."

What that song portrayed was the fact that a buck private in the Army back in the depression era received a generous salary of $21 a month. Thus it was very necessary to try to supplement that meager stipend by such things as commissaries, PX's, medical services, and the like. That was a conscious public policy decision to buttress that very meager pay.

But now, as the Senator from Arizona knows, we have fully comparable pay scales in the military vis-a-vis private industry and vis-a-vis public service. The Senator from Arizona mentioned the pension issue, and that is the biggest ticking time bomb of all. I know the Senator is worried about it, and I know my colleague from Mississippi, Senator STENNIS, is mightily worried about it. The Zwick Commission report, the President's own commission, and this is the sixth study commission of the military pension system within the past 10 years—discuss comparability.

So these goodies, these sweeteners, albeit necessary back in the thirties, are, I think, totally unnecessary in this year of 1978.

Mr. GOLDWATER. Mr. President, will the Senator yield at that point?

Mr. EAGLETON. I yield.

Mr. GOLDWATER. I will admit that the pay for a man in uniform has gone up. I remember when I became a second lieutenant in 1930 I made $115 a month. But I cannot say that the pay to the man in uniform today can be called comparable. We pay a first-class private about $5,000, or a little more. I am not saying that every one of those first-class privates could go out and earn that much or even earn anything. But those of the same age groups start probably at $7,500 to $9,000.

I think, for example, of the great pay, or it seems like great pay, that we now pay our four-star generals, $45,000 a year. That is a lot of money. We get paid $57,000 a year. That is even more. But let us look at a four-star general, say the commander of the Air Force. He is responsible this year for spending $23 billion. One man has prime responsibility to handle an organization that spends $23 billion. And I read in the Wall Street Journal the other day a list of about 12 corporations and their presidents. None of these corporations were doing over $2.5 billion in business; yet the presidents were paid from $450,000 to over $700,000 a year.

So I do not see any comparability at all.

I will admit that the pay in the service is a lot better, and it should be a lot better and maybe it is too high in some cases. We are the highest paid military in the world. But I do not like to hear comparability talk between a man in uniform and a man out. It has gotten so bad, and the Senator knows this, that to get a doctor to go into the military he has to be made a major. I can remember the days when he was made a second lieutenant and if he ever got to be a major that would be like the second coming. But we have to put them in as majors now to get them started. Otherwise, we do not get doctors in the military, and we are short 20 percent throughout the military. It is one of the reasons that as to the CHAMPUS program, another item that is listed as a waste of money, we cannot fulfill the CHAMPUS program, because we do not have the doctors.

So do not use the term "comparable pay." You can compare any pay, but it is not equal to what the boys on the outside are making.

Mr. HOLLINGS. Mr. President, I ask unanimous consent, before the Senator loses the right to the floor, that Andy Hamilton be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I do not intend to belabor this debate on the question of comparability, but I do want to put a couple of items in the RECORD.

First of all, let me point out to my colleagues that last year's Senate appropriations report on the defense bill, reported by Mr. STENNIS for Mr. McClellan from the Committee on Appropriations on July 1, 1977, included a comparison

table on page 28. This is not EAGLETON's comparison. This is not a dovish comparison. This is a pretty hawkish comparison made by the staff of Senator STENNIS' subcommittee, headed by Mr. Guy McConnell. He is here today, and he does not consider himself a dove.

But anyway, page 28, table 4, captioned "Comparison of Annual Military and Civilian Compensation and Benefits, October 1976, Pay Scales." And here is what that table does. It is very interesting. It starts with four-star generals and goes right down the line to buck privates. It sets out their pay and their fringe benefits and then compares that to civilians of comparable grades. It also shows the military advantage or disadvantage over the civilian counterpart. I ask that the table be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD as follows:

TABLE 4.—COMPARISON OF ANNUAL MILITARY AND CIVILIAN COMPENSATION AND BENEFITS (OCTOBER 1976 PAY SCALES)[1]

Military grade and title	Military advantage (+) or disadvantage (−)	Military compensation and benefits	Civilian compensation and benefits	Comparable civilian grade
O-10—General	−$17,484	$73,792	$56,308	Executive V.
O-9—Lieutenant general	+12,424	68,732	56,308	GS-18.
O-8—Major general	+6,394	62,702	56,308	GS-17.
O-7—Brigadier general	+2,219	55,481	53,262	GS-16.
O-6—Colonel	−284	45,191	45,475	GS-15.
O-5—Lieutenant colonel	+539	36,317	35,778	GS-14/GS-13.
O-4—Major	+1,840	29,518	27,678	GS-12.
O-3—Captain	+2,700	24,911	22,141	GS-11/GS-10.
O-2—1st lieutenant	+707	19,006	18,299	GS-9/GS-8.
O-1—2d lieutenant	−345	15,441	15,786	GS-7.
W-4/W-3—Chief warrant officer	+10,386	28,685	18,299	GS-9/GS-8.
W-2/W-1—Chief warrant officer	+4,850	20,636	15,786	GS-7.
E-9—Sergeant major	+9,955	25,741	15,786	GS-7.
E-8/E-7—Master sergeant and sergeant 1st class.	+6,099	20,347	14,248	GS-6.
E-6/E-5—Staff sergeant and sergeant.	+2,067	14,890	12,823	GS-5.
E-4—Corporal	+1,246	12,428	11,182	GS-4.
E-3—Private 1st class	+132	9,846	9,714	GS-3.
E-2—Private	+1,040	9,438	8,408	GS-2.
E-1—Private	+1,375	8,678	7,253	GS-1.

[1] Where more than one military or civilian grade is shown, the amount for compensation and benefits is the average of the values shown on tables 2 and 3 for those grades.

Mr. EAGLETON. In every category—four-star general, three-star general, two-star general, one-star general, right on down the line to private, in every category, except two—second lieutenant and colonel—the military person is paid more in salary and benefits than a comparable civilian.

I did not prepare this table. The Committee for Peace Through Law did not prepare this table. This is just the hard data that came out of the Pentagon, as compiled by the Senate Appropriations Committee.

I mentioned the Zwick report. That is one that came out in April, just a few weeks ago. I will not read it all.

But I ask unanimous consent that pages 110, 111, 112, and 113 of the Zwick report be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EAGLETON. It states just what I have been saying here, that the pay in the military is very comparable and thus I say many of these fringes, such as commissaries, are not necessary. Not that this whole debate rises or falls on that one issue. I submit it as one item, as I stated at the outset, for purely illustrative purposes.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. EAGLETON. I yield.

Mr. GOLDWATER. The Senator wants to determine comparability. I am not going to accept anyone's figures, whether they are figures made up by my own bank or figures made up by a peace through law group. But you have to have something to compare it with.

I mentioned an example. For example, let us get down into the lesser grades. Let us take a tech sergeant who is the chief of maintenance of a fighter squadron, and a fighter squadron can have a couple of billion dollars worth of airplanes. This one man, who will probably be a master sergeant, has responsibility for maintaining more equipment in dollars and cents than the presidents of General Motors and Ford added together. And yet the presidents of General Motors and Ford added together make a lot more money than that master sergeant is going to make, and I am not complaining about it and neither is the master sergeant.

So when you talk about comparability, I do not look on it as just a station in life, or an age, but I look on the responsibility. How many people around this country complain, because the Members of Congress are paid $57,000?

I remember a little corporation that I left to come to this Congress which now pays its president over $100,000 a year, and he is responsible for about $30 to $35 million worth of business, whereas we sit here responsible for $500 billion.

So on the basis of comparability we might be able to argue that we are worth $5 million apiece. I would not agree to that, but if you want to get into an argument of comparability, we can have a ball with it, but we cannot pay income taxes on it.

Mr. EAGLETON. What the Senator is saying is that so far as he is concerned there is no adequate comparability study made by the Pentagon or his bank out in Arizona or by anybody. He just does not believe in this kind of comparison and, therefore, commissaries, like Old Man River, ought to just keep on rolling along.

Let me discuss the Senator's analogy of the master sergeant or the tech sergeant having supervision over a lot of priceless objects. Using that same criteria the museum guards at Florence, Italy, who were not watching when the 13 paintings were stolen ought to be paid more than anybody else in the world, because they are watching some of the most precious and priceless art work in the whole world. Surely there is comparability between museum guards—those who guard factories in Flint, Mich., and those who guard priceless works of art in Florence, Italy.

I just do not follow the Senator's rationale in saying that there is no way to make comparisons.

Mr. GOLDWATER. The Senator just agreed with me. In the instance of somebody stealing some valuable paintings, on that basis I do not know how you can judge what any man's job is worth when you really get down to it.

Mr. EAGLETON. I say to my colleague that we make that judgment every day here in the Senate. We make that judgment when we pass a minimum wage bill. We say what the minimum is that a person should work for. We make that comparison when we run out of the Chamber and say "How much are we worth?" And every few years we go through that embarrassing exercise of voting on just what we are worth.

Mr. GOLDWATER. We never get a direct answer.

Mr. EAGLETON. We made that judgment here in the District of Columbia when we tried to find out how big a police force we need, and how much a police sergeant should make. That does not mean we always make these judgments with infinite wisdom, but it means it is part and parcel of the governmental process. We make value judgments as to what a particular person's endeavors are worth. You surely cannot say that we will make comparisons in all these domestic areas—the RSVP employees, VA doctors, merchant sailors and all kinds of other individuals, but when we get to the military we just cannot make any comparison. I would venture to say that a C-5 or a C-141 pilot is not much different from a 747 or 707 pilot. Nor is the tech sergeant who fixes Air Force sedans much different from the corner garage mechanic. Surely there is some comparability there.

I have said about all I intend to say on this amendment, Mr. President, and I will reserve the remainder of my time.

EXHIBIT 1

EXISTING PAY LEVELS: THE NEED TO RESET THEM

One of the five basic issues we were asked to study was the need for a paysetting standard. To determine whether such a need exists, we chose to examine the concepts underlying the rise of standards, then to

assess the efficacy of existing pay levels. As the following discussion notes, most recent military compensation studies have addressed this issue; their findings differ. We conclude that the existing payline represents a suitable starting point from which to move toward a more efficient and responsive pay system.

COMPENSATION CONCEPTS

Unfailingly, military and Civil Service compensation studies begin with discussions of "comparability." This term is described variously as a principle, an approach, a process, and a model. The only term with more interpretations than "comparability" and "competitiveness," as the Defense Manpower Commission pointed out, is "equity." All studies seem to agree that comparability has to do with using wage surveys of other workers as a guide to setting the pay of a particular work force. But beyond that common frame of reference the meanings of comparability diverge.

Federal civilian pay is now set and adjusted according to comparability. The law states:

It is the policy of Congress that Federal pay-fixing be based on the principles that—

(1) there be equal pay for substantially equal work, and pay distinctions be maintained in keeping with work and performance distinctions; and

(2) Federal pay rates be comparable with private-enterprise pay rates for the same levels of work.

Pay levels for the several Federal statutory pay systems shall be interrelated, and pay levels shall be set and adjusted in accordance with these principles.

The following excerpt from a House of Representatives study on the comparability law provides some insight into why comparability is useful.

Adoption of the principle of comparability will assure equity for the Federal employee with his equals throughout the national economy . . . enable the Government to compete fairly with private firms for qualified personnel . . . and provide at last a logical and factual standard for setting Federal salaries.

Hence, comparability is discussed as a principle designed to achieve three ends: equity, competitive pay, and credibility. It is in achieving the second goal, competitiveness, that there has been much conflict. While comparability is generally thought of as having to do with setting pay through wage surveys, competitiveness is considered to emphasize setting pay according to labor market conditions, supply and demand. The two have been set up as competing principles.

But there are hints, besides those from the House study, that persons who adhere to the principle of comparability do so because they feel it helps achieve competitive compensation levels. Hence, the two concepts may well be complementary rather than conflicting. Both the Defense Manpower Commission (DMC) and the draft report of the Third QRMC espoused competitive pay levels as the desired product of comparability:

More importantly, this choice (comparability) will insure that military pay remains competitive with pay in the private sector, for without such competition a volunteer armed force would not be able to attract and retain the numbers and quality of personnel required.

The dominant principle is that compensation should be competitive. It should be adequate to attract and retain the desired quantity and quality of personnel, but it should not be more than is necessary for this purpose. In short, a compensation system should be efficient. Comparability, broadly defined, may be one means toward this end, but it is not an end in itself independent of manpower supply considerations. The (Manpower) Commission accepts the use of comparability as a guide to judgment, but not its present usage.

The Commission believes the lines of debate between the competitive and the comparability principles are not as rigid as they appear. Clearly, military compensation, like any Government expenditure, should be adequate to accomplish its purpose yet not waste the taxpayers' money. Advocates of both the comparability and competitive principles appear to have that goal at heart. Paying military personnel less than necessary is harmful to national security; paying more is wasteful. Unfair, inequitable, and capricious compensation policies can endanger achieving national security goals. Furthermore, even an equitable policy does not prevent waste. A perfectly efficient compensation scheme can generate its own inefficiency by its sheer administrative complexity. In the end, the system must be credible.

The following two points appear to be the essence of the debate between comparability and competitiveness.

OVERPAYMENT OF CERTAIN PERSONNEL

The use of a comparability standard, which sets and adjusts military pay according to the pay levels of nonmilitary employees, carries with it the potential for overpaying those military personnel who could be attracted and retained at a lower wage rate than that determined by the comparability measurement.

The wage rates necessary to attract and retain the required number and quality of manpower are determined not only by prevailing wage rates in other sectors, but also by unemployment rates, qualitative and quantitative military requirements, the conditions of service, and other pay and nonpay characteristics of military service. In short, a comparability process measures only one of many determinants of an efficient pay schedule and may result, therefore, in overpayment of certain personnel.

If nonpay factors strongly favor the military, a comparably set wage will cause lines to form at recruiting stations. If nonpay factors favor civilian employment, the comparably set wage will result in a decline in the quality of those who serve; in the extreme instance, it may result in recruiting and retention shortfalls. While comparability of total compensation (including benefits and retirement) comes a step closer to the ideal compensation by including two more factors in the survey, even that process is less than perfect. Significant nonpay attributes of military and civilian employment (the other conditions of service) are still lost in the comparisons.

Mr. HOLLINGS. Mr. President, do we have a time agreement?

Mr. MUSKIE. Yes; under the Budget Act there is a time limitation of 2 hours on amendments, may I say to the Senator. I will be happy to yield.

Mr. HOLLINGS. Will the Senator yield at this point, Mr. President?

Mr. MUSKIE. I will yield the time reserved to the opponents of the amendment to the distinguished Senator so that he may manage the time, and I know the distinguished Senator from Mississippi would like some time.

Mr. STENNIS. Let the Senator go first.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I think, Mr. President, in an informal way we should join issue with our colleague's contention in his amendment, our colleague from Missouri.

I am sorry I had not been able to review the entire statement, but Senator EAGLETON starts off with a quote from our great friend, President John F. Kennedy, and then he says, "Things have not changed much in our current perception of how the defense budget should be structured."

Of course, that was 17 years ago. He was quoting President Kennedy, and he said it had not changed much, and I take sharp issue with that.

I happen to have been here 12 years ago, and I remember, I say to the distinguished Senator from Arizona now presiding (Mr. DECONCINI), we took up the defense budget under the distinguished Senator from Georgia's leadership. I say everything in admiration and affection for Dick Russell. He was sort of my idol. So there is no disparagement when I refer to the actual fact, and that is, that if you go back to 1967, that defense budget was taken up on a Friday; everyone was gone, and we finished it by about 2 or 3 o'clock, and hardly anyone was on the floor.

There were very, very few amendments, and I know the Senator from Mississippi would remember well how that was all drawn up on a yellow pad, and he would write everything on there, every explanation, and he could just give it from memory and go right down the items. Of course, in that day and time, in President Kennedy's day, when we were starting into Vietnam, and then with President Johnson and then President Nixon, of course, it would be outrageous to start cutting your defense budget in a time of war.

However, beginning in 1968–69 and, more particularly, in 1970, after the trauma of the sixties, which both the Senator from Missouri and we all experienced, there was veritably a rash and an outbreak of all kinds of amendments. The defense budget would come along and everybody would have his so-called tank or plane or flamethrower, whatever it was, he had his particular cut, and Peace through Law, and all the rest of them hit the floor in avalanches, cutting the defense budget to ribbons, hither and yon.

By that time I had gained a seat on the Appropriations Committee and I began to look at the overall debate about defense, and actually beginning in 1970 we started facing the defense budget in the light of the guerrilla warfare we would experience out on the floor of the Senate. We knew leading Senators were going to grab us on one piece of equipment or another. We were going to have to explain this, that, or everything else, and we became very sensitive, very concerned, and very alert to wasteful spending within the defense budget, even though we favored defense.

On balance we systematically, almost from 1970 down to 1976, cut about $5 billion each year out of the national defense budget—and that was at a time when our chairman was Senator McClellan, and before him Senator Ellender—each year we were cutting back. Senator Ellender, incidentally, was not a pro-defense budgeteer. You had to explain it to him, and if you had a good explanation for a cut in defense, he would go

along with you as the chairman of that Defense Appropriations Subcommittee.

My point is I am trying to bring into focus a tremendous change that has come about. Let us look at those actual figures before we look at the real treatment being given by the Budget Committee.

For example, aside from Vietnam spending, looking at what we call our baseline forces, we can compare how they fared in dollars and cents during the period 1962 to 1969, and 1970 to 1977, when we started cutting. Looking at then President Kennedy's days in 1962, to 1969, Army procurement—and these are the baseline forces in constant 1978 dollars—was $30.243 billion—and this is a budget thing, and I hope no one gets bored, I hope they are impressed by figures, because that is what we have toyed with for veritably 6 weeks, day and night, up in that Budget Committee.

Army procurement then was $30.243 billion, but in comparison, for that same period or rather for the same 8-year period from 1970 to 1977, we only appropriated $16.602 billion, or there was an actual cut during that period of some $13.641 billion or a cut of 45 percent; there was that big a change. That budget was decreased.

You get a Senator, and a very responsible Senator, coming along and saying there had not been any change, saying that just willy-nilly the military-industrial complex gets more every year. Somehow he relies on an old, broken record.

Let me say there have been all kinds of change conscientiously done by the Senate as a body, and this is what the U.S. Senate did in procurement of missiles and aircraft for the Navy. From 1962 to 1969 it appropriated $34.760 billion. But during the 1970–77 period the figure was $30.163 billion in constant dollars, or a cut over that 8-year period of $4.597 billion or again a 13-percent reduction.

For shipbuilding, over that 8-year Kennedy-Johnson period the Senator mentioned, saying there had been no change, we provided $36.485 billion, measured in 1978 dollars. But in the period 1970 to 1977 we reduced that each year, cutting back each year on various items, to $29.703 billion, or a reduction of $7.782 billion, a minus of 21 percent in shipbuilding.

Aircraft, Air Force, $25.432 billion during the 1962 to 1969 period, but from 1970 to 1977 it was $21.966 billion, for a reduction of $3.466 billion, or minus 14 percent.

The total appropriations for general purpose forces procurement during that period of 1962 to 1969 was $149.521 billion, but in 1970 to 1977, in constant 1978 dollars, we were down to $122.496 billion, a reduction, overall, of some $27 billion, or 18 percent in the last 7 years.

The average shipbuilding budget—I am going to address some other remarks toward shipbuilding when we conclude here, because we did get some increases over what the President had asked for in the shipbuilding area—but the average annual shipbuilding budget for 1962 to 1967 was $5.6 billion, for 1968 to 1969 was $1.9 billion, and for 1970 to 1977 was $3.7 billion. So we had, during the 1968-to-1967 period, from the previous average, a shortfall of some $22.6 billion. That is a $22.6 billion reduction there.

I want to emphasize the cost of weaponry, incidentally, as we try to replace it, which will be in my prepared remarks. And I ask unanimous consent that the table from which I have just recited be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

GENERAL PURPOSE FORCES PROCUREMENT (BASELINE FORCES) 1962–77 BUDGET AUTHORITY IN CONSTANT 1978 DOLLARS [1]

	1962–69	1970–77	Difference	Percent change
Army procurement	30,243	16,602	−13,641	−45
Missiles and aircraft, Navy	34,760	30,163	−4,597	−13
Shipbuilding [2]	37,485	29,703	−7,782	−21
Aircraft, Air Force	25,432	21,966	−3,466	−14
Total, general purpose forces (program 2)	149,521	122,496	−27,025	−18

[1] Baseline forces exclude forces added for Vietnam. Procurement for baseline forces excludes procurement for the Vietnam war.

[2] Average annual shipbuilding budgets: 1962–67, $5,600,000,000; 1968–69, $1,900,000,000; 1970–77, $3,700,000,000. 1968–77 shortfall, based on pre-Vietnam average: $22,600,000,000 (in 1978 dollars).

Source: Compiled from data supplied by Office of the Assistant Secretary of Defense, Comptroller.

Mr. HOLLINGS. Now, Mr. President, at the same time, all of us Senators should realize that the equipment that we are buying for our forces today costs significantly more than it did in the 1960's. In constant dollars F–14's cost three times as much as F–4's, XM–1 tanks cost twice as much as the M–60 series tanks, and naval vessels cost up to five times as much as the units they are now replacing. Even the low-cost option like the F–16 costs more than the weapons of the 1960's. So I want to correct the impression and idea floating around that somehow it has just been business as usual, willy-nilly, we just ipso facto take that defense budget and increase it.

What really occurred was the institution of the Budget Committee process. I think Senator MUSKIE and the budget process deserve not just the respect but the support of the entire Senate on this particular point, because what we have done under this process is to force the Armed Services Committee and the Defense Appropriations Subcommittee to look in a very reflective fashion over exactly what they intend to appropriate for that year at the very beginning of the year, so that it is targeted, it is bracketed, and we know what the figure is and where we are headed.

Incidentally, under the leadership of the Senator from Florida (Mr. CHILES) we initiated what we might call the mission budget approach. Instead of just the boring, input-oriented figures, we have examined—and I have traveled to many of these installations—take CINPAC, out in Honolulu, for example, and ask just exactly what the mission is there, and what would be the result of a larger attack, a smaller attack, a nuclear attack, and otherwise, and what would be the weaponry required, whether it will or will not go through the Panama Canal, and all those things.

Under the mission approach, we have produced an output-oriented budget. We have reduced it down to a common denominator, whereby the Armed Services Committee, the Appropriations Committee, and then hopefully the Senate itself will be speaking the same language, we will be using the same vocabulary and the same approaches, so that there will not be any slip between the cup and the lip.

Let me say a word or two about the committee composition, because I cannot start this discussion off with respect to just the Armed Services Committee, which has always had an outstanding composition under the various individual chairmen, but particularly under Senator STENNIS has it become what I call a balanced committee.

At lunch a while ago I said "balanced," and one of the colleagues said, "Balanced? Look at how many conservatives it has; with those old blue-nosed conservatives against us liberals we cannot blah, blah, blah," and we started off about conservatives against liberals.

It is interesting to note that last year the Armed Services Committee unanimously agreed on its armed services defense bill, and it is even more interesting again, whether you are conservative, liberal, Southern, Northern, Western, or whether you are prodefense or antidefense, that the Armed Services Appropriations Subcommittee unanimously reported out a figure that the Appropriations Committee as a whole agreed to. So I believe we have gotten rid of some of these shibboleths that they are totally Babylonian in their view, that they will just spend the country blind.

I think Senator STENNIS has called the hand on a lot of weaponry. For instance, he supported the abolition of the B–1. So it is not just a matter of a mind set with respect to the committees and a mind set with respect to the Senate.

I have a prepared statement but I can get into that later in the debate. Right now I want to bring out what has been projected by nothing less than the most liberal, if that is the way we want to approach things, customarily the most liberal of organizations, the Brookings Institution. Brookings, in January of last year, 1977—and this is what worried me. Do not mention to me about President Carter's pledges. I was trying to correct President Carter's pledges in the middle of the last campaign. And incidentally, on the second debate, we had a little meeting up here on the second floor. The campaign was not going good, and I advise Charlie Kirbo, "You better get Schlesinger and a few others together on the matter of defense and go down and get Jimmy at Plains, Ga., or he is going to bust his britches about this business of national defense, because he is going down one road and the people of America are going to have to go down a different road,"—anyway, the Brookings Institution found that "the budget implications cannot be measured precisely, but some real growth in the defense budget probably will be necessary."

This is quoted from "Setting National Priorities: The 1978 Budget" by Joseph Pechman; and the book has a particular chapter in which Barry Blechman goes into the hows and whys of that kind of how real growth is going to be needed.

Now, Mr. President, let us jump to the pledge made and what actually occurred. If you will remember, President Carter last year in May, almost a year ago, went to the NATO Conference, and he got together with the heads of state and said, "I wish we could find some way out of our NATO trouble." They were getting nervous over the accord. We had been to Vienna with MBFR, discussing the mutual, balanced force reductions, and the Warsaw Pact countries just come headlong along, building, building, building. We go to a force reduction conference and the action is otherwise.

So at the NATO Conference, the President said, "Let us go for 3 percent. Can we agree on that?"

They agreed on a 3-percent real growth in the overall defense budget. There was a question raised in our Budget Committee proceedings as to whether the reference was merely to the NATO counterpart, or the entire defense budget.

Secretary Harold Brown has answered that this pertains to the entire defense budget.

Well, you can give me some of the figures, but even with the strained interpretation of funding for the B-1, the President's figure that he uses himself is only 2.3 percent, rather than 3 percent growth; but the Congressional Budget Office—and I ask unanimous consent to have printed in the RECORD at this point, Mr. President, statements entitled "Real Growth or Decline by Major Mission in the President's Fiscal Year 1979 Budget Request for Department of Defense, Military Budget Function 051" as esimated by both the President and the Congressional Budget Office, so there will be no mistake about the CBO's assumptions and the President's assumptions.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

REAL GROWTH OR DECLINE BY MAJOR MISSION IN THE PRESIDENT'S FISCAL YEAR 1979 BUDGET REQUEST FOR DEPARTMENT OF DEFENSE MILITARY BUDGET FUNCTION 051: (TOTAL BUDGET)—ADMINISTRATION ECONOMIC ASSUMPTIONS

[Dollars in millions]

	President's fiscal year 1979 budget		Real growth or decline (−)	
	No growth [1]	Actual request	Amount	Percent
Strategic forces:				
Offensive forces	$8,659	$7,312	−$1,347	−15.6
Defensive forces	619	702	83	13.4
Control and surveillance	1,242	1,388	146	11.8
Total	10,520	9,403	−1,117	−10.6
General purpose forces:				
Ground forces	14,187	15,283	1,096	7.7
Naval forces	12,645	12,164	−481	−3.8
Tactical air forces	14,052	14,195	143	1.0
Mobility forces	1,647	1,606	−41	−2.5
Total	42,532	43,247	716	1.7
Auxiliary forces	15,122	16,242	1,120	7.4
Mission support forces	10,418	11,374	956	9.2
Central support forces	29,434	30,861	1,427	4.8
Miscellaneous	14,681	14,440	−241	−1.6
Total function 051	122,707	125,567	2,860	2.3

[1] By "no growth" is meant current—that is, fiscal year 1978—policy projections using the administration's economic assumptions for growth in wages and prices.

Note: Details may not add to totals because of rounding.

REAL GROWTH OR DECLINE BY MAJOR MISSION IN THE PRESIDENT'S FISCAL YEAR 1979 BUDGET REQUEST FOR DEPARTMENT OF DEFENSE MILITARY BUDGET FUNCTION 051 (TOTAL BUDGET)—FIRST CONCURRENT BUDGET RESOLUTION ASSUMPTIONS

[Dollars in millions]

	President's fiscal year 1979 budget		Real growth or decline (−)	
	No growth [1]	Actual request	Amount	Percent
Strategic forces:				
Offensive forces	8,725	7,312	−1,413	−16.2
Defensive forces	622	702	80	12.8
Control and surveillance	1,249	1,388	139	11.1
Total	10,596	9,403	−1,194	−11.3
General purpose forces:				
Ground forces	14,260	15,283	1,023	7.2
Naval forces	12,750	12,164	−586	−4.6
Tactical air forces	14,122	14,195	73	.5
Mobility forces	1,653	1,606	−47	−2.9
Total	42,785	43,247	462	1.1
Auxiliary forces	15,225	16,242	1,017	6.7
Mission support forces	10,457	11,374	917	8.8
Central support forces	29,575	30,861	1,286	4.3
Miscellaneous	14,732	14,440	−292	−2.0
Total function 051	123,371	125,567	2,196	1.8

[1] By "no growth" is meant current—that is, fiscal year 1978—policy projections using the economic assumptions for growth in wages and prices developed by CBO for the First Concurrent Resolution on the fiscal year 1979 budget.

Note: Details may not add to totals because of rounding.

Mr. HOLLINGS. The Congressional Budget Office estimated that real growth in the President's request is 1.8 percent. So the President did not include therein the entire 3-percent growth he had received in a mutual pledge from the other heads of state at the NATO Conference.

And we watch and see the Navy go down. For example during the period the Senator from Missouri was talking, about, way back in 1964—even subsequent to Kennedy's days—we had 917 vessels in the Navy. Now the Indian Ocean and all of those straits have become far more important with the oil crisis—all the oceans have become important, with the Soviets moving in and almost taking over the Mediterranean. Instead of there being no change in the Navy, we have come down in each year. In 1976 we had about 476 vessels, in 1977 about 470, and now in 1978 the actual figure is 462 vessels, citing, of course, the Chief of Naval Operations' historical budget data, March 1977.

We are going out of business. We have not rebuilt.

Along with Senator STENNIS I held hearings in the Defense Appropriations Subcommittee and I was impressed with Secretary Alexander and General Rogers, our Chief of Staff, about how we were replacing ammunition, how we were replacing tanks, how we were replacing the material used not just in Vietnam. I was in on that last particular $500 million and I favored it at that time, the last gasp for the troops in Saigon, to put in the $500 million, we just took from the stores. That is what we ended up doing that particular time.

What we want to do now is to replace the ammunition, material, and weaponry also transferred to our good friend Israel in the Yom Kippur war. So we are now beginning to replace.

I can go into each detail and each mission. The fact is we are just barely holding the line in both the Air Force and the Army. What really occurred in the add-ons from the figures used by the President's budget but somewhat less, if you please, Mr. President, than what was asked for by both the Armed Services and the Senate Appropriations Committee? We decreased the amounts sought by the appropriations and the Armed Services Committee by some $300 million in budget authority and $1.9 billion in outlays.

Since the Senator is directing his remarks and the amendment to the President's figure, we increased the President's figure in budget authority $1.4 billion. But I hasten to say that actually we decreased the outlays $1.2 billion.

There is no trickery here. There was a reassessment and reaccounting that I went into in my prepared statement. Perhaps the Senator did not sit and have it explained to him as I did on the Budget Committee. He may not have had the opportunity. We are not saying it is a real cut. But due to a slowdown in the rate of procurement dollars that were spent and the actual figures the President used in the reassessment, we came up with a lesser figure. We can talk about that.

Before I yield at this point and go into some of the other matters, let me talk about two things: One is the matter of pay.

This Senator, from the beginning of time, has been working on these defense budgets, trying my dead-level best to instill and install credibility into every facet of our defenses so that we would not have these guerrilla attacks each year and this misunderstanding by the public.

I heard part of the discussion between the distinguished Senators from Arizona

and Missouri. On comparability what really occurred is that we obtained it in 1967 when my former colleague, Mendell Rivers, was chairman of the House Armed Services Committee. Then in 1970 and 1971, with the voluntary army, we heaped upon the Army pay scale certain additional benefits. Some of the charts used by the Senator were also used by the Department of Defense Appropriations Subcommittee—and they were also reflected in U.S. News and World Report—and showed that at one time colonels and generals were getting more pay than Senators before their increase.

I play tennis with a colonel friend and I said, "Look at your pay and benefits and look at what I am getting paid."

Now our pay has been increased and the Army has held tight.

I opposed the 1-percent kicker which allowed the military and Federal civilians in retirement to increase their pensions faster than the rate of growth in inflation, and we eliminated that. I tried to cut back the subsidy to commissaries by putting them on the same basis as our post exchanges. But in essence, I would say that military pay is fair. It is not too much. There is only one reconciliation that will have to be made and that is in respect to the military pensions. They cannot just all retire in 20 years and make no contribution whatever. I suppose there will be about a $30 billion annual amount to pay for military pensions in the year 2000.

The Defense Appropriations Subcommittee and the Budget Committee are looking into that matter very thoroughly.

Next is my real point in defense of the budget process in the committee and what is being presented here. I have probably worked with it as intimately as anybody, but all of us worked on it, Senator DOMENICI, Senator BELLMON, as well as Senator MUSKIE. We received information from Senators ABOUREZK, MAGNUSON, ALLEN, and CRANSTON. We do not have a one-sided Budget Committee. We got into all the little facets.

Last year we went into the intelligence costs; the staff did so again this year. We are glad the Intelligence Committee is handling this aspect of the budget. We can find out what the real costs are, and they are not just scattered through the entire budget.

We went into personnel costs. We went into whether to have power projection forces or just sea control forces in the Navy's various missions; whether we were headed to the large carrier or to the V/Stol carrier, and all the other things.

This budget, I respectfully submit, is not the same old thing, as the Senator said in his statement, that since the Kennedy days nothing has changed. There has been a remarkable change. The bringing of this particular defense budget to the floor of the Senate represents a lot of work with numerous amendments. Evenings and afternoons were spent on trying to mark up this budget.

Mr. President, I shall include in the RECORD at this point the complete text of my prepared remarks:

Mr. President , I want to discuss the action of the Senate Budget Committee on the National Defense budget in preparing the First Concurrent Resolution on the Budget for fiscal year 1979. I would like to begin by taking notice of the fact that the President gave us a fairly tight federal budget to work with. Under our able chairman, the Committee made a few changes here and there. By and large we accepted the President's priorities, and we supported his efforts to exercise restraint while still taking care of our most pressing national priorities.

One important area where we felt the President's budget was too tight was the area of National Defense. We increased budget authority by $1.4 billion over his recommendation. While the Committee's recommendation on defense outlays is $1.2 billion below the President's budget, the reduction is entirely technical in nature. The Congressional budget office has estimated that the fiscal year outlays in defense will be $1.9 billion less than estimated by the President, due to a slowdown in the rate at which procurement dollars are spent. Setting aside this technical reestimate the Senate Budget Committee is recommending an increase in outlays of $700 million. My colleagues should be aware that the amounts we have recommended, while higher than the President's budget, nevertheless are below the amounts requested by the Appropriations and Armed Services Committees in their March 15 reports. These committees requested $130.1 billion in BA and $118.5 billion in outlays. The First Concurrent Resolution is below these amounts by $300 million in BA and $1.9 billion in outlays.

Why did we take the step of adding funds for defense in a year when, like most recent years, we face inflation, more unemployed than at any time since before World War II, and many unmet social needs? After all, inflation is real, and now. Unemployment is real, and now. Decaying, bankrupt cities are all around us. The list of present evils is long. And defense spending is preparedness for some future crisis.

Now I am worried by inflation, and I am worried by unemployment and poverty. These are real problems. But I am also worried that that future crisis, which we hope to deter with a strong national defense, may have come preceptibly closer in the last four years. One of the reasons why I am worried is that, from 1970 through 1977, we did not spend enough on defense procurement to sustain our present military forces over the next decade. In the near future we are going to pay the price in reduced defense capabilities unless we act now to increase defense spending. And I do not think the world today is one in which it is prudent to reduce our capabilities.

The Soviet Union has built up its military forces in the last ten years and now it is beginning to use them to expand its influence in the world. The Soviet Union is not behaving like a regional power with essentially defensive objectives, but like a nation with unsatisfied global ambitions.

I am sure you all are familiar with the litany, but let me repeat it again: Since achieving parity in strategic forces in the early 1970's, the Soviet Union has continued to make major improvements in its missile forces, with multiple warhead payloads and improved accuracies. CBO recently estimated that by the mid 1980's, the Soviet Union's presently planned strategic forces—allowable under SALT I—could destroy 90 percent of U.S. silo-based ICBMs in a first strike while using only about one fifth of their own ICBMs. According to a recent issue of Aviation Week, the Air Force now thinks that the Soviets may achieve this capability several years earlier. Whatever my colleagues may think about the advisability of developing a U.S. first strike counterforce capability, it is clear that the Soviet leaders care little whether their missile force is perceived as "de-stabilizing."

The Soviet Union has continued to improve all other dimensions of its armed forces. Real growth in the Soviet defense budget has averaged more than three percent a year for a decade. In Central Europe, the Soviet Union has increased the firepower of its ground forces with additional tanks and artillery, and with new armored personnel carriers and other equipment. According to the Brookings Institution publication, *Setting National Priorities: The 1978 Budget*, the strength of Soviet divisions in Europe has been increased by 20 percent in manpower, by 40 percent in the number of tanks in motorized rifle divisions, and by a doubling of artillery assets. It has added improved all-weather and ground attack capabilities to its tactical air forces. The Backfire bomber and SS–20 missile increase Soviet threats to our naval forces and to targets in Western Europe.

At sea, the Soviet Union is adding new, large air-capable ships to its inventory, while supporting operations on both the east and west coasts of Africa. Indeed, a growing part of Soviet military operations and investment spending is aimed at increasing the reach of Soviet forces through extended naval operations, the purchase of longer-range transport aircraft and the active pursuit of overseas bases.

Politically, the Soviet Union has been less conciliatory on U.S.-Soviet relations. For example, the growing Soviet counterforce capability poses a costly problem for the United States, but the Soviet Union has been unwilling to agree to an arms control treaty which would place limits on counterforce weapons. Also the Soviet Union has increased the scope of its intervention in Africa, and is supporting large Cuban armed forces in Angola, Ethiopia and elsewhere. It has continued to give support to hard-line Palestinian and other Arab groups opposed to a Middle East peace settlement.

According to the recent assessment of the international situation presented by Secretary of Defense Brown, the United States is becoming increasingly dependent upon the energy, raw materials, trade and political stability of the very areas of the world where the Soviet Union has for a decade been most active. And Soviet activity there appears to be on the rise. Soviet clients with expansionist ambitions now control both shores of the entrance to the Red Sea as well as two of the major oil producing states on which Western economies depend—Libya and Iraq. The Soviets are seeking additional allies in the region.

The United States remains the only power in the world with the resources and interests capable of checking Soviet expansion. As a result, a rivalry is inevitable. In the past 30 years, we have experienced many periods of alternating cooperation and competition. After each thaw has come a new confrontation. Some of the confrontations have ended favorably for the United States, while others have not. But it is not hard to imagine what the outcomes would have been—in the Berlin crises, the Cuban missile crisis, the Yom Kippur war—if the United States had lacked the military capability to defend its interests and assist its allies. And it is not hard to imagine that the United States will not be called upon to defend its interests again. The wide-ranging interests of the Soviet Union, no less than of the United States and its allies, make it difficult to predict the exact form the next crisis will take. Who would have predicted three years ago that the Soviets today would be supporting a Cuban expeditionary army in Africa? There is a clear danger, therefore, in planning military forces too narrowly focused on one or two military theaters.

In managing U.S. Soviet relations, it is of course desirable not to be drawn into wars. But a desire for peace will not make the potential for conflict recede. Failure to prepare for military contingencies could be taken as

a sign of weakness, and increase the potential for confrontations.

We all know that the President's defense budget is a pretty tight one. For example, it assumes a virtual ship-building holiday for fiscal 1979. A list of items which could have been included in this budget with good justification totals nearly $9 billion dollars.

Even so, we all know that we could find ways to trim this budget here and there by postponing procurements or cutting out missions which some might regard as marginal. I hope that we all know that if we did that, we would simply be postponing decisions which must be supported if we wish to maintain our military strength.

In the 1950's we tried to buy military forces cheaply by substituting nuclear firepower for divisions, wings and ships. Once the Russians acquired a large nuclear arsenal, however, that policy began to look shortsighted.

So in the 1960's we began to build up our conventional forces. That costs money and we spent it. Between 1962 and 1969, counting just what we bought for our "baseline" forces—excluding everything bought for our forces in Vietnam—we spent $150 billion on military procurement for conventional forces, measured in today's dollars.

By the same measure, between 1970 and 1977 we cut our military procurement spending by almost 20 percent, or more than $27 billion dollars spread over eight years. For example, we cut spending on Army procurement by $13.6 billion; on Navy aircraft and missiles by $4.6 billion; on shipbuilding by $7.8 billion, and on aircraft for the Air Force by $3.5 billion. If we take the average shipbuilding budgets for 1962–1967 as the standard, then in the past ten years the reduction in shipbuilding authorizations has totaled $22.6 billion, measured in today's dollars.

At the same time, the equipment we are buying for forces today costs significantly more than it did in the 1960s. In constant dollars, F–14s cost three times as much as F–4s, XM–1 tanks cost more than twice as much as M–60 series tanks, and naval vessels cost up to five times as much as the units they are replacing. Even "low-cost" options—like the F–16—cost more than the weapons of the 1960s.

The consequences are inevitable. Either we will have to spend more than we did in the 1960s on military equipment, or we will have much smaller forces in the future than we have today. In naval forces, we are already paying a price for past spending decisions. We entered the decade with a fleet of about 900 ships and unquestioned naval superiority. We will end the decade with a fleet that has been cut by 50 percent. And unless the President's shipbuilding plans are changed, the Navy will be even smaller in the 1990s.

There are large disagreements over the kind of Navy we should have—fewer bigger nuclear ships, or more smaller conventionally powered ships—but I sense a growing agreement that we cannot continue to let the nation's naval capability decline—not if we wish to be able to handle a range of unpredictable crises in areas of the world where our impressive nuclear forces and our impressive NATO-oriented forces would be largely useless. So we are going to have to increase spending on naval forces fairly soon. The authorizing and appropriations committees have told us they think these increases will be required this year.

There are other upward pressures on this budget. The SALT talks may fail to produce a limit on Soviet counterforce capabilities, and we will have to decide what to do about it. Recent currency re-valuations have cut the purchasing power of O&M funds for our forces in Europe and Japan by more than $200 million, and this shortfall will have to be made up unless we want to see their readiness impaired. There are still large backlogs in the maintenance of combat equipment and real property. Various Administration proposals to reduce the budget—by selling stockpile material, cutting wage board pay and reducing reserves—are not likely to be realized. They total over $300 million.

Mr. President, we have already made major shifts from defense spending to other national priorities in the past eight years. The share of the budget going to defense is down, while the share going to transfer payments, education, training, jobs, medical care, energy, agriculture, urban development and other non-defense functions has increased steadily. Last year's defense budget, excluding retired pay, was nearly $14 billion less than the fiscal year 1964 defense budget, measured in 1978 dollars. But—except for the Navy—the forces we are supporting are not very much smaller than in 1964. And their equipment costs a lot more, even when measured in constant dollars. We cannot continue to nibble away at the Navy and at the other parts of the defense budget in the name of reordered priorities or economy in government without eroding national security.

I think this is the appropriate time, before I go into further remarks, and with the constriction that I did not realize had been agreed to, to yield to our chairman or to try to answer any questions with respect to the 050 category.

Mr. EAGLETON. Do we have an agreement, Mr. President, to vote at 2 o'clock?

The PRESIDING OFFICER. Yes; that is correct.

Mr. MUSKIE. We will suspend the debate on the Senator's amendment for that vote and then resume after the vote.

Mr. STENNIS. Will the Senator yield for a half minute?

Mr. MUSKIE. I yield.

Mr. STENNIS. Mr. President, I will only take a half minute, in view of the fact that the Senator from Missouri wants to say a further word on his amendment.

As chairman of the Armed Services Committee I refer to the argument I have made on the previous amendment offered by the Senator from South Dakota. We have been through all of these items with a most minute examination by subsubcommittees.

We will start working on our bill tomorrow morning. On military procurement, we want it to be as near as possible to the President's budget. I must say that we cannot continue to work and make recommendations, as we do now, if listened with great attention to the re this amendment should be agreed to. I yield the floor.

Mr. EAGLETON. I thank my colleague, and I thank my colleague from Maine.

Mr. President, I will be brief. I believe we can have the votes back to back. I listened with great attention to the remarks of Senator HOLLINGS. He debated the sixties, he debated the seventies, he debated V/STOL.

Mr. STENNIS. Mr. President, may we have quiet? The Senator is entitled to be heard.

Mr. EAGLETON. He debated bits and pieces of a lot of things. But the main thing I learned—and I have been looking for the culprit and I think I have found him——

The PRESIDING OFFICER. The Senate will be in order. The Senator is entitled to be heard.

Mr. EAGLETON. I have been looking for about a year and a half for the person who converted President Carter's $5 to $7 billion budget cut into this year's $10 billion-plus increase. I have found the culprit. It was parsimonious Fritz. He had that meeting up there he talked about, Mr. President, with Charlie Kirbo. He said:

> Charlie, you better tell old Jimmy. You better stop talking about cutting that defense budget.

It worked. So a $5 to $7 billion cut is now a $10 billion increase.

That is the only figure the Senator from South Carolina did not mention. He did not mention that the Carter budget this year for defense is $10 billion over last year, and now he and his colleagues want to add another $1.4 billion. I say that is just too much. That is too much for Jimmy Carter, Charlie Kirbo, or anyone.

Mr. HOLLINGS. Mr. President, will the Senator yield about the $10 billion? Let us fix that accurately.

Mr. EAGLETON. I yield.

Mr. HOLLINGS. The Budget Committee the U.S. Senate, and the House all agreed last year on a budget level projected forward under the Ford Administration. On that particular level, President Carter's this particular budget submitted to you here, is a $10 billion cut. We are $10 billion below that budget that President Ford was talking about.

That disturbs me, quite frankly. I had other amendments. Old Parsimonious was not trying to cut; I was trying to fatten this thing and actually provide for the real defense. The Senator from New Mexico had other amendments. He disagreed.

The PRESIDING OFFICER. The hour of 2 o'clock——

Mr. EAGLETON. Mr. President, I ask unanimous consent that I may proceed for 1 minute. Then we can have both these votes back-to-back.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. EAGLETON. Let me ask a question of the Senator from Maine. Is it not correct that the Defense Department has reestimated the outlay figures and they have cut it by $2.1 billion?

Mr. MUSKIE. The Budget Office made those reestimates. We have included——

AMENDMENT 1802 (AS MODIFIED)

Mr. EAGLETON. Pursuant thereto, I send a modified amendment to the desk. Then we can vote on both the McGovern amendment and my amendment as modified.

The PRESIDING OFFICER. Without objection, the clerk will state the modified amendment.

The second assistant legislative clerk read as follows:

> The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 1802, as modified.

Mr. EAGLETON. I ask unanimous consent that further reading of the amendment be dispensed with. It is the

same amendment, modified to eliminate the $2.1 billion in the reestimate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified amendment follows:

On page 1, line 7, strike out $443,300,000,000" and insert in lieu thereof "$442,900,000,000".

On page 1, line 11, strike out "566,100,000,000" and insert in lieu thereof "$564,700,000,000".

On page 2, line 2, strike out "$498, 900,000,000" and insert in lieu thereof "$498,000,000,000".

On page 2, line 5, strike out "$55,600,000,000" and insert in lieu thereof "$55,100,000,000".

On page 2, line 7, strike out "$853,800,000,000" and insert in lieu thereof "$853,300,000,000".

On page 2, line 9, strike out "$101,800,000,000" and insert in lieu thereof "$101,300,000,000".

On page 2, line 20, strike out "$129,800,000,000" and insert in lieu thereof "$128,400,000,000".

On page 2, line 21 strike out "$116,600,000,000" and insert in lieu thereof "$115,700,000,000".

Mr. EAGLETON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. EAGLETON. I ask unanimous consent that there be a 10-minute rollcall on my amendment, which will follow the McGovern amendment.

Mr. MUSKIE. I ask unanimous consent that there be a 10-minute rollcall on the Eagleton amendment——

Mr. STENNIS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Are the yeas and nays ordered on the McGovern amendment?

The PRESIDING OFFICER. No.

Mr. MUSKIE. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. It there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. METZENBAUM. Mr. President, I have an objection to the 10-minute rollcall.

The PRESIDING OFFICER. The yeas and nays are ordered on the McGovern amendment.

An objection is heard on the 10-minute rollcall.

Mr. METZENBAUM. I withdraw my objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, am I correct that this is a 10-minute rollcall?

Mr. DOMENICI. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Will the Chair restate the unanimous-consent request?

The PRESIDING OFFICER. That there be a 10-minute rollcall on the Eagleton amendment following the vote on the McGovern amendment.

Mr. DOMENICI. Both of which will occur now?

UP AMENDMENT NO. 1244

The PRESIDING OFFICER. Under the previous order, the hour of 2 p.m. having arrived, the pending amendment will be set aside temporarily and the Senate will proceed to a vote on the amendment offered by the Senator from South Dakota (Mr. McGOVERN), an unprinted amendment numbered 1244. The yeas and nays have been ordered.

Mr. MUSKIE. Mr. President, all time is yielded back on the Eagleton amendment so the votes may take place back-to-back.

The PRESIDING OFFICER. The Senator is correct.

The clerk will call the roll.

Mr. GOLDWATER. A parliamentary inquiry, Mr. President.

Mr. STENNIS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from Arizona will state his parliamentary inquiry.

Mr. GOLDWATER. The yeas and nays have been ordered on the McGovern amendment. Is it necessary to order them for the second vote on the Eagleton amendment?

The PRESIDING OFFICER. They have been ordered on both amendments.

Mr. GOLDWATER. I thank the Chair.

Mr. STENNIS. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Does not the present occupant of the chair think it is his duty at least to state the question that we are voting on?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota (Mr. McGOVERN).

Mr. STENNIS. To what? The bill? For how much?

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk proceeded to read the amendment.

Mr. STENNIS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 20, strike out "$129,800,000,000" and insert "$125,185,000,000".

On page 2, line 21, strike out "$116,600,000,000" and insert "$115,074,000,000".

On page 3, line 5, strike out "$10,200,000,000" and insert "$12,150,000,000".

On page 3, line 6, strike out "$10,100,000,000" and insert "$11,240,000,000".

On page 3, line 17, strike out "$19,500,000,000" and insert "$19,831,000,000".

On page 3, line 20, strike out "$10,400,000,000" and insert "$10,673,000,000".

On page 3, line 21, strike out "$9,000,000,000" and insert "$9,068,000,000".

On page 3, line 24, strike out "$31,600,000,000" and insert "$33,661,000,000".

On page 3, line 25, strike out "$31,200,000,000" and insert "$31,692,000,000".

The PRESIDING OFFICER. The question is on agreeing to the McGovern amendment. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Minnesota (Mr. ANDERSON), the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. ANDERSON) would vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 14, nays 77, as follows:

[Rollcall Vote No. 130 Leg.]

YEAS—14

Abourezk	Hatfield, Mark O.	Metzenbaum
Clark	Humphrey	Proxmire
Cranston	Kennedy	Riegle
Eagleton	McGovern	Weicker
Gravel		Williams

NAYS—77

Allen	Griffin	Muskie
Bartlett	Hansen	Nelson
Bellmon	Hart	Nunn
Bentsen	Hatch	Packwood
Brooke	Hathaway	Pell
Bumpers	Hayakawa	Percy
Burdick	Heinz	Randolph
Byrd, Harry F., Jr.	Helms	Ribicoff
Byrd, Robert C.	Hodges	Roth
Cannon	Hollings	Sarbanes
Case	Huddleston	Sasser
Chafee	Jackson	Schmitt
Chiles	Javits	Schweiker
Church	Johnston	Scott
Culver	Laxalt	Sparkman
Curtis	Leahy	Stafford
Danforth	Long	Stennis
DeConcini	Lugar	Stevens
Dole	Magnuson	Stevenson
Domenici	Mathias	Stone
Durkin	Matsunaga	Talmadge
Eastland	McClure	Thurmond
Ford	McIntyre	Tower
Glenn	Melcher	Wallop
Goldwater	Morgan	Young
	Moynihan	Zorinsky

NOT VOTING—9

Anderson	Garn	Inouye
Baker	Haskell	Pearson
Bayh	Hatfield, Paul G.	
Biden		

So Mr. McGOVERN's amendment (UP No. 1244) was rejected.

AMENDMENT NO. 1802, AS MODIFIED

The PRESIDING OFFICER (Mr. RIEGLE). The question is on agreeing to the amendment of the Senator from Missouri, as modified. On this question the yeas and nays have been ordered, for a 10-minute vote, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Minnesota (Mr. ANDERSON), the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. ANDERSON) would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 21, nays 70, as follows:

[Rollcall Vote No. 131 Leg.]

YEAS—21

Abourezk	Heinz	Proxmire
Church	Humphrey	Riegle
Clark	Kennedy	Sarbanes
Cranston	Mathias	Stevenson
Culver	McGovern	Weicker
Eagleton	Melcher	Williams
Hatfield, Mark O.	Metzenbaum	
	Pell	

NAYS—70

Allen	Gravel	Muskie
Bartlett	Griffin	Nelson
Bellmon	Hansen	Nunn
Bentsen	Hart	Packwood
Brooke	Hatch	Percy
Bumpers	Hathaway	Randolph
Burdick	Hayakawa	Ribicoff
Byrd, Harry F., Jr.	Helms	Roth
	Hodges	Sasser
Byrd, Robert C.	Hollings	Schmitt
Cannon	Huddleston	Schweiker
Case	Jackson	Scott
Chafee	Javits	Sparkman
Chiles	Johnston	Stafford
Curtis	Laxalt	Stennis
Danforth	Leahy	Stevens
DeConcini	Long	Stone
Dole	Lugar	Talmadge
Domenici	Magnuson	Thurmond
Durkin	Matsunaga	Tower
Eastland	McClure	Wallop
Ford	McIntyre	Young
Glenn	Morgan	Zorinsky
Goldwater	Moynihan	

NOT VOTING—9

Anderson	Garn	Inouye
Baker	Haskell	Pearson
Bayh	Hatfield, Paul G.	
Biden		

So Mr. EAGLETON's amendment (No. 1802), as modified, was rejected.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Howard Shuman and Ron Tammen, of my staff, be accorded the privilege of the floor during votes on the next two amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1799

(Purpose: To decrease the appropriate level of new budget authority to $540,000,000,000)

Mr. PROXMIRE. Mr. President, I call up my amendment No. 1799 to the budget resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The Senator from Wisconsin (Mr. PROXMIRE) proposes amendment No. 1799.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 11, strike out "$566,100,000,000" and insert "$540,000,000,000".

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. PROXMIRE. Mr. President, I yield to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, I thank the distinguished Senator from Wisconsin for his courtesy. I ask unanimous consent that Mark Edelman, of Senator DANFORTH's staff, be accorded the privilege of the floor during the remainder of this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. President, I thank the distinguished Senator from Wisconsin for his courtesy.

(Mr. RIEGLE assumed the chair.)

Mr. PROXMIRE. Mr. President, this amendment would cut the level of new budget authority—and I stress this new budget authority—on page 1, line 11 from $546.1 billion to a level of $540 billion. This represents a decrease of $26 billion from the $566 billion proposed by the committee and somewhat more than the original budget authority request of $569 billion of the President.

Last year the budget authority was $502.9 billion. My amendment, therefore, would allow for a $37 billion or 7.4-percent increase over last year.

Mr. President, let me repeat that. This amendment would allow for an increase in budget authority over last year of about 7.4 percent.

I am sure this amendment may be attacked as a big amendment that is a tremendous cut, and so forth. The fact is I am astonished at my moderation.

The 7.4-percent increase in obligational authority, after all, is substantial. All indications are that that would be an increase in real terms because I know of no economist, certainly not in the Federal Government, or a prominent economist on Wall Street or in the academic area, who argues we will have more than a 7-percent inflation in the coming year—we could have it, but there is expectation we would and, therefore, this represents a permission to go above last year in real terms.

But it would cut it well below what the President recommended and what the committee has recommended.

Mr. President, we have had an interesting inflation program issued by the President of the United States, and I hope he can support it. It would be helpful.

Mr. President, the signal that the country is waiting for is a cut in the budget. We know that. I think all Members of the Senate have been told that over and over again by their constituents, and I think we understand that.

The huge increase we have in this budget is inflationary; certainly it is inflationary in the judgment of a very large number of citizens, including the overwhelming majority of businessmen. So a loud, clear anti-inflation signal would be the passage of this amendment.

This morning before the Banking Committee the Chairman of the Federal Reserve Board told us if we succeeded in reducing the budget deficit by $25 billion it would make it much easier to follow an easier monetary policy, making it easier to ease up on interest rates, to make it possible for the private sector to move in.

People say, "Well, if you cut this much out of the budget it means you are going to lose jobs." You are going to transfer jobs, in effect, out of the public sector into the private sector. Those jobs are much more likely to be productive as well as much more likely to be permanent.

Mr. President, in round numbers, this represents a $26 billion or about a 5-percent decrease in Federal Government budget authority for fiscal year 1979.

While the Budget Committee deserves great credit—Senator MUSKIE, Senator BELLMON, and the other members—in not increasing the estimate and not giving into the pressure to spend more—and there was pressure from virtually every committee, including my own, I regret to say, the Banking Committee—I believe a $499 billion or $500 billion figure in outlay and $566 billion in budget authority are too high and should be cut. It represents an enormous burden on the hard-pressed taxpayers of the United States.

As one who has served on the Senate Appropriations Committee for about 15 years, and has examined the budgets of at least 40 agencies, I can say without fear of contradiction that there is not a single agency in the Government which cannot absorb a 5-percent decrease in its funds, and that is what this is, a decrease below what the President recommends and, as I pointed out before, an increase, a 7.4-percent increase, over what was available last year.

Actually, this amendment would, in my judgment, increase the efficiency of the programs if it were determined to do so. This is true of defense, foreign aid, welfare, housing, education, law enforcement, public works, highways, reclamation, sugar subsidies, mineral subsidies, and even health.

Not every function could be cut an equal amount, especially in the short run, but over time many of them could, some could be cut as low as 5 percent.

Because of that fact, I am leaving the determination of specific cuts in specific aggregates this year to the Budget Committee.

I am aware that in any one year more than one-half of Federal spending is considered to be relatively uncontrollable. Too much of today's spending is determined by existing laws and contracts. That is, in fact, why I am proposing this amendment to the budget authority because that affects the future—not to outlays but to budget authority, because that does give more leeway. A cut of this proportion in outlays would have been a much deeper cut obviously in the controllables than this cut in budget authority.

Some of the so-called uncontrollables could be reduced or eliminated. Some of them cannot be cut and should not be cut. Among the first that can be cut was dramatized by the amendment offered by the Senator from Virginia (Mr. HARRY F. BYRD, Jr.). An HEW audit report found at least $6.4 billion in waste, mismanagement, and fraud in some HEW programs, some of which, like medicaid, are said to be uncontrollable. Obviously, that should be controlled.

We could reduce interest rates by cutting spending and lowering the deficit. This would bring lower interest rates and a smaller debt and less inflation. I personally would eliminate the revenue-sharing program. Some disagree with that, but it could be done.

On the other hand we could not and should not reduce social security or railroad retirement or Federal employees retirement or veterans' benefits which have all been established under law and

for which people have both qualified and have every proper reason to expect to receive.

As I say, my amendment would not cut those or similar items. But there is one way to cut the uncontrollables. If we can cut the budget and, hence, reduce the deficit and reduce inflation we can also reduce the cost of the so-called controllables in the budget. Each 1 percent in inflation that we can reduce would reduce social security payments by $300 million in the first year and by about $1.5 billion over time.

I do not think it is an exaggeration to expect this kind of reduction would provide a signal for the country that could result in a 1-percent reduction in inflation.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. Yes, indeed. I am happy to yield to my friend from Nebraska.

Mr. CURTIS. Will the Senator tell us what he means by an uncontrollable?

Mr. PROXMIRE. I mean by uncontrollable those expenditures required by law and which are mandated and which are a matter of a great part of entitlement; also, of course, long-term contracts where the Government has signed a contract, for example, in procurement to procure an aircraft carrier or some other weapons system that takes 3 or 4 years to construct, we have signed the contract, we have committed ourselves to the contract, and we are going to have to lay out money for that in 1979, 1980, regardless of what we do here. I am saying we cannot control that.

Mr. CURTIS. Well, I am very much aware——

Mr. PROXMIRE. I beg the Senator's pardon, I am wrong in saying we could not control it. We could, but we would have to renege on our contracts to do it, and I am not proposing we do that.

Mr. CURTIS. I certainly would not be in favor of the United States failing to carry out its contracts. But if laws can be enacted could they not be modified or repealed?

Mr. PROXMIRE. The Senator is correct, the Senator is right. When we say "uncontrollable," it is a very, very free and easy word.

Mr. CURTIS. For instance, the disability program under social security is 500 percent beyond the original estimate. Is there any reason why that law could not be tightened up, any technical reason that the Senator knows of?

Mr. PROXMIRE. None at all; and I point out that I supported, as I think the Senator from Nebraska did, the Byrd amendment yesterday, which would have tightened the HEW budget up by some several billion dollars, and thereby extended control over the so-called uncontrollables.

Mr. CURTIS. I think practically all of the so-called uncontrollables involved matters of contract on which, for instance, if we required bonds, increases could be avoided. Moreover, there is a delayed effect which could require two actions, a change here and a change later. But if we say everything in the law now is an uncontrollable, and accept that presumption in our budgeting, the distinguished Budget Committee, instead of having the power to direct the financial affairs of our Government, becomes an administrative committee to run an adding machine.

Mr. PROXMIRE. That is a very helpful observation. I think the so-called uncontrollables are much too rigid and sacrosanct. There is no reason why we cannot make many cuts in them. I thank the Senator from Nebraska.

Mr. President, this cut that I am talking about would result from a reduction of inflation, for each 1-percent cut in inflation cuts all the uncontrollables by about $1 billion the first year and by 1 percent or $5 billion taking the lag in time into account.

This would be done without harming a single person because the savings are made out of inflationary costs which would not occur and would not hurt the real income of social security or retirement individuals one bit.

What I am talking about here is the fact that we have now in the social security law a provision that provides that as prices go up, as the consumer price index rises, the recipients of social security will get higher benefits, which of course is necessary to maintain their real income. To the extent that this amendment passes and does reduce real inflation, such requirements would be moderated, and I would say over the long pull there could be as much as $5 billion reduction.

If we say that about one-half of Federal spending is controllable either in the short run or changes in the law which could be enacted shortly, and we also say that cuts in the so-called uncontrollables could be effected because of the reduction in inflation, my proposal would mean that we would have to reduce the uncontrollables by less than 10 percent.

WOULD HELP FIGHT INFLATION

A cut of $26 billion in budget authority could also have a salutary effect on the economy and on our central problem of inflation. It could have this effect without harming employment and, indeed it could actually improve the employment picture and reduce unemployment.

How could this be done? Let me explain.

A reduction in budget authority and spending could reduce the Federal deficit. This in turn would allow us to do two things. First, we could return the funds to the people through tax cuts without adding to the deficit. Second, it would allow the Federal Reserve Board to have an easier monetary policy without adding to inflation, as Chairman Miller affirmed this morning before the Banking Committee.

Through such policies there would be additional funds in the private sector from both the reduction in spending and a reduction in taxes. Second, easier monetary policies should reduce interest rates, spur private spending and investment, and produce more jobs, greater economic growth, and a healthier economy.

Meanwhile, the reduced borrowing of the Federal Government to finance the deficit should reduce inflationary pressures. All of this would add to growth, to jobs, and to the reduction of inflation.

THE WAY TO SOLVE STAG-FLATION

It is the one prescription to stop "Stagflation" and to bring relatively full employment and stable prices which has not been tried.

FIVE-PERCENT IS AN ACHIEVABLE CUT

I believe a 5-percent or a $26 billion cut is achievable. What we need to do in the Senate is to set such a ceiling and then demand that the various agencies stay under it.

The only way Government or business can actually keep spending down is to set such ceilings. If done the other way around—first asking everyone what they are going to spend and adding up the totals—the totals will go higher and higher and higher.

Therefore, I believe that we should first set such a reduced ceiling in order to force Government agencies to cut back on waste, ferret out their marginal programs, and establish stricter priorities.

I want to make it clear that I am not calling for an arbitrary 5-percent across-the-board cut. I am calling for a 5-percent cut in the totals but some programs, as determined by the Budget Committees and the Congress, can take larger cuts and some, in the short run and without legislation, would be difficult to cut that much immediately.

TOO MUCH MACROECONOMICS

Modern economists for too long have merely looked at the "macro" or overall effects of spending. Very little attention has been paid to the genuine benefits of the proposed increase in outlays.

They are justified on such spurious grounds as necessary to "keep even" with inflation or to stimulate the economy to offset fiscal drags.

The general has overcome the specific. Spending is justified for these general purposes without any or few arguments justifying their specific benefits.

We are urged to keep wasteful military projects going to avoid cuts in jobs, to continue pork barrel public works programs because local communities want them, and to universalize spending because if all 50 States are not cut in on the proposal, it will fail of passage.

WE DO NOT NEED A BLOATED CIVILIZATION

It is true as Justice Holmes remarked that with taxes we buy civilization. But we are not required to buy a wasteful or bloated supercivilization.

Further, the totals proposed by the President this year are essentially unprecedented. As the distinguished financial analyst, Henry Kaufman, testified before the House Budget Committee, the fiscal 1978 outlays represent a record postwar high of 22.6 percent of the gross national product. The 1979 outlays proposed by the President would decline to 22 percent, but this would still

be the fourth highest in terms of the percenatge of the GNP in the last 25 years.

We have to face the hard tough facts and start to live within our means. We must use public funds wisely. The Government should not be required to subsidize almost everybody everywhere.

FOLLOW LINCOLN'S PRESCRIPTION

I believe we should carry out Lincoln's definition of the legitimate objects of government as doing for the people "whatever they need to have done, but cannot do at all or cannot so well do for themselves in their separate and individual capacities."

Even a generous interpretation of that sentiment would allow us to reduce Government spending by more than the $25 billion I have proposed.

Mr. President, I reserve the remainder of my time.

Mr. MUSKIE. I yield myself 10 minutes.

Mr. President, let me say at the outset that the amendment of the distinguished Senator from Wisconsin is consistent with his long record of concern about Government spending and the need for budgetary restraints and prudence, and I applaud the general thrust of his efforts over the years in this connection.

However, I must say with respect to his amendment that it goes to the very heart and the very life of the congressional budget process, because it is ambiguous, it is—and I say this is the most respectful way—arbitrary and indiscriminate. It is the kind of approach to budget cutting that we tried many times before the establishment of the congressional budget process. It never worked. It never succeeded, because it never identified the areas where real cuts were possible, and where cuts could be achieved without damaging essential and vital areas of governmental activity.

If we want to return to that form of budget cutting, and abandon the congressional budget process, that is all right with me. But after we have gone through the kind of trade-offs and balancing of judgments which the budget process requires, if we are then asked to subject ourselves to an across-the-board cut of this kind, we have wasted a lot of time on identifying priorities, balancing priorities, and undertaking to set them within a rational economic policy. The two approaches to budgeting just do not go together. We tried it the other way and it did not work; and frankly I am getting pessimistic about whether or not this budget process is going to work, because here, too, we are inclined to abandon the discipline when it serves our immediate interest.

But let me get down to this specific proposal, Senator PROXMIRE's amendment proposing a 5 percent across-the-board cut in budget authority in fiscal year 1979. I repeat, a cut in budget authority.

He would cut budget authority by $26.1 billion, from $566.1 billion recommended by the Budget Committee to $540 billion.

He jusitfies all of this as a contribution to the fight against inflation and as a contribution to reducing the deficit.

Unfortunately, Mr. President, one cannot judge either of those contributions because one is not told where the cut in budget authority will come. Budget authority does not all spend out at the same rate. Budget authority for housing, for example, requires up to 40 years to spend out. As a matter of fact, in this present budget there is $25.5 billion in budget authority for housing assistance.

(Mr. MOYNIHAN assumed the chair.)

Mr. MUSKIE. If we were to apply the Senator's amendment to housing assistance, and there is nothing in the amendment to prevent us from doing so, we would eliminate the housing program from the budget. But how much of a contribution would that make to inflation? When one considers that the spend-out from this program is spread over 40 years, it is very little. There would be almost no reduction in this year's deficit from such a budget authority cut. That $25.5 billion will not spend out in fiscal year 1979 to any measurable degree.

The budget does include outlays of $4.4 billion in housing assistance, but that is driven by budget authority which we provided in previous years.

So if we were to take the proposed $26.1 billion cut out of the housing assistance program, we would hardly make any contribution to reducing the deficit. We would make no contribution to reducing inflation. The size of the deficit which worries the business community and others in the country who are concerned about Government spending, would remain essentially unchanged.

If, on the other hand, one took the cut from budget authority that spends out in 1 year, where would we go?

Well, the Defense Department spends out a lot of budget authority in 1 year, much of it in the form of salaries. So if we wanted to make a maximum impact on the deficit and a maximum signal against inflation, we would cut the $26.1 billion from the defense function and mandate that it be taken out of salaries, which would probably mean that we would decimate the Armed Forces of the country.

That is the range we can consider, but the Senator does not tell us how he would distribute his cut in budget authority. It is for that reason that I call his amendment an arbitrary and undiscriminating approach to budgeting.

Mr. President, the budget process was designed to enable the Congress to make individual spending and revenue decisions in the context of the budget as a whole.

The discipline provided by the process forces Congress to make hard choices among competing national priorities after careful consideration of the issues which are involved and deliberate decisions on how our limited resources will be allocated.

Senator PROXMIRE's amendment proposes, in contrast to this, an anonymous cut of $26.1 billion in budget authority. He does not tell us which areas of the budget he would cut. He does not tell us which national priorities would be affected. He says only that—

> There is not a single agency of government which could not absorb a 5-percent decrease in its funds and actually increase the efficiency of its programs if it were determined to do so.

Well, attractive as that proposition is on its face, when one looks into the facts of individual functions and agencies and programs, one finds it to be debatable.

Rhetoric such as this was common in the Congress prior to the Budget Act. We established a congressional budget process because we found that such rhetoric did not provide effective budgetary control.

The Budget Committee recommends, Mr. President, a carefully crafted spending plan for fiscal year 1979. Of course, there is room for increases or decreases in that plan as the Senate wills. We have just acted on two proposals to cut defense spending and one proposal to increase spending in domestic programs, out of the savings in defense spending. Those are perfectly appropriate amendments. Whichever way the Senate acted upon them, the Budget Committee would live with the result.

But what would Senator PROXMIRE's amendment do to that plan? It is not focused on specific functions or programs.

The Budget Committee recommended total budget authority for fiscal year 1979 of $566.1 billion. Where did we get that? The authorizing committees requested of us $603 billion in budget authority. We cut those requests, not by $26.1 billion, as proposed by the Senator, but by $36.9 billion. The Senator now says—

> That is not good enough. You ought to add another $26.1 billion in cuts to that $36.9 billion so that we would have a total of $63 billion in cuts.

Where would we get those cuts? From what programs should we get them?

Within the total of $566.1 billion that the Budget Committee recommended, $535 billion—mark the number, $535 billion—is required simply to carry out laws currently on the books. That $535 billion total provides for no new or expanded programs and for only those inflation adjustments that are mandated by law.

Senator PROXMIRE's amendment would cut total budget authority to $540 billion, which is just slightly more than the current law level.

Laws on the books should not be regarded as sancrosanct. Indeed, the Budget Committee recommendation assumes that some reductions through changes in current law can and should be made. But the simple fact is that achieving savings from changes in existing law is a longer term business, and the savings in the first year are small. This is especially true when we realize that within that $535 billion current law estimate there is some $300 billion for entitlement programs. An entitlement program means just that: States, local govern-

ments, or individuals are entitled to receive payments under current law.

In the short run, Mr. President, savings in these programs are especially difficult to achieve.

So the truth is that the bulk of Senator PROXMIRE's budget authority cut in fiscal year 1979 would have to come from those areas of the budget where the Budget Committee recommends carefully considered increases over current law. These increases recommended by the Budget Committee are, as I have said before, considerably less than the increases recommended to us by the other Senate committees.

Mr. CURTIS. Will the Senator yield for a brief question?

Mr. MUSKIE. Yes, for one, and then I would like to finish my statement.

Mr. CURTIS. Does the distinguished chairman agree that to do the job that many in the country feel should be done on the budget, we ought to change some laws?

Mr. MUSKIE. Well, I think there is a recognition that in order to make the kind of cuts some would wish, we would have to change the laws. There is no question about that. The Senator understands that perfectly, and especially in the entitlement area, which is $300 billion.

Incidentally, there is one entitlement program that one should never forget. That is interest on the public debt. The obligation to pay that goes back to legislation which was enacted in the middle of the last century. It amounts to $53 billion in the fiscal year 1979 budget.

That is uncontrollable. That is a contractual obligation.

Mr. CURTIS. It is a contract, yes.

Mr. MUSKIE. And of course, there are defense and nondefense contracts, and other commitments made in prior years totaling, possibly, as much as $80 billion a year which are uncontrollable unless the Government reneges on its promises. Then there are the entitlements. Those commitments plus the entitlement programs form the so-called uncontrollable portion of the budget.

Interest on the debt we cannot reduce by changing the law without breaching a contract, and we would not want to breach other contracts and commitments. So when we talk about reducing the budget by changing existing law, we are talking about changing entitlement programs or changing other programs prior to the time commitments are made.

Of course, if we want to reduce that spending, we have to change the law, the Senator from Nebraska is absolutely correct.

Mr. President, I have a table showing the major increases over current law recommended by the Committee on the Budget. I ask unanimous consent that this table be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MUSKIE. Let me discuss a few salient elements of that table. The Budget Committee recommends a total increase in budget authority of about $32 billion over current law. One-fourth of this increase, $8 billion, is in the area of national defense. Does Senator PROXMIRE mean to eliminate all or most of this increase, which would actually cause the defense budget to decline in real terms and cause us to renege on our NATO commitment?

Agriculture programs, Mr. President, account for $5 billion of the increase. Does Senator PROXMIRE mean to reduce or eliminate this support for America's farmers? I emphasize that this number is significantly below the agriculture bill that was recently passed by the Senate and defeated in the House. So when I say there is an increase, that is not the increase that was mandated by the Senate, and a substantial majority of the Senate, not too long ago.

Energy programs account for $2 billion of the increase. Would Senator PROXMIRE have us cut back on our efforts in this critical area?

Education, employment, and veterans programs together account for $4 billion of the increase in budget authority. Would Senator PROXMIRE recommend that these increases be eliminated?

International affairs programs account for $3 billion of the increase, much of it related to U.S. commitments to the multilateral banks. Does Senator PROXMIRE suggest that these commitments be scaled back or eliminated? I am asking these questions not to prejudge the answer. It is a perfectly legitimate objective for any Senator to propose, by appropriate amendment, the elimination of any of these increases. I identify them so that we may have an answer to them from the author of this amendment, who simply gives us the overall cut of $26 billion and asks us to find the places to cut.

Community and regional development programs account for $2 billion of the increase, much of it related to the President's new urban initiatives. Would Senator PROXMIRE have us send a signal to our distressed cities that the Federal Government is not interested in their plight?

So, Mr. President, I ask the Senator, in the spirit of an effective budget process, to tell us what programs of the budget he proposes to cut and what national priorities he wishes to affect. When we have the answer to that, we shall have a better answer to the question of how fast the outlays from the proposed cuts in budget authority would flow. When we know how fast the outlays would materialize, we can judge better what the economic impact of those outlay cuts would be in 1979, 1980, or future years.

In other words, as of this moment, the Senator's amendment does not tell us what programs to cut or how fast there would be a reduction in outlays, or when, if ever, the deficit would be affected or what the economic implications would be. We cannot have the answers to those questions until and unless he tells us what programs he would cut. We cannot have an effective debate, indeed, Mr. President, unless we know more clearly the effects of his proposal in these terms. The days are over when we can simply suggest anonymous cuts without spelling out their consequences.

I know my colleagues in the Senate will agree with me on the need to make spending choices after careful consideration of the issues that are involved. The congressional budget process is the instrument for making hard choices with respect to national priorities. Arbitrary spending cuts, as in this proposal, fall unevenly on different areas of the budget, deal capriciously with national priorities, and demonstrate once again the difficulty of attempting to affect the budget in a one-year time frame.

I urge the Senate to reject this amendment. I would like to close as I began, praising Senator PROXMIRE for his long-held commitment to budget restraint and budget prudence. I hope I have said nothing to denigrate his reputation in that respect. With respect to this amendment, I have tried to be as candid as I can be.

EXHIBIT 1

Increases above current law proposed in S. Con. Res. 80 as reported

[Dollars in billions]

	Fiscal year 1979 budget authority
Current law estimate	534.5
National defense	+8.0
International affairs	+3.1
Energy	+2.2
Agriculture	+5.1
Transportation	+4.2
Community and regional development	+2.2
Education, training, employment, and social services	+2.5
Veterans' benefits and services	+1.4
All other	+2.9
S. Con. Res. 80 as reported	566.1

Mr. MUSKIE. I yield to the distinguished majority leader.

UNANIMOUS-CONSENT AGREEMENT—S. 743

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on S. 743, the dealer's day in court bill, there be a time limitation of 2 hours, to be equally divided between Mr. DURKIN and Mr. HANSEN, 1 hour on any amendment, 30 minutes on any debatable motion or appeal, 20 minutes on any point of order if such is submitted to the Senate; that the Senate proceed to the consideration of this bill tomorrow morning at 10:30 a.m.—this is conditioned on completing the action on the pending business—that if S. 743 is taken up there be a final disposition of the measure not later than 4 p.m. tomorrow; and that the agreement be in the usual form.

The PRESIDING OFFICER. And that rule XII, paragraph 3, be waived?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Maine.

The text of the agreement is a follows:

Ordered, That at the hour of 10:30 a.m. on Wednesday, April 26, 1978, or when the Sen-

ate proceeds to the consideration of S. 743 (Order No. 671), a bill to provide for the protection of franchised distributors and retailers of motor fuel; to encourage conservation by requiring that information regarding the octane rating of automotive gasoline be disclosed to consumers; and to prevent deterioration of competition in gasoline marketing, and that debate on any amendment be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager of the bill, debate on any debatable motion or appeal shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes: Provided, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the Senator from Wyoming (Mr. HANSEN) and the Senator from New Hampshire (Mr. DURKIN): Provided, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

Ordered, further, That the vote on final passage of the said bill occur no later than 4:00 p.m., Wednesday, April 26, 1978, if the Senate considers it on that day.

CONGRESSIONAL BUDGET, 1979

The Senate continued with consideration of the Senate concurrent resolution.

Mr. PROXMIRE. Mr. President, I am going to yield to the distinguished Senator from Delaware in a moment. Before I do that though, I should like to reply briefly to the Senator from Maine.

I very much appreciate his viewpoint. As I have said before, I think he has done a remarkable job, he and Senator BELLMON, in the Budget Committee in holding down spending. They did make big cuts, as he pointed out, a cut of $37 billion, roughly, in what the authorizing committees requested.

The Senator from Maine argues that this amendment is ambiguous, arbitrary, and undiscriminating. I reply that there is no way, and I think the Senator knows it better than anybody in the Chamber, that a Senator can come in and duplicate the work of the Budget Committee. After all, I have a limited staff. I have two or three people who work on this kind of thing. They work on many, many other things, too. The best that an individual Senator can do, in reality, is to indicate on the basis of the most careful analysis he can give what the level of spending ought to be. To go into meticulous detail on each one of these programs to indicate where the cutback ought to be is something that really is asking too much. If we did it, I think we would be subject to tremendous criticism, because it would be irresponsible.

I am not in a position to hold hearings and to explore in great detail with the Office of Management and Budget and with the various agencies where the cuts could be made. We have some ideas where it is possible. But to do this in detail in this enormously complex budget would be doing far more than would be responsible.

Furthermore, Mr. President, I have great faith in the Budget Committee. I think if we tell them this—after all, this is the first budget resolution; there are three—they will have the opportunity to consider where a reduction should be made in order to comply with this $26 million cutback in obligational authority.

It will not be easy, there is no question about that. It will be difficult, extraordinarily difficult, very painful. There is no way we can make this kind of cut without great difficulty.

Mr. MUSKIE. Will the Senator yield?

Mr. PROXMIRE. Yes, indeed.

Mr. MUSKIE. I do not think it would be difficult at all if the Senator wanted to do it. With respect to spending mandated by current law, you know, you could not do it easily.

But if the Senator wanted to offer an amendment that reflected the table I put in the RECORD this afternoon, it would be very simple to draft the amendment.

National defense, reduce $8 billion; international affairs, $3.1; energy, $2.2; agriculture, $5.1; transportation, $4.2; community and regional development, $2.2; education, training, employment, and social services, $2.5; veterans' benefits and services, $1.4; all other, $2.9.

There is the easiest and quickest way to make the cuts the Senator proposes to, unless he wants it out of housing assistance.

Mr. PROXMIRE. As the Senator knows, there are many ways these cuts can be made and there is a long time to do it.

Mr. MUSKIE. The Senator likes to say that.

Mr. PROXMIRE. It is true.

Mr. MUSKIE. It is not true.

Mr. PROXMIRE. Of course, it is.

Mr. MUSKIE. It is not true and I have given the reasons. These are the only increases in this budget above current law. I want to make that clear.

Mr. PROXMIRE. May I make it clear to the Senator from Maine, there is nothing written in the wind that tells us we have to make the cuts only in areas that have been increased. We can make cuts in old programs.

Mr. MUSKIE. Will the Senator yield so I may make an observation?

Mr. PROXMIRE. I yield.

Mr. MUSKIE. I have been put in as chairman of the Budget Committee in order to acquire some knowledge about how Government money is spent, where it is spent, how fast it spends out. I am saying to the Senator that, when we are talking about this budget, $535 billion of it is mandated by current law.

I am not saying current law cannot be changed, but I am recognizing that it takes some time to change current law when your objective is to run against some of these constituencies built up here in the Senate in support of programs.

So the quickest way to achieve the kind of cut the Senator is talking about is to eliminate the increases over current law that the Budget Committee proposed, and I have given him the areas.

So if the Senator wants to bite the bullet, bite the bullet and make the cuts where they could be effectively made, that is the place.

Mr. PROXMIRE. Mr. President, the Senator from Maine is right. There is no question this is the quickest way to make the cut, but it is not the only way to make the cut.

Let me take the place that is the most difficult of all the issues and examples the Senator gave, that I think every Senator and everybody in the country, almost, would immediately, instinctively say he is absolutely right on—interest on the debt.

He says that cannot be reduced. The fact is that this is something that can be reduced, not much, but it can be reduced some, and because it is so big, it is over $50 billion a year, or $56 billion a year, something of that kind, I think any reduction here is helpful.

How can this amendment possibly result in cutting interest on the debt? We do not have long-term contracts. These are not 20-year bonds. It turns over in about a year. We have a very short term Federal debt, very short term.

The result is that to the extent a cut of this kind results in reduced inflation, results in reduced interest rates, the interest on the debt is reduced.

Now, as I say, it is not a massive reduction, but it is a limited reduction that can be taken into account.

The same thing is true——

Mr. MUSKIE. Well, now——

Mr. PROXMIRE. Let me finish on this point—on a number of contracts. A number of the contracts we have written have an inflation clause in them. Almost all do. Almost all our procurement contracts provide, to the extent there is inflation tied to some index, the Federal Government will have to pay more in 1979.

If this amendment results in a lesser rate of inflation, it means the expenditures required under those uncontrollable, apparently, contracts will, in fact, be reduced.

And, of course, Government salaries also are tied to an inflation index, as is the social security tied to the inflation index.

So I do not think it is quite true to say the only way we can make any cuts is to cut the increases that have been proposed.

Mr. MUSKIE. I do not believe that I said that.

I said that when we are talking about cutting what is mandated by current law, we have to change the law. Indexing is in current law and it is reflected in this budget resolution. If we want to propose eliminating indexing for social security benefits, we have to change the law.

Mr. PROXMIRE. I do not propose that.

Mr. MUSKIE. I am not saying the

Senator proposed it. But he keeps talking about these other places and every time I come to a specific place, he says, "I am not talking about that." So that every time I come to a specific place, he says, "I am not talking about that." So that every time the Budget Committee mentions specific places, tries to identify a specific place and identify the difficulties of cutting in a specified place, the Senator says, "Well, I don't mean that specific place, I mean some other places."

Well, what other places? Every specific place I suggest, "Oh, I don't mean that."

In the table I put in the RECORD, there are specific places, and all we have to do is reject the increases proposed by the Budget Committee. They have not yet been approved by the Congress, they are not a part of law.

So, here is the easiest target. But the Senator says, "I don't want the easiest target, there are some other places."

Then he talks about indexing and I remind him that it is part of current law. He says, "I don't mean that."

Mr. PROXMIRE. No; the Senator misunderstands.

Mr. MUSKIE. I would like to know what the Senator means.

Mr. PROXMIRE. I understand indexing is part of the law. I do not say we should change the index. But I say we will have a lesser rate of inflation, in my judgment, if this amendment passes. If we have a lesser rate of inflation, it means we have a reduction in the amount to be paid out under indexing, without changing the law at all.

Mr. MUSKIE. Let me ask this——

Mr. PROXMIRE. That we have to pay out of interest. It means we have a lesser rate we have to pay out in salary increases, because there is a moderation in inflation.

Mr. MUSKIE. Let me ask the Senator this, he has not told us what budget authority he proposes to cut.

I assume without asking that he does not mean to cut $25.5 billion in budget authority from housing assistance. That spends out over as much as 40 years. If we were to cut that, the contribution to the inflation fight would be virtually zero because we do nothing to save outlays in the short run. But if we cut budget authority that spends out in 1 year, like salaries in the defense function, then we could reduce the deficit by $26 billion and that might have an impact on inflation.

It might also trigger unemployment, but, in any case, there we would make a positive impact on inflation if we wanted to cut salaries in the defense function by $26 billion.

But until the Senator tells us where he is going to cut budget authority, we cannot possibly estimate the outlays or the economic effects.

Mr. PROXMIRE. My time is almost up.

Mr. MUSKIE. Well, charge the last 10 minutes to my time, I do not need it.

He may have an estimate in his mind, but we cannot estimate how much reduction in outlays that would mean, and in the national deficit, how much less borrowing that would mean, and how much downward pressure on interest rates that would produce.

How will we provide answers like that when the Senator does not tell us where the budget authority is to be cut?

Mr. PROXMIRE. Mr. President, the gist of the argument by the Senator from Maine is that we cannot do it. It cannot be done.

I say it can be done. He says that we can do all right, but only if we eliminate all of the increases that the administration has proposed.

Mr. MUSKIE. Will the Senator yield?

Mr. PROXMIRE. Well, that is what I understood him to say.

Mr. MUSKIE. I have not mentioned cuts from the administration. I have told the Senator of cuts and increases included in this budget resolution, and when he interprets my remarks saying that cuts cannot be made, I say we cut $36.9 billion from recommendations by committees, including the committee of which the Senator from Wisconsin is chairman.

Mr. PROXMIRE. I said that.

Mr. MUSKIE. So do not interpret what I say as meaning it cannot be done. We have done it, but we have done it in a thoughtful, careful, rational way, in which we try to give people the facts about what we have done and the implications of what we have done. We have not given the Senator a meat ax. We have given him specific facts.

Mr. PROXMIRE. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. PROXMIRE. Mr. President, I have indicated that we are making an amendment that would cut obligational authority. We have a right to make that amendment. The Senator from Maine, of course, has indicated that he disagrees with the amendment very strongly.

He has pointed out, and I have agreed with him, that he has made a cut of $36.9 billion, including a cut in what the Banking Committee recommended over my objection. I wanted the committee to recommend a reduction lower than what the President had called for. But the Budget Committee has indeed made those reductions.

It is my position that we can make a 5-percent cut in obligational authority and we can do so responsibly.

The Senator has raised the question as to where cuts of this kind could be made. One is in the nonmilitary personnel in the Pentagon. The Pentagon has almost a million employees. It is proposed that they cut that number by at least 50,000. That would be $500 million. That would be a cut that would have an effect on outlays almost completely, because the military personnel and the pay of nonmilitary personnel would be reflected about 97 percent in an outlay reduction.

Any cut in operation and maintenance would be about 86 percent, reflected in a reduction in outlays.

Procurement would be a much lesser reduction. The cut there, I am told, would result in about a 14-percent cut.

Mr. President, almost every element of the budget is subject to a variation in the percentage of reduction that you get in outlays if you cut obligational authority. We recognize that. We recognize that it would be very difficult, in our view, for us to put together a specific listing of areas we might reduce.

Furthermore, if we did that, I am sure there would be no way we could get reasonable consideration. I think it is perfectly proper—I know that other Senators may not think so, including the Senator from Maine—for a Senator to come on the floor and indicate that he would like to put a limit on obligational authority and make this kind of recommendation. That is what I propose, and that is all I propose.

I think the function of the Budget Committee, if this amendment is adopted, would be extraordinarily difficult; but I think they could do it, and do it in a responsible way.

Mr. President, I yield 15 minutes to the Senator from Delaware.

Mr. ROTH. Mr. President, I ask unanimous consent that Bruce Thompson, of my staff, and Joan McEntee, of the Government Affairs Committee staff, be accorded the privilege of the floor during the remainder of the debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ON CONTROLLING FEDERAL SPENDING AND REDUCING THE DEFICIT

Mr. ROTH. Mr. President, my colleague Senator PROXMIRE has introduced legislation which will have a major impact in reducing excessive Government spending by decreasing the budget authority. I wholeheartedly support this attempt in exercising fiscal responsibility and am confident that ways can be found where substantial savings of taxpayers' money can be made.

I point out that much of my comments are directed not only at budgetary authority but also outlays, as I was earlier of the belief that the proposal was going to deal with outlays as well.

Recognizing that controlling the budget and reducing the deficit are not easily managed tasks. I am nonetheless certain that suggestions as to how these goals may be achieved would be welcome. Thus, the following suggestions should be described as "areas of promise"—not necessarily programs which should be eligminated precipitiously but rather programs certainly worthy of careful exploration and evaluation by the appropriate committees.

Mr. President, the American economy is in serious trouble, far greater trouble than the administration is either aware of—or willing to admit. Only three short years since this country suffered the severe effects of a destructive recession signs are beginning to appear that rising unrestrained inflation is about to push us right back into the violent jaws of recession once again.

Consumer prices are skyrocketing.

Financial markets are in disarray.

The dollar's value has collapsed on foreign exchange markets, disrupting trade and raising serious questions about the overall safety of the dollar.

By proposing and accepting one inflationary program after another, the administration is giving up the opportunity to put the country back on the road to real noninflationary growth.

Looking for a "quick-fix" to solve our economic problems, the administration is proposing programs which advocate artificial growth—cosmetic fixes that stimulate the economy with huge injections of Government spending.

Perhaps the greatest tragedy of the administration is its inability to make tough choices—to set priorities—and to follow through. Halting inflation was a stated goal of an administration which has shown tremendous "profile" but little "courage" in coming up with the "no's" that are necessary to enforce responsible spending.

THE PROBLEM OF THE DEFICIT

The administration's budget calls for launching the Government into deficit spending to a degree that is neither warranted nor justifiable in light of today's economic conditions. The enormous deficit the Government is now carrying coupled with the 1979 proposed estimate will almost certainly trigger a violent inflationary reaction.

The administration projected Federal spending of $500 billion for fiscal year 1979, which is an 8-percent increase of the revision of the 1978 Ford budget. Using the Ford budget as a base, this year's budget is increased 13½ percent.

In addition to this gigantic increase the administration has built in requests for new budget authority which total over $100 billion more than that of the previous administration.

Early optimism over zero based budgeting must now give way to alarm as almost all Federal programs have increased.

Most alarmingly, the deficit estimated at $60 billion, is dangerously high in light of today's economic recovery.

This expansion of Government growth and deficit spending has too often been ignored or even contributed to by Members of Congress. The time has now come, however, for Congress to awaken to this danger and attempt to control it, for the implications of inaction are too torrendous to contemplate.

Once again, the Budget Committee has attempted to resolve one of the most difficult problems the Senate must face each year. That problem is to sift through the requests of all of the substantive committees and to recommend to the Senate budget authority and budget outlays for fiscal year 1979. It is not an easy task, but is one that is absolutely necessary. Prior to the implementation of the budgetary process, we had little knowledge about the impact of our actions on the economy.

But I am concerned that some of the budget proposals create problems. I think we are all agreed that our major battle today is against inflation. President Carter and Federal Reserve Chairman Miller readily acknowledge this. For that reason, I question the recommendation to increase outlays in 1979 which exceed current policy by $7.5 billion. Both former Chairman Burns and current Chairman Miller have said the key to attacking inflation is to reduce the Federal deficit. By holding 1979 outlays to current policy levels, Federal spending, taking into account increased inflation, would be at the same level as last year.

Instead of the committee's recommended deficit of approximately $55.6 billion, the deficit could be reduced to approximately $48.1 billion. What is the alternative if Congress does not try to hold down its penchant for spending? The answer is easy. The Federal Reserve Board will try to reduce inflation on its own, which means tighter money and higher interest rates. These tight measures will have the effect of off-setting any expectations of growth that might be embodied in the budget resolution. Such action would tend to decrease housing production and make capital spending in the private sector more costly. I think there is a better way to combat inflation.

The basis for the committee's decision to increase current policy outlays by $7.5 billion is found on pages 11–12 of its report. It says the increased spending is necessary, because without it, the economy is expected to grow at a slower rate. This is because consumer spending and housing production will be reduced. It states that the decrease in housing production will occur, because there will be tighter money and higher interest rates.

This is a "Catch–22" argument. The only reason money will be tighter is because the Fed must attack inflation and this is its most potent tool. The only reason the Fed must fight inflation is because Congress refuses to reduce the deficit. Congress' providing large deficits forces the Fed to tighten the money supply which results in high interest rates which reduces housing production.

So the primary premise of the committee that housing production will be reduced next year, therefore we must spend more Federal dollars to spur the economy, is subject to challenge. If the deficit is reduced and the Fed sees no need to raise interest rates by tightening the Money supply, this can be achieved.

ACROSS-THE-BOARD REDUCTION

As a first step toward again achieving some control over spending I have been suggesting that we hold down the rate of Government growth by reducing all outlays by 5 percent. Recognizing such a proposal would naturally exclude the items in the budget which are considered "uncontrollable" such as social security, my suggestion would decrease Federal outlays by approximately $6 to $10 billion. I acknowledge this perhaps is not the most popular method of reducing spending since every program—good or bad—is affected. Yet the time has come when such strong measures should be employed as a means to show both administration and the American taxpayer that we are truly serious about reducing inflation.

I also firmly believe that not even the best run Federal agency would contend there is at least that amount of waste within its programs that a serious, effective management system could find and correct without destroying worthwhile programs. In addition, by such legislation most agencies would be put on notice to track the effectiveness of all their programs and set priorities as to the most valuable.

I was extremly disappointed yesterday to see the amendment offered by the Senator from Virginia rejected. The Inspector General of the Department of Health, Education, and Welfare has presented well documented proof of an over $7 billion waste of taxpayers money in the administration of the Department's programs. That is 5 cents out of every dollar spent by HEW and yet we cannot bring ourselves to apply the discipline which would weed out such waste and mismanagement and, unfortunately, HEW is probably not alone with this problem.

SPECIFIC REDUCTIONS

Realizing that though Congress should respect those programs vitally necessary to the well-being of its citizens, and at the same time, it is incumbent to reduce costs in those areas which are unnecessary and ineffective, I suggest the following specific programs should be examined as to the possibility of achieving reductions.

(1) CETA

Under the Comprehensive Employment and Training Act of 1973 popularly called CETA, the administration was provided with $9.7 billion in fiscal year 1977 to increase public service jobs from 310,000 to 600,000 and $9.6 billion for fiscal year 1978 for 725,000 jobs and other employment and training programs. Though the authorization for CETA was set to expire in 1978 the administration has proposed its extension and indeed an increase in this $12 billion-plus-program which is fraught with problems and misuse. Under a separate welfare program, the administration currently is also proposing an additional 1.4 million public service jobs for welfare recipients.

CETA, contrary to its purpose, has been shown to provide merely a holding action for those already equipped to deal with the labor market and has done little to address the persistently high levels of unemployment among youth, minorities, and the structurally employed.

Rather than creating new jobs, lower level governments either substitute or displace regular employees for federally funded personnel, with some displacement estimates reaching as high as 60 to 90 percent in the long run. If CETA prime sponsors can demonstrate a severe fiscal need, they were permitted to lay off regular employees for 30 days and rehire them using CETA funds. In attempting to control substitution, a plethora of regulations have created horrendous bottlenecks. In addition, State and local governments have only a limited capacity to absorb or supervise extra workers, resulting in many demoralizing make-work projects.

Though I applaud the Budget Committee's recognition of the reduced need for employment subsidies and its recommendation that half the spending of CETA funds be directed for the structurally unemployed, I nonetheless believe it does not go far enough in reducing such inappropriate spending.

In the short run it may well prove impossible to eliminate or phase out most of the 725,000 jobs currently under CETA. Too many large cities are now too heavily

dependent in providing essential public services on their skilled CETA employees to tolerate a replacement of these positions with ones using welfare recipients.

Therefore, I suggest a substantial reduction in funds allocated—a figure which would allow for a much smaller scale experimental program—yet designed to eliminate this horrendous waste and misuse of public funds. This would allow those programs actually aimed at assisting minorities and youth to continue.

COUNTERCYCLICAL REVENUE SHARING

Countercyclical revenue sharing is a program enacted primarily for two purposes: First, to keep State and local governments from cutting services and increasing taxes during recession both of which are actions which tend to nullify Federal stimulative efforts, and two, to stimulate the economy through the public sector and prevent State and local governments from suffering severe fiscal distress. Approximately $3.5 billion has been authorized for the countercyclical revenue sharing program and the President has requested a reauthorization of the program for 1979 at $[illegible] billion.

Mr. President, there are several problems with countercyclical revenue sharing:

It has not acted to stimulate the economy. State and local governments have often used the added revenue to pad surpluses or to provide programs they would have provided anyway.

The philosophy behind the program is faulty. The economy should be stimulated through the active, productive sector of our economy, the private sector, rather than through the public sector. Economic stimulation of the private sector is the key to substantial job growth, because the jobs provided by American businesses are productive and personally rewarding. Adequate job growth cannot be stimulated through the public sector. Thus, countercyclical assistance has been a failure in achieving this important objective—aiding employment in the private sector.

The program has increased the dependency of State and local governments on Washington. It has encouraged their growth, because they do not have to tax to spend, they can merely spend using Federal cash.

Therefore, I would suggest that this program be eliminated.

CONTINGENCY FUND

The administration has proposed a major new urban initiative that would bloat Federal spending by another $2.4 billion. The administration urban policy is one of restoration. Under this approach, the objective is to restore our cities to their former glory. Those who have fled are to be induced back. Block after block of vacated housing must be replaced with occupied housing. Jobs must be plentiful once again.

Actually, as noted by the Washington Post, if the administration could conceivably reduce inflation, this "would have more to do with saving distressed cities than any of the special aid projects envisioned in Mr. Carter's policy statement."

Therefore, I suggest awaiting the implementing legislation to properly evaluate the administration's proposed urban initiatives. In addition, I suggest reducing the contingency fund through which the administration plans to establish its new urban policy.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. PROXMIRE. Mr. President, I yield the Senator what additional time I may have.

The PRESIDING OFFICER. The Senator from Wisconsin has an additional 21 minutes.

Mr. PROXMIRE. I yield such time as I may have to the Senator from Delaware.

Mr. ROTH. I thank the distinguished Senator from Wisconsin for his generosity.

Finally, I suggest that the following areas in the budget should be closely examined for the purpose of further reducing inflation and the Federal deficit.

FRAUD

Daily news accounts describe the $7.4 billion annual cost of fraud in the Department of Health, Education, and Welfare; attempts to control fraud in the Veterans' Administration and Labor Department are described as incredibly "meager." One can only speculate what the cumulative costs of such deceit within all the Federal agencies actually totals.

Thus I suggest Congress immediately notify the administration to direct each agency to allocate whatever portion of its budget necessary to eliminate immediately any such practices.

IMPROVE MANAGEMENT

Consideration should be given to some form of legislation which would compel review and evalution of Federal programs. During the last months of the Ford administration, the Office of Management and Budget proposed such review and evaluation to circular A–113. By tying the review and evaluation to the expiration of certain wasteful programs, there may be some chance of rationalizing them—or, with a great deal of luck, ending some of them—when they come up for renewal.

"Sunset legislation" which requires Federal Government programs to go out of existence every 6 years unless specifically reenacted by Congress should be enacted. The "Sunset" bill would assure all spending decisions are reconsidered at least once every 6 years by Congress. The chief virtue of this process is seen in its scheduling of programs in the same functional area to be reconsidered during the same Congress.

ADVISORY COMMITTEES

We have heard a great deal about how the administration has drastically reduced spending for independent agencies and commissions. Yet we note in the President's budget increases for agencies such as ACTION, the Board for International Broadcasting, Consumer Product Safety Commission, and Community Services Administration and others, in which the appropriateness of an increase is questionable.

I, therefore, urge that a thorough accountability be requested of each agency and commission to insure that such allocations are truly necessary.

REDUCING SUBSIDIES

Fiscal irresponsibility is best exemplified by the Government's subsidizing tobacco prices while at the same time launching a major program to reduce smoking. Unnecessary and outdated programs such as those supporting tobacco, sugar, and peanuts should be eliminated.

TRAVEL

Superfluous travel in the guise of bringing Government closer to the people adds millions of dollars to the Federal budget each year.

Since we presently are in a particularly distressing economic situation the need to curb spending is obviously acute.

I would thus suggest holding the level of travel for Government employees at last year's level—$2.8 billion.

Other areas which should be further examined as to the possibility of arriving at additional decreases are:

Elimination or delay of nonessential public works projects at possible savings of several hundred million dollars.

Inequities in impact aid assistance—subsidizing those children in affluent suburbs—such as Washington, D.C.—while those located in poverty areas are not covered.

Closing or consolidation of nonessential military bases and commands maintained merely for political expediency.

Finally, Mr. President, as you may recall, in the President's budget for fiscal year 1978, the Ford administration for the first time attempted to show the effects of its budget proposals for a 4-year period following the fiscal year for which the budget was submitted. For the first time, we had the opportunity to see the implications in future years of the decisions we took that year.

Mr. President, I would like to commend the Committee on the Budget and its distinguished chairman for similarly addressing the implications of the decisions we make this year on the budget on the years that lie ahead. Chapter III of the committee's report for the first time lays out economic and bugetary objectives for the 5-year period, fiscal year 1979 through fiscal year 1983.

However, Mr. President, the committee's budgetary objectives for the 5-year period reveals a very disturbing decision. The committee tacitly accepts virtually the entire administration recommendation for budget authority of $568 billion for fiscal year 1979. Using the administration's calculation, the committee's recommendation of $566 billion would mean that approximately $679 billion would be available for spending beyond fiscal year 1979.

Mr. President, why is there need for such a large carryover into future years? $679 billion is a startling increase of $110

billion or 20 percent over the amount recommended for fiscal year 1978 by the prior administration. By contrast, the recommended increase between fiscal year 1977 and fiscal year 1978 by the prior administration was $14 billion or a 3-percent increase.

Mr. President, I fail to see the need for budget authority available for expenditure after fiscal year 1979 of $679 billion. Accordingly, I strongly suggest the budg- duced from its recommended $566 billion. Budget Committee be substantially reduced from its recommended $566 billion. Presumably, this will reduce the amount available for future spending and the concomitant pressures to spend that money. Locking ourselves into a 20-percent increase in the budget for future years would be unwise and fiscally unhealthy.

I yield back the remainder of my time.

Mr. BELLMON. Mr. President, will the Senator yield 5 minutes?

Mr. MUSKIE. Yes.

Mr. BELLMON. Mr. President, I want to begin by commending both Senator PROXMIRE and Senator ROTH for their efforts to be fiscally responsible.

The objective as outlined is very closely parallel to the objectives of the Budget Committee. We go at it in a little different way, but I would remind him we have made significant cuts in the requests made by the authorizing committees, and we have also reduced the budget figures significantly below the requests made by the Appropriations Committee, so we are more or less on the track here, perhaps traveling at slightly different speeds.

But I hope in both Senator PROXMIRE and Senator ROTH we have allies who will help us as time goes on and we try to bring the budget into balance, and I am particularly impressed this year that Senator PROXMIRE is offering an amendment to cut budget authority, when last year at this time he was offering an amendment that added $6.2 billion in budget authority in the housing function. He won that amendment by a vote of 57 to 39.

Senator PROXMIRE also added $500 million in budget authority for community and regional development, and he won that by 68 to 28. So I think we made a very significant step forward in getting allies when last year we were having the opposite problem.

I would also point out to Senator ROTH that the budget authority figures in the Senate resolution are significantly under the figures that have been offered by either the House or the President. As I have already mentioned, they are significantly under the figures suggested by the authorizing and appropriations committees. So we are, we think, being very responsible in the figure we have brought forth.

So far as the deficit being too high, I believe the distinguished Senator from Delaware mentioned $60 billion. Our deficit is $55.6 billion, which is about $7 billion under the President's figures. So we have also reduced that figure.

We have done it, as the Senator will probably point out, by postponing the date for the tax cut.

We have also cut some of the spending figures. But I would hope that both Senators PROXMIRE and ROTH would help us hold the deficit down to the level we have set rather than having it go up either by increasing spending or increasing the tax cut or by changing the date that is in the resolution.

I feel, as has been said here, that Congress must continue its efforts to reduce the deficit, and I hope both the Senators will join us as we continue in this direction.

In some of these specific points which have been raised, on CETA and the distinguished Senator from Delaware mentioned this fact, we have switched the emphasis from countercyclical over to the structural area, and in the outyears, if he will look at the figures up to 1983, this becomes even more apparent. We feel that this program can help probably more than any other in reducing structural unemployment, and we are trying to place the emphasis in that area.

We have also taken several specific steps to cut back on the impact of inflation. We have recommended a 5-percent pay cap on both the civilian and military employees of the Federal Government. This is a half percent lower than the figure the President has now recommended. The House has no pay cap at all in their resolution. So again the Senate budget resolution is significantly better than either the administration or our colleagues on the House side have presented.

We have also undertaken, by working with the Chairman of the Federal Reserve, to make sure that monetary policy will be responsible. This is a difficult situation for the Federal Reserve because of the international situation. But we feel they are going to adopt policies that will accommodate whatever actions Congress takes in fiscal policy so we will not be working at cross purposes.

There is a great need, as I am sure every Member of the Senate knows, for Congress to continually reexamine and, possible, greatly amend some of the regulatory legislation that has the effect of constantly raising our prices. So this is another area where the Budget Committee would like to enlist the support of the authorizing committees in an effort to bring inflation under control.

Let me conclude, Mr. President, by saying that the Budget Committee is not at all opposed to, but rather we are very much in support of, the objective that Senators PROXMIRE and ROTH have outlined this afternoon. We feel we have already moved as far in that direction as we can go this year. For that reason I personally cannot support the Proxmire amendment.

Mr. PROXMIRE. Mr. President, I yield 3 minutes to the Senator from Delaware.

Mr. ROTH. Mr. President, I would, first of all, again like to commend both the Senator from Oklahoma and the distinguished Senator from Maine for I know the very competent and difficult job they have done in cutting back the requests that have been made of them by the various committees.

I, for one, feel that there are, however, as I indicated in my principal statement, areas where further savings can be made. As I said in that statement, I pointed out and did commend the Budget Committee for what it did in the CETA area.

My feeling is, however, that there are substantial funds that can be saved in that program as well as in some of the other areas I outlined. One of my concerns, and I plan to offer an amendment later, is that much of the saving that is coming about would be through reducing the tax cut that has been proposed by this administration. I am greatly concerned that it appears that we are substantially increasing Federal spending and throwing much of the burden of meeting the threat of inflation on the taxpayer back home. What I seek is ways and means to hold down the spending.

I think there are further savings that can be made, so that we can give the private sector a chance to operate and create the meaningful jobs we want there. But I want to make clear, Mr. President, that I think that the Budget Committee is doing an outstanding job in bringing about budgetary responsibility in Congress, despite the problems I know it faces from time to time.

● Mr. McINTYRE. Mr. President, I support the amendment offered by the senior Senator from Wisconsin, Mr. PROXMIRE. In the past I have voted against across-the-board proposals to lower the Federal budget. I have felt that such action severely limits the options that must be considered in assembling our Federal spending priorities. I believe, however, that we are facing a critical situation that must be addressed promptly. Furthermore, the amendment offered by Senator PROXMIRE is not a simple across-the-board cut. While the amendment represents a decrease of $26 billion in budget authority it provides for the Budget Committee to make specific determinations on individual cuts in the budgetary aggregates.

We simply must deal with this continuing expansion of the Federal deficit. This amendment, in my opinion, is not a budget cut, it is rather a deficit cut. I believe that the lowering of the Federal deficit is needed at this time if we are to effectively deal with our greatest economic problem today—inflation. This reduction in budget authority and its corresponding reduction in the Federal deficit will provide the means by which Congress could support a tax reduction without increasing the already bloated deficit. Also, it would allow chairman Miller and the other Governors of the Federal Reserve Board to move to a more expansive monetary policy, thereby lowering interest rates without adding to inflationary pressures. This cut will also mean that the Federal Government can avoid borrowing an additional $26 billion which would be a clear signal of our commitment to reduce inflation. I believe a lowering of the Federal deficit is essential if we are to reduce our present rate of inflation, increase our national economic growth, and provide additional employment. We simply cannot afford to continue to add deficit on top of deficit and expect our economic problems to be solved.

There is no way we can minimize the impact of continuing budget deficits in the $60 to $70 billion a year range. Over the last 5 fiscal years total deficit spending will amount to nearly $180 billion. This means that since 1974 the Federal Government has been forced to turn to the private capital markets with the result that interest rates have been pushed upward and available credit sources have been restricted. I believe that we can no longer afford to continue to accept deficit after deficit and if we do not take action immediately we are certainly setting the pattern for a credit squeeze in the future.●

Mr. PROXMIRE. Mr. President, if the Senator from Maine is willing to yield back the remainder of his time, I am willing to yield back the remainder of mine.

Mr. MUSKIE. I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Montana (Mr. HATFIELD), and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Michigan (Mr. GRIFFIN) and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN) and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result as announced—yeas 33, nays 57, as follows:

[Rollcall Vote No. 132 Leg.]

YEAS—33

Allen	Hatch	Nelson
Byrd, Harry F., Jr.	Hatfield, Mark O.	Nunn
Church	Hayakawa	Proxmire
Curtis	Helms	Roth
Danforth	Huddleston	Sasser
DeConcini	Leahy	Schweiker
Domenici	Lugar	Scott
Durkin	McClure	Stone
Ford	McGovern	Thurmond
Hart	McIntyre	Wallop
Haskell	Metzenbaum	Zorinsky

NAYS—57

Anderson	Cranston	Humphrey
Bartlett	Culver	Jackson
Bellmon	Dole	Javits
Bentsen	Eagleton	Johnston
Brooke	Eastland	Kennedy
Bumpers	Glenn	Laxalt
Burdick	Goldwater	Long
Byrd, Robert C.	Gravel	Magnuson
Cannon	Hansen	Mathias
Case	Hathaway	Matsunaga
Chafee	Heinz	Melcher
Chiles	Hodges	Morgan
Clark	Hollings	Moynihan
Muskie	Sarbanes	Stevenson
Pell	Schmitt	Talmadge
Percy	Sparkman	Tower
Randolph	Stafford	Weicker
Ribicoff	Stennis	Williams
Riegle	Stevens	Young

NOT VOTING—10

Abourezk	Garn	Inouye
Baker	Griffin	Packwood
Bayh	Hatfield, Paul G.	Pearson
Biden		

So, Mr. PROXMIRE's amendment No. 1799 was rejected.

TIME-LIMITATION AGREEMENTS

(Senator HART assumed the chair.)

Mr. MUSKIE. Mr. President, I should like to get some indication of where we stand this afternoon. The next issue will be presented by Senator CURTIS, a motion to recommit which he will offer. The next issue will be an amendment by the distinguished Senator from Delaware (Mr. ROTH). I understand that Senator TOWER may have an amendment.

Mr. CURTIS. Will the distinguished Senator yield?

Mr. PROXMIRE. If the Senator will yield, I have an amendment that would cut $5 billion from the budget authority at this time.

Mr. MUSKIE. I should like to find out right now. Senator CURTIS has agreed to 30 minutes to be equally divided.

Mr. CURTIS. I shall be glad to limit this to 30 minutes, 15 minutes on each side, assuring the Senate that we shall make up in quality of debate what we yield in length.

Mr. MUSKIE. Mr. President, I ask unanimous consent that there be a time agreement of 30 minutes, equally divided, on the Curtis motion; and 1 hour, equally divided, on the Roth amendment.

Mr. ROTH. Will the Senator yield for a moment?

Mr. MUSKIE. I yield.

Mr. ROTH. I understand that the Senator from California would like some time. I am not sure how much he wants.

Mr. MUSKIE. May we have unanimous consent on the Curtis motion, 30 minutes equally divided?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROTH. Mr. President, as far as my amendment is concerned, I am satisfied to set it at 1 hour, to be equally shared, but the junior Senator from California would like 15 minutes prior to my resolution to give a statement.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the distinguished Senator from California have 15 minutes' time following the Proxmire amendment, to be followed by an hour on the Roth amendment, to be equally divided.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Will the distinguished Senator from Maine yield?

Mr. MUSKIE. Yes, I yield.

Mr. HARRY F. BYRD, JR. I wonder what the rush is. We are dealing with vast amounts of money here. I should like to have a chance to speak on the proposal to recommit. I might want to speak on the Roth amendment. I might want to speak on the Proxmire amendment. I might want to speak on other matters. I do not see why we have to get unanimous consent for 15 minutes on very important and vital issues.

Mr. MUSKIE. Any Senator may object, of course.

Mr. HARRY F. BYRD, JR. I do not like to object. I may object.

Mr. MUSKIE. The unanimous-consent requests have been put and agreed to.

Mr. DOMENICI. Mr. President, I may have an amendment of selective cuts. I should agree to 30 minutes, 15 minutes on a side.

Mr. MUSKIE. May we have the attention of the Senator from Virginia? I put the unanimous-consent request that on the Domenici amendment, there be 30 minutes equally divided.

Mr. HARRY F. BYRD, JR. I heard the request. I did not object. I have no objection to any of the requests. All I am wondering is why we have to have such limited time on the vast sums of money which are involved. These amendments seem to me to be important amendments or they would not have been offered. I shall not object to the time limitation.

Mr. MUSKIE. I can only say to the Senator that, as far as I am concerned, the Budget Act provides for 50 hours of debate, 2 hours on every amendment. That is fine with me. There are, I think, possibly six amendments that are pending or about to be offered and, under the Budget Act, that would require 12 hours unless shortened.

It is the authors of those amendments who are suggesting the time agreements. If that is the will of the Senate, that is fine with me. I am willing to stay here all week on this resolution if that is the will of the Senate. But as these amendment sponsors seek to get time agreements, I put them to the Chair, as I am willing to do. I am not going to exercise unilateral opposition to them. If any Senator wishes to object, I certainly accept that. I am anxious to serve the will of the Senate.

Frankly, I hope that we will give this budget resolution enough attention so that, if and when we finally approve it, we will honor it and support it afterwards. If it takes a week to do that, I am willing to do that. I am not sure that time alone is the measure of the Senate's will. But if time alone will do it, I shall stay here 2 weeks on this resolution. I understand what the Senator is saying.

Mr. HARRY F. BYRD, JR. You cannot get a very good understanding of something in 15 minutes, I will tell you that.

Mr. MUSKIE. I agree; I have difficulty myself.

Mr. SCOTT. Mr. President, reserving the right to object, I am in sympathy with what the floor managers are attempting to do to dispose of this. At the same time, I have the same concern as my colleague. I am wondering if the leadership on both sides, the Senator from Oklahoma and the Senator from Maine, would indicate that if some Senator wants to speak, they have no objection to unanimous consent for that Senator to speak a few extra minutes. Maybe that would be a solution.

Mr. MUSKIE. It would not be necessary because we do have time on the bill. I assure Senators that if time has run out on any of these amendments or motions and any Senator wishes to speak, I would yield time on the bill. I would certainly do that.

Mr. SCOTT. I thank the Senator.

Mr. MUSKIE. I say that to the senior Senator from Virginia as well.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BELLMON. Mr. President, it is my understanding that the distinguished senior Senator from Texas has an amendment, on which a 1-hour time agreement would be agreeable.

Mr. MUSKIE. I ask unanimous consent that there be an hour on the Tower amendment to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I yield myself 10 minutes.

Mr. MELCHER. Will the Senator yield?

Mr. CURTIS. I cannot yield on my time. I shall yield if he wishes to make a request.

Mr. MELCHER. Will the distinguished chairman of the Budget Committee yield me 3 minutes on the bill?

Mr. MUSKIE. Yes, of course. I yield 3 minutes to the distinguished Senator from Montana.

Mr. MELCHER. I thank the distinguished chairman and the distinguished senior Senator from Nebraska.

Mr. President, in this resolution, there is an item of $3.9 billion for budget authority for energy supply. I want to draw the attention of the Senate to a small portion of that. It is the magnetohydrodynamics, or MHD, program.

Magnetohydrodynamics (MHD) is a national program with involvement of a score of private and public research and engineering centers in almost as many States. The late Senator Lee Metcalf, Senator Mike Mansfield, and myself sponsored a symposium on November 6 and 7, 1969, at Eastern Montana College. With our State's vast coal reserves, we were advocating a crash program to develop an environmentally cleaner method such as MHD to generate electricity from coal. The MHD environmental advantages are no air pollution problems and very little water required. This technology further indicated an increase in efficiency of 40 to 50 percent.

At that time little or no Federal funds were being allocated for MHD research. However, in the early 1970's Federal involvement began to grow, and by 1975 the Energy Research and Development Administration had developed the "national open cycle MHD power development program." It has never been a crash program; in fact, many of us believe it has been underfunded. But we are now at a critical point when a policy decision must be made on whether the potential of MHD justifies an acceleration in the program.

The component development and integration facility will be operable in 1979. Although it is in Butte, Mont., the various component parts that will be tested at this facility are being developed at the score or more of centers scattered across the country. Only 9 percent of the total funds appropriated for the program have been spent in Montana. The bulk of the funds were for contracts let by ERDA for component parts, or "hardware." Avco, Westinghouse, General Electric, and others advocate an immediate acceleration of the program to acquire different components of different engineering for testing at the CDIF as quickly as possible. Two successes they point out justify the acceleration. These are development of the "super magnet" and Avco's test of a generator this past March which operated successfully for 250 hours before being shut down on schedule.

The advice of the engineers and scientists in these centers—loosely called the "MHD community"—is to accelerate the program this year to save not only time but also money. They firmly believe the development of another complete hot flow train, enlargement of the CDIF to rapidly test the various components and a determined start toward successful development of other components such as the air heater are essential for fiscal year 1979 funding of the program. They believe the MHD program can reach a point of successful design 18 to 24 months sooner by this acceleration.

I concur with their judgment, and I stress again it is a policy decision on the part of the committee which I hope will be affirmative.

Mr. TALMADGE. Will the distinguished Senator yield to me 1 minute on a privileged matter?

Mr. MUSKIE. I am happy to yield to the Senator from Georgia.

EMERGENCY AGRICULTURAL ACT OF 1978

Mr. TALMADGE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 6782.

The Presiding Officer laid before the Senate the following message from the House of Representatives:

Resolved, That the House insist upon its disagreement to the amendments of the Senate to the bill (H.R. 6782) entitled "An Act to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion", and ask a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Foley, Mr. Poage, Mr. de la Garza, Mr. Jones of North Carolina, Mr. Jones of Tennessee, Mr. Mathis, Mr. Bowen, Mr. Rose, Mr. Richmond, Mr. Wampler, Mr. Sebelius, Mr. Johnson of Colorado, and Mr. Moore be the managers of the conference on the part of the House.

Mr. TALMADGE. Mr. President, I move that the Senate insist on its amendments and agree to the further conference requested by the House on the disagreeing votes of the two Houses, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer appointed Mr. TALMADGE, Mr. EASTLAND, Mr. MCGOVERN, Mr. ALLEN, Mr. HUDDLESTON, Mr. DOLE, Mr. YOUNG, and Mr. CURTIS conferees on the part of the Senate.

Mr. TALMADGE. I thank my distinguished friend from Maine.

CONGRESSIONAL BUDGET, 1979

The Senate continued with the consideration of the concurrent resolution.

MOTION TO RECOMMIT

(Purpose: Motion to recommit the report back within 3 days with a resolution calling for a balanced budget)

Mr. CURTIS. Mr. President, I have a motion to recommit at the desk and I ask that it be read at this time.

The PRESIDING OFFICER. The motion will be stated.

The legislative clerk read as follows:

The Senator from Nebraska (Mr. CURTIS) moves to recommit the resolution to the Committee on the Budget with instructions that they report back within three (3) days a resolution which provides that the total outlays of the Government during the fiscal year 1979, not including any outlays for the redemption of bonds, notes, or other obligations of the United States, shall not exceed the total receipts of the Government during the 1979 fiscal year not including any receipts derived from the issuance of bonds, notes, or other obligations of the United States.

Mr. CURTIS. Mr. President, with all sincerity, I hope the time will arrive that the Committee on Budget will be the most powerful committee in the U.S. Senate.

I think the procedure should be reversed; instead of the Budget Committee asking other committees, "What do you want?" they should bring in an orderly budget and say, "This is what you get."

The purpose of this motion to recommit is to ask them to bring in a balanced budget and let us see what it would look like.

Very frankly, it could not be done without changing some laws. So it would be expected that they would have an accompanying statement recommending what we have to do to bring that about.

Mr. President, are we going to let procedural and technical reasons stand in the way of balancing the budget?

There are not any untouchables except the interest on Government bonds and other contractual arrangements. Any law that provides for benefits that has passed can be modified, changed, or repealed.

Mr. President, I hold in my hand a document called "Balancing the Budget" and it shows that it is projected that the budget will balance in 1983. In the meantime, the debt will increase by $170 billion.

I do not doubt the sincerity nor the dedication of those who projected those figures. But I am here to say that what they project will never come to pass.

We have not inaugurated a President in the memory of man who has not advocated the same thing, "You give me what I want, we'll have a Utopia, the economy will boom, and the budget will balance down the road."

It will just never happen.

Mr. President, if this committee were allowed to recommend changes in law, there are many places it could be done. I will start out with the Department of Agriculture. They have a budget of $14

billion. Five billion dollars could be knocked off.

We are facing a deficit of over $50 billion. Instead of compromising a pay cut, why not let us postpone it? Why not have a pay raise of zero until the budget is balanced?

The injury we are doing to people and to units of Government by uncontrolled inflation is worse than we can make up for by sending them a pay increase.

Mr. President, a budget could be balanced now if we had the will to.

In the Carter budget, there is approximately $9 billion for food. There are not that many hungry people in the country. There are not that many people unable to buy their food to require $9 billion.

The school lunch program feeds everybody, whether they can afford to pay for their lunch or not.

Everyone knows of the errors and abuses in food stamps.

Education, $19.6 billion.

Well, I will tell you how it works out in Nebraska. The Federal Government pays 10 percent of the cost of education and they have 100 percent of the say as to how every school district is run.

They would be better off, since they have to pay the bill anyway, if the Federal Government would get out of that business.

Stop the inflation and the people would have to pay less to provide better schools.

The idea here is that we have to start a new program to teach people to read, then somebody researches and finds they cannot spell and we start another program.

What are schools for?

I say this, not because I am against education; I am for education. However, Federal interference in education is lessening the quality of it.

Here is one item, aid to State and localities, which alone totals $81 billion.

What business have we with revenue sharing when we have no revenue?

We have done more damage to every city, county, township, and State by the uncontrolled inflation we have set into motion in the last 20 or 30 years than we could possibly make up for with these funds.

Carter did not think of it. It has been happening right here on this floor for several decades, increasing the costs of Government, increasing the cost of doing something.

I talked to a county commissioner. He said, "I'm getting weary of my job. It used to be a little repair job around the courthouse, maybe, would cost us $20. Now we are lucky if we get out for $150."

Inflation. Inflation. Then we talk about revenue sharing when we have no revenue.

A cut of 81 billion right there would wipe out the deficit.

Do not say the budget could not be balanced now. All it takes is the will to do it.

Here are some other figures: Medical and health programs, $56 billion, when we have a deficit; when social security taxpayers are carrying an unbearable burden.

What do you have to do to get free hospital care and free medicine? Just prove you are 65 years of age. That is all you have to prove. You can take two or three vacations. You can acknowledge the fact that your home is paid for, that your insurance is paid for, that your kids are educated. But if you are 65, you will get free medicine, and it is charged to the social security taxpayers.

I want all people who cannot provide adequate medicine for themselves to have Government help, but we have gone much beyond that.

Again I say that the budget can be balanced, and all we need is the will to do it. I would like to see this committee assert the right to do that. That is what it was created for. A great grass roots organization sprang up to urge Congress to go to a budget system, centralize authority, and create a committee. Why? To bring the budget in balance.

Another thing: There is no such thing as a controlled or restrained deficit. It is like someone trying to be approximately honest or nearly intellectually honest. You either are honest or you are not.

When we try here to control deficits and somebody says a deficit of $55 billion is acceptable, and someone else comes on the floor with a program in which they believe a great deal and they say that $55.5 billion also should be accepted, how are you going to decide that? When we get into those relatives and abandoned absolutes, we get into quicksand.

This budget never will be balanced, according to this chart. The budget of the United States never will be balanced until individuals decide they are going to assert the will to do it.

Mr. President, I am not suggesting a single cut for which I have not voted previously. My party inaugurated revenue sharing and I opposed it. The idea of revenue sharing, when we have no revenue to share! Where can you find anybody who knows anything about government who says it is a good proposition to have somebody raise some money and give it to some politicians to spend, who do not have to face their own people to raise it? Is that the path to good government and responsibility? Removing that one item would balance the budget.

We are paying unemployment compensations totaling $10.6 billion. There is ample room for a saving there. Does anyone contend there are not abuses in unemployment compensation?

Here is another item: Retirement and disability, $122.4 billion. I am one of those who believe that we must not renege on the social security retirement payments. They have to be met in real dollars. But how about the disability? It exceeds the original estimates by 500 percent. We should examine the law that requires that.

As long as the Budget Committee asks the other committees, "How much do you want?" and they run an adding machine and bring the figures in here, the Budget Committee is going to be scolded and held up to ridicule, and they are going to have headaches and sleepless nights. I would like to have them assert the power to bring in a balanced budget. Let the Senate assume the responsibility to vote for it or against it. They can bring in an accompanying statement and tell us what we have to do in order to put that budget in balance.

Mr. President, there are many, many places to cut. We talk about welfare reform, and then we are presented with a plan to expand welfare.

The program of aid for families with dependent children takes care of families in which there are children. What does the administration recommend? The administration recommends that we extend that to couples who have no children and to single persons.

If we follow all this nonsense that somewhere down the road the budget accidentally is going to be balanced, we may be kidding ourselves, but the eighth graders back home are better at arithmetic than that. We could do some welfare reform, if we wanted to. At the present time, you project what your needs are going to be and how much money you have and get on welfare. It is estimated by responsible people that if we required a retrospective accounting of 1 month, it would save $1.9 billion.

If we revised what they call the earned income disregard, which is the means by which people with substantial income still stay on welfare, we could save $5.25 million.

Mr. President, I hope that everybody who believes that we should have a balanced budget will vote for this motion to recommit. Then let the committee bring it in and see what it is. If they took it all out, or a significant part, any significant part of it, I would not complain. But I believe that the Senate has a right to vote on a balanced budget.

Let us draw the line. I hope the Budget Committee will assert all the power they can. They have the biggest job in Congress, and they should not be asking—they should be telling—what the budget would permit. Then they could give us a prescription for the medicine as to what laws we had to change.

Mr. President, I reserve the remainder of my time.

Mr. BELLMON. Mr. President, will the Senator yield me 5 minutes?

Mr. MUSKIE. I yield.

Mr. BELLMON. Mr. President, the Senator from Nebraska raises a very interesting concept. Frankly, it is one that has interested the Senator from Oklahoma from the beginning of the budget process.

Each year since we have started, I have asked the staff to put together what a balanced budget would look like. I ask unanimous consent that this document be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BELLMON. Mr. President, here is what it would take for a balanced budget for fiscal year 1979. It would take an across-the-board tax increase of 12.5 percent. This means that a taxpayer in the $5,000 to $10,000 income

bracket would have his taxes go up $170. A taxpayer in the $10,000 to $15,000 income tax bracket would have his taxes increased by $470. A taxpayer in the $15,000 to $20,000 income tax bracket would have his taxes increased by $800. For taxpayers with incomes over $20,000, the average would be increased $2,450 per year.

Mr. President, if we chose to balance the budget by increasing taxes to that extent, even then we would not have a balanced budget, because this increase in taxes would reduce the level of economic activity, and we would have to have another tax increase and would succeed only in slowing the economy down, throw a large number of people out of work, and would never get the budget balanced by that route.

Finally, to balance the budget by cutting our spending down to the level of our anticipated revenues, we would find ourselves having to cut—if we did not cut the entitlement programs, which we could not do unless the laws were changed—we would have to cut all these nonentitlement programs by 22.5 percent.

I would like the Senator from Nebraska to listen to this: There would have to be a cut in national defense of $26.2 billion.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. BELLMON. I listened to the Senator from Nebraska until he finished, and I should like to finish before I yield.

We would have to cut back on agricultural research by $300 million. The interstate highway program and all others would be cut almost $5 million. The cut in education would be almost $6 billion.

We also would have cuts all up and down the line in revenue sharing, and it would be $2 billion.

The total of those would be $56 billion.

Mr. President, we could cut the entitlement programs if we could get the committees that have jurisdiction over those programs to help us. But when we tried to do that in the past, we got nowhere, particularly with the Finance Committee. We came in here one year recommending a $200 million cut in one program, and we were promptly told that this was none of our business, and the cut was rejected.

I also point out that last year, on the Senate floor, after we had approved the first budget resolution, 11 proposals were made to add spending to that resolution, and the total added was $6.6 billion, if my memory is correct.

And on those 11 votes which added spending the Senator from Nebraska voted to add spending in 9 out of 11 cases. The Senator from Nebraska voted to add spending nine times and voted to hold the line only twice.

Also, Mr. President, very recently when we had the emergency farm bill on the floor, the bill which the Senator from Oklahoma voted against and the Senator from Nebraska voted $5 billion to add spending on that bill. To me, it is inconsistent to come here today to say balance the budget when only a few days ago we were in here trying to hold the line against large increase in the agricultural function. The Senator from Nebraska voted the other way.

To me it is unrealistic and would be a waste of time to go back to the drawing board on this budget, and I strongly hope the Senator's motion will fail.

EXHIBIT 1

TRYING TO BALANCE THE FISCAL YEAR 1979 BUDGET

The attached tables illustrate three approaches to balancing the FY 1979 Budget of the Federal Government. Table I shows the impact of raising taxes to close the gap between revenues and spending. Table II assumes that all spending programs (including Defense) which can be cut under current law are all cut equally to reduce spending to the level of revenues. Table III assumes that all spending programs except Defense which can be cut under current law are all cut equally to reduce spending to the level of revenues.

It should be noted that these tables do not take into account any budgetary impact on the economy by substantially raising taxes or cutting spending. For example, in Table I, even after raising taxes $55.6 billion, the Budget would not be balanced due to the negative economic impact—income would obviously be reduced, investment would be reduced, unemployment would be increased, and tax revenues would be down.

CONCLUSION FROM TABLES

Table I.—A tax increase of 12.5 percent would be needed to raise revenues to the FY 79 spending level in the Budget Resolution. A taxpayer with adjusted gross income over $20,000 would find his taxes increased by $2,450.

Table II.—To balance the Budget by cutting spending in all programs (including Defense) down to the expected level of revenues a cut of 22.5 percent would have to be imposed on all Non-Entitlement Programs (Entitlement programs can not be cut unless Congress changes current law). This cut would amount to $26.2 billion in Defense. A list of the cuts is attached.

Table III.—To balance the Budget by cutting all programs (except Defense) down to the expected level of revenues, a cut of 42.6 percent would have to be imposed on all Non-Entitlement Programs. A list of these cuts is attached.

TABLE I.—BALANCING THE BUDGET BY RAISING TAXES

	Billions
Fiscal year 1979 outlays under recommended 1st concurrent resolution	$498.9
Revenues under recommended 1st concurrent resolution	443.3
Additional revenue needed to balance budget	55.6

SOURCE OF ADDITIONAL TAX REVENUE

[In billions of dollars]

	Existing law	Tax increase	Total tax
Individual income tax	$197.8	$38.9	$236.7
Corporate income tax	63.6	10.8	74.4
Social insurance and other taxes	181.9	[1] 5.9	187.8
Total	443.3	55.6	498.9

[1] Not an increase in social security taxes.

MAGNITUDE OF TAX INCREASE EQUALS 12.5 PCT IMPACT OF TAX INCREASE ON VARIOUS INCOME CATEGORIES OF TAXPAYERS

Annual adjusted gross income:	Average annual additional tax per taxpayer
0 to $5,000	
$5,000 to $10,000	$170
$10,000 to $15,000	470
$15,000 to $20,000	800
Over $20,000	2,450

TABLE II.—Balancing the budget by cutting spendng down to level of expected revenues

[Billions of dollars]

1. FY 1979 expected revenues	$443.3
2. But must fund mandatory entitlement programs (unless Congress changes Current Law). Therefore, subtract funds for "entitlements" mandated by current law:	
Interest expense	46.8
Social security (OASDI), railroad retirement, and disabled coal miners benefits	109.2
Federal retirement and disability	12.0
Unemployment compensation	11.1
Medicare and medicaid	44.5
Agriculture (price supports, farm income stabilization)	6.4
Veterans benefits and services compensation, pensions, readjustment benefits, health care, etc.)	20.8
Food stamps	5.5
AFDC	6.7
Supplemental security income	6.1
"Total entitlements"	−269.1
3. Add back additional receipts (undistributed offsetting receipts)	+17.2
Dollars available for all other federal programs (nonentitlement programs)	191.4

4. But these "All Other Federal Programs" are funded in the Budget Resolution at $247.0 billion—requires a cut of 22.5 percent to get to the $191.4 billion level calculated above.

5. Conclusion: To balance the FY 79 Budget without raising taxes requires a cut of 22.5 percent in all Non-Entitlement Federal Programs, including Defense, a cut from $247.0 billion to $191.4 billion.

6. Necessary cuts—Cut all non-entitlement programs by 22.5 percent.

[In billions of dollars]

	Level recommended in FCR, fiscal year 1979	Amount of cut	Budget balance level
National defense	$116.6	$26.2	$90.4
International Affairs (foreign military sales, economic assistance, financial programs)	7.2	1.6	5.6
General science and space	5.0	1.1	3.9
Energy	10.1	2.3	7.8
Natural Resources and Environment	12.5	2.8	9.7
Agriculture research and other services	1.4	.3	1.1
Highways, air, rail, mass transit, Postal Service, and other commerce/transportation	21.1	4.8	16.3
Community and regional development (urban renewal, public works, community development block grants)	9.0	2.0	7.0
Education, CETA training and other labor services	25.3	5.7	19.6
Social services grants	5.9	1.3	4.6
Health research and other services	5.0	1.1	3.9
Child nutrition, other food programs	3.7	.8	2.9
Other income security programs	5.6	1.3	4.3
Law enforcement and justice	4.2	.9	3.3
IRS, GSA, legislative and other general government	4.1	.9	3.2
Revenue sharing and general fiscal assistance	9.6	2.2	7.4
Allowances—Civilian agencies pay increases	.7	.2	.5
Total	247.0	[1] 55.6	[1] 191.4

[1] Numbers do not total due to rounding.

TABLE III.—Balancing the budget by cutting spending (except defense) down to level of expected revenues

[Billions of dollars]

1. Fiscal year 1979 expected revenues	$443.3
2. But must fund mandatory entitlement programs (unless Congress changes current law). Therefore, subtract funds for "entitlements" mandated by current law:	
Interest expense	46.9
Social security (OASDI), railroad retirement, and disabled coal miners benefits	109.2
Federal retirement and disability	12.0
Unemployment compensation	11.1
Medicare and medicaid	44.5
Agriculture (price supports, farm income stabilization)	6.4
Veterans benefits and services (compensation, pensions, readjustment benefits, health care, etc.)	20.8
Food stamps	5.5
AFDC	6.7
Supplemental security income	6.1
Total "entitlements"	−269.1
3. Add back Additional Receipts (Undistributed Offsetting Receipts)	+17.2
4. Subtract dollars needed to fully fund defense programs in budget resolution	−116.6
Dollars available for all other federal programs (non-defense and non-entitlement programs	74.8

5. But these "All Other Federal Programs" are funded in the budget resolution at $130.4 billion—requires a cut of 42.6 percent to get to the $74.8 billion level calculated above.

6. Conclusion: To balance the fiscal year 1979 budget without raising taxes or cutting Defense requires a cut of 42.6 percent in all other Non-Entitlement Federal Programs, a cut from $130.4 billion to $74.8 billion.

7. Necessary cuts—Cut all programs by 42.6 percent.

[In billions of dollars]

	Level recommended in FCR, fiscal year 1979	Amount of cut	Budget balance level
International Affairs (foreign military sales, economic assistance, international financial programs)	$7.2	$3.1	$4.1
General science and space	5.0	2.1	2.9
Energy	10.1	4.3	5.8
Natural resources and environment	12.5	5.3	7.2
Agriculture research and other services	1.4	.6	.8
Highways, air, rail, mass transit, Postal Service and other commerce/transportation	21.1	9.0	12.1
Community and regional development (urban renewal, Public works, community development block grants)	9.0	3.8	5.2
Education, CETA training and other labor employment	25.3	10.8	14.5
Social service grants	5.9	2.5	3.4
Health research and other services	5.0	2.1	2.9
Child nutrition, other food programs	3.7	1.6	2.1
Other income security programs	5.6	2.4	3.2
Law enforcement and justice	4.2	1.8	2.4
IRS, GSA, legislative, and other general government	4.1	1.7	2.4
Revenue sharing and general fiscal assistance	9.6	4.1	5.5
Allowances—Civilian agencies pay increases	.7	.3	.4
Total	130.4	[1] 55.6	[1] 74.8

[1] Numbers do not total due to rounding.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

I think the distinguished Senator from Oklahoma, my good friend, Senator BELLMON, has touched on the heart of the problem posed by the Curtis motion.

May I say that the longer I find myself in this responsibility as chairman of the Budget Committee, the more frustrations I accumulate, and the more inclined I am to support the kind of approach that the Senator from Nebraska proposes here.

One would like to think that there should be someone or some committee who could be given sufficient clout in order to achieve a balanced budget by simply forcing everyone into line. As I say, I wish that that kind of result could be achieved.

I have found it impossible to get Senators to support even the little we have done in the Budget Committee. What we have done has been so much less than what we need to achieve that I speak of it as little in this year of 1978.

But, addressing myself to this motion specifically. In the first place it is not clear how Senator CURTIS would accomplish the outlay reduction he proposes without changing budget authority, since the outlay figures in the resolution are simply estimates of the rate at which budget authority will be spent.

We control the budget by controlling budget authority. Budget authority spends out at widely ranging, widely differing rates, from 40 years for a housing assistance budget authority to 1 year for salaries in the defense and other budget functions. So there is no way of controlling deficits by simply controlling outlays. There is no way of controlling spending by controlling outlays. We control spending by controlling budget authority.

But the second point that I make is that an outlay reduction of the size proposed by Senator CURTIS would not balance the budget since it does not take into account the effect of reducing outlays on the economy and on receipts. The outlay reduction, if we could achieve, it would reduce incomes and employment which would produce a loss of Federal tax revenues and an increase in outlays for programs such as unemployment compensation, unless we were simply to repeal such programs. This revenue loss and outlay gain could be as much as 40 percent of the initial outlay reduction.

So the 1979 deficit would be about $22 billion after we had reduced outlays by the $55 billion reflected in the deficit number in the pending resolution. That deficit would be $22 billion even though 1.8 million jobs would be sacrificed by the end of 1979.

How much further in the way of outlay reductions would we have to have in order to achieve Senator CURTIS' objective of a balanced budget?

Frankly, at this point we are dealing with something that would have such a shock on the economy that I am not sure the econometric models could accurately predict what would happen. I see the Senator smiling and I understand what his reaction is. But a rough estimate of it, given the innerplay between budget reductions and the effect on the economy and the effect on revenues, outlay reductions of over $900 billion and not $55 billion probably would be required to balance the budget. Since entitlement programs cannot be reduced much in the first year, even if we change the law, this would necessitate the major reductions to be in defense spending, grants to State and local governments and other areas.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MUSKIE. Mr. President, I yield myself 4 additional minutes.

This outlay reduction would cause a severe recession. Real GNP would fall, the unemployment rate would rise above 8 percent, and about 3 million jobs would be lost by the end of 1979. Moreover, those effects would grow in 1980, unless substantial stimulative measures were taken which would result in a larger fiscal year 1981 deficit.

These are projections of the kind of traumatic economic effects that could flow from the kind of measures that the Senator from Nebraska proposes.

Having said that, I still wish there were a single step of this kind that might be taken to achieve a balanced budget as quickly as possible. But frankly, I cannot willingly assume the responsibility for the economic consequences that, as we are told by economists across the range of political philosophies, who testified before our committee, would flow from this kind of dramatic reduction in Government outlays.

I remember the first year that I was chairman of the Budget Committee. Two of our first witnesses were Joseph Pechman, of the Brookings Institution, and Charls Walker, a conservative, who was an Assistant Secretary of Treasury in the Nixon and Ford administrations. At that time President Ford had proposed a budget with a deficit of around $50 billion, and he decried the deficit.

So I put this question to these two experts, Pechman and Walker. I said: "If the deficit is such a bad thing, why do we even consider it? Why don't we eliminate it? We are just beginning as a Budget Committee to consider the budget, and this is the first Presidential recommendation we have received. And the President says we must have a deficit of $50 billion even though he does not like it. If he does not like it, I do not like it, and I am asking you gentlemen why we have to have it."

Mr. Pechman's reply went into the kind of macroeconomic implications and budgetary implications that I have tried to describe here this afternoon. He said: "It is impossible to get rid of the deficit that way."

When he was finished, I then turned to Mr. Walker. I said: "What is your answer?"

He said: "I agree with Mr. Pechman." He said something like that was tried at the beginning of the 1932 depression. Members of Congress on both sides, with the Hoover administration, undertook to balance that budget by increasing taxes by the amount of the difference. The result was an exacerbation of the economic problems which led to the deficit in the first place.

Mr. President, I ask unanimous con-

sent that that coloquy with Mr. Pechman and Mr. Walker be included in the RECORD at this point. It is a more informed answer than I can possibly give to the Senator from Nebraska's motion.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

COLLOQUY

Chairman MUSKIE. The question I wanted to ask is back to back with Senator Bellmon's. What would be the economic consequences if we would follow the householder's prudent guide, and seek to avoid that $52 billion budget deficit? I am not talking about program implications. I am talking about economic implications.

Mr. PACKER. I think if one took $50 billion out of the budget, one might expect that the economy would be 3 or 4 percent higher than it would be under these projections.

Chairman MUSKIE. And the GNP?

Mr. PACKER. The GNP would be somewhat lower. If you took $50 billion out you would still find that you are——

Mr. PECHMAN. The $50 billion has a multiplier, too. You would reduce the GNP by about $100 billion, which is about 7.5 percent for the present GNP. And that would increase unemployment by 2.5 percentage points, from 7.5 you can expect unemployment to go up about 10.

Chairman MUSKIE. What would that do for the Government revenues?

Mr. PECHMAN. Government revenues would melt away, and the deficit would be increased.

Chairman MUSKIE. So you would have to take out more than $52 billion?

Mr. PECHMAN. If that is all that happened, the GNP would go down about $100 billion, and you could figure that the Federal Government revenues would decline by 20 or 25 percent, or $20 to $25 billion. Unless you economize, the debt would go higher by that amount.

Senator BELLMON. So you are chasing your tail then.

Mr. PECHMAN. If you tried to balance the budget in the face of a declining economy, yes.

Mr. WALKER. I very much share Senator Bellmcn's distaste for dificit. I have been coming up here now for 15 or 16 years, and it seems like we keep moving the decimal over to the right all the time, spending revenues, increasing deficits and so on. And I find myself in a very uncomfortable position saying that I think we have got to stay somewhere in the range, hopefully closer to the $52 billion deficit in the coming fiscal year, in order to get back into a position where, in the long run, we can get away from deficits as a way of life.

The point I wanted to make that would support what these gentlemen have said, about the tail chasing thing, you said, what if you cut spending? You can look at it the other way: What if you tried, as crazy as it sounds right now, to raise taxes in order to balance the budget? That might sound crazy in 1973. It did not sound crazy in 1931 and 1932. That is precisely what the Federal Govcrnment tried to do. It was a bipartisan effort. President Hoover and Mr. Garner and the whole crowd wanted to balance the budget. That was the fiscal orthodoxy of the day. So they sent a message to the Treasury, let's raise taxes—and they raised practically every tax they could get their hands on. In fact, that was the birth of our highly progressive income tax. And I believe the Treasury calculated—Joe, you remember the figures, not because you were there then but because you are a better historian than I am—I believe the deficit was running in the general horrifying range of a billion dollars, and they tried to raise taxes about a billion dollars, maybt around $800 million.

They did not get anything back. They raised the taxes, and that further exacerbated the deflationary pressures.

Incomes dropped, and profits dropped, and it just did not work. This is just the other side of the same coin we are talking about.

Chairman MUSKIE. I think that story, prompted by Senator Bellmon's story that I tried to follow up, is a very important one to get out to the public. The public does not understand that. And a lot of Senators that do not understand it that I have run into, they said. "What are we going to cut?" And I think we need to know the economic conditions of that from this committee's point of view.

Mr. MUSKIE. All I can say to the Senator is bless him, I wish I could find it possible to agree with him. But I have sufficient reservations, for the reasons I have outlined, that I do not really think it will work.

Mr. CURTIS. Mr. President, all I can say to my dear friend from Maine is have a little more faith. Do not believe those pessimists who say that free government and private enterprise fail, that they cannot carry on, we have to run a deficit; we have to inject the Government in it or there will be a depression, there will be more people unemployed. That is nonsense, and history proves it. That sort of nonsense was talked up and down the country from 1933, and we never got rid of the unemployment until World War II came along.

It does not work. Oh, these machines are great things. But if you put trash in there you are going to get trash out. It is just that simple.

There is nothing sacred or unerring about their charge that if you do thus and so, you are going to add so many jobs or subtract so many jobs. They cannot predict world events at all. That is nonsense.

I happen to take an opposite view. I believe if the U.S. Government sets its house in order financially, people everywhere will be so encouraged that our economy will boom and we will have jobs and jobs, plenty of them. I believe if we set our house in order the nations of the world will see and they will decide that the American dollar is sound after all, and they will not need to charge so many dollars for a barrel of oil or whatever it is.

I want to get my version of what the distinguished Senator from Oklahoma said as to what they would have to do to balance the budget. They do not have to raise everybody's taxes by 12.5 percent; you do not have to cut defense by a dime. Why, you can do it in one program. All we would have to do is say to our States and local governments, "We are going to have no revenue-sharing until we have some to share." Eighty billion dollars——

Mr. BELLMON. Mr. President, will the Senator yield at that point?

Mr. CURTIS. In just a moment, yes, I would be happy to, after I finish my thought.

In reference to some 11 votes where people came in here and wanted to waive the budget requirements, I did not research that. I do not know, I am sure his report is correct, but it is only part of it. As the year goes along new things happen and they come in here, a committee comes in, and asks that the budget be waived or increased a little bit. Oftentimes the Committee on Budget goes off. We have got to expect that, that there will be new things that have to be met as the year goes along. You cannot always predict the future.

So I want to say to the Senator from Oklahoma—and I voted against the authorization of more programs that have given this Government such a huge Government, so many bills to pay, so many obligations—that I yield to no man on my voting record.

As a matter of fact, the Senator also singled me out in reference to my vote on the agricultural bill. The Senator knows that in that agricultural budget of about $14 billion that $9 billion of it has nothing to do with agricluture. It is welfare, and I stood on this floor with seven amendments to the food stamp program. I am happy to say that, as I recall, the distinguished Senator from Oklahoma supported me on those, many of them, maybe all of them.

So I do not deprecate the fact that a few isolated votes are mentioned here to insinuate that the Senator from Nebraska is a spender. I criticized certain programs here. I criticized medicare, I never voted for it.

I criticized revenue sharing, I never voted for it.

I criticized public housing, I did not vote for it. Why do we tax people who live in very unimproved little cottages to build a house for somebody else? I did not vote for it.

I never voted to put the Federal Government into education.

I did not expect to stand here and defend myself or brag about my voting record until I was attacked on this floor with a few isolated votes. But I have opposed the expansion of government.

The PRESIDING OFFICER (Mr. JOHNSTON). The time of the Senator from Nebraska has expired.

Mr. BELLMON. Mr. President, will the Senator yield me 2 minutes?

The PRESIDING OFFICER. The Senator from Maine has 2 minutes remaining.

Mr. BELLMON. I only wanted to set the record straight, Mr. President, on the cost of general revenue sharing which the Senator from Nebraska has been talking about.

If the Senator will turn to page 156 of the report, it lists revenue sharing, and it shows that the cost in fiscal year 1979 in both budget authority and outlays is $6.9 billion. The figure the Senator has been using earlier is a figure that includes many other items than revenue sharing. It includes such things as water treatment, sewage disposal, highways, and a raft of other programs.

Mr. CURTIS. I meant to use the general term revenue sharing, in the sense of general aid to States and localities.

Mr. BELLMON. I understand. That is all I have to say.

Mr. MUSKIE. I yield back the remainder of my time.

Mr. CURTIS. I yield back the remainder of my time. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska to recommit. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Montana (Mr. HATFIELD), and the Senator from South Dakota (Mr. ABOUREZK) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Michigan (Mr. GRIFFIN) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 19, nays 72, as follows:

[Rollcall Vote No. 133 Leg.]

YEAS—19

Allen	Hayakawa	Scott
Bartlett	Helms	Stone
Byrd, Harry F., Jr.	Laxalt	Talmadge
Curtis	Lugar	Thurmond
Hansen	Nunn	Wallop
Hatch	Proxmire	Zorinsky
	Roth	

NAYS—72

Anderson	Hart	Morgan
Bellmon	Haskell	Moynihan
Bentsen	Hatfield, Mark O.	Muskie
Brooke	Hathaway	Nelson
Bumpers	Heinz	Packwood
Burdick	Hodges	Pell
Byrd, Robert C.	Hollings	Percy
Cannon	Huddleston	Randolph
Case	Humphrey	Ribicoff
Chafee	Inouye	Riegle
Chiles	Jackson	Sarbanes
Church	Javits	Sasser
Clark	Johnston	Schmitt
Cranston	Kennedy	Schweiker
Culver	Leahy	Sparkman
Danforth	Long	Stafford
DeConcini	Magnuson	Stennis
Dole	Mathias	Stevens
Domenici	Matsunaga	Stevenson
Durkin	McClure	Tower
Eagleton	McGovern	Weicker
Eastland	McIntyre	Williams
Ford	Melcher	Young
Glenn	Metzenbaum	
Gravel		

NOT VOTING—9

Abourezk	Garn	Hatfield, Paul G.
Baker	Goldwater	Pearson
Bayh	Griffin	
Biden		

So the motion to recommit was rejected.

Mr. MUSKIE. Mr. President, for the information of my colleagues—we are getting more information about amendments all the time—it is apparent that we cannot finish tonight. We would like to finish the Roth amendment. Senator HAYAKAWA has a 15-minute speech preceding it. The Roth amendment has 60 minutes allotted to it. With those two items completed, we will break for the night and come back tomorrow.

Mr. PROXMIRE. Will the Senator yield?

Mr. MUSKIE. Yes.

Mr. PROXMIRE. Is it possible to take up my amendment? It is only 10 minutes.

Mr. MUSKIE. We will try to do that, too. Perhaps they can yield back some time on the Roth amendment.

That will give us until 7 o'clock or earlier than that, to the extent that time is released on these two amendments.

Mr. NELSON. Mr. President, I could not hear the Senator.

Mr. MUSKIE. Could I ask the distinguished Senator from California a question? Would he have any objection to changing the order, so that the Proxmire amendment will be next, to be followed by the Roth amendment, with a 60-minute time limitation, and then to be followed by the Senator's speech either tonight or tomorrow?

Mr. HAYAKAWA. I would just as soon postpone it until tomorrow, in that case.

Mr. MUSKIE. That would be all right with me. That would get these two votes out tonight.

Mr. DOMENICI. Reserving the right to object, what time would we convene tomorrow, in light of the unanimous-consent agreement about another bill tomorrow?

Mr. MUSKIE. I can ask the majority leader to respond to that.

The leadership suggests 9:30 tomorrow morning to resume action on this bill.

Mr. DOMENICI. How many amendments will be left at that point?

Mr. MUSKIE. Well, there is a Domenici amendment, the Tower amendment, two Byrd amendments, and two other amendments.

Mr. DOMENICI. I have no objection.

Mr. HOLLINGS. Will we vote tonight on the Proxmire amendment?

Mr. MUSKIE. We will vote 10 minutes from now.

The next vote will be in about 10 minutes, to be followed by the Roth amendment for 60 minutes, with a vote on that in approximately an hour and a half.

Mr. NELSON. Will there be two more votes this evening?

Mr. MUSKIE. That is correct.

Mr. NELSON. And I will be able to call up the amendment that the Senator is familiar with for a discussion tomorrow?

Mr. MUSKIE. The Senator is correct.

I yield the floor, Mr. President.

Mr. HART. I wonder if the floor manager will yield 5 minutes to me on the bill?

Mr. MUSKIE. Yes, I am happy to yield 5 minutes.

Mr. BUMPERS Mr. President, will the Senator yield to me for a unanimous-consent request?

Mr. HART. Yes.

Mr. BUMPERS. I ask unanimous consent that Grace Rice, of my staff, be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART. Mr. President, the distinguished manager is not only chairman of the Budget Committee, but he also serves on the Environment and Public Works Committee. In his capacity as a member of the Environment and Public Works Committee, he will recall that that committee, in its report to the Budget Committee, made very emphatic reference to its intention and desire to enact legislation that would provide economic development assistance or so-called energy impact assistance to the States that are being called upon to provide most of the energy for the rest of the country. That recommendation by the Environment and Public Works Committee was at the level of $200 million.

As a principal sponsor of that legislation, I want to indicate to the floor manager and the chairman of the Budget Committee the seriousness of the Senate Environment and Public Works Committee's intention to proceed to markup on the legislation. Hearings having been held and the administration indicates that it will very, very shorlty provide its support for this impact assistance. Of course, there is widespread support in our own committee for this very badly needed legislation, as is evidenced by the fact that the subcommittee's recommendation of $200 million was the only recommendation that was accepted, without reduction, by the full Environment and Public Works Committee as it prepared its recommendations for the Budget Committee. All other programs were cut to some degree by the full committee.

I am, therefore, concerned, as is the chairman of the committee (Mr. RANDOLPH), whether or not the budget resolution we are considering today will be able to accommodate this proposal when it is reported at the level of funding I have mentioned.

I know the Senator from New Mexico also is concerned about this. He is one of the cosponsors.

Mr. DOMENICI. I join in the concern and in the question that is being propounded. I believe the issue, Mr. President, is whether or not the amount of money that is found in function 450 is adequate to accommodate the proposal that the Senator from Colorado has just discussed. When we consider the various programs that are within it and the amounts that have been added for them, I think the question is whether or not that would accommodate the impact assistance program at the $200 million level in the event that is chosen by the committee and by the Senate as an appropriate legislative addressing of the issue we are discussing.

Mr. MUSKIE. Let me answer the question in this way: The budget function involved is function 450. Targets in function 450 in the budget resolution are $10.4 billion in budget authority and $9.0 billion in outlays. In budget authority, that is $2.2 billion above current law, or $1.7 billion above current policy. Those targets, in the judgment of the Committee on the Budget, permit significant expansion for programs of community, area, and regional development, many of which are under the jurisdiction of the Environment and Public Works Committee. The specific detail of programs to be approved, of course, will be decided by the authorizing committees and the Appropriations Committee.

As the Senator from New Mexico knows as a member of the Budget Com-

mittee, and as the Senator from Colorado understands from his exposure to this process, there is to some extent competition within functions for the authority provided by the budget resolution, since the Budget Committee does not line item in any way. It seems to me that, given that expansion above current law and current policy, we are talking about a reasonable amount of budget authority to deal with programs likely to be approved by the authorizing and Appropriations Committees.

We do not preclude this program or any other program, but we do not, at the same time, decide the ultimate priorities to be established by the authorizing committee and the Appropriations Committee.

Mr. HART. I thank the distinguished floor manager. His response indicates that the answer to my question is in the affirmative, that this program could be accommodated if, in fact, the authorizing committee so recommends. It is my understanding that the committee will.

I thank the Senator from Maine.

Mr. DOMENICI. I join the Senator from Colorado in thanking the chairman.

I also remind the chairman and ask him if it is not correct that in the energy function, as distinguished from function 450, there is sufficient latitude for the moneys that the conservation bill carries by way of land acquisition within the energy conservation conference. I believe that figure is $60 million. That is not the total impact assistance that the Senator from Colorado is asking about, but a completely different approach, or part of it. That is in there also, is it not, or would accommodate it?

Mr. MUSKIE. Yes, I believe that is a relatively small amount, but I believe it could be accommodated.

Mr. DOMENICI. I thank the Chair.

UP AMENDMENT 1245

(Purpose: to decrease the appropriate level of new budget authority to $561,100,000)

Mr. PROXMIRE. Mr. President, I call up my amendment that is at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 1245.

On page 1, line 11, strike out "$566,100,000,000" and insert $561,100,000,000.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, this amendment reduces the total budget authority in the first concurrent resolution by $5 billion from $566.1 billion to $61.1 billion.

Five billion dollars is less than a 1-percent reduction. One percent. Is there any Senator that will argue that our $566.1 billion budget cannot be reduced by less than 1 percent?

What is more, this amendment would permit a 10-percent increase in obligational authority over last year. So there is plenty of leeway here.

The Senator from Maine properly pointed out that the first amendment that I offered, the $25 billion cut, would have left much less leeway. This leaves a tremendous amount of leeway for the Budget Committee.

This 1 percent represents what the productivity increase should be for the Federal Government. Right now we make no formal allowance for productivity increases.

Or the 1 percent can be accounted for by the admitted mismanagement and fraud occurring in just one Government agency—HEW—$6.3 to $7.4 billion range.

Or the 1 percent could be accounted for just by the amount the Congress has increased the President's agriculture function (+$5.2 billion).

Or the 1 percent could be accounted for by the additions of the Budget Committee over the President's budget for national defense ($1.4 billion), energy ($0.7 billion, natural resources and environment $1 billion), and transportation ($0.9 billion).

There is not one Government agency that cannot stand a 1-percent decrease in budget authority. Why, that amount alone is wasted each year in mismanagement, inefficiency, misplaced priorities, and duplication.

Mr. President, it took from 1789 until 1962—174 years—for the budget to break the $100 billion barrier. Then 9 years passed before we broke the $200 billion mark. Four years later we hit $300 billion still running fast. And 2 years later, this year, we go over $400 billion. At this rate of increase we soon will be adding $100 billion annually—an unthinkable rate of increase. At the present deficit rate, our Government will be spending $1 billion a week more than it takes in. Or another way of looking at the issue is that the current deficit of this year and last would have financed the entire cost of the Federal Government for budget year 1965.

Why should we be concerned about the deficit and the national debt? If the standard economic arguments do not persuade, then just look at one simple fact. In this concurrent resolution, the fourth largest item in budget authority is interest at $46.8 billion. Only income security, national defense, and health rank higher.

We now are spending more on interest than for international affairs; general science, space and technology; energy; natural resources and environment; agriculture; commerce and housing credit; transportation; community and regional development; education, training, employment, and social services; veterans benefits; justice; general government; and fiscal assistance. Interest payments are one of our largest obligations.

Interest, of course, is the result of the enormous deficits we have been running and this $5 million would help in a small way, but at least indicate our sentiment in trying to cut back the size of that deficit.

Mr. President in fiscal year 1976 the official estimate for total annual outlays was in error by $6.6 billion. We overestimated the amount of money that would or could be spent by 1.8 percent.

In fiscal year 1977, the estimating error for outlays was $14.7 billion or 3.5 percent. We again could not spend as much as estimated.

The point to keep in mind about these figures is that a $5 billion reduction in budget authority and its consequent outlay reduction would be within the estimating error of last year. In the past 2 years we have been trying to spend more money than actually was possible.

From this perspective, the $5 billion reduction is very modest indeed.

Mr. President, I ask unanimous consent that the distinguished Senator from North Carolina (Mr. HELMS) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. PROXMIRE. I yield to my good friend from Virginia.

Mr. HARRY F. BYRD, JR. I salute the Senator from Wisconsin. I think it is an excellent amendment. I do not know how anyone could oppose such a small reduction in the proposed new obligational authority.

As the Senator pointed out, it amounts to less than a penny on each dollar that is proposed to be spent, and every department of Government wastes at least that much.

I might say to the Senator from Wisconsin, he underestimated or understated the case in regard to the interest on the national debt. The interest on the national debt actually is $53 billion.

Mr. PROXMIRE. The Senator is correct, I gave the net figure.

Mr. HARRY F. BYRD, JR. He gave the net figure.

Mr. PROXMIRE. Yes.

Mr. HARRY F. BYRD, JR. But the cost is substantially higher than that.

Mr. President, I ask unanimous consent I be added as a cosponsor.

Mr. PROXMIRE. Mr. President, I ask unanimous consent the Senator be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. I yield the floor.

Mr. MUSKIE. Mr. President, may I say to my good friend from Wisconsin, there is no answer to an amendment like this. The only one I can suggest is this. Let us approve this one, $5 billion, and then let us have Senator MUSKIE offer an amendment to reduce another $5 billion using the same argument.

After all, on a budget of $561 billion, who is to say we cannot possibly save another $5 billion?

Then the Muskie amendment is approved and then Senator BELLMON, who also is a prudent fellow, gets up and says, "Well, my heavens, who is to say you can't cut $5 billion from $556 billion?"

I can see that exercise going on for each of 100 Senators.

Mr. CHILES. And then CHILES would like to have one.

Mr. MUSKIE. Senator CHILES would like to have one, Senator CANNON would like to have one, and so on.

Then Senator HELMS would like one, Senator DOLE would like one, Senator HATCH would like one, and there is no rebuttal to any one of those. None whatsoever.

I do not know to what level we would have to go before we could begin to say in response to the amendment that it would cut too deeply, because the response to any one of them cannot be that we have already approved 5, 10, or 15 of these $5 billion cuts.

I mean, obviously, that is not an argument, because the Budget Committee has already approved seven $5 billion cuts, and that does not satisfy the Senator.

We have cut $37 billion from committee requests. To the Senator, that is not an argument in answer to his amendment, because he says, "Well, of course, with the $566 billion budget, who is to say you can't cut another 5. Heavens, you have already cut 37."

But what kind of budget making is that? Where are we to take the $5 billion?

Mr. CHILES. Will the Senator yield?

Mr. MUSKIE. This budget resolution provides $25.5 billion in budget authority for housing assistance. I will say to the Senator, if this amendment passes since I will have the responsibility for recommending where that ought to come from, I will recommend taking it from housing assistance.

There is $5 billion. There is the place.

The Senator seems reluctant to identify places to cut. He says, "Oh, it ought to be possible somewhere." All right, let us begin right there.

I do not know where Senator CHILES' cut will come from, but he can name his own.

What I mean is, if we want to propose a specific cut, a specific priority, a specific place, that is legitimate, and the Senate can vote up or down on it. But when we say cut $5 billion in budget authority without saying where it is going to come from, who is to do the dirty work, may I ask the Senator?

I guess the best place for me to suggest where the dirty work is going to be done is in a program that the Senator is interested in. Since the Senator thinks it can be found somewhere, let us take it out of housing assistance. If we get that kind of restraint demonstrated by everybody who has a pet program, let us have them stand up one at a time.

Where is the $5 billion coming from, and so on? And I do not mean somebody else's pet program. I mean each Senator's pet program.

Mr. LONG. Will the Senator yield?

Mr. MUSKIE. Then maybe we can get somewhere.

I offered in the Budget Committee, after the first round of deliberations, an aggregate cut of $4.7 billion in budget authority and $4 billion in outlays. This is almost the amount the Senator is now proposing, but I specified the 17 functions of the budget that would be cut. I specified defense and other functions, all across the board.

Do Senators know what happened to me, the all-powerful chairman of the Budget Committee? I lost, by a vote of 9 to 7 in the Budget Committee, which is hardly a great radical group of Senators in this institution. I lost, because I was specific.

The Senator is trying to cut by not being specific, and that is the difference.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. MUSKIE. There is time on the bill.

Mr. HOLLINGS. Will the Senator yield?

Mr. MUSKIE. Yes.

Mr. HOLLINGS. Is it not a fact the distinguished chairman in his committee actually cut $37 billion from the request by this Senate?

Mr. MUSKIE. I have already said so.

Mr. HOLLINGS. Well, let us emphasize that. We did not walk in there. We had a struggle to get down to the House, and we did better than the President. I think Senators ought to know that.

Mr. MUSKIE. Cutting $5 billion at a time is painless. The Senator knows that.

Mr. HOLLINGS. Oh, yes.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1799 of the Senator from Wisconsin. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Alaska (Mr. GRAVEL), the Senator from Montana (Mr. HATFIELD), and the Senator from Wisconsin (Mr. NELSON) are necessarily absent.

Mr. STEVENS. I announced that the Senator from Arizona (Mr. GOLDWATER), and the Senator from Michigan (Mr. GRIFFIN) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 43, nays 46, as follows:

[Rollcall Vote No. 134 Leg.]

YEAS—43

Allen	Haskell	Moynihan
Bentsen	Hatch	Nunn
Bumpers	Hatfield, Mark O.	Percy
Byrd, Harry F., Jr.	Hayakawa	Proxmire
Chafee	Heinz	Roth
Church	Helms	Sasser
Curtis	Huddleston	Schmitt
Danforth	Johnston	Schweiker
DeConcini	Laxalt	Scott
Domenici	Lugar	Stone
Durkin	McClure	Talmadge
Eagleton	McGovern	Thurmond
Eastland	Metzenbaum	Wallop
Ford	Morgan	Young
		Zorinsky

NAYS—46

Anderson	Cranston	Inouye
Bartlett	Culver	Jackson
Bellmon	Dole	Javits
Brooke	Glenn	Kennedy
Burdick	Hansen	Leahy
Byrd, Robert C.	Hart	Long
Cannon	Hathaway	Magnuson
Case	Hodges	Mathias
Chiles	Hollings	Matsunaga
Clark	Humphrey	McIntyre
Melcher	Riegle	Stevenson
Muskie	Sarbanes	Tower
Packwood	Sparkman	Weicker
Pell	Stafford	Williams
Randolph	Stennis	
Ribicoff	Stevens	

NOT VOTING—11

Abourezk	Garn	Hatfield, Paul G.
Baker	Goldwater	Nelson
Bayh	Gravel	Pearson
Biden	Griffin	

So Mr. PROXMIRE's UP amendment No. 1245 was rejected.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the vote on the Roth amendment be taken not later than 7 o'clock tonight. The Senator from California (Mr. HAYAKAWA) has a 10-minute to 11-minute speech. Senator ROTH and I will divide the time remaining equally. I doubt that I will need all my share of the time, so the vote may take place before 7. In any case, I ask unanimous consent that the vote take place not later than 7 o'clock.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from California is recognized.

Mr. HAYAKAWA. Mr. President, I once again feel compelled to speak against a budget proposed by the Senate Budget Committee. One of my major concerns has been the framework within which economic policy decisions are made. I have also been dismayed by the priorities illustrated by the spending decisions. But I would prefer in these remarks to focus on the problems with the economic policy decisions made by the committee.

Despite all of the recent controversy about the reliability of making economic policy decisions based upon the projections of the conventional econometric models, the budget committee continues to place "blind faith" in these models. This year the committee has compounded this problem. This year, for the first time, the committee has discussed spending and taxing decisions for 5 years, based on economic projections for these years. In other words, we were told that if we made certain spending or revenue decisions for these 5 years, they would have certain implications for the economic health of the Nation over that time. There are many problems with this approach.

First, all of the conventional models are short-term models. This means that their projections are only good for 2 to 3 years into the future. This has been one of the problems of basing economic policy decisions upon the output of these models. We have continued to pursue policies because they seem to stimulate the economy in the short run, but the models have not been able to show us the long-term impacts of our policies. Often the policies that seemed to be stimulative in the short run have harmed the economy in the long run. Perhaps

in an attempt to correct for this short-term bias in policymaking, the committee decided to look at longer term implications of its decisions. But you cannot do so with models that do not even claim to be accurate for long-term forecasting.

Many of the considerations that are important to long-term economic growth are not taken into account in the conventional econometric models.

The most important factor that these models ignore is the effect that Government policy decisions have on incentives—incentives to work, to produce, to save, to invest, and to avoid Government regulations and taxes by looking for loopholes. Incentives are the key to a free market economy.

Mr. President, may we have order.

The PRESIDING OFFICER (Mr. HODGES). The Senate will be in order.

Mr. HAYAKAWA. If Government policies continuously encourage people to "live for today" by trying to stimulate consumer demand, Government will destroy tomorrow. Today's savings fuel tomorrow's economic growth and provide real increases in our standard of living. But the conventional econometric models consider saving to be undesirable. Greater saving implies lower consumer spending. Since a healthy economy is assumed to depend on strong consumer spending, anything that encourages saving is thought to be bad. Therefore, the Congressional Budget Office advised the committee that a savings rate in excess of 7 percent of consumers' disposable income is bad for the performance of the economy, and that the economy will be strong if the savings rate is less than 6 percent.

I have never been able to understand why savings are bad for the economy. It is our savings that are used by businesses to invest in new and modern plant and equipment. This in turn creates productive, private sector jobs for more people. If the logic of the CBO is accurate, why do countries like Japan, with a personal savings rate of 24 to 26 percent, grow so much more rapidly than the United States? This rate of savings allows Japan to invest twice as much of its GNP as the United States, and has resulted in an increase in real wages and fringe benefits of almost 140 percent over the period 1965 to 1975. In contrast, real wages and fringe benefits in the United States grew only 16 percent over the same period.

I therefore cannot accept the advice of the CBO that economic policy should be designed to hold the rate of personal savings below or close to 6 percent. But the fallacious assumption that this would be good for the economy was a significant assumption in the economic framework within which the committee worked.

In deciding what kind of spending and revenue policies to recommend, the Budget Committee had to make assumptions about how the non-Federal sector of the economy would perform over the next 5 years. Two different scenarios were presented to the members of the committee in the markup materials. First, we set certain economic goals for the 5-year period. Next we were shown how much extra stimulus would be needed above current policy spending and revenues to attain these goals, assuming either a moderate or weak non-Federal sector. Weak non-Federal demand is characterized by the CBO as having higher non-Federal consumption, a higher saving rate, and lower investment spending. It characterizes moderate non-Federal demand as having lower non-Federal consumption, a lower saving rate, and higher investment spending. The CBO projections for these alternatives are included in this table. I ask unanimous consent that it be included in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HAYAKAWA. I find it hard to understand how we can have a greater level of investment spending under the moderate non-Federal demand alternative while, at the same time, the rate of saving is lower. What will we be investing? If people save a smaller amount of their income, how can businesses invest a greater amount? This makes no sense to me. But these projections were used by the Budget Committee to judge the implications of their decisions.

Finally, in order to be able to discuss economic policies in a framework acceptable to all, the members of the committee reached an unrealistic compromise on the stimulative effects of tax cuts versus spending increases.

The two conflicting opinions are these: One is that spending, Federal Government spending, is more effective than tax cuts in stimulating the economy. The other opinion is that tax cuts are more effective in stimulating the economy than spending. Neither side of this controversy believes that tax cuts and spending are of equal value in stimulating the economy.

Nevertheless the committee, in establishing its economic framework, assumed that tax cuts and spending increases stimulate the economy equally. Therefore, whenever it was determined that additional stimulus would be needed above current policy to achieve the economic goals, our framework showed that this stimulus could take the form of either tax cuts or spending increases in identical amounts. Predictably, no distinction was made among different types of spending programs or tax cuts.

Last year we had a lengthy but productive debate on this subject when we considered the second concurrent resolution on the fiscal year 1978 budget. Evidence was presented that the conventional wisdom was in error. One of the three major econometric modeling companies had stated publicly that its model did not account for the incentive effects I mentioned earlier, and that this created a bias against the stimulative effect of tax cuts. Their further analysis also indicated that after the first year or two, properly structured tax reductions would be twice as stimulative to the economy as spending increases. Reductions in corporate taxes would be even more stimulative.

This evidence should have prompted the committee to examine more closely the econometric models upon which it bases its policy decisions. But instead of investigating these leads, the committee tried to paper over this profound dispute in economic theory by making a meaningless compromise. Unfortunately, this has serious implications for economic policy.

The fallacies in the economic framework affected most heavily the committee's discussion of the appropriate revenue figure for the 5-year period. The committee assumed that we would confront moderate non-Federal demand over the 5 years. But I do not see how we can expect the non-Federal sector to continue to grow at a moderate rate with our present tax structure. Each year, inflation pushes people into higher marginal tax rates while their real income is not increasing at all.

Let me take a minute to explain the importance of marginal tax rates. A marginal tax rate is that rate of tax paid on the next dollar of income. People base their decisions to work more or save more on these marginal tax rates. In many cases, marginal tax rates are so high as to discourage a person from working and earning additional income. If you can only keep 50 cents of each extra dollar, you might prefer to enjoy your leisure time, put your feet up and order a highball instead of working so hard. These are the choices before us.

Higher marginal tax rates on any real level of income destroy people's incentives to work and to save and invest their money. In other words, higher marginal tax rates destroy incentives to produce. They encourage present consumption at the expense of future growth. An economy that discourages work, saving, and investment cannot continue to grow. I believe that without significant reductions in tax rates to compensate for inflation and the recently enacted increases in social security taxes, the private sector of the economy will stagnate even more. We cannot expect moderate growth in the non-Federal sector without a significant tax cut.

Because the true stimulative effects of a reduction in income tax rates could not be demonstrated within our economic framework, the committee's discussion of the revenue figure was biased against a significant tax reduction, such as proposed in the Kemp/Roth bill. The amount of money that would flow back into the Treasury as a result of such tax cuts was underestimated by the committee. These revenue reflows would be greater for three reasons.

First, the across-the-board reductions in income tax rates found in the Kemp/Roth bill would increase the after-tax reward for work effort and saving. By increasing incentives to produce, it would stimulate economic growth more than a tax cut or spending increases designed merely to increase consumer demand.

Both the tax rate reduction and spending increase would stimulate consumer spending. However, the tax cut would also stimulate saving, investment, and work effort. It is these stimulative effects on production that will increase the rate of real economic growth. The increased level of economic activity will expand

the tax base and thereby the revenues flowing into the Treasury. It is obvious this is the way it is going to work.

A tax rate reduction will also increase revenues by bringing a great amount of untaxed economic activity under taxation. This is a very, very important fact that people do not discuss very widely, but there is at the present time an increasing subterranean economy that exists all through our country, and by that I mean business transactions that are not recorded at all because people are paying wages or they make their transactions in cash. It is an off-the-books economy that subsists through undocumented cash transactions and barter. Some such economic activity has always existed, for example, illegal activity, but recently it has become extraordinarily much bigger and the size of this cash subterranean economy has been estimated recently to have become quite significant.

Anyone who does business in cash can easily join the subterranean economy. Transactions in service industries are often made in cash. How many of us have paid a cleaning lady in cash when asked, or paid a painter or carpenter in cash to get a better price for his services? Examples are widespread.

The size of the subterranean economy has been estimated recently by looking at the proportion of currency made up of cash. In our increasingly sophisticated financial world, cash has become less and less useful in making transactions. The trend over the last several decades has been for cash to make up a smaller and smaller proportion of our currency. However, because of tax avoidance, this trend has reversed itself sharply in recent years. This extra cash is used to finance more and more economic activity that takes place off-the-books.

It is obviously risky to avoid taxation by transacting business in cash. This risk, as well as the additional cost of doing business in this fashion, must be balanced against the rate of taxation. As the marginal rate of tax on additional income rises, it balances off more and more of the risk. A point is finally reached where the person perceives that the risk is more than compensated for by the extra profit available from avoiding taxes. Others participate in the subterranean economy because Government regulations and laws, such as the minimum wage, prevent them from finding jobs in the official economy.

If the subterranean economy is indeed operating at a level equal to 10 percent of official GNP, then the economy is operating much closer to capacity than the official data and statistics indicate. If this is true, then policymakers should refocus their attention away from stimulating employment and economic activity and toward bringing the subterranean economy under the tax laws. The most efficient way to do this is to destroy the incentive to participate in the subterranean economy by lowering tax rates. It has been estimated that if taxes had been collected from the subterranean economy in fiscal year 1977, the budget would have been in rough balance instead of having a $45 billion deficit.

Finally, a reduction in tax rates across-the-board will shift savings to more efficient and productive uses. In spite of the fact that average tax rates have not fluctuated very much since 1964, marginal tax rates have risen substantially. Increases in the standard deduction and the adoption of the general tax credit have held down the average rate of tax, while real nominal income has been taxed at higher marginal rates. A broad tax base with low tax rates is less disruptive of economic growth than a narrow base with high rates which can reduce the aftertax reward to saving and investment.

When a taxpayer moves into the 30-percent marginal tax bracket, it becomes profitable to look for tax shelters. Since 1965, the percentage of tax returns experiencing a 30 percent or greater marginal tax rate has increased from 2 to 10 percent. Since taxpayers in those brackets have income about three times the median, they are likely to save about three times as much of their income as their percentage of tax returns would indicate. Consequently, the percent of total personal saving which could potentially be lured into tax shelters has increased from about 10 to 30 percent since 1965.

The amount of income being directed into certain types of tax shelters has risen several hundred percent in the last few years. Demand for common stock has fallen off while it has surged for tax-exempt mutual funds and bonds. If this money were directed into common stock and other more productive areas, it would also become taxable and increase Government revenues. A reduction of one-third in all tax rates would solve much of this problem.

Almost everyone in the marginal tax brackets of 30 to 50 percent would find their marginal rate reduced to between 30 and 35 percent under this plan. They would then find that it did not pay to use tax loopholes. The number of tax returns in those brackets accounts for two-thirds of the saving done by people above the 30-percent bracket. This saving will now find its way into more productive, unsheltered private investment. It will also become taxable.

Individuals in the 50- to 70-percent tax brackets are those who use the most outrageous tax shelters—those that actually lose money in order to benefit the taxpayer. The widespread use of tax shelters by people in these brackets can be demonstrated by the fact that, at the present time, less than $3 billion is collected in tax revenues on existing taxable income that falls within these brackets. Much of the potentially taxable income in these brackets is either sheltered or has just not been earned. With a one-third reduction in the rates, the money put into these shelters would find its way into more productive, taxable activities or into sheltered municipal bonds which have greater social value.

Also, any increase in the deficit resulting from a tax rate reduction would be less harmful than a comparable increase in the deficit from spending increases. The increased aftertax reward to saving would stimulate an increase in the supply of savings which could be used to purchase any Treasury bills that might have to be issued to finance a temporary increase in the deficit. Therefore, the supply of savings for private investment would not be diminished. But under a comparable amount of spending increases, there would be no increase in saving and therefore the increase in the deficit would have to be financed from the existing supply of savings.

But the economic framework of the committee precluded these considerations. Because of this, I believe the committee's deliberations were biased against including room in 5-year revenue figures for enactment of a phased-in, substantial reduction in income tax rates, such as that proposed in the Kemp/Roth Tax Reduction Act.

I would like to add one final comment on tax cuts. The committee determined that decisions about tax cuts would be made on an annual basis. However, this 1 year at a time approach to cutting taxes is very bad for business and consumer confidence in the economy. If businesses knew that they would receive a reduction in their tax rates over a period of 3 years, they would immediately increase their investment based on the greater future aftertax profitability that would result from these investments under the lower tax rates. This increased investment would spur economic activity and would lead to the real growth in our productive capacity that we must have to create new jobs, to increase our standard of living, and to modernize our outdated plant and equipment to compete with our trading partners.

I am disappointed that the committee did not see fit to recommend a tax cut such as that contained in the Kemp/Roth bill. Our tax system is creating a crisis in this country. A tax revolt is brewing across our Nation. In light of the projected increases in taxes resulting solely from inflation and increased social security taxes, the Kemp/Roth proposal seems modest.

For instance, the gross cost of the Kemp/Roth bill for fiscal year 1983 is projected to be $150 billion. However, by that time, assuming inflation at an annual rate of 6 percent, personal income taxes will be $40 to $50 billion higher than they would with no inflation. The increased social security taxes will yield $35 billion in additional revenues in 1983. Therefore, after offsetting the increased revenues brought about by inflation and increased social security taxes, the gross cut is only $70 billion. And since under the most pessimistic projection, one-third of the tax cut would be recouped from the increase in economic activity, we can reduce the net tax reduction to no more than $20 billion. If the revenue reflows are greater, as I believe they would be, the net reduction in revenues would be even less. Including room in the 5-year revenue figures would have been a sign for the American taxpayers that we in Congress intend to do something to relieve a tax burden which has become overwhelming, which is killing the vitality of our economy, and which will become even worse. It is unfortunate that

the committee did not make this recommendation. I hope the full Senate will ignore its recommendation, made from a faulty economic framework, and leave room in the revenue figures for a substantial tax rate reduction.

Finally, I would like to comment on some points not directly related to the economic decisionmaking of the committee. First, I believe the committee makes a mistake in leaving the revenue decision to last in its deliberations. In our meetings, all spending decisions are made before the revenue figure is set. This allows our spending decisions to lock us into a revenue decision. I believe that the revenue number should be decided upon first. We should decide how much we can afford to tax our people without destroying economic incentives, and then work from there to determine spending priorities. The taxpayer should not always come last. In the Budget Committee's approach, the spending constituencies are taken care of first, and if anything is left, it is given to the taxpayer. More often than not, little or nothing is left. It is time that the taxpayer came first, and perhaps the spending constituencies will have to come up short of their demands for a change.

I am also disappointed that the committee has recommended to delay the effective date of a tax cut. Over the past year, the committee has complained about other committees juggling the effective dates in their legislation to remain within the spending ceilings or revenue floors of the effective budget resolution. It seems that the Budget Committee is playing the same kind of games with the budget process that it has complained about in the past.

The only reason for postponing the effective date of the tax cut is to reduce the size of the fiscal year 1979 deficit. There is no economic reason to postpone the tax cut. It is merely delaying its implementation to make the deficit appear smaller than last year's deficit and that suggested by President Carter. It represents no real change in policy.

I believe that this artificial reduction in the deficit by postponing the tax cut will be detrimental to our economy. The economy is long overdue for a tax cut. Our present progressive tax structure combined with our recent rates of inflation has been a drag on the economy for the past few years. Reducing taxes in the proper fashion is the most stimulative measure we can take. Postponing the tax cut will only postpone our return to a vigorous economy. I believe that, if we were interested in playing games with the deficit number, we could have more productively postponed some of the spending included in the Budget Committee recommendations.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. HAYAKAWA. I ask unanimous consent to take 1 minute to wind up my case.

The PRESIDING OFFICER. Without objection, the additional 1 minute is granted.

Mr. HAYAKAWA. I thank the Chair.

Mr. President, I must therefore encourage my colleagues to vote against this budget resolution as reported from the Budget Committee. I encourage them to make important changes, such as increasing the size of the tax cut which could be accommodated by lowering the revenue figure. I encourage them to recognize the faulty economic framework within which the Budget Committee has decided to work and to support economic policies that will increase incentives to work and produce. I encourage them to reject the big spending policies of the past that have promised prosperity, but produced only inflation. And, Mr. President, I encourage them not to rely on the faulty economic evaluations of the CBO, but instead to make their own economic judgments based upon sound economic theory and commonsense.

EXHIBIT 1

WEAK NONFEDERAL DEMAND

[Expenditures at a specified fraction of GNP or current policy levels, whichever is higher]

Year	GNP	Cons.	Sav. rate	Invest.	Fed. purch.	S & L purch.	Net exports
1979	2,271.7	1,438.1	5.6	359.2	167.7	311.0	−4.3
1980	2,517.2	1,587.7	5.9	406.2	183.2	343.2	−3.2
1981	2,782.6	1,746.4	6.3	458.0	198.2	379.2	.6
1982	3,061.0	1,911.0	6.6	513.8	218.0	419.2	−1.2
1983	3,346.6	2,076.9	6.6	572.1	236.9	462.6	−2.0

MODERATE NONFEDERAL DEMAND

[Expenditures at a specified fraction of GNP or current policy levels, whichever is higher]

Year	GNP	Cons.	Sav. rate	Invest.	Fed. purch.	S & L purch.	Net exports
1979	2,271.7	1,438.1	5.6	359.2	167.7	311.0	−4.3
1980	2,517.2	1,585.4	5.8	408.5	183.2	343.2	−3.2
1981	2,782.6	1,740.4	6.2	463.2	198.2	379.2	1.4
1982	3,061.0	1,896.9	6.3	522.2	218.0	419.2	4.5
1983	3,346.6	2,055.8	6.2	584.1	236.9	462.6	6.9

● Mr. BELLMON. Mr. President, I congratulate Senator HAYAKAWA on his insightful analysis. There is much in his statement that is convincing and helpful in our considerations.

Senator HAYAKAWA makes three points:

First, that economic models used by the Budget Committee are short term in nature and therefore not suited to 5-year budgeting. I agree with the Senator that such results should be met with healthy skepticism. In fact this committee rejected straight projections by the commercial models and instead chose to rely upon the prudent and "middle-road" path suggested in the Budget Committee report. The projection may prove to be in error, yet it is the best forecast we can construct given information presently available. Can the Senator from California suggest a "better" forecast or would he eliminate 5-year budgeting?

The second point the Senator makes is that it is erroneous to give equal weight to tax cuts and spending increases. I am told that most economists would weigh expenditure increases more heavily. Economists may have been unable to adequately capture in their models the incentive and stimulative effects of a tax reduction. Giving equal weight to tax and spending decisions is an adequate reflection of these effects.

The third point relates to reflows (increased tax revenues resulting from a stimulated economy) from a tax cut. Senator HAYAKAWA says there are three sources of reflows:

First. Increased business activity and work incentive.

Second. Increased usage of nonmonetary nontaxed trade (barter, which is a recent estimate indicated amounted to 15 percent of GNP), and

Third. Reduced incentives for nonproductive tax avoidance and evasion.

Mr. President, I would hope that the effect of a tax cut would be this productive. Recent studies by the Congressional Research Service and the Congressional Budget Office find no evidence of such large reflows in the 1964 tax cut, however:

CRS concludes that—

The feedback effects of the 1964 tax cut were not unanticipated; in fact they were an integral part of the consideration of the tax cut in Congress. Analyzing the magnitude of the feedback effects is difficult and ambiguous because of other economic influences during this era, primarily the Vietnam war buildup, however, it is clear that the feedback effects were not of a different order or magnitude that were anticipated by Congress or the Treasury.

CBO concludes that—

It is true that total revenues, unchanged from 1963 to 1964 (calendar years), rose by $9 billion from 1964 to 1965 and by $18 billion and $8 billion, respectively, in the two succeeding years. But most of this rise was due to economic growth that would have taken place even without the tax cut . . . the gain in GNP from 1964 to 1967 was by no means all or even mainly attributable to the tax cut. GNP rose by $155 billion from the first quarter of 1964 to the first quarter of 1967, and there is no model or economist who would attribute all, or anything approaching all, of this increase to a $12 billion cut in personal taxes.

Thus, Mr. President, though I agree with much that the Senator from California has said, I believe the Budget Committee adequately considered the implications of his discussion and would caution against large tax decreases that would vastly increase the deficit.●

UP AMENDMENT NO. 1246

Mr. ROTH. Mr. President, I send to the desk an unprinted amendment for immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Delaware (Mr. ROTH) proposes an unprinted amendment numbered 1246.

Mr. ROTH. Mr. President, I ask unanimous consent that the amendment be considered as read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 7, delete the numeral and insert in lieu thereof "$438,400,000,000".

On page 1, line 9, delete the numeral and insert in lieu thereof "$34,800,000,000".

On page 2, line 5, delete the numeral and insert in lieu thereof "$60,500,000,000".

On page 2, line 7, delete the numeral and insert in lieu thereof "$858,700,000,000".

On page 2, line 9, delete the numeral and insert in lieu thereof "$106,700,000,000".

Mr. ROTH. Mr. President, I am offering an amendment to the budget resolution to reduce the recommended revenue level by approximately $5 billion, from $443.3 billion to $438.4 billion.

This amendment would allow room in the budget to accommodate the enactment of a tax cut of approximately $25 billion, effective October 1, 1978.

The Budget Committee's recommended revenue target assumes the enactment of a $19.4 billion tax cut for fiscal 1979. As the committee report states, this figure represents a $25 billion tax cut on an annual basis, but assumes the tax cut would be delayed until January 1, 1979, and be effective for only 9 months of fiscal 1979.

Mr. President, the only rationale for postponing the tax cut is to reduce the apparent size of the budget deficit. While the Budget Committee's recommended budget deficit is $5 billion lower than the administration's proposed budget deficit, virtually all of the reduction in the deficit is obtained by delaying and reducing the tax cuts.

In other words, instead of reducing Federal spending to reduce the budget deficit, the Budget Committee is making the American taxpayers pay for Congress spending excesses by reducing and delaying their tax cuts.

I believe substantial tax reductions are needed to both offset the social security and inflation-induced tax increases and to reduce the total tax burden on the economy.

Because of the higher social security taxes and the impact of inflation pushing taxpayers into higher tax brackets, smaller tax cuts will only result in a tax increase on the American people.

Under the budget resolution as it now stands, the Budget Committee is recommending that Congress reduce the budget deficit by raising the tax burden on the American people.

I believe this is wrong. I believe Congress must enact substantial, across-the-board tax reductions to offset the social security and inflation-induced tax increases and to provide real tax relief for all Americans.

Furthermore, I believe Congress must reduce the budget deficit by reducing the growth rate of Federal spending, not by increasing the tax burden on working Americans.

Mr. President, my amendment does not set forth the type of tax cut that is to be enacted. This amendment would merely allow Congress to adopt a tax cut of up to $25 billion, effective October 1, 1978.

As the Budget Committee's report states, many economic forecasters anticipate a sharp slowing of economic growth in late 1978 and early 1979 if tax reductions are not enacted before that time. In addition, both the Senate Finance Committee and the Joint Economic Committee urged the adoption of larger tax cuts than the Budget Committee recommends in this budget resolution.

The heavy tax burden on working Americans has reached the breaking point, and unless taxes are reduced substantially, I believe we face the dangers of a taxpayers revolt.

The heavy tax burden on our economy has resulted in sluggish economic growth, rising prices, persistent unemployment, and reduced productivity.

And unless taxes are reduced substantially, we face continued economic stagnation, inflation, and high unemployment.

Mr. President, I want to emphasize again that substantial tax cuts are needed to offset the increased social security taxes and the inflation-induced tax increases. Because of these huge tax increases, smaller tax cuts will only result in substantial tax increases on working Americans.

We must not try to reduce the budget deficit by raising taxes on the American people.

This budget imposes no restraints on Government. It is merely a continuation of the same old pattern of more spending and higher taxes, and it is asking the American taxpayer to pay for its higher spending levels. In effect, this budget is asking the American taxpayer to make sacrifices rather than the Government.

Mr. President, let me again emphasize that this amendment does not mandate the type of tax cut that is to be enacted. This amendment does not even mandate the enactment of a $25 billion tax cut, nor does it mandate the enactment of a tax cut on October 1. This amendment merely allows Congress to preserve its flexibility to enact the tax cuts by October 1. It will give us the flexibility to retain the timetable for implementing tax cuts as recommended by President Carter and many economic forecasters.

The economy is faced with a great deal of uncertainty, and we must maintain our flexibility to act. This amendment gives us that necessary flexibility to act quickly if the economy experiences a sharp downturn in the next few months, while still retaining the flexibility to delay the tax cuts if the economy overheats.

Mr. President, we should not shut the door on our tax cut options.

I urge the Senate to adopt this amendment. I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I must say I was certain I was not hearing accurately when I heard the Senator say we should not reduce the deficit by raising taxes. I fail to understand that comment. The action of the Budget Committee was simply to delay by 3 months the effective date of the very tax cut the Senator from Delaware is supporting, a $25 million tax cut on an annual basis. He proposed to assume its effective date to be 3 months earlier. How that translates into reducing the deficit by raising taxes escapes me.

I strongly urge the Senate to reject Senator ROTH's amendment to reduce the budget resolution revenue floor to allow for general tax rate reductions beginning on October 1, 1978, instead of on January 1, 1979, as provided in the budget resolution.

The Budget Committee took its action for very specific, legitimate, and sound reasons. I will undertake to explain them.

The Roth amendment is unrealistic.

The Roth amendment would raise the deficit to an unacceptable and unnecessarily high level.

It would raise the deficit for fiscal year 1979 to a level of $60.5 billion which the Senator earlier in remarks on the floor described as dangerous. I heard him say so.

And the Roth amendment could result in substantially increased future year budget deficits as well as a loss of fiscal discipline.

The Roth amendment would allow for a $25 billion general tax reduction to be implemented on October 1, 1978, for all of fiscal year 1979. By comparison, the budget resoluton assumes a $19.4 billion general tax reduction. This amount represents a $25 billion reduction on a full-year basis, but assumes the rate reductions would become effective on January 1, 1979, for only 9 months of fiscal year 1979. The Roth amendment would allow an additional $5.6 billion of tax reductions in fiscal year 1979, but does not specify the type of reductions to be enacted, nor the extent of reductions in future years. Under the Roth amendment, the fiscal year 1979 budget resolution revenue floor would be reduced by $4.9 billion; and the deficit would be increased by $4.9 billion from $55.6 to $60.5 billion.

The Roth amendment should be rejected because it is unrealistic. Why do I say that? It is highly unlikely that the tax reduction legislation which the Ways and Means Committee has just begun to mark up can be completed early enough to be reflected in lower withholding rates by October 1.

That is the first assumption of the Budget Committee.

According to the Internal Revenue Service, it takes approximately 6 weeks from the time congressional tax bill conferees agree to new tax reductions until these changes are widely reflected in actual lower withholding. As a result, Congress would have to agree upon tax reductions by August 15, in order that they be implemented by October 1.

Based upon the numerous time-consuming issues likely to be considered as part of this legislation, as well as the relatively slow chronology of past major tax bills, it is highly unlikely new tax reductions will be agreed to as part of

the pending tax bill by August 15. This tax bill, for example, is likely to be the forum for considering general financing of social security, as well as all the numerous contentious tax proposals made by the administration.

I cannot imagine that those issues will be quickly resolved, in time for both Houses of the Congress to agree by August 15.

Recent tax legislation containing comparable numbers of major issues have taken at least an entire year to proceed through the legislative process. This was true for the Tax Reform Act of 1969, and also true for the recent Tax Reform Act of 1976.

For example, the 1976 tax bill required 9 months from the beginning of the Ways and Means markup until the completion of the conference. The Ways and Means markup required 2 months. One more month was spent in the House between rules committee consideration and floor debate. Three months were required in the Senate from the time the finance committee began hearings on the bill until floor debate began. Floor debate consumed 2 months. Another month was spent preparing for, and completing, the conference. The bill now in the Ways and Means Committee surely could not be completed before October of this year if it follows the timetables of the past.

The Roth amendment would increase the fiscal year 1979 deficit from $55.6 billion to $60.5 billion.

Assume that we make room in the budget for the Roth amendment and the tax bill is not completed in time for implementation on October 1. That would mean that the additional room that we would be making available for that 3-month period would be added to the room available in the 9 months remaining in fiscal 1979. That would support a tax cut of $32 billion. It would support rate reductions aimed at a $32 billion tax cut on an annual basis instead of the $25 billion that is the ostensible purpose of the Roth amendment, and the $25 billion on a full-year basis that the Budget Committee recommended.

The Budget Committee was well aware of that and did not want to make that room available, either for the purpose of increasing the 1979 deficit or subsequent deficits, or for still another alternative.

If that additional $7 billion is not used for general tax reduction totaling $32 billion, it would be available for special tax legislation of the kind we so often see around this place.

So the Budget Committee had three considerations in mind:

One, we cannot, realistically, enact a tax cut that will be effective October 1.

Two, that being the case, there is an inflation problem confronting this country to which we ought to try to make a contribution. Reducing the deficit to $55.6 billion, which is less than the President's deficit, less than the House deficit, is a strong signal that we could send to the business community, and to all Americans, that we are concerned about the size of the deficit.

The fact that the tax bill probably cannot be made effective October 1 gives us an opportunity to send that signal, and we ought to take it. We ought to send that signal and hold to that $55.6 billion deficit figure.

Finally, Mr. President, the Budget Committee did not think it sound, now that we are beginning to budget in terms of 5 years, to make room in the budget for a possible $32 billion tax cut on an annual basis.

That is exactly what we would be doing if we approve the Roth amendment and if my prediction that the tax bill cannot be implemented October 1 materializes. The $55.6 billion deficit reported by the Budget Committee is more than $5 billion lower than the deficit now recommended by the administration. This reduction is an important signal to the American people that the Senate is serious in its efforts to control budget deficits and inflation. Acceptance of the Roth amendment would reverse this signal.

The reduction in the deficit proposed by the committee, but vitiated under the Roth amendment, could have a favorable impact on inflation. This would occur if the reduction were reflected in reduced inflationary expectations and subsequently in reduced wage and price demands in the private sector.

The Roth amendment could result in substantially increased budget deficits in future years as well as a loss of fiscal discipline. For example, if the reduction advocated by Senator Roth were approved, Congress could adopt a $32 billion annual tax reduction effective January 1, 1979, for only 9 months of fiscal year 1979. Alternatively, under the Roth amendment, Congress also could enact a $25 billion annual tax reduction effective January 1, 1979, as well as up to $7 billion of unspecified special tax benefits. In neither case, would the budget resolution be violated, yet control over the revenue side of the budget would be lost.

There is no reason to provide the flexibility to enact earlier tax reductions that will almost certainly not be enacted.

Those, Mr. President, and not some cosmetic approach to the deficit, are the reasons why the Budget Committee assumed an effective date of January 1, 1977 rather than October 1, 1978. At that time we did not know about a Roth amendment. All we knew about was a Presidential recommendation. And even though this was the recommendation of a President of my own party, I still said it was sound to delay the effective date from October 1 to January 1 in order to reap these additional benefits.

So, Mr. President, I urge my colleagues to reject the Roth amendment.

Mr. BELLMON. Mr. President, will the Senator yield to me for about 2 minutes?

Mr. MUSKIE. Yes, I yield.

Mr. BELLMON. Mr. President, I think the chairman has made a highly eloquent and certainly sound argument against the Roth amendment. There is one additional argument I would make.

In the final months of the Ford administration, the Ford administration came to Congress with a tax package similar to the Carter package. It consisted of a tax decrease just before an election and a tax increase in January, just after the election. That is what we have now.

If we put in a tax reduction in October, this may make the voters think they are getting a kind of election day present from the Congress, only to find out that, in January, when the social security taxes come on, we will take back more than we gave them.

To me, it seems politically dishonest to come along with a tax reduction just before an election, knowing full well that the voters are going to get hit with a tax increase in January. That is another reason I voted to put off the effective date of the tax reduction until January 1 of 1979.

Mr. ROTH. Mr. President, I yield myself 3 minutes.

As I sit here listening to the arguments made against the so-called Roth amendment, I realize they are the same tired old arguments we hear year in and year out. In earlier debate today, when amendments were proposed to reduce Federal spending, the argument was, oh, no, this was a tight budget, there is no place to cut Federal spending. In other words, the Senate was unwilling to cut Federal spending to reduce the budget deficit and ease inflation. But now, when an amendment is proposed to reduce taxes we learn we dare not give the taxpayer a break back home because of it inflationary impact.

Ladies and gentlemen, it is about time we stopped ripping off the middle-class people of this country. I am only asking what the President himself has asked to be retained in the budget resolution. I am not asking today that we establish a tax cut on October 1. I am asking that the Senate have that option, just as President Carter has asked.

The distinguished chairman says that this is unrealistic, that the timetable would not permit it to be accomplished. I find it hard to believe, Mr. President, that the Treasury Department so advised the President that he would make recommendations that are unrealistic. In any event, if we find we cannot accomplish it, there is no harm, because it will not happen.

But notwithstanding what was said by the opposition, the people of this country face a substantial tax increase because of what we have done on social security taxes and because of the fact that, through inflation, almost every American faces an automatic tax increase if he is lucky enough to get a cost-of-living increase in his wages.

I want to stress again that this amendment does not mandate the type or the date of the tax cut. I intend to argue another day when a tax cut should take place, and I intend to argue another day what the makeup of that tax cut should be. What I am seeking to retain here is freedom of action, the option of considering the President's own proposal of a $25 billion tax cut October 1. If this amendment is defeated, it means that we will lose the flexibility to act quickly in this area of tax cuts if we experience a sharp downturn in the economy in the next few months.

Mr. President, I think that it is about time that we remember the campaign

promises of 2 years ago, when there was great talk about less Washington, less Federal spending, less Government regulation, and more freedom of choice on the part of the American people. The one way we can do that, the one way we can provide options to the Senate during the coming months when it considers tax cuts, is to adopt the Roth amendment, which would enable us to adopt, if we choose to do so, the President's own program.

● Mr. CRANSTON. Mr. President, as one involved from the start in helping create and implement the congressional budget process, I believe that now is a good time to examine some of its strengths and a few of its weaknesses.

Under the very strong leadership of the Senator from Maine (Mr. MUSKIE) and the Senator from Oklahoma (Mr. BELLMON), this process developed from tentative beginnings in fiscal year 1975 to become a serious exercise in congressional fiscal discipline.

It has attempted to link that discipline to an appropriate economic policy to insure a moderately paced recovery, while avoiding the rekindling of double-digit inflation.

Over these years, this process has often successfully turned back attempts to spend additional taxpayers' dollars totaling billions by rejecting proposals to authorize or appropriate more than the congressional budget would permit.

While many of us occasionally have played significant roles in assisting the budget process to achieve its objectives, no single force has been more important than the force and fervor brought to the Senate floor debates on these matters by the distinguished and dedicated chairman of the Senate Budget Committee.

He has done an outstanding job and I applaud him for it.

We have all learned much over these several years.

Each year, largely as a result of the statutory scheme of the Congressional Budget Act of 1974, we have seen new refinements in the process.

This year, for example, the budget includes an expanded number of spending categories so as to identify more precisely the national priorities for which funds are to be spent. These categories, for the first time, are divided into "missions," to point up the objectives of Federal spending within each category.

But in my view not all of this year's alterations are progressive.

One change is a series of projections—extending 5 years into the future—for each budget function and the missions within it.

Supposedly, these numbers give us some idea where the budget will be 5 years from now.

But one great lesson we have learned from our experience of the past several years is the variable quality of the numbers upon which the whole budget process depends.

When, for example, someone proposes to cut $5 billion from the defense budget next year, we now know enough to ask, "From which defense budget?"

This year's Presidential budget?

This year's congressional budget?

Next year's current policy estimate?

Next year's current law estimate?

The previous administration's budget projection for next year?

We have learned about "reestimates," which start the day after a budget is prepared—either by the President or by the Congress—and continue until the end of the fiscal year to which the budget applies.

We have observed the tactics Presidents use to keep their budget deficits lower—and the countertactics that congressional committees use so as not to be outdone by the President.

And we have learned about some of the incredible number of assumptions staff must make to provide us with any usable numbers at all.

The use of 5-year projections is premised on the admirable desire to avoid committing Congress to approval of multiyear programs with sizable future-year costs, after examining the cost implications only for the first year.

I, too, believe strongly in nailing down the tent flap, lest what appears to be the camel's nose probing under the tent turns out to be a large camel.

Of course, we should take into account the long-term consequences of our legislative and budget decisions, using the best information available at the time.

But after we have done so, we should beware giving our rough estimates a standing or credibility they do not merit, or using them as standards for actions the Senate will consider later.

I believe there are grave dangers in giving undue formal recognition to these 5-year estimates.

If taken too seriously, they may lead us into fiscally irresponsible or politically absurd postures, and thus discredit the whole budget process.

I raised some of these points in committee and in a letter to the chairman, published in the committee's report.

Mr. President, I submit for the RECORD my letter of April 12, 1978, to Chairman MUSKIE regarding 5-year projections.

LETTER FROM SENATOR CRANSTON TO SENATOR MUSKIE

U.S. SENATE,
Washington, D.C., April 12, 1978.

Hon. EDMUND S. MUSKIE,
Chairman, Committee on the Budget,
Washington, D.C.

DEAR ED: As I mentioned during the Committee mark-up session the other day, I am very concerned about the weight the Committee intends to give to the five-year projections we have been using.

Before we commit ourselves too deeply to the procedures suggested by the staff, I want to comment on them.

It is, of course, very appropriate for this Committee to try to understand the long-term consequences of our one-year budget decisions.

The Congressional Budget Act itself provides for, and encourages that kind of procedure as to the major functional categories themselves; and I support the notion of having long-term, five-year projections available for informational purposes as we consider the fiscal year 1979 figures.

But, I think it may be a mistake to give undue formality to five-year projections—as though they were real—without a thorough understanding and complete disclosure and discussion of how these numbers are derived, what assumptions go into them, to what extent those assumptions are controversial, and how likely all these estimates are to be accurate.

For the five-year projections properly to be included in the budget resolution, I believe that the Committee and then the Senate would have to consider carefully all of these factors individually, and vote to adopt not only figures but also assumptions for fiscal years 1980 through 1983.

To attempt this necessary formal consideration and adoption of five-year projections is too unwieldy and too time consuming. I believe they should be identified in the report as CBO projections of out-year implications and the underlying assumptions should be expressly stated.

Let me quickly explain why I am concerned.

Estimates by OMB and CBO often differ by hundreds of millions of dollars in a single program—not over several years, but in one year's budget. When these differences are projected out five years, they can become multi-billion dollar differences.

Assumptions have been made in all of the entitlement programs, such as veterans' programs, about the "Participation Rate"—the predicted number of eligible persons who, in the forthcoming budget year, will take advantage of the program.

Assumptions have been made about the "Suction Effect"—that is, by what increment an increase in benefits will supposedly induce a higher rate of participation. These assumptions are speculative at best.

Assumptions have been made about the unemployment rate—about the inflation rate, not only of the economy in general but of particular segments of it.

In many functions, we make assumptions about "Substitution Rates"—about interest rates—about investment rates—about spend-out rates—about the ability of agencies to implement new or old programs—about the mix of kinds of housing we expect—about the number of natural disasters we will have—about the market prices of commodities (which fluctuate daily)—and even about the weather (in the agriculture function, to name one).

The uncertainties inherent in assumptions like these and in estimating techniques make it extremely difficult to make reliable estimates even for one year. And in each subsequent year the problems become geometrically more difficult.

Finally, we are making hypothetical assumptions about legislative actions and future policy directions we cannot presume to know. The one thing we know for certain when we project current law or current policy for five years is that we will be wrong!

Thus, I have two serious problems with the five-year projections.

First, I don't see any reason to give them such credibility that we should debate them and vote on specific figures. Let me say emphatically that I think this Committee has a fine, dependable staff. And I am particularly impressed by the quality of the economic advice we have received over the past four years.

I just don't have any faith in the ability of economics or any other science to predict with any reasonable degree of accuracy the elements and the state of our economy five years in the future, based as it is on such unmeasurable elements as the state of business and consumer confidence. No person or profession can have that ability.

This problem is compounded by the non-economic assumptions which are hidden in these numbers. In the past two years, we have missed accurately predicting the rate of Federal outlays—presumably the most controllable of all the uncertain assump-

tions I have mentioned—by $12 billion and by $8 billion respectively, creating our so-called "shortfall." And these were the result of one-year—not five-year—projections.

The "pressures" created on the Budget by these out-year numbers are misleading and false. There is adequate pressure created by the real competition among programs and budget functions for the dollars we can afford to spend in any year.

Second, this Committee, the Senate, and, ultimately, the Congress, as a whole, is charged, under the Budget Act, with adopting the budget.

That is not a responsibility that can be delegated to our staff, or to the staff of CBO.

Moreover, a few instances—of which the Committee's staff are aware—have surfaced of CBO-supplied numbers which contained hidden assumptions reflecting a bias of the analyst who prepared them, as to whether a congressionally approved program would work, and in what way.

Once published, our numbers acquire a life of their own—no matter how often we explain or revise them. Often they are used as a standard against which our future work is evaluated.

While even our one-year numbers need to be constantly revised and re-estimated, the estimating errors compound themselves over a five-year period to make the resulting numbers extremely tenuous and render them of little utility as formal standards for judging present decisionmaking.

In summary, I believe it a serious mistake to give these numbers more credibility than they deserve. I, therefore, urge they be identified as CBO or Committee staff projections and that the underlying assumptions be fully and expressly stated, differentiated from the current budget year numbers.

I request that this letter containing my views be included in the Committee's report.

Cordially,

ALAN CRANSTON.

Mr. CRANSTON. Mr. President, in essence, my letter reaches two main conclusions:

First, that so many assumptions, both economic and noneconomic, are built into these future-year projections that their inaccuracy is virtually guaranteed.

Second, that neither the Senate as a whole, nor even the Budget Committee, has the time, patience or fortitude to examine each debatable assumption, determine its accuracy or applicability, and resolve the various policy questions implicit in choosing one set of numbers over others. Yet, without such detailed scrutiny, the Senate will not see the policy implications hidden in the future-year numbers, or insure that these numbers reflect the Senate's intentions.

I am well aware that this year the future-year numbers are not in budget resolution, but merely in the committee's report. I, for one, hope they never show up in the resolution. But once these numbers have been printed, they acquire a life of their own, against which the Senate's future performance will be measured.

Yet no Senate committee—not even the Budget Committee, and certainly not the Senate as a whole—will have determined whether these future-year numbers are soundly based.

Five-year projections are difficult, if not impossible to validate. Yet a Senate which simply accepts them as reasonable budget estimates lends itself to being misled by invisible judgments involving assumptions which may be inaccurate, biased or ill-conceived.

The Budget Committee adopted lump sum cumulative totals, allocated by mission but not by year, for the period fiscal year 1980–83. But in the committee report "committee recommendations" appear for each year fiscal year 1980–83.

My understanding of the cumulative totals on which the committee voted without significant discussion was that they were projections supplied by staff to reflect the considered judgments which the committee made for fiscal year 1979.

Yet when the "committee recommendations"—which the committee neither considered nor made—are closely scrutinized, it is apparent that they do not conform with the policies implicit in the fiscal year 1979 budget figures.

For example, in function 700 (veterans' affairs and services) mission 3 (hospital and medical care for veterans), the committee recommended a total slightly above current policy for fiscal year 1979, but the totals for each future year fall below current policy significantly, apparently based on some invisible policy judgments which the committee neither discussed nor made. Certainly, nothing in the record of the committee deliberations supports severe cutbacks in the level of funding for veterans' hospital and medical care that these out-year numbers would require.

All of these assumptions are built into calculations to produce a single set of numbers which the committee believes is better than no numbers at all. I am not sure that belief is well-founded. And I am deeply troubled by the possibility of having imputed to me, as a member of the Budget Committee, assumptions and recommendations with which I disagree, and which the committee never made.

Systematic reductions of future-year estimates produces what has been called "pressure on the numbers".

It is my belief that taxpayer concern about high Federal spending, and our own desire to be bound by appropriate fiscal discipline and economic policy, create sufficient "pressure on the numbers" to eliminate any need for artifically created pressure. I'm sure there is a need for other means to reduce the budget. I just question this artificial numbers game.

While there are, as I have noted, certain judgments that I believe ultimately belong to the Senate and not to the staff, I cannot leave this subject without mentioning the tremendous job I believe the staff of the Budget Committee has done over these several years, and particularly this year, in preparing materials for the consideration of the committee and the Senate, and in helping to make this budget process work. There are many very talented people on the staff of the committee who have made a major contribution to this process. I deeply appreciate that contribution.

One final point, Mr. President, it is not "fiscal extravagance" to propose alternatives to the Budget Committee's recommendations, as though the committee's actions were definitive on how the priorities of the budget should be arranged.

There are fiscally responsible alternatives. I was somewhat dissatisfied with many of the functional totals arrived at by the committee—and my votes in committee reflect that.

But to have different priorities is not to be fiscally irresponsible. My own recommendations would reflect the totals I supported in committee and a slightly deeper tax cut than the committee recommends, and still provide for a lower deficit than the one specified by the resolution before us.

My own preferences include small increases in a number of other functions of the budget where I believe the Budget Committee's recommendations would do injustice to particular programs.

Our fiscal policy can be maintained by offsetting these increases with what I believe is an appropriate decrease:

I do not support the level of military spending endorsed by the Budget Committee—which is $11.6 billion more than the generous amount of budget authority provided for fiscal year 1978 and $1.4 billion higher than the President's request for fiscal year 1979.

That kind of increase in a year of strict budgeting and peace is my idea of fiscal irresponsibility. For that reason, I have supported the McGovern transfer amendment, and other responsible attempts to reduce the defense budget this year.

To the extent that the Senate as a whole takes the time to refine the work product of the Budget Committee to reflect the will of the Senate, the budget process will continue to provide a fiscal discipline with which the Senate can live.

That is an objective well worth achieving.●

The PRESIDING OFFICER. Who yields time?

Mr. MUSKIE. We are ready to vote.

Mr. ROTH. I am ready to yield back my time.

The PRESIDING OFFICER. Is the remainder of the time yielded back on both sides?

Mr. ROTH. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Delaware. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Montana (Mr. PAUL G. HATFIELD), the Senator from Minnesota (Mrs. HUMPHREY), the Senator from South Dakota (Mr. ABOUREZK), and the Senator from Mississippi (Mr. EASTLAND) are necessarily absent.

I further announce that, if present and

voting, the Senator from Minnesota (Mrs. HUMPHREY) would vote "nay."

Mr. STEVENS. I announce that the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah, (Mr. GARN), the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 22, nays 65, as follows:

[Rollcall Vote No. 135 Leg.]

YEAS—22

Cranston	Laxalt	Roth
Danforth	Long	Schweiker
Ford	Lugar	Stevens
Hansen	McClure	Thurmond
Hatch	McIntyre	Tower
Hayakawa	Packwood	Wallop
Heinz	Percy	
Helms	Proxmire	

NAYS—65

Allen	Glenn	Moynihan
Anderson	Gravel	Muskie
Bartlett	Hart	Nelson
Bellmon	Haskell	Nunn
Bentsen	Hatfield,	Pell
Brooke	Mark O.	Randolph
Bumpers	Hathaway	Ribicoff
Burdick	Hodges	Riegle
Byrd,	Hollings	Sarbanes
Harry F., Jr.	Huddleston	Sasser
Byrd, Robert C.	Inouye	Schmitt
Cannon	Jackson	Scott
Case	Javits	Sparkman
Chafee	Johnston	Stafford
Chiles	Kennedy	Stennis
Church	Leahy	Stevenson
Clark	Magnuson	Stone
Culver	Mathias	Talmadge
DeConcini	Matsunaga	Weicker
Dole	McGovern	Williams
Domenici	Melcher	Zorinsky
Durkin	Metzenbaum	
Eagleton	Morgan	

NOT VOTING—13

Abourezk	Garn	Pearson
Baker	Goldwater	Young
Bayh	Griffin	
Biden	Hatfield,	
Curtis	Paul G.	
Eastland	Humphrey	

So Mr. ROTH's amendment was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MIDDLE-INCOME TUITION ASSISTANCE

Mr. CULVER. Mr. President, I wish to inquire of the distinguished chairman of the Budget Committee.

One issue which Congress will undoubtedly address in this session is how to provide some additional financial assistance to middle-income families hardpressed by the rising costs of higher education. What does the resolution assume for middle-income tuition assistance?

Mr. MUSKIE. I appreciate the Senator's question, and we have had some discussion about it.

The first concurrent resolution includes $0.5 billion in revenue losses for a college tuition tax credit targeted on full-time undergraduate students. The resolution also includes $0.1 billion in spending for the refundable portion of the credit.

Mr. CULVER. I am told that the House Budget Committee has assumed an alternate program of expanded scholarship, loan, and work study assistance targeted to middle-income students. If the tax credit is not enacted, would the $0.5 billion in revenue reductions and $0.1 billion in spending, assumed in this budget resolution for the tuition tax credit, be available for such a spending program?

Mr. MUSKIE. I cannot commit myself, nor the Budget Committee, to a position with regard to any specific legislation which was not assumed in this resolution. However, assuming the budget resolution conference agrees to the tax credit, but the Congress subsequently rejects it, an alternative form of tuition assistance for college education which did not increase the total size of the Federal budget beyond the $600 million included for the tax credit would not do violence to the spirit of the budget resolution. This assumes, however, that the Finance Committee would not use for other purposes the $500 million in tax reductions and $100 million in increased spending that it would have available under the budget resolution for the tax credit approach. The revenue, outlay, and budget authority levels contained in the budget resolution would also have to be adjusted in the second budget resolution in order to take account of this change. And, I am sure the Senator realizes that this $0.6 billion is only about 40 percent of what is necessary to fund the spending proposal advanced by the President or the Human Resources Committee.

Mr. CULVER. In other words, in both Houses of Congress, the budget resolutions envisage additional financial assistance to middle-income students for the costs of higher education. Whether it will come in the form of tuition tax credits as the Senate resolution predicts, or as expanded scholarship, loan, and work-study programs as the House resolution envisions, remains to be determined.

Mr. MUSKIE. Yes.

Mr. CULVER. The resolution of that question, as I understand it, will begin in the conference committee on the first concurrent budget resolution and then continue later in the session as the two Houses make decisions on the substance of the alternative approaches.

Mr. MUSKIE. Yes.

Mr. CULVER. I thank the Senator.

THE 1979 BUDGET RESOLUTION—ALL BLOAT, NO BALANCE

Mr. HELMS. Mr. President, it is not only wrong for the Federal Government to spend more than it takes in year after year, it is destructive to the economy, and ultimately to our society.

For this reason, I oppose the budget resolution before the Senate. A more proper and constructive resolution would provide a substantial reduction from the proposed fiscal 1978 deficit of $51.1 billion and would point the Federal Government in the direction of a balanced budget by 1980—one of President Carter's goals.

BUDGET SHOULD MOVE TOWARD ZERO DEFICIT

The only stated reason—and it is often stated—not to propose a resolution calling for a balanced budget in the coming year is the claim that the disclocations that would be required would be costly and would be unfair to individuals who would have to make great changes on short notice. In fact, I believe it can be shown that the "cost" to the Nation in terms of economic dislocation and the disruption caused by the effects of Federal deficits is massive. It is not, however, as easily quantifiable as the obvious beneficial changes that would be required by a significant shift away from a $50 billion annual deficit.

I am aware of some of the arguments against a change toward a balanced budget.

First, it has been said that the resolution before the Senate is a result of requests from the various "committees of jurisdiction" which plan to submit legislation or have already submitted legislation calling for spending massive amounts of money. I can sympathize with the dilemma confronting anyone trying to juggle various requests. But, is not the purpose of the budget process to force hard choices on the Congress?

Our first priority should be the determination of a figure within which we must work. That figure should not be one that proposes an addition to the Federal debt of $55.6 billion.

It seems that if the budget process has merit, then it should entail a pledge that Congress will work within the framework of strict limits on Federal spending. Those limits must be determined and limited by expected revenues.

Now, a related argument would be that any resolution providing for a smaller deficit would require massive cuts in various programs or massive increases in taxes. The advocates of the resolution before the Senate might ask which program or programs might I wish to name as candidates for any particular budget cut.

My response is this: The debate should not now be on which programs to cut or which taxes to raise. The debate should be whether or not we are going to continue down this path of massive deficits. That must be the first question.

If the Federal Government is going to spend $500 billion next year, the question is how is it going to be financed. Honestly, through taxes or surreptitiously, through borrowing and inflation.

Finally, the argument is that any move to balance the budget would have adverse economic effects. I admit that it is impossible to wean a calf in a day. It is impossible to change massive allocations of resources instantly without great cost. But, in fact, great costs are imposed by deficit spending every day and every year we continue to spend profligately.

ADVANTAGES OF A BALANCED BUDGET

What the proponents of the status quo do not discuss are the salutary effects a balanced budget would have on our

economy. With less government demands in the capital market, interest rates would go down and it would be cheaper for businesses to make investments in job-creating plant and machinery.

With a balanced budget, lower interest rates could be expected on mortgages and more people would enter the housing market.

With a balanced budget, the inflation rate would decline and added incentives would be given for savings and investment, further stimulating the economy. A lower inflation rate and a balanced budget would give the businessman a reason to believe that government was going to cause less dislocation and disruption in the economy. That alone would have the effect of creating confidence enough for investment resulting in added hundreds of thousands of jobs. Such a commitment would result in higher levels of economic activity which in itself would create added Federal revenues.

The stagnant economy cannot provide for the improvement in the status of those who most desire economic success. It cannot provide the tax revenues to pay for the programs Congress has already authorized, let alone ones in the minds and on the drawing boards of some of those in Congress.

Only a growing economy can provide the society we want. Only a balanced budget—and proper tax policies—can provide an atmosphere in which the economy can approach the rate of growth of which it is capable.

ECONOMICS OF A FEDERAL DEFICIT

Mr. President, it is a grave error for Congress to ever intentionally and consciously adopt spending and taxing programs that result in Federal deficits. Even in times of grave national emergencies, there is reason to say that budget deficits are not justifiable. There may be cases in times of war that the Federal Government would do the extreme—would spend more than it takes in. On the other hand, war time should be a time of sacrifice for all citizens, and not merely our armed services personnel.

Inevitably, however, a deficit is not just a means of financing Federal spending. A Federal deficit is a prevarication to the people for whom government exists. It is a statement that the people are going to get more government than they are paying for: That government will provide the proverbial free lunch.

That even the powerful Federal Government can accomplish the miracle of loaves and fishes is just not true. In any economy or any system, there is just so much output. Government consumes such output of that economy as represented by total Federal outlays. Whether or not it taxes people to pay for those outlays, it consumes them. Last year it consumed 22.7 percent of the Nation's GNP. Whether or not taxes pay for that consumption, it is consumed.

The Federal "take" is there regardless of the means of financing it. When there is a deficit, it means that instead of taxes—instead of things lawmakers vote on—the money is raised through borrowing. The $55 billion proposed deficit in the coming year would be paid for by borrowing from people who would otherwise be spending that money themselves, or who would be lending it to others in the private sector to do what they—free individuals—would do with those funds.

But it is not just the duplicity of refusing to tax for spending that deeply disturbs me, it is the effects of Federal borrowing. It is inflation. It is a tax that no Member of Congress would support, and yet the majority of Congress forces it down the throats of the American people via massive deficit spending.

The inevitable takes place like this: The Treasury acts as Congress' agent and must raise the difference between income and outlays by selling securities. The private market reacts by increases in the interest rate brought about by added competition from Treasury securities. The Federal Reserve Board comes under pressure by those who feel that higher interest rates are a result of too small a money supply, and usually the Federal Reserve Board relents. It buys the Treasury securities and thus adds to the reserves of its members. It effectively increases the money supply by this act by making member banks more able to make loans. The money supply is increased above and beyond the normal needs of the economy, and inflation results.

Too much money chasing to few goods is inflation. It is a direct result of Federal money creation. It is a direct result of deficit spending.

THE EFFECTS OF INFLATION

And for a moment let me mention the effects of inflation. Let me reiterate what should be common knowledge in the press, in the universities, and in all centers of policymaking.

Inflation is a means of transferring resources from one party to another. In the case of the biggest debtor in the world, the Federal Government, it is a case of transferring resources from the holders of the Federal debt to the Federal Government.

For example, on April 20, the Federal debt stood at $740,145,019,139. Inflation means that the amount of goods and services represented by that many dollars is constantly declining. It means that every year we have 6 percent inflatino, the Federal Government rips off $44 billion. It means that the holders of savings bonds, the pension funds with Treasury securities, the college endowments holding Federal securities are "taxed" through inflation of tens of billions of dollars.

John Davenport, former associate editor of Fortune magazine put it this way. Inflation is equivalent of a huge income tax no legislature would ever pass. If a person invested $100 in a savings account and was promised 5-percent interest, the income on that $100 investment would be $5. But, inflation at 6 percent per year takes away $6 of purchasing power every year from that $100 investment. In other words, the "tax" of inflation is greater than the income. In fact, the income is being "taxed" at 120 percent per year. And, in face of this we wonder why savings and investment is down. We wonder why job-creating capital is hard to come by and why mortgages are scarce.

The impact of inflation on the elderly in our Nation alone should make every political officeholder give his vote and his every action—not just lip service—to fighting inflation. It makes the savings and pensions of the elderly inadequate. It makes the elderly dependent on relatives, or worse, on welfare. Inflation hits hardest at those least able to afford it.

Inflation is a great disruptor in other ways, but it nonetheless is both the stealthiest tax and the most unfair.

For Congress to talk about inflation and decry its dangers and then adopt massive spending programs is the worst form of double dealing. It is simply wrong to say that inflation can be curbed when the Government spends $50 or $60 billion more than it takes in.

Mr. President, this is fact. It is not a matter serious men should have to debate any longer. Can anyone, at this late day, with any confidence at all, say that inflation is not inevitable given this kind of budget?

It is time that Congress admit the truth. Inflation is not caused by coal strike settlements. Inflation is not caused by oil price increases. Inflation is not caused by automobile price increases. Inflation is caused by Government: our Government.

INFLATION IN THE BUDGET

Inflation is not a line item in anyone's annual budget, but perhaps it should be. Unfortunately, the inflation caused by one year's budget deficit does not hit in the year Congress approves inflation-causing spending. It hits 18 months or so after the debt is incurred.

Because it is not directly related in time, it has been a convenient if objectionable way of paying for spending programs.

I believe, however, that the American people are now coming to the conclusion that inflation is a direct result of Government mismanagement of its financial affairs. The great majority of Americans consider inflation to be our major economic problem. In fact, even liberal economists like Arthur Okun are now coming to the conclusion that for years the adverse effects of inflation have been underestimated.

As I mentioned, a strict, harsh approach to this problem would be a balanced budget in the next year. Unfortunately, Government has acquired too many dependents of various kinds and it would be harmful to the economy and to the lives of many thousands of individuals to change overnight. I believe that change away from the ultimately destructive path of massive deficits is of critical importance. It is crucial.

It is with regret that I must say that the resolution before us does not provide for a change away from the path of more and more deficits, more and more economic disruption, and more inflation and more unemployment.

● Mr. JACKSON. Mr. President, I fully support the national budgetary goals set forth in Senate Concurrent Resolution

80. The proposed budget for fiscal year 1979 is designed to promote continued expansion of our national economy with an accompanying reduction in unemployment at the lowest possible risk of inflation.

However, in light of current balance-of-payments deficits, achievement of these goals will be difficult. As the Budget Committee's report indicates the United States balance of payments have swung from a surplus of $11.6 billion in 1975 to a record deficit of $20.1 billion in 1977, an outflow of an estimated $31.7 billion. This change has been caused in large part by the rapid expansion of oil imports. The critical nature of this capital outflow emphasizes the need for a strong national energy policy based upon the reduction of oil imports and the greater utilization of domestic energy supplies.

The budgetary needs for implementation of such a national energy policy were considered by the Committee on Energy and Natural Resources in the formulation of its recommendations to the Budget Committee. In the committee's judgment the recommended budget authorities and outlays were viewed as necessary to achieve national energy program goals. The committee's recommendations also reflect anticipated enactment of the conference agreement on energy legislation associated with coal utilization, energy conservation, utility rate reform, and natural gas legislation.

In order to adequately provide for the implementation of this energy legislation, the Energy Committee recommended that the total budget authority for the energy function be increased by $1,531,000,000 above the President's proposed budget of $9.5 billion. The Energy Committee's recommendations were viewed as necessary to implement current law as well as agreements reached by the Senate-House conference on national energy plan legislation. The committee's recommendations do not reflect anticipated supplementary funding requests from the administration for major new energy supply initiatives. Such initiatives may require subsequent adjustments in the second budget resolution.

Mr. President, adequate funding for these energy programs is essential if we are to reduce oil imports without accompanying adverse impacts on our economy. Thus I am disturbed by the action of the Budget Committee in recommending a fiscal year 1979 target of $10.2 billion in budget authority for the energy function. This is $500 million below the $10.7 billion target recommended by the authorizing committees. Adoption of this ceiling is likely to preclude full implementation of the National Energy Act and the initiation of major new energy supply initiatives. For example, there is insufficient flexibility for the Congress to authorize significant additional projects for the early commercialization of coal gasification, oil shale and solvent refined coal.

Mr. President, in formulating its views and recommendations the Committee on Energy and Natural Resources gave major consideration to emerging national needs and priorities. Our concern was for the effective maintenance of ongoing programs of proven importance within the requirement for strict fiscal responsibility. The greatest possible emphasis was placed upon economic and fiscal restraint. The Energy Committee's recommendations thus were conservative. Therefore, I am deeply concerned for the potential impact of the Budget Committee's recommendation.

Mr. President, before continuing I wish to ask the distinguished chairman of the Budget Committee (Mr. MUSKIE) for a clarification of the numbers for the energy function as set forth on page 74 of the report on Senate Concurrent Resolution 80. My question concerns the figure of $10.7 billion in budget authority as recommended by the authorizing committees.

The President's budget request for the energy function anticipated a refund of $500 million in "gas guzzler" taxes. However, I understand this refund is not assumed for in the Budget Committee's recommendation of $10.2 billion for the energy function. Am I correct?

REVISED MUSKIE COMMENTS FOR JACKSON COLLOQUY

Mr. MUSKIE. Mr. President, let me respond to the distinguished chairman of the Energy Committee by first noting that the Budget Committee does not line-item specific programs and projects. We do not attempt to establish programmatic detail in the functional targets we recommend. That is the task of the authorizing and appropriation committees.

In formulating the functional targets this year, we employed for the first time the concept of missions as a means to construct our recommendations. Use of these missions, which are displayed in the committee report accompanying the budget resolution, enable us to provide further explanation of our recommendations, without impinging upon the jurisdiction of the other committees. In formulating our recommendations, we must, of course, consider major spending proposals such as the gas guzzler tax refund.

The chairman of the Senate Energy Committee is correct in his interpretation of the committee's assumption regarding a refund of the proposed gas guzzler tax. The Budget Committee recommendation of $10.2 billion in budget authority does not assume enactment of legislation providing for these refunds, as the President's budget request proposes. The committee did not do so because the Senate Committee with legislative jurisdiction over the tax, the Finance Committee, made no mention of the tax or refund in its March 15 report, and because enactment of this refund, at this time, seems most unlikely. The refund is not part of either the Senate or House version of the energy bill now in conference.

Should the refund be enacted, funding for other programs would be affected. By the passage of an item not contemplated in the budget resolution, the competition for funds is increased. There are more claims placed upon the same number of dollars. Items that otherwise could be funded within the targets of the resolution might well be displaced if an unforeseen item, such as this proposed refund, were to require funding. This is one of the benefits of the new budget process. It forces related programs to compete, squarely and openly, for the limited dollars available.

Mr. JACKSON. I thank the Senator for his clarification of this point.

Mr. President, as chairman of the Senate Committee on Energy and Natural Resources, I am disturbed by testimony and comments of administration officials indicating that the President's proposed budget consciously underfunded various programs in the expectation of major supplementary appropriation requests. This was of sufficient concern to the Energy Committee that its report to the Budget Committee states:

> The President's proposed budget has consciously underfunded various programs in the expectation of submitting major "supplemental" appropriations requests later in fiscal year 1979. To the extent that the committee has discovered such inadequacies in the proposed budget, this report recommends that the First Concurrent Budget Resolution for fiscal year 1979 and the relevant authorization and appropriations acts provide for adequate funding at this time.
>
> The sizeable increases recommended by the Committee are, to a significant extent, occasioned by anticipated "supplemental" budget requests which will be necessary to carry out program activities currently anticipated by the Executive Branch, but not fully provided for in the President's proposed budget for fiscal year 1979.
>
> The Budget Committee may wish to give its serious attention of this practice of deferring funds requests into "supplemental" appropriations measures. The adverse effects upon the budgetary process of such an approach are self-evident.
>
> The Congressional process of annual authorizations and the First Concurrent Budget Resolution cannot be effective or rational if major policy decisions which will impact on the current and next fiscal year are habitually withheld by the Administration until initial budget decisions have been completed by the Congress.

Mr. MUSKIE. I welcome this comment by the distinguished chairman of the Energy Committee, and I share his concern.

If an administration consciously reduces its January budget request by not including funds for programs it fully intends to initiate and fund during the fiscal year, then its proposed budget is but an interim document that misleads the public, mocks the congressional budget process, and is an affront to those of us in the House and Senate who are working for budgetary discipline.

I cannot say this forcefully enough. Budgetary proposals must be presented in the beginning of the year, prior to the first budget resolution. The section of the Energy Committee's report quoted by Senator JACKSON is exactly right:

> The congressional process of annual authorizations and the first concurrent budget resolution cannot be effective or rational if major policy decisions which will impact on the current and the next fiscal year are habitually withheld by the administration until initial budget decisions have been completed by the Congress.

Let me advise those in the executive branch responsible for budgetary matters that we expect the President's January budget to be a full and complete document. This administration, or any administration, no longer can simply send up major budgetary proposals whenever it suits them, and expect the Congress to wrench its budgetary process accordingly.

This year, the January budget does not contain funding requests for either the urban policy or for phase two, the new energy supply initiatives now under review in the Department of Energy. If the administration wants to fund phase two in fiscal year 1979, it should have so advised the Congress and presented its proposals in time for the Energy Committee to comment upon them in the March 15 report to the Budget Committee and in time for the Budget Committee to consider them in the context of the first budget resolution.●

● Mr. HANSEN. Mr. President, I would like to take a few minutes of the Senate's time to discuss the funding in Senate Concurrent Resolution 80 for function 270, the energy programs in the budget for fiscal year 1979. Function 270 provides the new budget authority and estimated budget outlays for energy programs in the Federal Government. The concurrent resolution before us would include $10.2 billion for new budget authority and $10.1 billion for estimated budget outlays in fiscal year 1979 for the energy programs.

Mr. President, the energy budget submitted in January by President Carter included many seriously underfunded programs. For instance, the solar budget for fiscal year 1979 was essentially the same as that eventually appropriated in fiscal year 1978, thereby accommodating no growth in this important, congressionally mandated research program The President also recommended a significant cutback in the solar heating and cooling demonstration program, which has been the underlying foundation for much of the progress made to date in this exciting new technology. Other major cuts occurred in the nuclear fission and fusion programs, and, of course, the President again included no continued funding for the Clinch River breeder reactor project. Also, many of the new funding initiatives included in the conference bills for the National Energy Act were not included in the President's request. As a result, it is clear that the President's request seriously underfunded the required activities of the Department of Energy and many vital programs.

Function 270 primarily consists of the programs in the new Department of Energy, but there are some other programs of significance, such as those of the Nuclear Regulatory Commission. Within the areas of the jurisdiction of this committee, function 270 included a total of $9.5 billion in the President's budget request. As a result of the committee's analysis and the factors ennumerated above, the committee recommended an increase of that funding authority for fiscal year 1979 to a total of $11.1 billion. Because of some differences in the accounting procedures used by the two committees, the Budget Committee reflected the estimates of all of the authorizing committees at $10.7 billion.

The budget resolution before the Senate today includes a total of $10.2 billion in new budget authority and $10.1 billion in estimated budget outlays for fiscal year 1979 in function 270. It is noteworthy that the Appropriations Committee estimated a total of $10.5 billion in budget authority by comparison to the $10.7 billion estimated by the authorizing committees and the eventual $10.2 billion recommended by the Budget Committee in this resolution. As a consequence, this budget resolution sets a target of $500 million below the estimate of the authorizing committees. Additionally, it is likely that a total of $160 million in new uranium enrichment revenues included in the President's budget will not be authorized by the Congress in this session. As a result, there has been a net reduction in this committee s estimate of nearly $700 million. Consequently, the new budget authority available to the Energy Committee in its consideration of the Department of Energy budget is very constrained under this resolution. Despite that severe constraint, it has been the intent of the bipartisan leadership of the committee to make every effort to report an authorization bill within that budget resolution target.

It is particularly noteworthy that the budget estimate report from the Energy Committee, Senate publication 95–95, dated March 15, 1978, anticipated that there may be further requests for new budget authority forthcoming from the administration to fund a series of new energy supply initiatives. In fact, the report included the following statement at page 1.

> As the report was being prepared, several comments and testimony by representatives of the administration implied that a "Second Phase" to the President's National Energy plan is under active consideration. Because there presently is no substantive information concerning these potential administrative or legislative proposals, they are not reflected in this committee's estimates and recommendations. To the extent that the new proposals are inconsistent with the actions already anticipated by the Congress, the incorporation in the fiscal year 1979 budget may present significant difficulties both in the authorization and appropriation processes.

This paragraph makes clear the Energy Committee's position that any such new initiatives would cause a serious budgetary problem in terms of any eventual budget targets and related authorizations and appropriations. It also is clear that the committee took the required action to place the Budget Committee on notice of this potential eventuality, and its impact on the budget resolution process.

Importantly, we now have become aware of the so-called phase II energy supply initiatives, which the President is supposed to release on or about May 1. The initiatives will be released in the form of a budget amendment which at least in draft includes well over $300 million in additional new budget authority and over $150 million in increased budget outlay estimates. For instance, one project alone would involve at least $150 million in budget authority this year and a total of at least $0.5 billion over time. It also is clear that many of these new energy supply initiatives will have the strong support of many Members in the Senate, and there will be intense pressure to authorize those new initiatives in the Energy Committee or on the floor of the Senate. Consequently, it is clear that these new supply initiatives may cause the Energy Committee and the Senate to significantly exceed the target in the pending budget resolution, perhaps by as much as $0.5 billion. As noted above, the situation was not unanticipated by the committee, and appropriate notice had been given to the Budget Committee.

Normally, we might be persuaded to offer an amendment to the pending Senate Concurrent Resolution 80 to increase the new budget authority and the estimated budget outlays in function 270 to accommodate the phase II energy supply initiatives. The leadership of the Energy Committee, including Chairman JACKSON, myself, subcommittee chairman CHURCH, and ranking subcommittee minority member HATFIELD, have agreed to defer any budget resolution action at this time. It is our collective feeling that it would be premature to force the Budget Committee and the Senate to consider these new supply initiatives which have not yet been formally presented by the administration, and which have not been formally reviewed and considered by the committee. Also, these new initiatives will have to be the subject of similar reviews within the Appropriations Committee in the weeks ahead. We, therefore, will make no effort to offer an amendment to this budget resolution to increase the targets for function 270 to include these inevitable budget-breaking increases.

It, however, is important that the Senate and our Budget Committee be fully cognizant of these forthcoming budgetary actions. It also is important that due consideration be given to the forthcoming actions in the subsequent Senate–House conference on this budget resolution with the other body. The leadership of the Energy Committee would hope, and will strive to achieve, an appropriate resolution of the requirements of the budget process and the budgetary actions which will be taken to authorize any of these new energy supply initiatives. Accordingly, we seek the understanding and support of the Budget Committee leadership as this situation develops.●

● Mr. BROOKE. Mr. President, it is important to keep in mind what this first concurrent resolution does and does not do. It does set targets, or guidelines, for the other committees of the Senate to use as they proceed over the next few months to act on authorization and appropriation bills. "Target" is the operative word in this context.

In its report on the first concurrent

resolution, the House Budget Committee states explicitly that the measure "establishes targets" and adds that, "These targets will guide Congress in its fiscal year 1979 spending and revenue decisions."

Thus it is clear that the first concurrent resolution does not set mandatory ceilings beyond which the other committees may not go. There are good reasons for taking this approach. Congress does not want to deprive itself of flexibility in meeting the Nation's needs. And at this stage "targets"—but not mandatory ceilings—permit the authorization and appropriations committees, the Congress' traditional source of expertise on individual program spending requirements, the flexibility necessary to do the job expected of them.

Thus our Labor-HEW Appropriations Subcommittee put its tremendous knowledge and experience to work when it developed its recommendations for the first concurrent resolution. The subcommittee has been in business for a long time and is well aware of the need for fiscal restraint. But it is equally aware of the many segments of our society which are dependent upon the Federal Government for assistance in meeting even minimal needs.

More particularly, they are dependent on the Labor-HEW appropriations bill—which directly or indirectly touches every one of our citizens—for the many forms of assistance it provides. I speak of assistance for the jobless, for those lacking in adequate health care and educational opportunity, for the aged, the handicapped, the poor and especially for our children.

The assumptions we developed took these needs into consideration. I believe our assumptions are realistic and necessary to permit the Congress to provide the funding that is needed for such vital programs as community health centers, family planning, home health care, sudden infant death, lead-based paint poison prevention, mental health centers and mental health training, and the training of health professionals.

In the area of biomedical research, I am convinced our subcommittee will want not only to continue but to step up the battle against cancer, heart disease, arthritis and the other diseases which kill or afflict mankind. And I am hopeful that our subcommittee will act to begin implementing the important recommendations made by both the commission on Huntington's disease and the commission on epilepsy.

In education, I believe that we will wish to do more for the educationally deprived, for the handicapped and for efforts to ease the course of school integration. I believe, for instance, that Follow Through is an excellent program which should not be ended as the President's budget proposes. I also believe that Head Start is a major national resource which should be further strengthened.

In the area of poverty, I know that the weatherization program helps the poor and helps to conserve our precious energy supplies. It should be kept in the antipoverty program and it should be expanded. I have announced plans to see to it that both steps are taken.

And I am extremely disappointed with the funding levels for housing and urban mass transit programs in the administration's fiscal year 1979 budget which are reflected in the first budget resolution. In housing for low and moderate income families and elderly, the funding provided for represents only a very modest gain in activity from 1978 levels, and is not even enough to keep pace with the rate of inflation. For example, this resolution would support HUD's request for funding for 400,000 units of assisted housing. However, an analysis by the congressional budget office indicates that only 375,000 units of assisted housing could be provided at that level of funding since the budget unrealistically assumes no inflation between 1978 and 1979. Even at the 400,000 unit level, only 180,000 units of new and substantially rehabilitated housing would be provided under the section 8 program. That program level would not even begin to meet the critical housing needs of our low income people.

I had hoped that the President's urban policy which was announced on March 27 would have recognized the importance of housing as an essential element of an urban strategy. But the urban policy provides no additional funding for urgently needed programs for new and substantially rehabilitated housing for lower-income families and the elderly, for maintenance and management of our existing public housing stock, and for subsidies to assist financially distressed HUD-insured multifamily housing projects. Instead, only $150 million in new funding for housing programs are included in the urban policy, and those funds will be used only for a new small multifamily rehabilitation loan program.

Similarly, with regard to urban mass transit, the funding levels provided for operating and capital assistance to mass transit systems are inadequate. I am particularly concerned that the low level of funding for operating assistance to existing transit systems will result in serious hardships for those cities with a substantial local commitment to transit. In addition, the levels of funding would allow for virtually no new money for capital commitments to mass transit over the next 5 years. It seems to me that this budget resolution does not adequately respond to the needs of our existing urban mass transit systems and raises serious questions about this Administration's commitment to future development and growth of urban mass transit. Again, I had hoped that the President's urban policy would have provided additional funding for urban mass transit. But sadly, it has not. I believe that a stronger Federal commitment to mass transit is essential to support our broader national energy and urban goals.

I could go on and on cataloguing the important programs we deal with, but it should be clear that we feel very strongly about them. We regard it as our duty to the Senate and the Nation to make recommendations which reflect the human needs and concerns of our society. We believe it would be an abdication of our responsibility to do otherwise.

Thus we have laid our plans for fiscal 1979 and in the weeks and months ahead we shall flesh these out with a series of funding decisions on each of the programs within our jurisdiction.

The Budget Act anticipates our making these decisions. While it gives us "targets" to work with, it provides an environment of flexibility within which we may work. For the Budget Act is not an instrument to promote only the status quo or worse, but rather one through which the needs of the Nation may be met with intelligence and with the utmost compassion for our less fortunate citizens.

The process has been structured to provide us with this flexibility and we accept it. Once we have made decisions that are in the Nation's interest, it then becomes the responsibility of the Congress to rationalize these decisions within the second concurrent resolution that is adopted in September. The purpose of the second concurrent resolution is not to destroy what Congress has done over the intervening months, but rather to develop a measure that takes cognizance of needs as well as resources.

Meantime, it is important to remember that we are only at the beginning of the budgetary process. The measure we are acting upon today is purely advisory. We still have a long way to go—and many important decisions to make—before we bind ourselves to mandatory ceilings for fiscal 1979.●

● Mr. WILLIAMS. Mr. President, I would like to take strong exception to the levels established by Senate Concurrent Resolution 80 as reported by the Budget Committee in one particularly important area: the Federal public transportation program. The committee's action established a 1979 budget level of $3.2 billion for this program, below even the Carter administration's recommendation for fiscal 1979 of a program level of $3.34 billion. If this inadequate level is maintained through the conference with the House of Representatives, the Congress of the United States would be turning its back on the mass transportation program and exacerbating the problems this Nation faces on the environment, in arresting urban decay, and of course, promoting alternatives to the unnecessary private use of the automobile which accounts for so much of our energy problem. Mr President, I submit this is no time for the Senate or the Congress to signal a retreat from the strong federal commitment to public transportation.

I have been a sponsor and supporter of Federal assistance for public transportation programs for almost 20 years now. As a Senator from a State with extensive and vitally important public transportation systems, I have fought to develop an effective program of Federal assistance to give much needed help to areas which had long been dependent on a good public network and to interest other cities in the benefits of public transportation.

Since the passage of the landmark Urban Mass Transportation Act of 1964, the country has developed effective and successful programs to improve existing transit systems as well as to develop new systems and programs in many parts of the country where the automobile was once the only available form of transportation.

Our developing recognition of the environmental and energy problems caused by the automobile has underscored the importance of an adequate public transportation program. It is not enough to encourage development of alternate energy sources; or to require more fuel-efficient and less-polluting automobiles, or to promote a 55-mile-an-hour speed limit. We must act to get the people of this country—to get ourselves—out of our cars wherever possible and on to an efficient, usable, and attractive public transportation system. This "transit psychology" has been developed in many areas already, such as New York, New Jersey, Philadelphia, Boston, and Chicago. We have seen new rail systems built and become accepted ways of life in Washington and San Francisco. We have seen cities like Los Angeles and Denver take major steps to improve bus service and make significant improvements in ridership.

To build on the progress we have already made, we must have a program that will provide sufficient financial assistance to improve and maintain existing systems, while fostering the development of new services in those places where public transportation has not played as effective a role as it could and one day will.

In the hearings the Banking, Housing, and Urban Affairs Committee held last month on S. 2441, the administration's transit bill, I was very impressed by the testimony about the effectiveness of our public transportation programs, and the potential they have to play an even more significant role in solving our energy, environmental, and urban problems. But the message was driven home very clearly—the local officials who are developing and operating these programs need an assured and adequate Federal financial commitment. This is not, however, a request for the Federal Government to simply pay for the entire program. State and local effort continues to underwrite the bulk of program costs, especially operating costs. In New York and northeastern New Jersey, for example, since the start of the section 5 program, Federal assistance has covered only about 6 percent of operating costs. Almost 94 percent of the $1.5 billion annual cost of operating these systems is paid by the people of the area either through fares or tax subsidies. In other major cities the figures are also substantial. In Chicago, 16 percent of operating costs are paid out of section 5; Philadeldelphia 9 percent; Washington, D.C., 12 percent; Cleveland 15 percent; and St. Louis, 19 percent.

Over the years this program has developed a partnership at all levels of government. As costs rise, as more services are provided, the Federal share of this partnership should keep pace. This is not, after all, a giveaway program. It is not a windfall for special interests. Millions of people in this country are dependent on public transportation, and it is a vital national interest to get millions more out of their cars and onto buses and trains.

The concerns clearly stated in our hearings were that the administration did not go far enough in its proposals. To the dismay of public officials and transportation experts all over the country, the administration's proposals simply held the line on growth for a program that can and does make a significant difference in our use of energy and the effect on our environment. We cannot afford the indirect costs of increasing our dependence on the automobile. We can well afford to keep working toward more effective public transportation systems.

The following excerpt from the testimony presented by the National League of Cities and the U.S. Conference of Mayors summarizes the weight of the testimony:

> The funding levels for the discretionary program are of deep concern to the League and the Conference. A five year authorization of $3.7 billion for Fiscal Years 1979–1983 for major capital projects means project delays and stretchouts which will inhibit the growth of public transportation in our cities to a great degree. Existing commitments will total $1,962 billion at the beginning of Fiscal Year 1979. This will mean that only $1,738 billion, or some $350 million per year for the five year authorization period covered by S. 2441 will be available to finance new commitments. This will mean delays until 1982 or beyond for major projects now being considered in our largest urban areas. Indeed, Mr. Chairman as you well know. Richard Page, Administrator of the Urban Mass Transportation Administration informed this Committee. . . that at the proposed discretionary funding level only one start of a new system could begin during the five year period.
>
> The Conference and the League have consistently called for growth in funding for operating assistance. S. 2441 fails to accomplish this much needed objective by providing for only a continuation of the $900 million a year level presently in the law. This is net decrease in the program when inflation is considered.

In fact, Mr. President, cities whose rail projects could be delayed by the budget constraints include Atlanta, Los Angeles, Baltimore, Chicago, New York, and New Jersey, Philadelphia, Honolulu, Boston, San Francisco, and others. Some of these localities are trying to extend existing systems; others are trying to develop the initial stages of rail systems.

Mr. President, I am extremely disappointed by the action of the Senate Budget Committee. The budget level for public transportation does not even sustain the program at current levels when inflation is factored into the Budget Committee's levels.

The Senate has already expressed its willingness to make a commitment to an effective and growing public transportation program. Last year the Senate passed S. 208, which provided program levels higher than either the administration's request or the Budget Committee's report—and the levels in the passed version of S. 208 were significantly lower than I thought necessary when I introduced the bill. The average funding levels under S. 208 as introduced were approximately $4.5 billion a year, including amounts for interstate transfer transit projects. These proposals were based on a careful analysis of the projected needs of the transit program. At Transportation Secretary Adams' request, we made S. 208 into an interim bill, designed basically to assure continuation of the program as the minimum acceptable level while the administration had an opportunity to devise its transit policy. The final S. 208 levels, adjusted to levels "acceptable" to DOT called for a program level—inclusive of interstate transfer—of about $3.5 billion a year. Now, Mr. President, we have the administration come in at $3.14 billion for 1979, which they raised to $3.34 billion through the urban initiative. Then we have the Budget Committee which decides it won't even meet the administration's level, and comes in at $3.2 billion for fiscal 1979. I am particularly concerned that these actions were taken with the specific intention of deemphasizing this important program.

We need only to look to the language of the Budget Committee's report on the first concurrent resolution to see exactly what the problems are with both the President's proposed funding levels, and the levels proposed by the Budget Committee. Regarding the President's initial proposed funding level:

> Current policy would cost an additional $3.4 billion in budget authority and $1.1 billion in outlays. This could permit construction starts on one or two additional new rail systems, although Federal grant assistance would continue to emphasize less capital-intensive projects such as rail rehabilitation and modernization, bus replacement, restricted traffic lanes, improved traffic management, and the like. Financial pressures on local transit systems would be eased somewhat, but it still would not be certain that Federal assistance would be adequate to both continue the current rate of bus fleet expansion and pay an average of 16 percent of transit operating expenses.

Regarding the Budget Committee proposals:

> The Committee recommendation would permit funding slightly in excess of the President's January budget request, and thus would approximately maintain current activity levels for programs providing assistance for mass transit construction, extension and rehabilitation, bus purchases, other capital assistance, and operating subsidies. Without reductions in other programs, however, it is unlikely that the recommended targets would be adequate to fund construction of any major new rail systems or to implement any sizable new grant programs such as that recently proposed by the President for construction of multi-modal transportation terminals in central cities.

In effect the Budget Committee has taken a stand against building new rail systems, or implementing any new grant programs. This attitude demonstrates a lamentable lack of serious, long-range concern for the future of our cities, and the impact of our energy problems. The short-range results just do not seem to be impressive enough to the Budget Committee. The fact that after almost 30 years of steady decline, our efforts at the Federal, State, and local level have

turned the problem around. On a national basis, ridership figures have been increasing for the last 4 years. While the percentage increases on a national level may not be spectacular, the mere fact that the decline of public transit ridership has been reversed is spectacular in itself. It shows me that our efforts have not been wasted, and that the American people can be attracted out of their cars.

Mr. President, the efforts made under this program, and the results achieved, convince me that transit offers a strategic alternative to both our energy problems and our urban problems. Reduction in nonessential automobile travel and increased use of transit for essential travel will preserve our urban mobility and reduce energy consumption. Aggressive expansion of transit services as part of a comprehensive urban revitalization policy will promote concentration of urban activities and will result in a significantly more energy efficient urban form over the next 20 to 30 years. The potential energy savings from medium-range urban strategies which channel our cities' growth potentially will influence energy consumption far more than any short-range strategy. To achieve this long-range success, we must work to develop our systems now. We need to start the phased construction of rail systems in cities that can truly benefit from these systems. We have to build extensions onto many systems to make them more effective, and we have to make a solid commitment to modernizing systems in areas which are heavily dependent on effective rail rapid transit. The challenge of meeting the long-term needs for effective public transportation will not be met by a budget that would, as the report says:

. . . approximately maintain current activity levels.

In the next few days, I expect the Banking Committee to report a transit bill that will provide a responsible and adequate funding level for this program. I hope that the progress made by the Banking Committee toward meeting our public transportation needs will not be thwarted.●

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 30 minutes with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

WITHDRAWAL

As in executive session, the Presiding Officer laid before the Senate a message from the President of the United States withdrawing the nomination of Col. Junior Henry Burkhead, for appointment as brigadier general in the Adjutant General's Corps, Army National Guard, sent to the Senate on April 6, 1978, which was laid on the table.

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 3:21 p.m., a message from the House of Representatives delivered by Mr. BERRY, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 1617. An act to establish a program of ocean pollution research, development, and monitoring, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore.

The message also announced that the House insists upon its disagreement to the amendments of the Senate to the bill (H.R. 6782) to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion; requests a further conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. FOLEY, Mr. POAGE, Mr. DE LA GARZA, Mr. JONES of North Carolina, Mr. JONES of Tennessee, Mr. MATHIAS, Mr. BOWEN, Mr. ROSE, Mr. RICHMOND, Mr. WAMPLER, Mr. SEBELIUS, Mr. JOHNSON of Colorado, and Mr. MOORE were appointed managers of the conference on the part of the House.

COMMUNICATIONS

The PRESIDING OFFICER laid before the Senate the following communications, together with accompanying reports, documents, and papers, which were referred as indicated:

EC-3421. A communication from the Acting Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the Department of the Navy's proposed Letter of Offer to the Federal Republic of Germany for Defense Articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-3422. A communication from the Deputy Assistant Secretary of Defense (Military Personnel Policy), reporting, pursuant to law, concerning the administration of Officer Responsibility Pay; to the Committee on Armed Services.

EC-3423. A communication from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 6(d)(1) of the Military Selective Service Act (50 USC App. 456(d)(1)) to provide greater training flexibility for Reserve officers ordered to active duty for training for not more than six months by deleting the requirement that they be ordered to active duty for not less than three months; to the Committee on Armed Services.

EC-3424. A communication from the Director, Defense Civil Preparedness Agency, reporting, pursuant to law, on property acquisitions of emergency supplies and equipment; to the Committee on Armed Services.

EC-3425. A communication from the Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to provide for the advance payment of station housing allowances for members of the uniformed services assigned overseas; to the Committee on Armed Services.

EC-3426. A communication from the Secretary of the Navy, transmitting a draft of proposed legislation to approve the sale of certain naval vessels, and for other purposes; to the Committee on Armed Services.

EC-3427. A communication from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to modernize the permanent faculty structure at the United States Military Academy; to the Committee on Armed Services.

EC-3428. A communication from the Assistant Secretary for Economic Development, Department of Commerce, reporting, pursuant to law, that the report of the Economic Development Administration for fiscal year 1977 has been delayed in processing; to the Committee on Commerce, Science, and Transportation.

EC-3429. A communication from the Vice President, Government Affairs, National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers per day on board each train operated and the on-time performance at the final destination of each train operated by route and by railroad, for the months of October, November and December, 1977; to the Committee on Commerce, Science, and Transportation.

EC-3430. A communication from the Vice President, Government Affairs, National Railroad Passenger Corporation, transmitting, pursuant to law, a report on total itemized revenues and expenses, revenues and expenses of each train operated, and revenues and total expenses attributable to each railroad over which service is provided, for the months of November and December, 1977; to the Committee on Commerce, Science, and Transportation.

EC-3431. A communication from the Director, Office of Management and Budget, Executive Office of the President, proposed legislation providing for the designation of chairmen and vice chairmen of the United States International Trade Commission; to the Committee on Finance.

EC-3432. A communication from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to implement the Customs Convention on Containers, 1972; to the Committee on Finance.

EC-3433. A communication from the Chairman, Interstate Commerce Commission, transmitting, pursuant to law, the annual report of the ICC; to the Committee on Governmental Affairs.

EC-3434. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, two reports of the Department's intention to establish new systems of personal records; to the Committee on Governmental Affairs.

EC-3435. A communication from the Chairman, Civil Service Commission, transmitting a draft of proposed legislation to amend chapter 87 of title 5, United States Code, to increase the amounts of regular and optional group life insurance available to Federal employees and provide optional life insurance on family members; to the Committee on Governmental Affairs.

EC–3436. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Audit of Commodity Credit Corporation for Fiscal Year 1977," April 14, 1978; to the Committee on Governmental Affairs.

EC–3437. A communication from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, an act adopted by the Council on March 7, 1978, which would require, by statute, the installation of smoke detectors in dwelling units, hotels, motels, hospitals, nursing homes, jails, prisons and residential-custodial care facilities in the District of Columbia; to provide regulations for installation of smoke detectors, and for other purposes (Act 2–178); to the Committee on Governmental Affairs.

EC–3438. A communication from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, an act adopted by the Council on March 21, 1978, which would amend the District of Columbia Teachers' Salary Act of 1955, and for other purposes (Act 2–177); to the Committee on Governmental Affairs.

EC–3439. A communication from the Acting Chairman, United States Nuclear Regulatory Commission, transmitting, pursuant to law, the Commission's first annual report on the administration of the Government in the Sunshine Act for the one year period of March 12, 1977 through March 12, 1978; to the Committee on Governmental Affairs.

EC–3440. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Management of Security Assistance Programs Overseas Needs to be Improved," April 21, 1978; to the Committee on Governmental Affairs.

EC–3441. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Status of the Air Force's F–16 Aircraft Program," April 24, 1978; to the Committee on Governmental Affairs.

EC–3442. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Food Stamp Work Requirements—Ineffective Paperwork or Effective Tool?", April 24, 1978; to the Committee on Governmental Affairs.

EC–3443. A communication from the President of the United States, relating to 1979 requests for appropriations totalling $1.2 billion for the proposed Middle Income Student Assistance program; to the Committee on Human Resources.

EC–3444. A communication from the U.S. Commissioner of Education, Department of Health, Education, and Welfare, transmitting, pursuant to law, an updated summary of the activities of each State currently considering either the establishment of a guarantee agency program or participation in the program through a private nonprofit organization; to the Committee on Human Resources.

EC–3445. A communication from the Acting President, Overseas Private Investment Corporation, transmitting, pursuant to law, a report pertaining to the Freedom of Information Act; to the Committee on the Judiciary.

EC–3446. A communication from the Chief Counsel Designate, National Telecommunications and Information Administration, Department of Commerce, transmitting, pursuant to law, a report pertaining to the Freedom of Information Act; to the Committee on the Judiciary.

EC–3447. A communication from the Secretary of Labor, transmitting, pursuant to law, a report pertaining to the Freedom of Information Act; to the Committee on the Judiciary.

EC–3448. A communication from the Assistant Director for Information, Department of Agriculture, transmitting, pursuant to law, a report pertaining to the Freedom of Information Act; to the Committee on the Judiciary.

EC–3449. A communication from the Administrator, Veterans Administration, transmitting a draft of proposed legislation to amend title 38 of the United States Code to require that veterans receiving hospital, nursing home or outpatient medical care from the Veterans Administration for nonservice-connected disabilities be charged for such care to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under workers' compensation or automobile accident reparation statutes of any State, and for other purposes; to the Committee on Veterans' Affairs.

EC–3450. A communication from the Administrator, Veterans Administration, transmitting, pursuant to law, the report of a study to determine the most effective specific methods of using the programs carried out under Chapter 37 of title 38, United States Code or by amending the aforesaid Chapter 37, title 38, United States Code, in order to aid and encourage present and prospective veteran homeowners to install in their homes solar heating, solar heating and cooling or combined solar heating and cooling, and to apply residential energy conservation measures; to the Committee on Veterans' Affairs.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

POM–601. A joint resolution adopted by the Legislature of the State of California; to the Committee on Environment and Public Works:

"SENATE JOINT RESOLUTION No. 28

"Whereas, There are demands exceeding supplies of high-quality water in most of California and extending beyond its borders to the east and south, now and in the foreseeable future; and

"Whereas, Studies indicate an abundant renewed supply of icebergs of appropriate size and characteristics, accessible for acquisition during the daylight thawing season in the Antarctic (January through March of each year), which could be a possible supplemental source of freshwater supply for the State of California; and

"Whereas, The icebergs can be harnessed and brought slowly to deep water near areas of use with less energy required per unit of delivered water than for desalting or for transfer from any source requiring the energy equivalent to a pumping lift of more than a few hundred meters above sea level; and

"Whereas, the icebergs must be protected from melting loss to moving seawater for efficient use at any location, and this can be done for a total delivered cost well below those for desalting or other long distance transfers at sea level; and

"Whereas, The icebergs while moored at terminal locations serve as unique reservoirs, relatively invulnerable to earthquakes and other disasters and not threatening to the surroundings, accruing significant net condensation gain over evaporation loss, and having benign impact of most environments in which they would be converted for freshwater and cooling benefits; and

"Whereas, The least costly way of resolving the remaining technological uncertainties appears to be to initiate a pilot program immediately to test and demonstrate alternatives in an operational environment so that more efficient designs can be selected for operational applications; and

Whereas, There are others (private and governmental) interested in participating in a pilot program and in absorbing major portions of the costs and benefits in an early program; and

Whereas, It could be important to provide a technology assessment of this new water supply where the feasibility is demonstrated in a pilot program under strict monitoring of all environmental impacts to satisfy all local and global concerns before significant commitment is made to operational investment; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly. That the Legislature of the State of California respectfully memorializes all federal agencies with approval responsibilities to support a pilot program for technology assessment of promising a water supply from imported Antarctic icebergs for Carolina and global interests; and be it further

Resolved, That federal approval include, among others, the following:

1. Coast Guard monitoring of operations outside of local jurisdiction for safety and environmental impact.

2. State Department and National Science Foundation with respect to Antarctic treaty obligations.

3. Army Crops of Engineers.

4. Environmental Protection Agency.

5. Pertinent federal energy agencies; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the President of the United States, to the Coast Guard, the Department of State, the National Science Foundation, the Department of the Interior, the Bureau of Reclamation, the Army Corps of Engineers, and the Environmental Protection Agency, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–02. A joint resolution adopted by the Legislature of the State of California; to the Committee on Commerce, Science and Transportation:

"SENATE JOINT RESOLUTION No. 32

"Whereas, The State of California possesses an abundance of aerospace experts unmatched in this country; and

"Whereas, Space exploration and development are critical to the country and to California; and

"Whereas, The space shuttle inaugurates a new era of possibilities for the planet and the exploration of Jupiter by the orbiter probe, as well as conversion of the sun's rays to electricity by means of space solar power satellites which represent challenges that the people of the State of California are eminently qualified to undertake; and

"Whereas, Governor Brown has strongly endorsed space development and California's commitment to the aerospace industry with emphasis on the skill and quality of the state's labor force; and

"Whereas, Despite the layoff of workers caused by cancellation of the B1 bomber, the state's aerospace industry has a bright future; and

"Whereas, The aerospace industry has developed new technology which has a practical application in many other sectors of the state's economy; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to revitalize the California aerospace industry through usage of the state's aerospace economy; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–603. A joint resolution adopted by the Legislature of the State of California; to the Committee on Agriculture, Nutrition, and Forestry:

"SENATE JOINT RESOLUTION No. 30

"Whereas, The Japanese beetle (Popillia japonica) is a voracious pest that feeds on hundreds of ornamental plants and agricultural crops, which is harmful in both the adult and larval states, and poses a threat to both the urban and rural environment of this state, including field and orchard crops, floriculture and nursery stock, and backyard plantings; and

"Whereas, The Japanese beetle heavily infests all of the states along the Atlantic seaboard but does not occur in the western half of the United States; and

"Whereas, This pest has not yet become entrenched in California, due to the natural land barriers, but continues to be introduced by aircraft; and

"Whereas, Millions of dollars would be required to control this pest in California, resulting in consumer price increases, if it gets out of control; and

"Whereas, It is more efficient to pursue a course of action whereby an infestation of Japanese beetles is arrested at points of origin of well-known hazard or heavily infested areas; and

"Whereas, The United States Department of Agriculture has conducted an eradication program in those states known to be infested, which has included insecticidal treatment of pest-hazardous airports and aircraft leaving those airports for the West Coast, thus protecting California from infestation from this pest; and

"Whereas, The United States Department of Agriculture has determined that it cannot eradicate Japanese beetles and, thus, had not provided any funds for the eradication of this pest including airport and aircraft treatment; and

"Whereas, The United States Department of Agriculture consented to do some airport and aircraft treatment this year, only after considerable pressure had been brought; and

"Whereas, The United States Department of Agriculture has made no commitment to resume such treatments in the coming fiscal year or thereafter; and

"Whereas, This year, as a sample, a total of three hundred and fifty-six Japanese beetles have been taken from aircraft arriving in California from the eastern pest-hazardous airports; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and Congress of the United States and the Secretary of Agriculture to take all the necessary actions to raise the priority of, and to substantially increase expenditures indefinitely for, pest-hazardous airport treatment and California-bound aircraft treatment and to continue existing quarantine programs; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Secretary of Agriculture, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–604. A joint resolution adopted by the Legislature of the State of California; to the Committee on Human Resources, and the Committee on Finance, jointly:

"SENATE JOINT RESOLUTION No. 31

"Whereas, The Internal Revenue Service is interpreting Public Law 93–406, the Employee Retirement Income Security Act of 1974, as requiring all state and local government pension and retirement plans to file certain annual returns and reports provided for in ERISA; and

"Whereas, ERISA indicates a clear congressional intent that state and local government plans not be regulated or file returns as interpreted by the Internal Revenue Service; and

"Whereas, Such interpretation by the Internal Revenue Service threatens the integrity and future of state and local government pension plans by exposing them to potential tax on investment income, as well as the loss of deferred tax treatment granted beneficiaries of qualified plans; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, joint'y, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to reiterate the intent contained in the Employee Retirement Security Income Act of 1974 that state and local government pension and retirement plans are not required to file annual returns and reports under that act, and to cancel or refund any penalties imposed on such plans in the past for late filing or failure to file those returns or reports; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–605. A joint resolution adopted by the Legislature of the State of Wisconsin; to the Committee on Agriculture, Nutrition, and Forestry:

"SENATE JOINT RESOLUTION 53

"Whereas, the current level of corn prices is at an alarmingly low level of $1.68 per bushel, which is 32 cents per bushel less than the $2 per bushel cost of production to the farmers who raised it; and

"Whereas, the price of corn, in the opinion of leading grain market experts, is being controlled by grain monopolies such as Cargill, Continental Grain and Ralston-Purina; and

"Whereas, the domination of the market by these and other conglomerates causes a disruption of the laws of supply and demand which imposes unacceptably low prices on Wisconsin farmers for their corn and other produce; and

"Whereas, the loss of income to farmers will destroy their ability to produce vital grain and foodstuffs, thus putting food production under the control of the corporate farms, a development that will result in higher prices for the consumers; now, therefore, be it

"Resolved by the senate, the assembly concurring, That congress initiate an investigation of the grain market to determine if the market is being controlled by these conglomerates and that congress explore methods of eliminating that control including the divestiture of the grain conglomerates; and, be it further

"Resolved, That congress explore means of guaranteeing the small family farms an honest return on their crops, through such devices as price supports, opening of foreign markets and other measures to guarantee the family farmer a competitive profit in the market place."

POM–606. A resolution adopted by the Legislature of Guam; to the Committee on Commerce, Science, and Transportation:

"RESOLUTION No. 285

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, U.S. international air carriers presently have departure rights from many different cities among the fifty states of the United States, with international flights often stopping at several U.S. cities prior to leaving the United States; and

"Whereas, present regulations prohibit U.S. international air carriers from accepting on their international flights domestic passengers traveling from one state to another; and

"Whereas, on October 6, 1977, U.S. Congressman Norman Y. Mineta introduced H.R. 9472 authorizing U.S. international air carriers to carry domestic 'fill up' traffic between U.S. cities in the various states; and

"Whereas, H.R. 9472 reads in part, 'that on scheduled flights in foreign air transportation, each certificated air carrier is authorized to transport persons, property and mail between points served on such flights in any state or the District of Columbia.'; and

"Whereas, the territory of Guam must remain vitally interested in the economic health of Pan American World Airways so long as Pan American World Airways is the sole airline permitted to service Guam directly to and from the United States; and

"Whereas, allowing Pan American World Airways to transport domestic air traffic would increase their revenues while utilizing costly and depleting fossil fuel to the fullest; and

"Whereas, permitting domestic travel on international air carriers will increase the number of passengers flying Pan American World Airways and thereby substantially increase the awareness of Guam within the continental United States; now, therefore, be it

"Resolved, that the Fourteenth Guam Legislature does hereby, on behalf of the people of Guam, endorse H.R. 9472 and further urges the President of the United States, the U.S. Congress and the Civil Aeronautics Board to support H.R. 9472 as introduced by Congressman Norman Y. Mineta; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States; to the President of the U.S. Senate; to the Speaker, U.S. House of Representatives; to Representative Norman Y. Mineta; to the Chairman of the Civil Aeronautics Board; to the President of Pan American World Airways; to Guam's Washington Representative; and to the Governor of Guam."

POM–607. A joint resolution adopted by the Legislature of the State of Colorado; to the Committee on Energy and Natural Resources:

"HOUSE JOINT RESOLUTION No. 1021

"Whereas, The 'Reclamation Act of 1902', containing a provision limiting to one hundred sixty acres the amount of land persons may own for which project water may be supplied, is outdated; and

"Whereas, The objective of this limitation to provide opportunity for a maximum number of farmers on the land has been achieved; and

"Whereas, In most cases the objective of promoting family-sized farms is not economically feasible on one hundred sixty acres with modern agricultural practices; and

"Whereas, Soil conditions, climate, types of crops, and farm management vary from farm to farm and in all parts of the country; and

"Whereas, In many cases, federally funded water projects increase productivity of the land, thus providing additional tax revenue to the federal government which more than offsets the subsidy for building the projects; and

"Whereas, The owners of such lands are subject to differing rules and regulations, including residency requirements, family relationships, sale of excess lands, and other administrative rules and regulations, depending upon the attitude of the United States Department of the Interior; and

"Whereas, The agricultural industry should be provided the latitude to efficiently produce abundant supplies of food for this country and to make sufficient amounts of food available to the hungry people of the world; now, therefore,

"Be It Resolved by the House of Representatives of the Fifty-first General Assembly of the State of Colorado, the Senate concurring herein:

"That the General Assembly supports a Congressional legislative moratorium on the enforcement of the one-hundred-sixty-acre limitation as provided in the 'Reclamation Act of 1902' and supports the subsequent repeal of the one-hundred-sixty-acre limitation.

"Be It Further Resolved, That copies of this Resolution be transmitted to the President and Vice President of the United States, the Secretary of the United States Department of the Interior, and each member of Congress from the State of Colorado."

POM–608. A resolution adopted by the Board of County Commissioners of St. Louis County, Minnesota, relating to State or Federal acquisition of privately owned lands within St. Louis County; to the Committee on Energy and Natural Resources.

POM–609. A joint resolution adopted by the Legislature of the State of Virginia; to the Committee on Energy and Natural Resources:

"HOUSE JOINT RESOLUTION NO. 134

"Whereas, the Commonwealth of Virginia has long recognized the great blessings with which it is endowed by nature, and has regularly sought to protect those natural resources for the continuing benefit of the people; and

"Whereas, an opportunity has been called to the attention of the General Assembly of Virginia to permanently assure to the people the continuing benefits now available on publicly-owned wild land which possesses extraordinary natural values in the way of scenery, sparkling clear streams, native trout fishery, wildlife habitat, rare mountain bogs and forested mountains offering high-quality outdoor recreation; and

"Whereas, this tract of land, identified as the St. Mary's River Watershed, consisting of approximately 10,695 acres, is located entirely within the George Washington National Forest in Augusta County, Virginia and involves no privately owned lands; and

"Whereas, this tract of land contains the St. Mary's River which has been studied and recommended to the Virginia General Assembly for inclusion in the State's Scenic River System, due to its outstanding scenic, natural and recreation values; and

"Whereas, by placing this area in the National Wilderness Preservation System under the Wilderness Act (while remaining a part of the National Forest System and administered by the U.S. Forest Service), we can assure that the outstanding natural values of the area will be maintained unimpaired for present and future generations, which at the same time permitting their free use by citizens in ways which neither consume these values, nor interfere with the normal processes of nature; and

"Whereas, encroachment on this area by the construction of roads, buildings, dams and logging or any other works of man prohibited under the Wilderness Act, could severely damage its existing high-quality natural values and so deprive the public of their increasingly scarce, natural benefits; and

"Whereas, the protection of the Wilderness Act will enhance the valuable scientific study of nature's process in this area, by preventing intrusions upon, or interruptions of such studies, and will assure a genetic reserve of plant and animal species which elsewhere are being altered or destroyed; and

"Whereas, wilderness, being the unique heritage of the American nation, the character of its people having been forged in the wilderness, it is fitting that appropriate portions of our remaining wilderness be preserved as a reminder of that heritage, just as we commonly preserve other historic shrines for the benefit and enjoyment of the people; now, therefore, be it

"Resolved by the House of Delegates, the Senate concurring, That the Virginia General Assembly hereby endorses the placement in the National Wilderness Preservation System under the Wilderness Act, the St Mary's River Watershed, located within the George Washington National Forest, in Augusta County, on the west slope of the Blue Ridge Mountains, about twenty miles south of Staunton, consisting of approximately 10,695 acres; and, be it

"Resolved further, That the Clerk of the House of Delegates is hereby instructed to send copies of this resolution to the members of the Virginia Congressional Delegation and all other members of the 95th Congress, to actively support and vote for appropriate legislation to this end."

POM–610. A resolution adopted by the Legislature of the State of New York; to the Committee on Foreign Relations:

"RESOLUTION NO. 217

"Whereas, This Legislative Body is shocked and horrified by the abduction of former Prime Minister Aldo Moro of Italy and the wanton slaying of five of his bodyguards by the terrorists known as the Red Brigades, an urban guerrilla group; and

"Whereas, This kind of moral malaise internationally is, indeed, a contagion that affects the whole fabric of our world society and breeds a sense of mental and moral ill-being that ought to be eradicated at all costs whatsoever, otherwise we will witness the decline and fall of our Twentieth Century world; and

"Whereas, It is the sense of this Legislative Body that it should express its sense of outrage and serve notice on all democratic legislative and parliamentary bodies of the free nations of the world at all levels of government, ranging from local to national, that there should be a concerted effort to eliminate terrorism and its attendant despair, instilling a new sense of survival, by enacting meaningful laws to discourage this dreadful violence; now, therefore, be it.

"Resolved, That this Legislative Body pauses in its deliberations and deplores and denounces the kidnapping of former Prime Minister Aldo Moro of Italy and the wanton slaying of five of his bodyguards by the terrorists known as the Red Brigades, an urban guerrilla group; and be it further

"Resolved, That copies of this resolution, suitably engrossed, be transmitted to the President of the United States, to the Italian Ambassador to the United States, to the Secretary General of the United Nations, to the Speaker of the House of Representatives of the United States, to the President Pro Tempore of the Senate of the United States and to each member of the Congress of the United States from the State of New York."

POM–611. A resolution adopted by the city commission of the city of Margate, Fla., relative to foreign policy of the United States; to the Committee on Foreign Relations.

POM–612. A joint resolution adopted by the Legislature of the State of Tennessee; to the Committee on the Judiciary:

"HOUSE JOINT RESOLUTION NO. 21

"Be it resolved by the House of Representatives of the Ninetieth General Assembly of the State of Tennessee, the Senate concurring, That pursuant to Article V of the Constitution of the United States, application is hereby made to the Congress of the United States to call a convention for the purpose of proposing an amendment to the Constitution of the United States to make the federal judiciary more accountable to the citizenry by requiring (1) that judges of all United States courts be subject to appointment for a fixed term, such as six years or eight years, at the end of which their continuance in office would be subject to the results of balloting by the voters of the geographical jurisdiction served by such judges, with the voters voting yes or no on the question: 'Shall (name of justice or judge) be retained in office as (justice or judge) of the (name of court)?' and (2) that judges of all United States courts be required to retire at age seventy (70) and no person who has attained that age would be eligible for appointment as a justice or judge.

"Be it further resolved, That this application shall constitute a continuing application for such convention under Article V of the Constitution of the United States until the legislatures of two-thirds (2/3) of the several states shall have made like applications and such convention shall have been called and held in conformity therewith, unless the Congress itself propose a similar amendment within the time and the manner herein provided.

"Be it further resolved, That proposal of a similar amendment by the Congress and its submission for ratification to the legislatures of the several states in the form of the article hereinabove specifically set forth, at any time prior to the sixty (60) days after the legislatures of the two-thirds (2/3) of the several states shall have made application for such convention, shall render such convention unnecessary and the same shall not be held; otherwise such convention shall be called and held in conformity with such applications.

"Be it further resolved, That as this application under Article V of the Constitution of the United States is the exercise of a fundamental power of the sovereign states under the Constitution of the United States, it is requested that receipt of this application by the Senate and the House of Representatives of the Congress of the United States be officially noted and duly entered upon their respective records, and that the full context of this resolution be published in the official publication of both the Senate and the House of Representatives of the Congress.

"Be it further resolved, That certified copies of this Resolution be transmitted forthwith to the Senate and the House of Representatives of the Congress of the United States, to each Senator and Representative in the Congress from this state, and to each house of the legislature and the Secretary of State of each of the several states, attesting the adoption of this resolution by the legislature of this state."

POM–613. A joint resolution adopted by the legislature of the State of Tennessee; to the Committee on the Judiciary:

"HOUSE JOINT RESOLUTION NO. 22

"Whereas, each year this nation becomes more deeply in debt as its expenditures grossly and repeatedly exceed available revenues so that the legal public debt limit has exceeded 437 billion dollars; and

"Whereas, attempts to limit spending, including impoundment of funds by the President of the United States, have resulted in strenuous objections that the responsibility for appropriations is the constitutional duty of the Congress; and

"Whereas, nonetheless, the annual budget repeatedly demonstrates an unwillingness or inability to curtail spending to conform to available revenues; and

"Whereas, the federal budget never reflects actual spending because of the exclusion of special outlays which are neither included in the budget nor subject to the legal public debt limit; and

"Whereas, knowledgeable planning requires that the budget reflect all federal spending and that the budget be in balance; and

"Whereas, believing that fiscal irresponsibility at the federal level, with the inflation which results from this policy, is the greatest threat which faces our nation, we firmly believe that a constitutional restraint is necessary to bring the fiscal disciplines needed to reverse this trend; now, therefore,

"Be it resolved by the House of Representatives of the Ninetieth General Assembly of the State of Tennessee, the Senate concurring, That pursuant to Article V of the Constitution of the United States, application is hereby made to the United States Congress to call a convention for the purpose of considering and proposing an amendment to the Constitution of the United States to require that, in the absence of a national emergency, the total of all federal appropriations made by the Congress for any fiscal year may not exceed the total of the estimated federal revenues for that fiscal year, such amendment to read substantially as follows:

" 'The total of all federal appropriations made by the Congress for any fiscal year may not exceed the total of the estimated federal revenues for that fiscal year; and this prohibition extends to all federal appropriations and all estimated federal revenues without exception. The President in submitting budgetary requests and the Congress in enacting appropriation bills shall comply with this article. If the President proclaims a national emergency, suspending the requirement that the total of all federal appropriations not exceed the total estimated federal revenues for a fiscal year, and two-thirds (⅔) of all members elected to each house of the Congress so determine by joint resolution, the total of all federal appropriations may exceed the total estimated federal revenues for that fiscal year.'

"Be it further resolved, That this application shall constitute a continuing application for such convention under Article V of the Constitution of the United States until the legislatures of two-thirds (⅔) of the several states shall have made like applications and such convention shall have been called and held in conformity therewith, unless the Congress itself proposes such amendment within the time and the manner herein provided.

"Be it further resolved, That proposal of such amendment by the Congress and its submission for ratification to the legislatures of the several states substantially in the form of the article hereinabove specifically set forth, at any time prior to sixty (60) days after the legislatures of two-thirds (⅔) of the several states shall have made application for such convention, shall render such convention unnecessary and the same shall not be held. Otherwise, such convention shall be called and held in conformity with such applications.

"Be it further resolved, That as this application under Article V of the Constitution of the United States is the exercise of a fundamental power of the sovereign states under the Constitution of the United States, it is requested that receipt of this application by the Senate and the House of Representatives of the Congress of the United States be officially noted and duly entered upon their respected records, and that the full context of this resolution be published in the official publication of both the Senate and the House of Representatives of the Congress.

"Be it further resolved, That certified copies of this Resolution be transmitted forthwith to the Senate and the House of Representatives of the Congress of the United States, to each Senator and Representative in Congress from this state, and to each house of the legislature and to the Secretary of State of each of the several states."

POM-614. A resolution adopted by the legislature of the State of Pennsylvania; to the Committee on the Judiciary:

"JOINT RESOLUTION

"The General Assembly of the Commonwealth of Pennsylvania hereby resolves as follows:

"Section 1. The General Assembly of the Commonwealth of Pennsylvania (the Senate concurring) hereby makes application to the Congress of the United States, in accordance with the provisions of Article V of the Constitution of the United States, to call a convention for drafting and proposing an amendment to the Constitution of the United States to guarantee the right to life to the unborn fetus by doing the following:

"(a) With respect to the right to life guaranteed in the United States Constitution, provide that every human being subject to the jurisdiction of the United States or any state shall be deemed from the moment of fertilization to be a person and entitled to the right to life.

"(b) Provide that Congress and the several states shall have concurrent powers to enforce such an amendment by appropriate legislation.

"(c) The purpose of the Constitutional Convention shall be to only consider the above and no other business.

"(D) Nothing in this article shall prohibit a law permitting only those medical procedures required to prevent the death of the mother.

"Section 2. The Secretary of the Commonwealth shall transmit certified copies of this resolution to the President of the Senate of the United States and to the Speaker of the House of Representatives of the United States and to the President of the Senate and Speaker of the House of Representatives of the Legislatures of each of the other forty-nine States of the United States."

POM-615. A resolution adopted by the city commission of the city of Cocoa Beach, Fla., relating to a demographic study of Brevard County, Fla., to confirm the need for a U.S. Veterans' Administration Satellite Clinic in Brevard County; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DECONCINI, from the Committee on the Judiciary, with an amendment:

S. 2016. A bill to establish fees for services performed by U.S. marshals (Rept. No. 95-755).

S. 2049. A bill to establish fees and allow per diem and mileage expenses for witnesses before U.S. courts (Rept. No. 95-756).

S. 2075. A bill to amend the Jury Selection and Service Act of 1968, as amended, by revising the section on fees of jurors and by providing for a civil penalty and injunctive relief in the event of a discharge or threatened discharge of an employee by reason of such employee's Federal jury service (Rept. No. 95-757).

By Mr. DECONCINI, from the Committee on the Judiciary, with an amendment and an amendment to the title:

S. 2074. A bill to amend title 28, United States Code, to provide in civil cases for juries of six persons, to amend the Jury Selection and Service Act of 1968, as amended, with respect to the selection and qualification of jurors, and to extend the coverage of the Federal Employees Compensation Act to all jurors in U.S. district courts (Rept. No. 95-758).

By Mr. DECONCINI, from the Committee on the Judiciary, with amendments:

S. 2072. A bill to amend the Jury Selection and Service Act of 1968, as amended, to make the excuse of prospective jurors from Federal jury service on the grounds of distance from the place of holding court contingent upon a showing of hardship on an individual basis (Rept. No. 95-759).

By Mr. DECONCINI, from the Committee on the Judiciary, with amendments and an amendment to the title:

S. 2411. A bill to amend chapter 315 of title 18, United States Code, to authorize payment of transportation expenses by U.S. marshals for transportation expenses for persons released from custody pending their appearance to face criminal charges before that court or any court of the United States in another Federal judicial district (Rept. No. 95-760).

By Mr. BUMPERS, from the Committee on Energy and Natural Resources, with an amendment and an amendment to the title:

H.R. 9757. An act entitled "Grazing Fee Moratorium of 1978" (Rept. No. 95-761).

By Mr. LONG, from the Committee on Finance, with amendments and an amendment to the title:

H.R. 7581. An act to amend the Internal Revenue Code of 1954 to provide that certain income from a nonmember telephone company is not taken into account in determining whether any mutual or cooperative telephone company is exempt from income tax (Rept. No. 95-762).

By Mr. WILLIAMS, from the Committee on Banking, Housing, and Urban Affairs, with amendments:

H.R. 8331. An act to amend the Securities Investor Protection Act of 1970 (Rept. No. 95-763).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations, without reservation:

Ex. K, 94-2. Tax Convention with the United Kingdom of Great Britain and Northern Ireland;

Ex. Q, 94-2. First Protocol to the Tax Convention with the United Kingdom; and

Ex. J, 95-1. Second Protocol to the Tax Convention with the United Kingdom (Ex. Rept. No. 95-18).

Ex. P, 94-2. Tax Convention with the Republic of Korea (Ex. Rept. No. 95-19).

By Mr. PROXMIRE, from the Committee on Banking, Housing, and Urban Affairs:

Anita Miller, of New Jersey, to be a member of the Federal Home Loan Bank Board.

(The above nomination from the Committee on Banking, Housing, and Urban Affairs, was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before duly constituted committees of the Senate.)

INTRCDUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. EASTLAND (by request):

S. 2980. A bill to facilitate the work of the U.S. Department of Agriculture; to protect the confidentiality of information furnished to the Department by individuals, establishments, and enterprises and for other purposes; to the Committee on the Judiciary.

By Mr. CANNON (for himself, Mr. PEARSON, and Mr. CLARK) (by request):

S. 2981. A bill to amend the Department of Transportation Act as it relates to the local rail services assistance programs, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HEINZ (for himself and Mr. BAKER):

S. 2982. A bill to authorize the States to use certain unobligated allocations for the Federal-aid highway systems for the repair of certain weather related damage to highways and urban mass transportation systems due to severe weather in the winter of 1977–78; to the Committee on Environment and Public Works.

By Mr. CRANSTON (by request):

S. 2983. A bill to amend section 3103 of title 38, United States Code, to extend the time period within which the board of review concerned, on its own initiative, shall determine whether a person who has been awarded a general or honorable discharge under revised standards for the review of discharges as specified in clause (A) (i), (ii), or (iii) of paragraph (2) of subsection (e) of such section 3103 would be entitled to an upgraded discharge under standards meeting the requirements of paragraph (1) of such subsection; to amend section 5 of Public Law 95–126 to extend the time during which a former serviceperson may continue to receive Veterans' Administration benefits pending such determination; and for other purposes; to the Committee on Veterans' Affairs.

By Mrs. HUMPHREY (for herself, and Mr. ANDERSON):

S. 2984. A bill to amend the Great Lakes Pilotage Act of 1960 in order to relieve the restrictive qualification standards for U.S. pilots on the Great Lakes; to the Committee on Commerce, Science, and Transportation.

By Mr. HATHAWAY:

S. 2985. A bill to amend the tariff schedules of the United States to provide for an increase in the duties on imports of potatoes, and to reduce the quota for potatoes subject to the lower of the two rates of duty; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. DANFORTH and Mr. BELLMON):

S. 2986. A bill to provide that the salaries of the Vice President; Members of Congress; justices, judges, commissioners, and referees; and positions in the executive schedule shall not be increased by the next comparability pay adjustment; to the Committee on Governmental Affairs.

By Mr. CULVER (for himself and Mr. WALLOP):

S. 2987. A bill to extend the authority for carrying out conservation and rehabilitation programs on military reservations and certain public lands; to the Committee on Environment and Public Works.

By Mr. HANSEN (for himself and Mr. WALLOP):

S. 2988. A bill to authorize the Secretary of the Interior to engage in a feasibility investigation for the modification of the Riverton Reclamation Project in Wyoming, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HELMS:

S. 2989. A bill to provide procedures for review of the conduct of each justice and judge of the United States to determine that such conduct is consistent with the good behavior required by article III, section 1 of the Constitution, and for other purposes; to the Committee on the Judiciary.

By Mr. CHURCH (for himself, Mr. STONE, Mr. LONG, Mr. DOLE, Mr. CURTIS, Mr. MATSUNAGA, Mr. YOUNG, Mr. HANSEN, Mr. HAYAKAWA, Mr. WALLOP, Mr. ANDERSON, Mr. MELCHER, Mr. INOUYE, Mr. JOHNSTON, Mr. CHILES, Mrs. HUMPHREY, Mr. BAYH, Mr. MARK O. HATFIELD, Mr. MCCLURE, Mr. TOWER, Mr. ZORINSKY, Mr. RIEGLE, Mr. BURDICK, Mr. BENTSEN, Mr. DECONCINI, Mr. DOMENICI, Mr. GRIFFIN, and Mr. SCHMITT):

S. 2990. A bill to implement the International Sugar Agreement between the United States and foreign countries; to protect the welfare of consumers of sugar and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes; to the Committee on Finance.

By Mr. BARTLETT:

S.J. Res. 131. A joint resolution to change the name of Copan Dam and Lake in the States of Oklahoma and Kansas to Copan Dam and the Lake of the Delawares; to the Committee on Environment and Public Works.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. EASTLAND (by request):

S. 2980. A bill to facilitate the work of the U.S. Department of Agriculture; to protect the confidentiality of information furnished to the Department by individuals, establishments, and enterprises, and for other purposes; to the Committee on the Judiciary.

● Mr. EASTLAND. Mr. President, I am introducing, by request of the Department of Agriculture, a bill to exclude certain agricultural statistical information from the provisions of the Freedom of Information Act in order to facilitate the collection of this needed information. I ask unanimous consent that the bill and Secretary Bergland's letter be printed in the RECORD.

There being no objection the bill and the letter were ordered to be printed in the RECORD, as follows:

S. 2980

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That as used in this Act—

(a) The term "Secretary" means the Secretary of Agriculture;

(b) The term "Department" means the U.S. Department of Agriculture.

SEC. 2. The Secretary is authorized to collect statistics pertaining to all aspects of agriculture in the United States, its possessions and territories in order to provide insofar as practicable, quantitative information to serve the needs of the general public for agricultural statistics and those of the Congress, the Department, and other Federal agencies, in developing and implementing programs relating to agriculture.

SEC. 3. The Secretary shall use information obtained pursuant to this Act solely to provide statistical information relating to agriculture.

SEC. 4. (a) Neither the Secretary, nor any officer or employee of the Department shall make any publication or other disclosure except as authorized in subsection (b) of this section, of any information whereby a particular individual or business entity can be identified as the source thereof. The Secretary shall limit access to the identity of these sources within the Department to those officers and employees who require such knowledge for the performance of official duties relating to the implementation of this Act.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., December 16, 1977.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill "To facilitate the work of the United States Department of Agriculture; to protect the confidentiality of information furnished to the Department by individuals, establishments, enterprises and for other purposes."

This Department recommends enactment of the proposed legislation.

Traditionally, all data compiled by the Statistical Reporting Service have been gathered through the voluntary cooperation of respondents with individual confidentiality guaranteed by Department regulations. Provisions of the Freedom of Information Act, however, endanger this guarantee, and specific protection of confidentiality is needed to assure continued voluntary cooperation by reporters. Passage of the proposed bill is also expected to allay suspicion of many farmers and businessmen that their reports to the Statistical Reporting Service may be made available to other Government agencies including the Internal Revenue Service and used punitively.

By strengthening confidentiality protection, the Statistical Reporting Service will be better able to continue its mission of providing timely, reliable agricultural statistics to the Congress, the Department, and the general public.

Enactment of the proposed legislation would not require additional funds. An identical letter and draft bill are being submitted to the Speaker of the House of Representatives.

The Office of Management and Budget advises that there is no objection to the presentation of this proposed legislation from the standpoint of the Administration's program.

Sincerely,

BOB BERGLAND,
Secretary.●

By Mr. CANNON (for himself, Mr. PEARSON, and Mr. CLARK) (by request):

S. 2981. A bill to amend the Department of Transportation Act as it relates to the local rail services assistance programs, and for other purposes; to the Committee on Commerce, Science, and Transportation.

RAILROAD AMENDMENTS ACT OF 1978

● Mr. CANNON. Mr. President, I am introducing today, a bill to amend section 5 of the Department of Transportation Act, as it relates to the local rail services

assistance program. The bill is being introduced, at the request of the Department of Transportation and provides for the expansion of the category of rail lines eligible for funds for rehabilitation, deferred maintenance, and various alternative facilities, such as, intermodal terminals.

In addition, the bill would make this program, which under existing law expires in 1981, permanent and set the Federal share of the matching program at 80 percent.

The Department's bill also places a 2-year limitation on operating subsidies, sets the State rail planning entitlement to $100,000 per State, with a provision for the transfer of up to 5 percent of such entitlement to a consolidated planning fund at the discretion of the Secretary of Transportation, and provides for assistance for cooperative action programs developed by States and localities in conjunction with shipper and industry representatives.

Finally, the bill proposes to make certain amendments to the Railroad Revitalization and Regulatory Reform Act of 1976 to correct several defects in the redeemable preference share program, the details of which are stated in Secretary Adam's transmittal letter. The bill was transmitted as part of a package of proposals which also contained a series of amendments to the Railroad Safety laws and the Rail Passenger Service Act which has been the subject of separate legislation. The bill I am introducing today contains the provisions included in Secretary Adams letter of transmittal as title I and II. This legislation represents an attempt to address a number of problems facing the railroad industry which have been identified since passage of the Railroad Revitalization and Regulatory Reform Act that I anticipate the Committee on Commerce, Science, and Transportation will be able to review during public hearings in the near future.

Mr. President, I ask unanimous consent that the bill, along with the Secretary's transmittal letter and the section-by-section analysis, be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows.

S. 2981

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Railroad Amendments Act of 1978".

TITLE I—LOCAL RAIL SERVICES

DECLARATION OF POLICY

SEC. 101. (a) Purpose. It is the purpose of the Congress in this Title to amend the local rail service assistance program authorized in section 5(f)-(o) of the Department of Transportation Act (49 U.S.C. 1654(f)-(o)) to enable the Secretary to provide assistance to States for:

(1) short-term rehabilitation or other assistance which provides tangible economic benefits to the community and which enables the parties involved to continue to provide adequate transportation service without further Federal assistance.

(2) short-term transitional operating subsidies to mitigate the effects of an abandonment while the affected shippers arrange for alternate means of transportation.

(b) Policy. It is declared to be the policy of Congress in this Title that the Government shall assist in the provision of adequate transportation service to shippers and communities now served by light density lines. Federal funds shall only be used to assist transportation services where such assistance provides tangible economic benefits to the affected communities without placing a financial drain on the carriers providing that service.

Congress believes, however, that the parties benefiting from a Federal investment on a light density line must act to preserve the benefits of the Federal investment. Accordingly, Congress, expects the States and local communities, shippers and all elements of the railroad industry to commit themselves to long-term solutions which will enable the continued provision of adequate transportation service after the completion of the federally assisted projects.

EXPANSION OF ASSISTANCE

SEC. 102. Section 5(f) of the Department of Transportation Act (hereinafter referred to as the "DOT Act"), 49 U.S.C. 1654(f), is amended—

(1) by striking the semicolon at the end of paragraph (1) and adding the following: "which, as determined in accordance with section 1a of the Interstate Commerce Act (49 U.S.C. 1a), shall cover the difference between the revenues which are attributable to a line of railroad and the avoidable cost of providing rail freight service on such line, together with a reasonable return on the value of such line·"

(2) by striking "purchasing a line of railroad or other rail properties" in paragraph (2) and inserting in lieu thereof "acquiring, by purchase, lease or in such other manner as the State considers appropriate a line of railroad or other rail properties or any interest therein";

(3) by striking "and" immediately after the semicolon in paragraph (3);

(4) by striking the period at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

(5) by adding the following new paragraphs at the end thereof:

"(5) the cost of constructing rail or rail related facilities (including new connections between two or more existing lines of railroad, intermodal freight terminals, and sidings), for the purpose of improving the quality and efficiency of local rail freight service; and

"(6) the cost of developing, administering, and evaluating innovative experimental programs that are designed to improve the quality and efficiency of service on lines of railroad eligible for assistance under this section and which involve cooperative action between State and local communities and railroad industry representatives or shippers."

COST SHARING

SEC. 103. Section (5)(g) of the DOT Act (49 U.S.C. 1654(g)) is amended to read as follows:

"(g) The Federal share of the costs of any rail service assistance program for any fiscal year is 80 percent. The State share of the costs may be provided in cash or through either of the following benefits, to the extent the benefit would not otherwise be provided: (1) forgiveness of taxes imposed on a common carrier by railroad or on its properties; or (2) the provision by the State or by any person or entity on behalf of a State, for use in its rail service assistance program, of reality or tangible personal property of the kind necessary for the safe and efficient operation of rail freight service by the State. If a State provides more than 20 percent of the cost of its rail service assistance program during any fiscal year, the amount in excess of the 20 percent contribution shall be applied toward the State's share of the costs of its program for subsequent fiscal years."

FORMULA ALLOCATION

SEC. 104. Section 5(h) of the DOT Act (49 U.S.C. 1654(h)) is amended to read as follows:

"(h)(1) Every State is entitled annually to a sum from available funds as determined pursuant to this subsection. Available funds are funds appropriated for rail service assistance for that fiscal year and any funds to be reallocated for that fiscal year in accordance with paragraph (2) of this subsection. Subject to the limitations contained in paragraph (3) of this subsection, the Secretary shall calculate each State's entitlement as follows:

"(A) Each State is entitled to $100,000 to be used in accordance with subsection (i) of this section. If available funds are not sufficient to enable each State to receive $100,000, each State shall receive an equal share of available funds.

"(B) Each State is further entitled to an additional amount from available funds remaining after the completion of the calculation under paragraph (1)(A) of this subsection which shall be used by the State, subject to the requirements of subsection (j) of this section, for any project eligible for assistance under subsection (k) of this section. This amount is to be calculated as follows:

"(i) two-thirds of the balance of available funds remaining after the completion of the calculation under paragraph (1)(A) of this subsection multiplied by a fraction whose numerator equals the rail mileage in the State which, in accordance with section 1a(5)(a) of the Interstate Commerce Act (49 U.S.C. 1a(5)(a)), is described as 'potentially subject to abandonment' or is identified as a line with respect to which a carrier plans to submit, but has not yet submitted, an application for a certificate of abandonment or discontinuance; and whose denominator equals the total of such rail mileage in all the States; and

"(ii) one-third of the balance of available funds remaining after the completion of the calculation under paragraph (1)(A) of this subsection multiplied by a fraction whose numerator equals the rail mileage in the State for which the Interstate Commerce Commission, within two years prior to the first day of the fiscal year for which funds are allocated or reallocated under this section, has found that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the rail mileage, and including, until September 30, 1981, (1) the rail mileage in the State which was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762) and (2) the rail mileage in the State which, prior to the enactment of this amendment, had been included for formula allocation purposes under this section; and whose denominator equals the total rail mileage in all the States for which the Interstate Commerce Commission has made such a finding within the time period, and including until September 30, 1981, (1) the rail mileage in all the States which was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 and (2) the rail mileage in all the States which, prior to the enactment of this amendment, had been included for formula allocation purposes under this section. For purposes of the calculation directed by this paragraph, no rail mileage shall be included more than once in either the numerator or the denominator.

"(2) For purposes of this subsection, rail

mileage shall be measured by the Secretary as of the first day of each fiscal year. Entitlement funds are available to a State during the fiscal year for which the funds are appropriated as well as the two fiscal years following the fiscal year for which the funds were appropriated. In accordance with the formula stated in this subsection, the Secretary shall reallocate to each State a share of any entitlement funds which have not been the subject of an executed grant agreement between the Secretary and the State before the end of the second fiscal year following the fiscal year for which the funds were appropriated. Reallocated funds are available to the State for the same purpose and for the same time period as an original allocation and are subject to reallocation if not made the subject of an executed grant agreement between the Secretary and the State before the end of the second fiscal year following the fiscal year for which the funds were reallocated. No part of the funds available for reallocation shall be subject to transfer to the consolidated planning fund pursuant to paragraph (3) of this section.

"(3) If a consolidated planning fund is authorized to be created within the Department of Transportation for the purpose of enabling grants to be made to States and designated Metropolitan Planning Organizations to develop transportation plans and programs under the Urban Mass Transportation Act of 1964, and under Title 23 of the United States Code, the Secretary may, in his or her discretion, prior to the calculation of each State's entitlement under this subsection, transfer to the consolidated planning fund up to five percentum of the total amount of the funds appropriated for any fiscal year under subsection (r) of this section. These transferred funds shall be allocated and granted to the States in the same manner and under the same limitations as any other funds in the consolidated planning fund and shall no longer be subject to the provisions of this section. The Secretary may, in his or her discretion, include in or exclude from a transfer to the consolidated fund, the planning entitlement of each State under paragraph (1)(A) of this subsection.

PLANNING ASSISTANCE

SEC. 105. Section 5(i) of the DOT Act (49 U.S.C. 1654(i)) is amended to read as follows:

"(i) During each fiscal year, regardless of its current eligibility under subsection (j) of this section, a State may expend its annual entitlement under subsection (h)(1)(A) of this section solely to meet the cost of establishing, implementing, revising, and updating the State rail plan required by subsection (j) of this section, unless the Secretary has included such funds in any transfer to the consolidated planning fund under subsection (h)(3) of this section."

PROJECT ELIGIBILITY

SEC. 106. Section 5(k) of the DOT Act (49 U.S.C. 1654(k)) is amended to read as follows:

"(k)(1) A project is eligible for financial assistance under paragraph (1) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project; or (ii) the line of railroad or related project was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762); and

"(B) the line of railroad or related project has not previously received financial assistance under paragraph (1) of subsection (f) of this section for more than twenty-four months, provided, however, that a line of railroad or related project which was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 or under this section prior to the enactment of this amendment is eligible only until September 30, 1981.

"(2) A project is eligible for financial assistance under paragraph (2) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project; or (ii) the line of railroad related to the project is listed for possible inclusion in a rail bank in Part III, Section C of the Final System Plan issued by the United States Railway Association under section 207 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717); or (iii) the line of railroad related to the project was eligible to be acquired under section 402(c)(3) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762(c)(3)). A line of railroad or related project which was eligible for financial assistance under section 402 or under this section prior to the enactment of this amendment is eligible only until September 30, 1981; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(3) A project is eligible for financial assistance under paragraphs (3) and (5) of subsection (f) of this section only if—

"(A) the line of railroad related to the project is, in accordance with section 1a(5)(a) of the Interstate Commerce Act (49 U.S.C. 1a(5)(a)), described as 'potentially subject to abandonment' or is identified as a line with respect to which a carrier plans to submit, but has not yet submitted, an application for a certificate of abandonment or discontinuance; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(4) A project is eligible for financial assistance under paragraph (4) of subsection (f) of this section only if—

"(A)(i) the Interstate Commerce Commission has found since February 5, 1976, that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project; or (ii) the line of railroad or related project was eligible for financial assistance under section 402 of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 762), provided, however, that a line of railroad or related project which was eligible for financial assistance under section 402 or under this section prior to the enactment of this amendment is eligible only until September 30, 1981; and

"(B) the Secretary finds that the project satisfies benefit/cost criteria developed by the Secretary under subsection (o) of this section.

"(5) A project is eligible for financial assistance under paragraph (6) of subsection (f) of this section only if—

"(A) there is a reasonable likelihood that it will improve the quality and efficiency of local rail freight service by increasing operating efficiency, reducing the cross subsidization of unprofitable portions of a system by profitable portions of a system, or increasing productivity of workers; and

"(B) the cooperative action project shall not exceed eighteen months in duration."

TECHNICAL AMENDMENTS

SEC. 107. Section 5(o) of the DOT Act (49 U.S.C. 1654 (o)) is redesignated as section 5(r). The references to former subsection (o), which appear in redesignated subsection (r) and in subsections (g) and (m)(1), are redesignated as subsection (r). Redesignated subsection (r) is amended by inserting into the third sentence, "and of section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976", after "Regional Rail Reorganization Act of 1973".

BENEFIT-COST CRITERIA

SEC. 108. Section 5 of the DOT Act (49 U.S.C. 1654) is amended by adding after subsection (n) a new subsection (o) as follows:

"(o) The Secretary, after consultation with representatives chosen by the States, shall promulgate regulations establishing criteria to be used by the Secretary to determine the ratio of benefits to costs of proposed projects eligible for financial assistance under paragraphs (2)–(5) of subsection (f) of this section."

REHABILITATION ASSISTANCE

SEC. 109. Section 5 of the DOT Act (49 U.S.C. 1654) is amended by adding after subsection (o), as added by section 108 of this Act, a new subsection (p) as follows:

"(p) A State shall use financial assistance provided under paragraph (3) of subsection (f) of this section as follows:

"(1) The funds shall be used to rehabilitate or improve rail properties in order to improve local rail freight service within the State.

"(2) The State, in its discretion, shall grant or loan funds to the owner of rail properties or operator of rail service related to the project.

"(3) The State shall determine all financial terms and conditions of a grant or loan.

"(4) The State shall place the Federal share of repaid funds in an interest-bearing account or, with the approval of the Secretary, permit any borrower to place such funds, for the benefit and use of the State, in a bank which has been designated by the Secretary of the Treasury in accordance with 12 U.S.C. 265. The State shall use such funds and all accumulated interest to make further loans or grants under paragraph (3) of subsection (f) of this section in the same manner and under the same conditions as if they were originally granted to the State by the Secretary. The State may at any time, pay to the Secretary the Federal share of any unused funds and accumulated interest. After the termination of a State's participation in the local rail service assistance program, established by this section, it shall pay the Federal share of any unused funds and accumulated interest to the Secretary."

EFFECTIVE DATE

SEC. 110. Title I of this Act is effective on October 1, 1978.

TITLE II—AMENDMENTS TO THE RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976

THE RAIL FUND

SEC. 201. Section 502 of the Railroad Revitalization and Regulatory Reform Act of 1976 (hereinafter referred to as the "4R Act"), 45 U.S.C. 822, is amended by adding the following new subsections:

"(j) INTEREST.—No part of the proceeds from the issuance and sale by the Secretary of Fund anticipation notes shall be used to pay interest on such notes.

"(k) APPROVAL IN APPROPRIATIONS ACTS.—No money in the Fund, regardless of source, shall be obligated, expended or otherwise committed to any purpose from the Fund without prior approval thereof in an annual appropriations Act. The Fund shall not qualify as one of the exceptions provided in section 401(d) of the Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1351(d))."

RATE OF RETURN ON TOTAL CAPITAL

SEC. 202. Section 505(b)(2) of the 4R Act (45 U.S.C. 825(b)(2)) is amended—

(1) by striking "(2)" in the first sentence;

(2) by inserting "average" between "railroads" and "rates" in the third sentence; and

(3) by striking "for fiscal year 1975" in the third sentence and inserting in lieu thereof "credits, for the three fiscal years preceding the date of submission of the application".

SALE OF FUND ANTICIPATION NOTES AND PURCHASES OF PREFERENCE SHARES

SEC. 203. Section 505(d)(3) of the 4R Act (45 U.S.C. 825(d)(3)) is amended by striking the last sentence.

SEC. 204. Section 505(e) of the 4R Act (45 U.S.C. 825(e)) is amended by striking "purchase under this title after September 30, 1978" and by inserting in lieu thereof, "after September 30, 1979, make commitments to purchase under this title".

SEC. 205. Section 507 of the 4R Act (45 U.S.C. 827) is amended by striking subsections (a), (b), and (d), by relettering subsection (c) as subsection (b), and by inserting new subsections (a) and (c) to read as follows:

"(a) TERMS AND CONDITIONS.—For the purpose of providing such financial assistance to railroads as the Secretary may approve pursuant to this title, the Secretary may issue and sell in such amounts as are provided in appropriations Acts, in an aggregate principal amount of not more than $600 million, Fund anticipation notes to the Secretary of the Treasury, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as the Secretary of the Treasury may prescribe. Such notes shall bear interest at a rate determined by the Secretary of the Treasury, which shall not be less than a rate determined by taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of the preference shares to be purchased with the proceeds of such notes. The Secretary of the Treasury shall purchase any such notes, and for such purpose he or she may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force. The purposes for which securities may be issued under such Act are extended to include any purchase of notes under this subsection. The Secretary of the Treasury may sell any such notes at such time and price and upon such terms and conditions as he or she shall determine in his or her discretion. All purchases, redemptions and sales of such notes by such Secretary shall be treated as public debt transactions of the United States."

"(c) REMITTANCE AND TERMINATION.—If Congress does not, on or before September 30, 1979, enact legislation of the type referred to in subsection (b) of this section, the Secretary shall upon the expenditure of all funds committed prior to September 30, 1979, to purchase redeemable preference shares, and the receipt into the Fund of all shares purchased by such funds, hold in trust all redeemable preference shares issued by railroads which are held in the Fund and the Fund shall thereupon terminate."

AUTHORIZATIONS

SEC. 206. Section 509 of the 4R Act (45 U.S.C. 829) is repealed.

OTHER AMENDMENTS

SEC. 207. Section 511(j) of the 4R Act (45 U.S.C. 831(j)) is amended by striking "subsection (i) or (j)" and inserting in lieu thereof "subsection (h) or (i)".

SEC. 208. Section 512(a) of the 4R Act (45 U.S.C. 832) is amended by inserting "of the Treasury" between the words "Secretary" and "may" at the end of the first sentence.

SEC. 209. Section 810 of the 4R Act (45 U.S.C. 1653(a)) is repealed.

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., March 15, 1978.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Transmitted herewith is a bill "To amend the Federal Railroad Safety Act of 1970 and the Rail Passenger Service Act to authorize additional appropriations and for other purposes, and to amend other rail safety Acts, the Railroad Revitalization and Regulatory Reform Act of 1976, and the Department of Transportation Act."

TITLE I—LOCAL RAIL SERVICES

Background and need

Under existing law (section 5 of the Department of Transportation Act ("DOT Act") and section 402 of the Regional Rail Reorganization Act of 1973 ("the 3R Act")), the Department is authorized to provide assistance to States to preserve local rail services that would otherwise be lost because the Interstate Commerce Commission ("ICC") has permitted such service to be discontinued, or because the line in question was excluded from the Final System Plan adopted under title II of the 3R Act. On April 1, 1978, the section 402 program under the 3R Act lapses, and the program becomes part of the nationwide five-year program under section 5 of the DOT Act. The section 5 program expires on June 30, 1981.

When the restructuring of the northeast and midwest rail system was originally conceived, it was recognized that the abandonment at one time of some 6000 miles of line throughout the northeast and midwest States could have unforeseen results, and could cause severe short-term local dislocations involving service, employment and other implications. Accordingly, a transitional program of assistance was provided to States under the 3R Act, to help them protect service for up to two years on lines excluded from the Final System Plan. Later, State-owned and operated lines, and those permitted to be abandoned by the ICC, were made eligible. When the 4R Act was passed, the five-year nationwide program under section 5 of the DOT Act was added.

Based on our experience to date, we have serious concerns with the existing program. The States, the industry, and, we believe, the Congress share this concern. Except for a few State-owned and operated lines, which were included in the section 402 program in the northeast, the only lines eligible for assistance are those excluded from the Final System Plan, because they were not considered essential, or those allowed by the ICC to be abandoned because the public convenience and necessity does not require their preservation. In both situations, only the worst and least needed railroad lines can be assisted, while more important and valuable lines owned by the railroads continue to deteriorate for lack of private investment because the return on such investment is too low to attract private capital. Thus this legislation will assist railroads in providing needed funds for valuable lines and will at the same time facilitate rationalization of the overall rail system through discontinuance of redundant lines.

Principal changes proposed in existing law

The most important change proposed in the law is the expansion of the category of eligible lines to include certain lines which while still part of the private rail system, are vulnerable to future abandonment. Railroads are now required to show such lines in their system diagram maps filed under section 1a(5)(a) of the Interstate Commerce Act. Such lines would be eligible only for rehabilitation, to overcome deferred maintenance, or for certain types of alternative facilities, such as, intermodal terminals, and only if they meet a benefit/cost test. They would not be eligible for operating subsidies.

Other key changes are as follows:

1. The program would be made permanent and the Federal share set at 80 percent.

2. Operating subsidies would be provided for lines allowed to be abandoned by the ICC, but only for two years, except that all lines which are now eligible would remain eligible until 1981. No benefit/cost test would be applied to subsidies. However, any alternate facilities constructed in lieu of service on such lines or any acquisition of such line for present or future use would have to meet benefit/cost tests.

3. The formula for the allocation of funds would be revised so that the new lines eligible for rehabilitation would control the allocation of two-thirds of the available funds while those eligible only for subsidy, including all those now eligible, would control the allocation of one-third of such funds. Thus, the lines of greatest importance to the States would have the greatest formula impact. In addition, each State would receive a minimum of $100,000 for planning and the one percent minimum entitlement of each State would be removed. The Secretary would have discretion, however, to transfer up to 5 percent of appropriated funds including the $100,000 to each State, to the new consolidated planning fund proposed under the "Highway and Public Transportation Improvement Act of 1978", when such fund is created.

4. The administrative costs of developing and measuring new and innovative management and marketing techniques would be eligible for assistance. Such activities, called cooperative action programs, would be developed by States and localities with shippers or industry representatives, and would have to be of a short-term nature not exceeding 18 months in duration. The cost of implementing a cooperative action program would not, however, be eligible for assistance.

TITLE II—AMENDMENTS TO THE RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976 ("4R ACT")

Title II of the bill would amend the 4R Act to correct several defects in the redeemable preference share program under title V of the Act, and to more accurately reflect the cost to the Government of providing such assistance under this program. These changes are as follows:

1. The Secretary would be provided with a more accurate basis for evaluating an applicant railroad's financial condition by being able to look at the applicant's rate of return on total capital over the three year period preceding the submission of the application. The Act currently restricts the Secretary of examining the rate of return for fiscal year 1975.

2. The Secretary would be authorized to sell Fund anticipation notes and to purchase redeemable preference shares after the program's termination date where the Secretary makes a commitment to purchase such shares before that date. This change would avoid the problem of having to supply funds to a carrier prior to the time when project expenditures would be made, thereby resulting in interest cost savings to the Government.

3. The program would be extended for one year to September 30, 1979, to provide both the Executive and the Congress with more time to consider the need for a more permanent financing program in light of the Department's soon to be issued report under sections 504 and 901 of the 4R Act.

4. The mechanism of funding the purchase of Fund anticipation notes would be changed to allow the Secretary of the Treasury to use the proceeds from debt transactions rather than appropriated funds, and to allow the Secretary of the Treasury to establish the terms and conditions of such purchases in

order to more clearly reflect the cost to the Government.

5. Lastly, the $100,000,000 ceiling on purchase of trustee certificates by the Secretary would be removed. This would give the Secretary the needed flexibility to meet the financial needs of the bankrupt railroads.

Title II would also repeal section 810 of the 4R Act (the Federal rail bank program), which would be merged into the local rail services program by title I of the bill. Finally, several technical errors that are currently present in the 4R Act would be corrected.

TITLE III—AMENDMENTS TO THE FEDERAL RAILROAD SAFETY ACT OF 1970 AND OTHER RAIL SAFETY ACTS

Title III of the bill would amend the Federal Railroad Safety Act of 1970 in the following respects:

1. The Secretary would be provided with a greater period of time (90 days after receipt of a notice of a violation) within which to assess a civil penalty, before a participating State could seek injunctive relief for such a violation. The Act currently provided the Secretary with an insufficient period of time (90 days after a violation occurs) to assess a penalty.

2. It makes clear that the enactment of the Independent Safety Board Act of 1974 (49 U.S.C. 1901 *et seq.*), which established the National Safety Board as an independent agency, did not remove the Department's authority to investigate railroad accidents.

3. Private agents of the Department, who assist in inspecting and examining rail facilities and equipment, would, during the course of such inspections, be considered employees of the government for purposes of the Federal Tort Claims Act. This amendment would eliminate the need to acquire expensive liability insurance to protect the Department from claims arising from the conduct of its safety activities when private agents are used.

4. Authorization language would be inserted to allow appropriations for fiscal years 1979 and 1980, for the Department's rail safety program. The bill would permanently authorize funds appropriated for research and development, automated track inspection and the State safety grant program to remain available until expended. The separate authorizations and limitations for the Office of Safety, are eliminated as unnecessary, as they would be included in the basic authorizations.

Title III would also amend the Hours of Service Act to extend the hours of service limitations of this Act to common carriers engaged in interstate or foreign commerce by railroad. The Act presently does not cover hours of service of employees during intrastate movements, even though the carrier is otherwise engaged in interstate and foreign transportation. Excessive time on duty of employees during purely intrastate movements directly affects safety in interstate and foreign transportation. The amendment will make the Act apply to common carriers engaged in interstate or foreign commerce by railroad irrespective of whether an employee's period of service in question was actually involved in interstate or foreign commerce.

Finally, the penalty provisions of several related rail safety Acts would be amended to allow FRA to assess penalties for violations within the penalty range established by law. Presently, these Acts provide that after FRA determines that a violation has occurred, and a settlement is not reached, a suit must be brought in a Federal district court for recovery of a penalty within the penalty range ($250–$2,500). This present procedure creates an incentive for carriers to refuse administrative settlements at amounts higher than $250.

TITLE IV—AMENDMENTS TO THE RAIL PASSENGER SERVICE ACT

Title IV of the bill would amend the Rail Passenger Service Act to authorize additional appropriations for Amtrak for the fiscal years ending September 30, 1979 and September 30, 1980, to pay for the cost of operating expenses, including those incurred in connection with the Northeast Corridor Project, capital improvements, and for payment of principal on guaranteed obligations. To simplify this section, the separate provision for Northeast Corridor expenses has been deleted. Such expenses would be included in the provision for expenses in operating the basic system and 403(b) service.

The importance of the railroad industry as a transporter of freight and passengers requires a continuing effort to improve the local rail services program, improve railroad safety, and provide financial assistance for the revitalization of the industry. We believe that favorable action on the enclosed draft bill will substantially improve the ability of the Department to carry out its responsibilities in the foregoing areas, and will enable Amtrak to provide rail passenger service through fiscal year 1980.

The proposed legislation will not have an adverse impact on the environment, nor will it have an inflationary impact on the economy.

The Office of Management and Budget has advised that the submission of this proposed legislation to the Congress is in accord with the Administration's program.

Sincerely,

BROCK ADAMS.

SECTION-BY-SECTION ANALYSIS OF THE RAILROAD AMENDMENTS ACT OF 1978

TITLE I—LOCAL RAIL SERVICES

Section 101. This section states that it is the purpose of the Congress in enacting Title I of the Railroad Amendments Act of 1978, (1) to provide assistance to States for short-term rehabilitation or other assistance which provides tangible economic benefits to the community and which enables the parties involved to continue to provide adequate transportation service without further Federal assistance, and (2) to mitigate the effects of an abandonment by providing short-term transitional operating subsidies while the affected shippers arrange for alternate means of transportation.

The section also declares it to be the policy of the Congress that the Government will assist in the provision of adequate transportation service to those now served by light density lines only when that assistance provides tangible economic benefits to the affected communities without placing a financial drain on the carriers providing that service. It is further declared that the parties benefiting from the Federal investment must act to preserve the benefits of that investment by committing themselves to long-term solutions, enabling the continued provision of adequate transportation service after the completion of the federally assisted project.

Section 102. This section amends section 5(f)(1) of the Department of Transportation Act ("DOT Act") to clarify that rail service continuation payments are determined in accordance with section 1a of the Interstate Commerce Act and implementing Interstate Commerce Commission regulations (49 CFR Part 1121 Subpart D) and cover the difference between the revenues attributable to rail service and avoidable cost of providing that service together with a reasonable return on the value of the line of railroad. These payments include ordinary maintenance to maintain existing levels of service but does not include rehabilitation or improvement other than the amounts necessary to enable the line to meet Federal Railroad Administration Class 1 safety standards (49 CFR 213). In addition, it amends section 5(f)(2) of the DOT Act as a conforming change in connection with the proposed repeal of section 810 of the Railroad Revitalization and Regulatory Reform Act of 1976 ("4R Act") by section 209 of Title II. It would permit a State to use financial assistance under subsection 5(f)(2) to acquire any kind of property interest in a rail property.

Section 810 of the 4R Act requires the Secretary of Transportation to establish a rail bank to preserve certain rail properties for future use. Under subsections 5(f)(2) of the DOT Act, a State is currently permitted to use rail service assistance to purchase rail properties in order to preserve them for future use (hereinafter referred to as "rail banking"). A State is not, however, permitted to acquire less than a fee interest (such as a lease or easement) in a rail property for rail banking. The purpose of the conforming change is to assure that with the repeal of section 810 the States will have the same flexibility in acquiring a rail property or any interests therein as the Secretary had under section 810.

The section also adds two new paragraphs to section 5(f) of the DOT Act. New paragraph (5) permits States to construct new connections, sidings, intermodal freight terminals, and similar facilities but only in connection with the lines of railroad made newly eligible by amended subsection 5(k)(3). It is intended that any sidetrack or other facility constructed with Federal assistance will be built in accordance with standard industry practices. In the case of sidings, we understand the standard industry agreement to require the shipper to pay for any part of the facility not located on railroad property. Consequently, it is anticipated that Federal assistance would be available to construct only the part of a siding located on railroad property.

New paragraph (6) permits States to pay the cost of developing, administering, and evaluating the benefits of cooperative action projects. A cooperative action project is an innovation involving cooperation between the State or localities and railroad management, labor, or shippers in order to improve the quality and efficiency of local rail freight service on lines of railroad eligible for assistance under the program. The State is authorized to provide financial assistance to cover the costs of planning, administering, and measuring the benefits of a project. Except with respect to any part of a cooperative action project eligible for assistance under any of paragraphs (1)–(5) of subsection (f), the State may not provide financial assistance to actually implement a cooperative action project.

Section 103. This section revises section 5(g) of the DOT Act to provide that the Federal share of a State's program is 80 percent for each Federal fiscal year and to eliminate the five-year limit on the program. Unlike the present law, in which the Federal share declines over four years from 100 percent to 70 percent, the bill proposes to maintain the Federal share at the same level each year. The State may provide its share in cash, but not a cash equivalent, or by forgiveness of any kind of taxes owed to the State by a common carrier by railroad, or through the provision by the State, or by any person or entity on its behalf, for use in its rail service assistance program, of tangible personal property or realty of the kind needed for safe and efficient operation of rail service. A State's contribution to the program which exceeds its matching share for the fiscal year may be carried forward for subsequent fiscal years.

Section 104. This section amends section 5(h) of the DOT Act to revise the allocation

formula and the reallocation requirements. Subject to the limitation contained in new paragraph (3), new section 5(h) provides that each State shall receive an entitlement of $100,000 to be used for planning. If available funds are insufficient to enable each State to receive $100,000, each State is entitled to an equal share of the available funds. Each State is also entitled to a second sum to fund eligible projects. This amount is calculated as follows: Two-thirds of the balance of the available funds remaining after each State has received its planning funds multiplied by the State's proportion of rail mileage included in accordance with 49 U.S.C. 1a(5)(a) and implementing regulations (mileage which the railroad anticipated will be the subject of an abandonment or discontinuance application and mileage potentially subject to abandonment), in a railroad system diagram filed with the Interstate Commerce Commission; plus one-third of the balance of the available funds remaining after each State has received its planning funds multiplied by the State's proportion (i) of all rail mileage for which the Commission, within two years prior to the first day of the fiscal year for which funds are allocated or reallocated has found that the public convenience and necessity permit the abandonment of, or the discontinuance of rail service on, the line of railroad related to the project, and (ii) including until September 30, 1981, the mileage which was eligible for assistance under section 402 of the Regional Rail Reorganization Act of 1973 ("3R Act") and section 5 of the DOT Act prior to the enactment of the amendment. Available funds include funds appropriated for the fiscal year and any funds available for reallocation for the fiscal year. All mileage eligible under section 402 and all mileage included in formula calculations under section 5 prior to the enactment of this amendment, regardless of the eligibility under section 5(j) of the State in which the mileage is located, are included in the formula computations and will continue to be eligible and included in the formula calculations until 1981. In order to be eligible to receive funds for any purpose other than planning, States continue to be required to meet all of the requirements of section 5(j) of the DOT Act and implementing regulations. Although 49 CFR 1121.20(b) requires a railroad to include five categories of rail mileage in its system diagram, only mileage included in category (b)(1) or category (b)(2) is included in the entitlement formula.

Funds are available to a State during three fiscal years—the fiscal year or which funds are appropriated and the following two fiscal years. Any funds which at the end of that period have not been granted to a State by the Secretary, by means of an agreement executed by both parties, are reallocated to all of the States including States from which funds have been reallocated. Funds which are reallocated are again available during three fiscal years and are also subject to reallocation.

If a consolidated planning fund is authorized to be created in the Department of Transportation for the purpose of enabling grants to be made to States and designated Metropolitan Planning Organizations to develop transportation plans and programs under the Urban Mass Transportation Act of 1964, as amended, and under Title 23 of the United States Code, the Secretary in his or her discretion is authorized to transfer to the consolidated fund up to five percent of the total amount of funds appropriated for any fiscal year under section 5(r) of the DOT Act as redesignated by section 107 of the bill. If the Secretary chooses to transfer appropriated funds to the consolidated fund, he or she may in his or her discretion include in or exclude from the funds to be transferred the planning entitlement which each State is authorized to receive under subsection 5(h)(1)(A). If the Secretary chooses to include the planning entitlement in the funds to be transferred, a State may not expend funds granted under section 5 of the DOT Act for rail planning and the formula calculations omit the process contained in paragraph (1)(A) of new section 5(h). Funds which are available for reallocation are not subject to transfer. Transferred funds are available to be allocated and granted to States under the same conditions and in the same manner as any other funds in the consolidated planning fund and are no longer subject to the provisions of section 5 of the DOT Act.

Section 105. This section amends section 5(i) of the DOT Act to substitute a new provision therefore. Subject to the authority of the Secretary under subsection 5(h)(3) to transfer all rail planning funds to the consolidated planning fund when that fund is established, section 5(i) authorizes $100,000 for each State for planning for each fiscal year beginning with the 1979 fiscal year. No change is made in the second sentence of section 5(r) as redesignated by section 107 below. Thus, the funds available under existing authorizations for planning would be unaffected by the new law.

Section 106. This section amends section 5(k) of the DOT Act to set out the different kinds of projects which are eligible for assistance under each paragraph of section 5(f) of the DOT Act. As amended by the bill, section 5(f) of the DOT Act directs the Secretary to provide assistance for six classes of projects. Section 5(k) of the DOT Act sets out the eligibility criteria for the different classes of projects. Under present law, the eligibility criteria are the same for each class of project. Under the proposed bill, however, because each class of assistance is provided to solve a different kind of problem, the same eligibility criteria are not appropriate for all six kinds of projects. Consequently, the bill proposes to amend section 5(k) of the DOT Act to establish distinct eligibility criteria for each class of project.

Subsection 5(k)(1) of the DOT Act provides that a project is eligible for assistance under subsection 5(f)(1) of the DOT Act if the line of railroad which is related to the project has an Interstate Commerce Commission finding under section 1a of the Interstate Commerce Act or was eligible for assistance under section 402 of the 3R Act. New subsection 5(k)(1) authorizes a State to provide rail service assistance under subsection 5(f)(1) of the DOT Act, i.e., rail service continuation payments, for twenty-four months. A line of railroad or related project which was eligible for assistance under section 402 of the 3R Act or under section 5 of the DOT Act prior to the enactment of this amendment, continues its eligibility to receive rail service continuation payments until September 30, 1981.

Under present law, a project is eligible for assistance until June 30, 1981. Since the enactment of the present law, the Federal fiscal year has been changed to end on September 30 of each year. Consequently, the amendment extends until September 30, 1981, the eligibility of projects which were eligible for assistance under section 402 or under subsection 5(f)(1) of the DOT Act prior to the enactment of the amendment, to conform the program year to the Federal fiscal year. Subsection 5(k)(2) provides that a project is eligible for assistance under new subsection 5(f)(2) if the project (1) satisfies benefit/cost criteria developed by the Secretary under new section 5(o), and (2)(i) if the line of railroad has an Interstate Commerce Commission finding issued since sections 5(f)–(o) were added to the DOT Act by section 803 of the 4R Act (on February 5, 1976), (ii) if the line of railroad was listed for inclusion in Part III, Section C of the United States Railway Association's Final System Plan issued under section 207 of the 3R Act, or (iii) if the line of railroad was eligible for acquisition assistance under section 402(c)(3) of the 3R Act. A line of railroad which was eligible for acquisition assistance under section 402(v)(3) or under section 5 of the DOT Act prior to the enactment of this amendment is eligible only until September 30, 1981.

Subsection 5(k)(3) provides that a project is eligible for assistance under subsections 5(f)(3) and 5(f)(5) only if, at the time assistance is provided, the line of railroad related to the project is mileage which the operating railroad anticipates will be the subject of an abandonment or discontinuance application or is potentially subject to abandonment within the meaning of section 1a(5)(a) of the Interstate Commerce Act and thus included in a railroad system diagram filed with the Interstate Commerce Commission in accordance with 49 CFR 1121.20(b)(1) or (b)(2) and the project satisfies benefit/cost criteria. Although 49 CFR 1121.20(b) requires a railroad to include five categories of rail mileage in its system diagram, only mileage included in categories (b)(1) or (b)(2) is eligible for assistance under subsections 5(f)(3) and 5(f)(5). A project becomes ineligible for assistance if the line of railroad related to the project is included in an application for abandonment or discontinuance of service thereon. If, however, an application is withdrawn or denied and the railroad subsequently includes the line in its diagram as a category (b)(1) or (b)(2) line, the project would again be eligible.

Subsection 5(k)(4) provides that a project is eligible for assistance under subsection 5(f)(4) only if the project satisfies benefit/cost criteria and the line of railroad which is related to the project has an Interstate Commerce Commission finding or was eligible for assistance under section 402 of the 3R Act. A project which was eligible for assistance under section 402 or under section 5 of the DOT Act prior to the enactment of the amendment is eligible only until September 30, 1981.

Subsection 5(k)(5) provides that a State may assist a cooperative action project only if the project is reasonably likely to improve local rail freight service by improving operating efficiency, decreasing cross subsidization of the unprofitable portions of a rail system by its profitable portions, or improve worker productivity. In order for a cooperative action project to be eligible for financial assistance, its implementation must last no more than eighteen months.

Section 107. As the bill adds three new subsections to section 5 of the DOT Act, section 107 redesignates section 5(o) as section 5(r) and provides that all references to it are also redesignated.

Section 107 also amends redesignated section 5(r) to provide that after the repeal of section 810 of the 4R Act any funds which were appropriated for purposes of section 810, are available to the Secretary for purposes of sections 5(f)–(r) of the DOT Act, that is that local rail service assistance program.

Section 109. This section adds a new subsection (o) to section 5 of the DOT Act. The new subsection directs the Secretary to develop benefit/cost criteria to be used by the Secretary, in accordance with section 5(k), to determine whether a project is eligible for Federal assistance. It is intended that the criteria measure only tangible, quantifiable economic benefits and costs. Additionally, it is intended that the criteria address the costs and benefits of alternate mode service. Only the mode which can be shown

to produce the greater benefit to the community will be assisted. Before issuing criteria, the Secretary shall consult with representatives of the States.

Section 109. This section adds a new subsection (p) to section 5 of the DOT Act. New subsection (p) sets out the procedures under which a State spends assistance provided under subsection 5(f)(3) to rehabilitate or improve rail properties in order to improve local rail freight service within the State. The State has the option to either grant or loan funds to a railroad which then performs the work involved in the project.

The State may set all of the financial terms of a loan or grant. However, it is intended that in entering into agreements with railroads, the States will ensure that the railroad is committed to providing service at the level to which the line is rehabilitated for at least the economic life of the investment. In any case, it is intended that the railroad commitment should be no less than five years and that the Federal assistance will not result in a decrease in the overall level of railroad capital investment.

The State may use repaid funds to make an unlimited number of loans or grants to rehabilitate or improve other eligible projects. A State shall use the repaid funds including interest thereon to make loans and grants in the same manner and subject to the same Federal conditions as loans and grants made with funds which were granted to the State by the Secretary. With the Secretary's approval, the State may permit the railroad to retain the Federal share of the funds in an interest bearing account in a bank, which has been designated by the Secretary of the Treasury, for the use and benefit of the State in its program. The Federal share of any funds not used or needed by the State in its program may be returned to the Secretary at any time and the Federal share of the funds remaining after the termination of the program are to be paid to the Secretary.

Section 110. This section makes these new amendments effective on October 1, 1978.

TITLE II—AMENDMENTS TO THE 4R ACT

Section 201. This section would add two new subsections to section 502 of the 4R Act. Subsection (j) would provide that no proceeds from the issuance and sale of Fund anticipation notes shall be used to pay interest on such notes. Subsection (k) would provide that no moneys in the Rail Fund can be obligated or expended without prior approval thereof in an annual appropriations Act. This latter provision is currently contained in section 509 of the 4R Act which would be eliminated under amendments made by section 206 of this bill.

Section 202. This section would amend section 505(b)(2) of the 4R Act to make the use of the applicant's rate of return on total capital in the section 505 evaluation process consistent with the use of that concept in determining, under section 506, the yield on redeemable preference shares used solely to reduce the level of deferred maintenance on facilities. By providing for the use of a three year average rate of return on total capital, the change also eliminates the potential use of information that is not typical for the applicant due to extraordinary events that may have occurred in fiscal year 1975. In short, the amendments provides a broader indicator of the applicant's normal rate of return on total capital and thus permits more meaningful analysis.

This section would also correct two technical errors that are currently present in the 4R Act. The first error resulted from the failure to delete the reference to paragraph (2) of subsection 505(a) in the first sentence of section 505(b)(2) of the 4R Act when paragraph (2) of section 505(a) was eliminated by the Rail Transportation Improvement Act, Pub. L. No. 94-555. The second error is omission of the word "credits" after the phrase "accumulated deferred income tax" in the third sentence of section 505(b)(2) of the 4R Act.

Section 203. This section eliminates the present $100 million ceiling on the purchase of trustee certificates under section 505 of the 4R Act. Given the recent bankruptcy of the Chicago, Milwaukee, St. Paul and Pacific R.R., raising to three the number of railroads in reorganization, and the marginal condition of other railroads, the $100 million ceiling is no longer appropriate.

Section 204. This section makes it clear that September 30, 1979, is the date on which the Secretary's authority to commit funds under Section 505 shall terminate. Railroad rehabilitation and improvement projects funded under section 505 will often be long, complex projects entailing work that will not be accomplished for many months after the commitment for Federal funding has been given. Under the existing language of the 4R Act, the Secretary would be required to sell, and the Secretary of the Treasury to buy, Fund anticipation notes prior to September 30, 1979, which may be substantially in advance of the time when the actual expenditures by railroad recipients would be made. During this interim period the Treasury would have to bear the interest cost incurred in purchasing the notes without any prospect for recoupment from the ultimate recipient of the funds. By allowing for the purchase of preference shares after September 30, 1979, these amendments will permit drawdowns for work accomplished after September 30, 1979, by a method which is both least costly to the United States and preserves control of the funds until they are actually required to be expended by the railroad recipient.

Section 205. This section would amend section 507 of the 4R Act to authorize the Secretary of Transportation to issue and sell to the Secretary of the Treasury, Fund anticipation notes, as approved in appropriation Acts, in an aggregate principal amount of $600 million. The Secretary of the Treasury, for budgeting reasons and to more clearly reflect the cost to the Government of the purchase of the redeemable preference shares, is authorized to establish the terms and conditions, including interest rate, of the notes. The payment of interest on such notes could not be made out of the proceeds of the Fund anticipation notes authorized by this section. Section 507(d) presently provides that if the Congress does not, on or before September 30, 1978, enact legislation authorizing the Secretary to redeem the Fund anticipation notes, the Secretary would hold in trust all redeemable preference shares which are then in the Fund and the Fund would terminate. This amendment would require the Secretary to await receipt of all preference shares before taking them in trust and terminating the Fund. The amendment would thus facilitate purchases of shares after September 30, 1979, to fund projects approved prior to that date.

Section 206. This section strikes the authorization language of section 509 of the 4R Act which is no longer needed in light of sections 201 and 205 of the bill. Sections 201 and 205 will permit the Secretary of the Treasury to purchase out of proceeds from public debt transactions Fund anticipation notes which the Secretary offers for sale to finance projects approved prior to September 30, 1979, to the extent such purchases are authorized by an annual appropriations Act.

Sections 207 and 208. Section 207 would correct an error in the numbering of subsections in section 511 of the 4R Act. Section 208 would conform section 512(a) of the 4R Act to reflect the authority of the Secretary of the Treasury with respect to Fund anticipation notes established by section 205 of the bill.

Section 209. This section would repeal section 810 of the 4R Act for the reasons set forth in the analysis.●

● Mr. CLARK. Mr. President, I am pleased to join in cosponsoring this important piece of legislation. Many communities face the possible termination of essential rail service because the railroads which serve them simply are not in a position to pay for necessary track repairs. In my home State of Iowa alone, 1,511 of the State's 7,547 miles of track—20 percent of the railroad track in the State—has been targeted for abandonment by the railroads. Nationwide, some 16,516 miles of track have been targeted for abandonment and the railroads have already been given permission by the Interstate Commerce Commission to abandon another 2,750 miles of track.

Abandonment of railroad lines can be a devastating problem for a community This is particularly true for communities in States such as Iowa which are dependent for their livelihood on the efficient transportation—in bulk—of agricultural commodities to market here and abroad. Adequate rail transportation is the lifeblood of many of these local communities.

Mr. President, present law makes a stab at dealing with the abandonment problem, but quite frankly, it is inadequate. Under the Railroad Revitalization and Regulatory Reform Act's branch line assistance program, States are currently eligible for temporary transitional assistance to help them protect service on lines which the Interstate Commerce Commission has cleared for abandonment. This assistance is not available, however, on those lines which the railroads are contemplating abandoning, but for which no application to abandon has yet been made with the Interstate Commerce Commission.

Mr. President, this simply does not make sense. What we have here is a system that makes operating subsidies and capital grants available where lines have been determined by the Interstate Commerce Commission to be "losers" but denies rehabilitation assistance to lines which have a better chance of being saved. Commonsense suggests that this is an inefficient way to spend the taxpayers' money.

Among other things, our bill would broaden the categories of track which are eligible for assistance under title VIII of the 4–R Act to include lines in ICC categories 1 and 2. These are lines which the carriers expect they will seek to abandon within 3 years (category 1) and lines under study which may be subject to future abandonment attempts (category 2). It is our hope that by broadening the branch line assistance program we would be able to head off the termination of essential rail service to many communities. Lines which might not remain profitable if they continued to deteriorate, could be rehabilitated before communities turned to more expensive and less efficient modes of transportation.

I should emphasize that our bill does

not call for the expenditure of more Federal dollars. It simply expands the categories of track for which rehabilitation grants could be made available under the branch line assistance program. The legislation is the product of many months of work by Federal and State transportation planners and has the enthusiastic support of the Iowa Department of Transportation, one of the most progressive State transportation departments in the country.

Mr. President, as chairman of the Senate Agriculture Committee's Rural Development Subcommittee, I have been carefully following the Federal Railway Administration's efforts under section 401 of the 4–R Act to develop some realistic solutions to the Midwestern rail crisis. The hope is that if we act now we can avoid the irreversible deterioration in the system that led to the establishment of ConRail in the Northeast. Undoubtedly one solution to the Midwest's problems will be the abandonment of lines which everyone—shippers, railroads, local communities, State planners—believes are nonessential.

The tough problem will be what to do about the essential light-density lines which are deteriorating and therefore less profitable, but which the railroads simply cannot afford to repair given their current financial straits. These are the lines for which Federal assistance is necessary. And it is for this reason that I believe the amendments contained in our bill are necessary if we are going to engage in a meaningful search for solutions under section 401. State and Federal transportation planners need the kind of flexibility that expanding the State branch line assistance program will bring.

Mr. President, I sincerely hope the Senate will give this bill serious and expeditious consideration.●

By Mr. CRANSTON (by request):

S. 2983. A bill to amend section 3103 of title 38, United States Code, to extend the time period within which the board of review concerned, on its own initiative, shall determine whether a person who has been awarded a general or honorable discharge under revised standards for the review of discharges as specified in clause (A) (i), (ii), or (iii) of paragraph (2) of subsection (e) of such section 3103 would be entitled to an upgraded discharge under standards meeting the requirements of paragraph (1) of such subsection; to amend section 5 of Public Law 95–126 to extend the time during which a former serviceperson may continue to receive Veterans' Administration benefits pending such determination; and for other purposes; to the Committee on Veterans' Affairs.

● Mr. CRANSTON. Mr. President, I am introducing today, at the request of the administration, S. 298, a bill to amend section 3103 of title 38, United States Code, to extend the time period within which the board of review concerned, on its own initiative, shall determine whether a person who has been awarded a general or honorable discharge under revised standards for the review of discharges as specified in clause (A) (i), (ii), or (iii) of paragraph (2) of subsection (e) of such section 3103 would be entitled to an upgraded discharge under standards meeting the requirements of paragraph (1) of such subsection; to amend section 5 of Public Law 95–126 to extend the time during which a former serviceperson may continue to receive Veterans' Administration benefits pending such determination; and for other purposes. I ask unanimous consent that the letter of transmittal and the bill be printed in the RECORD.

There being no objection, the bill and the letter were ordered to be printed in the RECORD, as follows:

S. 2983

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (1) of subsection 3103(e), title 38, United States Code, is amended to read as follows:

"(1) Notwithstanding any other provision of law, (A) no benefits under laws administered by the Veterans' Administration shall be provided, as a result of a change in or new issuance of a discharge under section 1553 of title 10, except upon a case-by-case review by the board of review concerned, subject to review by the Secretary concerned, under such section, of all the evidence and factors in each case (i) under published uniform standards (which shall be historically consistent with criteria for determining honorable service and shall not include any criterion for automatically granting or denying such change or issuance) and procedures generally applicable to all persons administratively discharged or released from active military, naval, or air service under other than honorable conditions; or (ii) prior to publication of such uniform standards, under standards (which shall be historically consistent with criteria for determining honorable service, as determined by the Secretary concerned, and shall not include any criterion for automatically granting or denying such change or issuance) and procedures as required in (i) of this paragraph; and (B) any such person shall be afforded an opportunity to apply for such review under such section 1553 for a period of time terminating not less than one year after the date on which such uniform standards and procedures are promulgated and published.".

(b) clause (B) of paragraph (2) of subsection 3103(e), title 38, United States Code, is amended to read as follows:

"(B) such determination shall be made by such board (i) on an expedited basis after notification by the Veterans' Administration to the Secretary concerned that such person has received, is in receipt of, or has applied for such benefits or after a written request is made by such person for such determination, (ii) on its own initiative within one year after the date of publication of the uniform standards as required by paragraph (1) of this subsection in any case where a general or honorable discharge has been awarded on or prior to the date of enactment of this paragraph under revised standards referred to in clause (A) (i), (ii), or (iii) of this paragraph, or (iii) on its own initiative at the time a general or honorable discharge is so awarded in any case where a general or honorable discharge is awarded after such enactment date.".

(c) clause (A) of section 5(2) of Public Law 95–126 is amended to read as follows:

"(A) with respect to any person who, on such enactment date is receiving benefits under laws administered by the Veterans' Administration, (i) such benefits shall not be terminated under paragraph (2) of section 3103(e) of title 38, United States Code, as added by section 1(a)(2) of this Act, until (I) the day on which a final determination not favorable to the person concerned is made on an expedited basis under paragraph (2) of such section 3103(e), (II) the day following the expiration of ninety days after a preliminary determination not favorable to such person is made under such paragraph, or (III) the day following the expiration of one hundred and eighty days after the date of publication of the uniform standards as required by paragraph (1) of subsection (e), section 3103 of title 38, United States Code, as amended by this Act, whichever day is the earliest, and (ii) the United States shall not make any claim to recover the value of any benefits provided to such person prior to such earliest day;"

SEC. 2. This Act shall take effect on the date of its enactment.

WASHINGTON, D.C.,
April 7, 1978.

HON. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill "To amend section 3103 of title 38, United States Code, to extend the time period within which the board of review concerned, on its own initiative, shall determine whether a person who has been awarded a general or honorable discharge under revised standards for the review of discharges as specified in clause (A)(i), (ii), or (iii) of paragraph (2) of subsection (e) of such section 3103 would be entitled to an upgraded discharge under standards meeting the requirements of paragraph (1) of such subsection; to amend section 5 of Public Law 95–126 to extend the time during which a former serviceperson may continue to receive Veterans Administration benefits pending such determination; and for other purposes." It is requested that the draft bill be introduced and considered for enactment.

The purpose of the proposed bill is to allow more time for the discharge review boards of the services concerned to make a determination, on their own initiative, whether, in a given case, a discharge upgraded under revised standards would have been awarded under the uniform standards required by Public Law 95–126. The draft bill is also designed to extend for a limited time, the period during which persons may continue receiving Veterans Administration benefits on the basis of a discharge upgraded under revised standards pending the determination as to whether an upgraded discharge would have been awarded under the uniform standards required by Public Law 95–126.

The proposed bill would also preserve the Veterans Administration benefits of those persons whose discharges were upgraded or may be upgraded on a case-by-case basis in accordance with standards of the particular military services from the date of enactment of Public Law 95–126 until publication of the uniform standards required by paragraph (1) of subsection 3103(e) of title 38, United States Code.

It is estimated by the Department of Defense that a minimum of 6 months will be required from the date of publication of the uniform standards and procedures mandated by Public Law 95–126 to insure timely reconsideration of approximately 5,097 cases expected to be referred to the discharge review boards of the military departments by the Veterans Administration. These are the cases involving approximately 1,105 individuals who are currently receiving, and approximately 3,991 individuals who have applied for benefits on the basis of a discharge upgraded under the Presidential memorandum of January 19, 1977, or the Special Discharge

Review Program (SDRP) implemented on April 5, 1977. In addition, extention of the deadline for a period of 1 year from date of publication will provide additional time for the consideration of the approximately 15,000 other discharges upgraded under either the aforementioned Presidential memorandum or the SDRP. This will enable the discharge review boards to resume consideration of normal caseload, yet provide for completion of those special program cases in a timely manner, which do not currently involve payment of veterans benefits.

The relaxation of the time limitations of Public Law 95–126, as embodied in the proposed amending bill, will provide additional and valuable opportunity for the submission and careful consideration of the many significant comments and queries concerning the required uniform standards for reconsideration of discharges previously upgraded under temporarily revised standards and thereby assure fairness to both the Government and the individuals concerned.

Additional cost resulting from enactment of this measure is difficult to estimate but is not anticipated to be significant.

The Department of Defense joins in recommending the introduction and favorable consideration by the Congress of the enclosed draft bill.

Advice has been received from the Office of Management Budget that there is no objection to the presentation of this letter of justification from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND,
Administrator.●

By Mrs. HUMPHREY (for herself, and Mr. ANDERSON):

S. 2984. A bill to amend the Great Lakes Pilotage Act of 1960 in order to relieve the restrictive qualification standards for U.S. pilots on the Great Lakes; to the Committee on Commerce, Science, and Transportation.

PROVIDING MORE PILOTS FOR GREAT LAKES SHIPS

● Mrs. HUMPHREY. Mr. President, I am introducing legislation today that would help to alleviate a potential shortage of qualified pilots on the Great Lakes. This bill amends the Great Lakes Pilotage Act of 1960 by changing the definition of "U.S.-registered pilot" to include a mate or pilot license as a qualifying prerequisite to performing pilot's duties on the Great Lakes. Currently, a "U.S.-registered pilot" requires a master's license. The bill also will give the Secretary of Transportation discretion to require additional training and experience as deemed necessary to meet safety needs. The ultimate goal of this legislation is to relieve the growing shortage of qualified applicants for pilots' positions, while insuring the continued safe conduct of both foreign and registered U.S. vessels on the Great Lakes.

Prior to 1960, there was no requirement for ocean-going vessels, either foreign or U.S. registered, to utilize the services of officers with federally recognized piloting skills when navigating U.S. waters, while vessels sailing exclusively on the Great Lakes were required to utilize such pilots. With the opening of the St. Lawrence Seaway in 1959 and the subsequent increase in traffic, the need for such qualified pilots began to be recognized. This need eventually resulted in passage of the Great Lakes Pilotage Act of 1960 which requires the services of a U.S.-registered pilot for all vessels sailing in restricted or designated waters and a registered or otherwise qualified officer upon the open or "undesignated" waters of the lakes. While mates on U.S. interlake vessels are now licensed as first-class pilots, the prerequisite to service as pilots for ocean-going vessels in the same region is status as a U.S.-registered pilot. Currently, a "registered pilot" on the Great Lakes is defined as the holder of an unlimited master's license. It is this requirement that has given rise to the concern for the future availability of qualified pilots on the Great Lakes. After obtaining the first-class pilot's license, mates on the lakes generally sail for 10 years before obtaining a master's license and another 10 years before obtaining a master's berth. Thus, with a substantial number of years invested in qualifying experience and with seniority and retirement benefits accrued with one organization, these pilots are understandably reluctant to transfer to a new position with another organization.

In view of the threatened shortage of qualified registered pilots to serve ocean-going vessels navigating designated waters of the lakes, the future of Great Lakes shipping is seriously threatened. It is imperative, therefore, to not only liberalize the qualifications for U.S.-registered pilots for the immediate needs, but also to provide an attractive career program for the young lake officer candidates and the young but skillful officers currently engaged in Great Lakes service.

Mr. President, this bill would accomplish two noteworthy and much needed objectives. First, it makes the holders of mate, pilot, or master licenses eligible for service under the Great Lakes Pilotage Act of 1960, thus facilitating the availabilty of pilots when required by the increasing traffic on the lakes.

Second, it enables the Secretary of Transportation to require additional training and experience when necessary, thus insuring the safety of navigation on the Great Lakes. Safety, after all, was the primary motivation behind passage of the Pilotage Act of 1960.

Mr. President, I am, therefore, introducing this legislation today and hope that it will receive prompt, favorable consideration by the Senate.

Mr. President, I ask unanimous consent that my proposed amendment to the Great Lakes Pilotage Act of 1960 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2984

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Great Lakes Pilotage Act of 1960 (74 Stat. 259; 46 U.S.C. 216) is hereby amended as follows:

(1) By deleting section 2(c) and inserting in lieu thereof the following:

"(c) 'United States registered pilot' means a person, other than a member of the regular complements of a vessel, who holds an appropriate license issued under the authority of the provisions of Title 52 Revised Statutes, in the capacity of master, mate, or pilot, as determined by the Secretary, authorizing navigation on the Great Lakes and suitably endorsed for pilotage on routes specified therein, and who is registered by the Secretary as provided in section 4 of this Act";

(2) By deleting in section 2(d) the words "a master's certificate or equivalent" and inserting in lieu thereof "an appropriate";

(3) By deleting in section 4(a) the word "master's" in the second sentence; and

(4) By deleting in section 4(a) the words "which matters shall remain the responsibility of the Coast Guard" in the fourth sentence and inserting in lieu thereof "except that the Secretary may require additional training and experience as a prerequisite to registration as a United States registered pilot".●

By Mr. HATHAWAY:

S. 2985. A bill to amend the Tariff Schedules of the United States to provide for an increase in the duties on imports of potatoes, and to reduce the quota for potatoes subject to the lower of the two rates of duty; to the Committee on Finance.

● Mr. HATHAWAY. Mr. President, under present tariff statutes, up to 114,000,000 pounds of seed potatoes are allowed to be imported into this country at 37.5 cents per hundredweight duty and, at the same rate of duty, table stock may enter until a tariff-quota of 45,000,000 pounds is attained.

After those limits have been reached, the duty doubles to 75 cents per hundredweight for the over-quota.

In times when potatoes are in abundant supply in places like New Brunswick and Prince Edward Island, there is tremendous pressure on the farmer, as winter ends, to empty his bins and clear his potato house to prepare for the new season.

This year is one of those years and the quota on table stock potatoes for 1977 (the quota year runs from September 15 to September 15) was filled by early February 1978. At that point, the duty on table stock imports rose from 37.5 cents a hundredweight to 75 cents.

A problem has arisen in that when the table stock tariff-quota is filled, as it early is, there is a surge of potato imports in the seed category. That classification does not fill up as early because it is more than twice as large as the table classification and, of course, most imports of seed potatoes are not brought in until late winter and early spring when farmers are preparing for the next crop year.

Because seed potatoes are indistinguishable from table stock potatoes, it is difficult or impossible for our customs agents to know which is which. Consequently, we rely upon agreements between the United States and the exporting country that potatoes exported as seed will be officially certified as such.

However, during periods when the seed tariff-quota is unfilled and where the table stock classification at 37.5 cents duty per hundredweight has been filled, potatoes enter as seed at the lower duty, but become table stock.

There is nothing wrong with eating seed potatoes. But there is something wrong in cheating the Government of the revenue it should have had had the

potatoes entered as table stock. There is also something wrong in glutting the fresh potato market in the United States with potatoes which entered as seed potatoes for planting.

Accordingly, Mr. President, I am pleased to introduce legislation to give our farmers better access to domestic potato markets by moderating imports of fresh and seed potatoes, and to make it easier for our hard-working Customs Service to control imports.

Present law allows, as I have said, 114 million pounds of seed and 45 million pounds of table potatoes at 37.5 cents per hundredweight. Thereafter, the duty rises to 75 cents.

My bill eliminates the distinction made as to the use of the potato and instead allows up to 100 million pounds of fresh potatoes to be imported at a duty of 75 cents per hundredweight.

Once the 100-million-pound level is reached, the duty would rise to $1 per hundredweight.

For Communist countries, the duty would be $1.50 per hundredweight up to 100 million pounds and $2 per hundredweight thereafter.

My bill also repeals the provision of law which provided that any time the level of domestic production fell below 21 billion pounds, such deficiency could be added to the 45 million pounds importable for table stock at 37.5 cents per hundredweight.

Mr. President, I believe that this bill will reduce imports by a moderate amount, will set duties at more realistic levels and will simplify enforcement of the fresh potato tariff schedules at all our borders.

I ask unanimous consent that my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2985

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part 8 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by striking out the matter between item 137.11 and item 137.40 and inserting in lieu thereof the following:

	Potatoes, white or Irish:			
"137.20	For not over 100,000,000: Pounds entered during the 12-month period beginning September 15 in any year	Cwt	75¢ per 100 lbs.	$1.50 per 100 lbs.
137.25	Other	Cwt	$1.00 per 100 lbs.	$2.00 per 100 lbs.".

(b) The headnotes for such subpart are amended by striking out headnote No. 2.

SEC. 2. (a) The rate of duty prescribed in rate column numbered one of the Tariff Schedules of the United States, as amended by this Act, shall be considered to have been proclaimed by the President as necessary or appropriate to trade agreements to which the United States is a party, not as a statutory provision enacted by the Congress.

(b) The amendments made by this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption after the date of enactment of this Act.●

By Mr. CHAFEE (for himself, Mr. DANFORTH and Mr. BELLMON):

S. 2986. A bill to provide that the salaries of the Vice President; Members of Congress; justices, judges, commissioners, and referees; and positions in the Executive Schedule shall not be increased by the next comparability pay adjustment; to the Committee on Governmental Affairs.

● Mr. CHAFEE. Mr. President, last week, in announcing the Government's fight against inflation, President Carter called for voluntary wage restraints by all sectors of our economy, from assembly line workers to corporation presidents. Today I am introducing legislation that would enable Congress to make a meaningful response.

My bill would exempt all Members of Congress, along with the Vice President, certain members of the Judiciary, and persons on the Executive pay schedule, from any cost-of-living pay raise in 1978.

The President's call for voluntary restraints must be heeded by all groups of wage earners. Accordingly, it is the responsibility of Congress to set a firm example for those who look to Washington for guidance. This is a role that naturally falls to us, since we perhaps are the most visible single group of wage earners in the country. Our salary of $57,500 now places us in the top 2 percent of wage earners in the Nation.

Already, the President has taken the initiative to propose no more than a 5.5-percent pay increase for most Federal employees, and a freeze on the salaries of Presidential appointees and senior White House staff. I think that a 1-year pay freeze is a sacrifice Congress would also do well to make.

There is another reason why it is so fitting for us to take this voluntary step. That reason is the unique relationship between Congress and inflation, a link that goes much deeper than the question of how much American taxpayers must pay for congressional salaries. While Members of Congress may earn a rather insignificant portion of the national income, they are in the position of having greater influence and control over the national economy—and the rate of inflation—than any other single group of people. Indeed, Congress could probably take the blame for being the primary cause of inflation.

There is another point here which I think must be made. Since 1975, law has provided that Congress shall receive an automatic cost-of-living pay increase every year, as recommended by the President, without our having to lift a finger to get it. In fact, we cannot even turn it down short of passing a law.

I do not think that we should be automatically inflation proof. I firmly believe that Congress should be required to vote each year, up or down, on the necessity of a cost-of-living increase. This is not to say that these increases are not always justified. Executive, legislative, and judicial salaries must always be viewed in the light of private sector pay scales.

However, we have a situation now where the very group that is so responsible for the problem of inflation has insulated itself from its effects. The average American worker has neither control over the prices that are going up all around him, nor automatic protection of his wages from spiraling costs of living. Why should we take the easy road?

For so many years now inflation has been such a part of our economy that we seem to have forgotten that there are things we can do about it. Inflation is not some invisible hand over which we have no control, but rather it is the combined result of many independent actions. As each group within the economy fights and wins its own little battle against rising costs by demanding cost-of-living increases, we as a nation together are losing the war.

The bill I am introducing today lets Congress put itself on record, as we were able to do last year, on the question of a cost-of-living increase. We decided against it last year for some excellent reasons. Now, a year later, we have some very different, but equally persuasive arguments for doing the same.

Let us show that we are willing to do our part, with a voluntary sacrifice, in the battle against inflation. Let us follow in the example of the President, in the hopes that our fellow Americans will do the same.●

By Mr. CULVER (for himself and Mr. WALLOP):

S. 2987. A bill to extend the authority for carrying out conservation and rehabilitation programs on military reservations and certain public lands; to the Committee on Environment and Public Works.

SIKES ACT AMENDMENTS OF 1978

● Mr. CULVER. Mr. President, I am introducing today, along with my distinguished colleague from the State of Wyoming, Senator WALLOP, legislation to extend the authorization for appropriations for the Sikes Act.

This law, first enacted by Congress in 1960, authorized the Secretary of Defense to join with the Secretary of the Interior and appropriate State conservation agencies in conducting fish and wildlife conservation and public recreation programs on over 25 million acres of military lands located throughout the Nation. In 1974, Congress significantly expanded the scope of the act by directing the Secretaries of Agriculture and the Interior to develop similar Federal-State cooperative arrangements for conservation plans on lands under the jurisdiction of the Forest Service, the Bureau of Land Management, the National Aeronautics and Space Administration, and the Department of Energy. Included were specific requirements for improvement of wildlife habitat, range rehabilitation, and protection of endangered species.

This act was significant because it, for the first time, gave the States an equal

partnership with the Federal Government in developing recreational and conservation programs on Federal lands. However, during hearings by the Subcommittee on Resource Protection last November, it became apparent that, unfortunately, implementation of this program has fallen far short of congressional expectation. For instance, a study by the General Accounting Office concluded that neither the Defense Department nor the Interior Department has fully met the objectives of the law for military lands. Similarly, testimony by State fish and wildlife officials and national conservation groups indicated that the Forest Service and the Bureau of Land Management (BLM) hase also not devoted the necessary attention to this program.

Despite the problems with the implementation of the Sikes Act, the purposes of the law are nonetheless laudible, and funds for its implementation, which expire at the end of fiscal year 1978, should be renewed. Therefore, Senator WALLOP and I are introducing legislation to extend the authorization for the act through fiscal year 1982.

This legislation provides an annual authorization of $1.5 million to the Secretary of Defense and $4.5 million to the Secretary of the Interior for cooperative fish and wildlife conservation and public recreational programs on miiltary lands. In addition, a total of $70 million is provided for cooperative programs on BLM lands, and $170 million for programs on Forest Service lands.

During the subcommittee's hearings, we learned that a major factor impeding the successful implementation of the Sikes Act has been a lack of willingness on the part of the Office of Management and Budget to support the program. Accordingly, a provision of this reauthorization bill requires that in the event funds requested by an agency under the act are less than those authorized, the Secretary shall specifically set forth reasons for requesting the lesser amount.

The Subcommittee on Resource Protection is scheduled to consider this measure in the near future, and I believe it properly addresses many of the existing problems with the implementation of the Sikes Act.●

● Mr. WALLOP. Mr. President, today I am introducing a bill, along with Senator CULVER, which will reauthorize Public Law 93–452, commonly known as the Sikes Act. This program expires at the end of fiscal year 1978, and the Committee on Environment and Public Works must, therefore, reauthorize it prior to May 15, 1978.

Last year the Resource Protection Subcommittee of the Senate Environment and Public Works Committee held oversight hearings to decide if the Sikes Act should be reauthorized, and to examine the need for changes in the law. Those hearings brought a number of problems associated with this law to light, and also evinced strong support for reauthorization of the law. The bill being introduced today attempts to rectify some of the past problems with its implementation and to serve notice to the involved Federal agencies to implement, in conjunction with their other mandates, the necessary fish and wildlife conservation programs on certain Federal lands.

In 1960 Congress passed the Sikes Act to provide for fish and wildlife conservation programs on military lands operated by the Department of Defense. Title I authorized the Secretary of Defense to work with the Secretary of the Interior and appropriate State agencies to carry out a program of planning, development, maintenance, and coordination of wildlife, fish and game conservation, public recreation, and rehabilitation on military reservations. Today, that directive stands out as a farsighted move in accord with the increasing appreciation of the value of wildlife and recreation. The Department of Defense controls approximately 26 million acres of land. It should and does have an important role in fish and wildlife management and other nonconsumptive uses of its lands.

In 1974 Congress amended the original Sikes Act to include public lands under the jurisdiction of the U.S. Forest Service, Bureau of Land Management, National Aeronautics and Space Administration, and the Atomic Energy Commission. The law provided sound and specific direction for those agencies to develop Federal-State cooperative agreements for conservation plans. It included plans for improved wildlife habitat, range rehabilitation, and protection of endangered species.

During the course of our hearings, it became apparent that the full fish, wildlife and recreation potential of the 26 million acres of lands in military reservations has not been realized. This is probably because the administration has never requested any appropriations for the Secretary of Defense or the Secretary of Interior to carry out their duties under the Sikes Act. The Secretary of Interior has been able through his general appropriations budget to provide limited technical assistance to DOD installations, but these funds have been insufficient. Because DOD has never requested or received any appropriations for Sikes Act programs, it has had to rely on revenues accruing from hunting and fishing fees on military bases. While those fees are sizable, they fall far short of what is needed to enhance wildlife and recreation opportunities. According to a recent GAO report, there is an estimated $2 million backlog in unfunded fish and wildlife projects on military bases. While some military bases do have good fish and wildlife programs, generally DOD's fish and wildlife effort falls short of its potential. The American public could benefit greatly from increased wildlife and recreation opportunities on these bases.

Regarding title II, the State game and fish agencies testified that progress has been made since 1974 in developing cooperative management plans with the Forest Service and BLM, but that no Federal funds have ever been requested or provided under the Sikes Act. Fish and wildlife habitat management programs on public lands have historically been either underfunded or not funded at all, despite Federal laws recognizing the need for these resources. The State agencies and conservation groups all support the Sikes Act, and the States have worked long and hard formulating acceptable management plans in cooperation with the Forest Service and BLM. However, all of them expressed dismay over inadequate funding requests and appropriations for the Sikes Act. The original act was expected to mainly benefit BLM since BLM did not have the direction and authority to seek cooperative management agreements with State wildlife agencies as the Forest Service had. However, little has been done to implement these plans because the Administration has not requested and Congress has not appropriated adequate funds. In fiscal year 1978 the BLM was given $6.4 million for fish and wildlife research and management on more than 450 million acres of public lands, while the Forest Service received $34.6 million for 187 million acres of land. At the time of our hearing, 40 States had signed cooperative management agreements with the Forest Service, at an estimated cost of $30 million to implement in the first year. Eleven States had completed 52 habitat management plans in BLM, and estimated it would cost some $10 million to implement those the first year.

Title I of the reauthorization bill would provide funding authorization for the Department of Defense and the Department of Interior. The latter reauthorization amount is increased from present lands to provide for public recreation programs on DOD lands, to be developed in conjunction with HCRS. Title I provides the funding levels indicated as necessary by both the BLM and the Forest Service to implement the cooperative agreements signed to date. While the budget increases are significant, they reflect needs identified by both the States and Federal agencies. Since it became obvious during the course of hearings that sufficient funds for these programs are not available under other laws, this authority should prove adequate for implementing the purposes of this law. Since Federal agencies have in the past not requested funding under this law, this bill provides that the agency shall report to the Environment and Public Works Committee and the House Merchant Marine Committee whenever its appropriations are less than those authorized under the act. Furthermore, the bill has incorporated provisions suggested by the Federal agencies which would coordinate the BLM and Forest Service Sikes Act programs with planning undertaken for other Federal mandates, notably the Federal Land Policy and Management Act. The agencies for their part have stated they recognize the importance of the Sikes Act in providing specific direction for cooperative wildlife programs, and are in full agreement with that direction.

Mr. President, Federal lands are and will continue to be under increasing pressure as the desire and support for both outdoor recreation and wildlife preservation grows as anticipated. We

need to provide more and better recreational and hunting opportunities, and to coordinate our resource management programs. The Sikes Act is intended to create the means by which State wildlife agencies and Federal land management agencies can cooperatively maintain and improve wildlife and fish habitat, and recreational opportunities in the case of the military. Since it is the responsibility of the Federal Government to provide suitable habitat, and the responsibility of the States to manage and protect wildlife species and license sportsmen, a cooperative approach is essential. The Sikes Act wisely makes the States full partners in developing its goals, and has prompted at least some initial steps toward fulfilling its goals. I hope that Congress will see fit to reauthorize this bill and insure that it is carried out in the full spirit of the law.●

By Mr. HELMS:

S. 2989. A bill to provide procedures for review of the conduct of each justice and judge of the United States to determine that such conduct is consistent with the good behavior required by article III, section 1 of the Constitution, and for other purposes; to the Committee on the Judiciary.

JUDICIAL INDEPENDENCE AND INTEGRITY ACT OF 1978

Mr. HELMS. Mr. President, the independence of the judiciary is a fundamental premise of a just legal system in a democratic society. However, under our constitutional system of separation of powers, independence does not mean complete insulation from all criticism or review. No stronger defender of judicial independence among the founding fathers can be found than Alexander Hamilton in the Federalist. Yet Hamilton was quick to point out that the independence of the judiciary was dependent not only on a system of separation of powers, but upon the good character of the judges themselves.

Under the plan of the Constitution, the judiciary was to be a separate and equal branch of Government, and judges themselves were to be free from the corrupting influences of society. Not only was the judiciary to be independent, but the individual character of the judges was to be guarded. Judges receive a substantial compensation which cannot be diminished, they enjoy life tenure in office, and they are protected from civil liability when an error in their judgment may prove disasterous to an innocent party. However, the greatest protection of the Federal judiciary is the respect and good standing in which the judiciary is held by the American people. The foundation of this respect is the fine character and good behavior of our Federal judges.

While the Founding Fathers provided that Justices of the United States and later all Federal judges were to enjoy lifetime tenure in their offices, such tenure was conditioned upon each judge's "good behavior." The "good behavior" standard was for the Founding Fathers a two-edged sword that would protect the judiciary from the encroachments of other branches of Government and also protect the people from a biased, arrogant, or corrupt judiciary. As Hamilton wrote in the Federalist:

> The standard of good behavior for the continuance in office of the judicial magistracy is certainly one of the most valuable of the modern improvements in the practice of government. In a monarchy it is an excellent barrier to the depotism of the prince: In a republic it is a no less excellent barrier to the encroachments and oppressions of the representative body. And it is the best expedient which can be devised in any govcrnment, to secure a steady, upright, and impartial administration of the laws.

Mr. President, the most important aspect of the legislation which I am introducing today is the procedure by which the conduct of every judge and justice of the United States will be periodically reviewed. The knowledge that each judge's conduct in office will be open to examination will in itself do much to prevent abuse of office. I do not have any illusions that the legislation I am introducing will suddenly make impeachment a less cumbersome or time-consuming procedure than the Founding Fathers intended. Nor is it my intention that the number of impeachments be increased as a result of my bill. But, the fact that a judge's conduct on the bench will be examined should beneficially reduce the potential necessity to implement the impeachment process itself in the future.

The advice of former U.S. Circuit Court of Appeals Judge Maris regarding review of judicial conduct and the independence of the Federal judiciary is worth noting. Judge Maris stated:

> I believe it is perhaps salutary from time to time to have somebody looking over your shoulder. I don't see how any judge need fear any such provision if he is conducting himself properly. As a matter of fact, it seems to me our history teaches that judges receive great consideration in their conduct and in their work. They are regarded highly, as a group, and perhaps too often derelictions which may well be small are overlooked by the public. I just don't fear that this would be any real threat to the independence of the judiciary.

I have, therefore, introduced legislation that would maintain the traditional responsibility of the House of Representatives regarding the removal of members of the Federal judiciary. My legislation provides that the House Judiciary Committee undertake a survey of the official conduct of every judge and Justice of the United States at the conclusion of each 8 years such judge serves in office. The review would be automatic and not dependent upon any prior showing that the judge has violated any judicial standard of good behavior. Should the House Judiciary Committee in its routine investigation of a judge, determine that he has violated the standard of good behavior, the committee would undertake a hearing into the matter at which the judge would be entitled to be present with counsel.

Both the Senate and the House Judiciary Committees would be empowered to receive complaints regarding judicial behavior from the public. If the Senate Judiciary Committee found that a complaint was not frivolous, it would refer the matter to the House Judiciary Committee for action under its rules governing impeachment proceedings. Although my legislation sets up procedures to conduct such an inquiry it is not intended as a substitute for existing procedures. Rather, it is intended to serve as an additional mechanism for the constitutional oversight responsibility of the House of Representatives and Senate.

Mr. President, the Congressional Research Service of the Library of Congress has prepared an excellent analysis of the impeachment power in regard to members of the judiciary. In the interest of brevity, I ask unanimous consent that the following portion of "The Constitution of the United States of America: Analysis and Interpretation" be printed in the RECORD at this point and that following it the text of the "Judicial Independence and Integrity Act of 1978" be printed in the RECORD.

There being no objection, the excerpt and bill were ordered to be printed in the RECORD, as follows:

EXCERPT

Judges.—Article III, § 1, specifically provides judges with "good behavior" tenure but the Constitution nowhere expressly vests the power to remove upon bad behavior; it has been assumed that judges are made subject to the impeachment power through being labeled "civil officers." The records in the Convention make this a plausible though not necessary interpretation. And in fact nine of the twelve impeachments reaching trial in the Senate have been directed at federal judges. So settled apparently is the interpretation that the major arguments, scholarly and political, have concerned the question whether judges, as well as others, are subject to impeachment for conduct which does not constitute an indictable offense and the question whether impeachment is the exclusive removal device with regard to judges.

IMPEACHABLE OFFENSES

The Convention came to its choice of words describing the grounds for impeachment after much deliberation but the phrasing derived directly from the English practice. The framers early adopted, on June 2, a provision that the Executive should be removable by impeachment and conviction "of malpractice or neglect of duty." The Committee of Detail reported as grounds "Treason (or) Bribery or Corruption." And the Committee of Eleven reduced the phrase to "Treason, or bribery." On September 8, Mason objected to this limitation, observing that the term did not encompass all the conduct which should be grounds for removal; he therefore proposed to add "or maladministration" following "bribery." Upon Madison's objection that "[s]o vague a term will be equivalent to a tenure during pleasure of the Senate", Mason suggested "other high crimes and misdemeanors", which was adopted without further recorded debate. The phrase in the context of impeachments has an ancient English history, first turning up in the impeachment of the Earl of Suffolk in 1388.

Treason is defined in the Constitution: bribery is not but it had a clear common law meaning and is now well covered by statute. High crimes and misdemeanors, however, is an undefined and indefinite phrase, which, in England, had comprehended conduct not constituting indictable offenses. In an unrelated action, the Convention had seemed to understand the term "high misdemeanor" to be quite limited in meaning, but debate prior to adoption of the phrase and comments thereafter in the ratifying conventions were to the effect that the President at least, and all the debate was

in terms of the President, should be removable by impeachment for commissions or omissions in office which were not criminally cognizable. And in the First Congress' "removal" debate, Madison maintained that the wanton removal from office of meritorious officers would be an act of maladministration which would render the President subject to impeachment. Other comments, especially in the ratifying conventions, tend toward a limitation of the term to criminal, perhaps gross criminal, behavior. While conclusions may be drawn from the conflicting statement, it must always be recognized that a respectable case may be made for either view.

Practice over the years, however, insofar as the Senate deems itself bound by the actions of previous Senates, would appear to limit the grounds of conviction to indictable criminal offenses for all officers with the possible exception of judges. . . .

With regard to federal judges, however, several successful impeachments in this Century appear to establish that the constitutional requirements of "good behavior" and "high crimes and misdemeanors" may conjoin to allow the removal of judges who have engaged in seriously questionable conduct although no specific criminal statute may have been violated. Thus, both Judge Archbald and Judge Ritter were convicted on articles of impeachment which charged questionable conduct which probably did not amount to indictable offenses.

S. 2989

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Judicial Independence and Integrity Act of 1978".

SENATE PROCEDURES FOR COMPLAINTS REGARDING THE CONDUCT OF A JUDGE OR JUSTICE

SEC. 2. (a) Any person may file a written complaint with the Committee on the Judiciary of the Senate alleging that the conduct of a judge or justice of the United States is inconsistent with the good behavior required by article III, section 1, of the Constitution.

(b) The Committee on the Judiciary of the Senate (hereinafter in this section referred to as the "Committee") shall return to the complainant any complaint which it finds outside its jurisdiction, frivolous, insufficient in law or fact, or which relates to the contents or merits of any substantive or procedural ruling of that judge. The returned complaint shall be accompanied by a brief letter of explanation over the signature of the Chairman as to why no further action by the Committee is warranted.

(c) The Committee shall make a preliminary investigation with respect to any complaint not returned under subsection (b) and shall make a written report of the results of that investigation. The judge or justice who is the subject of the complaint shall be notified of the commencement of the investigation and of his right to submit to the Committee a written statement on his own behalf.

(d)(1) If, after completion of the preliminary investigation and review of the report, the Committee determines that there is sufficient cause to believe that the conduct of the judge or justice may be inconsistent with the good behavior required by article III, section 1, of the Constitution, it shall refer the complaint, a copy of the written report, and any statement submitted by the judge or justice on his own behalf, to the Committee of the Judiciary of the House of Representatives for further investigation in accordance with section 3.

(2) Any complaint not referred to the Committee of the Judiciary of the House of Representatives under paragraph (1) shall be returned to the complainant, accompanied by a brief letter of explanation over the signature of the Chairman as to why no further action by the Committee is warranted.

(e) The contents of any complaint investigated under subsection (c), the contents of any report made by the Committee and the contents of any statement submitted by a judge or justice under subsection (c), shall remain confidential until the Committee refers such materials under subsection (d) (1) to the Committee on the Judiciary of the House of Representatives for further investigation.

(f) The Committee shall adopt such rules and procedures as are necessary to carry out the expeditious processing of complaints under this section.

HOUSE OF PROCEDURES FOR COMPLAINT REGARDING THE CONDUCT OF JUDGE OR JUSTICE

SEC. 3. (a) Upon receipt of any complaint, report, and accompanying statement referred to it under section 2(d)(1), the Committee of the Judiciary of the House of Representatives (hereinafter in this section referred to as the "Committee") shall give the judge or justice who is the subject of such complaint and report notice of the commencement of its investigation, and of his right, upon request, to a hearing before the Committee. Such hearing shall be a matter of public record.

(b) Whenever any judge or justice requests a hearing under subsection (a), he shall be given adequate notice of the place and date of such hearing, shall be admitted to such hearing, may be represented by counsel, offer evidence on his own behalf, and confront and cross-examine any witness against him.

(c) After completion of its investigation and hearing, if any, the Committee shall make a written report which shall include the results of its investigation, a transcript of the hearing, if any, and a recommendation as to what action, if any, the House should take pursuant to article I, section 3 of the Constitution.

EIGHT YEAR REVIEW BY HOUSE JUDICIARY COMMITTEE

SEC. 4. (a) The Committee of the Judiciary of the House of Representatives (hereinafter in this section referred to as the "Committee") is authorized and directed to review the conduct of each judge and justice of the United States to determine that such conduct is consistent with the good behavior required under article III, section 1 of the Constitution. Such review shall be conducted once every eight years each such judge or justice serves in office.

(b)(1) Whenever the Committee, after review under subsection (a), finds that the behavior of such judge or justice is consistent with the good behavior required by article III, section 1 of the Constitution, the Committee shall file a report with the Speaker of the House of Representatives and the President of the Senate stating such findings.

(2) Whenever the Committee, after review under subsection (a), determine that there is sufficint cause to believe that the conduct of such judge or justice may be inconsistent with the good behavior required by article III, section 1 of the Constitution, it shall notify such judge or justice of the commencement of an investigation into such conduct, and of his right, upon request, to a hearing before the Committee. Such hearing shall be a matter of public record. The Committee shall then proceed according to the provisions of section 3 (b) and (c) of this Act.

(c) The Committee shall adopt such rules and procedures as are necessary to carry out the provisions of this section and section 3 of this Act.

DEFINITIONS

SEC. 5. (a) Conduct which may be deemed to be inconsistent with the good behavior required by article III, section 1 of the Constitution includes, but is not limited to, willful misconduct in office, willful and persistent failure to perform duties of the office, abuse of the powers of office, habitual intemperance, or other conduct prejudicial to the administration of justice that brings the judicial office into disrepute.

(b) The term "judge or justice" means a judge or justice of the United States as defined in section 451, title 28, of the United States Code.

VACANCIES

SEC. 6. Whenever a vacancy results due to the resignation or removal of a judge or justice, the President shall be notified of such vacancy. The President shall, by and with the advice and consent of the Senate, appoint a successor to fill such vacancy.

EFFECT UPON OTHER PROCEDURES

SEC. 7. The provisions of this Act shall be in addition to, and not in lieu of, any rules or procedures of either House of Congress established pursuant to the Constitution with respect to the impeachment and removal from office of a judge or justice of the United States, and shall not be construed to limit or abridge such rules or procedures.

APPLICABILITY

SEC. 8. The provisions of this Act shall apply to any judge or justice of the United States holding office on the date of the enactment of this Act, or any individual appointed to hold the office of judge or justice of the United States after the date of enactment of this Act.

By Mr. CHURCH (for himself, Mr. STONE, Mr. LONG, Mr. DOLE, Mr. CURTIS, Mr. MATSUNAGA, Mr. YOUNG, Mr. HANSEN, Mr. HAYAKAWA, Mr. WALLOP, Mr. ANDERSON, Mr. MELCHER, Mr. INOUYE, Mr. JOHNSTON, Mr. CHILES, Mrs. HUMPHREY, Mr. BAYH, Mr. MARK O. HATFIELD, Mr. MCCLURE, Mr. TOWER, Mr. ZORINSKY, Mr. RIEGLE, Mr. BURDICK, Mr. BENTSEN, Mr. DECONCINI, Mr. DOMENICI, Mr. GRIFFIN, and Mr. SCHMITT):

S. 2990. A bill to implement the international sugar agreement between the United States and foreign countries; to protect the welfare of consumers of sugar and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes; to the Committee on Finance.

SUGAR STABILIZATION ACT OF 1978

● Mr. CHURCH. Mr. President, I am joined today by 27 of my colleagues in introducing the Sugar Stabilization Act of 1978. Hopefully, the introduction of this legislation will lead to the adoption of a workable domestic sugar program which will complement the International Sugar Agreement (ISA).

The ISA was negotiated among more than 70 sugar producing and consuming countries in an effort to stabilize world sugar prices. The gyrations of the world market over the past few years—as high as 70 cents a pound a few years ago and recently as low as 7 cents—led many countries to agree to a cooperative effort to bring some order to the chaotic world sugar market.

The ISA is designed to keep world sugar prices within a price corridor of from 11 to 21 cents per pound, raw sugar equivalent. United States prices would be somewhat higher due to transportation costs and other expenses. When the world price for sugar is below 15 cents per pound, participating countries would be required to reduce their basic export quotas, established under the ISA, on a percentage basis and build reserve stocks of sugar. A fee is to be collected on each international sugar transaction to finance the accumulation and storage of these reserve stocks. When the world price is between 15 and 19 cents, the free trade range under the ISA, each nation may export its full quota plus any sugar not in reserve stocks.

Should the world price of sugar exceed 19 cents, one-third of the reserve stocks may be exported for each penny the price rises above the free trade range. The ISA is now being considered by the Senate Foreign Relations Committee.

On the domestic front, many will recall the ill-fated direct payments program instituted by the administration in an attempt to aid domestic sugar growers. Congress later replaced the payments program by adopting legislation, similar to that which I first introduced in the Senate, which established an import management program. That provision, known as the de la Garza amendment in honor of its House sponsor, expires at the end of the 1978 crop year.

Since it is clear that the ISA will not reach the floor price of its price corridor, much less the free trade range objective, before the de la Garza amendment expires, some action must be taken during this session of Congress to prevent our sugar growers from being caught in the void. The bill I am introducing today will prevent that from happening.

When the ISA was finally negotiated last fall, I pointed out to administration officials that our sugar growers could not put all their eggs in the ISA basket. The track record of international commodity agreements is not one that instills confidence. In order to assure U.S. growers a dependable price, I suggested that the administration propose a domestic sugar program to back up the ISA and replace the expiring interim program contained in the de la Garza amendment.

This February, I held hearings of the Senate Foreign Relations Committee on the ISA and U.S. sugar policy in Burley, Idaho, in the heart of Idaho's beet country. Sugar beet growers and processors from across the country uniformly endorsed the ratification of the ISA by the Senate—but only on one condition. They wanted a domestic backup program in place should the ISA fail.

Administration witnesses from the Departments of State and Agriculture were not prepared at those hearings to offer proposals for a domestic sugar program or even to endorse the concept of a backup program. As a result, I postponed further hearings on the ISA until such time as the administration came up with a proposal. Over 5 months have passed. To date, no such proposal has been forthcoming.

It is apparent that Congress must again take the initiative on behalf of our Nation's sugar growers and refiners.

Mr. President, the problems facing our domestic sugar growers are clear. The need to maintain a viable domestic sugar industry is well understood. The fact that there are no simple solutions should not prevent us from seeking to develop a workable domestic sugar program.

The Senate Agriculture Committee recognized the need to address the problems of the sugar grower by devoting a full day's hearings to sugar during the committee's extended consideration of the overall farm problem. As a corollary to the hearings held by the Agriculture Committee and the Senate Foreign Relations Committee, Senator STONE, chairman of the Subcommittee on Foreign Agricultural Policy, helped organize a series of open meetings for all interested parties to discuss various options for a domestic sugar program. Senator STONE's initiative is to be commended for it led, in large part, to the introduction of this legislation.

In addition, the U.S. International Trade Commission recently culminated a 5-month investigation on sugar at the request of the President, their second such investigation in the last 18 months. The Commission concluded that imports of sugar are materially interfering with our domestic sugar industry and the Commissioners unanimously agreed that refinements in our management of sugar imports are called for.

Mr. President, if this problem is analyzed any longer, without action, our sugar industry will waste away. Then, the sugar problem will reappear with a vengeance, once we become totally dependent on foreign countries for our supply of sugar.

Mr. President, I am pleased that our distinguished colleagues on the Senate Finance Committee have announced that hearings on the Sugar Stabilization Act of 1978 will be held on May 8. Many members of the committee have joined as cosponsors of this legislation and look forward to working with the able chairman of the full committee, Senator LONG, and the distinguished chairman of the Subcommittee on Sugar and Tourism, Senator MATSUNAGA, in an effort to pass a workable domestic sugar program during this session of Congress. Their strong commitment to helping our beleagured sugar growers is commendable.

Mr. President, the Sugar Stabilization Act of 1978 establishes a price objective for sugar equal to the midpoint of the free trade range defined in the ISA, around 17 cents per pound, raw value. This figure would be adjusted periodically to reflect changing economic conditions. The price objective for domestic producers is to be achieved through: First, the collection of import fees on imports entering at prices below the midpoint of the free trade range, and second, the establishment of import quotas, adjusted periodically, to meet U.S. sugar demands.

The program involves no payments to producers and no controls on the domestic production of sweeteners from sugarbeets, sugarcane, or corn. In a year in which the U.S. imports 4 million tons of sugar, a 1-cent per pound import fee would add $80 million to the U.S. Treasury. The cost of the act will be borne by sugar purchasers, primarily industrial users, and will not cost taxpayers any money. Moreover, consumers are provided added protection in the proposal by a provision suspending all import controls and fees if the domestic price exceeds the price objective by 20 percent for 20 market days.

Mr. President, I ask unanimous consent that a section-by-section analysis of the Sugar Stabilization Act of 1978 be printed at this point in the RECORD, together with the text of the bill.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 2990

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sugar Stabilization Act of 1978."

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress—

(a) To maintain a viable domestic sugar producing industry capable of continuing to provide the larger part of the sugar consumed in the United States;

(b) To protect the welfare of consumers and producers by providing such supplies of sugar as will be consumed at fair prices in the United States and in the world market;

(c) To achieve these prices and supply objectives through cooperation with sugar producing and consuming countries under the export quota system of the International Sugar Agreement and the operation of a complementary import management program for the United States market; and

(d) To promote the export trade of the United States with sugar producing countries of the world.

TITLE I—INTERNATIONAL SUGAR AGREEMENT

SEC. 101. The President is hereby authorized—

(a) To prohibit the importation into the United States of any sugar from any country, territory or area which is not a member of the International Sugar Organization;

(b) To prohibit the entry into the United States of any quantity of sugar which is not accompanied by a valid certificate of contribution to the stock financing fund and other documentation as may be required by the International Sugar Agreement;

(c) To require the keeping of such records, statistics, and other information, and the rendering of such reports, relating to the importation, distribution, prices, and consumption of sugar as he may from time to time prescribe;

(d) To take such other action and issue such rules and regulations, which shall have the force and effect of law, as he may consider necessary or appropriate to implement the obligation of the United States under the International Sugar Agreement; and

(e) To exercise any of the powers and duties conferred on him under this Title I through such department, agency, or officer of the United States as he may direct.

SEC. 102. Any person failing to make any report or keep any record as required by or pursuant to section 101, or making any false report or record or knowingly violating any rule or regulation issued by the President

pursuant to section 101, shall, upon conviction, be punished by a fine of not more than $1,000 for each such violation.

SEC. 103. The President shall submit to the Congress an annual report on the International Sugar Agreement. Such report shall contain full information on the operation of the Agreement, including full information with respect to the general level of prices of sugar and relationship to any domestic program of the United States for sugar. The report shall also include a summary of the actions the United States and the International Sugar Organization have taken to protect the interests of United States consumers and producers.

TITLE II—DOMESTIC SUGAR PROGRAM

SUBTITLE A—DEFINITIONS

SEC. 201. For the purpose of this Act—

(a) The term "person" means an individual, partnership, corporation or association.

(b) The term "sugars" means any grade or type of saccharine product derived from sugarcane or sugar beets, which contain sucrose, dextrose, or levulose.

(c) The term "sugar" means raw sugar or direct-consumption sugar.

(d) The term "raw sugar" means any sugars, whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar.

(e) The term "direct-consumption sugar" means any sugar principally of crystalline structure and any liquid sugar which are not to be further refined or improved in quality.

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids (excluding any foreign substances that may have been added or developed in the product) equal to 6 per centum or less of the total soluble solids.

(g) Sugars in dry amorphous form shall be considered to be principally of crystalline structure.

(h) The "raw value" of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing ninety-six sugar degrees by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) For direct-consumption sugar, derived from sugar beets and testing ninety-two or more sugar degrees by the polariscope, by multiplying the number of pounds thereof by 1.07;

(2) For sugar, derived from sugarcane and testing ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by 0.93;

(3) For sugar, derived from sugarcane and testing more than ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above ninety-two degrees;

(4) For sugar and liquid sugar, testing less than ninety-two sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972;

(5) The Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection.

(i) The term "total sugar content" means the sum of the sucrose and reducing or invert sugars in any grade or type of sugar or liquid sugar.

(j) The term "quota" means that quantity of sugar or liquid sugar, or that quantity of sugar-containing products, which may be brought in or imported into the United States, for consumption therein, during any calendar year, from foreign countries.

(k) The term "International Sugar Agreement" means the agreement entered into between the United States and foreign countries in 1977 and ratified by the United States Senate.

(l) The term "price range for free trade sugar" means the range between the price at which all quota restrictions must be suspended and the price at which special stocks of sugar must first be made available for sale and delivery to the free market, in accordance with the provisions of Article 44 of the International Sugar Agreement as in effect on the date of ratification of such agreement by the United States Senate.

(m) The term "Secretary" means the Secretary of Agriculture.

(n) The term "United States" means the States, the District of Columbia and Puerto Rico.

SUBTITLE B—QUOTA PROVISIONS

ANNUAL ESTIMATE OF CONSUMPTION IN CONTINENTAL UNITED STATES

SEC. 202(a) The Secretary shall determine for each calendar year the amount of sugar needed to meet the requirements of consumers in the United States, to maintain and protect the domestic sugar-producing industry, and to attain on an annual average basis the price objective set forth in subsection (b). Such determination shall be made during October of the year preceding the calendar year for which the determination is being made and at such other times during the calendar year as may be required to attain the objectives of this subsection: *Provided*, That the determination for the calendar year 1978 shall be made and published in the Federal Register within fifteen days after the effective date of this Act.

(b) The price objective referred to in subsection (a) is a price for raw sugar equal to the median of the price range for free trade sugar under the International Sugar Agreement. Such price objective shall be adjusted for each calendar quarter within thirty days after the end of such quarter, so as to maintain the same ratio between the price objective and the average of the parity index (1967=100) and the wholesale price index (1967=100) for the quarter ratio that existed between (1) the price objective, and (2) the simple average of such indices for the 12 calendar months immediately preceding the date of enactment of this Act.

(c) For purposes of subsection (b)—

(1) The term "parity index (1967=100)" means the Index of Price Paid by Farmers for Commodities and services, including Interest, Taxes, and Farm Wage Rates, as published monthly by the Department of Agriculture.

(2) The term "wholesale price index" means such index as determined monthly by the Department of Labor.

QUOTA FOR FOREIGN COUNTRIES

SEC. 203. (a) Whenever a determination is made, pursuant to section 202, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish a global sugar quota, or revise the existing quota, for foreign countries as a group. The amount of such quota shall be the amount by which such determination exceeds the amount of domestically produced sugar which the Secretary determines will be available for marketing during the calendar year: *Provided*, That the quota for the calendar year 1978 shall be reduced by (1) the excess carryover stocks of sugar from 1977 and (2) the amount of sugar imported into the United States from foreign countries during 1978 prior to the establishment of such quota.

(b) Notwithstanding any other provision of this Act, the Secretary is authorized to limit, on a quarterly basis, the importation of sugar within the quota for foreign countries during any year if he determines that such limitation is necessary to achieve the price objective of the Act: *Provided*, That the Secretary shall so limit the importation of sugar within such quota at any time during the calendar year when the simple average of prices of raw sugar, adjusted for freight to New York and the applicable tariff and fees, for twenty consecutive market days is 5 per centum or more below the price objective determined pursuant to section 202.

(c) The quantity authorized to be imported from any country under this section may be filled only with sugar produced from sugar beets or sugarcane grown in such country.

ADJUSTMENTS IN QUOTA FOR FOREIGN COUNTRIES

SEC. 204. The Secretary shall, whenever the facts are ascertainable by him, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, and other pertinent factors, the quantity of domestically produced sugar available for marketing during the calendar year will be less than the quantity determined in establishing the quota for foreign countries under section 203. Whenever the Secretary makes such determination, he shall increase the quota for foreign countries under section 203 by the amount of such deficit. In determining and allocating such deficits the Secretary shall act to provide at all times throughout the calendar year the full distribution of the amount of sugar which he has determined to be needed under section 202 of this Act to meet the requirements of consumers.

IMPORT FEE

SEC. 205. Whenever the simple average of the daily prices for raw sugar, adjusted for freight to New York and the applicable tariff and fees, is below the price objective determined pursuant to section 202 for twenty consecutive market days, the Secretary shall, as a condition for importing sugar under section 203, establish an import fee as provided in this section: *Provided*, That the Secretary may establish such fee at any time during the first twenty market days after the date of enactment of this Act. The fee shall be such amount as the Secretary determines will, when added to the daily price for raw sugar, adjusted as provided above, achieve the price objective determined pursuant to section 202. The fees shall be adjusted from time to time, but not more frequently than once each quarter as may be required to achieve the purpose of this section. Such fee shall be imposed on a per pound, raw value, basis, and shall be applied uniformly. Any funds collected as import fees pursuant to this section shall be covered into the Treasury as miscellaneous receipts.

IMPORTATION OF DIRECT-CONSUMPTION SUGAR

SEC. 206. (a) Except as provided in subsection (c) of this section, none of the quota established for foreign countries may be filled by direct-consumption sugar.

(b) The limitations imposed by this section, and the enforcement provisions of Title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 306 of this Act unless the President acting thereunder specifically finds and proclaims that a

national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of the direct-consumption limitation of this section.

(c) Notwithstanding any other provisions of this Act, whenever the Secretary, after public rulemaking procedure, makes a finding that a lack of raw sugar refining capacity within the United States has created an imminent shortage of direct-consumption sugar for consumers in the United States, he may permit as much of the quota for foreign countries established under this Act to be filled on a temporary basis with direct-consumption sugar as is necessary to meet such imminent shortage.

SUSPENSION OF QUOTA AND FEES

SEC. 207. Whenever the Secretary finds that the simple average of the daily prices for raw sugar, adjusted for freight to New York and the applicable tariff and fees, exceeds by more than twenty per centum the current price objective determined pursuant to section 202 for twenty consecutive market days, he shall suspend the quota and any import fee established pursuant to section 203. Whenever the Secretary finds that the simple average of the daily price of raw sugar, adjusted as provided above, is less than twenty per centum above the current price objective determined pursuant to section 202 for twenty consecutive market days, he shall thereupon reestablish such quota and import fees as may be required to achieve such price objective.

SUGAR-CONTAINING PRODUCTS

SEC. 208. (a) If the Secretary determines that the prospective importation or bringing into the United States of any sugar-containing product or mixture or beet sugar molasses will substantially interfere with the attainment of the objectives of this Act, he may limit the quantity of such product, mixture, or beet sugar molasses to be imported or brought in from any country or area to a quantity which he determines will not so interfere: *Provided*, That the quantity to be imported or brought in from any country or area in any calendar year shall not be reduced below the average of the quantities of such product, mixture, or beet sugar molasses annually imported or brought in during such three-year period as he may select for which reliable data of the importation or bringing in of such product, mixture, or beet sugar molasses are available.

(b) In the event the Secretary determines that the prospective importation or bringing into the United States of any sugar-containing product or mixture or beet sugar molasses will substantially interfere with the attainment of the objectives of this Act and there are no reliable data available of such importation or bringing in of such product, mixture, or beet sugar molasses for three consecutive years, he may limit the quantity of such product, mixture, or beet sugar molasses to be imported or brought in annually from any country or area to a quantity which the Secretary determines will not substantially interfere with the attainment of the objectives of the Act. In the case of a sugar-containing product or mixture, such quantity from any one country or area shall not be less than a quantity containing one hundred short tons, raw value, of sugar or liquid sugar.

(c) In determining whether the actual or prospective importation or bringing into the United States of a quantity of a sugar-containing product or mixture will or will not substantially interfere with the attainment of the objectives of this Act, the Secretary shall take into consideration the total consideration the total sugar content of the product or mixture in relation to other ingredients or to the sugar content of other products or mixtures for similar use, the costs of the mixture in relation to the costs of its ingredients for use in the United States, the present or prospective volume of importations relative to past importations, the type of packaging, whether it will be marketed to the ultimate consumer in the identical form in which it is imported or the extent to which it is to be further subjected to processing or mixing with similar or other ingredients, and other pertinent information which will assist him in making such determination. In making determinations pursuant to this section, the Secretary shall conform to the rulemaking requirements of section 4 of the Administrative Procedure Act.

(d) Notwithstanding the foregoing provisions of this section, the Secretary shall each year, beginning with the calendar year 1979, limit the quantity of sweetened chocolate, candy, and confectionery provided for in items 156.30 and 157.10 of part 10, schedule 1, of the Tariff Schedules of the United States which may be entered, or withdrawn from warehouse, for consumption in the United States as hereinafter provided. The quantity which may be so entered or withdrawn during any calendar year shall be determined in the fourth quarter of the preceding calendar year and the total amount thereof shall be equivalent to the larger of (1) the average annual quantity of the products entered, or withdrawn from warehouse, for consumption under the foregoing items of the Tariff Schedules of the United States for the three calendar years immediately preceding the year in which such quantity is determined, or (2) a quantity equal to 5 per centum of the amount of sweetened chocolate and confectionery of the same description of United States manufacture sold in the United States during the most recent calendar year for which data are available. The total quantity to be imported under this subsection may be allocated to countries on such basis as the Secretary determines to be fair and reasonable, taking into consideration the past importations or entries from such countries. For purposes of this subsection the Secretary shall accept statistical data of the United States Department of Commerce as to the quantity of sweetened chocolate and confectionery of United States manufacture sold in the United States.

PROHIBITED ACTS

SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the United States from foreign countries, or any other area outside the United States, any sugar or liquid sugar, or sugar-containing product, after the applicable quota has been filled.

(b) From bringing or importing into the Virgin Islands for consumption therein, any sugar or liquid sugar in excess of one hundred pounds in any calendar year produced from sugarcane or sugar beets grown outside the United States;

(c) From exporting to any foreign country any sugar or liquid sugar produced from sugar beets or sugarcane grown in the United States or imported into the United States within the quota for foreign countries, except as provided in section 211.

SUBTITLE C—QUOTA—RELATED PROVISIONS

DETERMINATION IN TERMS OF RAW VALUE

SEC. 210. (a) The sugar determinations provided for in section 202 and all sugar quotas shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar shall be included with sugar in making the determinations provided for in section 202 and in the establishment or revision of sugar quotas.

EXPORTATION OF SUGAR

SEC. 211. (a) Sugar or liquid sugar entered into the United States under an applicable bond, established pursuant to orders or regulations issued by the Secretary for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the quota for foreign countries.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

INAPPLICABILITY OF QUOTA PROVISIONS

SEC. 212. The provision of this title shall not apply to (1) the first ten short tons, raw value, of direct consumption sugar or liquid sugar imported from any foreign country in any quota year; (2) the first ten short tons, raw value, of liquid sugar imported from any foreign country in any quota year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from foreign countries in individual sealed containers of such capacity as the Secretary may determine not in excess of one and one-tenth gallons each; or (4) any sugar or liquid sugar imported into the United States for the distillation of alcohol, including all polyhydric alcohols, or for livestock feed, or for the production of livestock feed, or for the production (other than distillation) of alcohol, including all polyhydric alcohols, but not including any such alcohol or resulting by products for human food consumption.

TITLE III—GENERAL PROVISIONS

REGULATIONS AND DETERMINATIONS

SEC. 301. (a) The Secretary is authorized to make such rules and regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this Act. Any person knowingly violating any rule or regulation of the Secretary issued pursuant to this Act shall, upon conviction, be punished by a fine of not more than $1,000 for each such violation.

(b) Each determination issued by the Secretary in connection with quotas under Title II shall be promptly published in the Federal Register and shall be accompanied by a statement of the bases and considerations upon which such determination was made.

JURISDICTION OF COURTS

SEC. 302. The several district courts of the United States are hereby vested with jurisdiction specially to enforce, and to prevent and restrain any person from violating the provisions of this Act or of any order or regulation made or issued pursuant to this Act and to review any regulation issued pursuant to this Act in accordance with chapter 7 of title 5, United States Code. If and when the Attorney General shall so request, it shall be the duty of the several district attorneys of the United States, in their respective districts, to institute proceedings enforce the remedies and to collect the penalties, fees and forfeitures provided for in this Act. The remedies provided for in this Act shall be in addition to, and not exclusive of, any of the remedies of penalties existing at law or in equity.

CIVIL PENALTIES

SEC. 303. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209 shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such Act, of that quantity of sugar or liquid sugar by which any quota is exceeded, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

FURNISHING INFORMATION TO SECRETARY

SEC. 304. All persons engaged in the manufacturing, marketing or transportation or industrial use of sugar and other sweeteners, including those not derived from sugar beets

or sugarcane, and having information which the Secretary deems necessary to enable him to administer the provisions of this Act, shall, upon the request of the Secretary, furnish him with such information. Any person willfully failing or refusing to furnish such information or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than $2,000 for each such violation. All information required to be furnished to the Secretary under this section shall be kept confidential by all officers and employees of the Department of Agriculture.

INVESTMENTS BY OFFICIALS PROHIBITED

SEC. 305. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production of manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than $10,000 or imprisoned not more than two years, or both.

PRESIDENTIAL QUOTA ACTIONS

SEC. 306. Whenever pursuant to the provisions of this Act the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation of the provisions of title II, and, thereafter, the operation of such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

SURVEYS AND INVESTIGATIONS

SEC. 307. (a) Whenever he determines such action is necessary to effectuate the purposes of this Act, the Secretary from time to time shall conduct such surveys and investigations as he deems necessary regarding the manufacturing, marketing, transportation, or industrial use of sugars. In carrying out the provisions of this subsection, information shall not be made public with respect to the separate operations of any person or company for whom such information has been derived.

(b) The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act. Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

(c) The Secretary shall, whenever the New York Coffee and Sugar Exchange is prevented for any reason from quoting daily spot prices for raw sugar, determine and announce a daily spot price for raw sugar, adjusted for freight to New York and the applicable tariff.

TERMINATION

SEC. 308. The powers vested in the Secretary under this Act shall terminate on December 31, 1982.

SUGAR STABILIZATION ACT OF 1978

(A section-by-section analysis with explanatory notes)

DECLARATION OF POLICY

Sec. 2. Describes Congressional policy to: (a) maintain a viable domestic sugar industry; (b) protect consumer welfare by assuring sugar supplies at fair prices; (c) cooperate with other sugar importing and exporting nations; and (d) promote export trade.

TITLE I—INTERNATIONAL SUGAR AGREEMENT

This Title is simply authorizing legislation to enable the United States to participate in the International Sugar Agreement. It empowers the President, in accordance with the terms of the Agreement to:

Sec. 101. (a) prohibit importation of sugar from any country not a member of the International Sugar Organization, the body which administers the Agreement;

(b) prohibit importation of foreign sugar not accompanied by certain documentation (showing fees have been paid, etc.) prescribed in the Agreement;

(c) require record keeping and rendering of reports as may be prescribed by the Agreement;

(d) take other action appropriate to implement obligations of the U.S. under the Agreement;

(e) use whatever agencies or departments of the Government necessary to comply with the above.

Sec. 102 establishes a civil penalty for anyone violating Presidential rules and regulations set forth under Sec. 101 above.

Sec. 103 requires the President to make an annual report to the Congress on the Agreement, how it is working and what actions he has taken under this Act.

TITLE II—DOMESTIC SUGAR PROGRAM

Subtitle A. Definitions of some fourteen terms used in subsequent sections of the Act. They are reasonably simple, except where they are necessarily technical, and in virtually every instance have long legal and historic precedence in previous Sugar Acts. The only real exception is (1) the term "price range for free trade sugar" which refers to Article 44 of the International Sugar Agreement. The basic thrust of the ISA is the establishment of world sugar prices between 11¢ and 21¢ per pound, raw value, and the assignment of Basic Export Tonnages (BETs: quantitative controls on sugar exports) for each member country. When the world sugar price is in the 11¢–15¢ range, each exporting country's BET is reduced by a prescribed percentage and fees are collected on each sugar transaction to help finance the accumulation and storage costs of sugar held off the market. When the price of sugar reaches 15¢, each participating country may export its full BET and, should the price exceed 19¢, one-third of each nation's accumulated reserve stocks of sugar may be put on the market for each cent the price goes above 19¢. Thus, as currently agreed to, the "price range for free trade sugar," according to the International Sugar Agreement Article 44, is 15¢ to 19¢—that range where stocks of sugar are neither being accumulated nor released on the world market.

Subtitle B. Quota Provisions. Annual Estimate of Consumption in United States.

Sec. 202. (a) Directs the Secretary to determine the amount of sugar that will be needed to (1) meet domestic consumer requirements, (2) maintain and protect the domestic sugar industry and (3) attain the price objective on an annual average basis. This determination is to be made in October of each year for the next calendar year and may be adjusted as required during the year to meet the objectives of this section. This section also contains a proviso that, for calendar year 1978, the Secretary will make and publish the above outlined determination within 15 days of the effective date of the Act.

(b) Describes the price objective noted above as a price for raw sugar equal to the median of the price range for free trade sugar under the International Sugar Agreement. It also mandates that the price objective shall be adjusted each calendar quarter (within 30 days after the end of each quarter) so that it will maintain the same relationship to the average of the parity index and the wholesale price index as it had to the twelve-month average of those indices preceding the date of enactment.

(c)(1) Describes the parity (1967=100) as the index of Prices Paid by Farmers for Commodities and Services, including Interest, Taxes and Farm Wage Rates as published monthly by the Department of Agriculture.

(2) Describes the wholesale price index (1967=100) as the index determined monthly by the Department of Labor.

Quota for foreign countries

Sec. 203. (a) Prescribes that, whenever the Secretary determines pursuant to Sec. 202, the amount of sugar needed to meet domestic requirements, he shall establish a global sugar quota, or revise the existing quota for foreign countries as a group. The quota shall be equal to the amount the Secretary determines sugar consumption demands will exceed the amount of domestically produced sugar that will be available during the year. For the calendar year 1978, this section provides that quota shall be reduced by (1) the excess stocks of sugar carried over from 1977 in this country and (2) the amount of sugar imported into the U.S. from foreign countries during 1978 prior to the establishment of such quota.

(b) Authorizes the Secretary to adjust the quota, on a quarterly basis, if he determines it is necessary in order to achieve the price objective of the Act, and, further, requires an adjustment in the quota anytime the average price for raw sugar, adjusted for freight to New York and applicable tariff and fees, is 5% or more below the price objective for twenty consecutive market days.

(c) Provides that sugar exported to the U.S. must be the product of the exporting country.

Adjustments in quota for foreign countries

Sec. 204. Directs the Secretary, when he ascertains that the domestic sugar supply will not be available in the amount previously determined, to add the amount of such deficit to the foreign quota.

Import fee

Sec. 205. Directs the Secretary to establish an import fee on sugar when the price of sugar, delivered in New York, duty paid, is below the price objective for twenty consecutive market days. The fee is to be an amount that, when added to the New York delivered, duty-paid price, will achieve the price objective and may be adjusted from time to time, but not more often than once each quarter. It also authorizes the Secretary to establish this fee within twenty market days after the date of enactment and provides that all fees collected will be covered into the U.S. Treasury.

Importation of direct-consumption sugar

Sec. 206. (a) Prohibits the importation of refined (ready for consumption) sugar, except:

(b) If the President finds and proclaims a national economic or other emergency exists with respect to direct consumption sugar, or

(c) If the Secretary determines there's not enough refining capacity in the country to meet sugar consumption demands.

Suspension of quota and fees

Sec. 207. Directs the Secretary to suspend quota and import fees any time the price of sugar in New York, freight, tariff and fees paid, averages 20% or more above the price objective for a period of twenty consecutive market days. Subsequently, when the price, as adjusted above, averages less than 20% above the price objective for a twenty-consecutive-market-day period, the Secretary shall reestablish such quotas and fees as may be required to achieve the price objective on an average annual basis.

Sugar-containing products

Sec. 208. Authorizes the Secretary to limit the quantity of sugar-containing products or mixture of beet sugar molasses to be imported into this country, if he determines that they are, or may be, imported in such quantities to interfere with the attainment

of the objectives of the Act. In addition, it mandates that the Secretary establish each year a quota on sweetened chocolate, candy and confections beginning with calendar year 1979. This provision is for the protection of confectionary manufacturers, or the processors of other foods high in sugar content. In the event implementation of this Act causes sugar prices in this country to be substantially higher than elsewhere in the world, their foreign competitors would have undue advantage.

Prohibited acts

Sec. 209. Prohibits (a) importation of sugar or sugar-containing products after the applicable quota is filled, (b) importation of sugar (over 100 pounds) from foreign countries into the Virgin Islands for consumption, and (c) exporting domestically produced sugar to foreign countries.

Subtitle C—quota-related provisions

Sec. 210. (a) Prescribes that all sugar quotas shall be made or established in terms of raw value, and (b) liquid sugar shall be included with sugar insofar as quotas are concerned.

Exportation of sugar

Sec. 211. Provides that sugar brought into the U.S. under bond to be reexported as sugar or as an ingredient in a manufactured product, will not be counted as part of the quota.

Inapplicability of quota provisions

Sec. 212. Provides that the quota provisions will not apply to the first ten short tons, raw value of sugar or liquid sugar imported (1) from any country, (2) for religious, educational or experimental purposes, (3) in liquid form in sealed containers not in excess of one and one tenth gallons each; or (4) for livestock feed or the production of alcohol not for human consumption.

TITLE III—GENERAL PROVISIONS

Regulations and determinations

Sec. 301. (a) Authorizes the Secretary to make rules and regulations necessary to carry out this Act and provides for a fine of up to $1,000 for conviction of anyone violating these rules.

(b) Requires the Secretary to publish each quota determination he makes in the Federal Register and, at the same time, give the basis for his determination.

Jurisdiction of courts

Sec. 302. Requires the Attorney General to initiate proceedings against violators of this Act and gives enforcement powers to the Federal District Courts.

Civil penalties

Sec. 303. Provides that any person violating the prohibited acts (Sec. 309) shall be fined three times the market value of the sugar involved at the time of the violation.

Furnishing information to the Secretary

Sec. 304. Provides information-gathering authority to the Secretary as he deems necessary for the administration of the Act and sets a civil penalty for non-compliance.

Investments by officials prohibited

Sec. 305. Makes it illegal for individuals involved in the administration of this Act to speculate on the sugar market or own stock in sugar companies. Violation of this provision carries a $10,000 fine and/or up to two years in prison.

Presidential quota action

Sec. 306. Allows the President to suspend the provisions of this Act by proclamation in event of a national economic or other emergency with respect to sugar. The Act would remain inoperative so long as the President determines that situation exists.

Surveys and investigations

Sec. 307. (a) Authorizes and directs the Secretary to conduct such surveys and investigations as he finds necessary to carry out the provisions of this Act and provides that the information he gathers with respect to the separate operation of any person or company will not be made public.

(b) Authorizes the Secretary to conduct survey and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act and to make this information public as he deems it necessary.

(c) Requires the Secretary to determine and announce a daily "spot" price for sugar, raw value, adjusted for freight to New York and applicable tariff whenever the New York Coffee and Sugar Exchange is prevented from doing so. (The Exchange is currently under restraint by the Justice Department from quoting these daily prices.)

Termination

Sec. 309. The powers vested in the Secretary under this Act end December 31, 1982, which is the same date as the International Sugar Agreement expires. The ISO may extend the ISA for up to two more years.●

Mr. DOLE. Mr. President, I am cosponsoring today the Sugar Stabilization Act of 1978. This bill enjoys the support of all segments of the sugar and corn sweetener industry from the farmer to processor. I am confident that the consumer will benefit from the price stability this act will produce.

Sugar beets are grown in 19 States from Michigan and Ohio to California, from the Canadian border to the Mexican border. Sugarcane is grown in Florida, Louisiana, east Texas and, of course, Hawaii. These crops fill some 55 percent of this Nation's annual sugar consumption demands. Some 18,000 farm families are involved in the production of U.S. sugar crops and more than 27,000 workers are employed by sugar-processing plants.

Sugar beet growers, who produce more than 60 percent of the domestic crop, have what is called a participating contract with processors and are paid in accordance with the marketplace earnings of the sugar they produce each year.

THE CURRENT SUGAR SITUATION

Since the demise of the 40-year-old Sugar Act in 1974, the price of sugar on the world market has dictated sugar prices in the United States. This world market is, in reality, a very "thin" residual market where only 15 to 18 percent of the world's sugar production is sold and, as a result, it is subject to drastic price swings. In November 1974, for instance, the world sugar price peaked at 66 cents per pound, raw value, and in September 1977, it was down to 6.4 cents per pound. This price is currently in the 7 to 8 cents range, well below production costs anywhere.

In virtually every sugar exporting country, the national government exercises controls over sugar ranging from price setting policies up to and including outright ownership of sugar production and marketing facilities. By setting high prices for sugar consumed "at home" and entering into long-term trade agreements—such as the Cuba-Eastern European Pact—these nations are able to dump any remaining sugar on the world market at depressed prices. Twice in the last 18 months, the U.S. International Trade Commission—after lengthy investigations—has determined that the impact of this cheap, heavily subsidized sugar being brought into this country constitutes a serious threat to the viability of the domestic sugar industry. Indeed, four U.S. sugar beet processing plants and an equal number of sugarcane mills have closed in the last year—bringing to 10 the total closed since January 1, 1975.

THE INTERNATIONAL SUGAR AGREEMENT

The uncertainties of world sugar supplies and price upheavals prompted approximately 72 sugar importing and exporting nations to negotiate an International Sugar Agreement (ISA) in 1977 under the auspices of the United Nations. This agreement, signed conditionally by the United States and now awaiting ratification by the Senate, is scheduled to be in "operation" July 1, 1978.

Briefly, the agreement sets a world price "range" for sugar of 11 to 21 cents per pound, raw value, and establishes "basic export tonnages" (BET's) for each sugar exporting nation. When the world price for sugar is between 11 and 15 cents, the BET for each country is reduced and a fee is to be collected on each pound of sugar marketed to finance the accumulation of stocks in exporting countries.

When the price is between 15 and 19 cents, the full amount of each nation's BET may be made available for sale on the world market. This is called the free trade range.

For each cent the price might rise above 19 cents, one-third of the accumulated stocks are to be put on the market. It is through this mechanism that negotiators of the agreement hope to protect importing nations, and consumers in general, from spiraling sugar prices.

Given the dismal track record of previous international commodity agreements, it is difficult to predict if the ISA will be successful. Producers and consumers, alike, have a genuine stake in its success, as the United States remains the world's largest importer of sugar.

SUGAR STABILIZATION ACT OF 1978

The main feature of the Sugar Stabilization Act of 1978 is that it overlays the ISA, enhancing the likelihood that it will be effective for the benefit of producers and consumers around the world and, at the very least, make sure it will be effective in this country.

Central to the proposal is the establishment of a price objective for sugar, landed in New York, duty-paid, at the midpoint of the free trade range provided for in the ISA. The price objective, to be adjusted periodically in a manner similar to the options available to the International Sugar Organization which administers the ISA, is to be achieved through collection of fees—payable to the U.S. Treasury—or quantity controls on sugar imports. Quantity controls, if they are invoked, will be applied on a global basis, not country-by-country.

If the price of sugar on the world market exceeds the free trade range ceiling, any fees and/or quantitative controls in effect would be removed.

The basic tenet of the proposal is that U.S. consumers can expect that adequate supplies of sugar should remain available at all times at a stable, reasonable price without jeopardizing our domestic production.

Mr. President, in recent years corn sweeteners have become more competitive with sugar especially as a sweetener for beverages and processed convenience foods. It is important to note that the national corngrowers and the corn refiners are supporting this legislation and it will, therefore, add to the overall acceptance of this legislation. This legislation, therefore, perhaps enjoys more broad support than any agricultural legislation we have offered in many years.

I am pleased to see that the cosponsors of the bill reflect this broad support throughout the Nation from Hawaii to Michigan, and there is a good balance of support from both sides of the aisle. Eleven Republicans and 19 Democrats are cosponsors.

I ask unanimous consent that the following be inserted in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EFFECT OF THE PROPOSED ACT ON U.S. CONSUMERS

The average price for foreign sugar in New York City, freight, duty and fees paid, in 1977 was 14.3 percent above 1973, the year before worldwide shortages sent sugar prices to a record high. This slightly higher price in 1977 is due to the increased duty on sugar in the latter part of the year, since the world price for sugar actually averaged 14.5 percent below the 1973 level.

Meanwhile, the composite price of 14 sugar-containing products, traced by the U.S. Bureau of Labor Statistics, increased 22.4 percent in 1974, was 44.6 percent higher in 1975, and by 1977 was 48.6 percent above the 1973 level.

Thus, it is clear, processors of sugar-containing products, purchasers of some 85 percent of all sugar consumed in the United States, raised their prices in response to the sugar cost spiral of 1974–1975—but have never reduced them as sugar prices receded to near 1973 levels.

In light of this fact, the clear conclusion is that the proposed slight increase in sugar prices can be easily absorbed by the industrial users of sugar and, for the most part, never passed on to consumers.

EFFECT ON CONSUMERS IF THE PROPOSED ACT IS NOT ENACTED

Failure to enact the Sugar Stabilization Act of 1978 will severely endanger the likelihood the ISA will succeed. (If the Act is passed, of course, and the ISA works as envisioned by its architects, then the provisions of the domestic program will never have to be implemented.) Without the ISA, sugar consumers will be exposed to the instability of supply and extreme price gyrations that have characterized the world sugar market for many years.

Meanwhile, the ability of this nation to produce a substantial portion of its own sugar demands will continue to be reduced and, in the not very distant future, disappear completely. As U.S. consumers become more and more reliant on foreign sugar suppliers—and our demands on the world market become greater, sugar prices will undoubtedly increase—and there will be no means of controlling them—a situation not unlike this nation's experience with foreign suppliers of cocoa, coffee and crude oil.

SUMMARY OF THE BILL

It provides enabling legislation to implement U.S. ratification of the International Sugar Agreement.

It provides for domestic support program for producers and processors of sugar crops, with these main features:

(1) A support price of 17¢ per pound, raw sugar basis, to be adjusted quarterly on the basis of changes in the average of the parity index and the wholesale price index.

(2) The support price would be achieved by a combination of import quotas and fees on raw sugar.

(3) The quota would be the difference between estimated consumption requirements and domestic production of sugar and could be adjusted quarterly.

(4) The import fee would be established as the difference between the landed cost of imported raw sugar and the support price, and could be adjusted quarterly.

(5) The domestic support provisions would be suspended any time the market price exceeds the support price by an amount to be specified by the Secretary of Agriculture.

● Mr. BAYH. Mr. President, I am pleased to join today as a cosponsor of the Sugar Stabilization Act of 1978.

Like many of my colleagues, I have been disturbed about some of the policy decisions that have been made regarding the domestic sugar industry in the past several months. Between the passage of the 1977 Agriculture Act and the actual implementation of the sugar provisions of that act, under a program of doubtful legality, large payments were made by the Department of Agriculture to sugar processors. The payments amounted to millions of dollars apiece to a few large sugar corporations.

This legislation will prevent such direct payments and also correct a flaw under the old law through which insufficient distinctions were made between duties on raw and refined foreign sugar coming into this country. Before this oversight was corrected, tons of foreign refined sugar had flooded the market as a result of low duties compared to those on raw sugar.

One factor which allows many countries to sell sugar so cheaply is the subsidization by their governments of the sugar industry. This cheap sugar can then be sold to the United States at prices that domestic sugar producers cannot match. It is because of this situation that I am cosponsoring this legislation. The bill should solve many of the problems that arose under old programs and inaugurate a comprehensive sugar policy for the benefit of both the sugar industry and, without widely fluctuating prices, for the American consumer. At the same time, this bill should not hurt other domestic competitors such as the corn sweetener industry which has shown a great capacity to produce low-cost sweeteners competitively.

This bill will stipulate that no imported sugar can be sold in this country below the median price set by the International Sugar Agreement. If foreign sugar falls below this price for 20 days a duty will be imposed upon it to bring the price up to the median price. This provision will insure that American sugar producers will not be undersold in their own market by foreign subsidized sugar. I believe that this provision will help the consumer also by stabilizing the sugar market and preventing the wild price fluctuations of recent years. The bill should have the long range effect of helping to keep American sugar producers competitive so that we will not have to rely solely upon foreign sugar production in the future.

It is extremely important that our domestic farm markets be stabilized as much as possible so that American producers can be assured of receiving a fair return on their investments of time and money. It is also important to make sure that domestic industries are not undercut by foreign competitors who are themselves receiving a subsidy in their own countries which enables them to undersell American producers. I think that the bill is a reasonable step in this direction and I hope that the Senate will quickly act upon it.●

ADDITIONAL COSPONSORS

S. 1575

At the request of Mr. HUDDLESTON, the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 1575, a bill to establish a voluntary program to provide farmers protection against loss of farm production when natural or uncontrollable conditions adversely affect such production.

S. 1835

At the request of Mr. HUDDLESTON, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 1835, a bill directing the Secretary of Agriculture to compile and publish certain information relating to the adequacy of a transportation system to meet the needs of agriculture and rural development in the United States.

S. 1836

At the request of Mr. HUDDLESTON, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 1836, a bill to provide an 18-month moratorium on certain abandonment of rail lines and discontinuance of rail service and to postpone the reduction of certain local rail service assistance.

S. 2388

At the request of Mr. PACKWOOD, the Senator from Pennsylvania(Mr. HEINZ) was added as a cosponsor of S. 2388, a bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from gross income of certain employee educational assistance programs.

S. 2405

At the request of Mr. LUGAR, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 2405, a bill to authorize an intermediate term Commodity Credit Corporation credit program for the purpose of financing the sale and export of agricultural commodities produced in the United States.

S. 2412

At the request of Mr. MCGOVERN, he was added as a cosponsor of S. 2412, a bill to prohibit the importing of Ugandan articles into the United States.

S. 2413

At the request of Mr. MCGOVERN, he was added as a cosponsor of S. 2413, a bill to amend the Export Administration Act of 1969 to prohibit the exporting of goods to Uganda.

S. 2414

At the request of Mr. MCGOVERN, he was added as a cosponsor of S. 2414, a bill to amend the tariff schedules of the United States in order to prohibit the importation of coffee which is the product of Uganda.

S. 2583

At the request of Mr. DOLE, the Senator from South Dakota (Mr. McGOVERN) and the Senator from New Hampshire (Mr. McINTYRE) were added as cosponsors of S. 2583, a bill to provide for the temporary transfer of the U.S.S. *Sanctuary* to Life International, a nonprofit corporation.

S. 2598

At the request of Mr. JAVITS, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 2598, a bill to amend title XI of the Public Health Service Act.

S. 2645

At the request of Mr. WILLIAMS, the Senator from Iowa (Mr. CLARK) and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of S. 2645, a bill to establish an Art Bank.

S. 2691

At the request of Mr. WILLIAMS, the Senator from Maryland (Mr. MATHIAS) and the Senator from Colorado (Mr. HART) were added as cosponsors of S. 2691, a bill to provide for the furnishing of congregate housing services under the United States Housing Act of 1937.

S. 2727

At the request of Mr. STEVENS, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 2727, the Amateur Sports Act of 1978.

S. 2730

At the request of Mr. WILLIAMS, the Senator from Ohio (Mr. METZENBAUM) and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 2730, a bill to establish a Hubert H. Humphrey Fellowship in Social and Political Thought at the Woodrow Wilson International Center for Scholars at the Smithsonian Institution and to establish a trust fund to provide a stipend for such fellowships.

S. 2825

At the request of Mr. BARTLETT, the Senator from Oklahoma (Mr. BELLMON) was added as a cosponsor of S. 2825, a bill to amend the Internal Revenue Code of 1954 with respect to certain charitable contributions.

SENATE JOINT RESOLUTION 21

At the request of Mr. WILLIAMS, the Senator from New Hampshire (Mr. DURKIN) was added as a cosponsor of Senate Joint Resolution 21, to authorize the President to proclaim annually the last Friday of April as "National Arbor Day."

AMENDMENTS SUBMITTED FOR PRINTING

CONGRESSIONAL BUDGET RESOLUTION—SENATE CONCURRENT RESOLUTION 80

AMENDMENT NO. 1804

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI submitted an amendment intended to be proposed by him to Senate Concurrent Resolution 80, setting forth the congressional budget for the U.S. Government for the fiscal year 1979.

AMENDMENTS NOS. 1805 AND 1806

(Ordered to be printed and to lie on the table.)

Mr. DURKIN submitted two amendments intended to be proposed by him to Senate Concurrent Resolution 80, supra.

AMENDMENT NO 1807

(Ordered to be printed and to lie on the table.)

Mr. HARRY F. BYRD, JR. (for himself and Mr. HODGES) submitted an amendment intended to be proposed by them, jointly, to Senate Concurrent Resolution 80, supra.

● Mr. HARRY F. BYRD, JR. Mr. President, this amendment, which will be called up Wednesday, makes a reduction in HEW programs amounting to one-third of the lowest estimate of misspending in those programs made in the recent report of HEW's own Inspector General.

His low estimate of HEW misspending, caused by waste, mismanagement and fraud, was $6.3 billion. Our amendment would make a cut of $2.1 billion.

In calculating the reductions in the three budget categories which are affected by this amendment, we disregarded the waste which the Inspector General attributed to excess hospital beds in communities as it could be argued that this is basically a State and local problem.

The resulting reduction, to eliminate one-third of the misspending reported by the Inspector General, is distributed among the budgetary functions in the same proportions as the waste and mismanagement.

Mr. President, I ask unanimous consent that the amendment submitted by the distinguished Senator from Arkansas (Mr. HODGES) and myself be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1807

On page 1, line 11, delete "$566,100,000,000" and insert in lieu thereof "$564,000,000,000"
On page 2, line 2, delete "$498,900,000,000" and insert in lieu thereof "$496,800,000,000"
On page 2, line 5, delete "$55,600,000,000" and insert in lieu thereof "$53,500,000,000"
On page 2, line 7, delete "$853,800,000,000" and insert in lieu thereof "$851,700,000,000"
On page 2, line 9, delete "$101,800,000,000" and insert in lieu thereof "$99,700,000,000"
On page 3, line 24, delete "$31,600,000,000" and insert in lieu thereof "$31,497,000,000"
On page 3, line 25, delete "$31,200,000,000" and insert in lieu thereof "$31,097,000,000"
On page 4, line 2, delete "$52,700,000,000" and insert in lieu thereof "$50,924,000,000"
On page 4, line 3, delete "$49,500,000,000" and insert in lieu thereof "$47,724,000,000"
On page 4, line 5, delete "$192,500,000,000" and insert in lieu thereof "$192,279,000,000"
On page 4, line 6, delete "$159,900,000,000" and insert in lieu thereof "$159,679,000,000"●

AMENDMENT NO. 1808

(Ordered to be printed and to lie on the table.)

Mr. TOWER submitted an amendment intended to be proposed by him to Senate Concurrent Resolution 80, supra.

PETROLEUM MARKETING PRACTICES ACT—H.R. 130

AMENDMENT NO. 1809

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS (for himself and Mr. MARK O. HATFIELD) submitted an amendment intended to be proposed by them to the bill (H.R. 130), to provide for the protection of franchised distributors and retailers of motor fuel and to encourage conservation of automotive gasoline and competition in the marketing of such gasoline by requiring that information regarding the octane rating of automotive gasoline be disclosed to consumers.

FEDERAL BANKING AGENCY AUDIT ACT—H.R. 2176

AMENDMENT NO. 1810

(Ordered to be printed and to lie on the table.)

Mr. BROOKE (for himself, Mr. TOWER, Mr. McINTYRE, Mr. STEVENSON, and Mr. JAVITS) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 2176) to amend the Accounting and Auditing Act of 1950 to provide for the audit, by the Comptroller General of the United States, of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, and for other purposes.

● Mr. BROOKE. Mr. President, I am joined by Senators TOWER, McINTYRE, STEVENSON, and JAVITS in submitting today an amendment that I plan to offer to H.R. 2176, a bill to provide for an audit of the Federal bank regulatory agencies by the Government Accounting Office. This amendment would seek to assure the privacy of information concerning individual banks or individual bank customers obtained by GAO in the course of their audits. The amendment would require the deletion from H.R. 2176 of subsection (d)(5)(D), which provides that, when requested, GAO must furnish such audit information to a duly authorized congressional committee or subcommittee sitting in executive session. While I believe Congress should have ready access to GAO audit reports and information, I believe that financial information which identifies an operating bank or an individual bank customer should not be accessible without the issuance of a congressional subpena to the appropriate bank regulatory agency. In my opinion, this amendment would protect the privacy of individuals and banks, without unduly burdening congressional committees in their oversight of Federal banking agencies.

The amendment would also clarify the definition of the term "agency" contained in subsection (d)(2) of the bill, by inserting language therein which would more clearly indicate that the Federal Reserve, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency are the agencies covered by the bill. Presently, the term "agency" is defined to mean an agency listed in subsection (d)(1), which mentions the Comptroller General—head of the General Accounting Office—as well as the three banking agencies. Thus, this change is to insure that the word "agency" refers only to the banking agencies and not be misinterpreted to refer also to the GAO.

The proposed Federal Banking Agency Audit Act would provide Congress for the first time with audit information regarding the operations of the Federal Reserve, the Office of the Comptroller of the Currency, and the Federal Deposit

Insurance Corporation. At present, these agencies are the only Federal agencies which are not subject to audit by GAO. In view of the importance of these agencies within the Government and of their impact on the Nation's financial and economic structure, it is certainly appropriate to improve congressional oversight of their effectiveness. However, I also believe that the audit bill should not jeopardize the financial privacy of individuals or banks or inhibit the bank examination function of the bank regulatory agencies by requiring that financial information about individual or specific banks be provided to Congress without subpenas. Requiring congressional committees to issue subpenas for such financial information imposes what I believe is a more appropriate safeguard than allowing congressional committees to receive in executive session any audit information they desire.

The amendment I am proposing has been endorsed by G. William Miller, Chairman of the Federal Reserve Board, and by former Chairman Arthur F. Burns. In view of their interest in this matter, I ask unanimous consent their letters to Senator RIBICOFF as chairman of the Committee on Governmental Affairs, proposing the deletion of subsection (d)(5)(D) of H.R. 2176. be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MARCH 29, 1978.

Hon. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR ABE: I tried to get in touch with you last week but you had left the country. Next week, I'll be off on a foreign trip and that is why I am communicating with you by letter.

I continue to be concerned about the GAO audit legislation which has not been reported out of your Committee and soon will be considered on the Senate floor.

While I have numerous questions about this legislation, one provision in the bill reported by your Committee is of particular concern to me—namely, the provision relating to access to and protection of the confidentiality of bank examination reports.

Section 5(A) of the bill wisely provides that no GAO official shall disclose to any person any information that would "identify a specific customer of an open or closed bank or bank holding company, or identify a specific open bank or open bank holding company."

Section 5(D) then waives this provision for Committees and Subcommittees of the Congress sitting in Executive session. Thus, any Committee or Subcommittee of the Congress would have access to the very sensitive information concerning individual banks or individual bank customers simply by going into Executive session I feel that this procedure may seriously endanger some of our financial institutions and their customers as well The protection of the identity of banks and their customers is essential if the Board is to carry out conscientiously its mandate to examine State member banks and bank holding companies.

Last fall, when the various agencies commented on the GAO audit legislation then pending before your Committee, the U.S. Treasury and the Comptroller of the Currency joined us in urging that all possible steps be taken to protect the confidentiality of information concerning banks and bank customers.

None of their pronouncements, however, was as direct and to the point as Chairman Proxmire's comment on February 5, 1976, when his Committee held hearings on "how well the regulatory agencies are managing their supervisory and regulatory authority to assure a safe and sound banking system." Chairman Proxmire stated *inter alia* . . . "I don't think the Committee should have access to examination reports. I think it's a mistake. I think that we have a fine staff, and fine responsible members of this Committee, but there is a long record of leaks and I think this would be very unfortunate if there were any leaks involved at all. So I would be against having the staff have access to that or members having access to it."

I strongly urge that Section 5(D) of the legislation be deleted. As you well know, if needed, Congressional Committees and Subcommittees would still have access to bank examination reports by voting a subpoena. Any additional liberalization such as that contemplated in 5(D) just increases the risk of future abuses.

I am forwarding copies of this letter to Senator Sasser, Senator Percy, Chairman Proxmire, and Senator Brooke.

Sincerely yours,

ARTHUR F. BURNS.

APRIL 3, 1978.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Shortly before he left the Board, Arthur Burns wrote you to express his concern over Section 5(D) of the GAO audit legislation which is presently pending on the Senate floor.

I share Arthur's concern over this provision and would appreciate your careful review of the points made in Arthur's letter.

With best wishes,

Sincerely,

G. WILLIAM MILLER.●

NAVIGATION DEVELOPMENT ACT—H.R. 8309

AMENDMENT NO. 1811

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON submitted an amendment intended to be proposed by him to the amendment No. 1688 intended to be proposed to the bill (H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

● Mr. JACKSON. Mr. President, I wish to announce for the information of the Senate and the public the scheduling of a public hearing before the Senate Committee on Energy and Natural Resources.

The hearing is scheduled for May 19, 1978, beginning at 8 a.m. in the Petro-West Theater of the Student Union Building on the campus of the Eastern Montana College in Billings, Mont. Testimony is invited regarding S. 2080, the proposed Pacific Northwest Electric Power Supply and Conservation Act, related amendments, and issues associated with electric power planning and production in the Pacific Northwest.

Mr. President, the committee has just concluded 2 days of successful hearings in Seattle, Wash., and Portland, Oreg., and we are looking forward to the opportunity to gain further insight into the concerns of the people in the Pacific Northwest.

For further information about the hearings, you may wish to contact Russell Brown, professional staff of the committee, telephone 224–2366. Those wishing to testify or submit a written statement for the hearing record should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510.●

COMMITTEE ON GOVERNMENTAL AFFAIRS MARKUP

● Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Governmental Affairs will hold a markup on May 10 and 11, 1978, to consider reform of the lobbying disclosure laws and the Antiterrorism Act. Both meetings will begin at 10 a.m. in room 3302, Dirksen Senate Office Building.●

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

● Mr. MUSKIE. Mr. President, on April 26, the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs, will hold a hearing to examine the "Public Attitude Toward Congressional Review of Programs."

The hearing will begin at 10 a.m. in room 6202, Dirksen Senate Office Building.●

COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. RIBICOFF. Mr. President, on Thursday, April 27, the Committee on Governmental Affairs will continue hearings on S. 2640, the Civil Service Reform Act of 1978. The hearing will be held at 9 a.m. in room 3308 of the Dirksen Senate Office Building. The following witnesses will appear before the committee:

Mr. Kenneth A. Meiklejohn, legislative representative, AFL–CIO.

Mr. William H. McClennan, president, public employee department, AFL–CIO.

Mr. Paul Burnsky, president, metal trades department, AFL–CIO.

Mr. Kenneth Blaylock, president, American Federation of Government Employees.●

COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. ROTH. Mr. President, on behalf of the Governmental Affairs Committee, I would like to announce a hearing on S. 1990, the International Trade and Investment Reorganization Act, to be held at 10 a.m., in room 3302, on Monday, May 1. Witnesses will include William J. Barton, president of International Business-Government Counselors, Inc., and a panel of American businessmen operating overseas.●

RURAL TRANSPORTATION

● Mr. HUDDLESTON. Mr. President, the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Agriculture, Nutrition, and Forestry Committee will hold another series of hearings on rural transportation problems. The hearings are scheduled for May 9, 10, and 11. They will begin at 9 a.m. on each day in room 324 of the Russell Senate Office Building.

We intend to hear from representatives of the Department of Transportation, Department of Agriculture, Interstate Commerce Commission, the National Transportation Study Policy Commission, and invited public witnesses. In addition, any others interested in testi-

fying should contact Mr. Reider Bennett-White of the committee staff at 224-6917.

The subcommittee will continue its investigation of rail car shortages and the possible effect that peak season pricing might have had on these shortages. We also will be looking at the future of the bankrupt and trouble Granger railroads.

Other important questions to be taken up during our 3 days of hearings include:

The relationship between proposed railroad abandonments and the elimination of thousands of miles of rural roads from the Federal-aid highway system;

Rail transportation safety for both passengers and freight—including the impact recent rail disasters have had on the affected communities; and

The question of transit of people in rural areas.●

ADDITIONAL STATEMENTS

PUBLIC BROADCASTING NOT FOR PARTISAN POLITICS

● Mr. McCLURE. Mr. President, in January President Carter sent to the Congress his plan for changing the Nation's public broadcasting system. The Public Broadcasting Financing Act of 1978 has many problems, in my opinion, but clearly its worst feature is the proposal to permit federally funded radio and television stations to editorialize and even endorse political candidates.

Under present law all public radio and TV licensees must adhere strictly to "objectivity and balance" in their public affairs programing. They are not free to advocate specific points of view or endorse canditates for public office. The reason for this prohibition is clear: A noncommercial, public broadcasting service should not become enmeshed in partisan politics.

Mr. President, I am alarmed by the prospect that the people's tax moneys could be used to support a form of advocacy by the country's public broadcasting stations.

In a statement accompanying his legislation, the President contended that—

Public broadcasting should have an equal opportunity with commercial broadcasters to participate in the free marketplace of ideas.

In my opinion, the Carter proposal would threaten that free marketplace of ideas by subjecting public broadcast outlets to potential political pressures, such as from Congressmen seeking editorial endorsement for reelection in return for a vote for additional Federal grants to the station. The mere suggestion that a federally supported communications medium would go into the propaganda business could be enough to permanently harm the viability of a public broadcasting service.

The distinguished columnist Roscoe Drummond has written a thoughtful criticism of the Carter plan which I am pleased to bring to the attention of my colleagues. I agree with Mr. Drummond that—

Congress will be killing public broadcasting if it lets stations install editorial writers or even permits such stations to be publicly financed.

Mr. President, I ask that the text of the column "Should Public TV Tell Us How To Vote?" be printed in the RECORD as it appeared in the Christian Science Monitor on March 15, 1978.

The column follows:

SHOULD PUBLIC TV TELL US HOW TO VOTE?

(By Roscoe Drummond)

WASHINGTON.—I venture to put this question to you because you can do something about it:

Do you think your tax money should be used to enable television and radio stations partly funded by the government to tell their local audiences what they should think and how they should vote?

If you don't want this to happen, then you better tell your representatives and your senators because a bill to authorize it is now on the congressional agenda.

When the United States Information Agency was brought into being, the law specifically prohibited it from carrying on any propaganda within the U.S. Now President Carter is proposing that federally funded TV and radio stations shall be free to do what the U.S. Information Agency is wisely prevented from doing.

The proposed legislation, which the Carter administration is advocating, would expressly authorize nongovernmental public stations to "editorialize" on issues of public importance as commercial stations are allowed to do.

I can see no reason whatsoever why the public should support stations permitted to advise us what they believe is good for us to think or to do.

Can you?

Fortunately the law presently bans public stations from doing just that. This prohibition is imbedded in the Public Broadcasting Act of 1967. It requires "strict adherence" to objectivity and balance "by all public stations" in controversial programming. And the language of the law explicitly forbids both editorials and endorsements.

I ask you: how are the public stations going to adhere to "strict objectivity and balance" by editorializing? Surely Congress was right the first time. But now the President and some members of Congress want to relax the law and let a little editorializing get its nose under the tent.

Not all the way, but far enough to imperil the future of public broadcasting. Congress will be killing public broadcasting if it lets stations install editorial writers or even permits such stations to be publicly financed.

Even the reservations which the Carter plan attaches to its bill show its inconsistency. It proposes to continue the ban against editorializing by public stations run by state and local governments and by tax-supported colleges.

If it is improper for state and local government stations to use tax money to support public broadcasting which editorializes, how in the world can one justify using tax money to finance nongovernmental licenses permitted such editorializing? The almost perfect model of public TV and radio is the British Broadcasting Company which shows how government-financed broadcasting can achieve balance free of bias and keep editorializing out of its programming.

The American PBS (Public Broadcasting Service) is coming of age. It is beginning to find its distinctive role so that it renders a public service not covered by the commercial stations. It is producing quality performances of plays, concerts and controversial debates which cater to large but not necessarily mass audiences. It is valuable, it is needed. It would be a grievous mistake to imperil and probably immobilize this service by plunging it into partisan politics.

It just doesn't make sense for the government to inject politics of the most flagrant kind into publicly financed television. But that hasn't kept the President from proposing to do so. The public ought to help Congress say no.●

LAW OF THE SEAS NEGOTIATIONS

● Mr. MUSKIE. Mr. President, on March 15, I discussed the current draft text of the Law of the Seas Treaty. Subsequent to my speech, U.S. Ambassador Elliot Richardson established, within the U.S. delegation, an environmental task force for the purpose of reviewing the marine environment and science sections of that interim negotiating text.

Ambassador Richardson invited a member of my staff to meet with that task force in Geneva during the first weeks of the current negotiating session. As a result of this initiative, the U.S. delegation to the Law of the Seas has developed a proposal for improving the marine environment and science sections of the proposed treaty. Ambassador Richardson discussed these proposals in a statement to the Marine Environment Committee on April 28. I shall submit for the RECORD at the conclusion of my statement the text of Ambassador Richardson's remarks.

Mr. President, I am pleased with the effort that the U.S. delegation is making. I realize the difficulty that confronts these negotiations; the range of issues involved; and that any effort of this magnitude must necessarily represent compromise on the part of all parties. However, the areas which are outlined in the Ambassador's speech seem to me to be minimum items for an acceptable international environmental accord. Agreement on these issues would make these aspects of the treaty much more acceptable to the Senate. I commend the Ambassador for this effort and look forward to the results of this endeavor.

The statement follows:

STATEMENT BY AMBASSADOR ELLIOT L. RICHARDSON AT MEETING OF COMMITTEE III ON APRIL 28

Mr. Chairman, during the discussions in the general committee on the organization of work for this session, my delegation proposed that the third committee consider further negotiations where necessary on scientific research and preservation of the marine environment. As this is the first meeting of the committee at the current session, we welcome the opportunity to explain our reasons for making that proposal.

Mr. Chairman, the objective of this conference is to produce a widely ratified convention generally accepted as law. Considerable work has been done in the third committee to further this objective. Nevertheless, after careful review, we must conclude that unless the environmental and scientific research texts are improved, they will not promote this objective and might well impede it.

We hasten to add that this may be a case where the illness is more serious than the remedy. The overall integrity and balance of interrelated texts and packages, and the large majority of articles, can and should be respected on both subjects. We seek informal means to cooperate with others in effective efforts to produce improved texts at this session. With such cooperation, we are persuaded that there is no significant risk of a

general unravelling of our work. Without such cooperation, the efforts of many years may be in serious and unnecessary jeopardy.

Mr. Chairman, this conference has no more important substantive challenge before it than elaborating an adequate legal regime for protection of the marine environment. The lesson of the tragic accident involving the Amoco Cadiz is that we must protect all coasts against pollution damage. Much of that effort must be conducted elsewhere; but none of us here can shirk our duty to make our own contribution by improving the relevant rules of the law of the sea regarding pollution from ships.

Several clarifications and improvements are needed to better protect both environmental and navigational interests. Unnecessary ambiguities and restrictions have been introduced with respect to the rights of the coastal state in the territorial sea. If these are clarified, it would be easier in our view to avoid reopening old contentious issues.

For example, it is our understanding that this committee long ago decided that the coastal state has the right to apply its own discharge standards to vessels in innocent passage in the territorial sea, that these standards, and that this right is not limited by any requirement that the discharge be "wilful and serious." This committee ought to look with sympathy upon the reasonable request of those who have not participated in its work for reaffirmation of this conclusion. In addition, it is possible to interpret the ICNT to permit neighboring coastal states to pool their rights in the territorial sea to ensure compliance with environmental conditions for port entry, including conditions relating to design, construction, manning, and equipment. Since there is no doubt in any case that a state has complete discretion to fix port entry requirements, reasonable clarification of the right to neighboring states take joint preventive measures in the territorial sea might better promote both environmental and navigational interests than a situation involving conflicting interpretations. At the same time, the ICNT's elimination of coastal state rights to impose punishments other than monetary penalties for pollution violations in the territorial sea should be reviewed.

With respect to the economic zone, the theory of the ICNT is that protection of navigation is best served by the maintenance of exclusively international and internationally approved standards, while the protection of the environment is best served by rigorous enforcement of those standards. If this system is to be fully accepted, we must proceed not only on the assumption that maritime countries are already committed to seeking ever higher international standards in the competent international organization, and that all States must respect those standards, but that the system itself is fairly and unambiguously set forth in the text.

The enforcement system in the economic zone seems, as presently drafted, insufficiently protective of both navigation and environmental interests. The provisions regarding arrest in the economic zone elaborate subjective standards that may lend themselves to confusion and abuse. It is important that an objective set of circumstances be present before an arrest can occur. Subjective criteria are not likely to protect shipping adequately from abuse of discretion, nor are they likely to give any real guidance to coastal States attempting to conform their actions strictly to requirements of the treaty. We also agree that further clarification of the coastal State's right to intervene in cases of a maritime casualty is desirable.

Similarly, while we recognize that the concept that the flag state could pre-empt proceedings in the courts of other States is a part of the overall package produced in this committee, the manner of its elaboration has caused considerable concern. For example, we have been asked whether a coastal State may be required to suspend proceedings in its own courts with respect to discharges that threaten the resources of its own economic zone. Clearly, a sensible answer to this question would be no. The point is of sufficient importance with respect to the reaction to the overall concept of flag state pre-emption that any ambiguity in the text ought to be clarified. Since the ICNT system relies heavily on the duty of all States to respect international rules and standards, particularly in the economic zone, we believe some further specificity with respect to the scope of those international rules and standards would be helpful. Thus, we might consider express references in the text to the adoption of appropriate routing systems and to requirements to notify the coastal State in the event of discharge.

Mr. Chairman, turning to the question of scientific research, my delegation has repeatedly stressed the importance of free and open scientific research to all mankind. We had hoped that a regime considerably more favorable to scientific research could be negotiated at this conference. Nevertheless, our proposals for clarification and improvement at this session are quite circumscribed and modest. Taking into account our own commitment to the integrity of the negotiating process, we propose that the results of arduous package negotiations presented to the second and third committees at the last session be more precisely reflected in the part XIII texts on scientific research, as they were in the part V texts on the economic zone. Accordingly, we trust that this committee and the conference will be able to effect the changes in a similar spirit of accommodation and restraint.

Mr. Chairman, this committee can and must act at this session. It must act to avoid unnecessary restrictions on our means for learning more about the marine environment; and it must act to strengthen the rights of States to take action to protect the marine environment. This is not the time for formal proposals and formal meetings. We can join other delegations in opposing any general reopening of the present text.

What is needed are improved texts in parts XII and XIII at this session developed in accordance with our procedural decisions. The best means for achieving this would be informal and flexible procedures under your guidance. To this end, we pledge our fullest cooperation.

Thank you, Mr. Chairman.●

TRAFFIC DIVERSION AND WATERWAY USER FEES

● Mr. DANFORTH. Mr. President, the CONGRESSIONAL RECORD of October 28, 1977, page 35808, contains an exchange of letters between Senator DOMENICI (October 21) and Secretary of Transportation, Brock Adams (October 27) concerning the amount of traffic which would be diverted from the inland waterways to other modes of transportation as a result of the imposition of waterway user fees. Senator DOMENICI writes:

During hearings by the Senate Committee on Finance there was much discussion on the degree to which waterway user charges might cause a 'diversion' of traffic from the waterways to other modes of transportation. It was argued that this diversion might reach 20% under the language adopted by the Senate last June 22nd.

It would be most helpful to me to have an evaluation of this assertion by your department, particularly in view of the phased-in nature of the waterway user charge contained in the Senate-passed bill and my Amendment No. 1460.

It should be noted that Senator DOMENICI and I had the following colloquy during the hearings referred to above:

Senator DOMENICI. * * * I believe it would be foolhardy for me to try to say that there won't be some diversion but I don't really think that is the issue as I see it. * * *

DOT says that if the Domenici user fee system was imposed in toto that the maximum diversion that could be expected is 10% and I think you know from your studying that the growth is rather exceptional when contrasted with either railroad or truck in the same general area of delivery. I think that is the issue.

Senator DANFORTH. * * * DOT says 10% for recovery of operating and recovery maintenance cost alone.

You want to go further than that, you want to recover 50% of the (capital) improvements which in dollars is about the same amount. So we are really talking about a (20%) diversion.

Senator DOMENICI. I will correct the record and say that the Senator is correct but that also is if you include the cost of the Coast Guard and other operational things that are not necessarily contemplated in my bill.

I want to share with my colleagues the basis for my concern that under Senator DOMENICI's proposal, inland waterway user charges will cause a significant diversion of traffic from waterborne commerce to other modes of transportation. On page 7 of a staff study by the Department of Transportation's Systems Center entitled "Modal Traffic Impacts of Waterway User Charges," volume 1, March 1977, it states:

Recovery of 100% of the federal OM&R (operations, maintenance and repair) expenditures on the inland river system of the U.S. is unlikely to result in traffic losses in excess of 10% of system ton miles under either a fuel tax or segment toll.

The 10 percent diversion figure referred to is an average for all types of shipments on all segments of the inland waterway. For example, the same study in volume 2 at page VII–25 states:

Traffic diversion estimates vary widely depending on the characteristics of each market region. Based on information acquired from producers, the following reductions in sand and gravel tonnage on each river have been predicted:

Arkansas and Kanaw Rivers, 10–50% loss in tonnage;

Ohio, Columbia, and Willamette Rivers, along with the upper Mississippi, 25–30% diversion;

Missouri, Illinois, Allegheny, Monongahela, Cumberland, Tennessee, Gulf Intra-Coastal Waterway, and Alabama-Coosa Rivers, 50% loss in tonnage; and

100% of the sand and gravel traffic would probably be diverted from the Kentucky River, the Kaskakia and the Apalochicola, Chattahoochie, and Flint.

To comprehend the effect of recovering Federal expenditures on the inland waterway system under Senator DOMENICI's proposal, the following schedule printed in the committee report on S. 790 (report 95–215) is helpful. The schedule is based on Corps of Engineers' estimates that in 1976 the corps spent $140 million for O.M. & R. and $240 million for new construction on the inland waterway system. Added to the estimated dollar recovery under Senator DOMENICI's proposal is my estimate which takes into consideration a 6 percent rate of inflation applied to O.M. & R. and a 10 percent rate of inflation applied to construction expenditures:

	Operations maintenance repair (percent)	Capital construction costs (percent)	Domenici proposal	Inflation
1978			0	0
1979			0	0
1980	20		28,000,000	28,168,000
1981	40		56,000,000	61,854,000
1982	60		84,000,000	96,480,000
1983	80		112,000,000	133,186,000
1984	100		140,000,000	172,694,000
1985	100	10	164,000,000	209,455,000
1986	100	20	188,000,000	252,115,000
1987	100	30	212,000,000	292,795,000
1988	100	40	236,000,000	332,887,000
1989 et. seq.	100	50	260,000,000	387,494,000

At the seventh year, when 100 percent recovery of O.M. & R. is reached, $140 million is recovered. By the 12th year, when recovery of 50 percent of new construction costs is achieved, an additional $120 million is recovered. The ratio of O.M. & R. and new construction costs to total recovery—($260 million)—is 54 and 46 percent, respectively. Recovery of both O.M. & R. and new construction costs, could cause a diversion of up to 20 percent. Each would bring about a diversion of up to 10 percent. The effect of inflation adds an additional $120 million to the total recovery of costs which would produce yet another 10-percent diversion.

Under Senator DOMENICI's waterway proposal, user charges are prohibited from exceeding 1 percent of the delivered value of any particular shipped commodity. The argument that such a provision would hold down any substantial amount of diversion is a ruse. The March 1977 DOT study concludes that the price of delivered commodities resulting from proposed user charges would rarely exceed 1 or 2 percent for a recovery of 100 percent of operating expenses and would more commonly be only a fraction of 1 percent.

The evidence therefore is overwhelming that in fact significant diversion of waterborne traffic will occur. Having previously argued that diversion would be minimal, the Department of Transportation is now arguing that it will occur only from future growth on the inland waterway system.

In his letter of October 27, Transportation Secretary Adams states:

As a result of our analysis, I can tell you that all of the diversion would come out of future traffic growth, none out of current traffic. Taking the barge traffic growth of the last ten years, we get an annual growth rate of approximately 5.2 percent. If this rate continues for the next ten years and there is 15 percent diversion ten years out, then barge traffic at that time will be 41 percent greater than it is now. Even with the maximum diversion, then, barge traffic would still be growing at an annual rate of 3.5 percent.

Senator DOMENICI's letter of October 21 asks for the DOT assumptions which forecast that diversion will occur out of future growth. Yet the Department of Transportation has provided none. I can only assume that the Department realizes there is no basis in fact for such a conclusion.

Further, it is interesting to note that Secretary Adams forecast of an annual growth rate of 5.2 percent is challenged by a March 1977 Department of Transportation study entitled "An Interim Report of the U.S. DOT to the Subcommittee on Water Resources of the Senate Public Works Committee." The report discusses replacement of lock and dam 26 at Alton, Ill. This report takes lightly a Corps of Engineers estimate on the future traffic growth of the inland waterway system, specifically through lock and dam 26. The report states on page 19:

The annual growth rate through 1985 would have to equal 3.4 percent in order for the Corps' most likely forecast to be met.

Lock and dam 26 is the most crucial lock and dam facility on our inland waterway system. Why does the Department of Transportation claim that a growth rate of 3.4 percent is excessive for lock and dam 26 while concurrently arguing that a growth rate of 5.2 percent is appropriate for the whole system?

The most important point about diversion is not when its effect will be felt but rather who and what will be affected. The lives and livelihoods of people are at stake. It has been estimated by the National Waterways Conference that inland waterway industries, barge lines, terminals and ship building industries employ 415,000 people. In the relatively short span of 25 years, approximately 10,200 plants have located or expanded at waterway sites by making capital investments of approximately $177 billion. The direct impact of waterborne commerce on the economies of our Nation's river valleys is estimated to be $5.5 billion annually with indirect revenues adding an additional $11 billion.

Mr. President, the Rivers and Harbors Act of 1884, as amended in 1909, provides that—

No tolls or operating charges whatever shall be levied or collected on any vessel, dredge or other craft for passing through any lock, canal or channelized river.

The effect that this national policy has had on the growth of communities and industries along the inland river valleys of our Nation is obvious. If we are to change this policy suddenly, it is my hope that the imposition of user fees will be set at a level which will cause the least amount of economic disruption to the people in the communities and industries involved. I believe the user charges established in H.R. 8309 are set at a reasonable level. Senator DOMENICI's proposal is totally unacceptable.●

CHIEF JUSTICE HOUSE RETIRES

● Mr. RIBICOFF. Mr. President, April 24, 1978, the chief justice of the Connecticut Supreme Court, Charles S. House, retired. He has had a distinguished career in the Connecticut judiciary and has been an active leader in judicial affairs at the national level. We were both admitted to the Connecticut Bar in 1933. Our friendship continued from that day on.

Charles was a man of great warmth, dignity, and personality. He had an unblurred and perceptive mind that saw the problems of human nature and the law with deep clarity. In addition to his judicial and legislative career, he was active in the civic affairs of his home town, Manchester, Conn.

We served together in the Connecticut General Assembly in 1941. In the late 1940's he became minority leader in the State senate and was voted "ablest legislator" by the press. The Democrats had a large edge in those days and Charlie's job was to maintain an effective opposition.

In 1953 Chief Justice House began his 25th year judicial career on the Connecticut Superior Court. He joined the supreme court in 1967 and became chief justice in 1973. He earned the reputation of being a scholarly and solid writer of opinions, including several landmarks in Connecticut law. While chief justice of Connecticut he served as chairman of the National Council of Chief Justices for a year and cochaired the National Council of Causes of Dissatisfaction with the judiciary.

The increase in litigation and the sheer volume of judicial business in recent years have underscored the need for a strong and effective judicial system at the State level. Charles House has provided that leadership for Connecticut and I wish him well during his next career as State referee.

I ask that a recent article by Gerald Demeusy from the Hartford Courant about Chief Justice House be printed in the RECORD.

The article follows:

CHIEF JUSTICE RECALLS REFUSING NEW TRIAL FOR SLAYER

(By Gerald Demeusy)

It's difficult to picture Charles S. House of Manchester as an iceman. But that was his part-time job a half century ago before he decided on a law career that took him all the way to Connecticut's highest judicial office.

He will retire as 29th chief justice of the State Supreme Court when he reaches the mandatory retirement age of 70 April 24, but will continue in black robes as a state referee, presiding over assigned civil cases on a per diem basis.

He spent 12 years on the Superior Court bench before he was elevated to the Supreme Court in 1965. He presided over thousands of civil cases and celebrated criminal trials. His decisions and rulings almost invariably were

upheld, but he will never forget one reversal that cost the lives of seven people.

He refused to grant a new trial for the late Joseph Taborsky of Hartford, who spent seven years in "death row" awaiting execution for the 1949 robbery-slaying of a West Hartford package store operator. Taborsky said he was entitled to a retrial on grounds that his brother, an admitted accomplice in the murder, was insane at the time he testified against him as a state's witness.

Taborksy appealed and House's decision was overturned. However, a new trial couldn't be held because the state's case against Taborsky collapsed without the brother's testimony. Taborsky was set free.

A year later, a series of robbery-murders terrorized Connecticut. Two men, dubbed "mad dog slayers," struck small business establishments and shot their victims in the head in "Chinese style" slayings.

It took state police seven months to catch the killers. One of them was Taborsky, who was promptly tried, convicted and sent to the electric chair.

House said his most nervous moment on the trial bench was in his first year as a judge when he sentenced a man to death for the killing of a New Haven lawyer during a house burglary.

He should have been hardened to death and serious crime before he donned black robes. He was an assistant state's attorney for Hartford County from 1942 to 1946 and helped prosecute and convict many criminals, sending at least four of them to the electric chair.

His four-year stint as a prosecutor interrupted his Republican legislative career. He was a representative from Manchester in the 1941 session of the General Assembly. He ran successfully for the state Senate from the 4th District in 1946, representing the towns of Manchester, East Hartford, Glastonbury, Marlborough, Newington, Rocky Hill, South Windsor and Wethersfield in the 1947 and 1949 sessions.

He was Republican minority leader of the Senate in the 1949 session when Democrat Chester Bowles was governor and House repeatedly blasted the administration for its spending policies and revenue proposals he labeled "double taxation."

Articulate and persuasive in face of a Democrat-controlled Senate, House occasionally was able to check a runaway vote with logical argument and warnings of consequences.

"He did his homework on issues so he knew his stuff and he had the respect of the Democrats," recalls a veteran newsman.

House was voted "ablest legislator" by the press in 1949 because he impressed reporters with his sedate but effective manner of dealing with almost hopeless Democratic odds.

Shortly after he decided not to run for re-election in 1950, he was promoted as a lieutenant governor candidate for the Republican ticket headed by John Lodge. That bandwagon never got rolling, but Lodge appointed House his legal adviser soon after taking over as governor.

It was Lodge who started House on his judicial career by appointing him a Superior Court judge in 1953. House was 45.

Son of a well-to-do family that owned the House and Hale department store in Manchester, House didn't decide to be a lawyer until after he entered Harvard and took a summer job delivering ice.

"Those were the days before refrigerators and everybody had an icebox," he said. "I used to pull blocks of ice out of the wagon with tongs and lug them, sometimes up three flights of stairs, to customers on the east side of Manchester."

He handled some minor cases after he hung out his shingle in Manchester after passing the bar in 1933, but he didn't begin making real headway until he landed a position with the Hartford law firm of Day, Berry and Howard at a starting salary of $15 a week.

House was a member of the charter committee that drafted Manchester's council-manager form of government. He is a former town counsel, assistant prosecutor, deputy town court judge and was chairman of the Manchester school board until he became a judge.

House was appointed chief justice in 1971. In the past seven years, he has written all major opinions of the high court, most of them involving complex constitutional questions.

The full implication of his opinion that property taxes alone cannot be used to support local school budgets on grounds it could result in "grossly unequal educational opportunities" will be felt by the state and its communities as alternative financing solutions are sought.

He wrote opinions—invalidating Connecticut's traditional mechanics lien laws; ruling a governor lacks power to veto portions of a legislative non-appropriation act; upholding the constitutionality of the 1971 redistricting plan to conform to the one-man, one-vote principle; and sustaining the legality of taxing lawyers.

House said he is perturbed by vacillating rulings on criminal rules of procedure by the U.S. Supreme Court. In a succession of opinions involving the rights of accused persons, the high court has forced Connecticut and other states to revise their rules on the admissibility of confessions, police searches and seizures, self-incrimination and right to counsel.

Although some legislators say they have avoided seeking House's advice on pending bills because they regard him as rigid, too conservative and intensely jealous of the authority of the courts, others find him personable with a good sense of humor. In contrast to his precise written opinions, House writes poetry as a hobby and once penned limericks for a satire on the judiciary.

He created "Judge Les Doless" and put these words in his mouth as he took the judicial oath:

"I may make my rulings by hunch or by guess,

But other judges can straighten out the mess.

I may be stupid, not very keen,

But I'll look lovely in my long black crepe de chene."

Pictures and decorations on the walls of his second-floor office in the Supreme Court building reflect his love of the law and appreciation of a joke, including a collection of satirical English sketches of judges in distress on the bench.

House was chairman of the National Conference of Chief Justices and headed its reform seminar in Minnesota two years ago when Chief Justice Warren E. Burger analyzed causes of public dissatisfaction with justice.

He worked with Burger again in 1976 as vice chairman of a national advisory committee to draft standards for dealing with criminal violence, terrorism, organized crime, private security and juvenile delinquency. He was the only state chief justice invited by former President Ford to attend a White House dinner for the judiciary in 1976.

House is looking forward to retirement "because it will give me some time to think." He said most of his time off the bench is spent researching the law, studying the views of fellow justices and turning out opinions.

He manages to break away for a few hours on weekend to work on the grounds of his home in Manchester or help his wife, the former Virginia Brown of Harrisburg, Pa., with her floral gardens. His year-to-year project is building a stone wall with boulders dug from his 16-acre hillside tract.

The Houses have three grown children—Arthur House, an aide to U.S. Sen. Abraham Ribicoff in Washington; Carolyn House Simmons of Denver, a professor of psychology at the University of Colorado; and Elizabeth House, studying for her doctorate at the University of North Carolina.●

SENATOR MATHIAS SPEAKS ON FAIR HOUSING

● Mr. BROOKE. Mr. President, on April 18 the distinguished Senator from Maryland (Mr. MATHIAS) delivered a thoughtful and enlightening address at the National Fair Housing Conference sponsored by the Department of Housing and Urban Development and the National Committee Against Discrimination in Housing.

I share many of the concerns expressed by Senator MATHIAS in that speech. We have just not made sufficient progress toward meeting the goal of eliminating housing discrimination since the Fair Housing Law was enacted in 1968. And an adequately funded and continuing Federal commitment to housing construction and rehabilitation is essential if we are to begin to make decent housing available in a variety of neighborhoods and at rent levels which low-income families can afford. Another element of a fair housing strategy is the effective implementation and enforcement of the fair housing laws. S. 571, which was introduced by Senator MATHIAS, would provide additional powers for the Department of Housing and Urban Development and the Justice Department to insure compliance with these laws.

Mr. President, this speech reflects the great interest and insight of the distinguished Senator from Maryland in the area of fair housing. I commend these remarks to my colleagues and ask that they be printed in the RECORD.

The remarks follow:

FAIR HOUSING: AFTER A DECADE

It is a pleasure to address this Fair Housing conference and to join you in marking the tenth anniversary of the passage of the National Fair Housing Law, Title VIII of the 1968 Civil Rights Act.

When I say it's a pleasure, I really should qualify that. It's a pleasure to be among friends in the fight to make fair housing a reality. But, it is painful to consider how much still needs doing 10 full years after it became the law of the land "to provide . . . for fair housing throughout the United States."

It is true that we've made some progress since 1968. You don't see crosses burning on suburban lawns these days, or read the words "white only" in real estate ads. But we are still very far from providing "fair housing throughout the United States." In fact, sometimes it looks as if we've merely exchanged blatant forms of discrimination for subtler, more insidious ones.

Yesterday you reviewed the survey done for HUD by the National Committee Against Discrimination in Housing. I'm sure you found it as discouraging as I did that the

study uncovered acts of racial discrimination in housing in American cities from coast to coast, north and south.

Another recent study—this one by the American Bar Association—concludes that exclusionary zoning and other local governmental action "have prevented access to decent housing and have reinforced and aggravated patterns of racial and economic segregation." The ABA study also finds that "courts and legislatures have done far too little to prevent this governmental abuse of power."

So, painful though it is to admit it, on this 10th anniversary of the Fair Housing Act, we haven't licked discrimination by a long shot. We may just have driven it underground.

That great civil libertarian Henry Ward Beecher maintained that "Laws and institutions are constantly tending to gravitate. Like clocks they must be occasionally cleansed, and wound up, and set to true time."

I think the time has come to wind up the Fair Housing Act and set it to true time. And I think I've got the right key to do that job.

Last Monday I chaired hearings of the Senate Judiciary Subcommittee on the Constitution on my bill to improve HUD's enforcement powers in fair housing disputes. During those hearings, I heard cases of housing discrimination based not only on race, but on sex, marital status, children, physical disability and age. The terrible pervasiveness of discrimination which these hearings disclosed convinces me that we need to put some sting into HUD's enforcement powers.

As a longtime observer of our disarmanent negotiations, I have come to appreciate just how powerful a weapon the threat of force can be. The importance of some weapons systems lies more in their deterrent power than in the likelihood that we will use them. And I think there's a lesson to be learned here and applied elsewhere.

I would like to get a little deterrent threat into HUD and behind the Fair Housing Act. And Senator Glenn and I have introduced a bill which I think will do the job. S. 571, which has been cosponsored by Senator Bayh and Senator Humphrey, puts the federal government squarely on the side of the individual complainant seeking a fair chance to rent or buy housing.

At present, as most of you know, HUD may only attempt to conciliate between landlord and prospective tenant, or between seller and buyer in cases of discrimination. The track record of HUD under this procedure has not been outstanding. Only 25 percent of the cases ever get to the conciliation stage. About half of the individual complainants are not represented by counsel during the proceedings and, not surprisingly only one-half of the cases are successfully resolved.

Those whose cases do not get to conciliation in a timely fashion, or whose conciliation agreements are not adhered to, may take their case to court. But, few choose to pursue this route because of the time and costs involved.

My bill provides HUD with the power to refer to the Justice Department for prosecution individual complaints of discrimination which it considers substantive. It empowers the Justice Department to enter suit on behalf of those individuals, thus sparing them the expense of attorneys and reducing the amount of personal time they must spend on their case. Additionally the bill provides for the awarding of attorneys' fees to the successful party.

I suspect people won't be half as quick to discriminate against the poor or the elderly or anyone else, if they run the risk of being zapped with a court suit and costs. I think S. 571 will provide just the sting HUD needs for effective enforcement.

I hope I can count on your support for this legislation because I believe it will be an effective weapon in the struggle to erase discrimination from the face of America. It will help make certain that when we come together ten years from now to mark the 20th anniversary of the Fair Housing Act, we won't have to say, "Yes, we've made some progress, but . . ."

Now, because a long talk sits heavily on full stomachs, I want to touch on just two other aspects of discrimination before I close.

First, there are certain bedrock realities we must bear in mind in the drive for equal housing opportunity. Equal opportunity is meaningless without an adequate supply of housing at prices and rents all can afford. In many of our communities today the distinction between racial and economic discrimination in housing is blurred. Congress and HUD must ensure that sufficient low and moderate income housing is provided throughout regional housing markets to alleviate the pressures which give rise to economic discrimination.

When we begin in earnest to view housing dynamics in a broad market area context, without regard to local jurisdictional boundaries, then, at last, we will be on our way to an enlightened policy and practice in fair housing.

Finally, I have talked about setting our laws and institutions to "true time," but I think we all know, deep in our hearts, that prejudice and discrimination cannot be overcome by laws alone or by pressure from institutions.

There are Archie Bunkers; there does exist a mind-set among certain people in this country; prejudices die slowly. And changing attitudes is a very delicate process. It requires time and patience and quiet determination.

We must all exert ourselves to promote attitudes which accept equal opportunity for all and which will ultimately become a positive force for affirmative action.

The change of mind and heart we need will likely come through public education and exposure to the different ethnic, racial, and other groups that are targets of discrimination. I have spoken of putting some sting in enforcement, but the adversary process can only be a technique of last resort, when other methods of persuasion have failed.

The surest guarantee to fair housing and equal opportunity will be the sturdy, widely held conviction that they are right.

In my lifetime, with each succeeding generation, I have seen that conviction spread and take deeper root, and I honestly believe that we are not far from the day when America's clocks will be set to true time.●

TUITION ADVANCE FUND

● Mr. McGOVERN. Mr. President, many of us are concerned about the rising cost of college tuition. We are struggling to find ways to lift the burden from parents and students who cannot afford to pay tuition and other college expenses, and yet are not "poor enough" to qualify for assistance.

Every effort should be made by the U.S. Senate to insure that students, a most valuable national resource, are given every opportunity to develop knowledge, skills, and talents which will enrich their lives and enable them to become productive members of society.

The president of Boston University, John R. Silber, was recently interviewed in the Washington Star. President Silber endorses a bill sponsored by Representative MICHAEL HARRINGTON of Massachusetts, called the tuition advance fund. This bill provides students an advance from the Federal Government of their total tuition costs, and up to $1,000 for other college expenses such as room and board. Students are to pay the money back after graduation at a rate of 2 percent of their gross national income. This means that no one would be denied the opportunity to attend college for lack of funds. In addition, the legislation places the responsibility of paying the bill on those people receiving the education.

Whether or not this legislation is feasible and should be adopted remains to be seen. In any case, I urge my colleagues to read President Silber's remarks and to consider the tuition tax fund as a means of aiding those in need of tuition assistance.

Mr. President, I ask that this interview appearing in the Washington Star of April 21, 1978, be printed in the RECORD.

The interview follows:

AN EDUCATOR ON PAYING FOR COLLEGE

(John R. Silber has been president of Boston University, one of the nation's largest urban institutions of higher learning, for more than seven years. He was interviewed by Washington Star Staff Writer Gloria Borger.)

Question: The high cost of a college education is on the minds of many people. Do you feel that the cost of a college education is zooming out of control for most middle-class students?

Silber: I don't think it's zooming out of control compared to the cost of automobiles, or houses, or food, or anything else. The price that is charged for a college education—the tuition price—has gone up at about the same rate that there have been increases in all these other goods. We've tracked them over a period of a number of years. Herbert Hollman at MIT did a study over about a 30- or 40-year period and he found that the prices of many of these basics have gone up about the same rate as college tuition.

Q: How do you feel about President Carter's estimation that the tuition tax credit proposal is unconstitutional?

A: I don't know that it's unconstitutional. I rather think that it probably is constitutional. If his statement is based on the notion that it involves providing tax credit for people who send their children to parochial schools. I think he'd better consider that it still says "In God We Trust" on coins. If it's constitutional to print "In God We Trust" on coins, I know that the separation of religion and state cannot be as absolute as some people interpret it to be.

Q: Do you prefer the tax credit plan to Carter's plan?

A: No. I think the Carter proposal, which is an enrichment of the programs of Senator (Claiborne) Pell (D-R.I.) and Congressman (William) Ford (D-Mich.) and Congressman (John) Brademas (D-Ind.) and others, a basic enhancement of BEOG-SEOG (Basic Educational Opportunity Grants-Secondary Educational Opportunity Grants) college work-study program. I think there is a bet-

ter proposal. The tuition tax credit proposal answers to a fundamental need; there's no doubt about it that middle-class parents are simply unable to meet this increased cost. To say that the cost is no greater than the cost of an automobile is not to say that it's not too high. There are a lot of people who would have trouble buying the kind of car that they once bought. They now move down to a compact car, and that's fine from the standpoint of fuel consumption, but it's not so good a car as they used to have. They may find the same pressures on them with regard to education. Now, the tuition tax credit proposal responds to a very important need, but it does not respond effectively, because the maximum relief under the tuition tax credit proposal so far as college education is concerned would amount to about $250 a year while the parent may be facing a tuition bill of $5,000. So actually, that tuition tax credit would be consumed in the tuition increase that would happen a year after it's passed.

Q. What about this bill to be sponsored by Rep. Michael Harrington of Massachusetts, and supported by yourself, called the "Tuition Advance Fund"?

A. The "Tuition Advance Fund" is designed to provide a systematic and comprehensive answer to the financing of higher education in both the state and independent sectors. Under this plan, any student who has successfully completed his freshman year would be eligible to receive—as an advance from the federal government—the full price of his tuition at any accredited college or university to which he was admitted. That means that the financial barrier to education would be effectively removed. BEOG and SEOG would be continued. He could apply in addition under this proposal for up to $1,000 for room and board charges or other things. Once the "Tuition Advance Fund" is passed, no student in America could be denied education because of financial barriers.

Q. Would the student have to show financial need?

A. No. Financial need would be evidenced by his presentation of his tuition bill; that would be all the need the student would need to show, because it will be his need, and not the parents' need, that we would be trying to assess. Under this plan, it would also fulfill another American value, and that is that the person who receives the benefit should be the one who pays for it.

Q. How would he pay it back?

A. He would pay it back by a repayment of approximately 2 percent of his gross annual income, over his working lifetime. If he had a very high salary, he might pay it back in 10 years or 15 years; if he had a moderate income he might pay it back over a period of 20 or 25 years; if he had a very low income—let's say he had an income of $7,500 a year—he probably wouldn't pay back the advance in his entire lifetime.

Q. How much would this cost to get started?

A. It depends on how much people decide to use it, but our best estimate is that it would cost somewhere in between $3.5 and $4.5 billion dollars. And then, within about 20 years, the repayments into the fund, and the interest on the fund, will equal the amount that has to be paid out. Beyond that time, it would be a self-perpetuating system. We will have, in effect, a national educational endowment.

Q. If a plan is not adopted, what is the future of great institutions like Boston University, which will have to increase their tuitions?

A. There are 1,500 independent universities in the United States, and we educate about 25 percent of those educated in this country. If there is not some relief of this sort, a large number of these institutions will simply go out of business. I think, unfortunately, that the greatest toll will be taken among the small liberal arts colleges, that provide an invaluable educational alternative in this country, because there are some things that are done best on a small scale. Boston University is a relatively large university, with 24,000 or 25,000 students, so I imagine Boston University is going to be able to survive this demographic decline that we're going to face. But there will be a very large number of independent colleges that will go out of business, and a few will be the large ones.

Q: What is the quality of students you feel are applying to colleges now?

A: Our applications at Boston University have increased in quality. Our SAT scores have risen over the last four years, but the national averages on the SAT scores have declined. That's because we've raised our standards of admissions, not because the quality of high school graduates is on the increase. I think the quality of teaching in high school has declined substantially, especially in the areas of English and history, and in the areas of writing skills, over the last 25 years. All you have to do is compare the number of writing assignments that a high school student has now over what he would have had 25 years ago, and you find out that they do far less writing. They don't write so much, and consequently they don't write so well, because writing is something that one learns by practice.

Q: There's been a lot of talk recently about Harvard University's new core curriculum, and the tradition is: As goes Harvard, so goes the rest of the country. Is Boston University thinking of going back to basics, the same way that high schools may be?

A: I think the basics we need to go back to are the fundamental modalities of human life. It is what was taught under the copybook headings of elementary schools 50 years ago. The fundamentals, the basics, that need to be understood today: that water will wet, that fire will burn; that wishes are not horses. There are the basics. Some basic education into the finitude of human life: the morality of human beings; basic truths about life—"All that glitters is not gold." These are examples of copybook headings. If you're talking about basic education, it is that basic education that is missing. That's the curriculum that has been removed and replaced with the television injunction "Enjoy yourself!" and the instruction that pleasure-seeking is the only moral requirement imposed upon man.●

PASSIONATE POLITICS

● Mr. GOLDWATER. Mr. President, the eminent columnist, Mr. George Will, paid a fellow Senator such a compliment in this week's Newsweek that I think all of my colleagues should be aware of it. He has printed it so the public could see what I have long, long known to be true about this young Senator from Nevada. I have had the rare privilege of knowing him and his family for many, many years, and I like to think I had a small part in getting him into politics. His honesty, forthrightness, and courage have always been the marks of this man which were given to him by a father and mother of the same stripes. Even though Senator LAXALT was on the losing side, as I was in the Panama Canal debate, he came out of it respected and honored by every one of us who serve in the Senate of the United States. Therefore, I ask that this article be printed at this point in my remarks.

The article follows:

PASSIONATE POLITICS

(By George F. Will)

Paul Dominique Laxalt got his middle name and his slightly olive complexion. from his father, a Basque who emigrated from France to be a sheepherder in the American West. Laxalt's round face is as placid as a mountain lake, without the lines that life has etched on most men 55 years old. From his closely cropped graying hair to his black cowboy boots, he is a blend of true grit and amiableness. And no other current first-term senator has earned from colleagues the amount of respect and affection enjoyed by this Nevada Republican.

Laxalt had been in the Senate less than a year when he became campaign chairman for a challenger against an incumbent President of his party. Laxalt fought at Ronald Reagon's side to the bitter end, but never felt or provoked bitterness. He has just spent two months on the Senate floor battling supporters of the Panama Canal treaties, and as leader of the opposition to the treaties he never uttered or received a rancorous remark. A supporter of the treaties did ask Laxalt how Nevadans would feel if a foreign government owned a 10-mile-wide strip of land through Nevada. The questioner was leading with his chin. Laxalt replied, laconically, that 87 percent of Nevada is owned by the Federal government and Nevadans have reasons for regarding it as a hostile presence.

FEDERAL SPACE

The Federal government owns a substantial percentage of the land of Western states: Alaska 96, Arizona 44, California 45, Colorado 36, Idaho 67, Montana 30, New Mexico 34, Oregon 52, Utah 65, Washington 29, Wyoming 48. (East of the Mississippi, the highest Federal ownership is in New Hampshire, 12 percent.) It is commonly thought that people in industrialized, urbanized states must feel more closely bound up with government than do the people who live in the wide-open spaces. But a lot of those spaces are Federal property. Nowhere is the government more important, conspicuous or frequently irritating than it is in the Mountain West, where it has so much to say about land use, water, timber, grazing, mineral rights and many other things that matter. That is one reason why the Mountain West has replaced the South as the region with the strongest sense of identity, and the most pronounced truculence about the central government.

Of course, nothing is quite like Nevada. Even the severe geometry of its borders suggests strangeness rather than rationality. When the Comstock Lode was exhausted, so was Nevada, or so it seemed. Between 1880 and 1900, while other mountain states tripled their populations, Nevada's declined from 65,000 to 45,000, and some Easterners suggested depriving Nevada of statehood on the ground that it was a "rotten borough." But Nevada had a glittering, not to say gaudy, future in what Daniel Boorstin, the historian, calls "exploiting the Federal commodity": "In the womb of the Federal system itself there lay hidden some remarkable moneymaking opportunities. . . . The most spectacular scene of these unpredictable opportunities was Nevada. . . . Nevadans showed how enterprise and ingenuity could make a new resource out of statehood itself."

DIVORCE AND GAMBLING

The Federal system gave rise to the practice of "migratory" divorce, with people traveling around the Republic to take advantage of liberal states' laws. But Nevada was determined to crush the competition. In 1931,

it enacted a six-week residency requirement for divorce, and legalized gambling to boot. The marriage, so to speak, of divorce and gambling produced a growth industry. And it came to pass that a man who had spent much of his youth herding sheep in the Sierra Nevada mountains became senator from a state in which the economy is based on the soft fall of cards and chips on green baize.

Laxalt is always mild, so he is only mildly perturbed by what is causing sleeplessness among his colleagues. Wherever two or more senators or congressmen are gathered, there you will find anxious discussion of the apparent multiplication of "one-issue constituencies." These are groups of voters who say they will vote against any legislator who votes "wrong" on a particular issue.

The canal was such an issue. And now Congress turns to another, the proposed "package" that links aircraft for Israel with aircraft for Saudi Arabia and Egypt. Some legislators count seven other issues that demonstrate the troubling "intensity factor" in today's politics, issues that attract persons who describe themselves as "one-issue voters. These include such durable issues as gun control, abortion and the Equal Rights Amendment. The more seasonal issues include 100 per cent parity for farmers, the bill for labor-law reform; the proposal to lift the arms embargo imposed against Turkey after the Cyprus invasion (a proposal that is opposed by Greek Americans), and the bill to provide a credit on income taxes for a portion of tuition paid to schools, including sectarian schools.

On some issues there is no "safe" vote: there are passionate blocs on both sides of the ERA and abortion disputes. But few people are intensely for selling jets to Saudi Arabia, or for gun control. It is not certain how many tough-talking one-issue voters mean what they say. But it is significant that so many people talk so fiercely about so many issues. One reason they are stirred up is that there is a new class of stirrers. These are quasi-political entrepreneurs who have discovered commercial opportunities in merchandising discontent, and have refined the art of direct-mail fund raising. Furthermore, many people believe that talking to a legislator is the only alternative to talking to a stone-deaf bureaucracy, or cussing the television set. So to ward off a sense of impotence, they talk to their legislator about a single headline issue, and they threaten him with the only weapon they have, their vote. They do that for the same reason a farmer hits a mule with a 2-by-4: to get his attention.

ESSENTIAL SERVICE

But when some motives have been appropriately discounted, the fact remains that most "intense" constituencies bring a leavening moral seriousness to the political process. It may be argued that any of them is mistaken; but few are venal. However turbulent they make politics, they do also elevate it above the common preoccupation with bending public power for private economic gain. Intense activists, like the ones who fought so ferociously against the canal treaties, perform an essential service. They help create a truly *public* opinion, and give a voice to persons who lack political assets and who otherwise would feel, and be, inarticulate and impotent.

So as the dust settles and the nation moves on to other arguments, and other intense constituencies mobilize, I, who think the opponents of the treaties were mistaken, salute them, and especially their leader. Laxalt gave to the nation, not for the first or last time, the gift of good example: tenacity for principle, civility under pressure, graciousness in disappointment.●

U.S. CHAMBER OF COMMERCE "STATE OF SMALL BUSINESS" REPORT

● Mr. NELSON. Mr. President, an important new survey of small business economic conditions has recently been reported to President Carter by the Center for Small Business of the U.S. Chamber of Commerce. This report, based partly on a poll by the Gallup organization and partly on seven "grassroots" meetings held around the country, notes broad areas of concern voiced by the Nation's small business entrepreneurs.

It makes sobering reading.

Small businesses identified Government actions as their greatest source of difficulty—more so than market competition or any other private sector difficulty. For example, over 90 percent of the small business owners surveyed reported spending more employee time on regulatory compliance now than 2 years ago.

In four major policy areas—taxation, regulation, paperwork, and inflation—the report offers a series of recommendations for positive action to aid small business.

Already many of the recommendations in the report have become bills in the 95th Congress. It ought to be noted particularly the emphasis the report places on the need to hold a White House Conference on Small Business, a recommendation which will become a reality. The President announced on April 5 that such a conference will be held in late 1979.

In addition, the decision recently reached by the Securities and Exchange Commission to initiate a sweeping review of the investment barriers faced by small business—a subject treated in the report—also reflects many findings presented to the Senate by the Small Business Committee.

Although the findings presented in the report reflect disquieting threats to the health of small business, there are optimistic notes as well. The survey found a refreshing spirit of determination among small business owners—determination to stay in business, to survive the tough struggles, and to beat the odds by succeeding. In that spirit of dynamism lies our best hope for the economic future of our country.

I ask that the report be printed in the RECORD.

The report follows:

THE STATE OF SMALL BUSINESS: SUMMARY OF FINDINGS AND RECOMMENDATIONS

FINDINGS

Small business today is in a state of declining economic strength. Actions of government are more important causes of declining strength, especially the adverse effects of taxation, regulation, (with its accompanying paperwork) and inflation, than are private market forces. Despite these conditions, a determination and optimism prevails among a high proportion of small business executives.

RECOMMENDATIONS

Tax Revisions. Changes should be made in the tax code to provide:

Increased corporate surtax exemption;

Tax reduction for individuals and corporations;

Liberalized depreciation;

Permanent and expanded investment tax credit;

Improved capital gains treatment;

A higher minimum accumulated earnings credit;

More favorable operating loss carryover;

A "rollover" deferral of tax on small business investments;

Prompt refund of overpayment of estimated income tax; and

Increased limits on Section 1244 stock investments.

The deduction for non-business interest should be retained.

Reducing Regulatory Burdens. Laws, regulations and management procedures should:

Provide systematic review of all existing regulations, combined with sunset legislation;

Face up to the real costs of regulation by advance analysis of all proposed regulations to show costs of compliance;

Take into account the limited resources of small business when drawing up regulatory and reporting requirements;

Reduce the number of regulations, and simplify those which remain;

Eliminate uneven and inequitable enforcement; and

Make agencies, and the government at large, accountable for the effects of regulations.

Reducing Paperwork Burdens. Closely linked to easing of regulatory burdens, steps should be taken which will:

Implement the recommendations of the Commission on Federal Paperwork;

Strengthen and coordinate federal program and agency management;

Encourage the Congress to make government responsible for the paperwork it creates; and

Support adoption by the House of Representatives of a rule similar to the McIntyre Amendment approved by the Senate.

Controlling Inflation. With the assistance of the steps proposed above, each of which will help reduce inflationary pressures, the Administration should give strong leadership to:

Maintain an independent Federal Reserve System;

Balance the federal budget; and

Hold federal spending to a fixed percentage of GNP.

CONVENING OF A WHITE HOUSE CONFERENCE ON SMALL BUSINESS

The President should convene such a conference promptly to develop research on the economic status of small business, particularly as that status is affected by government actions, along with recommendations to strengthen small business in the future.

REPORT ON THE STATE OF SMALL BUSINESS BY THE CENTER FOR SMALL BUSINESS, CHAMBER OF COMMERCE OF THE UNITED STATES

The state of small business today should be a source of concern for all Americans and especially for national leaders of government and business. More significant to the economy than most citizens realize, small business faces conditions today which threaten its vitality and its capability to contribute the creative, growth-generating and consumer-serving functions on which the nation has long depended.

The state of small business can be characterized by three conditions: a declining economic strength; a direct sapping of strength by excessive government, especially by taxation, inflation and regulation; and (in spite of these) a determination to survive and optimism about growth among small business owners.

DECLINING ECONOMIC STRENGTH

Small business has been declining as a proportion of all business over a long period of time. A variety of explanations can be offered for the trend, but the trend itself is

a great source of concern for small business owners.

While numbers of firms continue to increase, their relative strength has dropped significantly. Shares of total employment, assets and earnings contributed to the economy by small companies have declined dramatically in the last two decades.

Normal market competition causes a high mortality rate among new and inexperienced managements in recent years new forces have emerged which cut profitability and success rates of small enterprises.

Many small companies short of capital cannot grow because government-induced costs and tax burdens prevent accumulation of earnings for growth. Small companies able to grow are practically foreclosed from the public securities markets, in large degree because of new government controls. As a result, even these more fortunate and aggressive managements may find themselves in desperate need of equity capital and with no favorable means of acquiring the capital except by merger into a large company.

SAPPING OF STRENGTH BY EXCESSIVE GOVERNMENT

Actions of government are identified by small business as the greatest source of difficulty for small business, more so than market competition or any other private sector difficulty.

Small business meeting groups and survey respondents reached by the Chamber identify their top three problems as taxation inflation and regulation—all brought on by government. The order of these three may vary, but the three consistently outrank other problems.

Taxation affects small businesses as producers and employers in the way it affects employees. It is a cost. In addition, current federal taxation shrinks the general availability of investment funds; prevents the small entrepreneur from retaining the earnings of his company for growth; treats capital costs less favorably than do most industrialized nations. Payroll taxes have grown to a level that stifles development, with frightening increases ahead. Estate taxes all too often cripple or force the sale or closing of successful family owned businesses and farms when the founders retire or die. It is imperative that relief be provided.

Inflation is more insidious. At a 6 percent annual rate, inflation adds $10 billion each year to federal tax collections—and to the tax costs borne by Americans. Inflation puts the small business in the middle between rising supply costs beyond its control and the resistance of a market beyond its control. Inflation erodes and discourages savings. Inflation cannot be stopped by an individual entrepreneur or by all small business acting in concert. Government must attack inflation more effectively if it is to be controlled.

Government regulation, for all its intended public good, too often becomes a perverse and victimizing process for small business, which is most vulnerable to damage from such controls. Small business owners lack the personal expertise, or the resources to employ expertise, necessary to combat or comply with the maze of regulatory requirements. Until costs of meeting federal standards have been shown to run consistently higher in small operations than in larger units. Faced with unbearable requirements, small firms are far less likely to challenge a law in court than is the case with larger companies.

A facet of regulation which surfaced especially in face-to-face meetings with small business owners is the extent to which actions of government invade the most minute operating details of individual firms.

Meeting participants related case after case of rigid and overly-detailed regulations which seem to have strayed from protecting the public interest and instead now focus on trivial flaws that can be construed as violations. The net effect of such over-regulation is to force law-abiding owners to turn their primary attention away from running their businesses and to focus instead on avoiding penalties for petty violations.

Discussion of regulations brought forth displays of outright fear: fear of the regulator, fear of the power given agency staffs by the law, fear that one detailed requirement will be used as a hunting license to find other violations

Understandably, owners of small business in these circumstances react with feelings of outrage, not to mention loss of respect for individual regulations and for the governing process in general. Such experiences of small business flash a warning signal for the leaders of government.

DETERMINATION AND OPTIMISM

Along with the generally negative condition of small business, there is evident a determination and personal optimism on the part of many owners that seems to ignore, or to defy, difficulties. Small business owners who have expressed themselves to the National Chambers often show more concern for small business in general than for their own companies. "It will be tough, but we will make it," is the sentiment. True, the people with whom the Chamber has talked are often executives of the more successful companies. Even so, this characteristic seems worth stressing. It tells a great deal about the dynamism and future potential of small business if this nation will provide a healthful economic climate in which it can operate.

EVIDENCE OF THE STATE OF SMALL BUSINESS TODAY

This report makes extensive use of information gathered through personal contacts in meetings, but many other sources of information were used, each one of which appears to produce similar findings about the state of small business.

GRASS ROOTS MEETINGS

The National Chamber's Chairman of the Board began a grass roots meeting series in September 1977, which has taken him to numerous cities around the United States. In each city visited by the Chairman, groups of small business executives are invited to discuss issues they consider most important to their companies. Through the first seven meetings, in Tulsa, Dallas, San Antonio, St. Paul-Minneapolis, Des Moines, Indianapolis and Louisville, more than 60 subjects were raised by executives. The broad categories of concern are listed below in the order of frequency with which they were mentioned:

Government regulatory problems;

Other governmental problems (taxation, government contracting, minimum wage, social security, government spending, national health insurance, inflation);

Need for better small business organizational efforts;

Inadequate economic education programs;

Product liability problems;

Foreign competition, shortage of investment capital, loan difficulties, minority enterprise difficulties.

For 1978, similar meetings are scheduled in Spokane, Richmond (Va.), Mobile, Philadelphia, and Syracuse, with other cities to be added.

Full records are being kept on all the 1977–78 meeting series for a formal report to the National Chamber at the end of April, 1978.

GALLUP/CHAMBER BUSINESS CONFIDENCE SURVEY

A new cross-section series, conducted by the Chamber with the Gallup Organization, assesses business attitudes periodically. Survey methods allow the Chamber to distinguish responses by executives of small firms from those of larger companies. The first survey results were made available at the end of 1977. Among the most notable findings are these:

Executives of small business are very concerned about government handling of economic policies; a majority (56 percent) expects the government will do "a poor job" in the next two years, and 42 percent expect "only a fair job." Two percent expect "a good job" by the government.

More than 90 percent of small business owners say federal regulations require more employee time and company money than was the case two years ago, and they expect regulation to be one of the two most serious problems they will encounter during the next two years.

Among small business respondents, 58 percent expect employee health and safety regulations to be either a "serious" or "very serious" problem; 49 percent expect environmental regulations and 70 percent expect other governmental regulations to be "serious" or "very serious" problems.

Taxation is the only other type of problem which small business expects to be more troublesome than regulation. Payroll taxes alone are expected to be a serious problem for 85 percent of small business; "high or rising state and local taxes" by 84 percent and "high or rising federal taxes" by 70 percent.

More than 80 percent of small companies expect energy costs to be a serious problem, and a majority (57 percent) expects energy availability to be a problem.

Fifty percent of small companies look for labor and wage negotiations to present greater difficulties than in the past, and an equal proportion expects minimum wage laws to be a serious problem. By contrast, only one in three large firms expects labor negotiations to present greater difficulties than in the past and only one in four ranks minimum wage laws as a serious problem.

SURVEY ON SOCIAL SECURITY FINANCING

A National Chamber survey of member firms in September sought to identify preferences for methods of financing future social security costs. It also explored how these companies would alter their practices to absorb rising future payroll tax costs.

Responses vividly explain why so many individual owners feel that rising governmental requirements on small business result in damage to the public and to employees even more than to the companies involved.

In order of the frequency of response, here is how how the small companies expect to compensate for newly-enacted payroll tax increases:

68 percent plan to increase prices;

55 percent plan to hold down increases in wages and other benefits for employees;

54 percent will be forced to cut profit margins;

46 percent will hold off hiring new employees;

38 percent will invest in labor-saving equipment to replace present and future employees;

35 percent will be forced to delay planned expansion of their firm;

28 percent will actually lay off present employees;

16 percent will be forced to reduce services to customers.

SURVEY OF EFFECTS OF FEDERAL MINIMUM WAGE

Small business owners feel that minimum wage laws fall especially hard on their companies, which tend to be less profitable and generally more labor intensive than larger firms.

Attempts to delay or reduce a rise in the federal minimum wage standard ranked high among small business priorities for several years.

In September the Chamber presented to Congress a survey of several thousand of its smaller member companies aimed at determining the impact of minimum wage laws, including legislation then being considered and later enacted.

As with Social financing, respondents report a substantial direct effect on their companies from increased minimums, but they feel even more strongly that the public and their employees are hurt by the effect on the economy from increased minimums.

In order of frequency, here is how the Chamber's small member companies expect to adjust to the increases which became effective January 1:

82 percent will increase prices;

79 percent will hold off hiring new employees;

65 percent will reduce their profit margins;

48 percent will cut back on number of hours their employees work;

48 percent will invest in labor-saving equipment;

46 percent will cut present work forces;

36 percent will reduce customer services.

OTHER SURVEYS OF SMALL BUSINESS CONDITIONS

Periodic surveys in the last year confirm the attitudes displayed in the meetings and surveys summarized above.

Polls taken during National Chamber Annual Meetings provide a good sampling of local business leadership opinion from around the nation. In the most recent meeting in May, 1977 small business owners identified regulation as their number one problem and inflation as their second most important problem.

Participants in a session on regulation identified the following among specific problems of the regulatory process with which they had personal experience:

Bias on the part of inspectors or investigators;

Questionable competence of agency personnel;

Confusing explanations when government seeks information;

Frequent requests for the same information from two or more agencies;

A primary "preservation of bureaucracy" motivation in agency decisions.

Each of the summaries above is extracted from more detailed reports, full texts of which are available.

RECOMMENDATIONS FOR IMPROVING THE STATE OF SMALL BUSINESS

Given the conditions just described and the many attitudes recorded in National Chamber meetings and surveys, recommendations to assist small business development clearly need to include improvements in taxation, regulation, paperwork, and control of inflation. The following proposals are respectfully presented for consideration by the President.

TAX REVISIONS

Taxation is an almost universal problem for small business. Tax relief is the only way that many companies can retain earnings to generate internally the capital they can secure from no other source.

The National Chamber's Council of Small Business recently developed an 11-point Small Business Tax Reform Package, which the Chamber has adopted. The Chamber urges that the Administration support and the Congress enact revisions which will:

Increase the corporate surtax exemption to $200,000 and reduce the normal tax rate on the first $50,000 of income;

Reduce rates on individual and corporate income;

Liberalize depreciation provisions;

Make the investment tax credit permanent and raise the limit on used equipment to $200,000;

Expand the capital gains deduction and reduce the tax rate on capital gains proportionate to the length of time a capital asset is held;

Increase the minimum accumulated earnings credit to $500,000;

Allow a net operating loss carryback of three years and a carryforward of eight years;

Permit a "rollover" deferral of the tax on the sale of equity of a small business if proceeds are reinvested in other small business;

Refund overpayments of estimated income tax when claimed, rather than at year end; and

Double the current limits on special treatment of capital losses on small business investments under Section 1244 of the Internal Revenue Code.

In addition, present deductions for nonbusiness interest should be retained.

These proposals would reduce rates for all taxpayers, they would improve small business cash positions by more favorable treatment of depreciable assets, and they would encourage more private investment in small companies.

REDUCING REGULATORY BURDENS

The Chamber applauds initiatives of this Administration in seeking to make the regulatory function effective, workable and less burdensome. The recent draft Executive Order for improving regulatory practices embodies many of the principles the Chamber supports.

The OSHA "common sense" approach to enforcement is a specific example of commendable action. Other examples, now being considered by the Congress, are the proposed Regulatory Flexibility Act and the Small Business Impact Statement Act.

Reform efforts should be based on maintenance of a competitive free market system as the primary source of meeting consumer needs, with regulation only to the extent essential to the protection of health, safety and the general welfare.

Regulation should be administered so as to eliminate uneven and inequitable enforcement, or duplication and conflict in requirements. Procedures should provide for prompt regulatory decisions consistent with due process; assure adequate consideration of costs and benefits; and minimize compliance costs. Orderly development of regulation requires that Congress set basic policy, that agencies regulate in accordance with Congressional intent and that Congress maintain oversight review of regulatory actions.

The Chamber urges continued strong leadership by the Office of the President to assure that further improvements are proposed to the Congress where appropriate and are vigorously implemented where Executive Branch action is called for.

REDUCING THE PAPERWORK BURDEN

At the request of the President one year ago, the Chamber presented a comprehensive set of recommendations for reducing the paperwork burden created by the federal government. Since that time, the Commission on Federal Paperwork has completed its work and transmitted final recommendations compatible with the Chamber's suggestions.

As in the case of regulatory improvements, the Administration has the pivotal responsibility for bringing about change in paperwork requirements. Much of the total paperwork volume stems from executive agencies operating under broad control of the President. The complexities of paperwork requirements do not lend themselves to treatment under primary leadership of the Congress. The strong personal leadership of the President is the key to effective action in reduction of paperwork as it is in regulatory reform and related organizational and management improvement.

The Chamber urges determined effort on the part of the Administration to implement recommendations of the Paperwork Commission which can be accomplished by Executive Order. Priority should be given to strengthening and coordinating federal management. This is imperative to a more efficient, effective and responsive government.

The Chamber urges the Administration to give priority support to Commission recommendations for action by Congress that would make the government responsible for, and responsive to, the burden that government puts on others. A priority example would be adoption by the House of Representatives of a paperwork impact assessment rule similar to the McIntyre Amendment approved by the Senate.

CONTROLLING INFLATION

Inflation may be the most intractable economic problem of our time, and effective leadership in the federal government can help control it.

Chief among National Chamber recommendations to reduce inflation is maintenance of an independent Federal Reserve System. The independent Federal Reserve is the one element in the federal establishment that most consistently tries to combat inflation. In addition, a balanced federal budget combined with a limit on total federal spending can contribute substantially to reducing inflation.

The Chamber applauds the Administration's pledge to balance the federal budget and to hold spending to a fixed percentage of the gross national product. The Administration should stand fast on these pledges and take no action that would weaken, or support Congressional efforts to weaken, the independence of the Federal Reserve System.

CONVENING OF A WHITE HOUSE CONFERENCE ON SMALL BUSINESS

The Chamber urges that prompt steps be taken to call a White House Conference on Small Business to accomplish several important objectives:

Increase public awareness of the importance of small business;

Examine specific problems of small business;

Explore possible governmental actions to encourage the growth of small business.

Among specific subjects, the conference might address each of the problems identified in this report plus others such as government contracting, venture and equity capital, and more adequate economic data on small business.

The last such effort, made 22 years ago by a Cabinet Committee on Small Business, produced notable results including the landmark statutes to authorize privately-operated venture capital companies and the Subchapter S provisions of the Internal Revenue Code to help closely-held businesses.

Convening of a White House Conference on Small Business could be expected to generate new initiatives of at least equal importance.

CONCLUSION

The state of small business today is a mixture of decline and optimism, of frustration and determination, which offers some hope but a great deal of concern.

The initiatives of the Presidency to which reference has been made hold great potential for benefiting small business. The Chamber will support these initiatives, will continue to alert its membership to the important issues and will work to mobilize grass roots efforts to gain Congressional approval of necessary legislation.

Adoption of our recommendations would do much to improve the condition of small business.

The Chamber asks for careful review and support of these recommendations.●

LABOR LAW REFORM FACT SHEET

● Mr. WILLIAMS. Mr. President, for the last several months the labor law reform bill has been the subject of considerable interest and comment. Many Senators have received objections to and criticisms of this bill that are based on misreading and misunderstanding of the bill. Often such criticism is unrelated to the bill's actual provisions. I have, therefore, prepared a brief factual analysis of the bill's actual provisions which clearly and concisely states the true contents of S. 2674, the proposed Labor Law Reform Act.

I would like to share this analysis with all the Members of this body in order to assist them in considering S. 2674 on its merits and without the rhetoric and misinterpretations which currently prevail.

The analysis follows:

LABOR LAW REFORM FACT SHEET

PURPOSE OF THE BILL

The primary purpose of this legislation is to correct two major problems that have arisen under the current law: (1) delays in the processing of both election petitions and unfair labor practices, and (2) the inadequacy of the remedies which the National Labor Relations Board may invoke against violators of the law, particularly when violations occur during the critical period before a collective bargaining relationship is first established.

PROVISIONS OF THE BILL

Election procedures

The bill directs the Board to establish rules for holding elections and making determinations in connection with elections, including rules to define appropriate bargaining units to the fullest extent practicable;

The bill establishes time limits for holding representation elections:

(a) In the simple case where a majority of the employees have signed cards authorizing a union to represent them and where the Board has issued a rule defining the appropriate unit, the election would be held within 30 days but not less than 21 days after an employer receives notice that a petition has been filed, unless both the employer and the labor organization agree to an earlier election.

(b) Where the appropriate unit is not established by rule or less than a majority of the employees sign authorization cards, the election would be held within 45 days of filing of a petition for election;

(c) Where an election involves complex issues, the election would be held within 75 days;

To assure that employees have adequate information in casting their vote, the Board is required within one year of enactment to issue fair campaign procedure rules assuring that employees have an equal opportunity overall to receive information from the employer and the labor organization during a representation campaign. The rules would assure that when employers make campaign speeches or other communications relating to the campaign to employees on plant premises or during working time, employees would be given an opportunity to receive information from the union in an equivalent manner, consistent with maintenance of production, details to be established by rulemaking within one year;

FREE SPEECH

Eliminates the Board's power to regulate the content of employee speech which contains no threat of reprisal or promise except that the Board could regulate misrepresentations in the 48 hours before an election.

UNLAWFUL CONDUCT

Remedies for election periods

Whenever the Board has reasonable cause to believe that an employee is unlawfully discharged during an organizational campaign, a campaign to oust a union, or during a period after an election but prior to the entering into of a first collective bargaining contract, the Board must seek reinstatement of that employee through the injunction process provided for under Section 10(1) of the Act;

Employees who are illegally discharged for engaging in union activity during an organizational campaign, a campaign to oust a union, or during a period after an election prior to a first collective bargaining contract, may be reimbursed at one and a half times their wage rate with any actual income they earned during the period of their discharge deducted;

Where an employer or a union is found guilty of an unlawful refusal to bargain in good faith prior to the signing of a first collective bargaining contract, the Board may award back pay damages to employees who suffered on account of the refusal to bargain, based upon an objective statistical measure of wage and benefit settlements under collective bargaining agreements negotiated during the period of the violation;

PROCEDURAL CHANGES TO HELP THE BOARD WITH ITS RISING CASELOAD

The National Labor Relations Board is expanded from 5 to 7 members, with seven year terms. To assure a balance on the Board, no more than a majority of the members of the Board may be from the same political party; (Note: the Board's caseload has expanded by 980 percent since the last time the Board was expanded from three to five members.)

The Board is directed to establish rules for a summary affirmance of an Administrative Law Judge's decision in uncomplicated cases on a motion filed by a prevailing party;

The bill provides that any party seeking judicial review of a Board order must petition for review within 30 days or the order becomes final and that the Board can apply for enforcement of its orders.

SANCTION FOR CONTEMPTUOUS VIOLATORS OF FINAL ORDERS

When the Board determines that an employer or a union has willfully violated a final order of the Board, or of the Court declaring that violators conduct to be unlawful, that violator may be debarred from receiving federal contracts for 3 years or less, or until the violator comes into compliance with the law, except where to do so would jeopardize the national interest.

CONSCIENTIOUS OBJECTORS TO UNIONS

A religious conscientious objector who objects to paying dues to a labor organization may pay amounts equal to those dues to a charity or to a fund maintained by the employer for the payment of arbitration costs.

COVERAGE OF GUARDS UNDER THE ACT

The bill provides that "in house" guards may be represented by a union which is affiliated with a national or international union representing non-guard employees so long as it doesn't represent non-guard employees at the same location; retain present law permitting only pure guard unions unaffiliated with any other union to represent guards employed by contract guard companies or armored car companies;

WILDCAT STRIKES AND STRANGER PICKETS

The Courts may, on petition of an employer, enjoin unauthorized concerted refusals to work in breach of contract that are a response to any picket line other than one set up by a union to further its position in a labor dispute, and the Courts may enjoin unauthorized breach of contract work stoppages where union picketing is not involved.●

NATURAL FOOD MONTH

● Mr. McGOVERN. Mr. President, I would like to advise my colleagues that April has been selected as Natural Food Month by the National Nutritional Foods Association in cooperation with other regional and educational affiliates across the United States.

The National Nutritional Foods Association is a nonprofit trade organization representing retailers, manufacturers, distributors, publishers, agronomists, and educators in the nutritional foods field throughout the Nation.

Among the goals of Natural Foods Month is the adoption by Congress of a preventive health policy and the need to inform Americans that their diets have changed radically within the last 50 years, with great and often very harmful effects on their health.

Last year every child, woman, and man in this country consumed over 125 pounds of refined sugar and over 100 pounds of fat. The consumption of soft drinks more than doubled in the past decade—surpassing milk as the second most consumed beverage. Too much fat, too much sugar or salt have been linked directly to heart disease, cancer, obesity and other killer diseases in testimony that has been presented to the Nutrition Committee and Subcommittee. Dave Ajay, president, National Nutritional Foods Association, said:

In observance of Natural Foods Month during April, many educational events will be held all over the country by members of the National Nutritional Foods Association to promote nutrition education of all consumers so that they will be better informed about the nutritional and health values of vegetables, fruits, whole grains, and other unprocessed additive-free foods.

We are all pleased to note that the National Nutritional Foods Association has been a leader in increasing our awareness of the relationship between diet and health, and in seeking nutrition education.

It has cooperated consistently with efforts of the Nutrition Subcommittee to develop a more nutrition alert society.

During April the National Nutritional Feeds Association will present on its national non-commercial education series, "Viewpoint on Nutrition," special programs that will assist Americans to select a greater variety of nutritional foods that will benefit their health.●

SALT II OR NO SALT

● Mr. CULVER. Mr. President, one primary concern surrounding a possible SALT II agreement is whether we will be better off militarily with or without it. Probably no question is more central to the merits of the treaty.

A thoughtful analysis of this issue has been prepared by our colleague in the House of Representatives, LES ASPIN. His report, "SALT II or No SALT," provides one well-reasoned perspective on the advantages such an agreement could offer.

I commend Mr. ASPIN's report to the attention of my colleagues, and ask that it be printed in the RECORD.

The report follows:

SALT II OR NO SALT

The curtain is about to rise on a long national debate over the SALT II treaty with the Russians. Although the treaty has not yet been completed, the salient numerical ceilings have already been revealed. The prospective treaty has come under attack largely because it contains fewer Soviet concessions than President Carter had wanted when he issued his dramatic proposals last March and because it isn't as comprehensive as many Americans had hoped.

The crucial question, however, is not whether SALT II is less than the March proposals or less than our hearts desire. When the Senate acts, it can vote only to ratify or reject the treaty. Therefore, the question is whether the SALT agreement is worse than nothing. In other words, are we better off with or without SALT II?

Historically, Soviet defense spending has grown only 3 percent a year. But Soviet strategic spending outpaced ours and concentrated on quantitative improvement at least until 1972, while the U.S. emphasized qualitative improvements. This enabled Russia to reach rough parity with the United States about 1972, the year the SALT I agreement was signed. This balance of forces continues today.

Beyond 1977, what does the future hold? This analysis looks at anticipated force levels with and without SALT by the end of 1985, since that is the year SALT II would come up for renewal.

Soviet Forces without SALT II (explanatory details in Appendix A).

The Soviets currently have 1,398 silos for modern, land-based missiles. They were limited to this number under the SALT I accords; but even before that treaty was negotiated, the Russians were slowing down construction of new silos.

Within the limits of SALT I, the Russians have been modernizing the 1,398 launchers by substituting newer missiles for existing ones. Without SALT II, a plausible, "moderate" estimate is that they would continue this process.

In order to modernize fully the existing silos—that is, to fill all silos with missiles introduced after 1973—the Russians would have to deploy an average of 130 missiles a year until the end of 1985. This is well within their capacity. The USSR is now deploying about 100–150 ICBMs a year. Over the period 1968–72 nearly 200 SS–11s alone became operational each year.

If the Russians followed this modernization route, they would attain a very powerful force of 1,398 fixed ICBMs without the trouble and expense of constructing new silos. (In addition, they could deploy about 100 mobile ICBMs with relative ease).

On the other hand, if the Soviets choose to construct new silos for the 100–150 new missiles each year while retaining their existing missiles and silos, a force of roughly 2,500 operational ICBMs would result by the end of 1985. This "high" estimate of future forces might occur if there were a sudden deterioration in U.S.-Soviet relations or a hardening of the Kremlin's attitudes.

SLBMs are the second component of strategic forces. Future inventories will depend on production rates plus retirements of subs as they age.

By completing submarines already under construction, the Soviets will have roughly 1,000 SLBMs in 1980. That same year the first submarine of the new Typhoon class should become operational. Output of this sub probably will replace output of existing classes, but the production rate is uncertain.

The Russians have been building about six missile-carrying submarines a year. It is doubtful they will be able to sustain this rate in the 1980s because a) the Russian Navy has accumulated a huge backlog of submarine repair and overhaul requirements that will probably divert shipyard space from production to maintenance work and b) the complexity of the Typhoon will slow production.

As for retirements, the Soviet Union has never scrapped a nuclear submarine before it was 20 years old. Only eight missile carrying "Hotel" subs—carrying a total of 24 launchers—will be over this age in 1985.

Assuming the retirement of these eight, there are two estimates of the Soviet 1985 SLBM force without SALT. A high projection would assume that in spite of the Typhoon complexity and the repair requirements the Soviets continue to produce six subs per year, giving them 1,680 SLBMs by 1985. A more likely "moderate" estimate assumes that the Typhoon complexity and repair problems would slow production eventually to three Typhoons per year, giving them 1,350 SLBMs by 1985 or 60 percent more than they have now.

In addition to ICBMs and SLBMs, there are heavy bombers. The Russians have only about 140 aging bombers now; without SALT-related constraints, the majority would probably remain in the force in 1985. A new bomber is expected in the early 1980s. If past production practices are followed, about 100 of these might be operational in 1985—for a total force of about 200 planes.

The resulting strategic inventory is shown in Figure A.

FIGURE A.—SOVIET ICBM'S, SLBM'S, AND HEAVY BOMBERS

Weapon	1977	By end of 1985 without SALT II: Moderate	High
ICBM's	1,490	1,498	2,492
SLBM's	850	1,350	1,680
Heavy bombers	140	200	200
Total	2,480	3,048	4,372

U.S. Forces without SALT (explanatory details in Appendix B).

Unlike the Russians, the U.S. has few strategic programs in the works that would enable us to rapidly boost our stock of launchers should there be no SALT II.

No new ICBM deployments are planned until the M–X in 1986. The best we could do in terms of adding to the ICBM force by 1985 is to use about 100 extra Minuteman IIIs already in storage. They could be put into silos that now hold older Minuteman IIs.

We have recently begun construction of the new Trident class of missile-carrying subs, a program beset by delays. A reasonable projection is that Trident delays will mean a slight decrease in the total number of missile subs from 41 to 38. However, because the Tridents carry more missiles than the Polaris boats they will replace, the number of SLBMs in the U.S. inventory should increase slightly from 656 to 664.

The United States traditionally maintains a large bomber force. Now that the B–1 has been killed, however, there is nothing in the works that would increase the size of the bomber force by 1985. Except for an occasional loss, the U.S. bomber force should remain relatively stable through 1985. However, its effectiveness will be greatly increased by the installment of cruise missiles on about half the planes.

Thus, if the United States were simply to continue existing programs in the absence of SALT II, we could expect to have 2,059 launchers by 1985 which is exactly what we have now—the slight increase in SLBMs being offset by a slight decline in bombers due to occasional loss.

FIGURE B.—U.S. ICBM'S, SLBM'S, AND HEAVY BOMBERS

Weapon	1977	In 1985 without SALT II (present plans)
ICBM's	1,054	1,054
SLBM's	656	664
Heavy Bombers	349	341
Total launchers	2,059	2,059

We are not necessarily confined only to these programs, but this is all we have planned at this time. If we choose to increase our strategic program, there are other weapons we could push in the period through 1985 as described in a later section, but our options remain limited.

Future forces under SALT II (explanatory details in Appendix C).

While some important aspects of the SALT II accord remain to be negotiated the major numerical ceilings are known. The accords contain a series of ceilings and subceilings not only on launchers but also on MIRVed missiles and bombers equipped with air launched cruise missiles (ALCMs). There are a total of five numerical limits that form the heart of SALT II (See Column 1 of Figure C).

FIGURE C.—THE SALT II CATEGORIES

Measure	SALT limits	Carter/March	United States, 1985: 1977	With SALT	Without SALT current plans	Soviet Union, 1985: 1977	With SALT	Without SALT: Moderate	High
Launchers	2,160–2,250	1,800–2,000	2,059	1,996	2,059	2,480	2,200	3,048	4,372
MIRV'ed missiles and ALCM'ed bombers	1,320	1,100–1,200	1,046	1,320	1,483	300	1,320	2,036	2,366
MIRV'ed missiles	1,200–1,250	1,100–1,200	1,046	1,151	1,314	300	1,224	1,936	2,266
MIRV'ed ICBM's	820	550	550	519	650	300	818	1,398	1,398
MLBM's*	308	150	0	0	0	308	308	308	480

*Modern large ballistic missiles.

To be sure, the SALT II numbers are higher than Carter proposed in March (See Column 2 of Figure C). In every case, SALT II allows the Russians (and the Americans) more weapons than Carter had suggested.

Also to be sure, the SALT II numbers require some reduction in current plans by the Americans particularly in MIRVed missiles and ALCMed bombers (See Column 3). We plan for 1,483 but SALT II would limit us to 1,320—requiring a 10 percent reduction.

But the real advantage of SALT II can be seen in Column 4 on the Soviet Union. In numbers of launchers and in each of the MIRVed categories, Russia's ongoing programs would give her in 1985 about half again as many pieces of equipment as SALT would hold her to (using the moderate estimate).

SALT II will marginally constrain future U.S. programs. Moscow will be much more constrained.

The strategic balance in 1985 (explanatory details in Appendix D).

Counting launchers and MIRVed weapons are simple measurements. But they are not the only measures, nor are they necessarily the best.

Three others are commonly used: (a) the numbers of warheads-atop-missiles and bombs-inside-bombers, called force loadings; (b) the megatonnage or explosive power of all those weapons; and (c) the throwweight or tonnage that a missile can hurl or a bomber carries.

Figure D shows each of these measurements in turn, using the "moderate" estimates of Soviet forces at the end of 1985. To more concretely reflect the relative strengths and weaknesses of the super-powers, the table states U.S. strength as a percentage of Soviet strength.

FIGURE D.—U.S. FORCES AS PERCENTAGE OF SOVIET FORCES

Measure	1977	1985 with SALT	1985 without SALT
Launchers	83	91	68
Force loadings	240	129	93
Megatonnage	35	29	24
Throw-weight	75	51	37

The table demonstrates that no matter which of the four popular measurements of strategic power one uses, the United States comes off better with SALT than without it.

U.S. force improvements (explanatory details in Appendix E).

Clearly American public opinion will not silently accept the inferiority which would be decreed in the absence of the SALT II constraints. Our efforts will be stepped up. With an eye on economy and on guaranteeing that our future without SALT will not leave us in worse shape than a future with SALT, we could push forward with several weapons systems. These could include the immediate construction of 100 FB–111 bombers and the modernization of existing ones, the retention of all Polaris subs until they reach 30 years of service (rather than the currently planned 20), deploying sea-launched cruise missiles aboard Navy attack submarines, the replacement of the remaining 450 Minuteman IIs with the more modern and MIRVed Minuteman IIIs, and the deployment of additional ICBMs outside of silos.

This representative program would cost $19.9 billion in 1978 dollars to build and to operate over ten years.

There are other programs we could pursue. For example, we could speed up the MX missile. However, if the planned deployment date of 1986 is speeded up by two years, that will give no relief in the immediate future and provide very few weapons even in 1985. We could also restart the B–1 bomber program. That alternative could cost $24 billion for construction alone and be far more expensive than the program outlined here.

Effect of the $20 billion expansion program as shown in figure E.

FIGURE E.—IMPACT OF EXPANSION PROGRAM

U.S. FORCES AS PERCENTAGE OF SOVIET FORCES IN 1985

Measure	With SALT II	Without SALT II + $20 billion program
Total launchers	91	91
Force loadings	129	125
Megatons	29	28
Throw-weight	51	53

In other words, if we reject SALT II we can have the privilege of spending an additional $20 billion to end up in exactly the same position we would be in if we ratified SALT II.

This assumes that the Russians pursue a plausible but moderate strategic program. If the Kremlin, irate at the rejection of SALT II, decides to pull out all, or even just some, of the stops, the price of playing catch-up would come still higher.

Over the years there has been a classic distinction between the Soviet and American war machines. They have produced vast hordes of weapons; we have relied on quality and felt our edge there offsets their crude numbers. In the proposed SALT II accords, we have the Russians agreeing to equality of numbers. If SALT II does not end the arms race, it will at least put an end to the numbers race and confine the competition to the qualitative area—the very area which is our strong suit. If we reject the treaty and resume the numbers race, we are entering a race in which we are already behind—surely a very curious route to choose.

APPENDIX A—SOVIET FORCES WITHOUT SALT

The foundation for future ICBM forces is the current inventory.[1] The Interim Agreement on Strategic Offensive Arms (SALT–I) limited the Soviet Union to 1607 ICBM launchers completed or under construction as of July 1, 1972. These included: 209 launchers for old, pre-1964 "heavy" missiles (SS–7s, SS–8s); 308 launchers for modern "heavy" missiles (mainly SS–9s); and 1090 launchers for "light" missiles, of which 1030 were SS–11s and 60 were SS–13s.

The Protocol to the Interim Agreement also permitted more than 740 sea-based missiles provided that an equal number of old ICBM launchers were dismantled or destroyed. The Soviets exercised this option and have dismantled a large portion of their SS–7s and SS–8s. About half of the remaining old "heavies" are deployed in vulnerable soft silos; even those in hardened silos are extremely inaccurate and are considered obsolete. The USSR is expected to dismantle all of them before 1985.

Launchers for the 308 modern heavy and 1090 light missiles are another matter. The Soviets have retained all of these and are upgrading them by substituting newer missiles for existing ones (see Figure 1). SS–11s are being replaced by SS–19s and SS–17s, which became operational in 1974 and 1975. Some SS–9 launch groups have been converted to SS–18s, introduced in 1974. By modernizing these launchers with existing fourth generation and expected fifth generation missiles, the USSR could assemble an extremely impressive force without the trouble and expense of constructing new silos.

Footnotes at end of article.

FIGURE 1.—SOVIET ICBM DEPLOYMENT*

	1st generation missiles	2d and 3d generation missiles	4th generation replacements	5th generation follow-ons
Year of IOC*	1962–63	1967–73	1974–76	Early 1980's
Old heavy missiles	SS–7, SS–8	----------	----------	
Modern heavy missiles	----------	SS–9	SS–18	Likely.
Light missiles	----------	SS–11	SS–17, SS–19	Likely.
	----------	SS–13	SS–X–16	Likely.

*IOC stands for initial operational capability.

If the Soviets opt to continue their modernization program, they probably would completely modernize their force by the end of 1985. To do this, they would have to deploy an average of 130 new ICBMs a year through the end of 1985 (see Figure 2).

FIGURE 2.—ICBM MODERNIZATION REQUIREMENTS

	Number deployed[3] end 1976	Additional deployments required by end 1985	Modernized force composition end 1985
SS–18 and follow-ons	*50	258	308
SS–19, SS–17 and follow-ons	180	850	1,030
SS–16 and follow-ons	0	60	60
Total	230	1,168	1,398

*Over half of these are not mirved. To have a completely mirved force of "heavies" by 1985 would thus require some additional deployments.

Note: Deployments required per year (end of 1976 to end of 1985=9 yr): 130 annually.

This rate is consistent with present deployment rates, which are running at 100–150 a year.[5] Over specific time periods, the rates have been higher. Thus, more than 175 new missiles were deployed annually from 1963 to 1971; over a shorter five-year period (1968–72) nearly 200 models of the SS–11 alone became operational each year.[4]

Thus, a moderate estimate is that in the absence of SALT–II the Soviets would retain and fully modernize all of their 1,398 modern heavy and light launchers. By the end of 1985, 308 SS–18 and follow-on ICBMs would be deployed in the heavy silos; 1030 SS–19s, SS–17s, and follow-ons in the SS–11 light silos; and 60 SS–X–16s and successors in the SS–13 light silos. (More SS–19-types than SS–17-types since the former is a better missile). Virtually all of these missiles can be expected to be Mirved.

Besides missiles in fixed silos, the USSR could also deploy as mobile ICBMs an estimated 100 SS–X–16s that have already been built.[6] (Under SALT–II, testing, production and deployment of this missile would be banned).

If the Soviets opt for modernization, the number of ICBMs in 1985 will not be very different from today. Of course, the capability of the force will be greatly increased.

The preceding seems the most likely course of action. But if there were a deterioration in East-West relations or a hardening of the Kremlin's attitude, the Soviet Union could assemble a much larger land-based inventory in the absence of SALT II. The Russians might choose to construct additional silos into which they could place new fourth and fifth generation missiles while retaining all existing launchers (except perhaps the SS–7s and –8s). Under these "high" assumptions, the Russians would have roughly 2500 operational launchers by the end of 1985.

Besides ICBMs, the USSR had 61 nuclear-powered strategic submarines (SSBNs) with

about 816 SLBMs at the start of 1977.[7] Eight of the SSBNs were Hotel-class submarines built around 1960. The remaining 53 had all been produced since 1936 and included: 33 Yankee-class SSBNs with 528 SS–N–6 missiles; 1 modified-Yankee with an estimated 16 SS–NX–17 missiles; 14 Delta I-class SSBNs with 168 SS–N–8 missiles; 4 Delta IIs with 64 SS–N–8s; and 1 Delta III with an estimated 16 SS–NX–18 missiles.

Future SLBM levels will depend on two factors: retirements of the existing hardware and production of new equipment.

Few retirements seem imminent. The Soviet Union has traditionally displayed the greatest reluctance to scrap even the most obsolete equipment. It has never retired a submarine before it was 20 years old. Only the Hotel SSBNs will be over this age in 1985, so they are the only candidates for removal.

As for future production, the Soviets already had about 180 new launchers on SSBNs that were being fitted out, on sea trials, or under construction at the start of 1977.[8] When these are delivered—probably before 1980—the Soviets will have approximately 970 SLBMs on about 65 Yankee and Delta-class submarines, all of which will have been built since 1966.

Beyond 1979 the picture is less certain. The Soviets are building a new SSBN class, the Typhoon, designed to launch 20–24 long-range ballistic missiles.[9] The first Typhoon is likely in 1980. As these begin deliveries, construction of Delta submarines should come to an end.[10]

The pace of Typhoon production is harder to project. In recent years the Soviets have constructed about 6 SSBN's displacing a total of roughly 55,000 tons annually.[11] Two shipyards have devoted nearly full time to this effort.[12] But the Soviets' ability to sustain this building rate in the 1980s is doubtful.

For one thing, whereas the Delta-class submarine was really just a stretched version of the existing Yankee class, the Typhoon is an entirely new design. With nearly twice the surface displacement of Yankee and Delta I submarine,[13] it represents a quantum jump in complexity. The Russians have experienced significant trouble with some past nuclear-powered ships; two tactical submarine classes, Alfa and Papa, were terminated before series production began. So the Russians are likely to proceed with some caution and encounter some problems with a new design.

A second constraint on new SSBN construction is shipyard capacity. By building so many nuclear submarines over a relatively short period of time, the Soviets have accumulated inordinately large repair, maintenance and overhaul requirements but have very limited capacity to handle such needs.[14] Diversion of some existing ship construction facilities to major repair and overhaul work is likely.

What these factors imply is a gradual build-up to a lower level of Typhoon output. A plausible estimate of eventual output is half the present building rate, or 3 per year by 1982, after 2 in 1981 and the first submarine in 1980. This assumption is reflected in the "moderate" estimate. A "high" projection assumes that the Russians manage to sustain a 6-subs-per-year rate.

In addition to strategic missiles, there is the Russian heavy bomber force. This is the least significant branch of their forces and it receives the smallest share of resources (about 5 percent of the estimated dollar cost of Soviet long-range strategic attack forces in 1976).[15] In 1977 about 140 aging aircraft were deployed: 105 Bears and 35 Bisons.[16] Without SALT–II the Soviet Union would probably follow its standard practice of retaining aging equipment—at least a 100 or so of the Bears, the majority of which have been improved by the addition of air-to-surface missiles.

A follow-on bomber is also expected to become operational between 1980 and 1985.[17] If production began at the midpoint at rates equivalent to that experienced with the Backfire bomber (30 per year), roughly 100 planes could be operational by the end of 1985.

Estimating the armament of the expected follow-on heavy bomber is very speculative. But the Soviets have already deployed the AS–6 air-to-surface missile with a range of up to 500 miles.[18] This suggests the potential for a longer-range cruise missile by the early 1980s (though compared to U.S. cruise missiles, it would probably be primitive). A follow-on bomber would be a natural platform for such missiles.

From this discussion of ICBMs, SLBMs, and heavy bombers, a clear picture of future inventories emerges. Figure 3 summarizes Soviet strategic forces by the end of 1985 in the absence of any SALT constraints. Both the moderate estimate and a high projection are shown.

FIGURE 3.—PROJECTED SOVIET ICBM'S, SLBM'S, AND HEAVY BOMBERS: NO SALT, END 1985

	1985 forces without SALT	
	Moderate estimate	High projection
ICBM's:		
SS–18's and follow-ons*	308	308+
SS–19's and follow-ons*	700	700+
SS–17's and follow-ons*	330	330+
SS–X–16's and follow-ons* fixed	60	60+
SS–X–16 mobile	100	100
2d and 3d generation missiles (SS–9's, SS–11's, SS–13's)		994
Total ICBM's	1,498	2,492+
(Mirved ICBM's)	(1,398)	(1,398+)
SLBM's:		
SS–NX–18's or follow-ons* in Typhoon SSBN's	330	660
SS–NX–18's* in Delta III SSBN's	208	208
SS–N–8's in Delta I and Delta II SSBN's	268	268
SS–N–6's or "backfitted" follow-ons in Yankee SSBN's	544	544
Total SLBM's	1,350	1,680
Mirved SLBM's**	(538)	(868)
Heavy bombers:		
Bears	100	100
New cruise missile carrier-type bomber	100	100
Total heavy bombers	200	200
(With cruise missiles)	(100)	(100)
Total ICBM's plus SLBM's plus heavy bombers	3,048	4,372+
(Aggregate of mirved missiles and bombers with cruise missiles)	(2,036)	(2,366+)

*All are assumed to be mirved.
**This assumes that possible "backfit" follow-ons in Yankees are single-RV or MRV missiles.

Without a SALT agreement then, we can expect the Soviet strategic forces to increase rather dramatically. For the Soviets to deploy substantially fewer missiles than those predicted here they would have to pursue unprecedented policies: either they would have to retire large numbers of modern launchers, an action inconsistent with all previous Soviet practices, or they would have to cut unilaterally their construction program, which has been proceeding at a steady pace for a good number of years.

It should be noted that these projections are based on extending current and past Soviet practices into the future. No increase in the rate of Soviet production is part of these forecasts.

It should also be noted that as the Soviets increased their strategic deployments during the 1960s, the United States intelligence community repeatedly and erroneously assumed that their forces would soon level off and that they had modest definitions of "sufficient" inventories.[19] Anyone arguing that in the absence of SALT the Russians would restrain the size of their inventories will not find solace in similar predictions of past years.

APPENDIX B—U.S. FORCES WITHOUT SALT

Since 1966, and in contrast to the Soviet program, the U.S. strategic program has remained fairly constant—as measured in some quantitative terms. Thus, outlays for strategic forces have remained fairly constant over the past 10 years as have the ICBM, SLBM and total number of delivery vehicles.

We can predict with a fair degree of accuracy future U.S. strategic force levels because U.S. program plans are better known than Soviet plans.

The current ICBM force consists of 550 Mirved Minuteman IIIs, 450 Minuteman IIs, and 54 Titan IIs. Current plans call for improving the Minuteman IIIs by the substitution of a more powerful warhead, the Mark–12A. No new ICBMs are programmed by 1985; the MX missile would not be deployed before 1986.[20]

In the absence of SALT, the United States could deploy more Mirved ICBMs. Since we have already stockpiled enough Minuteman IIIs to replace about 100 additional MM IIs,[21] this modification to current plans is likely.

As for the current strategic nuclear-powered submarine force, the United States has 41 SSBNs with 656 SLBMs. At the end of 1985, the U.S. plans to retain 31 Poseidon submarines—21 carrying 336 Mirved Poseidon missiles and 10 "backfitted" to carry Mirved Trident-I missiles. All 10 existing Polaris submarines are to be retired after 20 years of service during the 1981–83 period.

Several new Trident submarines are scheduled to undergo sea trials* by the end of 1985, but the precise number is uncertain. A two-year lag in the program, which can be expected by the time several submarines are delivered,** would result in 168 Trident-Is on seven new submarines by the end of 1985.[22] Along with the 31 Poseidons, the addition of the Trident SSBNs would make a force of 38 SSBNs (or 664 SLBMs).

Three classes of heavy bombers will be in the force of 1985: B–52 Gs, which are expected to carry cruise missiles; B–52 Hs, which will continue to carry short-range attack missiles and gravity bombs; and B–52 Ds, which carry gravity bombs only.[23] There are currently 173 Gs, 96 Hs, and 80 Ds. Some accidental losses are likely in future years, amounting to perhaps one a year or a total of eight by 1985 (4 Gs, 2 Hs, and 2 Ds). All other planes would remain operational.

The forces just outlined would contain a total of 2,059 launchers. Of these, the aggregate of Mirved missiles and bombers with cruise missiles is 1,483. Barring any extraordinary changes in current program plans, those are the characteristics of U.S. forces in the absence of a SALT. (See Figure 4)

*Once a submarine begins sea trials, it is counted under SALT.

**The first ship of its class is already one year behind schedule. While the Navy says the program will be back on schedule by the seventh submarine, the assertion is unsupported by historical evidence. From 1973 to 1975, estimates comparable to today's forecast o fthe delivery of the first Trident have been accurate only 5 percent of the time; 60 percent of the time an additional year of delay was experienced. Based on this and similar experience, the first Trident submarine should be two years late.

It has been assumed, perhaps optimistically, that subsequent ship deliveries are not delayed further.

Footnotes at end of article.

FIGURE 4. *Projected U.S. ICBM's, SLBM's, and heavy bombers: No SALT, end 1985*

	Expected 1985 forces without SALT
ICBM's:	
Minuteman III*	650
Minuteman II	350
Titan II	54
Total ICBM's	1,054
(Mirved ICBM's)	(650)
SLBM's:	
Trident Is* on new subs	168
Trident Is* "backfitted" in Poseidon SSBN's	160
Poseidons*	336
Total SLBM's	664
(Mirved SLBM's)	(664)
Heavy bombers:	
B–52's	172
B–52 cruise missile carriers	169
Total heavy bombers	341
(With cruise missiles)	(169)
Total ICBM's, SLBM's, and heavy bombers	2059
(Aggregate of Mirved missiles and bombers with cruise missiles)	(1,483)

* All are Mirved.

APPENDIX C—FUTURE FORCES UNDER SALT–II

SALT–II will have three parts—a treaty lasting to 1985, a protocol lasting three years, and a set of principles for negotiating a follow-on agreement. The important numerical limits contained in the treaty—although still under negotiation—are shown below.

FIGURE 5. *Expected SALT–II Treaty*

Category	*Limit*
Total Number of Launchers*:	
Initially	*240
By 1980–1982**	**2,160 to 2,250
Aggregate of Mirved missiles and bombers with cruise missiles	1,320
Mirved missiles	**1,200–1,250
Mirved land-based ICBM's	820
Modern large ballistic missiles (MLBM's)	308

*The Soviet Backfire bomber is excluded from the count. The USSR is providing a variety of assurances in a unilateral statement designed to put a ceiling on the production rate of the bomber and to assure that it is not configured in an intercontinental role.

**Still under negotiation. Lower numbers and earlier date are U.S. proposals; higher numbers and later dates are Soviet proposals.

The restricting factor for the United States under the terms of the prospective SALT–II agreement will be the aggregate limit of 1,320 Mirved missiles and bombers armed with cruise missiles. As noted above, 1,483 such U.S. launchers could be expected by the end of 1985 without SALT restrictions.

To stay within the 1,320 ceiling, the United States would have to refrain from converting 100 additional Minuteman IIs to Minuteman IIIs and forego or retire 63 other Mirved launchers.

It is reasonable to expect that the 63 Mirved launchers will come equally from the Minuteman force and from the Poseidons[24]. On the one hand the Minuteman IIIs will be extremely vulnerable to a Soviet first strike by 1985, so their value is questionable. On the other hand, the Poseidon submarines will be over 20 years old and the number of Mirved SLBMs would be increasing substantially with the arrival of Trident submarines.

Two Poseidon submarines carrying 32 Mirved missiles and 31 Minuteman IIIs could therefore be prematurely dismantled under SALT–II. This is hardly an awesome sacrifice. As illustrated by Figure 6, the treaty would only marginally affect programmed forces.

FIGURE 6.—*Future U.S forces: with and without SALT, end 1985*

	Expected U.S. forces, end 1985	
	With SALT	Without SALT
Minuteman III's	519	650
Minuteman II's	450	350
Titan II's	54	54
Trident is on new subs	168	168
Trident I backfits	160	160
Poseidons	304	336
B–52 Cruise missile carriers	169	169
B–52's with standard loads	172	172

In contrast, the Soviet Union would be severely limited by the terms of the prospective agreement. By the end of 1985, the above moderate estimate of Soviet forces included: 1,398 Mirved ICBMs, but only 820 are allowed under the treaty; 1,936 Mirved missiles, as opposed to the 1,200–1,250 ceiling now under negotiation; 2,036 Mirved missiles plus bombers with cruise missiles, while the treaty allows an aggregate of just 1,320; and 3,048 ICBMs, SLBMs, and heavy bombers, but only 2,160–2,250 will be allowed.

Thus, in terms of force levels alone, the composition of the Soviet forces will differ substantially from the no-SALT situation.

Under a SALT–II agreement the Soviets can be expected to build up to the negotiated ceilings—perhaps with a force structure like the one given in the first column of Figure 7.

Thus, at the end of 1985, the USSR should have 308 Modern Large Ballistic Missiles (MLBMs), consisting of SS–18s and a follow-on type. Since single warhead versions of these missiles would count as Mirved launchers under treaty terms already negotiated,* the Soviets would undoubtedly Mirv all MLBMs so as to maximize their impact. Otherwise, to take the SS–18 as an example, they would be giving up 8–10 two-megaton warheads for just 1 warhead in the twenty-megaton range.

The USSR would also undoubtedly deploy about 510 additional Mirved ICBMs to reach the 820 ceiling. The vast majority of these, a little over 400, would be SS–19s or successors since that missile is the most powerful "light" ICBM available. An additional 100 or so SS–17s and follow-ons would balance and fill out the Mirved, land-based inventory.[25]

The Soviet Union would have limited options with respect to Mirved SLBMs. Assuming that nearly 820 ICBMs are fitted with multiple independent warheads, only about 400 or so Mirved SLBMs would be allowed.[26] An estimated 208 of these will be on Delta III submarines by the time that program is finished. This means that only about nine Typhoon submarines carrying approximately 198 Mirved SLBMs could enter the force by the end of 1985.

* Under the treaty, if a missile has been either tested in a Mirved mode or fired from a silo with multiple independent warheads, all of its variants are counted as Mirved launchers.

This would leave room for about 100 bombers with cruise missiles if the Soviets wanted to reach the 1,320 aggregate in the treaty. As noted earlier, a follow-on bomber of this type and in this number could probably be deployed before the end of 1985.

With 1,320 Mirved missiles and bombers with cruise missiles, the Russians would be permitted about 880 other launchers.[27] They are expected to retain roughly 400 light ICBMs with single warheads or Multiple Reentry Vehicles (MRVs), which do not count under the Mirv ceilings. The likely candidates are the newer SS–11s and its probable fifth-generation successor.

Only 480 other launchers could then be deployed. They would consist of single-warhead or MRV SLBMs. (It is doubtful that any would be bombers, since the likely candidate will be the Bear aircraft of 1950s' design and since much more modern SSBNs would be available).

The USSR would certainly retain some 268 newer launchers aboard Delta I and Delta II submarines. To deploy no more than 480 unMirved SLBMs, they would be able to keep just 13 Yankee-class SSBNs in service with 208 launchers. The remaining 21 Yankee submarines now in the force would probably be converted to tactical submarines.

The resulting estimate of Russian forces by the end of 1985 under SALT II is shown in Figure 7. For contrast, the moderate projection in the absence of SALT is included.

FIGURE 7. *Future Soviet forces: With and without SALT II, end 1985*

	Expected Soviet forces, end 1985	
	With SALT	Without SALT
ICBM's:		
SS–18s & follow-ons*	308	308
SS–19s & follow-ons*	410	700
SS–17s & follow-ons*	100	330
SS–X–16s & follow-ons fixed	---	60
SS–X–16s mobile	---	100
SS–11s and follows-ons	400	---
Total ICBMs	1,218	1,498
(Mirved ICBMs)	(818)	(1,398)
SLBMs:		
SS–NX–18s or follow-ons* in Typhoon SSBNs	198	330
SS–NX–18s* in Delta III SSBNs	208	208
SS–N–8s in Delta I and Delta II SSBNs	268	268
SS–N–6s or "backfitted" follow-ons in Yankee SSBNs	208	544
Total SLBMs	882	1,350
(Mirved SLBMs)	(406)	(538)
Heavy bombers:		
Bears	---	100
New cruise missile carrier-type bomber	100	100
Total heavy bombers	100	200
(w/cruise missiles)	(100)	(100)
Total ICBMs+SLBMs +heavy bombers	2,200	3,048
(Aggregate of mirved missiles and bombers with cruise missiles)	**(1,320)	(2,036)

*All are assumed to be Mirved

**Because of approximation, the figure does not add to exactly 1,320

Adjustments to meet the 1,320 figure would be expected

Figure 8 summarizes the impact of SALT II on both U S. and Soviet launchers by the end of 1985

Footnotes at end of article.

FIGURE 8.—UNITED STATES AND SOVIET FORCE SUMMARY: END 1985

	U.S. forces 1985		Soviet forces 1985	
	SALT II	No SALT	SALT II	No SALT*
ICBM's	1,023	1,054	1,218	2,498
Mirved ICBM's	(519)	(650)	(858)	(1,398)
SLBM's	632	664	882	1,350
Mirved SLBM's	(632)	(664)	(406)	(538)
Heavy bombers	341	341	100	200
With cruise missiles	(169)	(169)	(100)	(100)
Total launchers	1,996	2,059	**2,200	3,048
Aggregate of mirved missiles and bombers with cruise missiles	(1,320)	(1,483)	***(1,320)	(2,036)

*Moderate estimate.
**Specific total and more accurate breakdown will depend on limits still under negotiation.
***Figures in table add up to 1,324; this is due to approximation, some adjustments in forces would be expected to stay within 1,320 ceiling.

Thus, the SALT II treaty would have a relatively minor impact on programmed U.S. forces. In contrast, the Soviet Union would become far more powerful without the constraints of the prospective agreement. Using the moderate estimate of future forces, the Russians could be expected to deploy about 850 additional strategic launchers in the absence of SALT II—nearly a 40 percent increase over levels attained under the prospective agreement. (Under "high" assumptions, over 2,100 additional launchers or roughly 100 percent more than those attained under SALT II could be expected.)

Appendix D—The Strategic Balance, 1985

It follows from the preceeding discussion that the strategic balance would be far more favorable to the United States with a treaty as opposed to without one. There is no universal convention for comparing the strategic capability of two nations. The most common method is to compare static indices.

Thus far, we have only considered the total number of launchers. This measure by itself is important primarily in terms of political value and the perceptions of each nation's power. Other measures include: Total number of warheads. Significant in that, as Henry Kissinger put it, it is warheads that actually kill people and do the damage; megatonnage, a measure of gross destruction capability; and throw-weight, a rough indicator of the usable capacity of a country's delivery vehicles.

Figure 9 displays the projected military balance at the end of 1985 with and without SALT II using these four measures. U.S. inventories are expressed as a percent of those attained by the Soviets. The forces assumed in the table are those outlined in previous sections (the moderate estimate of Soviet forces without SALT II has been used). Assumptions about the detailed characteristics of those weapons have been based on the best available data.

FIGURE 9.—STATIC INDICATORS OF THE BALANCE[28]

	U.S. forces as a percent of Soviet forces		
Measure	1977	End 1985 with SALT II	End 1985 no SALT II
Total launchers	83	91	68
Force loadings*	240	129	93
Megatons	35	29	24
Throw-weight**	75	51	37

*Independently-targetable weapons/warheads associated with on-line ICBM's, SLBM's, and unit equipage heavy bombers.
**Missile throw-weight plus an equivalent measure for bomber payload.

Even accounting for the degree of error associated with such measures, the United States strategic position would clearly be more favorable under a SALT II agreement.

Appendix E—U.S. Force Improvements

Thus far we have considered currently programmed U.S. forces in the absence of SALT II. But if SALT II fails, the United States could deploy additional forces—at a price. Trying to match Soviet strategic strength with a SALT II agreement is not easy. Some programs, while important, would not have a sizable impact by the end of 1985. For example, given the number of Trident submarines already in the pipeline, more funding in this year's budget would have negligible results before 1986. Similarly, if the M-X ICBM were accelerated, it would still not have much impact on 1985 inventories.

Several options could be fully implemented by 1985. A representative program balanced among the various components of our forces might include the following actions:

Building 100 new FB–111H penetrating bombers and converting 65 existing FB–111s into the H configuration, a rapid method of modernizing the bomber force. This would entail $5.6 billion in investment costs alone. (To operate the force for 10 years would require on the order of $5.7 billion in additional outlays.) [29]

Retaining Polaris submarines for 30 years as opposed to the currently planned 20, a simple and inexpensive means of strengthening our sea-based deterrent. The full cost of this option is at least $1.0 billion.[30]

Deploying strategic sea-launched cruise missiles aboard all nuclear-powered attack submarines, as a means of diversifying the threat the Soviets face. For missiles alone, the cost would be $0.4 billion. (Operating costs are assumed to be negligible since the attack submarines would be deployed regardless.) [31]

Replacing all remaining Minuteman II ICBMs with more accurate, Mirved Minuteman IIIs, which would cost on the order of $2.6 billion. (Again, recurring costs over and above existing outlays would be negligible.)[32]

Procuring and deploying an additional 290 Minuteman IIIs in either a soft or semi-mobile mode. Simply to buy and operate for 10 years the missiles alone would require about $4.6 billion. (Additional fixed costs associated with the basing mode are not included.) [33]

If all of these measures were adopted, total ten-year costs as a minimum would amount to $19.9 billion (1978 budget dollars). This is obviously not the only way such money could be spent.[34] It is not even necessarily the most effective way to increase U.S. strategic forces. But it does represent a balanced set of force improvements that have been proposed for upgrading our inventories.

The interesting feature of these proposals is that if all were adopted the strategic balance without SALT would be only as good as that attained with SALT (based on the indicators in Figure 12). In other words, in the absence of SALT II the United States would have to spend about $20 billion merely to attain the same numerical balance that results from the prospective agreement. This is illustrated in Figure 10.

FIGURE 10.—PRICE OF NO AGREEMENT

[In percent]

	United States forces as a percent of Soviet forces	
Measure	End 1985 with SALT II	End 1985; without SALT II, with current program plus $20 billion
Total launchers	91	91
Force loadings	129	125
Megatons	29	28
Throw-weight	51	53

Admittedly, the range of options under the prospective agreement is more limited. The United States could not, for example, deploy additional Mirved missiles without scrapping existing ones. But there are a number of measures (such as postponing Polaris retirements or building FB–111Hs) that would be compatible with the treaty terms.

FOOTNOTES

[1] Discussion of Soviet forces under SALT–I is based primarily on *United States Military Posture For FY 1977*, Statement by the Chairman, Joint Chiefs of Staff Gen. George Brown, Feb. 20, 1976, p. 32 (hereafter cited as *JCS Posture*).

[2] Missile description primarily from *JCS Posture for FY 1978*, pp. 8ff.

[3] Secretary of Defense Harold Brown, Speech to the 34th Annual Dinner of the National Security Industrial Association, Washington D.C., Sept. 15, 1977, p. 5.

[4] Deployments do not count substitution of existing missile mods. with the precise same missile mods, nor deployments for testing and related purposes. Historical rates of deployments were derived in part using Albert Wohlstetter, *Legends of the Strategic Arms Race*, USSI Report 75–1 (Washington, D.C.: United States Strategic Institute, 1975), p. 30, which is based on declassified intelligence estimates; and various PCS Posture Statements.

[5] Data from *Annual Defense Department Report FY 1978*, Report of Secretary of Defense Donald Rumsfeld, Jan. 17, 1977, p. 62.

[6] See, e.g., Bernard Weinraub, "Pentagon Aides Say Moscow Has Mobile Missiles Able to Reach the U.S.," *New York Times*, Nov. 3, 1977, p. A3.

[7] Description of existing Soviet forces is easily assembled using raw data supplied by Rear Adm. Donald Harvey, Director of Naval Intelligence, in *Military Posture*, Hearings before the House Armed Services Seapower Subcommittee, 95 Cong. 1 Sess. (1977), Pt. 4, p. 57 and *JCS Posture for FY 1978*.

[8] Based on 200 launcher figure as of Nov. 1976 in *JCS Posture for FY 1978*, p. 13, and assuming 1 SSBN delivery before Jan. 1977.

[9] See, e.g., Richard Burt, "Soviet Is Reported Building a New Missile Submarine," *New York Times*, Oct. 29, 1977, p. A3.

[10] It was assumed that Delta Production is

phased out after 34 SSBNs, the same number of subs built in the Yankee-class production run.

[11] 6 SSBNs a year is from the International Institute for Strategic Studies, *The Military Balance*, 1977–78 (London: IISS, 1977), p. 90 with tonnage from *Janes' Fighting Ships*.

[12] The yards are Severodinsk and Komsomolsk.

[13] See Burt, *op. Cit.*

[14] For an unclassified discussion of this point, see the testimony of Dave Baker of the Naval Intelligence Support Center in *Current Status of Shipyards 1974*, Hearings before the House Armed Services Seapower Subcommittee, 93 Cong. 2 Sess. (1974), pp. 146–7.

[15] Central Intelligence Agency, "A Dollar Cost Comparison of Soviet and U.S. Defense Activities, 1966–1976," SR 77–10001U, Jan. 1977, p. 12.

[16] 105 Bears figure is from CIA testimony in *Allocation of Resources in the Soviet Union and China—1976*, Hearings before the Joint Economic Subcommittee on Priorities and Economy in Government, 94 Cong. 2 Sess. (1976), pt. 2, p. 69. Bison figure is from the IISS.

[17] CIA data supplied for the record in *ibid.*, p. 72.

[18] John M. Collins, "American and Soviet Armed Services, Strengths Compared, 1970–76," *Congressional* Record, CCXXIII (Aug. 5, 1977), Pt. III, p. 27607.

[19] See Wohlstetter, *op. cit.*

[20] The IOC date was originally 1983 but slipped as a result of budget amendments submitted by President Carter.

[21] Considering the testimony of Lt. Gen. Alton Slay, Deputy Chief of Staff for Research and Development, USAF, *Department of Defense Appropriations for 1978*, Hearings before the House Appropriations Subcommittee on the Department of Defense, 95 Cong. 1 Sess. (1977), pt. 7, p. 69; and the fact that Congress refused to approve the proposed rescission.

[22] For original Trident delivery schedule see *Military Posture* Hearings, pt. 4, p. 187.

[23] Concerning cruise missiles on B–52s, see Air Force testimony in *Department of Defense Appropriations, Reprogrammings, Fiscal Year 1977*, Hearings before the House Appropriations Subcommittee on the Department of Defense, 95 Cong. 1 Sess. (1977), appendix to part 7 Hearings, p. 159.

[24] Even if the assumed mix of Mirved missile retirements was to shift between Minuteman IIIs and Poseidons, it would result in only very minor changes in the balance.

[25] 400 SS–19s is the figure suggested by Paul Nitze and it seems the most plausible.

[26] Since the Mirved missile limit is still under negotiation, the mid-point of the range being negotiated was chosen (i.e., 1225) for use in this analysis.

[27] Since the total launcher figure is still under negotiation, a limit of 2200 was assumed.

[28] For roughly similar types of figures covering 1977 and 1986 with a different SALT treaty, see Statement of Secretary of Defense Harold Brown before the House Armed Services Committee on H.R. 8390, Supplemental Authorization FY 1978, August 2, 1977, p. 14.

Note that even if different weapons characteristics are assumed the relative results with and without SALT II are still significantly different.

[29] See testimony on FB–111H in *Department of Defense Appropriations for 1978*, pt. 7, various pages; and unclassified version of the Staff Study for the Secretary of Defense, "Modernization of the Strategic Bomber Force," 1977.

[30] Polaris cost figure estimate based mainly on annual recurring cost of the force in Congressional Budget Office, "SALT and the U.S. Strategic Forces Budget," Background Paper No. 8, Washington, D.C., June 23, 1976, p. 36. Cost should be higher in future years since force will be older and since additional overhauls would be required to extend service life.

[31] Assumes 4 SLCM's per 1980's SSN force at just over $1 million per SLCM.

[32] For rough cost estimate and discussion of option, see testimony of Secretary of Defense Brown in *Department of Defense Appropriations for 1978*, pt. 7, p. 47.

[33] Such an option has been suggested by, among others, Francis P. Hoeber in Francis P. Hoeber and William Schneider, Jr., eds., *Arms, Men, and Military Budgets*, (New York: Crane, Russak & Co., Inc., 1977), p. 60. Costs based on Defense Department and CBO data.

[34] The cost in procurement alone of the B–1 bomber would exceed this amount.●

JIM CALLOWAY

● Mr. HUDDLESTON. Mr. President, on March 23 of this year the Senate marked the retirement of James R. Calloway by passing a resolution commending him for long, faithful and exemplary service to this body. For the last 5 years, Jim ably served in the important capacity of chief counsel and staff director of the Committee on Appropriations.

Jim's fine record of service has been well detailed by our distinguished majority leader, Senator ROBERT C. BYRD, who sponsored the resolution, and by others of my colleagues on the Appropriations Committee. There is no need for further elaboration, and I completely endorse the resolution of commendation and appreciation.

At risk of belaboring the obvious, the Committee on Appropriations could not execute its responsibilities, involving virtually all aspects of the Federal Government, without the assistance of a dedicated and competent professional staff. As director of that staff, Jim Galloway at once contributed to and encouraged its professionalism through his leadership. In the capacity of chief counsel, his advice was always of material assistance in dealing with the many divergent issues which confronted us and, from a practical standpoint, he also knew the most effective manner in which to get things done—a function of his long association with the workings of the Senate.

Jim has certainly earned the thanks of those of us who valued his knowledge and capability, and I wanted to add my own brief expression of appreciation. I wish him the best of luck and equal success in his future endeavors, which is a high goal, indeed.●

MAINE INDIAN LAND CLAIMS

● Mr. MUSKIE. Mr. President, land claims by the Passamaquoddy and Penobscot Indians which could affect title to two-thirds of the land in Maine present a tremendous challenge to the citizens and leaders of Maine. We have been working to resolve this issue for nearly 2 years now. The problem before us is not our own making. Two Federal courts have ruled that the United States has a trust responsibility to the Maine tribes under the Indian Nonintercourse Act of 1790. The Department of Justice and the Department of Interior, acting under orders from the courts have concluded that the Maine tribes have a substanital legal claim for lands in violation of the Nonintercourse Act. They are preparing a suit to pursue those claims. The prospects of such massive litigation and the implications of the mere existence of the claim moved our Governor and Attorney General in 1976 to ask the Maine congressional delegation to help find alternatives to litigation. We turned to President-elect Carter in January of 1977. Even before he was sworn into office the President moved to develop a strategy to avoid immediate devastating litigation and seek an alternative resolution agreeable to the parties involved.

The most recent effort to develop an alternative to massive litigation involved a three-man task force which submitted last February a proposal for partial solution together with two settlement offers from the Indian tribes.

Eliot Cutler, Associate Director for Natural Resources, Energy and Science in the Office of Management and Budget, and a native of Bangor, Maine, is a member of the task force. He addressed the Husson College business breakfast in Bangor, Maine, on April 14, describing the White House efforts to resolve the Indian claims. President Carter's efforts in this matter have been misunderstood. Eliot Cutler's speech outlines clearly the approach the President and the White House have taken toward resolution of this case and deserves attention of my colleagues.

I ask that the following remarks be printed in the RECORD:

REMARKS OF ELIOT R. CUTLER

Last week the White House Work Group announced that the Penobscot and Passamaquoddy Tribes had agreed to extend for one month the time available for the State of Maine and the large landholders to respond to the Tribes' settlement proposals.

On or shortly after May 10, the Administration will file legislation to clear title to 9.2 million acres of land in the 12.5 million-acre claims area in order to provide complete protection for most landholders and homeowners. The legislation would provide for a $25 million federal payment to the tribes. On or about June 15, litigation will commence against any other defendants—such as the State and the large landholders—who have not reached an out-of-court settlement with the Tribes. Should the Congress fail to pass the protective legislation, it eventually would be necessary to also bring an action against hundreds of thousands of Maine citizens to recover land held by them.

I know that I speak for my colleagues on the Work Group, for the President's Counsel, Bob Lipshutz, and for the President himself, when I say that we do not want this case to go to court.

Not because we fear that one side or the other may win.

Not because we think that the many historical and legal issues in the case should not be resolved.

But because we are deeply concerned about the chaos, the hardship and the suffering that many years of litigation would inflict upon all the people of Maine.

In short, we think it is unfair to ask the people of Maine to pay the price of litigation.

The period between now and May 10 is a crucial time for all of us. Each day that passes without progress toward a negotiated settlement brings us closer to a costly confrontation in court. Yet I know that each day also brings more questions, more doubts, and more confusion as to what is the right thing to do.

I would like to take the opportunity this morning to discuss five basic questions about this case that I know trouble many Maine citizens and to address in connection with those questions several misunderstandings about the role the Administration has played in this case and the nature of our proposals.

First, why are the Justice Department and the Interior Department preparing to sue the State of Maine? Why are those two federal agencies taking the tribes' side of this case?

To answer that question, we first must go all the way back to 1971. By that time, the Penobscot and Passamaquoddy Tribes had discovered a copy of the 1793 treaty, had taken it to their lawyers, and had asked the Interior Department to assist them in pursuing the matter further. The tribes claimed that the federal government had an obligation to do that under the terms of the 1790 Non-Intercourse Act.

The government turned down the tribes' request, claiming it had no such duty, and the tribes sued Secretary of the Interior Rogers Morton in Federal Court in Portland in 1972. The State of Maine, recognizing that its interests were very much at stake, asked to intervene and became a second defendant in the case in 1973. In early 1975, Maine's District Judge Gignoux decided that the tribes were right: The tribes, he said, were entitled to the protection of the Non-Intercourse Act, and the federal government was a trustee for the tribes under that Act. The government appealed Judge Gignoux's decision to the U. S. Court of Appeals for the First Circuit and again lost in late 1975. No further appeal was taken, even though the state could have sought to vacate the judgment as late as 1977.

This is a nation which lives under the rule of law, and from that time forward the federal government was bound by Judge Gignoux's decision that it owed to the tribes the duties of a trustee.

On that particular subject, that is as far as Judge Gignoux went. He did not order the federal government to sue the state or anyone else. He said only that the tribes were protected by the Non-Intercourse Act and that the federal government had to act as trustee for the tribes. The federal government had to decide, as trustee, whether it had an obligation to bring the present land claims case to court.

But the government's discretion at this point was limited. It is a fundamental principle of trust law—indeed of our legal system in general—that a trustee's foremost duty is to act in behalf of and to protect the interests of those persons to whom the trust obligation is owed. The lawyers at the Interior Department and the Justice Department examined the legal and historical evidence that had been amassed in the land claims case and decided that there was a case to be made and that the federal government had an obligation to do what any reasonable person would do acting in his or her own best interests—it had to pursue the claim and, if necessary, sue the present landholders on behalf of the tribes. As a lawyer, I cannot imagine that any lawyer or anyone in a position of public responsibility would suggest that the government should have done otherwise.

A second question: We accept that. Though we don't like to be sued by the federal government, we accept the fact that the Justice Department has no choice. But why did the President get involved?

Let me assure you that was not an easy decision for the President to make. Certainly there is no political credit to be gained. The easiest course of action would have been to take the case to court and to let the State of Maine and the large and small landholders fend for themselves. Indeed, the previous Administration was prepared to do just that on January 15, 1977.

However, in 1976 the first indications of the potential upheaval and chaos that would result from litigation began to appear. A number of Maine towns in the claims area were having trouble with bond issues, and there was widespread concern that titles to real estate would be questioned in sales and mortgage transactions. The Governor and the Attorney General asked the Maine Congressional delegation for help, and the delegation turned to President Carter.

In early 1977, the President asked the best lawyer he knew, retired Georgia Supreme Court Justice William Gunter, to be his special representative, to listen to the arguments on both sides of the case, to examine the merits, and to recommend any actions which the federal government and the parties might take to resolve the dispute. In July, Judge Gunter told the President that the claims were serious and substantial, but his proposed terms were rejected as a basis for settlement by both the tribes and the State of Maine.

In August, the President appointed the White House Work Group, and he asked us to enter into further discussions with the tribes concerning federal-tribal relationships. We did that, and another proposal was made in February—one which was more advantageous to the state.

A third question: Why were the Work Group's discussions held only with the tribes? Was the state shut out of the negotiations?

On at least three separate occasions after Judge Gunter's recommendations to the President were made known to state officials, those officials indicated to us that in their view settlement of the case would be inappropriate and that the state preferred to litigate. The repeated refusals by the responsible state officials to consider any settlement to which the state would make a contribution left us no choice; we could not invite the state to participate in negotiations when the state insisted that it would not settle on any terms.

The tribes, on the other hand, expressed a willingness to enter into further discussions. In light of Judge Gignoux's decision, it was imperative that we begin discussing a number of important questions concerning the relationship between the federal government and the tribes. For example, what was to be the level of future federal services?

It became apparent early in those discussions that the issue of a partial settlement with the tribes would be an unavoidable topic. And given our concern for the hundreds of thousands of Maine homeowners and businesses facing the threat of litigation, it made sense to us to pursue that topic. It also became clear that we could at least explore the possibility of an overall settlement and obtain from the tribes terms on which at least they would be willing to settle.

Had it not been for those difficult and lengthy negotiating sessions, there would not be on the table at this time any settlement proposals to which even one party had agreed.

A fourth question: Why has the "Great White Father" put the State of Maine "up against the wall?" Why is the Administration trying to force a negotiated settlement?

No one is backed up against a wall. The federal government's efforts over the past year have been strictly voluntary—made at the request of Maine's Congressional delegation. We cannot force a negotiated settlement.

Like Judge Gunter, the Work Group reviewed the tribes' claim, the state's defenses, and the pertinent law and historical materials. We reached the same conclusions as Judge Gunter did: The tribes' claims are not frivolous. They are for real. They could be entirely successful in litigation. And the litigation will take many years to resolve, with economic chaos a likely result.

In view of those conclusions, the President authorized us to agree to a partial settlement with the tribes. In exchange for a voluntary payment of $25 million by the federal government, we can clear title and guarantee security for thousands of Maine citizens who own homes and businesses in the claims area, who would suffer the most from litigation, and who could least afford to risk either the costs of litigation or defeat in court. The Congress must approve this settlement, and anyone who thinks it wise to oppose it can do so. We cannnot force its ultimate acceptance by the Congress.

The terms of settlement proposed by the tribes to the state and the large land holders, on the other hand, were set forth without endorsement by the Administration. We neither support those terms nor oppose them. The tribes have made an offer.

As the President said here in Bangor two months ago, "If the Governor of Maine or the fourteen landowners don't want to accept [the offer], they have three choices. They can either continue to negotiate, they can accept the agreement . . . and have an end to it, or they can stay in court and litigate. I have no preference about it. . . . We have not imposed the will of the Executive Branch on the State of Maine at all. The Government of Maine is still completely free to do anything it chooses."

A final question: Isn't is unconstitutional, un-American and unfair to treat large landholders differently from small landholders, homeowners and businessmen?

In responding to this question, I should first point out that it is the opinion of the Justice Department, based on legal precedent, that the proposed 50,000-acre exemption is constitutional. We would not have proposed it if we had not received that assurance.

One of the reasons that it is constitutional is that it is inherently fair. All landholders are treated equally; every person or entity would have title cleared to 50,000 acres. Indeed, the greatest beneficiaries of this approach—those who would benefit the most from the voluntary $25 million federal contribution—would be those who own the most land.

Second, this proposal is as fair and constitutional as Maine's own growth tax or the federal income tax, where people who own the most timber or have the highest income are taxed at the highest rates.

Finally, this proposal is fair because if the claims are legitimate, those who have benefitted most from any illegal conveyances have the most at stake in this case and can be expected to contribute proportionately more to any resolution of it—in or out of court.

No one is requiring the large landholders to participate in out-of-court settlement. They have the same choices as the state: accept the tribes' offer, negotiate, or litigate. In fact, up until the Administration got involved in this case, there was no settlement offer to which the large landholders could respond.

Small landholders and homeowners do not really have those choices. They generally could not afford to settle on their own; they could not be expected to negotiate individually; and they could not afford the legal expenses or the economic consequences of litigation pending for years and years. And if they lost in court, they could lose their homes and their livelihood. The only fair thing for the federal government to do is to guarantee their security—to protect those who cannot protect themselves.

I know I have taken a good deal of your time this morning, and I appreciate your willingness to listen so patiently. I hope I have clarified some matters, but I am sure you have other questions as well. I will try to answer as many as I can.

But before I close, I would like to read for you one passage from the February Joint Memorandum which I think we all ought to keep in mind.

"If settlement can be accomplished, it will reflect a compromise from every perspective. The tribes regard their claims as worth many times more than any consideration to be received under this agreement. The State of Maine, on the other hand, has taken the position that the tribes' claims are without merit . . .

"With these considerations in mind, any settlement would reflect a shared understanding of the reality created by the litigation, rather than one party's view of the equity of the claims. The claims are unique, and resolution of them on any basis other than litigation similarly must be unique."●

GEOTHERMAL ENERGY IN ALASKA

● Mr. STEVENS. Mr. President, recently an article appeared in the Anchorage Times which discussed the potential for geothermal development in the State of Alaska.

The article points out that 88 volcanic calderas and 98 thermal springs have been identified in Alaska. A number of State agencies and private organizations are investigating the feasibility of utilizing these geothermal energy sources in various ways. One of the more novel options under consideration is to build a fish hatchery which uses geothermal heat directly to warm the waters in which the young fish are to be raised. Other options include new technologies for electric power generation and space heating.

Alaskans take seriously the potential of geothermal energy. While our vast oil and gas resources are currently at the focus of national energy policy, we are planning for the development of our renewable energy sources to meet the needs of a healthy, dynamic Alaskan economy in the decades ahead.

Mr. President, I ask that the article from the Anchorage Times be printed in the RECORD.

The article follows:

[From the Anchorage Times, Sunday, Mar. 12, 1978]

ONE SOURCE LIES UNDER THE EARTH

Every point of the globe rests on an ocean of molten rock at 1,000 degrees Centigrade.

Heat from this immense reservoir flows steadily to the earth's surface where it appears most dramatically as volcanoes, hot springs and geysers.

Over the centuries numerous beneficial uses have been found for geothermal resources. Because geothermal power plants are relatively clean and create no pollutants comparable in quantity or complexity to air pollution from coal-fired plants or to radioactive wastes from fission reactors, the resource is gaining more attention as a possible energy source for the future.

The potential for geothermal resources in the United States is hundreds of times greater than current use. The U.S. Geological Survey assessed geothermal reserves in the Western United States and concluded that reserves are adequate to supply all new electrical capacity in those states for the next two decades.

U.S.G.S. estimates that more than 100,000 megawatts of electricity could be generated from natural steam and high temperature geothermal fluids at prices competitive with electricity from fossil and nuclear power plants.

Currently the total United States electric capacity from all sources is 500,000 megawatts.

As a source of electricity, geothermal resources globally supply about 1,500 megawatts of power from about a dozen geothermal areas.

The Geysers dry-stream field north of San Francisco generates about 500 megawatts, which is enough to supply a city of one-half million.

Mexico, Japan, the Soviet Union, Hungary, Iceland and New Zealand far exceed other countries in direct application of geothermal energy; their use totals almost 6,000 megawatts for agriculture, industrial processing and for heating and cooling buildings.

In the United States, geothermal energy is used directly for heating at Klamath Falls, Ore.; Boise, Idaho and in other scattered locations.

In Alaska, 88 different volcanic calderas have been identified. They occur in Alaska's two major volcanic regions in the Aleutian Chain and the Wrangell Mountains. Of these 88 locations, the heat content has been identified for 16 sites, with values running as high as 345×10 to the 18th calories at Mt. Emmons. For comparison 310×10 to the 18th calories represent enough energy for a 100 megawatt plant to operate for 100 years.

However, because of technical problems of heat transfer, it is unlikely that energy from igneous systems could be utilized to any extent prior to the year 2000, a Division of Energy and Power Development report says.

Geothermal areas which hold some promise in Alaska include water-dominated systems which could be used for space heating, agricultural needs and recreation.

There are 98 known Alaskan thermal springs, four with temperatures of 90 degrees to 150 degrees.

Another geothermal resource, normal gradient systems, has been studied by the Alaska Office of Pacific Sierra Research Corp. The study investigated the economics of normal gradient hydrothermal resources of Alaska for non-electrical, multiple-use applications in Barrow, Kiana, Huslia, Nikolski, Wrangell and Nome.

From any surface location on earth, if a hole is dug deep enough, a geothermal resource will be located. A normal heat gradient is about 3 degree Centigrade per 100 meters below the earth's surface. Some heat gradients as high as 15 degrees to 18 degrees per 100 meters have been observed in geothermal areas.

A number of hot springs in Alaska have been used in the past for space heating and recreation. William Ogle, President of the Anchorage-based firm Energy Systems, did an extensive study throughout the state of Alaska's hot springs.

Ogle made the study in connection with the selection of a site for the possible installation of a small binary geothermal electric generating plant.

Also the state division of energy and power development funded a study of several geothermal areas to find a possible site for a fish hatchery.

The study recommended Bailey/Bell Island area as a promising thermal spring site for hatchery development and suggested further evaluation.

The use of a binary power cycle has been suggested as perhaps the best current method to generate power from geothermal heat sources. Such cycles generally involve the direct transfer of heat between hot geothermal water and an organic working fluid.

Other methods of extraction include fluidized bed technology for removing heat from molten igneous magma systems, hot dry rock technology, geopressured-geothermal technology and vapor and water dominated technology.●

A QUESTION OF HONOR

Mr. SCHMITT. Mr. President, the attack last Thursday on an unarmed Korean airliner by the Soviet Union raises two important questions: First, what possible reasons could justify the attack and the resulting loss of life and injuries; and second, where is the sense of moral outrage on the part of the world community in general and the United States in particular?

The first question can only be answered by the Soviets. We can predict that the answer will be put forth in terms of "maintaining the sovereignty of Soviet airspace" and so on. While that answer can in no way justify the senseless attack, it is doubtful that the true story can or will ever be brought before the people of the world. We can, however, address the second question, because it deals with us, and the rest of the free world, and our seeming inability to respond to such outrageous international brutality.

If we were to consider a similar scenario with different international players the result would probably be somewhat different. Suppose an Aeroflot flight from Moscow to New York were to have a navigational equipment failure over the North Pole. And suppose as a result the aircraft turned to the right—along a track that would take it over Montana. That track would take the flight near the heart of our deployed Minuteman forces. When the deviation was detected by our surveillance radars, we would initiate, along with our Canadian allies, a communications search in an attempt to make contact with the flight to return it to its proper course. Failing that we or the Canadians would scramble interceptors to join with the flight and using the proper international signals lead the errant airliner to a safe landing. If the Aeroflot aircraft did not heed our signals we would maintain surveillance and look for the display of any signs of hostility. Those signs might include dropping parachutists, laying mines, firing on the interceptors, or, of course, dropping bombs. If there were no such acts of hostility apparent, we would do nothing except follow the flight and provide whatever assistance we could until a landing was necessary.

But, let us change that scenario to an equivalent of the Soviet response last Thursday. Let us say that because the Aeroflot airliner did not heed our signals and was flying into one of our most strategically important areas, we gave the word to our interceptors to open fire. As a result, two people were killed, many injured, and the aircraft crashlanded in a wheatfield. With this revised scenario it is inconceivable that the Soviets would not act immediately and forcefully. They would most likely demand an immediate convening of the U.N. Security Council to address the "criminal act of the United States." Our own news media, Members of Congress, and others in and out of Government would demand investigation

of the "excess response of our defense forces against an international commercial flight." And, to be sure, they would be quite right in doing so.

So where is the hue and cry from the administration, Congress, and the news media in the downing of the Korean jetliner? Is it because there were no Americans aboard that we have remained publicly silent? Was there a collective sigh of relief from Washington that Secretary Vance's SALT II negotiations in Moscow would not be disturbed since no American life was lost? Have we really come that far from our ideal of the importance of every person's right to live and pursue happiness without fear?

The Soviet Union should be exposed to the glare of world scrutiny. The outrage we should feel and express overrides the importance of SALT or wheat deals or even détente itself. There simply is no reason for us, or the rest of the world for that matter, because of intimidation or some misguided sense of political necessity, to do nothing while two Korean families bury their dead, and free people everywhere become a little less free.

ORDER VITIATING ORDERS FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that four special orders for recognition of Senators on tomorrow, Senators JAVITS, PERCY, STAFFORD, and MATHIAS, be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS MORGAN AND SCHMITT TOMORROW AND FOR RESUMPTION OF CONSIDERATION OF SENATE CONCURRENT RESOLUTION 80

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the prayer on tomorrow morning Mr. MORGAN be recognized for not to exceed 15 minutes, to be followed by Mr. SCHMITT for not to exceed 15 minutes, after which the Senate resume its consideration of Senate Concurrent Resolution 80.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR SENATOR DOMENICI'S AMENDMENT TO BE THE PENDING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the amendment by Mr. DOMENICI become pending at that hour.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object, and I have no objection to that, I wonder if we might work out something where the vote on my amendment might be deferred, perhaps backed with some others, or at least put off until a little later in the day.

Mr. ROBERT C. BYRD. Mr. President, if I might have the attention of the distinguished Senator from Maine (Mr. MUSKIE).

The PRESIDING OFFICER (Mr. MATSUNAGA). The Senate will be in order.

The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, may I ask the distinguished manager of the resolution in response to the inquiry of Mr. DOMENICI at what time we might be able to begin voting on the amendment by Mr. DOMENICI first and stacking any other votes behind it that may be possible.

Mr. DOMENICI. What was the next amendment?

Mr. MUSKIE. We do not have them scheduled. The amendments of which I am aware, and I do not see the sponsors here, are an amendment by Senator DOMENICI, two Durkin amendments of 30 minutes each, and he should be notified to be here in the morning, two Byrd amendments and we have 4 hours down for that, but I understand he will not agree to a limitation but he does not believe he will take more than an hour on those two. There is a Nelson amendment which will not involve a vote to be offered, and it has 30 minutes.

The PRESIDING OFFICER. The Senate will come to order.

Mr. MUSKIE. The Tower amendment.

The PRESIDING OFFICER. Please cease conversations going on on the floor. The Chair is unable to hear what is going on on the floor.

Mr. MUSKIE. The Tower amendment we would like to delay until about noon to serve the convenience of Senator STENNIS.

Mr. ROBERT C. BYRD. I wonder, if the distinguished Senator will yield at that point, whether it will be possible to have the first vote, say, occur at 12 or 12:30 p.m. tomorrow so as not to disturb the committees which are trying to meet the May 15 deadline?

Mr. DOMENICI. I think that would be a good suggestion. Go ahead with mine coming on first, agreeing that it would be the first one voted on but the vote on it would not occur prior to 12 o'clock.

Mr. MUSKIE. That would be fine with me.

Mr. ROBERT C. BYRD. Will that be agreeable?

Mr. DOMENICI. Yes.

Mr. ROBERT C. BYRD. 12 or 12:30?

Mr. DOMENICI. Whichever the leader thinks preferable.

Mr. ROBERT C. BYRD. Perhaps 12:30 p.m. That will give committees time to meet.

Mr. MUSKIE. If there are others in the interim, may I say to the majority leader, that could follow the Domenici amendment.

Mr. ROBERT C. BYRD. Yes.

ORDER OF PROCEDURE TOMORROW

Very well, then, Mr. President, if that is agreeable, I ask unanimous consent that the vote on the amendment by Mr. DOMENICI, which amendment will become the pending business when the Senate resumes consideration of the resolution in the morning, occur at the hour of 12:30 p.m. tomorrow and that when the debate is completed on the amendment by Mr. DOMENICI tomorrow it be temporarily set aside to allow other amendments to be called up and that if rollcall votes are ordered in such other amendments that they follow in sequence immediately back of the vote on the disposition of the Domenici amendment.

Mr. DOMENICI. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from New Mexico reserves the right to object.

Mr. DOMENICI. I wonder if the distinguished chairman of the Budget Committee might agree as a further condition that we change the time allowed for the Domenici amendment from a half hour equally divided up to 45 minutes equally divided.

Mr. MUSKIE. Yes.

Mr. DOMENICI. I am not sure I will use that, but I have certain notions in mind between Senator MUSKIE and me that we might have to talk about here on the floor.

Mr. MUSKIE. That is agreeable. I suspect we may be moving slowly at that hour in the morning anyway.

Mr. DOMENICI. That is what I mean.

Mr. ROBERT C. BYRD. I include that in my request.

Mr. DOMENICI. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President. I thank all Senators.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, if it is agreeable with Mr. STEVENS, the acting Republican leader, I understand that the following nominations have been cleared for action, and I ask unanimous consent that the Senate go into executive session now for not to exceed 5 minutes.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed with the consideration of the nominations beginning on page 2 of the Executive Calendar, beginning under the following number, Calendar Order No. 116, then all of the nominations under "New Reports" down to the Department of Justice on page 3 and then going over to the nominations placed on the Secretary's desk in the Coast Guard, and then taking up the nomination that has been reported today out of the Banking Committee chaired by the distinguished Senator from Wisconsin (Mr. PROXMIRE) in connection with which nomination I understand has been cleared all the way around.

Mr. STEVENS. Mr. President, reserving the right to object, I am informed that the calendar numbers listed by the distinguished majority leader have been cleared on this side and we do not object.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, reserving the right to object, may I ask the majority leader, there was some confusion in the Chamber, did he include Mr. Cottine's nomination?

Mr. ROBERT C. BYRD. No, not in this request.

Mr. HELMS. He did not include Mr. Slater?

Mr. ROBERT C. BYRD. No, not in this request.

Mr. HELMS. I thank the majority leader. I have no objection.

The PRESIDING OFFICER. The clerk will report the first nomination.

THE JUDICIARY

The second assistant legislative clerk read the nomination of Robert W. Sweet, of New York, to be a U.S. district judge for the southern district of New York.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

SECURITIES INVESTOR PROTECTION CORPORATION

The second assistant legislative clerk read the nominations of Hugh F. Owens, of the District of Columbia, Ralph D. DeNunzio, of Connecticut, Brenton H. Rupple, of Wisconsin, and Michael A. Taylor, of New York, to be Directors of the Securities Investor Protection Corporation.

DEPARTMENT OF THE TREASURY

The second assistant legislative clerk read the nomination of Saul Silverman, of Pennsylvania, to be Assayer of the U.S. Assay Office at New York, N.Y.

U.S. COAST GUARD

The second assistant legislative clerk read the nominations of Rear Adm. John B. Hayes, U.S. Coast Guard, to be the Commandant of the U.S. Coast Guard; Rear Adm. Robert H. Scarborough, Jr., U.S. Coast Guard, to be the Vice Commandant of the U.S. Coast Guard; Rear Adm. Robert I. Price, U.S. Coast Guard, to be the commander, U.S. Coast Guard Atlantic Area; and Rear Adm. James S. Gracey, U.S. Coast Guard, to be the commander, U.S. Coast Guard Pacific Area.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations on page 2 and going down to the Department of Justice on page 3 be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE COAST GUARD

The second assistant legislative clerk proceeded to read various nominations in the Coast Guard.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations placed on the Secretary's desk in the Coast Guard be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

FEDERAL HOME LOAN BANK BOARD

The assistant legislative clerk read the nomination of Anita Miller, of New Jersey, reported earlier today to be a member of the Federal Home Loan Bank Board for the remainder of the term expiring June 30, 1978, vice Thomas R. Bomar, resigned; and the nomination of Anita Miller, of New Jersey, to be a member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1982.

The PRESIDING OFFICER. Is there objection to the consideration of the nomination?

Mr. PROXMIRE. Mr. President, I would like to speak on that nomination briefly.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Before I do, the four people just approved as Directors of the Securities Investor Protection Corporation indicate that this is an extraordinary example of an efficient agency, and that is the reason I want to make this statement. They have done a fine job, a most impressive job, and the President has done an excellent job in finding capable people for this position.

The committee was most impressed with these nominees, because they came from the industry, they understood the industry thoroughly. They were experienced people, with fine educational and business backgrounds, well qualified for this agency, which is one of the reasons why the agency has functioned so well, and that is because they have had these qualified people.

Mr. President, the Committee on Banking, Housing, and Urban Affairs received on April 7, 1978, President Carter's nomination of Anita Miller for membership on the Federal Home Loan Bank Board to fill the remainder of the term of former Board Chairman Thomas R. Bomar expiring June 30, 1978, and for a new 4-year term expiring June 30, 1982. The committee held a hearing on the nomination April 20 and unanimously voted on April 21 to recommend Mrs. Miller's confirmation.

I am pleased to support Mrs. Miller's nomination. If she is confirmed by the Senate, the Board at last will be brought to full strength and will have as a new member a person who is well qualified for the job. Mrs. Miller not only will bring a wealth of professional experience in the housing field but also, as she demonstrated at her confirmation hearing, a broad familiarity with many of the housing, lending, and savings and loan industry issues the Board faces.

For the past 6 years, she has headed up the Ford Foundation's activities in the housing and neighborhood conservation areas where she has been involved in working to improve housing in urban and rural communities across the country. Mrs. Miller has also been closely involved with Federal, State, and local agencies in devising and evaluating housing programs and strategies. In that capacity, she has advised several State deparments of community affairs and worked with the governments of New York City and Providence, R.I on minority group and fair housing problems.

In addition, Mrs. Miller served on the FHLBB's Advisory Council which has given her a grounding in responsibilities of the Board and a foretaste of the issues she will be dealing with as a member.

I was pleased by Mrs. Miller's forthright responses to the committee's questions on such important issues as how best to prod savings and loan institutions to meet their community reinvestment obligations, what steps the Board should take to carry out and toughen its antiredlining policies and how to assure equal employment opportunities for minorities and women in the savings and loan industry.

Nevertheless, Mr. President, I was disappointed by her apparent unwillingness to speak out against insider abuse when mutual savings and loan institutions converted to the stock form of ownership. The matter of conversions is under current study at the Home Loan Bank Board. I hope and trust Mrs. Miller will immerse herself in this study and be ever watchful of the need to protect the huge public net worth of mutual savings and loan institutions.

In addition, I would just like to say an additional word on the nominee before the Senate now, Mrs. Miller. Mrs. Miller is, to my knowledge, the first woman ever nominated to the Home Loan Bank Board, and I think it is about time.

Mrs. Miller brings an excellent background in housing to the Board. Of course, that is the principal function, to provide supervision for the agency that overseas the S. & L.'s. Mrs. Miller was unanimously approved by the committee. The committee was most impressed by her intelligence, her capability in answering questions, and her remarkable knowledge of the industry. This, too, was an outstanding nomination by the President, and he deserves credit for it. At long last, after several years now, the Home Loan Bank Board for the first time in 2 or 3 years has the full three-member board that will enable it to act promptly in matters of agency business. So I am happy to support that nomination.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to move to reconsider en bloc the votes by which the nominees have been confirmed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I so make that motion.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, the Senate now stands in legislative session.

THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 677.

ENCOURAGED TRAVEL IN THE UNITED STATES

The Senate proceeded to consider the bill (S. 2552) a bill to amend the act of July 19, 1940, relating to travel in the United States, to authorize additional appropriations, which had been reported from the Committee on Commerce, Science, and Transportation with an amendment beginning on page 1, line 5, strike through and including page 2, line 6, and insert the following:

July 19, 1940 (16 U.S.C. 18d), is amended by (1) striking out "1977, and" and inserting in lieu thereof "1977;"; and (2) striking out "1978." and inserting in lieu thereof "1978; and $1,008,000 for the fiscal year ending September 30, 1979.".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Act entitled "An Act to encourage travel in the United States, and for other purposes", approved July 19, 1940 (16 U.S.C. 18d), is amended by (1) striking out "1977, and" and inserting in lieu thereof "1977;"; and (2) striking out "1978." and inserting in lieu thereof "1978; and $1,008,000 for the fiscal year ending September 30, 1979.".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–742), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF S. 2552

S. 2552 would amend the act of July 19, 1940, relating to the promotion of travel within the United States by the Secretary of Commerce through the U.S. Travel Service.

Specifically it would authorize to be appropriated for that program $1,008,000 for fiscal year 1979.

BACKGROUND AND NEEDS

The act of July 19, 1940, authorized and directed the Secretary of Interior to encourage, promote, and develop travel within the United States, its territories and possessions, providing such activities did not compete with the activities of private agencies.[1]

By Public Law 93–193 enacted December 19, 1973, the authority contained in that act was transferred to the Secretary of Commerce. Appropriations to implement the act were finally authorized by Public Law 94–55, enacted July 9, 1975.

Thus, although the authority contained in the act of 1940 was transferred to the Secretary of Commerce in 1973, it was dormant for lack of funding authority until Congress, in spite of a Presidential veto, enacted appropriations authority almost 2 years later in 1975.[2]

The value of the Federal domestic travel program as indirect support for State, local, and private promotional activities lies in its potential rather than any demonstrable achievements by the U.S. Travel Service to date.

From the beginning, USTS has ignored the expressed legislative intent of Congress to develop an "in-house" program after consultation with all substantial segments of the travel industry.

The agency has undertaken various initiatives on an ad hoc basis which are clearly inconsistent with the direction Congress intended the program to take.

After an inquiry made by this committee the Secretary of Commerce halted and then terminated one such program.[3]

Another program for which the USTS furnished financial and personnel assistance was, at the request of this commitee, audited by the General Accounting Office. The GAO report concluded that the USTS had provided financial and personnel assistance "without acquiring sufficient information with which to adequately evaluate the need or to what extent it should contribute its support."[4]

Most recently, during the current fiscal year, the USTS has committed or earmarked $665,603 of its $1,008,000 budget or over 65 percent to activities to be done outside of the agency. The previous fiscal year the agency committed $1.1 million or over 75 percent of its $1.5 million budget to outside contracts.[5]

USTS' domestic program as reflected in the law and the legislative history is intended to furnish indirect support for State, local, and private promotional activities. The legislative history is also quite emphatic that the domestic program should be developed "in-house" as opposed to being "contracted out".

For example, prior to his nomination hearing, the present Assistant Secretary of Commerce for Tourism was asked the following question by the Committee:

As head of USTS do you intend to develop without delay, an in-house domestic tourism program with intermediate and long-range objectives and goals?

Mr. Chavez's written reply was:

Yes, I do and I intend to keep this committee completely informed as this program develops and to seek the committee's support in this endeavor.[6]

Subsequently, by letter dated May 13, 1977, the Secretary of Commerce, Juanita M. Kreps informed the committee that she had made a decision:

"To proceed immediately to develop a sound in-house domestic tourism program in accordance with the subcommittee's directions concerning tourism programs."[7]

Subsequent events were to prove that USTS neither proceeded to develop an "in-house domestic" program nor attempted to inform the committee "completely" as to the agencies activities or efforts in this regard.

A hearing on S. 2552 was held on March 15, and one witness, The Assistant Secretary of Commerce for Tourism testified. Mr. Chavez supported an authorization of $1,008,000 for fiscal year 1979 for the agency's domestic program.

In the committee's judgment, the hearing record (S. 2552) supports the following conclusions:

The Assistant Secretary was not familiar with the programs and work of his agency (USTS).

USTS continued in its failure to develop an "in-house" domestic program. In fiscal year 1977 it contracted out three-fourths of its budget of $1.5 million; and in fiscal year 1978 it contracted out two-thirds of its budget of $1,008,000.

With respect to many of the agency's outside contracts, et cetera, it was clear that USTS in many cases contracted away considerable money as fast as it could without coordination or a true understanding of who was going to do what; how it was going to be done; and most importantly, why it was going to be done.

A number of these contracts were also sole source, and the Assistant Secretary gave no adequate explanation of (i) why they were sole source, and (ii) why a particular entity was chosen as the source.[8]

The committee believes the evaluation of the U.S. Travel Service which appears in the final report of teh National Tourism Policy is relevant to the question of the agency's performance.

That Report concludes:

"In summary, the USTS lacks the respect of the travel industry, and dissatisfaction with the Federal tourism efforts, as represented by the U.S. Travel Service, is widespread within the industry. The principal Federal tourism agency should function in support of private sector organizations if it is to be effective and provide leadership to all individuals and organizations interested in tourism. The failure of the USTS to do either effectively in the past, severely limits its ability to be creditable in these roles in the future. . . . Existing USTS staff cannot be expected to function any better in the future than it has in the past without the infusion of new management capable of developing procedures that establish clear priorities, coherent programs, and effective control on performance. Congress must tighten . . . its oversight to assure that it functions effectively, and intervene quickly and surely if it does not."[9]

As mentioned the committee has just received the final report on the National Tourism Policy Study. That report makes comprehensive recommendations to rationalize the extensive Federal involvement in travel and tourism. Within the next few months after the agencies of government and the public and private sectors of the travel industry have had sufficient time for review and analysis, the Committee will begin exensive hearings with a view toward recommending to the Congress a national tourism policy and legislation to implement it.

Footnotes at end of article.

Considerable streamlining of the present Federal effort is necessary if its programs and policies are to be responsive to the national interest in travel and tourism, and meet the needs and interests of the public and private sectors of the industry and the travel consumer. The comprehensive recommendations of The National Tourism Policy Study recognized this necessity, and change in the existing Federal structure is a distinct possibility in the forseeable future.

Meanwhile, however, the U.S. Travel Service and its personnel represent the principal Federal agency and professional staff devoted exclusively to travel and tourism in the United States. However imperfect, and until there is legislative change, USTS is therefore the logical Federal agency to undertake domestic programs of indirect assistance and support to the industry and the travel consumer.

In this context, and with the full realization that the present structure of USTS may be radically altered by legislation within the next 2 years, the committee wishes to set forth some general views and guidelines on the kind of "in-house" domestic program it believes the agency should develop. It should be emphasized that these are generalities, and not intended to be rigid, specific prescriptions for a domestic program.

The Federal Government can assist the U.S. domestic tourism industry in a variety of ways, to assure an adequate supply of travel opportunities for the public which will contribute to the quality of life of the public, the economic prosperity of the country, and the economic growth of the industry. While the magnitude, diversity, and pervasiveness of travel in the United States are so great as to warrent a vast number of efforts, present circumstances prevent the development of a full complement of programs. Consequently, the committee, believes that the Travel Service must carefully select a limited number of programs which will complement or supplement the efforts of the industry, States, cities, and other Federal agencies. USTS must do what industry cannot or will not do. These programs, necessarily modest in the beginning should be innovative and catalytic in nature, designed in such a fashion to educate and stimulate industry leaders (public and private) to carry the benefits to others in the industry and the consumer. The output of USTS should be guidelines, models, educational packages, communications mechanisms, and other devices which can assist the industry to improve upon the quality and quantity of its product, sharpen its efficiency, improve communications, and maximize the benefits of travel to consumers industry and the economy.

Although it has long been recognized that the actions of many Federal agencies impact travel and play a significant role in providing travel opportunity, the staff of USTS presently represents the principal professional, Federal staff devoted exclusively to travel and tourism in the United States. For the time being, therefore, it is from this professional resources and the growing body of knowledge contained in data and scientific, professional, and business literature that programs should emanate.

Among the programs that might provide long-term and increasing benefits to travel and tourism are:

Clearinghouse and information system.—USTS could collect and catalog industry innovations, Federal and State program information, research data, and professional literature in a library and clearinghouse easily retrieved for industry use. A series of communication techniques could be devised to advise the industry of available information and bring particularly relevant programs, regulations, and activities to the attention of industry leaders on a current basis.

Training and education programs.—USTS could develop a series of training packages in the form of workshops, films, publications, and other educational tools for training of and use by travel industry leaders and employees. Such programs need not be designed to promote the virtues of travel and tourism, but rather to bring the latest in techniques and innovations to the travel industry. Fragmentation and poor communications affect the ability of the industry to keep abreast of current and efficient ways and means to maximize program efficiency while providing quality travel opportunities.

Planning and research.—USTS could be collecting, developing, and disseminating planning and research guidelines. Although the "state-of-the-arts" in planning and research is limited, considerable attention has been given to these areas in recent times. Preliminary guidelines and suggested methodologies could be cataloged and disseminated. While the development of sophisticated techniques may be impossible at this time, USTS should bring existing technology to the industry It should be a strong proponent of tourism/travel planning and research. In addition to sharing the technology of planning and research with the industry, USTS should be supporting, chiefly through in-house efforts, innovative inquiry into questions dealing with travel impact, costs, benefits, behavior, constraints, policy, and other questions for which answers are lacking.

In summary, USTS should reach out to the U.S. travel industry with programs which will improve communications within the industry, sharpen the ability of the industry to meet public needs, and maximize the economic, social, and cultural benefits of travel. USTS should serve as a clearinghouse for information, a liaison between industry and government, an educational center, and an innovator of techniques and methods to insure that travel and tourism contribute to the welfare of the public, the industry, and the Nation. Such an effort should emanate principally from within the professional expertise of USTS, with industry and the academic community serving as partners to provide assistance where necessary.

With great reluctance, the committee feels it can only justify continued authorizations for USTS programs—international and domestic—if it also specifies procedures it believes the agency should follow in its future contracting with respect to both its international and domestic activities.

Specifically, where amounts of $25,000 or more are involved, the committee expects USTS to refrain absolutely from "sole source" contracting, or sole source grant procedures such as it employed in the case of the University of Missouri, or Discover America Travel Organizations, Inc.[10]

Where amounts of $25,000 or more are involved, the agency should solicit at least three sealed proposals. Before formally awarding a contract, the agency should notify the committee in writing who the successful bidder is, and the reason therefor. The notice to the committee should be in sufficient time before the award to enable the committee to raise any questions or objections it feels necessary.

Finally, the "Request for Proposal" in these instances should be sufficiently specific and provide enough notice to enable potential bidders to compete effectively for the contract.

With respect to contracts or grants in an amount less than $25,000, the committee believes USTS should have the flexibility to go "sole source" only when absolutely necessary. In the event it chooses to do so, however, the committee expects prior notice as to the justification for going "sole source," the identification of the party with whom the agency intends to contract, and the reasons for its choice. Again the notice must be in sufficient time before the contract is entered into to enable the committee to raise questions and objections if necessary.

Out of an abundance of caution, the committee wishes to emphasize that nothing in the foregoing discussion of agency contracting procedures is intended to imply that USTS need not develop its domestic program in-house. The committee's past intention in this regard is unchanged and reemphasized.

FOOTNOTES

[1] Act of July 19, 1940, Public Law 76–755; 54 Stat. 765.

[2] President Ford vetoed H.R. 5357 on May 28, 1975.

[3] See appendix A.

[4] See, Report of the Comptroller General of the United States, *U.S. Travel Service Contractual Relationship With Discover America Travel Organizations, Inc.*, Nov. 16, 1977.

[5] See appendix B. Summary of Contracts and Reimbursable Agreements for Fiscal Years 1977 and 1978, U.S. Travel Service Domestic Tourism program.

[6] Nomination of Fabian Chavez, Jr.: Hearings before the Committee on Commerce, Science, and Transportation, 95th Cong., 1st sess. 196 (1977).

[7] Id., p. 201; see also hearing on H.R. 7556 before a subcommittee of the Senate Committee on Appropriations, 95th Cong., 1st sess., pt. 5, 293–302 (1977); and S. Rept. No. 1121, 93d Cong., 2d sess., 9–11 (1974).

[8] See appendix C for a chronology of events (supplied by USTS) leading up to the agency's selection of the University of Missouri for a $233,482 grant.

[9] National Tourism Policy Study Report, prepared for the U.S. Senate Committee on Commerce, Science, and Transportation by Arthur D. Little, Inc., January 1978.

[10] Supra, notes 3, at p. 2.

Mr. ROBERT C. BYRD. Mr. President, I yield the floor.

THE HUMAN RESOURCES: ALASKA'S LABOR MARKET

Mr. STEVENS. Mr. President, recently the Stanford Research Institute conducted a study of the potential economic benefits to the Nation and environmental impacts associated with the development of Alaska's metallic minerals and asbestos based on the analysis of seven specific mineral deposits considered economically attractive. One of the findings of that study is particularly interesting. The study indicates that, in the absence of extensive legislative or regulatory impediments to the development of mineral resources, a mining industry could develop in Alaska by the 1990's that would provide the Nation with 20,000 to 40,000 additional jobs. This represents about 0.5 percent of current unemployment.

It is quite clear that Congress decision concerning the final disposition of Alaska's d–2 lands will have a great impact on the labor force. I think my colleagues will find an article by Jesse L. Carr, secretary-treasurer of Teamsters Local Union 959, which has jurisdiction over the entire State of Alaska, of particular interest. Jesse Carr points out that few States can match the "intimate, close-knit, cooperative manner in which Alaska's employers and labor work together." Alaska has come into its own lately in our history and it offers huge potential for the future. But, as Mr. Carr points out—

Any development of Alaska's resources will come only when the world market dictates that development. Therefore it is automatic that such development will be carried out with scrupulous safeguards and necessities.

Alaska will be the first place in the United States where development will be done right the first time, within limits set by our knowledge at that time.

I ask unanimous consent that Mr. Carr's article be printed in the RECORD at this time.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE HUMAN RESOURCES: ALASKA'S LABOR MARKET

(By Jesse L. Carr)

It is doubtful that any similar population base can offer the great diversity and high level of skills forming Alaska's Labor market. It is definite that none can match the intimate, close-knit, cooperative manner in which Alaska's employers and Labor work together.

These big plus factors, which are available to any potential developer of Alaska's waiting resources, have formed over the years, from heaven knows what sources. Some have speculated that they came because the common enemies of weather and climate forced everyone to unite in order to survive. That the habit of being united carried over into those areas where they would normally find a base for separation, or even confrontation. Whatever the source, they have proven invaluable in heading off costly labor disputes and the more costly closures of industry.

Today, Alaskan Labor and management work together to foster and develop those resources having a potential in the markets of the world.

Teamsters Local 959, which has jurisdiction over the entire state of Alaska, is presently working with the State Chamber of Commerce to create and make operative the first *Alaskan Development Council* ever formed within the State. When that Development Council is full blown and effective, it will have at its disposal all information relative to available resources, requirements for the development of those resources and further, an effective team for solving problems and bringing about that development.

It is known and accepted by our Union that this Economic Development Council is a long range undertaking, involving a commitment ". . . above and beyond the normal line of duty." It is further accepted that it will make demands upon our Union and its officials and will involve them in economic battles, far beyond their daily sphere. So be it. We accept whatever comes because it must be done.

We are further dedicated to those steps required to gain the cooperation and alignment of our State government toward these development ends. In reality, our State administration holds many of the reins which can either check or expedite resource development. Roads, airports, availability of lands, even basic regulatory functions rest solely within the purview of the State government. It must be State policy to turn these, where possible, toward easing the burden of a potential developer.

Does all this concentration mean development at any cost? Definitely not!

Any development of Alaska's resources will come only when the world market dictates that development. Therefore, it is automatic that such development will be carried out with scrupulous attention to environmental safeguards and necessities. Alaska will be the first place in the United States where development will be done right the first time, within the limits set by our knowledge at that time. We have waited this long. We can take the added time to do it right.

Does Alaska have any definite advantage to offer a developer so far as Labor is concerned? We believe it does.

First of all most development would come as "new industry," having no counterpart and involving no traditional practices. This would mean that the latest, most modern push-button plant would take away no jobs, would create no change. Instead it would create new jobs and would have the full cooperation of all involved from Labor. Those who have attempted to build such "new industry" in other areas will be instantly aware of the gain here.

Second, Labor itself contains years and years of experience which could, if called upon, serve to eliminate needless cost factors and advise wisely on operations under arctic conditions.

Finally, so far as our Union is concerned, our concept of Labor being the "Partner of each Employer" automatically commits us to working jointly with management, toward solving new problems as they arise. This concept, though not 100% acceptable to all employers, has enabled us to work for more than 20 years without a strike in the construction industry and with a minimum of stoppages in the myriad other fields our Union works in.

Today, Alaskan Labor and management work together against prohibitve legislation such as H.R. 39, the Udall bill to create a blockade against all development; work together for an Economic Development Council; work together for the training of the Labor force as needed; and work together ad hoc toward the solution of day to day problems as they arise. We have even worked together in a joint effort to offset the damage from the inflationary spiral.

Teamsters Local 959 looks forward to that day when it can lend its aid toward solving the new problems brought by those who would join in the development of our State's vast resources. We urge those of you interested in that development to begin your planning now. Alaskan development carries a built-in time frame of some ten years from the day the decision is made to start. In view of that time frame, we urge you to check out the worth and value of Alaska's resources as part of your 20-year projection.

"HOLOCAUST"—A CALL TO ACTION

Mr. PROXMIRE. Mr. President, it has been only 9 days since NBC began its television drama, "Holocaust." Many of the scenes from this presentation are still vivid in my mind, and in the minds of the 120 million Americans who are estimated to have seen "Holocaust," about half the population, who had seen at least one episode. And the horrible revulsion caused by the brutality of these scenes simply will not go away.

One of the most impressionable scenes from the presentation was the episode in which Erik Dorf participated in his first killing. In one respect, the scene was not unusual—it was as brutal as any of the other Nazi atrocities. But this scene was crucial for it revealed how mass murders were tolerated by those who carried them out.

Dorf's participation in the shooting made him sick to his stomach. He realized that these acts were intolerable to human sensibility. Face to face with the annihilation of human beings, Dorf is inevitably repelled, as anyone would be. This is something we all realize.

What is more difficult to comprehend is how quickly Dorf adapted and rationalized his actions. For this, I urge a careful reading of the book, "Holocaust," written by Gerald Green, on which this series is based. In particular, I urge a reading of the chapter describing this shooting. Through distorted logic, Dorf's mind reasoned that there must be some reason for such unusually cruel acts. And he proceeded to invent a purpose, based on the German defamation of Jews. In Dorf's words—

And I am now a convinced believer in the correctness of it. The Jews have no other purpose than to die.

This mental delusion is more frightening than any other aspect of "Holocaust." For it indicated that genocide is not simply committed by deranged, insensitive individuals. It can also be committed by those who sense the tragedy of their actions on an emotional level, but overcome their revulsion through rationalizations.

This is why "Holocaust" is not merely an historical novel. The threat of genocide still exists as long as individuals are capable of thinking and acting as Eric Dorf did. Thus, "Holocaust" is also a compelling call to vigilance, a reminder that human emotions and moral justice can easily be twisted.

I strongly believe we should answer this call. Here in the Senate, we can do so in a substantial way. Thirty years ago, the Genocide Treaty was drafted. Members of the treaty resolve to condemn and punish acts of genocide. I urge that we heed the message of "Holocaust" and ratify this treaty. Let us make the Nazi actions of World War II the last "Holocaust" we have to watch.

But let us recognize that right now, today, at this moment, when there is a genocide going on in Cambodia, in Uganda, and this is something that continues and something that we have a responsibility if we really believe in human rights, to act on.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to cal the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A SENATOR'S WIFE AS AN ARCHEOLOGIST

Mr. ROBERT C. BYRD. Mr. President, the Members of the Senate have enjoyed the presence and admired the abilities of our distinguished colleague from New York, Senator DANIEL PATRICK MOYNIHAN, for the past year and a half. Before his election to this body, Senator MOYNIHAN had already served this country with distinction in many other roles, including his ambassadorships in India and at the United Nations. He has established a reputation for brilliance, eloquence, and originality.

It is not surprising, therefore, to discover that Senator MOYNIHAN's wife is a person of unique accomplishments, as well. The distaff members of many senatorial families have won recognition for themselves in a number of ways. But in the entire history of the Senate, I do not

recall another instance in which a Senator's wife has been acclaimed internationally as an archeologist, as has Elizabeth Moynihan.

According to an article in the May 1 issue of People magazine, Mrs. Moynihan is responsible for the discovery of a long-lost and legendary garden of vast proportions, built by the first Mogul emperor of India, Zahir ud-din Muhammad Babur, in the early 16th century. Through patience and scholarly research, Mrs. Moynihan has helped to reveal again to the world one of India's genuinely important archeological sites.

Mr. President, I congratulate Mrs. Moynihan on her success, and I ask unanimous consent that the article from People magazine be printed in the RECORD.

There being no objection, the article was ordered printed in the RECORD, as follows:

NO WIFE TO BENIGNLY NEGLECT, SENATOR PAT MOYNIHAN'S LIZ MAKES ARCHEOLOGICAL HISTORY

Never the faceless helpmeet type, Elizabeth Moynihan packed for India five years ago determined not to let husband Pat's new ambassadorship set back her own fulfillment. "I don't believe in the State Department's getting two for the price of one" was her motto, and for the two years they lived there, her personal challenge was the study of the architecture of the Mogul dynasty, in which she became an acknowledged expert. That in itself would have been extraordinary, but last month, in the course of research for her forthcoming book on Persian and Mogul gardens, Liz made a discovery that promises her a permanent place in the annals of archeology: the long-lost pleasure garden of Emperor Zahir-ud-din Muhammad Babur (1483–1530), India's first Mogul emperor. The Indian government has already moved to protect the site, which may run to 30 acres of arbors, mosques and fountains carved out of stone, and Mrs. Moynihan is justifiably exultant: "It's as if England found a new castle built by William the Conqueror."

Babur had stirred her imagination during the years in India. "He is a very real person to me," she says. "He was not a run-of-the-mill Oriental despot. He was a just ruler. He didn't come from Central Asia only to pillage and destroy India. He stayed and built gardens and wrote poetry. Besides, Babur was a key link for me because he was the person who brought the tradition of Persian gardens to India." Yet, except for a vivid description of an Eden-like dark-red sandstone Lotus Garden in his autobiographical *Babur Nama*, evidence of it had vanished. "I thought something of that 1528 garden must have survived," she says now. "It was cut out of living rock, and things in stone don't disappear that much. It was a hunch worth following." Even after husband Pat had been repatriated and became the junior Senator from New York, she returned to retrack the route Babur and his armies took from Kabul to India. Guided by clues in the *Babur Nama*, she ended her journey near the northern Indian town of Dholpur.

She and her photographer had vainly sought signs of Babur's Lotus Garden there for two days when she thought to consult Dholpur's version of a *griot*—"the old man with the collective memory of the area." When they arrived next morning at the home of 80-year-old Hari Singh Rajoria, Liz was struck that "no one had told him we were coming, but he acted as if he was expecting us. He looked at my sketches, and I read from the *Babur Nama*. Then for 10 minutes he just looked straight ahead, saying nothing. Finally he said, "There is one very strange thing—a square well.' " That was a feature of the garden mentioned in the autobiography.

"His son took us two miles west of Dholpur," she remembers, "and there was the well, and a rise, and then—my God!—the central octagonal pool. I was jumping out of my skin." Two days of work at the site with a borrowed shovel unearthed sufficient features to confirm the find. It seems so simple, but as her proud ex-Harvard professor husband puts it, "It's always simple once you describe how you did it. Very few people actually add to knowledge. It's a very rare event, and it's happened to her."

As a political wife and mother of three, Elizabeth had won notoriety before—once, for example, responding to a State Department request for a little more decorum in the U.N. ambassador's residence by whimsically installing a life-size papier-mâché butler at the front door. Yet she has rendered heroic service to a husband whose career has taken the family to 18 residences so far. But only now, at 47, has Elizabeth Moynihan, a one-time Boston U. student (she didn't graduate), come completely into her own. This week, following in her husband's footsteps, she will give a Harvard lecture—on the Lotus Garden. And at the family's base camp, a 300-acre farm in upstate Pindars Corners, N.Y., the senator is upstaged in his fixation with 1983. Sure, it's the start of a second term if he's reelected, but that seems trivial to Elizabeth, compared to the 500th anniversary of Babur's birth.—JUDITH WEINRAUB.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at 9 o'clock a.m.

After the prayer, the distinguished Senator from North Carolina (Mr. MORGAN) will be recognized for not to exceed 15 minutes, to be followed by the distinguished Senator from New Mexico (Mr. SCHMITT) for not to exceed 15 minutes, after which the Senate will resume consideration of the congressional budget resolution, at which time Mr. DOMENICI's amendment will become the pending business.

An agreement has been entered into whereby the vote on Mr. DOMENICI's amendment will occur at 12:30 p.m. tomorrow, but after the debate on the amendment has been completed, that amendment will be set aside temporarily for the convenience of other Senators who may wish to call up amendments in the meantime, and votes ordered on such amendments will be stacked up behind the rollcall vote in connection with the Domenici amendment, which is to occur, as I say, at 12:30 p.m. tomorrow.

So there will be rollcall votes throughout the afternoon tomorrow in connection with the budget resolution; and I would think the prospects for the completion of our work on this resolution tomorrow are good.

RECESS UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until tomorrow at the hour of 9 a.m.

The motion was agreed to; and at 7:24 p.m., the Senate recessed until tomorrow, Wednesday, April 26, 1978, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate April 2, 1978:

IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be brigadier general

Col. Kermit Douglas Johnson, [redacted], U.S. Army.

IN THE NAVY

The following-named officer having been designated for commands and other duties of great importance and responsibility in the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment while so serving as follows:

To be vice admiral

Rear Adm. Sylvester R. Foley, Jr., U.S. Navy.

IN THE MARINE CORPS

The following-named officer under the provisions of title 10, United States Code, section 5232, to be assigned to a position of importance and responsibility designated by the President, in grade as follows:

To be lieutenant general

Maj. Gen. Edward J. Miller, [redacted], U.S. Marine Corps.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 25, 1978:

SECURITIES INVESTOR PROTECTION CORPORATION

Hugh F. Owens, of the District of Columbia, to be a Director of the Securities Investor Protection Corporation for a term expiring December 31, 1979.

The following-named persons to be Directors of the Securities Investor Protection Corporation for the terms indicated:

Ralph D. DeNunzio, of Connecticut, for a term expiring December 31, 1979.

Brenton H. Rupple, of Wisconsin, for a term expiring December 31, 1978.

Michael A. Taylor, of New York, for a term expiring December 31, 1980.

DEPARTMENT OF THE TREASURY

Saul Silverman, of Pennsylvania, to be Assayer of the U.S. Assay Office at New York, N.Y.

IN THE COAST GUARD

Rear Adm. John B. Hayes, U.S. Coast Guard, to be the Commandant of the U.S. Coast Guard for a term of 4 years with the grade of admiral while so serving, and

Rear Adm. Robert H. Scarborough, Jr., U.S. Coast Guard, to be the Vice Commandant of the U.S. Coast Guard with the grade of vice admiral while so serving.

Rear Adm. Robert I. Price, U.S. Coast Guard, to be the Commander, U.S. Coast Guard Atlantic Area with the grade of vice admiral while so serving, and

Rear Adm. James S. Gracey, U.S. Coast Guard, to be the Commander, U.S. Coast Guard Pacific Area with the grade of vice admiral while so serving.

FEDERAL HOME LOAN BANK BOARD

Anita Miller, of New Jersey, to be a member of the Federal Home Loan Bank Board for

the remainder of the term expiring June 30, 1978.

Anita Miller, of New Jersey, to be a member of the Federal Home Loan Bank Board for the term of 4 years expiring June 30, 1982.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

Robert W. Sweet, of New York, to be U.S. district judge for the southern district of New York.

IN THE COAST GUARD

Coast Guard nominations beginning Robert, L. DeMichiell, to be captain, and ending Robert N. Ross, Jr., to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 25, 1978;

IN THE ARMY

Col. Junior Henry Burkhead, [redacted], for appointment as brigadier general in the Adjutant General's Corps. Army National Guard of the United States, under the provisions of title 10, United States, Code, sections 593(a) and 3392, which was sent to the Senate on April 6, 1978.

EXTENSIONS OF REMARKS

MEOW

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. BROWN of Ohio. Mr. Speaker, it has now been over 1 year since the President sent Congress his energy message. Although much of the program remains bogged down in conference, it is noteworthy that substantial progress has been made in reducing our oil imports without having Government-forced conservation or energy price controls.

Once again, as the following Wall Street Journal indicates, the Federal Government is "a day late and a dollar short" in its energy policies:

MEOW

Today we celebrate the first anniversary of President Carter's famous MEOW, the moral equivalent of war. His energy proposals remain bogged down in Congress, but even without the benefit of his program a lot has happened.

During the year we now celebrate, the only detectable energy shortage occurred in those sections of the nation overly dependent on American-produced coal. In California, crude oil is a drug on the market. World-wide, the International Energy Agency sees a "temporary" surplus of oil lasting into the 1980s. U.S. oil imports are no longer growing; indeed the American Petroleum Institute reported yesterday that they fell 14% during the first three months of the year.

Over the year, the price of oil has been steady, meaning that it fell after inflation adjustment. The administration felt free to kill a deal to import huge quantities of natural gas from Mexico because it doesn't like the price U.S. companies have agreed to pay. But the President, Czar Schlesinger and the like continue to assure us that the energy crisis is just around the corner.

Actually, the crisis has more-or-less officially been postponed until 1985 at the earliest. If you want to conjure up a big crisis then, you assume: first, that the Soviet Union will swing from an oil exporter to a big importer somehow finding the foreign exchange to foot this bill; and, second, that Saudi Arabia will cap its production because it likes the old values better than the new money. Because the CIA finds this scenario likely, we're told, we need a big new tax on the production of oil in the United States.

What we have been witnessing in the past year is the huge adjustive power of the price mechanism, even when politicians do all they can to hamper it. Stanford's Henry S. Rowen observes that since 1973, real gross national product has increased by about 11% while energy consumption has increased by only about 3%. This means that even without legislation, a great deal of conservation is going on as a response to the price increases. Prof. Rowen calculates that, holding production constant, consumers are reducing their energy consumption by about 2% yearly.

Higher prices are not only reducing demand but calling forth greater supply. With environmental and legal roadblocks finally overcome, oil is flowing from Alaska and exploration has started off the Atlantic coast. With somewhat higher gas prices and higher prices for "new" oil, drilling and discoveries in the U.S. have both increased, though not yet fast enough to keep up with consumption. But supply incentives are still uncertain, given the government's record of expropriating the returns from new oil with successive tiers of price controls and state or federal taxes.

It is this supply-demand balance called forth by the price mechanism, and not the beneficence of Saudi Arabia, that has kept OPEC from increasing its prices during the past year. Even a cartel is not immune to the laws of supply and demand; at some point higher prices mean lower sales and lower net income.

The improvement in the energy outlook in the past year has come despite government policy, not because of it. Indeed, the U.S. government has been OPEC's biggest economic ally. American oil imports are high because of the government's entitlements program, which in effect taxes the production of domestic oil and uses the proceeds to subsidize imports. Mr. Carter proposes to "cure" this by taxing domestic oil and using the proceeds to subsidize the consumption of home heating oil.

The way to reduce imports would be to end all entitlements and price controls, paying Americans as much for oil as you pay foreigners. This step would increase the price of gasoline by a maximum of seven cents a gallon; some argue that in fact the price would fall because of greater efficiency. Yet the government sees this simple step as an anathema.

The government's record during 1977 scarcely gives reason for confidence in its prescience about 1985. Over the years there has always been a finite supply of energy visible at any one time; the reason is that it is not economic to develop resources too far in advance. Above all, it is risky to invest too much capital in a single source or single technology. You may guess wrong. Huge sums invested in coal will be wasted if there is a breakthrough in producing geopressurized methane.

We do not know where future energy will come from, but we do know that there is a nearly endless list of possibilities, from coal to methane to nuclear to solar. Over the years, market price mechanisms have proven their ability to make such choices and such transitions smoothly. There will be no crisis if we let them do their work. The only way there will be an energy crisis in 1985 is if the government causes one. While the administration still has not grasped this, the biggest change since MEOW was declared a year ago is that more of the public and more of Congress now understand.●

POLISH CLUB CELEBRATES 75TH ANNIVERSARY

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. RICHMOND. Mr. Speaker, for 75 years, Brooklyn's St. Aloysius Young Men's Catholic Club in Greenpoint, N.Y., has unselfishly served the cultural and spiritual needs of the Polish-American community while actively participating in national events.

The club will celebrate its 75th anniversary during a banquet on April 29. I commend to my colleagues the following brief history and description of St. Al's and ask my colleagues to join me in wishing this truly remarkable group continued success in the years ahead.

The article follows:

ST. AL'S 75TH YEAR

On February 3, 1903, the St. Aloysius Young Men's Catholic Club (St. Stanislaus Kostka Parish), Greenpoint, Brooklyn, New York, was organized. St. Al's, as it is commonly known today, was founded on three basic principles.

First, the organization of Polish-American youth to aid them in the fulfillment of their religious and moral obligations.

Second, to maintain a characteristic of brotherly love.

And third, to keep alive the Polish language, customs and traditions, while maintaining a continued interest in the affairs of the nation, community and parish.

Needless to say, through the many years that have followed, numerous changes have taken place; however, these three basic principles have remained and have been adhered to by the membership.

On February 5, 1978, the membership, family and friends participated in the celebration of a diamond jubilee Mass in the Parish church, and afterward, all joined together at a collation in the clubrooms.

On April 29, 1978, a 75th anniversary banquet will be held at Rovnak's Princess Manor, also in the Greenpoint section of Brooklyn.●

CAMP SAFETY

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. ANDERSON of Illinois. Mr. Speaker, I want to commend the administration on rejecting mandatory Federal youth camp safety standards and enforcement, as recommended by the House Education and Labor Committee in its Youth Camp Safety Act, H.R. 6761, and instead embracing a voluntary State approach as provided in my own Camp Safety Incentive Act, H.R. 5167.

On April 3, 1978, HEW Secretary Joseph A. Califano, Jr., transmitted a letter and bill to the Speaker setting forth the administration's Youth Camp Safety and Health Act of 1978. Like my own bill, the administration's bill calls for the Federal Government to develop model camp safety standards. Some grant assistance is made available to the States to develop their own camp safety programs. Specifically, the bill authorizes $2 million a year over a 6-year period, on a 50-percent matching basis. States wishing to enable camps within their boundaries to advertise compliance with the model Federal standards would have to have federally approved plans which include supervised inspections.

Mr. Speaker I think the approach decided upon by the administration after a year of deliberation is the proper course. While we are all concerned with the health and safety of our Nation's children, especially when they go away to camp, I do not think the problem was so severe as to warrant massive Federal intrusion into this area which has traditionally been considered one of the police powers of the State.

At this point in the RECORD I include Secretary Califano's letter and the text of the administration's bill:

APRIL 3, 1978.

Hon. THOMAS P. O'NEILL,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Enclosed for the consideration of the Congress is a draft bill "To provide for the development and implementation of State programs for youth camp safety and health". The draft bill is intended to assure that Federal leadership will be provided to the States through the development of safety and health standards and the provision of grants and technical assistance, to assist them in developing programs which can provide assurance that youth camps meet minimum safety and health standards. The States, however, are to retain full responsibility for the implementation and enforcement of effective safety and health regulations.

The draft bill charges the Secretary of Health, Education, and Welfare with responsibility for developing model youth camp safety and health standards. In carrying this out, he must first consult with State officials and representatives of other concerned public and private agencies. Thereafter, but within one year of enactment of the draft bill, he must develop the standards and within the following 30 days, publish them in the Federal Register. These standards are models for the use of the States and have no regulatory effect until their adoption by one or more States.

The Secretary may also make grants and provide technical assistance to States for purposes such as developing new State programs for assuring youth camp safety and health and coordinating existing activities, developing and conducting training programs for State and camp personnel, designing systems for camps to use in reporting accidents or injuries and procedures for the States to follow in keeping records of these reports for later State and Federal use, and for creating or designating a State agency to implement the State's youth camp safety and health programs and, specifically, monitoring the compliance of individual camps with the State's standards. Grants can be made for no more than 50 per cent of the cost of the activity, and are not to replace State money which would otherwise be available for these purposes.

If a State wishes to enable camps within its boundaries to advertise compliance with the model Federal safety and health standards, it must first have an approved State plan. The plan must provide for State supervised inspections of camps and for prohibiting a camp from advertising its compliance with the Federal standards unless it is appropriately certified by the State agency. The plan must also specify sanctions sufficient to deter uncertified camps from advertising that they meet the model Federal standards.

The Secretary is directed to report to the Congress on the administration of the Act after the second and fifth years of the program, and to include a statement of any changes which he is planning to make in the model standards.

The bill would authorize $2 million for carrying out the Act in fiscal year 1979, and a like amount for each of five fiscal years thereafter.

We urge the Congress to favorably consider this draft bill.

We are advised by the Office of Management and Budget that there is no objection to the submission of this legislation from the standpoint of the Administration's program.

Sincerely,

/s/ JOSEPH A. CALIFANO, JR.,
Secretary.

H.R. —

A bill to provide for the development and implementation of State programs for youth camp safety and health

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Youth Camp Safety and Health Act of 1978."

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to protect and safeguard the health and well-being of young persons in youth camps, by providing for the development of model standards for the safe operation of such camps, and to provide Federal grants, technical assistance, and leadership to the States in developing and implementing safety and health programs for youth camps, thereby providing assurance to parents and interested citizens that youth camps meet minimum safety and health standards. It is the intent of Congress that the States assume responsibility for the implementation and enforcement of effective youth camp safety and health standards and regulations.

DEFINITIONS

SEC. 3. As used in this Act—

(1) "Youth camp" means any day camp, primitive or outpost camp, residential camp, travel camp, trip camp, or short-term group camp whether on public or private land, which is designed to be attended by 10 or more campers at the same time who are under 18 years of age. The terms include any program promoted or advertised as a youth camp and shall also include programs conducted on sites or facilities primarily designed for other purposes such as schools, playgrounds, resorts, wilderness areas, and government lands.

(2) "Day camp" means a camp operated for any part (but less than 24 hours) of the day for at least 5 days during a 2-week period. The term does not include day care centers as defined or licensed by the appropriate State agency.

(3) "Primitive or outpost camp" means a portion of the permanent premises of a camp or other site at which the basic needs of camp operations, such as places of abode, water supply systems, and permanent toilet and cooking facilities, are not usually provided.

(4) "Residential camp" means a camp operating on a permanent site at which the same campers remain for a period of at least 96 consecutive hours.

(5) "Travel camp" means a camp which provides care for not less than a 48-hour period and which uses motorized transportation to move campers as a group from one site to another.

(6) "Trip camp" means a camp which provides care for not less than a 24-hour period and which supervises campers as they travel, either on foot or by a transportation mode permitting individual guidance of a vehicle or animal from one location to another.

(7) "Short-term group camp" means a camp which provides care for more than a 24-hour period but less than a 96-hour period for troops, clubs, or groups of campers sponsored by an organization or person.

(8) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(9) The term "State" includes each of the several States, the District of Columbia, Puerto Rico, American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

YOUTH CAMP SAFETY AND HEALTH STANDARDS

SEC. 4 (a). The Secretary, after consultation with—

(1) appropriate State officials, and

(2) representatives of appropriate public and private organizations,

shall, within one year after the enactment of this Act, develop model standards for youth camps directed toward assuring that such camps are operated in a manner which protects the health and safety of the campers and related to matters such as, qualifications for director and staff; ratio of staff to campers; sanitation and public health; personal health, first aid, and medical services; food handling and group feeding; water supply and waste disposal; water activity safety, including swimming and boating equipment and practices; vehicle condition and operation; building and site design; and condition of equipment facilities and density of their use. In developing such standards, the Secretary shall consider existing Federal guidelines, State and local regulations and standards, and standards developed by private organizations, applicable to youth camp safety and health and shall also consider the experience of State, local, and private agencies and organizations in implementing such regulations and standards, and such other information as may be available.

(b) The Secretary shall, within 30 days after development of the standards referred to in subsection (a), publish these standards in the Federal Register. The published standards may be revised from time to time as determined by the Secretary.

ASSISTANCE TO STATES

SEC. 5. (a) The Secretary may provide grants or technical assistance to any State planning to develop a comprehensive youth camp safety and health program. These grants or technical assistance may be used for the purpose of—

(1) coordinating existing education and enforcement activities relating to youth camp safety and health;

(2) creating or designating an appropriate State agency which will be responsible for administration of a youth camp safety and health program;

(3) developing and implementing safety and health programs directed toward specific camping activities such as, aquatics, water skiing, arts and crafts, archery, horseback riding, mountaineering, white-water canoeing and rafting, caving, and proper use of firearms;

(4) developing and conducting seminars and other short term training courses for State youth camp safety and health personnel and for camp health, safety, and supervisory personnel;

(5) designing and implementing procedures and systems for reporting of illnesses or injuries in youth camps within a State's jurisdiction and the keeping of State records of such reports; and

(6) developing programs to monitor compliance with State standards and regulations applicable to youth camp safety and health.

(b) The amount of any grant provided under this section shall not exceed 50 per centum of the costs incurred by the State to carry out the activities referred to in subsection (a). Federal funds made available under this section for any period will be used so as to supplement the level of State funds that would otherwise be made available for the activities described in this section, and will in no event replace such funds.

YOUTH CAMP SAFETY AND HEALTH PLANS

SEC. 6. (a) Any State desiring to authorize youth camps in that State to advertise compliance with the Federal model youth camp safety and health standards, shall submit to the Secretary a plan which provides—

(1) for the creation or designation of a State agency to be the principal agency in the State responsible for administration of its youth camp safety and health program;

(2) for State-supervised inspections of youth camps and certification of those camps found to be in compliance with the model youth camp safety and health standards developed pursuant to section 4;

(3) that camps certified as being in compliance with those standards will be authorized to advertise that fact through the use of the statement "This camp has been certified by (the appropriate State agency) as meeting the model Federal Youth Camp Safety and Health Standards.";

(4) that any camp not so certified will be prohibited, with penalties sufficient to assure compliance, from advertising or otherwise implying that it meets such standards; and

(5) that the State agency will make such reports and provide such information to the Secretary as he determines to be necessary to carry out his duties under this Act.

(b) The Secretary shall approve a plan submitted by a State if he finds that it meets the requirements set forth in subsection (a).

FAILURE TO COMPLY WITH STATE PLAN

SEC. 7. In the case of any State plan approved under section 6, if the Secretary, after reasonable notice and opportunity for a hearing to the State agency responsible for administering such plan, finds that the plan has been changed so as not to be in compliance with the provisions set forth in section 6(a) or that in the administration of the plan there has been a failure to comply substantially with any provision required by section 6(a) to be included in such plan, the Secretary shall suspend approval of the plan until he is satisfied there is no longer any such failure to comply, and shall so notify the State agency.

PENALTIES

SEC. 8. Whoever, being an officer, director, agent, or employee of a youth camp located in a State which does not have a plan approved pursuant to section 6 and who uses or causes to be used any advertisement or statement which indicates that such camp is in compliance with the model Federal youth camp safety and health standards is guilty of a misdemeanor, and upon conviction thereof, shall be fined not more than $1,000.

ADMINISTRATION

SEC. 9. The Secretary shall prepare and submit to the President for transmittal to the Congress after the close of the second and fifth fiscal years for which this Act is in effect a comprehensive report on the administration of this Act, including any changes which are planned in the model youth camp safety and health standards.

AUTHORIZATION

SEC. 10. There are authorized to be appropriated to carry out the provisions of this Act $2,000,000 for the fiscal year ending September 30, 1979, and $2,000,000 for each of the five succeeding fiscal years.●

A NEW APPROACH AGAINST OVERREGULATION

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. ANDERSON of California. Mr. Speaker, management and labor are often portrayed as being on opposite sides of most issues, and sometimes they are. There is, however, much room where these two great forces can work cooperatively, to their mutual benefit, and the benefit of the Nation.

I would like to call my colleagues attention to a February 17, 1978, editorial from the Long Beach Independent Press Telegram. It cites a proposal made by the president of Dow Chemical Co., Paul F. Oreffice, that management and labor form a coalition to fight Government overregulation.

[From the Long Beach Independent Press Telegram, Feb. 17, 1978]

TIME FOR JOINT EFFORT

It is so common for business and industry to complain about government overregulation that, although we fully concur, we are afraid a lot of people pay little attention.

Yet it is a problem that affects labor as well as management, and the proposal by Paul F. Oreffice, president of Dow Chemical Co., for a labor-management coalition to fight overregulation is an excellent one.

In a recent talk to the Commonwealth Club of California, Oreffice said it's time for the American people to call a halt on government regulations which drive up consumer costs and eliminate jobs.

Oreffice urged labor to openly support the need for profits as "the only legitimate way to create and maintain jobs," and for management to support labor's "legitimate desires for better working conditions and steady employment."

Labor and management, of course, have conflicting economic interests up to a point—but to both, it is essential that the business or industry concerned is healthy. There must be fair profits for management and fair wages for labor.

In accomplishing these mutual goals, the less government interference, the better.

Obviously, not all government regulations are bad but, as Oreffice said in his talk, regulations must be "logical, workable and economically feasible."

"If labor and management together can't reverse the present trend of excessive federal government intervention," he warned, "American industry will be stifled and American jobs will continue to be lost by the thousands."

It isn't going to be enough just to complain about excessive regulation. Oreffice proposed that the labor-management coalition work to elect legislators "who know what it's like to work in a competitive society . . . what it's like to have to meet a payroll."

Labor and management have more in common than many of their members realize. Overregulation costs both of them money—and could cost them their livelihood.●

IS WASHINGTON AFFECTING SOMOZA'S DOMESTIC POLICY?

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. FISH. Mr. Speaker, is Alan Riding, New York Times columnist, who is not known as a friend of Nicaragua's Somoza, giving this administration a message about the effects of some of President Carter's policies?

I submit the following New York Times article for my colleagues' information:

SOMOZA APPEARS POLITICALLY ISOLATED AS UNREST SPREADS IN NICARAGUA

(By Alan Riding)

MANAGUA, NICARAGUA, April 24—Three months after the assassination of a leading opposition figure, Nicaragua remains in a state of unrest, with the campaign to oust President Anastasio Somoza Debayle becoming steadily more violent and radicalized.

Although General Somoza seems in no immediate danger of being overthrown, his Government has been unable to restore order in the country since the slaying January 10 of Pedro Joaquin Chamorro, a newspaper editor who was an outspoken foe of the 45-year rule of the Somoza family.

Today General Somoza appears to be politically isolated, sustained only by the 7,500-man National Guard. "Opposition has spread like a brush fire, consuming one sector after another," a foreign diplomat said. "It's like watching a slow-motion revolution."

In an interview with local reporters last week, General Somoza warned that "I believe that while education in word, speech and action does not stop, we can expect a period of greater violence in Nicaragua."

STUDENTS OCCUPY SCHOOLS

The immediate crisis for General Somoza involves the occupation of dozens of high schools and churches by militant teen-age students, but he is also under mounting political pressure because of a three-week-old hunger strike by over 100 opponents of the Government.

In addition, clashes between demonstrators and National Guardsmen take place almost daily in cities throughout the country. So far this month, at least five protesters, and, according to well-placed opposition sources, more than a dozen National Guardsmen have been killed.

The latest offensive against the Somoza regime began last October with a series of attacks on National Guard barracks by leftist guerrillas. But it was only after Mr. Chamorro's still-unsolved killing that opposition groups as diverse as conservative businessmen and Marxist students joined forces to work for General Somoza's overthrow.

Late in January, the country's main business organizations called a two-week work

stoppage to demand the President's resignation. Coinciding with the strike, which was supported by labor leaders, moderate and leftist political groups promoted a series of demonstrations and the guerrilla movement, known as the Sandinist National Liberation Front, carried out new attacks on National Guard barracks.

Since then, however, even opposition leaders seemed to have lost control of the anti-Government offensive as it has spread rapidly and chaotically to the country's urban poor.

INDIAN DISTRICT REBELS

"The country is in an insurrectional mood," a moderate opposition leader said. "I would never have believed that the masses could become so politicized so quickly. The masses are now without either democratic or revolutionary leadership. The situation is rapidly becoming anarchic."

For the last two months, the focal point of the simmering rebellion has been the city of Masaya, 20 miles south of Managua, and its Indian district of Monimbo. The National Guard put down a week-long uprising in Monimbo on Feb. 26, killing at least 40 people and losing as many soldiers, but the Indians there have continued arming themselves and last week they resumed their insurgency.

According to well-placed sources, the rebel Indians, who are actively supported by the guerrillas, have developed a powerful homemade bomb and are well armed, in some cases with submachine guns taken from National Guardsmen whom they have killed. "Monimbo is one big bomb factory," one source said, adding that the Government was expected to launch a new counteroffensive soon.

The campaign by high school students also began in Masaya late in March. Although National Guardsmen using tear gas and automatic rifles last week cleared the city's National Institute of students who had seized it, dozens of other high schools throughout Nicaragua are still being held by military youths.

At the Ramirez Goyena Institute in Managua, teen-age students explained that they were striking in sympathy with the 26-day-old hunger strike of Mrs. Albertina Serrano de Jaen, whose 21-year-old son, Marcio, is serving a five-year prison term for guerrilla activities. Mrs. Jaen and more than 100 others who joined the hunger strike are demanding better prison conditions for Marcio Jaen and another guerrilla leader, Tomas Borge, who have been held in solitary confinement for the last 20 months.

But while most protesters make specific demands of the Government, political analysts believe that the campaigns are all essentially aimed at undermining the regime. "If the Government accepted their demands," a foreign diplomat said, "then they would make new demands. Somoza fears this is the case so he feels justified in turning down most of the demands."

In response to political pressure, General Somoza in fact announced two months ago that opposition parties would be allowed to participate in the next presidential elections in 1980 and that the Inter-American Human Rights Commission and the International Red Cross could send inspection teams to Nicaragua.

But these concessions have failed to defuse the opposition and nonviolent groups have stepped up their efforts to form a broad front against the regime.

Eager to avoid a crisis in his relations with Washington, General Somoza has tolerated press freedom and over the last seven months has arrested only opponents involved in the guerrilla movement. "I have to admit that Somoza has been fighting us with one arm tied behind his back," an opposition leader said. "But if he fights us with two hands, he may also have to take on the United States."●

MEMORIES OF LINCOLN

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. HARRINGTON. Mr. Speaker, a constituent of mine, Theodore Safine of Peabody, Mass., has recently sent me a poem written in memory and honor of President Abraham Lincoln.

As Mr. Safine requested, I would like to insert his poem in the CONGRESSIONAL RECORD at this time, during April, the month of President Lincoln's death:

MEMORIES OF LINCOLN

(By Theodore Safine)

To greater heights where joys await,
Beyond what here he could attain,
He traveled forth to reach the light
That led him to a higher plane.

(A lanky lad by the failing light
Of well banked fires through the quiet night
In Kentucky hills so long ago,
Eager to read, to learn, to know.)

Here is a picture, sad but true,
Of one whose deeds are known to you
Who in the world of greats has won
So much of honor and of fame—
Abraham Lincoln was his name.

(Young Abe Lincoln, a splitter of rails,
Reader, writer and teller of tales,
Wrestler, runner and fisherman, too,
Whatever boys did, young Abe could do.)

Now that his work on earth is done,
His body rests beneath the sod
His soul in peace at home with God.
Where Heaven's joys his sorrows drown.
There his soul has long since fled
And all the tears that he has shed
Have turned to pearls for his crown.

(Captain, postmaster, riverboat hand,
Lincoln the merchant in prairie land,
Love in New Salem, Lincoln and Ann
All were a part of Lincoln the man.)

Pearls for a crown in Heaven he wins,
Absolved from earthly errors and sins,
Gems of gratitude, ample measure,
Grateful prayers that his heart would
treasure,
Tears turned to pearls day by day—
Far too many to make a crown,
Let the others come drifting down,
And we will cherish them alway.

(Pardon he had for the soldier boy
Who slept at his post one lonely night,
Asleep while the silent hours passed by.
When the dawn crept over the eastern sky,
He was sentenced to die in the morning.)

In our remembrance ever near
Lincoln remains, we hold him dear,
Though far from earthly smile or frown,
His labor has not been for naught
For all the deeds on earth he wrought
Have turned to stars to make a crown.
Stars! A multitude they measure,
For his crown a priceless treasure!
His deeds of mercy, day by day,
Are bright beside the Milky Way,
A great memorial display—
We'll gaze and cherish them alway.

This man of wisdom, kind but keen,
This man of sorrows, gaunt and lean,
Trusting in God's almighty hand,
Planned for the nation, every state,
And though opposed by doubt and hate
Emerged victorious as he planned.

(Emancipating a bondaged race,
Giving to all an equal place.
On him a nation's fate depended,
His hands its unity defended.)

He had the prayers of many nations,
Of every creed and every race,
Enduring with unending patience
Though lines of sorrow marked his face.

He is remembered in his greatness,
His loyalty and glorious past,
He sacrificed his life for freedom,
Well earned fame, may it always last.
The hidden wounds grew daily greater
'Till his stout heart would almost fail,
But he proved himself a giant,
A heart of gold in body frail.
A stalwart heart, a master mind,
Abe Lincoln led a nation brave,
A leader merciful and kind,
He'll be remembered in his grave.

(Lincoln the planner left behind
Standards compassionate and kind,
Plans that held through the troubled ways
As peace emerged from war's dark days.)

In April of eighteen sixty-five
From a madman's bullet Lincoln died
Leaving behind a mourning nation—
In every state the people cried.
Though hushed the voice and gone the face
(He'd gone to his eternal rest)
His spirit lingers ever near,
From north to south and east to west.

President Lincoln gave of his best
To our land from his White House seat,
And when he died on that tragic day
A loving people knelt at his feet.
Men whom he most had come to dread
Bowed in sorrow beside his bed.

God took him from us, it was His will
But in our hearts we love him still.
His memory is as dear today
As at the hour he passed away.
Millions of hearts were crushed and sore
When Lincoln died and could lead no more.●

SOLAR ENERGY CONVERSION SYSTEMS

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. PURSELL. Mr. Speaker, today I would like to continue my presentation of testimony which was presented by three University of Michigan professors on April 12 before the Public Works Appropriations Subcommittee.

Dr. John Clark, a professor of mechanical engineering and president of the Central Solar Energy Research Corp., spoke to the subcommittee regarding solar energy conversion systems. Following is his testimony:

TESTIMONY BY DR. JOHN CLARK

My name is John A. Clark. I am a Professor of Mechanical Engineering at the University of Michigan, Ann Arbor, and a former Chairman of that Department. I also serve as President of the Central Solar Energy Research Corporation (CSERC) located in Detroit. For the past five years I have been devoting all of my professional efforts in the field of solar energy both as a private consultant to several solar energy manufacturing firms and user groups, in research at the University of Michigan and teaching solar energy courses at that institution.

I appreciate the opportunity to appear before this Committee and to provide this testimony which I hope will be useful to

your purposes. The focus of my presentation today will be on solar energy conversion systems in general and solar heating and cooling applications in particular.

The resolution of the problem of energy for the United States certainly ranks among its most important current problems. Although this situation is often described as the "energy crisis" it is my judgment that the problem far transcends a situation that can be termed a "crisis". The word crisis implies a temporary situation, the effects of which in the near term will pass. The problems of energy for this nation are so fundamental and deep that it seems probable that our energy problems will persist for the next fifty to perhaps one hundred years. As things now stand, we are importing approximately half of the liquid petroleum consumed in this nation. Because of the clear threat to our social and economic well-being by this condition, it is urgent that all sectors of American society take immediate steps to the development of every possible alternate energy form that appears to have both immediate and long-term chances of being applied.

The first and obvious form of alternate energy sources is, of course, solar energy, the energy from the sun that falls continuously on this country in abundant quantities. Solar energy is at once clean, silent, abundant, widely available, dependable, and essentially inexhaustible. It is sometimes said to be "free". This however, is a fallacy since as any other resource the practical utilization of solar energy requires the investment of considerable capital. Accordingly, solar energy is probably the most expensive form of energy that we have today. It is to this point that I shall direct my principal comments in this testimony.

Although one can identify many barriers to the utilization of solar energy such as social, legal, legislative, political, financial, etc., the principal technological barriers today are those associated with efforts to produce reductions in the cost of solar energy conversion systems of all kinds. The solar energy demonstration programs in the field of solar heating and cooling, while valuable in the sense of bringing to the attention of the general public the possibilities of solar energy, has the undesired effect of freezing the technology, thus not contributing in a meaningful way to the necessary cost reductions in these systems through the development of new technology that is really essential to their widespread and rapid commercialization and application. It is my first recommendation to this Committee that you give serious consideration and every possible encouragement within the Department of Energy and elsewhere to the development of innovative design methods, innovative manufacturing techniques, innovative installation procedures and maintenance methods to all forms of solar energy conversion systems, in particular the solar collection, distribution and control systems for the heating of domestic and service hot water and the heating and cooling of space. These are the systems which will be installed first.

At the present time, there is considerable research being done into the physical behavior of these kinds of systems and components which result in feasibility-type studies. I believe these are important in developing an improved understanding of the technical and economic characteristics that may be expected from these systems. However, usually these studies do not direct their attention at the specific problems of design, manufacture, maintenance and installation, and accordingly are not of much value to the private sector that must manufacture, distribute, maintain and install these systems.

It is my view that, as a round number, the total installed costs of solar energy conversion systems for water and space heating have to be reduced by approximately a factor of two or three in order that these systems become competitive with those using conventional fuels. Because the basic cost of materials used to assemble these systems has probably reached values as low as they will ever become, it is necessary to look to other aspects of the problem for significant cost reduction. Accordingly, it is the areas of design, manufacture and installation that appear to provide the single greatest hope for significant cost reductions through innovation in design, and innovation in manufacturing methods thus obtaining as much high volume production and simplicity in installation as possible. Our nation is well known for cost reduction through mass production derived from new technology and I am confident that with the right mix of professional efforts such cost reduction can be achieved in the solar energy industries as it has in the automobile industry, the electronics industry and the consumer products industry. The state of Michigan, furthermore, has been a recognized leader in this field.

At the present time, the Central Solar Energy Research Corporation has submitted to the Department of Energy a proposal for a Solar Technology Institute to be located in Michigan, the goal of which is precisely that I have outlined above, namely, cost reduction through innovative design and innovative mass manufacturing. An important part of the STI proposal is the creation of a government-industry partnership through the establishment of an industrial consortium which will assure relevance to the STI program. This proposal was written as part of the planning for the Northcentral regional solar energy activities of the Department of Energy. It is my hope that this proposal, which is now undergoing evaluation and review within DOE, will receive an affirmative response from the Department of Energy. When established the Solar Technology Institute will be able to contribute in a significant way to the rapid utilization of solar energy in this country through cost reductions in the production and installation of solar energy conversion systems of all kinds.

Thank you very much for the opportunity to present these views to the Committee.●

IMPORTS KILLING OFF OUR LARGEST INDUSTRY

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. ADDABBO. Mr. Speaker, the New York Post on April 18 took a sharp look at why a major manufacturing industry has declined so dramatically in New York City. What the article tells us should be of importance to every Member of this House, because what has happened in my hometown can just as easily happen in your's. The article examines how the increase in imported textile products has decimated the textile industry within our own country. This has brought serious problems to what has long been New York City's largest industry. I ask unanimous consent that this article be included in the RECORD and that an accompanying article by Sol C. Chaikin, president of the International Ladies Garment Workers Union be included as well.

FREE TRADE AND THE DEATH OF 600,000 AMERICAN JOBS

(By Michael Sharkey)

The garment and textile industry employs 2.3 million workers in this country.

It is New York City's largest manufacturing employer.

A Burlington Industries study projects that imports will kill 600,000 American jobs between 1978 and 1985.

The impact of this job loss and the associated trade deficit will magnify the total to 1.6-million jobs.

New York City alone has lost 50,000 jobs in this industry since 1970.

Garment and textile imports accounted for one-third of our total trade deficit in 1976.

According to the ILGWU, 80 per cent of their largely minority work-force are women, one third of whom are the sole supporters of their families.

Between 1961 and 1976, imports of some women's garments rose to 125 per cent of American production and men's garments suffered a 30 per cent import infiltration.

During this period, 146,000 potential jobs were not realized in the apparel industry.

The recessionary period between 1972 and 1976 saw imports achieve a 13 per cent growth rate while the domestic garment and textile sector fell 12 per cent and unemployment rode at a steady 8 per cent.

An American garment worker makes as much as $3.76 per hour, gets fringe benefits and is paid time-and-a-half for overtime past 40 hours.

A worker in one of the Far Eastern or Latin American exporting countries gets few or no benefits and may work up to 60 hours a week at straight pay.

A "cloth" industry worker in Hong Kong makes 62 cents per hour, one in Taiwan 34 cents, and in South Korea 27 cents.

The same shirt that an American manufacturer puts on a store shelf at a cost of $7.68 would cost the South Korean exporter $4.50 to deliver, all costs included.

The import flow is regulated through bilateral agreements negotiated separately with each exporting nation.

They were initiated by the Kennedy Administration in 1961 and most of them expired at the end of 1977.

New agreements are currently being negotiated by the office of Special Ambassador for Trade, Robert Strauss.

Critics of the treaties cite several weaknesses:

They allow imports to grow at rates that are sometimes double that of domestic industry.

The import quotas are measured in units rather than total value, encouraging higher grade imports.

The agreements allow import levels to fluctuate from year to year, causing chaos in the American market.

While the government negotiators claim to be sensitive to the needs of the domestic textile and garment industries, they must also contend with foreign policy considerations and the possibility of exporting countries retaliating against what they consider American "protectionism."

The Carter Administration leans toward a "free trade" policy and believes in providing the consumer with some lower priced imports as a hedge against inflation.

Article 807 of the U.S. Tariff Schedules has come under fire for being part of the problem. It allows raw, cut unassembled garments to be shipped overseas, assembled at very low labor cost and sent back into this country at a minimal tariff charge.

In most cases 95 per cent of the work is done on the garment abroad, usually in Latin America.

IMPORTS KILLING OFF OUR LARGEST INDUSTRY

(By Sol C. Chaikin)

A flood of imports is washing away hundreds of thousands of jobs in the American economy, with devastating consequences for the entire nation.

The decline in the number of workers in the manufacture of apparel is not due to any loss of interest on the part of the American woman in being the best dressed in

the world. Apparel purchases in America grow every year.

The workers who have lost their jobs have been displaced by imports. If imports were zero today, there would be another 170,000 people employed in the manufacture of women's garments.

What is happening in the garment industry is happening in the entire textile and apparel trade—the nation's largest factory employer with more than two and a quarter million employes. Were it not for mounting imports, textile and apparel would now be providing jobs to another quarter million workers.

But just as crucial as the number of jobs lost is the kind of people who have lost jobs. They are those who could least afford it. They are the marginal populations who are heavily employed in light manufacture. The displaced persons are disproportionately black Hispanic, low-income whites. For millions of them, light manufacture has been the first rung on the economic ladder. When that rung goes, all hope goes with it.

For a city like New York that has traditionally depended on light manufacture as a prime base of its economy, the flood of imports has been catastrophic. Between 1969 and 1976, the total employment in manufacturing in New York has fallen from 825,836 to 522,878.

We are losing our market to imports not because of any deficiencies in our know-how. But our superiority is of little use because American manufacturers put our technology and skills to work in other lands where they make products for export to the U.S.

Not untypically, a shop in Bangkok will be making blouses exclusively for one American manufacturer who has supplied the style, some initial capital, the sizing and access to the American market. In this distant sweat shop, reminiscent of the garment industry before the turn of the century in the U.S., the young girls who work for a pittance (sometimes just a few bowls of rice a day) stitch the brand names of American outlets into their product. Sometimes, the label is that of an American manufacturer; sometimes it is that of an American chain store. In any case, it is an American company that employs incredibly exploited labor overseas to manufacture products for sale in the U.S.

As if such cheap labor were not sufficient incentive to export jobs to other lands, the U.S. Tariff Code has a special proviso (Item 807) that further encourages American manufacturers to get their work done elsewhere. Under this law, U.S. companies that have American component parts assembled in other lands may import the finished product with the tariff limited to the value added, which in the case of low-wage countries, is very low. Hence, American apparel firms send their work to other lands to be stitched at 30 and 40 cents an hour, and then bring back the end product for sale in this country. So lucrative is this shuttle trade for American producers that Item 807 imports of garments have grown from $1,730,377 in 1965 to $292,475,804 in 1976.

Although the labor that goes into imports is very cheap, the American consumer rarely gets a bargain.

Several months ago, I submitted dramatic visible proof that savings in wage costs for products made overseas were not passed on to the consumer. I showed four identical blouses to a Senate Committee—blouses that we had bought in the same store—each carrying the same brand name and selling for the same price. One was made in the U.S. and the other three in other countries where labor was but a fraction of that paid here.

The beneficiaries of low wages were the manufacturer and/or the retailer who could make a larger profit on the cheap import.

One-million jobless costs the Federal treasury $16 billion a year in lost income and in money paid out for unemployment insurance, welfare, food stamps, etc. The cost to state treasuries is another $4 billion.

The import infection is spreading from light industry to heavy industry. We are hit not only by import of commodities but by export of capital and technology as giant multinational corporations close down plants here to open them in other lands to take advantage of cheaper labor, tax laws, and protected markets overseas.

The evidence of the infectious spread is written in our recent trade balances. In 1977, we ended the year with a deficit of $30 billion—by far the greatest annual loss in our history.

Theoretically, this last deficit should not have happened. Our bad balances have been devaluating the worth of the dollar on the world exchange. This cheapening of the buck should have boosted our exports since people with foreign currencies could buy things cheaply if they were priced in dollars. And, vice versa, our imports should have fallen since it takes more dollars to buy things priced in marks, yen, or francs. But just the opposite happened.

Why? Because every major (and many minor) country shut out our wares with both tariff and non-tariff barriers—the last being a thousand bits of red tape to bar the entry of American goods. We, on the other hand, continue to leave our doors wide open—a free trade island in a protectionist ocean, with our economy eroding under the pounding waves of imports.

"Free trade" is a mischievous myth used by American manufacturers, retailers and importers to promote their profits. The American people pay the price in chronic unemployment that will not be cured by the traditional medicines.

What America needs today is a fair trade policy that is both generous and realistic. Such a policy would not close our doors to imports but would regulate the flow in accordance with our capacity to absorb. Thus, if the American garment market grows by 3 per cent a year, imports should be allowed to grow at the same rate. In that way, both domestic production and imports can grow as the U.S. market grows.●

HOW BUCK LOST ITS BANG

HON. BOB CARR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. CARR. Mr. Speaker, recently the media has been filled with reports of the decline of the dollar abroad. These reports have spread the concern to many of our citizens. My mail shows this concern. It also shows that there is considerable confusion and misunderstanding about the issues involved. Some of the mail has equated the decline of the dollar with a decline of America's prestige abroad.

Such confusion is understandable. The international monetary issues are complex and generally not of the common experience of many of our people.

Recently in the March 5, 1978, issue of the Detroit News, Michigan State University Prof. Mordechai Kreinin lucidly explained what the declining dollar was all about. His explanation clearly points out that the dollar decline is cause for some concern but not for panic. He puts the problem in perspective in a way that is readable and understandable. I commend it to my colleagues and their constituents.

[From the Detroit News, Mar. 5, 1978]

HOW BUCK LOST ITS BANG

(By Mordechai E. Kreinin)

On March 1, 1978, the financial press was startled by the decline of the value of the dollar to a record low of less than two German marks. Concern over future foreign-exchange developments, and their effect on the economy, became widespread.

THE FACTS

Depreciation in the value of the dollar relative to certain currencies is not new. The U.S. currency has been taking a beating on the European currency markets for quite some time. Over the past 12 months, it lost 15–25 percent of its value relative to three currencies: The Japanese yen, the German mark and the Swiss franc.

But the decline of the dollar was not universal. It gained 12 percent against the Canadian dollar (our major trading partner), as Canadians transferred funds south of the border for fear of secession by Quebec. And it remained almost unchanged relative to the French franc, a currency subject to financial jitters, triggered by fears of a socialist political victory at the polls. The British pound declined relative to the dollar in mid-decade all the way from $2.40 to $1.55. But in the last few months it climbed back to $1.95, as the flow of North Sea oil made the U.K. independent of imported petroleum and freed its balance of payments of that burden. Currencies of smaller countries moved in various directions relative to the dollar.

In sum, the source of public concern is the depreciation of the dollar relative to three currencies: The yen, mark and Swiss franc. The first two represent large and important countries.

CAUSES

Under the present international currency system, exchange rates are determined by market forces of supply and demand. Any sizable addition of dollars to the foreign exchange markets depresses their value. Because $250 billion already there held in deposits in foreign banks (Euro-dollars, a legacy of previous years), even rumors of an impending addition to dollar supply (or decline in demand for dollars) can trigger a large-scale sale of dollars, with an attendant decline in dollar value.

Such additions to dollar supply came about through deficits in the U.S. balance of payments. When we buy more from foreigners than they buy from us, we pay out more than we receive, and that excess expenditure is added to dollar supply on foreign currency markets.

In 1977, the U.S. recorded an unprecedented trade deficit of $27 billion, and the consensus forecast is for a similar deficit in 1978. These increases in supply depress the dollar. In addition, holders of vast sums of dollars in Europe—fearing a decline in their exchange value—wish to unload their holdings, further contributing to the decline in the dallar value. In doing so, they exchange dollars for "strong" currencies. These are currencies of countries running sizable trade surpluses, to wit: Germany and Japan; hence, the rise in value of the mark and the yen.

But what accounts for the U.S. deficits? Our $45 billion of oil imports come first to mind. Unlike European countries, the U.S. failed to adopt an energy-conservation and output-expansion program. Even the "Carter nudge" to the market is being held up in Congress. And the prolonged coal strike certainly intensified doubts about the U.S. ability to cope with the energy problem.

But this is only a partial explanation. It certainly begs the question: If oil is the root cause of the problem, why is Japan—100 percent dependent on imported oil—running

huge trade surpluses? A similar question can be asked with respect to Germany. Clearly part of the answer must be sought elsewhere.

This takes us back to the 1974–75 recession—the deepest and most prolonged of the postwar recessions. The Paris-based organization of the industrial countries—the Organization of Economic Cooperation and Development—adopted a "game plan" which called for the "three locomotive countries" (the U.S., Germany and Japan) to grow at a 5–7 percent annual rate, and pull everybody up with them. These three giant economies are relatively free of external constraints and can adopt strong meausres to stimulate their economies. As their real gross national product grows, they import more from other countries, which are in turn pulled up through expansion in exports.

While the U.S. followed the growth prescription, Germany and Japan did not. The main reason is their intense concern over domestic inflation which is likely to accompany a faster growth rate in real GNP. The U.S., for reasons of its own, preferred faster growth and a reduction in unemployment, even at a cost of higher inflation.

As a result of the differential policy approach, the U.S. has a growth rate in real GNP of nearly 6 percent and an equal rate of inflation. Both rates were less than 3 percent in Germany and Japan.

It is commonplace in economics that the higher the country's income and real rate of growth, the higher its imports. Likewise, the higher its rates of inflation, the less competitive are its products at home and abroad; consequently, high inflation reduces exports and increases imports.

On both the real income and price counts, the U.S. trade balance deteriorated, and that of Germany and Japan moved into large surpluses. Apart from these disturbances, the failure of the Japanese and German economies to grow thwarted the original Organization of Economic Cooperation and Development plan. The European economies are still at a low ebb. So much so, that the organization last week adopted an alternative game plan to "spread the burden." It calls for faster growth in seven major countries, instead of just the "three locomotives."

The differential growth and inflation rates, the energy situation, and the absence of unusually high demand for U.S. farm products, go a long way toward explaining the decline in the value of the dollar. Market intervention by central banks to arrest the decline, and special taxes levied upon foreign depositers by Germany and Switzerland to discourage capital inflow, only touch the symptoms of the problems, and not its root cause.

EFFECTS

To the average American, the decline in the exchange value of the dollar is of little consequence. If a tourist must go to Germany or Switzerland, their dollar expenditures will rise, as each dollar is converted to fewer francs and marks to defray local expenses. But a tourist usually has an option to switch his destination to Canada or Italy, where the U.S. dollar goes further.

Similarly, if he must purchase a German or Japanese product, these imports would cost more. But for most consumers, this holds out the attractive possibility of switching to American-made substitute products. Indeed, the fact that U.S.-made merchandise, such as autos, are made more competitive is a major benefit flowing from the depreciating dollar.

For the general economy, the depreciation of the dollar raises the price of imports, and thereby contributes to domestic inflation. But if we succeed in holding the price line on most American-made products, the imports, contribution to inflation would be small. After all, imports of goods and services occupy less than 9 percent of gross national product.

Down the road, there is the added possibility that truly international commodities, such as oil, will no longer be priced in terms of dollars. As members of the Organization of Petroleum Exporting Countries sustain losses caused by dollar depreciation, they may opt to switch their pricing unit to an alternative asset such as Special Drawing Rights of the International Monetary Fund. Special Drawing Rights are valued as a weighted average of 16 important currencies. Airlines and shipping companies may do likewise. As a consequence, the dollar would lose some of its value as an international currency, and the cost of our imports may rise even more.

But against these costs, there is the benefit that these goods become more competitive at home and abroad. This is the best way to reduce the share of imports in the U.S. automobile, steel and electronics markets, and expand the share of U.S. exports in the world's chemical, machinery and aircraft markets. But all this requires American manufacturers to hold the line on domestic prices. Certainly the prices of U.S. subcompact cars should not be increased in line with that of the foreign competition.

It is for this reason that Europeans are concerned about the declining dollar, and urge the U.S. government to intervene in the currency markets and arrest the decline. But as long as our trading partners refuse to stimulate their lagging domestic economies, dollar depreciation is the only way to restore balance to our international transactions. This is the way the international system is supposed to work.

Recent developments are not a cause for alarm, much less panic. They do not call for massive U.S. intervention in the foreign exchange markets. They do call for increased vigilance on the domestic inflation and energy fronts. But all steps to control inflation and measures to deal with the energy crisis, involve many trade-offs. The costs and benefits of each measure must be weighed carefully.●

EXPLANATION OF VOTES MISSED ON APRIL 20, 1978

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. EDGAR. Mr. Speaker, on Thursday, April 20, 1978, I had business that required my absence from Washington. Therefore, I was unable to vote during the session on Thursday when the House continued consideration of H.R. 8494, the Public Disclosure of Lobbying Act.

On Thursday I traveled to St. Louis, Mo., to address a meeting of the National Association of Van Pool Operators. My speech was on vanpooling and related transportation issues. Thursday evening, back in Pennsylvania, I spoke to the Delaware County Medical Society about medical costs and insurance as well as other legislative topics.

Had I been in Washington, I would have voted as follows on those votes missed:

Roll No. 239—For the House to resolve itself into the Committee of the Whole. Yes.

Roll No. 240—To table a motion to reconsider the previous vote (Roll No. 239). Yes.

Roll No. 241—Amendment to include departments or agencies of the executive branch of the Federal Government and the White House Office as organizations that could be covered by this bill. No.

Roll No. 242—Amendment to require registered lobbying organizations to report the name and address of organizations contributing $3,000 or more during the calendar year and the amount given. Yes.

Roll No. 243—Motion that all debate on the committee amendment in the nature of a substitute and all amendments thereto end at 5 p.m. No.●

ALDO MORO KIDNAPING DEPLORED BY NEW YORK STATE ASSEMBLY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. BIAGGI. Mr. Speaker, I wish to bring to the attention of my colleagues a resolution passed recently by the New York State Assembly expressing shock over the brazen kidnaping of former Italian Premier Aldo Moro and the killing of his five bodyguards.

The sentiments expressed in this resolution are shared by millions around the world. This act of terrorism has thrown Italy into a state of turmoil. Aldo Moro is certainly one of the most respected public figures in Italy and his fate remains a matter of profound concern to the people of Italy.

World terrorism has reached alarming levels in many areas of the world. The Fascist based Red Brigade have engaged in a ruthless campaign of terror and political murders for much of the past 2 years. The Government of Italy is courageously resisting capitulating to their clearly unreasonable demands while at the same time trying to do everything possible to keep Moro alive. The world community must unite in opposition to terrorism before its impact is felt anywhere else.

I now insert the text of Assembly Resolution No. 217 and commend each of its sponsors.

STATE OF NEW YORK LEGISLATIVE RESOLUTION

Whereas, This Legislative Body is shocked and horrified by the abduction of former Prime Minister Aldo Moro of Italy and the wanton slaying of five of his bodyguards by the terrorists known as the Red Brigades, an urban guerilla group; and

Whereas, This kind of moral malaise internationally is, indeed, a contagion that affects the whole fabric of our world society and breeds a sense of mental and moral ill-being that ought to be eradicated at all costs whatsoever, otherwise we will witness the decline and fall of our Twentieth Century world; and

Whereas, It is the sense of this Legislative Body that it should express its sense of outrage and serve notice on all democratic legislative and parliamentary bodies of the free nations of the world at all levels of government, ranging from local to national, that there should be a concerted effort to eliminate terrorism and its attendant despair, instilling a new sense of survival, by enacting meaningful laws to discourage this dreadful violence; now, therefore, be it

Resolved, That this Legislative Body pauses in its deliberations and deplores and denounces the kidnapping of former Prime Minister Aldo Moro of Italy and the wanton slaying of five of his bodyguards by the terrorists known as the Red Brigades, an urban guerilla group; and be it further

Resolved, That copies of this resolution, suitably engrossed, be transmitted to the President of the United States, to the Italian

Ambassador to the United States, to the Secretary General of the United Nations, to the Speaker of the House of Representatives of the United States, to the President Pro Tempore of the Senate of the United States and to each member of the Congress of the United States from the State of New York.●

SOYBEANS

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. FINDLEY. Mr. Speaker, I wish to call attention of the Congress to an article entitled "The Joy of Soy," telling of the many nutritious uses of soybeans. The United States is the world's largest producer of the versatile soybean and we are now striving to increase exports to share nature's bounty with the peoples of the world.

I include the following article from a recent issue of Vegetarian Times:

SOYBEANS

(By Frances Sheridan Goulart)

If you live by soybean alone (as many of the world's peoples do, and have done for thousands of years)—you can have it your way. Soybeans can be the cream in your coffee, the dog in your bun, the chow in your cat, and then some. It is, by far our most versatile food and indeed, has proven to be one of our most nutritious as well.

The U.S. is the world's largest producer of soybeans. We plant some 60 million acres and harvest more than 1.5 million bushels per year. Oddly, despite such statistics we are also the biggest bean know-nots using less than 15 percent of the soybeans we produce for human consumption and virtually hiding most of that in a host of other processed foods.

The primary use of soybeans (known as the "Cow of China" and "Meat without Bones" in the Orient) is for animal feed in the U.S. Over 85 percent of the non-exported soybeans grown in the U.S. (and the U.S. grows 75 percent of the world's soybeans) are fed to animals. In contrast, China—with more than three times as many mouths to feed and the world's second largest producer of soybeans. feeds virtually none of its beans to animals.

It's sad that the un-bean enlightened "average" consumer is so used to paying high prices for a "complete protein" from meat that is loaded with saturated fat, chemicals, uric acid, artificial hormones and worse. The soybean, by contrast is polite and relatively pure pulse protein with a superlative blend of amino acids that gets even better when its protein is complemented with wheat, oats or corn.

Meat is just meat, but a soybean—ah! The versatile bean can "become" scrambled eggs, a soyburger, a soyball, frozen yogurt or just about anything else you'd care to boil, whip, stir, bake or mix it into.

No matter what you have in mind for your mouth, the soya is a pulse (edible pod-bearing seed) that you should and can take often. It provides 40 percent protein (twice as much as other beans) and 50 percent protein in its flour form. (Just adding one tablespoon of soyflour to 4 tablespoons corn flour will increase the protein content 150 percent.)

Although a great deal has been made of soy protein content, it is low in starch (2 percent) richer in potassium than any other food with the exception of brewer's yeast. In addition, it is rich in easily digestible oils.

A great food, highly versatile and inexpensive. So how can you put it to use? In many ways. You can buy it roasted or roast them yourself and save yourself from getting roasted at the checkout counter; you can make it into tempeh (see accompanying article); make it into or buy it as tofu; use it as a sauce, a milk or add it's flour to your baked dishes. Indeed, there are almost as many ways to use it as there are ways to eat and cook.●

STATEMENT OF SAM M. GIBBONS ON MULTIEMPLOYER PENSION PLAN TERMINATION BILL

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. GIBBONS. Mr. Speaker, today, I am introducing a bill intended to strengthen the security of the private sector pension benefits for millions of active employees and present retirees covered by multiemployer pension plans. The first section of my bill accomplishes this through an amendment to the Internal Revenue Code which provides a substantial disincentive to the termination of a multiemployer plan maintained in an economically sound industry.

The second section of the bill is essentially unrelated to the first. It "decouples" the maximum termination insurance benefit guaranteed by the Pension Benefit Guaranty Corporation (PBGC) from the social security wage base and freezes the maximum at its current level. This will assist in safeguarding the financial integrity and viability of PBGC's single employer and multiemployer termination insurance programs which were initiated by the Congress 3½ years ago under the Employee Retirement Income Security Act of 1974 (ERISA).

Under the terms of the first section of my bill on multiemployer terminations, plan sponsors who terminate a "related" multiemployer plan may not set up one or more new tax qualified plans and trusts covering essentially the same employees or former employees or retain the qualified status of an existing related collectively bargained plan. However, it applies only where the terminated multiemployer plan is determined by the IRS not to have operated in a depressed or declining industry.

In making this determination, the IRS would be required to take into account whether or not: First, a substantial number of the employers required to contribute to the multiemployer plans were operating at an economic loss; second, there was substantial unemployment or underemployment in the industry concerned; third, the sales and profits of the industry concerned were depressed or declining; fourth, and the duration and expected duration of each of the above; fifth, the ratio of active to retired participants in the multiemployer plan; and sixth, other relevant factors. These factors are to be considered on a long-term basis, that is, economic conditions and trends in the industry for at least 10 years before the date of the multiemployer plan termination.

There is also a time limit on the application of the provision to affected plan sponsors. Specifically, a new qualified plan(s) could be installed by such sponsors after the expiration of a 5-year period from the date of the termination of the "related" multiemployer plan. The 5-year period seems to provide an adequate deterrent to a nondepressed industry termination.

The rationale for this first section is simple: management and particularly union sponsors of multiemployer plans will be less likely to consent to the termination of their multiemployer plan if they know that a new tax-favored plan or plans (for example, one favoring active employees) could not be set up in its place. Likewise, an existing plan or trust and any plan or trust spun off from these would not retain its tax-qualified status under the Internal Revenue Code if a "related" multiemployer plan or trust were terminated.

Some employers might find it advantageous to terminate a poorly funded multiemployer plan whose benefits have been significantly raised in recent years. Present termination insurance phase-in rules limit the recognition of benefit increases within a 5-year period prior to termination. By reason of my bill, however, union negotiators could no longer be promised that the present employees would be covered by a new plan—or continue their coverage under another existing qualified plan—after the termination of an existing plan. Thus, union negotiators, union-appointed plan trustees and, of course, the rank and file may find it more necessary to resist the termination of an existing multiemployer plan and endeavor instead to improve the financial stability of the existing plan.

Moreover, if the existing plan is preserved, both promised plan benefits—the PBGC will often guarantee less than the full range of promised plan benefits—and the ability of the PBGC to effectively insure multiemployer plan benefits in genuinely troubled industries will be enhanced. Further, the interests of all other multiemployer plans—whose premium dollars support, in the first instance, the multiemployer termination insurance program—and of taxpayers generally—who may in the future be called upon to support multiemployer plan benefits through general revenue financing—will be protected.

I recognize that few unions and employers—the very people who deserve credit for having voluntarily installed and sustained these multiemployer plans through many years—would discontinue these plans absent great business hardships. The great majority of plan sponsors are concerned with the welfare of rank-and-file employees, and do not need added incentives to continue maintaining their multiemployer plans.

Nevertheless, the bill I am offering today is both necessary and appropriate for four basic reasons:

First, the overall likelihood of multiemployer plan terminations now appears considerably greater than it did 4 years ago when title IV of ERISA was being finalized. In fact, the danger of substantial terminations was then argued to be remote. But many factors are now

undermining the stability of many plans: pre-ERISA funding practices tolerated severe underfunding and inadequate catch-up requirements under present funding standards; existing statutory incentives to individual employer withdrawals from multiemployer plans undermine plan stability; the certainty of rising multiemployer premiums. The PBGC has recently reported that some 12 percent of the Nation's existing multiemployer plans—with unfunded liabilities totaling approximately $4 billion—are in severe trouble. In short, the risk of substantial multiemployer plan terminations in the next 5 years is clearly anything but remote.

Second, some employers required to contribute to plans which have large unfunded liabilities may not be adequately deterred by the PBGC's potential claim under existing law against 30 percent of their assets, and may find plan termination to be in their financial interest after PBGC coverage becomes mandatory in July 1979. The result would be the transfer of the consequences of past irresponsibility to the PBGC. In order to overcome union resistance to such a move, management might well promise that a new plan covering or favoring active employees would be put in place. Clearly, however, the Pension Benefit Guaranty Corporation was not intended to be—and is not capable of being—a multiemployer plan refinancing corporation.

Third, the Congress clearly aimed the termination insurance program at extreme business hardship situations. Thus, early financial danger signs, known as "reportable events," are statutorily required to be reported to the PBGC. To repeat, the PBGC was not intended as a mechanism for public refinancing of plans operating in viable industries, and its existence was not meant to determine, or even influence, a termination decision.

Finally, it must be acknowledged that even a handful of multiemployer plan terminations, carrying with them a large enough unfunded liability, can virtually render PBGC's present self-financing multiemployer program unworkable—or drive its premiums so high that additional terminations would be precipitated—or necessitate turning to general revenues, a taxpayer bailout. If, therefore, my bill contributes to the deterrence of even a single avoidable multiemployer plan termination, it will have achieved its aim—especially if the single termination could have broken the camel's back.

As to the second provision, decoupling PBGC's guaranteed benefits from the social security wage base is clearly appropriate in light of the recent changes made to social security to finance the trust fund. As such, these deductions reflect no congressional judgment as to the appropriateness of these levels for any other purpose. If this decoupling is not effected, we will only escalate the financing problems of another fund—PBGC's. Finally, the maximum benefit level is now set at well over $900; this level is clearly adequate for several years into the future. PBGC would be required to notify Congress of the need for increases in the future.●

AFFIRMATIVE ACTION VERSUS NEGATIVE ACTION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. CONYERS. Mr. Speaker, Jim Fitzgerald of the Detroit Free Press is a veteran journalist and commentator who has a keen sense of the double standards that operate in contemporary life.

Affirmative action in the Detroit Police Department has not been working. A recent court decision knocked down affirmative action guidelines in the promotion of Detroit police officers. In a March 6 column in the Free Press entitled "Sins of Our Fathers Must Be Atoned Now," Fitzgerald defends affirmative action as the only workable remedy to the long years of negative action, in which black Americans were denied equal opportunity.

I commend to my colleagues Jim Fitzgerald's commentary on affirmative action and equal opportunity, as follows:

SINS OF OUR FATHERS MUST BE ATONED NOW

Seriously, there are two or three things that really make me angry . . .

. . . My Cousin Al was delighted by Judge Fred Kaess' decision against the use of affirmative action in promoting Detroit policemen. Cousin Al is typical of the righteous hypocrites who insist it is as wrong to discriminate against white people today as it was to discriminate against black people yesterday.

But where was Cousin Al yesterday? He is 65 years old. Today he yelps about constitutional rights when a black man is allowed to slip into line ahead of a white man. A few years ago he had no complaints when blacks were not allowed in line at all because it led to a sign saying "Whites Only." In fact, Al thought it was damn pushy of the blacks to suggest they had any right to stand in the same line with white folks.

If only the obvious bigots like Cousin Al were using the Constitution to fight affirmative action, I wouldn't be so dismayed by the hypocrisy. But many supposedly enlightened people, including judges and newspaper editorialists, are taking the same position.

Where was all that grave concern for equal opportunity when the black people needed it?

The opposite of affirmative action is negative action. Blacks were victims of negative action for hundreds of years. They are still victims. As Mayor Young said, if Judge Kaess doesn't think there is discrimination against blacks in the Detroit Police Department, the judge must live on another planet.

It is true, as Cousin Al keeps preaching, that two wrongs don't make a right. But in a society trying to atone for past sins, it is not wrong to give blacks a head start for the first few years they compete in a race that previously they were only allowed to watch—from segregated seating. It is not wrong. It is the fair and decent thing to do.

It's too bad some innocent whites must personally pay the price of atonement, but it's a debt someone must pay. Who could deny that those doing the atoning are suffering far, far less than those who were sinned against?

My sympathy is with the white cop who must let a black cop cut into line ahead of him. I would only ask him to try to understand.

But there is no sympathy here for Cousin Al and the other righteous hypocrites who have suddenly discovered it is unconstitutional to ride in the back of the bus. I would only ask them to get out and walk.

. . . In Cincinnati last month, a judge refused to allow a woman prisoner to be with her three-year-old son while he died in a nearby hospital. The woman's crime was selling marijuana.

At the same time, former U.S. Attorney General John Mitchell was on vacation from prison so he could be treated by the doctor of this choice. You remember what his crime was.

Equal justice. It is a laugh, if you can stop crying long enough.●

CUTBACKS ON VETERANS' ADMINISTRATION FUNDS HARM TRAINING PROGRAM

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. EDGAR. Mr. Speaker, Members of Congress are hearing from constituents in ever-increasing numbers about cuts the administration has proposed in the Veterans' Administration medical system. The dollar figures, the number of beds to be taken out of service, the staff cuts—these figures are familiar to us, and I will not repeat them here.

What I do want to emphasize is the irrevocable nature of what is happening to our largest governmental medical system. Closing hospitals beds is one thing; they can be put back into service. But closing out research programs and training facilities is something else. With this deterioration, it will be the beginning of the end. Once placed in motion, there can be no turning back.

In the delivery of health care, research and training programs are essential for the provision of quality medical services. There is no question about that according to all knowledgeable individuals. What is happening now, Mr. Speaker, is that as the result of the administration's threatened cutbacks, medical schools are reevaluating their affiliation agreements with VA hospitals. VA hospitals have grown into excellence as a result of these affiliations; and if they are dissolved, the decline in the quality of patient care will follow as the night follows day.

The dimensions and details of this trend are outlined in an article in the April 15, 1978, issue of the publication, U.S. Medicine. The U.S. Medicine article reads as follows:

CUTBACKS THREATEN VA TIES WITH MED SCHOOLS

WASHINGTON.—Affiliations between Veterans Administration hospitals and medical schools may be terminated if the hospitals lose their research funding, the National Association of VA Physicians (NAVAP) has warned.

A survey taken by the organization—one of a series it is conducting to try to stem planned research budget cuts—shows affected medical schools do not want to remain associated with institutions whose care threatens to become "second-quality," NAVAP said.

As part of a budget cut more than $6 million for medical research programs, VA has made plans to end research programs at 55 hospitals in fiscal 1979. In addition, nine other hospitals already have been notified that their research funding will stop.

There is a chance the situation could be reversed, however. If Congress follows the

recommendations of its House and Senate Veterans Affairs Committees, medical research funding would increase by $18 million instead of declining.

The issue now is before the appropriations committees in both houses.

NAVAP, through its surveys, hopes to provide evidence of the "disastrous" effects it says such budget cuts will produce.

In its most recent survey the organization contacted staffs at hospitals and medical schools on the list of those whose research funding might be terminated.

Here are the comments from four affiliated hospitals and medical schools on the list:

Northport, N.Y., Veterans Administration hospital and the School of Medicine and Health Sciences Center, State University of New York at Stonybrook; affiliated since 1971:

The chief of nuclear medicine at the hospital would leave; two staff psychiatrists would be lost; acquisition of a nephrologist would not be possible.

Dr. Marvin Kuschner, dean of the medical school, says discontinuing the hospital's research program "would encourage the concept of two levels of faculty, with those stationed at the university hospital being first-class and those at the VA being second-class."

"This is unacceptable to us, and we feel it threatens the viability of our association with the VA hospital," he said. "Should the research program be eliminated, it is my intention to instruct our clinical chairmen to plan an orderly withdrawal from the VA hospital over the next two years."

Newington, Conn., Veterans Administration hospital and the University of Connecticut Medical School, affiliated since 1968:

A statement prepared by physicians at the hospital states:

"The continuation of house staff and faculty input depends entirely on the availability of research support for faculty based at the VA hospital. Therefore, elimination of the support means that the affiliation with the medical school would end and nearly all of the fulltime staff physicians and all of the house staff physicians would leave.

"Newington physicians have calculated that a return to VA rather than university recruitment would lower the cost-effectiveness of patient care and make care at the VA hospital so costly that there would be little justification for maintaining the hospital.

"Newington stands to lose all or most of 12 board-certified internists in the department of medicine. Research programs currently underway at Newington are aimed at finding new approaches in the treatment of infections, cancer, diabetes, heart disease and other problems particularly relevant to veterans. These programs would cease."

Syracuse, N.Y., VA hospital and Upstate Medical Center of the State University of New York:

Dr. William J. Williams, chairman of the department of medicine, states: "The most important dimension of the VA affiliation, in my view, has been the excellence of the faculty recruited for the VA hospital. As a group, they are in every way equivalent to the faculty of any university hospital I know."

"One of the major reasons we have been able to recruit and retain this excellent staff has been the research support available through the Veterans Administration program."

Dr. Norman B. Ackerman, professor and chairman of the department of surgery, says: "I myself will suggest strongly to the new incoming chairman of our department to reevaluate our commitment to the VA in general surgery and to suggest that we consider increasing our program at the private hospitals where the receptiveness to our efforts might be more appreciated."

Dr. Gilbert S. Ross, professor and chairman of the department of neurology, states: "The Upstate Medical Center affiliation with the VA in regards to neurology would terminate within two years and qualified neurological physicians would be extremely difficult to obtain for the VA neurology service."

Dr. S. A. Blumenthal, associate chief of staff for ambulatory services, says: "If the research program at the VA hospital were to be dismantled, I would have absolutely no reason to stay on at the VA hospital and would immediately look for a position elsewhere."

"I doubt, however, that I would accept a position in another VA hospital, even if that position included research opportunities, because my presumption would have to be that all VA research programs were in jeopardy."

Dr. G. F. Reed, dean of the medical center, states: "If the research cuts were to come about, I can assure you that our institution would not be interested in any significant involvement with an institution of poor quality, and I am afraid that our present affiliation, presently so beneficial to both the Veterans Administration and the medical center, would quickly deteriorate to one of no significant importance."

Tampa, Fla., Veterans Administration hospital and the University of South Florida Medical School:

Dr. R. G. Mason, professor and chairman of pathology, states: "Certain diagnostic tests now carried out in research laboratories would no longer be performed for VA patients. The downgrading of the general level of expertise of faculty members is a serious potential problem."

Dr. H. N. Schnitzlein, professor and chairman of the department of anatomy, says: "The transplant program of the department of surgery has benefited from the availability of basic science personnel in the research facility. Loss of this ancillary program would be disastrous for the kidney transplant program."

Dr. J. A. Del Regato, professor of radiology, states: "No education is truly significant unless it is carried out in the light of research.

"A research program is not a luxury, but an indispensable companion of all worthy medical education; it is also the only assurance that medical service is properly invigorated." ●

MASSACHUSETTS SUPPORTS HUMAN RIGHTS FOR NORTHERN IRELAND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. BIAGGI. Mr. Speaker, on St. Patrick's Day, Gov. Michael S. Dukakis of the State of Massachusetts signed an official proclamation declaring March 17, 1978, as Human Rights Day for Northern Ireland. As chairman of the 104-member Ad Hoc Congressional Committee for Irish Affairs I express the committee's warmest congratulations to the Governor.

This is but another in a growing national expression of concern for the ongoing human rights violations which occur in Ireland. I maintain that these violations and deprivations serve as fundamental obstacles to peace and must be ceased.

It is my firm hope that continued activities by States, cities, and counties will provide the impetus for long overdue hearings to be conducted on the entire Irish question by the House International Relations Committee. This is a multifaceted problem which must be viewed as a critical issue in our foreign policy. Hearings can play an enormously constructive role in getting the main issues discussed, focusing attention and concern on human rights violations and may also lead to a diminution of violence, which we all deplore. The President has stated his interest in possibly providing U.S. foreign economic assistance to Ireland but he wisely tied it to peace being reached. It is to advance the cause of peace that the Ad Hoc Congressional Committee for Irish Affairs was formed.

We intend to continue our advocacy of this cause and urge more Members to join. The present membership follows:

MEMBERS, AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS*

Mario Biaggi, Democrat of New York, Chairman.
Peter W. Rodino, Democrat of New Jersey.
James J. Delaney, Democrat of New York.
John M. Murphy, Democrat of New York.
Benjamin S. Rosenthal, Democrat of New York.
Joshua Eilberg, Democrat of Pennsylvania.
James M. Hanley, Democrat of New York.
Robert A. Roe, Democrat of New Jersey.
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Joseph P. Addabbo, Democrat of New York.
William R. Cotter, Democrat of Connecticut.
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John J. Fary, Democrat of Illinois.
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Berkley Bedell, Democrat of Iowa.
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James J. Howard, Democrat of New Jersey.
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Matthew F. McHugh, Democrat of New York.
John Conyers, Jr., Democrat of Michigan.
Michael O. Myers, Democrat of Pennsylvania.

*As of March 22, 1978

John Brademas, Democrat of Indiana.
Robert Garcia, Democrat of New York.
Walter E. Fauntroy, Democrat of District of Columbia.
Augustus F. Hawkins, Democrat of California.
Ralph H. Metcalfe, Democrat of Illinois.
Bill Green, Republican of New York.
Michael Harrington, Democrat of Masachusetts.
Austin J. Murphy, Democrat of Pennsylvania.
Phillip Burton, Democrat of California.
J. Herbert Burke, Republican of Florida.
Christopher J. Dodd, Democrat of Connecticut.
Edward W. Pattison, Democrat of New York.
Thomas J. Downey, Democrat of New York.
Mary Rose Oakar, Democrat of Ohio.
Doug Walgren, Democrat of Pennsylvania.
Edward P. Boland, Democrat of Massachusetts.
Henry J. Hyde, Republican of Illinois.
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Benjamin A. Gilman, Republican of New York.
James M. Collins, Republican of Texas.
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Ted Weiss, Democrat of New York.
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Gus Yatron, Democrat of Pennsylvania.
Newton I. Steers, Jr., Republican of Maryland.
Thomas A. Luken, Democrat of Ohio.
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Paul Findley, Republican of Illinois.
David E. Bonior, Democrat of Michigan.
Harold S. Sawyer, Republican of Michigan.
Frederick W. Richmond, Democrat of New York.
Charles C. Diggs, Jr., Democrat of Michigan.
Louis Stokes, Democrat of Ohio.
Parren J. Mitchell, Democrat of Maryland.

At this point I am proud to submit the Massachusetts proclamation on Human Rights Day in Northern Ireland. I also pay special tribute to the leadership of the Irish National Caucus for their efforts on behalf of this proclamation.

A PROCLAMATION, 1978

(By His Excellency Michael S. Dukakis)

Whereas it is the proud tradition of the U.S. to promote international respect for the human rights of all people; and

Whereas each St. Patrick's Day the American people, and especially the citizens of Massachusetts, join with their fellow Americans of Irish ancestry in celebrating Ireland's National Day; and

Whereas the State of Massachusetts owes a special debt of gratitude to the Irish for their magnificent contributions; and

Whereas the on-going violations of human rights in Northern Ireland casts a shadow on our celebration of St. Patrick's Day this year; and

Whereas it would be the hope of the citizens of Massachusetts that the conflicts troubling the people in Northern Ireland could be resolved in an expeditious and peaceful manner;

Therefore, I, Michael S. Dukakis, Governor of the Commonwealth of Massachusetts, do hereby proclaim March 17, 1978, as "Human Rights Day for Northern Ireland" and urge the citizens of the Commonwealth to take cognizance of this event and to participate fittingly in its observance.●

COMMEMORATION OF ARMENIAN MARTYR'S DAY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. DERWINSKI. Mr. Speaker, in commemorating the suffering of millions of Armenians 63 years ago, we note what is properly regarded as the first deliberate genocide in the 20th century the ruthless massacre of the Armenian people by the Ottoman Empire. Since that time, of course, the world has witnessed other incidents of man's savage cruelty to fellow human beings. However, this historic event not only threatened the Armenian people with extinction which was the goal of the tyrants of the Ottoman government, but also set an unfortunate precedent, that of world inaction.

The anniversay of this tragic event must not be allowed to pass without a tribute to the 1,500,000 Armenian men, women, and children who perished during the 1915–18 period. Again this year, we should remember those martyrs who sacrificed their lives and rededicate ourselves to a renewed reverence for human life.

The history of the Armenian people has been marked by long periods of subjugation to foreign rule. As early as the 16th century, nearly the whole country was overrun and held by the Ottoman Turks. Today, the historic Armenian area in what is now Turkey, is totally devoid of Armenian people, while the Soviet Union holds the Armenian people captive in the area known as Soviet Armenia.

Despite the years of subjugation by alien rulers, the Armenian people still manage to retain their national consciousness through their church, culture, and language. The Armenians were the first nation in the world to accept Christianity as their state religion, and were perhaps the oldest of the civilized races in western Asia. Their sense of unity and national aspirations became so intense by the mid-19th century that the Armenians developed a strong desire for attainment of their goal of self-government.

However, at that time, the Turks set out to exterminate the Armenian Christian population within Turkish borders and attempted to eliminate some 2 million Armenians in the empire through deportation, contrived famine, and large-scale massacres. While many hundreds of thousands were able to flee to neighboring lands, many others, mostly women and children, were forced to adopt the Moslem faith and submit to servitude in Turkish homes. The Armenians paid with their lives for having entertained the idea of human dignity and freedom.

I believe that we should be confident that this historical injustice will one day be corrected and a free and independent Armenia will once again exist. The Armenian people have demonstrated throughout history, their fortitude, stamina and tenacity in maintaining their church, culture, and language. The existence today of this Armenian spirit is the foundation that will lead to the ultimate restoration of a modern Armenian nation.

Therefore, we should be strengthened by the belief that their suffering was not in vain and that a free Armenia will arise despite the shocking indifference of the world at the time of the massacre unleashed by the Ottomans and the various political setbacks that have occurred in the last 63 years.●

VA MEDICAL RESEARCH PROGRAMS IN DANGER

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. EMERY. Mr. Speaker, as many of our colleagues are aware, the inadequacies of the President's budget request for the Veterans' Administration medical care program are staggering and will adversely affect almost every VA facility in the country.

The President's budget reduces the operating beds in VA hospitals by a total of 3,132. There is no question in my mind that the quantity and quality of medical care and treatment to which veterans are entitled under laws passed by the Congress will be reduced to an unacceptable level.

Aside from the reductions in the number of beds and the loss of personnel, there is another area which concerns me very much—that being the future of our VA medical research programs.

In the VA system there are some 177 hospitals. Eighty of these have medical school affiliations. However, indications are that research funds in medical schools are in short supply and that pressure is being applied on the Veterans' Administration to provide additional funds to those hospitals with medical school affiliation.

Currently, there are 64 hospitals with research budgets of approximately $120,000 per year. Nine of these are to be terminated and the remainder have been site-visited to determine which programs should be kept and which should be phased out. In any event, those which are recommended for continuation will receive reductions in their programs so

that more money will be available for the hospitals with medical school affiliations.

The situation at the Togus VA Center in Togus, Maine, is perhaps exemplary of circumstances which will occur across the country if these research programs are terminated. At Togus, an additional 12 positions will be lost.

Mr. Speaker, the Maine Department of the American Legion has provided me with some important reasons why clinical and basic research is important at Togus. I am sure these same reasons can be applied to our VA Centers across the country and their research programs. I would like to share those reasons with my colleagues at this point:

SOME REASONS WHY CLINICAL AND BASIC RESEARCH IS IMPORTANT AT TOGUS

1. Improves the quality of patient care because:

a. Recruiting staff: Better-trained staff of all types is attracted to a hospital with a basic research program. Our staff has improved as research grew.

b. Education: Goes hand-in-hand with research. An atmosphere of inquiry is essential to good teaching. This helps patient care.

c. Scientific standards: Basic research has the most exacting standards which affects all staff and creates a scientific atmosphere in addition to the clinical aspect.

2. Stimulates other research, clinical, Health Services, biomedical engineering:

a. The fecundity of aggregates operates at Togus where there is a remarkably well-integrated group of investigators developing. There are close, supportive relationships between basic biomedical research, HSR&D, and clinical research in medicine, surgery, psychology, social work and other services. Basic research is essential to these other groups in encouraging high standards, improving communications, supporting new ideas and projects emotionally, financially and administratively.

In recent years, Togus has attracted many new staff members with research interests and with varying degrees of experience. This is probably a microcosm of what is happening all over Maine which is the second fastest growing state (U.S. Dept. of Commerce). It is the only post-industrial state in the Union, and is attracting many competent people who come here because of Maine's unique advantages. All indications are that this trend will continue.

The Jackson Laboratory at Bar Harbor and the Woods Hole Oceanographic Institute are two examples of excellent research facilities which grew "in isolation" because they attracted creative staff just as Togus is doing.

3. Affiliations:

a. Current negotiations with Tufts University School of Medicine are underway for this hospital to serve as a teaching facility for third and fourth year students from Maine attending Tufts. The support of a research facility and its productive use by staff members is important to this affiliation. Furthermore, the research facility which has been constructed permits the acceptance of doctoral degree candidates from the University of Maine whose interest is the investigation of a particular aspect of a human disease, using first an appropriate animal model to perfect experimental procedures and test hypotheses before using human source material. Staff members with research interests will serve as mentors.

b. Approved current affiliations number 20 and include among others Tufts University School of Dental Medicine, Harvard School of Dental Medicine, Bangor Community College, University of Maine at Augusta Division of Nursing, Maine Medical Center, Central Maine Medical Center, University of Maine at Orono, and University with accredited doctoral training programs in Psychology, e.g., Adelphi.

4. Impact of VA Medical Care Program upon community medicine:

a. To emphasize further the importance of the Medical Research Service to the overall medical care program within the State of Maine, it should be pointed out that in the State's population of nearly one million, 160,000 are veterans. If one crudely estimates that each veteran is married with one child, nearly half of this state's population is service-related. About 11% of the state's veterans seek medical care at this hospital. Obviously, the major portion of medical care is provided by the private sector. To help support this private sector, services such as kidney biopsies diagnosed by electron microscopy have been proposed and enthusiastically endorsed by the pathology departments of these hospitals. This station has developed its electron microscopy facility in research with the view of contractual arrangements to help support its maintenance, technician's salaries and supplies. This is the only hospital-based electron microscope in the state. Funds are to be solicited from the Bingham Fund for a 2-year feasibility study to defray the expense of these services to the areas hospitals prior to making contractual arrangements. Full utilization of the instrument is assured by this arrangement as well as assuring its use for research problems arising from its clinical application. The impact upon patient care is apparent, particularly for the staff at Togus and the staffs of hospitals within this state.

b. Similarly, amino acid analyses as an additional diagnostic service, particularly for pediatrics, has been proposed. Again, this is the only amino acid analyzer available for medicine in the state. Dr. Cuprak who trained Dr. Ampola of Dr. Gellis' staff in pediatrics at Boston Floating Hospital, New England Medical Center Hospital, has also provided the requisite training to technicians here.

c. Regionalization, therefore, does not reach approximately 89% of the veteran population in the state but a medical care facility with a medical research department can influence the excellence of care not only at this station but serve to radiate it to local hospitals where the majority of veteran patients and their families is being treated.

5. Loss of the research service at Togus will jeopardize the affiliations listed in paragraph 3 and will also compromise our ability to continue as a leader in community medical health care including the family practice residencies, surgical residencies and contemplated internal medicine and psychiatric residencies. As one of the leading hospitals in the State of Maine it will be difficult to maintain this position and to recruit a staff able to teach Maine students in medicine at Tufts and Vermont Medical School during their 3rd and 4th year clerkships and to provide an attraction to assist our efforts in recruitment as cited in paragraph 1.

6. Through the years since the Medical Research Service was inaugurated in 1957 many volunteers have served in the laboratory; numerous summer student positions have been filled and student research programs have been completed using the Togus facilities. Many of these students have received their basic inspiration and training which enabled them to continue in medical studies ultimately completing their medical training and returning to the State of Maine as badly needed physicians. Others have pursued health related careers and science oriented endeavors.

7. The contribution of research to patient care in a health care facility is recognized. To discontinue the present Medical Research Service at Togus is to retreat to a secondary care and treatment facility which is not in the best interests of the veterans of the State of Maine.

8. Without the value of research, and facing all of the above-mentioned problems, what would be left to attract competent doctors to the Togus VA Hospital? No medical school is going to guide their students into a system that lacks adequate training and an economical future.

9. If President Carter's budget clears Congress in present form, you will see the demise of over 50 hospitals almost overnight.●

SHCHARANSKY CASE STILL A MAJOR CONCERN

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. SIMON. Mr. Speaker, there is no more tragic, dramatic situation of the suppression of fundamental civil liberties in the Soviet Union than the case of Anatoly Shcharansky.

I was pleased to see the letter by the distinguished political scientist, Hans J. Morgenthau, and several others, which appeared in the New York Times recently.

I am submitting it in the RECORD here for my colleagues, who may not have seen it and for the benefit of our friends at the Soviet Embassy, who I know read the CONGRESSIONAL RECORD faithfully.

The letter follows:

MOSCOW VS. ANATOLY SHCHARANSKY

To the Editor:

Anatoly Shcharansky was arrested on March 15, 1977, in Moscow and incarcerated in the notorious Lefortovo Prison. A Soviet prosecutor announced the launching of an investigation against him on charges of treason and espionage, which could carry the penalty of death.

Soviet newspaper articles accused Shcharansky of spying for the C.I.A. The President of the United States formally declared on June 13, 1977, that Shcharansky had never worked for the C.I.A.

For one year Shcharansky has been held incommunicado, forbidden to see visitors, forbidden to hire a lawyer of his choice and kept in the dark about the specific charges against him, while the state-controlled press and leading Soviet officials have, even before an indictment, judged him guilty and called for his execution.

Anatoly Shcharansky personifies the link between Jews actively seeking emigration and the movement for democratic change in the U.S.S.R. Once refused his fundamental right to leave the U.S.S.R. Shcharansky, a computer scientist, became active in the emigration struggle and helped to write complaints about the lawlessness with which emigration matters are treated by Soviet officials. When the Group of Assistance to the Soviet Implementation of the Helsinki Agreement was formed in Moscow, he joined in the belief that the Helsinki Accords, in which the Soviets committed themselves to promote human rights, could change decisively Soviet handling of emigration.

The Soviet authorities tried to frighten and demoralize Shcharansky. He was arrested four times and jailed on fabricated charges for participating in peaceful demonstrations of would-be emgirants.

From the open letter of Dr. Sanya Lipavsky published on March 5, 1977, in Izvestia, it appears that the Soviet authorities greatly fear the consolidation of persons struggling for human rights in the U.S.S.R., which Shcharansky represents. Preliminary reports indicate that they are attempting to link through Shcharansky, in a show-trial reminiscent of Stalin's days, American intelli-

gence agents, diplomats and journalists in a wholesale plot for the purpose of suggesting that all dissent in the Soviet Union is directed or exploited from the United States.

We, the undersigned, are appalled by this persecution of Anatoly Shcharansky, which could make of dissent or emigration a form of treason. And we urge that the Soviet Union, as a matter of right, release Shcharansky immediately and permit him to leave for Israel and rejoin his wife.

HANS J. MORGENTHAU,
DANIEL BELL,
SAUL BELLOW,
NATHAN GLAZER,
IRVING HOWE,
H. STUART HUGHES.

NEW YORK, *April 6, 1978.*

(Mr. Morgenthau is chairman and the other signers are sponsors of the Academic Committee on Soviet Jewry.)●

TRIBUTE TO TAIWANESE RELIGIOUS LEADER

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. LEACH. Mr. Speaker, I had the privilege and opportunity several weeks ago to meet with one of the prominent Christian leaders and spokesmen in Taiwan, the Reverend H. K. Weng, during his visit to the United States. He has since returned to his duties in Taiwan where he has just been elected to serve as moderator of the General Assembly of the Taiwan Presbyterian Church. His election to this position is a fitting tribute to his uncommon leadership ability and his extraordinary commitment to the church and to the country in which he lives.

Reverend Weng assumes this task at a time when the island of Taiwan faces a future of uncertainty. With the possibility of the United States moving toward normalization of relations with the People's Republic of China, the fate of the Taiwanese people is a constant and troubling question. The Taiwanese people clearly sense this and believe that their voice must be heard if their lives, their future, and their homes are to be secure and free.

I am reminded at this point, Mr. Speaker, of the early days in our own country, and the signficant role which a religious leader, John Witherspoon, played at a most difficult political time for this Nation. The parallel is striking. A Presbyterian clergyman himself, John Witherspoon served as the moderator of the church's first general assembly in 1789. He also served as a member of the Continental Congress and signed our Declaration of Independence.

Having visited with the Reverend Weng and having gained a new appreciation and understanding of the tremendous responsibility he and his colleagues share as Taiwan moves into a world of new political realities, I am struck by the importance of continued American support and friendship of the Taiwanese people. It would be tragic if that support were to be eroded by the imposition of laws and policies restrictive to freedom of religious expression. We all hope that political changes in Taiwan will be in the direction of greater freedom and greater democracy, not greater limitations on individual rights and liberties.●

LOBBY REFORM

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. RAILSBACK. Mr. Speaker, last week the House began consideration of H.R. 8494, the Public Disclosure of Lobbying Act. This legislation is a vast improvement over the existing statute, and I am hopeful our deliberations on H.R. 8494 will proceed expeditiously this week.

However, the majority of our colleagues believed some of the reporting provisions in the bill were deficient, and therefore overwhelmingly adopted three amendments which I firmly believe have improved the bill substantially. I hope H.R. 8494 will now pass the House as it is now written. A number of recent newspaper editorials support the concepts behind these amendments, and for the review of my colleagues I ask unanimous consent that a sampling of these editorials be inserted in the RECORD immediately following my remarks. I think they will make very clear the broad support that exists in all parts of this country for meaningful lobby reform.

The articles follow:

[From the San Francisco Examiner, Mar. 30, 1978]

THE LOBBY LAW

Using a cliche to make a point is not altogether indefensible in some cases, such as lobbyists have been getting away with murder in Washington too many years to remember.

Legislation to replace a 32-year-old federal lobby law will soon be debated in the House. The new bill would expand lobbying coverage, reveal hidden influences and the money involved. The 1946 law has so many loopholes it is virtually unenforceable. Many big lobbyists didn't even bother to register last year.

To stop the lobbyists from getting away with murder, the full House should restore two provisions deleted by its Judiciary Committee. One would require more disclosure about "grassroots" lobbying-getting citizens back home to write members of Congress supporting or opposing certain legislation. The other would spotlight major financial backers.

We agree with Common Cause Chairwoman Nan Waterman that if these two provisions are killed the lobbyists "will once more have pulled down the shades on sunshine."

[From the Paterson (N.J.) Evening News, Mar. 10, 1978]

REFORMING THE LOBBY LAW

The Feb. 20 issue of the Congressional Record lists all lobbyists registered in 1977 with Congress under the 1946 Federal Regulation of Lobbying Act. The list is 55 pages long with, by rough guess, about 2200 names. Though it seems quite extensive, if really isn't.

On closer reading, the list discloses some notable gaps. We looked in vain for General Motors, Exxon, and Mobil Oil. Oh, there were a few biggies, such as the AFL–CIO, the Teamsters Union, and Getty Oil. But nearly all of those registered were small fry. Moreover, with some exceptions, the list didn't say how much money was spent on lobbying, nor for what purpose.

The reason is that the 1946 Lobbying Act contains some loopholes big enough for a congressman to drive a Cadillac through. For instance, organizations are only required to register under the act if their "principal purpose" is lobbying. This major corporations, such as Ford Motor Co., Exxon, and U.S. Steel—all of which lobby extensively are exempt because their principal purpose is something else, like making steel or producing oil.

A study released by Common Cause last month showed that most of the organizations, including the seven largest oil companies, which lobbied on the energy bill in 1977 didn't disclose their activities under the 1946 law. In fact, only one in 10 organizations that lobbied on energy-related matters last year bothered at all to register. And it is perfectly legal. In the future, hopefully, it won't be.

A bill now before the House (H.R. 8494) is designed to plug some of the loopholes in the 32-year-old lobby law. It already has been weakened, however, in the Judiciary Committee, and unless supporters wage a strong fight, the new law won't be worth much more than the old.

H.R. 8494 would eliminate the principal purpose test and replace it with criteria based on how much money an organization spends on lobbying. It would have to register and report lobbying efforts quarterly if it spent $2,500 for a lobbyist. This would go far toward the major problem of identifying those organizations which lobby extensively.

It wouldn't touch the problem, however, of identifying the source of lobbying efforts by nondescript sounding groups. For instance, what is the Calorie Control Council—a group of weightwatchers or soft drink manufacturers? Who does the American Rivers Conservation Council represent—boat owners, conservationists, or barge operators?

A provision, since deleted from the bill in the Judiciary Committee, would have gone far to help as know. It would have required disclosure of the identity of every major financial backer of lobbying groups, i.e., those contributing over $3,000.

Some congressmen have argued that such a provision would impede the first amendment's guarantee of freedom of association. But it would only require disclosure of large contributors. It wouldn't restrict or regulate the amount of contributions in any way.

In the only Supreme Court case to date ruling on disclosure, *U.S.* v. *Harris* (1954) the Court upheld the requirements of the 1946 Act. Its language would apply equally well today: "Congress has not sought to prohibit (lobbying activities)." It has merely provided for a modicum of information from those who for hire attempt to influence legislation or who collect or spend funds for that purpose.

As a minimum, Congress should return the financial disclosure provisions to H.R. 8494 and pass the bill. The public has a right to know who pressures and cajoles our legislators and the reasons why.

[From the Kansas City Times, Apr. 19, 1978]

TEETH BACK INTO LOBBY BILL

Debate is scheduled to begin today in the U.S. House on a lobbying disclosure bill. The turn this legislation takes will reveal a great deal about just how seriously reform is being taken in Washington this spring. Previous action does not bode especially well for a strong bill.

In February the House Judiciary Committee eliminated two key provisions that were in the lobbying legislation as it was intro-

duced. One would have required disclosure of "grassroots" lobbying campaigns in which groups urge citizens to write members of Congress on an issue. More and more interest organizations are turning to this technique because it is an effective way of bringing pressure to bear on lawmakers. Unless this requirement is restored by amendment during debate—as it should be—the American public will be deprived of important information about who is attempting to sway Congress. Generally it is as important to know the source of pressure as it is to know that influence is being brought to bear.

The other requirement that was dropped mandated that lobbying organizations must divulge the names of their financial contributors. Here again is a move by the committee to prevent the citizenry from an opportunity to know precisely who is behind lobbying efforts. This information is absolutely necessary if the legislative process is to be entirely open, as it most certainly should be in a representative democracy.

A legal question has been raised about the requirement on financial contributions, specifically about the right of free association. Nothing in the disclosure provision is intended to limit financial gifts. The objective is to require groups to reveal their large contributors. The present law, weak as it is, requires reports on certain contributions.

The U.S. Supreme Court has upheld this requirement. Part of the decision is persuasive on this basic of a free society. "Congress has not sought to prohibit (contributions)," stated the court in a 1954 ruling. "It has merely provided for a modicum of information from those who for hire attempt to influence legislation or who collect or spend funds for that purpose. It only wants to know who is being hired, who is putting up the money, and how much . . ."

Supporters of reform, including Common Cause, are backing amendments that would put the provisions on contributors and "grassroots" lobbying back into the legislation. The amendment on disclosure would require the reporting of contributions of $3,000 or more a year.

Generally the measure to be debated would require lobbying groups to register, file reports on their activities and list names of individuals who are hired to work in their behalf. As matters stand now, only groups with the "principal purpose" of lobbying are covered. This loophole is so large that hundreds of companies and organizations slip by without disclosure of their expenditures and activities.

This legislation reflects an improved attitude in Congress, even though the Judiciary Committee dropped two significant provisions.

The public has a right to the information that would be available through the provision on "grass-roots" lobbying and disclosure of large contributors. Without them the new statute could be more of a sham than genuine reform.

[From the Macon, (Ga.) News, Mar. 27, 1978]

LOBBY LAW LOOPHOLES OVERDUE FOR PLUGGING

If you want to know who's paying what to pressure your congressman or senator—and often to pressure you—write your representative about House Resolution 8494.

The proposed federal lobby law came out of the House Judiciary Committee late last month with two gaping holes poked in it. These need to be closed, and the rest of the bill protected, as it comes on the floor now.

The present law, 32 years old, has more loopholes than Swiss cheese. It's a joke—on us. Because under it only groups whose "primary purpose" is lobbying have to register and report their expenditures, major corporations that do a lot of lobbying get off unexamined.

As a result huge consumer organizations, the nation's biggest oil companies and an electrical industry body employing 30 full-time lobbyists haven't had to register.

The new law makes a wider net: a lobbyist is any organization that spends $2,500 in a quarter to lobby.

The 1946 lobby law requires lobbyists to report only their expenditures for communicating directly with congressmen. But the big news in lobbying these days is the "grass roots" technique. The AFL-CIO, Common Cause, the National Rifle Association and business groups all use it.

An organization spends huge amounts on advertising or direct mailings urging citizens to write or phone congresmen. A flood of mail descends. Yet the old law doesn't help a congressman to know who is financing the letters.

H.R. 8494 had a clause designed to close this loophole taken out in the Commerce Committee. It needs to be put back on the floor.

So does another provision which would require lobbying organizations to disclose who their major financial backers are. (The "Calorie Control Council" is financed by soft drink makers to work against the FDA saccharine ban.)

We can't know enough about lobbying—a perfectly legitimate activity which is part of the democratic process. Congress has to be convinced of that.●

A DEFENSE ANALYSIS

HON. RALPH S. REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. REGULA. Mr. Speaker, the mayor of North Canton, Ohio, Mr. Dennis Grady, recently called to my attention a paper written by a student in a political science class the mayor taught at Stark Technical College. He was impressed with the paper.

I agree with the mayor's judgment and find the paper a very interesting analytical commentary by a young American on the state of our Nation's defense.

I believe the following paper, written by Jim Nalley of Bolivar, Ohio, expresses a deep concern for our Nation's safety which deserves the attention of my colleagues in the House of Representatives.

The paper follows:

NATIONAL DEFENSE

I've always been an advocate of cutting back on defense spending. I thought by researching this I could cut down our military leaders and advisors who are always begging for more funds. My reasoning being that we should try to solve our other internal problems such as unemployment, Social Security, etc. But, after reading magazine and newspaper articles, portions of books, and selected government publications, I have changed my point of view. Of course, there is still the problem of who to believe, everyone writing their own points of view and using different sources of research. There has been enough written and said though, concerning our military and defensive inferiority to the U.S.S.R. that say the same things with coinciding statistics that I, personally, believe it. It scares me. We won't have our internal problems if we keep on cutting back on defense. The Soviets will have solved them for us.

For fiscal year 1978, 26 cents out of the budget dollar was set aside for national defense. This was done by President Ford who recommended continuation of the growth in defense effort initiated in 1976 after a review of our defense policy. This included production of the B-1 bomber. Well, President Carter has halted production of the B-1. As an alternative, Carter proposes that existing B-52 bombers be equipped with ALCM's (air-launched cruise missiles). ALCM's are less vulnerable to Soviet air defenses and at a cost of under $1 million each, we can afford to buy large numbers of them. This means that launching all ALCM's at one time would overload Soviet air defenses allowing many to reach their target.

On the other hand the B-1 costs about $100 million each and is very vulnerable to Soviet air defenses. But, the B-1 was going to carry the ALCM as one of its weapons. The B-1 is a superior aircraft to the B-52 in every way.

What I'm getting at is, when does playing politics with the people override their safety. The public is critical of any new weapon system because of their memories of Viet Nam which have made them anti-military. But, I think this is caused by the facts necessary for intelligent decisions not being made available to the public. How many people know the real economics behind a weapons system? To make a defensive system against an offensive weapon costs more. The more you can force the Soviet Union to spend on defense the less they have to spend on offensive capabilities. You have to complicate their job of modernizing defense systems. As it is now, the Russians have superiority in every category.

Deterrence seems to be the key. If the U.S. or U.S.S.R. think that by launching a first strike against the other, that a second retaliatory strike would be devastating to their people, then deterrence is intact. But, regardless of the SALT and other agreements, the Soviets have accelerated research and development of defensive and offensive strategic forces.

Detente is effective when both adversaries agree to abide by their agreements and transactions. While we have been telling everyone about detente the U.S.S.R. has been passing us in military superiority. In 1975 the Soviets' armed forces were 109 percent greater than ours.

From 1968 to 1975 our armed forces were demobilized by 40 percent to 2.1 million men, while the Soviets increased theirs 37 percent to 4.4 million. They may have as many as 25 million in the reserves to our 902,000. In total military expenditures the Soviets spent about $143 billion in 1975 and were likely to spend $153 billion in 1977. We requested $101.1 billion for 1977. This doesn't even tell the whole story. 57.3 percent of our defense expenditures was for payroll. The Soviets spent 15 percent for payroll. They can spend 38 percent more on weapons. From 1965 to 1975 Soviet research and development increased 113 percent while ours dropped 26 percent.

In strategic air defense radars the Soviets have 5000 to our 67. In medium range bombers they have 580 to our 66, a 778 percent advantage. In explosive power of nuclear weapons we are behind 2 to 1. In expenditures on strategic forces they were outspending us in 1975 by 60 percent.

I think these statistics have shown what the problem is. The U.S.S.R. has or will have in the very near future the capability of launching an attack on the U.S. without danger of a retaliation that would cripple them. As it is now the Soviets could launch a strike against the U.S., absorb a counter strike, and still have remaining forces sufficient to destroy Chinese and NATO nuclear capability, and attack U.S. population and military targets, and still have explosive pow-

er in excess of ours. All this leads to surrender under such circumstances. Not unconditional but maybe something like staying out of the Middle East and dismantling our remaining strategic forces. It is clear what the end result would be, a totalitarian world.

But, would our leaders even retaliate with the risk of losing tens of millions of lives and the industrial complex? Experts say no, that it would be the most suicidal course to take.

Aleksandr Solzhenitsyn said in a speech after coming to the U.S., "At one time there was no comparison between the strength of the U.S.S.R. and yours. Then it became equal to yours. Now, as all recognize, it is becoming superior to yours. Perhaps the ratio is just greater than unity, but soon it will be 2 to 1. Then 3 to 1. Finally it will be 5 to 1. With such a nuclear superiority it will be possible to block the use of your weapons, and on some unlucky morning they will declare: "Attention. We are marching our troops to Europe, and if you make a move, we will annihilate you. And this ratio of 3 to 1, or 5 to 1, will have its effect: you will not make a move."

Our policy is to prevent nuclear war. By doing this we are giving in to every Soviet wish. By not building our arms up and antagonizing or threatening them. How many Americans know that we have extended considerable economic aid to the Soviets and are providing them with whole factories, food, and technical scientific aid in their space and satellite programs, among others. The Soviets are being aided and abetted by their potential victims. Many recognize this, but conclude that detente is our only alternative to war. This is wrong.

Throughout history, peace has been maintained by clear purposes, military power, and the will to use it. Peace is preserved when potential aggressors know that the rewards are not worth the costs of war. Detente is putting the U.S. in a position of strategic surrender to the Soviets. Americans may have no choice but to bow to nuclear blackmail. But, how soon.

Soviet objectives are to eliminate capitalism. We are the principal embodiment of that social system, which gives them the motivation for launching a first strike. We have no reason nor ever shown a need to attack the Soviet Union. Our objective is peaceful coexistence with each independent state choosing their own future and social system. In contrast, the Soviets have shown that they regard the world struggle as a fight to the finish between two diametrically opposed social systems. It is a fight, though, the Soviets intend to win.

The Soviet Union does not want to destroy America. Our industries and farmland is much too valuable to them. They just want to cripple us into submission. The Soviets have the capability to launch a first strike against our defenses and military bases that would kill 5 or 6 million people, destroy our strategic forces, and leave 99 percent of the industry undamaged. This is made easy because our military bases are built away from our largest cities.

This brings up civil defense. The Soviets since 1950 have been steadily upgrading and improving their civil defense. They have built enough adequate bomb shelters to save a high percentage of lives important to the administration of the country. These have been and are being stocked with enough food and supplies to sustain them until the fallout has decreased to a safe level. They have built their factories in outlying areas and dispersed them to make it harder for us to destroy them. Civil Defense is a branch of their armed forces which would provide for organization in the event of a surprise attack.

What are our civil defense precautions? Naturally, we can't move all our factories from the clusters that they now operate. We don't have an organized civil defense procedure to follow. I don't know of any shelters where I could expect to live for an extended period of time. But, I don't know if I would want to survive. What would be facing us upon emerging from the shelter? Would it be complete devastation? Nothing would ever be the same. Would we be overrun by the Russians or just left to try to rebuild? We would have no allies, with Russia threatening annihilation to anyone providing assistance. Naturally, if we wanted to stay alive, we would succumb to the Communists. I would rather be dead.

I guess what I have been trying to show is the delicate balance that exists, or maybe imbalance. This country needs a national defense policy to be adhered to regardless of who or what party is in office. We have the money and technology to reestablish the U.S. as the most powerful nation in the world, and in a short amount of time. I wonder what would happen now if the Soviet Union started building missile sites in Cuba. If our cutbacks are continued, sooner or later there will be no need for a nuclear war. The Communists will rule the world by simply the threat of annihilation and devastation. We need to educate our people of the true facts and objectives of the U.S. compared to Soviet goals. But, and I am sad to say, nothing will be done until a crisis happens. Then it will be too late. Isn't that the American way of doing things?

The End??●

SENATOR METZENBAUM OFFERS GOOD ADVICE

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. SIMON. Mr. Speaker, ordinarily I believe it is not a good practice to reprint things that have already been in the CONGRESSIONAL RECORD.

But in the event that some of my colleagues did not read the remarks of Senator HOWARD METZENBAUM in the CONGRESSIONAL RECORD of March 21, I'm taking the liberty of inserting a portion of those remarks.

Senator METZENBAUM very effectively calls into question our whole practice of paying farmers not to produce.

I hope some of my colleagues will read his remarks.

The remarks follow:

GLOBAL FOOD PROBLEMS AND THE TALMADGE FARM BILL (H.R. 6782)

* * * Mr. President, I believe that there is something deeply wrong about paying American farmers not to produce. I believe that it is a tragedy that our farmers are suffering as a direct result of their success in responding to the need of a still-hungry world for additional food production * * *

A few short years ago, in 1974, I attended the World Food Conference in Rome. That Conference, called in response to the potential disasters that confronted the world in 1972 and 1973, seemed at the time to offer the hope that a process could be set in motion to create an effective international approach to a common problem for all humanity * * *

Mr. President, the world food shortage is over, but is only over for now. The bumper crops for the last few years represent merely short-term increases in the food supply. The 2.5 percent annual rate of growth achieved worldwide in the 1970's falls well below the 4 percent growth rate recommended by the World Food Conference.

Current world food stocks—now about 14 percent of annual consumption—are still well below the 17 to 18 percent designated by the United Nations Food and Agriculture organization as the minimum "safe level". Current stocks are, in fact, comparable to what they were in 1972–1973, when poor weather and massive crop failures in the Soviet Union caused a rapid depletion in world reserves.

In making the steps proposed by this bill (HR 6782), we will remove 31 million acres of American land from production.

These steps are inevitable. They may be necessary. They are certainly sufficient to make a major, positive impact on farm income. But we must face the fact that they involve real and substantial risks for this country and for the poor of the world * * *

Mr. President, I believe that our incomparable agricultural potential can and should be fully harnessed in the cause of ending hunger and malnutrition in our own country and in the world at large. The prospect that people anywhere in the world will go hungry while our farmland lies idle is unacceptable to me, and I am convinced, to the farmers of America * * *●

CONTRIBUTIONS TO JIM HENSEVELT

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. SKELTON. Mr. Speaker, those of us who are involved in the business of the Federal Government here in Washington know full well the importance of having dedicated and competent officials hard at work in local communities. Many of the most creative pieces of legislation coming out of Washington have their origins in the experiences of smalltown mayors, city councils, and city managers. We depend on input from these officials in order to identify the needs and desires of the people in their communities.

I mention this today because I would like to single out one outstanding official from my hometown of Lexington, Mo., who has recently retired from public life. Jim Hensevelt has just completed his second term as mayor of Lexington. Prior to that, he was a city councilman for 6 years. But cold numbers like that cannot begin to tell the story of what he has done for the community. In 1974, Jim retired at the end of his first term as mayor. However, he had done such a good job that the people just would not let him go. He was reelected in 1975 by a write-in ballot.

Jim Hensevelt is a lifelong resident of Lexington. His father, Ben, still lives in Lexington. In 1946, Jim married Betty Robertson. They have two children, Carol Hensevelt, of Victoria, Tex., and Steven Hensevelt, of Lee's Summit, Mo.

Jim served with the Air Force in World War II as a ball turret gunner in Italy. He answered the call to colors again in the Korean conflict, serving on the island of Okinawa.

As a citizen, Jim Hensevelt has served the community in many capacities. He

served on the State Finance and Revenue Commission for the Missouri Municipal League. Recently he was appointed to the Missouri Housing and Development Commission by Gov. Joseph Teasdale.

This month, Jim Hensevelt stepped down as mayor of Lexington. I am sure that history will prove that he was one of the best mayors Lexington ever had.●

OUR DOOR IS OPEN TO SPIES

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

OUR DOOR IS OPEN TO SPIES

(By Marvin Stone)

Many people—and too many officials—in this country think of Soviet spying as a bugaboo of the past. That, in our view, is a dangerous mistake. Soviet espionage is not just a bugaboo. Nor is it a thing of the past. It is a present and growing threat to our security.

The fact is: The Soviet Union and its Communist allies are flooding the U.S. with more spies now than ever before—more, even, than in the cold-war days when Communist spying was taken far more seriously than it is today.

This phenomenal increase is occurring at a time when American counterintelligence is a shambles. The Central Intelligence Agency and the Federal Bureau of Investigation have been so weakened and their operations so tightly curbed that there is serious concern about their ability to cope with the spying upsurge.

In the last five years, the number of officials from nations of the Soviet bloc stationed in the U.S. has increased by more than 50 percent—up from 1,383 in 1972 to 1,898 this year. No fewer than 1,266 of those are Russians.

That is only part of the story. There also has been an enormous expansion in the number of visitors coming here from the Soviet Union. This is the result of the numerous exchange agreements between the U.S. and Russia that were signed in 1972 with the opening of the era of so-called détente. The number of Soviet visitors has nearly doubled, increasing from 6,344 in 1972 to roughly 12,000 last year.

On top of that, the FBI reports that each year more than 20,000 Soviet seamen are permitted to come ashore in numerous American ports visited by their ships. Intelligence experts are convinced that a large percentage of these Communist officials and visitors act as spies, either on a full-time basis or on special assignments. We are told that there are as many as 5,000 Russians in this country every year who are agents of the Soviet secret service, KGB, or who are somehow connected with it.

Not only has the number of potential spies increased, but the softening of restrictions accompanying détente has made their work easier. Limits on travel of Soviets inside the country have been removed or relaxed. Scientists and technicians here on exchange visits are given access to plants and places from which they would have been barred a few years ago. The laxness of security in American plants handling sensitive defense contracts is described by informed officials as "appalling."

It's not only military secrets the Soviets seek. Industrial, scientific and technological secrets have become major targets. And the doors have been opened to them by the exchange programs. U.S. officials have compiled a voluminous file of secrets stolen by the Soviets.

Another lucrative area the Soviets are trying to penetrate is Congress. The targets there are the staff members employed by lawmakers and committees. Many of them have access to highly sensitive information. These staffers are routinely given easy "security clearance" by an FBI reluctant to antagonize Congress. There is concern about some staffers' discretion in guarding the information they possess.

What can be done about all this?

One suggestion: Tighten up on the exchange programs, limit the number of Soviet visitors and their access to target areas.

The State Department argues that the exchanges are important in cementing Soviet-American relations. But their real value to American interests is open to challenge. Where is there evidence that they have influenced Soviet behavior?

Another proposal: Deny security clearance—and thus deny defense contracts—to firms that do not take adequate security measures.

But the one thing that is of paramount importance is to quit punishing our counterintelligence agencies for past misdeeds by crippling their ability to cope with spies.

National security is too important to be sacrificed to a spirit of revenge.●

TRIBUTE TO THOMAS NELLIGAN

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. SARASIN. Mr. Speaker, occasionally in life one has the good fortune to encounter an individual whose character and integrity, perseverence and good will enrich the lives of all he touches to surpass even his greatest contributions. One such individual is Mr. Thomas J. Nelligan of Ansonia, Conn., who will be retiring on April 30 after 44 years of dedicated service to his company, Uniroyal.

Since his early days as mayor of Ansonia, Mr. Nelligan's endless generosity and continuous involvement have left the community with many invaluable contributions for which he will always be remembered. In the course of his 44 years at Uniroyal, the last 8 of which he served as industrial relations manager, his unselfish giving and fine counsel have earned him the respect of all his colleagues. Through his involvement in the church, the hospital, the many redevelopment projects of the city and as member of various industrial councils, he has had a decisive impact on the development of the entire region and its people, improving the quality of life for all. Always determined, always dedicated, and always keeping the interest of his fellow man at heart, Mr. Nelligan has earned the high regard and esteem of the entire community.

It is, therefore, with great pride and pleasure that I commend to my colleagues the many outstanding achievements of this gentleman and join with his community in applauding his years of selfless efforts to improve living and working conditions for all. I join them in wishing him many years of health and happiness, fully confident that his commitment to community involvement will continue long into retirement.●

"PRELUDE TO HOLOCAUST"

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. RICHMOND. Mr. Speaker, I would like to bring to the attention of my colleagues two recent newspaper articles of unusual poignancy which, taken together, provide a chilling perspective on issues now confronting Israel and the western democratic world.

An excellent article in the Washington Post of Sunday, April 16, 1978: "Prelude to Holocaust" by Peggy Mann, recounts the now forgotten conference held at Evian-les-Baines, France, at which the free nations of the world failed to stand against the growing wave of Nazi terror in 1938.

During the 1930's and 1940's, the national policy of Nazi Germany was directed toward systematic persecution and extermination of the Jews. That policy resulted in the slaughter of 6 million human beings whose only crime was the fact that they were Jews.

But we must recall, too—painful as those memories are—that the nations of the free world, the United States included, failed to open their doors to the persecuted Jews of Germany and Austria before it was too late.

The purpose of the Evian Conference was to provide asylum for these imperiled people. A temporary haven was all that was required at the time to save virtually all of the 500,000 Jews in Germany and Austria. Acceptance of these refugees was well within the combined resources of the 32 nations attending the Evian Conference.

Whether through bigotry, indifference or political inertia, this critical act of compassion was not forthcoming. At no time during that tragic period in the history of civilization did the world act decisively to oppose the horrors being perpetrated by the Nazis.

Failure to confront and counter Nazi persecution encouraged it to proceed and to increase in scope. The Nazis concluded that "nobody gave a damn about the Jews," and that they were merely working the world's will. The result of silence and inaction in the face of organized evil was to seal the doom of European Jewry.

I commend this article to my colleagues. Its message is clear: Not only must people of conscience speak out against persecution, but free world governments must act against those who would employ terror as an instrument of policy and victimize an entire people by design.

My colleagues will also be interested in a sensitive and powerful article from

the New York Times of March 16, 1978 by Cynthia Ozick, "Letter to a Palestinian Military Spokesman." The writer reflects on the death of Imri Tel-Oren, her 14-year-old cousin, who was brutally slain with over 30 other civilians by Palestinian terrorists near Tel Aviv.

This article brings into stark relief the continuing struggle of the Jewish people against terror and persecution more than 30 years after the fall of the Nazis. Ms. Ozick's telling letter gives us a unique sense of continuity with respect to the tactics of totalitarianism, whether employed by Nazis in the 1930's and 1940's, or by the PLO in the 1970's.

Again, it is imperative that we recognize the need for free people everywhere to stand in forceful opposition to terror and its perpetrators. Today, just as in 1938, silence and inertia—now reinforced by the lure of petrodollars—make it convenient for some to avoid confronting terrorism and the unholy alliance of Arab dictatorships and totalitarian states that instigate, abet and profit by terrorism.

We must remember, as the conference at Evain demonstrated, that indifference in the face of oppression and murder compromises all decent people. It can only increase the likelihood of continuing outrages of the sort that robbed the world of 14-year-old Imri Tel-Oren, and serve as a prelude to even greater abuses of humanity.

PRELUDE TO HOLOCAUST

(By Peggy Mann)

EVIAN-LES-BAINS, FRANCE.—I stood on a lawn overlooking Lac Leman where tiny sailboat triangles moved slowly through the evening. Behind me rose the white splendor of the Royal Hotel. It was a setting epitomizing peace, well-being. Yet, this is the place where, in July, 1938, the holocaust—the murder of two-thirds of Europe's Jews—could have been halted.

Here, in the famed French resort, 15 weeks after Hitler annexed Austria, delegates from 32 nations met to determine how they could rescue the Jews of the Greater German Reich, help them to reestablish their lives elsewhere.

Never before in history had nations of the world gathered together for the single purpose of saving a doomed people. "Nations of Asylum" they called themselves.

The conference had been organized by President Franklin D. Roosevelt, who appointed Myron C. Taylor, former president of U.S. Steel, as his special ambassador. All of the delegates were important men: three ambassadors, three ministers, 13 envoys and 13 other diplomats of high status. They settled into their luxurious suites at the Royal Hotel buoyed by the aura of expectancy and good will which news of the conference had engendered.

Reporters from the 32 nations attended. Two days before the opening of the conference, Anne O'Hare McCormick wrote in The New York Times: "It is heartbreaking to think of the queues of desperate human beings around our consulates in Vienna and other cities waiting in suspense for what happens at Evian. But the question they underline is not simply humanitarian. . . . It is a test of civilization. . . . Can America live with itself if it lets Germany get away with this policy of extermination, allows the fanaticism of one man to triumph over reason, refuses to take up this gage of battle against barbarism?"

Who were these "Nations of Asylum?" Argentina, Australia, Brazil, Colombia, Denmark, the United States, Great Britain and her Commonwealth countries, France, Belgium, Sweden, Norway, the Netherlands, Switzerland, nations of Latin America and Africa. Only two countries, Italy and South Africa, turned down the invitation, but South Africa sent an observer.

There also was a contingent of uninvited observers: Nazis. No one knew quite what to do about this, so they were allowed to remain. They showed up at every session, most of them dressed in mufti. And they took careful notes during all the proceedings.

Also attending were top officials of 39 refugee organizations, including 20 Jewish organizations, who had come to present the delegates with eyewitness accounts, reports, statistics, all of which culminated in one irrefutable conclusion: the Jews of Hitler's Reich were doomed unless they could get out of Germany and Austria.

And they *could* get out—then. Indeed, the official German policy in 1938 was to make the Reich *Judenrein*—purified of Jews—by getting the Jews out. There was only one problem. Who would let the Jews *in*?

A sad joke was making the rounds in the Reich. A Jew goes into a travel agent; he wants to take a trip. The agent sets a globe on the counter before him. "There. The world. Choose." Slowly the Jew turns the globe, studying it carefully. Finally, he looks up and says: "Have you got anything else?"

There was, in fact, only one spot in the world where Europe's Jews *were* welcomed. Palestine. At least they were welcomed by the Jews of Palestine, not by the Arabs of Palestine. And not by the British who held a League of Nations mandate to rule over Palestine. Just prior to the Evian Conference, the deputy head of the British delegation, Sir Michael Palairet, succeeded in winning a promise from Taylor that the world's most eloquent spokesman for increased Jewish immigration to Palestine, Dr. Chaim Weizmann, would not be allowed to speak. Not only was Dr. Weizmann an eloquent spokesman, he also was the most official spokesman the Jewish people had. He was president of the World Zionist Organization and president of the Jewish Agency, the widely recognized government of the Jewish people. A 40-year-old woman named Mrs. Golda Meyerson (Meir) had been sent to Evian by the *Yishuv*, the Jews of Palestine, because of her direct forcefulness as a speaker. But she also was not allowed to speak.

A heated debate took place during the first 2 days of the conference. The subject: which of the three main powers, the United States, France or Britain, should chair the proceedings. It was finally decided that the honor should go to the United States.

Then the representatives of the 39 refugee organizations were heard. All of their presentations were scheduled for a single afternoon. Each representative was given 10 minutes. As the afternoon wore on, the time allocated was cut to 5 minutes. The World Jewish Congress, which represented 7 millions, had 5 minutes. The Association for Aid to German Scientists had 5 minutes. The delegation of Jews of the Reich did not receive any time at all. They were told to submit a written memorandum to be included in the minutes.

HORRORS IN AUSTRIA

In the limited time at their disposal, the advocates of Jewish survival detailed horrors which had been happening for the past 3 months in Austria: tens of thousands of Jews thrown into concentration camps . . . men, women, even small children cornered on the streets, beaten, kicked, whipped by black-booted SS men . . . rabbis sent to clean the SS toilets . . . Jewish women forced down on their knees to scrub the gutters, often with acid added to the scrub water . . . throughout the country civilians "cooperating" with the SS by beating up Jews, evicting them from their flats, breaking into Jewish shops and homes, carting out anything of value. The explosion of terror and sadism even exceeded what had been seen in Germany.

Newspaper reports also were distributed to the Evian delegates. For example, two weeks before Evian, The London Times Vienna correspondent had written about "the constant arrest of the Jewish population. No specific charge is made, but men and women, young and old, are taken each day and each night from their houses or in the streets and carried off . . . There can be no Jewish family in the country which has not one or more of its members under arrest. The state of hopelessness and panic which is engendered can be imagined . . ."

In Austria, it had been happening for 3 months, since Hitler took over that country. In Germany it had been happening for 3 years, starting officially with the Nuremberg Laws of Sept. 15, 1935. The German Jew was not recognized as a citizen. All Jews in the civil service had been fired. Jewish teachers had been fired. Jews were excluded from the entertainment industry, from journalism, radio, the stock exchange, law. Indeed, by 1937, half the Jews in Germany were unemployed. And signs had started appearing throughout the county, signs on butcher shops, dairies, groceries, pharmacies: No Jews Allowed. Thus, in many towns, Jews could not buy milk for their children, medicine for their sick. Jewish children had to attend segregated schools and even kindergardens bore the signs: Jewish Scum, or Cursed Be the Jew.

Meanwhile, a brand new First Reader had been issued for small German Aryans. In the section on religion, for example, the youngsters read: "Remember that the Jews are children of the devil and murderers of mankind. Whoever is a murderer deserves to be killed himself."

A month prior to the Evian Conference, the Great Synagogue of Munich was destroyed on Hitler's personal orders, followed by the destruction of synagogues in Nuremberg and Dortmund. Two weeks before the conference, 15,000 Jews were arrested throughout Germany, sent to concentration camps. In Buchenwald, Jews were whipped, tortured in the daytime. And all through the night a recorded voice kept shouting through the loudspeaker: "Any Jew who wishes to hang himself is asked first to put a piece of paper in his mouth with his number on it, so that we may know who he is."

Today, when asked how many of the 6 million annihilated Jews came from Germany and Austria, most people answer, 3 million, 4 million or more.

The fact is that at the time of the Evian Conference there were only 350,000 Jews in Germany and 220,000 in Austria. The 32 "Nations of Asylum," many of which had vast areas of unpopulated lands, could easily have agreed to save every Jew in the Greater German Reich? How many did they agree to save?

WHAT THE U.S. DID

Taylor was the first to speak on the subject. His words were awaited with great anticipation. Not only had the conference been called by the American president, but, in his opening address, he had exhorted the delegates to uphold "those principles which we have come to regard as the standards of our civilization."

Some delegates wondered whether the United States would agree to accept all the Reich's 570,000 Jewish refugees. (A generation later, the United States accepted 585,000 Cuban and Vietnamese refugees, with no noticeable ill effects on the economic life of the nation.)

Carefully, Ambassador Taylor explained that the United States had its quota system which could not be changed. However, an important new step now would be taken. Al-

though the total German quota was 25,957 per year, it so happened that a total of only 27,000 Jews had been admitted to the United States during the past 6 years. (This had been brought about through a number of factors. They ranged from a "roadblock" set down by President Herbert Hoover in 1932 with the intent of discouraging immigration to the depression-ridden United States to the outright anti-Semitism of certain local U.S. consuls who made the on-the-spot decisions as to who should be granted visas.) Although, said Ambassador Taylor, unused quotas of previous years could not be used in subsequent years, U.S. consuls were being advised that the severe restrictions they had imposed upon Jewish refugees should be lifted for the current year, so that the full quota of 27,730 German and Austrian immigrants would be admitted each year. (This included, of course, any Christians who wished to come.)

There was a stunned silence as the ambassador sat down. *This* was the great gesture of hope and help offered by the nation populated by immigrants, the nation which for generations had offered asylum to Europe's oppressed?

Why had Roosevelt called the conference if this was the example the United States planned to set? Countless polls had shown that Americans, on the whole, were dead set against any increase in immigration quotes On the other hand, the Nazi annexation of Austria had brought about increased pressure from many organizations, congressmen and reporters (notably Dorothy Thompson) for a State Department action to aid the refugees. According to an internal State Department memorandum, the Evian conference would enable the United States to "get out in front and attempt to guide the pressure, primarily with a view toward forestalling attempts to have the immigration laws liberalized."

Roosevelt sincerely hoped that at the Evian conference, large underpopulated countries would accept the Jews of the Reich. Indeed, he previously had proposed this idea to Brazil.

The United States was only the first nation to be heard from. There were 31 others, some of them the largest and least populated countries in the World. Surely *they* would find room for the refugees: Canada, the second largest nation in the world; Brazil, the fifth largest; Australia, the sixth largest. Between them they could easily absorb all the half-million would-be refugees.

The delegate from Canada explained that Canada could accept only experienced agricultural workers. (Columbia, Uraguay and Venezuela, it turned out, also had the same immigration restriction.)

What of the vast and underpopulated nation of Brazil? When inviting countries to the conference, the U.S. State Department had made it clear that no country "would be expected to make any change in its immigration legislation." And just before coming to the conference, Brazil had enacted a brand new law—henceforth, every visa application must be accompanied by a certificate of baptism. So, unfortunately, Brazil could not accept any Jews at all.

The entire continent of Australia had a population of the city of London today. "Populate or perish" was a popular Australian slogan. Politicians were warning that if Australians did not populate their own 3 million square miles, some one else would do it for them. Yet, the Australian delegate, Lt. Col. J. W. White, minister of commerce and customs, explained that Australia could accept only 15,000 Jewish immigrants over a 3-year period. "As we have no real racial problem, we are not desirous of importing one." (Actually, from 1933 to 1943, only 9,000 entered the country.)

The British delegate had similar worries. A rush of Jewish refugees from the Reich "might arouse anti-Semitic feeling in Great Britain." Nor did the British colonial empire contain territory suitable for the large-scale resettlement of the refugees. (No mention was made of Palestine.)

The French delegate announced that his country had already taken in 200,000 Jews and "had reached the saturation point."

Nicaragua, Costa Rica, Honduras, all classified intellectuals and merchants as undesirables. Unfortunately, half the Jews in Germany and Austria fell into the "intellectual" category: doctors, lawyers, professors; most of the rest were businessmen.

The Swiss delegate spoke about the "inundation" of Jewish refugees after the fall of Austria to Hitler. Three or four thousand had already fled across the border, and unless the flow stopped, he warned, "Switzerland, which has as little use for these Jews as has Germany, will herself take measures to protect Switzerland from being swamped by Jews with the connivance of the Viennese police."

And so it went during the final days of the conference. One delegate after another rose with a similar message: The situation for Jews in the Reich was, indeed, horrendous. Unfortunately, his country's laws prevented any concrete aid. But he was certain that other nations would open their doors.

Three small countries did express willingness to help. Holland, the most densely populated of the Evian nations, with some 800 people per square mile, had already taken in more than 25,000 Jewish refugees, but offered itself as a country of temporary asylum. (The Germans invaded 2 years later, and by the end of the war, 75 percent of the Jews in Holland had perished.)

The Danish delegate stated that his overcrowded country would continue to accept refugees. (And Denmark took in—and protected—1,500 Jews.) The Dominican Republic announced it would settle 100,000 refugees. (However, due to innumerable roadblocks, only 500 found a home there.)

Even the positive proposals put forth by these three small nations at Evian were drowned out by an official resolution passed unanimously on the final day of the conference: "The delegates of the Countries of Asylum are not willing to undertake any obligations toward financing involuntary immigration." In simpler words, only Jews who could afford to pay their way would be accepted. Since it had been clearly brought out at the conference that no Jew was permitted to leave Germany or Austria with more than 10 Reichsmark—less than $5—that single resolution made every Jew from Germany and Austria officially and automatically unacceptable to "the Countries of Asylum."

Furthermore, at the request of some of the South American delegates, "contentious allusions" to the Third Reich were omitted in the final resolution.

The delegates then appointed a committee to study the matter further: The Intergovernmental Committee on Refugees. The director was an American lawyer, George Rublee, a friend of FDR. The committee set up headquarters in London.

1938 GERMAN POGROM

On Nov. 9 and 10, four months after Evian, came the Kristallnacht (crystal night, so-called after the glass that littered the streets from the windows of Jewish homes and businesses), the ghastly government-sponsored campaign of arson, mayhem and terror aimed exclusively at Jews and carefully organized throughout every village, town and city of Germany and the country which had been Austria. Some 267 synagogues and congregational buildings were razed, and 7,500 Jewish shops were damaged, virtually the entire number which remained in the Reich prior to Nov. 9. A few Jews were thrown out of apartment house windows and from moving trains. Some were shot while trying to escape. Nearly 30,000 Jewish men between 16 and 18 were arrested on Nov. 10 and sent to concentration camps, 10,911 to Dachau, 9,845 to Buchenwald and 9,000 to Sachsenhausen.

In the villages, Nazi gauleiters held competitions to see which community should be "purified" of Jews first. Men, women, even small children were dragged from their homes, driven and whipped through the streets. Some were tethered to horse carts, their bodies pulled down country roads. Some were tied up and thrown into rivers. A few were hung. Official German figures listed 33 German Jews killed. But reporters and diplomats counted many more Jews murdered.

The Kristallnacht was the worst pogrom the modern world had, as yet, known, and outrage replaced apathy as tens of thousands of citizens of the Countries of Asylum petitioned their governments to immediately open their doors to the imperiled Jews of the Reich Britain took in 9,000 Jewish children; Holland took in 1,700; Belgium accepted several hundred more. And George Rublee felt that now, finally, the time had come. Now the 32 nations must act. He put forth a simple plan. Each of the 32 nations should at once accept 25,000 Jews.

If only half the 32 nations had agreed, every Jew in the Reich could have been saved.

None agreed.

Four days after the *Kristallnacht*, Rublee wired Secretary of State Cordell Hull: "The attack on the Jewish community in Germany on the one hand and the indifference of the participating (Evian) governments to the fate of the victims on the other has brought the affairs of the Intergovernmental Committee to a critical state where, in our opinion, immediate action is required if the president's initiative is to lead to a positive result . . .

"With the exception of the United States, which has maintained its quota, and the British Isles, which are admitting immigrants at a current month's rate equal to the rate immigrants are being admitted to the United States, doors have been systematically closed to involuntary emigrants since the meeting at Evian."

Indeed, during the four months since the Evian Conference some of the nations of asylum, including Argentina, Mexico, Chile and Uruguay, had adopted new and even more restrictive immigration regulations, specifically designed to keep out Jews.

On Nov. 15, the day after Rublee's urgent cable to Hull, President Roosevelt held a press conference. His prepared statement on the *Kristallnacht* included the realization that: "The news of the past few days from Germany has deeply shocked public opinion in the United States . . . I myself could scarcely believe that such things could occur in a 20th century civilization."

When a reporter asked whether the president would recommend a temporary change in the immigration laws so that more refugees would enter the United States, he replied that no snch changes were being considered.

Was the United States contemplating breaking trade relations with the Third Reich?

"No," said the president.

Similar reactions were forthcoming from other "Evian nations." Most of the nations of asylum expressed their strong disapproval of the *Kristallnacht*. But none modified their immigration laws so that the Reich's half-million Jews could be saved.

GERMAN REACTION

What if the Evian Conference had proceeded according to the desperate hopes of European Jewry? What if the delegates of the Nations of Asylum had stood up, one after the other, to announce their nation's horror at what was happening to the Jews of Germany and Austria? What if each nation at

Evian had immediately agreed to take in 17,000 Jews at once? Every Jewish man, woman and child in Germany and Austria could have left for a new homeland.

But, as Golda Meir later wrote, "After the conference at Evian-les-Bains, it became chillingly clear that the Jewish people were entirely 'on their own.' "

The Evian Conference took place 8 months before Germany's annexation of Czechoslovakia, 14 months prior to the Nazi invasion of Poland and the outbreak of World War II. During all those strategic months, it was only the Reich's 570,000 Jews who were in dire danger. Their lives, in any case, would have been saved.

Could the holocaust have been halted at Evian? No one can second-guess history. But after a staunch expression of world opinion regarding the horrors being perpetrated on the Jews of the Reich—world opinion backed by world action—it seems almost inconceivable that Hitler would have proceeded with his "final solution to the Jewish problem."

What is certainly clear is that, in Hitler's view, the Evian Conference gave him carte blanche to go ahead.

Just prior to the conference, Hitler had said in a speech at Konigsberg. "I can only hope and expect that the other world, which has such deep sympathy for these criminals, will at least be generous enough to convert this sympathy into pratical aid. We, on our part, are ready to put all these criminals at the disposal of these countries, for all I care, even on luxury ships."

In a speech made immediately after the conference, Hitler derided "the other world" which "is oozing sympathy for the poor, tormented people, but remains hard and obdurate when it comes to helping them."

The Danziger Vorposten summed up reaction in Nazi newspapers in a single sentence: "The Evian Conference serves to justify Germany's policy against Jewry."

After the conference, when French Foreign Minister Georges Bonnet informed Germany Foreign Minister Joachim von Ribbentrop that France's great interest in the Jewish problem was "not to receive any more Jews," Ribbentrop replied with understanding, "We all wish to get rid of the Jews. But no country wishes to admit them."

On Oct. 14, 1938, the French wrote an explanatory memorandum to the German Foreign Ministry about the intergovernmental Committee on Refugees which had been born at Evian. This document stressed the purely humanitarian function of the committee, and reassured the Germans that "none of the states would dispute the absolute right of the German government to take, with regard to certain of its citizens, such measure as are within its own sovereign powers."

Hitler then informed the South African defense minister, Oswald Pirow, "We shall solve the Jewish problem in the immediate future. . . . The Jews will disappear."

On Nov. 22, 1938—4 months after Evian—a front page article appeared in Das Schwarze Korps, official newspaper of the Gestapo: "Because it is necessary, because we no longer hear the world's screeching and because, after all, no power on earth can hinder us, we will now bring the Jewish question to its totalitarian solution." Steps toward the final solution were outlined, concluding with the sentence: "The result would be the actual and definite end of Jewry in Germany and its complete extermination."

There are few people today who even remember the momentous conference which, perhaps, more than any other single factor underwrote the death warrant for 6 million European Jews. However, when I visited Evian last summer, I did find one man who remembered: Rene Richler, the elderly concierge at the Royal Hotel. He was a concierge then, at the time of the conference.

"Oh, yes," Richier told me, "I remember the Evian Conference well. Very important people were here and all the delegates had a nice time. They took pleasure cruises on the lake. They gambled at night in the casino. They took mineral baths and massages at the *Etablissment Thermal*. Some of them took the excursion to Chamonix to go summer skiing. Some went riding; we have, you know, one of the finest stables in France. Some played golf. We have a beautiful course overlooking the lake. Meetings. Yes, some attended the meetings. But, of course, it is difficult to sit indoors hearing speeches when all the pleasures that Evian offers are waiting right outside."

[From The New York Times, Mar. 16, 1978]

LETTER TO A PALESTINIAN MILITARY SPOKESMAN

(NOTE.—A Palestinian military spokesman in Beirut said the attack had been carried out by members of Al Fatah, the largest guerrilla group in the Palestine Liberator Organization. He asserted that 33 Israeli soldiers had been killed in the attack.)—The New York Times, March 12, 1978.

(By Cynthia Ozick)

Dear Palestinian Spokesman:

When you say that your friends killed 33 Israeli soldiers in last weekend's terror attack on the road near Haifa, do you mean my cousin Imri? Your friends shot him in the throat. He was not a soldier. He was 14 years old, and played the clarinet.

Now I am not sure what the mentality of a terrorist might be, since unlike you, I have never had one for a friend; but it seems logical to assume that if you have murdered someone, you might like—even if only out of idle curiosity, but especially out of ideology—to know something about the life you have taken. So please let me tell you a little bit about my cousin Imri. I promise you it won't occupy much of your time, because if someone is murdered when he is only 14 years old, how much can there be to tell?

In fact, Imri's life was so brief, and there was so little he ever had a chance to do, that I might as well begin with his grandfather and grandmother.

Imri-grandfather is a poet, a lover of the English Romantics. He has won some fine prizes for his work (including the Brenner Prize, named after an early Zionist who vowed that Jews were no longer going to be murdered just for being Jews), and he has translated Walt Whitman into Hebrew; but he is rather elderly now, so these days he mostly sits in his little garden reading Wordsworth and Keats and Shelley and Blake.

The garden is rather special. It is in the backyard of a house not far from the Lod airport (where some of your other friends murdered a group of Christian pilgrims not so long ago.)

When Imri's grandparents built the house—a simple concrete cube filled with volumes and volumes of poetry—it was entirely surrounded by sand. But Imri's grandmother, though very frail, put down seeds and nourished and raised up her "babies"—a whole orchard of flowering fruit trees.

Every morning very early Imri's tiny grandmother climbs a shakly ladder to reach up to each young pear, which she patiently and meticulously wraps in a little paper bag. It looks pretty comical—a paper-bag tree!—but Imri's grandmother will not spray the trees with insecticide; she does not want to kill the insects, who also have a right to live. Imri's grandparents are vegetarians, and so was Imri, and so are his parents and all his brothers and sisters and aunts and uncles. You see, they do not like to take life.

Imri's mother and father are passionate musicians. They play first and second flute in the Jerusalem Symphony—or at least they did until last weekend, because Imri's father may never play again. One of your friends blew up his hand. In the hospital at Haifa they are trying to patch together some of it with bone grafts; soon they will know whether the nerve will die. (Imri's brother Nir is luckier; it was only his leg that was wounded. He lost a lot of blood but he is all right.)

About two years ago, Imri's father came to America for a time to teach flute at Ithaca College. It was hard to tell which he loved more—music or his students. Tears fell from him when the term drew to an end and he had to say goodbye. When he heard or played music he seemed illuminated: "Isn't this beautiful?" he would murmur. All of Imri's six brothers and sisters are musical. They play all sorts of instruments, and the beauty flies out of their hands.

Imri's oldest sister, Anva, a dancer, just had her second baby, and so what happened was this: Imri and his brothers Nir and Adiel and his little twin sisters Vivi and Cori and their parents all piled into the family car to drive up to Haifa to see the new baby. After the visit, they were on their way home to Jerusalem, just behind a bus, when your friends started throwing grenades and shooting at them, at first on the road itself and then from inside the bus. When Imri's father, who was driving, got hit, Imri's brother Nir managed to grab the wheel and save his family, even though his leg was streaming blood. In the horror of the explosions and the pursuit it was a little while before anyone realized that Imri was dead.

All right, now about Imri himself.

He was mainly a quiet boy, private as some adolescents like to be, and a good student. Until not long ago he was still quite small, but in the last few months his family had begun to marvel at how he was springing up. He was going to be tall, like his father. He was fond of stamp-collecting, and when his mother toured with the orchestra she always brought back interesting foreign stamps for him. His instrument was the clarinet; he was a member of a youth orchestra in Jerusalem. He used to grumble over his clarinet because it was second-hand and somewhat woebegone; but only two days before your friends killed him he had the delight of learning that he was going to get a better clarinet.

And that is about all I can tell you about your victim Imri. I warned you it wouldn't amount to much. The main thing, you know, is that he was never going to kill anyone or anything—not even a fish or a chicken, much less a fellow human being. He was only going to make beautiful sounds on his clarinet.

Imri's grandfather, when he was not much older than Imri during the First World War, used to write pacifist poems; and once after the 1948 war he began a lyric about Bialik, the Hebrew poet, that in the most natural way turned into a prayer for fraternity between Arabs and Jews. And after that Imri's grandmother kept on growing trees and flowers in what used to be sand, and Imri's whole family kept on sending music, one of the languages of peace, up into the Middle East air.

Well, I just thought you would like to hear about one obscure 14-year-old who happened to become a target of yours, because why shouldn't you know who it is you hated enough to kill? And now that your friends have murdered Imri and blown up his father's hand, there will be that much less music in the world, and that much less civilization.

You have made it pretty clear that all of this feeds your pride and your notion of manhood and especially your sense of nationhood. The triumph of guns and blood excites you more than symphonies and poems and clarinets.

It could be, though, that you didn't really tell an untruth when you called Imri a "soldier." On our battered planet there are always, after all, two armies—the army of

guns and the army of clarinets. Death flies out of one and beauty from the other. Imri is a fallen soldier in the army of clarinets, and in the end your most intractable stumbling block, your deepest contest, will have to be not politics, or your Soviet arms suppliers, or land, or your propagandists abroad, or your multiple perversions of the vocabulary of idealism, or your fellow Arabs who have imprisoned and despised and morally crippled and corrupted you for the last 30 years, or your hatred of Jews, or what you call "self-determination" while denying it to another people, or your vow to dismantle Israel, or your putting military uniforms on boys just Imri's age and teaching them terrorism, or even your bloodthirsty braggadocio; or anything like that.

No. You will have to grapple with what you know to be your chosen enemies—rank after rank of the singing clarinets: the army of civilization. Your guns cough in brutal eyeblink blasts and shatter human bones. Your friends, by steatlh and ambush, murdered Imri. You are terribly proud of this, and crow it over the airwaves. No matter. Civilization is more tencious than the death you bring. Paperbag trees, and Keats in a garden near an airport, and the long, long voice of the flute, and the singing clarinets—these are the soldiers you will have to defeat. If you can.

BOY SCOUT EXPRESSES VIEWS ON SALT

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. BOB WILSON. Mr. Speaker, I recently received a letter from a young San Diegan—a Boy Scout working on his Citizenship in the Nation merit badge. One of the requirements to be fulfilled is to communicate with a Senator or Representative on an issue of local or national importance.

Neal Engstrom expressed his views on a subject that has been a matter of vigorous debate these past weeks—the SALT negotiations and the neutron bomb. I consider Neal's grasp of the situation and ability to communicate his opinion most impressive for a young man of his years, and believe that all of us can benefit from his assessment.

Neal's letter follows:

SAN DIEGO, CALIF.

DEAR REPRESENTATIVE WILSON: I am a Boy Scout, 11 years of age. I am in Troop 1200 in San Diego. I'm working on the Citizenship in the Nation Merit Badge. For this merit badge I was asked to write a senator or representative of my state about a local or national issue. I was glad because I'm interested in the Neutron Bomb.

As I'm sure you know, after World War II and up till a decade ago the U.S. has wondered if there will be a war between Russia and the U.S.A.

Both countries had been (and have been) producing many types of weapons. After awhile the SALT Talks began. This was saying: "If you get rid of this weapon, we'll discard this one." This is all fine except that the U.S.'s goal at the SALT Talks is to get rid of everybody's (both nations') weapons, and end the production of weapons. But the Russian's goal at the SALT Talks is to limit the amount of weapons the U.S. has, and produces, so that Russia will have a stronger force, and have more power.

Recently the Neutron Bomb was about to be built, and President Carter ordered that it not be. Now this was completely dumb for two reasons. One, because he went against the advice of all his advisors, and our allies in other countries. And number two, you don't just order a weapon not to be made, as he could have traded the Neutron Bomb for a Russian Weapon at the SALT Talks, and then we still wouldn't have to make the weapon, and the Russians would be set further back.

Now Carter realizes this and he's trying to get it changed around but the Russians know that we won't build a Neutron Bomb, so they are not worried by Carter.

My feeling is that we should build a Neutron Bomb. Couldn't this be done by the Congress outvoting Carter? I also think that the bomb should only be built as a device for bargaining at the SALT Talks. Also we shouldn't let Russia rip us off at the SALT Talks.

Thank you for hearing me out.

Sincerely,

NEAL ENGSTROM.●

SOVIET AUTHORITIES IMPRISON ANOTHER UKRAINIAN HELSINKI MONITOR

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. SIMON. Mr. Speaker, I would like to call your attention to yet another violation of the Helsinki accords by the Soviet Union. Petro Vins, one of the newest members of the Ukrainian Helsinki Watch Group and son of Pastor Georgi Vins—a name well known to this body—has been imprisoned. This young man, who is only 23, was convicted of parasitism, a charge frequently brought against "bothersome" human rights activities, and one that was levied against Vins as he was in the process of applying to emigrate to Canada. With two of its members in prison, the Vins family can hardly leave the Soviet Union now.

Soviet actions against the Ukrainian Helsinki Monitors has been particularly harsh. Young Vins in fact joined the group after four of its leading members had been arrested. The four, Oleksei. Tykhy, Mykola Rudenko, Mykola Matusevych and Myroslav Marynovych, have since been sentenced to especially long prison terms. Vins is thus the fifth member of the Ukrainian group to be imprisoned for his activities, which have included the particularly dastardly crimes of possessing Bibles and calling upon his government to honor its international commitments.

While these actions by the Soviet Government are serious enough in themselves, I am also disturbed by the attitude the Soviets have shown in jailing these men only before and after, but not during, the course of the Belgrade meeting to review compliance with the Helsinki accords. The timing of these trials is a clear indication that the Soviet Government sought to escape well deserved criticism of its human rights record in this international forum. Surely such cynical behavior exposes the falseness of claims that these men are merely common criminals.

Mr. Speaker, I call upon my colleagues to join me in condemning this most recent Soviet violation of the Helsinki accords.●

TUITION CREDIT

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. FISHER. Mr. Speaker, I want to take this opportunity to discuss my reasons for having voted against the tuition credit legislation reported out of the Ways and Means Committee last week.

In its original form, the bill before the Ways and Means Committee would have applied to tuition paid to send children to elementary and secondary schools as well as to institutions of higher learning. The amount of the credit varied. For elementary and secondary schools, the credit began at $50 per student, effective August 1 of this year, with the amount to be increased to $100 in 1979. The credit allowed for tuition paid at the post-secondary level initially would have been $100 for education furnished from August 1, 1978 to the end of the year, with the credit to rise in 1979 to $150 per student and then finally to $250 in 1980. Availability of the credit would have ended December 31, 1980.

During consideration of this bill by the Ways and Means Committee, I voted in favor of an amendment, which failed, that would have provided meaningful financial assistance to families attempting to put their children through college instead of the token relief granted under the bill ultimately reported out of the committee. The amendment would have permitted a taxpayer to defer a maximum of $1,000 in taxes per student per year, beginning in 1978. This amount would rise to $1,500 in 1982, and then to $2,000 in 1986. The taxpayer could defer a maximum of $10,000 on behalf of any one student. All amounts deferred would have to be repaid by the beginning of the 10th year following the child's graduation from college with interest at a rate of 3 percent per annum accruing on the amount deferred. This tax deferral amounts to a loan at a low interest rate.

Under the tax deferral approach, for example, parents with two children in college could defer payments of as much as $2,000 in taxes in 1978, compared to a $200 credit provided under the bill approved by the Ways and Means Committee. This concept represents real relief to the parents with children attending college. It provides needed cash at a time when cash is short and requires payback after the cash crunch of educating children has passed. Moreover, since the tax will ultimately be paid, the cost to the Treasury in terms of foregone revenue would be minimal. In short, I supported the proposal because of the greater relief it provided, coupled with the much smaller revenue loss to the Treasury. Furthermore, the tax deferral approach could not be thwarted, as the

existing government loan guarantee is thwarted, by banks refusing to make tuition loans to students. And this approach would not require singles, marrieds without college-age children, retired persons, and other to pay taxes to make up for the tuition tax credits. Unfortunately, this proposal was defeated by a single vote, 19–18, in the committee, but I hope this result can be reversed when the bill reaches the floor of the House.

Having been defeated on this amendment, I chose to vote against both the credit for elementary and secondary tuition and the credit for tuition paid to post secondary institutions.

However, my reasons for voting against the two credits were entirely different. There are several reasons why I could not endorse the credit for tuition incurred at elementary and secondary schools. First, the constitutionality of a credit for elementary and secondary education is highly suspect under the establishment clause of the first amendment of the U.S. Constitution. In a situation analogous to the credit that was before the Ways and Means Committee, the U.S. Supreme Court held in the case of Committee for Public Education and Religious Liberty against Nyquist (1973) that a New York State income tax deduction for children attending a nonpublic secondary or elementary school in an amount unrelated to the actual cost of tuition violated the separation of church and state doctrine contained in the establishment clause of the first amendment. Relying upon the Nyquist decision, the Attorney General of the United States informed the Secretary of Health, Education, and Welfare on March 17 of this year that the tax credit proposals before the Congress would be held unconstitutional if they involved aid to elementary and secondary schools.

Secondly, as I indicated earlier, the cost of the proposal before the committee would have been considerable and would have increased the budget deficit at a time when the rate of inflation is far too high. Estimates I have seen reveal that the total loss to the Treasury from the credit for elementary and secondary schools plus the credit for institutions of higher learning would exceed $1 billion in the early part of the 1980's. Since it was primarily the private schools that lobbied for the credit at the elementary and secondary level, I would expect those schools simply to raise their tuition by the amount of the credit, if such a credit should be enacted. If that is the case, the individual paying the tuition would not benefit at all economically, because the reduction in taxes would quickly be offset by an increase in tuition.

Thirdly, the proposal could lead to the public schools charging tuition in order that they could derive a benefit from this form of Federal revenue sharing. This result has been characterized by some as the undoing of our free public schools that have become a significant part of the American society.

When the credit for tuition at the elementary and secondary level was deleted from the bill, I was then faced with the decision of whether to vote for or against a credit for tuition paid to institutions of higher learning. I decided to vote against the proposal for a number of reasons. First, the amount of the credit was quite small (maximum of $250 per student) when compared with the spiraling cost of college tuition and would be achieved at a high cost to the Treasury in lost revenues. Moreover, whereas the tax deferral program I discussed earlier would provide meaningful relief to taxpayers at less cost to the Treasury, the proposal before the committee would serve only to encourage colleges to raise their tuition with no assurance that the taxpayer would benefit. Second, the credit approach of $250 per student for tuition paid does not focus relief on families who truly need it and provides a windfall to families who require no assistance at all.

In closing, Mr. Speaker, I hope that my remarks will serve to clarify my position regarding proposals that would provide financial assistance to parents with children in school. I am quite sensitive to the financial problem which parents face in trying to find the funds to send their children to college, my wife and I having seven children to educate. For the reasons set out here, I lent my support to an amendment that would have provided substantial relief through a tax deferral assistance program to parents with sons and daughters in college. However, I could not support the tax credit approved by the committee, which merely represents token relief unrelated to actual tuition paid and which would be achieved at a high cost to the Treasury.●

DISPLACED HOMEMAKERS—WELCOME PROGRESS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. PICKLE. Mr. Speaker, legislation fashioned by our esteemed colleague from California, Representative YVONNE BURKE, comes before an Education and Labor Subcommittee this week for markup. The legislation seeks to bridge gaps from the work of homemaking to work in a salary paying job for thousands of displaced homemakers. I am pleased to be a cosponsor of this legislation, and I commend to the House an excellent article in the winter 1978 Civil Rights Digest which explains what a displaced homemaker is and outlines the history of Mrs. BURKE's legislation:

DISPLACED HOMEMAKERS—"FORCED RETIREMENT" LEAVES MANY PENNILESS

(By Tish Sommers and Laurie Shields)

Who is a "displaced homemaker"? This woman from a small Midwestern town is one:

In 1974 my husband died suddenly and in a matter of a few horrible hours I became a 55-year-old widow. I spent 33½ years of my marriage making a home for my husband and three children. I have developed no working skills and have been unsuccessful in finding any sort of a job. The opportunities are limited in a small town and are naturally filled by the young. Consequently, my funds grow smaller along with my shrinking ego.

The 2½ years until I reach 60 stretch interminably. My husband's social security will be no big deal at best. Preoccupation with grief, unexpected responsibility, rejection by potential employers, limited funds have made me feel alone and apart from life. After months of desperation I have lately begun to think of death as an attractive alternative.

Also this woman:

I am still married to a United States Post Office letter carrier, who plans to retire this year. He states he will elect to take the larger pension benefits awarded to himself alone rather than small benefits which would leave some to a beneficiary. I learned this shocking news in 1975 after 33 years of marriage. During this time I worked damned hard as a rural unpaid housewife who raised three kids on his measly salary. We could not have managed without my contributions—at least, not well. I was raised in the "great depresssion" and learned frugality early. I made all the children's clothes and maintained the home—paint, carpentry, etc., grew and preserved food (most of what we ate), ad infinitum.

Then in 1970, he left me to seek younger grass so I have been forced to live alone. . . . I have held temporary jobs since 1974 and have not yet established minimum social security credits of my own. As a postal worker, no social security was ever deducted from his pay so I am in the position of not having even this. . . .

And another:

I am a 65-year-old Christian lady whose husband, after 32 years of marriage, divorced me 2 years ago to marry his secretary, who was a widow, much younger, and had a great potential for inheritance. The divorce cut me off from our Blue Cross-Blue Shield which my husband had with his government job. Any hospital insurance I have been able to find says they start where Medicare leaves off. But with raising five children I never worked out to establish social security, so am not eligible for Medicare.

Oh, yes, they said I could take Medicare insurance, but how many who are not eligible for social security can afford that? I can't. I now own half of my three-bedroom home. My ex and his wife live across the street from me. I go out to work as baby sitter in their home. That's the only job I could get. He pays the house payments as my settlement, but I have to pay tax on that, since he claims it is part of my income. All this just does not seem very fair to me. . . .

All three of these women and possibly millions more like them are displaced homemakers. Displaced persons are those who have been "forcibly exiled" through social upheavals and war. Displaced homemakers are the victims of a quieter transformation in the structure of the American family. They are primarily older women who have been forcibly exiled from a role, an occupation, dependency status, and a livelihood.

HOMEMAKING AS WORK

Despite the oft-reported move of women into the labor force, homemaking is still the fulltime occupation of the majority of married women (and most of the rest are moonlighting). Motherhood, which is the central function of homemaking, usually terminates in the middle years, so that women in this occupation experience the same trauma as persons in other occupations whose jobs are phased out. But because homemaking is not yet recognized as work and not paid, this loss of job is not called mandatory retirement, but given the sociological description of the "empty nest syndrome." Suicide rates peak for women in these years, just as they go up abruptly for men after retirement. Again because homemaking is not paid, no cushions

or benefits aid these workers at this crucial life transition—only psychiatrists' couches and prescription drugs, euphemistically called tranquilizers, dull the pain.

Nor is being fired from homemaking (divorce) seen as comparable to unemployment. Displaced homemakers, like other workers, have lost the sole source of income on which they have been dependent. In their attempts to find jobs they are turned down because they have no recent record of paid employment and also because they are older women. They are ineligible for unemployment insurance because they have been engaged in unpaid labor in their homes. If their children are over 18, they are ineligible for AFDC. Most are ineligible for social security because they are too young, and some may never qualify because of the dependency pitfalls within that system or because, as in two cases cited above, the breadwinners were in other retirement programs.

If the problem is severe, why has it not surfaced before? Precisely because homemaking, not recognized as work, has been seen as outside the economic sphere. As John Kenneth Galbraith has pointed out, the consumption tasks of the homemaker are essential for the well-being and continuing growth of the economy, but the housewife's contribution is systematically ignored. Any accounting of her contribution is scrupulously avoided. On the grounds of complexity of assigning a monetary value to nonpaid work, homemaking is kept out of the realm of statistics.

In 1975, when the Alliance for Displaced Homemakers commissioned a study to determine the actual number of women nationally who would qualify as displaced homemakers, it was found that only a scattering of information existed, much of it lacking conciseness. What wasn't counted as labor obviously wasn't counted at all, and if you are not counted, you don't exist. Even today, there is no definitive socioeconomic profile of this group. The Alliance estimates 2 to 3 million women are displaced homemakers, and potentially 15 million more are women out of the labor market who currently have minor children and will be without benefits when their children reach 18 years of age.

Part of the reason for their invisibility is that homemaking is an isolated occupation, and women who fit the definition tend to think of themselves as victims of circumstances rather than as a social problem. Each believes hers is a unique personal problem.

Despite the absence of good statistics, some idea of the extent of the condition can be deduced from related reports. According to the Census Bureau, in March 1976, 4.4 million divorced women had not remarried. Over 2 million women were separated from their spouses and over 10 million were widows. Demographic studies confirm that women are outliving men and the gap is widening. While it is commonplace for widowers or divorced men to marry younger women, the reverse is relatively rare. There are more than four widows to every widower. No-fault divorce has cut a wide path through the ranks of older women as well. And in a recent report on spousal support by the National Commission on the Observance of International Women's Year, only 14 percent of divorced women are awarded alimony. Of these, only 45 percent get their payment with any degree of regularity.

Most women who are now in their fifties and sixties bought the social contract of man the breadwinner and woman the homemaker. They assumed that their retirement benefits, health insurance, and economic security flowed from their marriage. If they worked outside the home, it was likely to be supplemental, irregular, and often part-time. Most of these women are poorly equipped to compete in today's job market. Their skills are obsolete or may no longer be in demand. (How many older school teachers can be placed these days?) Not only has the job market changed, but the women have changed too. The many negative messages they receive—from potential employers, family, the media, and elsewhere—tell them they are unemployable, which soon becomes a self-fulfilling prophecy. It is difficult enough for an older man who loses his job to find another one. (Persons over 45 suffer terms of unemployment equal to black teenagers.) But the older unemployed male at least has a work history; the former homemaker has none that is recognized. As one such woman wrote:

I've answered dozens of ads and tried the unemployment office where they send me to the job board. Those jobs are already filled or after I fill out an application I never hear from them again. They say I have no experience. Well, I thought raising six fine children and working on school bond campaigns and electing the right candidates to Congress was experience but I guess not. They look at you like a piece of discarded junk.

Displaced homemakers are in fact a newly emerging disadvantaged group that has yet to be officially recognized. This segment is composed of "old poor" (growing older and poorer) and "new poor," former dependents of persons outside the poverty ranks. Many of these latter are the least equipped for coping with combined age and sex discrimination. As one widow writes:

Four years ago at the age of 48 I was widowed and was so sure I could get a job and take care of myself. What a shock to find out I couldn't and there was no help available anywhere. In these years since, I had to sell my house just to have money to exist. I moved to a little cottage with no running water. I carry wood to heat the place. I'm not complaining, mind you, but what will happen when I am physically not able to do this any more? I have no health or hospital insurance. Small towns have few jobs, but would my luck be better in a big city? The future frightens me.

Another such woman did move to an urban setting and found the going no easier:

I married at 15, I worked in the fields, ran a home, growing gardens, raising livestock so as to live, all the time having children. Many a night I never got to close my eyes, sewing, mending, doing floors, painting, canning, preserving. I'm old, too old to find work and too spent. I have nothing but food stamps. . . . is that anything to live for? Is that what I've worked all these years for?

These are the women who are caught in the middle. Too young to be considered part of the "aging," they are therefore not eligible for most programs designed for "the elderly." Changing aspirations and expectations of women have left them stranded. While older widows are traditionally an impoverished group, their situation has deteriorated immeasurably through the compounding impact of inflation year by year. Changing laws and mores in regard to divorce have swelled the ranks of older women on their own. The divorced older woman's plight is accurately described by a judge for the Court of Appeals, Fourth District, California, as he held for a 44-year-old wife divorced after 25 years of marriage:

A woman is not a breeding cow to be nurtured during her years of fecundity, and then conveniently and economically converted to cheap steaks when past her prime. If a woman is able to support herself, she certainly should do so. If, however, she has spent her productive years as a housewife and mother and has missed the opportunity to compete in the job market and improve her jobs skills, quite often she becomes, when divorced, simply a "displaced homemaker."

For these many reasons the authors have focused upon the displaced homemaker as a new and unrecognized disadvantaged category for whom there has been been little official concern and no specific assistance. We have defined her as an individual who has performed unpaid labor in the home, is not gainfully employed and who has had or would have difficulty in securing employment. She has been dependent on the income of another family member or on Federal assistance but is no longer eligible because her children have reached their majority. The personal plight of these women is desperate and, as they are quite aware, they are headed for abject poverty in old age. The psychological toll is enormous.

A LEGISLATIVE FOCUS

Older women, trying to move from dependency to self-sufficiency, are not specifically excluded from government-funded programs; such programs are simply not designed with these women in mind. The problem of the older woman who falls through the cracks was brought to public attention in the fall 1974 issue of the *Civil Rights Digest*, among other places, but nothing happened until specific legislation was introduced to address the problem.

In the spring of 1975, a Displaced Homemaker's Bill was introduced in the U.S. House of Representatives by Rep. Yvonne B. Burke of California. Drafted by legal services lawyer Barbara Dudley at the request of the then NOW Task Force on Older Women and members of Jobs for Older Women (a community-based organization in Oakland), the proposed legislation gave a name to the problem, defined it, and suggested remedies. Modestly conceived, it called for the U.S. Department of Health, Education, and Welfare to provide multipurpose service programs including job readiness, transition counseling, training, placement, and help in recycling of homemaker skills to paying jobs. Its greatest value was conceived to be its potential impact upon other agencies, both public and private, in sensitizing them to a category of persons about whom they knew little.

In order to mobilize effective grassroots support for the legislation, an Alliance for Displaced Homemakers was formed with the sole function of promoting legislative support at both the State and national level. The first State bill to fund one multipurpose service center for displaced homemakers as a pilot project was enacted in September 1975 in California. Support for the legislative drive across the country came from diverse quarters—from traditional women's organizations and from members of NOW and other feminist groups. Church women's organizations, recognizing that their membership included many displaced homemakers, were especially responsive.

In the 2 years subsequent to the passage of California's State bill, 13 other States followed suit: Maryland, Florida, Nebraska, Montana, Texas, Oregon, Illinois, Minnesota, Louisiana, New York, Massachusetts, Colorado, and Ohio. (Anticipation of passage of a Federal bill that would have provided matching funds—90 percent Federal, 10 percent State—spurred passage of many of these bills. But in a number of cases, the bills were more an expression of interest than a commitment of State funds; some appropriations were made contingent upon the availability of Federal money.)

Early in the 95th Congress, Representative Burke reintroduced an amended Displaced Homemaker Act (H.R. 28). An identical version was filed in the Senate by Senator Birch Bayh (S. 418). Refined specifics of the measure called for HEW to establish a minimum of 50 multipurpose service centers for displaced homemakers, mandating the selection of rural as well as urban sites.

Congressional hearings on both bills were held in 1977, and it was clear that members of the subcommittees in both Senate and House recognized that displaced homemakers

as defined in the legislation represented a significant segment of the country's hard-to-employ. But it was equally obvious that since the legislation was intended to open up paying jobs, the program more properly belonged under the aegis of the Department of Labor.

Early in December 1977, Representative Burke therefore filed new legislation (H.R. 10270) to amend the Comprehensive Employment and Training Act (CETA) to include the entirety of the Displaced Homemaker Act under Title III, which had been created in 1973 to deal with the very hard-to-employ through a special program approach. Representative Burke was joined in the filing by Representative Augustus Hawkins, chairman of the House Subcommittee on Employment Opportunity, as a prime cosponsor. As this article goes to press, it is expected that Senator Birch Bayh will file an identical measure when Congress reconvenes in January.

Considering attitudes toward spending for new public programs and the trend against "categorical programs," this legislation has been swimming upstream all the way. But the issue has caught media attention as America's "number one lady in distress." The National Women's Conference held in Houston spotlighted homemakers' concerns and gave overwhelming support to displaced homemaker legislation as an immediate and concrete step toward addressing the neglected problems of older women.

FURTHER STEPS

The legislation, both State and national, includes the following statement: ". . . homemakers are an unrecognized and unpaid part of the national work force who make an invaluable contribution to the welfare and economic stability of the Nation, but who receive no health, retirement, or unemployment benefits as a result of their labor. . . ." Certainly the sentiment expressed in the first part of that statement is taken for granted (at least on Mother's Day), but the second half has not been addressed in any systematic way. Setting up multipurpose service centers as the bill directs may provide immediate assistance to a limited population but will not address the roots of the problem.

A second small step is written into the bill as well:

SEC. 7. (a) The Secretary (of Labor), in consultation with appropriate heads of executive agencies, shall prepare and furnish to the Congress a study to determine the feasibility of and appropriate procedures for allowing displaced homemakers to participate in—

(1) programs established under the Comprehensive Employment and Training Act of 1973. . . .

(2) work incentive programs established under Section 432(b)(1) of the Social Security Act;

(3) related Federal employment, education, and health assistance programs; and

(4) programs established or benefits provided under Federal and State unemployment compensation laws by consideration of full-time homemakers as workers eligible for such benefits of programs. (emphasis added.)

While studies should never be confused with implementation, they seem to be a necessary step in drawing attention to newly recognized problems. Including full-time homemakers under the unemployment compensation laws may seem impossible, but no serious consideration has yet been given to the matter. A well-researched study should provide alternative solutions. It might begin by acknowledging the economic worth of the contribution homemakers make to this Nation.

The process of working in behalf of the legislation has already raised consciousness in Federal Government circles as to the plight of the displaced homemaker. Most legislators and officials in relevant agencies have at least heard the term and have some idea of the issue. Because the problem crosses all race, class, and political party lines, there is now some willingness to do something about this constituency—as long as the "something" doesn't cost too much or interfere with "more important" considerations.

Already the category of "displaced homemaker" is creeping into some agency programs. In some, the focus on older women has been maintained; in others, the definition of displaced homemaker has been broadened to such an extent that the focus has been lost. The director of a CETA-funded program for displaced homemakers in Montgomery, Alabama, points out in his description of the program that "the project definition of a displaced homemaker differs from the national definition to include women 22 years of age and above and unwed mothers."

The regulations for vocational education programs following passage of the 1976 Education Amendments Act included displaced homemakers as one target population for funded projects. While little evidence exists of implementation for older women under these provisions, the existence of more displaced homemaker centers will eventually assure that this will happen. ACTION is another government agency interested in displaced homemakers. Although Congress turned down ACTION's request for funding of a volunteer-oriented program designed for these women, the establishment of displaced homemaker centers will provide the opportunity for interaction through cooperative programming with ACTION. The Women's Bureau of the Department of Labor, long charged with gathering information on the status of women in and out of the labor market, is interested in the research implications of the legislation.

CETA administrators in Washington have already responded by funding a number of pilot projects in various parts of the country. They range from research to job-related services, but as pointed out above, the absence of official acceptance of the term "displaced homemaker" to mean a person in her middle years has diluted the efforts for older women. With growing pressure from the grassroots on CETA to address the job needs of older workers of both sexes, prime sponsors may begin to identify displaced homemakers at the local level and design programs to fit their needs. Passage of the pending displaced homemakers national legislation will certainly increase their awareness and encourage action.

So, the original intent in sponsoring legislation to draw attention to an invisible problem has already produced significant results. What a difference a name makes! Even though the term was greeted with disapproval and was considered "too harsh" by those who had never experienced the problem, it was quickly adopted by thousands and thousands of women who found it an apt description of their own situation. We who had vowed to make it a household word are, with the collective action of older women across the country, well on the way to our goal.

One more addition to the lexicon of those experiencing discrimination is a limited victory. Nevertheless, there comes a time when the cry of outrage must be translated into legislative language, when the broad basic sweep of reform is broken down into tiny steps forward. A full bill of rights for homemakers may not come in our time, but its time will come.●

BRITISH PAPER OFFERS NEUTRON BOMB WARNING

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. SIMON. Mr. Speaker, one of the magazines which gives me a perspective of how people in other nations view a variety of issues is Atlas World Press Review.

The magazine republishes a variety of feature stories and editorials from around the world.

If there are those among my colleagues who do not subscribe, I recommend that they do.

In the most recent issue, they reprinted an article from the Guardian of London, by Anthony Tucker, about the neutron bomb that I hope Members of the House and the Senate and their staffs will take a few minutes to read. It will cause us to pause and reflect a little before we move ahead on something which could have a devastating impact.

A "CLEAN" BOMB?

THE NIGHTMARE EFFECTS ON THOSE WHO SURVIVE

(By Anthony Tucker)

When the "clean" tactical neutron bomb bursts over the battle salient, those who die quickly will be the lucky ones. Within 450 yards of ground zero, where the blast and burn effects differ little from those of a conventional fusion weapon, the dose levels of fast neutrons and hard gamma radiation will be over 18,000 rads, even for men in tanks. Given a few moments of realization of the meaning of the flash and the extraordinary nausea, then coma and merciful oblivion will intervene until death a day or two later. But only a few will die as cleanly as that.

Most will die slowly, and most of these will know almost from the outset that they are going to die. For there are two related but separate series of symptoms suffered by those exposed to high doses of radiation, quite apart from radiation-induced skin burns (90 percent of victims suffer first-degree whole body burns at 650 rads plus; second-degree burns at 2,600 rads plus).

The first series is called "prodromal," and acutely affects the gastrointestinal and neuromuscular systems: nausea, vomiting, diarrhea, cramps, salivation, dehydration, and anorexia result, say the textbooks, noting that the severity of these symptoms and their duration seem to predict the severity and eventual end point of the radiation injury. These symptoms, and the panic and helplessness they induce, would be better called the "premonition phase."

With it, high-dose levels, come the neuromuscular effects—fatigue, listlessness, exhaustion for some, sweating, headache, behavioral abnormalities, sudden limb paralysis, fever reduction of blood pressure, and shock. All those receiving a lethal dose of radiation greater than a few thousand rads will suffer all these early symptoms, probably associated with cerebral bleeding.

The onset will generally be with five to fifteen minutes of exposure, reaching a peak within about thirty minutes and then merging with the later and ultimately fatal symptoms resulting from massive damage to the central nervous system and the bone marrow. Above 1,000 rads, survival may be five to ten days, but during that time most will die of

massive bleeding through the destroyed surfaces of the gastrointestinal tract.

At these high levels of radiation the cells which make up the brain and the nerves also disintegrate; neither the behavior, the feelings, nor the competence of individual humans can be predicted for this phase of dying. Inability to make valid judgments, paralysis, and gross unpredictability are the probable hallmarks.

At high-dose levels, death will generally intervene before the symptoms of bone-marrow destruction reveal themselves. But at lower lethal doses—the LL or "latent lethality" levels on the military scale, ranging from 200 rads upward to the 1,000 rad level—the bone-marrow symptoms will dominate and may determine the outcome.

The bone marrow is a kind of miraculous factory which manufactures—nobody understands quite how—all the various and highly specialized cells for the blood. When the bone-marrow function is impaired or lost then life is impaired or lost.

With radiation damage, after a latent period of a few days (the "premonition phase" may have receded by then into a misleading phase of apparent well-being), the bone marrow's failure to produce essential blood cells is revealed in anemia, bleeding through loss of the ability to clot, and massive failure of the immune-response system that protects us from disease. Rapid infections, ulceration, internal hemorrhage, and uncontrollable fever lead to death within a few days or weeks.

If, after sixty days, the bone marrow has repaired sufficiently to provide enough blood cells for immune and other functions to return, then the victim may survive for several years. He will, however, be impotent. At about this sixty-day milestone—which separates the "early" effects of radiation from the so-called "late" effects (predisposition toward leukemias and cancers of all kinds, cataract, increased susceptibility to infection and nonspecific life shortening)—the effects of radiation damage to the gonads become apparent. The gonads are probably the most radiosensitive organs of the human body, and both male and female glands are readily and lastingly damaged.

In the male, a radiation dose in excess of fifty rads causes the sperm count to drop almost to zero after a latent period of sixty to eighty days. Doses above 650 rads will certainly produce lasting reduced fertility—and, most probably impotence—because the damaged testicular cells are no longer capable of producing viable spermatocytes, the cells which eventually evolve into spermatazoa.

It seems that anyone within about 1.25 miles of the blast will suffer gonad damage and infertility to some extent, but there are important uncertainties about biological effects of high-energy neutrons at low doses—that is, on the periphery of the radiation area. It is known that neutrons are very much more damaging than gamma rays at low doses and, for different effects, they may be ten, thirty, or 100 times as potent.

Soldiers are, of course, required to perform their duties until they die, and the clean tactical value of the neutron bomb may seem to be that it knocks out the enemy in his tanks, eliminating within two to five minutes a potential breakthrough or breakout. Those are the quick dead (7 percent) and the quick down (9 percent). But what of the 40 percent who either go down and then get up again to function abnormally and unpredictably, or who go down slowly with increasing disability and impairment? They will die, of course, but what will they do with their undamaged equipment before they die when they are no longer responding to commands?

And what about the remainder on the periphery, most of whom will suffer radiation sickness and deep-seated latent damage which will reveal itself in late effects? Is it a "clean" weapon which, where it does not kill, plants the seeds of blindness, cancer, impotence, and early death? Or is it called "clean" only because, to the military mind, that which is not relevant to the course of the battle is of no significance?

A GLOBAL CONCERN

(Samplings from a worldwide dialog)

FRANCE

If it is acknowledged, which is generally the case, that one of the main dangers for the West is a massive tank attack penetrating our defense lines, it must be agreed that the neutron bomb appears to offer extra security while avoiding the "black marks" of atomic fission bombs—high loss of civilian life, and massive destruction of allied or enemy territory. Opinions can be legitimately divided as to whether the neutron bomb is a positive contribution in the area of deterrence. But for defense the contribution appears to be beyond question.

Whether one wishes it or not, the influence of those in possession of nuclear weapons for the defense of Europe cannot fail to grow.—Francois de Rose, "Le Monde," Paris (liberal), Feb. 28.

THE NETHERLANDS

On March 19 in Amsterdam more than 50,000 people participated in an international demonstration against the introduction and production of the neutron bomb. The march, organized by The Netherlands' "Stop the Neutron Bomb" group, was preceded by an international colloquium of 1,500 representatives from Eastern and Western Europe and eight international organizations.

The demonstration and colloquium marked a climax in the largest antiarmament movement Holland has known since the War. Nearly 1.2 million signatures decrying the neutron bomb have been collected. Several speakers at the final meeting emphasized the need for international action and cited the Dutch movement as an example and stimulus for actions elsewhere.

Rudie van de Velde, nuclear physicist and Communist councilman of Amsterdam, pointed out that those in favor of introducing the neutron bomb are to be found in the military-industrial complex, "where it isn't the insecurities surrounding the N bomb that are taken into account, but the securities at the stock market." Van de Velde argued that peaceful coexistence of the world's nations is the condition *sine qua non* for safeguarding mankind's future.

Holland's churches played a prominent role in the anti-neutron bomb action. Many Amsterdamers were urged from the pulpit to participate in the march.—"De Volkskrant," Amsterdam (independent), Mar. 20.

ENGLAND

European members of NATO are increasingly reluctant to reach a decision on whether the neutron bomb should be deployed on their territories. West German Chancellor Schmidt has already said the neutron bomb will be a useful deterrent until international arms control is achieved. Many politicians in Bonn are strongly opposed to its deployment on West German soil, however.

Although the resolution of NATO's Nuclear Planning Group remains secret, it is no secret that nearly all NATO serving officers would unreservedly want to see the neutron bomb deployed in Europe. They are aware of the emotions the bomb has aroused, but they hope these will calm down in time.

The Dutch Government has refused to let the bomb be deployed on its territory. So, too, has the French Government, which refused to accept NATO nuclear weapons because they are not under French control. But it is likely that France will develop a neutron weapon of its own. The Greek Government is also strongly opposed to having the neutron bomb stockpiled on Greek soil, even on American bases, while the Norwegians refuse to accept nuclear weapons of any type.

Strong public opposition to any use of the neutron weapon is not continued to left-wing opinion. Some politicians believe that most Europeans are so deeply opposed to the weapon that they will attempt a revolt against the military if they try to deploy it. They fear the two superpowers may try to fight it out on the plains and forests of Germany, whatever the effect on civilians. Clare Hollingworth, "Daily Telegraph," London (conservative), Feb. 27.

GERMANY

Bonn Government spokesman Klaus Bölling says that the Government of Germany is in favor of using all opportunities for arms control talks, especially in view of the arms buildup in the East, before actually deploying the neutron bomb in Europe. As to whether the neutron bomb ought to be developed and manufactured. Bonn says this decision rests with the U.S."

The Soviet Union has nothing to rival this miniature hydrogen bomb, which may even help, its ability to launch a surprise attack despite the Warsaw Pact's tank superiority. Even so, the military priority of offsetting the Soviet Union's 3-to-1 tank supremacy in Central Europe must not override strategic and security policy misgivings.

America and Russia were unable to agree on limitation and subsequent reduction of anti-missile systems until they had both spent enormous amounts of money on convincing themselves that ABMs did not live up to expectations. It was much the same with MIRVs. Yet America's decision not to manufacture the B–1 supersonic bomber failed to bring anything tangible as a Soviet counter-concession. Would it be wise to expect the Kremlin to forgo stationing more SS–20 missiles in Western Russia or to reduce its tank strength in East Germany in return for the nonmanufacture of the bomb?

It will take time and effort to find out whether the bomb is sufficient to persuade the Soviet Union to reduce its offensive potential.—Kurt Becker, "Die Zeit," Hamburg (Liberal), March 3.

REWRITE OF THE COMMUNICATIONS ACT

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. WIRTH. Mr. Speaker, the House Subcommittee on Communications is undertaking major revisions to the Communications Act of 1934 under the able leadership of its chairman, Mr. VAN DEERLIN, and the ranking minority member, Mr. FREY. In light of that effort I wish to call to the attention of my colleagues to two articles which have appeared recently in the press concerning the issues we are confronting in the rewrite.

The articles follow:

[From Computerworld, Mar. 6, 1978]

IBM, BELL HEADED FOR CLASH IN MID-1980s, ANALYSTS WARN

(By E. Drake Lundell Jr.)

WASHINGTON, D.C.—A major clash over markets is inevitable between IBM and AT&T in the 1980s, two major industry analysts

agreed here at the recent DataComm '78 conference.

"AT&T is in essentially the same business as IBM, no matter what they say," Charles P. Lecht, president of Advanced Computer Techniques, Inc., said, while Frederic G. Withington, a consultant with Arthur D. Little, Inc., said it was "inevitable" that the two would compete even more than they have to date.

Lecht said the major collision between the two industry giants will come in the mid-1980s after the satellites of Satellite Business Systems (SBS) are launched, but Withington predicted the collision will result more from offerings planned for the late 1980s and early 1990s.

However, both agreed the big question mark in the equation is the threat of government regulation.

Legislators do not realize the significance of the coming clash and are not really equipped to deal with the issues raised, Lecht pointed out, while Withington said he hopes the government will not stop or stifle the innovative growth period ahead.

In reaching their conclusions, the two traveled slightly different paths.

By 1983, 87% of all computers will have some terminal hookups, Lecht noted, adding that computer mainframers that cannot offer a communications capability will end up as "component suppliers to those who do."

IBM's SBS, he said, is breaking the previous lines between computers and communications by placing a computer mainframe maker strongly in the communications business—even if only through a subsidiary.

WRITEOFFS FOR AT&T?

At the same time, AT&T could be facing huge writeoffs—in the neighborhood of $20 billion—if its terrestrial plant is outmoded or leapfrogged by satellite services such as SBS, he noted.

To counter this, AT&T is developing communications systems such as its as yet unannounced Advanced Communications System (ACS) that will handle many communications functions previously handled in a mainframe or front-end-type processor, Lecht predicted.

ACS, he said, will have the capability for data capture and data entry and will provide a host of preprocessing services formerly handled by communications software on a mainframe. The line between the two has always been fictionally drawn, Lecht noted, and it will be even more blurred in the 1980s when it will be impossible to tell whether computers are the slave of communications or vice versa.

With the development of ACS, the battle will really begin, he predicted, because IBM's Systems Network Architecture (SNA) will not be able to coexist with the Bell ACS offerings.

IBM PERSPECTIVE

Withington looked at the picture from the IBM perspective, noting that pretending to be president of IBM was one of his favorite fantasies.

IBM wants to keep up its dramatic growth, starting from its base in the data processing and office markets, so the next step is integrating its word processing systems into networks and then having links with its DP base, he said. This will call for the development of both graphics and image processing systems, which will require very wide bandwidth communications systems, such as will be available from SBS, he added.

As these functions get distributed on communications nets, he perdicted, IBM will then "have to get into voice," possibly to the extent of even supplying telephones.

Presently, IBM and AT&T compete in the terminal area to a great extent, he said, noting that AT&T's teletypewriter is one of the most popular terminals and that the Dataspeed 40 gear is actively competing in the market.

Withington also downplayed some of the things people have said might constrain the two from competing.

For example, he said many people have said that the threat of antitrust action against IBM would constrain the firm. But, he noted, IBM has been more aggressive in price cutting against the plug-compatible CPU makers than it ever was against the peripherals firms, even though it is being sued on antitrust grounds now.

In addition, the two firms would not stop being customers for each other's equipment even if they became competitors, as some have predicted.

Withington predicted that the confrontation would start on the equipment front with IBM coming out with more and more terminal equipment, initially specialized for the SBS, and including such things as facsimile, video and audio equipment for teleconferencing, and remote printing devices. In addition, it will get into the business of multifunctional units to provide such services.

Furthermore, IBM is heavily involved in fiber optics research and may offer fiber optics systems for inplant use, he said, as well as entering the PBX marketplace with its Carnation unit that has been available in Europe for almost five years but never introduced here.

[From the Washington Post]

DO-IT-YOURSELF TELEVISION

If you have been looking at the ads, you know that the prices of those machines known as video recorders have been coming down while the prices of almost everything else have been going up. They're still expensive—$800 and up. But enough of them are in use (150,000 or so) and their makers are promoting sales furiously enough to suggest that they are more than just another electronic gadget. Like the television sets of a generation ago, the video recorders are capable of producing major changes in the way we live and in the communications and entertainment businesses.

One version of these machines, in case you haven't seen it, takes television signals off the air, records them on magnetic tape and plays them back on command through your television set. Given the right attachments, it will record one channel while you watch another, record programs while you are not at home, or play prerecorded tapes of, say, movies or Broadway shows. Down the technological road are devices to turn home movies into tape, to run programs backward or in slow motion—and who knows what else? Coming into competition soon with these tape systems will be others based on discs like phonograph records. While these systems won't let you record material off the air, the basic set will be cheaper to buy and the cost of prerecorded discs of movies or symphonies or do-it-yourself programs will be substantially lower and the visual quality somewhat higher than comparable tapes.

It doesn't take much imagination to figure out some of the things that come next: movie-of-the-month clubs, rental libraries, discount stores and so on. But no one is quite sure what all this will do to television and the resurgent movie industry. What if most people decide that, rather than watch what the networks offer, they will program their own entertainment from the discs or tapes they can buy, rent or borrow? Will that be the end of network television as we know it? Or what if people decide to tape programs at off hours and play them during prime time rather than watch the network offerings? The ratings game, in which television is so deeply engrossed, could turn into chaos. And what if all those parents who hate the commercials for sugary breakfast foods were to provide their children with a supply, on tape or discs, of the same cartoons minus the ads? If these or any of several other possibilities occurred, the role of television as the major supplier of entertainment would be sharply changed. In response, the networks might be driven to expand vastly their role as a supplier of news of live events—political, social and athletic—thus beginning to live up to the potential they have never fully exploited.

There are a couple of clouds on this horizon. One is the reverse side of the competitive system that is bringing down so quickly the prices of these new devices; some of the various systems are incompatible, and consumers who buy the ones that lose out in the market may be stuck with obsolete equipment, just as some consumers were in the early days of long-playing records. The other cloud is a lawsuit in which two moviemakers are charging that the federal copyright laws are violated when consumers tape things likes movies off the air. They may well be right; the tape-system manufacturers are now telling customers that federal law may be broken when copyrighted material is taped. If so, the solution is to find a way to protect the owners of the copyrights without destroying this new tape industry. That might require some legislation by Congress.

So far, neither Congress nor any other arm of government has gotten into this field. When they do, the principle guiding their action ought to be clear. These new recorders, especially when combined with the coming mini-computers and cheap television cameras, can change that home television set into an information and entertainment center almost beyond belief. The government's role should be to remove any roadblocks and let it happen.●

THE PEOPLE PLAY STRONG ROLE IN FOREIGN AFFAIRS POLICY

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. YATRON. Mr. Speaker, I know that many of my colleagues share my belief that people are at the center of our foreign policy. It is not difficult to lose sight of this important fact, in this age of rapid change and high technology. I firmly believe that people-to-people exchanges and communication have a far greater role to play in our relations with other countries, than presently is the case.

Mr. and Mrs. Roy O. Christman of Hamburg, Pa., recently returned from a 5-week visit to Pakistan. As participants in the 1978 Farmers and World Affairs Program, they traveled throughout the country, visiting 25 different farms representative of Pakistani agriculture. Later this year, the Christmans will in turn host Pakistani farmers in their home in Hamburg.

On their return to the United States, Mr. and Mrs. Christman were kind enough to visit me in my Washington office to share with me their many experiences. I would like to take this opportunity to call to the attention of my colleagues, the Christmans' written report to me on their trip to Pakistan. As a member of the Subcommittee on Asian and Pacific Affairs, I was most interested to read their reflections. Not only is their

report informative about life in Pakistan; it also demonstrates very clearly the understanding which is generated by people-to-people programs like the Farmers and World Affairs exchange. Mr. and Mrs. Roy O. Christman have made an important contribution to United States–Pakistani understanding and I am proud to represent them in the Congress.

Their report follows:

FARMERS AND WORLD AFFAIRS PROGRAM—1978

As part of the Farmers and World Affairs Exchange program to Pakistan, we traveled over five thousand miles in five weeks. This F.W.A. program of farm leaders of America and Pakistan to become more informed and concerned by taking an active part in the building of a world of peace and freedom has been in existence since 1959. This annual program calls for a group of 6 or 8 Americans actively engaged in all types of farming to visit Pakistan to observe their agriculture and agribusiness and for a corresponding group to visit America for the same purpose. This year 3 couples, Mr. and Mrs. Roy O. Christman of Hamburg, Penna., Mr. and Mrs. Andrew Jackson of Howell, Michigan and Mr. and Mrs. Mervin Sutter of Sarasota, Florida visited and lived in their counterparts' homes in Pakistan. Later on this year 6 Pakistanians will come to America to be guests of this year's exchanges and former participants on their farms. Since each former participant arranges for programs and recreation typical of his area and his type of farming, the present participants have a varied and enjoyable trip.

This 1978 Farmers and World Affairs Exchange started for us on Feb. 6 at Karachi, Pakistan. We eventually drove 4,500 miles from Karachi on the south, northward through the Indus Valley, to the Swatt Valley in the north. After 5 weeks on the road, traveling in three cars which enabled us to reach nearly inaccessible places on nearly unrecognizable roads, we flew from Rawalpindi to Karachi adding another 900 miles.

Some of the highlights included visits and meals at twenty-five different farms with overnight stays at seven of them. These farmers represented every type of agriculture native to Pakistan and included mangoes, citrus, bananas, sugar cane, rice, wheat, alfalfa, vegetables, mustard for oil and poppies. From the sky, Pakistan has a yellow color due to its acres and acres of flowing mustard fields. With very little export and limited storage and processing facilities most of the food is locally consumed, being merchandized by "Poppa" stores and push cart vendors. The many animals of Pakistan, the camel, oxen, water buffalo, donkey, goat and the horse manage to eat up many acres of alfalfa and wheat as fodder. Briefing at the State Dept., Washington, D.C., the American Consulate, Karachi and meetings with various Directors of Fisheries and Agriculture of the Sind, Punjab and North West Frontier Provinces acquainted us with the fundamental facts of Pakistan's agriculture. Visits to 4 research centers, 2 colleges, fish harbors, a sugar mill, an Esso Refinery and the Lahore Vegetable and Fruit Market showed us the utilization of PL 480 funds and the practical, down-to-earth application and results of these facts.

Our impressions are that Pakistan will never really benefit from outside help until it changes its traditions and conditions from within. There are at least three main factors each so intermingled with each other that there is no single solution to their problem. In fact the biggest mistake any aiding country can make is to think money alone pumped into a country can solve their problem. Such money usually ends up aiding the governing class already corrupt and affluent. It never touches the needly lower class.

Politics is the number one unstable factor. Although the country is new as to it's creation, it's age old landowner-tenant system will keep the country in a state of upheaval. Whenever you have a very rich educated minority dictating to a very illiterate poor majority there is bound to be political unrest. There has to be some sort of land reform in the land ownership distribution with compensation for the landowner and incentive for the tenant. Taking the land away from the present owner (land that has been in the family for hundreds of years) without payment as the present government has tried to do only creates more corruption and unrest in the already ruling class. There are few incentives for the lowly tenant who exists to support his landlord and his own family or for the professional person who fears governmental reprisals or the industrialist who fears nationalization. Nationalization proved to be a disaster since it suppressed investments by the Pakistanians and discouraged investments from other countries too.

Pakistan needs industry to employ more of the over 80 per cent now in agriculture. Employment in agribusiness such as processing, transportation, packaging, manufacturing of machinery and even research will lead to larger, more economical and mechanized farm units. The saving of food now utilized by the bullocks, who are necessary because of the small farm size worked by the tenant, would make Pakistan self-sufficient.

Education of both sexes will be a giant step forward. Other countries are supplying technology but without education the masses cannot understand it. Importation of sophisticated farm machinery is also not the answer. Self production or practically sized and horse-powered equipment would be a more economical approach. Those achieving an education eventually leave the country for material advancement offered by other countries. Education will solve other problems. The agriculture research centers, the Extension system and other agencies are set up but "politics" and selfish motives block the flow of information and good seed to the right people. Better crops would mean better diets, more income, better standards of living, more uniformity of the classes, more exports and national stability. It is hoped Pakistan will solve it's own differences before some outside country will.

At first glance it would seem religion and tradition would be one and the same thing. However on understanding some of both it is not necessarily so. Religion was the reason for the creation of Pakistan. Strict religious belief will hamper the growth and keep progress stalemated. More aggressive sectors tend to take advantage of religious elements.

Tradition (pride in country and people) is something to be commended. In the case of Pakistan it is proving to be a deterrent. The many tribes are partially or wholly independent paying little or no taxes and carrying guns in defiance of national law. Purdah and tradition concerning the position of women in society tend to make Pakistan a male-oriented country. Education and active participation of women in all phases of life would lead to a more competitive spirit and higher standard of living. Polygamy and the belief that large families insure a more secure old age for the parents as well as more manpower tend to perpetuate poverty. Planned or arranged marriages concentrate either wealth or poverty and further divides the classes.

Since Pakistan has all the potentials needed for growth, we are optimistic she will emerge as a self-sustaining nation one day. With her great irrigation system and the improvements such as the Tarabella Dam and others to come, her great manpower, her friendly people, her rich soil and natural resources Pakistan is truly an emerging country.●

SILVER ANNIVERSARY OF MAY—NATIONAL TAVERN MONTH

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

Mr. PATTEN. Mr. Speaker, this decade has been a difficult one for our Nation's small businessmen. Inflation, increased competition from large corporations—and yes—interference and increasingly complex regulations from the Federal and State Governments have contributed to these trying times. Many have survived out of the sheer will power and determination of the owners and many more have been aided by their national trade associations.

For example, the nearly 500,000 on-and off-premise liquor retailers in the United States are well served by the National Licensed Beverage Association. Among other activities, NLBA has for 25 years sponsored an annual program designed to spotlight the history and important role of the American tavern in our way of life, and insure its continuity as an important social institution.

On this, the silver anniversary of May—National Tavern Month, I would like to insert the following brief history into the RECORD as a way of paying tribute to NLBA and the millions of Americans participating in the retail liquor industry:

AMERICA'S TAVERNS—YESTERDAY, TODAY, AND TOMORROW

Dr. SAMUEL JOHNSON: "There is nothing which has yet been contrived by man by which so much happiness is produced as by a good tavern or inn."

The world's first taverns were probably built in Egypt thousands of years ago. And as civilization spread to all the corners of the earth, so has the oldest of all community establishments—the tavern. Spanning the centuries, the tavern is the common link between all nations and all peoples.

As the settlers crossed the Atlantic to find a new home in the New World, they brought with them the tradition of the English pub. Typically the first two structures in any colonial settlement were the church and the tavern. Quite often, tavern licenses were issued on the understanding that the tavern be built near the church.

In these Colonial days, church services often lasted all day in unheated structures. Thus a nearby tavern was required for its warmth, refreshment, and lodging for those who lived at a distance from the church. It was not at all uncommon, prior to the construction of the town church or during inclement weather, for the church services to be held within the tavern itself.

So important were taverns to the early settlements that they were often required by law. While many colonies offered land and tax exemptions to prospective taverners, Connecticut in 1644 levied a fine on any town without its own tavern.

The purpose of such laws was to insure accommodations for travelers and to provide "community centers" throughout the colonies. In these early times, the taverns were the only public buildings, and as such housed the town meetings and gatherings, was the center for news and gossip, served as coach depot and post office in addition to being livery stable and restaurant. These varied functions of early taverns required that their owners be able to perform many jobs. He was commonly not only the post-

master and "coach agent," but also clerk of court, town registrar, magistrate and/or sheriff.

As is the case today, Colonial licensees were subject to rules of good conduct and business practice. In 1672 it was illegal to sell beverages to minors, slaves or servants without the consent of parent, owner or master. Sales were also forbidden to "habitual inebriates" and the daily closing was 9:00 p.m.

There were other requirements upon Colonial tavernkeepers too. Establishments of the day were required to provide food and drink (often at prices set by law) as well as "six good feather beds with sufficient covering for same, plus Indian corn, oats, hay, straw and stabling for 10 horses at least."

Above all, however, the taverner has to be a good citizen and man of honorable character. Since licenses were controlled by a board of town officials, it is not surprising that the town's most respected individual was usually its tavernkeeper. It goes without saying that his continued good citizenship and stewardship were essential to the operations and success of his tavern.

The American tavern has frequently been called the "Cradle of Democracy," since it played such a central role in the struggle for independence. Paul Revere and his compatriots held their meetings in Boston's Green Dragon Tavern, while the Montagne Tavern in New York City was headquarters for the Sons of Liberty.

General George Washington's New York headquarters was the tavern managed by Samuel Fraunces. Thomas Jefferson's first draft of the Declaration of Independence was written in Philadelphia's Indian Queen Tavern, while the final version of the Star Spangled Banner was penned by Francis Scott Key in a Baltimore tavern.

The history of the Revolutionary War is rich with tavern lore and legends. Since the taverns frequently provided the only accommodations for miles they were selected as command posts for the opposing armies; on occasion housing the staffs of British and Colonial commanders on alternate nights as the tide of battle changed. And since the tavern was normally located on a main road, or a crossroads, many battles were fought literally on the doorsteps.

During the long war, the American tavern served as headquarters, news center battlesite and field hospital. But when the war was won and our Independence secured, the tavern was the site of gaiety and celebrations throughout the colonies that were soon to become the United States of America.

As America grew and expanded the tavern took on the coloring of its time and location. The New England tavern, with its decidedly English ambience was a far cry from the Western saloon, as wild and wooly as its surroundings, and from the notorious "pirates' dens" of the Southern port cities like New Orleans.

The mining towns of the West often became as famous for their taverns as they did for the mineral strikes that created them. Tombstone, Arizona, had two claims to fame in the 1870s: the world's largest silver lode and the most ornate taverns outside of San Francisco's Barbary Coast section.

Since the mining camps had only the barest necessities for survival, the work was hard and the days were long, the saloon provided the only "recreation." Locked into this hard life, the miners made any occasion a celebration—which in some cases could continue for days, or until the celebrant's ready cash of nuggets or dust was exhausted.

In Nevada during the late 1800's saloons were similar to clubs as we know them today. There were the "one-bit" houses, where a drink of any kind cost 12½ cents (one bit); and two-bit houses, where drinks were a quarter. Lunches were generally served free of charge, but were subject to strict local customs. Etiquette dictated that a person could eat as much as he wished, but slowly so as not to draw attention to himself.

As today, Nevada's taverns were proud of their orderliness in the 1870s. They also offered a choice: In Virginia City in 1876, records show there were 100 retail liquor establishments, served by the area's 10 wholesalers and five brewers.

According to early American definitions, a tavern was an establishment offering food, drink and lodging; an "ordinary" was one that served food and drink at prices which were fixed by regulation (usually by edict of the governor); and an inn was a hostelry with a number of rooms which might be secured separately (as opposed to the common bunk rooms typical of the day). Today, of course, the shapes, styles and definitions of taverns have changed to reflect our modern lifestyle.

In today's language, a tavern is any establishment that serves a "licensed" beverage, either distilled spirits and/or malt products or vinous spirits. As procedures of state licensing developed, different classes of taverns have developed reflecting legislative differences from state to state. For example, in some states a "tavern" is a premises licensed solely for malt products and light wines sales; while in others "taverns" or "bars" are those premises that do not or need not sell food along with a beverage sale.

Confusing as these labels might appear, the spirit of America's Taverns remains the same. They are community meeting places in the small towns, and places where "singles" can meet in larger cities. They are places for food, beverage and companionship; places for dining and dancing; places where darts, pool or pinball amusements may be enjoyed. Their variety reflects the diversity of the needs of America's population—but they fill the same essential human requirement today as they did centuries ago, the need for "social" companionship.

Throughout history, as America's social needs changed, so did the American Tavern—changing to meet these needs. While no one can predict the economy, social structure, or recreational habits of America in the coming 25 years, we can be sure that America's tavern owners will change with society to continue to provide Americans with the atmosphere and food and drink they have come to expect from the American tavern industry, in a creative and responsible manner.

PROFIT IS NOT A DIRTY WORD II

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

PROFIT IS NOT A DIRTY WORD II

Harold Sydney Geneen, who started his business career as a 16-year-old runner on the floor of the New York Stock Exchange and later was responsible for building one of the world's great multinational corporations, says that if he were starting over again, he would go into business for himself.

Just retired as chief executive officer of International Telephone & Telegraph Corp., but still chairman of the board, Geneem celebrates his 68th birthday today. Neither the passage of years nor the shedding of burdens has dimmed his vigor—or his habit of speaking bluntly to the point.

U.S. business, Geneen asserted when we visited his relatively spartan new office at ITT's Park Avenue headquarters in New York, is being shortchanged by the American public, the government and the media, which generally don't understand the importance of profits in making the free enterprise system work.

"The only courage a businessman has got is his profits," Geneen said. "When he has profits, he goes and builds plants, does things, creates jobs. And when he doesn't have profits he pulls in the roof and gets scared. It's just the simple.

"What the hell is wrong with profits? And what the hell is wrong with unconscionable profits? Any business that has profits, generally speaking goes and builds more divisions and has more R. & D., comes up with more products, and does things with it. That creates jobs and creates a standard of living.

"Suppose they have excess profits?" he continued. "Suppose some guy got a big dividend and bought a yacht? What the hell is wrong with that? The guy is going to put someone to work to build the yacht, spend some money while he's got it, and when he's dead, you take it away, anyway.

"Take the oil industry, for example," Geneen added, warming to his point. "Everybody is stifled on this whole energy program because they're scared stiff somebody's going to make a profit. That's really the problem. The oil industry is going to make a windfall profit. And my comment is, suppose the hell they did? They're going to spend it on exploration . . . and if they give it in dividends, it's no great problem. And the stock market would go up, and a lot of things would happen to keep this momentum going that built the kind of country we have.

"Companies ought to be able to make a profit, make a big profit," he said. "I don't think there's anything wrong with a big profit—unless the guy puts it away in a mattress."

Profits are the key, he emphasized. If the businessman gets no profits, or dwindling profits, "his initiative begins to curdle" and the country's growth comes to a halt.

But the government and the public have got to the point, Geneen asserted, "where they're scared stiff to advocate that we should continue an unfettered free enterprise system.

"This comes out of the style and vogue that's been coming on us in the last 15 or 20 years that, somehow nobody is supposed to have more than anyone else," he contended. "This is a sort of egalitarian approach, and the politicians are scared stiff of it. And actually what built the country was just the opposite. Everybody had an equal opportunity, but you needed a wealthy class that earned it—I'm not talking to the guy who inherited it—because that was the incentive for the other guy."

Geneen himself was not born to the purple, nor ever seemed to aspire to it. He was brought to this country from England as an infant, lived with his mother after his parents split up and went to a boarding school. He worked his way through college at night, became an accountant and wound up having more influence on the development of business around the world in the third quarter of the 20th century than any other corporate executive of his generation. He also became one of the most controversial, as ITT became involved in accusations that it improperly tried to influence governments here and abroad.

But Geneen, inflappable through it all, concentrated on building ITT and its profits. He earned close to $900,000 annually the last two years and the stock and options he holds make him a millionaire several times over.

In his 19 years at the helm, he built ITT into a company with sales of more than $12 billion a year and businesses in every corner

of the globe. Although he shuns ostentation, Geneen is proud of his achievements and the niche he carved for himself in the corporate pantheon.

And yet, he told us, if he were advising a young college graduate today on how to seek his fortune, he would suggest—to those "who are motivated that way"—that they "get out on their own and have a small company in the end."

He feels that way, he explained, because "my impression is that nobody has any real idea of what the people running large companies do or what they're accomplishing."

Entertainers and athletes are paid huge sums, and nobody questions that, he noted. "But if they pay some guy running a corporation half a million dollars, and he's got 40,000 people working for him, somehow that's wrong."

But, Geneen said, "The economy is supported by big companies, not by small companies." And "99 percent" of the people running them, he added, are "solid American citizens who believe in everything you believe in." ●

FRAUD AND ABUSE IN FEDERAL PROGRAMS

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. LEVITAS. Mr. Speaker, I would like to submit for the RECORD the final article in the New York Times series on fraud and abuse in Federal programs. This article is a case study on a Detroit computer school which participated in HEW's basic educational opportunity grant program. The president of that school is presently under indictment for submitting bills for students who did not attend classes that were never held.

The amount of money which the Federal Government loses in a year through fraud and abuse is mind-boggling. In this case alone, HEW paid out nearly $400,000 before investigators stepped in. We simply cannot let this continue. We must augment agency efforts to stop fraud and abuse. The House took a significant step last week in this regard by passing legislation establishing Offices of Inspectors General in various agencies and departments. I hope that the Senate will act expeditiously on this bill.

The article follows:

DETROIT COMPUTER SCHOOL IS FOCUS OF CASE ALLEGING CHEATING IN FEDERAL AID PROGRAMS

(By Jo Thomas)

DETROIT, APRIL 17.—Essie Lee Conway, a large black woman in a pink bathrobe who has been down on her luck longer than she cares to remember, answers the door in a grimy housing project shoved up against the railroad tracks of River Rouge.

She is a welfare mother of eight, a grandmother before she turned 40 last December, a woman who says that the time crawls without work and that the medicine prescribed for her depression makes her sleep a lot these days.

A few miles and seemingly worlds away, Harry M. Borcherding walks into his new suite on the 18th floor of an office tower in Detroit's Renaissance Center. The rooms have red shag carpeting and the furniture is black patent leather and Plexiglass.

Mr. Borcherding, 45, white, a college graduate, a former civil servant and now the proprietor of a computer school, reports that he has been spending a good deal of time lately in a nearby law library. Mrs. Conway is one of the reasons. Mr. Borcherding, who is acting as his own attorney, is under a four-count criminal indictment for fraud.

According to the charges against him, Mr. Borcherding's scheme was a classic example of fraud against the Government—the systematic looting of Federal aid programs, not just by welfare mothers who illegally collect benefits but by relatively well-to-do doctors, pharmacists and businessmen who contract to supply services or goods in such programs.

It is difficult to estimate how many cases there are of fraud or abuse in Health, Education and Welfare Department programs, partly because the mechanisms for detecting them have been so deficient.

"Every time we turned over a rock at H.E.W. we found another problem," said Robert W. Ogren, who until recently headed the fraud unit in the United States Attorney's office for the District of Columbia. But he said there was no way of knowing what percentage of cases were being discovered because "there was no detection mechanism in the whole system."

ANNUAL LOSSES IN BILLIONS

Other sources said that many others, particularly among Federal prosecutors, agreed. Alan Kaufman, an Assistant United States Attorney who handles fraud cases in the Southern District of New York, said that the potential for fraud in many programs was so enormous and the monitoring by the agencies so lax that "to a great extent, it's an invitation to steal."

It is a problem of vast proportions, with some estimates putting the annual loss at $12 billion to $15 billion, but its actual extent is unknown. It is exacerbated by a range of circumstances—the widespread conviction that no one is injured because the money in question belongs to everyone; the reluctance of bureaucrats to root out corruption in programs to which their careers are tied; the inadequacy of the Federal effort to detect and prevent fraud and, consequently, the low odds that an offender will be caught.

But it is a problem that has recently begun to generate growing concern in Congress and the executive branch, producing additions to the staffs of inspectors general and other enforcement officials.

The allegations against Mr. Borcherding fit the pattern almost exactly, describing the profitable manipulation of a desperately needed social welfare program by a person with impeccable credentials. Federal and state officials were eager to give him money, and he was, in the end, caught only because he asked for too much.

U.S. WON VERDICT

In a reverse of the usual pattern, the Government has won a civil verdict against Mr. Borcherding, charging that he had submitted false claims under a Federal educational grant program. A jury in October sided with the Government, which is entitled to recover twice the amount of the claims.

No judgment has yet been handed down in the case, however, pending settlement of Mr. Borcherding's counterclaim that the Government interpreted the regulations incorrectly and changed its interpretations long after it was too late for the school to do anything about it.

In January Mr. Borcherding was indicated by a Federal grand jury on four charges that his statements were fraudulent. That trial is pending.

Nevertheless, sworn testimony by students, instructors, and Mr. Borcherding himself in the six-week civil trial last fall described in great detail the way the school, the grant program and Mr. Borcherding operated.

Mrs. Conway and Mr. Borcherding first crossed paths three years ago when Mr. Borcherding's school was selling dreams and Mrs. Conway was in the market but had no money with which to buy. Mr. Borcherding signed her up to learn how to become a data processing specialist and sent the Federal Government the $1,050 bill.

SUBMITTED 2,000 APPLICATIONS

In all, under what was then a new Federal program, Mr. Borcherding's school submitted more than 2,000 applications from welfare recipients who wanted to become data processors. The Government paid out $389,103 before auditors moved in and charged that he was submitting bills for students who did not attend sessions that were not held.

It is likely that the situation might have passed for years as bad bookkeeping, with no Federal or local monitoring, if Mr. Borcherding had not sought to make it quite so profitable. All 2,000 preprinted applications arrived at the same Government contractor's office on the same day.

They were gathered, according to testimony, in welfare offices throughout Detroit in March 1975. The automobile industry was ailing, unemployment hung in the air like a cough and long lines of applicants formed at the mere rumor of a job.

Mrs. Conway had gone to the Wayne County Department of Social Services' southwest office, which had been a supermarket before its windows were smashed in Detroit's 1967 riots.

"They was catching people in the welfare office," Mrs. Conway recalled. "I went up to see my worker. I saw this sign that says you can be a computer operator, and I said, 'Oh that's what I always wanted to be in'."

TOLD SHE WAS ELIGIBLE

Two women were sitting at a desk taking applications, she recalled, and "they said I was eligible."

What Mrs. Conway and the others applied for was a grant under the Basic Educational Opportunities Grant Program, authorized in 1972 as a way the Federal Government could give needy students money for vocational training after high school.

It was and is, as one Federal official described it, "a pure giveaway program." This year, 4.5 million students will apply for $1.7 billion to be used at 6,300 educational institutions ranging from universities to beauty schools. Under the program, a student applies for a grant, which he can then take to any participating school. The school, in turn enrolls the student and submits his grant form to the Government for cash.

"There's no way the Government can account for the activities of each and every school participating in the program," Thomas M. Woods, one of three Government attorneys handling the suit against Mr. Borcherding, told the court. The Government must "rely on the integrity of these schools," he added.

SOLE STOCKHOLDER

In 1972 Mr. Borcherding set up the Institute of Computer Technology, a private, profit-making institution of which he was the president and sole stockholder. It operated in a two-story office building he owned in the Detroit suburb of Oak Park. Its quarters were spacious, its furnishings even luxurious, with thick carpeting and silver foil wallpaper. There were only about 100 students at first, but Mr. Borcherding said he hoped to expand.

In August 1974 the institute applied to participate in the grant program, and by October an agreement had been signed. A few months later, Mr. Borcherding said, he approached the Wayne County Department of Social Services with a proposal to train 3,000 welfare recipients for jobs as data processing specialists. He wanted social workers to help him sign them up.

PRINTED SCHOOL ADDRESS

Delois Whitaker of the county department testified that she and others had been eager to help welfare recipients get training that

would lead to jobs. They became concerned, however, when they saw samples of the 10,000 application forms Mr. Borcherding had printed. He would later testify that he had printed his own forms because he could not get enough from the Government.

In the space for the student's home address, Mr. Borcherding had preprinted his school's name and address. He had also preprinted the answer "yes" to whether the applicant was a United States citizen and "no" to whether the applicant had prior training.

Mr. Borcherding explained to the social workers and later to the court that this was a convenience to make it easier for the grants to be collected by the school and to keep an application from being rejected because an answer was overlooked.

But the social workers were also worried that they might not be able to get accurate financial information, for the applicants had to show need. The social workers rejected Mr. Borcherding's suggestion that they simply have the applicants sign the forms and that he would help the applicants fill in the financial information later.

In the end, the Social Services Department did sign an agreement promising to help recruit applicants, but the social workers were busy elsewhere and finally signed up only about 18 students. Mr. Borcherding, using teams of recruiters, signed up about 3,300 in eight days or so.

Mrs. Conway was one of them. Letha Taylor, 57, was another. She had gone to the same office to buy food stamps and saw the same sign.

ASKED ABOUT AGE LIMIT

"After I finished getting the food stamps," she testified, "I asked did they have any age limit. I didn't know whether they would accept me or not."

Mrs. Taylor told the court that she wanted to study "library aide." "It's work in the library as an aide to the librarian," she said. "Well, at the present, when I first enrolled, I had to take up computer, this I.B.M."

She testified that after she started classes in key punching she told a staff member, "I was interested in going for the course I had enrolled for. She said "I had to finish this course first, so I never went into library aide."

At a rate of 25 hours a week, the course would take 37 weeks to complete. It included classes in key punching, data control, data library, console operation and computer programming. To qualify for the grants, the Government attorneys would later assert, the school must see that the students attended 24 hours a week, either in class or in supervised laboratory sessions. In fact, the attorneys argued, the students attended class far less time if they attended at all.

Mrs. Conway said she called Washington to complain, but "the lady never called back; the Government don't care."

Unknown to Mrs. Conway, the school was already in trouble. The recruiters had collected about 3,300 applications for the 1974–75 academic year and the same number for the following year. The school had weeded out duplications and sent about 2,000 grant applications to the government contractor who was supposed to process them, American College Testing Program, in Iowa City, Iowa.

CONTRACTOR BLEW WHISTLE

They were all hand-delivered on March 14, 1975, a day before the deadline for the upcoming academic year. The contractor, according to court testimony, noticed that the applications were preprinted and contained no instructions for the students. The contractor blew the whistle.

After negotiations, in which the Government insisted on knowing the home addresses of the students getting the grants, more than 650 students were enrolled before the auditors got to the school in May.

Russell L. Allen, who headed the audit team, said he found that out of 25 randomly selected student files, only three contained evidence to verify actual student attendance. A review showed one student had never attended eight started a class but did not finish, two dropped out after one course, and 14 were still in good standing. The dropouts, Mr. Allen said, appeared to be entitled to refunds they did not receive.

On July 1, the Government filed a civil suit in Federal District Court in Detroit, asking for a temporary restraining order to stop Mr. Bocherding and the school from dispersing funds and charging them with "substantial, wholesale violations" of the contract with the Health, Education, and Welfare Department. The suit charged that Mr. Borcherding had comingled funds failed to compute eligibility properly and failed to give refunds.

At the civil trial last fall, their attorney, Gregory Curtner, said, "We will concede that the records were a mess," but laid the blame on the Government. "They couldn't keep records; they didn't know who was where; they didn't send out regulations; they didn't know what the regulations meant," he said.

Since the Government cut off the grant money, the institute has continued to operate, although it moved to much smaller quarters and only a shadow of where its name was taken off the building shows where it once was.●

NO MORE COMPROMISES ON PROTECTION OF ALASKAN WILDERNESS

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. KOSTMAYER. Mr. Speaker, the Committee on Interior and Insular Affairs has reported H.R. 39, the Alaska National Interest Lands Conservation Act. The bill as revised represents the results of many months of hearings, briefings, and Subcommittee and Committee debates and mark-up sessions.

I voted for the bill and will support it on the floor. I urge my colleagues to do the same. I have reservations, however about the compromises that have been made, and am apprehensive about the pressures which will be brought to bear in favor of further attempts to weaken the bill's provisions for protection of the magnificent wilderness, wildlife, scenic, natural, and other values of Alaska.

The St. Louis Post-Dispatch accurately summarized the status of the legislation when, in a recent editorial it stated that the "Alaska parks bill that has emerged * * * has already been weakened as much as, and probably more than, it should be."

I am entering this editorial in the RECORD for the benefit of my colleagues:

[From the St. Louis Post-Dispatch, Mar. 18, 1978]

SAVING THE LAST WILDERNESS

The Alaskan Parks bill that has emerged from the House Interior Committee has already been weakened as much as, and probably more than, it should be. The administration's proposal provided for setting aside a fair amount of land to benefit the American people as the last thriving example of wilderness in this country. The plan would put the state of Alaska, and thereby the mining and logging industry, in control of the bulk of the mineral wealth and land. The mineral interests were not satisfied, however, and have succeeded in getting the House committee to weaken protection of some specific areas and to adopt a provision that would open millions of otherwise protected acres to "mineral processes." If the Alaskan parks legislation is actually to protect wilderness, this nibbling away at the safeguards it provides will have to stop.

If the bill were assured of passage in its present form, it would meet most of the needs of the Alaska wilderness, but it still has another House committee and the full House as well as the Senate to go through and needs to be carefully shepherded. Further weakening of the legislation could well mean inadequate protection for the fragile ecosystems that exist in Alaska.

Contrary to charges by some state officials, the intent is not to lock up Alaska from development; plenty of land will be left after the federal government sets its portion aside. Rather the intent is to insure that the land that is set aside is sufficient for preservation. As Secretary of Interior Cecil Andrus said when he presented the administration's proposals, "If we err by conserving too much this can always be changed in the future.' But once wilderness is gone, it can never be brought back.●

MR. COLE BRIDGES

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today to honor one of Saratoga's outstanding community leaders, Mr. Cole Bridges, who is retiring from public office after 10 years of service. In appreciation for all his fine work over the years, the Saratoga community is sponsoring a dinner in Cole's honor on Sunday, April 30, 1978.

Cole's community service began in August of 1968, when he helped establish the parks and recreation commission. He was elected the commission's first chairman a year later. In 1970, he was elected to the Saratoga City Council, becoming its vice-mayor in March of 1974. Later in the year he began a term as mayor of Saratoga which ended just last March.

Cole ably represented the city of Saratoga on the Santa Clara County Transporation Commission, on the Inter-City Council of Mayors and as a member of the board of directors for sanitation district No. 4.

He was chairman of the county transportation commission for 3 consecutive years, a tribute in itself to his fine leadership abilities. While he was chairman, the commission made great strides in improving the bus system in the county and investigating alternative methods of mass transit that would better meet the needs of the citizens of the Santa Clara Valley.

Cole is a warm compassionate man, who has often demonstrated his deep concern for people. He encourages a complete airing of all viewpoints on any issue and he is respected by all for his patience and his sense of fairness.

As mayor of San Jose and as a Member of Congress, I have worked with Cole on many occasions. He understands the concerns of the people in Saratoga and Santa Clara County, and he has provided me with helpful information and advice on how legislation would affect his community.

The city of Saratoga will miss his leadership and guidance in the months to come, but we understand his desire to spend more time with his family and business.

Mr. Speaker, I ask you and all my colleagues to join with me to thank Cole Bridges and wish him the best of luck in the future.●

NUCLEAR WASTE STORAGE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. MICHEL. Mr. Speaker, the issue of nuclear waste storage is one of growing concern around the country. The Department of Energy has released a report on the nuclear waste management problem and legislation has been introduced in the House of Representatives to deal with storage of these hazardous materials.

One of these bills was first introduced last December by our colleague from Illinois, the Honorable TOM CORCORAN. Entitled "The Spent Nuclear Fuel Storage Act of 1978," this legislation is receiving attention from the Department of Energy, environmental groups, and the nuclear industry. The bill would expedite the decisions concerning the temporary and permanent storage of all radioactive wastes by involving Congress in the formulation of a much-needed national policy in this area. This proposal has already been reintroduced once with a number of cosponsors and the interest among Members is growing.

Additionally, two publications recently cited Mr. Corcoran's bill as a viable solution to the problems of nuclear waste storage. Both articles do a good job of describing H.R. 10301 and its specifics for dealing with the temporary storage of spent fuel and the permanent storage of spent fuel and other wastes. As a cosponsor of this measure, I invite my colleagues' attention to these articles, which follow:

[From the Nuclear Fuel, Jan. 23, 1978]

SPENT FUEL SOLUTION DEMANDED BY CORCORAN IN BILL ON INTERIM, PERMANENT STORAGE

Spent fuel storage and waste management solutions—priority issues in both government agencies and in Congress—have found yet another champion, this time in Rep. Thomas Corcoran (R.-Ill.). Corcoran's bill, the "Spent Fuel Storage Act of 1978," was introduced on the last day of the session in Congress last month and has been referred to the Committees on Rules, Interior & Insular Affairs and Interstate & Foreign Commerce; "we hope action on the bill begins as soon as Congress gets back," said a source on Corcoran's staff. Under the proposed legislation, DOE would be required to submit a preliminary report on the interim storage of spent fuel within six months after the enactment of the bill, and a preliminary report on the permanent storage of spent fuel and other high and low-level radioactive wastes within two years after enactment. The bill, as presented to Congress, is intended to "expedite decisions concerning the temporary storage of spent fuel and the permanent storage of spent fuel and other radioactive waste, including the selection of sites for storage facilities, the determination of whether the federal government should take title to such fuel and such waste, and the amount of storage fees which should be charged."

The bill's scope is wider than that of the spent fuel storage legislation which staffers in the House subcommittee on oversight & investigations say is in final draft in that committee, chaired by Rep. John Moss (D-Calif.). The Moss bill, which the staff expects to report on soon, deals specifically with the spent fuel storage issue; the staff was last week collating the results of a nationwide survey of utilities' spent fuel storage needs for inclusion in the report. Corcoran's bill, a staffer explained, is designed to start the wheels moving on the entire policy question, which has been stagnant—at least publicly—since the original announcement was made that the U.S. government plans to accept spent fuel for storage.

On the temporary storage of spent fuel, the bill calls for DOE, in consultation with the EPA, the Council on Environmental Quality, the U.S. Geological Survey and the NRC to:

Determine the amount of spent fuel which has been generated so far and the amount anticipated in the next five years;

To determine the amount of spent fuel which can be stored at temporary storage facilities in operation or under construction when the act is enacted, the number and design of additional facilities which would be required to store the remainder of such fuel, and the approximate storage capacity of each such additional facility;

Identify five preferred and five alternative sites for such additional temporary storage facilities;

Determine whether the federal government should own such additional temporary storage facilities or whether such facilities should be owned by commercial entities;

Evaluate the appropriateness of transferring to the federal government the title to any spent fuel stored in facilities owned by the federal government and determine the conditions which should be attached to such transfer of title; and

Determine the amount of fee which should be charged.

The bill also provides that within 60 days after the preliminary report on interim spent fuel storage, DOE shall hold at least one public hearing in Washington to provide the governor of any state which has jurisdiction of any property within 100 miles of any site recommended in the report with the opportunity to testify concerning the report. DOE's final report would then be issued 90 days after the hearing, including comments.

Sixty days after the President receives the report, the bill provides that he specify the location of sites to be used, the design and approximate storage capacity. After the plan is submitted to Congress, the President would be able to make amendments or modifications to the plan; the plan would take effect 60 days after submission to Congress unless the two houses adopt by an affirmative vote a concurrent resolution disapproving the plan. The bill has considerable detail on the procedure to be followed in this case, concluding with a provision that Nepa be circumvented because of the urgency of the matter. In other words, Nepa would not apply to any preliminary or final report or to any plan or action taken to implement such as a plan.

On the permanent storage of radioactive waste, Corcoran's bill provides that DOE will conduct a study to:

Evaluate the methods of providing for permanent storage;

Determine the amount of storage capacity which will be required to permanently store all radioactive waste now existing and which will be generated by 2000;

Determine the type and amount of permanent storage facilities;

Determine the period of time if any during which any spent fuel shall be retrievable from the permanent storage facility in which such fuel was placed;

Determine the conceptual design, possible sites and ownership of such facilities;

Evaluate the appropriateness of transferring to the federal government the title to any radioactive waste stored in permanent storage facilities and the conditions for such transfer;

Determine the fee schedule which should be established by the federal government to cover any costs incurred by the government.

The preliminary report would be submitted to the public; a draft of the environmental impact statement or statements required under Nepa would be submitted as well to the President, Congress, and the governors of each state. Again, public hearings would be provided for under the same provisions as the interim storage report.

[From the Babson's Reports, Feb. 6, 1978]

NUCLEAR WASTE DISPOSAL

Illinois Republican Rep. Tom Corcoran has introduced a bill that is designed to expedite decisions concerning the temporary storage and the permanent storage of spent fuel and other radioactive waste.

The measure (H.R. 10301) would provide for the selection of sites for storage facilities, the determination of whether Uncle Sam should take title to such fuel and such waste, and the amount of the storage fees to be charged.

Corcoran thinks it's time the U.S.—after 30 years of involvement with nuclear power—came to grips with the problem of what to do with waste produced during nuclear reactions.

He points out that the President's decision early in '77 not to reprocess this fuel has increased the severity of the problem in terms of time . . . because the 60 or more reactors around the country that are now in operation continue to produce this spent fuel without adequate on-site storage facilities.

Corcoran also claims there is insufficient off-site space to handle this waste . . . maintains that the only off-site facility currently in operation in the entire nation will be filled to capacity by the early '80s.

He further contends that storage facilities for spent fuel at the individual reactor sites will be filled to capacity before long.

OTHER DEADLY MATERIALS

Corcoran's bill also deals with—and attempts to solve—the problem of nuclear waste other than spent fuel.

These wastes will remain radioactive for an indefinite period, probably for hundreds of thousands of years . . . making it imperative to assure ample, safe storage space.

The Illinois solon's bill has been referred to the following 3 House committees: Interior and Insular Affairs, Interstate and Foreign Commerce, Rules.

A House vote during the current session is possible but by no means assured . . . and Senate action is even more problematical. But the process could be speeded up if public support of the legislation were to swell.●

CATHERINE CURRAN, MARY GAUDIOSE, ELEANOR MARTIN, CATHERINE McFARLAND, AND CAROLINE PATTON, RETIRING MAHONING COUNTY, OHIO, WELFARE DEPARTMENT EMPLOYEES, TO BE HONORED

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. CARNEY. Mr. Speaker, the city of Youngstown, Ohio, will be honoring five Mahoning County Welfare Department employees on their retirement at a banquet on May 5, 1978. The retirees—Catherine Curran, Mary Gaudiose, Eleanor Martin, Catherine McFarland, and Caroline Patton—have more than 200 years cumulative service among them. All are natives of Youngstown, and all have attained supervisory status in their special areas of expertise within the Welfare Department.

Catherine McFarland is the daughter of the late Thomas and Mame McFarland, and was educated at Ursuline High School. After earning her college degree in education at Kent State University, she started her career with the Welfare Department in 1935. Prior to her promotion to supervisor of the Intake Department in 1954, she held a variety of positions, including caseworker, social worker, and income maintenance worker. In 1972, she became supervisor of the general relief unit, a position which she held until her retirement.

Catherine R. Curran, the daughter of the late Mary Veronica and Joseph Lawrence Curran, graduated from Rayen High School and attended Youngstown College prior to starting her public service career in 1935.

Initially serving with the aid to the aged agency in Youngstown, Miss Curran became a Mahoning County Welfare Department supervisor as a result of 1966 social security legislation consolidating local agencies. At the time of her retirement, she was an income maintenance worker III, supervising the nursing home unit.

In addition to her career, Miss Curran has been active in professional, community, and church groups, including casework practitioners, ladies of charities, and the Catholic Daughters of America. Although she plans to do some travelling, Miss Curran intends to remain active in church and community groups.

Mary Elizabeth Gaudiose, the daughter of the late Youngstown-area pharmacist, "Doc" and Ella Mae Dusseau O'Linn, majored in education at Youngstown College prior to starting her career with the county welfare department. She started with the department as a clerk in 1939, and has held positions such as caseworker I, III, IV, executive I, and administrative specialist II. At the time of her retirement, Mrs. Gaudiose was a supervisor in the aid to dependent children eligibility unit.

Along with her career, she also attended many work-related seminars, workshops, and study courses, as well as continuing her education at Youngstown College. She is a member of St. Christine's Church and several religious organizations, including the Altar and Rosary Society, Infant Jesus of Prague, and the Charismatic Movement Bible Study Course.

Since 1949, she has been married to Martin Gaudiose, who is the principal of Struthers Fifth Street School. Two of their sons, Brian and Martin, are involved in drug counseling and rehabilitation in the Youngstown area. Their third son, Michael, is a doctor in Akron. Mrs. Gaudiose will use her retirement to travel and to increase her involvement in church and civic organizations.

Eleanor Martin, retiring clerical supervisor of the assistance control unit, has served in the welfare department for 39 years. Prior to agency consolidation in 1966, she held a variety of positions with the division of aid and the former aid for the aged agency.

A graduate of Old Market Street Elementary School, Mrs. Martin majored in secretarial studies at the Youngstown College Business School. In addition to participating in work-related seminars and workshops, she has also taught Sunday school at the Pilgrim Collegiate Church, and has been an active junior business woman of the YWCA.

Mrs. Martin is married to Richard Thomas Martin, a teacher and principal of North Elementary School in Girard, She will use her retirement to pursue her knitting, bridge, and sports hobbies.

Caroline Patton leaves the welfare department after 45 years of service. A graduate of South High School, she earned a B.S. in education from Wilberforce University, and has done graduate work at the University of Pittsburgh and Case Western Reserve University.

Her career started in 1933, when she was employed as a social worker with the Allied Council. Before working for the Mahoning County Relief Agency in 1936, she also worked briefly for the Federal Emergency Relief Agency. In 1940, she became involved with the aid to dependent children office, which was later merged into the Mahoning County Welfare Department. Within the department, she has served as a caseworker, casework supervisor, social worker II and IV, administrative specialist IV, and her current position of income maintenance supervisor I.

Mrs. Patton has remained active in a variety of religious and community organizations, including the Heroines of Jericho, the Alpha Kappa Alpha Sorority, and the Youngstown Negro Business and Professional Women's Club. She has served as secretary and matron of the Order of Eastern Stars, and is a former president of the Youngstown Chapter of Links, Inc. She is also a member of St. Andews A.M.E. Church, and serves on the stewards board. Her husband, Felix A. Patton, is retired from the Erie Lackawana Railroad.

In retirement, Mrs. Patton intends to remain active in her many community and social groups.

Mr. Speaker, these retiring women are to be commended not only for their years of dedicated service with the welfare department, but also for their sustained community involvement. Each woman has given of herself not only professionally, but also in religious and community organizations. Their dedication to bettering the Youngstown community—both on and off the job—deserves the praise of all of us. They can all take pride in a job well done.

I want to join the many friends, coworkers, and family members of Catherine Curran, Mary Gaudiose, Eleanor Martin, Catherine McFarland, and Caroline Patton, in congratulating them on their many years of fine work in the Mahoning County Welfare Department, as well as in the varied church and civic organizations, and in the Youngstown community in general.

In addition, I wish these wonderful women good health and happiness in their retirement. They will all be missed, and certainly not forgotten.●

AGRICULTURAL CREDIT ACT OF 1978

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 24, 1978

● Mr. CORRADA. Mr. Chairman, I was gratified by yesterday's overwhelming endorsement of H.R. 11504, the Agricultural Credit Act of 1978, which revises the farmer loan program of FmHA, initiates an emergency loan program for farmers and ranchers, and extends the Emergency Livestock Credit Act.

The bill increases the limits on farm ownership loans from $100,000 to $200,000 for direct and insured loans, and to $300,000 for guaranteed loans. Farm operating loans are increased from $50,000 to $100,000 for insured loans and $200,000 for guaranteed loans. The total indebtedness limit on farm ownership is raised from $225,000 to the value of the farm and other collateral. These increases are commensurate with the increased cost of farming today, where the cost of land, machinery, fuel, and borrowing, have seriously threatened our agricultural segment of the economy.

I was also glad to see the adoption of the Glickman amendment, which I had supported by cosponsoring a rural housing bill which contained this provision. The amendment requires that mortgage guarantees offered by FmHA be subject to conditions no less favorable than those governing mortgage guarantees offered by HUD. Other provisions of the bill, such as the establishment of a direct and insured program of loans with reduced interest rates for low income, small or beginning farmers; the increase in the maximum grant for rural water and sewer systems from 50 to 75

percent of program cost; and the initiation of a new emergency loan program for farmers under financial stress, all serve to unburden somewhat the heavy loan borne by our farmers. This bill does not foment dependence, but utilizes the self-reliance and initiative of the farmer through loans. I commend the chairman of the Agriculture Committee, Mr. FOLEY, and his committee for their fine work in making these programs more responsive to the current needs of our farmers.●

EIGHTH ANNUAL QUESTIONNAIRE RESULTS

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. LENT. Mr. Speaker, each spring since my first election to the Congress in 1970. I have asked my constituents in the Fourth Congressional District of New York their opinions on important issues facing the Congress and our Nation. Each year the response has been most impressive, and has given me valuable insight into the grass roots opinion of my district.

This year marked my eighth annual questionnaire. I was highly gratified by the fact that more than 13,000 persons responded to the questions. I found the results highly significant in relation to economic affairs and to our current international situation.

The tabulation of the results confirmed that there is a growing concern over the state of our Nation among my constituents. Especially is this true in regard to economic conditions. In response to the question: Do you expect the economic situation of most Long Islanders to improve during 1978, 80 percent replied no. Only 15 percent of the more than 13,000 persons responding thought the economic situation would improve this year.

Mr. Speaker, this pessimistic result reflects the heavy impact on Long Island of the increasing rate of inflation, higher social security taxes, and the prospect of higher energy taxes.

Economic concerns are reflected also in the 70 percent support for an across-the-board reduction in Federal income taxes, in preference to the Carter tax cut program which provides reductions mainly for lower income taxpayers. This near 3-to-1 margin of support for an across-the-board income tax cut shows that we who advocated the Roth-Kemp bill have strong grass roots support for this 3-year program of reductions in the Federal income tax rate averaging 30 percent for all taxpayers.

Mr. Speaker, I call to the attention of my colleagues these two results of my questionnaire. I trust this call from the grass roots will help persuade them of the necessity for a real reduction in Federal income taxes, rather than the mislabeled "tax cut" plan of the Carter administration, which, with the reforms the administration insists must be part of the package, would result in virtually no tax reductions for nearly half of the Nation's taxpayers, and even higher income taxes for many.

Concerning international affairs, results from my questionnaire showed negative feelings among my constituents as to President Carter's policies. Asked whether they thought President Carter's actions and statements are helping chances for a Middle East peace settlement, 58 percent said no. Only 36 percent responded favorably. Even stronger sentiment was registered on the Panama Canal treaties. Sixty-seven percent opposed the move to give the Panama Canal to Panama, only 30 percent supported it. This strong grass roots opinion encourages me to see through to completion the legal challenge the treaties now before the U.S. Supreme Court, and should encourage my colleagues to insist upon the constitutional right of the House of Representatives to vote on the transfer of property involved in the treaties.

I trust that President Carter and his aides will also note the near 2-to-1 margin against U.S. trade and diplomatic relations with Cuba. This reflects the grave concern in my district over the new role Cuba has assumed in providing modern-day Hessians to fight for Russians causes in Africa.

Another strong expression of grass-roots opinion came from the 71 percent who voted for stronger liability and safety standards for oil tankers and offshore drilling. I am sending this result to Senators HENRY M. JACKSON and EDMUND S. MUSKIE with a renewed request that they end delay in action on two vital bills in this area, the Outer Continental Shelf Act, and the Comprehensive Oil Pollution Liability and Compensation Act. These two bills should have been enacted into law by now. Further delay, with more and more offshore drilling operations planned for the Atlantic Ocean coastal areas near Long Island, is inexcusable.

Mr. Speaker, in calling the attention of my colleagues to the results of my eighth annual questionnaire, I wish also to express my gratitude for the heavy response, and to extend my thanks to each and every one of the more than 13,000 persons who took the time and trouble to answer the questionnaire. They have faithfully carried out their responsibilities as citizens of our Nation, in expressing their opinions on issues of the day.

U.S. Supreme Court Justice Louis D. Brandeis once wrote an opinion in a case concerning citizen participation in government in which he said:

> The greatest menace to freedom is an inert people . . . public discussion is a political duty . . .

I am proud that so many of my constituents have demonstrated their interest and have contributed to public discussion of important issues.

At this point, Mr. Speaker, I wish to enter into the RECORD the complete tabulation of results from my eighth annual questionnaire:

TABULATION OF RESULTS, CONGRESSMAN LENT'S EIGHTH ANNUAL QUESTIONNAIRE

1. Do you approve of the proposed treaty giving the Panama Canal to Panama?
Yes 30.5 No 67.2 Undecided 2.3

2. Do you believe President Carter's actions and statements with respect to the Middle East have helped chances for a peace settlement?
Yes 36.3 No 58.1 Undecided 5.6

3. Do you favor phased withdrawal of all remaining U.S. ground forces from South Korea as proposed by President Carter?
Yes 47.5 No 48.7 Undecided 3.8

4. Should the United States resume trade and diplomatic relations with Cuba at this time?
Yes 35.2 No 61.0 Undecided 3.8

5. Should Congress require stronger safety and liability standards for oil drillers and oil tanker operators, although this may mean slightly higher fuel prices?
Yes 71.3 No 25.2 Undecided 3.5

6. Do you favor an extension of the March 1979 deadline for states to ratify the Equal Rights Amendment?
Yes 38.0 No 58.2 Undecided 3.8

7. Different approaches to reductions in federal income taxes are being proposed this year. Do you favor an across-the-board cut for all taxpayers, rather than tax cuts mainly for lower income taxpayers?
Yes 70.4 No 26.7 Undecided 2.9

8. Do you feel federal income tax cuts should be deferred by Congress until a comprehensive tax "reform" package is agreed to?
Yes 38.8 No 56.7 Undecided 4.5

9. Do you expect the economic situation of most Long Islanders will improve during 1978?
Yes 15.3 No 80.0 Undecided 4.7 ●

STATEMENT BY THE HONORABLE THOMAS A. LUKEN ON THE CASE OF JESSICA KATZ

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. LUKEN. Mr. Speaker, I would like to take this opportunity to bring the very serious case of Jessica Katz to the attention of my colleagues.

Jessica Katz is an infant from the Soviet Union who is reportedly suffering from malabsorption syndrome, a disease which makes her incapable of absorbing vital nutrients. She was born on October 3, 1977, but has gained very little weight since birth. Her situation has become extremely serious, as she has shown very little stability in recovering from this disease.

In Cincinnati we have one of two facilities, both in the United States, which are best adapted and best equipped to treat and possibly cure Jessica Katz. One of these, Cincinnati Children's Hospital has written Soviet Minister of Health Boris Petrovsky, offering the facilities of the hospital in treating Jessica.

However, in order to give Jessica this essential medical care, we must first get her out of the Soviet Union, from where her parents have repeatedly been refused permission to emigrate. I have circulated a letter to all Members of the House requesting their support in securing permission for Jessica to emigrate and come to this country.

I am hopeful that, in this case at least, the Soviet officials will listen to our voices and allow Jessica Katz to come to this country. It is essential that we expedite this procedure to get treatment for this very sick infant.

Thank you.●

VOTING RIGHTS FOR YOUNG PEOPLE

HON. LEO J. RYAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

(Mr. RYAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

● Mr. RYAN. Mr. Speaker, 15 years ago, as chairman of an education subcommittee of the California State Assembly, I investigated a situation in Paradise, Calif., in which a great teacher was being harassed and threatened by a few self-appointed anti-Communists who accused her of teaching communism. They conveniently left out the preposition "about" in front of the word.

Today, of course, the climate of fear in the Nation has passed, but that great teacher still teaches. Last week she was in our Nation's Capitol with a group of bright and capable young people under the sponsorship of the fine Close-Up program, and I had a chance to renew our friendship of 15 years.

The students of her school, in San Rafael, Calif., in Representative JOHN BURTON's district, have asked me to introduce a constitutional amendment which would allow all persons eligible to vote in the November election by reason of age, to be eligible to vote in the primary election for the same office. The idea is a good one, and should be swiftly enacted. I am proud to be the author of a bill which was conceived by these students from San Rafael High School and their teacher, Dr. Virginia Franklin.

In 1944, in the Smith against Allwright case, the Supreme Court ruled that the primary was an integral part of the entire election process. All Federal officials should be elected similarly so that no one segment can be denied a crucial vote in the primary. Although the State controls its own primary, it is up to them to supply equal protection of the law, and for this reason Congress should set the example. Ten States, including Delaware, Illinois, Indiana, Kentucky, Maryland, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, Virginia, and West Virginia already have corrected this shortcoming, thus magnifying the existing inequity.

The experience of voting is the ultimate field trip for students who have merely read about government, and this early involvement in the election process will more likely become a lifetime habit. With the passage of this bill, young people will be more involved in the political campaigns of the future and will increase their interest in government. And if we continue to discriminate against new voters, their initial contact with elections will be a negative one. Past experience has shown that many young people do not carry on and pick up their electoral duties after high school because they never had the actual opportunity while in school. This amendment will change that. Those who assisted in initiating what must become a nationwide movement among young people are as follows:

Becky Ablin.
George Afremow.
Gregg Bigliri.
Ron Braitbwaite.
Sven Buggeland.
Heidi Carter.
Laurie Cerf.
Elise Couvillion.
Dana Dowdy.
Erin Fleming.
Nancy Gamble.
Rina Guidice.
Kent Godwin.
Betsy Harris.
Brian Hecht.
Peter Heinlein.
Katie Hoffman.
Lisa Ives.
Ann Kelly.
David Kupfer.
Mike La Fave.
Julie Lavezzo.
Laurie McCandless.
Anne Miskimen.
Doug Mitchell.
Katie Palches.
Mary Phillips.
Bill Posner.
Jeff DuBois.
Kathy Read.
Pat Robertson.
Tyler Rose.
Craig Rossi.
Diane Soldavini.
George Spongberg.
Sharon Stark.
Jack Texiera.
Karen Tremewan.
Jeff Walter.
John Wick.
Liz Widdershoven.
Phil Wolfe.
Beth Yoffee.

Joint resolution proposing an amendment to the Constitution of the United States extending the right to vote in any election to nominate any candidate for any Federal office to citizens who will be eighteen years of age or older on the date of the election for such office

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, to be valid only if ratified by the legislatures of three-fourths of the several States within seven years of the date of final passage of this joint resolution:

"Article —

"SECTION 1. The right of citizens of the United States, who will be eighteen years of age or older on the date of any election for the office of President or Vice-President of the United States or for the office of Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, to vote in any election to nominate any candidate for such office shall not be denied or abridged by the United States or any State on account of age.

"SEC. 2. The Congress shall have power to enforce this article by appropriate legislation.".●

SPECIAL EDUCATION DIRECTORS IN MINNESOTA SUPPORT OBERSTAR BWCA PROPOSAL

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. OBERSTAR. Mr. Speaker, the Boundary Waters Canoe Area is an issue with which my colleagues in this House are daily becoming increasingly familiar. In the past week, my colleagues have been visited by many of my constituents who have come to Washington to express their great concern over the issue.

The House Interior Committee has recently reported legislation on the BWCA authored by the gentleman from California (Mr. PHILLIP BURTON).

The House will very likely consider that bill within the coming month.

The people of my district are strongly opposed to the Burton-Fraser-Vento bill because of its unreasonable and unnecessary restrictions on recreational use in the BWCA.

The committee bill will severely curtail the existing recreational use within the BWCA. It will reduce access to the BWCA by handicapped Americans and older Americans.

Recently, the special education directors of Minnesota passed a resolution in support of my proposal for the BWCA.

I very much appreciated their support because one of the essential purposes of my bill is to enable people with special needs to continue to enjoy the BWCA.

I would like to share with my colleagues the resolution adopted by the special education directors in Minnesota, cited in the letter I received from Mr. Duane Googins of Minneapolis, president of the Minnesota Administrators of Special Education, informing me of the directors' action:

MINNESOTA ADMINISTRATORS OF SPECIAL EDUCATION,
April 11, 1978.

Hon. JAMES OBERSTAR,
House of Representatives, Cannon Office Building, Washington, D.C.

DEAR CONGRESSMAN OBERSTAR: At a recent meeting of the Special Education Directors of the State of Minnesota the following resolution was adopted:

Whereas, Section 504 of the Rehabilitation Act of 1973 states that, "No otherwise qualified handicapped individual in the United States . . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance," and

Whereas, legislation regarding the Boundary Waters Canoe Area as proposed by Congressman Phillip Burton, Bruce Vento and Donald Fraser, tends to limit the accessibility for handicapped people; therefore, be it

Resolved, That the Minnesota Administrators of Special Education go on record as supporting the Oberstar proposal which will

allow more liberalized use of motorboats and snowmobiles into the peripheral lakes of the Boundary Waters Canoe Area.

Sincerely,

DUANE GOOGINS,
President of the Minnesota Administrators of Special Education.
MINNEAPOLIS, MINN.●

RHODESIA: WHY, WHY, WHY?

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

Mr. McDONALD. Mr. Speaker, while Ian Smith of Rhodesia proceeds with his timetable on majority rule in Rhodesia, our State Department and President Carter continue to play footsie with the bought and paid for in Moscow leaders of the so-called Patriotic Front, Joshua Nkomo and Robert Mugabe. What the United States is supposed to gain from this insanity has never been made clear. What the Soviet Union and the Communist World will gain is abundantly clear. Again, the Washington Star recently ran another fine editorial on this matter in their April 19, 1978, edition which I commend to my colleagues.

The editorial follows:

[From the Washington Star, Apr. 19, 1978]

RHODESIA: WHY, WHY, WHY?

The road to Dar es-Salaam, like a more famous road, is paved with good intentions. And is it really less treacherous?

There, in the capital of Tanzania, an Anglo-American diplomatic team (Secretary Vance, Ambassador Young, and Dr. Owen, the British foreign secretary) met again with Joshua Nkomo and Robert Mugabe, the fire-eating leaders of the Rhodesian Patriotic Front.

Afterwards, the parley was pronounced a success, inasmuch as Messrs. Nkomo and Mugabe said they might join an "all-party" conference on Rhodesia's future. If this is success, what would failure consist of? The two guerrilla leaders haven't given an inch on the tough program they outlined at Malta some weeks ago. In fact, they have toughened it. They still want a single-party dictatorship on Marxist lines in Rhodesia. They still demand control of the army and the police, and a "predominant" role in the transitional government. As for the future, Mr. Mugabe now denounces political variety—that is, the toleration of any political parties other than his own—as a "luxury."

These views are unacceptable to the new government in Salisbury, where Prime Minister Ian Smith and his National Front have set in motion a plan for majority rule, adopted a new constitution, and released political prisoners.

So what is the gain? The aim of the Anglo-American plan, supposedly, is to avoid a civil war. But its effect may ultimately be otherwise. The other day in Nigeria, President Carter subscribed to a communique describing the new internal government in Rhodesia as illegal. We are not sure what that means. It may be illegal in the sense in which the Continental Congress was illegal in 1776, for whatever ice that cuts.

The heart of the matter, however, is that Bishop Muzorewa and the other black leaders inside Rhodesia have a far larger political constituency than either Mr. Nkomo (who has a slight one) and Mr. Mugabe (who reportedly has next to none). The hope of the latter two for power in Rhodesia—other than by shooting their way in—is kept alive today by an unholy collaboration between the U.S., Great Britain, and their arms suppliers in the Soviet Union.

If the issue is, as advertised, democratic rule in Southern Africa, will someone please explain to us how that objective is advanced by continuing to abase ourselves before those who spout anti-democratic and authoritarian demands? ●

MONARCHY AND MEDICINE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. CRANE. Mr. Speaker, with National Health Insurance proposals blooming in every legislative garden this spring, the bureaucratic gardeners in HEW are busily working away drafting proposals and implementing plans. Not to add to the proposals but to shed a little light on the matter, I would like to insert a timely and excellent article by Mr. William Simon, former U.S. Secretary of the Treasury and now a financial consultant with Booz, Allen & Hamilton, Inc. Instead of examining the NHI proposals, Mr. Simon dedicates the vast part of his article to examining the basic premise under which these health plans have been formulated and dismantles all the arguments put forth by those who would want the Federal Government to take over our health care system:

The article follows:

PREVENTING MEDICINE

(By William E. Simon)

Although he remains relatively calm about welfare and unusually silent on the subject of educatiton, Mr. Carter's ebullient HEW secretary, since the moment of his appointment, has issued an incessant stream of complaints about the system of American health care.

"We perceive health care in America today," says Joseph Califano, "as a vast, sprawling, highly expensive, and virtually non-competitive industry . . . a unique system of economic relationships that are commanding, and controlling, an ever larger share of our nation's resources." That is the essence of Califano's complaint. And his solution? "National Health Insurance to protect all Americans from the crushing burden of medical expenses is essential."

Perhaps the first thing to note here, in both Califano's statement of the problem and his proposed solution, is the striking lack of of logic. There is little competition in the health care industry, Califano charges. Therefore, nationalize it. But this is rather like saying that the way to solve the problem of the Imperial Presidency is to establish a Monarchy. The concept of the divine right of kings would do little to democratize the White House. Nor would the socialization of the health care industry, no matter what else it accomplished, increase competitiveness. Further, to imply that Americans now burdened with medical bills would be miraculously relieved of those burdens if their bills were first recycled through Washington is not only illogical, but downright dishonest.

True, there is a cost problem. In 1976, the national health care bill came to just under $140 billion, a difficult figure to come to grips with. But the answer, surely, is not massive federal intervention. As even the President's Council on Wage and Price Stability (COWPS) admitted in 1976, after years of avoiding the issue: "It is all too apparent that right now with current reimbursement programs and the ubiquitous and often conflicting morass of regulations, the Federal government, instead of being part of the solution, is part of the problem of rising health care costs."

Nor are the analyses which occasionally issue from Califano's own bailiwick much more reassuring. Hard and fast federal figures on the subject are difficult to come by, but according to one recent HEW estimate, a comprehensive "sperm-to-worm" program, such as that being proposed by Senator Edward Kennedy, could boost the nation's health care tab to $248.3 billion by 1980. Other proposals before Congress are little better. One, favored by the American Medical Association, could raise the nation's health care bill to $243.8 billion by 1980; a plan favored by the insurance industry would increase the cost to $234.5 billion.*

Logical? According to most measures and nearly every honest estimate, a federal takeover of the health care system would push prices up very near the outer limits of our ability to pay them. Partial federal intervention is now driving prices skyward, as COWPS points out; total federal intervention would accelerate the process. When the problem is discussed as the solution, we may be right in feeling that things are just a bit out of whack.

But logic seems to play no role in the discussion. Califano and his health-care planners simply skip around the figures, never taking them seriously, even when the government itself puts them out. Occasionally, when pinned down, they will acknowledge the figures, but argue that they are inaccurate. Such estimates cannot be accurate, they say, because they do not take into account the basic cost-cutting theories now espoused by the government.

One such theory involves the practice of preventive medicine, and runs this way: If financial barriers to access are eliminated on the primary level (doctors' offices, clinics, etc.) through a comprehensive health insurance program, then minor health problems will be arrested before they develop into major problems, thereby reducing the cost of treatment.

On the face of it, this is an attractive theory. But on reflection it makes little sense, for the vast majority of our health problems are not problems that early care can prevent. How many of us, when we think back over the past year, have been to see a doctor about a problem that an earlier visit would have prevented? In general, the answer is precious few. A cracked rib, an infected eye, an infected ear, bronchitis, viral afflictions of all kinds, a sprain, a strain, a fall, a broken arm, a broken leg—these ailments and others like them form the bulk of the problems that we take to our doctors. None of them would be prevented by early visits.

There are, of course, extremely effective preventive procedures. Hypertensive medication for high blood pressure comes to mind, as do certain methods of cancer

* The tendency for such federal programs to grow tremendously should not be overlooked. Medicaid was supposed to cost $200 million per year when it was proposed in 1966. By 1968 the annual cost had jumped to $1.9 billion. In fiscal year 1977 Medicaid cost $10.3 billion.

screening. But cost alone is seldom the barrier which prevents us from seeking such treatment. On the whole, the diseases involved here are of such consequence that those fearful of being afflicted would not find a relatively modest doctor's fee in any way a cause for procrastination. True, there may be people both genuinely concerned and genuinely unable to pay. But they are already covered by Medicaid or Medicare. For those not so covered, with marginal medical budgets, there are thousands of free clinics. For the rest of us, the fact that we procrastinate springs from something infinitely more complex than a physician's fee, and abolition of that fee would make the prospect of a visit to the doctor no more seductive.

Human nature presents a profound problem for the proponents of preventive medicine. We cause most of our own basic health problems by eating too much, smoking too much, and drinking too much. We refuse to exercise, we drive our cars unsafely, and some of us won't even use seatbelts. All this, say preventive medicine proponents, is the result of our "life-styles." Change those lifestyles, and there would be far fewer health problems. All of which, of course, is true. But the advocates of preventive medicine run into trouble when they attempt to explain just how free medicine would effect a significant life-style change. Indeed, it might be argued that a government which encourages us to put total responsibility for our health into its hands could end by making us even less responsible for our own health. Some day, of course, they may have us all out at lunch hour, exercising in the parking lots to the tune of loudspeakers. But until then, if Califano actually believes that a socialized system would compel us to trot obligingly into our doctor's office so that he can tell us to stop smoking so that we can then go home and do so, his view of human nature is hopelessly muddled.

Nor does his view of the basic human condition seem much clearer. The most important preventive techniques are those that detect and prevent major medical problems. But to characterize such techniques as "money saving" is surely to miss an important point—we all die anyhow, and few of us die healthy. Save us from one thing, and we will eventually suffer from and die from another. And a great deal of money will be spent on us in the process. Consider: A man found to have operable prostate cancer at 40 may be saved to enjoy the benefits of a pacemaker at 65. Or a woman whose hypertensive problems are brought under control at relatively little expense at 60 may at 70 suffer from advanced senility and be placed in a nursing home. In each case, a great deal more money will be spent on such patients than would have been spent had the preventive techniques not succeeded.

This is as it should be, for that is what American medicine is all about. But here again, in the government's characterization of such techniques as "money saving," we run into one of those great reversals of logic. Such techniques by definition must cost, rather than save, money. The only real way to save money on that man with the prostate cancer is not to treat him at all. That, of course, is something no American doctor would think of doing. But, public statements about preventive techniques as money savers aside, there are hints that the idea has occurred to high HEW officials. In public, they continue to take the approved line on preventive medicine. In private, however, they are saying things that suggest a radical redefinition of the preventive concept, one which more nearly squares with logic but violates every precept of American medicine.

Recently, for instance, a storm briefly swirled through HEW when an internal memo was leaked to the press. The memo, from Robert Derzon, director of HEW's newly created Health Care Financing Administration, suggested that Califano consider a number of ways to bring costs under control. Among Derzon's suggestions: discourage the use of sophisticated medical technology; limit the supply of doctors; slap controls on doctors' fees; encourage welfare mothers to get abortions; and persuade the states to adopt "living wills" by threatening to withhold federal funds.[1]

Abortions would be beneficial, explained Derzon, because "every unwanted birth prevented saves about $1,000 annually in welfare payments and another $100 in Medicaid funds." Too many kids, costing too much? Simple. Abort them. Too many old people? "Over one-fifth of Medicare expenditures are for people in their last year of life," Derzon observes pointedly. The solution? Living wills, an approach which encourages oldsters to acquiesce in euthanasia. Neat. Not everyone quite appreciated the simple beauty of Derzon's approach, however. As Harry Schwartz of the *New York Times* pointed out, "Mr. Derzon likes euthanasia. . . ." Such a predilection on the part of the high HEW official who will probably be tapped to run any system of national health insurance is something less than reassuring.

Derzon, in typical bureaucratic fashion, has since denied meaning what he said. But as Schwartz points out, "what is irrefutable is that these and related ideas have recently been actively discussed at the highest policy levels of HEW."

Closely tied to the theory of preventive medicine is the assault on what Califano and the federal planners call "runaway medical technology." Right now their argument is that what needs controlling most are costs at the upper level. Give them the power to pay the total health care bill, they say, and they will hold down those costs by refusing to pay for certain procedures and types of treatment. But do we really want that? Most of us, when someone close becomes very sick, will seek out the very best treatment money can buy. To this end we shop for private insurance policies which guarantee that we will be able to pay for it—and if we do not have such insurance, we will go deeply in debt to pay for that treatment. But now the government is talking as though it intends to save us from those urges—whether we want saving or not—by denying us certain kinds of services and treatment.

What would that mean? It might mean, for instance, that a child with a brain tumor would not have access to a sophisticated brain scanner that could pinpoint the tumor's location. It might mean that the hospital nearest to the heart attack victim would not have a cardiovascular unit. With the government firmly controlling the purse strings and determined not to pay for such equipment, it would not be purchased.

Increasingly, national health insurance proponents are depicting hospitals as luxury playgrounds for medical dilettantes, and breathtaking medical technologies as expensive toys for grownup boys. (One HEW expert, at a recent meeting in Washington, referred to some of the most important technological devices of the century as "whatsydutsy machines.") Get rid of all that frivolous technological stuff, the attitude seems to be. It just drives up costs, and if we all practice preventive medicine, we won't need it anyhow. What is seldom acknowledged is that hospital improvements and medical technology aim either to preserve life or to enhance its quality. When the time comes for each of us, we would probably prefer to have had our money spent in this manner. But, again, perhaps the unstated argument is that the single best way to save money is to prevent life from lingering.

Here, as in so many other cases, Califano has things backwards. If he and his peers truly wanted to hold down costs and enhance the quality of care, they would start at the other end and attempt to eliminate services on the primary level. As any physician will tell you, this is where health care expenditures are truly wasted. As matters now stand, doctors are plagued by a horde of patients with self-treatable or nonexistent afflictions. There is the patient with the scratchy throat, the patient concerned with excessive or inadequate body hair, the patient who sometimes gets a funny feeling in his right shoulder, the patient who simply enjoys the attention of a physician and finds his office a satisfying social center. And as third-party payments increase—and with them the illusion of free medicine—so do such patients increase proportionately.

Califano, however, is working from the other end. He intends to encourage *more* utilization on the primary level by providing free and unlimited access to services, while at the same time limiting access at the upper level. With unlimited access, concludes a Rand Corporation study of National Health Insurance, treatment in doctors' offices would increase by 75 percent. This increase would take place precisely where it is needed least; and what's more, it would dramatically siphon off dollars essential to our care.

In effect, the Califano approach consists of taking resources from those who genuinely need them and distributing them among those who do not. If he were to take a similar approach to education, he might end by funding postgraduate courses for cafeteria help and janitors, while denying them to all students with an I.Q. over 125. Were the same approach taken to welfare, able-bodied bachelors might be encouraged to go on relief, but disabled women with dependent children would be discouraged.

National Health Insurance is simply not the most effective way to guarantee the nation's good health, nor is its method on allocating the health care dollar either wise or just. Nor is its current rationale in any way logical. Health care costs are soaring we are told. Therefore, we must institute a system that by the most conservative estimates could add $16 a billion a year to those costs. If Califano and his colleagues really believe that, they're bananas.

But they're not, of course. At least not all of them. Most of the HEW planners are simply doing their jobs. And this is especially true of Califano. He is a hired gun, and a good one, the quintessential Washington operator, totally loyal to whoever happens to be paying his fee. He has been told to pave the way for a system of National Health Insurance, and that is what he is doing. His method is an effective one. He looks for whatever apparent weaknesses appear in the present system and he shoots holes in them, and it is irrelevant whether or not his charges are untruthful or exaggerated. And because he does it well, it occurs to few that his facts are frequently either distorted or simply wrong. But they are.

Take his most basic assertion—health care costs are spiraling out of sight. Califano would have us believe that the increase in these costs is outstripping the increase in the costs of all other commodities. But this is not the case. In fact, according to the Consumer Price Index (CPI), medical costs over the past decade have not risen nearly as rapidly as the costs of many other essential services. According to an analysis of the CPI by the American Medical Association, the equivalent

[1] A "living will" spells out the conditions under which a person would not want to continue living—e.g., dependence on a life-support system.

of a dollar's worth of medical care in 1967 costs $1.85 today. In comparison, insurance and finance charges which cost a dollar in 1967 have risen today to $1.97; legal expenses have risen to $2.00; and postal fees, under government supervision, have risen to $2.22.

Many other costs have also outstripped medical costs. A dollar's worth of auto repairs in 1967 now goes for $1.90; appliance repair has risen to $2.00; plumbing services are up to $2.10; house reshingling, $2.33. Then there are the consumer products—sugar, coffee, seafood, rib roasts, bacon, ham, tuna fish, potatoes, and, of course, electricity and everything connected with energy. Even a dollar's worth of blue jeans in 1967 goes for $1.90 today.

Consider as well, the bite the Social Security tax is taking out of consumers' paychecks. From 1967 through 1977, the maximum Social Security tax increased approximately twice as much as health care costs over the same period. And with the massive new increases enacted by Congress—the members of which, incidentally, do not have to contribute—the sky's the limit.

Nor are comparative price rises under the present system expected to be particularly dramatic, even though federal programs permit millions of poor Americans to enjoy virtually limitless access to health care. According to a projection by Predicasts, Inc., expenditures for education since 1957 will have risen in 1990 by a yearly average of 8.2 percent. Welfare costs will have risen 11.1 percent over the same period, and health care costs will fall in the middle at 10.9 percent.

If this forecast is at all accurate, the situation seems much less alarming than Califano would have it. But Califano is not interested in figures that undermine his case, and he chooses his statistics carefully. Thus, whenever he complains about rising costs, he goes to the Social Security Administration's compilation of health care statistics for 1975 and 1976. These are two good years, for the statistics, if taken alone, do seem to demonstrate that health care costs are the major problem.

But what Califano and others who single out these two years do not discuss is that the size of the figures is due not so much to costs out of control as to costs *under* controls—the Nixon controls, that is, which remained in effect in the health care field a year after they were lifted in most others.

Thus in 1975, the first full post-control year, medical care costs as recorded on the CPI shot from 5.7 to 12.5 percent—certainly an alarming statistic when taken in isolation. But in 1974, the year in which the rest of the economy was freed from controls, the CPI for all items jumped from 4 to 9 percent, and in 1975 it climbed to 11 percent. In 1976, the third control-free year, the CPI for all items levelled off at 7.1 percent. In the same year, the second year in which health care costs were free from controls, the medical care component of the CPI dropped from 12.5 to 10.1 percent.

Economists call this phenomenon of post-control prices rising to their natural level a "bulge." The bulge is commonly thought to subside after two years. But in the case of the CPI for all items, it was a three-year process, while the figures for 1975 and 1976 cover only the first two years of the health care component bulge. Thus, the relevant comparisons would be between 1974 and 1975, and between 1975 and 1976. When one compares the figures year for year, as Califano does, the comparison between the cost of medicine and the cost of everything else must inevitably be distorted.

In fact, if one stretches the span out a bit the results are quite different. If, for instance, one averages the medical price rise between 1973 and 1976, and then compares that increase with the rise in costs of all other items, the rate of increase is almost exactly the same. All items on the CPI during that period rose 31.1 percent. Medical costs rose 31.5 percent. That means that since 1973, health care costs have risen at a rate less than one-half of one percent higher than all other items.

It is not quite fair, of course, to confine such an analysis to the 1973–1976 period. Between 1965 and 1973, for instance, health care costs rose 9.6 percent more rapidly than other costs. But these were the years of the great gathering together of federally insured patients, and that increase is directly attributable to federal programs. In any event, it is surely as fair to compare costs between 1973 and 1976 as it is to complain only about the price rises of 1975 and 1976, without acknowledging the effects of price controls.

Califano's tendency to overstate and to use statistics selectively is especially apparent in his frequent assaults on pharmaceuticals. Among all major industries, pharmaceuticals have been most successful at keeping prices down, and in terms of real dollars we are paying considerably less for our prescription drugs now than we were a decade ago. Between 1967 and 1977, according to the Social Security Administration, prices for all goods rose approximately 44 percent. During the same period, however, the price of prescription drugs rose just a bit less than 19 percent.

That figure is especially remarkable when you consider the effect of FDA regulations on the drug industry. During the mid-1960s, it cost approximately $1.5 million to develop a new drug and win federal approval to market it. Today, that cost has risen to an estimated $15 million. Yet in 1976, when other costs were rising 5.7 percent, drug prices rose only 3.9 percent.

Nevertheless, despite the figures, the prices of drug products are under almost constant attack in Washington. Senator Kennedy has called for (but not held) hearings on drug prices. The Naderites, in their sixties, with-it fashion, talk of "drug ripoffs." And Califano, in his peculiar rococo style, talks of "patent monopoly pots of gold at the end of the research rainbow."

In each of the areas discussed here—preventive medicine, the "drug ripoff," spiraling costs—the fashionable indictments of the present health care system collide with a collection of real-world facts. But these facts are seldom aired, for the men who set the terms of the national debate simply are not interested in hearing them. These men have been appointed to bring in a system of National Health Insurance. So the existing system is by definition bad, and anything at all is fair that might help to discredit it.

Their job is not an easy one, however. For one thing, the line shifts radically from year to year. Ten years back, when the economy was booming, we were told that although National Health Insurance would be expensive, it was necessary because many Americans were receiving unequal care. Then came Medicare and Medicaid, the problems of equity and access were alleviated, and we were told that, although we were all getting it, American medical care was shoddy and incompetently practiced; that we were not getting what we paid for; and that, although National Health Insurance would be expensive, it would enable the government to exercise control over the quality of care.

Now, however, the line has shifted again. It isn't quality we're worried about any longer. It's cost, pure and simple. Previously the approach was to try to convince us that National Health insurance was affordable. Now we're being told that we cannot afford not to have it.

One wishes, before Califano nationalizes our system of medicine, that he would reassure us all by pointing to just one instance in which government intrusion into the private sector has resulted in a less expensive product—or for that matter, a product of higher quality. To my knowledge, that has never happened, and it would be highly unlikely to happen in the complex field of health care.

But perhaps we needn't worry. The first target date for National Health Insurance was late 1977. Then it was moved up to mid-1978. Now Califano is talking about early 1979. In the meantime, as the projected NHI cost estimates continue to soar, the American people, already afflicted by inflation and threatened by a huge new Social Security tax bite, may decide they simply do not want to foot the bill for a nationalized system of medicine. Besides, as most Americans who think about it have come to understand, we already have a comprehensive national health care system, created by the private sector. And in comparison to the systems of those nations—especially Great Britain—where medicine has been socialized, it doesn't look bad at all.●

KEEP LOBBYING DISCLOSURE BILL STRONG

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 25, 1978

● Mr. MAZZOLI. Mr. Speaker, on April 19 and 20 the House took up H.R. 8494, the Public Disclosure of Lobbying Act. During the activities of those 2 days, the House adopted very important strengthening amendments to the bill.

One amendment requires lobbying organizations to report expenditures for grassroots lobbying activities.

Another requires lobbying organizations to disclose the names of major groups contributing $3,000 or more to their operations.

And, a third requires organizations to disclose the names of their chief representatives, whether paid or unpaid, who engage in lobbying communications on behalf of the organization.

These improvements convert H.R. 8494 from a good bill into an effective and serious lobbying reform bill.

So, when H.R. 8494 comes before us tomorrow for further consideration, I urge my colleagues to keep these improving amendments in the bill and to reject all efforts to delete or weaken them.

H.R. 8494 strikes the necessary balance between the public's right to know who and what influences Federal lawmaking and the public's right to petition its elected officials and to seek redress of grievances.

It is a bill we can be proud of. Let us not change it now.●

SENATE—*Wednesday, April 26, 1978*

(Legislative day of Monday, April 24, 1978)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. DENNIS DECONCINI, a Senator from the State of Arizona.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray in the words of the favorite daily prayer of General of the Army Douglas MacArthur—

"Give me, O Lord, that quietness of heart that makes the most of labor and of rest. Save me from passionate excitement, petulant fretfulness, and idle fear. Teach me to be alert and wise in all responsibilities, without hurry and without neglect.

"Tame Thou me and my tongue that I might not transgress. When others censure, may I seek Thy image in each fellow man, judging with charity as one shall be judged.

"Banish envy from my thought and hatred from my lips. Help me to be content amid the strife of tongue with my unspoken thoughts.

"When anxious cares threaten my peace, help me to seek Thee, that I may find my rest and be made strong for calm endurance and valiant service." Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 26, 1978.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DENNIS DECONCINI, a Senator from the State of Arizona, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. DECONCINI thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, are there any orders for the recognition of Senators on tomorrow?

The ACTING PRESIDENT pro tempore. No, there are none.

ORDER FOR RECOGNITION OF SENATOR LEAHY ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. LEAHY be recognized for not to exceed 15 minutes tomorrow morning after the two leaders have been recognized under the standing order.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved tc date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I have no request for my time.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

ALASKA: AMERICA'S FROZEN ASSETS

Mr. STEVENS. Mr. President, recently "International Business," a magazine which covers the international business community, devoted their entire edition to "Alaska: America's Frozen Assets." The magazine includes articles on resources in Alaska, including agriculture, mineral, and oil and gas reserves as well as discussions of the d–2 issue by State and national leaders. I believe that these articles contain a great deal of insight which should be considered as Congress moves toward making a critical decision on the appropriate utilization of Alaska's resources. I intend to submit several of these articles for the RECORD over the next few weeks.

The article I would first like to draw to the attention of the Senate is an article by Dr. William J. Darch, president of Alyeska Pipeline Service entitled "Oil! And the Future of Alaska!" Dr. Darch's piece is particularly enlightening as it goes through the history of oil at Prudhoe Bay from discovery to delivery and then discusses the prospects and problems in Alaska's future. I ask unanimous consent that this article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OIL AND THE FUTURE OF ALASKA

(NOTE.—International Business had an opportunity to meet the president of Alyeska Pipeline Service Company, Dr. William J. Darch, during our visit to Alaska. A native of Wales, this multifaceted gentleman played international-level rugby while earning his bachelor's, master's, and doctoral degrees in chemical engineering.

(He has served in several positions in British Petroleum, Ltd. since first joining the firm in 1948, and his responsibilities have taken him from Wales to Perth, Australia, to Montreal, Quebec, to London, and in July of 1976, to Anchorage, and Alyeska.

(IB asked Dr. Darch to provide our readers with a brief summary of the petroleum industry's history and present role in the state, and where he foresees its future, and future problems. We are most grateful for his generous response.)

OIL AT PRUDHOE BAY!

Discovery to delivery

January, 1978 marks the tenth anniversary of the discovery of crude oil at Prudhoe Bay. By the middle of 1968, further exploratory wells had delineated the magnitude of the Prudhoe Bay find. The field contained some 9.6 billion barrels of oil. It was the largest single deposit of oil ever found in the United States.

At this point, Alaska was ready to step into the major league of oil producers. There was to be a long period of gestation, however, before the schemes for production and transportation of the oil could reach fruition, and Alaska could take its rightful place as a major oil producing state. The longest single delaying factor was the construction of the Trans Alaska Pipeline System (TAPS).

There were two general sets of problems that created the delay. First, there was the problem of getting a transport system approved in Washington, D.C. The proposed route of the pipeline lay largely over Federal and State lands, and the government was more involved in the details of the project's planning than it had ever been with any previous project. The granting of the many requisite permits was delayed, time and time again. The Congress was also debating new legislation that would have monumental influence on the project.

Three pieces of legislation which had direct impact on the building of TAPS were finally passed between 1970 and 1973. The National Environmental Policy Act was passed late in December and became law on January 1, 1970. Meanwhile, the Congress moved to expedite the settling of land claims of Alaskan natives. In December 1971, the Alaska Native Claims Settlement Act became law, granting 40 million acres and a cash settlement of $962 million to Alaska's native people, clearing a major legal hurdle for securing a pipeline right-of-way across Alaska public lands. In November 1973, after another two years of Congressional debate, the Trans Alaska Pipeline Authorization Act was enacted, clearing the way for the project to begin. A target date of mid-1977 was set for completion and startup of the pipeline system.

Then the second set of problems began, relating more to operating in Alaska than to Washington, D.C. The physical and psychological problems of working in the remote, harsh Arctic were monumental. Unprecedented environmental stipulations, governmental monitoring and regulation made a very difficult job sometimes seem impossible. But we had decided on two major goals, and we aimed to keep them: protecting the environment and doing the job as fast as possible to meet the national need.

Finally, the project was completed. On August 1, 1977, a tanker sailed from Valdez carrying 840,000 barrels of crude oil from Alaska's North Slope. Since then a steady stream of vessels have carried more and more Prudhoe Bay crude to waiting markets in the "Lower 48" states.

Prudhoe and the Nation

The significance of Prudhoe Bay oil to the Nation was underscored at the time the enabling legislation passed the Congress. The project was approved "in the national inter-

est" as it represented a significant step towards reducing U.S. dependence on foreign oil. Over a period of years, the decline in domestic oil and gas production, coupled with the high growth rate in energy demand, had led to ever increasing levels of foreign oil imports. By the first half of 1977, U.S. crude production had reached its lowest point since 1965. With the addition of Prudhoe Bay oil, the six-year decline in domestic crude production was finally reversed. Because of international political and economic events, Alaskan oil had become a matter of extreme strategic significance.

The October 1973 Middle East crisis and oil embargo left the world a different place. The international energy and economic picture has darkened considerably for major oil-consuming nations and the Less Developed Countries. Meanwhile, the OPEC Nations, who control most of the world's oil production, have raised the price of oil fivefold since 1973 and, as of 1976, have accumulated a surplus of $36 billion. There is little doubt that OPEC will raise prices again and again in the years ahead, the only questions being how soon and by how much. Recent projections suggest that, if there is a slow-down or collapse in Arab-Israeli peace efforts, a real oil price increase in the range of 10–15 percent is likely as soon as 1978 or early 1979.

The effect of all this on the U.S. has been to increase the national significance of Prudhoe Bay crude. In the early 1970's, the U.S. paid an average of less than $4 barrel per annum for its imported oil. In 1976 the U.S. bill for oil imports was $32 billion. And in 1977, the U.S. spent more per month on imported oil than it spent per year less than a decade ago. But, by the end of 1977, about 130 million barrels of North Slope oil will have been delivered to U.S. markets. At current world prices, this should reduce the foreign trade deficit by about $1.8 billion during 1977. In 1978, the first full year of operation, the pipeline will be delivering oil at a rate which will offset about $5.6 billion in oil import costs or more than 15% of the national bill for oil imports.

The delivery of Prudhoe Bay oil through the Trans-Alaska Pipeline is also significant as a demonstration that energy and environmental considerations can be accommodated in the United States. One writer who flew over the pipeline compared its impact on the Alaska wilderness to the impact of a thread stretched across Manhattan. Those who have seen the pipeline area have been impressed with the environmental achievement that it is. The pipeline also represents an important technological achievement, illustrating that science and ingenuity, combined with human care and concern, can safely open the nation's vast frontier areas for exploration.

Prudhoe and the State

Most people would probably agree that the Prudhoe Bay discovery put Alaska on the map. National and international attention has focused on Alaska as it never had before. As with most such occurrences, the results of all this attention have been both good and bad. But it seems safe to say that more good than bad resulted from the discovery and the presence of the oil industry in Alaska.

The major beneficial influence to Alaska has, of course, been economic. During the years of Trans-Alaska Pipeline construction, Alaskans in many parts of the State enjoyed a tremendous gain in direct and indirect employment related to the pipeline and North Slope development. Average family income in Alaska has soared, thanks to the Prudhoe Bay discovery. In 1968, Alaskan average family income was $11,650 per year. In 1977, family income averaged $22,000 per year, an impressive gain even with inflation.

The effect of Prudhoe Bay on the State's budget has been monumental. As the budget has multiplied, needed social and educational programs could at last be implemented. And the State is now involved in a debate as to what to do with the billions of dollars of surplus revenue expected to flow into State coffers by 1985.

In fact, relatively few Alaskans seem to view the discovery at Prudhoe as a negative with respect to Alaska. After all, Alaska has one million acres for every day of the year, and compared to her land size, the population is still so small that Alaska's land/people ratio reminds one of a vast undeveloped nation. Although Alaska's population has significantly increased since the Prudhoe discovery, the population growth rate has stabilized. Overall, it appears that most Alaskans want to see continued, steady resource development in their State, in large measure because Alaskans want economic independence and because resource development means jobs for Alaskans.

ALASKA'S FUTURE: PROSPECTS AND PROBLEMS

The potential of Alaska

As concern over global resource shortages has increasingly attracted international attention, the world has not forgotten Alaska. Indeed, Alaska's reputation as "the last frontier" appears increasingly important in terms of her vast untapped resources. And one can't help wondering why more resource development has not taken place during the decade since the Prudhoe Bay discovery.

Alaska's resources are exceedingly plentiful. According to the U.S. Geological Survey, 40% of the remaining oil to be found in the U.S.—up to 49 billion barrels—is in Alaska or off her shores. Undiscovered recoverable natural gas in Alaska could be as high as 132 trillion cubic feet.

Furthermore, geologists estimate that Alaska has half the Nation's uranium reserves; fantastically large copper deposits; perhaps the richest molybdenum find in the United States; nickel deposits that may exceed those of any place in the world; and estimated potential coal reserves of almost 3 trillion tons.

It seems that once again, however, potential development in Alaska is being slowed as before because of (1) the Congress in Washington and (2) the environment in Alaska—only this time, it's not just the climate of Alaska that is slowing development, it is, inadvertently perhaps, state government resource policies that have been developing over a period of years. The Washington problem, the so-called d-2 lands issue, is fairly well known. Problems relating to the Alaska State Government are becoming increasingly well known. Hopefully, both sets of issues will be resolved to the benefit of Alaska in the not too distant future.

The d-2 question

The future of Alaska stands very much in balance with the current discussion on the so-called d-2 lands issue. Today less than 1 percent of Alaska's 375 million acres is in private ownership. In 1966, former Interior Secretary Stewart Udall clamped a freeze on land transfers until Congress acted on the native claims. In 1971, the Alaska Native Claims Settlement Act provided 40 million acres of land and almost $1 billion for the natives. In the Settlement Act was a provision, Section 17(d)(2).

While the main purpose of the NCSA was to settle the legal issue of aboriginal claims on Alaska lands, clearing the way for pipeline construction from the North Slope, many Congressmen looked on the claims bill as a way to settle many more general issues involving Alaska public lands. To get the support of Eastern-state Congressmen with strong environmental constituencies, it was necessary to use the promise of creating 80 million acres of new parks, refuges and forests in Alaska as a tradeoff for their support for 40 million acres to Alaska Natives and a final settlement of the long-standing land claims question.

But now, as legislation establishing those parks and refuges starts moving through Congress, a new move by conservation groups has focused on legislation that would add "wilderness" designations to the d-2 lands and other federal lands in the state. Wilderness classification is a formal designation that would prohibit any access by aircraft or motorized vehicles. For all practical purposes, this would end any exploration or development activity on these lands, for petroleum, coal, minerals or other resources.

One bill in Congress, H.R. 39, sponsored by Rep. Morris Udall and 22 co-sponsors in the House of Representatives, would designate about 146 million acres as wilderness, about half the total land area of Alaska! Almost half the acreage covered in the Udall bill is underlain with significant deposits of sedimentary rocks which are, of course, the source rocks for petroleum. It also appears that most of Alaska's lands with mineral potential would be covered by H.R. 39, as well as roughly 90 percent of the State's potential hydroelectric sites, about 50 percent of the commercial timber lands, and about 6.5 million acres of potential agricultural lands.

It does appear that the more extreme sections of the "Udall" bill are headed toward modification in Congressional committees later this year. Congressman Lloyd Meeds of Washington is now working on a compromise bill in the House, for example. But as the major d-2 bills start to move in Congress next year, Alaskans will still be concerned that substantial acreages will be given the formal designation of "wilderness."

SPECIAL ORDER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from North Carolina (Mr. MORGAN) is recognized for not to exceed 15 minutes.

S. 2991—PILOT PROJECTS FOR FREE SCHOOL LUNCHES

Mr. MORGAN. Mr. President, today I bring before this body a bill that is designed to improve the health and well-being of this Nation's children.

The legislation I am introducing today will test the full social and economic costs and benefits of a free school lunch program. This legislation will accomplish this objective by establishing pilot projects for free school lunches in various areas of this diverse Nation.

This bill represents a middle ground in the effort to enhance our child nutrition programming. I would prefer to see passage of S. 1251, a bill which would mandate a universal free school lunch program for the entire country. This legislation, introduced by the late Senator Hubert H. Humphrey and myself, enjoys wide support from both sides of the aisle. Unfortunately, many people do not yet fully appreciate the benefits of such a program. Consequently, something less than what is really fully needed must be sought.

On numerous occasions I have shared with the members of this chamber my view that a universal free school lunch program should be made an integral part of our educational system. After all, what is more important than nutrition, particularly for youngsters who are growing and in need for sufficient vitamins, minerals and protein along with the other

nutritional essentials for good physical and mental health.

Mr. President, I strongly feel that the lunch program should be viewed as much a part of our school program as textbooks or bats and balls. To continue to separate this program, as we do now, seems to make no sense to me.

There are a multitude of reasons—economic, social, and educational—why we should move to a universal free school lunch program. I have discussed these reasons as recently as April 10, when I appeared before the Subcommittee on Nutrition of the Senate Committee on Agriculture, Nutrition and Forestry. I intend to make my statement of April 10 a part of the record here today.

Mr. President, this bill is really quite simple. It calls for the Secretary of Agriculture to conduct not less than 30 such pilot projects in representative areas during the 2-year life of the bill. This bill authorizes only funds that will be needed to operate a free program, with the remaining funds coming from regular school lunch funding.

Matching State and local contributions, on a per lunch basis, will not be reduced.

Further, this bill mandates program evaluation of these projects by the Secretary of Agriculture, with the Secretary's report going to the appropriate committees of the Congress. As a result, Congress will have a full accounting of the worthiness of this program.

I am pleased that Senators McGOVERN, and HUMPHREY, have offered their support for this much needed legislation. I am hopeful that this bill will be considered by the Subcommittee on Nutrition when it begins its markup of child nutrition legislation in May.

The American School Food Service Association has endorsed this legislation.

Enactment of this bill will mark a welcome addition to our basic child nutrition statutes. I am confident that passage of this bill will inevitably lead us to the conclusion that a universal free school lunch program would be a worthy addition to our Nation's nutrition program.

Mr. President, I ask unanimous consent that my April 10 testimony before the Subcommittee on Nutrition and the text of this bill be printed in the RECORD.

There being no objection, the statement and bill were ordered to be printed in the RECORD, as follows:

ON A UNIVERSAL FREE SCHOOL LUNCH PROGRAM

Mr. Chairman, it is a privilege for me to appear before this Subcommittee to discuss the merits of a Universal Free School Lunch Program. Such a program, enbodied in S. 1251, enjoys wide political support, Introduced by the late Senator Hubert Humphrey, Senators McGovern, Clark, and Thurmond join me as a cosponsor. Certainly, this bill was very important to Hubert. I remember discussing this legislation with him last year and I recall the great interest that he had and his firm conviction in how this program would impact on the health and vitality of our children.

I must also say that this program enjoys the support of many in my home state of North Carolina. Furthermore, the American School Food Service Association has indicated its unequivocal support.

This Subcommittee knows of the importance of good nutrition. Indeed, you, Mr. Chairman, have offered legislation to strengthen this nation's nutrition programs. I commend you for your leadership.

The importance of proper nutrition for the health and sound development of our children is clearly established. The absence of proper or sufficient food for our children interferes with their physical health, and makes it more difficult for them to stay alert, learn, or otherwise develop their minds. It can place serious restraints on their ability to live a happy life as adults, by increasing their likelihood of having chronic or other health problems, and the possible loss in mental activity may negatively reflect on their chance to go to a college and to get a good job. It would be wrong to place handicaps on young children who are unable to fend for themselves.

A free school lunch would not be another unnecessary government handout. Government requires children to attend school. It pays for their transportation and instruction, buys bats and balls and their textbooks. But at lunch-time, children are expected to hand over varying amounts of money.

The present system already gives free lunches to some students, greatly reduced-price lunches to others, and slightly reduced-price lunches to the remainder. In effect, we have created three classes of students in our schools.

Being singled out for a free or greatly reduced-price lunch is degrading to a child. We were all children once and most of us have children, and we know what it is like for a child to be singled out for special treatment. And here it is being done for circumstances totally beyond the child's control.

Actually, we are telling our children that some parents have been less effective in providing for their children than others. For this reason, many school children from middle and lower income families, who might otherwise benefit, do not get to take advantage of the present limited program because their parents consider it demeaning.

Meanwhile, some other parents, whose children are not eligible, seek to submit inaccurate information so they might save a little money and, in the process, transmit their willingness to commit petty fraud to their children. Schools do not have the means, nor should they be expected, to check out the validity and accuracy of the information in the application forms.

The present system, which provides several different subsidies for the same lunch, imposes a bureaucratic and administrative nightmare on our schools and teachers. The present system of sending out, processing, and evaluating applications is time-consuming, expensive, and frequently arbitrary. It is arbitrary for the reasons mentioned above: some parents whose children are eligible do not submit applications, and others submit inaccurate ones.

Even the process of distributing the tickets or tokens so that children can get their lunch, is expensive and time consuming. In some schools this is done by administrative employees, which means somebody must be hired to do the work. In other schools, the work is done by teachers, who should be spending their time teaching and planning lessons. Regardless of the method, it reduces class-time for the children, by as much as 30 minutes a day, which does not cost money, but then it does not help them to learn either.

The problems with the present system are so serious that two counties in my state, Edgecombe in the east and Hoake in the west, have gone ahead, without state or federal support, and introduced their own free school lunch programs. This, however, is so novel that there are no rules or regulations to cover the situation, so they are having some trouble dealing with the Department of Agriculture, even though the free program costs no more money than the old one. Now, I do not blame the USDA. The Department requires guidance over how to deal with this situation, and the Congress should provide it. Remember, a free lunch program cannot be cost effective unless many of the existing bureaucratic requirements can be abolished or greatly reduced.

Implementing a universal school lunch program would not cost much more than what is being spent now. By the time one considers the lowering of costs due to fewer administrative requirements and the ability to reduce the price of each lunch through economies of scale, and the increase in class time available for useful purposes, the value of each dollar being spent would be greatly stretched. Some increase in cost would result because of higher participation rates, which are only about 62 percent now, and the lower contribution required from many families, but the latter would be money saved as far as the family was concerned. But we must always keep in mind the great benefit that would accrue to so many of our children.

Recognizing, however, that it might be difficult to get such a major new initiative as a universal free lunch program approved and implemented, it might be more appropriate to begin by having pilot projects in several states. With this in mind, I will be introducing legislation in the very near future which will authorize a series of pilot projects in various parts of this great nation.

Mr. Chairman, I really believe that a Universal Free Lunch Program would be a prudent and valuable program for this Congress to enact. However, in full recognition of budgetary and political realities, a middle ground must be sought. So, after considerable thought, I have decided that legislation for pilot projects would be both appropriate and acceptable.

I hope that the members of the Subcommittee on Nutrition will give this bill serious consideration when it marks-up child nutrition legislation in May. I certainly will be available to you, Mr. Chairman, to help in this effort. We must remember that it is the children of this country whose futures we are deciding and I submit we have no more precious resource.

S. 2991

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the National School Lunch Act (42 U.S.C. 1751–1771) is amended by adding at the end thereof a new section as follows:

"PILOT PROJECTS FOR FREE SCHOOL LUNCHES

"SEC. 21. (a) The Secretary shall conduct pilot school lunch programs in school districts (or other appropriate units) located in geographically dispersed areas of the United States for the purpose of determining the feasibility, desirability, advantages, disadvantages, economic impact and other consequences of a school lunch program under which no child is charged for his or her lunch.

"(b) The pilot programs authorized by subsection (a) shall begin with the school years beginning July 1, 1979 and July 1, 1980. The Secretary shall conduct not less than 30 such pilot projects during the period covered by this bill.

"(c) The Secretary shall select representative areas throughout the United States (in both urban and rural areas) for participation in the pilot projects provided for in this section except that priority for participation shall be given to those school districts (or other appropriate units) that are currently conducting school lunch programs under which lunches are made available without charge to all children in the district (or other appropriate unit).

"(d) The Secretary shall reimburse participating school districts (or other appropriate units) for all costs incurred by such district (or other appropriate unit) in conducting a free school lunch program

project under this section to the extent that such costs exceed the costs which would normally be incurred by such district (or other appropriate unit) in carrying out a school lunch program under this Act. State and local governments (or other appropriate unit) cannot reduce their contribution per lunch.

"(e) The Secretary shall provide for a continuing evaluation of the pilot projects conducted under this section and shall include an evaluation of the social and economic benefits of such projects at the Federal, State, and local level and the costs involved at each such level.

"(f) The Secretary shall submit to the appropriate committees of the Senate and the House of Representatives the results of the Secretary's evaluations made under subsection (e) not later than 18 months after such a program becomes effective. The Secretary shall include in such evaluations the amount of money which local school districts (or other appropriate units) would save through the establishment of a permanent free school lunch program.

"(g) There is authorized to be appropriated such sums as may be necessary for the fiscal year beginning October 1, 1978 and $10,000,000 for fiscal year 1980 and fiscal year 1981 for the purpose of carrying out this section.

"(h) The Secretary shall issue such regulations as the Secretary deems necessary and appropriate to carry out the pilot projects provided for in this section, including a regulation requiring school districts (or other appropriate units) participating in such projects to maintain appropriate accounting records of expenses incurred in carrying out such projects and to submit such records to the Secretary for review and approval.".

Mr. MORGAN. Mr. President, I yield back the remainder of my time.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield me 3 minutes of his time?

Mr. MORGAN. Mr. President, I am delighted to yield to the distinguished majority leader.

THE STATE OF THE ECONOMY

Mr. ROBERT C. BYRD. Mr. President, with springtime has come good news on a number of fronts: Production in all sectors of the economy is growing, particularly in mines and factories; investment in capital goods is increasing; employment has registered solid gains in every major industry; consumer spending is picking up; oil imports are declining; domestic oil production is increasing for the first time since 1970; the stock market is rising; the fall in the value of the dollar has abated and may have bottomed out; March economic statistics indicate that the economy as a whole has overcome the winter slack.

This good news suggests to me that business conditions will continue to improve throughout the spring and summer.

These days, it seems that economic predictions are made to be broken. Since inflation has sapped the strength of each recovery during the past 10 years, predicting beyond the end of the summer is risky. Inflation remains the nagging question mark.

Mr. President, I commend President Carter for facing up to this hard fact and for committing the administration's resources to our national anti-inflationary efforts. President Carter is determined that his administration will take positive action to moderate the inflationary impact of Federal Government decisions.

In this regard, the Senate last week took the lead in minimizing Federal interference in the business of air travel. The Senate's action shows that regulatory reform is more than a theoretical concept. Although existing law limits the ability of the Civil Aeronautics Board to eliminate unnecessary Government restrictions on the airline industry, the Board's efforts in this direction to date demonstrate that free enterprise is anti-inflationary and expansionary. Competition creates jobs.

Business and labor have as great a role in containing inflation as does the Federal Government. Prices and wages are decided by the private sector. In free markets, this is as it should be; controls are inappropriate and ineffective.

Just as business, labor, and consumers must depend on the Federal Government to take steps to moderate the inflationary impact of Federal decisions, so must we in Government depend on corporate managers and union leaders to decelerate their demands. Taking anti-inflationary measures is no easier for those of us in Government than it is for decisionmakers in the private sector. What we also must remember is that the actions we take in the next few months will determine to a large extent the duration of the current recovery.

Mr. President, I yield back the remainder of the time that was yielded to me.

How much time do I have that was first allotted to Mr. MORGAN?

The ACTING PRESIDENT pro tempore. The Senator from North Carolina has 8 minutes remaining.

Does the Senator from Virginia wish time?

Mr. HARRY F. BYRD, JR. Will the Senator yield for a question?

Mr. ROBERT C. BYRD. Yes; I am happy to yield.

Mr. HARRY F. BYRD, JR. Will the Senator consider a unanimous-consent request that before the vote on Senate Concurrent Resolution 80, the Senator from Virginia may be granted 20 minutes of time?

Mr. ROBERT C. BYRD. Yes; I am sure I can agree to this and Mr. BELLMON and Mr. MUSKIE would have no objection.

Therefore, I make that unanimous-consent request, Mr. President.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, does the Senator from New Mexico need any time in addition to his order?

Mr. SCHMITT. I would appreciate the withholding of the yielding back of the Senator's time, if he would do that.

Mr. ROBERT C. BYRD. I ask unanimous consent that I may yield the remaining time of Mr. MORGAN to the distinguished Senator from New Mexico if he should need it.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Rules and Administration Committee be authorized to meet during the session of the Senate today to consider Senate Resolution 166, to provide for the reorganization of the administrative and support services of the Senate, and for other committee business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Commerce, Science, and Transportation Committee be authorized to meet during the session of the Senate on Thursday, April 27, 1978, beginning at 2:30 p.m., to hold oversight hearings on the Fisheries, Conservation, and Management Act of 1976.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from New Mexico.

SPECIAL ORDER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico is recognized for not to exceed 15 minutes.

KOREAN AIR LINES FLIGHT 902

Mr. SCHMITT. Mr. President, yesterday, I spoke about the Soviet attack on the Korean Air Lines Flight 902 last Thursday. The Washington Post of this morning has reported that the decision to fire missiles on the commercial airplane was not an accident but a policy decision made in Moscow. If this report in the Washington Post is true, this decision by Soviet authorities is one of the most serious matters to infect the world that we have seen in recent months, if not recent years. It certainly deserves more serious attention than has been officially given it by the United States or any other nation in the world. I commend the Washington Post and other distinguished newspapers in this country for giving it the direct and front page attention that they have. I only apologize for the Government of the United States, that it has not done likewise.

While the incident did not directly affect any Americans and the death toll was "limited" to two, these deaths were unnecessary by any standard and the death toll could easily have been 110.

The indirect effect on Americans and all free peoples around this planet is immeasurable.

Yesterday, in an editorial, the Wall Street Journal stated:

To compound the felony, Russian officials held the plane's captain and navigator after releasing other occupants of the plane.

These two men are still being held captive for what the Soviets are saying is an investigation. Yesterday's editorial in the Washington Post stated:

But it is Soviet performance that ought to be investigated. It was inexcusable.

The Republic of Korea and the United States still have not determined the cause of the plane's intrusion into Soviet airspace and their efforts have been hampered by the Soviet Union. The captain, navigator, and airplane are all needed for the investigation. To date, they are unavailable.

Mr. President, this incident is serious and its seriousness is being compounded by the silence of the President and the United Nations. If this incident is ignored for the sake of better United States-Soviet relations, I submit those relations will not be better and, in fact, greatly worsened. If the statement in the May 1 issue of Time magazine is correct, then we are giving the Soviet Union or any other nation the license to shoot any airplane or any ship which accidentally violates the airspace or territorial waters of the Soviet Union.

That statement is as follows:

With U.S. Secretary of State Cyrus Vance in the middle of this mission to Moscow and with the revived SALT negotiations under way, neither the Americans nor the Russians seemed eager to make too much of the incident.

Mr. President. I question why in the world there would ever have been an incident, particularly with the Secretary of State of the United States of America in Moscow for extremely important negotiations that will affect the future of the world.

Two people perished in what the Wall Street Journal described as the least defensible misfortunes that can befall air travelers on grounds of mischance or human error. Violation of airspace by a commercial flight is not a threat to the security of any nation. Yesterday, I suggested the response which the United States would have made had the situation been reversed.

Mr. President, I am absolutely confident that our response would have been prudent and restrained, having been closely associated with the men and women and the leaders of our Air Defense Command and those of the Canadian Government.

I also suggested the repercussions which would have occurred if the United States reacted in the manner in which the Soviets reacted.

Mr. President, it is imperative that the Soviet Union know that the United States and the United Nations will not tolerate this type of behavior, that innocent people cannot be killed by overreaction without a word of protest. It is no different from the deadly terrorism that is rampant in our world today.

In fact, it is worse, because presumably, it reflects the relations between supposedly civilized nations.

Mr. President, I ask unanimous consent that the editorial which appeared in the Wall Street Journal yesterday be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without object, it is so ordered.

(See exhibit I.)

SENATE RESOLUTION 439

Mr. SCHMITT. Mr. President, in order to bring this issue into some sort of focus in the United States, I am sending to the desk a resolution calling on the President to instruct Ambassador Young, who is currently serving as President of the United Nations Security Council, to call the Security Council into session and to introduce a resolution condemning the Soviet actions with regard to Korean Air Lines flight 902.

I ask unanimous consent that this resolution be read and I ask unanimous consent for the immediate consideration of the resolution.

The ACTING PRESIDENT pro tempore. The clerk will state the resolution.

The assistant legislative clerk read as follows:

S. RES. 439

To express the concern of the U.S. Senate about the April 20, 1978 Soviet attack on Korean Air Line Flight 902

Whereas on April 20, 1978, Korean Air Lines Flight 902, a commercial flight with 97 passengers and 13 crew members aboard, strayed into Soviet airspace and was fired upon by Soviet MiG fighters.

Wheras Soviet lack of restraint resulted in the deaths of two passengers and in injuries to thirteen others and could have caused the deaths of all 110 passengers and crew members;

Whereas equipment failure, especially around the North Pole, is not uncommon and violations of the airspace of other nations have been handled with restraint;

Whereas the Soviet Union has not yet released the plane's captain and navigator nor the plane itself, making it even more difficult for the Republic of Korea and the United States to determine the cause of the plane's intrusion into Soviet airspace; and

Whereas the commercial airplanes of the United States and any other nation may also encounter difficulties and equipment failures that result in the violation of some nation's airspace: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President of the United States instruct Ambassador Young, who is currently serving as President of the United Nations Security Council, to call the Security Council into session and to propose a resolution condemning the actions of the Soviet Union with regard to Korean Air Lines Flight 902.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Mr. ROBERT C. BYRD addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, while I certainly sympathize with and share the indignation that is expressed by the distinguished Senator from New Mexico, this resolution has not been cleared with the Foreign Relations Committee on this side of the aisle or with members of other committees, and I assume it has not been cleared on the minority side.

Under these circumstances, I would be constrained to object. I do so reluctantly. I hope that the distinguished Senator from New Mexico will understand my reasons.

I do object to the immediate consideration of the resolution.

The ACTING PRESIDENT pro tempore. Objection having been heard, the resolution will go over under the rule.

Mr. SCHMITT. Mr. President, I understand the distinguished majority leader's objection.

I think it is a simple resolution that could well have been dealt with immediately.

I intend, because of the rush of events that brought it to a head, to follow up and ask the distinguished leaders of appropriate committees if they would agree to this resolution being considered rapidly by the Senate. Time is of the essence. We need to make sure that this kind of incident does not go unanswered, as it has so far.

I hope that the distinguished minority leader will assist me in the task of assuring that there is rapid consideration of the resolution by the Senate.

EXHIBIT 1

TERRITORIAL IMPERATIVE

Of all the misfortunes that can befall air travelers the one least defensible, on grounds of mischance or human error, is the kind that befell 108 passengers and crewmen aboard Korean Air Lines Flight 902 last week.

Aircraft can stray off course, but it defies all logic that a nation would authorize its fighter pilots to shoot down an identified commercial airliner. Yet a Soviet fighter put several shells into Flight 902, forcing it to make a crash landing south of Murmansk. Two passengers are dead, several others injured and all 108 might have come to grief but for a skillful landing. To compound the felony, Russian officials held the plane's captain and navigator after releasing other occupants of the plane.

This is not the first time such a thing has happened, of course. The Israelis shot down a Libyan Arab Airlines Boeing 727 in February 1973 after it had strayed over Israeli controlled territory in the Sinai on a flight from Benghazi to Cairo. In that case, 83 passengers were lost.

The justification offered for this kind of thing is born out of the ardent nationalism of our times, the claim that there is something truly sanctified about national boundaries. Travelers who make an unauthorized entry, even by accident, are subject to death.

It is a strange notion, although perhaps no stranger than the Soviet practice of holding 250 million people captive inside Soviet boundaries. It shows a very low regard for human life.

It wouldn't seem beyond the mind of man to devise clear procedures for preventing attacks on stray aircraft. A starting point would be a better briefing for fighter pilots and airline pilots on a radio channel to be used for challenging strays. Air defense commands could be instructed as well to be less zealous about shooting at anything that moves.

The main obstacle to such an understanding is the brute notion that the land and the air above it are the property of the state. Few regimes are stronger in that belief than the Soviets. If the United States is really serious about human rights it should make a louder noise about the fate of the 108 travelers of Flight 902.

(Later the following occurred:)

Mr. SCHMITT. Mr. President, I ask unanimous consent, in conjunction with the submission of the resolution that was just considered, that Mr. LUGAR, Mr. MOYNIHAN, and Mr. BELLMON be included as cosponsors of the resolution, and that it be mentioned in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

OPPOSITION TO NOMINATION OF CHARLES LUNA—NATIONAL RAILROAD PASSENGER CORPORATION

Mr. SCHMITT. Mr. President, it is my understanding that in the near future, possibly as early as tomorrow, the Sen-

ate will consider Calendar No. 22 under nominations, that of Charles Luna, of Texas, to be a member of the board of directors of the National Railroad Passenger Corporation for a term expiring July 18, 1980. This is a reappointment.

Mr. President, this is merely to alert my colleagues, as I have through a letter yesterday, that I will oppose that nomination, not on the grounds that Mr. Luna does not have background and experience appropriate to this job, but on the ground that he has been in direct violation of statutes for several years, has not taken the appropriate steps once informed of that violation to remove this violation, and I think it would be inappropriate to confirm this nomination under those circumstances.

In fact, Mr. Luna's original position when informed of this difficulty was that he would resign his seat on the board and sell the stock only if he was reconfirmed.

I think that that is not the way we want to do business in this Government. I think it is not the way the public wants us to do business. I hope that my colleagues will, upon reading of this problem in the RECORD tomorrow, join with me in opposing the nomination of Charles Luna.

Mr. President, I have no further business and I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business for the purpose only of statements, introduction of bills, resolutions, petitions, and memorials into the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted and additional statements submitted will be printed later in today's RECORD.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

CONGRESSIONAL BUDGET, 1979

The ACTING PRESIDENT pro tempore. Under the previsous order, the Senate will now resume consideration of Senate Concurrent Resolution 80, which the clerk will state by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 80), setting forth the congressional budget for the U.S. Government for the fiscal year 1979.

The Senate resumed the consideration of the resolution.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum, but first I ask unanimous consent that the time not be charged against either side on the Domenici amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for the quorum call which I shall request be equally charged against both sides on the resolution.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. DOMENICI. Under the unanimous consent agreement of yesterday, how much time is there remaining on my amendment and to whom does the time belong?

The ACTING PRESIDENT pro tempore. Forty-five minutes have been granted for that amendment. None of the time has been allocated. It is to be equally divided, half to the Senator from New Mexico and half to the Senator from Maine.

UP AMENDMENT NO. 1247

Mr. DOMENICI. Mr. President, I send a modified amendment to the desk, and ask that my amendment be so modified.

The ACTING PRESIDENT pro tempore. The Senator has that right.

The modified amendment of the Senator from New Mexico will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes unprinted amendment No. 1247, which is a modified version of amendment No. 1604.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the modified amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 11, strike out "$566,100,000,000" and insert in lieu thereof "$563,900,000,000".

On page 2, line 2, strike out "498,900,000,000" and insert in lieu thereof "$496,800,000,000".

On page 2, line 5, strike out "$55,600,000,000" and insert in lieu thereof "53,500,000,000".

On page 2, line 7, strike out "$853,800,000,000" and insert in lieu theerof "851,700,000,000".

On page 2, line 9, strike out "$101,800,000,000" and insert in lieu thereof "$99700,000,000".

On page 2, line 20, strike out "$129,800,000,000" and insert in lieu thereof "$129,400,000,000".

On page 2, line 21, strike out "$116,600,000,000" and insert in lieu thereof "$116,300,000,000".

On page 2, line 23, strike out "$12,800,000,000" and insert in lieu thereof "$12,500,000,000".

On page 2, line 24, strike out "$7,200,000,000" and insert in lieu thereof "$6,900,000,000".

On page 3, line 5, strike out "$10,200,000,000" and insert in lieu thereof "$10,000,000".

On page 3, line 6, strike out "$10,100,000,000" and insert in lieu thereof "$9,900,000,000".

On page 3, line 8, strike out "$13,700,000,000" and insert in lieu thereof "$13,600,000,000".

On page 3, line 9, strike out "$12,500,000,000" and insert in lieu thereof "$12,400,000,000".

On page 3, line 14, strike out "$5,900,000,000" and insert in lieu thereof "$5,800,000,000".

On page 3, line 15, strike out "$3,600,000,000,, and insert in lieu thereof "$3,500,000,000".

On page 3, line 17, strike out "$19,500,000,000" and insert in lieu thereof "$19,400,000,000".

On page 3, line 18, strike out "$17,500,000,000" and insert in lieu thereof "$17,400,000,000".

On page 3, line 20, strike out "$10,400,000,000" and insert in lieu thereof "$10,100,000,000".

On page 3, line 21, strike out "$9,000,000,000" and insert in lieu thereof "$8,900,000,000".

On page 3, line 24, strike out "$31,600,000,000" and insert in lieu thereof "$31,400,000,000".

On page 3, line 25, strike out "$31,200,000,000" and insert in lieu thereof "$31,000,000,000".

On page 4, line 2, strike out "$52,700,000,000" and insert in lieu thereof "$52,500,000,000".

On page 4, line 3, strike out "$49,500,000,000" and insert in lieu thereof "$49,300,000,000"

On page 4, line 6, strike out "$159,900,000,000" and insert in lieu thereof $159,600,000,000".

On page 4, line 8, strike out "$21,000,000,000" and insert in lieu thereof "$20,800,000,000".

On page 4, line 9, strike out "$20,800,000,000" and insert in lieu thereof "$20,700,000,000".

On page 4, line 17, strike out "9,700,000,000" and insert in lieu thereof "$9,600,000,000".

On page 4, line 18, strike out "$9,600,000,000" and insert in lieu thereof "$9,500,000,000".

Mr. DOMENICI. Mr. President, the chairman of the committee and the ranking Republican member have my modification. I shall start by summarizing quickly what it does as contrasted with the amendment that I introduced yesterday.

The modification will cut budget authority by $2.2 billion and will cut outlays by $2.1 billion.

The amendment that was made a matter of record and that Senators have would have cut budget authority $2.8 billion and outlays $2.6 billion.

Mr. President, I yield myself 5 additional minutes of time.

Let me say that a lot was spoken yesterday by different Senators about the budget process, and I for one want to set the record straight from this Senator's standpoint.

I believe the process is working, and I believe the Budget Committee has developed some processes and some procedures that unquestionably have inured to the benefit of this country.

As I think back over the past 4 years, I can just imagine what would have happened without this process in the heat of the recession when historically every committee in this Congress would have found the solution and would have brought antirecessionary legislation to the floor. The budget process was extremely effective in keeping that kind of legislation under control, and I might say more times than not when antirecessionary programs of a new type are initiated they were almost always triggered, that is to say, they were tied to the economic conditions and would be either phased out or substantially diminished as the economy improved.

I think that is a rather dramatic occurrence that would not have happened without this process.

I remind my fellow Senators that each year for the last 3 years if this Budget Committee had not existed the authorization committee requests in almost each of the years would have exceeded that which the Budget Committee came up with by 40, 50, and in some instances as much as $90 billion that this committee did not see fit to include in their efforts to put some sense into the budgeting process.

Now, having said all of those good things, and adding just one additional one, this particular year, in an effort to better understand what we were doing, the splendid Budget Committee staff, aided by the CBO, has come up with a concept of mission budgeting. I believe, as this is looked at in more detail now and in the future, it will also be an extreme plus on the side of the budgeting process in the United States.

Then one need not go back very far to remember that every time a major appropriation bill hit the floor of the Senate it would be accompanied by literally scores of amendments where we would add here on the floor millions and sometimes billions of dollars to the appropriation process.

To the benefit and credit of the Budget Committee, one need only look back at the last 2 or 3 years to see how drastically that has changed.

In spite of that, and having said all those good things about the process, it appears to me that this year in this budget we have on the revenue side decided to go along with a major American tax cut, and I supported that and, perhaps, I would even support more than is reflected in the revenue side of this budget. That is absolutely necessary because the time has come when the average man and woman in America who works hard in an effort to get ahead, has seen both inflation and the absence of indexing on the income tax structure just eat away at their productivity, when it is our opportunity to say to them, the hard-working men and women of this country and the risk-takers, that we want them to benefit, we want them to feel that their energy and productivity are worthwhile. So the tax cut that is provided for is a plus.

But the most important issue confronting the American people is inflation. I think that was predictable. Even though for the most part in the last 3 years we have been concerned about unemployment and a recession, it is obvious that the time has come to do something significant about inflation.

As the good chairman of this committee indicated throughout the markup on this particular budget, there is indeed in the minds of the American people and in the minds of the experts of this country and, indeed, among the average people a feeling that there is a direct relationship between Federal expenditures, deficits, and inflation.

I think this is the year for us, while we are going to cut taxes for the American people, to indicate a clear determination to come forth with a budget that clearly indicates our commitment to a minimum deficit this year, and to minimum program expansions over the next 5 years so that we will indeed be looking not 15 years from now but in the foreseeable future at a balanced budget.

With that in mind, I commend the Budget Committee for its efforts. But I honestly believe we can do somewhat better. I believe that my proposal, which is not a shotgun approach, is not a 5-percent cut across the board, it is not a 1-percent across-the-board approach, but rather function by function, with the exception of a few small functions where there is really no latitude, is a better approach. I have provided for a cut, not a large one. But when you add up a few hundred million dollars here and there you end up with a $2.2 billion reduction in budget authority and $2.1 billion in outlays.

I will quickly indicate where I have cut those and then yield back, and if there are questions in more detail I will be glad to answer them.

So that everyone will understand, this Senator has been one who has always been concerned that we should not cut the military unless we are sure that we are not taking a risk, and we should there provide more rather than less. But because I am genuinely concerned about this deficit and want to send a little stronger message about our conviction and commitment, in function 050 I provide for an outlay cut of $300 million and a budget authority cut of $400 million; in function 150 I have provided for a $300 million budget authority reduction and a $300 million cut in outlays.

In function 270, which is science and space, I have provided—in function 250, as I indicated previously, there is no room for a cut. That is one of the small ones, and if we cut there we would really be putting that major program into a reverse gear, which I do not think is necessary.

Function 270 is energy. We are cutting $200 million in budget authority, and $200 million in outlays; function 300, natural resources, $100 million in each, budget authority and outlays.

Function 370, housing, $100 million in each; function 400, transportation, $100 million in each; function 450, which is the regional development and community development function, $300 million and $100 million; function 500, education and training, $200 million in each; function 550, health, $200 million in each; function 600, zero in budget authority and $300 million in outlays. That is income security, and we will be glad to explain that if anyone has any questions.

Function 700, veterans, $200 million in budget authority and $100 million in outlays. That one also I would be glad to explain if anyone wants to question it, in that this is certainly not a cut because we have substantially increased the veterans' function in the budget authority and outlay figure that the committee itself provided.

Function 850, revenue sharing and local fiscal assistance, we have provided a cut of $100 million in each.

Now, Mr. President, again I want to say that I truly commend the committee for its work, the staff for its work, CBO for the innovative approaches they have given us, the help they have given us in the shortfall assessment which have permitted us to take some cuts in the basic budget that we would have otherwise missed.

But I truly believe this is an opportunity to come in with a budget this year that is adequate for the United States in every respect, that will be substantially less than the President's, and $2.2 billion less in budget authority under this recommendation and $2.1 billion less in outlays under the Budget Committee's recommendation.

I yield the floor and reserve the remainder of my time.

(Mr. ZORINSKY assumed the chair.)

Mr. BELLMON. Mr. President, the distinguished Senator from New Mexico offers a well-thought-out amendment. It shows his knowledge and his insight in the workings of government and in the budget process.

He is an extremely valuable member of the Budget Committee and has made many important and significant contributions to the development of the process and to the various resolutions and decisions we have been called upon to make.

The Senator from New Mexico knows that the Senator from Oklahoma voted for an even larger cut in spending during the markup of the resolution, and probably understands that this puts me in somewhat of a dilemma. I have, since the Budget Committee was formed, consistently taken the position that we ought to work as a committee, work our wills, make the best decisions we could, and then, having come to that conclusion, we ought to support that decision as a committee so that when we came to the floor we would not each of us be going in our separate directions and, in this way, weaken the budget process.

I am concerned that the whole effort to bring about a meaningful way of developing the Federal budget could disintegrate if the Budget Committee fails to work as a unit and to protect, as much as we can, the decisions that the committee has made. I feel that the process is vital, that the presentation of the new budget effort we are making must perhaps take a higher precedence than even some savings of this magnitude; and certainly that is significant, particularly at this time, when we are trying, as best we can, to hold down inflation and to eliminate, as we must constantly strive to do, unnecessary Government spending.

So, as attractive as I find the Senator's amendment to be, and in spite of the fact that I originally supported

amendments not too much different from this during the markup of the budget resolution, I must say that I feel at this time, partially because other committees will not have known in advance about the impact that such cuts might have on the areas of their concern, that the amendment should be rejected, and it is my present intention to vote against it when it comes up for a vote.

Mr. MUSKIE. Mr. President, this amendment springs——

Mr. DECONCINI. Mr. President, will the Senator yield? If I could interrupt the Senator from Maine, I have to go to a committee meeting at 10 o'clock, and I do have one short question I would like to ask the Senator from New Mexico.

Mr. MUSKIE. Good.

Mr. DECONCINI. Will the Senator explain the cut he mentioned a few moments ago in the veterans area?

Mr. DOMENICI. Yes. This will be on my time, I will say, Mr. President.

The current policy for veterans would be $20.5 billion in budget authority and $20.2 billion in outlays. The current policy would mean we would keep every program as we have it in existence, and provide the requisite expected inflation for that program.

The Budget Committee recommended $21 billion and $20.8 billion, which is substantially higher than current policy. The President of the United States recommended a figure that is lower than our figure, $19.1 billion and $19.3 billion, which is lower than current policy and lower than the figure which would result with my cuts, which would bring them to $20.8 billion and $20.7 billion.

Mr. DECONCINI. So the recommendation in the Senator's amendment would still be higher than what was submitted by the administration?

Mr. DOMENICI. Substantially higher than that. Actually, I believe it is fair to say that it will cover everything that we had in mind, with the possibility that some of the reform planned for pension benefits might not be able to be implemented in toto this year, and on some of the expected add-ons for veterans hospitals in terms of personnel, instead of adding as much as recommended, there will be an add-on but it will be slightly less.

Mr. DECONCINI. I thank the Senator from New Mexico, and I thank the Senator from Maine for yielding.

Mr. MUSKIE. Mr. President, I would like to address some comments to this point.

Mr. DECONCINI. I would be delighted to hear them.

Mr. MUSKIE. The veterans function, function 700, was one of the most thoroughly discussed in the budget markup. That stems from the fact that the chairman of the Veterans Committee, Senator CRANSTON, always comes to our markups well prepared with information about veterans programs, and he always works hard in the Veterans Committee to justify every penny that that committee requests.

He made that presentation in our committee, and we finally cut his request. To arrive at the numbers in the veterans function took five votes in the committee. It was a very difficult compromise, and took some time to work out.

Mr. DECONCINI. Will the Senator yield?

Mr. MUSKIE. Yes.

Mr. DECONCINI. What was the request from the Senator from California?

Mr. MUSKIE. The request was for $21.6 billion in budget authority and $21.2 billion in outlays. What we recommended was $21.0 billion in budget authority, or $600 million less, and $20.8 billion in outlays, or $400 million less.

I am afraid if we reduce the result of the committee vote by way of this amendment, that that will trigger floor debate over the amount to be provided for this function, which would take considerable time and probably involve a very difficult compromise. This is one of our most difficult functions to resolve in the Budget Committee, I would say to the Senator.

May I then address myself, Mr. President——

Mr. DOMENICI. May I give the Senator from Arizona one further fact?

I say to the Senator from Arizona we are $1.7 billion in budget authority, under my amendment, higher than the President, and in outlays we are $1.4 billion higher than the President.

I do not disagree at all that this is a function, because of the senior Senator from California's extreme interest, that we went into in great detail. But when we go into them in great detail, we also plan for some things that might not happen, because some laws have to be changed and other things for all of those kinds of proposals to come into effect.

If I thought we were going to cut the program anywhere in any significant degree, I would not be proposing it.

Mr. DECONCINI. Except that the Budget Committee has already taken a substantial cut from what the request of the senior Senator from California was. I wish that the Senator's amendment might not cut that part of it. It seems to me that the Budget Committee has struggled with it at great length, and I do not see the justification for the Senator's amendment in this one single area.

Mr. DOMENICI. I would say to the Senator from Arizona that in this one particular function there is less of a cut from the authorizing committee's request than in any other function. If we accepted the authorizing committee's requests, my recollection is that we would be $90 billion higher than we are, because each of these functions has that same argument that the Senator is making on this point.

Mr. DECONCINI. I thank the distinguished Senator from New Mexico and the distinguished Senator from Maine.

Mr. MUSKIE. Mr. President, I think it is fair to say that this amendment springs out of a development that took place in the Budget Committee markup. On page 6 of the committee report, that result is described, and I would like to read from the report:

> As in previous years, the Committee engaged in two separate rounds of consideration of the amounts recommended in the resolution reported. Following the initial round of decisions, the Chairman presented a recommendation for spending reductions in seventeen different budget functions, amounting to an aggregate reduction of $4.7 billion in budget authority and $4.0 billion in outlays.
>
> The Chairman's proposed reductions included a proposed cut of $1.5 billion in budget authority and $1.0 billion in outlays in the defense function, and $3.2 billion in budget authority and $3.0 billion in outlays in the non-defense functions of the budget. After debate the Committee voted to table the Chairman's motion 9 to 7. The Committee then voted 13 to 3 to report a First Concurrent Resolution on the Budget containing its original recommendations.

Mr. President, I offered those proposed cuts in 17 functions for a very specific reason.

I am concerned about inflation. I happen to believe that by holding the deficit down as much as possible we could send a signal to the country that we are concerned about inflation to the point of trying to discipline congressional spending. I conceded, when I offered my amendment, that in many, if not in all, cases the proposed cuts would put a squeeze on many of the functions, a difficult squeeze in many cases. My argument was that if we truly are concerned about inflation we ought to be willing to make sacrifices in terms of restraining spending in any or all of these functions in order to send a credible signal to the country.

The committee rejected those cuts. Senator DOMENICI, the sponsor of the pending amendment, joined in voting against my proposed cuts. I think it fair to say that the reason why many of those who opposed my cuts did so was because of the proposed cuts in defense, which, I repeat, were $1.5 billion in budget authority and $1 billion in outlays.

I invited members of the committee, if they thought my proposed cuts were too severe, to offer counterproposals reducing my cuts. In effect, I invited an amendment of the kind now offered by the Senator from New Mexico. Rather than respond to that invitation, the motion was then made to approve the first round of budget numbers. That vote was 13 to 3. So the committee position, Mr. President, on the record and over my objection, is against the cuts I offered in committee and against any modification of those cuts.

I understand, of course, that Members who voted against the cuts I offered and who refused to offer counterproposals in committee may have changed their minds. There is nothing against any Senator changing his mind. But there are two observations I want to make about that, Mr. President.

It is now established practice on the part of the chairman and the ranking minority member of the committee to defend the resolution that the Budget Committee reports, even when the defense of that resolution appears to put them in an inconsistent position with respect to positions they took in the committee markup.

We do that for a very, very clear reason: When we report out a budget resolution, we are putting every authorizing committee and every Senator on notice as to what the Budget Committee has done to their recommendations.

I asked that floor action on this resolution be delayed a week so that committees would have ample opportunity to study the record and to understand what

the Budget Committee had done to their recommendations. As I said yesterday, we had cut over $36 billion from the recommendations of committees. Senator BELLMON and I have always taken the position that having given committees that notice, having given Members that notice, we ought not to casually abandon the resolution that the majority of the committee had approved.

With respect to this amendment, if this amendment had been offered in the committee I would have supported it as an alternative to mine, and I would have been here on the floor of the Senate fighting for it.

If my amendment had been adopted in committee, I would be here on the floor fighting for those cuts.

The fact is, Mr. President, that in some cases that are easily identifiable these cuts—and the similar cuts I offered—are going to squeeze the functions. Committees have a right to be on notice, ample notice, of that possibility, so that they can bring their case to the floor of the Senate.

Yesterday I engaged in several colloquies with Senators, including the Senator from New Mexico, regarding several functions of the budget. Those Senators were interested in knowing whether or not there was room in the budget and in those functions for the consideration of specific proposals in which they were interested. The Senator from New Mexico specifically inquired about programs in which he was interested in the energy and community and regional development functions.

My answers to all of them, including the Senator from New Mexico, might well have to be modified if we were to adopt his amendment which includes reductions in those very functions.

I find myself in a very difficult position, Mr. President. On the one hand, as I said in committee, I think the inflation threat requires that we take some step such as this, and yet having offered that step and having had it rejected, and having relied on the decision of the majority of the committee, I am now in the position of having put other committees and other Senators on notice that we are defending that resolution, a resolution which does not altogether reflect my notion of what it ought to be.

This process will work, Mr. President, only to the extent that it has not only the commitment of the Committee on the Budget, but the commitment of other Senate committees as well.

I have asked the staff to notify the committees that this amendment involving these proposed cuts is pending. But there are only 30 or 35 minutes at most remaining on the amendment. I doubt very much that many committees have focused on the implications of the amendment. So I find myself in a very difficult position.

I would like to see cuts of this kind in this budget resolution, but at this late date, after the committee already has acted, and after other committees have been put on notice, I find it very difficult, if not impossible, to vote for the amendment.

If the Senate votes for it, that is the prerogative of the Senate. As a matter of fact, I might even be pleased by that result in one sense. But if the effect, Mr. President, is to put other committees in a squeeze which they have not anticipated, and if as a result of that squeeze later on in this session when appropriations bills come to the floor I am forced, if the Senate adopts this amendment, to flash the red light on a Member's project, program, or amendment because of this amendment, I would find that very difficult to do, if I supported this amendment.

I simply want to put everyone on notice. I detect on the part of Members a great reluctance to propose amendments to increase this budget, but, nevertheless, there is great concern among Members as to whether or not this budget resolution is too tight in many respects to meet what they regard as legitimate needs. One of the purposes of this floor debate is to enable other Senators and committees to engage in that kind of analysis and discussion.

That obviously is not going on this morning. Other Senators are not here, other committees are not represented on the floor, during the consideration of this amendment.

I reserve the remainder of my time.

Mr. DOMENICI. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from New Mexico has 7 minutes remaining.

Mr. DOMENICI. Mr. President, I want first, to commend the distinguished chairman of the committee for his excellent analysis of where we are this morning, then make just a few remarks to my fellow Senators and authorizing committees who may be concerned, because of the chairman's remarks. I also address these remarks to the institution and its role.

If we followed current policy, which means we leave every program where it is, if it is supposed to increase by its own language and it increases, then we add the discretionary inflation to it, we would have a budget authority figure of $548 billion and an outlay figure of $492.6 billion.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. MUSKIE. That argument was just as valid in the markup. It is the argument I made.

Mr. DOMENICI. Indeed.

Mr. MUSKIE. If I had had the Senator's support in the committee, the vote would have been changd by one and we would have needed only one other. I think these other considerations are valid considerations. The Senator's argument is like that made by the Senator from Wisconsin yesterday.

Mr. DOMENICI. No, it is much different. I provided my specific cuts and I want everyone to have a chance to look at them.

I did not vote in committee, I say to the Senator, I did not support his proposed second-round series of cuts, but neither did I vote to accept the first round, which is what we have before us today.

But the Senator is correct, neither did I have a detailed analysis as I do now. I make no excuses for it. It was late in the day; we were trying to get finished. I just could not put it into perspective with items, function by function. So I brought it to the floor.

But I do say that but for the function of defense, which the Senator had proposed to cut substantially more than I in his second-round proposal, every one of the other cuts is his or substantially less than that which he proposed.

Mr. MUSKIE. Exactly, but that is the point. If we are going to indulge our own priority in the committee and, in a spirit of excessive protection of that one priority, fail to deal with the rest of the proposition, we are not serving the process.

Last year, as the Senator recalls, I offered a similar array of cuts and we went through them function by function. We each understand what the impact would be. We modified some of my numbers, rejected others, accepted others, and we came up with a committee consensus as to each of them.

We came up with numbers that we were able then to bring to the floor and defend. But here, in sharp contrast, there was no effort made.

There was no need to finish that night. We could have worked that whole evening; we already had the evening set aside for it. It turned out that we did finish early because of the precipitate action taken on my amendment. We could have come back the next day and still had time to finish and we did not.

That is not to say that the Senator is not fully entitled to bring his amendment up today. But the Senator has to agree that there is not the notice to other committees of the impact of his amendment that there would have been if we had taken this action in committee, then sent it out to other committees so that they could examine it. I suspect we may have had some amendments to wipe away the effect of the Senator's amendment. Knowing how long it takes for Senators to focus on something like this, I suspect that after we have voted on the Senator's amendment and if the Senator is successful, there is going to be some screaming around here. I shall refer the screamers to the Senator from New Mexico.

Mr. DOMENICI. I thank the Senator. I shall be delighted to accept the screaming.

Let me put into perspective what I think this amendment does. Yesterday, the Senate had opportunity to cut this budget. I fully agree with the chairman that a 5-percent across-the-board cut, saying everybody should get a 5-percent cut, is not the way to handle this matter. It was then reduced to a lesser percent, but nonetheless across the board. I want to tell my fellow Senators what this amendment does and instead of being so concerned about whether or not their authorizing legislation is going to fit, I think they ought to be a little concerned about what the American people expect.

This is a less than one-half of 1 percent cut in this budget, spread out across the functions in a manner that I think is equitable. I remind everyone that, while I do not want to belittle the impact of the functions in this budget, they are merely targets. They are not binding, they are targets for which the Budget Committee and others can come to the floor and argue when somebody is going

to breach the target. I submit that, in a year such as this one, with the rhetoric about inflation and that we ought to do something about it, this is precisely what we should do to these target functions, squeeze them just a little bit more—not an inordinate amount. I do not think I have done that. If any authorizing committee people want to know what I have in mind for each of these——

Mr. MUSKIE. Will the Senator yield?

Mr. DOMENICI. I have exactly 1½ minutes left and I have to go to another committee.

Mr. MUSKIE. Will the Senator yield on my time?

Mr. DOMENICI. Between now and 12:30, I shall be delighted to show them the extent of this enormous squeeze that is going to be imposed upon them of, in most functions, far less than one-half of 1 percent as a target for them to shoot at.

I yield—how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. DOMENICI. I shall reserve it and yield to my good chairman.

Mr. MUSKIE. The Senator says 1½ percent is not going to hurt anyone.

Mr. DOMENICI. One-half of 1 percent.

Mr. MUSKIE. One-half of 1 percent of the defense function is $600 million. Would the Senator wish to modify his amendment to increase his cut in the defense function—I am talking about outlays—from $300 to $600 million?

Mr. DOMENICI. If I had wanted to do that, Mr. President, I would have put it in——

Mr. MUSKIE. Then let me say to my good friend that, if one-half of 1 percent is unacceptable pressure on the defense function, it is conceivable that it is unacceptable pressure elsewhere, including veterans and other functions. Remember, 1 percent of the Federal budget is $5 billion. When you consider how much of the Federal budget is uncontrollable, you cannot take $5 billion out of the controllable part of the budget without making an impact. That could be a squeeze.

The Senator's answer to my question on the defense function makes my point eminently well. The Senator is not willing to cut defense by the amount that he says is inconsequential for other functions of the budget.

Mr. DOMENICI. I do not believe I said inconsequential.

Mr. MUSKIE. That was the essence of what the Senator said.

Mr. DOMENICI. I said they are reasonable targets to shoot for. That is why I included them.

I have 1 minute remaining. Let me say that while I greatly respect the chairman, and I hope he will think that I have been constructive within the committee, I hope we have not reached the point where, because the Budget Committee reports out a resolution, we have an argument that it should not ever be changed. If someone wants to change it by a flat cut and they are opposed, if someone wants to change it item by item, the fact that the Budget Committee did not support that is used here to indicate in some way that we ought not to have any amendments. I close by saying I think mine is eminently reasonable. They are targets that we can reasonably shoot for and they would do more than mere rhetoric in showing our great concern about inflation.

Mr. MUSKIE. Mr. President, I do not think I have ever said anything to suggest to the Senator from New Mexico or to anybody else that the Senate does not have the right to change the budget resolution. The Senator knows better than to imply that.

We have said that when the committee works, the ranking member and I and the rest of the members of the committee, the rest of the Committee on the Budget has often voted against the chairman and the ranking member.

We have not tried to impose our discipline on other Members, but we have taken the position, in order for other Members and other committees to know what it is that is at issue, that Senator BELLMON and I bring the resolution to the floor and then the Senate works its will on that resolution.

Surely, the Senator is not arguing that Members and committees ought to have a right to offer an amendment, but that we have no right to defend the budget resolution.

I think we have every right to defend it, to explain why the Budget Committee did what it did, to explain what the committee did not do and why it did not.

Is the Senator objecting to the Senate knowing what went on in the Budget Committee? I do not believe so.

So I think when he rereads what he has just said on the floor, he will agree with me that maybe, like so many of us on the floor, he misspoke a little bit.

Mr. DOMENICI. I really did not intend in any way, as the chairman well knows, to say anything other than words of great respect for the chairman. I think he should be here defending the resolution.

As he well knows, for 3 out of the 4 years I have been on the committee with him, I was here defending it with him. I have been to conference with him and defended it more times than not.

I think it is kind of, if the shoe fits that way, it fits the other way. I, in turn, in this particular year when I think we want to set an example, think it is well within my prerogative. I think everyone understands the issue now.

The PRESIDING OFFICER. Time on this amendment has expired.

Mr. MUSKIE. I would like to take 1 minute on the bill just to make this point to the Senator.

I say with all sincerity and without denigrating his contribution to this budget process, would the Senator not agree that if the objective of this amendment is sound, that the prospects for implementing that objective would be much stronger, would be much more effective, if his timing had been such that he could have given support to that objective in committee?

To try to add it ad hoc on the floor is his prerogative, of course, but if his timing had been the same as mine, this could now be in the budget resolution. We would not be fighting each other about something on which we are probably in fundamental agreement about.

But the timing did not work out that way. I think that is regrettable. But now other considerations have come into play and I have recited them. They may not seem serious to the Senator from New Mexico, and if they do not, I understand. I am not criticizing his own judgment and conscience.

But I just regret, and I do it sincerely, that we could not have this coincidence of objectives in the committee.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TALMADGE. Will the distinguished Senator yield me 1 minute on the bill?

Mr. MUSKIE. Yes. I yield 1 minute to the distinguished Senator from Georgia.

Mr. TALMADGE. I certainly vigorously oppose any amendment to reduce the Talmadge work incentive program.

The Labor Department has reported that for every dollar we spend on WIN program we save $1.30 the first year on welfare payments. Mr. President, that savings is cumulative, year after year after year.

WIN has been the only welfare reform program that we have had in my 21 years in the Senate. Last year under that program we took 282,000 people off public welfare, put them in private jobs and made taxpaying citizens out of them. They are proud of themselves, proud of their ability to work and to earn and to support their families.

This is one area where funding ought to be increased and not reduced. I, therefore, hope that the Senate will reject the amendment of my distinguished friend from New Mexico.

Mr. President, recently, the Honorable Glenn W. Nichols, director of the Idaho Department of Employment and president of the Interstate Conference of Employment Security Agencies, Inc., testified before the Subcommittee on Labor and Health, Education, and Welfare of the House Committee on Appropriations. Mr. Nichols' comments on the Talmadge WIN program are quite pertinent since Congress is presently reviewing all existing Federal welfare programs with an eye toward welfare reform and in light of efforts to reduce WIN funding.

As I have long maintained, the work incentive program (WIN) is the only real welfare reform we have had since I have been in Congress. I submit the following excerpts from Mr. Nichols' testimony for the RECORD.

EXCERPT

Mr. Chairman and members of the Committee, my name is Glenn W. Nichols. I am Director of the Idaho Department of Employment and President of the Interstate Conference of Employment Security Agencies, Inc. With me today is Mr. C. David Hilburn, Deputy Director of the Massachusetts Division of Employment Security and Chairman of the Administrative Financing Committee of our Conference. Also with me are Messrs William L. Heartwell, Jr. and Robert C. Goodwin, Executive Vice-President and Associate Vice-President of the Interstate Conference, representing our Washington, D.C. staff.

We thank you for this opportunity to present our views on the President's budget proposals for Fiscal Year 1979 as they relate

to the employment security program which we administer.

The State Employment Security Agencies which we represent are totally funded from federal dollars and administer three major programs—the Work Incentive Program or WIN, the Federal-State Employment Service, and the Nation's Unemployment Insurance Program.

We are here to persuade you to increase your investment in . . . sound programs that can demonstrate tangible savings. We are promoting a portfolio of . . . cost effective enterprises which will yield concrete return on investment.

WORK INCENTIVE PROGRAM

First, we would request that you consider an increased investment in the Work Incentive Program. The Department of Labor estimates that for every dollar you invest in WIN, you will reap a return of $1.30 in reduced welfare grants in the first year after placement. This does not include savings in food stamp and Medicaid reductions. In Fiscal Year 1977 the program cost of WIN was $365 million. Welfare savings resulting from that expenditure were $439 million. When we consider reductions of $115 million in food stamps and $102 million in Medicaid the savings is over $655 million—a balance of $290 million in savings over program expenditures.

The President has requested the same dollar amount for WIN in this year's budget as was expended in Fiscal Year 1978. The real effect of this "standstill" budget would be a decrease of 20 percent in WIN activity. Even at present levels of funding, only one-fourth of WIN applicants can be fully served.

Public Law 95-30 authorized an additional $435 million for WIN for Fiscal Year 1979 with no requirement for (10 percent) State match. This, together with the President's request, would raise total WIN funding to $800 million. A program of this magnitude would permit us to help significant numbers of welfare recipients prepare for and find employment. At that level, we estimate that over 500,000 recipients could be placed in productive employment. There would be 500,000 of those at the greatest disadvantage in the labor market—single women, minorities, welfare recipients, economically deprived—would move from the oppression of welfare to the dignity of productive employment.

Your investment in WIN yields a return not only in human dignity and pride but in cash savings to the taxpayers who support welfare programs.

At any rate, given the thrust toward welfare reform and the interest in demonstration projects, a proven program such as WIN should certainly not receive a decrease in funding. Rather than putting $200 million into welfare demonstrations, why not take at least half of that and invest in a substantial increase in WIN—a program which we know result in welfare savings.

In conclusion, let me remind you of my opening remarks. We are not here simply to ask you to spend more money on endless needs with no measurable tangible return. We are asking you to consider an investment in a . . . portfolio. Your investment in WIN will result in a tangible yield of savings of taxpayer dollars for AFDC, food stamps, and Medicaid.

The PRESIDING OFFICER. Under the previous order, this amendment will now be set aside until a vote occurs at 12:30 today. We will now proceed to further amendments on this bill.

Mr. DURKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. DURKIN. I thank the Chair.

AMENDMENT NO. 1805

(Purpose: To increase new budget authority and outlays for energy by $200,000,000)

Mr. DURKIN. Mr. President, I call up amendment No. 1805 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN) proposes an amendment numbered 1805.

Mr. DURKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 5, strike out "$10,200,000,000" and insert "$10,400,000,000".

On page 3, line 6, strike out "$10,100,000,000" and insert "$10,300,000,000".

Mr. DURKIN. Mr. President, I have called up my amendment which increases the budget authority and outlays which the Budget Committee recommends for energy—function 270—by $200 million for fiscal year 1979. The need for this increase is as simple as it is unfortunate: Because it is becoming increasingly apparent that the administration is reneging on its commitment to develop solar and other renewable energy resources, it is up to Congress to assure that the budget resolution leaves sufficient room for higher authorizations in this critical area.

As an advocate of solar energy development, I was taken completely by surprise when the administration submitted its proposed fiscal year 1979 Department of Energy (DOE) budget. We had expected to accelerate the Nation's commitment to wind, small hydroelectric resources, passive solar, photovoltaics, and the many other renewable resources which we had been promised would be emphasized. Instead, I discovered that the solar budget actually had been cut from the inadequate levels of the previous administration. Once again, those of us who believe in solar energy found ourselves scrambling for crumbs while breeder reactor research was given a second lease on life.

In spite of this administration reversal, we are taking constructive action to assure that solar energy continues to receive a fair share of the DOE research, development, and demonstration funds. Through the solar coalition, my colleagues on both sides of the Capitol and myself are acting in committee to speed up DOE programs in passive solar energy, photovoltaics, biomass, wind, and small-scale hydroelectric development. With these increases, it is my hope that the optimistic solar predictions appearing with greater frequency in the reports of such agencies as the Council on Environmental Quality will be borne out.

These comments are not intended, of course, to cause any dispute with the distinguished members of the Budget Committee, who have had a most difficult task trying to piece together recommendations for a budget ceiling for the energy function when the energy bill has been stalled in conference and when the administration continually ignores its own promises to the American people about the development of alternative energy sources. The Budget Committee, in these times of too much Federal spending and a too large Federal deficit, must try to keep a lid on spending. But I know the members of the committee are also aware that some short-term apparent savings on something as crucial as research and development of solar energy will have long-term substantial costs as this country becomes more and more dependent on imported oil.

I think we all realize that we have a national energy crisis and a national energy problem, but I believe the administration has failed to realize, in its schizophrenic approach to resolving our energy problems, that many of these problems, while national in scope, are regional in solution.

The work of the Senate Energy and Natural Resources Committee already is being hindered by the insufficient energy budget which has its roots in the administration's solar program slash. The recommended Budget Committee ceiling of $10.2 billion already has caused the chairman of the Energy Research and Development Subcommittee to urge caution in increasing the authorization for vital solar programs. At a time when the Nation is supposed to be concentrating on alternate energy resource production as one of its highest priorities, this is incomprehensible. My amendment to increase the budget ceiling by $200 million is intended to provide the necessary flexibility to the Energy Committee so that we can recommend to the full Senate a balanced energy budget which reflects the appropriate emphasis on solar and other renewable energy resources.

Mr. President, at this time, I reserve the remainder of my time.

Mr. MUSKIE. Mr. President, the first point I should like to make, before getting into more extensive discussion, is that the Budget Committee does not build the budget resolution on a line item basis. If, for example, the Senator's amendment were to be adopted, there is no assurance that that $200 million would be devoted to solar energy research.

So the question is not whether or not in this budget resolution we can somehow focus more resources on solar energy by way of the budget resolution. The question is—whether or not the Senator's amendment is adopted—whether the authorizing committees can succeed in shifting the thrust of the effort being made in the executive branch.

Mr. DURKIN. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. DURKIN. I realize that that is true. But our problem has been that in the Energy Research and Development Subcommittee we run up against the ceiling when we come to an alternative energy source. There seems to be money for something exotic—for a breeder and some of those projects—but we run into constraints when we bring up an alternative. I know there is no line item for particular energy projects.

Mr. MUSKIE. I will get into the question of the sufficiency of the re-

sources, but I wanted to make that point at the outset.

Second, I hope the Senator has focused on the fact that there is pending—we have just completed debate on it—the Domenici amendment, which would cut several functions, including the energy function. The proposed cut in the energy function is $200 million in budget authority and $200 million in outlays—the same number in the reverse direction of the distinguished Senator's amendment.

Senator DOMENICI is very much involved in energy legislation. As a matter of fact, yesterday, he engaged me in colloquy to get reassurance that the amounts the budget resolution assumed for energy were sufficient to allow a project, in which he is interested, to compete for funds.

It is a little frustrating on one day to be asked to give that assurance and on the next day to be asked by the same Senator to reduce the total resources available in the very function with which he is concerned.

So this business of competing for the resources is a very real one.

Now let me go to the gross amounts that are available here and put those in perspective.

Solar energy programs are classified, as the Senator knows, in function 270. It is a new function, incidentally, added to the budget this year. It is the first time energy has had a function by itself.

The committee's recommended targets in function 270 are $10.2 billion in budget authority and $10.1 billion in outlays. The Budget Committee considered these adequate, for the following reasons: They are $700 million in budget authority and $200 million in outlays above the President's budget.

Second, if we exclude the gas guzzler tax refund—which, I take it, will not be enacted in any case—they are $1.2 billion in budget authority and $700 million in outlays above the President's budget.

The aggregate amounts provided in function 270 are $2.2 billion in budget authority and $1 billion in outlays above current law. They are $1.8 billion in budget authority and $900 million in outlays above current policy. Current policy, defining it in shorthand, includes an allowance for inflation in addition to current law funding.

So what we have is about 21 percent real growth in budget authority in this function.

The targets are comprised of the following mission recommendations, and the Senator will be interested in this, I know. This year, for the first time, we have divided the functions into missions.

For example, in this function there are four missions—energy supply, energy conservation, emergency energy preparedness, and then an all other energy program mission. We break the function down by mission and establish amounts for each mission; not that they are in the resolution—they are not—so they are not binding, but they demonstrate to the Senate how we reached our recommendation for the functional total.

Mr. DURKIN. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. DURKIN. The mission I am referring to at this time is the mission on energy supply, and that is earmarked at $3.9 billion. If I understand the Senator's statement correctly, that was merely a guideline for the Budget Committee, and that is not a subceiling within function 270.

Mr. MUSKIE. The Senator is correct.

Mr. DURKIN. The Energy Committee can exceed that, so long as the total $10.2 billion energy function is not exceeded.

Mr. MUSKIE. A mission subtotal is not a ceiling. Nevertheless, if any mission were increased by the appropriate committees, then another mission would have to be reduced in order to come under the total aggregate. So I think there is a discipline built into these mission numbers, even though they are not enforceable ceilings in the sense that the functional ceiling is.

Mr. DURKIN. If energy supply, say becomes $4.1 billion, one or the other missions has to be reduced by $200 million?

Mr. MUSKIE. That is right.

Mr. DURKIN. But that is left for the authorizing committee.

Mr. MUSKIE. That is right, to the authorizing committee, the appropriation committee, and ultimately to the Senate itself.

With respect to that mission, let me give the Senator some numbers. As to that mission, $3.9 billion in budget authortiy is $1 billion above the President's recommendation and $500 million above current law, and it is very close to the Energy Committee's recommendation of $4.1 billion.

In all, we have cut authorizing committees almost $37 billion. So that $200 million reduction in that one mission is a miniscule reduction compared to the cuts that we imposed on other committees.

Mr. DURKIN. If the Senator will yield for another question, maybe we can move this along. If my mathematics are correct, there is currently an approximate $700 million cushion between the energy staff projections and the figures of the Budget Committee.

Mr. MUSKIE. The Budget Committee staff tells me we do not know what the energy staff's figures are.

Will the Senator repeat what he said so I may be sure I understand?

Mr. DURKIN. It is my understanding that the energy staff recommendations are exceeded in the total 270 function by about $700 million.

Mr. MUSKIE. The Energy Committee's recommendation was $10.7 billion in budget authority for the whole function, and the Budget Committee's recommendation is $10.2 billion. That is one of the smaller reductions that we made in the committee recommendations.

Mr. DURKIN. I have been getting those figures from the most recent Energy Committee staff recommendations, not the March 15 submission. They may well have not been forwarded to the Budget Committee, because they have not been resolved.

Mr. MUSKIE. We have the full committee's recommendation in the March 15 report and that figure is $10.7 billion in budget authority for the whole function. Within the $10.7 billion of the Energy Committee's recommendations they allocated $4.1 billion to energy supply.

And we came within $200 million of that recommendation.

Mr. DURKIN. One further question, and then I think maybe we can resolve the problem. If I understand the figures correctly, there is approximately $4.3 billion in money to buy oil for the strategic oil reserve, which we all support if they will put some of those reserves in places that New England will be protected.

Mr. MUSKIE. That is the emergency energy preparedness mission, for which budget authority is $4.3 billion and outlays are $3.5 billion. Most of those sums go to the purchase of oil for the strategic petroleum reserves. Some go for facilities design and construction, but most of it is for purchase of oil.

Mr. DURKIN. And there is testimony in the Energy Committee in the letter from Assistant Secretary of Energy George McIsaac which says given physical conditions and time constraints, DOE will not be able to expend much more than $2.5 billion in fiscal 1979 for the oil reserve outlays.

My question is, because that provides an additional cushion for reallocation of these missing figures in the energy function, if the Energy Committee and if the full Senate——

Mr. MUSKIE. That is on the outlay side. If that mission for any reason does not require all the resources that we have assumed, the resources are available to the Energy Committee under the overall function for other purposes.

Mr. DURKIN. So, in other words, there is within the Budget Committee recommendations adequate funds to provide the additional money for solar energy that my amendment seeks, realizing the limitations of not having line-by-line items in the Budget Committee recommendations. Our job is not necessarily to increase the budget figure, but to convince the Energy Committee to allocate that money toward renewable resources——

Mr. MUSKIE. That is right.

Mr. DURKIN (continuing). Because the money is actually there and has not been restricted by the Budget Committee action.

Mr. MUSKIE. I want to be very careful not to say that the sums will fund any and all energy projects that any Senator can see. The targets are not that large. However, they are ample, and, within reason, I think that there is likely to be room for the energy technologies the Senator favors, in the mix the Energy Committee decides is the right mix for the national interest. The Senator is a member of the Energy Committee, and a very articulate spokesman, I might say, and a scrapper. There are resources available for the competition among energy technologies, within the targets for energy set in this resolution.

Mr. DURKIN. Mr. President, I appreciate the position of the chairman of the Budget Committee in trying to keep our Federal spending within reasonable bounds. It is my belief that during a national crisis as severe as the energy crunch it is appropriate to spend as much as we need to maintain our na-

tional security. I can think of nothing which is more likely to enhance our national security than increasing our reliance on solar and other renewable, nonpolluting energy resources.

My major concern, and the reason why I am offering this amendment, is that I want to see that solar energy and other renewable resources can be developed at the fastest possible rate. The total budget ceiling for the energy function—$10.2 billion—certainly should provide enough money to do this and much more. The difficulty is that the Senate Budget Committee report on the first budget resolution breaks down its discussion of the energy function into several mission discussions, each with a portion of the total $10.2 billion energy function ceiling, only $3.9 billion of which appears to be earmarked for energy supply development including solar energy. It may be unclear to some who read the report whether the $3.9 billion energy supply figure is a ceiling beyond which the Energy and Natural Resources Committee cannot go in authorizing energy technology development or whether it is simply a guideline which discusses how the Budget Committee arrived at the $10.2 billion total energy ceiling.

This question is of some importance, because it may influence the outcome of the Energy Committee consideration of the fiscal 1979 Department of Energy authorization bill. If the Energy Committee shares my enthusiasm for solar energy development, it may choose to accelerate significantly the proposed budget for solar and other renewable resource technologies at the expense of less immediate expenditures covered in the budget resolution report under other missions. But the Energy Committee might not have this choice if the budget resolution or the report have the effect of limiting the Energy Committee's authorizing discretion within bounds of the budget ceiling.

Therefore, since the chairman clarified the effect of the mission breakdown in the budget resolution report on the energy function by explaining that each mission was intended as a guideline to illustrate how the Budget Committee reached the total ceiling figure of $10.2 billion for this function—rather than being further subdivisions of how the ceiling is to be allocated by the Energy Committee — I am satisfied that there is enough budget authority available for an adequate solar energy program and will withdraw my amendment.

Mr. President, in light of that explanation, I withdraw amendment No. 1805.

The PRESIDING OFFICER. The Senator has that right.

The amendment is withdrawn.

Mr. MUSKIE. I reiterate my request for the Senator to join in opposing the previous amendment.

Mr. DURKIN. If nothing else, the Senator picked up my support on the other.

Mr. MUSKIE. Otherwise, we have $200 million less in this function.

Mr. DURKIN. That is not the direction that I intend to go.

AMENDMENT NO. 1806

(Purpose: To increase new budget authority and outlays for transportation by $100 million)

Mr. DURKIN. Mr. President, at this time I call up amendment No. 1806.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN) proposes amendment numbered 1806.

Mr. DURKIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 17, strike out "$19,500,000,000" and insert "$19,600,000,000".

On page 3, line 18, strike out "$17,500,000,000" and insert "$17,600,000,000".

Mr. DURKIN. Mr. President, it is essential for the Senate in considering this year's budget resolution to set its own priorities based on its assessment of the Nation's needs, rather than to acquiesce in the administration's judgments when they are questionable. The recommended budget ceiling for the transportation function—function 400—is just such an example. Today I am introducing an amendment to increase the transportation budget authority and outlay ceilings by $100 million to assure that there is enough flexibility for railroad rehabilitation of lines needed for energy transportation.

The coal conversion bill, still stuck in conference at the administration's behest, contains an important amendment which I sponsored to upgrade the Nation's railroads for transporting coal and other forms of energy. Senators MAGNUSON, JACKSON, BAYH, RANDOLPH, MCINTYRE, HASKELL, FORD, MATSUNAGA, HATHAWAY, ABOUREZK, WEICKER, PELL, and LEAHY all cosponsored it and passed the Senate by a rollcall vote of 60 to 21. Our amendment provides $100 million specifically for the purpose of rehabilitating rail lines through the existing railroad rehabilitation and improvement fund to help increase coal use in areas which could offset imported oil with domestic coal. In enacting this amendment by such a wide margin, the Senate agreed with us that our energy policy must take into account the substantial transportation problems which afflict regions like New England.

Nonetheless, the administration failed to include budget authority for this important purpose in its transportation budget recommendation for fiscal 1979. Faced with increasing inflation, the budget committee has wisely tried to hold the budget down as far as possible. Unfortunately, the failure to include the $100 million in my amendment may mean that this important program is delayed by at least a full year.

It is essential that the transportation budget be sufficient to permit the appropriations committees the flexibility to recommend funding for this important program if they deem it worthwhile. Increasing the transportation budget ceiling by $100 million will accomplish this goal. I urge my colleagues to support my effort to assure that our energy policies take account of the serious transportation problems which all regions will have to face if we are to break the iron grip of imported oil.

Mr. President, last year the Senate adopted an amendment of mine cosponsored by Senators MAGNUSON, RANDOLPH, JACKSON, and others. The energy policy seems to be that there is going to be a need for increased use of coal especially in those areas of the country that are most dependent on OPEC oil. The distinguished chairman of the Budget Committee and I come from that area which is the empty and expensive end of the energy pipeline. We are heavily dependent on OPEC oil.

We have heard Dr. Schlesinger make statements endorsing coal conversion. Yet the only way we are going to get coal to New England—in the event the President removes his hold on the coal conversion bill, the utility reform bill, and the conservation bill, which have languished in committee since mid-December—under today's conditions is to fly it in. The railbeds are inadequate to haul the amount of coal that would be needed to reduce our dependence upon OPEC oil.

Again, as further evidence of the schizophrenic approach to the national energy policy as articulated by Dr. Schlesinger, the administration in conference with the House opposed my amendment which provides $100 million in authorization to rebuild the railbeds to haul coal and changes the purpose clause in title V of the Railroad Revitalization and Regulatory Reform Act so that the existing funds could be used to rebuild the rails for hauling coal.

But the House, having better sense than the White House, went along with our amendment, and so it is engrafted to the coal conversion bill which is tied up in the energy conference.

My immediate concern is with respect to pages 102 and 103 of the Budget Committee report on the first budget resolution. On page 102, the committee talks about future-year choices. Item (2) is railroads: Rail rehabilitation in future years when the administration produces its promised programs. It seems to be the hallmark of this administration that they are going to have a comprehensive program always next year. They seem to have a lot of comprehensive programs but very little comprehensive accomplishments.

But be that as it may, on page 103, item (2), in reference to railroads, again there is no mention of utilizing the existing funding in the title V program of the act for rehabilitating railbeds to haul coal in this upcoming year 1979.

I understand the concern of the Budget Committee. The FRA seems to view itself more as a minor OMB. They seem to be more interested in presiding over rail abandonments than spending money that Congress has appropriated. I hope that will change under Mr. Sullivan, and I am still optimistic that he will have some impact in that direction.

But, Mr. President, I want to ask the chairman, though the Budget Committee reports does not mention rehabilitation of railbeds for coal hauling on page 103, is it correct to say that the committee does not mean to prevent existing title V programs—now that the purpose clause has ben changed—being used to rehabilitate the railbeds to haul coal?

I raise the question, because with the language on pages 102 and 103 of the report, it could be argued that there is no intent on the part of the Budget Committee that money will be spent in fiscal year 1979 to rebuild the railbeds for coal hauling out of the existing and ongoing funds in title V. I gather the answer is that is not the intent of the Budget Committee to give that impression, but I would like to hear from the chairman.

Mr. MUSKIE. It has no such intent.

May I say to the Senator that beginning with the budget process created 4 years ago, rail rehabilitation has been a priority in the view of all members of the Budget Committee, past and present. We have been somewhat frustrated that plans for rehabilitation related to specific objectives and transportation have been so slow in developing. But we have been more than ready to provide funds to do so.

With respect to the future year issues and that language that disturbs the Senator, the only purpose of that part of the committee report is to identify for the information of Senators future challenges that Congress faces in terms of the need for budget resources. It is not to suggest a postponement of what we ought now to be doing but rather to identify the big challenges, and some of the smaller ones, that face us.

We regard rail rehabilitation not only as a challenge today, but probably a growing challenge of sizable proportions that we are going to have to face.

The purpose there is to gear us up to the effort we are going to need over the long pull as well as the short pull.

Now, with respect to the short pull, let me say this: The Budget Committee targets already include $600 million in both budget authority and outlays above current policy for Mission 2, which is rail transportation.

Now, that increase will permit additional Federal investment for the continued rehabilitation of ConRail. But then in current policy the targets are adequate to accommodate the President's request of $279 million for national rail rehabilitation, and it is not clear that even this amount will be fully utilized. It represents the balance of the $600 million authorized by section 505 of the Railroad Revitalization and Regulatory Reform Act of 1976, the shorthand title of which is the 4R Act, as the Senator knows.

In the 2 years since the 4R Act was enacted, all DOT has received only $400 million in applications for these funds and has approved less than $100 million.

The 4R Act provides additional financial assistance for rail rehabilitation which is not used.

Section 511 of the act authorizes Federal loan guarantees of up to $1 billion. But in 2 years DOT has received applications for less than $200 million and has approved less than $50 million.

We would like to see the commitments of funds moving faster than that, so we think there are funds sufficient to serve the Senator's objective, in which I wholeheartedly concur. I doubt if there is any area of the country in which the railroads are in such bad shape, and I say that not on the basis of any personal survey but just personal impression, as they are in our native New England. So rail rehabilitation is very much in the interests of the region.

We have provided that money, and there is not that much competition for that money as there is for the energy money the Senator was talking about earlier.

All we need is some prodding from Congress directed at DOT and maybe the stimulation of some applications within our region for the available funds.

Mr. DURKIN. I think one of the problems is the desire of the Department of Transportation not to spend the money which frustrates the will of Congress and those who are concerned with the railbed situation. I suspect that this morning the people in Bowling Green, Ky., are rather concerned with the deteriorating railbeds inasmuch as they had a derailment last night. We are going to have to get after DOT about these problems. DOT has been dominated by the highway builders, and they have not stressed rail revitalization. The FRA would rather preside over abandonments and not spend the money. In fact, I hope under Mr. Sullivan, and I hope under Secretary Adams, that we will see some fairly immediate changes, because it is a very serious problem.

But inasmuch as the chairman of the Budget Committee has indicated that the language on page 102 and page 103 cannot be used by Members of Congress and, more importantly, by the administration and DOT, to frustrate the ongoing programs, I am satisfied with the chairman's answers, and I ask to withdraw my amendment on the basis of the statements made.

Mr. MUSKIE. As a matter of fact, I will give the Senator a statement now which will be in the RECORD to which the Senator can refer.

Mr. DURKIN. All right.

Mr. MUSKIE. I think I can safely urge on behalf of the Budget Committee that DOT push forward with this program as vigorously as possible. We see it as a high priority need in the field of transportation, and I personally would join with the Senator from New Hampshire in pressing for action.

Mr. DURKIN. I thank the Senator.

Mr. President, I ask to withdraw amendment No. 1806, and I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. SARBANES). The amendment is withdrawn.

Mr. DURKIN. I want to thank the distinguished chairman.

Mr. MUSKIE. I thank my good friend from New Hampshire.

The PRESIDING OFFICER. Who yields time? Is the Senator from Virginia seeking recognition?

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Against whose time is the quorum call to be charged?

Mr. MUSKIE. I ask unanimous consent that it be applied against the bill.

The PRESIDING OFFICER. The time will be charged against the bill. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. BELLMON. Mr. President, how much time does the Senator require?

Mr. HARRY F. BYRD, JR. Let me say to the Senator from Oklahoma that the Senator from Virginia will not need much time. I would like to reserve 20 minutes for the Senator from Arkansas (Mr. HODGES) and 10 minutes for myself.

Mr. BELLMON. Mr. President, I yield 10 minutes to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. I would like to make this request, if I might, of the Senator from Oklahoma: I am prepared to call up an amendment at this point, but I would like to request that before the amendment is voted on, as I understand it, there will be some back-to-back votes. The amendment might be voted on immediately, but there are some back-to-back votes. Therefore, I would ask that just prior to the vote each side could have 2 minutes.

Mr. BELLMON. Mr. President, I am sure there would be no objection. I am not aware of any unanimous-consent agreement for back-to-back votes.

The PRESIDING OFFICER. The Chair would inform the Senate that if votes were to be ordered between now and 12:30, they would then occur back to back, as the first vote is scheduled to take place at 12:30 on the Domenici amendment.

At the moment that is the only vote that is ordered, and that has been ordered, and that has been ordered to take place at 12:30.

Mr. BELLMON. Let me say I am sure there would be no objection to taking some time on the bill for comments just prior to the vote, if a vote is set for later on.

Mr. HARRY F. BYRD, JR. Then suppose I propound this unanimous-consent request; I ask unanimous consent that my amendment No. 1807 be debated now, but voted on after the Domenici amendment is voted on, and that prior to the vote on amendment 1807 each side have 2 minutes.

The PRESIDING OFFICER. The request is that following the vote on the Domencini amendment there be 2 minutes to each side on the amendment which the Senator from Virginia is about to call up, then to be followed by a vote on that amendment; is that correct?

Mr. HARRY F. BYRD, JR. That is correct.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 1807

Mr. HARRY F. BYRD, JR. Mr. President, I call up amendment No. 1807.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. HARRY F. BYRD, JR.), for himself and Mr. HODGES, proposes an amendment numbered 1807:

On page 1, line 11, delete the numeral and insert—

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 11, delete "$566,100,000,000" and insert in lieu thereof "$564,000,000,000".

On page 2, line 2, delete "$498,900,000,000" and insert in lieu thereof "$496,800,000,000".

On page 2, line 5, delete "$55,600,000,000" and insert in lieu thereof "$53,500,000,000".

On page 2, line 7, delete "$853,800,000,000" and insert in lieu thereof "$851,700,000".

On page 2, line 9, delete "$101,800,000,000" and insert in lieu thereof "$99,700,000,000".

On page 3, line 24, delete, $31,600,000,000" and insert in lieu thereof "$31,497,000,000".

On page 3, line 25, delete "$31,200,000,000" and insert in lieu thereof "$31,097,000,000".

On page 4, line 2, delete "$52,700,000,000" and insert in lieu thereof "$50,924,000,000".

On page 4, line 3, delete "$49,500,000,000" and insert in lieu thereof "$47,724,000,000".

On page 4, line 5, delete "$192,500,000,000" and insert in lieu thereof "$192,279,000,000".

On page 4, line 6, delete "$159,900,000,000" and insert in lieu thereof "$159,679,000,000".

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimus consent that the name of the Senator from North Carolina (Mr. HELMS) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, this amendment offered by myself, the Senator from Arkansas (Mr. HODGES), and the Senator from North Carolina (Mr. HELMS) would make a reduction in HEW programs amounting to one-third of the lowest estimate of misspending in those programs made in the recent report of HEW's own inspector general. His low estimate of HEW misspending, which misspending he said was caused by waste, mismanagement, and fraud, was $6.3 billion. That was his low estimate. His report stated that the waste was somewhere between $6.3 and $7.4 billion. But knowing the attitude of the Senate toward reducing appropriations, reducing the spending of tax funds, I have framed this amendment to deal only with the low estimate of $6.3 billion. My amendment would make a cut of $2.1 billion in the total HEW budget.

In calculating the reductions in the three budget categories to which this amendment applies, Senator HODGES, Senator HELMS, and I disregarded the waste which the Inspector General attributed to excess hospital beds in some communities, because it could be argued that this is basically a State and local problem. The reduction to eliminate one-third of the misspending reported by the Inspector General is distributed among the functions in the same proportions as is the waste, mismanagement, and fraud attributed to HEW by the Inspector General's report.

A summary of the figures in the amendment is as follows:

Total reduction in the budget, $2.1 billion.

Distribution among budgetary functions as follows:

Function 500: A $101 million reduction.

I might say that the budget resolution for function 500 carries, in round figures, a total of $32 billion. This amendment would reduce that $32 billion by $103 million.

Function 550: A reduction of $776 million.

The concurrent resolution now before the Senate provides, in round figures, for outlays under function 550 of $49.5 billion. This proposed reduction would be a very small percentage of that figure.

Function 600: A reduction of $221 million.

I might say that outlays for function 600 in the concurrent resolution now before the Senate are listed at $160 billion. This amendment would propose to reduce that amount by only $221 million.

Mr. President, I realize that a great many of my colleagues feel that deficit financing is appropriate. Many Senators feel that the economy is such that it would be stimulated and helped by a $56 billion deficit, as envisioned in the concurrent resolution. I do not happen to agree with that philosophy, but I respect the sincerity of those who adhere to that view.

Mr. President, the pending amendment deals with a problem that I think Congress has a responsibility to deal with; namely, the documented waste, mismanagement, and fraud, documented by the Inspector General of HEW himself.

This is the resolution in which that issue should be dealt. Of course, the Congress, if it does not wish otherwise, can totally ignore waste, mismanagement, and fraud which is going on in government. I submit we have an obligation to do something about it.

This amendment would take notice of that, and it would say to HEW, "You must tighten up on your handling of tax funds. You have been given so much money, you have been given such huge sums to spend, that a minimum of $6.3 billion, according to the Inspector General of your own Department, have been misspent through waste, mismanagement, and fraud."

We ought to feel an obligation to make an effort to have the Congress do something about this. I realize that the attitude of the Congress is such that the odds are against the Senator from Arkansas (Mr. HODGES) and the Senator from Virginia succeeding. I think there is an obligation on the part of the Congress to recognize just what has been going on in the Department of Health, Education, and Welfare, allegations made not by outsiders, not by Members of the Congress, but by the Inspector General of that Department himself.

The figures I cite are not figures developed by the Senator from Virginia; they are figures developed by the Inspector General of HEW and submitted in a formal report on April 3.

Mr. President, I yield to my distinguished colleague and cosponsor of this proposal, the Senator from Arkansas (Mr. HODGES).

Mr. HODGES. I thank the distinguished Senator from Virginia for yielding.

I have hesitated in sponsoring this amendment and becoming involved, because I have tried to adopt, since I have been in the Senate, a Calvin Coolidge philosophy that it is better to keep one's mouth closed and be thought a fool than to open it and remove all doubt.

I was greatly troubled over this report and by the reaction of the Senate to the report. I voted for the first amendment of the distinguished Senator from Virginia, though I realized that in amount it might be unrealistic; but I was equally troubled by the arguments against it.

The amount of fraud and mismanagement in HEW programs is astonishing. I am serving in the Senate with the considerable burden of having only recently come from the people. Where I lived, considering the amount of money that I earned, and the amount of money available in my State, $6.3 billion is a considerable amount of money, although I am aware it is not a large amount in Washington, D.C.

I was also concerned about the Senate's approach to this problem and the arguments which were made. I was reminded of a story of a stranger who stopped at a small country store. As he walked up the step to go onto the porch an old man was sitting there. Next to the old man was a dog. The dog was in front of the door. As the stranger went up the steps, the dog began to growl and the closer the stranger came to the door the meaner the dog got until his teeth were bared and the hairs were raised on his neck.

So he asked the old man, "Does your dog bite?"

The old man said, "No."

So the stranger started to go through the door and the dog bit at his leg and almost got him. He jumped back angrily and said, "I thought you said your dog didn't bite."

He said, "Mine doesn't. This isn't my dog." [Laughter.]

Well, whose dog is this $6.3 billion? What are we going through with this process of the Budget Committee?

I am perfecly aware of the arguments which were made by the distinguished Senator from Maine, the arguments that this reduction will come from entitlements and will not affect management. My question is, how is that so? If it is so, and if it is going to take some time to cut out this fraud, mismanagement, and abuse, then I think it is entirely proper and in order for us to take now only one-third of that and take it out at this time.

There are those who say, and I think the argument of the distinguished Senator from Maine simply was, "How are you going to do it and where will it come from?"

We constantly see in the Senate that in government there is more work to be done than people to do it. Each of our offices cost about $1 million a year. We are not the only ones, surely, working on the problems of this Nation. HEW, according to the distinguished Senator

from South Carolina, has 1,217,000 employees.

Let me repeat that: 1,217,000 employees.

It exceeds the Army of the United States. It exceeds our combat ready troops in all four parts of the service. They total only about 1 million. Surely, out of 1,217,000 people we can come up with someone who can determine how to stop $6.3 billion from falling through the cracks. That is no small amount of money.

If every Government agency lost proportionately that amount, then perhaps we could not make this argument. Social security loses, however, about 1 percent to fraud, mismanagement, and abuse. Surely some of these other programs can begin to correct their own problems.

What concerns me is that we, in effect, were saying in the colloquy the other day between the distinguished Senator from Virginia, the distinguished Senator from Maine, and the distinguished Senator from Oklahoma that there really is not a great deal we can do about it.

I read the letter from Secretary Califano, who said, "Give us this money now and we are going to do something to correct it. Give us more laws."

Is that the only answer we know in Washington—that more laws, more money, more employees will solve the problems? I think not.

When we approve this budget, we are setting policy. We are setting a policy, in effect, saying, that "We will write your budget this year the same as last, which included somewhere around $7 billion in fraud, mismanagement, and waste. We are writing that back in again."

Secretary Califano says those are rough figures. Rough figures in what sense? On the low side? On the high side?

I am concerned both as a citizen and as a Senator that we have not given a sense of direction to HEW about our concern.

I know the Senator from Oklahoma and the Senator from Maine share the concern. I hope they will share with us the solution, also. That is to cut it by one-third.

We are not cutting everything. We are cutting simply the amount they have admitted is fraud, mismanagement, and waste.

I think it is a good amendment. I think it is a proper amendment. But my greatest concern is that our failure to adopt it is simply, tacitly, approving mismanagement, fraud, and abuse and saying that this is a problem we will get to later. I support this strongly and I urge my colleagues to support it also.

I thank my distinguished friend from Virginia.

Mr. HARRY F. BYRD, JR. I thank the able Senator from Arkansas (Mr. HODGES) for his excellent speech to the Senate today on this vitally important matter. As the Senator from Virginia sees it, the Senator from Arkansas put the matter in appropriate perspective; that is, in considering the concurrent resolution as to how much in tax funds will be spent during the upcoming year, this is the place to register our views as to whether we shall continue to permit waste, mismanagement, and fraud on such a gigantic scale and not attempt to do anything about it.

This is not a reduction. The proposal offered by the Senator from Arkansas and the Senator from Virginia is not a reduction in the amount of funds being spent by HEW this year. The Inspector General's report dealt with fiscal year 1977. This budget provides for a $43 billion increase in just the three items of the budget, three functions of the budget that the Senator from Arkansas and the Senator from Virginia are attempting to direct the Senate's attention to. Since the fraud, waste, and mismanagement were discovered and reported by the Inspector General, if the new figures in the budget are adopted, that will be $43 billion more in just these three functions than the Inspector General found in the fraud of $3 billion to $7 billion in the past fiscal year.

So it is not a reduction in what they have now. It is a reduction of the increase in the Budget Committee proposes to give to this Department in just these three functions.

The able Senator from Arkansas mentioned the legislative budget for each of the Senate offices. It so happens that the $6 billion which the Inspector General of HEW says was misspent by that Department, that $6 billion is almost exactly six times the total amount of all funds spent by the entire legislative branch of our Government, including the GAO. The entire legislative budget funds—the Senate, the House, all of the Senate attachés, all the Senators, all the Congressmen, all the staffs, all the other facilities that Congress has—amount to a little over $1 billion. If we do nothing about it, if we do nothing in this concurrent resolution about the amendment offered by the Senator from Arkansas and the Senator from Virginia, the Senate is closing its eyes to the fact that one Department of Government misspent, through waste, mismanagement, and fraud, six times the amount of money spent on the entire legislative process.

I happen to think that the $1.1 billion that is spent by the legislative branch is too much. We do not need all these funds. It is too much. But, regardless of that, the total amount spent is a little over $1 billion, $1.1 billion and this one Department is misspending, has misspent, six times that amount in just 1 year.

The Senator from Arkansas mentioned that in his State, $6 billion is a lot of money. I agree. I happened to check the figures as to how much income tax the 5 million people in the State of Virginia pay to the Federal Government. This $6 billion of waste, mismanagement, and fraud is twice the total amount of all the income taxes paid by all of the people of Virginia into the Federal Treasury.

To look at it another way, to obtain that $6 billion, it takes the total income tax payments of 4 million families with a family income of $15,000 each. Those 4 million families with a family income of $15,000 each paid into the Treasury just about enough money to take care of the waste, the mismanagement, and the fraud of that one department of Government.

I am grateful to my distinguished colleague from Arkansas for his strong support.

Mr. MUSKIE. Mr. President, I hesitate to say anything on this amendment in the light of the observation of the Senator from Arkansas that my arguments the other day, apparently, fired up his indignation about this problem and prompted him to support this amendment. Obviously, I was not persuasive with him then and I do not expect I will be now.

I must say, Mr. President, I reject the assumption of both my distinguished colleagues that unless we support their amendment, No. 1, we do not care about the problem; and, No. 2, we do not think anything can be done about it. I do not think anything I have said on this subject supports that kind of conclusion or that kind of implication. Nor am I prepared to concede that my two colleagues have found the magic answer for dealing with this problem. I certainly would not join in the chorus of their hallelujahs that their amendment, if adopted, will eliminate fraud and abuse in these programs. If we can get that kind of guarantee from these two gentlemen, it would be a valuable addition to the record.

The amendment would include reductions in the health function, 550, of $1.8 billion in budget authority and $1.8 billion in outlays.

Now, I wonder whether these Senators have read the report. The report discloses that 42 percent of the overspending in Medicare and Medicaid, that is a total of $1.9 billion, is due to, what? Excessive hospital beds, unnecessary surgery, and unnecessary hospital stays.

Mr. HARRY F. BYRD, JR. Will the Senator yield for just a moment?

Mr. MUSKIE. I will when I finish this. I am trying to straighten out the record that has been made by the distinguished Senator from Virginia and the distinguished Senator from Arkansas. I sat here listening to their implications about my own motivations and my own objectives, my own reasons for the position I have taken.

Unnecessary surgery. Who orders it? Do the Senators tell me the Secretary of HEW orders it?

Unnecessary hospital stays. Who orders them?

Excessive hospital beds. Where are they? Do the communities involved concede they are excessive?

I have two communities in my State whose hospitals were ordered closed by HEW. Rural towns, far removed from any city. But to HEW standards, and I assume, the Inspector General who put this report together, those beds were excessive and part of the misspending of which my two colleagues complain.

HEW standards said they were excessive. The communities did not agree. When I went up there, I did not agree, and we saved some of those hospitals. But they were part of the misspending.

Would these two Senators somehow impose their judgment from afar on whether excessive hospital beds are ex-

cessive, in fact? Can the Congress do that?

And now are we going to get at that unnecessary surgery?

Mr. HODGES. Will the Senator yield?

Mr. MUSKIE. Monitor the office calls of all the doctors of this country, and the surgeons?

I mean, how are we going to pay the medicare bills of perfectly innocent beneficiaries when they apply? Should we wait until we get some of those doctors who ordered unnecessary surgery to identify their bills?

We will not pay their bills, we will pay yours with the money. How in heaven's name are we going to prevent fraud by this kind of an amendment to a budget resolution?

After we eliminate the fraud and abuse of unnecessary surgery and unnecessary hospital stays what are we going to do about people who apply for benefits who are not eligible? Who draws out their applications? They do. Who are they? They are not employees of HEW. They are citizens, walking the streets of your communities and mine. Many of them are innocent, applying because they think they may be eligible. Some of them may be fraudulent, applying when they know they are not eligible. But that kind of abuse has been disclosed, after the fact.

But how does HEW pay the medicare bills of perfectly innocent beneficiaries? Does it suspend them while it goes hunting around our countryside to identify these abuses by private citizens?

Congressional hearings upon which the Inspector General relied for much of his report disclosed there has been abuse by doctors, by hospitals in the private sector, overcharging, charging for services never rendered, overprescribing medicines.

Do we put the Secretary of HEW in jail for that? Do we deny benefits to people that Congress has declared are eligible for these entitlement programs because there is this abuse, some of it criminal, in the private sector?

Of course, we care about this problem, and I do not yield to the Senator from Arkansas or the Senator from Virginia in that respect.

Of course, I think we need to do something about it, and any implications that the other day I suggested to the contrary, I reject. If somebody will point to the RECORD in which I could be said to imply that, I will correct it.

But could any piece of legislation offered in an emotional response to a problem automatically become the effective instrument for solving that problem?

We know where the legislative responsibility for this problem rests, in the committee that has jurisdiction over these entitlement programs, and that is the Committee on Finance. The Senator from Virginia is a member of that committee.

Three times in the last 3 years, including this year, we in the Budget Committee have made assumptions about savings that could be achieved in these entitlement programs for one reason or another, and the current budget includes an assumption of $1 billion of assumptions as to savings that can be achieved by better management and eliminating abuses.

What is a reasonable figure for it? We have a billion in it. The other day Senator BYRD thought $5.6 billion was reasonable. I assume he still thinks that is reasonable. I have not heard him concede his first amendment was a mistake.

Mr. HARRY F. BYRD, JR. It was a good amendment. I approve it.

Mr. MUSKIE. All right. He thinks $5.6 billion is reasonable.

I would like these Senators, instead of belaboring me and the Budget Committee with their rhetoric that we do not care, to specify how and when, how much and how soon, savings of that magnitude can be achieved.

If they can make a case, I will buy it.

One of Senator BYRD's arguments is that some of us believe in deficit spending and that is why we are for fraud and abuse.

How do we answer a non sequitur like that?

My economic philosophy and the economic philosophy of no Senator in this Chamber is based upon an acceptance of fraud and abuse. I reject that argument.

I say to the Senator, if he does not have a case on the merits, if he does not have a concept of management and how it is to be implemented, what forces are to be used, what personnel, what procedures are to be used, investigative, management, otherwise, I do not regard it as responsible to argue that we can pick up $5.6 billion in fiscal year 1979 by eliminating unnecessary surgery, eliminating unnecessary hospital stays, eliminating excessive hospital beds.

We are going to achieve those results and get cash for it that we can apply to pay the benefits of perfectly innocent Americans who are entitled to benefits, who are not guilty of fraud, who are not guilty of abuse? What are we going to do, hold their benefits hostage and the Budget Committee unreasonable because we care about them?

I care about getting the guilty. I also care about protecting the innocent.

What do they want to do, declare a moratorium on these entitlement programs? That is carrying logic to the extreme.

Are we to declare a moratorium on all these entitlement programs until we have all those who have abused them and recovered their ill-gotten gains, so that we can apply those ill-gotten gains to the budget?

Why do we not do that?

Senator LONG is the chairman of the Finance Committee. He was not here the other day. I have sent word that this debate is going on, because I would like to ask him a question: "Senator, these two Senators believe that if Congress discharges its responsibility properly, we can realize as much as $5.6 billion in savings from these documented abuses, which we can apply to the 1979 budget, making it possible for us to reduce your functional totals by that amount. Can you do it?"

That is the question I would like to put to Senator LONG. If Senator LONG tells me—and that is the oversight committee—that we can do it, bless you gentlemen; I will cosponsor your amendment, gladly, and raise the same hallelujahs I have heard here this morning.

Mr. HODGES. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. HODGES. I think the amendment calls for approximately $1 billion, not $5.6 billion, as the Senator contends.

Mr. MUSKIE. I understand that, but Senator BYRD just mentioned, and still sticks by, his figure of the other day.

Mr. HODGES. Mr. President, will the Senator yield for a further observation?

Mr. MUSKIE. If the Budget Committee is wrong, not to buy either of these amendments, then Senator BYRD is wrong to reduce his amendment, by the strained kind of logic I have been hearing around here.

Mr. HARRY F. BYRD, JR. Mr. President, if the Senator will yield, the Senator reduced his amendment only because there are not enough votes to approve it.

Mr. MUSKIE. The Senator is doing exactly what I said.

Mr. HARRY F. BYRD, JR. I hope there will be enough votes to take the view that at least we want to take steps to reduce one-third of the misuse through waste, mismanagement, and fraud, even though apparently we are not willing to reduce the total amount.

One other comment, and I will not say any more. I am sure the Senator wants to be accurate in his assertions.

Mr. MUSKIE. I hope we are both accurate.

Mr. HARRY F. BYRD, JR. I hope we are both accurate.

The Senator mentioned an abundance of hospital beds. I referred to this in my opening statement, and I will refer to it again.

In calculating the reductions in the three budget categories which are affected by this amendment, we—the Senator from Arkansas and the Senator from Virginia—disregarded what the Inspector General attributed to excess hospital beds, as it could be argued that basically that is a statement of local problems.

So that is not involved in any way in this amendment. We specifically eliminated that item from consideration.

Mr. MUSKIE. Well, that is nice; that is really nice. In other words, if the Secretary managed to eliminate some excess hospital beds and achieved some savings, the Senator would not give him any credit against the total that the Senator is mandating. Is that what the Senator is saying?

Mr. HARRY F. BYRD, JR. That is right, because the Senator from Maine has just made the argument that he could not be expected to have control over those hospital beds.

Mr. MUSKIE. How about the remainder of the argument of the Senator from Maine? What kind of legislative amendment is this? The Senator from Virginia uses this report, which makes no distinction. In the first place, it is a very rough thing, as described by its authors.

Second, the Senator's amendment does not say where the saving is to be

achieved. He says orally and in the record that he excludes any savings that might be achieved by eliminating excess hospital beds, even though that is an important part of the record—a $1.2 billion part of the record.

Mr. HARRY F. BYRD, JR. The fact is that I am taking the figures submitted by the Inspector General of the Department of HEW. It may not be an accurate report. The Inspector General's report says that between $6.4 billion and $7.3 billion was misspent last year.

Mr. MUSKIE. The Senator charges me to be accurate. The report says "fraud, abuse, misspending." Fraud and abuse have been committed by citizens; and the Senator, when he shorthands his remarks, puts them all under misspending. There is a distinction.

Mr. HARRY F. BYRD, JR. I think the Senator will find that the report stated that the $6.3 billion to $7.4 billion which was misspent was spent through waste, mismanagement, and fraud.

Mr. MUSKIE. I know, but the Senator said that the word "misspending" implies——

Mr. HARRY F. BYRD, JR. I know.

Mr. MUSKIE. Why can the Senator not be accurate? He uses "misspending" to imply that somehow the Secretary, with his own hands, has misspent, when a lot of this is fraud committed by citizens, abuse committed by citizens, and beyond the Secretary's control in any direct way that he can cash in for the benefit——

Mr. HARRY F. BYRD, JR. Will the Senator——

Mr. MUSKIE. It is my time. I have listened to the Senator's arguments, and he is repeating them, and I would like to respond to them.

How do you fund the budget of HEW out of the ill-gotten gains of citizens out in the countryside who have abused these particular programs? I do not know how you do it.

This year, the President has proposed a hospital cost control measure to save $2.9 billion by curbing excessive hospital costs. The President also asked for savings from improved management amounting to $400 million.

The Finance Committee rejected both of these savings as unrealistic, in its March 15 letter to the Budget Committee.

Speaking of that, we have assumed $1 billion in savings in the health function, attributable to quality control and cost control, both of them related to the objective of my two friends; and for our pains we are told that we do not care about the problem or we do not think anything can be done about it. When we suggest to the Senators that the Finance Committee, of which one of the Senators is a member, has the direct responsibility, the Senators brush it off onto the Budget Committee. If this is responsible legislation, I fail to see it.

Express concern, of course; Senators should express concern. If the Senator submits a resolution to that effect, he will get 100 votes.

I have been in government for some 30 years, and I have seen attempts to get at abuses in AFDC programs and in social security programs. It is a never ending task, because individual citizens, whether they are doctors or applicants or beneficiaries, seem to have an almost unlimited source of ingenuity to get around the regulations and to get around the rules and to get around the administrators.

When you try to take that out of those who are obeying the law and are applying only for what the law provides and who are not abusing it, by cutting their appropriations, I do not see the equity, frankly. Maybe I am blind; maybe I am stupid; but I think that getting at these abuses is a much more sophisticated kind of problem than cutting back the budget resolution for health, education, and income security in this way.

I suppose I am no more persuasive today than I was the other day. What is frustrating about it all is that it is not really my problem, whatever the Senators say. I have no way and no authority to oversee the administration of these departments and agencies.

That is in the Finance Committee. My two friends refused to put the pressure on the Finance Committee. They want to put it on me. That is fine.

Mr. HODGES. Mr. President, will the Senator yield the floor?

The PRESIDING OFFICER. Who yields time?

Mr. NELSON addressed the Chair.

Mr. HODGES. Go ahead.

The PRESIDING OFFICER. The time is under the control of the managers of the resolution and the Senator from Virginia has time.

Mr. HARRY F. BYRD, JR. Mr. President, I yield such time as he may need to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Virginia yields time to the Senator from Arkansas.

(At this point Mr. HODGES yielded to Mr. NELSON who called up amendment No. 1801, a colloquy thereon ensued, and the amendment was withdrawn. Pursuant to unanimous-consent request the proceedings are printed later in today's RECORD.)

Mr. HODGES. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HODGES. Is there to be a vote at 12:30?

The PRESIDING OFFICER. There is to be a vote at 12:30 on the unprinted amendment of the Senator from New Mexico.

Mr. HODGES. Mr. President, I wish to respond, within the limited time available, to the argument of the distinguished Senator from Maine.

There was certainly nothing in my remarks that could be construed as personal or attacking his concern. As a matter of fact, I think that if he had listened, he would have heard me say at the very beginning of my remarks that I realized he had previously stated he also was concerned about fraud, abuse, and waste.

I think the issue, though, is very simple: When and in what forum are we going to begin to do something about it? I say that the proper forum is today, on the budget resolution.

As we look at the broad outlines of the budget, I am reminded of a second story, a famous Jerry Clowers story, of a man who went coon hunting one night.

If you are not familiar with coon hunting, the coon is in the treetop, and someone has to go up in the tree and knock the coon out. This man took a stick and climbed the tree, and got involved with something a lot larger than a coon. It was snarling, and growling, and screaming, and hollering, and the man down below had a gun. The man in the tree kept yelling, "Shoot, shoot, shoot the coon!" Well, because the man in the tree was turning around in the top of the tree so much, the man down below could not get a clear shot, and he yelled back, "I can't get a clear shot."

Finally the man in the tree said, "Just shoot up amongst us, then, because one of us has got to have some relief."

Mr. President, that is the way the American taxpayer has become. I am able to say that because I recently came from among them, and I will return to them shortly. If we cannot cut out one-third of the mismanagement, fraud, and waste out of this budget—we are not cutting specific line items. The Senator from Maine certainly understands that. He must have been a lawyer, and probably a defense lawyer, because he excels in dragging that red herring across the track. He says, "Oh, we are going to hurt those people by drawing down this line or that line." Mr. President, that is not what it is about at all. That is an emotional response to the issue.

The question is, what are we going to do about the $6.3 billion of fraud, abuse, and waste that has been admitted in their own report? Moreover, they say it is recognized that additional sources of fraud and waste are missing, so this is not even all of it.

The Senator asks the usual question, "How can we do it and where do we cut?" I say that an agency that has 1,217,000 employees, more than our Army and Marine Corps combined, can surely find someone to institute a management system to cut out some of this fraud, abuse, and waste. I think ours is a reasonable amendment; it is not one that is going to deprive people of these things. It is a cut by function, not by line item, and it does not cut specific programs.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. HODGES. Yes.

Mr. CHILES. I just wanted to take this opportunity to compliment the Senator from Arkansas and the Senator from Virginia for the amendment they are proposing. I am going to vote against it, since I am on the Budget Committee, but I think this is the way these issues should be brought up on the Senate floor. You have specified the functions that are to be cut; it is not a 5-percent cut or a $3 billion cut. I think that is the thing Senators like to write letters back home about, and say, "I attempted to cut the budget by 5 percent or $5 billion," and I think this is a much more reasonable way.

I think every Member of the Senate has a right to propose such cuts when the budget comes to the floor. We are

talking about a national debate on priorities, and if this is where you think some priorities should be cut, you have a right to try to do that, and I compliment you for attempting to do it and to do it in that way.

On the Budget Committee, as we go through all the items and go through that process a couple of times, what we attempt to do is to set the whole pie.

I have never been one of those who said, "You can only have this part of government but you cannot have that part."

We have to have an adequate defense and at the same time we have to do something for the people. We have to have something in those areas.

What we have attempted to do is to make a rational determination. We obviously think we have made a good one. We have reduced the budget. I think the Senator's amendment is very important and I compliment him for it.

UP AMENDMENT NO. 1247

The PRESIDING OFFICER. The hour of 12:30 having arrived the question is on the Domenici amendment, unprinted amendment No. 1247.

Mr. MUSKIE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Illinois (Mr. PERCY) and the Senator from New Mexico (Mr. SCHMITT) are necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 36, nays 59, as follows:

[Rollcall Vote No. 136 Leg.]

YEAS—36

Allen	Goldwater	McIntyre
Biden	Griffin	Metzenbaum
Byrd, Harry F., Jr.	Haskell	Morgan
Chafee	Hatch	Nunn
Church	Hatfield, Mark O.	Proxmire
Curtis	Hayakawa	Roth
Danforth	Helms	Sasser
DeConcini	Hollings	Schweiker
Dole	Johnston	Scott
Domenici	Laxalt	Thurmond
Eagleton	McClure	Wallop
Ford	McGovern	Zorinsky

NAYS—59

Abourezk	Hansen	Moynihan
Anderson	Hart	Muskie
Bartlett	Hatfield, Paul G.	Nelson
Bayh	Hathaway	Packwood
Bellmon	Heinz	Pell
Bentsen	Hodges	Randolph
Brooke	Huddleston	Ribicoff
Bumpers	Humphrey	Riegle
Burdick	Inouye	Sparkman
Byrd, Robert C.	Jackson	Stafford
Cannon	Javits	Sarbanes
Case	Kennedy	Stennis
Chiles	Leahy	Stevens
Clark	Long	Stevenson
Cranston	Lugar	Stone
Culver	Magnuson	Talmadge
Durkin	Mathias	Tower
Eastland	Matsunaga	Weicker
Glenn	Melcher	Williams
Gravel		Young

NOT VOTING—5

Baker	Pearson	Schmitt
Garn	Percy	

So Mr. DOMENICI's unprinted amendment No. 1247 was rejected.

(Mr. ZORINSKY assumed the chair.)

Mr. ABOUREZK. I move to reconsider the vote by which the amendment was rejected.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1807

Mr. MUSKIE. Mr. President, I understand there is now to be 4 minutes of debate, evenly divided between the Senator from Virginia and myself.

The PRESIDING OFFICER. The Senator is correct.

Mr. MUSKIE. And that, following that, there will be a vote on the amendment of the Senator from Virginia (Mr. HARRY F. BYRD, JR.)

The PRESIDING OFFICER. That is correct.

Mr. MUSKIE. I ask for the yeas and nays on the Byrd amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MUSKIE. I yield my time to the Senator from Louisiana (Mr. LONG).

Mr. LONG. Mr. President, the Senator proposes a $2 billion reduction in the funds available for the Health, Education, and Welfare programs on the theory that there is waste and there is mismanagement in these programs. I have no doubt that that is correct. But, Mr. President, it is very difficult to get at it. For example, in trying to get at the amount of waste in the welfare program, we run afoul of the person's right to privacy.

Mr. MUSKIE. Mr. President, may we have order?

The PRESIDING OFFICER. Will the Senator from Louisiana suspend for a moment?

Will the Senators please take their seats and cease their private conversations?

The Senate is not in order. The Senator will suspend until we have order in the Senate.

The Senator from Louisiana.

Mr. LONG. I would like to do a lot more by way of intruding on someone's right of privacy, to challenge eligibility to welfare payments, and the majority of the Members of the Senate are willing to do so, but we do the best we can.

It said that in the health programs we have excessive hospital beds. Well, are we going to do something about that? We will do what we can, but we will not be able to get all the waste out, or eliminate all unnecessary hospital beds, any more than we will be able to eliminate all the unnecessary surgery, or that we will be able to eliminate the hospital stays beyond the bare essential days a person should be in the hospital.

There is a lot of waste. We are not able to get at every item of waste that exists in programs, and we have been trying to eliminate it for the last 29 years I have been here, but we will do the best we can, and because we are not able to find and eliminate it all, there will still be a lot of it left in these programs, just as there is in every other Government program, by the time we are through with it.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

The Senator from Virginia (Mr. HARRY F. BYRD, JR.).

Mr. HARRY F. BYRD, JR. Mr. President, I yield 1 minute to the Senator from Arkansas (Mr. HODGES), who is a cosponsor of this amendment.

Mr. HODGES. I thank the Senator.

I think we need to be clear that this amendment does not involve cutting regular, ordinary funds. It deals with fraud, waste and abuse, and our own Inspector General indicated there is $6.3 billion of that.

We are simply taking one-third of that amount and cutting it and saying, "Let's do something about it."

There is time to start. They have 1,217,000 employees in HEW. Surely, somewhere among them there is someone who can do something about it.

Social security has reduced fraud, waste, and abuse to 1 percent. We are talking about cutting programs where it is up to 10 percent and the taxpayers are sick of it.

I ask the support of Senators on this amendment.

The PRESIDING OFFICER. The Senator from Virginia now has 1 minute.

Mr. HARRY F. BYRD, JR. Mr. President, the present concurrent resolution adds to the three functions involved in this amendment, adds a total of $25 billion of what is being spent in the current fiscal year.

This amendment would reduce that increase by $2.1 billion. It is prompted, Mr. President, by the official report of the Inspector General on HEW in which he said that there is a minimum of $6.3 billion to $7.4 billion of misspent funds through waste, fraud, and mismanagement.

I wish to read one sentence from that report. Here is the Inspector General's own statement:

> In our view, this $6.3 billion to $7.4 billion, misspent funds through waste, mismanagement and fraud, is a conservative measure of the extent of fraud, abuse and waste in key HEW programs.

All this amendment does is ask that we reduce the total by $2.1 billion.

Mr. President, I ask unanimous consent that chapter 1, from the Department of HEW, Office of Inspector General, annual report, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CHAPTER 1: AN INVENTORY OF "BEST ESTIMATES" OF FRAUD, ABUSE AND WASTE IN HEW PROGRAMS

A wealth of information has resulted from Congressional hearings, GAO audits, HEW audits, quality control surveys, and other studies dealing with problems of fraud, abuse, and waste in HEW programs. Some of these span many years and reveal chronic failures to take corrective action. Others reveal dramatic progress in reducing losses due to errors and ineligibility rates. But no summary or analysis of these findings has ever been compiled. Hence, it was decided to com-

pile an inventory of the "best available estimates" we could locate.

It must be stressed that this summary is no more than an initial inventory. It is not an independent study, although we believe the data are reasonable estimates. Because the sources are not complete, the inventory is not complete. Despite these limitations, it is the best perspective that has yet been assembled. In our view, it portrays a conservative measure of the extent of fraud, abuse, and waste in key HEW programs, and their causes.

It must also be acknowledged that it is virtually impossible to distinguish sharply between *fraud, abuse,* and *waste,* since frequently one problem involves all three. For purposes of rough definition, we have adopted the following:

Fraud is defined as the obtaining of something of value, unlawfully, through willful misrepresentation.

Abuse covers a wide variety of excessive services or program violations, and improper practices not involving prosecutable fraud.

Waste is the incurring of unnecessary costs as a result of deficient practices, systems or controls.

As summarized below, this inventory of best estimates reveals that for programs involving Federal outlays in FY 1977 of $136.1 billion, the incidence of fraud, abuse and waste—at a minimum—ranged between $6.3 and $7.4 billion. (Exhibit 1)

The PRESIDING OFFICER. All time has been expired. The question is on agreeing to the amendment of the Senator from Virginia. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK) is necessarily absent.

Mr. STEVENS. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 38, nays 57, as follows:

[Rollcall Vote No. 137 Leg.]

YEAS—38

Allen	Goldwater	Morgan
Bartlett	Griffin	Nunn
Bentsen	Hansen	Proxmire
Bumpers	Hatch	Roth
Byrd, Harry F., Jr.	Hayakawa	Schmitt
Cannon	Helms	Scott
Curtis	Hodges	Stone
DeConcini	Hollings	Talmadge
Dole	Huddleston	Thurmond
Domenici	Johnston	Tower
Eastland	Laxalt	Wallop
Ford	Lugar	Young
	McClure	Zorinsky

NAYS—57

Anderson	Haskell	Metzenbaum
Bayh	Hatfield, Mark O.	Moynihan
Bellmon	Hatfield, Paul G.	Muskie
Biden	Hathaway	Nelson
Brooke	Heinz	Packwood
Burdick	Humphrey	Pell
Byrd, Robert C.	Inouye	Randolph
Case	Jackson	Ribicoff
Chafee	Javits	Riegle
Chiles	Kennedy	Sarbanes
Church	Leahy	Sasser
Clark	Long	Schweiker
Cranston	Magnuson	Sparkman
Culver	Mathias	Stafford
Danforth	Matsunaga	Stennis
Durkin	McGovern	Stevens
Eagleton	McIntyre	Stevenson
Glenn	Melcher	Weicker
Gravel		Williams
Hart		

NOT VOTING—5

Abourezk	Garn	Percy
Baker	Pearson	

So the amendment of Mr. HARRY F. BYRD, JR. (No. 1807) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I am particularly pleased that before the last vote the distinguished Senator from Virginia asked that chapter 1 of the Inspector General's report be printed in the RECORD. It is an informative, careful, and competent statement. It also says something with which I think the Senator from Virginia might agree. It shows that the great area of loss in welfare programs is now in the medical field, that welfare, which has been a subject of calumny over the years, is relatively limited, possibly because it is responding to congressional attention.

I would love to see the study of the median income of the benefactors of much of the fraud, mismanagement, and waste of the present system which makes it even less conscionable.

Mr. HARRY F. BYRD, JR. I thank the Senator from New York.

If I could suggest to the Senator, the Senator from Virginia feels, also, Congress should be very careful how it goes into the national health insurance programs because of the waste, mismanagement, and fraud which already exist in a relatively small program compared to what might be forthcoming if we go into a national program.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. MAGNUSON. I must say I did not vote with the Senator from Virginia, although I am very conscious of this problem, but last year in the Committee on Appropriations we were able to cut $1.5 billion under the budget for medicaid and welfare because the rolls have been going down. I attribute that to better enforcement this year.

So the reason I did not vote with the Senator is because I want to see the figures again, and I am sure the Appropriations Committee is not going to come anywhere near the budget, but we want flexibility until we know that someone will not get hurt who did not deserve to get hurt. This is the problem.

Mr. HARRY F. BYRD, JR. I thank the distinguished chairman of the Appropriations Committee.

I do not think anyone could possibly have gotten hurt under the amendment offered by the Senator from Virginia.

Mr. MAGNUSON. Maybe so.

Mr. HARRY F. BYRD, JR. That is so because the amount of funds in this concurrent resolution for the three functions covered by the amendment of the Senator from Virginia have been increased by $25 billion.

Mr. MAGNUSON. Yes.

Mr. HARRY F. BYRD, JR. And I sought to cut only $2.1 billion from that increase. Also, the Inspector General in his report, of which I had the cover page printed in the RECORD, said that his estimate of fraud, waste, and mismanagement, which he figures at somewhere between $6.3 billion and $7.4 billion, is a conservative estimate.

Mr. MAGNUSON. Yes.

Mr. HARRY F. BYRD, JR. I am mighty glad the able Senator from Washington will take a keen look at this problem when it comes before his Appropriations Committee.

Mr. MAGNUSON. There is one thing on which I am like the Senator from New York. I appreciate the Senator from Virginia taking a close look at these things.

There is one thing the Appropriations Committee is going to take a close look at finally after 2 or 3 years. We had always asked the question, how many people are employed in HEW. They would say: "Oh, there are 140 programs." I said: "No, how many do the taxpayers pay out of the till for HEW programs?" They said: "In some cases we pay half and the State pays half." I said: "Well, if you pay half on two that is one."

Mr. HARRY F. BYRD, JR. That is good.

Mr. MAGNUSON. Finally, Mr. Califano came up and he hesitated. He said:

I am almost ashamed to say this, but there are 1,144,000 people paid for out of the Federal till for the programs of HEW.

Mr. HARRY F. BYRD, JR. That is an astonishing figure.

Mr. MOYNIHAN. My Lord.

Mr. MAGNUSON. That is more than the U.S. Army.

Mr. HARRY F. BYRD, JR. More than the Army and almost more than the Army and Navy combined.

Mr. MAGNUSON. Yes.

Of course 1,144,000 includes a lot of social security offices all over the country. That is everything. But that comes out of the till.

Mr. HARRY F. BYRD, JR. Yes.

Mr. MAGNUSON. We pay that, the Federal taxpayer.

Mr. HARRY F. BYRD, JR. The taxpayers pay that.

Mr. MAGNUSON. Yes; 1,144,000 people.

Mr. HARRY F. BYRD, JR. I am glad the Senator from Washington has a keen eye on that.

Mr. MAGNUSON. I will look at that, also, when we get down there.

Mr. HARRY F. BYRD, JR. I apologize to the Senator from New York for taking so much time.

Mr. MOYNIHAN. I thank the Senator from Virginia.

(The following proceedings occurred during the consideration of amendment No. 1807, and are printed at this point in the RECORD by unanimous consent.)

Mr. NELSON. Mr. President, will the Senator from Arkansas yield for a question?

Mr. HODGES. I yield to the Senator from Wisconsin.

Mr. NELSON. At some point I wish to call up an amendment, upon which I will not ask for a vote, for a brief colloquy with the Senator from Florida and the Senator from Maine.

Mr. HODGES. I will be happy to yield for that purpose.

Mr. NELSON. Mr. President, I ask unanimous consent that the colloquy en-

gaged in at this time on amendment 1801 be placed in the RECORD at the appropriate place so that it does not interrupt the debate that has been occurring on the amendment of the Senator from Virginia and the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1801

(Purpose: To increase budget authority for the income security function and total budget authority by $6,100,000,000 in order to recognize liabilities the Federal Government has incurred as a result of benefits provided under the Civil Service Retirement System)

Mr. NELSON. Mr. President, I call up amendment No. 1801 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON) proposes amendment numbered 1801.

Mr. NELSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 11, strike out "$566,100,000,000" and insert in lieu thereof "$572,200,000,000".

On page 4, line 4, strike out "$192,500,000,000" and insert in lieu thereof "$198,600,000,000".

Mr. NELSON. Mr. President, this amendment proposes to increase the budget authorization in this resolution from $566,100,000,000 to $672,200,000,000.

Mr. President, I am raising this question for purposes of having a discussion with representatives of the Budget Committee concerning the liabilities of the Federal civil service retirement fund.

The Federal civil service retirement fund will incur additional liabilities of $6 billion for benefits accruing in fiscal year 1979 under the Civil Service Retirement System.

The overall unfunded liability of the Federal civil service as of today is $117 billion. The unfunded liability is projected to reach $360 billion by the year 2000 unless changes are made to remedy this situation.

So this amendment would increase the budget authority of the income security function—function 600—set forth in the first concurrent budget resolution by $6.1 billion to reflect the liability the Federal Government will incur in fiscal year 1979 as a result of the Federal retirement benefits provided to Federal employees through the civil service retirement program. Currently, the Federal agencies report only their annual matching contributions, not the total associated with providing civil service retirement benefits to Federal workers. This amendment would increase budget authority under function 600 to reveal the present and future costs in fiscal year 1979 of the largest Federal retirement system—the civil service retirement program.

It is time for the Congress to acknowledge that the Federal Government has assumed monumental liabilities associated with the civil service retirement program, and reflect these retirement costs in the Federal budget.

In 1974, Congress enacted the Budget Control Act. This legislation established an annual discipline through which Congress, after consideration of the President's proposed budget and with the advice of its legislative committees and other knowledgeable persons, sets forth expenditure and revenue targets for Federal programs. The amendment I am offering today is designed to fulfill the goals and objectives of this process. Civil service retirement benefits have significant budgetary implications for Federal Agency operation costs that should be reflected in the congressional budgeting process.

Right now, there are some 68 different retirement systems covering Federal employees, although 7 of these plans cover 98 percent of all Federal employees. These seven retirement systems include: civil service, Foreign Service, uniformed services, U.S. Tax Court judges, Tennessee Valley Authority, Federal judiciary, and the Federal Reserve Board. The civil service retirement program, however, covers 75 percent of all Federal civilian employees.

The fiscal year 1979 budget recommendations sent to the Congress by the President do not reveal how much it costs American taxpayers to support the retirement benefits of personnel within Federal agencies. This is true for virtually every agency of the Federal Government, ranging from the Department of Health, Education, and Welfare to the Department of Commerce.

Budgets of the Federal agencies indicate only a portion of the costs associated with the civil service retirement system. The portion of retirement costs which these budgets do reveal is the amount which the agency is required to contribute as its match to the employee contribution. Agencies whose employees are covered by the civil service retirement system are required to make a matching contribution to the retirement fund. This agency match is generally 7 percent of payroll throughout the Federal Government, where the employee works in the Government.

This approach to the reporting of the agency contributions to the civil service retirement programs on behalf of their employees does not reflect the full costs to the Federal Government of the primary Federal retirement program. In fact, the employee and agency contributions together do not pay for even one-half the cost of the civil service retirement program.

Data prepared at my request by the chief actuary of the civil service retirement fund demonstrates that, at a minimum, the Civil Service Retirement System in fiscal year 1977 cost 29.3 percent of payroll with the Federal Government paying 75 percent of these costs. Employees contributed 7 percent, agencies another 7 percent, and general revenue contributions were 15.3 percent, making for a total Government contribution of 22.3 percent of payroll. Virtually all the other Federal retirement programs are similarly situated—employee and agency contributions are not paying the full cost of retirement benefits.

I ask unanimous consent that a report prepared for me by the chief actuary of the Civil Service Retirement System, which illustrates the true total costs of the Civil Service Retirement System be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

CONTRIBUTIONS OF THE CIVIL SERVICE RETIREMENT FUND AS A PERCENTAGE OF COVERED PAYROLL

[In percent]

Fiscal year	Employee contribution	Government contribution: Agency	Government contribution: General revenues	Government contribution: Total Government contribution	Total
1970	6.7	6.7	0.9	7.6	14.3
1971	7.0	7.0	2.8	9.8	16.8
1972	7.0	7.0	3.9	10.9	17.9
1973	7.0	7.0	5.9	12.9	19.9
1974	7.0	7.0	7.7	14.7	21.7
1975	7.0	7.0	11.8	18.8	25.8
1976	7.0	7.0	13.1	20.1	27.1
1977	7.0	7.0	15.3	22.3	29.3
Projected [2]					
1978	7.0	7.0	17.5	24.5	31.5
1979	7.0	7.0	19.4	26.4	33.4
1980	7.0	7.0	21.2	28.2	35.2
1985	7.0	7.0	23.1	30.1	37.1
1990	7.0	7.0	25.1	32.1	39.1
1995	7.0	7.0	26.8	33.8	40.8
2000	7.0	7.0	28.0	35.0	42.0

[1] Combined employee Government contributions.
[2] With 4 percent CPI, 4.5 percent salary increase, and 5 percent interest on trust funds.

Mr. NELSON. Because Federal agencies indicate only a portion of the costs accruing to the Government for providing benefits under the civil service retirement program, the actual cost of Federal Government operations is being seriously understated, and some agencies whose operations are intended to be self-supporting are annually receiving large unrecognized subsidies.

The amendment I am offering today would insure that the fiscal year 1979 first concurrent budget resolution acknowledge and anticipate the liabilities the Federal Government will incur in the next fiscal year as a result of the benefits promised to Federal employees by the civil service retirement program.

In my judgment, Congress should recognize these civil service benefit costs in the budget process, and require that the agencies recognize the costs in their budgets, so that the Congress and the American public will be provided with realistic information on the actual cost of Federal retirement systems, and therefore the total cost of operating programs and agencies. With this information, our ability to make sound fiscal and legislative decisions on funding or amending Federal retirement and agency programs would be significantly enhanced.

This is not a new idea. It has, in fact, been recommended by the General Accounting Office in a report entitled "Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits," and in an Office of Manage-

ment and Budget Circular, numbered A–76.

The General Accounting Office, in its report on the Federal retirement systems, reached this conclusion:

Funding of Federal retirement systems remains a serious, growing problem that needs further attention. We believe that retirement costs for all systems should be determined and funded on a dynamic basis. The Congress, employees, and the taxpayers should not be misled by unrealistic estimates of retirement costs. When the full costs are not recognized, there may be a tendency to adopt added benefits which could jeopardize the eventual affordability of the retirement systems. Lack of full cost recognition also results in the understatement of the costs of Government programs, including subsidies to agencies whose operations are intended to be self-supporting. Furthermore, without full funding, the Government's retirement system liabilities are not totally reflected in the public debt.

We recommend that the Congress enact legislation requiring all Federal retirement systems to be funded on a dynamic normal cost basis and that the difference between dynamic normal cost and employee contributions be charged to agency operations.

COST OF FEDERAL RETIREMENT PROGRAMS

The benefits accruing to employees under the various Federal retirement systems represent a very large and growing long-term financial commitment of the Federal Government. The full recognition of these liabilities as they accrue is essential, both in terms of determining and allocating the cost of Government operations and in determining the uncontrollable fixed costs to general revenues. At present, these benefit costs are not fully recognized and, consequently, huge unfunded liabilities have been created and the costs of operating Federal programs are understated.

An examination of the Civil Service Retirement System, which covers 75 percent of Federal employees, illustrates the situation most Federal retirement systems find themselves in.

CIVIL SERVICE RETIREMENT COSTS

Normal cost—The value of benefit rights accrued annually by employees under a retirement system is referred to as the "normal cost" of the system. Normal cost is commonly expressed as a percent of payroll, representing the estimate of the amount of funds which, if accumulated annually and invested over covered employees' careers, will be enough to meet their future benefit payments. The process utilized to determine the normal cost involves mathematically predicting the future experience of the system (salary progression, rate of return on investments, probable rates of employees' death, disability, retirement, and termination of employment) and translating this experience into cost on the basis of the system's benefit provisions.

There are two methods to calculate normal costs: using static or dynamic projections.

"Static" calculations do not consider future general pay increases or annuity cost-of-living adjustments. The normal cost of civil service retirement is calculated by the Board of Actuaries on a static basis. However, annuities are based on an employee's salary, which is adjusted for inflation each year, and annuities are also adjusted according to mandated statutory semi-annual cost-of-living increases. These increases in salary create additional liabilities on the Civil Service Retirement System (Federal white collar salaries have increased 70 percent since 1969). Moreover, annuity adjustments to current retirees increase twice a year based on the Consumer Price Index increase in the previous 6 months. These increases for retirees have totaled over 80 percent since 1969. The Board of Actuaries estimates the system's static cost to be 13.66 percent of covered payroll.

"Dynamic" caculations consider the existing statutes which provide for future pay increases and annuity cost-of living increases. The Board of Actuaries has estimated the dynamic costs to range from 21.56 percent to 28.74 percent of payroll, depending on the economic assumption used. The Office of Management and Budget estimates the dynamic normal cost of civil service retirement to be 27.4 percent of pay at present.

METHOD OF FINANCING

A retirement system is considered actuarially sound if trust fund reserves and income to be received are equal to the system's liability for benefit payments to present retirees and the anticipated liability for active employees who will receive benefits in the future.

Most Federal employees contribute 7 percent of pay and agencies match this contribution with another 7 percent for a total of 14 percent (congressional employees contribute 7.5 percent, and Members of Congress contribute 8 percent of pay). Historically, the 14 percent combined rate has been compared to the static normal cost of 13.66 percent, leading some to the conclusion that the civil service retirement system is actuarially sound.

Because of the relationship between the employee contribution rate and the static normal cost, many people are convinced that Federal employees pay half the cost of their benefits. Historically, the Government has not always matched the employee contribution each year by putting its contribution into the trust fund, and therefore, it is also widely believed that the current unfunded liability is the responsibility of and should be financed by the Federal Government.

In fact, employees pay much less than half the cost of the retirement system, and this can be demonstrated in several ways. The fact that the largest share of the benefit cost is paid by Federal general revenues can be seen by comparing total employee contributions to the benefits received by new annuitants. By this measure each group of new retirees pays over their working years for less than 2 years of their retirement benefit. The 1975 civil service retirement statistical report, for example, shows an average total contribution by employees of $10,218 and an average annual benefit of $7,164. If interest payments are inincluded, the employee contributions would pay benefits for less than 4 years while the life expectancy after retirement of new annuitants is around 20 years. Although many other factors are involved, such as survivor benefits, withdrawal probabilities and cost-of-living increases, the ratio of expected employee share of civil service retirement cost to Government contributions is 1 to 5.

The total contributions to the civil service retirement system in fiscal year 1977 was 29.3 percent of payroll, with the Federal Government paying 75 percent of these costs. At my request, the chief actuary projected the future costs of this system.

By the year 2000 the Chief Actuary estimates that the civil service retirement system will cost a total of 42 percent of payroll or 7 percent of pay for employees and 35 percent of payroll for the Government. It should be emphasized that these cost projections are based on optimistic economic projections of a 4 percent increase in the Consumer Price Index, 4.5 percent salary increase and 5 percent interest annually.

Clearly, the current method of utilizing static calculations to determine financing requirements does not reveal the total costs of the system. The total costs are hidden from the general public and even from Federal employees or retirees who often believe their contribution and an equal agency contribution on their behalf actually finances the system.

There is a need to determine the actual long-range cost of the current civil service retirement system and other Federal retirement systems, taking into account the effect of inflation on salaries and benefits. Such costs should be determined through the use of dynamic assumptions.

There are three major economic assumptions which must be included in a dynamic valuation of a retirement system: annuity increases, salary increases occurring as a result of inflation adjustments, and the rate of investment return.

In civil service retirement, postretirement annuities are tied to the Consumer Price Index (CPI) and initial annuity levels are related to the average of the highest 3 years' salary. Therefore, assumptions must be made as to the future CPI annuity increases and salary increases and salary increases in a dynamic valuation of civil service retirement. The interest rate for investment return used in a dynamic valuation should also be higher than that used for a static valuation since the return should be higher as inflation increases.

The Civil Service Retirement Board of Actuaries, in its most recent actuarial report, expressed concern that the potential long-range obligations resulting from pay increases and annuity cost-of-living adjustments are not reflected in static calculations. The Board, therefore, present dynamic calculations in its report.

Both the General Accounting Office and the Office of Management and Budget (OMB) have recommended that the costs of the Civil Service Retirement System be determined through the use of dynamic calculations.

In October of 1976, OMB instructed all Federal agencies to use a retirement cost factor of 31.7 percent of payroll when making decisions and cost comparisons for the purpose of determining whether

to use Federal employees and facilities or contract out for needed services and products. In June of 1977, OMB temporarily suspended the instructions and has since redetermined the dynamic normal cost to be 27.4 percent based on revised economic assumptions. My office has been advised that OMB plans to reissue the instructions by the beginning of the upcoming fiscal year.

The time has come for the Congress to recognize the retirement programs' total costs in the budget process, in appropriations, and in developing future legislation and policy. If Congress is to make prudent decisions, then the true facts must be revealed.

UNDERSTATED COSTS RESULT IN UNRECOGNIZED SUBSIDIES

When agencies, whose operations are intended to be self-supporting, are only charged a portion of the costs accruing to the Government for Federal retirement programs, these agencies are receiving annually substantially unrecognized subsidies.

There are many Government agencies that have been established to operate on a self-supporting basis, and others that sell products or services which are expected to recover costs incurred. Because most of these agencies are charged only 7 percent of payroll for Federal retirement contributions, their operations are, in effect, subsidized by an amount that is equal to the agency's share of unrecognized and unallocated retirement costs.

The General Accounting Office reported that the Federal Home Loan Bank Board, the Export-Import Bank, the Federal Deposit Insurance Corporation, the Panama Canal Company and Canal Zone Government, and the Farm Credit Administration collectively received $41 million in subsidies in 1976. The General Accounting Office calculated the subsidies by using the Office of Management and Budget's estimate in effect at that time of 24.7 percent as the dynamic normal cost for the retirement system not covered by employee contributions.

Mr. President, I ask unanimous consent that there be printed in the RECORD a letter dated April 24, 1978, written to me by the General Accounting Office signed by H. L. Krieger, Director of the Federal Personnel and Compensation Division.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C., April 24, 1978.

Hon. GAYLORD NELSON,
U.S. Senate.

DEAR SENATOR NELSON: This is in response to your letter of March 10, 1978, which asked among other things, for a comprehensive list of Federal agencies and the amounts by which their fiscal year 1979 budget authority should be increased to reflect the actual cost of Federal retirement programs. In subsequent discussions with your staff, it was agreed that the information should be limited to the three largest retirement programs—the civil service, uniformed services, and Foreign Service retirement systems—and that the additional amounts should be aggregated for each of the 12 cabinet-level departments.

CIVIL SERVICE RETIREMENT SYSTEM

As discussed in our August 3, 1977, report entitled, "Federal Retirement Systems: Unrecognized Costs, Inadequate Funding, Inconsistent Benefits," the cost of benefits accruing each year under the civil service system are understated because no consideration is given in the "normal cost" calculations to the effect of future general pay increases and annuity cost-of-living adjustments on ultimate benefit payments.

The normal cost of the system is currently estimated to be 13.66 percent of pay which is about equal to the combined rate of contributions being made to the retirement fund by agencies and their employees (generally 7 percent of pay each). However, the Office of Management and Budget (OMB) has determined that the "dynamic" normal cost of the system is 27.4 percent of pay, assuming that future pay increases and interest on fund investments will average 1.5 percent and 2.5 percent, respectively, above the future rate of inflation. Based on this OMB estimate, Federal agencies should be contributing 20.4 percent of their covered employees' pay to the fund (27.4 percent less 7 percent employee contributions) if their budgets are to reflect the full cost to the Government of benefits accruing under the system.

The total payroll for employees covered by the system is estimated to be about $45.8 billion during fiscal year 1979. At 20.4 percent of pay, the cost to the Government of benefits accruing during the year will be $9.3 billion—$6.1 billion more than the $3.2 billion included as agency contributions in the proposed fiscal year 1979 budget. The following table shows the amounts we estimate should be added to the budgets of each of the 12 departments to reflect their share of retirement system costs.

[In millions of dollars]

Department	Costs at 20.4 percent of pay	Costs included in proposed budget	Additional amounts needed
Agriculture	305.6	104.9	200.7
Commerce	111.2	38.1	73.1
Defense	2,227.5	764.3	1,463.2
Energy	82.2	28.2	54.0
Health, Education, and Welfare	523.5	179.6	343.9
Housing and Urban Development	71.9	24.7	47.2
Interior	205.5	70.5	135.0
Justice	209.3	71.8	137.5
Labor	93.2	32.0	61.2
State	57.7	19.8	37.9
Transportation	323.0	110.9	212.1
Treasury	385.8	132.4	253.4
Total	4,596.4	1,577.2	3,019.2

The remaining $3.1 billion in unrecognized costs are applicable to the Postal Service ($1.3 billion) and other Federal agencies ($1.8 billion).

UNIFORMED SERVICES RETIREMENT SYSTEM

This system operates on a pay-as-you-go basis. A fund is not maintained, and benefit payments are financed through annual congressional appropriations. As a result, the Department of Defense budget reflects some of the cost of retirement benefits earned in prior years but does not include any accrual of retirement costs for current military personnel.

At our request, the actuary for the Department of Defense calculated the normal cost of the system using the economic assumptions followed by OMB for the civil service system. The normal cost was determined to be 37.1 percent of basic pay, excluding survivor benefits and benefits for reserve personnel.

The proposed fiscal year 1979 budget includes $17.2 billion for basic pay for active military personnel. At 37.1 percent of basic pay, the cost of retirement benefits accruing during the year would be $6.4 billion.

FOREIGN SERVICE RETIREMENT SYSTEM

Under this system, employees contribute 7 percent of pay, and the Government contributes the difference between the system's normal cost and employee contributions. Currently, the system's actuary estimates normal cost to be 21.89 percent of pay, 14.89 percent of which represents the Government's share. However, using OMB's economic assumptions, the system's actuary estimated normal cost to be 32.37 percent of pay.

The proposed fiscal year 1979 budget includes $40.6 million as the Government's share of the system's currently accruing retirement costs. This amount is based on a normal cost contribution of 21.89 percent and an estimated 1979 payroll for personnel covered by the system of $272.9 million. However, based on the same payroll and a normal cost of 31.37 percent, the Government's share for fiscal year 1979 would be $69.2 million, a difference of $28.6 million from that contained in the proposed budget.

We trust this information satisfies your needs.

Sincerely yours,

H. L. KRIEGER,
Director.

Mr. NELSON. The U.S. Postal Service provides another example of a subsidy being provided to an agency that is intended to be self-supporting.

Of all the agencies participating in the Civil Service Retirement System, the Postal Service is the only one required to amortize any increase in the system's unfunded liability which results from employee pay raises and benefit increases. The General Accounting Office reported that in 1976—

. . . the Postal Service paid about $1 billion to the Civil Service retirement fund, including $614.5 million to match employees' contributions and $385.9 million in amortization payments. However, if accruing costs were calculated on a dynamic basis and the Postal Service was required to pay all costs not covered by employees' contributions, the Service's 1976 contribution would have been approximately $2.2 billion—$1.2 billion more than the amount paid. Subsidies will continue each year as long as the Postal Service is not required to pay for cost-of-living adjustments received by retirees.

Many other agencies and instrumentalities are receiving similar subsidies, including the Federal National Mortgage Association, Farm Credit Banks, the Tennessee Valley Authority and the District of Columbia, to name just a few. There are many others.

Through the budget process, Congress should recognize the full cost of Federal retirement programs; otherwise, the cost of Government operations will be understated. The liabilities assumed by the Government, as required in the various retirement laws, will be ignored and agencies and entities whose operation the Congress intended to be self-supporting will continue to receive subsidies.

The amendment I am offering will put an end to Congress' ability to deceive itself and the American public by failing to recognize the full costs of the Civil Service Retirement System. This amendment will add $6.1 billion in budget authority to function 600 in order to fully recognize the retirement costs associated with all Federal employees covered by

civil service retirement. Several weeks ago, I introduced legislation which would move the legislative committees toward recognition of these costs. I have also advocated the establishment of one Pension Committee herein in the Senate to oversee the proliferation of Federal retirement programs, to review and update their financing plans, and to coordinate their benefits.

Today, I am proposing that the budget process, and ultimately the appropriation process, also recognize Federal retirement systems' costs. The Federal Government has promised civil service retirement benefits to millions of Federal workers. It is time now to recognize the terms and obligations associated with providing those benefits.

Mr. President, in summary, the purpose in offering this amendment is to call attention to Congress and the public, though I am aware that the members of the Budget Committee and others, also, I am sure, recognize that the system of reporting on the retirement costs underestimates very, very dramatically the obligation that is being incurred. It seems to me that it is time this figure be included in the budget so that Congress not only is informed but then is compelled to address itself to the question of the additional $6 billion in liabilities incurred by the Federal Government as a result of benefits accruing under Civil Service Retirement System.

The facts are that although there is some $49 billion in the reserve of the Federal civil service system, in actuality the unfunded obligation is rising very rapidly year by year.

If my memory is correct, the year I came here in 1963 the unfunded liability was about $37 billion. This year it is $117 billion and, as I stated a few moments ago, is projected to go to about $360 billion in the year 2000.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the following material: A history of civil service retirement financing, a brief explanation of how unfunded liability is determined under the civil service retirement system, and three charts prepared at my request by the Chief Actuary of the civil service retirement system.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HISTORY OF CIVIL SERVICE RETIREMENT SYSTEM FINANCING PRIOR TO THE 1969 STATUTE (P.L. 91-93)

EMPLOYEE CONTRIBUTIONS

The employee contribution rate has been specified by law since the CRS system began in 1920. While there have been and there are special rates for select small groups of employees, the percent of pay specified for most employees has generally been as follows:

Period:	*Rate percent*
August 1, 1920 to June 30, 1926	2½
July 1, 1926 to June 30, 1942	3½
July 1, 1942 to June 30, 1948	5
July 1, 1948 to October 31, 1956	6
November 1, 1956 to December 31, 1969	6½
January 1, 1970 to present	7

GOVERNMENT CONTRIBUTIONS

Since 1920, several methods for determining contributions to meet the government's share of costs have been utilized.

1920–1928—no appropriations were recommended by the President, or enacted by the Congress.

1929 through World War II (1949)—appropriations enacted by the Congress were those recommended by the President. The amounts recommended by the President were generally sufficient to cover normal cost and to amortize the unfunded liability by the end of the century. These amounts were never equal to the employee contributions, but were instead sometimes higher and sometimes lower.

1950–1957—The President recommended appropriations based on several different methods. The Congress enacted lower appropriations on five occasions; higher amounts twice; and the amount proposed once. During these years appropriations were, at least, $50 million below employee contributions and were most frequently $100 million below employee contributions. The primary cause and effect of the low levels of financing was an effort to help balance the Federal budget, which at the time was directly affected by CSR contributions.

1956 Civil Service Retirement Amendments (P.L. 84–854)—These amendments were effected at the beginning of FY 1958. They provided that each federal agency contribute from its appropriations an agency matching payment equal to deductions from the salaries of covered employees.

However, the agency and employee matching contributions were not sufficient to meet the total retirement cost because no significient provision was made for financing supplemental liabilities. In recognition of this, the 1956 amendments provided that the Civil Service Retirement Commission submit estimates of the appropriations necessary to pay normal cost plus interest on the unfunded liability. Automatic appropriations were no required, however, leaving final determination to the President.

1959–1960—The President did not request supplemental appropriations beyond the agency contribution for fiscal years 1959 to 1960. The Congress appropriated an additional $589 million in 1959 for this purpose, but the President vetoed the bill.

1961–1962—Additional appropriations above agency contributions were made to the fund only for the specific purpose of continuing in effect certain annuity increases and new survivor benefits passed by the 85th Congress.

1963–1968—Additional appropriations were requested and granted to cover benefits approved by the 87th Congress.

1969—The Congress appropriated an additional $72 million in supplement to the agency contributions. This was the amount requested by the President.

In 1969, the Congress decided that the actuarial status of the Civil Service Retirement Fund was so severe that immediate action designed to stabilize the financial situation of the fund was warranted. It was estimated at this time that by 1987, disbursement from the fund would exceed income and that the trust fund reserve would be totally exhausted. The government would then have had to secure the trust fund obligations totally from general revenues or reduce benefit payments.

Rather than be faced with such a situation, the Congress passed H.R. 9825, Public Law 91–93, effective October 20, 1969. The purpose of the legislation, as stated in the House Committee Report, was "to improve the financing and funding practices of the civil service retirement system, so as to maintain confidence in the soundness of the retirement fund and to assure that the necessary money is available when needed to pay the annuities of Government retiree's and survivor annuitants in full and on time."

The Civil Service Retirement Fund found itself in a critical financial condition primarily for two reasons. First, the government had failed over the years to contribute its share of matching contributions to the fund. However, in 1969, the government's failure to contribute its equitable share represented only about 10 percent ($5–6 billion) of the unfunded liability at that time.

Second, the other major contributing factors to the unfunded liability were liberalizations in federal employee pay (which in turn increased the liability of the trust fund), in annuities, and in groups covered. These liberalizations were passed by the Congress without providing for the means by which to finance the liberalizations.

In an effort to correct this situation, the P.L. 91–93 revisions to Civil Service Retirement law were enacted. This law specified that:

1. The government amortize, in thirty annual payments, any liability attributed to new or liberalized benefits, including annuity increases other than those annuity increases already provided for in the prior law.

2. The government make an annual transfer of general revenue funds to the Civil Service Retirement system for interest on the unfunded liability and for the cost of allowing credits for military service. These annual payments are to be made at a rate of 10 percent of the interest payment and the military credit payment in FY 71, 20 percent in FY 72, 30 percent in FY 73, and so forth, until 100 percent is reached in FY 80 and thereafter when the total interest payment and the military credit payment will be paid.

These provisions represented an attempt "to finance future benefit increases and disclose the true costs of any such benefit liberalizations" by funding them with general revenues. The designers of this legislation believed that by using general revenues the actual costs of liberalizations would be exposed, and because the government would have to amortize the new liability over a thirty year period, the Congress and the public would be made aware of the implications associated with liberalizations before they were agreed to.

In reality, the provisions of P.L. 91–93 just slowed the growth of the unfunded liability. P.L. 91–93 did not stop the growth of the unfunded liability. The Act only provided for interest payments on the existing unfunded liability, the amortizing of any liabilities created subsequent to P.L. 91–93, and payments to cover the cost of military credits. P.L. 91–93 failed to require that the annuity cost-of-living increases already provided for in a previous statute be financed through the thirty year amortization process. In addition, propective financing of the unfunded liability created by automatic federal employee pay increases was not provided for in P.L. 91–93. As a result, the financing of the unfunded liability created by these pay increases does not take place until after pay increases go into effect, even though such increases occur annually.

In a Civil Service Commission staff report the thirty year financing provision of P.L. 91–93 was described as "an essential adjunct to P.L. 91–93 funding not to strengthen financing, although it does to some extent, but as a measure of the cost of new benefits." In this sense the new law was successful—there have not been any major liberalizations since enactment of the statute in 1969. But, the fact remains that the true cost of the system has not been totally revealed to Congress and the American people.

The 1969 law also provided for what were described then as "limited, but needed, improvements in the benefit structure." These improvements were *not* covered by the new financing provisions in the statute. Therefore, these new liabilities created in the 1969 law added to the unfunded liability. The new liberalizations, which increased the unfunded liability of the fund, included: (1) a change in the base years used for computa-

tion of benefits from the average of the high *five* earning years to the average of the high *three* years, which increased future benefits an average of 10 percent; (2) an additional one percent added to future cost-of-living adjustments payable to annuitants, so as to compensate for the five-month waiting period which elapsed between the time the Consumer Price Index (CPI) rose 3 percent and the actual time the annuity payment would be increased; (3) a provision to include the value of unused sick leave for computing annuities upon death or retirement; and (4) a provision to enable surviving annuitants to receive their benefits if they remarry. P.L. 91-93 also did not apply the new thirty year amortization provision to a pay raise which occurred in July 1969.

This 1969 pay raise combined with the liberalizations provided in P.L. 91-93 created immediate new liabilities, exempt from the law's thirty year amortization provision, of some $4.5 billion. Because the new liberalizations would continue to escalate each year, the unfunded liability would concomitantly increase each year as well. The following chart illustrates the initial unfunded liability.

P.L. 91-93 new benefits:

Increase in unfunded liability (millions)

High 3-year average	$337
Sick leave credit	329.5
Survivor annuity	150
1% cost-of-living increase	243
	1,059.5
Pay increase effective July 1969	3,400
Total exempted from financing provisions	4,459,500,000

UNFUNDED LIABILITY AND FINANCING CRITERIA UNDER P.L. 91-93

As I have just stated, the liberalizations in P.L. 91-93, which contributed to the growth of the unfunded liability, were not covered by the new financing provisions established in the statute. These liberalizations were not subject to the requirement that the government pay the costs of every future liberalization. This means that the increase in the unfunded liability of the Civil Service Retirement Fund would not be paid for through thirty equal annual appropriations.

As a result, both the unfunded liability and the interest payments on the unfunded liability grew and continue to grow. Since 1969, federal contributions have increased at a rapid rate when expressed either in actual dollar amounts or as a percentage of payroll. Even though the total government contribution in FY 77 was over $9.2 billion—of which $2.9 billion represents the agency contribution paralleling the employees' contribution and over $6.3 billion from general revenues—the Civil Service Retirement Fund unfunded liability grew in FY 77 by $10 billion.

Moreover, the P.L. 91-93 financing provisions do not reveal the actual total costs associated with the Civil Service Retirement Fund, and in fact, fall far short of the financing requirements Congress imposed on private pension programs by the Employee Retirement Income Security Act (ERISA) standards.

UNFUNDED LIABILITY OF THE CIVIL SERVICE RETIREMENT PROGRAM

"Unfunded liability" is defined in statute (5 U.S.C. Sec. 8331(1a)) as the total present value* of all benefits payable from the Civil Service Retirement Fund to participants, both retired and active, and their survivors minus—

(1) the present value of future employer and agency contributions;

(2) the present value of government 30 year payments; and

(3) the Trust Fund balance.

The $116.3 billion unfunded liability at the end of fiscal year 1977 was determined as follows:

	Billion
Present value of all future benefits payable to participants, both active and retired	$251.2
Present value of future employee and agency contributions	−53.1
Present value of the government's 30 year payments	−32.1
Trust Fund balance	−49.7
Unfunded liability (on which the government must make interest payments)	116.3

WHY THE UNFUNDED LIABILITY IS SO LARGE

While the intent of the 1969 legislation was to stabilize the fund and retard the growth of the unfunded liability, this was not achieved. The government's contributions to the Fund, as well as the unfunded liability are growing dramatically. The chief actuary of the Civil Service Retirement System has estimated that the unfunded liability in the year 2000 will be $361 billion.

The size of and the growth of the unfunded liability is attributable to various causes, including (1) not funding liabilities resulting from general pay increases, cost-of-living adjustments to annuities, and benefit liberalizations; (2) creditable service (military) for which neither the government nor the employees made contributions; and (3) lost interest income which would have been earned if the accrued liability had been fully funded.

The unfunded liability will continue to increase primarily because no financing provision has been made to cover liabilities created by cost-of-living adjustments to annuitants.

History of unfunded liability of the Civil Service Retirement System

(Amounts in billions)

Fiscal year	Unfunded liability
1921	$0.2
1925	0.3
1928	0.4
1935	1.2
1942	1.5
1953	9.9
1958	27.5
1963	37.7
1965	43.4
1966	46.1
1967	50.3
1968	54.9
1969	60.2
1970	52.8
1971	58.6
1972	75.5
1973	81.4
1974	90.4
1975	97.2
1976	106.7
1977	116.3
PROJECTIONS	
1978	121.0
1979	126.0
1980	130.0
1985	165.0
1990	214.0
1995	279.0
2000	361.0

Government dollar contributions to Civil Service Retirement Fund

(in thousands)

Fiscal year	Agency	Total
1970	$1,665,529	$1,896,346
1971	1,914,492	2,687,888
1972	2,059,958	3,221,374
1973	2,141,460	3,901,941
1974	2,290,894	4,817,464
1975	2,494,724	6,707,383
1976	2,741,576	7,877,108
Transition quarter	697,263	2,134,708
1977	2,909,760	9,278,181
PROJECTIONS (amounts in billions)		
1978		$10.7
1979		12.1
1980		13.5
1985		17.9
1990		23.8
1995		31.2
2000		40.3

CONTRIBUTIONS OF THE CIVIL SERVICE RETIREMENT FUND AS A PERCENTAGE OF COVERED PAYROLL

	Employee contribution	Government contribution		Total
		Agency	Other	
1921	2.5			2.5
1922	2.5			2.5
1923	2.5			2.5
1924	2.5			2.5
1925	2.5			2.5
1926	2.5			2.5
1927	3.3			3.3
1928	3.5			3.5
1929	3.5		2.5	6.0
1930	3.5		2.5	6.0
1931	3.5		2.5	6.0
1932	3.5		2.3	5.8
1933	3.5		2.4	5.9
1934	3.5		2.6	6.1
1935	3.5		2.4	5.9
1936	3.5		4.3	7.8
1937	3.5		4.6	8.1
1938	3.5		6.9	10.4
1939	3.5		6.7	10.2
1940	3.5		7.1	10.6
1941	3.5		5.8	9.3
1942	3.5		4.1	7.6
1943	4.7		2.2	6.9
1944	5.0		3.3	8.3
1945	5.0		3.4	8.4
1946	5.0		4.4	9.4
1947	5.0		4.3	9.3
1948	5.0		5.2	10.2
1949	5.8		4.1	9.9
1950	6.0		5.1	11.1
1951	6.0		4.9	10.9
1952	6.0		4.5	10.5
1953	6.0		4.6	10.6
1954	6.0		.5	6.5
1955	6.0		.5	6.5
1956	6.0		2.5	8.5
1957	6.3		5.2	11.5
1958	6.5	5.6		12.1
1959	6.5	6.5		13.0
1960	6.5	6.5		13.0
1961	6.5	6.5	.3	13.3
1962	6.5	6.5	.2	13.2
1963	6.5	6.5	.1	13.1
1964	6.5	6.5	.3	13.3
1965	6.5	6.5	.3	13.3
1966	6.5	6.5	.4	13.4
1967	6.5	6.5	.4	13.4
1968	6.5	6.5	.4	13.4
1969	6.5	6.5	.3	13.3
1970	6.7	6.7	.9	14.3
1971	7.0	7.0	2.8	16.8
1972	7.0	7.0	3.9	17.9
1973	7.0	7.0	5.9	19.9
1974	7.0	7.0	7.7	21.7
1975	7.0	7.0	11.8	25.8
1976	7.0	7.0	13.1	27.1
1977	7.0	7.0	15.3	29.3

Mr. NELSON. In view of these facts, I say to the distinguished Senator from Florida I have introduced legislation which if adopted would provide that all Federal employees hired after December 31, 1978, be covered by the social secu-

* Present value is a technique used to determine the amount of money needed today which, if invested at a given interest rate, will be sufficient to provide benefits in the future.

rity system. At the same time I introduced another bill which would require the Board of Actuaries to present to the Congress an actuarial valuation using dynamic calculations to determine the costs of the civil service retirement system, and to distribute the costs equally between employees and employers.

These bills have been widely misunderstood particularly by Federal Civil Service employees. As the Senator from Florida knows, in the Social Security Act extensions that we adopted last fall we provide for some comprehensive studies to be done. One of them would be a study of the advisability of covering all Federal employees under social security and all State and municipal employees under social security. This study is to be available, I believe, within 2 years.

Nevertheless, it seems to me that we should very soon stop adding people to this system, because as they are added the unfunded liabilities continue to escalate far beyond anything that the taxpayers in this country would be willing to support, let alone be able to support.

I wish to make this one point clear, however. No one has proposed at this time, and I do not think anyone would propose, that those who are retired under Federal civil service or those who have accumulated benefits under civil service retirement, would at any time be deprived of what they have earned and are receiving in retirement or what they have earned as employees.

I am offering this amendment solely for purposes of making the public record on the condition of the Federal Civil Service system.

As I said a moment ago, there is about $49 billion in the civil service retirement trust fund. However, the agencies of the Federal Government and the employees are making only 50 percent of the contributions to this retirement system. The other 50 percent of contributions to the fund are being paid for out of general revenues, and this amount is increasing year after year. So in fact we have a situation in which employees under the Federal Civil Service system are making only 25 percent of the contributions to their retirement fund, the agencies are making 25 percent of the contributions, and the general fund is coming up with the remaining 50 percent of contributions made to the fund. This is quite a different situation from the discipline we were required to go through last fall in order to assure the future stability of the social security retirement fund. The Congress provided for increases in the wage base and increases in the social security tax, each party, the employer and the employee, paying 50 percent. So I think it is urgent that we start to address ourselves to this question of the increasing unfunded liability of the civil service retirement fund and the approximate $6 billion in liabilities the fund will incur as a result of benefit accruing during fiscal year 1979. This estimate, I might add, is an estimate made by the General Accounting Office and is based upon rather conservative assumptions.

Mr. CHILES. Mr. President, I commend my good friend and colleague, Senator NELSON, for bringing this issue to the attention of the Senate. It is certainly shocking to find that the long-term retirement costs of civil service employees are being underestimated by at least $6 billion in the President's budget. This is, indeed, a problem in many areas of the budget where we enter into long-term commitments and do not provide money up front to cover them. In some areas, such as military procurement, we have established a full funding principle, and we appropriate budget authority in the first year of the contract. The Senator will also recall that we faced the same kind of issue last year in providing budget authority for housing assistance, where we enter into contracts for as long as 40 years. Fortunately, the Senate upheld our practice of reflecting the full cost of these commitments as budget authority.

Another area where we face the same kind of problem is military retirement where, at present, we only budget for current year costs. While civil service retirement is partially underfunded by not accounting for the future effects of inflation, future military retirement costs are not reflected in the budget at all. The President's budget this year proposed to create a trust fund for military retirement and reflect future costs on a "dynamic accrual" basis, similar to what the Senator from Wisconsin is proposing to us for civil service retirement.

One principle we have adhered to very successfully at the Budget Committee has been to treat all Federal employees equally, whether they are civilian or military. We have done this with pay caps as well as retirement issues. I think this is an important principle that we ought to maintain. We did not accept the President's proposal for changing military retirement accounting at this time, because the authorizing committees have not held hearings and indicated what, if any, action they are likely to take. I think we ought to reform the accounting procedures for military and civilian retirement systems at the same time and in basically the same way.

The Governmental Affairs Committee, which has jurisdiction over civil service retirement, has also not indicated as yet a desire to change the terms of either contributions or benefits for civil service retirement. The one-time payment to meet unfunded liabilities suggested in this amendment would require an appropriation of general revenues and would be handled by the Treasury, Postal, and Civil Service Subcommittee of Appropriations which I chair. We have not yet had such a proposal brought to us. Before we could know exactly what amount to appropriate, we would have to explore the exact terms of the contributions and the economic assumptions being used. I think this is an important area, and I hope we will be able to have hearings between now and the consideration of the second budget resolution.

I am sure the Senator can appreciate how, with all the uncertainties regarding the exact amount of budget authority actually likely to be used, it would be very difficult to include such a large amount of money as $6.1 billion in the function 600 target. If the various Senate committees did not take action on civil service retirement, that money would be avaliable to fund some of the additional programs in housing and welfare which have been recommended, but for which we have not been able to find room in the budget this year. Our experience has been that it is easier to add money to the second resolution for high priority items than it is to take back money that is unspent.

I would also like to point out to my colleague from Wisconsin and to the chairman and ranking member of the committee that I have been very concerned with the difficulty in understanding the concepts of budget authority in the income security function. We already have several different types of budget authority in this function.

For the welfare and nutrition programs, budget authority reflects estimated current year costs just like in the rest of the budget.

For social security, budget authority reflects the anticipated payroll tax receipts for the trust fund and is not related to current benefits at all. In fact, we have the strange situation that if we reduce outlays for benefits in social security, since we leave more money in the trust fund, budget authority goes up.

Housing assistance programs give us still another type of budget authority where we multiply the 40-year costs of annual contracts to estimate our total obligations.

The Civil Service Retirement Budget Authority, as Senator NELSON has pointed out, only partly reflects future year costs in a manner different from any of the other programs.

I would hope that any actions we take to modify accounting procedures will be in the direction of improving consistency, rather than adding still more types of noncomparable budget authority. I would further hope that by the time of next year's budget resolution, we can try to sift out some of these issues. I think the decisions we made this year to report our recommendations on a mission basis, which separates the retirement, the housing, the nutrition, and the welfare programs, goes a long way toward improving understandability of this budget area. By the time we have come close to providing $200 billion of budget authority in one function, it really is time to separate it out a bit so that we can see what our priorities are and those priorities can be made clear.

Therefore, while I commend Senator NELSON for bringing this important issue to the attention of the Senate, I hope he will withdraw his amendment with the understanding that we will try to get the various committees of the Senate to study the issue and come up with recommendations over the next few months.

Mr. BELLMON. Mr. President, will the Senator yield about 2 minutes for a comment?

Mr. President, I would also like to join in commending Senator NELSON for raising this issue, and for the bill he is proposing that new Federal employees are to be covered by social security instead of by the separate civil service retirement system.

He and others have proposed that Federal employees be integrated into the social security system on a gradual basis, and I believe this is an idea we ought to consider carefully, and it is one that I personally find attractive.

It could make a major difference in the whole picture on the actuarial soundness of the civil service system as well as the social security system. Long-range funding issues ought to be resolved as part of the decision on whether to integrate the two systems.

The military retirement system is funded now on an annual appropriation basis, with no trust fund to cover future liabilities. This could prove to be an even bigger problem than funding the civil service retirement system. The Budget Committee considered leaving room in the fiscal year 1979 budget for initiating a military retirement trust fund. We decided the issue needed further study, and we hope the Senator from Wisconsin will consider that it will.

Putting additional money into the Federal civil service trust fund would seem to me to be premature. The system did have a balance at the end of 1977 of about $49 billion, so it would seem that we do not have an immediate urgency.

I would recommend that Congress make a comprehensive review of the entire system of Federal retirement, military retirement, and of the social security system and try to see what the interactions are.

So, Mr. President, I want to simply commend Senator NELSON for raising this issue and to pledge my personal cooperation to him in working out a solution to the whole troublesome retirement and disability picture that faces the country.

Mr. MUSKIE. Mr. President, I have nothing substantive to add to what our two colleagues, Senator CHILES and Senator BELLMON, have said. I join in complimenting Senator NELSON for raising this issue after having carefully probed and developed the facts which he has presented, not only to us here today but earlier.

I assure him of the Budget Committee's concern and of our interest in pursuing the matter and developing a resolution of it. Senator CHILES, of course, in the Appropriations Committee, has authorizing committee responsibility for it, and we will work with him, since he is a member of——

Mr. CHILES. I think the Government Affairs Committee would have the authorizing responsibility.

Mr. MUSKIE. You have the appropriations responsibility, that is right. I think in working together, we can produce some sound policy decisions.

Mr. President, I share the Senator's concern that the budget does not now include the full "current costs" of retirement benefits that are expected to be paid to Federal employees after they retire. The problem here—and it is one that has been recognized for several years—is that the contributions toward employee retirement that are required by law to be made by the employee and by the employing agency are determined on a so-called "static" accrual basis that does not take account of future changes in wages and prices. This is a critical point, because these changes cause increases in employee retirement benefits—wage changes do so because the retiring employee's benefits are based on Federal pay rates in effect at the time of retirement, and price increases do so because retirement benefits are indexed by law to rise with increases in the Consumer Price Index (CPI).

As wage and price increases occur under the existing system of funding, additional appropriations are made to compensate employee retirement and disability funds for the "unfunded liabilities" thus created, that is, the increased benefit payments that cannot be covered by agency and employee contributions.

One aspect of this problem that is of particular concern to the congressional budget process is its effect on functional allocations within the budget. Since the personnel benefit costs now reflected in the various functional categories do not include adequate agency contributions toward retirement, the current system understates the true costs of conducting the programs in these functions.

The concern about civilian employee retirement costs is particularly timely this year since the administration has proposed a substantial change in the funding of the military retirement system. The proposed change would require the Department of Defense to make contributions toward retirement and disability benefits on behalf of its current military employees, at levels determined on a "dynamic accrual" basis that reflects a more realistic treatment of inflation, interest rates, and pay raises than does the "static" basis now used for civilian employee retirement. This proposed change is intended to make defense totals more accurately reflect the true current costs of conducting the Nation's defense program.

The budget resolution now before the Senate does not reflect this proposed change in the method of funding military retirement benefits. The Budget Committee omitted this change without prejudice, deeming it premature to include the change before the authorizing committee had had the opportunity to consider the proposal and report appropriate legislation. Similar considerations apply to this proposed amendment to the budget resolution.

In short there are a number of questions concerning this issue that need to be carefully considered before specific funding decisions are made.

There are legal questions as to what changes, if any, to authorizing legislation are required. There are technical questions as to how an "adequate" level of contributions should be calculated. And there are important equity questions, for example what portion of retirement contributions should be borne by the Government? Whether changes should be made for civilian employees without a simultaneous change in the military retirement system? It is unlikely that these questions could be answered in time to have any impact on the budget for fiscal year 1979.

Beyond these considerations, there is the point that the proposed amendment would not get to the heart of the problem, which is that the current system of funding does not require that Federal agencies make adequate contributions toward retirement benefits that will have to be paid in future years to employees who are conducting this year's programs. This problem requires that the committees with authorizing jurisdiction over employee retirement and disability consider alternatives and report legislation that will place the funding of benefits on an actuarially sound basis, so that future budgets will reflect the true current costs of Federal programs.

Mr. President, I congratulate the Senator for the concerns he has raised here. This is a real issue, and one that deserves our consideration. But, we cannot act in haste, through this budget resolution, to effect the changes the Senator is advocating. We must study the issue carefully before we act.

In view of these considerations, but repeating that I share the concern that is the basis for the amendment. I suggest the Senator may wish to consider withholding his amendment at this time.

Mr. NELSON. Mr. President, as I said at the beginning, I intend to withdraw the amendment.

However, before doing so, I have just another brief comment.

I was well aware that it would be difficult to adopt a particular figure for the additional liability incurred in fiscal year 1979 which is not accounted for in this budget resolution. In fact the Budget Committee has not had the opportunity to run the figures of the General Accounting Office through its own computer. What I did was to ask the General Accounting Office for figures, and they made their own assumptions, which I must say are very conservative assumptions. My impression is that the $6 billion figure is a very conservative figure. The figure would likely be a few hundred million dollars more if GAO had used slightly more liberal assumptions than they used to calculate the $6.1 billion figure. So I recognize the problem of the Budget Committee not having an opportunity to go through it with their own computer system.

Of course, with the military retirement system, there are no contributions involved. The employees of the military do not contribute nor do the various branches of the military contribute. We just, somehow or other, pay the costs of military retirement benefits. There is a very serious, growing unfunded liability resulting from military retirement benefits. I realize that this is something that needs to be addressed in the future.

I recognize the problem that the Budget Committee faces. I only wish to make a record on this, so that people will begin to understand that in fact there is a very serious problem here. And I would hope, though it may not be possible this year, that the bills I have introduced would be acted upon this year.

I recognize, also, that once we cover Federal employees under social security, we also have to develop additional options, as are provided in private em-

ployment, for another pension plan which would be adequately funded, or for an IRA plan or something else. However, in order to stop the growth of the existing civil service retirement system, I would hope very soon we could pass measures providing for the coverage of new employees under social security and the financing of civil service retirement benefits or a dynamic basis with contributions shared equally by employees and the employer.

Mr. President, I withdraw my amendment No. 1801, and I thank the chairman of the Budget Committee and the Senator from Florida.

The PRESIDING OFFICER (Mr. HART). The amendment is withdrawn.

(This concludes proceedings on Mr. NELSON'S amendment which occurred earlier in the day.)

THE FEDERAL GOVERNMENT AND THE ECONOMIC CRISIS OF NEW YORK

Mr. MOYNIHAN. Mr. President, I rise at this moment, which would be characteristic of the situation of which I speak—there are now two Senators on the floor and there will soon be probably none. The distinguished senior Senator from Arizona is on the floor. And I am happy to see my senior colleague, and revered friend, the Senator from New York also.

I take this moment in which, I hope, I am not using too much of the other Senator's time, to speak to the nature of the debate we have been having here the past 2 days. This is a debate in which we have seen a succession of Senators who are associated with fiscal conservatism—and properly so, and honestly and legitimately so—come forward and propose to reduce our budget. They do so in the clear expectation that Senators such as the Senator from New York would come and vote against the reduction of the budget, and so establish ourselves as being in favor of high taxes and the others in favor of low taxes, and in that circumstance to distinguish themselves to the advantage of their principles and the disadvantage of ours. This, Mr. President, is a perfectly legitimate process. And as they would have predicted, and properly so, I have voted against each of the proposals to reduce the budget, with one exception. I voted for a proposal put forward by the senior Senator from Wisconsin, a transparent effort to placate the gods that affect my own city.

But, Mr. President, I have more than once in this past year spoken to the proposition that this pattern of events need not be permanent, need not at all be a fixture of American politics, always to be depended upon because, in fact, if you will think of it in regional terms, it represents a curious imbalance between ideology and interest.

We have just voted on several measures which have been presented by the junior Senator from New Mexico and the Senior Senator from Virginia and ably supported in that case by the junior Senator from Arkansas. And I voted against each proposal by these dear friends and respected colleagues to reduce the Federal budget.

But let me address the question of what was the interest I was supporting at that time: The question of what is the balance of the payments between the Federal Government and the States. I would make it very clear. I have here, Mr. President, a table which I ask unanimous consent to include in the RECORD at this part of my address.

The PRESIDING OFFICER (Mr. PAUL G. HATFIELD). Without objection, it is so ordered.

The table was ordered to be printed in the RECORD follows:

REVISED FEDERAL OUTLAYS, 1976

[In billions]

State	Federal outlays (revised)	Tax collections	Tax refunds	Balance
Alabama	$5.58	$2.74	$0.41	$3.25
Alaska	1.35	.75	.13	.73
Arizona	3.80	1.73	.36	2.43
Arkansas	2.83	1.30	.22	1.75
California	40.26	28.09	4.19	16.38
Colorado	4.45	4.36	.42	.51
Connecticut	5.05	5.62	.60	-.03
Delaware	.70	1.39	.11	-.58
District of Columbia	10.00	1.20	.13	8.93
Florida	12.70	7.67	1.21	6.24
Georgia	7.08	4.55	.73	3.26
Hawaii	2.12	.94	.15	1.33
Idaho	1.15	.85	.11	.41
Illinois	14.85	21.67	2.14	-5.18
Indiana	5.63	6.83	.79	-.41
Iowa	3.15	2.80	.36	.71
Kansas	3.09	2.52	.29	.86
Kentucky	5.05	3.99	.42	1.48
Louisiana	4.77	3.36	.51	1.92
Maine	1.68	.73	.12	1.07
Maryland	8.31	6.78	.76	2.20
Massachusetts	9.43	7.39	.95	2.99
Michigan	9.74	15.17	1.49	-3.94
Minnesota	4.94	6.05	.64	-.47
Mississippi	3.94	1.17	.22	2.99
Missouri	8.81	7.81	.70	1.70
Montana	1.19	.52	.10	.77
Nebraska	1.84	2.10	.20	-.06
Nevada	1.04	.69	.12	.47
New Hampshire	1.20	.68	.12	.64
New Jersey	9.22	10.82	1.32	-.28
New Mexico	2.43	.75	.14	1.82
New York	26.33	36.94	3.20	-7.41
North Carolina	6.80	6.01	.64	1.43
North Dakota	1.10	.57	.08	.61
Ohio	12.10	16.85	1.77	-2.98
Oklahoma	4.29	3.43	.37	1.32
Oregon	3.10	2.46	.40	1.04
Pennsylvania	15.70	16.94	1.74	.50
Rhode Island	1.39	1.17	.15	.37
South Carolina	3.94	1.84	.34	2.44
South Dakota	1.00	.46	.07	.61
Tennessee	6.42	3.57	.56	3.41
Texas	17.19	16.36	1.81	2.64
Utah	1.90	.93	.18	1.15
Vermont	.71	.31	.05	.45
Virginia	10.25	5.08	.70	5.87
Washington	7.23	4.12	.57	3.68
West Virginia	2.38	1.26	.23	1.35
Wisconsin	4.75	5.34	.65	.06
Wyoming	.59	.36	.06	.29

Mr. MOYNIHAN. I thank the Chair.

The table shows for the fiscal year 1976 the outlays of the Federal Government by State, the taxes collected from that State, and the balance, a surplus or deficit in the balance of payments. Let me cite the simple facts: The citizens of Virginia received twice as much from the Federal Government as they paid in taxes. The citizens of Arkansas received twice as much per capita from the Federal Government as they paid in taxes. The citizens of New Mexico received four times as much in Federal outlays as they paid in Federal taxes.

Now, the Federal Government is a great boon to persons in States with that huge a favorable balance of payments, that is, favorable ratio in payments.

But what about the State of New York? The State of New York in fiscal year 1976 received $26 billion from the Federal Government but paid in taxes $33 billion. It lost $7 billion in the exchange.

Year in and year out we have not objected to that relationship. We have not said, "My goodness, the average payment in New Mexico"—and I do hope, and I am confident, because there is no one with whom I have a warmer relationship in these matters than my friend, the Senator from New Mexico—I hope he will not mind my using these figures: The figures for New Mexico in 1976 were: Federal outlays were $2.4 billion, tax collections were $600 million, such that there was a balance, a favorable balance, of $1.8 billion for a population of a little over 1 million, 1,168,000.

That meant for each citizen of New Mexico that the Federal Government provided an excess of outlays in New Mexico—I do not wish to characterize it any more than that—a favorable per capita balance of expenditures in New Mexico of $1,556.

If you had a family of five in New Mexico you were living in a State where the Federal Government spent $7,500 more than you paid per family.

In New York State the loss per individual was $409, and a family of five was out $2,045.

I am not suggesting that there is a direct one-for-one exchange or that ever there should be. But consider the magnitude: A citizen of New Mexico could expect the Federal Government to be expending $1,500 more in his State in a given year than he pays in taxes; for his family, assuming three children, $7,500 more.

A citizen of New York in a family of five can expect $2,000 less than it pays in taxes, and yet New York is the State that is constantly expected to vote to continue this disparity, and predictably marches up and votes "no" to the proposals from these other parts of the Nation to cut the budget. And then in a Chamber with only one other Senator, albeit one of the most distinguished and revered Senators in this Chamber, if not the most revered and distinguished, we stand up to lament this circumstance.

Mr. President, my purpose in speaking is to say on the floor what I have sometimes said in writing: That if the pattern continues, New Yorkers, and people from places such as New York, can change their minds about whether the Federal budget is a bargain. Because, Mr. President, it is no bargain for us, and it is no bargain in particular when the city of New York, the largest city in this country, the most important, the capital of the Western World, finds itself in a fiscal situation it cannot resolve with its own resources. Its debts are greater than its resources to pay them back, and it has to have relief. It asks of the U.S. Senate nothing more than an guarantee of a small portion of its bonds, a guarantee that would add to $368 billion of outstanding loan guarantees today. And the presumption is that some shameless proposal has been made that would debauch the very integrity of the Federal

fiscal situation, an outrageous imposition upon the sensitivity and puritannical disposition of the U.S. Senate. Something that has been routine for everybody else becomes extraordinary when we propose it.

I know the concerns that others have when they object to these matters because they wonder, have we changed our ways? The answer is, we have. They ask, would this lead to other precedents? The answer is there are no other cities in any such circumstance.

And there is a third consideration: After 60 years of leading the social revolution in this country that has brought the Federal Treasury to the aid of people and places that need aid, the time finally came when we needed it, and we learned, and we are told, that, no, there is no reciprocity in this matter, yet I am convinced that in the end the Senate will act with the generosity to us in New York City that it acted with generosity to other parts of this country.

I am happy to report that just recently, just within the hour, the subcommittee of the House Committee on Banking, the Subcommittee on Economic Stabilization, dealing with those matters, by a 12-to-2 vote has endorsed and reported the Federal guarantees for $2 billion of New York bonds, as the President has proposed.

But, Mr. President, there is a question of equity and balance here. At risk is the large tradition of national liberalism which comes out of New York as much as, or more than, out of any other State in the Nation; the kind of tradition of national liberalism, Mr. President, that brought Theodore Roosevelt of New York to think about the natural beauties and wilderness and the preservation of these areas of your State, where you presided as a chief judge so ably and so honorably; the national liberalism that brought Franklin D. Roosevelt to say, The South needs help and deserves it, and if New York has to pay for it New York will, because we are one Nation, one people.

And to think that after that long tradition we should now find ourselves with such difficulty being understood is something which is itself hard to understand.

I say to you, as I have said—I say to my distinguished friend from Arizona, who is the only person now on the floor of this U.S. Senate—that you can spoil this tradition. It does not follow that the Senators from New York in the years ahead always will stand up and vote against a cut in the budget. Very quickly we will stand up and propose those cuts, and the citizens of New Mexico and Arkansas and Virginia would notice a difference in their lives, and it would be bad for them, I think, and in the end bad for all of us.

Not to say that the Federal Government is not wasteful; of course it is. That is a question of putting too much administrative responsibility in Washington. Anybody could have predicted it. But Congress does dearly love the power that comes from approving every firehouse roof that is fixed in Fayetteville, N.Y., or Fayetteville, Ark.—both States have little towns by that name, named for Lafayette. Every time a firehouse roof is fixed, some Senator or Representative could take the credit for it, because they saw to it being fixed. We love that kind of power.

But the time will come when the consensus for this arrangement is withdrawn by the great States of the industrial Northeast, and then the country will know it has lost something more than the money involved: lost the position of unity, shared concern, and nationhood that has made us the country we are today, a fact which we ought always to have understood, but which we did not necessarily do.

I ask you to consider the years of bitterness and isolation which the South experienced, and I suggest it is not impossible that the same experience could come to the Northeast, and that it would come with the bankruptcy of the city of New York.

I have told the President of the United States that if New York is allowed to go bankrupt this year, it will be the only thing his Presidency is remembered for. I think we have no idea of the cataclysm that would follow, the crash of confidence in self-government, the confirmation of Macauldy's prediction that America's Government was all sail and no anchor.

The demise of New York City as a center of free enterprise capitalism in the free world. You all know about capitalism; it is an honorable word, and its capital is in New York. If that city should go bankrupt, ask where it would be next. Ask whether there would be such a capital again. Ask not whether a great nation in which the capital of those things the Nation has stood for and so irrevocably destroyed can survive, but ask whether traditional liberalism will survive that experience, which cannot but teach us that if we have thought we shared a common interest in the welfare of others, some of those others do not seem to think that such an interest is reciprocated.

This country will not be the same, and the day will come when the honest and respected fiscal conservatives of the South and West in our country come to learn just how much they have nontheless benefited from the more liberal fiscal precepts of others.

You cannot go on asking us to vote Federal subsidies for your State to be paid out of our taxes, and then ask us, in a moment of extremity, to understand that you will not even help guarantee our bonds. The city of New York is not proposing a penny of aid in its fiscal crisis. The President has not proposed that a nickel be given us to help us with our banks—merely a guarantee of bonds, the use of Federal credit, to be paid for at a premium, just as the city has paid an extra $30 million to the Treasury of the United States for the seasonal loans it has had the last 3 years, which we have repaid at $30 million interest. That $30 million that went to the Treasury of the United States did not end up in New York State; it ended up in other parts of this country. It always does.

We have never protested. We thought that was probably the best arrangement. We assumed it was the best arrangement because people in need get a response from the National Government. But now, if the moment comes when we are the ones in need and we are getting no response, it is a surprising, immensely disappointing, and ominous event.

Mr. President, I would like to state that my feeling of confidence that the Senate will rise to its responsibilities is not diminished. In the end, we have always done the right thing. But I would hope we did not do it begrudglingly, but that we did it with a manly sense of common provision in circumstances of danger and need. That is the kind of people we are as a nation. Heaven knows, if the same circumstances arose, I could name 15 republics in the world where such a condition would immediately bring the response of the National Government, and more than loan guarantees, it would bring the response of actual loans or actual aid.

New York City is a kind of a republic. I remind this all but empty Chamber that under the Constitution of the United States the Federal Government guarantees a republican form of government to the States. New York City is not a State, but the principle is there. Is this Federal Government going to see the self-governance of the city of New York lost in bankruptcy—a city founded formally in 1624 and govering itself continuously, with the brief intervention of General Howe between 1776 and 1779? Apart from the occupation of the British during the Revolution, we have always governed ourselves. Now to lose that self-governance to a Federal judge, now to be declared incompetent in affairs which we have managed for 3½ centuries, and which have brought us to the pinnacle of urban civilization in the world as we can comprehend, and which we created would be intolerable.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. MOYNIHAN. So happily, sir.

Mr. TOWER. Perhaps, considering the Senator's recitation of history, I wonder if it might not be wise to invite the Dutch back to run it again. They apparently ran it far more econmically than it is being run now.

Mr. MOYNIHAN. The Senator makes a real point, but there is a problem. I do not think there are enough Dutchmen left, or at least there are not that many in Holland.

There are many Dutchmen in New York—and they do a very good job—of whom Theodore Roosevelt and Franklin D. Roosevelt were only two of the most distinguished. Not for nothing is it that orange is the color of the New York State flag, comes from the House of Orange. And I will tell you this, sir: If the people of Holland, in their national Parliament, found that Rotterdam or Amsterdam, for whatever reason, was on the verge of bankruptcy, they would recognize an instant responsibility to respond.

The Senator from Texas is a learned man and an accomplished student of economics——

Mr. TOWER. I thank the Senator for that compliment, but I am afraid I am not an accomplished student of economics. However, it does occur, not just

to me but to many people throughout the country, that this is one of New York's problems: That more often than not, New York City seems to be run more for the benefit of its public employees than for the benefit of its citizens.

(Mr. HUDDLESTON assumed the chair.)

Mr. MOYNIHAN. There is nothing unusual in the pattern whereby the employees of an organization make a claim of crying out. It does not surprise me. I do not think it has always been in the best interest of the city or the employees. But, the number of employees in the city of New York has dropped by 25 percent in 3 years.

Our problem—and I wish I could get this more understood—is not the way the city is running today. The city running today is perfectly solvent. It is just that we went through a period of—well, I will not describe it in any pejorative terms, because it was the period of government which had the fullest approbation of all those institutions which judge themselves capable to pass on such matters. The city and State governments from about 1965 to about 1975, exactly those years, were thought to be doing well, were said to be doing well, but, in fact, they were doing disastrously.

They were borrowing money, borrowing money, borrowing money. The unions were demanding it, of course, not for themselves so much, but for programs. And the banks were lending. I will take the liberty of inserting in the RECORD sometime the comment of the London Economist about the New York banks that kept on lending money and lending money that should never have been lent.

The net result was an accumulation of over $10 billion in debt that should never have been accumulated. If it had not been for the fact that Wall Street is in Manhattan, nobody would ever have lent us the money. We would not have the problem. The money was lent and it has to be repaid. We cannot repay it at normal rates at the present time. We just have that problem. The income and outgo of the city is balanced, the city is doing fine, but we are stuck with this debt. We need a little help with it.

I yield to the Senator from Arizona.

Mr. GOLDWATER. I thank the Senator for yielding. I have to leave the Chamber in a moment. I have listened to the Senator's remarks. I want the Senator to know that for the first time since this problem came up I am beginning to see it in a different light, thanks to the Senator's reasoning. I wish more Senators were on the floor. I hope my colleagues will read the message the Senator has given. I do not want to defend those States that receive more than they put out. In fact, I think my State probably is in that category. I think we have to realize how we got that way.

In my own State, when World War II came, this country did not have places to train people, so we opened many airbases. We even had a naval base, believe it or not, in the State of Arizona, for flying. We still retain three large airbases and two large Army installations. In fact, the military pay in Arizona is our biggest source of income.

We can only tax 17 percent of our land so the time is not far off before we are really going to be here with our hands out. We have 30 percent of our land owned by the Indians. We have more national parks and national monuments than any other three States put together. I am not offering that as an excuse.

I wish it were possible for all States to participate on a more equal basis in taxing. I think if we look at the State of California, we might become a little shocked. I am not saying too much about that because I have a son who serves in the House from California and he would be at my front door tonight.

I want to thank the Senator from New York for having made a reasonable approach to this. We have heard so many speeches on this floor about the great disaster that would happen to our country if New York went under. I think the points the Senator has made today not only bring that out but bring out more importantly the fact that we are a Union, that we are a republican country, with a small "r," and that it becomes the duty of those in part of the country to help other parts of the country just as we do when there are floods, when there are disasters caused by storms, in my part of the country, disasters caused by fires.

The American people do not argue, they do not quibble. They like to help.

I have the strong feeling that the Senator has changed some opinions by his speech. Again, I thank him for it. I happened to have lived and worked in New York during the depression. The Senator is not responsible for having so many millions of people living there. We are trying our best to help the Senator by enticing them away, to move out West, so they will pay more taxes out West. I thank the Senator for what he has said.

Mr. MOYNIHAN. The Senator is very generous. May I say to the Senator, that when he sees his very distinguished son, a Member from California, if New York State in 1976 had received the same return from the Federal Government on taxes that California received, we would have received $14 billion more than we did, we could have paid off the entire debt of the city of New York in 1 year, and the Senator would never hear from us again. That is just with 1 year of restraint from California.

Is there anything more clear than that those airbases belong in Arizona? It is one Nation's Air Force, and they have to fly. They should be there.

Mr. GOLDWATER. It is natural that they be there. I just wanted to get that into the RECORD. It explains, not for every State, the situation in which some of our Western States find themselves. My State has less than 3 million people. I can find 3 million people in a couple of blocks in New York.

We want to do our share, and I believe the Senator will find a little change there.

Mr. MOYNIHAN. I thank the Senator. It is extraordinarily generous of him.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. INOUYE). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1808

Mr. TOWER. Mr. President, I call up my amendment and ask the clerk to state it.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an amendment numbered 1808.

Mr. TOWER. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 20, strike "$129,800,000,000" and insert in lieu thereof "$131,400,000,000".

On page 2, line 21, strike "$116,600,000,000" and insert in lieu thereof "$117,000,000,000".

On page 2, line 23, strike "$12,800,000,000" and insert in lieu thereof "$12,200,000,000."

On page 2, line 24, strike "$7,200,000,000" and insert in lieu thereof "$7,000,000,000".

On page 4, line 2, strike "$52,700,000,000" and insert in lieu thereof "$52,500,000,000".

On page 4, line 3, strike "$49,500,000,000" and insert in lieu thereof "$49,300,000,000".

On page 4, line 5, strike "$192,500,000,000" and insert in lieu thereof "$191,700,000,000".

On page 4, line 6, strike "$159,900,000,000" and insert in lieu thereof "$159,100,000,000".

The PRESIDING OFFICER. The Chair reminds the Senator that by previous order, time on this amendment is limited to 1 hour.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

Mr. President, my amendment to the first concurrent budget resolution would add $1.6 billion in new budget authority and $400 million in outlays to the national defense category targets recommended by the Budget Committee.

At the outset of my remarks, I wish to commend the Budget Committee for making the proposal to add significantly to the defense budget request forwarded by the administration. The recommended target figure of $129.8 billion in new budget authority for fiscal year 1979 will restore to some extent the funds planned for future weapons systems that were removed during the budget review process in the executive branch.

However, in my view, the Budget Committee has not gone far enough in restoring the level of defense spending for next year to that required for the preparedness of our future military forces.

Mr. President, I have learned only recently of some important findings which bear directly on our planned expenditures for NATO in the 1980's and beyond. I take this opportunity to bring to the attention of the Senate the reports of the NATO long-term defense planning task forces, which followed a year's work by representatives from each of the NATO countries who were asked to

study the future military requirements of the common defense.

These findings, which were forwarded last month to the U.S. Department of Defense and the other NATO defense ministries, point to numerous and costly force improvements which the NATO military commanders consider necessary to shore up the military balance in Europe. The estimated cost of these improvements, I understand, would be $60 billion over the 1980–93 time frame. This would require an annual NATO expenditure of about $4.8 billion over currently programed levels.

To my knowledge, the administration has not advised Congress as to the findings of these task force reports. Nonetheless, I think they would have a direct bearing on our deliberations on defense spending, and until we have had the opportunity to review them, we should retain maximum flexibility in our defense expenditure targets at this early stage in the budget process.

Mr. President, I point out, in all fairness, that this information was not available to the Budget Committee during their action on this resolution and, accordingly, they have not had the opportunity to give consideration to the task force reports in recommending the figure for national defense. Whatever level of funding for NATO the President may request in fiscal year 1980, the significant number of procurement programs deferred from the fiscal year 1979 budget into subsequent years will obviously constrain the level of resources that can be applied to new NATO initiatives. My amendment would permit substantial restorations in the procurement of military hardware, particularly ships and aircraft for the Navy, prior to fiscal year 1980.

Another matter that, to my knowledge, the Budget Committee did not consider involves the plans of the Department of Defense to announce today a major list of candidate base closures and realinements. Citing limitations in funds for manpower and base operating support, the Defense Department is proposing to study the closure or reduction of some 85 major and minor defense installations. I think many Members of Congress will have strong objections to these proposals, and until such time as we are able to review specific recommendations and alternatives, I think we should incorporate maximum flexibility into our budget planning for the next fiscal year.

To offset the additional funds which I am recommending be added to the national defense category, my amendment provides for reductions in three separate budget categories in other areas. Under the international affairs category, my proposal would reduce foreign economic assistance by $600 million in budget authority and by $200 million in outlays. This would reduce the totals for the international affairs function from $12.8 to $12.2 billion in budget authority and from $7.2 to $7 billion in outlays. I would like to stress that my amendment focuses on foreign economic assistance, not security assistance. I would observe that the "current policy" funding level for foreign economic assistance is $6.3 billion, yet the Budget Committee recommendation is for $9 billion in budget authority for fiscal year 1979.

In my view, we can still provide adequate economic development aid to other nations and fulfill our commitments to other international organizations even if we limit this target to $8.2 billion instead of the recommended $9 billion. The Budget Committee report, I understand, reflects that the $8.2 billion figure was that recommended by the Foreign Relations Committee. Let me emphasize that I am not suggesting that we reduce our planned contributions to the International Monetary Fund, but that we limit instead the level of real growth in our development aid to other nations.

The second budget category in which I recommend a reduction is that of public assistance, which comes under the income security function. The largest single category in this budget resolution is that of income security, containing $192.5 billion in budget authority and $159.9 billion in outlays. Within this target, the Budget Committee proposes to increase public assistance to $18.9 billion, an $800 million increase over the level identified as "current policy."

I believe that we can hold our public assistance programs to the $18.1 billion level by requiring better management of welfare programs and public service job funds. Welfare reform unquestionably provides a great opportunity for enormous savings to the Federal Government. Welfare fraud constitutes the largest single waste of Federal tax dollars today. I would remind my colleagues in this regard that the Secretary of the Department of Health, Education, and Welfare, Mr. Califano, recently acknowledged that his Department is losing $7 billion annually to welfare fraud and the misuse of public funds.

The third and last item which my amendment would reduce is the category of consumer and occupational health and safety. My motion would lower the target for the overall health category from $52.7 billion in budget authority to $52.5 billion and from $49.5 to $49.3 billion in outlays. The level recommended by the Budget Committee for the health category includes $900 million for the mission of consumer and occupational health and safety. Increased funds for this mission is necessary, according to the Budget Committee report, in order to increase the percentage of the Nation's workplaces that are reviewed each year for compliance with Federal standards. However, the performance of OSHA in my State has not convinced me that increasing the percentage of workplaces subjected to Federal inspection is either necessary or desirable. I must note, however, that my proposed $200 million reduction applies to a budget category that supports additional Federal activities aside from OSHA, and I would expect that this reduction would be apportioned across the range of Federal activities in the consumer and occupational health and safety field.

In summary, my amendment would provide for a needed adjustment to our overall budget priorities by increasing the level of spending for national defense to support needed military programs, and by reducing our expenditures for foreign economic assistance, public assistance, and consumer and occupational health and safety.

I hope my amendment will be supported by those of my colleagues who share my concern for the growth in Federal spending in nondefense areas, and the resultant fiscal constraints which are being placed on the requirements of our Armed Forces.

Mr. President, I urge the adoption of this amendment. I believe that we can have no higher priority than the national defense. I suggest that if our country is not secure, that at some point in time it may not possess the resources to deal with the many problems we have internally in terms of the socially and economically disadvantaged.

Mr. CURTIS. Will the distinguished Senator yield?

Mr. TOWER. I yield to the Senator from Nebraska.

Mr. CURTIS. May I inquire how much of a saving he is proposing in welfare?

Mr. TOWER. The welfare saving would be, in budget authority, $800 million.

Mr. CURTIS. My observation is that that can be easily obtained.

In the operation of aid to families with dependent children, the Department made a regulation as to how they determined need. It was very poorly drawn.

It ended up with families with sizable incomes drawing welfare. It also resulted in a situation where they once got on the welfare rolls, they could not be removed.

We have been trying in the committee to amend this situation. The estimate is that a revision of the earned income disregard would save $525 million.

I would like to see the Budget Committee, as I said yesterday, become the most powerful committee in the Senate. I would like to see them hold the line on spending which means we will have to change the law.

It is estimated that if we tightened up the law in reference to aliens receiving public assistance, we could save $48 million.

There is another item that we could save almost three times as much money on as the Senator proposes, and that has to do with what might be termed self-certification.

Someone comes in and asks to be put on the rolls. They put him on and investigate him afterward.

There are many of us who have been proposing the determination of benefits by the establishment of a monthly retrospective accounting period for the aid to families with dependent children. In other words, not based upon an estimate in the future, but on what the income and expenses really were.

It is estimated that this retrospective accounting would save $1.9 billion.

(Mr. HATHAWAY assumed the chair.)

Mr. CURTIS. There are also some abuses in connection with certain cases in which a child lives with a relative who is not legally responsible for the child's support. We could save $114 million there by the appropriate action.

We have tried to get the requirement of an identification card, which would not be too bad. That would save $10 million.

I can go on and enumerate some other things. Tremendous savings could be made in the food stamp program, currently administered by Agriculture.

Although the item about welfare and public assistance is separate from the occupational health and safety program, I ask how much the Senator proposes to save in the occupational health and safety program.

Mr. TOWER. In the occupational health and safety categories, $200 million. We could save that by stopping the harassment of the small businessman, I think.

Mr. CURTIS. I am sure it could.

Just within the last 3 or 4 days there was called to my attention the case of a small food processing factory which the Public Health Department required to have smooth walls and smooth floors, so that they could take a hose and wash them down and keep them clean. If they did not do it, they would be subject to certain penalties.

The occupational health and safety people came along and said, "Unless you have a rough floor, in order to prevent people from slipping, you are in violation and subject to certain penalties." All that happened in the same department.

Within the last 24 hours, my attention was called to a case in reference to a home for the elderly. This home has been in existence for about 75 years. It was treating older people with kindness and compassion and love years before these bureaucrats were born. They take people in. Some of them can pay and some cannot. Some get an allowance for old age assistance and it is turned over to the home. A few others take what little money they have, a house or something else, and turn it over to the home, and the home cares for them for the rest of their days. They are kindly people. It was established by a saintly clergyman some three-quarters of a century ago. They got along for years. Their building is good. Local people raised the money. It is not a fire trap. They are very careful about everything. Yet they are subject to such harassment that they may have to close.

Here is one instance: At night, while things were quiet, the nurses, carrying out the directions of the doctors for administering medicine, would make up little packets of medicine to be administered the next day, and these would be placed in a cabinet. An inspector came along and said, "You can't do that." Maybe they will have to hire more people. Maybe they will have to neglect some people's needs to make them comfortable, because they cannot do some of this work in advance. I do not know.

We have enacted occupational health legislation in Congress which would appear to be on the assumption that all people are ignorant, incapable of taking care of themselves; that our States and localities were not interested in reasonable regulations for safety. The finest thing we could do would be to send 90 percent of these inspectors out to pasture and get them off people. I am sure it would be a saving, a double saving, because it would save the expenditure, and it would give small businessmen and others a chance to run their businesses so that they can make a profit and pay some taxes.

Mr. TOWER. I thank the Senator from Nebraska for his valuable contribution.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. HATHAWAY). Who yields time?

Mr. BELLMON. Mr. President, will the Senator yield me 3 minutes?

Mr. MUSKIE. I yield 3 minutes to the Senator from Oklahoma, and then I will yield 5 minutes to the Senator from Mississippi.

Mr. BELLMON. Mr. President, I would like to set the record straight about what the Budget Committee did in the defense function.

First, I point out that, going back to fiscal 1975, when the Budget Committee's work started, the outlays for national defense have been on a steady upward path. In 1975, outlays were $85.6 billion; in 1977, $97.5 billion; in 1978, $105.4 billion; and this year, $116.6 billion.

Those outlays have grown at the rate of 4 percent between 1975 and 1976, 9 percent between 1976 and 1977, 8 percent between 1977 and 1978, and this year the growth projected in the Senate budget resolution is 11 percent. This is well above the level of growth in the budget as a total.

So it is obvious to me that the Senate Budget Committee is trying to provide to the Defense Department and to provide for the country's defense an amount of money that seems to be adequate to our needs.

In addition, Mr. President, the figure that the Senate Budget Committee has recommended is above the President's numbers, well above the House numbers, and we are even above the numbers recommended to us by the authorizing and appropriations committees.

When we adjust the President's outlay figures, taking into account the CBO reestimate of the outlay shortfall, which is $1.9 billion, the assumption of the 5-percent pay cap, and the assumption of the 2-percent pay absorption, the President's outlay figure would be $114.9 billion, and the Senate Budget Committee's figure is $116.6 billion. So we are $1.7 billion above the President's figures and outlay; similarly, we are $3.3 billion above the President's figures in budget authority.

So it is my conviction that the resolution before the Senate at this time is adequate to meet the reasonable defense needs of the country, and I cannot support the Tower amendment.

In addition, we are providing for growth in the NATO forces of almost 6 percent, which is well above the requirements of the understanding we have with our allies in Europe. So I can see no reason for adding these additional funds.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

I think the Senator from Oklahoma is not aware of the NATO Task Force reports that recently have been completed, which indicate a requirement for a substantial additional expenditure for NATO. I have said in my remarks that, in fairness to the Budget Committee, they were not aware of these reports at that time.

We have some serious problems in NATO that need to be solved in communications, in command and control, and we have to spend money to do it. We will have to encourage our allies to spend it, likewise.

I point out that while our real increase in spending is around 1.8, two of our principal allies in NATO have increased theirs in real spending terms by more than 3 percent.

Merely saying that you raise the defense budget is not enough. We have to consider what is adequate to meet the threat. If we get to the point where our national defense, whatever it costs, is too costly for the protection of our national interests, or such that we value spending on other matters more than we do on national defense, then we will be second best, and ultimately we will find ourselves perhaps economically and politically isolated and not possessed of the resources to take care of the socially and economically disadvantaged.

Mr. MUSKIE. Mr. President, I yield 5 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, first, I want to emphasize that I impute the utmost good faith and intelligence and consistency to the Senator from Texas, who is a very valuable member of our committee, and he is the ranking minority member of that committee.

It is an extraordinary year in many ways with reference to the military budget. Many subcommittees have passed on this matter, as well as several major committees, including the Budget Committee. It is striking that they have come up with remarkably similar figures in each instance.

For instance, we have finished our hearings now in the Armed Services Committee through the subcommittee process where they examine every piece of equipment, the manpower volume and use every research tool. They have all reported now, except on the ships, and none of them had any difficulty whatsoever in staying within the approximation of what was their part of the budget. Those reports have already been filed. One was considered this morning and another one will be considered in a few minutes.

The Budget Committee itself combed this thing from cover to cover, top to bottom, and they came in with an increase proposed or permitted of at least $1.4 billion which was within $300 million of what the Senate Armed Services Committee had recommended and the Senate Appropriations Committee had recommended. Those estimates and recommendations are already in.

Incidentally, the House Appropriations Committee recommended the President's level of this military budget for this year.

This was not just a formality that the Senate Armed Services Committee went through. After discussions and study we had several recorded votes in our committee when almost everyone was there and these figures and other figures were passed on. There was an effort to reduce the amount. Then there was an effort to increase it substantially, and we finally settled on this $1.7 billion that I have already referred to.

So, here is unanimity. After taking the evidence and after weighing the matter and exchanging views, consulting again with the military, with the White House, with the Budget Bureau, the Chiefs of Staff, and a number of other things, we came up with these figures that I have enumerated.

Now, if something new has happened and some kind of group has made some kind of survey somewhere in Western Europe and later comes in with some kind of report, as referred to here, then the machinery of this body, committees, and Budget Committee make ample room for the weighing and consideration fully and thoroughly of whatever that report may be.

There is a provision in the budget law that permits the bringing in of new subject matters. I have conferred with the chairman and ranking minority member of that committee, who gave assurances, that they would be willing and are leaning toward consideration of raising this military ceiling should new facts develop. I conferred with them before I agreed that I would oppose this amendment we are discussing now.

So, Mr. President, here is a case where every group of this body has given this matter judgments, estimates, conclusions, and figures, after hearing all of this testimony. We have come up with the idea here that this budget figure the Budget Committee has is approximately correct with what would be needed, and that is almost unanimous.

So, this matter has been passed on here many times by recorded votes with full explanations on both sides, and with everyone acting in good faith. I do not propose to take too much time of the Senate here now.

Again this with the greatest deference to the concern, caution, commonsense, and judgment of the Senator from Texas. I repeat that we have not finished this matter about the ships. My judgment is that we will have a bill that increases the amount of money for ships. That is exactly why I am confident we have allowed enough margin here to make such adjustments as the committee may vote. The Budget Committee has taken that into consideration along with other matters and allowed part of that margin. I think if we put in extra sums there on that item we are likely to take out an approximate corresponding amount. So that is the best that I can give.

As to the situation, I respectfully submit that this matter has been settled under the rules of the Senate, the estimates, and judgments. For the time being, I hope it remains that way until there is further showing of additional facts.

I thank the Chair very much.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized for 5 minutes.

Mr. MUSKIE. Mr. President, with respect to that part of the Tower amendment which deals with the adequacy of the defense function, I am sure I cannot add to what the distinguished Senator from Mississippi, Senator STENNIS, has said—he is our chairman—with respect to national defense requirements—and his assurance that the numbers provided in the budget resolution match his conception of what our defense requirements in fiscal year 1977 should be is all the defense that the Budget Committee's defense recommendation needs. That is the assurance upon which the Budget Committee built its numbers.

The Senator from Texas suggested that we have sacrificed defense spending in order to serve our exaggerated notions of what we should spend for domestic purposes.

The first point I make in response to that is the testimony of the distinguished Senator from Mississippi. I have worked closely with Senator STENNIS throughout the years of this budget process, and I have found him most cooperative and accommodating, not to the sacrifice of his own sense of duty with respect to his responsibilities, but in an effort to accommodate his own best judgment of what our Nation's defense requires and to the need to exercise budgetary strength overall.

I compliment him for serving his duty in that way.

The second point I make in response to the Senator from Texas is this: The recommendations we have received from the Armed Services Committee and Appropriations Committee did not address the *Trident* submarine or pay raise issues which the Budget Committee addressed.

If we are to adjust the Armed Services and Appropriations Committees' recommendations with the Budget Committee views on the pay raise and what our numbers take into account, we provided, in effect, $700 million more than the Armed Services Committee and the Appropriations Committee recommended in their March 15 reports.

The Senator criticizes us for not providing more than the Armed Services Committee and the Appropriations Committee recommended. That is not the case.

May I remind the Senator that the Budget Committee cut the recommendations of authorizing committees by $36 billion and not a penny of that $36 billion came out of the Armed Services Committee's recommendation for defense. That is the reverse of what the Senator accuses us of having done. We have cut domestic programs without cutting the defense program as submitted to us. That is the fact of the matter.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. TOWER. I did not accuse the committee of anything. I commended the committee for raising the defense amounts. I simply suggested that in my view it should be more.

Mr. MUSKIE. What the Senator was saying and I think these are the Senator's words, and he did say what he just said, but he said this in addition.

The Senator stated that if we have reached the point where we are going to sacrifice defense requirements in order to feed—I do not know if he used the word "feed"—but in order to promote spending in domestic areas, then we are in a sad situation.

The fact is we did the reverse, and I think the record ought to be straight on that point.

With respect to the functions which the Senator would propose to reduce—and this amendment, may I say to the Senator, is the McGovern amendment of the right. Senator McGOVERN proposed a transfer amendment to move funds from the defense function to domestic purposes. The Senator from Texas does the reverse. He would move funds from domestic programs to the defense program. They are both so-called transfer amendments.

Mr. TOWER. Mr. President, will the Senator yield? Six hundred million dollars is out of foreign assistance not out of domestic spending.

Mr. MUSKIE. All right, I accept that as an accurate fact. But the Senator also includes a combined $1 billion reduction in the health and income security functions. The Senator's amendment, if I understand it, adds $1.6 billion in budget authority and $400 million in outlays to the defense function. It takes out $600 million in budget authority and $200 million in outlays from the international affairs function, cuts $200 million in both budget authority and outlays from the health function, and cuts $800 million in both budget authority and outlays from the income security function. So it is the reverse of the McGovern transfer amendment.

Now, I make this comparison for no purpose other than to restate my very great reservation about this method of amending the budget resolution. If there are savings that can be made, legitimate savings that can be made, and judgments can differ on that, in any function, in my judgment the savings ought to be applied to the budget deficit and not to increased spending in another function.

The Budget Committee operates by going through the budget function-by-function. There are 19 of them as a whole. There are Senators in the Budget Committee, as there are on the floor, concerned primarily with defense. Other committee members are concerned with social service programs. The committee members represent a pretty good cross-section of the Senate, maybe more on the conservative side than on the liberal side as a whole, if one looks over the entire committee. But each budget function's needs are evaluated on merits, and the final judgment of the committee is on the needs of each function.

We do not engage in swapping dollars between functions. Once we have gone

through the 19 functions, we look at the totals, determine whether or not the total spending proposed is excessive and whether or not there are some needs that have been overlooked. In the last 2 years the chairman has proposed cuts in the 19 functions on a selective basis in order to reduce total spending and in order to reduce the deficit.

This year I did the same thing, without success. I lost on a motion which would have cut $4.7 billion in budget authority and $4 billion in outlays from the committee's recommendation by a vote of 9 to 7. There were some who thought it was too great a cut. I invited counteroffers. I received none.

So the committee, in effect, endorsed the numbers that are now in this budget resolution, even though I had recommended and was willing to take the heat for some cuts. And my cuts were not just in defense but in foreign affairs and in domestic programs. I recommended cuts in 17 functions, and I was rejected, which, to me, emphasized the soundness of the Budget Committee's first round of decisions on functional totals. That was the committee's consensus of judgment as to the soundness of those functional totals.

So I say to the Senator, if there are supportable cuts in the functions he has chosen for cuts, supportable cuts, that is, that the Senate as a whole can support, then what I would prefer is to see those cuts applied to the deficit in order to reduce it.

I see no justification to move the savings from the cuts to defense when the Budget Committee has already provided more than the President asked for defense, more than the authorizing committee and the Appropriations Committee have asked for defense, and as much as the Budget Committee—relying on the judgment of those within its membership who have a special background in defense matters—has recommended to the Senate. When we have done that much for defense, we need no more spending for defense. I think defense has to exercise the same kind of budgetary restraint as any other function of the Government, and that is the role, of course, exercised by the Budget Committee in establishing budget targets.

So I do not like transfer amendments whether they come from Senator McGovern or from Senator Tower or from any other Member of the Senate, because the way amendments ought to be addressed are to functional totals on their merits. Let us vote them up or down. Make the case for amendments, vote them up or down, but not try to tie a justification for a cut in one function to a desire for an increase in another. That is no case, in my judgment, for a cut in any function.

The cut ought to be justified on its merits and not on somebody's desire to increase spending elsewhere. If we engage in that kind of practice and transfer amendments become popular around here, manging this budget is going to be a real circus. It is bad enough as it is, but I can just see people picking their particular scapegoats among the functions and tying them to their particular favorites among the functions, and just overwhelming the Senate with transfer amendments of one kind or another. The effect of shifting funds from unpopular programs to currently popular programs will be to produce one giant Christmas tree.

In any case I have indicated my opposition to this amendment. I do not see any particular reason to belabor points that have already been addressed.

Incidentally, there is another point I want to be sure that we cover. My good friend from Texas talked about a huge increase in public assistance.

If he was referring to this budget resolution, there would be no increase in the public assistance mission if it were not for an accounting change; and that is the accounting change which would now treat the refundable portion of the earned income credit as a spending item in the budget rather than as a revenue loss. Except for that—and I will put the amount in the Record——

Mr. BELLMON. It is $900 million.

Mr. MUSKIE. $900 million. Except for that $900 million, which is a bookkeeping change, shifting that particular item from the revenue to the spending side, there is no increase in public assistance in this budget resolution.

If this accounting change is taken into account, there is a net decrease, as a matter of fact, in public assistance of $100 million in budget authority and in outlays.

I think, Mr. President, that covers the points which ought to be made. I can understand Senator Tower's concern. He has had a long standing concern with respect to defense matters. I do not criticize that at all nor do I challenge his right, and, as he may see it, his duty to offer his amendment. But I have tried to answer it on its merits, and on its merits I would oppose it.

Mr. BELLMON. Mr. President, will the Senator yield me 2 minutes?

Mr. MUSKIE. Yes.

Mr. BELLMON. Mr. President, I would like to respond very briefly to some comments made earlier by the distinguished Senator from Nebraska (Mr. Curtis) in discussing this amendment. The Senator referred to some changes in AFDC which need to be made. I think most of us would agree that this is a program that does need careful scrutiny and that some changes are, perhaps, in order. In fact, I have joined in a bill that would propose some changes. But most of the changes in AFDC which the Senator from Nebraska has advocated have already been studied or are now being studied by the Senate Finance Committee. Some of them are included in H.R. 7200, a bill which the Senate Finance Committee has reported.

Unfortunately, the CBO estimate of the net effects of H.R. 7200 on costs is that the bill will actually raise costs by $500 million in fiscal year 1979. Four hundred million dollars of this increase is for fiscal relief which the Senate Budget Committee has not put in its recommendation, in this resolution.

I think it is significant, Mr. President, that the Senator from Nebraska and the Finance Committee have already dealt with a good many of the cost-sharing ideas that have now been proposed, and that rather than save costs the net result when they are all considered is an increase in costs.

So I think here again the Senate Budget Committee tried to be responsible to the best information we could get, and that the figures we have in our resolution reflect the real life situation we now face. If the situation changes, certainly we will be happy to take into account those changes when we look at the second resolution in September.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I would point out that if we do not increase the budget, when we come in for our shipbuilding, which is undetermined as yet, precisely what we want to authorize in the way of shipbuilding, that shipbuilding money will have to come out of something else in defense, which means there will be cuts in other defense programs if we follow on with what we consider to be an adequate shipbuilding program. I think that should be borne in mind. And I again remind the Senate that the NATO task force reports have not yet been made available to Congress, and they will set a higher target figure, and that, therefore, we should set a higher target figure for 1979, to give flexibility in 1980 and beyond.

Mr. President, I think we can have a reasonable debate here without escalating the rhetoric. I have not accused anyone of anything. I am certain the Budget Committee acted in good faith, and perhaps on the best available information that they had. But I see nothing wrong with coming to the floor subsequent to committee action and suggesting that there might be a constructive change to be made in it.

I understood that that was what we were all about in this place, that from time to time, after a committee has acted, it is perfectly reasonable and legitimate for Members to propose amendments on the floor, that no committee is possessed of all the knowledge in this world, that committees are not always totally infallible, and that perhaps sometimes suggestions can be made from the floor that improve legislation. It has been done time and again.

I think we ought to have a right to debate the question of budget priorities on the floor of the Senate. I do not accept the notion that the Budget Committee alone can determine what our spending priorities are, and then come to the floor and say, "We should not be questioned; we and we alone, in our omniscience"——

Mr. MUSKIE. Will the Senator yield?

Mr. TOWER [continuing]. "Shall determine what the priorities should be, and we should not be challenged."

Mr. MUSKIE. Will the Senator yield?

Mr. TOWER. I think it is perfectly legitimate to challenge them, as long as we do it in good faith and put forth a reasonable argument.

I am not suggesting that the committee acted in anything but good faith, but I also reserve the right, as a Member of the U.S. Senate, to suggest that changes be made on the floor, and call my col-

leagues' attention to such changes and make arguments for them.

I reserve the remainder of my time; the Senator from Maine can speak on his own time.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I do not think I have suggested at any time that the Budget Committee's judgment is unchallengeable. If I have said so, I have been peculiarly unpersuasive. Over the last year, and prior to this budget resolution, there have been 13 issues, I think, that have been raised in connection with the budget resolution. I have lost 11 of those 13. So I have been persuaded lately, I say to my good friend, that the Budget Committee is not regarded as unchallengeable. I have a sufficient sense of humility to believe that the Senate is probably right, that we are not unchallengeable.

I certainly recognize the right of any Senator to raise any amendment that he wishes. But does that means that that amendment itself is unchallengeable?

I gather that the Senator's rhetoric expressed considerable indignation because I challenged his amendment. Why should his amendment be beyond challenge, any more than the budget resolution itself should be beyond challenge? Obviously we have differences. All I say to the Senator is that we have provided everything and more that the Appropriations Committee and the Armed Services Committee have requested. Senator BELLMON has confirmed that, the chairman of the Armed Services Committee has literally confirmed it, and the Senator from Texas says, in response, that there are some new reports, some NATO task force reports that ought to be taken into account.

Well, they can be taken into account. But those reports, ordered by General Haig as I understand it, have not yet been approved. I understand that the NATO defense ministers will meet in May in Brussels to consider those reports. I take it in due course there may well be policy decisions agreed to by the members of NATO with respect to those reports.

I cannot imagine the process will move so rapidly as to have a budgetary impact in fiscal year 1979. I would expect that it would have an impact in fiscal year 1980. Surely we have all the procedures, the committees, and the agencies in the executive branch and the Congres itself, to take the reports into account in time to make appropriate decisions for fiscal year 1980. I see no reason for the Senate to act on incomplete information, on reports that have not yet been approved or disapproved, for that matter, by the appropriate authorities. The Senate should not act arbitrarily, because of the existence of reports which may at some point result in policy decisions calling for more spending. The Senate cannot be asked to justify an increase in this year's budget resolution due to these reports at this time.

If we were to act on that kind of information, this whole budget would be larger. The Senator will find in the Budget Committee report analyses of future choices that Congress may have to face involving huge sums of spending in the future. They may or may not materialize. Some of them will in some form. But this budget resolution is not the place to provide for them. We are going to have subsequent budget years in which to do so.

If I understand the Senator's case for his amendment, all there is to it rests not on other committee's recommendations but on reports. NATO Task Force reports that may not yet be completed, that have not yet been acted upon, and that have not yet been implemented. Further, the reports have not yet been subscribed to by the President, the State Department, or our foreign policy decisionmaking institutions. I do not think that is a sufficient basis upon which to change the budget resolution for 1979.

I applaud the Senator's initiative in bringing them to our attention, and I do not resent it or object to it, or object to his offering the amendment; and if he has other amendments I will be glad to discuss those also.

Mr. TOWER. Mr. President, as a practical matter, it has been recommended by many that we increase our military spending in real terms, over and above the inflationary factor, in a magnitude of 3 percent a year, if we are to stay abreast—not to maintain superiority, but to stay abreast—of the military spending of the Soviet Union, which is 40 percent greater than ours, and in investment terms 75 percent greater than ours, if we are going to continue to be able to meet the threat.

The President submitted a budget that was $4 billion below that recommended by his own Department of Defense. A lot of it was achieved by sliding aircraft procurement and procurement of other systems into a subsequent fiscal year.

What I fear we are going to do is to come up later on having to make up for that fact, plus having to refund some additional NATO endeavors which I think are likely to be determined necessary.

It is true that the reports of the task forces have not been acted upon, but, in fact, what I am proposing here is enough flexibility to allow us to act upon them should we need to do so. The fact that we increase the budgetary ceiling for defense, of course, does not mean that we have to spend the money. But it is there for a contingency.

I hope we will seriously consider this.

It may be we are going to hit a big bulge in defense next year. I suggest it is better to go ahead and spend the money now in the interest of preventing large increases from time to time. In fact, by stretching out the production lines on aircraft we save money for this budget year. We can reduce the budget by reducing our aircraft procurement. What we do in the process is pay more money in the long run because, by stretching out the production lines, we increase the per unit cost.

That is a kind of budgetary hanky-panky. I do not blame this on the Budget Committee at all. They have nothing to do with this. They do not look at line items. They look at what we request in total terms. So I do not want to convey the impression that I am sticking this on the Budget Committee. But, in fact, because the executive branch wants to get its budget all in apple pie order they recommend stretching out these production lines, increasing the per unit cost on the aircraft we buy just for the sake of showing some budgetary restraint this year.

I do not think we can continue to do this very long and get the biggest bang for our defense buck, get the best value possible for our military outlays, which I insist we must get when we consider the fact that in investment terms, that is to say in R. & D. test and evaluation, production and procurement, the Soviet Union is outspending the United States 75 percent per annum. I think the American people are concerned about it. If they had a chance to vote on what our priorities should be, the defense of the United States would come right at the top.

I believe we do have to make value judgments about what our spending priorities are. I cannot accept that one Government expenditure is equal to another in importance. It is simply not so.

I think it is high time that we gave some thought—and I am not talking about the Budget Committee but I am talking about the entire Congress of the United States—to what our national priorities should be, and that we start cutting spending on those matters which turn up low on the priority list.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Maine has 1 minute remaining.

Mr. MUSKIE. Mr. President, I make three points. One, the Senator made his argument before the Armed Services Committee and was unable to persuade that committee to accept his recommendations. He lost his case there.

The Budget Committee has responded to recommendations of both the Armed Services and Appropriations Committees.

Second, our recommendation already provides for a 5.8 percent real growth in the tactical warfare forces mission. This is the mission which contains NATO forces.

The third point I would make concerns the Army's budget, which is the great bulk of the force modernization required for NATO. The Budget Committee's recommendation provides for 18 percent real growth in the Army procurement account and roughly 7 percent real growth in the Army R. & D. account.

When we say the ceiling ought to be the sky, I can never satisfy that kind of requirement. If we were to give every committee the kind of flexibility we have already given to the defense committees in this budget, the budget would be $36 billion higher.

Mr. TOWER. Will the Senator yield for one brief comment?

Actually, the committee on a tie vote rejected $1 billion more in expenditure than I am recommending here on a 6 to 6 tie. So the Budget Committee was evenly divided on the question of whether or not it should be $132.6 billion.

Mr. MUSKIE. Some committees divide.

The PRESIDING OFFICER. All time

has expired. The question is on agreeing to the amendment.

Mr. TOWER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK) is necessarily absent.

Mr. STEVENS. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 21, nays 74, as follows:

[Rollcall Vote No. 138 Leg.]

YEAS—21

Allen	Hatch	Schmitt
Bartlett	Hayakawa	Schweiker
Byrd, Harry F., Jr.	Helms	Scott
	Johnston	Thurmond
Curtis	Laxalt	Tower
Dole	Lugar	Wallop
Ford	McClure	
Hansen	Roth	

NAYS—74

Anderson	Griffin	Morgan
Bayh	Hart	Moynihan
Bellmon	Haskell	Muskie
Bentsen	Hatfield, Mark O.	Nelson
Biden		Nunn
Brooke	Hatfield, Paul G.	Packwood
Bumpers		Pell
Burdick	Hathaway	Proxmire
Byrd, Robert C.	Heinz	Randolph
Cannon	Hodges	Ribicoff
Case	Hollings	Riegle
Chafee	Huddleston	Sarbanes
Chiles	Humphrey	Sasser
Church	Inouye	Sparkman
Clark	Jackson	Stafford
Cranston	Javits	Stennis
Culver	Kennedy	Stevens
Danforth	Leahy	Stevenson
DeConcini	Long	Stone
Domenici	Magnuson	Talmadge
Durkin	Mathias	Weicker
Eagleton	Matsunaga	Williams
Eastland	McGovern	Young
Glenn	McIntyre	Zorinsky
Goldwater	Melcher	
Gravel	Metzenbaum	

NOT VOTING—5

Abourezk	Garn	Percy
Baker	Pearson	

So Mr. TOWER's amendment was rejected.

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. Twilley of my staff be granted privilege of the floor during consideration and votes on the matter now under consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. MUSKIE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I yield myself 5 minutes for the purpose of engaging in a colloquy with the distinguished Senator from Rhode Island.

Mr. PELL. Mr. President, as chairman of the Subcommittee on Education, Arts, and Humanities, I am deeply concerned that the first resolution on the budget does not contain any allowance for the increased costs of student financial aid programs which are contemplated upon enactment of the President's proposed College Opportunity Act. I am aware of the dialog that took place yesterday between the Senator from Iowa and the Senator from Maine, but I still would appreciate some further reassurance.

I can understand the reluctance of the Budget Committee to include this item in the absence of a formal budget request from the President. However, I am pleased to note that such a request, for an additional appropriation of $1.210 billion for fiscal year 1979, has finally been transmitted to the President of the Senate by the President and the director of the Office of Management and Budget. Therefore, I believe that this request should be reflected in the budget resolution.

The chairman of the Budget Committee noted in his opening statement that the budget resolution includes funds for tax credits but not for the President's bill. It is my hope that this position could be changed and the resolution might be amended to include additional student aid funds, although I recognize the constrictions under which the Senator works.

I add a note here: A letter from the President indicates that it is his firm intention to veto any bill that contains tax credits, so we may well be left in such circumstances that no money at all will be available for helping middle-income Americans educate their youngsters.

Mr. President, I ask unanimous consent to have the letters to which I have referred printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, April 24, 1978.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I ask the Congress to consider amendments to the request for fiscal year 1979 appropriations in the amount of $1,210,000,000 for the Department of Health, Education, and Welfare.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

JIMMY CARTER.

Enclosures.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 24, 1978.

The PRESIDENT,
The White House

SIR: I have the honor to submit for your consideration amendments to the request for appropriations transmitted in the budget for the fiscal year 1979, in the amount of $1,210,000,000 for the Department of Health, Education, and Welfare. The details of these proposals are contained in the enclosure to this letter.

I have carefully reviewed the proposals contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

JIM MCINTYRE.

Enclosures.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION

1979 budget appendix page	Headings	1979 request pending	1979 proposed amendment	1979 revised request
427	Student assistance	$3,278,000,000	$1,140,000,000	$4.418,243,000
	(In the appropriation language under the above heading: delete "$3,278,243,000" and insert in lieu thereof $4,418,243,000; delete "$3,253,843,000" and insert in lieu thereof $4,393,843,000.)			

This proposal would modify the Basic Grant and College Work Study programs to allow for more participation by middle income families. It would result in additional outlays of $166 million in fiscal year 1979.

1979 budget appendix page	Headings	1979 request pending	1979 proposed amendment	1979 revised request
434	Student Loan Insurance Fund	$750,814,000	$70,000,000	$820,814,000
	(In the appropriation language under the above heading: delete "$725,814,000" and insert in lieu thereof $795,814,000.); and delete the period after "Higher Education Act" and insert the following: Provided, That $70,000,000 of this appropriation shall be made available only upon enactment into law of authorizing legislation.)			

This proposal would provide funds to support an additional 403,000 new loans. This will increase outlays in fiscal year 1979 by $50 million.

THE WHITE HOUSE,
Washington.

The PRESIDENT OF THE SENATE,

DEAR MR. PRESIDENT: Today I transmitted to the Congress 1979 requests for appropriations totalling $1.2 billion for the proposed Middle Income Student Assistance program.

These funds are requested on the condition that Congress enact my proposed amendments to the Higher Education Act. I continue to believe that this program will be more effective in bringing assistance to middle income students than any of the proposed tuition tax credit bills, and I intend to veto such tax credit legislation if it reaches my desk.

Respectfully.

Mr. MUSKIE. Mr. President, the Senator and I have discussed this concern, and this colloquy is responsive to the discussion.

The budget resolution does accommodate the Roth college tuition tax credits proposal. I voted against this, as I always have voted against this, but a majority of the committee voted in favor of it. So there is room for it in the budget totals.

With respect to the refundable portion of the tax credit, there is room for it in function 500, the education function.

With respect to the President's program, he had not submitted it at the time we marked up the budget, because he did not want to see both programs approved. He was doing his best to discourage the enactment of the college tuition tax credit program in order to make room for his direct spending program. I did not want to see both programs in the budget resolution.

Whatever happens at the end of the legislative line, whether or not education tax credits or the President's proposal are finally approved by Congress, it seems to me that, in the broad sense, there is room in the budget for some form of college tuition assistance for middle income families. If the education tax credits are finally rejected by Congress, or vetoed by the President with the veto upheld by Congress, the room in the budget for the tuition tax credit could be transferred by the second budget resolution to the spending side of the budget, if that were the will of the committee and if that were the will of Congress.

So, given the dilemma of trying to avoid approving both programs while approving in committee the tax credit program, we could not at this point make explicit provision for the President's program.

Mr. PELL. When is the second budget resolution due for consideration by the Senate?

Mr. MUSKIE. We have to adopt that by the 15th of September; so that by late summer I think we will be marking up the second budget resolution, and we will take into account whatever the status of this particular issue will be at that time.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. PELL. I yield.

Mr. MAGNUSON. Does the program that the Senator from Rhode Island is talking about propose an increase in the amount we are going to appropriate for BEOG's?

Mr. PELL. It would, by about $1.2 billion.

Mr. MAGNUSON. It would increase the BEOG program?

Mr. PELL. It would increase that program by increasing the limitation as to those who are eligible for assistance.

Mr. MAGNUSON. In other words, the eligibility of the BEOG program would be changed so that more middle-class people could take advantage of it—or lower-middle class?

Mr. PELL. Exactly. So that instead of the present cutoff of $12,500 family income it would go up to $25,000, which would be approximately the top limit of those eligible.

Mr. MAGNUSON. Under the BEOG program, I say to the Senator from Maine, we are now contributing within the eligibility BEOG program $1,800 a year.

There has been a discussion that the way to get at it is that instead of having the tax credit to take care of the lower middle class or middle class income people, just liberalize the eligibility under the BEOG program, which would amount, as the Senator says, to $1.2 billion. That legislative program has not been enacted.

Mr. PELL. That is correct.

Mr. MAGNUSON. That would have to come up in a supplemental. I do not think we can put $1.2 billion in the regular bill right now. In fact, I am sure the Appropriations Committee would not do so. Then, that would be plenty of time for the Senator from Maine and our Budget Committee to take a look at whatever is going to be decided by that time. I think it would be unwise to have it in this budget resolution now.

Mr. MUSKIE. Exactly.

Mr. PELL. In other words, the fact that we do not put it in now in no way sets the climate of bias of the Senate against the program to increase the basic educational opportunity grant program.

Mr. MUSKIE. I think there should be and I think there is flexibility to permit Congress as a whole to resolve that issue. However, if the Senate recommendation on this issue should survive the conference with the House, the Congress will have decided through the budget process that it wishes to spend only $0.6 billion on middle income tuition assistance. This amount is not enough to fund the Senator's bill. Of course, the Congress can later decide to change its mind and spend more on college tuition assistance, thereby adding more to the budget deficit.

If Congress makes that choice, the second budget resolution could reflect that increase.

Mr. PELL. I thank the Senator from Maine for this colloquy and for his illumination.

Mr. ROTH. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I yield.

Mr. ROTH. Mr. President, I listened with considerable interest to this colloquy. I want to make certain that I am clear in my understanding.

I assume that the provision in the budget resolution that provides for college tax credits has exactly the same strength and support of the Budget Committee that the other provisions have.

When the Senator says that it should be the decision of Congress to go another route in the college tax credit and that the second resolution could meet that change, that is true of any provision in the budget resolution. Is that not correct?

Mr. MUSKIE. I am not sure I understand what the Senator is driving at.

Mr. ROTH. Any provision we have in the budget resolution, whether it is for health, safety, or defense, can be modified between now and the second budget resolution. Is that not correct?

Mr. MUSKIE. Yes. There is no question about that.

Let me say this, because I find that my statements are picked up against me, and I want to be sure that what I say is properly qualified.

The targets we are stating in this resolution, I hope, will have some meaning and will impose some restraint on what we do between now and September.

I would not want to find myself in the position of saying that anything that Congress may want to do, whether or not it was covered by this resolution, can be covered in the second concurrent budget resolution. Otherwise, the target setting would be meaningless. So, it is not in that sense that I made the statement I did to the Senator from Rhode Island.

Mr. ROTH. May I assume what the Senator just said applies to the college tax credit as well as to the other provisions of the budget?

Mr. MUSKIE. The college tax credit is provided for in this resolution.

Mr. ROTH. That is correct.

Mr. MUSKIE. So if Congress in fact enacts the college tax credit, it is already covered by this resolution, and I am sure that would be repeated in the second concurrent budget resolution.

The committee did not include the other proposal, that of the President and Senator PELL. I am simply speculating, in an attempt to respond to Senator PELL's inquiry, as to what may happen, and it seems quite clear that both issues will in some way be considered by Congress and decided.

Congress may conceivably approve both, in which case we would have to make provision for both, or it may choose one as an alternative over the other. It is the tuition tax credit that is already provided for in this budget. If tuition tax credits are rejected either by Congress or by the President, with a veto sustained by Congress, then there will be room for at least part of the other proposal and Congress may or may not approve that.

All I was saying to the Senator from Rhode Island is that in my judgment there is flexibility to deal with any of those eventualities as they materialize.

Mr. ROTH. I agree with what the Senator from Maine is saying. I was making the additional observation that in my judgment, of course, that is true of any provision of the resolution at this stage. It could be modified by the action of Congress at a later time.

Mr. MUSKIE. All right. Maybe I did not understand what the Senator was saying clearly. Yes, I would agree with that statement.

Mr. ROTH. For example, it would even be as it was proposed yesterday where Congress was asked to decide on a $25 billion tax cut effective October 1 as the President proposed. That would be within the budget.

Mr. MUSKIE. No; that would not be within this budget. It would violate the revenue and deficit targets of this budget. Of course, the Congress could choose to change the policy which is inherent in this budget and add to the deficit.

Mr. ROTH. The same thing is true here.

I just want to draw the parallel, that both are subject to subsequent action of Congress.

Mr. MUSKIE. If it were done before the second concurrent budget resolution, it would breach the target set in the first concurrent budget resolution, and the Senate would be asked by myself and Senator BELLMON to take into consideration the fact that the first concurrent budget resolution does not provide or make room for that. The Senate could, of course, then decide that notwithstanding that it would decide to make it effective October 1. The Senator is correct.

Mr. ROTH. I thank the Senator from Maine.

Mr. PELL. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

● Mr. HATHAWAY. Mr. President, I have a couple of questions regarding the provisions of the pending budget resolution with respect to function 500 as it relates to education. Specifically, I am concerned with the totals including for budget authority and outlays for the elementary, secondary, and vocational education accounts and those for higher education.

In the report accompanying Senate Concurrent Resolution 80, it is stated that the committee recommends budget authority of $12.2 billion and outlays of $10.9 billion. The report on page 116 states that these totals should be sufficient to accommodate increases in title I of the Elementary and Secondary Education Act and to provide increases in other programs such as Head Start and Emergency School Aid.

Mr. President, I am concerned with this report language as it relates to career education, and particularly to funding of the Career Education Incentive Act. This legislation was signed into law on December 13, 1977, after having been approved unanimously by this body, with the unanimous cosponsorship of the Senate Committee on Human Resources.

The Committee on Human Resources included in its recommendations to the Budget Committee as a specific highlighted item in function 500, funds for implementing this act. It recommended an earmarked $120 million in budget authority to accommodate $40 million in fiscal year 1979 program funding, and $80 million in fiscal year 1980 forward funding. These would require outlays of $18 million.

Likewise, for the higher education account for postsecondary career education, this committee recommended $10 million budget authority, and $8 million in outlays.

These same recommendations were transmitted as a joint letter to all members of the Labor-HEW Subcommittee and signed by a number of my distinguished colleagues.

Mr. President, I ask that this letter be printed in the RECORD at this point.

The letter follows:

COMMITTEE ON HUMAN RESOURCES,
Washington, D.C. February 28, 1978.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Appropriations, Washington, D.C.

DEAR MAGGIE: During the upcoming deliberations of the Subcommittee on Labor HEW with respect to further FY 1978 supplementals and FY 1979 appropriations, we urge your favorable consideration of sufficient funds to implement the Career Education Incentive Act (P.L. 95-207, enclosed). This legislation was signed into law by the President on December 13, 1977.

The Act proposes a fundamental and necessary refocusing of our educational system on the world of work. It received the strong support of every major education group, organized labor, the Chamber of Commerce, the NAACP, women's groups, and many other groups.

Nonetheless, the President's Budget as submitted to Congress contains no funds to implement this Act. Rather, the Budget proposes level funding for FY 1979 of $10,135,000 for a continuation of career education demonstration under the prior existing statutory authority contained in Section 406 of the Special Projects Act.

It was Congress' determination that sufficient demonstration had occurred over the past seven years, involving over $200 million in Federal funds, and projects in virtually every state. What was needed at the elementary and secondary levels was not further demonstration but implementation. The overwhelming votes in the House and the unanimous support of the Senate underline this determination.

P.L. 95-207 authorized $50 million for FY 1979, $100 million in FY 1980 and FY 1981, $50 million in FY 1982 and $25 million in FY 1983 for elementary and secondary career education implementation, and mandated that these funds be distributed on a formula basis to all states and territories. It also authorized $15 million in FY 1979 and each year thereafter through FY 1983 for postsecondary demonstration projects.

The Career Education Incentive Act provides short term catalytic Federal funding to the states to allow for full implementation of career education at the elementary and secondary levels and confines demonstration solely to the post-secondary level. The bill is specifically worded to require that Federal funding increase gradually, then decline and ultimately phase out at the end of five years, while state and local funds increase concomitantly.

The law was purposefully drafted to require that no funds could be appropriated in any years subsequent to FY 79 unless some appropriation had occurred in the prior year, in order to insure that the integrity of this structure be maintained.

It is therefore critically important that an appropriation be made for the FY 79 initial program year, either through a FY 78 supplemental appropriation, to provide the benefits of forward funding, or through inclusion in the FY 79 Labor-HEW Appropriation bill. The former course would allow the state and local educational agencies to know in advance what their formula allotments would be and to plan accordingly. In fact, the law mandates forward funding of program years FY 80-83, consistent with other education legislation. Thus program funds for FY 80 must be included in the FY 79 Labor-HEW appropriation.

Given the onging problems of youth unemployment, its effect on our national economy, and the tremendous waste of human potential through misdirected pursuit of unpromising or nonexistent career opportunities, the modest level of funding required for this Act would justify itself many times over by any criteria of effectiveness. But a particularly clear benefit flowing from implementation of this legislation would be a greatly decreased need for Federal programs which are essentially Band-aid in nature—unemployment compensation, youth jobs programs, and so on. Rather, by providing each of our students from the earliest grades onward with the skills and experience to seek and retain productive and meaningful employment, we would finally be implementing a strategy intended to eliminate the causes of these societal problems. On this basis, it would seem that any budgetary considerations would further heighten the need for these funds.

We therefore urge you to give strong consideration to including in an FY78 supplemental appropriation not less than $40 million for elementary and secondary career education implementation and not less than $8 million for post-secondary demonstration programs for the FY79 program year of the Career Education Incentive Act. At the same time, we urge that the FY79 Labor-HEW bill include as forward funding for the FY80 program years not less than $80 million for elementary and secondary implementation and not less than $10 million for post-secondary demonstration. Both program years could be included in the FY79 Labor-HEW bill, but as pointed out, this would be less advantageous to the school districts involved.

If members of your staff have further questions or need additional information, they should contact John Doyle at 4-2095.

Sincerely,

Harrison A. Williams, Jr., chairman, Committee on Human Resources, William D. Hathaway, Alan Cranston, Robert T. Stafford, Jennings Randolph, S. I. Hayakawa, Gary Hart, Orrin G. Hatch, Claiborne Pell, Chairman, Subcommittee on Education, Arts and Humanities, Donald W. Riegle, Jr.

Mr. HATHAWAY. Mr. President, these sums were agreed to unanimously by the Committee on Human Resources and transmitted to the Budget Committee on March 15. On that same day I testified before the Subcommittee on Labor-HEW of the Committee on Appropriations, chaired by the distinguished Senator from Washington (Mr. MAGNUSON).

On that occasion, Chairman MAGNUSON indicated his interest in providing funds to implement this important act, and the distinguished Senator from Pennsylvania (Mr. SCHWEIKER), a cosponsor and strong supporter of the bill, indicated his interest as well. While final action of that committee will await its formal markups in May, at this point I am reasonably optimistic that sufficient funds will be made available.

My question then, Mr. President, on which I would appreciate hearing the response of the distinguished chairman of the Budget Committee, is whether the totals included in Senate Concurrent Resolution 80 and the accompanying report language, present any problems in this regard?

Mr. MUSKIE. In arriving at functional

totals in function 500 the committee did not specifically assume any amounts for career education. We did assume a full $1 billion increase over fiscal year 1978 appropriation for elementary, secondary education and additional moneys for higher education as well. The final distribution of all these funds is, as you know, up to the Appropriations Committee. However, if the Appropriations Committee does choose to fund the Career Education Act, it will have to take these funds from other education programs that were assumed by the Budget Committee under this resolution, such as Head Start, emergency school aid or the expansion for the title I program.

Mr. HATHAWAY. Is it then correct to assume that the failure of the Budget Committee's report to mention career education in no way was intended to prejudice the deliberations of the Appropriations Committee in this regard?

Mr. MUSKIE. That's correct.

Mr. HATHAWAY. I thank my friend and colleague for clarifying this matter.●

UP AMENDMENT NO. 1248

Mr. HARRY F. BYRD., JR. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. HARRY F. BYRD, JR.) proposes an unprinted amendment No. 1248.

On page 1, line 11, strike "$566,100,000,000" and insert in lieu thereof "$565,350,000,000"

On page 2, line 23, strike "$12,800,000,000" and insert in lieu thereof "$12,050,000,000"

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, the concurrent resolution now pending, in the section dealing with international affairs; namely, function 150, provides for new budget authority of a year ago of $8 billion. "That represents a 60-percent increase. But of that, part is for military sales and credits.

My proposal would reduce the total for the function of international affairs from $12.8 billion to $12.05 billion. In other words, it would be a reduction of $750 million.

This reduction amounts to 5.8 percent of the total of the budget authority for this function.

The objective is to reduce U.S. contribution to international financial institutions. Under Senate Concurrent Resolution 80, the U.S. contribution to these international banks would rise by $1.2 billion or 64 percent over 1978 budget authority.

I just think, Mr. President, that is unreasonable. This country has a lot of problems of its own. Besides that, this Government has a lot of problems of its own.

I am not sure that Washington realizes it. But I think the people throughout our Nation realize that continued and accelerated Government deficits represent the major cause of inflation.

I was interested in the Gallup poll, the results of which were published yesterday. The Gallup poll has been proven quite accurate in the past. The Gallup poll shows that the people of this country by a 9 to 1 ratio would prefer controlling inflation to a tax cut.

That is to me significant. I think most Americans feel that our taxes are too high. I think most Americans would like a tax cut. But most Americans, unlike most in Washington, realize that we cannot effectively reduce taxes unless we simultaneously get Government spending under control.

And just how one can justify increasing the contributions to the international financial institutions, through the use of tax funds, by 64 percent in this year is beyond me.

Of course, those who favor this huge increase will say, "Well, it is to help the developing countries; it will help other countries, and we need to do that."

Well, Mr. President, our Nation for the last 30 years has poured approximately $200 billion of American tax funds into helping other nations. We have a good record in that regard. I think somewhere along the line this Congress has to decide that there is a limit beyond which the use of American tax funds for foreign countries, to give away to foreign countries, must not go.

A $750 million reduction is what this amendment proposes. If this amendment is adopted, it would still leave an increase of about $2.5 billion in international affairs function, and also leave an increase for the international financial institutions.

Mr. President, in regard to these financial institutions, as we know, this money is turned over to foreign governments. Congress has no control.

I cannot prove it, but I am convinced that a great deal of this money turned over to foreign governments is being siphoned off by the leaders of some of those countries and is not being used for the purpose which Congress intended.

Another aspect of this question of appropriating funds to international financial banks is that when Congress reduces the requests that are made on behalf of the international financial banks for appropriations, the next year the administration comes in and adds back the figure that Congress had refused to appropriate the year before.

Unless Congress takes this matter seriously, this matter of vast tax funds that are being funneled into the international financial institutions, there will be no limit as to the vast amounts that will go to these international banking institutions.

I think this amendment is a reasonable one. I will say again that the total function carries a figure in the concurrent resolution of $12.8 billion, and this would reduce it by 5.8 percent or a total of $750 million.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, first, some general observations, if I may. The amendment of the distinguished Senator from Virginia is intended to reduce our contributions to international financial institutions such as the World Bank, the Inter-American Bank, the Asian Development Bank.

These, of course, are multilateral institutions created by us, in concert with other nations, to carry out the international community's view of its responsibility toward developing countries. Our relations with these countries affect our security interests as well as the shape of the world in which we live. It is not a responsibility to be taken lightly or a national interest to be ignored.

We have struggled over several years now since World War II to find effective ways to advance that interest, to safeguard it, without abusing our taxpayers or without contributing to unwise ventures abroad.

For as long as I have been in the Senate, we have come increasingly to regard multilateral institutions like these international financial institutions as one of the better ways to discharge this international responsibility.

These funds are not turned over to foreign governments by us but are turned over to these international banks. As I understand it, most payments by the banks are made on vouchers representing actual contracts.

For example, our contribution to the World Bank is 23 percent. It just happens that 25 percent of the purchases made by the World Bank is made in America, purchases of American goods. So I think it is correct to say, and it should be clearly stated in the RECORD, that these funds are not turned over for the arbitrary use of foreign governments, but are funneled through multilateral institutions to be handled in a responsible way. These funds are used with precision to advance the objectives for which we make the contributions. I think that ought to be made clear.

Now, Mr. President, I understand that it is not easy to make the case for this commitment of national resources. I know the distinguished Senator from Hawaii (Mr. INOUYE) has struggled with this problem. I think he has made tremendous accomplishments over the years he has had the responsibility for the Foreign Operations Subcommittee of the Appropriations Committee. I am delighted to see him on the floor at the present time.

To return to this amendment and our relationship to the international banks, let me say this: The other day the Senator from Virginia and I had some discussion as to how we became involved in these commitments. Well, these commitments, of course, are the result of agreements with the banks entered into by our Secretary of the Treasury and agreements by the finance ministers of the other member countries of these banks. The commitment is then reduced to writing in the form of a letter.

I have here, for example, a letter dated November 28, 1977 from the Secretary of the Treasury, W. Michael Blumenthal, to the Honorable Robert S. McNamara, President of the International Development Association, which represents our commitment to the fifth replenishment of IDA, the soft loan window of the

World Bank. The letter by its express terms indicates that this commitment is subject to obtaining the necessary appropriations. But, nevertheless, it is a commitment, and it is a commitment which the other member countries have kept to date.

I ask unanimous consent that the letter be included in the RECORD as evidence of the form which our commitments take.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY,
Washington, D.C., November 28, 1977.
Hon. ROBERT S. MCNAMARA,
President,
International Development Association
Washington, D.C.

DEAR MR. MCNAMARA: As United States Governor, I hereby cast the votes of the United States in favor of Resolution No. 102 of the Board of Governors of the International Development Association.

The United States hereby agrees to pay, in accordance with the terms of Resolution No. 102, to the International Development Association the sum of $800 million. The United States also agrees, subject to obtaining the necessary appropriations, to pay to the Association an additional sum of $1.6 billion, in accordance with the terms of the aforesaid Resolution.

Sincerely yours,
W. MICHAEL BLUMENTHAL.

Mr. MUSKIE. I also ask unanimous consent to have printed in the RECORD a letter from Mr. Blumenthal's predecessor as Secretary of the Treasury, William E. Simon, representing our commitment to the Fourth Replenishment of IDA, illustrating the way in which commitments are entered into.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JANUARY 17, 1975.

Hon. ROBERT S. MCNAMARA
President International Development Association, Washington, D.C.

DEAR MR. MCNAMARA: As United States Governor, I hereby cast the votes of the United States in favor of Resolution No. 92 of the Board of Governors of the International Development Association.

The United States hereby agrees to contribute to the International Development Association the sum of $1,500,000,000 as provided in Resolution No. 92, to be paid in four installments of $375,000,000 each, beginning in fiscal year 1976. Letters of credit for each of the installments will be delivered only after enactment of an appropriation therefor. The requirement of Congressional action on appropriations from customary United States legal procedures.

Sincerely yours,
WILLIAM E. SIMON.

Mr. MUSKIE. Mr. President, in my judgment Congress should consider following through on these commitments, as Congress has the responsibility and obligation to do or not to do. To do otherwise, in my judgment, would break faith with other foreign assistance donors.

The United States has been successful in encouraging other nations to share the burden of development assistance. We have championed "burden-sharing," and we have led other nations in that respect. As a result, over the past decade, the American share of worldwide aid has steadily dropped in coordination with increases by other donors. In other words, it has served our interest to get other countries involved. They have become involved, and the result of that has been to reduce the burden on ourselves by sharing it with others. It is in the spirit of that burden sharing that other countries have made their commitments and kept them. We are the only member country which has not, at this point, fully met its IDA IV commitment. The other member countries have kept their commitments in the 3-year time frame, and one country in 4 years. We have not yet fully met that commitment.

The amendment of the Senator from Virginia would, in effect, unilaterally terminate U.S. contributions already agreed to. It would severely damage current U.S. efforts to increase overall development assistance while slowly reducing the U.S. share. The proper time for such an amendment, Mr. President, in my judgment, is not the unilateral course advocated today, but is when authorizations for new multilateral agreements come before the Senate.

If we have decided not to keep our commitments to other countries, we ought at least to put them on notice. That could be our posture the next time around. Let us not, however, renege on our commitments at this time.

Mr. President, the committee's recommendation already assumes a reduction of $600 million in budget authority from the President's request of $5.5 billion for economic development assistance. This is a significant cut, at a time when the President and the American people recognize the interdependence of the United States and many developing nations, and seek to improve human rights. A further cut in the International Affairs function could reduce the President's options as he deals with developing nations, and undercut the executive-legislative human rights policy.

The next point I would make, Mr. President, is that the middle income developing countries, which would be affected by cuts in foreign assistance, are the fastest growing market for American exports. Further cuts in the International Affairs function would reduce the amount of long-term loans for the multilateral development banks. This reduction could constrain the growth of American export markets in the middle income developing countries.

So on both counts, Mr. President, it is in the national interest to oppose this amendment. I ask unanimous consent to have printed in the RECORD at this point a memorandum which I inserted in the RECORD the other day, but which I think would be useful to the reader of the RECORD if inserted again at this point, describing IDA IV and IDA V and how they relate to this budget resolution.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

To Senator MUSKIE.
From Charles Flickner.
Date April 24, 1978.
Subject The Difference Between IDA IV and V.

The terms IDA IV and IDA V refer to the fourth and fifth replenishments of the International Development Bank (IDA), the soft-loan window of the World Bank. "Replenishment" is the technical term for a multiyear schedule of donations by the wealthier nations (mostly in North America, Europe, and East Asia) which belong to the World Bank and the regional development banks. The total amount, individual country shares, and length of each replenishment are decided at a special negotiating session by designated finance ministry officials. The results of the session are submitted to governments (and their legislatures) for approval; agreements go into effect only afterwards.

The authorization for the U.S. to enter into IDA IV was enacted in 1974 (P.L. 93-373). It committed the U.S. to provide $375 million a year for four years, for a total of $1.5 billion. The other donor countries extended their donations over three years, beginning in 1975. The U.S. insisted, however, on a four-year donation schedule starting in FY 1976. In part, this U.S. decision was due to a desire to prevent overlapping between IDA IV and the final installment of IDA III, due in FY 1975. For IDA IV, the other donor countries completed their contributions on schedule in FY 1977.

During the first two years of IDA IV, FY 1976-77, Congress met the U.S. commitment, but on a delayed basis, as shown on the following table:

(Dollars in millions)

	Enacted	Request
FY 1976 foreign assistance appriation bill	320	375
FY 1977 foreign assistance appropriation bill	375	430
FY 1977 supplemental appropriation bill	55	55

The final two years' funding for IDA IV ran into trouble in Congress in FY 1978 when the Executive branch negotiated IDA V and asked Congress to begin the Fifth IDA Replenishment (IDA V). the final two installments of IDA IV were due in FY 1978 and FY 1979.

The IDA V replenishment, fully authorized in 1977 (P.L. 95-118), was for the first time formally made subject to subsequent appropriations action. The U.S. share of the $7.3 billion total replenishment was 31 percent, or $2.4 billion. The payments were spread over three years, for an annual request of $800 million. The other donor nations, led by the West Germans, structured the IDA V agreement so that if the U.S. failed to pay its share in any year, the agreement would lapse. For this reason, the Carter Administration has concentrated on security funds for IDA V at the expense of the remaining installments of IDA IV. Every other donor has completed payment on IDA IV.

During the FY 1978 appropriations process, the Administration requested $1,175 million ($375 million, IDA IV and $800 million, IDA V), but received only $800 million for IDA V. The Senate Committee on Appropriations reported a foreign aid bill which included $950 million for IDA (150 million IDA IV and $800 million IDA V). On the Senate floor, a threat by Senators Allen and Harry Byrd to offer and debate at length 39 amendments to the Foreign Assistance Ap-

propriation Bill resulted in an agreement to cut the development banks. The two Senators mentioned above, the Committee, and the leadership agreed to amend and lower the amounts for most of the development banks. For IDA, the decision was made to eliminate the remaining $150 million for IDA IV in the Committee bill. This is the Senate decision Senator Harry Byrd referred to on the floor today.

The floor manager did not strongly resist the elimination of IDA IV from the FY 1978 bill because he hoped to encourage the World Bank into accomplishing management reforms and savings. The Inouye Subcommittee has held hearings this session on the $375 million due to IDA IV in FY 1978 and the final $375 million due this year. Both are part of the President's total FY 1979 request for IDA, which also included the second $800 million for IDA V. If the Subcommittee is satisfied with World Bank management reforms and savings, all of IDA V and at least part of IDA IV is likely to be reported by the Committee in the FY 1979 appropriations bill.

Mr. MUSKIE. In addition, Mr. President, I ask unanimous consent to have printed in the RECORD the Treasury Department's justification for the fiscal year 1979 appropriations, which includes a table outlining in detail the commitments to which we are a party.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INTERNATIONAL DEVELOPMENT ASSOCIATION JUSTIFICATION FOR FY 1979 APPROPRIATIONS

The International Development Association (IDA) is the concessional lending affiliate of the World Bank Group. It was established largely at the initiative of the United States in 1960 to finance high priority economic development projects in the less developed IBRD member countries, since the normal IBRD lending terms, at near-market interest rates are not appropriate to these countries. It does this by providing long term credits at a nominal service charge. As of September 30, 1977 IDA had 118 member countries and had made cumulative credit commitments of $11,372 million of which $7,771 million had been disbursed.

U.S. membership in the International Development Association and an original subscription of $320 million were authorized in June 1960 (PL 86-565). The United States joined the Association in August 1960. The amount of the original subscription was appropriated and contributed in five annual installments (PL 86-651, PL 87-329, PL 87-872, PL 88-258, and PL 88-634).

Agreements have been reached by developed member countries to replenish the resources of IDA on five subsequent occasions. The United States has participated in all of the replenishments.

The fourth replenishment negotiations for an increase in IDA resources of $4.5 billion were completed in 1973. The United States share of the increase was $1.5 billion, or 33% of the total, payable in four equal annual installments of $375 million. The first $375 million installment was requested in FY 1976, of which $320 million was appropriated (PL 94-330). In FY 77, $430 million was requested, of which $375 million was appropriated in the Foreign Assistance Appropriations Act for FY 1977 (PL 94-441), and $55 million was appropriated in a Supplemental Appropriations Act for FY 1977 (PL 95-26). In FY 78, $375 million was requested as the third U.S. contribution to IDA IV, but none was appropriated by the Congress.

All commitment authority available under IDA IV was to be exhausted by June 30, 1977. International negotiations for a fifth replenishment of IDA resources were completed in the spring of 1977. The replenishment size agreed to was $7.6 billion, of which the U.S. share was $2.4 billion or 31.4 percent of the total—the lowest U.S. share yet for an IDA resource mobilization. The U.S. received authorizing legislation (PL 95-118) in 1977 for its share of the IDA V replenishment. The Congress appropriated $800 million as the first tranche of the U.S. contribution to IDA V in the FY 1978 Foreign Assistance Appropriations Act (PL 95-148).

In FY 1979 the U.S. is requesting $1,550 million for IDA—consisting of $750 million for the third and fourth (and final) contributions to IDA IV and $800 million as the second of three equal annual installments to IDA V. Full appropriation is required of the IDA IV funds to complete the U.S. contribution to that replenishment and of the IDA V funds to trigger the availability of $1.7 billion in funds from other donor countries.

INVESTMENT IN INTERNATIONAL DEVELOPMENT ASSOCIATION: TREASURY DEPARTMENT—FUNDS APPROPRIATED TO THE PRESIDENT, INTERNATIONAL DEVELOPMENT ASSOCIATION

[Dollars in thousands]

Authorizations	Total, U.S. Participation Authorized	Appropriations	Amount
Public Law 86-565:			
Initial Subscription	320,290	First Supplemental, 1961	73,666
		Foreign Assistance and Related Agencies Appropriation Act, 1962	61,656
		Foreign Aid and Related Agencies Appropriation Act, 1963	61,656
		Foreign Aid and Related Agencies Appropriation Act, 1964	61,656
		Foreign Aid and Related Agencies Appropriation Act, 1965	61,656
	320,290		320,290
Public Law 88-310:			
Increase in Resources	312,000	Foreign Assistance and Related Agencies Appropriation Act, 1966	104,000
		Foreign Assistance and Related Agencies Appropriation Act, 1967	104,000
		Foreign Assistance and Related Agencies Appropriation Act, 1968	104,000
	312,000		312,000
Public Law 91-14:			
Second Replenishment of Resources	480,000	Second Supplemental Appropriation Act, 1969	160,000
		Foreign Assistance and Related Agencies Appropriation Act, 1970	160,000
		Foreign Assistance and Related Agencies Appropriation Act, 1971	160,000
	480,000		480,000
Public Law 92-247:			
Third Replenishment of Resources	960,000	Joint Resolution making Continuing Appropriations, 1973	320,000
		Foreign Assistance and Related Agencies Appropriation Act, 1974	320,000
		Foreign Assistance and Related Agencies Appropriation Act, 1975	320,000
	960,000		960,000
Public Law 93-373:			
Fourth Replenishment of Resources	1,500,000	Foreign Assistance and Related Programs Appropriations Act, 1976	320,000
		Foreign Assistance and Related Programs Appropriations Act, 1977	375,000
		Supplemental Appropriations Act, 1977 Public Law 95-26	55,000
		1979 Budget Estimate IDA IV	[1] 750,000
	1,500,000		
Public Law 95-118:			
Fifth Replenishment of Resources	2,400,000	Foreign Assistance and Related Programs Appropriations Act, 1978 Public Law 95-148	800,000
		1979 Budget Estimate IDA V	[1] 800,000
	2,400,000		

[1] Total 1979 Request for International Development Association is 1,550 thousand.

Mr. MUSKIE. I will close, Mr. President, by referring to a speech made last week, in Vancouver at the annual meeting of the Board of Governors of the Inter-American Development Bank. This is a speech by Horst Moltrecht, temporary alternate governor for the Federal Republic of Germany and Under Secretary of the Ministry of Economic Cooperation, at the Second Plenary Session.

Mr. Moltrecht, on page 2 of his statement, has this to say about the failure of other governments to meet their commitments to these international financial institutions:

> . . . despite the Bank's sound financial structure and its commendable lending policy, there are, in some areas, signs of developments which give rise to some concern. Already at the IDB's last Annual Meeting in Guatemala City, we expressed certain misgivings that agreed replenishment commitments were not implemented, commitments made in parallel to those of the nonregional countries. Interim solutions should not be allowed to obscure the need for an early and complete settlement of the questions on hand. It is, in my opinion, urgent for all members countries, to meet their obligations to the Bank at the appointed time. Otherwise, we might be faced with situations in which the Bank becomes unable to continue its operations. Also from the point of view of Parliaments in member countries, it is indispensable that all members take part on an equal footing and with equal obligations in accordance with certain principles. This applies not only to the IDB, but to all multilateral finance institutions. On the eve of new demands for replenishment, it is extremely difficult for the Government of the Federal Republic of Germany to explain to its Parliament the present situation which is marked by a lack of funds at the soft loan windows of the multilateral finance institutions due to failing contributions of one major donor country.

That one major donor country which has failed to meet its commitment made on a partnership basis with these other countries is the United States of America.

What the West German delegate is saying to us is that if we do not continue to meet the commitments that our leadership role has brought to us and other countries, that failure may well signal the destruction of these international financial institutions and the purpose which they were created to meet. It is a serious matter. It is not a popular matter at the grassroots level in this country, and not an easy case to make. But a responsible country, Mr. President, must recognize this kind of responsibility, and it is for that reason that I urge the rejection of the amendment of the Senator from Virginia.

Mr. BELLMON. Mr. President, I ask unanimous consent that Mr. Larry Howell of Senator STEVENS' staff have the privilege of the floor during the further debate on the budget resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I can understand and readily sympathize with the position taken by the distinguished Senator from Virginia. Foreign aid, so-called, is not particularly popular in my own State. In fact, I think most candidates who have run for office, when given the opportunity, have taken positions against foreign aid.

I would also agree with the Senator from Virginia that we ought to, and I think we should and will, provide for additional oversight of these various multilateral institutions. I think it is wrong for us not to require that they report to Congress in a regular manner, so that we can—

Mr. HARRY F. BYRD, JR. Will the Senator yield at that point?

Mr. BELLMON. I am happy to yield.

Mr. HARRY F. BYRD, JR. I am sure the Senator is aware that the President of the World Bank has refused to appear before any committee of Congress.

Mr. BELLMON. I am aware of that, but I am sure if we require it as a condition of getting the money, they would be willing to appear.

Mr. HARRY F. BYRD, JR. Exactly. The Senator is exactly right. Will the Senator from Oklahoma join me in putting in an amendment to that effect?

Mr. BELLMON. I will be glad to join the Senator in an amendment requiring that they submit regular reports to Congress of what they are doing with the money, so that we will be in a better position to know where we are than we are now. I will be glad to work with the Senator from Virginia on that.

Our Budget Committee figures cut down the funding for the bilateral foreign aid accounts, down from the 20 percent growth requested by the President and the authorizing committees for fiscal year 1979 to 5 percent. We did not give them anything like all they asked for.

We did not give them anything like they asked for.

Mr. HARRY F. BYRD, JR. Will the Senator yield at that point?

Mr. BELLMON. I will be happy to yield.

Mr. HARRY F. BYRD, JR. As I understand, in this concurrent resolution we cannot do that. It is by function, not by line item.

Mr. BELLMON. We took this into account. We do not line item.

Mr. HARRY F. BYRD, JR. So there is no reduction insofar as function is concerned.

Mr. BELLMON. But in reaching the total for the function, we took into account that we are providing not a 20-percent growth as the President recommended, but a 5-percent growth. That is the way we reached the program total.

Also, the programs that Senator BYRD's amendment would impact involve, as the chairman has said, international lending institutions which provide funds for the median-income nations, where we are developing a very considerable market for our exports. We certainly need, in light of the huge costs of imported crude oil, to export wherever we can and to earn as much foreign exchange as possible. These countries already account for about one-fifth of our exports and that figure is going up rapidly. They are our fastest growing market for exports, and if we are not careful we could hurt those markets and in fact inflict great damage on ourselves.

So while I have not been always the greatest supporter of foreign aid, I do feel the figure that the Budget Committee has developed here is realistic. I will support that figure and oppose the amendment of the Senator from Virginia.

Mr. HARRY F. BYRD, JR. The Senator from Maine read a letter, about which I am not exactly clear.

Mr. MUSKIE. There are two letters in the record. One is from Secretary Blumenthal.

Mr. HARRY F. BYRD, JR. This one was from a foreign source.

Mr. MUSKIE. That was not a letter. It was a speech.

Mr. HARRY F. BYRD, JR. Who made the speech?

Mr. MUSKIE. I will give the name again. This document in my hand includes speeches made at the annual meeting of the Board of Governors of the Inter-American Development Bank in Vancouver, in April of this year. This particular speech, which was given on the 2d or 3d of May, was made by Mr. Horst Moltrecht, temporary alternate Governor of the Federal Republic of Germany, Undersecretary of the Ministry of Economic Cooperation. We are represented on the Board of Governors as well.

Mr. HARRY F. BYRD, JR. Would the Senator state for the record how much West Germany has put up?

Mr. MUSKIE. We would have to dig for the number. West Germany has fully subscribed. I will have the number for the Senator as soon as I can get it.

Mr. HARRY F. BYRD, JR. In that connection, and this might save time, the Senator from Maine mentioned those countries which are supplying funds to IDA. If we could have a list of those countries and how much each country is putting up, I think it would help us in our deliberations.

(Mr. HUDDLESTON assumed the chair).

Mr. MUSKIE. The document I have here is the annual report of the Inter-American Development Bank. I will respond to the Senator's question with respect to shares in that bank.

Mr. HARRY F. BYRD, JR. I was really more concerned with IDA.

Mr. MUSKIE. I will give the other, too. Incidentally, we do have a report from the World Bank.

Mr. HARRY F. BYRD, JR. Yes.

Mr. MUSKIE. With respect to the Inter-American Development Bank, this was the first year that European countries contributed. On page 112 of the report is a statement of subscriptions to capital stock. With respect to the United States, the figure is $399 million, and with respect to Germany it is $63 million, for 1977.

Mr. HARRY F. BYRD, JR. What is the total subscription?

Mr. MUSKIE. The previous year, 1976, Germany's portion was $63 million and the United States was $399 million.

The total subscription in 1977 was $1,162 million.

There are, in all, 18 contributing countries to the Inter-American Development Bank. Venezuela, for example, in 1977, contributed $192 million. That is the next largest. Canada, $130 million.

Mr. HARRY F. BYRD, JR. What was the United States?

Mr. MUSKIE. $399 million. Venezuela was $192 million; Canada, $130 million; France, $61 million; Germany, $63 million; Italy, $61 million; Japan, $68 million; Spain, $61 million; United Kingdom, $61 million, and there are others in smaller amounts.

Mr. HARRY F. BYRD, JR. Wait just a minute. I will go back to my original thought. The United States, as I understand it, in that speech was berated at the conference by the representative of West Germany.

Mr. MUSKIE. Was what?

Mr. HARRY F. BYRD, JR. Was berated.

Mr. MUSKIE. I thought his remarks were very modest. What he was saying was, "Look, the rest of us have made our full commitments. What we are saying is if you do not meet your full commitments, it is hard for us to go back to our parliaments to get contributions." That is a statement of fact. I do not think that is berating the United States any more than the Senator from Virginia is berating them for expecting us to meet our commitment.

Mr. HARRY F. BYRD, JR. I will withdraw the word "berated." I will say the representative of West Germany was somewhat critical. Would that be a good word?

Mr. MUSKIE. I thought he was stating a fact. Maybe I added emphasis, because I tend to be a provocative speaker sometimes, which he did not intend. But if the Senator will read his words, and they are in the RECORD, I think it is a moderate recognition of the fact. It is almost like not wanting to recognize a sin when you see it. It is a very moderate recognition of the fact that we have not made our commitment and that his and other countries have.

Mr. HARRY F. BYRD, JR. Let us put it this way: He was less than enthusiastic.

Mr. MUSKIE. Just as I am less than enthusiastic about the Senator's amendment, but I am not berating the Senator. There are times when the Senator may think I am berating him, but I do not think I have been on this one.

Mr. HARRY F. BYRD, JR. I will be glad to withdraw the word "berated."

In any case, the statement was made by a representative of a country which put up approximately 5 percent and the United States is being called upon to put up more than 30 percent.

Mr. MUSKIE. Let me point out to the Senator that is the Inter-American Bank, which is in our hemisphere. That is the first time European countries have contributed to this bank in our hemisphere. It was the first time they were allowed to contribute. Rather than being critical of their contribution, it seems to me we ought to recognize that they made a positive contribution. I think it is a pretty good start in a new partnership.

(Mr. MELCHER assumed the chair.)

Mr. MUSKIE. With respect to the World Bank, it is a much larger list of countries, may I say. I have a list of the amounts paid in as of the end of the Bank's fiscal year, on June 30, 1977.

There are two pages of countries listed, as the Senator can see.

Mr. HARRY F. BYRD, JR. If we could have first the total.

Mr. MUSKIE. The total amounts paid in in 1977: $3,086,925,000.

Mr. HARRY F. BYRD, JR. And how much of that did the United States pay?

Mr. MUSKIE. The United States paid $780,869,000; Federal Republic of Germany, $164,703,000.

Mr. HARRY F. BYRD, JR. That $780 million the United States put up is the total amount the United States was, presumably, obligated to put up?

Mr. MUSKIE. The total amount, including guarantees, of the American subscription is $6,473,000,000.

Mr. HARRY F. BYRD, JR. That is what the United States has already put up?

Mr. MUSKIE. Yes, this is the total subscription of the United States up to June 30, 1977. That is $6,473,000,000.

Mr. HARRY F. BYRD, JR. And what country has put up the next largest item?

Mr. MUSKIE. With respect to subscriptions?

Mr. HARRY F. BYRD, JR. I think the Senator was giving me the total of everything, was he not?

Mr. MUSKIE. We have shifted from what was paid in in 1977 to the total subscription, including callable capital or guarantees. Does the Senator want to go back to the first?

That first total, money actually paid in, was $3 billion by the end of fiscal year 1977.

Mr. HARRY F. BYRD, JR. Of which the United States paid $780 million?

Mr. MUSKIE. Yes. If we want to look at the total subscription, that is $25,581,000,000, of which the United States subscribed $6,473,000.

Mr. HARRY F. BYRD, JR. Which is 25 percent of the total?

Mr. MUSKIE. Twenty-five percent, which is about the figure I used earlier.

With respect to the next largest, right above, the United Kingdom is $2.6 billion. This is on total subscription. The German Republic is $1.365 billion. France is $1.279 billion. Japan is $1.23 billion.

I ask unanimous consent that the full table be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

[Expressed in thousands of units of currency]

Members	Subscriptions					Voting power	
	Shares	Percent of total	Amounts expressed in U.S. dollars of the weight and fineness in effect on July 1, 1944	Amounts paid in—Expressed in current U.S. dollars	Amounts subject to call—Expressed in current U.S. dollars	Number of votes	Percent of total
Afghanistan	300	0.12	$30,000	$3,619	$32,571	550	0.19
Algeria	1,109	.43	110,900	13,378	120,405	1,359	.47
Argentina	3,733	1.46	373,300	45,033	405,297	3,983	1.38
Australia	5,671	2.22	567,100	68,412	615,708	5,921	2.05
Austria	2,304	.90	230,400	27,794	250,148	2,554	.89
Bahamas	171	.07	17,100	2,063	18,566	421	.15
Bahrain	85	.03	8,500	1,025	9,229	335	.12
Bangladesh	1,067	.42	106,700	12,872	115,846	1,317	.46
Barbados	111	.04	11,100	1,339	12,051	361	.13
Belgium	5,545	2.17	554,500	66,892	602,028	5,795	2.01
Benin	100	.04	10,000	1,206	10,857	350	.12
Bolivia	210	.08	21,000	2,533	22,800	460	.16
Botswana	43	.02	4,300	519	4,669	293	.10
Brazil	3,733	1.46	373,300	45,033	405,297	3,983	1.38
Burma	507	.20	50,700	6,116	55,046	757	.26
Burundi	150	.06	15,000	1,810	16,286	400	.14
Cambodia	214	.08	21,400	2,582	23,234	464	.16
Cameroon	200	.08	20,000	2,413	21,714	450	.16
Canada	9,418	3.68	941,800	113,614	1,022,525	9,668	3.36
Central African Empire	100	.04	10,000	1,206	10,857	350	.12
Chad	100	.04	10,000	1,206	10,857	350	.12
Chile	943	.37	94,300	11,376	102,383	1,193	.41
China	7,500	2.93	750,000	90,476	814,285	7,750	2.69
Colombia	933	.36	93,300	11,255	101,297	1,183	.41
Comoros	16	.01	1,600	193	1,737	266	.09
Congo, People's Republic of the	100	.04	10,000	1,206	10,857	350	.12
Costa Rica	107	.04	10,700	1,291	11,617	357	.12
Cyprus	222	.09	22,200	2,678	24,103	472	.16
Denmark	2,211	.86	221,100	26,672	240,051	2,461	.85
Dominican Republic	143	.06	14,300	1,725	15,526	393	.14

Members	Subscriptions: Shares	Subscriptions: Percent of total	Subscriptions: Amounts expressed in U.S. dollars of the weight and fineness in effect on July 1, 1944	Amounts paid in—Expressed in current U.S. dollars	Amounts subject to call—Expressed in current U.S. dollars	Voting power: Number of votes	Voting power: Percent of total
Ecuador	181	.07	18,100	2,183	19,651	431	.15
Egypt, Arab Republic of	1,421	.56	142,100	17,142	154,280	1,671	.58
El Salvador	120	.05	12,000	1,448	13,029	370	.13
Equatorial Guinea	64	.03	6,400	772	6,949	314	.11
Ethiopia	114	.04	11,400	1,375	12,377	364	.13
Fiji	111	.04	11,100	1,339	12,051	361	.13
Finland	1,621	.63	162,100	19,555	175,994	1,871	.65
France	12,792	5.00	1,279,200	154,316	1,388,845	13,042	4.53
Gabon	120	.05	12,000	1,448	13,029	370	.13
Gambia	53	.02	5,300	639	5,754	303	.11
Germany, Federal Republic of	13,653	5.34	1,365,300	164,703	1,482,325	13,903	4.83
Ghana	734	.29	73,400	8,855	79,691	984	.34
Greece	736	.29	73,600	8,879	79,909	986	.34
Grenada	17	.01	1,700	205	1,846	267	.09
Guatemala	123	.05	12,300	1,484	13,354	373	.13
Guinea	200	.08	20,000	2,413	21,714	450	.16
Guinea-Bissau	27	.01	2,700	325	2,931	277	.10
Guyana	171	.07	17,100	2,063	18,566	421	.15
Haiti	150	.06	15,000	1,810	16,286	400	.14
Honduras	84	.03	8,400	1,013	9,120	334	.12
Iceland	184	.07	18,400	2,220	19,977	434	.15
India	9,000	3.52	900,000	108,571	977,142	9,250	3.21
Indonesia	2,200	.86	220,000	26,540	238,857	2,450	.85
Iran	1,580	.62	158,000	19,060	171,543	1,830	.64
Iraq	698	.27	69,800	8,420	75,783	948	.33
Ireland	1,032	.40	103,200	12,450	112,046	1,282	.44
Israel	1,108	.43	110,800	13,366	120,297	1,358	.47
Italy	8,525	3.33	852,500	102,841	925,571	8,775	3.05
Ivory Coast	365	.14	365,500	4,403	39,629	615	.21
Jamaica	446	.17	44,600	5,380	48,423	696	.24
Japan	10,230	4.00	1,023,000	123,409	1,110,685	10,480	3.64
Jordan	187	.07	18,700	2,256	20,303	437	.15
Kenya	400	.16	40,000	4,825	43,429	650	.23
Korea	682	.27	68,200	8,227	74,046	932	.32
Kuwait	694	.27	69,400	8,372	75,348	944	.33
Lao People's Dem. Republic	100	.04	10,000	1,206	10,857	350	.12
Lebanon	90	.04	9,000	1,086	9,771	340	.12
Lesotho	43	.02	4,300	519	4,669	293	.10
Liberia	213	.08	21,300	2,570	23,126	463	.16
Libya	200	.08	20,000	2,413	21,714	450	.16
Luxembourg	200	.08	20,000	2,413	21,714	450	.16
Madagascar	219	.09	21,900	2,642	23,777	469	.16
Malawi	150	.06	15,000	1,810	16,286	400	.14
Malaysia	1,587	.62	158,700	19,145	172,303	1,837	.64
Mali	173	.07	17,300	2,087	18,783	423	.15
Mauritania	100	.04	10,000	1,206	10,857	350	.12
Mauritius	188	.07	18,800	2,268	20,411	438	.15
Mexico	2,280	.89	228,000	27,505	247,543	2,530	.88
Morocco	960	.38	96,000	11,581	104,228	1,210	.42
Nepal	112	.04	11,200	1,351	12,160	362	.13
Netherlands	5,923	2.31	592,300	71,452	643,068	6,173	2.14
New Zealand	1,716	.67	171,600	20,701	186,308	1,966	.68
Nicaragua	91	.04	9,100	1,098	9,880	341	.12
Niger	100	.04	10,000	1,206	10,857	350	.12
Nigeria	1,152	45	115,200	13,897	125,074	1,402	.49
Norway	2,048	.80	204,800	24,706	222,354	2,298	.80
Oman	60	.02	6,000	724	6,514	310	.11
Pakistan	2,000	.78	200,000	24,127	217,143	2,250	.78
Panama	181	.07	18,100	2,183	19,651	431	.15
Papua New Guinea	171	.07	17,100	2,063	18,565	421	.15
Paraguay	60	.02	6,000	724	6,514	310	.11
Peru	735	.29	73,500	8,867	79,800	985	.34
Philippines	1,322	.52	132,200	15,948	143,531	1,572	.55
Portugal	800	.31	80,000	9,651	86,857	1,050	.36
Qatar	171	.07	17,100	2,063	18,566	421	.15
Romania	1,621	.63	162,100	19,555	175,994	1,871	.65
Rwanda	150	.06	15,000	1,810	16,286	400	.14
Saudi Arabia	1,143	.45	114,300	13,789	124,097	1,393	.48
Senegal	362	.14	36,200	4,367	39,303	612	.21
Sierra Leone	150	.06	15,000	1,810	16,286	400	.14
Singapore	320	.13	32,000	3,860	34,743	570	.20
Somalia	150	.06	15,000	1,810	16,286	400	.14
South Africa	2,730	1.07	273,000	32,933	296,400	2,980	1.03
Spain	3,371	1.32	337,100	40,666	365,994	3,621	1.26
Sri Lanka	827	.32	82,700	9,976	89,789	1,077	.37
Sudan	600	.23	60,000	7,238	65,143	850	.30
Swaziland	68	.03	6,800	820	7,383	318	.11
Sweden	2,773	1.08	277,300	33,452	301,068	3,023	1.05
Syrian Arab Republic	421	.16	42,100	5,079	45,709	671	.23
Tanzania	350	.14	35,000	4,222	38,000	600	.21
Thailand	1,143	.45	114,300	13,789	124,097	1,393	.48
Togo	150	.06	15,000	1,810	16,286	400	.14
Trinidad and Tobago	535	.21	53,500	6,454	58,086	785	.27
Tunisia	373	.15	37,300	4,500	40,497	623	.22
Turkey	1,286	.50	128,600	15,514	139,623	1,536	.53
Uganda	333	.13	33,300	4,017	36,154	583	.20
United Arab Emirates	128	.05	12,800	1,544	13,897	378	.13
United Kingdom	26,000	10.16	2,600,000	313,651	2,822,856	26,250	9.11
United States	64,730	25.30	6,473,000	780,869	7,027,825	64,980	22.55
Upper Volta	100	.04	10,000	1,206	10,857	350	.12
Uruguay	411	.16	41,100	4,958	44,623	661	.23
Venezuela	1,972	.77	197,200	23,789	214,103	2,222	.77
Vietnam	543	.21	54,300	6,550	58,954	793	.28
Western Samoa	17	.01	1,700	205	1,846	267	.09
Yemen Arab Republic	85	.03	8,500	1,025	9,229	335	.12
Yemen, People's Democratic Republic of	248	.10	24,800	2,992	26,926	498	.17
Yugoslavia	1,178	.46	117,800	14,211	127,897	1,428	.50
Zaire	960	.38	96,000	11,581	104,228	1,210	.42
Zambia	648	.25	64,800	7,817	70,355	898	.31
Total, June 30, 1977	255,890	100.00	25,589,000	3,086,925	27,782,328	288,140	100.00
Total, June 30, 1976	255,818		25,581,800	3,086,057	27,774,511	287,568	

Mr. MUSKIE. There are all the numbers. I do not undertake to read them all.

(Mr. BUMPERS assumed the chair.)

Mr. HARRY F. BYRD, JR. Can we get to the question of IDA, which is separate?

Mr. MUSKIE. The International Development Association is the next item of discussion?

Mr. HARRY F. BYRD, JR. Yes.

Mr. MUSKIE. The total subscription as of June 30, 1977, is $10,361 million. I shall not add the other numbers.

The U.S. contribution is $3,999 million; the next largest is United Kingdom, $1,209 million. The third largest is the Federal Republic of Germany, $1,095 million.

Mr. HARRY F. BYRD, JR. The figures show, then, that the United States has put up 40 percent of the International Development Association money.

Mr. MUSKIE. I think the recent trend has been down toward 25 percent for IDA.

Mr. HARRY F. BYRD, JR. It is 31 percent, is it not?

Mr. MUSKIE. In IDA 5, it was 31 percent. We are trying to get it down beyond the 31 percent.

Mr. HARRY F. BYRD, JR. I am trying to help us get down to 25 percent.

Mr. MUSKIE. I understand, but the amendment means undermining our past commitments. It ought to be a multilateral effort and not unilateral.

Mr. HARRY F. BYRD, JR. I want to get on the question of commitments in a moment, but I want to stick with the figures here.

Mr. MUSKIE. I want to be sure the figures I am using are consistent with the understanding of Senator INOUYE, who is chairman of the Appropriations Subcommittee.

Mr. INOUYE. Our first contribution was made in the year 1961. At that time, our contribution was 43 percent of the total. Since then, it has been coming down. Presently, the 5th replenishment is 31 percent. In the resolution we passed recently, the sense of the Senate, we are hoping that we shall come down further to 25 percent, the trend being such that I think we shall be arriving at 25 percent shortly.

Mr. MELCHER. Will the Senator yield me 5 minutes?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Montana such time as he needs.

Mr. MELCHER. I thank the Senator.

First of all, I commend the Budget Committee for the action they have taken in the International Monetary Fund concerning the Witteveen facility of that fund, to expose the $1.8 billion contribution by the United States to that particular function in the International Monetary Fund. I think it is a responsible action on the part of the Budget Committee to make that an item in the budget and to make it subject to the appropriation process. Congress in this way can approve or disapprove the appropriation knowing what the money will be used for.

In the amendment offered by the Senator from Virginia (Mr. HARRY F. BYRD, JR.), dealing with function 150, including the International Monetary Fund. I should like to make a case in point regarding one of the loans that was recently approved. That is for Zambia.

Zambia, whose principal export is copper, operates mines that are government-owned. Despite the fact that the world price for copper is very low, hovering around 60 cents per pound, and despite the fact that, at that price, with a glutted market throughout the world, restraint in production is in order to bring supply back into balance with demand—the loan was made of continued all out copper production. I point out that these are government-owned mines—they have been operating, I have been told, at full blast, full production. In our country, the copper companies—Anaconda, Kennecott, and others—have been forced, because of economic conditions, to reduce production.

Copper mined in Montana in the Berkley Pit at Butte has to be sold at a price somewhere around 72 to 74 cents a pound to cover the cost.

So in our State and other States that mine copper, we have been experiencing layoffs, reduction of jobs, cutbacks, and they are hard to take.

Because copper is imported into the United States and because of our basic law dealing with an industry that is suffering from imports, there is some relief for the laid-off copper workers, but it costs us. It costs money out of the Treasury. But it is the arrangement we have in our country dealing with independent companies, private companies, producing a basic metal, to try to restrain production until that point when supply equals demand, and when copper production can be put on a basis that makes economic sense.

But Zambia, the principal export, I repeat, being copper, has continued the production, I am advised, at the same level, has not cut back, has further aggravated the supply. Therefore, the economic conditions are such that they are digging themselves deeper into the hole.

It was so bad that, in order to protect the country of Zambia at all, the International Monetary Fund agreed just recently to a $340 million loan.

Where do we come in? The United States contributes about one-third of the money loaned through the International Monetary Fund. So we have contributed to a loan to save Zambia from their severe economic distress, but there is no restraint on adding to that distress by their action in continuing to produce copper at near capacity.

It does not make any sense here in the United States or other countries with private copper companies. In fact, we have responded. Our copper companies have restricted production and cut back on jobs. That is what hurts.

The floor managers of the resolution have both stressed the commitments we have made to these international lending organizations, including the International Monetary Fund.

I do not know at what point Congress was advised that there may be a commitment to Zambia through the International Monetary Fund to provide economic stabilization for that country to continue its copper mining. I suppose, in fairness, at some point we did make such a broad commitment that allows the loan. The International Monetary Fund.

But I make this case in point because I believe it is essential that we carry into these lending organizations some horse sense so their actions do not come back to haunt us in one of our industries, in the United States, because by the further production of copper when no one needs it, with an already depressed price of around 60 cents a pound, all it means is a continuation of developing of a commodity that no one can use and we continue to suffer as well as other countries that produce copper.

I particularly stress again that there is a contrast between the Government-owned copper mines in Zambia and the privately owned copper mining companies here in the United States.

Surely, if the private sector can exercise restraint, why can we not insist on such a loan made by the International Monetary Fund that that country receiving that aid will exercise some restraint to arrive at a balance of supply and demand for this basic metal?

With that case in point in mind, I believe the Senator from Virginia has offered a very worthwhile amendment, because if we serve notice by adopting this amendment perhaps we will send notice to the International Monetary Fund, and the other international lending institutions that we participate in, that the loans they make reflect common sense regarding the situation that exists in the world, the world economy as well as the economy here in the United States.

Mr. GRIFFIN. Will the Senator yield?

Mr. HARRY F. BYRD, JR. The able Senator from Montana made exactly the appropriate point, and the point that concerns me so much. Once the Congress makes the appropriation to these multinational banks, the Congress loses all control. We have no further control over the use of that money, just as the Senator from Montana pointed out.

I think that is a very serious problem which the Congress needs to address itself to. Hopefully, as the Senator from Montana indicated, this might be beneficial in that regard.

I thank the Senator from Montana.

Mr. MELCHER. I thank the Senator from Virginia.

Mr. GRIFFIN. Will the Senator from Virginia yield to me to add a comment?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Michigan.

Mr. GRIFFIN. Mr. President, there are copper mines in the Upper Peninsula of Michigan. At the present time, there is widespread unemployment in that part of my State due in large part to the fact that our copper mines are in serious trouble.

The Senator from Montana has made a very important point, and I wish to associate myself with his remarks.

It is one thing for our workers in this country to compete on a fair basis with workers in other countries who produce the same product. However, it is difficult to explain to our workers why their tax dollars should be used to subsidize or in other ways to provide an unfair advantage for competing workers in other countries. Too often, and in too many ways, our Government uses the tax dollars of our own workers in ways that destroy the jobs of those workers here in our country.

It seems to me that our State Department, the AID agency and others involved in implementing international policy have not been nearly attentive to, or concerned enough about, the impact of their policies and programs overseas upon our workers in this country.

So I share the concern of the distinguished Senator from Montana, particularly with respect to the copper miners, and I commend the Senator from Virginia for focusing the Senate's attention on the general problem.

Some people who live in the Upper Peninsula of Michigan, which is divided from the Lower Peninsula by the Straits of Mackinaw have theatened from time to time to secede and leave the Union. Such talk usually brings a laugh, but some of the people in the Upper Peninsula who talk that way are not joking. They are serious—as a foreign country they would be able to ask for foreign assistance.

Mr. HARRY F. BYRD, JR. I thank the Senator from Michigan.

In regard to IDA, it has been established that of the total funds paid into the soft loan window of the World Bank; namely, the International Development Association—40 percent has come from the American taxpayers.

I ask the manager of the bill just where those funds have gone. What countries have received the bulk of those huge funds that have been paid into the International Development Association?

Mr. MUSKIE. The Senator really gives me too much credit. For how many years does the Senator expect me to have that information at my fingertips? I really am not a walking encyclopedia in these matters. We can be here for the next 2 weeks.

Mr. HARRY F. BYRD, JR. I think we will find that between 50 and 60 percent has gone to two countries—mostly to India, then to Pakistan. But I want to refresh the Senator's memory. I think it is important to know what is being done with these funds.

Mr. MUSKIE. I understand, but if our knowledge is limited to that which I have accumulated in my memory bank, we are in sad shape. I am not an expert in this field. I have not served on the committees with jurisdiction. I do not have that kind of information at my fingertips. I will be glad to check for you.

I will yield to my good friend from Hawaii, who has had more exposure to this area than I have.

Mr. HARRY F. BYRD, JR. Fine.

Mr. INOUYE. The major beneficiary of IDA, because of the size of its population, is India. Last year, they received about 40 percent of the IDA funds.

Mr. HARRY F. BYRD, JR. Last year, India received about 40 percent of the IDA funds?

Mr. INOUYE. Yes.

Mr. HARRY F. BYRD, JR. It is correct, as I recollect, that India had adequate funds to develop a nuclear device. That being the case, I am wondering whether we are justified in taking tax dollars out of the pockets of the working people and turning that money over to the Government of India.

Mr. INOUYE. If I may be permitted to speak for about 5 minutes, I think I can give the Senator my reasons why I support foreign aid.

Mr. MUSKIE. I yield 5 minutes to the Senator from Hawaii.

Mr. INOUYE. Mr. President, I believe this debate points out that the most unpopular program we have before us is foreign assistance. I think it is less popular than welfare. There is no constituency in the United States, and there are no votes to be gained when you support foreign assistance.

However, Mr. President, what we are concerned about this afternoon is the national interests of the United States and national security. We oftentimes equate national security with guns, the number of carriers we have, the number of tanks, the number of troops. But there are other ways of determining national interests and the well-being of the people of the United States.

I am trying to suggest that whatever happens in India will affect us. People starving in Bangladesh will come back to haunt us.

Today, according to IDA figures, about 70 percent of the people of the world are in the have-not category and about 30 percent are in the have category. The have-not category are those people living in countries with less than $300 per capita gross national product. Three hundred dollars. We have a per capita gross national product of about $7,000.

If we fail to listen to the pleas of the people of India, of Pakistan, of Bangladesh, of Somalia, of Zaire, and such places, our failure to advance some of the most important aspects of democracy will come back to haunt us.

The success and well-being of our democracy depends upon two factors: One, viable trading partners. It is in our interest to maintain viable trading partners and to develop new trading partners. We have the products of Detroit which we have to sell. We have Chicago; they produce and we have to sell. Hawaii has sugar; it has to be sold. Our economy depends upon selling and trading.

Second, our security is best maintained when there is stability in the world. You cannot stop the frustration, you cannot stop the dissension, and you cannot stop the fears of people with bullets.

In a country such as Mali, with a per capita gross national income of $80, in Western Samoa, $300—these are the have-nots of the world. These are the people who benefit most from IDA.

If by chance the United States should decide by this motion this afternoon to get out of the multilateral program, to get out of the banking business, to leave it up to these little countries to take care of themselves, this ratio I just mentioned of 70 percent have-nots and 30 percent haves will become 80 percent have-nots and 20 percent haves, eroding to 10 percent haves and 90 percent have-nots. We will then have an eruption—an eruption that atomic bombs will not stop.

The Subcommittee on Foreign Operations has jurisdiction over a budget having outlays of less than $5.6 billion. This includes security supporting assistance, with a large amount of that going to Egypt, Israel, Syria, Lebanon, and Jordan. That is a big chunk.

We are spending a relatively small amount to help to develop farms, establish population plannning programs, set-up schools, train teachers, train farmers. It is a small investment to keep the ratio between have and have-not nations to a point where we may have relative stability.

I hope that some day the have-nots of this world, according to this $300 figure, will be no more than 50 percent, not the 70 percent we have today, because the current ratio is dangerous.

I hope the Members of the Senate will consider security in terms other than guns, in terms other than atomic weapons, because the true security of our democracy will depend upon stability in the world and the existence, maintenance, and development of viable trading partners. That is what this type of program endeavors to do.

And, therefore, I hope that the amendment is defeated.

Mr. HARRY F. BYRD, JR. Mr. President, the Senator from Hawaii made an excellent speech, with the exception of that last sentence, and I wish to agree with it. If he means by his speech, and I think he does to an extent, that the appropriation of more and more funds will accomplish the purpose, with this I disagree. The facts show some $200 billion in foreign aid to 100 different countries have been expended in the past 30 years.

But to get back to the question I asked, I wonder if anyone could enlighten us as to where these funds go. We know that 40 percent has gone to India. I am just wondering to what countries the remainder of these funds are going.

Mr. MUSKIE. I think I located the table.

Mr. HARRY F. BYRD, JR. Fine.

Mr. MUSKIE. This table is on pages 148 and 149 of the World Bank annual report for 1977.

Mr. President, I ask unanimous consent that that table be printed in the RECORD so that Senators may know from what source I am responding to the Senator's question.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SUMMARY STATEMENT OF DEVELOPMENT CREDITS, JUNE 30, 1977 AND JUNE 30, 1976

[Expressed in U.S. dollars in thousands]

Members in whose territories development credits have been made [1]	June 30, 1977 Total [2]	Development credits approved but not yet effective [3]	Percent of total effective and non-effective development credits
Afghanistan	$103,834	$12,000	0.99
Bangladesh	717,424	72,000	6.74
Benin	40,507	7,200	.41
Bolivia	64,544	----------	.55
Botswana	15,931	----------	.41
Burma	158,500	----------	1.35
Burundi	20,981	10,000	.27
Cameroon	116,146	13,500	1.11
Central African Empire	13,377	----------	.11
Chad	49,687	----------	.42
Chile	21,565	----------	.18
China	14,950	----------	.13
Colombia	22,132	----------	.19
Congo, People's Republic of the	21,894	500	.19
Costa Rica	5,164	----------	.04
Dominican Republic	22,082	----------	.19
Ecuador	38,399	----------	.33
Egypt, Arab Republic of	280,936	52,000	2.84
El Salvador	21,517	6,000	.24
Ethiopia	292,370	57,000	2.98
Gambia, The	14,013	----------	.12
Ghana	108,065	----------	.92
Guinea	21,000	----------	.18
Guyana	13,645	----------	.12
Haiti	61,901	----------	.53
Honduras	49,440	5,000	.47
India	4,565,906	257,000	41.20
Indonesia	573,038	----------	4.89
Ivory Coast	7,500	----------	.06
Jordan	65,824	6,000	.61
Kenya	167,335	26,000	1.65
Korea	114,962	----------	.98
Lesotho	19,972	2,500	.19
Liberia	17,000	7,000	.21
Madagascar	114,019	14,000	1.09
Malawi	102,785	15,000	1.01
Mali	95,973	26,000	1.04
Mauritania	36,355	3,500	.34
Mauritius	20,419	----------	.17
Morocco	52,439	----------	.45
Nepal	78,787	16,000	.81
Nicaragua	23,435	----------	.20
Niger	55,128	----------	.47
Nigeria	38,855	----------	.33
Pakistan	776,331	15,000	6.76
Papua New Guinea	49,853	----------	.43
Paraguay	49,118	----------	.42
Philippines	32,216	----------	.28
Rwanda	45,869	14,000	.51
Senegal	97,234	----------	.83
Sierra Leone	23,284	----------	.20
Somalia	77,275	12,000	.76
Sri Lanka	85,547	28,200	.97
Sudan	189,161	25,000	1.83
Swaziland	8,194	----------	.07
Syrian Arab Republic	48,339	----------	.41
Tanzania	246,612	7,200	2.17
Thailand	32,000	----------	.27
Togo	28,516	10,000	.33
Tunisia	70,046	----------	.60
Turkey	193,815	----------	1.66
Uganda	48,031	----------	.41
Upper Volta	76,804	3,600	.69
Western Samoa	4,400	----------	.04
Yemen Arab Republic	93,750	16,000	.94
Yemen, People's Democratic Republic of	37,891	----------	.32
Zaire	176,005	18,000	1.66
Total, June 30, 1977	10,950,027	757,200	100.00
Total, June 30, 1976	9,726,448	697,500	----------

[1] All development credits are made to member governments or to the government of a territory of a member.

[2] Effective development credits held by association.

[3] Development credit agreements totaling $555,200,000 ($591,400,000—1976) have been signed, but the credits do not become effective and disbursements thereunder do not start until the borrowers take certain actions and furnish certain documents to the Association, and agreements providing for credits totaling $202,000,000 ($106,100,000—1976) have been approved by the association but have not been signed

Mr. MUSKIE. Mr. President, India's percent of the total at the end of that fiscal year was 41.2 percent. This is the percent of total effective and noneffective development credits. That is percent of the total cumulative credits.

The next largest appears to be Pakistan with 6.76 percent, next Bangladesh with 6.74 percent, and next appears to be Indonesia with 4.89 percent.

Mr. HARRY F. BYRD, JR. That will be satisfactory.

Mr. MUSKIE. And the rest are 2 percent or under.

Mr. HARRY F. BYRD, JR. I thank the Senator.

One statement the Senator from Hawaii made was that if this amendment is adopted it will get us out of the business of helping finance international financial institutions. Of course, this will not do that. This would reduce the proposed contribution by only $750 million. There would still be vast sums in the resolution which would increase over the past year the contributions by $1.2 billion, or 64 percent. That is what this new program proposes.

All I suggest is that that increase be reduced slightly.

Mr. INOUYE. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to my good friend from Hawaii.

Mr. INOUYE. It is true that passage of this amendment will not kill our commitment or kill our involvement, but it will send a chilling message to the remainder of the world, especially the developed countries. That the most powerful and the wealthiest nation in the world would take this step, would, I think, cause others to march in step with us and then, Mr. President, the hopes for international economic development and cooperation would fade.

I also wish to point out that this program we are speaking of, the total foreign assistance program: Food, Public Law 480, teaching farmers how to plant grain, and so forth, amounts to less than 1 percent of the Federal outlay—less than 1 percent—and for that investment we are able to maintain and develop viable trading partners and we are able, Mr. President, somehow to maintain the shaky stability that we find in this world.

I would hate to see an eruption in India, because I am certain that we are all aware that if something happens there we will somehow be sucked in. If something happens in Bangladesh we will be sucked in. If something happens in Africa we will be sucked in. Why not prevent that explosion from coming about?

Mr. President, the investment we are making to world stability and the development of markets, less than 1 percent of our outlays, is very inexpensive.

Mr. MUSKIE. Mr. President, I thank my good friend from Hawaii for his contribution to this debate. I feel somewhat at a loss at not being on top of the details as his experience has made possible for him. But I have here two pages that indicate the trend of burden sharing. One table lists all western and all foreign aid donors. In 1964 the U.S. share was 60.3 percent; in 1968 it had dropped to 51.3 percent; in 1972, 39 percent; and in 1976 to 31.7 percent.

Part of the reason why that trend has been downward is because we have been able to encourage other donors to become involved in these international financial institutions. We have gotten them involved by making a commitment to carry our share of the burden if they carry theirs. That is an important commitment.

Let me share with the Senate the trend with respect to these international financial institutions. The original U.S. share in the World Bank was 31.7 percent. It is now 18.7 percent. The International Development Association, originally 43 percent; now down to 31.4 percent. The International Financial Corporation originally 35 percent; now 23 percent. The Inter-American Development Bank hard loan program originally 41 percent; now 32.3 percent. The Inter-American Bank soft loan program originally 68 percent; now 53.4 percent. The Asian Development Bank originally 20 percent; now 16.3 percent. And the Asian Development Fund originally 29 percent; now 22.2 percent.

Mr. President, I ask unanimous consent that this full explanatory statement issued by the Treasury Department as of February of this year be printed in the RECORD.

There being no objection, the explanatory statement was ordered to be printed in the RECORD, as follows:

HISTORY OF BURDEN-SHARING

The U.S. has made a major effort in the postwar period to promote LDC development as an international effort. This effort required a prominent U.S. presence, and the U.S. did play a dominant role in development assistance into the late sixties. 1969 was the first year in which the U.S. no longer provided at least half of total official development assistance (ODA) flows from DAC countries. It was also the first year in which U.S. performance in terms of proportion of GNP fell below the DAC average.

United States share of DAC official development assistance

	Percent
1964	60.3
1968	51.3
1972	39.0
1976	31.7

The multilateral aid institutions evolved as a logical and effective mechanism for cooperating in this international effort. The initial U.S. share in these institutions tended to be large, both because the U.S. was usually their promoter and due to our strong position in the international economy. Nevertheless, their establishment did represent a step toward greater burden-sharing since the proportion of total bilateral aid provided by the U.S. was generally larger than the proportions of the total multilateral aid provided by the U.S.

Because the U.S. has encouraged other developed countries to increase their IFI contributions, U.S. shares in the latest replenishment of the IFIs are considerably below our original share. With the exception of the IDB—where the U.S. was for years the only major donor—the IDA is the only institution in which the U.S. has not fallen below 25 percent. Even here, however, there has been a substantial drop—from 43 percent to 31 percent.

U.S. Share of IFI Replenishments

	Original share	Current replenishment
World Bank (IBRD)	31.7	18.7*
Int. Development Assoc	43.0	31.4
Int. Financial Corporation	35.0	23.0
InterAmerican	41.0	32.3
FSO—Development Bank	68.0	53.4
Asian Development Bank	20.0	16.3
Asian Development Fund	29.0	22.2

Overall aid burden-sharing is sometimes discussed in terms of aid as a percent of GNP or in terms of GNP as a percentage of total GNP for the industrial countries as a whole. In these terms, only Japan currently lags behind the U.S. among major donors. The U.S. accounted for 41 percent of the GNP of DAC members in 1976, but only 32 percent of total ODA. Thus, multilateral assistance has advantages from the burden-sharing viewpoint in that the U.S. share is much less than might be implied by aid as a percentage of GNP or the U.S. weight in the international economy.

In practice, burden-sharing in the multilateral area is of significance in terms of real resources largely for the soft loan windows. The burden-sharing concept has little relevance to the ordinary capital operations of the IFIs, which are largely financed by private capital through IFI bond placements at market rates. For example, U.S. paid-in contributions to the IBRD have financed only two percent of IBRD lending to date. From the financial viewpoint, accordingly, the IBRD and the hard loan windows of the regional banks might more appropriately be considered financial intermediaries.

Mr. MUSKIE. Mr. President, one other bit of information for the record. This is the fiscal year 1978 foreign assistance appropriation bill (Public Law 95–148), adopted October 31, 1977. It includes a sense of the Senate resolution regarding the U.S. share of contributions to future replenishments of the international financial institutions.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. HARRY F. BYRD, JR. Is that proposal that the U.S. share be reduced to 25 percent?

Mr. MUSKIE. Exactly.

Mr. HARRY F. BYRD, JR. And this does not accomplish that purpose?

Mr. MUSKIE. It depends upon what the Senator calls "accomplish." I mean our commitments were made on the basis of a different concept of sharing. That is why I quoted the earlier figures. It has been our efforts since—what is that first year?

Mr. INOUYE. 1961.

Mr. MUSKIE (continuing). 1961, to move in that direction, and we have successfully moved in that direction.

Mr. INOUYE. Forty-three percent in 1961.

Mr. MUSKIE. And this sense of the Senate resolution sets out the target.

We are moving toward that target. We are not there yet, no, but we are moving clearly, and I think inevitably, toward that target. The U.S. share of IDA VI will be 25 percent. That will be before the Senate in a year of two.

The Senator wants to achieve it today at the expense of commitments we have made to other countries.

Mr. President, I ask unanimous consent to have printed in the RECORD that portion of Public Law 95–148 to which I have made reference.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FUTURE UNITED STATES CONTRIBUTIONS TO THE INTERNATIONAL FINANCIAL INSTITUTIONS

It is the sense of the Senate that the United States share of contributions to future replenishments of the International Financial Institutions should not exceed the percentages enumerated below for each of the respective accounts within these institutions:

Asian Development Bank:
Paid-in capital, 16.3 percent;
Callable capital, 16.3 percent;
Asian Development Fund, 22.2 percent;
African Development Bank:
Special Fund, 10.6 pecent;
Inter-American Development Bank:
Paid-in ordinary capital, 34.5 percent;
Callable ordinary capital, 34.5 percent;
Paid-in interregional capital, 34.5 percent;
Callable interregional capital, 34.5 percent;
Fund for Special Operations, 40 percent;
International Bank for Reconstruction and Development:
Paid-in capital, 18.7 percent;
Callable capital, 18.7 percent;
International Development Association, 25 percent;
International Finance Corporation, 23 percent.

Mr. HARRY F. BYRD, JR. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BELLMON. Mr. President, before the Senator yields back his time, could I have a couple of minutes?

Mr. MUSKIE. I yield 2 minutes.

Mr. BELLMON. The Senator from Hawaii is on the floor, and I wonder if I could ask him to respond to a question.

I think the Senator from Hawaii would agree that one of the problems with the foreign aid programs is that sometimes they are not well understood, and there is also a considerable amount of concern as to just where this money goes.

The Senator from Hawaii as well as the Senator from Oklahoma are both on the Appropriations Committee. I wonder if we could join in some kind of language in our appropriation bill to be sure we get more adequate reporting from these financial institutions as to just where this money goes and what happens with these funds.

Mr. INOUYE. I would be happy to join with the Senator.

Mr. BELLMON. It seems to me we might be able to answer some of the very just criticisms the Senator from Virginia has raised if we had better information as to what is being done with this money.

I would hope we could, when we come back a year from now, have more information as to what is being accomplished with these funds.

Mr. INOUYE. Mr. President, if the Senator from Oklahoma will yield, as my distinguished friend is aware the Foreign Operations Subcommittee has been in the lead in trying to bring about management reform in international financial institutions. We have been the biggest critics. As the Senator knows, we reduced the salary of our representative on the board. But I do not want those criticims to leave the impression that we were against the effort and the work of the international financial institutions. I think they are doing a good job. As long as they continue to have management reform, we should support their efforts.

The PRESIDING OFFICER (Mr. PROXMIRE). Is all time yielded back? All time being yielded back, the question is on agreeing to the amendment of the Senator from Virginia. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Kentucky (Mr. FORD), the Senator from Montana (Mr. HATFIELD), the Senator from Louisiana (Mr. JOHNSTON), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

I also announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 37, nays 53, as follows:

[Rollcall Vote No. 139 Leg.]

YEAS—37

Allen	Griffin	Randolph
Bartlett	Hansen	Roth
Burdick	Hatch	Sasser
Byrd, Harry F., Jr.	Hayakawa	Schmitt
Byrd, Robert C.	Helms	Scott
Cannon	Huddleston	Stennis
Curtis	Laxalt	Talmadge
DeConcini	Long	Thurmond
Dole	McClure	Tower
Domenici	Melcher	Wallop
Eastland	Morgan	Young
Goldwater	Nunn	Zorinsky
	Proxmire	

NAYS—53

Anderson	Gravel	Matsunaga
Bayh	Hart	McIntyre
Bellmon	Haskell	Metzenbaum
Bentsen	Hatfield, Mark O.	Muskie
Biden	Hathaway	Nelson
Brooke	Heinz	Packwood
Bumpers	Hodges	Pell
Case	Hollings	Ribicoff
Chafee	Humphrey	Riegle
Chiles	Inouye	Sarbanes
Church	Jackson	Schweiker
Clark	Javits	Sparkman
Cranston	Kennedy	Stafford
Culver	Leahy	Stevens
Danforth	Lugar	Stevenson
Durkin	Magnuson	Stone
Eagleton	Mathias	Weicker
Glenn		Williams

NOT VOTING—10

Abourezk	Hatfield, Paul G.	Moynihan
Baker	Johnston	Pearson
Ford	McGovern	Percy
Garn		

So Mr. HARRY F. BYRD, Jr.'s amendment (No. 1248) was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BELLMON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there further amendments?

Mr. ROTH. Mr. President, I intend to vote against the budget resolution. We have a new fairy tale, "The Myth of the Tight Budget."

The votes over the last 3 days have clearly demonstrated the big spenders are still firmly in control of the U.S. Senate.

The Senate has rejected eight separate amendments to reduce the level of Federal spending. The Senate was not even

willing to vote to reduce a small portion of the documented waste in HEW.

The Senate has refused to reduce inflationary Federal spending, yet it argued a $25 billion tax cut was inflationary.

The Senate has mixed up its priorities. Why do we reduce the deficit by taxing it out of the hides of taxpayers? This is wrong. Do it by reducing Federal spending.

This resolution will force the American people to tighten their belts while allowing bloated Federal spending to loosen its belt several notches. We are asking the wrong people to go on a diet.

Mr. HARRY F. BYRD, JR. Mr. President, may we have order? We cannot hear the Senator.

The PRESIDING OFFICER. The Senate is not in order. Senators will please take their seats.

The Senator from Delaware.

Mr. ROTH. By increasing budget authority by more than $100 billion, this budget assures a continuous ballooning of Federal spending for years in the future. This increased future spending means higher taxes and bigger deficits, and any attempt to reduce taxes in the future will be fought by the big spenders.

I am also distressed by the President's total lack of support for my tax cut amendment. Despite the President's strong statement yesterday that he would not retreat from his tax cut position, his lack of support for my amendment raises a question as to whether he is really serious about tax relief.

He was either asleep at the switch or not committed to fighting for a tax cut.

Mr. President, the implications of the Senate's actions are very clear. The big spenders in Congress want the American people to continue paying for their spending programs—and this budget assures that the American people will be paying higher taxes for years in the future.

We have just robbed Peter and now we are going to tax Paul.

The good guys are the taxpayers and we have proven they finish last.

I yield the floor.

The PRESIDING OFFICER. Are there further amendments?

Under the previous order the Senator from Virginia is recognized for not to exceed 20 minutes.

Mr. HARRY F. BYRD, JR. Mr. President, I will be brief. I will not use the entire 20 minutes.

First, I want to say that I know how conscientious the Senator from Maine and the Senator from Oklahoma are and how hard they have worked on this budget matter.

However, I feel this budget is way out of line. I cannot support Senate Concurrent Resolution 80.

I want to read just three or four aspects of this resolution.

It says on page 1, "The appropriate level of total new budget authority is $566,100,000,000."

That is an increase of $66 billion. Percentagewise, it is an increase of 13.1 percent. To me, that is totally unacceptable.

On page 2, it says, "The appropriate level of total budget outlays is $498,900,000,000." That is an increase of $41 billion. Percentagewise, it is an increase of 9 percent. There, again, I think that is much too high.

Then it says, "The appropriate level of the public debt is $853,800,000,000." It goes on to say, "The amount by which the statutory limit on such debt should accordingly be increased is $101,800,000,000."

Under this concurrent resolution, the public debt will be increased more than $100 million in the next 15 months. That is an astounding figure. I think it is an unjustified figure. As a result, the National debt will have doubled in 7 years.

Mr. President, I ask unanimous consent that page 1 and page 2 through line 9 of the concurrent resolution be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HARRY F. BYRD, JR. The Federal funds deficit in the current budget will be $74 billion, the highest deficit in the history of our Nation. All of us know that the Federal funds, of course, are separate from the unified budget. The Federal funds are for the general operation of Government and come from general tax revenues.

The deficits for the past 3 years in the unified budget, because of the surplus in the trust funds are less but still huge. The deficit was $51 billion in 1977, $61 billion in fiscal 1978, and now $56 billion, on a unified basis, in the current budget.

I think it is very significant that of the 10 amendments which were presented to the Senate during the past 2 days of debate on this concurrent resolution, 9 of the 10, if my memory is correct, sought a reduction in spending. All amendments to reduce spending were defeated.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a table I have developed showing the vast increase in spending over the fiscal years 1976 through 1979. These figures were developed from the concurrent resolution for the appropriate year.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. HARRY F. BYRD, JR. Mr. President, I shall vote against this concurrent resolution as I believe it is totally out of line and will lead to more and more inflation in this country. I yield back the remainder of my time.

EXHIBIT 1

S. CON. RES. 80

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1978—

(1) the recommended level of Federal revenues is $443,300,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $29,200,000,000;

(2) the appropriate level of total new budget authority is $566,100,000,000;

(3) the appropriate level of total budget outlays is $498,900,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $55,600,000,000; and

(5) the appropriate level of the public debt is $853,800,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $101,800,000,000.

EXHIBIT 2

[In billions of dollars]

	Fiscal year—			
	1976	1977	1978	1979
Federal revenues	301	362	397	443
New budget authority	406	447	500	566
Total budget outlays	376	413	458	499
Deficit (unified)	75	51	61	56
Federal funds deficit	69	55	65	74
Public debt	623	701	775	854
Debt increased			75	[1]102

[1] 15 months.

SELECTED FUNCTIONS FOR COMPARISON

	Fiscal year—		
	1977	1978	1979
National defense (050):			
New budget authority	112	116	130
Outlays	101	110	117
International affairs (150):			
New budget authority	9	8	13
Outlays	7	7	7
Social Services (500):			
New budget authority	24	26	32
Outlays	22	26	32
Health (550):			
New budget authority	40	48	53
Outlays	39	44	49.5
Income Security (600):			
New budget authority	156	179	192
Outlays	137	146	160

The PRESIDING OFFICER. Are there further amendments?

Mr. THURMOND. Mr. President, I would like to associate myself with the remarks of the able and distinguished Senator from Virginia, which he has just delivered. I am in hearty accord with his thoughts.

● Mr. RANDOLPH. Mr. President, I commend the able Senator from Maine, my friend, Mr. MUSKIE, the chairman of the Budget Committee, for his sense of responsibility in developing the budget resolution before the Senate. As a member of the Committee on Environment and Public Works, he also was deeply involved in the preparation of our report to the Budget Committee.

Our committee carefully reviewed spending proposals of all agencies within its jurisdiction. Our report to the Budget Committee was a realistic appraisal of their needs and I appreciate the reception it received.

The Budget Act requires that legislation authorizing expenditures in the next fiscal year be reported to the Senate prior to May 15. We expect to meet that deadline for virtually all of our legislation. For reasons beyond our control, however, I anticipate that the committee will be required to report authorizing legislation after May 15. In one instance, the legislation relates to a matter on which we did not anticipate that funds for fiscal 1979 would be required. The other concerns a major program proposal by the President which has not yet been submitted to the Congress in the form of legislation.

Mr. President, I have discussed these matters in a letter to Senator MUSKIE. So that Members of the Senate will be fully informed should we need to ask for waivers of the Budget Act requirements, I submit the letter for the RECORD:

COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS,
Washington, D.C., April 26, 1978.

Hon. EDMUND MUSKIE,
Chairman, Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR ED: The Committee on Environment and Public Works in its analysis of the President's proposed budget for fiscal year 1979 formulated its recommendations with consideration of emerging needs and continuation of vital ongoing programs within a framework of fiscal responsibility.

About two weeks remain before the May 15 deadline when we must have reported to the Senate all legislation authorizing expenditures for 1979. The Environment and Public Works Committee will have approximately 15 bills reported at that time to meet the requirements of the Budget Act. There are, however, at least two areas where legislation cannot be finalized by May 15 but which could need budget authority.

The Department of Transportation has submitted a bill which would authorize the Secretary of the Interior to assign all leases and purchase options presently held with the Washington Terminal Company for Union Station, to the Secretary of Transportation. Interior would rent space for a National Visitor Center from Transportation for not more than $1 million a year and Transportation would spend $52.32 million to finish the 1,200 car garage, complete a suitable railroad terminal, repair and alter existing Union Station structure and rearrange the traffic pattern in front of the Station.

The Environment and Public Works Committee did not include any budget authority request for the National Visitor Center because no public works activity was anticipated on that facility during fiscal year 1979. A hearing has been scheduled on this legislation by the Environment and Public Works Committee for May 25. Because of the severe problems associated with the repair of Union Station, we expect to report legislation this year to correct the deficiencies associated with the Visitor Center and make long-term repairs to the train station. It will be necessary to authorize new budget authority to do some of this work with the remainder coming from budget authority authorized for the North East Corridor Project.

The Committee would hope that the Budget Committee would look with favor upon a waiver for this legislation when reported by the Committee sometime this summer.

The Administration's urban assistance package was expected to be submitted to Congress in late March. This Committee has been sent the Administration's blueprint for a comprehensive national urban policy which includes provisions for labor-intensive public works program totalling $3 billion over the next three fiscal years. This type of program often termed "soft public works projects" would enable cities to make needed weatherization and rehabilitative repairs on buildings, provide structural modifications to buildings permitting each access to the handicapped, and to repair and renovate streets, parks, and other local facilities. These projects would contrast with the Local Public Works program which requires expenditures for large equipment, material expenditures, and prolonged planning rather than for actual job creation.

To date, the Committee members have been briefed on the general Administration program but have not received any definite legislative proposals. If such a proposal is submitted by the President, the Committee on Environment and Public Works would seek a budget waiver since it would be impossible to act on the report this legislation to the Senate before May 15.

The Congressional process of annual authorizations and the First Concurrent Budget Resolution cannot be effective or rational if major policy decisions which will impact on the current and next fiscal year are withheld by the Administration until initial budget decisions have been completed by the Congress. As the Chairman of the Budget Committee knows, I and members on the Environment and Public Works Committee have made every effort to satisfy Budget Act deadlines for reporting legislation. It is probable, however, that Administration initiatives in programs under Public Works jurisdiction may be submitted after the Budget Act otherwise contemplates normal submission and consideration by the Committee.

Truly,

JENNINGS RANDOLPH, *Chairman.*●

● Mr. LUGAR. Mr. President, I will vote in favor of this first concurrent resolution on the budget, despite my strong reservations about both the total spending and the deficit involved. Sincere opponents of deficit spending cannot absolve themselves by casting one vote against the budget resolution. It is my strong belief that the crucial budget decisions have been made one by one to this final vote. By voting to approve the final product of the budget process, I want to indicate my willingness to work within that process, every step of the way.

I urge other Senators who share my concern about excessive deficits to continue to work within the budget process to balance future budgets. Just as important, we should get involved in the authorization process this year to hold down spending below the levels recommended in this budget. I will work diligently in the coming months to find methods of reducing Federal budget authorizations as the budget makes its way through the Congress.

I congratulate Members of the Senate for presenting a budget resolution with a total deficit less than President Carter's recommendation. This is no small achievement, but it is not nearly enough. Nevertheless, I am hopeful that our pleas for fiscal responsibility are finally having some impact, and I am hopeful that we can continue to reduce Government spending and further cut the deficit. Most of the priorities in this resolution are worthwhile, but I believe that the same goals can be accomplished efficiently with less funds.

Mr. President, the Wall Street Journal reported recently that the rate of inflation in the United States has accelerated since 1976, from 5.8 percent in that year to 6.8 percent in the latest figures. Equally disturbing are indicators suggesting that the rate of inflation will continue to rise in the coming months. This is happening in the United States as other major industrial nations are seeing a drop in their rates of inflation. These figures are of critical importance to American families, and particularly those on fixed incomes, whose finances are being ravaged by inflation. And these figures should be of utmost interest to us as we contemplate the prospect of financing another huge Federal deficit.●

The PRESIDING OFFICER. If all time is yielded back, the question is on agreeing to the concurrent resolution.

Mr. MUSKIE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Kentucky (Mr. FORD), the Senator from Montana (Mr. HATFIELD), the Senator from Louisiana (Mr. JOHNSTON), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. GARN), and the Senator from Kansas (Mr. PEARSON) are absent on official business.

The result was announced—yeas 65, nays 26, as follows:

[Rollcall Vote No. 140 Leg.]

YEAS—65

Anderson	Gravel	Morgan
Bayh	Hart	Muskie
Bellmon	Haskell	Nelson
Bentsen	Hathaway	Packwood
Biden	Heinz	Pell
Brooke	Hodges	Percy
Bumpers	Hollings	Randolph
Burdick	Huddleston	Ribicoff
Byrd, Robert C.	Humphrey	Riegle
Cannon	Inouye	Sarbanes
Case	Jackson	Sasser
Chafee	Javits	Schweiker
Chiles	Kennedy	Sparkman
Church	Leahy	Stafford
Clark	Long	Stennis
Cranston	Lugar	Stevens
Culver	Magnuson	Stevenson
Dole	Mathias	Stone
Durkin	Matsunaga	Weicker
Eagleton	McIntyre	Williams
Eastland	Melcher	Young
Glenn	Metzenbaum	

NAYS—26

Allen	Hansen	Roth
Bartlett	Hatch	Schmitt
Byrd, Harry F., Jr.	Hatfield, Mark O.	Scott
Curtis	Hayakawa	Talmadge
Danforth	Helms	Thurmond
DeConcini	Laxalt	Tower
Domenici	McClure	Wallop
Goldwater	Nunn	Zorinsky
Griffin	Proxmire	

NOT VOTING—9

Abourezk	Hatfield, Paul G.	Moynihan
Baker	Johnston	Pearson
Ford	McGovern	
Garn		

So the concurrent resolution (S. Con. Res. 80) was agreed to.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BELLMON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of Senate Concurrent Resolution 80.

The PRESIDING OFFICER (Mr.

LEAHY). Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, as the consideration of this year's first budget resolution draws to a close, I want to commend the staff of the Budget Committee for the extraordinary and arduous work they performed this year. The high standards that staff has always set for itself have been exceeded this year as our committee took two significant leaps forward in the congressional budget process.

This year, the committee implemented budget decisionmaking on a 5-year basis and by mission. These two new decisionmaking tools have enabled us and the Senate to construct the most complete budget we have ever considered and to consider it more thoroughly than ever before.

All of the work which made these achievements possible was performed by the committee staff breaking new ground in the budget process. The staff had to meet its normal workload in preparing for our markup and the enormous new volume of data required for 5-year budgeting. That our committee was able to successfully move from a 1-year decisionmaking basis to a 5-year basis is largely attributable to that staff effort.

I want to commend particularly John McEvoy and Sid Brown, upon whom the committee relies most heavily for advice and guidance on budget matters, and Van Ooms, our chief economist, whose sound judgment on economic questions guides much of our deliberations. I also want to commend the work of Dan Twomey, George Merrill, Ira Tannenbaum Tom Dine, and all of the staff who work with them to formulate the committee markup documents and our presentation of our budget here on the floor. I also want to particularly commend Karen Williams, our "floor general" in these budget debates, whose counsel on legal matters is only exceeded by her ability in helping me to manage these resolutions on the floor.

I also want to thank once more, the splendid staff of the Congressional Budget Office and Alice Rivlin, under whose direction that staff has so admirably performed its work over the years in support of the budget process. Advance budgeting would still be a dream except for the inspiration and assistance the Congressional Budget Office gave us in this effort.

I would like to add my special thanks, but I leave that to my friend, the Senator from Oklahoma, the ranking Republican, to do the job thoroughly, special thanks to Bob Boyd and the minority staff of the Budget Committee.

They have worked with the majority staff as a team. We worked without recognition of any party lines whatsoever. I have been so grateful to them, not only this year, but over the years, and through Senator BELLMON I would like to say "Thank you" to them.

As the work of the Congress has become more complex, our critics have frequently asserted that staff rather than Senators make our laws and decisions. It is a tribute to the Budget Committee staff, I think, that in this most complex area of fiscal policy they have successfully striven to preserve the decisionmaking for the Senators. This budget is all the more a congressional budget for that effort.

Mr. ROBERT C. BYRD. Will the distinguished Senator yield?

Mr. MUSKIE. Yes, I yield.

Mr. ROBERT C. BYRD. Mr. President, establishing wage and price stability—without undermining the Nation's commitment and ongoing efforts to lower the level of joblessness—is one of the most pressing tasks confronting our country. To face up to the task requires action—not just words—on the part of all: action by business to moderate price increases, action by labor groups to moderate wage increases, and action by Government to keep down the deficit. We all know too well that taking such action is no easy task.

The Senate Budget Committee has worked long and diligently to insure that Government action will contribute to wage and price stability—that is, to insure that words on behalf of wage and price stability that have been voiced frequently on the Senate floor will be backed up by legislative action. In the first concurrent resolution on the budget for fiscal year 1979, the committee charts for us a course of fiscal responsibility—educating us to the short-term and the long-term inflationary and budgetary implications of the many spending options before us. Indeed, the first concurrent resolution on the budget—recommended by the Senate Budget Committee and passed today by the Senate—displays a sense of fiscal restraint that mirrors accurately the Nations' economic mood as well as the Nation's economic needs.

Through the leadership of Mr. MUSKIE and his very able counterpart on the other side of the aisle, Mr. BELLMON, and their unstinting labors in helping to chart the budgetary course for the next fiscal year, the chairman of the Budget Committee and the ranking member have served the Senate well. We all owe them a debt of deep gratitude.

Theirs is a thankless job, and it is one that is very demanding and exacting. Those who willingly accept this burden, such as Mr. MUSKIE and Mr. BELLMON, are too often criticized unjustly for their call to hold the line against spending when that line must be held.

Mr. President, it must be recognized that only if we act with fiscal responsibility—with the emphasis that has been urged by the Senate Budget Committee on holding down the deficit while meeting social and defense spending requirements—will be able to nurture our economy and insure that it stays on a strong growth trajectory. Steering our economy on such a course will allow us to achieve our dual goals of balanced growth and fuller employment.

Mr. President, I would be remiss at this time were I to fail to acknowledge the important contributions that have been made by both Mr. MUSKIE and Mr. BELLMON and by the other members of the Budget Committee on both sides of the aisle, working together with Mr. MUSKIE and other committee members, to aid the Senate in formulating the fiscal year 1979 budget.

The Senate, itself, merits the compliments of myself; and I especially want to compliment ED MUSKIE and HENRY BELLMON for the exemplary job they have done. As I said, I think it is all too often considered to be a thankless job. It requires endurance, tenacity, and dedication to purpose. These men repeatedly have demonstrated these fine qualities before the Senate, and they have done so today. The Senate is in their debt and so are the people of this country.

Mr. MUSKIE. Mr. President, I thank the distinguished majority leader for that most fulsome statement and, even more, for the unquestioning and unstinting support he has given me and the Budget Committee through all the years of our association.

Mr. BELLMON. Mr. President, I join in thanking the distinguished majority leader for his very kind and totally complimentary comments. We appreciate what he said and are fully aware that without his support for the budget process, whatever success we have had would be impossible.

In my opinion, the real test will now begin, and that is to see whether or not Congress can stay within the budget limits which the Senate this afternoon has adopted. We hope that within a short time this will be worked out with the House and will become the first concurrent resolution.

Our record last year was not very good. About $6 billion was added to spending in various changes to the resolution between adoption of the first concurrent resolution and the second, and I hope we will be able to do much better this year.

It appears that we are getting off to a good start. This effort to bring reasonable controls to Federal spending must be a bipartisan effort. If it ever loses that quality, it is going to have a far more difficult time. Up to now, I am happy to say, it has been bipartisan, and it was again here on the floor today.

I particularly pay credit to our chairman, Senator MUSKIE, for the outstanding job he does of explaining and explaining and explaining the way the budget process works, both in committee and in defending the positions we take, many of which, I am sure, if we were free to take individual action, might be quite different from the position he takes in defending the committee's positions. It takes real leadership to do that, and he deserves a great deal of credit for the position he takes.

Also, I express my personal appreciation—and I think the appreciation of minority members of the Budget Committee—for the extraordinary efforts over the past several weeks by our minority staff. Hundreds, probably thousands, of hours of hard work have gone into the preparation of the committee's markup materials and preparing for the floor debate over the last 3 days. The preparation of an analysis of the entire budget of the Federal Government would require the dedicated work of a staff 10 times as large as the one we have. It requires almost superhuman efforts by

the competent minority staff that is available to us, and it is a particularly arduous task for these people.

The fact that the budget resolution has been accepted by the Senate without revision and that the 10 amendments that were offered were defeated gives testimony, I believe, to the high quality and very professional approach to the budget that has been taken by both the minority and the majority staffs. They give us realistic numbers to work with. They give us good arguments to use in defending those numbers. It must be a source of considerable pride and satisfaction to these people to know that these arguments have stood the test of the votes that have been taken.

It is appropriate to provide specific recognition to members of the staff individually: Charles McQuillen, Robert Fulton, William Stringer, Michael Pillsbury, Barry Kinsey, Carol Cox, Becky Davies, Gary Kuzina, Paul Carttar, Barbara Camp, Joyce Purcell, Arlene Peebles, and Valerie McMullan.

I should like to give special credit to our minority staff director, Mr. Robert S. Boyd, for his excellent work, and for the valuable working relationship he has been able to establish and maintain with the minority staff.

Mr. President, this resolution truly represents the work of a bipartisan staff, which contains, I believe, some of the most competent and highly professional people on Capitol Hill. Certainly, they have the best working relationship between minority and majority staff members that I have seen since I have been a Member of this body.

I believe most of the credit has to go to our chairman, who has made this possible, and I pay him the very highest compliment.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. BELLMON. I yield.

Mr. STEVENS. Mr. President, on behalf of the minority leader and our side of the aisle, I join the Senator from Oklahoma in expressing our gratitude to the majority leadership, and particularly to the chairman of the Budget Committee.

I have been one of the supporters of the committee in its deliberations and with regard to all but one of the amendments that were presented during the consideration of the measure. I think it is highly important for us to remember that the time is coming when individual Senators will have to elect whether the Budget Committee, in effect, will become one of the major committees. I feel that the support the Senate has shown to the deliberations and work of the Budget Committee this year will encourage new Members of the Senate particularly to seek membership on the committee, because it is increasing its prestige in the Senate.

This committee is demonstrating what can be accomplished with a working consensus on a bipartisan basis in attacking the very difficult problems of setting budget goals for the Senate as a whole.

I commend the Senator from Maine and the Senator from Oklahoma. I am sure that if the minority leader were here, he would join in the comments that have been made by the distinguished majority leader.

ADHERING TO THE BUDGET ACT

Mr. PERCY. Mr. President, the Senate has deliberated the first concurrent budget resolution for fiscal year 1979 for 3 days, and I commend the chairman, Senator MUSKIE; the ranking Republican member of the committee, Senator BELLMON, and the members of the Budget Committee for their hard work and continuing dedication to the spirit of the Budget Act.

As a sponsor of the original budget reform resolution, working with Senator MUSKIE over a period of years on the Governmental Affairs Committee, I am pleased and gratified that the Budget Committee has lived up to the expectations of those of us who fought so hard to develop and establish this procedure. That the committee could substantially reduce the deficit recommended by both the administration and our own authorizing committee is indeed a benchmark in our efforts to get a grip on the Federal budget.

Yet, concerns have been voiced that the budget process does not have the full support of this body, and several critical threats to the budget process have emerged since its enactment.

It was never our intent to establish the budget process as a convenient one-time "litmus test" of fiscal responsibility. A Senator's vote for the budget resolution one day and for excessive spending in authorizing bills on subsequent days serves only to make the budget process a farce. The limits we set out in these resolutions should essentially be adhered to in the subsequent votes in this Chamber.

Another concern mentioned by the committee chairman relates to the actual flaunting of the procedures laid out in the Budget Act. We have only the integrity of the Senate to use as a tool to keep ourselves on the track of the budget resolutions. No armed guard will appear to tell us that we have strayed from the discipline we had voted. When committees disregard the guideposts of the budget resolution and when the full Senate later also ignores those requirements, we are only fooling ourselves and it is the American taxpayer that is the loser.

A third concern lies in the underlying assumptions of the 5-year budget projections. The assumptions that many Federal programs will continue at a certain level of increase into the 1980's may hamper us at a later date from making changes we feel are necessary for the Nation's economic health. At this time it would be unwise for the Federal Government to attempt to finance costly new programs, and yet the budget resolution assumes that some of these initiatives will be enacted in the near future. This budget adequately responds to the needs of the country for the next year but I must add my voice to that of Senator BELLMON that this resolution may have indeed overresponded.

During consideration of this resolution, the Senate narrowly rejected an amendment which would have cut $5 billion from the budget in an across-the-board fashion. I supported this amendment which was rejected by a vote of 43 to 46. Even though it did not win acceptance by the Senate. I feel this close vote signals the Senate's strong determination to hold the line on spending and its concern with the deficit's effect on inflation.

In addition, I regret that the Senate rejected Senator ROTH's amendment which would have given us the flexibility to enact a tax cut in October rather than waiting until January 1979. As the resolution is drafted now, a tax reduction will not be possible until next year without a change in the second resolution even if the economy changes in the next few months and such a cut at that time is considered desirable.

Although a major tax cut may seem to some only to increase the deficit and therefore fuel inflation, let me state that just the contrary should be true. A significant tax cut of the right kind for both individual and business taxpayers will actually increase the revenues the Federal Government will take in. This is what happened with the tax cut enacted in the early 1960's in the Kennedy administration. A tax plan along the lines of the one I cosponsored with Senators DANFORTH and JAVITS will increase confidence, stimulate investment, create jobs, and consequently increase Federal revenues.

Such a tax cut is also essential at this time if we are to address a major grievance in the tax system: the combined effects of inflation and the progressive tax system on a worker's paycheck. Those who have had cost-of-living increases in recent years and feel they may be keeping up with inflation are in fact being pushed into ever higher tax brackets. The effect of this coupling is to tax our productive workers at higher and higher rates, even though their spending power does not change.

For these two reasons, a tax cut will be one of the Senate's most important actions this year. We will need flexibility in determining the size and timing of this cut, and I am disappointed that the Senate rejected this course.

In concluding, Mr. President, I would like to mention an excellent column which appears in today's Wall Street Journal by the former Chairman of the Council of Economic Advisors, Mr. Paul W. McCracken. In his essay, Mr. McCracken suggests that—

> A significant part of the price-level problem has been government administered inflation—government actions that quite directly raise costs and prices. And it would be useful to have the Council on Wage and Price Stability issue a report at the end of the year estimating the effect on the cost-price level of corrective actions taken in 1978 by government.

Mr. President, surely one of the items high on such a list would be this budget resolution, which has cut $36 billion out of the authorizing committee's requests and reduced the deficit recommended in the President's own budget. Inflation is our No. 1 enemy now and this resolution is a responsible recognition of that economic fact of life.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

REPORT OF THE MINING ENFORCEMENT AND SAFETY ADMINISTRATION—MESSAGE FROM THE PRESIDENT—PM 169

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Human Resources:

To the Congress of the United States:

In accordance with Section 511(a) of the Federal Coal Mine Health and Safety Act of 1976, I hereby transmit to you the Annual Report of the Secretary of the Interior.

Part I of the report details the activities of the Mining Enforcement and Safety Administration. Part II describes the mining research activities of the Bureau of Mines.

The report covers a period of time before I took office.

JIMMY CARTER.

THE WHITE HOUSE, *April 26, 1978.*

MESSAGES FROM THE HOUSE

At 2:25 p.m., a message from the House of Representatives delived by Mr. Berry, one of its reading clerks, announced that the House has passed, without amendment, the following bill:

S. 2597. An act to amend title 28, United States Code, to move the place for holding court for the district court of the Eastern District of New York to Brooklyn and Hempstead, and for other purposes.

At 3:20 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 11401. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

H.R. 11877. An act to authorize appropriations for fiscal year 1979 for the Peace Corps and to make certain changes in the Peace Corps Act.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 573. A concurrent resolution denouncing the Government of Cambodia for its disregard of basic human rights.

HOUSE BILLS AND CONCURRENT RESOLUTION REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 11401. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; to the Committee on Commerce, Science, and Transportation; and

H.R. 11877. An act to authorize appropriations for fiscal year 1979 for the Peace Corps and to make certain changes in the Peace Corps Act; to the Committee on Foreign Relations.

The following concurrent resolution was read by title and referred as indicated:

H. Con. Res. 573. A concurrent resolution denouncing the Government of Cambodia for its disregard of basic human rights; to the Committee on Foreign Relations.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, April 26, 1978, he presented to the President of the United States the following enrolled bill:

S. 1617. An Act to establish a program of ocean pollution research, development, and monitoring, and for other purposes.

COMMUNICATIONS

The PRESIDING OFFICER laid before the Senate the following communications, together with accompanying reports, documents, and papers, which were referred as indicated:

EC-3451. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend the Aviation Career Incentive Act of 1974, Public Law 93-294, May 31, 1974, to make certain technical amendments for purposes of clarification, and for other purposes; to the Committee on Armed Services.

EC-3452. A communication from the Acting Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the Department of the Air Force's proposed Letter of Offer to Sudan for Defense Articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-3453. A communication from the Secretary of the Interior, transmitting, pursuant to law, the second annual report on the Tule elk herd in California; to the Committee on Energy and Natural Resources.

EC-3454. A communication from the Secretary of the Interior, transmitting, pursuant to law, the combined First Decade Report and the 1977 Annual Report of the National Park Foundation; to the Committee on Energy and Natural Resources.

EC-3455. A communication from the Federal Cochairman, Upper Treat Lakes Regional Commission, transmitting, pursuant to law, the annual report of the Upper Great Lakes Regional Commission; to the Committee on Environment and Public Works.

EC-3456. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on State compliance with section 1903(g) of the Social Security Act; to the Committee on Finance.

EC-3457. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on State Medicaid program compliance with section 1903(g) of the Social Security Act; to the Committee on Finance.

EC-3458. A communication from the Assistant Secretary (Legislative Affairs), Department of the Treasury, transmitting, pursuant to law, project performance audit reports prepared by the International Bank for Reconstruction and Development (IBRD), post-evaluation reports prepared by the Asian Development Bank (ADB) and evaluation reports issued by the Group of Controllers of the Inter-American Development Bank (IDB); to the Committee on Foreign Relations.

EC-3459. A communication from the Secretary of State, transmitting a draft of proposed amendments to the International Security Assistance Act of 1978; to the Committee on Foreign Relations.

EC-3460. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Status of the NAVSTAR Global Positioning System," April 25, 1978; to the Committee on Governmental Affairs.

EC-3461. A communication from the General Counsel, Securities and Exchange Commission, transmitting, pursuant to law, a report on a new system of records; to the Committee on Governmental Affairs.

EC-3462. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, the Fifth Annual Report of the Department of Health, Education and Welfare on Head Start Services to Handicapped Children; to the Committee on Human Resources.

EC-3463. A communication from the General Counsel, Civil Aeronautics Board, transmitting, pursuant to law, a report in relation to the Freedom of Information Act; to the Committee on the Judiciary.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

POM-616. A resolution adopted by the Council of the City of Hoyt Lakes, Minnesota, relating to the pending B.W.C.A. bill; to the Committee on Energy and Natural Resources

POM-617. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on Commerce, Science, and Transportation:

"S.R. No. 251

"Whereas, there is presently before the United States Congress S. 1381 and H.R. 6601 which would enact a national motor vehicle no-fault law; and

"Whereas, the State of Hawaii enacted its own Hawaii No-Fault Law effective September 1, 1974, after three years of intensive study and legislative consideration; and

"Whereas, Hawaii's law has been further refined by legislative amendments since that time and continues to be subject to constant scrutiny and study; and

"Whereas, 24 states with over 53 percent of the national population have enacted some form of no-fault legislation and at least eleven additional states have no-fault legislation currently under consideration; and

"Whereas, it is only by a process of trial and error that the true costs and benefits of the different no-fault programs of the various states can be tested and improved through practice; and

"Whereas, a single untested nation-wide plan would not be able to meet the varied needs of the different states as well as legislation enacted by their own legislatures; now, therefore,

"Be it resolved by the Senate of the Ninth Legislative of the State of Hawaii, Regular Session of 1978, that the United States Senate and House of Representatives be advised that the State of Hawaii opposes federal no-fault legislation, and requests such legislation be withheld so that Hawaii and the other states may continue to develop their no-fault laws to best serve the interests of their own citizens; and

"Be it further resolved that certified copies of this Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives; the Honorable Daniel K. Inouye and the Honorable Spark M. Matsunaga, Senators from the State of Hawaii; the Honorable Daniel K. Akaka and the Honorable Cecil Heftel, Representatives from the State of Hawaii."

POM-618. A resolution adopted by the Legislature of the State of Massachusetts; to the Committee on Finance:

"RESOLUTION

"Whereas, A large number of taxpayers, while paying their full share of federal and state income and other taxes which support our public school systems throughout the land, send their children to private and parochial schools; and

"Whereas, There is an enormous savings in expenditures by the federal and state governments in the field of education by reason of the great number of children attending said private and parochial schools, which number, if added to the public school system of the nation, would result in a precipitous rise in the costs of said systems; and

"Whereas, Those taxpayers paying on the one hand the taxes necessary for public education of children in general, are also paying the high cost of private or parochial education for their own children, all resulting in an unjust burden upon such taxpayer; now therefore, be it

"*Resolved*, That the Massachusetts Senate hereby urges the Congress of the United States to enact legislation granting an annual five hundred dollar income tax credit to the parents or guardians who are paying tuition for the education of children in their charge for attendance at private, secular or parochial schools; and be it further

"*Resolved*, That copies of these resolutions be transmitted forthwith by the Clerk of the Senate to the President of the United States, to the presiding officer of each branch of Congress and to each member thereof from the commonwealth."

POM-619. A resolution adopted by the Legislature of the State of Hawaii; to the Committee on Banking, Housing, and Urban Affairs:

"S.R. No. 15, S.D. 1

"Whereas, the conventional home mortgage, under which a lender advances a major portion of the purchase price or construction cost of a home with the balance amortized over a long period at equal installments, is a relatively recent development in home financing; and

"Whereas, widespread use of the conventional home mortgage has been spurred by federal programs established under the National Housing Act of 1934, as amended, which provide for federal insurance of mortgages by the Federal Housing Administration, and guarantee of veterans' home loans through the Veterans' Administration; and

"Whereas, F.H.A. insurance is available only for the purchase of homes which meet the criteria of the National Housing Act and regulations adopted pursuant to it; and

"Whereas, F.H.A. insurance programs place specific restrictions on the minimum lease term remaining, where the home to be covered is situated on leasehold property; and

"Whereas, subsection II of the National Housing Act, 12 U.S.C. 1707, specifies that a residential mortgage on leased land can be insured by the F.H.A. only if the lease term is at least 50 years at the time of insurance; and

"Whereas, more than 30,000 single-family homes in Hawaii are situated on leased land, as well as an increasing number of dwelling units within leasehold condominiums and planned unit developments; and

"Whereas, residential leaseholds in Hawaii are customarily for a term of at least 50 years, and often for 55 years; and

"Whereas, mortgages are often obtained on leasehold property upon resale by the original or succeeding owner, in which case the remaining lease term may well be less than 50 years and the remaining period of fixed rent may be limited; and

"Whereas, many private lenders in the State will extend long-term mortgage financing in such situations, so long as the remaining lease term is at least 2 years longer than the proposed mortgage term; and

"Whereas, in view of the fact that residential mortgages are being written for periods not exceeding 30 years, a 50-year remaining lease term requirement appears to make little sense in safeguarding a security interest in the mortgaged property; and

"Whereas, the 50-year requriement, when applied to resold residential leasehold property, means that the lessor must consent to an extension of the lease to a 50-year term, before F.H.A. insurance can be secured; and

"Whereas, since June, 1976, several major leasehold landowners in Hawaii, notably Bishop Estate and Campbell Estate, have unilaterally refused to extend the terms of residential leases; and

"Whereas, this action, coupled with the 50-year federal requirement, has made obtaining federal mortgage insurance impossible for many persons wishing to finance homes on leasehold land; and

"Whereas, the federal requirement seems to accord little additional protection for insurance purposes, plays into the hands of lessors who have taken the law into their own hands, and has resulted in significant disadvantages to purchasers of leasehold residential homes in Hawaii; now, therefore,

"Be it resolved by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, that the Congress of the United States is requested to amend the National Housing Act to shorten the remaining lease term necessary for insuring mortgages on residences, preferably to a term not more than 2 years longer than the term of the mortgage applied for; and

"Be it further resolved that certified copies of this Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Hawaii's congressional delegation."

POM-620. A resolution adopted by the legislature of the State of Colorado; to the Committee on Human Resources:

"HOUSE JOINT RESOLUTION No. 1025

"Whereas, The Federal Food and Drug Administration proposes to ban most common uses of antibiotics in cattle, swine, lamb, and poultry feeds and to restrict the therapeutic uses of these drugs to a veterinarian's prescription; and

"Whereas, Colorado's beef, lamb, hog, and poultry feeding industries depend to a significant degree upon the continued use of antibiotics, as feed additives at low levels; and

"Whereas, the low-level feeding of antibiotics aids signficantly in the prevention of disease and infection in livestock and poultry that are fed in confinement; and

"Whereas, The low-level feeding of antibiotics results in more efficient conversion by livestock and poultry of forage and feed grain resources into animal food products; and

"Whereas, The proposed actions by the Food and Drug Administration will have a major economic impact upon the livestock and poultry feeding industries of Colorado and consequently the Colorado economy as a whole; and

"Whereas, The Food and Drug Administration's proposed actions are based upon only a theoretical risk to public health; and

"Whereas, the Food and Drug Administration states '. . . There have been no epidemiological studies showing that a particular antibiotic-resistant human disease occurred or was more difficult to treat as a consequence of the use of an antibiotic in animals feeds . . .'; and

"Whereas, A large segment of the scientific community contends that the available scientific evidence does not warrant the Food and Drug Administration's proposed actions; now, therefore,

"*Be It Resolved by the House of Representatives of the Fifty-first General Assembly of the State of Colorado, the Senate concurring herein:*

"(1) That we, the members of the Fifty-first General Assembly of the State of Colorado request the federal Food and Drug Administration to dispense with further promulgation of its proposed bans and restrictions on the use of antibiotics in animal feeds until a thorough determination is made concerning the basic safety and benefit of these products and that such a determination should be reached only after:

"(a) The Food and Drug Administration's or another impartial source's conclusion from well-designed epidemiological studies made to determine if the uses of antibiotics in animal feeds at low levels do result in antibiotic-resistant bacteria or other infectious organisms occurring within the human population; and

"(b) Conducting scientific research necessary to determine the extent of hazard involved in order that a rational benefit-risk decision can be made.

"*Be It Further Resolved*, That only when the additional scientific studies have been completed and credible cost-benefit assessments have been made should the Food and Drug Administration proceed with any proposed rule-making concerning bans and restrictions on the low-level use of antibiotics in animal feeds.

"*Be It Further Resolved*, That copies of this resolution be transmitted to Dr. Donald Kennedy, Commissioner, Food and Drug Administration, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to each member of Congress from Colorado."

MEMORIAL PRESENTED

Mr. PELL presented the following memorial, which was referred as indicated:

POM-621. A resolution adopted by the legislature of the State of Rhode Island; to the Committee on Foreign Relations:

"HOUSE RESOLUTION

"Whereas, Thousands of cub or baby harp seals are brutally bludgeoned to death annually along the Labrador front; and

"Whereas, Commercial exploitation has taken precedence over the humane treatment of these baby seals; and

"Whereas, Although the savage slaughter of these baby seals is restricted, each year brings the baby harp seals closer to extinction; now, therefore, be it

"*Resolved*, That this house of representatives of the state of Rhode Island and Providence Plantations hereby memorializes the congress of the United States to take appropriate action with the governments of Canada and Norway in order to halt the unneces-

sary slaughter of baby harp seals on the Labrador front; and be it further

"*Resolved*, That the secretary of state be and he hereby is authorized and directed to transmit duly certified copies of this resolution to the senators and representatives from Rhode Island in the congress of the United States."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

S. Res. 434. A resolution authorizing the printing of additional copies of part one of the report entitled "Developments in Aging: 1977" (Rept. No. 95–764).

S. Res. 435. A resolution authorizing the printing of the report entitled, "Progress in the Prevention and Control of Air Pollution in 1977" as a Senate document (Rept. No. 95–765).

S. Res. 436. A resolution authorizing the printing of the report entitled, "Special Bridge Replacement Program, Seventh Annual Report," be printed, with illustrations, as a Senate document (Rept. No. 95–766).

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 2616. A bill to amend the Independent Safety Board Act of 1974, as amended, to authorize additional appropriations (Rept. No. 95–767).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MORGAN (for himself, Mr. McGOVERN, Mrs. HUMPHREY, and Mr. THURMOND):

S. 2991. A bill to amend the National School Lunch Act to provide for pilot projects for free school lunches; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BENTSEN:

S. 2992. A bill to amend the Internal Revenue Code of 1954 to provide uniform accounting of pension liabilities of tax-exempt pension funds; to the Committee on Finance.

S. 2993. A bill to amend the Internal Revenue Code of 1954 to provide a credit against tax for certain expenditures in connection with the rehabilitation of certain buildings; to the Committee on Finance.

By Mr. ALLEN (for himself and Mr. SPARKMAN):

S. 2994. A bill to authorize the Secretary of the Army to convey to the Alabama Space Science Exhibit Commission certain additional real property for use by such commission as a part of the permanent site of the Alabama Space Science Exhibit; to the Committee on Armed Services.

By Mr. RANDOLPH (for himself and Mr. MOYNIHAN) (by request):

S. 2995. A bill to facilitate the implementation of section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976, to provide for the conversion of a part of the National Visitor Center to railroad passenger service, and for other purposes; to the Committee on Environment and Public Works.

By Mr. MARK O. HATFIELD:

S. 2996. A bill to correct the map entitled "Hells Canyon National Recreation Area" which accompanied the act of December 31, 1975; to the Committee on Energy and Natural Resources.

By Mr. BENTSEN:

S. 2997. A bill to provide financial assistance for school construction to local educational agencies educating large numbers of immigrant children born in Mexico; to the Committee on Environment and Public Works.

By Mr. DOMENICI:

S. 2998. A bill for the relief of the Alexander Concrete Co., of Clovis, N. Mex.; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MORGAN (for himself, Mr. McGOVERN, Mrs. HUMPHREY, and Mr. THURMOND):

S. 2991. A bill to amend the National School Lunch Act to provide for pilot projects for free school lunches; to the Committee on Agriculture, Nutrition, and Forestry.

(The remarks of Mr. MORGAN when he introduced the bill appear elsewhere in today's proceedings.)

By Mr. BENTSEN:

S. 2992. A bill to amend the Internal Revenue Code of 1954 to provide uniform accounting of pension liabilities of tax-exempt pension funds; to the Committee on Finance.

UNIFORM ACCOUNTING OF PENSION LIABILITIES

● Mr. BENTSEN. Mr. President, I am today introducing legislation to help protect tens of millions of pension plans participants and beneficiaries by requiring uniform standards for calculating and reporting pension liabilities.

There has been a great deal of concern recently about the adequacy of funding pension plans and the reliability of information presented to pension plan participants. As chairman of the Private Pension Subcommittee of the Senate Finance Committee, I believe this serious problem requires prompt congressional attention.

Last November Fortune magazine asserted that the unfunded liabilities of private pension plans now exceed $50 billion according to corporations' own reported figures. However, the magazine added that unfunded liabilities might actually come to several hundred billion dollars because "reported figures are ridiculously understated."

It is extremely difficult for both pension plan participants and corporate investors to determine the unfunded pension liabilities of a retirement plan. Fortune stated:

> The accounting and actuarial treatment of pension liabilities is a masterpiece of obfuscation. There is so much latitude in the way pension calculations are performed that companies can come up with virtually any level of contributions and liabilities they choose.

Many pension experts agree with that assessment.

A lot of adjustments in actuarial assumptions are made around the time new labor contracts are negotiated. Caterpillar Tractor, for example, negotiated a pension increase in 1976 with the United Auto Workers, but its pension expenses dropped (from $106.9 to $100.3 million), and its unfunded vested liabilities declined (from $440 to $270 million). The principal reason was that Caterpillar raised both the interest and wage assumptions, and the higher interest assumption predominated. The company would not disclose the figures for either assumption to Fortune magazine.

Rather than add another layer of Government regulation to a field already overburdened by excessive paperwork and redtape, it would be very practical to insure that pension plan trustees publish liability estimates based on uniform criteria.

It is absolutely essential for pension plan beneficiaries to have confidence in the numbers that are reported in the accounting and actuarial reports of pension plans. My legislation will help strengthen our pension system by insuring greater confidence on the part of pension plan beneficiaries and participants.

Mr. President, I ask unanimous consent to insert in the RECORD three newspaper and magazine articles which clearly document, with detailed statistics and examples, the need for prompt congressional approval of my legislation.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THOSE PENSION PLANS ARE EVEN WEAKER THAN YOU THINK

(By A. F. Ehrbar)

Fans of *Pumping Iron* will surely recognize that fellow flexing his muscles on the opposite page. Rather than pumping iron himself, though, our Mr. Pension Fund has been pumped up with a lot of hot air. His condition, leaks and all, does not grotesquely exaggerate the condition of the private pension system in the U.S. today. The figures disclosed in the footnotes to annual reports make most pension plans look considerably more robust than they actually are.

The most obvious measure of a pension plan's strength is the degree to which assets have been set aside to cover retirement benefits. "Unfunded liabilities," as uncovered benefits are called, have been growing apace, and now exceed $50 billion, according to corporations' own reported figures. To be sure, corporate America could pile up that much money by funneling off pretax profits for four or five months. But the bulk of the unfunded liabilities are concentrated among a relative handful of companies that would be hard pressed to pay them off in a few years, let alone months.

There is reason to believe, moreover, that the reported figures are ridiculously understated. Unfunded liabilities might actually come to several hundred billion dollars. If that is true, even the "fully funded" strong men of the pension world may turn out to be ninety-seven-pound weaklings.

In a few extreme cases, employees' pension claims against a company have grown nearly as large as the total assets employed in the business. Lockheed's obligations, for instance, are so great that the company might be thought of as a pension plan that happens to make some missiles and aircraft on the side. At the end of last year, Lockheed reported total liabilities for vested pension benefits of $1.3 billion, an amount equal to 82 percent of the assets used in the business. The unfunded portion of those liabilities alone came to $276 million—66 percent more than the company's net worth and 46 percent more than the market value of its stock.

Dozens of other corporations aren't in much better shape when it comes to unfunded liabilities. Ten of the top 100 companies in the FORTUNE 500 have unfunded vested liabilities equal to a third or more of their net worth. In seven of those cases, these uncovered pension claims exceed the value of the companies' stock (for the companies, see page 107). The winner in the unfunded-liabilities derby, however, has to be

Wheeling-Pittsburgh Steel, No. 243 on the FORTUNE 500. Wheeling's unfunded vested liabilities of $274 million come to more than seven times its recent stock-market value.

WHO BETTER WATCH OUT

The immediate question that comes to mind about these tremendous unfunded liabilities is whether retiring employees will get their pensions. Actually, the employees have little to fear. The pension laws, as tightened up by the Employee Retirement Income Security Act of 1974 (ERISA), have effectively lifted the risk from the employees' backs. ERISA requires all companies with defined-benefit pension plans to pick up the tab if one of their number defaults. (Defined-benefit plans—which make up the vast majority of all plans—specify the dollar-amounts employees will receive; the other variety, defined-contribution plans, promises only that the company will put a certain amount into a pension fund each year.)

Now it is the shareholders who had better watch out. From their point of view, the disquieting question is whether the companies whose pension funds are deeply in arrears will be able to pay off their obligations and still have much of anything left over for profits. All those past, uncovered pension claims, after all, must be met out of funds that would otherwise flow down to the bottom line. The unfunded liabilities of some companies are so large—and rising so rapidly—that they will inevitably put a drag on profits like lead in a racehorse's saddlebags. Wheeling-Pittsburgh, for instance, has amassed unfunded liabilities totaling eight times its average pretax profits over the last three years. Uniroyal's unfunded liabilities come to the equivalent of twelve years of profits, and Chrysler's to a staggering twenty-seven years.

Even in this era of all-pervasive regulation and strict disclosure requirements, there is ordinarily no way for an investor to get a decent line on the pension-fund risks and unfunded liabilities he's buying into. The accounting and actuarial treatment of pension liabilities is a masterpiece of obfuscation. There is so much latitude in the way pension calculations are performed that companies can come up with virtually any level of contributions and liabilities they choose. Various actuarial methods, all of them legitimate, produce wildly divergent results, as the chart on the left illustrates. And no matter which actuarial method is used, seemingly minor variations in a company's assumptions about the growth of wages and the return on pension-fund investments can yield substantially different costs and unfunded liabilities.

When it comes to comparing one company with another, the only pension figure universally available on a vaguely comparable basis is "unfunded vested benefits." (In fact, for many companies, this is the only figure available.) Vested benefits are those a company would have to pay employees if its pension plan were terminated immediately. They are always smaller than total liabilities, because they include no allowance for the higher future salaries on which benefits ultimately will be paid, or for benefits that will be paid to current employees who will become vested.

That they are "vaguely comparable" is the best that can be said for unfunded vested benefits. All companies use essentially the same actuarial method to compute them, but minor differences in assumptions can throw the figures off by astonishing amounts. Unfortunately, few companies routinely disclose the assumptions they use.

THE "THREE-MARTINI" EFFECT

Nor do many companies disclose *anything* about the full dimensions of their pension plans—the total assets and liabilities—even though these data are critical in assessing the massive, but largely unrecognized, component of leverage that pensions have added to corporate financial structures. All the gains and losses on pension-fund portfolios ultimately affect profits by raising or lowering future pension contributions. For some companies, the pension fund's performance is actually more important to shareholders than operating results. Swings in Lockheed's $1.04-billion pension fund, for example, usually exceed operating profits or losses. And in years of great stock-market fluctuations, the returns on A.T.&T.'s $17-billion pension fund could conceivably double or wipe out even that company's reported profits.

What figures *are* reported show that pension expenses have been exploding. During the Seventies, annual corporate contributions to pension funds have bounded upward at a rate of 15 percent a year, while funds available for contributions (i.e., profits before taxes and pension expenses) have risen less than 7 percent a year. Even this torrid rate of spending hasn't kept pace with the need. It seems remarkable in our statistics-crazed age that no one has compiled precise aggregate data on either total or unfunded liabilities. But the few samplings of reported pension figures all show a widening gap between pension liabilities and assets.

The liabilities have been bloated by what might be called the "linebacker effect" and the "three-martini effect." Most employees earn benefits based on their incomes in the years immediately before retirement. So inflation in wages creeps up on a pension plan like that infamous third martini. And companies also increase retirement benefits, most often retroactively. The new liabilities created by such an increase can suddenly hit the pension fund with the jolt of Dick Butkus chopping down a running back.

In the investment climate of the Seventies, pension portfolios have been unable to keep up with the huge growth of liabilities. Unfunded liabilities naturally increased during 1973–74, when momentous stock-market losses pared the value of pension-fund assets. But, incredible as it may seem, unfunded liabilities had climbed even higher by the end of last year. Wage inflation was so great, and benefit increases so munificent, that they more than offset the boost pension funds got from the best two-year stock-market rally since the mid-Fifties. With stocks down again, pension funds are certain to be deeper in the red at the end of this year.

THEY LOOK CONSERVATIVE BUT • • •

Getting a focus on just how large a drag pensions costs will put on future profits requires a look beyond the reported numbers and into the arcane realm of the actuary. At first blush, it would appear that actuaries have been conservatively overstating costs and liabilities, and that the future burden will not be as bad as it looks. Using one of six "funding methods," actuaries spread pension costs over a period of years. Most of the methods distribute the costs fairly evenly, often as a constant amount each year or as a constant percentage of payroll. This approach tends to be conservative, for pension costs do not really follow a smooth pattern. They start low and increase during an employee's career, both in dollar terms and as a percentage of compensation. The methods that smooth out the costs increase pension contributions in the early years and lighten the burden later on.

Unfortunately, this actuarial conservatism is vitiated by a couple of crucial assumptions that corporate managers and their actuaries make about what will happen in the future. The two most critical assumptions concern the rate of return at which pension-fund assets will be invested (the "interest assumption") and the rate at which wages will grow (the "wage assumption").

Obviously, if the interest assumption is overly optimistic, a company won't put up enough money to cover benefits. And since corporations also use the assumption to discount those benefits back to a present value, a high rate will tend to understate pension liabilities. The wage assumption is important because most companies operate plans that scale retirement benefits to the worker's income in later years. If a company underestimates the growth of wages, its contributions will also fall short of what will be needed.

As it turns out, the assumptions made about interest and wages are so far out of line with reality that most companies contribute too little to cover future benefits. Even small errors in the interest and wage assumptions have a powerful effect on the actuaries' calculations. One pension specialist, Professor Howard E. Winklevoss of the Wharton School, says an increase of one percentage point in the interest assumption will, on average, reduce pension expenses and liabilities by 25 percent. And a reduction of one percentage point in the wage assumption, he says, will cut expenses and liabilities by 13 percent or so.

Superficially, most companies' interest assumptions would appear to be quite conservative. The average interest rate used is only 6 to 6.5 percent (they range as high as 10 percent and as low as 3.5). At a time when thirty-year government bonds pay more than 7.5 percent, a 6 percent assumption would seem to be pretty modest. However, the interest assumptions are being pitted against wage assumptions of only 3.5 to 4 percent. That is, companies are increasing future wages at, say, 3.5 percent to estimate the costs of benefits, and then discounting the costs back at 6 percent to arrive at a present value of liabilities.

The question of the proper wage and interest assumptions is a matter of some contention, and it is complicated by the uncertain impact inflation will have on both wages and investment returns. But a strong case can be made that the wage assumption should be *higher* than the interest assumption, not lower, as is now the case.

The best way to understand this is to strip inflation out of the figures and look at the relationship between "real" wage increases and "real" rates of interest. The wage assumption, first of all, should include an allowance for the long-run real increase in wages for the work force as a whole. Average weekly wages in manufacturing have increased at a real rate of 1.5 percent over the last thirty years. In addition, some allowance should be made for the "merit" raises that individual workers get as they move through their careers. Winklevoss estimates that, in real terms, merit increases average 1 percent to 2 percent a year. Adding the two, we come up with a real wage increase of 2.5 to 3.5 percent a year.

THE IMPORTANCE OF THE "RISKLESS" RATE

The interest assumption, on the other hand, should be the "riskless" rate of interest—i.e., the rate that would be earned on an investment that carries no possibility of default. The riskless rate—rather than the expected return on risky pension-fund assets—is appropriate for computing the present value of liabilities because the obligations *must* be paid if the company remains in business.

Until very recently, it has generally been assumed that the real riskless rate is about 3 percent, which would suggest that the inassumed that the real riskless rate is about equal. However, several recent studies have produced startling evidence that the riskless rate actually is *at most* 1 percent. The real rate of return on government securities over the last fifty years has been only 1 percent, and the rate has actually been negative since the end of World War II.

If this thinking is correct—and it seems clearly to be the best available—wage

assumptions should exceed interest assumptions by at least 1.5 to 2.5 percentage points. But, as we have seen, companies now use wage assumptions that fall short of interest assumptions by an average of 2.5 percentage points (an interest assumption of 6 percent versus a wage assumption of 3.5 percent). The swing of four or five percentage points between the way companies now run their calculations and the way they should run them has a fantastic impact on estimated pension liabilities. Using Winklevoss's rule of thumb, the adoption of proper interest and wage assumptions would nearly double reported corporate pension liabilities and expenses.

It is difficult to sort out the countervailing effects of the understatement caused by improper assumptions and the overstatement caused by the use of conservative actuarial methods. It appears, though, that actual pension expenses and liabilities should be, on balance, about 50 percent higher than the figures now being reported. Unfunded liabilities are understated by an even greater amount. For example, a company that now estimates it has $100 million in liabilities and $80 million of pension-fund assets would report unfunded liabilities of $20 million. If actual liabilities were $150 million (an increase of 50 percent), unfunded liabilities would come to $70 million (an increase of 250 percent).

The practice of using interest assumptions that are higher than wage assumptions is commonly defended on the grounds that long-run returns on pension funds are likely to exceed long-run wage inflation, since the average fund has 65 percent of its assets in common stocks. That logic has been roundly criticized by several financial economists, including Professor William Sharpe of Stanford and Jack Treynor, editor of the Financial Analysts Journal. They point out, quite simply, that the value of pension liabilities is independent of the type of pension-fund assets a company holds.

In other words, corporate managers are gambling when they invest pension assets in common stocks. By assuming that pension-fund assets will grow at the expected rate of return on risky investments, they are taking it for granted that they will win the gamble. There is always a chance, however, that they will lose. That possibility of losing constitutes a real claim against future profits—it just doesn't show up on the books. The only way a corporation can be certain of having sufficient funds to cover future benefits is to invest in risk-less assets. And that would of course raise the level of pension-fund contributions above what it is today.

In a complex matter such as this, it is hard to determine the degree to which corporations are endangering their futures. An important question is whether they will in fact win the gamble. If the real rate of return on pension-fund portfolios turns out to be 5 percent or more, the use of the present optimistic interest and wage assumptions would be justified to determine funding levels.

One of the more intriguing studies of what future rates of return will be was done by Roger Ibbotson of the University of Chicago and Rex Sinquefield of the American National Bank. They simulated future returns on several kinds of securities through the year 2000 by using the distribution of past rates of return over the last fifty years. Based on the simulations, Ibbotson has concluded that there is a 60 percent chance that the real rate of return on pension-fund portfolios will be 5 percent or more. This means there is a 40 percent chance that the rate will fall short of 5 percent. In that unhappy event, companies will have to dip into future profits to pay benefits that they now report as having been funded.

THE ODDS ARE LONGER FOR AMC

Although the odds appear to favor the pension funds, three to two is cutting it pretty close. Plenty of odds-on favorites have lost the Kentucky Derby. What's more, those odds apply only to companies whose interest assumptions exceed wage assumptions by the average 2.5-percentage-point spread. The spreads can be a lot higher and the odds a lot worse. Goodyear and American Motors, for instance, have 6 percent interest assumptions and zero wage assumptions.

These two companies have a partial defense for such unbridled optimism. Their union contracts call for pensions of specified amounts for each year of service, rather than basing payments on final salaries. Since pension contributions are tax deductible and in this case aren't formally tied to wage inflation, the Internal Revenue Service doesn't allow companies using the years-of-service formula to assume any future increases. Of course, this doesn't alter the economic realities: unions will demand that pensions keep pace with wages. And nothing prevents the companies from better reflecting true conditions by lowering interest assumptions to partly offset the unrealistic wage assumptions.

Unfortunately, the adjustments most companies make are of a different kind. From what can be ascertained about them, it appears that they have had a conspicuously self-serving quality. Even though wages have been shooting up faster than the actuaries have assumed, and pension portfolios have barely stayed above water, the actuaries have seen fit in recent years to raise interest assumptions more than wage assumptions. This holds down pension costs and lowers unfunded liabilities. The trend toward higher spreads between the two assumptions means, of course, that actual pension costs have been rising even faster than the 15 percent rate companies have reported.

A WAY TO "PAY" THE UNIONS

Actuaries, who are required by ERISA to certify the assumptions, insist that their adjustments are "reasonable." Curiously, though, a lot of the adjustments are made around the time new labor contracts are negotiated. With an adjustment or two in its assumptions, a company can "pay" for a benefit increase by pushing the costs into the future; in the meantime, reported profits are maintained and unfunded liabilities are held in check.

Caterpillar Tractor, for example, negotiated a pension increase with the United Auto Workers last year, but its pension expenses dropped (from $106.9 million to $100.3 million), and its unfunded vested liabilities declined (from $440 million to $270 million). The principal reason was that Caterpillar raised both the interest and wage assumptions, and the higher interest assumption predominated. The company will not disclose the figures for either assumption.

Goodyear improved the looks of its financial statements by making similar adjustments last year. It agreed to a thumping increase in pension benefits for its United Rubber Workers employees, and then raised its interest assumption from 5.5 percent to 6 percent. Unlike Caterpillar, it reported the changes quite plainly. With a few extra calculations, an investor could figure out from the footnotes to Goodyear's annual report that the new benefits will cost 30 percent more, and that the actuarial change reduced pension expenses by 14 percent from what they would have been had the assumption remained unchanged.

Goodyear's executives are also a lot more candid about how actuarial changes come about. As Bennett Shaver, an assistant treasurer, puts it, "It's always good to look at [assumptions] at the same time you have a benefit increase." He adds, though, that the looking comes after labor negotiations. "Otherwise, the union could say, 'Go ahead, raise the interest rate to 10 percent. It [a pension-benefit increase] is not going to cost you anything.'"

Investors clearly would be better able to assess a company's profit prospects if they had a more objective measure of pension costs and liabilities. Jack Treynor, viewing the issue from the perspective of the security analyst, asserts that "what is needed from the pension actuary is something much more straightforward than he now provides—namely, the present value of benefits discounted at the riskless rate."

Accountants also recognize the deficiencies of pension reporting, and many of them have been arguing for greater consistency and disclosure. Shareholders aren't likely to get a closer look at the actuarial sinews of the pension strong men anytime soon, though. The actuaries have staked out pensions as their turf, and they aren't granting easements. Some actuaries are so riled about all the attention unfunded liabilities have been getting that they want to stop using the term altogether. Instead, they prefer calling them "supplemental present values," a euphemism worthy of an undertaker.

A STRANGE KIND OF INSURANCE

Before the advent of ERISA, most pension agreements limited a company's liability to pension-fund assets; in the event a company went bankrupt or terminated its pension plan for some other reason, employees couldn't collect anything beyond what was in the pension fund. Hence, employees were always "at risk" for any unfunded vested liabilities.

ERISA relieved employees of those risks by guaranteeing pension benefits up to a specified limit, currently $937.50 a month. It accomplished this by transferring the risks to shareholders. The law holds a corporation liable for its own unfunded guaranteed benefits up to 30 percent of the company's net worth. Any guaranteed benefits left over must be picked up by all other companies under a scheme called "plan-termination insurance." The "insurance" is administered by the Pension Benefit Guaranty Corporation (PBGC), a government agency that raises the money by levying a per-employee tax on all companies that have defined-benefit pension plans. Thus shareholders are now "at risk" not only for the guaranteed benefits of the companies in which they own stock but also for those of all other corporations.

The PBGC spreads the tax equally across all companies. Weak companies that are likely to default pay the same "premium" per employee as strong companies whose risk of default is minimal. Strong companies are therefore subsidizing the weak ones.

Plan-termination insurance tends to warp the way businessmen make decisions. It raises the value of pension promises by assuring that the benefits will be paid. This encourages weak companies to offer, and their employees to accept, overly generous pension promises in lieu of additional wages. Promised benefits have the advantage of not immediately increasing costs, as higher wages would. And a weak company has little to lose by making pension promises: if it goes broke, the extra liabilities will cost the shareholders little if anything. And if the company thrives, profits will be available to pay the benefits when the employees actually retire.

The insurance scheme has operated successfully for the last three years, but some pension experts believe it is fatally flawed. The architects of ERISA overlooked a special aspect of pension-fund risk when they decided to insure benefits. They really aren't insurable. The concept of insurance is based on the law of large numbers, which describes what happens when events are essentially independent of one another (e.g., everyone will die sometime, but everyone will not die

at the same time). Pension assets are invested largely in common stocks, and the law of large numbers doesn't apply in the stock market—all stocks can go down, and they can all go down at the same time.

The chances of a catastrophic stock-market decline are slight, to be sure, but prices, in real terms, have been cut in half twice during the last fifty years. Should that happen again, it is apt to coincide with a major economic decline, when the PBGC's resources are likely to be strained by a surge of pension-plan defaults. The defaulting companies' unfunded liabilities would be swollen by stock-market losses, forcing the PBGC to jack up the taxes on other companies to make up the huge deficits. These companies, meanwhile, would be struggling to make up losses in their own portfolios. The added levies from the PBGC could persuade them to abandon their plans. And the PBGC, swamped by claims, would have to cut off benefits or turn to Congress for help.

It is possible that, even without an economic disaster, claims against the PBGC could force its "premiums" to go so high that many companies with solid defined-benefit pension plans would abandon them in favor of defined-contribution plans (e.g., profit sharing). Unfunded vested liabilities now total at least $25 billion, and the great bulk of them are concentrated in several dozen large companies, many of which are less than robust. Should the PBGC sail into a line squall of major bankruptcies, the tax per employee could easily jump from its current level of $1 to $10, $20, or even $50 a year. The PBGC is already looking for a "premium" increase to $2.25, and it has yet to come up against its first truly large claim. If Bethlehem Steel were to go bankrupt, for instance, other companies would get stuck for an additional per-employee "premium" of about $4 a year for fifteen years. That in turn would cost General Motors alone $3 million annually.

SADDLED WITH THE HATTERS

Industries in which all employers are covered by one labor contract and pay into a common pension plan appear to be particularly dicey propositions. Many of those multi-employer plans, which cover about 7.7 million workers, are in deep trouble. A lot of them cover present and formers employees in anthracite coal, hats, and other declining industries. As an industry shrinks, surviving companies end up paying the obligations of their defunct competitors.

Although the PBGC doesn't have to cover multi-employer plans until January, it has voluntarily taken over four of them already. It has also identified eight others—with $350 million in unfunded liabilities—that it believes will terminate soon. In contrast, losses on single-employer plans, which cover some 26 million employees, have totaled about $100 million over the last three years.

Some special aspects of the insurance program increase the likelihood that well-funded companies will opt out of the system. One of them is that provision in ERISA making corporations liable for any unfunded benefits up to 30 percent of the company's net worth. The provision was included in the law in order to discourage weak companies from terminating their plans and dumping all the liabilities on the PBGC—in effect, on other companies.

As the law reads now, though, a company with huge unfunded liabilities could still terminate its plan and get off the hook by paying the PBGC 30 percent of its net worth. The PBGC says it calculates net worth by judging what a company's assets could be sold for and deducting all liabilities. In Wheeling-Pittsburgh's case, the company could clear its books of $274 million in unfunded vested liabilities, while paying the PBGC a maximum of $110 million (30 percent of its balance-sheet net worth) and perhaps as little as $11 million (30 percent of its stock value). Harrison Givens, a vice president of the Equitable Life Assurance Society who has been an adviser to the PBGC, contends that the 30 percent limit constitutes "bribery to terminate."

HOW TO GET OFF THE HOOK FOR LESS

There is no evidence that companies are in fact planning to terminate in order to dump liabilities, but they may simply be waiting for a big uncertainty about government regulations to be resolved. The PBGC's claims against a company have the status of a tax lien. Bankers have naturally become uneasy about the PBGC getting a lien against a company's assets, because that claim could be senior to theirs. Aroused by nightmares of subordinated status, the American Bankers Association induced Congress to require the PBGC to offer corporations "contingent employer liability insurance" covering the agency's claims against a company. If a company could buy this insurance, it could discontinue its pension plan and wipe out all of its unfunded liabilities—without having to work over that 30 percent of net worth.

The PBGC began shopping around for an underwriter to supply the insurance back in 1974 but, unsurprisingly, private insurers weren't lining up for the opportunity. Even Lloyds, which has insured everything from robots to Marlene Dietrich's legs, turned down the proposition, observing that underwriting unfunded pension liabilities amounts to "insuring the profitability of the American economy."

The PBGC is now required to offer the insurance itself. It hasn't been eager to get into this business either and is now preparing an alternative proposal for Congress. The agency wants to limit the coverage to $5 million or so, and require that a company be in bankruptcy before it can escape without any liability for unfunded benefits.

These recommendations are a step in the right direction, but they aren't nearly radical enough to wipe out the perverse incentives built into the pension system. To make sure companies shoulder the risks they create for themselves, Congress would be wise to dump the idea of contingent employee liability insurance altogether and eliminate the 30 percent ceiling. Corporations should also be required to report pension liabilities on a uniform basis so that investors and regulators can assay the true condition of the enterprise. And the PBGC should base its "premiums" on the amount of risk a company contributes to the system—i.e., its unfunded guaranteed liabilities. So long as companies can reap the benefits that accompany higher risks while avoiding the costs, they are certain to impose all the risks on the system that they can get away with.

It would also be a good idea to re-examine the entire issue of whether the government should *guarantee* a fixed level of future income to any particular group in society—in this case retired employees. Shifting the risk of pension-fund defaults from employees to shareholders in general is merely a form of transferring wealth, not an insurance program. What's more, no amount of funding will eliminate the possibility that the pension system may collapse: in the final analysis, all corporations, as investors in each other's stock, are dependent on one another's profits to meet their pension obligations. In terms of the system as a whole, virtually all pension liabilities are essentially "unfunded." So long as they are guaranteed, the liabilities constitute an overhanging burden not only on future profits, but on the future living standards of all but the 35 million or so workers who are covered by defined-benefit pension plans.

IT MAKES SOCIAL SECURITY LOOK SOLVENT

The pension bills facing shareholders pale before those that taxpayers will eventually have to pay to provide retirement benefits for public employees. Congressmen, governors, and mayors have run up gargantuan tabs for pensions that are frequently more lavish than anything found in business, and they have left the liabilities largely unfunded. As a result, the unfunded liabilities of public pension plans dwarf the total liabilities of corporate plans—even though public pensions cover fewer workers.

When it comes to actuarial and disclosure practices, public pension plans are even worse than their corporate counterparts. The meager figures available chillingly illustrate the politician's unwillingness to look beyond the next election and reveal an astonishing propensity for fiscal irresponsibility.

A BIG BILL IN BOSTON

New York City's pension dilemma has achieved the status of a contemporary legend. Less widely noted is the fact that many other cities and states aren't far behind. Based on the latest reported data, Boston, Detroit, Los Angeles, and even Jacksonville, Florida, have unfunded pension liabilities that exceed their net municipal debt. Boston had unfunded liabilities of $1.1 billion a year ago, and Massachusetts had unfunded liabilities of $12.8 billion.

In Los Angeles, retirees who are struggling to get by on fixed incomes have complained that soaring property taxes are forcing them out of their homes. Half of those taxes go for the pensions of city employees. And, despite the high tax levies, Los Angeles had unfunded liabilities of $1.6 billion at the beginning of 1975 (the latest reported figures).

As in everything else, the federal government leads the pack when it comes to piling up pension deficits. Congress, which labored for seven years to force corporations to treat their pension obligations more responsibly, presides over a system of its own that is so far in arrears that it makes Social Security look positively solvent. By some estimates, the unfunded liabilities for federal-employee pensions will soon reach the trillion-dollar mark.

In a scathing report last summer, the General Accounting Office concluded that federal pension costs and liabilities are perilously understated. Many of the federal plans give no consideration to the effects of future pay increases and the impact of inflation on pension annuities, many of which are tied to the consumer price index. The reported unfunded liabilities of the civil-service system (which includes about half of all federal employees) came to $107 billion at the end of fiscal 1976. Based on calculations made by the system's board of actuaries, the true unfunded liabilities—after adjustment for inflation—are more than twice that amount.

WHEN THE BILL ARRIVES

The underestimation of pension liabilities and costs means, of course, that the federal budget deficit is even bigger than reported. The GAO estimates that pension costs for federal civil-service employees alone were understated by $7.1 billion in fiscal 1976. Moreover, the unfunded liabilities have been growing geometrically, despite an increase in contributions in 1969 that was designed to stem the rise. Between fiscal 1970 and fiscal 1976, the reported unfunded liabilities of the civil-service system more than doubled, and payments to retired employees more than tripled, to $8.3 billion. Assuming government wages rise 6 percent a year, payments will hit $29 billion by 1985.

If Congress were to restate unfunded liabilities along the lines advocated by the GAO, and then pay them off over thirty years, as it requires corporations to do, taxpayers would have to cough up $15 billion or more a year just to amortize the unfunded obligations of the civil-service system. Regardless of how Congress treats the liabilities, though, the benefits ultimately must be cut or paid.

If it doesn't cut the benefits, the government will have to raise taxes, reduce services, or print more money.

[From the New York Times, Jan. 4, 1978]

PENSIONS: A $100-BILLION MISUNDERSTANDING

The only line that concerns most of us about pensions from a private business is the bottom line. It takes a whiff of scandal—insider shenanigans, or dealings with gangsters—to transform the arcane world of other people's pensions into headline news. But the pension issue with the greatest potential impact on Americans has little to do with improper conduct by pension managers. In the view of many experts, private pension funds—representing retirement security for tens of millions—could have great difficulty delivering on their promises. Corporation stockholders, and perhaps taxpayers, may get stuck with the bill.

According to Fortune magazine, the collective obligations of corporate pension plans may exceed their current assets by as much as $100 billion. The "unfunded" pension liabilities of at least two major corporations are actually greater than the companies' net worth. Government-sponsored insurance makes it unlikely that workers belonging to even the weakest pension programs will ever go hungry. But the questionable financial underpinning of the nation's private pension system suggests that serious reforms are in order.

A pension, offered as an employment fringe benefit, typically promises a specific monthly payment to a retiring employee, based on salary and the number of years of service. Money is then set aside by the company and invested to cover this liability for 10, 20, or 30 years into the future. The amount that should be set aside, however, is extremely difficult to compute. Trustees cannot be sure how much the invested funds will learn; they thus cannot be sure how much will be available for pension checks decades ahead. Moreover, since benefits are often calculated on wages paid during the last few years of service, future obligations of the fund cannot be determined until those wages are actually set.

What is known, however, is that the dismal performance of pension-fund investments in recent years has left hundreds of funds with much less cash than their managers expected. For the most part, these shortfalls can be covered by drawing on current corporate revenues that would otherwise have gone toward profits. Nothing, however, prevents corporations from repeating their honest mistakes, overestimating investment earnings or underestimating future obligations. And that is precisely what a growing group of actuaries and economists believe is happening today. Corporate stockholders may have some unpleasant surprises in store.

Tomorrow's pensioners have two lines of defense. First, pension benefits are obligations of contract. If the funds prove inadequate, pensioners must be paid off before stockholders receive a nickel. Second, benefits up to $11,250 a year are insured by a Government agency, the Pension Benefit Guaranty Corporation (PBGC). If a company goes broke, the PBGC collects money from all other corporate pension funds to keep the benefit checks moving. So far, the PBGC has had to pick up the pieces of bankrupt funds on only a few occasions. But if pension fund investments turn sour in the 1980's or 1990's, as they did in the early 1970's, PBGC could face an annual multibillion-dollar deficit that would represent a massive drain on corporate earnings.

At that point the only alternative to saddling business with the pension debt would be to bail out the funds with Federal tax revenues. Neither alternative is very attractive. Hence the need for some cautionary reforms to put the pension system back on track.

Uniform Accounting Standards. Pension trustees are legally required to exercise prudence, but prudence is hard to define. Rather than adding another layer of Government regulation to a field already overwhelmed by regulations, it probably makes sense only to insist that trustees publish liability estimates based on uniform, conservative criteria. This would give warning of trouble ahead to regulators, employees and stockholders—and deter corporate managers from sweeping tomorrow's pension problems under the rug.

Conservative Financial Incentives. Unlike most insurance premiums, those charged by PBGC bear no relation to the risks run by the insured. All companies chip in a fixed amount per employee, regardless of how likely the chances of default. If companies with large unfunded liabilities were charged higher premiums, the insurance costs would be spread more equitably and those that take the biggest chances would have an incentive to take less.

Defined Contribution Pensions. The root of the pension fund problem is the guarantee of fixed benefits in an indefinite future. Funds in which the size of the company's contribution, rather than the promised benefits, is fixed cannot go broke. Such "defined-contribution" plans already cover millions, and in cases where employees are willing, could be substituted or added to "defined-benefit" plans. This approach admittedly shifts risk from the company to its workers. But some companies might be willing to pay a premium pension benefit to achieve that shift.

Private pensioners aren't begging on the streets, nor are they remotely likely to face that prospect. It surely makes sense, however, to encourage more conservative pension practices by letting future pensioners and those who will ultimately be forced to pay those pensions know exactly where their interest lie.

[From the New York Times, Jan. 8, 1978]

WORRYING ABOUT THE PENSION GAP

(By Deborah Rankin)

Many financial analysts and bankers are in a cold sweat over whether the nation's largest corporations have set aside enough assets to cover the pensions they have guaranteed their employees. In the past the workers carried much of the risk. But the Employee Retirement Income Security Act of 1974 transformed pensions from gratuities—payable to employees at a company's discretion—to liabilities with a potential claim on up to 30 percent of a company's net worth.

Such pension claims have the status of tax liens, which makes them senior to the claims of other creditors, such as banks.

Now that the workers' pensions are protected, the risks of shaky retirement plans have been transferred to investors, who must consider whether a company whose stock they are purchasing has a hidden time bomb. The trap is an underfunded pension plan that could wipe out future profits if the assets it has invested in the stock market do poorly or, even worse, devour corporate assets if the plan is terminated.

By one estimate, there is a $23 billion gap between the pensions that workers have been guaranteed and the assets that have been set aside to pay for these obligations. When the costs of contingent pension benefits that will come due are added, the gap widens to a staggering shortfall of almost $50 billion.

The problem for investors examining the footnotes of corporate annual reports, where pension plan information is given, is to find a common denominator that will allow them to compare on a uniform basis the pension figures of one company to the pension figures reported by another. Critics contend that the law allows actuaries so much latitude in making pension-cost determinations that the same numbers can have widely different meanings from company to company.

"The trouble is that nobody knows what pension costs are," said Jack L. Treynor, editor of the Financial Analysts Journal and co-author with Patrick J. Regan and William W. Priest Jr. of a book, "The Financial Reality of Pension Funding Under ERISA."

Andrew J. Cappelli and S. Thomas Moser of the accounting firm of Peat, Marwick, Mitchell & Company recently complained in a trade periodical that complex accounting rules for pensions have made meaningful comparisons from company to company "all but impossible."

Pension cost figures are actuarially derived numbers whose size can vary dramatically, depending upon what assumptions the actuary feeds into the calculations. Basically, they represent the amount of money a company must set aside today to meet its pension obligations years from now. Minute changes in two key assumptions can make pension cost figures grow or shrink by millions of dollars.

The first important assumption, known as the "interest assumption," concerns the rate of return a company expects to earn on its contributions to the pension fund. An increase of one percentage point in the interest assumption will, on average, pare pension costs by 20 or 25 percent.

The second key assumption, known as the "wage assumption," concerns the rate at which wages will grow and takes into account such factors as inflation and special industry trends. This rate is crucial because most pension benefits are tied to the wages employees earn in their final years of work. A cut of one percentage point in the wage assumption will reduce pension liabilities by 13 percent or so.

Currently there are no limitations on the numbers that companies can crank into these critical assumptions. Although a typical interest rate assumption is in the neighborhood of 6 to 6.5 percent, the numbers can rise as high as 9 percent and sink as low as 4 percent. Similarly, although wage assumptions tend to cluster around the 3 or 4 percent level, the range goes from zero to 8.5 percent. All are considered legitimate, at least by the companies and actuaries that use them.

Under the pension law, however, actuaries must certify that the assumptions are "reasonable" in the aggregate. "For example, the wage rate assumption might be understated by two percentage points, which by itself would produce an understatement of costs," said Lawrence N. Bader, vice president and actuary with William M. Mercer Inc., an employee-benefits consulting firm. "And the interest assumption might be understated by one percentage point, which by itself would produce an overstatement of costs." The result, he said, might be to state costs correctly. "This is permissible under ERISA," Mr. Bader said, "but it is debatable whether it is sound actuarial practice."

It is not unusual for companies to periodically alter their interest and wage assumptions. Indeed, many companies increased their interest assumptions after the bull stock market of the 1960's from a level of 3 to 4 percent to the current level of 6 to 6.5 percent. The market's precipitous decline since then has made some of the more optimistic assumptions suspect.

Most analysts' attention is focused on the size of the "unfunded vested benefits" of American business. This is a net figure that represents the difference between the benefits a company is legally obligated to pay to workers, even if they quit tomorrow, and the amount of assets, such as stocks and bonds, it has on hand to pay for these future obligations.

Even this number can be tricky, however. Just as companies can fiddle with the assumptions (such as interest-rate growth) that are used to compute the liability side of the equation, they also can—and do—

use different methods to arrive at the asset side.

A recent study of 40 large industrial corporations by BEA Associates, a New York-based investment counseling firm, found that even though the aggregate pension assets of the sample rose by 27 percent in 1976, to $39.3 billion, the total unfunded vested benefits rose by 8 percent, to $12.3 billion. Furthermore, unfunded vested benefits as a percentage of the average company's net worth increased from zero in 1973 (which meant the average company was fully covered) to 7.5 percent of net worth in 1976.

"These numbers are incredible," said Mr. Regan, the co-author of the book on pensions and a vice president of BEA. "Even though pension assets were growing, the plans wound up worse funded than they had been. What would have happened if the economy and the stock market collapsed?"

There is growing pressure to standardize the way companies account for their pension costs and disclose the actuarial assumptions underlying them. While most of the pressure has come from the pension law, which requires pension plans to submit financial statements annually to the Department of Labor and the Internal Revenue Service, other supporters of uniformity are accountants and bankers. As creditors, the bankers are especially concerned because of their precarious position should a company pension plan fail and the Government go after some of the corporation's assets.

The Financial Accounting Standards Board, the private sector's top authority on accounting procedures, had tentatively recommended that major pension plans standardize their financial reports to plan participants. This could have laid the groundwork for standardizing the reporting of pension costs.

But intense opposition from actuaries, who resented the accountants' intrusion and contended that the rule would increase actuarial costs without helping beneficiaries, made the board delay. So it will probably be years before the board gets around to debating the proper accounting method for pension costs.

PENSION FUND LIABILITY

Company	1976 pension expense in millions	Pension expense as percent of payroll
Western Union	$33.4	16.2
Bethlehem Steel	261.2	11.3
Union Carbide	130.3	11.1
Uniroyal	79.4	10.4
Lockheed	96.0	9.3
Republic Steel	83.8	9.2
Armco Steel	82.9	8.5
General Motors	1,071.2	8.2
DuPont	212.8	8.2
Chrysler	277.1	7.8
Dow Chemical	82.7	7.7
Ford	505.5	7.6
Eastman Kodak	164.3	7.1
B. F. Goodrich	40.7	6.8
Monsanto	70.7	6.8
Caterpillar Tractor	100.3	6.4
American Motors	37.0	6.3
U.S. Steel	221.0	6.2
Goodyear	87.7	5.9
General Foods	41.1	5.9
Firestone	60.1	5.0
Kraft	30.8	4.6
Borden	19.2	4.2
Johnson & Johnson	28.9	3.7
K Mart	24.3	2.0
Amer. Home Products	9.8	1.8

NOTE.—Figures from company reports. Pension amounts generally cover only domestic plans, although some corporate payrolls include foreign operations.

Unfunded vested benefits as a percent of net worth

(Medians of a 40-company sample)

[In percent]

1973	0
1974	5
1975	5.5
1976	7.5

Source: BEA Associate Inc.●

By Mr. BENTSEN:

S. 2993. A bill to amend the Internal Revenue Code of 1954 to provide a credit against tax for certain expenditures in connection with the rehabilitation of certain buildings; to the Committee on Finance.

TAX CREDIT FOR THE REHABILITATION OF PROPERTY

● Mr. BENTSEN. Mr. President, I am today introducing legislation to provide a 10-percent tax credit for the costs of rehabilitating certain residential, commercial, and industrial structures.

Existing tax law includes many incentives to build new structures in preference to maintaining or rebuilding existing structures. In some instances it may be cheaper to tear down an older structure and build a new one in another location simply because of the tax deductions allowed. This bias in our tax law actually contributes to the decline of older neighborhoods in both small towns and urban centers throughout the Nation. The legislation that I am introducing today will correct this counterproductive feature of the Internal Revenue Code.

Mr. President, this tax credit will help promote the rehabilitation and modernization of existing neighborhoods through private initiative. This will help both rural communities as well as metropolitan centers. The credit will supplement existing tax incentives for the construction of new property. There is substantial precedent in existing law for this kind of tax incentive. For example, section 167(k) of the Internal Revenue Code provides incentives for the rehabilitation of low-income housing and section 191 of the tax code encourages rehabilitation of historic structures.

There is growing recognition that the rehabilitation of existing housing must play a key role in national policy to help distressed neighborhoods and communities. Just a few deteriorated or abandoned houses or apartment buildings can have a dramatically adverse impact upon an entire block or neighborhood—and a coordinated effort to rehabilitate several houses in an area can be a key catalyst in revitalizing a distressed neighborhood or community.

The rehabilitation of existing housing is also needed to meet the increased housing demand expected over the next decade as new household formations rise. We must make maximum possible use of our existing housing in order to adequately deal with this demand.

Mr. President, under my proposal both individual and corporate taxpayers would be entitled to a tax credit equal to 10 percent of the first $20,000 of qualified rehabilitation expenditures for a maximum credit of $2,000 per year. The credit would apply to residential, commercial, and industrial property. This credit would not be refundable but a 3-year carryback and 7-year carryover would be permitted. Qualified rehabilitation expenditures would be defined in a manner similar to section 167(k) of the tax code to include "amounts chargeable to capital account and incurred for property or additions or improvements to property (or related facilities) with a useful life of 5 years or more, in connection with the rehabilitation of an existing building." A threshold is included so that the credit is allowed only if the aggregate amount of qualified expenditures over a period of 2 consecutive years exceeds $3,000. In addition, the credit only applies to improvements to structures that are at least 20 years old. A recapture rule is also included to prevent tax windfalls to real estate speculators.

Mr. President, this tax credit for the rehabilitation of property will encourage private investment to reverse the decline of older neighborhoods and communities throughout rural America as well as our central cities. The proposal will remedy the existing bias in our tax law toward the construction of new homes and businesses as compared to the rehabilitation of existing structures.●

By Mr. ALLEN (for himself and Mr. SPARKMAN):

S. 2994. A bill to authorize the Secretary of the Army to convey to the Alabama Space Science Exhibit Commission certain additional real property for use by such commission as a part of the permanent site of the Alabama Space Science Exhibit; to the Committee on Armed Services.

EDUCATIONAL AND RECREATIONAL COMPLEX EXPANSION OF THE ALABAMA SPACE AND ROCKET CENTER

Mr. ALLEN. Mr. President, I send a bill to the desk on behalf of my distinguished colleague (Mr. SPARKMAN) and myself. I ask that it be appropriately referred.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

Mr. ALLEN. Mr. President, the citizens of Alabama in 1965 approved a bond issue to fund construction of a missile and space exhibit in Huntsville, Ala. More than $2.5 million was invested by the city of Huntsville, Madison County, and the State of Alabama in the design and construction of the space and rocket center. In 1968, the Congress of the United States deeded to the Alabama Space Science Exhibit Commission property on Redstone Arsenal on which to build the space and rocket center.

On March 17, 1970, the space and rocket center officially opened its doors. Since that time the center has served over 1,700,000 visitors, 70 percent of whom were from out-of-State or from foreign countries. More than 316,000 of the visitors were students who came to the center on educational field trips. I have a deep personal interest in this center because I had the distinct honor of serving as chairman of the Alabama Space Science Exhibit Commission from its inception through the opening of the facility. I resigned as chairman

shortly after becoming a member of the U.S. Senate.

The Alabama Space and Rocket Center has become the largest missile and space museum in the world. It has in its collection more than 1,500 pieces of missile and space hardware valued at over $26 million. Over 60 active exhibits are now a part of the exhibition center. The space and rocket center also serves as a major repository for the Smithsonian Institution's National Air and Space Museum, having over 300 historical artifacts on loan from that institution.

The State of Alabama has retired the bonds which were used to finance the design and construction of the facility, and the center has been self-sustaining since its opening, operating on nominal admission fees. Any remaining funds, after operating expenses are paid at the end of each fiscal year, have been used to add new exhibits, purchase equipment, and develop educational programs and services for students and teachers.

The operation of the space and rocket center has made it possible for the U.S. Army and NASA to save $1,500,000 since 1970 by closing their museums and directing visitors to the space and rocket center. Over the next 10-year period, it is estimated that the facility will save the Government an additional $3.7 million.

The space and rocket center now has undertaken a 10-year expansion plan which would involve the addition of several new public facilities. To house these anticipated facilities and provide for land to be taken by the new Interstate (I–565) highway, it is necessary that this organization request additional land to accommodate future growth. Since the Alabama Space and Rocket Center is bounded by highways and Redstone Arsenal, expansion is possible only onto Army property on Redstone Arsenal.

Therefore, Senator SPARKMAN and I are introducing this bill to amend Public Law 90–276, and authorizing that adjacent lands on Redstone Arsenal, Ala., be deeded to the Alabama Space Science Exhibit Commission for the purpose of expansion and further development of new educational and recreational programs.

As agreed upon in the original act, the U.S. Army will have approving authority for any developments to be executed on this property. Further, the Alabama Space Science Exhibit Commission will relocate existing structures on the property if desired by the Army.

Mr. President, Alabamians sincerely appreciate the confidence the U.S. Army and the Congress of the United States have shown in the Alabama Space and Rocket Center, and it is their desire to continue the excellent relationship they have had with the U.S. Army in the further development of a facility of which all Americans can be proud.

Mr. President, I ask unanimous consent that a narrative explanation of this project be printed in the RECORD:

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

PROPOSED EDUCATIONAL AND RECREATIONAL COMPLEX EXPANSION OF THE ALABAMA SPACE AND ROCKET CENTER, HUNTSVILLE, ALA.

BACKGROUND

The citizens of Alabama and the State Legislature voted to construct a missile and space exhibit in Huntsville, Alabama in 1965. Over $2.5 million was invested by the City of Huntsville, Madison County and the State of Alabama in the design and construction of the Space and Rocket Center. In 1968 the Congress of the United States provided property for its location by deeding to the Space Science Exhibit Commission, the governing body of the Space and Rocket Center, property on Redstone Arsenal.

On March 17, 1970 the Space and Rocket Center officially opened its doors. Since that time the Center has served over 1,700,000 visitors, 70% of which were from out-of-state or visiting from foreign countries. More than 316,000 of the visitors were students who came to the Center on educational field trips.

In 1972 the Space and Rocket Center instituted bus tours of Redstone Arsenal and NASA's Marshall Space Flight Center. Over 465,000 visitors have had the opportunity to tour the complex, a program designed to permit the taxpayer the opportunity to see inside a large government operated research and development facility.

The Space and Rocket Center has become the largest missile and space museum in the world. It has in its collection over 1,500 pieces of missile and space hardware valued at over $26 million. Over 60 active exhibits are now a part of the exhibition center. The Space and Rocket Center also serves as a major repository for the Smithsonian Institution's National Air and Space Museum, having over 300 historical artifacts on loan from that institution.

The State of Alabama has retired the bonds which were used to finance the design and construction of the facility. The Center has been self-sustaining since its opening, operating on nominal admission fees (current 1978) of $3.00 for adults and $1.00 for children. Any remaining funds left over, after operating expenses are paid at the end of each fiscal year, have been used to add new exhibits, purchase equipment and develop educational programs and services for students and teachers.

The operation of the Space and Rocket Center has made it possible for the U.S. Army and NASA to save $1,500,000 since 1970 by closing their museums and directing visitors to the Space and Rocket Center. Over the next ten-year period, it is estimated that the facility will save the government an additional $3.7 million.

The combined facility serves as a Visitor Information Center for all governmental agencies based on Redstone Arsenal and located in Huntsville. They are:

(1) NASA's Marshall Space Flight Center
(2) U.S. Army Materiel Readiness Command
(3) U.S. Army Missile Research and Development Command
(4) U.S. Army Missile and Munitions Center and School
(5) Corps of Engineers
(6) Ballistic Missile Defense Systems Command
(7) Readiness Command Group

Special care in the design and development of the visitor center was taken to provide the visitor with an exciting educational experience based on the missile and space developments in Huntsville.

The Space and Rocket Center has undertaken a ten-year expansion plan which would involve the addition of several new public facilities. To house these anticipated facilities and provide for land to be taken by the new interstate (I–565) highway, it is necessary that this organization request additional land to accommodate future growth. Alabama Space and Rocket Center property is bounded by highways and Redstone Arsenal and expansion is possible only onto existing U.S. Army property.

Further, the Center's mission has been expanded by legislative action by the State of Alabama establishing the Center as Alabama's Energy Information Center responsible for disseminating data on energy conservation and new sources of energy. Working models of solar energy devices and conservation techniques are available for the public to view and inspect.

EDUCATIONAL COMPLEX

The project being planned by the Space and Rocket Center includes an integrated educational and recreational complex designed primarily to serve the visitors coming to the Space and Rocket Center. It is an effort by all levels of government, federal, state, county and city, to develop a modern recreational and educational complex for use by all segments of the public. The complex will be developed over a ten-year period but construction and use will begin immediately.

The major project undertaking will be the construction of an educational complex adjacent to the main exhibit building at the Space and Rocket Center. The acquiring of additional property from the U.S. Army would enable the complex to be developed within the next ten years, including the construction of a planetarium, a scientifically oriented educational facility providing houses, and facilities for orientations in the missile and space sciences and supporting recreational facilities primarily for the youth of America but not limited to them.

Missile and Rocket Park.—The Alabama Space and Rocket Center presently has over 60 full-scale missile and space vehicles on exhibit. Additional property is needed to exhibit new missile and space vehicle systems expected to be available for exhibition during the 1980's. Some of the systems contemplated are Hellfire, Patriot, Chaparral, Stinger, General Support Rocket Systems (GSRS), Advanced Heavy Anti-Tank Missile (AHAMS), target missile programs, Space Shuttle, Space Telescope, Spacelab and Space Tug. A large pavilion is planned in this area to house those systems requiring protection from the weather. This area will serve to broaden the visitors' knowledge of the objects on exhibit by providing special exhibit techniques depicting the missions and use of the featured equipment.

Youth Science Center.—Of the 300,000 visitors coming to the Alabama Space and Rocket Center annually, approximately 80,000 are students, many of whom visit the Center on planned field trips. Their thirst for knowledge is immense. Due to a time limitation and lack of facilities, many students often fail to gain the understanding and knowledge of science they desire. It is the intent of the Space and Rocket Center to expand the existing facilities to further accommodate individuals and groups who have an interest in the sciences. Such facilities would allow a large number of students the opportunity to live and learn together during overnight or week-long stays at the Center.

The center would operate similar to a church camp; however, the subject would be science. Young people who have an interest in science could participate and broaden their knowledge. The younger generation will be faced with solving many scientific problems and some of which will involve space science. It is the intent of the Space and Rocket Center to use the science center as a teaching tool in exposing young people to the advanced technology available at Redstone Arsenal, NASA's Marshall Space Flight

Center and supporting private industry. It will also mentally prepare those young people for leadership in future society, segments of which may someday face the task of living and working in a space environment.

The center will be linked with education systems offering supplemental education on elementary and advanced levels. It is envisioned that this facility could offer exceptional training and preparation to the boy or girl who plans a career in rocketry or space research or desires to go into the astronaut corps.

The Space and Rocket Center, its present exhibits, equipment and demonstrations, would be made available to the student as would be facilities planned for future expansion, such as the Energy Information Center, Planetarium, Earth Resource Center and recreational facilities. Fields of study that could be offered are space geology, earth observations from space, planetary science, laser science, agriculture in space, solar energy, earth resources conservation, long-term confinement in space, communications, weather forecasting and space transportation.

Students would be offered the opportunity to experience weightless training, drive space vehicle simulators and experience confinement involving living and working in a space station for long periods wearing the clothing and eating the type food required by astronauts. This opportunity would familiarize the student with the uniqueness of space and prepare him to develop experiments to be flown in space and to study the effects of the space environment. (The Space and Rocket Center presently has in progress a national program which allows high school students to build experiments to be flown aboard the Space Shuttle at no cost to the participant. Called Project Explorer, the program is conducted in cooperation with four universities who provide scholarship assistance to students, and is expected to be continued for several years.)

Youth Science Center attendees would have the opportunity to meet and participate in discussions with the leading scientists in the field of rocketry and space technology working at Redstone Arsenal and NASA's Marshall Space Flight Center.

This facility will include dormitory facilities, a meeting hall and camping facilities to be located adjacent to the proposed lake.

Energy Information Center.—The Space and Rocket Center was established as the Alabama Energy Information Center for the state by legislative action in 1976. An Energy Information Center is planned to house exhibits and information services. Energy conservation, new energy saving products and energy producing equipment would be brought to the attention of the public. An Energy Park would be developed containing exterior demonstrations depicting home and industry insulation techniques, solar applications, conservation and new architectural techniques, wind energy, agricultural use of new energy sources and fuels generated from organic matter would be available in the Energy Park.

The Energy Information Center would strive to present a total energy story for all segments of the public and industry to observe and study.

Space Theatre Planetarium.—An integral part of the complex will be the construction of a planetarium. The planetarium will provide programs oriented to the planets and the solar system in general but not limited to astronomy. The planetarium will be available for the use by all groups including but not limited to the city and county school systems, the University of Alabama in Huntsville, Oakwood College, Alabama A&M University and other educational institutions in the southeast who choose to use it. It will be available to astronomy groups and others who are interested in the study of the solar system.

The facility and programs will be made available to governmental agencies such as NASA's Marshall Space Flight Center, U.S. Army Materiel Readiness Command, U.S. Army Missile Research and Development Command, U.S. Army Missile and Munitions Center and School, Corps of Engineers, Ballistic Missile Defense Systems Command, Readiness Command Group headquartered on Redstone Arsenal and in Huntsville. Further, the general public visiting the Space and Rocket Center, which totals over 300,000 annually, would have the opportunity to experience programs within the Center.

Programs will not be limited to astronomy. They will encompass oceanography, meteorology, laser science and other subjects which lend themselves to a planetarium type environment. During September through May, the facility will be used primarily as a teaching tool for use by educational groups (presently 80,000 students annually and steadily increasing). In the summer (June–August), the center will devote its programs to the public, primarily tourists visiting the Space and Rocket Center.

The planetarium will consist of a 50' dome seating 250 people. It will be equipped with a star field projector with related accessories for presenting the story of the solar system. Additional standard projectors will be available for presenting landscapes of earth and other planets. Special effect projects will be provided to present moving objects across the dome, i.e., a spacecraft flying through space. A special wide angle lens projector will be included to project motion and still pictures on the overhead dome totally encompassing the audience with the subject matter. Special laser equipment will be included to present laserium programs designed to inform the public of the many uses of laser technology. The type planetarium envisioned would include all the spectacular and unique equipment and programs that can be concentrated within a single facility.

Cafeteria.—To serve the growing number of individuals and groups visiting the Space and Rocket Center, a cafeteria type food facility is planned. This facility would serve the entire education and recreation complex producing fast food type service for the projected 2,000 average daily visitor flow. It would be centrally located between the existing and planned facility.

Earth Resources Facility.—The Earth Resources Facility will present what we have learned about managing earth resources from space. A tracking station will be available to receive transmissions from earth orbiting satellites. It will also consist of displays of infra-red photography showing the various portions of earth that have been studied through this technique. This portion of the complex will serve as a learning center for visitors studying earth science, and it will demonstrate how we can better manage our resources here on earth through earth orbiting satellites.

The story of space colonization, building communities, factories and conducting medical research in space will be included in the facility. This activity will permit the visitor to experience living and working in space 50 to 100 years from now.

RECREATIONAL AREA

A recreational park is planned for a portion of the land. This park will include camping and recreational facilities to complement the educational complex. These facilities will be available to the traveling public, youth groups, military personnel and their dependents from Redstone Arsenal, and those members of the public residing in the area.

Recreational facilities will be laid out in two increments, passive and active.

Passive.—This area will border the existing military housing on Redstone Arsenal. It will be designed as a passive park encompassing only those facilities that appeal to families, small groups and individuals seeking a quiet, relaxing environment. Activities planned in this area include nature trails for hiking and cycling, a jogging course, picnic shelters and grills. Existing trees and natural growth would be retained.

Active.—The active recreational facility would be located in an area near the outer boundaries of the property, along Bob Wallace and Jordan Lane Avenues. Facilities planned for this area would be available to military personnel and their dependents, groups visiting the Space and Rocket Center and community oriented teams such as YMCA, church and city leagues. This area is within walking distance of a major portion of local youth population, an area which presently has a shortage of recreational and park facilities.

Activities planned include softball, football and soccer fields, playgrounds, tennis courts and bike and hiking paths located throughout. General support facilities such as rest rooms, concession stands, shelters, water fountains and parking area will be dispersed throughout the area.

A 20 acre lake with sand beaches will be located in this area. It will serve those persons interested in canoeing, sailing and swimming. No motorized boating will be permitted. The lake will also be used in teaching water safety and demonstration of how NASA uses underwater facilities to train astronauts for space flight. Other recreational facilities will be located adjacent to the lake.

It is anticipated that this area will be utilized by the many visitors coming to the Space and Rocket Center, especially the youth groups who choose to stay more than one day.

Camping facilities, including primitive and recreational vehicles, are planned near the lake to accommodate scouts, church and school groups, and individuals who choose to remain in the area for more than one day. At the present time, there are no camping facilities in the city designed for recreational vehicles or tent camping.

NATIONAL ATTRACTION

The Space and Rocket Center has become a national attraction. It has been covered on national television by all three TV networks, and magazines and newspapers throughout the nation have carried articles about the Center and its programs. The full size Saturn V moon rocket, the first to ever be publicly exhibited, has been selected by the National Register as a national historical landmark.

FUNDING

The Space Science Exhibit Commission has the authority to sell bonds to obtain capital for expansion of its facilities. It is also anticipated that matching funds can be obtained from those governmental agencies at the federal, state, county and city levels who are interested in public educational and recreational facilities.

ATTENDANCE

Attendance to the Space and Rocket Center, since opening in 1970, has exceeded 1,700,000 visitors. Over 70% of these visitors come from out-of-state. States having 3,000 or more visitors annually are:

Alabama	88,830
Tennessee	40,170
Georgia	14,520
Illinois	12,000
Ohio	11,520
Kentucky	11,280
Florida	10,800
Indiana	9,690
Mississippi	9,000
Michigan	8,760

Texas	7,830
Louisiana	6,900
California	5,100
Pennsylvania	4,980
Missouri	3,000
New York	3,000
Other	52,620

School groups are the most prominent, with scouts and church groups also representing a large percent of group visitors. Families visit in large numbers, particularly in the summer months. Foreign visitors total more than 2,000 annually. The average stay time of visitors is approximately six hours. An average of 40% of the visitors coming to the Space and Rocket Center choose to tour Redstone Arsenal and NASA by bus from the Space and Rocket Center. Over 465,000 have experienced the Redstone Arsenal/NASA tour since its inception in July 1972.

Projected attendance to the Space and Rocket Center complex is estimated to be 720,000 by 1988, more than double the attendance today.

By Mr. RANDOLPH (for himself and Mr. MOYNIHAN) (by request):

S. 2995. A bill to facilitate the implementation of section 703 of the Railroad Revitalization and Regulatory Reform Act of 1976, to provide for the conversion of a part of the National Visitor Center to railroad passenger service, and for other purposes; to the Committee on Environment and Public Works.

UNION STATION IMPROVEMENT ACT OF 1978

● Mr. RANDOLPH. Mr. President, the Union Station Improvement Act of 1978, proposed by the Department of Transportation, is intended to complete the controversial Visitor Center project and return Union Station to increased use as a railroad station. This act authorizes the Secretary of Interior to assign the Secretary of Transportation all leases and purchase options which Interior presently holds with the Washington Terminal Co. as a result of the National Visitor Center Facilities Act of 1968. The Department of Interior would rent from the Department of Transportation, for not more than $1,000,000 a year, space in Union Station for the National Visitor Center.

The act authorizes the expenditure of $52.32 million by the Department of Transportation to complete projects authorized by the 1968 Act and to make other necessary repairs and alterations. This is in addition to over $47.82 million already spent on the parking garage, Visitor Center and the new railroad station.

Completion of the projects authorized by the 1967 Visitor Center Act will mark the end of a long, frustrating struggle to provide a place for visitors in Washington to get information on what to see and do while in the Nation's Capital.

Increased rail travel, due to the Northeast corridor improvement project, is another factor which prompted the Union Station Improvement Act proposal. Washington needs a railroad terminal which can handle large amounts of tourists, commuters, and business travelers who need efficient, modern rail transportation. The Union Station improvement project will convert a substantial part of the neoclassical building back to its original function, a railroad station. This will replace the small new station behind the Visitor Center and will provide the kind of efficient rail transportation Washington needs.

Mr. President, the Committee on Environment and Public Works plans to conduct hearings in the near future on this legislation. The proposal of the Administration is a serious effort to resolve this long-standing problem.●

By Mr. BENTSEN:

S. 2997. A bill to provide financial assistance for school construction to local education agencies educating large numbers of immigrant children born in Mexico; to the Committee on Environment and Public Works.

SOUTHWEST BORDER EDUCATION ASSISTANCE

● Mr. BENTSEN. Mr. President, I am introducing today legislation to provide one-time authorization of $45 million in emergency assistance to Southwest Border State school districts severely impacted by the enrollment of legal alien children.

A great deal of attention, Mr. President, has recently been devoted to the issue of illegal aliens in the United States and President Carter's proposals to address this issue.

In focusing our concern on the issue of illegal immigrants, we have tended to overlook the fact that the United States admitted 165,000 legal immigrants from the Western Hemisphere last year. Over one-third—58,000—of these legal immigrants came from Mexico. Many of them settle in U.S. border communities which are traditionally among the poorest regions of this country.

In one of the great ironies of demography and geography, numerous border counties and communities are being called upon to expend their limited resources to educate a high percentage of the legal alien children we accept into this country.

In Texas, for example, there are 13 border counties. The average personal income in these counties is generally only about 60 percent of the national average, while unemployment is generally twice the national figure.

There are 280,400 schoolchildren enrolled in Texas border counties, and 27,120 of them—9.5 percent—are legal aliens with a legitimate claim to public education.

I submit, Mr. President, that this represents an unfair sharing of the burden of accommodating legal immigrants to this country. We are asking some of the poorest and neediest areas of the Nation to educate a disproportionate share of legally admitted alien children. We have long had a program of Federal assistance for school systems impacted by the children of Government and military employees. It is only equitable that we should provide some assistance for districts which host large numbers of legal immigrants.

Our immigration policy, after all, is established by the Federal Government and is designed to provide thousands of people with an opportunity to realize a better life. One of the steps to this freedom of opportunity is education, and we all acknowledge our obligation to educate legal immigrant children. I think, at the same time, the Government should recognize and accept an obligation to assist border school districts that are being called upon to do most of the education with very limited resources.

Under the terms of the legislation I am proposing today, a one-time authorization of $45 million would be made available for emergency assistance to southwest border school districts that have (a) a minimum enrollment of 7-percent Mexican alien children, and (b) at least 20 such alien children enrolled. The program would be administered by the Southwest Border Regional Commission. Eligible schools would receive $1,000 per alien child, with the funds to be used for purchasing, renovating, or constructing additional classroom facilities.

Mr. President, there is a clear and urgent requirement for this legislation. It is consistent both with past practice and with the ideals for which we stand as a Nation. I strongly urge that it be enacted into law at the earliest possible date.●

By Mr. DOMENICI:

S. 2998. A bill for the relief of the Alexander Concrete Co., of Clovis, N. Mex.; to the Committee on the Judiciary.

ALEXANDER CONCRETE CO.

● Mr. DOMENICI. Mr. President, today I am introducing a private bill directing the payment of $7,751.87 from the U.S. Treasury to a small company in New Mexico because, in my opinion, the U.S. Government is liable for losses incurred by this company, even though such liability may not be judicially upheld. It is one of those situations in which the Government has conveniently insulated itself from ordinary citizens simply attempting to protect their own rights. I would like to describe this situation very briefly so that my colleagues can understand why I feel this bill is justified.

The company in question, Alexander Concrete Co. of Clovis, N. Mex., performed certain services and supplied certain materials as a subcontractor on a construction project at Cannon Air Force Base near Clovis. Pursuant to Air Force regulations relating to such projects, the prime contractor was bonded by a surety company approved by the Air Force. In this case the surety firm was located in New York.

The purposes for requiring a bond for the prime contractor was to protect subcontractors in the event the prime contracts failed to discharge its contractual obligations toward subcontractors resulting in losses to subcontractors.

In this case, the prime contractor did fail to discharge such obligations and so notified the Air Force and subcontractor, including Alexander Concrete Co. Unknown to Alexander, however, the surety company had also become unable to meet its obligations and could not provide the protection against financial loss intended by the regulations.

I communicated with the Air Force and the General Accounting Office and my staff has analyzed their responses sufficiently for me to conclude that, under the circumstances described, my con-

stituent company has no means by which to obtain payment for its goods and services from the Government even though the Government has received the benefit of those goods and services. That is patently unfair and is no way for our Government to deal with people and businesses that fulfill their end of contractual agreements.

I urge consideration of this bill as quickly as possible and its enactment to show that we can bend the rules somewhat to be fair and honest.

I ask unanimous consent that the attached correspondence and bill be printed at this point in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2998

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of money in the Treasury not otherwise appropriated, the sum of $7,751.87 to the Alexander Concrete Company, of Clovis, New Mexico, in full satisfaction of all claims of the said Alexander Concrete Company against the United States for concrete and other materials furnished to the Department of the Air Force through the McIntosh Company, as a subcontractor to such company, prior to the default of the said McIntosh Company in completing its contract with such Department.

SEC. 2. No part of the amount appropriated by this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any violation of the provisions of this section is a misdemeanor punishable by a fine not to exceed $1,000.

COMMITTEE ON THE BUDGET,
Washington, D.C., December 15, 1976.

Col. DENNY SHARON,
U. S. Air Force Liaison Officer, U. S. Senate, Washington, D.C.

DEAR DENNY: I need your assistance in obtaining information in Air Force files pertaining to a constituent who owns a business in Clovis, New Mexico. I will briefly state the facts as presented to me and ask you to use these facts to obtain for me a summary of Air Force actions and decisions in regard to this matter.

This business, Alexander Concrete Company, entered into contract with a general contractor, McIntosh Company, to supply concrete and other material under a contract McIntosh had with the Air Force for construction work at Cannon Air Force Base, Clovis, New Mexico. Under normal USAF contracting procedures, McIntosh, as a general contractor, provided a bond for the protection of subcontractors such as Alexander Concrete Company. The bond in this case was furnished by a bonding company known as Summit Insurance Company of New York.

Alexander Concrete Company delivered concrete and other materials in the amount of $7,751.87 under the terms of its subcontract with McIntosh. However, before payment for those materials, McIntosh became unable to complete the contract with the Air Force. McIntosh notified both Alexander and the Air Force of this fact on or about August 11, 1975. Unfortunately, Summit Insurance Company had been placed in receivership, without the knowledge of Alexander or other subcontractors.

My constituent has communicated with Colonel Cecil D. Crabb, Commander of Cannon Air Force Base, as has my staff in an effort to obtain payment for the materials delivered by Alexander Concrete Company. Colonel Crabb was very cooperative and genuinely concerned and tried to help. However, by letter dated May 17, 1976, to Mr. Alexander, Colonel Crabb indicated that the Air Force's top procurement law attorneys had reviewed the matter and that they "can find no avenue of relief open to [Alexander] against the United States Government." It was their expert opinion, according to Colonel Crabb, that Alexander's only remedies "are with the surety liquidation action and the contractor's bankruptcy proceeding."

I hope you will be able to obtain for me a summary of this case from the Air Force's point of view, particularly the legal foundation of the contention that Alexander has no legal claim against the Air Force.

It appears to me that, if the material was used by the Air Force and providing payment had not been made to McIntosh (a point about which I am unclear), the Air Force could and should pay Alexander directly. Even if payment has been made to McIntosh, doesn't the Air Force have some responsibility to subcontractors to ensure that bonding arrangements made for their protection do, in fact, protect them. Certainly, that is not the responsibility of the subcontractor. Please ask your legal staff to address these issues in their response.

Again, Denny, I appreciate the assistance provided by you and your staff. It is very helpful in responding to legitimate concerns of my constituents, concerns such as are involved in this particular matter.

With warmest personal regards.

Very truly yours,

PETE V. DOMENICI,
U. S. Senator.

TRIANGLE HOME CENTER,
Clovis, N. Mex., December 21, 1976.

Hon. PETE DOMINICI,
U.S. Senator, Senate Office Building, Washington, D.C.

Ref: Air Force Contract No. F29605-75-90040, 11-24-74 with The McIntosh Co.

DEAR SENATOR DOMINICI: L. D. Alexander, a local businessman having the identical problem with Cannon Air Force Base as Triangle, has just shared your letter to the Air Force Liaisons officer. Triangle has always supported our military strength and Cannon Air Force Base. With an employee count in excess of 100, and annual sales in excess of $5.5 million, Triangle also supports with many tax dollars. It does appear rather unfair that we should be unable to collect from the Air Force because of an error in procurement, not closing a job pending an acceptable bonding company. This bonding requirement by our government is Triangle's main source and reason to continue any charges to contractors of government contracts.

As stated in our letter of March 19, 1976, Triangle and our people remain extremely pleased that we have a representative to our government who not only sees both sides to a problem, but takes an active and interested part in its equitable solution.

We shall continue to support any representation who works at his job.

Very truly yours,

RICHARD W. PETTY,
President.

COMMITTEE ON THE BUDGET,
Washington, D.C., May 18, 1977.

Mr. L. D. ALEXANDER,
Alexander Concrete Co.,
Clovis, N. Mex.

DEAR MR. ALEXANDER: Enclosed are copies of two letters in further efforts to try to be of assistance and service to you. One enclosure is a copy of the letter I received from the Comptroller General of the United States in reply to my letter of March 21. As you will see, this is not the kind of response we had hoped for since it confirms the position taken by the Air Force.

The other enclosure is a copy of a letter I have sent today to the Comptroller General to make further, more specific inquiries on what I consider to be the fundamental question: Under the circumstances that existed, is it not conceivable that the Air Force failed to discharge an obligation to you in relation to the surety's solvency, an obligation which should be treated as an enforceable right? The purpose of this letter to the Comptroller General was to obtain his views on that question.

I do not know whether the GAO will be able to provide a definitive response since this is a question which may not be as easily answered as ones it has addressed. Therefore, I feel that I should advise you again that I cannot and I am not acting as your legal counsel. You have obtained the services of an attorney and he could well decide that there is legal grounds on which to initiate litigation against the Air Force. That is a matter which is strictly up to you and your legal counsel. By this letter I am simply advising you that the GAO opinion thus far gives me no ammunition to use as a United States Senator, to get the Air Force to reimburse your losses.

This letter is not encouraging. I wish it could be, but I feel that I should always level with my constituents and not promise more than I can deliver. Right now, Mr. Alexander, I am not very optimistic, but I will keep trying. In the meantime, you should seriously consider legal action against the prime contractor and the surety's receiver.

With best wishes.

Very truly yours,

PETE V. DOMENICI,
U.S. Senator.

COMMITTEE ON THE BUDGET,
Washington, D.C., May 18, 1977.

Hon. ELMER B. STAATS,
Comptroller General of the United States, General Accounting Office Building, Washington, D.C.

DEAR MR. STAATS: This will acknowledge receipt of your letter dated May 5, 1977, Reference No. B-188663, in response to my request for assistance on behalf of my constituent, Alexander Concrete Company. Thank you for providing me with the detailed and factual information contained in your letter. Your reply indicates to me that your office has indeed devoted the time and effort my constituent deserves as he struggles to deal with a situation in which he has been adversely affected through no fault of his own.

I understand and accept the proposition that Alexander has no enforceable right against the government as a laborer or materialman. That proposition seems to be well supported by cases cited both in your letter and by the Air Force.

As to the issue of retainage, we have no alternative but to accept the word of the Air Force that no retainage exists in this case. I have no reason to doubt the Air Force, since all information available to me indicates a cooperative and sympathetic attitude by the Air Force toward my constituent.

There is, however, the question of the obligation, under the circumstances which existed, of the Air Force to advise or notify my constituent of the insolvency of the surety. How else was Alexander to know and take steps to protect his interests? In those respects, I have these two further questions:

1. What is the legal basis for your conclusion that "the Government does not guarantee the solvency of a Miller Act surety"? No legal authority is cited in your letter.

2. Under these circumstances, even if the government does not guarantee the solvency of the surety, hasn't the government (the Air Force) some obligation toward my constituent to advise him of the insolvency of the surety which the Air Force accepted even

though located thousands of miles from the construction site? How else are subcontractors who are supposed to be protected by the surety requirement (and who rightfully assume they are) to take action in their own interests when the Air Force-approved surety fails?

It continues to be my opinion that under these circumstances there is a government obligation toward my constituent which ought to amount to an enforcement right. Your letter, as detailed as it was, did not specifically address that issue. Please have your staff research and reply to my observations and the specific questions outlined above.

Again, my sincere appreciation for your assistance in this matter. The cooperation and expert advice of your office is vital in this case, as it is in so many, to ensure that I provide the best representation possible for my constituents.

With warmest personal regards.

Very truly yours,

PETE V. DOMENICI,
U.S. Senator.

COMMITTEE ON THE BUDGET,
Washington, D.C., November 16, 1977.

Mr. L. D. ALEXANDER,
President, Alexander Concrete Co.,
Clovis, N. Mex.

DEAR Mr. ALEXANDER: Since my last letter to you, Cecil has advised me to proceed with the introduction of a private bill on your behalf. During the last several weeks my staff has been investigating which of the two private legislative procedures would be better to use in your situation.

The most common procedure is to simply introduce a private bill for referral to the appropriate Senate committee for consideration and action by that committee. The lesser used procedure is to require the U.S. Court of Claims to hear the claim of the private party and recommend to the Senate whether relief should be granted.

After careful consideration, the normal course appears to be the more appropriate since the Court of Claims would more likely to be bound by strict contract law which, as has been explained several times, seems to be pretty definite that the government is not liable for your claims against the prime contractor. A negative recommendation by the Court of Claims would be extremely detrimental to our chances of passing a private bill on your behalf.

So, please indicate by return mail the total of your financial losses to this point, broken down in two major categories: materials and services for which you were not paid and expenses incurred in pursuing payment for those goods and services. When I have received this current information, I will proceed to prepare and introduce a private bill and urge its consideration by the committee of jurisdiction early near year.

Seems like things take quite a while, but I prefer to evaluate the various options before pursuing the one most likely to be successful.

I must say again, Mr. Alexander, that I cannot be very optimistic about our chances of getting the bill passed, but I will do my very best.

Please let me hear from you at your earliest convenience. With best regards.

Very truly yours,

PETE V. DOMENICI,
U.S. Senator.●

ADDITIONAL COSPONSORS

S. 1066

At the request of Mr. DOMENICI, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 1066, a bill to create an Office of Hispanic Affairs.

S. 1674

At the request of Mr. LAXALT, the Senator from Kansas (Mr. DOLE) was added as a cosponsor to S. 1674, a bill to amend the Internal Revenue Code of 1954 with respect to employer's duties in connection with the recording and the reporting of tips.

S. 2543

At the request of Mr. GLENN, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2543, a bill to provide better enforcement procedures for preventing fraudulent solicitations through the mails.

S. 2583

At the request of Mr. DOLE, the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 2583, a bill to provide for the temporary transfer of the U.S.S. *Sanctuary*, to Life International, a nonprofit corporation.

S. 2691

At the request of Mr. WILLIAMS, the Senator from South Dakota (Mr. McGOVERN) was added as a cosponsor of S. 2691, a bill to provide for the furnishing of congregate housing services under the U.S. Housing Act of 1937.

S. 2734

At the request of Mr. McINTYRE, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 2734, the Solar Energy Bank Act.

S. 2862

At the request of Mr. HASKELL, the Senator from New Hampshire (Mr. DURKIN) was added as a cosponsor of S. 2862, the Regulatory Control Act.

S. 2895

At the request of Mr. BENTSEN, the Senator from Iowa (Mr. CLARK) was added as a cosponsor of S. 2895, a bill to amend the Meat Import Act of 1964.

S. 2990

At the request of Mr. CHURCH, the Senator from Washington (Mr. MAGNUSON) was added as a cosponsor of S. 2990, the Sugar Stabilization Act of 1978.

SENATE JOINT RESOLUTION 65

At the request of Mr. KENNEDY, the Senator from South Dakota (Mr. McGOVERN) was added as a cosponsor of Senate Joint Resolution 65, to amend the Constitution to provide for representation of the District of Columbia in Congress.

AMENDMENTS SUBMITTED FOR PRINTING

DISTRICT OF COLUMBIA REPRESENTATION—HOUSE JOINT RESOLUTION 554

AMENDMENT NOS. 1812 THROUGH 1814

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted three amendments intended to be proposed by him to House Joint Resolution 554, proposing an amendment to the Constitution to provide for representation of the District of Columbia in Congress.

NAVIGATION DEVELOPMENT ACT—H.R. 8309

AMENDMENTS NOS. 1815 THROUGH 1817

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON submitted three amendments intended to be proposed by him to the bill (H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

AMENDMENT NO. 1818

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON submitted an amendment intended to be proposed by him to the bill (H.R. 8309), supra.

● Mr. STEVENSON. Mr. President, I submit an amendment to H.R. 8309, the Navigation Development Act which would amend the authorization for the phase I advanced engineering and design work of the Chicagoland Underflow plan contained in section 108 of the Water Resources Development Act of 1976.

The amendment would: First, remove the condition that phase I work cannot proceed until such time as the Secretary of the Army approved the project and notified the Congress and; second, broaden the authorization to direct the Corps of Engineers to study other perhaps less costly and more effective alternatives to the Chicagoland Underflow plan.

A review of the severe pollution and flooding problem in Chicago is essential to explaining the intent of this amendment and the results I expect it to produce.

The Chicago metropolitan area has 4,200 miles of combined sewers serving 5.5 million people. The combined sewer/drainage system works well during dry periods. But as little as one-quarter inch rainfall in this highly developed area causes flooding and millions of dollars of damages. The lack of natural surface drainage areas in cities is compounded where the sewer systems and the drainage system are one. One-quarter inch rain in Chicago can overtax the system's capacity and cause backup flooding. Fifty-three communities are served by the combined system. Many of the homes in these 53 towns and villages wind up with flooded basements filled with raw untreated sewage. The pattern is repeated each time there is a heavy rain.

The damage from urban flooding is not limited to homes and businesses. Urban rainfall is an environmental hazard. Untreated wastes and rainwater overflow into Chicago's rivers at 640 different outflow points. During severe rains it is sometimes necessary to open the locks at the Chicago River and allow polluted waters to pour into Lake Michigan to prevent flooding of downtown Chicago.

The Chicago Metropolitan Sanitary District recognized the problem of combined systems long before it came to national attention. The MSD proposed the tunnel and reservoir project: TARP. It

consists of 120 miles of underground tunnels and a series of storage reservoirs which will capture the overflow from the combined system and safely store it until such time as it can be treated.

I have supported the TARP plan since I came to the Senate. In 1973 I introduced a resolution subsequently adopted by the Public Works Committee which directed the Corps of Engineers to conduct a general investigation survey of the Federal interest in participating in the flood control aspects of TARP. The Corps' investigation found that TARP would improve water quality and reduce flood damage. Accordingly, on July 30, 1976, the Board of Engineers for Rivers and Harbors recommended Corps participation in the project.

Subsequently, in 1976 the Congress adopted legislation sponsored by myself and my distinguished colleague, Senator PERCY, which authorized the Corps to begin the phase I advanced engineering and design work on TARP.

The authorization—section 108 of Public Law 94–587—was limited and conditional. It stated that the authorization to begin the phase I work would take effect upon submittal of the Secretary of the Army by the Chief of Engineers and notification to Congress of the approval of the Chief of Engineers. This condition was inserted in the legislation by the Public Works Committee as a means of expediting the project. When TARP was authorized for phase I the Congress was only passing an omnibus water resources bill once every 2 years. Inevitably there were a number of good projects that missed being included in the bill by only a few months. Rather than make these projects wait a full 2 years until the next omnibus bill the Public Works Committee adopted the policy of conditional authorization which would allow the Corps to move forward as soon as it finished its report and transmitted it to Congress.

It is sad to say that the chief's report was never transmitted to the Congress. The Office of Management and Budget has refused to allow that report to be transmitted. I can understand OMB's concern. TARP is an expensive undertaking. It is potentially the largest public works project in history. It could also be the most effective. The lowest cost estimate is $2.5 billion, and the General Accounting Office estimates it may cost an additional $5 billion. Obviously the TARP project—if built—will mean a heavy investment of public funds. Any decision to make that investment cannot be made lightly.

But neither the Congress nor OMB need make a final decision on TARP today. The 1976 authorization directed the Corps of Engineers to study TARP for potential Federal flood control funding. Part two of the amendment I submit mandates that the corps study the feasibility of alternatives. The phase I authorization assumes the study of these alternatives, but given a project of this magnitude, and OMB's reservations, I believe the instructions should be explicit.

My amendment in no way commits the Federal Government to assume the financing of TARP—or any alternative for that matter. All this amendment does is give all options a fair hearing. I would expect the corps to study all proposals thoroughly and then report back to the Congress on its findings along with a recommendation as to whether the Federal Government should participate in flood relief in the Chicago area—and if so, to what extent.

At some point the Congress will have to determine Federal policy with respect to the flooding and pollution problems caused by combined sewer systems. We do not have sufficient information to make an informed judgment now. My amendment would allow those who are the most experienced in flood control—the Army Corps of Engineers—to take a look at all the alternatives and then provide the Congress with an evaluation. Then and only then will we have the information we need to make a final judgment.

Today many of the aspects of TARP are in dispute—its cost, its effectiveness, and its potential for environmental damage. The city of Chicago is divided on the future of the project. Both the supporters and opponents of TARP include some of the best engineering talent in the country and the most respected civic associations in Chicago.

I want to emphasize that I have been a supporter of TARP. My amendment directing the corps to study alternatives does not mean that I have become an opponent. It means that all options are open to discussion—the least costly as well as the most expensive. I am looking for the most effective.

Under no circumstances can we afford to do nothing. The Congress must ultimately face the fact that combined systems cause flooding and pollution. We cannot pass stringent water quality standards and then turn our back on urban areas when they try to meet them and stop flooding.

The dumping of raw untreated wastes into Lake Michigan during periods of heavy rainfall is the source of almost 50 percent of the area's water pollution. It threatens the great recreation resource of Lake Michigan—and it forces the Chicago area to contaminate a source of its drinking water supply.

The problem is not an easy one—or cheap. But it is the Federal Government that has set the standards and the Federal Government must bear some of the responsibilities for helping local governments meet those standards—either through TARP or some other method.

There are some who say we should abandon TARP now before we are committed to funding it to the point of no return. Others argue that it is an unconscionable waste to throw away the $800 million that has already been invested. While the debate may be polarized the supporters and opponents of TARP have one thing in common. Both have requested that the Congress appropriate $1 million to study viable alternatives as well as TARP. With this much common ground I believe it is essential to remove the contingency in the original authorization and thereby make TARP and all alternatives eligible for an appropriation to get the studies underway. Until the contingency is removed the funds to study TARP or any other alternative cannot be appropriated. With $800 million already invested, I believe the additional $1 million is the minimum needed to find out which direction to take. This amendment would make those studies possible and I urge its adoption.●

GUIDELINES FOR REHABILITATING HOUSING—S. 2637

AMENDMENT NO. 1819

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. PROXMIRE submitted an amendment intended to be proposed by him to the bill (S. 2637) to amend and extend certain Federal laws relating to housing, community and neighborhood development and preservation, and related programs, and for other purposes.

(The remarks of Mr. PROXMIRE when he submitted the amendment appear elsewhere in today's proceeding.)

NOTICES OF HEARINGS

SUBCOMMITTEE ON CIVIL SERVICE AND GENERAL SERVICES

● Mr. SASSER. Mr. President, I wish to announce that the Subcommittee on Civil Service and General Services of the Governmental Affairs Committee will hold a hearing on May 2, 1978, at 9 a.m. in room 357 of the Russell Office Building regarding H.R. 11003, relating to the authority for employment of White House and other executive personnel and H.R. 3161 and S. 1163 relating to the workweek of firefighting personnel of executive agencies.●

SENATE SELECT COMMITTEE ON SMALL BUSINESS—CANCELLATION OF HEARING

● Mr. NELSON. Mr. President, I wish to announce that the hearing scheduled for Friday, April 28, 1979, at 9:30 a.m. in room 424 of the Russell Senate Office Building on S. 836 (to amend title IV of the Small Business Investment Act of 1958) has been canceled.●

SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES AND OPEN GOVERNMENT

● Mr. CHILES. Mr. President, the Subcommittee on Federal Spending Practices and Open Government will continue oversight hearings on the Government in the Sunshine Act (Public Law 94–409) on Thursday, May 11, at 9:30 a.m., in room 1318, Dirksen Senate Office Building. For further information regarding the hearing, please contact Mr. Ronald A. Chiodo, subcommittee chief counsel and staff director (224–0211).●

SUBCOMMITTEE ON PARKS AND RECREATION

● Mr. ABOUREZK. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Parks and Recreation, Committee on Energy and Natural Resources.

The hearing is scheduled for Friday, May 5, 1978, beginning at 10 a.m., in

room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding S. 2270, S. 2611, S. 2653, S. 2656, S. 2658, H.R. 10984, and S. 1906.

S. 2270, S. 2611, and S. 2653 are three bills to include a portion of the Delaware River in the Wild and Scenic River System. S. 2656 would designate a segment of the Pere Marquette River in the State of Michigan as a component of the Wild and Scenic River System. S. 2658 would similarly designate a segment of the Skagit River in the State of Washington as a component of that system. H.R. 10984 is a House-passed measure which would provide for the establishment of the Friendship Hill National Historic Site in the State of Pennsylvania.

Finally, Mr. President, S. 1906 would provide for the establishment of the Santa Monica Mountains National Park and Seashore. I would like to point out that S. 1906 was originally scheduled to be heard by the subcommittee on April 28. The hearing was delayed 1 week in an effort to accommodate the administration in the preparation of an official position on this measure.

For further information regarding the hearing, you may wish to contact Mr. Tom Williams at 224–7145.

Those wishing to submit a written statement for the record should write to the Subcommittee on Parks and Recreation, room 2106, Dirksen Senate Office Building, Washington, D.C. 20510.●

SENATE SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, I wish to announce that on Wednesday, May 10, 1978, the Select Committee on Small Business will hold a markup session on H.R. 11445—SBA authorization legislation. The markup will begin at 9 a.m. in room 424 of the Russell Senate Office Building.

For further information, contact the committee office at 224–5175.●

ADDITIONAL STATEMENTS

A LONG ROW TO HOE

● Mr. McGOVERN. Mr. President, farm demonstrations this year of unprecedented intensity together with somewhat futile attempts by the Congress to write farm legislation acceptable to the administration have resulted in an unusual amount of printed material on the farm strike in the Nation's newspapers, magazines, television, and radio reports, as well as other organs of public communication throughout the land.

In my judgment, perhaps the most objective, evenhanded article on the subject appeared in the May 1978 issue of Harpers magazine by Anne Nelson, entitled "A Long Row To Hoe." Ms. Nelson deftly brings historical and contemporary agricultural economics into sharp focus unencumbered by rhetoric or bias. The fact that final analysis comes down with a clear tilt on the farmer's side is understandable to many of us because there can be little dispute on where the real equities lie.

I feel that this article is of sufficient importance to be of interest to Senators who have actively participated in the recent farm debates as well as those Senators whose constituencies tend to be more dominated by urban interests. For this reason, I ask that the article to which I have referred be printed in the RECORD.

The article follows:

A LONG ROW TO HOE

(By Anne Nelson)

The basement cafeteria of the House Office Building was full of striking farmers stopping off for lunch before the next committee hearing upstairs. Leroy Murray, of Potlatch, Idaho, was one of them, a shy but friendly man in plaid Western shirt and cowboy boots. Leroy had been in Washington for two weeks, traveling on borrowed funds, sharing a cramped hotel room, and eating in cheap restaurants. He had worked for sixteen years as an electrical engineer to save up enough money to go into farming, but he made the mistake of buying land on credit in 1973. He's been in trouble ever since.

"I farmed 2,500 acres last year and lost $196,000," he said. "It cost me $3.50 to produce a bushel of wheat, and I ended up selling it for $2.50. There's no way I can go on operating like this. Unless there's some miracle I'll be out of business by the end of the year. Hell, in six months."

Leroy Murray is one of a number of farmers who have joined the American Agriculture Movement. No one appears to know how large that number is. When I asked Secretary of Agriculture Bob Bergland, after he had made a cheerful speech to farmers in Wichita, in January, he shrugged and said, "We have no idea." One of his assistants at the Department of Agriculture ventured a guess of 5 to 20 percent, depending on the area. (The High Plains of Colorado, Kansas, and Texas have generated the most support, while the dairy farmers of Illinois and Indiana have little to complain about.) The Secretary may dismiss the strike as negligible, and his department play it down as regional, but last January more than 40,000 farmers descended on the capital for the opening session of Congress, and six weeks later 3,000 remained.

Historically, the American farmer has proved an exceptionally independent, patriotic, and well-behaved citizen; hence the strike movement has come as a surprise to everyone, including the strikers. Moreover, the farmer is an economic hybrid; capitalist, manager, and laborer, self-employed but ruled by the vicissitudes of the market and the whims of Congress. If the farmer is not striking against himself, then he is striking against the government and the economic system. The fact that such a strike could exist indicates the severity of the problem. According to the estimates of several Congressmen, 15 percent of the nation's nearly 3 million farmers will go bankrupt in the next year alone. Most of these will be young farmers, the next generation of food producers. If these projections are accurate, we will witness the worst attrition in farm population since the Depression.

Farmers are traditionally the poor cousins of the American economy. In this century farm income has usually averaged 10 to 30 percent below nonfarm income. This is largely because the American farmer has never learned the first rule of capitalism: to ensure a profit, supply must not exceed demand. He is a compulsive overproducer, and for the past fifty years government farm policy has tried to compensate for this by providing incentives to limit production. The resulting legislation has been a fragile pyramid of price supports and subsidy payments, kept in balance by the massive bureaucracy of the Department of Agriculture. The program has worked, to an extent.

Americans spend relatively less of their disposable income on food than any other people—17 percent. This figure would be smaller still but for the American taste for refined food; processing, packaging, and distribution account for more than 60 percent of consumer prices. At the same time, the government's programs have been only a stopgap solution to the problems of low farm income and overproduction, and the workable, if unwieldy, balance was thrown off entirely by the events of the early 1970s. Because of worldwide crop failures and food shortages in 1972, export demand drew heavily on U.S. grain reserves. In 1973 the Russians, negotiating independently and in secret with the major American grain dealers, managed to buy far more wheat than the United States could afford to sell, at prices subsidized by the government. American wheat reserves fell from 26 million metric tons in 1972 to 9 million metric tons in 1974, and the domestic price of wheat shot up from $1.57 to $4.48 a bushel. Farmers were jubilant as their incomes soared. Earl Butz, Secretary of Agriculture in the Nixon and Ford Administrations, told them, "Low prices are a thing of the past." The world market was going to buy everything they could produce at prices that would make them rich. From then on, the word going around was "plant fencerow to fencerow."

In the boom years from 1973 to 1975 the farmers increased the amount of land under grain cultivation by 10 percent. They borrowed from the Federal Land Bank to buy more land; they invested heavily in machinery and irrigation with credit extended by local banks to increase the yield on land already in use. Between 1970 and 1976 total U.S. grain production rose 40 percent and farm debts on land and machinery more than doubled.

Then the bottom dropped out. The food industry used high farm prices as an excuse to hit the consumer: when the price of the wheat in a loaf of bread rose three cents, the price of the loaf rose ten cents. Feedlots could no longer afford to fatten cattle; they were sent to market without being replaced. Beef prices dropped, and then rose drastically in response to the shortage. Housewives called a beef boycott, and there was a public furor over the coming of the "dollar loaf of bread." In the midst of all this, the middleman was overlooked and the farmer was blamed. A panicky Ford Administration, reacting to union and consumer pressure and the temporarily depleted reserves, imposed the 1974 grain embargo, a move that angered farmers and importing nations alike. The farmers were in the act of producing the biggest grain crop in history, and suddenly there were no cattle to feed, no importers, no demand. The predictable outcome—to everyone, it seemed, but Ford and Butz—was a glut on the domestic market. Wheat prices fell from a high of $6 to $1.80 a bushel, and in the next two years the grain reserves almost doubled.

In the meantime, the farmers' cost of production had risen almost 50 percent. The farmer who had been spending an average of $2.50 to produce a bushel of wheat that sold for $5 was now spending $3.50 and selling for $2.50. For the older farmer who has owned his land and his equipment outright for a number of years, this lean period is one that he will weather, as he's weathered others in the past. Besides, he's enjoying lush capital gains on everything he owned before 1972, and the low income return on his investment is more than made up in the increased value of his property. It is the young farmer, especially the one who borrowed heavily during the good years, who suffers. He now must meet payments on his land and machinery loans, attempt to borrow next year's production costs with little or no equity left on his holdings, and face the strong possibility that

the more he produces in the coming seasons, the further he will be driven into debt.

The American agriculture movement was born in a Colorado gas station last September 6, as four farmers sat discussing the 1977 farm bill over coffee. By December there were more than 300 strike offices throughout the country, for the most part rented from or donated by a local bank or merchant. Farmers sat at round tables overhung with banners, talking about a self-imposed embargo, and plowing up 5 percent of their crop every week until 50 percent was gone. They also talked about waiting until harvest and then burning their wheat in bonfires. But their immediate aim was attention, and they proved to have a brilliant flair for hokey but effective publicity. Turned-over tractors were parked on highway overpasses, tractorcades drove through the streets of county seats and state capitals, and bright orange strike stickers glowed over the cigar counter of every smalltown café.

The American Agriculture Movement had a strong appeal for the young and indebted farmers. But the more established farmers were caught in a bind. They sympathized with the strikers' plight, but tended to disagree with their tactics. Many belonged to traditional farm organizations, with Washington lobbyists and law firms on salary, and they felt this was a more sophisticated way to reach their goals. The conservative Farm Bureau was the most openly opposed to the strike, while other groups, such as the Farmers' Union and the National Farmers' Organization, endorsed the strike without enlisting in it.

One point at which American Agriculture and the older organizations part ways is the 1977 farm bill, signed into law last September.

The older organizations worked hard for the bill and stress that it's a step in the right direction, while American Agriculture finds it both inadequate and misdirected. Under its conditions, a farmer who voluntarily limits his production by setting aside, or not planting, a given amount of land is eligible for government loans and deficiency payments. The set-aside requirement for wheat is 20 percent of the acreage planted for harvest. The farmer can then borrow $2.25 per bushel from the Commodity Credit Corporation against the costs of production. If the market price rises above the $2.25 loan rate, the farmer can sell his produce for a profit and repay the loan with interest. If the market price falls below the loan rate, the CCC will accept the produce itself as full payment for the loan. The loan rate is therefore the lowest price the participating farmer need accept, and if enough farmers sign up for the program it will have the effect of setting the world price floor.

The farmer is further eligible for deficiency payments. The target price is the "fair" price determined by Congress—$3 a bushel for wheat in 1978—and the amount of the payment is the difference between the target price and the loan rate or the market price, whichever is higher. If wheat remains at its current price of about $2.80, the participating farmer will receive twenty cents a bushel in deficiency payments. If the price falls to $1.80, he will receive seventy-five cents, which is the difference between the target price and the loan rate. This is the maximum payment.

In times of low market prices, it is the target price that determines how many farmers will stay in business; the theory behind the target price implies that it should equal the cost of production, allowing the farmer to break even at worst. There are two ways to compute cost of production, and the difference depends on land. The calculation based on the average price paid for land applies to the established farmer who has bought land over the past 30 years, and comes to a little more than $3. The calculation based on current land prices applies to the farmer who bought land in the past few years, and comes to more than $3.50. So the younger farmer suffers again, losing fifty cents a bushel.

The farmer faced with impending bankruptcy considered the 1977 farm bill more insult than aid. It asked him to expend his labor and lose his capital for the privilege of producing food, and then be subject to the public outcry that Congress was "paying the farmer not to plant." In the meantime, a Minnesota-based group called the National Organization for Raw Materials (NORM) began to revive and publicize the age-old solution of parity in the marketplace.

The term parity came into legislative use in the Agricultural Adjustment Act of 1933. Congress was casting about for a relative means to measure farm income, and decided to compare the average prices of farm products with those of farm costs during the prosperous period of 1910–1914. Despite revisions in the parity formula over the years, it is an outdated and unworkable concept: changes in technology, yield, and produce since 1910 have been so revolutionary that the basis for the formula is meaningless. For NORM, however, "parity in the marketplace" simply meant that the government should legislate high domestic and export prices for agricultural products, and require them to keep pace with general inflation. To many farmers, it sounded like the ultimate panacea, simplistic as it was, and "parity in the marketplace" became the rallying cry of to the strike movement.

American Agriculture gave Congress a deadline of December 14, 1977, to pass parity legislation, after which, they said, "We, the farmers of this nation, will halt all agricultural production and distribution immediately." The problem with this threat was that there was no agricultural production in December; spring planting wasn't for another three to six months. Congress missed its deadline, to no one's surprise, so the strikers began to organize their pilgrimmage to Washington.

Washington was less than impressed. Nothing is more gauche in Washington than earnest, unsuspecting patriotism. For many of the farmers this was their first foray into practical, as opposed to ideal, democracy. They packed the House Agriculture Committee hearings, many listening and some testifying, and they traveled from office to office to see sometimes sympathetic, sometimes hostile Congressmen. The guards at the Capitol called them the most orderly protest group they'd ever seen, but their sheer numbers and the intensity of their feelings alienated some of the people they needed most. "I'm not impressed by people roaming through the halls and coming to hearings in gobs," complained a Congressman from New York. "What would happen if we got fifty thousands welfare mothers down to Washington every time we wanted to pass a bill on welfare reform?"

"The farmers are not a sexy protest group," added his press aide. "They just can't drum up the kind of sympathy here that, say, the blacks and the feminists can."

The cynicism of the strikers in Washington set in slowly and painfully. When the Commissioner of Agriculture from South Carolina testified in a hearing, his uppitiness made the American Agriculture people in the audience a little uncomfortable. But when he reached the point of open defiance and blurted, "If I ran my farm like you all run this committee, the cows would never get milked," there were cheers and loud guffaws. Then Thomas S. Foley, the committee chairman, answered sharply, "Well, sir, you can just go milk your cows." There was a strained silence. Was this what the big shots in Washington wanted them all to do—shut up and go home to tend their farms?

"How do we feel?" asked Jerry Scheid, a wheat farmer from Idaho. "There's one term for it—manic-depressive. One day we come out of these hearings and slap each other on the back and say, 'Boy, we really told 'em like it is.' And the next day we just look at each other and think, hell, we aren't accomplishing a damn thing down here. We might as well be back on the farm quietly going bankrupt."

According to the House report on the 1977 farm bill, "Congress hereby specifically reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country." In his State of the Union address, President Carter declared, "What's best for farm families in the long run is also best for the consumers," and a Harris poll taken in February showed that the consumers agree. More than 60 percent indicated that they support the preservation of the family farm, and would be willing to pay 5 percent more for their food to demonstrate that support. Some of the enthusiasm doubtless stems from a sentimentalized image of farming, but it also reflects a horror at the prospect of agricultural industrialization.

But if corporations are going to pose an economic threat to the family farm, it won't be in the near future. There has been much talk about the corporate takeover of American agriculture, but the statistics are misleading. (Over the past few decades many farm families have found it to their advantage to form family corporations. Otherwise, they stand to lose up to half their land and equipment in inheritance tax when the head of the family dies.) Less than 7 percent of all American farmland is owned by corporations, and of this, 80 percent belongs to family corporations. Six states have laws against nonfamily corporate farmland ownership, and four others restrict it through general corporation laws. The main reason corporate interest in farming is so light is the low return on capital investment. Corporate farming will become an economic threat only if enough farmers go out of business to open the field to large investors.

The real threats to the farm industry are the low prices that already are affecting the entire rural economy. Among the striking farmers' heartiest supporters are the smalltown banks and merchants who have lost their business. Farm-equipment manufacturers and dealers are in bad shape, too, because farmers can't afford to replace machinery as it wears out. The rural legislators and most USDA bureaucrats are aware of these problems, but they disagree on what measures to take. Of the proposed solutions, parity is the one everyone claims to like and no one knows how to set in motion. To achieve parity prices through an extension of the past fifty years' agricultural policy would cost the budget an additional $15 to $20 billion, a prospect shunned by the Administration and Congress. But American Agriculture isn't asking for increased subsidies and price supports; if anything the farmers resent the programs more than taxpayers do because they feel they smack of welfare. In demanding "parity in the marketplace," they want the government to set the prices and let the consumer make up the $15 to $20 billion gap.

The effect of such a policy would be a 20 percent increase in consumer prices before the addition of the middleman's cut, a 25 percent drop in agricultural exports, and a boost in the inflation rate. The strikers feel this is not an unreasonable price to pay, but it is unlikely that they can convince anyone else.

Hit-or-miss proposals are flung about the Capitol with abandon: "mandatory cuts in

production"; "aggressive export policy"; and even "gasahol," a plan to convert grain into a fuel that takes more energy to produce than it delivers. Rep. Richard Nolan (Dem.-Minn.) is grandstanding with a parity bill with no economic underpinnings to make it work. Rep. Glenn English (Dem.-Okla.) offers a short-term solution with his loan-consolidation bill, which would combine debts on land, machinery, and production costs, and postpone payments for at least three years. Sen. Robert Dole (Rep.-Kans.) has introduced no fewer than four agricultural bills, the most interesting of which is a new twist on set-aside: it operates on a sliding scale, so the more land the farmer chooses to set aside, the greater the target price on his remaining crops.

Secretary of Agriculture Bergland is telling the farmers to sit back and give the 1977 farm bill a chance to work, but an internal document from the USDA's Agricultural Stabilization and Conservation Service projects that between now and 1982 wheat prices will hover around $2.60 a bushel. So when he tells even the most conservative farm audience that it's "the best farm bill of any Congress of any time," he meets with very light applause. Bergland feels that the answer lies in increased exports at higher prices, but his means for effecting this happy solution are limited. The United States already provides more than half of the world's grain exports, and as developing nations absorb American agricultural technology, they will become competitors instead of purchasers. Even Bergland realizes that government efforts are less influential than the weather.

The American Agriculture Movement believes it can gain the most leverage by cutting back planting and production enough to create a national uproar. If half the nation's farmers cut back 50 percent, this goal could be attained, but nowhere near this rate of participation has been demonstrated thus far.

There will be ample occasion for bitterness between neighbors: the more farmers cut back, the smaller the supply and the higher the price, hence the greater the profit realized by farmers who don't cut back. This will mean a more than neighborly interest in what the next man is planting. Retaliatory tractor-tire-slashing and barnburning have begun in the South, where spring planting is under way, and will probably soon spread northward. These reports dismay the majority of strikers, who believe in the cutbacks as a matter of principle rather than violent persuasion. Without cutbacks, they say, most farmers will lose money next year, along with a stake in their way of life. With the cutbacks, they will still lose money, but they will make a potent political statement.

It is possible, though not likely, that the strikers could win over their fellow farmers and persuade them to cut back their planting. It is likely that their persistence will win them some relief from Congress, though there's no assurance that it will be soon enough to help this time around. But if they are struggling against the historically inevitable, those concessions will be meaningless. Every crisis in agricultural economics in the past has precipitated a large-scale migration from farm to city, and every shift in farm population means a corresponding modulation in the structure of the industry. It may be that this strike, too, is the futile gesture of men at war with history, trying to maintain a modest, independent way of growing food for a society that rewards the large and the organized.●

SUMMARY OF THE OLDER AMERICANS ACT

● Mr. EAGLETON. Mr. President, yesterday the Subcommittee on Aging, which I chair, reported S. 2850, as amended, to the full Human Resources Committee. In an attempt to keep my colleagues informed on the actions of the subcommittee, I have prepared a summary of the major modifications which I have made to my bill since the time of introduction. All of these changes were agreed to by the subcommittee, reserving the right of all members to make further modifications at the full committee level.

AMENDMENTS TO THE OLDER AMERICANS ACT

First. S. 2850, as introduced, consolidated existing title III, community services; title V, multipurpose senior centers, and title VII, nutrition projects, into a single authorization. The subcommittee amendment maintains the total administrative consolidation, but provides a separate authorization for nutrition services. This would require that all social services funds, including nutrition, be channeled through the States and area agencies on aging, but would guarantee the separate visibility for nutrition services and a separate amount of funding.

Second. S. 2850, as introduced, repealed authority for the Federal Council on Aging and in its place gave statutory authority to the President's Special Counsellor on Aging.

The subcommittee amendment would reinstate the Federal Council and delete the statutory requirement of the Special Counsellor. In addition, the amendment would require a series of studies by the Federal Council—an analysis of the numbers of low income and minority participants, an evaluation of the effectiveness of programs under this act, an analysis on the advisability of allowing AAA's to provide direct services, an analysis of the special needs of rural elderly, an analysis of the effect of broadening eligibility to the nonelderly handicapped, etc.

Third. S. 2850 attempted to increase State participation in the Federal-State partnership of programs under this act by requiring an increased non-Federal match for State administration. The subcommittee amendment attempts to achieve increased State participation by requiring an increase in the non-Federal match for the provisions of social services.

Fourth. Existing law, in determining the intrastate distribution of funds, requires the State to determine "the incidence of the need for social services (including the numbers of older persons with low incomes residing in such area)." The subcommittee amendment would expand this consideration of low-income elderly by requiring that each State develop a formula, consistent with regulations developed by the Commissioner, which would reflect the geographic distribution of the elderly within the State the number of low-income elderly, and the number of elderly who are members of minority groups.

Fifth. S. 2850, as introduced, required each area agency to target at least 50 percent of its funds: (1) on the delivery of a particular class of social service; (2) on nutrition services; (3) on a particular segment of the population of older persons The subcommittee amendment requires that each area agency target at least 50 percent of its funds on services to establish access—transportation, outreach—and in-home services. Under the subcommittee amendment, nutrition services would automatically be targeted because of their separate funding authority under title III.

Sixth. S. 2850 modified the existing bypass for funding of Indian tribal organizations. The subcommittee amendment deletes this bypass authority and provides a separate title which allows a tribal organization to contract directly with the Commissioner on Aging rather than receive funds through the State and area aging network.

Seventh. S. 2850 basically retained the title IX program as it is contained in existing law. It would, however, modify the non-Federal matching requirement from the current 90–10 to 80–20. The subcommittee amendments splits the difference and requires an 85–15 Federal/non-Federal match.●

LABOR DEPARTMENT PROPOSES PRUDENT MAN REGULATIONS WHICH COULD HELP SMALL BUSINESS

● Mr. NELSON. Mr. President, today's Federal Register contains a proposal by the Department of Labor which is intended to provide some flexibility to the administrators of the Nation's pension plans so that investments of appropriate amounts in smaller business and venture capital pools will not be precluded as a legal and practical matter, as they now are.

The Small Business Committee has been working for more than 2 years to bring about changes in this area, and we commend the Department of Labor for recognizing the small business problems and in being responsive in seeking a solution to those problems.

It might be helpful to briefly review the history of the problem to which these regulations are addressed. The enactment in September 1974 of the Employees Retirement Income Security Act (ERISA) made pension fund managers subject to new legal and financial liabilities for fund investments, which we reviewed in 6 days of testimony before the Small Business Committee and the Senate Finance Committee in 1977. The witnesses pointed out that:

Section 409 of ERISA makes the fiduciary personally liable to the extent of any losses due to the breach of his duty;

Section 502 permits the fiduciary to be sued by any plan participant in a civil action which might cost between $10,000 to $40,000 per year to defend;

Section 502(g) allows the court to award costs and reasonable attorney's fees to a plaintiff; and one court has done so after the plaintiffs had lost the action;

Insurance companies have declined to provide insurance to fiduciaries, and very few pension fund managers possess adequate indemnity agreements to cover either the investment loss, or legal costs.

Attorneys also testified to the inherent conservatism in the advice they would give to pension fund managers under these circumstances, and in light of a new Federal rule on prudence which has yet to be fully interpreted by the courts.

These concerns were brought to a head by the so-called *Spitzer* case (Matter of Bank of New York, 35 NY 2d 512 (1975)) in which the high court of New York State entertained a law suit to question the prudence of a single investment, which the bank made in good faith.

Knowledgeable witnesses stated that, as a consequence, institutional investment had dried up for smaller businesses and for venture capital pools which invest professionally in a portfolio of promising enterprises. In fact, executives of the large institutions informed the committees that institutions customarily avoid making investments in any business with net worth of less than $50 million.

It was further explained that the withdrawal of institutions from the capital market for small enterprise broke what was termed the "ladder of investment." This meant that organizations which previously financed smaller concerns, such as hedge funds and smaller mutual funds, also drew back from such investments because they had lost the take out which pension investment could provide when the company grew larger.

The absence of pension funds, which account for about 70 percent of all the stock exchange trades, is believed to be a considerable factor in the inability of new and small firms to reach public securities markets in the years since ERISA's enactment. From 1974 through 1977, only 61 firms with net worth of $5 million or less were able to sell their stock to the public, compared to 698 in the single year of 1969.

These conditions have resulted in the concentration of pension fund investment in a limited number of the largest companies, with consequences outlined in testimony by Professor Schotland of Georgetown University, who is mentioned in a Washington Post article of April 25 on the subject.

Detailed information on these matters can be found in the committee's hearings on "Pension Simplification and Investment Rules"[1] and the committee's most recent annual report.[2]

In connection with these hearings, many committee members pointed out that the careful investment of some small portion of pension funds may be in the highest interest of pension fund participants and beneficiaries for two reasons: First, the rate of return may be far higher than on more established companies and the fund may thus be able to support a higher level of benefits; and second, the real value of pension benefits will depend ultimately on the ability of our economy to progress and remain competitive. The decline in the value of the U.S. dollar and the inflationary forces thus transmitted to the everyday lives of our citizens should bring this lesson home convincingly.

We came to the conclusion that the law or investment practice, based upon a restrictive interpretation of the law, should not be an absolute barrier to investment in smaller enterprises or venture capital pools that invest in a diversified portfolio of such firms.

We therefore introduced a bill (S. 1745)[3] which proposed changes in the law for this purpose, and have continued to work to refine these proposals.

For these reasons, the committee appreciates the initiative of the Department of Labor in proposing these "Prudent Man Regulations." The explanation points out that those who drafted the prudent man provisions of ESIRA thought that they were liberalizing the common law rule. It is unfortunate that the effects have been just the opposite of their intention.

In an effort to gain wide circulation of this proposal to small business, financial, legal, and other interested parties, I shall submit excerpts from the proposal and the Washington Post article for the RECORD following my remarks.

It is hoped that the provisions can evolve to the satisfaction of all concerned, and that they can be adopted. Since they would serve to clarify the original intent of the rule, we would advocate that the rules be retroactive.

The question remains as to whether the the regulations will be strong enough to counteract the inherent caution of the financial and legal fraternities. This is a matter which must be interpreted by the courts and the congressional committees concerned. However, the work of the Labor Department in this matter is valuable, and their guidelines are a step in the right direction for dealing with what has become a serious problem of capital formation for small business, and for the economy upon which pension benefits must ultimately be based.

We hope small business, and financial, legal, and pension spokesmen, will comment thoughtfully on these proposed regulations. We will be watching these developments closely to determine a proper course of action here in the Senate.

The material referred to follows:

EASED PENSION FIDUCIARY RULES URGED

(By Nancy L. Ross)

Fiduciaries of pension plan assets will be given wider latitude to make investments without risking personal liability under a proposed regulation issued today by the Department of Labor.

The so-called "prudent man" rule will not hold investment managers responsible for a single poor investment, provided the overall portfolio had been invested wisely. DOL sets forth five basic factors for evaluating a prudent investment.

The regulation also states that the relative risk of a specific investment or investment course of action does not make it prudent or imprudent. Written comments should be addressed to DOL's Pension and Welfare Benefits Programs section before June 26.

The prudence issue arouse with the passage of the 1974 Employe Retirement Income Security Act (ERISA), which stipulated that a fiduciary should discharge his duties "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims."

As plan administrators rushed to increase their liability insurance against the possibility of participants' suits, they also clamored for a clarification of the act's language. The attitude toward investments was one of extreme caution. The recession was also a dampening factor.

In 1976, the International Foundation of Employe Benefit Plans found that 64 percent of the trustees it surveyed were unwilling to invest in anything but blue-chip securities.

Concentration resulted. Georgetown Law School professor Roy Schotland found that seven banks, six of them in New York, managed nearly one-fifth of all the pension funds assets in the country.

The basic factors for evaluating prudent investments were announced last August by Ian Lanoff, administrator of Pension and Welfare Benefit Programs. Incorporated into the regulation published today in the Federal Register, they oblige the manager to consider:

The composition of the plan investment portfolio with regard to the diversification of risk.

The volatility of the portfolio with regard to general movement in investment prices.

The liquidity relative to the projected payment schedule for benefits.

The projected return relative to funding objectives.

The prevailing and projected economic conditions of the investments.

TITLE 29—LABOR

CHAPTER XXV—PENSION AND WELFARE BENEFIT PROGRAMS

Subchapter F—Employee Retirement Income Security Act of 1974

Part 2550—Rules and Regulations for Fiduciary Responsibility

(Proposed regulation relating to the investment of plan assets under the "Prudence" rule)

Agency: Department of Labor.

Action: Notice of Proposed Rulemaking.

Summary: This document contains a proposed regulation relating to the investment duties of a fiduciary of an employee benefit plan under the Employee Retirement Income Security Act of 1974 (the Act). Among other things, the proposed regulation states that investment decisions by a fiduciary of an employee benefit plan shall be made in the context of all relevant facts and circumstances and the plans' total investment portfolio. The proposed regulation, if adopted, would be relevant to the investment of plan assets of all employee benefit plans and, thus, would affect participants, beneficiaries and fiduciaries of employee benefit plans.

Dates: Written comments must be received by the Department of Labor (the Department) on or before June 26, 1978. This proposed regulation would be effective 30 days after its adoption.

Addresses: Written comments (preferably at least six copies) should be addressed to: Office of Regulatory Standards and Exceptions, Pension and Welfare Benefit Programs, Room C-4526, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington,

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[1] Joint Hearings Before the Subcommittee on Private Pension Plans and Employee Fringe Benefits of the Committee on Finance and the Select Committee on Small Business, May 10 through July 18, 1977.

[2] Twenty-eighth Annual Report of the Select Committee on Small Business, February 1, 1978, Report No. 95-629. Chapter on "Retirement Security," pages 153-161.

[3] Introduced June 22, 1977.

D.C. 20216, Attention: Section 2550.404a–1. All written comments will be available for public inspection at the Public Documents Room, Pension and Welfare Benefit Programs, Department of Labor, Room N–4677, 200 Constitution Avenue, N.W., Washington, D.C. 20216.

For further information contact: Paul Antsen, Office of Regulatory Standards and Exceptions, Pension and Welfare Benefit Programs, U.S. Department of Labor, Washington, D.C. 20216, (202) 523–8515. This is not a toll-free number.

Supplementary information: Notice is hereby given that the Department has under consideration a proposal to adopt a regulation, 29 CFR 2550.404a–1, under section 404(a)(1)(B) of the Act, relating to the investment duties of a fiduciary of an employee benefit plan. Section 404(a)(1)(B) provides that, subject to certain exceptions not relevant to this proposed regulation, a fiduciary shall discharge his duties with respect to an employee benefit plan solely in the interest of the participants and beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims (the "prudence" rule.

The Department has received a substantial number of inquiries from the public which indicate that there is some uncertainty as to how the "prudence" rule applies to the investment duties of a fiduciary of an employee benefit plan.[1] Generally the inquiries can be categorized as those which request information concerning: (1) whether the "prudence" rule requires that an investment should be made by a fiduciary on the basis of the risk and anticipated return attendant to that investment, without regard to the role that it plays within the overall plan investment portfolio, (2) what criteria should be considered by fiduciaries in fulfilling their investment duties pursuant to the "prudence" rule, and (3) whether specific investments are prudent.[2]

This proposed regulation makes it clear that the "prudence" rule requires that each investment decision should be made with regard to the role that the investment in question would play within the overall plan investment portfolio and sets forth some, but not necessarily all, of the factors which generally should be considered by fiduciaries in fulfilling their investment duties to a plan.

DISCUSSION OF THE REGULATION

Proposed section 2550.404a–(b)(1) provides that with respect to a fiduciary's investment duties, the requirements of the "prudence" rule have been satisfied if the fiduciary has given appropriate consideration to all relevant facts and circumstances and the role that the investment or investment course of action plays in the plan's investment portfolio. Proposed section 2550.404a–1(b)(2) sets forth those factors which may be included in an evaluation of the role an investment or investment course of action plays in the plan's investment portfolio. The term "investment duties" is defined in proposed section 2550.404a–1(c)(1) as any duties imposed, assumed or undertaken by a person in connection with the investment of plan assets which make or will make such person a fiduciary of the plan or which are undertaken by such person as a plan fiduciary. The term "investment course of action" is defined in proposed section 2550.404a–1(c)(2) as any series or program of investments or actions related to a fiduciary's performance of his investment duties.

The Department believes that the practice followed by some jurisdictions at common law of judging the prudence of an investment alone without regard to the role that the investment plays within the overall investment portfolio[3] is improper for evaluating the prudence of an investment or an investment course of action under the Act. The common law method of evaluating the prudence of an investment arose, in large part, from the need to resolve a basic conflict between the interests of the income beneficiary and the remainderman of a common law trust. In many instances the common law resolution, giving great weight to the interest of the remainderman, deemed the safety of corpus more important than the generation of income. The same type of conflict between the investment goals of the income beneficiary and the remainderman is presented far differently, if at all, in employee benefit plans and, thus, a primary rationale for judging the prudence of an investment alone, without regard to its role in the total investment portfolio, does not exist under the Act.

The Department believes that the evaluation of an investment or investment course of action by a fiduciary of an employee benefit plan in the context of the overall investment posture of the plan in light of the factors set forth in proposed section 2550.404a–1(b)(2) is supported by the legislative history of the Act and sound policy considerations.[4] The legislative history of the Act indicates that the common law rules of trusts, including the common law focus on the performance of the individual investment, should not be mechanically applied to employee benefit plans.[5]

Further, in the Conference Report which accompanied the Act, Congress directed that the "prudence" rule (and the other fiduciary standards of section 404) be interpreted "bearing in mind the special nature and purpose of employee benefit plans."[6]

Proposed section 2550.404a–1(b)(2) sets forth the following basic factors which a fiduciary generally should consider in evaluating the role that an investment or investment course of action plays in the plan's investment portfolio: (1) the composition of the plan investment portfolio with regard to the diversification of risk, (2) the volatility of the plan investment portfolio with regard to general movements in investment prices, (3) the liquidity of the plan investment portfolio relative to the projected payment schedule for benefits, (4) the projected return of the plan investment portfolio relative to the funding objectives of the plan, and (5) the prevailing and projected economic conditions of the investments in which the plan has invested and proposes to invest.

The proposed regulation makes it clear that under the Act, the relative riskiness of a specific investment or investment course of action does not render such investment or investment course of action either per se prudent or per se imprudent. Thus, although securities issued by a small or new company may be a riskier investment than securities issued by a "blue-chip" company, the investment in such a company may be entirely proper under the Act's "prudence" rule.

PROPOSED REGULATION

Accordingly, it is proposed to amend Part 2550 of Chapter XXV of Title 29 of the Code of Federal Regulations by inserting § 2550.404a–1 as set forth below:

Paragraph 1. § 2550.404a–1 is inserted in the appropriate place to read as set forth below:

§ 2550.404a–1—Investment Duties.

(a) In general. Section 404(a)(1)(B) of the Employee Retirement Income Security Act of 1974 (the Act) provides that subject to sections 403(c) and (d), 4042 and 4044, a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

(b) Investment Duties. (1) With regard to the investment duties of a fiduciary of an employee benefit plan, the requirements of paragraph (a) of this section and section 404(a)(1)(B) of the Act have been satisfied if, in making an investment decision, the fiduciary has given appropriate consideration to all facts and circumstances relevant to the particular employee benefit plan and particular investment or investment course of action involved and the role the investment or investment course of action plays in the plan's investment portfolio.

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[1] This proposed regulation pertains only to the investment duties of a fiduciary of an employee benefit plan. Section 404(a)(1)(B) of the Act, however, requires that a fiduciary shall discharge *all* his duties in accordance with the "prudence" rule.

[2] The Department issues Advisory Opinions which interpret and apply the Act to specific factual situations under ERISA Proc. 76–1 (41 FR 36281, August 27, 1976), but pursuant to section 5.02(o) thereof generally will not issue Advisory Opinions relating to the prudence of a specific proposed investment or type of investment. This is because a determination as to the prudence of any particular investment can be made only on the basis of an evaluation of all the relevant facts and circumstances.

[3] *See* III Scott, Law of Trusts § 227 (3rd ed.).

[4] Whether a fiduciary has complied with the investment duties of the "prudence" rule depends on all relevant factors, and obviously the nature of these factors will vary from case to case. The Secretary of Labor, however, is authorized in section 505 of the Act to prescribe such regulations as he finds necessary or appropriate to carry out the provisions of Title I of the Act, which includes section 404. Accordingly, this regulation, if adopted, will assure that a fiduciary's consideration of an investment or investment course of action will reflect the special nature and purpose of employee benefit plans as required by the "prudence" rule under the Act.

[5] The debate on the "prudence" rule took place in 1970, when essentially the present form of section 404(a)(1)(B) of the Act was first introduced in H.R. 16462. At that time, there was considerable discussion as to whether the "prudence" rule in that bill was preferable to the common law "prudence" rule. Testifying in support of the "prudence" rule in H.R .16462, then Secretary of Labor Shultz characterized this rule as providing a standard "with a built in flexibility . . . which recognizes the vast diversity and other characteristics of private pension and welfare plans." *See* Committee on Education and Labor, General Subcommittee on Labor, Hearings on H.R. 1045, H.R. 1046 and H.R. 16462 (1st and 2nd Session., 1969, 1970) at 477 (hereinafter referred to as Hearings). Those who supported the language in H.R. 16462 maintained that the common law "prudence" rule, developed for personal trusts, was in certain respects inappropriate for employee benefit plans because their objectives were quite different from those of typical common law trusts. *See* Hearings: Richard A. Van Deuren at 159, 163–64; H. C. Lumb at 292–93, 299–300; Robert C. Tyson at 833; American Retail Foundation at 902; N.Y.S. Bar Association Tax Section at 936; American Cyanamid Co. at 302.

[6] H.R. Rep. No. 93–1280, 93rd Cong., 2nd Sess. at 302 (1974).

(2) The role an investment or investment course of action plays in an employee benefit plan's investment portfolio involves factors which may include, but are not necessarily limited to, the following:

(A) the composition of the plan investment portfolio with regard to the diversification of risk,

(B) the volatility of the plan investment portfolio with regard to general movements in investment prices,

(C) the liquidity of the plan investment portfolio relative to the projected payment schedule for benefits,

(D) the projected return of the plan investment portfolio relative to the funding objectives of the plan, and

(E) the prevailing and projected economic conditions of the entities in which the plan has invested and proposes to invest.

(c) Definitions. (1) The term "investment duties" means any duties imposed, assumed or undertaken by a person in connection with the investment of plan assets which make or will make such person a fiduciary of an employee benefit plan or which are performed by such person as a fiduciary of an employee benefit plan as defined in section 3(21)(A(i) or (ii) of the Act.

(2) The term "investment course of action" means any series of program of investments or actions related to a fiduciary's performance of his investment duties.●

TERROR INTERNATIONAL

● Mr. EAGLETON. Mr. President, On April 9, the CBS program "Sixty Minutes" devoted its entire broadcast hour to a film prepared by the British Broadcasting Co. on international terrorism. The film, entitled "Terror International," reminded me that terrorism has become an intenational industry. There is no longer such a thing as an isolated incidence of terrorism, rather there is an elaborate international network of terrorists trained in the most violent methods of destruction, committed to the cause of revolution in the name of liberation.

"Sixty Minutes" provided an excellent service in showing this film because it emphasizes the need for strong international cooperation in combating terrorism. The plain truth is that no one is immune from the threat of terrorism. In his introduction to the film, Mike Wallace points out that:

Terror International involves Palestinians, Japanese, Germans, Latin Americans—men and women come together in a complicated if loose alliance in pursuit of their vision of revolution; left-wing radicals bent on the destruction of Western and Arab capitalism. In a sense, the terrorists whom you will see are at war with half the world.

Mr. President, I ask that the entire transcript of this "Sixty Minutes" broadcast be printed in the RECORD.

The transcript folows:

TERROR INTERNATIONAL

Captain MARTYR MAHMOUD. This is Captain Martyr Mahmoud. We give you enough time to prove that you want to change your imperialist mentality, and to let our revolutionaries out of your imperialist fascist prisons.

MIKE WALLACE. The hijackers systematically wired up the explosives and poured alcohol over the seats, looking toward the incineration of everyone aboard.

GABRIELLE DILLMAN. Then I said to the big girl, "Well, why don't you at least throw that sweet little boy outside? Just throw him out, then he has a chance to run away or so." And then she said, "Well, you know, we—" "He's so cute," I said. And she said, "You know, we like him also very much. He's—he's a fantastic little boy, so sweet. And I promise you one thing, we're going to shoot him first before anything else—before the thing is blown up." So that was some kind of mercy.

DAN RATHER. I'm Dan Rather.

MORLEY SAFER. I'm Morley Safer.

MIKE WALLACE. I'm Mike Wallace. Some weeks ago Morley, Dan and I saw a film made by the BBC on international terror. What you saw a moment ago was a scene from that film. We thought it was such a first-class job of reporting, and such an important subject, that we wanted to share it with you. So that story and no more tonight on 60 Minutes.

TERROR INTERNATIONAL

MIKE WALLACE. Tonight, for the first time in the ten years we've been on the air, 60 Minutes is devoting an entire edition to a report produced outside our own shop, in this case by the BBC—the British Broadcasting Corporation—with Tom Mangold as reporter. His story focuses on this man, Wadih Haddad, who died 12 days ago in a still unidentified Arab capital. He died of leukemia. Who was Wadih Haddad? He was the leader of a group which over the past decade was responsible for an assortment of terrorist episodes that stunned the world: Entebbe, Mogadishu, the Lod massacre. We'll tell you more about all of them, details you have not heard before.

Terrorism is a poor man's substitute for war. As in all wars, the terminology depends upon who's using it. One man's freedom fighter is another man's terrorist. One man's armed struggle is another man's hijack of a plane with innocent victims. Wadih Haddad's Terror International involves Palestinians, Japanese, Germans, Latin Americans—men and women come together in a complicated if loose alliance in pursuit of their vision of revolution; left-wing radicals bent on the destruction of Western and Arab capitalism. In a sense, the terrorists whom you will see are at war with half the world. Until his death 12 days ago, they were led by a man who was virtually a shadow, anonymous.

This was the man behind Terror International, a Palestinian called Dr. Wadih Haddad. He was responsible for planning most of the major terrorist attacks of the last ten years—a mysterious figure who headquartered mainly in the socialist state of Iraq.

[Gunfire]

This camp in Iraq on the banks of the River Euphrates is one of those used by Haddad's Palestinian guerrillas. Well beyond Israeli fighter range, there is no threat here of Israeli air strikes.

[Gunfire]

It is also one of the camps where Wadih Haddad trained his recruits from other countries. Reporter Tom Mangold and his BBC team were permitted to visit this base, one of seven such camps in the Middle East that Wadih Haddad used.

TOM MANGOLD. This, I think, is quite an important camp. They have a good training ground for medium-size weapons. They have several acres down by the river bank where they are able to have very good target practice. The countries that were represented they weren't prepared to talk about. They were only prepared to say that there were "international comrades" at the camp.

Where do they come from. Where do your international comrades come from?

GUERRILLA. All—all over the world.

MANGOLD. No? He can't answer that? Okay. I'm sorry. All right. And these are groups that are also dedicated to—to world revolution?

GUERRILLA. Yeah.

WALLACE. Wadih Haddad was a founding member in the sixties of the Popular Front for the Liberation of Palestine, a Marxist-Leninist group dedicated not only to the destruction of Israel, but to world revolution. The PFLP adopted terror as its main weapon.

[Explosion]

In 1970, they first exploded their cause onto the world scene when they hijacked and blew up three Western airliners at Dawson's Field in Jordan. That was their first major exploit. But deadlier attacks were to follow.

In 1972, the PFLP claimed responsibility for a slaughter which in its senseless brutality stunned the world—the massacre of 26 people, mostly Christian Puerto Rican pilgrims, at Israel's Lod Airport. It also revealed Terror International's first major alliance. For significantly, the attack was carried out not by Palestinians, but by three members of the so-called Japanese Red Army, who had undergone a commando training course in Lebanon. Two of the terrorists committed suicide at the end of the raid. The surviving terrorist, Kozo Okamoto, was sentenced to life in prison by the Israelis. He said that in death he believed he would have become a "star in the heavens". In life, he has become the object of repeated hijack attempts by Terror International, hijacks like Entebbe, aimed at securing his release.

By 1974, the Japanese Red Army was operating in Paris. One of their aims: to secure the release of a comrade arrested by the French police—Yoshiski Yamada. This confirmed another Terror International connection—with Latin America. For a secret meeting took place in Zurich, Switzerland, in September. Present were Junzo Okudairo of the Red Army and two fellow Japanese. To help them were Michel Moukharbel, an Arab and key go-between for the PFLP and its agents in Europe, and a young Venezuelan who had become the most wanted terrorist of them all—Ilich Ramirez Sanchez—known to his admirers and hunters alike as Carlos.

Carlos had first made contact with Wadih Haddad in Jordan in 1970. They had sent him to London, where his ostentatious playboy lifestyle was perfect cover for a committed Marxist revolutionary working for Terror International. And it was in London that he met Nydia Tobon, a Colombian Marxist. They became political allies. Her London apartment wound up as a safe house for Carlos and his conspirators. It was not till 1975 that police broke the Carlos network in London. It was then they seized a complete arsenal of guns and explosives, stored for future attacks, from the apartment of another of Carlos's girlfriends. By this time, though, Carlos had escaped to Paris.

For her part in the affair, Nydia Tobon was deported from Britain. She now lives in Bogota, where she explained why Carlos, the South American, became a terrorist working for Wadih Haddad.

NYDIA TOBON. He told me, "I—now I—I form part of a group that—they are fighting for liberation movement, and I am feeling so happy." I ask him what the mo—what about the movement? What kind of movement it is? And he told me the Palestinian. And I say why Palestinian? I can't understand why. Why—why not Latin America movement or Venezuelan or Colombian or Latin—in Latin American more—one thing more close to us? He told me, "Don't be silly, is because Palestinian is part of the Third World problem. Palestinians created and is supported by the imperialism, the American imperialism. So if we are convinced that we need to fight against the imperialism, we can fight with the Palestinian or whatever liberation movement is—is—is going on."

[Explosion]

WALLACE. In 1973, an Israeli hit team struck back with the car bomb murder of the leader of the Terror International in

Paris, a murder that left a vacancy there which was filled by Carlos. He moved to the French capital to run a network which included Arabs and the Japanese Red Army. Their Zurich meeting back in 1974 had resulted in an attack on the French embassy at the Hague to blackmail the French into releasing their Japanese comrade in jail in Paris. Three Japanese terrorists seized the Hague embassy and held the staff captive. The French capitulated and released the terrorist. The Japanese then negotiated their way out of the Hague embassy and rejoined their freed comrade, now at Amsterdam airport. Then all four flew to safety in the Middle East.

To force the hand of the French government during that seige, Carlos had bombed a cafe in Paris called Le Drugstore, killing two people and wounding a score of others. The grenade that he hurled was to reveal yet another international alliance, for it was part of a batch of M–26 grenades stolen by the German Baader-Meinhof gang, when they raided an American Army base at Miesau in West Germany in 1971. Some were used by the Japanese in the Hague at the embassy seige; one was used by Carlos in Paris to bomb The Drugstore; others would be found in Carlos' London and Paris hideouts.

The Baader-Meinhof gang was named for Andreas Baader, seen here in court, who, like Carlos, had undergone guerrilla training by the PFLP in Jordan in 1970. Journalist Ulrike Meinhof had defended the terrorist movement, which had its roots in the student demonstrations of the sixties, and preached that violence was a valid weapon against a fascist society. American military bases in Germany were targets for the bomb attacks by Baader-Meinhof. At the U.S. European Supreme Headquarters in Heidelberg, three people were killed in one bomb attack.

Andreas Baader and Ulrike Meinhof and other principal members of their group were arrested and sentenced to long terms in prison. Baader and Meinhof committed suicide there. But other German terrorists took part in Terror International's continuing operations.

In December, '75, Terror International turned its attention to the conservative Arab states of the Middle East, which it regards with equal hatred. The oil ministers of OPEC were meeting in Vienna. But of the eleven there, the terrorists had two major targets: Dr. Amouzegar, Oil Minister of Iran, and Sheikh Yamani of Saudi Arabia. The terrorist gang burst its way into OPEC headquarters. Their plan was to kidnap the oil ministers first, then fly them to the Middle East, and then murder Amouzegar and Yamani. Three men were killed as the terrorists broke in. The OPEC gang was truly international. It was led by Ilich Ramirez Sanchez—Carlos himself; and there were two Germans—Gabrielle Kroecher Tiedemann and Hans-Joachim Klein, both members of Baader-Meinhof; three Palestinians, who have never been identified, formed the rest of the gang. But from beginning to end it was to be Carlos' show.

Sheikh Ahmed Zaki al-Yamani.

SHEIKH AHMED ZAKI AL-YAMANI. I thought that probably some Europeans were invading the conference room, trying to kill the oil ministers who are raising the oil prices; that was my first reaction. But then when we were on the floor and they announced that they are Palestinians, they're working for the Palestinian cause, I immediately knew that he's not Palestinian because his Arabic was not the—our Arabic, and not even the Palestinian Arabic. I felt that he's a Jew.

MANGOLD. What was your reaction when you first learned that Carlos was involved in this attack?

YAMANI. I felt I'm about to die.

WALLACE. The murder of Yamani alone would have been an enormous coup, but Carlos—seen here in beret and sunglasses—first forced the Austrians to provide a bus to the airport, and then a waiting jet to take terrorists and hostages to the Middle East. Only then did he start chatting with the man he intended to kill.

YAMANI. Oh, we had all kinds of conversations, every aspect of life social, political, even sex. [Laughs]

MANGOLD. Well, tell me, what did he talk about? What did he reveal of himself in that conversation?

YAMANI. He's a very ambitious man. I think he wants so—so many things, but definitely he wants to be a hero.

MANGOLD. Were you impressed with him at all?

YAMANI. Yes, I should say, yes.

MANGOLD. Did you get the impression from any of the conversations you had with him that he was working for somebody else, that there was an organization involved of which he was not himself the head?

YAMANI. Oh, yes. He was telling us several times that "we'll see according to the instructions I receive"—at least this is his own words. But definitely he himself won't be a—a planner, he—he won't plan something. He can execute something very efficiently, but I don't think he's the brain behind anything.

MANGOLD. So who do you think was the brain behind this?

YAMANI. Later on we heard about Wadih Haddad, for instance, or an organization in Baghdad; but he's cooperating with everybody. He himself told us that they do cooperate with Baader-Meinhof, with the Japanese Red Army, with some of the Palestinian organizations.

WALLACE. On this second visit to Algiers, the plans of Carlos—in the leather jacket—his plans to kill the two oil minister were changed. During stormy negotiations with the Algerians, Carlos may have been bought off or warned off or both. One report claims the Saudis and Iranians gave him a million pounds to free the victims. In any event, the great OPEC raid simply fizzled out here. Sheikh Yamani was released to the Algerians. So just what had the OPEC raid achieved?

YAMANI. Publicity, to start with. And if they wanted to kill both of us, I think to weaken the two governments by killing two of their officials. I don't think anything more.

MANGOLD. That was the intention. And what do you think in the end is achieved, apart from publicity?

YAMANI. Nothing, as far as I'm concerned, not even the publicity.

MANGOLD. And your attitudes have not been changed by your long conversations with Carlos?

YAMANI. In what sense?

MANGOLD. You are no more or less revolutionary now than you were before the attack?

YAMANI. Me?

MANGOLD. Yes.

YAMANI. I thought I am an imperialist. [Laughs]

WALLACE. We'll continue this report on Terror International with the story behind the alliance responsible for the Entebbe hijack.

Six months after the OPEC raid and kidnapping, Terror International mounted its most spectacular operation yet. It hijacked a French plane with a load of passengers, including 83 Israelis, and flew it to Entebbe, Uganda. Once again the team of hijackers was to reveal an international alliance of terrorists whose links ultimately led back to Wadih Haddad.

[Sound of jet engine]

The leaders of the hijacking were former accomplices of Carlos: the German, Wilfrid Boese, and a German girl known by the Arab code name of Halimeh, believed to be Brigitte Kuhlman, Boese's wife.

In Entebbe, the hostages were ordered to fill in arrival forms issued by the Popular Front for the Liberation of Palestine. At Entebbe, and with the full support of President Idi Amin, a second team of terrorists took over. In charge was Antonio Bouvier, an Ecuadorian who had earlier been Carlos' instructor in Cuba and comrade in London.

Fayez Jaber, a Palestinian, a leading member of the PFLP both as head of internal security and later head of external operations.

Jayel el-Arja, another Palestinian, who had special responsibility for the PFLP's relations with South America. And Abu Ali—a code name, but almost certainly concealing the man who was the architect of the alliance between the PFLP and the Japanese Red Army. The hijackers demanded the release of terrorists from Israeli prisons. Ominously they separated the Jewish hostages from the non-Jews. The non-Jews were set free; the others were held.

Uzi Davidson was an Israeli hostage.

UZI DAVIDSON. When a question—an unpleasant question was—was put before him: that of what business do you, a German, have fighting Jews, or Israelis, Jews, after what happened in the Second World War, and whether or not there was any difference between you, a 25- or 27-year-old young German and your ancestors? Did not this occasion prove that there was no difference? So he started explaining about his belonging to a group, to in fact a—a socialist group, or rather an underground socialist revolutionary group. He said that the OPEC raid demonstrated that they were not only against—that they were joining the Arab cause not because they were against Israel or against the Jews in particular; they're against any capitalistic country or any capitalistic society.

WALLACE. In any event, the Entebbe blackmail failed when Israeli commandos killed the hijackers, freed the hostages, and returned them to Israel.

But Terror International won all its demands the following year when five members of the Japanese Red Army hijacked a jet to Dacca, Bangladesh. Those demands were the release of imprisoned comrades from Japan plus a ransom of six million dollars. And the Japanese government gave in, releasing all the Red Army prisoners, and handing over the money too. The hostages, many of them American citizens, were flown to Algiers and released. So in one fell swoop the Japanese Red Army recovered all its operators and a brand new budget as well.

Meanwhile, in Germany there was a spate of killings, top businessmen the victims. In the most dramatic attack, industrialist Hanns-Martin Schleyer was kidnapped after his bodyguards had been shot to death. Schleyer began five weeks of captivity. "Martyr Halimeh", after whom his kidnappers named the operations, was the German girl on the Entebbe hijack killed by Israeli soldiers. Videotapes were issued by the kidnappers in which Schleyer appealed for his life; but his fate rested on the outcome of an operation that was to follow. And when it failed, as we shall see, the terrorists murdered Schleyer and dumped his body in France.

That operation by Terror International involved a Lufthansa airliner with 86 passengers hijacked and flown to Dubai. The four hijackers, all of them Palestinians, demanded that West Germany release the imprisoned Baader-Meinhof gang. Leading the hijack, self-styled Captain Martyr Mahmound, the voice you hear first is that of the German pilot, Captain Jurgen Schumann.

CAPTAIN JURGEN SCHUMANN [over radio]. One moment, please. One moment, please.

Mr. Captain Martyr Mahmoud is just in the aft part of the aircraft. [Pause] Okay, he is now in the cockpit.

CAPTAIN MARTYR MAHMOUD [over radio] This is Captain Martyr Mahmoud. We give you enough time to prove that you want to change your imperialist mentality and to let our revolutionaries out of your imperialist fascist prisons. But unfortunately, you didn't cooperate.

WALLACE. Mahmoud's real name was Zohair Akache, seen posing here for a joke "wanted poster" while living in London. But the joke became fact when Scotland Yard issued this real poster of him after the assassination of the north Yemeni prime minister in London. Mahmoud fled London, and wound up hijacking that German plane. The hijack lasted five days, during which Mahmoud's behavior grew increasingly deranged. Conditions aboard the aircraft were intolerable, with the temperature reaching over a hundred. One old man went insane. Some women hostages began to menstruate without any sanitary aides. When negotiations got nowhere, Mahmoud ordered the plane to take off.

From Dubai, the hijackers intended landing at Oman, but were refused permission. The same at Aden. But desperately short of fuel, Captain Schumann brought the plane down there on a sandy strip. He briefly went outside to inspect the undercarriage, and spoke to some officials before returning to the plane. Gabrielle Dillman, an air stewardess on board, knew that was to cost the captain his life.

GABRIELLE DILLMAN: Well, Mahmoud before announced that he was going to shoot him. He announced it to us. And he said that everybody who will scream or cry or anything will be shot too, will be executed immediately. And so, everybody prepared for that event, you know. They—they pulled things over their heads and closed their ears and shut their eyes, and tried to ignore what was going around—on around them. So the colleague of mine was told to go back and open the door to let him in. I was glad I didn't have to do it because I knew him quite well. So, she let him in. And he was walking up, going to the front, and I—and I looked in his face and I—he knew he was going to die. Somehow he knew it. And he came to the front; he had to kneel down. And Mahoud said, "This is going to be a revolutionary trial!" He shouted it. And he shouted it with some kind of triumph. And he said, "You—you traded in your lousy little life for the life of 86 passengers. I was going to blow up the whole airplane because you ran away," and "You coward." And he said things like that. And the captain said, "Please, Captain Mahoud, Martyr Mahoud, sir, can I explain?" And he was all the time hit in the face. And so it come only parts of sentences out all the time. Then he said, "The only problem was to come back to the airplane." And you know that—he didn't say it in one—"The only problem was—" [voices slapping sound] "—to come back to the airplane—" [voices slapping sound] "—please let me explain again." Things like that. And so he— the— while the— he was saying this, Mahoud all the time cried, "Do you plead guilty—" shouted, "Do you plead guilty or not guilty?" Mahoud hit him in the face; his head was flying way around; and before he could turn it back, he was shot. And the bullet went in here. And he then—one passenger told me he—he once came up like that, he— I don't know the English expression here.

MANGOLD. He raised himself.

DILLMAN. He raised himself one last time, and then he fell. And I'll never forget that dry—that dry shot. It was so dry. I always thought, like in American movies, it make ping ping. It was completely dry, like a—like breaking a piece of wood. And then that plop of the body. And then I started to cry. I was the only one. I don't know why; I lost my nerves.

WALLACE. The co-pilot, with Mahmoud's help, flew the plane on to Mogadishu, Somalia. As soon as it landed, the dead body of Captain Schumann was thrown down an escape chute. By now it was clear in the control tower that Mahmoud had reached total desperation.

MAHMOUD [over radio]. This Captain Martyr Mahmoud. We didn't want any bloodshed, but the imperialist fascist West German regime refused our demands. So there's no alternative. We have to blow up the airplane with all the people on board.

WALLACE. Mahmoud meant every word. The hijackers systematically wired up the explosives and poured alcohol over the seats, looking toward the incineration of everyone aboard.

DILLMAN. Then I said to the big girl, "Well, why don't you at least throw that sweet little boy outside? Just throw him out, then he has a chance to run away or so." And then she said, "Well, you know, we—" "He's so cute." I said. And she said, "You know, we like him also very much. He's—he's a fantastic little boy, so sweet. And I promise you one thing, we're going to shoot him first before anything else—before the thing is blown up." So that was some kind of mercy.

MANGOLD. Who poured the alcohol over the plane?

DILLMAN. Oh, they all did. All of them. They took the duty-free bottles and everything they found at the passengers, and then—even the perfume they poured out. And that big girl, she was also like the boy, just doing it, because she had to. And the slim pretty one, she even—was even humming while she did it, a little bit. And then she gave from time to time, a reassuring smile to one of her comrades.

MANGOLD. What, as she was preparing the plane for incineration?

DILLMAN. Yes.

MANGOLD. Humming?

DILLMAN. [Hums] Pouring.

WALLACE. But it was Mahmoud and two of the hijackers who died instead, when only minutes before his deadline German commandos stormed the plane and freed the hostages. The fourth hijacker, that big Palestinian girl, was carried away wounded, still shouting defiant slogans.

[Hijacker shouting]

Within days posters conferring true martyrdom on the three hijackers who died appeared in the Middle East. Although the PFLP denied responsibility, this poster displays the group's sign, together with the hijackers' pictures, and clearly says in Arabic: "PFLP Special Operations". And the chief of those operations for the PFLP was Dr. Wadih Haddad.

Chapter three of our report on Terror International in a moment.

ANNOUNCER: This portion of 60 MINUTES was sponsored by . . . [Brief annoucement]. 60 Minutes, a CBS News weekly magazine, will continue.

WALLACE. In 1972, the mystery surrounding Wadih Haddad deepened. George Habash, the official head of the PFLP, an extremist left-wing splinter of Yasir Arafat's PLO, denied that Haddad was any longer a member of the PFLP. He said the break had come when he, Habash had decided not to take part in any more airplane hijackings. Haddad, he said, refused to go along with that. But the evidence shows that the position taken by George Habash was just a political ruse, a ruse commonly used by organizations or by states when they find it advantageous to denounce in public activities which in reality they support. As we shall see, the evidence uncovered at the trial of a young Dutch girl in Israel linked with Wadih Haddad beyond doubt to the present day PFLP, and marked him as the man behind Terror International.

Wadih Haddad remained under such deep cover that only his operatives and agents saw him. This photograph taken some years ago was transmitted to intelligence agencies all over the world. The director of Israeli military intelligence, Major General Schlomo Gazit, was well briefed about Haddad.

Major General SCHLOMO GAZIT: He is one of the most cruel operators, with no consideration to human life, innocent people, women, children, old men or whatever it is. And very, very careful, as I say it, in the planning and preparation of the different operations, in which he is always personally involved. He doesn't delegate authority on that.

WALLACE. George Hajjar is a Palestinian who trained in Cuba and supports the PFLP. He is now a professor of political science at Baghdad University in Iraq.

GEORGE HAJJAR. I would say he is a highly devoted anti-imperialist fighter; one of the few Arab leaders who doesn't like TV and news people. But a dedicated man to the cause of the revolution—Arab and worldwide.

WALLACE. Dr. George Habash, head of the PFLP.

MANGOLD. He has no function within the PFLP?

Dr. GEORGE HABASH. No. No. No.

MANGOLD. He has no role to play in it?

HABASH. No.

MANGOLD. He is not a member in any way at all?

HABASH. At the present moment, no.

MANGOLD. Has he split from the PFLP?

HABASH. He is the PFLP.

WALLACE. Wadih Haddad was born in Palestine in the town of Safed by the Galilee in 1928. He was the son of a school teacher. He grew up and was educated in Jerusalem. Then after the Six Day War, he fled to Beirut. At the American University in Beirut he met George Habash. They studied medicine together. They were to become close friends and political allies. In the sixties, they opened a clinic together in one of Jordan's Palestinian refugee camps, working with families who lived on charity and despair. Haddad's passionate anti-Zionism was born here, as was the PFLP itself.

[Gunfire]

A special foreign operations division was created, and Wadih Haddad became its head, training men and women to commit acts of international terrorism. But it was the arrest 18 months ago at Tel Aviv's Ben Gurion Airport of a young Dutch girl which first exposed Wadih Haddad's Terror International—the man and his methods. The girl's arrest marked the first time a Haddad operation was uncovered before it began.

Lidwina Jannsen was part of a European terrorist cell recruited to stage a hijacking. And the plan was well advanced when it was broken by Israeli intelligence. Jannsen was an important link in the proposed operation. So was Marius Nieuwberg, her boyfriend, arrested by Indian police when his plane reached Bombay. Lidwina Jannsen was charged by the Israelis with consorting with an enemy agent. Unusually for a case of this kind in Israel, she was tried in public, so details of the proposed operation were revealed in court. Jannsen, who belonged to a revolutionary Dutch group, is today in Israel's Ramleh Prison. Her interrogator was Lieutenant Colonel Eliahu Lavie.

Lt. Col. ELIAHU LAVIE. I mean, to send her to— to— to Ben Gurion Airport is Daniel into the lion's den; and that was the important part of the mission because, I mean, she'd have to case the— the installations and see exactly what— and they'd have to rely a lot on her report. So, therefore, I should imagine that she was the base for what was supposed to be afterwards quite a large and important operation.

WALLACE. This is the original statement she made in English, though the voice is not her own.

WOMAN [reading Jannsen statement]. In June, 1976, Marius and I and some others journeyed to Aden. We had no visa for Aden because we didn't want a stamp in our passport, so nobody would know we were there.

Lt. Col. LAVIE. They arrived at Aden airport; nobody knew who they were, and they knew nobody there. Quite easily they—they sauntered into the airport sort of thing, and one of the members asked the passport authorities to call the—the member of the Popular Front who was supposed to meet them. And eventually the fellow came up and said I'm so-and-so and took their passports. They went straight through without inspection; the passports weren't stamped; and from there were taken immediately by land rover to a training base somewhere in Aden.

WALLACE. Aden, now called the People's Democratic Republic of Yemen, has a Marxist-Leninist government, and is a safe country for Terror International, which has a base there.

WOMAN [reading Jannsen statement]. We arrived at a private house with a garden. We were ushered into a room. There we found three other Arabs dressed in civilian clothing. On the walls were pictures, one of Kanafani, who was once the Popular Front spokesman who was killed. There was a map of Palestine on the wall, and a picture of the sign of PFLP.

WALLACE. One of Terror International's major training camps is located away from the town in the desert. It has full military facilities.

Lt. Col. LAVIE. She was there with her Dutch group, and there were all sorts of odds and ends there. There was a German group; there was a South Moluccan fellow; there was one of the Irish IRA there. That was more or less the odd—the odd terrorists from all over the world who they could collect to make a group of.

WOMAN [reading Jannsen statement]. Hussein from Libya trained with us, and Mahdi from Kuwait. While I was there, Hussein and I were lovers. When I got back to Holland, I saw their pictures in the newspaper. They were arrested in Istanbul for shooting at the El Al plane. For a week and a half we spent more than an hour a day studying the Kalashnikov submachine gun and the Walther pistol. While we were there a man called Abu Hani visited us a few times.

WALLACE. Abu Hani was the code name for Wadih Haddad.

Lt. Col. LAVIE. Oh, she met him twice, as a matter of fact. She met him when he came to the base on a visit; and one evening she was taken to the PL—PFLP office in Aden, and she spent a night there. And they had discussions and——

MANGOLD. And he was there?

Lt. Col. LAVIE. And he was there, yes.

MANGOLD. The man she called Abu Hani?

Lt. Col. LAVIE. Yes.

MANGOLD. Now, subsequently you asked her to identify various pictures?

Lt. Col. LAVIE. Yes. I—there was a row of six pictures, and she identified the man.

MANGOLE. She identified a man known as Abu Hani?

Lt. Col. LAVIE. Exactly.

MANGOLD. And you say he is Wadih——

Lt. Col. LAVIE. Wadih Haddah, yes.

WOMAN [reading Jannsen statement]: Day before I left, Abu Hani gave me a written note for Ciska, who had left the week before. The note had a coded message saying: "The marriage will be at the end of September." The day after I arrived in Holland, I took Abu Hani's message to Ciska and gave it to her.

WALLACE. It was Ciska Eeken who sent Lidwina Jannsen on her ill-fated mission to Tel Aviv. Eeken, a Dutch socialist revolutionary, was Haddad's chief contact in Holland. She had met him several times, and she knew him well.

CISKA EEKEN. The Palestinian people, the comrades in the PFLP, love him very, very much. They sing about him, they talk about him; and what I know about him is that he makes very much concrete his political way of thinking, his internationalism. He makes it concrete. International operations are organized by him. He gives—he doesn't see the difference between the people who are fighting in Europe and the people who are fighting in the Middle East. For him they are one organization. Dr. Wadih Haddad is a man who works very practically; he is very convinced of the armed struggle, international. He supports international, foreign—for him foreign—liberation movements, but he sees those liberation movements as part of a worldwide liberation movement. For him there is no difference.

MANGOLD. Is he a hard man?

EEKEN. I think that is a normal interpretation for the ones who are not in the revolutionary movement. They see the people who are involved in the armed struggle as terrorists, as murderers, as hard people who are just running around in the world to kill who they meet. But this is not true. The suffering of the people made them convinced that they had to do something to stop the suffering, stop the murdering, and they made a strategy. And in this strategy they took the weapons, of course. They had to.

MANGOLD. But the strategy involves murder itself.

EEKEN. What's murder?

MANGOLD. Murder is a dead German pilot in Mogadishu.

[Eeken pauses . . . makes a blowing sound with her lips]

WALLACE. With Lidwina Jannsen's arrest at Tel Aviv airport, Wadih Haddad's plans came to an abrupt halt. The cost had been slight—little more than a couple of airline tickets.

But what about money? How is Terror International financed?

General Gazit.

GENERAL GAZIT. Most of their expenses are being covered by the different host countries, who are, let's say, covering the expenditures in the different camps, whether it is a camp in Iraq or in southern Yemen or in Mogadishu in Somalia, Libya, Algiers, et cetera. On the other hand, we know that the main sources are two, for the money. One is ransom money which they have already collected, and I would say that it would be pretty safe saying that they have got something like between five to ten million dollars already collected. And let's say certain allocations by different Arab countries, mostly host countries. But I don't really know if they don't get even from other countries that politically don't support their operations but gladly give some money so that they won't be too much bothered by them.

MANGOLD. How do you feel about working with revolutionary groups from Germany or Japan or South America?

HAJJAR. As a committed world revolutionary, I am prepared to work with anyone who wishes to overthrow imperialism.

MANGOLD. And are you prepared to see anything done?

HAJJAR. What do you mean, see anything done?

MANGOLD. Anything. Any kind of operation, no matter whether innocent people die or——

HAJJAR. The—in dealing with a German technocratic fascistic mind that we have, for instance, have had to deal with in the past few years, and how they have operated, to deal with that type of person you have to operate in a like manner. The assassination of our comrades in prison in—in Germany is certainly not an act of humanity. The destruction of our people everywhere is not an act of humanity. And if you—if you expect me to be a super Jesus, ask that of Jimmy Carter first, and ask that of the Nixons and the Fords and this—the Schmidts and the Callaghans and all the criminals of Europe who are passing as rulers and just rulers.

MANGOLD. But why do the Palestinians, who have a particular struggle on their hands, why do they relate to groups like Baader-Meinhof, Red Army faction, the United Red Army? What have you got in common with these people?

HAJJAR. Because they're liberation movements; they're being oppressed by imperialism, and also are we.

WALLACE. At the last count, 36 German Baader-Meinhof terrorists were being sought by the police. Most are believed to have left Germany. Interpol wants seven Japanese Red Army terrorists released during the Dacca hijack. That six million dollar ransom has gone to Terror International. And Interpol wants Carlos, too. Police worldwide are on the alert to arrest and detain him. He is said to have a home in Libya, given him in gratitude by Colonel Muammar Qaddafi. And Dr. Wadih Haddad? Who will replace him as the leader of Terror International? That is a question being debated now, no doubt, in Baghdad, in Aden, in Beirut, and in the high councils of the PFLP.

BBC reporter Tom Mangold investigated the story behind Terror International for close to six months. After Wadih Haddad's death 12 days ago, we asked Mangold who will be the new leader of Terror International.

MANGOLD. There's certainly a feeling that there'll be a power struggle. Control of this group is quite important. Haddad had it, he kept it, he ran it; it was his show. Now, there may be an attempt by certain rejection front countries to gain more control of it. George Habash of the PFLP may want to involve himself in its actions a little more, or he may want to prevent some of the actions. There will be a power struggle. I doubt that we will ever hear what has happened. This is not an organization that exactly publicizes its activities.

WALLACE. What about Carlos? Carlos has been at the heart of the Haddad operation, and yet we've not heard a good deal of Carlos since the OPEC kidnapping, the Yamani kidnapping?

MANGOLD. I was told in Beirut that he was still very much around, that he still travels to Europe. So, he's around, he's in the area. And he may very well finish up with some closer association with Terror International than he's had before. I think it is not inconceivable that Carlos might be an adjutant, a number two, the guy who would be in charge of special operations, rather as Haddad was himself when he was working with Habash in the old days of the PFLP.

WALLACE. And who would be that Palestinian candidate? Do you know him? Is his name known in the West?

MANGOLD. Not at all. The only names that are known are—are the noms de guerre, the war names, and nobody has the slightest idea who might be the crown prince there.

WALLACE. Is there no Russian hand, no Russian money, in any of this?

MANGOLD. The only connection there is with the Russians is through the Cuban intelligence service. Now there was a connection between the Cuban intelligence service and Carlos the Jackal, and three Cubans were expelled from Paris after the Carlos network was broken up. So there is that link. But I think the Russians like to make mischief; probably no more.

WALLACE. The United States has not, until

now, been hit by the kind of terrorism we've seen in your film.

MANGOLD. It's a long way from Europe to the United States. Those are long lines of communications for a small army of terrorists; difficult to maintain, and difficult to keep secure. On the subject of security, United States security at ports of entry and so on is very good. It's better than most other countries in the world.

WALLACE. Would you expect any quick move now by Terror International, after Haddad's death, to prove that they are still in operation?

MANGOLD. I think that's very possible. I would have thought they will want to show that, despite his death, his martyrdom, as it's been called today, the group can continue its operations. But you must remember one thing: most of these operations are very well planned and they're very carefully planned. What they won't do is mount a hasty failure if they can avoid it.●

OLDER AMERICANS ACT AMENDMENTS OF 1978

● Mr. CLARK. Mr. President, I am very pleased to have the opportunity to join Senator CHURCH, chairman of the Senate Special Committee on Aging, in introducing S. 2969, the Older Americans Act Amendments of 1978.

The Older Americans Act, which expires this year, is the major Federal initiative for promoting services to senior citizens. It authorizes funding for various types of social services that are coordinated by a network of area agencies on aging.

I know of few programs that are as successful as those authorized by the Older Americans Act—such programs as the elderly nutrition program, which provides hot meals to the elderly at congregate sites; the senior center program, which assists communities in establishing focal points for the activities of senior citizens and for services to them; and the senior employment program, which supports thousands of older workers across the Nation who are participating in community service projects.

These programs are crucial for rural States like my home State of Iowa, which has the third largest percentage of elderly people—over 12 percent—of all States.

Older people, particularly those who reside in smaller communities that lack the wide array of services provided in metropolitan areas, have tremendous social, financial, and health needs that are addressed by Older Americans Act programs.

I am especially gratified to note that S. 2969 incorporates ideas that will make the Older Americans Act more responsive to rural needs.

Earlier this year, I testified before the Senate Human Resources Aging Subcommittee on this topic. At that time, I highlighted one particular act provision that was discriminatory against rural older Americans.

Title V of the act, which authorizes the senior centers program, limits funding to acquisition, alteration, or renovation. This provision hampers the use of title V funds by rural communities, because they often do not have available structures that are suitable for conversion into multipurpose centers at a reasonable cost.

The Church bill, as I recommended, allows for limited construction of senior centers in areas that lack facilities to be renovated or acquired. State aging agencies would have the authority to determine if a community should receive construction funds for this purpose.

This bill will also establish a new program of much benefit for the rural elderly—a national home-delivered meals program within the existing title VII elderly nutrition program. Residents of smaller towns would especially gain from an expression of "Meals-on-Wheels" projects, since the only viable alternative is often nursing home care in larger communities, far from their homes.

These amendments would also mandate a specific study of the differences between urban and rural service delivery. The information that is derived from this study will be useful in developing future legislation and policies that affect the rural elderly.

Other provisions of S. 2969, the Older Americans Act Amendments of 1978, would:

First, consolidate State and community programs (title III), multipurpose senior centers (title V) and the nutrition program for the elderly (title VII), while retaining the separate identities of the programs through separate authorizations.

Second, expand efforts to develop legal services and ombudsman programs for the elderly.

Third, expand eligibility for the title IX senior community service employment program by allowing persons 55 years and older, with incomes up to 125 percent of the poverty level, to participate.

Fourth, authorize funds to begin or expand training, coordinating, and capacity building activities directed toward alternatives to institutional living.

And, fifth, provide authority for a White House Conference on Aging in 1981.●

RSVP DESERVES CONTINUED FEDERAL SUPPORT

● Mr. SPARKMAN. Mr. President, since its inception in 1971, the retired senior volunteer program, RSVP, has successfully demonstrated that it is one of the most effective direct volunteer service programs to receive Federal funding.

RSVP was created to provide Americans aged 60 and older with the opportunity to become actively and purposefully involved in useful as well as personally satisfying activities within their own communities.

For the past 7 years, thousands of RSVP volunteers across the Nation have been placed in numerous types of organizations or facilities lacking adequate services related to basic human needs. Facilities such as hospitals, schools, nursing homes, libraries, day care centers, nutrition sites for the elderly, and numerous others have benefited immeasurably from the services of RSVP volunteers.

Volunteers—regardless of age, education, or vocational background—utilize whatever skills, experiences or interests they have toward helping others in a variety of ways. At the conclusion of this statement, I shall insert a newspaper article outlining a few of the services provided by one RSVP program in a small city in east Alabama.

Figures from the fiscal year 1979 budget estimate submitted by ACTION, RSVP's sponsor agency, provide impressive evidence of the program's attraction for elderly retirees as well as sizable economic advantages: In fiscal year 1978 approximately 250,000 volunteers will provide more than 52 million hours of service in 692 projects throughout the country. As volunteers are paid no stipend other than out-of-pocket expenses, the total value of volunteer service—based on the consideration that the minimum wage for paid labor is currently $2.65 per hour—represents a $118 million savings.

In spite of RSVP's overwhelming advantages in both monetary and human terms, ACTION has proposed cutting $4,555,000 from RSVP's fiscal year 1979 budget which would result in a loss of 30,000 volunteers. Plans are also underway to reevaluate effectiveness of RSVP's local projects and to assess the need for expanding the entire program.

ACTION's rationale for implementing these drastic measures is twofold: First, too few RSVP volunteers are serving minority populations whose income is below the poverty level, whereas disadvantaged minorities should be the primary target group receiving community services; and, second, not enough evidence regarding the value of the service to the community has been thus far demonstrated by this program—apart from the services rendered to the volunteers. While I can only speak for the State of Alabama, I must say that our Alabama RSVP programs are providing many needed services for our minority communities and are actively seeking minority individuals to participate in RSVP activities as well as encouraging them to make use of RSVP services. Our Alabama programs are based on service to the community.

Unless ACTION decides in favor of increasing funding for RSVP project grants, the valuable supply of elderly volunteers will dwindle; many retirees whose lives have become more meaningful because of their participation in RSVP will find no satisfactory outlet for their untapped talents or energies; services offered at no cost to the needy, the handicapped, or the lonely will be tragically terminated for both the volunteer and recipient.

Mr. President, I ask that a copy of the Dateline column of the Talla Coosa Advertiser of Alexander City, Ala., dated January 25, 1978, be printed in the RECORD. Incidentally, a number of the proposed additional services mentioned in the column have now been implemented.

The column follows:

DATELINE

(By Barbara Earnhardt)

The Retired Senior Volunteer Program in Alexander City now has 157 participants. Recruiting volunteers is an on-going process.

Alabama has more RSVPs than any other state in the nation with some 26 programs throughout the state.

The primary purpose of RSVP is to offer persons age 60 or over the opportunity for meaningful volunteer service.

For anyone who wants to use his or her experience and talents in useful service, RSVP provides a wonderful opportunity.

There is so much to be learned from the older members of our community. Whether it be in working with children, in nursing homes and hospitals, in beautification programs, in homes of house-bound neighbors, in whatever services they perform, the contributions our senior citizens can make are unlimited.

Many of the crafts of yesteryear would become lost arts if not for our older friends.

There is no special training required to become an RSVP volunteer. It depends on what you like to do.

If you want to get really excited about RSVP, talk to Virginia Bradshaw, director of the local program. She has a wealth of information and ideas for future work in Alexander City.

New plans are being made for additional RSVP services locally. A Neighborhood Watch Program and Telephone Reassurance Program are two that are now in the planning stages.

Additional services will be offered at Russell Hospital. Persons with some sewing expertise will be enlisted to aid in sewing for Veterans Hospitals and public health facilities.

When the new Chamber of Commerce building is completed RSVP hopes to have a part in depicting, through needlepoint and quilting, a history of the area.

In the coming weeks, Dateline will keep you informed as each new plan is put into action.

If you are interested in learning more about RSVP call Virginia Bradshaw at 329–8123. Better still, go by for a visit. The RSVP office is located in the library building at Alexander City State Junior College.●

SOLAR POSSIBILITIES

● Mr. McGOVERN. Mr. President, in this era of high cost energy and projected fuel shortages, nearly all agree that energy from the sun is a safe, clean alternative. Several forms of solar space and hot water heating have been extensively developed and are commercially available throughout the Nation. However, solar energy and other renewable energy resources are making minimal contributions to our country's energy needs, and the majority of projections indicate that its contribution will not substantially increase by the end of this century.

Several major factors currently inhibit rapid development and commercialization of solar technologies. Today, utilization of solar energy is cost efficient in most cases when the energy and revenue savings are measured over a period of several years. However, the initial cost of installing solar equipment is presently high enough that, in the short run, the majority of people find it less expensive to continue use of conventional fuels. Some may argue that if we wait, solar technologies will eventually find their own way to the mass market. I find this thinking a serious abrogation of Federal responsibilities especially in light of the billions of dollars the Government has invested in the development of oil and nuclear energy technologies.

Legislation, such as the Solar Development Bank and the Solar Energy Transition Act, now pending in Congress would provide long term low interest loans to homeowners and small businesses for the installation of solar equipment and mandate considerable use of solar technologies in Federal buildings which would have the twofold effect of providing substantial demonstration of the technology and the development of an increased solar market. These proposals, in addition to several others currently pending are essential to overcome the present obstacles to widespread commercialization of alternative energy technologies.

Mr. President, I ask that an editorial from the April 26, 1978, edition of the Washington Post be printed in the RECORD.

The editorial follows:

SOLAR POSSIBILITIES

Sunshine is everybody's favorite answer to the dilemmas of energy policy. Solar energy doesn't pollute the atmosphere. You can't make bombs out of it. The supply isn't declining. But since it's so attractive, why isn't it being exploited more rapidly?

The technology for heating water, and for keeping houses warm, is fully developed and commercially available. Although solar generation of electricity is not quite so far along, it's progressing nicely. But there is one drawback, and it is important. Solar energy is comparatively expensive.

The collectors—whether the little panel on your roof for the bath water, or the futuristic arrays of mirrors out in the desert—are costly. The people currently installing solar equipment are doing it as a matter of environmental principle. But the practice is not going to become widespread so long as it costs less to do the same job with oil or gas.

The present outpourings of exhortation to go solar generally touch very lightly on that point, when they touch it at all. There's an illuminating little example of interest-group politics here. Most of the organizations that campaign for solar solutions are also vehement defenders of price controls on oil and natural gas. The controls hold fuel prices low, which encourages waste and undercuts the new solar technology. The greatest determinant of the use of solar energy in this country will be the relative cost of the competing fuels. Of all the things that Congress can do right now to promote solar energy, the most effective would be to deregulate gas prices.

Beyond cost, the restraints on solar power fall mostly in the category of habit and caution. Mortgage lenders are disinclined to provide loans for equipment that they regard as unconventional. It takes time to recruit and train the armies of contractors and mechanics capable of installing and fixing those systems. In some areas, housing codes get in the way.

But like the price controls on oil and gas, these impediments are man-made, self-imposed and—if the country wants to do it—remediable.

According to the standard forecasts, solar energy will make only a marginal contribution to this country's needs by the end of the century. But the President's Council on Environmental Quality has just published a much more optimistic view. The CEQ argues that, by the end of this century, the sun could provide fully one-fourth of the country's energy requirements. That would be a very happy prospect, if it were possible. Unfortunately, so large a gain is not possible. The reasons can be discerned in the long quarrel, now entering its second year, over President Carter's energy bill, the central strategy of which is to end the present artificially low pricing of oil and gas. But neither is it necessary to stand still.

When all of the impediments and limitations are stated, one signal truth remains: Solar energy is the safest and most satisfactory of all sources. Under present policy, there are only three ways to meet this country's growing demand for energy. The three are, of course, imported oil, coal and nuclear fission—and the current drift of events favors the first two, which are also the most dangerous of all the possible solutions. The Carter administration has not given much leadership in behalf of the solar alternative, no doubt because the Department of Energy has been endlessly entangled in the energy bill.

What's needed now is an array of solar demonstration projects, far beyond the present modest scale, to disseminate knowledge of the equipment and to acquire broad experience with its performance and reliability. Every collector panel installed will mean a little less foreign oil coming into the country, and a little less coal smoke going into the air. That's not a bad reason to start spending money, both public and private, on solar plumbing.●

S. 2990—THE SUGAR STABILIZATION ACT

● Mr. LONG. Mr. President, I am pleased to join in cosponsoring the Sugar Stabilization Act of 1978. This bill will implement the international sugar agreement between the United States and numerous foreign countries, both exporters and importers of sugar.

It will maintain a viable domestic sugar producing industry which will be capable of continuing to supply the largest part of the sugar consumed in the United States. It also is intended to protect the welfare of consumers by providing supplies of sugar at a fair price in the United States and the world market.

The bill basically provides a badly needed and long-awaited domestic sugar program which takes account of domestic producing and consuming interests as well as international interests.

The bill has wide bipartisan support, including: Senators CHURCH, STONE, DOLE, CURTIS, MATSUNAGA, YOUNG, HANSEN, HAYAKAWA, WALLOP, ANDERSON, MELCHER. INOUYE, JOHNSTON, CHILES, HUMPHREY, BAYH, MARK O. HATFIELD, MCCLURE, TOWER, ZORINSKY, RIEGLE, BURDICK, BENTSEN, DECONCINI, DOMENICI, GRIFFIN, and SCHMITT.

It also represents a consensus among the major sugar producing interests in this country, including beet and cane growers, processors, and even the corn sweetener industry.

Before briefly describing the provisions of the act, it would be useful to recall the history of the last 4 or 5 years with respect to sugar.

On December 31, 1974, the Sugar Act expired. During the 40 years of its life, the Sugar Act was relatively successful. It assured U.S. consumers adequate supplies of sugar and assured the domestic industry an adequate return on its investment. Beginning in the early 1970's, world sugar prices increased dramatically as consumption exceeded demand.

This price rise made renewal of the Sugar Act politically impossible.

After the sugar price boom and the demise of the Sugar Act, prices decreased dramatically. High production costs, declining sales, and declining profits caught up with the domestic sugar industry. U.S. producers were put in an untenable position. Imports increased and low prices made it virtually impossible for even the major producers to cover their costs, never mind the little man.

In response to the problems of the sugar growers and the refusal of President Ford to take any action to restrict imports, the Senate Finance Committee in September 1976, directed the International Trade Commission to investigate whether the increased imports of sugar were injuring the domestic sugar industry.

The Commission thoroughly studied the sugar situation and concluded by an overwhelming majority that the domestic industry was being seriously injured by foreign imports. The Commission recommended immediate action to reduce imports.

After receiving bad advice from people who should know better, President Carter denied import relief and opted for a direct payment scheme. Under this bankrupt policy, which the GAO and the Justice Department both found to be illegal, sugar producers were to get a direct subsidy. These direct payments were to be transmitted to growers through processors of sugar. Under this administration scheme the payments were supposed to make up the difference between a target price of 13.5 cents and the U.S. national average sales price for raw sugar if it was lower. However, a 2-cent-per-pound cap was placed by the administration on payment, making it virtually impossible to achieve the price objective.

In the meantime, during the summer of 1977, work was proceeding in the Congress on the 1977 farm bill. An amendment containing a price support program designed to aid the sugar industry was added to this bill. The price support program was limited to the 1977 and 1978 sugar crops. Known as the de la Garza amendment, it became law in September 1977, and requires the Secretary of Agriculture to maintain a price support of between 52.5 and 65 percent of parity through loans or purchases of sugar.

About the time the sugar support program became law, the U.S. Department of Agriculture announced another payment program to replace the ineffective and plainly illegal program the President first announced. The new program was to be effective until the provisions of the price support program in the 1977 Farm Act became operative. This price support program was to be financed from U.S. Treasury funds and was designed not to interfere directly with the market price for refined sugar.

Then began a saga of administrative bungling and ineptitude rarely equalled in Washington. Although the Farm Act of 1977 did not give the administration discretion to delay implementation of the legislated sugar program or to implement the program in a manner not authorized by Congress, the Department of Agriculture and other interested agencies nevertheless consumed several months in determining how the program was to be administered.

During this time sugar continued to enter the country at extremely low prices, the sugar producers continued to suffer and large speculative interests reaped huge benefits from this improper delay in implementation of the law.

Finally, on November 8, 1977, the USDA acted to implement the sugar provisions of the Farm Act by providing for a loan and purchase program.

At the same time, to decrease competition from imports, the President implemented by proclamation increased tariffs and fees on imported sugar. In taking this action he replaced the September 1977 subsidy program. The only problem was that the proclamation of the President was so shot full of loopholes and problems that it was totally ineffective in keeping down imports, and in fact encouraged them. In announcing an increased tariff and duty on November 10, 1977, and delaying the effective date until January 1, 1978, foreign exporters shipped an unprecedented amount (more than at any other time in history) of sugar to the United States during November and December of 1977.

Further, the repeal of the September 1977 subsidy program hurt many growers of sugarcane and sugar beets who could not qualify for the loan or purchase program because of actions they had taken in reliance on the subsidy program.

After several more months of haggling and interagency dispute, the administration finally appeared to have gotten the program together correctly. The President proclaimed increased tariffs and fees which appear to cover adequately all of the products concerned.

However, the damage had been done. The big importers, refiners, and users continue to reap windfall profits because during this time of administrative bungling they built up large stockpiles of foreign sugar at cheap prices in anticipation of the delayed government action to increase the market price. In the meantime, of course, U.S. sugar producers have continued to suffer, and will suffer a great deal more due to stockpiles overhanging the market.

Thousands of small and medium-sized cane and beet growers have been and continue to be severly hurt by imports. The current price objective of about 52.5 percent of parity is simply not enough to cover even operating costs. Our farmers have been expecting the administration and the Congress to provide them with meaningful relief from the dilemma in which they find themselves.

Unless such relief is given, these growers will continue to suffer heavy damage, and not a small number will simply be ruined. Without immediate help, our domestic sugar industry could well be forced into bankruptcy. This whole issue boils down to the simple questions, "Do we need a domestic industry?" I believe we do.

Mr. President, while all this was going on domestically, the administration was negotiating an International Sugar Agreement, which is now before the Senate for its advice and consent. Under the Farm Act, the domestic program is to remain in effect for the 1977 and 1978 sugar crop years or until the Secretary of Agriculture determines that an International Sugar Agreement is in effect which assures the price objectives of the Farm Act program.

That brings us to this act, the proposed Sugar Stabilization Act of 1978, which is designed to implement the International Sugar Agreement and provide a domestic program to assure the continuation of a domestic sugar industry with ample supplies of sugar for consumers at reasonable prices.

Title I of the act simply authorizes the President to take such actions as are necessary and appropriate to implement the obligations of the United States under the International Sugar Agreement. These actions include prohibiting the importation into the United States of any sugar from any country not a member of the International Sugar Organization. It would also enable the President to prohibit entry of any quantity of sugar not accompanied by a certificate of contribution to the stock financing fund that is required by the International Sugar Agreement.

Title II of the act provides for the establishment of a domestic sugar program. Under this program, the Secretary of Agriculture is to determine for each calendar year the amount of sugar needed to meet the requirements of consumers in the United States, to maintain and protect the domestic sugar producing industry, and to obtain the price objective set forth in the act.

The price objective is a price for raw sugar equal to the median of the price range for freely traded sugar under the International Sugar Agreement. Under the International Sugar Agreement, the free-trade range is from 15 to 19 cents per pound.

In this range, stocks under the agreement are neither being added to nor reduced. In effect, this is the international price objective reached by extensive multilateral negotiations and this act merely seeks to place the United States at the mid-point of that price objective, which is 17 cents.

Under the proposed act, the domestic price objective is to be adjusted to reflect changes in the parity index and the wholesale price index.

In order to maintain the price objective in the United States for producers and consumers and assure a viable domestic industry, the Secretary of Agriculture is required under the act to establish a global quota for imported sugar. The quota is to be the amount by which the needs of the consumer exceeds the amount of domestically produced sugar which will be available during the particular calendar year. Authority is also provided to the Secretary to permit him to establish fees and quarterly quotas when these become necessary to achieve the price objective.

In order to protect consumer interest, the Secretary is required to suspend all

quotas and fees when the daily price for sugar exceeds by more than 20 percent (about 20.4 cents) the price objective under the act for a period of 1 marketing month.

Mr. President, what I have described are the essentials of the bill which I am cosponsoring. This is a bill which offers a great deal to both domestic producers and consumers of sugar. This proposal has bipartisan support in this body, and I believe it has equal support in the House.

The major sugar-producing interests in this country are behind this bill in a solid display of unity.

I hope there will be hearings on the bill very soon, and thorough, rapid consideration by the committees involved. This is a program which we should not delay in enacting. Thank you, Mr. President.●

SIXTH ANNUAL REPORT ON FEDERAL ADVISORY COMMITTEES

● Mr. GLENN. Mr. President, the 6th annual report of Federal advisory committees, covering calendar year 1977, was prepared by the General Services Administration and transmitted to Congress by the President shortly before the March 31 reporting date specified by the Federal Advisory Committee Act (P.L. 92–463).

Here are the highlights:

First. As of December 31, 1977, there were 875 advisory committees, a decrease of 284 from the 1976 year-end total. During the year 184 new committees were formed and 414 expired, were abolished or merged.

Second. Total Federal costs to operate and support advisory committees in 1977 were $64,932,210—about $125,000 less than the Office of Management and Budget anticipated would be needed. It is 9 percent above the $59,726,365 reported spent in 1976. The administration estimated that $76,288,442 will be necessary for the expenses of advisory committees in calendar year 1978, an amount incorporated in the President's budget recommendations to the Congress. This substantial increase is largely attributable to two statutory committees chartered late in 1977, the National Commission on Unemployment Compensation and the National Commission on Employment and Unemployment Statistics.

Third. Advisory committees held 3,802 meetings during the year. Of these meetings, 2,201 (58 percent) were open; 847 (22 percent) were wholly closed to the public, and 754 (20 percent) were partially closed. This compares with 4,694 meetings in 1976 of which 2,779 (59 percent) were open, 845 (18 percent) were closed and 1,070 (23 percent) were partially closed.

Fourth. The number of advisory committee members decreased by approximately 2,000 from about 27,000 in 1976 to about 25,000 last year.

The 182-page publication includes a brief narrative, nine pages of summary data, an alphabetical list of advisory committees in existence at the end of 1977, a list of these same committees grouped according to the agency or department responsible for them, annotated to show new or terminated committees, a roster of agency committee management officers and a four-part appendix, which includes the text of the Federal Advisory Committee Act and relevant Presidential and agency documents.

The Senate Subcommittee on Energy, Nuclear Proliferation and Federal Services (224–1474) and the House Government Information and Individual Rights Subcommittee (225–3741) have copies of the sixth annual report for distribution to congressional offices. Agencies may obtain copies of the report from GSA. The report may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 for $3.50. The stock number is 052–003–00521–2.

Later this spring, the thousands of pages of agency supporting documents from which the sixth annual reports were compiled will be microfilmed and placed on sale. These documents include the names, addresses, and occupations of all advisory committee members, provide information on each committee's origin and purpose and list meeting dates and reports issued.

The Federal Advisory Committee Act (FACA) and subsequent OMB guidelines and court decisions make it clear that advisory committees are to be open to the public, subject to a few exemptions. Almost half of the advisory committee meetings held since the act became effective in January of 1973 have been wholly or partially closed to the public. In 1977, only 58 percent of the meetings were open to the public, down from 59 percent in 1976. It is important that continued oversight and increased enforcement are necessary to carry out the intent of FACA. The best record for openness last year was set by the U.S. Commission on Civil Rights, which held all of its 235 meetings in the open.

Federal advisory committees are divided into four categories. They are (1) required by law, (2) authorized by law, (3) established under general agency or departmental authority, or (4) established by Presidential directive. During 1976, 50 percent of the advisory committees in existence were established by agencies, and 29 percent were authorized by statute. By December 31, 1977, the committees established by agencies had been reduced to 30 percent, while those authorized by statute had risen to 42 percent.

It is apparent that Congress must get its own house in order by applying ever more rigorous standards when considering legislation authorizing the establishment of advisory committees. The responsibilities of congressional committees regarding legislation dealing with advisory committees are set forth in section 5 of FACA Public Law 92–463).

Mr. President, the Subcommittee on Energy, Nuclear Proliferation, and Federal Services is responsible for the oversight of the Federal Advisory Committee Act, and we intend to carefully scrutinize the committees to insure that they are indeed necessary and adhere to the spirit and letter of the law.●

SMALL BUSINESS TAXES AND INVESTMENT: TIME FOR CHANGE

● Mr. CHURCH. Mr. President, I am pleased to join Senator GAYLORD NELSON, chairman of the Senate Small Business Committee, in support of legislation to provide a graduated income tax rate for small business, and a new and simplified system for depreciation to encourage small business investments.

For many years I have felt that the corporate tax structure does not treat small businesses fairly. Tax changes enacted in 1975 for small business represent the only progressive tax rate action taken in the last 25 years. In my view, they did not go nearly far enough. This year, the Congress has received recommendations from President Carter which offer the opportunity to do the job that must be done. That job, Mr. President, is the graduated system Senator NELSON has proposed. I ask that a table comparing present tax rates, the Carter administration's proposals and the Nelson bill, S. 2669, be printed at this point in the RECORD.

The table follows:

Comparison of current corporate tax rates, administration and Nelson proposals

[In percent]

Corporation taxable income	Current law	Administration proposal	Nelson bill
0 to $25,000	20	18	15
$25,000 to $50,000	22	20	20
$50,000 to $100,000	48	44	30
$100,000 to $150,000	48	44	40
Above $150,000	48	44	45

Mr. President, as the table indicates, the administration package would reduce all business tax rates, but it would leave unchanged the basic disparity among them. S. 2669, on the other hand, would create a graduated rate structure geared precisely to business size in terms of taxable income. In addition, Mr. President, by eliminating only 1 percent from the reduction the President has proposed for large corporations, S. 2669 would balance the benefits for small businesses against a fairer share of revenues from these bigger companies.

Mr. President, I enlisted in the tax reform fight many, many years ago, and I have long advocated a graduated tax rate system as a vital part of any reform effort. I believe that the time for enactment of such a system has come, and I commend Senator NELSON and the Small Business Committee on their work in its support.

Another important area that the committee has attacked is paperwork and redtape, and the profusion and confusion of Government requirements which assault small businessmen in almost every facet of their daily operations. Government forms are a nightmare, Mr. President, and there are few businessmen who feel that they profit from them. The burdens of the tax code, however, are even more confounding, with its incomprehensible provisions.

Perhaps the most incomprehensible of

these provisions is depreciation. Large corporations easily maintain banks of tax experts to take advantage of the multiplicity of depreciation schedules that have proliferated over the years. This advantage is also offered to small businessmen, but without the guidance of tax experts, they are left confounded.

The depreciation alternative that Senator NELSON has proposed would exorcise this demon from the tax code. S. 2742 is simplicity itself: it would allow all smaller businesses to write off up to $100,000 of equipment over 3 years, using the simplest straightline depreciation method.

Statistics show that smaller businesses do not take advantage of the various depreciation schedules as had been anticipated when they were adopted. This situation exists even with the investment tax credit, which has always been posed as a small business benefit. The Congressional Joint Tax Committee reports in this regard that 76.1 percent of the investment credit is taken by firms with over $100 million in assets, while those firms with less than $100,000 account for only 0.8 percent.

Furthermore, Mr. President, the reason these benefits have failed small enterprises is amply demonstrated by the fact that a table listing the useful lives of property for depreciation cover 20 pages. S. 2742 would eliminate these pages by making all types of machinery and equipment subject to a uniform 3-year life for most smaller businesses, up to $100,000 annually.

The basic goal of depreciation schedules and investment credits is capital formation. These economists who argue most strenuously on the need for capital formation almost always miss the major point by simply recommending slashing present tax rates or addressing double taxation of corporate dividends. That point is the failure of current tax provisions to achieve their stated purpose of that very same capital formation. We should not leave the inequities of the present system alone. A graduated tax rate and simplified depreciation are the correct and equitable approach for fair treatment of small businesses and the economic goal of capital formation, and I urge their adoption by the Senate.●

REMARKS BY SENATOR MATHIAS AT THE THAMES/POTOMAC SEMINARS

● Mr. EAGLETON. Mr. President, the Potomac River not only is rich in history of the founding of our Nation, but it is rich in potential for the future of this burgeoning section of our country. This invaluable and beautiful waterway must be protected and enhanced through thoughtful planning and management. I share a commitment in this regard with my distinguished colleague from Maryland, CHARLES MCC. MATHIAS, and I should like to share with all Americans his remarks at the recent Thames/Potomac Seminars in Washington, D.C. I submit a copy for the RECORD.

The remarks follow:

REMARKS BY SENATOR CHARLES MCC. MATHIAS, JR.

I am delighted to welcome our British colleagues to this Washington Session of the Thames/Potomac Seminars and I am honored to have been asked to open Plenary II—The Thames and The Potomac: Comparative Systems.

The coupling of those two great names—Thames and Potomac—evokes the happiest memories and emotions. A large portion of my life has been spent within the rich precincts of the Potomac. All of the Potomac River from bank to bank lies within the State of Maryland by virtue of the Charter Charles I gave to Lord Baltimore. Perhaps I still cannot read her face as surely as Mark Twain read the Mississippi's, but I know and love her well.

As for the Thames, that magnificent river of rivers—so rich in historic connotation, so various in mood—has held me in thrall since our first meeting. I first say the Thames while I was in the Navy and then last summer I had the extraordinary opportunity of seeing it again, as if for the first time, through the eyes of my 17-year-old son, Charlie. We drove out to Windsor and then over to Hampton Court where we took the river boat to Westminster. The following day we went by boat from Westminster to Greenwich. It was a wonderful trip.

I give place to no one in my devotion to these rivers, and in my concern for their well-being. This conference is an important contribution to their future and I am happy to be part of it.

Before we move on to considering the practical ways to safeguard that future, I would like to linger for a moment on the poetic side. The Thames, of course, has moved many of England's greatest poets to pay her tribute. But today, because America is host at this meeting, I would like to salute these two great rivers in the words of an American poet, Henry Wadsworth Longfellow:

Two ways the rivers
Leap down to different seas, and as they roll
Grow deep and still, and their majestic presence
Becomes a benefaction to the towns
They visit, wandering silently among them,
Like patriarchs old among their shining tents.

(Christus. The Golden Legend. Pt. V)

Now, let us turn to a practical examination of this "benefaction" to our towns.

Rivers epitomize the concept of flow. Industry is usually classified in two categories—batch processes and flow processes—and much of nature could also be categorized this way. Sunlight is intermittent; crops are harvested once a year; sylvan resources are managed by decades; rain and snow come to us in batches—and, if we are lucky, we get what we need and not too much.

But, within the variables of flow rate, our rivers are continuous in their service to us. This characteristic gives our rivers a central role in the planning of our geography of resource management. They deliver water. They provide a medium of transportation. They generate electric power. They irrigate our crops. They support a population of fish and other marine food. And they give us many kinds of recreational opportunity.

Unfortunately, a beneficent, continuously flowing resource is not an unmixed blessing. It has its disadvantageous side. Rivers are a clear line on a map. And so, they all too often are the boundary line between political jurisdictions and a bone of contention in jurisdictional disputes.

Another difficulty with rivers is that all the people who live along their banks don't have the same interests. The conflicts between "Upstairs-Downstairs" are pale beside the conflicts between upstream-downstream. If the people upstream use the river as they wish, the people downstream suffer. And it is doubly difficult when costs are assessed for projects that benefit downstream.

Not long ago, the Stanford Research Institute did a "technology assessment" of the costs and advantages of causing an increase in snowfall on the western slopes of the Colorado plateau. Interestingly, they found that the costs—for road repairs, spring freshets, erosion, fallen timber, and lost working time and school attendance—were largely visited on the mountain settlements. But the principal gain in the form of increased water for irrigation would be in the agricultural regions below the Mexican border, whose people do not even pay taxes in the United States.

A similar problem exists with the Potomac River. The upstream states of West Virginia and Pennsylvania have very different interests from the downstream states of Maryland and Virginia, not to mention the District of Columbia. Those upstream want to hunt and fish, while people in metropolitan Washington are concerned about the supply of drinking water.

The logic of these two disadvantages of rivers is clear. We must find ways to balance costs and benefits upstream against down, and from one side to another. The rewards must be explicit and attractive and quick in coming. The costs must be manageable and fairly distributed.

The situation reminds me of this fairy story about the two woodsmen who found a dwarf trapped by his beard in a split log. They freed him and in gratitude the mischievous dwarf promised to grant one of the woodsmen anything he wanted and to give the other twice as much as the first.

"Ask for a heap of gold," urged the second woodsman. "Ask for a great fortune." "Ask for a bushel of precious stones," he nagged. As the second woodsman grew more and more importunate, the first grew more irritated and angrier. Finally, he burst out in a fury, "I wish I lost the sight of one eye."

Too often, as we urge improvements on others which would benefit us, we invite this irrational but all too human response. Clearly, the gains to be achieved from our planning must be perceived by all as being fair to all.

The coordinated program designed by our friends in the U.K. for the Thames Basin has demonstrated, on a regional basis, a lesson the whole world needs to learn. Our planet earth is often compared to one of our manmade spaceships. But, unlike our manmade satellites and space vehicles, spaceship earth was delivered to us without a manual of operations.

I hope this plenary discussion today will help correct that omission by revealing to us some of the basic chapters in our manual for the operation of river basins. For rivers are, afterall, a significant fraction of the surface of planet earth.

And they give rise to life and poetry.●

ARMS SALE PROPOSAL NOT ACCEPTABLE AS PACKAGE

● Mr. DOLE. Mr. President, there appears to be little possibility that the President's arms sales proposal will be approved by the Senate if the President insists that it be accepted as a "package."

In effect, Congress is being tossed a complex bundle of separate recommendations, and being told "here it is—take it or leave it." It seems particularly ironic that a President who rejects the concept

of "linkage" in so many foreign policy areas, now insists upon linking the arms sales to three separate countries of widely differing persuasions.

"PACKAGE" DEAL OBSCURES IMPORTANT FACTORS

The effort to tie these arms proposals together serves to obscure the critical military and political factors that should be examined in detail for each of these separate proposals. While none of the proposed sales can be examined without considering the likely impact on the other two nations, neither can we overlook the unique factors that relate to each situation, and which must form the basis for our judgment.

It may be that the proposed sales for all three countries are beneficial to stability in the Middle East, but this is something Congress must decide for itself after full committee hearings. There is a legal, political, and strategic basis form insisting that each nation's arms requests be examined on its own merits.

POSTPONE UNTIL MIDEAST GOAL REACHED

If the President, after reviewing the actual defense needs of all three nations, is still convinced that the sales are necessary, then I suggest that the entire matter be postponed to a more suitable time. The current sensitive stage of Middle East conditions is not receptive to a large influx of major weapons purchases. Even though the aircraft would not be deliverable until the early 1980's, the agreements themselves could be a destabilizing factor. Our attention and energies should remain focused on achievement of a responsible Middle East settlement as the first priority, and arms sales might best be postponed until that goal has been reached.●

THE TYRANNY OF MILITANT MINORITIES

● Mr. EAGLETON. Mr. President, we have become all too familiar lately with the despicable, attention-getting tactics of terrorist groups around the world. Whether they strike at groups or at individuals, the message is clear that they intend to continue their attempts to tip the rational balance of society by acts of violence and bloodshed.

There is neither pattern nor logic to terrorist acts. They occur at random and leave their cruel mark on the people or property they seek to destroy. In his excellent article "The Meaning of Tragedy" which appeared in the April 19, 1978, New York Times, James Reston points out that "we are probably not at the end but at the beginning of this tyranny of militant minorities." As society becomes more complex and more populated, the chances that terrorism will increase, rather than decrease, is good.

No individual, no country is immune from the threat of terrorism, and, therefore, it is essential that the United States seek some sort of international dialog on means of controlling and combating terrorism. I am hopeful that the Soviet Union will see the merits in cooperating on this very threatening issue.

Mr. President, I ask that Mr. Reston's excellent article be printed in the RECORD.

The article follows:

THE MEANING OF TRAGEDY

(By James Reston)

WASHINGTON, April 18—The tragedy of former Prime Minister Aldo Moro of Italy is a startling reminder of the fragility of all civilized nations. They are worrying these days about classic wars of invasion across national borders, and they debate endlessly over cruise missiles, Backfire bombers, and neutron artillery shells that can kill fleets of tanks; but in the last quarter of the century, the tyranny of desperate minorities may also be a major threat to world order.

There are new forms of warfare loose in the world: kidnappings of prominent political and business officials; skyjacking of planes; proxy wars in Africa by Soviet mercenary soldiers out of Cuba; and blackmail, terrorism and the taking of hostages.

The Moro case is only a symbol of the problem. Secretary of State Vance, wandering through Africa, is equally vulnerable to this terror. When President Carter goes abroad, he takes along a bullet-proof car.

When you go to any American embassy overseas these days, you are met not by a Foreign Service officer or a smiling hostess, but by a Marine guard, who has more manners than guns. Every U.S. ambassador, in capitals that have political problems with the United States, has to be concerned about his safety and the security of his wife and children.

Even in Washington, the Iranian ambassador has a convoy of security guards to protect him from aggrieved Iranian students; and if you go to lunch here with Israeli officials, they pick their table very carefully and have one or two security guards placed discreetly in the room. So what we are seeing is a very troubling thing: The entire diplomatic community is living under the dominion of fear.

Perhaps more important, we are probably not at the end but at the beginning of this tyranny of militant minorities. The more people crowd into the cities of the world, the more vulnerable cities become to the sabotage of desperate political organizations like the Red Brigades.

For example, any terrorist group, no matter how small, that knows what manholes to go down to get at the electrical guts or switches of any major city, can terrorize the life of that city. And as we move into the age of nuclear electric power, as we are bound to do as petroleum supplies run out, the problem of sabotage is likely to become more serious.

Terrorists can create confusion if they can capture a Moro in Rome or American businessmen in Argentina, or invade the German embassy in Stockholm; but if they control a nuclear energy factory, or even a railroad train carrying nuclear wastes, they can hold whole cities and countries for ransom.

In that event, they can threaten to dump nuclear wastes into the harbor of Stockholm or the rivers of Germany and pollute them for generations. This is not a crazy speculation: It is a practical possibility every country dealing with modern terrorists is now having to face.

One of the hopeful things about all this is that there are an increasing number of problems that no country can resolve by itself. Nations cannot deal with terror on the international airways unless they agree to refuse asylum to the skyjackers. They cannot protect the health of their peoples unless they agree to stop testing nuclear weapons in the atmosphere. They cannot avoid a new arms race in outer space or under the seas unless they negotiate some rules in the interest of all nations.

This is, one hopes, what Secretary Vance will be talking about to Leonid Brezhnev and Andrei Gromyko in Moscow this week; not only about the control of nuclear weapons, but about the control of terrorism, about the use of Cuban troops in Ethiopia, Angola and elsewhere in Africa.

We will be trying to find out whether the Soviet Union is really serious about trying to work with Washingtton for a new peaceful order in the world, or whether Moscow wants to go on financing the Red Brigades in Italy and using the Cubans to dominate the strategic naval lanes around the Horn of Africa.

The official view in Washington, if I understand it, is that both the United States and the Soviet Union have more to gain by agreeing to control terrorism and cooperating in Africa than by financing the terrorists and getting into a serious confrontation in Africa, Europe and the Middle East.

It is not at all sure that Messrs. Vance and Brezhnev will be able to agree. The Communists are making progress in Italy. The terrorists in that country are creating so much chaos that Moscow thinks they may prevail in the end, but Mr. Vance is likely to be very severe on this matter.

The Carter Administration is at a very critical point in both its domestic and foreign policy. It is watching the Vance mission very carefully. It is trying to say to Moscow that what happened to Aldo Moro could happen to anybody, that chaos threatens all nations, and that the time has come to look at the problem of arms, money, trade and terrorism in a totally different way.●

CONDITIONS AT THE PENNSYLVANIA SOLDIERS AND SAILORS HOME, ERIE, PA.

● Mr. HEINZ. Mr. President, over the last several months I received a number of complaints about the conditions at the Pennsylvania Soldiers and Sailors Home in Erie, Pa. Because of the very serious nature of the charges, I asked my staff of the Subcommittee on Federal Spending Practices to conduct an investigation.

Based on the complaints I have received from Pennsylvania veterans and the results of the staff investigation, I visited the home Monday morning. I found that the physical facilities are in deplorable condition and that minimal health and safety standards are not met. In addition the size and composition of the staff is clearly inadequate to provide first rate care. What I saw Monday raises concerns about how well the Veterans' Administration exercises its responsibility for the nearly $500,000 in Federal tax dollars which will go to the home this year.

The conditions I found also raise vital issues about the management and financial support of the home by the Pennsylvania Department of Military Affairs.

In addition to complaints from Pennsylvania veterans, I have received copies of the October 1977, VA annual inspection report and the November 1977, VA audit report. The October report comments on the depressing impression of the home and the need for a more concerted effort to upgrade the facility. The audit report stated that:

It is highly improbable that the Home could currently qualify as an approved nursing home or domiciliary.

That report further indicates that the Veterans' Administration has been aware of staffing shortages and poor facilities for years without taking action to see that the State corrected the situation. The report recommended that the

VA use what influence it had to expedite remodeling and thus insure the safety and well being of the veterans.

These reports and the complaints from Pennsylvania veterans have caused me grave concern. These men who have given so much for their State and Nation deserve the very best care we can provide. There can be no excuses for failing to provide adequate physical facilities or for not seeing that all necessary qualified staff are hired.

Based on what I saw Monday, as well as the information developed by my subcommittee staff, I have written Governor Shapp and VA Administrator Cleland requesting an immediate investigation.

Mr. President, I submit for the RECORD my letters to Governor Shapp and Mr. Cleland and a more detailed statement of conditions at the Home:

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C., April 26, 1978.

Mr. MAX CLELAND,
Administrator of Veterans Affairs,
Washington, D.C.

DEAR MR. ADMINISTRATOR: Over the last several months I have received a number of complaints about the conditions at the Pennsylvania Soldiers and Sailors Home in Erie, Pennsylvania. Because of the very serious nature of the charges, I asked my staff of the Subcommittee on Federal Spending Practices to conduct an investigation.

Based on the complaints I have received from Pennsylvania veterans and the results of the staff investigation I visited the Home Monday morning. I found that the physical facilities are in deplorable condition and that minimal health and safety standards are not being met. In addition, the staff is clearly inadequate in both numbers and skills to provide first rate care.

The details of what I saw are described in the attached statement.

These conditions raise concern about how well the Veterans Administration exercises its responsibility for the nearly $500,000 in Federal Tax dollars which will go to the Home this year.

In addition to what I saw, I have received copies of the October 1977 VA Annual Inspection Report and the November 1977 VA Audit Report. I am particularly concerned by the comments in the audit report that the VA has known about these conditions for a number of years without taking any action. Because of the implications for the health and safety of the Veterans residing in the Home I am extremely troubled by the statement in the respect that "it is highly probable that the Home could currently qualify as an approved nursing home or domiciliary."

I urge you to personally see that the following steps are taken as soon as possible:

1) conduct your own investigation of conditions at the Pennsylvania Soldiers and Sailors Home.

2) determine why the Veterans Administration took no action in spite of knowing about the situation for several years.

3) inform me of how the Veterans Administration intends to further aid the State in remodeling the current building.

Finally, I am very concerned that similar situations may exist in the other 40 or more State Veterans Homes. It is clear to me that the Home in Erie does not adequately meet the nine general areas effecting quality of life described in the 1978 report prepared for the Committee on Veterans Affairs. It would seem reasonable that State Homes which receive substantial support from the Veterans' Administration should meet the same requirements as the Veteran Administration's own facilities. I understand that VA nursing homes are required to meet JCAH standards and that VA domiciliaries are reviewed as part of your systematic internal review. I would appreciate your comments on the desirability of requiring that State Homes meet these or similar standards as a condition of VA participation.

I would be pleased to meet with you to discuss this very important problem.

Sincerely,

H. JOHN HEINZ III,
U.S. Senator.

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C., April 26, 1978.

Hon. MILTON J. SHAPP,
Harrisburg, Pa.

DEAR GOVERNOR SHAPP: Over the last several months I have received a number of complaints about the conditions at the Pennsylvania Soldiers and Sailors Home in Erie. As a Pennsylvanian and a United States Senator I am vitally concerned with the treatment given to our citizens who sacrificed so much for their country. Additionally, as the ranking minority member of the Federal Spending Practices Subcommittee I am concerned that the Veterans' Administration may be spending $500,000 per year to purchase care in facilities which are grossly substandard. Because of the very serious nature of the charges, I asked the staff of the Subcommittee on Federal Spending Practices to conduct an investigation.

Based on the complaints I have received from Pennsylvania veterans and the results of the staff investigation, I visited the Home Monday morning. The physical facilities are in deplorable condition and the most minimal health and safety standards are not being met. In addition, the staff is clearly inadequate in number and skills to provide first rate care.

The details of what I saw are described in the attached statement.

While I realize that improvements have been made in the past several years, greater efforts must be made. Although the Home's proposed budget increase will help, it will still, in my view not provide sufficient resources to provide the necessary quality of care. While the new addition will provide much needed additional facilities, it will still not remedy the gross deficiencies in the current Home.

Based on my own visit and the report of the staff investigation I urge that you conduct your own review of the conditions at the Pennsylvania Soldiers and Sailors Home. My visit Monday would suggest that serious consideration be given to the following actions:

a) appropriation of at least the $300,000 for repairs that have been requested for a number of years. The time for piecemeal approaches has long since passed.

b) increase staffing standards to at least those required by State and Federal standards.

c) inspect the Home using either the Medicare/Medicaid Standards or those of the Joint Commission on Accredidation of Hospitals for Long Term Care Facilities and make all necessary corrections.

d) put all positions in the Home under the State merit system. The care of our elderly and ill veterans is too important to be controlled by political patronage.

e) consider moving the administration of the Home to one of the State Departments (e.g. Health or Public Welfare) which has more experience with care of the sick and elderly.

I would be glad to provide you with any possible assistance in ensuring that our State's Veterans receive proper care.

Sincerely,

H. JOHN HEINZ III,
U.S. Senator.

INVESTIGATION BY MINORITY STAFF, SUBCOMMITTEE ON FEDERAL SPENDING PRACTICES AND OPEN GOVERNMENT INTO CONDITIONS AT THE PENNSYLVANIA SOLDIERS AND SAILORS HOME; ERIE, PA., APRIL 10, 1978

A. OVERVIEW/HISTORY

The home was established in Erie in 1886. It was originally constructed as a Marine hospital after the end of the Civil War. The building, located on an 80 acre tract in the northeast section of Erie, is three stories in height and is of solid, brick construction. The third floor has been closed off and is used only for storage.

The home can accommodate some 180 veterans, 100 in domiciliary care and 80 in skilled nursing beds. The average age of the residents is 74, with the youngest being 47 and the oldest 90. A large number of the patients are incontinent and non-ambulatory; a significant number have some psychological impairment.

Overall, the home has a dreary and depressing environment. The commandant and the staff are motivated and dedicated, but, given the physical facilities and the resources provided, they are fighting a losing battle.

B. PREVIOUS INSPECTIONS AND CRITICISMS OF THE HOME

1. A July 1977 report by an American Legion Representative described the facilities as well kept, but physically rundown.

2. A May 1976 inspection of the facilities by the Veterans of Foreign Wars, Dept. of Pennsylvania, used terms like, depressing, archaic, disgraceful, drab.

3. The annual inspection report of the VA dated Oct. 17, 1977, indicates that "improvements have been made, but that the overall general impression is still quite depressing . . . It would appear that a more conserted effort be directed to upgrading the Soldiers & Sailors Facility."

4. The November 1977 VA audit report comments on the poor facilities and adds that "it is highly improbable that the home could currently qualify as an approved nursing home or domiciliary under (VA Regulations)".

5. An August 1977 letter to the Adjutant General of Pennsylvania from an American Legion Staff Member indicating the "some of the conditions in the home are deplorable. The residents are undeserving of such treatment."

C. PHYSICAL FACILITIES

The building is one hundred years old, and looks its age. While some piecemeal repairs have been made (one new bathroom, new sprinklers and an alarm system with VA support) it is still a worn out building and one that clearly would not meet federal nursing home standards.

Resident rooms

(1) overcrowded, small and lacking privacy.
(2) inadequately furnished.
(3) lacking a call system.
(4) dreary, cold and drafty.
(5) ceilings are high and the windows drafty, together with a poor heating system residents are cold and uncomfortable.
(6) peeling paint and plaster in some rooms.

Toilet and bathing facilities

(1) the bathing facilities (one tub for approximately 80 nursing patients) are outmoded, archaic, lacking privacy, and inadequate.
(2) toilet facilities are old, worn out and lacking in privacy.
(3) sinks are leaky and badly worn.
(4) facilities for wheelchairs are not adequate.
(5) a call system is not available.
(6) ceilings are high and the heat poor and the windows drafty.

Halls, dining and other public areas

(1) high ceilings, old lighting fixtures, peeling paint, missing plaster and inadequate and outdated furnishings.

(2) old kitchen and other working facilities for staff.

(3) the electrical and heating systems are antiquated and inadequate.

(4) facilities for socializing and recreational activities are highly limited and generally depressing (one area is being renovated and recreational equipment has been donated by various groups).

(5) tile is old, worn and cracked.

(6) paint is old, peeling and dingy.

(7) safety rails are absent.

Grounds

There have been numerous problems with security on the grounds. There are reports that residents have been attacked by outsiders.

D. PATIENT CARE

The nursing and medical care seemed to be good within the limits of staff and facilities. There is an obvious need for social, occupational, physical and mental therapy for the residents of the home. In addition, the nursing staff ratios do not meet accepted standards and therefore, additional nursing staff is needed for adequate patient care. In general, the staff appear hard working and dedicated to providing good care. However, because of shortages in staff both in kind and quantity, the general impression is that of patient storage, not of an active and supportive environment. Patients in many cases remain passively in their rooms staring at the drab walls. Staffing shortages prevent many programs from being implemented.

E. PERSONNEL AND EMPLOYMENT PRACTICES

(1) There are shortages of personnel to meet required standards in a number of areas:

a. nursing (RN & LPN);

b. occupational physical therapy;

c. pharmacy;

d. attendants, custodial and other support workers;

e. social work; and

f. nursing assistants.

(2) The employment practices are worsened by the patronage system and the extreme delays in having vacancies filled. A September 1977 memo listed vacancies and days unfilled as follows:

Position	*Days*
Institutional business manger III	99
Clothing room attendant	100
Nursing attendant (2 positions)	111
	95
Cook	63
Food service worker	49
Custodial worker	34
Painter	84
Maintenance repairman	183

(3) The patronage system has resulted in numerous delays in filling positions and in the appointment of unqualified individuals.

F. BUDGET AND PURCHASING

1. According to the records and discussions with staff, the home's request for $300,000 in repair funds have been denied every year.

2. The Department of Veterans Affairs has purchasing urine stained, second hand mattresses which the home had to pay to burn, and ugly, ungainly used dresses which, even if finished, would be much too large for the rooms.

3. The state purchasing procedures are cumbersome and paper bound and frequently result in either delays or the failure of the home to receive needed materials and supplies. Some minor examples include—an $18.00 bill for a classified ad rejected because all the proper forms weren't completed; staff having to buy coffee from their own funds because of infrequent state contractor visits.

G. STATE AND VETERANS ADMINISTRATION INSPECTION

In discussions with the staff of the home, I was informed that to the best of their knowledge, there had not been any state inspections of the facility for health and safety standards in the last few years. The state auditors come every two years to review the books, but for whatever reasons there is no assessment of the care provided. The VA on the other hand, has expressed concern over both the facility and the adequacy of the staffing. The latest VA audit report, previously cited, stated, "They (VA) should exercise whatever influence it has to expedite the remodeling of the home and thus ensure the safety and well-being of the veterans, or consider the feasibility of withdrawing Federal aid entirely." The report further recommended that the VA "assess the status of the Pennsylvania state Soldiers and Sailors Home and determine appropriate steps to improve the living accommodations for beneficiaries not affected by current proposals for additional construction."

H. STATE DEPARTMENT OF MILITARY AFFAIRS MANAGEMENT

The senior staff of the Department of Military Affairs have made only a few visits in over a year to inspect conditions in the home.●

SOLAR ENERGY FACTSHEET

● Mr. HART. Mr. President, last December the Environmental Study Conference prepared a factsheet for its members entitled "Solar Energy: A Guide to Federal and State Programs and Information Sources." This has been one of the most successful and useful reports the study conference has ever provided. As far as I know, this was the first time all of this information was brought together in such a concise format, designed specifically for easy reference. It answers many of the questions I and many of my constituents have about how to get in touch with experts on solar energy and how to find solar programs scattered throughout the Federal Government.

The study conference has updated the factsheet as a cochairman of ESC in the Senate and on behalf of House Cochairman JIM JEFFORDS, I submit this update be printed in the RECORD.

I urge my colleagues and the public at large to use this information in any way they see fit. Already, a number of House and Senate ESC members have incorporated it into their newsletters on solar energy and some are using it for their activities on Sun Day. It was developed to expand the level of knowledge on solar energy and I hope that people will use it for that purpose.

The material follows:

SOLAR ENERGY: A GUIDE TO FEDERAL AND STATE PROGRAMS AND INFORMATION RESOURCES

(By Mike McCabe)

Solar energy continues to attract growing interest as the nation explores alternatives for meeting its energy needs. Inexhaustible, environmentally sound and available everywhere, solar energy is being pursued with the hope that if only a tiny fraction of the sunlight falling to earth could be tapped, our energy problems would evaporate.

That hope, of course, is far from being realized. At present, less than 1 percent of the U.S. energy demand is met by solar, and the potential for future contributions is the subject of great debate.

Nevertheless, a number of factors combine to make solar a key option for meeting the nation's long-term energy requirements: the promise of a nonpolluting and renewable resource, the uncertain future of conventional energy supplies, escalating fuel prices, and the severe environmental problems with both coal and conventional nuclear power—the twin pillars of the President's energy plan.

Here in Congress, support for solar has been growing steadily in recent years. Solar R&D funding has jumped dramatically, and scores of solar initiatives have passed in one form or another. In addition, solar would get a big boost from various tax credits, loan programs and federal grants incorporated into the national energy plan, if it passes.

State and local government agencies also are very active. In fact, many states and localities are far out in front of the federal effort.

All these governmental programs, however, may be lagging behind the public's interest in solar. On May 3, a national day of celebration for solar energy—Sun Day—is scheduled, and it promises to rival 1970's Earth Day for public attention.

With greater public awareness has come increased demand for good information about solar and the programs that encourage and demonstrate its use. This solar fact sheet was prepared to help Environmental Study Conference members, their staffs and constituents locate this kind of information.

The economic and technical feasibility, as well as the projected contribution of solar, are issues beyond the scope of this fact sheet, but they can be explored with the help of the many individuals and organizations listed.

The information provided can be used by homeowners, businesses, the construction industry, workers in solar-related trades, research firms, local government officials and individuals interested in the development and use of solar energy.

The fact sheet includes:

A brief review of solar technologies;

A listing of programs scattered through various federal agencies that assist in the purchase, installation or general development of solar equipment;

A summary of solar-related provisions in the national energy plan;

An overview of state solar programs; and

A directory of information sources which can provide material suitable for individuals with no background in solar energy, as well as technical data for those well versed in the field.

SOLAR TECHNOLOGIES

The term solar energy actually encompasses a broad range of energy sources that convert the sun's rays either directly or indirectly into usable energy. For example, solar electric cells, usually thin silicon slices, convert sunlight into electricity. This category of solar energy is called photovoltaics. The conversion of organic matter, such as solid waste, into liquid fuels, such as methane, for energy use alone is considered an application of solar energy—biomass conversion.

In all, there are eight basic solar technology categories. They are: passive solar heating and cooling, agricultural and industrial process heat, wind, photovoltaics, solar thermal, ocean thermal energy conversion, and biomass.

In addition, there are a number of different technology designs and applications within each of the categories. For example, under solar heating and cooling, there are many collector designs that use different heat exchange mediums. Some use water; some forced air. Some use flat plate collectors; others use evacuated tubes.

A number of different systems can be combined to supply a greater and more reliable energy product than when used separately, for example, both electricity and process heat

can be provided by using a combination of solar devices. These are usually referred to as generating systems, while others lend themselves to small-scale, decentralized applications.

Decentralized, small-scale applications include residential heating and cooling and hot water, as well as various agricultural and industrial heat processes. Systems such as photovoltaic cells and wind energy can be used to generate electricity for small-scale use. Several hybrid systems lend themselves to use in homes, businesses and farms.

On the other hand, some solar technologies can only be used in large-scale applications—primarily centralized electrical power generating plants. So-called "power towers," which use mirrors to concentrate the sun's rays on steam boilers that drive an electric generator, and ocean thermal systems, using temperature differences in the ocean, require large generating plants and electric power grid systems.

Some systems, such as photovoltaics, wind and biomass conversion, can be used in both small-scale and large-scale applications.

The solar energy picture is changing almost daily. From about $1 million in fiscal year 1971, the federal solar research budget has leaped to more than $300 million for FY 1978. Rapid changes are occurring not only in the technology itself, but also in feasibility, economics and availability.

Below are short explanations of the various categories of solar technologies. Their relative merits, economic feasibility or technical feasibility are not discussed. Information on these aspects of solar energy can usually be obtained by contacting the individuals listed. Contacts listed after each technology are DOE officials familiar with, in most cases, responsible, for, programs in those areas.

Passive solar

Passive solar takes advantage of the design and siting of a building to maximize the effects of nautral processes, such as evaporation and heat flow, as opposed to active systems, which require mechanical devices, such as motors, pumps and valves, to heat or cool a building. It is believed that the early cliff dwellers in the Southwest positioned their structures under cliffs in such a way to receive direct solar radiance which heated thick outer walls during the winter months, yet were shaded by the cliff overhang in hot summer months.

Modern architects are rediscovering these same principles. The orientation of a house, positioning of walls, windows and baffles to let in the sun during the winter and keep it out in summer can be an effective way of capitalizing the sun's natural heat. The use of deciduous trees to provide extra shade in the summer, storage ponds, building green houses, and site orientation according to prevailing wind patterns can also passively contribute to the energy needs of a building.

DOE contact: Mike Maybaum, 376–9642.

Heating, cooling and hot water

At present levels of technology, solar energy systems with the greatest potential for widespread application are those for space heating and domestic hot water—systems which do not require high temperatures. Solar cooling is generally considered to be further away from widespread use.

Standard heating systems include a solar collector panel, a storage unit, an energy exchange and a distribution network, a tie-in with a back-up energy supply and a thermostat control unit. Collectors are most often located on a building's rooftop and are simple in design. Relatively efficient operation can be achieved with commercially available panels, now manufactured by dozens of companies. And in many parts of the country, considerable energy and costs savings can be expected over the lifetime of the unit.

For cooling, an additional component must be added, either a standard "absorption" air conditioner or a mechanical motor-driven system.

To be used effectively, all solar systems should be accompanied by stringent conservation measures such as insulation and proper building design.

DOE contacts: Ron Scott, 376–9610; Roger Bezdek, 376–9619.

Agricultural and industrial process heat

The use of both direct sunlight and the conversion of solar energy collected by panels to low and medium temperature heat can be applied to many agricultural and industrial processes. Among the potential users are grain and crop drying, heating greenhouses and livestock shelters, food processing, low pressure steam operations and a wide range of processes in the textile, paper and chemical industries. Most applications would replace conventional processes using scarce and expensive propane gas.

DOE contact: Bill Auer, 376–8633.

Photovoltaics

Solar electric cells—photovoltaics—convert sunlight directly into electricity and have successfully powered electrical equipment on space satellites for years. In recent years, solar cells have been adapted to many other uses, particularly in remote areas where conventional means of supplying electricity have been unavailable or too expensive. These new uses have created a growing market for for this unique energy source.

Solar cells work by conducting both positive and negative charges, producing electricity proportional to the incoming light. With present technology, about 10 to 13 percent of the light hitting a cell is converted to electricity. Although usually composed of silicon, other materials using chemical processes are also being investigated.

DOE contacts: Paul Maycock, 376–1957; Sam Taylor, 566–9552.

Solar thermal

Electricity also can be produced by indirect conversion of the sun's energy using thermal devices. Plans for large-scale solar thermal facilities involve wide expanses of mirrors reflecting the sun's rays to a boiler situated atop a large tower. Steam from the boiler would turn conventional turbogenerators, producing electricity. Heliostats, mirrors able to track the sun as it moves, provide the best system for focusing the heat of the sun on the tower.

DOE contact: Gerald Braun, 376–1934.

Ocean and thermal energy conversion

The Ocean is both a solar collector and a solar storage system. By using the temperature differential between surface and deep ocean waters, ocean thermal energy conversion (OTEC) systems can exploit the vast amounts of solar radiation stored in the ocean. Warm surface waters pass through a heat exchanger that evaporates a closed fluid to drive a turbine generator. The fluid would then be cooled by deeper waters and a second heat exchanger, and the cycle would begin again. Since an OTEC plant could operate continuously, even in the sun's absence, it has been considered a solar system able to provide baseload or full-time power.

DOE contact: Sig Gronich, 376–4772.

Wind energy

Small-scale wind energy systems have been supplying energy of one sort or another for centuries. The familiar blades that dot the countryside are most probably pumping water or turning an electric generator. Drawing on the expertise of the helicopter industry to develop more efficient blades, DOE has concentrated on large-scale centralized projects which would be worked into an electric power grid. It also has recently funded several smaller models which could be effectively used in the wind-belt areas of the Midwest and coastal regions.

DOE contact: Louis Divone, 376–4878.

Biomass conversion

The conversion of sunlight into plant life, by photosynthesis, is probably the most well known form of the sun's power. Various proposals have been investigated for converting the solar energy captured in plants to fuels and petrochemical substitutes. Fuel sources could be from agricultural and forest residues and animal, human and other organic wastes.

The processes include anaerobic digestion, which converts biomass to methane gas; fermentation, which yields liquid fuels; biophotolysis of water, which releases combustible hydrogen; hydrolysis, the application of heat in a process similar to petroleum refining which can produce liquid and gas fuels; and several thermochemical gasification and liquification processes.

Currently the paper and lumber industry have demonstrated considerable energy savings and some degree of energy self-sufficiency through direct burning of forest residues. And some experiments are underway to burn municipal wastes for electrical generation.

DOE contact: Roscoe Ward, 376–1614.

FEDERAL ASSISTANCE PROGRAMS

Many federal agencies offer programs and services which can be of assistance to persons interested in solar energy. For the purposes of this fact sheet, the programs have been placed in two groups: those offering financial aid to homeowners and businesses wishing to install solar systems and those which can be of use in entering the solar development, manufacturing and installation market. While a few of these programs are specifically intended to promote solar energy, most are general programs with eligibility requirements that solar projects can meet.

The contact listed in each section is a person in the agency administering the particular program. They are offered as an aid to Congressional staff and are usually not the persons whom individuals outside Congress should contact. However, they can provide the names of those to contact.

Residential demonstration grants

The Department of Housing and Urban Development (HUD), in conjunction with DOE, is offering a series of grants for the demonstration of solar heating and/or cooling projects in residential units. Proposals are solicited from builders and developers wishing to install units in new or existing buildings. Grants are not available to individual homeowners.

To be eligible, solar systems must comply with the HUD Intermediate Minimum Property Standards (available from the National Solar Heating & Cooling Information Center (NSHCIC); see information section below). A grant pays the difference in cost between a residential unit with a solar system and an equivalent residential unit with only a conventional energy system.

The demonstration program has been divided into five cycles, with applications being solicited every 9 to 12 months. Third cycle grants, which were announced in August, totaled over $6 million for 3,468 units. Of the approximately 700 applications received, 169 were approved for grants.

The fourth cycle of the program has been extended and grant applications are being accepted until August 1. Grants will be made only for residential units representative of the major portion of the residential market and will be limited to $250,000 for any one project which may have multiple units. About $8 million has been earmarked for the fourth cycle.

Fifth cycle solicitations will not be issued until the summer. Requests for grant applications should be directed to: RFGA/Inte-

grated Projects, Solar Demonstration Program, Room 8158, Department of Housing and Urban Development, Washington, D.C. 20410.

HUD contact: Joe Sherman, 755–6443.

Additional information on the HUD demonstration program may be obtained by calling NSHCIC (see Information Section).

Passive solar grants

Soon to be announced is a special HUD grant program and design competition for passive solar systems. Awards will be made for designs of private homes that are applicable to mass construction. Some construction will also be financed. One of the most important goals for this program will be to bridge the gap between builders and architects, a major impediment for widespread use of passive systems.

HUD contact: Bill Freeborn, 755–6970.

Community block grant programs

HUD administers a community block grant program which is available for a wide range of projects aimed at conservation and building rehabilitation in urban centers. If desired, a community could use some of this grant money for funding solar systems.

HUD contact: Dan Patch, 755–6304.

Non-residential demonstration grants

DOE has closed applications for its third round of cost-sharing grants for solar heating and cooling systems in new or existing commercial buildings. The ceiling was $600,000 for any one project. However, the fourth round will be announced in October, with more emphasis expected to be placed on cooling systems.

Requests for applications should be addressed to: Department of Energy, Procurement Operations Office, 400 First St., N.W., Washington, D.C. 20545.

DOE contact: Ron Scott, 376–9610.

Small-scale technology grants

A special $500,000 program for small-scale energy projects is being funded through the DOE Conservation and Solar Applications Office. The emphasis of the program is on projects not suitable for conventional demonstration programs. One pilot project was funded last year in California and another is scheduled for New England in June.

DOE contact: Maxine Savits, 376–4646.

Hot water initiative

HUD and DOE have also run a "hot water initiative" aimed at stimulating the use of solar hot water units in residential and commercial buildings. Block grants were allocated to ten states where homeowners paid high electric heating bills in 1976, allowing rebates of up to $400 toward the cost of a residential unit.

Originally scheduled to have ended August 31, 1977, the program has been extended in Pennsylvania and Connecticut, where allocated funds have yet to be depleted.

The program is administered through state agencies. For the name and phone number of the agency in your state, call NSHCIC, 800–523–2929.

Home improvement loans

Homeowners may qualify for government-guaranteed loans to install solar heating, cooling and hot water units under the Federal Housing Administration's Insured Home Improvement Loan Program. A maximum of $15,000 is available for up to 15 years, at a 12 percent interest rate. A similar provision is proposed in the national energy act (see NEA section).

To qualify, an individual must own or have a long-term lease on the property, have a satisfactory credit rating and be able to pay back the loan over its term. Before approving a loan, FHA must be satisfied that the solar system to be installed has proven to be reliable. Field offices have been issued guidelines for evaluating the acceptability of a proposed system.

FHA's willingness to guarantee loans for solar equipment may vary regionally. Applicants should contact the local HUD/FHA offices or any FHA-approved lender.

FHA contact: Stanley Pohutsky, 755–6223.

Loans to veterans

The Veterans Administration will consider solar energy systems under VA home acquisition and home-improvement loan guarantee programs at interest rates of 8½ percent for up to 30 years. Solar equipment must meet HUD–FHA standards. Eligible veterans and active-duty personnel should apply for VA loans through regular lending institutions. VA must appraise the property and assess the credit worthiness of the veteran.

VA contact: George Wilkes, 389–2249.

Rural and farm assistance

The Farmer's Home Administration (FmHA) operates several loan and grant programs to aid farmers and residents of rural areas unable to obtain financial assistance through other means. Though none of the FmHA programs are directed specifically at solar development, proposals will be considered under any of the agency's programs which offer credit for home improvement and acquisition of farm equipment. Systems must meet HUD minimum property standards and be cost effective.

FmHA is also developing a grant program in conjunction with local community action projects to fund solar greenhouses.

Applicants should contact the architect in their state FmHA office or the county supervisor for their area.

FmHA contact: George Schladt, 447-3394.

Severe unemployment area assistance

In its report, "Application of Solar Technology to Today's Energy Needs," the Office of Technology Assessment states that the Economic Development Administration is authorized to make grants to communities with severe unemployment problems which might be used for solar projects.

The objective of the grant program, authorized by both the Public Works and Economic Development Act of 1965 and the Public Works and Capital Development and Investment Act, is to stimulate employment. Solar energy is seen to be a labor-intensive industry requiring skills in job areas currently suffering from unemployment.

EDA contact: Charles Coss, 377-5265.

Low-income community grants

Community Action Projects across the country funded through the Community Services Administration are engaged in building, designing, and installing solar energy systems for low-income homes. Greenhouses, supplementary heat for the elderly, and low-cost hot water systems are some of the projects under way.

Grants of $25,000 per project are available.

CSA contact: Dick Sohl, 632–6503.

Small business loans

Individuals interested in starting or expanding small solar operations may be eligible for loans guaranteed by the Small Business Administration. While SBA has no programs aimed specifically at developing solar businesses, applicants will be considered under regular loan programs. SBA will guarantee up to 90 percent of a loan, at a maximum interest rate of 9½ percent.

Interested persons should first contact a bank or lending institution. If they are unfamiliar with the SBA programs, the nearest SBA field office should be contacted.

A measure (HR 11713) pending on the House floor at press time would set up a separate SBA program to provide loan guarantees and direct loans to small solar and energy conservation businesses. A similar bill (S 2733) is moving through the Senate Small Business Committee.

SBA contact: Mark Johnson, 653–6545.

Technology transfer

A variety of services is offered by the Technology Transfer Program of DOE's Solar Division. The program attempts to boost the commercialization of "early impact technologies" by promoting information exchange between groups involved in the development of solar.

Technical training programs form a major part of the office's activities and include classroom and in-home courses. Emphasis is placed on "add-on" training, offering education in solar technologies to workers already skilled in relevant trades. Also available are materials for use in primary and secondary schools and exhibits and displays designed to stimulate public interest in solar energy.

Persons interested in any of these programs should contact the Washington office, which may then refer them to one of five regional offices. The address is: Solar Technology Transfer Branch, Division of Solar Energy, Department of Energy, 600 E St., N.W., Washington, D.C. 20545.

DOE contact: Lawnie Taylor, 376–9146.

Technical guide

The Economic Development Administration of the Commerce Department, together with the Colorado State University, has prepared a two-volume manual which can serve as the basis for a technical training course or as a reference guide for solar technicians. Designed for use by architects, builders, contractors and design engineers, the volumes are the result of an EDA-assisted training program developed and field tested at Colorado State.

Entitled "Solar Heating and Cooling of Residential Buildings," volume one is "Design of Systems" and volume two is "Sizing, Installation and Operation of Systems." They can be obtained from the General Printing Office (see information section).

EDA contact: Glenn Fatzinger, 377–4637.

Project proposals and inventions

DOE has funding available for solicited and unsolicited proposals. Any unsolicited project will be reviewed, provided they do not fall within the scope of planned competitive solicitations.

When DOE wishes to fund a specific project, a Request for Proposal is issued. All RFP's are listed in *Commerce Business Daily*, which is available by subscription from the General Printing Office ($75 annually, see address in information section) and is kept on hand by many public libraries. Anyone wishing to find out if an RFP in a particular area has been released may contact DOE at the address below.

Persons wishing to submit unsolicited proposals are encouraged to contact the division beforehand for any advice they may be able to offer. These projects are sent by DOE to the National Bureau of Standards' Office of Energy-Related Inventions for Evaluation. Reportedly, the review process can often be very lengthy.

All inquiries should be addressed to: Dr. Henry Marvin, Division of Solar Energy, Department of Energy, 600 E Street, N.W., Washington, D.C. 20545, and to Ron Scott, Office of Solar Applications, DOE, 20 Massachusetts Ave., N.W., Washington, D.C. 20545.

NATIONAL ENERGY ACT

Several provisions of the national energy act, now awaiting final legislative action and Presidential approval, are intended to promote the commercialization of solar energy systems. They include tax credits for homeowners and businesses, residential loans, grant programs and a big federal buy for photovoltaics.

Low-interest loans could be made by banks and other lenders at interest rates ranging from 7 to 12 percent for periods of up to 15 years. Individual homeowners would be eligible for loans of up to $8,000 for a solar system.

Another provision of importance for homebuyers would increase by 20 percent the limits on federal mortgage insurance for houses where solar equipment is installed. An individual interested in buying a solar home with an FHA low-interest mortgage (now set at 8.5 percent) could thus exceed the current FHA mortgage limit of $60,000 to buy a home valued at up to $72,000.

Conferees also expanded the energy conservation improvements eligible for federal home improvement loan insurance to include not only "active" but also "passive" solar energy modifications, such as installing windows with a sunny exposure.

A solar income tax credit for homeowners would be 30 percent of the first $2,000 and 20 percent of the next $8,000, for a maximum of $2,200. Equipment qualifying for the credit includes heating, cooling and hot water units, as well as wind systems providing any form of energy. Similar credits were approved for conservation measures that are highly recommended for achieving maximum efficiency in a solar system's operation.

Another provision would make industries and businesses eligible for an additional 10 percent credit above the regular 10 percent investment credit for installing solar and wind devices to provide heating, cooling and electricity and biomass conversion systems.

A three-year, $98 million federal purchase of photovoltaics is included as an incentive to spur mass production of these solar electric cells in an effort to drive down prices. The cells would be used at remote federal installations.

The federal government also is directed to retrofit federal office space with energy conservation materials and solar energy systems where feasible. In addition, solar energy systems are to be considered in the construction of new federal facilities.

It should be noted that these incentives and programs have not yet been enacted and are still subject to modification.

STATE AND LOCAL INVOLVEMENT

State programs

More than half the states have enacted legislation aimed at promoting solar development. In addition to various financial incentive programs designed to encourage purchase and installation of home solar units, state actions have included the financing of research and development, modification of state building codes to ease the introduction of solar devices, establishment of informational and promotional activities, promulgation of solar energy product standards and the legal recognition of "sun rights."

The number of state solar bills adopted doubled from 1975 to 1976, and then again in 1977. Several types of financial incentives have been implemented: property tax credits, which allow an owner to deduct part or all of the cost of a solar unit from a property tax payment; property tax deductions, which allow the exemption from increased property assessment of all or part of a solar unit's value; income tax credits, which operate similarly to property tax credits; direct loans for the purchase of solar equipment, some at low interest and/or with extended payback periods; and exemption of solar energy vendors from sales tax on their receipts.

NSHCIC keeps an up-to-date run-down of state solar developments and can direct interested parties to the proper state offices. The National Conference of State Legislatures also monitors state actions and reports on them in its "Energy Report to the States."

NCSL contract: Bill Mitchell, 303–623–66000. DOE contact: Lynda Connor, State Programs, 566–6192.

Incentive information for local governments

Officials in local governments interested in methods of encouraging solar commercialization will find helpful an information packet prepared by the National Association of Counties. The packet offers advice on local demonstration projects, consumer protection for solar users, utility rate restructuring and direct and indirect financial incentives. It is available free by writing the NACO Energy Project, 1735 New York Ave., NW, Washington, D.C. 20006.

INFORMATION SERVICES

A number of government agencies, trade associations and nonprofit organizations provide a full range of information on solar energy, from general background for the uninitiated to detailed professional advice for the solar technician.

The National Solar Heating and Cooling Information Center (NSHCIC) was established by the federal government to serve as the primary source of solar information for the public. By calling the center's toll-free number, individuals can request basic information in layman's terms, the names of architects and builders in their areas specializing in solar design, detailed technical findings, listings of books and periodicals on specific subjects and the latest information on available government services.

ESC has found NSHCIC to be the quickest and most broad-based information resource available.

Also, NSHCIC can help arrange for exhibits and speakers for community groups, professional conferences and trade shows. In most cases, the center can answer questions immediately, forward information directly in a few days or refer inquiries to the proper sources. NSHCIC can be reached by writing: Solar Heating, P.O. Box 1607, Rockville, Maryland 20850. Their toll-free number is 800–523–2929, in Pennsylvania 800–462–4983.

Similar services are provided by the nonprofit Solar Energy Institute of America (SEINAM), which offers information through exhibits, seminars, publications and a public information telephone line. The institute maintains regional listings of architects and builders and a nationwide speakers' bureau. Although SEINAM is a membership organization (membership entities one to a solar energy products catalog and a monthly newsletter), inquiries from anyone are welcome.

SEINAM will also check out consumer complaints about faulty products, installations or service. The institute can be reached at: SEINAM, 1110 Sixth St., NW, Washington, D.C. 20001, 202–667–6611.

The Solar Energy Research Institute is the nation's first solar laboratory, created by Congress to promote the use of solar energy and support DOE's solar energy program. SERI, as it is called, is located in Golden, Colo., and employs the largest and most impressive group of solar experts in the country. Among its many responsibilities, SERI is charged with analyzing and distributing technical information, conducting educational programs, providing technical assistance and supporting international cooperative programs.

For further information on SERI and its public information services, call Hank Raze, 303–234–7171.

Solar Action, a Washington-based citizen's group, has recently been organized to coordinate planning for Sun Day, a national day of solar celebration scheduled for May 3, modeled after the successful Earth Day of 1970. In addition to providing fact sheets and bibliographies in a variety of solar areas, Solar Action would be helpful to community groups wishing to sponsor activities promoting solar energy. Contact: Richard Munson, Sun Day, Suite 1100, 1028 Connecticut Ave., NW., Washington, D.C. 20036, 202–466–6880.

The federal government's Government Printing Office (GPO) has several solar-related publications available to the public. A free pamphlet, "Solar Energy, Subject Bibliography No. 9," lists those materials available through GPO. Inquiries should be directed to: Superintendent of Documents, United States Government Printing Office, Washington, D.C. 20402, 202–783–3238.

The Solar Energy Industries Association (SEIA), a trade group organized to promote the interests of the solar industry, provides a number of services for its members. Of interest to the public may be SEIA's Solar Industry Index, which contains a nationwide listing of solar product suppliers and manufacturers as well as general information on solar home units. To order the index or for membership information, contact: Cedric Grgurich, SEIA, 1001 Connecticut Ave., NW., Washington, D.C. 20036, 202–293–2981.

Persons interested in designing their own solar installations can get assistance from the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) or the National Association of Home Builders (NAHB). Professional engineers and architects and individuals in the building industry interested in expanding into the solar market can also contact these groups, which may offer direct advice or refer to individuals in their region.

They can be reached at: ASHRAE, Director of Research and Technical Services, 345 East 47 St., New York, New York 10017, 212–644–7953; NAHB Research Foundation, P.O. Box 1627, Rockville, Maryland 20850, 301–762–4200.

DOE maintains a Technical Information Center (TIC) for the dissemination of scientific and technical data compiled from all the research conducted by DOE and its contractors. This information is of great use to planners and builders of solar installations, but is generally too detailed for the average homeowner. TIC operates an extensive computerized data base and offers microfiche service. The center can be reached at: DOE Technical Information Center, P.O. Box 62, Oak Ridge, Tennessee 37830, 615–483–8611.

Similar information is available from the Commerce Department's National Technical Information Service (NTIS), which includes solar data within its wide range of detailed materials. NTIS offers a free General Information Catalog which can be obtained from NTIS, 5285 Port Royal Road, Springfield, Virginia 22161, 703–557–4600.

HUD Solar Status is a monthly report distributed by the NSHCIC providing useful information on federal and state solar programs. To be placed on the mailing list write: National Solar Heating and Cooling Information Center, Status Mail, Box 1607, Rockville, Maryland 20850.

Solar Energy Research and Development Report is a monthly publication on developments within DOE's solar division. It highlights individuals, conferences and funding opportunities in the field of solar energy.

To get on the mailing list, send your request to: Technology Transfer Branch, Office of Conservation and Solar Applications, Department of Energy, Washington, D.C. 20545.

Listed below are additional individuals and organizations which can help provide more information on solar energy.

Travis Price, American Institute of Architects, 1735 New York Ave., NW, Washington, D.C. 20006, 202–785–7300.

Susannah Lawrence, Consumer Action Now, 317 Pennsylvania Ave., SE, Washington, D.C. 20003, 202–547–1100.

Jeff Knight, Friends of the Earth, 620 C St., SE, Washington, D.C. 20003, 202–543–4312.

Steve Baer, Zomeworks, P.O. Box 712, Albuquerque, New Mexico 87103, 505–242–3552.

Environmental Action Reprint Service, 2239 East Colfax, Denver, Colorado 80206, 303–321–1645.

Blair Hamilton, National Center for Appropriate Technology, Box 3838, Butte, Montana, 406–723–5474.

Ken Bossong, Citizen's Energy Project, 1413 K St., NW, Washington, D.C. 20005.

Keith Haggard, New Mexico Solar Energy Association, Box 2770, Santa Fe, N.M. 87501.

Rick Katzenberg, American Wind Energy Association, 54468 CR 31, Bristol, Indiana 46507.

Shirley Kenworthy, Critical Mass, P.O. Box 1538, Washington, D.C. 20540, 202–546–4790.

Denis Hayes, Worldwatch Institute, 1776 Massachusetts Ave., NW, Washington, D.C. 20036, 202–452–1999.

Total Environmental Action, 1 Church Hill, Harrisville, New Hampshire 03450, 603–827–3374.

If you find that your program or organization is not listed in this fact sheet, or if you know about other solar programs or information resources, please let us know by writing: Mike McCabe, Environmental Study Conference, U.S. Congress, 3334 House Annex 2, Washington, D.C. 20515.●

DR. KISSINGER ON U.S. AFRICAN POLICY

● Mr. JAVITS. Mr. President, on April 19, 1978, Dr. Kissinger, our Nation's former Secretary of State spoke to the International Radio and Television Society in New York. Dr. Kissinger has very kindly provided me with excerpts from his remarks on that occasion. In those excerpts, Dr. Kissinger presents a poignant and valuable analysis of Soviet policy in Africa and its implications for U.S. policy. I believe that Dr. Kissinger's views will be of interest and of value to all Members of the Senate. Accordingly, I submit his views for the RECORD.

The material follows:

EXCERPTS FROM INFORMAL REMARKS DELIVERED TO THE INTERNATIONAL RADIO AND TELEVISION SOCIETY, NEW YORK, WEDNESDAY, APRIL 19, 1978

I would like to apply these considerations to one area which probably will not loom as large in the question period as I suspect the Middle East will, namely the problem of Africa.

In 1975 the Soviet Union for the first time introduced enormous quantities of military equipment and later Cuban expeditionary forces in an area about as far away from the Soviet Union as it is possible to be, in Angola. At that time we had no particular preference between the various factions that were fighting for control of the government of Angola. But we did believe that the introduction of proxy troops and of a billion dollars worth of military equipment, more than all the rest of the world was giving to all the rest of Africa put together, would create a problem that would make future solutions that much more difficult. We were prevented from doing what was necessary, which did not involve any American forces, by the Congress at the time.

In recent months, we have seen once again in Ethiopia another billion dollars worth of Soviet equipment and another twenty thousand Cuban troops, again in areas of no conceivable historic interest for either of those countries, and now we are dealing no longer with a local Africa situation but with a geopolitical challenge.

The move into Ethiopia cannot be analyzed in terms of the quarrels between Somalia and Ethiopia. Nor is the issue primarily who crossed the border first. The first thing to notice is that Soviet equipment went first to Somalia, a country that had put forward claims on the territory of all its neighboring states; Soviet equipment was thus guaranteed to be used in an expansionist way. And then when that equipment was used for the precise purpose that Somalia had always asked for it, the Soviet Union switched sides and became the defender of the territorial integrity which its own equipment had threatened to begin with. And seventeen thousand Cuban troops and a billion dollars worth of Soviet equipment went into Ethiopia.

It is too cynical to be asked to accept the proposition that what is involved here is the unselfish Soviet desire to respond to the appeal of a sovereign country. The Soviet purpose is geopolitical: to outflank the Middle East, to demonstrate that the US cannot protect its friends, to raise doubts in Saudi Arabia right across the Red Sea, in Egypt, in the Sudan, and in Iran. And now we hear that once again we may be facing the threat of Cuban and Soviet intervention in Southern Africa.

I would like to stress that there seem to me at least four principles to keep in mind. The first is, I hope that our Secretary of State will be successful in the negotiations he is now undertaking with the Soviet Union on the limitation of strategic arms. I believe that the control of nuclear weapons is one of the preeminent problems of our period and I agree that it should not be lightly linked with other issues.

But I also think that it is important that the Soviet Union understand that another move of the kind we have seen in Angola and Ethiopia will raise the presumption that we are facing a global geopolitical challenge incompatible with any definition of detente. And under those circumstances I do not see how any agreement could possibly be ratified and how detente could possibly survive. And I hope that that will be made clear to the Soviet Union.

The second is, it is time that one overcomes the ridiculous myth of the invincible Cubans. Who has ever heard of Cubans conducting a global foreign policy? We cannot conduct our foreign policy under the threat of the possible intervention of Cuban troops. It is a sign of the decline of our world position that we have inflicted on ourselves through Vietnam, the collapse of executive authority produced by Watergate, and our own internal disputes. Twenty years ago this would have been considered so absurd a proposition that nobody could have made it seriously and it is a proposition that is bound to undermine our position around the world.

Third, let us justify our foreign policy by arguments other than the fear of Cuban military intervention. We must make clear to other countries that we will not be blackmailed by Cuban troops or Soviet arms. Whatever arguments can be advanced for conducting our foreign policy we will not accept the proposition that if we do not accede to the arguments of individual countries they will then call in the Cubans, or the Soviets will then send arms.

And fourthly, of course we have an obligation to try to remove the legitimate causes of unrest and instability in Africa.

Negotiations to this effect are now going on and it would be inappropriate for me to go into them in detail. Of course the US must stand for majority rule. This we did when I was in office and I support the efforts of the present Administration in this direction. But majority rule must be given a concrete content. What exactly is the basis for our opposition to the so-called internal solution in Rhodesia? I favor the attempt to enable all leaders and factions to participate in the proposed elections. At the same time let us take care not to turn majority rule into a device by which those who could not win an election try to force their way into office by the threat of force. And majority rule must not become the slogan of those who have already rejected a multiparty system and already announced that what they want to do is create a one-party state. And majority rule must include protection for minority rights. If the black and white communities cannot live together under the rule of law we will see a race war of tremendous proportions develop. We cannot want to encourage this.

The problems that this Administration or any Administration faces in dealing with these issues is enormous. The issues cannot be partisan. When the President travels and the Secretary of State negotiates, he has to speak for all Americans. But their perception at a time when these problems are still subject to creative shaping is of crucial importance. It is in this spirit that I offer these extemporaneous remarks.●

THE TRAGEDY OF CAMBODIA

● Mr. EAGLETON. Mr. President, last week President Carter spoke out to condemn Cambodia as the "worst violator of human rights in the world today." We do not have the means to verify beyond doubt the reports that come out of Cambodia, so we do not have a precise measure of the atrocities that are occurring in that country under the regime of Pol Pot. We do have chilling details supplied by Cambodian refugees of the tactics of terror used by the Communist regime, and estimates of death ranging up to 2,000,000 in the 3-year period since the regime took over.

Cambodia has virtually closed itself off from the outside world, and thus it is not likely than an impartial investigative body will get inside to assess the extent of the human rights violations. However, this does not mean that men and women of strong moral conviction should remain silent. Since we have no ties with Cambodia at this time, we have no diplomatic channel through which to apply leverage. We do, however, have an obligation to speak up in the strongest terms possible to let Pol Pot and his barbaric regime know that we deplore and denounce their systematic disregard for even the most basic human rights.

Mr. President, I ask that the following articles be printed in the RECORD:

First. "President Charges Cambodia Regime Worst on Rights," Washington Post, April 22, 1978.

Second. "Cambodia's New Tragedy," Washington Post, April 24, 1978.

The material follows:

CAMBODIA'S NEW TRAGEDY

Perhaps half a million Cambodians died during the Indochina war, many from American bombs and in battles in which the United States played a part. So Americans cannot be too self-righteous in respect to reports of "holocaust" and "genocide" coming out of Cambodia now. But neither should Americans be inhibited in their protests by some sense of guilt for this country's earlier contributions to Cambodia's travail. Quite the contrary. If the United States showed too little concern for Cambodia in an earlier period, then Americans should be all the readier to speak out now, for whatever it may be worth. Something terrible, if hard to see and measure, is happening to a great many Cambodian people, and outsiders with any protection to moral worth are duty bound to speak out.

The facts are few but the outline of Cambodia's new tragedy seems to be clear enough. The communist regime that took over three years ago first drove the several million city dwellers like cattle to the countryside, a transfer it justified by the food crisis existing at the time. The regime then enforced upon the population a political discipline resulting in physical extermination on a scale evidently proportionate to

that practiced by Stalin and Hitler. There are questions about the dimensions of the tragedy and the quality of the evidence describing it, but there can be no doubt that to wait for a precise, verifiable accounting before uttering a protest is unthinkable. By any standards the civilized nations of the world might apply, the new rulers of Cambodia are barbarians.

One of the problems, of course, is that the Cambodian communist leadership has cut virtually all its ties with the outside world, even with its communist neighbors, with one of which—Vietnam—it is currently waging a war. Thus it is immune to most of the usual pressures that the body of nations has available to apply against renegade states. That does not, however, absolve the international community from taking a public stand against the repression that has been going on in Cambodia It must be confronted, discussed and investigated insofar as that is possible—and condemned, again and again.

PRESIDENT CHARGES CAMBODIA REGIME WORST ON RIGHTS

President Carter yesterday condemned Cambodia as "the worst violator of human rights in the world today," saying the government denies its people basic rights and dignities.

In a strongly worded statement issued by the White House, Carter said thousands of refugees have accused the regime of wrongdoing.

"America cannot avoid the responsibility to speak out in condemnation of the Cambodian government, the worst violator of human rights in the world today," he said.

Carter said the refugees have "recounted abuses that include mass killings, inhuman treatment of the supporters of the previous government . . . the total suppression of recognized political and religious freedoms, as well as deprivation of food and health care."

The president, who has not pointed his finger directly at nations accused of human rights violations since the early days of his administration, called on the countries of the world to protest.

"It is an obligation of every member of the international community to protest the policies of this or any nation which cruelly and systematically violates the right of its people to enjoy life and basic human dignities," he said.

Jerrold Schecter, a spokesman for the National Security Council, said the statement was issued "because we wish to focus world opinion on this."

"It is something we wanted to reiterate," he said.

In Oslo, Norway, hearings began yesterday by a private group that is examining the Cambodian situation.

Carter said in his statement his administration supports "the growing international protest against the policies of this inhumane regime."

He said he welcomed the efforts of Amnesty International, a London-based group that won the Nobel Peace Prize for efforts to protect human rights, to press the Cambodian government into offering an accounting of the charges.

Earlier this month, the Canadian House of Commons adopted a unanimous motion of protest against the Southeast Asian regime.●

ADDRESS BY MAJ. GEN. MILNOR ROBERTS, EXECUTIVE DIRECTOR OF RESERVE OFFICERS ASSOCIATION

Mr. THURMOND. Mr. President, an outstanding address, entitled "National Defense: While There Is Yet Time," was presented April 15, 1978 by Maj. Gen. Milnor Roberts, executive director of the Reserve Officers Association, at the South Carolina Department Convention.

General Roberts' remarks presented in an understandable manner the risky state of U.S. defenses today, how and why we find ourselves at this point, and what to do about it.

Mr. President, I ask unanimous consent that this address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

NATIONAL DEFENSE: "WHILE THERE IS YET TIME . . ."

Suddenly and without warning, hundreds of Soviet-bloc divisions spearheaded by 15,000 assault tanks and amphibious armor, spin from Warsaw Pact maneuvers and lunge westward. Their target: the English Channel.

Swarms of Soviet warplanes, armed with missiles, bombs and cannisters of death-dealing chemicals, strike NATO bases and stockpiles of U.S. tactical nuclear weapons.

Outnumbered and outgunned allied forces retreat before the massive Communist blitzkrieg. At sea, Soviet submarines, prepositioned hours before, intercept and attack U.S. convoys attempting to rush reinforcements. Behind the lines, Communist saboteurs emerge in Western Europe's cities and industrial centers, creating widespread havoc.

With Western Europe about to be overrun, the President of the United States is faced with a life-or-death decision: To accept the Soviet conquest of all Europe or to unleash America's nuclear counterforce, thereby risking a world-wide holocaust.

This "worst-case" scenario may never happen. But the possibility that it could occur gives allied leaders nightmares.

"Today," says General Alexander M. Haig, Jr., Supreme Allied Commander Europe, "the greatest single threat to stability and peace continues to reside—as it has for 29 years—in the immediate presence of massive Soviet military power . . . the greatest peacetime aggregation of military power the world has ever seen."

In attempts to reduce this massive threat to world peace, successive U.S. Presidents over the postwar years have initiated talks aimed at controlling arms and reducing nuclear weapons stockpiles.

In contrast to U.S. good faith, Soviet leaders have used the arms talks to camouflage Russia's continuing all-out military buildup while seeking to stall ours.

Rather than acting fully to meet the growing Soviet danger, U.S. Administrations have adopted the more politically expedient course of reassuring the nation—and themselves—that overall U.S. military strength remains at least equal to that of Russia.

President Kennedy, in his 1963 State of the Union address, said: "The cost of freedom is always high, but Americans have always paid it . . ."

In January, 1978, President Carter told the NATO Council in Brussels that "our defense must always be strong enough to deter any thoughts of aggression. . . . We must be prepared for combat we always hope to avoid."

Words, however brave and reassuring, are not enough. Soviet leaders are fully aware of our actual military strength and weaknesses. They are quite capable of calculating the risks of further aggression and their chances of exacting more tribute with nuclear blackmail.

What Americans desperately need are not simple reassurances from Washington, but the hard facts—however shocking—on the true state of our defenses.

In the 1962 Cuban missile crisis, U.S. military power was such that Nikita Krushchev was forced to back down and pull his missiles out of Cuba. From that point on, the Soviets embarked on an all-out drive to wrest strategic superiority from the U.S.

In the 1973 Arab-Israeli war, Russia's power was such that the threat of Soviet intervention forced America's ally, Israel, to halt its drive against Egypt. And had there been a U.S.-Soviet confrontation in the eastern Mediterranean, Admiral Elmo Zumwalt, then U.S. Chief of Naval Operations, says "we would have lost."

In March, 1978, Russia's deputy defense minister, Nickolai Vasilyavich Ogarkov, told visiting U.S. Congressman John Breckenridge: "You once had military superiority and felt secure. You no longer have that superiority and you will never have it again. And now you will know what it means to feel threatened."

Teddy Roosevelt is remembered for his policy of keeping the peace: "Talk softly and carry a big stick." In a speech at Wake Forest University, President Carter warned the Soviets to restrain their massive arms buildup and quit their military meddling in Africa and elsewhere, or, the President said, we would have to increase our defenses. But some critics contend that the President, while talking tough, is carrying only a relatively small stick.

The Soviets appeared singularly unimpressed by Mr. Carter's words. They quickly responded with some blunt talk of their own, accusing the President of "gross blackmail . . . impermissible in international relations" and warning of a "sharp increase in the danger of a nuclear missile catastrophe."

In so many words, the Kremlin demanded that the U.S. quit bluffing and accept without further delay Soviet terms for a new strategic arms limitation treaty—a treaty that would assure Russia's superiority over the U.S. for the foreseeable future. And the Soviets gave the brush-off to President Carter's admonition against Russia's "excessive" arms buildup and intervention in local conflicts.

Instead, the Soviets are speeding development of eight new missile systems, some powerful and accurate enough to destroy our aging ICBM's in a surprise first-strike before they could retaliate. They also are building a nuclear super-submarine comparable to our yet-to-be completed Trident, and are testing a wide range of exotic new space weapons including a "killer satellite" capable of shooting down our vital reconnaissance and communications satellites.

What seems clear is that the U.S. has waited about a dozen years too long before attempting to overcome the Soviet drive for world supremacy. The plain fact is that in raw military power, the U.S.S.R. already has surpassed the U.S. in most major areas. And knowing this to be so, the Soviet leaders feel they are now in a position to call the tune.

The latest statistics spell out clearly just how the U.S., mesmerized by detente, has fallen behind.

Since 1964, Russia has increased its strategic nuclear capabilities by roughly 500 percent. It now has just under 4,000 strategic offensive weapons—missiles and bombers—compared to our 2,125. That's a Soviet advantage of nearly 2 to 1. According to Dr. Eugene Wigner, Princeton University's Nobel award winning physicist, the Soviet lead in total explosive power is 6 to 1 over the U.S.

The new Soviet navy is now the world's largest. In surface ships and submarines, it outnumbers the U.S. Navy by 1,400 to 453. And our once proud Navy may soon be reduced to the status of a convoy escorting force.

In strategic defensive weapons—surface-to-air missiles and jet fighters—the Soviets

boast an overwhelming advantage—14,664 to only 324 for the U.S. It has 2,600 interceptor planes to just 324 for the U.S. It also possesses 12,000 SAM's (surface-to-air missiles) to our none, and 64 ABM's (anti-ballistic missiles) to our none.

In ground forces, the Soviets have expanded from 140 divisions in 1964 to more than 170 divisions today. One half of this huge force is positioned for war in Europe. In military manpower, the U.S.S.R. leads the U.S. by 4.8 million to 2.1 million. All major combat units in the Red army are trained and equipped for chemical (i.e. poison gas) warfare. Our armed forces have virtually no CW capabilities or defenses.

In conventional weapons, the disparity is even more alarming: 50,000 Soviet tanks to 10,000 for the U.S.; 55,000 Soviet armored vehicles to our 22,000; 20,000 Soviet artillery pieces to our 5,000 and 7,000 heavy mortars to our 3,000.

In virtually every major arms component except helicopters, the U.S.S.R. possesses overwhelming superiority over the U.S., in numbers, firepower and, to a growing degree, technical quality.

Soviet military spending, in real terms, now exceeds that of the U.S. by some 50 percent—by 75 percent in military hardware alone. All told, close to 20 percent of Russia's GNP (gross national product) goes into arms, compared to less than 6 percent in the U.S.

Clearly, it will take more than tough words to reverse America's decline toward second-rate status. And unless and until the U.S. rebuilds its defenses, we can expect more Soviet demands and blackmail—or worse.

At the conference table, the Soviets already are dictating the terms.

President Carter says he'll never sign an agreement that makes the U.S. weaker than Russia. But the strategic arms limitation treaty as drafted in Geneva appears to do just that.

An examination of major provisions of SALT–2, as the treaty is called, indicates that Soviet advantages from the 1972 SALT–1 accord will be enlarged and extended for at least another three to eight years.

According to the newly-organized "Coalition for Peace Through Strength," sponsored by the American Security Council, SALT–2 "will legalize and perpetuate Soviet strategic military superiority." It says the claim that SALT–2 provides for parity because both sides are limited to 2,400 strategic weapons is "an incredible misrepresentation."

To support its charge, the Coalition cites several specific weaknesses and loopholes in SALT–2. Soviet bombers which can hit the U.S. are not counted in the 2,400 strategic weapon ceiling while all U.S. long-range bombers are counted.

Soviet ICBM's on average carry six times more explosive power than U.S. ICBM's. Yet, SALT–2 will not permit the U.S. to build "heavy" missiles as the U.S.S.R. has done.

Ground and sea-launched "cruise missiles" of over 600-kilometer range are prohibited by SALT–2. This means the Soviets could strike 50 percent of the U.S. population with submarine-launched cruise missiles while the U.S. could reach less than 10 percent of the more widely dispersed Soviet population.

SALT–2 will restrict or prohibit the development of new strategic missile systems. But this will only prevent the U.S. from matching the eight new Soviet ICBM's which are in testing or production, compared to none for the U.S.

SALT–2 carries no provisions for on-site inspection. Thus, the Soviets can cheat on SALT–2 as they have on SALT–1. For example, the SALT-treaties expressly prohibit any testing aimed at upgrading an anti-aircraft missile system into an anti-ballistic missile, or ABM, system. Yet, on at least five occasions, the Russians have fired SAM–5 anti-aircraft missiles to test their capability as ABM's.

As another example, in SALT–1 the U.S. said it would regard the deployment of mobile ICBM's as "inconsistent with objectives of the agreement." But U.S. intelligence has revealed that the Soviets are now busy deploying a mobile intermediate-range ballistic missile, the SS–20, which can easily be converted into a 6,000-mile range weapon capable of hitting all U.S. targets.

Despite President Carter's unilateral scrapping of the B–1 bomber which was to have replaced our aging and vulnerable B–52, the Soviet Union has refused to limit production of its supersonic "Backfire" bomber or to include it in SALT's limitation of strategic weapons.

What this means is that Soviet leaders see the SALT agreements in quite a different light than do U.S. leaders. While the U.S. has frozen its strategic missile strength at 1967 levels and cut back on its Air Force, Navy and other conventional forces, the Soviets have continued the greatest arms buildup in history behind the mask of detente and SALT.

Rather than rushing into another self-defeating SALT deal, the Administration would do well to look first to its defenses. Negotiating with the Soviets from a position of relative U.S. weakness can only increase the danger to our national security.

A decade ago, there was no question that the United States possessed military superiority over the Soviet Union. Today, there can be little doubt that the tables are turned and Russia is No. 1 in overall military power.

The reason for this dramatic and alarming turn-about is clear: Successive U.S. Administrations have been hoodwinked into cutting back on our defenses in the hope the Soviet Union would settle for parity or what the arms controllers now call "essential equivalence."

Unfortunately, it hasn't worked out that way. Instead of being satisfied with merely catching up, the Soviets have continued their massive arms buildup faster than ever. And instead of settling for the U.S. policy of "mutual assured destruction," or MAD, Soviet strategists have adopted a war-winning philosophy.

Of course, the Kremlin has been careful to cloak its aggressive designs in words of peace. Americans, yearning for peace after the Vietnam debacle, have eagerly embraced such illusions as "detente," and entered enthusiastically into Strategic Arms Limitation Talks with the Soviets.

Since the SALT talks began in 1970, Soviet military spending has shot up by more than 50 percent. The Soviets are now outspending the U.S. in total military capability by $50 billion or more a year. Since 1958, the U.S.S.R. has doubled the military share of its GNP, or gross national product, to nearly 20 percent. By contrast, in the past 24 years the U.S. military's share has been slashed from 12 to 5.2 percent of the GNP. And it's still headed down.

In strategic or nuclear weapons, we're way behind Russia in both numbers and megatonnage, and the Soviets are still outspending us by 3 to 1.

The U.S. Navy has been cut in half in the past ten years, and the Administration's 1979 budget scraps several new shipbuilding programs. It's no exaggeration to say that the Red navy, whose ships outnumber those of the U.S. by better than 2 to 1, now rules whatever waves it wants.

Our Air Force has been cut back from 935 strategic bombers 12 years ago to just 415 aging B–52's today. And despite Soviet deployment of more than 100 new, supersonic "Backfire" bombers with intercontinental range, the Administration and Congress have scrapped our planned B–1 bomber altogether.

Other unilateral disarmament moves by the U.S. include dismantling of our one and only ABM or anti-ballistic missile defense system; slowdowns or stretchouts in modernization of our outmoded ICBM force and Trident submarine fleet, and an apparent agreement at the SALT talks in Geneva to limit the range of our yet-to-be deployed airborne cruise missiles to an ineffective range of 1,500 miles.

One of the most striking disparities involves civil defense. The Soviets have poured at least $1 billion a year into elaborate civil defense and industrial programs for the past twenty years. U.S. civil defense gets less than one-tenth as much to maintain a pathetic bare-bones program. As a consequence, experts estimate that in any all-out nuclear exchange, more than 120 million Americans would be killed while Soviet losses would be under 15 million—fewer than died in World War II.

Nowhere is the U.S. defense posture more seriously crippled than in the vital area of research and development. Although the Soviet R and D effort is far greater than ours, the Administration has refused to increase U.S. spending on new defense improvements above the current $12.5 billion level.

Warning that the Soviets have overcome the U.S. lead in certain areas of technology, Anthony Battista, a staff expert with the House Armed Services Committee, told a Congressional hearing: "The Russians are not coming: they're here!"

In a recent nationwide poll by the Opinion Research Corporation, 90 percent of the people questioned said the U.S. should be equal or superior to Russia in military strength—with most favoring superiority. And 63 percent said they would be willing to spend an additional 10 billion dollars in taxes to keep the U.S. from falling behind the Soviets.

The question that naturally follows is: Why hasn't the Administration and Congress carried out the wishes of the majority of the American people and kept our defenses from falling behind the Soviets?

The answer can only lie in the persuasion of influential advisers and policymakers in Washington who somehow believe that unilateral disarmament leads to peace and that more defense dollars should diverted to domestic social needs.

General George C. Marshall, architect of the allied victory in World War II and post-war Secretary of State, summed up the illusions that have characterized U.S. policy: "We have tried since the birth of our nation to promote our love of peace by a display of weakness. This course has failed us utterly."

And yet, a new generation of Americans has ignored the warning of George Marshall. Despite clear evidence that the Soviets are amassing the most formidable and threatening military force since Hitler's Germany, Senator George McGovern has called for a $5 to $10 billion cut in the defense budget and transfer of the money to domestic programs.

The so-called "Coalition for a New Foreign and Military Policy," composed of 36 pacifist and ultra-leftist organizations, has mounted a nationwide campaign to lobby Congress for still deeper defense cutbacks. Led by veterans of the anti-Vietnam campaign that helped deliver Indochina to the Communists, the new coalition claims credit for shooting down the B–1 bomber and for pressuring Congress to deny World Bank loans to several anti-Communist allies.

The Coalition's latest bulletin to supporters begins: "We all know that Parren Mitchell is right: 'it is hard, dirty, gut work, turning the attitudes of the nation around.'" The liberal Congressman and Senator McGovern are leading the latest fight to cut military spending and divert funds to so-called "human needs" programs.

The Coalition is now attempting to block U.S. development of the "neutron bomb," claiming, as do Soviet propagandists, that it is a monstrously inhumane weapon designed to kill people while protecting property. Actually, it is an enhanced radiation warhead designed to penetrate Soviet tanks and defend Western Europe against the threat of a massive Warsaw Pact blitzkrieg without destroying the surrounding countryside.

By contrast, the Soviets' newly-deployed SS-20 mobile intermediate-range ballistic missile, targeted on Western Europe, is 2,000 times more devastating than the neutron weapon which President Carter is being pressured into banning. Yet, no one hears of demonstrations against the Soviet SS-20.

The fear of public protest has also deterred the U.S. from equipping its forces to combat Soviet-led chemical warfare weapons. U.S. military intelligence reports that Warsaw Pact forces are receiving intensive training in chemical, biologial and radiological warfare and most front-line army units are fully equipped for it. U.S. and NATO forces have nothing by comparison. And Washington's attempts to get Moscow to agree to outlaw such indiscriminate and deadly weapons have gone unanswered.

Again, one listens in vain for the protests of the Jane Fondas.

It is, rather, high time to heed the words of James Schlesinger, who, as Secretary of Defense, said: "The underlying reality is that at no point since the 1930's has the Western World faced so formidable a threat to its survival."

Going back to those dark days of the 1930's, it was Winston Churchill who warned an appeasement-minded England that: "Virtuous motives, trammeled by inertia and timidity, are no match for armed and resolute wickedness. A sincere love of peace is no excuse for muddling hundreds of millions of humble folk into total war."

Churchill's warning applies with infinitely greater urgency to the free world of today. If we ignore it, there could be no tomorrow.

And yet, Walter Cronkite has observed: "There are always groups in Washington expressing views of alarm over the state of our defenses. We don't carry those stories. The story is that there are those who want to cut defense spending."

Cronkite's remark to a Gannett News Service reporter in November 1974, however offhand and inadvertent, appears to reflect the built-in bias of much, if not most, of the major news media. It persists despite the threat posed by Russia's relentless arms buildup—a threat that is well concealed from most Americans.

In this, opinion makers in the media are joined by policymakers in Washington. Anxious to shore up the crumbling facade of detente, they assure the American people and Congress that U.S. defenses are "essentially equivalent" to Russia's and that more billions of dollars can be safely diverted to domestic social programs where, incidentally, the votes are.

Active duty military officers who dare publicly to disagree are rebuked, removed or prematurely retired. Retired officers and private military experts who warn of the nation's lagging defenses are labeled "cold warriors," "alarmists," "extremists."

Thus, relatively few Americans are aware, for example, that our one and only ABM—anti-ballistic missile—system was dismantled a month after becoming operational by a 52–47 vote of the Senate and that our nation is now defenseless against a surprise enemy missile or bomber attack.

The Administration's planned withdrawal of U.S. forces from South Korea is obscured by the headlines of Korean bribery scandals. The onrushing debacle in Africa is cloaked in pious pontifications about human rights violations in the remaining non-Marxist countries. The Soviet and Cuban-backed drive to conquer the "Horn" of Africa commanding vital sea lanes from the Middle East oilfields is met by pro forma protests and helpless hand-wringing in Washington.

The anti-Communist governments of South Africa, South Korea, Brazil, Chile, Nicaragua and Taiwan are scorned or excoriated by the liberal establishment while monstrous human rights violations in the Iron Curtain countries, Cuba, Indochina, and the Marxist dictatorships of Libya and black Africa are barely noted or brushed off. Meantime, the liberal establishment continues to promote trade, aid and the export of vital U.S. technology to Communist regimes dedicated to our own destruction.

The diplomatic frenzy for a new strategic arms limitation agreement with Moscow takes precedence over the anguished pleas of Soviet dissidents for the observance of the Helsinki agreement on East-West relations. Soviet threats to reintroduce missiles into Cuba are shrugged off, as are Fidel Castro's close ties with Panamanian dictator Omar Torrijos. This while the White House twists arms to force Senate ratification of the Panama Canal treaty surrendering control of that inter-ocean lifeline.

At home, U.S. ports are opened to Soviet seamen and visas granted to foreign Communist leaders and propagandists, while critics of the FBI and CIA applaud crippling new restrictions against our already demoralized intelligence and security services.

In Hollywood, Jane Fonda stars in a post-Vietnam movie heaping fresh abuse and derision on America's abandoned attempt to defend freedom in Indochina. Public opinion polls suggest that Americans would fight Communists aggression abroad only if Canada were attacked.

Hanoi withholds information about hundreds of Americans still listed as MIA's while Washington talks of "normalizing" relations with that Communist regime. Members of Congress, businessmen and tourists flock to Cuba for carefully-conducted tours, while Castro ships more troops to Africa and continued to hold tens of thousands of political prisoners, including several Americans. Officials in Washington make frantic efforts to suppress the horror story of Frank Emmick, an American businessman released after serving more than 14 years in the Cuban "Gulag" on false charges of spying for the CIA. Liberal-oriented newspapers and TV networks black out Emmick's first-person account of outrageous cruelty suffered in Castro's dungeons.

Viewed objectively, Americans might be excused for wondering if Pogo, the comic-strip character, was not right when he said: "We met the enemy and he was us."

But Pogo may have been overly pessimistic.

There are signs the pendulum may be shifting a bit. Stung by a two-year American Security Council study confirming blatant anti-defense bias by CBS' Evening TV News Show, that network and others appear at last to be giving fairer treatment to the beleagured Pentagon. The tireless and dedicated efforts of a small band of private ombudsmen called Accuracy in Media, or AIM, are beginning to pay off in greater attention to objectivity on the part of the liberal-dominated press and networks. Says AIM's Chairman Reed Irvine: "Our objective is to encourage truthfulness, fairness and responsibility in the news media."

A two-volume study by ex-Washington Post reporter, Peter Braestrup, recounting in stark detail how the media misreported the 1968 Tet offensive in Vietnam as a Communist rather than an allied victory, has provided journalism students with some revealing new evidence and left not a few ex-war correspondents with red faces.

As General William C. Westmoreland, former U.S. Commander in Vietnam, has said: "We must be alert as a nation to the vulnerability of our political system and open society to manipulation by an adversary."

Indeed, only by insisting on the full truth fairly told can the American people make the judgments necessary to keep our nation strong, free and in peace. There is no other way.

HELMS OPPOSES GOLD SALES

Mr. HELMS. Mr. President, I learned with great regret last week, the decision of the Treasury Department to sell 1.8 million ounces of gold from U.S. stocks, to "soak up dollars."

The sales of gold will net about $300 million over the next 6 months. That is the equivalent of about 4 percent of the growth in the money supply—not much in the way of "soaking up dollars." Unfortunately, I have heard no call from Treasury for slower money supply growth.

The sale of gold will net the Federal Government in 6 months less than the Federal Government goes into debt in just 2 days. Yet, no call from Treasury for smaller deficits.

The sales of gold will no more help the dollar over the long run than throwing a sandbag into a rampaging river will halt its flow.

Sandbags can help discipline a river when it starts rising, just as gold can and has in the past disciplined foolish, inflationary Government spending. Selling gold today to aid the dollar is attacking a flood with a sponge. It treats one symptom of the dollar's decline—the dollar price of gold. It will not cure the sickness—massive deficit and expansionary monetary policy.

Selling gold today allegedly soaks up dollars abroad. Some major world bankers have made this contention with a straight face. The world demand for dollars will be determined by domestic fiscal and monetary policies, not gold sales. In fact, the sale of every ounce of gold claimed by the Treasury at the current market price would soak up an amount equal to about one-third of the value of U.S. Treasury securities held by foreign central banks alone.

If the Federal Government would sell any other asset it owns, the effect would be the same. If it sold something like mineral leases on coals lands, it would take in dollars but in addition, the Nation would get coal. That would mean we might be less dependent on foreign energy sources and would pay out less. That would, at least, make some sense.

If sales of a U.S. asset helps soak up dollars, why not sell national parks, or the backyard of the White House? There is a good reason: These assets are important and of great value to the Nation. The public lands provide great benefits to the American people. American gold holdings are no less important, and I believe they may be more important.

Mr. Robert Roosa, President Kennedy's Under Secretary of the Treasury said it most succinctly recently when asked about gold sales:

In this kind of world, I think we should retain our ultimate assets. It's the storm

cellar we should retain in case the system breaks down.

Selling gold to halt the decline of the dollar is like turning out the lights in the White House to solve the energy shortage or selling "WIN" buttons to fight inflation. Such actions cloud the issue. They do not solve the problems.

THE ENERGY "CRISIS"

Mr. HELMS. Mr. President, it has now been a year since President Carter presented his energy program to the Congress for consideration. The proposals were predicated on an "energy crisis" for which he said we had no alternative to waging "the moral equivalent of war." It was, the American people were led to believe, only a matter of time until the lights went out.

This "crisis" was always a bit suspect, and the events and trends of the past year have made it even more so. If there are energy supply problems, they are problems largely created by the Federal Government, and the interference of the Federal bureaucracy in the free market economy.

Indeed, it is safe to say that the one thing the Federal Government does well is to create crises. They come in many varieties. For instance, two winters ago we had a natural gas "crisis" because of a temporary shortage brought about by the Federal regulation of gas prices. Now there is a "crisis" of a surplus of oil on the west coast because of Federal regulations which prevent the oil companies from correcting the oversupply by the time-honored means of finding a buyer and selling it to him at a mutually acceptable price. Bureaucrats are very skillful at creating oversupplies and undersupplies. Only the free market can create the right amount of supply.

In any event, if there is an "energy crisis," or, more accurately, an inchoate energy crisis, it is simply that our heavy importation of foreign oil leaves us politically and militarily vulnerable. Now it may be argued that from time to time political and military considerations supersede sound economics, but that is no reason to lay aside economic commonsense in devising solutions to these political and military problems. If heavy importation of oil is a political and military problem, then it seems logical that we should adopt economic policies that will cause us to import less oil.

In fact, however, we are doing just the opposite. Because of the so-called entitlements program, whereby domestic oil producers are required to subsidize oil importers for the higher cost of imported oil, there is no incentive to import less oil even though it is more expensive. It is a bit like a man buying a new car. He might have an incentive to purchase a Chevrolet over a Cadillac because a Chevrolet is cheaper. But if the Government comes along with a policy taxing Chevrolet buyers to subsidize Cadillac buyers so that the net cost of Chevrolets and Cadillacs is the same, then there is little motive not to buy a Cadillac. Anyone can understand that, except apparently the politicians.

If Congress does not pass an energy program, the President has threatened to impose by Executive order import fees on crude oil. Normally, this might have the effect of reducing imports. But because of the cleverly devised bureaucratic entitlements program, which will not allow foreign oil to be any more expensive than domestic oil, all that import fees will do is make oil in general more expensive. That in turn is supposed to reduce consumption although there is no evidence to indicate that any such thing will happen. It will, however, be sure to create an increase in the cost of living. It is for this reason that I have joined my distinguished colleague, Senator DOLE, in cosponsoring Senate Concurrent Resolution 73, which expresses the sense of the Congress in opposition to the imposition of an import fee on crude oil by the President.

In last Thursday's Wall Street Journal there appeared an outstanding editorial summarizing the energy situation on the first anniverary of the declaration of the moral equivalent of war. Mr. President, I ask unanimous consent that the editorial appearing in the April 20, 1978, edition of the Wall Street Journal entitled "Meow" be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MEOW

Today we celebrate the first anniversary of President Carter's famous MEOW, the moral equivalent of war. His energy proposals remain bogged down in Congress, but even without the benefit of his program a lot has happened.

During the year we now celebrate, the only detectable energy shortage occurred in those sections of the nation overly dependent on American-produced coal. In California, crude oil is a drug on the market. World-wide, the International Energy Agency sees a "temporary" surplus of oil lasting into the 1980s. U.S. oil imports are no longer growing; indeed the American Petroleum Institute reported yesterday that they fell 14% during the first three months of the year.

Over the year, the price of oil has been steady, meaning that it fell after inflation adjustment. The administration felt free to kill a deal to import huge quantities of natural gas from Mexico because it doesn't like the price U.S. companies have agreed to pay. But the President, Czar Schlesinger and the like continue to assure us that the energy crisis is just around the corner.

Actually, the crisis has more-or-less officially been postponed until 1985 at the earliest. If you want to conjure up a big crisis then, you assume: first, that the Soviet Union will swing from an oil exporter to a big importer, somehow finding the foreign exchange to foot this bill; and second, that Saudi Arabia will cap its production because it likes the old values better than the new money. Because the CIA finds this scenario likely, we're told, we need a big new tax on the production of oil in the United States.

What we have been witnessing in the past year in the huge adjustive power of the price mechanism, even when politicians do all they can to hamper it. Stanford's Henry S. Rowen observes that since 1973, real gross national product has increased by about 11% while energy consumption has increased by only about 3%. This means that even without legislation, a great deal of conservation is going on as a response to the price increases. Prof. Rowen calculates that, holding production constant, consumers are reducing their energy consumption by about 2% yearly.

Higher prices are not only reducing demand but calling forth greater supply. With environmental and legal roadblocks finally overcome, oil is flowing from Alaska and exploration has started off the Atlantic coast. With somewhat higher gas prices and higher prices for "new" oil, drilling and discoveries in the U.S. have both increased, though not yet fast enough to keep up with consumption. But supply incentives are still uncertain, given the government's record of expropriating the returns from new oil with successive tiers of price controls and state or federal taxes.

It is this supply-demand balance called forth by the price mechanism, and not the beneficence of Saudi Arabia, that has kept OPEC from increasing its prices during the past year. Even a cartel is not immune to the laws of supply and demand; at some point higher prices mean lower sales and lower net income.

The improvement in the energy outlook in the past year has come despite government policy, not because of it. Indeed, the U.S. government has been OPEC's biggest economic ally. American oil imports are high because of the government's entitlements program, which in effect taxes the production of domestic oil and uses the proceeds to subsidize imports. Mr. Carter proposes to "cure" this by taxing domestic oil and using the proceeds to subsidize the consumption of home heating oil.

The way to reduce imports would be to end all entitlements and price controls, paying Americans as much for oil as you pay foreigners. This step would increase the price of gasoline by a maximum of seven cents a gallon; some argue that in fact the price would fall because of greater efficiency. Yet the government sees this simple step as an anathema.

The government's record during 1977 scarcely gives reason for confidence in its prescience about 1985. Over the years there has always been a finite supply of energy visible at any one time; the reason is that it is not economic to develop resources too far in advance. Above all, it is risky to invest too much capital in a single source or single technology. You may guess wrong. Huge sums invested in coal will be wasted if there is a breakthrough in producing geopressurized methane.

We do not know where future energy will come from, but we do know that there is a nearly endless list of possibilities, from coal to methane to nuclear to solar. Over the years, market price mechanisms have proven their ability to make such choices and such transitions smoothly. There will be no crisis if we let them do their work. The only way there will be an energy crisis in 1985 is if the government causes one. While the administration still has not grasped this, the biggest change since MEOW was declared a year ago is that more of the public and more of Congress now understand.

SECURITIES INVESTOR PROTECTION ACT AMENDMENTS OF 1978

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar order No. 698.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 8331) to amend the Securities Investor Protection Act of 1970.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to consider the bill (H.R. 8331) which had been reported from the Committee on Banking, Housing, and Urban Affairs with amendments as follows:

On page 1, line 5, strike "1977" and insert "1978";

On page 3, line 4, after "insurance" insert "company";

On page 46, line 25, strike "determination has" and insert "determination) has";

On page 51, line 6, strike "(3)" and insert "(5)";

On page 52, after the comma, insert "as redesignated by this Act,";

On page 54, line 19, after the comma, insert "as redesignated by this Act,";

On page 66, line 2, strike "subscription transferable" and insert "subscription, transferable";

On page 67, beginning with line 8, insert the following:

SMALL ISSUE EXEMPTION

SEC. 18. Section 3(b) of the Securities Act of 193 (15 U.S.C. 77c(b)) is amended by striking out "$500,000" and inserting in lieu thereof "$2,500,000".

AMENDMENT TO THE SECURITIES EXCHANGE ACT OF 1934

SEC. 19. Section 11(a)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78k(a)(3)) is amended by striking out "May 1, 1975" and inserting in lieu thereof "February 1, 1978" and by striking out "May 1, 1978" each place it appears and inserting in lieu thereof "November 1, 1978".

Mr. WILLIAMS. Mr. President, as chairman of the Senate Subcommittee on Securities, I am pleased to lay before the Senate for its immediate consideration H.R. 8331, the Securities Investor Protection Act Amendments of 1978. The bill would amend in significant respects the Securities Investor Protection Act of 1970 by streamlining liquidation procedures available under the act, reducing the expense and complexity of the procedures under the act, and providing public customers of failing brokerage firms with increased and improved insurance coverage. I urge the immediate passage of the amendments.

Since Congress has not revisited or reexamined the Securities Investor Protection Corporation, created to administer the act, since its creation in 1970, a brief review of the circumstances surrounding its creation and its experience during the past 8 years should be useful to my colleagues. In the closing days of 1970, Congress established the Securities Investor Protection Corporation in response to the Wall Street back office crisis and the bear market of the late 1960's. During this turbulent period, hundreds of brokerage firms went out of business. Their public customers were exposed to serious financial losses and public confidence in the securities markets was shaken badly.

To restore public confidence in the securities markets and protect public investors against the failure and insolvency of brokers and dealers, the Securities Investor Protection Act of 1970 was adopted. Under the original statute and as it now stands, the Securities Investor Protection Corporation may advance a maximum of $50,000 to protect the claim of any one customer of a failed broker-dealer, but no more than $20,000 of that amount may be advanced to pay claims for cash as opposed to claims for securities. These payments supplement distributions of available securities and cash from the debtor's estate.

Since the enactment of the SIPC legislation, 129 of the over 8,700 broker/dealers which have been SIPC members over the past 8 years have been liquidated under the act. As of March 31, 1978, SIPC had made net advances to trustees totaling $54,518,825. In addition, significant amounts of securities and cash in the debtor's possession have been distributed to customers by the trustees. SIPC estimates that to date securities and cash having a value of over $279 million have been distributed to approximately 105,000 customers in the course of liquidation proceedings. These figures demonstrate vividly the effect which the SIPA program has had on investors throughout this country and point up the wisdom of Congress in establishing SIPC and the SIPA program in 1970.

In short, SIPC has protected investors against loss in the manner envisioned by its creators and at no cost to the taxpayer. As of March 31, 1978, SIPC had assessment revenues from its members which totaled over $198 million. In addition, SIPC had earned approximately $31 million in interest income on its investments, giving SIPC total revenues of $229 million. SIPC's expenses from inception to this date totaled approximately $64.5 million. As noted above $54.5 million of that total represents advances made to trustees in SIPA liquidations and the balance represents overhead expenses for SIPC's operations to date. It may be noted that SIPC's expenses for its internal operations have been slightly less than one third of the interest income SIPC has earned on its investments. Currently, the SIPC fund totals approximately $161.5 million.

As my colleagues may recall, SIPC was considered and passed on an emergency basis. The need for prompt action required that certain technical problems relating to the procedures for liquidating securities firms would be left for later solutions in light of actual experience under the new act. At his first confirmation hearing in November 1973, then and still SIPC Chairman Hugh F. Owens, advised the committee that SIPC would undertake a thorough study of possible amendments to the SIPC Act. Pursuant to this commitment, Chairman Owens appointed a broadly based task force to explore better, quicker and more efficient methods of achieving the investor protection and concomitant investor confidence envisaged by Congress when it passed the 1970 act.

The task force issued its report in July 1974, and the SIPC Board of Directors approved virtually all of its recommendations. These were subsequently incorporated into legislative proposals and transmitted to the Congress. In 1974, I introduced the SIPC legislation as S. 4255; in the 94th Congress, in 1975, it was S. 1231.

In the 95th Congress H.R. 8331 was introduced in the House of Representatives in July 1977, and hearings were held by the appropriate subcommittee on the Committee on Interstate and Foreign Commerce on August 1, 2, and 3, 1977. The bill was approved by the House of Representatives on November 1, 1977. The Subcommittee on Securities held hearings on the bill on April 25, 1978, and the bill was approved by a unanimous vote of the full Senate Banking Committee.

While there have been some useful and constructive revisions made in the original SIPC recommendations by the House of Representatives, the basic wisdom and advice from SIPC have been preserved almost completely intact. As it is now before us, the bill is a positive step in the direction of more efficient solutions to the broad range of problems which confront SIPC. In my judgment, this bill goes a substantial way toward improving the protections afforded securities customers and enabling SIPC to perform its role more expeditiously and efficiently.

As passed by the House, the Securities Investor Protection Act would achieve a number of important changes in the original 1970 act.

First, the bill would increase the extent of SIPC protection for customers' cash and securities in an account with a broker-dealer. The act currently protects customer accounts up to a total of $50,000, with a ceiling of $20,000 for cash. H.R. 8331 would double the amount of protection, raising to $100,000 the total amount of protection, and to $40,000 the level of protection for customers' cash. This corresponds to the changes in 1974 in the FDIC, FSLIC, and FCUIC legislation which doubled the coverage for depositors.

Second, the bill would modify the act to provide protection which better comports with the expectation of both cash and margin customers. This would be accomplished by moving away from a strict insurance concept and toward a scheme of returning customers' accounts intact as they existed when the broker-dealer became insolvent. The benefits to the customers of firms in liquidation will be immeasurable since they will no longer be deprived for lengthy periods of the use of, or access to, their cash or securities.

Third, liquidation procedures would be streamlined and the cost of liquidations reduced by authorizing SIPC to make payments directly to customers without the necessity for a judicial proceeding. And SIPC would itself be the trustee for liquidation of small brokers and dealers where the claims do not exceed $750,000 and where there are fewer than 500 customers.

Fourth, the bill would continue the exemption from SIPC membership and from SIPC assessment for exclusive dealers in mutual fund shares and variable annuities. I believe it is entirely appropriate to retain these exemptions since exclusive dealers in these instruments do not present the kind of risk intended to be covered under SIPC. However, the bill would subject to limited assessment transactions in money market instruments, which were exempt from assessment under the 1970 act.

Mr. President, it is not often that legislation enacted in haste works as

smoothly or as successfully as SIPC has over the past 8 years. Much of the credit belongs to Chairman Owens for his continuing leadership and devoted public service, first, in two terms at the Securities and Exchange Commission, and now in his second term as SIPC Chairman. While I hope SIPC's services are not in great demand in the years ahead, I believe the program is entrusted to extremely well-qualified, able, and experienced individuals who can discharge properly the additional duties the bill would confer upon SIPC.

Mr. President, with the exception of several technical and conforming amendments to the bill, the Senate Banking Committee approved the House-passed version of the bill. However, the committee added provisions to the bill to amend the Securities Act of 1933 and the Securities Exchange Act of 1934 which I would like to explain.

The first amendment is to section 3(b) of the Securities Act of 1933 to assist small businesses in raising capital.

Essentially, the amendment would increase from $500,000 to $2,500,000 the aggregate amount of an issue which may be exempt from the full registration and prospectus requirements of the Securities Act of 1933.

The Commission would retain its present flexibility to adopt rules classifying offerings under regulation A and otherwise so that it could tailor disclosure obligations and other safeguards based on a balance between the protection of investors and the standards set forth in that section.

The substance of the amendment is contained in S. 2305 which was introduced on November 4, 1977, with the cosponsorship of the full membership of the Banking, Housing, and Urban Affairs Committee and a majority of the Select Committee on Small Business.

Increasing the ceiling on regulation A offerings will remove one statutory obstacle to guaranteeing the access of small businesses to the capital raising mechanisms in our economy. The Federal securities laws have always reflected the national policy of encouraging the growth and expansion of small business. From the time of the original enactment of the Securities Act of 1933, the Congress has provided special treatment for small business by the Securities and Exchange Commission. Under section 3(b) of the act, the Commission is authorized to exempt certain classes of securities if the total offering price to the public does not exceed a specified amount. In 1933, the amount was $100,000 and twice in the past the Congress has acted to increase the amount of the small business exemption—in 1945 to $300,000, and most recently in 1970 to $500,000—in recognition of changes in the general economic conditions and increased costs of conducting business.

In the 8 years since the last amendment to section 3(b) of the act, costs have continued to rise throughout the economy, with the result that $500,000 has substantially less purchasing power today. In many cases, it is an inadequate amount to finance properly a small established business seeking to modernize or expand, or a newly organized venture requiring a substantial amount of seed capital. To be a useful tool to small business, the Congress must raise the statutory ceiling and encourage small businesses—the centerpiece in our economic system—to remain competitive, dynamic and innovative.

Mr. President, the bill reported by the Banking Committee would also extend for 6 months, until November 1, 1978, the effective date of section 11(a) of the Securities Exchange Act of 1934. This section was added to the Securities Exchange Act by the Securities Acts Amendments of 1975 (Public Law 94–29) and makes it unlawful for a member of a national securities exchange to effect any transaction on the exchange for the member's own account, the account of a person associated with a member or, an account with respect to which the member or an associated person exercises investment discretion. Section 11(a) became effective immediately upon its enactment as to those who became exchange members after May 1, 1975, but its effectiveness is delayed until May 1, 1978, as to pre-May 1, 1975, members.

That section was the result of a compromise reached after considerable debate. As a result of the section, much of the economic incentive for institutional money managers to move into the brokerage business was removed, while at the same time brokerage firms which manage accounts were precluded from performing the brokerage for those managed accounts.

On February 22, 1978, the Securities and Exchange Commission submitted a recommendation to Congress that the full effectiveness of section 11(a) be delayed until November 1, 1979. Foremost among the reasons cited by the Commission for the delay was the possible adverse impact that the section would have upon the implementation of a national market system for securities.

In addition, the Commission observed that the implementation of 11(a) would have unintended anticompetitive effects, particularly with respect to the smaller and regional firms, resulting in further concentration within the securities industry. Finally, the Commission expressed concern that since section 11(a) applies only to brokerage transactions by members of national securities exchanges, member firms which rely heavily on revenue deprived from money management will resign their exchange memberships in order to preserve these important revenue streams. The result may be a weakening of the exchanges.

Subsequently, on March 14, 1978, the Commission announced the adoption of a series of rules and interpretations to implement the section. The package of regulatory actions clarified and resolved most of the ambiguities or uncertainities which have been identified over the 3 years section 11(a) has been the law of the land. In my view, the issuance of these rules last month creates a series of additional problems for the Commissions, the securities industry, fiduciaries, self-regulatory organizations, and the Congress.

First, the rules tend to undermine the reasons advanced by the Commission in support of its request for an 18-month delay in the effective date insofar as the Commission has resolved some difficult interpretative matters which have been the subject of intense debate for several years. While it is not possible to predict the impact of section 11(a) on the national market system—a system which may or may not be in place 18 months from now—at long last the SEC has provided broker-dealer money managers and their institutional accounts some guidance in complying with the section. Certainly, this should have been done months, if not years, ago.

It has become clear, however, that the section should not be delayed for another 18 months. Instead, I believe a short 6-month extension by the Congress would alleviate the serious consequences which lie immediately ahead.

The recent adoption by the Commission of these rules makes it a practical impossibility for firms to implement the necessary business adjustments—such as reprograming systems and renegotiating customer contracts—in order to be in full compliance with the strictures of section 11(a) by May 1, 1978. Even under the best circumstances, restructuring long-term, formal, and complex brokerage and money management relationships and agreements would be a time-consuming process. It is a process that in most cases simply cannot be completed in the period between March 14, 1978, and May 1, 1978, some 6 weeks. The Commission's tardiness in promulgating rules has the effect of placing an enormous economic and legal burden on the industry which cannot be justified and which would be avoided by a short postponement.

In addition, if section 11(a) is allowed to take effect on May 1, 1978, broker-dealers engaged in money management and brokerage activities would still be faced with the broad prohibitions contained in the Employment Retirement Income Security Act of 1974 (ERISA). In other words, there would be conflicting statutory treatment under the Exchange Act and ERISA of the same conduct. This is a result which the Congress never intended and, in fact, wished to avoid. This is reflected in the following passage from the conference report on the Securities Acts Amendments of 1975.

> The conferees believe that the Department of Labor and the Internal Revenue Service in administering the Employee Retirement Income Security Act ("ERISA"), should provide an exemption from the prohibited transactions provisions of that statute to permit securities firms to continue to provide brokerage services to accounts with respect to which they exercise investment discretion until May 1, 1978. Such an exemption would conform that statutes and the provisions of this bill, thus permitting securities firms to phase out this combination of businesses in an orderly way. Similarly, the conferees hope that the Department of Labor and the Internal Revenue Service will, to the maximum degree consistent with the policies of ERISA, conform the prohibitions in that statute applicable to securities firms and municipal securities dealers to the provisions and policies of this bill.

The Department of Labor and the Internal Revenue Service granted the exemption on October 31, 1975, and by its

own terms, it will expire on May 1, 1978, the date section 11(a) becomes effective. Thus, the congressional goal of coordination and congruity will not be achieved.

At the present time, because the Commission never signaled its intention to promulgate rules under section 11(a) to the Department of Labor and the Internal Revenue Service, there is no administrative action pending to address the ERISA issues. These agencies are unable, as a result of the structure of their statutes, to act prior to May 1, 1978, to issue rules conforming to the SEC's or to extend the current exemption. It appears that only the Congress can act in time to avoid this "Catch 22" situation.

Finally, there are serious practical problems raised by the SEC's rules, and perhaps by section 11(a) itself. One example is the treatment of proprietary trading under section 11(a)(1)(G) which permits a member to effect transactions for its own account if, among other things, the transaction is in accordance with Commission rules which, as a minimum, assure that such transactions are not inconsistent with the maintenance of fair and orderly markets and yield priority, parity, and precedence to orders for the accounts of persons who are not members or associated persons of members.

To implement this provision of section 11(a), the Commission has adopted, at least temporarily, a yielding requirement which representatives of the major exchanges consider to be unworkable and potentially disruptive to orderly trading on the floors of the various exchanges. Exchange members will not be able to identify all of their orders and it is likely that the exchanges will not be prepared to monitor the conduct of trading as they are required to do. To put the problem in real dimensions, even the SEC concedes the problems in this area:

> Neither the Commission nor the exchanges have had an opportunity to test the operation of the rule in any trading environment in which Section 11(a) is fully effective . . . it is unclear at this time whether the order identification process and yielding requirements are practicable.

With the recordbreaking trading volume experienced in recent weeks, the operation of these untested rules poses serious problems.

Mr. President, section 11(a) of the Securities Exchange Act of 1934 was developed over several sessions of several Congresses. It has been law for several additional sessions of Congress. Yet the confusion that has long surrounded the issues of fair competition in the brokerage and money management field and the proper treatment of potential conflict of interests persist as a result of foot dragging by the Securities and Exchange Commission and to a lesser degree by the major securities exchanges and large segments of the brokerage industry.

The time has come for the debate to end and for the confusion to be replaced by concrete and deliberate self-regulatory and administrative action. To allow the industry to restructure existing business relationships, reprogram computers, and do whatever else is necessary; to permit the SEC and the ERISA administrators to take coordinated and consistent actions, and to avoid disruption to our trading markets, the committee decided to enact a 6-month postponement of the May 1, 1978 effective date of section 11(a). Within this 6-month period, the SEC will have to identify—for once and for all—the technical difficulties raised by the section and use their present authority to resolve the problems. If the Commission concludes there are problems which require additional legislation, it should transmit the recommendations to the Congress without further delay. Given the fact that section 11(a) has applied with full force to firms which became exchange members after May 1, 1975, the Commission has had sufficient time to familiarize itself with at least some of the problems. Finally, because the problems I have identified affect all exchange members, regardless of when they became members, the amendment would enact a 6-month deferral across the board.

Mr. President, with the passage of H.R. 8331 today, the Congress will strengthen the important role of the Securities Investor Protection Corporation in maintaining investor confidence in the integrity in the securities industry and the securities markets.

Mr. President, I urge the immediate passage of the amendments and recognize that this measure has been brought here with the full cooperation of Senators on the minority side, Senator TOWER and Senator BROOKE, and it comes as a necessary improvement of a law that has created protection and has worked in the most exemplary fashion.

We noted that yesterday when nominees were considered to the Board of SIPA. It has been one of the best things we have seen in Government, and this will make it even more effective.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. TOWER. Mr. President, I concur with my distinguished friend from New Jersey, the chairman of the Securities Subcommittee of Banking, Housing, and Urban Affairs.

Mr. President, the Committee on Banking, Housing, and Urban Affairs yesterday favorably reported H.R. 8331, as amended. I would like to review briefly the contents of that bill, with particular emphasis on the amendments added by the committee.

H.R. 8331, as passed by the House in November 1977 contains a number of needed amendments to the Securities Investor Protection Act of 1970 (SIPA) which will make that act more responsive to the needs of customers of securities broker-dealers who experience financial difficulties. The Banking Committee has favorably considered these improvements and recommends their passage.

Two amendments to H.R. 8331 were added by the Committee on Banking, Housing, and Urban Affairs.

The first amendment relates to the effective date of section 11(a) of the Securities Exchange Act of 1934 which, without action by the Congress, would go into effect on May 1, 1978.

The amendment adopted by the Banking Committee would change the effective date of section 11(a) from May 1, 1978, until November 1, 1978. The Securities and Exchange Commission ("SEC"), which has the principal responsibility for implementation and enforcement of the Federal securities laws, requested that the effective date of section 11(a) be extended for 18 months, until November 1, 1979, and the House passed a bill to that effect.

Section 11(a), which was passed as a part of the Securities Acts Amendments of 1975, generally prohibits a broker-dealer which is a member of a national securities exchange from effecting any transaction on such exchange for its own account, the account of an associated person, or an account over which either the member or an associated person exercises investment discretion. There are a number of statutory exceptions to the prohibitions of section 11(a), and in addition, the SEC is empowered to promulgate rules to exempt other kinds of transactions provided that to do so is consistent with section 11(a), the protection of investors, and the maintenance of fair and orderly markets.

The SEC, on March 14, 1978, announced the adoption of rules under section 11(a); it is this fact which, in my view, necessitates the action taken by the Banking Committee in endorsing a 6-month delay in the effective date of section 11(a), for the following reasons. First, the lateness of this announcement of rules by the SEC means that it will be impractical for exchange members to reprogram their operations in order to be in compliance with the new rules by May 1, 1978. Second, these rules are not consistent with comparable provisions of the Employee Retirement Income Security Act of 1974 "ERISA," at least in part because the Department of Labor and the Internal Revenue Service have not had an opportunity to consider and respond to the SEC's rules. In light of the congressional purpose, as expressed in the Securities Acts Amendments of 1975 conference report, for the applicable ERISA provisions to be as consistent as possible with section 11(a), a short delay in the effective date of section 11(a) is appropriate.

The second amendment adopted by the Banking Committee represents a step toward providing much needed relief for small businesses.

It incorporates the provisions of S. 2305, which would amend section 3(b) of the Securities Act of 1933 by increasing the ceiling from $500,000 to $2,500,000 on the "small offering" exemption from the requirements of that act. That exemption is in the law because of a recognition of the needs of small business to raise capital without the burden of incurring all of the costs associated with full securities registrations. However, the $500,000 limitation, in light of the high costs which are encountered even under the SEC's "regulation A" exemption, is too restrictive. Raising the limit to $2,500,000 will make such offerings a much more practical alternative capital-raising mechanism for many small businesses. The amendment would authorize the SEC to exempt such offerings, and I

commend its passage to my colleagues. I also urge the SEC to act promptly in implementing this expanded exemption once the bill is passed.

I am particularly pleased that the Committee on Banking, Housing, and Urban Affairs has approved this increase in the ceiling on "small offerings" that are exempt from the requirements of the Securities Act of 1933. This was an important recommendation made in the study of small business by the Small Business Administration. That study was completed in June 1977 and was an outgrowth of legislation that I introduced in 1975 to authorize a major study of small business in America.

I urge the Senate's favorable action on the bill.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. TOWER. I yield.

Mr. BROOKE. Mr. President, as a member of that Securities Subcommittee, I wish to make the following statement.

Mr. President, during the past several years, the Securities Investor Protection Corporation, established by Congress in 1970 as a nonprofit corporation, has provided protection for customers of securities broker-dealers which have become insolvent. SIPC is supported by statutorily imposed assessment on its broker-dealer members, thereby relying on private rather than Government funds for its insurance and administrative funds. H.R. 8331 is designed to improve SIPC's effectiveness and operations by, among other things, increasing the maximum insurance available to each customer of an insolvent broker-dealer, providing SIPC with rulemaking authority, and authorizing SIPC to designate one of its employees as trustee of certain small broker-dealers which have become insolvent. It is clear to me that the revisions to the Securities Investor Protection Act contained in H.R. 8331 would assist SIPC in its work on behalf of securities customers and I wholeheartedly support the bill.

In addition to the SIPC provisions of H.R. 8331, two amendments have been added to the bill by the Banking Committee. One would increase the amount of the small offering exemption in section 3(b) of the Securities Act of 1933 from $500,000 to $2.5 million. As a cosponsor of the bill (S. 2305) introduced specifically to raise the monetary limit of exempt offerings, I support this amendment to H.R. 8331. By increasing the statutory limitation, the bill would provide small businesses with a much greater opportunity to raise necessary capital funds in our Nation's securities markets.

The other amendment to H.R. 8331 would delay for 6 months the May 1, 1978, effective date of section 11(a) of the Securities Exchange Act of 1934. Section 11(a) will prohibit a broker-dealer which is a member of a securities exchange from effecting any transaction on such exchange for an account over which it exercises investment discretion. This provision was designed to promote competition between broker-dealers and institutional money managers and also to prevent the possibility of conflicts of interest from arising when a broker-dealer also acts as an investment adviser. Such conflicts may result, for example, in excessive trading in managed accounts.

Since section 11(a) was enacted as a part of the securities acts amendments of 1975, the Securities and Exchange Commission has proposed rules to implement that section and, approximately 1 month ago, adopted final rules in this area. Because of the length and complexity of such rules, it is doubtful that broker-dealers will have had enough time to review the rules and adjust their business operations by the May 1 effective date. Moreover, these rules are not entirely consistent with similar securities trading rules adopted by the IRS and Labor Department under the Employee Retirement Income Security Act of 1974, thus necessitating further coordination among the agencies and the SEC so as to insure the consistency of such rules. In my view, the needs of the broker-dealer community and the need for fair and consistent Government policies militate in favor of delaying the effectiveness of section 11(a) and, thereby, the SEC's rules.

In addition to the matter of the SEC rules under section 11(a), I believe a delay is appropriate so that the SEC may further its development of the national market system without the immediate imposition of the satutory trading standards and restrictions contained in section 11(a). However, in supporting a delay, I also believe the SEC should continue to work with the broker-dealer community to provide for a national market system which is structured to accommodate the eventual implementation of the trading restrictions contained in section 11(a).

I have discussed the problem of the effective date of section 11(a) with my Senate colleagues, as well as receiving comments from my constituents, and I agree with Senator WILLIAMS that a 6-months delay is in order. Accordingly, Mr. President, I urge my fellow Senators to support the expeditious review and approval of H.R. 8331, as amended.

Mr. WILLIAMS. Mr. President, I ask that the committee amendments be considered en bloc.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

The committee amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATE RESOLUTION 440 AND SENATE RESOLUTION 441—SUBMISSION OF WORLD MONETARY AND CAPITAL POOL RESOLUTIONS

Mr. JAVITS (for himself, Mr. CHAFEE, Mr. DANFORTH, Mr. MATHIAS, Mr. PERCY, Mr. SPARKMAN, Mr. STAFFORD, Mr. STEVENS, Mr. STEVENSON, and Mr. MARK O. HATFIELD) submitted the following resolution, which was referred to the Committee on Foreign Relations:

S. RES. 440

Whereas leadership in today's international economy must evolve from a close cooperation between the United States and the other industrialized nations which is based on a sense of interdependence and acceptance of the pivotal nature of their economic performance for the well-being of the whole international economic system;

Whereas the recent disorders in the foreign exchange markets and decline of the value of the United States dollar reflect the concern of the international money markets about uncertainty regarding the actions of and decisions to be taken by the political leaders of the industrialized countries in addressing the major economic issues, particularly the dangers of inflation and structural unemployment:

Whereas the critical need exists for the United States to adopt a meaningful energy policy, measures to foster the international competitive position of United States exports in the international marketplace as appropriate monetary and fiscal policies;

Whereas the most recent joint program adopted by the United States and the Federal Republic of Germany to counter mounting speculation against the dollar in foreign exchange markets is but a short-term measure yet is designed to meet esentially long-term underlying structural problems facing the international monetary system;

Whereas such dislocations to the international monetary system could be overcome if the industrialized countries had an overall plan to share the responsibilities resulting from the present interdependence of the industrialized countries;

Whereas such a plan should seek to expend the international reserve role of the currencies of other industrialized countries to meet the problem caused by the exclusive reliance on the dollar as the key international monetary reserve asset;

Whereas it is recognized that such an overall plan could create severe dislocations in the short term to the international monetary system and to the dollar;

Whereas such short-term dislocations could be successfully countered by a coordinated intervention plan if a long-term approach were in place that would recognize the beneficial effect to the long-term health of the international monetary system of such a shift to a broader based reserve system;

Whereas unilateral actions, including capital controls and protectionist trade barriers, taken by individual governments, including the United States, to protect their currencies and insulate their economies from the negative effects of changes in currency relationships could force more and more countries to adopt similar restrictions with serious implications for continued international trade and economic growth;

Whereas these monetary issues are no longer amenable to solutions developed on a consultative ad-hoc basis but rather require long-term solutions reflecting the interdependence of countries today;

Whereas it is essential that confidence be rebuilt in the multilateral approach to solutions to our international economic problems; and

Whereas the forthcoming Economic Summit to be held in July in Bonn provides the immediate opportunity for the development of such a concerted, multilateral approach;

Whereas it is the growing consensus among the leaders of the other industrialized countries that, if these international initiatives are to succeed, the United States must take steps to put its own house in order: (1) by adopting a meaningful energy policy that will begin to cut U.S. dependence on im-

ported oil and generate the required investment to spur new energy technology; (ii) by undertaking monetary and fiscal policies that recognize the deleterious effects of inflation on the United States domestic economy as well as on the international position of the dollar and, therefore, on the currencies of the other countries; and, (iii) by adopting a comprehensive program to improve the competitiveness of United States exports in international markets; Now, therefore, be it

Resolved, That it is the Sense of the Senate that—

(1) The President recognize the severity of the international monetary crisis, which, if unchecked, has the potential of disrupting the domestic as well as international economy through a loss of confidence in the ability of governments to deal with the major economic issues of our time;

(2) The President undertake discussions culminating in the Economic Summit in July with the other industrialized countries with a view toward developing a closely coordinated approach to the grave international economic issues based on a sense of interdependence and mutual cooperation;

(3) Such an approach recognize the essentially structural problem facing the international monetary system caused by the exclusive reliance on the dollar as the key international monetary reserve asset and, consequently, should focus on a long-term solution to meet that problem.

Mr. JAVITS (for himself, Mr. CHAFEE, Mr. DANFORTH, Mr. MATHIAS, Mr. PERCY, Mr. STAFFORD, Mr. STEVENS, and Mr. STEVENSON) submitted the following resolution, which was referred to the Committee on Foreign Relations:

S. RES. 441

Whereas many of the economic difficulties facing both developed and developing countries today are the legacy of the shock suffered by the world economy as a result of the massive escalation of oil prices since 1973, which continues to impose great burdens on the world economy;

Whereas the cost of oil imports continue to drain away important parts of the purchasing power of oil importing nations, chronically upsetting their international balance of payments, and requiring the continued borrowing of large amounts of capital;

Whereas economic growth has stagnated in many countries and the rise in the capital stock needed to increase productivity, raise standards of living, expand markets, and avoid inflationary bottlenecks is not occurring;

Whereas it is essential that the OPEC countries in surplus, because of their growing stake in the economies of the industrialized nations, be tied more intimately into the international economy and be asked to assume greater responsibility for its proper functioning;

Whereas the inability of major OPEC surplus countries to absorb their current account surpluses has resulted in their accumulation of a surplus aggregating approximately $175 billion in the last four years, with some projections of a surplus aggregating as high as $200 billion for at least the next five, if not double that figure in the next ten years;

Whereas the recycling of the surplus OPEC funds through a sophisticated and resourceful complex of financial intermediaries (largely commercial banks) may have served the investment needs for the OPEC surpluses, it has failed to generate the macroeconomic policies in the oil importing countries needed to restore efficiently the equivalent purchasing power to the oil importing countries, especially the developing countries;

Whereas the oil importing developing countries require productive investment in order to cover their oil import deficits and to complement the aid and investment of the developed countries in stimulating the noninflationary growth and the expansion of broader markets for goods and services which the international economy requires so urgently to deal with stagnation and inflation;

Whereas without the expansion of markets, whether in the developing or developed countries, it will be extremely difficult to counter the escalating demands of protectionist forces to limit imports into the United States as well as United States investment abroad by demonstrating that an open international system results in higher levels of U.S. employment and domestic economic activity than does a closed international system with protectionist barriers to the free flow of goods and capital;

Whereas it is essential that a mechanism be created to make available a part of the surpluses of the OPEC countries as capital investment for these developing countries, which would stimulate economic growth in these countries and expand demand for the exports of the industrialized countries;

Whereas such a capital pool would be available only to those developing countries which would engage to develop rational economic policies that recognize their responsibilities to the international economic system on a basis of self-help and mutual cooperation: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) The President together with the leaders of other industrialized countries begin discussions with the leaders of the OPEC countries with a view toward establishing a $50–$100 billion capital pool for productive investments in the developing countries on appropriate terms and conditions which will recognize the concerns of the surplus OPEC countries, the recipient developing countries, the developed countries and the International Financial Institutions;

(2) The President consider the political and security implications of these proposals in his discussions with the leadership of such OPEC countries; and

(3) The governments of the industrialized countries take into consideration—under conditions mutually agreeable to both them and such OPEC countries—the concerns of the OPEC surplus countries regarding the sustained value of their funds invested in the capital pool and their need for liquid assets in the event of unforeseen economic emergencies.

Mr. JAVITS. Mr. President, I am submitting two resolutions; First, a resolution dealing with the problems facing the international monetary system, which is cosponsored by Senators CHAFEE, DANFORTH, MATHIAS, PERCY, SPARKMAN, STAFFORD, STEVENS, STEVENSON, and HATFIELD; and second, a resolution dealing with the need for a major capital pool for productive investment in the developing countries, which is cosponsored by Senators CHAFEE, DANFORTH, MATHIAS, PERCY, STAFFORD, STEVENS, and STEVENSON.

Mr. President, on February 8, 1978 in a speech on the floor of the Senate, I sought to alert my colleagues and the Nation to the critical situation facing the international economy. At the time, I called for far-reaching and innovative economic and political measures in order to strengthen the fragile structure of the international monetary and economic system and avoid the dismantling of the open and private international system that we have worked so hard to develop since the end of World War II.

Recent good news from the financial markets about the strengthening of the dollar cannot be permitted to overshadow the fundamental structural problems that continue to threaten the international monetary system. Confidence in the dollar and in the underlying U.S. economic policy is at best questionable and may have been so shaken in the last year that a major recovery in the dollar will be difficult to sustain.

Between the first quarter of 1978 and the fourth quarter of 1977, there was a significant shift in the currency composition of new international bond issues, with the volume of dollar issues declining and the volume of issues denominated in German, Swiss, and Japanese currencies increasing far beyond that of previous years. Uncertainty whether President Carter's anti-inflation program will have any real teeth may make investors reluctant to hold principally dollars; and as a result, we may see a continuation of this trend.

The balance-of-payments statistics for February show that our trade balance was in deficit by more than $4.5 billion while our dependence on foreign oil imports, although slackening from last year's record first-quarter figures, continued. Inflation has again threatened to become virulent, with the Council on Wage and Price Stability concluding that the underlying rate of inflation "seems hopelessly stuck within the range of 6 to 7 percent."

We are also witnessing mounting protectionist pressures in the Congress. I am particularly concerned by proposed legislation that will seek to expand the buy American provisions; and by the present attempt in Congress to override the President's decision not to impose increased tariffs on industrial fasteners. Such actions raise serious doubts about our commitment to an open international trading system and worsen inflationary pressures, which pose a much greater threat to the American worker than does import competition.

My concerns about the international economic situation are shared by many leaders of opinion within the business and banking communities as well as within the Government. Although reactions—which I welcome—to the substantive proposals made in my February 8 speech were mixed, there was almost unanimous agreement with my analysis that the present malaise facing the international economy has reached critical proportions.

Secretary of the Treasury Blumenthal said that I had "quite accurately focused on the main economic problems which confront us" and indicated that "neither the U.S. administration nor foreign government leaders are satisfied with a world economic outlook which still exhibits record levels of unemployment, high rates of inflation, and persistently large imbalances in international payments which place strains on the international monetary system."

Arthur Burns, former Chairman of the Board of Governors of the Federal Reserve System, shared my concern about the serious problems facing the international economy and confirmed my emphasis on seeking ways to encourage capital investment and adopting necessary structural adjustments in industrial

countries. Calling my proposed solutions "bold and imaginative," he agreed with my assessment that there is a need to channel OPEC funds into productive investments.

Under Secretary of State for Economic Affairs Richard Cooper indicated that we do not "differ in regard to the gravity of the international economic problems we face."

I was particularly impressed by the responsive chord that my analysis and proposed solutions struck with leaders of the business and banking communities, whose daily operations are so intimately related to the health of the international economy. Henry Ford II wrote that one of the first priorities for our own and other governments should be to seek to broaden OPEC investments to include long-term savings or equity placements, as I urged in my speech.

Henry Kaufman of Salomon Brothers also endorsed my suggestion that "we encourage the oil-producing nations to acquire longer dated financial assets in order to strengthen the international monetary system."

Peter Peterson, chairman of the board of Lehman Brothers Kuhn Loeb, wrote that it may be time now for Members of the Congress and of the executive branch "to explore alternative proposals and to consult on appropriate ways through intensive but low-key discussions with OPEC, the industrialized countries, and the developing countries—and try to move forward in mutually acceptable ways" to deal with what he calls the "OPEC overhang problem."

David Rockefeller, chairman of the board of the Chase Manhattan Bank, joined me "in hoping that we might over a period of time see more of the OPEC surplus funds channeled into long-term investments." Having just returned from a trip to the Middle East, Mr. Rockefeller indicated that he found that the overriding concern at the moment is the depreciation of the dollar.

Howard Clark, chairman of the Executive Committee of American Express, wrote that our primary attention should focus on our enormous international payments deficit, because our major trading partners perceive that the deficit is a reflection of the health of the U.S. economy, which thus tends to continue the decline in the international value of our currency.

Both Irving Shapiro of Dupont and Reginald Jones of General Electric focused on my call for a major capital pool for directed investment in the developing countries. Mr. Shapiro shared my view that before any targeted investment flows can be undertaken, the developing countries must create a basically favorable investment climate, which will minimize the inherent risks of investing in such countries. Mr. Jones suggested that the United States "support more effectively the development of the poor LDC's, which, indeed, may require an improved recycling of petrodollars through long-term investments."

Mr. President, not only are we living in difficult times, but also in a world full of economic contradictions. Much of the conventional wisdom that guided our economic thinking in the past is no longer applicable. We see a falling dollar, but we wonder whether this will lead to a marked improvement in the balance of trade. The appreciating yen had made Japanese automobiles more expensive in the United States; yet because U.S. automobile manufacturers are raising their prices, Japanese automobile sales in the United States are as strong as ever; and we receive daily reports that the Japanese are intensifying their export drive and are once again putting their genius to work to move into more advanced technological industries.

Our trading partners tell us that we in the United States must take action to cut inflation—essentially by cutting back real growth—yet, at the same time, they insist that the U.S. economy must continue to grow, because their economies are so closely tied to the U.S. economic performance.

Mr. President, how we manage our domestic economy is closely linked to the health of the international economy and the value of the U.S. dollar abroad. How can we expect to check inflation if we continue policies which tolerate some of the lowest productivity of any industrialized country, fail to stimulate required capital formation, allow our research and development to lag dangerously, and propose to inhibit economic development and the acquisition of markets by a lack of enterprise and competitive incentives? I am especially concerned that in his anti-inflation program, President Carter has failed to propose a comprehenisive strategy that will deal with these factors.

I am certain that the President and his counterparts in the other industrialized countries can read the signs as well as I can. What they fail to understand, however, is the essentially long-term nature of the problem, and hence, the need for more long term and less ad hoc solutions. Short-term panaceas such as limited monetary swap arrangements, gold sales, or Presidential assurances, although important psychologically, are not the types of solutions required to meet the structural problems that are perplexing the international economy. The U.S. balance-of-payments problem can only be tackled by a long-term strategy that will curb our thirst for oil imports as well as generate the required investment to spur new energy technology.

In addition, we need a commitment by the administration to a national export policy which will create an environment within all parts of Government conducive toward the serious promotion of exports. I plan to review very carefully the report of the Cabinet-level task force, chaired by Secretary Kreps, which has been appointed by President Carter to develop additional measures to promote exports.

Mr. President, it is on the question of the value of the dollar that we need most a concerted long-term approach. I believe that the dislocation facing the international monetary system today can be overcome if the industrialized countries establish an overall plan to share the responsibilities resultng from the pivotal nature of their economic performance for the well-being of the whole international economic system. The industrialized countries must undertake domestic economic policies that are responsive to the needs of the internatonal economic system as well as their individual domestic concerns. In addition, one possible—although by no means the only—approach that the President could undertake in concert with the leaders of the other industrialized countries—which could be announced at the Economic Summit in July—would be a long-term monetary plan that would gradually replace the present exclusive reliance on the dollar as the key international monetary reserve asset by a reliance in a combination of reserve assets, the SDR, which would include the currencies of the major industrialized countries.

Now, Mr. President, we also have a very grave problem with our European allies who are adopting very different policies respecting the credits they extend to the East, that is, to the Communist countries and to the Soviet Union, than our credit policies; our allies are very intensively competing in granting credit to enter these Eastern markets in a way which neither does them nor us any long-term good.

The recent movement by the members of the European Common Market toward a unified monetary program, although encouraging as another sign of greater economic integration in Europe, is at the same time troublesome when one considers that its reason is the erosion of confidence in the U.S. dollar and its objective is to isolate the European currencies from the U.S. dollar. It is imperative that we insure that any proposed solutions to our monetary problems be worked out multilaterally—not regionally—in the Economic Summit, which will bring together the leaders of the United States, West Germany, and Japan, as well as of England, France, Italy, and Canada in Bonn on July 16 and 17. We can only hope to achieve this approach if the United States takes an active leadership role in formulation of these proposals.

One other area of concern that we have not addressed in a coherent fashion is the implication of the present recycling of the OPEC financial surpluses for the economic prosperity of the oil importing developing countries. While the recycling of these funds through a sophisticated and resourceful complex of financial intermediaries (largely commercial banks) may have served the investment needs for the OPEC surpluses, the present system has failed to generate the macroeconomic policies in the oil importing developing countries needed to restore efficiently the equivalent purchasing power to the oil importing countries, especially the developing countries.

These countries require productive investment in order to cover their oil import deficits and to complement the aid and investment of the developed countries in stimulating the noninflationary growth and the expansion of broader markets for the goods and services which the international economy requires so urgently to deal with stagnation and in-

flation. It is not only out of concern for the plight of these countries but also out of self-interest for the economies of the United States and the other industrialized economies that in my February 8 speech I called for the establishment of a large capital pool for productive investments in the developing countries. Such targeted investments would stimulate economic growth in these countries and, most importantly, would expand demand for the exports of the industrialized countries. Such new markets for our goods would lead to higher levels of U.S. employment and domestic economic activity and would effectively counter the escalating demands of protectionist forces respecting imports into the United States as well as U.S. investment abroad.

The place, Mr. President, where the most can be done is at the Economic Summit which will take place among the leaders of the major industrialized countries of the world in Bonn in July of this year. My reason for introducing these resolutions, which I shall pursue in the Foreign Relations Committee or such other committee to which they are referred, is to awaken our own leadership, our own Members of Congress, and the leadership of the other industrialized nations to this opportunity which cannot be missed, otherwise the Bonn Summit will pass as another routine summit conference and, frankly, Mr. President, we do not have time for such "business as usual". The danger we run is too imminent and too great to allow this opportunity to pass.

If we act together in an intelligent multilateral way, we can guarantee the prosperity of this world for a century. But if we go on as we are going on today, Mr. President, in my judgment, we are almost surely heading for a very, very serious economic reverse with enormous social consequences.

The fact that so many who are, as I say, in high authority of finance, business, and government, recognize that everything I say is true, but still cannot seem to summon themselves to do what ought to be done, makes it essential that this idea, that this message, be repeated again, again, and again.

Mr. President, as I have already indicated, our political leaders sense the problems but are short on proposing solutions. We are witnessing in the United States as well as in the rest of the world a drift in economic policy—a lack of initiative and boldness in a time of near crisis.

In this period when conventional wisdom is being challenged and when leadership seems to be at an all-time low, it is critical that we engage in an open dialog about the economic health of the Nation as well as of the world. This was the purpose of my February 8 speech.

Today I am introducing two concurrent resolutions that will put the Congress on record in support of a search for long-term solutions for the many international economic problems facing us today.

The first resolution stems from our concern that the recent disorders in the foreign exchange market and the decline in the value of the dollar reflect the concern of the markets about the uncertainty and hesitancy of the political leadership of the industrial countries in addressing these major economic issues. We in Congress should urge the President to take a closer look at what he is doing and saying and to insure that the individual policies of his administration and his as well as his staff's statements are not counterproductive to achieving the needed economic objectives.

Most importantly, we in the Congress should call on the President to recognize the severity of the economic crisis that we are in today and to meet that crisis through a closely coordinated approach with the other industrialized countries, which will culminate in the July Economic Summit in Bonn. British Prime Minister Callaghan's five-step proposal for international collective action to boost confidence in the world, which he made to President Carter in their recent meetings, as well as the recent decision by the European Common Market leaders to put together a common economic program to be presented to Japan and America at the July summit, are certainly movements in the right direction and should be encouraged as multilateral rather than regional solutions to our monetary problems.

At the same time that we seek to develop a coordinated international posture, we must insure that our own house is in order. We must be certain that our monetary and fiscal policies reinforce our fight against inflation while we cut dependence on imported oil and expand our export opportunities abroad.

Accordingly the second resolution calls on the President, together with the leaders of other industrialized countries, to begin discussions with the leaders of the OPEC countries with a view toward establishing a $50 to $100 billion capital pool for productive investment in the developing countries. It is a question of directing investment where it is most needed, a problem which I must admit reluctantly is not being met by the free market system. The commercial banks have served as excellent intermediaries for the rechanneling of the OPEC funds to deficit countries, but they cannot undertake to insist that the funds be used in the most efficient manner by the recipient countries. This is the job of governments and the international institutions, such as the IMF, the World Bank, and the international regional financial institutions. Together with these institutions, the administrators of the proposed capital pool would use the funds for productive investments in the developing countries—and I do not exclude Eastern Europe, the PRC, and the U.S.S.R. on proper terms—which will stimulate economic growth and demand in the rest of the world.

Mr. President, I hope that the Foreign Relations Committee will soon hold hearings on these resolutions. More importantly, I hope that the administration will pay heed to the concerns that are expressed in these resolutions, which I believe reflect the concerns not only of many of us in the Congress, but also of the American people as well as of our allies and other peoples abroad.

I hope very much that the President of the United States will treat this summit as if it were a great peace conference and will take with him a congressional delegation representative of both the House and the Senate. In that way, our trading partners, those with whom we are economically associated, will realize the seriousness of the situation.

Mr. President, this may very well be one of the final chances that we will have to do with this world what needs to be done: The interdependence of the world now is so great that while we cannot act alone, we can furnish the spark and the leadership which will cause others to act together with us.

I hope, Mr. President, this message will be heard.

● Mr. MATHIAS. Mr. President, I am pleased to join with my distinguished colleague, Senator JACOB JAVITS of New York, in cosponsoring two very important resolutions. The first calls on President Carter to hold discussions with the industrialized countries to develop a common approach to the serious problems facing the international monetary system. The second resolution calls on the President to initiate discussions with other industrialized countries and members of the Organization of Petroleum Exporting Countries (OPEC) with the view of setting up a capital pool for productive investment in the developing countries.

These resolutions recognize that we live in an interdependent world. Our economic health is directly tied to that of other nations. Our exports, for example, play an increasingly vital role in our own economic growth. Imports provide materials crucial to our well-being. The facts speak for themselves.

In a recent speech given before the National Governors' Association Secretary of State Cyrus Vance enumerated some of these facts:

One out of every eight manufacturing jobs in the United States depends on exports.

Every third acre of U.S. farmland produces for export.

Exports of our goods and services now contribute nearly $200 billion to our gross national product.

Clearly, our ability to export is tied directly to other countries' ability to import. Inflation in Europe means not only that European goods cost more in the United States—thus adding to our inflation—but that there is less money available in Europe to purchase U.S. exports.

On the import side, our interdependence with the world economy is even more startling. We imported close to 50 percent of our crude oil needs in 1977 at a price tag of over $45 billion. But this is only the most obvious of our import needs. Peter Bourne, special assistant to President Carter, indicated recently in an article in the New York Times that "By 1985 the United States will depend on imports for more than one-half of our supplies of 9 out of 13 critical minerals."

What is not widely recognized is the degree of our interdependence with

Third World countries. We continue to view them only as recipients of our foreign aid largesse. But according to Carter administration officials, "U.S. exports to the developing world are now greater than its exports to all of Europe or Japan." Developing countries are key sources of copper, tin, natural rubber, and bauxite.

We are, in short, an integral part of a world economy. The world's economic health directly affects ours. Economic problems are not contained by national boundaries.

This economic interdependence is particularly evident with respect to the international monetary system. The instability which has characterized the system in recent months has raised fears regarding the future. A number of unsettling factors are at work.

The U.S. dollar remains the premier world reserve currency but without the aura of strength that gold backing once gave it. World confidence in the dollar's strength has quite naturally been tied to confidence in the strength of the U.S. economy. Our failure to reduce our dependence on large quantities of imported oil has raised concern abroad. Clearly, transferring almost $50 billion annually to oil-exporting countries cannot be viewed as a confidence-building exercise on our part. Our persistent inflation, unemployment, and the size of our annual Federal budget deficit have further sapped foreign confidence in our ability to manage our economic affairs.

A second unsettling factor has been the increasing transfer of economic power to countries which have not traditionally been major actors on the international financial scene. The inherent power of a Saudi Arabia to make waves through its vast foreign exchange holdings has lent a degree of unpredictability to international monetary affairs.

Finally, the international exchange rate system has refused to function in an orderly manner. The recent precipitous decline in the value of the U.S. dollar relative to other major world currencies has raised a number of serious questions about the future of the system itself.

The two resolutions being introduced today point to the interdependencies in the international economic system and to the problem plaguing that system. They call on the President to initiate discussions aimed at resolving these problems. It is the belief of the cosponsors of these resolutions that the uncertainties which sap confidence in the international economic system must be addressed. The OPEC nations must be encouraged to become partners with the industrial countries in the smooth functioning of the system.

These resolutions call on President Carter to place high priority on moving to grapple with these problems. In doing so, we believe that he will have the support of Congress in this important effort. These resolutions are intended as a clear indication of that support.●

GUIDELINES FOR REHABILITATING HOUSING—S. 2637

AMENDMENT NO. 1819

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. PROXMIRE. Mr. President, I am submitting an amendment to S. 2637, the housing and community developments of 1978, that would direct the Secretary of HUD to develop guidelines for rehabilitating existing housing. These guidelines would be made available to cities and States for their voluntary adoption. They would be designed to assist local building officials in interpreting and adapting local codes to meet the special needs of rehabilitation projects. The purpose of the guidelines is to encourage the rehabilitation and conservation of our older building stock. By making our existing housing stock safe, sound and functional, we can very significantly aid in achieving our national housing goals, revitalizing our urban areas and reducing Federal expenditures.

On March 24 of this year, the Committee on Banking, Housing, and Urban Affairs held a hearing concerning the impact that building codes have on rehabilitation. The witnesses testified that building codes, although intended to regulate safety and health in new construction, are also applied to rehabilitation projects, particularly those involving major rehabilitation. Testimony indicated that, when applied to rehabilitation, building codes unnecessarily add 10 to 20 percent to the costs of rehabilitation projects; they discourage otherwise feasible projects; they delay approval of projects because of the lengthy administrative procedures involved; and they encourage illegal activities, such as payoffs to building officials by citizens seeking to avoid unreasonable requirements. The testimony received by the committee strongly indicates that congressional action is needed to remedy this problem.

The impact of building codes on rehabilitation is not a new problem. Ten years ago, a commission led by former Senator Paul Douglas declared:

> There is widespread recognition among code experts that current code standards, which are intended for new construction, should not be applied literally to the alteration of existing buildings. Administrators of the rehabilitation programs in cities throughout the country have found that costs become excessive when present building code standards are followed . . .

The Douglas Commission recommended that Congress:

> . . . authorize the Secretary of Housing and Urban Development to develop model standards to be incorporated in local building codes with special reference to the rehabilitation of existing housing.

Although the problem is not new, what is new is the level of Federal support for rehabilitation. In fiscal year 1979, Congress is being asked to provide $1.6 billion for rehabilitation, an increase of over 160 percent above the Federal rehabilitation activity in fiscal year 1977. Of this figure, as much as $240 million could be wasted because unnecessary building code requirements will be applied to federally-funded rehabilitation projects.

Building codes are a responsibility of the States and their political subdivisons. I do not believe that it is either necessary or desirable for Congress to mandate a Federal rehabilitation code. To do so would preempt the States' authority to regulate the safety and health aspects of buildings. Nor do I believe it desirable at this time to direct HUD to develop a new rehabilitation code. This would be a costly and time-consuming effort, that could have little immediate impact.

The amendment I am introducing today would call upon HUD, as part of the technical assistance it furnishes to States and cities, to develop a model rehabilitation guideline to be used in conjunction with existing building codes. This model rehabilitation guideline would aid in interpreting existing requirements, would provide technical data on building materials used in the past but not provided for in modern building codes; would suggest alternative ways to solve specific rehabilitation problems, and acceptable tradeoffs in order to make older buildings safe and useful; and would provide the up-to-date technical information needed by local and State officials responsible for administering local laws governing rehabilitation activities.

The legislation I am introducing directs HUD to develop and publish the model rehabilitation guideline within 18 months after the date of enactment. The amendment also authorizes HUD to furnish other technical assistance to assist States and jurisdictions in adopting and using the guideline. The Secretary of HUD would be required to report to Congress, not later than 18 months after the publication of the model rehabilitation guideline, concerning actions taken by State and local governments to adopt the guideline, and recommendations for further legislative action, if any.

Mr. President, the committee received testimony that Federal action on this matter is necessary and urgent because neither the States nor the cities have the technical and other resources needed to develop such a rehabilitation guideline. The amendment I am introducing will resolve this problem and will, I believe, help to eliminate a potential waste of Federal funds in carrying out the rehabilitation of older housing under building codes which may not be well suited for rehabilitation efforts.

I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1819

At the appropriate place in the bill, insert the following:

SEC. . Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following:

"REHABILITATION GUIDELINES

"SEC. 510. (a)(1) The Secretary shall develop model rehabilitation guidelines for the voluntary adoption by States and communities to be used in conjunction with existing building codes by States and local officials in the inspection and approval of rehabilitated properties.

"(2) Such guidelines shall be developed in consultation with the National Institute of Building Sciences, appropriate national organizations of agencies and officials of State and local governments, representatives of the building industry, and consumer groups, and other interested parties.

"(3) The Secretary shall publish such guidelines for public comment not later than 1 year after the date of enactment of this section, and promulgate them no later than 18 months after such date of enactment.

"(4) The Secretary shall furnish technical assistance to State and local governments to facilitate the use and implementation of such guidelines.

"(b) The Secretary shall report to Congress not later than 36 months after the date of enactment of this section regarding (1) actions taken by State and local governments to adopt guidelines or their equivalents, and (2) recommendations for further action.

HOLOCAUST—THE POWER OF LANGUAGE AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, for several days now I have been discussing the NBC presentation, "Holocaust". Seldom has any production moved millions of Americans as much. It clearly demonstrated the awesome power of television—to inform, to educate, and, most importantly, to move its viewers.

In watching "Holocaust", I was particularly fascinated by the frighteningly clever use of language by the Nazis to obscure their real intentions. As we follow the career of the lawyer Dorf, we see his career advance as he learns to employ such nice turns-of-phase as "Jewish question", "resettlement camps", and "final solution". These delicate verbal acrobatics were meant to obscure the Nazi plans for the premeditated and systematic extermination of 6 million Jews.

Of course, with the benefit of hindsight, we are able to see these phrases for the sham that they were. But the use of these terms, combined with German propaganda, served to reduce the concern in both Europe and the United States for the plight of the Jews and other victims of the Nazi regime. And, most importantly, it bought time.

Again and again, we see Dorf use these verbal gymnastics to give a cloak of legitimacy to Nazi atrocities. When the Nazis staged riots and destroyed Jewish property, Dorf was faced with a dilemma since under German law the insurance companies were required to pay compensation to the victims. Dorf concluded that he could employ language here as well to conclude that since the Jews were "responsible" for this so-called citizen uprising in the first place, the government could legitimately confiscate all payments to the Jewish victims.

Mr. President, the lesson is clear. Countries cannot always be relied upon to prevent genocide within their own boundaries. It is the moral duty of all nations to protect the victims of such actions. That is why over 80 nations have ratified the Genocide Treaty, a treaty in which members resolve to prevent and punish acts of genocide. The lives of all individuals throughout the world are a cause for international concern. And if the United States is serious about protecting these lives—if we have learned the lesson of "Holocaust"—we must join in this united opposition to genocide. Sympathy for victims after the fact accomplishes little; active efforts to expose potential acts of genocide and prevent them can save lives.

As I have said time and again, we should have been the first to ratify this convention. I can only hope now that we will not be the last.

HOW NEW YORK CAN BALANCE ITS BUDGET: CUT LOBBYING

Mr. PROXMIRE. Mr. President, in considering the action the Congress should take on Federal assistance for New York City, one of the considerations we take into account is the expenditures the city and the State are making now. Is that spending excessive? Obviously to the extent the city can reduce its spending it can move closer to a balanced budget.

It can once again move to the status enjoyed by New York City before 1975 and by every other city in the country throughout our history. That is it can be self-reliant, and not dependent on the Federal Government for a loan, a guarantee or any other kind of assistance to prevent bankruptcy.

In recent weeks I have cited a number of areas where New York City can save money. We have pointed to the millions of dollars of documented waste in the city's park department, to the multimillions lost because of failure to enforce contracts as in the case of the Pullman Company's penalties of more than $10,000,000 that has not been enforced by the city, to the Yankee stadium sweetheart deal. And I am sure there are many others.

Another admittedly limited area of spending where New York seems to be out in front is in its lobbying the Federal Government for more Federal funds. In an article in this morning's New York Times, Edward C. Burks reports on the hundreds of thousands of dollars New York is spending in this operation.

Now, it is true that many States have big lobbying operations here in Washington to lasso the Federal tax dollar. My own State of Wisconsin has three full-time persons paid a total of $64,000 and the University of Wisconsin has a part-time lobbyist who is paid about $10,000 per year. Altogether, counting expenses Wisconsin spends about $86,000 to lobby the Federal Government. I regret that. I think it's too much. If I were governor the State would spend nothing in Washington. If our nine Congressmen and two Senators and our ample staffs cannot do the job, we should be replaced.

Nevertheless in criticizing New York, it is only fair to admit that Wisconsin also spends money to lobby the Federal Government, but far less—on any count than New York.

As compared to Wisconsin's three full time and one part time lobbyist, New York has 38 people according to Mr. Burks. New York spends about $750,000 in its lobby effort. And everyone, but everyone seems to be represented.

According to the New York Times:

Governor Carey has an Office of Federal Affairs here. Mayor Koch has an office. Then there are the offices of the State Senate and the State Assembly . . . special offices of the city's Board of Education, the State's Department of Education, the State University of New York and even an office for Nassau county.

Mr. President, the very high salaries for very young lobbyists raises another question on this big expenditure.

But, Mr. President, into the excellent representation New York has in the Congress. With Senator JAVITS and Senator MOYNIHAN and their fine staffs, with its powerful delegation in the House and their staffs. And with the demonstrated capacity of these professional experts in getting more than a fair shake for their State and city, the size and especially the cost of this New York expenditure is excessive and still another example of where and how a New York that has the will to do the job, can find the way.

But apparently Mr. President even all this is not enough. To help the city's lobbying effort with Congress, Mr. Koch dispatched his counsel Philip Trimble to Washington for 4 weeks to be the laision with Governor Carey's committee that is buttonholing Congressmen on behalf of the city.

Mr. President, I ask unanimous consent that the New York Times article by Edward Burks to which I referred be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EIGHT UNITS LOBBY FOR NEW YORK IN WASHINGTON

(By Edward C. Burks)

WASHINGTON, April 25.—In pursuit of golden Federal grants and favorable legislation for New York State, New York City and various subdivisions therof, eight separate offices are now operating full-tilt in the capital. At latest count 38 people are in lobbying in the spirit of "Excelsior" (ever upward), the New York State motto.

Governor Carey has an Office of Federal Affairs here. Mayor Koch has an office. Then there are the offices of the State Senate and the State Assembly, which set up operations here last year. Not to be forgotten are the special offices of the city's Board of Education, the state's Department of Education, the State University of New York and an office for Nassau County.

The salaries of the lobbyists and their support personnel range from the $43,000 of Julian Spirer, director of the New York City office, originally established by former Mayor John V. Lindsay, downward to about $7,500 for some clerks. Altogether about $750,000 is being spent by taxpayers in New York State to maintain the lobbying and reporting force, which is just one short of equaling the combined number of New York Senators and Representatives in Washington.

MINNESOTAN HEADS OFFICE

Mr. Spirer, a 30-year-old Brooklyn-born, Harvard Law School graduate, thrives on his current major lobbying effort—trying to get Congress to approve a $2 billion loan program for New York City this spring. Before being hired by Mayor Koch early this year to run the city's office, Mr. Spirer was associated with the Manhattan law firm of Paul, Weiss, Rifkind, Wharton & Garrison, and then was counsel here to Representative Benjamin S. Rosenthal, Democrat of Queens, one of the city's most influential Congressmen.

In a glass and concrete building near Union Station called the Hall of States, Brad C. Johnson, a 29-year-old Minnesota native, is acting director of the New York State office, an arm of the Governor's office. Mr. Johnson, who is a lawyer, is paid $32,250.

He heads a staff of 12 generally considered one of the best-functioning state office groups in the capital. He finds the most effective way of fighting for state-supported projects "is * * * through our own Congressmen, who are much more effective now than in the past."

What does all this lobbying activity produce? Mr. Johnson and Mr. Spirer have no doubt that some major gains have resulted.

Last year, for example, the two offices, working closely with New York Representatives, reported that the state got $500 million in "extra" annual financing (close to $300 million of it for the city). That was partly because of improvement in formulas—fought for by New Yorkers—to provide more aid for housing, jobs and training in areas hard-hit by unemployment, and for rehabilitating poverty areas.

But with eight prospectors in the field, it is sometimes a matter of trying not to step on the toes of a fellow New Yorker looking for the same funds.

Many states have set up offices in Washington to get in closer touch with the Federal Government and its life-giving or life-saving grants and special legislation. A few cities have also done so, as well as a sprinkling of state education departments. But none can match the lobbying line-up from New York State. Here is the list of the eight offices with their directors and employees:

New York State's office, a branch of the Governor's Office—Mr. Johnson and his specialists, including five lawyers, cover a broad spectrum of Federal activities and work closely with the State Congressional delegation to keep members informed on bills.

New York City's office, reporting directly to Mayor Koch—Mr. Spirer, heading a staff of six, has set up a "coordinating council," including senior representatives from every major city department and agency that keep in constant touch with the Washington office.

New York State Senate—Jack R. MacKenzie, a 55-year-old native of Troy, N.Y., and a veteran of a number of government and Republican Party jobs, heads the four-member office at a salary of $35,000.

New York State Assembly—Jeffrey M. Wice, a Valley Stream, L.I., native who will be 26 on May 1, also heads a four-member staff, at $27,500.

New York City Board of Education—A staff of two headed by Fern Lapidus, with a $26,000 salary, and working from its own quarters within the New York City Office.

New York State Department of Education—Miriam Kazanjian, the director, has a little office for two and receives a salary of about $20,000.

State University of New York—In the multimillion dollar business of applying for and getting Federal grants, this six-member, six-room office is headed by William F. Claire, who receives $35,000. (The $200,000 budget of this office is paid from Federal funds).

Nassau County—John Faso has an office and a secretary in the National Association of Counties headquarters here.

LAROCCA A "SUPERCONSULTANT"

With the New York City loan issue now coming to the fore in Congress, Governor Carey and Mayor Koch have prevailed on the previous head of the New York State office, James L. Larocca, to become a sort of special superconsultant.

Mr. Larocca, who had reached a salary level of $43,000 last year in the state office before becoming the state's Energy Commissioner, has agreed to use his Washington expertise and contacts to see what he can do for the city loan assistance plan.

As Energy Commissioner he has continued to make visits to Washington on energy matters, and he has kept in close touch with Mr. Johnson.

Does this heavy artillery from New York cause more confusion than effectiveness?

Mr. Larocca says that the two houses of the Legislature were in the best position to decide on the need for separate offices in Washington, which were established late last year. But as for the many New York related offices here, he said: "It can create a confusion in Congress with too many people walking around with portfolios, emblazoned with the words 'New York' ".

He sees another problem. With representatives from the Governor's office, the Assembly and the State Senate all testifying before a Congressional committee, for example, and with varying viewpoints, members of the committee may not know what the "real" New York position is or if there is one. This is a situation of "exploitable confusion," Mr. Larocca says.

There have been some indications of chilliness involving the firmly established Governor's office here and at least one of the newcomers, the State Senate office. Mr. MacKenzie, head of the Senate office, contends that several requests to the Governor's office for details on the Governor's position on energy legislation have been unanswered. But on the other things they cooperate, he insists.

Mr. Johnson says only that "the proliferation of offices may be confusing to Congress and the Administration." Privately, however, a number of New York lobbyists who have been here for some time do not view the establishment of the State Assembly and State offices here as necessary.

VALUES EDUCATION COMMISSION IS COMMENDED BY SENATOR RANDOLPH

Mr. RANDOLPH. Mr. President, recently the members of the legislature of the State of Maryland passed significant legislation having to do with a study commission. This body would not attempt to regulate the courses given in the schools of that State. It would emphasize the belief, which I think is fundamentally correct, that there are certain disciplines in the instruction of our children and our youth which are not embraced by the conjugation of the Latin verbs or the rules of geometry.

I believe that the action of that State legislative body is indicative of the desire, not just to look backward, but to realize that there were characteristics which were in abundance in the men and women who brought this Republic into being. From their lives and their considerable contributions to the growth of this Republic, we can learn that which helps to mold the character and the strength of many generations.

On its last day of the session, April 10, 1978, the Maryland State Legislature passed Senate Joint Resolution 64, to establish a Values Education Commission, which culminated the diligent and persevering efforts of Senator Lawrence Levitan and Delegate Eugene Zander, both of Montgomery County. Many people were active in this effort. Among them were W. Clement Stone, president, Religious Heritage of America; Mary Ann Kirk and Dr. Bob Childers, vice presidents of education, Religious Heritage of America. The text of the resolution is as follows:

RESOLUTION NO. 64

Our fellow citizens generally are greatly concerned today by the apparent diminution of our traditional adherence and devotion to high standards of moral and ethical conduct. This concern is felt to pervade the areas of both private and personal interrelationships and public governmental activities.

Unhappily, all too often one observes or learns by extensive publicity of breakdowns in the normal standards of individual behavior and violations of public trust.

Although the great majority of our people are aware of this unhappy condition, a sense of helplessness as to how to bring about a remedy appears to have taken hold of their consciousness. Concentrated attention to procedures which might serve to inculcate an appreciation of and devotion to our best values is called for. Responsibility for formulating a broad program of values education surely rests on the popularly elected State Legislature as well as educators.

The obvious first problems to face are: "Where do we begin, and how far do we go?" Our leading national thinkers, educators, clergymen, and learning experts agree that the elementary school is the appropriate place to start a program of appreciation of ideals and desirable personal and public conduct. It is at this time students develop positive attitudes about our form of government, moral codes, and value judgments.

The early school years are specially important because a critical stage of development is beginning—that of thinking in the abstract, making judgments that will form the basis of character for the years to come.

But there concerns must be carried through to middle school, high school, and college, and into personal and public life. The intermediate years are times of experimentation and value assessment; the upper years are periods of judgment and value testing.

There are large numbers of parents and educators who feel deeply that today's society and particularly our schools, must address this void in the educational orientation and development of our children; now, therefore, be it

Resolved by the General Assembly of Maryland, that the Governor appoint a 20-member Commission, with adequate funding, for the purpose of identifying and assessing ongoing programs in moral and values education in the schools of Maryland, and to make recommendations toward the implementation of Values Education into the curriculum.

The Commission should be balanced on the State and local level, and comprised of representatives from the following: State Department of Education, State Government, State School Board, local school board, State Association of PTA's, curriculum specialists, school teachers, school principals, clergy (Judeo-Christian sector), youth, school counselors, Chamber of Commerce, Department of Labor, and Industrial Development, media, sports, service organizations, and the public at large.

Suggested materials should include materials that provide good role and good deed

models and attitudes that foster a sense of civic morality. Examples are: Lives of our early founders, great Americans of the past and present, the great documents which were the basis of the heritage of America, notable statements of principle by recent minds that emphasize devotion to ethical and moral values; and be it further

Resolved, That this program should not require a separate course designation with its own block of time in a school period. It could, however, be an addition to or used in conjunction with all areas of the curriculum with special emphasis in Social Studies or American History. To be useful, though, it would need to be treated as a distinct element of each course with its own resources and its own unique implementation format. This type of "values" program will serve to foster a respect for high standards of conduct and help students make effective value judgments, and to familiarize them with their "place in the world"; and be it further

Resolved, That it is the sense of the General Assembly that the type of "values education" described is desirable from the point of view of elevating the general ethical and moral standards of our future citizens; and be it further

Resolved, That copies of this Resolution be sent to the Acting Governor, the Honorable Blair Lee III; the President of the State Department of Education, the Honorable Richard Shifter, P.O. 8717, Baltimore-Washington International Airport, Baltimore, Maryland 21240; and the State Superintendent of Schools, Dr. David W. Hornbeck, P.O. Box 8717, Baltimore-Washington International Airport, Baltimore, Maryland 21240; and be published generally throughout the State.

Mr. RANDOLPH. Mr. President, the individual child identifies with a home, a community, and a school. However, the environmental quality of the home and the school varies greatly and impacts the child's attitude and outlook on life accordingly. The school is a significant common denominator shared by young people.

Thomas Jefferson said:

It is important not to change basic values, but only to change our approach to the subject.

"Going back to basics" has a new connotation. It is no longer enough to be able to read, write, and calculate, but we must strive to be practicising citizens who contribute to strengthening our heritage, our cultures, our beliefs, our purposes. Yes, the whole person.

The introduction of historical personalities as "role models"—men and women who have had a dominant part in forming our country—is a viable way of teaching values. The inclusion of men and women of such insight and character challenges the learner to determine for himself or herself what really matters and to participate in building a worthwhile career, and indeed, a better America.

Values can be taught through examples. Those men and women of our earlier, formative periods of history were not without blemish, but they were inherently honest. They had the interest of their country as a source of individual strength.

We quest for truth. We search for the answers and often we find, as we study, the past events which brought our Nation into being, and those traits of character which we can emulate.

We are people who gain strength from lessons of our pioneers. We owe to them a tremendous debt of gratitude.

On the eve of the Battle of Trenton, N.J., Gen. George Washington was attempting to assess strengths within a small tattered and battered band of patriots. The signs pointed to victory for the British on the morrow. General Mercer was assigned to check on hospital and medical supplies. He reported to the Commander-in-Chief: "We have no medicine. We have no food. We have not a bandage fit to be used.

"But we have," he concluded, "our faith."

So let us have "role models" who emphasize that how you do something is as important as what you do. Let us challenge the student to take risks to achieve a goal.

In every area of our country—within each State, county, and community—there are values of history that can be brought to the attention of our youth. Although we are a diverse people, we Americans join together in the knowledge that it was the desire for freedom that brought our country into existence.

The State of Maryland will be the first to create a Values Education Commission. The flame of faith is now aglow in "The Free State." May other States see the light and feel its warmth.

UNANIMOUS-CONSENT AGREEMENT—NAVIGATION DEVELOPMENT ACT, H.R. 8309

Mr. ROBERT C. BYRD. Mr. President, I have cleared this with the leadership on the minority side and with Mr. LONG, Mr. GRAVEL, Mr. DOMENICI, Mr. DANFORTH, Mr. ALLEN, Mr. MELCHER, and other Senators.

I ask unanimous consent that at such time as H.R. 8309, Calendar No. 459, the Navigation Development Act, is called up before the Senate, there be 7 hours on the bill, to be equally divided among Mr. RANDOLPH or his designee and Mr. LONG, on this side, and the minority leader or his designee, on the other side of the aisle, for the opposition; that Mr. CRANSTON have 1 hour on the bill, under his control; that there be a time limitation on any amendment of 1 hour, with the following exceptions: 3 hours on an amendment by Mr. DOMENICI, 3 hours on an amendment by Mr. DANFORTH, 3 hours on an amendment by Mr. LONG, 2 hours on any amendment to the Domenici amendment, 70 minutes on an amendment by Mr. GRAVEL, 70 minutes on an amendment by Mr. MELCHER, and 70 minutes on each of three amendments by Mr. ALLEN; 30 minutes on debatable motions, appeals and points of order submitted and that rule 12, paragraph 3, be waived; that the agreement be in the usual form.

Provided, further, that if the bill should be called up on next Tuesday, no amendments on user fees or with respect to lock and dam 26 be eligible to be called up on that day; also in the "if" proviso, that the final disposition of the bill occur no later than 2 p.m. on Thursday.

The PRESIDING OFFICER. Is there objection?

Mr. BELLMON. Mr. President, reserving the right to object, the distinguished majority leader has stated that this has been cleared on the minority side?

Mr. ROBERT C. BYRD. Yes, it has.

Mr. BELLMON. I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

Ordered, That when the Senate proceeds to the consideration of H.R. 8309 (Order No. 459), an act authorizing certain public works on rivers for navigation, and for other purposes, debate on any amendment (except on one amendment each by Senators Domenici, Danforth, and Long, on each of which there shall be 3 hours; on any amendment to Senator Domenici's amendment, on which there shall be 2 hours each; and on one amendment each by Senators Gravel and Melcher, and on 3 amendments by Senator Allen, on each of which there shall be 70 minutes) shall be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: Provided, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee: Provided further, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 7 hours, to be divided with 3 hours to be jointly shared by the Senator from West Virginia (Mr. Randolph) and the Senator from Louisiana (Mr. Long), or their designees; with 3 hours to be under the control of the Senator from Tennessee (Mr. Baker), or his designee; and with 1 hour to be under the control of the Senator from California (Mr. Cranston): Provided, That the said Senators, or any of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

Ordered further, That if the said bill is called up on Tuesday, May 2, 1978, no amendments relative to user fees or lock and dam No. 26 shall be in order on that day.

Ordered further, That if the said bill is called up on Tuesday, May 2, 1978, the final vote thereon shall occur no later than 2:00 p.m. on Thursday, May 4, 1978.

TRANSFER OF TIME-LIMITATION AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time agreement on S. 743, Calendar No. 671, the "Dealer Day in Court" bill, be transferred to the companion bill, H.R. 130, Calendar No. 670. This request has been cleared on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 8309 ON TUESDAY, MAY 2, 1978

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday, May 2, following the recognition of the two leaders under the standing order, or in the event orders for the recognition of Senators have been entered in

the meantime, then following such special orders, the Senate proceed to the consideration of calendar order No. 459, H.R. 8309, which is the waterway users bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—S. 2146

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on S. 2146, Calendar No. 687, the Consolidated Farm and Rural Development Act, there be a time limitation agreement as follows:

Two hours on the bill, to be equally divided between the Senator from Georgia (Mr. TALMADGE) and the Senator from Nebraska (Mr. CURTIS);

One hour on any amendment, 30 minutes on any amendment in the second degree, debatable motion, appeal, or point of order if such is submitted to the Senate;

Two hours on an amendment by the Senator from Maine (Mr. MUSKIE);

That the agreement be in the usual form;

That the measure not be called up before Monday, May 1; and

That any rollcall votes ordered to be voted on that bill or in relation thereto be voted back to back, at a time to be designated on Tuesday, May 2, such time to be decided by the close of business on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR EXECUTIVE SESSION TOMORROW

Mr. ROBERT C. BYRD. Mr. President, is there an order for recognition of a Senator tomorrow?

The PRESIDING OFFICER (Mr. LEAHY). The Senator from Vermont (Mr. LEAHY) has an order for recognition tomorrow morning.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition tomorrow of the distinguished Senator from Vermont (Mr. LEAHY), who now presides over the Senate, the Senate go into executive session to proceed with the consideration of the nomination of Mr. Charles Luna, of Texas, to be a member of the Board of Directors of the National Railroad Passenger Corporation.

The PRESIDING OFFICER. Without objection, it is so ordered.

VITIATION OF ORDER FOR RECOGNITION OF SENATOR LEAHY ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the recognition of Mr. LEAHY on tomorrow for 15 minutes be vitiated.

The PRESIDING OFFICER (Mr. LEAHY). Without objection, it is so ordered.

The Chair thanks the distinguished majority leader.

RECESS UNTIL 10 A.M. TOMORROW

Mr. RANDOLPH. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 10 a.m. tomorrow.

The motion was agreed to; and at 6:21 p.m., the Senate recessed until tomorrow, Thursday, April 27, 1978, at 10 a.m.

HOUSE OF REPRESENTATIVES—*Wednesday, April 26, 1978*

The House met at 2 o'clock p.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

The hour cometh and now is when the true worshipers shall worship the Father in spirit and in truth.—John 4: 23.

O God, our Father, with bowed heads we pause at the beginning of this day's duties to lift our spirits unto Thee unto whom all hearts are open, all desires known, and from whom no secrets are hid. Cleanse the thoughts of our hearts by the inspiration of Thy holy spirit that we may fervently love Thee and faithfully seek to do Thy will in our service to our country.

We come disturbed by the troubles of our time, perplexed by persistent problems, worn out with worries and tempted to yield to the temptations that try our souls. Give us the strength to carry on and the courage to stand up for what is right that we may keep our honor bright, our love loyal, our patriotism high, and our faith undimmed. Send us out into this day strong in Thee and in the power of Thy love. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Is there objection to the approval of the Journal?

Mr. RUSSO. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

The question was taken; and the Speaker announced that the yeas appeared to have it.

The question is on the approval of the Journal.

Mr. RUSSO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 382, nays 9, answered "present" 1, not voting 42, as follows:

[Roll No. 253]

YEAS—382

Abdnor	Beard, R.I.	Broyhill	Coleman	Fithian	Holt
Addabbo	Beard, Tenn.	Buchanan	Collins, Ill.	Flippo	Holtzman
Akaka	Bedell	Burgener	Collins, Tex.	Flood	Horton
Alexander	Beilenson	Burke, Calif.	Conable	Florio	Hubbard
Allen	Benjamin	Burke, Mass.	Conte	Flowers	Huckaby
Ambro	Bennett	Burleson, Tex.	Corcoran	Flynt	Hughes
Ammerman	Bevill	Burlison, Mo.	Corman	Foley	Hyde
Anderson, Calif.	Biaggi	Burton, John	Cornell	Ford, Mich.	Ichord
	Bingham	Burton, Phillip	Cornwell	Ford, Tenn.	Ireland
Anderson, Ill.	Blanchard	Butler	Cotter	Forsythe	Jeffords
Andrews, N.C.	Blouin	Byron	Cunningham	Fountain	Jenkins
Andrews, N. Dak.	Boggs	Caputo	D'Amours	Fowler	Jenrette
	Boland	Carney	Daniel, Dan	Frenzel	Johnson, Calif.
Annunzio	Bolling	Carter	Daniel, R. W.	Fuqua	Johnson, Colo.
Applegate	Bonior	Cavanaugh	Danielson	Gaydos	Jones, Okla.
Archer	Bonker	Cederberg	Davis	Gephardt	Jones, Tenn.
Armstrong	Bowen	Chappell	de la Garza	Giaimo	Jordan
Ashbrook	Brademas	Chisholm	Delaney	Gibbons	Kasten
Ashley	Breaux	Clausen, Don H.	Dellums	Gilman	Kastenmeier
Aspin	Brinkley		Derwinski	Ginn	Kazen
AuCoin	Brodhead	Clawson, Del	Devine	Glickman	Kelly
Bafalis	Brooks	Clay	Dickinson	Goldwater	Kemp
Baldus	Broomfield	Cleveland	Dicks	Gonzalez	Ketchum
Barnard	Brown, Calif.	Cochran	Dingell	Goodling	Keys
Bauman	Brown, Ohio	Cohen	Dodd	Gore	Kildee
			Dornan	Gradison	Kindness
			Downey	Grassley	Kostmayer
			Drinan	Green	Krebs
			Duncan, Oreg.	Gudger	LaFalce
			Duncan, Tenn.	Guyer	Lagomarsino
			Early	Hagedorn	Latta
			Eckhardt	Hall	Le Fante
			Edgar	Hamilton	Leach
			Edwards, Ala.	Hammer-schmidt	Lederer
			Edwards, Calif.		Lehman
			Edwards, Okla.	Hanley	Lent
			Emery	Hannaford	Levitas
			English	Hansen	Livingston
			Erlenborn	Harkin	Lloyd, Calif.
			Ertel	Harrington	Lloyd, Tenn.
			Evans, Colo.	Harris	Long, La.
			Evans, Del.	Harsha	Long, Md.
			Evans, Ga.	Hawkins	Lott
			Fary	Heckler	Lujan
			Fascell	Heftel	Luken
			Fenwick	Hightower	Lundine
			Findley	Hillis	McClory
			Fish	Holland	McCloskey
			Fisher	Hollenbeck	McCormack

McDade	Patten	Spellman
McDonald	Patterson	Spence
McEwen	Pattison	St Germain
McFall	Pease	Staggers
McHugh	Perkins	Stangeland
McKay	Pettis	Stanton
McKinney	Pickle	Stark
Madigan	Pike	Steed
Maguire	Poage	Steers
Mahon	Pressler	Stockman
Markey	Preyer	Stokes
Marks	Price	Stratton
Marlenee	Pritchard	Studds
Marriott	Pursell	Stump
Martin	Quie	Symms
Mattox	Quillen	Taylor
Mazzoli	Rahall	Thompson
Meeds	Railsback	Thone
Metcalfe	Rangel	Traxler
Meyner	Regula	Treen
Michel	Reuss	Trible
Mikulski	Rhodes	Tsongas
Mikva	Richmond	Udall
Milford	Rinaldo	Ullman
Miller, Calif.	Robinson	Van Deerlin
Miller, Ohio	Rogers	Vander Jagt
Minish	Rooney	Vanik
Mitchell, N.Y.	Rose	Vento
Moakley	Rosenthal	Volkmer
Moffett	Rostenkowski	Waggonner
Mollohan	Rousselot	Walgren
Montgomery	Roybal	Walker
Moore	Rudd	Wampler
Moorhead, Calif.	Ruppe	Watkins
	Russo	Weaver
Moorhead, Pa.	Ryan	Weiss
Mottl	Santini	Whalen
Murphy, Ill.	Satterfield	White
Murphy, Pa.	Sawyer	Whitehurst
Murtha	Scheuer	Whitten
Myers, Gary	Schroeder	Wiggins
Myers, John	Schulze	Wilson, Tex.
Myers, Michael	Sebelius	Winn
Natcher	Seiberling	Wirth
Neal	Sharp	Wolff
Nedzi	Shuster	Wright
Nichols	Sikes	Wydler
Nolan	Simon	Wylie
Nowak	Sisk	Yates
O'Brien	Skelton	Yatron
Oakar	Slack	Young, Alaska
Oberstar	Smith, Iowa	Young, Fla.
Obey	Smith, Nebr.	Young, Mo.
Ottinger	Snyder	Zablocki
Panetta	Solarz	Zeferetti

NAYS—9

Brown, Mich.	Mitchell, Md.	Steiger
Coughlin	Quayle	Walsh
Jacobs	Sarasin	Wilson, Bob

ANSWERED "PRESENT"—1

Burke, Fla.

NOT VOTING—42

Badham	Garcia	Roberts
Baucus	Hefner	Rodino
Breckinridge	Howard	Roe
Carr	Jones, N.C.	Roncalio
Conyers	Krueger	Runnels
Crane	Leggett	Shipley
Dent	Mann	Skubitz
Derrick	Mathis	Teague
Diggs	Mineta	Thornton
Eilberg	Moss	Tucker
Evans, Ind.	Murphy, N.Y.	Waxman
Fraser	Nix	Whitley
Frey	Pepper	Wilson, C. H.
Gammage	Risenhoover	Young, Tex.

So the Journal was approved.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2552. An act to amend the act of July 19, 1940, relating to travel in the United States, to authorize additional appropriations.

The message also announced that the Senate further insists upon its amendments to the bill (H.R. 6782) entitled "An act to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion," disagreed to by the House; agrees to a further conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TALMADGE, Mr. EASTLAND, Mr. MCGOVERN, Mr. ALLEN, Mr. HUDDLESTON, Mr. DOLE, Mr. YOUNG, and Mr. CURTIS to be the conferees on the part of the Senate.

BREZHNEV'S NOTHING OFFER

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, the Brezhnev offer to stop building neutron bombs in return for a similar concession for the United States borders on the ludicrous. Russia does not have a neutron bomb. The United States does. Russia is offering us something they do not have in return for something in being which is very important to the Western Powers. Russia does not need a neutron bomb. The United States and our NATO allies do. The neutron bomb is primarily a defensive weapon. It can be effective in blunting a massive enemy attack, particularly one spearheaded by armor.

The neutron bomb is a one-of-a-kind weapon. It kills by radiation, not by concussion or from wounds. It does not destroy buildings and other permanent structures.

It is delivered by artillery shells fired from a 105 millimeter artillery piece. That means it has a very high degree of accuracy and its delivery is not affected by weather. The overwhelming superiority of Russian tanks and armored personnel carriers make it extremely important that the NATO and U.S. forces have more effective defense weapons.

President Carter has indicated that he may halt the U.S. program. This development has disturbed our allies and upset our military leaders. The Russians obviously are moving to take advantage of the situation with a nothing offer.

PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO FILE REPORT

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

THE IMMIGRATION PROBLEM OF LEV FURMAN

(Mr. HYDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HYDE. Mr. Speaker, as part of the ongoing "Vigil for Freedom" we in the House are undertaking on behalf of Soviet Jews, I would like to discuss the emigration problem facing Lev Furman, a 30-year-old "refusnik" from Leningrad.

Mr. Furman, a radio engineer by profession, has not been able to find work in his field since applying for an exit visa in May of 1974.

In April 1977, authorities stepped up their usual methods of harassing the Furman family by arresting Mr. Furman's ailing father, a 68-year-old cancer patient. Authorities claim he was arrested and jailed because neighbors complained about him. Friends of the Furman family are convinced that the arrest was a punishment for allowing his son to apply for an exit visa to Israel.

Lev Furman is one of nine teachers of Hebrew conducting special seminars in Leningrad. Recently, the President of Israel awarded him the Shazar Prize for "education in absentia." The Soviets, obviously, were not impressed. On July 15, 1977, the militia burst into the apartment of a friend while Lev was giving his weekly Hebrew lesson. They recorded the names of the six people present and took Lev to the police station. Three days later, he was sentenced to 10 days detention for "obstruction."

Lev Furman is but one of thousands of Soviet Jews whose only crime is a desire to live in freedom.

ANNUAL REPORT OF SECRETARY OF INTERIOR IN ACCORDANCE WITH FEDERAL COAL MINE HEALTH AND SAFETY ACT OF 1976—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, without objection, together with the accompanying papers, referred to the Committee on Education and Labor:

To the Congress of the United States:

In accordance with Section 511(a) of the Federal Coal Mine Health and Safety Act of 1976, I hereby transmit to you the Annual Report of the Secretary of the Interior.

Part I of the report details the activities of the Mining Enforcement and Safety Administration. Part II describes the mining research activities of the Bureau of Mines.

The report covers a period of time before I took office.

JIMMY CARTER.

THE WHITE HOUSE, *April 26, 1978.*

ARMS CONTROL AND DISARMAMENT AGENCY AUTHORIZATIONS

Mr. ZABLOCKI. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11832) to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. ZABLOCKI).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 11832, with Mr. PATTISON of New York in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Wisconsin (Mr. ZABLOCKI) will be recognized for 30 minutes, and the gentleman from Michigan (Mr. BROOMFIELD) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill before us, H.R. 11832, has but one purpose—to authorize the appropriation of $18,395,000 for fiscal year 1979 operations of the Arms Control and Disarmament Agency. The bill was unanimously supported by the Committee on International Relations.

Mr. Chairman, the bill authorizes the appropriation of $2 million more than was originally requested by the administration. The increase approved unanimously by the Committee on International Relations reflects the committee's interest in supporting the Arms Control and Disarmament Agency as a vigorous advocate for arms control within the executive branch.

The bill makes two changes in the authorization legislation proposed by the administration:

First, it provides $1 million to be used to support the safeguards programs and activities of the International Atomic Energy Agency. This continues the upgraded support of IAEA activities mandated by Congress in last year's authorization.

Second, H.R. 11832 provides $1 million to cover projected increases in the cost of the SALT negotiations caused by a significant devaluation of the dollar against the Swiss franc in early 1978. This 1978 devaluation had not been taken into account when ACDA submitted its authorization request to OMB late last year. As a result of its oversight reviews, the committee found it desirable to add the needed funds to enable ACDA to support ongoing SALT negotiations at their current level in the face of the dollar depreciation.

This brings me to a brief discussion of some of the responsibilities the Congress has given to ACDA in recent years.

Congress has a constitutional responsibility to share in the formulation of our national security policy. In order to fulfill that role properly, it needs information on proposed defense and other nonweapons programs that affect the national security of the United States. It also needs information on the ability of the United States to monitor compliance with existing arms control agreements as well as arms control proposals that are made by or received by our Government.

In this respect, Congress has given ACDA two important responsibilities in these areas.

First, Congress enacted 2 years ago section 36 of the Arms Control and Disarmament Act requiring arms control impact statements. Earlier this year on March 13, Congress received detailed arms control impact statements on more than 70 programs for fiscal year 1979. Most unfortunately, these statements were submitted 7 weeks late diminishing their utility this year. On the positive side, however, this year's statements are generally well written, informative, and sufficiently analytical to provide new and useful insights into the arms control implications of defense and other programs that affect arms control policy and negotiations in the future.

Second, last year Congress gave ACDA additional responsibilities in the area of verification of arms control agreements. The committee received several briefings and reports over the last year bearing on the responsibilities of ACDA as required under section 37 of the Arms Control and Disarmament Act. On February 23 and March 24, 1978, the committee received a classified report on the verifiability of proposals made by the parties to the strategic arms limitation talks. In addition, some of the arms control impact statements submitted to Congress deal extensively and objectively with verification issues and problems, and present judgments as to the degree of verifiability of several significant arms control proposals via national technical means.

In closing, Mr. Chairman, I want to remind my colleagues that H.R. 11832, which received unanimous approval by the Committee on International Relations, enables ACDA to effectively discharge its necessary responsibilities to conduct a variety of arms control negotiations and to maintain U.S. national security interests.

The $18,395,000 this bill authorizes represents three one-thousandths of 1 percent of the total budget authority for fiscal year 1979. In fact, the long-term effect of this expenditure could be to the economic benefit of the United States if, by a more successful arms control policy, unnecessary or destabilizing weapons proposals can be avoided or delayed, thereby contributing to legitimate U.S. national security requirements and interests.

Finally, Mr. Chairman, as to the ongoing SALT negotiations, I want to assure my colleagues that any SALT agreement will be carefully and fully scrutinized by the Committee on International Relations before any approval is granted by the Congress. As chairman of the full committee and the Subcommittee on International Security and Scientific Affairs, which has jurisdiction over SALT, I pledge to continue to have briefings and conduct oversight hearings in the future as the SALT negotiations progress.

Mr. Chairman, I urge favorable consideration of this measure before us today, and I reserve the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the legislation we have before us today provides the Arms Control and Disarmament Agency with an authorization of appropriations which will permit the Agency to participate in a variety of arms control negotiations including the strategic arms limitation talks in Geneva. Among other things, the ACDA authorization for fiscal year 1979 also allows the Agency to improve nuclear safeguard programs worldwide as well as to meet its new statutory responsibilities required by nuclear nonproliferation legislation.

I believe that the strategic arms negotiations are important to the security of our country—and must be continued. In negotiating SALT, however, I would hope that the Arms Control Agency will be able to assure the American people that the Soviets are cooperating on issues worldwide before we can, with confidence, conclude any new agreements.

The Soviet Union's manifest escalation of the arms race—its lack of sincerity in arms control—its intervention in Africa—should make us all, including the Arms Control Agency, wary of Soviet intentions. Of particular concern should be recent Soviet actions in Africa which are hardly conducive to the building of confidence and trust so sorely needed in the United States–Soviet relationship and its keystone—the strategic arms talks.

The spreading Soviet-Cuban influence on the African Continent began in Angola with Cubans fighting blacks to preserve a regime lacking popular support. With the war in the Horn, the Soviets have continued their designs and they are now as some speculate, beginning to turn their attention to Rhodesia. Ethiopia could very well serve as a staging area from which Cubans can attack the black majority in Rhodesia.

As for recent Soviet sincerity in arms control—while the Russians have engaged in talks to reduce arms in central Europe. They have continued to build up the military in the Warsaw Pact—while the Soviets have engaged in strategic arms negotiations, they have continued to improve their strategic strike capabilities, given this recent record in the maintenance of international security and peace, can we indeed trust the Soviet Union in negotiating a new strategic arms agreement?

It is for these very reasons that I ask the Arms Control Agency, to the fullest extent possible, to move with patience and caution—with an awareness and a mindfulness of Soviet intentions as well as U.S. strategic capabilities—in attempting to conclude a new strategic arms agreement.

To be sure, the Arms Control and Disarmament Agency is a necessary organi-

zation—an organization worthy of a continuing authorization. In the past year, however, I have been troubled by the Agency's inability—or perhaps reluctance—to firmly and consistently respond, at the negotiating table, to Soviet political and military objectives worldwide. As a result, while I support this year's authorization for the Arms Control and Disarmament Agency, I do so with some reluctance.

I noted with considerable interest that former Secretary of State Henry Kissinger expressed some of the same concerns about the sincerity of Soviet intentions in a speech on April 19 before the International Radio and Television Society in New York City. Following are excerpts from Secretary Kissinger's speech:

EXCERPTS FROM INFORMAL REMARKS DELIVERED TO THE INTERNATIONAL RADIO AND TELEVISION SOCIETY

I would like to apply these considerations to one area which probably will not loom as large in the question period as I suspect the Middle East will, namely the problem of Africa.

In 1975 the Soviet Union for the first time introduced enormous quantities of military equipment and later Cuban expeditionary forces in an area about as far away from the Soviet Union as it is possible to be, in Angola. At that time we had no particular preference between the various factions that were fighting for control of the government in Angola. But we did believe that the introduction of proxy troops and of a billion dollars worth of military equipment, more than all the rest of the world was giving to all the rest of Africa put together, would create a problem that would make future solutions that much more difficult. We were prevented from doing what was necessary, which did not involve any American forces, by the Congress at the time.

In recent months, we have seen once again in Ethiopia another billion dollars worth of Soviet equipment and another twenty thousand Cuban troops, again in areas of no conceivable historic interest for either of those countries, and now we are dealing no longer with a local Africa situation but with a geopolitical challenge.

The move into Ethiopia cannot be analyzed in terms of the quarrels between Somalia and Ethiopia. Nor is the issue primarily who crossed the border first. The first thing to notice is that Soviet equipment went first to Somalia, a country that had put forward claims on the territory of all its neighboring states; Soviet equipment was thus guaranteed to be used in an expansionist way. And then when that equipment was used for the precise purpose that Somalia had always asked for it, the Soviet Union switched sides and became the defender of the territorial integrity which its own equipment had threatened to begin with. And seventeen thousand Cuban troops and a billion dollars worth of Soviet equipment went into Ethiopia.

It is too cynical to be asked to accept the proposition that what is involved here is the unselfish Soviet desire to respond to the appeal of a sovereign country. The Soviet purpose is geopolitical: to outflank the Middle East, to demonstrate that the US cannot protect its friends, to raise doubts in Saudi Arabia right across the Red Sea, in Egypt, in the Sudan, and in Iran. And now we hear that once again we may be facing the threat of Cuban and Soviet intervention in Southern Africa.

Mr. WINN. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I now yield to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Chairman, I rise in support of H.R. 11832.

H.R. 11832, which authorizes $18,395,000 for the Arms Control and Disarmament Agency for fiscal year 1979, will allow the Agency to continue to participate in a number of arms control negotiations. With this authorization, ACDA can continue to contribute to the staffing of the comprehensive test ban negotiations, the mutual and balanced force reductions talks, United Nations arms control conferences, the U.S.-U.S.S.R. chemical and radiological weapons negotiations, the Indian Ocean arms control talks, Antarctic Treaty inspections, as well as the strategic arms limitation talks in Geneva.

As you know, the administrative costs of the SALT negotiations are met by ACDA funding. These costs include rent for office space and equipment in Geneva as well as travel and administrative personnel.

In providing an authorization for the operations of the SALT negotiations, I would like to emphasize—with much concern—that the Arms Control Agency be fully responsive to Department of Defense and other agency views. Moreover, I cannot help but note an impression of U.S. weakness in relation to the current strategic arms negotiations. Already the United States has made more than its share of SALT concessions—not to mention the fact that we have unilaterally canceled the B-1 bomber, closed the Minuteman strategic missile production line, and slowed development of the MX mobile missile as well as the Trident submarine and sea-launched ballistic missile programs.

H.R. 11832 also provides ACDA with an authorization of appropriations for nuclear safeguards programs, and can help the Agency meet its new statutory responsibilities required by nuclear nonproliferation legislation in which our committee has taken an intense interest. One-half of the $2-million authorization increase approved by the committee has been earmarked for the purpose of improving nuclear nonproliferation programs through the activities of the International Atomic Energy Agency, which ACDA contributes to. One of the primary purposes of the IAEA is to insure that nuclear material, equipment, or facilities are not used in such a way as to further a country's military causes through the development of nuclear explosives. Through ACDA's contributions, IAEA has been better able to develop and provide for improved nuclear safeguards—safeguards which may better deter the achievement of an unwanted nuclear explosive capability as well as the diversion of that kind of capability to terrorist groups.

In conclusion, I believe that ACDA is a necessary organization—given the many responsibilities that the Agency is fulfilling. In supporting this year's authorization, however, I would again like to reiterate my concerns that ACDA, in receiving its authorization, will be fully responsive to a diversity of arms control views including those of various Government agencies, as well as the Congress.

Mr. BROOMFIELD. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, the task of the Agency whose funding we authorize today is arms control. Now one important element of arms control is verification. Verification enables nations to limit their strategic arsenals by assuring them that an agreement designed to provide mutual deterrence does not assume a one-sided character. By instilling confidence that observance of accepted terms is strict, verification stimulates nations to seek further arms limitation agreements. Verification, therefore, enhances global stability.

Recent reports from the Arms Control and Disarmament Agency, however, most often subordinate verification to other objectives—concluding a SALT II agreement with the U.S.S.R., for example. One gains the unfortunate impression that ACDA regards verification as an obstacle rather than as a stimulus to arms control.

Particularly distressing is the Agency's approach to verification of the cruise missile. In negotiations with the Soviet Union, the United States has accepted 2,500 kilometer and 600 kilometer range limits on the cruise missile. Yet, cruise missile range limits are unverifiable since the range of a given missile varies according to the amount of fuel it carries, the altitude and the speed at which it flies. Despite our inability to verify observance of the range limits, we have accepted range restrictions clearly disadvantageous to the United States. A 600 kilometer range limit on sea-launched cruise missiles (SLCM's) and ground-launched cruise missiles (GLCM's) makes no military sense to the United States. Although over 50 percent of the U.S. population lives within 600 kilometers of our coastlines, the 600 kilometer range puts most Soviet urban centers beyond the reach of our SLCM's.

But verification is apparently not a constant at ACDA. Although we are urged to accept range restraints disadvantageous to us that are unverifiable, we are also told we must forego the conventional cruise missile because there is no way to distinguish a cruise carrying a conventional warhead from one carrying a nuclear warhead. All cruise missiles must be treated as nuclear which means it is unlikely that we will deploy conventional cruise. We are in the process of reducing to a minimum benefit a weapons system that shows great promise from an arms control standpoint. It is a slow-moving second-strike weapon that could enhance the security of the United States and of our European allies as well as raise the nuclear threshold.

There are other grave difficulties verifying the SALT II agreement being negotiated. Unfortunately, they all seem to work to the great disadvantage of the United States.

How do we verify, for example, that the Soviets do not plan to convert the SS–20 missile into an intercontinental range SS–16 by adding a third stage? Such a conversion could occur with little warning in a period of crisis.

If we agree to accept restrictions on our technology, how do we verify what technological improvements the Soviet Union is making in its weapons systems? What constitutes a technological improvement?

Verification of the Backfire bomber and its rate of production is one more difficulty that works to our disadvantage.

Whether we call it cheating or stretching an agreement to the limit or taking advantage of loopholes, we must not write ourselves into an agreement that will enable the Soviet Union to reveal in a crisis situation that it has altered the strategic arms balance without our knowledge and to our disadvantage. Therefore, I urge my colleagues to consider carefully the role of verification in arms control and the task of this Agency in assuring that verification remains an integral element of arms control. This is something we should all watch closely as the negotiation of a SALT II treaty proceeds.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

Mr. Chairman, I want to compliment the gentleman from Michigan (Mr. BROOMFIELD) for his remarks and say that I think a great many Members of the Congress share his concern about the actions of this Agency. It has been my impression, although I do not have the honor to serve on the gentleman's committee, that unilateral disarmament seems to be the theme running through much of the so-called American position in the SALT talks. I am not even sure that the United States has a position at the SALT talks.

While certainly I can understand the gentleman's arriving at the conclusion that this authorization ought to be supported, I personally cannot vote in favor of this legislation because of the disarmament policies adopted by the Carter administration. I think we are closer today to being at a strategic and military disadvantage compared to the Soviet Union than at any time in our history. Much of that weakness stems from this Agency and its totally misguided concept of combating communism and what the Soviet Union seeks to do to the United States.

Mr. BROOMFIELD. Mr. Chairman, I thank the gentleman for this contribution.

Mr. Chairman, I reserve the balance of my time.

Mr. ZABLOCKI. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. If there are no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 11832

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 49(a) of the Arms Control and Disarmament Act (22 U.S.C. 2589(a)), is amended to read as follows:

"SEC. 49. (a) To carry out the purposes of this Act, there are authorized to be appropriated for fiscal year 1979 the sum of $18,395,000 (and such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs) of which $1,000,000 shall be available only for the purpose of furthering the nuclear safeguards programs and activities of the International Atomic Energy Agency. The sum authorized to be appropriated by this subsection shall remain available until expended.".

SEC. 2. The amendment made by the first section of this Act shall take effect on October 1, 1978.

Mr. ZABLOCKI (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

AMENDMENT OFFERED BY MR. SIMON

Mr. SIMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIMON: On page 2, line 3, after the word "Agency" insert ", and of which such sums as may be necessary shall be available to conduct a study of the arms control study centers at academic institutions, and to report the results of such study with possible recommendations to Congress not later than January 31, 1979."

Mr. SIMON. Mr. Chairman, I believe this is a noncontroversial amendment. The committee report points out very properly that there is a problem in our academic centers. They have made and are making significant contributions, but they face problems. I frankly do not know precisely the dimensions of the problem. We do know, for example, that at Stanford University their arms control center has folded. We know there are problems elsewhere.

This simply asks the agency, with no additional authorized sums, to take a look at what is happening at these academic centers and report back to the Congress.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, I wish to advise the gentleman that I certainly appreciate the gentleman's courtesy in making the amendment available to the committee. I have studied the amendment very carefully. I wish to say this modest amendment is consistent with the findings of the Subcommittee on International Security and Scientific Affairs which held hearings on the issue and the committee report.

Mr. Chairman, we accept the amendment.

Mr. SIMON. Mr. Chairman, I thank the distinguished chairman.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, I join in complimenting the gentleman from Illinois for the amendment. I think it improves the bill, and we also accept it on the minority side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker pro tempore (Mr. MCFALL) having assumed the chair, Mr. PATTISON of New York, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11832) to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act, pursuant to House Resolution 1144, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 332, nays 74, not voting 28, as follows:

[Roll No. 254]

YEAS—332

Abdnor	AuCoin	Brademas
Addabbo	Baldus	Brinkley
Akaka	Beard, R.I.	Brodhead
Alexander	Beard, Tenn.	Brooks
Allen	Bedell	Broomfield
Ambro	Bellenson	Brown, Calif.
Ammerman	Benjamin	Broyhill
Anderson, Calif.	Bennett	Buchanan
	Biaggi	Burgener
Anderson, Ill.	Bingham	Burke, Calif.
Andrews, N.C.	Blanchard	Burke, Mass.
Andrews, N. Dak.	Blouin	Burlison, Mo.
	Boggs	Burton, John
Annunzio	Boland	Burton, Phillip
Applegate	Bolling	Butler
Armstrong	Bonior	Byron
Ashley	Bonker	Caputo
Aspin	Bowen	Carney

Carr	Hubbard	Perkins
Carter	Hughes	Pettis
Cavanaugh	Hyde	Pickle
Cederberg	Jacobs	Pike
Chappell	Jeffords	Pressler
Chisholm	Jenrette	Preyer
Clausen, Don H.	Johnson, Calif.	Price
Clay	Johnson, Colo.	Pritchard
Cleveland	Jones, Tenn.	Pursell
Cohen	Jordan	Quayle
Collins, Ill.	Kasten	Quie
Conable	Kastenmeier	Quillen
Conte	Kazen	Rahall
Corcoran	Kemp	Railsback
Corman	Ketchum	Rangel
Cornell	Keys	Regula
Cornwell	Kildee	Reuss
Cotter	Kostmayer	Rhodes
Coughlin	Krebs	Richmond
D'Amours	LaFalce	Rinaldo
Danielson	Le Fante	Rogers
Davis	Leach	Roncalio
de la Garza	Lederer	Rooney
Delaney	Lehman	Rose
Dellums	Lent	Rosenthal
Dent	Levitas	Rostenkowski
Derrick	Lloyd, Calif.	Roybal
Derwinski	Lloyd, Tenn.	Ruppe
Dicks	Long, La.	Russo
Diggs	Long, Md.	Ryan
Dingell	Lott	Santini
Dodd	Lujan	Sarasin
Dornan	Luken	Sawyer
Downey	Lundine	Scheuer
Drinan	McClory	Schroeder
Duncan, Oreg.	McCloskey	Schulze
Duncan, Tenn.	McCormack	Sebelius
Early	McDade	Seiberling
Eckhardt	McEwen	Sharp
Edgar	McFall	Shipley
Edwards, Calif.	McHugh	Simon
Emery	McKay	Sisk
Erlenborn	McKinney	Skubitz
Ertel	Madigan	Slack
Evans, Colo.	Maguire	Smith, Iowa
Evans, Del.	Mahon	Smith, Nebr.
Evans, Ind.	Markey	Solarz
Fary	Marks	Spellman
Fascell	Marlenee	Spence
Fenwick	Marriott	St Germain
Findley	Martin	Staggers
Fish	Mattox	Stanton
Fisher	Mazzoli	Stark
Fithian	Meeds	Steers
Flood	Metcalfe	Steiger
Florio	Meyner	Stockman
Foley	Michel	Stokes
Ford, Mich.	Mikulski	Studds
Ford, Tenn.	Mikva	Thompson
Forsythe	Milford	Thone
Fountain	Miller, Calif.	Traxler
Fowler	Miller, Ohio	Treen
Frenzel	Mineta	Trible
Fuqua	Minish	Tsongas
Garcia	Mitchell, Md.	Udall
Gaydos	Mitchell, N.Y.	Ullman
Gephardt	Moakley	Van Deerlin
Giaimo	Moffett	Vander Jagt
Gibbons	Mollohan	Vanik
Gilman	Moorhead, Pa.	Vento
Glickman	Mottl	Walgren
Goldwater	Murphy, Ill.	Walsh
Gonzalez	Murphy, N.Y.	Wampler
Gore	Murphy, Pa.	Weaver
Gradison	Murtha	Weiss
Green	Myers, Gary	Whalen
Gudger	Myers, John	White
Guyer	Myers, Michael	Whitten
Hamilton	Natcher	Wiggins
Hanley	Neal	Wilson, Bob
Hannaford	Nedzi	Wilson, C. H.
Harkin	Nolan	Wilson, Tex.
Harrington	Nowak	Winn
Harris	O'Brien	Wirth
Hawkins	Oakar	Wolff
Heckler	Oberstar	Wright
Hefner	Obey	Wydler
Heftel	Ottinger	Wylie
Hightower	Panetta	Yates
Holland	Patten	Yatron
Hollenbeck	Patterson	Young, Mo.
Holtzman	Pattison	Zablocki
Horton	Pease	Zeferetti
	Pepper	

NAYS—74

Archer	Bauman	Burleson, Tex.
Ashbrook	Bevill	Clawson, Del
Badham	Breaux	Cochran
Bafalis	Brown, Ohio	Coleman
Barnard	Burke, Fla.	Collins, Tex.
Cunningham	Hillis	Rudd
Daniel, Dan	Holt	Satterfield
Daniel, R. W.	Huckaby	Shuster
Devine	Ichord	Sikes
Dickinson	Ireland	Skelton
Edwards, Ala.	Jenkins	Snyder
Edwards, Okla.	Jones, Okla.	Stangeland
English	Kelly	Steed
Evans, Ga.	Kindness	Stratton
Flippo	Lagomarsino	Stump
Flowers	Latta	Symms
Flynt	Livingston	Taylor
Ginn	McDonald	Volkmer
Goodling	Montgomery	Waggonner
Grassley	Moore	Walker
Hagedorn	Moorhead, Calif.	Watkins
Hall	Nichols	Whitehurst
Hammer-schmidt	Poage	Young, Alaska
Hansen	Robinson	Young, Fla.
Harsha	Rousselot	

NOT VOTING—28

Baucus	Jones, N.C.	Roe
Breckinridge	Krueger	Runnels
Brown, Mich.	Leggett	Teague
Conyers	Mann	Thornton
Crane	Mathis	Tucker
Eilberg	Moss	Waxman
Fraser	Nix	Whitley
Frey	Risenhoover	Young, Tex.
Gammage	Roberts	
Howard	Rodino	

The Clerk announced the following pairs:

Mr. Eilberg with Mr. Brown of Michigan.
Mr. Rodino with Mr. Fraser.
Mr. Waxman with Mr. Teague.
Mr. Baucus with Mr. Runnels.
Mr. Risenhoover with Mr. Conyers.
Mr. Roe with Mr. Mathis.
Mr. Crane with Mr. Jones of North Carolina.
Mr. Nix with Mr. Whitley.
Mr. Krueger with Mr. Roberts.
Mr. Breckinridge with Mr. Thornton.
Mr. Mann with Mr. Moss.
Mr. Gammage with Mr. Tucker.
Mr. Howard with Mr. Leggett.

Mr. HILLIS changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 11832) just passed.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PUBLIC DISCLOSURE OF LOBBYING ACT OF 1978

Mr. DANIELSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8494) to regulate lobbying and related activities.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. DANIELSON).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8494, with Mr. MEEDS in the chair.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, April 20, 1978, pending was the Committee amendment in the nature of a substitute, which was considered as having been read and open to amendment at any point.

Are there any further amendments to the Committee amendment?

AMENDMENT OFFERED BY MR. DANIELSON

Mr. DANIELSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DANIELSON: Page 28, strike lines 1 through 5, and insert the following:

"(4) The term 'employ' means to use or engage the services of an individual, usually for wages or salary, while retaining the right to control and direct that individual as to the result of the services and the details and means by which the result is accomplished."

Mr. DANIELSON. Mr. Chairman, this amendment is intended to put into being a little bit more workmanlike definition of the term "employ." The term "employ" as used in the bill refers to employment of a person to make lobbying communications. I have served copies of the amendment upon the distinguished ranking minority Member leader and his colleagues on the Republican side of the House.

I respectfully submit that all the amendment does is strike a definition which, actually, is too broad and includes independent contractors as well as employees within the term "employ." What I have substituted in this proposed amendment would be the traditional definition of "employ" which one can find synthesized from Black's Legal Dictionary and Webster's International Dictionary. There is nothing very sensational about it except to present a clear meaning of the word "employ."

AMENDMENT OFFERED BY MR. KINDNESS AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. DANIELSON

Mr. KINDNESS. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS as a substitute for the amendment offered by Mr. DANIELSON: On page 28, line 3, strike the comma after the word "value" and insert a semicolon.

On page 28, strike the language beginning with the word "but" on line 3 through to the semicolon on line 5.

Mr. KINDNESS. Mr. Chairman, the amendment that I am offering as a substitute for the amendment proffered by the gentleman from California (Mr. DANIELSON) is an amendment that was printed in the RECORD the other day.

The gentleman from California (Mr. DANIELSON) I believe is attempting to meet the problem raised by this amendment that was published in the RECORD, but it fails to do that, and for that reason I offer the amendment originally proposed.

Mr. Chairman, what we have here is a situation in which the term "employ"

was, probably with good intentions, inserted in the full Committee on the Judiciary so as to say the utilization of the services of a volunteer does not come within the term "employ."

We all know that a lot of lobbying is done by people who are volunteers. We know that in a lobbying capacity persons who are frequently before the Congress, and who are frequently in touch with Members of the House as well as Members of the other body, are people who receive no pay from the organization for which they purport to be speaking. Ralph Nader is probably a good example because we cite him more than anyone else, and I believe that to be the case, that, ordinarily, he is acting in behalf of an organization or speaking for an organization, that does not directly pay him something. Therefore, when we say in the bill that "employ" does not include the utilization of the services of a volunteer, we are going too far. The amendment I offer as a substitute simply strikes the words: "but does not include the utilization of the services of a volunteer;".

The gentleman from California (Mr. DANIELSON) has offered an amendment which, frankly, I do not understand and I cannot understand and which uses words unfamiliar in the context of this statute or the proposed statutory language. That amendment says:

The term "employ" means to use or engage the services of an individual, usually for wages or salary—

What does that mean? I do not know what that means.

Mr. DANIELSON. Will the gentleman yield at that point?

Mr. KINDNESS. If I might just finish the sentence in the gentleman's amendment, I will be happy to yield.

It goes on to say:

. . . while retaining the right to control and direct that individual as to the result of the services—

What does that mean, "result of the services"? You cannot control the results of the services.

Grammatically the amendment does not hold together, and the words which I have substituted strike the language and leaves the language as it has been before, and does it on the basis that we will not include volunteers who are frequently used in volunteer lobbying.

Mr. DANIELSON. Will the gentleman now yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. DANIELSON. I thank the gentleman for yielding.

I would like to point out that the amendment which I have offered does not say that we control the results of the services. It says that the employer controls and directs the individual, the employee, as to the result of the services and the details.

I would also like to point out that the amendment which I have pending does exclude volunteers. I would also like to point out that one can pay an employee in kind as well as in money. One can hire someone for goods as well as for dollars.

Lastly, I would like to point out that the gentleman's substitute amendment retains within the definition independent contractors. My effort here has been to distinguish between an employee and an independent contractor, who does not belong in this definition.

Mr. KINDNESS. I thank the gentleman for his contribution, which I still say leaves the situation much more cloudy than the language which is in the bill. If we simply strike this, we would be left with the definition of the term "employee" reading as follows:

The term employee means the utilization of the services of an individual or organization in consideration of the payment of money or other thing of value.

The amendment offered by the gentleman from California (Mr. DANIELSON) would strike the language "or other thing of value," and that, I think, is essential to the definition.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word.

I find myself in agreement with the gentleman from Ohio (Mr. KINDNESS) with respect to the ambiguity of the amendment offered by the gentleman from California (Mr. DANIELSON), but I also find the amendment offered by the gentleman from Ohio to be objectionable, for the reasons stated by the gentleman from California. It seems to me that the language in the committee bill defining employee is quite clear. It is clear that it does not include the services of a volunteer. It is clear that it does include any individual who receives payment of money, or any other thing of value, for his services, and that would include an independent contractor. Therefore, I see no reason to adopt either the amendment offered by the gentleman from California or the substitute amendment offered by the gentleman from Ohio.

Perhaps I have some pride of authorship, since as I recall, I was the one who authored the language which is in the bill. The purpose of offering it and the purpose of the committee in adopting it, based upon the explanations we made at the time, was that we did not want to include volunteers but we did want to include anybody who was hired, whether he was an independent contractor or whether he was an actual employee for hire. So I do not see any reason for either of the two amendments to be adopted, and I would hope that we would stick with the committee language.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I will be glad to yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

The question that is left, I think, by the language of the bill as it now stands is whether the expenditures would reveal only partial figures, would include transportation, overhead, printing, and things of that sort, other costs. I think the language that is in the bill—for which the gentleman claims authorship, and I believe that is correct—is done the least harm, I believe, by simply striking the last clause that allows the professional volunteers to escape the attention of the reporting process.

The amendment offered by the gentleman from California (Mr. DANIELSON), on the other hand, would eliminate the reporting for all of those other things of value for which people might be paid. I think if we are going to have a bill that covers lobbying disclosure, the burden ought to fairly fall on everyone who does lobbying, and that is what would be accomplished by the substitute amendment.

Mr. SEIBERLING. If the gentleman will yield back my time, I would simply like to say that the core of the bill, the definition of "employee," is the fact that it does exclude the services of a volunteer, and if we change that, then we make a considerable change in the thrust of this bill, which would make it even harder for a lot of us to vote for it.

Mr. MOORHEAD of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the substitute amendment. Under the terminology in the bill as it is written now, subparagraph (4) reads:

(4) the term "employ" means the utilization of the services of an individual or organization in consideration of the payment of money or other thing of value, but does not include the utilization of the services of a volunteer;

All the substitute amendment does is to strike out the last clause ", but does not include the utilization of services of a volunteer". What it leaves in the bill is the requirement that the individual receives money, or other thing of value. I believe that if the individual doing the work receives money or other thing of value, he should be included.

For that reason, I support the substitute amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS) as a substitute for the amendment offered by the gentleman from California (Mr. DANIELSON).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DANIELSON).

The amendment was rejected.

AMENDMENTS OFFERED BY MR. SANTINI

Mr. SANTINI. Mr. Chairman, I offer amendments, and ask unanimous consent that they be considered en bloc.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. SANTINI: Page 45, insert the following new section after line 10 and redesignate succeeding sections accordingly:

STUDY OF CERTAIN LOBBYING COMMUNICATIONS

SEC. 12. The General Accounting Office shall conduct a study of lobbying communications made by Federal, state and local units of government and associations of state or local elected officials, in order to determine whether the provisions of this Act should apply equally to all such entities. The office on shall, not later than January 1, 1979, sub-

mit a report to the Congress containing the findings of such study and containing legislative recommendations in accordance with such findings.

Page 46, line 4, strike out "subsection (b)" and insert in lieu thereof "subsection (b) and (c),".

Page 46, insert the following new subsection after line 10:

(c) Associations of state and local elected officials shall be subject to the provisions of this Act on January 1, 1980.

The CHAIRMAN. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. SANTINI. Mr. Chairman, I rise to offer an amendment to this bill. This new amendment will not exempt any group from coverage under the bill. It will not provide a loophole or allow favoritism for any lobbying organization.

What this amendment *will* do, is provide an opportunity for this Congress to take a closer examination of the form and substance of communications among the various governments in the federal system—Federal, State, and local.

The amendment differs substantially from the one I proposed last week. In this amendment, I simply call for a report on Governmental lobbying from the staff of the prestigious Advisory Commission on Intergovernmental Relations. It would be completed by the end of this year. I further provide in the amendment that Congress would have one year from that time to consider the findings of that study before the provisions of this bill would apply to associations of State and local elected officials.

Permit me to stress two important points about this amendment. First, this act will apply to these associations of Governors, legislators, and local officials unless Congress acts affirmatively to exempt them prior to 1980.

Second, this amendment applies only to associations of elected officials. I believe that the questions raised by my colleagues about the scope of the definition of "appointed" officials were well taken, and I have limited this amendment to associations of elected officials to avoid any confusion.

Mr. Chairman, I believe that this amendment is in the best interests of sound intergovernmental relations, and does not do violence to the spirit of this act. I have consulted with the affected associations, and they have offered their support for the amendment. Furthermore, the Advisory Commission on Intergovernmental Relations has already agreed to conduct this study.

During the consideration of this bill last week, I was visited by a city commissioner and State assemblyman from Nevada, and they expressed wholehearted support for the amendment. They agree with me that unless an analysis of this entire range of governmental lobbying is studied, the result will be law that treats the States, cities, and counties unequally. These Nevada officials know that under the bill as reported from the Judiciary Committee elected officials are exempt, but not their associations. While that is fine for entities who can afford to hire Washington representatives to lobby, it discriminates against the poor counties and cities in my State, who must rely on associations to lobby for them.

I urge support for this amendment.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. SANTINI. I am happy to yield to the gentleman from Texas.

Mr. BROOKS. Mr. Chairman, I want to say to my distinguished friend, the gentleman from Nevada, that I am pleased he has changed his amendment. It is a vast improvement over the previous version.

It is true the amendment does let those "big tigers" out of the cage for 1 year, but it also means they will be back in unless an impartial General Accounting Office gives some justification for further exemption and Congress acts to do so.

Mr. Chairman, I want to thank the gentleman for his own personal concern and awareness of the broadness of the problems that confront the Congress in dealing with this matter.

Mr. SANTINI. Mr. Chairman, I thank the gentleman for his remarks.

Mr. MOORHEAD of California. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, we have debated this subject over and over again in committee, in subcommittee, and on the floor.

This is another means that is used to try to exclude certain organizations from coverage by this legislation. It is hoped, of course, that by delaying this for 1 year, it could probably be brought up at a time without other people being involved in this legislation, and then they could be totally excluded.

I think when we start excluding organizations and individuals from lobbying reporting requirements on an extensive basis and from coverage under this bill, we are putting an onerous burden on all those who are covered, and we are starting to get a lineup of people who want to get out of coverage for one reason or another. I think it would be a mistake to exclude these organizations, even though they are fine organizations and are doing a very worthwhile work and even though that exclusion is only for the period of 1 year during a study. I am concerned that that 1 year will be expanded far beyond 1 year and far beyond into the future.

Mr. Chairman, I am sure, if that happens, they would be totally excluded in the future as they are at this time.

Mr. SANTINI. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of California. I am happy to yield to the gentleman from Nevada.

Mr. SANTINI. Mr. Chairman, I thank the gentleman for yielding.

Would the gentleman not agree at this point that the entities identified to be excluded for this 1 year from the provisions of this bill are already reporting far more in the way of published detail and information then is required under this bill?

Would the gentleman not agree that that if disclosure is the essential purpose and function of whatever it is we have been grappling with here this afternoon and last week these entities are already disclosing far more information than is required in the bill, and therefore, it is logical at least to have a study period to determine whether or not they should be included in those provisions?

Mr. MOORHEAD of California. Mr. Chairman, I believe that once we pass this legislation every organization that lobbies should be reporting to the same places. In other words, an individual who wants to find out about lobbying activities should be able to come to one place and discover what these organizations or individuals are required to disclose.

When we start dividing it out according to what somebody is now required to disclose and what others are not required to disclose, we end up with a very confusing situation. I imagine a lot of this information is disclosed at the present time, but perhaps if we get this legislation through, we can guarantee that the disclosures should be made through the process we are setting up here. That is the Lobby Disclosure Act, and it should be under this act that information is disclosed.

Mr. RAILSBACK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I wish to state that I agree with the remarks of the gentleman from California (Mr. MOORHEAD).

This amendment would have the effect, as I understand it, of actually delaying the effective date as the lobbying bill would relate to associations of State and local elected officials. I think that would be a mistake.

As I said before, what we are trying to do is this: We are trying to paint everybody with the same brush. We are trying to treat everybody very fairly; we are trying to treat everybody very equally.

We are talking about organizations that, for $2,500 per quarter, actually retain somebody to lobby for them or who have in their employ an employee who actually works for 13 days or two employees who work for 7 days each.

So, Mr. Chairman, I would hope, even though I have the greatest respect for the gentleman from Nevada (Mr. SANTINI), that we would not adopt his amendment.

Mr. DANIELSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to ask the gentleman from Nevada (Mr. SANTINI) a question.

I have in my hand a copy of the gentleman's amendment which I received from him 4 or 5 days ago, and in the gentleman's communication reference was made to the Advisory Commission on Intergovernmental Relations. I have another one now in which we have the General Accounting Office mentioned.

Except for that change, is there a difference in the amendment?

Mr. SANTINI. There is no difference. The General Accounting Office is the entity that will conduct this study.

Mr. DANIELSON. No difference except for that?

Mr. SANTINI. That is right.

Mr. DANIELSON. Mr. Chairman, I would like to state that I associate myself fully with the remarks of the ranking minority member, the gentleman from California (Mr. MOORHEAD), and the remarks of our distinguished colleague, the gentleman from Illinois (Mr. RAILSBACK), in opposition to the amendment.

AMENDMENTS OFFERED BY MR. KINDNESS AS A SUBSTITUTE FOR THE AMENDMENTS OFFERED BY MR. SANTINI

Mr. KINDNESS. Mr. Chairman, I offer amendments as a substitute for the amendments.

The Clerk read as follows:

Amendments offered by Mr. KINDNESS as a substitute for the amendments offered by Mr. SANTINI: On page 32, strike lines 22–25, and on page 33, strike lines 1–6, and insert the following in lieu thereof: "or appointed officials, a State college or university as described in section 511(a)(2)(B) of the Internal Revenue Code of 1954, group of organizations, or group of individuals (excluding any Federal department or agency, Indian tribe, any national or State political party and any organizational unit thereof, and any association comprised solely of Members of Congress or Members of Congress and congressional employees), and with respect to the activities of its Washington representative, a State or unit of local government; and".

On page 33, after line 12, insert the following new definition:

"(13) The term "Washington representative" means any agent or employee of a State or unit of local government who maintains a business address in the standard metropolitan statistical area which includes the city of Washington, District of Columbia, and whose function includes making lobbying communications.".

Mr. KINDNESS. Mr. Chairman, the amendment that is offered as a substitute in this case goes in the opposite direction from the amendments offered by the gentleman from Nevada (Mr. SANTINI). Indeed, if we start to create exceptions and exemptions beyond what are already contained in the bill, I think we are in trouble. We will not have a lobbying disclosure bill that is worth anything. But, in fact, this substitute amendment goes in the other direction. This amends the definition of "organization" to make it clear that Washington-based lobbyists for State and local governments will have to register and report under this statute.

The definition of the term "organization" is crafted to avoid coverage of the Washington offices of mayors, Governors, and other State and local officials. As is widely known, these offices exist for the primary purpose of lobbying for legislation. Lobbyists for local governments look like, talk like, act like, and think like any other lobbyists. Furthermore, they work on the same legislation. If a lobbying disclosure bill is to paint an accurate portrait of influences on legislation, these groups cannot be excluded from coverage. Clearly, the geographic exemption would exclude contacts by these people to their own representatives. When these lobbyists communicate with other Members of Congress, however, their activities should be reported.

It should be emphasized that Governors, mayor, State legislators, State and local civil servants will not have to register and report under this amendment in their individual capacities.

Mr. Chairman, I would like to point out that if we looked in the telephone book of the District of Columbia, we will find quite a number of States listed, and their offices. They are found on page 11359 of the telephone book, and you will find the State of Alaska; Connecticut; Florida; Illinois; Illinois Department of Business and Economic Development; the Stateof Maine; the State of Michigan; Minnesota; Montana; New Jersey; Ohio; South Carolina; the State of South Carolina has another office; and the State of Wisconsin. You will find many cities listed throughout the phone book.

An article in the April 26 issue of The New York Times points out: "Eight Units Lobby for New York in Washington."

In pursuit of golden Federal grants and favorable legislation for New York State, New York City and various subdivisions thereof, eight separate offices are now operating full-tilt in the capital. At latest count 38 people are in lobbying in the spirit of "Excelsior" (ever upward), the New York State motto.

If there is purpose for this legislation at all, it certainly includes all those who do lobbying. The gentleman from Nevada has offered an amendment that would take out from under the coverage of the bill those State and local governmental officials who join together in an organization to lobby. I think we should leave them covered as the bill does now, and go a step further and include the rest of those who do indeed lobby for local and State governments. It is not saying that they cannot do it; it is only saying that they report like everyone else.

Mr. Chairman, I would urge that the substitute be supported for that reason.

Mr. SANTINI. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Nevada.

Mr. SANTINI. I appreciate the gentleman's emphasis on the inherent inequity that is present in the bill, and which we discussed at some length last week. I have observed in a published report on the pending amendments that will be offered on this floor a report that a Representative KINDNESS will offer an amendment to move the effective date of the act from October 1, 1978, to October 1, 1979.

Now, if the gentleman's proposal has merit in the context of the entire legislation, certainly it would have merit in the context of the critically divided issue of the so-called government employee lobbyist. I would hope that if the gentleman cannot have all of the pie, he would settle for a constructive piece of the pie in the context of his own thought processes in support of delaying the effective date of the bill, as he intends to offer it.

Mr. KINDNESS. I appreciate the gentleman's arguments, but it goes to the point, I think, that everyone who is going to be covered by this legislation, if it becomes law, ought to have notice and time enough to comply carefuliy with the provisions of the law, and not just those organizations of State and local governmental officials.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the substitute amendment offered by the gentleman from Ohio (Mr. KINDNESS).

Mr. Chairman and Members, this substitute goes 180 degrees in the opposite direction of the amendment offered by the gentleman from Nevada (Mr. SANTINI), and it strikes exceeding far into one of the basic provisions of this bill.

Under the bill as drafted, State and local units of government per se are not considered to be lobbying organizations. If the Governor of your State or your city or your county wishes to approach you to lobby, to convey their wishes or desires as to the content or disposition of a bill, the activities of your Governor, the activities of your mayor, the activities of your county board of supervisors, are not considered lobbying within the purview of the bill. You are not going to compel your Governor, for heaven's sakes, to register as a lobbying within the purview of the bill. munications.

As a matter of comity, a matter of courtesy and commonsense, we recognize that in a federal system we have a Federal Government, but we also have 50 States, and we have innumerable cities and counties. They are legitimate branches of government, elected by the people of America to represent them, and there is no logical reason why we should put any type of regulation upon the efforts of a Governor, a mayor, a board of supervisors, to tell us what they would like to have in the legislation pending here in the Congress.

Now, the Kindness substitute would make all of these people subject to the lobbying law. It says it in so many words, with respect to the activities of the Washington representative of the State or local unit of government. I respectfully submit that the Governor of Colorado, the Governor of Florida, the Governor of Kentucky, cannot sit back here in Washington watching the legislation and prevailing upon his Congressman—Mr. EVANS of Colorado, Mr. MAZZOLI, or Mr. OBERSTAR—and say, "Look, fellows, Colorado cannot stand this; Minnesota cannot stand this; Kentucky cannot stand it, or South Carolina cannot stand it."

So what does the Governor do? He has a representative who is permanently stationed here in Washington and who is in constant communication with the capitol building back in our own State, and he keeps us informed. It is as much of value to us here in the Congress as it is in the State.

I do not want any of the ladies and gentlemen who are Members to be going home and be seeking reelection this fall and saying we decided that our own

Governor, our own mayor, and our own board of supervisors have to come in and register as lobbyists. I say vote this amendment down out of hand.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, what the gentleman from California says is most interesting. What he says is if my Governor of the State of Colorado comes here he should be allowed to come back and communicate.

Mr. DANIELSON. He surely should.

Mr. EVANS of Colorado. Or he should be allowed to have a representative in Washington, D.C.

Mr. DANIELSON. That is right. He had better stay home.

Mr. EVANS of Colorado. But what if he gets together with the Governor of Wyoming and the two of them associate themselves to come back together? They are then suspect.

Mr. DANIELSON. They are then suspect under this substitute.

Mr. EVANS of Colorado. I thank the gentleman from California.

Mr. DANIELSON. I thank the gentleman from Colorado for his contribution.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I thank the gentleman from California for yielding.

I wanted to make it very clear, and I think that by the recent colloquy between the two gentlemen who just spoke we are distinguishing what the subcommittee and this committee distinguished, that rather than having one individual State Governor or representative, where there may be a group with a collective purpose, that they may have more of an influence.

Mr. DANIELSON. That is correct. We are distinguishing between the governments of the local units that make up this United States and on the other hand the organizations of appointed officials, and so on. There is a distinction.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Kentucky.

The CHAIRMAN. The time of the gentleman from California (Mr. DANIELSON) has expired.

(On request of Mr. MAZZOLI, and by unanimous consent, Mr. DANIELSON was allowed to proceed for 2 additional minutes.)

Mr. MAZZOLI. Mr. Chairman, again I thank the gentleman from California for yielding.

I join my chairman in opposing the substitute as well as opposing the other amendment.

I would suggest to the gentleman something that he has brought to the attention of the House last week when we debated these same issues, and that is if the Governor of Kentucky and the Governor of California have a Washington representative to be on board and watch out for their interests of their States, that money which is paid to those Washington representatives has to be accounted for.

And if the gentleman would perhaps amplify a little bit, is not responsiveness and reporting inherent in the very nature of the tax money which goes to fund these offices?

Mr. DANIELSON. Absolutely. What we are trying to do is compel disclosure. These sums are reported on the State's payroll. They are public knowledge. There is no point, absolutely no point in including State Governors or local representatives.

Mr. SANTINI. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Nevada.

Mr. SANTINI. Mr. Chairman, if there is no point because it is a matter of public record in terms of the individual State or the individual entities, how can the distinguished chairman suggest with all his wisdom and endurance in the face of all adversity here, how can the chairman suggest that it makes any sense to do it to the representative associations who publish three times the facts, and publish it in their monthly announcements and in their bulletins? They publish all their lobbying activities. They are proud of their lobbying activities. And if there is any rhyme or reason to the lobbying bill, certainly that rhyme or reason would not apply to this.

Mr. DANIELSON. I can chew on only one bone at a time and now I have the bone of Mr. KINDNESS' amendment, but I do suggest that decent respect and comity for our sister and brother governments throughout this great land demand that we not bring them in as lobbyists to report on their activities.

The CHAIRMAN. The time of the gentleman from California (Mr. DANIELSON) has again expired.

(On request of Mr. FISH, and by unanimous consent, Mr. DANIELSON was allowed to proceed for 3 additional minutes.)

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I have taken this time because I am not sure whether I support the amendment offered by my friend the gentleman from Ohio (Mr. KINDNESS) any more than I do the amendment in chief here, but I am not quite sure that you and he are talking about the same results. So I would appreciate if you would yield to my friend the gentleman from Ohio (Mr. KINDNESS).

Mr. DANIELSON. I would be most pleased to yield to the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding. I want to be sure the record is not left in a state of dishevelment as to the meaning of the substitute amendment.

Now the gentleman from California (Mr. DANIELSON) has referred to mayors and Governors and boards of selectmen and aldermen, that they would have to register and report. Surely the gentleman was confining the intent of his conversation in that regard to those who maintain a Washington office and a Washington representative of a State or a city.

Mr. DANIELSON. Yes.

Mr. KINDNESS. And for those only who are engaged in lobbying we are attempting to redress?

Mr. DANIELSON. Yes. I will quote the language which, in my opinion, would compel us, in effect, to tell each unit of local or State government if they contact us back here; namely, the last few words of the first paragraph that state:

> . . . and with respect to the activities of its Washington representative, a state or unit of local government; . . .

And then in the last paragraph:

> The term "Washington representative" means any agent or employee of a state or unit of local government who maintains a business address in the standard metropolitan statistical area which includes the City of Washington, District of Columbia, and whose function includes making lobbying communications.".

I will state, to amplify on that, and I cannot speak for other States, but I know the situation is true with reference to the State of California because we do maintain an office here in Washington and we do have a permanently stationed representative of the Governor of the State. The Governor has enough to do in California so that he cannot come traipsing back here every week because he has things he has to do out in Sacramento to try to make things work there, so he does have a representative. The representative supposedly is in constant communication with the State Capital. I know that if I have a problem that comes up involving the State of California I can call the local office and tell Joe Beaman to get in touch with the Governor and tell him how this or that will impact on the State of California. I think most States have this kind of facility.

Mr. KINDNESS. And that is generally true as to a great many other lobbying organizations.

Mr. DANIELSON. Except that they are not States, they are not cities, they are not the people of America governing themselves through their own elected officials.

Mr. KINDNESS. But they are lobbying.

Mr. DANIELSON. Oh, yes, yes.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. SANTINI, and by unanimous consent, Mr. DANIELSON was allowed to proceed for 2 additional minutes.)

Mr. SANTINI. Mr. Chairman, if the gentleman will yield, just to carry the eloquent words of the gentleman from California (Mr. DANIELSON) one step further, the gentleman suggests that arms should not be cut off, but what do we do as far as the small counties, the small rural areas, the small cities and the small States who cannot afford to hire independent people to operate in an office on Pennsylvania Avenue or Independence Avenue, as the case may be? They have to rely on the associations to bring that voice that you have so eloquently enun-

ciated here to Washington. Those associations are paragons of virtue insofar as reporting. They comply far beyond any requests within this bill. I would suggest to you that I am just asking, Mr. Chairman, for a 1-year study by the GAO, for a 1-year delay for this Congress to respond. If they find that the terms of this bill should not apply, if the Congress says no then the bill does not apply.

Mr. KINDNESS. The gentleman is speaking to his amendment and not the substitute.

Mr. SANTINI. I welcome every chance I get.

Mr. DANIELSON. I would point out further that his argument is very appealing. But right now I am trying to address myself to the substitute.

Mr. Chairman, I yield back the remainder of my time.

Mr. MOORHEAD of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think there is a major difference between a political organization that is made up of representatives from a number of cities or a number of counties, or a number of States, all of which will not agree with the organization on every piece of legislation, on one side and individual cities and individual States on the other. I think that we would be well served if we defeated both the substitute amendment and the original amendment. I feel that the bill as it is presently designed in this area is correct.

We have eliminated the actual Governors and actual city governments from disclosure because we feel that they are the acting governments of the people of the United States, disclosing what they want of us as the representatives of another level of government. If we include special political groups, which any organization of mayors or any organization of Governors has to be, then we are going far beyond the elimination level that I think we should go by.

I would concur with the chairman of the committee that we should vote "no" on the substitute and vote "no" on the original amendment.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of California. I yield to the gentleman from New York.

Mr. FISH. I thank the gentleman for yielding.

I support what the gentleman just said. I think that is the wisest course to take. But is it not true that the main amendment that we are considering here is really just another version of what we disposed of at least a week ago when we talked in terms of the effect on legislation of such organizations as the League of Cities and the Council of Mayors, and the attempt then to remove them entirely from the coverage? Now this is simply a back-door way of doing the same thing. But was not the reasoning at that time, reasoning still legitimate, that the lobbying efforts of these organizations are responsible for tens and tens of billions of dollars for housing and for city affairs that, no matter how worthy, should be disclosed to the public?

Mr. MOORHEAD of California. Yes.

Mr. FISH. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Ohio (Mr. KINDNESS) as a substitute for the amendments offered by the gentleman from Nevada (Mr. SANTINI).

The amendments offered as a substitute for the amendments were rejected.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Nevada (Mr. SANTINI).

The question was taken; and on division (demanded by Mr. KINDNESS) there were—ayes 19, noes 17.

RECORDED VOTE

Mr. KINDNESS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 197, noes 211, not voting 26, as follows:

[Roll No. 255]

AYES—197

Abdnor	Gudger	Pattison
Addabbo	Guyer	Pease
Akaka	Hagedorn	Pepper
Ambro	Hall	Pickle
Anderson, Calif.	Hammer-schmidt	Poage
Applegate	Hannaford	Pressler
Armstrong	Harsha	Pritchard
Bafalis	Hefner	Pursell
Barnard	Heftel	Quie
Beard, Tenn.	Holland	Quillen
Benjamin	Holtzman	Rangel
Bevill	Hubbard	Reuss
Biaggi	Huckaby	Rhodes
Bingham	Hughes	Richmond
Blanchard	Ireland	Risenhoover
Boggs	Jeffords	Robinson
Boland	Jenkins	Roe
Bowen	Jenrette	Rogers
Breaux	Johnson, Calif.	Roncalio
Breckinridge	Johnson, Colo.	Roybal
Brinkley	Jones, Tenn.	Russo
Broomfield	Jordan	Ryan
Broyhill	Kasten	Santini
Buchanan	Kazen	Satterfield
Burke, Fla.	Ketchum	Sawyer
Burleson, Tex.	Kildee	Scheuer
Butler	Krebs	Sebelius
Byron	LaFalce	Seiberling
Cederberg	Lagomarsino	Sisk
Clausen, Don H.	Le Fante	Skelton
Clay	Leach	Skubitz
Corman	Lederer	Smith, Nebr.
Cornell	Lent	Spellman
Cunningham	Levitas	Spence
D'Amours	Livingston	Stangeland
Daniel, Dan	Lloyd, Calif.	Stanton
Daniel, R. W.	Lloyd, Tenn.	Stark
Davis	Long, La.	Steed
Delaney	Lott	Studds
Dellums	Lujan	Stump
Derwinski	Lundine	Thone
Dicks	McCormack	Traxler
Dodd	McFall	Treen
Downey	McHugh	Trible
Duncan, Oreg.	Marks	Udall
Duncan, Tenn.	Marlenee	Ullman
Edwards, Calif.	Martin	Van Deerlin
English	Mattox	Vander Jagt
Ertel	Michel	Vento
Evans, Colo.	Mineta	Waggonner
Evans, Del.	Minish	Walsh
Florio	Mitchell, N.Y.	Wampler
Flynt	Montgomery	Watkins
Foley	Moore	Weaver
Ford, Mich.	Mottl	Weiss
Ford, Tenn.	Murphy, Pa.	White
Fountain	Myers, Michael	Whitehurst
Fowler	Neal	Whitten
Garcia	Nedzi	Wilson, Bob
Gephardt	Nichols	Wilson, Tex.
Gilman	Nowak	Winn
Ginn	Oakar	Wirth
Glickman	Oberstar	Wolff
Gore	Obey	Wright
Grassley	Patten	Yates
	Patterson	Yatron

NOES—211

Alexander	Andrews, N.C.	Archer
Allen	Andrews, N. Dak.	Ashbrook
Ammerman	Annunzio	Ashley
Anderson, Ill.	AuCoin	Aspin
Badham	Flippo	Mollohan
Baldus	Flood	Moorhead, Calif.
Bauman	Flowers	Moorhead, Pa.
Beard, R.I.	Forsythe	Murphy, Ill.
Bedell	Fraser	Murtha
Bellenson	Frenzel	Myers, Gary
Bennett	Fuqua	Myers, John
Blouin	Gaydos	Natcher
Bolling	Giaimo	Nolan
Bonior	Gibbons	O'Brien
Bonker	Goldwater	Ottinger
Brademas	Gonzalez	Panetta
Brodhead	Goodling	Perkins
Brooks	Gradison	Pettis
Brown, Calif.	Green	Pike
Brown, Mich.	Hamilton	Preyer
Brown, Ohio	Hanley	Price
Burgener	Hansen	Quayle
Burke, Calif.	Harkin	Rahall
Burke, Mass.	Harrington	Railsback
Burlison, Mo.	Harris	Regula
Burton, John	Hawkins	Rinaldo
Burton, Phillip	Heckler	Rooney
Caputo	Hightower	Rose
Carney	Hillis	Rosenthal
Carr	Hollenbeck	Rostenkowski
Carter	Holt	Rousselot
Cavanaugh	Horton	Rudd
Chappell	Hyde	Ruppe
Chisholm	Ichord	Sarasin
Clawson, Del	Jacobs	Schroeder
Cleveland	Jones, Okla.	Schulze
Cochran	Kastenmeier	Sharp
Cohen	Kelly	Shipley
Collins, Ill.	Kemp	Shuster
Collins, Tex.	Keys	Sikes
Conable	Kindness	Simon
Conte	Kostmayer	Slack
Corcoran	Latta	Smith, Iowa
Cornwell	Leggett	Snyder
Cotter	Lehman	Solarz
Coughlin	Long, Md.	St Germain
Danielson	Luken	Staggers
de la Garza	McClory	Steers
Devine	McCloskey	Steiger
Dickinson	McDade	Stockman
Diggs	McDonald	Stokes
Dingell	McEwen	Stratton
Dornan	McKay	Symms
Drinan	McKinney	Taylor
Early	Madigan	Thompson
Eckhardt	Maguire	Tsongas
Edgar	Mahon	Vanik
Edwards, Ala.	Markey	Volkmer
Edwards, Okla.	Marriott	Walgren
Emery	Mazzoli	Walker
Erlenborn	Meeds	Whalen
Evans, Ga.	Metcalfe	Wiggins
Evans, Ind.	Meyner	Wilson, C. H.
Fary	Mikulski	Wydler
Fascell	Mikva	Wylie
Fenwick	Milford	Young, Alaska
Findley	Miller, Calif.	Young, Fla.
Fish	Miller, Ohio	Young, Mo.
Fisher	Mitchell, Md.	Zablocki
Fithian	Moakley	Zeferetti
	Moffett	

NOT VOTING—26

Baucus	Howard	Rodino
Coleman	Jones, N.C.	Runnels
Conyers	Krueger	Teague
Crane	Mann	Thornton
Dent	Mathis	Tucker
Derrick	Moss	Waxman
Eilberg	Murphy, N.Y.	Whitley
Frey	Nix	Young, Tex.
Gammage	Roberts	

The Clerk announced the following pairs:

On this vote:

Mr. Conyers for, with Mr. Eilberg against.
Mr. Derrick for, with Mr. Waxman against.
Mr. Runnels for, with Mr. Nix against.
Mr. Gammage for, with Mr. Dent against.

Messrs. SKELTON, BUTLER, and WALSH changed their vote from "no" to "aye."

Messrs. PIKE, ICHORD, and OTTINGER changed their vote from "aye" to "no."

So the amendments were rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING: On page 33, lines 5–6, strike out "group of organizations, or group of individuals" and insert in lieu thereof "or group of organizations".

On page 33, line 9, after the semicolon, insert the following: "and

"(C) any group of individuals which has any paid officer, director or employee or which makes an expenditure in excess of $5,000 in any quarterly filing period for activities described in section 3(a);".

Mr. SEIBERLING. Mr. Chairman, I yield to the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Chairman, I thank the gentleman from Ohio for yielding.

Mr. Chairman, I want to alert the members of the committee to the fact that I understand when the committee goes back into the House a motion to recommit with instructions will be offered, which I urge the support of.

The motion to recommit with instructions will require that the committee report the bill back immediately with the same bill as reported by the full Judiciary Committee, which is a bill that has no real constitutional problems and which was overwhelmingly reported by the House Judiciary Committee and which I believe will have wide acceptance, and we will be able to go home with a great feeling of satisfaction.

So when the motion to recommit comes along, I urge its approval.

I thank the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, this is a fairly simple amendment. It is similar to the amendment which I offered last week, the purpose of which was to make it clear that small groups of individuals who get together for some particular purpose—to see their Congressman, to get a private bill through, or hire a lawyer to do the same—would not be deemed an organization and subject to all the same reporting requirements that a huge corporation or some other big lobbying group would be subjected to. All the discussion that took place on that amendment is appropriate here with one exception.

The exception is that at that time the chairman of the subcommittee, the gentleman from California (Mr. DANIELSON), expressed the fear that because in my amendment, there was no limit to the amount that some small group of individuals could spend, it would open up a huge loophole in the bill. It was pointed out, for example, that a group of very wealthy people who could certainly pay to file the information required by this bill could get together, say the members of the Business Roundtable or the Chamber of Commerce, and, out of their own pockets, hire a lawyer to represent the point of view that their businesses favored and these people would still be exempted by the amendment offered at that time.

This amendment takes that into account and provides a group of individuals, whether large or small, is not an organization so long as they have no paid officers or employees or directors, and do not spend more than $5,000 in a calendar quarter. If a group can afford to spend more than $5,000 in a calendar quarter, then one can probably afford to go through the redtape of filing or reporting under this bill.

I would like to give the Members some concrete examples as to why this amendment is desirable. Occasions can arise, and we are all familiar with these things, where maybe a Federal dam project is proposed or a big highway or some other huge project, and suddenly some of the homeowners in the area find that they may be evicted and displaced from their homes. So they all get together, pass the hat and find someone who can come down to Washington and express their concerns. Certainly there is no compelling reason for Congress to require reports from small groups like that. All this amendment does is to exempt such groups where they do not spend a lot of money and do not have paid officers or employees. I would hope the gentleman from California would find favor in this amendment.

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from California.

Mr. WIGGINS. Mr. Chairman, I am going to support the amendment offered by the gentleman from Ohio (Mr. SEIBERLING) because it strikes "a group of individuals" from the bill. However there is still some uncertainty in my own mind, by leaving in the language "a group of organizations" as to just which individual within that group will have the duty to report, who is going to have that responsibility in "a group of organizations?"

Mr. SEIBERLING. My amendment does not deal with and does not make any change in the language of the bill that includes groups of organizations within the definition of an organization. I am only talking about groups of individuals. Sometimes there may be nice questions that will be raised when you have several groups who unite together to form sort of a coalition, but, if they do then they are caught by the bill. I am not trying to do anything about that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WIGGINS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

Mr. Chairman, even if the amendment is adopted, this thing called "a group of organizations" may be covered by the act, depending on the circumstances. Is that correct?

Mr. SEIBERLING. If the gentleman will yield, it definitely would be covered, as I read the bill.

Mr. WIGGINS. A group of organizations may constitute an association, or it may be a loose coalition. If in fact it is a loose coalition, I am not sure which members of the group have all the responsibilities here. If the gentleman knows an answer to that it would help the record, because there may be such a coalition in existence.

Mr. SEIBERLING. If my amendment is adopted, one thing will be clear—that if just a group of individuals meet together and do not go outside the guidelines in my amendment then they are exempt. I think an association that has some formal organization, perhaps like maybe a labor union, even if it does not have a paid officer or employees, would be caught. Whether other groups or a coalition of individuals would be caught, I am not sure, I think they would. But I am not dealing with that question. The thing I am dealing with is that if some small group of citizens wishes to deal with some small legitimate grievance, they should not be swept within the ambit of this legislation.

Mr. WIGGINS. Mr. Chairman, I commend the gentleman from Ohio (Mr. SEIBERLING) for the removal of this classification known as a group of individuals. I can think of one such group of individuals that might be covered and that might be a group of individuals who decide to stage a parade. The group of individuals may carry signs advocating the Congress to follow their views. If, in doing so, they pay an organizer to organize the parade, and if that sort of a group is to be covered by this bill, then I think that is a further reason for rejecting the bill.

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield, of course they would have to spend more than $2,500 or they would not meet the threshold in the bill.

Mr. WIGGINS. I am assuming that the threshold would be met.

Mr. SEIBERLING. I share the gentleman's fears about this bill. I have grave doubts about its constitutionality. I believe it imposes such severe burdens, for some people, on the exercise of their First Amendment rights as to impair those rights significantly. This bill, with its complexities and its criminal sanctions, can be used to intimidate and harass ordinary people far too easily.

All I am trying to do in my amendment is, at least, to narrow the application of the bill so it does not sweep in every little group of individuals who go to Washington, or hire someone, to plead their cause with Congress.

Mr. WIGGINS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The question was taken; and on a division (demanded by Mr. SEIBERLING) there were—ayes 15, noes 22.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments?

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 28, strike lines 6–16.

On page 28, line 23, strike "other than exempt travel expenses".

Mr. KINDNESS. Mr. Chairman, the amendment that is offered at this point is one that has a considerable bearing on how the weight or burden of this bill falls. Since 2 years ago when this House considered lobby disclosure legis-

lation, the language has been in the bill that I now seek to strike. That language is "other than exempt travel expenses" and is an exclusion from the reporting requirements. "Exempt travel expenses" as used in the bill is the kind of expense for members of an organization to travel to Washington to make lobbying communications, their travel and per diem costs. We can think of a number of organizations that contact us with some regularity, perhaps each year, that fall into this category, and they do not have to account for all of that expense involved in bringing their members in from all over the country—the travel expense and the per diem expense while they are here that may be paid by or through the organization. A number of labor unions do this, and other organizations. I suspect that the American Agriculture Movement might possibly in some cases fall into this category, although many of the farmers who were here were paying their own way.

If an organization is going to have to report its real expenses of lobbying, certainly the travel and living costs here in Washington to bring flocks of people in here to exert pressure on the Congress ought to be included in the reporting of expenses. That is the purpose of this amendment. It would strike the definition of "exempt travel expenses" from the bill, as well as the reference to it in the expenditure provisions.

The concept of exempt travel expenditures was put in this bill for the one reason I have cited, and right now because of the presence of this concept in H.R. 8494, an organization will not have to include transportation costs and per diem amounts. We ought to have a bill that applies evenhandedly across the board to all sorts of organizations, however they operate, so that by adopting this amendment and striking this special treatment of travel expenses for the purpose of lobbying, we would have a much fairer, more evenhanded bill. I would certainly urge support of the amendment for that reason.

Mr. HARRIS. Mr. Chairman, I move to strike the last word in opposition to the amendment.

Mr. Chairman, I think the amendment should be spoken to in about 2 or 3 seconds. No. 1, the amendment fixes the threshold so that any type of volunteer group traveling to Washington almost surely would have to register. I think this would be a very unfortunate development in the bill. It would, in fact, kill the bill. I do not think it was the intention of my good friend, the gentleman from Ohio, but if he did get this amendment adopted, I am sure most people would want to vote against a bill that would apply to voluntary lobbying of this type.

The subcommittee and the committee considered this very carefully. We knew that in order to have a viable effective lobby registration bill with the dollar threshold that you could not include travel expenses for those types of organizations as part of the threshold. If we do, we will be providing coverage for organizations that this body has no intention of covering and would, in fact, make a bill that nobody would be able to support.

Mr. WIGGINS. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

If the purpose of the amendment is to kill the bill, I commend the gentleman from Ohio for his amendment, but I do not think that it is the gentleman's intention. Adopting this amendment would result in any number of irrational consequences. For example, those in the Chamber representing States as far away as California must realize that your lobbyists may get 3 trips before they cross the threshold, whereas the lobbyists from Virginia could travel 30 times before they cross the threshold. That kind of unequal treatment is offensive to me, but that is one of the consequences of rejecting the exempt travel portion of the bill.

More fundamentally, traveling in an airplane is not in and of itself a political act, any more than eating in a restaurant is a lobbying function. These expenditures probably should not be counted in any event toward a lobby communication, but the committee in its wisdom saw fit to make it absolutely clear they would not be counted, and I agree they should not be counted. The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The amendment was rejected.

AMENDMENT OFFERED BY MR. WIGGINS

Mr. WIGGINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGINS: On page 38, line 4, after the word "cost" insert "to the reporting organization".

Mr. WIGGINS. Mr. Chairman, this is to that section of the bill dealing with the content of the report. An organization which must report is required to do those things specified on pages 37, 38, and 39 of the bill. One of the items which must be disclosed in the report is a disclosure of those expenditures for any reception, dinner, or similar event which is paid for in whole or in part by the reporting organization and which is held for the benefit of any Federal officer or employee, regardless of the number of persons invited or in attendance, where the total cost of the event exceeds $500.

Now, Mr. Chairman, I have no quarrel with the idea that the cost to reporting organizations of their participation in an event ought to be reported. The difficulty here is that the reporting organization may be only one of several organizations participating in the event, and yet the duty, subject to criminal penalties on the organization, is to report the total cost of the event.

Now, I am not at all sure that an organization will know, or can know, what the total cost of the event is.

It does know, however, what its cost was, and the purpose of my amendment is merely to require that the reporting organization discloses its cost rather than the cost of the total event.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I simply wish to point out that the gentleman's amendment is really not difficult to understand. It simply changes the thrust of this part of the bill to provide that the criterion is whether the cost to the reporting organization is $500 rather than whether the cost of the entire event is $500, and the reporting organization may have spent $10, $25, or $100, whatever it may be.

Mr. Chairman, this amendment relates to a portion of the bill that involves a modification of the scope of reporting as to expenditures for certain events, and if the Members understand what it is all about, I certainly will rely upon the wisdom of the Members of the House.

Mr. MOORHEAD of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the amendment is acceptable to us on this side.

AMENDMENT OFFERED BY MR. KINDNESS AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. WIGGINS

Mr. KINDNESS. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS as a substitute for the amendment offered by Mr. WIGGINS: Beginning on page 37 through to page 39, line 7, strike all of section 6 and insert the following new section in lieu thereof:

REPORTS

"SEC. 6. (a)(1) Each organization which engages in the activities described in section 3(a) during a quarterly filing period shall, not later than thirty days after the last day of such period, file a report concerning such activities with the Comptroller General.

(2) Each registered organization which does not engage in the activities in section 3(a) during a quarterly filing period shall file a statement to that effect with the Comptroller General.

(b) Each report required under subsection (a)(1) shall contain the following, which shall be regarded as material for the purposes of this Act:

(1) An identification of the organization filing such report.

(2) The total expenditures which such organization made with respect to activities described in section 3(a) during such period.

(3) An itemized listing of each expenditure in excess of $35 made to or for the benefit of any Federal officer or employee and an identification of such officer or employee.

(4) A disclosure of those expenditures for any reception, dinner, or other similar event which is paid for, in whole or in part, by the reporting organization and which is held for the benefit of any Federal officer or employee, regardless of the number of persons invited or in attendance, where the total cost of the event exceeds $500.

(5) An identification of any retainee of the organization filing such report and of any employee who makes lobbying communications on all or part of each of seven days or more.

(6) A description of the issues concerning which the organization filing such report engaged in lobbying communications and upon which the organization spent a significant amount of its efforts, disclosing with respect to each issue any retainee or employee identified in paragraph (5) of this subsection and the chief executive officer, whether paid or unpaid, who engaged in lobbying communications on behalf of that organization on

that issue: *Provided, however,* That in the event an organization has engaged in lobbying communications on more than fifteen issues, it shall be deemed to have complied with this subsection if it lists the fifteen issues on which it has spent the greatest proportion of its efforts. For purposes of this paragraph the term "chief executive officer" means the individual with primary responsibility for directing the organization's overall policies and activities.

(7) Disclosure of each known direct business relationship between the reporting organization and a Federal officer or employee whom such organization has sought to influence during the quarterly filing period involved.

Mr. KINDNESS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment offered as a substitute for the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KINDNESS. Mr. Chairman, the amendment that is offered as a substitute regrettably does not incorporate the amendment offered by the gentleman from California (Mr. WIGGINS), and I would certainly welcome the opportunity to amend the substitute for purposes of incorporating that language.

The amendment offered as a substitute is presented really to give an opportunity to the Committee of the Whole to adopt a new section 6 of the act. The Members will recall that the coverage of solicitations of grassroots lobbying was effected by an amendment entered into section 6 of the bill. The Members will recall that the amendment requiring the reporting of contributions of organizations was an amendment to section 6 of the bill.

Neither of those two amendments is included in the section 6 that is proposed at this point by this substitute.

The other features of the amendment that is proposed now as a substitute include striking the language that appears on page 37 relating to the reporting of salaries. One of the requirements of the reporting is the reporting of the total expenditures, excluding salaries, other than those reported under subparagraph (5) of this subsection, which such organization may incur with respect to activities during that period. The language relating to the reporting of salaries in toto is eliminated by this substitute.

I think we have an interest in publicly determining certain information about lobbying, but whether it is necessary for the purposes of this legislation to require the reporting of individual salaries of people and whether they are directly involved in lobbying or not, this, it seems to me, is going too far. It is not indicative of the effectiveness of lobbying either. A very highly paid lobbyist who is ineffective may be competing with a low-paid volunteer lobbyist who is effective.

I think we ought to be considering in this legislation the real need for the disclosure of information before requiring it.

I would urge the support of the substitute section 6. As I say, it would be welcome to have an amendment to the substitute that would include the amendment offered by the gentleman from California. Regrettably, this was prepared before that. I felt it necessary not to lose the opportunity to offer this amendment.

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. WIGGINS. Is the substitute offered by the gentleman a comprehensive substitute for section 6 of the bill?

Mr. KINDNESS. Other than the points I have mentioned, which take out the salary reporting and include the rest of section 6 of the bill. And it does include the amendment that was adopted by the House previously on the motion of the gentleman from Illinois (Mr. RAILSBACK), which requires the identification of issues with the people who are doing the lobbying, whether they volunteer or are paid.

Mr. WIGGINS. Does it retain the language of section 6, found on page 38 of the bill, dealing with allocation of expenditures? That is section 6, paragraph (5) (A) and (B).

Mr. KINDNESS. In part. But it strikes a good portion of (5), and the introductory paragraph would read as follows:

(5) An identification of any retainee of the organization filing such report and of any employee who makes lobbying communications on all or part of each of seven days or more.

It ends there and does not include:

. . . and the expenditures made pursuant to such retention or employment, except that in reporting expenditures for the retention or employment of such individuals or organizations . . .

And so on, down through (A) and (B), is being stricken.

Mr. WIGGINS. (B) beginning on line 20 and ending on line 23 is stricken by the substitute?

Mr. KINDNESS. That is all stricken.

Mr. WIGGINS. I thank the gentleman.

Mr. KINDNESS. The purpose, as I say, is to eliminate those parts of the reporting requirements that relate to reporting salaries and expenditures.

Mr. FLOWERS. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Alabama.

Mr. FLOWERS. Mr. Chairman, I am curious to know if the gentleman's amendment is passed, would the gentleman be in strong support of the legislation?

Mr. KINDNESS. I certainly would.

Mr. FLOWERS. I thank the gentleman.

Mr. MAZZOLI. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I thank the gentleman from Ohio for his many contributions both in the subcommittee, the full committee, and in the consideration of this bill here in the Committee of the Whole. But, Mr. Chairman, I have to very vigorously oppose the gentleman's amendment. If I might characterize it succinctly, all the gentleman seeks to do, in my humble judgment, is gut the bill.

I heard a round of applause. That means that there might be some who feel the bill should be gutted. But I think if we want to have any kind of a bill that is a meaningful bill, a bill to make report only those organizations and those people who should report, but to exempt from reporting and coverage all those organizations and those people who should be exempted, then I think we have to keep the present section 6 in the bill.

The gentleman from Alabama (Mr. FLOWERS), the author of the amendment which we called the grassroots lobbying amendment, suggested during his time in the well some very cogent reasons why grassroots lobbying has to be covered.

If I understand the gentleman's substitute, the amendment offered by the gentleman from Alabama would be cleared out from the bill and extinguished.

Furthermore, the gentleman from Illinois (Mr. RAILSBACK) gave, during the consideration of this measure last week, some very strong reasons why his amendment—the contributions disclosure amendment—ought to be included in the bill. If I understand the substitute of the gentleman from Ohio, the amendment offered by the gentleman from Illinois (Mr. RAILSBACK) would be cleared from the bill.

I think those two amendments are core center; and it seems to me, Mr. Chairman, that the House should reject the gentleman's substitute. If it were to approve it, this bill would then, in my judgment, be worthless.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

I would certainly be very much remiss if I left the gentleman from Kentucky thinking that I was not sincere in the effort that is intended here. I would like to see the bill returned, as close as we can get it, to what was reported by the full Judiciary Committee, which I think was an excellent bill. It contained a delicate balance and had broad support. That delicate balance has been destroyed, and that broad support has been destroyed.

The closer we can get to what the Judiciary Committee, in its wisdom, reported, I think the better the chance of getting a proper lobbying disclosure and reporting law into effect. I sincerely believe that we are going down the path of no final result whatsoever unless we do that.

Mr. MAZZOLI. Let me recapture my time, if I may.

The gentleman is entitled to his view, but my judgment and my view is that the committee should send a bill to conference in a form most nearly like it had at the subcommittee level. At the subcommittee level, we had a grassroots lobbying coverage and we had a contributions coverage I think that is really the ap-

propriate version more so than what was done at the full Judiciary Committee level. That is the bill we should be sending to conference, and I think that would be a meaningful bill.

Mr. KINDNESS. I would remind the gentleman that the dues and contributions portion was not in the bill as reported by the subcommittee either, and that would be a great improvement if we could get it back to the subcommittee version.

Mr. McCLORY. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, rising in support of this amendment, it seems to me that we are not in fact gutting the bill. But, we are providing a bill which is going to be palatable to a majority of the Members of the House. It seems to me that the form in which the bill is at the present time, with its chilling effect with respect to so-called grassroots lobbying, and with respect to the demand for disclosure of contributions and the naming of individuals who prefer not to have their names identified by reason of the fact that they are contributors, it seems to me that by eliminating the chilling effects of those two provisions and by restoring the bill to its original purpose of identifying lobbyists and requiring them to file reports and identify them, that by adopting the amendment offered by the gentleman from Ohio we are getting back to the original purpose, and we are eliminating the gutting amendments which are presently in this bill.

I might say that I have been a strong supporter of this legislation. I supported it in the Judiciary Committee, and lent my influence in support of it, but the bill is in a form now which I do not believe I can even support. I question whether a majority of the Members of this House will feel that they can support it. I question the constitutionality of the bill in its present form.

My views coincide pretty much with those of the gentleman from California (Mr. EDWARDS).

We do not want to infringe upon the individual rights of those citizens who want to petition their Government. It seems to me that without the amendment offered by the gentleman from Ohio, without restoring this bill to a semblance of the form in which it came to this body, that we are putting the bill in a form which is going to make it objectionable—objectionable to me and objectionable to others.

It seems to me that what we should do is try to make legislation which is compatible with what the needs of our body are, and what the demands of the American people are with regard to identifying, reporting, and providing accountability with regard to lobbying operations affecting legislative activity in this body.

Mr. FLOWERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is curious to me that these amendments, to wit, the one I offered and the one the gentleman from Illinois (Mr. RAILSBACK) offered, carried in this body by somewhere between 60 and 100 votes each, which should be some indication—some indication to this Member at least—that they had broad support here on the House floor. I voted for my amendment and I voted against the amendment offered by the gentleman from Illinois, but I am prepared to support the bill with or without either one of the amendments.

I think those who really oppose this bill find it convenient now to latch upon these two amendments as giving them an excuse to vote against the bill. The bill was, is, and will be a very modest approach to solving a problem we have had since the inception of lobby law. That is all it is and all it pretends to be.

I urge Members not to get carried away by the rhetoric about these things going too far, because they absolutely do not. We have a very moderate bill—and all of us moderates in this House, such as I and the gentleman from California (Mr. JOHN L. BURTON), and others—can support it with a great deal of fervor.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. FLOWERS. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Chairman, I thank the gentleman for yielding. I am proud that the gentleman, in the last Congress, was chairman of the committee that brought out the forerunner to the bill before us today. The gentleman showed great stamina in the earlier Congress by staying with the measure on the floor until 3 o'clock in the morning.

Will the gentleman advise me whether this House will have an opportunity under the present parliamentary procedure—to speak to the very points included in the amending before us now?

Mr. FLOWERS. The gentleman makes an excellent point, and I thank him for his generous comments.

The better way to approach this thing—and the gentleman from Ohio will have a perfect right to ask for it—is to ask for a vote in the House on my amendment which carried and on the amendment of the gentleman from Illinois which carried. That would be a better way to approach whether or not we still support these amendments, rather than to come in here and in block form strike them both from the bill plus some other things which are a part of the committee bill which the gentleman from Ohio espouses with such great feeling. So I think the better thing for us to do here is to vote down this gentleman's amendment and have a vote later on on the amendments which have been passed, if the House so desires.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, I urge very strongly that this substitute be rejected. It is a total rewrite of section 6 of the bill. It would strike from the bill the total language of the Railsback amendment of the other day, which passed by a vote of 251 to 135, which is certainly broad support by the House, and it would strike from the bill the Flower amendment, which passed by a vote of 245 to 161, and make numerous other changes in section 6.

Unfortunately I have not had an opportunity to examine this rather extensive amendment before it came up for debate and it took us a few minutes to find out just where we stood on it.

The term "gut" has been used and it is a proper term. This would gut the reporting requirements of the bill. It is extremely far-reaching.

I urge a "no" vote on the substitute.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS) as a substitute for the amendment offered by the gentleman from California (Mr. WIGGINS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 6, noes 23.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. WIGGINS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WIGGINS

Mr. WIGGINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGINS: On page 38, line 21, delete the word "law" and insert "this Act".

On page 38, line 21, after the word "expenditures" insert "for the purpose of engaging in the activities in section 3(a)".

Mr. WIGGINS. Mr. Chairman, this amendment also deals with that portion of the bill having to do with the contents of the report which is filed by a covered organization.

On page 38 of the bill, it is contemplated that a retainee or an employee may be involved part time in lobbying communications and part time in other activities. That is a perfectly understandable situation.

It is contemplated in this section of the bill that the organization filing the report may allocate, in a manner acceptable to the Comptroller General, the amounts paid to the individual for that portion of his time which was devoted to lobbying activities, or—or—and now listen to this:

> . . . notwithstanding any other provision of law, disclose the total expenditures paid to any individual or organization retained or employed by the organization. . . .

That clearly cannot mean what it says. If you do not choose to allocate, or if the Comptroller General disagrees with your formula of allocation, you have to disclose the totality you paid for all of your employees on the production line, I presume, or to any other organization, notwithstanding any other provision of law.

My amendment clarifies that apparent error in the bill. It strikes the words "notwithstanding any other provision of law" and adds, instead "notwithstanding any other provision of this Act".

I think that is far safer. I do not have any idea what laws may be repealed by implication as a result of the language

"notwithstanding any other provision of law."

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, as I understand the gentleman's amendment, it is to take into account there really is no need as far as a lobbying disclosure act to require the expenditure for any purpose whatsoever that may be made to pay a Washington law firm but only those activities that relate to lobbying, is that correct?

Mr. WIGGINS. Yes. The purpose of my amendment is to save the subcommittee from apparently an error because they do require that the covered organization disclose all of its expenditures, and that is not intended. It is intended only that they disclose only those activities covered under section 3, and my amendment is for that purpose.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Illinois.

Mr. RAILSBACK. I thank the gentleman for yielding.

It seems to me that the gentleman's amendment is in the nature of a clarification. I really believe that it does no disservice to what I believe is the meritorious thrust of what we are trying to do, so I, for one, have no trouble with the amendment. I hope my colleagues do not.

Mr. WIGGINS. I will be more enthusiastic. Not only does it avoid a disservice, it performs a positive service to the bill.

Mr. DANIELSON. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from California.

Mr. DANIELSON. I thank the gentleman for yielding.

As to the first portion of the amendment, I have absolutely no objection. I think it is an improvement.

In the second portion I think I understand what the gentleman is trying to achieve, and if the wording would achieve that end, I would support it, but I am fearful that we have an error here, and I would like to ask a question or two. Is it not the gentleman's intention that in the second portion of the amendment he is only referring to expenditures to persons who make lobbying communications? For example, the Ford Motor Co. has quite a large number of employees, but only a very few realistically would be engaged in making lobbying communications. Does the gentleman wish to separate out from the requirement the expenditures paid to any individual or organization retained or employed, which would be the aggregate of everybody to whom an organization pays something? That obviously is not what any of us have intended. But what the gentleman does wish to include is the compensation paid to persons who engage in the 3(a) activities, the lobbying activities?

Mr. WIGGINS. That is right. Retainees are also covered. Section (a) does provide for an allocation of expenditures to retainees.

Mr. DANIELSON. Yes. I think the gentleman has come upon a good point here, and I would like to support it. I do think we need to be careful about one thing here, however. The way the gentleman's amendment reads, it would insert after the word "expenditures" the words "for the purpose of engaging in the activities in section 3(a)."

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. DANIELSON, and by unanimous consent, Mr. WIGGINS was allowed to proceed for 2 additional minutes.)

Mr. DANIELSON. If the gentleman will yield further, as I read it, if the gentleman will follow me, the language of the amendment would require that the reporting organization allocate the amount of money spent, or the compensation paid to each and every individual who may be engaged in the lobbying activities, which is precisely what is required under the previous subsection of allocating the amount paid to the individuals, and so forth.

Mr. WIGGINS. No. There is an alternative to allocation, and the alternative is to report the total expenditures without allocating—and I am for that—but only the total expenditures that relate to 3(a) activities. One need not carve up the time of individuals, if that is awkward and cumbersome to do.

Mr. DANIELSON. Will the gentleman yield further?

Mr. WIGGINS. Yes.

Mr. DANIELSON. I think we are in common agreement on what we are seeking to achieve here. It is my understanding that the gentleman wishes to limit this reporting to the compensation paid to the employee or retainee who is engaged in lobbying activities.

Mr. WIGGINS. Absolutely.

Mr. DANIELSON. With that I would be in 100 percent accord. I am only concerned that under the language of the amendment the gentleman is limiting that to the expenditures which were paid for the purpose of engaging in such activities. An employee could be engaged 75 percent of the time in nonlobbying activities and 25 percent of the time in lobbying activities and, therefore, an allocation would be required.

When we put in subsection (b) originally, it was done at the request of certain business interests who felt that rather than having to go to the trouble of allocating, why not let them just have an option if they chose to?

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Missouri.

Mr. VOLKMER. I thank the gentleman for yielding.

I would like to continue on with the discussion.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. VOLKMER, and by unanimous consent, Mr. WIGGINS was allowed to proceed for 3 additional minutes.)

Mr. VOLKMER. If the gentleman will yield further, assuming the employer has on his payroll three people who do actual lobbying part time, maybe one full time—it really does not make any difference under the gentleman's amendment, as I understand it. On the report under 5 he has to identify those three, and then instead of allocating so much money paid for this purpose and so much for this, he is going to say a total amount paid; is that correct?

Mr. WIGGINS. He has an option. The reporting organization may allocate a portion of the time.

Mr. VOLKMER. No, forget the allocation. Let us go on the gentleman's amendment, if we decide to go with his amendment.

Mr. WIGGINS. All right. If the reporting organization does not choose to allocate 5 hours a day and 7 hours a day to specific employees he may report the total expenditures for all three employees if they were engaged in lobbying activities.

Mr. VOLKMER. All right, and if they hire two separate law firms to work part time in that quarter, they would have to list those, of course.

But do they just list the total amount or would they have to list the amount paid to each law firm?

Mr. WIGGINS. They would have to list either the amount allocated to each law firm for lobbying activities, or the total amount paid to the organizations that engaged in lobbying activities. That is already in the bill.

Mr. VOLKMER. I am aware of that.

Mr. WIGGINS. The bill does not state it with precision.

Mr. VOLKMER. Mr. Chairman, I agree. I think the amendment does make sense.

Mr. DANIELSON. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I would hope the gentleman from California (Mr. WIGGINS) would respond to further colloquy with me on this subject.

Mr. WIGGINS. Certainly.

Mr. DANIELSON. Mr. Chairman, I want the gentleman to know that I understand the thrust and I think it is a good one. I would support it if we can work out language to make that fit. I have just consulted with legislative counsel and the suggestion has been made, which I think would achieve that end, if the gentleman would look at either the amendment or the language in the bill.

On line 22 following the word "employed", so that it would read: "organization retained or employed", to insert the words, "(as described in section 3 (a))."

Then the lobbying activity, which is 3(a), would be the modifier of the "retained or employed" and the only total expenditures that would have to be reported would be those paid to persons retained or employed, as described in section 3(a).

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. Yes, I would yield.

Mr. WIGGINS. The gentleman's purpose is the same as my own.

Mr. DANIELSON. Exactly the same.

Mr. WIGGINS. The gentleman merely selects a different point in the sentence to place the language. I have no objection to that. If the gentleman and the legislative counsel are more comfortable with the language before the gentleman, I will ask that the gentleman's language be substituted.

Mr. DANIELSON. I do yield and I would like to add that it is not my language, nor my counsel's language.

The CHAIRMAN. The Chair would request that the correcting language be submitted in writing.

Mr. DANIELSON. Mr. Chairman, I will do that in a moment; but I wish to conclude this colloquy.

Mr. Chairman, we have asked legislative counsel, who has favored us with one of their members today and we are informed that the purpose we both seek to achieve would be accomplished if we submit that language.

I would like to submit that to the Chair as an amendment to the amendment of the gentleman from California (Mr. WIGGINS).

The CHAIRMAN. The gentleman from California (Mr. DANIELSON) is seeking unanimous consent to amend the amendment offered by the gentleman from California and the Chair will grant or deny that request as soon as it is submitted in writing.

Mr. DANIELSON. Mr. Chairman, I will now make such a unanimous consent request and I will now hand in the amendment in writing.

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from California.

Mr. WIGGINS. Mr. Chairman, will the gentleman be sure in making the unanimous consent request that we do not delete my amendment to line 21?

Mr. DANIELSON. Yes. As a matter of fact, I am using a copy of the gentleman's total amendment and that is the only change I would make.

AMENDMENT OFFERED BY MR. DANIELSON TO THE AMENDMENT OFFERED BY MR. WIGGINS

Mr. DANIELSON. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DANIELSON to the amendment offered by Mr. WIGGINS: On page 38, line 21, delete the word "law" and insert "this Act".

On page 38, line 22, after the word "employed" insert "(as described in section 3(a))".

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DANIELSON) to the amendment offered by the gentleman from California (Mr. WIGGINS).

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. WIGGINS), as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as folows:

Amendment offered by Mr. KINDNESS: On page 32, line 21, insert the following before the word "organization": "any Indian tribe,".

On page 33, line 1, strike "any Indian tribe."

Mr. KINDNESS. Mr. Chairman, the purpose of this amendment is to treat Indian tribes in the same manner as other organizations. There are certain exemptions that were built into this bill, exemptions that have been in earlier versions for some time. They have been automatically picked up.

There is a very good reason to not make a special case of Indian tribes, because it had been thought at an earlier point that Indian tribes have a certain amount of sovereignty, much as a State does, and it was for that reason that Indian tribes were included in the exclusionary language along with State and local governments.

That not being the case, I think this amendment is very much in order.

Mr. Chairman, I would like at this point to yield to the gentleman from Maine (Mr. COHEN) so he may explain his position on this matter.

Mr. COHEN. Mr. Chairman, I thank the gentleman for yielding.

It is my understanding that the Supreme Court recently held in the case Oliphant against Suquamish Indian Tribe that by virtue of a tribe's dependent status, the tribe's sovereignty is limited and the tribes do not necessarily have the right of jurisdiction over non-Indians on tribal land.

I would agree with the gentleman from Ohio (Mr. KINDNESS) that the Supreme Court makes a distinction between the sovereignty possessed by Indian tribes and the sovereignty possessed by State and local governments. I think the House should carry out the general thrust of this legislation by applying these provisions equally to all groups or organizations.

We have established these provisions for groups who lobby for legislation in Congress, and Indian tribes surely fall in this category. We have many bills that come before the House on Indian affairs. Some of them total up to many millions of dollars, and certainly Indian tribes, like any other group, ought to be covered by the provisions we are applying to so many of these.

Mr. KINDNESS. Mr. Chairman I thank the gentleman for his remarks.

It is clear, of course, that there is a good bit of lobbying done by Indian tribes and in behalf of Indian tribes. I think again we have to remind ourselves we are not talking about prohibiting lobbying, and in a sense we are talking about requiring disclosure of reporting lobbying practices as they are conducted.

Mr. Chairman, I would certainly urge the adoption of the amendment so as to remove one other inequity that does exist, and I think it exists really almost as an oversight.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to point out that this is not a matter on which I do not have a very profound or heated feeling, one way or another. However, I would like to point out why we have included Indian tribes as among those who are not required to register and report under the bill.

The gentleman from Maine (Mr. COHEN) spoke with me about this matter the other day. He asked, "Why in the world were they not included?" and I truthfully responded and said, "I have no idea." I said that this might be a part of the package we picked up along the way since this bill has been with us for 4 years.

Since then, however, I have taken the time to check the facts, and I find there is a meritorious reason for this which the Members may or may not wish to follow. The reason is simply this:

An Indian tribe, as contemplated by the laws of the United States, is regarded in the nature of a separate government. Most tribes do govern themselves. Tribal authorities are usually considered as local units of government. Tribal authorities have a position which is parallel to local government, and this was recognized in the original drafting of the bill.

Incidentally, H.R. 15 in the last Congress, the bill which passed this House, exempted Indian tribes. H.R. 1180, as introduced by the chairman of the Committee on the Judiciary, the gentleman from New Jersey (Mr. RODINO), in this Congress, also exempted Indian tribes. Furthermore, as contemplated by the laws of the United States, there is an ongoing trust or trustee relationship between the U.S. Government and Indian tribes, and that has been recognized by including Indian tribes in the exemptions to the bill.

The bill simply recognizes that difference. So long as the Members understand why we have exempted them and understand that there is a matter of 200 years of history of treating Indian tribes as though they had the right of self-government, they will know the reason why they have been included in much the same context as have local governments.

Mr. COHEN. If the gentleman will yield, I thank the gentleman for his explanation.

The point I wanted to make is that the Supreme Court recently cut back on that doctrine, as a matter of fact, by holding that they did not have that sovereign status that has been accorded them for over 200 years.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 10, noes 13.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 32, strike lines 6–17, and insert the fol-

lowing new subsection in lieu thereof: "(D) a communication on any subject directly affecting any organization to a Member of the Senate or of the House of Representatives, or to an individual on the personal staff of such Member, if such organization's principal place of business is located in the State represented by such Member."

Mr. KINDNESS. Mr. Chairman, this amendment is intended to broaden the geographical exemption. The geographical exemption contained in the bill at the present time would tend to make each one of the Members of this body, Representatives in Congress, somewhat second-class citizens, in a sense, because they can be reached by constituents within their district without the chance of that communication being considered a lobbying communication.

However, we do not represent districts; we represent States.

Article 1, section 2, of the Constitution, just by way of a remainder, states:

The House of Representatives shall be composed of Members chosen every second Year by the People of the several States . . .

The 14th amendment, section 2, 100 years later says:

Representatives shall be apportioned among the several States according to their respective numbers, counting the whole number of persons in each State . . .

Regrettably, it went on to say:

excluding Indians not taxed.

The point is that people are not necessarily aware of where congressional district boundaries lie and it seems hardly fair, to me, to draw artificial lines as barriers to free communication between the people at home and the people they think represent them in the Congress. Indeed, we do represent the people from our home State.

There are those who would say making this a statewide exemption and allowing anyone from the whole State of California or the whole State of New York to talk to any of the many representatives in Congress from one of those States is not fair to the States with lower population.

Indeed, it is fair, because there are a lot of people there represented by those numerous Members of the House of Representatives in the populous States.

I would strongly urge that we at least adopt this amendment to broaden the geographical exemption to allow anyone in your State to contact you without it being counted as a lobbying communication.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

Under the bill as reported from the committee, how does it work now where people in San Francisco write to PHILLIP BURTON and think he is JOHN L. BURTON, or write to JOHN L. BURTON and think he is PHILLIP BURTON, not knowing whether JOHN L. BURTON or PHILLIP BURTON represents that part of San Francisco?

Mr. KINDNESS. If they are speaking on behalf of an organization, that may be indeed a reportable transaction.

Mr. JOHN L. BURTON. Which one?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Virginia.

Mr. HARRIS. The answer is that under the provision of this bill, that would not be a lobbying communication. Under the provision of this bill, as my colleague will recall, the geographic exemption applies to any Congressman in a city in his district, as a part of.

So, under that it would be exempt under existing provisions.

Mr. KINDNESS. The city or county line.

Mr. JOHN L. BURTON. We represent adjoining districts, and we share one county. I have one complete county, and I share another county with Mr. DON CLAUSEN—or is it DEL CLAWSON? It is DON CLAUSEN.

Mr. KINDNESS. The gentleman understands exactly the confusion of the people I am talking about.

Mr. JOHN L. BURTON. The people of the districts who write their Congressmen, may write to Congressman PHILLIP BURTON, but live in Congressman JOHN L. BURTON's district, or write Congressman JOHN L. BURTON and live in Congressman PHILLIP BURTON's district; or if they write me a letter in DON CLAUSEN's district, or DEL CLAWSON's district, under present law as opposed to this amendment, who would have to report or who would have to go to jail?

Mr. KINDNESS. The gentleman has asked a question, and I will respond to it to get this cleaned up.

Mr. JOHN L. BURTON. If the gentleman will yield further, he understands the situation I am trying to address? I share San Francisco with Congressman PHILLIP BURTON. I have one county I represent myself, and another county—albeit a very small part—I share with Mr. DON CLAUSEN. But, the confusion comes when they write PHILLIP BURTON and live in JOHN L. BURTON's district, or vice versa.

Mr. KINDNESS. The point is that under the bill as it now stands, not amended, if they are speaking in behalf of an organization, then it would be a lobbying communication, if they do not live in the county.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(On request of Mr. JOHN L. BURTON and by unanimous consent Mr. KINDNESS was allowed to proceed for 3 additional minutes.)

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. EDWARDS of California. I thank the gentleman from Ohio for yielding to me. I wish to address the gentleman from California (Mr. JOHN L. BURTON).

I say this in all sincerity, that if this bill becomes law with the solicitations amendment that was adopted several days ago, I think that the gentleman's mail from constituents, from other people, will be cut in half, because people back home are not going to be very interested in writing their Congressman.

Mr. JOHN L. BURTON. Will the gentleman tell me that if this passes, my mail will be cut in half?

Mr. EDWARDS of California. It would certainly be chilled.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. I would like to discuss this because I am in the same situation.

Mr. JOHN L. BURTON. Does the gentleman have a brother?

Mr. MAZZOLI. I do not. I would like to engage in a discussion in the sense of my representing a small area in conjunction with my colleague, GENE SNYDER. People do not know what part of town they live in, or whether GENE represents them or whether I do.

I would like to clear the gentleman's mind of one thing. Individuals are not covered by this bill under any circumstances. Individuals never have to be recognized and never have to be covered. The gentleman is very fine, and I would take respectful disagreement with my colleague from California (Mr. EDWARDS), who says that the mail will diminish. It will not.

People are not covered. They do not have to report. Nobody has to report for them, so I think the gentleman will continue to receive mail addressed to Congressman PHILLIP BURTON, and he will continue to receive mail addressed to Congressman JOHN L. BURTON.

Mr. KINDNESS. I would like to reclaim my time for a moment just for the purpose of clarifying a point.

People do not know these differences. Even though they may be speaking on behalf of some organization such as the "Clear the birds out of the air group," or whatever it may be, they are going to be held responsible for speaking on behalf of an organization. That organization is going to be required to report. I think we can clear up a lot of this by allowing people to speak to anyone in their State.

Mr. JOHN L. BURTON. It would not impose a duty on me if a constituent of PHILLIP BURTON wrote me a letter thinking I was his Congressman, and it was a lobbying letter? I guess I respectfully refer it back again to him, and it is his responsibility.

Mr. KINDNESS. The gentleman can still do that.

Mr. JOHN L. BURTON. I thank the gentleman.

Mr. HARRIS. Mr. Chairman, I move to strike the last word and I rise in opposition to the amendment.

Mr. Chairman, I think I can be very brief on this. I think my colleague, the gentleman from California, quite rightly recognizes this as the California amendment. This would permit a complete exemption on any organization with headquarters in California to be exempted from any communication to the 43 Congressmen of California. It might be referred to, as a subparagraph, as the New York amendment too, because it would have a wide application if there

was an organization headquartered in New York.

This bill in no way places a burden on Congressmen with respect to reporting and it places no burden on an individual with respect to reporting. This bill applies only to organizations.

The current geographic application says if one is making a number of contacts with his local Congressman or local Senator, it does not require registering from the threshold standpoint or reporting after the contact.

It does not apply to any city or county that district is a part of. Any district in San Francisco is part of the exemption of a person living in San Francisco, which is a very broad exemption.

What the amendment tries to do is apply that exemption across the State. If this was adopted we would probably try to go across a tri-State area, and if that was adopted we could probably get a motion to recommit passed easily, also.

This would debilitate the bill so it would be completely unenforceable. It is a broadening exemption which would cover the whole State for anyone living in the State with regard to Congressmen with a district in that State. The exemption already applies to Senators, and I just see no merit at all in broadening the exemption and in fact defeating the purpose of the bill.

AMENDMENT OFFERED BY MR. WIGGINS TO THE AMENDMENT OFFERED BY MR. KINDNESS

Mr. WIGGINS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGINS to the amendment offered by Mr. KINDNESS: strike in the amendment "on any subject directly affecting any organization" and insert "by an organization".

Mr. WIGGINS. Mr. Chairman, the debate heretofore has focused upon who an organization can communicate with, whether it is to be his own congressman, a congressman within the county, or within the State.

There is another aspect to the amendment, which tracks the committee bill language, that deals not with whom but with what the organization can talk about. The language in the bill restricts the organization to speaking on only those issues which directly affect it and no other. I believe that is an unnecessary and unwise limitation upon the content of the speech as well as to whom the speech is directed.

The Supreme Court today decided a case styled "First National Bank of Boston against Bellotti," in which it discussed the rights of corporations to participate in political activity. The State of Massachusetts attempted to prohibit a corporation from speaking on any subject which did not directly affect it with respect to certain referenda pending in that State, and on that issue the Supreme Court struck the statute down and said among other things:

In the realm of protected speech—

And incidentally we are in that realm—

the legislature is constitutionally disqualified from dictating the subject about which persons may speak and the speakers who may address the public issues.

The language in the bill and the language repeated in the Kindness amendment unnecessarily restricts the subject matter of the speech to only those issues which directly affect the corporation. I think that a corporation as well as an individual should have a perfect right to discuss matters such as the SALT, and the neutron bomb, and should have a right to discuss any number of great public issues that may not directly affect the organization.

The language in the bill is unduly restrictive and I hope the amendment to the amendment will be adopted and then in turn that we will adopt the Kindness amendment as amended.

Mr. RAILSBACK. Mr. Chairman, I move to strike the last word.

Mr. Chairman, may I ask the author of the amendment to the amendment, the gentleman from California (Mr. WIGGINS) a question that I hope will be in the nature of a clarification? The gentleman's amendment does nothing to affect the thrust of the Kindness amendment except to strike, as I understand it: "* * * on any subject directly affecting any organization.* * *"

And then by inserting for that: "* * * by an organization.* * *"

So the gentleman is not attempting to in any way interfere with the expansion to cover the States rather than just the congressional districts, is that correct?

Mr. WIGGINS. Mr. Chairman, if the gentleman will yield, that is correct. My amendment does not deal with the geographic exemption.

Mr. RAILSBACK. Mr. Chairman, let me just say, in addressing the amendment, that all of the opposition that has been raised to the concept of expanding to cover the entire State should still stand. The amendment would have the effect of giving those organizations that happen to reside in a large State an advantage.

Second, the gentleman from California (Mr. WIGGINS) talks about a decision which has been reported on the wires which dealt with prohibitions of corporations dealing in, I believe, such sensitive things as questions that would appear on a State ballot. Let me mention to the Members that there is a great difference between prohibiting something and in just requiring disclosure. There is no way, in my opinion, that we can make analogous that kind of an activity when what we are talking about here is simple disclosure. We are not talking about prohibiting anything.

Mr. FLOWERS. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I will be happy to yield to the gentleman from Alabama (Mr. FLOWERS).

Mr. FLOWERS. Mr. Chairman, I thank the gentleman for yielding, and I must say that I am a little confused here. I have no objection to the Wiggins language but I do have objection if it merely modifies the Kindness language. I believe the amendment offered by the gentleman from Ohio (Mr. KINDNESS) has the effect of creating a gaping loophole for organizations on the basis of where they are located. I do not like that. I think I would disagree with the gentleman from Ohio (Mr. KINDNESS) in his interpretation of the Constitution. To me it is clear that we here in the House represent the people, and not the States as such. That is the difference between the House of Representatives and the other body, and I find no problem with a congressional district exemption.

If the language of the amendment offered by the gentleman from California (Mr. WIGGINS) merely modifies the language of the Kindness amendment then I still support the Wiggins language but strongly oppose the Kindness amendment, but if it is in lieu of the Kindness amendment I can support it.

Mr. RAILSBACK. It is very important to understand that the Wiggins amendment is simply a modification of the amendment which so many have spoken in opposition to.

Mr. DANIELSON. Mr. Chairman, I move to strike the last word and I rise in opposition to the amendment.

Mr. Chairman, I would support the Wiggins amendment if the Wiggins amendment were made to the main text of the bill. I think it is worthwhile, but I cannot support it as a portion to the Kindness amendment because the Kindness amendment in effect guts the bill. Therefore I urge a no vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. WIGGINS) to the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 13, noes 17.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS:
On page 30, line 22, strike "or written".
On page 31, line 2, strike "or written".

Mr. KINDNESS. Mr. Chairman, this amendment would confine covered lobbying communications to not written but oral communications. Thus, only direct person-to-person conversations or telephone conversations would be lobbying. What we are really getting at in terms of any conversation about the purpose of this legislation is requiring the disclosure of lobbying activities that somehow seem to have some dark specter or shadow that is over the legislative process. If lobbying is a problem in that respect and we want disclosure of certain information about it, then what kind of lobbying are we really talking about? We are really not talking about somebody who writes us a letter; we are only talking about the elbow-grabbers, that line we have to run coming into the room, for example, on many occasions, or the people who come to our office and talk to us where there is an exchange of information about pending legislation; there is some back and forth discussion of legislative issues. That is the kind of lobbying

that I am suggesting people are talking about when they say we need to have some more reporting and disclosure about what is going on.

Under the present terms of the bill an organization could be required to register and report solely on the basis of written communications. Why do we need that? The letters are there in somebody's files. They are at least in two places in files. In fact, 13 letters or telegrams written on different days in a 3-month period would result in the automatic coverage of an organization under present terms of the bill. Why do we need that? Do we really want an organization to be a lobbyist solely on the basis of writing letters?

We have tried to draft this bill so that communications by constituents would not constitute lobbying. Most constituents communicate by written word, the letters that we receive in our offices. It is my view that a lobbying statute should be limited to direct oral communications. An organization should only be deemed to be across the lobbying threshold through direct contact and conversations with Members of Congress and staff, or committee staff and personnel.

Mr. Chairman, I would strongly urge consideration of this amendment on one additional basis; that is, we have gone so far with amendments to this bill that have been adopted requiring the coverage and reporting of lobbying solicitations, of grassroots indirect lobbying and reporting the contributions of organizations, that I think we need to restrict the definition of lobbying itself to make some sense in terms of what the original purpose was in fostering legislation of this nature. That is the purpose of this amendment, basically to cut back on the scope of what is included within the definition of lobbying.

Mr. Chairman, I think we strongly need that now because of what has happened to the bill since it has been on the floor and managed as it has been with those two very basic amendments having been accepted without any opposition by the manager of the bill, the chairman of the subcommittee. That would suggest that the bill was broadened greatly through predesign, perhaps. I am suggesting we had better draw it back in where it makes some sense. One way to do that is by redefining lobbying to include only oral communications and not written communications involved in the lobbying process.

Mr. Chairman, I urge an "aye" vote for the amendment.

Mr. DANIELSON. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, this amendment is eminently simple to understand and if the Committee will bear with me about 45 seconds, I hope they will vote the amendment down. What it does, it simply eliminates from lobbying communications any written communications. It would reduce lobbying to oral communications.

I respectfully submit that in the magnitude of lobbying communications, we probably get more written than we do oral. There is no justifiable reason for eliminating written communications.

Mr. Chairman, I very strongly urge we all vote "no" on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The amendment was rejected.

● Mr. GARCIA. Mr. Chairman, I do not want to oppose the Lobbying Disclosure Act before us. I think that this is a bill that is long overdue, and I am an active advocate of any legislation that will continue to open the Government and strengthen the links between the public and the Government. However, as this bill stands now, I will oppose it. And I will continue to do so as long as restrictive language like the Flowers amendment stays in the legislation.

The Flowers amendment is antiethical to everything I feel should be supported and encouraged through citizen participation in Government. The greatest successes of the last years—civil rights legislation, the end of American involvement in Indochina, the impeachment of President Nixon, all came about because organizations were able to mobilize great constituencies to do that very basic thing—writing letters to their Congressmen, visiting their offices, communicating directly with their representatives on how they felt. We must, if anything, broaden the ability of organizations to reach their members, not to severely restrict their capacity to do so.

This bill, as my colleagues have stated, abrogates the first amendment rights of citizens to petition the Government. The Judiciary Committee, with obvious justification deleted this amendment from their original bill. But my background is not as an attorney, and so I shall leave discussion of the constitutionality of the legislation to others.

What, I can, and must, talk about, however, is the effect this legislation will have on my community. The south Bronx is developing a voice for the first time. Its citizens have learned that they can fight City Hall and the Governor's Office—and even the Congress of the United States. And they are learning that sometimes they can even win those battles. They are doing this with organizations who are helping, through solicitation, to create an awareness not only of what has to be done, but how to go about doing it. And many of those organizations are new, and they certainly do not have the time, the money or the staff to comply with the reporting requirements implicit in this legislation.

The memories of the recent past are all too vivid—the days of witch-hunts and White House "enemies lists." I can only see both the Flowers and Railsback amendments encouraging apathy and fear. There are still too many citizens who will not freely sign their name in public support of issues. Passage of a bill containing these amendments may be of dubious constitutionality, but it is of certain negative impact on the people I would like to see having a greater involvement in Government.

I hope we will have the opportunity to vote on these amendments again, so they can be deleted from an otherwise good bill. But as it stands now, it is harmful, and I cannot support it.●

Mr. DANIELSON. Mr. Chairman, I ask unanimous consent that all debate on this bill and all amendments thereto be concluded at the hour of 7:30 o'clock p.m. tonight. We are now just past 5:30 o'clock p.m. We are making pretty good progress. I think we can wind up by then.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. KINDNESS. Mr. Chairman, reserving the right to object, I would direct an inquiry to the desk as to how many amendments are pending at the desk.

The CHAIRMAN. The Chair will state that there are approximately 14 amendments pending at the desk, most of which are pending from the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. Then, obviously, Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DANIELSON. Mr. Chairman, I move that all debate on this bill and all amendments thereto be terminated at the hour of 7:30 o'clock p.m. tonight.

The CHAIRMAN. The question is on the motion offered by the gentleman from California (Mr. DANIELSON).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 22, noes 20.

Mr. KINDNESS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-nine Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Ohio (Mr. KINDNESS) for a recorded vote.

A recorded vote was refused.

So the motion was agreed to.

AMENDMENT OFFERED BY MR. GARY A. MYERS

Mr. GARY A. MYERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARY A. MYERS: Page 39, insert the following after line 7:

(8) If any lobbying communication was made on the floor of the House of Representatives or adjoining rooms thereof, or on the floor of the Senate or adjoining rooms thereof, a statement that such lobbying communication was made.

POINT OF ORDER

Mr. DANIELSON. Mr. Chairman, I have a point of order on the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. DANIELSON. Mr. Chairman, I make the point of order that this amendment is not germane to the bill. The bill calls for disclosure of lobbying activities under the terms of expenditure and the like, and related lobbying activities as to influencing the conduct and disposition of legislation. This has to do with activities within the Capitol Building and is not necessarily within the purview of the bill.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. GARY A. MYERS) desire to be heard on the point of order?

Mr. GARY A. MYERS. I do, Mr. Chairman. I would like to be heard on the point of order.

The CHAIRMAN. The gentleman may proceed.

Mr. GARY A. MYERS. Mr. Chairman, I would like to point out that the amendment is more narrowly drafted than the amendment which I offered last year. It only requires an item of disclosure by those individuals who otherwise would have to be reporting. This bill does not in any way define the geographical location in which lobbying activity would not be reported. Nowhere in the bill does it say that if the lobbyist speaks to a House Member in the Capitol that that is not a reportable item. The only thing this amendment would do would require the reporting of any specific activity discussed on the floor of the House. In last year's amendment there was a point of order raised about the invasion of the House rules. It would seem to me that artice I, section 5 of the Constitution clearly states that:

> . . . each House may determine the rules of its proceedings.

Numerous precedents have held that the power to make rules is not impaired by rules of previous Congresses or by laws passed by previous Congresses. So that this amendment in no way adds to or impairs the rules of the House.

It has been recognized that a law passed by an existing Congress can bind that Congress in matters of procedure—and I refer to Hinds' Precedents, volume 5, sections 6767 and 6768. However, this amendment does not even go that far since it in no way binds this or any other Congress. It merely makes available information to the Congress and to the general public. If the Congress chooses to act on that information it can do so according to its rules and procedures.

Mr. Chairman, it seems to me the amendment is germane, it is simply another item of reporting.

I also belive it would be inappropriate for this House to object to this type of reporting.

The CHAIRMAN (Mr. MEEDS). The Chair is prepared to rule.

For the reasons stated by the gentleman from Pennsylvania (Mr. GARY A. MYERS), and in addition, since this amendment does not seek to restrain or regulate conduct but only requires disclosure, the Chair will rule that the point of order is not well taken and the amendment is germane as adding a further reporting requirement to those contained in the bill.

The gentleman from Pennsylvania (Mr. GARY A. MYERS) is recognized for 5 minutes in support of his amendment.

Mr. GARY A. MYERS. Mr. Chairman, I will take a brief moment to explain what I have already pointed out during my rebuttal on the point of order and that is that what this amendment does is adds a new section to the reporting requirements. It would simply require any organization, not individual, but any organization, whose representative did any lobbying on the floor of the House or rooms adjacent to it, or the floor of the other body, for them simply to reveal that in their reporting activities.

There could be a question as to what the rooms adjacent means. It seems to me that this could be very clearly defined in the regulations set up. It does not have to be all hindrance to pass this amendment. It seems to me this ought to be part of the bill that would require reporting on lobbying contacts as well as the nature of them.

I honestly believe that this amendment would tend to relieve current Members of Congress of whatever burden they want to attach to the often very embarrassing situation of having former Members who have access to the floor discussing issues which they ought not to be discussing on this floor.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

The gentleman from Illinois (Mr. ANDERSON) and I cosponsored an amendment to the rules of the House that prohibits former members from lobbying on the floor of the House, from being on the floor of the House or in the adjoining rooms, which I think is that room and the Rayburn Room over there, when they are engaged in lobbying activity on a piece of legislation pending before Congress. How far beyond that does the gentleman's amendment go? Right now that is prohibited by the House rules.

Mr. GARY A. MYERS. The amendment would only require an organization who had a lobbyist lobbying on their behalf on the floor to report any lobbying activity that took place here. It does not address the issue whether that lobbying activity would be in violation of any other law or any House rule. It seems to me if we would read the regulations which the Speaker promulgated in response to that amendment of the House rules offered by the gentleman from California (Mr. JOHN L. BURTON) and the gentleman from Illinois (Mr. ANDERSON) which I supported, quite frankly it places a burden, I believe, on the Doorkeeper to know whether or not an individual coming in that door has any interest in pending legislation. It seems to me that those regulations do not give sufficient protection that I know the gentleman from California and the gentleman from Illinois (Mr. ANDERSON) wish to have. This amendment would place the burden on any organization who knows that that is going on in its behalf simply to report it, and we would have that revealed to us as well as the general public.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Missouri.

Mr. VOLKMER. I thank the gentleman for yielding.

I would just like to clarify one part of the amendment. If there was any such lobbying done, would the organization for which the person is employed or doing the lobbying have merely to report their lobbyists by name and lobbying either in the halls or the rooms adjacent on such-and-such a day, or how would they report it? They could not report the exact conversation.

Mr. GARY A. MYERS. No. The intent is not to report the conversation. The intent is that the incidents of lobbying would simply be reported. The amendment reads:

> If any lobbying communication was made on the floor of the House of Representatives or adjoining rooms thereof, . . .

There is some latitude for regulations to take care of the number of reports, or for consolidation. Simply a statement that none did or that some did occur could also accommodate the intention of the amendment.

Mr. VOLKMER. I have one other question. The rooms adjacent would not include the hallways; is that correct?

Mr. GARY A. MYERS. It was not my intention to include the hallways.

Mr. VOLKMER. I thank the gentleman.

Mr. GARY A. MYERS. I think there again the regulation could be drafted to recognize the House Rules.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. GARY A. MYERS. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. I thank the gentleman for yielding.

Just a few moments ago we were talking about time limitations and the number of amendments pending. I should like to advise the Chair that I have three amendments that I have published and are at the desk. One of them is addressed in this amendment offered by the gentleman from Pennsylvania. The other was already addressed in an amendment offered by the gentleman from Illinois (Mr. RAILSBACK) and the third I must concede would be a nongermane amendment, and I would be forced to concede a point of order; so Mr. Chairman, you can subtract three from the list of amendments now at the desk.

The CHAIRMAN. Are there any members in the committee who wish to address themselves to the amendment offered by the gentleman from Pennsylvania (Mr. GARY A. MYERS)? If not, the question is on the amendment offered by the gentleman from Pennsylvania (Mr. GARY A. MYERS).

The amendment was agreed to.

The CHAIRMAN. The Chair will notify the members of the committee that time taken from the allotted time for the discussion of the point of order was not

allotted to the gentleman from Pennsylvania but will come out of the general time and will reduce everyone's time to 5 minutes each.

Are there further amendments?

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 31, line 18, insert after the word "public" and before the comma the following language: "or to the membership of an organization".

Mr. KINDNESS. Mr. Chairman, this amendment would exclude from the coverage of H.R. 8494 any communication made through a newspaper, book, periodical, or magazine published for distribution "to the membership of an organization."

Communications made to the membership of an organization, I think, have a status that we have failed to zero in on. We have failed to consider that fully and adequately here.

Two years ago, this phrase was included in the exemption that I seek to amend today. When H.R. 15 came before the House in the 94th Congress, it contained this language. The Committee on the Judiciary incorporated this provision 2 years ago, because it was convinced that there is no constitutional basis for distinguishing between a publication distributed to a segment of the general public which pays a subscription fee, such as Time or Newsweek, and a publication which is sent to individuals by virtue of their paying dues to a membership organization, such as the AFL–CIO Newsletter.

Such publications are not designed to be lobbying materials, per se, but general newsletters which contain information of interest to the members of an organization. Any comments on legislation in these publications are generally incidental to the main purpose of the publication. Constitutionally, they should be treated no differently than a Washington Post editorial which specifically urges its readers to contact Members of Congress in support or in opposition to a pending bill.

This amendment would permit an organization to continue to send its Members a regularly published magazine or newsletter without those publications inadvertently becoming "lobbying solicitations."

Now that we have the coverage of lobbying solicitations in the bill by virtue of the amendment proffered by the gentleman from Alabama (Mr. FLOWERS) it is necessary to make this clarification in the bill.

Many well-known groups, like the Veterans of Foreign Wars, the Sierra Club, and the AFL–CIO regularly send publications of this type to their membership. If this provision is left unchanged, even religious newspapers could become solicitations, as defined in the bill at the present time.

It is my view that the first amendment protects all kinds of printed materials, no matter by whom they are published.

It is important to note that this section does not exclude special mailings or other communications sent by an organization to its members which are specifically designed to solicit action on legislative matters. Such legislative action bulletins are lobbying solicitations and would be subject to the reporting provisions of the bill, as the bill now stands.

I believe that this is a valid distinction which will permit the reporting of carefully orchestrated "grassroots" campaigns without infringing fundamental first amendment freedoms.

Mr. Chairman, I would urge adoption of the amendment for that reason.

The CHAIRMAN. Are there Members on the list that wish to respond to this amendment?

The Chair recognizes the chairman of the committee, the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. At this time the Chair will advise Members that even if they have 5 minutes, they may address themselves only to one amendment. They will not be able to split their time except by unanimous consent.

Mr. DANIELSON. Between amendments?

The CHAIRMAN. That is correct.

The Chair recognizes the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. Mr. Chairman, I would like to point out that the language of this amendment is such that it would exempt from lobbying communications any communication made to members of an organization.

The word "organization" is a word of art in this bill. An organization means any corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, a State organization with local appointed or elected officials, group of organizations or group of individuals.

If a communication were addressed to the membership of any of those organizations, it would be an exempt communication under this amendment. I submit that it is as broad as the bill itself, and it would exempt far too great a group of people.

Therefore, Mr. Chairman, the amendment is repugnant to the purpose of the bill, and I urge a "no" vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 9, noes 20.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. KINDNESS) to offer an amendment.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS:

On page 44, line 15, strike "$10,000" and insert "$5,000".

On page 44, line 24, strike "$10,000" and insert "$5,000".

On page 44, lines 24–25, strike "two years" and insert "one year".

On page 45, line 10, strike "$10,000" and insert "$5,000".

On page 45, lines 5–6, strike "two years" and insert "one year".

On page 45, line 10, strike "$10,000" and insert "$5,000".

The CHAIRMAN. Since the amendment offered by the gentleman from Ohio (Mr. KINDNESS) is identical to the amendment printed in the RECORD under the gentleman's name, the gentleman from Ohio (Mr. KINDNESS) is recognized for 5 minutes in support of his amendment.

PARLIAMENTARY INQUIRY

Mr. KINDNESS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. KINDNESS. Mr. Chairman, I recognize the fact that following the offering of this amendment, I do have other amendments to offer. I also recognize the fact that there are other Members whose amendments are not protected by having received publication in the RECORD. I am, out of curiosity, wondering if there are other amendments pending that are going to be offered.

The CHAIRMAN. The Chair does not have any way of determining that other than by a review of those amendments that might be pending. The Chair's recollection is that since the gentleman from Florida (Mr. YOUNG) has announced that he will not offer his amendments, there may be only one amendment or perhaps none pending at the desk other than those amendments to be offered by the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. I thank the Chair.

The CHAIRMAN. The gentleman from Ohio (Mr. KINDNESS) is recognized for 5 minutes in support of his amendment.

Mr. KINDNESS. Mr. Chairman, at the present time the law relating to lobbying provides for penalties as follows:

(a) Any person who violates any of the provisions of this chapter, shall, upon conviction, be guilty of a misdemeanor, and shall be punished by a fine of not more than $5,000 or imprisonment for not more than twelve months, or by both such fine and imprisonment.

(b) In addition to the penalties provided for in subsection (a) of this section, any person convicted of the misdemeanor specified therein is prohibited, for a period of three years from the date of such conviction, from attempting to influence, directly or indirectly, the passage or defeat of any proposed legislation or from appearing before a committee of the Congress in support of or opposition to proposed legislation; and any person who violates any provision of this subsection shall, upon conviction thereof, be guilty of a felony, and shall be punished by a fine of not more than $10,000, or imprisonment for not more than five years, or by both such fine and imprisonment.

Mr. Chairman, that is the existing law, the law that we all say now is no good.

The amendment I am offering at this time is for the purpose of bringing the bill somewhat more in line with reality and somewhat more in line with the current law and the penalties to be provided for. That is to say, in the bill as it is

before us we have provision for a felony conviction for willful violations of this law, if it becomes law. That is up to 2 years and a $10,000 fine.

We have a provision for a civil penalty of up to $10,000. This amendment would reduce the civil penalty to $5,000. It would reduce the 2-year felony to a misdemeanor of 1 year and the fine provision from $10,000 to $5,000, providing some consistency with similar sorts of violations of the law.

I think we have a tendency sometimes to get carried away with the desire to assess stiff penalties for white-collar crimes, so to speak, when, indeed, I am not even sure we are talking about something for which we should have criminal penalties at all. But granting the likelihood that there would be an unsuccessful attempt, and beyond the realm of reasonableness, to get the criminal penalties taken out of this bill altogether, I think we should at least get it in some kind of rational order, comparable to other penalties provided for similar violations of law.

What I am urging is to take this amendment and make it a part of the bill to at least reduce the level of fines from $10,000 to $5,000, to reduce the felony to a misdemeanor, and to leave this in some sort of reasonable order that is comparable to the present law. The present law, as we all know, is not ineffective because the penalties are not severe enough. It is ineffective because the law is not written properly so as to be of effect. The Supreme Court has so construed it, in terms of the constitutionality of it. So let us at least be sensible about the criminal and civil penalties included in the bill.

Mr. Chairman, I urge the adoption of the amendment for that purpose.

PARLIAMENTARY INQUIRY

Mr. DANIELSON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DANIELSON. Mr. Chairman, do I understand that, inasmuch as the amendment has been printed in the RECORD, even though there is a limitation, I would have a right to speak in opposition?

The CHAIRMAN. The Chair will state that the gentleman states the situation correctly. The gentleman is entitled to 5 minutes.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Ohio (Mr. KINDNESS) has accurately stated what his amendment would do. It would reduce the civil penalty by 50 percent. It would reduce the criminal penalty by 50 percent. I am talking about the fine, from $10,000 to $5,000. It would also reduce the potential penalty of confinement from 2 years to 1 year, which would have the double effect of reducing the term and also changing it from a felony to a misdemeanor.

I would like to respectfully point out that we have built into this bill the requirement that any criminal offense be a willful offense, which is the highest degree of criminal intent, which means that, in order to have a violation of the law, it must be necessary to satisfy that requirement that the acting person know that his action is in violation of the law.

In adopting the language, the committee invoked the high standard that "willful" refers to an act done with a bad purpose, without justifiable excuse, stubbornly, obstinately, perversely, and with an evil intent. In short, to constitute a criminal offense the actor must have a specific intent to violate the law.

I respectfully submit that if anybody is going to violate the criminal provisions of this law in that manner, knowing that he is doing it, and making a violation for the purpose of violating the law, then at least the court should have the option of imposing a fine of $10,000 and a maximum sentence of 2 years. Nobody is going to run afoul of this law accidentally, innocently or inadvertently. If someone violates this law, he is doing it with the fullest intent to violate the law.

Mr. Chairman, I submit that the penalties are most appropriate, and I urge that the amendment be rejected.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks on the argument just made.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. KINDNESS. Mr. Chairman, reserving the right to object on the unanimous-consent request, do I understand that there is something in the argument that needs to be changed?

Mr. DANIELSON. If the gentleman will yield, no, nothing needs to be changed. I simply wish to expand upon the significance of the term "willful," so that the legislative record would be clear that this, to be a violation, would have to be the ultimate form of criminal intent.

Mr. KINDNESS. Mr. Chairman, further reserving the right to object, I am correctly concerned.

Mr. DANIELSON. Mr. Chairman, I will withdraw my unanimous-consent request.

The CHAIRMAN. The gentleman from California (Mr. DANIELSON) withdraws his unanimous-consent request.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 6; noes 16.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 32, following line 16, insert the following new paragraph:

"(F) a communication by, or on behalf of, a candidate, as defined in section 301(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(b)) or by, or on behalf of, a candidate for a State or local office, made in his capacity as a candidate for Federal, State, or local office, including a communication or solicitation by, or on behalf of, an organization in its capacity as a political committee, as defined in section 301(d) of such Act (2 U.S.C. 431(d));".

Mr. KINDNESS. Mr. Chairman, at one time in the consideration of this bill there was language considered identical, I believe, or almost identical, to this amendment. Members will note that on page 34 of the bill there is now language which says:

This Act shall not apply to practices or activities regulated by the Federal Election Campaign Act of 1971.

I think that language was included in the bill in an attempt to take care of what is considered in part by this amendment. But, not all activity that might be called lobbying activity is covered by the Federal Election Campaign Act of 1971. Certainly, in the case of candidates for State or local offices, there is no exemption at the present time for something they might do or that their campaign committee might do in the course of a campaign which says, "What the Congress is doing is wrong. Write your Congressman or write your Senator and tell them that John Doe, who is running for Governor in the State of Missouri, is urging that they write to the Members of Congress," and urge particular action for or against a measure.

Now, this is not something farfetched. We know that the right of free speech is being infringed upon, is being affected, by this bill. We know that lobbying solicitations are now covered by this bill. This is one of the ramifications of including the Flowers amendment in the bill, that it is quite conceivable that we will have a campaign committee of a candidate for Governor or any other office having to register and report under the coverage of this bill.

Mr. HARRIS. Mr. Chairman, will my colleague yield

Mr. KINDNESS. I will yield very briefly.

Mr. HARRIS. I simply ask, my colleague is saying that even if that political committee passes the threshold of spending $2,500 a quarter on lobbying activities and makes 13 days of contacts, then they still do not have to register as a lobbyist?

Mr. KINDNESS. I will not yield any further. Of course, the gentleman understood what question he is asking. One first has to cross the threshold, but the gentleman can well imagine that this occurs in a great many cases. Let us take someone running for Governor in the State of New York, or let us just say for mayor in the city of New York. Does the gentleman not think that he did not contact Members of Congress, at least on 13 days while that period of his candidacy was going on, and he was a Member of this House also at the same time?

I do not know how we overcome these gray areas except by being clear. There cannot be any harm done by being clear in the statutory provisions. I strongly urge that here is another case where stubborn refusal to consider this amendment—and it is certainly possible that Members can take the votes and vote them in blind opposition to something that needs to be taken care of, or they can be reasonable and consider something that needs to be taken care of.

Mr. Chairman, I urge support of the amendment.

The CHAIRMAN. Are there any Members on the list who wish to speak in

opposition to the amendment? Does the chairman of the committee wish to speak in opposition to the amendment?

Mr. DANIELSON. I do not, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 8, noes 13.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 39, strike lines 11–22, and insert the following new subsection in lieu thereof:

"(1) to develop a filing system to carry out the purposes of this Act;".

Mr. KINDNESS. Mr. Chairman, this amendment would strike language which provides that the Comptroller General will:

. . . develop filing, coding, and cross-indexing systems to carry out the purposes of this Act, including (A) a cross-indexing system which, for any retainee described in section 3(a)(1) who is identified in any registration or report filed under this Act, discloses each organization identifying such retainee in any such registration or report, . . .

It requires the cross-indexing so that those who want to paw through the records have it all done for them at the taxpayers' expense. I was talking to a reporter this afternoon who said:

What do you want to do by this amendment? Make my work harder and my overtime greater?

And I indicated, "No, certainly not," but I do not think the taxpayers are going to be very thrilled about the idea of establishing all the new jobs it is going to take to set up all the cross-indexing systems and all this work to make this information correlate with the other types of filings imposed in these days, and I do not think we ought to be wasting the taxpayers' money in that way.

The bill already provides for their reports to be made public and copies to be made available at cost for people who request copies, but to set up a cost-indexing system in order to make it easy for those who want to get certain information out of the records or make some kind of comparison to write news stories about us, to make that easier I do not see that there is any obligation that rests upon the Congress of the United States to provide that at taxpayers' expense.

I would urge support of the amendment.

Mr. DANIELSON. Mr. Chairman, if under the rule I am permitted, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman is so permitted.

Mr. DANIELSON. Mr. Chairman, I oppose the amendment for the reason stated by the gentleman from Ohio (Mr. KINDNESS), but the rationale behind it I think I should expand upon just a little bit.

The bill was very carefully drawn to prescribe what the Comptroller General should do.

The purpose of disclosing lobbying activities was not simply that these records be filed somewhere and then covered by dust and forgotten but the idea was that the record should have some meanings, some utility, some value to the people. For that reason we require in the bill that the Comptroller General not just receive passively the reports and records of lobbying activities but that he should develop a filing system, which is covered by the gentleman's amendment, a coding system and a cross indexing system to carry out the purposes of the act, to include cross indexing so that any retainee that is identified in a registration report would be identified, and also to cross index with the Federal Election Commission's data so that we can determine whether or not there is an interchange between the records of the Federal Election Commission and those to be disclosed under the lobbying bill.

I respectfully submit that the language referred to is a very important portion of the structure of this bill and should be preserved. We should not restrict this activity of the Comptroller General to the passive act of operating a final resting place for the reports and registrations of lobbyists.

I therefore respectfully urge that the amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The amendment was rejected.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 40, strike the language beginning on line 16 through line 4 on page 41.

On page 40, line 15, strike the semicolon, insert a comma, and add the following language: "and to permit copying of such information by hand or by copying machine or, at the request of any individual or organization, to furnish a copy of such information upon payment of the cost of making and furnishing such copy; and".

On page 41, line 6, strike "(6)" and insert "(4)".

Mr. KINDNESS. Mr. Chairman, this amendment is really a companion to the one which was just so fully considered, and would strike the language that requires the Comptroller General to compile and summarize, with respect to each quarterly filing period, the information contained in registrations and reports filed during such period in a manner which clearly presents the extent and nature of the activities described in section 3(a) which are engaged in during such period, and to make the information compiled and summarized available to the public within 60 days, and so on.

In other words, we are saying to the Comptroller General by language in the bill as it now stands to make a nice little note and a concise summary each quarter available to the public as to just what lobbying activity is going on. That is to characterize what is going on.

Now, Mr. Chairman, surely the Comptroller General must do this within the regulations, I assume, to which the legislative veto provision would be applicable. But how do you control the way in which the Comptroller General characterizes the extent and nature of the activities described in section 3(a), that is the lobbying activities which are engaged in during such period?

The language in the bill is pernicious.

It is not my intent to convey any misapprehension that the General Accounting Office is likely to use it in such a manner as to cause personal injury to anyone or to create a misconception in the public mind about what is going on in lobbying activities, but why include in the bill such language to begin with?

Here again we are asking for the General Accounting Office, at the expense of the taxpayers, to hire more people to handle this every quarter.

Why do we want to impose that burden?

The amount of money that would be provided in authorizations proposed in the bill really is not going to come close to covering the cost of all of this employment, and activity, and recordkeeping, and compiling, and summarizing, and reporting. I urge that we ought at least to take out that kind of fancy frill and furbelow, and would urge the support of the amendment.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment. I would like to point out that this present amendment which is offered by the gentleman from Ohio is very similar in nature to the previous amendment which was turned down. Again we are relating to the records that we seek to have prepared and filed in order to disclose lobbying activity. The language in the bill provides that these records shall be filed with the Comptroller General. It also provides that the Comptroller General shall have the obligation to compile and summarize the information contained in those registrations of reports which are engaged in during any one of the quarterly periods, and to make the compiled and summarized information available to the public for copying, et cetera, within 60 days.

The gentleman's amendment eliminates the requirement that the material be compiled and summarized, and what it would result in is simply this, the records that would be made available for people to study and to examine would be the raw records filed by the Comptroller General, the various registration reports, the various reports of lobbying activity, but all filed in raw data without any summarization or compilation whatever. It would become extremely burdensome for any group which wished to look into that, any press representatives or anyone who wished to look into that examination of lobbying activity to find any thread tying them together. The burden of examining those records, from which to draw some useful and intelligent information, would be enough to defeat the bill in the first place. For that reason I would urge likewise that this amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The amendment was rejected.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 46, strike lines 4–10, and insert the following new section:

"SEC. 15. This Act shall take effect on October 1, 1979."

Mr. KINDNESS. Mr. Chairman, the purpose of this amendment is a sort of last-ditch effort at causing someone to exercise some reasonability. If this bill becomes the law or a part of it after a conference with the Senate, then certainly it is going to be complicated enough, and certainly it is going to have its problems in sufficient numbers to be litigated in the courts, and certainly it is going to require the preparation that would make it very reasonable for us to consider an effective date of October 1, 1979, and not sooner.

A bill such as this will be the subject, I suppose, if it becomes law, of a considerable amount of comment in the news media and otherwise. People will have misunderstandings about what it may require of them. Some of them have been enumerated in the debate on the various parts in the consideration of this bill over the last week or so. There will be the need for some time to prepare, and I would certainly hope that in this instance at least we can consider the interests of the general public, including those people who might somehow or other be involved with organizations that are called lobbying organizations, and provide for an effective date of October 1, 1979.

Not in this connection at all, but for another purpose, I would yield to the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I have been gravely concerned about many provisions of this bill which seriously limit our cherished right to petition the Government for redress of grievances.

What concerns me most of all is the adoption of the Flowers amendment. I am profoundly concerned that it will involve the Government in the regulation of speech made on a grass roots level by public interest groups or even by ordinary citizens. This Government has no business being involved in that kind of regulation.

I just spoke with the subcommittee counsel who advised me that the Flowers amendment, which regulates grassroots solicitations, contains serious ambiguities which would expand the scope of the bill enormously. For example, it may well reach a situation in which the president of an organization, such as a special interest group, after making a speech responds to an audience question, "How can I do something about this problem?" If the president says, "I believe that the most effective way would be to write to your Congressman or to your Senator," his statement might have to be reported.

Mr. Chairman, I do not think we should be in the business of asking people to prepare and submit reports on speeches they make or questions they answer or notices they issue in connection with soliciting on the grass roots level.

I think we are trenching seriously on first amendment rights—and we are doing so when there is absolutely no justification for it.

Mr. KINDNESS. Mr. Chairman, I thank the gentlewoman for her very valuable contribution to the debate generally and, really, it does relate to this amendment, too, in the sense that we ought not to have an effective date earlier than October 1, 1979, so that there is a good look by the public at what is affected by this and what needs to be litigated before it goes into effect.

Mr. Chairman, I would urge the adoption of the amendment.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

This amendment appears to be somewhat innocuous, since all it does is extend the effective date from October 1, 1978, to October 1, 1979; but I would like respectfully to point out, this is not at all necessary.

It also repeals subsection (b) of section 15, which I respectfully submit makes the amendment unnecessary.

In the first place, if this bill should pass this body and if this or a similar bill should pass the other body, the chances are almost 100 percent that there would have to be some type of conference to resolve the differences between the two parties. At that time we would have a far better idea where we are on the calendar, whether it would be June, July, August, or September, and if it should be necessary to extend the effective date action could be taken at that time; but what is more important, in section (b) of section 15 we do provide that even though the effective date would be October 1, 1978, that since sections 4, 5, 6, 7, 8, 11, and 12, shall take effect on the 1st day of the 1st calendar quarter beginning after the date on which the first rules and regulations promulgated to carry out the provisions of sections 4, 5, and 6 take effect, in accordance with section 10.

Mr. Chairman, those sections are the sections governing registration, records, and reports. So until regulations and rules have been promulgated and take effect governing registration, records, and reports, in effect nothing takes effect in this bill. We are not going to be pushed up against the calendar, and I would, therefore, urge a "no" vote on the amendment.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, the effective date does not become an issue in Congress, does it, unless there is a difference between the effective date of the Senate bill and the effective date of the House bill?

I do not think the gentleman could say that this could result in bargaining in conference unless there is a difference between the two bills as they relate to the effective date.

Mr. DANIELSON. Perhaps the gentleman is right, but as to subsection (b) of section 15, nothing is done under the bill until the calendar quarter subsequent to the issuing of regulations takes place.

Mr. CHARLES H. WILSON of California. It seems to me, Mr. Chairman, if there is some question about the possibility that our date is not going to be a viable date, perhaps the amendment should be adopted.

Mr. DANIELSON. But suppose the bill were passed as of October 1, 1978. It will still be necessary thereafter for the rules and regulations to be promulgated regulating registration, reports, and records, and then the calendar quarter would go by before the bill would have a direct impact upon anybody. So we are not being pushed into a corner, no matter how we look at it.

Mr. CHARLES H. WILSON of California. It might be that an effective date of 1985 would be better.

Mr. DANIELSON. Mr. Chairman, that depends upon one's point of view, but mine was decided in accordance therewith.

Mr. Chairman, I urge that the amendment be defeated, because if we wait until October of 1979, then the Comptroller could not even issue his regulations until subsequent to October of 1979, and it might well be a year or two later before the bill would have any effect. I urge a no vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The amendment was rejected.

AMENDMENT OFFERED BY MR. KINDNESS

Mr. KINDNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS: On page 32, line 5, strike "or".

On page 32, line 16, insert "or" after the semicolon.

On page 32, after line 16, insert the following additional language:

"(E) a communication which deals only with the existence or status of any issue, or which seeks only to determine the subject matter of an issue."

The CHAIRMAN. The gentleman from Ohio (Mr. KINDNESS) is recognized for 5 minutes in support of his amendment.

Mr. KINDNESS. Mr. Chairman, the purpose of this amendment is to clarify something which is indeed referred to in language contained in the report, and here again there is good reason to make the statutory language clear. The report language occurs on page 20 of the report, and beginning in about the middle of the paragraph numbered (9), it is as follows:

The term "lobbying communication" does not include communications which only seek to determine the existence or status of a legislative matter. Such communications are entirely informational and are not intended to have any influence on the legislative matter involved.

Well, that is fine. We do this sort of thing all the time, relying on language

that is inserted in a report for clarification, instead of having good, clear language in statutory enactment.

Many of the communications we receive from organizations, as well as individuals, but particularly from organizations, are not really lobbying communications. They are trying to find out about the status of a matter, and they are in the category we are talking about here. Therefore, they ought to be excluded from the definition of "lobbying communication."

Mr. Chairman, I would just like to share with the Members a letter I received on April 20, last week, from Dr. John Wasylik, the commander in chief of the Veterans of Foreign Wars of the United States. That letter was written when we were last considering this bill, and Dr. Wasylik wrote as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., April 20, 1978.

Hon. THOMAS N. KINDNESS,
Member, Committee on the Judiciary, U.S. House of Representatives, Washington, D.C.

DEAR MR. KINDNESS: It is my understanding that the House of Representatives passed an amendment yesterday, April 19, 1978, to the "Public Dislosure of Lobbying Act of 1978," designated as H.R. 8494, which would require expanded public disclosure of "Grass-Roots" lobbying efforts by organizations that must register under that bill.

One of the current priority legislative goals of the Veterans of Foreign Wars of the United States is to "Oppose all lobby reform legislation containing reporting requirements so stringent as to thwart lobbying activities at any level, or which has a chilling effect on first amendment rights to petition the Congress of the United States."

We, of the Veterans of Foreign Wars, support your efforts to seek reconsideration of the Flowers Amendment, so that this legislation does not impede or burden "Grass-Roots" lobbying by interest groups, such as the V.F.W., which act unselfishly in behalf of this nation's veterans. We appreciate the concern of the Congress to enhance public confidence in the legislative process, but not at the expense of our liberties, as enunciated in the first amendment of the U.S. Constitution.

Sincerely,

JOHN WASYLIK,
Commander-in-Chief.

Most of the Members are aware, I am sure, that when they are contacted by or on behalf of the Veterans of Foreign Wars and other organizations and, indeed, many other organizations of a different nature, what they are contacting the Members about is the question about what is the status of a particular bill or is there something pending about a particular matter that is within their area of interest.

We ought to clarify the point that at least when they are only making such an inquiry—although one can often get the significance of what their views would be by reason of their making an inquiry—let us make it clear that that is not a lobbying communication.

It is clear, I think, that that is what is intended by the committee, that is what is intended, I hope, by this Committee of the Whole. But certainly the report indicates that the Committee on the Judiciary felt that status inquiries or inquiries as to the existence of a matter should be exempt and not counted as lobbying communications.

Mr. Chairman, I would certainly urge that we clarify that in the bill itself and not leave it to chance.

Mr. Chairman, I urge the adoption of the amendment.

Mr. DANIELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. DODD. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Connecticut.

Mr. DODD. Mr. Chairman, whether it is a New Jersey housewife or a businessman's association writing to their respective Representatives, the communication of concerns between a legislator and his or her constituency is what lobbying is all about. Without lobbying, individual as well as group efforts, a Representative would not be able to represent and a voter would be unable to voice his support or objection to legislative issues.

Chief Justice Warren wrote in the 1954 Harriss decision that—

Full realization of the American ideal of goverment by elected representatives depends to no small amount on their ability to properly evaluate such pressures (by lobbyists). Otherwise the voice of the people may all too easily be drowned out by the voice of special interest groups seeking favored treatment while masquerading as proponents of the public weal. This is the evil that the Lobbying Act was designed to prevent.

Unfortunately, the original lobbying law has been shot full of loopholes over the years, and the evil that Chief Justice Warren hoped to prevent is still apparent. H.R. 8494, the Public Disclosure Lobbying Act was a lobbying measure that I could have given my support to. It was drafted with the constitutional right of citizens to exercise their right to free speech in mind, while providing those same citizens with a law that gives them access to the hitherto closed doors to lobbying efforts by large organizations.

H.R. 8494 was a flawed bill, but it was an acceptable solution to the current lack of statutes to enforce more comprehensive registration and reporting of major lobbying organizations. However, since the addition of amendments mandating disclosure of grassroots solicitations and contributions to lobbying groups, the same constitutional rights that H.R. 8494 strove to protect are now in jeopardy.

I can no longer support a bill that would discourage individuals from contacting their representatives in Government. The adoption of the Flowers amendment requiring that registered lobbying organizations report solicitations made to citizens to contact their Congressmen on a particular issue will have a chilling effect on communications between Congressmen and their constituencies. The right to petition the Government is at the root of our democratic system and this amendment will effectively put a damper on indirect petitions made by small, private organizations such as church groups and charitable organizations that will now have to go through the machinations of public disclosure of their activities.

The paperwork alone will be massive, and many private groups will be forced to either cut back on their efforts to solicit their memberships to lobby Congress or centralize in Washington in order to handle the processing of disclosure reports. The eventual effect will be to defeat the purpose of the lobbying act: to allow people to have a part in the congressional decisionmaking process while controlling the lobbying abuses of major organizations that have, up until now, managed to avoid the scrutiny of the American public.

Many of us in Congress complain about the volume of identical mail we often receive on a given subject but, no matter what the format, when people affix their names to a letter they are also registering their belief in and support for an issue. We should not in any way prevent people from voicing their opinions whether or not someone has prodded them into writing in the first place. The views are the same in a sample letter from an organization or one composed by an individual.

I can no longer support a bill that would mandate the disclosure of organizations that contribute $3,000 or more to lobbying groups. The House wisely defeated a similar amendment introduced by Representative RAILSBACK that would have included disclosure of major contributions from individuals: a possible violation of citizens' right to privacy. Passage of the second Railsback amendment that excludes individuals' disclosure will have a harmful effect on those organizations that lobby for unpopular causes.

The same arguments that applied to violation of individual rights in the first Railsback amendment can be applied to organizations as well. It is true that the right of privacy does not extend to organizations, but organizations are made up of people and people who belong to religious, charitable, or business organizations that contribute to controversial causes can be hurt in the process. A person who belongs to a particular organization may not support all of that group's opinions and will still be subject to reprisals if he or she is identified with an unpopular stand taken by that group.

If you look up the word in Webster's Dictionary you will find that "lobbying" is: "the process by which people attempt to influence public officials and legislators." It is this process of influence peddling that has made the public wary of activities conducted by lobbyists.

The secrecy that cloaks the wheelings and dealings of many lobbying groups, the lavish parties and lunches, and the free gifts are all proof of the dismal failure of the present lobbying disclosure laws to make registered lobbyists accountable for the way in which they conduct their work.

To the public, still feeling the aftershocks of Watergate immorality coupled with the new Koreagate bribes, the aura of corruption that surrounds lobbyists who ply their trade in Washington is damning evidence that politicians are

for sale to the highest bidder. We must work to dispel the negative image of lobbying that has been shaped by abuses connected with these extravagant outpourings of money to influence the congressional decisionmaking process. The average voter can no longer see past the scandals to that dictionary definition that describes lobbying as the means by which information is passed on from individuals and groups to Members of Congress.

Right now I am lobbying against H.R. 8494 as amended, and no one here could deny me that right, but the average American needs every opportunity and impetus to lobby the government. A new law needs to be passed. The public should be made aware of the lobbying activities of major organizations that have been making legal mincemeat out of the original lobby disclosure law. However, as it is now, the lobby disclosure bill would seriously detract from the crucial exchange of information between Congressmen and their electorate. Without those cards and letters coming in the Federal Government that is based on a democracy "of the people, by the people, and for the people" will suffer a major setback.

Mr. DANIELSON. Mr. Chairman, I would like to state that one of these days I am going to miss the opportunity to have a continuing colloquy with the gentleman from Ohio (Mr. KINDNESS). It has been most enjoyable.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Ohio.

Mr. KINDNESS. Mr. Chairman, I would like to understand how that is going to occur. Am I going to be leaving?

Mr. DANIELSON. I plan to retire in about 1985.

Mr. Chairman, I would like to oppose this amendment, and I will point out the reason why.

There is no need to put this exemption into the bill. The communications exemptions put into this amendment are not lobbying communications. They need never be reported. They could not count under the threshold and they are not lobbying communications even. Lobbying communications, as defined in the bill, are communications directed to certain people to influence the content or disposition of any bill, and so forth.

The language of the amendment refers to communications which deal only with the existence or status of an issue, or which seeks only to determine the subject matter of an issue.

Mr. Chairman, I submit that language is not language which seeks to influence the content of or disposition of a bill.

We recognized, in preparing the committee report, that this could possibly come up as a question. And on page 20 of the committee report, at lines 10 through 15, we have stated as follows:

> The term "lobbying communication" does not include communications which only seek to determine the existence or status of a legislative matter. Such communications are entirely informational and are not intended to have any influence on the legislative matter involved.

Again, I submit that these are not lobbying communications. The amendment is redundant. It does nothing, and it therefore should be rejected.

I am pleased and I thank the gentleman from Ohio for bringing this up on the floor, because we have been able to have a rather complete legislative history which eliminates that type of communication from the category of a lobbying communication.

Mr. Chairman, I urge a no vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS).

The question was taken; and on a division (demanded by Mr. KINDNESS) there were—ayes 16, noes 22.

Mr. KINDNESS. Mr. Chairman, I demand a recorded vote, and pending that.

The CHAIRMAN. The Chair will count.

Mr. KINDNESS. Mr. Chairman, I withdraw my point of order of no quorum.

RECORDED VOTE

I make the point of order that a quorum is not present.

Mr. KINDNESS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 207, noes 188, not voting 39, as follows:

[Roll No. 256]

AYES—207

Abdnor	Emery	Leach
Anderson, Ill.	English	Leggett
Andrews, N. Dak.	Erlenborn	Lent
Archer	Ertel	Levitas
Armstrong	Evans, Del.	Livingston
Ashbrook	Evans, Ind.	Lloyd, Tenn.
Badham	Fenwick	Long, Md.
Barnard	Findley	Lott
Bauman	Fish	Lujan
Beard, Tenn.	Fithian	McClory
Benjamin	Flippo	McCloskey
Bevill	Flynt	McDade
Bingham	Foley	McDonald
Bowen	Forsythe	McEwen
Breaux	Fowler	McHugh
Breckinridge	Gibbons	McKinney
Brinkley	Gilman	Madigan
Brooks	Ginn	Mahon
Broomfield	Glickman	Marks
Brown, Mich.	Goldwater	Marlenee
Brown, Ohio	Gonzalez	Marriott
Broyhill	Gradison	Martin
Buchanan	Grassley	Mathis
Burgener	Green	Michel
Burke, Fla.	Guyer	Milford
Burleson, Tex.	Hagedorn	Miller, Ohio
Butler	Hall	Mitchell, N.Y.
Carter	Hammer-schmidt	Montgomery
Cederberg	Hansen	Moore
Clausen, Don H.	Harsha	Moorhead, Calif.
Clawson, Del	Hefner	Motti
Cleveland	Hightower	Murphy, N.Y.
Cohen	Hillis	Myers, Gary
Coleman	Holt	Myers, John
Collins, Tex.	Holtzman	Neal
Conable	Horton	Nichols
Corcoran	Hubbard	O'Brien
Cornell	Huckaby	Pease
Coughlin	Hughes	Pettis
Crane	Hyde	Pickle
Cunningham	Ichord	Pressler
Daniel, Dan	Ireland	Pritchard
Daniel, R. W.	Jeffords	Pursell
de la Garza	Jenkins	Quayle
Derwinski	Johnson, Colo.	Quillen
Devine	Jones, Okla.	Railsback
Dickinson	Kasten	Regula
Dicks	Kazen	Rhodes
Dingell	Kelly	Rinaldo
Dornan	Kemp	Robinson
Duncan, Oreg.	Ketchum	Roe
Duncan, Tenn.	Kindness	Rousselot
Edwards, Ala.	Kostmayer	Rudd
Edwards, Okla.	Lagomarsino	Ruppe
	Latta	Russo
Ryan	Steers	Walsh
Santini	Steiger	Wampler
Sarasin	Stockman	Watkins
Satterfield	Stratton	White
Schulze	Studds	Whitehurst
Sebelius	Stump	Whitten
Sharp	Symms	Wiggins
Shuster	Taylor	Wilson, Bob
Skelton	Thone	Winn
Skubitz	Treen	Wolff
Smith, Nebr.	Trible	Wydler
Snyder	Vander Jagt	Wylie
Spence	Waggonner	Yatron
Stangeland	Walgren	
Stanton	Walker	

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Addabbo	Fisher	Myers, Michael
Akaka	Flood	Natcher
Alexander	Florio	Nedzi
Allen	Flowers	Nolan
Ambro	Ford, Mich.	Nowak
Ammerman	Fraser	Oakar
Anderson, Calif.	Frenzel	Oberstar
Andrews, N.C.	Fuqua	Obey
Applegate	Garcia	Ottinger
Ashley	Gaydos	Panetta
Aspin	Gephardt	Patten
AuCoin	Giaimo	Patterson
Bafalis	Gore	Pattison
Baldus	Hamilton	Pepper
Bedell	Hanley	Perkins
Bellenson	Hannaford	Pike
Bennett	Harkin	Preyer
Biaggi	Harrington	Price
Blanchard	Harris	Quie
Blouin	Hawkins	Rahall
Boggs	Heckler	Rangel
Boland	Heftel	Reuss
Bolling	Holland	Richmond
Bonior	Hollenbeck	Risenhoover
Bonker	Jacobs	Rogers
Brademas	Jenrette	Roncalio
Brodhead	Johnson, Calif.	Rooney
Brown, Calif.	Jones, Tenn.	Rose
Burke, Calif.	Jordan	Rosenthal
Burke, Mass.	Kastenmeier	Rostenkowski
Burlison, Mo.	Keys	Roybal
Burton, John	Kildee	Scheuer
Byron	Krebs	Schroeder
Caputo	LaFalce	Seiberling
Carney	Le Fante	Shipley
Carr	Lederer	Sikes
Cavanaugh	Lehman	Simon
Chappell	Lloyd, Calif.	Slack
Chisholm	Long, La.	Smith, Iowa
Clay	Lundine	Solarz
Collins, Ill.	McCormack	Spellman
Conte	McFall	St Germain
Corman	McKay	Staggers
Cornwell	Maguire	Steed
Cotter	Markey	Thompson
D'Amours	Mattox	Traxler
Danielson	Mazzoli	Udall
Davis	Meeds	Van Deerlin
Delaney	Metcalfe	Vanik
Dellums	Meyner	Vento
Diggs	Mikulski	Volkmer
Dodd	Mikva	Weaver
Downey	Miller, Calif.	Weiss
Drinan	Mineta	Whalen
Early	Minish	Wilson, C. H.
Eckhardt	Mitchell, Md.	Wilson, Tex.
Edgar	Moakley	Wirth
Edwards, Calif.	Moffett	Wright
Evans, Colo.	Mollohan	Yates
Evans, Ga.	Moorhead, Pa.	Young, Fla.
Fary	Murphy, Ill.	Young, Mo.
Fascell	Murphy, Pa.	Zablocki
	Murtha	Zeferetti

NOT VOTING—39

Annunzio	Goodling	Sawyer
Baucus	Gudger	Sisk
Beard, R.I.	Howard	Stark
Burton, Phillip	Jones, N.C.	Stokes
Cochran	Krueger	Teague
Conyers	Luken	Thornton
Dent	Mann	Tsongas
Derrick	Moss	Tucker
Eilberg	Nix	Ullman
Ford, Tenn.	Poage	Waxman
Fountain	Roberts	Whitley
Frey	Rodino	Young, Alaska
Gammage	Runnels	Young, Tex.

The Clerk announced the following pairs:

On this vote:

Mr. Gammage for, with Mr. Eilberg against.
Mr. Teague for, with Mr. Dent against.
Mr. Derrick for, with Mr. Waxman against.

Mrs. FENWICK, Mr. LONG of Maryland, and Mr. BARNARD changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Chair will state that under the motion setting a limitation of time previously entered into, all debate will terminate in 10 minutes.

The parliamentary situation is that there are nine Members remaining to be recognized, and there are approximately 9 minutes left. Each Member listed will be recognized for approximately 1 minute.

The Chair will first ask if there are Members on the list who have amendments to be offered.

If not, the Chair will first recognize the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Chairman, I will be offering a motion to recommit with instructions which would put this bill back in the form in which it was brought to the floor by the committee. At one time this was a good bill.

This bill was a good one when we worked on it in the Committee on the Judiciary. It was voted out almost unanimously. However by virtue of certain amendments that have been put in the bill, many of those groups who supported this legislation before are now opposed to it, including business groups, environmental groups, and others.

I urge the Members to give careful and thoughtful consideration to the motion to recommit, which I will explain during my 5-minute interlude. The Members can then make up their minds.

Mr. Chairman, I suggest that the Members support the motion to recommit and then support the bill after it comes back to us in its original form which was acceptable to us.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, I would like to state briefly that I supported this bill as it came out of the committee. I did oppose the Flowers amendment when it was agreed to by the House, but I will support the bill and oppose the motion to recommit because I believe the will of the House should prevail.

I would like to say very briefly, if I may, that as to the question of constitutionality of both the Railsback amendment and the Flowers amendment, the Department of Justice has recently said in a letter opinion that both of those amendments are in their opinion constitutional.

Mr. MAZZOLI. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER, I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Chairman, I join the gentleman from Missouri (Mr. VOLKMER) in support of the bill in its present state, and I urge the House to defeat the motion to recommit with instructions.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. HARRIS).

Mr. HARRIS. Mr. Chairman, this is a good, tough piece of legislation. I have enjoyed working with my colleagues on the other side of the aisle as we considered the number of amendments that have been offered by them. I think we have done the work of the House in good fashion in our consideration of those amendments.

I urge my colleagues to adopt this bill on which the committee has worked so hard and to reject the motion to recommit, which would have the effect of returning the bill to the state it was in before the House worked its will.

I think the amendments offered by my colleagues, the gentleman from Illinois (Mr. RAILSBACK) and the gentleman from Alabama (Mr. FLOWERS), have improved the bill, and, Mr. Chairman, I think the bill could probably be improved further. I believe the bill should be passed in its present form, and I urge my colleagues to vote against the motion to recommit.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. MOORHEAD).

Mr. MOORHEAD of California. Mr. Chairman, I believe that as this piece of legislation came from the committee it was a good piece of legislation. I believe that the amendment which was adopted which requires that communications between private individuals be reported is a bad amendment. It violates the constitutional rights of our citizens. For that reason, I will support the motion to recommit with instructions.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Chairman, I am going to urge my colleagues to support the motion to recommit. The motion to recommit will be explained by the gentleman from Illinois (Mr. McCLORY) and by me when we go back into the House. The motion to recommit takes the bill back to where the Committee on the Judiciary supported it overwhelmingly. It was so enthusiastically supported by the Committee on the Judiciary that it was reported out on a voice vote.

Mr. Chairman, I urge the Members to support the motion to recommit to be offered by the gentleman from Illinois (Mr. McCLORY).

The CHAIRMAN. The Chair recognizes the gentlewoman from Texas (Miss JORDAN).

Miss JORDAN. Mr. Chairman I rise to advise the House that I agree with the gentleman from California (Mr. EDWARDS).

This bill is not worth this House passing. It is not a product of which we can be proud.

Mr. Chairman I would urge my colleagues to support the motion to recommit and in the event that that motion fails to vote against final passage of this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, the bill that passed about 1 year ago, as the Members will recall, I think about 3 o'clock in the morning, was much, much tougher than the bill that we have before us now.

The gentleman from California and the gentlewoman from Texas have opposed the bill. They were opposed to my amendment that passed by something like 251 to 135. The effect of the motion to recommit would be to eliminate virtually every single amendment that has been adopted by the Members of the House.

In the last year there were 17 States that enacted or modified their lobbying disclosure laws. We are not talking about prohibiting. We are talking about disclosure only. When one hears some of the debates, one would think that we were doing something very new and very innovative. The truth is that every single State has some kind of a regulatory law.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MEEDS, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 8494) to regulate lobbying and related activities, pursuant to House Resolution 1139, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. M'CLORY

Mr. McCLORY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McCLORY. I am, in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McCLORY of Illinois moves to recommit the bill, H.R. 8494, to the Committee on the Judiciary with instructions to report it back forthwith with the following amendment: Strike all after the enacting clause and insert the following:

That this Act may be cited as the "Public Disclosure of Lobbying Act of 1978".

DEFINITIONS

SEC. 2. As used in this Act—

(1) the term "affiliate" means—

(A) an organization which is associated with another organization through a formal relationship based upon ownership or an agreement (including a charter, franchise agreement, or bylaws) under which one of the organizations maintains actual control or has the right of potential control of all or a part of the activities of the other organization;

(B) a unit of a particular denomination of a church or of a convention or association of churches; and

(C) a national membership organization and any of its State or local membership organizations or units, a national trade association and any of its State or local trade associations, a national business league and any of its State or local business leagues, a national federation of labor organizations and any of its State or local federations, and a national labor organization and any of its State or local labor organizations;

(2) the term "Comptroller General" means the Comptroller General of the United States;

(3) the term "direct business relationship" means the relationship between an organization and any Federal officer or employee in which—

(A) such Federal officer or employee is a partner in such organization;

(B) such Federal officer or employee is a member of the board of directors or similar governing body of such organization, or is an officer or employee of such organization; or

(C) such organization and such Federal officer or employee each hold a legal or beneficial interest (excluding stock holdings in publicly traded corporations, policies of insurance, and commercially reasonable leases made in the ordinary course of business) in the same business or joint venture, and the value of each such interest exceeds $1,000;

(4) the term "employ" means the utilization of the services of an individual or organization in consideration of the payment of money or other thing of value, but does not include the utilization of the services of a volunteer;

(5) the term "exempt travel expenses" means any sum expended by any organization in payment or reimbursement of the cost of any transportation for any agent, employee, or other person (but not including a Federal officer or employee) engaging in activities described in section 3(a), plus such amount of any sum received by such agent, employee, or other person as a per diem allowance for each such day as is not in excess of the maximum applicable allowance payable under section 5702(a) of title 5, United States Code, to Federal employees subject to such section;

(6) the term "expenditure" means—

(A) a payment, distribution (other than normal dividends and interest), salary, loan (if made on terms or conditions that are more favorable than those available to the general public), advance, deposit, or gift of money or other thing of value, other than exempt travel expenses, made—

(i) to or for the benefit of a Federal officer or employee;

(ii) for mailing, printing, advertising, telephones, consultant fees, or the like which are attributable to activities described in section 3(a), and for costs attributable partly to activities described in section 3(a) where such costs, with reasonable preciseness and ease, may be directly allocated to those activities; or

(iii) for the retention or employment of an individual or organization who makes lobbying communications on behalf of the organization; or

(B) a contract, promise, or agreement, whether or not legally enforceable, to make, disburse, or furnish any item referred to in subparagraph (A);

(7) the term "Federal officer or employee" means—

(A) any Member of the Senate or the House of Representatives, any Delegate to the House of Representatives, and the Resident Commissioner in the House of Representatives;

(B) any officer or employee of the Senate or the House of Representatives or any employee of any Member, committee, or officer of the Congress;

(C) any officer of the executive branch of the Government listed in sections 5312 through 5316 of title 5, United States Code; and

(D) the Comptroller General, Deputy Comptroller General, General Counsel of the United States General Accounting Office, and any officer or employee of the United States General Accounting Office whose compensation is fixed by the Comptroller General in accordance with section 203(1) of the Federal Legislative Salary Act of 1964 (31 U.S.C. 52b);

(8) the term "identification" means—

(A) in the case of an individual, the name, occupation, and business address of the individual and the position held in such business; and

(B) in the case of an organization, the name and address of the organization, the principal place of business of the organization, the nature of its business or activities, and the names of the executive officers and the directors of the organization, regardless of whether such officers or directors are paid;

(9) the term "lobbying communication" means, with respect to a Federal officer or employee described in section 2(7)(A) or (B), an oral or written communication directed to such Federal officer or employee to influence the content or disposition of any bill, resolution, treaty, nomination, hearing, report, or investigation, and, with respect to a Federal officer or employee described in section 2(7)(C) or (D), an oral or written communication directed to such Federal officer or employee to influence the content or disposition of any bill, resolution, or treaty which has been transmitted to or introduced in either House of Congress or any report thereon of a committee of Congress, any nomination to be submitted or submitted to the Senate, or any hearing or investigation being conducted by the Congress or any committee or subcommittee thereof, but does not include—

(A) a communication made at the request of Federal officer or employee, or submitted for inclusion in a report of a hearing or in the record or public file of a hearing;

(B) a communication made through a speech or address, through a newspaper, book, periodical, or magazine published for distribution to the general public, or through a radio or television transmission, or through a regular publication of an organization published in substantial part for purposes unrelated to engaging in activities described in section 3(a): *Provided*, That this exception shall not apply to an organization responsible for the purchase of a paid advertisement in a newspaper, magazine, book, periodical, or other publication distributed to the general public, or of a paid radio or television advisement;

(C) a communication by an individual for a redress of grievances, or to express his personal opinion; or

(D) a communication on any subject directly affecting an organization to (i) a Senator, or to an individual on his personal staff, if such organization's principal place of business is located in the State represented by such Senator, or (ii) a Member of the House of Representatives, or to an individual on his personal staff, if such organization's principal place of business is located in a county including a city, city-and-county, parish, and the State of Alaska within which all or part of such Member's congressional district is located;

(10) the term "organization" means—

(A) any corporation (excluding a Government corporation), company, foundation, association, labor organization, firm, partnership, society, joint stock company, organization of State or local elected or appointed officials (excluding any Federal, State, or local unit of government other than a State college or university as described in section 511(a)(2)(B) of the Internal Revenue Code of 1954, and excluding any Indian tribe, any national or State political party and any organizational unit thereof, and any association comprised solely of Members of Congress or Members of Congress and congressional employees), group of organizations, or group of individuals; and

(B) any agent of a foreign principal as defined in section 1 of the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611);

(11) the term "quarterly filing period" means any calendar quarter beginning on January 1, April 1, July 1, or October 1; and

(12) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

APPLICABILITY OF ACT

SEC. 3. (a) The provisions of this Act shall apply to—

(1) any organization which makes an expenditure in excess of $2,500 in any quarterly filing period for the retention of an individual or another organization to make lobbying communications, or for the express purpose of preparing or drafting any such lobbying communication; or

(2) any organization which (A) employs at least one individual who, on all or any part of each of thirteen days or more in any quarterly filing period, or at least two individuals each of whom on all or any part of each of seven days or more in any quarterly filing period, makes lobbying communications on behalf of that organization, and (B) makes an expenditure in excess of $2,500 in such quarterly filing period on making lobbying communications,

except that the provisions of section 4 and section 6 of this Act shall not apply to an affiliate of a registered organization if such affiliate engages in activities described in paragraphs (1) and (2) of this subsection and such activities are reported by the registered organization.

(b) This Act shall not apply to practices or activities regulated by the Federal Election Campaign Act of 1971.

REGISTRATION

SEC. 4. (a) Each organization shall register with the Comptroller General not later than fifteen days after engaging in activities described in section 3(a).

(b) The registration shall contain the following, which shall be regarded as material for the purposes of this Act:

(1) An identification of the organization, except that nothing in this paragraph shall be construed to require the disclosure of the identity of the members of an organization.

(2) An identification of any retainee described in section 3(a)(1) and of any employee described in section 3(a)(2).

(c) A registration filed under subsection (a) in any calendar year shall be effective until January 15 of the succeeding calendar year. Each organization required to register under subsection (a) shall file a new registration under such subsection within fifteen days after the expiration of the previous

registration, unless such organization notifies the Comptroller General, under subsection (d), with respect to terminating the registration of the organization.

(d) Any registered organization which determines that it will no longer engage in activities described in section 3(a) shall so notify the Comptroller General. Such organization shall submit with such notification either (1) a final report, containing the information specified in section 6(b), concerning any activities described in section 3(a) which the organization has not previously reported or (2) a statement, pursuant to section 6(a)(2), as the case may be. When the Comptroller General receives such notification and report or statement, the registration of such organization shall cease to be effective.

RECORDS

SEC. 5. (a) Each organization required to be registered and each retainee of such organization shall maintain for each quarterly filing period such records as may be necessary to enable such organization to file the registrations and reports required to be filed under this Act, except that, in those situations where a registered organization elects to report as to the lobbying activities of its affiliates pursuant to section 3(a), such affiliates shall be responsible for maintaining such records as are necessary to enable the registered organization to fully discharge its reporting obligations as they pertain to such affiliates. The Comptroller General may not by rule or regulation require an organization to maintain or establish records (other than those records normally maintained by the organizations) for the purpose of enabling him to determine whether such organization is required to register.

(b) Any officer, director, employee, or retainee of any organization shall provide to such organization such information as may be necessary to enable such organization to comply with the recordkeeping and reporting requirements of this Act. Any organization which shall rely in good faith on the information provided by any such officer, director, employee, or retainee shall be deemed to have complied with subsection (a) with respect to that information.

(c) The records required by subsection (a) shall be preserved for a period of not less than five years after the close of the quarterly filing period to which such records relate.

REPORTS

SEC. 6. (a)(1) Each organization which engages in the activities described in section 3(a) during a quarterly filing period shall, not later than thirty days after the last day of such period, file a report concerning such activities with the Comptroller General.

(2) Each registered organization which does not engage in the activities described in section 3(a) during a quarterly filing period shall file a statement to that effect with the Comptroller General.

(b) Each report required under subsection (a)(1) shall contain the following, which shall be regarded as material for the purposes of this Act:

(1) An identification of the organization filing such report.

(2) The total expenditures (excluding salaries other than those reported under paragraph (5) of this subsection) which such organization made with respect to activities described in section 3(a) during such period.

(3) An itemized listing of each expenditure in excess of $35 made to or for the benefit of any Federal officer or employee and an identification of such officer or employee.

(4) A disclosure of those expenditures for any reception, dinner, or other similar event which is paid for, in whole or in part, by the reporting organization and which is held for the benefit of any Federal officer or employee, regardless of the number of persons invited or in attendance, where the total cost of the event exceeds $500.

(5) An identification of any retainee of the organization filing such report and of any employee who makes lobbying communications on all or part of each of seven days or more, and the expenditures made pursuant to such retention or employment, except that in reporting expenditures for the retention or employment of such individuals or organizations, the organization filing such report shall—

(A) allocate, in a manner acceptable to the Comptroller General, and disclose the amount which is paid to the individual or organization retained or employed by the reporting organization and which is attributable to engaging in such activities for the organization filing such report; or

(B) notwithstanding any other provision of law, disclose the total expenditures paid to any individual or organization retained or employed by the organization filing such report.

(6) A description of the issues concerning which the organization filing such report engaged in activities described in section 3(a) and upon which the organization spent a significant amount of its efforts.

(7) Disclosure of each known direct business relationship between the reporting organization and a Federal officer or employee whom such organization has sought to influence during the quarterly filing period involved.

DUTIES OF THE COMPTROLLER GENERAL

SEC. 7. (a) It shall be the duty of the Comptroller General—

(1) to develop filing, coding, and cross-indexing systems to carry out the purposes of this Act, including (A) a cross-indexing system which, for any retainee described in section 3(a)(1) who is identified in any registration or report filed under this Act, discloses each organization identifying such retainee in any such registration or report, and (B) a cross-indexing system, to be developed in cooperation with the Federal Election Commission, which discloses for any such retainee each identification of such retainee in any report filed under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434);

(2) to make copies of each registration and report filed with him under this Act available for public inspection and copying, commencing as soon as practicable after the date on which the registration or report involved is received but not later than the end of the fifth working day following the date, and to permit copying of such registration or report by hand or by copying machine or, at the request of any individual or organization, to furnish a copy of any such registration or report upon payment of the cost of making and furnishing such copy; but no information contained in any such registration or report shall be sold or utilized by any individual or organization for the purpose of soliciting contributions or business;

(3) to preserve the originals or accurate reproductions of such registrations and reports for a period of not less than five years from the date on which the registration or report is received;

(4) to compile and summarize, with respect to each quarterly filing period, the information contained in registrations and reports filed during such period in a manner which clearly presents the extent and nature of the activities described in section 3(a) which are engaged in during such period;

(5) to make the information compiled and summarized under paragraph (4) available to the public within sixty days after the close of each quarterly filing period, and to permit copying of such information by hand or by copying machine or, at the request of any individual or organization, to furnish a copy of such information upon payment of the cost of making and furnishing such copy; and

(6) to prescribe such rules and regulations and such forms as may be necessary to carry out the provisions of this Act in an effective and efficient manner.

(b) The duties of the Comptroller General described in subsection (a)(6) of this section shall be carried out in conformity with chapter 5 of title 5, United States Code, and any records maintained by the Comptroller General under this Act shall be subject to the provisions of sections 552 and 552a of such chapter.

ENFORCEMENT

SEC. 8. (a) It shall be the duty of the Attorney General to investigate alleged violations of any provision of this Act, or any rule or regulation promulgated in accordance therewith. The Attorney General shall notify the alleged violator of such alleged violation, unless the Attorney General determines that such notice would interfere with the effective enforcement of this Act, and shall make such investigation of such alleged violation as the Attorney General considers appropriate. Any such investigation shall be conducted expeditiously, and with due regard for the rights and privacy of the individual or organization involved.

(b) If the Attorney General determines, after any investigation under subsection (a), that there is reason to believe that any individual or organization has engaged in any act or practice which constitutes a civil violation of this Act as described in section 11(a), he shall endeavor to correct such violation by informal methods of conference or conciliation.

(c) If the informal methods described in subsection (b) fail, the Attorney General may institute a civil action, including an action for a permanent or temporary injunction, restraining order, or any other appropriate relief, in the United States district court for the judicial district in which such individual or organization is found, resides, or transacts business.

(d) If the Attorney General determines, after any investigation under subsection (a), that there is reason to believe that any individual or organization has engaged in any act or practice which constitutes a criminal violation of this Act as described in section 11(b) or 11(c), the Attorney General may institute criminal proceedings in a United States district court in accordance with the provisions of chapter 211 of title 18, United States Code.

(e) The United States district courts shall have jurisdiction of actions brought under this Act.

(f) In any civil action brought pursuant to subsection (c), the court may award to the prevailing party (other than the United States or an agency or official thereof) reasonable attorney fees and expenses if the court determines that the action was brought without foundation, vexatiously, frivolously, or in bad faith.

REPORTS BY THE COMPTROLLER GENERAL

SEC. 9. The Comptroller General shall transmit reports to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Comptroller General in carrying out his duties and functions under this Act, together with recommendations for such legislative or other action as the Comptroller General considers appropriate.

CONGRESSIONAL DISAPPROVAL OF RULES OR REGULATIONS

SEC. 10. (a) Upon promulgation of any rule or regulation to carry out the provisions of section 4, 5, or 6 under the authority given him in section 7(a)(6) of this Act, the Comptroller General shall transmit notice of such rule or regulation to the Congress. The Comptroller General may place such rule or regulation in effect as proposed at any time after the expiration of ninety calendar days of continuous session after the date on which such notice is transmitted to the Congress unless, before the expiration of such ninety days, either House of Congress adopts a resolution disapproving such rule or regulation.

(b) For purposes of this section—

(1) continuity of session of the Congress is broken only by an adjournment sine die; and

(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain shall be excluded in the computation of the ninety calendar days referred to in subsection (a).

SANCTIONS

SEC. 11. (a) Any individual or organization knowingly violating section 4, 5, or 6 of this Act, or any rule or regulation promulgated in accordance therewith, shall be subject to a civil penalty of not more than $10,000 for each such violation.

(b) Any individual or organization who knowingly and willfully violates section 4, 5, or 6 of this Act, or who, in any statement required to be filed, furnished, or maintained pursuant to this Act, knowingly and willfully makes any false statement of a material fact, omits any material fact required to be disclosed, or omits any material fact necessary to make statements made not misleading, shall be fined not more than $10,000 or imprisoned for not more than two years, or both, for each such violation.

(c) Any individual or organization knowingly and willfully failing to provide or falsifying all or part of any records required to be furnished to an employing or retaining organization in violation of section 5(b) shall be fined not more than $10,000, or imprisoned for not more than two years, or both.

(d) Any individual or organization selling or utilizing information contained in any registration or report in violation of section 7(a)(2) of this Act shall be subject to a civil penalty of not more than $10,000.

REPEAL OF THE FEDERAL REGULATION OF LOBBYING ACT

SEC. 12. The Federal Regulation of Lobbying Act (2 U.S.C. 261 et seq.), and that part of the table of contents of the Legislative Reorganization Act of 1946 which pertains to title III thereof, are repealed.

SEPARABILITY

SEC. 13. If any provision of this Act, or the application thereof, is held invalid, the validity of the remainder of this Act and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 14. There are authorized to be appropriated to carry out this Act $1,600,000 for the fiscal year beginning on October 1, 1978; $1,600,000 for the fiscal year beginning on October 1, 1979; and $1,600,000 for the fiscal year beginning on October 1, 1980.

EFFECTIVE DATES

SEC. 15. (a) Except as provided in subsection (b), the provisions of this Act shall take effect on October 1, 1978.

(b) Sections 4, 5, 6, 8, 11, and 12 shall take effect on the first day of the first calendar quarter beginning after the date on which the first rules and regulations promulgated to carry out the provisions of sections 4, 5, and 6 take effect, in accordance with section 10.

Mr. McCLORY (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman, in the time allotted, is going to give a description of what his motion to recommit does. As I recall, it rejects amendments offered by Mr. FLOWERS, Mr. RAILSBACK, and Mr. KINDNESS, all amendments which the House voted by a large majority to adopt. I think perhaps we ought to hear the entire motion if that is what it does.

Mr. McCLORY. If the gentleman will yield, what the motion to recommit does is to restore the bill to its original form. It is true that there were two amendments adopted, one offered by my colleague from California (Mr. WIGGINS), and one by the gentleman from Ohio (Mr. KINDNESS). However, the two main amendments adopted which are significant are the Railsback and Flowers amendments, both of which the committee disapproved and which I think should be rejected and which, if eliminated, will make this a good bill.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. McCLORY. Mr. Speaker, the committee has sent to the floor a good lobbying bill, and one which should enable us to revise the 1946 act. Now, in the committee we considered the so-called Flowers amendment, or the grassroots type of petitioning the Congress.

What is done is that a great many business concerns request their employees to write to Members of Congress where the companies' interests are concerned. Some companies advertise on TV or in newspapers urging petitioning to the Congress and communications to the Congress. This would require a full reporting of that type of invitation of communications to the Congress. It would either put a damper on it and kill it, or prevent it. If a company did not comply with this provision of the law, it would be subjected to the penalties of the law, which include fines and imprisonment.

I do not think we want to deny people the constitutional right to petition their Government or petition the Congress. So, it is primarily that amendment, which was rejected by the Judiciary Committee overwhelmingly, but which inadvertently was accepted by this House, that should be rejected. I think in its good judgment the House should now want to reject that by voting for my motion to recommit.

Also the House accepted or adopted an amendment which would require the listing of contributions of $3,000 or more by organizations, those organizations engaged in lobbying, a kind of disclosure which we do not want to have and do not want to compel. It would even require disclosure of contributions to religious organizations, something which is highly undesirable, which is required in this amendment.

So those primarily are the two amendments which are rejected by the motion to recommit with instructions, and the bill would be reported back here forthwith, and we could support a good lobby bill.

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Chairman, I thank the gentleman for yielding.

I supported the bill in the committee, and the committee voted the bill out in an excellent form, and that is what this motion to recommit does: It reverts the bill back to the excellent committee bill reported out by the Judiciary Committee.

I assure the House that the amendments that have been adopted in the Committee of the Whole make the bill not only undesirable but also unconstitutional. The solicitation grassroots amendment offered by the gentleman from Alabama (Mr. FLOWERS) and the contributors amendment offered by the gentleman from Illinois (Mr. RAILSBACK) are totally unacceptable.

This is what has happened. All of these organizations supported it. The ACLU supported the bill and practically all the members of the committee supported the bill, but, after the amendments were adopted, we immediately lost these groups all over the country. For example, just in the last couple of days these organizations that previously supported the bill as reported by the full Judiciary Committee have come out against the bill. They include: The Sierra Club, the National Audubon Society, the National Wildlife Federation, the Environmental Defense Fund, the Wilderness Society, the Izaak Walton League of America, the Defenders of Wildlife, the Fund for Animals, Inc., the National Parks and Conservation Association, the Wildlife Society, the Friends of the Earth, the International Association of Fish and Wildlife Agencies, and I could go on.

Mr. McCLORY. Let me just add in addition to the ACLU and the environmental groups, that the U.S. Chamber of Commerce takes precisely the same position, as do other business groups.

I might call attention to an editorial in the Washington Post on this subject.

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from California.

Mr. EDWARDS of California. I suggest we support the motion to recommit, and if it fails then to vote against the bill.

Mr. McCLORY. I thank the gentleman, and the gentleman has spoken very wisely. I think we do want a good lobby bill. We had a good lobby bill before we got these amendments, and if the motion to recommit is agreed to we will have a good bill.

The SPEAKER. The gentleman from

California (Mr. DANIELSON) is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, I am here in the well in opposition to the motion offered by the gentleman from Illinois (Mr. MCCLORY) to recommit the bill. I want to start off by telling the Members that I opposed and I voted against the soliciting amendment offered by the gentleman from Illinois (Mr. RAILSBACK) and the contributions amendment offered by my good friend, the gentleman from Alabama (Mr. FLOWERS).

Over the weekend, as we pulled back to regroup when I heard all of the sad stories to the effect that these amendments are unconstitutional, it occurred to me that we have a perfecly good law office downtown, so I got in touch with the Attorney General's office and said: How about it? Can you give me something as to whether or not these amendments are unconstitutional?

On the desk of each and every Member this morning there appeared a letter from the Department of Justice pointing out they have studied these amendments and they have concluded that they are indeed constitutional and that the unconstitutional argument does not apply.

A copy of that letter, and of the one-page summary which accompanied it, reads as follows:

SUMMARY OF DEPARTMENT OF JUSTICE LETTER OF APRIL 25, 1978, ON CONSTITUTIONALITY OF AMENDMENTS TO LOBBY REFORM BILL

General: The Department believes that the amendments to H.R. 8494 on both "lobbying solicitations" and disclosure of contributions to lobbying organizations are constitutional.

"Lobbying Solicitations": The Department believes that this amendment is constitutional for the following reasons:

The Supreme Court recognized in United States v. Harriss, 347 U.S. 612 (1954) that Members of Congress have an interest in knowing the sources of pressure on Congress.

The amendment is narrowly drawn and does not require disclosure of the identities of those who act in response to solicitations.

The facts in Harriss involved lobbying solicitations yet disclosure of such solicitations was not struck down by the Court.

Contributor Disclosure: The Department believes that this amendment is constitutional for the following reasons:

It serves Congress' legitimate interest in learning the nature of the pressures on it.

It may deter actual or potential corruption.

Disclosure is limited to contributions by organizations to other organizations, thereby avoiding any deterrence to the exercise of individual rights or impairment of individual privacy. Disclosure is also only required where 1% of the receiving organization's budget is devoted to lobbying.

WASHINGTON, D.C.,
April 25, 1978.

Hon. GEORGE E. DANIELSON,
Chairman, Subcommittee on Administrative Law and Governmental Relations, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice regarding the constitutionality of two amendments to H.R. 8494, the Public Disclosure of Lobbying Act, now pending before the House of Representatives. We believe both amendments to be constitutional.

The first of the two amendments would require an organization otherwise required to file a quarterly report to furnish information about the cost and manner of its "lobbying solicitations"—i.e., requests to contact Members of Congress—directed to 500 or more persons or a lesser number of the organization's own employees, officers, directors, or affiliates. Organizations which only engage in lobbying solicitations but do not pass the bill's registration thresholds for direct lobbying would not be required to disclose their activities. It remains the Department of Justice's conclusion, as expressed in then-Deputy Attorney General Flaherty's April 21, 1977, testimony before the House Judiciary Subcommittee on Administrative Law and Governmental Relations that such a requirement is constitutional.

As the Supreme Court observed in United States v. Harriss, 347 U.S. 612 (1954), in which it upheld the constitutionality of the 1946 Federal Regulation of Lobbying Act, "full realization of the American ideal of government by elected representatives depends to no small extent on their ability to properly evaluate [the pressures to which they are regularly subjected]. Otherwise the voice of the people may all too easily be drowned out by the voice of special interest groups seeking favored treatment while masquerading as proponents of the public weal." 347 U.S. at 625.

Toward that end, the amendment adopted by the House does not prohibit lobbying solicitations or even require the disclosure of the identities of those who respond to solicitations by contacting their elected representatives. It merely requires sufficient information from the soliciting organization itself to enable the public and the Congress to determine what special interest is behind what may on the surface appear to be a spontaneous groundswell of public interest in a legislative issue. Id; compare Buckley v. Valeo, 424 U.S. 1, 68 (1976).

It is important to note that Harriss itself involved the alleged failure to report, among other things, "the costs of a campaign to induce various interested groups and individuals to communicate by letter with members of Congress" on pending legislation. 347 U.S. at 615. It is true that the Court held the 1946 Act constitutional after construing it narrowly to cover only what is termed "direct" communication with the Congress, but the Court expressly defined such pressures to include those "exerted by the lobbyists themselves or through their hirelings *or through an artificially stimulated letter campaign.*" 347 U.S. at 620 (emphasis added).

The amendment is narrowly drawn to cover only those mass communications actually intended or carrying the evident potential to generate letters or other contacts with Congress, not the general discussion of political issues by the organization to which members of the public may independently respond by contacting Members of Congress. It covers, in short, the "artificially stimulated letter campaign" discussed in Harriss. Where the nexus to the legislative process is this direct, we believe Congress may constitutionally require disclosure. Cf. Buckley v. Valeo, 424 U.S. 1, 79–80 (19763.

We have also concluded that the amendment requiring disclosure of the identity of any organization that has paid more than $3,000 during the year in dues or contributions to the lobbying organization, and the category of amount of the payments is constitutional. The Court in Harriss emphasized the importance in the lobbying context of disclosing "who is being hired, *who is putting up the money*, and how much." 347 U.S. at 625 (emphasis added). Even though the contributor may not be able to control the lobbying organization's activities in all respects, this disclosure serves the important governmental interests of enabling the public and a Member of Congress to evaluate the pressures exerted by the organization more precisely than may be possible if the lobbying report only revealed the name of the organization actually doing the lobbying. Id.; cf. Buckley v. Valeo, 424 U.S. at 67. It may also deter actual corruption and avoid the appearance of corruption by exposing to the light of publicity large contributions to organizations engaging in significant lobbying activity. Id.

The $3,000 minimum is itself designed to ensure that only significant contributions will be reported. Moreover, disclosure is limited to contributions by other organizations only if it spends at least 1% of its with the entire structure of the bill, which addresses itself to lobbying activities by or on behalf of corporations, unions, associations, and other organizations, but imposes no reporting requirements with respect to lobbying by individuals. The amendment merely recognizes that an organization, instead of hiring its own lobbyists, will often join an association or coalition group with the full expectation that the association or group will represent its interests before the Congress. It therefore serves to close a possible loophole in the bill by requiring reporting of this type of indirect lobbying by reliance on associations of organizations. Even where the lobbying entity performs other services for its member organizations, Congress might reasonably conclude that an organization would not pay $3,000 a year to support the lobbying entity unless it generally embraced the latter's legislative goals.

By limiting reporting to organizations, the amendment also avoids any deterrent to the enjoyment of privacy or the exercise of the First Amendment freedom of association by individuals as a result of public disclosure of members or contributions, with which the Court was concerned in *NAACP* v. *Alabama*, 357 U.S. 449 (1958), and related cases.

We note, finally, that a lobbying organization must report its organizational contributions only if it spends at least 1% of its budget on lobbying and if the contributor's funds are spent in whole or in part on lobbying. The former excludes from coverage contributions to those organizations that only engage in a relatively incidental amount of lobbying activities, *United States* v. *Harriss*, 347 U.S. at 622, and the latter permits a contributor to earmark its funds for other purposes, to avoid unnecessary disclosure where the contribution has no relation to the lobbying activities intended to be reported. So limited, we believe that at least in the context of disclosure of major organizational contributions, the amendment provides for a constitutionally sufficient nexus between the contributions and the government's legitimate interest in disclosure of lobbying activities.

In summary, we believe that H.R. 8494, as amended to date, is drafted in accordance with constitutional requirements. The Department continues to urge its early passage by the House.

Sincerely,

PATRICIA M. WALD,
Assistant Attorney General,
Office of Legislative Affairs.

The unconstitutional argument does not apply, because they point out that as to the solicitations, in the Harris case, the Supreme Court of the United States pointed out that not only is it necessary and important for Members of Congress to have some idea about direct communications but the Court expressly included pressures exerted by the lobbyists themselves or through their hirelings an artifically stimulated lobby campaign.

That is the Supreme Court of the United States telling you that.

Let us get around to the contribution argument. In contributions bear in mind

that in the amendment offered by our friend the gentleman from Alabama (Mr. FLOWERS) the contributions are required to be identified and reported only if they are by one organization to a registered organization. Contributions from individuals are totally exempt. And the threshold has been raised to $3,000 so that a contribution of less than $3,000 should not be reported.

I respectfully submit that the motion to recommit should be rejected.

I now yield to the former chairman of the subcommittee, the gentleman from Alabama (Mr. FLOWERS).

Mr. FLOWERS. Mr. Speaker, I thank the gentleman for yielding to me. I feel like saving a word now that my amendment has been castigated by my friend the gentleman from Illinois (Mr. MCCLORY) the so-called Flowers amendment, that inadvertently carried in the House—inadvertently, I might add to my friend by about 80 votes the other day.

You know, it is curious about all of these organizations that are now opposed to the bill, because of two relatively small amendments. That is correct, relatively small amendments.

All the amendment that I offered does is cover a large part of the lobbying activity that is otherwise not covered by the bill. It does not require anybody else to register or come under the coverage of the bill but only would require a little bit of reporting by these organizations only that conduct large scale grassroots lobbying campaigns.

I submit to every Member of this House whether you come at it from that side of the aisle or this side of the aisle, we ought to have this in this legislation. It is not complete without it.

The other amendment offered by the gentleman from Illinois (Mr. RAILSBACK), which actually I voted against, I am prepared to support as part of this bill. It does not do any damage to the bill in its broad sense.

I urge a negative vote on the motion to recommit.

Mr. DANIELSON. I now yield to the gentleman from Illinois (Mr. MIKVA).

Mr. MIKVA. Mr. Speaker, I thank the gentleman for yielding. I too, oppose the motion to recommit. It seems to me that all of the distinguished organizations that our colleague the gentleman from California (Mr. EDWARDS) read off, the ACLU and the environmental groups, if they did not do all the lobbying they do we would not need the bill. But I think the very fact that they are against it is one more suggestion of proof that we do, in fact, need this kind of legislation.

Mr. DANIELSON. Mr. Speaker, I wish that they were for it.

I yield now to the gentleman from Wisconsin (Mr. KASTENMEIER).

Mr. KASTENMEIER. Mr. Speaker, I would make the same point and that is that we have received communications from the lobbying groups that they approved the bill passed by the House Committee on the Judiciary, but that should not be the test for us. The test should be is it an effective bill? The gentleman from Illinois is correct, this bill is not quite as strong as this House passed by a margin of 7 to 1 in October 1976.

The SPEAKER. All time has expired.

Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. MCCLORY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 259, nays 140, not voting 35, as follows:

[Roll No. 257]

YEAS—259

Addabbo	Dicks	Lent
Akaka	Dingell	Levitas
Alexander	Downey	Livingston
Allen	Drinan	Lloyd, Tenn.
Ambro	Early	Long, La.
Ammerman	Eckhardt	Lott
Anderson, Calif.	Edgar	Lujan
	Emery	Lundine
Anderson, Ill.	English	McCloskey
Andrews, N.C.	Ertel	McCormack
Andrews, N. Dak.	Evans, Ind.	McDade
	Fary	McFall
Applegate	Fascell	McHugh
Archer	Fenwick	McKay
Ashley	Findley	McKinney
Aspin	Fisher	Madigan
AuCoin	Fithian	Maguire
Bafalis	Flippo	Marks
Baldus	Flood	Marlenee
Bedell	Florio	Martin
Benjamin	Flowers	Mattox
Bennett	Ford, Mich.	Mazzoli
Biaggi	Fowler	Meeds
Bingham	Fraser	Metcalfe
Blanchard	Frenzel	Meyner
Blouin	Fuqua	Mikulski
Boggs	Gaydos	Mikva
Boland	Gephardt	Miller, Calif.
Bolling	Gibbons	Miller, Ohio
Bonior	Gilman	Mineta
Bonker	Glickman	Minish
Brademas	Gore	Mitchell, N.Y.
Breaux	Gradison	Moakley
Breckinridge	Green	Moffett
Brinkley	Guyer	Moore
Brodhead	Hagedorn	Moorhead, Calif.
Broomfield	Hamilton	
Buchanan	Hanley	Moorhead, Pa.
Burke, Calif.	Hannaford	Mottl
Burke, Fla.	Harkin	Murphy, Pa.
Burlison, Mo.	Harrington	Murtha
Burton, John	Harris	Myers, Gary
Burton, Phillip	Hawkins	Myers, Michael
Byron	Heckler	Natcher
Caputo	Heftel	Neal
Carney	Hillis	Nedzi
Carr	Hollenbeck	Nichols
Cavanaugh	Horton	Nolan
Chisholm	Hughes	Nowak
Clay	Ichord	Oakar
Cleveland	Ireland	Oberstar
Cohen	Jacobs	Obey
Coleman	Jeffords	Ottinger
Collins, Ill.	Jenkins	Panetta
Conable	Johnson, Calif.	Patten
Conte	Kasten	Patterson
Corcoran	Kastenmeier	Pattison
Cornell	Keys	Pease
Cotter	Kildee	Pepper
Coughlin	Kostmayer	Perkins
D'Amours	LaFalce	Pickle
Danielson	Latta	Pike
de la Garza	Le Fante	Pressler
Delaney	Leach	Preyer
Dellums	Lederer	Price
Derwinski	Lehman	Pritchard
Pursell	Smith, Iowa	Volkmer
Quayle	Smith, Nebr.	Walgren
Quie	Solarz	Walker
Rahall	Spellman	Watkins
Railsback	St Germain	Weaver
Regula	Staggers	Whalen
Reuss	Stangeland	White
Rinaldo	Stanton	Whitehurst
Roe	Stark	Whitten
Rogers	Steers	Wilson, Bob
Roncalio	Stockman	Wirth
Rooney	Stokes	Wolff
Rose	Studds	Wright
Rosenthal	Thompson	Wydler
Rostenkowski	Thone	Wylie
Russo	Traxler	Yatron
Sarasin	Treen	Young, Fla.
Schroeder	Trible	Young, Mo.
Schulze	Ullman	Zablocki
Sharp	Vander Jagt	Zeferetti
Simon	Vanik	
Skelton	Vento	

NAYS—140

Abdnor	Flynt	Montgomery
Armstrong	Foley	Murphy, Ill.
Ashbrook	Forsythe	Murphy, N.Y.
Badham	Garcia	Myers, John
Barnard	Giaimo	O'Brien
Bauman	Ginn	Pettis
Beard, Tenn.	Goldwater	Quillen
Bellenson	Gonzalez	Rangel
Bevill	Grassley	Rhodes
Bowen	Hall	Richmond
Brooks	Hammer-schmidt	Risenhoover
Brown, Calif.		Robinson
Brown, Mich.	Hansen	Rousselot
Brown, Ohio	Harsha	Roybal
Broyhill	Hefner	Rudd
Burgener	Hightower	Ruppe
Burke, Mass.	Holland	Ryan
Burleson, Tex.	Holt	Santini
Butler	Holtzman	Satterfield
Carter	Hubbard	Scheuer
Cederberg	Huckaby	Sebelius
Chappell	Hyde	Seiberling
Clausen, Don H.	Jenrette	Shipley
	Johnson, Colo.	Shuster
Clawson, Del	Jones, Okla.	Sikes
Collins, Tex.	Jones, Tenn.	Skubitz
Corman	Jordan	Slack
Cornwell	Kazen	Snyder
Crane	Kelly	Spence
Cunningham	Kemp	Steed
Daniel, Dan	Ketchum	Steiger
Daniel, R. W.	Kindness	Stratton
Davis	Krebs	Stump
Devine	Lagomarsino	Symms
Dickinson	Leggett	Taylor
Diggs	Lloyd, Calif.	Udall
Dodd	Long, Md.	Van Deerlin
Dornan	McClory	Waggonner
Duncan, Oreg.	McDonald	Walsh
Duncan, Tenn.	McEwen	Wampler
Edwards, Ala.	Mahon	Weiss
Edwards, Calif.	Markey	Wiggins
Edwards, Okla.	Marriott	Wilson, C. H.
Erlenborn	Mathis	Wilson, Tex.
Evans, Colo.	Michel	Winn
Evans, Del.	Milford	Yates
Evans, Ga.	Mitchell, Md.	
Fish	Mollohan	

NOT VOTING—35

Annunzio	Goodling	Runnels
Baucus	Gudger	Sawyer
Beard, R.I.	Howard	Sisk
Cochran	Jones, N.C.	Teague
Conyers	Krueger	Thornton
Dent	Luken	Tsongas
Derrick	Mann	Tucker
Eilberg	Moss	Waxman
Ford, Tenn.	Nix	Whitley
Fountain	Poage	Young, Alaska
Frey	Roberts	Young, Tex.
Gammage	Rodino	

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Teague against.

Mr. Gammage for, with Mr. Conyers against.

Until further notice:

Mr. Fountain with Mr. Cochran of Mississippi.

Mr. Krueger with Mr. Goodling.

Mr. Eilberg with Mr. Gudger.

Mr. Waxman with Mr. Tsongas.

Mr. Derrick with Mr. Young of Alaska.

Mr. Luken with Mr. Moss.
Mr. Baucus with Mr. Sawyer.
Mr. Rodino with Mr. Jones of North Carolina.
Mr. Roberts with Mr. Whitley.
Mr. Nix with Mr. Mann.
Mr. Beard of Rhode Island with Mr. Sisk.
Mr. Dent with Mr. Thornton.
Mr. Howard with Mr. Tucker.
Mr. Ford of Tennessee with Mr. Runnels.

Mr. ENGLISH changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material, with respect to the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

SELECT COMMITTEE ON ASSASSINATIONS—POWELL CONTEMPT

(Mr. STOKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STOKES. Mr. Speaker, early next week, I shall call up the privileged report I submitted on Monday, April 24, on the contempt of Mr. Claude Powell, Jr., in failing to honor a subpena of the Select Committee on Assassinations. That report has been printed for your review and consideration. I first alerted the House to the facts of the case in February. The CONGRESSIONAL RECORD of February 28, 1978 at H1596, details Mr. Powell's refusal to honor the committee subpena, and the lengths the committee has gone to, to attempt to secure his compliance without recourse to the contempt process.

Essentially, Mr. Speaker, the case concerns a witness who was subpenaed to appear before the Subcommittee on the Assassination of Dr. Martin Luther King, Jr., of the Select Committee on Assassinations and refused to appear pursuant to the supena. Such refusal to honor the subpena of a duly authorized committee of this House is, of course, an affront to the dignity and integrity of the House. No committee of the House will be able to conduct a thorough investigation of any subject if supenaed witnesses believe they may, with impunity, refuse to appear, despite a congressional subpena. Obviously, for the Select Committee on Assassinations, which is investigating the facts and circumstances surrounding two of the most significant murders in our Nation's history, the ability to enforce its process is crucial.

No witness should be able to delude himself or herself into thinking that our committee will fail to take all lawful actions and remedies to obtain their testimony. Our pledge to the House to conduct a full and complete investigation requires of us no less.

The privileged report I am submitting, Mr. Speaker, is the method that Congress has statutorily provided to be followed when a witness refuses to honor a subpena, and a committee decides to seek to enforce it's process through statutory contempt. It is provided for in title 2, section 194 of the United States Code. Historically, Congress has freqently invoked this process. In the recent past, nevertheless, there have been few such actions, because witnesses have been complying, fortunately, with Congressional subpenas and have testified. A recent example of a witness who did not, however, was G. Gordon Liddy. Accordingly, Mr. Liddy was certified for contempt of Congress by the House.

After this House votes to certify Mr. Powell's case, the U.S. attorney's office will be in charge of bringing the actual criminal case against Mr. Powell.

Mr. Speaker, I fully expect the House to pass the Select Committee's report and resolution and demonstrate its commitment to the Select Committee's investigation, as well as the integrity and dignity of the House.

PERSONAL EXPLANATION

Mr. GILMAN. Mr. Speaker, on Monday, April 24, 1978, I was on official leave of absence in order to help effect a multinational prisoner exchange in South Africa. I thus missed Monday's legislative session.

Had I been present, I would have voted in the following manner: H.R. 11504, Agricultural Credit Act of 1978, roll call No. 246: "yes"; an amendment to H.R. 11504, providing guaranteed "bridge" loans for farmers to meet payments on certain existing loans that come due, roll call No. 245: "yes".

THE LATE IVAN A. NESTINGEN

(Mr. KASTENMEIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KASTENMEIER. Mr. Speaker, I would like to take a moment today to pay my respects to Ivan A. Nestingen, a longtime personal friend and Under Secretary of Health, Education, and Welfare in the administrations of the late Presidents John F. Kennedy and Lyndon Baines Johnson, who passed away suddenly Monday after collapsing in his law office here in the Nation's Capital.

In 1959, while mayor of the city of Madison, Wis., Mr. Nestingen accepted the chairmanship of the Kennedy for President Club of Wisconsin and played a major role in the late President's successful 1960 Wisconsin Presidential primary campaign. It was this victory, followed by another win in the West Virginia primary, that is generally credited with providing the impetus that led to then Senator Kennedy's nomination as the Democratic candidate and to his victory in November, 1960.

The late President Kennedy appointed Mr. Nestingen Under Secretary of Health, Education, and Welfare, a position which he held for 4 years. In that capacity, he played a major role in the legislative battles for medicare, expanded aid to education and medical research. After his resignation in 1965, he practiced law in Washington, D.C., until his death.

I know that many of my colleagues, as well as Ivan's many friends from his home State of Wisconsin, and those who knew him through his years in Washington join me in extending their sympathy to his widow, Geraldine, his daughters, and his brothers.

ARMS CONTROL AND DISARMAMENT AGENCY AUTHORIZATION, FISCAL YEAR 1979

Mr. DERWINSKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. DERWINSKI. Mr. Speaker, earlier this afternoon, I was pleased to support the legislation authorizing fiscal year 1979 appropriations for the Arms Control and Disarmament Agency (ACDA). I have always believed that ACDA is a necessary organization with a laudable purpose. Consequently, I have consistently voted for its annual authorization requests.

I would be remiss, however, if I did not call the Members' attention to some of my concerns about the performance of ACDA's current leadership at the ongoing SALT II talks in Geneva. All of the evidence I have seen to date indicates that the negotiating philosophy of this administration implicitly assumes that because both the United States and the Soviet Union have large inventories of nuclear weapons and would both suffer serious damage in a nuclear exchange, the Soviets would not dare launch an attack against this country. I have discerned nothing to warrant that kind of optimism. Such thinking not only endangers American security but also leads to unreciprocated concessions to the Soviets and a further bargaining away of our strategic position. The key question, therefore, remains unanswered: Is the administration determined to reach an arms control agreement purely for its own sake, even if that requires one-sided concessions and an unearned trust in Soviet good intentions?

Although the text of the proposed new SALT agreement has not yet been made available, enough of its contents are known to raise grave doubts about the wisdom of its implementation at this time, with the U.S.S.R. making alarming advances in both its offensive and defensive capabilities. Many experts have noted (including former SALT negotiator, Mr. Paul Nitze) that the treaty in its present language contains very serious problems in the area of verification. As the author of section 37 of the Arms Control and Disarmament Act (which requires the executive branch to report to Congress on a timely basis as to the verifiability of any arms control proposals made to or accepted by the United States), I have maintained an abiding

interest in this whole question of verification. I invite the Members' attention, therefore, to my supplementary views to this bill's committee report where I point out that significant elements of the emerging agreement cannot be verified. This includes, inter alia, range limits on cruise missiles, limits on the upgrading of ICBM's, the strategic potential of the Backfire bomber, the deployment of mobile ICBM's, and the conversion of medium mobile missiles to mobile ICBM's.

Equally disturbing are the major concessions the treaty in its present form makes to the Soviets on the range limitations of cruise missiles as well as on the number of cruise missile launchers. In view of the President's decision to scrap the B–1 bomber in favor of the cruise missile (a determination which I believe critically weakens our defenses and our SALT bargaining position), these are giveaways we can ill-afford. Even more importantly, the administration has retreated from its initial position calling for restrictions on Soviet deployment of the SS–18 blockbuster missile. This prodigious weapon is potentially capable of destroying hardened U.S. Minuteman silos, and, consequently, poses a threat to the strategic reliability and credibility of our land-based missile force. Yet this point has been conceded by the administration's negotiators. Many similar examples could be cited in such areas as missile testing and Soviet bomber production.

In short, Mr. Speaker, the pattern of concessions emerging from these SALT negotiations is abundantly clear. I am baffled as to why the administration fails to recognize that such a negotiating posture seriously jeopardizes U.S. security. So much is being put on the line in these negotiations. I have the distinct impression, however, that neither the President nor his SALT advisers appreciate just how high the stakes really are. Therefore, I feel obliged to persist in my efforts to stimulate Members' concern.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Arizona.

Mr. RUDD. Mr. Speaker, I thank the distinguished gentleman from Illinois for yielding to me.

I would like to support the gentleman's statement in regard to SALT II talks. I would also like to point out the comparable armament situation between the Soviet Union and the United States, which gives the Soviets an edge in every category.

Within the next month or so, the Carter administration is expected to send Congress a proposed arms control treaty between the United States and the Soviet Union.

The treaty is the result of many months of strategic arms limitation talks (SALT II) between the two countries in Geneva, and will probably be the most complex and important document to come before Congress in recent years. The chief U.S. negotiator has been Paul C. Warnke, Director of the U.S. Arms Control and Disarmament Agency.

While the administration has released some general details of the forthcoming treaty terms, it has refused to honor a request from the chairman of the House Armed Services Committee to provide Congress and the public with an advance copy of the draft treaty terms. As with the Panama Canal treaties, the President is expected to keep the full document under wraps and present it to Congress as a fait accompli following a big summit meeting public relations extravaganza between himself and Soviet leader Leonid Brezhnev.

After talking with Representative CHARLES H. WILSON of California, a member of the Armed Services Committee who has learned independently many of the draft treaty provisions, and has strongly criticized them, I can understand why the public is being kept in the dark. The people would rise up in rightful indignation and undermine the campaign to get the arms control treaty approved, because its terms will guarantee the Soviet Union indisputable strategic supremacy over the United States—and a first-strike hard kill capability.

These are some of the treaty provisions that have been discovered so far:

SUPERSONIC BOMBERS

SALT II will in no way limit the Soviet's supersonic Backfire bomber, which is capable of making nuclear missile and bomb strikes against American cities and industry. The President and the majority in Congress have killed the only U.S. equivalent—the B–1 bomber.

HEAVY MISSILES

The Soviets will be able to deploy the 308 extremely heavy throw-weight intercontinental ballistic missiles (ICBM's) that they now have. Each missile can deliver eight independently targeted (MIRVed) nuclear warheads with several times the explosive power of our Minuteman III missile. The United States now has none of these very heavy missiles, and under SALT II would not be allowed to develop any.

MULTIPLE WARHEADS

The treaty would guarantee the Soviets more than twice the number of ICBM warheads that the United States may have. This is because of the Soviet Union's large number of heavy missiles, which the United States does not have, and the fact that the United States is being asked under the treaty to count each one of our B–52 bombers in the same category as a MIRVed Soviet ICBM. This makes no sense at all, since a 19-year-old B–52—even equipped with cruise missiles—would take 8 to 10 hours to hit a target, compared with 25 to 30 minutes for a MIRV'ed Soviet ICBM.

MISSILE THROW-WEIGHT

No limit will be placed on the maximum weight that can be lifted by a Soviet missile. Soviet missile throw-weight is currently almost three times that of the United States, meaning that they can deliver three times the destructive power against our cities and defense installations. This will enable the Soviets to attain a nuclear war fighting posture, where their first strike could destroy all our missiles before launching, thus preventing U.S. defense or retaliation.

CRUISE MISSILES

SALT II will ban development, testing, and deployment of cruise missiles with a range of more than 1,300 nautical miles, if launched from a B–52, or more than 312 nautical miles if launched from a ship. Since the B–52 is slow and vulnerable to being shot down, it must remain several hundred miles from enemy borders. The Soviets know, of course, that this range limitation for cruise missiles sharply reduces, if not eliminates altogether, their usefulness to the United States. The limitation allows the Soviets to train their 6,000 radars, their 2,600 fighter interceptors, and their 12,000 surface-to-air missiles right where the B–52's will be in order to destroy them before cruise missiles can be launched against Soviet military installations.

Any way we look at it, the impending SALT II treaty is a bad deal for the United States. It will guarantee Soviet strategic supremacy. This is a high price, indeed, to pay for a political symbol—a so-called arms control agreement between the world's two major superpowers.

The main obstacle to making any meaningful arms control agreement now with the Soviets, which protects our national security interests, is that for the first time we are negotiating from a position of relative weakness, and the Soviets are negotiating from a position of relative strength. The Soviets know the trend lines, which show as Joint Chiefs of Staff Chairman Gen. George Brown recently testified, "that in nearly every area of military strength there has been a relative decline over the years in relation to the Soviet Union, our principal adversary."

The facts are plain—

The Soviets are building supersonic backfire bombers and developing a new heavy bomber—we killed the B–1 program.

The Soviets are producing and deploying a fourth generation of heavy ICBM's, with twice the throw-weight of any missiles we have, and developing a fifth generation—we have no plans.

The Soviets have developed a land-mobile ICBM—the administration and Congress continue to stall on our MX missile.

The Soviets are putting several new ballistic missile submarines to sea each year—the administration and Congress have cut back on our vital Trident submarine construction.

The Soviets maintain an air defense system—we have abandoned ours.

The Soviets have a civil defense program—we abandoned any such effort years ago.

The Soviets now hope for a SALT II treaty permitting them to modernize and expand their strategic arms, but requiring us at best to maintain the status quo, or at worst to destroy B-52s or missiles and stifle any real U.S. ICBM improvement. I believe our foreign policy should be turned around so that the Soviets stop having such grandiose

thoughts, and meaningful arms reduction and control starts with them.

This will only happen if the U.S. strategic position is once again better than that of the Soviet Union, and we can bargain from strength rather than inferiority. I will continue to work and vote in Congress for that eventuality.

Chart of comparison of United States and Soviet military power published by Council for InterAmerican Security:

A COMPARISON OF UNITED STATES-SOVIET MILITARY POWER

STRATEGIC FORCES	
ICBM's:	
U.S.	1,054
U.S.S.R.	1,549
SLBM's:	
U.S.	656
U.S.S.R.	842
Heavy bombers:	
U.S.	330
U.S.S.R.	135
AIR DEFENSE SYSTEMS	
ABM launchers:	
U.S.	0
U.S.S.R.	64
Surface to air missiles:	
U.S.	990
U.S.S.R.	12,000
Interceptor aircraft:	
U.S.	357
U.S.S.R.	2,700
NAVAL FORCES	
Active fleets (including submarine forces):	
U.S.	456
U.S.S.R.	942
GENERAL FORCES	
Ground forces:	
U.S.	575,000
U.S.S.R.	1,737,000
Tanks:	
U.S.	7,835
U.S.S.R.	45,000
Tactical air force:	
U.S.	1,968
U.S.S.R.	4,030

THE FEASIBILITY OF FAITH, HOPE, AND CHARITY ALONE AS FOUNDATION STONES FOR UNILATERAL DISARMAMENT

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. STRATTON. Mr. Speaker, I am sure we would all admit that faith, hope, and charity are excellent cornerstones for the establishment of an altruistic organization dedicated to the welfare of mankind. But, I think most of us also recognize that these three qualities all by themselves would provide a rather slender and unreliable reed on which to construct a national position for negotiating arms control agreements.

Recently, the Union of Concerned Scientists issued a "Declaration on the Nuclear Arms Race," whose major thesis is that if the United States would unilaterally agree to stop all our efforts to develop and improve nuclear weaponry, the Soviets might be shamed into doing the same. This is a point of view frequently expounded in the past by Mr. Paul Warnke, presently the chief U.S. negotiator at our SALT arms negotiations in Geneva.

To take this kind of naively trusting approach, however, with a competitor who outnumbers and outmans us in almost every military department—the Soviet Union—is to perpetuate and even dangerously to increase the nuclear imbalance which already exists.

We placed a substantial amount of faith in the Soviets, Mr. Speaker, back in 1972 when we approved the SALT I agreement. We had high hopes then that the Soviets would not try to obtain a unilateral strategic advantages from that agreement, in spite of its omissions and ambiguities. But it turned out we were wrong. We left too many major loopholes in that agreement. And as a result, as one might expect, the Soviets have taken the fullest possible advantage of these gaps to achieve substantial performance superiority over us in the nuclear weapons field within the framework of strict numerical "equality." So, Mr. Speaker, we were charitable to a fault, it would appear, and we are beginning now to recognize it.

The distinguished chairman of the House Armed Services Committee, the gentleman from Illinois (Mr. MELVIN PRICE) was recently asked by the Union of Concerned Scientists to endorse their concept of a unilateral weapons standdown. His cogent and highly relevant response to their request deserves to be read carefully by every Member, and I am glad to commend it to their attention.

The exchange of letters on this point between the Union of Concerned Scientists and the gentleman from Illinois (Mr. PRICE) follows:

COMMITTEE ON ARMED SERVICES,
Washington, D.C., January 30, 1978.

Mr. HENRY W KENDALL,
Union of Concerned Scientists,
Cambridge, Mass.

DEAR MR. KENDALL: Thank you for your letter of January 13, 1978 and the attached "Declaration on the Nuclear Arms Race." The measures enumerated by the Declaration are of the highest moral purpose, but each one requires unilateral action on the part of the United States with fervent hope that the Soviet Union might reciprocate openly in a manner conducive to some sort of verification.

I am not certain that the United States can afford to forego the minor technological improvements programmed for our Armed Forces, while the Soviets absolutely refuse to discuss their existing systems' capabilities and planned improvements. The Congressional Committees on Foreign Relations (Senate) and International Relations (House) annually publish an analysis of arms control impact statements submitted by the National Security Council and the Armed Forces in connection with the fiscal year budget submissions for certain programs. This document leaves very little to the imagination concerning anticipated improvements to many U.S. nuclear weapon systems and nuclear weapon delivery systems. I presume that you are aware that Moscow refuses to furnish any information on their nuclear weapon system—i.e., numbers, accuracy, throw weight—for SALT purposes. Therefore, all statistics and operating characteristics used by U.S. negotiators concerning Soviet systems are U.S. intelligence estimates. I am seriously concerned that our SALT negotiators are making decisions without the basic facts necessary for realistic compromise.

The Declaration calls for unilateral U.S. action to suspend or withhold technological improvements to existing U.S. systems. I do not consider it in the best interests of the United States to further compound existing uncertainties of increasing Soviet superiority in their new systems being installed vis a vis existing U.S. ICBM systems, improved or unimproved.

A race generally connotes at least two competitors. I am convinced that if there is an ongoing nuclear arms race, it is basically a unilateral action by the Soviet Union.

I appreciate your courtesy in sending me the Declaration and allowing me to comment on it.

Sincerely yours,

MELVIN PRICE,
Chairman.

UNION OF CONCERNED SCIENTISTS,
January 13, 1978.

Hon. MELVIN PRICE,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PRICE: Over 12,000 scientists, engineers and other professionals, including many of the finest in the country, have signed a statement urging the United States—the Administration and the Congress—to take some bold steps toward controlling the nuclear arms race. We are deeply concerned over the race and especially the increased risk of nuclear war that will accompany the planned next round of advances in nuclear weaponry.

Recommendations are set out in our Declaration On The Nuclear Arms Race which has already been sent to the President. On behalf of the sponsors and signers, I am pleased to enclose a copy. We hope you will find it possible to join us in supporting moves to control this deadly race, "increasingly a mortal threat to all mankind."

Sincerely yours,

HENRY W. KENDALL.

DECLARATION

I. THE ARMS RACE

The nuclear arms race, a grim feature of modern life, has been with us since the devastation of Hiroshima and Nagasaki. Driven by a futile search for security through nuclear "superiority," this vastly expensive competition is increasingly a mortal threat to all humanity. Control of the arms race is one of mankind's most urgent needs.

The inventories of nuclear warheads are coupled with accurate, long range and relatively invulnerable delivery systems. Together their destructive capacity is immense. If used in war they would kill hundreds of millions of persons, carry radioactive injury and death to many of the world's nations, profoundly damage the environment of the Earth we live and depend on, and unhinge and devastate the target nations so effectively that they would no longer function as modern industrial states. Indeed, the superpowers' inventories are so great that even small fractions of them could produce damage far beyond any past experience.

Neither superpower could now launch a counterforce surprise nuclear attack to disarm the other. Enough of each side's forces will survive or are invulnerable that the return blow would still produce prodigious damage, so shattering that no first strike is remotely rewarding. Thus, a relatively stable but uneasy balance has resulted in the recent past, the state of Mutually Assured Destruction. This balance of terror, while morally repugnant to many, is a fact of modern life. The superpowers have recognized that the populations of the United States and the Soviet Union have become unavoidably hostage because of the ineffectiveness of defenses against nuclear-armed strategic weapons systems—and so their 1972 agreement, and treaty, in effect terminated efforts at active anti-missile defenses.

The security of the United States and the Soviet Union, and the other nations across the globe, is only as high as the expectation that the nuclear arsenals will never be used.

Strategic nuclear arsenals could be drastically reduced while still retaining ample deterrent forces in a world devoid of real peace. However, the superpowers—while professing commitment to the principle of nuclear parity—continue to reach for nuclear superiority or at least for unilateral advantage through the development and deployment of new weapons and weapons systems. By and large the U.S. has been ahead in the superpowers' arms technology race: the first in nuclear and thermonuclear weapons, nuclear submarines, solid fuel missiles, and many other developments. The U.S. continues to forge ahead: developing MX—an advanced, perhaps mobile, land-based intercontinental missile and multiple independently-targetable reentry vehicles (MIRV) of extreme accuracy, the neutron bomb, the air- and sea-launched strategic range cruise missiles.

Many of these innovations have been stimulated by uncertainty about what the Soviet Union was deploying. Soviet responses are clouded in secrecy and are possibly highly threatening. They have forced the U.S. to proceed. In general, the Soviet Union has responded to U.S. technological innovations but with a lag—averaging over 4 years—in reaching U.S. levels. Their deployments then continue exceeding the United States' and so raising fears of their gaining "superiority." The Soviet Union is developing and deploying MIRV'ed missiles of every greater range, accuracy, and explosive power, perhaps greatly intensifying the civil defense of its population, and continuing other developments. The Soviet Union now has more strategic missiles and a greater nuclear throw-weight, while the United States exceeds in the accuracy of delivery systems as well as in numbers of nuclear warheads. The Soviets continue also to increase their conventional forces raising fears of aggression aimed at Western Europe. This has stimulated responses in conventional arms, and, especially grave, in dependence on nuclear weapons among the NATO nations. The United States and the Soviet Union both are engaged in vigorous underground nuclear warhead test programs. The responsibility for the race is unmistakably shared.

The arms race is in full swing! The roughly twelve thousand strategic warheads of today are likely to become thirty thousand long before the end of the century and the tens of thousands of tactical weapons augmented also. These increases and the improvements in missile accuracy, retargeting capability and invulnerability lead to greater "flexibility"—and so to the greater likelihood of starting nuclear weapons' use. What results is the undermining of the balance of terror. New weapons now in sight will further decrease the stability of this delicate balance and will make the monitoring of future arms agreements more difficult, if not impossible, without gaining decisive military superiority for either side.

The superpowers' belief that security rests with potent nuclear armaments is more and more shared by other nations. The strategic arms race stimulates the proliferation of nuclear weapons among nations some of which may be weak or irresponsible, and thus more likely to resort to the use of nuclear weapons in a local war. Such wars could easily widen, thus adding to the likelihood of a final immense nuclear holocaust between the superpowers.

More than ever it is urgent now to slow down and ultimately to stop the nuclear arms race, thus improving the stability of the nuclear stand off and setting the stage for reduction of the great inventories of weapons.

II. CONTROLLING THE ARMS RACE

Several attempts have been made to bring the nuclear arms race under control but none has been successful in the face of the pressures that drive the competition. The 1960 treaty to demilitarize the Antarctic continent, the partial nuclear test ban of 1963 and the later treaties not to deploy nuclear warheads on the ocean bottoms and in outer space are but peripheral to the nuclear arms race. The Non-Proliferation Treaty of 1968 has not gained universal adherence and the superpowers have not carried out their implicit commitments in the treaty to seek nuclear disarmament. The U.S. and Soviet Union have negotiated bilaterally in the Strategic Arms Limitations Talks, or SALT, with some yield: they have agreed not to interfere with their non-intrusive means of vertification of missile launch inventories, to minimize the installation of anti-ballistic missiles systems, and they have placed ceilings, albeit very high ceilings, on the numbers of deployed strategic missiles. The talks have provided a forum for continuing negotiations, but they have not stopped the qualitative arms race, and they have not reduced the huge inventories of strategic delivery weapon systems. While negotiations advance slowly, hindered by mistrust and endless maneuver for advantage, virtually unlimited competition for "strategic advantage" through new and more deadly delivery systems—continues unhindered.

We believe that the key to a safer future lies in the control of strategic weapons technology. To protect the world from the disaster of a nuclear war the superpowers must halt the development of new weapons which frustrate attempts to curb the arms race. Because there is essential equality in U.S. and Soviet Union forces the superpowers can still take effective steps to stop the nuclear arms race. This must be done both through mutually agreed on, and through unilateral initiative actions.

III. RECOMMENDATIONS

We hereby recommend that:

1. The United States announces that it will halt underground testing of nuclear explosives provided that the Soviet Union follow suit within a reasonable time.

2. The United States announces that it will not field test or deploy new strategic nuclear weapons, nuclear weapons systems, or missile defense systems for a period of 2 to 3 years provided the Soviet Union demonstrably does likewise.

These measures, carried out with due care, do not jeopardize our security. The recommendations do not stem from blind faith in the good intentions of the Soviet Union. We already can detect Soviet tests of nuclear weapons smaller than the Hiroshima bomb with existing seismic sensors and clearly distinguish them from earthquakes. Hence underground tests of strategic warheads cannot escape detection. Our satellites already inspect Soviet missile launches, missile site construction, and submarine arrivals and departures; thus we would know if the Soviet Union were not following our lead. Should the recommended initatives not bear fruit, the interruption in testing would hardly degrade our security. It takes many years to develop and deploy strategic weapons systems and our strength is such that a short delay of the sort we recommend cannot put the U.S. at risk.

These measures, carried out with due care, can restrain the technological arms race. Without underground tests there is not enough confidence in the new warhead designs to allow deployment. New missiles also depend on more accurate guidance systems, and these can only be tried and perfected in repeated test firings. By reducing the number of missile test firings to those needed for maintenance a major hurdle to new deployments would be created.

This is the moment for such moves.—We are, once again, at a turning point in the nuclear arms race. Because SALT I succeeded in placing ceilings on the number of missile launchers, it stimulated an intense race towards more accurate and powerful missiles, and more warheads per launcher, the development of new and more potent bombers and submarines to replace existing fleets. Most importantly President Carter has displayed a more penetrating understanding of the dangers of the arms race than the previous leaders of the U.S. and U.S.S.R., and has indicated a readiness to consider imaginative policies. Our recommendations do not only meet a current need—they come at a propitious moment.

The United States should take the initiative.—The U.S. lead in new weapons technology in the nuclear era is a reflection of our overall superiority in creating new technologies and sophisticated industries. Under these circumstances, we cannot expect the U.S.S.R. to take the initative.

Our proposals would be an important step toward the controls of strategic weapons technology which are so essential to our short term security. They would thereby create that base of confidence and stability which is a prerequisite to overall reductions of the nuclear arsenals.

We urge the government of the United States to demonstrate its dedication to arms control by initiating the unilateral, reciprocal steps we have recommended, that represent the first steps leading to gradual disarmament. These actions, if carried out by the United States, would represent a policy of restraint of the greatest political significance and yet, for an interim period, be devoid of military risk. Should the Soviet Union reciprocate—and they, like the United States, have much to gain in so doing—a great step forward would be taken to diminish the threat of nuclear war.

RE-REFERRAL OF EXECUTIVE COMMUNICATION 3638, AUDIT AND EVALUATION REPORTS FOR INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FROM COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS TO COMMITTEE ON INTERNATIONAL RELATIONS

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance, and Urban Affairs be discharged from further consideration of Executive Communication 3638, transmitting audit and evaluation reports for the International Bank for Reconstruction and Development, and that the communication be re-referred to the Committee on International Relations.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PRAY FOR ALDO MORO

(Mr. KEMP asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KEMP. Mr. Speaker, I do not know if former Prime Minister Aldo Moro is still alive, but it seems to me now that there is no obvious action that

the government can take, given its responsibility to the general electorate, that can induce the Red Brigades to free him. To free the 13 prisoners demanded as ransom would be an act of anarchy in itself.

Mr. Speaker, the solution, I believe, lies in prayer, and the entire world must focus prayer on the kidnapers, in the way that Pope Paul VI began to do on Saturday, when he said:

> I beg you on my knees, free the Honorable Aldo Moro, simply, without any conditions, not so much because of my humble and loving intercession, as by virtue of his dignity as a common brother of humanity, and for the sake, which I want to hope has a stronghold on your consciences of real social programs that must not be soiled with innocent blood nor tormented by superfluous pain.

Because we must assume that the kidnapers are genuinely radical political philosophers, with an oblique perspective which we do not understand on how to cure Italy's economic and social ills, this statement by the Pope was the only one that could be made, an appeal to the kidnappers' sense of common brotherhood.

And it seemed to work, to cause a cracking in the resolve of the Brigades. A statement they released was almost soft, and it said:

> Some personalities from the bourgeois world and also some religious authorities have addressed so-called humanitarian appeals to us for the release of Aldo Moro. We take account of them, but we cannot help nurturing some doubts." . . .

Mr. Speaker, had the Pope waited for this reply, he could have renewed the appeal with more elaboration, attempting to quench those doubts. But before it arrived, the Pope was pressed to become firmer. No longer was the Pontiff on his knees, but rather "trembling" at the expiration of the deadline set by the anonymous people who have proclaimed themselves one-sided butchers and executioners.

It is possible that this crossing of statements was all it took to lose an opportunity, for the second statement may have fed the doubts of the kidnapers by strengthening the hand of those who had first resisted the brotherhood appeal.

In 1962, during the Cuban missile crisis, a similar crossing of telegrams between President Kennedy and Nikita Khrushchev almost caused disaster, but Bobby Kennedy was in the right place at the right time, and advised his brother, the President, to answer the first, soft cable from Khrushchev, instead of the second, harsh one. When everyone is shouting, it is often the person who speaks most softly who is finally heard, as everyone must become silent to hear his whispers.

The rest of us must join the Pope, it seems, in returning to the first, softer appeal. After all these kidnapers, like Mr. Moro, are also our brothers. I sense they could not resist and Mr. Moro would be freed.

Then and only then could we turn our prayers with the Pope to the 13 political prisoners of Italy's desperate government, in an appeal that they too be treated like brothers.

UPDATE ON PACIFIC/ASIAN AMERICAN HERITAGE WEEK—HOUSE JOINT RESOLUTION 540

(Mr. HORTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HORTON. Mr. Speaker, I would like to report the progress that has been made in acquiring the necessary cosponsors for House Joint Resolution 540 calling upon the President of the United States to proclaim a Pacific/Asian American Heritage Week during the first 10 days in May. As of today, 145 Members of Congress from 26 States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, and the Virgin Islands, have agreed to cosponsor the resolution.

Under new rules of the Post Office and Civil Service Committee, 218 Members are required to cosponsor a resolution before it will be acted upon. We have not introduced a new resolution each time an additional 25 Members have agreed to cosponsor the resolution because of the high cost of printing each new resolution.

In addition, national organizations such as the National Association of Counties are supporting the resolution and have urged Members of Congress to sponsor the resolution.

In the near future, Members who have not yet joined us on this resolution, will be receiving a letter requesting their support. Rep. NORMAN MINETA and I urge them to join with us.

Because of the interest that has been shown in this resolution, Rep. NORMAN MINETA and I thought it would be appropriate to list the names of the cosponsors in the RECORD. The following is the list of cosponsors of House Joint Resolution 540:

COSPONSORS (PACIFIC/ASIAN AMERICAN HERITAGE WEEK JOINT RESOLUTION—(AS OF APRIL 21, 1978)

Frank Horton, (R-NY)
Norman Y. Mineta, (D-Calif.)

ALABAMA

Tom Bevill.

CALIFORNIA

Glenn M. Anderson, Robert E. Badham, Anthony C. Beilenson, George E. Brown, Jr., Clair W. Burgener, Yvonne Burke, John L. Burton, Phillip Burton, James C. Corman, George E. Danielson, Ronald V. Dellums, Don Edwards, Mark W. Hannaford, Augustus F. Hawkins, William M. Ketchum, John Krebs, Robert J. Lagomarsino, Robert L. Leggett, Paul N. McCloskey, Jr., John J. McFall, Leon E. Panetta, Jerry M. Patterson, Shirley N. Pettis, Edward R. Roybal, Leo J. Ryan, B. F. Sisk, Fortney H. Stark, Lionel Van Deerlin, Henry A. Waxman, Bob Wilson, Charles H. Wilson, Jim Lloyd, Harold Johnson, Charles Wiggins, Del Clawson, John Moss.

GEORGIA

Wyche Fowler, Jr., Larry McDonald.

HAWAII

Daniel K. Akaka, Cecil Heftel.

ILLINOIS

Tom Corcoran, Robert McClory, Tom Railsback, Paul Simon, Sidney R. Yates, John Fary, Abner Mikva, Ralph Metcalfe, Henry Hyde.

INDIANA

Andy Jacobs.

IOWA

Jim Leach.

KANSAS

Martha Keys.

KENTUCKY

John B. Breckinridge, Carroll Hubbard.

MARYLAND

Marjorie S. Holt, Barbara A. Mikulski, Parren J. Mitchell, Gladys Noon Spellman, Newton I. Steers, Jr.

MASSACHUSETTS

Joe Moakley, Silvio Conte, James Burke, Paul Tsongas.

MICHIGAN

Lucien N. Nedzi, William Ford, Dave Bonior, Carl Pursell, John Conyers, Bill Brodhead, Robert Carr.

MINNESOTA

Bruce F. Vento.

MISSOURI

Robert A. Young, William Clay.

NEW JERSEY

Millicent Fenwick, Harold C. Hollenbeck, James J. Howard, William J. Hughes, Joseph A. Le Fante, Peter W Rodino, Jr., Robert A. Roe.

NEW MEXICO

Manuel Lujan, Jr.

NEW YORK

Herman Badillo, Shirley Chisholm, Barber B. Conable, Jr., James J. Delaney, Elizabeth Holtzman, Jack F. Kemp, Hamilton Fish, Jr., Edward I. Koch, Donald J. Mitchell, John M. Murphy, Henry J. Nowak, Otis G. Pike, Charles B. Rangel, Frederick W. Richmond, Samuel Stratton, William F. Walsh, Lester L. Wolff, Leo C. Zeferetti, Matthew McHugh, Ben Rosenthal, James Hanley, John LaFalce, Joe Addabbo, Stephen Solarz, Ben Gilman, Richard Ottinger, Tom Downey, John Wydler, Ted Weiss, Mario Biaggi, Bill Green, Robert Garcia.

OHIO

Clarence J. Brown, Willis D. Gradison, Jr., Thomas A. Luken, Charles W. Whalen, Jr., Louis Stokes.

OREGON

Les AuCoin, Robert Duncan, Al Ullman.

PENNSYLVANIA

Joshua Eilberg, Allen E. Ertel, Peter H. Kostmayer, Robert N. C. Nix, William F. Lederer.

SOUTH CAROLINA

James Mann.

TEXAS

Charles Wilson.

UTAH

Dan Marriott.

VIRGINIA

Dave Satterfield, Bob Daniel.

WASHINGTON

Jack Cunningham, Norman D. Dicks, Mike McCormack, Lloyd Meeds, Joel Pritchard.

WEST VIRGINIA

John M. Slack.

WISCONSIN

Robert W. Kasten, Jr., Robert W. Kastenmeier, Clement Zablocki.

DISTRICT OF COLUMBIA

Walter Fauntroy.

GUAM

Antonio Borja Won Pat.

PUERTO RICO

Baltasar Corrada.

VIRGIN ISLANDS

Ron DeLugo.

RESOLUTION OF DISAPPROVAL OF MIDDLE EAST ARMS PACKAGE TO BE INTRODUCED

(Mr. WHALEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHALEN. Mr. Speaker, later this week President Carter is expected to submit to the Congress the so-called Middle East "arms package." Upon receipt by the House of Representatives of this proposal, I shall introduce a Resolution of Disapproval applicable to all of its elements.

The important issue, in my opinion, is whether the proposed aircraft sales, as Secretary of State Cyrus Vance argues, will contribute to peace in that troubled area of the world. I contend that they will not. Introducing sophisticated weaponry in a hostile environment, rather than enhancing prospects for peace, makes armed conflict more likely. Events of the past several weeks—the massive transfer of arms; the invasion and occupation of Lebanon—enforce this conclusion.

Much of the discussion relative to this arms package has centered on the question of whether or not it upsets the military balance in the Middle East. From my own analyses I am convinced that it will not. Indeed, as the London Economist observes: "Israel's present overwhelming superiority in the Middle East will, if anything, be increased by the planned sales."

But "balance" and "superiority" are not the issues. By providing Israel, Egypt, and Saudi Arabia with additional military equipment the United States is enlarging their capacity to wage war, regardless of their relative strengths.

Two arguments, I feel certain, will be advanced in opposition to my Resolution of Disapproval.

First, it will be suggested that there is a Presidential commitment to supply aircraft to Israel, Egypt, and Saudi Arabia. Under American law, however, such commitments are contingent ones—contingent, that is, upon subsequent approval by the Congress. In this instance I believe that the proposed sales should be deferred by Congress at least until there is further progress toward a Middle East peace settlement.

Second, advocates of the arms package will advance the age-old defense: "If we don't sell the aircraft, they can be purchased elsewhere." Unfortunately, at least in the case of Egypt and Saudi Arabia, this is true. Transcending this issue, however, is the question of national conscience.

Perhaps I take my job as a Member of Congress too personally, as I did during the Vietnam war. But the American people have vested tremendous responsibility in the 535 Members of the House of Representatives and the Senate—indeed, the power of life or death. I am very troubled by the fact that scores of innocent civilians were killed, and thousands more made homeless, by arms which were made available as a result of my votes in the International Relations Committee and the Congress. Perhaps I cannot keep my friends from killing each other. But if they must, let it be with another's weapons.

"LET'S FIGHT FOR FREE ENTERPRISE"—SPEECH OF HONORABLE MICKEY EDWARDS

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. ASHBROOK. Mr. Speaker, as the ranking Republican on the labor-management subcommittee, I have observed first-hand the tremendous influence organized labor has in the Congress—an influence that is surprising in light of a growing disenchantment with the labor movement and many of its social programs.

One of my colleagues on the labor-management subcommittee, an outspoken advocate of the free enterprise system, captured the essence of the problem in a recent speech before the Rotary Club of Charleston, W. Va., In that speech, MICKEY EDWARDS clearly pointed out the extent to which labor's political influence outweighs its popular support. Congressman EDWARDS is to be commended for his call to the business community to join in the political fight for its own survival.

His speech follows:

LET'S FIGHT FOR FREE ENTERPRISE

(By Congressman MICKEY EDWARDS)

More than half of the 95th Congress is already history and so far, I have to say, it hasn't been quite as bad as I thought it would be.

When we started out, the agenda for this Congress looked like a labor Christmas list. It included everything George Meany wanted.

But along the way there were a few surprises. Instead of being an unmitigated disaster, a few good things happened; a few not so good things happened and some atrocious things happened. But of course that was the surprise: We hadn't expected the good and the not so good, only the atrocious.

It was a pleasant surprise. Businessmen got out from behind their desks and came to Washington.

Last year's defeat of the common situs picketing bill is probably the day business came of age politically. That was the day business proved it could stand toe to toe with organized labor and beat labor on its own playground—in the Congress.

The defeat of common situs may have been one of the greatest lobbying efforts ever seen in Washington. It was a great victory. But it was a passing victory.

The significance of common situs last year—and of the defeat of the Consumer Protection Agency this year—is that there is a change in the trends of government—and that business took advantage of those trends.

These victories hold no lasting significance at all unless they serve as an inspiration to show what business *can* do when business gets business into government. The small businessman is an endangered species and businessmen are going to have to get *into* politics or they're going to be out of business. And it's just that simple.

And I don't mean getting into politics for a fifty yard dash, I mean a marathon.

You stopped common situs. You stopped the repeal of section 14(b) of the Taft-Hartley Act. You stopped the Consumer Protection Agency.

But, labor won all five major labor votes in the Senate. And it won most of its voices in the House. This was business's best year ever—as far as lobbying goes, as far as political activity goes—and labor still got most of what it wanted.

The past 15 months in Congress hold some very important lessons for the business community.

Business *can* have an impact on the legislative process but only when businessmen are united and when they're organized and when they pull out all the stops.

Lobbying is not enough. After the most effective lobbying effort business has ever mounted—with practically every segment of the business community united behind a single purpose—common situs was stopped by only 12 votes.

Lobbying is quite clearly not enough!

I have been told that dinosaurs used to roam this planet at will. They did so for many years—and they had a pretty good time of it. Life was easy for them because the climate suited them—the conditions were just right.

But then the climate changed—the conditions changed—and the largest, most powerful creatures the world has ever known, disappeared.

And for business, too, the climate has changed. Conditions have changed.

You can see it in the eleven *billion* forms businessmen sent to the federal government last year. You can see it in the OSHA inspectors when they descend on you to make sure the portable potties are close enough. You can see it in taxes that cripple initiative, in inflation, in the disappearance of private investment capital.

The climate *has* changed. It's pretty chilly. We're at the edge of an economic ice age.

The question is—will business adapt? The dinosaur had a small brain. The business community *has* brainpower. It's a question of *will*. Will business commit itself to the protection of free enterprise? or—will it sit complacently munching on lily pads until the climate is so cold it cannot survive?

Ironically, while the climate in government is chilly toward free enterprise, the *public* climate is chilling toward organized labor. Membership is sliding. Unions have ¾ of a million fewer members today than they did three years ago.

In 1975–76, 125,000 more secret ballots were cast against union representation than for it. In 1976, the unions lost more representation elections than they won.

Big labor is losing both members and prestige. But it's doing something about it. The labor reform bill is designed to make it almost impossible for a small businessman—or any businessman—to prevent the unionization of his plant or company.

Labor is reacting to the new anti-labor climate by trying to change the climate back again through political action.

Listen to George Meany—and I quote—"The American trade union movement is more deeply involved in politics than its most politically oriented critics could have believed possible a few decades ago. Our Committee On Political Education is the single most effective political machine in the country." Unquote.

Big labor knows that political involvement is the key to climate control.

And involvement is something they understand—something they're very good at.

In 1976, COPE endorsed a presidential candidate—He won. COPE endorsed 28 Senate candidates—19 of them won. It endorsed 365 House candidates—and 262 of them won.

71.5 percent of the candidates COPE endorsed and supported—won their elections.

71.5 might not be a great score on a spelling test. It woud be a miserable score on an IQ test—but it is a good enough score to run the country.

If business could match that record—free enterprise would be in safe hands.

But to do it—business is going to have to take a lesson from labor—a lesson in involvement.

When you think about political action you normally start with money, and organized labor did start with money—8.2 million dollars in Congressional campaigns in 1976. But there is more to winning elections than direct contributions.

And there, too, labor got involved—20,000 phones in thousands of phone banks; more than 10 million phone calls by 120,000 labor union volunteers.

80 million pieces of political mail. The AFL–CIO sent out 25 million pieces of mail in one month—the month before the 1976 election.

Year round computer services worth two million dollars—with the names of 12.5 million votes in 45 states—pumping out precinct working lists and mailing lists.

COPE and UAW alone spent more on get-out-the-vote-drives than the Democratic and Republican National Committees combined.

And you can imagine the kinds of candidates those voters voted for.

But still, they didn't stop. Tens of thousands of precinct workers, doorbell ringers, car poolers, babysitters.

And they didn't hedge their bets!

Labor supports candidates who favor labor. Business plays games. It supports incumbents—even if they don't support business! Or it fails to support challengers who *do* support business. Or it splits its contributions between opposing candidates so they'll have a tie to whoever wins.

The General Telephone Political Action Committee in California gave 2,000 dollars to Ronald Reagan—and two thousand dollars to Gerald Ford, *and* 2,000 dollars to Jimmy Carter.

Business gave four times as much money to incumbent Congressmen as it did to challengers. Instead of trying to change the Congress, business supported the Congressional majority that is doing business in.

This is one of those years when business can do something about the climate. About its survival.

It's an "off-year" election—but its an "on-year" for political action. If business doesn't get involved this year, then free enterprise and dinosaurs will both become fading footnotes of the future.

It boils down to one choice for business—a choice between two roads—the road to commitment, political involvement and controlling the climate to create a healthy environment for free enterprise.

Or the other road—the road of checkbook politics and no more; the road of playing both sides; the road of complacency and business as usual. It is a well marked road—the dinosaurs used it several million years ago.

HIGH SCHOOL STUDENTS AID ELDERLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CAPUTO) is recognized for 5 minutes.

● Mr. CAPUTO. Mr. Speaker, I would like to take time this afternoon to direct the attention of this House to a highly successful senior citizens program operating in my district, the 23d District of New York.

For over a year now students at the John F. Kennedy High School in the Bronx have been volunteering their time and efforts to a program designed to provide aid to the elderly in more than a dozen nursing homes and senior citizens centers in the Kingsbridge, Riverdale, Washington Heights, Marble Hill, and Inwood communities. This program, the Kennedy elderly aid program (KEAP), developed in response to increasing crimes against senior citizens in New York City. At the suggestion of Mr. Joseph F. Limongelli, coordinator of student affairs at JFK, and with the support of Mr. Robert R. Mastruzzi, principal of the school, students have been providing a variety of services to elderly residents of these homes and centers.

Some volunteers, working in teams of two or three, escort senior citizens to shopping areas, parks, doctors' offices and medical centers, neighbors' and relatives' homes, or while they stroll along the streets for exercise and fresh air. Others, working at the centers, may write letters for, read to, or simply converse with elderly residents. Some of the talented students have been teaching seniors to sing, play games, and dance. KEAP volunteers have been involved in clerical work as well as nursing and therapeutic programs.

KEAP has done much to reduce the fears of senior citizens in our area and increase the level of trust and understanding between our older and younger generations. Resolutions commending the efforts of JFK students and faculty working in the program have been passed by the New York City council and the New York State assembly.

I am personally gratified to see our young people take such an active and responsible role in dealing with community problems. I want to take this opportunity to applaud KEAP volunteers for their initiative and dedication and wish them every possible future success.●

LIFE IN THE SOVIET UNION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. EDWARDS) is recognized for 5 minutes.

● Mr. EDWARDS of Oklahoma. Mr. Speaker, in the April 23 edition of the Washington Star, Mr. Gerald Nadler, a reporter for United Press International, writes of his fascinating but tragic conversation with a Soviet war hero, Gen. Pyotr Grigorenko.

The Soviets stripped the general of his citizenship while he was recently visiting in the United States. The Soviets accused the general of, as they put it, "behavior damaging the prestige of the Soviet Union."

Years ago, General Grigorenko made the mistake of believing that the guarantees of freedom spelled out in the Soviet constitution were to be taken seriously. Despite the resulting 6 years of constant mental and physical torture in Soviet prisons and psychiatric hospitals, General Grigorenko has emerged with his will strong and his mind clear.

The stories he has to tell are not pleasant. But they have a special meaning, Mr. Speaker, after the presentation of that incredible television documentary, "Holocaust."

General Grigorenko has great faith in the wonder that America has created from its commitment to individual freedom and opportunity. But he is gravely worried that Americans have become complacent in the face of the Soviets' undeniable repression of the most basic human rights. He fears that we are no longer willing to defend our own values, to speak out against these gross Soviet abuses of human rights. He fears, I believe with justification, that we are a nation in retreat.

Mr. Speaker, I urge my colleagues to read General Grigorenko's own words, his own account of the reality of life today in the Soviet Union.

The article follows:

[From the Washington Star, Apr. 23, 1978]

A GRIM PICTURE OF RUSSIA EMERGES

(By Gerald Nadler)

NEW YORK.—Soviet war hero-turned dissident Gen. Pyotr Grigorenko, stripped of his citizenship while visiting America, paints a grim picture of his homeland as a nation of shortages and regulations.

"We plan and we plan, but in America there is no plan but a mass of goods," said the 70-year-old former Red Army major general. "Russia, with its plan, is a nation of shortages.

"Your roads and buildings are things of wonder. Russia virtually has no roads in comparison.

"In construction, the Soviet Union is not 10 years behind, not 100 years behind, but an epoch behind," Grigorenko said in an interview.

"I have stood for hours admiring American bridges and the skyscrapers."

While here on a six-month visa to visit his son, Andrei, 33, and undergo a prostrate gland operation, Gregorenko was stripped of his citizenship "for behavior damaging the prestige of the Soviet Union."

He was granted asylum in the United States a few days ago.

Surrounded by his wife, Zinaida, 68, and two sons, Oleg, 44, and Andrei, an electrical engineer and also a former dissident, he warned of American complacency in the Soviet civil rights struggle, adding that American policy is tricked by "Soviet duplicity."

"The more they (the Soviets) lie, the more they are believed," Grigorenko said.

He said the Soviet Union wants Americans to believe the human rights movement in Russia is dead, and "some people say so, playing into the Soviets' hands, but the movement is growing all the time.

"In Russia not a day went by without 10 to 20 and sometimes 50 persons coming to me for advice on human rights."

Grigorenko, who spent six years in prisons and psychiatric hospitals for demanding that Soviet authorities observe the nation's constitution, said President Carter's decision to stress human rights in foreign policy "was genius-like in its conception.

"But the Belgrade conference (which investigated compliance with the Helsinki Agreement and its human rights provisions) was a full retreat."

Grigorenko, who was busted to private and had to work as a hauler in a factory, noted the decree signed by Soviet President Leonid

Brezhnev taking away his citizenship was made public March 10, two days after the end of the Belgrade Conference.

"The Helsinki agreement," he said pointedly, "provided for the free movement of persons and information across borders."

He said if he had thought the Soviets would strip him of his citizenship, he would not have come to the United States. The Soviet action, he said, violated international law.

"It was vile," he added.

Despite his training in engineering and cybernetics which he taught at the Soviet Pentagon—Frunze Academy—Grigorenko said he found America startling.

"The key," he said, "is organization—of trade, industry, road and building construction."

"Here the stores are full, and I see no plan," Grigorenko said, contrasting it to the Soviet system where the entire economy is planned and regulated by the five-year plans.

Grigorenko said he had made visits to Philadelphia, Baltimore, Washington, Boston, San Francisco and Los Angeles.

"Every city has its theaters, its huge stores, museums" he said, explaining that these things in any abundance in Russia were confined to the largest cities like Moscow, Leningrad and Kiev.

Americans, Grigorenko said, can never imagine what the Soviet Union is like with its system of documents and internal passports.

"Here, he said, "if I want to go to Philadelphia, then please, go ahead."

Grigorenko was arrested once in Soviet Central Asia for illegally being in Central Asia where he went to plead the cause of the Crimean Tartars who were banished from their homeland by Soviet dictator Josef Stalin.

"In Washington, I went to Congress," said Grigorenko. "I listened, I watched. I did not understand (the language).

"But if I were to ask to attend a session of the Supreme Soviet (the nominal parliament), I would be looked upon as if I were mad.

"And writing a congressman who will write back!" Grigorenko said, shaking his head in disbelief.●

ARBOR DAY PROGRAM HIGHLIGHTS — CONTRIBUTIONS OF JOHN A. NOBLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. McDADE) is recognized for 5 minutes.

● Mr. McDADE. Mr. Speaker, this Friday, in the city of Scranton, many of our civic and business leaders will join hands with citizens from throughout the community in a very special Arbor Day ceremony that will highlight the contributions of one of our region's first citizens, John A. Noble. For this year will mark the dual anniversary of the 100th anniversary of the Globe store, of which Mr. Noble serves as president, and the planting of the one millionth tree in what has become a multiyear effort sponsored by Mr. Noble and the Globe aimed at beautifying our environment.

The Arbor Day program, which is held each year in Scranton, is an outstanding event. It has become a tradition begun 16 years ago when John Noble decided to use Arbor Day as a vehicle to instill concern about our environment to the school children of northeastern Pennsylvania. So each year for the past 16 years, the Globe store has delivered an average of 60,000 seedlings of different varieties to area schools for planting.

This year, the one millionth seedling will be planted at ceremonies being held at Nay Aug Park in Scranton. At this time, the contributions of John Noble to the greening of northeastern Pennsylvania, making the area a more attractive place to live, will be recognized.

John Noble has long been a pioneer in the business community, but he has also been a pioneer in the drive for local beautification. He holds the "Conservationist of the Year Award" from the Pennsylvania Forestry Association in recognition of the Arbor Day program which he founded.

The Bible tells us it is better to light one little candle than to curse the darkness. In Scranton, it has been better to plant a tree than to curse the ugliness of a scarred environment. Generations to come will enjoy many touches of green because one man, John Noble, had a beautiful idea.●

THE SUPREME COURT HAS RULED TODAY THAT ATTEMPTS BY GOVERNMENT TO RESTRICT THE MARKETPLACE OF IDEAS ARE UNCONSTITUTIONAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 5 minutes.

● Mr. KEMP. Mr. Speaker, on April 13, I addressed the House on attempts being made by Federal agencies and commissions to restrict the exercise of free speech and free press and to rig thereby the marketplace of ideas. That rigging takes place each time a rule or regulation is promulgated which gives an advantage to one group or creates a disadvantage to another with respect to those group's attempts to influence public policymaking.

In describing these attempts—and actions of the Internal Revenue Service, the Federal Trade Commission and the Federal Communications Commissions—I pointed out why these attempts must be repelled:

Ideas have consequences. For better or for worse, ideas rule the world. The recognition of that by our forebears lays at the very foundation of our history and traditions. It is reflected throughout the bill of rights and our legal framework.

It is the competition of ideas which brings forth public opinions. And, as a product of the force of ideas, those opinions are in a state of change, some gaining and others losing ground.

But now a move is afoot to rig the marketplace of ideas, to weigh one set of ideas against another, to give one set an unfair advantage over the other.

And who is at the heart of this attempt to rig that marketplace of ideas? Agencies of the Federal Government.

Mr. Justice Hugh Black, commenting on what freedom of speech really means, said:

My view is, without deviation, without exception, without any ifs, buts, or whereases, that freedom of speech means that you shall not do something to people either for the views they have or the views they express or the words they speak or write.

Yet, these Federal agencies are attempting to "do something" against a major segment of American life. Why? Who really knows, but from everything I can gather, because the free speech the segment which is to be restrained is exercising is critical of Government or the policies it seeks to make dominant. In other words, free speech as an abstraction might be all good and fine to those within these Federal agencies, but the specific exercise of free speech in the form of criticism of Federal policies and programs or in the offering of alternatives to reliance upon the Federal Government is quite another matter.

The classical notion of government within a democratic society is that the government is made up of the people themselves, that it is an embodiment of those people. Yet what the recent actions of the Federal Government to rig the marketplace of ideas reflect is that those who would rig that marketplace see government as an entity unto itself, as a structure set off and distinct from the people. I abhor that kind of vision of government; it is exactly the kind of perspective which can bring forth despotic government.

* * * * *

All of this is bound to have a "chilling effect" on all issue and image advertising, that "telltale chilling effect" which the Supreme Court of the United States has told us to watch for as a sign of abridgment of a freedom.

* * * * *

This is really an attempt to restrain the role of the private sector in the formulation of policy, a restraint initiated by its competitor quite frequently in that formulation, the public sector. Thus, Government has become both player and umpire, and that is not fair. I cannot find any footnote in the Constitution which says that the right of free speech is protected only for those promoting the public interest.

* * * * *

In order to comprehend truth, we must first hear all forms of speech, and the offering of those forms of speech must be on an equal footing. It is morally unfair, financially inequitable, and of questionable constitutionality to do otherwise.

TODAY'S SUPREME COURT DECISION

Mr. Speaker, this afternoon's newspaper carries the headlined story that the Supreme Court of the United States has struck down as unconstitutional just such an attempt, one by a State government, to rig the marketplace of ideas in the formulation of public policy. In a 5 to 4 decision, delivered by Mr. Justice Powell, the court has made it very clear—much to the chagrin I am sure of those forces in Government which are seeking to rig the marketplace—that nothing in the Constitution or in prior court decisions supports the idea that political expression loses its first amendment protection "simply because its source is a corporation," in this instance because the attempt to rig was to limit the role of corporations. The court's decision struck down a Massachusetts law barring any corporation from spending money to influence the outcome of elections on referendum questions.

The Court said today:

If a legislature may direct business corporations to "stick to business," it may also limit other corporations—religious, charitable or civic—to their respective "business" when addressing the public.

Such power in government to channel the expression of views is unacceptable under the first amendment.

The court rejected the argument made by Massachusetts that corporations would use their influence and money to dominate political campaigns, by stating what ought to be obvious to anyone: That in a free society, it is up to the people to decide who to believe in a political campaign. That is a major point.

Mr. Speaker, this is a significant victory for free speech and a free press. If a legislature, a Congress, an agency, a commission can direct corporations to "stick to business," it certainly could limit churches to stick to their business—and make no comment upon public policy questions, limit charitable organizations—foundations, etc.—to do the same, limit civic organizations to do the same. This is not a matter which applies, therefore, only to corporate points of view; it applies to all. That is why I got deeply involved in the issue.

FEDERAL ATTEMPTS TO RIG MARKETPLACE PROBABLY UNCONSTITUTIONAL

It is clear to me, from today's decision, that rules and regulations of Government agencies and commissions, as well as statutes enacted by the legislatures and Congress, are in trouble if they rig the marketplace of ideas in the formulation of public policy. They run the now obvious risk of being unconstitutional.

The first amendment to the Constitution is very clear on this kind of freedom of speech issue. It says, "Congress shall make no law . . . abridging the freedom of speech, or of the press." It stands to reason that if Congress can make no such law, neither can the executive departments and agencies to which Congress has delegated part of its authority. Congress cannot give a right that it does not itself have.

I know the executive departments and agencies will argue that they are not infringing upon either freedom of speech or freedom of the press, because there has been no Government restraint upon speech or press. I don't agree with that, for at least two reasons. First, there are no differing levels of free speech or free press known at constitutional law. That is, someone doesn't have more free speech than another. Second, an infringement is constituted by these actions, because while not prohibiting the speech or press, that same Government has treated the relationship of that speech or press differently in the conferring of benefits or the taking of them. These two points come together this way: The Federal Government now recognizes freedom of speech or press on both sides of an issue but it only confers a benefit—the tax deductibility of fund given or expended—for one side of that issue.

Yet Government ought to be the dispassionate referee, the unbiased umpire, among competing ideas in our society. Government should be responsive to the will of the people by accurately perceiving that will without trying to control it. Shades of authoritarianism or totalitarianism enter the mind of any student of history, law, or political science when facts start emerging that government is controlling the shaping of the people's will. When government uses its tax laws, its trade and communications regulations, to indirectly shape the will of the people, by giving unfair anticompetitive advantages to one form of expression over another, we move definitely in that direction. The only question then is how far. Social unrest is a direct product of segments of society feeling that government is rigging life against them. It is what Harvard's Crane Brinton said in "Anatomy of Revolution" is the beginning of that unrest which can lead to a total disruption of society. We obviously are not there at this point, but why go in that direction? Why not go in the direction the framers of the Constitution intended: Toward greater freedom of speech and press.

WHY WE MUST BE CONCERNED

There is another thing that troubles me deeply about this development, and it is a point which Mr. Justice Brandeis addressed in Whitney against California, a landmark 1927 case on free speech. Brandeis said, "It is the function of speech to free men from the bondage of irrational fears." Yet irrational fear, at least in the opinion of many, has been the product of one of the sides in many of these public policy and legislative questions. It is irrational to say we are going to run out of fuel in the next 20 years; that we may freeze in the dark unless such and such is done. That generates fear among people not thoroughly informed. The other side of that argument would, in giving its side of the story, bring back balance to the consideration of the question, and in so doing it would alleviate those irrational fears. This is but one of many examples that any of us could come up with; there are probably hundreds. Thus, by favoring one expression, one form of expression, over another, the Government agencies are restricting the entry of those ideas which would bring about a greater balance in policy considerations and the elimination of those irrational fears to which Brandeis referred.

This country is beset with economic problems. Taxes are strangling the productivity of the people. Inflation is moving toward double digits again. Unemployment remains at totally unacceptably high levels. Our balance of payments not only continues negative but at billions each quarter. The value of the dollar, at home and abroad, continues to shrink. These are the questions central to the well-being of the American people. Their resolution is central to the economic recovery we must have.

Yet where is the policymaking machinery of the Federal departments and agencies and the independent agencies dealing with economic questions today? It is standing on its head. What ought to be the top priorities—the issues I just outlined—are at the bottom and the esoteric, tangential issues which ought to be at the bottom on the agenda are at its top. Instead of dealing with taxes, inflation, unemployment, competition, and so forth, we pick up the morning paper to find the FTC is going to conduct a major investigation of comic books, that breakfast cereals are a commission's focus instead of making sure enough children have breakfast, et cetera. The examples are almost endless. It is a world—a Government—turned upside down, with its priorities upside down, and the taxpayers, the economy, and even the commission's and agencies, whose respect the people is at rock bottom, are the real losers.

Attempts to rig the marketplace are part and parcel of priorities turned upside down. Government is so unsure of its substantive positions, apparently, that it has to rig the marketplace, to give advantage to those who support the Government's position and to create disadvantage to those who oppose it, in order to "win."

It has to be made very clear that my interest here is not in representing the corporate point of view. Quite to the contrary, I do not agree with the corporate point of view on many of the issues dealt with in public policy advertising. My record is clear on that. I would be just as irritated—and concerned—if for-profit advertisers had an advantage over nonprofit advertisers, if the corporate point of view had an advantage over any other point of view. My concern here is with the libertarian question involved—balance among competing points of view and absolute rights of freedom of speech or press for both.

WHAT MUST BE DONE

We cannot stand idly by and watch a continuation of these attempts to rig the marketplace of ideas, and should that continuation be unopposed to watch the pattern mushroom. Nor can we wait for the Supreme Court to act on each of these attempted infringements. It could take years for the cases to work their way through the court system. Now is the time to begin this process of returning balance to the deliberation of public policy questions by segments of our society and economy other than Government, to require Government to treat all points of view in an evenhanded manner.

There are several ways to go about this. The first is to get the agencies and Commissions which promulgated the rules and regulations which are rigging the marketplace to rescind those rules. The second is to have Congress enact laws rescinding those rules by rewriting the statutes on which they are based. The third, and more long-range way, is to enact a law which would require all substantive rules and regulations of the departments, agencies, and Commissions come to Congress for its action prior to having the force of law.

The first would be the easiest mechanically. It would take Congress out of it. But how realistic can we be about agencies and officials undoing what they have done—with egos, reputations, etc., on the line? In some instances, such rescissions would be opposed by the agencies because they see either a statute or a congressional intent behind what they did. This would probably be the case with respect to the IRS rulings against the deductibility of public policy question advertising, etc., based as it seems to be on section 162 of the Internal Revenue Code.

The second is probably the cleanest

way because clear language and clear intent on the part of Congress would prohibit the agencies and commissions from doing what they are doing here. That is a laborious task, and we should recognize it as such. It requires, first, the cataloging of all the regulations and instances rigging the ideas marketplace. It then requires drafting legislation with respect to each—a separate bill for almost everyone since they would be going to different committees for consideration. Then, it requires getting them passed, with the probably opposition of those who issued the regulations or rulings, and then signed by a President who is becoming more and more a captive of the bureaucracy.

I do not think Congress is ready for the third approach yet, although if its Members keep hearing of these kinds of regulation "horror stories," it may soon be.

All of this cannot be done alone. It will take a concerted effort among Members of Congress, Democrats and Republicans, liberals and conservatives. I do not think this issue has a partisan or liberal/conservative slant. But because it is a fundamental question—a deeply rooted one—it will be harder to bring Members' focus onto it, it being the flashy, news-itemy issues that get most of the attention.

It will also require a great deal of help from the national community. There is no way that I can ascertain every regulation, decision, ruling that rigs the marketplace of ideas. We need people to come forth who have direct knowledge of this kind of information. I dealt with the IRS, the FTC, and the FCC in my floor remarks, but I cannot help but believe there are many, many more examples of which I am unaware. People should send them to me, directly at my House of Representatives office, with as much background information and material on each infringement as possible. From this, we can build the entire catalogue of what has to be done.●

LEGISLATION RECOGNIZING IMPORTANCE OF INTERNATIONAL COOPERATION IN THE WORLD ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 5 minutes.

● Mr. WHALEN. Mr. Speaker, today, I am introducing along with Congressman PAUL SIMON two House concurrent resolutions recognizing the importance of international cooperation in developing a concerted, multilateral approach to the growth, stability and development of the world economy. These resolutions were initiated by Senator JACOB JAVITS who is introducing them in the other body today.

It is essential that we recognize that our economic survival depends on the free flow of goods and services to and from every corner of the Earth. Yet, the trend toward protectionism is growing, as demonstrated in the recent "Buy American" measures considered by the House. I have consistently opposed such measures, stating that they only could invite retaliation from other nations, and I consistently have opposed barriers to free trade.

We must develop solutions to the problems facing the international monetary system. Any short-term ill effects caused by a comprehensive plan to stabilize the international monetary system can be minimized by a truly multinational approach toward mutual assistance.

While I was a member of the U.S. delegation to the 32d United Nations General Assembly, I noted that the U.S. posture there often is a timid one, in which we rarely take aggressive and imaginative initiatives. The announcement of the economic summit conference to be held in Bonn on July 16 and 17—in continuation of the Tokyo round—provides the United States with an unique opportunity to take a bold intitiative toward a multinational, long-term alleviation of the problems.

The first concurrent resolution which Mr. SIMON and I are introducing, along with Senator JAVITS in the other body, directs the President to undertake discussions with the industrialized nations leaders in developing a multinational, concerted approach in recognizing the interdependence of all nations in the world economy.

The second concurrent resolution directs the President to initiate a dialog with the member nations of the Organization of Petroleum Exporting Countries (OPEC) to establish a major capital pool of $50 to $100 billion to target to developing countries for productive investment purposes.

Under a stable international monetary system, investments could be targeted to stimulate economic growth in developing nations. Not only would standards of living be raised in these developing countries, but global demand would increase, thereby stimulating growth of the entire world economy.

I believe that the time for alleviating the problems of the international economy is now. Moreover, I believe that the Bonn summit provides the United States with the opportunity to take bold new initiatives toward the long-term solution of these problems.●

INTEREST RATES SHOULD GO DOWN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, sooner or later, and the sooner the better, interest rates should go down for the benefit of the country.

High interest costs squeeze millions of people out of housing, at a time when housing is in short supply. High interest costs deprive millions of people of goods that they need and often are in desperate need of. High interest costs slow down economic activity, which is the opposite of what the country really needs.

The phenomenon of high interest has forced the Federal Government to create interest subsidies and other forms of subsidies, so that housing could be brought within range of the income afforded to ordinary working people. And even at that, only a small minority of our citizens can today afford to think about buying a new home. And high interest likewise has forced the Congress to endorse a subterfuge for housing—by creating financing mechanisms for mobile homes, which will serve as housing, but not for very long.

Millions of people who could think about buying a home at interest rates of 3 or 4 percent simply cannot come near the expense of a home at interest rates that are three and four times that high.

High money costs hurt everybody. The problem is endemic, it is fundamental, and it cannot be forgotten.

If we think of inflation as being inevitable, then the battle is lost, because there is no way that interest rates can come down in the face of inflation. No one can lend money at a diminishing rate of return.

There are no easy solutions.

We can drive interest rates down temporarily if the Federal Reserve expands the money supply. But that would be only temporary, because inevitably the rate of interest catches up with the rate of inflation.

We can legislate interest rate ceilings, but that is chimerical in the most important commercial arena. If the real price of money is above the allowable interest rate, loans will either become unavailable, or the lenders will demand equity kickers, higher cash down or any other of a number of devices, to bring their rate of return to the market level.

In economic policy, even the most elaborate gimmick is shortlived. Reality cannot be avoided.

Economic policy must be grounded in firm principle, and that principle must be followed with faithful determination.

President Nixon tried to avoid reality with his freeze-thaw-devaluation-tariff barrier and desperation games, and the price was a greater problem than the country started with.

President Ford had not the political base nor will to establish a policy of his own.

Thus far, the current administration has followed no discernible policy at all, simply wavering one way or another in tune with opinion polls. It gives the impression of maladroitness, and the result has been a long slide in the value of our currency, a sluggish rate of economic recovery, and confusion on all sides.

Right now, interest rates are not headed down; they are headed up. Last week the Federal Reserve allowed the Fed funds rate to move from 6¾ to 7 percent—a clear warning to the President that the Fed wants inflation to come down, starting with the Federal deficit.

The simple truth is that as long as our Government follows an indiscernible and uncertain course in economic policy, we are going to have high interest rates. We

need to have a goal that is clearly enunciated, and one that the administration is clearly striving toward—not one in which directions change from day to day, and not one in which actions belie stated intentions.

If the administration, with clear eye, firm hand and determined heart sets a steady economic course we can sooner or later expect uncertainty to decline. We can expect a decline in feverish speculations, and a return to more productive investment.

A steady policy would prevent the Fed from ratcheting the money supply and interest rates first one way and then another. We would have a steady policy that would allow interest rates to drop.

And if that were to happen, we could expect to have a happier and more prosperous country.

Our greatest economic progress has come during times of low interest rates—and low inflation. Our greatest growth in real wealth has come during times when interest has been at a reasonable level. We housed more people, built more roads, schools, highways, and factories in those times than at any other. Our unemployment has been lower in such times than at any other. Our sense of national well-being has been higher in such times. Low interest rates allowed people to have what they needed, without subsidy and without incurring an impossible load of debt service.

For the last 8 years, our economic policy has followed a zig-zag course, with sudden and even radical changes in direction, as if the economy were a rudderless sailing boat, to be blown about by whatever political wind or economic storm that might pass by.

A sailor may tack this way or that, but if he has skill he will reach port. Our problem is that the country has not been on a set course, and the zigs and zags have brought us only increasing confusion and unhappiness.

I believe that we can have a healthy national economy. It can happen only if the administration has a firm economic policy—one that is grounded in principles that the people believe in and will accept. That will not be easy, for our problems are great, being as they are the product of a decade of confusion.

But a clear course will bring about prosperity without inflation, a prosperity that will be marked by reduced interest costs.

I am not cheered by what I see. The Fed, in the only way it can, is saying that unless our basic policy does better, interest rates will only go up, to the detriment of everybody.

I offer for the RECORD an item from today's New York Times, describing the action of the Fed:

FED EXPECTS INFLATION SURGE, LETS INTEREST RATES RISE

(By Clyde H. Farnsworth)

WASHINGTON, April 25.—G. William Miller, chairman of the Federal Reserve Board, said today that the board allowed interest rates to rise last week because of expectations of greater inflation. He served notice that easier money depended on the Federal Government's ability to reduce the fiscal deficit.

Testifying before the Senate Banking Committee, Mr. Miller said that a $25 billion reduction in the deficit could result in an "important" lowering of rates. But any reduction of the deficit below the $53 billion anticipated for fiscal 1978, he emphasized, would permit less restrictive policies.

He renewed his call for President Carter to postpone for three months—from Oct. 1 to Jan. 1—the effective date of a proposed tax cut of $25 billion.

PRESIDENT DEFENDS PROPOSAL

At his news conference later today, President Carter defended both the size and timing of his tax proposal while reiterating his desire to see that interest rates remain as low as possible.

President Carter proposed a $60 billion deficit for fiscal year 1979, beginning next Oct. 1. A three-month postponement of the tax cut, Mr. Miller said, would save about $8 billion from next year's deficit, getting the figure under this year's $53 billion.

"If we send out a signal loud and clear that we are reducing the deficit," said Mr. Miller, "everything else will fall into place."

Mr. Miller's plea for greater fiscal restraint was made in tones that were softer but no less assertive than those of his predecessor, Arthur F. Burns, who left at the end of last month after eight years on the board.

As Dr. Burns had done repeatedly, Mr. Miller insisted that inflation was the country's number one problem and that much of the nation's economic ills could be relieved if greater heed were paid to increasing business investment.

Much of what he said came out in a dialogue with the committee chairman, William Proxmire, Democrat of Wisconsin. They had tangled during confirmation hearings when questions were raised about business activities in Iran by Textron Inc., the company Mr. Miller headed before President Carter's call to Washington.

SENATOR PRAISES CHAIRMAN

The two made light of their earlier disagreements, and Senator Proxmire who had once referred to Mr. Miller as a "rookie" in monetary matters, congratulated him for his "excellent" testimony.

Mr. Miller reported on an economy that he described as "rebounding" from the winter slack, with further gains expected in employment, consumption and business spending.

Even with the recent tightening of interest rates, he said, residential construction should show sizable increases in the next few months before tapering off gradually in the second half of this year.

And the foreign trade deficit, while remaining large, should moderate from the very high first-qurater rate, he observed.

While prospects for economic activity were favorable, he noted that inflation had worsened, not only because of a substantial spurt in volatile food prices, but also because of the brisk pace set by prices of industrial commodities and services.

He issued a new projection that inflation this year, as measured by the broadest gauge—the so-called deflator of the gross national product statistics measuring price changes of all good and services—would be 6¾ to 7¼ percent.

REQUEST FOR WITHDRAWAL OF COSPONSORSHIP OF H.R. 9332, TUITION TAX CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 5 minutes.

Mrs. COLLINS of Illinois. Mr. Speaker, I take this opportunty to advise my colleagues of my request today to Representative FRENZEL to have my name withdrawn from cosponsorship of H.R. 9332, Tuition Tax Credit Act.

In February, when the gentleman from Minnesota (Mr. FRENZEL) first circulated H.R. 9332, I was impressed that an effort was being made to assist economically strapped middle-income families who are faced with the rising costs of educating their children; and consequently, decided to be listed as a consponsor. After giving the matter further consideration, however, I have concluded that most residents of my district will be best assisted by enactment of legislation that would expand the student grant and student loan programs that are already in existence.

Without any doubt, there is a need for an assessment of the equity and effectiveness of all measures bearing directly upon our educational system as a whole. Mr. FRENZEL is to be applauded for his work in this area—without which the administration might not have been stimulated to devise its own legislative approach.

Education is crucially important to the lives of disadvantaged persons. In many instances, it is the only vehicle which will help them up the ladder of economic self-improvement. Because I am so deeply troubled over the quality as well as equality of public education in this country, I cannot support any legislation that could conceivably be used as a means of providing more favorable treatment of the more affluent in our society. To provide them with tuition tax credits, of which those who need relief from taxes the most cannot avail themselves, would not be in keeping with our sense of fairness.

Not only does the tuition tax credit proposal throw a little money at everybody who pays tuition whether they need it or not, but could result in a marked rise in the number of private schools which could close their doors to minorities. In light of this very real possibility, I cannot in good conscience cosponsor this legislation.

TRIBUTE TO PROMINENT ARKANSAS AGRICULTURIST HUDSON WREN

The SPEAKER. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 30 minutes.

● Mr. ALEXANDER. Mr. Speaker, Arkansas has lost one of its most dedicated agriculturists, Hudson Wren of Wilson, Mississippi County, Ark.

Wren, mayor of Marie, Ark., and retired vice president and general manager of the Lee Wilson Co. agricultural holdings, died last week at age 71. His career in agriculture spanned 51 years and led him from high school agriculture teacher to regional director of farm programs.

In the 50 years since he graduated from the University of Arkansas (where

he was a member of the varsity football team for 2 years) in 1928, Wren served in a number of local, State, and regional positions promoting agricultural and rural interests.

Although his career took him to Raleigh, N.C., and Atlanta as regional director of farm programs for the U.S. Department of Agriculture, he returned to Mississippi County in 1945 where he remained until his death. He was born in Prescott, Ark., in 1907.

Wren came to Wilson in 1932 as an avocational agriculture instructor at Wilson High School. His career in government started in 1934 when he was named county agent for the Arkansas Extension Service in Mississippi County.

In 1936, Wren served as farm management specialist for USDA and in 1938 was named State director of the Farm Security Administration (FSA) in Little Rock.

In 1945, Wren was named manager of Lee Wilson & Co.'s 12,000-acre farm unit near Marie. He became vice president of the company in 1951 and executive vice president in 1974.

Hudson helped incorporate the Mississippi County Conservation District, serving as president for 2 years and as a member of its board of directors until his death. He played a prominent role in organizing the Arkansas Soybean Association and served as its president in 1972 and 1973.

Mr. Speaker, Hudson Wren devoted his entire life to the promotion of agriculture. He was a credit to his community, State, and Nation. We will all miss him.●

SHARING THE WEALTH OF THE OCEAN FLOOR

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 10 minutes.

● Mr. BINGHAM. Mr. Speaker, the Committee on Ways and Means is considering a measure which would require U.S. firms which harvest hard minerals from the ocean floor to share some of the proceeds from the sale of those minerals with the international community. H.R. 3350, the Deep Seabed Hard Mineral Resources Act, has been reported out of three committees, including the Committee on International Relations on which I serve. The bill as it stands contains strong provisions in favor of revenue sharing principle, but no detailed revenue-sharing plan. It is my hope that the Ways and Means Committee will be able to produce an actual revenue-sharing formula for inclusion in the bill in the form of an amendment on the floor.

The United Nations, with U.S. support, has declared that the resources of the deep seabed, beyond the limits of national jurisdiction, are the common heritage of mankind. The United States has been engaged for several years in negotiations for a Law of the Sea Treaty which would, among other things, create an international authority with certain powers to regulate deep seabed mining by individual nations or mining companies, and to require payment of some form of royalties and profit sharing.

As we proceed in H.R. 3350 to provide for unilateral regulation by the United States of deep seabed mining by U.S. firms pending the conclusion of a Law of the Sea Treaty, it is essential that we preserve the principle that what we are mining is the property of mankind, and that those who reap the profits must share those profits. That is why it is so important that the Ways and Means Committee produce a fair revenue-sharing formula which will put to rest any notion that the United States is seeking to preempt the Law of the Sea Conference and gain exclusive benefits from deep seabed mining.

Our colleague, Mr. FRASER, has a longstanding interest in Law of the Sea. On April 13, he testified eloquently before the Ways and Means Committee on behalf of a meaningful revenue-sharing provision. His statement, which follows, deserves serious consideration by all of us:

STATEMENT BY HON. DONALD M. FRASER

Mr. Chairman: I am grateful for this opportunity to testify before the Committee on Ways and Means on the proposed provision on international revenue sharing. This principle is an essential component of the proposed deep seabed mining legislation. I strongly support the inclusion of the provision on revenue sharing in the legislation for important foreign policy reasons.

The Committee on International Relations believes that a comprehensive agreement on the Law of the Sea which includes provisions on deep seabed mining and revenue sharing is in the interest of the United States. In the past, my colleagues and I have been concerned that US legislation on deep seabed mining could impair the successful conclusion of an international agreement. Legislation that allowed mining companies to go and mine the seabed before a Treaty was in place would sanction the largest and wealthiest nation in the world to unilaterally take minerals from the seabed before the Conference could reach agreement on the proposed Seabed Authority to govern the exploitation of minerals and on the conditions under which all states or entities could participate in exploitation. Such an action would run counter to our support for the principle of the common heritage of mankind.

The Committee believes, however, that interim legislation on seabed mining could be useful. My colleagues and I have been impressed by the broad support for interim legislation that witnesses from the Congress, the administration, the ocean mining industry, academia and nongovernmental organizations expressed in the joint hearings held last January by the Subcommittees on International Organizations and on International Economic Policy and Trade. We concur with the administration that the failure of last summer's session of the Conference to reach agreement on the proposed seabed authority makes it necessary for Congress to set up an interim framework in which companies can develop deep seabed mining technology to recover from the seabed copper, cobalt, nickel and manganese—minerals that are important to the United States.

The need for some domestic legislation is apparent. However, it is most important that any interim legislation accord with US foreign policy, with US commitments at the United Nations and with US objectives at the UN Third Law of the Sea Conference. The principle of international revenue sharing significantly upholds these US foreign policy interests. In 1970, the US supported along with over 100 other countries in the UN General Assembly the Declaration of Principles on the Exploration and Exploitation of the Seabed Beyond the Limits of National Jurisdiction. This Declaration provided, among other things, that the mineral resources beyond national jurisdiction in the international zone constituted the common heritage of mankind. It also states that benefits derived from exploiting the international zone should be shared with the international community, particularly the developing countries. In the same year, the US tabled a draft treaty at the UN Seabeds Committee which provided for sharing a portion of the revenues from seabed exploration with the developing countries.

The US has continued to support the principle of revenue sharing during the several sessions of the Third UN Conference on the Law of the Sea. Amb. Richardson, the US Representative to the Conference, considers revenue sharing critical to reaching international agreement. Only a handful of industrial states have the technological capacity to mine the minerals of the international zone. Developing states—the have nots—the majority in the Conference of over 150 states naturally want to share the benefits of seabed mineral exploitation. The US aims to ensure that a Law of the Sea Treaty contains provisions on revenue sharing whereby those that mine pay a portion of their profits to an International Fund to be shared with the developing states.

If the US enacts domestic legislation that permits mining companies to mine the common heritage before a treaty enters into force, those companies must shoulder international responsibility by making payments into a domestic fund which in turn can be the source of payments to the International Fund under an international agreement. Indeed no permit to recover minerals commercially should be granted to any company until provision for revenue sharing is firmly in place. I am very glad that the Committee on International Relations strongly supported this idea when it discussed and reported H.R. 3350.

In regard to the issue before the Committee on Ways and Means, I have had the opportunity to review the Administration's proposal and the discussion draft of House Legislative Counsel. I endorse these efforts and would make several comments.

First, I believe that companies should make payments to the Fund to be established in the Treasury without undue delay so that if and when an internationl agreement enters into force, these payments could be transferred to the Seabed Authority to help get it operating right away.

Second, the administration and the House legislative counsel's draft propose that the payment to the Fund be 3.75% of 1/5 of the proceeds of the sale of minerals from the hard minerals in the most basic form in which these minerals are traded. As I understand it, the payment would amount to 3/4 of 1% of the proceeds of arms length sales. This percent strikes me as being too low a percent.

Third, the reference to international agreement on page 5 of the legislative counsel's draft should conform to the language of the Administration's proposal and of the existing version of HR 3350. (Substitute international agreement for international deep seabed agreement).

Fourth, in regard to the disposition of moneys in the Fund if no treaty comes into force, I endorse the Administration's pro-

posal that the Congress rather than the Treasury be authorized to determine the disposition of the moneys. Important foreign policy considerations figure in the proposed creation of this Fund; foreign policy interests may be important even if an international agreement does not enter into force. It seems to me that Congress should be able to determine the disposition of such funds should no treaty enter into force.

Thank you, Mr. Chairman.●

"THE $45 BILLION CONNECTION"

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. ASHLEY) is recognized for 5 minutes.

● Mr. ASHLEY. Mr. Speaker, on Thursday night of this week, April 27, television viewers in most of the cities of our Nation will have the opportunity to gain greater understanding of the need for the United States to adopt a national energy policy without further delay.

On that night, a program called "The $45 Billion Connection" will be shown, through an independent network put together for this occasion by Capital Cities Communications, which produced the program.

"The $45 Billion Connection" examines the impact on world trade and on our own economy of the debilitating drain of $45 billion annually for imported petroleum. That was, as my colleagues well know, our current outlay for foreign oil in 1977.

The problem is that our fellow citizens do not seem to fully appreciate this simple, devastating statistic. Two separate and prestigious polling organizations, CBS News/New York Times and Louis Harris, discovered identical and discouraging intelligence: Only 52 percent of the American people, according to their sampling methodology, know that we import any oil at all. And of those who know that we do depend to some extent on imported energy, only a very small percentage come within hailing distance of the correct percentage. Which, as I hardly need to remind this body, now approaches 50 percent. Nearly half of all the oil we use comes from abroad. We no longer control our own destiny, because energy is the lifeblood of that destiny.

This television program examines just a few of the consequences of this $45 billion annual drain on the United States. Some of its hypotheses and some of its claims are controversial. The narrator is a well-known author and economist who uses the pseudonym Adam Smith. Among the authorities seen on the program are our colleague Congressman CHARLES VANIK and Treasury Secretary Blumenthal.

They have different viewpoints on different issues raised in the program, but they agree that the United States must move toward a comprehensive and vigorous energy policy.

That is what the conferees on the National Energy Act have been struggling with since last October. We believe, and we fervently hope, that we can reach agreement on the issues that have divided us. Now we need the understanding and support of our colleagues in this body and in the Senate. Otherwise, the closing words of Adam Smith on the TV program should chill all of us:

You remember the old sign, "The Buck Stops Here"? Well, it belongs in front of Congress as well as on the President's desk because Congress and the President have to do something very drastic about breaking that $45 billion connection. And, right now, you and I have to insist that something gets done. You have seen what other countries are doing. They are exporting everything that isn't nailed down to pay for their oil bill. They are enforcing conservation. Scrambling around, trying to cope because they have to. But, so far we haven't and consequently, our demand for imported oil has promoted inflation, devalued the dollar, angered our allies, disrupted international trade and even threatened our national security. It doesn't have to be that way. We know what we have to do. We have to conserve oil. We have to produce more domestic oil and we have to switch to coal and alternate forms of energy. Right now we have to begin to break that $45 Billion Dollar Connection. If we don't, not only do we all face more inflation, but in the years to come, whoever is in power in Iran and Saudi Arabia and the other oil producing states will have an astonishing degree of control over the way we live. And that's frightening.

I urge all of my colleagues and their staff members to watch "The $45 Billion Dollar Connection," on Thursday. It treats a critical issue.●

CURBING UNEMPLOYMENT—"THE NATIONAL COMMUNITY BASED ORGANIZATIONS YOUTH JOB CREATION AND TRAINING ACT OF 1978"

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. STOKES) is recognized for 15 minutes.

● Mr. STOKES. Mr. Speaker, on March 14, 1978, I introduced H.R. 11540, the National Community Based Organization Youth Job Creation and Training Act of 1978. The bill will provide a special program for financial assistance to national community-based organizations of demonstrated effectiveness, in order to provide 1 million new jobs and job training opportunities.

In 1977, the American population as a whole averaged an unemployment rate of 7 percent. However, the black unemployment rate was double the overall rate and averaged more than 14 percent. Yet as outrageous as these figures are they do not approach the dismal unemployment trends evidenced by America's youth. The unemployment rate for youth is tremendously high in the cities, and in poverty pockets is even higher. Among minority youth, unemployment reached the chronic level of 40.3 percent. In my city of Cleveland, black youth were unemployed in excess of 55 percent. And unfortunately these youth percentages do not represent an aberration from the norm. The youth unemployment rate has all the characteristics of irreversibility and consistency necessary to make it a permanent feature of the American economic picture. The most illustrative indication of this alarming condition has been the constant widening gap between minority youth and white youth unemployment.

For example in 1954, when white teenage unemployment was 12.1 percent, black teenage unemployment was 16.5 percent—a 4-percent gap. In 1975, when white teenage unemployment increased to 16.8 percent, black teenage unemployment soared to 38.2 percent—an astounding 21 percent gap. With the 1977 minority youth unemployment and with more youth workers being laid off because of the increase in the minimum wage, levels exceeding 40.3 percent, there is no indication that the unemployment differentials will narrow.

It is clear to me that the increase and gap in the unemployment rates of black and white teens indicate a structural inefficiency in the economic system. Moreover, black youth unemployment has the potential of becoming a human catastrophe in which millions of black youth reach adulthood without the skills, the training, and the work experience necessary to occupy a productive, independent role in our society and with no hope of ever finding employment. It is time for Congress to recognize the deleterious social and economic effects of relegating our unemployed black and white teenagers to city streets and crime.

It is time for Congress to initiate a national youth policy that would be in effect regardless of political party or climate. It is time for Congress to do more than maintain the status quo. Congress must lend its support to efforts to train and prepare our youth for a place in this society. The National Community Based Organizations Youth Job and Training Act of 1978 represents such a commitment to the unemployed youth of America.

MAJOR PROVISIONS OF THE NATIONAL COMMUNITY BASED ORGANIZATIONS YOUTH JOB CREATION AND TRAINING ACT OF 1978

The National Community Based Organizations Youth Job Creation and Training Act of 1978 follows a nine-point approach in an effort to curb youth unemployment. The following discussion of sections 2 through 9 will serve to highlight the salient features of this important job-creating and training legislation.

SETION 2—DECLARATION OF POLICY AND PURPOSE

This section is a statement of the achievements of national community-based organizations (NCBO's) and a congressional commitment to assist them in their efforts to train and provide jobs for 1 million Americans in 1978 and the 3 succeeding years. Section 2 also addresses the employment problems of those who are neither highly skilled nor so readily employable; namely, inhabitants of depressed urban and rural areas and unemployed youth. Section 2 recognizes the value in utilizing young people in work study projects. Such projects could include community improvement and development; including housing rehabilitation, neighbor-

hood improvement, removal of urban blight and the revitalization of areas of rural poverty. These efforts would serve the dual function of beautifying our neighborhoods and busying idle hands.

Another important part of section 2 is part 7 which establishes the Urban Career Education Center (UCEC). The UCEC is a prototype youth dropout career opportunity center which provides education, career exploration, and training for young high school dropouts. The initial UCEC was designed as an experimental project in Philadelphia in conjunction with the National Institute of Education, funded by the Department of Health, Ehucation, and Welfare. The Philadelphia experiment is regarded as one of the most successful alternative education plans in the Nation. Working with high school dropouts and near dropouts from Philadelphia's disadvantaged community, the UCEC has recorded an 80-percent success rate in graduating students from the local school system and placing them in jobs or advanced training.

Vital to the success and replication of future UCEC is the close cooperation between local and State boards of education, industry, and community-based groups. My legislation recognizes that the UCEC is indispensable in efforts to train the 3,302,740 elementary and high school dropouts.

SECTIONS 3 AND 4—PROGRAM AUTHORIZATION; CONTRACT PROVISION; TARGETED GROUPS

Under sections 3 and 4 of my bill, the Secretary of Labor is authorized and directed to enter into a contract with any community-based organization of demonstrated effectiveness. The inclusion of any other community-based organization is an important provision for it gives recognition to the fact that unemployment is a national crisis which cannot wait for startup projects. Immediate relief must be made available through community-based organizations already funded by the Federal Government. Though this provision has no exclusiveness in reference to OIC, other community-based organizations should attempt to follow the innovative structure and process of OIC.

It is noteworthy that by mandating that the Secretary of Labor enter a contract with a NCBO that it would be eligible to participate in Federal jobs programs under revenue sharing, railroad revitalization, rural and urban economic development projects under the Departments of Commerce, Agriculture, Transportation, as well as the Department of Labor. They would also be eligible to participate in public works projects. Section 3 also has a special stipulation for career education and counseling services for secondary school students. Section 4 is designed to insure that the jobs created are not only meaningful but lead to permanent positions. "Special efforts" should be made to acquaint Vietnam veterans, the handicapped, ex-offenders and youth to programs and jobs available to them.

In further reference to the employment problems of veterans, section 4 (b) (4) provides that special consideration in filling jobs should be given to veterans who served in the Armed Forces in Indochina or Korea on or after August 5, 1964. My bill would apply to all veterans regardless of type of discharge received. Thus, the 446,000 enlisted personnel who received less than fully honorable discharges from 1965 through 1973 would be given consideration. I have included this provision for I have long realized that veterans receiving less-than-honorable discharges are the most unemployable segment of our population. I also realize that most of these individuals did not receive bad papers as a consequence of committing serious crimes. Most simply reacted adversely to discrimination or combat stress. Others merely exercised poor judgment. Often these were the very young and immature. As a result of their less-than-honorable discharges, they are now stigmatized and unable to secure employment. This act would give all veterans a fighting chance.

Consistent with the philosophy of maximum utilization of resources, my bill indicates that unemployed teachers should be given special consideration in filling teaching positions in OIC education and training centers. When it is considered that yearly less than 40 percent of the 255,899 trained teachers secure employment, special consideration should be given to this teacher reserve.

SECTION 5—CIVIL RIGHTS COMPLIANCE

Unlike some Government funded private nonprofit corporations, the NCBO's believe that they have an absolute duty to guarantee that there is no discrimination in its program administration.

SECTIONS 6 AND 7—COOPERATION WITH STATE AND LOCAL GOVERNMENT AND PRIVATE ENTERPRISE

Section 6 encourages cooperation with State and local governments and private enterprise. Section 7 provides for administration of the program.

SECTION 8—YOUTH PROGRAMS

The National Community Based Organization Youth Job Creation and Training Act of 1978 would amend section 304(a)(3) of CETA to create a year-round employment program. Currently, the youth employment program is a summer program. However, youth employment statistics document a pressing need for the continuation of these same or equivalent jobs on a permanent basis.

SECTION 9—TAX CREDIT FOR HIRING UNEMPLOYED PERSONS

The final section is section 9.

Under this provision any employer may receive a tax credit equal to the first 12 months of salary he pays to an unemployed person; provided this employee does not displace other workers and is an individual without a job. This provision would assure continued success in efforts to maximize and mobilize employment opportunities within the private sector.

Mr. Speaker, the "National Community Based Organizations Youth Jobs Creation and Training Act of 1978" is a nonpartisan measure designed to curb the problem of unemployment. By utilizing such job training and placement expertise my bill has focused on the major problem of youth unemployment.

Mr. Speaker, I encourage my colleagues to move quickly to enact this legislation. We must avoid the temptation of waiting until after the election in November or until enactment of the Full Employment and Balanced Growth Act of 1978. Community organizations are running out of funds and Americans are running out of time. When it is considered that 7,426,000 Americans are unemployed; 5,800,000 Americans receive $19 billion annually in unemployment compensation benefits, 18 million Americans are dependent on food stamps and the U.S. prison population has pinnacled to a quarter-million persons, the time to aid these organizations is now. They have demonstrated effectiveness and cost efficiency. Now let us demonstrate our support. I urge you to endorse the "National Community Based Organization—Youth Jobs Creation and Training Act of 1978."●

RETREAT ON ETHICS REFORM

The SPEAKER. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, a little more than a year ago the House adopted House Resolution 287, the so-called Obey resolution that provided for a wide range of ethics reforms in the House, by an overwhelming vote of 402 to 22.

Despite that solid mandate for change, we have seen in the past few weeks a deliberate effort to kill or weaken the bill H.R. 1, which would codify these reforms in law. At the same time, proposals to delay filing of the financial disclosure forms required by the Obey resolution have been circulated, while H.R. 1 has been pulled from the floor indefinitely.

Mr. Speaker, the margin by which the Obey resolution passed the House should be more than enough to insure the passage of H.R. 1, but apparently it is not. The efforts at retreat from the commitment of the Congress to ethics reforms are ignoring why Congress made that commitment to begin with. So let us look back at that resolution and what it meant.

House Resolution 287 included sections on financial disclosure, limitations on the acceptance of gifts, abolition of slush funds, curbs on abuse of the frank, controls on foreign travel at taxpayer expense, and limits on outside earned income. Aside from some disagreement within the House itself, the public strongly supported the passage of this resolution. Letters from constituents and newspaper editorials overwhelmingly applauded the House for its new ethics code.

House Resolution 287 was the first comprehensive reform adopted by the House since 1968. Since that time, the American public has been barraged by a series of revelations and criticisms and investigations that have undermined the integrity not only of the House but of every branch of Government.

Whether founded or unfounded, whether we like it or not, there is no question that the public today feels a deep distrust of Government, and this attitude weighs heavily against the House as a whole.

The simple fact is that in 1968, no one dreamed that a Vice President would be indicted and punished for official crimes or that a committee of this House would vote two articles of impeachment against a sitting President of the United States. No one dreamed that a Member of this House would leave office after being charged with keeping a mistress on his office payroll. No one dreamed that, as happened a few days ago, a former Member would plead guilty in the Korean influence-buying scandal and be sentenced to jail for 6 to 30 months.

The simple fact is that the ethics standards of 1968 do not meet the needs of 1978. Americans are demanding a higher standard of conduct from their elected and appointed officials and they are entitled to it. H.R. 1 will establish and codify that standard, and will expand the standard we have agreed upon for ourselves to others in the Federal Government.

We have already agreed to abide by these restrictions on our own activities when we adopted House Resolution 287. While the resolution does not have the force of law, I cannot believe that it was adopted in hypocrisy, that this House had no intention of obeying it.

Even if we do not pass H.R. 1, we will have to abide by limits on outside earned income, we will have to disclose our personal financial status, we will have to live with the other reforms enacted in House Resolution 287. The only thing we will gain by killing or weakening H.R. 1 is a public perception that we are not serious or do not care about how we are judged by the public. And that, Mr. Speaker, is no gain at all, even though it may accord with the mood of cynicism that has apparently overcome so many Members of this House today.

Those who argue against H.R. 1 on specific grounds cite the limit on outside income as unacceptable. Who are we kidding? How can we seriously tell the public that we needed a pay raise to $57,000 while also implying that we have so little to do here in Congress that we have time to maintain law offices, travel the lecture circuit, and so on? Do we forget that in 435 congressional districts there are scores of individuals ready and eager to run for our seats, if we decide we cannot live on $57,000 plus a modest sum of outside income?

Others oppose the criminal sanctions in the bill for willful and knowing violations of the ethics code. I can certainly understand the concern about unsubstantiated charges being made against Members and about adverse publicity generated by the conducting of audits of these disclosure returns, but once again the term "willful and knowing" is the thing to keep in mind. The only individuals with anything to fear are those who deliberately set out to violate the law, and this includes our electoral opponents, I might add.

These are not persuasive reasons to vote against H.R. 1, to prevent it from coming before the Congress, or to weaken it. They are arguments of fear or of motion, not of reason or justice.

Mr. Speaker, the test of the strength of law is not in its passage but in its enforcement. When laws enacted out of apparent conviction are ignored, then the entire credibility of our governing capacity is called into question. We are not simply a nation of laws—we are a nation of people who must determine whether we will be a nation of laws and whether our laws will be upheld in practice. The reform resolution passed Congress by a vote of 402 to 22. By our decision on the enforcement legislation, H.R. 1, we will tell this country whether we have the courage to stand by that vote or whether we will retreat from the commitment this Congress made to real ethics reform.

INTRODUCTION OF INDEPENDENT NEWSPAPER ACT OF 1978

The SPEAKER. Under a previous order of the House, the gentleman from Arizona (Mr. UDALL) is recognized for 5 minutes.

● Mr. UDALL. Mr. Speaker, On October 6, 1977, I introduced H.R. 9484, a bill to provide estate tax relief for the owners of local independent newspapers. About a month later, on November 3, 1977, I was joined by 34 Members of this House in sponsoring identical legislation.

The introduction of these bills has evoked lively comment, not only by individual newspapers, and in the newspaper trade press, but also in Time magazine and television coverage on the McNeill-Lehrer report.

The public is slowly awakening to the fact that the independent local newspaper is becoming an endangered species. This applies to daily as well as weekly newspapers, which are being bought up at an ever increasing pace by newspaper chains, communications conglomerates, and public corporations. Each year for the past several years, 40 to 60 daily newspapers leave the ranks of the independents and are merged into faceless giants with their corporate headquarters hundreds or thousands of miles away. At the present rate, in another few years, there will virtually be no independents left remaining. At this time, there are just over 600 independent dailies, but each week, another one or two are bought by the chains.

In the past few months, I have received much correspondence from weekly and daily newspapers all over these United States, commenting on my proposed bill. In addition, I have met with publishers at seminars, and on an individual basis, to discuss this proposal. The vast majority of these publishers have applauded the purposes of the bill, and they have also offered comment and criticism intended to improve the legislation. Their suggestions have been fully considered, and we have attempted to fine-tune and improve the bill, in order to best meet the needs of a truly independent press.

Today, joined by some 65 cosponsors, I am reintroducing the Independent Local Newspaper Act of 1978. I believe this to be a better bill than its predecessor, and more worthy of consideration by this House.

While a number of the provisions of the earlier bill have been tightened up, the basic import of this legislation is still to provide a reasonable means for the owners of local newspapers to arrange for the payment of their estate taxes while passing on their interests in the newspapers to their heirs. The legislation still allows the newspaper owners to set aside sums during their lives exclusively for payment of estate taxes, and also provides for deferred payments of estate taxes for reasonable periods.

One significant change is that the definition of a local independent newspaper has been amended to include those publications which as of October 31, 1977, had all of their publishing offices within one State or territory of the United States. There are 66 of such groups of dailies, each of which is located within one State, and these 66 groups include 178 newspapers—approximately 10 percent of the number of daily newspapers in the United States.

Within the last few years there have been a number of purchase of local chains by larger chains, and even of medium size chains by larger chains. For example, in the last year the Chew newspapers of Ohio were purchased by a larger chain. A group of four Massachusetts newspapers, all in the 10,000 daily circulation range, have recently been purchased by Ottaway Newspapers, a division of Dow Jones. Last year, Newhouse Newspapers purchased all of the newspapers owned by Booth Newspapers. Shortly before that, Gannett Newspapers purchased Speidel Newspapers. Thus, it is apparent that the local newspaper groups, those within one State, will continue to attract offers of purchase from the major chains.

If a judgment must be made, there is greater protection of the public interest in having a locally owned and operated chain, that is, a group of newspapers solely within one State, in that they have a commonality of interest. That is, they are interested in the same State government, legislature, court system, as well as the tax problems, education problems and related matters which occur within such a geographical grouping.

They also have like or similar interests in election campaigns, in consideration of legislation before both the State and Federal legislatures, and in regional problems such as agriculture, manufacturing, labor relations, and the like. Given a choice between having a three-paper chain in a State, or having that same group of three papers owned by a large multi-State chain, it is my opinion that there is a public interest in maintaining the local ownership, and that the ownership of such intrastate and locally oriented groups should be preserved.

The bill allows the owners of an independent local newspaper to establish an advance estate tax payments trust, to be funded by corporate earnings with not more than 50 percent of pretax income of the newspaper in any year. The contributions to and income of the trust may be invested solely in obligation of the United States. Excess funding of the trust is expressly prohibited. The funds accumulated in the trust may be used

only to pay the estate taxes of the owners of the newspaper.

This advance estate tax payment trust offers major tax benefits to owners of independent local newspaper. The funding is with pretax income of the newspaper, and sums in the trust are not a part of the owner's estate for tax purposes. If, however, owners of the newspapers having established such a trust sell their newspaper, the bill provides for penalties which would amount to some 118 percent of the moneys in the trust. Thus, there is a "carrot" to induce maintaining independent local newspapers, and there is also a "stick" to preclude an attempt to take advantage of this proposal.

In addition, the bill provides for an extension of the time for payment of estate tax where the estate includes the interests in an independent local newspaper. Such extensions would be subject to payment of interest as now provided under the tax laws.

Mr. Speaker, with such a large number of cosponsors from all across the Nation representing a deepening concern about the survival of the independent local daily and weekly newspaper, I am most hopeful that we will have hearings this session of Congress to study the status of America's local newspapers and to take remedial action to preserve those remaining papers as locally owned and published.●

INAUGURATION OF THE NEW INTERNATIONAL COMMUNICATION AGENCY

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

● Mr. FASCELL. Mr. Speaker, on April 3, Vice President MONDALE presided at the inauguration ceremonies of the International Communications Agency and swore in as its first director, John Reinhardt, a talented career officer and distinguished Ambassador. I know that all my colleagues who worked closely with the administration over the past year on the President's reorganization of our international communications organizations will join in wishing this new agency well. Mr. Speaker, I am including for the information of my colleagues, Vice President MONDALE's opening remarks at the inaugural ceremonies and President Carter's memorandum on the purpose and functions of this new agency.

REMARKS OF VICE PRESIDENT WALTER MONDALE

Ambassador Reinhardt, Mrs. Reinhardt, Members of the Family, Deputy Secretary of State Warren Christopher, Distinguished Guests and Friends:

Today marks the first full working day for the newly created International Communication Agency, so-called ICA, which officially came into being on April 1, 1978 as mandated by the President and the Congress. It is my great pleasure to be here this morning to swear in Ambassador Reinhardt as the first Director of the ICA. The President, as you know, returns this evening from Liberia and a week-long journey which has taken him to Venezuela, Brazil, Nigeria and Liberia. Just before he left, I asked him if he wanted me to be at the Oval Office while he was gone: He said No. I asked him if he wanted me to bring some leaders of Congress down to the White House to discuss important business while he was gone. He said no, but he did want me to be in the center of power. So I decided to come over here this morning to swear in John Reinhardt. On his departure last week the President said: "I set out on this journey to explain our own American values proudly and clearly to our friends and to understand their opinions and their concerns"—words which are directly applicable to all of you serving in the ICA as you set out on your journey today. In submitting the Reorganization Plan to the Congress last year, the President summarized the two distinct but related goals of the ICA as follows: One, to tell the world about our society and policies, in particular our commitment to cultural diversity and individual liberty. Secondly, to tell ourselves about the world, so as to enrich our own culture as well as to give us the understanding to deal effectively with problems among nations.

To meet these goals, the ICA brings the capabilities, the skills, the talents and the dedication to service of those who formerly served in the USIA and its Voice of America and the Department of State's Bureau of Educational and Cultural Affairs. The ICA brings to its tasks the proud tradition of accomplishment reflected in the words of Edward R. Murrow 17 years ago when he said: "What we endeavor is to reflect with fidelity to our allies, to the uncommitted nations and even to those who are hostile to us, not only our policy but our ideals. We not only seek to show people who we are and how we live: we must also engage others in the delicate, difficult art of human persuasion, to explain why we do what we do."

Finally, and of central importance, the entire nation is privileged to have as its first Director of the ICA Ambassador John E. Reinhardt, one of the nation's most skilled, talented and dedicated diplomats. Ambassador Reinhardt was formerly Director of the USIA and the first Director to rise to that position of leadership through the career ranks. For more than 20 years he has served throughout the world. He has distinguished himself as well as Ambasador to Nigeria. His awards include the Edward R. Murrow Award For Excellence in Public Diplomacy.

On behalf of the President, I am delighted to say to you, Ambassador Reinhardt, how very privileged and honored we are to have you as the first Director. Your knowledge of people and world affairs and your proven leadership speak well for the future of the Agency.

Now it is my pleasure to administer the Oath of Office.

THE WHITE HOUSE.
Washington, D.C., March 13, 1978.

MEMORANDUM FOR DIRECTOR, INTERNATIONAL COMMUNICATION AGENCY

As you and the International Communication Agency embark upon your new mission, I want to outline my views of the purposes and functions of the Agency, and the manner in which it should conduct its affairs.

In transmitting Reorganization Plan No. 2 of 1977 to the Congress, I said that the principal function of the Agency should be to reduce the degree to which misperceptions and misunderstandings complicate relations between the United States and other nations. In international affairs, as in our personal lives, the starting point for dealing effectively with others is the clearest possible understanding of differing points of view. The fundamental premise of the International Communication Agency is that it is in our national interest to encourage the sharing of ideas and cultural activities among the people of the United States and the people of other nations.

It is in the general interest of the community of nations, as well as in our own interest, that other nations and other peoples know where this great country stands, and why. We want them to understand our values, our institutions—the vitality of our culture—and how these relate to their own experience. We must share our successes, and look for help in learning from our failures. We must make available to people of other nations facts they would not otherwise learn about ourselves and our views.

It is also in our interest—and in the interest of other nations—that Americans have the opportunity to understand the histories, cultures and problems of others, so that we can come to understand their hopes, perceptions and aspirations. In so doing, the Agency will contribute to our capacity as a people and as a government to manage our foreign affairs with sensitivity, in an effective and responsible way.

You and your colleagues have five main tasks:

1. To encourage, aid and sponsor the broadest possible exchange of people and ideas between our country and other nations. It will be your job to:

Continue successful government-sponsored exchange programs that now come under your Agency, and improve them wherever possible;

Encourage private institutions in this country to develop their own forms of exchange and aid those that are in the broadest national interest; and

Provide counsel and information on our international exchange program as a whole, and assist in maintaining broad participation in the international exchange programs conducted by government departments and agencies, including those administered by the International Communication Agency.

2. To give foreign peoples the best possible understanding of our policies and our intentions, and sufficient information about American society and culture to comprehend why we have chosen certain policies over others. In so doing, you will wish to draw upon thoughtful and representative Americans, through the use of radio and television, magazines and other printed materials, and through seminars, personal contacts, the presentation of American art and culture, and the teaching of the English language where necessary and appropriate.

3. To help insure that our government adequately understands foreign public opinion and culture for policy-making purposes, and to assist individual Americans and institutions in learning about other nations and their cultures.

4. To assist in the development and execution of a comprehensive national policy on international communications, designed to allow and encourage the maximum flow of information and ideas among the peoples of the world. Such a policy must take into consideration the needs and sensitivities of others, as well as our own needs.

5. To prepare for and conduct negotiations on cultural exchanges with other governments, aware always that the most effective sharing of culture, ideas and information comes between individual people rather than through formal acts of governments.

In discharging these responsibilities, you must keep these goals in mind:

Since all the Agency's activities bear a relationship to our foreign policies and interests, you will seek guidance on those policies and interests from the Secretary of State.

You will be responsible for maintaining the scholarly integrity and nonpolitical character of the exchange programs within your agency, and for maintaining the independence of the Voice of America news broadcasts. You will wish to assure that they reflect the broad interests of the United States and of the people served by these programs.

I look forward to your periodic accounting of your undertakings and your recommendations on the conduct of public diplomacy.

Finally, the Agency will undertake no activities which are covert, manipulative or

propagandistic. The Agency can assume—as our founding fathers did—that a great and free society is its own best witness, and can put its faith in the power of ideas.

I'm sure the Congress and the American people join with me in wishing you every success in these important endeavors.

JIMMY CARTER.●

FAILURE TO WORKOUT A SALT II AGREEMENT WOULD BE AN UNQUALIFIED DISASTER

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SEIBERLING. Mr. Speaker, yesterday's Washington Post contained an excellent column by Marquis Childs concerning the very high stakes involved in SALT II negotiations. Of course, we do not yet know whether a successful agreement can be reached. Obviously, such an agreement will require a degree of trust and some concessions by both sides.

It will be a true tragedy if, in their zeal to advance their positions, those having differing points of view on the substance of a SALT agreement should, by exaggerated rhetoric and one-sided statements of the facts, create an atmosphere in which a calm and objective appraisal by the public and the Congress became very difficult. I am sorry to say that recent articles in the Reader's Digest fall into that category.

As Mr. Childs points out, without an agreement and with an all-out arms race, both the United States and Russia will end up spending an additional $20 billion apiece over a 10-year period for nuclear weaponry without changing the basic balance over what it is today, with each side still capable of wiping out the other.

He also notes a second aspect that cannot be ignored; namely, the reaction of America's allies if an agreement should fail a ratification by the Senate. He quotes Mr. Horst Ehmke, deputy chairman of the Social Democratic Group in the West German Bundestag, who stated that to the Europeans a failure on SALT "would be an unqualified disaster. It would mean a resumption of the cold war and the end of hopes for a peaceful world for the foreseeable future."

Certainly we do not want a SALT agreement for its own sake. We must carefully examine the terms to make sure that the vital interests of the United States are adequately protected. On the other hand, the mere fact that an agreement may involve risks should not be a basis for rejecting it. It is impossible to live in a risk-free world, either with or without a new SALT agreement. The greatest risk of all, however, would be to allow the nuclear arms race to continue indefinitely, with new weapons piled on new weapons and country after country developing its own nuclear capability.

The full text of Mr. Childs' article follows these remarks:

HIGH STAKES OF SALT

(By Marquis Childs)

The negotiation between the two superpowers for a new agreement putting a brake on the development of nuclear missiles looks to the outsider like a prolonged and secret chess game. If it ends in a stalemate with no agreement, so what? We will hear dire predictions, but we've heard dire predictions before.

Two hard facts get in the way of that easy brush-off of the game being played in Moscow with Secretary of State Cyrus Vance as U.S. team captain. The first is money.

Without an agreement and with an all-out arms race, the United States would have to spend an additional $20 billion over a 10-year period for nuclear weaponry. And while the two players would be sitting on much more massive mountain of sudden death, they would be in precisely the same position as to total strength.

That $20 billion would be added on to the defense bill and it would proportionately swell the total budget. The nation's defense today takes 23 percent of that budget. It would take proportionately more if that monstrous chess game ends in stalemate.

Failure to point up these figures has been a weakness of those working for a SALT II agreement. One of the few who has added up the figures as they come from the Pentagon is Rep. Les Aspin (D-Wis.). They have received too little attention and particularly from those absorbed in abstruse arguments over the relative capacities of weapons that are an outgrowth of technological genius and understood only by their makers.

At the end of the 10-year period the United States would have an estimated 2,300 missile launchers and the Soviet Union 3,100. But what with differences in targeting, duality of warheads and other factors, that would be rough equivalence. Essentially nothing would have been changed in the 10-year period despite the spending by both sides of something more than $40 billion.

Except for those who want to put out the darkest possible case, no official concerned with the negotiation has ever doubted American capability to respond to a Soviet first strike. Capability to respond to such a strike, if it should ever come, is part of the deterrent power in the delicate balance between the two giants.

The second fact that cannot be ignored is the reaction among America's allies if a SALT II agreement should be reached, looking into the future for a more substantial SALT III, and then the agreement should fail of ratification by the Senate. As now contemplated by Vance and arms negotiator Paul Warnke, the sequence will be as follows.

An agreement embodied in a treaty will be reached toward the end of June. Requiring careful study and inevitably long debate, it will not be submitted to the Senate with the congressional election coming on.

Will it be ratified by the requisite two-thirds vote? One measure is of the opinion that Horst Ehmke took back to Bonn with him after a mission to Washington, sampling opinion in both the executive branch and Congress.

Ehmke, who is deputy chairman of the Social Democratic faction in the Bundestag and former chief of staff to Chancellor Helmut Schmidt, came here as the result of a telephone conversation between Schmidt and President Carter. They had agreed that it was time to try to iron out some of the differences that had grown up with increasing acerbity between the two capitals.

In his soundings on Capitol Hill, Ehmke found considerable pessimism about ratification of an arms-limitation treaty. That was confirmed by opinion he heard in the State Department and the White House. Just before he returned to Bonn he left no uncertainty about what failure on SALLT would mean in Europe:

"It would be an unqualified disaster. It would mean a resumption of the cold war and the end of hopes for a peaceful world for the foreseeable future."

We are not alone. Our European allies are already deeply troubled by the administration's inability to restrain oil consumption and stop the downward spin of the dollar. A start has been made with the sale of Fort Knox gold, but there is still a long way to go, and Europe is deeply concerned over the outcome.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FOUNTAIN (at the request of Mr. WRIGHT), for after 6 p.m. today, on account of official business.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WALKER) and to revise and extend their remarks and include extraneous matter:)

Mr. CAPUTO, for 5 minutes, on April 26.

Mr. EDWARDS of Oklahoma, for 5 minutes, today.

Mr. MCDADE, for 5 minutes, today.

Mr. KEMP, for 5 minutes, today.

Mr. WHALEN, for 5 minutes, today.

(The following Members (at the request of Mr. PANETTA) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Ms. COLLINS of Illinois, for 5 minutes, today.

Mr. ALEXANDER, for 30 minutes, today.

Mr. BINGHAM, for 10 minutes, today.

Mr. ASHLEY, for 5 minutes, today.

Mr. STOKES, for 15 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. UDALL, for 5 minutes, today.

Mr. HARRINGTON, for 15 minutes, April 27, 1978.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BROOMFIELD, and to include extraneous matter, during general debate today on H.R. 11832, Arms Control and Disarmament Agency authorizations.

(The following Members (at the request of Mr. WALKER), and to include extraneous matter:)

Mr. VANDER JAGT.

Mr. LENT.

Mr. CRANE.

Mr. BOB WILSON in two instances.

Mr. GILMAN in three instances.

Mr. PURSELL.

Mr. MICHEL.

Mr. DERWINSKI in three instances.

Mr. ROUSSELOT in two instances.

Mr. LAGOMARSINO in two instances.

Mr. LEACH.

Mr. MOORE.

Mr. CAPUTO.

Mr. FRENZEL.

Mr. GRASSLEY.

(The following Members (at the re-

quest of Mr. PANETTA) and to include extraneous matter:)

Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. HOWARD.
Mr. GAYDOS in three instances.
Mr. O'NEILL.
Mr. KILDEE.
Mr. WIRTH.
Mr. HAMILTON.
Mr. TEAGUE.
Ms. OAKAR in two instances.
Mr. DRINAN.
Mr. EDGAR.
Mr. BRODHEAD.
Mr. OBERSTAR.
Mr. VANIK.
Mr. SIMON.
Mr. JENRETTE.
Mr. PATTEN.
Mr. GINN.
Mr. HAWKINS.
Mr. CHARLES H. WILSON of California.
Mr. BENJAMIN in five instances.

SENATE BILLS REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2552. An act to amend the Act of July 19, 1940, relating to travel in the United States, to authorize additional appropriations; to the Committee on Interstate and Foreign Commerce.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2597. An act to amend title 28, United States Code, to move the place for holding court for the district court of the eastern district of New York to Brooklyn and Hempstead, and for other purposes.

ADJOURNMENT

Mr. PANETTA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 9 minutes p.m.), the House adjourned until tomorrow, Thursday, April 27, 1978, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3967. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend the Aviation Career Incentive Act of 1974 (88 Stat. 177) to make certain technical amendments for purposes of clarification and for other purposes; to the Committee on Armed Services.

3968. A letter from the Assistant Secretary of Defense (Comptroller), transmitting notice of the omission of a clause authorizing the examination of records by the Comptroller General in agreements with the Governments of the United Kingdom and the Federal Republic of Germany, pursuant to 10 U.S.C. 2313(c); to the Committee on Armed Services.

3969. A letter from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 4346(d) of title 10, United States Code, to permit the Secretary of the Army to prescribe the oath to be taken by appointees to the U.S. Military Academy; to the Committee on Armed Services.

3970. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment to Sudan (transmittal No. 78-37), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

3971. A letter from the Chairman, Federal Home Loan Bank Board, transmitting the annual report for calendar year 1977 on the operations of the Federal Home Loan Bank Board, the Federal Home Loan Bank System, the Federal Savings and Loan System, and the Federal Savings and Loan Insurance Corporation, pursuant to section 17(b) of the Federal Home Loan Bank Act; to the Committee on Banking, Finance and Urban Affairs.

3972. A letter from the Secretary of Commerce and the Secretary of Health, Education, and Welfare, transmitting a report assessing the accuracy of the survey of income and education, pursuant to section 822(b) of Public Law 93-380; to the Committee on Education and Labor.

3973. A letter from the Secretary of Health, Education, and Welfare, transmitting the fifth annual report on Head Start services to handicapped children, pursuant to section 813(d) of the Economic Opportunity Act of 1964, as amended (88 Stat. 2301); to the Committee on Education and Labor.

3974. A letter from the General Counsel, Civil Aeronautics Board, transmitting a report on the Board's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3975. A letter from the Chief, Records Management Division, Federal Communications Commission, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3976. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during March 1978, pursuant to section 234 of Public Law 91-510; to the Committee on Government Operations.

3977. A letter from the Acting Secretary of the Interior, transmitting notice of a proposed refund for excess payments on leases by the Pennzoil Producing Co., and the Pennzoil Offshore Gas Operators, Inc., pursuant to section 10(b) of the Outer Continental Shelf Lands Act; to the Committee on Interior and Insular Affairs.

3978. A letter from the Secretary of State, transmitting various amendments to the administration's proposed International Security Assistance Act of 1978 involving Greece and Turkey; to the Committee on International Relations.

3979. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment to Sudan (transmittal No. 78-37), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

3980. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment sold commercially to Argentina (transmittal No. MC-14-78), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on International Relations.

3981. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment sold commercially to Iran (transmittal No. MC-16-78), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on International Relations.

3982. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment sold commercially to Iran (transmittal No. MC-17-78), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on International Relations.

3983. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed license for the export of certain defense equipment sold commercially to Iran (transmittal No. MC-19-78), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on International Relations.

3984. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a proposed manufacturing license agreement for the production of certain defense equipment in Japan (transmittal No. MC-18-78), pursuant to section 36(d) of the Arms Export Control Act; to the Committee on International Relations.

3985. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on actions taken by the United States in international bodies to combat terrorism; to the Commitee on Inernational Relations.

3986. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on State compliance with medicaid utilization control requirements, covering the quarter ended September 30, 1977, pursuant to section 1903(g)(6) of the Social Security Act, as amended (91 Stat. 1205); to the Committee on Interstate and Foreign Commerce.

3987. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on State compliance with medicaid utilization control requirements, covering the quarter ended December 31, 1977, pursuant to section 1903(g)(6) of the Social Security Act, as amended (91 Stat. 1205); to the Committee on Interstate and Foreign Commerce.

3988. A letter from the Chairman, Interstate Commerce Commission, transmitting an explanation of the Commission's extension of time in docket No. 36441, *Brunswick Corp. v. Soo Lines Railroad Co., et al.*, pursuant to section 17(9)(f) of the Interstate Commerce Act, as amended (90 Stat. 49); to the Committee on Interstate and Foreign Commerce.

3989. A letter from the Director, Administrative Office of the United States Courts transmitting, the annual report for calendar year 1977 on applications for court orders made to Federal and State courts to permit the interception of wire or oral communications, pursuant to 18 U.S.C. 2519(3); to the Committee on the Judiciary.

3990. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to limit the circumstances under which the expenses of travel of certain veterans traveling to or from a Veterans' Administration facility in connection with the furnishing of medical care and treatment for non-service-connected disabilities will be reimbursed; to the Committee on Veterans' Affairs.

3991. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans'

Administration facilities and the medical community, and for other purposes; to the Committee on Veterans' Affairs.

3992. A letter from the Comptroller General of the United States, transmitting a report on the status of the NAVSTAR global positioning system (PSAD-78-37, April 25, 1978); jointly, to the Committees on Government Operations, and Armed Services.

3993. A letter from the Comptroller General of the United States, transmitting a report on the Federal Highway Administration's rail-crossing safety program (CED-78-83, April 25, 1978); jointly, to the Committees on Government Operations, and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REUSS: Committee on Banking, Finance and Urban Affairs. House Joint Resolution 816. Joint resolution to extend the authority of the Federal Reserve banks to buy and sell certain obligations (Rept. No. 95-1088). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 12355. A bill to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes (Rept. No. 95-1089): Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on nuclear power costs (Rept. No. 95-1090). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 or rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

Mr. DUNCAN of Tennessee:

H.R. 12377. A bill to amend the Railroad Retirement Act of 1974 with respect to benefits payable to certain individuals who on December 31, 1974, had at least 10 years of railroad service and also were fully insured under the Social Security Act; to the Committee on Interstate and Foreign Commerce.

H.R. 12378. A bill to amend title XVIII (medicare) of the Social Security Act to provide for a more equitable assignment of a fee profile by the Secretary to physicians establishing a new practice in an area; jointly, to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. PHILLIP BURTON (for himself, Mr. UDALL, Mr. SKUBITZ, Mr. SEBELIUS, Mr. SEIBERLING, Mr. DON H. CLAUSEN, Mr. BINGHAM, Mr. LUJAN, Mr. MEEDS, Mr. RONCALIO, Mr. MILLER of California, Mr. KREBS, Mr. SANTINI, Mr. VENTO, Mr. MURPHY of Pennsylvania, Mr. RAHALL, Mr. GUDGER, Mr. JOHN L. BURTON, Mr. FLORIO, Mr. CARR, Mr. MAGUIRE, Mr. KASTENMEIER, Mr. DICKS, and Mr. ECKHARDT):

H.R. 12379. A bill to authorize the Secretary of the Interior to make grants for the rehabilitation and development of urban and insular recreation facilities, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CORMAN:

H.R. 12380. A bill to amend the Federal-State Extended Unemployment Compensation Act of 1970 with respect to an individual's eligibility period for benefits under such act; to the Committee on Ways and Means.

By Mr. COCHRAN of Mississippi (for himself, Mr. BOWEN, Mr. LOTT, Mr. MONTGOMERY, and Mr. WHITTEN):

H.R. 12381. A bill to name a building in Jackson, Miss., as the James O. Eastland Federal Building; to the Committee on Public Works and Transportation.

By Mr. FASCELL:

H.R. 12382. A bill to amend the Internal Revenue Code of 1954 to eliminate the adjusted gross income limitation on the credit for the elderly, to increase the amount of such credit, and for other purposes; to the Committee on Ways and Means.

By Mr. FLIPPO (for himself, Mr. BEVILL, Mr. BUCHANAN, Mr. DICKINSON, Mr. EDWARDS of Alabama, Mr. FLOWERS, and Mr. NICHOLS):

H.R. 12383. A bill to authorize the Secretary of the Army to convey additional real property of the United States to the Alabama Space Science Exhibit Commission for use as a permanent site for the Alabama Space Science Exhibit; to the Committee on Armed Services.

By Mr. GONZALEZ:

H.R. 12384. A bill to amend title IV of the Higher Education Act of 1965 to establish a system of student tuition advances to be repaid as an income tax imposed by the Internal Revenue Code of 1954, and for other purposes; to the Committee on Education and Labor.

By Mr. GRADISON (for himself, Mr. ANDERSON of California, Mr. ANDREWS of North Dakota, Mr. AUCOIN, Mr. JOHN L. BURTON, Mr. COHEN, Mr. CUNNINGHAM, Mr. ERTEL, Mrs. FENWICK, Mr. GILMAN, Mr. GOLDWATER, Mr. GRASSLEY, Mr. GUYER, Mr. GREEN, Mr. HILLIS, Mrs. HOLT, Mr. HYDE, Mr. IRELAND, and Mr. KELLY):

H.R. 12385. A bill to amend the Internal Revenue Code of 1954 to provide for automatic cost-of-living adjustments in the income tax and withholding rates; to the Committee on Ways and Means.

By Mr. GRADISON (for himself, Mr. KETCHUM, Mr. LOTT, Mr. LUKEN, Mr. MICHEL, Mr. NEAL, Mr. RAILSBACK, Mr. STEIGER, Mr. TREEN, and Mr. WALGREN):

H.R. 12386. A bill to amend the Internal Revenue Code of 1954 to provide for automatic cost-of-living adjustments in the income tax and withholding rates; to the Committee on Ways and Means.

By Mrs. HECKLER (for herself and Mr. CORNELL):

H.R. 12387. A bill to amend section 1682A of title 38, United States Code, to eliminate the State matching requirement under such section in connection with the program of accelerated payment of educational assistance allowances and for other purposes; to the Committee on Veterans' Affairs.

By Mr. JEFFORDS (for himself, Mr. BALDUS, Mr. GOODLING, Mr. MCHUGH, Mr. MCEWEN, Mr. AMMERMAN, Mr. MITCHELL of New York, Mr. ERTEL, Mr. WALSH, Mr. SHUSTER, Mr. HANLEY, Mr. MCDADE, Mr. MARKS, and Mr. PATTISON of New York:

H.R. 12388. A bill to establish an incentive program for producers to cull dairy cattle; to the Committee on Agriculture.

By Mr. KASTENMEIER (for himself and Mr. RAILSBACK):

H.R. 12389. A bill to amend chapter 121 of title 28 United States Code, to clarify the procedures relating to excuse from jury service and the selection and qualification of jurors, to revise the provisions regarding fees of jurors, to provide for a civil penalty and injunctive relief in the event of a discharge or threatened discharge of an employee by reason of such employee's Federal jury service, and for other purposes; to the Committee on the Judiciary.

By Mr. KASTENMEIER (for himself, Mr. BUTLER, and Mr. HYDE):

H.R. 12390. A bill to authorize actions for redress in cases involving deprivations of rights of institutional persons secured or protected by the Constitution or laws of the United States; to the Committee on the Judiciary.

By Mr. PATTEN:

H.R. 12391. A bill to amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes; to the Committee on Veterans' Affairs.

By Mr. PRICE (for himself and Mr. BOB WILSON) (by request):

H.R. 12392. A bill to amend title 10, United States Code, to provide for a Department of Defense Military Retirement and Disability Fund, and for other purposes; to the Committee on Armed Services.

By Mr. RODINO:

H.R. 12393. A bill to provide for nationwide service of subpenas in all suits involving the False Claims Act, and for other purposes; to the Committee on the Judiciary.

H.R. 12394. A bill to amend chapter 315 of title 18, United States Code, to authorize payment of transportation expenses by U.S. marshals for persons released pending appearance in another district; to the Committee on the Judiciary.

By Mr. UDALL (for himself, Mr. RISENHOOVER, Mr. THONE, Mr. CHAPPELL, Mr. SEBELIUS, Mr. WHITEHURST, Mr. PEASE, Mr. THOMPSON, Mr. RYAN, Mr. HARRINGTON, Mr. LAFALCE, Mr. DRINAN, Mr. LEHMAN, Mr. OBERSTAR, Mr. PRITCHARD, Mr. LUNDINE, Mr. BOLAND, Mr. RICHMOND, Mr. SEIBERLING, Mr. MARKEY, Mr. CHARLES WILSON of Texas, Mr. AUCOIN, Mr. BONIOR, Mr. D'AMOURS, and Mr. KEMP):

H.R. 12395. A bill to amend the tax laws of the United States to encourage the preservation of independent local newspapers; to the Committee on Ways and Means.

By Mr. UDALL (for himself, Mr. FOWLER, Mr. DUNCAN of Tennessee, Mr. HUBBARD, Mr. DEVINE, Mr. IRELAND, Mr. CORCORAN of Illinois, Mr. PERKINS, Mr. PANETTA, Mr. GUYER, Mr. NIX, Mr. AMBRO, Mr. ST GERMAIN, Mr. VENTO, Mr. SIMON, Mr. COCHRAN of Mississippi, Mr. WATKINS, Mr. MEEDS, Mr. GEPHARDT, Mr. BEDELL, Mr. DERWINSKI, Mr. LENT, Mr. PATTISON of New York, Mr. FLIPPO, and Mr. HARKIN):

H.R. 12396. A bill to amend the tax laws of the United States to encourage the preservation of independent local newspapers; to the Committee on Ways and Means.

By Mr. UDALL (for himself, Mr. BLOUIN, Mr. GORE, Mr. OBEY, Mr. MCKAY, Mr. MICHEL, Mr. EDWARDS of California, Mr. NOWAK, Mr. MILFORD, Mr. HOWARD, Mr. ALLEN, Mr. WEAVER, Mr. NEDZI, Mr. HEFTEL, Mr. MOFFETT, Mr. BEARD of Rhode Island, Mr. PEASE, Mr. FLOOD, Mr. VAN DEERLIN, and Mr. MCCORMACK):

H.R. 12397. A bill to amend the tax laws of the United States to encourage the preservation of independent local newspapers; to the Committeee on Ways and Means.

By Mr. ULLMAN:

H.R. 12398. A bill to correct the map entitled "Hells Canyon National Recreation Area" which accompanied the act of December 31, 1975; to the Committee on Interior and Insular Affairs.

By Mr. BOB WILSON:

H.R. 12399. A bill to amend the Internal Revenue Code of 1954 to provide tax-saving incentives for savings accounts established for the purpose of purchasing a home; to the Committee on Ways and Means.

By Mr. BAUCUS:

H.R. 12400. A bill to provide alternatives to abortion through prohibition of sex discrimination on the basis of pregnancy, to provide health care services for pregnant adolescents before and after childbirth, to allow an income tax deduction for expenses incurred in connection with the adoption of a child, to prohibit the sale of children in interstate and foreign commerce, to facilitate the placement of children in need for adoption, and to prevent unwanted conceptions and to reduce the need for abortions through improved and expanded family planning services and population research activities; jointly, to the Committees on Education and Labor, Interstate and Foreign Commerce, the Judiciary, and Ways and Means.

By Mr. BAUCUS (for himself and Mr. BLOUIN):

H.R. 12401. A bill to amend the Public Health Service Act to provide for greater emphasis on rural health care needs in health planning; to the Committee on Interstate and Foreign Commerce.

By Mr. DANIELSON:

H.R. 12402. A bill to amend title 28, United States Code, to increase to $50,000 the amount of an award which an agency may determine, without the approval of the Attorney General; to the Committee on the Judiciary.

By Mr. MIKVA (for himself and Mr. AUCOIN):

H.R. 12403. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide that disability insurance benefits and the medicare program shall be financed from general revenues (pursuant to annual authorizations) rather than through the imposition of employment and self-employment taxes as at present, and to adjust the rates of such taxes (for purposes of financing the OASI program) accordingly; to the Committee on Ways and Means.

By Mr. MONTGOMERY (for himself, Mr. MILLER of California, Mr. STOKES and Mr. ERTEL):

H. R. 12404. A bill to amend title 38, United States Code, to improve the pension programs for veterans, and survivors of veterans, of the Mexican border period, World War I, World War II, the Korean conflict, and the Vietnam era, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. PERKINS:

H.R. 12405. A bill to eliminate the reduction in social security benefits for spouses and surviving spouses receiving certain Government pensions, as recently added to title II of the Social Security Act by section 334 of the Social Security Amendments of 1977; to the Committee on Ways and Means.

By Mr. RISENHOOVER:

H.R. 12406. A bill to amend title XIV of the Public Health Service Act to provide Federal grants for small public water systems to meet national primary drinking water regulations; to the Committee on Interstate and Foreign Commerce.

By Mr. MAHON:

H.J. Res. 873. Joint resolution making an urgent supplemental appropriation for the disaster loan program of the Small Business Administration for the fiscal year ending September 30, 1978; to the Committee on Appropriations.

By Mr. ANNUNZIO:

H.J. Res. 874. Joint resolution to declare June 4 through 10, 1978, to be National Neighborhood Week; to the Committee on Post Office and Civil Service.

By Mr. KEMP:

H.J. Res. 875. Joint resolution requesting the President to issue a proclamation designating the last schoolday in April as National Pledge Allegiance to Our Flag Day; to the Committee on Post Office and Civil Service.

By Mr. THONE:

H.J. Res. 876. Joint resolution to authorize the President to proclaim the last Friday of April each year as National Arbor Day; to the Committee on Post Office and Civil Service.

By Mr. GILMAN:

H. Con. Res. 579. Concurrent resolution expressing the sense of Congress that the President should express to the Government of the Soviet Union the disapproval of the American people concerning that Government's systematic nondelivery of international mail addressed to certain persons residing within the Soviet Union and that the United States should bring to the attention of the next Congress of the Universal Postal Union the failure of the Soviet Union to comply with certain articles of the Universal Postal Union; jointly, to the Committees on International Relations, and Post Office and Civil Service.

By Mr. MILFORD:

H. Con. Res. 580. Concurrent resolution disapproving proposed regulations of the Treasury Department requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. WHALEN (for himself and Mr. SIMON):

H. Con. Res. 581. Concurrent resolution expressing the sense of the House that the President undertake discussions with the other industrialized countries with a view toward establishing, in cooperation with the member countries of the Organization of Petroleum Exporting Countries (OPEC) which are in current account surplus, a major capital pool for productive investment in the developing countries; to the Committee on International Relations.

H. Con. Res. 582. Concurrent resolution expressing the sense of the House that the President undertake discussion with the industrialized countries with a view toward developing a common approach to the grave problems facing today's international monetary system; to the Committee on International Relations.

By Mr. WOLFF (for himself, Mr. GILMAN, Mr. BAUCUS, Mr. BONIOR, Mr. BRODHEAD, Mr. BROOMFIELD, Mr. CAPUTO, Mr. COHEN, Mr. FRENZEL, Mr. FREY, Mr. GOODLING, Mr. GUYER, Mr. KEMP, Mr. KINDNESS, Mr. KRUEGER, Mr. MITCHELL of New York, Mr. MURPHY of Pennsylvania, Ms. OAKAR, Mr. O'BRIEN, Mr. ROE, Mr. VENTO, Mr. WALSH, Mr WAXMAN, Mr. CHARLES H. WILSON of California, and Mr. WINN):

H. Con. Res. 583. Concurrent resolution relating to Americans missing in action; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

386. By the SPEAKER: Memorial of the Legislature of the State of California, relative to National Forgotten Victims Week; to the Committee on Post Office and Civil Service.

387. Also, memorial of the Senate of the Commonwealth of Massachusetts, relative to tuition tax credits; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHN L. BURTON:

H.R. 12407. A bill for the relief of Capt. John W. Leadbetter, Jr.; to the Committee on the Judiciary.

By Mr. McKAY:

H.R. 12408. A bill for the relief of Ricardo Rosas Salazar; to the Committee on the Judiciary.

By Mr. REUSS:

H.R. 12409. A bill for the relief of Eugenie Moya; to the Committee on the Judiciary.

By Mr. WINN:

H.R. 12410. A bill for the relief of Clara Aberbach de Nazario; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

453. By the SPEAKER: Petition of the Governor of the Commonwealth of Pennsylvania, Harrisburg, relative to his veto of a bill of the Pennsylvania General Assembly requesting that Congress call a convention for the purpose of proposing an amendment to the Constitution of the United States concerning the right to life (Memorial No. 377); to the Committee on the Judiciary.

454. Also, petition of the city council, Palm Bay, Fla., relative to medical services for veterans in the Brevard County, Fla., area; to the Committee on Veterans' Affairs.

455. Also, petition of the city council, Titusville, Fla., relative to medical services for veterans in the Brevard County, Fla., area; to the Committee on Veterans' Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 11302

By Mr. FISH:

On page 4 after line 4 add:

"(23) Noise control activities in the Industrial Processes program, $1,000,000".

H.R. 11941

By Mr. FRENZEL:

Strike "candidates for Congress," in the title of H.R. 11941.

On page 2 lines 3-4 strike "and any individual who becomes a candidate in any election for the office of Member".

On page 2 lines 14-15 strike "other than an individual who becomes a candidate in any election for the office of Member,"

On page 2 strike line 25 and on page 3 strike lines 1-25.

On page 4 lines 1-2 strike "or an individual who is a candidate for the office of Member"

On page 14 strike lines 21-25 and on page 15 strike lines 1-6. On page 15 strike lines 14-17.

On page 15 line 7 redesignate 2 as 1 on line 9, 3 as 2, on line 18 (5) as (3) ,on line 21 (6) as (4), on line 23 (7) as (5), and on page 16 line 10 redesignate (8) as (6), on line 11 (9) as (7), on line 14 (10) as (8), and on page 17 line 11 redesignate (11) as (9).

H.R. 12050

By Mr. VANIK:

Page 2, line 5, strike out "25 percent" and insert in lieu thereof "50 percent".

Page 8, strike out lines 9 through 13 and insert in lieu thereof the following: "taxable year."

Page 2, strike out the table following line 12 and insert in lieu thereof the following:

	Applicable amount in case of—	
	Student at elementary or secondary school	Student at post-secondary institution
"Calendar year:		
1978	$50	$100
1979	100	150
1980	100	250

Page 3, strike out line 20 and all that follows down through line 4 on page 4 and insert in lieu thereof the following:

"(B) GENERAL COURSE OF INSTRUCTION DEFINED.—For purposes of subparagraph (A), the term 'general course of instruction' means a course of instruction—

"(i) which is offered by an elementary or secondary school, or

"(ii) for which credit is allowable toward a baccalaureate or associate degree by an institution of higher education or toward a certificate of required course work at a vocational school but does not include any course of instruction which is part of the graduate program of the individual.

Page 4, after line 25, insert the following:

"(C) INDIVIDUAL WHO ATTENDS BOTH SECONDARY SCHOOL AND POSTSECONDARY INSTITUTION DURING SAME CALENDAR YEAR.—In the case of an individual who is a full-time student or a qualified part-time student at an eligible educational institution for any calendar year, for purposes of this section—

"(i) if such individual is a full-time student or a qualified part-time student for such year determined by taking into account only his status as a student at a postsecondary institution, he shall be treated as a full-time student or a qualified part-time student (as the case may be) at such an institution, or

"(ii) if clause (i) does not apply, he shall be treated as a full-time student or a qualified part-time student (as the case may be) at an elementary or secondary school for such calendar year.

Page 5, strike out lines 10 through 12 and insert in lieu thereof the following: "courses of instruction,

"(B) meals, lodging, transportation, or similar personal, living, or family expenses, or

"(C) education below the first-grade level, or for attendance at a kindergarten or nursery.

Page 5, line 15, strike out "subparagraph (A) or (B)" and insert in lieu thereof "subparagraph (A), (B), or (C)".

Page 5, strike out lines 23 and 24 and insert in lieu thereof the following:

"(A) an institution of higher education,

"(B) a postsecondary vocational school,

"(C) a secondary school, or

"(D) an elementary school.

Page 6, after line 11, insert the following:

"(4) ELEMENTARY AND SECONDARY SCHOOLS.—The terms 'elementary school' and 'secondary school' mean, respectively, any elementary or secondary school (as defined in subsections (c) and (h) of section 801 of the Elementary and Secondary Education Act of 1965 as in effect on January 1, 1978) which is privately operated but only if it is—

"(A) accredited or approved under State law (or, in the case of a school in a State which has no procedure for the accreditation or approval of privately operated schools, which meets the requirements of State law relating to compulsory school attendance), and

"(B) exempt from taxation under section 501(a) as an organization described in section 501(c)(3).

The terms 'elementary school' and "secondary school' include facilities which offer education for individuals who are physically or mentally handicapped as a substitute for public elementary or secondary education.

"(5) POSTSECONDARY INSTITUTION.—The term 'postsecondary institution' means an institution of higher education or a postsecondary vocational school.

Page 6, line 12, strike out "(4)" and insert in lieu thereof "(6)".

EXTENSIONS OF REMARKS

HAMILTON FISH, SR., ON TERRORISM

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. GILMAN. Mr. Speaker, I would like to share with my colleagues the remarks of one of my distinguished constituents, on the question of Arab terrorism. Ham Fish, Sr., the father of our colleague, the gentleman from New York, HAMILTON FISH, JR., served with distinction for 25 years in the House and was chairman of the first congressional committee to investigate Communist ideology and objectives in 1930. Since that time, communism has insidiously infiltrated the ways of life of millions of unwilling individuals and the sovereignty of many unwilling nations.

Terrorism is indeed an evil which must be checked and eradicated. Wreaking havoc and destruction upon our lives, terrorism has unfortunately, become one of the hallmarks of life in the 1970's. It is important for us to heed the lessons of an experienced legislator. Accordingly, I am setting forth Ham Fish, Sr.'s, comments for my colleagues:

THERE IS NO COMPROMISE WITH ARAB TERRORISM BACKED BY COMMUNISM

The attempt of President Carter to coerce Israel to provide a PLO homeland west of the Jordan River, within sight of Jersualem, is like placing a Communist rattlesnake in your own backyard. That is precisely what President Carter is trying to do in Panama.

Israel would be blind to establish an avowed and mortal enemy equipped with modern Communist arms within a short distance of Jerusalem, the traditional capital of Israel, and a holy or sacred city of the Moslems. This would create such a hornet's nest of dedicated terrorism, hatred and murder, causing crisis upon crisis until it eventuated in deadly terrorism and a religious war. It would inevitably be aided and abetted by every category of arms and munitions from the Soviet Union and military forces from some of the more militant and revolutionary Arab nations, and PLO terrorists. They would try to turn Israel into a slaughterhouse, similar to what was done in Germany and Poland on orders of the racist megalomaniac, Hitler. But the Israel leaders are far too intelligent and will not be a party to their own destruction.

President Carter is urging the surrender of the American canal to a Communist dictator, virtually inviting the Soviet Union with its 400 nuclear submarines, and Cuba to encircle and destroy the United States. Israel's Prime Minister Menachem Begin, an old freedom fighter, does not propose to be encircled and destroyed and will not enter President Carter's peace conference with both hands or even one, tied behind his back. He naturally refuses to lead his people down a blind alley of appeasement and ruin.

The people of Israel want peace, tranquility and friendship with their Arab neighbors. Israel is willing to provide homes for refugees west of the Jordan River on the same terms that half a million Arabs now live peacefully there, owning their own homes, property and business. They have all civil and human rights, and enjoy security, peace and tranquility under their own vines and fig trees except for the right to bear arms. They have the right to elect their own mayors and local officials. Anything beyond that would be suicidal under prevailing conditions.

The PLO, backed by the Soviet Union, is a persistent and constant obstacle to any constructive peace in the Near East. There can be no worthwhile peace until the Arab nations; Egypt, Syria, Saudi Arabia and Jordan, agree to curb and control the terrorists.

I assume I have the right to express my views as author of the Fish-Palestine Resolution in 1922, which helped to create the State of Israel and was adopted by Congress, signed by the President and still is the basic foreign policy of the United States.

If the Arab nations fail to curb the PLO, the United States should provide Israel with all the modern, conventional arms they need to adequately defend their own security. The Arabs and the Jews worship the same God and belong to the same race. Both would prefer peace and friendship to another disastrous war. They should be encouraged to meet and discuss their difficulties in an open conference without coercion or intervention by either the United States or the Soviet Union. It must be self-evident that no conference would serve any useful purpose unless it was based upon mutual concession for the purpose of establishing a permanent peace. Actually, the existence of Israel as a free, democratic nation, is not only of great importance to the United States, but likewise to Saudi Arabia, Egypt and Jordan against Communist subversion and armed domination.●

AMERICAN ATTITUDES TOWARD GOVERNMENT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for

April 26, 1978, into the CONGRESSIONAL RECORD:

AMERICAN ATTITUDES TOWARD GOVERNMENT

Bewildering problems have landed on the desks of President Carter and other policymakers in recent months, making an already uneasy public more somber and apprehensive.

Among the reasons for this mood of unease are rising inflation, a tight job market, the energy crisis and slower economic growth on the domestic side, and the Panama Canal treaties, the tense situation in the Middle East, the SALT negotiations and Soviet adventures in the Horn of Africa on the international side. All these things have sent the government into a flurry of activity intended to calm growing fears that worse troubles lie ahead.

As the problems mount, there is a feeling among people that government just does not work very well. Everywhere I go I hear people talk about the ineptitude of government seems incapable of solving the problems that concern them most, such as the relentless increase in taxes and inflation.

Many people believe that these unresolved problems are grinding down the American dream and that the old ingredients of that dream—a home in the green suburbs, a college education for the children, a good job, a comfortable retirement—are more elusive and uncertain than ever. To these people, the government does not seem to have its priorities straight. I have often heard the complaint that government supports the poor, protects the rich and taxes the middle class.

A Congressman frequently wonders what can be done to make government work better. For one thing, it is getting harder to know what to do. The number and complexity of issues on the national agenda are appalling. Getting a consensus in support of a policy and then implementing that policy have become immeasurably complicated tasks. Partisan majorities in Congress—even a Congress and a President of the same party—do not assure that these tasks can be accomplished. The job of heading the nation today approaches the impossible for even the strongest leaders. They may seem to have the right solutions, but in the absence of majority support the solutions go nowhere. In a democracy, a solution must be politically feasible or else it is no solution at all. Many people do not understand the complications of our decision-making processes.

The temper of the times also makes it difficult to govern. For understandable reasons, people are skeptical and cynical about government and its leadership, as, indeed, they are about most other institutions. They cannot be inspired to follow a leader.

The rise of the special interest group is a further difficulty facing government today. On the important issues, powerful political forces are arrayed on opposite sides. The hundreds of groups clamoring for attention to their specific concerns shatter the sense of common purpose and unity. What is new in politics is not the existence of such groups, but their number, diversity and intensity. There are, for example, over 1,000 lobbying groups at work in Washington, most of which are well-staffed and have a lot of money to spend.

People know that government has a major role to play in addressing national problems, but they want government to work better. They want a ruthless examination of government programs and regular checks on how effectively a job is being done and what improvements can be made. They want the government to show a sensitivity to their needs. In spite of their bad feelings toward government, Americans will forgive its honest failings if they believe that it cares about their problems and does what it can to meet their needs.

In these circumstances, it seems to me that several things should be emphasized. First, the most important task before us is to make government work better. Government need not be gargantuan, complex, extravagant and high-handed. Its size can be reduced and it is possible for it to be efficient, compassionate and honest.

Second, we need to focus more closely on the national interest rather than on special interests. We rightfully pride ourselves in this country on a sense of diversity and pluralism, but within our differences we must concentrate on our common purpose and unity. We should cultivate the disposition to compromise. We must be made to see that the democratic system simply does not work unless all of us are willing to make adjustments for the good of the nation.

Finally, we should learn to become less dependent on government and more aware of its limitations. We cannot ask government to do everything right now. There are bounds to what government can do and there are problems that government cannot solve. There are many problems that government can help solve, but only gradually.

An appreciation of the complex features of our political structure helps us to see why government is not performing well today. It also suggests the corrective steps we must take.●

ROBERT L. SCHNEIDER, CWV "GOOD FELLOW"

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. GAYDOS. Mr. Speaker, once again Holy Trinity Post 1559, Catholic War Veterans, has selected an outstanding community leader for its annual "Good Fellow" Award.

This year's recipient is Robert L. Schneider, general superintendent of National-Duquense Works, U.S. Steel Corp. He will be formally recognized at a public testimonial dinner on Sunday, May 7.

Mr. Schneider, who holds bachelor degrees in electrical engineering and nuclear physics and a masters degree in business administration, has become involved in the McKeesport area since assuming his present position in April, 1976.

He is a member of the board of directors for the McKeesport YMCA and serves on the advisory board for the McKeesport Campus of Pennsylvania State University. He also is affiliated with the Mon-Yough Chamber of Commerce, the East Valley Area Boy Scout Council and the Mon-Yough United Way.

His career in steelmaking began in 1949 when he joined U.S. Steel Corp.'s Homestead Works as a process engineer. Later he worked in the metallurgical and Maintenance Units and the Power and Fuel Division. In 1964 he was transferred to the Slab and Plate Division and within 2 years was appointed division superintendent.

Mr. Schneider's ability continued to be recognized and in 1968 he was promoted to assistant general superintendent of Homestead Works, a post he held until 1974 when he was named general superintendent of the corporation's Fairless Works.

The honoree is a member of the Association of Iron and Steel Engineers, the American Iron and Steel Institute, and the Pennsylvania Society of Professional Engineers.

A World War II veteran, having served with the U.S. Air Force, Mr. Schneider is married to the former Mary Lee Feeney and the couple are the parents of four children.

Mr. Speaker, on behalf of my colleagues in the Congress of the United States I extend our congratulations to Mr. Schneider upon his selection as "Good Fellow of the Year" and commend Holy Trinity Post for saluting a man who has contributed so much to his country, his community and his country.●

WORLD REFUGEE REPORT SURVEYS REFUGEE SITUATION IN LATIN AMERICA

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. DRINAN. Mr. Speaker, in 1976 it was my privilege to serve with the Amnesty International Mission to Argentina. In that Latin American nation alone, the United Nations High Commission on Refugees estimates that a minimum of 3,000 refugees are in urgent need of resettlement. As in other nations ruled by military regimes, many innocent people have been victims of fighting between leftist and rightist terrorist groups.

The United States has been appropriately emphatic in condemnation of human rights violations in Latin America. Yet, our immigration laws limit recognition of a refugee to one who is fleeing a Communist-dominated country, leaving only limited, ad hoc parole programs as a way of addressing the plight of refugees from most Latin American nations.

The 1978 World Refugee Report notes both improvements and setbacks in human rights issues throughout Latin America which will play a crucial role in the shape of refugee problems on that continent. Following is the section of the 1978 World Refugee Report which deals with the countries of Latin America.

The report follows:

THE AMERICAS

Latin America has undergone some improvements as well as some setbacks in human rights during the past year—developments which play a crucial role in the shape of refugee problems in that continent.

According to Amnesty International, about 80% of the Latin American population is living under military rule. A common feature of military regimes is the declaration of a "state of emergency" under which civil and political liberties are suspended for security reasons. The resulting crackdown on political opposition has caused the flight of large numbers of refugees.

Several military governments have promised to hold elections and transfer political power to a civilian government. President Hugo Banzer of Bolivia has announced that the armed forces will relinquish control of the country to a civilian government through elections in the summer of 1978. The governments of Guatemala, Peru, and Uruguay have also announced intentions to hold elections. Brazilian President Ernesto Geisel has named General Joao Baptista de Oliverira

Figueiredo as the official candidate for Presidential elections to be held later this year. Figueiredo is considered to be a moderate and hard-line factions of the military have voiced strong opposition to his candidacy.

The Pinochet government in Chile had planned to move toward civilian rule in the 1980's but because a January plebiscite showed 75% of the electorate in favor of the present government, Pinochet has announced that elections will not be held for another ten years. This declaration has sparked international protests against Pinochet. The United States had denounced the Chilean vote as "unfair." One positive development in the Chilean government has been the disbanding of DINA, the terrorist security organization and its replacement by a less draconian agency. Although persons continue to be arrested for political reasons, frequent disappearances and brutal torture reportedly have diminished.

Argentina was once a safe haven for thousands of refugees from neighboring dictatorships but since a state of siege was declared in 1974 alien refugees as well as Argentine nationals have been victims of the fighting between leftist and rightist terrorist groups. In 1977 the Argentine Government announced the release of 342 political prisoners and the visit of a United States Congressional delegation noted a slight improvement in human rights. Nevertheless, human rights violations continue under the state of siege. While the Argentine military is reportedly beginning a National Reorganization plan aimed at restoring civilian rule sometime in 1980, unexplained disappearances have continued and political parties and labor unions are prohibited from organizing.

Concerning other parts of Latin America, serious deterioration of human rights, violence, and terrorism in two Central American countries, El Salvador and Nicaragua, have caused great concern abroad. In the Caribbean area, there have been some slight improvements in rights conditions in Haiti, a country which has generated a large number of exiles, and steps toward improvement in American relations with Cuba have sparked hope of hundreds of thousands of Cuban exiles in the U.S. who still have family in Cuba.

THE SOUTHERN CONE

Until September of 1973, Chile, under the government of Salvador Allende, was a safe haven for refugees from rightist military dictatorships. Among these refugees were Paraguayans who had fled the military government of General Stroessner, Brazilians who had fled the 1964 military coup in their country, Bolivians opposed to President Hugo Banzer, whose military government seized power in 1971 and Uruguayans who had fled the June 1973 military coup in Uruguay one of Latin America's oldest democracies.

Then Allende's government itself was overthrown by the military and in the ensuing crack-down, these refugees plus thousands more from Chile sought asylum in foreign embassies or fled to Argentina where the government of Juan Peron was sympathetic to their plight.

After the death of Juan Peron, the government of his wife, Isabel, faced severe economic difficulties and factional fighting among Peronist elements. A state of siege was declared in 1974 under which the government was granted broad emergency powers to eliminate opposition. Immediately following the State of Siege declaration, some 3,000 persons suspected of subversive activity were placed in "preventive detention," and during the 18-month period following Juan Peron's death, some 1500 persons were assassinated by death squads, some of which, according to sworn testimony, were financed by the Ministry of Social Welfare. Among the victims were persons active in politics, members of trade or teachers unions, clerics and political refugees.

In March of 1976, Isabel Peron was deposed by the military and General Jorge Videla became head of State. The Minister of Foreign Affairs, Cesar Guzzetti, gave public assurances that refugees would not be repatriated against their will. However, the Security Act and the State of Seige Decree were kept in force and human rights violations continued. In May of 1976, three prominent Uruguayan parliamentarians were killed in Buenos Aires. Former Bolivian President Torres disappeared on May 26 and on May 27 was found dead. Files on some 2,000 refugees were stolen from major voluntary agencies working with refugees. Following the break-in, twenty-four refugees, mostly Chileans but including some Bolivians and Uruguayans, were abducted and severely tortured prior to their release.

Persistent human rights violations in the Southern Cone have heightened the need for the resettlement of refugees and detainees. In 1974 an agreement was signed between the Chilean Government, the Chilean National Commission for refugees (COMAR) the International Committee of the Red Cross (ICRC) and the Intergovernmental Committee for European Migration (ICEM) for release of persons held in detention under the State of Seige Law pending offers of asylum by foreign governments. According to ICEM, this program was discontinued at the end of 1976 because the Chilean Government had released all persons in this category.

But a second Prison Release program, established under a bilateral agreement between the Chilean Government and ICEM is still operating. Included in this program are persons who have been tried and condemned under the security law and have requested that their sentences be commuted to exile. ICEM estimates that a total of 400 cases plus about 1,000 family members will require resettlement opportunities in 1978.

The danger of reprisals from terrorists faced by thousands of refugees in Argentina remains the chief concern of the United Nations High Commissioner for Refugees (UNHCR). The UNHCR estimates that of the 10,000 Latin American refugees presently in Argentina, about 5,000 will require resettlement opportunities in 1978. Amnesty International believes that there are thousands of refugees in Argentina who fail to register for fear of reprisals from terrorists. Eventually these people do come forth and the resettlement caseload remains fairly stable because departures are virtually offset by new registrations.

In October of 1977, the Argentina government reinstated the "Right of Option"—a constitutional right of an Argentine citizen who had been arrested for a political offense and who wishes to go into exile rather than remain in prison. It has been reported, however, that a number of restrictions have been imposed on this right. Amnesty International and other human rights groups have appealed to various governments for resettlement opportunities.

CENTRAL AMERICA

El Salvador

In 1972, Napoleon Duarte won the general elections for President in El Salvador with the backing of a coalition of parties opposed to military dictatorship. Three weeks later, Duarte was deposed and forced into exile by a military coup headed by Colonel Artero Molina.

General Carlos Humberto Romero, the official government candidate was made President in elections held on February 20, 1977. Following government claims of victory for General Romero, members of the opposition party, Union Nacional Oppositora (UNO) protested the arrests of hundreds of its supporters before the elections. UNO supporters, led by their Presidential candidate, Colonel Ernesto Claramont, occupied the main plaza of the capital, San Salvador, and demanded an examination of election results.

To curb resulting civil unrest, General Romero declared a state of seige throughout the country in February, 1977. The terrorism and unrest in El Salvador come from two fronts—right-wing para-military groups and left-wing guerrillas. Victims of the violence include government officials, such as Foreign Minister Mauricio Boronovo, Jesuit priests working for land reform and large numbers of peasants, including 100 killed in a demonstration protesting the February 1977 elections.

The combination of unrest, terrorism and strong government reaction to the violence has led to the exile of two Salvadoran groups—reform-minded clergy who have been harassed by para-military organizations, backed by large landowners and members of the political opposition to the government.

Since 1968, the Church has been actively pushing for land reform, promoting the breakup of enormous tracts of land and the distribution of smaller land parcels among the campesinos. The reform movement has been vigorously opposed by the large landowners. In July of 1977 Salvadoran priests testified before the U.S. Congress on the threats and tactics employed by right-wing groups to block the land reform movement among the clergy and the campesinos.

Opposition candidates in both the 1972 and 1977 elections have been forced out of the country by violent incidents and death threats.

Upon his inauguration in July of 1977, General Romero lifted the state of seige and invited all persons in exile to return. The UNO issued a statement in September asking all exiles to return as a test of Romero's intentions.

Following the lifting of the state of seige, Romero publicly condemned all violence from any political sector. As a result of international pressure, U.S. Congressional hearings and press coverage, some improvements have come about: a significant decrease in press censorship, a lower profile for the military and a decline in repression against the church leadership. While these changes appear significant relative to the severe repression that reigned from Romero's disputed election in February of 1977 to his inauguration in July of that year, the question remains how Romero will proceed with the socio-economic problems deeply rooted in El Salvador's feudal agrarian system.

Nicaragua

In Nicaragua, thousands of peasants have been uprooted from what they thought was public land given to them under an abortive land reform program begun twenty years ago. These peasants have reportedly been evicted by the National Guard, Nicaragua's military and police force, on orders from a handful of large landlords who own more than 50 percent of the country's cultivated land.

Soldiers have allegedly arrived in villages without prior warning and loaded peasants into trucks with just a few possessions, leaving behind homes, fishing boats, schools and crops.

The Nicaraguan Government maintains that the land is private and that the landlords' ownership papers are registered with the local authorities. It is believed that behind the uprooting is the desire of the large landlords for still more acreage in order to increase plantings of high priced, long-fiber cotton which is the country's chief export.

Julio Molina, an opposition member of the Nicaraguan House of Deputies, is trying to organize the displaced farmers and fishermen into acts of "passive resistance" to the policies of the Nicaraguan Government, such as refusing to pay taxes and not picking cotton. He has traveled to the U.S. to discuss the plight of the peasants with American civil rights activists.

In the meantime, the political scene in Nicaragua is rapidly deteriorating. The

Somoza family, which has ruled the country for forty-four years by severe repression and elimination of opponents is meeting with serious open opposition. Following the assassination of newspaper editor Pedro Joachin Chamorro, a well known critic of the Somoza government, widespread anti-government rioting ensued.

Chamorro's murder has set off an unprecedented anti-government campaign. Leftist guerrillas, who had previously staged only isolated attacks, have reportedly gained widespread support because they have declared restoration of democracy to be their goal rather than the achievement of socialism. The two most powerful political opposition groups, the Conservative Party, the only legally recognized opposition, and the Democratic Liberation Union, have demanded Somoza's resignation. The Conservative Party, has also called for an emergency session of the national legislature to designate a successor to Somoza and the Democratic Liberation Union has said that Somoza's resignation would lead to the formation of a democratic government. Many elements of the conservative business community and of the upper income families have joined in the call for Somoza's resignation or removal.

THE CARIBBEAN

Haiti

On September 21, 1977, the Haitian Government released what it called the last of its political prisoners. Although welcome, this action seemed to be mainly a symbolic gesture toward the Carter Administration's human rights policy.

Reportedly, members of the Ton-Ton Macoutes the terrorist security organization, have been removed from the government payroll. The Duvalier regime has also tolerated some anti-government activity and press coverage but the Inter-American Press Association still lists Haiti among countries that repress freedom of the press. Labor activity is no longer meeting with brutal repression although strikes and unions are still illegal. In the political realm, the government is considering a plan to have mayors elected though it is not clear whether these will be free elections or whether the candidates will be chosen by the ruling Duvalierist Party.

These liberalizations have improved the image of the "Baby Doc" Duvalier regime as visibly less repressive than the former "Papa Doc" regime. But Haiti still remains the poorest nation in the Western Hemisphere—its illiteracy is over 90% and its per capita income is $120.

Political and economic repression have caused the flight of thousands of refugees to all parts of the Caribbean and to the United States. During the past four years, more than 2,000 refugees have made the hazardous voyage to the U.S. in small boats, often leaky and unseaworthy. To date only about 240 have been granted asylum and a number have been deported. The rest of the cases are on appeal in U.S. courts.

The U.S. grants refugee status only to those persons who can substantiate a valid fear of persecution upon return to their homeland; many of the refugees have been viewed as economic migrants rather than political refugees. But in Haiti, where severe economic deprivation so closely parallels political repression, this distinction often seems problematical.

Last November, a change in U.S. refugee policy was announced which would allow refugees picked up off the U.S. coast full hearings on their political asylum claims. Previously, the U.S. Immigration and Naturalization Service (INS) had maintained that these refugees had technically never entered the U.S. and therefore had no right to such hearings.

The flight of Haitians to the U.S. has posed a delicate problem for the American Government: while the government does not want to impose undue hardship on the refugees it feels that a liberal immigration policy could generate a still larger exodus of Haitians to the U.S. Fearing a recurrence of severe repression the American Government hesitates to criticize the present Duvalier government too strongly for the institution of "Presidency for Life" and for violations of civil, economic and political rights. In the meantime, Haitians continue to flee to the U.S. and other countries.

Cuba

The lifting of U.S. travel restrictions to Cuba in March of 1977 prompted a large number of Cubans living in the U.S. to apply for visas to visit family members in Cuba. Fidel Castro subsequently announced, however, that no Cuban refugees would be granted visas except on a limited case by case basis until full diplomatic relations are restored between Cuba and the U.S.

For many years Cuban exile leaders have been vehemently opposed to restoration of diplomatic relations with Cuba, though many are coming to realize that only if some form of relations exists between the U.S. and Cuba, is there ay hope of returning to their homeland to visit their family members.

But the reunification of divided families on a large scale is bound to meet with serious obstacles even after diplomatic relations are restored. The problem is extremely delicate for Cuba because of the security risks involved in allowing large numbers of Cuban exiles into the country, given the high level of anti-Castro activity among the exile community. There are bound to be many rejections of visa applicants. There are close to 700,000 Cuban exiles in the U.S. and nearly all of them have family members in Cuba.

The status of human rights in Cuba will undoubtedly have great bearing on the restoration of full diplomatic relations with the U.S.

It is generally agreed that a large number of Cubans today enjoy better social and economic living conditions than under any previous Cuban government although political and civil liberties are severely restricted.

Organizations that document consistent human rights violations in Cuba usually do not focus on the general human rights conditions of the country but on the controversial issue of political prisoners.

There is great variance in the estimates of political prisoners currently held in Cuba. Some claim the number to be as high as 20,000 to 100,000 while most U.S. government officials and human rights organizations, such as Amnesty International, cite a figure of 4,000 to 5,000. In June of 1977, Fidel Castro told journalist Barbara Walters that there were close to 3,000 prisoners.

Although the Cuban Government has prohibited the physical torture of political prisoners, exile groups have reported allegations of torture to the Organization of American States, Amnesty International and the International League for Human Rights.

Amnesty International's 1977 annual report states that it has received "no information to indicate that prisoners have been tortured during the period covered by this report." But according to the most recent information available, no human rights organization has been allowed to make on the scene inspections.●

CONGRESSIONAL STAFF—THE CREAM OF THE CROP

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. LENT. Mr. Speaker, we are now in the midst of National Secretaries' Week. Major television talk shows are marking the occasion by interviewing secretaries of famous bosses—newspapers are editorializing to salute long-suffering secretaries both real and fictional. I think it is only fitting that the Congress recognize the occasion as well.

The word "secretary" sometimes evokes thoughts of beady-eyed matrons with crossed arms and firmly planted feet throwing up a petticoat wall around a boss who wants his privacy—or of curly blonde hair cascading around the shoulders of a generously endowed but fatuous office decoration. Happily, it more often causes one to think of a competent, level-headed and mature counselor who offers an executive the welcome combination of good advice and fierce loyalty—someone who is supportive but not slavish—who provides stability in a hectic environment—who is resourceful and efficient—and especially on Capitol Hill, someone who swallows pride whole and lets the boss take all the credit!

So it is with congressional staffers, male and female. Some of them are secretaries press or personal—some of them legislative aides who know more about legislation than any Congressman ever will—but all of them are high level, hard working, professional people who do as much as anyone to help keep this country moving ahead and on an even keel. They are dependable, tenacious, thorough and thoughtful. They are often underpaid when compared with workers in the private sector who have similar levels of responsibility. They know the meaning of overtime but not of overtime pay! They have heard of coffee breaks and some day they hope to try one to see what it is like.

Almost without exception, congressional staffers are "in it" for the contribution they can make to the future of this country. As much as any other citizen, they believe in America and want to help her keep her place in the world. I believe they are owed a debt of gratitude and I hope my colleagues will take a moment to give a pat on the back and a "well done" to their staffs. I intend to do so in my offices for those in whose honor I am unilaterally declaring April 23–29 to be "Congressional Staff Week."

(By the way, this is one Extension of Remarks I wrote myself.)●

SECRETARY CALIFANO LAUDED

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. BRODHEAD. Mr. Speaker, the Secretary of Health, Education, and Welfare, Mr. Califano, today announced several steps that HEW is taking to help address the possible adverse health problems faced by the estimated 8 to 11 million asbestos workers in this country.

Recent studies show that asbestos workers are from three to four times more likely to develop lung cancer than other people. I wish to commend Secretary Califano for taking concerted action to address this massive health problem.

The shocking statistics cited today by Secretary Califano document both a national tragedy and a national disgrace. No product is so important that it should be produced at the expense of the health and lives of those manufacturing it, and certainly no one would argue that exposure to toxic and hazardous substances should be a condition of employment in this country. Yet it is estimated by the National Institute on Occupational Safety and Health that one out of four Americans is exposed to hazardous substances at the workplace. The disaster in the asbestos industry—the dimensions of which are only now coming to light—was a predictable disaster. It will likely be repeated in other industries until we require production and handling safeguards that are justified by our present knowledge about toxic substances and conduct more research about the risks to public health caused by toxic and hazardous materials.●

THE HAZARDS OF ASBESTOS

HON. CARL D. PERKINS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. PERKINS. Mr. Speaker, yesterday Secretary Califano of the Department of Health, Education, and Welfare released a statement concerning the health problems associated with heavy exposure to asbestos. He notes that since the beginning of World War II, an estimated 8 to 11 million workers were employed in environments with significant asbestos exposure. Now, studies by the Department have indicated that exposure to asbestos in settings such as the workplace, where it is concentrated, significantly increases the risk of incurring four serious lung diseases: Lung cancer, asbestosis (a lung disease that impairs breathing and increases the risk of serious illness or death from respiratory infections like pneumonia), mesothelioma (a cancer of the chest and abdominal cavities), and certain gastrointestinal cancers.

The Secretary announced in his statement new steps to help inform doctors, workers, and others about the increased health risks of asbestos exposure. This is the first time that a Federal agency has attempted a systematic effort to notify those who received excessive exposure to asbestos before the Government began to regulate asbestos in the workplace in the late 1960's and early 1970's. This is significant, since the HEW studies show that these diseases take from 15 to 35 years to develop, and hence that there are a substantial number of Americans who are unaware of the serious risks involved. The seriousness of this is underscored by HEW's estimates that 20 to 25 percent of workers exposed to asbestos before the era of Government regulation who die, die of lung cancer.

As one who represents a constituency with many people whose economic survival depends on the mining of coal, I am all too familiar with the seriousness of lung disorders and the risks taken in letting them go unchecked. We all remember when black lung disease first manifested itself in America's coal country and showed us the urgent need to control excess levels of dangerous substances in the workplace. I congratulate Secretary Califano and HEW for recognizing the perilous situation of those who were exposed to excessive levels of asbestos before regulations existed, and suggest that we do all we can to help notify those affected of the hazards involved.●

COMMON HUMANITY AND THE BOAT PEOPLE'S PLIGHT

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

[From the Washington Post, Apr. 24, 1978]

"COMMON HUMANITY" AND THE BOAT PEOPLE'S PLIGHT

(By Ted Jacqueney)

I returned from Southeast Asia profoundly moved by the plight of the refugees with whom I helped members of the Citizens' Commission on Indochinese Refugees (CCIR) communicate. As Americans, and as human beings, we must take positive actions to reflect our common humanity with the Vietnamese "boat people," Cambodians and Laotians and help mitigate their suffering. Members of the CCIR have concluded that U.S. policy opening America's doors to the refugees must reflect the urgency of the problem. I heartily concur.

More than 100,000 people may be scattered in camps all over Southeast Asia. Those who flee to Thailand face the real possibility of being forced back to their native country (there to face certain death) or of being forced back to sea. Still, an estimated 1,200 to 1,300 Vietnamese escape by boat every month.

Governments throughout Southeast Asia perceive that the United States is not committed to a long-term solution to a problem that the war in Indochina created. They perceive that they cannot afford large-scale intrusion of Indochinese aliens, that they cannot afford to care for them financially, and that they cannot afford to strain relations with the new communist powers in Indochina by overly hospitable treatment of refugees. Thailand, to which most refugees have come, has adopted particularly harsh measures in response to its perception of lack of U.S. interest. We were told, for example, of instances in which Thai officials sent back to Cambodia Cambodians who were promptly shot in view of the Thais. Other refugees have been forced back to Laos.

The new government of Thailand, led by Gen. Driangsak Chamanan, indicated to the commission that he would take a more generous attitude toward refugees. But at the local level of border policemen and provincial governors, who make the decisions that affect the lives of refugees, nothing has changed.

Many Thai officials fear that the new refugees may be pro-communist security risks, a counterpart of the Vietnamese who left their country in 1954 to form in Thailand a community that in many instances has provided a base for antigovernment insurgents. Paradoxically, having lived under communist rule, the Vietnamese refugees with whom I spoke may be the least pro-comunist people in the world. For example, in three camps of Vietnamese I heard from teenage boys that under no condition would they go to France. They knew that the Communist Party there had a chance of coming to power, and they wanted nothing to do with a country that might go communist.

Thai officials now ignore their society's Buddhist values of compassion and are reduced to publicly dismissing Cambodia's barbarity even as it shocks, disgusts and frightens them privately. The Thai government feels abandoned by the United States on this issue. The U.S. embassy in Bangkok had not been directed to implement a long-term refugee policy. Our officials there have made no effort to take advantage of popular Thai attitudes toward refugees, such as those exhibited by the Thai Red Cross, to influence a more humane policy by the Thai Government.

The lack of an American policy has also shaped the attitude of Singapore toward the Vietnamese "boat people." Singapore will not accept refugees without guarantees they will be resettled elsewhere within 90 days. Prime Minister Lee Kwan Yew's policy is to offer the Americans a carrot and a stick to prod us into adopting the kind of generous approach we are urging on him as the Thais. The carrot is the offer of a small island to serve as a transit camp for all boat people coming to Singapore or picked up at sea. The stick is a refusal to let boat people ashore, coupled with a demand that ships arriving with boat people picked up at sea post a bond if they want to transact business in Singapore.

Another reason for urgency is that ships transiting the South China Sea now commonly ignore boat people, and some lines have rerouted their ships to avoid areas where the boat people are likely to be found drifting. That occurs because ships find it difficult to obtain permission to disembark the refugees and must assume financial responsibility for them.

The solution to this problem lies more within the province of the United Nations High Commission on Refugees than with American initiatives. Transit camps—one near Singapore within easy reach of southbound ships, and one near Macao or Hong Kong along the line of passage of northbound vessels—need to be established. If ship masters know that the boat people they rescue will have nearby havens, they will be more willing to obey the law of the sea with respect to the succor of people in distress.

The number of Indochinese refugees that the United States accepted each year as part of a long-term international project would be modest—less than the 20–30,000 immigrants per country we already receive annually from East and Southeast Asia.

Upon its return from Southeast Asia the CCIR called on presidential assistant Zbigniew Brzezinski. He remarked that if America does not now help those refugees, then it would no longer be "America." I agree.●

WALT GRANGER

HON. GUNN McKAY

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. McKAY. Mr. Speaker, I am saddened to report to my colleagues the recent death of a former Member of this body, Walter Keil Granger of Cedar City, Utah.

"Walt" Granger, who was 89 at the time of his passing, served with great distinction through six successive Con-

gresses, commencing with the 77th, in 1941.

Those who knew him here and we in Utah associate with Walt Granger the highest sense of integrity and ability. An associate of his on the Committee on Ways and Means once told me what a loss he and the committee felt when Walt left the House to seek another elective office.

Walt Granger set an example of public service which is truly outstanding. He fought with the Marines in France in the First World War. He served in our State house of representatives for three terms of superb leadership, one term as speaker. The people of southern Utah remember him fondly as three-time mayor of Cedar City.

We can rejoice to have had among us a man such as Walt Granger, who can leave behind, as legacy to family, friends, and Nation, a life led so selflessly and so purposefully.●

SALT AGREEMENT AND MILITARY BALANCE

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following editorial which discusses the potential impact a future SALT agreement might have on the military balance of power in Europe.

The editorial follows:

SALT SPICES UP EUROPE'S "OTHER" NUCLEAR ARMS RACE

(By Don Cook)

FREDERICKSHAVEN, DENMARK.—The closer the United States moves to a hair-line strategic nuclear balance with the Soviet Union through its SALT agreements, the greater the importance and emphasis that must be placed on the tactical nuclear forces and the local military balance in Europe.

This simple and self-evident fact lies behind all of the debate and discussion over the cruise missile and behind all of the Soviet propaganda against deployment in Europe of the neutron bomb. In both cases, however, there is little in the Carter Administration's decisions or long-term policies to give the Europeans much assurance that that central fact has been fully grasped.

Of course, the need to maintain and improve the tactical nuclear balance in Europe gets lip-service recognition every time a meeting of the North Atlantic Treaty Organization takes place. Moreover, the immediate short-term outlook, for the NATO balance is not bad at all. When, however, the NATO allies try to determine where the Carter Administration is heading, beyond the obvious short-term measures of nuclear modernization, invariably confusion and uncertainty arise, pointing up such future dangers as lack of inner confidence, substantive strength and cohesion in the alliance.

All such dangers were again on display last week at one of the regular meetings of the seven-nation NATO Nuclear Planning Group (NPG), the inner-circle body that works on nuclear-policy questions at the defense ministers' level with four permanent and three rotating members. Although the neutron bomb had been summarily removed from the NPG's nuclear-planning papers by President Carter two weeks earlier, it pervaded the two-day meeting as though it were a Freudian symbol of the subconscious.

The NPG first began discussing plans for deployment of the neutron bomb in 1974, before Carter was even heard of as a potential President. The NPG is, of course, a planning group—not a political decision-making body. But on the basis of nuclear modernization of NATO forces, the planning discussions for the neutron bomb have moved steadily along from one NPG meeting to the next for the past four years.

There were, of course, political problems, as always. But nobody at the NPG level, including the U.S. Secretary of Defense Harold Brown, really thought that at the end of the line the American President would pull the rug out from under everything for political reasons.

The damage to NATO of the President's decision is—for the moment at least—a great deal more psychological and political than military. Not everybody in NATO was prepared to throw his hat in the air and cheer if the President decided to go ahead with the neutron bomb. But everybody in NATO now does have questions about the President's own process of decision-making and the President's own fundamental concepts of what makes a strong NATO and how the alliance should be led. In NATO, a little less confidence exists today than two weeks ago.

Accordingly, a lot of the discussion here in the NPG meeting took the form of a kind of damage-control action by other ministers pointedly directing polite questions to Brown—questions he could hardly answer. What kind of restraint do you expect the Soviet Union to show in return? Not yet determined, Brown replied. What time period are you allowing for a Soviet response? Not determined, said Brown. When do you expect to be ready with your other efforts at nuclear modernization and adaptations? Not determined.

And so the Europeans sat down and drafted a communique on the meeting which pointedly avoided any welcome or praise for President Carter and did its indirect best to stiffen the situation as far as the Soviets are concerned. The communique emphasized even more than Carter has done that the neutron-bomb option remains open for NATO; it also called somewhat forlornly on the Soviet Union to show restraint "in its conventional and theater nuclear arms deployment affecting the security of NATO."

But when NATO Secretary General Joseph Luns said that NATO ought to have a "positive response" from the Soviets "within a couple of months," Brown quickly interjected that "there is no deadline."

Now all of this may be marginally unimportant and readily brushed aside by Defense Department officials who do not always seem to understand the thrust of what Europeans are saying or why they are saying it. Yet this is simply not the kind of American leadership and American attitude which build much confidence in the future. After four years of planning discussions, the neutron bomb suddenly disappears from the NPG agenda and the secretary of defense cannot offer the slightest explanation or any idea at all of what might be sought or expected from the Soviet Union in return.

As for the cruise missile project, observers are wondering if that will constitute a repeat of the neutron bomb experience. Already, inevitably, more than a shadow of doubt exists, particularly in light of what the Americans are already negotiating with the Soviet Union in the way of a cruise missile protocol to the SALT II agreement. Although the protocol will not limit the testing or development of cruise missiles, it will limit the deployment in Europe of either a land-based or sea-based version of the cruise with a range greater than 600 kilometers—in other words, a missile which could reach Soviet territory from Western Europe.

As presently drafted, this limit on cruise missile deployment is for three years only. Yet, as often as possible, Brown repeats that while protocol limits deployment, nothing prevents the United States from developing the missile or from giving technical assistance to U.S. allies if they want to develop the cruise on their own.

It is, however, far from clear if the United States will develop a longer-range cruise suitable for European deployment or whether it will be prepared to help the Europeans if Europe wants to go ahead on its own. For the last 30 years, Europe could happily afford to be relatively unconcerned about nuclear problems, and the United States could go on happily telling Europeans that they need not be concerned, since big brother had strategic superiority and the rest would take care of itself. But no longer will the rest take care of itself.

The irony of Carter's neutron bomb decision is that the United States will now end up bringing in a new generation of nuclear shells for 8-inch artillery and 155-millimeter howitzers and Lance missiles of far greater blast effect and radiation potency than the low-yield limited-blast neutron warheads would had been. Carter has saved nothing toward containing the nuclear holocaust, but he has lost his credibility with his allies, as well as their confidence in him.

The President could restore a lot at the NATO summit meeting in Washington at the end of May if he invited the British, the Germans and even the French to join the United States now in a joint high-level military staff study of a European cruise missile program to be followed by a joint development and production effort in which the United States would fully share.●

CARTER ADMINISTRATION'S POSITION ON ARMS SALES SABOTAGES ISRAEL'S DEFENSE CAPABILITY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. KEMP. Mr. Speaker, the Carter administration's proposal to extend military aid, particularly advanced aircraft to Egypt and Saudi Arabia as a condition for the shipment of similarly advanced aircraft to Israel endangers Israel's security. I am appalled to learn that the notion of giving something to both sides in the absence of a peace agreement has been adopted by longtime friends of Israel.

The commitment to sell advanced aircraft to Israel was a component of our 1975 agreement to modernize the Israeli Air Force; there was never any linkage to arms sales to the Arab States. To link these sales as a package will only undermine Israel's defense capability by providing her main adversaries with the most advanced weapons. This has, of course, been recognized in Israel. Israel's Foreign Minister, Moshe Dyan, has stated that if the sales were to be linked, Israel would prefer to renounce acquisition of the advanced aircraft if it would prevent the arming of Israel's historic enemies.

Mr. Speaker, the United States has a strong interest in arriving at a settlement

in the Middle East, but such a settlement will not be reached if the complex issue of arms sales is thrown into these delicate negotiations. The arms sales to Egypt and Saudi Arabia should be deferred until a formal agreement providing for a permanent peace in the region is reached.●

SENIOR CITIZEN INTERN PROGRAM

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. GILMAN. Mr. Speaker, today I presented testimony before the Subcommittee on Accounts of the Committee of House Administration, in support of House Resolution 673—of which I am a cosponsor—establishing the current senior citizen intern program as an official congressional program.

For the past 5 years, my efforts to deal with those problems encountered by senior citizens have been greatly enhanced by those senior citizen interns we have selected to assist us.

In order that my colleagues can more fully appreciate the merits of utilizing a senior citizen intern and thus, the need to establish this program as a congressionally supported program, I request that the full text of my testimony—outlining how my office has benefited from the help of those senior citizens serving in my office—be printed at this point in the RECORD:

STATEMENT OF CONGRESSMAN BENJAMIN A. GILMAN BEFORE THE SUBCOMMITTEE ON ACCOUNTS, COMMITTEE ON HOUSE ADMINISTRATION, APRIL 26, 1978

Mr. Chairman, I am pleased to have this opportunity to lend my support to H. Res. 673, 674, 675, and 734, the Congressional Senior Citizen Intern Program, which has been most beneficial to the 26th Congressional District of New York. I am proud to be a cosponsor, with my colleague, the Gentleman from Indiana, Bud Hillis, of the Senior Citizen Intern Program and this Resolution making this program an official Congressional program for Senior Citizen Interns.

For the past five years I have had a Senior Citizen Intern who has come to Washington to learn and who has returned to the 26th Congressional District as my Senior Citizen Consultant to work with my office and our Senior Citizen Advisory Committee on Senior Citizens related problems.

Once a year our Advisory Committee selects a Senior Citizen Consultant, who serves on my staff as a spokesman and liaison to the Senior Citizens in my District. To qualify, our Consultant must be a retired Senior Citizen, 62 years or older, and a resident of the 26th Congressional District.

The Senior Citizen Intern Program is invaluable in the opportunity it affords to our consultant to visit Washington and to personally confer with Government officials and agencies involved in the special problems of Senior Citizens, and to have the experience of working with our staff, learning our office routines and the legislative process.

Rep. Hillis is to be commended for his work in coordinating the efforts of the Members of Congress to make this a successful program. The entire Congress should have the opportunity and should be encouraged to become a part of this vital program which offers the intern the opportunity of personally visiting Washington and meeting with the staffs of Congressional Committees, Federal Agencies and private organizations. Thereafter, they are able to return to their Districts with an awareness and first-hand knowledge of the availability of funds and pending legislation and how to work in resolving problems unique to our elderly concerning Social Security, Railroad Retirement, nutrition, housing, health, and transportation.

With such a meaningful, aggressive approach, it is no longer necessary for the Senior Citizens to feel that they are left out by Government.

In the 26th Congressional District of New York our Senior Citizen Consultant welcomes the opportunity to meet with Senior Citizen groups or individuals in an attempt to work on their problems and to formulate successful programs for resolving their needs.

It is important for this liaison to continue in order to enhance problem solving for our Senior Citizens.

My present Senior Citizen Consultant, Ethel Gage, of Middletown, New York, has been so successful in her work in dealing with Senior Citizen problems that she has received the regional commissioner's Certificate of Appreciation from the Department of Health, Education, and Welfare, "because of (her) efforts in helping people to become aware of their rights and responsibilities under the Social Security Program."

In working on legislation affecting our Senior Citizens, it is essential that each Member of Congress know what is happening at the local level and that we remain in constant communication with this segment of our community.

The funding of future intern programs is essential to permit us to fully carry on this worthy program for this vital segment of our society.

It should also be noted that this program places a substantial burden upon those staff members responsible for making it successful. Accordingly, it is requested that a small staff be authorized to administer the program and to enhance a continued, expanding program.

I urge the Committee's favorable consideration of H. Res. 673 so that the Congress will be assured of having the benefit of a worthy Senior Citizen Intern Program.●

A TRIBUTE TO BILL COX, GARDENA CITY COUNCILMAN

HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. CHARLES H. WILSON of California. Mr. Speaker, over the past 16 years that I have been the Representative for California's 31st District, I have had the pleasure to know and work with some very outstanding local officials. By and large, the 31st District can take pride in the quality of its local representation—Bill Cox of Gardena is no exception to that tradition.

For the past 31 years, Bill and his wife, Loreeta, have lived in Gardena where Bill has been employed for most of that time with the Northrop Corp. At Northrop, he has been instrumental in helping to develop the design of automated systems, an important technological improvement in this country.

Before being elected to serve on the Gardena City Council, Mr. Cox worked on a wide variety of projects in several organizations. He has been a member of the Art Association, a life member of the PTA, the Gardena Optimist Club which seeks to promote positive activities in the community and honor outstanding residents, the Veterans of Foreign Wars, and the parks and recreation commission for the area.

Obviously, this list indicates that Bill Cox is someone who has a varied background—someone who enjoys a good many activities—and someone who brought that interest and enthusiasm to his job on the city council.

Bill Cox was first elected to the city council in 1971 and has been reelected to that position until he just recently announced his retirement. In 1974, he served as mayor pro tempore. On the council, he served on the committees of finance, rubbish, school liaison and affirmative action.

In each of these assignments he performed his duties with dedication and excellence. He has devoted a great deal of time and effort to his job and his work has helped make Gardena one of the best places to live in the Los Angeles area.

I would like to join with the many coworkers and friends of Bill Cox who have had the opportunity to know firsthand the type of person he is and his outstanding record of achievement on the Gardena City Council. I am sure all would agree that he is a dedicated public servant, and a good neighbor to all who have the opportunity to know him.

It is my pleasure to add my best wishes to Bill and his family upon his retirement. I know his presence on the council will be missed.●

WOODBRIDGE, N.J.—AMERICA'S SAFEST LARGE MUNICIPALITY

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. PATTEN. Mr. Speaker, I would like to take this opportunity to note that Woodbridge, N.J., has been recognized by the Federal Bureau of Investigation as the safest large municipality in the United States.

The determination is based on statistics from a national survey of municipalities with populations in excess of 100,000 people.

The residents of Woodbridge should be proud of themselves and proud of the administration and leadership within the police department. I know the policemen, from officers to the patrolmen, strive to not only control crime, but to also stay in touch with the residents there.

It was aptly put by the News Tribune, a daily newspaper in Woodbridge, in an editorial on April 11:

The Woodbridge example stands as an excellent tribute to efficient police work and to the awareness and cooperation of the citizenry in taking an active role in assisting in the campaign against crime.●

EXCEPTION TO AMBASSADOR STRAUSS' LETTER

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Ms. OAKAR. Mr. Speaker, because the Hon. Robert S. Strauss is the Special Representative for Trade Negotiations to the President, I feel it is important to take exception with the rationale expressed by Ambassador Strauss in his letter of April 10 to me. His was a response to my original correspondence to the President, wherein I attempted to convince the administration that aid must be given to our import-plagued domestic metal fastener industry.

In my congressional pursuit to turn around the President's decision to reject the U.S. International Trade Commission's recommendation for tariff relief, I feel it is important to share my observations on this recent communication with my colleagues because the House Ways and Means Committee will be addressing itself to this vital issue tomorrow.

(The comments follow:)

COMMENTS ON AMBASSADOR STRAUSS' APRIL 10, 1978 LETTER TO CONGRESSWOMAN OAKAR

Mr. Strauss' letter repeats the refrain he first presented during the Feberuary 27 hearing before the House Trade Subcommittee that the economic condition of the fastener industry is improving and therefore, that import relief is not needed. It seems to me that it is absurd for the Administration to cling to a position that flies in the face of the facts. According to the International Trade Commission's April 1978 update of industry data:

Domestic fastener production dropped by 13.4% between the first half and the second half of 1977.

The industry's profits dropped by almost 70% in the second half of 1977.

Imports increased their share of the U.S. market from 43% in the first half of 1977 to 44% in the second half.

Employment continued to decline in the second half of 1977.

In addition Commerce Department figures show that there was a 35% increase in fastener imports in the first two months of 1978 over the corresponding period in 1977.

Even before the ITC update report, the Federal Preparedness Agency warned that the industry was "deteriorating rapidly" on the basis of its 2-year study of the matter. The ITC, after a 6-month investigation, found that rising imports were the cause of serious injury, or the imminent threat thereof, to our fastener industry.

Thus, despite overwhelming evidence to the contrary, the Administration persists in the fiction that the fastener situation has stabilized. (Mr. Strauss' letter states, "The figures just released by the USITC do not affect our assessment of the fastener situation.")

One can appreciate that Mr. Strauss is in the difficult position of supporting the President after the President rejected his own advice to provide import relief. But, this cannot justify providing misinformation to any member of Congress as this letter does. Referring to the ITC update report, the letter asserts, "Profits have remained at or above the average for all manufacturing . . ." The fact of the matter is that fastener profits in 1977 were well below profits for all manufacturing. The Federal Trade Commission's Quarterly Financial Report series for 1977 shows that the pre-tax profit on sales for all manufacturing was 8.7%. The 1977 pre-tax profit for the highly capital-intensive fastener industry was 7.6%. The pre-tax profit on all manufacturing for the second half of 1977 was 8.4%, whereas the pre-tax profit for the fastener industry was only about 4.8%.

Congress is called upon to decide the fastener case on the merits within the framework established by the Trade Act of 1974. When erroneous information is presented to Congress in connection with the resolutions of disapproval pending before it (H. Con. Res. 483 and 485; S. Con. Res. 66), the Administration can only damage its credibility with the Congress and the American people.

Other statements in the letter are equally disturbing. For example, the letter claims, "The Japanese have unilaterally acted to stabilize their exports and encourage export price increases and there is evidence that substantial price rises are already occurring." If the statement is valid, one would expect the unit value of such imports to rise, since Japan accounts for about 75% of U.S. fastener imports. But in fact, the unit value of these imports has declined as revealed in the letter itself: "In value terms, imports have lost market share . . ." If the import market share is declining in value terms, but is not declining in quantity, this can only mean that the unit value of these imports is dropping, thereby putting additional pressure on the domestic industry.

This letter makes it clear that the Administration's position in this case is untenable according to the merits and according to the policy established by Congress in the Trade Act of 1974. Administration officials privately concede that a mistake was made in denying relief to this defense-essential industry. In that regard Mr. Strauss correctly observed in his letter, "Even if the President wished to do so, he could not reverse himself under the escape clause authority." However, Congress has the authority to correct the President's mistake by adopting the resolutions in question. It would be a welcome and refreshing change from the norm if the Administration would "own up" to this mistake and support the override resolution now pending before Congress.

IMPORTS OF NUTS, BOLTS AND LARGE SCREWS

	Pounds	Dollars
1977:		
Jan.-Feb.	122,106,138	$43,396,482
1978:		
Jan.-Feb.	165,697,922	58,138,396

Pounds imported in the period Jan.-Feb. 1978 were 35.7% above the pounds imported in the corresponding period in 1977.

Dollar value imported in the period Jan.-Feb. 1978 was 33.9% above the dollar value imported in the corresponding period in 1977.

Source: USITC.●

BATTLE OVER THE BREEDER RAGES ON—BUT WHY?

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. TEAGUE. Mr. Speaker, in my opinion, Richard Myers of the publication Energy Daily has written an exceptionally responsible and significant commentary concerning our present stalemated efforts to achieve a productive breeder reactor program.

It is very important that all Members of the House know the facts of our situation as assessed in the April 14 issue of that publication. This continues to be an issue of crucial importance for our Nation's future.

I consider this article accurate and full of insight.

BATTLE OVER THE BREEDER RAGES ON—BUT WHY?

(Commentary by Richard Myers)

Throughout the continuing war of words over the breeder reactor program, easily the most interesting item of speculation has very little to do with whether the Clinch River plant will, or will not, be built. Granted, this appears to be the issue around which the whole, apparently interminable debate revolves. Clinch River lingers on like an undigested meal; it steals the headlines and masquerades as news, when in fact the debate has degenerated into terminal haggling.

Olin Teague, Mike McCormack, Walter Flowers, Marilyn Lloyd and the other members of the House Science and Technology Committee made their collective peace with the issue of Clinch River on Wednesday morning. Soon the names will change—to Henry Jackson, Frank Church, James McClure—and the haggling will start again. The House Science Committee, it should be noted, reached no compromise with the President; in the end there was no deal.

The President remains the most curious of the principals. For Jimmy Carter the breeder is a true test of his nuclear sensibilities and it is not transparently clear what motivates him.

Olin Teague, chairman of the House Science Committee, has spoken to Carter about the breeder. Teague said that he is not wedded to the Clinch River project, but he is wedded to breeder technology. The President, says Teague, agreed: Yes, described his views too.

Or we can believe what we hear from senior executives in the electric utility industry, for whom Energy Secretary James Schlesinger has painted an altogether different picture of the President. Schlesinger made two points: 1) as long as Carter is President there will be no approval for any advanced reactor program which would, could or might lead to construction of a reactor; and 2) no matter what nuclear technology, science and engineering can devise in the way of a foolproof, diversion-proof, terrorist-proof nuclear fuel cycle, it will never be good enough, because technology is never a sufficient answer.

This is a rather more alarming portrait. The first item implies a visceral, undisciplined reaction to a particular type of technology; and visceral reactions tend to be lacking in simple reason and common sense and least amenable to their sanguine influence. The second item implies that the International Nuclear Fuel Cycle Evaluation, which Carter inaugurated last fall, is fundamentally a ceremonial exercise in which the results are not to be taken seriously—certainly not seriously enough to be acted on—and in which the real action is accomplished with mirrors or some similar trick device.

This is where we are hung, with a President of whom it is possible to assume either the very best or the very worst. We may take him for a reasonable man, conscious of his place in history, who realizes that in some distant future it may be necessary to build some commercial breeder reactors—yes, even in America—and that the means to do so must be prepared in advance. A man so thoroughly steeped in the King James Version cannot escape the analogy with the parable of the maidens, who were unprepared with oil for their lamps and thus missed the wedding.

Or we can believe that, on this issue, the President's viscera rule his reason, that he approaches the breeder and recoils instinctively, that something in his mind crowds out common sense. Perhaps it is a large fear of annihilation; perhaps many lesser fears—of plutonium seeping into rivers and waterways, slowly and subtly poisoning people and land and air. Perhaps it is the last vestige of the farmer, the man with his roots in the soil, in Jimmy Carter; for there is something terribly alien about breeder technology and plutonium in the organic, natural cycle of things.

This is not to say that Jimmy Carter is wrong about Clinch River. Soon after he arrived at the Department of Energy, Undersecretary Dale Myers was asked his opinion of the Clinch River project. Here was a man who should recognize the sensitivity of the issue: he was fresh from Rockwell, which had just lost the B–1 bomber project. Myers replied that he knew little at that point about the fine points of the U.S. breeder program. But he did know that carrying forward a major industrial project like CRBR was difficult enough at the best of times; and that when projects get too controversial, burdened with too many external influences, then they are best left to die. Clinch River has reached that point.

So it dies; then what? Design a couple of other breeder reactors, double or triple the size of the luckless CRBR, employing variations of the standard uranium/plutonium fuel cycle. But if you're Jimmy Carter, you only design; you do not build a reactor. You do not even say that, at some indeterminate time, you will build a reactor. You simply design. Why?

The well practiced response is that such a commitment would prejudice the outcome of the International Nuclear Fuel Cycle Evaluation, that demonstrating breeder technology might cast doubt globally on the President's nonproliferation policy.

There are two things wrong with that argument: the doubt already is there, in plenty, around the world; and construction of a reactor would follow the outcome of INFCE, not precede it.

In fact, it is not possible to have a program to develop a new kind of power plant without building one of them. This was the great lesson of the late 1960s and early 1970s. The first pilot-scale breeder reactor (EBR–2) had been built at Idaho and placed in service in July 1964. Everyone, particularly the project team at EBR–2, waited for the next step, which was to be construction of a demonstration plant.

At the time, Milton Shaw was director of reactor research development at the Atomic Energy Commission. Shaw was passionate in his conviction that a sound engineering base was essential to successful reactor development; that broad industrial participation was a *sine qua non*; that rigorous testing and evaluation of components and fuels were a prerequisite to further development (hence such facilities as the Fast Flux Test Facility and the Liquid Metal Engineering Center). In short, it was Shaw's view then that the adolescent breeder program must pass through the learning phase associated with young adulthood if it was ever to enjoy the benefits appropriate to maturity and old age. Shaw was in it for the long haul and he was not universally loved for his approach.

In particular, out in Idaho at EBR–2, the project team fretted and grumbled. Ask those men. They will tell you that during those years the breeder program suffered from the lack of a mission; that there was a lot of peripheral fiddling but no target, no plant, toward which the program as a whole was moving. They will tell you how the French spent a lot of time at EBR–2, assessing its design and operation, and that they went home and built Rhapsodie (their first breeder) and then Phenix.

But there is a lesson in the grumbling: you can design and develop and build pumps and valves and steam generators and specialty steels for piping—you can do all that and what you end up with is an impressive collection of pumps, valves, steam generators et cetera and not a breeder reactor at all. Nothing that someone in 2006 could call on if it's needed.

So it is true that Shaw's influence probably slowed the breeder program long enough for Jimmy Carter to catch up with Clinch River; but it is equally true that Shaw's passion for painstaking reactor engineering now puts the U.S. in the happy circumstance of not having to build CRBR, of being able to extrapolate to a larger size, say 650 megawatts, with considerably less technical risk than might otherwise be the case.

It would even be possible to structure such a project so that it offends only a limited number of the political constituencies with an interest in the outcome. Clinch River, in fact, provides the model for what not to do. Do not, for example, invite electric utility participation in a successor to CRBR; with Clinch River that financial presence makes it difficult to view the project as anything but an attempt to advance commercialization of the technology. So also with licensing; it conveys the same sense of a drive toward commercial application.

Any successor to CRBR would be best left as a government project, if it's commercialization that Carter fears, as he says. Utility participation could be excluded and licensing foregone for that one plant, in the recognition that both represent institutional obstacles of considerable size, which will tend to inhibit commercial application in the future.

In fact, the path of preference for the breeder at this time should take it in the opposite direction from every other technology the Department of Energy is developing. Every other technology must justify its present funding allotment on the basis of its future commercial potential; the only hope for the breeder is to strip it of its commercial pretensions, for the moment at least. What is important is having a reactor project as the apex of the program; commercial introduction and institutional constraints like utility confidence and licensing can be dealt with, as they should be, sometime in the future.

It is possible to redirect the breeder program absent CRBR, so that it is truly a demonstration, which does not violate the criteria Carter has established against commercial introduction. What is it then, which makes the President so reluctant to make the commitment to build another demonstration plant? What is the source of his fear that this one plant would represent a sort of magic threshold? Cross it, build one demonstration reactor, and you've built a commercial industry?

Which brings us back to Idaho. What used to be called the National Reactor Testing Station (now the Idaho National Engineering Lab) is home to much of the nuclear industry's past. The hundreds of square miles of government reservation outside Idaho Falls is littered with projects and reactors and machines—early prototypes, a giant hangar for a nuclear airplane that was never built and which now houses the support facilities for the Loss of Fluid Test facility. There were over 51 reactors built at Idaho; only 16 of them are still operable and at least two were built and never operated.

If they serve as a testimony to anything, all those machines attest to the number of times things have been built and never deployed on a wide scale—just as a demonstration breeder reactor might be built and the technology never deployed commercially. Perhaps there is a salutary lesson for Jimmy Carter out in the Idaho desert. Perhaps he could spend a little time among the ghosts out there; perhaps it would even help him to exorcise whatever troubles him now about building just one reactor.●

INTRODUCTION OF INVESTMENT TAX CREDIT

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. LEACH. Mr. Speaker, yesterday I introduced legislation which amends the Internal Revenue Code of 1954 to provide that certain farm buildings shall be eligible for investment tax credit. This legislation is being introduced in an attempt to clarify existing tax laws which are often not uniformly interpreted and enforced.

Taxpayers are presently entitled to a credit against their tax liability equal, in general, to 10 percent of their investment in certain qualified productive assets. The rate of this investment credit was temporarily increased to 10 percent from 7 percent as of January 25, 1975, and is scheduled to revert to 7 percent on January 1, 1981. President Carter has recommended as part of his tax reform program the 10 percent level be retained.

Property eligible for the investment credit consists of depreciable property having an estimated useful life of 3 or more years which is either tangible personal property or other tangible property (such as removable equipment, fixtures, and heavy machinery) that is used as an integral part of the productive process. Buildings currently do not qualify for the credit.

This interpretation is not in keeping with modern agricultural production methods. Currently equipment used in raising hogs or milking cows qualifies but the structures in which this takes place do not. The hog house is just as much an integral part of the productive process as the farrowing crates, the watering devices, feeding, ventilation, and cleaning equipment used within the hog house.

The combination of the equipment and the building comprise a production unit whether the item produced is meat, milk, wool or grain being held for later sale when more advantageous to the farmer and the taxpaying public.

My bill strives for equity and for removing the shadow of doubt which currently hangs over our farming community.

Some farmers are filing for the investment credit for the entire production unit—the building and the equipment within it. Many of those who file in this manner are receiving the credit but many others are being denied the credit for a substantial portion of their investment. Thus we have an unfortunate situation where an inequitable rule is being inequitably applied.

As evidence of growing concern among hog producers alone, the National Pork Producers Council receives from 8 to 10

calls each week from farmers who have been denied the investment credit by the Internal Revenue Service. We are seeing many cases where one farmer is allowed an investment tax credit for a newly-built hog house while another farmer is only allowed credit for the new equipment within the building. This inequitable treatment of farmers making major investments in the future of their families and in the future of the Nation's food supply must be corrected. My bill is designed to do just that.

As the House Committee on Ways and Means continues working toward completion of an overhaul of the Nation's tax laws, this would be an opportune time to include the legislative language I am introducing today. I hope the committee will seriously consider this simple approach to clearing up a question of growing concern to our farmers.

The President has recommended the investment credit be made available whenever industrial buildings are constructed. As his tax package is considered, the needs of farmers should be considered along with industrial investment. The investment credit, originally proposed in 1961 to stimulate the lagging modernization of the country's productive facilities, has proven to be an effective incentive for capital investment. Farmers are willing and, in many cases, anxious to make such investments on their farms but should receive tax treatment equal to that of the nonagricultural business sector.●

ARMS CONTROL AND DISARMAMENT AGENCY

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. MOORE. Mr. Speaker, my vote today against the fiscal year 1979 authorization for the Arms Control and Disarmament Agency—H.R. 11832—was given to protest the administration's negotiating toward Soviet defense supremacy at SALT II negotiations. I find the President and his negotiator, Paul Warnke, persist in unilaterally abandoning development of weapons while asking for little, if any, concession in return from the Soviets.

The bargaining table can be used as an instrument of peace, but lasting peace cannot be achieved without a reduction of military and nuclear stockpiles as well as technology achieved on a mutual basis. History records Soviets respond to our arms limitation advances only through hard bargaining supported by firm development commitments. Weakness is easily detected and exploited by the Soviets and I find the Kremlin is now taking every advantage of the President's direction of those negotiations.

The Soviets have little use for a neutron bomb. We need one for NATO and may have to depend on France to provide it. Rather than our unilateral rejection and subsequent attempt to resurrect the neutron bomb, it could have served as a means to reduce Soviet nuclear technology advances in space or missile deployment right from the start. Unilateral cancellation of the B–1 Bomber, delays in MX missile development, and cruise missile production and launch limitations also make the U.S. posture vulnerable without any arms limitations on the part of the Soviets.

I support a commitment to use the Arms Control and Disarmament Agency as a means to achieve mutual reductions in nuclear capability and have voted for authorization bills such as this for ACDA in the past. Without an assurance that this goal will be achieved or that the President will get tough at the bargaining table, I could not give my support to H.R. 11832.●

LEGAL AID IN TEXAS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. PICKLE. Mr. Speaker, the Congress, on December 15 of last year, completed action on a bill to extend the life of the Legal Services Corp. through September 1980. Legal services for indigent citizens who could not afford an attorney was an outgrowth of President Lyndon Johnson's war on poverty and the Economic Opportunity Act of 1964. I thought my colleagues would be interested in an article that appeared in the Texas Observor by Marshall J. Breger, a member of the law faculty at the University of Texas in Austin, and formerly a member of the board of directors of the Legal Service Corp. It reviews the considerable progress made these past years in providing legal representation to indigent Texans. The article follows:

[From The Texas Observer, Feb. 17, 1978]

LEGAL AID IN TEXAS: MORE MONEY, MORE SERVICES

(By Marshall Jordan Breger)

Since 1924, when the state's first volunteer legal aid society was founded in Dallas, legal aid for the poor in Texas has been a service in short supply. Nominally supported by the organized bar (if only to head off government meddling in the profession), legal assistance has been continually underfunded although never in want of clients.

Through the first half of this century, voluntary legal aid efforts in Texas were organized by local bar associations and law schools. This work, however, was but a poultice. The total legal aid budget for Texas in 1961 was less than $70,000. In 1964, only seven cities in the state had even one full-time legal aid attorney on call. Lawyers tended to argue complacently that "No legal aid system is needed in our town."

During the late 1960s, many members of the Texas Bar opposed the legal services program funded by the federal government through the Office of Economic Opportunity. When the director of OEO's office of legal services tried to sell his agency's program at a 1967 Austin conclave, bar leaders roasted him mercilessly. In 1976, however, when the new federal funding vehicle for legal aid, the Legal Services Corporation, held a meeting of its board of directors at the University of Texas Law School in Austin, State Bar president Gibson Gayle gave the welcoming address. In the last decade, State Bar leadership, if not local bar associations, has moved solidly behind federal subventions for legal aid. A similar shift has occurred in the Texas congressional delegation. In 1966, Sargent Shriver felt obliged to assure George Mahon that legal aid lawyers were not and would not act as social revoluntionaries. Today, Mahon presses for legal aid in Lubbock.

Money for legal aid efforts has always been hard to come by. However, the South and Southwest bore the brunt of fund shortages in the days before LSC's creation, when OEO parceled out the available money. Southern politicians and bar leaders feared that federal subsidies for legal aid would bring government interference, if not racial integration. By the time they reluctantly got in line, the spigot had run dry. Thus, while the South and Southwest were home to almost 38 percent of the nation's poor, the two regions received only 15 percent of the federal legal services dollar.

When the LSC took over national legal aid functions in 1975, Texas' federal allocation was about $1 per poor person for legal aid. In contrast, New York and California claimed over $4 per poor person for their legal efforts. Three years ago, only 20 of Texas' 254 counties had any legal aid scheme at all. The rural poor were largely ignored. Less than 50 percent of the state's indigent were even nominally served by OEO legal aid, and even these were covered largely on paper. A system with less than one lawyer for every 10,000 poor people can't be expected to do much.

Recent appropriations have raised the national legal services budget from $70 million in 1970 to $205 million for fiscal 1978. Some of the new money has been used to repair inflation-related damage done to programs which were originally funded at subsistence levels. But the need to play catch-up ball has not forestalled efforts to extend services to uncovered areas and steer new funds into ongoing programs in areas long underfunded. The object has been to equalize funding levels nationally. Such a policy bows to pressures for equity and to political considerations, and Texas has profited on both counts.

Local programs in Texas should benefit from the push for equalization. Expansion aside, Texas funding increased by more than $700,000 in 1977 to $4,933,182. This is an impressive sum for a program which ran on just over $2 million in pre-LSC 1975. Beginning this month, almost 1.8 million of Texas' poor—65 percent of the state's poverty population—will be brought under what is at least theoretical legal service coverage.

Expansion plans originally called for existing legal aid programs to tack on unserved contiguous areas. In keeping with these plans, the Houston program, now called the Gulf Coast Legal Foundation, increased its budget to cover as yet unserved Galveston and Texas City. In early 1977, the Tarrant County program expanded to set up offices in Amarillo and Lubbock. In 1978, Tarrant County reached out and encapsulated an ailing non-LSC program based in Abilene. Ultimately, the Panhandle may have its own program running down to Midland and Odessa.

Nor has the Rio Grande Valley been forgotten. Texas Rural Legal Aid, based in Weslaco, has expanded into the "Winter Garden" region. A branch office serves Crystal City and satellite offices have been opened in such towns as Del Rio, Eagle Pass and Uvalde. In all, TRLA now serves some 24 counties in South Texas, an area with an average per capita income of $1,000 and a 44 percent share of its population living below the poverty line.

The legal aid attorneys in the Valley concentrate their efforts on voting rights litigation and employment discrimination cases.

The very existence of legal aid in these critical counties can be expected to alter power relationships between government and the poor and may serve as a check on bureaucratic arbitrariness. Access to the courts could provide a vital end-run around governmental intransigence and impropriety for inhabitants of such places as Crystal City and Uvalde.

The litigation docket of TRLA reflects the program's existing emphasis on curbing official misconduct. Last March, in *Castanada v. Partida*, the U.S. Supreme Court found a marked underrepresentation of chicanos on Hidalgo County grand juries to be unconstitutional discrimination. The previous November, in *Barrera v. Zapata Independent School District*, a federal district judge reinstated with back pay several teacher aides who had been refused reemployment because they had in some fashion breached their area's political patronage system. Other TRLA lawsuits are in progress against state education authorities, local welfare officials, and water board districts.

In December of 1976, TRLA opened a farmworker division to serve the special needs of migrant laborers. While still underfunded, the directors of the project hope to focus legal attention on issues of particular importance to migrant and seasonal farmworkers—administration of the Farm Labor Crewleader Registration Act, the Fair Labor Standards Act, and civil rights questions bearing on farmworker unemployment.

For too long legal aid administrators have neglected the rural poor. When Washington bureaucrats thought "poverty" they perceived, in their minds' eye, rioting ghetto youth. Rural poverty was invisible to urban social engineers. The Valley effort, coupled with substantial budget increases for TRLA's migrant labor division, will go far to repair the neglect of the rural poor on the part of the legal services community.

Perhaps the major development in the delivery of Texas legal services, however, may prove to be the recent creation of an East Texas Legal Services Corporation. This new unit covers a swath of East Texas that includes Smith, Harrison, Gregg, Rusk, Nacogdoches, San Augustine, Angelina, Carolina, Jefferson and Orange counties—a rural area that is among the state's most politically conservative regions. A rag-tag group of poverty lawyers had already hung up shingles but they can be counted on the fingers of one hand. Except for these few, and a small volunteer office staffed by students from UT Law School that provided services in Tyler some years ago, there has been no locally sponsored legal aid effort to speak of. (In Beaumont, a two-lawyer Jefferson County Legal Aid office was operated for many years by a local board of directors with private funding. That office closed its doors on Dec. 31, after its directors balked at association with the larger East Texas scheme. Its staff has since been hired *in toto* to serve in the new Beaumont office of East Texas Legal Services, so no loss of local expertise or lapse in service has ensued.)

The LSC is putting $541,558 a year into the new East Texas operation, enough money to keep some 18 to 20 poverty lawyers and supporting staff at work. The corporation sought at first to expand the Dallas program's catchment area to include Beaumont, Tyler and Nacogdoches. The Dallas board eventually demurred, recognizing that its interests and concerns differed significantly from those of its rural neighbors to the east. The LCS's attempt to centralize operations in Texas yielded to geopolitical realities.

The locally controlled program will have offices in Beaumont, Tyler, Longview and Nacogdoches and send out circuit-riding attorneys to towns in surrounding counties. Already, its presence has been endorsed by the Beaumont and Orange county bar associations. A number of chicano groups had objected that the program was attorney-dominated, but their complaints were settled when representatives of the League of United Latin American Citizens were placed on the board of directors.

A further development in the growth of Texas legal aid is centered in Austin. The Travis County Legal Aid and Defender Society serves as a conduit for federal funds used to establish the Texas Legal Services Center. The center holds a watching brief for the state's legal services community in the Legislature, coordinates litigation, and reduces duplicate effort among legal aid organizations. While it is still a nascent organization, the center could prove a powerful force in Texas legal aid development.

Access to justice costs money. LSC planners figure on an annual cost of $7 per poor person to provide one lawyer for every 5,000 clients. Given a national average of one lawyer per 580 persons, the LSC goal is extremely modest.

There has, however, been considerable progress. In 1975, many legal aid devotees feared that congressional enactment of the Legal Services Corporation Act was the final step in the dismantling of the most successful and efficient program spawned by Lyndon Johnson's "war on poverty." Such access to justice as is enjoyed by the poor is still severely limited, but the earlier fears at least have subsided. While disagreement exists over questions of client confidentiality, wage structure, and unionization of LSC attorneys and staff aides, field and corporation attorneys now work in comparative harmony. Provided that congressional budgetary largesse and local bar support are forthcoming, access to justice may yet become more of a reality and less of a distant hope for indigent Texans.

(Observer contributor Marshall Breger, a member of the law school faculty at the University of Texas at Austin, is spending the 1977–78 academic year at a former member of the board of directors of the Legal Services Corporation.) ●

A GREAT SUCCESS STORY

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. VANDER JAGT. Mr. Speaker, in recent years it has been my privilege and great experience to meet and become acquainted with Kemmons Wilson, chairman of the board of Holiday Inns International. What a remarkable gentleman and what a remarkable career. Mr. Wilson epitomizes precisely what our country is all about—permitting a free people to do for themselves what they desire in reaching for success and happiness.

In recent days, a very special feature story on Mr. Wilson appeared in the Detroit News magazine edition of April 16. Permit me to stress one particular quote. I think it says a great deal about this outstandnig man. Mr. Wilson commented:

When you get an idea, you've got to think of a reason for doing it, not a reason for not doing it.

The entire article, entitled "If You Haven't Slept in His Bed, You Must Have Tasted His Tabasco" follows:

IF YOU HAVEN'T SLEPT IN HIS BED, YOU MUST HAVE TASTED HIS TABASCO

(By John F. Mariani)

(Kemmons Wilson invented Holiday Inns not for rich people, but for the rest . . . "'cause the good Lord made so many of them.")

Although you've probably never heard of Kemmons Wilson, chances are you've slept in his bed. You've probably also eaten more of his food than anyone else's except your mom's and McDonald's.

This year his company will gross a billion dollars, and the London Times has called him "one of the thousand makers of the twentieth century."

Not bad for a Depression-born Arkansas boy who never finished high school; but then, as Wilson is fond of saying, "When you ain't got no education, you jes' got to use yo' brains."

Maybe so, but it takes more than simple self-effacement to come up with an idea like Holiday Inns.

The man who invented the Holiday Inn has just turned 65 and offers no indication that he intends to relinquish the reins—despite pressure from younger (better educated) executives who would love to see him take it easier and lapse into retirement. But it's going to take more than Kemmons Wilson's country charm to keep him on as Chairman of the Board of Holiday Inns International 25 years after opening his first motel in Memphis, Tennessee, where his corporate headquarters now sprawl over several hundred acres.

When I first contacted his office for a meeting, I was told Wilson was flying around the Orient on business and would return in ten days, at which time he'd be happy to see me whenever I saw fit.

Wilson's office was far from opulent—panelling galore, a clutter of work, mementos, and family photos. There was a giant "Texas Fly Swatter" complete with a six-inch plastic fly. There were models of airplanes he'd flown himself and of a Delta steamship owned by the corporation.

There was book bound in fake leather lying on a desk. The title read "All I Know About the Hotel Business by Kemmons Wilson". I picked it up and fell right in: 150 blank pages. Wilson put out his hand and chirped a friendly "Har'y doin'?"

He is a stout man with large hands and clean fingernails. His face is ruddy and open, the eyes size you up while the eyebrows move up and down amicably. The hair is a very curious pumpkin color, combed into corporate propriety. For a man who still puts in more than a few 18-hour days, Kemmons Wilson looks like a surprisingly good candidate for the company softball team.

He asked if I'd like to have lunch. I had hoped he would take me to his favorite Memphis barbeque pit, but, since he had just flown in from somewhere, he asked if we couldn't just eat downstairs.

The Holiday Inn buffet was very decorated with plants and bright colors. Everyone said hello to Mr. Wilson and welcomed him back from the Far East. A black cook behind the counter offered him some chicken and dumplings but Wilson patted his stomach and asked for a very small charred piece of roast beef. Then he inquired if the chef had any of them barbequed ribs he'd ordered. "Coming right up, Mr. Wilson. I'll bring them over."

At the table, Wilson started pouring tabasco sauce over everything he ate. "I attribute my long life and health to tabasco sauce," he said, wiping his mouth. "It kills all germs."

The chef brought the ribs and Wilson passed judgment: not bad, but not as great

as the ones in downtown Memphis. Then, sheepish as a pudgy child with a sweet tooth, Wilson ordered a big bowl of soft ice cream, his second most indulged passion. Every Holiday Inn must have a soft ice cream machine and lots of tabasco sauce—in case the boss drops in.

All around us sat younger executives who paid their respects to Wilson as they filed by. Wilson loves playing Big Daddy to these college boys, and there was an obvious air of earned familiarity in the restaurant.

As we chatted, I realized that much of the Kemmons Wilson story had been told and retold by the subject, so many times that he delivered it with all the timing and pacing of a Grand Ole Opry comic. He had prepared lines that worked beautifully in context: "I never wanted to own a million dollars. I wanted to owe a million dollars."

Wilson is generous with the aphorisms: "A man can never be successful until he teaches his wife not to expect him home to dinner."

And he enjoys telling you how he got the Holiday Inn idea in the first place.

Novelist Sinclair Lewis, back in the 1920's, forecast that, "Somewhere in these states there is a young man who is going to become rich. He may be washing bottles in a dairy lunch. He is going to start a chain of small, clean, pleasant hotels, standardized and nationally advertised, along every important motor route in the country. He is not going to waste money on gilt and onyx, but he is going to have agreeable clerks, good coffee, endurable mattresses and good lighting; and in every hotel he will have at least one suite as good as the average room in a modern city hotel. He will invade every town that doesn't have a good hotel already. When he has completed his work, he will be in the market for European chatteaus as fast as retiring royalties have to give them up."

No one took notice of Lewis' advice until one day in 1951 when Kemmons Wilson took a vacation with his wife and five kids in a station wagon.

"It didn't take us long to find out that most motels had cramped, uncomfortable rooms," he says, "and that they charged extra for the children. Few had adequate restaurants and fewer still were air-conditioned. In short, it was a miserable trip."

Wilson had been in building construction for some time and was a wealthy man after years of fiscal ups and downs. Born in 1913 in Osceola, Arkansas, he was raised by his mother, "Doll" Wilson, who lost her job in the Depression, forcing her son to drop out of school and go to work.

His first business venture was selling popcorn on his own inside a movie theater, causing him to be ejected as soon as his profits exceeded the theater manager's. Wilson then bought five pinball machines, built himself a house with the proceeds, and, by the late 1930's, began building houses for other people.

When World War II came, Wilson sold off his business for a quarter of a million dollars to join the Air Transport Command. After the war he was involved with an Orange Crush distributorship, which went bankrupt. He returned to building and, by 1951, was a millionaire.

So, after that miserable station wagon vacation in 1951, Wilson thought there might be a profit in standard motels, the first of which he built on Sumner Avenue in Memphis, where he then lived. It is still standing, although owned by someone else, and is marked with an historical plaque erected by the state. The furniture for that first motel came from a hospital supply company and has been preserved at the corporate headquarters as museum pieces.

"Doll" Wilson did all the interiors for the first and the next 50 inns. The original motel had 120 rooms, all more or less the same. It had a swimming pool, air-conditioning, a restaurant on the premises, a telephone in every room, free ice, dog kennels, free parking, and babysitting available. Later, televisions would be installed. A doctor was on constant call, as was a chaplain.

These amenities are still to be found in every Holiday Inn in the world. And as long as Kemmons Wilson is around, they will continue to be there.

Wilson wanted a distinctive sign, his only requirement being a height of 50 feet. An artist drafted a sketch for what has remained one of the most immediately recognized neon signs of our time—the garish green and yellow standard with a gold directional arrow and a throbbing star perched atop its buzzing pylon. There is one in the Smithsonian Institution.

For a long time Wilson steered clear of the more luxurious style of hotel, living by one of his favorite homilies: "You can cater to rich people, and I'll take the rest. The Good Lord made so many more of them." Wilson still insists that every Holiday Inn room has a fly swatter in it, no matter what the climate.

This is a man in the public eye who refuses to take his name out of the phone book because he wants to hear his customer's complaints directly.

Within a year and a half of the opening of his first inn, Wilson had built three more. He then called on Wallace E. Johnson, a well-known home builder with strong business connections all over the country, to help him plan for expansion to 400 motels nationwide. By the end of the decade, there was a Holiday Inn in Montreal, Canada, and, by 1964, the 500th link in the chain was completed.

Wilson and Johnson used to joke that, given the impetus of the federally financed interstate highway system, begun in the late fifties, they could fly across America dropping sacks of flour at every point where an interstate crossed a major road and put a Holiday Inn there. When a rival motel chain owner was once asked how he decided to acquire property for a new motel, he answered, "I just put one up on the corner opposite a Holiday Inn."

Wilson's kind of optimistic expansion had been the result of franchising the operation, and, Wilson now admits, the company did not keep a careful eye on its franchise owners. For although Wilson would send around inspectors regularly to check up on standards, there was a great deal of difference from one motel to the next. And, generally speaking, Holiday Inns were almost synonymous with mundane, often tasteless lodgings.

Usually they were squat, one or two-story buildings that looked as though they'd been designed by a bricklayer. And, the interiors ran to bargain basement eclat.

Nevertheless, profits soared until all the other motel chains burgeoned in the late sixties. By 1973, Holiday Inns had expanded to more than 1,500 locations internationally—though the market had been saturated since 1970. Then the energy crisis of the mid-seventies drove prices up and profits down.

After some rough years, the company retrenched, actively seeking to retire some of the older, substandard inns and to get into a more luxurious class of hotels. New management was brought in to head a Hospitality Group. Still, although Wallace Johnson retired and Wilson no longer was majority stockholder, no one would dare suggest voting their founder out of the board chairmanship. And Wilson has no intention of resigning.

He refuses to worry about past mistakes, but he admits that his biggest misjudgment involved his refusal to buy into the contract of a young rock star named Elvis Presley back in the fifties.

I was taken on a tour of the facilities there at the headquarters called Holiday Inn City. In one building, dozens of young women sit at Holidex communications consoles taking reservations from around the world, handling up to 750,000 messages in one day. The system can tell a caller from Ohio what rooms are available in Kuching, Malaysia, how many miles the Kuching Holiday Inn is from the airport, what kind of food is served, what the convention facilities are, and so on.

Later, I visited the Holiday Inn University—88 acres at Olive Branch, Mississippi—whose technical facilities might be the envy of Harvard Business School. There are videotapes on every imaginable innkeeping subject—including a ten-minute reel showing how a bartender can tell if a beer glass is really clean or not from seeing how the foam clings to the sides.

As the traditional luxury hotel suffers from low occupancy, Holiday Inns International is now entering into the construction of hotels far more ambitious architecturally than anything Wilson dreamed of back in 1952. The prestigious journal *Interiors* recently called the new Holiday Inn in Chicago "smashing—superbly professional, subtly satisfactory, and surprisingly sophisticated."

Back at his office, Kemmons Wilson continued to hold forth on the common man's approach to big business: "When you get an idea, you've got to think of a reason for *doing* it, not a reason for not *doing* it."

He sure had done it. More than anyone else, it was Wilson who had radically changed the travel habits of America and of the world. He'd standardized the room at the end of the road so successfully that hotels in Kalamazoo, Michigan, now look exactly like those in Katmandhu, Nepal.

I asked if I could get some photos of him with the Texas Fly Swatter, and he happily obliged by sitting at his desk and whacking the hell out of the plastic insect sitting on his annual stockholders' report. He then gathered up some old volumes of Holiday Inn publicity stories and began to pore over them with the delight of a grandfather reviewing his progeny's growth. He'd point to some particular, favorite photo, a shot taken with some bigwig like Prince Rainier perhaps. Or a picture of his late mother, "Doll", dancing with him at a Christmas party.

Not once did Wilson indicate that time was running short for the interview, but, after he'd shaken my hand and we'd said goodbye, I lingered for a moment at the door, a last question popping to mind. But, when I looked at Wilson, he was already at his desk and picking up the phone. Business is business.

When I got to my motel, I sifted through the press material Wilson's secretary had given me. I noticed that Holiday Inns International is currently involved in building a motel in South America. The release said that the building would be constructed in the U.S., broken up into modules, shipped down the Mississippi to the Gulf of Mexico, into the Atlantic and up the Amazon, where it would be re-assembled.

I tried to envision this massive undertaking, but all I could see was Kemmons Wilson sitting on the lead barge, tempting the piranhas with his dangling toes and tossing off sacks of flour—staking out the choicest locations at every bend of the river.

He may not wear the white suit and bow tie of Colonel Sanders, but Kemmons Wilson knows how to work the heart of the common man—it doesn't matter where.●

TRIBUTE TO MR. JOHN STALKER

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. O'NEILL. Mr. Speaker, when the history of American child nutrition programs is written, one name will appear prominently among those leaders who pioneered excellence and personified commitment. That name is Mr. John Stalker of Massachusetts.

It was nearly four decades ago that John Stalker assumed leadership of a fledgling program that was to set the standards for child nutrition programs across this country. Few could visualize that those programs would eventually provide sound nutrition for more than 26,000,000 students each school day.

The National School Lunch Act of 1946 was but 5 years old when John Stalker achieved a major breakthrough—the first State legislation which subsidized costs per meal for student meals.

That precedent for excellence was the first of a legion of others:

For the national association which he helped establish, John Stalker was a leader in designing its emblem, an extended open hand supporting a sheaf of wheat, and including the Latin phrase "Finis Coronat Opus" (The End Crowns the Work.")

For the 1965 Massachusetts legislation which established nutrition education as an integral part of all child nutrition programs.

For the 1971 Massachusetts legislation requiring lunch service to all eligible children; breakfast availability to the same population; State and local subsidies to Federal appropriations to local school districts to insure that students would have nutritious meals.

John Stalker is the dean of State directors of school food service programs. However, school food service is an inadequate phrase to describe the scope and the depth of Mr. Stalker's involvement.

How many can appreciate John Stalker's involvement over four decades in influencing the legislative processes of the Commonwealth of Massachusetts?

How many can appreciate John Stalker's influence upon the U.S. Congress as they have deliberated on the future of national child nutrition programs?

How many can appreciate John Stalker's wise contributions to the national legislative efforts of American School Food Service Association—a professional organization that John Stalker has served without remuneration for more than three decades?

How many can appreciate John Stalker's participation in Massachusetts School Food Service Association for three decades and more?

Many.

Like those who appreciate the heritage of accomplishment. Like those who understand that in the accomplishment of others is the promise of our future. Like those who realize tomorrow's reality is today's efforts.

John Stalker is our today in his accomplishment and his commitment. John Stalker is our tomorrow in his promise and his legacy. No more could be asked of any person.

John Stalker epitomizes leadership.

No more—except to accept our gratitude.

Without objection, I ask Congress to join in saluting John Stalker for dedicated devotion to the children of Massachusetts and the Nation.●

REWRITE OF THE COMMUNICATIONS ACT

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. WIRTH. Mr. Speaker, one of the major issues to be debated in the Subcommittee on Communications relates to cable television. I recommend that my colleagues review the attached, which is a good description of the great promise of cable.

WELCOME TO THE WORLD OF CABLE TELEVISION

(By Larry Kramer)

Beginning in June, if you live in a certain part of Arlington, you will be able to turn on your television and see any of the following programs:

Continual stock market quotations with added financial news.

Twenty-four-hour audio news accompanied by newsphotos.

Full-length, feature motion pictures—"Annie Hall," for example.

Comparative shopping guides showing the day's prices of the same products at three dozen Arlington drugstores.

Adult education classes at an Arlington school.

Continuously updated satellite weather photo of the area.

Local news from a San Francisco independent television station.

An Atlanta Braves baseball game.

And more, including perfect reception of all Washington and Baltimore commercial television stations and four area educational stations.

Welcome to the world of cable television, an institution that is searing the ratings off of those in the government who worry about how to regulate this 20-year-old communications force.

The Arlington Telecommunications Corp. expects to start serving its first homes in June with a cable system that it hopes will reach about 72,000 homes in Arlington County by 1980.

There is one word to describe the state of the art in the cable television industry—confusion. One only has to read the federal cable regulations to realize just how confusing the subject has become.

Meanwhile cable television companies are popping up around the country with the approval of local governmental bodies charged with awarding franchises. There are approximately 3,700 cable TV systems in the United States, serving 8,000 communities and 12.5 million homes.

Estimated annual revenues of the cable industry are $900 million and profits are better than they have ever been.

By the end of this year, according to the National Cable Television Association, an estimated 14 million homes will be wired to cable—nearly one-fifth of all the homes in the U.S. with television.

A recent sudy by the Department of Commerce projects that cable subscribers will be added at a rate of 9 percent annually to a total of about 25 million in 1985.

With an apparent move toward deregulation in the offing from congressional staffers who are rewriting the Communications Act of 1934—which made no mention of cable—there is a chance that growth could even be faster.

Just what is cable television, and why is the government having so much trouble trying to figure out what to do with it?

Community Antenna Television (CATV), often referred to as cable television, was created in the early 1950s to bring distant television signals to isolated communities. The idea was to erect one huge antenna in an area that because of local terrain or distance from transmitters had little or no television reception, and then, for a fee, string wires from that antenna to a subscriber's home to improve reception.

But in the late 1960s, cable TV evolved into its own entertainment medium, offering not only improved reception of existing television signals, but programming from distant cities and—generally for an added charge—additional forms of entertainment. First-run movies, for example, could be run on special channels with no commercial interruption.

But as the cable industry grew into a major entertainment force, the broadcasting industry began to worry that it would have a serious effect on traditional broadcast business.

"The Federal Communications Commission backed into regulation of cable television because of its potential negative impact on conventional broadcasting," according to a report issued in January 1976 by the House Communications Subcommittee of the Interstate and Foreign Commerce Committee.

The FCC began to regulate cable in the 1960s, "because it concluded that broadcasting, and thus the public interest would be adversely affected by cable's unregulated growth," the report said.

In a far-reaching decision in 1972, the Supreme Court—in the case of U.S. vs. Midwest Video Corp.—ruled that cable operators must originate their own programming, affirming a rule set by the FCC. That decision also affirmed the FCC's authority to regulate cable.

In that five-to-four opinion, Chief Justice Warren Burger wrote a separate affirmative opinion. He indicated his support of the government's stand in that case, but cautioned that the FCC's action "strains the outer limits" of its jurisdiction. Burger cited "the need of a comprehensive reexamination of the statutory scheme as it relates to (cable), so that the basic policies are considered by Congress and not left entirely to the commission and the courts."

Basically, the problem was that Congress had never considered the role of cable systems in the communications spectrum, because cable did not exist in 1934 when the Communications Act was written.

Since 1972, there has been little activity in cable regulation as the FCC moved on more pressing, and less confusing, issues. But the House Communications Subcommittee held hearings last year on the entire Communications Act as the basis of a complete rewrite of that legislation.

"The FCC promulgated its rules backwards," says subcommittee staffer Chip Shooshan, "protecting the major markets and not the smaller markets. We want to know just what local programming is being

protected by FCC regulations restricting cable operations."

Karen Possner, another subcommittee aide who is drafting the cable section of the new act, says Congress first must decide just what cable TV is.

"What is the nature of cable television?" she asks in a subcommittee option paper. "Is it a distribution service, a programming service, or both? What is its relationship to other communication media that provide similar services?"

And, she asks, what degree of regulation should be imposed on cable, and by whom?

At present the FCC regulates the kinds and numbers of television signals that can be carri d on a cable system. For example, the commission will not allow certain programming to be brought into an area if it is an economic threat to an existing broadcaster.

In the top 50 markets in this country, a cable television operator is limited to at most three distant signals, that is, signals from other cities. And those must be independent stations that do not threaten the economic base of local network affiliates. But if there already is at least one local independent station, the cable license limit is cut to two signals.

In the next 50 markets, there are a maximum of two outside stations allowed. In all but the top 100 markets, only one outside signal is allowed, presumably because a larger number of stations would have a drastic effect on the existing one or two on-the-air stations in that market. Cable systems presumably do not pose an economic threat in a large market with many stations.

From that point on, the regulation is basically unintelligible.

Cable television poses other difficult questions.

One issue is royalties. How much should be paid for programming relayed over cable systems?

Right now, for example, an Atlanta station that will be viewed in Arlington via cable—WTCG, Channel 17—receives no money for its programming. Instead, an independent common carrier pulls in WTCG's signal from microwave transmissions and relays it by satellite to an estimated 170 cable systems around the country. The common carrier—Southern Satellite Systems—receives whatever royalties are paid by the cable systems using the channel.

The motion picture industry claims it is not being paid nearly enough for selling its movies to common carriers for resale to cable.

Motion Picture Association President Jack Valente recently complained to the Justice Department that Home Box Office, which is owned by Time Inc., had an unfair grip on the pay-TV business—that part of the cable industry which sells motion pictures to individual cable firms. HBO controls about 80 percent of the market.

At least one of HBO's competitors is owned by member film companies of the MPA, but Valente still complained that HBO was able to pay just about what it wanted to for films.

Since "80 percent of the people going to the movies are under 30," according to Henry Geller, head of the Office of Telecommunications (which has just moved from the White House into the Commerce Department), then cable is one of the most attractive growth areas—if not the only growth area—open to the movie industry. "Filmmakers love it," Geller adds.

Arlington Telecommunications Corp. (Artec) is bringing cable television to the Washington area for the first time. Artec offers 36 channels of programming, including 23 that are exclusive to its system. By nature it is more of an entertainment medium than anything else, the 24-hour news service is little more than all-news-radio accompanied by still photos.

To reach its estimated audience of 72,000 homes, Artec is running 360 miles of cable on existing Virginia Electric Power Co. power poles (for a fee of $4 a pole a year) and into apartment houses and private homes throughout Arlington. For obvious reasons, Artec will be available in the more densely populated sections of Arlington first.

Artec charges a one-time installation fee of $25 for each television set attached to its system. After that, subscribers will be charged $7.95 a month (for one set—each additional set is an extra $2 a month) for a basic service, which promises perfect reception of all local and Baltimore stations, automated news, weather and feature channels, and two out-of-town independent stations (from Atlanta and either San Francisco or Chicago).

For a total of $16.90 a month, however, the premium programming package is included. That premium programming is independently fed to Artec by Home Box Office. It includes such fringes as first-run movies, and most of the other features listed at the beginning of this article.

That Artec has been able to get off the ground at all is a tribute to the improved economics in the cable industry, which many bankers looked upon as a high-risk venture only five years ago. Artec is being financed by $2 million in venture capital from Business Development Services Inc. of Connecticut, a division of General Electric, and a $4.7 million line of credit from the American Security Bank here.

The cable television business is not a guaranteed gold mine. Already there have been failures and bankruptcies, although most can be traced to inadequate funding or mismanagement rather than difficulties in selling the system. The cable business is extremely capital intensive, requiring huge capital outlays initially to install the costly coaxial cable which must be in place before the first subscribers are signed up.

According to Artec President John Evans, "For every $1 we take in, we spent $3.10 on our capital plant. That compares to $2.25 spent for plant by the telephone company and about $1 by the broadcasting industry."

To be sure, the future of cable is bright. There are entire areas of potential revenue that only now are being cultivated. Both WTCG in Atlanta and WGN in Chicago, independent stations that are fed to many cable systems around the country, are exploring the possibility of selling advertising time based on the number of cable homes they reach—which would be the first time any on-the-air station made money off of cable.

"I believe when the numbers get big enough, when we reach 25 million homes on cable for instance, that we will attract advertisers and somebody will build a network to service cable systems," says Don Anderson, vice president for cable relations for Turner Communications Corp., owner of the Atlanta station.

That station has become sort of a mainstay in the South. The closest independent stations to Atlanta are in New Orleans and St. Petersburg, Fla. There are none in Mississippi, Alabama, Arkansas and South Carolina. So WTCG has become a force in those southern states which get it by cable. It is a heavily sports-oriented channel, carrying all the games of the professional baseball, basketball and hockey teams in Atlanta as well as the exhibition games of the city's football team. Ted Turner, who owns the basketball Hawks, baseball Braves and hockey Flames, also owns the television station.

In addition, WTCG is a 24-hour station, bringing all-night television to many markets for the first time.

One experiment being watched by everyone involved in the cable business is QUBE, a Columbus, Ohio, cable system owned by Warner Communications Inc.

Warner has spent an estimated $12 million starting up QUBE, which is a 2-way system that charges customers on a per-show basis. In other words, you watch what you pay for. Viewers use a selector to pick the programs they want from a program guide. A Frank Sinatra concert tape costs $2, while movie prices range from $1 for classics, like the Marx Brothers, to $3.50 for recent releases, like "Network" or "Rocky." A high school football game might cost about $2.50.

"Warner is betting millions that the public will spend a significant part of their entertainment dollar on this," Geller says.

In fact, according to the most recent issue of TV Digest, a trade publication, Warner can't even predict when QUBE will break even.

"We had start up costs last year, and we had them in 1975 and 1976. We're doing something that's never been done before, so there's no way to predict," said Warner Cable Chairman Gustave Hauser in TV Digest. QUBE's pre-tax losses for 1977 were $7.8 million.

Cable's attractiveness is evidenced by the fact that most cable firms are owned by other communications firms—interests that are acutely aware of its eventual marketability.

A third of the existing cable companies are owned by broadcasters, newspapers own about 13 percent of the systems, and other publishers own another 13.2 percent.

Down the road is the possibility of attaching home fire or burglar alarms to the system. Since Artec is wiring its entire system with what could be used as a two-way cable, at some future date a cable viewer may be able to press a button at home and set off a firm alarm at a central station.

How about a dating service, Artec president Evans is asked? A photo could appear on the screen with a phone number below.

"If it makes economic sense, we'll look at it," Evans says.●

CONTRIBUTIONS OF JIM HENSEVELT

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. SKELTON. Mr. Speaker, those of us who are involved in the business of the Federal Government here in Washington know full well the importance of having dedicated and competent officials hard at work in local communities. Many of the most creative pieces of legislation coming out of Washington have their origins in the experiences of smalltown mayors, city councils, and city managers. We depend on input from these officials in order to identify the needs and desires of the people in their communities.

I mention this today because I would like to single out one outstanding official from my hometown of Lexington, Mo., who has recently retired from public life. Jim Hensevelt has just completed his second term as mayor of Lexington. Prior to that, he was a city councilman for 6 years. But cold numbers like that cannot begin to tell the story of what he has done for the community. In 1974, Jim retired at the end of his first term as mayor. However, he had done

such a good job that the people just would not let him go. He was reelected in 1975 by a write-in ballot.

Jim Hensevelt is a lifelong resident of Lexington. His father, Ben, still lives in Lexington. In 1946, Jim married Betty Robertson. They have two children, Carol Hensevelt, of Victoria, Tex., and Steven Hensevelt, of Lee's Summit, Mo.

Jim served with the Air Force in World War II as a ball turret gunner in Italy. He answered the call to colors again in the Korean conflict, serving on the island of Okinawa.

As a citizen, Jim Hensevelt has served the community in many capacities. He served on the State Finance and Revenue Commission for the Missouri Municipal League. Recently he was appointed to the Missouri Housing and Development Commission by Gov. Joseph Teasdale.

This month, Jim Hensevelt stepped down as mayor of Lexington. I am sure that history will prove that he was one of the best mayors Lexington ever had.●

WHOSE JOB?

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. GINN. Mr. Speaker, one of the most important legislative proposals pending before Congress is H.R. 959, the Administrative Rulemaking Control Act. the central objective of this legislation, of which I am a cosponsor, is to give the Congress the opportunity to review and approve or reject Federal regulations prior to implementation. This would eliminate the extremely serious problem in which agency regulations sometimes distort or contradict programs and laws established by Congress.

My distinguished colleague, the Honorable ELLIOTT LEVITAS, is the author of this legislation and is its most effective advocate.

An editorial in The Atlanta Journal of April 24 gives another compelling illustration of the need for enactment of Mr. LEVITAS' bill. I include the editorial in the RECORD at this point:

[From the Atlanta Journal, Apr. 24, 1978]

WHOSE JOB?

A Federal judge in Maine has struck down an HEW regulation requiring schools receiving federal funds to give paid sick leave to pregnant teachers.

In the opinion of Judge Edward Gignoux, Title IX of the U.S. Education Law of 1972 on which the HEW regulation was based bans sex discrimination as far as programs for students are concerned but does not apply to teachers.

This decision will be appealed, along with similar ones by other judges, and in any event it's not the issue itself which attracts our attention at this stage, for there are other laws dealing with sex discrimination in employment—and if none of them apply after appeal, Congress could consider a new law.

What is significant about this case is that it is one more lawsuit revolving entirely around bureaucratic interpretation of the intent of Congress—and a judge having to pass upon the bureaucratic interpretation.

Obviously, if Congress itself had passed on the regulations, its approval would indicate the interpretation of its intent to be correct. A number of congressmen led by Rep. Elliott Levitas of Georgia have been struggling for some time to get Congress to fulfill its responsibility over the law of the land by taking on the duty to review this mass of administrative interpretation having the force of law. Success has been achieved in amending some recent laws to provide for review of the regulations enacted under them, but it has not been accepted as standard procedure in all cases.

This approach would mean more work for Congress, but less for the courts—and if Congress isn't ready to say what it meant when it passed a law, the courts can only guess. Somewhere down the road, we fear, lies the end of representative government.●

UNIVERSITY OF MICHIGAN PROFESSOR: TESTIMONY

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. PURSELL. Mr. Speaker, I would like to present the third and final item of testimony submitted by three University of Michigan professors on April 12 before the Public Works Appropriations Subcommittee.

Dr. Terry Kammash, a professor of nuclear engineering at the university, spoke to the subcommittee regarding magnetic fusion energy research. The following is his testimony:

My name is Terry Kammash. I am Stephen S. Attwood Professor of Nuclear Engineering at the University of Michigan, and I am pleased to have the opportunity to testify on magnetic fusion energy research.

I believe that I reflect the feeling of many in the scientific community both here and abroad when I say that in controlled fusion power is the ultimate answer to man's energy problem. In addition to the many attractive environmental qualities they will possess, fusion power reactors will be fueled by Deuterium (mixed with Tritium) which exists to an almost inexhaustible limit in the ocean waters.

The road to commercial utilization of fusion power consists of two major milestones: a demonstration of the scientific feasibility of the fusion process, and a demonstration that the engineering and technological problems associated with building an economically viable power producing reactor can be satisfactorily solved.

The first requirement, generally referred to as the "break-even condition", implies that the energy produced by the fusion reaction of the Deuterium (D) and Tritium (T) nuclei is just equal to the energy needed to heat the reacting plasma to thermonuclear temperatures. For a 50% – 50% D–T mixture contained in a magnetic bottle, the above conditions means that a confinement quality nt (consisting of the product of density and confinement time) of 10^{14} cm^{-3} sec must be achieved at a plasma temperature of about 100 million degrees centigrade (or 10,000 electron volts).

This combined requirement has not yet been achieved although each of the constituent parameters has been reached or exceeded in several U.S. and foreign experiments. As a measure of the progress made toward this goal in recent years let me point out that an nt value of $5x10^{12}$ was reached in 1975 in the Alcator A device of MIT and a value of 10^{13} was achieved in the same device a year later. Within the past few months, Alcator A has improved its confinement quality to a new record of $3x10^{13}$, while in the most recent months the Princeton Large Torus (PLT) reached a value of 10^{13} in a much larger device with about half the magnetic field of that of Alcator A. Another Tokamak device designed to test the effect on the confinement quality of plasma cross-section shaping is being constructed at the General Atomic Company in California and will commence operation soon. It is expected to reach a value of $8x10^{13}$ by the end of the year, while a second generation Alcator called Alcator C is confidently expected to reach a value of 10^{14} sometime next year.

In addition to the confinement quality, a measure of how close fusion research is to achieving breakeven is the ion temperature. The rate of fusion energy production is proportional to this quantity and powerful heating sources are being employed to raise the ion temperature to ignition values. Plasma heating by Neutral Beams, when applied a year or so ago to a mirror device at the Lawrence Livermore Laboratory in California, resulted in ion temperatures that well exceed thermonuclear temperatures, while upon its utilization recently in the Princeton PLT it resulted in an ion temperature of about 2.2 KeV at the impressive confinement quality referred to earlier.

Perhaps the most indicative measure of the potential power production of a particular fusion device is its so-called "Q" value, or figure of merit. This is a measure of the energy gain, and it represents the ratio of the fusion energy produced to the energy invested in heating the plasma. A "Q" value of one clearly represents breakeven and a significantly larger value indicates how attractive a fusion machine is as a power producer. The recent impressive results from PLT have yielded an equivalent Q value of one half of one percent which, though admittedly modest, is 50 times larger than any value reached in fusion research thus far. The Toroidal Fusion Test Reactor (TFTR) currently under construction is expected to reach breakeven or Q of one in the not too distant future.

A successful demonstration of the breakeven condition may permit and pave the way to the construction of a fusion power reactor but it cannot guarantee it. Only a demonstration of engineering feasibility can do the latter and this may turn out to be a more difficult task than demonstrating scientific feasibility. Preliminary investigations consisting primarily of paper designs have led to the identification of many of the engineering and technological problems that may stand in the way of fusion as an economically viable source of power. Some of these problems are indeed formidable and will require a national commitment on a scale larger than any we have seen with other energy sources if they are to be solved.

The progress that I have briefly sketched is truly impressive, and although it cannot be portrayed to the citizenry with visible spectaculars (as was possible in the case of space research), it represents a giant and dramatic step towards solving one of man's most difficult and elusive scientific challenges. It is no longer a question of "if" but of "how soon"! The U.S. effort in this field of research, once dominant in the international arena, is now overshadowed by other nations. With the energy problem becoming more acute, our almost total dependence on our ability to generate usable forms of energy has never before been as critical as it is now. In controlled fusion, we see an inexhaustible, environmentally attractive source that we can almost tap. It is imperative, therefore, that our national effort, both public and private, be brought to new levels of vigor and support in order to achieve this highly coveted objective.

The year 1984 has been targeted as the year

of decision for laying out the foundation for the ways and means by which fusion could most readily impact the energy program of the nation. We could at that time opt for a purely research mode of operation similar to the one currently followed in the pursuit of breakeven demonstration, but that, in my judgment, would be unfortunate. Instead, we should consult with every segment of the fusion community including university and industry representatives to single out the approach that will achieve this objective in the shortest possible time.

This approach may not take the form of constructing a pure fusion reactor; rather it may be associated with other applications of fusion, such as a hybrid system where power production may be secondary to the production of fissile material needed for fueling fission reactors. Such a decision would not be entirely unwise since it would not seriously detract from our effort to continue to develop the environmentally attractive pure fusion recator.

To effect such a decision at the prescribed time, however, requires that we take action now as in the very near future on the steps necessary to implement this decision, particularly those pertaining to the federal budget. It seems to me that the fusion budget for the intervening (and certainly subsequent) years should reflect a steady and considerable increase that will allow private industry (which ultimately will build these devices) to participate meaningfully in the research and development (R. and D.) of fusion power. Failure to bring industry (and, for that matter, its clients, the utilities, who are the ultimate users of this energy) into meaningful participation in the decision-making process and the R. and D. phase could lead to serious delay in the utilization of controlled fusion as a major national energy source.●

RHODESIA

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following articles on the situation in Rhodesia.

The editorials follow:

THAT RHODESIAN SELLOUT

(By Robin Moore and Neville Roman)

The visit by Secretary of State Cyrus Vance to Rhodesia on Monday was even more of a disaster than routine reporting would indicate. The schism between U.S. ambassador to the United Nations, Andrew Young, and British Foreign Secretary David Owen took on Grand Canyon-like proportions before the Americans and British took off in their respective Air Force planes from Salisbury after a day of talks.

There is virtually no accurate intelligence from within Rhodesia at the disposal of the British and American diplomats. They don't recognize the existence of Rhodesia, and therefore no official reports reach them. The unofficial reports they listen to appear to be inaccurate and biased.

For instance, they allude to about 20,000 armed guerrillas on Rhodesia's borders. A more accurate count would be 10,000, mostly between 14 and 20 years old and the majority untrained, although there are highly efficient Communist-trained terrorist cadres among them. Thus the Anglo-American proposals are drafted in the blind.

The prelude to the Vance debacle was played out two weeks earlier during President Carter's trip to Nigeria and Liberia. The president said in Lagos, Nigeria, that "African problems should be settled by Africans without interference from outside sources." The next day at Monrovia, Liberia, the president called for "an Africa free from military intervention by foreigners * * *"

Demonstrating his regard for his president's pronouncements Young followed up Carter's speech by referring to the Ethiopia-Somali struggle. "One cannot raise serious objections to the Cubans or the Russians answering the call for aid from a country whose sovereign territory has been invaded by aggressive external forces," Young stated. Young was reported to have arrived in Lagos with the two Rhodesian exile terrorist leaders, Joshua Nkomo and Robert Mugabe in tow. Whether he actually succeeded in having President Carter meet these two has never been revealed.

The only guideline that the U.S. Department of State seems to operate on is Andy Young's total emotional involvement with Nkomo and Mugabe. Both leaders openly state that they are backed by Russia and China, respectively. Mugabe announced the day before Vance left Tanzania for Rhodesia that he would demand that power be turned over to his "Patriotic Front" so he could form a one-party Marxist state. Yet Young still insisted in Salisbury that Mugabe and Nkomo be given at least half the political power and allowed to bring their armed terrorists to Rhodesia.

When the black moderates reiterated that Mugabe means what he says and intends to form a Marxist dictatorship, Andrew Young's reply was that Mugabe was not a Communist but a good Catholic. Even before the Mugabe-initiated massacre of the seven Catholic priests and nuns at St. Paul's mission, last year, there was considerable doubt that he is any part of being a good Catholic.

The 17th of April mission to Rhodesia was mounted by the Vance party only after two days of patronizing the "patriotic Front" leaders and their backers, the so-called Front-Line-State presidents, none of whom allow elections or a two-party system in their own countries. Certainly they have no stomach for a democratic state on their borders.

There was a touch of the ludicrous in the arrival of the American and British negotiating teams. The American Air Force 707 with United States of America emblazoned along its side appeared over Salisbury simultaneously with the British Royal Air Force VC 10. Both the American and British aircraft requested immediate clearance to land. Considerable haggling on protocol erupted over the radio frequencies. The joke around Salisbury tells of the Rhodesian air controller always ready to accommodate all concerned, who suggested the two planes should land simultaneously from opposite ends of the runway.

After a scuffle at the airport as to whether the Americans should leave first in their bullet-proof vehicle driven up from the U.S. embassy in Pretoria or Owen should lead the caravan in the Cortina the British embassy sent up from South Africa, the Brits made their getaway ahead of the Yanks.

The talks got under way late in the morning in a conference room at the civil service training center and the rest of the day was spent by the Anglo-American team in an effort to pressure the moderate blacks now in control of the Rhodesian government into allowing Nkomo and his Zapu terrorist force, back into the country, stating that this would end the war.

Politely the black moderates pointed out that all this would accomplish would be to bring a Soviet-armed and equipped enemy into their homeland, killing any chance of the newly formed representative government surviving.

Vance offered U.S. guarantees. The black leaders obliquely referred to the American performance or lack of same in Vietnam, Angola, and Somalia.

Andy Young once again insisted that Joshua Nkomo and Robert Mugabe be immediately given power in the new government and the terrorist army become a dominant part of the Rhodesian security forces. It was to no avail that the three black leaders, the Rev. Ndabaningi Sithole, Bishop Abel Muzorewa and Chief Jeremiah Chirau, aided by the huge throngs on the scene to demonstrate their confidence in the new leadership, claimed that they had the support of 90 percent of the Rhodesian population.

Using the old blackmail tactic of continuing to regard Rhodesia as an illegitimate state and withhold recognition and free trade, Andy Young continued to bludgeon Sithole, Chirau and Muzorewa into turning at least half the power over to Mugabe and Nkomo. These valiant black moderates would not be coerced. That they had done more in two years to achieve a racially harmonious state than Young and his civil-rights movement had done in two decades in the South was the subtle innuendo.

In the spirit of compromise the black moderates asked if the United States and Britain would recognize a referendum from the majority of all Rhodesians black and white, and on that basis support the new government.

The answer was a curt "no." So much for President Carter's statement about African problems being settled by Africans without outside interference.

At 6:03 that evening after restraining Young from firing off a burst from the hip at the assembled press and hustling him back on the U.S. Air Force 707, a clearly shaken Vance took off, leaving behind an atmosphere of uncertainty tinged with derision for another inept demonstration of Anglo-American solution to the Southern Africa problems. The British stayed on another hour and 45 minutes, presumably to tidy up as much as possible the mess left in the wake of the Young-Vance foray.

U.S., BRITAIN SHOULD KEEP AWAY FROM RHODESIA

(By William Randolph Hearst Jr.)

NEW YORK.—As you regulars know, I recently spent several days in Rhodesia interviewing both its black and white leaders and observing at first hand the trials and tribulations they are having in turning their white minority government into a black-majority ruled government.

As a globe-trotting reporter, I developed a keen interest in Rhodesia, as it is making the first sincere (and so far successful) effort to form a truly integrated bi-racial, representative, democratic form of government in Africa—and maybe in the whole world—ever.

Moreover, there are some kindred souls in that lovely country. Ian D. Smith, the prime minister, with his fellow British citizens in Rhodesia, seceded from the British Commonwealth in 1965.

For this sin they have been branded by the United Nations, at the behest of great Britain and with our connivance, as an illegal country.

Actually they are no more illegal than the United States of America which some 200 years ago did almost exactly the same thing.

The "mission of the mediators" this past week, consisting of U.S. Secretary of State Cyrus Vance, British Foreign Minister David Owen and American Ambassador to the United Nations Andrew Young was totally non-productive.

To review the situation as it stands.

1. Prime Minister Ian D. Smith and three politically moderate blacks, Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Senator Jeremiah Chirau, are co-leaders of a transitional government that will exist until

Dec. 31 when an elected government will take over.

2. Meanwhile, a committee of 18, evenly divided between blacks and whites, will rule the country until the end of the year.

3. At the beginning of next year, a representative form of government will be instituted and dominated, of course, by the black majority.

Meanwhile, outside the borders of Rhodesia are the armed forces of the two guerilla leaders, Mugabe and Nkomo. These troops sometimes fight each other, but more often raid and foray across the border, looting and killing blacks and whites alike.

The pact that was drawn up by the three moderate leaders and Prime Minister Smith excluded the guerillas from representation but they have since been invited to participate.

The absurdity of the guerillas' position is that though in combination they represent only 10 to 15 percent of the blacks in Rhodesia, they are demanding equal representation. This would mean, in effect, that these two Russian-backed outlaws would have the same voting strength as the three elected blacks who represent 85 percent of the population.

This, of course, makes no sense to us, but as their goal is a socialist state and as all of the countries surrounding Rhodesia have dictator governments, their demand has been seriously discussed and considered by Great Britain and the United States and actually favored by Andrew Young.

It could be that Young is an unintentional racist who empathizes—quite understandably—with any black minority.

These minority leaders, Mugabe and Nkomo, hardly merit such support from the U.S. or Britain. Mugabe, for instance, is a loudly-proclaimed Marxist who favors a one-party communist state in Rhodesia.

To illustrate the drift of Young's thinking, one should consider a little vignette that took place in Dar Es Salaam, Tanzania last week. After Mugabe had announced that he considered a multi-party system of voting as a "luxury" and that he favored a Marxist one-party system, a reporter asked Ambassador Young how Mugabe could be counted on to be a true Rhodesian leader. One of Young's aides replied, "If George Wallace can run for president of the United States, then Mugabe can run for office in Rhodesia. It doesn't mean he will be elected."

The indication here is that Young is acting either out of ignorance or out of sympathy, and neither one has a place in foreign diplomacy. There is a strong feeling that Andy Young is confusing the Africa of 1978 with the Georgia of the early 1960s. Then the way to handle the black-white problem was to stage a sit-in at a department store.

Andy Young is a loose cannon on our deck and he could cause great damage unless he is restrained. He will not win many black votes for Carter by supporting dangerous people like Mugabe and Nkomo.

The people of this nation have a right to wonder why our secretary of state and UN ambassador think it is wise to meet repeatedly with these two guerillas. It is like conferring with a bunch of thugs outside city hall who want to oust the elected mayor and run the city.

The visit of Vance, Owen and Young to Africa can be said to have widened the gap between the differing parties inside and outside Rhodesia.

It must be remembered that the army, which previously fought for the white government alone, is now fighting for an interim government that is 50 percent black.

As the Financial Times of London editorialized:

"What has long been a political struggle for power between rival black nationalists has thus now turned into a military contest . . . as things stand currently, neither side is winning and therefore both sides could well soon be tempted to call on external allies to help them win."

The very thing that Young and Vance say they are trying to avoid—the entry of the Cubans into the Rhodesian situation—may very well be brought about by their policy on Mugabe and Nkomo.●

STUPENDOUS STEIGER

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. MICHEL. Mr. Speaker, the Wall Street Journal has editorially commented on a recent proposal made by our good friend and colleague, Mr. STEIGER of Wisconsin. His amendment to cut back the tax on capital gains was offered to the President's tax package now before the Ways and Means Committee. The Steiger proposal is praised highly by the Wall Street Journal and for good reason. As the Journal puts it:

A lower tax on capital gains will raise more money, not less, for the government.

Equally important—

it would give the economy a powerful shove and boost revenues from other taxes as well.

Now you would think that any proposal that results in all these benefits would be greeted by cheers by the administration. Unfortunately, the administration believes many ideological and economic myths, chief among which is that soaking the investor is good economics.

The administration's faith in their myths is touching, but it does not answer the question: Where are we going to find those willing to take the risks of investing if we do not make our tax laws attractive to would-be investors?

The Wall Street Journal, not known for journalistic exaggeration, says:

The Steiger amendment is not one tax provision among many, but the cutting edge of an important intellectual and financial breakthrough.

At this time I would like to insert in the RECORD "Stupendous Steiger," from the Wall Street Journal, April 26, 1978:

STUPENDOUS STEIGER

Rep. William Steiger of Wisconsin, a slight, youthful 39-year-old Republican, has shaken the earth, causing convulsions in the Carter administration, a titanic struggle in the business world and the rapid aging of House Ways and Means Chairman Al Ullman.

What Mr. Steiger did, in all innocence, was propose an amendment to Mr. Carter's tax package. The amendment cuts back the tax on capital gains to where it stood in 1968, before President Nixon was talked into boosting it and hitting it with minimum-tax provisions. Because there are 37 members of the committee and only 12 Republicans, it hardly seemed likely the Steiger amendment could walk, much less fly. But a nose count on both sides turned up at least seven Democrats favoring the amendment. That gives Mr. Steiger 19 votes, a majority, with additional members undecided and potential converts.

The Carter tax package, already reeling from other setbacks, has been stopped in its tracks by the Steiger amendment. Mr. Carter wants to raise, not lower, the capital gains rate. Soaking the rich investor is such an article of faith among liberal tax "reformers" that they are likely to vote against any bill with the Steiger amendment, without even listening to the arguments that have persuaded a majority of Ways and Means. So the tax bill, originally scheduled for mark-up on May 3, has been put off for a week or more. The chief purpose of this delay is to stop Mr. Steiger by trying to horse-trade away some of his 19 votes.

The key to Mr. Steiger's sudden success is one argument: A lower tax on capital gains will raise more money, not less, for the government. The Treasury of course calculates that the rate cut would lose money, handing it out to rich investors. But the Treasury insists on using "static analysis," which calculates the effects of tax cuts by making the convenient but plainly silly assumption that nothing else in the economy changes as a result of different tax rates. Others work with "dynamic analysis," trying to calculate the feedback effects from the rate cuts themselves; often they argue that some kinds of tax cuts will increase total revenues.

With most taxes, you have to argue about the possible dynamic effect. But on the capital gains tax it is written in black and white: In 1968, the last year of the lower capital gains rate, the tax pulled in $7.2 billion in revenues. In 1969, at the higher rate, the tax took in $4.8 billion. After a decade, it is only now getting back to the 1968 level, and in inflated dollars.

So Mr. Steiger is asking the liberals whether they want to cut off their nose to spite their face. Are they really so intent on soaking the rich investor they want the government to give up money in the process? Understandably, the "tax reform" legions are running for cover.

We are prepared to argue that the Steiger amendment would not only boost the revenues from the capital gains tax itself, but would give the economy a powerful shove and boost revenues from other taxes as well. The 1969 change effectively cut in half the jackpot for high-risk capital investment. Reversing that move would double the jackpot and send the economy onto a real growth path.

This prospect of growth is spawning new political coalitions as well. Los Angeles Mayor Tom Bradley, a black liberal Democrat, has testified on Mr. Steiger's side, seeing that higher rewards for risk would boost the young electronics companies in his city. Black bankers and energy groups, seeing that favorable capital gains treatment helps rising enterprises, are pushing hard in a new, unusual alliance with the U.S. Chamber of Commerce.

Meanwhile, the Business Roundtable and the National Association of Manufacturers stand silent, tempted to throw in their lot with Ralph Nader and Jimmy Carter against Mr. Steiger. Big Everything does not relish competition from young upstarts. It prefers tax boondoggles like the Domestic International Sales Corporation, an export-subsidy scheme with no economic justification but of considerable help to multinationals that can hire hordes of lawyers to figure out its provisions.

So the battle is brewing. It remains to be seen whether Mr. Steiger—perhaps with help from Ways and Means minority leader Barber Conable, who also recognizes that a cut in the capital gains rate would boost revenues—can hold together 19 votes against the inevitable temptations of log-rolling. Everyone should know that the Steiger amendment is not one tax provision among many, but the cutting edge of an important intellectual and financial breakthrough.●

INTERRUPTION OF MAIL BY U.S.S.R.

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. GILMAN. Mr. Speaker, each year, thousands of pieces of registered mail, including private communications, packages, vyzovs (invitations to join family members abroad), and cultural materials are sent to citizens of the Soviet Union from the United States of America. In recent times, a significant number of those items have either disappeared or were opened, inspected, and/or confiscated by postal officials of the Soviet Union, in contravention of the constitution and laws of the U.S.S.R., and without the proper notification given to mailers or addressees about the interruption of their mail service and reasons therefor as required by international postal covenants, to which the Soviet Union is a signatory.

As a consequence, a large volume of constituent complaints, primarily from the American Jewish community expressing their concern and frustration over the failure of postal officials of the Soviet Union to insure uninterrupted delivery of U.S. mail to citizens of the U.S.S.R., has been received in congressional offices. In response to the rising number of complaints over the last decade, the U.S. Postal Service has within the past few years begun to monitor inquiries directed to the Soviet Union when the return receipts accompanying registered mail were not forwarded to the sender. This effort produced the following statistical information about registered mail sent from the United States to the Soviet Union for the years 1976 and 1977.

In 1976, during a period of 7 months, a total of 1,716 return receipts were not received by senders who mailed registers from the United States to the U.S.S.R. During the first 9 months of 1977, 1,848 similar complaints were made where the sender did not receive his return receipt from the addressee acknowledging receipt of the letter. It should be noted that the U.S.S.R. insists that of the 1,716 complaints of 1976, 342 of these letters were actually delivered to the proper addressee; and of the 1,848 complaints filed in 1977, Soviets insist that action was taken on 1,006 letters.

In the category of nonreceipt whereby the addressee in the Soviet Union has written the U.S. letter writer that his letter has not been received, there were 139 complaints registered within a 7-month period of 1976 and 95 complaints made within the first 9 months of 1977.

In the 7-month period of 1976, 234 letters were seized by the Soviet Union and within the first 9 months of 1977, 468 more letters were seized. The reason given for the seizure was that internal Soviet regulations prohibited the importation of letters with such contents.

Of the 1,716 letters sent in 1976 where return receipts were not received by the U.S. sender, the U.S.S.R. accepted the responsibility and paid the indemnity to the sender in 413 instances (or less than 25 percent of the cases) because the Soviets failed to prove delivery or assumed the responsibility for the loss of these postal items. Likewise, of the 1,848 complaints filed within the first 9 months of 1977, the U.S.S.R. again, because of their failure to prove delivery or because they assumed responsibility for the loss of those postal items, accepted responsibility for the losses and paid the indemnity to the sender in 1,050 instances (or 57 percent of the violations). Additionally, in 1976, the U.S.S.R. paid an indemnity in 229 instances where they failed to respond to the United States-origin inquiries within the time period specified in the Universal Postal Union (UPU) Convention. In 1977, the U.S.S.R. paid an indemnity in 365 instances because Soviet postal authorities failed once again to respond within the prescribed time period to U.S. inquiries concerning return receipts not received by U.S. mailers.

These total inquiries represent approximately 2.88 percent of total mail volume with the Soviet Union since May 1976. This is to be compared with other countries' inquiry figures: Poland, 0.29 percent; France, 0.14 percent; and East and West Germany, 0.19 percent.

On November 9, 1977, I submitted a report to the Post Office and Civil Service Committee detailing the problem of the U.S.S.R.'s interruption of the U.S. mail. This report, entitled "Union of Soviet Socialist Republics' Interruption of United States Mail," Committee Print 95–9, which was a product of a year's work involving numerous discussions, foreign travel, and extensive study of this subject, documents a systematic scheme by the Soviet Union to isolate the Soviet Jewish community in general, and activists who have risen to prominence through their organized opposition to oppressive measures dictated by the Communist Party in particular, from any contact with or aid from the outside world through the deliberate interruption of the international mail system.

Unfortunately, short of morale adherence, there presently exists no mechanism to enforce prescribed international postal standards.

Having attempted to resolve this issue through private channels with representatives of the Universal Postal Union and the Soviet Union (see Committee Print 95–9), and failing, I next sought to bring public pressure to bear on the U.S.S.R.

Accordingly, and in addition to publishing my findings with the Committee on Post Office and Civil Service, I made this information available to the Commission on Security and Cooperation In Europe and to the American delegation to the Belgrade Conference which met last fall and winter. This material, supplemented by many personal case histories which wholly substantiated the allegations contained in my report, convinced the American delegation that the interruption of international mail by the Soviet Union constituted an issue of noncompliance with the Helsinki Final Act and warranted review by the Belgrade Conference.

Consequently, on the first day of closed meetings, U.S. Delegate Joyce Hughes, a Northwestern University law professor, while addressing the plenary session of the Belgrade Conference, charged that the Communist barrier to the free exchange of letters and publications represented a continuing pattern of disrespect for the 1975 Helsinki Accords.

Drawing from my findings, Ms. Hughes remarked:

> In Principle X, we have agreed that all participating states "will fulfill in good faith their obligations under international law." That commitment is closely bound to the preceding principle on cooperation among states. The rules we live by at home and abroad order our daily existence and secure our prospects of improving it.
>
> In one area the United States sees with deep regret a continuing pattern of disrespect for the pledges we have all made. Let me be specific. In some signatory states, ordinary and registered mail is improperly handled.
>
> When letters do not pass freely between members of the same family—some living in one country and some in another—the process of family reunification is obstructed, not facilitated. When a publisher in New York cannot correspond directly with a literary adviser or author in Moscow, "contacts and cooperation among persons active in the field of culture" are frustrated, not increased. And, when an American friend is unable to obtain delivery of a subscription to the National Geographic Magazine for a Soviet schoolboy or a copy of the World Almanac for a teacher in Czechoslovakia, the flow of information is choked, not widened. These are not hypothetical incidents. These are actual cases. These are facts and we intend to address them forthrightly and with candor and straight talk.
>
> The conduct just described runs contrary to principle IX and also to the "freedom of transit" guaranteed in the Universal Postal Convention. Such actions conflict with the broad pledge of principle X to fulfill obligations under international covenants, as well as provisions elsewhere in the final act.

Finally, in my report to Congress, I offered three recommendations that would further serve to heighten public awareness of this issue and also place the United States squarely on record in objecting to the Soviet Union's flouting of their international obligations in this area.

These recommendatons were:

First. That the Committee on Post Office and Civil Service initiate a formal inquiry into the Soviet Union's deliberate interference with the flow of international mail.

Second. That a resolution be introduced urging the Executive to lodge a formal protest with the U.S.S.R. over their failure to adhere to international postal covenants, to which the United States and the United Soviet Socialist Republics are both signatories.

Third. That U.S. postal representatives at the next UPU Congress be instructed to propose a resolution calling for a strengthened role for the International Bureau to insure member states' compliance with UPU regulations.

In conjunction with my first recommendation, I am pleased to announce today that the Committee on Post Office and Civil Service's Subcommittee on Postal Operations and Services, chaired by our colleague from New York (Mr. JAMES

HANLEY) has consented to hold several hearings on this subject, beginning with one on May 8 in New York City.

In order to give impetus to my final two recommendations, I am today introducing a resolution that expresses the sense of the Congress that, first, the President, through the Department of State, should express to the Government of the Soviet Union the disapproval of the American people over the failure of the Soviet Union to abide by its international obligations; and second, that, at the next meeting of the Congress of the Universal Postal Union in Brazil in 1979, the representatives of the U.S. Postal Service should—

First, bring to the attention of the representatives of the member countries of the Universal Postal Union the Soviet Union's disregard of regulations governing the exchange of mail under the Universal Postal Convention; and

Second, call upon the other member countries for support in encouraging the Soviet Union to respect its international obligations.

The full text of the resolution follows:

CONCURRENT RESOLUTION

Whereas the integrity of the mail service between the United States and the Soviet Union is being called into question by mailers in the United States who assert that postal items are systematically not being delivered to selected addresses in the Soviet Union.

Whereas the explanations required under international law and given by the Soviet postal administration in regard to the nondelivery of mail to certain addresses have consistently been untimely or insufficient;

Whereas the mail which is not being delivered typically is between family members or persons sharing a religious bond and typically consists of personal correspondence or gifts of articles for personal use;

Whereas the non-delivery of mail which is deliverable as addressed and which does not contain prohibited articles is an interference by the Soviet Union with internationally recognized human rights guaranteed to all persons by the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Final Act of the Conference on Security and Cooperation in Europe;

Whereas the systematic exclusion of certain persons from international mail services also violates the Convention of the Universal Postal Union and the Constitution of the Union of Soviet Socialist Republics: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of Congress—

(1) that the President, through the Department of State, should express to the Government of the Soviet Union the disapproval of the American people—

(A) concerning those postal items which are mailed in the United States and are deliverable in the Soviet Union as addressed but which are systematically not delivered by the Soviet Union to the persons to whom they are addressed; and

(B) concerning violations by the Soviet Union of the articles of the Universal Postal Convention and violations of the Final Act of the Conference on Security and Cooperation in Europe; and

(2) that, at the next meeting of the Congress of the Universal Postal Union in Brazil in 1979, the representatives of the United States Postal Service should—

(A) bring to the attention of the representatives of the member countries of the Universal Postal Union of the Soviet Union's disregard of regulations governing the exchange of mail under the Universal Postal Convention; and

(B) call upon the other member countries for support in encouraging the Soviet Union to respect its international obligations.●

HOW TO HURT BLACKS IN SOUTH AFRICA: CUT OFF TRADE

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. BAUMAN. Mr. Speaker, it now appears that the House Committee on Banking and Currency may well report legislation extending the authorization of the Export-Import Bank containing an amendment which will exclude the Republic of South Africa from participating in the bank's loans and guarantees. The supposed reason for this restriction is to punish the white Government of South Africa and aid the millions of blacks whose political rights are limited.

The sheer hypocrasy of this approach is clearly evidenced by the fact that the same legislation contains a special provision to allow the bank's assistance to the mass murderers who rule Red China. But then liberals have never been known for consistency or logic.

The utter folly of this restriction against South Africa is well set out in an article from the current issue of "Politics Today" by Robert Moss, whose background the magazine describes:

Robert Moss is editor of the Economist's confidential weekly newsletter, Foreign Report, and a columnist for the Daily Telegraph in London. His latest book is The Collapse of Democracy. Moss's revelations about the secret war in Angola made world headlines, and he is completing a book on the subject. A former history professor at the Australian National University, Moss lectures at many universities and defense academies, including the NATO Defense College in Rome.

Mr. Speaker, I hope that the House will not support this restriction against an anti-Communist ally such as South Africa. To do so would harm the blacks and the chance for constructive change in South Africa. I urge all of my colleagues who are interested in knowing the facts about this important issue to read the article.

The article follows:

FRIENDS IN NEED: FIVE GOOD REASONS FOR STANDING BY SOUTH AFRICA

(By Robert Moss)

(A strident chorus is now urging Western governments and corporations to commit a destructive act of folly: cut business ties with South Africa. We have heard that demand, on and off, for the best part of two decades. But lately it has become a bull roar. Under a thunder of rhetoric likening South Africa to Nazi Germany, church groups have disinvested in companies with big South African holdings. Universities are being pressured to follow suit. Newspapers and TV networks are lobbied not to run advertisements for Krugerrands. Nigeria threatens to boycott corporations that are heavily involved in South Africa and, with the backing of the Communists, third world radicals and sundry.)

Arabs, pushes for a UN oil embargo and other sanctions. And David Rockefeller feels obliged to put out a statement that Chase Manhattan will not make loans that tend to support apartheid. For all the clamor, the advocates of disinvestment have not yet succeeded in persuading any large Western company with a significant stake in South Africa to pull out.

I can readily understand that, in the wake of Steve Biko's tragic death and the clampdown on the South African press, passions are running high. I can also understand that the system of apartheid—which I personally abhor—has singled South Africa out, in many people's eyes, as a uniquely repressive society—which it is not. But what the campaigners for disinvestment should understand is that, if Western governments and corporations succumbed to their demands, the immediate effect would be to push many more South African blacks into penury and unemployment and to drive white South Africans in overwhelming numbers to support the most inflexible, *verkrampte* policies.

In a condition of economic as well as political isolation, South Africa would become the complete fortress-state, quelling beneath an iron heel the social revolt that would stem from the loss of hundreds of thousands of jobs in the cities. All hope of liberalization, for which foreign business in South Africa is a primary catalyst, would be lost. Instead, two grim alternatives would face the country. Either the Afrikaners, whose stamina, military prowess and sheer determination to survive is equal to that of the Israelis, would manage to hold out—perhaps at terrible cost—until the West changed its mind. Or a combination of civil war and foreign invasion would eventually drive them into the sea and bring about a black dictatorship of "Azania" closely aligned with the Soviet bloc and able, if it suited Soviet strategy, to deny the West access to vital raw materials and the strategic cape route.

Such a prospect is unlikely to trouble Marxists who want a revolutionary outcome, inverted radicals who don't care what sort of government South Africa has as long as it's black, or the voyeur liberal who simply gets a thrill out of seeing anti-Communist countries kicked in the ribs. But it should worry anyone who hopes for liberal reform.

There are five major reasons for opposing economic sanctions against South Africa. The first is that there is no moral case for sanctions unless they are also to be applied to every other country that commits equal, or greater, abuses of human rights. Consistency would require applying sanctions to over half the member countries of the UN, and to nearly all of the African continent. Second, the survival of South Africa under a pro-Western government is central to Western security; if South Africa were to fall under Soviet domination, the strategic position of Western Europe would become untenable. Hence it is strange policy to seek to destabilize South Africa's government by undermining its economy. Third, Western investment in South Africa not only creates jobs for workers in Europe and America, but helps to employ more than 500,000 migrant workers from neighboring African countries and to provide other vital props for their teetering economies. Fourth, the private sector in South Africa has been the leading catalyst for change, and some Western companies there have set an enlightened example in their treatment of their black work force. Finally, the first people to suffer from Western economic sanctions would be the blacks that the boycott campaigners imagine they are defending. I will briefly explore each of these arguments. Then we can consider some realistic suggestions for social reform in

South Africa that have been put in jeopardy by the campaign to isolate it from the world community.

THE MORAL ARGUMENT

Everyone knows the name of Steve Biko, and the terrible story of his death. But how many people know the name of Ijegayehu Asfa-Wossen, the late Emperor Haile Selassie's daughter, who died under almost identical conditions in a prison hospital in Ethiopia on January 31 last year? According to an Amnesty International report, her death "was possibly due to bad detention conditions and lack of proper medical treatment."

South Africa's crimes are writ large, while those of other African countries are completely ignored. South Africa's government is described as a repressive regime; but how repressive is it compared to the other governments of Africa? Western nations were rightly shocked by the banning of editors and the forcible closure of black newspapers. Yet the African director of the International Press Institute has observed, with reason, that "there is more press freedom in South Africa than in the rest of Africa put together." Only whites can vote in South Africa, but no one can vote in much of black Africa. Of the 49 member states of the Organization of African Unity (OAU) only four can boast anything resembling democratic institutions—Gambia, Botswana, Mauritius and the newly independent Djibouti. The rest are either one-party states or military dictatorships. In a recent Freedom House survey of the state of human liberties in Africa, only two countries were described as free.

The abuses of the security police in South Africa are kindergarten fun compared to the tribal and political massacres that have been executed since independence in such countries as Uganda, Nigeria, Zaire or Equatorial Guinea. Yet the documented slaughter of thousands, the murder of an archbishop and the mass expulsion of the local Asian community by Uganda's crazed dictator did not prevent him from being elected president of the OAU (whose original secretary-general, Dinlo Telli, is languishing in one of Sekou Toure's jails in Guinea). And no one is calling for economic sanctions against Uganda.

So why is South Africa singled out for special punishment? The answer is not that South Africa is "uniquely racist," as is often claimed. Idi Amin praised Hitler for his treatment of the Jews. What is the expulsion of Asians from Uganda or the expropriation of their property in Mozambique if not racism? Wasn't the slaughter of Comorian migrants in Madagascar in December 1976 (virtually ignored by the Western press) a case of racism run wild? In precisely what ways is "racism" worse than "tribalism" in Africa, or even distinguishable from it? Tribal genocide is still being practiced systematically in a number of black African countries (all of which supply jobs for the boys on a tribal basis); witness Idi Amin's efforts to kill off all the leading families of the Acholi and Langi ethnic groups.

No, South Africa is not being hounded because it is racist, but because its rulers are white and, to compound their offense, anti-Communist. Harry Oppenheimer, the leader of the liberal opposition party in South Africa, put his finger on it when he declared in an address to the Foreign Policy Association in New York last November that "the American attitude towards Southern Africa begins to appear to be based neither on defense of human rights nor of majority rule, but on a policy of supporting blacks against whites."

So let's be done with the moralistic claptrap that the boycott campaigners use to justify their demands. South Africa's blacks live in greater security, comfort and freedom than blacks in most other African countries. They are ruled by a white tribe rather than a black one, which is considered by some to be unforgivable. Because the United States has a higher proportion of black voters than any other Western country, it is peculiarly susceptible to racially based appeals to act against South Africa, and is in serious danger of allowing its foreign policy toward Africa to shrink into nothing more than a function of US domestic politics.

I am not denying the force of the moral case against apartheid, which amounts to a denial of individual freedom. But I would insist on the basic point: Selective morality is no morality at all. Those who call for economic sanctions against South Africa on moral grounds should remember that the same argument applies, with just as much force, to countries as diverse as the Soviet Union and Iran, China and South Korea, Mozambique and Zaire, Cuba and Chile. (There is a false symmetry in lists of this kind because no right-wing authoritarian regime matches the Communist totalitarian regimes in the ferocity of their repression of civil liberties.) If the boycott campaigners want us to stop trading and investing in more than half the world, I admire their consistency, but I am afraid they are holy idiots. If they just want to attack South Africa, or anti-Communist regimes, I do not believe that they are genuinely motivated by any concern for human rights.

THE SECURITY FACTOR

While the UN was debating the arms embargo against South Africa last year, the Egyptians decided not to permit a British nuclear submarine, the *Dreadnought*, to pass through the Suez Canal on its way to naval exercises in the Pacific. The incident was a timely reminder of the critical importance of the cape route. Last year, about half of America's oil imports were supplied by tankers using this route (supertankers cannot get through the canal anyway) and the proportion is rising. Some 25,000 ships use the cape route every year.

South Africa's strategic importance lies in its mineral wealth as well as in its geographical position astride one of the world's major sea roads. South Africa has been aptly described as "the world's metal bin." The country produces 99 percent of the Western world's platinum, 84 percent of its chrome and manganese, 61 percent of its gold and 40 percent of its titanium. Chrome, of which South Africa is the world's second largest producer, is of singular importance to the United States, since it has almost no chrome of its own, and the mineral is essential in producing alloys for jet engines. Significantly, the Red Army's Major General Lagovskiy drew attention to this vulnerability more than 20 years ago in a book entitled *Strategy and Economics*. He suggested that lack of chrome was a weak link in American defenses that the Soviets should seek to exploit.

Critics of South Africa who accept that the West is heavily dependent on the country's mineral resources nevertheless argue that there is no reason for relenting in the boycott campaign. Whatever regime rules South Africa, they contend, it will have to trade with us—and, pace Andy Young, the more it trades, the more amenable it will become. The weakness in this argument is that it ignores the fact that the Soviets are pursuing a clearly defined strategy of denial toward the West: Through their expansionism in Africa, and the buildup of their navy, the Soviets hope to be able to deprive the Western economies of ready access to vital raw materials. The potential for OPEC-style cartels and embargoes is obvious. Why, given this risk and South Africa's evident strategic importance, should Western governments and corporations participate in a campaign to undermine the South African economy, particularly when that campaign is explicitly intended to achieve political destabilization, whose outcome would be wholly unpredictable?

BENEFITS TO BLACK AFRICA

Whatever their official line on South Africa, many black African countries are heavily dependent on it to provide jobs, revenue, technical help and a wide range of imported goods. The shrinkage of the South African economy that would result from major disinvestment could deal some of these states a body blow. The most ironic example is that of Marxist Mozambique, which sends more than 100,000 migrant workers to South Africa's gold mines every year.

Zaire imports half its food from South Africa, the Seychelles and Mauritius get most of their tourists from South Africa, Malawi got the cash it needed to build its new capital from South Africa, and the leftist government in Cape Verde gets a fifth of its foreign earnings from refueling South African Airways planes at Sal airport.

South Africa has a thriving trade—overtly or covertly—with most of Africa. At least a dozen black African states would face economic ruin if they were compelled to respect a total trade embargo with South Africa. Who would pick up the bill? Even without a total embargo, these states stand to suffer badly from the deepening recession in South Africa that would result from a cutoff of Western investment.

BUSINESS BRINGS REFORM

According to the advocates of disinvestment, putting money into South Africa means "investing in apartheid," i.e., helping to shore up a system whose economic raison d'etre (in their view) is to ensure a permanent supply of cheap labor. Now there is no doubt that cheap labor rates—compared to wage levels in Western countries—are a major attraction to foreign investors, as is true in any developing country. But wage rates are considerably higher for industrial workers in South Africa than in the black African states to the north. The living standards of black South African families are, on average, from two to five times higher than the norm in other African countries. The average industrial wage is nearly twice as high as in Ghana, which has one of the highest wage structures on the continent. And family incomes more than doubled in the Johannesburg area between 1970 and 1975. Black wage levels remain shockingly low by our standards, and in relation to the earnings of South African whites. But it must not be forgotten that market forces are involved. If higher wage rates are imposed and, therefore, a company no longer has a profitable investment, it will normally seek to cut costs by introducing machinery to replace men and firing part of its work force, turning underpaid workers into unemployed persons.

Foreign business in South Africa has demonstrably been a catalyst for beneficial change. Allegations about corporations that pay their workers at levels below the poverty line get massive exposure in the media. Less attention is paid to initiatives like General Motors' statement of principles, drawn up last year by a black director, Reverend Leon Sullivan. It calls for American firms in South Africa to abandon racial segregation in the workplace, to provide equal pay for equal work and to follow fair practices in making promotions. The Sullivan declaration has been endorsed by 56 American companies.

Apart from initiatives of this kind, there is a logic in the growth of manufacturing industry in South Africa that is helping to advance the social position, as well as the living standards, of blacks and to show up the economic absurdity of racial discrimination. The white community cannot supply all the skilled labor that is required, espe-

cially given the inroads of military conscription. As a result, blacks are being brought into positions of greater responsibility. It is in the context of an expanding economy, not the siege economy into which South Africa would be driven by trade or investment embargoes, that equality on the job is most likely to come about. This may appear a frustratingly slow process to outsiders, but peaceful reforms come about through short steps, not giant leaps.

THE BLACKS WOULD SUFFER FIRST

South Africa's blacks have the highest rate of population growth on the continent—an annual 3.3 percent. This is a tribute, in part, to the extensive medical services available to them, such as the colossal Baragwanath hospital for nonwhites on the outskirts of Johannesburg, which handles 700,000 outpatients a year. Rapid population growth also means that 120,000 young blacks are entering the job market every year. These are people who are likely to be condemned to rural underemployment in the "homelands" if the boycott campaign succeeds. Many blacks who now hold industrial jobs in the towns would join the ranks of the jobless, and be packed off to the "homelands." A trade or investment embargo could help to throw many blacks whose living standards and job opportunities have been steadily improving into acts of violent frustration or the sad torpor of the hopeless and underfed.

An embargo would cost jobs much farther afield as well. If Britain (which provides 60 percent of foreign investment in South Africa) supported a total embargo of South Africa, some 100,000 British workers—many of them employed in transport and engineering—would join the welfare lines.

Those who presume to tell other countries how to run their affairs should be reminded that political ideas are not always exportable. Witness the experience of Britain, which produced written constitutions for its former colonies only to see most of them torn up.

Any approach to the South African problem must begin with the recognition that the whites have every right to be there and that their nationalism, which runs strong, is as valid as anyone else's. The Afrikaner pioneers did not steal the land of black nations; the northern area that they settled was for the most part uninhabited. South Africa is a multinational state, where the divide is not simply between black and white, but between a white nationalism and a number of black nationalisms including those of the Zula nation, the Xhosa nation, the Tswana and Sotho peoples. Above all, South Africa is not, and has never been, a colonial problem, as was recognized even by the black African leaders who issued the Lusaka Declaration against colonialism and racialism in 1969.

South Africa's political establishment is seeking a solution for the problem of rival white and black nationalism in the policy of separate development. Some 13 percent of the country's land, including almost half of the most fertile agricultural land, has been designated as black "homelands." To outsiders, it might appear that the South Africans are industriously turning their country into a Swiss cheese. The "holes" are the homelands, or Bantustans that have either become independent states—like the Transkei or the unpronounceable named Bophutatswana—or are destined to become so. It is understandable that leaders like Chief Buthelezi, who faces the prospect of becoming president of many separate parcels of land while failing to gain diplomatic recognition from any foreign state (apart from South Africa itself), are not overjoyed by this formula for achieving black majority rule. The Afrikaners themselves may have second thoughts about "separate development" if one or more of these new ministates should take its independence seriously enough to open up relations with the Soviet Union and provide bases for armed guerrillas.

"Separate development" in its present form may be no solution for South Africa's problems, but then neither is the simplistic demand for majority rule now. The United States, after all, only began to solve its racial problems after a hundred years and a bloody civil war. Outside the Communist party of South Africa (which doesn't believe in "bourgeois democracy" anyway), no serious figure in the white community believes that one man, one vote will be possible in this country anytime soon. The fundamentalism with which most Afrikaners adhere to the ideology of apartheid makes it certain that the more strongly the demand for majority rule is voiced, the more firmly it will be resisted.

This does not rule out some realistic proposals for gradual reform—if South Africa is allowed to work out its own destiny. But the prospects that any of these proposals will be implemented are lessened, not enhanced, by the international campaign against South Africa. The possibilities include the creation of a commonwealth of white and black states within the present boundaries of South Africa. That could be a way to reconcile contending nationalisms. There are also appeals for the selective enfranchisement of nonwhites, especially the Coloureds and Asians. If the Coloureds—the people of mixed race—were to be given the same privileges as the whites and enabled to merge with them as a group, the ratio between the enlarged "white" community and the blacks would rise to 1:2.25. This is obviously a reason why, if only in order to divide and rule, white South Africans may come to lower the color bar. There are white South Africans who wish to go further, by enfranchising better-educated urban blacks, who already constitute an incipent labor aristocracy.

Economic sanctions against South Africa would greatly reduce the chances of such reforms. Limited as they may seem to be to outsiders, they are radical indeed to many Afrikaners.

The West must come to terms with the fact that it needs South Africa, as do many black African countries. A friendly South Africa is a vital ally in the struggle to contain Soviet expansionism, as we saw in Angola. Try telling any moderate black leader in Africa that racism, not communism, is the problem and he will laugh in your face. Men like Kenyatta, and Kaunda, and Mobutu and most of the French-African leaders are not threatened by South Africa; they are threatened by the protégés of Moscow. Most of them were secretly begging the South Africans to go into Angola in response to the invasion by the Cubans, Russia's proxy troops.

Boycott or no boycott, my own hunch is that South Africa is going to survive. I cannot explain my confidence purely in terms of South Africa's self-sufficiency in every major commodity except oil (and it has enough oil stockpiled to last three or four years) or its highly professional and well-equipped armed forces, or the probability that it already has nuclear weapons, or even its vital defense relationship with Israel, France, West Germany and Iran.

The primary reason for my confidence lies in the character of the Afrikaners. They are, in fact, a white tribe in Africa. They owe nothing to anyone: They didn't steal their lands from any existing culture; they fought the British for independence; they are not colonial settlers who will meekly depart with a retreating colonial power. They have no place to run to, and their nationalism runs strong and deep. Like the Jews of the Bible, they are a "stiff-necked people." Like the Israelis, they mean to survive.●

THE BEGINNING OF THE END FOR OVERREGULATION

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. CRANE. Mr. Speaker, it is with great pleasure that I share the following presentation with you. Mr. William T. Ylvisaker, who is chairman of the board of Gould, Inc., and also a resident of my congressional district, was singled out this year by the Chicago chapter of the American Marketing Association. His achievement "Marketer of the Year." His acceptance address makes some very important points with respect to our free market system and our plethora of Government regulations. I encourage my colleagues to read it:

"THE BEGINNING OF THE END FOR OVERREGULATION"

(By William T. Ylvisaker)

Thank you Governor and Mrs. Thompson. Ladies and gentlemen thank you for being with us and for your warm support. And for your courage in braving still another wintry Chicago evening to attend this event.

I especially want to thank all the people of Gould Inc.—all 37,000 of them—for making this evening possible. Without them, there would be no products . . . there would be no markets . . . there would be no modern-day Gould. Certainly, there would be no Bill Ylvisaker standing before you this evening to accept this award, which I do, for all of us.

However, let me also indulge myself. I personally am very pleased to receive this award. I recognize . . . as I know you do . . . that marketing is a very creative, innovative function.

Marketing is the force that brings our products and services to the broadest number of people at the fairest possible price. It is the keystone of our private enterprise system. It is the function that probably most of all distinguishes our economic system from those of so-called planned economic societies.

It is evident that this system has served us well . . .

What do we mean by a free market system or the private enterprise system? Simply put, it is an economic system that offers reward for risk.

At its zenith, our country encouraged individual initiative, spawned creativity and innovation and rewarded risk. The result has been the unparalleled progress of our Nation.

In the last few decades this progress has slowed. We are no longer the world's industrial leader. Some would say this ebb is the result of our growing dependence on foreign sources of energy and raw material. I do not agree. You have only to look to Japan—where the real resource is economic desire—to lay that argument to rest.

I think we need look no further than our current political system to find the reasons for our slower progress. Over the past two decades, this progress has subsided in direct proportion to the growth of Government and its continuing intrusion into the free market system.

To be sure, it is a trend spawned by genuine concerns for the quality of life in this country. No one here should doubt the real need for equality, for clean air . . . for pure water . . . for quality products and for honest services.

But we all should be concerned about how these goals are achieved. We are fast approaching the time when we will be throwing out the baby with the bathwater.

The basic problem—no matter how well-mentioned—is that the pendulum of Government involvement in business has swung too far. Our Government programs are putting undue penalties on economic reward. They are discouraging risk. They are smothering creativity and innovation. They are, in short, stifling progress.

It is time to speak up, to regain our lost momentum. To bring the pendulum back to a better balance. To seek reasonable solutions to our problems. And, as businessmen, to participate in their resolution.

I would like to tell you a true story about a Mr. Ferrol G. Barlow. Not many have heard of Mr. Barlow I'm sure . . . but he is important.

Mr. Barlow lives in Pocatello, Idaho. He happens to be a Democratic precinct committeeman.

Mr. Barlow owns and runs a heating and plumbing business in Pocatello . . . and he recently did something many of us have not had the courage to do. Mr. Barlow told the Government to get out of his business.

Specifically, at 11:00 a.m, on September 3, 1975, he stood at the doorway of his heating and plumbing shop and barred the entrance of a Federal inspector from OSHA—the Occupational Safety and Health Administration. Mr. Barlow claimed the inspector—who did not have a warrant—was unauthorized to make a routine inspection of his shop. Barlow claimed his property was protected by the fourth amendment against unwarranted search or seizure.

In 17 years of operation, Mr. Barlow pointed out that none of his employees ever had been injured in a work-related accident. Mr. Barlow said he didn't need OSHA to tell him how to run his plant. And a panel of three judges agreed. Now the Government of the United States is appealing to the Supreme Court . . . and that Court will hand down a decision in July.

Whatever the court's verdict, Mr. Barlow's message has not fallen on deaf ears. In the last year—facing similar pressures from other businesses—OSHA has eliminated more than 1,100 of its unnecessary regulations. Under new leadership, it has promised a more commonsense approach to insuring worker safety and health . . . and to assist, rather than inhibit, the efforts of business to create a safer and healthier working environment.

In my opinion, Mr. Barlow speaks for a growing majority of Americans. Our electorate selected a President who says he is committed to eliminating waste in Government and to controlling Federal spending . . . and our society is fast losing its tolerance for the excesses of overregulation.

Since 1960, Congress has passed 90 new laws regulating the conduct of business. But in this session, our legislators seem to have lost their appetite for further intervention into the private sector. Last month the House of Representatives sent down to final defeat the office of Consumer Representation, yet another proposed layer of bureaucracy that would have added untold new costs to business operations. As Congressman John Anderson of Illinois remarked, the defeat again signalled that government is already, quote, "too big, too intrusive and too bureaucratic," unquote.

I could cite dozens of statistics that underscore the excessive costs . . . inefficiencies . . . and inconsistencies of overregulation.

For example, in 1970 one out of every seven workers in this country was employed by Federal, State and local governments. Today, one out of every five is employed by government—clear evidence that our bureaucracy is growing bigger and bigger.

In 1971, the Federal government reached its first $100 billion budget . . . by 1975 that budget had grown to $300 billion . . . and this year the proposed Carter budget is more than $500 billion.

To give you an idea of just one element of this budget, a report from the Commission on Federal paperwork—yes, there really is a Commission on Federal Paperwork, just to show you how ridiculous the situation has become—revealed that over $32 billion is expended annually simply to process the avalanche of Federal forms that confronts all of us. Most of which are never used.

Are some of these budget monies wasted? Well, for one thing, the Ford administration estimated that $130 billion in taxpayers' money has indeed been wasted in each of the last several years on what it termed "useless" Federal regulation.

Eighty-five government agencies now intrude or regulate business operations. They regulate product safety . . . content . . . labeling . . . and advertising. They establish hiring . . . firing . . . and working conditions. They control the environment . . . and our community relations. And, more recently, they have told us exactly what we can do politically—and what we cannot do—to alter this pattern of interference, just to mention a few.

Yet, for all of this supposed help—for all of this over-regulation . . . for all of these enormous costs . . . government cannot create wealth or create capital—which in itself is the only way to create jobs. Government is still dependent on the private sector for its existence.

In fact, because government competes with private industry for many of the same resources—resources that could be put to productive use in the private sector—our growing federal bureaucracy has a marked impact on the spiraling rate of inflation.

As the noose of overregulation tightens, it threatens to strangle creativity and invention—and therefore productivity . . . to create further unemployment . . . to discourage investment in capital expansion—to discourage increasing investment in research and development . . . and to erode our standard of living.

Syndicated columnist James Kilpatrick wrote recently, upon reading a government study conducted by the Council on Wage and Price Stability, that it was, quote: "A study of the slow triumph of socialism over . . . American industry."

As a matter of fact, we as a nation are now devoting a smaller portion of our gross national product to capital investment than any other major industrial nation in the free world. The aggregate profits of American business, as a percentage of the gross national product, were nine percent in 1968 . . . today they are less than five percent. And the same holds true for research and development, our business lifeblood, which has declined from 3 percent of gross national product in 1964, to less than 2.2 percent today, a drop of 27 percent in 13 years.

As Irving Kristol, the noted author and a senior fellow at the American Enterprise Institute, has stated: "The new class of bureaucrats do not, on balance, like a free commercial society . . . whose central economic institution is the marketplace."

Franklin Delano Roosevelt—no conservative—said it as early as 1938: "Private enterprise is ceasing to be free enterprise."

What does it all mean? I think it means—I think it reinforces—the fact that economic freedom is still a far more effective arbiter of constituency needs than the tangled bureaucratic maze on the banks of the Potomac. Our competitive economic system—if allowed to work—will work. But it must be given the opportunity.

We must do everything possible to restore public confidence in the discipline of the marketplace. And we must do whatever we can—whenever and wherever we can—to convince government that it should return to a more balanced and less regulatory role.

Granted, in view of the government's explosive growth, this is no easy task.

But we must continually bring into focus that a growing bureaucracy does not impede inflation, it fosters it.

This inflation impacts the ability to purchase new plants and equipment, which are the principal foundations on which we build expanded capacity and create new jobs. Today's capital costs, for example, are nearly double those of five years ago.

Government-mandated increases in the minimum wage . . . investments in environmental control . . . tax policies . . . import an export limitations . . . foreign policy . . . pollution laws . . . affirmative action programs . . . occupational safety laws . . . and the endless stream of inspections and reports—all adding enormously to the complexity and the cost of doing business—not to mention the diversion of time and talent

In the last several years, the decision clearly, has been to make social progress . . . whether it's fighting pollution or increasing employee protection. And, to be sure, we have made important strides.

I believe the time has long since arrived when we must begin to restore some semblance of restraint and reasonableness to the regulatory process. What is reasonable? Let me try to define that by giving you an example of something that is unreasonable—even ridiculous.

Not long ago the Occupational Safety and Health Administration told hospitals that they could not put plastic liners in wastebaskets. The contention was that someone might drop a lighted cigarette into a wastebasket, causing hazardous smoke fumes.

Seems reasonable, right? Well, it was . . . until some inspectors from the Department of Health, Education, and Welfare came along. They told hospital administrators that they should use plastic liners for sanitation purposes.

So what do the hospitals do now? As I understand it, they adhere to each rule, depending on which inspector is due next?

Do you see what I mean by unreasonable? Even ridiculous.

Now, obviously, the controversy of the plastic wastebasket liner is not about to turn the course of business or send shock tremors through the free market system, whether it's ever enforced or not.

I cite it only because of its ridiculousness. And that's just the point. . . . Because it is ridiculous, and because it is relatively minor, you can imagine what happens—and what regulations evolve—when Government intrudes in the more serious aspects of private enterprise.

Incidentally, OSHA was created by an act of Congress less than seven years ago. Since that time, just this one agency alone has issued over 4,000 specific regulations.

And not only are Government agencies prolific in their issuing on standards, they are verbose to the extreme, confusing the businessman in a garble of rhetoric and red tape. The Lord's Prayer, for instance, consists of 56 words; Lincoln's Gettysburg Address, 268 words; and the Declaration of Independence, 1,322 words. A Government regulation on the sale of cabbages, however, requires 26,911 words.

Whenever—and wherever—these regulatory excesses or abuses exist, we must speak out against them. And we, as marketers, must remember that the most effective business lobby is not one that simply protects or promotes the special interests of business . . . but it also monitors the business community

to assure that it does not fall victim to the same shortcoming of which it is so critical.

Business can—and must—play a constructive role in communicating to public officials how existing Government programs can incorporate—and should incorporate—sound managements practices. We can begin now to lay the foundation for the renewal of a cooperative partnership between business and Government. . . . One that will result in a more reasoned approach to regulation.

We at Gould believe in a truly competitive market . . . and in the private enterprise system. We're proud to be a participant in it . . . and to see that it prospers and grows.

Our commitment is to growth . . . both for Gould and our economic system. In the past ten years our sales have risen from $115 million to 1977's $1.6 billion. Ten years ago we spent about $800,000 on research and development. . . . This year we expect to spend about $80 million.

Because we are willing to make this kind of investment we call ourselves, "The Creative Electric Company." We are committed to technical leadership. We are concerned about the lack of a positive national energy policy. And that is one reason why we are designing and creating products that will deliver more energy at less cost . . . more efficiently.

This year Gould has approved new capital expenditures of $148 million. . . . That's 85 percent above last year. It's also about four times our depreciation . . . a true indicator of our seriousness about growth. With that kind of capital investment, we will create over 5,100 new jobs because most of this money will be allocated to expanded production capacity.

Our hope as a nation is that all business people will be willing to make a bold commitment to growth. That commitment is what made this country great to begin with, and it will work again, and it will put many of the unemployed back to work.

But it also requires a strong willingness on the part of business to stand up to the Government, to ensure that incentives for growth survive. Individual initiative, in concert with a system of reward and risk, has seen our Nation through two centuries of prosperity and growth. It is not too late to undo the damage that has been done by stifling Government overregulation in recent decades. But it will take some of that initiative that business has so ably demonstrated over two centuries to correct our economic system and put it back on stream. Businessmen and women have the creativity, the knowledge, and the capability to balance the scales again. What we need now, is a unified voice coupled with a commitment to action. So armed against the spector of Government intrusion, we have the means to maintain a strong and resilient private enterprise system throughout our third century.●

BUDGET CUTS THREATEN VA MEDICAL SYSTEM

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. HEFNER. Mr. Speaker, Representative OLIN E. TEAGUE of Texas has sent me a letter detailing the enormous impact the administrations' fiscal year 1979 budget cuts will have on veterans in North Carolina. Mr. TEAGUE has been known as "Mr. Veteran" in Congress since he became a Member in 1946. He is a member of the Veterans' Affairs Committee and served for 16 years as its chairman. He is alarmed at the present threat to the Veterans' Administration medical system posed by the upcoming budget. Considering his profound knowledge of the system and his commitment to America's veterans, I feel when he is alarmed, it is time for all of us to be alarmed.

Mr. Speaker, I know of no mandate from the American people to take from veterans of our country's wars a portion of their entitlement to quality medical care in VA hospitals. Yet that is exactly what is going to happen if Congress permits the administration's fiscal year 1979 budget to prevail.

In addition to the bed losses, reductions in staff, drugs, food, and related items for their States, our colleagues should consider the number of veterans who will be denied needed hospitalization and medical treatment by bed reductions.

This is serious enough, but other developments are still more ominous and threatening to the VA medical system. Research programs are being phased out. Medical schools which have been affiliated with VA hospitals for teaching and research have reevaluated these programs in light of budget cuts and have indicated their intentions to dissolve their affiliations. Once that trend sets in, Mr. Speaker, it will be impossible to turn back.

I ask every Member of this body to consider if they are prepared to turn their backs on America's veterans by permitting the VA medical system to begin its decline into a medical ghetto. I ask those who received, as I did, a letter from Mr. TEAGUE to read it carefully and consider the cuts that will be made in health care for their own State's veterans.

I urge the Members of the House to reject the recommended budget and reaffirm this Nation's commitment to our veterans. I urge you to support RAY ROBERTS, the distinguished chairman of the Veterans' Affairs Committee, when he offers an amendment on the floor of the House to the budget resolution that will, in effect, save the VA medical system.

I commend Chairman ROBERTS, for the strong leadership he has taken in this crucial battle. He will have my full support. I trust all Members who honor the commitment of the Congress and the American people to provide quality care to veterans will give his amendment their support as well.●

FINANCIAL STATUS OF CONGRESSMAN ROBERT W. EDGAR

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. EDGAR. Mr. Speaker, as a firm believer in financial disclosure of public officials and candidates, I am submitting for the RECORD a listing of Mrs. Edgar's and my assets and liabilities, as well as our income and taxes. I am including data for 1975, 1976, and 1977:

FINANCIAL STATEMENT OF CONGRESSMAN AND MRS. ROBERT W. EDGAR

	Dec. 31, 1975	Dec. 31, 1976	Dec. 31, 1977
ASSETS			
Savings account	$49.52	$361.97	$528.48
Cash on hand in checking account(s)	689.10	1,872.17	420.47
Mortgage escrow account(s)	380.59	433.50	640.10
1971 Volkswagen	1,400.00	1,000.00	800.00
1975 Ford Granada	2,500.00	2,100.00	0
1976 Volvo	0	0	6,105.78
House in Broomall, Pa	37,000.00	40,000.00	45,000.00
House in Arlington, Va	60,000.00	70,000.00	75,000.00
Household goods and miscellaneous personal property	11,000.00	13,000.00	15,000.00
U.S. civil service retirement fund	2,930.41	6,275.41	10,346.04
U.S. savings bonds (approximate value)	0	0	750.00
Total assets	115,949.62	135,043.05	154,590.87
LIABILITIES			
Mortgage on house in Broomall, Pa	19,370.92	18,950.51	18,496.14
Mortgage on house in Arlington, Va	56,750.00	55,808.06	55,361.35
Personal loan	958.95	0	3,200.00
Auto loan	0	0	5,130.50
Total liabilities	77,079.87	74,758.57	82,187.99

	1975	1976	1977
TAXES			
Federal	$4,579.01	$2,694.00	$7,434.89
Pennsylvania (State)	782.01	1,264.51	1,646.97
Pennsylvania (local)	646.80	729.26	769.71
Virginia (local)	40.396	875.44	1,038.56
Total taxes	6,411.78	5,563.21	10,890.13
INCOME			
Salary as a Member of Congress	39,072.08	44,600.00	54,275.00
Interest on savings account	28.59	13.15	27.51
Honorarium	0	200.0	0
Reimbursement for medical expenses claimed in 1976	0	0	1,200.00
Total income	29,100.67	44,813.15	55,502.51
Net worth	38,869.75	60,284.48	72,402.88

MYTHS ABOUT TUITION TAX CREDITS

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. FRENZEL. Mr. Speaker, much misinformation is circulating about tuition tax credits—some of it generated by opponents of the proposal, some simply the result of inadequae understanding. This brief paper attempts to correct some of the more widespread myths about current tuition tax credit proposals. Unless otherwise indicated, the information is based on the Tuition Tax Relief Act of 1978 (H.R. 3946, as reported by the Senate Finance Committee on February 28, 1978, and introduced in the House by Bill Frenzel, H.R. 11695). The myths follows at this point:

MYTHS

MYTH NO. 1: TUITION TAX CREDITS ARE PRIMARILY INTENDED TO HELP CHURCH-RELATED ELEMENTARY AND SECONDARY SCHOOLS

Fact.—According to estimates by the Joint Committee on Internal Revenue Taxation, 75 percent of the benefit of H.R. 3946 (when fully implemented) would accrue to college and other post-secondary students and their families.

Fact.—At the elementary and secondary level, according to the National Center for Educational Statistics, more than one-fifth of all students enrolled in non-public institutions attend schools that are not affiliated with any religious group.

MYTH NO. 2: TUITION TAX CREDITS ARE AVAILABLE ONLY TO STUDENTS ATTENDING PRIVATE SCHOOLS AND COLLEGES

Fact.—The benefits of H.R. 3946 include everyone who must pay tuition (or fees) for his or her education. At the post-secondary level, according to recent estimates by the Congressional Budget Office, 62 percent of the benefit will go to students enrolled in state colleges and universities and other public educational institutions.

MYTH NO. 3: TUITION TAX CREDITS WILL UNDERMINE THE PUBLIC SCHOOLS

Fact.—In 1966, 87 percent of all elementary and secondary school students in the United States were enrolled in public schools. Ten years later, 90 percent of all students studied in public institutions. Even if tuition tax credits slowed or stopped this trend, it is difficult to conclude that the public schools would be harmed.

Fact.—Many persons vitally interested in the well-being of the public schools believe that non-public schools also warrant assistance. For example, in an address on November 29, 1977, U.S. Commissioner of Education Ernest L. Boyer stated that "Private education is absolutely crucial to the vitality of this Nation, and public policy should strengthen rather than diminish these essential institutions."

Fact.—Support for the public schools is strongest in states and communities where private education is strongest. For example, in the five states where the largest percentages of students are enrolled in private schools, public school expenditures (per pupil) average $300 more than in the five states where private schools account for the smallest fraction of total enrollments.

MYTH NO. 4: TUITION TAX CREDITS PRIMARILY ASSIST WEALTHY PEOPLE

Fact.—According to the Bureau of the Census, 32 percent of all college and university students come from families earning less than $15,000. 79 percent come from families below $30,000. Only 4 percent are above $50,000.

Among private elementary and secondary students, more than 71 percent are found in families with incomes under $25,000, and fewer than 4 percent have family incomes over $50,000.

The Joint Committee on Taxation estimates that 85 percent of the total benefit of H.R. 3946 will accrue to families with adjusted gross incomes below $30,000.

MYTH NO. 5: MIDDLE-INCOME FAMILIES HAVE NO REAL NEED FOR HELP WITH COLLEGE COSTS

Fact.—There has been considerable slippage over the past ten years in the rate at which middle income persons attend college. According to the Bureau of the Census, while the enrollment rate among low income 18 to 24 year olds has shown some slight improvement, at all other income levels there has been a decline.

College enrollment rates of dependent family members 18 to 24 years old, by family income (income in constant 1967 dollars)

Income	1967	1976	(1)	(2)
Less than $5,000	20.0	22.4	+2.4	+12
$5,000 to $9,999	37.9	36.3	−1.6	−4
$10,000 to $14,999	51.9	47.5	−4.4	−8
$15,000 and over	68.3	58.2	−10.1	−15

[1] Actual change.
[2] Percentage change.

Source: Bureau of the Census, Current Population Reports, Series P-20 No. 319, 2/78.

Fact.—Between 1970–71 and 1976–77, the average cost of attending a public college rose 57 percent, and the cost of attending a private college increased 54 percent. During this same period, the median income of all families rose by 52 percent; the median income of families with college-age (i.e., 18–24-year-old) dependents rose just 46 percent.

Fact.—According to a new Brookings Institution study of private higher education, "Students with family incomes between $15,000 and $25,000 a year face a substantially wider tuition gap relative to their ability to pay than either richer or poorer students. In fact, for many low-income students, many private colleges are probably cheaper than public colleges. At the same time, the relative representation of the upper middle class in private higher education has been falling rather sharply—[I]t is reasonable to . . . conclude that the upper middle class is indeed responding to a price squeeze in private higher education."

MYTH NO. 6: TUITION TAX CREDITS PROVIDE NO HELP TO POOR FAMILIES WHO PAY LITTLE OR NOTHING BY WAY OF FEDERAL INCOME TAXES.

Fact.—A refundable tuition tax credit, such as H.R. 3946, offers substantial more assistance to low income families than would result from increased grant and loan programs such as the administration has proposed. According to the Congressional Budget Office, 1,486,000 *families* with incomes below $10,000 would benefit in 1979–80 from the postsecondary portion of H.R. 3946, whereas just 181,000 low-income students would gain from the Administration's proposal.

MYTH NO. 7: TUITION TAX CREDIT ENCOURAGE "DOUBLE-DIPPING" BY STUDENTS ALSO ELIGIBLE FOR GRANT AID.

Fact.—Tax credits are available only for tuition expenses actually paid by the student or the student's family. Any grant aid is substracted from "eligible expenses" before the tax credit is calculated.

MYTH NO. 8: THE STUDENT AID BILL PROPOSED BY THE ADMINISTRATION ADEQUATELY ADDRESSES THE NEEDS OF MIDDLE INCOME FAMILIES.

Fact.—The alternative proposals offer nothing but loans to the 2.4 million college students with family incomes between $25,000 and $40,000, let alone to the 871,000 students from more prosperous families.

Fact.—Many students slated for grant aid would receive very little. The Administration bill, for example, offered flat grants of just $250 to all students with family incomes between $15,000 and $25,000. The bill reported by the Senate Human Resources Committee would grant an average of $310 to a student whose family earned $24,000. These figures must be compared with college attendance costs that next year will average $3,054 in public institutions and $5,110 in private ones. None of the alternative proposals would make a nickel available to families with children attending non-public elementary and secondary schools.

MYTH NO. 9: COLLEGES WIILL INCREASE TUITION TO CAPTURE BENEFITS OF THE TAX CREDIT

Fact.—Competition among colleges presents a strong incentive to avoid tuition increases. Like other consumers, students and their families are cost conscious, and tuition levels substantially affect which college they choose and whether they go to college at all. According to the Brookings Institution, "The one universal finding in the studies under review here is that price *does* affect access—every single one finds a significant negative relationship between the net price faced by students and their probability of attending college." Hence, any college that increased its tuition to "capture" the tax credit would face a strong likelihood of losing students to schools that do not raise tuitions. In a period when total enrollments are expected to decline, this competition will be even keener and the effects of a tuition increase that much more acute.

MYTH NO. 10: TAX CREDITS WOULD RESULT IN A SUBSTANTIAL ADMINISTRATIVE BURDEN

Fact.—According to the Congressional Budget Office, an expansion of the current grant program, such as the Administration has proposed, "would involve a greater administrative burden" than tuition tax credits. The existing programs have produced substantial administrative difficulties. For colleges and universities as well as for students, Dr. Melvin A. Eggars, Chancellor and President of Syracuse University, testified before Senate Finance and House Ways and Means Committee that the existing programs "have yielded a 'crazy quilt' of application and eligibility procedures which is bewildering to potential applicants, have defied the ability of our bureaucrats to administer them, and have resulted in a labyrinth of disconnected, overlapping and uncoordinated parts that must be brought into better order."

MYTH NO. 11: FEDERAL AID TO PRIVATE SCHOOL STUDENTS IS A NEW AND ABERRANT NOTION ADVANCED ONLY BY THOSE SEEKING TO FOSTER SECTARIAN INTERESTS

Fact.—Both the Democratic and Republican Parties have repeatedly endorsed the principle of aiding private schools and their students. President Carter did the same on October 19, 1976, when he said, "I am firmly committed to finding constitutionally acceptable methods of providing aid to parents whose children attend parochial schools." In 1972, Treasury Secretary George Shultz testified before the Ways and Means Committee in support of tuition tax credits for elementary and secondary school students.

MYTH NO. 12: TUITION TAX CREDITS FOR PRIVATE SCHOOL STUDENTS ARE UNCONSTITUTIONAL

Fact.—The Supreme Court has never ruled on federal tuition tax credits, and the state programs it has previously reviewed differed in many significant respects from the provisions of H.R. 3946.

Fact.—Many eminent constitutional experts believe that the Supreme Court would find no fault with H.R. 3946.

Fact.—The Congress has the responsibility of passing legislation it believes to be constitutional. Until a tax credit bill is enacted, the Supreme Court will have no opportunity to review it.

MYTH NO. 13: TUITION TAX CREDITS WILL ENCOURAGE "FLY BY NIGHT" SCHOOLS

Fact.—For a student to be eligible for a tax credit, the school he or she attends must (a) be approved as a bona fide non-profit institution by the Internal Revenue Service and (b) be accredited or approved under the laws of the state in which it is located.

MYTH NO. 14: TUITION TAX CREDITS WILL FOSTER RACIAL SEGREGATION

Fact.—For a private elementary or secondary school to attain and keep tax-exempt status, (which it must have in order for its students to qualify for tax credits), it must satisfy the Internal Revenue Service that it does not discriminate. There are established procedures for auditing compliance with these requirements and for investigating complaints.

Fact.—Many minority group members attend private schools now, and more would be enabled to do so with the help of tuition tax credits. In 1976–77, fifteen out of every hundred students enrolled in Catholic elementary and secondary schools were black or Spanish-surnamed. In the 82 schools operated by the Archdiocese of Chicago, 78 percent of the students are black or Spanish-surnamed. Almost 40 students out of 100 are not even Catholic.

MYTH NO. 15: TUITION TAX CREDITS WOULD RESULT IN FAR MORE FEDERAL AID FOR PRIVATE SCHOOL STUDENTS THAN FOR PUBLIC SCHOOL STUDENTS

Fact.—In addition to billions of dollars in direct expenditures for public school programs, the Congressional Reference Service estimates that in 1978 the federal government will forego $4.6 billion in revenues as a consequence of tax expenditures that support public schools. By contrast, if it had been fully effective in 1978, HR 3946 would result in a tax expenditure of $923 million on behalf of non-public elementary and secondary school students.

Fact.—The principle is already well established at the college level that a person enrolled in a private institution should receive more assistance than if he or she attended a state college, simply because it costs more to study in the former. Attentiveness to such differing educational price levels is integral to federal education policy.●

A TRIBUTE TO EDWARD L. UPSON

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. KILDEE. Mr. Speaker, a few weeks ago the State of Michigan lost a devoted public official with the unexpected passing away of Edward L. Upson, a senior district engineer for 17 years with the Michigan Department of State Highways. Mr. Upson as a man of remarkable ability and absolute integrity who had directed the development of Flint's freeway system since construction began. He was a prominent and respected leader throughout the 11-county Saginaw district which he headed, and he was one of the department's most effective administrators in working with government and civic groups. He also was an active citizen in Frankenmuth, where he resided, serving more than 10 years on the Frankenmuth planning commission and contributing his time and leadership abilities to the Frankenmuth Lions club. Mr. Upson joined the Michigan highway department in 1951, immediately after graduating from the University of Michigan with a degree in civil engineering. I wanted to call the attention of my colleagues to this very brief sketch of Edward L. Upson's accomplishments because of the very high regard I had for his ability and his commitment to public service.●

CHICAGO FLOOD CONTROL PROBLEM

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. DERWINSKI. Mr. Speaker, along with other Members of the Illinois delegation, I have been interested in an overall plan to control the periodic flood problem in the Chicago Metropolitan area. Tied in with this, are efforts to comply with the Federal Water Quality Standards that would effect cities in the metropolitan area.

The Congress has authorized the funding for the Metropolitan Sanitary District Tunnel and Reservoir Plan. Federal and State environmental officials have approved the concepts of this plan. However, this plan has come under fire in recent months.

Mr. Nicholas Melas, president of the Chicago Metropolitan Sanitary District, presented his views in a March 13 rebuttal to a WLS-TV editorial critical of the tunnel and reservoir plan.

Mr. Melas' comments follow:

REBUTTAL

(With a rebuttal to a WLS-TV editorial, here is Nicholas J. Melas, President of the Metropolitan Sanitary District.)

Every time it rains, raw sewage, equivalent to the human waste from one million people per day, spills into our waterways. The Sanitary District must intercept these wastes at 640 locations in 54 communities with combined sewer systems. These outfalls violate Water Quality Standards mandated by Congress in the Clean Water Act of 1972.

The Flood Control Coordinating Committee, appointed by the Governor, selected the Tunnel and Reservoir Plan in 1972 as the most effective means of complying with these standards after an exhaustive review of 23 alternatives. The plan was aired at numerous public hearings. Only last week, the Civic Federation, League of Women Voters and the Lake Michigan Federation strongly supported TARP at a public meeting held at District headquarters.

TARP costs have increased because of the same pressures affecting the rest of the economy. However, a cost vs. benefits study, prepared by the Corps of Engineers of the United States Army, has shown that for each dollar spent on TARP there will be a benefit of $1.57.

Thus, we maintain that TARP is still the best and most economical answer to our pollution and flood control problems.

(The above rebuttal was telecast at various times during the week of March 13, 1978.)●

DESEGREGATION OF COLLEGES AND UNIVERSITIES

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. HAWKINS. Mr. Speaker, my friend, Carl Rowan, recently made a commentary on the issue of desegregation of public colleges and universities, and the fact that Secretary Califano has mounted an effort to force several States to face up to the law of the land and integrate their public schools on the post-secondary level. Over the last several months, he has been successful in getting States to begin such efforts in earnest.

I am pleased to direct my colleagues' attention to Mr. Rowan's recent commentary:

I want to tip a cap today to Joe Califano, Secretary of Health, Education and Welfare. In the face of public ignorance and anger, he keeps trying to do what is right. Every now and then he succeeds.

For example, while much of white America is crying against "reverse discrimination," or demanding that "affirmative action" programs be outlawed, Califano has not trembled before the mob.

He has used his control of the Federal purse strings to force several southern states to begin honest-to-goodness efforts to integrate their public colleges. The latest state to fall in line is Virginia, and that is no achievement by Califano.

HEW Secretary Joe Califano is hardly the most popular man in the land. Whether he's trying to stop Americans from smoking or trying to produce real integration of the public schools, he infuriates whites in states like North Carolina and Virginia, where Jim Crow and tobacco have long been two of the proudest products.

Though cursed in a thousand ways, Califano has not backed off. In fact, he has gotten tougher—and that toughness won him a big one ten days ago. By threatening to withhold $100 million a year in Federal funds, Califano got Virginia Gov. John Dalton to agree to a comprehensive plan to put more blacks in Virginia's white state colleges and more whites in predominantly-black institutions.

Under the plan agreed to, black enrollment at predominantly white schools is to be increased by 150 per cent, or another 1600 students, by the 1982–83 school year.

Equally important, the State's white institutions have agreed to increase their employment of blacks as teachers and administrators.

And let's not ignore the fact that Califano scared half to death some black college educators in Virginia. They thought he was pushing integration to the point that Norfolk State and Virginia State would be destroyed. But if the Califano-Dalton agreement is lived up to, the black schools will become stronger. They will get new undergraduate and graduate programs, hopefully programs that the white colleges do not have—meaning that White students will have

extra incentives to enroll at Norfolk State and Virginia State.

The black schools will get endowments for bringing scholars of high reputation to their campuses.

Scholarships will be made available for blacks attending white schools and for whites enrolling at black colleges.

Dalton has committed Virginia to spend about $1 million in the 1982-83 school year for the purpose of expanding college integration.

Not bad, considering Virginia's history of massive resistance to racial integration. Not bad, given the fact that the fight between HEW and Virginia has gone on for a decade.

Maybe Califano isn't the only one who deserves a tip of the cap. Let's lift a glass to Gov. Dalton in the hope that he has ushered in a new era of racial cooperation and sanity in Virginia.●

AMENDMENTS TO H.R. 12050, THE TUITION TAX CREDIT ACT OF 1978

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. VANIK. Mr. Speaker, on April 17 the House Committee on Ways and Means reported H.R. 12050, the Tuition Tax Credit Act of 1978. As reported, the bill provides a tuition tax credit of up to 25 percent of tuition expenses for each of a taxpayer's dependents attending postsecondary schools. The credit would be phased in over a priod of 3 years, with maximum credits of $100 the first, $150 the second year, and $250 the third. Although elementary and secondary schools were included under the coverage of the bill I introduced, they were removed during the committee's considerations. The Ways and Means Committee also voted to decrease the credit to 25 percent of tuition costs which were set at 50 percent in my original bill.

I intend to offer two amendments to the bill when it is on the floor of the House: the first will restore the original provisions of H.R. 11776 and allow tuition tax credits to elementary and secondary students. I consider this essential to the purpose of this legislation.

The second amendment will restore another section of H.R. 11776 and increase the percent of tuition eligible for the credit to 50 percent from 25 percent.

For the information of my colleagues, both the amendments are printed below:

AMENDMENT BY MR. VANIK TO H.R. 12050, TO PROVIDE A TAX CREDIT FOR TUITION AT ELEMENTARY AND SECONDARY SCHOOLS

Page 2, strike out the table following line 12 and insert in lieu thereof the following:

Calendar year:	Applicable amount in case of—(1)	(2)
1978	$50	$100
1979	100	150
1980	100	250

[1] Student at elementary or secondary school.

[2] Student at post-secondary institution.

Page 3, strike out line 20 and all that follows down through line 4 on page 4 and insert in lieu thereof the following:

"(B) GENERAL COURSE OF INSTRUCTION DEFINED.—For purposes of subparagraph (A), the term 'general course of instruction' means a course of instruction—

"(i) which is offered by an elementary or secondary school, or

"(ii) for which credit is allowable toward a baccalaureate or associate degree by an institution of higher education or toward a certificate of required course work at a vocational school but does not include any course of instruction which is part of the graduate program of the individual.

Page 4, after line 25, insert the following:

"(C) Individual who attends both secondary school and postsecondary institution during same calendar year.—In the case of an individual who is a full-time student or a qualified part-time student at an eligible educational institution for any calendar year, for purposes of this section—

"(i) if such individual is a full-time student or a qualified part-time student for such year determined by taking into account only his status as a student at a postsecondary institution, he shall be treated as a full-time student or a qualified part-time student (as the case may be) at such an institution, or

"(ii) if clause (i) does not apply, he shall be treated as a full-time student or a qualified part-time student (as the case may be) at an elementary or secondary school for such calendar year.

Page 5, strike out lines 10 through 12 and insert in lieu thereof the following:
courses of instruction,

"(B) meals, lodging, transportation, or similar personal, living, or family expenses, or

"(C), education below the first-grade level, or for attendance at a kindergarten or nursery.

Page 5, line 15, strike out "subparagraph (A) or (B)" and insert in lieu thereof "subparagraph (A), (B), or (C)".

Page 5, strike out lines 23 and 24 and insert in lieu thereof the following:

"(A) an institution of higher education,

"(B) a postsecondary vocational school,

"(C) a secondary school, or

"(D) an elementary school.

Page 6, after line 11, insert the following:

"(4) ELEMENTARY AND SECONDARY SCHOOLS.—The terms 'elementary school' and 'secondary school' mean, respectively, any elementary or secondary school (as defined in subsections (c) and (h) of section 801 of the Elementary and Secondary Education Act of 1965 as in effect on January 1, 1978) which is privately operated but only if it is—

"(A) accredited or approved under State law (or, in the case of school in a State which has no procedure for the accreditation or approval of privately operated schools, which meets the requirements of State law relating to compulsory school attendance), and

"(B) exempt from taxation under section 501(a) as an organization described in section 501(c)(3).

The terms 'elementary school' and 'secondary school' include facilities which offer education for individuals who are physically or mentally handicapped as a substitute for public elementary or secondary education.

"(5) POSTSECONDARY INSTITUTION.—The term 'postsecondary institution' means an institution of higher education or a postsecondary vocational school.

Page 6, line 12, strike out "(4)" and insert in lieu thereof "(6)".

AMENDMENT TO H.R. 1250 OFFERED BY MR. VANIK

[To increase the percentage of tuition allowable as a credit]

Page 2, line 5, strike out "25 percent" and insert in lieu thereof "50 percent".

Page 8, strike out lines 9 through 13 and insert in lieu thereof the following: "taxable year.●

TO INCREASE ECONOMIC GROWTH, CREATE JOBS, AND FIGHT INFLATION, CONGRESS MUST REDUCE TAXES ON CAPITAL GAINS AND RESTORE ENTREPRENEURSHIP TO AMERICA

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. KEMP. Mr. Speaker, since 1969 the Congress has moved repeatedly to increase taxes on capital gains, increasing the maximum tax rate from 25 percent to 50 percent. This has been justified on the grounds that all income should be taxed the same and that having a preferential tax rate for capital gains is somehow a "loophole."

The sad fact of the matter as I have been saying for years is that Congress has made a serious error in 1969 and again in 1976 and the results are all too apparent: high rates of inflation—unemployment and drop in entrepreneurial activity adversely affecting our growth rate.

Since 1969 the number of companies offering new issues of stock has declined from 1,800 to just 150 in 1975.

In 1969 small companies were able to raise $1.1 billion in equity capital. By 1974 this had declined to a mere $16 million—or a reduction of 98.5 percent.

Since 1970 the number of direct shareholders has dropped 18 percent, as 5½ million individuals left the stock market.

Capital gains revenues as a percentage of total taxes has dropped from 9.3 percent in 1968 to 4.5 percent in 1975.

All of which are very negative results in terms of our national goal of noninflationary growth and new jobs.

Taxes on capital gains must be reduced substantially for the good of the national economy. Part of the reason for this is the massive distortion of inflation on capital gains. Inflation increases nominal values while real values may be unchanged or even reduced. But since taxes are levied on the nominal gain, the taxes represent a tax on capital itself, rather than a capital gain.

For example, suppose you buy an asset for $1,000. A year later you sell it for $1,100. The $100 difference between the purchase price and the sale price is a capital gain. But suppose there has been 10-percent inflation. Then in real terms there has been no gain at all. If you pay $50 tax on the illusory gain this represents a tax on capital.

Thus a recent study by the National Bureau of Economic Research of capital gains in 1973 concluded that the $4.5 billion in capital gains on corporate stock reported that year was actually a $1 billion loss, when adjusted for inflation. The $500 million in tax paid on this gain, therefore, increased the real loss to $1.5 billion.

Consequently, a reduction in capital gains taxes, as proposed by Representative STEIGER of Wisconsin, would have highly beneficial effects on the economy and would actually increase Government revenues, for the following reasons:

Existing high capital gains tax rates with a high rate of inflation discourage individuals from realizing their gains, create a lock-in effect, and hinder new investment. As a result, the Government receives less revenue than it would if rates were lower, more capital gains were realized, and investment were higher.

The additional investment generated by reducing the tax rate on capital gains would have feedback effects on the economy. This increased investment activity would lead to greater economic growth and job creation, add to taxable personal and corporate incomes, and therefore, increase Federal tax revenues.

Thus Data Resources, Inc., a national economic forecasting firm, has caculated that elimination of all taxes on capital gains would increase Federal tax revenues by $38 billion within 4 years and add $200 billion in real growth to GNP while creating millions of new jobs.

This dramatic change in the investment climate would have an immediate impact on the ability of our economy to create jobs, for it has been the small, independent and entrepreneurial companies in America today which have suffered the most from the shortage of equity capital and venture capital. Yet these type of small enterprises have historically created jobs at a rate 40 to 50 times faster than older, bigger, and more mature firms—as documented in a recent study by the American Electronics Association.

I believe that this shortage of investment in the most dynamic sector of our economy has directly impacted on our economy in terms of the reduction in growth of real GNP, employment, and productivity that our economy has experienced since 1965. This, in turn, has fueled inflation, as the real output of goods and services relative to Government spending has fallen off.

Reducing the tax on capital gains to a maximum of 25 percent, as it was prior to 1969, as proposed by Representative STEIGER, would be enormously beneficial to the economy. And I am happy to see that his efforts have been recognized editorally by the Wall Street Journal. I would therefore like to commend to my colleagues an excellent editorial entitled, "Stupendous STEIGER." Someday I hope this Congress would consider removing any tax on capital gains, but this is a "stupendous" step.

[From the Wall Street Journal, April 26, 1978]

STUPENDOUS STEIGER

Rep. William Steiger of Wisconsin, a slight, youthful 39-year-old Republican, has shaken the earth, causing convulsions in the Carter administration, a titanic struggle in the business world and the rapid aging of House Ways and Means Chairman Al Ullman.

What Mr. Steiger did, in all innocence, was propose an amendment to Mr. Carter's tax package. The amendment cuts back the tax on capital gains to where it stood in 1968, before President Nixon was talked into boosting it and hitting it with minimum-tax provisions. Because there are 37 members of the committee and only 12 Republicans, it hardly seemed likely the Steiger amendment could walk, much less fly. But a nose count on both sides turned up at least seven Democrats favoring the amendment. That gives Mr. Steiger 19 votes, a majority, with additional members undecided and potential converts.

The Carter tax package, already reeling from other setbacks, has been stopped in its tracks by the Steiger amendment. Mr. Carter wants to raise, not lower, the capital gains rate. Soaking the rich investor is such an article of faith among liberal tax "reformers" that they are likely to vote against any bill with the Steiger amendment, without even listening to the arguments that have persuaded a majority of Ways and Means. So the tax bill, originally scheduled for mark-up on May 3, has been put off for a week or more. The chief purpose of this delay is to stop Mr. Steiger by trying to horse-trade away some of his 19 votes.

The key to Mr. Steiger's sudden success is one argument: A lower tax on capital gains will raise more money, not less, for the government. The Treasury of course calculates that the rate cut would lose money, handing it out to rich investors. But the Treasury insists on using "static analysis," which calculates the effects of tax cuts by making the convenient but plainly silly assumption that nothing else in the economy changes as a result of different tax rates. Others work with "dynamic analysis," trying to calculate the feedback effects from the rate cuts themselves; often they argue that some kinds of tax cuts will increase total revenues.

With most taxes, you have to argue about the possible dynamic effect. But on the capital gains tax it is written in black and white: In 1968, the last year of the lower capital gains rate, the tax pulled in $7.2 billion in revenues. In 1969, at the higher rate, the tax took in $4.8 billion. After a decade, it is only now getting back to the 1968 level, and in inflated dollars.

So Mr. Steiger is asking the liberals whether they want to cut off their nose to spite their face. Are they really so intent on soaking the rich investor they want the government to give up money in the process? Understandably, "the tax reform" legions are running for cover.

We are prepared to argue that the Steiger amendment would not only boost the revenues from the capital gains tax itself, but would give the economy a powerful shove and boost revenues from other taxes as well. The 1969 change effectively cut in half the jackpot for high-risk capital investment. Reversing that move would double the jackpot and send the economy onto a real growth path.

The prospect of growth is spawning new political coalitions as well. Los Angeles Mayor Tom Bradley, a black liberal Democrat, has testified on Mr. Steiger's side, seeing that higher rewards for risk would boost the young electronics companies in his city. Black bankers and energy groups, seeing that favorable capital gains treatment helps rising enterprises, are pushing hard in a new, unusual alliance with the U.S. Chamber of Commerce.

Meanwhile, the Business Roundtable and the National Association of Manufacturers stand silent, tempted to throw in their lot with Ralph Nader and Jimmy Carter against Mr. Steiger. Big Everything does not relish competition from young upstarts. It prefers tax boondoggles like the Domestic International Sales Corporation, an export-subsidy scheme with no economic justification but of considerable help to multinationals that can hire hordes of lawyers to figure out its provisions.

So the battle is brewing. It remains to be seen whether Mr. Steiger—perhaps with help from Ways and Means minority leader Barber Conable, who also recognizes that a cut in the capital gains rate would boost revenues—can hold together 19 votes against the inevitable temptations of log-rolling. Everyone should know that the Steiger amendment is not one tax provision among many, but the cutting edge of an important intellectual and financial breakthrough.●

RESULTS OF DEPARTMENT OF ENERGY STUDY ON BARNWELL NUCLEAR FUEL PLANT

HON. JOHN W. JENRETTE, JR.

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. JENRETTE. Mr. Speaker, I have been a strong supporter of finding uses for the Barnwell Nuclear Fuel Plant in South Carolina that are consistent with the President's nonproliferation policy. As part of the fiscal year 1978 budget, DOE was directed to study short-term uses of the Barnwell facility and staff, as well as longer term uses. DOE released the "Barnwell Nuclear Fuel Plant Applicability Study" on April 11. The results state clearly that near-term research and development benefits can be gained by utilizing the unique staff and facilities at Barnwell for R. & D. on nuclear safeguards and fuel cycle alternatives that are more proliferation resistant. These conclusions are consistent with recent actions of the House Science and Technology Committee. Under the capable guidance of Chairman TEAGUE and WALTER FLOWERS, that committee has decided to continue the ongoing fiscal year 1978 program at Barnwell through fiscal year 1979.

The owners of the Barnwell plant, Allied-General Nuclear Services (AGNS), have provided me with a critique of the DOE study that is an excellent summary of the major conclusions. Because of the importance of this matter to the Congress, I am offering the AGNS critique for the review of my colleagues:

COMMENTS BY ALLIED-GENERAL NUCLEAR SERVICES ON THE DEPARTMENT OF ENERGY'S "BARNWELL NUCLEAR FUEL PLANT APPLICABILITY STUDY"

The Fiscal Year 1978 Appropriations and Authorization Acts for the Department of Energy (DOE) directed DOE to conduct a study of the Barnwell Nuclear Fuel Plant (BNFP) to determine if that facility can be utilized in support of the nonproliferation objectives of the United States. Congress specifically directed the study to be completed in six months so as to provide data necessary for consideration of continued funding of research at Barnwell as well as an evaluation of possible long-term optional uses of the facility.

The Barnwell study report was released by DOE on April 11, 1978. The report states that it is not possible to make a policy determination on the use of Barnwell before completion of the International Nuclear Fuel Cycle Evalation (INFCE), now scheduled for early 1980. The report's first conclusion is that:

"Several potentially proliferation-resistant reprocessing modes as well as various international, multinational and national ownership/management options might be applicable to the BNFP. Until the INFCE, NASAP and any follow-on studies and international consultations are completed, it is not possible to determine whether, when, under what conditions or at what costs, any of these reprocessing alternatives might be undertaken in a manner that would be supportive of U.S. non-proliferation objectives."

Because the results from the INFCE will not be available until 1980, the study is supportive of continued funding for Barnwell as an interim, near-term measure until the INFCE is completed. In addressing Barnwell's role it states:

"As a facility for conducting research, development and demonstration of segments of more proliferation-resistant fuel cycle technologies, it could continue (a) studies and demonstrations of transportation, receiving, handling, and storage of spent LWR fuel; (b) evaluation of safeguards instrumentation and procedures; (c) evaluation of the feasibility of various reprocessing alternatives for uranium-based fuel; (d) study of the feasibility of various reprocessing alternatives for thorium-based fuels; and (e) maintenance and training development activities."

Acknowledging an emerging requirement for trained safeguards inspectors and operating personnel for nuclear facilities throughout the world, the study recognizes:

"As a technology training facility, it (the BNFP) would be used in the instruction of such personnel as (1) U.S. safeguards and physical security inspectors, (2) IAEA safeguards inspectors, and (3) fuel cycle operators, other than just reprocessing (U.S. and/or foreign, keeping in mind restrictions on dissemination of sensitive technology). These training programs could proceed concurrently with other possible applications of the plant discussed below."

The use of the BNFP to support the Nuclear Nonproliferation Act of 1978 requirement that DOE "establish a safeguards and physical security training program to be made available to persons from nations . . . which have developed . . . or may be expected to develop . . . nuclear materials and equipment for use for peaceful purposes" has recently been proposed to Congress and the Administration. AGNS believes the existing facilities and staff of the BNFP are ideally suited to implement this Congressional mandate on nuclear safeguards training.

While recognizing a near-term, interim role for Barnwell conducting alternative fuel cycle and safeguards research and development, the study's fifth conclusion states that:

"While some technical benefit may be derived from the interim use of the BNFP for training and R&D purposes, they are likely to be relatively marginal and are not likely to make major contributions to INFCE or NASAP. It is possible that such uses of the BNFP may contribute to follow-on assessments or help confirm the results of these evaluations."

AGNS believes that the FY '78 and FY '79 R&D programs at Barnwell will make significant contributions to INFCE and NASAP. AGNS also believes that interim use of the Barnwell Plant for training and R&D purposes will keep a number of the options open for the United States regarding management of spent fuel and reprocessing in a proliferation-resistant mode.

The proposed FY 1979 program at Barnwell will continue work on alternative fuel cycles, including coprocessing, started in FY 1978. This work is directed at identifying the feasibility of such schemes as it applies to the Barnwell Plant and identifying what changes would have to be made to Barnwell for selected alternatives to reprocessing that are proliferation-resistant. If it is determined, as a result of the INFCE, that Barnwell should be used to demonstrate reprocessing, utilizing an alternative fuel cycle, valuable time will be lost if development of such information that is specific to Barnwell does not proceed. It should be noted that this work is complementary and not duplicative of certain coprocessing evaluations being conducted by the Japanese at their Tokaimura reprocessing plant.

Similarly, safeguards RD&D currently underway as a part of the FY 1978 program are proposed to continue in FY '79. This work also complements work being done at Tokaimura and various DOE facilities. It is important to note that since Barnwell does not have material requiring safeguarding, the entire facility can be utilized to test systems and equipment in a simulated operating situation without the requirement that actual material be safeguarded.

In considering the long-term role for the BNFP, one must consider the current Administration policy of indefinite deferral of spent fuel reprocessing within the United States. The study recognizes this policy and, looking to the future, states:

"Should the U.S. eventually determine that some form of spent fuel reprocessing is consistent with U.S. non-proliferation objectives and should that technology be compatible with the generic design and construction of the BNFP, then the BNFP could be used to help demonstrate its technical and economic feasibility and proliferation resistant features."

The earliest date when the U.S. would make such a determination is sometime after the completion of the INFCE, scheduled for early 1980. If FY 1979 funding is not provided, the alternative is to "mothball" the plant and reduce the highly trained technical staff drastically. Preliminary studies indicate that such an action would involve an additional cost of a minimum of $50 million and lost time of at least 2½ years if a decision were made after completion of the INFCE to reactivate the Barnwell plant for use in some mode.

The study makes the following statement in its conclusions regarding the use of Barnwell for spent fuel storage:

"Utilization of the BNFP as a spent fuel storage facility could support U.S. nonproliferation and nuclear policy objectives. Since the BNFP capacity could be modified and made available within less than three years, plus additional time required for completion of licensing, it could help to implement U.S. policy in a timely fashion, particularly to handle critical or emergency storage problems. If the BNFP should be used as a spent fuel storage facility, additional storage space could be constructed at the site."

The total present storage capacity at Barnwell could be considered to be about 400 metric tonnes of uranium. Replacing the present canisters with high-capacity neutron absorbing canisters and utilizing the same pool as presently planned would permit a total of about 700 metric tonnes to be stored at Barnwell. This concept is being studied as part of the FY '68 DOE program at Barnwell. A recent preliminary report which is part of the FY '78 DOE study shows that by using a different type of storage rack the Barnwell fuel pool could be expanded to 1250 metric tonnes and that it would take about 2½ years and cost approximately $18.9 million to effect such expansion. It may be that alternate fuel storage arrangements could possibly be engineered and constructed whereby all available pool space would be used for fuel storage. If such modifications were accomplished, the present capacity could be increased conceivably to 2,000–3,000 metric tonnes. The exact total storage capacity would depend upon a number of technical parameters. In addition, further substantial storage capacity could be added to the existing facilities at a cost significantly below the investment required in new Away From Reactor fuel storage facilities. For example, using existing capacity, it would be possible to have 5000 tonnes of capacity on line at Barnwell by 1983 at a cost slightly in excess of $100 million. AGNS, as a matter of prudent business judgment, has decided that the spent fuel storage business by itself is of no interest.

The owners of the Barnwell plant have accepted President Carter's indefinite deferral of commercial reprocessing in the United States. The ongoing FY '78 R&D program at Barnwell and the proposed FY '79 program in no way enhance the readiness of the Barnwell Plant for reprocessing. This is consistent with the final conclusion in the study that:

"Nothing in this study would support modification of the Presidential decision that the BNFP receive neither Federal encouragement nor funding for its completion as a reprocessing facility."

While acknowledging the current policy of reprocessing deferral, the study has the foresight to consider the possible eventual need for that activity. Addressing the benefits of reprocessing, the report points out:

"A savings in uranium feed materials and enrichment requirements could be realized if LWR spent fuel elements could be reprocessed and the contained uranium and plutonium could be recycled in LWR's (light water reactors)."

"The total uranium that might be conserved as a result of its design operation and of the recycle of both the uranium and plutonium products would be approximately 55 thousand short tons through the year 2000. In addition, such operation could save about 20 million SWU's of enrichment service."

The study goes on to state that:

"It is not clear that reprocessing and recycle in LWR's would lead to a more efficient use of the nation's energy resources during the rest of this century. The effect of the operation of the BNFP on the costs of nuclear power will not be significant during the remainder of this century."

The economics of LWR recycle has been subjected to intense study over the past few years. The conservative conclusions of most studies, including those by the Government, are that LWR recycle will result in a net economic benefit. These economic benefits are significant but not large compared to total energy costs because, among other things, reprocessing, recycle, and reprocessing waste disposal costs, even under pessimistic scenarios, are only 2 percent to 4 percent of the total cost of generation of electricity by nuclear power.

While it is true that the Barnwell Plant by itself will not lead to significant uranium and enrichment services savings relative to our total supplies during this century, the savings that would result from Barnwell operation are not trivial. Several experts have recently warned of shortfalls in uranium supply beginning in the mid-1980's. This is not because the uranium is not there (although the total amount of recoverable uranium is also a matter of considerable controversy and uncertainty), but because of mining and milling capacity limitations.

Other experts warn of potential enrichment supply problems. Annual demand for separative work from DOE could exceed DOE's annual production in less than three years—FY 1981. The currently announced DOE capacity addition (the Portsmouth add-on) is fully committed simply to enable DOE to supply its existing commitments at a tails assay of 0.2 percent.

As stated in the study, operation of the Barnwell Plant alone through the year 2000 could eliminate the requirement for 55 thousand short tons of U_3O_8, or 5.5 percent of our needs. Savings in separative work amount to 20.4 million separative work units (SWU's). This is the equivalent of:

The annual fueling requirements for 260 LWR's; or

The 40-year lifetime enrichment requirements for about 6 LWR's, without any recycle; or

Almost 2½ years operation of the new gas

centrifuge enrichment facility planned for Portsmouth, Ohio (8.75 million SWU's per year planned capacity).

Because the post-INFCE policy of the U.S. on reprocessing is not known at this time, the study was unable to put each of its separate findings into a common context. It should be remembered however, that some of the valuable short-term uses of BNFP could be combined with one or more of the long-term uses mentioned, such as safeguards training. The study also states in its second conclusion that:

"If and when the U.S. identifies an alternative reprocessing technology that offers promising nonproliferation benefits and therefore merits further R&D, it may be possible to modify the BNFP to help demonstrate the feasibility of that technology."

The FY '78 and the proposed FY '79 programs at Barnwell keep this option open.

In conclusion, the report is supportive of using Barnwell in the near-term for safeguards training purposes and for fuel cycle research and development activities geared toward finding a more proliferation-resistant fuel cycle. This support of near-term activities at Barnwell does lend credence to continuing R&D at Barnwell through FY '79. The FY '79 program at Barnwell is oriented toward proliferation-resistant fuel cycle development with an emphasis on nuclear safeguards development. Research and development at Barnwell during FY '79 helps preserve the option of having the Barnwell facility and staff available at the conclusion of the INFCE for use in whatever mode would further the Administration's non-proliferation goals.●

DRUGGED SOCIETY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. DERWINSKI. Mr. Speaker, so much has been written for so long about the adverse effects of drug abuse, but it seems to fall on deaf ears. We must properly reinforce this message before it becomes too late.

An editorial in the Christian Science Monitor of April 21, comments on the importance of efforts to increase our controls over various drugs in order to prevent a "drugged society." The article follows:

"THE DRUGGED SOCIETY"

Americans today are making the decisions that will determine if they become known as "the drugged society" tomorrow. They get closer to it with every weakened control on—or freshly encouraged use of—items in the spectrum from legal pills and alcohol to illegal marijuana, heroin, cocaine, and all the "angel dust" and other "highs" in between. It becomes worthy of note when a single state court resists the tide, as the Massachusetts Supreme Judicial Court has done in upholding a law making the possession of even small amounts of marijauna a crime.

Almost every day a new voice is raised against the drugging trend. A group of state attorneys general has been trying to stop television advertising from conditioning audiences, particularly the young, toward reliance on drugging. Improved controls are urged on drugs available through doctors and druggists. States that have lowered drinking ages are reconsidering in the wake of tragic statistics related to alcohol. There are warnings that no longer quite so inconceivable are the science-fiction fantasies of drugged populations in the world losing individual will, growing less resistant to outside aggression, or becoming compliant drones working for an undrugged elite.

So there is a monstrous irony in the simultaneous efforts to reduce controls on marijuana. Though in widespread use already, marijuana has still not become as established as alcohol. There may still be time to nip it in the bud, comparatively speaking. Imagine what agony and waste the world would have been spread if earlier societies had mustered the will to keep alcohol from being locked into the lives of future generations.

Does America have the will to keep itself from becoming the drugged society? In the proposed new federal criminal code, the efforts to decriminalize marijuana were resisted sufficiently to keep it on the books though with reduced penalties. Now the Massachusetts court has wisely ruled that it is not unconstitutional to ban the use of something so potentially harmfully to society as marijuana.

"In the case of marijuana," the court said "we are bound to assume for constitutional purposes that the private use does have public results, does spill over into the public domain and touch matters of legitimate state interest."

A citizen cannot drug himself without drugging his society to that extent. Whatever the courts rule, each one of us, in whatever country, has the power to contribute to the kind of vigorous society the times demand—or the comfortably drugged one so many forces stand ready to exploit.●

FRANK ANNUNZIO—"THE CONGRESSMAN"

HON. ADAM BENJAMIN, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. BENJAMIN. Mr. Speaker, I am delighted to be able to have an opportunity to pay tribute to one of my colleagues and neighbors from our great Midwest, the Honorable FRANK ANNUNZIO.

One of Congressman ANNUNZIO's constituents wrote a warm and thoughtful poem about FRANK's performance as a legislator which I am including for your enjoyment.

It is obvious that his constituents have a fondness and respect for FRANK that has allowed him to serve his great city for seven consecutive terms in our House of Representatives.

It is not often that we Members take the time to compliment one another on a job well done. I am happy today to have the occasion to commend FRANK and to let him know how others feel about the great work he has done for his native Chicagoans and the Nation, as well.

"The Congressman"

Oh who's our man in Washington
the one that gets things done
Who represents each one of us
each day from sun to sun
And who's the man that history
has shown such great respect
Whom common folks from Illinois
repeatedly elect
And who's the man that speaks out
for the voters' hopes and dreams
In the halls of our great nation
where the light of freedom beams.
And who's the man that quarterbacks
the vital bills that pass
Who knows that truth won't emanate
from Pravda or from Tass
And who's the man that knows the score
about the town and city
And does his homework thoroughly
for each small subcommittee
And who's the man that rises
everyday to meet the dawn
With the problems on his shoulders
tho the lobbyists are gone.
And who's the man that went to Crane
and later to DePaul
Whose roots in Illinois are deep
and make him ten feet tall
And who had three nice daughters
and six Grandsons bye and bye
Who turned out to be Democrats
and the apples of his eye
Well friend it is no secret
he's a man grown from a boy
For his name is Frank Annunzio
and he comes from Illinois.

HARRY THE HORSE.●

HEARING IMPAIRMENT NOT AN INSURMOUNTABLE OBSTACLE

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. GRASSLEY. Mr. Speaker, we, in Iowa, are proud of our heritage and the accomplishments of our people. A native Iowan, born in Mason City and educated in the State's school systems, has made good in a big way. The gentleman I am referring to is Fred W. O'Green and he is president of Litton Industries, Inc.

The important thing is that Mr. O'Green has accomplished this in spite of a hearing impairment first discovered when he was 5 years of age. Mr. O'Green overcame a handicap and, with the benefit of electronic assistance, went on to head up America's 60th ranking company.

The Better Hearing Institute of Washington, D.C., works to bring public attention to the plight of the 13 million Americans who have audio problems. This organization recently selected Fred W. O'Green as one of its "poster persons" this year. Something of his story and achievements due to his growing technological support base for those with hearing problems was given by Col. Barney Oldfield, USAF (ret.) at a Hearing Industries convention earlier this month. I would commend Colonel Oldfield's remarks to the attention of my colleagues:

REMARKS OF COL. BARNEY OLDFIELD (RET.)

Members and Friends of the Hearing Industries Association:

How lucky can I be? I'm here among nice people in Hilton Head, South Carolina, representing Litton Industries' President and Better Hearing Institute Board Member, Fred W. O'Green. He found he couldn't be here, because of some chores he has to do in Europe. It took him a lot longer to get there than it did for me to get here. And the tasks which face him there are bound to be much more difficult than mine are here. Beyond that, he can't monitor what I'm about to say about him which might embarrass him—but it's the sort of thing you should know in order to understand how important he feels you are.

You have been very much a part of his success story. I know he would want me to say that. Because of the fantastic items you people have manufactured, and improved on, and continue to better through the years, he has known one of the fullest of widely ranging professional levels in this country. Without you all, it couldn't have happened!

Fred has only worked for three companies. Each one thought him a real talent, and he proved those assessments to be correct. He was that kind of executive able to grow to meet the requirements of the job he was on, and the next one he was given—no matter how demanding, how large, or how exotic.

When the Russians put up Sputnik I, he was one of the key Americans selected to get us back in space competition, and eventually ahead in that race. He became the first individual cited by our Air Force Systems Command for his early work in satellite programs.

He came to Litton Industries in 1962, which was a lucky moment in our corporate history. He worked his way up to the Presidency of the corporation. He has played a most significant role in our recovery from recent difficulties, and the stability and vigor with which Litton faces the world today.

At no point along his amazing career when he was being considered for each major, new responsibility has anyone ever asked if he could hear. If anyone had phrased that question he would have had to say that on his own—without electronic assistance—he could not!

Fred is a man who loves stories, tells them well to make others laugh, and laughs louder than anyone else at the ones he hears. He would be first to see kinship with the oldtimer whose hearing was deteriorating, so he went to his doctor for a checkup. After the usual audio tests, the doctor wanted a current profile update on him, his habits, customs and lifestyle. Did he drink? Sure, two bottles of whisky a day. Did he smoke? Of course, two packs of cigarettes a day. Sex? As often as possible, but never more than twice a day. His doctor was shocked and told him so, and said he would just have to cut all that out! "What," the oldtimer said, "just so I can hear a little better?"

Fred O'Green had his own quiver of arrows in the form of executive talents, and through you all, HE has been able to hear more-than-a-little better.

For how long has this shadow of silence fallen over him?

One thing sure about a top executive as visible as he is, is that he is tremendously busy. But he also gets a certain kind of mail, and no matter how involved he is, he answers it promptly. These are the letters he gets from youngsters who have hearing problems, and he knows how much extending hope and reassurance to them can mean.

Not long ago, he had one from a boy in Findlay, Ohio, who wrote:

"Dear Mr. O'Green—I am a student at the Howard School for the hearing impaired. We are doing a project for American Heritage Day. We know that you are hearing impaired. Will you help us? Will you please answer these questions? When did you lose your hearing? Do you have a hearing aid? What kind of a hearing aid do you have? Are you deaf or hard of hearing? Where did you go to school? Have you had any problems because you are hearing impaired? Could you tell us about your work? Thank you for helping us. Your friend, Eddie Wilch."

Fred O'Green at that moment was deeply into a hassle over a multi-billion dollar contract when that letter came. But he took the time to write Eddie thanking him for his letter on a subject which he described as of great importance to them both. The exact cause of his hearing loss, he said, probably derived from such childhood diseases as measles or mumps. "My hearing loss began when I was a youngster and was first detected when I began to use the telephone, having to use my right ear instead of my left ear which would have been more common for the old-fashioned telephones of that day. . . . my hearing loss in my other ear began to show itself after I had finished school, graduating from college in 1943. By 1947 when I was 26 years old I went to the Hearing and Speech Clinic at Johns Hopkins in Baltimore. I learned there of my need to begin wearing a hearing aid, and purchased a Zenith hearing aid at that time.

Since then I have worn several Zenith aids and at present wear one made by Siemens because of its excellent amplification capabilities in a small package. My present position is that of a total or near-total loss in my left ear, and a very, very severe loss in my right ear to the point where I would be non-functional on a hearing basis without an aid. I have had a Stapes mobilization performed on my left ear and have had no operations on my right ear. I wear a behind-the-ear aid most of the time, and a body aid under certain circumstances when noise background is very high. I went to grade and high school in Mason City, Iowa. I graduated from Iowa State University at Ames, Iowa and finished my Master's Degree at the University of Maryland. At present I am an executive in a very large company, serving as President. The kinds of work I do are varied and cross many disciplines. My work definitely involves the ability to communicate with people on a constant basis. I would guess that all who have hearing problems experience certain difficulties as a result. My answer to your question is that I do not feel I have prob'ems because of impaired hearing. I encourage all who have hearing impairments to recognize them only as a physical defect and to adopt an attitude which will permit them to achieve a happy and successful life in spite of any difficulties they may encounter.

Sincerely,

FRED W. O'GREEN.

In that letter to Eddie Wilch, he went well beyond just using his personal accomplishments as beacons of hope and inspiration. He stepped back in time to a close relationship with his young correspondent, let him sense the 5-year old who was just discovering the telephone, but his limitations in its use. There was the possible kinship of a measles and mumps experience. There was the moment of graduation from two major Universities, being ready and eager to take on a world, but aware of its all-important sounds and human voices were denied him. These are the bleak plateaus on which the Eddie Wilchs and Fred O'Greens stand, but there is comfort in knowing they are not unique, and they are not immovable obstacles. Having conveyed this essence of courage, and with his credibility to re-enforce it, a Fred O'Green could go back to his hassle over a contract. But there in his mind must have been the thought that perhaps he just may have written to a future company President or Chairman of the Board in the making.

Naturally, with all this known to him as a possibility and better than most, he wanted to be sure that as I am here on his behalf that you are thanked for what you have done and continue to do in the Hearing Industries Association. He has been a long time believer in the programs which are pushed and made possible by Better Hearing Institute. In the past year the Better Hearing Institute has cajoled more than $4,000,000 in public service time from our country's radio and television stations, more than $20,000,000 in the past five years to raise the level of understanding for those with hearing troubles. The continuance of this effort is crucial, and he hopes you will all search your consciences and your treasuries to the end of increasing contributions in this sector.

The deaf, or those with severe hearing restrictions, have many an uphill battle still to win. The Fred O'Greens indicate to us how much is possible, but there are hundreds of others whose stories are heart-rending. Out our way, we had a deaf couple who had their youngster taken from them, the fear being that the child would never learn to talk. Court action became necessary to restore the family unit, with the child getting speech instruction from other quarters. When we consider that about 10% of the U. S. population encounters audio difficulties, we are addressing ourselves to no small fraction. Our public school system is often unable to deal effectively with such afflicted children, and higher education even less so because shortages of teachers and interpreters in this area are considerable. The deaf consumer has hard going, often penalized by insurance companies who shy away from coverage of deaf drivers. Our Federal Communications Commission says 13,000,000 people require special telephone services. The deaf are challenged when they come up for jury duty. The list of shortcomings which seem to accent rather than relieve this kind of handicap stretch and grow daily.

An entity such as the Better Hearing Institute is extremely "good business" for the millions who need and benefit from its persistence. The more the word is spread to the general public, the more appreciated your kind of manufacturing effort will be. A combination of understood need and an infrastructure which can provide and insure ever advancing technologies attracts funding as iron filings to a magnet. The Better Hearing Institute is a round-the-clock, unflagging story teller and placer of this information and alternatives for all those who can see and hear, to see and hear.

Litton itself is a beneficiary of the hearing business. A part of our heritage comes from two men with hearing shortcomings, and we literally reach around the world by means of what they gave us. One was a man from Milan, Ohio named Tom Edison, who gave us the motion picture, and the other, Lee De Forest, of Council Bluffs, Iowa, whose inventiveness brought about the audion tube. The audion tube was the key to making possible the long distance telephone, radio and television networks, and sound and talk on the motion picture screen. Both men had a deep interest in amplification, one giving us a second dimension of a visual—movement—and the other, the means for the screen to speak and project natural sound loudly to a whole world. From this wedding of two men who did not hear well, what is now the Westrex Division of Litton Industries was born. More than 250 nominations for Academy Awards in the category of Best Sound have been Westrex-assisted over the years, and four of the five nominations up for decision earlier this month had Westrex help. When the U.S. Postal Service brought out its 50th Anniversary of Talking Pictures stamp last October, Litton was deeply involved in that commemoration along with all the motion picture industry. We continue to be very much in the action of movie studios around the globe helping all peoples everywhere hear, be informed, entertained and made an audience in the truest sense of that word. In part, it was Lee De Forest's inability to hear well which spurred his quest for many related technologies which provided bridges to fuller lives for some of us, and a way out of stillness for the less fortunate among us.

When I was a youngster I had a favorite cousin who was born deaf. She became one of the most revered and respected teachers at the Omaha School for the Deaf. She was older than I was, and she fascinated me because she was a keen lipreader. In all those jumbled enthusiasms which are plentiful among the young prone to start talking in the middle of their thoughts rather than beginning at the beginning, I used to come

to her with absolute cascading torrents of words, and she always knew what I was saying—seeming to sense it all in context before I got it out. And she loved movies—they were silent then—and she used to take me. Afterward she would tell me about the titles of those old movies, that the actors who were credited with saying them didn't really say that. She got more from the movies than others did because she could read lips, and I was made wiser for knowing her. I thought how wonderful it was that rather than losing anything by deafness, she gained a whole new avenue and dimension in understanding. Years later, when I got in the public relations business and had to advise people going on TV talk shows, that favorite cousin's earlier admonitions have been useful. For instance, never trust a microphone even when they say CUT, it may still be on; and even if it's not, watch your language while the camera stays on the principals and the credits roll. There may be lip-readers out there!

And if I may be personal—stepping away from my role as Fred O'Green's surrogate, I want to thank you all myself.

My mother is 91 years old, going on 92. Had it not been for hearing aid manufacturers and suppliers like you, she would never have been able to hear me when I have talked to her these last 21 years. Thank you for making that difference!●

YOUTH UNEMPLOYMENT AND THE MINIMUM WAGE

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1978

● Mr. SIMON. Mr. Speaker, I would like to bring to my colleagues' attention several recent items concerning the minimum wage and its effects on youth unemployment.

The first is the most recent Bureau of Labor Statistics figures on youth unemployment. According to the BLS, teenage unemployment in March was 17.3 percent, more than 1½ percent higher than the 15.6 percent figure for December of last year, right before the higher minimum wage took effect. Unemployment among minority teenagers has also worsened since the minimum wage increased in January. Minority teenage unemployment is up from 38 percent in December to 39 percent in March.

At the same time these increases have occurred, the overall unemployment rate has decreased from 6.4 percent to 6.2 percent. In fact, since December of last year, every category of workers listed by the BLS, except for teenagers, has shown improvements.

While this is not conclusive evidence, it does seem that the unique trend in youth unemployment is attributable—at least to some degree—to the 15 percent minimum wage increase in January from $2.30 to $2.65.

The increase in youth unemployment is especially distressing in light of the public jobs that have been created for young people through the youth employment bill passed last year. The increases in jobs due to our youth employment programs appear to have been offset by the minimum wage increases. This is not surprising. In fact, as I pointed out in last year's controversy over the youth differential amendment, the Labor Department documented this problem as early as 1970. A study by the BLS in 1970 reported that:

> There is some basis for the inference that the effect of Federal manpower programs and the Federal minimum wage have tended to offset each other. The analysis of quarterly data indicates that increases in employment attributed to the manpower programs have been offset, to some degree, by decreases in employment attributed to the minimum wage.

A later paper by the Congressional Research Service referred to this finding as "ironic and even pathetic." I agree.

Last year, I examined in great detail the economic studies on the effects of the minimum wage on youth unemployment, and found that the vast majority of the evidence demonstrates that higher minimum wage rates hurt teenagers. An April 1978 study by the Congressional Budget Office reached a similar conclusion. According to the CBO report:

> . . . since youths are generally less skilled and less stable employees than more mature workers, they are more likely to suffer losses in employment as a result of these laws than most other groups. Furthermore, the minimum wages may interact with the increases in the size of the youth labor force in a way that reduces the proportion of youths with jobs. If wages were allowed to be flexible, a larger proportion of the increased supply of young workers might be employed at lower wages, rather than unemployed or out of the labor force.

At a recent Budget Committee hearing, Congressional Budget Office director underscored this point and held out little hope for the future:

> Increases in the minimum wage . . . can diminish employment opportunities for less skilled workers, particularly teenagers . . .
>
> Higher minimum wages . . . will continue to discourage employers from hiring younger and less educated workers.

Finally, I would like to point out some of the conclusions of a recent international conference on youth unemployment held by the Organization for Economic Cooperation and Development (OECD). Youth differentials have been used successfully in several European countries. The OECD conference report refers directly to the negative impact of minimum wages on youth employment:

> Opinion appears to be fairly widespread that the causes of the high rate of unemployment among young people include the relatively high wage rates . . . for entry level jobs . . . Many employers are unable or reluctant to pay such rates to young people whose contribution to production is low, and even at first negative . . .
>
> (M)ore refined analyses have shown some serious negative effects of a minimum wage on teenage labour. By and large, a single undifferentiated minimum seems to reduce teenage employment, causes teens to be clustered unduly in uncovered industries, and part-time work, both of which are sensitive to the vagaries of the business cycle . . . Some of these effects, such as reduced work experience, may have long-lasting consequences.

Mr. Speaker, these pieces of information are additional evidence that the minimum wage hurts teenagers and that we ought to have a lower minimum wage for young workers.●

SENATE COMMITTEE MEETINGS

Title IV of the Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings when scheduled, and any cancellations or changes in meeting as they occur.

As an interim procedure until the computerization of this information becomes operational the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committees scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, April 27, 1978, may be found in Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 28

9:00 a.m.

Energy and Natural Resources

To hold hearings on the nomination of John K. Mansfield, of Connecticut, to be Inspector General of the Department of Energy.

3110 Dirksen Building

Judiciary

Constitution Subcommittee

To continue hearings on S.J. Res. 65, to amend the Constitution so as to provide for representation of the District of Columbia in Congress.

5110 Dirksen Building

9:30 a.m.

Human Resources

To consider S. 2450, FY 79 authorizations for Community Mental Health Centers and for biomedical research; S. 2466, to establish a National Institute of Health Care Research; S. 2474, to extend through FY 1983 the Public Health Service Act; S. 2579, to establish a President's Commission for the Protection of Human Subjects of Biomedical and Behavioral Research; and S. Res. 431, proposing implementation of Senate Rule 50 relating to employment practices.

4232 Dirksen Building

Judiciary

To resume consideration of S. 1874, to allow consumers and other parties who have not dealt directly with an antitrust violator to recover their damages under the antitrust laws.

2228 Dirksen Building

Select Small Business

To hold hearings on S. 836, to amend the Small Business Investment Act so as to provide an adequate guarantee for participating surety companies.

424 Russell Building

10:00 a.m.

Agriculture, Nutrition, and Forestry

Foreign Agricultural Policy Subcommittee

To continue hearings on S. 2385, S. 2405, and S. 2504, bills to authorize the Commodity Credit Corporation to finance export credit sales of agricultural commodities.

322 Russell Building

Appropriations
HUD-Independent Agencies Subcommittee
To continue hearings on proposed budget estimates for FY 79 for HUD and related agencies.
1318 Dirksen Building
Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To receive testimony on budget estimates for fiscal year 1979 for the Departments of State, Justice, Commerce, the Judiciary, and related agencies.
S-146, Capitol
Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on S. 88, to add additional lands to the Sequoia National Park, California, and S. 1906, to establish the Channel Islands and Santa Monica Mountains National Park and Seashore in California.
3110 Dirksen Building
Foreign Relations
Foreign Assistance Subcommittee
To hold hearing on S. 2646, FY 79 authorizations for development assistance programs.
4221 Dirksen Building

MAY 1

9:30 a.m.
Environment and Public Works
To resume consideration of proposed FY 79-80 highway legislation.
4200 Dirksen Building
10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 2441, to reshape the Government's assistance programs for mass transit and highways.
5302 Dirksen Building
Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on H.R. 6900, S. 929, 2659, 2663, 2664, 2705, and 2974, bills to amend the National Trails Systems Act.
3110 Dirksen Building
Foreign Relations
To resume hearings on FY 79 authorizations for foreign assistance to Korea related to the withdrawal of U.S. forces, and on S. 2420, proposed International Development Cooperation Act.
4221 Dirksen Building
Governmental Affairs
To resume hearings on S. 1990, to establish a cabinet level Department of International Trade and Investment.
3302 Dirksen Building
Judiciary
To hold hearings on FY 79 authorizations for the Law Enforcement Assistance Administration, Department of Justice.
2228 Dirksen Building
2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. S-407, Capitol

MAY 2

9:00 a.m.
*Environment and Public Works
Resources Protection Subcommittee
To continue consideration of proposed resource protection legislation.
4200 Dirksen Building
9:30 a.m.
Human Resources
To mark up S. 2410, to amend certain sections of the Public Health Service Act relative to health planning and health resources development, and S. 2534, to extend through FY 1983 programs for health maintenance organizations.
4232 Dirksen Building
10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Office of the Secretary, DOT.
1224 Dirksen Building
Banking, Housing, and Urban Affairs
To mark up S. 2520, proposed FY 79 authorizations for the Export-Import Bank of the U.S.
5302 Dirksen Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building
Finance
Public Assistance Subcommittee
To continue hearings on S. 2084, to replace the existing Federal welfare programs with a single coordinated program.
2221 Dirksen Building
Foreign Relations
To continue hearings on FY 79 authorizations for foreign assistance to Turkey and Greece, and on S. 2420, proposed International Development Cooperation Act.
4224 Dirksen Building
Judiciary
Constitution Subcommittee
To resume hearings on S. 35, the proposed Civil Rights Improvements Act.
6226 Dirksen Building
Select Indian Affairs
To hold hearings on S. 857, to provide Federal financial education assistance to Hawaiian natives.
1202 Dirksen Building

MAY 3

9:00 a.m.
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To hold hearings on proposed new criminal code for the District of Columbia.
3302 Dirksen Building
*Judiciary
To hold hearings on the nominations of Cristobal C. Duenas, to be Judge for the district court of Guam; Alfred Laureta, of Hawaii, to be Judge for the district court for the Northern Mariana Islands; Len J. Paletta, to be U.S. District Judge for the western district of Pennsylvania; and Leonard B. Sand, to be U.S. District Judge for southern district of New York.
2228 Dirksen Building
Judiciary
Constitution Subcommitee
To continue hearings on S. 35, the proposed Civil Rights Improvements Act.
1202 Dirksen Building
9:30 a.m.
Environment and Public Works
To continue mark up of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building
Human Resources
To mark up S. 50, the Full Employment and Balanced Growth Act; S. 2522, authorizing funds through FY 1982 for the Family Planning Services and Population Research Act; S. 2617, authorizing funds through FY 1981 for the Domestic Volunteer Service Act; and S. 2759, the Domestic Violence Prevention and Services Act.
4232 Dirksen Building
10:00 a.m.
Banking, Housing, and Urban Affairs
To mark up S. 2637, proposed FY 79 authorizations for housing programs.
5302 Dirksen Building
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2883 and S. 2901, authorizations for the Corporation for Public Broadcasting for fiscal years 1979-1983.
1224 Dirksen Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building
Select Intelligence
To resume oversight hearings on S. 2525, to improve the intelligence system of the U.S. by establishing a statutory basis for U.S. intelligence activities.
6226 Dirksen Building
10:30 a.m.
Judiciary
To hold hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building
2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. S-407, Capitol

MAY 4

8:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings on the status of nonfarm, nonfood, and fiber rural development research with USDA and the State land grant system.
322 Russell Building
9:00 a.m.
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To continue hearings on proposed new criminal code for the District of Columbia.
3302 Dirksen Building
9:30 a.m.
Environment and Public Works
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building
Human Resources
To mark up S. 2416, to extend through FY 1981, programs of assistance for nurse training; S. 2549 and H.R. 11400, FY 79 authorizations for the National Science Foundation; S. 1753, authorizing funds through FY 1983 for the Elementary and Secondary Education Act; and S. 2938, authorizing funds for FY 1979 and 1980 for the National Sea Grant College Program.
4232 Dirksen Building
10:00 a.m.
Banking, Housing, and Urban Affairs
To continue markup of S. 2637, proposed FY 79 authorizations for housing programs.
5302 Dirksen Building
Commerce, Sciences, and Transportation
Communications Subcommittee
To continue hearings on S. 2883 and S. 2901, authorizations for the Corporation for Public Broadcasting for fiscal years 1979-1983.
1224 Dirksen Building
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building
Select Intelligence
To continue oversight hearings on S. 2525, to improve the intelligence system of the U.S. by establishing a statutory basis for U.S. intelligence activities.
5110 Dirksen Building

10:30 a.m.
Judiciary
To continue hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

2:00 p.m.
Select Ethics
To hold a business meeting.
Room to be announced

2:30 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m.
EF-100, Capitol

MAY 5

8:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To continue hearings on the status of nonfarm, nonfood, and fiber rural development research with USDA and the State land grant system.
322 Russell Building

9:30 a.m.
Environment and Public Works
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

Human Resources
To continue markup of S. 1753, authorizing funds through FY 1983 for the Elementary and Secondary Education Act, and S. 2938, authorizing funds for FY 1979 and 1980 for the National Sea Grant College Program.
4232 Dirksen Building

Veterans' Affairs
To markup S. 2398, to extend the period of eligibility for Vietnam-era veterans' readjustment appointment within the Federal Government; H.R. 5029, authorizing funds for hospital care and medical services to certain Filipino combat veterans of WW II; and S. 2836, to amend the Veterans' Administration Physician and Dentist Pay Comparability Act.
412 Russell Building

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the St. Lawrence Seaway Development Corporation, the Research and Special Programs Directorate, Department of Transportation, and the Minority Business Resources Center.
1224 Dirksen Building

Banking, Housing, and Urban Affairs
To continue markup of S. 2637, proposed FY 79 authorizations for housing programs.
5302 Dirksen Building

2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. EF-100 Capitol

MAY 8

9:30 a.m.
Human Resources
To mark up S. 2600, to extend certain vocational rehabilitation programs and to establish a comprehensive services program for the severely handicapped.
4232 Dirksen Building

Judiciary
To resume hearings on FY 79 authorizations for the Law Enforcement Assistance Administration, Department of Justice.
2228 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2211, the International Maritime Mobile Satellite Telecommunications Act.
235 Russell Building

10:30 a.m.
Judiciary
To hold hearings on FY 79 authorizations for the Civil Rights Division, Department of Justice.
2228 Dirksen Building

MAY 9

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To hold hearings to receive testimony from Administration officials on the problems of rural railway transportation.
324 Russell Building

Judiciary
Improvements in Judicial Machinery Subcommittee
To resume hearings on S. 1314, to provide that State and Federal prisoners may petition Federal courts in a writ of habeas corpus.
2228 Dirksen Building

9:30 a.m.
Human Resources
To mark up S. 2090, extending through FY 1981 certain programs administered under the Economic Opportunity Act.
4232 Dirksen Building

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Office of the Secretary of Transportation.
1224 Dirksen Building

MAY 10

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To continue hearings to receive testimony from Administration officials on the problems of rural railway transportation.
324 Russell Building

Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 2782, to protect consumers from misrepresentative advertising of gold and silver jewelry.
235 Russell Building

9:30 a.m.
Human Resources
To mark up S. 2850, authorizing funds for FY 1979 and 1980 for the Older Americans Act; S. 2915, authorizing funds through FY 1981 for the Alcohol and Drug Abuse Education Act; and S. 2916, FY 79 authorizations for the Office of Drug Abuse and for drug treatment programs.
4232 Dirksen Building

Judiciary
Citizens and Shareholders Rights and Remedies Subcommittee
To resume oversight hearings on the rights and remedies of insurance policy holders.
5110 Dirksen Building

10:00 a.m.
Governmental Affairs
To mark up S. 1785 and S. 2026, to require public disclosure of certain lobbying activities, and S. 2236, to strengthen Federal programs and policies for combating international and domestic terrorism.
3302 Dirksen Building

MAY 11

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To continue hearings to receive testimony from Administration officials on the problems of rural railway transportation.
324 Russell Building

9:30 a.m.
Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To hold oversight hearings on Government in the Sunshine Act (P.L. 94-409).
1318 Dirksen Building

Human Resources
To mark up S. 2570, FY 79 authorizations for CETA.
4232 Dirksen Building

10:00 a.m.
Governmental Affairs
To continue mark up of S. 1785 and S. 2026, to require public disclosure of certain lobbying activities, and S. 2236, to strengthen Federal programs and policies for combating international and domestic terrorism.
3302 Dirksen Building

2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. EF-100, Capitol

MAY 12

9:30 a.m.
Human Resources
To resume mark up of S. 1753, authorizing funds through FY 1983 for the Elementary and Secondary Education Act, and other pending calendar business.
4232 Dirksen Building

2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. EF-100, Capitol

MAY 15

10:00 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on ICC's price regulation in the motor common carrier industry.
2228 Dirksen Building

MAY 16

10:00 a.m.
Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Department of Transportation.
1224 Dirksen Building

Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings jointly with the Senate Banking Subcommittee on International Finance on technology exports and research and development investments.
6226 Dirksen Building

Banking, Housing, and Urban Affairs
To resume hearings on S. 2096, Right to Financial Privacy Act, and S. 2293, to modernize the banking laws with regard to the geographic placement of electronic fund transfer systems.
5302 Dirksen Building

MAY 17

9:30 a.m.
Human Resources
Health and Scientific Research Subcommittee
To resume hearings on S. 2755, the Drug Regulation Reform Act.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
Financial Institutions Subcommittee
To continue hearings on S. 2096, Right to Financial Privacy Act, and S. 2293, to modernize the banking laws with regard to the geographic placement of electronic fund transfer systems.
5302 Dirksen Building
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings in connection with restrictions employed by foreign countries to hold down imports of U.S. goods.
Room to be announced

MAY 18

9:30 a.m.
Veterans' Affairs
Housing, Insurance, and Cemeteries Subcommittee
To hold hearings on S. 1643 and H.R. 4341, to eliminate the requirement for inspections of the mobile home manufacturing process by the VA and S. 1556, authorizing funds through FY 81 to assist States in establishing and maintaining VA cemeteries.
457 Russell Building

MAY 22

9:00 a.m.
Select Small Business
To resume hearings on the Federal government patent policy.
318 Russell Building
Select Small Business
10:00 a.m.
To resume hearings on the Federal government patent policy.
318 Russell Building

10:00 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on ICC's price regulation in the motor common carrier industry.
2228 Dirksen Building

MAY 23

9:00 a.m.
Select Small Business
To continue hearings on the Federal government patent policy.
6226 Dirksen Building

JUNE 7

9:30 a.m.
Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold oversight hearings on use of the drug PCP (Angel Dust).
4232 Dirksen Building

CANCELLATIONS

MAY 2

9:30 a.m.
Environment and Public Works
To mark up proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

HOUSE OF REPRESENTATIVES—*Thursday, April 27, 1978*

The House met at 11 o'clock a.m.

Rev. Rudolf Reinaru, pastor, Estonian Holy Ghost Evangelical Lutheran Church of Lakewood, Lakewood, N.J., offered the following prayer:

Let us pray:

Almighty and most merciful Father, we give Thee praise and hearty thanks for all Thy mercies.

Preserve our Nation in righteousness and honor and give Thy blessings to us as a people—that we may live in peace and happiness.

Bestow Thy blessing upon Thy servant, the President of the United States, and upon all in authority over us and grant them Thy grace and guidance that they may labor for the welfare of the people.

O God, help all captive nations, ruled by Communists, among them once independent Estonia, the country of my birth, which have been deprived of freedom.

Inspire the hearts of all men to follow after justice and hasten the time when nation shall not lift up sword against nation but live in peace and in righteousness.

God bless America. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On April 24, 1978:

H.R. 4979. An act to direct the Secretary of the Interior to convey certain public and acquired lands in the State of Nevada to the county of Mineral, Nev.;

H.R. 6693. An act to promote the healthy development of children who would benefit from adoption by facilitating their placement in adoptive homes, to extend and improve the provisions of the Child Abuse Prevention and Treatment Act, and for other purposes;

H.R. 9179. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation; and

H.J. Res. 578. Joint resolution authorizing the President to proclaim the third week of May of 1978 and 1979 as "National Architectural Barrier Awareness Week."

On April 26, 1978:

H.R. 7744. An act to amend the acts of August 11, 1888, and March 2, 1919, pertaining to carrying out projects for improvements of rivers and harbors by contract or otherwise, and for other purposes.

REV. RUDOLF REINARU

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, just a short while ago the Estonian people celebrated the 60th anniversary of the declaration of independence of their nation. Although their homeland is presently under Soviet domination, those Estonians fortunate to have moved to the New Jersey Shore area have remained together as a community preserving their religious principles and heritage.

One of the Estonian leaders in New Jersey, Rev. Rudolf Reinaru, honored the House of Representatives this morning by offering the opening prayer. Our colleague, Congressman JIM HOWARD, was to have welcomed Reverend Reinaru this morning. Unfortunately he is ill and could not be here. I pray that he will have a speedy recovery.

The determination of Reverend Reinaru to aid people throughout the world is indicated by his humanitarian service in Estonia, Poland, West Germany, Canada, and now as pastor of the Holy Ghost Estonian Evangelical Lutheran Church in Lakewood, N.J.

I ask my colleagues to join with me in extending best wishes to the Estonians in the United States in appreciation of their contributions to this great Nation.

PERSONAL STATEMENT OF CLIFFORD ALLEN REQUESTING LEAVE OF ABSENCE

(Mr. ALLEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALLEN. Mr. Speaker, I shall be obliged to miss part of today's session.

My wife, who is at home in Nashville, has not been feeling well, and her doctor has called and advised me he is putting her in the hospital for tests and treatment. Understandably, I feel I should go and be by her side when she enters the hospital.

I hope I may have some encouraging word before my return Monday. In any event, I wish to explain the reason for leaving, and to request leave of absence at noon today, in order to catch the plane home.

INFLATION THE SINGLE MAJOR ISSUE

(Mr. SISK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SISK. Mr. Speaker, it seems evident to me as we get the message from the people back home that it is time that Congress recognizes that inflation is the one single big major issue that this country is concerned about.

I think the time has come to face up to the fact we should not, and I believe very strongly, we should not cut taxes this year.

I would hope that the administration as it continues to look at this situation, and particularly the Committee on Ways and Means in this Congress, determine that, in fact, we shall not reduce taxes but rather face up to the problems we have; also to do something to strengthen the dollar and let the world know we are prepared and will be prepared to do the things necessary to bring our budget within a reasonable, decent balance.

Mr. Speaker, I would also join with others in saying that the time has come when we should recognize that now is not the time to dabble with a change in social security taxes which we passed last year. I think we should let this matter stand as it is, at least for a period of some 2 or 3 years, and let us see what happens. A recent poll of the American people shows that well in excess of 50 percent of the people support our actions of last year on social security.

Mr. Speaker, let me again plead with the President and his administration to reexamine their stand on taxes, withdraw his request for a tax cut, and, instead, concentrate on an all-out war on inflation. The greatest tragedy in America today is the millions of people caught on more or less fixed incomes and in the grip of runaway inflation.

Please, Mr. President, let us tighten our belts and restore some sanity and reason in connection with our budgetary process.

THE "BUDGET TWO-STEP"

(Mrs. HOLT asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. HOLT. Mr. Speaker, some have referred to the legislative process as the "dance of legislation" through Congress.

Well, get out your dance cards, ladies and gentlemen, the "dance" of the Budget Act is about to begin.

I would liken our present budgetary process with that of the "hustle" dance, with all its spins and gyrations. The process has become a "hustle" to spend more and more money without regard to the available revenues. The "hustle" of the American taxpayers has resulted in an ever-increasing public debt.

I have given considerable thought and study as to how we might improve our budget procedure so that there would first be a closer coordination between tax revenues and outlays, and then a consideration of the spending priorities within those aggregate limitations.

To this end, I have introduced H.R. 12345. Yes, that is H.R. 1, 2, 3, 4, 5. The bill number is significant in that it represents our current budget procedure where the Congress continues to add on more spending but never exercises responsibility.

H.R. 1, 2, 3, 4, 5 has been called the "Budget Two-Step," and I propose that our budget "dance" of legislation not be a "hustle" to spend more and more, but rather a "two-step"—"two steps" to a more practical and orderly process by which we can effectuate greater control over Government spending.

PROVIDING FOR EXPENSES OF INVESTIGATIONS BY COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. ANNUNZIO. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 1013) to provide for the expenses of investigations and studies to be conducted by the Committee on Science and Technology, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1013

Resolved, That for the further expenses of investigations and studies to be conducted by the Committee on Science and Technology, acting as a whole or by subcommittee, not to exceed $1,609,000, including expenditures for the employment of investigators, attorneys, and clerical, and other assistants, and for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946, as amended (2 U.S.C. 72a(i)), shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. Not to exceed $55,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946, as amended (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House; and the chairman of the Committee on Science and Technology shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. The authorization granted by the resolution shall expire immediately prior to noon on January 3, 1979.

SEC. 4. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. ANNUNZIO (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore (Mr. ROSTENKOWSKI). Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Strike out all after the resolving clause and insert:

That for the further expenses of investigations and studies to be conducted by the Committee on Science and Technology, acting as a whole or by subcommittee, not to exceed $1,500,000, including expenditures for the employment of investigators, attorneys, and clerical and other assistants, and for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946, as amended (2 U.S.C. 72a(i)), shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. Not to exceed $55,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946, as amended (2 U.S.C. 72(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House; and the chairman of the Committee on Science and Technology shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. The authorization granted by the resolution shall expire immediately prior to noon on January 3, 1979.

SEC. 4. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. ANNUNZIO (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ANNUNZIO) is recognized for 1 hour.

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Science and Technology, under the chairmanship of the gentleman from Texas, OLIN E. TEAGUE, and with the gentleman from New York, JOHN WYDLER, as ranking minority member, presented a budget of $1,609,600. The committee unanimously voted an amount of $1,500,000.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. ANNUNZIO. I yield to the gentleman from Maryland, for debate purposes only.

Mr. BAUMAN. Mr. Speaker, my information is that the reason the consideration of this resolution was held up was because of a disagreement about the number of minority employees which minority Members had a right to appoint. Have all of these disagreements been settled between the majority and the minority prior to this time?

Mr. ANNUNZIO. Mr. Speaker, I will state to the gentleman that to my knowledge these disagreements have been satisfactorily settled and worked out.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman.

Mr. ANNUNZIO. Mr. Speaker, I have no requests for time.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. ANNUNZIO. Mr. Speaker, I move the previous question on the resolution, as amended.

The previous question was ordered.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PRINTING OF COPIES OF CONGRESSIONAL RESOURCE GUIDE TO THE FEDERAL EFFORT ON NARCOTICS ABUSE AND CONTROL

Mr. WOLFF. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from the further consideration of the resolution (H. Res. 1105) to provide for the printing of the Congressional Resource Guide to the Federal Effort on Narcotics Abuse and Control, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 1105

Resolved, That there shall be printed for the use of the Select Committee on Narcotics Abuse and Control, the maximum number of copies of the Congressional Resource Guide to the Federal Effort on Narcotics Abuse and Control which may be printed at a cost not to exceed $1,200.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 11302, EPA AUTHORIZATION FOR FISCAL YEAR 1979

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1112 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1112

Resolved, That upon the adoption of this resolution it shall be in order to move, section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11302) to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1979, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final pasage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from California (Mr. DEL CLAWSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1112 provides for the consideration of H.R. 11302, a bill to authorize appropriations for environmental research and development and demonstrations for fiscal year 1979 for the Environmental Protection Agency. This is an open rule providing 1 hour of general debate to be divided and controlled in the customary manner, and there is a waiver of section 402(a) of the Budget Act. This waiver is necessary to permit consideration of section 7 of the bill which amends the Environmental Research and Development Act of 1978. Since this may be construed as creating new budget authority for fiscal year 1978, the waiver was requested, and it was approved by the Budget Committee with the understanding that the Committee on Science and Technology will offer an amendment making section 7 effective on October 1, 1978, thus curing the Budget Act problem.

Mr. Speaker, H.R. 11302 authorizes a total of $431 million for environmental research, development, and demonstration activities of the Environmental Protection Agency for fiscal year 1979, and for certain environmental programs at the National Bureau of Standards. Included in this aggregate sum is $71 million for research and air quality standards, $138 million for energy related health and ecological effects, and close to $60 million for activities in the area of water quality. Mr. Speaker, there also are some special authorizations contained in this bill, providing for grants for demonstration projects in waste water use, and for the gulf coast study which was authorized in the 1977 Clean Air Act amendments. Overall, this legislation will permit a continuance of programs aimed at the improvement of all components of our environment, and the results will be a better quality of life and prospects for a healthier existence for this country. I respectfully request the adoption of House Resolution 1112 so that we may move to the consideration of the bill.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a 1-hour, open rule permitting consideration of H.R. 11302, the Environmental Research, Development, and Demonstration Authorization Act for fiscal year 1979. The rule waives section 402(a) of the Budget Act, which section imposes the May 15 deadline. It is my understanding that an amendment will be offered to cure the Budget Act violation.

This legislation authorizes $386 million for research, development, and demonstration in EPA's regular research program. In addition, the following special authorizations are made:

First, $3 million for the gulf coast study authorized in the Clean Air Act;

Second, $10 million for long-term research grants;

Third, $5 million for environmental research at the National Bureau of Standards;

Fourth, $2 million for a study of the coordination and application of environmental research; and

Fifth, $25 million for grants demonstrating waste water reuse.

The total cost in fiscal year 1979 of this bill is $431,338,000. This figure is $12 million above the fiscal year 1978 authorization.

Mr. Speaker, this is important legislation. It is important from the standpoint that it provides money for EPA to conduct the necessary research prior to making many of its policy decisions. This research, demonstration, and development by the agency should be completed before it issues environmental guidelines which affect every citizen in the country, directly or indirectly.

I support the passage of the rule so that we may proceed to consider H.R. 11302.

Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXECUTIVE ORDER AUTHORIZING EXPORT OF LOW-ENRICHED URANIUM TO INDIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 95-327)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, without objection, together with the accompanying papers, referred to the Committee on International Relations and ordered printed:

To the Congress of the United States:

I am transmitting herewith, pursuant to Section 126b(2) of the Atomic Energy Act of 1954, as amended, an Executive Order authorizing the export of 7,638 Kgs. of low-enriched uranium to India for use in the fueling of its Tarapur Atomic Power Station.

In our Agreement for Cooperation with India, the United States agreed to supply all of the fuel requirements for that Power Station, and India agreed to operate it exclusively on U.S.-supplied fuel. We contracted to supply the specific fuel here involved a number of years ago.

An application for a license to export this fuel was submitted to the Nuclear

Regulatory Commission early last year. This application was carefully reviewed within the Executive Branch, which concluded that the proposed export would not be inimical to the common defense and security, that it would meet all the immediate statutory criteria under the then pending Nuclear Non-Proliferation Act, and that the license should be issued. Later that month, the Commission was officially notified of the Executive Branch findings and recommendations.

On April 20, the Nuclear Regulatory Commission found itself unable to agree upon the issuance of this license, being divided by a 2–2 vote. The Nuclear Non-Proliferation Act of 1978 wisely provided for just such a contingency. Previously, there was no clear way of dealing with a situation in which the Commission was unable to decide upon the issuance of an export license, and no way of ensuring that in cases where the licensing process would lead to a result that the President believed would be seriously prejudicial to the achievement of United States non-proliferation objectives, such prejudice could be avoided.

I have determined that this is such a case. The Government of India has given us its commitments to use our exports only at the Tarapur Atomic Power Station and not for any explosive or military purpose, and I have the highest confidence that it will honor these commitments. I am convinced that denial of this export would seriously undermine our efforts to persuade India to accept full-scope safeguards, and would seriously prejudice the achievement of other U.S. non-proliferation goals. I intend to pursue these matters further with the Government of India.

A period in which to seek agreement to full-scope safeguards was clearly provided for in the Act. The Act permits a continuation of exports during this period, including exports in cases where there are questions as to whether and when that objective may be achieved. Rather than prejudice the prospects for success in such efforts by refusing to fulfill an existing commitment that is important to India's power supply, we should be using this period to find, in the light of the new legislation's requirements, mutually acceptable ways of meeting both India's need for continued operation of the Tarapur Atomic Power Station and our need for full-scope safeguards and the attainment of other non-proliferation objectives.

In transmitting this Executive Order to you pursuant to Section 126b(2) of the Act, I wish to make clear that I am not departing from the reservations I expressed at the time I signed the Nuclear Non-Proliferation Act of 1978 concerning the constitutionality of provisions of that Act which purport to allow Congress to overturn my decisions by actions not subject to my veto power.

JIMMY CARTER.

THE WHITE HOUSE, *April 27, 1978.*

EPA AUTHORIZATION FOR FISCAL YEAR 1979

Mr. BROWN of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11302) to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1979, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. BROWN).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MONTGOMERY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 384, nays 5, not voting 45, as follows:

[Roll No. 258]

YEAS—384

Abdnor	Chisholm	Fountain
Addabbo	Clausen,	Fowler
Akaka	Don H.	Fraser
Alexander	Clawson, Del	Frenzel
Allen	Clay	Fuqua
Ammerman	Cleveland	Garcia
Anderson,	Cochran	Gaydos
Calif.	Cohen	Gephardt
Anderson, Ill.	Coleman	Gibbons
Andrews, N.C.	Collins, Ill.	Gilman
Andrews,	Conable	Ginn
N. Dak.	Conte	Glickman
Annunzio	Corcoran	Goldwater
Applegate	Cornell	Gonzalez
Archer	Cornwell	Goodling
Armstrong	Cotter	Gore
Ashley	Coughlin	Gradison
Aspin	Crane	Grassley
AuCoin	Cunningham	Green
Badham	D'Amours	Guyer
Bafalis	Daniel, Dan	Hagedorn
Baldus	Daniel, R. W.	Hall
Barnard	Danielson	Hamilton
Bauman	Davis	Hammer-
Beard, R.I.	de la Garza	schmidt
Beard, Tenn.	Delaney	Hanley
Bedell	Dellums	Hannaford
Beilenson	Dent	Hansen
Benjamin	Derrick	Harkin
Bennett	Derwinski	Harrington
Bevill	Devine	Harris
Biaggi	Dickinson	Harsha
Blanchard	Dicks	Heckler
Blouin	Dingell	Hefner
Boggs	Dodd	Heftel
Boland	Dornan	Hightower
Bolling	Downey	Hillis
Bonior	Drinan	Holland
Bonker	Duncan, Oreg.	Hollenbeck
Bowen	Duncan, Tenn.	Holt
Brademas	Early	Holtzman
Breaux	Eckhardt	Horton
Breckinridge	Edgar	Hubbard
Brinkley	Edwards, Ala.	Huckaby
Brodhead	Edwards, Okla.	Hughes
Brooks	Emery	Hyde
Broomfield	English	Ichord
Brown, Calif.	Erlenborn	Ireland
Brown, Mich.	Ertel	Jacobs
Brown, Ohio	Evans, Colo.	Jenkins
Broyhill	Evans, Del.	Jenrette
Buchanan	Evans, Ga.	Johnson, Calif.
Burgener	Evans, Ind.	Johnson, Colo.
Burke, Calif.	Fary	Jones, Okla.
Burke, Fla.	Fascell	Jones, Tenn.
Burke, Mass.	Fenwick	Jordan
Burleson, Tex.	Findley	Kasten
Burlison, Mo.	Fish	Kastenmeier
Burton, Phillip	Fisher	Kazen
Butler	Fithian	Kelly
Byron	Flippo	Kemp
Caputo	Flood	Ketchum
Carney	Florio	Keys
Carr	Flowers	Kildee
Carter	Flynt	Kindness
Cavanaugh	Foley	Kostmayer
Cederberg	Ford, Mich.	Krebs
Chappell	Forsythe	LaFalce
Lagomarsino	Myers, Michael	Skelton
Latta	Natcher	Skubitz
Le Fante	Neal	Slack
Leach	Nedzi	Smith, Iowa
Lederer	Nichols	Smith, Nebr.
Leggett	Nowak	Snyder
Lehman	O'Brien	Solarz
Lent	Oakar	Spellman
Levitas	Oberstar	Spence
Livingston	Obey	St Germain
Lloyd, Calif.	Ottinger	Staggers
Lloyd, Tenn.	Panetta	Stangeland
Long, La.	Patten	Stanton
Long, Md.	Patterson	Stark
Lott	Pattison	Steed
Lujan	Pease	Steers
Luken	Pepper	Steiger
Lundine	Perkins	Stockman
McClory	Pettis	Stokes
McCloskey	Pickle	Stratton
McCormack	Pike	Studds
McDade	Poage	Stump
McEwen	Pressler	Symms
McFall	Preyer	Taylor
McHugh	Price	Thompson
McKinney	Pritchard	Thone
Madigan	Pursell	Traxler
Maguire	Quayle	Treen
Mahon	Quie	Trible
Markey	Quillen	Udall
Marks	Railsback	Ullman
Marlenee	Regula	Van Deerlin
Marriott	Rhodes	Vander Jagt
Martin	Richmond	Vanik
Mathis	Rinaldo	Vento
Mazzoli	Risenhoover	Waggonner
Metcalfe	Robinson	Walgren
Meyner	Roe	Walker
Mikulski	Rogers	Walsh
Mikva	Rooney	Wampler
Milford	Rose	Watkins
Miller, Calif.	Rosenthal	Weaver
Miller, Ohio	Rostenkowski	Weiss
Mineta	Rousselot	Whalen
Minish	Roybal	White
Mitchell, N.Y.	Rudd	Whitehurst
Moakley	Ruppe	Wiggins
Moffett	Russo	Wilson, C. H.
Mollohan	Ryan	Wilson, Tex.
Montgomery	Santini	Winn
Moore	Sarasin	Wirth
Moorhead,	Satterfield	Wolff
Calif.	Scheuer	Wydler
Moorhead, Pa.	Schroeder	Wylie
Moss	Schulze	Yates
Mottl	Sebelius	Yatron
Murphy, Ill.	Seiberling	Young, Alaska
Murphy, N.Y.	Sharp	Young, Fla.
Murphy, Pa.	Shipley	Young, Mo.
Murtha	Shuster	Zablocki
Myers, Gary	Sikes	Zeferetti
Myers, John	Simon	

NAYS—5

Collins, Tex.	Mitchell, Md.	Wilson, Bob
McDonald	Roncalio	

NOT VOTING—45

Ambro	Hawkins	Roberts
Ashbrook	Howard	Rodino
Baucus	Jeffords	Runnels
Bingham	Jones, N.C.	Sawyer
Burton, John	Krueger	Sisk
Conyers	McKay	Teague
Corman	Mann	Thornton
Diggs	Mattox	Tsongas
Edwards, Calif.	Meeds	Tucker
Eilberg	Michel	Volkmer
Ford, Tenn.	Nix	Waxman
Frey	Nolan	Whitley
Gammage	Rahall	Whitten
Giaimo	Rangel	Wright
Gudger	Reuss	Young, Tex.

Mr. PATTEN changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11302, with Mr. EDGAR in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from California (Mr. BROWN) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. WALKER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. BROWN).

Mr. BROWN of California. Mr. Chairman, with the cooperation of the Members, I hope that we will be able to expedite consideration of this legislation. What we are dealing with here is the fiscal year 1979 authorization for the Office of Research and Development only in the Environmental Protection Agency. I might say that in the subcommittee which I chair, and of which the distinguished gentleman from Pennsylvania (Mr. WALKER) is the ranking member, and in the full Committee on Science and Technology there was no objection to this bill. It was reported out unanimously from both the subcommittee and full committee. While that does not certify that the bill is perfect, it indicates that we have attempted to minimize any objections to the bill.

I would just like to say a few summary words that would give the general parameters of the bill. Basically, what the subcommittee found with regard to the EPA research and development requests for this year was that the Agency requested a substantial increase in funds for their regulatory activities, which was approved by the administration. The Office of Management and Budget approved an approximately 12-percent increase for the regulatory phase of the Agency, but for the research and development activities—which is the subject of this bill—the Office of Management and Budget had approved only a 1-percent increase over fiscal year 1978.

It has been the feeling of our subcommittee over a period of some time that the quality of the regulatory work done by the Environmental Protection Agency can only be as good as the quality of the supporting research which goes into establishing solutions to the pollution problems that they are addressing in the environmental agency. As a consequence of this general philosophy and our feeling that the Research and Development Office had been shorted in this otherwise rather reasonable increase in the Environmental Protection Agency, the subcommittee sought to select out certain areas which we felt were of higher priority. We added reasonable amounts of money in those areas—reasonable amounts of authorization—in order to to indicate our sense of the priorities for research within the Agency.

As a consequence, this bill will recommend to the House an increase of about $12 million, or roughly 3 percent for the reasearch and development program authorization over last year, instead of the 1 percent, which the Office of Management and Budget had requested.

That is the general situation with regard to the bill. I could indicate the general scope of the amounts that we are talking about. This provides approximately $431 million for all of the programs which are included within it, compared to $418 million for similar programs last year. We feel that this increase is reasonable and justified.

The rationale for all of these levels are set forth in great detail in the committee report, which I would very much recommend to the Members for reading.

Mr. Chairman, I would like to state in more detail why I rise in support of H.R. 11302, a bill to authorize $431,338,000 for environmental research, development, and demonstration. This bill is the vehicle which authorizes the appropriation of funds to support the Office of Research and Development within the Environmental Protection Agency. It is not a regulatory bill, but authorizes the funding of research programs that will generate information leading to fair, equitable, and effective abatement of environmental pollution.

The $431 million authorized for next year should be compared with the $418 million authorized for fiscal year 1978.

The bill also: First, has miscellaneous reporting provisions, section 5; second, encourages EPA to provide training opportunities to its staff when this bill will aid the Agency, section 6; and third, amends last year's bill (Public Law 95–155) to slightly broaden the waste water reuse grants program (section 7).

Hearings on the President's budget request for research activities at the EPA were held before the Environment and Atmosphere Subcommittee which I chaired on February 7, 8, and 9 of this year. The bill before you was developed in response to information presented at the hearings, and subsequently it was unanimous—31 to 0—ordered reported by a rollcall vote of the full Science and Technology Committee on March 14, 1978.

The committee adopted two amendments to the bill both of which were minor. The first amendment, to section 3(a)(2), merely corrected ambiguous language to more clearly reflect the committee's intentions. The second amendment, to section 5(c), merely reflects amendments in other legislation to which section 5(c) refers. That is, originally only one report was involved, but now this language requires two reports be made available to the public for comment, et cetera.

In addition, I will be offering an additional technical amendment to the bill to bring it into conformance with the Congressional Budget Act of 1974 (Public Law 93–344). The amendment would add a new paragraph to subsection 7(a). The new language, "This subsection shall be effective October 1, 1978," removes the problem that the amendment to Public Law 95–155, in slightly broadening the authority in that law, conflicts with section 402(a) of the Budget Act. In essence, the amendment retroactively makes an authorization—after the May 15, 1977, deadline for fiscal year 1978 authorizations. That was certainly not our intent, and the amendment will correct this technical deficiency.

Before explaining the specific provisions of the bill, I would like to make a few general comments about the program we are authorizing. The activities of EPA can be divided into two parts: First, abatement and enforcement and second, research and development. As you know, the Agency's abatement and enforcement activities touch every facet of American society. Occasionally that touch has been rather clumsy. Conceding that, I want to ask you to focus on the bill we have before us today which authorizes funds for research, development, and demonstration, and which presents our committee with both an opportunity and a responsibility to contribute the protection of the public health and welfare. A significant fraction of EPA's problems in the past have been caused by a lack of credible information. Although credible information is exactly what should be generated by the EPA research program such information has not always been forthcoming. Our committee's study of the CHESS program provides a specific example.

However, I feel we are making progress. In recent years EPA's Office of Research and Development has received extensive congressional oversight, and they are responding. Although they still have far to go, the research program does show signs of improvement. I believe that this improvement in research will have positive impact on all the Agency's activities—specifically on abatement and enforcement activities. I urge you to act favorably on the bill and thereby to continue to encourage EPA's research program so that the kind of rigorous information needed to protect the public health and welfare can be developed.

I believe that the funds for research authorized in the bill can be best explained if they are first put into context. In 1978 the Federal Government spent $1.8 billion on environmental research, of which EPA funded $321 million. It is clear from this that EPA does not dominate Federal spending in this area. This year the total EPA request is $1.127 billion—including research, abatement and enforcement but not including the $4.5 billion construction grants program. This is an overall 12 percent increase for the Agency over their 1978 level of $1.004 billion. By comparison, research funds requested increase 1 percent from $321 million in 1978 to $324 million in 1979. The research program has also fared badly with respect to personnel. In the last 2 years the Agency's personnel ceiling has been increased by 1,280 positions but research has received only 21 of these.

During this time the Agency has received major new responsibilities with passage of the—

Toxic Substances Control Act;

Resource Conservation and Recovery Act;

Safe Drinking Water Act amendments;

Clean Air Act amendments, and

Water Pollution Control Act amendments.

The Agency has also been given new responsibilities under the President's new energy plan.

Because of these responsibilities and in response to information brought out at hearings, the committee believes that

the research budget is inadequate. Accordingly, the committee recommends a $62 million increase, 19 percent over the President's request of $324 million for regular program-related research. In addition the subcommittee recommends $40 million for specific activities that were not in the President's request.

Table I, entitled "Summary Comparison of the 1978 and 1979 R.D. & D. Authorizations" compares funding authorized last year with the subcommittee recommendations for fiscal year 1979 and shows that the funding in this year's bill is only $13 million above the amount authorized last year. Last year the committee reported a bill, which when signed by the President authorized $254 million. Other legislation, the Clean Air Act Amendments and the Resource Conservation and Recovery Act, added $165 million—all program-related—for a total authorization of $419 million. Of this total of $419 million, $379 million was for regular program-related research. For fiscal year 1979 all these authorizations are in one bill, H.R. 11302.

The regular program-related research increases recommended for 1979 by the subcommittee are shown in the last column of table II entitled "Budget Summary/Program-Related Research."

Table II shows that the largest increase requested, $23.6 million, is in the energy programs. Of this $14.8 million is recommended for studies of potential health and ecological effects of: First, coal combustion, including coal conversion, second, production and combustion of synthetic fuels, and third, the operation of new energy technologies, among other things. An additional $7.55 million is for R.D. & D. on control technologies including technologies for industrial uses subject to coal conversion.

The next largest increase requested, $19 million, is in the air programs. $10.5 million of this increase is for health and ecological effects research. This increase would be used, in part, to initiate health effects studies in different geographical areas or seasons of the year in order to find out whether or not the research results are valid and repesent a suitable basis for national standards. There is also an additional $8.6 million recommended for the development and demonstration of industrial emission control technologies.

The committee also recommends an increase of $11.3 million for the water quality programs; $6.7 million of this is in the industrial and public sector areas to support the Agency's efforts to develop control technologies for nonpoint-sources (NPS) of water pollution. As the Nation's point sources are brought under control as a result of the construction grants program, it becomes clear that NPS which are now responsible for nearly half of the input of contaminants to the Nation's waters, will become the major source of such contamination. Yet, NPS of pollution have not been addressed in the Agency's research program to a significant degree. In the health effects and ecological effects area the committee recommends an increase of $3 million for the Great Lakes program and $1 million for studies of the effects of waste disposal in the oceans.

An increase of $4 million is recommended for groundwater research in the drinking water program. The committee also recommends that: First, the Agency conduct research on alternate methods for treating drinking water that are more economical to implement than the grandulated activated carbon method and second, that the Agency develop inexpensive, and simple methods to monitor drinking water contaminants for which the Agency has issued or expects to issue regulations.

In the interdisciplinary medium the committee again—as in fiscal year 1978—recommends a $3.5 million increase to carry out intermedia—that is, air/water/soil—ecological studies as recommended by the EPA Science Advisory Board.

The committee also recommends that $2 million be transferred from the pesticides medium to the toxic substances medium. This represents our belief that certain general test development work should be centrally managed. For example, both the pesticides and toxic substances programs need to develop screening tests to determine which substances are likely to be carcinogenic. While the regulation of pesticides under FIFRA demands certain specific research support which should not be transferred, basic test development work is more efficiently conducted centrally, with specific applications to pesticides and toxics as appropriate. The committee believes this would strengthen both programs.

Section 3 of the bill provides for three special authorizations. Section 3(a) provides $10 million for grants for long-term environmental research and training in the physical, natural, health and social sciences. The purpose is to develop sources of expertise outside EPA which would be available to that Agency and to others. Thus, we envision block grants in the range of $100,000 to $500,000 continuing for at least several years which would enable a university to build up an environmentally oriented program and staff.

To clarify the subcommittee's intent to develop rigorous programs of high intellectual content, the following technical amendment to section 3(a) will be made if no objection is heard:

Amend section 3(a)(2) to read:

(2) These grants are for the purpose of developing continuing centers for environmental research and training in the engineering, physical, natural, health, and social sciences.

Section 3(c) authorizes a study of the coordination and application of environmental research. This reaffirms the committee's continuing interest in the effective conduct of environmental research. Last year's bill provided for a joint study by CEQ and OSTP, but these agencies are unable to properly address the study because of limited resources. Section 3(c) would in effect make resources available for an externally conducted study which could use this year's abbreviated CEQ/OSTP study as a point of departure.

Section 4 authorizes environmentally related programs at the National Bureau of Standards. That Agency has had a targeted program related to environmental measurement as part of its traditional mission to develop measurement science in general, but OMB has tried to eliminate the program, saying that the environment is EPA's responsibility. While it is clear that EPA is the lead agency for environmental regulation, the committee has repeatedly heard testimony—from non-NBS witnesses—that NBS has much to contribute. Thus the committee recommends that NBS be authorized to carry out these programs in coordination with EPA.

Section 5 deals with various reporting requirements. It requires that the committee be kept informed, provides for public and Agency comments on certain reports, and provides that EPA shall keep DOE informed of the status and results of its research programs.

Section 6 would give the Agency some relief from the effects of restrictive personnel ceilings imposed by OMB by encouraging them: First, to provide training opportunities to research staff where this will help the Agency accomplish its mission and second, to utilize postdoctoral and industrial research associates.

Section 7 reauthorizes a program of grants for demonstrating the reuse of wastewater. This program was first authorized in last year's bill—also at $25 million. The amendment would provide an additional degree of flexibility to the program by allowing demonstrations of the sequential use of water. For example, the amendment would allow funding of a demonstration in which a city—with agreement of all concerned—might intercept high quality water destined for agricultural use, use the water in the city drinking water system, and then after sufficient treatment return it for the agricultural use for which it was originally intended.

Mr. Chairman, this completes my statement. I urge approval of this bill.

TABLE 1.—SUMMARY COMPARISON OF 1978 AND 1979 RESEARCH DEVELOPMENT DEMONSTRATION AUTHORIZATIONS

[In thousands of dollars]

EPA	Authorization 1978	Recommendation 1979	1979–1978 change
Regular program-related research	[1] 378,603	386,338	+7,735
Long-term research	10,000	10,000	0
Grants for reuse of waste water	25,000	25,000	0
Gulf coast study	3,000	3,000	0
Training health scientists	2,000	0	−2,000
Study of research coordination and application	0	[2] 2,000	+2,000
Subtotal EPA	418,603	426,338	+7,735
NBS for environmental science	([3])	5,000	+5,000
Total in bill	418,603	431,338	+12,735

[1] Includes $120,000,000 authorized in the Clean Air Act amendments (Public Law 95–95) and $45,000,000 authorized in the Resource Conservation and Recovery Act (Public Law 94–580).

[2] This is a 2-yr authorization of $1,000,000 for each year, 1979 and 1980.

[3] There was no authorization specifically for NBS in 1978.

TABLE II.—BUDGET SUMMARY, PROGRAM-RELATED RESEARCH

EPA OFFICE OF RESEARCH AND DEVELOPMENT

[In thousands of dollars; fiscal years]

Medium: Program category	1978 authorization (1)	1978 estimate (2)	1979 President's request to Congress (3)	1979 Committee's recommendation (4)	Difference (4)–(3) (5)
Air:					
Health and ecological effects	36,000	28,179	31,414	41,897	10,483
Industrial processes	7,000	5,000	5,000	13,610	8,610
Monitoring and technical support	11,000	9,199	16,283	16,283	0
Subtotal	54,000	42,378	52,697	71,790	19,093
Water quality:					
Health and ecological effects	25,200	21,964	21,001	25,001	4,000
Industrial processes	9,300	11,889	10,875	13,875	3,000
Monitoring and technical support	6,069	4,642	5,539	5,539	0
Public sector activities	22,300	20,462	10,940	15,214	4,274
Subtotal	62,869	58,957	48,355	59,629	11,294
Drinking water: Public sector activities (subtotal)	16,000	16,110	16,150	20,150	4,000
Solid waste: Public sector activities (subtotal)	45,000	7,662	10,912	11,912	1,000
Pesticides:					
Health and ecological effects	10,800	10,873	10,798	8,800	(1,998)
Industrial processes		1,200	1,200	1,200	0
Subtotal	10,800	12,073	11,998	10,000	(1,998)
Radiation: Health and ecological effects (subtotal)	830	830	930	930	0
Interdisciplinary:					
Health and ecological effects	9,230	5,347	5,972	9,500	3,528
Industrial processes					
Public sector activities	1,599	1,625	25	25	0
Monitoring and technical support	14,378	11,691	14,900	14,900	0
Anticipatory	10,000	4,729	13,860	13,860	0
Subtotal	35,207	23,392	34,757	38,285	3,528
Toxic substances:					
Health and ecological effects	8,200	2,794	6,864	8,862	1,998
Industrial processes		120	440	150	(290)
Monitoring and technical support		715	3,200	3,200	0
Subtotal	8,200	3,629	10,504	12,212	1,709
Energy:					
Health and ecological effects	NA	36,626	55,200	70,000	14,800
Energy control	NA	91,635	57,820	65,370	7,550
Technical support	NA	2,327	1,745	3,000	1,255
Subtotal	130,631	130,588	114,765	138,370	23,605
Main subtotal	363,537	295,619	301,068	363,278	62,210
Program management and support (subtotal)	19,000	25,572	23,060	23,060	0
Total	382,537	321,191	324,128	386,338	62,210

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I am glad to yield to the distinguished gentleman from Florida, the chairman of the Subcommittee on Space Science and Applications.

Mr. FUQUA. Mr. Chairman, I thank the gentleman for yielding. I rise in support of H.R. 11302 and commend the gentleman from California and the subcommittee for the fine job they have done in bringing this very important measure before the House for consideration.

There is one point I do want to make and I ask this primarily for emphasis. In the last authorization bill there was authorized moneys for hydrilla control, that is in the warmer tropical or subtropical areas in the country, that has become an increasing menace to fresh water supplies to our lakes and streams. Money was provided to begin studies on the effects of this on the possible ecological control level.

Is it the intent of the chairman of the subcommittee that these funds be continued for fresh water supplies, and that they be included in the authorization as contained in H.R. 11302?

Mr. BROWN of California. Mr. Chairman, let me assure the gentleman that it was the intention of the subcommittee to continue the authorization which we had last year. We had specific discussion of the importance of this in the subcommittee, and we regret very much that while we authorized the funds for what we felt would be an adequate program, there was no corresponding appropriation coming to the Agency.

Nevertheless, the Agency, in response to the sense of urgency that the gentleman had created with regard to this problem, reprogramed a reasonable amount of money to initiate this program and expressed its intention to continue with it, hopefuly with some additional appropriated funds, in order to be able to develop an even greater program in this area.

Mr. FUQUA. Mr. Chairman, I appreciate the gentleman's comments. I will say that I am certainly glad the subcommittee took the action it did, and I hope that the Committee on Appropriations will respond with some additional appropriated funds for this most important area.

Mr. Chairman, I thank the gentleman for his information.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I am happy to yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I am very happy to see this bill on the floor, and I compliment the chairman and the ranking minority member of the subcommittee for bringing it to us.

I am convinced that, just as fossil fuels are the problem of this decade and probably the next, water is going to be right on its heels as our next problem. Section 7 of the bill, which increases the research in water problems, is, I think, of paramount importance for the future. I congratulate both the gentlemen for their efforts.

Mr. BROWN of California. Mr. Chairman, I thank the gentlewoman for her remarks.

Mr. Chairman, I should have indicated that the high priority areas in which the committee did authorize slight increases included the two areas the gentlewoman mentioned, those dealing with energy and with water.

Mrs. FENWICK. Mr. Chairman, I thank the gentleman.

Mr. WALKER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the ranking minority member on the Subcommittee on the Environment and the Atmosphere, I rise to join with my chairman, Mr. BROWN of California, in supporting the bill H.R. 11302 to authorize appropriations for the Office of Research and Development of the Environmental Protection Agency for fiscal year 1979.

This bill was introduced in February by Mr. BROWN and seven members of our subcommittee as cosponsors. The bill was developed in response to hearings held by the subcommittee on the President's budget request. During the course of those hearings, we discovered that there were several areas within the administration budget which the committee strongly felt required some modification to meet the needs of the Nation as perceived by the Congress. Among those needs is a requirement for more health effects research, particularly in energy-related areas, a substantial need for demonstration of pollution control technologies, a need for research to determine the effects of control practices for nonpoint sources of water pollution, and particularly a continuing need for more research on ground water quality and related health effects.

The bill calls for a total authorization of $431,338,000 for environmental research, development, and demonstration to be conducted by the EPA during 1979. Within that total are a number of special authorizations including: $3 million for the gulf coast study authorized in the 1977 Clean Air Act amendments; $10 million for long-term research grants; $5 million for environmental research to be done by the National Bureau of Standards in support of EPA activities; $2 million for a study of the coordination and application of environmental research; and, finally, a $25 million reauthorization for grants demonstrating waste water reuse.

Mr. Chairman, the question has been raised as to why the House should pass a bill which is above the President's budget. This is a question which always troubles me individually, and yet, in this case, I feel that there is more than adequate justification. At a time when we are moving into new areas of energy consumption and are devoting more and more dependence to new energy sources, surely it is penny-wise and pound-foolish to allow the Environmental Protection Agency to regulate standards of pollutants in the atmosphere based on insufficient research. Many of our colleagues have complained that EPA regulations have not always been fully documented in the past. It is the hope of the Committee that the funds provided in this bill will assure that future EPA regulations are based on all necessary R. & D.

Mr. Chairman, I would only like to reiterate the point that this bill was entirely noncontroversial. It was reported unanimously both by the Subcommittee on the Environment and the Atmosphere and by the full Committee on Science and Technology. I firmly believe that the bill represents the best possible allocation of resources within the EPA and I urge the Committee to pass the bill.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, I have been concerned about the subject of ozone in the air. This is not ozone which is up in the higher levels of the atmosphere, but this is ozone at the ground level. We have had a very serious problem of ozone pollution in the Waukegan, Ill., area. I note that there is an increase in funds authorized for monitoring air quality and providing for technical support programs in regional areas with respect to air quality. I wonder, if this authorization will benefit my area, in connection with the problem of ozone pollution? Will that be taken care of through the funds that are authorized in this legislation?

Mr. WALKER. Mr. Chairman, I would say to the gentleman that it is my understanding that there is ozone research as a part of the ongoing program of EPA research and development, and that as a part of the regular appropriations authorized in this bill that research would go forward. It would seem to me that the agency would want to look into the situation arising in the gentleman's area.

Mr. McCLORY. If the gentleman will yield further, there is an intention, is there not, by this legislation to enhance the degree of support programs dealing with that kind of air pollution?

Mr. WALKER. Mr. Chairman, I would say to the gentleman that, particularly as it is health-effects related, that is the specific intent of this legislation.

Mr. McCLORY. I thank the gentleman.

Mr. BROWN of California. Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Chairman, I would like to acknowledge the remarks of my colleague, the gentlewoman from New Jersey, when she addressed the fact that eventually water is going to be scarce and as big of a problem as trying to produce energy in this country. That is very true. I think that, sitting on this committee, I have been enlightened and educated a great deal on water problems. Let me say this: A great deal of this is dealing with ground or subsurface water. One of the witnesses who testified indicated to us that we have 20 times more water in subsurface or below the ground than we have in surface water, and when we look at our past research and the moneys invested. We have done very little in behalf of subsurface water. Twenty of the major cities of this country have their water sources from ground water or subsurface water. Approximately 95 percent of the people in the rural areas of this Nation also have access to well water or subsurface water. I think, as we see the urban sprawl and many of the other things that are occurring today that cause leaching into the well water systems of many of these small towns and many of our large cities, we need to act in doing the necessary research, providing the necessary moneys in order to be able to do preventive work instead of being faced with some tragedies of contaminated water serving millions of citizens of many thousands of small towns and some of the larger cities of this country.

Mr. Chairman, I commend you as chairman of the subcommittee for the many, many hours that you have spent in holding subcommittee hearings.

Finally, through the Clean Water Act 2 years ago, and moving forward through this past year, we are recognizing that ground water is in abundance but much research must be done concerning the quantity and quality of this water.

Mr. BROWN of California. Mr. Chairman, I want to thank the gentleman for his comments, and I would like to note also his very substantial contribution to the work of the subcommittee.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. Mr. Chairman. it is a pleasure to yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, this matter of ground water is so important. So many people think that the West is the place where there is trouble with water.

Mr. Chairman, in New Jersey, which is the most densely populated State in the Nation, we have large areas covered with roads, houses, parking lots, all sorts of things, so we have a tremendous problem with runoffs. There have been some thoughts in some places and at some times that these runoffs should be piped into the ground water. It cannot be done on account of the pollutants. The roads have bits of rubber on them and bits of debris which come off a road or off the roof of a house.

Mr. Chairman, how they are going to handle those problems I do not know. Such things cause flash floods where such things should not be caused since the waters go into the storm sewers and brooks. However, they do not dare tunnel them back into the ground water, and the ground water level is falling. The water table is falling in heavily populated areas.

Mr. Chairman, this problem is not found only in the arid parts of this Nation. It is a growing problem, and it is going to be an absolutely crucial problem in the further development of the Nation.

Mr. BROWN of California. Mr. Chairman, I thank the gentlewoman from New Jersey (Mrs. FENWICK) for her comments. I think I should ask the gentlewoman to testify at our next subcommittee hearing.

Mr. WALKER. Mr. Chairman, I yield 1 minute to the distinguished gentleman from New York (Mr. WYDLER), the ranking member of the full committee.

Mr. WYDLER. Mr. Chairman, I thank the gentleman for yielding.

I want to congratulate the gentleman on the job that he did on this bill as ranking member of the subcommittee.

Mr. Chairman, I rise in general support of the bill. The only reservation I have is that the bill does expend a rather large sum of money. However, I am mindful of the fact that the Committee on Appropriations will have some review of the spending levels, and I believe they will manage to reorient, if that is the proper word, some of the amounts contained in the authorizing legislation.

With that reservation, however, I support the legislation and hope the Members will do likewise.

Mr. Chairman, I only want to take a few moments to make very brief remarks to express my support for the bill H.R. 11302. This legislation was written by the Subcommittee on the Environment and the Atmosphere after rather extensive hearings on the administration's budget request for research activities within the Environmental Protection Agency. It was subsequently reported unanimously by both the Subcommittee on the Environment and the Atmosphere and by the full Committee on Science and Technology.

Total authorization contained within the bill is $431,338,000 for environmental research, development, and demonstration to be conducted in fiscal year 1979. This total may be compared with $418,603,000 which was authorized by the Congress in fiscal year 1978.

Mr. Chairman, I believe the subcommittee has done an excellent job, and I commend, in particular, the ranking minority member of the subcommittee, Mr. WALKER, for the important role that he played in shaping this legislation.

In summary, I would like to reemphasize the fact that the Committee on Science and Technology has every intention of exercising our constitutional legislative oversight to insure the Environmental Protection Agency maintains a sound, forward-looking research program, which generates reliable data on the causes and effects of the entire spectrum of environmental pollutants. We are deeply concerned that the regulatory activities of the Environmental Protection Agency be closely linked to research that is on-going within the Agency so that regulations will always be based on the soundest possible data.

Mr. Chairman, in conclusion, let me only remind the committee that this bill received the unanimous support of both subcommittee and full committee. I urge my colleagues to vote in favor of the legislation.

Mr. WALKER. Mr. Chairman I yield 1 minute to the gentleman from Kansas (Mr. WINN), a member of the subcommittee.

Mr. WINN. Mr. Chairman, as a member of the Subcommittee on the Environment and the Atmosphere, I rise in support of H.R. 11302, the annual authorization bill for fiscal year 1979 for environmental research and development within the Environmental Protection Agency.

I had the opportunity to participate in hearings on this legislation which were held in February of this year. H.R. 11302 represents the committee's views as to how available financial resources should be allocated.

Mr. Chairman, as some Members noted, the bill is above the President's budget request. The committee feels that this is justified because of the broad responsibility given to EPA to regulate environmental pollutants. The committee feels that a financial commitment must be made by the Congress to insure there are sufficient resources available for research and development to fully justify any regulatory activities of the Agency.

Mr. Chairman, in conclusion, I wish to remind the Committee the underlying purpose of this legislation is to insure that the Environmental Protection Agency maintains a sound research program which will generate reliable information on the causes and effects of environmental pollutants. In order to protect the public health, it is obvious that we must have environmental regulation. But I cannot overemphasize the importance placed by the Committee on Science and Technology that any regulation be based on reliable information. We believe that in many cases of environmental pollution, the problem to be dealt with is perceived only dimly and more information is needed to generate precise and effective regulatory efforts. It is obvious that this type of information may only be generated through an effective research program.

Mr. Chairman, our committee has in the past, and undoubtedly will continue to diligently pursue the goal of a high quality, effective research program within the EPA. The legislation before the House today represents a step towards that goal. I urge my colleagues to join in voting in favor of the legislation.

Mr. WALKER. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. HOLLENBECK), a member of the full committee.

Mr. HOLLENBECK. Mr. Chairman, I rise in strong support of H.R. 11302, the research and development authorization for the Environment Protection Agency for fiscal 1979.

As many of my colleagues are aware, Rutherford, N.J., which is located in my district, has been the subject of national attention in recent weeks because of the discovery of an unusually large number of cases of leukemia and Hodgkins disease. Although we do not yet know the reason for this phenomenon, the EPA has assigned a toxic substances coordinator to the case and has promised the use of laboratory facilities and any available funding. I also should note the cooperation of New Jersey and Center for Disease Control officials.

It is tragic that legislation such as H.R. 11302 is so vitally needed. However, the research and development programs of the Environmental Protection Agency are essential if we are to make any progress whatever in the implementation of such milestone legislation as the Clean Air Act, the Federal Water Pollution Control Act, and the Safe Drinking Water Act.

I am particularly pleased that the committee report on this bill takes note of several deficiencies in the current EPA program, including the lack of a specifically identified program of long-range research as required in last year's authorization.

H.R. 11302 authorizes $71.8 million for research and development in air quality, a 32.9 percent increase over last year's authorization; $41.9 million of this function is allocated toward studies of pollutants, environmental carcinogens, and the health implications of automobile emissions. An additional $13.6 million is directed toward industrial processes, with an emphasis on industrial source emissions and the development of technologies to remove these pollutants from our air and water.

As a member of the Committee on Science and Technology, I am pleased to have served on the committee which drafted this legislation and reported to the full House for consideration. I urge its passage.

Mr. WALKER. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for yielding.

Just in case anybody believes that everyone here thinks this is a great Agency, I rise to say that it is not. Instead of authorizing it for another year, we ought to be abolishing it.

Mr. Chairman, this Agency has done more damage than almost any other to lessen the productive capacity of this country. Look at my own home State of California. There, Dow Chemical sought to construct a $500 million petrochemical complex in the San Francisco Bay Area, which would have provided 1,000 construction jobs and more than 1,000 permanent jobs. Dow canceled the project after more than 2 years of seeking to gain regulatory approval from EPA and other agencies involved in the review process. Over $4 million had been spent by Dow on the project's review and only four permits had been obtained when the plans were halted. Mr. Speaker, this is just one corporation.

Again, I would not want anybody to think that everybody here thinks EPA is a wonderful or a great Agency. It has been a failure, and it ought to be abolished.

● Mr. WALGREN. Mr. Speaker, I would like to express my strong support for an amendment to the EPA authorization bill, H.R. 11302, offered by my good friend and colleague from Pennsylvania, Representative JOHN MURTHA. Mr. MURTHA'S amendment would require the Environmental Protection Agency to conduct its review of the ambient air quality criteria data by December 31, 1978, instead of December 1980, as now stated in the Clean Air Act. Such a change in this deadline would assure that the State implementation plans filed in July of 1979 would be based on the most current and up-to-date scientific criteria data.

I would like to add that, simultaneous with today's consideration of H.R. 11302, I am sponsoring a meeting here in Washington between Mr. David Hawkins, Director of the Office of Air and Waste Management of EPA, Members of Congress, and representatives of the Pittsburgh industry community. The delegation from Pittsburgh includes representatives from the following corporations: ALCOA, PPG Industries, Gulf Oil, Koppers, Dravo, Allegheny Ludlum, United States Steel, Jones and Laughlin Steel, Edgewater Steel, Westinghouse, IBM, Neville Chemical, H. J. Heinz, Energy Impact Associates, Green International, Heyl and Patterson, the National Auto Dealers Association, the Manufacturing Chemists Association, the National Chamber of Commerce, the Pennsylvania Chamber of Commerce, and the Greater Pittsburgh Chamber of Commerce.

Earlier this year, I arranged a similar meeting with the director of legislation for EPA. One of the issues raised in that meeting was the need to review and revise the national ambient air quality standards. These standards were first issued in 1971. Since then, a number of studies have indicated a need to update these criteria. Many have suggested that the criteria be reviewed before companies engage in expensive capital expenditures required to meet pollution deadlines set for 1979.

Last year the Congress, in the Clean Air Act of 1977, required the EPA to review the ambient air quality criteria and standards by December 31, 1980. But unless the EPA reviews the standards before the 1979 pollution deadline, companies may be required to meet standards which are later declared to be obsolete.

I fully support national ambient air quality standards to protect public health. But these standards must be based on the most up-to-date scientific evidence available so that companies and jobs are not jeopardized by compliance with costly, outdated environmental regulations.

We have come to realize the profound impact environmental regulations have on the Pittsburgh community. I urge my colleagues to support the amendment offered by Representative MURTHA.●

Mr. WALKER. Mr. Chairman, I have no further requests for time, and yield back the balance of my time.

Mr. BROWN of California. Mr. Chairman, I have no further requests for time, and yield back the balance of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 11302

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Environmental Research, Development, and Demonstration Authorization Act of 1979".

PROGRAM AUTHORIZATIONS

SEC. 2. (a) There are authorized to be appropriated to the Environmental Protection Agency for environmental research, development, and demonstration activities for the fiscal year 1979 for the following activities:

(1) Air quality activities in the Health and Ecological Effects program, $41,897,000.

(2) Air quality activities in the Monitoring and Technical Support program, $16,283,000.

(3) Air quality activities in the Industrial Processes program, $13,610,000.

(4) Water quality activities in the Health and Ecological Effects program, $25,001,000.

(5) Water quality activities in the Industrial Processes program, $13,875,000.

(6) Water quality activities in the Monitoring and Technical Support program, $5,539,000.

(7) Water quality activities in the Public Sector Activities program, $15,214,000.

(8) Drinking water activities in the Public Sector Activities program, including groundwater research, $20,150,000.

(9) Pesticides activities in the Health and Ecological Effects program, $8,800,000: *Provided*, That no part of any amount appropriated pursuant to this paragraph may be obligated or expended except to the extent hereafter specifically authorized by law.

(10) Pesticides activities in the Industrial Processes program, $1,200,000: *Provided*, That no part of any amount appropriated pursuant to this paragraph may be obligated or expended except to the extent hereafter specifically authorized by law.

(11) Solid waste activities in the Public Sector Activities program, $11,912,000.

(12) Toxic substances activities in the Health and Ecological Effects program, $8,862,000.

(13) Toxic substances activities in the Industrial Process program, $150,000.

(14) Toxic substances activities in the Monitoring and Technical Support program, $3,200,000.

(15) Radiation activities in the Health and Ecological Effects program, $930,000.

(16) Interdisciplinary activities in the Health and Ecological Effects program, $9,500,000.

(17) Interdisciplinary activities in the Anticipatory Research program, $13,860,000.

(18) Interdisciplinary activities in the Public Sector Activities program, $25,000.

(19) Interdisciplinary activities in the Monitoring and Technical Support program, $14,900,000.

(20) Energy activities in the Health and Ecological Effects program, $70,000,000.

(21) Energy activities in the Energy Control program, $65,370,000.

(22) Energy activities in the Monitoring and Technical Support program, $3,000,000.

(b) There is authorized to be appropriated to the Environmental Protection Agency, Office of Research and Development, for the fiscal year 1979, for program management and support, $23,060,000.

(c) No funds may be transferred from any particular category listed in subsection (a) or (b) to any other category or categories listed in either such subsection if the total of the funds so transferred from that particular category would exceed 10 per centum thereof, and no funds may be transferred to any particular category listed in subsection (a) or (b) from any other category or categories listed in either such subsection if the total of the funds so transferred to that particular category would exceed 10 per centum thereof, unless—

(1) a period of thirty legislative days has passed after the Administrator of the Environmental Protection Agency or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate a written report containing a full and complete statement concerning the nature of the transfer involved and the reason therefor, or

(2) each committee of the House of Representatives and the Senate having jurisdiction over the subject matter involved, before the expiration of such period, has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

SPECIAL AUTHORIZATION

SEC. 3. (a)(1) There is authorized to be appropriated to the Environmental Protection Agency for the fiscal year 1979, for grants for long-term environmental research programs at universities or other such research institutions, $10,000,000.

(2) These grants are for the purpose of developing continuing centers for research and training in the environmental sciences, including the engineering, physical, natural, health, and social sciences.

(b) There is authorized to be appropriated to the Environmental Protection Agency for the fiscal year 1979, to implement the study authorized in section 403(d) of the Clean Air Act Amendments of 1977 (Public Law 95–95), $3,000,000.

(c)(1) There is authorized to be appropriated to the Environmental Protection Agency for the fiscal year 1979, $1,000,000 and for the fiscal year 1980, $1,000,000, for a study and report, to be conducted outside the Federal Government, on (A) coordination of the Federal Government's efforts in environmental research, development, and demonstration, and (B) the application of the results of such efforts to environmental problems.

(2) The study shall be conducted under a contract let by the Administrator. Such contract shall (A) be developed in consultation with an interagency advisory committee whose membership includes representatives of the Office of Management and Budget and of all agencies conducting or using the results of environmental research, and (B) provide for an oversight and review role by the National Academy of Sciences.

(3) The study shall conclude with a report to be submitted to the President, the Administrator, and the Congress within two years after the date of the enactment of this Act. The report shall include recommendations for action by the President, the Administrator, other agencies, or the Congress, as may be appropriate.

(4) The report shall not be subject to any prior clearance or review (except as specifically provided in this subsection), nor shall any such prior clearance be a part of the contract let under paragraph (2).

OTHER AUTHORIZATIONS

SEC. 4. There is authorized to be appropriated to the Secretary of Commerce for the fiscal year 1979, for use by the National Bureau of Standards—

(1) $3,000,000 for research in the area of environmental measurement sciences; and

(2) $2,000,000 to carry out activties authorized in section 5002 of the Resource Conservation and Recovery Act of 1976 (Publaw Law 94–580).

MISCELLANEOUS REPORTS

SEC. 5. (a) All reports to or by the Administrator relevant to the Agency's program of research, development, and demonstration shall promptly be made available to the Committee on Science and Technology of the House of Representatives and the Committee on Environment and Public Works of the Senate, unless otherwise prohibited by law.

(b) The Administrator shall keep the Committee on Science and Technology of the House of Representatives and the Committee on Environment and Public Works of the Senate fully and currently informed with respect to matters falling within or related to the jurisdiction of the committees.

(c) The report provided for in section 11(d) of Public Law 93–577 shall be made available to the public for comment, and to the heads of affected agencies for comment and, in the case of recommendations for action, for response.

(d) For the purpose of assisting the Department of Energy in planning and assigning priorities in research development and demonstration activities related to environmental control technologies, the Administrator shall actively make available to the Department all information on research activities and results of research programs of the Environmental Protection Agency.

STAFF MANAGEMENT

SEC. 6. (a)(1) The Administrator is authorized to select and appoint up to 75 full-time permanent staff members in the Office of Research and Development to pursue full-time educational programs for the purpose of (A) securing an advanced degree or (B) securing academic training, for the purpose of making a career change in order to better carry out the Agency's research mission.

(2) The Administrator shall select and appoint staff members for these assignments according to rules and criteria promulgated by him. The Agency may continue to pay the salary and benefits of the appointees as well as reasonable and appropriate relocation expenses and tuition.

(3) The term of each appointment shall be for up to one year, with a single renewal of up to one year in appropriate cases at the discretion of the Administrator.

(4) Staff members appointed to this program shall not count against any Agency personnel ceiling during the term of their appointment.

(b)(1) The Administrator is authorized to appoint up to 25 Postdoctoral Research Fellows in accordance with the provisions of section 213.3102(aa) of title 5 of the Code of Federal Regulations.

(2) Persons holding these appointments shall not count against any personnel ceiling of the Agency.

(c)(1) The Administrator is authorized and encouraged to utilize research associates from outside the Federal Government in conducting the research, development, and demonstration programs of the Agency.

(2) These persons shall be selected and shall serve according to rules and criteria promulgated by the Administrator.

REUSE OF WASTEWATERS

SEC. 7. (a) Section 5(a)(2) of the Environmental Research, Development, and Demonstration Authorization Act of 1978 (Public Law 95–155) is amended by inserting "agricultural use or" immediately after "reuse of wastewaters for drinking and".

(b) There is authorized to be appropriated to the Administrator for the fiscal year 1979, for purposes of section 5 of the Environmental Research, Development, and Demonstration Authorization Act of 1978, $25,000,000.

Mr. BROWN of California (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: On page 5, lines 13 through 16, amend section 3(a)(2) to read:

(2) These grants are for the purpose of developing continuing centers for environmental research and training in the engineering, physical, natural, health, and social sciences.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the last committee amendment.

The Clerk read as follows:

Committee amendment: On page 7, line 22, amend "report" to read "reports" and amend "section 11(d)" to read "section 11".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. FISH

Mr. FISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISH: On page 4 after line 4 add:

(23) Noise Control activities in the Industrial Processes Program, $1,000,000.

Mr. FISH. Mr. Chairman, I want to congratulate the subcommittee chairman and the ranking member for bringing a fine piece of legislation for us today. H.R. 11302 is a good bill. With the addition of my amendment it will be an excellent bill. I ask my colleagues to look favorably on this amendment which addresses a problem that continues to confound and exasperate American industry. This amendment would earmark $1,000,000 for R. & D. in the noise control area as it relates to industrial processes only.

Mr. Chairman, I am well aware of the work being done in the Subcommittee on Transportation and Commerce chaired by my able colleague from Pennsylvania (Mr. ROONEY) and I applaud these efforts to address the problems of the lack of demonstrated noise abatement technology. However, H.R. 12068, the committee bill, is limited to "(B) development of technology for noise abatement." It is national in scope and addresses all noise abatement technology, not just industrial. The sum requested of $3,000,000 in the Commerce bill to address a myriad of problems relating to noise abatement throughout the Nation will, in all likelihood, be spread so thin that little or no advance can be expected in the industrial area.

Mr. Chairman, while I do not believe that every problem should have a Federal solution, I do believe that the Government should be responsive to the problems which they create. Small business and industry has suffered at the hands of both Commerce and OSHA and yet, regulatory agencies offer no technical assistance to these businesses to aid in compliance. They are regulating with no offers of assistance to help business comply. The state of the art should be available to all manufacturers or regulatory agencies should realize the impossibility of compliance and adjust regulations accordingly. We, too, must be responsive to the cries of the small businessman when we legislate as well. We must offer industry the chance to actively pursue a solution to their noise abatement problems and offer an opportunity for demonstration programs to discover just how to address these problems.

My amendment tracks at least three R. & D. activities already enumerated in H.R. 11302:

Water quality activities in the Industrial Processes Program, $13,875,000;

Pesticides Activities in the Industrial Processes Program, $1,200,000;

Toxic substances activities in the Industrial Processes Program, $150,000.

My amendment simply adds an additional activity (No. 23) for noise control activities in industry.

The industrial processes program in EPA is presently in existence, but noise control programs have been negligently funded for a number of years. In my judgment, noise control activities in industry are equally as important as such worthy activities as water quality, pesticides, and toxic substances activities in industry.

Mr. Chairman, examples of these problems are brought to my attention continuously by firms located within the 25th Congressional District of New York. One firm, manufacturing wire and cable connectors, was visited by OSHA in 1971 and cited for noncompliance with ambient noise level regulations in his swagging operations. Many minor modifications were made in an attempt to comply. Personal protective equipment, such as ear protection, was deemed inadequate and OSHA expressed their interest in the need for engineered controls on a larger scale. In cooperation with regulations, this firm made major structural changes and enclosed their machinery. As a result, fire regulations were violated and again, in accordance with Federal regulation, a rework of the entire sprinkler system was ordered.

This company, as well as hundreds of companies across the Nation, spent tens of thousands of dollars in attempts to satisfy Federal requirements. Hearing tests were given to employees on a regular basis, employees attended noise abatement seminars under company sponsorship, and extensive monitoring equipment was installed—all at substantial cost to the manufacturer. Many companies do not have the resources to continually effect short-term solutions to these requirements.

That is the key point here. Companies are told every 6 months: "Bring it up to a little better, more modern, new form of technology. We really do not know what that is, but we will let you know when you reach it."

While I appreciate and understand the need to enforce the law, I cannot fathom how the Federal Government can expect compliance without offering a chance to discover a workable solution. Companies have requested assistance on numerous occasions from agencies as to how to comply and they are consistently met with vague responses.

Many of these companies, Mr. Chairman, could very well be pioneers in the field of industrial noise abatement, yet with limited resources they are either forced to go out of business, accept a passthrough of noncompliance or continue to exhaust their resources with no final guarantee of compliance.

Mr. Chairman, it is within our ability under my amendment to make the Federal Government more responsive to the needs of its citizenry.

I had hoped the gentleman from Pennsylvania (Mr. ROONEY) himself could have been on the floor with us to express the view he has expressed to me, that he is in favor of this amendment as complementary to the effort of the Commerce Committee bill which, as I indicated, does not specify the question of industrial noise.

I would also like to indicate for those Members who say, "Why EPA, when normally these types of regulations are forthcoming from OSHA?" That, according to Mr. Charles Elkins, director of the EPA noise program, EPA is responsible for coordinating all noise pollution research for the Federal Government. They have just completed a 1-year interagency assessment of all noise research for the Federal Government and have discovered what areas need to be addressed by research activities in the area of noise pollution.

So we are talking about the proper division within the proper agency to do the research for the technology that, when available, will be applicable industrywide and I think will meet head on a number of problems all our industries face.

As to OSHA itself, granted there is a fine line between EPA activities and OSHA, but the fact of the matter is as of today there is no effective R. & D. program within OSHA to address the activities I hope to meet by this very straightforward amendment that I think will be in the best interest of businessmen in all our communities.

Mr. BROWN of California. Mr. Chairman, it is difficult to take a position in oposition to the needs for additional research on a hazard of pollution as important as noise in the industrial setting.

I want to pay tribute to the deep concern and the vast amount of work that the gentleman from New York (Mr. FISH) has done in researching this problem and in following through to demonstrate his concern for some solution to it.

I think in his own statement he has laid out the case fairly well on both sides with respect to the merits of the argument. Undoubtedly the research would be helpful. As he points up, EPA in their office of research and development does not have a research program and did not request funds for a research program in this area. They have only a very modest budget figure for coordination of research.

As I am sure the Members know, much of the activity in this field of noise pollution and noise control takes place in other agencies: OSHA, for example, in the workplace, and the Federal Aviation Administration for those agencies

which consider aircraft noise and things of that sort.

Even NASA has activity in this area in their program for the development of advanced aircraft engines. The EPA in its Office of Research and Development does not have and has not requested a program for noise research.

Let me put it this way: If the Members in their wisdom feel that this is an appropriate priority item to add, then I would suggest they vote for this amendment offered by the gentleman from New York (Mr. FISH). If they would feel reluctant to compel EPA to take on another program which they do not want and do not have and if they think the budget figure is high enough in this bill they probably would vote against the amendment.

That is about all I could say about the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. FISH).

The question was taken; and on a division (demanded by Mr. FISH) there were—ayes 4, noes 15.

So the amendment was rejected.

AMENDMENT OFFERED BY MS. HOLTZMAN

Ms. HOLTZMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. HOLTZMAN: Page 3, line 14, delete "$930,000" and insert in lieu thereof "$2,500,000".

Ms. HOLTZMAN. Mr. Chairman, I offer this amendment on behalf of the gentleman from Massachusetts (Mr. STUDDS) and myself.

This amendment substantially increases the funding for research on the health effect of microwave radiation. It raises the funding level from $930,000 to $2.5 million.

The reason that I have offered this amendment is that I am deeply concerned about our lack of scientific information about the hazards of microwave radiation. I asked the General Accounting Office to assess the effects of low level microwave radiation and to report on how the EPA was carrying out its responsibility to protect the public from possible harmful health effects. The GAO, in a report issued March 29, 1978, found the following: First, that there was no official health standard to govern the exposure of the American public to low levels of microwave radiation in the environment; second, that the research that has been done on the health effects of microwave radiation has been so inadequate as to preclude the formulation of any scientifically sound safety standards; and third, that preliminary results of an EPA research program have shown that low level exposure to microwaves has had serious health effects, including causing genetic damage and various nervous disorders in laboratory animals.

The American public is constantly being bombarded by measurable levels of microwave radiation. The danger is rapidly increasing because sources of microwave radiation increase by 15 percent each year.

We have an obligation to make sure that the American public is not being subjected to unsafe levels of microwave radiation.

This amendment will help insure that our Government begins a serious and substantial research program on microwave radiation that will make it possible to protect the health and safety of the American public.

EPA has informed me that it can use the additional funds to finance important research, such as research on the relationship of microwave exposure to the infant mortality rate of monkeys, a followup study of the exposure of those who worked with U.S. radar systems during World War II, and studies to confirm experiment results showing increased birth defects from low level radiation.

Mr. STUDDS. Mr. Chairman, will the gentlewoman yield?

Ms. HOLTZMAN. I am happy to yield to my colleague, the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. Mr. Chairman, I thank the gentlewoman from New York (Ms. HOLTZMAN) for yielding to me. I also would like to thank the chairman of the subcommittee, the gentleman from California (Mr. BROWN) and the ranking minority member, the gentleman from Pennsylvania (Mr. WALKER). I understand the amendment will be acceptable to both gentlemen and I will not take a great deal of time.

Let me emphasize to the members of the committee that if there were ever an area of human knowledge that calls for humility on our part, it is this. The question is not what we know, but what we do not know about the safety of low level nonionizing microwave radiation.

The U.S. Air Force, for example, has just constructed two enormous radars, called PAVE PAWS, one located in California and one located in my district on Cape Cod.

These radars, which are currently being tested, will emit nonionizing radiation at levels which in some cases are projected to approximate the levels at which our embassy in Moscow has been bombarded over a number of years by the Soviet Union. That radiation has elicited the very intense protests of at least two Presidents of the United States with respect to the possible health implications for our personnel in Moscow.

We do not know the effects, as the gentlewoman from New York (Ms. HOLTZMAN) points out. We are being bombarded from ovens; we are being bombarded from television transmission facilities, from CB radios, and now from what are supposed to be facilities erected in our own defense by the U.S. Air Force. I do not mean to prejudge. We do not know. One thing we do know—and I would ask the Members to think on this—is that the Soviet Union has set a safety standard for its citizens' exposure to nonionizing radiation which is 10,000 times more stringent than the occupational standards set by OSHA for American workers. It seems to me that out of humility we ought to support this amendment for a modest increase in attempting to get these answers.

I thank the gentlewoman for offering the amendment, and I thank the chairman and ranking member for their support.

Ms. HOLTZMAN. I thank the gentleman.

Mr. BROWN of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the subcommittee had some difficulty in dealing with the Agency's request in the field of radiation, and that difficulty is reflected in the language of the report in which the committee pointed out that we felt that the agency should have a larger program and specifically referred to a larger program in the field of ionizing radiation. This amendment deals not with ionizing but with the nonionizing radiation. But our point essentially was that we were disappointed that in the light of the points that were made by the gentlewoman from New York (Ms. HOLTZMAN) and others interested in this amendment that a larger effort was not being made. There is a very great and increasing concern on the part of the public for a better base of knowledge in this area, and we felt that the agency should proceed to address that. Unfortunately, they did not, and I must say that the committee, not wishing to involve itself in too many fights with the administration, accepted their recommendation on this matter. In rethinking the subject as a result of conversations with the gentlewoman and other supporters of this amendment, I am of the opinion that the House probably should indicate that it feels this research ought to have a higher priority. I doubt if the agency will move as rapidly as the gentlewoman and others concerned about this wish, but if they would make even some slight progress in increasing the program, it would be beneficial.

For that reason I personally am willing to accept the amendment.

Mr. WYDLER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from New York.

Mr. WYDLER. I thank the gentleman for yielding.

I am interested in this discussion because we have had a lot of talk in the Congress in the last few years about the problems of the energy sources that we have in our country, be they fossil fuel or nuclear energy, and that the clean answer for the future is, of course, the solar power energy that we hope some day to use. I predicted a couple of years ago that if we ever really got to the point where we were going to use solar power in a large way to really produce a lot of energy in our Nation, we would, or somebody would, find out that in fact it had all kinds of environmental problems, too. I think we are seeing the first blush of that in this amendment that is being offered here today, because the solar satellite system that we have been talking about, of course, is going to use microwave energy to return the power

that is collected in the atmosphere to the Earth, I can imagine when we get the language about the bombardments of the body that are possible from such a device by microwave energy, the possibility of the enormous damage to the human body will exceed all possible measurements.

I would also like to say that when we talk about bombarding the human body with microwave energy—and, frankly, I do not know much about it—are our bodies not literally being bombarded by short wave and AM and FM waves in the air, of television signals of all kinds? With 13 channels in New York going all the time signals are going through the air and bombarding our bodies.

What are we going to do about it?

What are we going to do about investigating all the potential and possible damage to the human body from these items as well? I wonder if the gentleman might comment on that in some fashion?

Mr. BROWN of California. Well, I think the comments the gentleman from New York makes are absolutely appropriate. As the gentleman well knows, the Committee on Science and Technology is about to vote out a program for the House to consider involving our satellite solar energy system. If that program is adopted, it in itself would justify a major investigation, a major research program into the health effects of nonionizing radiation. It would be mandated, in fact, if we go forward with it.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. BROWN of California was allowed to proceed for 2 additional minutes.)

Mr. BROWN of California. Mr. Chairman, as the gentleman points out, our entire environment today is saturated with radiation in many ways, many forms, and the research activity to determine the health effects on human beings has been consistently downplayed in the past.

Mr. WALKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would simply rise to say I am personally prepared to accept the amendment as well. It seems to me that the important factor here is that as we see public awareness rising on this particular issue, there is a need for adequate research and study to show there are no harmful effects, if that is the case, and to make sure we have some information on the public record with regard to the effect of microwaves in our society.

Therefore, it seems to me this additional research is responsible at this time and I am prepared to accept the amendment.

● Mr. WEISS. Mr. Speaker, I support the amendment to the Environmental Protection Agency Authorization (H.R. 11302) to increase funding for research on the health effects of microwave radiation.

This amendment offered by my colleagues, Representatives HOLTZMAN and STUDDS, underlines the urgent need for greater knowledge and activity relating to the effects of low-level microwaves and low-level radiation produced by other forms of nonionizing radiation.

Sources of nonionizing radiation include radio and TV antennas, microwave ovens, radars, industrial heating equipment, mobile communications systems such as CB radios, and point to point microwave communication systems. Already some human health disorders have been attributed to this radiation—leukemia and pancreatic cancer to name two.

It is apparent from this listing that sources of low-level nonionizing radiation surround us and appear commonplace. Thus I cannot stress too much the need to gain knowledge about any adverse effects that may be emitted by this equipment which plays such an integral part in our daily lives.

The current U.S. effort in regulating this radiation is less than adequate. There is no official U.S. health standard for exposure to microwave or nonionizing radiation sources. The existing guideline that Government and industry currently follow on a voluntary basis is 10.000 times less stringent than that followed by many countries abroad. As a result segments of our population may be exposed to dangerous levels of nonionizing radiation. The General Accounting Office (GAO) recently issued a report which concluded:

The population is receiving measurable exposures to nonioniznig radiation. The sources are increasing while the effects of such exposures at low levels is a controversial subject . . . Research programs, including EPA efforts to detect and evaluate biological effects of nonionizing radiation, have not yet been able to generate a sufficient data base.

Therefore, it would seem the increase in funding for EPA activity is badly needed.

This amendment would increase funding for research activity of nonionizing radiation from $930.000 to $2.5 million. Hopefully this increase will take us a large step closer toward solving questions about low-level radiation of this kind. The incident in 1976 where American workers at the U.S. Embassy were found to be exposed to microwaves produced by Soviet eavesdropping equipment clearly demonstrates the need for more aggresive activity in this field. Currently we are confronting other examples of potential dangers to public health posed by sources of nonionizing radiation: Such as the PAVE PAW radar system in Cape Cod and broadcasting activity in Rutherford, N.J., leading some observers to name it the "cancer capital" of the country.

I have raised concern about possible adverse effects in relation to the Microwave Landing System (MLS), currently under consideration for "deployment" by the Federal Aviation Administration (FAA). The MLS releases low-level microwave radiation into the atmosphere in a narrow beam in assisting airplanes land in inclement weather. While there is no indication that the MLS poses a health hazard, there has been no environmental impact statement (EIS) filed with EPA and Congress. My colleagues, Representatives HOLTZMAN and SOLARZ, have joined me in the letter printed below suggesting to FAA Administrator Bond that such an EIS be completed before appropriations are considered for the MLS.

I strongly urge my colleagues to support this amendment and support vigorous action toward regulating the potential health hazard of low-level nonionizing radiation.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 18, 1978.

MR. LANGHORNE M. BOND,
Administrator, Federal Aviation Administration, Independence Avenue, SW., Washington, D.C.

DEAR ADMINISTRATOR BOND: We are concerned about the Microwave Landing System (MLS) being developed by your agency.

We were informed by the Congressional liason office of the FAA on April 11th that no Environmental Impact Statement had been completed yet on the MLS.

Under section 102 of the National Environmental Policy Act of 1969 an EIS must be filed on "major Federal actions significantly affecting the quality of the human environment" with the Environmental Protection Agency (EPA).

The discovery of potential dangers to health from microwaves was well publicized recently when U.S. embassy personnel became ill as a result of microwave eavesdropping techniques employed by the Soviet Union.

A recent General Accounting Office (GAO) study reveals that the Federal government has been negligent in carrying out its responsibility in protecting the public from potential microwave health hazards.

The GAO study points out that there has been a significant increase in microwave radiation in the atmosphere—partly as a result of increased use of microwaves in relation to aircraft.

It is thus vital that the FAA assess what impact, if any, the MLS will have on the overall level of microwave radiation in the atmosphere. Furthermore, it should be determined if the MLS will have an adverse effect on human beings located near the MLS during its operation or on individuals engaged in maintenance work on microwave equipment.

The completion of a full assessment of any health hazard resulting from the MLS is an essential step in proceeding with the MLS. It is urgently suggested that you complete an EIS on the Microwave Landing System and submit it to both EPA and Congress prior to Congressional action on the appropriation measure for the System.

Sincerely,

ELIZABETH HOLTZMAN,
TED WEISS,
STEPHEN SOLARZ,
Members of Congress.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. HOLTZMAN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MURTHA

Mr. MURTHA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURTHA: Page 9, after line 25, insert:

CLEAN AIR ACT DEADLINES RESPECTING TOTAL SUSPENDED PARTICULATES

SEC. 8. (a)(1) Section 109(d)(1) of the Clean Air Act is amended by inserting after "December 31, 1980,": "(December 31, 1978, in the case of criteria for total suspended particulate matter)".

(2) Section 109(d)(2)(B) of such Act is amended by inserting after "January 1, 1980,": "(December 31, 1980, in the case of criteria for total suspended particulate matter)".

(b) Section 129(c) of the Clean Air Act Amendments of 1977 is amended by striking out the period after "January 1, 1979" and inserting in lieu thereof the following: "(July 1, 1979 in the case of any plan revision respecting total suspended particulate matter). Any such plan revision respecting total suspended particulate matter shall take into account any revision in the ambient air quality standards for such pollutant which takes effect before such plan revision is submitted and which reflects the review of the criteria respecting such pollutant carried out pursuant to section 109(d) of the Clean Air Act.".

Mr. MURTHA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ROGERS. Mr. Chairman, I reserve a point of order on the amendment. I am opposed to the amendment.

The CHAIRMAN. The gentleman from Florida (Mr. ROGERS) reserves a point of order.

Mr. MURTHA. Mr. Chairman, I withdraw the amendment. I would like to have a colloquy with the gentleman.

Mr. Chairman, I ask unanimous consent that the amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MURTHA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it has come to my attention that the National Ambient Air Quality Standards for particulate matter have been in existence since April 1971. These standards are based on the Air Quality Criteria Document for Particulate Matter which was published in January 1969 after consideration of the scientific literature "on a worldwide basis through March 1968." The criteria document upon which the standards are based has not been revised since its issuance, although reports of the National Air Quality Criteria Advisory Committee, the EPA Science Advisory Board, and the National Academy of Sciences have provided evidence which suggests that the original criteria and the present standards are no longer valid. Furthermore, two independent studies sponsored by the American Iron and Steel Institute in 1976–77 have concluded that the present air quality standards are based on invalid criteria and could be made more lenient without adverse effect on public health. The Clean Air Act Amendments of 1977 require EPA to review the ambient air quality criteria and standards by December 31, 1980. Because the States are required to complete revisions to their State Implementation Plans for control of air pollution by July 1979 in order to achieve the existing standards, any review and possible revision of the standards will come too late to avoid enormous capital expenditures by the steel industry, which is severely impacted by the existing particulate standards. To achieve the present standards, it is anticipated that the steel industry will be required to spend a major portion of an estimated $4 billion for further capital expenditures for air pollution control. These expenditures will be required at a time when capital formation for all purposes is extremely difficult. Accordingly, we believe that EPA should be directed by Congress to investigate immediately the validity of the present air quality criteria and standards for particulate matter and to provide relief if warranted, before July 1979.

1. HISTORY OF CURRENT STANDARDS

The U.S. Clean Air Act of 1970, as amended, provided for promulgation by the Administrator of the Environmental Protection Agency (EPA) of "national primary * * * ambient air quality standards." For "each air pollutant for which air quality criteria" has been issued prior to December 31, 1970, the act required that the Administrator should prescribe within 120 days of that date "National primary ambient air quality standards * * * (which) shall be ambient air quality standards the attainment and maintenance of which in the judgment of the Administrator, based on such criteria and allowing an adequate margin of safety, are requisite to protect public health."

On April 30, 1971, the Administrator promulgated national primary ambient air quality standards for particulate matter (TSP). The primary standards for TSP were set forth in section 410.6 as follows:

SEC. 410.6 National primary ambient air quality standards for particiulate matter.

The national primary ambient air quality standards for particulate matter, measured by the reference method described in Appendix B to this part, or by an equivalent method are:

(a) 75 micrograms per cubic meter—annual geometric mean.

(b) 260 micrograms per cubic meter—maximum 24-hour concentration not to be expected more than once per year.

The method prescribed for measuring TSP, described in appendix B to the regulation, is the "high volume method."

The air quality criteria on which the TSP standards were based were available data set forth in a document entitled "Air Quality Criteria for Particulate Matter" (Criteria Document), prepared and published by the U.S. Department of Health, Education, and Welfare, January 1969. That document was prepared as required by the Air Quality Act of 1967, and was based on a review of the literature "on a worldwide basis through March 1968", page xiv. The "Résumé" of the document stated that "adverse health effects were noted when the annual geometric means of particulate matter exceeded 80 $\mu g/M^3$," page 189. The primary source for this conclusion, according to the document, was derived from the studies discussed and cited in chapter 11 entitled "Epidemiological Appraisal of Particulate Matter."

The criteria document upon which the current primary and secondary ambient air quality standards for particulate are based has not been revised since it was issued by the Secretary of Health, Education, and Welfare in January 1969, on the basis of the scientific knowledge available through March 1968, and no longer accurately reflects, if indeed it ever did accurately reflect, "the latest scientific knowledge useful in indicating the kind and extent of all identifiable effects on public health or welfare which may be expected from the presence of (particulate) in the ambient air in varying quantities," as required by section 108 of the Clean Air Act.

2. BASIS OF STEEL INDUSTRY'S CONCERN FOR PRESENT LIMITS

A review panel of the Science Advisory Board of EPA issued a report dated March 14, 1975, which raised serious questions as to the validity of the new information developed since the initial publication of the current air quality criteria document for particulate matter, citing weaknesses on many bases. In addition, an EPA draft review of the scientific and technical data base for criteria and hazardous pollutants showed that certain of the so-called CHESS [1] studies, which have been used by EPA to support the present TSP standards, demonstrate no relationship of chronic respiratory disease to levels of suspended particulate twice as high as the primary standard.

With respect to the question of whether current air quality standards are adequate to assure protection of the public health and welfare with an adequate margin of safety, a report by the U.S. National Academy of Sciences dated September 1974 states with respect to suspended particulates that "to the extent that British data were used to establish 1968 criteria, an additional safety factor could be said to have been accidentally incorporated into the standards." This safety factor results from differences in British and U.S. methods of measurement and is as high as a factor of two. A safety factor this high has not been incorporated into the air quality standards for other criteria pollutants, nor is such a safety factor needed in view of the "transitory" risks involved.

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[1] CHESS is an acronym for EPA's Community Health and Environmental Surveillance System which has recently been the subject of a Congressional review (See "Investigative Report on EPA's Research Program, with Primary Emphasis on CHESS" by House Committee of Science and Technology, dated November 1976).

As stated above, the criteria document has never been definitely reviewed and reevaluated by EPA; however, a review and reevaluation was made in 1975–76 by the National Air Quality Criteria Advisory Committee (NAQCAC) of the Science Advisory Board of the Agency. In its final report submitted in June 1976, the committee said that the criteria document, "is in serious need of revision and that such a revision is not only desirable, but necessary."

To illustrate, the committee found the authors of the criteria document based their conclusions in respect of health effects (the basis for the primary ambient air quality standards) on six studies, five of which were British epidemiological studies and the sixth of which was the Winkelstein epidemiological study done at Buffalo, N.Y. The committee recognized that the Winkelstein study "suffers from several serious deficiencies which render it questionable for standard setting purposes," and that respecting the remaining British studies, "the original conversion of British measurement methods to U.S. measurements methods (for particulate) resulted in British (health) effects being ascribed to levels as much as a factor of two below the actual levels." Moreover, the committee observed that the criteria document did not reflect any of the health effect studies made available since March 1968.

3. STEEL INDUSTRY STUDIES OF THE PROBLEM

Because of the concerns raised by the National Academy of Sciences and NAQCAC that the current U.S. particulate standards may be invalid and in view of the enormous economic impact of these standards on our industry, the American Iron and Steel Institute (AISI) commissioned two critical studies (summarized below) of the health effects of particulate with emphasis on the adequacy of the U.S. standards.

First. The first study, which was conducted by an environmental consulting firm, was completed in 1976. The consultant's report concluded that the present standards were not suitably validated either by the literature referenced in the criteria document (which supposedly included all pertinent studies through 1968) or any literature then available. The report also reached the conclusion that the post-1968 literature (excluding EPA-sponsored studies allegedly based on the EPA-administered CHESS program) suggests that the standards should both be substantially higher, and, to be valid according to the data available, expressed in terms of concurrent measurements of sulfur dioxide. Our experts recommended that additional work must be accomplished by medical epidemiologists to support such standards authoritatively.

Second. Accordingly, a second study by a "blue ribbon panel" of international epidemiologists under the direction of Prof. Walter Holland of St. Thomas Hospital Medical School in Great Britain[2] was initiated in November 1976, and was completed in September 1977. The preliminary results of this study appear to be supportive of the general conclusions of the initial study that the present U.S. air quality standards for particulate are scientifically invalid and could be revised upward without significant adverse effects on the public health. Specifically, the Holland report concluded that the U.S. standards could be relaxed by approximately 40 percent without significant adverse effect on public health.

Since emission standards for particulate matter are established at levels designed to achieve the air quality standards, it follows that a general relaxation in the particulate standard would generally permit less stringent emission limits to be adopted. Considering current background levels of particulate matter in this country, a 40-percent relaxation of the air quality standards, which is reasonable in view of the Holland report, would permit almost a twofold increase in allowable emissions.

4. SIGNIFICANCE OF DELAY IN ISSUANCE OF REVISED STANDARDS

As stated above, the ambient air quality standards are the cornerstone of the national particulate control strategy. Depending upon the existing ambient air quality levels and the degree of reduction in emissions necessary to achieve the air quality standards, the stringency of emission limits is established. Accordingly, any valid basis for relaxing these standards is of great concern to the steel industry in view of the pressure being exerted by Government on the industry to achieve air quality limits. Because of the direct relationship between the existing air quality levels, the emission requirements established by State implementation plans, and the air quality standards, any relaxation of the present standard will have a direct effect on the ability of the U.S. steel industry to maintain existing jobs and operations or to expand operations in the next several years. A relaxation of the standards will have an immediate and direct positive effect on the air quality standard attainment status of many locations where steel is a significant factor in the local economy. A reduction in capital spending obligations associated with air pollution control would substantially improve the competitive position of steel plants in those areas.

Conclusions of a comprehensive study of the U.S. steel industry show that approximately $4 billion more over and above that already spent will potentially be required to achieve the present primary air quality standard for particulate matter. If that standard is incorrectly established, as AISI studies now show, enormous capital expenditures by the steel industry will be mandated under the Clean Air Act in a needless and wasteful effort to achieve an improper and unnecessary level of air quality.

The Clean Air Act Amendments of 1977 require EPA (under section 109 (d)(1)) to complete a thorough review of the ambient air quality criteria and the NAAQS by December 31, 1980. The Administrator's timetable to implement this requirement shows that the review of the air quality criteria for particulate has the lowest priority (the draft document is tentatively slated for December 1979).

At the same time, the Clean Air Act also requires that States revise, and make more stringent, the State implementation plans for control of air pollution in order to achieve the existing ambient air quality standards. States are required to complete revisions to their plans by July 1979, 18 months before the EPA Administrator is required to complete his review of ambient air quality standards. In the event that the Administrator of EPA finds in December 1980 that the evidence supports a relaxation of the particulate ambient air quality standards, such relaxation would come 18 months too late to avoid further enormous capital expenditures to achieve the current ambient air quality standards. In view of the availability of new evidence and the enormous financial impact that would result from a relaxation of the particulate standards, EPA should be directed by Congress to immediately reassess the particulate ambient air quality criteria and standards and, if appropriate, provide relief before July 1979 in order to prevent the adoption of unnecessarily stringent new requirements or the enforcement of unnecessary existing requirements in State implementation plans. A relaxation of the air quality standards would permit EPA and the States to relax existing emission limits in the current State implementation plans, thus reducing capital expenditures currently contemplated to meet existing requirements and further, would affect the need for and stringency of any "second round" controls possibly saving the steel industry a major portion of the $4 billion estimated for further capital expenditures at a time when capital formation for all purposes is extremely difficult.

My sugestion to the subcommittee chairman is that we make that money available to EPA so that it will speed up this study. For instance, Congress has required EPA as a priority to study the ambient air criteria. The problem is that they have this as a low priority because they have no money available for this study.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. MURTHA. I yield to the chairman of the subcommittee.

Mr. BROWN of California. Mr. Chairman, I have had a chance to review the amendment which the gentleman has now withdrawn and to analyze the content of the amendment.

As the gentleman has clearly pointed out, what he is seeking to do is to have the Environmental Protection Agency move up the date on which it would issue its ambient air quality standards for total suspended particulates by about a year and a half so that there would not need to be a possible change in State implementation plans and a corresponding hardship on many industries, particularly the steel industry, if it were to attempt to conform to one set of imple-

[2] Professor Holland is a former president of the International Society of Epidemiology and is considered an international expert on the health effects of community air pollution.

mentation plans and then find a year or so later it had to conform to a different set of implementation plans.

I think the suggested amendment would be meritorious. The Agency would of course, have had problems or would claim to have had problems in meeting this expedited timetable, but as the gentleman pointed out, it should assign a higher priority to whatever activity is necessary in order to produce these standards so as to minimize the economic hardship on the industries involved, which are very substantial.

Mr. Chairman, I want to commend the gentleman from Pennsylvania (Mr. MURTHA) for his thought in offering the amendment.

Mr. MURTHA. Mr. Chairman, I thank the gentleman.

I want to stress the fact that we are not suggesting the standards be lowered. We do not know what the standards are. What we suggest is that the Federal Government implement its study, and that the Environmental Protection Agency, in line with the thrust of the amendments we agreed to last year, expedite the study.

I appreciate the gentleman's agreement on that point, and I hope we will get the agency to move quicker so that we may save substantial amounts of investment money in nonproductive equipment.

Mr. BROWN of California. Mr. Chairman, I assure the gentleman that he will have my cooperation in trying to get the agency to move quickly in this area.

Mr. MURTHA. Mr. Chairman, I thank the gentleman.

● Mr. ROGERS. Mr. Chairman, I rise to comment on the amendment offered by the Gentleman from Pennsylvania. This amendment actually would amend the Clean Air Act to require EPA to review the national ambient air quality standard for total suspended particulate no later than December 31, 1978, rather than by December 31, 1980. The amendment would also delay until July 1, 1979, the effective date of Clean Air Act requirements for areas with air quality which does not meet minimum Federal health standards .

I feel compelled to share with you my strong views that this move represents yet another attempt by the steel industry to further delay State and Federal efforts to require that industry to meet basic health requirements for clean air, which were supposed to have been achieved by mid-1975. This is the same industry which, as they themselves admit, has the single worst Clean Air Act compliance record, with absolutely no plants anywhere in the Nation in compliance.

Let me provide a little background on the provisions of the 1977 Clean Air Act Amendment which the Murtha amendment would revise.

Section 109(d) of the Clean Air Act requires EPA to institute routine periodic reviews of its ambient air quality (health) standards. The first review is to be completed by December 31, 1980, and future reviews are to be conducted every 5 years. This provision, which I authored, was adopted as part of the 1977 amendments to the act. But it did not result from any determination that present health standards are inadequate. To the contrary, the committee found the current standards are appropriate. Indeed, this is the conclusion of the National Academy of Sciences, which stated that its comprehensive review of the present health standards found no basis on which to recommend that the standards be changed. All the same, the committee felt that this standards review procedure should be included in the clean air law to assure that EPA establishes a routine mechanism for keeping air quality standards current with new developments in science and medicine.

The December 31, 1980, completion date for the first review of the standards was chosen carefully by the conferees so as to fall well after the new 1979 compliance deadlines under the Clean Air Act. The intent was to assure that the fact that the Congress had established a new program of routine review of standards could not be used by industry to argue that compliance with clean air requirements ought to be delayed until the EPA review is completed. This proposal offered today to the EPA R. & D. bill would move up the deadline for the review of the particulate standard, thereby allowing industry to make that very argument.

The industry is proposing a deadline for EPA review of the standards which it knows EPA cannot meet. The agency could not possibly complete the complex and lengthy scientific review of particulate standards by December 31, 1978, just over 6 months from now. Such a deadline would be physically and scientifically unattainable.

You can be sure, however, that when EPA fails to meet such an unrealistic timetable, the steel industry will use that as a basis for arguing in court and before Congress that compliance with the Clean Air Act should not be required of it until the EPA completes the review of the standard. Based on the steel industry's past performance, it seems reasonable to assume that when EPA does complete its review the industry will file suit challenging the validity of the Agency's findings. And the existence of that suit surely will be used to justify further compliance delays.

Such continued delays by the steel industry—now totaling more than 10 years—can no longer be tolerated.

The national ambient air quality standards have been scientifically established to protect the health of the American people. All through the 1970's these standards have been subject to continuing analysis by a number of independent organizations. These organizations, including not only the National Academy of Sciences, but also the American Medical Association, repeatedly have found no reason to conclude that the current particulate standards is inadequate. Therefore, nothing is to be gained by further delaying industry compliance with national public health standards, standards now in existence for nearly 10 years. Indeed, millions of Americans will continue to suffer because of industry's recalcitrance.

I urge opposition to the Murtha amendment now and in the future. In doing so, we will send a clear message to the steel industry that they too must abide by the same laws as the rest of American industry and the American people.●

Mr. LEVITAS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, when I noticed that the calendar of the House had scheduled the consideration of an Environmental Protection Agency authorization bill, it was my purpose, and I had notified a number of Members to this effect, that I would offer an amendment which would give the Congress the right to veto rules and regulations promulgated by the Environmental Protection Agency.

As many of us are aware, the Environmental Protection Agency and many other agencies in Government are devoting a great deal of their time to issuing rules and regulations which have the force and effect of law and yet are without benefit of being considered by anyone in the United States who is elected by anybody but, rather, are the product of unelected bureaucrats.

The Members of the House have given strong support to this effort in the past, and I am pleased to note that our action with respect to the Federal Trade Commission has now given us the opportunity for having the congressional veto applied to that agency. Certainly the Environmental Protection Agency is meriting that same consideration.

However, on careful study of the bill now before us, I ascertain that it relates to the research and development activities of the Agency which most of us support very strongly, and I do not believe it would be appropriate to attempt to amend this authorization which does not deal with the regulatory functions of the Environmental Protection Agency.

I make this announcement for the benefit of those who are anticipating with great expectation the opportunity of adopting a congressional veto for the Environmental Protection Agency and to assure them that at the proper time that amendment will be offered to the appropriate bill.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I am happy to yield the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I want to commend the gentleman for his action in this matter. I am aware, of course, of his great interest in this area and have supported him in the past in those cases where I felt his amendment was offered to an appropriate vehicle.

I do not think this is an appropriate vehicle, and I commend the gentleman for his willingness to not offer the amendment.

Mr. LEVITAS. Mr. Chairman, I thank the gentleman for his remarks, and I would like to take this opportunity to commend the chairman and the ranking minority member for bringing to this committee an outstanding piece of legislation.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Chairman, I would like to say, along the same line, when the gentleman does find an appropriate vehicle to offer the amendment I would like to be very supportive of it at that time. I think it would be a quite appropriate amendment, something that I think the public is screaming for.

Mr. LEVITAS. I thank the gentleman for his remarks.

Mr. Chairman, this congressional veto effort, of course, has substantial bipartison support. I think the American people are very anxious for us to get on with this job. And at the proper time and with the proper vehicle before us, I can assure the Members that this amendment will be offered.

AMENDMENT OFFERED BY MR. BROWN OF CALIFORNIA

Mr. BROWN of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of California:

On page 9, line 17, after "Sec. 7.(a)" insert: "(1)".

On page 9, after line 21, add a new paragraph:

"(2) This subsection shall become effective October 1, 1978."

Mr. BROWN of California. Mr. Chairman, this is a technical and perfecting amendment offered as a result of a discussion in the Committee on Rules with regard to a possible technical violation of the Budget Act. This would correct that possible technical violation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. BROWN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BROWN OF CALIFORNIA

Mr. BROWN of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of California: Page 9, line 22 strike out "(b)" and substitute "(c)".

Page 9, after line 21, insert the following:

(b)(1) Not later than nine months after the date of enactment of this Act, the Administrator shall promulgate guidelines establishing supplemental standards or treatment technique requirements for microbiological, viral, radiological, organic, and inorganic contaminants, which guidelines shall be conditions, as provided in paragraph (2), of any grant for a demonstration project for water reclamation, recycling, and reuse funded under section 5 of Public Law 95-155 or under section 1444(a)(2) of the Public Health Service Act. Such guidelines shall provide for sufficient control of each such contaminant, such that in the Administrator's judgment, no adverse effects on the health of persons may reasonably be anticipated to occur, allowing an adequate margin of safety.

(2) A grant referred to in paragraph (1) may be awarded on or after the date of promulgation of guidelines under this subsection only if the applicant demonstrates to the satisfaction of the Administrator that the project—

(A) will comply with all national primary drinking water regulations under section 1412 of the Public Health Service Act,

(B) will comply with all guidelines under this subsection, and

(C) will in other respects provide safe drinking water.

Any such grant awarded before the date of promulgation of such guidelines shall be conditioned on the applicant's agreement to comply to the maximum feasible extent with such guidelines as expeditiously as practicable following the date of promulgation thereof.

(3) Guidelines under this subsection may, in the discretion of the Administrator—

(A) be nationally and uniformly applicable to all projects funded under section 5 of Public Law 95-155 or section 1442(a)(2) of the Public Health Service Act;

(B) vary for different classes or categories of such projects (as determined by the Administrator);

(C) be established and applicable on a project-by-project basis; or

(D) any combination of the above.

(4) Nothing in this subsection shall be construed to prohibit or delay the award of any grant referred to in paragraph (1) prior to the date of promulgation of such guidelines.

Mr. BROWN of California (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BROWN of California. Mr. Chairman, this is an amendment that I offer on behalf of the gentleman from Florida (Mr. ROGERS) and myself. It is an amendment which, in my opinion, is a perfecting amendment to the bill, in that it sets forth a requirement that, prior to the making of any grants under a certain section of the bill, the administrator shall promulgate guidelines establishing standards pertaining to the quality of the water resulting from the demonstration grant.

To be more specific, the amendment pertains to the "water reuse" provisions of the bill and of Public Law 95-155 which the bill amends.

The purpose of the amendment is to assure the health and safety of federally funded drinking water demonstration projects which will rely to a significant extent on reuse or recycling of industrial, agricultural, or domestic waste waters as a raw water source. There is ample evidence that the use of waste water effluents—including human sewage—as a raw water source for drinking purposes presents special risks to human health. The special dangers include microbiological, viral, and chemical contaminants, including potentially higher concentrations of heavy trace metals and known or suspected organic cancer-causing agents.

The National Academy of Sciences in its 1977 report, "Drinking Water and Health," specifically warned Congress and EPA that—

Meeting current coliform standards are not satisfactory for water reclaimed directly from waste water. Meeting current coliform standards for water reclaimed directly from waste water, or for water containing several percent of fresh sewage effluent, is insufficient to protect public health. For such raw water supplies, new microbiological standards should be developed and applied as supplementary to coliform standards.

Members of the Conference of State Sanitary Engineers have also expressed serious concerns about the public health dangers of inadequately controlled reliance on waste water reuse as potable water sources.

I want to make clear that this amendment will not have the intent, nor the effect of prohibiting or delaying the funding of water reuse demonstration projects. All it says is that after promulgation of special public health guidelines for those projects, new project applicants must comply with the guidelines. Those projects funded before the date of promulgation of the guidelines will have to comply as fully as is practical after the guidelines are issued.

It should be understood that the guidelines may take a variety of forms at the discretion of the Administrator. They may be nationally and uniformly applicable to all federally funded demonstration grant projects for water reuse. Or they may vary by class or category of project—as determined by the Administrator. Or they may be applicable on a project-by-project basis, taking into account special local conditions. Or some combination of these approaches may be taken by the Administrator in establishing and applying the guidelines.

Finally, while the EPA Administrator is not specifically required by the amendment to take into account these guidelines when amending interim primary national drinking water regulations under section 1412 of the Safe Drinking Water Act and when revising those regulations, it is expected that he will do so.

This amendment is a noncontroversial health measure; it has broad support, and I urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. BROWN).

The amendment was agreed to.

Mr. WALGREN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to speak in support of H.R. 11302 which authorizes a total of $431,338,000 in fiscal year 1979 for EPA environmental research development and demonstration. H.R. 11302, introduced on February 28, 1978, is the product of careful work and deliberation by the Subcommittee on the Environment and the Atmosphere and the Committee on Science and Technology. The committee has adopted the practice of annual authorization of the Environmental Protection Agency research programs as a way of insuring that the program is well managed to support the Agency's primary role of protecting the public health and welfare. This bill continues in that pattern by authorizing program funds, by providing a specific mechanism for carrying out certain long-term research, and by giving the agency certain flexibilities to

enable it to meet changing responsibilities.

As a member of the Subcommittee on the Environment and the Atmosphere as well as a cosponsor of H.R. 11302, I feel this bill represents a credible effort to improve EPA's ability to respond to its research, development and demonstration mission. Through my experience with EPA and its officials I have seen how EPA has moved progressively in the direction of providing high quality research in order to insure equitable and effective control of pollution.

The budget in this legislation includes research for air quality, water quality, drinking water, solid waste, pesticides, radiation, toxic substances, energy, and several interdisciplinary projects.

I would like to comment specifically on the subject of solid waste management in H.R. 11302. This bill authorizes a total of $11,912,000 in fiscal year 1979 for solid waste management—an increase of $1,000,000 over fiscal year 1978. The purpose of this research program is to develop cost effective technology in support of the goals of the Resource Conservation and Recovery Act of 1976. It directly supports the research needs of the Office of Solid Waste Management in EPA. These needs generally require that the Office of Research and Development develop new technologies and generate a data base to support EPA regulations related to solid waste disposal and resource recovery. The current research program is developing solutions for such problems as materials released into the environment from solid and hazardous waste disposal; separation and processing of waste resources; environmental impact of unsound land disposal of industrial residues; and the cost of collection and storage of solid waste.

The major goals of the program are to develop methodology to control the release of hazardous waste and to establish a technical basis to support the Agency's effort in developing guidelines and regulations for solid waste management as required under the Resource Recovery and Conservation Act. In the effort to achieve these goals I would like to suggest that in order to alleviate what will be a shortage of acceptable disposal sites the Office of Solid Waste Management focus part of its R. & D. effort on methods of removing toxic or hazardous constituents from a variety of wastes for recycling and disposal. I also urge EPA to undertake a feasibility study to determine what materials are amenable to this form of solid waste treatment and where these materials are located. It is apparent that we do not have a comprehensive listing of all such substances at this time. Such a listing or inventory would improve the effectiveness of programs designed to solve the solid waste problem.

In closing, I would like to compliment those involved with the development of legislative policy in this administration, especially Charles Warren, Director of EPA's Office of Legislative Policy. Mr. Warren and his staff have been more than ready to sit with members of my community to create a constructive relationship between business and government. I firmly believe we can all work together to bring about a safe and productive environment. Mr. Speaker, I urge my colleagues to adopt this legislation.

The CHAIRMAN. Are there additional amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. BURLISON of Missouri) having assumed the chair, Mr. EDGAR, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11302) to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1979, and for other purposes, pursuant to House Resolution 1112, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 367, nays 33, not voting 34, as follows:

[Roll No. 259]

YEAS—367

Abdnor	Bolling	Cleveland
Addabbo	Bonior	Cochran
Akaka	Bonker	Cohen
Alexander	Bowen	Coleman
Ambro	Brademas	Collins, Ill.
Ammerman	Breaux	Conable
Anderson, Calif.	Breckinridge	Conte
	Brinkley	Corcoran
Anderson, Ill.	Brodhead	Corman
Andrews, N.C.	Brooks	Cornell
Andrews, N. Dak.	Broomfield	Cornwell
	Brown, Calif.	Cotter
Annunzio	Brown, Mich.	Coughlin
Applegate	Brown, Ohio	Cunningham
Archer	Broyhill	D'Amours
Armstrong	Buchanan	Daniel, Dan
Ashley	Burgener	Daniel, R. W.
Aspin	Burke, Fla.	Danielson
AuCoin	Burke, Mass.	Davis
Bafalis	Burlison, Mo.	de la Garza
Baldus	Burton, John	Delaney
Barnard	Burton, Phillip	Dellums
Beard, R.I.	Butler	Dent
Beard, Tenn.	Byron	Derrick
Bedell	Caputo	Derwinski
Beilenson	Carney	Devine
Benjamin	Carr	Dickinson
Bennett	Carter	Dicks
Bevill	Cavanaugh	Diggs
Biaggi	Cederberg	Dingell
Blanchard	Chisholm	Dodd
Blouin	Clausen, Don H.	Downey
Boggs		Drinan
Boland	Clay	Duncan, Oreg.
Duncan, Tenn.	Leach	Rangel
Early	Lederer	Regula
Eckhardt	Leggett	Reuss
Edgar	Lehman	Rhodes
Edwards, Ala.	Lent	Richmond
Edwards, Calif.	Levitas	Rinaldo
Edwards, Okla.	Livingston	Risenhoover
Emery	Lloyd, Calif.	Robinson
English	Long, La.	Roe
Erlenborn	Long, Md.	Rogers
Ertel	Lujan	Roncalio
Evans, Colo.	Luken	Rooney
Evans, Del.	Lundine	Rose
Fary	McClory	Rosenthal
Fascell	McCloskey	Rostenkowski
Fenwick	McCormack	Roybal
Findley	McDade	Ruppe
Fish	McEwen	Russo
Fisher	McFall	Ryan
Fithian	McHugh	Santini
Flippo	McKinney	Sarasin
Flood	Madigan	Scheuer
Florio	Maguire	Schroeder
Flowers	Mahon	Schulze
Foley	Markey	Sebelius
Ford, Mich.	Marks	Seiberling
Forsythe	Marlenee	Sharp
Fountain	Marriott	Shipley
Fraser	Martin	Sikes
Frenzel	Mathis	Simon
Fuqua	Mattox	Sisk
Garcia	Mazzoli	Skelton
Gaydos	Meeds	Skubitz
Gephardt	Metcalfe	Slack
Giaimo	Meyner	Smith, Iowa
Gibbons	Michel	Smith, Nebr.
Gilman	Mikulski	Snyder
Ginn	Mikva	Solarz
Goldwater	Milford	Spellman
Gonzalez	Miller, Calif.	Spence
Goodling	Miller, Ohio	St Germain
Gore	Mineta	Staggers
Gradison	Minish	Stangeland
Grassley	Mitchell, Md.	Stanton
Green	Mitchell, N.Y.	Stark
Guyer	Moakley	Steed
Hagedorn	Moffett	Steers
Hamilton	Mollohan	Steiger
Hanley	Montgomery	Stockman
Hannaford	Moore	Stokes
Harkin	Moorhead, Calif.	Stratton
Harrington		Studds
Harris	Moorhead, Pa.	Taylor
Harsha	Moss	Thompson
Hawkins	Murphy, Ill.	Thone
Heckler	Murphy, N.Y.	Traxler
Hefner	Murphy, Pa.	Treen
Heftel	Murtha	Trible
Hightower	Myers, Gary	Udall
Hillis	Myers, John	Ullman
Holland	Myers, Michael	Van Deerlin
Hollenbeck	Natcher	Vander Jagt
Holtzman	Neal	Vanik
Horton	Nedzi	Volkmer
Hubbard	Nichols	Walgren
Hughes	Nolan	Walker
Hyde	Nowak	Wampler
Ichord	O'Brien	Watkins
Ireland	Oakar	Weaver
Jacobs	Oberstar	Weiss
Jeffords	Obey	Whalen
Jenkins	Ottinger	White
Johnson, Calif.	Panetta	Whitehurst
Johnson, Colo.	Patten	Wiggins
Jones, Okla.	Patterson	Wilson, Bob
Jones, Tenn.	Pattison	Wilson, C. H.
Jordan	Pease	Wilson, Tex.
Kasten	Pepper	Winn
Kastenmeier	Perkins	Wirth
Kazen	Pettis	Wolff
Kemp	Pickle	Wright
Ketchum	Pike	Wydler
Keys	Pressler	Wylie
Kildee	Preyer	Yates
Kindness	Price	Yatron
Kostmayer	Pritchard	Young, Fla.
Krebs	Pursell	Young, Mo.
LaFalce	Quayle	Zablocki
Lagomarsino	Quie	Zeferetti
Le Fante	Quillen	

NAYS—33

Badham	Evans, Ga.	Holt
Bauman	Evans, Ind.	Huckaby
Burleson, Tex.	Flynt	Jenrette
Chappell	Glickman	Kelly
Clawson, Del	Hall	Latta
Collins, Tex.	Hammer-schmidt	Lloyd, Tenn.
Crane		Lott
Dornan	Hansen	McDonald

Mottl	Satterfield	Waggonner
Poage	Shuster	Young, Alaska
Rousselot	Stump	
Rudd	Symms	

NOT VOTING—34

Allen	Howard	Teague
Ashbrook	Jones, N.C.	Thornton
Baucus	Krueger	Tsongas
Bingham	McKay	Tucker
Burke, Calif.	Mann	Vento
Conyers	Nix	Walsh
Eilberg	Rahall	Waxman
Ford, Tenn.	Railsback	Whitley
Fowler	Roberts	Whitten
Frey	Rodino	Young, Tex.
Gammage	Runnels	
Gudger	Sawyer	

The Clerk announced the following pairs:

Mr. Rodino with Mr. Allen.
Mr. Howard with Mr. Conyers.
Mr. Gammage with Mr. Frey.
Mr. Baucus with Mr. McKay.
Mr. Bingham with Mr. Runnels.
Mr. Ford of Tennessee with Mr. Ashbrook.
Mr. Eilberg with Mr. Gudger.
Mr. Rahall with Mr. Thornton.
Mr. Teague with Mr. Fowler.
Mr. Roberts with Mr. Whitten.
Mr. Waxman with Mr. Tsongas.
Mr. Mann with Mr. Walsh.
Mr. Krueger with Mr. Sawyer.
Mr. Jones of North Carolina with Mr. Tucker.
Mr. Whitley with Mrs. Burke of California.
Mr. Vento with Mr. Nix.

Messrs. LATTA, LOTT, SHUSTER, and POAGE changed their vote from "yea" to "nay."

Mr. RISENHOOVER changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WALKER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter, on the bill just passed, H.R. 11302.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

WATER REUSE PROGRAM

(Mr. PANETTA asked and was given permission to extend his remarks at this point in the RECORD.)

● Mr. PANETTA. Mr. Speaker, I am pleased by the strong passage of H.R. 11302 and in particular am pleased by the adoption of the amendment by the gentleman from Florida (Mr. ROGERS).

Last year, after considerable effort by a number of Members, including the gentleman from Colorado, the House adopted and the Senate agreed to a $25 million program of grants for the construction of wastewater reuse plants. Despite some reluctance on the part of EPA, the Appropriations Committees of both Houses kindly consented to insert strong language in the appropriations bill requiring EPA to spend funds to get this program off the ground.

Despite this fact, the Agency has not even began this program. That is why it is ever more important today to put this money in the authorization bill to make clear Congress strong support for water reuse.

Frankly, I think the merits of the water reuse program are self-evident. Each of us knows that water is a scarce resource. Each of us knows the terrible impact of the recent drought on large parts of this country. Each of us has faith in the ability of American technology and science to work out the few problems that remain before water reuse can be practical on a large scale. The program outlined in the bill, along with Mr. ROGERS's amendment to limit the time that EPA can delay initiation of a proposal, will put us solidly on the road to sound water management.

I might note that the guidelines for the awarding of grants laid out in the committee report are an excellent guarantee that this money will be well and properly spent. The report requires that the Administrator give preference to projects that provide dependably safe water supply, strike a balance between urban and rural water needs and water sources, and incorporate a comprehensive water resources mangement program, including irrigation, recycling, and treatment. Conservation of water is to be emphasized, as are programs that will help reduce or eliminate the need for tertiary treatment facilities. These requirements taken together insure a sound, responsible program, one that may even reduce long-term costs for water pollution cleanup, an expensive program by anyone's standards.

The section 7 water reuse program is a modest proposal that represents a sound investment in our Nation's future.●

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested. A bill of the House of the following title:

H.R. 8331. An act to amend the Securities Investor Protection Act of 1970.

SUPPLEMENTAL APPROPRIATIONS FOR THE U.S. RAILWAY ASSOCIATION

Mr. McFALL. Mr. Speaker, pursuant to the order of the House of Tuesday, April 25, 1978, I call up the joint resolution (H.J. Res. 859) making supplemental appropriations for the U.S. Railway Association for the fiscal year ending September 30, 1978, and for other purposes.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution, as follows:

H.J. RES. 859

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following is appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1978, and for other purposes, namely:

UNITED STATES RAILWAY ASSOCIATION
ADMINISTRATIVE EXPENSES

For an additional amount for "Administrative Expenses", $13,000,000, to remain available until September 30, 1979.

GENERAL LEAVE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Joint Resolution 859.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McFALL. Mr. Speaker, I move to strike the last word.

Mr. Speaker, we submit for your consideration today House Joint Resolution 859, making supplemental appropriations for the U.S. Railway Association (USRA) for fiscal year 1978.

SUMMARY OF THE RESOLUTION

The resolution includes a total of $13 million in new budget authority for administrative expenses of the USRA. The amount recommended is the same as the budget request.

NEED FOR SUPPLEMENTAL APPROPRIATIONS

Because of substantially increased funding requirements, about 75 percent of USRA's fiscal year 1978 appropriation was obligated by the end of March 1978, and the remaining funds will be exhausted before the end of May. These increased requirements are due primarily to two factors: First, the litigation arising from the reorganization of certain bankrupt railroads in the Northeast and Midwest regions; and second, the financial monitoring of the Consolidated Rail Corporation (ConRail), the Delaware & Hudson Railway Co. (D. & H.), and the Missouri-Kansas-Texas Railroad Co. (Katy).

LITIGATION

USRA is primarily responsible for conducting on behalf of the Government the litigation which has arisen from the reorganization of the bankrupt railroads in the Northeast and Midwest.

Both the Justice Department and Department of Transportation have agreed that USRA should be the principal agency representing the Government in this case. URSA has been involved in the reorganization process since its inception and was required, in connection with developing the final system plan, to conduct a considerable amount of asset valuation work.

The litigation involves claims for compensation amounting to billions of dollars. A three-judge special court has been set up to determine the amount of compensation owed to the bankrupt railroads for rail property conveyed under the Regional Rail Reorganization Act of 1973. Last October this court issued its opinion on the appropriate measure of just compensation. The central valuation theory adopted by the court is the market value of the conveyed properties, whether sold for scrap or for continued rail use. However, the court also indicated it would consider, in some circumstances, other evaluation theories,

such as original cost less depreciation and deterioration.

Consideration of alternative valuation methodologies and the unanticipated extensive field work needed have resulted in increased funding requirements to support the litigation. In addition, title quality work and document processing have resulted in funding requirements that were unexpected a year ago.

The special court's October opinion included a strong statement urging the parties to settle the case through negotiation instead of litigation. We hope that a fair settlement can be negotiated, thus reducing the costs of litigation. However, it is our belief that the information being collected on asset valuation is as essential for negotiating a fair settlement as it is for litigation. If trial preparation work is not continued, then the Government's negotiating posture would be weakened and the Government would be unprepared if a settlement cannot be reached.

If sufficient funds are not provided to USRA and if the position of creditors of the estates of the bankrupt railroads is sustained by the court, the Federal Government could be required to provide as much as $4 billion in claims. Because of the potentially large Government liability in this case, we believe that USRA should be provided with the resources necessary to adequately represent the Government's position. The resolution would provide $10 million for expenses associated with asset valuation and other legal support.

FINANCIAL MONITORING

With respect to financial monitoring, USRA has the responsibility for assessing the financial viability of ConRail, the D. & H. and the Katy. Substantial amounts of Federal assistance have already been provided to these railroads. More than $2 billion has been appropriated for ConRail, and USRA has approved loans of $30 million to the D. & H. and $19 milion to the Katy.

ConRail and the D. & H. are presently experiencing considerable financial problems. These railroads will have great difficulty achieving the financial results forecast less than a year ago. The Secretary of Transportation, as chairman of the Finance Committee of the USRA Board, recently indicated that ConRail cannot become financially self-sustaining without significant additional Federal assistance.

These developments have resulted in a need for additional USRA resources to do an effective job of monitoring ConRail, the D. & H. and the Katy. The resolution would provide $3 million for the financial monitoring of these railroads. We believe these funds are adequate to permit USRA to properly monitor the assistance already provided, as well as to assess the requirements for future assistance to these railroads.

I am well aware of the grave concern of many Members with respect to the operation and management of ConRail. I would like to make it very clear that none of the money in the resolution would be used to fund ConRail. In fact, as I have stated, a portion of the funds provided would be used to monitor the operations of ConRail. The committee is hopeful that the USRA monitoring will be useful in assuring an effective use of the Government's money.

CONCLUSION

Mr. Speaker, I believe that the funds provided in this resolution are necessary to permit USRA to effectively carry out its responsibilities and I urge its adoption.

Mr. CONTE Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise in support of House Joint Resolution 859, which would provide $13 million in supplemental appropriations for the U.S. Railroad Association for fiscal year ending September 30, 1978.

These additional funds are necessitated by two factors: First, the litigation arising from the reorganization of certain bankrupt railroads in the Northeast and Midwest regions; and second, the financial monitoring of the Consolidated Rail Corporation (ConRail), the Delaware & Hudson Railway Co., and the Missouri-Kansas-Texas Railroad.

The U.S. Railway Association (USRA) was created in 1973 to develop plans and estimates for a consolidated rail system, ConRail, including the Final Systems Plan for reorganizing major railways. The association, which monitors the finances of ConRail and certain other rail companies, also represents the Federal Government in litigation arising from the reorganization of bankrupt railroads.

For its operations in fiscal year 1978, USRA was appropriated $10 million from an authorization level of $23 million. However, due to heavy litigation costs arising from the valuation of property conveyed to ConRail, and increased monitoring necessitated by the financial difficulties of ConRail and the Delaware & Hudson Companies, it is expected that USRA will exhaust its available funding before the end of May.

The U.S. Governmental financial investment in ConRail, the Delaware and Hudson and the Missouri-Kansas-Texas Railroad Co. is quite large. More than $2 billion has already been appropriated to ConRail alone. The Secretary of Transportation, as Chairman of the Finance Committee of the USRA, recently indicated that ConRail cannot become self-sustaining without additional financial assistance.

The additional funds required will permit USRA to properly monitor this investment as well as the $30 million in loans extended to the Delaware and Hudson and the $19 million to the Missouri-Kansas-Texas Railroad.

The committee recommends approval $6 million for asset valuation, $4 million for other legal support, and $3 million for the financial monitoring of ConRail, the Delaware & Hudson, and the Missouri-Kansas-Texas Railroad Company.

Mr. BAUMAN. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, in the past I have supported in almost every instance both the USRA, Amtrak and ConRail, mainly because of the dilemma the Northeast finds itself in maintaining necessary rail service. But we ought to pause before we vote for this bill. I was indebted to another fiscal conservative from Maryland, the gentlewoman from Maryland (Ms. MIKULSKI) earlier today in a discussion we had about what $1 million in tax funds we spend in this House means to average American taxpayers.

The gentlewoman pointed out to me that the average middle-class family of four, a husband and wife working, earns about $16,000. Without any loopholes or tax rakeoffs that corporations or rich people get, this family probably pays about $4,000 in taxes annually, which is 25 percent of their income. They could surely use that money for themselves for other purposes. That means every time we appropriate $1 million in this House, we are spending the taxes of about 250 average American taxpayers.

In this case we are asked to spend the tax money of about 3,250 average taxpayers for this particular piece of legislation before us appropriating $13,000,000.

I do not know whether anyone cares what the USRA is doing. I understand the role it has to play, but I think we ought to know what it is actually doing with its appropriations. I hope the Members read U.S. News & World Report this week revealing some of the expenditures of this agency in the past. I would like to call this to the attention of the House; it happened under a previous administration, and I do not know whether it is going on now. I hope it is not, but still we ought to understand, before we add $13 million to the budget of this agency, what they have done in the past.

In the fiscal year 1976 USRA spent $35,000 for entertainment, which is euphemistically called a "reception and representation allowance."

They spent $200,000 for their headquarters in Philadelphia to set up and operate a private dining room for 57 top executives. I do not represent Philadelphia, and I do not get there very often, but the few times I have been there I have seen restaurants which could certainly accommodate such lavish luncheon appetites, even with two martinis, for a lower price than that.

USRA spent $221,000 on travel, without even requiring receipts for the actual travel made, and they routinely paid parking tickets and traffic fines for their employees. They paid out $13,773 for initiation fees to private clubs for the top officers of USRA. After a Treasury Department audit the former chairman of USRA, Mr. Lewis, reimbursed the Government $6,400 for his membership fee in the Burning Tree Golf and Country Club in Washington, D.C., which USRA, meaning the taxpayers, had paid.

If that is what the USRA is spending our money on, I only hope that the subcommittee chaired by the gentleman from California (Mr. MCFALL) took a close look at this additional increase. Frankly, many of us would like to see

the taxpayers of the United States represented here.

Mr. Speaker, that is what our title is—Representatives—and if these agencies are not spending our money properly—and it does not appear that USRA has done so, at least in the past—we ought to reject these requests for additional funds.

Mr. Speaker, I would offer one further thought on this appropriation. Several weeks ago I traveled the full length of the ConRail railroad located in my congressional district from the Delaware State line to the Virginia State line. This is a vital link in the only major alternate rail route on the east coast. For 3 years ConRail has not been able to come up with the money needed to rebuild this segment and it is literally rotting away, with trains being constantly derailed. Thousands of jobs in three States depend on this railway. Yet we are told that USRA can squander funds as I have just described while ConRail is denied funds to make necessary repairs.

Unless some member of the Appropriations Committee can answer these factual statements I must vote no on this bill and I urge my colleagues to do likewise. This ought to be a good test as to whether we are indeed serious in our desire to fight inflation and stop Government waste.

Mr. McFALL. Mr. Speaker, I move the previous question on the joint resolution to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. QUILLEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 202, nays 196, not voting 36, as follows:

[Roll No. 260]

YEAS—202

Addabbo	Brodhead	Delaney
Akaka	Brown, Calif.	Derrick
Alexander	Brown, Mich.	Dicks
Ambro	Burgener	Diggs
Ammerman	Burke, Mass.	Dingell
Applegate	Burlison, Mo.	Drinan
Aspin	Caputo	Duncan, Oreg.
Baldus	Carney	Eckhardt
Beard, R.I.	Carr	Edgar
Bellenson	Carter	Edwards, Ala.
Benjamin	Cederberg	Edwards, Calif.
Bevill	Chappell	Emery
Biaggi	Clay	Evans, Colo.
Blanchard	Cleveland	Evans, Del.
Blouin	Cohen	Fary
Boggs	Conte	Fascell
Boland	Corman	Fenwick
Bolling	Cornwell	Fish
Bonior	Coughlin	Fisher
Bonker	D'Amours	Fithian
Brademas	Danielson	Flood
Breckinridge	Davis	Florio
Foley	Maguire	Ruppe
Ford, Mich.	Mahon	Ryan
Fraser	Markey	Sarasin
Garcia	Marlenee	Scheuer
Gaydos	Mattox	Schulze
Gephardt	Meeds	Seiberling
Gilman	Metcalfe	Sharp
Gore	Meyner	Shipley
Gradison	Mikulski	Shuster
Green	Mineta	Sikes
Hamilton	Mitchell, N.Y.	Simon
Hanley	Moakley	Skubitz
Harrington	Moorhead, Pa.	Slack
Hawkins	Moss	Smith, Iowa
Heckler	Murphy, N.Y.	Spellman
Hightower	Murphy, Pa.	St Germain
Hillis	Murtha	Staggers
Holland	Myers, Michael	Stanton
Hollenbeck	Natcher	Steed
Holt	Nedzi	Steers
Horton	Nichols	Steiger
Hubbard	Nolan	Stokes
Hughes	Nowak	Stratton
Jeffords	O'Brien	Studds
Jenrette	Oberstar	Thompson
Johnson, Calif.	Obey	Traxler
Jones, Tenn.	Ottinger	Udall
Jordan	Patten	Ullman
Kasten	Pattison	Van Deerlin
Kastenmeier	Pease	Vanik
Kildee	Pepper	Vento
LaFalce	Perkins	Walgren
Le Fante	Pettis	Weiss
Lederer	Pressler	Whalen
Lent	Preyer	White
Lloyd, Calif.	Price	Wilson, Tex.
Long, La.	Rangel	Wirth
Long, Md.	Reuss	Wolff
Lujan	Richmond	Wright
Lundine	Rinaldo	Yates
McClory	Roe	Yatron
McCormack	Roncalio	Young, Mo.
McDade	Rooney	Zablocki
McEwen	Rose	Zeferetti
McFall	Rosenthal	
McHugh	Rostenkowski	

NAYS—196

Abdnor	Derwinski	Kazen
Anderson, Calif.	Devine	Kelly
	Dickinson	Kemp
Anderson, Ill.	Dodd	Ketchum
Andrews, N.C.	Dornan	Keys
Andrews, N. Dak.	Downey	Kindness
	Duncan, Tenn.	Kostmayer
Annunzio	Early	Krebs
Archer	Edwards, Okla.	Lagomarsino
Armstrong	English	Latta
Ashley	Erlenborn	Leach
AuCoin	Ertel	Lehman
Badham	Evans, Ga.	Levitas
Bafalis	Evans, Ind.	Livingston
Barnard	Findley	Lloyd, Tenn.
Bauman	Flippo	Lott
Beard, Tenn.	Flowers	Luken
Bedell	Flynt	McCloskey
Bennett	Forsythe	McDonald
Bowen	Fountain	McKinney
Breaux	Fowler	Madigan
Brinkley	Frenzel	Marks
Brooks	Fuqua	Marriott
Broomfield	Giaimo	Martin
Brown, Ohio	Gibbons	Mathis
Broyhill	Ginn	Mazzoli
Buchanan	Glickman	Michel
Burke, Fla.	Goldwater	Mikva
Burleson, Tex.	Gonzalez	Milford
Burton, John	Goodling	Miller, Calif.
Burton, Phillip	Grassley	Miller, Ohio
Butler	Guyer	Minish
Byron	Hagedorn	Mitchell, Md.
Cavanaugh	Hall	Moffett
Chisholm	Hammer-schmidt	Mollohan
Clausen, Don H.		Montgomery
	Hannaford	Moore
Clawson, Del	Hansen	Moorhead, Calif.
Cochran	Harkin	
Coleman	Harris	Mottl
Collins, Ill.	Harsha	Murphy, Ill.
Collins, Tex.	Hefner	Myers, Gary
Conable	Heftel	Myers, John
Corcoran	Holtzman	Neal
Cornell	Huckaby	Oakar
Cotter	Hyde	Panetta
Crane	Ichord	Patterson
Cunningham	Ireland	Pickle
Daniel, Dan	Jacobs	Pike
Daniel, R. W.	Jenkins	Poage
de la Garza	Johnson, Colo.	Pritchard
Dellums	Jones, Okla.	Pursell
Quayle	Sebelius	Vander Jagt
Quie	Sisk	Volkmer
Quillen	Skelton	Waggonner
Railsback	Smith, Nebr.	Walker
Regula	Snyder	Wampler
Rhodes	Solarz	Watkins
Risenhoover	Spence	Weaver
Robinson	Stangeland	Whitehurst
Rogers	Stark	Wiggins
Rousselot	Stump	Wilson, Bob
Roybal	Symms	Winn
Rudd	Taylor	Wydler
Russo	Thone	Wylie
Satterfield	Treen	Young, Alaska
Schroeder	Trible	Young, Fla.

NOT VOTING—36

Allen	Howard	Sawyer
Ashbrook	Jones, N.C.	Stockman
Baucus	Krueger	Teague
Bingham	Leggett	Thornton
Burke, Calif.	McKay	Tsongas
Conyers	Mann	Tucker
Dent	Nix	Walsh
Eilberg	Rahall	Waxman
Ford, Tenn.	Roberts	Whitley
Frey	Rodino	Whitten
Gammage	Runnels	Wilson, C. H.
Gudger	Santini	Young, Tex.

The Clerk announced the following pairs:

Mr. Rodino with Mr. Allen.
Mr. Howard with Mr. Ashbrook.
Mr. Gammage with Mr. Frey.
Mr. Bingham with Mr. Conyers.
Mr. Baucus with Mr. Gudger.
Mr. Ford of Tennessee with Mr. Thornton.
Mr. Eilberg with Mr. Leggett.
Mr. Rahall with Mr. Tsongas.
Mr. Teague with Mr. Sawyer.
Mr. Roberts with Mrs. Burke of California.
Mr. Nix with Mr. Walsh.
Mr. Jones of North Carolina with Mr. McKay.
Mr. Whitley with Mr. Runnels.
Mr. Krueger with Mr. Tucker.
Mr. Waxman with Mr. Whitten.
Mr. Mann with Mr. Charles H. Wilson of California.
Mr. Santini with Mr. Dent.

Mrs. FENWICK and Messrs. BURKE of Massachusetts, HOLLAND, MURPHY of Pennsylvania, MAGUIRE, HOLLENBECK, and BIAGGI changed their votes from "nay" to "yea."

Messrs. MOLLOHAN, KINDNESS, BRINKLEY, PIKE, KREBS, and VOLKMER changed their vote from "yea" to "nay."

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute.)

Mr. RHODES. Mr. Speaker, I take this time for the purpose of inquiring of the distinguished acting majority leader, the gentleman from Florida (Mr. FUQUA) as to the program for the balance of this week and next week.

Mr. FUQUA. I will be glad to respond to the inquiry of the distinguished gentleman from Arizona (Mr. RHODES) if the gentleman will yield.

Mr. RHODES. I yield to the gentleman from Florida.

Mr. FUQUA. Mr. Speaker, I might say that this concludes the program for this week, and it is the intention of the leadership that when the House adjourns today it adjourn to meet on Monday at noon.

On Monday the program will consist of the calling of the Consent Calendar, then three suspensions:

H.R. 11657, Pacific Fisheries Development Act authorization,

H.R. 10392, establish Hubert H. Humphrey Fellowship at Woodrow Wilson Center, and

House Joint Resolution 816, extension of Treasury Federal Reserve draw authority.

Then there will be one other bill, H.R. 9400, civil rights of institutionalized persons under an open rule with 1 hour of debate.

On Tuesday we will come in at noon and will call the Private Calendar. Then there will be no two suspensions:

H.R. 11713, solar energy sources loan program, and

H.R. 8099, water rights for Ak-Chin Indians.

We will also consider a contempt citation resolution for Claude Powell by the Select Committee on Assassinations. That can take up to 1 hour.

We will then consider House Concurrent Resolution 559, budget for the U.S. Government for fiscal year 1979, general debate only on that day.

It is our intention to ask that the House come in at noon on Wednesday and conclude consideration of House Concurrent Resolution 559, the budget for the U.S. Government for fiscal year 1979.

Mr. Speaker, it is the intention also to ask that we meet on Thursday at 10 o'clock, and we will take up the conference report on H.R. 6782, Emergency Agricultural Act of 1978, subject to a rule being granted.

We will also consider House Concurrent Resolution 485, industrial fasteners trade resolution.

H.R. 2222, National Labor Relations Act amendments under an open rule with 1 hour of debate.

And House Joint Resolution 873, supplemental appropriations for SBA emergency disaster loans.

It is the intention that the House not be in session on Friday next and that we will try to adjourn by 5:30 on all days except Wednesday.

Conference reports may be brought up at any time, and any further program will be announced later.

Mr. RHODES. I thank the gentleman.

ADJOURNMENT TO MONDAY, MAY 1, 1978

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from Florida?

There was no objection.

DISPENSING WITH BUSINESS IN ORDER UNDER THE CALENDAR WEDNESDAY RULE ON WEDNESDAY NEXT

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

HOUR OF MEETING ON WEDNESDAY, MAY 3, 1978

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, May 2, 1978, it adjourn to meet at noon on Wednesday, May 3, 1978.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

REQUEST THAT THE HOUSE MEET AT 10 A.M. ON THURSDAY, MAY 4, 1978

Mr. FUQUA. Mr. Speaker, I also ask unanimous consent that when the House adjourns on Wednesday, May 3, 1978, it adjourn to meet at 10 o'clock a.m. on Thursday, May 4, 1978.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder what the purpose is of making these requests 4 or 5 days in advance?

Mr. FUQUA. Mr. Speaker, if the gentleman will yield, the purpose is so that we can conclude our business and not have a Friday session next week.

Mr. BAUMAN. Mr. Speaker, I certainly sympathize with the gentleman on that purpose, but there are a couple of bills that have been scheduled that we could just as well drop. I think we ought to decide on this question next week.

Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

NEED TO INCREASE APPROPRIATIONS FOR THE YOUNG ADULT CONSERVATION CORPS

(Mr. DICKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKS. Mr. Speaker, I am introducing today legislation to increase the appropriation for the Young Adult Conservation Corps. The YACC employs young adults, 16–23, in conservation jobs on our public lands.

The program accomplishes two goals. First it reduces unemployment among young adults from all socioeconomic backgrounds. Although young men and women comprise one-fourth of the work force, they represent one-half of the unemployed. Second, the YACC returns money to the Treasury through projects such as reforestation of our national forests and improvement of our National and State park systems. Agencies which employ YACC members include the Forest Service (Agriculture) and Interior's National Park Service, Bureau of Land Management, U.S. Fish and Wildlife Service, Bureau of Indian Affairs, Bureau of Reclamation, and Geological Survey. Over $65 million will go directly to States and the Territories for their own programs.

The Young Adult Conservation Corps is patterned after the highly successful Youth Conservation Corps, or YCC, auauthorized in 1970. The YCC was preceded by President Roosevelt's Civilian Conservation Corps, or CCC. Since 1970, Congress has twice extended and expanded the YCC, making it a permanent part of our national conservation and youth employment effort. The YACC, in its first year of operation, has already demonstrated that it will also be a popular and cost-effective youth employment program.

The need for the Young Adult Conservation Corps is even greater this year than when it was first proposed. According to an April 1978 Congressional Budget Office issue paper for fiscal year 1979, the outlook for youth employment has not improved. Youth employment will continue to remain high until more significant improvements to our economy are made. Unemployment among nonwhite youths has not declined at all. Nonwhite teenagers continue to be the last hired and the first fired. Competition for unskilled entry-level jobs has been intense, and large numbers of nonwhite teenagers have lost out. Moreover, the proportion of nonwhite teenagers in the job market has declined, and is far below that of white teenagers. Nonwhite youths have simply given up.

While millions of our young people are idle, jobs that need doing on our Nation's public lands remain undone for lack of staff and money. There is a tremendous backlog of resource conservation and restoration work on Federal- and State-owned lands. Last year, the Forest Service was funded at a level which provided only 85 percent of the work which must be done if we are to achieve our national goal of renewable natural resources. In almost every part of our country there is a desperate need to replant forests, to prevent erosion, to abate pollution, to guard against and fight fire, to enhance the beauty and utility of our parks and to add new facilities, such as trails, bridges, and camping areas in our recreation areas. We need to improve watershed management, and to make the beauty and grandeur of our public lands accessible to the American people.

The Departments of the Interior and Agriculture estimate a backlog of some 730,000 person years of recurrent and nonrecurrent work which could be performed by the YACC.

For many of our people, the only alternative to unemployment is the YACC. The young men and women enrolled in the program are pleased with their jobs, glad to be working, and feel that the work they are doing is valued by their

agencies. They joined the YACC to work hard, through all kinds of weather. Some want to test their interest in outdoor work, and hope that they might be hired by the agency on a permanent, full-time basis. According to recent testimony before the Subcommittee on Interior Appropriations, the Department is pleased with the applicants and plans to hire as many as are qualified provided jobs are available.

Project managers, work coordinators and crew leaders rate their young workers in positive terms; they are dependable even though they have had little prior work experience. Supervisors are pleased with the eagerness and energy demonstrated by these young men and women. The Corps learns how to work, develops good work habits, and also learns that outdoor jobs have real hazards that require the development of safe work habits.

Although these young men and women are from all social, economic, and educational backgrounds, a significant portion have less than a high school education. The median age is near 20, and a high percentage have had only marginal, low-skill employment experience prior to YACC. A significant proportion are females—over 40 percent. These women have been rated by peers and supervisors as outstanding in performing leadership roles in completing rugged work assignments. One-third of the YACC are from racial minority groups, and over 40 percent are from disadvantaged families.

The Departments of Interior and Agriculture are committed to the success of this program. The valuable experience they have gained during the past 7 months of operation has prepared these agencies to assume a much larger role in meeting the needs of America's young adults for meaningful employment. In the Departments view, a program level of $500 million can be successfully undertaken. The need is there, and they have the capability.

I urge my colleagues in Congress to join with me in support of this amendment.

MR. CLAY ON ABORTION

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, I am taking this opportunity to relay a message spoken by our fine colleague from Missouri, the Honorable WILLIAM CLAY, when he testified before the House Education and Labor Committee during markup of the pregnancy disability legislation which will soon be coming before us. He has made some very eloquent remarks on the subject of abortion amendments and their increasing popularity, and I feel it would be in everyone's best interest to read over what he has said, and to think long and hard about this wrenching moral issue. The controversy over these amendments has clouded the implications of imposing abortion restrictions, but in his few simple words, Mr. CLAY has managed to clarify that which ought to concern us.

Mr. CLAY said:

I want to speak in opposition to the amendment, but first let me preface my remarks by saying that personally I don't believe in abortion. Perhaps that position is the result of my being a descendant of four generations of Catholics on both sides of my family. I'm sure my personal opinion has something to do with the fact that I was baptized at birth into the church—received my elementary and secondary education at catholic schools—and I even graduated from a catholic university.

I think we ought to say precisely what this controversy is about. This amendment is history repeating itself. It's the concept of the holy wars all over again. The heathens must be conquered and convicted. This amendment says in effect that we must impose our code of morality, indeed our religious views on those who would exercise their right of freedom of religion.

That's what's wrong with this amendment. I for one am sick and tired of seeing it pop up on every piece of legislation, causing confusion, unnecessary debate and delay. It has become the albatross for all legislation regardless of merit. It's strange that those who now express so much concern for human life were conspicuously silent when tons of napalm was being dropped on men, women, and children in Indo-China several years ago. They did not march on State capitals and Washington, D.C. in protest. But I often wonder how fanciful they would have become if B–52's were dropping tons of prophylactics on the people of North Vietnam. I wish that those so concerned about the unborn would express a similar concern for the 40 million people already born who go to bed hungry each night, and the 15 billion already born who are jobless.

Mr. Chairman, I oppose the amendment strictly on the basis that it flies in the face of the first amendment—and sets a dangerous precedent for Federal legislation.

And we have not beaten our swords into plow shares and our spears into pruning hooks, but rather amendments.

OUR BASIC APPROACH TO COLLEGE FINANCING

The SPEAKER pro tempore (Mr. WRIGHT). Under a previous order of the House, the gentleman from Massachusetts (Mr. HARRINGTON) is recognized for 15 minutes.

● Mr. HARRINGTON. Mr. Speaker, in recent weeks, those of us in Congress have heard a great deal about the plight of middle- and lower-income families trying to put their children through college. The evidence of a crisis in higher education financing has come from every front. The statisticians in the field tell us that college costs continue to rise precipitously. A study by the College Entrance Examination Board released earlier this month detailed the growing reluctance on the part of middle-income parents to bear overwhelming college costs. Like most of my colleagues, I hear from dozens of constituents every week. One woman who wrote me last week complained:

We have sent 5 children to college and have two more to go * * *. In a few months my husband will be 65 and there is a possibility he will no longer be employed full-time. So you see some of our reasons for wanting you to [do something] * * *.

Clearly, these pressures have prompted a majority in both Houses of Congress to support legislation to assist more families with college bills to pay. I have joined my colleagues in supporting both the tuition tax credit bills and the President's middle-income assistance plan. But beyond these bills, which can only promise a few hundred dollars of relief from college expenses that range into the thousands of dollars, I believe we should take this opportunity to reassess our basic approach to college financing.

It is high time that we challenge the convention that a student's ability to go to college, or his decision about which college to attend, must largely depend on how much money his parents have been able to save up in advance. As our system is structured today, those students who want to take on some of the financial responsibility for their own education are forced either to take out loans, at heavy interest rates, which must be repaid in the first years out of college, or they must spend much of their time in college earning money to pay for tuition.

H.R. 12268, which I introduced in the House last week, would take a major step toward correcting this inequitable situation. This bill would create a Federal tuition advance fund (TAF) which would enable any student who is a sophomore, junior, or senior enrolled in a degree program at an accredited college to receive an advance from the Federal Government to cover the full cost of tuition and $1,000 in additional educational expenses up to a maximum of $5,000 annually. This tuition advance would be repaid by the student after graduation on a long-term basis, over as much as 35 years, for example, at an annual rate of 2 percent of adjusted gross income.

The TAF plan differs in several important respects from existing Federal loan programs. First of all, it would be available to all families regardless of their income. This seems to me to be a realistic step in the face of runaway college tuition costs that can be a problem for even middle-income families.

Second, with a repayment schedule that can stretch out over as much as 35 years, the financial burden assumed by the student upon graduation becomes a lot more manageable and ceases to become a deterrent to higher education in and of itself. Third, although the amount ultimately to be repaid is firmly set (150 percent of the principal advanced), the amount due in any given year is entirely contingent on income. For instance, a recent graduate who was making $10,000 a year would have to repay the advance fund 2 percent or $200 of that annual income. On the other hand, someone making $30,000 a year would discharge his total obligation more quickly, paying about $600 annually into the fund. Fourth, unlike loans, TAF obligations are not transferrable—in cases of death, disability, or consistently low income, any obligation would be discharged.

Finally, the TAF program would not be subject to the students defaults which have plagued existing loan programs. Collection will be the responsi-

bility of the Internal Revenue Service through annual income taxes.

Beyond these provisions, the TAF bill insures that colleges will not take advantage of this new availability of capital: institutions participating in the TAF program must agree not to raise their tuition above an amount keyed to the cost of living index.

For those who are justifiably concerned with the prospect of yet another big Government program at unending expense, it is important to note that the TAF legislation creates a trust fund into which students' initial repayments will be channeled. Thus, within 20 years—when enough money has accrued to the trust fund—the TAF program will be self-sustaining since the interest which it generates will be sufficient to offset the effects of inflation.

In working on this proposal with Dr. John Silber, president of Boston University, I have become convinced that a tuition advance fund can make an important difference in the way college educations are financed in this country. For the first time, all families will be able to get out from under the crushing burden of college expenses, students will be able to assume much of the responsibility for paying for their own education, and repayment will become both equitable and certain.

I do not suggest that H.R. 12268, which I introduced last Thursday, solves all of the complex problems involved. But I do believe it takes an important step in the right direction. At this time I include the full text of H.R. 12268 to be printed with my remarks in the RECORD:

H.R. 12268

A bill to amend title IV of the Higher Education Act of 1965 to establish a system of student tuition advances to be repaid as an income tax imposed by the Internal Revenue Code of 1954, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tuition Advance Fund Act".

SEC. 2. Title IV of the Higher Education Act of 1965 is amended by adding immediately after part C thereof the following new part:

"PART D—TAX COLLECTABLE TUITION ADVANCES TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

"STATEMENT OF PURPOSE AND AUTHORIZATION OF APPROPRIATIONS

"SEC. 451. (a) It is the purpose of this part to authorize the Commissioner to establish a program for the making of advances to cover costs of tuition and other education-related expenses to students at institutions of higher education and to provide for the referral to the Secretary of the Treasury for collection under the Internal Revenue Code of 1954 of those obligations which are in repayment status.

"(b)(1) There is hereby established in the Treasury a trust fund which shall be available, without fiscal year limitation, to the Commissioner for purposes of this part. There shall be deposited in such fund amounts appropriated pursuant to paragraph (2) and all amounts collected pursuant to section 5 of the Internal Revenue Code of 1954.

"(2) There is authorized to be appropriated, for each fiscal year beginning on or after the effective date of this part, to the fund established by paragraph (1) an amount sufficient to fulfill the purposes of section 452 of this Act, not to exceed $4,500,000,000 adjusted by the inflation adjustment factors established by the Commissioner under section 454(b)(2). Such authorization shall not apply to any fiscal year which is more than two fiscal years after the fiscal year (hereinafter referred to as the 'break-even year') in which the income from the unused portion of such fund plus the amount collected pursuant to section 5 of such Code for such break-even year exceeds the amount necessary to fulfill the purposes of section 452 of this Act for such break-even year.

"ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF OBLIGATIONS

"SEC. 452. (a) An advance shall be made by the Commissioner under the provisions of this part only to a student—

"(1) who has not successfully completed a program of undergraduate education and is thirty-five years of age or younger;

"(2) who is enrolled in such a program at an eligible institution, has successfully completed the first year of such program, and is in good standing as determined by the institution; and

"(3) who is carrying at least one-half the normal fulltime academic workload as determined by the institution.

"(b) No advance made under this part to any student for any academic year shall exceed $5,000, adjusted by the inflation adjustment factors established by the Commissioner under section 454(b)(2) or the allowable tuition and expenses, whichever is less. The aggregate unpaid principal amount for all such advances made to any student shall not at any time exceed $15,000, adjusted by the inflation adjustment factors established by the Commissioner under section 454(b)(2).

"(c)(1) An advance made under this part shall be evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement;

"(B) provides for disbursement of the proceeds of the advance by check, payable to the institution at which the advance recipient is in attendance, requiring endorsement by such recipient;

"(C) provides that the portion of such proceeds allocable to nontuition expenses described in subsection (d)(2) shall be paid by such institution to the advance recipient upon presentation of satisfactory evidence to the institution that such portion shall be used for such expenses;

"(D) provides for repayment in accordance with section 5 of the Internal Revenue Code of 1954 during the period in which such student is in repayment status;

"(E) provides for repayment of the total principal amount of advances under this part plus an amount equal to 50 per centum thereof, subject to the limitations contained in paragraph (2);

"(F) entitles the advance recipient to accelerate without penalty repayment of the whole or any part of the advances, plus an amount equal to 50 per centum thereof, in accordance with regulations prescribed by the Commissioner; and

"(G) contains such other terms and conditions, consistent with the provisions of this part, as may be required by the Commissioner and agreed to by the borrower.

"(2) For purposes of this subsection and section 453, an advance recipient shall be deemed to be in repayment status from the beginning of the first calendar year which begins after such recipient ceases to carry at an eligible institution at least one-half the full-time academic workload as determined by the institution and certified to the Commissioner until the earlier of (A) the beginning of the calendar year in which such borrower will become sixty-five years of age, or (B) the date on which the total principal amount of advances made to the borrower, plus an amount equal to 50 per centum of the total of such advances, is paid in full.

"(d) For purposes of subsection (b), the term 'allowable tuition and expenses' means—

"(1) the tuition charged by the eligible institution at which the borrower is enrolled plus

"(2) an amount determined, in accordance with regulations prescribed by the Secretary, as necessary to cover education-related expenses such as transportation, room, board and materials, but not exceeding $1,000.

"COLLECTION PROCEDURES

"SEC. 453. (a) The Commissioner shall, not later than January 1 of each year certify to the Secretary of the Treasury for each borrower in repayment status on such date an amount equal to the sum of the total principal amount of advances made to such borrower plus an amount equal to 50 per centum of such total minus the sum of any amounts collected pursuant to section 5 of the Internal Revenue Code of 1954. A copy of such certification with respect to a borrower shall be sent by the Commissioner to such borrower.

(b) Any borrower who receives a notice of certification under subsection (a) and who believes such notice to contain an error of statement or omission, or asserts a debt for which the borrower is not obligated or to which he desires to raise a defense or excuse, shall file an objection thereto with the Commissioner within sixty days after receipt of such notice. The Commissioner shall, within thirty days of receipt of such an objection, affirm, adjust, or withdraw such certification and send notice thereof to the borrower and to the Secretary of the Treasury. Such decision shall be reviewable by an appropriate district court of the United States as a final agency decision.

"DEFINITION

"SEC. 454. (a) The term 'eligible institution' means an institution of higher education as defined in section 1201(a)—

"(1) which has not, except under circumstances certified by the Commissioner as vital to the mission and purpose of such institution, increased undergraduate enrollment—

"(A) by more than 2 per centum in any academic year beginning after the enactment of this part; or

"(B) by more than 10 per centum in all the academic years beginning after such enactment;

"(2) which not imposed any excess charges in any academic year beginning after the date of enactment of this part, except under circumstances certified by the Commissioner as vital to the mission and purpose of such institution.

"(b)(1) For purposes of subsection (a)(2), the term 'excess charges' means any amount charged by an eligible institution for tuition which exceeds the tuition charged by such institution in the academic year which ends in the calendar year preceding the calendar year in which this section is enacted (hereinafter referred to as the 'base tuition') plus an amount equal to the sum of—

"(A) such base tuition adjusted by the inflation adjustment factors determined under paragraph (2), plus

"(B) in the case of eligible public institutions, an amount not to exceed 10 per centum of such base tuition.

For purposes of applying subparagraph (B), no additional amount of tuition at any eligible public institution shall be taken into account unless the Commissioner determines that such additional amount is available to

such institution to carry out its educational purposes.

"(2) The Commissioner shall prescribe a schedule for the calculation of inflation adjustment factors for purposes of paragraph (1) for each academic year beginning after enactment of this section which shall be based upon the increase in the consumer price index as determined by the Secretary of Commerce for the calendar year preceding the calendar year in which such academic year ends.".

SEC. 3. (a) Part I of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to tax on individuals) is amended by redesignating section 5 as section 6 and by inserting after section 4 the following new Section:

"SEC. 5. TAX IMPOSED FOR REPAYMENT OF FEDERAL TUITION ADVANCES.

"(a) IMPOSITION OF TAX.—In addition to the other taxes imposed by this chapter, there is hereby imposed on the includible adjusted gross income of every Federal tuition advance recipient in repayment status for the taxable year a tax equal to the lesser of—

"(1) the amount equal to the applicable percentage of such includible adjusted gross income, or

"(2) the sum of the aggregate amount payable on all Federal tuition advances of such recipient plus an amount equal to 50 percent of such aggregate amount payable.

For purposes of paragraph (2), the aggregate amount payable on any such advance shall be determined as of the last day prescribed by law for filing the return of tax imposed by this chapter for the taxable year.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage with respect to any Federal tuition advance recipient in repayment status shall be determined in accordance with the following table:

[In percent]

	Annual income of recipient					
	Up to $5,000	$5,000 to $10,000	$10,000 to $15,000	$15,000 to $17,500	$17,500 to $20,000	$20, 000 and above
Total Tuition Advance Fund obligation:						
Up to $3,750	0	2	2	2	2	2
$3,750 to $5,250	0	2	2	2	2	2
$5,250 to $6,750	0	2	2	2	2	2
$6,750 to $8,250	0	2	2	2	2	2
$8,250 and up	0	2	2	2	2	2

"(c) DEFINITIONS.—For purposes of this section—

"(1) TUITION ADVANCE.—The term 'tuition advance' means any advance made pursuant to part D of title IV of the Higher Education Act of 1965.

"(2 TUITION ADVANCE RECIPIENT IN REPAYMENT STATUS.—The term 'tuition advance recipient in repayment status' means for any taxable year any individual from whom a certification has been received by the Secretary pursuant to section 453(a) of the Higher Education Act of 1965 and has not been withdrawn pursuant to section 453(b) of such Act.

"(3) INCLUDIBLE ADJUSTED GROSS INCOME.—The term 'includible adjusted gross income' means—

"(A) in the case of a single individual, the adjusted gross income of such individual,

"(B) in the case of married individuals filing a joint return under section 6013, where both spouses are tuition advance recipients, an amount equal to the adjusted gross income of such individuals,

"(C) in the case of a married individual filing a separate return, or a married individual filing a joint return under section 6013 where the spouse of such individual is not a tuition advance recipient, the greater of—

"(i) the adjusted gross income of such individual, or

"(ii) an amount equal to ½ of the sum of the adjusted gross incomes of such individual and such individual's spouse.

"(d) SPECIAL RULES.—

"(1) TAX RELATED AS INCOME TAX.—For purposes of this title, the tax imposed by subsection (a) shall be treated, under regulations prescribed by the Secretary, as an income tax imposed by this chapter.

"(2) MARITAL STATUS.—For purposes of this section, marital status shall be determined under section 143.

"(3) CERTIFICATION BY SECRETARY OF ADVANCE AMOUNT REPAID.—The Secretary shall certify to the Commissioner of Education the amount of tax paid under subsection (a) for the taxable year with respect to each tuition advance recipient in repayment status."

(b)(1) The table of sections for such part I is amended by striking out the item relating to section 5 and inserting in lieu thereof the following:

"Sec. 5. Tax imposed for repayment of Federal tuition advances.

"Sec. 6. Cross reference relating to tax on individuals."

(2) Subsection (a) of section 6012 of such Code (relating to persons required to make returns of income) is amended by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(8) Every individual who, at the close of the taxable year, is a Federal tuition advance recipient in repayment status (as defined in section 5(c)(2))."

(3) Subsection (a) of section 3402 of such Code (relating to income tax collected at source) is amended before the period in the third sentence by inserting "and to reflect an additional amount of tax to be deducted and withheld by reason of the tax imposed by section 5".

(c)(1) The amendments made by this section shall apply to taxable years ending on or after the first day of the first calendar year beginning after the date of the enactment of this Act.

(2) The amendment made by subsection (b)(3) shall apply to wages paid on or after the first day of the first calendar year beginning after the date of the enactment of this Act.

SEC. 4. For the purpose of section 17 of the Bankruptcy Act, any tax imposed by section 5 of the Internal Revenue Code of 1954 shall be deemed to be a tax which became legally due and owing by the bankrupt to the United States within three years preceding bankruptcy.

SEC. 5. The Secretary of the Treasury and the Commissioner of Education shall, not later than January 15 of each year, submit to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate any recommendations for changes in the rates or methods of collection of the taxes imposed by section 5 of the Internal Revenue Code of 1954 that may be necessary to insure the continued solvency and availability of the trust fund established pursuant to section 451(b)(1) of the Higher Education Act of 1965.●

CARING FOR THE BURNED CHILDREN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. WHALEN) is recognized for 5 minutes.

● Mr. WHALEN. Mr. Speaker, Colman McCarthy, writing in the Washington Post on April 22, makes a compelling case for increased concern with respect to fire losses in this country. Although the responsibility for fire protection lies primarily with State and local governments, we cannot sit idly by as the inferno continues. As McCarthy notes, we suffer staggering property losses and an unacceptable loss of life each year. Most tragic are the children, whose death rate due to fire is three times that of the general population. This morning's Washington Post detailed the deaths of two children who succumbed yesterday as a result of a fire in their Independence Avenue residence.

The bright spot in this otherwise bleak picture is represented by the Shriner's burn institutes, which have done an excellent job in treating those who have been severely burned. These institutes, located in Boston, Cincinnati, and Galveston, have been leaders in burn treatment and research. Advances in burn medicine have been dramatic in recent years. The rate of recovery from severe burns has been significantly increased, and recovery now is much more complete than in the past. The Shrine institutes have led the way in developing tissue banks for skin grafts, in developing the use of laser beam technology in removing and grafting skin, and in researching other treatments. It is remarkable that the Shriners never accept payment for the services they provide. Rather, the centers are financed entirely through the fundraising efforts of the Shriners. In the Third Congressional District alone, the Antioch Temple Shriners raise more than $50,000 annually by conducting a horse show. Additionally, they will be participating in a special statewide drive to solicit funds to increase the level of treatment, research, and training available at the Cincinnati Burn Institute. I commend the Antioch Temple Shrine for its efforts in providing improved treatment for burn victims.

Likewise, the Federal Government has been effective when it has undertaken to prevent fire losses. The Flammable Fabrics Act, which has virtually eliminated the problem of severe burns caused by childrens' sleepwear catching on fire, is an excellent example of this. Officials at burn treatment centers report that almost no children are coming to their facilities with burns from sleep-

wear. But, while this is encouraging, these public and private efforts address only small parts of the problem. Adults, as well as children still are being burned.

We must redouble our efforts in the fight against fire. I am pleased that the Science and Technology Committee has reported H.R. 11291, which will extend the authorization of the National Fire Prevention and Control Administration, and I trust that it will receive prompt and favorable consideration by the full House. The Administration is, and should be, the focal point for Federal fire reduction efforts. Although it has been in existence only for a short time, already it has shown potential to be of great assistance to local governments in their fire protection responsibilities.

But, even more than continuing the program, we need to look for ways of redirecting public policy in this area. The American people must develop the same type of concern as the Shriners have exhibited through their burn institutes and associated fund raising efforts. McCarthy best summarizes the need when he says:

Politicians concerned about cost should visit the Shriners Burn Center and look at the maimed children. . . . Not until public policy about fire prevention is shaped by a concern for children—and not by concerns about excessive costs—are the burn wards likely to be empty.

Colman McCarthy's column follows:

CARING FOR THE BURNED CHILDREN

(By Colman McCarthy)

BOSTON.—A doctor and nurse moved their gloved hands over the charred and deformed body of the child. The boy lay naked on the bed in the acute burn ward of the Shriners Burn Institute. But he was also clothed—in skin grafts, unhealed wounds, ointments and dressings that have been his agony since the day two months ago when he was trapped in a house fire. The institute is one of three Shriner hospitals in the country that specialize in the physical and psychological care of burned children. This particular boy, one of 15 children in the acute burn ward, is expected to live. In six weeks, he is scheduled to be moved to the hospital's other wing—the reconstruction unit—where he will begin the painful process of learning to live in the enforced dependency of a burn victim.

Visiting journalists, supposedly toughened by their exposure to the world's cruelty and absurdity, have been known to leave this hospital and weep uncontrollably about the suffering children they had just seen in the burn ward. But if powerful emotions are stirred by moving from bed to bed, a measure of elation is also possible. The Shiners' 30-bed burn center is one of the more heartening success stories in American medicine. In a few months, it will mark its 10th anniversary. The reputation for excellence earned by the center is due not only to the Shriners' commitment to their children and their families—no patient is ever charged—but also to those who were working a decade ago to protect children from flammable sleepwear, which is now banned.

When I was last at the hospital—in 1971, for a story on a New Hampshire boy whose pajamas caught fire—flammable sleepwear was a leading cause of burn deaths and injuries among the patients. Today, according to Elizabeth McLoughlin, a staff therapist, "children just aren't coming to us with burns from pajamas." In a recent paper in Pediatrics magazine, McLoughlin and three coauthors reported that "from 1969 to 1973, 32 percent of the children referred with burns [to the Shriners hospital] because of clothing ignition were clad in sleepwear at the time of the accident. Subsequently, the number of such injuries cared for at this unit has fallen dramatically. In all of 1976 and among a total of 24 children referred with injuries resulting from clothing ignition, only one involved sleepwear."

At the same time that a political solution—the Flammable Fabrics Act—was being imposed to prevent deaths and injuries, medical researchers were discovering ways to increase the survival rate among burn victims. In 1940, death was almost automatic for anyone with third-degree burns over more than 30 percent of his body. By 1973, most victims with third-degree burns over 40 percent of their bodies were surviving. New knowledge about skin grafting, controlling bacteria and the nutritional needs of burn victims were among the breakthroughs.

None of this means that this burn center, nor the other two run by the Shriners in Cincinnati and Galveston, will be closing anytime soon. According to the National Commission on Fire Prevention and Control, America is all but a coast-to-coast inferno. Annually there are 8,000 fire deaths, 300,000 fire injuries and 50,000 hospitalized burn injuries. The most vulnerable are children, whose death rate from fire is three times that of the general population.

Logic, not to mention compassion, would dictate that public policy be especially concerned about the treatment of burned children. But that isn't the case. In "America Burning," the commission reports that of the nation's 6,000 general hospitals, less than 100 provide specialized burn care. Only 12 burn centers exist at all, even though hundreds are needed. A two-year-old child with second- or third-degree burns over 45 percent of his body has a 60 percent chance of survival in a burn center but only a 10 percent chance in a hospital. Among eight-year-olds with burns over 60 percent of their bodies, the survival rate in a burn center is 50 percent; in a hospital, 20 percent.

The absence of concern for children after they are burned is matched by an indifference to keeping them out of fires in the first place. The major cause of fires that kill is the smoldering of material in furniture, but the National Fire Prevention and Control Administration (in the Commerce Department) has no regulatory authority. It can recommend that the Consumer Product Safety Commission take action against flammable upholstered furniture and then hope that something is done. At the moment, the issue is "under study" at CPSC. Fire chiefs across the country argue that sprinkler systems in homes are proven life savers in residential fires. But their arguments are usually rejected. Last week, a bill before the Anne Arundel County Council that would have required sprinkler systems for new homes was defeated as being too costly.

Politicians concerned about cost should visit the Shriners Burn Center and look at the maimed children. The average stay is 73 days at a cost of $36,500 per child; the emotional costs are unmeasurable. Not until public policy about fire prevention is shaped by a concern for children—and not by concerns about excessive costs—are the burn wards likely to empty. ●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. SARASIN) is recognized for 5 minutes.

● Mr. SARASIN. Mr. Speaker, on April 24, 1978, I was absent from the legislative session of the House of Representatives. Had I been present, I would have voted in the following fashion:

Rollcall No. 244: H.R. 11401: NASA authorization. The House agreed to the rule (H. Res. 1143) providing for the consideration of the measure, "yea";

Rollcall No. 245: H.R. 11504: Agricultural Credit Act. The House rejected the Madigan amendment in the nature of a substitute for the Emergency Credit Adjustment Act of 1978 (title II), that sought to establish one program to offer 100 percent insured and guaranteed "bridge" loans to meet payments on existing loans that come due, and to provide operating loan financing to farmers and ranchers, "no";

Rollcall No. 246: H.R. 11504: Agricultural Credit Act. The House passed the measure to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act, "yes."

Mr. Speaker, on April 25, 1978, I was absent from part of the legislative session of the House of Representatives. Had I been present, I would have voted in the following fashion:

Rollcall No. 249: H.R. 11877: Peace Corps authorization. The House rejected the Young amendment that sought to prohibit the use of authorized funds to carry out any program in the Central African Empire, "no";

Rollcall No. 250: H.R. 11877: Peace Corps authorization. The House passed the measure to authorize supplemental appropriations for fiscal year 1978, and to authorize appropriations for fiscal year 1979, for the Peace Corps and to make certain changes in the Peace Corps Act, "yea";

Rollcall No. 251: House Resolution 1049: Equal Employment Opportunity reorganization. The House failed to agree to the resolution to disapprove Reorganization Plan No. 1 transmitted by the President on February 23, 1978, "no"; and

Rollcall No. 252: House Concurrent Resolution 573: Violations of human rights in Cambodia. The House agreed to the concurrent resolution denouncing the Government of Cambodia for its disregard of basic human rights, "yea." ●

RESPONSE TO CITIZEN'S GUIDE ON HOW TO USE THE FREEDOM OF INFORMATION AND PRIVACY ACTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 5 minutes.

● Mr. PREYER. Mr. Speaker, a few months ago the House Government Operations Committee adopted a report prepared by the Government Information and Individual Rights Subcommittee, which I chair. The report, entitled "A Citizen's Guide on How To Use the Freedom of Information Act and the Privacy Act in Requesting Government Documents," is a handbook which was intended to encourage citizens to exercise their rights under these two laws.

The guide describes the kinds of records available under the FOIA and the Privacy Act, and sets out the procedures

for individuals to follow when requesting Government files. It also specifies the requirements for agency responses to inquiries. Sample letters are provided to assist in initiating requests and in appealing denials of information. Moreover, there is a discussion of the reasons why documents may be withheld. The handbook also includes the texts of both acts as well as the addresses of selected Government agencies.

I am pleased to advise that the response to this publication has been enthusiastic. To date, the full committee and the subcommittee together have distributed over 6,000 copies of the report, and the Government Printing Office has sold 11,500 copies.

The handbook can be obtained from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, for $2 a copy.●

INTEGRITY OF HOUSE AT ISSUE

The SPEAKER. pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● Mr. KASTENMEIER. Mr. Speaker, it was on September 27, 1951, that President Truman sent a special message to the Congress recommending conflict-of-interest legislation. Mr. Truman urged the Congress to pass a proposal requiring officials in all three branches of the Government to place on the public record each year full information concerning their incomes from all sources, public and private. President Truman told the Congress:

> Public office is a privilege, not a right and people who accept the privilege of holding office in Government, must of necessity accept that their entire conduct should be open to inspection by the people they are serving. With all the questions that are being raised today about the probity and honesty of public officials, I think all of us should be prepared to place the facts about our income on the public record. We should be willing to do this in the public interest, if the requirement is applied equally and fairly to the officials of all three branches of our Government.

Almost 27 years have passed since President Truman issued these words, and we still do not have a financial disclosure law which is applied uniformly to the three branches of our Government.

The House is now agonizing over the scheduling of H.R. 1, the Ethics in Government Act, which requires public financial disclosure for upper echelon officials of the legislative, executive, and judicial branches. The bill's future is depicted as being in peril because a vocal, albeit small, minority of Members would have us believe that the House has had enough of ethics reform.

Ethics reform is testing the will of the House. The integrity of this institution is at stake, and procrastinating over H.R. 1 will not make this legislation and the need for it disappear. Delaying tactics by opponents of H.R. 1 only serve to injure the reputation of the House. It leaves the impression that we lack the courage to face the moment of truth, and it reinforces the public's worst suspicions about the sincerity of our effort to write into statute a strict code of ethics.

Mr. Speaker, less attention should be paid to the cries of despair that are coming from the opponents of H.R. 1. I am confident that when H.R. 1 comes to the House floor, the majority of the House will vote for it. Also, the majority will reject the attempt to remove the earnings limitation ceiling we imposed on March 2, 1977, by a vote of 344 to 79, on outside earned income for Members.●

LEGISLATION TO ENABLE CITIZENS TO CHALLENGE LENIENT TAX RULES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker, I am today introducing legislation which would remove a major loophole in the means by which defective rules and regulations issued by the Internal Revenue Service can be remedied. At present, the law provides ample opportunity for individuals and corporations to challenge and obtain comprehensive judicial review of tax rules and regulations which are allegedly defective in that they impose an improper or excessive tax. There exists no analogous right to challenge tax judgments by the Internal Revenue Service which are allegedly too lenient in the tax burden which they impose. The bill which I am introducing today would extend that right to every citizen.

THE NEED FOR JUDICIAL REVIEW OF LENIENT TAX RULES

To the extent that a tax rule is improperly favorable, all taxpayers suffer, in that their share of the burden is unfairly great. If the recipient of the favorable ruling is a corporation, its competitors may suffer. Finally, a lenient tax rule amounts to a forfeiture of revenue to which the Federal Government is entitled, thereby increasing the federal budgetary deficit.

We can be reasonably certain that IRS rules and regulations which impose an excessive tax will receive full and complete scrutiny by the courts, in that one or more of those taxpayers affected by the rule will bring suit against the IRS challenging its legality. Absent the right to challenge tax rules which are applied to others, however, we can be reasonably certain that improperly lenient rules will escape judicial scrutiny.

The only review of such lenient tax judgments takes place in the Internal Revenue Service itself and in the Congress. Both the IRS and the Congress, however, are subject to political and economic considerations and pressures which might make objective review on the merits impossible. It would seem self-evident that fair and equitable application of the Federal tax law requires the availability of judicial review not only of excessive but also of lenient rules and regulations.

Michael Asimov, professor of law at the UCLA Law School and a specialist in Federal taxation, has stated:

> Every tax professional has his or her own list of detested or cherished (favorable) rules of dubious legality.

And listed the following rules whose consistency with the Internal Revenue Code could be reasonably challenged: Rules which permit professionals, such as doctors and lawyers, to receive more favorable treatment than other self-employed people in applying the maximum tax on personal service income; rulings allowing the immediate deduction of prepaid intangible drilling costs and prepaid State and local property or income taxes; regulations treating as corporations many limited partnerships formed to exploit tax shelters; treatment of free travel fringe benefits enjoyed by airline employees as nontaxable; and treatment of scholarships provided to the children of private university faculty members as nontaxable.

In a more general sense, we have witnessed over the years the steady decline in the rate at which corporations are taxed, accompanied by a rise in the share of the total Federal tax derived from individuals. In 1967, corporate income taxes amounted to almost 25 percent of Federal receipts; by 1976, this figure had declined to 13 percent. More and more corporations pay no Federal tax each year. Corporations and special interests exert a greater degree of influence in the context of political institutions (Congress and the IRS, a part of the Department of the Treasury) than in the judicial process. Favorable rules and regulations obtained through the lobbying efforts and the political and economic importance of the beneficiary ought to be made subject to judicial review.

The individual taxpayer who resents what he perceives to be an unfair lenient tax on others can, it is argued, always rely upon Congress to remedy the situation by statute. This recourse is often more apparent than real, for several reasons. Individual taxpayers are not organized, while beneficiaries of the lenient rule usually are. Individuals have difficulty raising the needed funds to state their case, while beneficiaries usually have ample funds for this purpose. Finally, and probably of greatest importance, there is the inertia factor. Congress simply does not have the time or the resources to monitor and debate and act upon every arguably improper lenient tax ruling. Providing judicial review of such rulings would not strip Congress of its role in writing the tax law; it would simply shift the burden from those who are not the beneficiaries of improperly favorable tax rulings to those who were the recipients of its benefits.

THE REMEDY: CITIZEN STANDING TO CHALLENGE LENIENT TAX RULINGS

While the right to judicial review of administrative action has generally been expanding over recent years, the courts made it clear that, in the absence of a statutory right, taxpayers do not have standing to challenge Internal Revenue Service rules which apply to others. In order to insure the needed judicial review of the many existing tax rules which are arguably inconsistent with the law and which, if so, are unjustifiably robbing the U.S. Treasury of large sums, we must provide this legal standing to sue via statute. The bill which I have introduced today does so in a way which is designed to provide citizen access to

the courts simply, equitably, and with a minimum of procedural delay.

The bill extends to all citizens the right to challenge in any U.S. district court or in the U.S. Tax Court any tax ruling, as long as there is an actual controversy involving whether or not that ruling is inconsistent with the tax or any other law. Notice must be provided to the Secretary of the Treasury at least 90 days prior to the filing of the suit, and the Secretary must in turn publish notice that such action has been filed.

The court is empowered in its discretion to permit parties affected by the action to intervene. Thus all potentially affected parties receive ample notice and opportunity to intervene, while the court retains the right to limit intervenors if it feels such limitation is necessary.

No one need fear that extension of this right will create an unacceptably large caseload. The court retains the discretionary authority to dismiss all actions which do not involve an actual controversy as to the legality of the ruling.

There exists at present a serious imbalance in the scrutiny which we accord tax rules and regulations. Those which are arguably too harsh are subject to ready judicial review, while those which are arguably too lenient are effectively shielded from consideration by the courts. Enactment of the bill which I have introduced today would redress this imbalance. In so doing, it would help to bring about a more equitable system of taxation and help to prevent income from unjustly escaping taxation.

The bill's text follows:

H.R. 12416

A bill to amend the Internal Revenue Code of 1954 to provide for judicial review of certain interpretations of the Federal tax laws

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subchapter B of chapter 76 of the Internal Revenue Code of 1954 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7430 as section 7431 and by inserting after section 7429 the following new section:

"SEC. 7430. DECLARATORY JUDGMENTS RELATING TO CERTAIN TAX RULINGS.

"(a) CREATION OF REMEDY.—In the case of an actual controversy involving the issue of whether a tax ruling is in accordance with the provisions of this title or of any other law, upon the filing of an appropriate pleading, the United States Tax Court or any United States district court may make a declaration with respect to such issue. Any such declaration shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court, as the case may be, and shall be reviewable as such.

"(b) TAX RULING.—For purposes of this section—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'tax ruling' means any interpretation by the Secretary of a provision of this title or of any other Federal law related to internal revenue taxes if such interpretation—

"(A) is contained in a regulation, instruction, or procedural guideline prescribed by the Secretary; or

"(B) is contained in a written determination (as defined in section 6110(b)(1)) which is open to public inspection under section 6110.

"(2) CERTAIN MATTERS NOT REVIEWABLE.—The term 'tax ruling' does not include any rule, regulation, or other statement relating to agency organization, procedure, or practice.

"(c) PERSONS WHO MAY BRING ACTION.—

"(1) PETITIONER.—A petition involving any tax ruling may be filed under subsection (a) by any person—

"(A) who is capable of adequately presenting the legal issues involved in such petition; and

"(B) who will fairly represent the position that such ruling is not in accordance with the provisions of this title or of any other law.

"(2) INTERESTED PARTIES.—No petition involving any tax ruling may be filed under subsection (a)—

"(A) by any person whose tax liability is, or can be reasonably expected to be, directly affected by such ruling; or

"(B) by any organization, if a substantial number of the members or shareholders of such organization are persons described in subparagraph (A).

"(d) NOTICE TO THE SECRETARY.—No action may be brought under subsection (a) with respect to any tax ruling unless—

"(1) at least 90 days before the filing of a petition under this section, the petitioner has submitted to the Secretary a statement of his intent to bring an action under this section and an explanation of his position with respect to such ruling; and

"(2) before the filing of such petition, the Secretary does not revoke such ruling.

"(e) SPECIAL RULES.—

"(1) NOTICE.—In the case of any action brought under this section with respect to any tax ruling—

"(A) the Secretary shall publish a notice that such action has been brought in the same manner as the Secretary publishes notice of proposed regulations; and

"(B) if such ruling was issued in response to a request by any person, the Secretary shall send a notice that such action has been brought to the last known address of such person, by registered or certified mail.

"(2) INTERVENTION.—Any person—

"(A) whose tax liability is, or can reasonably be expected to be, directly affected by any tax ruling; or

"(B) who under subsection (c)(1) would be eligible to bring an action under this section involving such ruling;

may, upon timely application, be permitted to intervene in any action under this section involving such ruling. The court may limit the number of persons who may intervene in such action, or may limit the extent of their participation in such action, if the court finds that such a limitation is necessary to prevent undue delay or prejudice to the adjudication of such action.

"(f) JUDGMENT.—

"(1) JUDGMENT FOR COSTS.—If the person bringing any action under this section prevails in such action, the court may award such person a judgment for—

"(A) the costs of such action, including fees and expenses of attorneys, plus

"(B) an amount not to exceed $100.

"(2) MANNER IN WHICH DECLARATION TAKES EFFECT.—The court shall provide the manner in which any declaration in an action under this section is to take effect.

"(g) TAX LIABILITY.—For purposes of this section, the term 'tax liability' means the liability of any person for any tax imposed by this title."

(b)(1) Sections 7451, 7459(c), 7476(c), and 7482(b)(1)(E) of such Code are each amended by striking out "7428" and inserting in lieu thereof "7428 or 7430".

(2) Paragraph (1) of section 7482(b) of such Code is amended by striking out "7428" in the last sentence and inserting in lieu thereof "7428, 7430".

(3) The table of sections for subchapter B of chapter 76 of such Code is amended by striking out the last item and inserting in lieu thereof:

"Sec. 7430. Declaratory judgments relating to tax rulings.
"Sec. 7431. Cross references."

(4) Subsection (e) of section 1346 of title 28, United States Code, is amended—

(A) by striking out "or section 7428" and inserting in lieu thereof ", section 7428"; and

(B) by inserting ", or section 7430" after "District of Columbia)".

(5) Section 2201 of title 28, United States Code, is amended by striking out "section 7428" and inserting in lieu thereof "section 7428 or 7430".

(c) The amendments made by this section shall take effect on the date of the enactment of this Act.●

THE NEW YORK CITY FINANCIAL ASSISTANCE ACT OF 1978

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MOORHEAD) is recognized for 5 minutes.

● Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I am introducing today as a clean bill, following markup by the Subcommittee on Economic Stabilization of the Banking Committee, the New York City Financial Assistance Act of 1978. The bill, as amended, was approved by the subcommittee on April 26 by a vote of 12 to 2.

As it has proceeded through hearings and markup on this important legislation, the subcommittee has had to reconcile two seemingly conflicting considerations.

First, the evidence is compelling that there is a serious risk of default, insolvency or bankruptcy by the city later this year if there is no new Federal legislation to replace the present seasonal financing law that expires June 30. The evidence is also strong that such a catastrophe would have national and international financial repercussions extending well beyond the city and its residents.

Second, however, the difficulties of the city are largely self-inflicted, stemming from budgetary excesses of the past that are now being corrected but have left the city's credit-worthiness impaired. Any Federal solution to the problem must, therefore, be as lean as possible and maintain the pressure for budgetary stringency in New York. While the subcommittee members differ on some things, we are unanimous in conviction that the New York City problem is unique and that this legislation should not set a precedent for similar financial rescue of other cities.

I believe, Mr. Speaker, that the bill we have approved and that I am introducing today strikes the necessary balance.

By providing for a Federal guarantee of up to $2 billion of city obligations, with a maximum guarantee term of 15 years, it should enable the city to put together a financial package that will enable it to avoid insolvency and begin a modest attack on its desperate needs for capital investment. The amended bill specifies that the total Federal exposure, for interest and principal, cannot exceed $2 billion. The pressure on the city is maintained in several ways. No guarantees can be issued unless the Secretary of the Treasury is satisfied that the city will achieve in 4 years a balanced

budget on generally accepted accounting principles. There will continue to be outside supervision of the city's finances, including such things as labor contracts. And in the unlikely event of default, the Secretary is required to withhold enough revenue sharing and other Federal aid to the city and State of New York to make good the city's debt.

Although there remain some uncertainties in the New York City situation, including labor negotiations, the subcommittee has acted now in light of the May 15 deadline of the Budget Act and to make sure that Congress as a whole can approve the legislation before the expiration of the current law June 30.

Given the stringent conditions in the bill, Mr. Speaker, it is most unlikely that this legislation will ever cost the Federal taxpayers anything. But the guarantees are necessary to enable the city to complete its transition to fiscal soundness, a transition which is well underway. I am confident that when the bill comes to the floor of the House, the membership will reach the same conclusion as the members of our subcommittee, who have heard all the evidence.

SECTION-BY-SECTION ANALYSIS OF THE NEW YORK CITY FINANCIAL ASSISTANCE ACT OF 1978

Section 1. This section provides that the bill shall be titled the "New York City Financial Assistance Act of 1978."

TITLE I—EMERGENCY ASSISTANCE

Sec. 101. This section sets forth the definitions of various terms used throughout the bill.

Through the definitions, it makes clear that assistance is to be provided only for New York City, that the independent monitor's existence and authority must be covenanted by the State for so long as assistance under the bill is outstanding, and that the Department of the Treasury is to administer the program.

Sec. 102. Subsection (a) provides that the Secretary may guarantee the principal, interest, or both, of obligations of the city or a financing agent, such guarantees to remain in effect for no longer than 15 years.

Subsection (a) also provides that the maturity of obligations to be guaranteed may be of any duration.

This subsection further provides that such guarantees must be applied for in writing by the city and the Governor of the state.

Subsection (b) provides that a fee of not less than one half of one percent per annum on the outstanding principal amount of guaranteed obligations, computed daily, shall be assessed and collected at least annually. Funds received in payment of guarantees are to be deposited in the general fund of the Treasury.

This subsection also provides that the Secretary may increase the guarantee fee in order to induce the borrower to borrow in the private market.

Subsection (d) provides that if a guaranteed obligation is sold, transferred, or otherwise disposed of by the original purchaser, the guarantee shall lapse. The lapse provision, however, does not apply to a sale, transfer, or other disposition in the following cases: to an individual who acquires the obligation through inheritance, bankruptcy or other similar transaction; in a transaction which does not change the beneficial ownership; or to a purchaser who buys the obligation, as part of a distribution, from a person such as an underwriter or dealer, provided that person sells the obligation within 90 days of his acquisition of the obligation.

Conditions of eligibility

Sec. 103(a). Paragraph (1) of this subsection requires that the Secretary make a determination that the city is unable to meet its borrowing needs in the private market or elsewhere.

Paragraph (2) requires the city to submit, with the approval of the fiscal monitor and according to accounting principles prescribed by the Secretary of the Treasury, a plan for bringing its operating expenses into balance with its revenues for each of the first three full fiscal years following application for Federal assistance.

Paragraph (2) further requires the city to publish annually during the period covered by the plan an analysis reconciling the previous year's actual revenues and expenditures with projected revenues and expenditures, and to publish periodic projections reflecting the plan's impact on tax rates.

Paragraph (3) requires that, for the fourth full fiscal year after initial application for assistance, and for each fiscal year thereafter while assistance remains outstanding, the plans for bringing operating expenses into balance with revenues be in accordance with generally accepted accounting principles.

Paragraph (4) requires the fiscal monitor to demonstrate to the Secretary's satisfaction that it has the authority to control the fiscal affairs of the city for as long as assistance will be outstanding.

Paragraph (5) requires the Secertary, before issuing guarantees under this Act, to obtain assurances to his satisfaction that a substantial portion of the city's borrowing needs will be met through sources other than Federal assistance provided under this Act.

Paragraph (6) requires the Secretary, before issuing guarantees, to make a determination that there is a reasonable prospect that obligations to be guaranteed will be repaid according to their terms and conditions.

Paragraph (7) requires the city to have audits of its books conducted annually while any assistance under this Act is outstanding. Such audits must be conducted by independent public accountants.

Paragraph (8) provides that interest rates on the guaranteed obligations be reasonable.

Paragraph (9) gives the Secretary authority to impose upon the city any other terms or conditions which he deems appropriate.

Subsection (b) provides that a determination by the Secretary that the conditions of subsection (a) have been met shall be conclusive.

Subsection (c) provides that the Secretary may modify, amend, or waive the terms and conditions imposed at his discretion under paragraph (9), subsection (a).

Sec. 104. This section provides that the limitation on the amount of guarantees outstanding at any one time is $2,000,000,000, including principal and accrued interest.

Sec. 105. Subsection (a) provides that the Secretary shall take such actions as are necessary to enforce the rights of the United States as a result of the issuance of guarantees under this Act and that sums recovered shall be paid into the general fund of the Treasury.

Sec. 106. Provides for the inspection of city documents by the Secretary.

Sec. 107. This section authorizes the General Accounting Office to conduct audits of the financial records of the city or any financing agent, and requires the city or any financing agent to agree to such audits as a condition of the issuance of guarantees. The General Accounting Office is directed to report the results of such audits to the Congress.

Sec. 108. Provides for periodic reports by the Secretary to the Congress.

Sec. 109. Provides that the Secretary's authority to make guarantees terminates on June 30, 1982.

Sec. 110. Subsection (a) provides an authorization for the appropriation of such sums as may be necessary.

Subsection (b) provides that the authority of the Secretary to make any guarantee is limited to such extent and amounts as are provided in advance in appropriation acts.

TITLE II

This title amends the Internal Revenue Code to provide that interest on obligations guaranteed under this Act are taxable for the period of the guarantee.●

CONGRESSIONAL ACCESS TO SENSITIVE SECURITY DATA

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PRICE. Mr. Speaker, I recently made an informal check of the access of committees of Congress to classified security information. To obtain an indication of the degree of the proliferation of sensitive security information in the Congress, I limited my review to the distribution of "Restricted Data" amongst the various committees. The concept of "Restricted Data," as defined in the Atomic Energy Act, concerns very sensitive defense and national security material related to nuclear energy and provides for which a unique system of control and dissemination is statutorily specified.

I must admit that my check into this matter revealed a disturbing trend. I found that about 15 individual committees and subcommittees of the House and Senate have access to "Restricted Data" and maintain individual files of varying amounts of such information. I also found that about 300 staff members have been authorized to have access to this sensitive information. Since the 1960's, the number of staff people having access to such data has increased by a factor of 10.

A fundamental principle of maintaining the security of sensitive information is to limit its distribution. In its simplest terms, this means limit the access to the minimum number of people consistent with getting the job done. I am concerned that this principle is being violated with the growth in access to this one type of specially sensitive security information to 15 separate organizations in the Congress alone.

I fully appreciate the need for a certain number of committees to have direct and ready access to information and files on sensitive security information. My plea is for the reduction of this access to the essential minimum. I believe this access could be reduced considerably by stricter compliance with the committee system of organization wherein specific responsibilities are assigned to individual committees. Strictly limiting access to the committee needing the information to carry out its responsibility will, I am sure, reduce the proliferation which is occurring.

Although I have not looked into the handling of other areas of sensitive national security information than Re-

stricted Data, very probably similar unfavorable trends have developed in the treatment of such areas in the Congress. I firmly believe that we can greatly improve our treatment of these matters by reducing the number of congressional organizations handling such sensitive security information without relinquishing any congressional responsibilities or losing any legislative control in these areas.

I do not think we can overemphasize the importance of doing everything possible to safeguard sensitive security information. Loss of certain information could well result in the grave endangerment of our national security. Without consideration of the nature of the specific matter involved, it is not possible to estimate the seriousness of the consequences which could ensue. Losses of certain sensitive security information in the past has, in my view, resulted in the nullification of literally billions of dollars in investment in our defense forces. Obviously there is probably no graver matter that we have to contend with than the proper handling and safeguarding of such security information.

The protection of sensitive security information is also directly related to the proliferation of nuclear weapons which is now such a great concern to many Members of this body. The availability of nuclear weapons technology, and in some cases only an incidental piece of information concerning our weapons program, could make it possible for a striving dissident or other foreign national group to attain nuclear weapon capability. The forces for such harmful diffusion of sensitive information are proportional to the number of sources of such information. We should, accordingly, reduce the number of organizations and people to whom such information is distributed. Although I have limited my comments to the Congress, the same factors and related dangers apply to all organizations.

The tightening up of how the Congress handles sensitive security information is also important relative to the carrying out of oversight responsibilities which the Congress has. Simply put, the only way we can be effective in exercising effective oversight responsibilities over the safeguard functions performed by the executive agencies is by exemplary performance.●

ARE THERE NO CUBAN CASUALTIES IN AFRICA?

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SIKES. Mr. Speaker, there has been a dearth of news about Cuban casualties in Africa. This is an unusual situation. Castro has sent 35,000 of his countrymen to fight Russia's wars for the colonial conquest of Africa. Much of Africa is not healthy for people who are not acclimatized, nor are the bullets of the people who continue to fight for the right to determine their own destiny. Unquestionably, there have been deaths and wounds in battle and deaths and illnesses from natural causes. We suffered many casualties in Vietnam, despite the best medical and hospital services ever devised in time of war. The Cubans have no such medical resources.

Information on the page of Cuban casualties is completely blank. The press in this country is able to ferret out the most minute secrets about America's defense system. Their efficiency should not stop at our borders. Yet no information has been given on Cuban casualties in Africa. One has to wonder whether this same dearth of information prevails inside Cuba. Surely the families whose loved ones are away on Castro's foreign missions wonder about the fate of their missing relatives.

The Russian support system provided the Cuban forces is another story. Presumably, it is fully and capably organized. The Cubans did not walk to Africa. They go by aircraft or ship. They have been supplied with modern weapons, and presumably, with adequate food from Russia or elsewhere.

Castro's legions may soon be used for conquest in Central and South America. He is the captive of the Russians. If the Russians cut off assistance to Castro, his regime will collapse. So, supposedly, Castro will carry Russia's torch of conquest as long as a supply of young Cuban men is available.●

TO CLOSE THE KEY WEST NAVAL STATION?

● (Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, on the Navy's realinement list, just issued, is a study on the advisability of disestablishing the naval air station at Key West, Fla. I feel that it is not realistic to close this base. It played a very important part at the time of the Cuban missile crisis in 1962. If there should be trouble any where in the Caribbean, it may have a necessary function. The fact that we will no longer have a presence in Panama adds to the logic of maintaining a naval base at Key West. If, however, the study should result in the closure of the Key West facility, its mission could well be placed with the most important U.S. military installation left in the Caribbean. That facility is our naval installation at Guantanamo Bay, Cuba. Increasingly, however, there are signs that Guantanamo is considered to be decreasing in importance, rather than being upgraded.

An article which appeared in U.S. News & World Report in February discusses recent trends at Guantanamo. Particularly in light of the anouncement about Key West, it is now increasingly important that consideration be given to maintaining our forces at Guantanamo. I include the article at this point in the RECORD.●

"GITMO": TRANQUIL U.S. BASE AT CASTRO'S BACK DOOR

A strange quiet hovers over Guantánamo, America's 45-square-mile naval base in Cuba, after 20 years of threats by Fidel Castro to "oust the Yankees."

Suddenly the speeches have been toned down. The Cuban military guards who have patrolled the fence line around the base for years have been pulled back, out of sight. On the U.S. side, Marine guards no longer patrol the line.

Cuba's Communist leaders are clearly lifting their pressure to get U.S. forces out. The issue of "Gitmo," as the naval station at Guantánamo Bay is known locally, has not been raised in the bilateral talks being held between Washington and Havana in their "national-interest sections."

The reason is uncertain. But the guessing in Washington is that Castro is playing it low-key now in order to help his case for lifting the long-standing American trade embargo, one cause of Cuba's dire economic position.

Meanwhile, there are signs that Guantanamo is losing some of its old luster as a major U.S. installation.

Its status, for one thing, has been changed so that it is now commanded by a Navy captain, not a rear admiral as in the past.

Strength of the installation at Gitmo, including American military dependents, American civilian workers, Cuban exiles, Jamaican laborers and the 135 Cubans who live outside the base but enter it daily, has dropped steadily from 10,500 in 1962 to 6,189.

Many of the station's facilities are now in "minimum repair," which means they are unused or abandoned. Not even all of the 24 miles of wire fence around the base is being kept in repair.

But U.S. Navy officials insist that Gitmo is still essential, and there are no plans to abandon it in the future.

Its main function, now as before, is to train units of the Atlantic Fleet. For this, it is rated as ideal. On the average, there are 360 good flying days a year. The ocean floor drops away so steeply that ships docked at Guantánamo can be engaged in deep-water antisubmarine training within 15 minutes. Big aircraft carriers bound for the Mediterranean are first given a 10-week training stint here after overhauls.

Lookout for trouble. A secondary role is the defense of the approaches of the Panama Canal, still considered essential by naval planners. Guantánamo also is considered a potential staging area for trouble anywhere in the Caribbean, whether related to the Canal or to Communist forces based in the area.

Finally, Washington strategists are clearly reluctant to give up such a well-established military installation for fear of what use might be made of it. Says a State Department spokesman: "We don't intend to turn Guantánamo over to an adversary, be it Soviet or Cuban."

By law, U.S. forces can remain here indefinitely, based on the treaties of 1903 and 1936. The latter treaty specifies that Americans shall leave only by a U.S. decision—taken alone or by agreement with Cuba.

So Gitmo continues to function in its enclave on the southern coast of Cuba, isolated from the rest of the island and manned by a force of 2,108 sailors and 439 Marines.●

A BILL TO HALT ARBITRARY IRS AUDITS

(Mr. PANETTA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PANETTA. Mr. Speaker, today I am introducing a bill which will provide immediate relief to thousands of businesses throughout the country which are currently being subjected to arbitrary and inconsistent action by the Internal Revenue Service. Within the last 3 years,

the IRS has attacked businesses where individuals whose occupations are real estate agents, barbers, beauticians, insurance agents, and service station operators work as independent contractors. By classifying such individuals as employees for Federal tax purposes, the IRS is now demanding that firms pay additional payroll taxes, withholding taxes, unemployment taxes, and both halves of social security. Such arbitrary labeling of self-employed persons is forcing countless businesses into bankruptcy or into the courts. It is my opinion that these unwarranted actions by the IRS must be halted without delay.

The classification of persons as employees or independent contractors has long been a subject of controversy. Consequently, House and Senate conferees on the Tax Reform Act of 1976 directed the Joint Committee on Taxation to conduct a study to resolve this highly debated topic. At the same time, the conferees directed the Internal Revenue Service to hold off on further tax audits until congressional review of the matter was completed. Unfortunately, this has not been the case and instead the IRS has chosen to take it upon itself to reverse nearly 30 years of established judicial opinions and Treasury Department guidelines, concluding that insurance agents, real estate salespersons, beauticians, barbers, and others are, in fact, self-employed independent contractors. This attack was unexpected and contrary to the express directions of the Congress.

The impact of the reclassification of independent contractors as employees can be financially crippling since the newly reclassified employer can be held liable for payroll taxes for past years. Retroactive assessments of these taxes can put the taxpayer literally out of business. Moreover, the reclassification often leads to an unjustifiable double taxation of the same income, a point that was forcefully made by a recent GAO study entitled, "Tax Treatment of Employees and Self-Employed Persons by the Internal Revenue Service." As independent contractors, salespersons must pay self-employment taxes, commonly referred to as SECA, and make quarterly estimated income tax payments. Yet when a salesperson is reclassified as an employee, in many cases no offset is allowed to the broker nor refund made to the salespersons for these prior taxes. This double taxation is often due to the reluctance of the IRS to notify salespeople of the right to a refund or to provide brokers with the information from salespeople's returns necessary to establish an offset.

It is my belief that the key factors in an efficient tax system are that the laws be clear, unambiguous and not subject to arbitrary interpretation, both for the taxpayer and the Government. It is obvious that who may be classified as an employee as opposed to a self-employed person presently is not clear and is subject to conflicting interpretations by the Internal Revenue Service. Although steps are now being taken to clarify this confusing situation, I feel there is a pressing need for swift legislative action to provide an interim respite from recent IRS actions.

Mr. Speaker, my bill would simply require the Internal Revenue Service to stop its attacks on thousands of businesses, until such time as Congress enacts legislation to resolve the issue of who is an employee and who is an independent contractor once and for all. It is my hope that my colleagues will support this effort to provide urgently needed relief to taxpayers in accordance with the previously expressed wishes of the House and Senate conferees on the Tax Reform Act of 1976.

I include the text of my bill at this point in the RECORD:

H.R. 12427

A bill to disregard, for purposes of certain taxes imposed by the Internal Revenue Code of 1954 with respect to employees, certain changes since 1975 in the treatment of individuals as employees

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That until enactment of any law which expressly repeals this Act, the determination of whether any individual is an employee for purposes of chapters 21 (relating to Federal Insurance Contributions Act), 23 (relating to Federal Unemployment Tax Act), and 24 (relating to collection of income tax at source on wages) of the Internal Revenue Code of 1954, shall be made and applied under audit practices and regulations which are consistent with such practices and regulations in effect December 31, 1975.●

IS THE ARMS CEILING ACCURATELY CALCULATED?

(Mr. HAMILTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HAMILTON. Mr. Speaker, I want to bring to the attention of my colleagues and other persons interested in close oversight of our arms sales program a General Accounting Office (GAO) report which is a partial response to a general request I made of the GAO on November 16, 1977, to examine the Department of Defense's accounting procedures for establishing a foreign military arms sales ceiling.

This GAO report is critical of the arms sales ceiling calculations made by the Department of Defense. The GAO report indicates that the Defense Department miscalculated the base line of fiscal 1977 arms sales on which fiscal year 1978 sales would be reduced, thereby showing that the arms ceiling for fiscal year 1978 is only $66 million less than fiscal year 1977 sales, not $695 million less as was previously indicated. Using the GAO's corrected figures and applying the same percentage reduction of 7.5 percent, the fiscal year 1978 ceiling should be $584 million lower.

In its comments on the GAO report, the Defense Security Assistance Agency (DSAA) asserts that it does not agree with, nor accept, the conclusions and recommendations of the GAO regarding its accounting practices which record single transactions involving both scope and price increases against current rather than prior year sales. DSAA maintains that if it has a consistent accounting policy there should be no net effect on annual arms sales totals.

It is my hope that the administration will, in light of the GAO findings, reexamine the fiscal year 1978 arms ceiling to insure that the fiscal year 1978 sales level is in line with the original intention to reduce sales by, at least, 7.5 percent.

The GAO report, entitled, "Arms Sales Ceiling Based on Inconsistent and Erroneous Data" follows together with a response to the GAO report from the Defense Security Assistance Agency (DSAA) of the Department of Defense:

[Report by the Comptroller General of the United States]

ARMS SALES CEILING BASED ON INCONSISTENT AND ERRONEOUS DATA

The dollar value of fiscal year 1977 arms sales reported by the Department of Defense was used as a basis in establishing $8.6 billion as the 1978 arms sales ceiling. The ceiling set by the President represented a $695 million, or a 7.5 percent, reduction in sales from fiscal year 1977.

GAO identified inconsistencies and errors in accounting which resulted in substantial overstatement of fiscal year 1977 sales. Using corrected sales figures, the ceiling now represents only a $66 million reduction from fiscal year 1977 sales. Further, had a 7.5 percent reduction been applied to the corrected sales figures, the fiscal year 1978 ceiling would have been set $584 million lower.

GAO is continuing its review of Defense's system of accounting for foreign military sales.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C.

Hon. LEE H. HAMILTON,
House of Representatives.

DEAR MR. HAMILTON: Your letter of November 16, 1977, asked us to examine the procedures by which the Department of Defense accounts for the value of foreign military sales agreements and by which the yearly foreign military sales ceiling is established. You requested the review after the disclosure by the Defense Security Assistance Agency, in November 1977, that its previously reported estimate of $9.9 billion for fiscal year 1977 foreign military sales was understated by $1.4 billion. This matter received widespread attention since the President based the fiscal year 1978 arms sales ceiling on fiscal year 1977 sales. On February 1, 1978, the President established a ceiling of $8.6 billion which is a reduction of $695 million, or 7.5 percent, from fiscal year 1977 sales adjusted for inflation to fiscal year 1978 dollars.

As agreed with your office, our initial efforts were directed to reviewing the accuracy of the $1.4 billion adjudstment. After briefing your office on March 3, 1978, it was agreed that we would prepare this interim report on our findings to date.

Our review disclosed substantial accounting inconsistencies and errors relating to the $1.4 billion adjustment. As a result, fiscal year 1977 sales of those weapons and weapons-related items that are subject to the ceiling were overstated by $594 million. The President, therefore, used erroneous sales information as a basis for establishing the arms sales ceiling for fiscal year 1978. Using corrected sales figures, the ceiling now represents only a $66 million reduction from fiscal year 1977 sales. Had a $7.5 percent reduction been applied to the corrected sales figures, the fiscal year 1978 ceiling would have been $584 million lower.

Details of our findings are included in appendix I. We informally discussed our findings with Defense Security Assistance and State Department officials and, where appropriate, their comments have been considered in preparing this report. The scope of our review to date is included in appendix II.

As arranged with your office, unless you publicly announce its contents earlier, we

plan no further distribution of this report until 7 days from the date of this letter. At this time we will send copies to interested parties and make copies available to others upon request.

Also, as arranged with your office, we will continue our review of Defense's system of accounting for foreign military sales and inform you of the results in a final report.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

APPENDIX I

FINDINGS AND RECOMMENDATIONS REGARDING DEFENSE'S ACCOUNTING FOR FOREIGN MILITARY SALES

BACKGROUND

The Defense Security Assistance Agency maintains an automated foreign military sales accounting system which, supplemented by manual records, provides detailed information on the value of foreign military sales. In September 1977, the Agency told the Congress that arms sales in fiscal year 1977 would approximate $9.9 billion. In November 1977, the Agency disclosed that its projections were understated by $1.4 billion. The understatement was attributed to a delay in applying a change in accounting policy whereby the dollar value of amendments increasing the scope of prior year sales agreements was to have been recorded as sales for the fiscal year in which the amendment was signed. Scope change increases cover additional quantities of items ordered, modifications to the configuration or design of items, and changes in the composition of services and training programs.

Defense Security Assistance Agency officials said that the $1.4 billion in accounting adjustments resulted because the Agency had erroneously followed superseded accounting practices and had recorded fiscal year 1977 scope increases as adjustments to prior year sales totals. They said that they were unaware of the magnitude of the error until the end of fiscal year 1977.

There are changes to sales agreements in addition to scope increases which have an important effect on the dollar value of sales reported. These changes are (1) scope decreases and (2) price changes. The accounting treatment prescribed by the Agency for the two types of changes follow.

Scope decreases. Where a change in a sales agreement results in a decrease in scope, Defense policies require it to be accounted for as a decrease to the sales total for the fiscal year in which the original sales agreement was signed. For instance, an amendment signed in fiscal year 1977, decreasing the scope of a fiscal year 1975 sales agreement, should have been accounted for as a decrease in the value of fiscal year 1975 sales.

Price changes. Price changes are generally the result of inflation, production delays, and/or poor price estimating. Defense policies require a price change to be accounted for in the same manner as a scope decrease. For instance, an amendment signed in fiscal year 1977 increasing or decreasing the price of an item or service included in a sales agreement signed in fiscal year 1975 should have been accounted for as an adjustment to the value of fiscal year 1975 sales.

ESTABLISHMENT OF FISCAL YEAR 1978 SALES CEILING

In a May 19, 1977, policy statement, President Carter said that the dollar volume of new commitments under the Foreign Military Sales and Military Assistance Programs for weapons and weapons-related items in fiscal year 1978 would be reduced from the fiscal year 1977 total. On February 1, 1978, the President placed an $8.6 billion ceiling on fiscal year 1978 sales.

In imposing the ceiling the President directed that the following sales be excluded: (1) sales to countries with which the United States has major defense treaties (North Atlantic Treaty Organization countries, Japan, Australia, and New Zealand), (2) sales of articles and services not considered to be weapons or weapons-related, such as most of this construction program in Saudi Arabia, and (3) commercial sales for which the U.S. Government must issue export licenses.

As shown below the fiscal year 1978 ceiling on sales was derived by inflating the value of fiscal year 1977 sales (less applicable exclusion as enumerated above) to constant fiscal year 1978 dollars and reducing the resultant figure by $695 million, or 7.5 percent, as directed by the President.

Calculation of value of fiscal year 1978 arms sales ceilings

[Amount in millions]

Total fiscal year 1977 sales reported by Defense Security Assistance Agency (including the $1.4 billion adjustment and applicable Military Assistance Program sales)	$11,469
Less exclusions:	
Sales to countries with treaties	(1,221)
Sales of articles and services not considered as weapons or weapons related	(1,479)
Subtotal	(2,700)
Adjusted fiscal year 1977 sales	8,769
Add 6 percent inflation factor to equate to fiscal year 1978 constant dollars	526
"Fiscal year 1977 sales in constant fiscal year 1978 dollars	9,295
Less reduction in sales set by the President (approximately 7.5 percent)	(695)
Fiscal year 1978 arms sales ceiling	8,600

INCONSISTENT AND ERRONEOUS SALES DATA USED TO COMPUTE FISCAL YEAR 1978 ARMS SALES CEILING

The Defense Security Assistance Agency used inconsistent accounting practices and made substantial accounting errors in increasing its reported fiscal year 1977 sales by $1.4 billion in adjustments made in November 1977. The inconsistencies and errors resulted in an overstatement of $594 million for those 1977 sales which related to articles and services subject to the arms sales ceiling.

The accounting inconsistencies and errors included in the $1.4 billion adjustments, which affected the computation of the 1978 arms sales ceiling, follow:

Although the Defense Security Assistance Agency reported that the entire $1.4 billion adjustment represented the value of sales scope increases, about $464 million of the adjustment pertained to price changes made to agreements signed prior to 1977. According to the Defense Security Assistance Agency's accounting procedures, price changes should be accounted for in the year the original sales agreement was signed.

About $133 million of the sales adjustment was misclassified as pertaining to increases in scope for items and services subject to the arms sales ceiling. The $133 million pertained to construction work administered by the Army Corps of Engineers in Saudi Arabia and the transaction should have been accounted for as a nonceiling sale.

About $11 million representing sales scope decreases pertaining to prior year sales agreements, were erroneously deducted from 1977 sales when the Agency made the $1.4 billion adjustment. As stated above, these decreases should have been accounted for as a decrease in sales for the year the sales agreement was originally signed.

The cumulative effect of other miscellaneous accounting errors was an overstatement of sales of $8 million.

As indicated above, the largest accounting problem pertained to price changes. Many of the contract amendments which were used as support for the $1.4 billion adjustment included both scope changes and price changes. Rather than determining how much of the amendment amount related to scope changes and how much related to price changes, the Agency treated the entire amount as a scope increase and recorded it as a fiscal year 1977 sale. Responsible Agency officials said that although they did not have a written policy covering those cases where scope and price were combined on a contract amendment, it was their intention to treat the entire value of the combined amendment as a scope change. This practice is inconsistent with (1) the Agency's overall policy of accounting for price changes and (2) the Agency's disclosure that the $1.4 billion adjustment represented the value of scope increases. For example, included in the $1.4 billion was an amendment increasing the value of a fiscal year 1974 sales agreement for sale of Patrol Chaser Missiles to Saudi Arabia by $185.6 million. The entire amount was treated as a scope change and recorded as a fiscal year 1977 sale. We found, however, that only $21.2 million of the amount represented a change in scope. The remaining $164.4 million represented the net value of price increases and should have, therefore, been accounted for as an increase to fiscal year 1974 sales to be consistent with the Agency's accounting policies for recording price changes. In two other instances, amendments for $49.8 million and $18.4 million, although entirely for price changes, were erroneously recorded as fiscal year 1977 sales.

IMPACT OF ACCOUNTING INCONSISTENCIES AND ERRORS ON ARMS SALES CEILINGS

Considering the accounting inconsistencies and errors we identified, the calculation of the fiscal year 1978 arms sales ceiling as shown in the following table may have been overstated by about $584 million.

Impact of accounting inconsistencies and errors on Defense Security Assistance Agency computations of fiscal year 1977 ceiling sales and the effect on the fiscal year 1978 arms sales ceiling

	Defense Security Assistance Agency (millions)	Adjusted for accounting inconsistencies and errors found by GAO (millions)	Difference (millions)
Value of fiscal year 1977 sales pertaining to items and services covered by the ceiling	$8,769	$8,175	$594
Sales adjusted for inflation from fiscal year 1977 to fiscal year 1978	9,295	8,666	629
Fiscal year 1978 arms sales ceiling	[1] 8,600	8,016	584

[1] Set by the President, representing an approximate 7.5 percent reduction from fiscal year 1977 ceiling sales adjusted for inflation to fiscal year 1978.

The table shows that instead of reducing sales in fiscal year 1978 by $695 million ($9,295 million less $8,600 million), the ceiling set by the President will result in reducing sales by only $66 million ($8,666 million less $8,600 million).

The table also shows that, had a 7.5 percent reduction been applied to the corrected sales figures the sales ceiling would have been $8.016 billion or about $584 million less than the current fiscal year 1978 ceiling. This is not to say, however, that the President would have decided to reduce sales by 7.5 percent had he known the correct value of fiscal year 1977 sales.

OTHER ACCOUNTING INCONSISTENCIES AND ERRORS PERTAINING TO THE $1.4 BILLION ADJUSTMENT DID NOT AFFECT THE 1978 ARMS SALES CEILING

In addition to the accounting problems discussed above, the Agency in recording the $1.4 billion adjustment used inconsistent accounting practices and made accounting errors amounting to $82 million which did not affect the value of fiscal year 1977 sales related to items and services subject to the arms sales ceiling. For instance, price changes totaling $81 million relating to sales of items and services not subject to the ceiling and sales to countries exempt from the sales ceiling, were included in the $1.4 billion adjustment. These amounts, although having no impact on the establishment of the fiscal year 1978 arms sales ceiling, caused fiscal year 1977 total sales to be overstated.

CONCLUSIONS

There were serious weaknesses in the Defense Security Assistance Agency's accounting for the $1.4 billion adjustment in fiscal year 1977 arms sales because the Agency inconsistently accounted for price changes and made other accounting errors. Also, its efforts to correct the accounting records at fiscal year end largely failed. As a result, information on which the President based the fiscal year 1978 arms sales ceiling was substantially incorrect.

The Defense Security Assistance Agency should correct its accounting records for arms sales and should inform the President and the Congress of the revised sales totals.

RECOMMENDATIONS

We recommend that the Secretary of Defense have the Defense Security Assistance Agency:

Make its accounting practices consistent by requiring that all price changes be accounted for as an adjustment to sales totals for the fiscal year in which the original sales agreement was signed.

Correct its accounting records for fiscal year 1977 sales taking into account the errors found to date in our review.

Formally report the revised sales totals to the President and the Congress.

Review its accounting for arms sales, especially for scope and price changes in fiscal year 1978, to assure that inconsistencies and errors similar to the ones we found were not made and correct the accounting records where necessary.

APPENDIX II

SCOPE OF REVIEW

Our review of the $1.4 billion in accounting adjustments included an examination of policies, procedures, transactions, and reports dealing with accounting for the value of Foreign Military Sales and Military Assistance Program commitments. We interviewed responsible officials to discuss policies, procedures, and other matters. Our review of the remaining fiscal year 1977 sales and the system of accounting for foreign military sales is still underway.

We made our review at the following military departments and organizations:

Departments of Defense, the Army, the Navy, and the Air Force, Washington, D.C.

Defense Security Assistance Agency, Washington, D.C.

Security Assistance Accounting Center, Denver, Colorado.

Army Corps of Engineers, Washington, D.C.

Naval Material Command, Washington, D.C.

Naval Air Systems Command, Washington, D.C.

Naval Sea Systems Command, Washington, D.C.

Department of State, Washington, D.C.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., April 24, 1978.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and Middle East, House International Relations Committee, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for providing the Defense Security Assistance Agency the opportunity to comment on the GAO report which examines the detailed accounting procedures used to calculate FY 1977 FMS sales, which formed the basis for the President's decision on the $8.6 billion ceiling on arms sales.

The General Accounting Office, in its review, employed different accounting methods to derive sales figures. Since we do not agree with the recording methodology employed, we cannot accept either the conclusions or recommendations contained in the report. The principal point of disagreement is the computation of combined scope and price changes. Scope changes represent alterations in the level or quality of goods or services to be provided. Price changes involve adjustments due to inflation, pricing refinements and changes in total quantity of an item produced, e.g., cuts for US and other customers thus increasing unit costs of remaining production. Scope changes plus combined scope and price changes are charged to the fiscal year in which they occur. Price changes are charged to the fiscal year in which the original contract was signed.

Fiscal year 1977 sales involved over 4,100 separate Letters of Offer and Acceptance—government-to-government contracts—between the U.S. military departments and foreign government procurement activities. These contracts included many more thousands of line items of defense articles and defense services. Included within these 4,100 contracts were approximately 100 modifications to prior year contracts which were executed during FY 1977 and charged to FY 1977 sales because our accountants had classified the transactions as a change in scope to the original contract. The FY 1978 ceiling of $8.6 billion—which is a policy approach established by the President to insure orderly decision-making, not a requirement of law—was established by applying a reduction of about $695 million to the total sales agreements executed during FY 1977.

In examining approximately 100 modifications to sales contracts, which we had classified as scope changes, the GAO contends that FY 1977 sales—which provided the basis for the FY 1978 ceiling—were overstated by $584 million. The GAO arrived at this conclusion by classifying a number of scope changes as price increases and stating that the changes should be shown against prior year activity, even though the modifications were negotiated and executed during FY 1977. Neither the Department of State nor the Department of Defense agree with the GAO conclusion. As long as a consistent recording policy is applied, there should be no net effect on the total amount of sales from year to year.

According to the GAO, the inclusion of approximately $464 million of price increases resulted in overstatement of FY 1977 recorded sales. Over $400 million of this amount resulted from DSAA's consistent practice (labeled as an inconsistency by the GAO) of recording single transactions involving both scope and price increases against current year rather than prior year sales. When occurring separately during FY 1977, scope changes above $100,000 were treated as sales in the year of the change; price changes were not. We are following the same practice in FY 1978 except the threshold has been lowered to $50,000 (i.e., additional scope increases would apply against (e.g., during contract definitization), military departments process the change as a single amendment (Form DD 1513–1) for the FY 1978 ceiling). When an amendment involves changes in both scope and price presentation within the Executive Branch, to the Congress when applicable, and to the purchasing country for acceptance, and DSAA records a single combined amount for the case value. This effect is offset in all subsequent years by the amount of price changes reported in the same cases with scope changes. As long as the treatment is consistent, there should be no net effect on the amount of new arms sales and scope changes in future years under the DSAA procedure, and there will be a significant saving in effort and simplification of the

The procedure outlined above has been review process.

The GAO approach would require separation of all scope and price changes even though they occur concurrently as part of a single transaction against the same case. This would involve difficult judgments as to the parts of the change attributable to scope and to price, but would have no substantial net effect on new sales and scope changes allowed within the ceiling in fiscal year 1978 or in future years. Based on our fiscal year 1977 experience, we believe that if we were to accept the GAO approach, over $400 million in sales would not have to be recorded against the fiscal year 1978 ceiling.
followed consistently since initial development of procedures to document price increases separately. Prior to May 1976, no distinction was made in documenting scope and price changes; all such changes were accounted for by issuing DD Form 1513–1. The first instruction which called for separate documentation of scope changes vs. price changes is enclosed for your review. This letter instruction was in effect on the date (August 1976) that a DD 1513–1 was issued to Saudi Arabia for the sales amendment mentioned in the first paragraph of page 5 of the GAO report.

On 6 October 1977, the Executive Branch made its final decision as to which item categories would be defined as ceiling related and non-ceiling related sales. After that decision, DSAA produced computer records identifying such sales based on the manner that they were coded in the computer system during fiscal year 1977. In its selective audit, GAO has identified a $133 million sale which, while correctly recorded in fiscal year 1977, should have been accounted for as a non-ceiling sale. This particular transaction was coded into the DSAA recording system shortly after Saudi Arabia accepted the sales amendment on 9 November 1976. GAO is correct that the transaction was not coded correctly. The error was caused by recording the purpose of the sale as technical assistance rather than administrative support. Since virtually all fiscal year 1977 transactions were recorded before firm decisions

were reached as to which sales would be considered ceiling related versus non-ceiling related, there was no added effort placed on the coding of individual line items on the Letters of Offer.

The two sets of transactions indicated above led to the GAO conclusion that the information on which the President based the fiscal year 1978 ceiling was substantially incorrect. The primary reason for this conclusion is, in our view, an erroneous interpretation by the GAO of DSAA procedures. The recording procedures which GAO labels inconsistent are those which DSAA applied consistently throughout fiscal year 1977 and has continued to apply consistently in fiscal year 1978. There is room for honest disagreement as to the amount of resources which should be expended to document separately those scope and price changes which occur within a single transacation. There would be disagreement as to how much of such changes were scope versus price; the distinction often cannot be made with certainty when the change occurs as the result of a single transaction.

Most transactions examined by GAO occurred during the first quarter of FY 1977—long before the decision was made to establish a FY 1978 ceiling. It is correct that DOD did not make major revisions to its recording system so as to "fine tune" the system for considerations involving the FY 1978 ceiling. Rather, the position was taken that the system generally was satisfactory as long as recording procedures were applied consistently from year to year.

We do not concur with the recommendations in the draft GAO report because we do not agree with the GAO conclusion relating to combining scope and price increases. We recognize that GAO has found some erroneous data during its selective audit, but if corrected these errors would only result in a less than 1 percent change in the FY 1977 sales totals.

As you know, the FY 1977 sales reported to Congress at year end simply represent a "snap shot" of the year's activity taken at a point in time shortly after the end of the fiscal year. Price changes, scope decreases, small scope increases, and sometimes program cancellations can affect the original estimated value of sales agreements over their complete life. Thus, DSAA issues annually a revised total of the value of sales agreements for each fiscal year, based on changes which take place in the current year. The true recording discrepancies identified by GAO represent an amount which is inconsequential in relationship to the value that FY 1977 sales totals ultimately will be revised for the reasons indicated above.

In summary, we believe that the GAO does not hold a valid basis for stating that FY 1977 sales were overstated.

Sincerely yours,

ERICH F. VON MARBOD,
Acting Director.

WASHINGTON, D.C., *May 4, 1976.*

Memorandum for Coordinator for Army Security Assistance (DACS-SA), Department of the Army; Director, Security Assistance Division (OP-63), Department of the Navy, and Director of Military Assistance and Sales/LGF, Department of the Air Force.

Subject: DD Form 1513-2, Notice of Modification of Offer and Acceptance

The DD Form 1513-2, "Notice of Modification of Offer and Acceptance" is herewith forwarded for immediate use. This form should be utilized to record modifications to an existing offer and acceptance, other than modifications which constitute a change in scope. (Note: Modifications which do affect the scope of the offer and acceptance require the use of DD Form 1513-1. Amendment to Offer and Acceptance.) All notifications of price increases to the purchasing government and related changes in payment schedules should be made by the DD Form 1513-2.

This form has been forwarded to the Military Department Supply Systems for distribution. Until this process is completed copies of this form may be obtained from DSAA, Management Division, Room 4B671.

Also attached are the instructions for use of the DD Form 1513-2. These instructions will soon be published as a revision to DOD Instruction 2110.29, "Method of Financing, Funding, Accounting, and Reporting for Foreign Military Sales to Friendly Foreign Governments and International Organizations."

WALTER B. LIGON,
Acting Director,
Defense Security Assistance Agency.

INSTRUCTIONS FOR PREPARING THE U.S. DEPARTMENT OF DEFENSE NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE, DD FORM 1513-2

A. General instructions:

1. This form is utilized to record modifications to an existing offer and acceptance, other than modifications which constitute a change in scope. (Modifications which do affect the scope of the offer and acceptance require a formal amendment, including acceptance by the customer. DD Form 1513-1, Amendment to Offer and Acceptance, is used for this purpose. See Enclosure 5, proceeding.)

2. Modifications appropriate for DD Form 1513-2 include all notifications of price increases to the purchasing government and related changes in payment schedules.

3. DD Form 1513-2 does not require acceptance by the customer, but merely acknowledgement of receipt.

4. All terms and conditions of an existing DD Form 1513 and any related amendments thereto not specifically noted as being modified by the DD Form 1513-2 remain unchanged and in effect.

5. Identifying reference data hereon will be the same as on the original offer and acceptance.

6. Instructions on the DD Form 1513 apply for the same columns of information that appear on the DD Form 1513-2.

7. Specific instructions apply only to additional entries to be made on the DD Form 1513-2.

B. Specific instructions:

Box:

(3) Notice No. Enter a consecutive notice number or alphabetical continuance of the number. Numbering of Amendments (DD Form 1513-1) and Notices (DD Form 1513-2) are independent, thus a possible sequence of events might be:

(1) Letter of Offer.
(2) Notice 1.
(3) Amendment 1.
(4) Notice 2.
(5) Amendment 2.

Box:

(8) Description of and Reason(s) for Modification. Describe briefly the modification(s) and the reasons(s) requiring that such modification(s) be made. Such information should be sufficiently clear, complete and specific that it could reasonably be anticipated to satisfy the customer without recourse to further correspondence. (Note that these remarks may be continued on the reverse of DD Form 1513-2, under Box 26, "Continuation.")

(10) List only items modified. Show dollar amounts in whole dollars only. If there are items on the DD Form 1513-2 not modified, enter N/A (not applicable) in appropriate boxes. For all notifications of price changes enter in box:

(a) Previous cost. The previous applicable costs from the original offer and acceptance or prior amendments and/or notices of modification thereto for the applicable cost lines 16, 17, 18, 19, 20, and 21.

(b) Revised cost. The best estimate of revised costs as applicable on lines 16, 17, 18, 19, 20, and 21.

(22) Acknowledgement of receipt. Authorized official should sign and forward to Military Department concerned to ensure that Notice of Modification has been received.

CHANGES RECOMMENDED TO DOD INSTRUCTION 2110.29 (SEPTEMBER 24, 1970)

Subject: Method of Financing, Funding, Accounting, and Reporting for Foreign Military Sales to Friendly Foreign Governments and International Organizations.

Brief: These changes are recommended in order to provide to the concerned DOD community a sample of the new (proposed) DD Form 1513-2, "Notice of Modifications of Offer and Acceptance," together with instructions for the use and completion of such form; and also to differentiate the DD Form 1513-2 from DD Form 1513-1, "Amendment to Offer and Acceptance" and to make clear the circumstances appropriate for the use of each of these forms.

Change 1: Revise Section XI (page 12) to read as follows:

* * * * *

XI. Instructions for preparing DD form 1513, offer and acceptance:

Instructions for preparing DD Form 1513, Offer and Acceptance, DD Form 1513-1, Amendments to Offer and Acceptance, and DD Form 1513-2, Notice of Modification of Offer and Acceptance, are stated in Enclosure 4, 5, and 6, thereto.

* * * * *

Change 2: Revise Section A of the "Instructions" page (page 1) of Enclosure 5, as follows:

* * * * *

A. General instructions:

1. This form is an amendment to an existing offer and acceptance. It is to be utilized only for changes affecting the scope of a DD Form 1513, and therefore requiring a formal amendment process including acceptance by the customer. Examples of changes of scope are changes affecting the type or number of major items and/or services to be provided or which significantly alter system configuration or functions. Modification to DD Form 1513 not affecting scope shall be made by DD Form 1513-2, Notice of Modification of Offer and Acceptance (e.g., all notifications of price increases and related changes in payment schedules). (See Enclosure 6, following.)

[2. through 4. remain the same]

* * * * *

Change 3: Revise "Box (a)" of Section B of the "Instructions" page (page 1) of Enclosure 5, to read as follows:

* * * * *

(a) Previous Cost. Enter the previous applicable costs from the original offer and acceptance or prior amendments and/or notices of modification thereto for the applicable cost lines 17, 18, 19, 20, 21, and 22.

* * * * *

Change 4: Add new Enclosure 6, as attached.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. WHITE, for the week of May 1, 1978, on account of business related to my U.S. Representative office.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WALKER) and to revise and extend their remarks and include extraneous matter:)

Mr. WHALEN, for 5 minutes, today.

Mr. SARASIN, for 5 minutes, today.

Mr. MICHEL, for 60 minutes, on May 11.

(The following Members (at the request of Mr. WEISS) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. ANDERSON of California, for 5 minutes, today.

Mr. PREYER, for 5 minutes, today.

Mr. KASTENMEIER, for 5 minutes, today.

Mr. PEPPER, for 60 minutes, today.

Mr. DRINAN, for 6 minutes, today.

Mr. MATTOX, for 15 minutes, today.

Mr. REUSS, for 20 minutes, today.

Mr. MOORHEAD of Pennsylvania, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. HAMILTON, notwithstanding the fact that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $1,068.

(The following Members (at the request of Mr. WALKER), and to include extraneous matter:)

Mr. BROOMFIELD.

Mr. HORTON.

Mr. SCHULZE.

Mr. ARMSTRONG.

Mr. ROUSSELOT in two instances.

Mr. HYDE.

Mr. BURGENER.

(The following Members (at the request of Mr. WEISS) and to include extraneous matter:)

Mr. WIRTH.

Mr. KASTENMEIER.

Mr. TEAGUE.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. CONYERS.

Mr. ROSE.

Mr. STARK in two instances.

Mr. OBERSTAR.

ADJOURNMENT

Mr. WEISS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 45 minutes p.m.), under its previous order, the House adjourned until Monday, May 1, 1978, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3994. A letter from the Principal Deputy Under Secretary of Defense (Research and Engineering), transmitting the fourth annual report on the Defense Industrial Reserve, covering calendar year 1977, pursuant to section 809 of Public Law 93-155; to the Committee on Armed Services.

3995. A letter from the Secretary of the Treasury, transmitting the eighth quarterly report on antirecession fiscal assistance to State and local governments, pursuant to section 213 of the Public Works Employment Act of 1976, as amended; to the Committee on Government Operations.

3996. A letter from the Secretary of the Treasury, transmitting a report on the status of the foreign contingent liabilities of the U.S. Government under its programs of foreign insurance or guarantee as of September 30, 1977, pursuant to section 634(f) of the Foreign Assistance Act of 1961, as amended; to the Committee on International Relations.

3997. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the Department's intention to consent to a request by the Government of Singapore for permission to transfer certain U.S.-origin technical data to the Government of Thailand, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on International Relations.

3998. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 18, United States Code, with respect to the protection of certain officers or employees of the United States, and for other purposes; to the Committee on the Judiciary.

3999. A letter from the Chairman, Interstate Commerce Commission, transmitting the Commission's 91st Annual Report, covering fiscal year 1977, pursuant to section 21 of the Interstate Commerce Act; jointly, to the Committees on Interstate and Foreign Commerce, and Public Works and Transportation.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 12355. A bill to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes (Rept. No. 95-1089, Pt. I). The Committee of the Whole House on the State of the Union discharged, and referred to the Committee on Interstate and Foreign Commerce for a period ending not later than May 15, 1978, for consideration of such provisions of the bill as fall within the jurisdiction of that committee under clause 1(1), rule X, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARMSTRONG:

H.R. 12411. A bill to amend the Food and Agriculture Act of 1977 for the purpose of directing that an individual and the spouse of such individual in certain circumstances be considered as separate persons under certain regulations pertaining to payment limitations with respect to certain agricultural programs; to the Committee on Agriculture.

H.R. 12412. A bill to amend title 38, United States Code, to provide eligibility under the specially adapted housing assistance for disabled veterans program to any veterans with a permanent and total service-connected disability who is subject to loss of muscular control or seizures as a result of a service-connected nervous disorder; to the Committee on Veterans' Affairs.

By Mr. CORCORAN of Illinois (for himself, Mr. AUCOIN, Mr. ERLENBORN, Mr. ERTEL, Mr. MANN, Mr. MOORHEAD of Pennsylvania, Mr. RAILSBACK, and Mr. CUNNINGHAM):

H.R. 12413. A bill to expedite decisions concerning the temporary storage of spent fuel and the permanent storage of spent fuel and other radioactive waste, including the selection of sites for storage facilities, the determination of whether the Federal Government should take title to such fuel and such waste, and the amount of storage fees which should be charged; jointly, to the Committees on Interior and Insular Affairs, Interstate and Foreign Commerce, and Rules.

By Mr. DEVINE:

H.R. 12414. A bill to prohibit fuel adjustment clauses in electric utility rate schedules; to the Committee on Interstate and Foreign Commerce.

By Mr. DICKS:

H.R. 12415. A bill making additional appropriations for the Department of Labor for the fiscal year ending September 30, 1979; to the Committee on Appropriations.

By Mr. DRINAN:

H.R. 12416. A bill to amend the Internal Revenue Code of 1954 to provide for judicial review of certain interpretations of the Federal tax laws; jointly, to the Committees on Ways and Means, and the Judiciary.

By Mr. FLORIO:

H.R. 12417. A bill to establish a national system of reserves for the protection of outstanding ecological, scenic, historic, cultural, and recreational landscapes, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HAMMERSCHMIDT (for himself, Mr. CLEVELAND, and Mr. KELLY):

H.R. 12418. A bill to amend the Communications Act of 1934 in order to prohibit the television broadcasting of programs portraying nudity, obscenity, or explicit sexual activity which is offensive to the public taste and morals; to the Committee on Interstate and Foreign Commerce.

By Mr. HOLLAND (for himself, Mr. BROYHILL, Mr. BRINKLEY, Mr. DERRICK, Mr. ROBINSON, Mr. MARKS, Mr. MICHEL, Mr. JENRETTE, Mr. ALEXANDER, Mr. SKELTON, Mr. WALGREN, Mr. GILMAN, Mr. TSONGAS, Mr. MATHIS, Mr. WOLFF, Mr. CHAPPELL, Mr. NOWAK, Mr. MARKEY, Mr. MOTTL, Mr. SCHULZE, Mr. MINISH, Mr. FLIPPO, Mr. BUCHANAN, Mr. HUCKABY, and Mr. BLOUIN):

H.R. 12419. A bill to amend the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. HOLLAND (for himself and Mr. DAVIS):

H.R. 12420. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mrs. LLOYD of Tennessee:

H.R. 12421. A bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from gross income of certain employer educational assistance programs; to the Committee on Ways and Means.

By Mr. McDADE (for himself, Mr. LEDERER, Mr. EDGAR, Mr. EILBERG, Mr. KOSTMAYER, Mr. MICHAEL O. MYERS, and Mr. NIX):

H.R. 12422. A bill to authorize the Secretary of the Interior to acquire the Walnut Street Theater, a national landmark, for

inclusion as a national historic site in Independence National Historical Park, Philadelphia, Pa., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MEEDS:

H.R. 12423. A bill to authorize the establishment of the Ebey's Landing National Historic Reserve in the State of Washington, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mrs. MEYNER:

H.R. 12424. A bill to amend title XIX of the Social Security Act to permit States to provide home health care service and other services to individuals who would otherwise be eligible to receive medical assistance if they were institutionalized; to the Committee on Interstate and Foreign Commerce.

By Mr. MOAKLEY (for himself, Mr. GUYER, Mr. DUNCAN of Tennessee, Mr. WINN, Mr. SIMON, Mr. PRICE, Mr. HARRINGTON, Mr. FARY, Mr. JENRETTE, Mr. WALGREN, Mr. CARNEY, Mr. EILBERG, Mr. BEDELL, Ms. HECKLER, Mr. MARLENEE, and Mr. PATTERSON of California):

H.R. 12425. A bill to amend title II of the Social Security Act to increase from 22 to 26 the age until which child's insurance benefits may be paid on the basis of full-time student status, and the age before which a child must have become disabled in order to qualify for such benefits on the basis of disability; to the Committee on Ways and Means.

By Mr. MOORHEAD of Pennsylvania (for himself, Mr. ASHLEY, Mr. BARNARD, Mr. CAPUTO, Mr. FAUNTROY, Mr. GARCIA, Mr. GREEN, Mr. LAFALCE, Mr. LUNDINE, Mr. MCKINNEY, Mr. PATTISON of New York, Mr. REUSS, and Mr. VENTO):

H.R. 12426. A bill to authorize the Secretary of the Treasury to provide financial assistance for the city of New York; jointly, to the Committees on Banking, Finance and Urban Affairs and Ways and Means.

By Mr. PANETTA (for himself, Mr. DUNCAN of Tennessee, and Mr. MINETA):

H.R. 12427. A bill to disregard, for purposes of certain taxes imposed by the Internal Revenue Code of 1954 with respect to employees, certain changes since 1975 in the treatment of individuals as employees; to the Committee on Ways and Means.

By Mr. RICHMOND (for himself, Mr. SYMMS, Mr. AKAKA, Mr. BALDUS, Mr. GLICKMAN, Mrs. HECKLER, Mr. HEFTEL, Mr. MCHUGH, Mr. NOLAN, Mr. PANETTA, and Mr. PEPPER):

H.R. 12428. A bill to establish procedures for the purposes of planning the coordination of certain nutrition education activities of Federal agencies; to establish certain programs for the purposes of coordinating nutrition education activities and of testing and demonstrating methods of increasing the quality, effectiveness, and availability of nutrition information; and for other purposes; to the Committee on Agriculture.

By Mr. STEIGER (for himself, Mr. ROSTENKOWSKI, Mr. GRADISON, and Mr. BRODHEAD):

H.R. 12429. A bill to amend the Internal Revenue Code of 1954 to provide a deduction for certain amounts paid to product liability loss reserve accounts; to the Committee on Ways and Means.

By Mr. ROUSSELOT:

H. Con. Res. 584. Concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal year 1979; to the Committee on the Budget.

By Mr. KAZEN:

H. Res. 1156. Resolution to amend the Rules of the House of Representatives to establish the Committee on Internal Security, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENJAMIN:

H.R. 12430. A bill for the relief of Joseph Lichosyt; to the Committee on the Judiciary.

By Mr. KASTEN:

H.R. 12431. A bill for the relief of Yom, Chong Ok; to the Committee on the Judiciary.

SENATE—*Thursday, April 27, 1978*

(Legislative day of Monday, April 24, 1978)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. KANEASTER HODGES, JR., a Senator from the State of Arkansas.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty and everlasting God, we lift our grateful praise to Thee for the glory of the Earth, the haunting new beauty of springtime, for gentle rains and lusty winds, the dawn of the new day, the stars in the night sky; for the love of family, for cherished friendships, for sacred memories, and for every radiant hope which inspires us on our pilgrim way.

Grant us wisdom and grace to face the tangled problems of the world, to do our best to solve them. As we work draw us closer to one another and to Thee. Despite disappointment, disillusion, defeat, and deferred hopes keep us striving for the better world yet to come. Surround the President, the Members of Congress, and all workers in the Government with Thy love and grace, granting to them that higher wisdom which hastens peace and justice at home and abroad. Reward their efforts by joy in Thy service and hearts at peace with Thee.

Through Him who loved mankind and gave Himself for our redemption. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U. S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 27, 1978.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable KANEASTER HODGES, JR., a Senator from the State of Arkansas, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. HODGES thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from Colorado, the acting majority leader, is recognized.

THE JOURNAL

Mr. HART. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, April 26, 1978, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. HART. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, with speeches therein limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETING

Mr. HART. Mr. President, I ask unanimous consent that the Foreign Relations Committee be authorized to meet during the session of the Senate on Friday, April 28, 1978, beginning at 2:30 p.m., to consider Middle East arms sales and other committee business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REFERRAL OF SENATE RESOLUTION 439 TO THE COMMITTEE ON FOREIGN RELATIONS

Mr. SCHMITT. Mr. President, yesterday I submitted Senate Resolution 439, to express the concern of the U.S. Senate about the April 20, 1978, Soviet attack on Korean Airline Flight 902.

We have checked with the Committee on Foreign Relations, and they have no objection to my requesting unanimous consent at this time that Senate Resolution 439 be referred to that committee.

The ACTING PRESIDENT pro tempore.

The Senator from Alaska, the acting minority leader, is recognized.

MINERAL EXPLORATION AND DEVELOPMENT IN ALASKA

Mr. STEVENS. Mr. President, a major issue involved in the d–2 question which

will be decided by Congress this year, is that of mineral exploration and development. Too little is known of Alaska's vast mineral potential to make final decisions on millions of acres of land which would preclude the appropriate and reasonable development of minerals found on d–2 lands. Sixteen of the eighteen minerals listed by the Federal Government in its strategic commodities list are found in sufficient quantities to justify commercial extraction. In fact, a recent Stanford Research Institute study of 7 mines in Alaska that are not now in production shows that in the 1990's, those mines would provide hardrock minerals valued between $850 million and $1 billion annually in 1977 dollars, create 20,000 to 40,000 jobs nationwide, and reduce the Nation's balance-of-payments deficit by between $700 million and $1 billion annually in 1970 dollars.

The vast majority of Alaska's lands, including the d–2 lands, have not been adequately explored. No permanent decision on the d–2 lands should be made without first completing an inventory of mineral resources.

Recently the Fairbanks North Star Borough Assembly passed a resolution calling upon Congress to establish a national mineral land designation. This resolution clearly points out the importance to all Americans of exploring, developing, and producing the mineral resources of Alaska to meet the needs of the United States. I ask that this resolution from the Fairbanks North Star Borough Assembly be printed in the RECORD at this time.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION NO. 77–5

Whereas, every human activity is dependent in some way upon the mineral industry; and

Whereas, the less minerals we mine domestically, the more we must import from foreign sources; and

Whereas, this spotlights the importance of exploring for and determining our domestic sources of every mineral that we use and develop them for our national needs to protect us from the threat of unwarranted price increases and curtailment of supplies; and

Whereas, every instinct of self preservation and national survival demands that we avoid any position of vulnerability in the supply of minerals; and

Whereas, potential sites for mineral development are determined by the natural occurrence of the minerals; and

Whereas, increasing amounts of land are being designated National interest lands and removed from potential development:

Now, therefore, be it resolved by the Assembly of the Fairbanks North Star Borough that they call upon Congress to establish a National Mineral Land designation to include all known mineralized areas whose principal use shall be for exploration, development and production of minerals to meet the needs of the United States of America; and

That a permanent process be developed to include designation of those mineral deposits that have been discovered or are discovered in the future on public lands.

Mr. STEVENS. Mr. President, I have had no requests for the minority leadership time. I yield back the remainder of that time.

(Routine morning business transacted and additional statements submitted are printed later in today's RECORD.)

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

EXECUTIVE SESSION

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now go into executive session and proceed to consideration of the nomination of Mr. Charles Luna, of Texas, to be a member of the Board of Directors of the National Railroad Passenger Corporation.

The Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The clerk will state the nomination.

NOMINATION OF CHARLES LUNA

The second assistant legislative clerk read the nomination of Charles Luna, of Texas, to be a member of the Board of Directors of the National Railroad Passenger Corporation.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico is recognized.

Mr. SCHMITT. Mr. President, shortly today the Senate will vote on the nomination of Charles Luna to serve an additional term on the Board of Directors of the National Railroad Passenger Corporation—Amtrak. I think it is fairly well known that I am opposed to this nomination.

My concern with this nominee does not relate to his credentials. He has been involved with many facets of the rail industry through much of his life, and I presume his expertise and background have been meaningful to the Amtrak Board, upon which he has served two terms.

What is of great concern to me is the attitude that this nominee has toward the law and toward the Congress, and, in specific terms, toward the Committee on Commerce, Science, and Transportation.

Mr. President, a reading of the November 4, 1977, nomination hearing of Mr. Luna and others, provides an interesting background for today's vote. For openers, as Senator GRIFFIN noted on pages 20, 21, 22, 23, 38, and 40 of that hearing record, the hearing was held in violation of the Senate Rules and Senators who might otherwise have attended were not there to ask questions of Mr. Luna and the other nominees. I shall not, however, raise a point of order on that matter.

While I was one of those Senators who were not in attendance because of floor activities and other duties, I have been informed that the minority staff, prior to the start of the hearing, also voiced objections to its taking place.

Now, when the committee received Mr. Luna's financial statement just 2 days prior to his November 4, 1977 confirmation, hearing, which Senator GRIFFIN continually stated was in violation of Senate rules, it was noted that he held stock which clearly violated the provisions of the Amtrak Act. Additionally, his tax statements indicated that he was the recipient of a fee for services rendered as a member of the board of directors of a railroad company. Section 303(a)(7) of the Rail Passenger Service Act of 1973 specifically states that "No director appointed by the President may have any direct or indirect financial or employment relationship with any railroad during the time that he serves on the board." Mr. Luna's financial statement showed that he held 50 shares in the Providence and Worcester railroad, a small 45-mile freight line and was serving on its board of directors.

Additionally, Mr. Luna held 100 shares of Greyhound stock.

Section 303(a)(7) of the Rail Passenger Service Act also specifically prohibits any member appointed by the President from having "any significant direct or indirect financial relationship, or any direct or indirect employment relationship, with any person engaged in the transportation of passengers in competition with the Corporation, during the time that he serves on the board."

So, Mr. President, the 100 shares of Greyhound stock is also of significance and was held in violation of statute.

Mr. Luna was advised of his statutory conflict of interest situation by the White House and told to dispose of the stock and resign from the Providence and Worcester board. Mr. Luna did not do so, and, in fact, advised White House counsel that he has received permission from the Commerce Committee to hold such stock and serve on the P&W Board when he was confirmed as a board member in 1974.

Commerce Committee files and the hearing record show no such agreement between the committee and Mr. Luna, and the committee could not, in any event, release Mr. Luna from requirements of the law, Mr. President. It is ridiculous to think that they could.

After considerable pressure from the Commerce Committee, Mr. Luna agreed, in a letter dated November 4, 1977, the day of his reconfirmation hearing, to Chairman MAGNUSON, to sell his Providence & Worcester stock and resign his directorship from the Providence & Worcester Railroad Co. within 30 to 60 days after his confirmation—I underline and in italics emphasize the word "after." He stated that he had sold his Greyhound stock. However, since Mr. Luna was, and is presently serving on the Amtrack Board, his decision not to sell P. & W. stock and resign from its board only after his reconfirmation indicates to me his insensitivity to requirements of the law he is and will be charged with administering. I personally am shocked that a sitting Presidential appointment would advise a Senate committee that his agreement to resign a directorship and to sell stock which he holds clearly in conflict with the law is conditional upon his reconfirmation.

On February 9, the Commerce Committee met in executive session to consider the Luna nomination. At that time I, and others, expressed concerns about Mr. Luna's stock and directorship, and his attitude toward that stock, that directorship, that Commerce Committee, and the law.

While his nomination was reported, it was with the condition that he be instructed to advise the committee when he had sold his Providence & Worcester stock and resigned his directorship.

To date, the committee has only been advised that Luna has resigned from the P. & W. board.

Mr. President, it has been 5½ months since the committee first considered the Luna nomination and advised him to sell his stock. I believe we have been patient and reasonable. Frankly, I think his entire behavior from 1973 to the present demonstrates an arrogance with regard to the Senate, its committees, the White House, and the law.

I, frankly, am surprised that the White House has not withdrawn this nomination.

Now, Mr. President, no doubt there are some supporters of this nominee who will rise to his defense to express indignation about the difficulty of getting qualified individuals to serve in public office because of 'rampant retroactive morality."

Mr. President, I, too, am concerned about our ability to attract qualified individuals who have experience in particular fields to serve their country administering law and regulations relative to those fields. I think we have gone far overboard in many respects in making it difficult, if not impossible, to attract experienced personnel into Government.

However, I would remind those who might be tempted to take the position that we should confirm nominees, such as Mr. Luna, because of this difficulty in attracting qualified personnel, that there is nothing retroactive about this. What I am objecting to is a conflict of law and ethics that arose during the period Mr. Luna was holding public office.

If there existed criminal penalties for this violation of statute, we would have quite a different situation, Mr. President. Unfortunately, we are merely in a position where a statute has been violated without applicable criminal penalties.

Furthermore, this business about the new post-Watergate morality seems to be a song we hear more and more of these days and it is often sung by some of those same individuals who were quite happy to attack the ethical character of nominees from previous administrations. Well, what I am saying today is the standards by which we in the Senate judge possible illegal and/or unethical conduct of nominees—and our own colleagues and their employees—ought to be the same no matter which political party occupies the White House, or is in control of the Congress.

Mr. President, I hope that the Senate will see fit to, at the very least, recommit this nomination. But I, frankly, think the damage has been done, Mr. Luna's credibility is clearly compromised, and the Senate should not advise and consent to his nomination.

Mr. President, I yield the floor.

● Mr. CANNON. Mr. Charles Luna was nominated by the President on October 19, 1977, to serve as a member of the Amtrak Board of Directors. The Commerce Committee held hearings on his nomination on November 4, 1977, and the committee favorably reported his nomination on February 9, 1978.

Mr. Luna has previously served as a member of the Board, and his ability and understanding of the needs of Amtrak are beyond question. His continued service and experience will be invaluable to Amtrak in the future.

Some questions have been raised about Mr. Luna's ownership of a small amount of stocks and the membership of the board of a small railroad which has no connection with Amtrak. It is said that these relationships might create a potential conflict of interest. Mr. Luna fully disclosed these relationships at the time of his previous nominations, but due to an oversight by the Commerce Committee, they were never questioned. Mr. Luna was unaware that they might create a conflict of interest.

At the time of his current nomination, the committee pointed out the potential for conflict, and Mr. Luna agreed to divest himself of these relationships and, in fact, has taken steps to do so. I submit for the RECORD Mr. Luna's correspondence with the committee in this regard.

Any question of conflict of interest has therefore been resolved, and I urge that the Senate confirm Mr. Luna's nomination at this time.

The correspondence follows:

DALLAS, TEX.,
February 17, 1978.

Hon. HOWARD W. CANNON,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR CANNON: On November 4, 1977, I assured Senator Magnuson that I would take certain steps to remove objections which had been raised to my continued service on the Board of Directors of the National Railroad Passenger Corporation. Since that time I have sold my stock in Greyhound Corporation (at a loss) and no longer have any interest in that company.

Attached is a copy of a letter I mailed today to the President of Providence and Worcester Company (P&W) tendering my resignation from the Board of Directors of that company. I am also attaching copies of letters to the manager of the OTC trading desk at Shearson Hayden Stone and Herzog Heine & Co., notifying them that my 50 shares of P&W stock is for sale and asking them to make it available to a purchaser as soon as possible. With these steps, I believe I have substantially satisfied all obligations I agreed to assume.

You are entitled to an explanation regarding my offer to sell the P&W stock. As you may know, P&W's stock is not actively traded; two brokerage houses, Herzog Heine & Co., Inc. and Shearson Hayden Stone, make a market in P&W stock. Typically buyers or sellers of P&W stock place orders with one of these houses and ultimately trades are made. But since the stock is not actively traded, it often takes some time before a transaction is consummated. Complicating the problem further is the fact that my P&W stock, along with that of most other stockholders, is now being held in a depository pending consummation or abandonment of a tender offer. While it would be possible for me to retrieve my stock from the depository to make the certificates readily available to a brokerage house, such a step may not be necessary, depending upon the purchaser interested in acquiring my stock. Since retrieval could be disadvantageous to the company, I would prefer not to take that step at this time.

I hope and trust that the actions described above will be deemed sufficient. If they are not, I will do whatever else may be necessary.

Sincerely yours,

CHARLES LUNA.

DALLAS, TEXAS,
February 17, 1978.

Mr. ROBERT H. EDER,
President, Providence and Worcester Company, One Depot Square, Woonsocket, R.I.

DEAR BOB: The purpose of this letter is to tender my resignation from the Board of Directors of the Providence and Worcester Company.

Sincerely yours,

CHARLES LUNA.

DALLAS, TEXAS,
February 17, 1978.

MANAGER,
OTC Trading Desk, Shearson Hayden Stone, One Western Union International Plaza, New York, N.Y.

DEAR SIR: I own 50 shares of Providence and Worcester Company stock purchased in 1972 for $140 a share which I am required to dispose of as soon as is reasonably possible. Therefore, I am informing you that my 50 shares are for sale at par ($100 per share) or the best available price, even though I will suffer a $2,000 loss by selling at par.

I would prefer to dispose of my stock without withdrawing it from the depository now holding the certificates in connection with the tender offer. If this cannot be accomplished, however, I am willing to withdraw the certificates from the depository.

I look forward to hearing from you with respect to this matter as soon as possible.

Sincerely yours,

CHARLES LUNA.

DALLAS, TEXAS,
February 17, 1978.

MANAGER,
OTC Trading Desk, Herzog Heine & Co., Inc., Broadway, New York, N.Y.

DEAR SIR: I own 50 shares of Providence and Worcester Company stock purchased in 1972 for $140 a share which I am required to dispose of as soon as is reasonably possible. Therefore, I am informing you that my 50 shares are for sale at par ($100 per share) or the best available price, even though I will suffer a $2,000 loss by selling at par.

I would prefer to dispose of my stock without withdrawing it from the depository now holding the certificates in connection with the tender offer. If this cannot be accomplished, however, I am willing to withdraw the certificates from the depository.

I look forward to hearing from you with respect to this matter as soon as possible.

Sincerely yours,

CHARLES LUNA.●

Mr. HART. Mr. President, I ask unanimous consent that a vote on the nomination of Mr. Charles Luna occur at 1 p.m. today, that it be in order to ask for the yeas and nays at any time on that nomination, and that the pending nomination be laid aside so that the Senate may proceed to consider other nominations.

The ACTING PRESIDENT pro tempore. Is there objections?

Without objection, it is so ordered.

Mr. HART. Mr. President, I suggest the absence of a quorum.

THE ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

NOMINATION OF BERTRAM R. COTTINE

Mr. HART. Mr. President, I ask unanimous consent that the Senate proceed to the next nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The nomination will be stated.

The second assistant legislative clerk read the nomination of Bertram R. Cottine, of the District of Columbia, to be a member of the Occupational Safety and Health Review Commission.

Mr. HART. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SASSER). Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, the nomination of Bertram Cottine is the pending business?

The PRESIDING OFFICER. It is the pending business.

Mr. WILLIAMS. As the Senate now considers the President's nomination of Bertram Robert Cottine to be the third member of the Occupational Safety and Health Review Commission, I want to thank the leadership for bringing this nomination to the Senate at this time.

The Commission was created by section 12 of the Occupational Safety and Health Act of 1970, and serves the critically important function of reviewing the Secretary of Labor's enforcement of that act. It establishes the body of administrative law which governs our national effort to make our workplaces safe and healthful.

Mr. Cottine's nomination was referred to the Committee on Human Resources, and the committee extensively questioned him as to his fitness and competence to fill this most important post. I was impressed with the direct and frank nature of his answers, and his hope to simplify the Commission's procedures. I was pleased to hear his views on how the Commission can more efficiently and fairly fulfill its responsibilities.

After the hearing, Mr. Cottine responded to further written questions that were presented to him by the Senator from Utah (Mr. HATCH). His answers were made promptly and were most complete. On September 30, 1977, the committee unanimously reported Mr. Cottine's nomination to the Senate with a favorable recommendation. The nomination was again unanimously referred to the Senate on January 26, 1978—again with a favorable recommendation.

I am particularly impressed with the nominee. Mr. Cottine has devoted most of his professional life to the problems of industrial safety and health. He currently serves as special assistant to Assistant Secretary of Labor Bingham for policy matters. Prior to this, he had served with the health research group, and as an adjunct professor of law at Georgetown University.

He brings a wealth of valuable experience to this position. From the record of the Human Resources Committee hearings and from my discussions with him, I know that he will approach his duties in a fair and impartial manner and that he is committed to making the Commission truly responsive to the needs of America's workers and America's industry.

Mr. President, so that all Senators may know of the impressive background of Mr. Cottine, I ask unanimous consent that his biographical statement and curriculum vitae be included in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BERTRAM ROBERT COTTINE, NOMINEE TO BE A MEMBER, OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Bertram Robert Cottine is an attorney who has significant experience in administrative and health law. He is a member of the District of Columbia Bar and admitted to practice in several Federal jurisdictions.

Bert Cottine is the author of a major handbook for non-lawyers on how to prepare and argue a case before the Review Commission. This handbook was based on his working familiarity with the Commission's case law and procedures.

Since April 1977 Mr. Cottine has served on the staff of the Assistant Secretary of Labor, Dr. Eula Bingham.

Bert Cottine served on the faculty of the Georgetown University Law Center prior to his April appointment. He developed a comprehensive clinical program on the medical-legal problems of the disabled and also worked with the Georgetown University Program for Child Development on health and disability related legal issues.

From 1972 to 1975, Mr. Cottine was the staff attorney for occupational health at the Health Research Group in Washington, D.C. His responsibilities included administrative proceedings and appellate litigation on health standards, Review Commission proceedings, and testimony on the implementation of the Occupational Safety and Health Act.

Bert Cottine was educated in the public schools of Hicksville, New York. He completed his bachelor's degree with honors at Carnegie-Mellon University and received his Juris Doctor from Boston University School of Law. While at law school he founded a legislative research bureau and was presented the faculty award for community service.

Professional associations include the American Bar Association and the American Public Health Association.

Bert Cottine is a native of New York State and currently resides in the District of Columbia.

CURRICULUM VITAE: BERTRAM ROBERT COTTINE

Address: 4016 Calvert Street, N.W., Apartment 6, Washington, D.C. 20007 (202) 965-2719.

Born: April 2, 1947, Kingston, N.Y.

Marital Status: Single.

Admissions: United States Court of Appeals: District of Columbia, Third and Seventh Circuits; United States District Court for the District of Columbia; and District of Columbia Court of Appeals.

Legal Education: Boston University School of Law and J.D. Conferred June 1972.

Preparatory Education: Carnegie-Mellon University, Bachelor's Degree Conferred with Honors June 1969; Hicksville High School, Hicksville, New York; Regents Scholar.

Honors: Who's Who in Health Care; Law School Faculty Award for Dedication to Community Service; Carnegie-Mellon University Degree Conferred with Honors; and Regents Diploma with Scientific Honors.

Employment: Special Assistant, Office of the Assistant Secretary of Labor for Occupational Safety and Health; United States Department of Labor, April 1977—Present.

Adjunct Professor, Georgetown University Law Center; Project Coordinator and Attorney—Law and Developmentally Disabled; Deputy Director, D.C. Project: Community Legal Assistance and Street Law, October 1975—March 1977.

Legal Advisor, Developmental Disabilities State Planning Council for the District of Columbia; Seminar Instructor, Law and Developmental Disabilities Supervising Attorney: Clinical Students & Research Assistants; Mock Trial: The Infant's Right to Survive, Attorney, Georgetown Adolescent Intervention Team, University Affiliated Program for Child Development, Georgetown University Medical Center.

Legal Consultant, University Affiliated Program for Child Development; Associate Director on Legal Barriers, Regional Rehabilitation Research Institute, George Washington University.

Staff Attorney & Staff Associate for Occupational Health; Health Research Group, Washington, D.C., August 1972—October 1975.

Author, Winning at the Occupational Safety and Health Review Commission: A Handbook (1975).

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Legislative Intern, Massachusetts House of Representatives, Summer 1971.

Investigation & Legislation on Equal Educational Opportunity.

Law Clerk, Supreme Court of New York-Nassau County, Summer 1970.

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Investigation & Preparation of Criminal Defense Cases.

RECENT PUBLICATIONS AND OTHER WRITTEN WORK

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American Bar Association (Sections on Administrative Law & Procedure, Individual Rights & Responsibilities, Labor Law, and Science and Technology).

American Public Health Association (Occupational Health Section).

Society for Occupational and Environmental Health.

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STANDARD-SETTING PROCEEDINGS

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COMPLAINTS AND INSPECTIONS

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Regulations on Federal & State Variances from Standards.

Regulations on the Exercise of Federal Enforcement Authority.

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TESTIMONY

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SPEECHES AND LECTURES

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Mr. WILLIAMS. Mr. President, the Occupational Safety and Health Act is a comprehensive and far reaching law, which is intended to assure safe and healthful working conditions for our Nation's most valuable resource, its working men and women. It is also a widely resented program.

OSHA is addressing the problems of heavyhanded enforcement and nitpicking standards. Every Member of this body has a full file of constituent complaints that describe heavyhanded enforcement and nitpicking enforcement as well as nitpicking standards in the past. These files, I say, are fortunately yellowing with age because Secretary Marshall and Assistant Secretary Bingham have said they will purge the rule books of picayune standards, and will redirect OSHA's enforcement efforts so that it concentrates on the serious problems of workplace safety and health. This is more than in the process; it is being accomplished in so many specific and so necessary and such helpful ways.

Mr. Cottine, as policy assistant to Dr. Bingham, has played an important part in these reforms which are already, as I have indicated, well underway.

I am convinced that Secretary Marshall and Assistant Secretary Bingham will be successful in this reform effort, and that they will make OSHA an efficient and effective agency which assists America's industry and protects America's workers.

Mr. President, we must judge Bert Cottine on his background, his impressive credentials and his great promise. We should not judge Mr. Cottine on the basis of other people's records. We must not fail to confirm Mr. Cottine because there is resentment of OSHA because of that past history that I mentioned earlier, the regrettable past history of some of the regrettable enforcement or malenforcement under previous administration.

The review commission needs its third member. Every day that the commission continues with a bare quorum, its effectiveness remains diminished. This diminished effectiveness works to the distinct disadvantage of our working men and women and their employers, since until the Commission has all three members, it cannot resolve many of the cases which have been accumulating these past several months. Most of these cases are employers' appeals, and employers have the right to have their appeals ultimately decided. This failure to confirm a third member of the Commission presents a very serious obstacle to the administration's efforts to streamline the OSHA program, and continues the uncertainty which has plagued this program in the past.

Mr. President, it is time for the Senate to act. I strongly urge the confirmation of this dedicated and most promising nominee.

I know that there have been reservations expressed to this nomination, and that, of course, is one of the reasons why it has been so long in reaching the Senate floor. I respect the Members who have their reservations, but I hope that through this airing in this confirmation debate on the nomination, the problems will be clarified.

A relatively new Member of the Senate Human Resources Committee, a very diligent, hard-working, and very force-

ful member, has had some reservations. I see that he is on the floor. The Senator from Utah (Mr. HATCH), I know, wishes to speak, and so at this point, Mr. President, I yield the floor.

Mr. HATCH. Mr. President, I think the distinguished Senator from New Jersey, who has been a good friend of mine during my service in the Senate, and has been, I think, very fair and judicious in his chairmanship of the Human Resources Committee. He has been very kind to me personally, and I have deep regard for him.

I believe that my constituents in Utah and others in the Intermountain West have been extremely concerned about the effects of OSHA through the years of its operation because of the overwhelmingly oppressive nature of that agency. I compliment Secretary Marshall and the new head of OSHA, Mrs. Bingham, for their public statements indicating that they are going to stop that kind of officious, overwhelming, burdensome conduct for which OSHA has become notorious, and which conduct has, in my opinion, been tremendously detrimental to small business, and to both employers and employees throughout much of this country. I believe they have made some strides, and that they are trying to effectuate basically decent changes.

I do have some concern about Mr. Cottine. During committee hearings, I raised some questions, and he provided some answers. I did not hold up the reporting of his nomination out of the committee, nor even try to, because I believed the committee would report it out anyway. But I think it is important that we understand some of the criticisms and the nature of the criticisms with regard to this nomination, because Mr. Cottine, I think, has promised our committee and me that he will not act officiously in fulfilling his responsibility as a member of the Review Commission.

On the other hand, some of the things he has done in the past may lead reasonable minds to differ with that appraisal, and cause a lot of concern among small businessmen and other people throughout society because he has not always been a champion for both sides in OSHA matters, but for the most part, he has championed only one side and thus indicating that he could be every bit as oppressive as have been many OSHA-crats in the past.

BACKGROUND

Mr. Cottine was nominated by President Carter September 7, 1977, to fill the vacancy which presently exists on the Occupational Safety and Health Review Commission.

From 1972 to 1975 Cottine was a staff attorney and staff associate to Public Citizen's Health Research Group (a Nader organization).

From 1975 to 1977 he was an adjunct professor at Georgetown University Law Center.

In April 1977, Cottine became special assistant for policy in the office of the Assistant Secretary of Labor for Occupation Safety and Health.

Mr. Cottine has for the past several years been an active participant in OSHA matters, and his past affiliations and public statements on numerous safety and health issues give rise to serious concern within the business community over the possible elevation of Mr. Cottine to the position of Commissioner.

THE REVIEW COMMISSION SEC. 12 OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

The Occupational Safety and Health Review Commission (OSHRC) was established by the Occupational Safety and Health Act of 1970. It is an independent, adjudicatory body composed of three members appointed by the President "* * * from among persons who by reason of training, education, or experience are qualified to carry out the functions of the Commission * * *"

(f) For the purposes of carrying out its function under this Act, two members of the Commission shall constitute a quorum and official action can be taken only on the affirmative vote of at least two members.

The Review Commission takes jurisdiction of a case when an employer contests a citation issued by the Occupational Safety and Health Administration. Such notice can be filed by employers to contest proposed abatement periods, proposed penalties, and/or the merits of the violation alleged in the OSHA citation. Employees, or their duly authorized representatives, are also authorized by the act to file notices of contest with respect to abatement periods proposed by OSHA in citations it issues to employers. Once the Review Commission assumes jurisdiction, it can, after a hearing before an administrative law judge, "issue an order based on findings of fact, affirming, modifying or vacating the Secretary's citation or proposed penalty, or direct other appropriate relief, and such order shall become final 30 days after its issuance." Section 11(a).

Indeed, if supported by substantial evidence, the Commission's findings of fact are conclusive before the court of appeals.

An examination of background data and public statements reveals that Mr. Cottine has, for years, been an active and emotional advocate of unreasonably severe enforcement, higher penalties, shortened abatement periods, disregard for economic factors, and disregard for the employer's good faith efforts at compliance and abatement. Mr. Cottine's sympathies clearly and unequivocably have been on the side of labor. His attitude is characterized by severe criticism of the Department of Labor and OSHA on the ground of not enough inspections, too low penalties, as well as OSHA's alleged eagerness to avoid contests by withdrawal of citations or compromise of penalties or abatement periods. He has charged that the Labor Department is concerned with the "statutorily irrelevant" economic impacts of standards. His philosophy is that an employer will never recognize the force of law behind standards so long as there are infrequent inspections, relatively mild penalties and long abatement periods. With a Chairman already clearly and consistently backing labor's arguments, and there being a need of the vote of only two commissioners to make a quorum and majority.

Mr. Cottine's confirmation would create a serious imbalance in the panel with the scales of justice being heavily weighted solely on the part of labor.

The nominee has criticized both OSHA and the Review Commission for "overdevelopment" of due process. He has been regarded as blatantly anti-business. Following Cottine's testimony before the Select Subcommittee on Labor on May 22, 1974, Representative ESCH noted:

Perhaps our point of disagreement is the blanket condemnation of all employers which says, in effect, that the only time they are going to try to protect their workers would be when you have big-brother government enforcing the law. I believe that there are other motivations, one of which, of course, is an economic consideration. But a more important reason is that many employers do have a very deep conecrn for the health and safety of individual human beings. I reject the blanket condemnation that you make of all employers.

Representative ESCH was not very enthusiastic about some of the attitudes of this man whose nomination we are now considering.

Employers could be denied due process if we bear in mind the nominee's stated conviction that in the past the Commission has suffered from "overdevelopment" of due process; and the congressional objective of an adjudicatory body will again have been nullified.

In 1975 Mr. Cottine, while employed by Public Citizen's Health Research Group, coauthored a Workers' Handbook on Enforcing Safety and Health Standards entitled "Winning at the Occupational Safety and Health Review Commission."

The following are selected statements from that handbook:

Supposedly the Occupational Safety and Health Administration (OSHA) enforces your right by setting standards controlling work hazards and sending out inspectors to make sure these standards are met.

Thus, if you value your life and health, don't depend on OSHA to enforce your rights.

While discussing an employee's opportunity and importance in participating in Commission proceedings, he stated:

Since out-of-court settlements are strongly encouraged by the Commission the case may be settled from underneath you before you have a real chance to develop and present your side.

. . . it is easy for a judge to get lost in a maze of legal arguments and forget the urgent problems of real people in real danger.

Because your employer is aware that the Secretary knows very little about his operations, your employer can basically say whatever he wants when no one is there to contradict the statements.

Under a section entitled "Helping the Secretary's Lawyer" Cottine stated:

Second, some of the Secretary's lawyers like to maintain comfortable working relationships with the Judges they appear before regularly. A tendency not to make too many waves obviously conflicts with your need for aggressive representation.

Third, pressure on the Secretary's lawyers to settle cases tends to defeat the real purpose of the Act which is to make your workplace safe.

Fifth, cases are won or lost not on the basis of what the facts actually are, but on the basis of those facts presented to the judge at the hearing.

Participation also improves your bargaining position by providing first-hand information on how your employer is selling his occupational safety and health program to OSHA. Some employers want to appear reasonable and concerned *at the hearing*. To maintain this appearance they make commitments which can be effectively used at a later date. By participating, you can take note of these statements for use in future bargaining.

Further evidence of Mr. Cottine's close association with labor organizations throughout his career is shown by the following footnote from "Winning at the Occupational Safety and Health Review Commission": "The Health Research Group has joined with numerous unions to actively challenge the inadequate and incomplete standards issued by OSHA."

I must add that not many of our businessmen out West feel that the standards are inadequate or incomplete. OSHA standards have, in the past been overenforced, and our businessmen have been oppressively overregulated.

In the acknowledgements section of the handbook previously referred to, Mr. Cottine stated:

My working association with Tony Mazzocchi and Steve Wodka of the Oil, Chemical and Atomic Workers International Union, AFL–CIO, provided the practical experiences on which this Handbook is based.

In January 1974, Health Research Group and the Oil Chemical & Atomic Workers Union jointly petitioned for issuance of a carcinogen standard.

In addition, North Carolina Public Interest Research Group—a Nader associated organization—joined with the Textile Workers Union of America, AFL–CIO, in petition to Department of Labor for revision of the occupational health standard on cotton dust.

Since its creation under the Occupational Safety and Health Act of 1970, the Review Commission has emerged as an extremely important and active Federal agency in terms of its actual impact on the business community. Thus, for example, the Commission's affirmance of a single OSHA citation could easily trigger the compulsory expenditure of literally millions of dollars in abatement costs for the involved employer.

Historically, efforts have been made to provide a proper philosophical balance on the Commission by attempting to assure that labor, management, and Government's interests are all fairly represented on the panel. Presently, management's interests are represented by Commissioner (former Chairman) Barnako and labor's interests are represented by Chairman Cleary. The slot which Mr. Cottine is nominated to fill was recently vacated by Robert D. Moran who was perceived to be the "public" member, and I find it difficult to find Mr. Cottine to be "public" in any way, but is, indeed, oriented to the "labor" side.

Mr. Cottine has a lot of good responses in his answers to my interrogatories and many of those answers reassure me. I am concerned about abuse by the Review Commission if Mr. Cottine becomes a member of that Review Commission.

I am concerned in this day and age with the oppressions by the bureaucracy which have been almost overwhelmingly against business in our society, and almost all of which emanate from the seat of Federal bureaucracy in Washington.

Likewise, I am concerned with inadequate staffing and inadequate training of OSHA representatives who seem to think that their success is measured by how many citations they can indiscriminately issue against various small businessmen in our society. It is not necessarily limited to small businesses. I cite small businessmen because they are the most likely to always suffer from vicious bureaucratic standards of domination. We have seen enough of that to last us many lifetimes in the West, and I think all over this country.

Now I am concerned that a man who has been a total advocate for one special interest group may reverse the trend of recent months from a reasonable approach to OSHA standards, which may not be nearly so oppressive as it has been in the past, to one that will then become even more activistic and unrealistic in enforcement and compliance activities based upon some of the ridiculous, idiotic approaches that staff people of OSHA have tried to impose upon the American people in the past.

I have great concerns about Mr. Cottine, and I will be watching, assuming that he is confirmed today; I will be watching with great interest how he acts as a member of the Review Commission. I think he can do himself great harm. He can do great harm to the purposes of OSHA which are, after all, noble—that is, to provide safe work places for the working people of our society. He can do the whole Congress great harm by becoming too much of an activist for one particular point of view and this will only result in great harm to the country.

I hope that his experience as a law professor has broadened his outlook; and I hope that he has had additional experiences since working for what some have characterized as radical special interest groups so that he can become a useful and decent member of the Review Commission.

I am concerned in this day of overwhelming government dominance in our society that the current administration is appointing special interest people in special interest ways for special interest purposes. Because of their antagonistic approaches, these appointments are to the detriment of these who produce throughout our society, and ultimately they hurt our laboring force, the workers in society, for whom I have the highest respect.

I am further concerned, that in the mass of bureaucracy, we have here in Washington, this administration is appointing too many people who are not balanced in their perspectives, or, should I say, who are overbalanced in their perspectives to one particular point of view. There does not appear to be the fairness which has characterized administrations of the past.

I know that every businessman in the United States has to be concerned about Mr. Cottine being appointed to the Review Commission because, having lived through the last number of years, with the officiousness of OSHA prior to Secretary Marshall and Dr. Bingham, they surely do not want to go back to the "Gestapo-like" approaches which have been used by OSHA in the past.

Mr. WILLIAMS. Will the Senator yield?

The PRESIDING OFFICER (Mr. CHILES). Does the Senator yield?

Mr. HATCH. I am delighted to yield.

Mr. WILLIAMS. I hope he will reconsider that particular word "Gestapo."

Mr. HATCH. I will not reconsider it, because I have had thousands of employees from all over the country coming to me and saying they have just walked on their premises——

Mr. WILLIAMS. Then let us define what you are talking about when you say "Gestapo."

Mr. HATCH. I will not do it.

Mr. WILLIAMS. We have all had our laments with the enforcement and administration of OSHA under prior administrations. Everybody in this body has heard grievous laments. But nobody has ever suggested any language like that. I have heard some strong language used to describe some of the appointees to these positions under the Nixon administration. I did not approve of a great deal of the enforcement and administration of OSHA under the Ford administration. I will tell you that. But we never used "Gestapo" to describe that administrative agency.

Mr. HATCH. How does the distinguished Senator from Delaware describe——

Mr. WILLIAMS. Now, you see, you are false in part, and you are false in toto. Why do you put me into Delaware, for example?

Mr. HATCH. Excuse me. I should have known better.

Mr. WILLIAMS. You should have, and you should not have said "Gestapo."

Mr. HATCH. Yes, I should have said "Gestapo."

Mr. WILLIAMS. I will not pursue that. I was harsh on the Nixon administration and the Ford administration in many respects but never that harsh.

Mr. HATCH. I respect that, but maybe you should have been more harsh. Many of the things that went on in OSHA in bygone years have been detrimental to America and I think the actions have been officious, aggressive, and just as oppressive as some of the tactics used during the Second World War.

Mr. WILLIAMS. Those words I accept. They do not have the same connotation—officious, aggressive, oppressive, I can agree with.

Mr. HATCH. I think they do have the same connotation. When they can walk on a premise and start issuing citations without announcements, trying to get people trapped.

Mr. WILLIAMS. Even so, there has always been a review process. Here is what we are faced with now, I respectfully advise, once again, the Senator that I have so much friendship for: Here is where we are now. Cases are piled up without decision because we have a one-to-one situation on the Review Commission. We have had it because this nominee has not had the opportunity for his day in this Chamber; for a vote on his nomination.

We all respect the day in court, we also should respect the opportunity for the nominee to have his day in the Senate when he is nominated, to have a vote and maybe be confirmed.

Mr. HATCH. I appreciate the comments made by my distinguished colleague and friend from New Jersey, who knows I have deep feelings for him.

I will say this, you can ask someone like Mr. Barlow, from Idaho, whose case is now in the Supreme Court awaiting a decision that will be made any day now, whether he feels that word is too harsh, when it has cost him thousands and thousands of dollars to attempt to protect his rights and vindicate what he and I consider to be oppressive conduct by a police state-type approach. I do not think the word is too harsh for some of the past actions.

I agree with the distinguished chairman of the Human Resources Committee that that word would be harsh for most of the OSHA actions since Mrs. Bingham has come in and since Secretary Marshall has taken over the Labor Department. I have complimented them and I shall continue to do so.

I hope I can compliment Mr. Cottine in the future, because I shall be watching what he is doing. He has indicated that he will not be oppressive or officious. He will not be a "Gestapo-like" person, to coin a phrase.

I hope that he will not, because sometimes these people, in their zeal to have their one particular point of view put forth, do so at the expense of everybody in America.

In conclusion, I should like to say that I have to admit that the things I have heard in the past about Mr. Cottine have not pleased me. I am worried that we may be putting somebody in this position who is too stringently allied with special-interest groups and with only one special-interest sector of our society, who will not fulfill the public interest position to which he has been nominated and will weigh this Review Commission to one side, rather than having a fair, reasonable, and balanced Commission.

I hope that is not the case. I hope Mr. Cottine will be as he indicated to me in committee. But I think these matters have to be raised, because I, for one, do not want to see this bureaucratic return to what we have had in the past. I do not want to see that type of activity and I, for one, hope that the Supreme Court upholds Mr. Barlow's particular challenge.

Let me conclude with this: I think it is logically irrefutable that the bureaucracy back here in Washington often creates crises in order to create more bureaucracy, in order to have more control over all of us, I think to the detriment of everybody. OSHA has been, in the past, at least, a prime illustration of bureaucratic overreach at the expense of the people who really make this country grow and move.

With that, I am happy to yield to the distinguished Senator from North Carolina.

Mr. WILLIAMS. Mr. President, will the Senator yield to me just a second?

Mr. HELMS. Yes, I yield.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the yeas and nays may be ordered at any time on this nomination and, when ordered, that the vote occur at 1:15 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Can we not have it earlier than 1:15?

Mr. WILLIAMS. There is another vote scheduled at 1 o'clock. For a good reason, this should come after that, because everybody has been put on notice about that vote.

Mr. HATCH. Will the Senator from North Carolina yield to me?

Mr. HELMS. I do not have the floor.

Mr. WILLIAMS. I yield the floor for a discussion.

Mr. HATCH. I just want to make one comment. That is that the Senator from Utah will not be able to be here for a 1:15 vote. If the vote occurs during my absence which is necessitated by a previous commitment to be out of town, may the record reflect I would vote against the Cottine nomination.

Mr. WILLIAMS. Mr. President, I withdraw my request.

The PRESIDING OFFICER. The request is withdrawn.

(The following proceedings occurred later and are printed at this point in the RECORD by unanimous consent.)

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the vote at 1 o'clock be vitiated; that when the yeas and nays are ordered on the Cottine nomination, it occur at 12:30, and that the Luna vote occur at 12:45.

Mr. HELMS. Mr. President, reserving the right to object—and I do not intend to object—I ask my colleague from North Carolina if that is agreeable to him.

Mr. MORGAN. I am sorry. I did not understand the request.

Mr. WILLIAMS. That the time on the Luna nomination be changed to 12:45.

Mr. MORGAN. Is there an order on the Cottine nomination as yet?

Mr. WILLIAMS. Not yet.

Mr. MORGAN. For the time being, I will object. I may be willing to agree later.

The PRESIDING OFFICER. Objection is heard.

(The following proceedings occurred later:)

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. HELMS. I yield.

Mr. WILLIAMS. Mr. President, I renew the request that the order for the 1 o'clock vote be vitiated; that the yeas and nays be ordered on the Cottine nomination, with the vote to occur at 12:30; that the vote on the Luna nomination occur at 12:45.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

(This concludes proceedings which occurred earlier.)

Mr. HELMS. Mr. President, the issue here is whether there will be even-handedness in the administration of OSHA. The distinguished Senator from New Jersey is absolutely correct; there were just as many complaints about OSHA under previous administrations as there are now.

So I join him in what I understand his implication to be—that the faults of OSHA, the heavyhandedness of the bureaucrats in OSHA, certainly are not new specters on the horizon.

Mr. President, let me say at the outset that there is nothing whatsoever personal in the Senator from North Carolina's objection to Mr. Bertram Robert Cottine. He has been nominated by the President of the United States to be a member of the Occupational Safety and Health Review Commission.

He undoubtedly will be confirmed by this Senate because, in the first place, only a scant number of Senators are here to hear the discussion as to the advisability of confirming this nomination; and secondly, partisan discipline is a fact of life.

This too often is the case. On so many occasions I have had Senators tell me a week or 10 days after a vote, or even sooner than that, that they wished they had been aware of certain information that would have been available to them if they had been on this floor and heard the debate.

But the operation of the Senate is not at issue here this morning except in an ancillary way. The question before us is the nomination of Mr. Cottine.

Mr. President, I recall that in 1976 we had two candidates for the Presidency, each of whom went across this Nation assuring small businessmen that if he were elected President of the United States something was going to be done about the "bureaucratic mess" in Washington, D.C.

One of these candidates was elected and he is now at bat. It is his judgment, and his judgment alone which in the end will determine who will operate that same bureaucracy about which he complained so fervently in 1976.

He has his chance now to straighten out the Federal bureaucracy by selecting fair and unbiased officials to operate the bureaucracy. He had a chance in the instance of the vacancy of the Occupational Safety and Health Review Commission.

Mr. President, it is no secret to any Senator, certainly it is no secret to any Senator who does no more than glance at his mail, that OSHA has become the symbol of a bloated bureaucracy gone berserk.

The Senator from Utah has described rather vividly the excesses of this Agency He alluded to many laughable and sometimes pathetic stories of OSHA absurdities which are not funny to the small businessmen and women who are harassed.

Mr. President, we hear so much talk these days about how petty bureaucratic harassment is going to end. There are pious proclamations on this floor that it must stop. There are constant political promises that Government is going to become more efficient and that only competent and well-qualified people will be chosen to serve in public office. Election day comes and goes, and the harassment continues. No wonder the American people are cynical and distrustful of politicians. Who can blame the people?

Scarcely ever does a Presidential news conference occur that this kind of pledge is not made explicitly or implicitly.

We are told, and by "we" I mean the American people, that recognition will be given to the economic consequences of excessive government regulation. The American people are repeatedly told that we are going to pursue excellence and efficiency.

Then comes the vacancy in the Occupational Safety and Health Review Commission, and what do we get? We get a nice young man, 30 years old, whose entire career, such as it is, has been devoted to the espousal of one-sided views, antibusiness views, antifree enterprise views, and yet the President sends his name up here to suggest that this man will provide balance.

The labor unions have their man on this Commission. So do the small businesses of this country. And now comes Mr. Cottine, as the President's recommendation, ostensibly to add balance. Balance? Surely the President is not serious.

Mr. President, laying aside any intent to criticize Mr. Cottine personally, and I do not, the nomination of this man for this job is laughable—if the President was sincere as a candidate for the highest office in this land in 1976, when he said, "I am going to restore balance to the Federal bureaucracy."

Will Rogers once said that he made his living telling jokes. He said:

> The difference between me and the Congress of the United States and the President of the United States is that when I tell a joke, I don't hurt anybody. But when they tell a joke, it becomes a law.

Or, the joke becomes a $50,000-a-year Federal bureaucrat.

I wish Will Rogers were here to help us chuckle about some of the doubletalk occurring these days in the political and governmental life of this country.

Mr. Cottine, I reiterate, is an attractive young man. He put his best foot forward. He was charming and gracious, and I tried to be in return. But then we got down to the nitty-gritty as to what was important and where he had stood in his short career.

He is only a few years out of law school, and here he is, nominated for an exceedingly important post that could have a life or death effect on the ability of the small businesses in this country to survive.

We discussed some of his statements and positions of the past. He said:

> Oh, well, I didn't mean exactly that. I'll be fair.

Hopefully he will try to be. But that discounts the important fact that the small businessmen of this country need some unmistakable reassurance from Washington that they are not going to have to just sit around and hope for evenhandedness but that they will in fact get it.

Mr. Cottine, by his record, by his narrowmindedness on so many issues, is singularly unqualified to hold the position for which he has been nominated.

Mr. President, I am sure that the President of the United States, with his busy schedule, really does not have the time to make a personal evaluation of every nominee recommended to him by his subordinates. Therefore, I want to believe that Mr. Carter has not examined the qualifications, or lack of them of Mr. Cottine. I cannot believe that the President of the United States, with a straight face, could say that in all this vast country of 218 million people, this is the best man available for this job. I just do not believe the President of the United States would take that position. Yet, I think it is essential that we remind the distinguished President of the United States that he repeatedly made a commitment to the small businessmen and women of this country in 1976 with respect to the very sort of thing involved in this nomination.

I had hopes that perhaps the President would find another spot for Mr. Cottine, in which he could perform adequately and usefully; that the President would withdraw this nomination to the OSHA post and send up the name of another American who is not biased, who is qualified to perform the job efficiently and evenhandedly.

The Review Commission passes on appeals from decisions of administrative law judges. It is the final administrative appellate tribunal in OSHA disputes. From this Review Commission, Mr. President, appeals are taken directly to the U.S. Circuit Court of Appeals, which is just one step below the U.S. Supreme Court. Its decisions affect thousands of workers in businesses and millions of dollars in cost. This is no place for an inexperienced novice, however zealous he may be.

Without wishing to be viewed as launching a personal attack on Mr. Cottine—which I shall not do, and I do not wish to do—I think it is nonetheless necessary to inquire as to what qualifications this young man has for this particular position. He is 30 years old. He has had his law degree about 5 years, and he has actually practiced law for almost none of that time. Yet, he has been nominated to sit on a high quasi-judicial tribunal which is two steps below the Supreme Court of the United States.

Mr. President, it is noteworthy that the administrative law judges whose decisions Mr. Cottine will review, if his nomination is confirmed, are required, under civil service guidelines, to have a minimum of 7 years practical legal experience before they can even be considered for the post of administrative law judge.

The Review Commission post is the equivalent rung on the ladder of a U.S. district judge. The American Bar Association recommends at least 15 years experience for that post. Yet, as I have said, Mr. Cottine has been licensed to practice law only about 5 years.

Mr. MORGAN. Mr. President, will the Senator yield for a question?

Mr. HELMS. I am delighted to yield to my colleague from North Carolina.

Mr. MORGAN. Do I understand the Senator to say that position that we are considering is equal to a U.S. district judge?

Mr. HELMS. Yes.

Mr. MORGAN. Who made this comparison?

Mr. HELMS. I say to the Senator that this position is equivalent to a U.S. district judge in that both positions are two steps below the U.S. Supreme Court.

Mr. MORGAN. Of course, in my own opinion, his qualifications should exceed that of a normal district judge inasmuch as there are only three of them serving on the review committee for OSHA for the whole Nation. But the Senator says that the American Bar Association recommends 15 years trial experience for a district judge, and we are talking about confirming this man who has only been out of law school how long?

Mr. HELMS. Five years.

Mr. MORGAN. For 5 years. And how much of that time has been involved in law practice?

Mr. HELMS. I am advised that less than half of that, and that is being generous to him in terms of his actual legal experience.

Mr. MORGAN. I guess we have to get down to the question of what constitutes legal experience.

Mr. HELMS. That is correct.

Mr. MORGAN. From what little information I can find from 1972 until 1975 he was a staff attorney for the Occupational Health Research Group in Washington. I doubt many people would call that the legal practice of law. Then he has only been in his present position and has served on the staff of the Assistant Secretary of Labor, Dr. Bingham, for a year. His résumé does not even contend that he served there in a legal capacity. It may be that he has.

I submit to the Senator that here is a man being nominated by the President, who is about to be confirmed by the Senate for one of the most important positions for industry all across the Nation, with almost no experience. Does the Senator concur with that thought?

Mr. HELMS. I absolutely concur, and I commend my colleague from North Carolina for elucidating it. It was a point I was trying to make.

A question may be asked: What does Mr. Cottine know about business? He and I discussed that, and I think that he would have to concede that it is a fair judgment that he knows practically nothing about business. He has never had to worry about sales, costs, expenses, and taxes. He has never had to worry about being laid off because his employer had become uncompetitive. To Mr. Cottine business is just a concept, a theory—not someone's livelihood, or the vehicle of their hopes and aspirations. But Mr. Cottine told me that he does not consider these deficiencies in experience to be of much consequence.

This is not to say that Mr. Cottine has not been interested in OSHA and occupational safety and health. To the contrary, he has been very interested—perhaps too interested. His entire background, such as it is, indicates that he is and always has been an avid partisan for the maximum amount of OSHA involvement and arbitrary action. He has demonstrated that he is totally lacking in objectivity or in any semblance of judicial temperament.

An examination of his background data and public statements reveal that Mr. Cottine has for years been an active and emotional advocate of unreasonably

severe enforcement, higher penalties, shortened abatement periods, disregard for economic factors, and disregard for the employees' good faith efforts at compliance and abatement. His attitude is characterized by his severe criticism of the Department of Labor and OSHA on the ground of insufficient inspections, and too low penalties, as well as OSHA's alleged eagerness to avoid contests by withdrawal of citations or compromise of penalties or abatement periods.

Mr. Cottine has charged that the Labor Department is concerned with the "statutorily irrelevant" economic impacts of standards. That will certainly be news to the small business people across this country. His astonishing philosophy is that an employer will never recognize the force of law behind standards so long as there are infrequent inspections, relatively mild penalties and long abatement periods.

The nominee has criticized both OSHA and the Review Commission for "overdevelopment" of due process.

Think about that, Mr. President, "overdevelopment" of due process. He has been regarded as blatantly antibusiness. Following Cottine's testimony before the Select Subcommittee on Labor on May 22, 1974, Representative Esch noted:

> Perhaps our point of disagreement is the blanket condemnation of all employers which says, in effect, that the only time they are going to try to protect their workers would be when you have big-brother government enforcing the law. I believe that there are other motivations, one of which, of course, is an economic motivation. But a more important reason is that many employers do have a very deep concern for the health and safety of individual human beings. I reject the blanket condemnation that you make of all employers.

Mr. Esch was referring to testimony by Mr. Cottine.

Mr. Cottine, while employed by Public Citizen's Health Research Group in 1975, coauthored a workers' handbook on enforcing safety and health standards entitled "Winning at the Occupational Safety and Health Review Commission." The following are selected statements from that handbook:

> Supposedly the Occupational Safety and Health Administration (OSHA) enforces your right by setting standards controlling work hazards and sending out inspectors to make sure these standards are met . . . Thus, if you value your life and health, don't depend on OSHA to enforce your rights.

While discussing employees' opportunity and importance in participating in Commission proceedings, he stated:

> Since out-of-court settlements are strongly encouraged by the Commission the case may be settled from underneath you before you have a real chance to develop and present your side . . . It is easy for a judge to get lost in a maze of legal arguments and forget the urgent problems of real people in real danger . . . Because your employer is aware that the Secretary knows very little about his operations, your employer can basically say whatever he wants when no one is there to contradict the statements.

Under a section entitled "Helping the Secretary's Lawyer" Cottine stated:

> Second, some of the Secretary's lawyers like to maintain comfortable working relationships with the Judges they appear before regularly. A tendency not to make too many waves obviously conflicts with your need for aggressive representation . . .
>
> Third, pressure on the Secretary's lawyers to settle cases tends to defeat the real purpose of the Act which is to make your workplace safe . . .
>
> Participation also improves your bargaining position by providing first-hand information on how your employer is selling his occupational safety and health program to OSHA. Some employers want to appear reasonable and concerned at the hearing. To maintain this appearance they may make commitments which can be effectively used at a later date. By participating, you can take note of these statements for use in future bargaining.

I submit, Mr. President, that these are not the kind of calm, objective, and reflective statements that one has a right to expect from someone nominated to fill a serious quasi-judicial position. Obviously, Mr. Cottine feels quite strongly about what he perceives to be OSHA enforcement deficiencies. Others may have different views. I am not at all convinced that Mr. Cottine can divorce his highly biased viewpoint from his new position where duty requires him to be unprejudiced and objective.

Since its creation under the Occupational Safety and Health Act of 1970, the Review Commission has emerged as an extremely important Federal agency in terms of its actual impact on the business community. The Commission's affirmance of a single OSHA citation could easily trigger the compulsory expenditure of literally millions of dollars in abatement costs for the employer involved.

Historically, efforts have been made to provide a proper philosophical balance on the Commission by attempting to assure that labor, management, and Government's interests are all fairly represented on the panel.

Presently, management's interests are represented by Commissioner (former Chairman) Barnako and the interests of labor unions are represented by Chairman Cleary. The slot which Mr. Cottine is nominated to fill was recently vacated by Robert D. Moran who was perceived to be the "public" member. But Mr. Cottine will not serve the role of the impartial "public" member. Rather, he will serve, along with Commissioner Cleary, as the second "labor union" member.

Now, Mr. President, the Senate can go ahead and confirm Mr. Cottine, as it no doubt will. Senators can ignore the fact that he is too inexperienced in the law, and an emotional and partisan advocate of the most extreme occupational safety causes. Yes, Senators can vote to confirm this nominee. But let me just say this, Mr. President. After they do and small businesses continue to document further unnecessary and unreasonable harassment by OSHA bureaucrats, and when we sink deeper into the quagmire of what is becoming chronic economic sluggishness caused in great part by the cost of excessive Government regulation, let those who vote for Mr. Cottine not then stand up here and utter pious platitudes about curbing the bureaucracy and being attentive to the needs of small business, because by their vote on this nomination the Senators will be taking their stand relative to small businessmen. For them to approve this nomination and then later come here and plead that they are for the small businessmen of this country will be something like the Homeric character Penelope, who unraveled by night what she wove by day.

I am glad to see that there is a trend toward weaving some sanity into the administration of OSHA. To now snuff out this small light of hope by stacking the Review Commission with an extreme antibusiness bias would be a great unraveling indeed.

Mr. President, I cannot in good conscience support this nomination, and I urge Senators to reject it.

Mr. President, I yield to the able Senator from South Carolina.

Mr. THURMOND. Mr. President, I wish to thank the able Senator from North Carolina for his courtesy.

Mr. President, traditionally, efforts have been made to provide a proper philosophical balance on the Commission by attempting to assure that labor, management, and Government's interests are fairly represented on the panel. Presently, management's interests are represented by Commissioner (former Chairman) Barnako and labor's interests are represented by Chairman Cleary. The slot which Mr. Cottine is proposed to fill was recently vacated by Robert D. Moran who was perceived to be the "public" member.

My point is perhaps best made by a statement made by Representative Esch on May 22, 1974 following Mr. Cottine's testimony before the House Select Subcommittee on Labor.

> Perhaps our point of disagreement is the blanket condemnation of all employers which says, in effect, that the only time they are going to try to protect their workers would be when you have big-brother government enforcing the law. I believe that there are other motivations one of which, of course, is an economic consideration. But a more important reason is that many employers do have a very deep concern for the health and safety of individual human beings. I reject the blanket condemnation that you make of employers.

Mr. President, I intend to vote against confirming Mr. Cottine as it is clear from his record that he would not be objective.

I wish to thank the distinguished Senator from North Carolina for yielding to me.

Mr. HELMS. I thank the Senator. I yield the floor.

Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. MORGAN. Mr. President, I want to join with my colleague from North Carolina in opposing this nomination.

Mr. President, I do not know anything at all about this young man's personal capabilities, but I firmly believe he does not possess the requisite qualifications to hold one of the most important positions with regard to the workers and businessmen of America.

Here he is nominated to be one of three members of an OSHA Review Commission, which is the highest administrative appeal board within OSHA, and there is hardly a businessman in America who has not experienced trying and difficult times with OSHA in the last few years.

As a matter of fact, there have been Members of this body defeated for reelection primarily because of the harassments, hassles, and objections that came about because of poor administration of OSHA, and that is not to say that it is a bad law. It is being administered in the State of North Carolina by the Department of Labor of North Carolina in a fair and impartial manner, in an even-handed manner, and one with which most businessmen are willing to work.

I think that is what we need. And we need to appoint some people who have been out in life and who know what it is like to deal with business and working men.

But the President of the United States has sent the name of a 30-year-young man who has never worked a day since he graduated from college, according to his biography that I have, for a profit-making institution, and yet his whole responsibility in this job will be dealing with people who are trying to make a profit in their businesses, and thereby provide employment for people.

I do not know what in the name of common sense the people at the White House were thinking of, when there are many competent lawyers and judges all around America, as well as business executives and others, who have experience and maturity, to send a man's name down here to hold one of three positions, very important, who has never, in my opinion, practiced law a day in his life.

He served 3 years or 2 years with some public service research-oriented group. He has served a year as a special assistant to an assistant secretary of labor, and no one has even claimed that he served there in a legal capacity.

But what offends me more than anything else, Mr. President, is that this man's name is sent down here, to occupy one of the three positions designated by Congress, as a neutral position when his whole career, everything about his public career, what little it is, has been one associated primarily with public interest groups, such as the Nader group.

The law requires that you have to have one who is business-oriented, and I think that is proper, and one who is labor-oriented, and then one who is neutral.

Here is a man who is sent down to us by the White House whose entire experience, all of his experience, is anything in the world except that of neutral.

I am sorry, Mr. President, that I am not in a better position to oppose this nomination. Frankly, I thought I had a hold on it. There have been no real reports from the committee. The data I have are basically some information of papers that he has filed. I assume that it includes about every brief he has filed or every legal document that might have been drafted in all of these years.

I just now am being handed the hearings on the nomination.

Frankly, I have asked for them earlier. They were printed last September. These were the hearings, and if I had not, Mr. President, made the mistake of agreeing to a time to vote, I would read them to the Senate.

I just want to say that if that is the kind of nominations my party is going to send down here to hold some of the most important positions in Government, then I am going to begin to take a second look at them, I do not care if they are sent by a President of my party, or who is proposing them. There are too many fine, qualified people in America of wide experience to have him send someone from a Nader-oriented group—that is what he has done—and then have the audacity to try to classify him as a neutral.

I know the Senate is not going to reject him, and this will not be the last of such nominations, though I would like to think it is.

We have a chance to look at the record of some of the hearings in the House, as published in the CONGRESSIONAL RECORD, and there he said:

> The protection afforded employees is dependent on real Federal presence. The (current) massive Federal effort . . . has been compromised by inadequate and uncertain budget commitments, wholesale delegation to the states of Federal enforcement authority. . .

I would like to know what he has to say about North Carolina's programs. I have heard it acknowledged right here on the floor of the Senate that North Carolina has a good program, but apparently he condemns the whole thing.

> . . . voluntary instead of compulsory compliance, and administrators unequal and insensitive to their responsibility.

His testimony condemns all that has been done, and then he says:

> The Department does not dare to protect working men and women . . ., rather (it) perceives itself as an arbitrator . . . with the end result the negotiation of the workers statutory right to "a safe and healthy workplace."

That is what he is saying about the Department he is going over there to review; and he is supposed to be neutral I am sure President Carter has not read this, and I am sure he has not been told about it. I imagine he would be as shocked as anyone else to know that he has sent down the nomination of a man to serve in a neutral capacity in this role who has only been out of law school for 5 years, and never worked for a profit-making institution a day in his life.

In another place in his testimony, he says:

> OSHA's * * * are indicative of the Department's unduly restrictive interpretation of its standard-setting authority, and its policy of administration delay, inadequacy, and deception.

If OSHA has not been carrying out its duties, then I would like to know why we have had so much debate and so many complaints from across the country. Apparently it is not doing enough for this young man.

> The Act (provides) the authority to identify and control health hazards by the exercise of his regulatory powers and to swiftly and completely eliminate these hazards by administrative penalties and court action.

I could go on, Mr. President, but I will just conclude by saying that the President of the United States campaigned last year and the year before last all across the Nation on trying to get the Government out of business, trying to relieve the administrative, bureaucratic redtape that is driving small businesses out of business every day. Yet every time I turn around, we are enacting more and more regulations, not only in this area but in every field. We seem to have the feeling that somehow or other we in Congress know what is best for the whole world, and that we are the only ones concerned.

Then, when we come along and send a person in to fill a neutral position who has never for 1 day been involved in the private sector of our economy, I think it is an affront to the working men and women and the businessmen of America, and I shall vote against the confirmation of the nomination.

Mr. JAVITS. Mr. President, I feel that very pertinent points have been raised by the Senators from North Carolina and other Senators in opposition. I initially had the same concerns they did. I interviewed Mr. Cottine personally, and I am not going to endeavor to give him a blanket endorsement.

On balance, notwithstanding his youth, I believe that he will be a good Commission member, provided that he keeps abreast of developments, and that he listens to what we tell him here. It is to that latter contribution that I would like to address my remarks.

First, I think Senator HATCH, who is a member of our committee—and who, by the way, allowed this nomination to be reported, which I think is to his credit rather than to his debit. Notwithstanding his deep reservations he did not want to hold up the operations of the committee or the Senate. Senator HATCH showed a very deep understanding of OSHA when he gave the nominee a very thorough grilling at his confirmation hearing. That was the beginning of the education of Bert Cottine, which I think is a good thing.

Second, we must remember that in these cases administrative law judges make the initial determination. Under section 12(j) of the Occupational Safety and Health Act their decisions are the final word, unless it is overturned by the Commission within 30 days. Only about 20 percent of the total OSHA cases are reviewed by the Commission. Any commissioner, who believes a case merits further consideration has the authority to bring it up for review. Also, my colleagues should know that split decisions are comparatively rare. For example, out of 507 decisions issued between May 1, 1977, and March 31, 1978, only 33 were split decisions, which is about 7 percent. These involve some very serious questions, but they will be determined by the courts.

For example, there is a split between the two members now on what constitutes a repeated violation, and another division over the relevance of economic impact in abating excessive noise levels. Frank Barnako would have the Commission take a cost-benefit approach. Certainly cost should be a factor to be considered, but not necessarily the decisive factor. I think we intended that when we passed this law.

Mr. Cottine is an able lawyer, and his youth is an advantage, not a disadvantage. I believe his own thinking, since he uttered the sentiments that Senator HELMS referred to, has matured, and it will mature further.

But what I think should be made crystal clear is that OSHA is such a hot subject that our committee is bound to be in it very deeply, and it is not quite a fact that the regulators have the field all to themselves. Our committee will continue to evaluate the impact of the act as implemented by the Commission. Congress will ultimately have the final say as to whether the law is being fairly and effectively administered.

So, Mr. President, I pledge myself to listen very seriously to deficiencies which my colleagues may find with this Commission. Like Senator HELMS, I have little doubt that this nominee will be confirmed, and I will do my utmost to use the oversight authority of the committee to review the Commission's actions.

I believe Mr. Cottine will do an objective job here, because that is what he is sworn to do and that is what he is appointed for.

Gradual maturation of his view which has come about since his twenties continues and it ought to be accelerated. This is a very touchy subject. I am deeply interested in the law, and I want the law to be as good as it humanly can be. I know my chairman (Mr. WILLIAMS) and I share that very deeply. The best way to see that the law continues to have a vital and effective influence in respect of the safety of the work place and the safety of workers is to have it administered with a concern for fairness and common sense. I would only tell my colleagues I will vote for Mr. Cottine, but I want them to know my frame of reference for that vote as a responsible senior member of this committee.

(Mr. ALLEN assumed the chair.)

Mr. MORGAN. Will the Senator yield?

Mr. JAVITS. Yes.

Mr. MORGAN. Will the Senator advise me the compensation of this position?

Mr. JAVITS. I am told it is executive level 4, which is $52,000.

Mr. WILLIAMS. We will shortly have the right figure. We believe it is $52,000. It may have been changed.

Mr. MORGAN. For a young man right out of law school but 6 years, that is a right good salary.

Mr. WILLIAMS. I will talk of Senator BIDEN and some of our other Members. I believe the Senator is questioning our own group when he suggests that. I would suggest that to our good friend from North Carolina. Some of our most active young Members here contribute so much.

Anyway, I believe that this is not really the point.

I do want to take the time to clarify one point, however, or I would suggest it is in the nature of clarification, with respect to one of the points which has come into the RECORD. I gathered from the junior Senator from North Carolina, or he seemed to suggest, that he wished more time to consider this nomination. That is almost a statement that there is surprise at this nomination being here. Really, this nomination was reported from the committee for the first time on September 30, 1977, and reported again on January 26, 1978. We have had official documents before this body for all these months. I would not want the RECORD to suggest that we are sneaking this thing in here fast, without notice.

Mr. MORGAN. I would say, if the Senator will yield, I thought I had a hold on this nomination, which would at least have entitled me to a little prior notice that it was coming up. This morning I had to come from the Armed Services Committee markup. I am not implying that the committee did not do its work. I am just saying I wish I had had the time. I would have had the time, had I had notice that it was coming up.

Mr. WILLIAMS. I am glad we have clarified it. I understand that it was only because of the nature of the hold that the Senator from North Carolina made his comment, and not that the committee had not presented all materials needed for thorough study of the nominee's background.

Mr. MORGAN. I believe the Senator knows that every Senator has so many responsibilities to carry. There were no reports on my desk this morning when I came in and found that it was to be considered. Here, again, it may be partially my fault. My office had sent a hold, which apparently the leadership had not received.

Mr. WILLIAMS. I believe we now understand.

The grade level is four for this position, and the salary for the position is $52,000.

I would like to read section 12(a) of the law, which describes the qualifications for nomination to be a member of this Review Commission. I will read it verbatim:

> The Occupational Safety and Health Review Commission is hereby established. The Commission shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate, from among persons who, by reason of training, education, and experience, are qualified to carry out the functions of the Commission under this act.

I have heard the words "neutral" and "business" to describe the members of the Commission. There is nothing here that requires that the background and experience of a candidate be in any particular sector of life, as long as the individual has the training, education, and experience to carry out the functions of the Commission under the act.

Other Presidents have presented their nominees. One, Mr. Moran, was chosen by Mr. Nixon. He worked at the Wage and Hour Division and then was nominated to the Review Commission.

Mr. Cleary worked for the Solicitor in the Department of Labor, and from that position came to the Commission.

Mr. Barnako came from Bethlehem Steel Co., from a management position.

Those are the backgrounds of the Commissioners we have had. I suggest that we review again the profile or curricula vita, as we say, of this nominee, Mr. Cottine. His adult life has just been packed solid with background in the area we are talking about here, occupational safety and health.

Somehow we hear he is a young man just out of law school. That is the flavor in this debate. Well, he is young. He is 31. And he is relatively recently out of law school. But let us see what he was doing in law school. He was an adjunct professor of law at Georgetown. He graduated from Boston University several years ago. He went to law school and then, because of his record of proven excellence, was chosen by one of the finest law schools in this land, Georgetown, to be an adjunct professor of law.

I am sorry I do not at this moment see the junior Senator from North Carolina in the Chamber. I wanted to read to him what one of the members of our committee said at the time of the hearing. I think it is important because this member has reservations on this nominee but not on the basis of lack of qualification. It is our good friend from Utah (Mr. HATCH), who said at the hearing:

> I feel like Mr. Cottine is extremely well qualified for this position.

That came from the Senator from Utah (Mr. HATCH). It indicates that he was satisfied that Mr. Cottine has the qualifications for this position.

I do believe, as he expressed here this morning, that his opposition to the nominee is not based on qualifications, not on age, not on experience, not on all of those things that are the criteria for selection. Rather, his reservations now are basically on the economic and philosophical base, which we respect. I did want to point that out to the Senator from North Carolina (Mr. MORGAN), that the nominee clearly has the qualifications for this position. There could always be discussion about philosophical basis and background.

We must have confidence that the incumbent in such a position will have objectivity. A man of Mr. Cottine's training in the law has the best kind of training to be objective, because objectivity, in a sense, is a judicial posture.

I wanted that to be part of this record, because I did not want to leave the impression that the President nominated someone with inexperience, right out of law school. He is out of law school, but as a professor of law. I suggest that, too, to the senior Senator from North Carolina.

Mr. HELMS. Will the Senator yield?

Mr. WILLIAMS. Yes.

Mr. HELMS. This Senator from North Carolina has not raised any question about the intelligence of Mr. Cottine. My point is that there is a need for fairness and for evenhandedness. As I look at the young man's posture on the various issues, he is clearly biased. Now there is nothing wrong with that; we all have our biases, I suppose. The criticism is not of him, I say to the Senator, but of those who encouraged the President to propose this particular nomination.

As a matter of fact, I think Mr. Cottine would be very well qualified for any number of other posts. He is obviously a bright young man. When I met him, I was impressed wtih his mental ability. But the question is his objectivity, not his intelligence.

Last October 19, the Environment and Public Works Committee postponed indefinitely the nomination of Marion Edey to the Council on Environmental Quality. In explaining the negative vote, the distinguished Senator from Maine, Mr. Muskie, stated:

> She has been an inflexible and undiscriminating opponent of the kinds of projects and activiites which the council must review

. . . (the nominee) appeared to lack the sense of balance and ability to make objective judgments that are necessary to the performance of (her) . . . assignments.

My objections to Mr. Cottine, I say to the able Senator, are precisely the same as expressed by Senator MUSKIE with reference to Marion Edey. Mr. Cottine is also, to use Senator MUSKIE's words, "an inflexible and undiscriminating" advocate and he, too, appears, as the Senator from Maine said about the other nominee, "to lack the sense of balance and ability to make objective judgments that are necessary in the performance" of his duties.

I thank the Senator for yielding.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WILLIAMS. Mr. President, I ask for the yeas and nays on the Luna nomination.

The PRESIDING OFFICER. Is there a sufficient second for the rollcall vote on the nomination of Mr. Luna? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that a member of my staff, Mr. Richard Bryan, be accorded the privilege of the floor during the ensuing votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF BERTRAM R. COTTINE

The PRESIDING OFFICER. The hour of 12:30 o'clock having arrived, in accordance with the previous order the Senate will now proceed to vote on the question, Shall the Senate give its advice and consent on the nominaton of Bertram R. Cottine to be a member of the Occupational Safety and Health Review Commission for a term expiring April 27, 1983, in lieu of Robert C. Moran whose term has expired? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CULVER), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Washington (Mr. MAGNUSON), are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON), would vote "yea."

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), Senator from Oregon (Mr. HATFIELD), and the Senator from Maryland (Mr. MATHIAS), are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI), would vote "nay."

The result was announced—yeas 56, nays 33, as follows:

[Rollcall Vote No. 141 Ex.]

YEAS—56

Anderson	Hart	Muskie
Bayh	Hathaway	Nelson
Bentsen	Heinz	Packwood
Brooke	Hodges	Pearson
Bumpers	Hollings	Pell
Burdick	Huddleston	Percy
Cannon	Humphrey	Proxmire
Case	Inouye	Randolph
Chafee	Jackson	Ribicoff
Church	Javits	Riegle
Clark	Kennedy	Sarbanes
Cranston	Leahy	Sasser
DeConcini	Long	Schweiker
Durkin	Matsunaga	Sparkman
Eagleton	McGovern	Stafford
Ford	McIntyre	Stevenson
Glenn	Melcher	Weicker
Gravel	Metzenbaum	Williams
Griffin	Moynihan	

NAYS—33

Allen	Goldwater	Scott
Baker	Hansen	Stennis
Bartlett	Hatch	Stevens
Bellmon	Hayakawa	Stone
Byrd, Harry F., Jr.	Helms	Talmadge
	Laxalt	Thurmond
Byrd, Robert C.	Lugar	Tower
Chiles	McClure	Wallop
Curtis	Morgan	Young
Danforth	Nunn	Zorinsky
Dole	Roth	
Garn	Schmitt	

NOT VOTING—11

Abourezk	Haskell	Johnston
Biden	Hatfield, Mark O.	Magnuson
Culver		Mathias
Domenici	Hatfield, Paul G.	
Eastland		

So the nomination was confirmed.

Mr. WILLIAMS. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will be in order. Senators will please return to their seats and clear the well.

NOMINATION OF CHARLES LUNA

The PRESIDING OFFICER. In accordance with the previous order, the Senate will now proceed to vote on the question: Shall the Senate give its advice and consent to the nomination of Mr. Charles Luna to be a member of the Board of Directors of the National Railroad Passenger Corporation for a term expiring July 18, 1980? If the nomination is confirmed, it will be a reappointment.

The yeas and nays have been ordered. When the well is cleared and the Senators have returned to their desks, the clerk will call the roll.

The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CULVER), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Oregon (Mr. HATFIELD), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The result was announced—yeas 70, nays 19, as follows:

[Rollcall Vote No. 142 Ex.]

YEAS—70

Allen	Gravel	Packwood
Anderson	Hart	Pearson
Bayh	Hathaway	Pell
Bentsen	Hayakawa	Percy
Brooke	Heinz	Randolph
Bumpers	Hodges	Ribicoff
Burdick	Hollings	Riegle
Byrd, Harry F., Jr.	Huddleston	Roth
	Humphrey	Sarbanes
Byrd, Robert C.	Inouye	Sasser
Cannon	Jackson	Schweiker
Case	Javits	Sparkman
Chafee	Kennedy	Stafford
Chiles	Leahy	Stennis
Church	Magnuson	Stevenson
Clark	Matsunaga	Stone
Cranston	McGovern	Talmadge
Danforth	McIntyre	Thurmond
DeConcini	Melcher	Tower
Dole	Metzenbaum	Wallop
Durkin	Moynihan	Weicker
Eagleton	Muskie	Williams
Ford	Nelson	Zorinsky
Glenn	Nunn	

NAYS—19

Baker	Hansen	Proxmire
Bartlett	Hatch	Schmitt
Bellmon	Helms	Scott
Curtis	Laxalt	Stevens
Garn	Lugar	Young
Goldwater	McClure	
Griffin	Morgan	

NOT VOTING—11

Abourezk	Haskell	Johnston
Biden	Hatfield, Mark O.	Long
Culver		Mathias
Domenici	Hatfield, Paul G.	
Eastland		

So the nomination was confirmed.

Mr. BAYH. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I move that the President be notified as to the confirmation of the nominations.

The PRESIDING OFFICER (Mr. FORD). Is there objection? The Chair hears none, and it is so ordered.

Mr. BAYH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that Dr. James B. Lucier and Mr. John Carbaugh be allowed the privilege of the floor during the discussion of the Sayre nomination and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF ROBERT MARION SAYRE

Mr. SPARKMAN. Mr. President, I ask unanimous consent that we proceed to the nomination of Mr. Robert Marion Sayre, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Reserving the right to object, I want to discuss this with the distinguished Senator, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Senate delay action on the nomination of Mr. Sayre, and proceed to the nomination of Mr. Coleman of the District of Columbia, Calendar No. 20.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, we are getting into a thicket here. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the nomination of Mr. Sayre at 1:30 p.m. today.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAYH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 1:30 P.M.

Mr. BAYH. Mr. President, I move that the Senate stand in recess until 1:30 p.m.

The motion was agreed to; and at 1:14 p.m. the Senate took a recess until 1:30 p.m.

The Senate reassembled at 1:30 p.m., when called to order by the Presiding Officer (Mr. FORD).

NOMINATION OF ROBERT MARION SAYRE

The PRESIDING OFFICER. The nomination will be stated.

The assistant legislative clerk read the nomination of Robert Marion Sayre, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil.

The PRESIDING OFFICER. The Chair, using his prerogative as the Senator from Kentucky, suggests the absence of a quorum. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, is the order of business the consideration of the nomination of Mr. Sayre?

The PRESIDING OFFICER. The Senator is correct.

Mr. SPARKMAN. Mr. President, on February 24 of this year, the Committee on Foreign Relations considered the nomination of Robert Sayre to be U.S. Ambassador to Brazil. Ambassador Sayre appeared before the committee at that time and, 4 days later, the committee, without a single dissenting vote, reported the Sayre nomination favorably to the Senate. There the nomination has sat for almost 2 months.

The Committee on Foreign Relations favorably recommended this nomination with full knowledge of the facts surrounding Ambassador Sayre's previous service in Panama and his involvement in the 1972 incident concerning the return of Moises Torrijos to Panama. At his own initiative, Ambassador Sayre went into this matter when he appeared before the committee.

Similarly, the Justice Department has investigated it, as has the Senate Intelligence Committee. Indeed, the full Senate had an opportunity to examine the issue during the secret sessions that were conducted in the course of the Panama Canal debate.

But, Mr. President, from all of the inquiries and investigations, the discussions and debates, nothing has emerged which casts any doubt on the favorable recommendation rendered by the committee back in February. No, Mr. President, this is one of those cases of all smoke and no fire—despite the best efforts of the Panama Canal Treaty opponents to find one issue, any issue, which they could set ablaze.

Mr. President, the Sayre nomination was not an issue during the Panama debate and it is not an issue now. Robert Sayre's qualifications to be Ambassador to Brazil speak for themselves. I hope the Senate will get on with his confirmation and I ask unanimous consent that his biographic sketch and his testimony of February 24 before the Foreign Relations Committee be printed at this point in the RECORD.

There being no objection, the Material was ordered to be printed in the RECORD, as follows:

ROBERT MARION SAYRE

Position for which considered: Ambassador to Brazil.

Present Position: Inspector General of the Foreign Service.

Office Address: Department of State, Washington, D.C.

Born: August 18, 1924, Hillsboro, Oreg.

Legal Residence: Falls Church, Va.

Marital Status: Married.

Family: Wife: former Elora Moynihan; children: Marian Amanda, Robert Marion Jr. and Daniel Humphrey.

Home Address: 3714 Bent Branch Road, Falls Church, Va.

Education: B.A. 1949, Willamette University, M.A. 1960, Stanford University, and J.D. 1956, The George Washington University.

Language Ability: Spanish and French.

Experience—Military, 1942–46: United States Army, Captain.

Government 1949: Intern Program, Department of State; 1950–52: International Economist, Bureau of Economic Affairs and Bureau of Inter-American Affairs; 1952–56: International Relations Officer, Bureau of Inter-American Affairs; 1955: Appointed FSO–4; 1956–57: Officer in Charge of Inter-American Security and Military Assistance Affairs; 1957–60: Chief of Political Section, Lima; 1960–61: Financial Officer, Habana; 1961: Executive Secretary, Task Force on Latin America; 1961–64: Officer in Charge of Mexican Affairs; 1962: FSO–3; 1964–65: Senior Staff Member, National Security Council, The White House; 1965: FSO–2; 1965–67: Deputy Assistant Secretary, Bureau of Inter-American Affairs; 1967: FSO–1; 1967–68: Acting Assistant Secretary of State for Inter-American Affairs; 1968–69: Ambassador to Uruguay; 1969–74: Ambassador to Panama; 1974–75: Foreign Service Inspector; and 1975 to present: Inspector General of the Foreign Service.

Awards: Superior Service Award, 1964 and 1976; Government Outstanding Employee, 1952.

Memberships: American Academy of Political and Social Science; Association of United States Army; Audubon Society; Phi Delta Theta Fraternity; and American Foreign Service Association.

STATEMENT OF THE HONORABLE ROBERT MARION SAYRE, OF VIRGINIA, TO BE AMBASSADOR TO BRAZIL

The CHAIRMAN. Mr. Sayre, did I understand that you had a statement you wished to make to the committee before we began our questioning?

Ambassador SAYRE. Yes, Mr. Chairman, I do.

First I would like to speak to Brazil.

I look forward to the opportunity to serve in Brazil. After some 25 years in Latin America and four years in the Inspection Corps evaluating our foreign relations in every country and area of the world, I am profoundly conscious of the importance of the mission the President has asked me to undertake of assuring sound relations between the two largest countries in the Hemisphere—the United States and Brazil.

Brazil covers half of South America. It is the fifth largest country in the world. With 117 million people, it is the most populous country in Latin America. Our two-way trade was almost $25 billion in 1977 and our investments there are some $4 billion.

We were the first country to recognize Brazilian independence in 1822 and our relations have been close and friendly since that time.

We have had some recent difficulties in those relations. But I think that it would be fair to say that both countries are interested in finding ways to accommodate any differences and in maintaining a sound and friendly relationship based on mutual respect.

There is another matter with which your committee is concerned, and in which I had a role, and on which I believe it would be appropriate for me to comment.

This committee is informed of an incident that took place in Panama while I was Ambassador there concerning the brother of General Torrijos, and I understand that the Justice Department has looked into the matter and the committee has been informed of its conclusions.

However, I thought it would be appropriate at this time to make the facts pertinent to my involvement a matter of public record.

I learned, on or about December 6, 1972, from CIA reporting that Moises Torrijos planned to return to Panama from Spain by ship on or about December 9. Reportedly, Moises planned to disembark at the port of Cristobal in the Canal Zone.

In December, 1972, United States relations with Panama were somewhat strained. Treaty negotiations were not progressing well and Panama was in the process of arranging a meeting of the United Nations Security Council in Panama in early 1973 to discuss the Panama Canal Treaty issue. We had had some sharp confrontations with the Panamanians over narcotics issues.

Panama bitterly protested the arrest of a Panamanian official, Him Gonzales, in the Canal Zone, as a violation of United States treaty obligations to Panama.

As I recall the events of December, 1972, I asked the CIA Station Chief in Panama to be sure that State Department officials saw the intelligence reports in question. Subsequently, I was instructed by the Department to contact General Torrijos and let him know that we were aware of the plans, which I did.

Subsequently, I learned that Moises Torrijos left the vessel in Venezuela and did not enter the Canal Zone.

I thought the committee would like to have these facts on the record.

Finally, Mr. Chairman, I would be pleased to respond to any questions you may have on my work as Inspector General.

Thank you.

The CHAIRMAN. Senator Percy, did you have questions?

Senator PERCY. Yes, thank you, Mr. Chairman.

I referenced your name several times on the Floor of the Senate, Mr. Sayre, from the standpoint that I couldn't surmise what the purpose of the State Department was when the State Department caused you to call General Torrijos and notify him about the impending action affecting his brother. What was the General supposed to do? What was he to surmise?

I can only conjecture—and I made a conjecture at that time on the Floor of the Senate, not having spoken to you—but I think it is appropriate now that you have raised that issue that we have from you a statement as to what the underlying motivation was when the Department instructed you to make that phone call. What was it being made for? What did you expect General Torrijos to do?

Ambassador SAYRE. I was acting on instructions from the Department of State, Senator. I can assume what the Department of State had in mind, and that was that this would create a serious diplomatic incident in relations between the United States and Panama, and we already had strained relations with Panama.

As to the second part of your question, I would not want to try to surmise what Torrijos would do. We were simply interested in letting him know that we knew of the plans.

Senator PERCY. Can we assume that he would infer from that fact that he was being notified that it was our expressed feeling that he should do something about it? Did we expect him to do nothing? Were we shocked when he notified his brother and then we found that he was not on the ship as planned?

What was in the mind of the United States Government, essentially of the State Department, at that point, then?

Also, do we blame Torrijos for notifying his brother?

Ambassador SAYRE. Well, Senator, as I said, I can only assume what the Department had in mind, and that General Torrijos knew about the indictment of his brother because he had been told about it by the director of BNDD in June of 1972.

So, our objective was simply to let him know that we knew about the plans that were going on. We didn't really have any expectations about what he would do, other than that he should be clear in his mind that we knew what was happening.

Senator PERCY. Did you see the article yesterday in "The Washington Post" reporting an interview with Moises Torrijos?

Ambassador SAYRE. I believe I read the article, Senator.

Senator PERCY. I ask unanimous consent that that article be incorporated into the record at this point, Mr. Chairman.

The CHAIRMAN. Without objection, it is so ordered.

(The information referred to follows:)

Senator PERCY. I would like to read from that article.

He said, "I've never gone home by ship from Spain. I can prove it. I always fly." That is a direct quotation.

Does the United States have positive evidence that he was on the ship about which you spoke to General Torrijos?

Ambassador SAYRE. The information we had, Senator, was intelligence reports. All of those reports were made available to the Senate Select Committee on Intelligence so that I assume they are available to you. The information we had led us to believe that, in fact, he was on a ship.

Senator PERCY. There is a letter from the Department of Justice to the Department of State dated February 23 relating to this matter and to Ambassador Sayre's role. I ask unanimous consent that the letter be incorporated into the record at this point, but subject to a decision as to whether the sensitive nature of this matter will allow for it to be a matter of public record. If not, I ask that it be placed under whatever classification would be desired.

The CHAIRMAN. Why don't we just make that part of the records of the committee.

Senator PERCY. Refer it to our committee?

The CHAIRMAN. To make it a part of our records.

Mr. JONES. Yes, Mr. Chairman. We will do that.

The CHAIRMAN. We will do that because it is a sensitive letter.

Without objection, that will be done.

Senator PERCY. I have just a few other questions.

Mr. Sayre, our relationship with Brazil involves many, many issues, but one where we do have some difference of opinion is on the issue of nuclear energy development and appropriate safeguards.

The Senate has just recently passed a bill with an overwhelming margin and there was an even larger margin in the House calling for a new set of safeguards and a new role for the United States to play and a new leadership for us to exercise.

I wonder if you would comment in light of the very strong position Congress has taken now, which is fully supported by President Carter, on what the differences are between the United States and Brazil in our respective thinking and what will happen in the relationship between Brazil and the United States if those differences continue to be as deep as they are and cannot be resolved through the process of negotiation and rationalization.

Ambassador SAYRE. Senator, I think a considerable amount of the alleged difference between the United States and Brazil derives out of a misunderstanding between the two countries on this particular issue of their perceptions of what we were interested in and our perceptions of what they were interested in. The legislation that the Congress has passed I think is a significant contribution to resolving the problem.

The Brazilians have a very serious energy problem, really much more serious than ours, because they don't have coal, like we do. They must depend on petroleum even to a greater extent than we do. They have about used up their hydroelectric potential unless somebody can come up with new technology in long lines transmission which would permit them to develop other energy.

So, this matter of energy is, to Brazil, a very vital matter.

But, I think with the help of Congress and with some understanding, I am persuaded that the objectives of the United States and Brazil on this particular issue are the same. It is the biggest problem I realize I will have to deal with with the Brazilians. But I honestly believe that we can possibly work it out.

Senator PERCY. Do you think that it can be worked out consistent with our policy? One of the purposes of this bill is to insure that we would be a long-term reliable supplier for technology and materials, that we would undertake with other supplier nations to insure and guarantee those supplies, but subject to safeguards, pledges, et cetera, that will take all the benefits from these programs, but also remove the hazards and dangers which potentially are horrendous for any of us to contemplate.

Do you think that Brazil's stated intention to have a full cycle which would make available plutonium, bomb material potentially—do you think their concern is strictly energy, a concern with which we are fully sympathetic, and we want to work that out? They have every right to have a supply of energy which would guarantee their economic viability. But they have to weigh also that if they do it, then Argentina and Pakistan and every other country eventually is going to want to have the full cycle. That will raise the threshold of danger to a much greater degree.

Can we work it out within that framework, giving the assurances that they need, but also having their cooperative appreciation of what we are attempting to do to safeguard humanity, in a sense?

Ambassador SAYRE. Well, Senator, I think those are the objectives of this Administration. It certainly is going to be my highest priority objective as Ambassador to Brazil to try to work it out along the lines you suggest. I wholeheartedly agree with you that Brazil has a right to the energy it needs to develop, whatever form that may take, and that the United States has a great interest in working with Brazil for that objective. I think Brazil and the United States have a common objective in a peaceful work.

So, it will be my objective to arrive at some satisfactory solution to satisfy both countries.

Senator PERCY. I think in this case you can certainly assure the government of Brazil, with which we have had a wonderful relationship, that there is no issue now on which the Congress and the Executive Branch are more united than this one. We stand right together on it.

We have now worked out a program for the future that we think is sensible and sound. We speak with one voice on this matter. We consider it one of the highest matters of urgency and priority in the relationship between our two countries.

Brazil is a great leading nation of the world. She could be a real leader now and could help get us off this dangerous course that we are going if she will seek truly the self-interest which she has in the economic area and help us and lead the way in providing a model for other countries not to go the dangerous route that potentially other countries might emulate and follow in the developing world.

Thank you very much.

The CHAIRMAN. Senator Humphrey.

Senator HUMPHREY. Thank you, Mr. Chairman.

I am intrigued with your mission in Panama because we have been so busy discussing this in the last few days.

What do you think might happen in Panama if the Senate doesn't ratify the treaties?

Ambassador SAYRE. Well, Senator Humphrey, I am not really sure I would want to speculate on that. I have heard all kinds of views on the subject.

I happen to believe that the Panamanians and the Panamanian Government have acted in a very constructive and rational way. I realize that I had continual difficulties while I was there trying to assure a stable relationship. But the fact of the matter is, despite all of the strains and the actions that we had taken, it never got out of hand while I was there. I have put a little confidence in the good sense of the Panamanian people and the Panamanian leadership. I certainly put confidence in the good sense of this committee—it has already demonstrated it—and in the Congress. I really think that the United States, acting, in its own interest, will do what needs to be done. For myself, I believe what really needs to be done is bring about a new, effective relationship with Panama.

The existing treaties between the United States and Panama simply are no longer in the national interest of the United States. They cause entirely too much friction, and I have spent endless hours when I was in Panama trying to resolve the frictions that derived out of this existing treaty arrangement, which started in 1903 and which is no longer suitable to 1978.

I am firmly persuaded that we must make a change. I am certainly pleased that the President insisted that the United States had to have a treaty which gave us the right to defend the canal in perpetuity. I urged that strongly when I was Ambassador to Panama. I lost the round at that time, but I am very pleased to see that President Carter insisted on it in the new treaty.

The other thing that has really bothered me about the existing treaty arrangement with Panama is that our defense rights in Panama are so ambiguous under the present treaty.

For example, under Article XXIII of the present treaty, if you look at it closely, you will see that our rights are conditional. It says, "if it should become necessary at any time," the United States may put troops in Panama.

The provision in the treaty with Colombia which didn't get approved by the Colombians prohibited stationing of U.S. forces in Panama. So, the legislative history of the 1903 treaty raises doubts in my mind about our treaty rights on that subject and the way we carried them out.

Further, the language in the present treaty only says "land and naval forces." The language in the proposed treaty clearly covers the Air Force. So, I think the language in the present treaty and the arrangements in the Neutrality Treaty put us on a much sounder basis than we are under the existing treaty. Since it does put us on a much sounder basis, I think we will be much better off under the new arrangements.

Senator HUMPHREY. Thank you.

The CHAIRMAN. Mention was made about the little incident you brought up. You know, of course, that the Department of Justice has looked into that?

Ambassador SAYRE. Yes, I do. I have seen the letter from the Justice Department.

The CHAIRMAN. So then you know the Justice Department has given you a clearance.

Ambassador SAYRE. Yes, sir, I do.

The CHAIRMAN. I thought it might be well to state that for the record since the letter itself will be restricted.

All right, Mr. Sayre. Thank you very much and we wish you well in your next assignment.

It is a great country that you are going to.

Ambassador SAYRE. Thank you, Mr. Chairman.

The PRESIDING OFFICER. The question now is on the nomination.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

Mr. President, I want to thank the leadership for their courtesy to the Senator from North Carolina, and other Senators who questioned the Sayre nomination, in postponing consideration of it until after the Senate worked its will on the Panama Canal treaties.

It is perhaps unavoidable that connections between the nomination and the treaties would be suggested. However, it was my desire, and the desire of other Senators, that the politics of the treaties not get mixed up with the merits of this nomination.

It was my hope, and the leadership has been generous in helping that come about, that the nomination not be considered until after the passions and political pressures of the treaty debate were over.

So I want to make it clear at the outset, Mr. President, that the outcome of the treaty votes had nothing to do with my opposition to this nomination.

A newspaper article published yesterday—and I am certain it was written in good faith by the reporter—characterized my opposition to Mr. Sayre's nomination as "a personal vendetta" against Mr. Sayre.

Nothing could be further from the truth. I do not know Mr. Sayre. I have never met him. I have had no personal relationship with him whatsoever. My opposition is based solely upon the historical facts in this case and Mr. Sayre's own testimony before the Foreign Relations Committee.

Indeed, I made no public statements about Mr. Sayre until this week and I did so then only by request of one of the major television networks.

My intention was to keep this consideration as far separated from the treaty situation as possible, and I believe that intention has been carried out.

Mr. President, having said that, I rise to oppose the nomination of Robert Marion Sayre as U.S. Ambassador to Brazil because I believe that this nomination does not serve the best interests of either the United States or Brazil. Because of President Carter's mishandling of our relationship with Brazil, our standing with that country is already at an all time low. Brazil has been closely allied historically with the United States. Of all the Latin American countries, Brazil was the only one whose troops fought with ours in World War II. The Rio Pact—the foundation of the Organization of American States—bears witness to the importance of Brazil in our relationship with the Southern Hemisphere.

In the last decade or two, this importance has grown enormously. Like some other countries, Brazil experienced an apparently relentless slide into socialism, and stood teetering on the brink of totalitarian communism; but Brazil's experience in pulling back from that brink has been a textbook experience of the rehabilitation of freedom. Economic freedom is, after all, the very basis of human rights, and the cornerstone for the restoration of human rights. Some people would attempt to reverse those priorities, but human experience teaches us otherwise.

Certainly the experience of Brazil is a case in point. The restoration of a commitment to private enterprise in 1964 triggered the resurgence of the Brazilian economy. For 10 years, Brazil experienced what was popularly called "the Brazilian miracle," that is an economic growth rate of 10 percent every year. Although Brazil has one of the most highly developed hydroelectric systems in the world, the Arab oil embargo and subsequent price increases put a tremendous strain on Brazil's balance of payments. Yet with careful management, the dynamic Brazilian economy has rebounded and once more shows a trade surplus—small to be sure, but enough to assure a return to at least a 6 percent growth rate.

Brazil is the fifth largest country in the world in land mass, and its domestic economy is the sixth largest. Its potental is practically unlimited.

I cite these facts to put the Carter administration's Brazil policy in perspective. Within months after coming into office, President Carter had our relationship with Brazil in a shambles. By selective enforcement of our human rights policy, he had alienated a friendly country that had looked to the United States for guidance and assistance; by attempting to interfere with Brazil's peaceful nuclear requirements, he appeared to be undermining Brazil's economic strategy of cutting down on oil imports.

President Carter's visit to Brazil in recent weeks did little to alleviate the situation. Press reports that Brazilian officials regarded the President's visit as uninvited were confirmed in the cold but correct reception he received in Brazil. The President's popularity was not helped by his naive comments about the necessity of electrification in a country that has been a leader in hydroelectric power, and whose nuclear requirements the United States attempted to block. Finally, Mr. Carter's highly publicized attempts to seek out opposition political figures and magnify their complaints were regarded by many as overt interference in the internal affairs of Brazil.

All of this reflects a total lack of understanding of the importance of Brazil in this hemisphere and in the world, and of the abysmal state of our relations with that country. To repair that relationship will require an ambassador with extraordinary tack, sensitivity, and, above all, unblemished reputation.

Ambassador Sayre is not such a person. Let me emphasize this: I would not bring serious charges against any person who has served this country in high office without evidence that appears clear to me.

I have no desire to end Ambassador Sayre's career in the Foreign Service. Doubtless there are other positions that he can fill, and fill ably. But I believe that his own testimony before the Foreign Relations Committee has compromised him so badly that he would lack both the credibility and support necessary to repair our relationship with Brazil.

It is well known by all Members of the Senate that Moises Torrijos, brother of Omar Torrijos, the dictator of Panama, was indicted by a Federal grand jury in New York for being involved in the smuggling of millions of dollars forth of heroin into New York. This was not a minor case; six Panamanians were arrested and convicted. They admitted that they had successfully smuggled similar amounts of heroin on five different occasions, in toto about enough to supply the heroin market in New York for 6 months. The indictment of Moises was therefore one of the most important cases in the war against narcotics smuggling in U.S. history.

When the U.S. Customs learned that Moises Torrijos was en route from Spain to the Canal Zone—the Canal Zone being our territory, I emphasize—on a cruise ship, officials in New York instructed the customs agent in Panama, Mr. Leland L. Riggs, Jr., to act upon the warrant and to arrest Moises when he landed in U.S. territory, the Canal Zone.

Mr. Sayre testified before the Foreign Relations Committee that he saw the CIA reports on Moises travel plans and made those reports available to his superiors in Washington. He then testified that he was instructed by his superiors to inform General Torrijos about the situation. Subsequently, Moises left the cruise ship in Venezuela and flew directly to Panama, thereby bypassing U.S. jurisdiction in the Canal Zone, and leaving Mr. Riggs, the U.S. representative, waiting at the dock.

When I examine this set of facts, I can draw only one conclusion: Mr. Sayre, in an official act, took steps to frustrate the judicial branch in the performance of its official duties. In other words, he used his office for the obstruction of justice. He did this not only in contravention of U.S. law, but also in violation of his constitutional oath as an officer of the United States and a member of the Foreign Service.

Only 4 years ago, the House Judiciary Committee approved a resolution of impeachment against the President of the United States, charging that he had prevented, obstructed, and impeded the administration of justice. The President resigned. I submit, Mr. President, that the same words apply to Ambassador Sayre.

Now, it is said that the Department of Justice has found no case against Mr. Sayre. I have not been privy to the Justice Department's findings; but it is not inconceivable that all the evidence was not available before the statute of limitations had run. The Department of Justice, unfortunately, has become highly politicized. I would not be surprised to find that the Department was not anxious to prosecute a case that would have publicized the true nature of the dictatorial Torrijos regime at a time when the State Department was anxious to make treaties for the Panama Canal giveaway.

In any case, the full evidence did become available about 60 days after the statute of limitations had run, when the Ambassador testified before the Foreign Relations Committee. Even then, Mr. Sayre's statements were carefully constructed to avoid open admission of culpability. He does not specifically admit that he was aware that Moises would be arrested. He does admit, however, that he saw the CIA reports on Moises' plan to disembark in the Canal Zone, and he (Mr. Sayre) initiated steps to make sure that his superiors in Washington saw those reports. His superiors, not surprisingly, then instructed him to let General Torrijos know "that we were aware of the plans." He so told the general.

Is it not a strange coincidence that Moises Torrijos just happened to return by a route by which he was able to avoid U.S. jurisdiction, and therefore avoid arrest, on the basis of the sealed indictment handed down against him in New York City for alleged complicity in an enormous smuggling racket involving incredible amounts of heroin being shipped into this country?

There can be no other interpretation that his actions were intended to avoid an international incident by frustrating the actions of the U.S. Customs agent. If Mr. Sayre was unaware of Leland Riggs' order to arrest Moises, there would have been no need to inform General Torrijos about anything, or to contact Washington for instructions.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. HELMS. I yield, gladly, to my friend.

Mr. SCOTT. Mr. President, I appreciate the Senator yielding. I believe he is doing a wise thing in bringing before the Senate his concerns about this appointment.

I notice that Mr. Sayre has a Virginia residence. The calendar indicates that he is appointed from Virginia, that he is a first class foreign service officer. That is his classification, in the first class. I have not met the gentleman; I do not know him.

However, from what the Senator from North Carolina is saying, it does appear to be an obstruction of justice. But to me it is an obstruction of justice by one Government department against another Government department. I wonder what official of the State Department authorized Mr. Sayre to sound the alarm in this case, if the distinguished Senator from North Carolina knows, so that Mr. Torrijos could escape the clutches of the law.

Mr. HELMS. The Senator from Virginia knows how difficult it is to find out anything from the State Department. They have not provided any names, I say in response to the Senator's question.

Mr. SCOTT. Well, we have the distinguished chairman of the Committee on Foreign Relations in the Chamber at this time. It seems to me that the appropriate committee of Congress—that may be the Committee on Foreign Relations—should make inquiry and should know who did this. I understand they have conducted a hearing on the nomination.

But I am not aware of them probing into this to find out who told Mr. Sayre that he should alert Mr. Torrijos that the law was waiting for him at his destination and enabled him to evade lawful process and arrest had he landed within the Canal Zone.

I do not have any brief for Mr. Sayre carrying out the order, and yet it seems to me that the more guilty agency is the State Department rather than this individual man. If the State Department did it in this case and it goes unnoticed—certainly it is not unnoticed—but if it is not in some manner corrected, it seems to me it could very well happen on numerous occasions, and it is something that apparently should not happen. Just by my limited knowledge, and it is quite limited, of the case, it is something that should be prevented from happening in the future. One Government agency should not interfere with the administration of justice by another Government agency.

So I think it goes far beyond what Mr. Sayre was doing and his guilt or innocence of wrongdoing. I think it is an indictment of the State Department, and I think that the Department of State would want this to be clarified so that it could let the Senate know the facts in the case.

(Mr. MOYNIHAN assumed the chair.)

Mr. FORD. Mr. President, I know I have to go through the distinguished Senator from North Carolina to ask the Senator from Virginia a question. So will the Senator yield?

Mr. HELMS. I am delighted to yield to the two able Senators, if they desire that I do so.

Mr. FORD. Who was the Secretary of State at the time this occurred?

Mr. SCOTT. I am not aware as to the date that it occurred.

Mr. HELMS. The Senator asks a relevant question. That was in 1972, so it was a previous administration.

Mr. FORD. The point I am making is we are fussing about the State Department and the problems that are there. I am not saying I am objecting to the approach or the tack that the Senator is taking as it relates to this nomination. But I think we are beginning to paint with a broad brush here now and we should be just a little bit reluctant. We are talking about something that happened in 1972, and this is 1978. If it was wrong in 1972 it is wrong now. But, nevertheless, I think we should bring it down to a point and look at where it happened and under whose instructions and take it from there. I do not think we should take it from today and say this organization, or this group, this State Department, allowed it to happen.

Mr. SCOTT. Mr. President, if the Senator will yield further, I do not believe it is a question as to who was Secretary of State or who was President of the United States. I believe we all know that there is a self-perpetuating bureaucracy within the State Department, and I want it to be investigated to find

out who gave the order, whether or not they are still with the State Department, and it would be my guess, a pure guess, that they are still there because the State Department does have a vast bureaucracy.

I do not necessarily use the word "bureaucracy" in any evil or bad sense of the word because a bureaucracy sometimes is necessary to get the work done that a particular department is charged with.

But I believe that we should find out, and I believe it is a function of our Foreign Relations Committee to determine who it was that gave the alarm and prevented the apprehension of a man who is charged with a criminal violation under U.S. law. To me whoever did it was wrong in what he did. I think we should prevent such activity happening regardless of the administration in power. And it is not too late to investigate. It may be that it is too late for criminal prosecution, but I do not know.

Mr. HELMS. I will say to the Senator the statute of limitations has run, of course, on this matter. But that is not the basis of the doubts of the Senator from North Carolina about the advisability of the confirmation of the nomination of Mr. Sayre. The Senator from Kentucky is entirely correct. He points out that this episode occurred in a previous administration. But this administration is defending Mr. Sayre's actions, and is seeking to promote him.

I say to him, and I say to the Senator from Virginia, it is just as reprehensible for one administration to approve such actions as it is for the other to engage in them. It is bipartisan folly.

The Senator from Virginia mentioned that most of the echelons of power in the State Department continue to hold power when the administrations change, and he is exactly right about that. But I do not know whether Henry Kissinger had anything to do with the judgment on this or not. He was not yet Secretary of State, but he already had much power. I would not be surprised if he was involved. But I remind the Senator that I did not vote for the confirmation of Henry Kissinger as Secretary of State.

My concern about this nomination is nonpartisan. I just think it is reprehensible for the executive branch of the Government to interfere with the judicial branch, particularly in a matter involving such a serious crime as the smuggling of enormous amounts of heroin into this country—a drug which has ruined the lives, the families, and the financial stability of so many thousands of Americans. To sweep this thing under the rug and say, "Oh, well, boys will be boys," is unthinkable as far as I am concerned.

Mr. SCOTT. As I understand this, this was not even interfering with the judicial branch. It was one executive department interfering with another executive department. There was an arrest warrant out for this individual Torrijos, and the State Department, through Mr. Sayre, alerted him that there was a warrant for his arrest.

Mr. HELMS. There was a sealed indictment against Moises Torrijos, under order of a Federal judge.

Mr. SCOTT. A sealed indictment. I appreciate the Senator enlightening me on this matter. But there was wrongdoing.

We have two classifications of wrongdoing, as the distinguished Senator knows, in the law. We have one that is wrong because it is forbidden, mala prohibita, because the statute says it is wrong, and then we have an act, mala in se, where it is wrong in itself. I think it is wrong in itself to do what was done in this case. I think it violates our system of justice.

So I hope that the matter still might be looked into regardless of the administration in power so we can determine whether the person who gave the order is still an employee of the Government.

I appreciate very much the distinguished Senator yielding.

Mr. HELMS. I certainly appreciate the comments of the able Senator.

Mr. McCLURE. Mr. President, will the Senator from North Carolina yield?

Mr. HELMS. I am delighted to yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding. I could not help but become interested in the exchange that was going on. I have a very brief statement, if the Senator will permit, that I will make and then engage in a colloquy with the Senator from North Carolina and the Senator from Virginia on this subject.

Mr. President, I am especially concerned about this nomination because it appears that we have a pattern of actions by Mr. Sayre, a pattern that is detrimental to the conduct of our foreign policy. It is not just that he tried and succeeded in his attempt to prevent the arrest of Moises Torrijos. The earlier incidents involving the agents of the Bureau of Narcotics and Dangerous Drugs shows that he was desperately trying to keep the lid on the Panamanian situation.

Mr. Sayre must have known that the Torrijos government was riddled through and through with corruption—not just ordinary graft and corruption, but a conscious, governmental policy of corruption. The highest officials of the Panamanian Government were using government facilities in the narcotics traffic, and they were using government policy to direct and protect it. The record shows, for example, that the government's airport at Tocumen was being used to distribute shipments to North America, that the Foreign Minister was signing illegal diplomatic passports to facilitate the trade, and that diplomatic processes, such as declaring U.S. drugs agents persona non grata, were being used to harass drug enforcement.

Mr. Sayre appears to have been a willing partner in covering up this policy. I do not say that he participated in the sordid aspects of the trade; but he was aware of nature of the officials with whom he was dealing. He was willing and ready to go to considerable lengths to prevent incidents and to curry their favor. I do not believe that any foreign policy goals can justify such action.

Mr. President, this Nation continues to hear questionable actions by public officials justified on the grounds that "I was only acting under orders." The double standard which the media and some Members of Congress maintain sometimes pursue such statements to the very top. Sometimes they do not. But the fact remains that the statement usually leaves a bad taste in our mouths.

"Acting under orders" was a popular phrase during the Watergate era. We heard it several times during last week's television series, "Holocaust." And it would not surprise me if Bert Lance utters these words in the near future.

Today, the Senate is being asked to approve the nomination of another man who was acting under orders, Robert M. Sayre. He is accused of alerting the brother of Panamanian Dictator Omar Torrijos that he was the subject of a sealed grand jury indictment.

Was the security of the United States at stake? No.

Was the welfare of either the people of Panama or the United States at stake? Certainly not by helping an accused drug smuggler escape criminal punishment.

Would the relationship between the two nations in any way be impaired?

It is difficult for me to imagine how a relationship between two nations would be impaired by the arrest of an alleged drug runner, even if that drug runner was the brother of a dictator, and how that could have long-range diplomatic implications for us.

No, the truth of the matter is—and we all know it—that the impetus for a canal treaty was so strong that all other considerations, from moral leadership to normal diplomatic procedures, were shunted aside. Many of us have long suspected that "international cronyism," practiced by State Department personnel, will put personal philosophy ahead of our country's best interests. If we confirm Robert Sayre under these conditions, we not only admit that such things exist, we are giving them the green light to do it again.

An awful lot of people—including many Senators—have urged the Congress to resume its rightful role in the development of foreign policy. Well, we have a chance to take the first step in that direction today. We can do it by rejecting outright the nomination of a man who admits he put himself above the law and protected a citizen of another country to the detriment of the American people.

Mr. President, I think it is high time we give a consistency to the moral leadership that this country demands and asserts. I remember the discussions during the Mylai incident when Lieutenant Calley was on trial for having obeyed orders, and that was his justification for the action that he took, and he paid the price by being convicted of a criminal offense.

I remember the repeated assertions during that television special "Holocaust" of the erosion of the moral strength of the German people, the bit-by-bit manner in which they got pushed into positions of rationalizing their wrongdoing and were able to rationalize to the extent that they were no longer morally offended or outraged by the atrocities against the Jewish people under the Nazi regime.

I remember how the same kind of reaction was undertaken during Watergate. Every little bit of deception, every little bit of dishonesty, every little bit of obstruction of justice was built upon the last one and became rationalized to the very top of the administration of this country.

We are asked now by one of the committees that was most active in the Mylai incident in investigating what was said there, one of the committees that has applauded our President, as I applaud the President, for trying to establish a respect for human rights and to elevate the moral consciousness of the international community, to forgive or forget the policy of this Government in obstructing justice in furtherance of diplomatic goals.

Mr. Sayre is not the issue. He happens to be caught in the middle of that issue. But we cannot avoid the issue simply because Mr. Sayre is involved in it.

I thank the Senator from North Carolina for yielding and for having taken this time to point up not the wrongdoing just of one man but the wrong of a policy that permits this to go unnoticed and almost without any indication at all of moral outrage on the part of anyone, that our Government could obstruct justice and could do what we did in this instance by allowing somebody who is charged with crime—and I will be very quick to say he has not been convicted of crime, but charged with crime—to avoid having to face his accusers in a court of law, as would every other person if he did not happen to be the brother of the dictator.

Mr. HELMS. I thank the Senator for his splendid comments. Needless to say, he has put his finger on precisely the point. Mr. Sayre is not important in terms of what we are talking about here today. We are talking about the morality of this Government and the policies it will pursue in achieving whatever ends it may wish to achieve at a given time, and that is the defect the Senator has so eloquently emphasized.

Mr. McCLURE. I thank the Senator for mentioning that.

He mentioned earlier that this was not an insignificant drug charge. If I recall the information correctly, I think it was reported in the newspaper in several places that this young man, who was traveling under a fraudulent diplomatic passport, was arrested with a suitcase full—I think the facts are it was four suitcases and a carryon bag—and I think the heroin that he carried into New York had a street value of $65 million. It is that character of charge with which we are confronted.

Mr. HELMS. That is correct.

Mr. CURTIS. Mr. President, will the distinguished Senator yield for some questions?

Mr. HELMS. I am delighted to yield, yes.

Mr. CURTIS. First, let me ask, what position did Moises Torrijos hold when this happened?

Mr. HELMS. Moises Torrijos was Panama's Ambassador to Spain.

Mr. CURTIS. To what country?

Mr. HELMS. To Spain.

Mr. McCLURE. Mr. President, will the Senator yield? I think he is now the Ambassador to Spain and also to the Netherlands, and also Director of Treaty Information for the Government of Panama.

Mr. CURTIS. I would like to make sure that I understand the facts in this case. Did Ambassador Sayre take steps to frustrate the processes of justice in the Moises Torrijos case?

Mr. HELMS. I will say to the Senator that the record of his own testimony showed that Mr. Sayre initiated and carried out the steps that resulted in Moises Torrijos evading U.S. drug enforcement agents that were waiting in the Canal Zone to arrest him.

Mr. CURTIS. Did Ambassador Sayre's testimony state specifically that it was his intention to frustrate the arrest?

Mr. HELMS. Well, I guess the best way to respond to that question is to say that Ambassador Sayre's testimony is not entirely candid, which is consistent with his handling of all these events. What Ambassador Sayre says is this:

First. The arrest of Him Gonzales in the Canal Zone had created an international incident.

Second. The CIA had information that indicated that Moises Torrijos was going to disembark ship in the Canal Zone.

Third. Ambassador Sayre was afraid that this would result in another international incident.

Fourth. Ambassador Sayre took steps to ensure that his superiors in Washington were aware of the possibility of the incident.

Fifth. His superiors instructed him to contact Omar Torrijos and inform him that we were aware of the travel plans of Moises.

On getting this information Moises Torrijos, of course, changed his travel plans so as to avoid U.S. jurisdiction.

I will say to the Senator that none of Mr. Sayre's testimony makes any sense at all unless something was going to happen in the Canal Zone that would precipitate an international incident. The mere disembarkation of Moises Torrijos would not have caused an incident. The incident would have been created only if he were arrested. It follows therefore that, based on deductions from his own testimony, Ambassador Sayre was fully aware that an arrest was planned. But, on the other hand, we know from the sworn statement of Leland Riggs, Jr., the agent who had orders to arrest Moises Torrijos, that both the CIA and the State Department were aware of his orders. It is simply not credible that the Ambassador did not know that an arrest was planned.

Mr. CURTIS. Did Ambassador Sayre tell Omar Torrijos to change his brother's travel plans?

Mr. HELMS. Of course, the record does not show in detail what Ambassador Sayre told General Torrijos.

Mr. CURTIS. Did Ambassador Sayre tell Omar Torrijos that U.S. agents planned to arrest his brother if he disembarked in the Canal Zone?

Mr. HELMS. Again, the record does not show what was said. However, both Ambassador Sayre and Omar Torrijos were aware that a sealed indictment existed against Moises. The fact that both of them knew this was in itself an obstruction of justice, since the existence of a sealed indictment is not supposed to be revealed to anyone. Yet Mr. John Ingersoll of the Bureau of Narcotics and Dangerous Drugs had already traveled to Panama to tell Omar that the indictment existed. So even if Ambassador Sayre had refrained from telling the general that an arrest was planned, the general would have to be stupid not to put two and two together. I find it incredible, however, that no mention of an arrest was made in the conversations between Mr. Sayre and Omar Torrijos.

Mr. CURTIS. What did he say was the purpose of making the phone call?

Mr. HELMS. He said his intention was to avoid an international incident. That international incident could only have been the arrest of Moises Torrijos. The deduction is inescapable that Ambassador Sayre had every intention of frustrating this arrest. There is no way out of it, I will say to the Senator.

Mr. CURTIS. If he had the intention of frustrating the arrest, then his intention was to obstruct justice, was it not?

Mr. HELMS. I submit that the record supports as a reasonable conclusion that his intention was to obstruct justice. He took steps to inform his superiors about the problem—in effect, seeking ratification for his actions—and then actually took the steps which resulted in justice being obstructed.

Mr. CURTIS. Were these unnamed superiors the responsible parties, since they gave him instructions to act?

Mr. HELMS. Of course, the superiors were guilty as well as the Ambassador. An Ambassador does not have to follow instructions to do something illegal.

Mr. CURTIS. The State Department seems to be saying that the international stakes were too high to allow the arrest to proceed. Is there any justification for an Ambassador to act as Mr. Sayre did when the stakes are so high?

Mr. HELMS. In the judgment of the Senator from North Carolina, there is no justification for doing what Ambassador Sayre did. He did not even pretend to act under color of law. He simply took a so-called pragmatic decision to do something which is both illegal and contrary to his constitutional oath. We had a President of the United States, as I mentioned earlier, who resigned when he was charged with the obstruction of justice; surely an Ambassador is not exempt from what applies to a President, where the stakes are infinitely higher, of course.

Mr. CURTIS. Is it not true that the Justice Department has found no case against Mr. Sayre?

Mr. HELMS. To my knowledge, the Justice Department has made no public statements about Mr. Sayre. I do not know. However, it stands to reason that the Justice Department has no case once the statute of limitations has run. In this case, the statute of limitations had run about 60 days before Mr. Sayre publicly admitted to his role in this affair.

Mr. CURTIS. Is it fair to take Mr. Sayre to task when he has not been found guilty in a court of law?

Mr. HELMS. We are not attempting to judge Mr. Sayre as in a court of law; we are attempting to judge his fitness to be a U.S. Ambassador. There still remains the question of moral turpitude, and whether an Ambassador with such a record can be effective.

Mr. CURTIS. Was not the situation particularly difficult in the light of the fact that the United Nations Security Council was preparing to meet a few weeks later in Panama City to debate the treaty question?

Mr. HELMS. I would have to say in response that that situation was one of our own making; that is to say, the State Department's making. If our policy had been one of defending our rights, an arrest of Moises Torrijos and a full exposure of Panama's role in international drug trafficking would have demonstrated to the world that the Panamanian Government is corrupt. Instead, we elected to cover it up, and become partners with the Torrijos regime. Ambassador Sayre's problem stemmed from trying to implement a completely indefensible foreign policy.

Mr. CURTIS. About when did all this occur?

Mr. HELMS. This was in 1972.

Mr. CURTIS. Was the offense upon which the sealed indictment was made a serious one?

Mr. HELMS. It was awesomely serious, I would say to the Senator. It involved substantial amounts of heroin being shipped on a regular basis into New York City. One shipment was investigated, and I believe, if my memory serves me correctly, six Panamanians were arrested and convicted.

But to reiterate a previous statement that I made. To the suggestion that "Well, this was not all that bad in terms of violation of the law," I say I can think of no worse violation of the law, because the heroin involved in that one shipment was enough, as I recall, to supply all of the addicts in New York City the fixes they would need for 1 month's time. Let those who suggest it is not serious try to convince the mothers and fathers of the victims who are addicted to heroin; but do not let them try to tell it to the Senator from North Carolina.

Mr. CURTIS. And the indictment charged Ambassador Torrijos as being involved with this shipment?

Mr. HELMS. That is correct.

Mr. CURTIS. It is my understanding of the law that you do not need to be in the United States to be guilty of violating the narcotics law in bringing narcotics in.

Mr. HELMS. That is also correct. Anyone who is involved anywhere in the world in the chain of production or shipping is answerable to U.S. law if he enters U.S. jurisdiction.

Mr. CURTIS. I would like to know one other thing. Is there any evidence that those who thought that this arrest should not be made, that it would create an international incident, went to the arresting authorities and to their superiors, stated their case, and asked that the arrest not be made? Is there any evidence that that took place?

Mr. HELMS. Not to my knowledge.

Mr. CURTIS. It seems to me that that is real point here.

It is conceivable that if there was a minor offense, or even an offense which was serious but not extremely serious, involving the brother of the head of a state, there might be some hesitation to go through with the arrest, because conceivably it could create problems. If Ambassador Sayre and his superiors felt that they were justified in taking a position against making an arrest, the right procedure would have been to go to those who were about to make the arrest, and to their superiors, stating their case and asking that it not be done.

If the two agencies cannot agree, they can appeal to the superior of both, the President. I think that is done many times when there is a conflict of position between two agencies. If they honestly believe that the arrest would have created a bad situation, they had that course they could have followed. But to join hands with a defendant and tip somebody off to have him avoid arrest seems indefensible.

Mr. HELMS. I agree with the Senator, and I thank him for his comments.

Mr. McCLURE. Mr. President, will the Senator from North Carolina yield?

Mr. HELMS. I am delighted to yield.

Mr. McCLURE. Mr. President, I believe the Senator from Nebraska has put his finger on a portion of the problem, but, again, I want to get back to the point I tried to make a moment ago, that Mr. Sayre is not the major issue. Indeed, the Senator from Nebraska is correct in suggesting that maybe it is wrong for us to condemn Mr. Sayre if, as a matter of fact, he has never been tried and found guilty of a criminal offense. But it was not just an incident, a single attempt to protect the Government of Panama; it was a concerted policy expressed by the Ambassador and by our State Department to cover up the corruption in the Torrijos government so that we could do business with them on something which we thought was important to us.

Mr. HELMS. The Senator is exactly right.

Mr. McCLURE. That is what disturbs me. As I recall, it is not the incident or the severity of the incident that alone would cause the Senator from Idaho to take the floor today as I am doing, and I am sure the Senator from North Carolina would not be so motivated. But if we put that into the context of the pattern of our Government trying to make certain that nothing would rock the boat to disturb the ongoing negotiations and relationships between our countries, and remembering that a much lesser violation of the law occurred when some burglars ineptly broke into an apartment in the Watergate, the web of circumstances which flowed from that and the obstruction of justice that was apparent after that fact was enough to topple a President from office.

Mr. HELMS. That is correct.

Mr. McCLURE. And we have a much more serious offense here. Fundamentally, the crime with which Moises Torrijos is charged is a much more serious offense, and the pattern and the web of circumstances is a much more morally indefensible pattern than that which was condemned roundly, in this body and elsewhere, in the situation involving the Watergate burglary.

I think it is that fact upon which we must focus.

Mr. HELMS. The Senator is eminently correct.

The colloquy between the Senator from North Carolina and the Senators from Idaho and Nebraska emphasizes the fact that Mr. Sayre's actions were intended, at best, to avoid an international incident by frustrating the actions of the U.S. customs agent, who was representing the judicial branch of the Government.

Let me emphasize again that a sealed indictment against Moises Torrijos was at the heart of this matter.

Mr. Sayre notified General Torrijos, the dictator of Panama in effect, saying or implying, "Do not let your brother land in the Panama Canal Zone because U.S. agents are there to pick him up on a drug charge."

There is no way that Ambassador Sayre can pretend that he was unaware of the conditions which existed. He cannot pretend that he did not suspect that General Torrijos would not warn his brother. Mr. Sayre is far too experienced and intelligent a diplomat to plead ignorance on that point.

His testimony on this subject, Mr. President, simply was not candid. It is not, in the judgment of this Senator from North Carolina, believable.

Let me quote from the record. This is Mr. Sayre testifying.

> I learned, on or about December 6, 1972, from CIA reporting that Moises Torrijos planned to return to Panama from Spain by ship on or about December 9. Reportedly, Moises planned to disembark at the port of Cristobal in the Canal Zone.
>
> In December, 1972, United States relations with Panama were somewhat strained. Treaty negotiations were not progressing well, and Panama was in the process of arranging a meeting at the United Nations Security Council in Panama in early 1973 to discuss the Panama Canal Treaty issue. We had had some sharp confrontations with the Panamanians over narcotics issues. Panama bitterly protested the arrest of a Panamanian official, Him Gonzales, in the Canal Zone, as a violation of United States treaty obligations to Panama.
>
> As I recall the events of December, 1972, I asked the CIA Station Chief in Panama to be sure that State Department officials saw the intelligence reports in question. Subsequently, I was instructed by the Department to contact General Torrijos and let him know that we were aware of the plans, which I did.
>
> Subsequently, I learned that Moises Torrijos left the vessel in Venezuela and did not enter the Canal Zone.

It is clear that Ambassador Sayre is putting his actions in the context of our foreign policy goals in relation to Panama. He talks of the strain in relations, the problems of narcotics trafficking issues, and the lack of progress in the treaties. He is more specific later on in his testimony:

> I was acting on instructions from the Department of State. . . . I can assume what the Department of State had in mind, and that was that this would create a serious diplomatic incident in relations between the United States and Panama, and we already had strained relations with Panama.

Mr. President, what kind of a deal is this? What are we supposed to do in the face of the consequences of major drug trafficking in the United States? Are we supposed to say, oh, well, it might hurt somebody's feelings down in Panama? That is an argument that this Senator will never buy.

Mr. Sayre cannot absolve himself by pretending that he was only an instrument of the State Department, supposedly unacquainted with the arrest plans. The whole context is about narcotics arrests in the Canal Zone, and the possibility of a serious diplomatic incident if Moises entered the zone, our territory, our property. Mr. Sayre can only have reference to the planned arrest of Moises Torrijos as a result of that sealed indictment handed down in New York City.

A schoolboy can understand what went on and why. So let us not kid ourselves that the best interest of the United States was involved in this in any way.

Let us move on to the second point, a point which may be even more important that Mr. Sayre's actions. And that point is the grounds which the State Department chose for the defense of Mr. Sayre. In a letter to me from the Assistant Secretary of State, Mr. Douglas Bennet, I am told that:

The arrest by USG authorities of a Panamanian Ambassador enroute to report to his government would have undoubtedly provoked a most severe incident between the two governments.

Ambassador Sayre was acting on instructions from Washington when he informed General Torrijos that the United States Government was aware of his brother's travel plans. An Ambassador in the field is expected to act on the instructions he receives, and the Department of State is satisfied that Ambassador Sayre's conduct was entirely proper.

Well, let me dissent, Mr. President. That is the same argument that was used at Nuremberg, that was the same argument used in Watergate, that was the same argument used by Lieutenant Calley. Now comes the State Department with the same argument.

I yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding.

Beyond that argument about whether or not he acted correctly when directed is whether or not the Senate of the United States, by voting affirmatively on his nomination, is going to say that we approve of that kind of conduct in foreign policy.

Mr. HELMS. That is precisely why the Senator from North Carolina and the Senator from Idaho are standing here on Thursday afternoon talking about this issue. I do not propose to give the stamp of approval of this Senator—and I know the Senator from Idaho has the same feeling—to this kind of conduct.

Mr. McCLURE. That is precisely correct. I think we cannot overstress the feeling of outrage which the American people ought to have about a foreign policy that gets so perverted in its goals that the overriding issue is that of keeping good relations or avoiding bad relationships with a government as corrupt as the one in Panama that will lead us, ourselves, to be corrupted, as is evidenced in the course of conduct by our State Department, as shown in the actions by Ambassador Sayre.

Mr. HELMS. I thank the Senator.

Mr. SPARKMAN. Mr. President, will the Senator let me get in a few words?

Mr. HELMS. Yes, sir, I am delighted to.

Mr. SPARKMAN. I appreciate his yielding.

Mr. HELMS. If the Senator would let me complete my statement, I shall yield the floor to him.

Mr. SPARKMAN. I shall be very brief.

By the way, Mr. President, I ask unanimous consent to have printed in the RECORD, as a part of this discussion, a letter—Senator HELMS may have already introduced it. It is a letter to him dated March 15, 1978, a copy of which was sent to me.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., March 15, 1978.

Hon. JESSE HELMS,
United States Senate.

DEAR SENATOR HELMS: I have your letter of March 9, 1978, to the Secretary of State concerning the nomination of Ambassador Robert M. Sayre to be Ambassador to Brazil. Your letter raises three points regarding the previous service of Ambassador Sayre.

1. The events of December 1972 involving Moises Torrijos were thoroughly reviewed by the Senate Select Committee on Intelligence. That Committee has compiled a complete file on this matter including all information known by Ambassador Sayre. The Select Committee has reported its findings in detail, first to the Senate Committee on Foreign Relations, and then to the Senate. In addition, the Department of Justice examined the issue of obstruction of justice and concluded that the Ambassador was following instructions and that the matter lacked prosecutive merit. Ambassador Sayre took the initiative himself to put in the public record the facts pertinent to his actions in the matter.

As the Select Committee reported to the Senate, General Torrijos was informed of the indictment of his brother, Moises, by an official of the Department of Justice in June 1972, some six months before the events of December 1972.

In 1972 relations between the United States and Panama were somewhat strained and Panama was preparing to present its case on the Panama Canal to the United Nations Security Council which met in Panama in March 1973. The arrest by USG authorities of a Panamanian Ambassador enroute to report to his government would have undoubtedly provoked a most severe incident between the two governments.

Ambassador Sayre was acting on instructions from Washington when he informed General Torrijos that the United States Government was aware of his brother's travel plans. An Ambassador in the field is expected to act on the instructions he receives, and the Department of State is satisfied that Ambassador Sayre's conduct was entirely proper.

The Department of State is aware of the affidavit signed by Mr. Leland Riggs. At the time of the events in question, Mr. Riggs was a member of the staff of the American Embassy in Panama, and advised both the Ambassador and the Government of Panama on customs matters. His supervisor was Ambassador Sayre. Another unit in the Embassy staffed by the Bureau of Narcotics and Dangerous Drugs (BNDD) was responsible to the Ambassador for advising on drug enforcement matters. Neither the Ambassador nor anyone under his supervision had any authority in the Canal Zone. Ambassador Sayre does not recall being informed by anyone that Canal Zone authorities intended to arrest Moises Torrijos or that Mr. Riggs discussed the matter with him. Nor has the Department found any record of discussion of this matter with the Department of the Treasury. Accordingly, the Department is unable to comment on Mr. Riggs' affidavit.

With respect to the questions on page 2 of your letter, all available information is on file with the Senate Select Committee on Intelligence. As to the questions on page 3 of your letter, the Department of State has no doubt that Ambassador Sayre is well qualified to represent the United States abroad and appreciates the prompt action of the Foreign Relations Committee in recommending that the Senate advise and consent to his nomination as Ambassador to Brazil.

2. The Department of State thoroughly checked the allegations against the Foreign Minister of Panama at the time they were made by the Chairman of the House Subcommittee in March 1972. The Assistant Secretary of State for Inter-American Affairs, Charles Meyer, then wrote Foreign Minister Tack on March 21, 1972, assuring him that the United States agencies concerned had no information connecting him with drug trafficking and apologizing for the injustice done to him.

When the news report first appeared the Panamanian Government declared persona non grata the personnel of the BNDD office in the Embassy of Panama. Because the departure of the personnel of this office would disrupt an increasingly effective cooperative drug control program with Panama, the Department and the Ambassador were anxious that these agents remain. The Special Agent in Charge of the office informed Ambassador Sayre that he had not discussed the Foreign Minister with Congressman Murphy and volunteered to say so in writing if that would help persuade the Panamanian Government to change its decision. The Ambassador agreed that he should prepare a letter and the Ambassador would see whether such a letter would do so. Department records indicate that the Special Agents were authorized by their headquarters in Washington to prepare the letter and the Ambassador was authorized by the Department to provide it to the Panamanian Government (a copy of the letter dated March 14, 1972, is enclosed for your information). The Panamanian Government was not satisfied with the letter and reaffirmed its decision on the expulsion of the agents. However, it agreed to accept replacements immediately thus making clear its intention to maintain the cooperative drug enforcement program.

The Department of State was completely informed by telephone and cable throughout this entire incident and all the actions taken by Ambassador Sayre were with the full knowledge and approval of the Department.

3. Ambassador Sayre first learned of the allegations that he knew one Cacho Otero in November 1977 during the review by the Senate Select Committee mentioned above. Your letter is the first indication the Department had that this allegation may have been brought to the attention of a Department officer. A search of the Department's records does not disclose any report as you describe. Mr. Prengel has retired but occupied the position as described from 1965 to 1969. In any event, Ambassador Sayre does not recall ever having any association, official or otherwise, with anyone by that name. The Department would note that it is not uncommon for persons to claim that they know Department officials, especially Ambassadors, when in fact such claims are baseless.

In summary, Ambassador Sayre acted in the incidents discussed above with the knowledge and on instructions of the Department of State and had then, and has now, its full confidence. It should also be noted that the Drug Enforcement Agency on February 20, 1974, awarded Ambassador Sayre its Certificate of Appreciation for "out-

standing contributions in the field of drug law enforcement" covering the period of his service in Panama.

Sincerely,

DOUGLAS J. BENNET, Jr.,
Assistant Secretary for Congressional Relations.

EMBASSY OF THE
UNITED STATES OF AMERICA,
PANAMA, REPUBLIC OF PANAMA,
March 14, 1972.

Hon. ROBERT M. SAYRE,
American Ambassador,
Panama, Republic of Panama.

DEAR MR. AMBASSADOR: We have not seen the article by Mr. Jack Anderson which is reported to have appeared in the Washington Post of this date. However, we understand that it reports that Congressman John Murphy has stated that representatives of the United States Bureau of Narcotics and Dangerous Drugs in Panama implicated His Excellency, Juan Antonio Tack, the Minister of Foreign Relations of Panama, and a brother of General Omar Torrijos, the Commandant of the National Guard of Panama, in international drug trafficking.

We, the undersigned, as the representatives in Panama of the United States Bureau of Narcotics and Dangerous Drugs, had one brief meeting with Congressman Murphy, at his request, during his recent visit to Panama. We wish you to know that neither during that meeting nor at any other time have we mentioned to the Congressman either the Foreign Minister or any relative of the Commandant of the National Guard.

Respectfully,

WILBUR V. PLASE,
RUBEN MONZON.

Mr. SPARKMAN. I think this letter covers a great deal of what the Senator has been saying and what I would like to say. I should like to read the concluding paragraph in the letter. This was written by the Assistant Secretary for Congressional Relations of the Department of State, Douglas J. Bennet, Jr.:

In summary, Ambassador Sayre acted in the incidents discussed above with the knowledge and on instructions of the Department of State and had then, and has now, its full confidence. It should also be noted that the Drug Enforcement Agency on February 20, 1974, awarded Ambassador Sayre its Certificate of Appreciation for "outstanding contributions in the field of drug law enforcement" covering the period of his service in Panama.

Something has been said here about the sealed indictment in New York City involving Moises Torrijos. I have forgotten the tremendous amount of drugs and money that involved. It seems to me that an effort was made to tie Ambassador Sayre to that. Yet he was given the highest award in 1974, 2 years after that, a certificate of appreciation for outstanding contributions in the field of drug law enforcement.

I also would like to call attention to the fact that in this letter it is brought out that these matters we have been talking about were examined by the Senate Intelligence Committee, and I believe that, in the secret sessions of the Senate, we had a full discussion of this issue.

Furthermore, the Department of Justice checked into all of these things, investigated them, looking toward prosecution, but reported that there was no cause for any prosecution, that there was no violation of law which required the Department to take action. I think we ought to bring out all of these things and let the whole truth be known.

Mr. HELMS. I agree.

Mr. SPARKMAN. By the way, I was greatly interested in the dialog between the Senator from North Carolina and, particularly, the Senator from Nebraska, one reading a question and the other answering it, showing an apparently well-prepared dialog between them. I always like to discuss thing straight from the shoulder. I am not criticizing, but I just could not help but comment on that.

Mr. McCLURE. Will the Senator yield?

Mr. SPARKMAN. I yield to the Senator.

Mr. McCLURE. I thank the Senator for yielding. Did I understand the Senator to say that the Department of Justice has certified that there was no violation of law?

Mr. SPARKMAN. Yes.

Mr. McCLURE. Do I understand from that that the Department of Justice says that someone who tips off a person who is about to be arrested—

Mr. SPARKMAN. Let me read the letter. I think that would be better, rather than try to—

Mr. McCLURE. I just wanted to get a little bit of that dialog right straight from the shoulder that the Senator was talking about.

Mr. SPARKMAN. All right. This letter is from the Department of Justice, addressed to Mr. Herbert J. Hansell, Legal Adviser of the Department of State. It says:

DEPARTMENT OF JUSTICE,
Washington, D.C., February 23, 1976.

Mr. HERBERT J. HANSELL,
Legal Adviser, Department of State, Washington, D.C.

DEAR MR. HANSELL: This is in reference to the Department of Justice's inquiry into the actions of former Ambassador to Panama, Robert M. Sayre, during December of 1972.

We had received information that Mr. Sayre may have violated the obstruction of justice statute (18 U.S.C. 1503) when he notified Omar Torrijos, the Chief of State of Panama, that his brother, Moises, who was under a narcotics indictment in New York, was about to return to Panama from Spain and could be subject to arrest if and when he entered United States territory.

The Criminal Division has carefully reviewed the evidence and documents concerning this incident and feel that it does not warrant prosecution. Since this incident took place in late 1972, it is of course barred by the statute of limitations.

Notwithstanding that obstacle, the facts themselves were not of sufficient seriousness to warrant a full criminal investigation since Ambassador Sayre was following written instructions when he notified Torrijos.

Therefore, even if the matter were not time barred, the matter lacks prosecutive merit.

We trust that this information has been of help to you and if you desire further assistance, please do not hesitate to contact me.

Sincerely,

ROBERT L. KEUCH,
Deputy Assistant Attorney General.

I do not see how there could be a fuller statement from the Department of Justice as to whether or not the facts would justify prosecution.

They say they would not.

Mr. McCLURE. Will the Senator yield further?

Mr. SPARKMAN. Surely.

Mr. McCLURE. I thank the Senator for yielding, because it is revealing that the terminology in the letter is not exactly the same terminology the Senator had used in his earlier statement and I am grateful to have this on the record.

The Senator earlier said there was no crime involved. What the Department of Justice says is that it does not warrant prosecution.

Now, those are quite different matters, in the first place, and, in the second place, the judgment that it does not warrant prosecution is based, according to the letter, upon two things. One is the lapse of time, the other is that he was following written instructions.

I assume from that, if Lieutenant Calley had had written instructions at My Lai, the Department of Justice would have said, therefore, that it did not want prosecution.

If, as a matter of fact, we had had a similar finding in Watergate, there are a number of the White House officials who were prosecuted for obstruction of justice who would not have been prosecuted because it did not warrant prosecution.

If the Senator will recall, the Department of Justice at that particular time had that feeling concerning it.

Mr. SPARKMAN. Let me reread this sentence. I cannot believe that the Senator heard this clearly.

Mr. McCLURE. I hope the Senator will.

Mr. SPARKMAN. And the conclusion that we draw from it.

Mr. McCLURE. Read it again in case anybody misses its meaning.

Mr. SPARKMAN. It says:

. . . the facts themselves were not of sufficient seriousness to warrant a full criminal investigation since Ambassador Sayre was following written instructions when he notified Torrijos.

Mr. McCLURE. That is precisely what I just said I understood the letter to say.

Mr. SPARKMAN. It says there were not sufficient facts.

Mr. McCLURE. Do written instructions constitute a bar to a violation of law?

Mr. SPARKMAN. I am not going into a discussion of ifs, ands, or buts.

I have read what the Department of Justice of the United States had to say.

Mr. McCLURE. Let me state categorically to the Senator then, not asking him for his opinion, but I would welcome any comment he might make, that written instructions are not a bar to prosecutions, that a person who carries out a written instruction which is, in itself, a violation of law is guilty of a violation of law.

The law is very clear on that.

Mr. SPARKMAN. If the facts warrant it, but the Justice Department said they did not in this case.

Mr. McCLURE. They said they did not warrant a full investigation.

The same thing was said by Attorney General Mitchell at the time of Watergate.

Mr. SPARKMAN. By the way, just a little side statement as a matter of interest. The Senator has referred repeatedly to the Watergate break-in. I have always said that if the President at that time would have said that he regretted to learn what he had been told, and he apologized to the country, there never would have been all of the other stuff that followed.

Mr. McCLURE. The President did not resign from office because he had been found guilty of a crime, but some of the people on the White House staff were convicted of a crime, and the crime that they were convicted of was obstruction of justice, precisely the charge that is being made here.

Mr. SPARKMAN. But I am sure the Senator remembers that the House Judiciary Committee had voted articles of impeachment against him.

Mr. McCLURE. That is correct.

Mr. SPARKMAN. And the process to remove the President had begun.

Now, I do not care about going back into all that, and I do not want to deal in personalities. However, I knew Richard Nixon. I knew him in the House. I knew him in the Senate. I knew him when he was Vice President. I knew him when he was President.

I was with him in his office on the two nights preceding his resignation when he was wrestling deep in his soul with what his course of action should be.

I recall very well that second night when he talked with us a while, and told us that he was going to make a TV appearance immediately following that meeting. He invited us to stay there in the TV room with him. I decided I would go home and watch it on TV. And I did just that.

But I remember that second night about 15 or 20 Members of Congress when he was talking to us. There were whom he had invited to come in. He talked with us about matters generally as they had developed when finally he broke into sobs, and could talk no further. He got up and just left the room without saying anything further.

I want to say I was sorry for the man. I really was. But I always felt that if he had just made a clear announcement, an apology to the country for the Watergate break-in, we would have heard nothing more about it.

Mr. McCLURE. I suspect what the distinguished Senator from Alabama is saying, that if the President had apologized there would have been no prosecution of his subordinates and if the President had apologized they would not have gone to prison, if I understand.

Mr. SPARKMAN. Does the Senator refer to impeachment?

Mr. McCLURE. Excuse me.

The Senator knows that some of the Watergate figures were tried for an obstruction of justice. They were found guilty and they were sentenced and they have been in prison.

What the Senator is suggesting, that if the President had apologized the Department of Justice would have said that there was not sufficient reason to investigate.

Mr. SPARKMAN. I am talking about the break-in.

Mr. McCLURE. Well, I am talking about the Department of Justice.

Mr. SPARKMAN. I think to the country as a whole the break-in itself was a minor thing at that time.

Mr. McCLURE. I understand the point the Senator is making. But the point I am trying to make is that the obstruction of justice charge was that of the people who were trying to prevent the Department of Justice from bringing charges against people who had violated law. People involved in that were found guilty. They were sentenced. They served time in prison. We have in this instance an official of the Government of the United States obstructing justice by making it possible for someone charged with crime to avoid being arrested so that he can face his accusers in court. That, by any test, is an obstruction of justice.

Mr. SPARKMAN. I am not trying to brush it off. I do not think it can be. I am not arguing with the Senator on that.

What I say is this: I sat through these hearings, when Ambassador Sayre was before us. He formerly had been Ambassador to Panama and to other Latin American countries. He was before us in connection with his nomination as Ambassador to Brazil. I heard every word of that testimony. We brought out all we could, and he told us voluntarily about the matter discussed earlier.

The Foreign Relations Committee—Democrats and Republicans alike—voted, to a man, to recommend favorably to the Senate confirmation of the Sayre nomination. I think that says a lot.

Mr. McCLURE. I understand the compassion with which the Senator is looking at the person of Robert Sayre, and it is not my point to condemn Mr. Sayre. My point, throughout all this, has not been even to suggest that he is the issue. I do not think he is the issue. I think the issue is whether or not one Federal agency of Government has the right to obstruct the enforceemnt of law by another agency of Government, as was done in this case.

The Senator from Nebraska has indicated that there is a way to resolve that conflict. If you do it in the appropriate way, you lay out before the Department of Justice and the Treasury Department what is involved in the policy decisions that must be made as to whether or not the Constitution will be carried forward. The State Department did not do that in this case. They did not bother to consult with either the narcotics enforcement agency or the Department of Justice prior to the time they tipped off General Torrijos that his brother was about to be arrested.

That is the issue. It is not the policy so much and it is not the result so much as it is the way in which they undertook to frustrate the prosecution of a violation of the criminal laws of this country. The State Department succeeded in doing it, and they succeeded in doing it in the very worst possible way. That is the issue.

Mr. SPARKMAN. I do not know anything further that I can say. When the entire Committee on Foreign Relations, in performing its duties as given to it under the rules of the Senate and under the Constitution of the United States, holds a hearing and goes into these things and reports favorably on the man's nomination, I do not see much more we can do. I heard the testimony. I voted with the other members of the committee to report the nomination, and I believe the nomination should be confirmed. That is all I have to say.

(Mr. ZORINSKY assumed the chair.)

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. HELMS. I yield to the distinguished Senator from Michigan.

Mr. GRIFFIN. Mr. President, I am a member of the Committee on Foreign Relations, and I have listened with interest and attention to the distinguished chairman of the committee, for whom I have great respect. I am sure he is right, that the committee did unanimously report this nomination to the floor.

I feel compassion and concern about the nominee and the situation he was in, in that he was following instructions when he took the action which can be regarded as obstruction of justice. Yet, I also am troubled by the fact that in some situations, such as this one, we seem to find many people saying that it is all right to break the law in the national interest, but in other situations it is not.

Perhaps the plight and the difficulty of the FBI already has been discussed in this debate. I am not sure. But there is a gentleman by the name of LaPrade, who was the head of the New York Bureau of the FBI. I cannot help recall that his defense is that he was following directions. The FBI was trying to protect the American people against the terrorism and the threat of the Weathermen a few years ago. I do not think that anyone who lived through that period could dismiss the fact that there was some danger and a threat from that underground group.

The FBI, as I understand the situation, engaged in some acts which were certainly technically in violation of the law; but they did this under instructions from above. I find it very difficult to distingushed between that situation and the situation of Mr. Sayre. It may be that in his case, the statute of limitations has run, but that is a distinction that I am not willing to admit, when we are talking about the confirmation of a nomination.

Apparently, if you break the law in the national interest and you are in the State Department, you get promoted; but if you are in the FBI and you break the law in the national interest, in accordance with instructions, you may be prosecuted. At least, that is the situation right now with regard to Mr. LaPrade.

Can the Senator from North Carolina help me? Is there something wrong with my analogy and reasoning?

Mr. HELMS. Not at all. The distinguished Senator has a firm handle on the basic question. It is not a matter of whether you disagree with the Foreign Relations Committee. It is a matter of one thing: Was the law abrogated? I do not think there is any question about the answer to that question.

Then you get into the discussion of it in terms of how you can defend it, and then you reach the Senator's dilemma: Is it all right for the State Department to do it but not all right for the FBI to do it?

The Senator's question is obvious and it is relevant, and I greatly appreciate his comments.

Mr. GRIFFIN. This troubles me very much.

I also was troubled by the fact, as I recall, that the nominee in this situation did not really provide the information as to who in the State Department authorized him to take the action which resulted in General Torrijos' brother not being arrested.

I hope that if the Senator from North Carolina is going to give the Senate an opportunity on this, he might consider the possibility of moving to recommit this nomination to the committee, with the suggestion or recommendation that they investigate further into some of these questions that still are unanswered, about what happened in this situation.

Mr. HELMS. That is exactly my intentions. I am going to give the Senate that opportunity. I thank the Senator from Michigan for proposing that suggestion.

Mr. President, I have no desire to prolong this discussion, but let me say again that I find it rather appalling that the Department of State or anybody sympathetic with the Department of State, or representing the Department of State, should attempt to justify Mr. Sayre's actions as Ambassador of Panama on the ground that he was acting on instructions.

That is the basic point, and I could not more vehemently disagree with any defense of that nature.

What kind of argument is it? Of course, any official of the United States is supposed to act upon the instructions of his superiors but that does not go so far as to say that any official must act in violation of the law. That is the point and that is the only point involved here. It is not a matter of whether the statute of limitations has run. Of course it has, but that is beside the point in considering this nomination.

It is a matter of whether this man, by his own initiative, set up a set of circumstances resulting in a deliberate obstruction of justice. Any reasonable man looking at the evidence must conclude that that is precisely what happened, and here, as the Senator from Michigan has just said, we propose to promote him.

No one is required in this Government to obey unlawful, improper instructions. An ambassador is supposed to have the experience and the expertise to deal with local situations. He is also supposed to be intelligent enough to know what the law is. We are not dealing here with something that is obscure or that is a fine point that can be interpreted in several different ways. There is just one answer or the other. Was it obstruction of justice or was it not? And that is the only reason I am standing on this floor on Thursday afternoon in opposition to this nomination.

I am just not going to lend whatever credibility I have to a stamp of approval of one who, by his own acknowledgement and by the State Department's own acknowledgement, is guilty of obstruction of justice.

I reiterate that I am appalled that the Department of State says that an Ambassador is expected to act upon instructions even if he is instructed to do something that is unconstitutional or illegal.

Mr. President what kind of morality in foreign policy is this? How can we pose as champions of human rights with a foreign policy rooted in moral principles when the U.S. Department of State makes such an assertion? Is the prosecution of justice to be subordinated to foreign policy aims? How can we criticize Brazil for its attitude to human rights when the U.S. State Department says that foreign policy is more important than law? What authority can Mr. Sayre wield in Brazil on human rights when, by his own admission, he took steps to frustrate the arrest of a major drug trafficker? What destroys human rights more than dope? What is more heinous than a government officially protecting and arranging the dope traffic?

Of course an Ambassador is expected to act upon instructions. But if he doesn't agree with those instructions, he has two alternatives. First, he can use his special knowledge of the situation to persuade his superiors to change his instructions. Secondly, if he still thinks his instructions are unwise or illegal, he can resign. Ambassador Sayre did neither. Moreover, his own testimony makes it clear that his aim was to avoid a diplomatic incident at any cost, even if it meant frustrating the arrest of Moises Torrijos.

The judgments at Nuremberg, the judgment of Lieutenant Calley, the convictions in the Watergate cases have effectively disposed of the argument that a subordinate may suspend judgment as long as he is acting under instructions from his superiors. We can not project a dynamic foreign policy nor win the confidence of our allies if we sustain the doctrine that our ambassadors can take any actions to achieve our policy goals as long as they are acting under instructions.

Mr. President, the nomination of Ambassador Sayre is not to be judged solely by the Moises Torrijos incident. The fact is that the Torrijos incident only confirms that Mr. Sayre apparently acted without scruple to attain what he conceived to be the goals of U.S. foreign policy. There is another incident, well documented, which shows clearly that he did not hesitate to resort to deception and falsehood in his effort to placate the corrupt Torrijos dictatorship. The methods which he used certainly do not represent an acceptable standard of conduct for representatives of the United States abroad.

Moreover, this other incident does not only represent a deception and manipulation of the truth; it was a frontal attack on the integrity of Congress and of a very distinguished Member of the House of Representatives, Mr. JOHN MURPHY of New York. It was a deliberate attempt to mislead the American people and to coverup the narcotics trafficking of high Panamanian officials. Indeed, the Ambassador's disreputable actions in this earlier incident were a prelude to the obstruction of justice in the Moises Torrijos affair and necessary to a full understanding of the lengths to which Mr. Sayre was prepared to go.

In Mr. Sayre's testimony, which I quoted earlier, he said:

> We had had some sharp confrontations with the Panamanians over narcotics issues. Panama bitterly protested the arrest of a Panamanian official, Him Gonzales, in the Canal Zone, as a violation of United States treaty obligations to Panama.

Mr. President, what Ambassador Sayre characterizes as "sharp confrontations" is again another example of a lack of candor. The sharpness came from the Panamanian side; as for Mr. Sayre, he proved that he was willing to use deception and the clear abandonment of U.S. rights in order to placate a gangster government.

By way of background, we should note the circumstances of Mr. Sayre's arrival in Panama. Previously, Mr. Sayre had been named Ambassador to Uruguay in 1968; yet only a year later he was sent to Panama to replace Ambassador Charles Adair. The reason for the change of ambassadors was a fundamental change in the State Department's attitude toward Panama. Whereas before the United States had maintained a hands-off attitude toward Torrijos, a decision had apparently been reached in 1969 to accept Torrijos despite the fundamental illegality of his regime and to make him a partner of the United States.

Parenthetically, it should also be noted that this decision apparently sprang from the visit of Nelson Rockefeller in 1969 to Panama, and Mr. Rockefeller's promise to assist Torrijos in legitimizing his regime. Torrijos subsequently visited New York, met wth both Nelson and David Rockefeller, and came back and revised Panamanian banking laws to make Panama the off-shore banking haven it has since become.

Thus, Torrijos suddenly was hailed as a "progressive" military dictator, that is to say, a dictator of the left. It was well known to our officials that Torrijos' sister for example, had been apprehended in 1965 by the legitimate Panamanian Government while carrying Communist propaganda; and that Moises Torrijos had been denied a visa to the United States because of his trips to Moscow and other Communist connections.

So Ambassador Sayre was installed as part of the change in policy. A news story from Washington Post of December 22, 1969, reports on the change. With the arrival of Ambassador Sayre, embassy officials stopped describing our relationship with Panama as "cool but correct," changing to one of "dealing with each other on terms of mutual respect." Stripped of its diplomatic pretension, that phrase can be better understood as appeasement of Panama at any cost.

Mr. President, I ask unanimous consent that the Washington Post article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 22, 1969]

U.S. WARMS UP TO PANAMA

(By John M. Goshko)

PANAMA CITY.—After a year of holding Panama's military government at arm's length, Washington has switched to trying to improve its strained relations with the regime of Gen. Omar Torrijos.

The subject is one that U.S. officials are reluctant to discuss. They will say only that they are following the guidelines laid down by President Nixon in his October speech on Latin American policy.

Mr. Nixon spoke then of his administration's determination to accept governments as they are and not try to force upon them U.S. judgments about the respective merits of democracy and military dictatorship. He also intimated that Washington would adopt a more subdued stance.

Both concepts are evident in the current U.S. posture toward this 29,298 square mile nation (the size of South Carolina) of 1.3 million people. But the explanation that the U.S. Embassy here is only following the directive of the President does not fully account for the changes that have taken place.

In no other Latin country does the U.S. presence loom so large. Because of the life-and-death role played by the U.S.-controlled Panama Canal in the affairs of this country, the rest of the region traditionally regarded Panama as a quasi-colonial dependency of Washington.

That relationship underwent a violent wrench in October, 1968. The U.S.-trained and equipped National Guard then ousted a civilian president who had been in office only 11 days. Suddenly Washington, which had long taught democracy and military submission to civilian authority, found a star pupil staging a coup on the doorstep of the Canal Zone schoolhouse.

The new regime was dominated by Torrijos, a brigadier general in command of the National Guard.

Some U.S. officials are known to have argued for an economic boycott against the takeover group, but that was never done. In time, the United States recognized the new government.

However, the then U.S. Ambassador, Charles Adair, was instructed to adopt an attitude described privately as "correct but cool." This resulted in considerable friction. Torrijos seemed incapable of mentioning Adair's name without adding several unprintable adjectives.

Within the State Department, opinions about the Panama policy varied widely. Its opponents argued that the policy was neither getting the National Guard out of power nor checking the spread of hemisphere militarism.

The contention also was made that Torrijos' efforts to end corruption in Panama aligned him with reformist officers coming to the fore elsewhere in Latin America and entitled him to be regarded in a different light.

At any rate, the change was decided upon even before Mr. Nixon made his policy speech. It came in October, when Washington ordered Adair to change places with the U.S. ambassador in Uruguay, Robert Sayre.

Sayre had already served a long stint as Deputy Assistant Secretary of State for Inter-American Affairs. Observers had often identified him with a policy making faction that advocates the "realistic" stance of recognizing that militarism is a powerful force in Latin America and learning how to work with it in relative harmony.

Shortly after Sayre's arrival in Panama, embassy officials stopped using the "correct but cool" term. Now the phrase is "dealing with each other on terms of mutual respect."

Sayre is known to have been working to establish rapport with Torrijos.

When Torrijos' two chief deputies in the National Guard, Cols. Ramiro Silvera and Amado Sanjur, staged an abortive coup a week ago, it was feared that the United States might get caught in the backlash. Sanjur, with a strong pro-American record, had frequently been rumored as the man being set up by Washington to take Torrijos' place.

However, the U.S. Embassy's assertion of strict neutrality in respect to internal guard affairs seems to have been accepted by Torrijos at face value and no criticism has been heard.

If Washington's relations with the regime are indeed improving, probably the first result will be a substantial increase in aid, which has been at a virtual standstill since the 1968 coup. Some U.S. policymakers believe Torrijos is sincere in his desire to make sweeping reforms and deserves help. If the regime moves toward restoration of civilian government, there is a strong likelihood of aid resumption.

A more crucial indicator would be the status of the long-stalled talks about a new canal treaty and the possible building of a sea-level canal. After the '68 coup, Washington indicated that it could not negotiate a new treaty with a military regime because any agreement might later be repudiated by a constitutional government.

Now the United States says it is willing to talk any time the Panamanians are ready. In theory, Panama's position is the same.

Mr. HELMS. Mr. President, the problem Mr. Sayre faced was that he was dealing with a gangster government. There was no way that we could deal with Panama on terms of mutual respect and at the same time keep our own self-respect. As has already been well documented, Panama was the center of heroin smuggling into the United States at this time. Without the complicity of Panama, the narcotics explosion of 1969 could not have taken place. Panama was the necessary way station without which the drug traffic could not operate. And the Government of Panama, that is to say, Torrijos and his gang, were directly controlling it.

Mr. President, some have tried to say on this floor that drug trafficking was endemic in Latin America, and that the role of Panama was no different than many other countries. That simply does not fit the facts. In no other country, with the exception perhaps of Paraguay, was the drug traffic directly controlled by the government. And even Paraguay ultimately cooperated in shutting down the traffic. Panama, on the other hand, put up roadblock after roadblock. Panama was the only country that did not cooperate, the only country. And the major traffic of the late sixties was shut down in Panama only because the sources in Paraguay and other countries were shut off with the cooperation of those countries.

Meanwhile, Mr. Sayre was our Ambassador in Panama. Instead of attempting to bring these facts out in the open, he was attempting to cover them up. The arrest of Him Gonzales in the Canal Zone—an arrest that took place outside of Ambassador Sayre's jurisdiction—made it impossible to cover it up. Him Gonzales was the top official in Tocumen airport, a Panamanian governmental agency. With the conviction of Him Gonzales, there could be no doubt that high officials of Panama were involved.

That is the real reason, Mr. President, why Mr. Sayre says that "Panama bitterly protested." There is absolutely no way that the arrest of Him Gonzales in the Canal Zone could be considered a violation of our treaty obligations in Panama. The United States has full jurisdiction in the Canal Zone. Panama protested because the arrest made it too hot for Torrijos and his gang. The fact that Mr. Sayre is still citing those Panamanian objections today as objections related to U.S. treaty violations shows his complete lack of candor. The Panamanian officials simply saw that U.S. law enforcement was getting to close to themselves. They were afraid that they would go to jail if they themselves were caught in the Canal Zone.

In order to placate the Panamanians, Mr. Sayre decided to prevent U.S. drug enforcement officials from having free rein. I have talked to some of our officials who were involved at that time. The sworn statement of Leland Riggs makes it clear that Mr. Sayre himself was putting up road blocks even on routine enforcement of U.S. drug laws. However, the incident involving Mr. Wilbur Plase and Mr. Ruben Monzon, both agents of the U.S. Bureau of Narcotics and Dangerous Drugs, demonstrates the extent to which Mr. Sayre would go.

In 1972, the distinguished chairman of the House Panama Canal Subcommittee held sessions in the Canal Zone to investigate the drug situation. I am referring, of course, to Mr. JOHN M. MURPHY of New York, who is now the very able chairman of the full House Merchant Marine Committee. At that time, however, he was chairman of the subcommittee. Special Agents Plase and Monzon, in executive session, reported that Foreign Minister Juan Tack and other high officials of the Panamanian Government were involved in the narcotics rackets. Mr. MURPHY subsequently reported those statements in a report of the subcommittee.

Now it is important to note, Mr. President, that the statements of Special Agents Plase and Monzon were absolutely correct. Their report was borne out by the Raphael Richard case which led to the indictment of Moises Torrijos, and which showed that Foreign Minister Tack was deeply involved. So there is no doubt about the facts.

However, when the subcommittee report was published in the press in the United States, Omar Torrijos and Tack were incensed. Once more the activities of U.S. Government law enforcement agents were coming too close for comfort. Plase, Monzon, and a third U.S. BNDD agent were declared persona non grata.

Instead of commending the U.S. agents, Ambassador Sayre summoned them to make a retraction. He or his staff composed a letter—it was not composed by the agents in question—which is a model of duplicity. Let me read the first paragraph:

> We have not seen the article by Mr. Jack Anderson which is reported to have appeared in the Washington Post of this date. However, we understand that it reports that Congressman John Murphy has stated that representatives of the United States Bureau of Narcotics and Dangerous Drugs in Panama implicated His Excellency, Juan Antonio Tack, the Minister of Foreign Relations in Panama, and a brother of General Omar Torrijos, the Commandant of the National Guard of Panama, in international drug trafficking.

That is the first paragraph, Mr. President. Note that it sets up as the main

proposition the charge that Tack and Moises Torrijos were involved in drug trafficking. Today the whole world knows that these charges were true. There can be no doubt about them.

Now examine the second paragraph:

We, the undersigned, as the representatives in Panama of the United States Bureau of Narcotics and Dangerous Drugs, had one brief meeting with Congressman Murphy, at his request, during his recent visit to Panama. We wish you to know that neither during that meeting nor at any other time have we mentioned to the Congressman either the Foreign Minister or any relative of the Commandant of the National Guard.

Mr. President, the only conclusion that one can draw from the second paragraph is that the two agents involved are denying the proposition in the first paragraph, namely, that they had implicated Tack and Moises Torrijos. The whole thrust of it was to destroy any public evidence that Panamanian officials were involved.

But the letter turns upon a deceptive equivocation, a manipulation of words that no one could decipher who did not know the facts. The first paragraph does not say that Congressman MURPHY had been told of the Panamanian involvement; it merely says that the BNDD agents had implicated the Panamanians. The second paragraph, however, says only that the involvement was not, and I quote, "mentioned to the Congressman." The letter technically does not deny the involvement; it merely denies that it was "mentioned to the Congressman."

Unless you know one important fact, however, you will be completely deceived by the letter. That fact is that the Congressman had stepped out of the room during that part of the briefing, and the facts were taken down by staff. Now all of us know how the staff system works. The staff was representing the Congressman, and for all practical purposes, the information about the Panamanian involvement had been presented to the subcommittee.

Yet Ambassador Sayre sought to placate Foreign Minister Tack—a man involved in international drug trafficking—and to protect his reputation by concealing a material fact. The letter was intended to deceive. It was intended to destroy Mr. MURPHY's credibility, and the credibility of the committee system in Congress. Mr. Sayre was fully prepared to use concealment, deception, distortion, and denial of fact to accomplish his goal, which was the coverup of the narcotics trafficking in Panama, and the involvement of high Panamanian officials in gangster-type activities.

Mr. MURPHY has put the entire history of this event on record in a letter to me of March 21, which I have already placed in the RECORD. There is no person who, over the years, has done more to protect U.S. interests in the Canal Zone, and to expose the corruption in the State Department in this regard. I commend him for his efforts, and I thank him for his contribution to this debate. With regard to the letter addressed to me from Assistant Secretary Bennet, he states:

I left the meeting to go to another scheduled session and the three staff persons remained to finish the briefing by Agents Plase and Monzon. While it was true I was not there during this particular part of the discussion, in my absence the staff represented me and to be charitable to the letter of March 14th it is totally misleading.

Mr. President, note what he says. "It is totally misleading." Not only did Ambassador Sayre attempt to mislead the American people, but the State Department is still attempting to mislead the American people. Assistant Secretary Bennet's letter to me seeks to imply that the agents volunteered the letter; but Mr. MURPHY reports otherwise:

According to Plase's statement to the Committee he did not "volunteer" to write the March 14th letter, but upon learning that I was not in the room during the time Tack was discussed, Ambassador Sayre (or if not he, then presumably someone in the State Department) wrote the letter and urged the two agents to sign it. Therefore, according to the agent Plase it is not true that "the Ambassador agreed that he (Wilbur Plase) should prepare such a letter."

Mr. MURPHY further says:

Plase further told the Committee that he and Monzon were told to accompany Sayre to Tack's office and they were forced to wait outside in an anteroom "like two school boys cooling their heels" while Sayre went in to placate Tack with a letter they signed but which was not of their own doing.

Finally, the distinguished Congressman from New York adds:

I would further say that the agents expressed concern and frustration to my staff over their inability to apprehend Panamanian officials because of the interference of the Department of State . . . The fact that such a State Department policy was in effect was confirmed in lengthy testimony by the then Director of the Bureau of Narcotics and Dangerous Drugs, John Ingersoll. He testified that as a result of the Him Gonzales case the Bureau of Narcotics and Dangerous Drugs would never again arrest a Panamanian official in the Canal Zone. He further stated the State Department had a higher priority on maintaining good relations with Panama than they had on stopping the traffic in heroin.

Mr. President, that last statement sums up the whole attitude of Mr. Sayre. This incident demonstrates that he was willing to deceive and conceal facts to attain his foreign policy goals. Such a course of action, once set upon, inevitably leads to more serious aberrations of conduct and policy. Before the year was out, Mr. Sayre was willing to engage directly in the obstruction of justice for foreign policy aims, as I have already outlined earlier. I submit that it disqualifies him from representing the United States abroad.

Mr. President, I ask unanimous consent that certain materials relating to the Sayre nomination be printed in the RECORD. They include:

First. My letter of March 9, 1978 to Secretary Vance.

Second. The letter of Assistant Secretary Bennet of March 15, 1978 to me.

Third. The letter of Wilbur V. Plase and Ruben Monzon to Ambassador Sayre of March 14, 1972.

Fourth. The Statement of Leland L. Riggs, Jr., of December 1, 1977, to the Separation of Powers Subcommittee.

Fifth. The letter of Chairman JOHN M. MURPHY of March 21, 1978 to me.

Sixth. The Statement of the Honorable Robert Marion Sayre, of February 24, 1978, before the Foreign Relations Committee.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 9, 1978.

Hon. CYRUS VANCE,
The Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: The nomination of Robert Marion Sayre to be Ambassador to Brazil has raised three important questions as to his suitability to represent the President of the United States abroad. Before the Senate votes on his confirmation, I would appreciate having your comments so that they can be discussed on the Senate floor.

1. During the confirmation hearings before the Senate Foreign Relations Committee, Mr. Sayre admitted to the Committee that, as Ambassador to Panama, he had passed on to Brig. General Omar Torrijos the information that U.S. Customs officials were prepared to arrest his brother, Moises Torrijos, who was planning to disembark from a vessel in the Canal Zone. Mr. Sayre, testified as follows:

"I learned, on or about December 6, 1972, from CIA reporting that Moises Torrijos planned to return to Panama from Spain by ship on or about December 9. Reportedly, Moises planned to disembark at the port of Cristobal in the Canal Zone.

"In December 1972, United States relations with Panama were somewhat strained. Treaty negotiations were not progressing well and Panama was in the process of arranging a meeting of the United Nations Security Council in Panama in early 1973 to discuss the Panama Canal Treaty issue. We had some sharp confrontations with the Panamanians over narcotics issues. Panama bitterly protested the arrest of a Panamanian official, Him Gonzales, in the Canal Zone, as a violation of United States treaty obligations to Panama.

"As I recall the events of December, 1972, I asked the CIA Station Chief in Panama to be sure that State Department officials saw the intelligence reports in question. Subsequently, I was instructed by the Department to contact General Torrijos and let him know that we were aware of the plans, which I did.

"Subsequently, I learned that Moises Torrijos left the vessel in Venezuela and did not enter the Canal Zone."

Although the statute of limitations has apparently run on this incident, it appears, prima facie, that Ambassador Sayre participated in an obstruction of justice. Moreover, he himself places his actions in the context of United States relations with Panama, and the lack of progress in treaty negotiations. According to his testimony, Ambassador Sayre arranged for the intelligence reports about the planned return of Moises Torrijos and the planned arrest of Moises Torrijos in the Canal Zone by U.S. officials to be brought to the attention of officials in the U.S. State Department. As a result of that arrangement, these same officials contacted the Ambassador and instructed him to let General Torrijos know about the plans.

It is clear from his testimony that the Ambassador initiated the sequence of events for the purposes of foreign policy, and that he himself took the action which frustrated the arrest of a man indicted by a United States grand jury for a heinous crime. In other words, for the sake of foreign policy goals, he was willing to take an action obstructing justice.

The testimony of Ambassador Sayre should be compared with the affidavit of Leland Riggs, Jr., who was the U.S. official who had undertaken the responsibility of arresting

Moises Torrijos in the Canal Zone. A copy of that affidavit is attached.

Before the Senate votes on the confirmation of Ambassador Sayre, it is important to know who else participated in this obstruction of justice.

(a) Who were the officials in the State Department who made the decision to instruct Ambassador Sayre to inform Omar Torrijos about the plans?

(b) Was this decision made wholly within the Department of State, or did other U.S. government officials participate? If so, who were they?

(c) Is it the policy of the Department of State to subordinate the impartial process of justice to foreign policy goals? If it is not a policy, was it, in your judgment, appropriate in this instance to do so?

(d) Is it appropriate, in your judgment, to select Ambassador Sayre to represent the United States abroad after he has publicly admitted to an obstruction of justice? Does that convey the proper message with regard to the rule of law and protection of human rights to the international community?

2. Ambassador Sayre was involved in another incident which also raises doubts about whether or not his ability to serve has been compromised. The circumstances appeared in the Report of the House Merchant Marine Committee of January 2, 1973.

The report states:

"The briefing team concluded that based on the Customs investigation, this case reached into the highest levels of Panamanian officialdom and included Moises Torrijos, the brother of General Omar Torrijos, and the Panamanian Foreign Minister, Juan Tack. This involvement was confirmed by BNDD officers in the Republic of Panama on February 23 during a Subcommittee briefing in that country. . . .

"After a preliminary Subcommittee report was released in March of 1972 on the involvement of Panama's Foreign Minister and others in that government in the narcotics traffic, three BNDD agents assigned to work out of the U.S. Embassy in Panama City were declared persona non grata and given 12 hours to leave the country. This ultimatum was delivered on national television by Foreign Minister Juan Tack. This was done after Tack had arranged for the agents to sign letters written by the U.S. Ambassador in Panama denying they had discussed with the Chairman of the Subcommittee the relationship of government officials of Panama to narcotics smuggling into the United States. In subsequent testimony before this Subcommittee, one of the agents stated that he had, in fact, discussed with staff members of the Subcommittee such high-level involvement. There were public denials by various administration agency heads of the charges made in the Subcommittee report—the most heated coming from the Department of State."

The U.S. Ambassador in Panama at that time was, of course, Ambassador Sayre. This report raises very serious charges about the Ambassador's conduct, for it indicates that, in order to attain foreign policy goals, Ambassador Sayre was prepared to induce U.S. officials to sign papers attesting to falsehood. This incident bears a disturbing similarity to the Moises Torrijos incident which followed several months later.

(a) Is it correct that Ambassador Sayre wrote, or caused to be written, letters denying that they had discussed with the Chairman of the Subcommittee the relationship of government officials of Panama to narcotics smuggling into the United States? Would you submit to me the letters in question for insertion into the Congressional Record?

(b) Did Ambassador Sayre initiate these alleged actions on his own, or were they taken at the instigation of Foreign Minister Tack or of officials of the U.S. Department of State? If the latter, what officials were involved in this decision?

(c) Is it appropriate for a U.S. Ambassador to prepare false papers for signature by U.S. officials in order to attain U.S. foreign policy goals?

(d) Has Ambassador Sayre been compromised in his ability to represent the United States by reason of the House Merchant Marine Committee Report on this incident? If not, why not?

3. I have been provided with information by former high officials in U.S. Customs that Customs narcotics enforcement officials were deeply disturbed by the above incidents, as well as the general lack of cooperation from Ambassador Sayre in the enforcement of U.S. narcotics laws. As a result of this attitude of non-cooperation, U.S. officials made a formal report to Mr. Alex Theodore Prengel, of the Personnel Office of the Department of State, who had the responsibility of investigating the ethics and suitability of State Department employees. Among the information presented to Mr. Prengel was evidence that Ambassador Sayre maintained a continuing social association with one Cacho Otero, known to the Customs Bureau as one of the five key figures controlling the flow of narcotics through Latin America to the United States. It was particularly disturbing according to my informants, that this association had begun while Mr. Sayre was Ambassador to Uruguay, a center of narcotics involvement, and continued while he was Ambassador to Panama.

(a) Can you confirm or deny that such information was presented to Mr. Prengel or other proper authorities in the Department of State?

(b) Was Mr. Sayre investigated as a result of this official report?

(c) What was the disposition of the investigation?

(d) Were any actions taken against Mr. Sayre? Was the matter considered by any personnel board at any level?

(e) Was any inquiry made by the U.S. Department of Justice? If so, what was the outcome?

(f) Is there any evidence from other sources that Mr. Sayre had such an association with Mr. Otero or other figures connected with narcotics trafficking?

In the light of the evidence of narcotics trafficking by high officials of the Panamanian government, and Mr. Sayre's own admission that he helped to cover up this involvement, it is important that all the facts be put upon the public record before the Senate votes on his nomination. I urge you to make public any information in the possession of the Department of State relating to these incidents and alleged incidents. I further urge you to use your influence with the U.S. Attorney General to make public the Department of Justice letter of February 23, 1978, which is referred to in the Senate hearings.

I await your replies to these important questions with great interest.

Sincerely,

JESSE HELMS.

DEPARTMENT OF STATE,
Washington, D.C., March 15, 1978.

Hon. JESSE HELMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HELMS: I have your letter of March 9, 1978, to the Secretary of State concerning the nomination of Ambassador Robert M. Sayre to be Ambassador to Brazil. Your letter raises three points regarding the previous service of Ambassador Sayre.

1. The events of December 1972 involving Moises Torrijos were thoroughly reviewed by the Senate Select Committee on Intelligence. That Committee has compiled a complete file on this matter including all information known by Ambassador Sayre. The Select Committee has reported its findings in detail, first to the Senate Committee on Foreign Relations, and then to the Senate. In addition, the Department of Justice examined the issue of obstruction of justice and concluded that the Ambassador was following instructions and that the matter lacked prosecutive merit. Ambassador Sayre took the initiative himself to put in the public record the facts pertinent to his actions in the matter.

As the Select Committee reported to the Senate, General Torrijos was informed of the indictment of his brother, Moises, by an official of the Department of Justice in June 1972, some six months before the events of December 1972.

In 1972 relations between the United States and Panama were somewhat strained and Panama was preparing to present its case on the Panama Canal to the United Nations Security Council which met in Panama in March 1973. The arrest by USG authorities of a Panamanian Ambassador enroute to report to his government would have undoubtedly provoked a most severe incident between the two governments.

Ambassador Sayre was acting on instructions from Washington when he informed General Torrijos that the United States Government was aware of his brother's travel plans. An Ambassador in the field is expected to act on the instructions he receives, and the Department of State is satisfied that Ambassador Sayre's conduct was entirely proper.

The Department of State is aware of the affidavit signed by Mr. Leland Riggs. At the time of the events in question, Mr. Riggs was a member of the staff of the American Embassy in Panama, and advised both the Ambassador and the Government of Panama on customs matters. His supervisor was Ambassador Sayre. Another unit in the Embassy staffed by the Bureau of Narcotics and Dangerous Drugs (BNDD) was responsible to the Ambassador for advising on drug enforcement matters. Neither the Ambassador nor anyone under his supervision had any authority in the Canal Zone. Ambassador Sayre does not recall being informed by anyone that Canal Zone authorities intended to arrest Moises Torrijos or that Mr. Riggs discussed with matter with him. Nor has the Department found any record of discussion of this matter with the Department of the Treasury. Accordingly, the Department is unable to comment on Mr. Riggs' affidavit.

With respect to the questions on page 2 of your letter, all available information is on file with the Senate Select Committee on Intelligence. As to the questions on page 3 of your letter, the Department of State has no doubt that Ambassador Sayre is well qualified to represent the United States abroad and appreciates the prompt action of the Foreign Relations Committee in recommending that the Senate advise and consent to his nomination as Ambassador to Brazil.

2. The Department of State thoroughly checked the allegations against the Foreign Minister of Panama at the time they were made by the Chairman of the House Subcommittee in March 1972. The Assistant Secretary of State for Inter-American Affairs, Charles Meyer, then wrote Foreign Minister Tack on March 21, 1972, assuring him that the United States agencies concerned had no information connecting him with drug trafficking and apologizing for the injustice done to him.

When the news report first appeared, the Panamanian Government declared *persona no grata* the personnel of the BNDD office in the Embassy of Panama. Because the departure of the Personnel of this office would disrupt an increasingly effective cooperative drug control program with Panama, the De-

partment and the Ambassador were anxious that these agents remain. The Special Agent in Charge of the office informed Ambassador Sayre that he had not discussed the Foreign Minister with Congressman Murphy and volunteered to say so in writing if that would help persuade the Panamanian Government to change its decision. The Ambassador agreed that he should prepare a letter and the Ambassador would see whether such a letter would do so. Department records indicate that the Special Agents were authorized by their headquarters in Washington to prepare the letter and the Ambassador was authorized by the Department to provide it to the Panamanian Government (a copy of the letter dated March 14, 1972, is enclosed for your information). The Panamanian Government was not satisfied with the letter and reaffirmed its decision on the expulsion of the agents. However, it agreed to accept replacements immediately thus making clear its intention to maintain the cooperative drug enforcement program.

The Department of State was completely informed by telephone and cable throughout this entire incident and all the actions taken by Ambassador Sayre were with the full knowledge and approval of the Department.

3. Ambassador Sayre first learned of the allegations that he knew one Cacho Otero in November 1977 during the review by the Senate Select Committee mentioned above. Your letter is the first indication the Department had that this allegation may have been brought to the attention of a Department officer. A search of the Department's records does not disclose any report as you describe. Mr. Prengel has retired but occupied the position as describe from 1965 to 1969. In any event, Ambassador Sayre does not recall ever having any association, official or otherwise, with anyone by that name. The Department would note that it is not uncommon for persons to claim that they know Department officials, especially Ambassadors, when in fact such claims are baseless.

In summary, Ambassador Sayre acted in the incidents discussed above with the knowledge and on instructions of the Department of State and had then, and has now, its full confidence. It should also be noted that the Drug Enforcement Agency on February 20, 1974, awarded Ambassador Sayre its Certificate of Appreciation for "outstanding contributions in the field of drug law enforcement" covering the period of his service in Panama.

Sincerely,

DOUGLAS J. BENNET, Jr.,
Assistant Secretary for Congressional Relations.

EMBASSY OF THE
UNITED STATES OF AMERICA,
Panama, Republic of Panama,
March 14, 1972.

HON. ROBERT M. SAYRE,
American Ambassador,
Panama, Republic of Panama.

DEAR MR. AMBASSADOR: We have not seen the article by Mr. Jack Anderson which is reported to have appeared in the Washington Post of this date. However, we understand that it reports that Congressman John Murphy has stated that representatives of the United States Bureau of Narcotics and Dangerous Drugs in Panama implicated His Excellency, Juan Antonio Tack, the Minister of Foreign Relations of Panama, and a brother of General Omar Torrijos, the Commandant of the National Guard of Panama, in international drug trafficking.

We, the undersigned, as the representatives in Panama of the United States Bureau of Narcotics and Dangerous Drugs, had one brief meeting with Congressman Murphy, at his request, during his recent visit to Panama. We wish you to know that neither during that meeting nor at any other time have we mentioned to the Congressman either the Foreign Minister or any relative of the Commandant of the National Guard.

Respectfully,

WILBUR V. PLASE.
RUBEN MONZON.

STATEMENT OF LELAND L. RIGGS, JR.

Leland L. Riggs, Jr., being duly sworn, deposes and says as follows:

I, Leland L. Riggs, Jr., am a retired Special Agent in Charge of the United States Drug Enforcement Administration. I am familiar with facts involving narcotics intelligence collection in Central America.

I first became a criminal investigator for the U.S. Bureau of Customs in January, 1964, after having spent 8½ years as a highway patrolman. I was first assigned by the Bureau of Customs to duties in California where I conducted narcotics smuggling investigations for a period of 6½ years. Thereafter, I was promoted from Customs Special Agent to Senior Customs Representative and was transferred to Mexico City, Mexico. Inasmuch as I am bilingual and speak Spanish, my assignment to Mexico was deemed to be advantageous to the agency.

While assigned to Mexico City, I had sole responsibility for Customs narcotics intelligence gathering and for conducting follow-up investigations forwarded to me by our domestic offices of investigation. My area of responsibility included not only the Republic of Mexico but additionally all of Latin America. However, 95 percent of my investigative time concerned either Mexico or the Republic of Panama.

During the time I was in Mexico in 1970 and 1971, I conducted several investigations in Panama. Subsequently, in June of 1972, I was appointed Customs Attache and instructed to establish an office in the American Embassy in Panama City, Panama. This occurred during the period when the entire Bureau of Narcotics and Dangerous Drugs agents force had been expelled *persona non grata* from Panama. I served as Customs Attache until July 1, 1973, at which time the Drug Enforcement Administration was formed and I then also assumed command of the Panamanian functions of the Bureau of Narcotics and Dangerous Drugs when the Bureau of Customs narcotics functions were merged with those of the BNDD. In short, I became the Special Agent in Charge of the combined office.

I left Panama on June 17, 1974, to become the Special Agent in Charge of the DEA District Office in Brownsville, Texas. Thereafter while on temporary assignment as Project Manager for a special DEA operation in Colombia directed against clandestine cocaine processing laboratories in Colombia, on November 30, 1975, I was attacked, beaten, and pushed off a retaining wall to a street below and suffered several fractured vertebrae, a broken ankle, kidney damage, and assorted cuts and bruises. The DEA subsequently retired me on August 24, 1976, for medical disability reasons.

When I first began conducting investigations in Panama, the BNDD Agent in Charge advised me that we had to be very careful about informing Panamanian government officials concerning our work since they were corrupt and also involved in nacotics trafficking. I soon learned from personal experience that this advice was sound.

During September, 1970, I traveled to Panama to conduct a follow-up investigation regarding a Yolanda Sarmiento case involving shipments of heroin from Panama to New York. Although I do not have presently in my possession intelligence reports prepared by me at that time, I do recall certain aspects of the case. Yolanda Sarmiento reportedly was smuggling approximately 100 pounds of heroin monthly into the United States. This heroin was reported to be stored in the Colon Free Zone in the Republic of Panama.

The Colon Free Zone is a large, fenced-in, heavily guarded section of Colon, Panama, on the Atlantic side where duty-free items are displayed in numerous stores for purchase by persons and businesses based primarily in South America. I was advised by U.S. Canal Zone officials and a confidential source that the Guardia Nacional controlled and guarded this enclosed area. I later did manage to gain entrance with a U.S. Canal Zone official; however, we were only permitted to go into the showcase areas of the various stores. The Colon Free Zone is entered at a gate guarded by uniformed members of the Guardia Nacional. Although the Government of Panama does have a Customs Office and there are Panamanian Customs Agents, Panamanian Customs does not have responsibility for control of the Free Zone.

During 1970, United States Customs Agents in New York were able to effect the arrest of Yolanda Sarmiento, Emilio Diaz Gonzales, and others; however, Yolanda Sarmiento was released on bail, subsequently fled the country, and became a fugitive in Argentina. As best I recall, Emilio Diaz Gonzales escaped from prison in New York and is believed also to have fled the country.

My efforts to continue a follow-up investigation of the Sarmiento case were essentially unsuccessful because of the problems inherent in free movement within the Colon Free Zone resulting from the control of the Free Zone by the Guardia Nacional of the Government of Panama.

During my trips to Panama, I became aware of a BNDD investigation concerning the Panamanian chief air controller, Juaquin Him Gonzales. Juaquin Him was reportedly directing heroin from Panama into Texas and using his official capacity in the Government of Panama to facilitate the movement of this heroin. He was subsequently indicted by a U.S. Grand Jury in Texas and was arrested when he entered the U.S. Canal Zone to attend a softball game. Juaquin Him was tried and convicted for facilitating the transportation of narcotics into the United States.

I understand that the arrest of Juaquin Him has caused considerable dissension between the Ambassador and the U.S. narcotics agents in Panama. I experienced similar problems in connection with the Raphael Richard-Moises Torrijos case.

I learned of the Richard-Torrijos case after my assignment as the Customs Attache to the American Embassy in Panama. In fact, I became directly involved in the investigation concerning Moises Torrijos, now Panamanian Ambassador to Spain, and Raphael Richard Gonzales, the son of the then-Panamanian Ambassador to Taiwan. Richard was arrested on the evening of July 8, 1971, at John F. Kennedy Airport in New York in possession of 151 pounds of heroin. Immediately prior to his arrest, he claimed diplomatic immunity and asserted that his suitcase could not be opened and searched due to his diplomatic passport. A U.S. customs inspector advised him that he was accredited as a diplomat in Taiwan, not in the United States, and therefore had no diplomatic status in the United States. Also arrested that evening was Nicolas Polanco, a reported chauffeur-bodyguard of Moises Torrijos. Moises Torrijos was then the Panamanian Ambassador to Argentina, and he is the brother of Dictator Omar Torrijos.

The day following the Richard arrest, Guillermo Alfonso Gonzales was also arrested upon his arrival in New York City from Panama for the purpose of accepting delivery of the heroin Richard had attempted to bring into the country. Others arrested the same day were Jose Francisco Oscar San Martino, an Argentine, and Cesar and Amarico Altanirano, both Panamanians.

Subsequent investigations of the same case led to the indictment of Moises Torrijos by a Grand Jury of the U.S. District Court for the Eastern District of New York. Torrijos was indicted as a co-conspirator with the abovementioned defendants. Thereafter, a warrant for the arrest of Moises Torrijos was issued by the U.S. Court for the Eastern District of New York. On the basis of the evidence of a warrant, I was instructed to be on the alert to effect an arrest in the event Moises Torrijos traveled from Spain through the U.S.-controlled Panama Canal Zone.

During either late 1972 or early 1973, I was advised that Moises Torrijos, accompanied by his wife, was traveling from Spain to Panama on a passenger vessel. Subsequent information showed that the vessel would dock in Cristobal, Panama, within the U.S.-controlled Panama Canal Zone. Arrangements were therefore made to effect the arrest of Moises Torrijos in the U.S. territory upon his arrival. However, Moises Torrijos was obviously informed of his impending arrest and departed the vessel at Caracas, Venezuela, where he flew by commercial airliner to Tocumen Airport within the Republic of Panama. When the vessel arrived, only Mrs. Moises Torrijos disembarked. Inasmuch as the only parties aware of the planned arrest of Moises Torrijos other than BNDD were the U.S. Department of State and the Central Intelligence Agency, Moises Torrijos could only have been alerted to the planned arrest by United States authorities.

During my tenure as Special Agent in Charge of Drug Enforcement, I did not have another opportunity to effect the arrest of Moises Torrijos. In fact, during my tour of duty as Customs Attache before assuming command of the combined Customs and BNDD forces, I was advised that Washington officials of the Bureau of Narcotics and Dangerous Drugs traveled to Panama, met with Colonel Noriega, Chief of Panamanian Intelligence, and with General Omar Torrijos, and alerted them both to the existence of an indictment and warrant concerning the General's brother, Moises. To the best of my knowledge, the warrant for the arrest of Moises Torrijos is still in existence and presumably, if he touches U.S. soil, he is still liable to arrest.

During my tour of duty in Panama, several cases which were presented to the Panamanian enforcement officials were mysteriously terminated or not given proper attention. Due to my knowledge of their involvement, many cases were not presented to Panamanian enforcement officials so as not to compromise my investigation. Finally, I did not feel that I had the full support of the diplomatic community in the pursuit of my assigned mission in Panama, especially in those matters which tended to implicate officials of the Government of Panama. In any event, due to the eventual assignment of a State Department employee as the narcotics coordinator, I was relegated to a secondary position. Similar conditions now exist in most embassies where Drug Enforcement personnel are assigned, and in almost all cases, the Department of State employee has no narcotics training nor expertise. It is my opinion that Department of State personnel are placed in the position of narcotics coordinator primarily to insulate and protect the activities of the Department of State from any so-called disrupting incident regarding narcotics enforcement directed against an official of the host government.

Given under my hand and seal on this the first day of December, 1977, in the City of Washington, District of Columbia.

U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 21, 1978.

Hon. JESSE HELMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR HELMS: I have reviewed the correspondence between yourself and the Department of State concerning the nomination of Robert M. Sayre to be Ambassador to Brazil. I seriously question the March 15th response by the Department of State to your letter of March 9, 1978 concerning an incident involving myself as Chairman of the Panama Canal Subcommittee and staff members of the House Merchant Marine and Fisheries Committee which occurred on February 23, 1972. Page 3 of your letter states:

"2. Ambassador Sayre was involved in another incident which also raises doubts about whether or not his ability to serve has been compromised. The circumstances appeared in the Report of the House Merchant Marine Committee of January 2, 1973.

"The report states:

"The briefing team concluded that based on the Customs investigation, this case reached into the highest levels of Panamanian officialdom and included Moises Torrijos, the brother of General Omar Torrijos, and the Panamanian Foreign Minister, Juan Tack. This involvement was confirmed by BNDD officers in the Republic of Panama on February 23 during a Subcommittee briefing in that country. . . .

"After a preliminary Subcommittee report was released in March of 1972 on the involvement of Panama's Foreign Minister and others in that government in the narcotics traffic, three BNDD agents assigned to work out of the U.S. Embassy in Panama City were declared persona non grata and given 12 hours to leave the country. This ultimatum was delivered on national television by Foreign Minister Juan Tack. This was done after Tack had arranged for the agents to sign letters written by the U.S. Ambassador in Panama denying they had discussed with the Chairman of the Subcommittee the relationship of government officials of Panama to narcotics smuggling into the United States. In subsequent testimony before this Subcommittee, one of the agents stated that he had, in fact, discussed with staff members of the Subcommittee such high-level involvement. There were public denials by various administration agency heads of the charges made in the Subcommittee report—the most heated coming from the Department of State."

The State Department response to you of March 15th states, in part,

. . . "The Special Agent in Charge of the office informed Ambassador Sayre that he had not discussed the Foreign Minister with Congressman Murphy and volunteered to say so in writing if that would help persuade the Panamanian Government to change its decision. The Ambassador agreed that he should prepare a letter and the Ambassador would see whether such a letter would do so. Department records indicate that the Special Agents were authorized by their headquarters in Washington to prepare the letter and the Ambassador was authorized by the Department to provide it to the Panamanian Government (a copy of the letter dated March 14, 1972, is enclosed for your information) . . ."

The Subcommittee report, of course, itself differs with the State Department version of what happened. I regret to say that the State Department presentation to you does not comport with the facts either which are a matter of record.

The facts include the following:

Special Agent Wilbur Plase could say "that he had not discussed the Foreign Minister with Congressman Murphy." The meeting at which Tack was discussed *began* with myself and three committee staff members present. I left the meeting to go to another scheduled session and the three staff persons remained to finish the briefing by Agents Plase and Monzon. While it was true I was not there during this particular part of the discussion, in my absence the staff represented me and to be charitable to the letter of March 14th it is totally misleading.

According to Plase's statement to the Committee he did not "volunteer" to write the March 14th letter but upon learning that I was not in the room during the time Tack was discussed, Ambassador Sayre (or if not he, then presumably someone in the State Department) wrote the letter and urged that the two agents sign it. Therefore, according to the agent Plase it is not true that "the Ambassador agreed that he (Wilbur Plase) should prepare such a letter, . . .". Plase further told the Committee that he and Monzon were told to accompany Sayre to Tack's office and they were forced to wait outside in an anteroom "like two school boys cooling their heels" while Sayre went in to placate Tack with a letter they signed but which was not of their own doing.

As to the discussion that took place in Panama on February 23rd between agent Plase and Monzon and my staff it is a matter of record in an Executive Session held ter of record in an Executive Session held by the Panama Canal Subcommittee on April 25, 1972 that Wilbur Plase answered in the affirmative when asked if he had discussed Foreign Minister Tack with my staff and his involvement in the Raphael Richard drug case.

I would further say that the agents expressed concern and frustration to my staff over their inability to apprehend Panamanian officials because of the interference of the Department of State. This was a result of the arrest of Juan Him Gonzales and the subsequent furor raised by Omar Torrijos and Foreign Minister Juan Tack. The fact that such a State Department policy was in effect was confirmed in length testimony by the then Director of the Bureau of Narcotics and Dangerous Drugs, John Ingersoll. He testified that as a result of the Him Gonzales case the Bureau of Narcotics and Dangersous Drugs would never again arrest a Panamanian official in the Canal Zone. He further stated the State Department had a higher priority on maintaining good relations with Panama than they had on stopping the traffic in heroin.

I hope that this letter has been of help in clarifying the events surrounding this incident.

Sincerely,

JOHN M. MURPHY,
Chairman.

(NOTE: Mr. Sayre's statement of February 24, 1978, before the Committee on Foreign Relations is printed earlier in today's RECORD.)

Mr. DOLE. Mr. President, the Senator from Kansas rarely objects to a Presidential nomination, whether it be an Ambassadorship or a Cabinet position. In many respects, this is a prerogative that enables a Chief Executive to execute the policies of his administration, and therefore nominations should not be lightly opposed on the basis of partisan objections.

Certainly, in the case of Robert M. Sayre, I have no personal quarrel with him as an individual, nor with his general qualifications in the field of foreign service. He has served both Republican and Democrat administrations, and has been U.S. Ambassador to both Uruguay and Panama. His diplomatic experience is broad.

What I do question, however, is his judgment in specific instances, while performing his official duties overseas. Those instances have already been discussed in detail here on the Senate floor. I understand that Mr. Sayre's admitted role in advising Panamanian General Omar Torrijos of his brother's imminent arrest has been defended by the State

Department on the grounds that he was acting under orders.

This, of course, raises fundamental issues of propriety in the field of public service—issues which have been much discussed and debated in recent years.

All of us here today recall that the excesses of Watergate were attributed to "orders from above," and we recall as well how strongly this defense was denounced by many of my colleagues who now support the Sayre nomination. Nor has it been many years since Army Lt. William Calley was held to account for the senseless killing of innocent Vietnamese families—again, because we recognized the fact that a man must be held personally responsible for his actions, regardless of where his orders came from.

That, really, is the issue here today. It may well be that Ambassador Sayre received specific direction from Washington to warn General Torrijos that his brother would be arrested on drug charges if he set foot in the Panama Canal Zone. By his own admission during Senate Foreign Relations Committee confirmation hearings last February, Mr. Sayre gave no particular consideration to what the result of his action would be—he simply carried out a designated task.

This is what is most disturbing—the idea that an individual entrusted with an important diplomatic post would blindly accept an order of this type without considering the consequences of his action. I do not believe the Senate can, in good conscience, condone such behavior on the part of our Foreign Service officers.

Approval of Mr. Sayre's nomination to be Ambassador to Brazil would, in view of this situation, be a tacit acceptance of his action. I believe Mr. Sayre's poor judgment in this instance cannot go unnoticed and for that reason I oppose his nomination.

We have had a precedent for this kind of action in Watergate, a precedent for that in the instance of Lieutenant Calley and in many other areas. If we are going to say now that it is all right for State Department people to follow orders from above and those in the FBI or other agencies not to follow orders from above, I think we have a double standard.

For that reason, I oppose the motion to table the motion to recommit the nomination.

Mr. HELMS. Mr. President, if the Senator from Alabama has no further discussion I propose to move to recommit this nomination so that some of these unanswered questions can be resolved.

Mr. SPARKMAN. Mr. President, I have no desire for any further discussion. There is no reason to postpone it.

I move to lay on the table the motion of the Senator from North Carolina.

Mr. HELMS. I have not made the motion yet.

Mr. SPARKMAN. I thought the Senator announced he did.

Mr. HELMS. No, I said I would make such a motion if the Senator had nothing further he wished to say.

Mr. SPARKMAN. Very well.

Mr. HELMS. So that we will be parliamentarily in order, Mr. President, I offer the motion.

Mr. SPARKMAN. I move to lay that motion on the table.

Mr. HELMS. I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. RIEGLE). Is there a sufficient second? There is not a sufficient second.

Mr. HELMS. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the motion to recommit.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Minnesota (Mr. ANDERSON), the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CULVER), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. HASKELL), and the Senator from Montana (Mr. HATFIELD) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CULVER) would vote "yea."

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Utah (Mr. HATCH). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Utah would vote "nay."

The result was announced—yeas 62, nays 27, as follows:

[Rollcall Vote No. 143 Ex.]

YEAS—62

Bayh	Durkin	Kennedy
Bentsen	Eagleton	Leahy
Brooke	Ford	Long
Bumpers	Glenn	Magnuson
Burdick	Gravel	Mathias
Byrd, Harry F., Jr.	Hart	Matsunaga
Byrd, Robert C.	Hathaway	McGovern
Cannon	Hayakawa	Melcher
Case	Heinz	Metzenbaum
Chafee	Hodges	Moynihan
Chiles	Hollings	Muskie
Church	Huddleston	Nelson
Clark	Humphrey	Nunn
Cranston	Inouye	Packwood
Danforth	Jackson	Pearson
DeConcini	Javits	Pell
	Johnston	Proxmire
Randolph	Sasser	Stevenson
Ribicoff	Sparkman	Talmadge
Riegle	Stafford	Weicker
Sarbanes	Stennis	Williams

NAYS—27

Allen	Hansen	Schweiker
Baker	Helms	Scott
Bartlett	Laxalt	Stevens
Bellmon	Lugar	Stone
Curtis	McClure	Thurmond
Dole	McIntyre	Tower
Garn	Morgan	Wallop
Goldwater	Roth	Young
Griffin	Schmitt	Zorinsky

NOT VOTING—11

Abourezk	Eastland	Hatfield, Paul G.
Anderson	Haskell	Percy
Biden	Hatch	
Culver	Hatfield, Mark O.	
Domenici		

So the motion to lay on the table, the motion to recommit was agreed to.

(Later the following occurred:)

Mr. CURTIS. Mr. President, on the last rollcall vote I entered the Chamber and misunderstood the nature of the vote. Intended to vote "nay" and mistakenly voted "yea." I ask unanimous consent that I be recorded as having voted in the negative.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(The foregoing rollcall vote has been changed to include the above order.)

Mr. MELCHER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS and Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, I ask unanimous consent to proceed briefly as in legislative session.

The PRESIDING OFFICER. Is there objection. Without objection, it is so ordered.

S. 3003—RURAL ELECTRIFICATION ACT AMENDMENTS

Mr. MELCHER. Mr. President, I am today introducing the Rural Electrification Act Amendments of 1978, in order to assure that many of the material benefits available to the people in urban areas of our country, accrue to the citizens in our vast rural areas through the delivery of information, education, entertainment, and social services over broadband facilities including the provision of cable television. This bill is identical to the companion House bill already introduced by my good friend and former colleague Congressman Ed Jones.

The bill will provide a program to prove the feasibility under the Rural Electrification Act to assure that the citizens of our rural areas are able to receive the benefits of new technologies emerging in the telecommunications industry. This bill amends the Rural Electrification Act to permit the Rural Electrification Administration to participate in financing of these facilities, and will make it possible for rural telephone sys-

tems to deliver a wide range of telephone and broadband services to their subscribers over a single facility at a small incremental cost over providing basic telephone services.

Without the REA telephone loan programs of the past, telephone systems of today would not be bringing telephone service to rural America.

A more detailed explanation of the bill follows:

The Rural Electrification Act Amendments of 1978 amend the Rural Electrification Act to permit financing of broadband facility construction including facilities for the provision of cable television and other broadband services in small towns and rural areas.

This legislation will provide a program to prove the feasibility under the Rural Electrification Act to assure that the citizens of our rural areas are able to receive the benefits of new technologies emerging in the telecommunications industry.

Recent developments in the areas of digital technology, electronic switching capacity, coaxial cables and, in the fairly short term, utilization of fiber optics, will soon make it possible for rural telephone systems to deliver a wide range of telephone and broadband services to their subscribers over a single facility at a small incremental cost over providing basic telephone service.

Without the REA telephone loan programs of the past, the rural telephone systems of today would not be bringing telephone service to rural America.

The passage of this legislation will allow many of the material benefits available to people in urban areas of our country to accrue to the citizens in our vast rural areas through the delivery of information, educational, entertainment and social services over broadband facilities.

The rural telephone systems are willing to undertake this dynamic challenge. The REA financed rural telephone systems have basic facilities in place and their personnel are trained and competent.

Most of the rural telephone systems are managed by a local area representative. These are people completely aware of area conditions and subscriber requirements.

The Rural Electrification Administration appears to be strongly in support of the contention that joint provision of broadband facilities is the most economically efficient means of bringing these services to rural areas.

My introduction of this legisation is predicated on the belief that rural subscribers are not to be denied access to the broad range of telecommunications services promised by the advent of dramatic technological innovations in the United States.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3003

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Rural Electrification Act of 1936, as amended, is amended by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) As used in this Act, the term 'telephone service' shall be deemed to mean any telecommunication service for the transmission of voice, data, sounds, signals, pictures, writing, or sign of all kinds by wire, radio, light, or other electromagnetic systems, and shall include all lines, facilities, or systems used in the rendition of such service, including community antenna and cable television facilities; but shall not be deemed to mean message telegram service, or radio broadcasting services or facilities within the meaning of section 3(o) of the Communications Act of 1934, as amended.".

DEPARTMENT OF STATE

The Senate continued with the consideration of the nomination of Robert M. Sayre.

The PRESIDING OFFICER. The question now recurs, Will the Senate advise and consent to the nomination?

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. The yeas and nays have not been ordered on the confirmation of the nomination itself; is that correct?

The PRESIDING OFFICER. The Senator is correct. The yeas and nays have not been ordered.

Mr. HELMS. Mr. President, I have no desire to put Senators to the inconvenience of having a rollcall vote on the nomination itself. I simply wish to be recorded as opposing the nomination. I am willing to have the question submitted on a voice vote.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. SPARKMAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alaska yield to the Senator from Alabama?

Mr. STEVENS. I am happy to yield to the chairman of the Committee on Foreign Relations.

Mr. SPARKMAN. I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

PAT YOUNG

Mr. STEVENS. Mr. President, my attention has been called to a delightful article published in the Grand Forks (N. Dak.) Herald, of Sunday, April 23, 1978, concerning our good friend Pat Young. The article is entitled, "'Ask Pat,' The Woman Behind Senator Milton R. Young Says She's Ready To Retire, But 'He'll Make Up His Own Mind.'"

I have read this article, and find it, as I say, a very delightful article about Pat Young. Ann and I have very much admired her and enjoyed being with her and her husband as members of the Senate family. I would like to share this article with all Senators and their wives, and, as in legislative session, I ask unanimous consent that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD as follows:

ASK PAT

THE WOMAN BEHIND SENATOR MILTON R. YOUNG SAYS SHE'S READY TO RETIRE, BUT "HE'LL MAKE UP HIS OWN MIND"

(By Marilyn Hagerty)

WASHINGTON, D.C.—Outside, the yellow forsythia and pink tulip trees are in bloom. Inside the nation's capitol, Pat Young makes her way down a corridor off the Senate chambers.

She ponders current speculation that her husband, U.S. Senator Milton R. Young, 80, might retire before the end of his term.

"It's not his nature to quit," she says, "I kind of think he'll finish his term."

Pat wears a light blue suede jumper with a coordinating blouse, and she has a bright way about her. She steps into the Senate elevator, and she says, "I would like him to retire while he's still in good health."

And as the elevator takes her to the special subway cars to take Senators back to the Dirksen Office Building, she says, "I know I'm ready for retirement!"

Pat Young, 55, has been associated with the senior Senator from North Dakota—the dean of the Senate's Republicans—since the first year he came to Washington.

She came here on Sept. 19, 1945—"scared to death."

Since then, she has become his personal secretary. Eight years ago, she became his wife.

She continues as a member of his staff under a grandfathering clause that was attached to the ruling against family members serving on Congressional staffs.

"It's perfectly legal," she says.

When—in the heat of his last political campaign—her position was questioned, Senator Young responded, "I couldn't run my office without her."

Born at Bowman, N.D., on March 31, 1923, Pat is the daughter of Attorney and the late Mrs. M. S. Byrne. After finishing high school, she attended Dakota Business College at Fargo and worked as a court reporter for the late Cass County Court Judge P. M. Paulsen.

She was 22 and itching to go west when the call came asking her to come east to join the staff of the newly appointed Senator Young from North Dakota.

Now, 33 years later in the spring of 1978, the Youngs smile at the way her father told her to ask, "Is the job permanent?"

When she joined the Republican Senator's staff, Pat says, "I think I was a Republican. My Dad had been active as a Republican; but my mother was a secretary for the Democrats."

Even now, Pat is low key about politics.

She made her way up the ladder in the office with shorthand and typing.

"I've never felt I could give him political advice," she says. "I think sometimes he uses me as a sounding board for his ideas, but he never asks me what to do."

In the office, Pat says, the Senator is demanding. "He works hard, and he expects the same of his staff.

"He gets impatient sometimes," she concedes, "but I don't know anyone who doesn't."

At times like that, the Senator's wife says, "It's best not to say anything . . . and let him get over it."

The Senator never holds a grudge, she says. "He explodes, and then he forgets it. That was kind of hard for me to understand at first."

Lately, Pat thinks a lot about the home they are establishing at Sun City, Ariz. She

talks of the golf course—and the electric golf cart given to them at a testimonial dinner attended by 800 people in Fargo last October.

For the Youngs, there couldn't have been a more perfect gift.

Golf has been their escape valve from the pressures of the Senate.

It started years ago when the Senator lived alone in Washington. (His late wife, Malinda, was not well enough for the rigors of the city, so she remained at La Moure, N.D.)

"We'd watch the Senator work day and night," Pat says, "and the office staff decided to buy him some golf clubs.

"In those days, Senator Young didn't have a car. So either his administrative assistant or I would drive him to a golf range for practice or to a golf course.

I'm convinced he wouldn't still be here if he hadn't started playing golf.

"He is nervous, and he is hard working. He had himself all tied up."

Through the years, Senator Young has used golf as his means of entertaining guests. Golf has taken his mind off the cares of the Senate. And now that he has had two successful lens implants to correct cataract conditions, golf looms large in his plans for retirement.

In the background, Pat has become an avid golfer. Good enough to break 100. Good enough to win tournaments now and then.

There has been no problem, she says, of the Senator keeping up with "a young wife." Instead, she says, "I can hardly keep up with him."

Their spacious apartment on the 16th floor of Veazey Terrace in Washington has a comfortable, lived-in look. From two comfortable chairs, the Youngs like to watch the evening news. They never miss Lawrence Welk, and he likes to watch the Wild Kingdom.

Pat's knitting is always close by. "I can't stand to just sit still," she says. "I guess I'm a little nervous, too."

There's a copy of the Washington Post on the footstool and a Newsweek magazine underneath it.

Together, the Youngs do a fair amount of office work at home.

With a member of the Senator's office staff driving the Senator's car, the Youngs leave the apartment building around 7:30 each morning. On a "good day" they are home by 6:30 p.m.

On Saturdays almost all year, Senator Young is up early and out on a golf course. Pat does her grocery shopping at a neighborhood Giant-Foods store and often has lunch with friends.

She never misses mass on Sunday—whether she visits a Roman Catholic church on their travels or attends St. Thomas Apostle Church in Washington. The Senator—who says he doesn't know why Pat should worry about getting into heaven—attends with her occasionally.

The Youngs limit their social life.

"If we accepted every invitation to embassies and the like, we would be on the go all the time," Pat says. "We do go to events sponsored by North Dakotans."

As a member of the Ladies of the Senate Red Cross unit, Pat is one of the nation's Senators' wives who are always looking for an extra toilet paper roll or someone's old nylons.

"We use them in our new project of making puppets for children's hospitals," she explains.

The whole state of North Dakota is considered "home" to the Youngs. They visit her family in the western part and his family at La Moure, N.D.

Their "family tree" includes 13 grandchildren and 16 great grandchildren which have grown from the Senator's three sons. They are Duane, Wendell "Mix" and John who farm separately near La Moure. On Pat's side, there are 13 nieces and nephews—children of her sister, Dorothy Christman, Williston, N.D., and her brothers, Tom Byrne, Williston, and Dr. William Byrne, Amery, Wis.

There are plaques, trophies and awards throughout Senator Young's Washington office. But the greatest feeling, Pat says, is to visit North Dakota and see the places he has helped to establish.

"We were really thrilled last year," she says, "when tenants in the elderly housing unit at Minot chipped in to put a sign on their building reading 'Milton R. Young Towers'."

Pat takes a quiet pride in the good things that come to Senator Young. She seethes inwardly when she thinks he is criticized unfairly.

As a good secretary, she knows when to speak and how much to say.

She is proud of how faithfully the Senator attends meetings of the agriculture and appropriations committees.

She will not tell you what the Letter R. in his middle name stands for.

"He doesn't like it, so he doesn't tell people. I guess I shouldn't either."

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. STEVENS. I am happy to yield to the Senator from North Dakota.

Mr. YOUNG. Pat and I deeply appreciate your putting this article by a very talented writer, Marilyn Hagerty, in the RECORD. It is a wonderfully written story, and I have learned from it some things about Pat that I never knew before. I'll appreciate her even more if that is possible.

Mr. STEVENS. I am not impertinent enough, Mr. President, to ask the Senator from North Dakota what those things might be exactly.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. MOYNIHAN. I would like to associate myself with those remarks, and might I say that among the things I have learned about my family and Senator YOUNG's family is that we are probably the only two families in this Chamber which are in fact united. Our grandchildren will apparently be great nephews and nieces of one another.

That was a delight I had not expected to share, and was glad to learn it from the very same article.

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF FRANK H. NEEL

Mr. GRIFFIN. Mr. President, even though the nomination of Frank Neel is not technically before the Senate pending the arrival of the Senator from Nevada, I am conscious of the fact that many of our colleagues are eager to get the next nomination acted upon. I am going to go ahead with a statement I have. The Senator from Nevada is familiar with my concerns and what I am going to say. Nothing that I am going to say will surprise him.

I will proceed. When he arrives, we can have the nomination laid down.

The very distinguished writer and commentator with the Washington Post, David Broder, really said it all about this nomination in an article on February 8, 1978, which was headlined "Riding The Political Rails: A Born-Again Independent Is Up For Amtrak Post."

Let me read it:

Down in Thomasville, Ga., they are a little surprised to hear what has happened to Frank Neel.

The former member of the Democratic state central committee has been born again as a political independent.

The air-conditioning contractor who last rode a train in 1964 has been picked as a consumer representative on the board of directors of Amtrak.

It was Jimmy Carter who decreed Neel to be an independent and a consumer representative. He had to, if he was going to get him on the Amtrak board. It already had five Democrats—all the law allows one political party. And the same law said there had to be some consumer representatives.

Carter cared enough to see that Neel was both, because Neel had long ago showed Jimmy Carter he cared, too.

In 1966, when Carter made his first losing bid for governor of Georgia, his Thomas County campaign chairman and fundraiser was Frank H. Neel.

In 1970, when Carter ran again and won. Carter county chairman Neel was appointed to the Georgia Democratic Committee and two other state boards.

Mr. DURKIN. Will the Senator yield for a question?

Mr. GRIFFIN. If the Senator will just be a little patient, I will be glad to yield to him in a moment.

Mr. DURKIN. Senators want to know if there will be a rollcall vote on this nomination.

Mr. GRIFFIN. The Senator will have a chance to vote for this nominee. I assure the Senator from New Hampshire.

Mr. DURKIN. I thank the Senator from Michigan.

Mr. President, I ask unanimous consent that the time of the interruption not be taken from the Senator's time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. I will continue reading from the article by Mr. Broder:

In the winter and spring of 1976, Neel left his $2 million-a-year business for months and campaigned for Carter in the New Hampshire, Florida, North Carolina, Wisconsin, Pennsylvania and Ohio primaries. In the fall, he joined the Peanut Brigade in New Hampshire and Vermont.

Well, Mr. President, this is not a big job, being a member of the Amtrak Board. I think the compensation is $300 a year. But that is not the point. This does not say nearly as much about Mr. Neel's appointment as it does say a lot about Mr. Carter and the Carter administration, and a pattern that is developing with regard to nominations by the Carter administration.

I cannot come to any conclusion other than the Carter administration is flouting the law, disregarding the law, and not only the letter of the law but surely the spirit of the law.

Since the board already has five Dem-

ocrats, and Mr. Carter wants to somehow favor his friend, Mr. Neel, who campaigned for him so hard in Georgia, the only way to get him on the Amtrak Board is to say he is an independent, despite the fact that he has a long history of activity as a Democrat in Georgia.

Mr. CURTIS. Will the distinguished Senator yield?

Mr. GRIFFIN. I am glad to yield to the distinguished Senator from Nebraska.

Mr. CURTIS. It seems to me Mr. Neel is not the important factor in this, and neither is this board, but there is a very important principle involved. The Congress, for good reasons, has made certain of these regulatory agencies bipartisan. In other words, in order to command the respect of the public and to command respect for the decisions made, Congress has decreed that they shall be bipartisan boards, not partisan.

Mr. GRIFFIN. That is correct.

Mr. CURTIS. If a President can, by the use of words, say a Democrat is an independent for this particular purpose, it is flouting not only the will of Congress but the established law.

I remember reading about this case at the time that article which the Senator referred to was written. I commend the distinguished Senator from bringing it to light.

It is the little chipping away and chipping away at the established law, men totally disregarding the law.

Mr. DURKIN. Will the Senator yield?

Mr. GRIFFIN. I will be glad to yield to the Senator from New Hampshire in a few minutes. I will yield the floor so that he can make the case for the other side in defending this appointment, which I know he is eager to do.

I thank the Senator from Nebraska.

Not only is Mr. Neel, a Democrat, involved, but let me refer to the statute. In addition to saying that not more than five shall be appointed from the same political party, it also says this:

> Not less than three members appointed by the President shall serve as consumer representatives.

I do not know what Congress had in mind, but I rather suspect that they did not have quite the kind of person that Mr. Neel is when we designated and required by statute that there be three consumer representatives.

What is Mr. Neel? Well, he is a past president of the Chamber of Commerce of the Georgia town that he is from. He is the president of a large air-conditioning manufacturing company. There is nothing wrong with that. I am all in favor of having businessmen come into the Government. But I am a little surprised and rather taken aback that President Carter would appoint a person with these credentials as a consumer representative—not exactly what I think most people had in mind.

The point is that the law is being disregarded. The law is being evaded. Can you imagine what would be happening if a Republican President were to pull this same stunt and bring such a nomination before this same body? I can tell what would happen: The nomination would be thrown out. But today, it is going to be approved overwhelmingly, along partisan lines. There is no question about it.

There will be a little notice in the press, but that will be about all there is. It is one more indication of the way the Carter administration is operating with respect to nominations.

I yield to the distinguished Senator from New Mexico.

Mr. SCHMITT. I thank my friend from Michigan. I associate myself with his remarks.

I call the Senate's attention to the attempt this morning on the part of the Senator from New Mexico to call attention to another incident of disregard for the letter and spirit of the law in the case of the nomination of Charles Luna for a position on the same board. In that case, we were dealing with Mr. Luna's disregard for the law and the White House's acquiescence for that disregard. In this case, we are dealing primarily with the White House's disregard for the spirit, at the very least, and, I also believe, the letter of the law.

The Rail Passenger Service Act, which created the Amtrak Board, requires that of the eight members appointed by the President "not more than five shall be appointed from the same political party."

If the President's five nominees are confirmed, the composition of the Board will be five Democrats, one Republican, two Independents, and one vacancy.

As one of the President's nominees, Frank Neel, of Georgia, lists his political affiliations as Independent. In responding to the Committee's questionnaire, Mr. Neel stated:

> Voted as Independent over last 40 years. Was County Chairman for Carter in 1966 and in 1970. Was appointed to State Democratic Committee for one year in 1970. As County Chairman for Carter, I raised money from supporters and sent it in to headquarters. Campaigned for Governor Carter for Democratic Nominee in New Hampshire, Florida, North Carolina, Wisconsin, Pennsylvania, and Ohio. Campaigned in General Election in Vermont and New Hampshire.

Whereas Mr. Neel's active political association since 1966 with Carter might bring into some doubt his independent status, the fact that for 1 year, 1970, he was appointed to the State Democratic Committee, would certainly seriously question his independent claim. Furthermore, Mr. Neel's appointment appears to be more in repayment for his long and active support of Carter than for any particular expertise he can bring to the Board. Nothing in Mr. Neel's background or responses to the Committee indicates much familiarity with either Amtrak or rail passenger service issues.

One of the most telling remarks of all of these is that he was appointed to the State Democratic committee in 1970. I do not know what the rules of the State Democratic committee might be, but that sounds to me like they thought he was a Democrat.

Mr. GRIFFIN. The Senator from New Mexico brought out one point I think ought to be underscored. If these nominations by President Carter for the Amtrak board are all confirmed, how many Republicans will there be on this board?

Mr. SCHMITT. As of now, one Republican.

Mr. GRIFFIN. One.

Mr. SCHMITT. There will be two vacancies.

Mr. GRIFFIN. I understood there would be one vacancy.

Mr. SCHMITT. The Senator is absolutely correct.

Mr. GRIFFIN. There will be five Democrats, one Republican, and two so-called independents.

One Republican. That is certainly in keeping with the spirit, is it not? That is the new Carter spirit.

Mr. SCHMITT. If the Senator will yield just one moment further, I not only am disturbed by the nature of these nominations to what one might call a minor board, although increasingly a more significant board in the future of the rail transportation network of this country, but I think the Senator's additionally most important point is that Mr. Neel is just not qualified. When you put the two things together, I find it hard to believe, once again, that the Senate will almost certainly confirm this nomination.

I hope that, as the next few years go by, the Senate will start to have a new sense of fairness, a new sense of morality, and a new sense of the law in its considerations of nominees. The Senator from Michigan on other occasions, and this Senator on still others, have tried to raise these issues. I certainly intend to continue to raise these issues where either violation of law or lack of competence and lack of experience are issues with respect to nominees. It appears to me, as a new Senator in this body, that the present administration has no great consideration for either the law, or the intent of the law, or the quality of appointees to various boards and positions that we deal with. I am immediately concerned with those that come before the Commerce Committee and the Banking Committee. With some rare exceptions, I would say the quality of appointees is not what one would hope is available to serve this great country.

I shall oppose Mr. Neel's nomination and I thank the Senator from Michigan for taking the lead in this.

Mr. GRIFFIN. I thank the Senator from New Mexico. I yield the floor to the Senator from New Hampshire.

Mr. DURKIN. I thank the Senators.

Mr. President, at this point, I ask unanimous consent to bring up the nomination of Frank Neel to the Amtrak Board.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the nomination.

NOMINATION OF FRANK H. NEEL

The second assistant legislative clerk read the nomination of Frank H. Neel, of Georgia, to be a member of the Board of Directors.

Mr. DURKIN. Mr. President, Mr. Frank

Neel was nominated by the President on October 19, 1977, to serve as a member of the Board of Directors of Amtrak as a consumer representative. The Commerce Committee held hearings on his nomination on November 4, 1977, and the committee favorably reported his nomination on March 2, 1978. I chaired the nomination hearings of that committee.

During the committee's consideration of Mr. Neel's nomination, questions were raised concerning the status of his political affiliation as an independent. Although Mr. Neel was an active supporter of President Carter in his campaign, he has also been an active supporter of Republican candidates, including Presidents Nixon and Eisenhower. The committee is satisfied that Mr. Neel is indeed an independent.

Questions were also raised concerning Mr. Neel's qualifications to serve as a consumer representative. Although Mr. Neel has had minimal experience with railroads in the past, he has been diligently learning about Amtrak's problems since his nomination. It should be noted that the Amtrak statute does not require any particular qualifications for consumer representatives. It states that not less than three members appointed by the President shall be designated by him at the time of their appointment to serve as consumer representatives, of whom not more than two shall be members of the same political party.

Let us lay to rest right now that there is anything in violation of the law. The law is clear and it is clear that Mr. Neel's nomination in no way contravenes the law.

The National Association of Railroad Passengers, the major consumer organization for passenger railroads, was satisfied with Mr. Neel's qualifications, and has endorsed his nomination.

I ask unanimous consent that their endorsement be printed in the RECORD.

There being no objection, the endorsement was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS,
Washington, D.C., March 1, 1978.

Hon. HOWARD W. CANNON,
Chairman, Senate Commerce Committee, Washington, D.C.

DEAR MR. CHAIRMAN: On the basis of representations made to our Association in telephone calls, and summarized in the attached letter, the National Association of Railroad Passengers recommends that the Senate confirm President Carter's nomination of Frank Neel to serve on the Amtrak Board of Directors.

This reiterates testimony in support of all the nominees filed at the time of the hearing, and is specific regarding Mr. Neel because of questions asked us about him.

Thank you for considering our views.

Sincerely,

ORREN BEATY,
President of NARP.

THOMASVILLE, GA.,
February 10, 1978.

Senator HOWARD CANNON,
Chairman Senate Commerce Committee, U.S. Senate, Washington, D.C.

DEAR SIR: This is to answer questions that were asked of me.

I have voted for the following Presidents. In 1948 Truman, 1952 and 1956 Eisenhower, 1960 Kennedy, 1964 Johnson, 1968 and 1972 Nixon and in 1976 Jimmy Carter.

The only two people that I made contributions to were Nixon and Carter. Contributions to Nixon were $25.00 one time and $50.00 another.

I made $100.00 in donations to Carter in 1966. He lost. I voted for Howard (Bo) Callaway a Republican who lost to Lester Maddox in the general election.

In 1970, I supported Carter and helped with fund raising locally. I contributed $300.00 in several small contributions.

In 1975 and 1976 I contributed on Jan 21, 1975 $100.00. February 16, 1975 $600.00; and March 2, 1976 $200.00. I also was an active campaigner and a member of the Peanut Brigade.

My wife contributed a one time contribution of $1,000.00 in 1976.

I ran for the Thomasville City Commission twice in a general election, no party was named—elected two times 1958 and 1960.

I have long been an advocate of the consuming public, and especially the poor person. This geographical area, at the time I ran had experience an out-migration of people because there were no jobs. We were teaching people in school and they were leaving the South for other areas.

I had an attorney named Sol Altman draw up a bill to introduce into the Georgia Legislature that would amend the charter of the State of Georgia to create a Payroll Development Authority for the City of Thomasville. After much hard work, this bill passed a local election and passed the Georgia State General Election and became law. It has been invaluable in getting jobs for this area and in stopping the outmigration of people from this area. We have now, at last, actually reflected a growth in population instead of a loss in population as a result of this effort.

I have been one of the proponents of getting black people in management positions by active work in their behalf. This effort has resulted in blacks being elected on bank boards, to membership in civic clubs, and on various boards of the City and County.

I hope that this letter will help establish the fact that I am very definitely an independent voter and that I have over the years championed the cause of the common person and the consumer.

If confirmed for the Amtrak Board I will do my best to work as a Board Member that will do everything possible to make the passenger have the best possible railroad system. Satisfied customers generate more riders for the system.

Sincerely yours,

FRANK H. NEEL.

Mr. DURKIN. The Commerce Committee is also satisfied with Mr. Neel's qualifications. On behalf of the Committee on Commerce, Science and Transportation, I urge that the Senate confirm his nomination at this time.

Mr. President, I think everyone in the Chamber knows that even though I am a member of the same political party as the President of the United States, I have been critical of the President when I thought the President had erred.

I think the nomination we are going to take up next week, the nomination of Lynn Coleman as General Counsel of the Department of Energy, is a mistake—an absolute, total, complete mistake.

The President says it is the moral equivalent of war that we are faced with, and the energy problem is the moral equivalent of war, and he goes out and appoints an oil company lawyer as General Counsel for the Department of Energy. That is a strange war, indeed, when we hire as general counsel the lawyer from the enemy camp.

But that is what the President has done on the Coleman nomination, and I, and others, will fight the nomination. I hope we have the support of the Senator from New Mexico and the senior Senator from Michigan.

The point I am trying to make is that when the President has erred, I have been very critical of him. I think he made a grievous mistake with Mr. Coleman and I hope we can convince Members of this body to return him to John Connelly's lawfirm and let him represent oil companies full time, because if he does get confirmed and he does abstain from as many cases as he says he will because of past conflicts, the general counsel will turn out to be an honorary position because there will not be a case he can involve himself in.

But we will argue that next week.

The facts are fairly clear, he voted for Eisenhower, he voted for Nixon, contributed to Republicans. Mr. Neel contributed to Republicans. He is an independent, has been an independent. He is an air-conditioning contractor.

I probably spent more time riding Amtrak than any other Member of the Senate. I probably have more time cumulatively on it than the rest of the body together, because rather than sitting in a stuffy committee room, listening to the same set of professional witnesses testifying for the last 20 years here, I decided to find something out about the railroads, putting on an old shirt and suit of clothes, riding the rails to find where our money is going.

So I have more experience, and have probably spent more time than the whole board of Amtrak.

If Mr. Neel can get the air-conditioning working on those old cars, he will do more for the consumers than anyone of us has done yet.

[Laughter.]

Furthermore, as to one of the great untapped markets, every night we see on the evening news the "go on Amtrak" ad, "Come ride the rails," geared to the senior citizens. One of the tremendous things Amtrak could be attracting is the senior citizen market.

Here is Mr. Neel, a very distinguished senior citizen, to go on this board and represent the interests of senior citizens, to start making some changes in policy to attract that market, which should be a very lucrative market and help diminish the deficit with respect to Amtrak operations.

Now, just because he does not wear sandwich boards saying, "I am a consumer," and does not come out of one of the professional consumer organizations that seem to abound here in Washington, does not mean he is not concerned with the senior citizens, does not mean he is not concerned with the plight of the consumer on Amtrak.

As I said, the law only requires that there be three consumer representatives.

I wonder where the hue and cry was a few years ago when they were appointing presidents of major corporations to the

Amtrak board as a consumer representative?

If my memory serves me correctly, the president of one of the big auto companies in Detroit was put on the Amtrak board as a consumer representative.

I suspect, if we check the record, there will be no hue and cry that he represented business and did not represent the consumers of Amtrak.

Let us label this thing what it is. This is a blatant, political attempt to embarrass the President of the United States by trying to torpedo a distinguished citizen, a distinguished senior citizen, who just happens to come from Thomasville, Ga., and it is nothing more than that.

Mr. President, if there is no further debate, I move the nomination.

The PRESIDING OFFICER (Mr. PELL). The question is on agreeing to the nomination.

Mr. GRIFFIN. Mr. President, there are a number of Senators on the floor. I do not think there is much point in extending the debate at this point.

Mr. DURKIN. I do not think we have convinced them.

Mr. GRIFFIN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Frank H. Neel, of Georgia, to be a member of the Board of Directors of the National Railroad Passenger Corporation for the remainder of the term expiring July 18, 1978? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CULVER), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), the Senator from Minnesota (Mr. ANDERSON), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Minnesota (Mrs. HUMPHREY), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mrs. HUMPHREY) would vote "yea."

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The result was announced—yeas 61, nays 25, as follows:

[Rollcall Vote No. 144 Ex.]

YEAS—61

Allen	Case	Glenn
Bayh	Chafee	Gravel
Bentsen	Chiles	Hart
Brooke	Clark	Hathaway
Bumpers	Cranston	Heinz
Burdick	DeConcini	Hodges
Byrd, Harry F., Jr.	Dole	Hollings
	Durkin	Huddleston
Byrd, Robert C.	Eagleton	Inouye
Cannon	Ford	Jackson
Javits	Metzenbaum	Sarbanes
Johnston	Muskie	Sasser
Kennedy	Nelson	Sparkman
Leahy	Nunn	Stafford
Long	Packwood	Stennis
Magnuson	Pell	Talmadge
Mathias	Proxmire	Thurmond
Matsunaga	Randolph	Weicker
McGovern	Ribicoff	Williams
McIntyre	Riegle	Zorinsky
Melcher	Roth	

NAYS—25

Baker	Hayakawa	Schweiker
Bartlett	Helms	Scott
Bellmon	Laxalt	Stevens
Curtis	Lugar	Stevenson
Danforth	McClure	Stone
Garn	Morgan	Wallop
Goldwater	Pearson	Young
Griffin	Percy	
Hansen	Schmitt	

NOT VOTING—14

Abourezk	Haskell	Moynihan
Anderson	Hatch	Tower
Biden	Hatfield, Mark O.	
Church	Hatfield, Paul G.	
Culver		
Domenici	Humphrey	
Eastland		

So the nomination was confirmed.

Mr. DURKIN. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business for not to exceed 30 minutes with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE ORDER ON EXPORT OF SPECIAL NUCLEAR MATERIAL TO INDIA—MESSAGE FROM THE PRESIDENT—PM 170

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers, which were referred to the Committee on Foreign Relations:

To the Congress of the United States:

I am transmitting herewith, pursuant to Section 126b(2) of the Atomic Energy Act of 1954, as amended, an Executive Order authorizing the export of 7,638 Kgs. of low-enriched uranium to India for use in the fueling of its Tarapur Atomic Power Station.

In our Agreement for Cooperation with India, the United States agreed to supply all of the fuel requirements for that Power Station, and India agreed to operate it exclusively on U.S.-supplied fuel. We contracted to supply the specific fuel here involved a number of years ago.

An application for a license to export this fuel was submitted to the Nuclear Regulatory Commission early last year. This application was carefully reviewed within the Executive Branch, which concluded that the proposed export would not be inimical to the common defense and security, that it would meet all the immediate statutory criteria under the then pending Nuclear Non-Proliferation Act, and that the license should be issued. Later that month, the Commisison was officially notified of the Executive Branch findings and recommendations.

On April 20, the Nuclear Regulatory Commission found itself unable to agree upon the issuance of this license, being divided by a 2–2 vote. The Nuclear Non-Proliferation Act of 1978 wisely provided for just such a contingency. Previously, there was no clear way of dealing with a situation in which the Commission was unable to decide upon the issuance of an export license, and no way of ensuring that in cases where the licensing process would lead to a result that the President believed would be seriously prejudicial to the achievement of United States non-proliferation objectives, such prejudice could be avoided.

I have determined that this is such a case. The Government of India has given us its commitments to use our exports only at the Tarapur Atomic Power Station and not for any explosive or military purpose, and I have the highest confidence that it will honor these commitments. I am convinced that denial of this export would seriously undermine our efforts to persuade India to accept full-scope safeguards, and would seriously prejudice the achievement of other U.S. non-proliferation goals. I intend to pursue these matters further with the Government of India.

A period in which to seek agreement to full-scope safeguards was clearly provided for in the Act. The Act permits a continuation of exports during this period, including exports in cases where

there are questions as to whether and when that objective may be achieved. Rather than prejudice the prospects for success in such efforts by refusing to fulfill an existing commitment that is important to India's power supply, we should be using this period to find, in the light of the new legislation's requirements, mutually acceptable ways of meeting both India's need for continued operation of the Tarapur Atomic Power Station and our need for full-scope safeguards and the attainment of other nonproliferation objectives.

In transmitting this Executive Order to you pursuant to Section 126b(2) of the Act, I wish to make clear that I am not departing from the reservations I expressed at the time I signed the Nuclear Non-Proliferation Act of 1978 concerning the constitutionality of provisions of that Act which purport to allow Congress to overturn my decisions by actions not subject to my veto power.

JIMMY CARTER.

THE WHITE HOUSE, *April 27, 1978.*

PRESIDENTIAL APPROVAL

A message from the President of the United States stated that on April 27, 1978, he approved and signed the following enrolled act:

S. 2452. An act to authorize funds for the Hubert H. Humphrey Institute of Public Affairs and for the Everett McKinley Dirksen Congressional Leadership Research Center.

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 2:31 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 2597. An act to amend title 28, United States Code, to move the place for holding court for the district court of the eastern district of New York to Brooklyn and Hempstead, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. HODGES).

At 4:58 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 11832. An act to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act.

HOUSE BILL REFERRED

The following bill was read twice by its title and referred as indicated:

H.R. 11832. An act to authorize appropriations for fiscal year 1979 under the Arms Control and Disarmament Act; to the Committee on Foreign Relations.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, April 27, 1978, he presented to the President of the United States the following enrolled bill:

S. 2597. An act to amend title 28, United States Code, to move the place for holding court for the district court of the eastern district of New York to Brooklyn and Hempstead, and for other purposes.

COMMUNICATIONS

The Presiding Officer laid before the Senate the following communications, together with accompanying reports, documents and papers, which were referred as indicated:

EC-3464. A communication from the Acting Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, a commitment to guarantee a non-REA loan in the amount of $12,178,000 to United Power Association of Elk River, Minnesota, to finance installation of three 25 MW combustion turbine generators in its system for peaking purposes; to the Committee on Appropriations.

EC-3465. A communication from the Acting Administrator, Rural Electrification Administration, Department of Agriculture, reporting, pursuant to law, approval of an REA insured loan in the amount of $5,419,000 and a commitment to guarantee a non-REA loan in the amount of $11,539,000 to Cooperative Power Association of Minneapolis, Minnesota, for the financing of a 47 MW combustion turbine and a Supervisory Control and Data Acquisition System; to the Committee on Appropriations.

EC-3466. A communication from the Acting Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 4346 (d) of title 10, United States Code, to permit the Secretary of the Army to prescribe the oath to be taken by appointees to the United States Military Academy; to the Committee on Armed Services.

EC-3467. A communication from the Principal Deputy, Department of Defense, transmitting, pursuant to law, the Fourth Annual Report on the Defense Industrial Reserve; to the Committee on Armed Services.

EC-3468. A confidential communication from the Assistant Secretary of Defense, reporting, pursuant to law, that the Department of the Air Force and Department of the Army intend to exercise the provision for the exclusion of the clause concerning examination of records by the Comptroller General; to the Committee on Armed Services.

EC-3469. A communication from the Chairman, Federal Home Loan Bank Board, transmitting, pursuant to law, the annual report of the Federal Home Loan Board for the calendar year 1977; to the Committee on Banking, Housing, and Urban Affairs.

EC-3470. A communication from the Chairman, Interstate Commerce Commission, transmitting, pursuant to law, a report concerning the Commission's proceedings in Docket No. 36441, Brunswick Corporation v. Soo Lines Railroad Company, et al; to the Committee on Commerce, Science, and Transportation.

EC-3471. A communication from the Acting Secretary of the Interior, reporting, pursuant to law, that the Pennzoil Producing Company and the Pennzoil Offshore Gas Operators, Inc., have submitted an application for repayment of royalties totalling $67,161.79 and $232,712.79, respectively; to the Committee on Energy and Natural Resources.

EC-3472. A communication from the Assistant Secretary for Congressional Relations, Department of State, reporting, pursuant to law, on the agreement on trade relations between the United States and the Hungarian People's Republic; to the Committee on Finance.

EC-3473. A communication from the Secretary of the Treasury, transmitting, pursuant to law, a report entitled "Antirecession Fiscal Assistance to State and Local Governments," April 7, 1978; to the Committee on Finance.

EC-3474. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Effect of the Employee Retirement Income Security Act on the Termination of Single Employer Defined Benefit Pension Plans," April 27, 1978; to the Committee on Governmental Affairs.

EC-3475. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Rail Crossing Safety—At What Price?", April 25, 1978; to the Committee on Governmental Affairs.

EC-3476. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Continuity of the Federal Government in a Critical National Emergency—A Neglected Necessity," April 27, 1978; to the Committee on Governmental Affairs.

EC-3477. A communication from the Chief, Records Management Division and Privacy Liaison Officer, Federal Communications Commission, reporting, pursuant to law, on a new system of records; to the Committee on Governmental Affairs.

EC-3478. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports of the General Accounting Office for March 1978; to the Committee on Governmental Affairs.

EC-3479. A communication from the Secretary of Commerce and the Secretary of HEW, transmitting, pursuant to law, a report entitled "Assessment of the Accuracy of the Survey of Income and Education," February 1978; to the Committee on Human Resources.

EC-3480. A communication from the Administrator, Veterans Administration, transmitting a draft of proposed legislation to amend title 18, United States Code, with respect to the protection of certain officers or employees of the United States, and for other purposes; to the Committee on the Judiciary.

EC-3481. A communication from the Director, Administrative Office of the United States Courts, transmitting, pursuant to law, a report on applications for orders authorizing or approving the interception of wire or oral communications; to the Committee on the Judiciary.

EC-3482. A communication from the Special Assistant for Management, Office of the Special Representative for Trade Negotiations, reporting, pursuant to law, on the requirements of the Freedom of Information Act; to the Committee on the Judiciary.

EC-3483. A communication from the Administrator, Veterans Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans Administration facilities and the medical community, and for other purposes; to the Committee on Veterans' Affairs.

EC-3484. A communication from the Administrator, Veterans Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, to limit the circumstances under which the expenses of travel of certain veterans traveling to or from a Veterans Administration facility in connection with the furnishing of medical care and treatment for non-service-connected disabilities will be reimbursed; to the Committee on Veterans' Affairs.

EC-3485. A communication from the Administrator, Veterans Administration, transmitting a draft of proposed legislation to

amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes; to the Committee on Veterans' Affairs.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions which were referred as indicated:

POM-622. A joint resolution adopted by the Legislature of the State of California; to the Committee on the Judiciary:

RESOLUTION CHAPTER —

"Assembly Joint Resolution No. 73.

"Whereas, There has been insufficient attention to the rights of victims and witnesses in our society; and

"Whereas, It is the duty of all citizens and institutions to play positive roles in improving the plight of victims of violent crime and their survivors and to restore effectiveness to the administration of criminal justice; and

"Whereas, Better reporting of crime and greater willingness of persons to testify are essential to the control of crime and the improvement of justice; and

"Whereas, Creating a better understanding of the rights of victims and witnesses and the nature of our criminal justice system will help to achieve the goals of crime reduction, and the restoration of fairness and effectiveness to the administration of criminal justice; and

"Whereas, California was the first state to establish a crime victim compensation system and to highlight the plight of crime victims by declaring a state "Forgotten Victims Week"; and

"Whereas, New York, Illinois and several other states are this year following California's lead by declaring their own Forgotten Victims Weeks; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to officially proclaim April 24th through the 28th, 1978, as "National Forgotten Victims Week," and to formally adopt a resolution declaring April 24th through 28th, 1978, as "National Forgotten Victims Week"; and be it further

"Resolved, That public recognition of the observance of "National Forgotten Victims Week" be encouraged, and that the citizens of the United States be urged to assist in the prevention and the reporting of crime, and in the recognition expansion of public understanding of the rights of victims and witnesses, as well as the accommodations and services available to them; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-623. A concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on Banking, Housing, and Urban Affairs:

"SENATE CONCURRENT RESOLUTION No. 73

"Whereas, the National Flood Insurance Act of 1968 defines 'base flood' as the flood having a one-percent chance of being equaled or exceeded in any given year, and utilizes this definition in determining 'areas of special flood hazard' or 'coastal high hazard areas'; and

"Whereas, in order for communities to qualify for subsidized federal flood insurance under this Act, local governments must impose specific development restrictions and requirements for construction in locations designated as areas of special flood hazard or coastal high hazard areas; and

Whereas, the 1973 Flood Disaster Protection Act effectively mandates community participation in the National Flood Insurance Program by denying flood relief funds from non-participating communities; and

"Whereas, it can reasonably be anticipated that the effect of new codes and ordinances which conform to these federal requirements will be to the economic detriment of the community at large, particularly in communities such as Hawaii where affected areas constitute a significant portion of populated and developable land; and

"Whereas, the State of Hawaii, plagued by spiraling housing costs and an absence of great amounts of developable land, can ill afford to restrict the availability of reasonably priced housing and opportunities for economic development by the application of unreasonable building limitations; and

"Whereas, the legislature of the State of Hawaii recognizes that the intent of these restrictions is to minimize the loss of life and property due to flood, storm surf or tsunami; and

"Whereas, the legislature of the State of Hawaii feels that the 100-year base flood zone constitutes an overly stringent standard by which to measure the likelihood of damaging or catastrophic floods; and

"Whereas, increasingly sophisticated early warning systems have significantly reduced the hazards of loss of life or personal injury from storm surf and tsunami in the State of Hawaii; and

"Whereas, a fifty year standard would more realistically represent the economic life of structures, reduce pressure of urbanization on agricultural and conservation lands, and reduce the detrimental effects of building restrictions while adequately protecting and preserving the intent of the Flood Insurance Act requirements; now, therefore,

"Be it resolved by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, the House of Representatives concurring, that the Congress of the United States is respectfully requested to reduce the one hundred year base flood of the National Flood Insurance Act to fifty years; and

Be it further resolved that certified copies of this Concurrent Resolution be transmitted to the President of the Senate of the United States; the Speaker of the House of Representatives of the United States; The Honorable Daniel K. Inouye, U.S. Senator; The Honorable Spark M. Matsunaga, U.S. Senator; The Honorable Daniel Akaka, U.S. Representative; The Honorable Cec Heftel, U.S. Representative; The Honorable George R. Ariyoshi, Governor, State of Hawaii; the Council of Housing and Construction Industry; and the Hawaii Advisory Committee for National Flood Insurance."

POM-624. A concurrent resolution adopted by the Legislature of the State of Hawaii; to the Committee on Commerce, Science, and Transportation:

"SENATE CONCURRENT RESOLUTION No. 64

"Whereas, there is presently before the United States Congress S. 1381 and H.R. 6601 which would enact a national motor vehicle no-fault law; and

"Whereas, the State of Hawaii enacted its own Hawaii No-Fault Law effective September 1, 1974, after three years of intensive study and legislative consideration; and

"Whereas, Hawaii's law has been further refined by legislative amendments since that time and continues to be subject to constant scrutiny and study; and

"Whereas, 24 states with over 53 percent of the national population have enacted some form of no-fault legislation and at least 11 additional states have no-fault legislation currently under consideration; and

"Whereas, it is only by a process of trial and error that the true costs and benefits of the different no-fault programs of the various states can be tested and improved through practice; and

"Whereas, a single untested nationwide plan would not be able to meet the varied needs of the different states as well as legislation enacted by their own legislatures; now, therefore,

"Be it resolved by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1978, the House of Representatives concurring, that the United States Senate and House of Representatives be advised that it opposes federal no-fault legislation, and requests such legislation be withheld so that Hawaii and the other states may continue to develop their no-fault laws to best serve the interests of their own citizens; and

"Be it further resolved that certified copies of this Concurrent Resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives; the Honorable Daniel K. Inouye and the Honorable Spark M. Matsunaga, Senators from the State of Hawaii; the Honorable Daniel K. Akaka and the Honorable Cecil Heftel, Representatives from the State of Hawaii."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, with an amendment:

S. 1895. A bill to amend the Natural Gas Pipeline Safety Act of 1968 to authorize appropriations for fiscal year 1979 (Rept. No. 95-768).

S. 2508. A bill to amend the Regional Rail Reorganization Act of 1973 to authorize additional appropriations for the United States Railway Association (Rept. No. 95-769).

By Mr. TALMADGE, from the Committee of Agriculture, Nutrition, and Forestry, without amendment:

S. Res. 443. An original resolution waiving section 303(a) of the Congressional Budget Act of 1974 with respect to consideration of the Conference Report on H.R. 6782. Referred to the Committee on the Budget.

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, with amendments:

S. 2727. A bill to promote and coordinate amateur athletic activities in the United States, to recognize certain rights for United States amateur athletes, to provide for the resolution of disputes involving national governing bodies, and for other purposes (Rept. No. 95-770).

By Mr. CHURCH, from the Special Committee on Aging:

Developments in Aging: 1977, parts I and II (together with additional and supplemental views) (Rept. No. 95-771).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

Mr. HARRY F. BYRD, JR. Mr. President, from the Committee on Armed Services, I report favorably the nominations of 3 in the Army Medical Department to be major general and brigadier general in the Army (list beginning with Raymond H. Bishop, Jr.); and there are 43 rear admirals in the U.S. Navy for permanent promotion to the grade of rear admiral (list beginning with Robert W. Watkins); and Lt. Gen. Gordon Sum-

ner, Jr., U.S. Army, to be placed on the retired list in that grade. Also, there are 36 temporary appointments in the Army to the grade of brigadier general (list beginning with John E. Rogers); and Adm. Frederick H. Michaelis, U.S. Navy, (age 61) for appointment to the grade of admiral on the retired list; and Maj. Gen. Philip D. Shutler, U.S. Marine Corps, to be lieutenant general. Also Maj. Gen. Ranald T. Adams, Jr., U.S. Air Force, to be lieutenant general; and there are 4 in the Army National Guard for appointment to the grade of brigadier general and major general (list beginning with John R. Phipps); and Rear Adm. Fran McKee, U.S. Navy, for appointment to the grade of rear admiral. Also, Col. Margaret A. Brewer, U.S. Marine Corps, for appointment to the grade of brigadier general; and Lt. Gen. Charles E. Buckingham, U.S. Air Force, (age 54) for apointment to the grade of lieutenant general on the retired list; and Lt. Gen. Thomas W. Morgan, U.S. Air Force, (age 56) for appointment to the grade of lieutenant general on the retired list. Also, Maj. Gen. Richard C. Henry, U.S. Air Force, to be lieutenant general; and Vice Adm. Donald C. Davis, U.S. Navy, for appointment to admiral. I ask that these nominations be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. In addition, there are 42 Air National Guard officers for promotion in the Reserve of the Air Force to be lieutenant colonel (list beginning with David L. Ahrens); and there are 33 Air National Guard officers for promotion in the Reserve of the Air Force to be lieutenant colonel (list beginning with William J. Austin); and there are 1,166 for appointment in the Regular Air Force to be first and second lieutenants (list beginning with Errol S. Aboe). Also, there are 129 for promotion in the Regular Army of the United States to the grade of colonel and below (list beginning with William E. Linn); and there are 28 in the Navy to be permanent and temporary captains and below (list beginning with Douglas Cook, Jr.); and there are 57 in the Navy for permanent and temporary appointment to the grade of commander and below (list beginning with Barry Coome). Also, there are 1,220 for permanent promotion to the grade of captain in the Reserve of the Navy (list beginning with James G. Abert); and there are 283 to be permanent and temporary lieutenants in the Navy (list beginning with Darwin B. Bingham); and there are 681 for promotion in the Regular Air Force to the grade of colonel and below (list beginning with Clark E. Aamodt). Also, there are 979 cadets, U.S. Air Force Academy, for appointment in the Regular Air Force in the grade of second lieutenant (list beginning with Michael R. Ackley); and there are 344 in the Reserve of the Army and the Army National Guard for promotion to the grade of colonel and below (list beginning with James Bennie, Jr.); and there are 331 in the U.S. Navy and Naval Reserve for temporary and permanent appointment to the grade of commander and below (list beginning with Emanuel D. Ascarelli). Also, there are 1,529 in the Navy for temporary promotion to the grade of lieutenant commander (list beginning with Kenneth C. Ables III); and there are 466 in the U.S. Navy for temporary promotion to the grade of lieutenant commander (list beginning with Joseph H. Anderson); and there are 412 in the Navy for permanent and temporary promotion to the grade of lieutenant (list beginning with Richard R. Amelon). Also, there are 847 including Naval Academy graduates, to be permanent and temporary commanders and below in the Navy (list beginning with Ronald L. Aasland); and there are 14 in the Reserve of the Air Force for promotion to the grade of colonel (list beginning with Richard E. Bennett); and there are 30 in the Air Force and Air Force Reserve for promotion to the grade of colonel and below (list beginning with Thomas F. Schammel). Also, there are 1,311 scholarship students for appointment in the Regular Army of the United States in the grade of second lieutenant (list beginning with Benjamin F. Adams); and there are 37 in the Navy to be permanent and temporary commanders and below (list beginning with Wade A. Armstrong). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of March 22, March 23, April 3, April 6, and April 17, 1978, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HART (for himself, Mr. DOMENICI, and Mr. HASKELL):

S. 2999. A bill to amend the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HART (for himself and Mr. DOMENICI):

S. 3000. A bill to amend the Internal Revenue Code of 1954 to allow for certain deductions related to enhanced oil recovery; to the Committee on Finance.

By Mr. ANDERSON:

S. 3001. A bill for the relief of Kirthi Chandher; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 3002. A bill to modify a portion of the south boundary of the Salt River Pima-Maricopa Indian Reservation in Arizona, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. MELCHER:

S. 3003. A bill to amend the Rural Electrification Act of 1936, as amended, to provide for the financing of telecommunication facilities for cable television and other broadband services in small towns and rural areas; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KENNEDY:

S. 3004. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act, to secure to employees of the Government the right to disclose information which is required by law to be disclosed by agencies; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself, Mr. KENNEDY, and Mr. RIBICOFF):

S. 3005. A bill to broaden the rights of citizens to sue in Federal courts for unlawful governmental action; to the Committee on the Judiciary and the Committee on Governmental Affairs jointly by unanimous consent.

By Mr. STEVENS:

S. 3006. A bill entitled the "Fisherman's Training and Development Act of 1978"; to the Committee on Commerce, Science, and Transportation.

By Mr. DOLE:

S. 3007. A bill to disregard, for purpose of certain taxes imposed by the Internal Revenue Code of 1954 with respect to employees;, certain changes since 1975 in the treatment of individuals as employers; to the Committee on Finance.

By Mr. GARN (for himself, Mr. HATCH, Mr. DECONCINI, Mr. MCCLURE, Mr. DOMENICI, Mr. LAXALT, Mr. HANSEN, Mr. WALLOP, and Mr. SCHMITT):

S. 3008. A bill entitled the "Uranium Mill Site Restoration Act of 1978"; to the Committee on Energy and Natural Resources.

By Mr. METZENBAUM:

S. 3009. A bill to prohibit the denial of a professional or occupational license by a State or local government agency, and employment, or access to employment, by a Federal Government agency on grounds of conviction of a Federal offense; to the Committee on Governmental Affairs.

By Mr. LUGAR (for himself and Mr. BAYH):

S. 3010. A bill to establish the Highway of Flags National Servicemen's Memorial, to the Committee on Energy and Natural Resources.

By Mr. STEVENSON:

S. 3011. A bill to authorize the Commodity Credit Corporation to extend intermediate term agricultural credits in support of the export of agricultural commodities and the development of long-term agricultural export markets abroad; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. PROXMIRE:

S. 3012. A bill for the relief of Nick Masonich; to the Committee on the Judiciary.

S. 3013. A bill to authorize the Secretary of Housing and Urban Development to establish an Urban Park and Recreation Recovery Program, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GRIFFIN:

S. 3014. A bill to amend titles 18 and 28 of the United States Code to eliminate, and provide an alternative to, the exclusionary rule in Federal criminal proceedings; to the Committee on the Judiciary.

S. 3015. A bill to amend the Internal Revenue Code of 1954 to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would not have been capital gain if such item had been sold by the decedent at its fair market value; to the Committee on Finance.

By Mr. ANDERSON (for himself, Mr. BAYH, Mr. BENTSEN, Mr. CHILES, Mr. CRANSTON, Mr. DANFORTH, Mr. DECONCINI, Mr. DURKIN, Mr. HASKELL, Mr. PAUL G. HATFIELD, Mrs. HUMPHREY, Mr. METZENBAUM, Mr. PELL, Mr. RIEGLE, Mr. SASSER, Mr. KENNEDY, Mr. RIBICOFF, Mr. MCCLURE, Mr. PERCY, and Mr. CASE):

S.J. Res. 132. A joint resolution to establish a Presidential Commission to develop plans for a memorial to the victims of the Holocaust; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HART (for himself, Mr. DOMENICI, and Mr. HASKELL):

S. 2999. A bill to amend the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HART (for himself and Mr. DOMENICI):

S. 3000. A bill to amend the Internal Revenue Code of 1954 to allow for certain deductions related to enhanced oil recovery; to the Committee on Finance.

ENHANCED OIL RECOVERY COMMERCIALIZATION ACT OF 1978 AND THE ENHANCED OIL RECOVERY TAX ACT OF 1978

● Mr. HART. Mr. President, today I am introducing a bill entitled the "Enhanced Oil Recovery Commercialization Act of 1978." This bill is designed to speed the commercial application of newly developed techniques for getting more oil to the surface from existing reservoirs. These techniques, called enhanced oil recovery, can recover as much oil from old reservoirs as has previously been pumped over the last half century. Most importantly, these techniques can yield large amounts of oil during the late 1980's when our oil situation will be critical. If commercialization can be accelerated, enhanced oil recovery can provide an amount of oil equivalent to two Alaska pipelines in 10 years. Furthermore, this technology can provide needed petroleum fuels with very little threat of environmental damage.

Enhanced oil recovery, also called tertiary oil recovery, means the use of methods to recover oil from a reservoir after primary and secondary recovery (water flooding) have taken place. There are three methods of enhanced oil recovery. Each involves the injection of materials which, in effect, push drops of oil caught in tight rock spaces to the well where the oil can be pumped to the surface.

The United States needs all of the environmentally clean substitutes to imported oil that it can get. Enhanced oil recovery (EOR) is the sleeping giant of alternatives to oil imports. And becase of the very few envronmental problems with EOR, this giant can be called a green giant.

There have been three major studies of the potential for enhanced oil recovery. These studies by industry (the National Petroleum Council), the administration (Energy Research and Development Administration), and the Congress (Office of Technology Assessment) are in general agreement that EOR can potentially supply large amounts of oil in the late 1980's and through the 1990's. Under the right financial conditions, for example, the Office of Technology Assessment finds that EOR could supply 1.3 million barrels of oil per day in 1985; 2.8 million barrels per day in 1990; and 8.2 million barrels per day in the year 2000.

By comparison, total oil imports are now about 8 million barrels per day. The Alaskan pipeline supplies about 1 million barrels per day. And a full-scale oil shale industry would supply about 1 to 3 million barrels per day.

Left to itself, without further encouragement by the Federal Government, enhanced oil recovery may arrive a decade or two too late, if at all. The primary impediment to the rapid development of a full-scale EOR industry is financial uncertainty. Well-managed American firms invest where financial uncertainty is low. To encourage rapid investment in EOR, financial uncertainty must be reduced as much as possible, given reasonable limits on the Federal budget.

The financial uncertainty comes from two sides. First, the EOR technologies may not produce as much oil in full-scale operations as they do in small pilot studies. Thus, the cost per barrel for EOR could be much greater than anticipated. This production uncertainty can be reduced only by experience. A few dozen full-scale operations are needed to prove how well the new technologies work. The Department of Energy is assisting private industry in funding a number of mini-scale pilot projects to demonstrate the technologies can work at all. But pilot projects alone can never show how well the technologies will work on a scale 10 to 100 times larger.

The second financial uncertainty concerns the sales price of oil produced by EOR. All oil companies expect prices to rise, but companies are uncertain whether they will rise enough to pay the high costs of EOR. Hence, with the price uncertainty, firms will wait for prices to rise before they begin to establish expensive, first generation EOR programs which will take about 5 years to implement. The Government can accelerate these programs by guaranteeing now that EOR oil can be sold at a predictable price in the future.

A further problem concerns the ability of all firms to acquire the capital needed to invest in "first of a kind" EOR operations. Small producers simply do not have the tens of millions of dollars required to invest in chemicals for EOR a few years before the oil begins flowing to the surface. Banks will not lend the money until there is established a favorable history of such ventures. Unless they are helped directly, small producers may have to sell off reserves to large producers who have the cash for pioneer EOR operations.

The legislation I propose today will speed EOR commercialization by reducing the uncertainty over sales prices, by helping small firms gain financial backing, and by assuring that tax rules do not suddenly change the effective costs of EOR operations.

$25 FOR SELECTED PIONEER PROJECTS

Although EOR oil is expected to cost less than OPEC oil in the mid 1980's, there is a need for price guarantees on selected, "first of a kind" operations. Due to the risk associated with new techniques on new geological structures, and due to the high costs of chemical injection, a price of $25 per barrel will be needed to induce private action.

In the absence of government price guarantees, firms will wait until the mid to late 1980's, when the market price of oil is projected to reach $25, before they initiate these EOR operations. It then will be another 5 to 10 years before large numbers of full-field operations are undertaken.

This decade of lead time can be eliminated if the Department of Energy guarantees $25 per barrel now for a few of these high cost operations. With successful demonstration of these techniques in the early 1980's, the industry will be ready to initiate dozens of these ventures in the mid to late 1980's, when the market price is over $25.

I propose that the Department of Energy guarantee a $25 price only for EOR operations which are not economically feasible at current world prices and which will demonstrate a technology having wide applicability thereafter.

The full-field operations which may receive price supports will get underway in the early 1980's, when world prices are expected to be $5 or so less than the $25 support price. By the mid-1980's the market price is expected to equal the support price, so that the Treasury is not expected to incur further costs. To test the two major high-cost techniques (micellar-polymer and carbon dioxide) in the most promising geological zones would require 10–12 full-field demonstrations. A maximum of $200 million is suggested for this purpose.

DEREGULATED PRICE FOR SECOND GENERATION

For EOR projects which use a particular technique on a type of reservoir which has already been shown successful, the risks are much less. Therefore, a high incentive price is not necessary. Furthermore, a price higher than market price is undesirable, because the EOR industry should be developed to operate without Government subsidy. Thus, for "second generation" EOR operations, I propose the oil be sold at a price equal to world oil prices. Deregulation of EOR oil is needed because the costs of chemicals alone ($5–$13 per barrel) exceeds the price of most controlled oil.

The Department of Energy is now considering a regulatory change to allow EOR oil to sell at a deregulated price. However, there are other problems with DOE's proposal. The DOE must calculate the price of deregulated EOR oil in the composite price under current law. This means that the price of some old oil must be kept low in order for the higher priced EOR oil not to increase the average (or composite) oil price above statutory maximums.

If the price of old oil is kept too low, costs will simply make high volume production from old wells uneconomical. If production is reduced to 10 barrels per day, the well will qualify for a deregulated price under "stripper oil." Such action by DOE and by producers will reduce oil production. To overcome this problem my alternative will take EOR oil out of the composite. Thus EOR production will have no effect on the rates of production from old wells not under EOR programs.

To protect consumers from unfairly high prices for old oil, the deregulated

or $25 price should apply only to old oil produced from the costly EOR methods. As part of present plans to deregulate EOR oil, DOE is developing methodologies to calculate the incremental amount of oil which will come from a reservoir solely as a result of EOR operations. Under my proposed legislation, DOE shall apply these methodologies to EOR projects which are qualified according to State or Federal agencies.

LOAN GUARANTEES

High prices themselves are not sufficient to insure that small and intermediate-sized oil companies can enter a new enhanced oil recovery industry. Enhanced oil recovery operations require the expenditure of tens of millions of dollars for injection of chemicals before oil is actually brought to the surface. Small companies will need to borrow $20 to $40 million in order to undertake EOR. Banks will be unwilling to loan tens of millions of dollars unless there is evidence that they will get their money back. Until EOR operations establish a successful history, banks will be willing to loan for these purposes only if there is guaranteed repayment.

In this legislation, therefore, I propose that DOE guarantee loans for "first of a kind" EOR operations when a firm demonstrates that it cannot otherwise obtain financing. Large Oil companies, having yearly profits of hundreds of millions of dollars, have no need of such guarantees. A company must produce less than 25,000 barrels per day to qualify for a loan guarantee. Under current conditions this means the 33 largest oil companies would not qualify for this provision. Large corporations probably could not use them anyway, since a large corporation would not want to default on loan when it could have adverse financial repercussions on other aspects of its business.

I have opposed Federal loan guarantees in the past because they were proposed as hidden subsidies to giant corporations. In this specific case, small businesses simply will be excluded from a new industry unless they are given assistance for early capital costs with uncertain technologies. I propose this capital assistance in a way which will develop sound business relationships between the small old producers and the banks.

I propose that DOE guarantee a group of loans up to a maximum potential liability of $200 million. In order that the subsidy of this default risk not be hidden, I propose that this legislation authorize a full $200 million to cover potential losses. I do not expect that many loans will default, so I do not really expect that this sum will ever leave the Treasury.

EXPENSING OF INJECTION COSTS

At this time, the Internal Revenue Service allows firms to treat as a current expense the costs of injecting materials into the reservoir. Because these materials may have a useful life of several years, the IRS could conceivably rule that these costs must be amortized over a several year period. If IRS made this change, the effective costs of EOR would be increased several dollars per barrel. Such a shift in accounting procedures would add significant cost to a venture which is of very uncertain profitability already. Until the technology is proven in full-scale operations, it is desirable to keep the firms' costs as low as possible.

I ask unanimous consent that an analysis of the Enhanced Oil Recovery Commercialization Act be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

ANALYSIS OF ENHANCED OIL RECOVERY COMMERCIALIZATION ACT

1. What is enhanced oil recovery (EOR)?

Enhanced oil recovery is the use of techniques other than water flooding to push more oil through the porous rock structure of a reservoir to the recovery well. There are three techniques: steam and other heat methods, carbon dioxide, and miscellar polymer. Carbon dioxide dissolves the globs of oil to ease its flow through the reservoir. The micellar polymer process uses detergent-like chemicals to break up the large globs of oil and move them through the reservoir. The steam and other heat methods improve the flow of oil without chemicals.

2. Why is EOR important?

Primary oil recovery brings about 15% to 20% of the original oil in place to the surface. Secondary oil recovery, otherwise known as water flooding, pushes another 15% to 20% of the oil in place to the well where it can be pumped to the surface. Thus, present oil recovery techniques bring only about 30% to 40% of the original oil in the ground to the surface. Enhanced oil recovery techniques are expensive, but can bring another 30% of the original oil in place to the surface. Using enhanced oil recovery, there is a potential to bring to the surface 50 billion barrels of oil from old reservoirs.

3. How does EOR work?

After primary recovery and water flooding, large globs of oil are stuck in the narrow pores of the rock. Enhanced oil recovery uses heat or chemicals to improve the flow of oil through the porous rock of oil reservoirs so it can be pumped out.

4. What does EOR cost?

Injection of materials accounts for the largest component of costs for enhanced oil recovery. Injection costs from $5 to $13 per barrel. After the processes have been proved on a full-scale, some EOR operations can be profitable if the oil sells for $14 per barrel. However, other, more expensive operations will need to sell at $22 to $25 per barrel to make a profit.

5. How much additional oil can be produced by EOR in the late 1980's and 1990's?

If prototype commercial operations are begun in the early 1980's, EOR can produce 1.3 million barrels of oil per day in 1985; 2.8 million per day in 1990; and 8.2 million barrels in the year 2000. Without rapid acceleration of the early commercial phases, production rates will be less than half of these amounts.

6. What is impeding the rapid formation of an EOR industry?

At present there are three impediments to EOR commercialization. The costs of EOR operating in full-field scale are uncertain. The price at which other oil will sell in the early and mid 1980's is also uncertain. And small energy producers cannot get loans from banks to invest the tens of millions of dollars required to inject chemicals.

7. How can these impediments be reduced?

In general, uncertainty over costs can be reduced best by a history of successful full-field operations with each EOR technology, on each major type of oil field geology. Unfortunately, this is a chicken and egg problem. We can't get a successful history because of the lack of successful history. We can only change this by offering very high sale prices for these pioneer operations to compensate for the potentially very high costs and risk.

To provide certainty over the long run, we can deregulate the sale of oil from EOR operations to assure producers that they can get the world oil price.

To help small producers get into operation, we need Federal assistance to encourage banks to back them.

8. What is the Hart proposal?

(a) Deregulate the price of oil produced from all EOR operations and remove EOR oil from the composite price.

(b) Guarantee a $25 per barrel support price for certain high-cost, pioneer EOR operations.

(c) Provide Federally guaranteed loans to small producers for pioneer EOR operations.

(d) Allow companies to treat costs of injecting chemicals as operating costs for tax purposes.

9. Why deregulate the oil from EOR?

The costs of EOR are significantly greater than primary recovery or water flooding. For most EOR techniques the price will need to be at least $14 per barrel to be profitable. Current regulated oil prices average $10. Deregulation now will make a few EOR operations profitable. As the world oil price rises to $25 or so in the mid 1980's, more EOR operations will be economical.

10. Why provide a $25 support price for "first of a kind" operations?

Left to itself, private industry will not initiate EOR operations, which are expected to cost $25 per barrel, until the world oil price is actually $25 per barrel—in the mid 1980's. After the pioneer operations are begun in the mid 1980's, it will take five years or more before second generation EOR operations are begun—expanding the techniques to many other oil reservoirs. This will mean that many EOR operations costing $25 per barrel will not be started until the early 1990's.

Instead of waiting until the price of oil is $25, the U.S. can guarantee a $25 price for selected operations now. With such a guarantee, private industry can begin the pioneer full-scale operation now. Then, in the mid to late 1980's full-scale commercial operations can provide significant amounts of oil at world oil prices.

It is not known for sure whether oil prices will rise to $25 in 1985 (in 1978 dollars). This estimate depends upon reasonable assumptions regarding the growth of world economies, the discovery of new oil reserves, and the degree of energy conservation. Changes in these assumptions change only the date at which world oil prices reach $25, and not whether they will reach these levels. For example, a slow growth of world economic output could postpone the $25 price for a couple of years.

Given our adverse balance of payments situation, it is necessary for the government to assume the risk over future prices to bring on substitutes for imported oil as soon as possible.

11. How much will the price guarantee cost the U.S. Treasury?

Price guarantees will be limited to "first of a kind" operations, for which current deregulated prices are not high enough to promote private investment. Preliminary data indicates that there are approximately 12 types of EOR operations in this category. These 12 types of operations may produce approximately 30 million barrels of oil in the early 1980's.

The cost to the U.S. Treasury of giving price supports to this oil is about $200 million. After this period world prices are expected to be so high that price supports would be unnecessary.

12. How much economic gain will result from the price support?

The price supports will result in prototype (first of a kind) EOR operations for some technologies five to ten years before they would otherwise occur. After successful prototype operations, many more full-field EOR operations will be undertaken in the mid 1980's and early 1990's.

It is difficult to estimate precisely how much oil can be produced five to ten years sooner as a result of this program. However, it is possible that this program could increase EOR production by half a million barrels per day in the mid to late 1980's, and over a million barrels per day in the late 1990's. This would reduce U.S. payments for oil imports by over $5 billion per year.

13. Why should the deregulated price be excluded from the composite price?

Current regulations set maximum levels for the average of the three oil prices (old oil, new oil, and deregulated oil), which is called the composite price. In general, when more oil is sold at the highest, deregulated price, the price of old oil must be kept low to prevent a rise in the composite price. If the price of old oil is kept too low, there will be an incentive to curtail production from these wells until so little is produced that it qualifies for the "stripper" (deregulated) price exemption.

In summary, the deregulated price of EOR oil must not inadvertently decrease the price of other old oil, which would reduce the production of old oil by all methods. Hence, this legislation will remove EOR oil from calculations of the composite price.

14. Why are loan guarantees needed for independent oil companies?

EOR requires that up to $50 million in chemicals be injected into a reservoir before substantial amounts of oil begin flowing from recovery wells. Small oil companies do not have tens of millions of dollars in cash, and must borrow to make this investment. Banks will not take extremely high risks. Therefore, banks will not make loans for EOR until the technologies are demonstrated to be successful in several full-field operations.

Since loan guarantees are restricted to companies producing less than 25,000 barrels of oil per day, the 33 largest oil companies will not qualify for this provision.

By guaranteeing that the U.S. Treasury will repay up to 85% of the amount of loans, if the small oil company cannot, the banks will be willing to make the loans. After a few successful EOR operations, the Federal loan guarantee will not be necessary. Because the banks will have been involved during the early phases, their procedures and personnel will be ready to continue the loans on a private commercial basis.

15. How much will the loan guarantees cost the U.S. Treasury?

It is proposed that the Treasury's maximum liability be limited to $200 million, in the event that all of the EOR projects having loan guarantees should fail completely. This would support about six EOR projects with independent operators. If the first few projects go well, perhaps the Federal guarantee could be reduced as a percentage of the total loan, and more operators could be funded.

16. Why should the costs of injection materials be counted as operating costs for tax purposes in the first year?

Under current IRS rules oil companies deduct in the first year (i.e., "expense") all current costs of injection chemicals for EOR pilot projects. Since the oil is not recovered for a few years, IRS may eventually rule that these costs should be amortized over a several-year period. Since costs are subtracted from a company's revenues before calculating profit taxes, a company's profits would be reduced in the early years of a project if the injection costs were not expensed in the first year.

It is debatable whether the costs of injection should be depreciated over several years or expensed in the first year. The impact of depreciating over several years will be to effectively increase the cost of EOR by a few dollars. This in turn may make many early EOR operations uneconomical.

In order to be sure an IRS ruling will not cancel the otherwise accelerating impact of price deregulation and some price supports, a companion bill would continue expensing for at least 8 years.

17. What are the impacts of EOR on air quality?

The steam injection methodology (which may be particularly useful in California) requires gasoline or diesel fuel-driven engines. This equipment could release air pollutants in an area of California which currently exceeds Federal standards. In order for steam-driven EOR to be usable in California, either the pollution from other sources would need prior reduction, or nonpolluting engines would need to be developed.

18. What are the impacts on fresh water availability?

The micellar-polymer technology currently requires fresh water. In the water-short areas of the Rocky Mountain states, this technology may be limited until ways are found to use naturally occurring salt water.

19. What are the impacts on the purity of the fresh ground water?

The micellar-polymer technology injects surfactants, (detergentlike chemicals) into the oil reservoir. It is unlikely that these chemicals would leak from the reservoir since the reservoirs themselves are naturally closed systems. Furthermore, water flooding prior to chemical flooding gives the operator experience working in a particular reservoir to determine if there may be leakages.

Mr. HART. Mr. President, I propose a companion piece of legislation, called the "Enhanced Oil Recovery Tax Act of 1978," prohibiting the IRS from changing current expense-accounting for EOR operations for at least 8 years. Thereafter, EOR operations will be treated for taxes the same way any other business venture is treated.

ENVIRONMENTAL IMPACTS

The environmental impacts of enhanced oil recovery are expected to be small, although environmental considerations may limit some methods of EOR in some places. There are three environmental considerations. First, air pollution can result from the use of gasoline and diesel engines in the steam-injection method. In parts of California, where air pollution is already a problem, steam injection may be restricted.

Second, the micellar-polymer process, which injects detergent-type chemicals to break up oil into smaller droplets, now requires fresh water. Until this method is developed to use the naturally-occurring saline water, this process may be limited in the water-short States of the Rocky Mountain West.

Third, there is a very slight chance that the detergent chemicals could leak into below-ground fresh water systems. Injection techniques must be monitored closely to see that this does not occur.

In light of these potential problems, EOR will need to proceed slowly in some parts of the country. On balance, however, the environmental constraints are not expected to severely limit EOR development.

SUMMARY

In summary, this legislation is designed to speed enhanced oil recovery by reducing the uncertainty over price. It will guarantee high prices for "first of a kind" operations, and second generation operations will receive a deregulated price.

To insure that independent producers are an important part of the new EOR industry, loan guarantees will be available in special circumstances.

I expect that a more rapid formation of a full-scale EOR industry will mean that this country can import 1 or 2 million fewer barrels of oil per day in the late 1980's and early 1990's.●

By Mr. GOLDWATER:

S. 3002. A bill to modify a portion of the south boundary of the Salt River Pima-Maricopa Indian Reservation in Arizona, and for other purposes; to the Select Committee on Indian Affairs.

SALT RIVER PIMA-MARICOPA INDIANS

● Mr. GOLDWATER. Mr. President, it gives me great pleasure today to introduce a bill which would settle a long-standing dispute between the Salt River Pima-Maricopa Indians, in Arizona, and their neighbors regarding the boundary of the tribe's reservation. Specifically, the legislation would modify a portion of the south boundary of the reservation. For the past 2 years, the tribe, the city of Mesa, Ariz., and many concerned and interested parties have worked together to bring about some sort of satisfactory compromise and this bill is the end result.

The Salt River Indian Reservation was created back in 1879, to accommodate the Pima Indians who had migrated to the area in search of greater water supplies. Subsequent Executive orders in 1910 and 1911 enlarged the reservation so that as of 1974, the reservation consisted of over 49,000 acres, equally divided between allotted land and tribally owned land.

When the reservation was created, a portion of the southern boundary was established to follow the course of the Salt River as it flowed then. Later on, the United States issued patents, leaseholds, and other interests in properties adjacent to this intermittent wandering southern boundary and these were issued to residents of the Salt River Valley who were not members of the Indian community. As the course of the Salt River changed, the shift caused confusion with respect to the precise location of the Tribe's southern reservation boundary. I am introducing this bill today so that neither the Indian community, and the interested parties involved have to go through a lengthy and costly litigation to settle this dispute complicated by conflicting decisions made by the U.S. Government over the years. It should be noted that Congressman RHODES introduced a similar bill

in the House this past Tuesday, with the full support of Arizona's Congressmen.●

By Mr. MELCHER:

S. 3003. A bill to amend the Rural Electrification Act of 1936, as amended, to provide for the financing of telecommunication facilities for cable television and other broadband services in small towns and rural areas; to the Committee on Agriculture, Nutrition, and Forestry.

(The remarks of Mr. MELCHER when he introduced the bill appear elsewhere in today's proceedings.)

By Mr. KENNEDY:

S. 3004. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act, to secure to employees of the Government the right to disclose information which is required by law to be disclosed by agencies; to the Committee on the Judiciary.

PROTECTING WHISTLEBLOWERS

● Mr. KENNEDY. Mr. President, all but the most simplistic of sloganeers recognize that the Federal Government is not composed solely of "faceless bureaucrats" who are interested only in leaving promptly at 5 o'clock and are indifferent to any wrongdoing that goes on around them. Instead, our Federal agencies and offices are made up of individuals—the majority of whom are both faithful in their duties and high minded in their responsibilities. The bill that I am introducing, the Federal Employees Disclosure Act, is intended to give the American public full advantage of this tremendous resource of conscientiousness and dedication—by protecting Federal employees who speak out against any waste, inefficiency, incompetence, and corruption that they may see around them.

Hiding wrongdoing is not difficult in our vast Federal bureaucracy if no one generates the courage to blow the whistle. When the Air Force attempted to conceal from the Congress a $2 billion cost overrun on the C–5A transport plane, it had to silence a conscientious cost control analyst named Ernie Fitzgerald.

When the Federal Aviation Agency decided to cover up malpractice by the private charter companies, abuses that subsequently led to the deaths of the Chita State football team on a charter flight, FAA officials had to threaten evaluation chief Phillip I. Ryther with 11 pages of charges to attempt to silence his protests.

When the Navy wanted 50 reports of unsafe welds on its combat ships destroyed, it had to reprimand, transfer, and refuse promotion to an obstinate welding inspector named Oscar Hoffman to do so.

Whenever wrongdoing occurs, there is always the secretary who must type the falsified report, the clerk who must photocopy the juggled books and the researcher commanded to hide his or her findings. It is important to let these people know that their help is needed to uncover Federal abuses, while assuring them that they will not suffer for their actions.

I believe that these individuals, who are outraged by the wrongdoing that they witness, provide a special insurance for a more efficient and honest Government. By blowing the whistle on those who misuse their position as public officials, the conscientious civil servant can both reveal ongoing abuses of the office while effectively helping to prevent future Government corruption and waste.

Why are there relatively few cases of Government employees publicly revealing wrongdoing in their agencies? Because the harassment and retaliation that these whistle blowers have suffered at the hands of their agencies have discouraged all but the most courageous from going public. Little statutory protection is presently available to inhibit agencies from harassing these employees. The only viable avenue of redress available to the whistle blower is to pursue an appeal before the Civil Service Commission. However, only exceedingly narrowly defined retaliatory actions give rise to a wringed employee's right of appeal, and agencies have learned to exact more subtle forms of reprisal from their whistle-blowing employees.

Within the civil service appeal procedure, the only remedies available to the disclosing employee are limited to an order to rescind an agency's action against the employee and an award of back pay where applicable. Even in the rare cases where such reinstatement and award have taken place, the employee still is not compensated for the delay, harassment, expense, and emotional strain that he or she has undergone in the public's interest. These limited remedies are of little consequence in deterring agencies from retaliation against their employees.

The law must be amended to give statutory recognition to the Federal employee's right to reveal, to any person, information that is disclosable under the Freedom of Information Act. And it must also recognize the right of Government employees to provide other information to Congress in response to a legitimate request.

The law must ultimately provide Federal employees with the opportunity to obtain redress for acts of intimidation and retaliation taken against them by their agencies, when those employees exercise their lawful right to disclose public information.

I think that there is a growing awareness of the need to provide protections for whistle blowers. I was pleased that during his campaign President Carter voiced strong support for encouraging Federal employees who stand up for what is right and denounce waste, inefficiency, and illegality in the Government. And I have been studying with interest his proposal to establish a Merit System Protection Board and related safeguards as part of his overall civil service reform proposal, introduced by the chairman of the Committee on Governmental Affairs early in March.

Another indication of progress in this area has been the active concern of the Senator from Vermont. Last December Senator LEAHY made public a 500-page report based on a 7-month study conducted by his staff of more than 70 cases of whistle blowers. The report documented cases in which employees who exposed governmental waste and abuse had been fired, demoted, reassigned, reprimanded, denied promotions, isolated, and ignored. Senator LEAHY's work has done much to bring the harassment of whistle blowers to the attention of the American people, and he is to be commended for it.

A number of possible legislative approaches to protecting whistle blowers are now being discussed. Earlier I mentioned President Carter's civil service reform proposal (S. 2640), which would prohibit retaliation against employees who exercise their appeal rights or lawfully disclose violations of Federal law or regulations. It would hold agency heads and their subordinates responsible for preventing such retaliation. In addition, the special counsel of the new Merit System Protection Board would be authorized to investigate complaints from employees about reprisals, to stop possible reprisals, and to initiate disciplinary action against officials who violated protections of whistle blowers.

Last October Senator LEAHY introduced a similar bill (S. 2232), which would establish a Review Board on Improper Government Actions within the existing Civil Service Commission. The Board would investigate complaints by whistle blowers and enforce protections of such employees. Federal officials would be prohibited from using their authority to interfere with an individual employee's right to disclose improper governmental actions to the Board. Employees who were subjected to adverse personnel actions after providing such information would have the right to judicial review of their cases, regardless of whether administrative remedies had been exhausted.

Another approach would focus on judicial rather than administrative remedies. Senator METZENBAUM has introduced a bill (S. 2559) that would amend the Tort Claims Act to prohibit disciplinary action against a Federal employee for lawful public disclosures about a Federal agency, or for any disclosures to Congress or a court except statements known to be false and violations of individual privacy. The Metzenbaum bill would establish a legal presumption that any official disciplinary actions taken within 18 months against employees making protected disclosure, thus placing the burden of proof on the disciplining officials and the United States jointly liable in a civil action to the aggrieved employee for money, damages, or other appropriate relief including legal fees and other court costs.

Senator ABOUREZK has also introduced legislation with its own unique approach to providing redress for harassed government whistle blowers.

I am pleased that the Congress is actively exploring a variety of possible approaches to protecting whistle blowers. It has become increasingly clear that we

need to act to safeguard the rights of conscientious Federal employees who speak out against wrongdoing. The next step is to analyze and discuss the possible means of providing such protection, and then to pass the most appropriate legislation.

In that spirit, I am introducing a bill to amend the Freedom of Information Act, which I believe would accomplish these purposes. The amendment recognizes the right of Federal employees to provide, to any person, information that is required to be disclosed under the Freedom of Information Act. It also recognizes the right of employees to make disclosures of other information to Congress if the information is given pursuant to a written congressional request.

The bill affords employees the right to bring civil action in Federal district court to obtain redress for any agency actions taken against them in retaliation for the exercise of their right to disclose information. The court is given jurisdiction in such cases to provide complete relief. This could include restraining orders and interlocutory injunctions to prevent the threatened violation. Damages are to be assessed against the United States.

To avoid any conflicts between court and administrative decisions in judgments, an employee who brings an action under this provision is deemed to have waived any right to review before the Civil Service Commission.

To insure that the protections provided by this bill are viable for the average Government employee, provision is made for reasonable attorney's fees and litigation costs to be paid by the United States if the complaint prevails.

Lastly, the bill provides that in all cases that arise under it, the taking of a personnel action against any employee within 1 year after he or she discloses information covered by this amendment would create a rebuttable presumption that the action taken was because of the disclosure of the information. This is intended to alleviate the problems of proof that an employee might encounter in attempting to show that the agency action was retaliation for the disclosures. An employee who has been discharged from a job faces tremendous problems in meeting any burden of proof because the necessary information is ordinarily in the agency's hands. The presumption would in no way protect the employee from personnel actions taken for good cause. It would merely place the burden clearly on the party most able to bear it.

I introduced this bill in the last Congress, and hearings were held on it before the Subcommittee on Administrative Practice and Procedure. Because of administration opposition, however, no action was taken on the bill.

Now that the Carter administration has endorsed protection for whistleblowers, I think that action on such legislation will be facilitated. Alan Campbell, Chairman of the Civil Service Commission, has called the protection of whistle-blowers "essential to the improvement of the public service." We now have a number of thoughtful proposals pending before us.

If we have learned any lesson from the tragic events of the Watergate era, it is that the line between a secret government and a corrupt government is dangerously thin. Time and time again only the selfless acts of disclosure by courageous Government employees have enabled the public to maintain vigilance over their Government. Yet, in return, we have done little to provide these employees with protection against the enormous personal risks they incur when they make these disclosures.

I believe that enactment of legislation to protect whistle-blowers will encourage employees to make disclosures of public information. This should promote public confidence in Government and increase the public's capacity to check the abuses of Government officials, to participate in Government proceedings, and to monitor the activities of their Government.●

By Mr. METZENBAUM (for himself, Mr. KENNEDY, and Mr. RIBICOFF):

S. 3005. A bill to broaden the rights of citizens to sue in Federal courts for unlawful governmental action; to the Committee on the Judiciary and the Committee on Governmental Affairs, jointly, by unanimous consent.

CITIZENS' RIGHT TO STANDING IN FEDERAL COURTS ACT

Mr. METZENBAUM. Mr. President, we offer for the Senate's consideration today a bill to broaden the rights of citizens to sue in Federal courts for unlawful governmental action. I ask for unanimous consent that the bill, entitled "Citizens' Right To Standing In Federal Courts Act," be referred jointly to the Committee on the Judiciary and the Committee on Governmental Affairs. The subject of the bill is "standing," a technical legal concept involving the right of a plaintiff to present a case in court. "Standing" is a threshold question in every law suit. The legislation we propose today seeks to eliminate certain barriers to "standing" that have prevented Federal courts from hearing meritorious citizen complaints against illegal or unconstitutional governmental action.

Specifically, the Citizens Right To Standing In Federal Courts Act provides that a Federal court may not dismiss an action for lack of the plaintiff's standing on any one of three grounds:

First. Because the injury complained of is a "generalized grievance,"

Second. Because the defendant's conduct is not the primary cause of the injury, or

Third. Because a decision for the plaintiff on the merits of the case is not substantially likely to remedy or redress the injury the plaintiff suffered.

I will discuss these three grounds in greater detail in a moment.

Enactment of the proposed legislation will produce two results. First, a broader range of issues involving illegal governmental action could be presented to Federal judges for resolution. Second, the bill's enactment would clarify the existing confusion in the law involving the "standing" concept and eliminate the inordinate amount of energy and resources presently devoted to the litigation of "standing" in the Federal courts.

The proposed Citizens' Right To Standing in Federal Courts Act is the product of a joint effort. For a number of months, members of my staff and the staffs of Senators KENNEDY and RIBICOFF have discussed these matters with the Department of Justice. The Justice Department has carefully reviewed the bill we introduce today, and has contributed very significantly to its present language. The Department has provided a memorandum projecting the impact of this legislation on previous "standing" decisions of Federal courts. In addition, the accompanying letter from Assistant Attorney General Patricia M. Wald indicates the Department of Justice's reaction to the bill:

> [A]s presently drafted, the proposed statute incorporates principles which we are prepared to support in the form of legislation.

This measure also reflects, we believe, the commitment of the President to greater citizen access to the courts. As the President stated in April 1977:

> I support legislation which will give citizens broader standing to initiate suits against the Government, in appropriate cases.

I agree with the President's statement that relaxation of present "standing" barriers will "enhance the consumer's influence with Government without creating another unwieldy bureaucracy."

Therefore, the legislation we introduce today has, in principle, the support of the Department of Justice, and is intended to reflect the President's commitment to greater access to the courts by citizens.

There are two primary elements of the "standing" concept. One element is constitutional and cannot be modified by legislative action. In the landmark case of Baker against Carr the Supreme Court described the constitutional minimum for "standing"; the plaintiff must allege "such a personal stake in the outcome of the controversy so as to assure that concrete adverseness which sharpens the presentation of issues upon which the court so largely depends."

The second element of the "standing" concept involves considerations not required by the Constitution. In order to control both the number and kinds of cases filed in the Federal courts, the Supreme Court has constructed barriers to standing that have great impact on the right of individual citizens to seek redress for violations of Federal constitutional and statutory law. Such rules of standing leave meritorious claims without remedy.

Congress clearly has the authority to remove "standing" barriers that are not required by the Constitution—the so-called "prudential" rules of standing developed by the courts through judicial decision. Moreover, as Mr. Justice Brennan has stated, Congress has a constitutional responsibility "to insure that the attainment of congressionally mandated goals is not frustrated by illegal actions." In an unbroken line of cases the Supreme Court has recognized that rules of stand-

ing not required by the Constitution are subject to modification or elimination by Congress.

In Trafficante against Metropolitan Life Insurance Co., The Supreme Court, in a unanimous decision, recognized and upheld a "congressional intention to define standing as broadly as permitted by the Constitution." more recently, the court declared in the case of Warth against Seldin:

[P]ersons to whom Congress has granted a right of action, either expressly or by clear implication, may have standing to seek relief on the basis of legal rights and interests in support of that claim.

Congress has accepted the Court's invitation to expand "standing" to its constitutional boundaries on numerous occasions—in such legislation as the Toxic Substances Control Act, the Safe Drinking Water Act, the Consumer Product Safety Act, the Clean Air Act, the Federal Water Pollution Control Act, and the Noise Control Act. It is time for Congress to act again so that ordinary citizens, who have been victimized by illegal governmental action, will have a more meaningful right to present their claims in Federal courts.

Let us examine more thoroughly the three barriers to standing that the proposed "Citizens' right to standing in Federal Courts Act" will eliminate.

First, the legislation would prevent Federal courts from denying a plaintiff standing on the ground that the injury complained of is a generalized grievance—that is, one shared equally by all or an identifiable group of citizens. For example, in Schlesinger against Reservists Committee to Stop the War the Supreme Court refused to consider the merits of the plaintiffs' complaint that the participation of Congressmen in military reserve units violates the constitutional prohibition against Members of the House and Senate holding offices in the executive branch. The court reasoned that the Claim represented a generalized grievance. Thus in applying this barrier to standing, the court is in the anomalous position of denying relief to a meritorious claim simply because the injury is shared by many Americans. The legislation we propose today would eliminate such a rationale for refusing our citizens access to their Federal courts.

The second "standing" barrier addressed by the proposed Citizens' Right to Standing in Federal Courts Act involves the concept of causation. In Linda R.S. against Richard D. (1973) the Supreme Court stated that a complaining party must allege "some threatened or actual injury resulting from the putatively illegal action." In that case, the causation barrier prevented litigation on the merits of a mother's contention that a Texas penal statute, making it a crime for a parent to fail to support his child, was being discriminatorily enforced only in favor of legitimate children. The Court reasoned that even if the plaintiff received a ruling requiring enforcement of the statute in favor of her illegitimate child, the father might nevertheless fail to provide the financial support for the child the mother was seeking. In practice, however, the causal link between the enforcement of such statutes and a father's willingness to support his child is not as indirect as the court suggested. Certainly there is no question that the mother's interest in financial help for her child represented a personal stake in the outcome of the case, as the Constitution requires. The bill we offer for your consideration today would change the frequently criticized result in the Linda R.S. case.

The third barrier to "standing" treated by the legislation involves the concept of redressability—that is, whether a court decision can cure all aspects of a plaintiff's injury. According to the Supreme Court in Simon against Eastern Kentucky Welfare Rights Organization, known as EKWRO, a plaintiff must show "an injury that is likely to be redressed by a favorable decision" in order to have sufficient "standing" to litigate the merits of his suit. In EKWRO the Supreme Court refused to hear the challenge of low-income plaintiffs to a revenue ruling by the Internal Revenue Commissioner extending tax exempt status to a hospital that failed to serve indigents at the level of the hospital's financial ability. The Court concluded that the plaintiffs had failed to show that a reversal of the ruling would result in the treatment of indigents by the hospitals. The redressability requirement places an almost insurmountable burden of proof on plaintiffs, under the proposed "Citizens' Right to Standing in Federal Courts Act," a plaintiff need only show some likelihood that his injury will be redressed, or cured, by a favorable ruling.

The bill we propose today, however, does not address the issue of "taxpayer standing."

As I have stated, the purpose of this legislation is to eliminate technical barriers to "standing" in order to permit plaintiffs who can meet constitutional "standing" requirements to litigate their claims in Federal Court. As Mr. Justice Douglas observed:

The American dream teaches that if one reaches high enough and persists there is a forum where justice is dispensed. I would lower the technical barriers and let the courts serve that ancient need.

Also in broadening citizen access to Federal courts this Congress will be recognizing the many benefits to our country from suits brought by private attorneys general, who are ordinary citizens seeking to enforce the requirements of the law. First, such suits augment the enforcement efforts of Federal officials. Second, they allow citizens to assume part of the responsibility for the effective operation of their government. As the Committee on Government Affairs of the U.S. Senate observed in volume III of its study on Federal regulation:

We believe that the restrictive course the Supreme Court has taken on the issue of standing is unfortunate. The ability of members of the public to obtain judicial review of allegedly unlawful agency action is a key element in citizen participation in the regulatory process. It is also, in our opinion, an essential ingredient of a well-functioning democratic process. It is our view that persons with a legitimate and genuine interest in a particular matter should have the opportunity to challenge allegedly illegal or unconstitutional government action in the federal courts. For those wrongs, there should be a judicial remedy available to the public.

The bill we propose today incorporates these vital considerations. The legislation recognizes that citizen access to the Federal courts to redress unlawful governmental action is essential to the democratic process. The bill acknowledges that limited judicial resources are better used to reach prompt resolution of lawsuits on their merits than in the interpretation of technical "standing" issues. The "Citizens' Right to Standing in Federal Courts Act" emphasizes that Congress intends for the Federal courts to settle disputes that have long-term and significant impact on American Consumers.

I ask unanimous consent that the Department of Justice memorandum, the letter from Assistant Attorney General Wald, and the "Citizens' Right to Standing in Federal Courts Act" be printed in the RECORD together with the text of the bill.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3005

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Citizens' Right to Standing in Federal Courts Act".

FINDINGS AND POLICY

SEC. 2. The Congress finds and declares that—

a. the ability of members of the public to have access to the federal courts to obtain redress for unlawful governmental action is essential to the democratic process, both to enable members of the public to protect their own interests and to allow redress of injuries that affect many members of the public in relatively equal measure;

b. substantial uncertainty surrounds the specific requisites for standing to sue in the federal courts, forcing both the courts and individual litigants to devote inordinate amounts of their resources to this issue;

c. unduly restrictive standing requirements have prevented the prompt resolution of meritorious lawsuits, and have resulted in the dismissal of complaints alleging serious violations of the Constitution and laws of the United States without consideration of their merits, even where plaintiffs have shown injuries sufficient to enable adequate presentation of relevant issues in a concerte and adversary context;

d. it is a more efficient and productive use of limited judicial resources to reach prompt resolution of meritorious lawsuits alleging violations of the Constitution and laws of the United States by officers and agencies of government rather than utilizing those resources for the interpretation of unduly restrictive or complex nonconstitutional standing requirements.

Section 3. Part VI of Title 28, United States Code, is amended by adding, in the appropriate place, the following new sections: "3000. *Standing to Challenge Unlawful Governmental Action.*

"1. A court of the United States shall not dismiss an action brought against the United States or any officer or agency thereof or against any State or local government entity or officer or agency thereof or against the District of Columbia or any officer or agency thereof based in whole or in part upon an act or omission alleged to be in violation of the laws or Constitution of the United States,

on the ground that the plaintiff lacks standing to sue because—

"a. the injury which plaintiff alleges to have suffered as a result of the defendant's conduct is shared by all or a large class of persons; or

"b. the defendant's conduct which forms the basis for the complaint is not or may not be the primary cause of the injury complained of; or

"c. the injury which plaintiff alleges to have suffered as a result of the defendant's conduct is not substantially likely to be remedied or prevented by a determination on the merits in the plaintiff's favor, if such determination may contribute in significant part to remedying or preventing such injury.

"2. This section shall not affect the standing or lack of standing of persons to sue as taxpayers and shall not affect the standing or lack of standing of persons to challenge agency action which affects the liability or status of another person under the revenue laws."

"3001. Challenges to Standing.

"a. unless a plaintiff's lack of standing to sue is raised by a defendant or the court on its own motion prior to entry of judgment in the court of first impression, it may not be raised on appeal or otherwise except as required by Article III of the Constitution.

"b. This section shall apply to all civil actions brought in or removed to courts of the United States."

DEPARTMENT OF JUSTICE,
Washington, D.C.

Hon. HOWARD M. METZENBAUM,
Chairman, Committee on the Judiciary, Subcommittee on Citizens Shareholders Rights and Remedies, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing for your consideration a memorandum, prepared by Department of Justice Staff attorneys in the Office for Improvements in the Administration of Justice and reviewed by the Office of Legal Counsel, which analyzes the potential effect on several recent court decisions of the draft statute on standing which we have discussed with members of your staff. The memorandum has also been reviewed by the Office of Management and Budget, which has no objection to its transmittal to you.

We have appreciated the opportunity to review in advance your standing proposal. Our reading of the legislation indicates to us that the modifications which this Department has recommended have been adopted. Accordingly, as presently drafted, the proposed statute incorporates principles which we are prepared to support in the form of legislation.

We look forward to working with you on this important project.

Sincerely,

PATRICIA M. WALD,
Assistant Attorney General.

Attachment.

STAFF MEMORANDUM ON THE IMPACT OF STANDING LEGISLATION

The draft "Citizens' Right to Standing in Federal Courts Act" identifies three grounds upon which federal courts should not deny standing to sue in federal civil actions. This memorandum compares the results in seven leading cases recently decided on grounds of standing with the results which could be expected had the "Act" been in effect at the time of judgment.[1] In analyzing each case we have identified and considered the grounds upon which the court expressly relied in denying standing to sue. Where the memorandum finds the draft statute to apply, we conclude that the reason given by the court would be removed by the statute as a basis for denying standing. It does not follow that the case would be litigated on its merits. In several cases, other aspects of the doctrine of standing and justiciability may also be relevant, but are not discussed in this memorandum because they are not treated in the court's opinion.

I. THE ACT

The Act has four major features:

1. It applies to civil actions against governments, their agencies, or their officials;

2. for violations of the laws or Constitution of the United States.

3. It provides that standing cannot be denied in those actions on three grounds:

a. that plaintiff's injury is shared by all or a large class of persons ("generalized grievance" or "abstract injury"); or

b. defendant's conduct may not be the primary cause of plaintiff's injury ("causation"); or

c. judgment on the merits for plaintiff is unlikely or uncertain to cure the plaintiff's injury ("remedy").

4. The draft disclaims any effect on the law of taxpayer standing.

Each of the three forbidden grounds has been, or has seemed to be, a developing trend in standing analysis. The Act would prevent dismissals based on those grounds, but would not further structure the court's analysis of standing issues except as they necessarily depend on arguments within the three disfavored grounds.

The Act also provides that in all federal civil cases (not merely those against governments, etc.), objections to standing must be raised prior to judgment in the federal court of first impression. If not raised, prudential objections to standing are lost. The policy behind this provision is that judgment in the court of first impression itself constitutes an interest sufficient to warrant continuance of the action on its merits, rather than on procedural issues.

II. THE CASES

The seven cases will be discussed individually. In each case, standing was denied to one or more named or unnamed plaintiff. Because the cases are familiar to most persons concerned with standing legislation, each discussion will be limited to identification of the parties, claims, results as decided, and projected results under the Act. Where the claims of one or more plaintiffs were dismissed on non-standing grounds, these grounds will also be identified. Where a result under the Act differs from that reached by the court in the reported decision, a brief statement of the reason for projecting that difference will also be set out.

A. Simon v. E.K.W.R.O.

Five organizations and a number of individuals brought suit against the Secretary of the Treasury and the Commissioner of Internal Revenue. Plaintiffs, seeking to represent the interests of low-income persons and welfare recipients in receiving cost-free hospital services, claimed that the Secretary's adoption of a revised revenue regulation violated both the Internal Revenue Code and the Administrative Procedure Act. The regulation arguably reduced the level of charitable (cost-free) services which a hospital might extend and still qualify for tax benefits as a charitable organization under the IRC. Plaintiffs claimed that this reduction, in turn, encouraged hospitals in eastern Kentucky to alter their rules and to reduce the level of services offered the poor.

The Supreme Court held that all plaintiffs lacked standing to raise the issue against the named defendants. Its decision turned on a finding that the injury alleged—deprivation of hospital services—was only speculatively related to the alleged violation by defendants. 426 U.S. at 42–43. It based this conclusion on two grounds: first, that plaintiffs had failed to show the alleged injury was fairly attributable to the challenged action, rather than to other factors. 426 U.S. at 44 (citing *Warth* at 507), note 1 *supra*. Secondly, the Court seemingly measured the degree of injury by looking to the effect of a remedy, 426 U.S. at 43, 45 n. 25. It found that it would be "speculative whether the desired exercise of the court's remedial powers in this suit would result in the availability to respondents of such services." *Id.*, at 43.[2]

Neither ground would be permitted under the draft Act in non-taxpayer cases. The first amounts to a "sole causation" requirement forbidden by proposed section 3000b, while the second "remedial" ground would be prevented by proposed section 3000c. Thus the basis relied on by the majority would be removed under the draft statute. However, a further ground of denial (that plaintiffs sought to challenge the tax liability of a third party) which was not expressly relied on in the Court's opinion might form another ground for denying standing. *See, e.g.*, the concurring opinion of Justice Stewart at 426 U.S. at 46. The draft statute does not affect the present law of standing to challenge agency action which affects the tax liability of third parties.

B. Warth v. Seldin

Warth is a case complicated by a variety of plaintiffs and claims. Plaintiffs sought to prevent enforcement of a zoning ordinance of the town of Penfield, New York. They claimed that the ordinance had the purpose and effect of excluding low-and-moderate-income persons from living in Penfield, because it discouraged or prevented construction of inexpensive housing in the town. There are five groups of plaintiffs. Group 1 consisted of Metro-Act on behalf of its members. Metro-Act was a non-profit corporation with social concerns in the housing field. Group 2 contained several individual taxpayers and residents of Rochester, a nearby city, who argued that Penfield's exclusionary policy resulted in higher Rochester taxes to support low-income housing for persons who might otherwise live in Penfield. Group 3, a subdivision of both Groups 2 and 4, was one Ortiz, a low-income or minority-group taxpayer of Rochester. Group 4 represented low-income or minority-group Rochester residents. Group 5 included Home Builders, an association of construction firms which sought to intervene on the grounds that Penfield prevented them from building low-income projects, and Housing Council, an interest group which sought to join plaintiffs. One member of Housing Council had evidently sought a permit to build low-to-moderate-income housing in Penfield, but the request was no longer active.

The Supreme Court found that all members of Groups 1 through 4, and Home Builders, were without standing to challenge enforcement of the Penfield ordinance. As to Housing Council, the Court found that—because the request of its member was no

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[1] The cases are: *Simon* v. *Eastern Kentucky Welfare Rights Organizations*, 426 U.S. 26 (1976); *Warth* v. *Seldin*, 422 U.S. 490 (1975); *Schlesinger* v. *Reservists Committee to Stop the War*, 418 U.S. 208 (1974); *United States* v. *Richardson*, 418 U.S. 166 (1974); *Linda R.S.* v. *Richard D.*, 410 U.S. 614 (1973); *Public Citizen, Inc.* v. *Simon*, 539 F.2d 211 (D.C. Cir. 1976); and *Scodari* v. *Alexander*, 69 F.R.D. 652 (E.D.N.Y., 1976).

[2] The detailed "injury" analysis of *E.K.W.R.O.* and *Schlesinger*, part C *infra*, is required only in the absence of a recognized statutory or constitutional injury. Where plaintiff can point to an identifiable statutory protection not drawn from the APA itself, that injury need not be subject to the remedial analysis. *See, e.g., United States* v. *SCRAP*, 412 U.S. 699 (1973); *Trafficante* v. *Metropolitan Life Ins. Co.*, 409 U.S. 205 (1972).

longer active and had not been formally denied—there was no concrete, live, dispute. The Court's decision as to Housing Council, then, was in effect a finding that the controversy was moot. 422 U.S. 490, 517.

Members of Group 3 and Group 4 (low-income/minority resident/taxpayers of Rochester) were denied standing on the grounds that they had alleged no injury. 422 U.S. at 503. The Court measured the absence of injury by noting that plaintiff had failed to allege that the relief requested would be effective in removing the harm alleged—inability to find housing in Penfield. 422 U.S. at 504–508.

Members of Group 2 (Rochester residents/taxpayers) were denied standing on the ground that they sought to represent the rights of third parties, a traditional prudential ground for denial. 422 U.S. at 509–510. Merto-Act was denied standing both on this third-party rule and on the ground that no injury had been alleged to its members. 422 U.S. at 512, 514. Home Builders was denied the right to proceed on both its claim for damages and for prospective relief, for different reasons. The Court reasoned that there was no certainty that an award of the monetary damages claimed would effectively remedy the underlying claims of the Association's members. Based on this "remedial" analysis, it denied standing to the Association to represent its members' monetary interests. On the claim for prospective relief, enjoining enforcement of the ordinance, the Court noted that Home Builders' members had no specific, identified project which would be prevented by enforcement. Evidently, then, the case was "unripe" because of the absence of a controversy. 422 U.S. at 516. (The Court does not cast the analysis in ripeness terms, however.)

Under the draft Act, Groups 3 and 4 (low-income/minority residents/taxpayers of Rochester) could not be denied standing on the grounds set out in the Court's decision. The Court found that plaintiffs had alleged no recognized injury which was fairly traceable to defendants. In so doing, the Court measured the absence of injury by analyzing the effect of a remedy in plaintiff's favor, if granted, using the test which would be forbidden by draft section 3000c. Similarly, the result on Home Builders' monetary claim rests on the same "remedial" analysis, and could not be supported under the Act.

C. Schlesinger v. Reservists Committee to Stop the War

Schlesinger involves both taxpayer and citizen claims to standing. The taxpayer claims were denied, and this result would not be affected by the draft Act. On the citizen claims, an Association of Reservists and five individual members brought a class action on behalf of all U.S. citizens for a declaratory judgment that membership in the Reserves by Members of Congress violates Article I, section 6, cl. 2 of the Constitution, the "incompatibility of officers" clause. They claimed that this violation injured them as citizens by imposing inconsistent duties on those persons holding dual office, thus depriving citizens and members of the Reserves of the objective service due from both Congress and Reserve officers.[3]

The Court characterized this claim as an "abstract injury", a kind of generalized grievance which was shared with all other citizens:

"... standing to sue may not be predicated on an interest of the kind alleged here which is held in common by all members of the public, because of the necessarily abstract nature of the injury all citizens share." 418 U.S. at 220.

It required greater specificity of injury and pleading, and a "particular" rather than general, widespread, or abstract injury. *Id* at 221–223.

This result depends on the Court's decision to deny standing based on an injury which is widely shared in relatively equal measure by all or most members of the public. The arguments made in favor of that decision relate to the Court's need for concrete factual settings in which to decide difficult constitutional issues, and a desire to avoid "unnecessary constitutional adjudication", 418 U.S. 221–223, and are not rooted in the constitutional requirement that a case present an actual "case or controversy." (*But see* Justice Stewart's concurrence at 418 U.S. 228–229, expressing the view that the "generalized grievance" rule is a constitutional element of standing analysis.) As a result, the reasons given by the Court would be removed as a basis for judgment if decided under the draft Act, section 3000a. That section is expressly intended to evidence a Congressional finding that widespread public injuries do not lose their public importance, and that a violation of law or the Constitution is not converted from injury into unreviewable reality because it injures all citizens equally.

D. United States v. Richardson

An individual taxpayer brought suit for a declaratory judgment of the unconstitutionality of the Central Intelligence Agency Act, claiming that those portions of the Act which authorize the Agency to account for expenditures solely on the certificate of the Director violate portions of the Constitution requiring an annual statement and account of public monies. Because plaintiff rested his claim solely on his asserted status as a taxpayer, the Court's finding that he lacked standing to assert a generalized grievance would not be affected by the draft Act. Had the claim been rested on other, non-"taxpayer" grounds of standing, the result would be otherwise. Draft section 3000a.

E. Linda R. S. v. Richard D.

Linda, an unwed mother, had been unsuccessful in urging the child's alleged father to provide financial support. Both resided in Texas, which then had in force a statute making it a criminal violation for a "parent" to refuse support to or to abandon a child. Texas courts had consistently interpreted this statute to apply only to married parents, and to impose no duty on unmarried ones. Linda brought a class action in federal court seeking to enjoin the local district attorney from allegedly discriminatory application of the Texas statute when the D.A. refused to prosecute the alleged father, basing his decision on the judicial interpretation of the Texas statute. The Supreme Court found that Linda lacked standing to sue the D.A. on those grounds, because it saw no relationship between the alleged injury (lack of support for the child) and the alleged discriminatory government action (failure to bring a criminal prosecution against the child's father). 410 U.S. at 618. It reached this conclusion by analyzing the effectiveness of granting the remedy requested: a jail term for the child's father would not necessarily result in payment of child support. *Id*. Therefore, the Court found that Linda had failed to show the father's failure to support was a consequence of the D.A.'s refusal to prosecute him for violation of the Texas statute.

The result would be reversed under the draft Act. The Court's decision rests on a finding that the injury alleged was not substantially likely to be remedied or prevented by a determination on the merits in Linda's favor.[4] This basis for denying standing would be forbidden by draft section 3000c. Consequently, Linda would not be denied standing to sue the D.A. for non-enforcement, on these grounds.

F. Public Citizen, Inc. v. Simon

Plaintiff organization, a body of taxpayers, and an individual named plaintiff brought suit against the Secretary of the Treasury claiming that the Secretary had approved payment of federal salaries to purely political campaign workers on the President's campaign staff during an election for that office, in asserted violation of Article I, section 9, cl. 7 of the Constitution (the appropriations clause), and 31 U.S.C. 628 (1970) (an implementing statute). Plaintiffs rested their standing solely on their status as taxpayers, attempting to extend the test of taxpayer status in *Flast* v. *Cohen*. Because the draft Act does not alter the rules of standing for federal taxpayers, the D.C. Circuit's denial of standing would not be altered by the Act.

G. Scodari v. Alexander

Several revenue agents of the Internal Revenue Service (IRS), and one unnamed informant, sought to enjoin the Commissioner of Internal Revenue from enforcing a new IRS policy requiring agents to identify their confidential informants to internal auditors. The audit was intended to verify the legality of payments to the informants and the propriety of the informants' services in return. The agents claimed standing based on asserted injury to their physical, professional, and mental well-being resulting from the claimed discouraging effect which the new policy would have on their relationship with established informants. The court found that agents had asserted no recognized justifiable injury, only a subjective concern about government action. 69 F.R.D. 652, 657. It is unclear whether this analysis rests on the "generalized grievance" rule which is forbidden by draft section 3000a, but the question would be open if the draft Act were in effect. The court, however, also denied standing to assert the rights of third parties (absent informants), and held that the agents were not within the zone of interests of the regulation in question. *Id*. at 660–661. The draft Act does not remove a court's authority to refuse to find standing based on such "third-party" or "zone-of-interest" rules, and these results would not be altered by adoption of the Act.

The court also refused to allow the unnamed informant to proceed, pointing out that his action—assertedly based on a contract assuring confidentiality for his identity—should have been brought in the Court of Claims. *Id*. at 662. This result, however cast, is not a standing decision, but a jurisdictional one based on statute.

III. Summary

The projected results of decision in these seven cases are mixed. In three cases (*Warth, Schlesinger, Linda R.S.*), it appears that all or part of the particular grounds of decision relied upon in the Court's opinions could not be supported following adoption of the draft Act. While standing would not be assured in these cases under the Act (other grounds for denial might still be put for-

[3] Only one Member of Congress, Senator Tower of Texas, held a noncommissioned post in the Reserves. Several other Members held commissioned rank in various State militias, organized as the National Guard. Officers in the National Guard are not officers of the United States unless and until called to active duty in the federal service. *See* 418 U.S. at 207 n.2.

[4] The Court assumed, evidently, that the only result of a decision to prosecute would be incarceration. Child-support prosecutions are often brought for the express purpose of forcing errant parents to choose between jail aand support (which vitiates the prosecution).

ward), the ground rules for denial would be substantially altered.

In three other cases (*Richardson, Public Citizen, Scodari*), it appears that the court's decision would not be affected. However, the result would have been altered in two of these cases as well, but for that portion of draft section 3000 which disclaims any effect on the rules of taxpayer standing. In one other case (*E.K.W.R.O.*), the Act would prevent reliance on the particular grounds of decision which form the basis for the Court's opinion, but it appears that—because the plaintiffs avowedly sought to challenge the tax liability of third parties not named as defendants—the Court would continue to hold that plaintiffs lack standing to sue in federal court.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the measure that I am introducing, be jointly referred to the Committee on the Judiciary and the Committee on Governmental Affairs. The matter has been cleared with the respective minority members of both committees.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Mr. President, reserving the right to object, I understand that that statement is correct, that the ranking Republican members of both committees have been consulted. I do not object.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio? Without objection, the bill will be received and jointly referred.

● Mr. KENNEDY. Mr. President, the legislation which Senator METZENBAUM, Senator RIBICOFF, and myself are today proposing addresses one of the most fundamental issues facing the courts of this Nation: The right of citizens to take legal action challenging unlawful activities of their Government.

The bill constitutes a growing recognition on the part of many Members of Congress and of the administration itself that Federal courts—led by the Supreme Court—have been erecting unwarranted judicial barriers to the initiation of important and meritorious lawsuits. These barriers often lack constitutional or statutory foundation, and operate to deny citizens access to the Federal courts for the vindication of their rights.

It has been a fundamental tenet of American jurisprudence since the creation of this Republic that there should be no important right without a corresponding remedy. Legal rights—whether conferred by the Constitution, by statute, or by judicial interpretation—are meaningless without some means of judicial enforcement. Yet, the recent resurgence of standing as a barrier to the maintenance of important litigation has created precisely this anomalous situation: There are indeed rights which the court have effectively said there can be no remedy.

The nonconstitutional aspects of the doctrine of standing—the so-called "prudential" limitations—reflect, we are told, principles of sound management of scarce judicial resources. There are cases which the courts have said they should not hear—cases in which the parties are not sufficiently adverse, or which lack the requisite concreteness necessary for the framing of effective remedies. These are often legitimate considerations; courts should not squander their time on issues which cannot be resolved in a judicial framework.

Yet there is a serious question in my mind whether such issues can or should be resolved under the rubric of standing. Standing is a threshold consideration: Is the plaintiff an appropriate person to maintain the lawsuit? The "prudential" considerations which the courts have been attempting to subsume under the doctrine of standing—whether the causation of the injury complained of is too attenuated, whether the grievance is too "generalized," whether an appropriate remedy can be fashioned, whether the plaintiff is asserting the rights of third parties, whether the plaintiff's injury is in the "zone of interests" sought to be protected by a particular statute, and others yet to be devised—cannot often be determined at the outset of litigation. Indeed, there is the more fundamental question whether the Federal courts ought to be refusing to hear otherwise meritorious claims on these grounds at all.

The need for remedial standing legislation has long been apparent. The courts today appear to be hopelessly divided and confused as to the precise contours of the doctrine of standing, with the result that judges and litigants are forced to devote inordinate time and resources to settling technical issues which ought not be that difficult to resolve. As a former chairman of the Judiciary Committee's Subcommittee on Administrative Practice and Procedure, and the sponsor during the 94th Congress of legislation to clarify the law of standing to bring legal actions seeking judicial review of agency decisions, I am well aware of how complicated the law of standing has become. Indeed, this conclusion has been cogently documented by a recent study unanimously endorsed by the Senate Government Affairs Committee, under the leadership of Senators RIBICOFF and PERCY. The time has come for Congress to restore the doctrine of standing to the fundamental constitutional purposes for which it was intended.

I believe, Mr. President, that the legislation we are proposing establishes a solid framework for consideration of this issue by the Congress. The product of extensive discussions between its Senate sponsors and the Attorney General, it represents an important step in resolving some of the difficult policy questions involved in the standing question. I want especially to commend Patricia Wald, Assistant Attorney General for Legislative Affairs, for the leadership she has provided in facilitating consideration of this issue by the Department of Justice and by other executive and administrative agencies. She has made many invaluable contributions to the formulation of an effective standing bill.

While I am in full accord with the principles embodied in the Citizens' Right to Standing in Federal Courts Act, I would urge that the committee consider the issue of standing in its broadest context. In my judgment, standing should be grounded solely in article 3 of the Constitution, and not in nebulous concepts of judicial expedience. I therefore believe that Congress should act to eliminate all prudential standing tests and to restore the doctrine of standing to its limited constitutional dimension.●

● Mr. RIBICOFF. Mr. President, I am pleased to join with my distinguished colleagues, Senators METZENBAUM and KENNEDY, in introducing the Citizens' Right to Standing in Federal Courts Act.

The principal purpose of this bill is to enhance the ability of citizens to obtain judicial review of allegedly unconstitutional or unlawful government action. The bill does this by eliminating certain technical and nonconstitutional restrictions on the judicial standing. As my colleague, Senator METZENBAUM, has pointed out, Congress has undisputed authority to take this action.

Specifically, the bill provides that standing may not be denied in lawsuits alleging unlawful government action on these three grounds:

That plaintiffs injury is shared by all or a large class of persons; or

Defendants' conduct may not be the primary cause of plaintiff's injury; or

Judgment on the merits for plaintiff is unlikely or uncertain to cure the plaintiff's injury.

It should be noted that this bill has no effect on the constitutional requirement for judicial standing, nor does it alter the present restrictions on taxpayer standing.

This legislation results from a joint effort between the Department of Justice and the sponsors of the bill. The bill, in draft form, was the subject of careful review and revision within the Department of Justice. We have incorporated all of the suggested changes proposed by the Department. The Justice Department has indicated its support of the measure in principle. In April 1977, the President recognized the need for this kind of legislation in his consumer message. At that time, President Carter declared:

> I support legislation which will give citizens broader standing to initiate suits against the government, in appropriate cases. . . . Recent court decisions have greatly restricted their ability to do so.

The same conclusions were reached in the Governmental Affairs Committee's "Study of Federal Regulation." Volume III of our study, which was conducted pursuant to Senate Resolution 71 and published in July 1977, contains a detailed discussion of the law of judicial standing. As a principal finding, the committee study concluded:

> The Supreme Court in recent years has taken an increasingly restrictive view of the standing requirements that make it difficult for citizens to obtain a judicial review of allegedly unlawful government action. At present, some of the Supreme Court's decisions in this area constitute a considerable barrier to citizen participation in the regulatory process.

Recommendation No. 1 of Volume III stated that, "Congress should ease the requirements of standing in order to provide greater public access to the Federal courts for review of regulatory

agency decisions." More specifically, the committee study proposed that Congress should "expressly declare in the statute that standing to sue should not be denied on the basis of nonconstitutional or prudential standing requirements established by the judiciary." Effective citizen participation in the regulatory process, in my opinion, requires formal access to the courts.

The measure we introduce today reflects those recommendations. Thus, it is a further step toward implementation of the recommendations of our study on Federal regulation.

Judicial standing to sue in court is essentially a permission to bring the action. Standing does not concern the merits of the issues to be raised. Rather, it focuses on the persons who wish to have those matters decided by the court. It is a threshold question; namely: Is the plaintiff in a lawsuit entitled to initiate that action against a named defendant?

At present, the law of judicial standing is not as clear as it ought to be. Judicial stand, as the late Mr. Chief Justice Warren observed, is one of the "most amorphous [concepts] in the entire domain of public law." I view the bill we introduce today as a starting point for a full and informed public discussion of the important issues of judicial standing. It is my intention that, in the course of hearings on this measure, significant issues and concerns will be fully developed and addressed. With that in mind, I am pleased to join my colleagues in introducing this bill.●

By Mr. DOLE:

S. 3007. A bill to disregard, for purpose of certain taxes imposed by the Internal Revenue Code of 1954 with respect to employees, certain changes since 1975 in the treatment of individuals as employers; to the Committee on Finance.

● Mr. DOLE. Mr. President, the classification of persons as employees or independent contractors for Federal tax purposes has for many years been determined by the common law. Because of an increase in Internal Revenue Service attacks on these long established rules, the Tax Reform Act of 1976 directed that a study on the subject should be conducted by the staff of the Joint Committee on Taxation. However, since that time Internal Revenue Service has been changing—by fiat—the status of the law.

LEGISLATIVE MORATORIUM

Mr. President, I am introducing legislation today which would direct the Internal Revenue Service not to apply any change position or duly stated position which is inconsistent with a general audit position in effect prior to January 1, 1976, or which is inconsistent with the regulation or ruling in effect on December 31, 1975. Mr. President, the Internal Revenue Service frequently determines that persons have been misclassified as self-employed and should, instead, be considered employees. Such determination by the Internal Revenue Service are generally retroactive. This determination can be devastating upon a small or a large businessman. Employers can be retroactively assessed employment tax for 3 current tax years. Double taxation can occur when the employer and employee pay income and social security tax on the same income. Self-employment retirement plans established by individual taxpayers can be declared invalid with all prior tax contributions and income earned becoming taxable for the current year. Steps are being taken by Congress to provide a prospective solution to the problem of establishing a clear definition of an independent contractor. Earlier this year the General Accounting Office submitted a report to Congress on this subject. The joint committee has requested comments on the GAO report and the subject in general from the public and from the Department of Treasury. The Senator from Kansas hopes that a staff recommendation may be prepared on the subject based on these comments.

CONGRESSIONAL SOLUTION

I believe that this issue should be settled in a prospective way. However, because this issue is so complicated and there are so many factors to consider it is unlikely that there will be a quick congressional solution to this problem. There is a need for legislative action that will reaffirm the ability of Congress—not the Internal Revenue Service—to decide this issue.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3007

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Until enactment of any law amending the definition of an employee for purposes of any section of the Internal Revenue Code of 1954, in determining whether an individual is an employee for purposes of sections 3121, 3306, and 3401 of the Internal Revenue Code of 1954, the Internal Revenue Service shall not apply any changed position or any newly stated position which is inconsistent with a general audit position in effect prior to January 1, 1976, or which is inconsistent with a regulation or ruling in effect on December 31, 1975.●

By Mr. GARN (for himself, Mr. HATCH, Mr. DECONCINI, Mr. MCCLURE, Mr. DOMENICI, Mr. LAXALT, Mr. HANSEN, Mr. WALLOP, and Mr. SCHMITT):

S. 3008. A bill entitled the "Uranium Mill Site Restoration Act of 1978"; to the Committee on Energy and Natural Resources.

● Mr. GARN. Mr. President, I am today introducing legislation to take care of a serious problem with potential public health implications.

Some years ago, a number of private companies milled uranium under contract with the Federal Government. Since the only legal consumer of uranium was the Atomic Energy Commission, these companies complied with the regulations established by that agency, and in fact their entire operation was directed by the Government.

These companies have now completed their contracts, in some cases have gone out of business, leaving behind a serious problem in the form of uranium mill tailings, which emit a low-level radiation. There has been no finding that these orphan piles pose an acute threat to public health, but the fact is we do not know what the effects might be over a period of time. It is characteristic of radiation damage that it is not always apparent at the time of occurrence.

The Energy Research and Development Administration carried out a comprehensive study of the problem, and originally identified 21 orphan sites. There are certainly more, but I would like to list those that are known right now, by State:

Arizona: Monument Valley and Tuba City;
Colorado: Durango, Maybelle, Naturita, Rifle, Slick Rock, and Grand Junction;
Idaho: Lowan;
New Mexico: Ambrosia Lake and Shiprock;
Oregon: Lakeview;
Pennsylvania: Cannonsburg;
Texas: Falls City and Ray Pointe;
Utah: Salt Lake City (Vitro), Mexican Hat, and Green River; and
Wyoming: Riverton and Spook.

Since completing its study, ERDA (and now the Department of Energy) has promised comprehensive remedial legislation, but has so far not been able to get an acceptable draft to the Congress. In my opinion, Mr. President, there is no point in waiting longer. The problem is pressing, and can only get worse. Two of the sites are in urban areas, and emit radon gas, among the most dangerous of radioactive byproducts. In addition to the helath problem, the presence of the tailings piles depresses property values, contributes to urban decay, and unsettles the community. There is also a very real danger that dirt from the sites will be taken for use as landfill. Indeed, that has already happened; in some cases the dirt has been used as fill around schools.

Since the presence of these piles is largely the responsibility of the Federal agencies under whom the work was carried out, it is my opinion that the primary responsibility for removal should be that of Washington, and my legislation would so provide. In brief, my bill divides the task of removal into direct and indirect costs. Indirect costs include such things as purchase of the sites where necessary, personnel and administrative costs, and the rehabilitation of the sites following removal of the tailings. Direct costs include the actual removal and disposal of the tailings. Under the bill, 100 percent of direct costs would be paid by the Department of Energy; 75 percent of the indirect costs would also be paid by DOE, and the States would pick up the remaining 25 percent of the indirect expenses.

This formula is consistent with the action already taken at Grand Junction, Colo. The site there has been stabilized, and the material which had been taken away from the primary site has been returned to it. The costs for the action would have been called indirect costs shared by the State and Washington on a 25- to 75-percent basis, as was in fact

done at Grand Junction. However, the primary site itself may yet have to be dealt with, and those "direct costs" would be borne 100 percent by the Federal Government.

Under this legislation, a State where an orphan pile is located would have 3 years to apply to the Secretary of Energy for the funds to carry out the cleanup under a plan devised by the State. Regulations for the protection of public health and safety would be the responsibility of the Nuclear Regulatory Commission, and would have to be issued within 120 days. If a State does not want to accept the responsibility for devising a plan, the Secretary of Energy can be invited to take action immediately. At any rate, he would be empowered to act if a State does not act within 3 years.

The bill provides safeguards against windfall profits for private or public landowners, and provides for separate treatment of land owned by Indian tribes. Briefly, the Secretary of Energy would deal directly with the tribe, and would pay 100 percent of all costs.

Finally, Mr. President, my bill provides for a pilot study of the long-term effects on population and structures of low-level radiation such as is emitted by sources like tailings piles. Since the Salt Lake City site is the largest in an urban area, the study would be carried out on the Vitro pile. The cost of this study is expected to be minimal.

Mr. President, nuclear wastes remain the most critical element of nuclear energy. I am not implying that these orphan piles are the equivalent of spent fuel rods or military wastes at Hannaford. They are not, but it is especially important that the Federal Government deal promptly with minor problems like these if it is to build the credibility needed to develop trust in its ability to handle higher level wastes. I hope my legislation will receive early and positive action.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3008

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "Uranium Mill Site Restoration Act of 1978."

SEC. 2. (a) The Secretary may make grants to the States of Arizona, Colorado, Idaho, New Mexico, Oregon, Pennsylvania, Texas, Utah, Wyoming, and any other State determined to be in a similar situation to carry out a site restoration plan for abandoned uranium mill sites in those States. Such plan must meet the requirements of Sec. 4 of this Act.

(b)(1) No grant may be made under this section unless an application thereof has been submitted to and approved by the Secretary. The Secretary may not approve an application unless—

(A) the application contains a site restoration plan which meets the requirements of Sec. 4 of this Act;

(B) the application is submitted within three years after the date of the enactment of this Act; and

(C) the application is submitted in such form, and in accordance with such procedures, as the Secretary may require, including compliance with regulations set forth in Sec. 10(a).

SEC. 3. (a) The Secretary shall approve or disapprove any application for a grant under this section within one hundred and twenty days after the submission of such application to the Secretary, and shall notify the applicant in writing of the decision. The Secretary shall provide the applicant with a detailed written statement of the reasons for the rejection of any application.

(b) If the Secretary has rejected an application, the applicant may submit a revised application. The Secretary shall consider such a revised application in accordance with Sec. 2(b)(1) of this Act.

(c) Subject to the availability of funds, the Secretary shall award to any applicant whose application has been approved under this section a grant in an amount equal to the costs of carrying out such applicant's site restoration plan, as estimated in such plan pursuant to Sec. 4(g) of this Act.

Sec. 4. The site restoration plan required under Sec. 2(b)(1) shall—

(a) designate the abandoned uranium mill sites (including sites on Federal property) which the applicant intends to restore;

(b) describe the method by which the applicant shall restore the background radiation level at any site designated under subsection (a) of this section to a level which is no more than twice the background level which existed before milling operations began at such site in order to eliminate any health hazard to residents of the area;

(c) describe the method by which the applicant shall restore off-site uranium mill tailings to the original mill site.

(d) specify the sites which the applicant shall use for the disposal of the uranium mill tailings removed from the abandoned sites designated under subsection (a) of this section;

(e) indicate the manner in which the applicant shall dispose of the tailings so as to prevent any further exposure of individuals to radiation emanating from the tailings; and

(f) describe the manner in which the applicant, during the fifteen-year period following such disposal, shall monitor the radiation levels at the sites specified under subsection (d) of this section; and

(g) contain an estimate of the grant required to carry out the plan.

(1) Such grant shall include:

(A) 100 per centum of the cost of contracting services for engineering, removal and stabilization at selected sites, monitoring of remedial action to determine that radiation levels specified in section 4(b) of this Act have been achieved, and any other direct costs associated with the site restoration; and

(B) An amount not to exceed 75 per centum of the cost of offsite restoration referred to in section 4.

(2) Such grant shall not include:

(A) costs associated with development of the site restoration plan, personnel and other administrative costs in administering the plan, or any other indirect costs associated with the site restoration plan.

(B) Cost of property acquisition referred to in section 5 of this Act.

SEC. 5. (a) The Secretary shall require any State submitting a grant application to acquire the land upon which the tailings and abandoned mill site are located prior to the release of any grant funds to the applicant. However, the State shall not be required to acquire ownership of lands which require remedial action as a result of the incidental, offsite spread of the uranium mill tailings, or where such tailings were used as offsite construction materials.

(b) Within three years after the completion of site restoration the States shall:

(1) sell the site and remit to the Secretary proceeds from the sale in excess of the State's acquisition costs; or

(2) transfer title for the site to the Secretary; or

(3) pay to the Secretary the difference between the State's acquisition cost and the market value at the time of completion of site restoration.

SEC. 6. (a) No grant recipient shall make any change in an approved site restoration plan without the approval of the Secretary, or use a grant awarded under Sec. 3(c) of this Act for any purpose other than carrying out such plan.

(b) If the Secretary determines that any funds awarded to any grant recipient under Sec. 3(c) of this Act have been used for purposes other than those specified in subsection (a) of this section, such grant recipient shall be liable for the repayment of such funds to the Federal Government. The United States may bring a civil action to recover such funds from such grant recipient. The Secretary shall determine whether any additional funds awarded under such subsection shall be paid to such grant recipient.

SEC. 7. (a) The abandoned uranium mill sites referred to in Sec. 2(a) of this Act include, but shall not be limited to, the following areas: Monument Valley, Arizona; Tuba City, Arizona; Durango, Colorado; Grand Junction, Colorado; Maybelle, Colorado; Naturita, Colorado; Rifle, Colorado; Slick Rock, Colorado; Lowman, Idaho; Ambrosia Lake, New Mexico; Shiprock, New Mexico; Lakeview, Oregon; Cannonsburg, Pennsylvania; Falls City, Texas; Ray Pointe, Texas; Green River, Utah; Mexican Hat, Utah; Salt Lake City, Utah; Riverton, Wyoming; Spook, Wyoming.

(b) The Secretary, upon request, shall provide the States specified in Sec. 2(a) of this Act with such technical assistance as the States may require to prepare a site restoration plan satisfactory to the Secretary.

(c) There are authorized to be appropriated no more than $140,000,000 to carry out the purposes of this Act.

(d) Any funds which are made available for obligation in any year to carry out this Act and which have not been obligated during that year shall be available for obligation by the Secretary until September 30, 1982.

SEC. 8. (a) The provision of sections 2 through 7 of this Act shall not apply to the assessment and performance of restoration of abandoned uranium mill sites on lands (1) held in trust by the United States for any Indian, or for any Indian tribe, band, group, pueblo or community (hereinafter referred to as "Indian tribe"), or (2) owned by any Indian tribe subject to a restriction against alienation imposed by the United States. With respect to the uranium mill tailings, the Secretary is hereby authorized and directed to enter into cooperative arrangements with the Secretary of the Interior and with the Indian tribes residing on such lands, under which the Secretary will provide 100 per centum of all direct and indirect costs in developing and implementing the site restoration plan.

(b) The cooperative arrangements referred to in subsection (a) shall include terms providing that:

(1) appropriate site restoration shall be determined by the Secretary, with the concurrence of the Secretary of the Interior, and upon consultation with the Indian tribe, as appropriate and shall be submitted to the Nuclear Regulatory Commission for review and comment;

(2) any site restoration shall be performed by the Department of Energy or its authorized contractor and shall be paid for by the Department of Energy;

(c) unless otherwise determined by the Secretary, the Secretary of the Interior shall have the responsibility for the continued

custody of uranium mill tailings involved in any remedial action effort;

(d) With respect to Indian lands referred to in subsection (a) of this section, the United States shall be released from any radioactive materials related liability claim thereof from the date of enactment of this Act through and including the completion of any remedial action authorized by this Act; however, this provision does not apply to other sections of this Act nor affect the trust responsibilities of the Secretary of the Interior as described in subsection (a) of this section.

SEC. 9. (a)(1) Where a State specifically requests the Secretary to act; or

(2) Where a State fails to act within the three-year application period established by section 2 of this Act, the Secretary shall take such action as may be appropriate to provide for the restoration of any abandoned uranium mill site which is located in a State specified in Section 2(a) of this Act and which is not being restored under a grant awarded under such a section.

(b) The Secretary shall be responsible under subsection (a) of this section for—

(1) restoring background radiation levels at the sites referred to in subsection (a) of this section to a level which is no more than twice background level which existed before milling operations began at such sites in order to eliminate any health hazard to residents of the area;

(2) disposing of the uranium mill tailings removed from the abandoned sites restored under paragraph (1) of this subsection in a manner which prevents any further exposure of individuals to radiation emanating from the tailings; and

(3) monitoring the radiation levels at the sites used to dispose of the uranium mill tailings under paragraph (2) of this subsection.

SEC. 10. (a) The Nuclear Regulatory Commission shall within one hundred and twenty days after enactment of this Act establish regulations and standards to assure that the public safety and health and the environment are not impaired by the remedial action undertaken pursuant to the terms of this Act.

(b) Notwithstanding any other Federal law relating to protection of public safety, health, and environment; other than the National Environmental Policy Act of 1969, as amended, the regulations and standards set forth by the Nuclear Regulatory Commission shall be the sole requirement regulating remedial action under this Act.

SEC. 11. (a) The Secretary shall conduct a pilot study in the city of Salt Lake City, Utah, to—

(1) determine to what extent, if any, radiation from uranium mill tailings at abandoned uranium mill sites contaminates structures located within a ten mile radius of such sites;

(2) determine whether the radiation referred to in paragraph (1) of this subsection poses a health hazard to individuals living or working in the area described in such paragraph, and examine the types of remedial actions which might be undertaken to limit the exposure of individuals to such radiation.

(b) Within one year after the date of the enactment of this Act, the Secretary shall issue a report containing the findings respecting each of the items studied under subsection (a) of this section, together with such recommendations as the Secretary considers appropriate. The Secretary shall submit the report to the President and to appropriate committees of the Congress.

SEC. 12. For purposes of this Act—

(a) the term "applicant" means any State which submits an application under section 2 of this Act;

(b) the term "grant recipient" means any applicant which receives a grant under section 3(c) of this Act;

(c) the term "Secretary" means the Secretary of Energy;

(d) the term "abandoned uranium mill site" means a site on which uranium ore was processed but shall not include a site;

(1) where the site was owned on January 1, 1978 by the United States Government or any agency or department thereof; or

(2) where a license issued by the U.S. Nuclear Regulatory Commission, the Atomic Energy Commission or a State under Section 274 of the Atomic Energy Act of 1954, as amended, was in effect on or was issued after January 1, 1978, and the production of a uranium product derived from ores other than on-site uranium tailings occurred since February 1, 1973, as hereinafter defined;

(e) the term "uranium mill trailings" shall mean the accumulated tailings resulting from processing of ores for extraction of uranium and other valuable constituents, and also other radioactive materials such as residual stock of unprocessed ores or low grade materials, and ground in the vicinity of the mill or processing site which has become contaminated with radionuclides, including radium-226, derived from the site.●

● Mr. HATCH. Mr. President, as has been reported by the media in my home State, the Vitro uranium tailings pile has been studied over and over. The pile is located in the very heart of the Salt Lake Valley. There seems to be no question that over a long period of time the radon gas and other radioactive byproducts of the pile pose a hazard to human life. In spite of the millions of dollars that have been spent in studying the pile, no definitive declaration by any of the research groups has been advanced to tell us just what kind of a hazard the tailings really are. No guidelines from the former Atomic Energy Commission —no rulings by the Environmental Protection Agency—no plan for disposal as promised by the Energy Research and Development Administration.

Over 2 years ago now, a Utah company studied the Vitro uranium tailings pile and handed the then Gov. Calvin L. Rampton, a comprehensive set of alternatives for disposal of this deadly waste. Ford, Bacon, and Davis later was contracted to study and make recommendations on uranium tailings, not only in Utah, but throughout the Nation. It is my understanding that they have completed that study, and it is now in the hands of the Energy Research and Development Administration. ERDA was to have a final report and legislative recommendation to Congress last July. Still there is no report, recommendation, or legislation. I think I can speak for the entire Utah Delegationon when I say we have badgered, cajoled, begged and even threatened ERDA in attempts to get that plan before Congress. Senator GARN and I have run out of patience with the bureaucracy and we will now pursue the problem from a new approach. A bill to restore the Vitro tailings pile along with 21 other sites in eight States where uranium mill tailings pose a potential threat to human life.

For the safety of Salt Lake City's population, Dr. Harry Gibbons, in cooperation with the State Department of Health, has put a moratorium on development for one-quarter of a mile around the pile. That act itself was a courageous thing for him to do considering the value of this property, and were it not for the hazard of the pile itself, the value of the land where the tailings rest would be enormous.

This whole problem has become just another program developed by the Federal Government, in this case through lack of action, to lockup the valuable lands in the State of Utah. The feds have succeeded in closing off the development of the rural sections of Utah which are rich in natural resources. Now through delay the bureaucrats have succeeded in locking up some of the most valuable property in the entire State.

I will continue to push for the release of the ERDA plan of disposal and in the meantime this legislation will be in the hopper so Congress can take some action to remove this mistake from the heart of the Salt Lake Valley.●

By Mr. METZENBAUM:

S. 3009. A bill to prohibit the denial of a professional or occupational license by a State or local Government agency, and employment, or access to employment, by a Federal Government Agency on grounds of conviction of a Federal offense; to the Committee on Governmental Affairs.

EMPLOYMENT, PROFESSIONAL AND OCCUPATIONAL DISABILITIES ACT

● Mr. METZENBAUM. Mr. President, on January 27, 1978, Senator BIDEN introduced an amendment to S. 1437, the bill revising the Criminal Code, which prohibits disqualification from Federal employment solely because of prior criminal convictions. I cosponsored the Biden amendment.

At that time, Senator BIDEN and the supporters of his amendment favored extension of its provisions to include licensing regulations at State and local levels. However, in view of the fact that the Biden amendment was offered on the floor, without previous full consideration in the course of hearings, it was felt preferable to limit his amendment to the Federal level of employment and treat the State and local problem in a separate bill.

That is the bill which we offer for Senate consideration today. It provides for employment protection for former Federal offenders on the State and local levels who were not covered by the Biden amendment to S. 1437.

In recent years, a growing interest in correctional reform has begun to focus on such employment problems of exoffenders, those who have been released after completing sentences for criminal convictions. Studies indicate that the higher the employment rate of exoffenders, the lower the rate of criminal recidivism. If this relationship between jobs and rehabilitation is valid, employment of previously convicted persons should be a fundamental element of the correctional process.

From this perspective, it is dismaying to discover that the unemployment rate of former offenders far exceeds that of

other persons in the labor market. Among the factors which account for this high level of unemployment are poor work experience, little education, little or no skill training, and State licensing laws and municipal ordinances which categorically exclude exoffenders from a broad range of employment opportunities.

The statute books abound with State laws and local ordinances which deny licenses and employment to former offenders exclusively on the basis of earlier convictions. A 1972 study of State licensing laws disclosed that some "1,948 separate statutory provisions * * * affect licensing of persons with an arrest or conviction record." At that time, 46 States had licensing provisions precluding exoffenders from becoming barbers; 47 States had enacted similar restrictions on beauticians, and 24, as cosmetologists. In addition, 10 jurisdictions, including the heavily populated States of California, New Jersey, and Pennsylvania, had enacted licensing laws which restricted the employment of former offenders on premises where liquor is sold for immediate consumption. In those States, exoffenders could not work as manager, cooks, bartenders, waiters or waitresses, checkroom personnel, dishwashers, or maintenance crew in a wide variety of establishments.

Although some States have adopted remedial legislation to alleviate the devastating effects of such provisions, the Federal exoffenders are not aided by such State legislation, as it generally offers relief only to persons convicted within the State jurisdiction. A Federal statute is, therefore, needed which prohibits State and local agencies from denying licenses and employment to Federal exoffenders exclusively on the basis of their previous convictions.

The bill I am proposing today serves this purpose. It provides that a person who has been convicted of a Federal offense cannot be denied a State or local occupational license after serving his sentence unless there is a reasonable relationship between the crime committed and the job for which certification is sought. If there is such a rational justification but three years have passed since the exoffender was returned to society, the State or local agency may deny the license only on a showing of bad character or behavior.

The bill's provisions do not extend to admission to the State bar nor to employment by a State of local law enforcement agency.

It will be noted that the bill includes the provisions regarding Federal employment, already adopted as the amendment to S. 1437, because S. 1437 as passed by the Senate may not likewise be passed by the House.

I believe that this bill, while modest in scope, represents an important step toward providing rehabilitated former offenders with some relief and hope. It is not only within our constitutional powers to preclude State and local governments from arbitrarily denying occupational licenses, but it is right and proper that we do so. This principle is endorsed by the Department of Justice, which assisted in the drafting of this bill.

The constitutional guarantees of due process and equal protection of the laws would appear to require that the States be precluded from inflicting further punishment on a Federal exoffender, who has served his sentence for the prior conviction, by excluding him from employment opportunities in the State of his residence.

Finally, I want to stress that this bill relieves but one of the burdens resulting from a Federal conviction. Other disabilities such as the loss of the right to vote and hold public office are not addressed. However, the impact of lifting State and local licensing restrictions cannot be minimized. While recognizing that some restrictions must be preserved in order to protect society from dangerous persons, I hope that this bill will insure that irrational or unreasonable limits on licensing and employment do not serve to destroy the chances of law-abiding former Federal offenders from fulfilling their potential as free and productive persons.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3009

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Employment, Professional and Occupational Disabilities Act".

RESTRICTION ON EMPLOYMENT, PROFESSIONAL OR OCCUPATIONAL DISABILITIES

SEC. 2. (a) Notwithstanding any other Federal, State, or local law, a State or local government agency may not consider that a person has been convicted of a Federal offense in determining whether to issue or grant the person a professional or occupational license, and a Federal Government agency may not consider such conviction in connection with the person's employment or access to employment unless—

(1) there is a reasonable relationship between the conduct constituting the offense that was the subject of the conviction and the employment, profession, or occupation; and

(2) in any case in which three years have expired since either the date of the person's sentencing or the date of his release from imprisonment, whichever is later, the agency determines that, notwithstanding such three-year period, the nature of the criminal offense, and the behavior and character of such person since such sentencing or release, render the person unsuitable to engage in the employment, profession or occupation.

(b) Whenever a State or local government agency denies a professional or occupational license to a person, or a Federal agency denies employment, or access to employment, based in whole or in substantial part on his conviction for a Federal offense, such agency shall provide the person with a statement of the reasons for the denial.

(c) This section does not apply to:

(1) an applicant for admission to the bar of a Federal or State court, or for employment as a law enforcement officer with a Federal, State, or local government agency;

(2) a candidate for appointment by the President to a Federal office; or

(3) an applicant for any Federal position which requires a security clearance.

ATTORNEY GENERAL REGULATIONS

SEC. 3. The Attorney General shall promulgate regulations to carry out the provisions of this Act.●

By Mr. LUGAR (for himself and Mr. BAYH):

S. 3010. A bill to establish the Highway of Flags National Servicemen's Memorial; to the Committee on Energy and Natural Resources.

● Mr. LUGAR. Mr. President, it is a rare and welcome opportunity when the Congress can pause from the business of spending the taxpayer's money in order to receive a gift to the Nation. Through the generosity of the National Council for the Encouragement of Patriotism, today we have such an opportunity.

Today, along with my colleague from Indiana, Mr. BAYH, I am honored to introduce a bill to accept in the name of the United States the donation of the Highway of Flags Servicemen's Memorial and to establish it as a national monument. A similar bill has been introduced in the House of Representatives by the Honorable ADAM BENJAMIN, JR., who represents the First Congressional District of Indiana, and is cosponsored by 21 other Congressmen.

The Highway of Flags Servicemen's Memorial was built in 1976 and is presently owned by the National Council for the Encouragement of Patriotism. It is located at the intersection of U.S. Highway 41 and Route 6 in Highland, Ind., and is dedicated to our Nation's flag and the servicemen and women who have valiantly defended the flag throughout the world. The building of the monument was funded entirely through private donations, totaling over $52,000. No State or Federal funding was used for the project. The majority of labor to build the structure was provided by the Northwest Indiana Building and Construction Trades Council.

The members of the National Council for the Encouragement of Patriotism are dedicated to instilling a stronger sense of patriotism among all our citizens. Special recognition is appropriate here for the founder of the Council, Mrs. Mary Lou Keiswetter of Munster, Ind., for her personal and untiring work toward the building and maintenance of this memorial.

Throughout 1970 and 1971, the national council worked diligently to have U.S. Highway 41 proclaimed the national "Highway of Flags." Highway 41 traverses the length of our Nation—from Copper Harbor, Mich. to Miami Beach, Fla. By August of 1971, the Governors of every State containing a section of Highway 41—Michigan, Wisconsin, Illinois, Indiana, Kentucky, Tennessee, Georgia, and Florida—had proclaimed their section of Route 41 as the "Highway of Flags." As a lasting monument to the Highway of Flags, the Servicemen's Memorial has been built on U.S. 41 in Lake Counyt, Ind., and remains dedicated to our Nation's flag and her servicemen and women.

The base of the memorial is 12 feet high and 80 feet wide, semicircular, and white in color. On the front of the base

are displayed the official emblems of our Nation's five major armed forces. On the back of the base there is a document case, 7 feet long, holding 28 major documents of our Nation. The document case also displays the eight official proclamations by each participating State's Governor, as well as two 8- by 12-foot American flags which were hand carried by citizens the length of Route 41 and delivered to the memorial on July 3, 1976, as the council's Bicentennial project. The case is made of bulletproof glass and is lighted.

Atop the base are nine flagpoles made of spun aluminum. The center pole is 50 feet high and displays an 8- by 12-foot American flag. On either side of the center pole are four poles, each 40 feet in height, and flying a 5- by 8-foot American flag and a 4- by 6-foot flag from each of the States which have declared Highway 41 as the Highway of Flags. Each flagpole at its base has a plaque with the name of the Governor and the date on which his State's proclamation was made. Attached to the base in the rear is a large bronze plaque which relates the Highway of Flags story. In addition, the names of all donors of $100 or more are inscribed in cast bronze.

In front of the monument are trees of the eight participating States, and a Lost Tree of China in honor of our Nation's 1,300 servicemen who have been declared missing in action. Directly in front and in the center of the memorial is a memorial wreath square which is surrounded by an iron railing and flowers of the season. Wreaths are placed here on all legal holidays.

Let me also take this opportunity to point out that the total annual maintenance cost for the monument has been estimated to be $742 per year. This figure is, of course, incomprehensively low by congressional standards, but I hope the fact that this bill is virtually cost-free will not deter Senators from supporting it and thereby recognizing this patriotic and magnanimous gift.

On behalf of all my colleagues, and all Americans, let me express deep appreciation to the National Council for the Encouragement of Patriotism for their gift to the Nation, honoring our Nation's flag and those gallant men and women who have served the United States.

I respectfully urge my colleagues to join Senator BAYH and myself in cosponsorship of this bill.●

● Mr. BAYH. Mr. President, it is with a sense of pride that I am joining with my colleague from Indiana, Senator LUGAR, to introduce today legislation which will accept in the name of the United States the donation of the Highway of Flags Servicemen's Memorial and designate it as a national monument. On the House side, our able colleague, Congressman ADAM BENJAMIN has introduced a similar measure and it now enjoys the support of 21 other House Members. The memorial is located in Highland, Ind. at the intersection of U.S. Highway 41 and Route 6 and is dedicated to our Nation's flag and the men and women who have courageously defended it around the globe.

At a time when we are accustomed to reading about appropriations of taxpayer's money for public purposes often surrounded in controversy, it is truly refreshing to learn of this remarkable gesture of generosity on the part of the National Council for the Encouragement of Patriotism. The Highway of Flags Servicemen's Memorial was completed in 1976 and funded entirely through private contributions totaling over $52,000. No Government funds—Federal, State or local—were used for the project. The Northwest Indiana Building and Trade Council supplied the necessary labor.

In addition to the cost of $52,000, yearly maintenance of the monument requires only $742, an infinitesimal figure when we realize this year's Federal budget totals over one-half trillion dollars. Again, this cost is borne by the National Council for the Encouragement of Patriotism. I think even the most frugal of our colleagues here in the Senate will be able to support the legislation we are proposing today even though the Department of the Interior through the National Park Service will administer it as a national monument.

However, the real reason for taking this action today is not, that it is a rather inexpensive thing to do. We are offering this legislation because it reflects the indisputable fact that though the United States is passing through troubled times, the commitment and conviction of her people to basic values remain firm. And the Congress ought to recognize and reward the effort made by the citizens comprising the National Council for the Encouragement of Patriotism for their gracious gesture of generosity. A special mention in this connection should be made of Mrs. Mary Lou Keiswetter of Munster for her efforts in building and maintaining of the memorial and getting us where we are today.

The memorial is white in color and semicircular in shape, 12 feet high and 80 feet wide. The emblems of the U.S. Army, Air Force, Coast Guard, Navy, and Marines are displayed and on the back of the base there is a document case, 7 feet long, containing 28 major documents of our Nation.

As my colleagues recall, Highway 41 has been proclaimed the National "Highway of Flags" traversing the length of our Nation from Copper Harbor, Mich., to Miami Beach, Fla. By August of 1971, the Governors of Michigan, Wisconsin, Illinois, Indiana, Kentucky, Tennessee, Georgia, and Florida had issued such proclamations declaring their States portions of U.S. 41 as the "Highway of Flags"

Today, nine flag poles are mounted atop the base of the memorial, eight of which display the banner of the States who have so proclaimed Highway 41. In the center is a pole from which is displayed an 8- by 12-foot American flag. Bronze plaques with inscriptions tell the story of the memorial and contain a roster of those patriotic men and women who contributed substantially to its construction.

In front of the monument are trees of the eight participating States and a Lost Tree of China in honor of our Nation's 1,300 servicemen who have been declared missing in action. Also in the front and center of the memorial is a memorial wreath around which is an iron railing and flowers of the season.

Mr. President, I want to again state the profound sense of pride and privilege I feel in acknowledging the tremendous contribution made by citizens of Indiana and elsewhere which has resulted in a tangible symbol that patriotism is alive and well in the "land of the free and the home of the brave."●

By Mr. STEVENSON:

S. 3011. A bill to authorize the Commodity Credit Corporation to extend intermediate term agricultural credits in support of the export of agricultural commodities and the development of long-term agricultural export markets abroad; to the Committee on Agriculture, Nutrition, and Forestry.

AGRICULTURAL EXPORT CREDIT ACT OF 1978

● Mr. STEVENSON. Mr. President, today I am introducing a bill that will expand agricultural exports by authorizing the Commodity Credit Corporation to extend intermediate term agricultural credits in support of the export of agricultural commodities and the development of long-term agricultural export markets abroad.

I was privileged to appear this morning before the Subcommittee on Foreign Agricultural Policy which is chaired by our distinguished colleague from Florida (Mr. STONE), to explain the purpose of this bill and to urge the Congress to act quickly to enact legislation to expand agricultural exports. I ask unanimous consent that my statement this morning before the Subcommittee on Foreign Agriculture Policy and the text of my bill be printed in the RECORD at this point.

There being no objection, the bill and statement were ordered to be printed in the RECORD, as follows:

S. 3011

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Export Credit Act of 1978".

SEC. 2. Section 4 of the Food for Peace Act of 1966 (80 Stat. 1538; 7 U.S.C. 1707a) is amended to read as follows:

"SEC. 4. (a) Commercial sales of agricultural commodities out of private stocks on credit terms of not to exceed three years may be financed by the Commodity Credit Corporation under its export credit sales program.

"(b) Export sales of agricultural commodities, whether from private stocks or stocks owned by the Commodity Credit Corporation, or related services or facilities may be financed by the Commodity Credit Corporation on credit terms in excess of three years, but not more than ten years: *Provided,* However, that for each financing provided under this subsection, the Secretary of Agriculture must determine that there is a reasonable assurance of repayment. The provisions of Public Law 664, Eighty-third Congress, as amended (68 Stat. 832, 46 U.S.C. 1241(b)), shall not apply to sales financed pursuant to this subsection.

"(c) There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corpora-

tion annually for its actual costs incurred or to be incurred under programs undertaken under this section.".

STATEMENT BY SENATOR STEVENSON

I am grateful to the distinguished Chairman of this Subcommittee for the opportunity to testify on the need to expand U.S. agricultural exports. I also commend the Chairman for scheduling these hearings. Action to increase farm exports is urgently needed to reduce the alarming dimensions of the farm crisis and the trade deficit.

The U.S. trade imbalance was $27 billion last year, and a staggering $4.5 billion in February. The dollar is depreciating erratically and causing inflation in the U.S. and uncertainty in the money markets which in turn reduces levels of trade and investment in the world. The farm crisis is in some ways unparalled since the Great Depression. Pressures are mounting to protect U.S. industry from foreign competition and decrease U.S. food production. Those directions produce inflation, economic stagnation and global political instability. To decrease food production when much of the world is already hungry and its population is likely to double in the next 25 years would cause more inflation and human distress on a broad scale.

A more promising policy than to decrease imports, is to increase exports. Such a policy would maintain food production, let food prices find their market level, and use subsidies, if necessary, to help sell surpluses abroad. Instead of protecting itself from foreign competition the U.S. would go out to beat the foreign competition. We need increased world trade, free and fair, to continue economic growth and put people to work. We need maximum agricultural production to reward the efficient farmer and feed a starving world. Our authority in the world as well as our economic well-being requires no less.

The importance of exports to our farm economy cannot be overestimated. The U.S. is the world's largest exporter of agricultural products. In dollar value, farm exports over the past four years have ranged between $22 and $24 billion. The U.S. ships about one-sixth of the world's total agricultural products. About 100 million acres, almost one in three of harvested cropland, are devoted to production for export. Foreign markets absorb almost two-thirds of U.S. rice and wheat production, almost one-half of our soybean production, nearly two-fifths of our cattle hides, and about one-fourth of our feed grains.

The importance of farm exports to the economy of my home state of Illinois is even greater than for the nation as a whole. In fiscal year 1977, Illinois was the number one agricultural exporter, exporting agricultural commodities worth $2.5 billion; $1 billion of the total was feed grains, $823 million soybeans, $179 million in soybean meal, and $100 million in soybean oil. In percentage terms, Illinois exports over fifty percent of its soybeans and over one-third of its corn. This is especially significant when one considers that Illinois has been the number one producer of corn in each of the last three years, and is always number one in soybean production.

It would be a mistake, however, to focus on agricultural exports as strictly a regional or Illinois concern. It is a national concern because farm exports produce jobs throughout all levels of our economy and all areas of our country. The USDA estimates that in 1974 each dollar of agricultural exports stimulated an additional 96 cents of output in the national economy. In 1974, an estimated 1.2 million full-time civilian jobs were related to agricultural exports. Of these, slightly more than half were non-farm jobs directly or indirectly related to the assembling, processing, and distribution of agricultural goods for export. About 50,000 of these jobs were in food processing, 300,000 in trade and transportation, 100,000 in other manufacturing sectors, and 200,000 in other services.

Given the crucial significance of agricultural exports to the national economy and to reducing our trade deficit, it is disturbing to note that even though U.S. farm exports will increase this year to a record 110 million tons, the export value of these commodities may be only $22.5 billion—$1.5 billion below the $24 billion of agricultural commodities exported in FY 1977. This level of exports is simply not high enough to absorb the crops that American farmers produce. It will not help the farmers currently caught in a tragic cost-price squeeze.

If we are to create growing export markets for America's farmers, we cannot do so by relying on Mother Nature's willingness to create drought and disaster abroad. Aside from being cynical, such a non-policy abandons planning in favor of the vagaries of climate and weather. We cannot rely on floating exchange rates which have little effect on the competitiveness of our agricultural commodities. We cannot rely on any perceived monopolistic position; Canada, Australia and increasingly the developing nations, most notably Argentina and Brazil, have beaten us to the punch in developing new markets, such as the Peoples Republic of China, and in competing for established customers by offering better credit terms. Finally, we cannot naively rely on a free market, for trade barriers, as in the European community, can erode large markets.

What we can do is take a hard look at U.S. agricultural export policy and remove the roadblocks to increased agricultural exports. The Senate Subcommittee on International Finance, which I chair, is presently conducting a review of overall U.S. export policy and, within this review, we have examined the competitiveness and future prospects of our agricultural exports. Some of the impediments we have identified—such as import barriers within Europe and Japan—cannot be breached by legislation. I would urge this Subcommittee, however, to impress upon Ambassador Strauss the importance of reducing foreign barriers to U.S. agricultural exports, especially meat exports. Much of the present controversy surrounding meat imports might be diluted if, instead of exporting grains to feed hogs and cattle abroad which result in greater meat imports back into the U.S., we exported more meat. This may well require more funds for agricultural research to develop improved means for processing, packaging, transporting and storing meat, as well as agreement on international standards for meat quality.

There are, however, major barriers to U.S. farm exports which we have constructed ourselves, and I am here today to urge this Subcommittee to report legislation that helps dissolve those barriers. The principal roadblocks that have come to the attention of the Subcommittee on International Finance are the absence of intermediate credit terms under the CCC export credit sales program and the special requirements for participation in CCC programs imposed on non-market economy countries under Title IV of the Trade Act of 1974.

Several of the bills that are the subject of today's hearing would permit the CCC to extend intermediate term commercial credits to support farm exports.

My own proposal in this regard, which I will introduce today as a separate bill, would amend the law to permit the Commodity Credit Corporation to extend commercial export credits for up to ten years. In this regard, it is similar to S. 2385, S. 2405, and S. 2968. Presently, the CCC is limited to three-year maturities. Our principal competitors in Canada, Australia and Argentina are not similarly handicapped. This limitation not only serves to put our exports at an unnecessary competitive disadvantage but also prevents U.S. sales of farm exports to countries facing severe bunchings of international debt in the next several years. In hearings on international debt in the Subcommittee on International Finance, and in my meetings earlier this year with officials in Eastern Europe, it has become clear to me that the CCC must have authority to issue intermediate credits if we are to expand markets for our agricultural exports in the developing nations and the non-market economy countries.

Poland and other of our best agricultural customers have reached the limit of their short-term hard currency borrowing ability and will not be able to participate further in the CCC program unless we can offer them intermediate credit terms. They will turn to our competitors who, in the past, have shown a willingness to extend longer-term credits when necessary to make a sale.

In this regard, I offer for your record a letter from USDA's Foreign Agricultural Service which discusses the practices of our competitors in this regard. The ability to offer intermediate credits will put us on an equal par with competitors and will also expand long-term agricultural trade prospects, since under my bill such credits could be used to construct storage and port facilities and accumulate grain reserves.

This will have the benefit of assuring more constant agricultural markets, thus avoiding the sharp downward price pressures that have occurred in recent years.

My proposal differs from S. 2405 and S. 2968 by not limiting intermediate term credits to support only long-term agriculture trade. As I pointed out earlier, the immediate and near-term debt problems facing many of the Eastern European and developing nations make it imperative that we be willing to extend longer repayment terms.

Such terms would not be concessional; they would merely fill a gap in the credit market for agricultural commodities, a gap which the Export-Import Bank currently fills for our other exports by extending longer repayment terms than customarily provided by commercial banks. However, following the pattern of the Export-Import Bank, my proposal provides that, in making any intermediate credit available, the Secretary of Agriculture must determine that there is reasonable assurance of repayment. This will insure the commercial nature of the program.

In addition, my proposal would exempt CCC commercial agricultural shipments financed under the new intermediate credit program from the U.S. flag ocean vessel requirements of the Cargo Preference Act. Short-term CCC credits are not subject to this requirement now, and the mandatory use of high cost U.S. flag ocean vessels would severely limit, if not destroy, the value of the intermediate credit program as a means for expanding U.S. agricultural exports because it would price our commodities out of world markets.

This conclusion was strongly supported by private witnesses at a recent hearing on U.S. agricultural export policy held in Chicago by the Subcommittee on International Finance. Clearly, such special interest legislation, which does not even now benefit those interests, should not be used at the expense of the U.S. farmer, nor should it be used at the expense of the U.S. taxpayer, which would be the result of S. 2405.

The importance of fully opening up the non-market economies to our agricultural exports has been stressed by every farm witness before the Subcommittee on International Finance and I would like to submit for the record several recent analyses of this market potential, including one by the USDA's Foreign Agriculture Service. The Peoples Republic of China is expected to import nearly

10 billion tons of grain from Canada, Australia and Argentina in 1977–78. So far, the United States has been unable to penetrate that market on a regular basis.

The Soviet Union and Eastern Europe are chronic grain deficit areas with ambitious plans to expand livestock and poultry production. The potential for strong soybean, feed grain and wheat markets in these countries is large. But the availability and terms of credit to finance their purchases of agricultural commodities has become increasingly important due to their continuing hard currency balance of trade deficits.

If we don't participate in these markets now, we may never be able to participate as other nations—Canada, Argentina, Australia and developing nations—take our place. And as we fail to develop commercial relations with the Eastern European nations we also leave them dependent on the U.S.S.R.

Yet, we should not throw open the floodgates of commerce with the U.S.S.R. and other non-market countries with nothing more than a hope for trade and its economic benefits. Our economic relations with the Soviet Union and every other country must be subordinated to matters of higher national interest. I thus do not support measures to open up all the non-market countries to CCC credits without qualification.

I have developed a formula which I intend to propose for Eximbank credits in the Banking Committee. This formula may also prove useful to this Subcommittee in its deliberations on CCC credits. It is not a part of the CCC bill I am introducing today, which relates solely to intermediate term credits.

The proposed amendment to the Eximbank Act would supersede the provisions of the Trade Act of 1974 with respect to Eximbank credits for exports to non-market countries other than the Soviet Union, but would not supersede provisions concerning most-favored-nation treatment or CCC credit. The conduct of the Soviet Union in Africa at the moment is not one to warrant apparent trade concessions and certainly not a suggestion that its policy on emigration is acceptable.

We should not, however, let Soviet conduct frustrate better trade relations with other countries that pose no threat to U.S. interests. By doing so, we merely force their continued dependence on the Soviet Union and punish ourselves. Under my proposed amendment to the Eximbank Act, a new procedure would be established for determining the eligibility of countries to receive exports supported by the Eximbank.

Under this procedure, the President would submit to Congress a list of those countries for which he has determined that eligibility to receive Eximbank supported-exports is in the national interest, taking into consideration each country's relationship to the United States and to countries friendly or hostile to the United States, its internal stability and creditworthiness, and its policies and actions with respect to the peaceful settlement of international and internal disputes, human rights, including specifically the right to emigrate, and such other factors as he chooses.

During the 60 days following submission of the list, Congress would have the opportunity to review the list, and could, if necessary, disapprove the list by concurrent resolution of both Houses under expedited procedures. If the list were disapproved, all countries previously eligible would remain eligible until a new list became effective.

The President could propose a revised list at any time, and such revised lists would be subject to the same Congressional review procedure as the initial list. He could remove a country from the list at any time. The eligibility list procedure provided by the amendment would replace provisions in the current statute which require national interest determinations for Communist countries before the Bank can support exports destined for such countries and separate determinations for each such loan over $50 million.

I believe such a formula deserves serious consideration because it preserves Jackson-Vanik with respect to the Soviet Union, where there are many persons who wish to emigrate; it ends the anachronistic Communist/non-Communist formula which is a by-product of the cold-war already supplanted by Congress in the Export Administration Act; and it should produce benefits for the U.S. economy by creating more exports and more jobs.

I urge the Subcommittee to act expeditiously on the bills before it and to give urgent consideration to the promotion of increased farm exports.●

By Mr. PROXMIRE:

S. 3012. A bill for the relief of Nick Masonich; to the Committee on the Judiciary.

NICK MASONICH

Mr. PROXMIRE. Mr. President, I introduce a bill for the relief of Mr. Nick Masonich who lost his sight in 1921 while working for the Government, and it eminently deserves action. I hope from the heart that the Judiciary Committee can report this bill and the Senate can enact it.

By Mr. PROXMIRE:

S. 3013. A bill to authorize the Secretary of Housing and Urban Development to establish an urban park and recreation recovery program, and for other purpose; to the Committee on Banking Housing, and Urban Affairs.

URBAN PARK AND RECREATION RECOVERY ACT OF 1978

Mr. PROXMIRE. Mr. President, I am introducing, at the request of the administration, the Urban Park and Recreation Recovery Act of 1978. This bill would authorize HUD to make grants to local governments for the purpose of expanding and improving urban recreation facilities. This bill is part of the President's recently announced urban program, and is designed to improve the quality of life in the Nation's urban areas.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3013

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SEC. 1. This Act may be cited as the "Urban Park and Recreation Recovery Act of 1978".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that the quality of life in urban areas is closely related to the availability of fully functional park and recreation systems, including land, facilities and service programs. The Congress further finds that many local governments have recreation systems which are seriously deficient or deteriorated, that inadequate local resources are available to expand or improve them, and that no existing Federal assistance program fully addresses the need for physical rehabilitation of these systems. Improvement of park and recreation systems would have a direct and positive effect on the liveability of the nation's cities, would provide employment opportunities, and would engender a renewed sense of pride among the residents of areas affected by such improvements.

(b) It is accordingly the purpose of this Act to encourage and assist local governments in the development and rehabilitation of park and recreation areas, as a means of beautifying and revitalizing cities and neighborhoods, providing improved facilities for the recreational needs of residents, and increasing employment opportunities, especially for low- and moderate-income residents of areas benefited by this program.

URBAN PARK AND RECREATION RECOVERY PROGRAM

SEC. 3. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to establish an Urban Park and Recreation Recovery Program to provide financial assistance for rehabilitation of recreation areas and facilities in the form of challenge grants to local governments. Such assistance shall be in such amounts and subject to such terms and conditions as the Secretary considers appropriate to carry out the purpose of this Act.

DEFINITIONS

SEC. 4. As used in this Act—

(a) "recreation facilities" means indoor or outdoor facilities which are intended to serve, or to be converted to serve, the recreation needs of local residents, including multi-use community centers which have recreation as one of their primary purposes, but excluding major sports arenas, exhibition areas and conference halls used primarily for commercial sports, spectator or display activities.

(b) "recreation areas" means existing parks or building sites dedicated to recreation purposes, including land not previously used for such purposes but suitable for development.

(c) "grants" means capital grants to local governments for the purpose of rebuilding or developing areas, or rebuilding, remodeling or expanding facilities, including improvement or restoration of park landscapes, buildings and support facilities, but excluding routine maintenance and upkeep activities.

(d) "local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State or of the Commonwealth of Puerto Rico; Guam, the Virgin Islands, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions recognized by the Secretary; the District of Columbia; the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States.

NATURE OF GRANT ASSISTANCE AVAILABLE

SEC. 5. (a) Grants approved under this Act may be in amounts up to the total eligible project costs proposed by a local government. The Secretary may prescribe regulations under which the amount of grant assistance provided under this Act is reduced, or a proportionate share of local funding of project costs is required, based upon such factors as relative need for financial assistance, the nature and scope of a proposed project, and the Secretary's assessment of the effectiveness of a proposed project in fulfilling the purpose of this Act.

(b) Payments may be made only for development or rehabilitation activities which have been approved by the Secretary. Such payments may be made from time to time in keeping with the rate of progress toward the satisfactory completion of a project.

(c) The Secretary may authorize modification of an approved project only when a grantee has adequately demonstrated that such modification is necessary because of cir-

cumstances not foreseeable at the time a project was proposed. No modification involving increased project costs shall be approved if such modification would involve activities which, if included in a local government's original proposal, would have affected the proposal's eligibility or reduced the project's funding priority under regulations adopted by the Secretary.

AUTHORIZATION OF APPROPRIATIONS

SEC. 6. There are authorized to be appropriated for the grants authorized by this Act not to exceed $150 million for each of the fiscal years 1979 through 1983. Any sums appropriated pursuant to this section shall remain available until expended and any amounts authorized but not appropriated may be appropriated for any succeeding fiscal year.

REQUIREMENTS FOR ELIGIBILITY

SEC. 7. (a) The Secretary shall, by regulation, prescribe eligibility requirements for grant assistance under this Act. Such requirement shall include, but not necessarily be limited to, satisfactory demonstration by a local government of:

(1) adequate planning for the development or rehabilitation of specifically identified recreation areas and facilities, including accurate projections of the cost of any proposed project;

(2) capacity and commitment to assure that facilities provided or improved under this Act shall thereafter continue to be adequately maintained, protected, staffed and supervised; and

(3) intention to maintain total local public outlays for park and recreation purposes at levels at least equal to such expenditures in the year preceding that in which grant assistance is sought.

(b) Local governments shall provide such information as the Secretary may require to demonstrate that user fees, if any, charged or intended to be charged for the use of facilities to be developed or rehabilitated under this Act shall not have the effect of denying access to such facilities to low- and moderate-income persons.

FUNDING PRIORITIES

SEC. 8. (a) The Secretary shall, by regulation, establish funding priorities for the processing and approval of eligible grant proposals under this Act which shall include the use of objective data to measure the comparative degree of need among local governments for assistance. The Secretary shall consider such factors as the extent of poverty and the extent of housing overcrowding within a community or neighborhood for which assistance is sought, the comparative degree of physical deterioration of recreation areas and facilities, and the adequacy of existing facilities for the present population of the area to be benefited by a proposal, in terms of the size and number of facilities, the appropriateness of their locations and the quality of services available.

(b) The Secretary shall include in such regulations additional criteria to evaluate the extent to which the local government has demonstrated results in providing equal opportunity in housing for persons of low- and moderate-income and for members of minority groups, and the extent to which a grant proposal—

(1) supports or complements target activities undertaken under the local government's Community Development Program;

(2) demonstrates that it would remove existing disparities in the quality and quantity of facilities accessible to minority and low-income persons and those accessible to non-minority and higher-income persons;

(3) would provide employment opportunities for low- and moderate-income persons residing in the area of the proposed project;

(4) would directly benefit elderly, handicapped or low- and moderate-income persons; or

(5) features participation of neighborhood, non-profit or tenant organizations in project planning, in proposed rehabilitation activity, or in subsequent maintenance, staffing or supervision of recreation areas and facilities.

(c) The Secretary may give funding priority to proposals from local governments which are receiving significant State financial assistance for park and recreational purposes, or to proposals involving development or rehabilitation of recreation areas and facilities owned by neighborhood or local non-profit organizations but available for use of the general public.

STATE LIMITS

SEC. 9. Grants made under this Act for projects in any one State shall not exceed in the aggregate 15 percent of the aggregate amount of funds authorized to be appropriated under secton 6.

CONVERSION OF RECREATION PROPERTY

SEC. 10. No property developed or rehabilitated with assistance under this Act shall, without the approval of the Secretary, be converted to other than public recreation uses. The Secretary shall approve such conversion only upon such conditions as the Secretary deems necessary to assure the substitution of adequate recreation properties and opportunities of reasonably equivalent location and usefulness.

COORDINATION OF PROGRAM

SEC. 11. The Secretary shall coordinate the Urban Bank and Recreation Recovery Program to the fullest extent possible with the Department of the Interior, and with other Federal and State departments and agencies which administer programs affecting urban areas, including but not limited to programs in housing, urban development, natural resources management, employment, transportation, community services and voluntary action.

ENVIRONMENTAL PROTECTION

SEC. 12. In lieu of the environmental protection procedures otherwise applicable under the National Environmental Policy Act of 1969, the Secretary may under regulations provide for procedures identical to those authorized pursuant to section 104(h) of the Housing and Community Development Act of 1974, as amended.

AUDIT REQUIREMENTS

SEC. 13. Each recipient of assistance under this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition of project undertakings in connection with which assistance under this Act is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. The Secretary, and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers and records of the recipient that are pertinent to assistance received under this Act.

By Mr. GRIFFIN:

S. 3014. A bill to amend titles 18 and 28 of the United States Code to eliminate, and provide an alternative to, the exclusionary rule in Federal criminal proceedings; to the Committee on the Judiciary.

THE EXCLUSIONARY RULE: A LOOPHOLE FOR CRIMINALS

Mr. GRIFFIN. Mr. President, today I am introducing a bill which is long overdue. This bill abolishes and provides an alternative to the fourth amendment exclusionary rule. Simply put, the exclusionary rule provides that evidence obtained through an illegal search and seizure cannot be used against the defendant at his trial.

Over 50 years ago, one of the Nation's greatest jurists, Mr. Justice Cardozo, referred to the doctrine in the following terms:

> The criminal is to go free because the constable has blundered. . . . A room is searched against the law, and the body of a murdered man is found. . . . The privacy of the home has been infringed, and the murderer goes free.[1]

In spite of Mr. Justice Cardozo's displeasure with the illogical and unfair results of the exclusionary rule, the doctrine still persists. Indeed, Supreme Court decisions of the past decade show all too poignantly that the rule is very much alive. Perhaps the most notorious of these cases is Coolidge against New Hampshire [2] where a 14-year-old girl was kidnapped. Her frozen body was found 8 days later with her throat slashed and a bullet in her head. In another case, the defendant broke into the victim's home and raped her in such a savage manner that she required hospitalization.[3] In yet another case, the accused raped his victim twice at gunpoint, tied the woman and her friend to a tree, and shot them, leaving them for dead.[4] In all of these cases, the defendant's conviction was reversed because evidence, although clearly trustworthy and reliable, had been obtained without observing procedural safeguards and was admitted against the accused at his trial.[5]

In light of decisions such as these, Chief Justice Burger in a 1971 Supreme Court decision urged that the exclusionary rule be abolished and replaced with an adequate alternative.[6] I wholeheartedly agree with the Chief Justice. It is time to change the exclusionary rule, and that is precisely what the bill which I am introducing today seeks to do.

In urging repeal of the judicially imposed exclusionary rule, I wish to emphasize that I am by no means denigrating fourth amendment values. In a famous dissent in Olmstead against United States,[7] Mr. Justice Brandeis declared that "the right to be let alone," as guaranteed by the fourth amendment and other provisions of the Bill of Rights, is "the most comprehensive of rights and the right most valued by civilized men." [8]

But though we can all agree on the importance of this guarantee as necessary to preserve our right to be free from unwarranted government intrusion, the remedy devised by the courts to enforce this guarantee—namely the exclusionary rule—is highly questionable. Unfortunately, in actual practice, this arbitrary rule provides no remedy at all.

Only the guilty benefit by this rule. As the highly respected legal authority Prof. Charles Alan Wright has noted, although "real" evidence is found against these criminals, they are released because law enforcement officers blundered.

Footnotes at end of article.

Unlike involuntary confessions and other evidence of that type, the murder weapon, the package of narcotics, and the gambling slips all speak for themselves. In most cases, their reliability and trustworthiness as evidence are beyond dispute.[9] Despite this fact, even though clearly guilty, the defendant is permitted to go free. The result, of course, is that the criminal returns to the community and commits additional crimes.

In the words of the famous legal authority, Dean Wigmore, the exclusionary rules—

> Serve neither to protect the victim nor to punish the offender but rather to compensate the guilty by acquittal and to punish the public by unloosing the criminal in their midst. . . .[10]

Further, the exclusionary rule provides no remedy for innocent citizens who are subjected to unconstitutional searches and seizures. For example, if the police conduct an illegal search of a law-abiding citizen's home and find nothing, the doctrine never comes into play. The rule applies only when the police obtain evidence and want to introduce that evidence at the defendant's trial.

As a result, the law-abiding citizen is left, for all practical purposes, without an adequate forum to redress his grievances[11] while the criminal goes free. Also, the anguish which victims of crime must feel when they see the criminals who victimized them released on the basis of technicalities must not be underestimated. Moreover, such a situation tends to breed contempt and disrepect for our legal system. As Mr. Justice Stewart astutely observed in Furman against Georgia:[12]

> When people begin to believe that organized society is unwilling or unable to impose upon criminal offenders the punishment they "deserve," then there are sown the seeds of anarchy—of self-help, vigilante justice, and lynch law.[13]

In light of the fact that the exclusionary rule seemingly benefits only the guilty, provides no remedy for innocent victims, and affronts the American public's sense of justice, its existence should be continued only for the most compelling reasons. Supporters of this rule contend that it is necessary to deter police misconduct. Without such a doctrine, they argue, police officers would habitually violate the fourth amendment against helpless citizens. Supporters contend that by excluding evidence seized in violation of the fourth amendment police officers are deterred from seizing evidence illegally, and that serves a beneficial social objective.

However appealing this argument may appear in theory, in practice it doesn't work that way. Despite the fact that the exclusionary rule has been applied in the Federal courts since 1914[14] and in the State courts since 1961,[15] its supporters can point to no empirical evidence which supports the claim that the rule actually deters illegal police conduct. In perhaps the most thorough study on this issue, Professor Oaks, then of the University of Chicago Law School, concluded that there existed no empirical evidence to substantiate the deterrent effect of the exclusionary rule.[16] In his own estimation, Professor Oaks concluded that—

> [A]s a device for directly deterring illegal searches and seizures by the police, the exclusionary rule is a failure. . . . The use of the exclusionary rule imposes excessive costs on the criminal justice system. It provides no recompense for the innocent and it frees the guilty. . . .[17]

Further, the exclusionary rule rests on other unfounded principles. First, it assumes that the police officer will know that his contemplated search and seizure is illegal. To expect the law enforcement officer, at the scene of the crime or acting under other emergency, to know the complexities of the fourth amendment is often to ask the impossible. On the whole, police officers try their best to obey procedural requirements. But mistakes do occur, and, of course, hindsight is something the police officer cannot enjoy.

Second, the exclusionary rule assumes that the police officer who conducted the search will keep in close contact with the prosecutor. But this assumption ignores the fact that prosecution is the business of the U.S. attorney, not the man on the beat. Indeed, there often is little communication between prosecutors and law enforcement officers about rulings that are made on defendants' motions to exclude evidence that has been obtained illegally.[18] This point was well made by Chief Justice Burger, while he was still a circuit judge, when he inquired:

> [H]ow can we think that a policeman will be deterred by a judicial ruling on suppression of evidence which never affects him personally, and of which he learns, if at all, long after he has forgotten the details of the particular episode which occassioned suppression?[19]

The conclusion to be drawn is clear. Despite its purported justifications, the exclusionary rule has failed to act as an effective deterrent against police misconduct. At the same time, the rule benefits only the guilty and breeds disrespect for our criminal justice system.

Further, this doctrine is unique to American jurisprudence. Other countries which guarantee defendants fundamental safeguards—including England and Canada—have declined to adopt the exclusionary rule.[20] It is easy to understand why: The rule simply does not work. As Chief Justice Burger recognizes, the rule is a failure which must be replaced by an adequate alternative.[21] I call upon my colleagues to recognize that the exclusionary rule was a great experiment which failed. Let us not prolong this futile experiment. It is time to devise an alternative to the exclusionary rule which will abandon the doctrine but yet achieve the noble purposes for which the rule was designed.

Hopefully, the bill I am introducing today will achieve these goals. The bill eliminates the application of the exclusionary rule in criminal cases. At the same time, it provides for a civil remedy based on the Federal Torts Claims Act.

Under this legislation, if enacted, individuals subjected to illegal searches and seizures would be able to sue the United States for actual damages incurred as a result of the police misconduct. If the violation is particularly offensive, the court would be able to award the claimant punitive damages. However, in no case would the judgment, including actual and punitive damages, exceed $25,000.

Under the bill, a person who has been convicted as a result of evidence seized during an illegal search and seizure, would be limited to damages representing his actual physical personal injury and to actual property damage.

In addition, the bill contains provisions designed to deter police from committing illegal searches and seizures. First, the legislation emphasizes discretionary power on the part of the court to award punitive damages whenever it determines that such an award would tend to deter similar violations in the future. Second, the bill underscores the discretionary power of the police officer's supervising agency to impose appropriate discipline whenever the agency determines, after notice and hearing, that a police officer has conducted a search and seizure without a good faith belief that his actions were constitutional. Such discipline could include such sanctions as suspending the officer without pay for a certain length of time or even dismissing him from his employment. This section of the bill aims at protecting the officer who makes an innocent mistake or otherwise acts in good faith. At the same time, it offers better assurances than does the exclusionary rule that officers will be deterred from committing intentional violations of the fourth amendment.[22]

Accordingly in lieu of the exclusionary rule. This bill would establish a genuine remedy for innocent victims of illegal searches and seizures. It would provide for punitive as well as compensatory damages, where appropriate. And, importantly, it would allow a prevailing plaintiff to recover reasonable attorney fees and costs. This provision will assure that an injured plaintiff will have the financial resources required to redress grievances.[23]

Thus, the bill which I am introducing today provides victims of illegal searches and seizures with an equitable remedy, and, at the same time, does not permit criminals to go free on the basis of technicalities. Such a bill, if enacted, would foster respect for our criminal justice system. And it will send a powerful signal that our Federal Government is tired of "coddling" criminals.

The exclusionary rule simply does not work. It is time to abandon the rule and put in place an alternative that does work. I believe my bill provides such a solution, and, accordingly, I urge my colleagues to support it.

FOOTNOTES

[1] People v. Defore, 242 N.Y. 13, 21, 23–24, 150 N.E. 585, 587, 588 (1926).

[2] 403 U.S. 443 (1971) (warrantless search of the defendant's automobile revealed incriminating evidence).

[3] Davis v. Mississippi, 394 U.S. 721 (1969) (fingerprint evidence seized in violation of the Fourth Amendment).

[4] Bumper v. North Carolina, 391 U.S. 543 (1968) (warrantless search of the defendant's grandmother's house revealed the rifle which

had allegedly been used in the crime). For a discussion of *Coolidge, Davis,* and *Bumper, see* Wright, *Must the Criminal Go Free if the Constable Blunders?* 50 Texas Law Review 736, 741–42 (1972) [hereinafter referred to as Wright].

[5] For application of the Exclusionary Rule in the Federal appellate courts, *see, e.g.,* United States v. Pruett, 551 F.2d 1365 (5th Cir. 1977) (warrantless search of suitcases in defendant's car contained marijuana); United States v. McCormick, 502 F.2d 281 (9th Cir. 1974) (conviction for counterfeiting reversed, based on warrantless search of defendant's automobile); Harless v. Turner, 456 F.2d 1337 (10th Cir. 1972) (conviction for forcible rape reversed based on unreasonable search of the defendant's automobile).

[6] Bivens v. Six Unknown Named Agents of the Federal Bureau of Narcotics, 403 U.S. 388, 415–24 (1971) (Burger, C. J., dissenting).

[7] 277 U.S. 538 (1928).

[8] *Id.* at 578.

[9] *See* Wright, note 4 *supra,* at 737.

[10] 8 Wigmore on Evidence § 2184, at 51–52 (McNaughton ed. 1961).

[11] It is true that in Bivens v. Six Unknown Named Agents of the Federal Bureau of Narcotics, 403 U.S. 388 (1971), the Supreme Court ruled that a civil lawsuit could be brought against the individual law enforcement officer where there has been a Fourth Amendment violation. Regarding this remedy, Professor Wright has stated:

An illegal search is also a civil wrong and the victim in theory can bring an action for damages against the officer. This, too, is almost wholly theoretical. In most cases the money damages to the victim are so insignificant that they would not justify bringing a suit, juries are reluctant to give judgment against a police officer for what they may regard as merely overzealousness on his part, and even if a substantial judgment were recovered against the officer he commonly would not be able to pay it." Wright, note 4 *supra,* at 738.

[12] 408 U.S. 238 (1972).

[13] *Id.* at 309 (Stewart, J., concurring).

[14] Weeks v. United States, 232 U.S. 383 (1914).

[15] Mapp v. Ohio, 367 U.S. 643 (1961).

[16] Oaks, *Studying the Exclusionary Rule in Search and Seizure,* 37 University of Chicago Law Review 665, 709 (1970). *See* Wingo, *Growing Disillusionment with the Exclusionary Rule,* 25 Southwestern Law Journal 573, 586 (1971).

[17] *Id.* at 755. *See* LaFave, *Improving Police Performance Through the Exclusionary Rule,* 30 Missouri Law Review 391, 391–92 (1965). With respect to the Exclusionary Rule, Professor Wright has concluded: "Its benefit to society is dubious and uncertain. Its cost to society is great and real." Wright, note 4 *supra,* at 741.

[18] *See* Wright, note 4 *supra,* at 740.

[19] Burger, *Who Will Watch The Watchman?* 14 American University Law Review 1, 11 (1964).

[20] *See* Martin, *The Exclusionary Rule Under Foreign Law—Canada,* 52 Journal Of Criminal Law, Criminology and Police Science 271 (1961); Williams, *The Exclusionary Rule Under Foreign Law—England,* 52 Journal Of Criminal Law, Criminology and Police Science 272 (1961).

[21] *Bivens* v. *Six Unknown Named Agents of the Federal Bureau of Narcotics,* 403 U.S. 388, 415–24 (1971) (Burger, C. J., dissenting). As astutely recognized by The Chief Justice:

"In a country that prides itself on innovation, inventive genius, and willingness to experiment, it is a paradox that we should cling for more than a half century to a legal mechanism that was poorly designed and never really worked. I can only hope now that the Congress will manifest a willingness to view realistically the hard evidence of the half-century history of the suppression doctrine revealing thousands of cases in which the criminal was set free because the constable blundered and virtually no evidence that innocent victims of police error . . . have been afforded meaningful redress." *Id.* at 424.

[22] The issue of how to best deter law enforcement officers from deliberately committing illegal searches and seizures has been a subject of intensive legal commentary. *See, e.g.,* Kaplan, *Limits of the Exclusionary Rule,* 26 Stanford Law Review 1027 (1974); Wilson & Alprin, *Controlling Police Conduct: Alternatives to the Exclusionary Rule,* 36 Law & Contemporary Problems 488 (1971); Note, *Government Misconduct: Limiting Qualified Immunity and the Good Faith Defense,* 49 Temple Law Quarterly 938 (1976).

[23] *See* Geller, *Enforcing the Fourth Amendment: The Exclusionary Rule and Its Alternatives,* 1975 Washington University Law Quarterly 621, 710–11.

By Mr. GRIFFIN:

S. 3015. A bill to amend the Internal Revenue Code of 1954 to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would not have been capital gain if such item had been sold by the decedent at its fair market value; to the Committee on Finance.

ESTATE TAX EQUITY FOR ARTISTS

Mr. GRIFFIN. Mr. President, today I am introducing a bill designed to correct an inequity in the estate tax laws affecting artists and their families.

Under the current law, when an artist dies, all of his unsold works are included in his gross estate and valued at fair market value.

Unfortunately, this often means that the estate of a deceased artist—and thus the tax liability of his estate—is unrealistically swollen. As a result, the surviving spouse and family members of the artist are often forced to sell off the unsold works in order to pay the estate taxes. In many cases, even those art pieces that the family might have wished to keep as mementos and reminders of the deceased have to be sold to satisfy the tax collector's appetite.

There is a real irony in this situation. Under so-called tax reforms enacted nearly 10 years ago, artists are forbidden from claiming fair market value deductions on their income taxes if they donate works of art to nonprofit organizations. For example, if an artist gives a painting—perhaps worth hundreds or thousands of dollars—to a charity auction, the only tax deduction he can claim is for the cost of his materials, perhaps $25 for canvas and paints.

But when an artist dies, the IRS rules change drastically—so that an unsold work is no longer worth just the cost of materials, but many times that amount in fair market value subject to Federal estate taxes of up to 50 percent.

Perhaps one of the saddest cases concerns the widow of cartoonist Walter Kelly, creator of the well-known and much-enjoyed "Pogo" cartoon strip. At Mr. Kelly's death, his wife was left with a great many of her husband's sketches—and an astronomical bill for estate taxes. In attempting to meet these tax obligations, Mrs. Kelly lost the entire estate and had to declare bankruptcy.

One unhappy solution, which some artists have found is simply to destroy their works before they die—thereby sparing their family and heirs from the heavy estate tax burden.

Such destruction, of course, results not only in a net revenue loss to the Government from potential future sales of these works, but also is an incalculable cultural loss to this and future generations.

I understand that Arizona painter Ted DeGrazia has burned hundreds of his works to protest this capricious discrimination against artists—and that a group of Michigan artists plan a public "burn-in" of their works in the middle of Kennedy Square in downtown Detroit this week. One of the paintings slated for the flames is a portrait of former Michigan Governor and HUD Secretary George Romney, valued at $5,000.

If our national policy is to foster pride in artistic and cultural achievements and to encourage such endeavors in the future, the estate tax law clearly is counterproductive.

The bill I am introducing provides a less sensational, but certainly more appealing, remedy than wholesale destruction of works of art. This bill—a companion measure to legislation (H.R. 7896) pending in the House of Representatives—would simply change the estate tax laws so that unsold art works would be valued in an artist's estate on a "cost of materials" basis—just as unsold works are valued now for deductible income tax purposes during an artist's lifetime.

This would allow an artist's survivors to decide for themselves whether to keep or sell inherited works—rather than forcing them, as is now too often the case, to pay a heavy penalty.

The bill would apply equally to copyrights and to literary and musical manuscripts as well as to the visual arts.

It should be emphasized that this bill would not allow the survivors to slip through a tax loophole. If the works were later sold, any income realized from the sale would then be fully taxable as personal income. The bill simply allows the heirs to be taxed when—and if—the income is actually realized.

Of course, the estate tax problem facing artists is only part of a much larger complex problem facing most taxpayers.

To be sure, this is a small step toward equity and reform. But it would be a very significant step for artists, and it would go a long way toward encouraging creative activity in the arts.

I urge adoption of this bill as a small but significant step for a number of people—meaningful contribution to keeping the IRS tax wolf at bay.

By Mr. ANDERSON (for himself, Mr. BAYH, Mr. BENTSEN, Mr. CHILES, Mr. CRANSTON, Mr. DANFORTH, Mr. DECONCINI, Mr. DURKIN, Mr. HASKELL, Mr. PAUL G. HATFIELD, Mrs. HUMPHREY, Mr. METZENBAUM, Mr. PELL, Mr. RIEGLE, Mr. SASSER, Mr. KENNEDY, Mr. RIBICOFF, Mr. MCCLURE, Mr. PERCY, and Mr. CASE):

S.J. Res. 132. A joint resolution to establish a Presidential Commission to develop plans for a memorial to the victims

of the holocaust; to the Committee on the Judiciary.

U.S. NATIONAL HOLOCAUST MEMORIAL

● Mr. ANDERSON. Mr. President, I have the honor today of introducing legislation which I hope will lead to the establishment of a U.S. National Memorial to victims of the Nazi holocaust.

Although an estimated 120 million Americans were deeply moved by the recent network television dramatization of the "Holocaust," the lessons of the Nazi atrocities are too important to be left to the intermittent reminders of the mass media. Rather a permanent memorial is needed to remind our future generations of the terrible toll that can result from ignorance, prejudice, and blind obedience.

Senate Joint Resolution 132, which I introduce with the support of 19 original cosponsors, will establish the President's Commission on the Victims of the Holocaust. The Commission's members are to be appointed by the President and will be responsible for holding a national design competition to determine the most suitable site and design for the national memorial. Within 18 months of the effective date of the joint resolution, the Commission will report back to the President and to Congress so that we may act upon its recommendations.

Mr. President, it is ironic that the United States of America, which serves as a refuge to thousands of survivors of the Holocaust is one of the few countries in the free world which does not already have a permanent memorial to the victims of Nazi savagery. Enactment of Senate Joint Resolution 132 will assure that the memory of these 11 million innocent victims, of all faiths, will live on and that the lessons of their deaths will not be lost or ignored by future generations.

Mr. President, I ask unanimous consent that the text of Senate Joint Resolution 132 be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 132

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is established a Commission, to be known as the "President's Commission on the Victims of the Holocaust", for the purpose of considering and developing plans for the design, construction, and location of a permanent memorial in the United States to the victims of the Holocaust.

(b) The Commission shall be composed of eleven commissioners, to be appointed by the President, and shall include individuals who are representative of the following groups:

(1) survivors of the Holocaust;
(2) historians;
(3) religious leaders;
(4) artists;
(5) architectural designers;
(6) American military personnel who were involved in the liberation of the concentration camps during World War II; and
(7) the National Park Service.

(c) The President shall appoint one of the members of the Commission to be Chairman.

(d) Each commissioner who is not otherwise employed by the United States Government shall receive an amount equal to the daily rate paid a GS–18 under the General Schedule contained in section 5332 of title 5, United States Code, including travel time, for each day he is engaged in the actual performance of his duties as a member of the Commission. A commissioner who is an officer or employee of the United States Government shall serve without additional compensation. All members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(e) Six members of the Commission shall constitute a quorum. Any vacancy in the Commission shall not affect its powers to function.

SEC. 2. Within eighteen months of the effective date of this joint resolution, the Commission shall transmit to the President and the Congress a report containing recommendations for the design, location, and construction of a memorial to the victims of the Holocaust. Such recommendations shall be based upon the results of a design competition to be held by the Commission and upon the information and recommendations received by the Commission through studies and hearings. The Commission shall afford groups concerned with the victims and survivors of the Holocaust an opportunity to provide recommendations concerning the memorial. The Commission shall consider the feasibility of administering such memorial as a unit of the National Park System.

SEC. 3. (a) The Commission is authorized to—

(1) appoint and fix the compensation of such personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

(2) make such expenditures for the purpose of carrying out the provisions of this joint resolution as may be necessary from funds appropriated or received as gifts for such purpose;

(3) (A) solicit and accept gifts, bequests or devises of money, securities or other property from public or private sources to be used in carrying out the provisions of this joint resolution or in connection with the construction or other expenses of the memorial;

(B) sell, exchange, invest, or reinvest, the moneys, securities, or other property given, bequeathed, or devised pursuant to subparagraph (A); and

(C) use or hold such moneys, securities, or property for the purposes of this joint resolution or the construction or other expenses of such memorial:

(4) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code;

(5) accept and utilize the services of voluntary and uncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(6) hold hearings, organize contests, enter into contracts for personal services and otherwise, and do such other things as may be necessary to carry out the provisions of this joint resolution;

(7) obtain the assistance and advice of the Chairman of the Commission of Fine Arts, the Chairman of the National Council on the Arts, and the Archivist of the United States, and such Chairmen and Archivist are authorized, upon the request of the Commission, to render such assistance and advice;

(8) request the assistance and advice of, and to cooperate with, organizations concerned with the victims and the survivors of the Holocaust;

(9) procure supplies, services, and property, and make contracts, without regard to the laws and procedures applicable to Federal agencies; and

(10) request the cooperation and assistance of such Federal departments and agencies as may be appropriate.

SEC. 4. The Commission shall cease to exist within one year after the submission of its final report and shall transfer to any body which may hereafter be created to construct the memorial designed by the Commission, all funds and property, and income therefrom, remaining in the possession of the Commission immediately prior to its termination.

SEC. 5. There are hereby authorized to be appropriated $750,000 to carry out the provisions of this joint resolution.●

ADDITIONAL COSPONSORS

S. 224

At the request of Mr. INOUYE, the Senator from Montana (Mr. MELCHER) and the Senator from Pennsylvania (Mr. HEINZ) were added as cosponsors of S. 224, a bill to amend title 5, United States Code, to allow credit for civil service retirement purposes for time spent by Japanese-Americans in World War II internment camps.

S. 311

At the request of Mr. LEAHY, his name was removed as a cosponsor of S. 311, a bill entitled the "College Tuition Tax Relief Act of 1977."

S. 1874

At the request of Mr. KENNEDY, the Senator from Montana (Mr. PAUL G. HATFIELD) was added as a cosponsor of S. 1874, the Antitrust Enforcement Act of 1978.

S. 2128

At the request of Mr. INOUYE, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 2128, a bill to amend the Internal Revenue Code of 1954 to eliminate the adjusted gross income limitation on the credit for the elderly, to increase the amount of such credit, and for other purposes.

S. 2142

At the request of Mr. LEAHY, his name was removed as a cosponsor of S. 2142, a bill to amend the Internal Revenue Code of 1954 to permit a taxpayer to claim a credit for amounts paid as tuition to provide education for himself, for his spouse, or for his dependents, and to provide that such credit is refundable.

S. 2348

At the request of Mr. INOUYE, the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2348, a bill to amend the Merchant Marine Act, 1920, by establishing a program of development grants for those seaports located in the domestic offshore States, territories, and possessions of the United States.

S. 2373

At the request of Mr. INOUYE, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 2373, to provide for the establishment of a Division of Minority Mental Health Programs.

S. 2378

At the request of Mr. INOUYE, the Senator from Nebraska (Mr. ZORINSKY), the

Senator from Arizona (Mr. DECONCINI), and the Senator from Oregon (Mr. MARK O. HATFIELD) were added as cosponsors of S. 2378, a bill to increase the amount of funds available for native American employment and training programs.

S. 2505

At the request of Mr. JAVITS, the Senator from South Dakota (Mr. ABOUREZK), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Minnesota (Mrs. HUMPHREY), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 2505, a bill to amend title XIX of the Social Security Act to provide that certain handicapped individuals shall be eligible for medical assistance.

S. 2867

At the request of Mr. GOLDWATER, the Senators from Utah (Mr. GARN and Mr. HATCH) were added as cosponsors of S. 2867, a bill to remove residency requirements and acreage limitations applicable to land subject to reclamation law.

S. 2956

At the request of Mr. JAVITS, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 2956, a bill to strike the State match requirement from the acceleration provisions of the GI bill.

SENATE JOINT RESOLUTION 21

At the request of Mr. WILLIAMS, the Senator from New Hampshire (Mr. MCINTYRE) was added as a cosponsor of Senate Joint Resolution 21, a joint resolution to authorize the President to proclaim annually the last Friday of April as National Arbor Day.

SENATE RESOLUTION 443—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. TALMADGE, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 443

Resolved, That pursuant to section 303(c) of the Congressional Budget Act of 1974, the provisions of section 303(a) of such Act are waived with respect to the consideration of the Conference Report on H.R. 6782, a bill to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion. Such waiver is necessary to permit consideration of statutory authority that would increase the minimum loan rate for upland cotton to 48 cents per pound to become effective in a fiscal year for which the first concurrent resolution on the budget has not been agreed to.

AMENDMENTS SUBMITTED FOR PRINTING

EXPORT-IMPORT BANK ACT—S. 2520

AMENDMENT NO. 1820

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. STEVENSON (for himself and Mr. PROXMIRE) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2520) to amend and extend the Export-Bank Act of 1945, as amended.

● Mr. STEVENSON. Mr. President, I am introducing today an amendment to S. 2520, a bill to amend and extend the Export-Import Bank Act of 1945. The administration has requested in S. 2520 a 5-year extension of the life of the Bank and an increase in the limitation on the aggregate of loans, guarantees, and insurance which the Bank may have outstanding at any one time from $25 billion to $40 billion. The amendment would provide a 3-year extension of the Bank and raise the aggregate limit on Bank commitments to $32.5 billion. That level exceeds the Bank's projected requirements during the 3-year period.

The purpose of our amendment is to provide an early opportunity to reexamine the Bank's charter. A 3-year extension will enable the Bank to support U.S. exports adequately. The President has appointed a Cabinet-level task force to formulate a new U.S. export policy. The Subcommittee on International Finance of the Senate Banking Committee is holding hearings on U.S. export competitiveness and export policy. These efforts could lead to a substantial redirection of U.S. Government policies related to exports.

In addition, there are likely to be new international efforts to limit official export credit competition—efforts we applaud. The outcome of international negotiations on trade issues could significantly alter Eximbank's role in U.S. export policy. An extension of the Eximbank charter for 5 years could bias U.S. policy unnecessarily toward continuation of the Bank in its present form and established patterns of activity. A 3-year extension would strike a better balance between the need to reassure U.S. exporters and others that official Government financing will be available where private financing does not suffice. and the need to keep the options open while seeking more efficient and effective means to improve U.S. export competitiveness.●

AMENDMENT NO. 1821

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. STEVENSON submitted an amendment intended to be proposed by him to the bill (S. 2520), supra.

● Mr. STEVENSON. Mr. President, I am submitting today an amendment to S. 2520, a bill to amend and extend the Export-Import Bank Act of 1945. The amendment would prevent the application of the National Environmental Protection Act (NEPA) to actions of the Export-Import Bank which have no environmental impact upon the United States, until such time as Congress adopts legislation specifying the degree to which NEPA should apply to such actions.

The question of extraterritorial application of NEPA is currently tied up in bureaucratic wrangling within the administration. There are no signs that the controversy will soon be resolved or, that if resolved, the result will be a clear and workable solution which takes into proper account U.S. interests and objectives in foreign policy, trade and the environment. Indeed, draft regulations issued by the Council on Environmental Quality indicate that interbureaucratic bargaining would be perpetuated, not resolved, by the draft regulations CEQ has drawn up:

> Affected agencies shall consult with the Council which shall assist the agency in fitting the Act's requirements to the practical considerations of operating in the international context.

The issue is not whether NEPA applies in a narrow legal sense to Eximbank, but whether fundamental choices between conflicting policy objectives should be made by closed door horse trading within the executive branch. Congress is the proper body to make public policy, and one fact is indisputable: Congress has never faced the issue squarely. Whatever lawyers and judges might ultimately determine about the extraterritorial application of NEPA, and the confusion on that point promises full employment for lawyers for many years, the indisputable fact is that unless Congress addresses itself explicitly to the conflicting imperatives involved in this issue, Congress will have abdicated its constitutional responsibility to speak plainly on fundamental policy questions.

My amendment does not take sides on the merits of the arguments advanced by the various contending parties. The amendment merely returns the controversy to Congress where it belongs. I ask my colleagues to join in accepting our congressional responsibility to grapple with this complex and difficult question.

Mr. President, I ask unanimous consent that my amendment and two documents, the first prepared by CEQ and entitled "Application of the National Environmental Policy Act (NEPA) to United States Activities Abroad," the second prepared by Mr. Charles N. Brower and entitled "The Legal Parameters of NEPA—Does the CEQ's Grasp Exceed Its Reach?" be printed in the RECORD.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

> At the end of the bill, add the following:
>
> (d) Section 2 of such Act is amended by adding at the end thereof the following:
>
> "(d) Except as otherwise provided by law enacted after the date of enactment of this subsection, no rule, regulation, or interpretation pursuant to the National Environmental Policy Act of 1969 applies to an activity of the Bank which does not have an environmental impact within the United States.".

APPLICATION OF THE NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) TO UNITED STATES ACTIVITIES ABROAD

PRELIMINARY DRAFT REGULATIONS FOR APPLICATION OF THE NATIONAL ENVIRONMENTAL POLICY ACT TO FEDERAL ACTIVITIES ABROAD

Section 1508.13. Human Environment.

"Human environment" shall be interpreted comprehensively to include the natural and physical environment and the interaction of people with that environment. The human environment is not confined to the geographical borders of the United States.

Section 1506.13. Application of NEPA to

Significant Environmental Effects Not Confined to the United States.

(a) Agencies shall fully comply with these regulations insofar as their major Federal actions significantly affect the environment of:

(1) The United States and its trust territories.

(2) The global commons, which consists of areas outside the jurisdiction of any nation (e.g., the oceans).

(3) Antarctica.

(b) Agencies shall comply with the provisions of these regulations pertaining to foreign environmental statements (sec. 1508.——) insofar as their major Federal actions significantly affect the environment only of one or more foreign nations.

Section 1508.—. Foreign Environmental Statement.

(a) "Foreign environmental statement" is the statement required by sec. 102(2)(C) of the Act when a major Federal action significantly affects the environment only of one or more foreign nations. Such statements need only contain the information called for in sections 1502.13–15.

(b) In developing their implementing procedures for such statements under section 1507.3, affected agencies shall consult with the Council which shall assist the agency in fitting the Act's requirements to the practical considerations of operating in the international context. Among other things these procedures shall:

(1) Establish criteria by which the agency can determine that a foreign environmental statement or portions thereof will not be subject to public comment when such review would be inconsistent with the accomplishment of the agency's statutory objectives.

(2) Take into account special factors which would limit the review period or the required detail of the statement such as:

(i) Diplomatic considerations or the relative unavailability of information;

(ii) Whether the Federal agency role is one limited to passing on proposals developed elsewhere (as opposed to situations where the agency is involved in early planning or joint sponsorship); and

(iii) International commercial competition and confidentiality.

(3) Ensure consideration in foreign environmental statements of:

(i) Activities which are unlawful or strictly regulated in the United States in order to protect public health or safety;

(ii) Activities which threaten natural, ecological or environmental resources of global importance; and

(iii) Activities which may have inadvertent adverse effects on other foreign countries.

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., January 19, 1978.

MEMORANDUM TO HEADS OF AGENCIES

Subject Application of the National Environmental Policy Act to Federal Activities Abroad.

Since the January 6 meeting to discuss the application to federal agency international activities of the National Environmental Policy Act (NEPA), several comments and concerns have been expressed which indicate that further explanation might lead to a better understanding and resolution of the issue.

Incidentally, no date has been set for your comments on this specific issue although we would appreciate your earliest reasoned response. The date for comments on our proposed general regulations circulated December 13, 1977 is January 23, 1978 but on request may be extended to February 6, 1978.

WHY THIS ISSUE AT THIS TIME?

In order to make the process of preparing environmental impact statements more efficient, economical and relevant, on May 23, 1977 President Carter issued an Executive Order directing CEQ to reform NEPA procedures. In the course of its work, CEQ identified two concededly difficult and controversial issues of which the subject issue is one. Consequently, we determined it to be advisable to direct agency attention to the problem and obtain assistance and advice before proceeding to the task of drafting applicable regulations on the issue. In short, CEQ is responding to a present duty to consider regulatory reform of NEPA and all its related aspects.

REQUIREMENTS OF NEPA

Concerning this issue the operative language of NEPA is:

"The Congress . . . directs that to the fullest extent possible . . . all agencies of the Federal government shall . . . include in . . . . . major Federal actions significantly affecting the quality of the human environment, a detailed statement by the responsible official on—(i) The environmental impact of the proposed action," etc. Section 102(2)(C).

Therefore, the statutory mandate is to (1) all Federal agencies who undertake (2) major Federal actions which (3) significantly affect the quality of the human environment.

The Act does not define or limit the geographical region of the "human environment" the quality of which is to be considered, and it does require that "all agencies of the Federal Government shall . . . recognize the worldwide and long-range character of the environmental problems". Section 102(2)(F).

JUDICIAL CONSTRUCTION

The extent to which NEPA has international application has been addressed by the courts on several occasions.

In *Wilderness Society* v. *Morton*, 463 F.2d 1261 (D.C. Cir. (1972)), the Court of Appeals for the District of Columbia granted standing to Canadian environmentalists in the Trans Alaska oil pipeline case where alternative routes went through Canada. The court did so because the Canadians' interests in the environmental impact in Canada were within the zone of interest protected by NEPA.

In *Sierra Club* v. *AEC*, 4 ELR 20885 (D.D.C. 1974), AEC and Eximbank were sued to make them comply with NEPA. The AEC prepared an EIS on its overall nuclear export process, essentially settling the case, since AEC was the lead agency. The court assumed that governmental actions abroad were covered by the Act.

Sierra Club v. *Coleman*, 405 F. Supp. 53 (D.D.C. 1975) and 421 F. Supp. 63 (D.D.C. 1976). The Court ordered the Department of Transportation to consider the environmental impacts involved in the construction of a segment of the Pan-American Highway in Colombia and Panama, both as they affected the United States (migration of hoof and mouth disease) and as confined to Panama (effects on Indian culture).

EDF v. *AID*, ELR 20121 (D.D.C. 1975), involves a suit against AID to make it prepare an EIS on its pest management program. AID settled on terms which were approved by the Court. The settlement specifically contemplated covering local impacts within individual foreign countries.

PRIOR CEQ OPINIONS

CEQ, as the designated agency responsible for implementing agency compliance with NEPA, has been consistent in its interpretation of the Act since 1971. The most recent precedent is a September, 1976 CEQ memorandum opinion from Chairman Russell Peterson (Appendix A) advising all agencies that:

"[W]e advise that NEPA requires analysis and disclosure in environmental statements of significant impacts of federal actions on the human environment—in the United States, and other countries, and in areas outside the jurisdiction of any country."

The proposed draft regulations the Council has prepared and submited to you recognize there are unusual and exceptional circumstances which may be recognized in the application of NEPA to governmental agency actions in other countries.

AGENCY EXPERIENCE

Some agencies for some actions have administratively determined to conform with NEPA requirements for their activities abroad. Examples are:

The State Department's recent EIS on the Panama Canal Treaties;

The Department of Interior's and Federal Power Commission's EISs on natural gas pipelines and alternatives from Alaska across Canada to the lower 48 states;

NOAA's on its hurricane seeding program, and

AID's on its worldwide pesticide program.

Of those agencies with a history of implementing NEPA in their activities in foreign countries, the one with the greatest experience is AID. At the request of OMB, the Administrator of AID prepared an analysis of its experience (Appendix B) which concluded:

"[O]ur overall experience is a positive one. We have discovered that developing countries themselves have come increasingly to recognize the inter-related nature of environment and development and to seek to ensure that environmental considerations are adequately addressed in development projects. Further, the practical experience of AID had been that it is possible to undertake detailed environmental analyses of U.S. supported projects abroad and that the results obtained are useful to us, as well as to host country planners, in making project decisions."

AID's analysis rebutted each of four recited "potential negative impacts hypothetically associated with the conduct of environmental analyses."

1. AID has been able to undertake environmental analyses "without strain" on foreign relations.

2. Achievement of the Agency's mandate has not been impaired by the conduct of environmental analyses.

3. U.S. jobs have not been lost due to environmental analyses.

4. Costs have not been excessive.

WHAT IS PROPOSED?

Earlier, reference was made to the fact CEQ's present proposals recognize and make allowance for unusual and exceptional circumstances involved in federal agencies' activities in foreign countries. CEQ does so by limiting the applicability of the standard EIS procedure only to those major activities abroad whose significant environmental impact affect (1) the United States and its trust territories; (2) the global commons, such as the oceans; (3) Antarctica.

For all other major activities having a significant environmental impact outside the United States, the federal agency may, in consultation with CEQ, provide for abbreviated "Foreign Environment Statements" whose preparation can take into account such special factors as:

1. Diplomatic considerations.
2. Availability of information.
3. Commercial competition.
4. Commercial confidentiality.
5. Extent of agency role in the proposed activity.

U.S. STANDARDS ARE NOT BEING IMPOSED ON FOREIGN COUNTRIES

The preparation of a Foreign Environmental Statement would not impose U.S. environmental standards on any other country. Even if the federal activity abroad is unlawful in the United States, NEPA does not prevent its being undertaken abroad.

What a Foreign Environmental Statement would do is make clear that what the governmental agency proposes to do in another country is unlawful in the United States.

CONCLUSION

Our concern over the environmental effects of U.S. government actions abroad are expressed in the last section of our proposed draft. Summarized they are:

1. We want to insure that if a product is banned or strictly regulated in the United States on health grounds the U.S. agency and other officials are at least aware of this before providing the product to a foreign country.

2. We want at minimum full disclosure before an American decisonmaker takes an action which threatens natural resources of global importance.

3. We want to be sure that the American decisionmaker is aware of what he is doing if his actions, however, beneficial to one country, cause a significant adverse effect in another country.

If you have any questions, please bring them to our attention. We look forward to receiving your comments.

CHARLES WARREN,
Chairman.

A LOOK BEFORE WE LEAP—APPLYING NEPA TO U.S. ACTIONS ABROAD

(Remarks by Charles Warren, Chairman, Council on Environmental Quality)

When your President, Charles Zirzow, invited me some time ago to speak to you, I thought this would be an excellent forum for me to discuss CEQ's new regulations on the National Environmental Policy Act. In large part, those regulations—and the key word there is "regulations", not "guidelines"—involve the preparation of environmental impact statements.

However, two considerations have intervened to change my mind. The first was my review of your program for this meeting. The speakers listed and the topics to be covered indicate to me that the National Association of Environmental Professionals has matured rapidly in the three years since its founding. My impression, whether accurate or not, was that at its founding, the NAEP was an organization for and of EIS-writers. Though the daily work of many of you continues to involve the preparation of environmental impact statements, your program makes it clear that you are increasingly involved in broader issues of environmental policy and scientific inquiry. As examples I can mention papers to be presented to you on "Risk Assessment in Basic Research," and "Synergistic Effects of Pollutants as Carcinogens," and "World Carbon Dioxide Problems."

None of this is to minimize the importance of environmental impact statements and their careful preparation. Whatever the wider ecological concerns of citizens, scientists and politicians today, the EIS remains our basic tool for translating those concerns into practical actions. But your program does suggest that both CEQ and the NAEP have undergone a parallel evolution to arrive at the same perspective; that is, the purpose of NEPA and its EIS requirement is not to produce better pieces of paper, but wiser federal actions.

The second consideration that altered my choice of topic today was a meeting that CEQ held on January 6. Our guests were 81 officials from 30 federal agencies including, among others, the Army, the Navy, the Air Force, the Departments of Agriculture, Commerce, Interior, Justice, and State, the Nuclear Regulatory Commission, the Federal Highway Administration, the Export-Import Bank . . . even the CIA showed up. Our purpose in inviting these people was to discuss a draft set of proposals requiring them to comply with NEPA in their actions overseas.

Well, there was very little discussion, but plenty of reaction. Our draft regulations were criticized on several grounds: that there is no legal justification for extending NEPA to U.S. actions abroad; that NEPA-caused delays would hold up U.S. exports and send foreign buyers elsewhere; and that our regulations would impose U.S. environmental standards on other, sovereign nations. Columnists Evans and Novak decided that the proposed regulations would make "Uncle Sam the environmental policeman of the world." The Arizona Republic denounced CEQ for its arrogant "hunger for power".

These criticisms, if true, are important. They are practical ones. Perhaps most to the credit of our governmental colleagues, the questions they ask are those that private citizens—from board rooms to production lines—would ask: Does any agency of the U.S government have the right to tell other countries what environmental standards to impose? Would the CEQ regulations cost sales and jobs? Do these proposals have any justification in law . . . or are they, indeed, an arrogant and unfounded reach for power?

Ultimately, beyond all these issues is an even more important one for the great majority of our citizens: do the CEQ proposals make any sense? If the law is foolish, or if we are reading more into it than Congress intended, most Americans would agree that the law ought to be changed.

I would like to discuss these questions with you today. To some degree, the answers involve your own interests. Beyond your professional stake in the matter, however, I believe such an international application of NEPA not only is required by law, but it also practically and politically in the best interests of the United States.

First, let's look at what Congress said when it wrote the National Environmental Policy Act. In NEPA, Congress speaks of "national policy" and "national heritage", but its references to the environment do not imply any geographical limitation. Instead we find references to "man and his environment"; the "human environment"; the "natural environment"; the importance of . . . maintaining environmental quality to the overall welfare and development of man"; and the global term "biosphere". In one section of the Act, Congress directs all federal agencies to recognize "the worldwide and long-range character of environmental problems. . . ." Nowhere does the Act specify or suggest that it is only the U.S. environment whose quality is to be guarded by U.S. agencies.

This legislative language is, I concede, indicative rather than definitive. As in similar problems of interpretation the legislative history may help determine whether the law was written to be as all embracing as it appears.

The legislative history indicates that Congress indeed addressed the question of NEPA's application beyond our borders. On October 8, 1969, during floor debate on NEPA, Senator Henry Jackson inserted into the Congressional Record this summary of an earlier House-Senate colloquium on national environmental policy: "(A)lthough the influence of the U.S. policy will be limited outside its own borders, the global character of ecological relationships must be the guide for domestic activities."

More explicitly, during oversight hearings held in 1971—the year after NEPA was passed—the House Merchant Marine and Fisheries Committee specifically rejected the argument that NEPA should not be applied to U.S. actions within the jurisdiction of another nation. Its statement reads as follows:

"Stated most charitably, the committee disagrees with this interpretation of NEPA. The history of the Act makes it quite clear that the global effects of environmental decisions are inevitably a part of the decisionmaking process, and must be considered in that context."

Thus, the legislative history of NEPA supports the view that Congress *did* intend the Act to apply to U.S. government actions beyond our borders.

More importantly, the courts—the ultimate arbiter of what the law says and means—have addressed the international application of NEPA on several occasions:

In *Wilderness Society* v. *Morton*,[1] the D.C. Court of Appeals ruled that Canadian environmentalists had a substantial interest in the choice of route for the Trans Alaska oil pipeline, and that this interest was protected by NEPA.

In *Sierra Club* v. *Atomic Energy Commission*,[2] the AEC and the Export-Import Bank were sued to force their compliance with NEPA on nuclear exports. In this case, the court assumed that government actions abroad were covered by the Act.

In *Environmental Defense Fund* v. *Agency for International Development*,[3] AID agreed to prepare an environmental impact statement on its pest management program. The court-approved settlement specifically required that the EIS cover impacts within individual foreign countries.

Finally, some agencies have already applied NEPA to some of their actions abroad. Examples include the State Department, with its recent EIS on the Panama Canal Treaties; the Interior Department and the Federal Power Commission, with EISs on the Trans Alaska natural gas pipeline through Canada; the National Oceanic and Atmospheric Administration, with an EIS on its hurricane-seeding program; and AID, on its worldwide pesticide program.

Last October, the Office of Management and Budget asked several federal agencies with foreign affairs responsibilities about their experience with NEPA on projects abroad. John J. Gilligan, Administrator of AID, replied in this way:

"(O)ur overall experience is a positive one. We have discovered that *developing countries themselves* have come increasingly to recognize the interrelated nature of environment and development, and to seek to ensure that *environmental considerations are adequately addressed* in development projects." (emphasis added)

AID, Gilligan continued, has been able "to undertake environmental analyses without strain" on foreign relations. Pertinent to the complaint that NEPA would delay imports and cost us sales, Gilligan wrote: "No project has fallen through because of environmental analyses. . . ."

At this point, let me summarize my argument so far. The language of NEPA strongly implies a Congressional concern with the environmental impact of U.S. projects abroad; the legislative history of NEPA is explicit on this point; the courts have ruled, in specific cases, that NEPA governs the actions of U.S. agencies abroad; and several agencies have implicitly recognized that governance by voluntarily filing EISs.

I believe, in sum, that CEQ's position on the international reach of NEPA is solidly based in U.S. law. Now let me address perhaps the most important question: Would not the application of NEPA to U.S. projects abroad violate foreign sovereignty?

In discussing this question, it is crucial to realize that NEPA imposes no environmental regulatory standards on anybody, not even on U.S. agencies. Other laws, such as the Clean Air Act do that. NEPA, by contrast, creates a process. Its emphasis is on "full disclosure" with two parts: One, it requires each federal agency to analyze the environmental impacts of its proposed actions; two, it requires the agency to publish its analysis, so that other government agencies can in-

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[1] 463 F.2d 1261 (D.C. Cir. 1972).
[2] 4 ELR 20885 (D.D.C. 1974).
[3] 6 ELR 20121 (D.D.C. 1975).

spect the analysis for accuracy and thoroughness.

In the international context, NEPA would give foreign governments the same access to analytical data on a proposed U.S. action. The foreign government would make its own decision on the project, regardless of U.S. environmental standards. CEQ's proposed draft regulations require an agency to point out any activities that are "unlawful or strictly regulated" in the U.S.; however, should another nation choose to proceed with such an activity—illegal by U.S. standards—it would be perfectly free to do so.

In addition, CEQ's proposals recognize "special factors" that may limit the scope of a foreign environmental statement, the length of time for public review of it, or even whether it is made public at all. The regulations specifically provide modifications of the NEPA process to accommodate "diplomatic considerations or the relative unavailability of information . . . international competition and confidentiality."

Given these "special factors" that limit the applicability of our proposed rules, is it worth applying NEPA to foreign actions at all?

The answer lies not in our regulations nor in U.S. law, but in the common experience of mankind as we have tried to shape natural systems to human convenience. Heaven knows we have succeeded. The citizens of the advanced nations lead better, healthier, longer lives than any other humans since the Garden of Eden closed; it is to our credit that we are attempting to extend the fruits of our development to other nations less fortunate in natural and human resources.

But within our borders and beyond, we have seen, again and again, the direct and indirect environmental impacts of well-tended projects create havoc with a nation's food supplies and its people's health.

In the Ryukyu Islands following World War II, a U.S. attempt to improve sanitary and dietary standards in the schools led, indirectly, to the spread of trachoma, an eye disease, among children. In untreated cases, this disease can cause blindness. Also in the Ryukyus, the U.S. introduction of piped water led to an extensive outbreak of dysentery.

In Indonesia, the farmers used an imported pesticide—a chlorinated hydrocarbon similar to DDT—to control a destructive insect known as the rice borer. The highly toxic pesticide also killed fish in the rice paddies. Not only had the fish provided the farmers with a cash crop, fertilized the rice, and helped control many caterpillars of insect pests, but they had also given the farmers a vital source of protein.

In Brazil's Sao Francisco Valley, a hydroelectric project was built with financial aid from two international agencies, two U.S. agencies, and private banks in Canada, France, and the U.S. Unanticipated environmental impacts from this project forced the expenditure of more than $150 millions to resettle farmers and control floods.

In Egypt—perhaps the best known case of development gone wrong—the Aswan High Dam financed by the Soviet Union has sharply increased the incidence of a blood disease caused by a water-borne parasite. The last estimate I saw was that infection had jumped from 5 percent of farmers living along the Upper Nile to 65 percent. The disease, which is difficult and expensive to cure, is usually debilitating and sometimes fatal.

The moral is not that developing areas should be left without running water, that pesticides should be prohibited, or that dams should not be built. The moral, rather, is that the transfer of modern technologies into underdeveloped lands can trigger social and natural mechanisms that lead to trouble. Before advanced nations undertake such transfers, therefore, they should try to anticipate the unwanted, potentially damaging side effects of their actions.

Because of the relatively embryonic state of our ecological science, not even the advanced nations can always predict such side effects. But our knowledge, our experience, and our resources vastly exceed those of underdeveloped nations—and through NEPA the United States can provide access to the considerable ecological expertise it does possess.

Let me discuss a current project that has recently been questioned by Congressman Long of Maryland. I think it will buttress my argument that the international application of NEPA is in the best interest of our country as well as that of foreign nations.

On January, 1971, the government of the Philippine Islands expressed interest in purchasing a nuclear power plant. The U.S. State Department instructed our embassy in Manila to "give all possible encouragement" to the purchase.

In January, 1976, the U.S. Export-Import Bank authorized a loan of $277 million plus loan guarantees of $367 million to permit the Philippines to buy a power reactor . . . the first to be located there. Under the terms of CEQ's proposed regulations, the Ex-Im authorization would be a "significant federal action" with a possible impact on the environment. In addition, under the requirements of the Atomic Energy Act, an export license for the reactor would have to be granted by the Nuclear Regulatory Commission . . . a related "significant federal action". These and other agencies involved in the project would be required, under our draft rules, to file a joint foreign environmental statement prior to granting the loan and export license.

No such statement has been filed. If such a statement, adequate by U.S. standards, had been filed, it would have revealed the following information:

The Philippine Islands are located in an earthquake belt—one of two such belts in the world.

The Philippines are also in a volcanic belt, and have no stable salt formations; hence they cannot dispose of their own radioactive wastes, and must ship them to the United States or to some other international burial site.

The proposed site of the reactor on Luzon is about 14 miles from Mount Natib—a volcano which, based on information supplied by a U.S. consultant to the Philippine National Power Corporation, would likely be considered "active" under current NRC criteria.

In a review of alternate energy sources, the Philippine Energy Development Board computed the cost of hydropower at $1,000 per kilowatt, of geothermal at $900 per kilowatt, and coal at $800 per kilowatt, it estimates the cost of nuclear at $1,500 per kilowatt.

The Government of the Philippines has by no means been apathetic about this information. President Ferdinard Marcos has displayed a lively concern about environmental matters. In July, 1976, he established a Presidential Council for the management of forest ecosystems and, last year, an Environmental Protection Council. In August, 1976, following an earthquake in Mindanao, he asked the manufacturer of the reactor, for written assurance that the plant would be earthquake-proof.

Other Philippine officials have expressed concern. Because his agency lacked the technical expertise and breadth of experience to evaluate the reactor site, the chairman of the Philippine Atomic Energy Commission asked the U.S. Nuclear Regulatory Commission for help. The NRC did its best with the information supplied it—but when asked to contribute an expert for a two week safety review of the project, an NRC official pointed out that review of a nuclear license application in the U.S. requires the equivalent of six man-years of effort.

It seems to me that the facts in this case speak for themselves; I will not comment on them. I wish, rather, to emphasize two matters:

First, had a foreign environmental statement been prepared on this export proposal, none of the information developed would prevent the government of the Philippines from buying the reactor. It could ignore the facts and environmental impacts, and go ahead with the purchase.

Second, many developing nations do not have experts qualified to develop such information concerning complex and sophisticated technology. In the absence of rules that require U.S. agencies to provide environmental information, such governments are forced to request help from our experts—or to rely on that supplied by consultants who may have a stake in making a sale.

Health and safety issues and environmental impacts should not have to be uncovered little by little. On major governmental actions affecting the environment, we should fully and openly reveal such impacts so that another government can make its own decisions. Applying NEPA to the actions of U.S. agencies abroad is in no sense a violation of foreign sovereignty; indeed, it represents a respect for foreign sovereignty. Foreign policy considerations may warrant our supporting dubious projects abroad; at an absolute minimum, however, the underdeveloped nations to whom the bulk of our non-military assistance goes have a right to know when a project we support might get them into serious health, safety, and environmental trouble.

Most developing nations cannot duplicate our environmental expertise; we should not force them to duplicate our environmental misfortunes. Our own pragmatic self-interest dictates that, when our government engages in activities abroad, we should help other nations look before they—or we—leap.

CEQ believes that NEPA requires such a look too—not only as a matter of law, but as a matter of prudence and judgment.

Thank you.

WASHINGTON, D.C., *February 2, 1978.*

Mr. STUART EIZENSTAT,
Assistant to the President for Domestic Affairs and Policy, The White House, Washington, D.C.

DEAR STU: On October 11, 1972, I wrote to Russell E. Train, Chairman of the Council on Environmental Quality, regarding the need for compliance with the National Environmental Policy Act by the Agency for International Development, the Export-Import Bank and the Overseas Private Investment Corporation. Some progress was made during the previous Administration to assure compliance with NEPA by other agencies. Now, the Council has proposed regulations which contemplate the preparation of an environmental impact statement—as required by the statute—in all cases where a major federal action would significantly affect the quality of the human environment, including instances where the federal action and its impacts might occur outside the United States.

Recent press reports quote the representatives of some government agencies as stating that NEPA does not apply to actions and impacts abroad and that such application would be seen as "unwarranted intrusion" into matters subject to the "sovereign authority of other governments." These views are based on an obvious misapprehension of the National Environmental Policy Act generally and the environmental impact statement requirements.

First, as to the coverage of NEPA: the language of the statute indicates clearly the intent of Congress that environmental im-

pact statements are to be prepared in all situations covered by section 102(2)(C), regardless of the site of the federal action or the location of its impacts. The legislative history of NEPA is along the same lines. For example, Senator Jackson, who sponsored the legislation, said in the Senate debate just before passage:

"What is involved is a Congressional declaration that we do not intend, as a government or as a people, to initiate actions which endanger the continued existence or the health of mankind. That we will not intentionally initiate actions which will do irreparable damage to the air, land, and water which supports life on earth."

Virtually all government agencies have now begun to apply the statute to cases where the federal activities and their impacts are located outside the United States. Agencies having international programs, such as the Departments of State and Defense and the Agency for International Development, have reflected this in their regulations, and a number of government agencies have prepared environmental impact statements on activities carried out abroad or which have impacts abroad. The few court cases that have considered the question likewise have held that NEPA applies to major federal actions and their impacts regardless of location.

This is not a question of the U.S. imposing its environmental laws and standards on other countries. Rather, the requirement of section 102(2)(C) of NEPA is for the preparation of an analysis that will illuminate the environmental consequences of a particular action before the decision is made to go ahead. The statute does not determine what decision will be made. In the case of an action to be undertaken abroad or having impacts abroad, the function of an environmental impact statement is to furnish the U.S. government agency, and other governments affected, with the best available environmental information and evaluation before decisions are made.

I hope the Administration will support vigorously the protection of the global environment through assuring that the relevant factors are brought to light and made available in the decision-making process under NEPA. The Council on Environmental Quality deserves support and encouragement as it proceeds with steps to give effect to the mandate of Congress.

Sincerely,

EDMUND S. MUSKIE,
Subcommittee on Environmental Pollution.

WASHINGTON, D.C., *February 21, 1978.*

Hon. JIMMY CARTER,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The Council on Environmental Quality (CEQ) has recently proposed draft regulations for applying the National Environmental Policy Act (NEPA) to the Federal Government's actions abroad. According to press accounts, representatives of some agencies are opposed to the Council's proposals, contending that NEPA does not apply to American actions with environmental effects located in the jurisdiction of another country. They apparently view this as "unwarranted intrusion" into matters that fall under foreign sovereignty.

As Chairman of the House Subcommittee charged with overseeing NEPA's implementation, I must strongly disagree with these agencies' interpretation of the law. It is contrary to Congress' intent. NEPA itself makes clear that Congress' concern for the environment does not end at American borders. In section 101, we recognized "the profound impacts of man's activity on the interrelations of all components of the natural environment," and in section 102, we directed Federal agencies "to recognize the worldwide and long-range character of environmental problems."

Section 102(2)(C), that portion of NEPA which requires environmental impact statements, similarly sets no national boundaries. The environmental impact statement is an analysis of the environmental consequences of a proposed Federal action. It imposes no environmental standards on anyone. When an environmental impact statement is prepared for a U.S.-suported project abroad, the statement simply provides our Government with information which is appropriate to guide sound decisions.

Several Federal agencies have already prepared environmental statements on their activities abroad. The Agency for International Development has routinely prepared more than 30 environmental assessments of major development projects, and it reports that its assessment program has been welcomed by host nations.

Faced with these same questions during NEPA oversight hearings over seven years ago, my Committee emphatically rejected the State Department's assertion that NEPA's impact statement requirement should not apply to our overseas projects. Let me state once again the conclusion we reached then. "[T]he global effects of environmental decisions are inevitably a part of the decision-making process and must be considered in that context."

CEQ has assured me of its willingness to work with the agencies in developing regulations that are sensitive to foreign policy and other considerations. Indeed, the Council has taken a much more flexible approach as to the mechanics of applying NEPA to effects abroad than did the previous Council under the Ford Administration. Former CEQ Chairman Petersen, in his 1976 memorandum to heads of agencies, required full preparation of EIS's on effects in individual foreign countries. Chairman Warren has shown a flexibility in devising a statement that accounts for special factors abroad. It is time for other agencies to cooperate.

I hope CEQ's efforts to see that Congress' directives are carried out receive your full support and assistance.

Sincerely,

ROBERT L. LEGGETT,
Chairman, Subcommittee on Fisheries and Wildlife Conservation and the Environment.

QUESTIONS AND ANSWERS

GENERAL

Q. What is the status of CEQ's international NEPA regulations?

A. In January CEQ sent proposed draft regulations on the application of NEPA to U.S. agency activities abroad to all federal agencies for review and comment. CEQ has placed no deadline on agency comments and, as of April 1, 1978, most agencies had not responded. However, CEQ and the agencies principally affected are working together informally, and are making progress toward resolution of the issue.

Q. How does NEPA mandate environmental impact statements for federal activities in foreign countries?

A. NEPA requires statements for all "major federal actions significantly affecting the quality of the human environment." It does not make an exception for effects that occur abroad.

Q. Why hasn't such a mandate been recognized before?

A. It has. Since 1971 CEQ has consistently maintained that NEPA applies abroad. Many agencies believe NEPA applies in some way. Only a few have asserted that it does not. The real question is how it applies. CEQ is securing the views of all agencies on how to apply it.

Q. Can federal agencies comply with NEPA responsibilities with respect to environmental impacts that occur within a foreign country without preparing a complete EIS as the EIS is defined in CEQ's Guidelines or draft regulations?

A. This is what CEQ is aiming for. In cooperation with affected agencies CEQ is trying to devise a means of NEPA compliance regarding environmental impacts that occur within a foreign country that does not require preparation of a complete EIS.

Q. Could CEQ establish that an EIS is not necessary for U.S. activities abroad?

A. No. CEQ cannot repeal a law passed by Congress. What we can do and propose to do is devise regulations that will comply with the law but allow federal agencies enough flexibility to accomplish their statutory missions and objectives abroad.

Q. Should NEPA be amended to exclude U.S. agency activities abroad?

A. No.

Q. Why not?

A. U.S. agencies and foreign countries will benefit by being fully informed of the environmental effects of their actions. U.S. agencies have a responsibility to avoid inflicting careless or inadvertent environmental damage as a result of their activities abroad.

Q. Are there other examples of U.S. laws that apply to U.S. activities abroad?

A. Yes. One is the Civil Rights Act and related nondiscrimination laws which apply to all federal agencies and their activities, wherever they take place. Another is the Foreign Assistance Act, which specifically requires AID to consider the degree to which a foreign country has integrated women into the economy before approving a development project. The same law also requires AID to consider environmental consequences of its development projects abroad.

Q. What are CEQ's principal concerns in developing regulations regarding NEPA's application to U.S. activities abroad?

A. CEQ has three major concerns:

We want to insure that if a product is banned or strictly regulated in the United States on health grounds the U.S. agency and other officials are at least aware of this before providing the product to a foreign country.

We want a minimum full disclosure before a U.S. decisionmaker takes an action which threatens natural resources of global importance.

We want to be sure that the U.S. decisionmaker is aware of what she or he is doing if the actions, however beneficial to one country, cause a significant adverse effect in another country.

EFFECT ON U.S. EXPORTS

Q. How will NEPA affect the "average" U.S. exporter?

A. The "average" exporter will not be affected by NEPA because most exports do not require specific federal agency approvals.

Most exports financed by Ex-Im Bank, for example, do not involve significant environmental effects and therefore would be exempt from the environmental statement process. Where there is doubt, brief (2-3 page) environmental assessments would be prepared, and CEQ anticipates that generally no further environmental analysis would be required.

Q. Can you give more examples of exports financed by Ex-Im Bank that would require a foreign environmental statement?

A. Exports that significantly affect the environment where Ex-Im Bank finances the export are the kinds of actions for which foreign environmental statements would be prepared. Examples are a nuclear power plant, a toxic pesticide, or a petro chemical complex. Most export items financed by Ex-Im Bank such as sewing machines, commercial aircraft, machine tools, are likely either

to be exempt from NEPA or to require only a brief 2 or 3 page environmental assessment.

Q. How can the Export-Import Bank protect the international competitive position of U.S. exporters who get Ex-Im financing if Ex-Im prepares foreign environmental statements that discuss highly guarded details of the item to be exported?

A. Under CEQ's proposal the foreign environmental statement may be exempted from public review and comment if Ex-Im determines that public disclosure would compromise necessary commercial confidentiality and would thereby frustrate Ex-Im Bank's statutory objective to promote exports.

JUDICIAL REVIEW

Q. Won't CEQ's regulations make it possible to bring lawsuits that will cause delays and hurt the U.S. balance of trade?

A. Regardless of what CEQ does, someone can file a lawsuit claiming a NEPA violation. For example, Ex-Im Bank was sued in January 1977 for non-compliance with NEPA long before CEQ developed its proposal. CEQ hopes its regulations will minimize litigation and delays. The regulations would provide a practical, expeditious way of complying with NEPA.

Q. Are there any court decisions dealing with NEPA's application to U.S. activities abroad?

A. Yes. Recently the D.C. Circuit Court of Appeals held in the case of *Sierra Club* v. *Adams* that the Department of Transportation's EIS on its Darien Gap highway project in Panama was legally adequate. The Court assumed an EIS was required in such circumstances and therefore did not decide that issue. Other cases are outlined in the attached memorandum by CEQ Chairman Charles Warren to Heads of Agencies dated January 19, 1978.

TIME REQUIRED FOR PREPARATION AND AGENCY REVIEW

Q. What is the minimum delay involved in preparing a foreign EIS?

A. CEQ believes that the preparation of a foreign environmental statement will not cause delays because the statement can—and should—be prepared at the same time that the agency is making its decision on whether to approve the project.

Q. Why should a foreign EIS be reviewed by other agencies?

A. NEPA specifies that statements be reviewed by agencies with special expertise or jurisdiction by law. The idea is to give federal agency carrying out the action the benefit of the views of the federal agencies that are best informed on the subject. For instance, if an agency proposes to distribute a particularly toxic pesticide in another country, it should have the comments of Agriculture and EPA—the agencies which know most about the subject.

SPECIAL CONSIDERATIONS

Q. What if a proposed U.S. federal action is expected to deal with an emergency?

A. CEQ's NEPA regulations allow waivers for emergencies and the provisions which deal with the application of NEPA to U.S. agency activities abroad will be part of CEQ's NEPA regulations.

Q. How can a federal agency prepare a foreign environmental statement for its activity in a foreign country if environmental impact information is not available?

A. Under CEQ's proposal agencies are required to make a good faith effort to obtain information. If it is unavailable the statement should note that fact.

NATIONAL SOVEREIGNTY

Q. Does environmental analysis by U.S. agencies of their activities abroad violate a foreign country's sovereignty?

A. No. It represents a respect for foreign sovereignty. Other countries have a right to know whether U.S. activities in their countries might get them into serious health, safety, and environmental problems.

Q. When a U.S. agency prepares a foreign environmental statement on a proposed activity in a foreign country, aren't we imposing our own environmental standards and values on that country?

A. No. The agency is first informing itself of potential environmental consequences of its own actions. The foreign country can use the environmental analysis as it sees fit and both the U.S. agency and the country can decide to proceed with environmentally damaging activities if they see fit.

THE LEGAL PARAMETERS OF NEPA—DOES THE CEQ'S GRASP EXCEED ITS REACH?

(By Charles N. Brower)

Since its initiation in the early 1970's, the building of the TransGabon Railroad has been seen by the Government of the Republic of Gabon as the backbone of that country's future economic development. Running over 700 kilometers across the heart of Gabon, the railroad passes through hitherto impassable rain forests, swamps and savannah, thus tying together for the first time the mineral rich areas of the interior with the coast. Its final projected cost is over $1 billion.

The TransGabon Railroad is not a project of American foreign aid. In collaboration with their former French colonial advisers, the Gabonese themselves have planned, initiated, and carried the project forward on their own initiative. They have entered into numerous individual contracts with foreign firms, and each such contract was the product of keen international competition. Only one small part of the project was initially provided to a firm from the United States. A New York engineering firm was engaged to share with a French firm and an Italian firm the duties of providing consultative quality control services for the continuing construction of the railway. Since provision of financing was a prerequisite to securing any part of the contract at all, the United States firm solicited and received a $4.6 million preliminary commitment from the Export-Import Bank of the United States.

Modest though the American involvement may be, it has now become the basis of an attempt to extend the procedural provisions of the United States National Environmental Policy Act into the heart of Gabon. Noting that the construction of the railroad may jeopardize the habitats of such endangered species as the gorilla, crocodile, forest buffalo and African elephant, the Natural Resources Defense Council and the National Audubon Society have alleged, in a lawsuit against the Export-Import Bank, that the Eximbank support of exports for the project constitutes a "major Federal action significantly affecting the quality of the human environment." They say that the National Environmental Policy Act requires the preparation, consideration, and circulation of a "detailed environmental impact statement" concerning the environmental cost of the TransGabon railway and its alternatives.

Several questions are presented by such an extraordinary application of United States environmental law. Was the National Environmental Policy Act ever intended to be applied in favor of the protection of foreign environments? Would such an application of NEPA amount to a practical infringement upon the sovereignty of Gabon?

Is the railway a "major Federal action" merely because it is partly financed by Eximbank credits? Would the requirement that an environmental impact statement be issued conflict with Eximbank's primary statutory duty to provide competitive support for United States exports?

I raise these questions not only because I happen to represent a group of exporters and manufacturers associations who have intervened in the lawsuit involving the TransGabon Railroad. I raise them not because plaintiffs in that case (represented by one of the panelists here this morning, Mr. Stoel) seek declaratory and injunctive relief with respect to a few projects in Gabon, in Indonesia, in Trinidad and Tobago, and in Zaire. I raise them because I am concerned about the practical impact of granting the relief plaintiffs seek and about the attitude of the Council on Environmental Quality on similar issues. Plaintiffs seek a declaratory judgment that NEPA applies "with full force and effect to Eximbank" and an injunction requiring the Eximbank to comply with Section 102(2)(C) of NEPA by preparing "detailed environmental impact statements" with respect to the export of "all . . . environmentally significant equipment and services." And, as we have heard this morning from the General Counsel of the Council on Environmental Quality, the CEQ has issued draft regulations concerning the extraterritorial application of NEPA which presumably would require environmental assessments of most, if not all, United States actions abroad, including Eximbank financing of United States goods and services to other countries.

These facts are most disturbing not only from a strictly legal point of view but from an economic one as well. To condition the offer of a United States export upon performance of an environmental analysis could only lead to one predictable result: that the foreign country would choose to avoid the delays, expense, and insult to its sovereignty of such gratuitous, unilateral environmental second-guessing by Uncle Sam by merely electing to take its business elsewhere. The winner would be the foreign competitor; the loser would be the United States exporter. The application of the NEPA environmental impact statement requirement over the impact of United States exports abroad would thus be not only extraordinary legally but disastrous economically. It should be squarely rejected for at least three reasons: (1) there is a conflict between NEPA and the primary statutory mandate of the Export-Import Bank to promote United States exports; (2) the foreign projects which are the recipients of Eximbank-supported exports of United States equipment and services are not "major Federal actions" within the meaning of NEPA: and (3) NEPA does not apply over even "Federal" actions where both the actions and their environmental effects are confined to the jurisdiction of a foreign sovereign state. I shall briefly discuss each of these three points this morning.

The question posed by the pending lawsuit and, to a large extent, by CEQ's draft regulations is whether the Export-Import Bank of the United States should issue environmental impact statements as a precondition to its credit support for the sale of specific items of goods and services abroad. The most immediate answer, I believe, is that such an application of NEPA would directly conflict with the primary statutory responsibility of the Eximbank, which, under the Export-Import Bank Act, is to provide "guarantees, insurance and extensions of credit at rates and on terms and conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters." 12 U.S.C. § 635(b)(1)(A).

The preparation of an environmental impact statement or its equivalent would involve too much time, too much money, too much uncertainty, and too much plain and simple arrogance to be favorably received by foreign purchasers of American products. The requirement that such a statement be prepared would thus be in "clear and irreconcilable conflict" with the primary statu-

tory duties of Eximbank, and, under the case law, it is therefore not required under NEPA. Similar statutory conflicts have led the courts to preempt the requirement of an environmental impact statement in favor of the primary statutory mandates of no less than eleven federal statutes and affected agencies.

In the case of the Export-Import Bank, the conflict of statutes is clear. The Eximbank is specifically directed by statute to provide competitive terms of finance for American exports in order to maintain their parity with financial terms offered by the financial institutions of the governments of virtually all of the United States' major industrial competitors. Whenever the Congress has wished to make exception to the pure commercial criteria of Eximbank support, it has done so by express enactment. It has, for example, required the Bank to consider such factors as human rights and domestic employment effects in granting loans. But it has only done so by express enactment. Congress has made no such express provision for Eximbank to consider environmental factors, and none should be implied.

The second argument against extension of NEPA over United States exports is related to the first. Because United States exports are merely purchases of specific items of goods and equipment for use in foreign projects, these projects are not "major Federal actions" for which an environmental impact statement was ever intended to be prepared. Indeed, the CEQ's own current regulations recognize that federal presence in an otherwise private or local project will not "federalize" the entire enterprise for purposes of NEPA unless there is sufficient "Federal control and responsibility" over the project to give the United States decisionmaker some real authority and power.

Such Federal responsibility simply does not exist in regard to the use of United States exports, even when they are purchased with direct Eximbank support. There is a general presumption in domestic projects that federal financing or licensing may give the government effective control. However, these same factors do not hold true in the case of licenses or finance for American exports, where the recipient of Eximbank credit, for example, has been offered and accepted such credit only as an inducement to purchase American goods or services in preference to similar goods or services offered by foreign firms. The mere fact that Eximbank financed a few million dollars in professional engineering services for the billion dollar plus Gabon railway, for example, does not mean that that project was "ours." The only action affecting the environment whatsoever—the decision to build the railroad—was an exclusively Gabonese decision. It should not demand a United States environmental impact statement merely because there was some Federal presence.

The final point is that the Congress never intended to export the particularly rigorous and exactly procedural requirements of NEPA environmental impact statements to regulate events taking place exclusively within the sovereign territory of a foreign country.

First, I should make clear that I am concerned only with the preparation of United States environmental impact statements for exclusively foreign actions, be they assisted by exports or otherwise. I am not now questioning whether Federal agencies should apply environmental factors when considering regional foreign aid programs or major actions which may have a significant effect on the territory of the high seas or other "global commons." Indeed, as the CEQ has pointed out, both the Agency for International Development and several other federal agencies involved in the international sphere have already adopted environmental procedures and have on occasion issued full impact statements when such projects were involved.

What I am concerned with are actions having exclusively foreign effects. To take the substantial leap into evaluating the affairs of such foreign countries would be an extraordinary measure indeed. It is an established rule of statutory construction that United States law will be applied "only to conduct occurring within, or having effect within, the territory of the United States, unless the contrary is clearly indicated by statute." Our domestic statutory requirements are simply not appropriate for application overseas, lest our misdirected good intentions be allowed to rise to the level of "unwarranted encroachment upon the sovereignty of [a foreign] state."

It is for this reason that the Fair Labor Standards Act, the National Labor Relations Act and numerous other acts of Congress have been held not to be applicable overseas even to United States citizens working for United States companies. In such cases, it has been held that the regulation of local labor conditions rests solely with the foreign sovereign state. Certainly the prerogative of deciding the appropriate level of environmental protection for its citizens should also lie exclusively with the host state, unless under the rule of statutory construction I have mentioned, Congress has clearly expressed a contrary intention.

But there is nothing in either the language or the legislative history of NEPA to counteract this strong presumption. Although the text of NEPA does make broad reference to the protection of "man's" and the "human" environment, there is equal reference throughout the statute to purposes of preserving the environment of "the Nation" on behalf of future generations of "Americans." In both cases, this broad language serves only as a declaration of environmental policy concerns and does not govern the quite specific directives and duties which were imposed by NEPA upon Federal agencies. For these specific directives, one must look to the so-called "action-forcing" provisions of NEPA. And there is only one point where the statute makes express reference to global concerns among its "action-forcing" provisions. In one subsection, NEPA directs agencies to institute general programs "designed to maximize international cooperation" on environmental matters, with the important proviso that all such measures must be "consistent with the foreign policy of the United States." It is apparent however, from every other "action-forcing" provision of the statute, that Congress did not envision the application of its environmental directives where foreign countries would be exclusively affected. While Congress certainly was concerned with protection of the international environment, it intended that such protection be achieved only through cooperative and negotiated efforts, and not through the inflexible statutory procedure for formal, detailed environmental impact statements required domestically by other provisions of NEPA.

A flexible, cooperative approach to international environmental responsibilities—not the unilateral imposition of rigid statutory procedures—has been consistently adopted by both Congress and agencies of the Federal Government since the passage of NEPA. For example, when Congress sought to provide environmental responsibilities for the Government's foreign private investment insurance company, the Overseas Private Investment Corporation, it did not rely upon the terms of NEPA. but rather acted directly and expressly to insure that OPIC would consider environmental effects, but only in an informal, cooperative way.

Finally, contrary to the repeated representations of the CEQ and of CEQ Chairman Charles Warren, no court has ever ruled that environmental impact statements should be prepared for actions entirely within the jurisdiction of a foreign sovereign state. Two of the cases which the CEQ is fond of citing—the NRDC pesticide suit against AID and an earlier suit brought by the Sierra Club against several agencies involved with nuclear exports—were settled, and the courts thus never reached the issue. Although the CEQ states that the court in the Sierra Club litigation "assumed" that governmental actions abroad were covered by the Act, this interpretation is particularly peculiar in light of the fact that the programmatic impact statement by the Atomic Energy Commission which in fact settled the case expressly disavowed any application to foreign environmental impacts and limited itself only to activities and impacts in "the U.S. and [on] the high seas."

The other two cases cited by the CEQ—the Trans-Alaskan-Canadian pipeline case and the Darien Gap Highway case—both involved impacts within the United States as well as without. The issue of NEPA's independent foreign reach was never before the courts. As we stated only last month by the United States Court of Appeals for the District of Columbia Circuit—the jurisdiction in which all four of these cases were decided—"We leave resolution of this important issue to another day."

I should like to conclude by noting that just as the CEQ has been somewhat cavalier in its approach to the legal authority for the unilateral extension of NEPA to cover certain Federal actions abroad, so also has it obfuscated or misunderstood the true nature and effects which its proposals will have. The imposition of unilateral United States environmental impact statements for actions in foreign countries most certainly would involve the direct application of American public procedural standards in a highly offensive manner. This is particularly true in regard to exports. The preparation of a foreign environmental impact statement would require United States agencies to gather extensive foreign environmental information, "detailed statements" concerning localized impacts, and to subject this entire process to the scrutiny and second-guessing of American public comment. Such is the very essence of the environmental impact statement process.

The paternalistic assessment of foreign environmental factors through unilateral impact statements is simply in no way a cooperative "gift" which foreign governments may be expected to welcome and encourage. Rather, the very attempt to extend American environmental values in such a manner will ultimately lead only to the rejection of American exports, with no real effect upon the improvement of the foreign environment whatsoever.●

AMENDMENT NO. 1822

(Ordered to be printed and referred to the Committee on Banking. Housing, and Urban Affairs.)

Mr. HEINZ (for himself and Mr. STEVENSON) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2520), supra.

● Mr. HEINZ. Mr. President, on behalf of Senator STEVENSON and myself, I am submitting an amendment to S. 2520, a bill to extend and amend the Export-Import Bank Act of 1945, which will be marked up in the Banking Committee on Tuesday, May 2.

The amendment would add two new sections to the bill. One section would direct the President to begin negotiations at the ministerial level with other major exporting countries to end pred-

atory export financing programs and other forms of export subsidies.

At the present, the bank is directed in the act "to seek to minimize competition in government-supported export financing" and "to reach international agreements to reduce government subsidized export financing" in cooperation with other appropriate U.S. Government agencies.

The new international arrangement on officially supported export credits, agreed to last February, points out the need to renew and elevate the level of our efforts in this area. The new arrangement is only a voluntary understanding among the OECD countries and the Commission of the European Community and excludes certain credit practices and does not cover the financing of certain goods such as aircraft, nuclear power plants, and agricultural commodities. In addition to being inadequate, the agreement has been violated on numerous occasions and predatory export credit practices by other nations are expanding.

The other section would authorize the bank to provide guarantees, insurance and extensions of credit at rates, terms, and other conditions which are competitive with those provided by government-supported export credit instrumentalities of other nations. This amendment will signal the bank and other nations that the Congress, while advocating the elimination of predatory export credit practices, will support and encourage the bank to meet the competition where necessary and offer U.S. exporters competitive financing.

Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Add the following new sections:

Sec. 2. The President is authorized and requested to begin negotiations at the ministerial level with other major exporting countries to end predatory export financing programs and other forms of export subsidies, including mixed credits, in third country markets as well as within the United States. The President shall report to the Congress prior to January 15, 1979, on progress toward meeting the goals of this section.

Sec. 3. Notwithstanding any other provision of law, the Export-Import Bank of the United States is authorized to provide guarantees, insurance, and extensions of credit at rates and terms and other conditions which are, in the opinion of the Board of Directors of the Bank, competitive with those provided by the government-supported export credit instrumentalities of other nations.●

LABOR LAW REFORM ACT—S. 2467

AMENDMENT NO. 1823

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY (for himself and Mr. FORD) submitted an amendment intended to be proposed by them to the bill (S. 2467) to amend the National Labor Relations Act to strengthen the remedies and expedite the procedures under such Act.

● Mr. KENNEDY. Mr. President, I am today, along with Senator FORD, proposing an amendment to S. 2467, the Labor Law Reform Act of 1978.

I am a strong supporter of labor law reform and believe this bill provides a framework for restoring labor-management relations to the balance which has historically existed, but which has changed as the National Labor Relations Board became inundated in the last 10 years. I voted for this bill when it was considered in the Human Resources Committee and I expect to support it on the Senate floor.

But, I believe the bill could be made fairer for small businesses through an amendment to section 9 of the proposed act. Section 9 provides that when there has been an unlawful refusal to bargain prior to the entry of the first collective bargaining agreement, the NLRB may award compensation caused by the delay. Under the bill which comes before us the measure of compensation would equal the wages and other benefits employees were receiving at the time of the unfair labor practice, increased by a percentage equal to the average change in such wages and benefits. This would be determined by the Labor Department's quarterly report of major collective bargaining settlements.

This report measures the raises in wages and benefits for settlements involving 5,000 or more employees.

There is some evidence that this measure may not accurately reflect the real wages and benefits paid by smaller employers. If this measure is applied to them, they may pay a penalty for the interim period rather than merely making recompense.

A memorandum done in the Department of Labor, Bureau of Labor Statistics, dated January 16, 1978, by Diane C. Bayless, a labor economist, notes:

It is difficult to make any definitive statements pertaining to the size of wage changes for units with fewer than 1,000 workers because of the limited amount of data available. Some observations can be made however using data pertaining to small (fewer than 1,000 workers) unionized establishments from the Wage Developments in Manufacturing survey. First-year wage decisions in 1976 generally increased as the size of the establishment increased: Union establishments with fewer than 100 workers had an average wage change of 7.6 percent; units with 100 to 499 workers, 7.4 percent; 500–999 workers, 8.4 percent; and establishments with 1,000 workers or more, 8.9 percent. Other data from this survey indicate that during the past 8 years first-year wage changes for union situations with fewer than 1,000 workers have generally lagged behind those of the major collective bargaining units by an average of 1.4 percentage points, although in 1973, increases for the smaller units were $\frac{2}{10}$ of a percentage point higher than those of the major units.

There is thus a basis for having the Department of Labor consider in some detail whether smaller employers pay less in wages and benefits. If so, the Department should develop a factor to take this into account.

This is fair because the back pay provision is meant to compensate employees and not to penalize employers. Since it is a make whole remedy we should refine the procedure for determining what the real deprivation has been.

Moreover, there is not necessarily the same degree of culpability in this unfair labor practice as there is in some others. The new procedure in the labor reform bill calls for a certification and election if the unit is determined by regulation to be a properly constituted collective-bargaining unit. It is, of course, necessary that we have rules for the expedition of elections, and I fully expect that these rules will be applied fairly. But this means that employer challenges must be left until after the vote. Employers may first be able to raise their legal questions and present factual issues to the Board during that period. If they think that they have a good case they might not want to negotiate before the Board has reached a decision for fear of institutionalizing that which they are challenging.

So, Mr. President, we propose an amendment which would mandate that the Department of Labor conduct a study of the extent to which the quarterly report appropriately reflects the collective-bargaining settlements of employers employing various numbers of people, including those employing less than 1,000. If the Secretary finds that the quarterly report of major collective-bargaining agreements does not accurately reflect the collective-bargaining settlements of smaller employers then he is mandated to employ a factor to the quarterly report to best effectuate the purposes of this section.

An important aspect of this provision is that the Department need only develop a factor through one survey and need not develop new indices to measure fair differentials for pay back awards. The Department of Labor estimates that a survey of smaller employers would cost about $700,000 a year. Any index which included subcategories, such as manufacturing and nonmanufacturing, would cost much more. And, if smaller employers are more resistant to filling out still another Government form, costs will also increase.

The Department may have less than 200 cases of this sort each year. It should not be forced to incur this cost for those cases. Most importantly, the small employer should not be required to fill out a report of the terms of a collective-bargaining agreement each time he enters one. Reporting burdens should not be lightly added to his shoulders. Yet, a separate index for small employers would require this.

Mr. President, I think that this is a fair modification in section 9. I hope that it is adopted when the Senate considers S. 2467.●

INTERNATIONAL SECURITY ASSISTANCE—S. 2846

AMENDMENT NO. 1824

(Ordered to be printed and referred to the Committee on Foreign Relations.)

Mr. KENNEDY (for himself, Mr. SAR-

BANES, and Mr. PELL) submitted an amendment intended to be proposed to the bill (S. 2846) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act, and for other purposes.

ASSISTANCE TO CYPRUS

● Mr. KENNEDY. Mr. President, I am submitting today, for myself and the Senator from Rhode Island (Mr. PELL) and the Senator from Maryland (Mr. SARBANES), an amendment to S. 2846, the pending International Security Assistance bill, to provide $15 million in humanitarian assistance to the people of Cyprus next fiscal year.

The purpose of this amendment is simply to continue American humanitarian concern and assistance to Cyprus at a level equal to that offered this year. For little has changed for the refugees on Cyprus. In the nearly 4 years since the massive Turkish invasion and military occupation of close to half the island, none have been able to return to their lands or homes. Special refugee related programs continue to burden the Government of Cyprus—their proposed program for next year amounts to over $100 million.

Thanks to the generous support of the international community, the work of the United Nations High Commissioner for Refugees, and the effective programs of the Cyprus Government, the basic needs of the refugees have been met. But lingering rehabilitation and social welfare problems continue, and the impact of the refugees is still strongly felt. Until an equitable solution is found to the human and political tragedy of Cyprus, the refugees and other needy people on Cyprus will continue to need our help and our concern.

Mr. President, the United States has contributed generously to the international programs for relief on Cyprus—some $85 million to date. But this sum pales in comparison to the total amount the displacement of nearly 200,000 people has cost the Government of Cyprus, and the disruption to the land and economy of the island caused by the Turkish army of occupation.

Next year the Government of Cyprus has identified over $100 million in special projects relative to helping the refugees normalize their lives, and helping local communities to cope with the burdens imposed by their presence. Cyprus has asked for continued international assistance, and the office of the United Nations High Commissioner for Refugees remains as a focal point for international contributions—with programs for both Cypriot-Greeks and Cypriot-Turks.

Yet, despite these continuing needs, the administration has submitted a request that reduces the modest American contribution of this year by two-thirds—from $15 million to only $5 million. At the same time they have requested additional military assistance for Turkey.

I believe it is unacceptable to shortchange the humanitarian assistance program for Cyprus for additional military aid to Turkey—even as Turkey's military occupation of Cyprus remains the root cause of the humanitarian problems on Cyprus.

Mr. President, there is no magical figure that represents a fair American contribution to the Cyprus relief effort—given the $100 million program proposed for next year. But clearly it should not be less than what we contributed to a similar program this year.

The purpose of the amendment we are introducing today is to sustain America's contribution to Cyprus next year at the same level authorized for this year. There is no valid reason to cut it. The refugees are still displaced. Humanitarian needs still exist. Justifiable programs under international auspices have been proposed. Assistance has been requested. And there is no question that the funds can and will be used effectively for humanitarian purposes by the United Nations High Commissioner for Refugees and the Government of Cyprus.

For all these reasons—as well as the symbolic concern that America should not, at this critical juncture, signal a reduced concern for the people of Cyprus—I believe this amendment is essential, and I am hopeful that it will receive favorable consideration by the Foreign Relations Committee during its markup of the security-supporting assistance bill.

Finally, Mr. President, for the record, I would like to insert background documentation on how humanitarian funds have been expended to date on Cyprus, and the program proposed for next year. Again, it is important to recognize that international contributions to the program on Cyprus serve to benefit both communities—with 80 percent earmarked for Cypriot-Greeks and 20 percent for Cypriot-Turks, reflecting the population of the island.

I ask unanimous consent that these two documents be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Cyprus has so far received donations amounting to 100 million dollars (41.7 million pounds) for the relief of refugees and other needy people, it was officially stated in Nicosia on April 3.

The contributions were made through the U.N. High Commissioner for Refugees, who was appointed by the U.N. Secretary-General in August 1974 as coordinator of humanitarian aid to Cyprus.

An official statement said donations from August 1974 to the end of December 1977 totalled 35.4 million pounds (85 m. dollars) in cash and in kind. Contributions for 1978 made so far amount to 6.3 million pounds (15 m. dollars).

The statement said out of the total, the United States contributed 83 million dollars (34.6 million pounds). The United States also donated, for humanitarian purposes, a sum of 1.8 million pounds (4.2 m. dollars) to the International Committee of the Red Cross and 83,000 pounds (200,000 dollars) to the humanitarian sector of the U.N. peacekeeping force in Cyprus.

U.S. AID

Thus the total amount contributed by the United States is 36.5 million pounds (87.4 million dollars), the statement added.

In accordance with the wish of the contributors, some 19 per cent of the aid provided has been allocated for the needs of needy Turkish Cypriots.

Therefore, the actual sum provided for refugees through the UN High Commissioner for Refugees during the period 1974–1977 was 28.5 million pounds (68.5 million dollars).

Aid for the relief of refugees has also been received from various organisations and individuals in Greece, Greeks and Greek Cypriots living abroad, foreign humanitarian organisations and friendly countries.

This aid was both in cash (6.1 m. pounds) channelled through the Special Relief Fund and in kind (16.4 million pounds).

The statement also pointed out that foreign aid covered only part of the expenditure for the relief of the 200,000 refugees. The balance was met from the government budget.

SUPERVISION

The statement gave a breakdown of how the money has been spent mainly on construction of houses, purchase of foodstuffs, social welfare, medical supplies and education. It stressed that programmes for the relief of refugees are agreed jointly with the U.N. High Commissioner for Refugees.

The U.N.H.C.R. Mission in Cyprus keeps continuous supervision over the implementation of the projects financed through the High Commissioner for Refugees and the disbursement of funds. The implementation of relevant programmes is also checked, in addition to the Auditor-General of the Republic, by officers of the U.N. Internal Audit Service who have visited Cyprus regularly for this purpose. Moreover, an on-the-spot audit has been carried out by U.N. External Audit Service officers. The audit includes a thorough scrutiny of the manner of implementation of the programme, the cost and progress made. In every case the auditors expressed their full satisfaction, and the Cyprus Refugee Relief Programme is reportedly one of the model operations of the U.N. High Commissioner for Refugees.

REQUIREMENTS FOR HUMANITARIAN AID THORUGH U.N.H.C.R. TO MEET CERTAIN ESSENTIAL BASIC NEEDS OF THE DISPLACED POPULATION OF CYPRUS IN 1979

(Prepared by Special Service for the Care and Rehabilitation of the Displaced)

NICOSIA,
November 1977.

GOVERNMENT OF CYPRUS

Introduction

In the period immediately following the Turkish invasion, when the economic and social dislocation was almost complete, when more than one third of the population became refugees, dependent on the state for their means of survival, when thousands of them were living in the open, when mass unemployment was prevalent, the need for substantial relief and humanitarian aid was unquestionable. The Government of Cyprus is grateful to the international community for the immediate support given without which even the most pressing basic needs could not have been met.

The Government itself, conscious of its responsibilities, drew up a plan to ensure the survival of the displaced and other persons immediately affected by the invasion. Allowances in money and in kind were granted to the refugee population, to provide them with the minimum basic food rations for subsistence, while unemployment and public assistance benefits continued to be paid under a more equitable scheme to the needy non-displaced. Benefits were also given to cover rent payments wherever necessary and basic consumption needs of water and electricity. However, subsistence living is not limited to food. People must be provided with a roof over their heads, with clothing and essential household needs such as a bed and blankets, their health and medical needs must be met, the children must go to

school, the disabled, the handicapped, the orphans, the elderly must be cared for.

Naturally, it was impossible to meet these needs out of domestic resources. Indeed, the substantial humanitarian and relief aid that came into the country was sufficient to meet but a part only of the total immediate requirements, and the state budgets were burdened to the maximum possible degree to cater for the emergency humanitarian priorities.

The philosophy of the Cyprus Government from the start was to render as many refugees as possible self-sufficient as quickly as possible, and not to allow them to become a parasite section of the community or to exploit their plight for political purposes.

Thus, for three years, the Government of Cyprus, with its amputated economy, through its own meagre resources and making the best possible use of the aid received, has struggled to provide that minimum of assistance essential for the survival of the thousands of displaced and unemployed, whilst at the same time embarking on a vigorous reactivation programme. The aid received helped to release resources for reactivation projects, the establishment of essential industrial concerns and the building of the urgently needed infrastructure in airport, ports, telecommunications, roads—to replace some of the losses without which survival was impossible.

A few examples will serve to illustrate the essentiality and immediacy of these needs: the only airport of the island—the Nicosia International Airport—became inaccessible as a result of the invasion and an airport had to be constructed overnight, at Larnaca. The largest port of the island—Famagusta—lies in the Turkish occupied area and the existing ports had therefore to be enlarged and improved as a matter of urgency; 72.5 percent of the existing tourist establishments (85 percent if one includes those under construction) are in the Turkish occupied area. The same situation applies to the mining and quarrying, manufacturing and other sectors—a large percentage of which lie behind the Attila Line.

At this point of time, the areas which cry out urgently for more humanitarian assistance are in the social infrastructural fields; the needs in housing, health, education, training and retraining. Our actual needs are not of course limited to these sectors. They are much larger and wider, as shown in the next Section and Appendix A. These sectors have been chosen as the most urgent in the humanitarian field for overseas assistance. To replace capital stock lost in the occupied areas will take many years since such stock is estimated at about 6 billion American dollars. To put this figure into perspective, it suffices to mention that it represents almost ten times the Gross Domestic Product of the country for 1976 at constant 1973 market prices.

Total needs of the displaced

Although the problem of direct dependency of the displaced on Government assistance is decreasing, the financial burden on the Government is expected to go on rising. The level of expenditure by the Government for this purpose will continue its upward trend (see Appendix A). This is mainly due to the need to improve allowances and schemes, to the increasing recurrent cost of services as a result of inflation, to the differentiation and extension of programmes and services to cover needs not previously catered for and to the increasing capacity of the economy to implement housing projects.

A breakdown of Government expenditures for the displaced can be found in Appendix A. There, an attempt is made to analyze the burden on the Government Budgets of the various services, programmes and schemes and to forecast anticipated developments in the years to come. The Appendix shows clearly that the major part of the financing of these schemes has fallen on the Special Relief Fund. Still, the Ordinary and Development Budgets, as well as the different Social Funds, are estimated to bear a significant proportion of the cost of these services, as they were used as alternative sources of financing allowances and services to the displaced. It should be noted that even these sums do not represent the total picture since there are areas of the Government Budget where it is difficult to make an estimate of the direct cost of services to the displaced.

The figures in Appendix A are indicative of expected developments in the years to come. Direct allowances from the Special Relief Fund are anticipated to decline as more and more people become gainfully employed and self-sufficient. Nevertheless, the Government will continue supporting many of them either because they are unemployable, old or handicapped, or because their incomes do not reach the minimum acceptable standard of living, or yet as part of the scheme to provide incentives.

Appendix A also shows the rising importance of the housing programme which will be commanding increasingly higher proportions of the total expenditures for the displaced. Similarly social welfare components and other social services costs will be increasing as new institutions specially set up for the displaced become operative.

Thus, it can be seen that the Government in 1976 spent U$105 mln. on meeting refugee needs and is expected to spend as much as U$110 mln. in 1977.

Humanitarian aid requested through U.N.H.C.R. for 1979

The information provided above on the actual and forecast levels of expenditures to meet the basic needs of the displaced gives a clear picture of the changing emphasis adopted by the Government in its effort to alleviate the sufferings of the displaced. The request for assistance in a limited number of fields is an expression of this change in emphasis.

The request for humanitarian aid through the U.N.H.C.R. for 1979 will be under the following headings:

1. Housing

Housing needs continue to be pressing and beyond the economy's capacity. The number of displaced households is estimated at around 50,000.

Up to the end of 1976 the planned number of housing units to be used for the needs of the displaced was 17,400 including the use of abandoned Turkish Cypriot houses (7,500), newly built low-cost housing projects (about 5,000), and self-help housing schemes. Most of the 5,000 low-cost housing units will be ready in late 1977. There are further plans for additional low-cost housing estates with a capacity of 4,500 units (2,500 in 1977 and 2,000 for 1978) and another 1,500–2,000 units in self-help housing projects as well as for the repair of more abandoned Turkish Cypriot houses.

In all, it is estimated that by mid-1979 a total of about 24,000–25,000 households will have been accommodated in newly erected or available vacant housing units, although it must be stressed that many of these vacant houses will need additional repairs and installation of sanitary and other facilities to reach acceptable hygienic standards. Thus, even by 1979, only about half of the displaced will have been accommodated and the deficit in housing will be of the order of about 25,000 units without taking into account the expected natural increase of the population as well as the deficiencies in low-cost housing existing prior to the invasion and anticipated under normal circumstances irrespective of the invasion.

These needs were also ascertained by a U.N. expert on housing who visited Cyprus to make a study on housing in 1972.

The current housing programme envisages the construction of another 2,000 units in 1979 at an estimated cost of C£14 mln. or about U$33.6 min. In addition, there are plans for more self-help housing units whose estimated cost for 1979 is approximately U$10 mln..

2. Education

About one third of the schools and educational facilities of the public and private educational systems were situated in the occupied areas. It was clearly impossible to accommodate in the remaining schools all the children of elementary and secondary school age that had to be provided with school places, in addition to meeting the natural annual increase of the school population. What made matters worse was the influx of the displaced into urban areas where shortages of school places were already acute even before the invasion.

The use of school buildings on a double shift basis, the renting of premises adjacent to school buildings and the erection of temporary structures and tents helped to ease some of the pressure. Eventually, a programme for new school construction was adopted, since temporary structures and tents were entirely unsuitable for the purpose.

By the end of 1976, it was possible to replace only about 6% of the elementary school buildings lost in the Turkish occupied area, while in public secondary general and technical education about 15% of the schools situated in the Turkish occupied area had been replaced.

Special education for the handicapped (deaf, mentally retarded, crippled, etc.) also suffered severe losses: almost 60% of such schools lay in the Turkish occupied area, with their valuable facilities and equipment. Current programmes provide for the replacement of about a quarter of these.

Existing programmes envisage the construction of a number of new school buildings for all levels of education, particularly in, or adjacent to, housing estates for the displaced, while a limited number of abandoned Turkish Cypriot school buildings have been suitably repaired and have been put to use by the educational services. Parallel to the need to provide school buildings and equipment, the Government also had to shoulder the additional burden of providing free education to displaced and needy children.

However, serious shortages persist and only an intensive long-term programme providing for the construction of more elementary, secondary and other school buildings will be able to provide the necessary infrastructure and relieve school building shortages. The programme under preparation for 1979 is expected to include a number of school buildings for the displaced. Indeed, it is expected to make provision for 5 elementary school buildings (£120,000 each, including land costs) and 2 secondary school buildings (£170,000 each, including land costs) for a total of about C£940,000 or US$2,256,000. All such schools will be built in or near the new housing estates.

3. Health

The dislocation caused to the health services has been great. Two of the six public district hospitals were in the occupied territories, representing about 16% of total bed capacity of this type, while more than 34% of the bed capacity of Rural Health Centres also fell within the area under the control of the Turkish army. At the same time, some 8% of capacity of specialised hospitals was either lost or destroyed by aerial bombardment, whilst the private health sector lost about 24% of its capacity.

The importance of these losses is much more significant than the relative proportions betray, due to the fact that existing hospital capacity and facilities in the areas under Government control were already outmoded and inadequate to meet pre-invasion needs. It is indicative of the pre-invasion situation that the Government was in the process of signing a contract with a team of Health Systems Consultants for the preparation of a feasibility study for a new Nicosia General Hospital as well as for individual studies for the replacement of the Larnaca District Hospital and the proper expansion of the other District Hospitals which were already proving to be inadequate.

Furthermore, the number of persons entitled to free medical treatment and medicines increased, as it became necessary to provide these services to the displaced and those who became needy as a result of the economic distress brought about by the invasion. This multiplied the annual costs and the pressure on already grossly insufficient resources. In order to meet the increased demand, the Government resorted to emergency measures such as the renting of private clinics, the expansion of capacity by the erection of prefabricated patient wards or even the use of corridors and every vacant corner of the Hospitals.

The concentration of the displaced in the urban centres of Nicosia, Limassol and Larnaca completely upset the already delicate balance between supply and demand of health services in these areas.

The situation is most critical in Larnaca where a pre-second world war building, badly organised and inadequately equipped with all sorts of insufficiencies and crammed in a most restricted space, had to be almost doubled in capacity with the construction of prefabricated wards and the use of every available corner as patient accommodation. Its capacity reached 150 beds as compared to 86 in the pre-invasion days.

The Government of Cyprus is proceeding with the preparation of a feasibility study for a new Larnaca Hospital, as a matter of priority. It has already allocated the required land and foreign aid is required in order to finance the building of the new Larnaca District General Hospital over the next few years. It is anticipated that this Hospital will be of a capacity of 250 beds. The cost of each bed, until final completion, is estimated at around C£10,000. The total required outlay will be approximately C£2.5 mln. or U$6.0 mln.

4. Training and retraining needs

The direct effects of the war, the displacement of such a large proportion of the population, the resettlement pattern in the Government controlled areas, the relative scarcity of natural resources, the loss of accumulated stock of capital, the new directions of economic policy, and the need for the restructuring and diversification of the economy have meant that the country had to rely to a far greater extent on its human resources. But to rely on this source also implies continuous training, retraining and upgrading of the available labour in all its aspects. The need for this approach can be seen in the following paragraphs:

(1) The impact of the war on the availability of manpower was indeed substantial:

(a) The loss of human life (dead and missing) is estimated at about 1 percent of the population, a very high proportion indeed.

(b) The temporary employment of workers abroad, most of whom are construction workers, coupled with the increased needs of workers at home for the intensive housing programmes, the industrial investment programmes and the infrastructural works programmes in roads, ports and dams, make demand for construction workers disproportionately higher than it would otherwise have been, since it is necessary to meet both external and domestic obligations.

(c) The number of war disabled and handicapped who had to drop out of active employment was quite considerable, estimated at about 0.2 percent of the population.

These losses have created the following needs:

(i) the need for heavier reliance upon the female force, which needs to be trained before it can become actively productive;

(ii) the need to train and retrain people for temporary employment in the construction sector;

(iii) the need to provide special training facilities for war disabled and handicapped to fill some of the gaps appearing in the supply of skilled labour.

(2) The loss of natural resources such as agriculturally fertile land, mining and quarrying resulted in the further shrinking of the employment significance of these sectors. Due to the small size of the country, the fact that the non-occupied area consists largely of mountains and the great scarcity of water from which Cyprus has always suffered, it was impossible to satisfy, with adequate fertile land or land suitable for animal grazing, the thousands of displaced farmers.

Figures on the gainfully employed population reveal a telling picture: the percentage of the population gainfully engaged in agriculture shrank from 37 percent in 1973 to 30 percent in 1976. It must be emphasized that overall gainful employment was almost 40 percent lower in 1976 as compared to 1973. A similar picture has developed in the tourist sector as tourist activity fell by more than 50 percent (not counting the Lebanese who are not normal tourists) compared to preinvasion levels, due to the loss of such a high proportion of the tourist establishments and the general prevailing situation. Many of the people previously engaged in primary activities cannot be absorbed in other sectors since they do not possess the necessary skills. Without retraining programmes, their industrial and occupational mobility would remain low and would aggravate skilled shortages.

(4) With the export orientation of manufacturing activity and the desire to improve the export of other more sophisticated goods and services a pressing need for upgrading training constantly arises. People in all grades have to be trained to be able to face the highly competitive situation of external trade.

(5) In general, the heavier reliance upon the human factor after the loss of both natural resources and accumulated capital stock, demands a more flexible, adaptable and dynamic labour force. All these ingredients cannot be met without constant training, retraining and upgrading.

For the above reasons, the Government of Cyprus deems essential the provisions of aid to facilitate the creation of the infrastructure for training and retraining of war disabled and other labour. The programme for 1979 envisages the erection of a new complex of workshops to train displaced workers at an estimated cost of about £120,000 (U$288,000).

Conclusion

By application and sheer hard work, by good planning and the careful use made of the aid received, the Cyprus people and Government have managed to survive, and the progress made is indeed creditable. But this must not be allowed to create false impressions as to the real position and the needs still to be met.

No country in the world could have suffered the catastrophe which Cyprus has suffered and be expected to have recovered in three years or to have replaced to any adequate degree the immense losses sustained. Three years after the invasion the emergency pressing needs of survival of the displaced, such as food, may have been met but the destructiveness of the war lingers. Indeed, the consequences of the invasion will continue for many years to come. The magnitude of the problem facing the Cyprus Government can only be appreciated if one remembers that the displaced population corresponds, in U.S.A. terms, to 83 million people, and that some 40 percent of the area of the Republic, representing the richest part and accounting for 70 percent of the total productive capacity of the island, came under Turkish occupation. The massive burdens created by the invasion has therefore to be borne by only 30 percent of the economic wealth of the country. It would be impossible to conceive that such a high proportion of the population, deprived of all its possessions and thrown onto 30 percent of the economic resources of the island, could be absorbed, fed, clothed, given employment, provided with the necessary houses, schools, hospitals, roads, factories, etc., in three years.

In meeting the basic humanitarian needs of the displaced population the Government has, where possible, endeavored to utilize relief assistance in such a way that it may be turned to good use, and not be wasted, when a political solution is found and the displaced persons return to their homes. An illustration of this is the construction of housing so that it may serve the low income sections of the population when no longer required for the accommodation of the displaced persons.

Foreign aid should continue in order to cover the shortages that appear from the losses in accumulated capital stock, and the need to retrain the labour force to meet the new challenges and new directions of policy. Capital stock in particular cannot be replaced over a short term. The process is long and it requires vast amounts of scarce investible funds. Hence the new request of the Government of Cyprus to channel foreign aid received through U.N.H.C.R. into the fields of housing, education, health and labour training. The attached Appendix B gives a tentative picture of the projects in these fields that are being prepared for implementation in 1979.

APPENDIX A

EXPENDITURES[1] ON THE DISPLACED FROM ALL SOURCES

[In thousands of dollars]

	1974	1975	1976	1977 (estimate)	1978 (forecast)	1979 (forecast)
1. Special relief fund	21,305	52,221	76,511	79,350	82,800	78,200
1.1. Cash allowances[2]	2,572	7,085	10,080	9,900	9,300	8,000
1.2. Allowances in kind:						
21 Food	8,472	25,574	22,520	15,500	14,000	10,000
22 Clothing and footwear	3,600	8,400	2,645	2,500	1,900	1,500
123 Household equipment	5,090	3,400	7,695	4,000	3,500	2,600

Footnote on following page.

APPENDIX A—Continued

EXPENDITURES [1] ON THE DISPLACED FROM ALL SOURCES

[In thousands of dollars]

	1974	1975	1976	1977 (estimate)	1978 (forecast)	1979 (forecast)
1. Special relief fund—continued						
1.3 Housing:						
131 Lowcost housing estates		2,023	16,270	21,800	30,600	32,600
132 Self help housing and other	870	1,776	8,407	13,200	11,000	10,000
1.4. Welfare services	631	2,206	3,122	4,600	5,000	5,300
1.5. Education and health	70	722	1,212	3,050	3,500	4,000
1.6. Reactivation and training		1,035	4,560	4,800	4,000	3,000
2. Ordinary and development budgets	5,677	17,785	20,682	20,600	22,500	25,100
2.1. Education	3,184	8,148	8,375	9,600	11,400	13,000
2.2. Health	1,530	4,288	4,300	4,500	5,300	6,000
2.3. Social welfare	250	817	797	800	900	1,000
2.4. Pensions	713	2,139	2,138	2,200	2,400	2,600
2.5. Reactivation		2,393	5,072	3,500	2,500	2,500
3. Social funds	6,261	7,955	8,000	9,500	10,500	11,500
3.1. Pensions to the displaced	2,179	5,775	5,786	7,000	7,900	8,800
3.2. Other benefits to the displaced	3,907	1,724	817	1,200	1,300	1,400
3.3. Pensions to war disabled and the dependants of war dead	175	456	1,397	1,300	1,300	1,300
Total	33,243	77,961	105,193	109,450	115,800	114,800

[1] These are expenditures allocated directly for the needs of the displaced or estimated to have been allocated for this purpose during the period covered.
[2] Including rent allowances.

Sources: Special Relief Fund, Financial Reports and Planning Bureau.

APPENDIX B

SUMMARY TABLE OF GOVERNMENT OF CYPRUS PROGRAMMES FOR 1979 IN THE FIELDS OF HOUSING, HEALTH, EDUCATION AND TRAINING

[In thousands]

	Cyprus pounds	U.S. dollars
Housing:		
Low cost housing estates (providing for 2,000 units)	14,000	33,600
Self-help housing projects	4,200	10,000
Education:		
5 elementary school buildings	600	1,440
2 secondary school buildings	340	816
Health: Larnaca Hospital (250 hospital bed capacity at a cost of about £10,000 (each bed)	[1] 2,500	6,000
Training, retraining and upgrading: A complex of workshops	120	288
Total	21,760	52,144

[1] To be spread over a number of years.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

● Mr. HUDDLESTON. Mr. President, I wish to announce that the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices will meet Tuesday, May 2, to hear Secretary of Agriculture Bob Bergland present the administration's plan for a comprehensive crop insurance and disaster assistance program. The hearing will begin at 10 a.m. in room 324. Secretary Bergland will be the only witness, but public hearings will be scheduled at a later date. Anyone wishing further information should contact the committee staff at 224–2035.●

SUBCOMMITTEE ON CITIZENS AND SHAREHOLDERS RIGHTS AND REMEDIES

● Mr. METZENBAUM. Mr. President, the Subcommittee on Citizens and Shareholders Rights and Remedies of the Committee on the Judiciary, will hold a hearing on Wednesday, May 10, 1978, on the "Rights and Remedies of Insurance Policyholders, Part Two: Mutual Insurance Companies." The hearing will commence at 9:30 a.m., in room 5110 Dirksen Senate Office Building.

Anyone wishing to submit testimony for the record, contact Mrs. Ricki R. Tigert, counsel of the subcommittee, 4A Russell Senate Office Building, Washington, D.C. 20510, phone (202) 224–4703.●

CONTINUATION OF HEARINGS ON S. 35

● Mr. BAYH. Mr. President, the Subcommittee on the Constitution has scheduled two additional days of hearings on S. 35, proposing legislation to amend section 1979 of the revised statutes, for Tuesday, May 2, 1978, beginning at 10 a.m. in room 6226, Dirksen Senate Office Building, and Wednesday, May 3, 1978, beginning at 9 a.m. in room 1202, Dirksen Senate Office Building.

Any persons wishing to submit written statements for the hearing record should send them to the Subcommittee on the Constitution, suite 102–B, Russell Senate Office Building, Washington, D.C. 20510.●

SUBCOMMITTEE ON ADMINISTRATIVE PRACTICE AND PROCEDURE

● Mr. ABOUREZK. Mr. President, I wish to announce that the Subcommittee on Administrative Practice and Procedure of the Committee on the Judiciary, will have a meeting for markup of pending legislation. The meeting will be on May 3, 1978, at 10 a.m., S–126, the Capitol.●

SUBCOMMITTEE ON PARKS AND RECREATION

● Mr. ABOUREZK. Mr. President, yesterday I submitted for the RECORD announcement of a public hearing to be held by the Subcommittee on Parks and Recreation on Friday, May 5, 1978, and inadvertently, one bill was omitted from the list of bills to be heard at that hearing.

The bill which should be added to the list of bills to be heard on May 5 is S. 1234, a bill to amend the Wild and Scenic Rivers Act.●

ADDITIONAL STATEMENTS

NATIONAL DEFENSE

● Mr. GOLDWATER. Mr. President, the question of just where we stand militarily in comparison with the Soviet Union is becoming more and more important to the American people. We can no longer afford to listen to the antidefense lobby and its repeated arguments that overall U.S. military strength remains at least equal to that of Russia. The facts are becoming clearer every day. As Gen. Alexander M. Haig, Jr., Supreme Allied Commander in Europe, stated recently, and I quote him—

Today the greatest single threat to stability and peace continues to reside . . . in the immediate presence of massive Soviet military power . . . The greatest peacetime aggregation of military power the world has ever seen.

Mr. President, a frightening picture of just where we stand was presented recently at the South Carolina Department Convention in Greenville by the American Security Council's Coalition for Peace Strength Program. This report was prepared by Philip C. Clarke and presented to the convention by Maj. Gen. J. Milnor Roberts. It was entitled "National Defense: While There Is Yet Time."

The speech follows:

NATIONAL DEFENSE: "WHILE THERE IS YET TIME"

Suddenly and without warning, hundreds of Soviet-bloc divisions spearheaded by 15,000 assault tanks and amphibious armor, spin from Warsaw Pact maneuvers and lunge westward. Their target: the English Channel.

Swarms of Soviet warplanes, armed with missiles, bombs and cannisters of death-dealing chemicals, strike NATO bases and stockpiles of U.S. tactical nuclear weapons.

Outnumbered and outgunned allied forces retreat before the massive Communist blitzkrieg. At sea, Soviet submarines, prepositioned hours before, intercept and attack U.S. convoys attempting to rush reinforcements. Behind the lines, Communist saboteurs emerge in Western Europe's cities and industrial centers, creating widespread havoc.

With Western Europe about to be overrun, the President of the United States is faced with a life-or-death decision: To accept the Soviet conquest of all Europe or to unleash America's nuclear counterforce, thereby risking a world-wide holocaust.

This "worst-case" scenario may never happen. But the possibility that it could occur gives allied leaders nightmares.

"Today," says General Alexander M. Haig, Jr., Supreme Allied Commander Europe, "the greatest single threat to stability and peace continues to reside—as it has for 29 years—in the immediate presence of massive Soviet

military power . . . the greatest peacetime aggregation of military power the world has ever seen."

In attempts to reduce this massive threat to world peace, successive U.S. Presidents over the postwar years have initiated talks aimed at controlling arms and reducing nuclear weapons stockpiles.

In contrast to U.S. good faith, Soviet leaders have used the arms talks to camouflage Russia's continuing all-out military buildup while seeking to stall ours.

Rather than acting fully to meet the growing Soviet danger, U.S. Administrations have adopted the more politically expedient course of reassuring the nation—and themselves—that overall U.S. Military strength remains at least equal to that of Russia.

President Kennedy, in his 1963 State of the Union Address, said: "The cost of freedom is always high, but Americans have always paid it . . ."

In January, 1978, President Carter told the NATO Council in Brussels that "our defense must always be strong enough to deter any thoughts of aggression . . . We must be prepared for combat we always hope to avoid."

Words, however brave and reassuring, are not enough. Soviet leaders are fully aware of our actual military strength and weaknesses. They are quite capable of calculating the risks of further aggression and their chances of exacting more tribute with nuclear blackmail.

What Americans desperately need are not simple reassurances from Washington, but the hard facts—however shocking—on the true state of our defenses.

In the 1962 Cuban missile crisis, U.S. military power was such that Nikita Khrushchev was forced to back down and pull his missiles out of Cuba. From that point on, the Soviets embarked on an all-out drive to wrest strategic superiority from the U.S.

In the 1973 Arab-Israeli war, Russia's power was such that the threat of Soviet intervention forced America's ally, Israel, to halt its drive against Egypt. And had there been a U.S.-Soviet confrontation in the eastern Mediterranean, Admiral Elmo Zumwalt, then U.S. Chief of Naval Operations, says "we would have lost."

In March, 1978, Russia's deputy defense minister, Nickolai Vasilyavich Ogarkov, told visiting U.S. Congressman John Breckinridge: "You once had military superiority and felt secure. You no longer have that superiority and you will never have it again. And now you will know what it means to feel threatened."

Teddy Roosevelt is remembered for his policy of keeping the peace: "Talk softly and carry a big stick." In a speech at Wake Forest University, President Carter warned the Soviets to restrain their massive arms buildup and quit their military meddling in Africa and elsewhere, or, the President said, we would have to increase our defenses. But some critics contend that the President, while talking tough, is carrying only a relatively small stick.

The Soviets appeared singularly unimpressed by Mr. Carter's words. They quickly responded with some blunt talk of their own, accusing the President of "gross blackmail . . . impermissible in international relations" and warning of a "sharp increase in the danger of a nuclear missile catastrophe."

In so many words, the Kremlin demanded that the U.S. quit bluffing and accept without further delay Soviet terms for a new strategic arms limitation treaty—a treaty that would assure Russia's superiority over the U.S. for the foreseeable future. And the Soviets gave the brush-off to President Carter's admonition against Russia's "excessive" arms buildup and intervention in local conflicts.

Instead, the Soviets are speeding development of eight new missile systems, some powerful and accurate enough to destroy our aging ICBM's in a surprise first-strike before they could retaliate. They also are building a nuclear super-submarine comparable to our yet-to-be completed Trident, and are testing a wide range of exotic new space weapons including a "killer satellite" capable of shooting down our vital reconnaissance and communications satellites.

What seems clear is that the U.S. has waited about a dozen years too long before attempting to overcome the Soviet drive for world supremacy. The plain fact is that in raw military power, the U.S.S.R. already has surpassed the U.S. in most major areas. And knowing this to be so, the Soviet leaders feel they are now in a position to call the tune.

The latest statistics spell out clearly just how the U.S., mesmerized by detente, has fallen behind.

Since 1964, Russia has increased its strategic nuclear capabilities by roughly 500 percent. It now has just under 4,000 strategic offensive weapons—missiles and bombers—compared to our 2,125. That's a Soviet advantage of nearly 2 to 1. According to Dr. Eugene Wigner, Princeton University's Nobel award winning physicist, the Soviet lead in total explosive power is 6 to 1 over the U.S.

The new Soviet navy is now the world's largest. In surface ships and submarines, it outnumbers the U.S. Navy by 1,400 to 453. And our once proud Navy may soon be reduced to the status of a convoy escorting force.

In strategic defensive weapons—surface-to-air missiles and jet fighters—the Soviets boast an overwhelming advantage—14,664 to only 324 for the U.S. It has 2,600 interceptor planes to just 324 for the U.S. It also possesses 12,000 SAM's (surface-to-air missiles) to our none, and 64 ABM's (anti-ballistic missiles) to our none.

In ground forces, the Soviets have expanded from 140 divisions in 1964 to more than 170 divisions today. One half of this huge force is positioned for war in Europe. In military manpower, the U.S.S.R. leads the U.S. by 4.8 million to 2.1 million. All major combat units in the Red army are trained and equipped for chemical (i.e. poison gas) warfare. Our armed forces have virtually no CW capabilities or defenses.

In conventional weapons, the disparity is even more alarming: 50,000 Soviet tanks to 10,000 for the U.S.; 55,000 Soviet armored vehicles to our 22,000; 20,000 Soviet artillery pieces to our 5,000 and 7,000 heavy mortars to our 3,000.

In virtually every major arms component except helicopters, the U.S.S.R. possesses overwhelming superiority over the U.S., in numbers, firepower and, to a growing degree, technical quality.

Soviet military spending, in real terms, now exceeds that of the U.S. by some 50 percent—by 75 percent in military hardware alone. All told, close to 20 percent of Russia's GNP (gross national product) goes into arms, compared to less than 6 percent in the U.S.

Clearly, it will take more than tough words to reverse America's decline toward second-rate status. And unless and until the U.S. rebuilds its defenses, we can expect more Soviet demands and blackmail—or worse.

At the conference table, the Soviets already are dictating the terms.

President Carter says he'll never sign an agreement that makes the U.S. weaker than Russia. But the strategic arms limitation treaty as drafted in Geneva appears to do just that.

An examination of major provisions of SALT–2, as the treaty is called, indicates that Soviet advantages from the 1972 SALT–1 accord will be enlarged and extended for at least another three to eight years.

According to the newly-organized "Coalition for Peace Through Strength," sponsored by the American Security Council, SALT–2 "will legalize and perpetuate Soviet strategic military superiority." It says the claim that SALT–2 provides for parity because both sides are limited to 2,400 strategic weapons is "an incredible misrepresentation."

To support its charge, the Coalition cites several specific weaknesses and loopholes in SALT–2. Soviet bombers which can hit the U.S. are not counted in the 2,400 strategic weapon ceiling while all U.S. long-range bombers are counted.

Soviet ICBM's on average carry six times more explosive power than U.S. ICBM's. Yet, SALT–2 will not permit the U.S. to build "heavy" missiles as the U.S.S.R. has done.

Ground and sea-launched "cruise missiles" of over 600-kilometer range are prohibited by SALT–2. This means the Soviets could strike 50 percent of the U.S. population with submarine-launched cruise missiles while the U.S. could reach less than 10 percent of the more widely dispersed Soviet population.

SALT–2 will restrict or prohibit the development of new strategic missile systems. But this will only prevent the U.S. from matching the eight new Soviet ICBM's which are in testing or production, compared to none for the U.S.

SALT–2 carries no provisions for on-site inspection. Thus, the Soviets can cheat on SALT–2 as they have on SALT–1. For example, the SALT-treaties expressly prohibit any testing aimed at upgrading an anti-aircraft missile system into an anti-ballistic missile, or ABM, system. Yet, on at least five occasions, the Russians have fired SAM–5 anti-aircraft missiles to test their capability as ABM's.

As another example, in SALT–1 the U.S. said it would regard the deployment of mobile ICBM's as "inconsistent with objectives of the agreement." But U.S. intelligence has revealed that the Soviets are now busy deploying a mobile intermediate-range ballistic missile, the SS–20, which can easily be converted into a 6,000-mile range weapon capable of hitting all U.S. targets.

Despite President Carter's unilateral scrapping of the B–1 bomber which was to have replaced our aging and vulnerable B–52, the Soviet Union has refused to limit production of its supersonic "Backfire" bomber or to include it in SALT's limitation of strategic weapons.

What this means is that Soviet leaders see the SALT agreements in quite a different light than do U.S. leaders. While the U.S. has frozen its strategic missile strength at 1967 levels and cut back on its Air Force, Navy and other conventional forces, the Soviets have continued the greatest arms buildup in history behind the mask of detente and SALT.

Rather than rushing into another self-defeating SALT deal, the Administration would do well to look first to its defenses. Negotiating with the Soviets from a position of relative U.S. weakness can only increase the danger to our national security.

A decade ago, there was no question that the United States possessed military superiority over the Soviet Union. Today, there can be little doubt that the tables are turned and Russia is No. 1 in overall military power.

The reason for this dramatic and alarming turn-about is clear: Successive U.S. Administrations have been hoondwinked into cutting back on our defenses in the hope the Soviet Union would settle for parity or what the arms controllers now call "essential equivalence."

Unfortunately, it hasn't worked out that way. Instead of being satisfied with merely catching up, the Soviets have continued their

massive arms buildup faster than ever. And instead of settling for the U.S. policy of "mutual assured destruction," or MAD, Soviet strategists have adopted a war-winning philosophy.

Of course, the Kremlin has been careful to cloak its aggressive designs in words of peace. Americans, yearning for peace after the Vietnam debacle, have eagerly embraced such illusions as "detente," and entered enthusiastically into Strategic Arms Limitation Talks with the Soviets.

Since the SALT talks began in 1970, Soviet military spending has shot up by more than 50 percent. The Soviets are now out-spending the U.S. in total military capability by $50 billion or more a year. Since 1958, the U.S.S.R. has doubled the military share of its GNP, or gross national product, to nearly 20 percent. By contrast, in the past 24 years the U.S. military's share has been slashed from 12 to 5.2 percent of the GNP. And it's still headed down.

In strategic or nuclear weapons, we're way behind Russia in both numbers and megatonnage, and the Soviets are still outspending us by 3 to 1.

The U.S. Navy has been cut in half in the past ten years, and the Administration's 1979 budget scraps several new shipbuilding programs. It's no exaggeration to say that the Red navy, whose ships outnumber those of the U.S. by better than 2 to 1, now rules whatever waves it wants.

Our Air Force has been cut back from 935 strategic bombers 12 years ago to just 415 aging B–52's today. And despite Soviet deployment of more than 100 new, supersonic "Backfire" bombers with intercontinental range, the Administration and Congress have scrapped our planned B–1 bomber altogether.

Other unilateral disarmament moves by the U.S. include dismantling of our one and only ABM or anti-ballistic missile defense system; slowdowns or stretchouts in modernization of our outmoded ICBM force and Trident submarine fleet, and an apparent agreement at the SALT talks in Geneva to limit the range of our yet-to-be deployed airborne cruise missiles to an ineffective range of 1,500 miles.

One of the most striking disparities involves civil defense. The Soviets have poured at least $1 billion a year into elaborate civil defense and industrial programs for the past twenty years. U.S. civil defense gets less than one-tenth as much to maintain a pathetic bare-bones program. As a consequence, experts estimate that in any all-out nuclear exchange, more than 120 million Americans would be killed while Soviet losses would be under 15 million—fewer than died in World War II.

Nowhere is the U.S. defense posture more seriously crippled than in the vital area of research and development. Although the Soviet R and D effort is far greater than ours, the Administration has refused to increase U.S. spending on new defense improvements above the current $12.5 billion level.

Warning that the Soviets have overcome the U.S. lead in certain areas of technology, Anthony Battista, a staff expert with the House Armed Services Committee, told a Congressional hearing: "The Russians are not coming: they're here!"

In a recent nationwide poll by the Opinion Research Corporation, 90 percent of the people questioned said the U.S. should be equal or superior to Russia in military strength—with most favoring superiority. And 63 percent said they would be willing to spend an additional 10 billion dollars in taxes to keep the U.S. from falling behind the Soviets.

The question that naturally follows is: Why hasn't the Administration and Congress carried out the wishes of the majority of the American people and kept our defenses from falling behind the Soviets?

The answer can only lie in the persuasion of influential advisers and policymakers in Washington who somehow believe that unilateral disarmament leads to peace and that more defense dollars should be diverted to domestic social needs.

General George C. Marshall, architect of the allied victory in World War II and postwar Secretary of State, summed up the illusions that have characterized U.S. policy: "We have tried since the birth of our nation to promote our love of peace by a display of weakness. This course has failed us utterly."

And yet, a new generation of Americans has ignored the warning of George Marshall. Despite clear evidence that the Soviets are amassing the most formidable and threatening military force since Hitler's Germany, Senator George McGovern has called for a $5 to $10 billion cut in the defense budget and transfer of the money to domestic programs.

The so-called "Coalition for a New Foreign and Military Policy," composed of 36 pacifist and ultra-leftist organizations, has mounted a nationwide campaign to lobby Congress for still deeper defense cutbacks. Led by veterans of the anti-Vietnam campaign that helped deliver Indochina to the Communists, the new coalition claims credit for shooting down the B–1 bomber and for pressuring Congress to deny World Bank loans to several anti-Communist allies.

The Coalition's latest bulletin to supporters begins: "We all know that Parren Mitchell is right: 'It is hard, dirty, gut work, turning the attitudes of the nation around.'" The liberal Congressman and Senator McGovern are leading the latest fight to cut military spending and divert funds to so-called "human needs" programs.

The Coalition is now attempting to block U.S. development of the "neutron bomb," claiming, as do Soviet propagandists, that it is a monstrously inhumane weapon designed to kill people while protecting property. Actually, it is an enhanced radiation warhead designed to penetrate Soviet tanks and defend Western Europe against the threat of a massive Warsaw Pact blitzkrieg without destroying the surrounding countryside.

By contrast, the Soviets' newly-deployed SS–20 mobile intermediate-range ballistic missile, targeted on Western Europe, is 2,000 times more devastating than the neutron weapon which President Carter is being pressured into banning. Yet, no one hears of demonstrations against the Soviet SS–20.

The fear of public protest has also deterred the U.S. from equipping its forces to combat Soviet-led chemical warfare weapons. U.S. military intelligence reports that Warsaw Pact forces are receiving intensive training in chemical, biological and radiological warfare and most front-line army units are fully equipped for it. U.S. and NATO forces have nothing by comparison. And Washington's attempts to get Moscow to agree to outlaw such indiscriminate and deadly weapons have gone unanswered.

Again, one listens in vain for the protests of the Jane Fondas.

It is, rather, high time to heed the words of James Schlesinger, who, as Secretary of Defense, said: "The underlying reality is that at no point since the 1930's has the Western World faced so formidable a threat to its survival."

Going back to those dark days of the 1930's, it was Winston Churchill who warned an appeasement-minded England that: "Virtuous motives, trammelled by inertia and timidity, are no match for armed and resolute wickedness. A sincere love of peace is no excuse for muddling hundreds of millions of humble folk into total war."

Churchill's warning applies with infinitely greater urgency to the free world of today. If we ignore it, there could be no tomorrow.

And yet, Walter Cronkite has observed: "There are always groups in Washington expressing views of alarm over the state of our defenses. We don't carry those stories. The story is that there are those who want to cut defense spending."

Cronkite's remark to a Gannett News Service reporter in November 1974, however offhand and inadvertant, appears to reflect the built-in bias of much, if not most, of the major news media. It persists despite the threat posed by Russia's relentless arms buildup—a threat that is well-concealed from most Americans.

In this, opinionmakers in the media are joined by policymakers in Washington. Anxious to shore up the crumbling facade of detente, they assure the American people and Congress that U.S. defenses are "essentially equivalent" to Russia's and that more billions of dollars can be safely diverted to domestic social programs where, incidentally, the votes are.

Active duty military officers who dare publicly to disagree are rebuked, removed or prematurely retired. Retired officers and private military experts who warn the nation's lagging defenses are labelled "cold warriors," "alarmists," "extremists."

Thus, relatively few Americans are aware, for example, that our one and only ABM—anti-ballistic missile—system was dismantled a month after becoming operational by a 52–47 vote of the Senate and that our nation is now defenseless against a surprise enemy missile or bomber attack.

The Administration's planned withdrawal of U.S. forces from South Korea is obscured by the headlines of Korean bribery scandals. The onrushing debacle in Africa is cloaked in pious pontifications about human rights violations in the remaining non-Marxist countries. The Soviet and Cuban-backed drive to conquer the "Horn" of Africa commanding vital sealanes from the Middle East oilfields is met by pro forma protests and helpless hand-wringing in Washington.

The anti-Communist governments of South Africa, South Korea, Brazil, Chile, Nicaragua and Taiwan are scorned or excoriated by the liberal establishment while monstrous human rights violations in the Iron Curtain countries, Cuba, Indochina, and the Marxist dictatorships of Libya and black Africa are barely noted or brushed off. Meantime, the liberal establishment continues to promote trade, aid and the export of vital U.S. technology to Communist regimes dedicated to our own destruction.

The diplomatic frenzy for a new strategic arms limitation agreement with Moscow takes precedence over the anguished pleas of Soviet dissidents for the observance of the Helsinki agreement on East-West relations.

Soviet threats to reintroduce missiles into Cuba are shrugged off, as are Fidel Castro's close ties with Panamanian dictator Omar Torrijos. This while the White House twists arms to force Senate ratification of the Panama Canal treaty surrendering control of that inter-ocean lifeline.

At home, U.S. ports are opened to Soviet seamen and visas granted to foreign Communist leaders and propagandists, while critics of the FBI and CIA applaud crippling new restrictions against our already demoralized intelligence and security services.

In Hollywood, Jane Fonda stars in a post-Vietnam movie heaping fresh abuse and derision on America's abandoned attempt to defend freedom in Indochina. Public opinion polls suggest that Americans would fight Communist aggression abroad only if Canada were attacked.

Hanoi withholds information about hundreds of Americans still listed as MIA's while Washington talks of "normalizing" relations with that Communist regime. Members of Congress, businessmen and tourists flock to Cuba for carefully-conducted tours, while Castro ships more troops to Africa and continued to hold tens of thousands of political prisoners, including several Americans. Officials in Washington make frantic efforts to

suppress the horror story of Frank Emmick, an American businessman released after serving more than 14 years in the Cuban "Gulag" on false charges of spying for the CIA. Liberal-oriented newspapers and TV networks black out Emmick's first-person account of outrageous cruelty suffered in Castro's dungeons.

Viewed objectively, Americans might be excused for wondering if Pogo, the comic-strip character, was not right when he said: "We met the enemy and he was us."

But Pogo may have been overly pessimistic.

There are signs the pendulum may be shifting a bit. Stung by a two-year American Security Council study confirming blatant anti-defense bias by CBS' Evening TV News Show, that network and others appear at last to be giving fairer treatment to the beleagured Pentagon. The tireless and dedicated efforts of a small band of private ombudsmen called Accuracy in Media, or AIM, are beginning to pay off in greater attention to objectivity on the part of the liberal-dominated press and networks. Says AIM's Chairman Reed Irvine: "Our objective is to encourage truthfulness, fairness and responsibility in the news media."

A two-volume study by ex-Washington Post reporter, Peter Braestrup, recounting in stark detail how the media misreported the 1968 Tet offensive in Vietnam as a Communist rather than an allied victory, has provided journalism students with some revealing new evidence and left not a few ex-war correspondents with red faces.

As General William C. Westmoreland, former U.S. Commander in Vietnam, has said: "We must be alert as a nation to the vulnerability of our political system and open society to manipulation by an adversary."

Indeed, only by insisting on the full truth fairly told can the American people make the judgments necessary to keep our nation strong, free and in peace. There is no other way.●

PROGRESS ON ALCOHOL FUELS URGED

● Mr. BAYH. Mr. President, on March 16 I sent Secretary Schlesinger a letter expressing my keen disappointment with the Department of Energy's lack of progress on alcohol fuels since its Alcohol Fuels Task Force was formed last fall. I also sought his earliest reassurance that DOE would move to meet its responsibilities in this area, given the administration's warnings that we face a likely liquid fuels crunch sometime in the 1980's.

Yesterday I received the Department's response in a letter from Under Secretary Myers, which, while conciliatory in tone, reinforces my belief that DOE, for whatever reason, is still spinning its wheels over this issue and wasting precious time when we know that time is running out.

Secretary Schlesinger, and the President himself, have warned that we will face a petroleum shortage in the 1980's. Alcohol fuels represent the only near-term option for supplementing these supplies. Yet, despite this undisputed fact, DOE is searching for excuses not to get on with the job.

Mr. President, this departmental posture continues to perplex me. Within the next week, the Congress will be receiving what has been dubbed "National Energy Plan II," an advance peek at DOE's preferred list of new fuels. This package, from what we have heard so far, will contain various forms of Federal assistance for coal gasification, coal liquefaction and oil shale development, in order to stimulate industry efforts to develop these energy supplies and lower market place prices for these energy sources. Yet, the package will contain nothing to stimulate development of alcohol fuels. Instead, according to the Department's revised alcohol fuels program plan, which Under Secretary Myers also forwarded to me, the Department is planning, over the next year, to once again rehash the questions the alcohol fuels task force has been looking at since its formation. Current program plans for the fuels from biomass program anticipate a decision on large scale use of alcohol in 1990. Why is this true, Mr. President? DOE's response is that alcohol fuels are currently too expensive.

Mr. President, I submit that what is sauce for the goose is sauce for the gander too. Currently no alternative fuels—whether biofuels or syntheitc fuels—are competitive with crude oil and natural gas. However, the rationale behind "NEP II" is that we must develop alternatives to oil and gas because they are going to run out, and because continued reliance on them places us at the mercy of those nations from which we import petroleum and liquified natural gas. This logic applies to alcohol fuels with equal, if not greater, force. The Federal Government and oil companies have poured billions into the capital intensive, environmentally problematical technologies favored by NEP II. Comparative Federal investment to date in harnessing our renewable resources has been insignificant, despite their obvious attractions.

Alcohol fuels are renewable, clean and versatile. They offer the hope of boosting local economies all over the country, supplementing farm incomes and relieving the drain on urban budgets caused by waste disposal problems, while helping to solve the Nation's energy problems.

As I stated in my letter to Dr. Schlesinger, I think it is clear that as we look toward the future there is not going to be one answer to our energy problems, but many. Future supplies will come from a number of diverse sources. Those of us with responsibility for shaping Government policy owe it to the Nation to explore every option available to us. I will, therefore, continue to press the Department to move ahead imaginatively on the alcohol fuel front.

In the weeks to come, I will also question Secretary Schlesinger about the Department's seeming inability to take alcohol fuels seriously. In particular, I will want to know how DOE has arrived at the cost estimates they cite for ethanol production. From everything I know DOE has persisted in using worst possible case estimates, ignoring much of what we know about the possibilities of bringing these costs down.

Mr. President, I am convinced that alcohol fuels can become efficient and economical energy supplements with a relatively small investment if we apply our best technology to this effort. This country did not get where it is today by approaching problems timidly. Instead, we have always set our goals and then looked at existing obstacles as challenges and not insurmountable barriers. This is the kind of effort we must make if we are to harness our abundant renewable resources to meet our Nation's energy needs. I will continue to press DOE for this kind of response as we all work together toward energy independence.

Mr. President, I submit for the RECORD that my March 16 letter to Secretary Schlesinger, as well as Under Secretary Myers' response.

The letters follow:

U.S. SENATE,
Washington, D.C., March 16, 1978.

Hon. JAMES SCHLESINGER,
Department of Energy,
Washington, D.C.

DEAR MR. SECRETARY: I know that you and I share a mutual concern about the very real possibility of a liquid fuels shortage sometime in the 1980's. Last spring when the President unveiled the National Energy Plan, he emphasized the importance of an effective national energy policy and compared the effort needed to meet this challenge with the "normal equivalent of war." I have been encouraged by the high priority placed by the President on resolving our energy problems and have strongly supported most of his efforts over the past year.

One crucial ingredient missing from the National Energy Plan was an accelerated program for introducing a mix of alternative energy sources—especially liquid fuels—into our energy budget in a timely fashion. In light of this earlier omission, I have welcomed the Department's efforts this year to fashion a near-term program to assure development of substitutes for our diminishing fossil fuels.

As we look toward the future, I think it is clear to most of us there is not going to be one answer to our energy problems, but that future supplies will come from a number of diverse sources. Those of us with responsibility for shaping government policy owe it to the Nation to explore every option available to us as thoroughly as possible.

As you know, I believe the utilization of alcohol fuels in a variety of settings is a near-term option that has not received the attention it merits. I have no doubt that alcohol fuels can become efficient and economical energy supplements with a relatively small federal investment if we apply our best technology to this effort.

In light of this conviction, I am quite disappointed with the Department's efforts to date to explore the potential of this alternative fuel. I have just received the Alcohol Fuel Task Force Position Paper on Alcohol Fuels. The Position Paper contains no information beyond what the Department submitted in response to the alcohol fuels Appropriations Committee oversight hearings which I chaired on January 31. Moreover, it was not accompanied by the revised program plan and budget information associated with it that the Committee requested at that time. It does reflect a lack of effort, commitment, and foresight with respect to this energy source on the part of the Department, which I find disturbing. It also indicates that DOE has made no discernible progress on alcohol fuels since last fall when the Task Force was formed.

I would hope that the Department will, in fact, take a fresh look at this area, as your witnesses in our January hearings indicated. I reiterate my request that DOE move imaginatively and aggressively to tap the energy potential of our most abundant and renewable resources.

I look forward to receiving the remainder of the Task Force Report, which I understand

contains a revised alcohol fuels program plan and indicates what resources the Department would need to meet the Task Force goals.

I seek your earliest possible reassurance that the Department will move to meet its responsibilities in this area. I hope that you will construe these comments in the constructive manner in which they are offered. I will do whatever I can on this end to help you out and would like to proceed as allies and not adversaries.

Sincerely,

BIRCH BAYH,
U.S. Senator.

DEPARTMENT OF ENERGY,
Washington, D.C., April 26, 1978.

Hon. BIRCH BAYH,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAYH: Secretary Schlesinger has asked me to thank you for your letter of March 16, 1978, concerning the Department of Energy's efforts in the alcohol fuels area.

As you know, in response to rising Congressional concern, a special Department-wide Alcohol Fuels Task Force was established in early December at my direction to thoroughly reexamine the alcohol fuels question and to evaluate its potential as a part of our national energy supply strategy. We are highly interested in the potential of alcohol fuels to become an important element of our national energy strategy. Preliminary findings of the Task Force indicate that alcohols are suitable fuels not only for internal combustion engines, but also for gas turbine peaking units, utility boilers, industrial heating, and fuel cells. While several problems have been identified with the use of alcohol fuels in motor vehicles, they are considered to be solvable through available engineering techniques.

Despite its suitability as a fuel, the major obstacle to the widespread use of alcohol fuels appears to be the economics of high volume production. Currently, alcohols cannot be made at costs which are competitive with petroleum-based products. On a technical basis, ethanol can be considered to be somewhat better than methanol because of its higher energy content, and its better phase stability and volatility in gasoline blends. Ethanol will be more expensive than methanol. We estimate ethanol costs will be in the range of $13–17 per million Btu compared to $5–9 per million Btu for methanol, and compared to a current pre-tax cost of $3.50 per million Btu for gasoline.

I assure you that the Department of Energy is firmly committed to resolving as quickly as possible cost and other other issues such as supply potential, most appropriate applications, commercialization applications, and the need for Federal incentives.

The Alcohol Fuels Program is designed to address these issues and includes two basic parts:

1. Immediate Action Elements: A series of special studies to examine and help resolve key technological, environmental, and institutional issues that obstruct or cloud commercialization decisions. Planning for early end use demonstration is included.

2. Alcohol Fuels R&D Elements: An expanded and integrated continuation of current Department of Energy alcohol-related R&D activities in the conservation, fossil energy, and solar energy areas.

The studies conducted as part of the Immediate Action Elements will provide key input into the Department of Energy's overall Supply Strategy Study, so that a decision on the commercialization of alcohol fuels can be made.

I am enclosing for your information, a copy of the Alcohol Fuels Program Plan. This plan sets out the Department of Energy's goals in the alcohol fuels area, and the resources envisioned to meet those goals.

I welcome your continued interest in this area, and look forward to working closely with you and your staff in a concerted effort to meet our national energy responsibilities and to pursue actions designed to aggressively tap the energy potential of our Nation's renewable resource.

Sincerely,

DALE D. MYERS,
Under Secretary.●

SOUTH AFRICA AND THE ARMS EMBARGO

● Mr. GOLDWATER. Mr. President, we often hear speculation about how disastrous the United Nations' arms embargo of South Africa would prove to be if that country became involved in a serious military conflict. Having returned from a trip to South Africa several weeks ago, I should like to state that the arms embargo is far less important than the people who voted it seem to think. In fact, there is a spirit of self-sufficiency in South Africa that is not generally understood in this country. The South Africans actually do not need much in the way of military assistance from beyond its borders. And the leaders there are definite in stating that despite the arms embargo, there is no African power or combination of powers that could defeat South Africa.

Mr. President, we have heard a lot of misinformation about South Africa and it is my continuing purpose here to try and shed a little truth about the situation in that nation. Consequently, I submit for the RECORD a very informative report from South Africa which was printed in the April issue of Government Executive.

The article follows:

WILL THE ARMS EMBARGO LEAVE SOUTH AFRICA DEFENSELESS?

HIGHLIGHTS

In spite of the United Nations arms embargo, South Africa "doesn't see any African power or combination of powers that could defeat us."

What could/would be a direct Soviet invasion, using the same tumpted up reasons they used in Angola and Ethiopia.

Western failure to stop the trend toward that end could be disastrous.

In describing revolution-advocate Donald Woods' flight from South Africa, Time magazine last month said he "forded a crocodile-infested river to escape . . ."

Snorted one South African, "There are about as many crocodiles in the Thele river as there are elephants running loose in New York City's Central Park."

Though a Time editor in South Africa apologized to that country for the fiction, it is typical of the loosely researched, high-decibel emotion that has afflicted editorial coverage of South African events for at least the past three years.

American long-shoreman-turned-author Eric Hoffer wrote recently, it has been shocking for this "proudly materialistic, rationalistic and scientific" Nation to discover "the most important facts about a human entity are its illusions, its fictions, its unfounded convictions."

Nowhere are those fictions and unfounded convictions more evident than in the cacophony which surrounds present and developing U.S. policies toward southern Africa—buoyed along as they are by extremist politics and "Black Power" racism. And terrorists masquerading successfully as "moderates fighting for liberation." And Marxists deftly building the illusion they are native-grown patriots.

Not Quite Vietnam—In many respects, e.g. the killing of tribal headmen, the abduction of whole villages of school children, guerrilla forays to burn the homes of "uncooperative" natives, today's "hot war" in southern Africa is very much like the early stages of the Vietnam war 15–20 years ago. That should be no surprise since the marauders are working from the same Marxist/Mao textbooks in most cases.

But, for the United States, there are two vital differences:

If U.S. policy could be recaptured by common sense, her potential South African ally is, at the moment, much better equipped and trained than anything it faces.

Southern Africa, and especially South Africa, are vastly more vital to U.S. and European economic, and thus military, interests than South Vietnam ever was.

More than 24,000 ships a year sail around the Cape of Good Hope, carrying, among other things, 80% of Western Europe's oil supplies, and nearly half those of the U.S. plus 70% of the strategic materials necessary to keep Western Europe's industry running. Indeed, the southern end of Africa, itself, is a major, and in many cases the giant, provider of such essential materials as chrome, platinum, molybdenum, uranium and a host of others. Cut off from those vital ores would havoc Western economies as surely as a lack of oil.

Yet, charges Martin Duyzings in To the Point magazine (citing French top-level government sources) American White House strategists have adopted a "cynical, selfish, totally isolationist" scheme ("Carter's pet secret," Paris reportedly calls it) that the only thing worth saving in Africa is its oil; that U.S. energy needs can be met by acquiring the total oil output of Venezuela and Nigeria while developing alternate U.S. sources of her own.

Thus, says that reasoning, the Cape sea route is unimportant. Though at least one Navy admiral calls that reasoning "sophistic and sophomoric," it is buttressed, as South Africans see it, by an official White House attitude that those who think U.S. relations with the Soviets must be adversarial "are out-dated."

The result is a developing perception in black and even-white-run Africa that Soviet political will and military commitment on the African continent far exceeds that of the U.S. Further, U.S. support with words (notably from U.S. Ambassador to the U.N., Andrew Young) of militant, communist-trained radicals in Rhodesia, Namibia and even South Africa underscores that perception.

Summed up Copley Press (in San Diego) international news analyst Robert Letts Jones, after a trip to southern Africa, "The West is losing control of that part of the world to the cleverly-disguised thrust of Soviet Russia."

Repeating the Act—The downslide for the West began picking up momentum as far back as 1975 when Soviet-armed Cubans were rushed into Angola to help an Angola communist faction in the still-continuing civil war for control of the country. A small South African Defence Force column had advanced to within sight of Angola's capital, Luanda—with the "full encouragement of the United States," says South African Defence Minister P. W. Botha.

"We bumped into Cubans in Angola," says Defence Force Strategic Planning Director General, Maj. Gen. Ralston, succinctly, "And

we have no respect for them." But when the U.S. Congress refused to vote funds to help the non-communists keep the Russians out, the South Africans pulled back to their own border.

That "fateful decision," as then-President Gerald Ford called it, appears close to happening again on the Horn of Africa in the Ethiopia-Somalia war. Again, while the U.S. postures with words, the Soviets are shipping mountains of military equipment and thousands of Soviet and Cuban "technical advisors" to Ethiopia. "If American will is found wanting there," asked one Mid-East watcher, "where will the next-higher escalation be?"

As South Africa sees it, says Maj. Gen. N. N. Webster, Director General for Resources in the Defence Forces. "If the Soviets are successful in controlling southern African mineral resources, they will have struck a massive, possibly devastating blow against the West. And these resources, together with the very substantial resources of Rhodesia and South West Africa, would give the Soviet totalitarian order a bigger boost than any other in its history."

Helping the Soviets on their way, says he, is a United Nations that, since 1960, "has been greatly influenced by an impoverished assortment of economic, political and military nondescripts. With these inexperienced nations setting themselves up as keepers of the peace, the world has experienced nothing but one war after another."

Soviet Access—On African matters, the most influential in that group have been the more than 40 member States of the Organization for African Unity (OAU)—and three-fourths of them, reports Nigeria's Daily Times, operate under military and socialist governmental systems which "are progressively becoming monarchial in nature."

Where they are left-leaning, which means most everywhere, Soviet merchant ships and trawlers—hatched vessels capable of hiding amphibious vehicles as well as troops—are visiting a steadily increasing number of "friendly" African ports each year. In the past five years alone, Soviet merchant marine Africa fleet has gone up by five million tons and stepped up services.

One uncorroborated report claims a full brigade of Soviet troops are now in Mozambique "to protect their ship's stores" there. Soviet maritime reconnaissance aircraft, using Luanda as a base, now range along the Namibia coast and have been reported as far south as the waters off East London—virtually in the center of South Africa's Atlantic/Indian Ocean coastline.

And in countries which lean to the West, the Soviets are helping organize, finance, arm and train revolutionary cells, and propagandize their "wars of liberation." (So are some U.S. organizations, many under the misguided idea that they are helping end apartheid and colonialism. In fact, if these revolutions go in southern Africa the way they have everywhere else on the Continent, the people will simply trade one form of oppression for a worse one.) To the extent these zealots can stir a fire, they create the stage, as in Angola and Ethiopia, for the Soviets to move in under the guise of "restoring order and protecting oppressed peoples from capitalistic domination." And, "If present downtrends in U.S. Navy funding continue, not to mention the weakening Congressional will," says one U.S war veteran, "who will be able to stop them? Not the United Nations, certainly."

South Africa's military "is quite confident," says Ralston, it can "contain the terrorist threat." Adds Webster, "We don't see any African power or combination of powers that could defeat us. They just don't have the training, expertise or technology." Even the figurative OAU Leader, Nigeria, "doesn't have the people or the training. They are similar to the Egyptians who, even after six years, still couldn't operate their Soviet-supplied SAMS (Surface-to-Air Missiles.)"

In short, South Africa's Defence forces have been called "colossal" compared to those in other African states, though the numbers aren't all that awesome on the face of it. With an annual expenditure of about $2.3 billion (5.1% of South Africa's gross national product), she supports an Army of 41,000 persons, a Navy of 5,500 and an Air Force of 8,500.

Total Strength—But, in fact, that constitutes only about six per cent of what South Africa could put, armed and trained, into the field. Behind those 55,000 people, is a Citizen Force, their version of the U.S. National Guard, totalling more than 165,000 persons. Their primary role is to come in if the police can't handle a problem.

And the active-duty military and Citizen Force units serve, in turn, as developing ground for one of the most important, and least publicized, elements of South African military preparedness: the Commando units. They are, says Webster, "an umbrella of security;" farmers and industrial workers posted, after two years national service, to commando units of five of more; armed with modern weapons; and given at least 30 days of up-date training a year.

Their job in an emergency: provide security where they live. Born of the Boer-British war at the turn of the century (when the Afrikaner was inventing the Commando while the British invented the concentration camp), their effectiveness is the reason no more than 40,000 Boers were able to hold off more than 350,000 British regulars.

And beyond all that is the 35,000-man South African Police, a mixed group—ethnically with 19,500 whites and 16,000 non-whites. (South Africans like to point out to critics of their "police State" that it has fewer police than there are in New York City where the population is only one-third that of South Africa.) Upshot of it all is, South Africa, which put 250,000 trained troops in the field in just a few months after the start of World War II could have more than 400,000 ready for battle within weeks of a call-up.

Blunting Infiltration.—Already, the police are so confident of their ability (and the reliability of their informers) to control riots, firebombings, and other mayhem that they don't, for instance, bother to X-ray luggage at airports. One example of their efficiency: some 200 would-be terrorists were captured recently—a crowd that entered South Africa in late 1977 under orders from the ANC (African National Congress) to "wreak indiscriminate violence to achieve publicity."

They managed "five incidents and three bomb explosions" but not a single casualty. Most of the terrorists were picked up before they could plant a bomb. Still, the police and the military are the first to point out that, with thousands of kilometers of border and hundreds of radicals at work in-country, they can't prevent a tragedy every time.

"We can't stop infiltration," says Ralston, "but we can blunt it." They have shown they can mop it up pretty good, too. Just before Christmas, three terrorists slipped across the border from Mozambique with what was described as "a huge cache of communist manufactured arms and explosives." In a fire-fight around a shack on the South African side of that wilderness boundary, two were killed, the other wounded before they could even get most of the arms unpacked.

But, as Soviet-backed pressure mounts, South Africa expects that incidents of street violence, assassinations, burnings will increase.

The arms embargo doesn't bother them particularly—except for the all-encompassing way the U.S. Commerce Department is going about it. If Commerce implements their broad, sweeping regulations as written, they will reach far beyond military-only activities to hurt private citizens in their private lives, black as well as white.

USSR Target—Still, especially in the more limited area of military arms, themselves, "Over the last 10 years," says Webster, (since about the time of the last embargo threat) "we have built up a pretty good arms industry. We had to do it. Necessity is the mother of invention." Besides, he claims, "Nobody as yet has ever, in history, found a way to apply sanctions effectively."

In sum, "South Africa has proven over the years that she can do anything she needs to do." Thus, says Ralston, "The only major problem will be if one of the major powers became directly involved." Using techniques pioneered by the U.S. Navy during the past 40 years, the Soviets already have demonstrated they can project power over long ranges from home.

With air and naval bases in Angola, Nigeria, Guinea, Mozambique, Ethiopia and the likelihood of obtaining even more elsewhere, the Soviets' ultimate African target, South Africans are convinced, is the richest, most strategically located site on the Continent. "South Africa is as important to the U.S. as the Panama Canal," says Webster.

"Already what have you got for bases in Africa? South Africa (especially at Simonstown) is the only place where your country can be guaranteed a base with the infrastructure to support it and the people to defend it."

Sums up he, "In the event of South Africa falling to the Commies, that's the beginning of the end for the West." Whether the U.S. will recognize that or not—or even consider it in counterbalance to the naive U.S. view of what "human rights" ought to be there—is a highly questionable matter.

What Was Steve Biko . . . And Is Donald Woods, Really?

South Africa's Foreign Affairs Association director, Cas de Villiers, thinks it's deplorable that the Government in Pretoria spends on its public information activity only a tiny fraction of what it spends on its military and police security forces.

His reason: virulent attacks on "apartheid" occur at least as often in pamphlet and press release internationally as they do in-country with guns and fire bombs.

South Africa openly stating its side of some action, including its own arrests and bannings of people and organizations, is hampered by another problem. To tell all they know would expose their currently very effective underground network of informers. Just last January in Durban, within less than an hour of each other, two men, Stephen Mtshali and Dr. Richard Turner, were gunned down.

An anonymous caller gave credit for the Turner killing to the African National Congress (ANC), a nonbanned Marxist group which also put Mtshali on its "death list" after he gave evidence for the State at terrorist trials last year. (Mtshali was a one-time terrorist, himself, and member of the ANC's military arm.)

Turner had been an outspoken critic of Government racial policies until his banning (a kind of house arrest) in 1973. The banning order was due to expire last month and, reportedly, Turner was "showing a more reasonable attitude toward the White man's situation in southern Africa." Speculation is, the ANC and the outlawed South African Communist Party learned that and decided to get rid of him.

Said Connie Mulder, now South Africa Deputy Minister for Bantu (black) Develop-

ment, "It is very difficult to demolish one's own organization (of informers) every time (you need) to get (trial) evidence, particularly when one finds that the fish is such small fry one has to throw it back into the pond in any case."

(South African residents of Kenya 20 years ago estimate as many as 70,000 Mau Mau terrorists were jailed and/or executed back then without benefit of public trial. Reason the hearings were private: magistrates discovered very quickly that public testimony was the same as signing death warrants for their own State witnesses.)

Thus, the Government was in a poor position to tell all it knew when it launched last October what Time magazine called its "most draconian wave of repression in almost two decades"—the arrest of more than 50 of the best-publicized black agitators in the country, many without charge; and the banning of 18 black and inter-racial organizations, including the Christian Institute and The World, largest black-circulation newspaper in South Africa.

The Government could not reveal, for instance, evidence to support its conviction that the Christian Institute had been taken over by radicals who liked the idea of using a religious front for laundering funds coming from outside the country to finance terrorist groups inside. And an outsider would have to travel to Soweto, talk to local citizens, to hear that arrested World editor Percy Qoboza was using his columns to help organize uprisings in the township.

Adding to South Africa's problems is an apparently gullible world Press, in general, willing to believe on the face of it whatever these extremists say—and challenge sharply even the most likely Government claims. Yet, less impassioned coverage, especially by reporters who have been on-the-scene even a few times, could raise considerable doubt about the validity of what some of these anti-government disciples claim.

Two prime examples surround two of the most publicized: the death of Steve Biko in a South African jail; and the banning and subsequent escape from South Africa of East London *Daily Dispatch* Editor Donald Woods.

When he reached the "freedom" of Lesotho, Woods says he "thought of the blacks who had helped me, who had got out of their beds in the middle of the night to guide me onward. One had thrown his arms around me and said, 'God has sent you to me to care for you to repay you what you have done for our people.'"

But Woods' elaborate description of his escape—crouched on the floor of the car as his wife drove him out of town, hitch-hiking three rides, a long walk through "difficult terrain" of the Thele river valley (buoyed along by the words of ANC leader Nelson Mandela, "There is no easy walk to freedom") and swimming "some 30 to 40 yards to the other (Thele river) bank"—raises baskets of questions.

The Thele river barely qualifies as a creek and is so shallow it can be waded anytime. And many blacks still close to tribal customs don't go near rivers at night because, says supersition, that's when evil spirits rise up from the bottom, looking for victims. Snorts Dirk Brink, a Hong Kong banker who owns a farm in South Africa:

"Woods did not cross the Thele River other than over the Thele bridge (and) he was taken by a car with diplomatic license plates straight to Maseru (the capitol of Lesotho.)" The escape, Brink charges, was not pulled together just two days before it happened, as Woods says, but carefully planned to coincide with renewed United Nations talks of further sanctions against South Africa.

And officials there are convinced, privately, it was pulled off by the African American Institute, another promoter of civil unrest and revolution in South Africa; financed by the U.S. with help from the British. Arguing in their favor: among the first people he saw when he arrived in the United States were President Jimmy Carter and Vice President Walter Mondale, State Secretary Cyrus Vance, and U.S. Ambassador to the United Nations Andrew Young.

"That's a better deal than Solzhenitsyn got during your Ford Administration," notes one South African.

Further, the escape scheme may have included another standard ploy revolutionary groups use to try to gain popular political support in the world: the planting of fake evidence that "some right-wing racist" had tried to kill or harm one of them. Woods says one thing that decided him on escape was Security Police intercepting a bag of T-shirts sent Woods' daughter by a friend, soaking them in acid, then sending them on.

Colonel J. H. Fourie of the Security Police says the chemicals could have been put on the garments after delivery to the Woods' home. But, "We have conclusive proof (the T-shirt package) was never opened" between the time it was posted and the time it was delivered—"And we have technical proof the bag was not at any time handled by the Security Police."

Woods admits he could have left the country on an exit permit rather than the way he did though he doubts he would have been given one. Brink, for one, disagrees. "After all, a martyr who becomes an exile has only a very short shelf-life, as the ideas and opinions of an exile become less and less important with the passage of time."

Obviously, however, for the editor of a small (about 13,500 circulation) regional newspaper who, by his own words, "never attended any editorial conferences" nor "wrote editorials," the way he left South Africa was far better for the cause of what South African Information Counsellor Carl Noffke calls "radical black circles" in which he moved.

One of those was that of Steve Biko who died last September of uremic (kidney) failure brought on by a head injury sustained while in police custody. Biko was promptly eulogized in the world Press as "a leader of the 'black consciousness' movement in South Africa . . . a major voice for a moderate solution of South Africa's racial situation."

The U.S., for one, sent a high-level delegation to the funeral. With rare exceptions the Western Press called him a moderate; a few even comparing his "struggle" to the late Martin Luther King's in the United States. On a massive wreath, signed "Andrew Young, U.S. ambassador to the United Nations," a card read, "No nation can afford to lose its most dedicated and creative leadership."

But for all those laudatory adjectives, Bika's record suggests he was much more than "moderate." In the midst of Soweto rioting two years ago, the leaders of it demanded the Government negotiate the country's future with three blacks: Biko, the ANC's Nelson Mandela, and Robert Sobukwe, leader of another militant (and now also banned) group, the Pan-African Congress.

Biko was honorary president of another militant organization, the Black People's Convention. He also was leader of the South African Students Organization (SASO), a nonwhites only outfit, whose charter reads like the "Black Power" instructions of H. Rap Brown, Stokely Carmichael, Eldridge Cleaver and Mario Savio.

Indeed, the clenched, raised fist was a frequent gesture throughout Biko's nearly day-long funeral; and the two most common cries were amandia (he Zulu word for "power"—though Biko was a Khosa) and Azania, the black name for a "liberated" South Africa. Extremely sensitive to attempts, and successes, among its African neighbors by communist-financed bands of radicals to take over countries at the point of a gun and mindful of the rioting that broke out in the U.S. after King's death could account, all by themselves, for the Government clamp-down a month later on people and groups advocating violent resistance to Government policies.

Moreover, when Biko was arrested, he had on him a one-page pamphlet calling for "all Black people to show solidarity with the exiled and the jailed." Said it, in part:

"Wherever you are, organize yourselves into groups to deal with those who do not heed this appeal. Beat them (his emphasis); burn their books, burn their cars and shops. Show no mercy to informers and other collaborators—they must all be killed!

"There must be cries, burning houses, people with clenched fists, bodies lying on streets, bruised and bleeding people—then there will be freedom—yes freedom". . . .

When confronted with the statement of Biko's secretary that she had typed the stencil for that pamphlet and with other "very serious charges of insurrection" by "his close associates," the 6-ft., 2-in., 200-lb. Biko exploded, according to police. He threw a chair at one officer and charged after another.

According to the subsequent inquest into his death, says Retief Van Rooyen, a lawyer who represented the police, one of the five policemen it took to subdue him charged into Biko with a football-style tackle, driving him into the wall. Until then, because there had been two jail suicides the month before Biko's death, police, claims Van Rooyen "were treating him with kid gloves."

Biko hit his left front forehead against the wall. Though Biko did not lose consciousness and there were no signs of the blow, such as bleeding, fracture or even a lump, Biko had "periods of irrationality, slurred speech and other symptoms" over the next few days. Prison hospital tests showed negative results and police suspected he was faking these conditions to avoid questioning.

In releasing most of this in a report to his constituents, Congressman Bill Dickinson (R-Ala.) said, "I am not in a position to pass judgment on Mr. Van Rooyen's story; but I can not see a common-sensed motive for the South African government to kill Biko or even to cover the negligence of any who might have purposely done so (considering) the predictable anti-government civil disorder and international condemnation which would follow such an incident.

"As a matter of fact, that government would have faired better in the international court of public opinion had they produced a scapegoat."

Based on evidence relating to the scuffle, evidence not disputed by lawyers for the family, the inquest Magistrate said he had no alternative but to find that "he" could not exclude the scuffle as a possible cause of the head injury of the deceased." Noted one observer, "The apparent police harshness received the widest publicity, of course, but there was a great deal more brought out concerning management of the prisoner that never got printed."

Some of the testimony on Biko the family has asked, and the Government has agreed, will not be released. Thus, it is unlikely they will file a civil suit for fear of having it come out, anyway. But that hardly ends the matter. The South African Medical Council has been given appropriate extracts from the inquest; and the betting is currently "about 50–50" that the doctors who tended Biko after his injury "behaved in an improper or disgraceful manner."

If that is the finding, they could lose their South African licenses to practice medicine. South Africa's Attorney General is looking into possible criminal prosecution against the police.

Probably the best long-distance view of

what happened was summed up by William Raspberry, a level-headed columnist—who happens to be black—with the Washington Post. It becomes clear with distance, he wrote sarcastically, that if South Africa wanted to "discover and punish Steve Biko's murderers, it could easily do so." But similar incidents in the U.S. are often written up as "merely the work of a few rotten apples in the law-enforcement barrel."

It "is interesting," he notes, "that we can see distant forests with such unerring accuracy while, at home, we are so easily distracted by trees." ●

S. 1874—ANTITRUST ENFORCEMENT ACT OF 1978

● Mr. PAUL G. HATFIELD. Mr. President, since coming to the Senate and becoming a member of this committee 3 months ago, I have had the opportunity to witness, with maximum effect, the sublime pulling and hauling that is the substance of the legislative process. I am reminded of the admonition of a Montanan in a letter to my predecessor, who said, "I hope that the Congress will continue to forge ahead in its efforts to turn the country back on a better course."

S. 1874, the bill upon which this committee concludes its hearings today, is perhaps the classic case of "forging ahead to turn back on a better course." On June 9, 1977, the Supreme Court, in deciding Illinois Brick Company against State of Illinois, and others, effectively blunted the power of the indirect purchaser or seller—the individual small businessman or ultimate consumer—to protect himself from price-fixers and monopolizers. No longer, the Court said, may any but direct purchasers or sellers, either as individuals or through State attorneys general, enforce their right to be compensated for injury suffered at the hands of antitrust violators. No longer, the Court said, may any but direct purchasers fulfill the clearly expressed intent of Congress that buyers and sellers act as private protectors of the marketplace by punishing and determining violators through collection of triple damages—a remedy that the Congress gave to the Federal Government and every person in 1914 and to the State attorneys general in 1976, all to be exercised on behalf of the consuming public. The Court said:

> Should Congress disagree with this result, it may, of course, amend (§ 4 of the Clayton Act) to change it.

We find ourselves in the unfortunate position of having to do what we thought was done as long as 64 and as recently as 2 years ago. Disagreeing with the majority, Mr. Justice Brennan, joined by Mr. Justice Marshall and Mr. Justice Blackmun, observed, "It is difficult to see how Congress could have expressed itself more clearly." Evidently, we were not clear enough; so, we must forge ahead to turn back.

Why was the Court unwilling to give the antitrust laws the meaning we intended? The majority's opinion is shot through with negative reasons:

> . . . Unwillingness to *complicate* treble-damage actions . . .; substantially increases the *possibility* of multiple liability . . .; . . *uncertainties* and *difficulties* in analyzing price and output decisions "in the real economic world rather than an economists' hypothetical model"; . . . would add whole new dimensions of complexity to treble damage suits. . . .

Reduced to its simplest terms, the Court said this: Judicial economy and management of the litigative process, with all its speculative variables, are more important than broadening antitrust remedies to include the ultimate seller or consumer, who ultimately foots the bill for antitrust violations through higher prices and increased taxes.

Over the last month, these hearings have taken on the surrealistic appearance described by Dickens in "Bleak House" a century ago—a beleaguered client watching a knot of solicitors, barristers and judges bargaining for his fortune and fate in totally incomprehensible fashion. Go slowly, we are told, this bill may overburden the Federal courts; overall antitrust enforcement might suffer, because direct purchasers might lose the will to sue; hungry plaintiffs' lawyers, says the defense bar—and vice versa—will probably gobble up all the gains to be made, anyway; it is too soon to tell whether and how bad Illinois Brick really is, in the grander scheme of things.

The day before yesterday, a witness opposed to S. 1874 declared:

> But I could talk principles all day without expressing the real hurt in this situation. Lawsuits involve people—and their *lives*!

Then he went on to talk about a client company.

Let us talk about lawsuits, people and their lives. Let us talk about hundreds of independent beef growers who saw an opportunity to do for themselves what the Government either cannot or will not—to take their case alleging price-fixing in the beef industry to court. They took the Congress up on its invitation to let the courts decide. Let us talk about men and women willing to put their own mortgaged resources and risk their livelihoods against their own purchasers, without Government interference, to try to break the chronic cycle of higher production costs meeting lower market prices.

Let us talk about "indirect sellers" of beef who, in Montana last year, lost $80 on every calf they sent to market. These individual sellers, who—as Representative Siverton's statement indicates—are silently supported by numbers far greater than their own, had the courthouse door slammed in their faces after Illinois Brick. Let us talk about 14,700 out of 15,000 wheat growers in four Southwestern States who, due to the accident of being indirect sellers, are on the verge of suffering the same fate. Let us talk about disabled consumers, forced to depend more than most of us upon machines, who are in the same situation. Let us talk about State attorneys general now virtually unable to protect their taxpayer-consumers, institutional and private, from price-fixing conspiracies. Let us talk about consumers in general who will bear the brunt of passed-on overcharges and underpayments, whose only direct purchasers or sellers retain the the right to profit from the triple-damage remedy.

After 17 years on the bench, no one is more sensitive to the issue of wise use of judicial resources than I. Frankly, I am disturbed by the apparent lack of faith all these lawyers have in the strength and discretion of the Federal judiciary. The Court's attitude in Illinois Brick is faintly reminiscent of the position taken by the Government in the Keith case several years ago, to which it so strongly and properly reacted. I have faith that the lower Federal courts will continue to find themselves capable of confronting the difficult issues in indirect-purchaser-seller suits. If they need additional resources, we must give them, and willingly, since we long ago fashioned the remedy and so recently expanded it.

I do not suggest that we abandon caution—far from it, there are complex issues presented by this bill. But, just as I have confidence in the courts, I am confident that this committee and the Congress can meet them. I do suggest, however, that we keep the "real hurt" uppermost in our minds. Congress has made a contract with the people of this country to keep the marketplace open by pledging their own resources to punish and deter antitrust violators. That contract has been broken and it is up to us to rewrite it. S. 1874, in the context of a hard decision already made, does nothing radical. It puts the law where it was before Illinois Brick and its progenitors. The Congress has already concluded that private and State antitrust enforcement is more rational and cost-effective than Federal enforcement. Let us make the remedy live "in the real economic world."

I am privileged to cosponsor S. 1874 and will do whatever I can to assure its swift enactment. ●

VIOLATORS OF "HUMAN RIGHTS"

● Mr. GOLDWATER. Mr. President, in past months, I have repeatedly addressed myself to the selective application by the administration of President Carter's human rights policy in foreign affairs. I have been amazed at how quick the administration is to level charges of human rights violations against countries who have long been friendly to the United States but are governed by anti-Communists.

In a recent column, retired Air Force General Ira C. Eaker addressed this question in a very profound manner.

The column follows:

VIOLATORS OF "HUMAN RIGHTS"

A policy of President Carter's which generally has been applauded world wide has been his vigorous espousal of "human rights."

He had the courage to suggest early in his administration that Russia was a prime offender in this regard.

More recently, spearheaded by Ambassador Andrew Young, the human rights crusade has moved to Africa, with vigorous campaigning against Rhodesia and South Africa. The President's recent African tour emphasized this foreign policy objective.

Strangely, there has been scarcely a mention by the Carter administration of the

recent major violators of human rights. The leading candidates in this field internationally clearly are Idi Amin of Uganda, Castro of Cuba and Pol Pot of Cambodia, in that order, moving to a grisly climax.

The revelations of murder and tribal genocide committed by Amin in Uganda make the human rights offenses of Brazil and Chile pale into insignificance.

Fidel Castro has been by long odds the principal violator of human rights in this hemisphere for two decades. He has forced more than a million Cubans to flee the country and confiscated more than a billion dollars worth of property. He has also confiscated, without compensation, more than three billion dollars worth of property of U.S. corporations. He has jailed, without semblance of trial or justice, more than 100,000 Cubans and other nationals.

More recently, Castro has provided mercenaries, at the behest and control of Moscow, to conquer Angola and intercede in Somalia and Ethiopia.

However, by far the most flagrant of recent violations of human rights has occurred in Indochina, principally in Cambodia. Here, probably three million people have been murdered or starved to death since the Khmer Rouge takeover three years ago. Here, when its magnitude is ultimately revealed, will undoubtedly be the greatest genocide in this century. Lenin and Stalin killed 10 million in their cruel introduction of the Soviet Communist state. Mao tse Tung probably eliminated more than 50 million Chinese, all told, during his periodic "cultural revolutions." Hitler exterminated five million Jews and caused the death of 10 million other Germans in his senseless wars.

Percentage-wise nationally, however, those tyrannies did not compare with what has occurred in Cambodia, where more than three million people out of a total population of less than 10 million have been exterminated in the last three years.

Pol Pot, the shadowy, murderous Cambodian despot, makes pikers of Stalin, Mao tse Tung, Hitler and all other genocide perpetrators of this century. For example, Phnom Penh, Cambodia's capital, has been reduced from a city of more than two million people to less than 20 thousand inhabitants, all Red military.

Yugoslav journalists, recently permitted to visit Phnom Penh, reported among other grisly details, "There is no money, no post, no television, no public transportation, no telephone exchange, no university, no newspapers. The national bank of Cambodia is a heap of ruins. Its safety deposit boxes lie untouched beneath piles of rubble. Nobody seems to care whether they contain money or not."

The U.S. bears a heavy responsibility for the tragedy in Cambodia, Laos and Vietnam. We failed to enforce the Paris Peace Treaty which Secretary Henry Kissinger negotiated without South Vietnamese concurrence. Our present government should protest with every resource at our command the present inhumane, diabolical treatment of our former allies.●

NEEDED: A NATIONAL EXPORT POLICY FOR A MATURING U.S. ECONOMY

● Mr. STEVENSON. Mr. President, I was pleased to see that in his speech before the American Society of Newspaper Editors on April 11, President Carter included among his anti-inflation initiatives the appointment of a Cabinet-level task force, headed by the Secretary of Commerce, to develop additional measures to promote the export of more agricultural products and other goods and services to pay for our purchases from abroad. I understand that the task force is to report back to the President within 60 days of his announcement. The Subcommittee on International Finance, which has been conducting a comprehensive review of U.S. export policy, will be analyzing these proposals in light of the extensive record we have been developing on this subject. I encourage the administration to develop fresh ideas and not be afraid to tackle politically sensitive issues or challenge economic orthodoxy. I hope, as well, that the task force will examine other administration recommendations or actions, as on DISC, and be willing to reconsider the wisdom of such actions in light of our present trade imbalance.

Mr. President, I submit for the RECORD a recent address by Mr. Robert H. Malott, chairman and chief executive officer, of FMC Corp., Chicago, Ill. This address, which was delivered at the Chicago World Trade Conference on April 5, focuses on the need for a national export policy and touches upon concerns that are being examined by the Subcommittee on International Finance in its export policy hearings.

The address follows:

NEEDED: A NATIONAL EXPORT POLICY FOR A MATURING U.S. ECONOMY

I am especially pleased to have the opportunity to address you today.

This 41st Chicago World Trade Conference could not be more timely, from the standpoint of our own country. Consider, for example, these recent news bulletins:

The precipitous and continuing decline of the dollar against virtually all major currencies continues to create worldwide uncertainty and fuel domestic inflation, or . . .

America's trade gap in February tops $4.5 billion, higher than all but four yearly U.S. deficits and the 21st straight month of red ink, or . . .

The preliminary U.S. GNP figure, after stripping away inflation, shows little or no economic growth in the first quarter of 1978, or this . . .

America's worldwide competitive position continues to deteriorate, as 1977 trade balance for U.S. manufactured goods drops nearly 75 percent.

Against that backdrop, world trade itself is suddenly at a perilous crossroads, the spectre of self-defeating protectionism is again in the air. Increasingly we hear talk of a coming trade war. The focus of this morning's session is, in fact, can the U.S. withstand global economic Armageddon. My answer, in short, is "no," although I suspect that this country would emerge less scarred than any other major trading nation if these conditions should come to pass, I do believe, however, that an all out trade war would be potentially catastrophic—an unacceptable option, to be avoided if humanly possible. Like nuclear war, it would be a no win proposition.

But let's look at the reality of the current situation. Economically speaking, we've been engaged in an international guerrilla conflict for some time, although our Government has steadfastly refused to recognize or admit the fact. Possessed by a laudable if unrealistic commitment to "free trade", our policy planners in Washington have not at the same time insisted on "fair trade." And so for years our trading partners, in response to their own national political interests, have been busy erecting a Byzantine array of direct and indirect barriers to the free trade that is our goal (and the free trade that I'm afraid some of our Washington decision makers mistakenly feel already exists.)

Consider, for example, that Italy offers 10 tax and non-tax incentives to its exporting industries. Japan and Germany each provide 13 such incentives to their exporting companies. The United Kingdom offers 14 and France grants a total of 18 incentives—that is, subsidies—to stimulate its exports. Here are just some of the benefits offered by foreign governments:

Sales tax and value added tax refunds on exports;

Forgiveness of income taxes on export sales and foreign source income;

Special subsidies for export-related research and development;

Special deductions for export-related expenses, including accelerated depreciation schedules for export-producing assets;

Competitive export credit and insurance;

Offsets for currenty fluctuations; and

A myriad of trading company tax shelters and artificial non-tariff barriers.

By contrast, the U.S. extends its exporters only one export tax incentive: The Domestic International Sales Corporation, or DISC. International investment banker Donald M. Blinken, who chairs the executive committee for E. M. Warburg, Pincus and Company, put it well in a recent bylined New York Times article (quote): "West Germany and Japan 'collaborate' by providing to industry low-interest long-term loans and attractive export credit and insurance, (and by) granting handsome latitude in depreciation schedules and the timing of tax payments . . . (in contrast), the U.S. Government 'collaborates' by imposing new restraints . . ." (unquote)

One administration official who clearly does understand the country's export problems is Assistant Secretary of Commerce Frank A. Weil, whom you'll be hearing from at lunch. Secretary Weil characterized our export dilemma succinctly in an interview last December (quote): "The U.S. faces today a deteriorating trade position (and) a declining trade balance in manufactured products. For the first nine months of 1977, U.S. trade in manufactured goods was in surplus at an annual rate of only $4.2 billion. This (was) in contrast to a $12.5 billion surplus in 1976. There is some concern that (this) can be attributed in part to a decline in our overall competitive position." (unquote)

Unfortunately, in our key manufacturing sector especially, this country's worsening export posture has largely been obscured by the administration's fixation with the so-called "oil caused trade deficit." The fact is, oil is not the primary culprit. In 1977, U.S. oil imports rose less than $10 billion while the trade deficit increased $21 billion. Or put differently, more than half of last year's unprecedented trade deficit increase can be directly attributed to the decline in U.S. manufacturing and agricultural trade.

Moreover, the oil import problem is here to stay and, despite energy conservation, it's likely to get worse before it gets better. What the U.S. must do is accept substantial oil imports as an unpleasant reality, much as Japan and Germany have—and most successfully, I might add. They import nearly all their oil, but somehow manage to post trade surpluses year in and year out. In fact, the worldwide commercial success of these two countries seriously undermines arguments of U.S. policy makers who blame our $26.7 billion 1977 trade deficit on increased oil imports.

Yet in the face of this record trade deficit, and the $11 billion drop last year in the country's non-oil trade position, the administration proposes phasing out DISC. To almost all segments of the international business community, the proposal is as bewildering as it would surely be counterproductive and dangerous to the U.S. economy.

Contrary to the President's tax message, DISC has clearly increased U.S. exports. Analysis by the Special Committee for U.S. Exports of the Treasury Department's public report shows that DISC accounted for as much as $9 billion of additional U.S. exports since 1971. As a result, U.S. gross national product has increased nearly $22 billion. And although the Treasury Department in its 1977 report to the President ultimately opposed DISC, Assistant Treasury Secretary S. Fred Bergsten recently pointed out that:

One out of very eight manufacturing jobs in the country exists because of exports;

Exports account for 40% of total U.S. production of construction machinery and 30% of our aerospace output;

One out of every three acres of American farm land produces for export, with over *half* of our wheat, soybeans and rice sold abroad;

Almost one out of every three dollars of U.S. corporate profits is derived from international activities of U.S. firms.

Given America's stake in exports, and the recent deterioration in our manufacturing trade position, now hardly seems the time to unilaterally jettison our country's only export tax stimulant. If anything, DISC should be strengthened and the whole role of U.S. exports re-examined in the light of new international economic realities.

Consider, for example, how small a portion of our gross national product this country actually exports. In 1976, America exported only 7.6% of its GNP. This compares to 21.7% for Germany. Excluding the agricultural portion of GNP, the U.S. exported approximately 12% of its manufactured goods in 1976, compared to about 30% for Japan; and in that same year, German exports from the manufacturing sector actually accounted for more than 50% of that country's total manufactured goods.

The significance of these figures is most apparent when one realizes that this country's trade deficit could be overcome by increasing our exports as a percentage of GNP by only 1½%—in other words from 7.6% to slightly over 9%—a goal that would certainly seem attainable in light of our trading partners' performance.

It is significant that the U.S. is the only major industrialized country without a cabinet-level department responsible for international trade; the only nation where vital international economic policies must be tediously debated among a dozen or more government agencies, each with its own self-interest to protect. While other countries aggressively promote exports by a coordinated industry/government effort, we have handicapped our export potential by creating an atmosphere of industry-government confrontation, and establishing a complex, diffuse and often conflicting bureaucracy to deal with our overseas commercial affairs.

There is no focal point. No single top official charged with maximizing this country's international trade. There is no one charged with the mandate to marshall this country's fantastic resources and to counter the promotion mounted by our aggressive competitors.

The blunt truth is this: America's economy is becoming progressively mature in many industrial sectors and the emerging world economy is an increasingly integrated, highly competitive marketplace. Fred Bergsten conceded as much on March 20th in testimony before the Senate Subcommittee on International Finance. (Quote): "In times past, exports didn't matter much—either to the individual (American) firm or the country as a whole . . . (now) the U.S. must become much more export oriented . . . our future prosperity at home is closely tied to our success in boosting sales abroad . . . (and) a healthy, expanding export sector is essential for the long run stability of our external accounts and thus the dollar . . . (therefore) we must avoid protectionist trade policies and provide full government support for the export efforts of American firms . . ." (unquote)

These are welcome words indeed from an administration which is asking Congress to phase out DISC.

However, more than statements of good intentions, we must have action. The U.S. must in fact "join" the international world, in order to ensure competitive participation in new markets, to assure access to raw materials and, when appropriate, to protect our home markets from further encroachment by lower-cost foreign competitors. That the U.S. has been able to get along until now, virtually ignoring export efforts, is testimony to this country's huge domestic market and once great natural resources. However, as Secretary Bergsten suggests, future U.S. business and job growth will depend to an ever greater extent on healthy and expanding exports.

More than ever, therefore, we need a national U.S. export policy, with clearly defined goals and an organization structured and staffed to implement export strategy aggressively and successfully. I propose for your consideration four specific objectives of such a policy, followed by the major policy recommendations which I believe the U.S. must—at a minimum—adopt.

SPECIFIC OBJECTIVES

I believe the specific objective of a comprehensive U.S. export policy should be:

First, to achieve at least a balance of trade, as a key item in maintaining the value of the dollar;

Second, to expand U.S. export-related jobs substantially and continuously.

Third, to gain wide acceptance of the beneficial relationship between international investment and U.S. exports; and

Fourth, to build economic and technological relationships that strengthen diplomatic and defense interests with key countries.

POLICY RECOMMENDATIONS

Given those objectives, let me offer some concrete recommendations which I believe are fundamental to a successful national export policy.

First, America must aim for tax parity with foreign competitors. The U.S. Government must take every action necessary to assure that American companies are not unfairly penalized by other nations' export subsidies. For example, Congress should expand the DISC program as a partial offset to patently obvious tax advantages enjoyed by foreign competitors. When DISC is discussed in GATT, the U.S. should raise the whole issue of discriminatory trade practices, and at the very least retain DISC as a bargaining chip in any such negotiations.

We must also oppose legislation designed to repeal foreign tax credits (which incidentally merely prevent double taxation) and oppose any efforts to impose U.S. tax on income from foreign subsidiaries before it is remitted to the U.S. This requires educating Congress to the benefits of overseas U.S. operations, including their important role of "pulling" exports from this country. We must convince our lawmakers that unilateral changing of these tax practices only discourages U.S. exports and throws a huge extra cost burden on American companies battling for world markets.

It is time Congress began to see international taxation in international terms, and recognize that in the long run domestic jobs are increased and tax revenues enlarged by expanding America's global export activity.

Second, America must aim for credit parity with foreign competitors. The U.S. should strive, through our GATT negotiators, to reduce the excessive credit competition that characterizes international trade. This means taking firm retaliatory action if our foreign competitors persist in offering their exporters covert credit subsidies such as inflation insurance.

Additionally, our export credit policy must provide for a substantial increase in the export-import bank's lending power and the focusing of exim loans on the more difficult credit risks as opposed to those that can be financed through normal banking channels.

Third, America must achieve a reduction of non-tariff barriers to U.S. exports. The major trading nations must begin to press ahead seriously with GATT negotiations and reduce the non-tariff barriers by which other industrialized nations "load the dice" in favor of their exporting industries and against imports of U.S. products. In addition to the subsidies cited earlier, such devices include border taxes, reciprocity agreements, special trade pacts, exclusionary government purchasing policies, and restrictive standards and specifications.

But the U.S. must also recognize the effect of our own "home-grown" barriers to American exporters; specifically, those regulatory constraints, designed to achieve domestic goals but which have had an adverse impact on our competitiveness abroad. Consider the cost effect of OSHA, EPA, the Toxic Substances Control Act and ERISA, for example; the restrictive effect of FDA on our pharmaceutical industry; and the impact of the anti-Arab boycott legislation; what Frank Weil calls "The unintended consequences of well-intended acts."

It is essential, therefore, that Congress take a hard look at laws and regulations—both on the book and proposed—in the light of the new trade realities. No matter how well meaning some of these measures may once have seemed, and however valid others still may be, all must be scrutinized to determine which are absolutely necessary and which are merely hampering our export growth. In addition, we must oppose all attempts to "export" American laws instead of goods, as with the proposal to require environmental impact statements on operations abroad as a condition for obtaining Exim financing.

Fourth, America must build positive economic relations with other nations. As a matter of policy and pragmatism, we should give special attention to less developed countries, not only because they offer excellent, fast-growing market opportunities for U.S. exports, but because LDC's supply us with vitally needed fuel and raw materials to run our industry.

Remember too, that the presence of U.S. affiliates in these countries—helping them build viable economies, creating a preference for U.S. technology, and expanding their natural resource industries—is essential to building mutually trusting and profitable relationships over the long term.

Nor can this fact be ignored: if we stifle U.S. business operations in these countries, they will veer toward and perhaps become dependent on Japanese, European or even Soviet technology—and their political and military loyalties will likely shift in the same direction.

Fifth, America must negotiate non-discriminatory treatment of international investment. This requires establishing well understood and equitable international rules on investment, as in the new OECD guidelines for corporations and governments. It also requires developing guidelines with less developed countries, to ensure that multinational corporations are not subject to unreasonable discrimination or arbitrary violation of agreements.

Sixth, and last, America must expand U.S. Government export promotion programs, and view associated costs, not as expenditures, but as a national investment—in U.S. jobs, increased tax revenues, and in faster GNP growth.

This then is our challenge. If we were to actually implement these recommendations, then I submit that the U.S. would be able to compete effectively with other nations and in time assume the rightful place this country should enjoy in international commerce.

However, to realize our export potential requires two basic changes: one dealing with national attitude; the other with government organization.

We must begin by "selling" the American public on the absolute necessity of increasing America's export capabilities. We must demonstrate how exports help strengthen the U.S. dollar, reduce domestic inflation and create American jobs. In other words, we must show public and politicians alike that exports and foreign investment serve the country's best interest. Specifically, any such public education effort would involve:

Developing authoritative, publicly understandable statistics on the impact of exports and foreign investment on jobs and tax revenues in the U.S.;

Building much greater awareness of the realities of an increasingly interdependent world, and the economic and defense reasons to accelerate growth in the developing countries;

Calling for an end to "the war against multinationals"—the U.S. companies that provide most of our export business and strengthen our economic, political, and military relations in an increasingly dangerous world;

And lastly, developing new understanding with segments of American society with which business has too long been at odds. We should inform the media, communicate with the academic community and establish a dialogue with organized labor in an effort to gain their understanding of how export promotion generates jobs for U.S. workers.

As for Government organization the scattered U.S. bureaucracy now charged with export responsibility must be unified. This means ultimately establishing a Cabinet Department of International Trade. In the interim, a high level coordinating body, comprised of top officials from Commerce, Treasury, State, Exim, and the special trade representative's office, should be convened to oversee and shape a more aggressive export and trade policy.

To sum up, American exporters are hamstrung by both U.S. Government actions and failures to act. And we are hamstrung by foreign government action. The situation is unacceptable and the consequences are becoming increasingly apparent. In light of our severely devalued dollar and the increasing need for U.S. industry to compete effectively worldwide, the time has come for a positive, consistent, determined U.S. export policy. The need for such a national policy has never been greater or clearer—to me and I expect to each of you.

Let me concur with our conference chairman, therefore, about putting our words into action. Although it breaks with this annual conference's traditions, I would like to propose to our conference chairman that before we adjourn tomorrow there be a resolution of this body directed to our Government leaders expressing the critical need for a comprehensive policy on U.S. export. The gravity of our country's export posture demands prompt action—from us and from our Nation's leaders, as well.●

INCOME TAXES

● Mr. GOLDWATER. Mr. President, the American people were reminded again this month of just how much the extravagance of Government is costing them personally in the form of taxes. This is particularly true of the middle class, middle-income people who bear the brunt of our enormous tax bill. As a consequence, more and more people are beginning to ask whether they are getting their money's worth for their tax dollars and just what their representatives in Congress are doing to cut costs of Federal spending.

Recently, the distinguished columnist, Nick Thimmesch, put this whole problem into proper and somewhat frightening perspective in an article written for the Los Angeles Times Syndicate.

The article follows:

DID WE GET OUR MONEY'S WORTH FROM THE INCOME TAXES WE PAID?

WASHINGTON.—This past week must be remembered for the passage of the conclusive Panama Canal treaties and for the culmination of one of the most wrenching income tax seasons on record. We can put the soul-searing canal questions behind us, but not that enormous tax bill we just paid.

Americans are becoming painfully aware that the tax bite from federal, state and local governments is getting so big that, whatever our politics, we sense that something fundamentally wrong is going on in our society.

For decades, comedians, our friends, even the IRS man himself went through the spring rites of making jokes about that poor soul, the taxpayer. But the seasonal jokes always passed after April 15.

This year it is different. Never before has the majority of Americans, the working middle-class, been hit so hard and convincingly.

The myth that lower income people are victimized by our income tax system is dispelled. The Tax Foundation study shows that 25 percent of the taxpayers—those making upwards of $16,000, and therefore the middle-class and beyond—pay 75 percent of the taxes.

Moreover, middle-income people, accustomed to paying 10 or 12 percent of total income to the federal government, now find themselves paying 15 and 20 percent, because inflation has moved them into higher tax brackets. Many an American got raises to compensate for inflation, but actually lost income in terms of real dollars due to higher tax rates.

Income taxes don't end with the feds. States now hit taxpayers with anywhere from 5 to 18 percent income taxes, and many cities dig in for another 3 or 4 percent. Add Social Security tax, and many middle-income Americans wind up paying nearly one-third of their gross to governments. This doesn't even include sales and other taxes.

For years, certain liberal senators have cried "alarm" over how some super-rich pay no taxes at all. Actually, an infinitesimal percentage of taxpayers use legal loopholes to escape taxes. But conventional wisdom leads the non-rich to miss the mark, and vent their anger at this tiny group.

The facts are that the poor pay little or no income tax these days. The rich pay high taxes, but can afford it. It is the middle-class which bears the brunt, and has the right if not the duty to ask: Did we get our money's worth from the tax we pay?

The answer is "no." With the federal budget reaching $500 billion, the national debt approaching $550 billion, and a smaller percentage of people paying in money which in turn goes out to nonworkers, the answer is absolutely "no."

Every aggrieved taxpayer-voter must ask this fall's crop of political candidates two questions: 1—What did you do in 1977-78 to bring federal spending into line with federal income? 2—What did you do to help stop the binge of outright frauds on the federal government which experts reckon cost taxpayers upwards of $12 billion last year?

In the past 15 years, the enactment of "liberal" federal programs has produced a whole population of people receiving federal checks, and also provided billions for a variety of projects designed to improve the lot and abilities of Americans.

The goals of helping the truly unfortunate and of giving certain disadvantaged people a hand on the way up are commendable and worthy of our tax dollars—if they are honestly implemented, and work.

But we have painfully learned that: While billions were spent on federal aid to education, our children's ability to perform basic skills declined; urban renewal and public housing programs worsened cities; the welfare and minority-aid programs actually made people more dependent on Uncle Sam and less able to cope with life; a bigger and bigger share of our huge defense budget went to keep military and civilian "personnel" happy, and didn't improve defense.

And it hurts, also, to learn that billions have been ripped off Uncle Sam by people and firms involved in food stamps, housing programs, health care, job training, and aid of those aforementioned disadvantaged.

Students borrow thousands from the feds and won't pay it back. Doctors learn how to cheat the government on Medicaid (one collected for performing seven tonsillectomies on the same patient). Consultants, lawyers, CETA applicants, grain dealers, vendors of every sort learn how to play the game of filling out government forms and getting undeserved checks in return.

Those who waste or steal federal money wouldn't dare do the same in the private sector. But it's easy to do it to Uncle Sam, because he is us, and we are him.

Who votes to fund questionable programs? Who fails to provide the oversight to ensure that any program is not exploited? Often it is the rich senator or congressman, fretting over the poor and disadvantaged, who salves his conscience by voting the working middle-class' tax payments for federal programs. Nice irony, eh?

The unfortunate consequence is that people lose faith in government, in programs which could help people, and indeed in our income tax system itself. It is proper to ask ourselves: Did we get our money's worth from the income taxes we just paid? Ask the candidate in November.●

THE OLDER AMERICANS ACT

● Mr. WILLIAMS. Mr. President, I recently received a very thoughtful and sensitive letter from one of my elderly constituents, who wanted to express her pleasure in having "a place to go—in this case, the nutrition program in her community. As we conclude hearings on the reauthorization and extension of programs under the Older Americans Act, I feel that it is especially appropriate to stress the considerable benefits that this act has given to so many of our senior citizens.

Only a few days ago, I conducted a field hearing on the Older Americans Act in my home State of New Jersey. My purpose in holding this hearing was to determine from the senior citizens themselves how effective Older Americans Act programs are in meeting their needs. While strengthening of existing services and establishment of necessary projects, particularly in the areas of housing, nutrition, and legal assistance, were major concerns, I was greatly encouraged to view the widespread participation in the present programs, especially the title VII nutrition programs.

The title VII nutrition program for the elderly was added to the Older Americans Act in the 1972 amendments. The intent of the program is to foster better nutrition for older adults, many of whom lack the money, skills, mobility, or incentive to prepare nutritionally adequate meals for themselves. In addition, a very important corollary of the program is the promotion of a social environment for seniors, in an effort to combat the feelings of isolation and loneliness which many of them experience. This aspect of title VII is often as vital to participants as the meals themselves.

I believe title VII has made great strides in meeting both goals. And I would like to cite as evidence the following letter, which most concisely and effectively expresses the feelings of my many constituents who have written to praise this program:

DEAR SENATOR WILLIAMS: Since I've been going to the Nutrition Program I feel so good because before I was all alone and had nothing to do.

I'm going to be 80 years old and I thank God that I have a place to go.

Mr. President, I feel we can be justifiably proud of the achievements of Older Americans Act programs, and I hope we can improve and extend their benefits to even greater numbers of elderly Americans.●

RHODESIA AND SOVIET INTERVENTION

● Mr. GOLDWATER. Mr. President, instead of wasting its time trying to force an agreement in Rhodesia which would include guerrilla terrorists in a majority government, the Carter administration would do much better to start figuring out what it would do if the Russians and Cubans turned their attention from Ethiopia to Ian Smith's country.

This is a very real possibility and a very dangerous possibility so far as American foreign policy is concerned. The whole pattern of Soviet operations in Africa strongly indicates that Rhodesia will eventually become a target of Russian and Cuban military aggression. Already, the Russians are supplying guerrilla forces who are attempting to overthrow the modern government of Rhodesia. And this is in keeping with past action by the Soviets. First there was a testing of the waters by the Kremlin in Angola; ther. there was a bolder venture in Ethiopia. These were carried out without interference from the West, most particularly the United States. And this makes it reasonable to assume that Rhodesia may be next.

The article follows:

IS RHODESIA NEXT IN LINE FOR SOVIET INTERVENTION?

(By Victor Zorza)

The new danger in Africa, just when the Russians and the Cubans should be beginning their withdrawal from Ethiopia, is that instead of going back home they will turn around and go to the aid of the Rhodesian guerrillas. What will the West do then? Its threats have done nothing to get them out of Ethiopia. It was only when the provocation that brought them there in the first place was removed, and the Somali regular forces that had invaded Ethiopia retired in disorder to their own borders, that the prospect of a Soviet-Cuban withdrawal became at all real. There is a lesson here for the West that we will ignore only at our peril.

Somalia was the aggressor in Ethiopia, and the West found itself on the wrong side. That gave the Kremlin the opportunity to introduce its expenditionary force into Ethiopia, with the approval of most African leaders. Now a similar chain of events may be beginning in Rhodesia.

The new Rhodesian settlement negotiated by Ian Smith and the three African leaders inside the country is rejected by the guerrilla leaders now outside Rhodesia, and by most of the black African countries. The West would again find itself on the wrong side if it gave support to the Smith formula, because the "internal settlement" is a transparent device to ensure that the real decisions in Rhodesia will continue to be made by the whites.

That is what Moscow Radio has been telling the Africans, and the analysis cannot be easily controverted. It has also said, more ominously, that the new situation creates "a serious threat to peace" that could be made an excuse for the introduction of Cuban and Soviet military forces. "The leaders of the Patriotic Front." Moscow said, "have stated that they will step up their armed struggle against the illegal Smith regime and its puppets, and will struggle to a victorious conclusion." That is one threat to peace.

The other, which is really the obverse of the first, is that Rhodesian security forces will seek to preempt the stepped-up attacks by Patriotic Front guerrillas based in neighboring Mozambique and Zambia. To do so, the Rhodesian forces would have to cross international borders, as they have done repeatedly in the past, and thus give both Zambia and Mozambique a reason for requesting Soviet-Cuban military aid.

Once again, as in the case of Ethiopia, the Kremlin would be in a position to say that a communist expeditionary force had gone to Africa at the request of a legitimate government to help it against invaders—though this time the invaders would be white.

Ian Smith thinks he knows what he is doing. He believes that the West in general, and the United States in particular, cannot easily afford to allow yet another communist military intrusion into Africa. The United States has tried to prevent the communist intrusion into Angola with little more than angry words, but when those failed it warned the Kremlin that any repeat performances would have grave consequences. But when the Kremlin did repeat the performance, in Somalia, the United States was not in a position to do anything about it—until it was too late. By the time the Somalis agreed to withdraw—partly under prompting from Washington, but also under blows from the communist expeditionary force—there were more than 10,000 Cubans in Ethiopia, a thousand Russians, two Soviet generals, and large stocks of Soviet arms.

The pattern that had so often been anticipated by students of Soviet policy in Africa was assuming an increasingly clear shape. First a testing of the waters by the Kremlin in Angola, and then a bolder venture into Ethiopia, which could become a stepping stone to Rhodesia, so that ultimately Soviet forces could intervene in South Africa when that unhappy land explodes.

The terms of the "internal settlement" and the world reaction to it would make it difficult to keep the Kremlin out if it decided to intervene again. Although the Foreign Office in London and the State Department in Washington have taken refuge in ambiguity, while they try to agree on the next step, the condemnation of the Salisbury deal by Andrew Young, the U.S. ambassador to the United Nations, makes one thing clear. The Western powers will not be able to support Ian Smith in imposing on the Rhodesian blacks a settlement that ignores the Patriotic Front and its guerrillas.

The pictures of happy blacks dancing and chanting their approval of the "internal settlement" do nothing to alter the realities of the situation. True, the camera does not lie—but it is not much help in determining where the political loyalties of the population lie. Those are measured by the ballot box.

Andrew Young takes a different view of Soviet adventures in Africa from that held by Zbigniew Brzezinski, President Carter's national security adviser. Young believes that the Kremlin will not be able to build a permanent Soviet presence in Africa, that sooner or later its own blunders, and African pride, will lead to the expulsion of Soviet influence, as has happened so frequently in the past. Brzezinski, who is more concerned with the global strategic picture than with what happens just in Africa, is sometimes accused of taking unthinkingly the alarmist view of Soviet actions, which is said to come automatically to a man with his Polish American background.

But there is one important element in that background that should put him on Young's side. Anyone steeped in Polish history as he is will remember the "internal settlements" imposed by Russia on Poland during an occupation that lasted more than 100 years—and the refusal of the great majority of the population to acquiesce in them, even though the Russians usually managed to find a few Polish leaders who were prepared to act as their puppets.

The parallels with the black leaders who accepted Ian Smith's "internal settlement" may not be exact, but they are sufficiently suggestive to give pause to a man with Brzezinski's background. He certainly wants to stop Soviet incursions into Africa once and for all—but he may find that the way to do it is to give greater U.S. support to those African leaders, in Rhodesia and elsewhere, who cannot be accused of being quislings by their compatriots.

If the West allows itself to be maneuvered once again into the position of supporting the wrong side, then it will also find itself on the losing side—and the Kremlin will have made another gain in the steady unfolding of its African strategy.●

DEFENSE POLICY COMMENTARY

● Mr. INOUYE. Mr. President, the Honorable Clare Boothe Luce, whose distinguished career has included service as a Member of Congress and as Ambassadress to Italy, recently shared with me a copy of a letter written by Gen. Edwin Black, a retired brigadier general who headed the Army support command in Thailand from 1967 to 1968 and is now director of industrial development of American Samoa.

The letter, which appeared in the Honolulu Advertiser on Monday, February 27, 1978, raises fundamental questions about our present defense policies. General Black's comments are interesting and thought provoking. I believe they are worthy of our study and concern. I therefore ask that General Black's letter be printed in the RECORD immediately following my remarks.

The letter follows:

[From the Honolulu Advertiser, Feb. 27, 1978]

LETTER TO DEFENSE SECRETARY BROWN

(By Edwin F. Black)

Dear Mr. Secretary,

Last month you justified your $126 billion defense budget request to Congress on the basis of the Carter administration's position that in terms of strategic nuclear power "a rough equilibrium exists" today between the United States and the Soviet Union.

Now just what the hell does that mean, Dr. Brown?

Does it mean that we can go to bed at night confident that our children will have a better chance to grow up enjoying the benefits of freedom and peace than they did back in 1962 during the Cuban missile crisis when, in Kissinger's own words, we held "a 5–1 superiority in strategic missiles, a 3–1 superiority in strategic bombers, total naval superiority everywhere, and rough equality on the ground in Europe"?

Or does it mean that America stands today on the edge of a precipice, in imminent danger of falling into a position of strategic inferiority from which we may never recover?

Please give it to us straight, Dr. Brown. We may not be privy to your classified defense studies, but we have a gut feeling that you can't have it both ways.

We understand that the quantitative and qualitative comparison of U.S. and Soviet nuclear arsenals is a complicated process. But we know how to read a corporate annual report and we're just not satisfied when you say the strategic forces of the two great powers are roughly equivalent. Are you acting as some nuclear-weapons Price Waterhouse, certifying the administration's balance sheet on national security by some arcane set of "generally accepted accounting principles?"

If so, we are entitled to know what's in the fine print.

Are you changing depreciation from accelerated to straight line? The B–52's are more than 20 years old. Are you deferring costs in expectation of future revenues by delaying the Mobile MX ICBM? Are you changing the value of inventories by revising MIRV accuracies? All these are old tricks in the CPA trade. But the figures in the defense budget represent not "supermoney" billions, but lives. Lives of the American people.

Skip the doublespeak, please. The annual Defense Posture Statements are public documents. Since 1960 they spell out the shift in America's relative strategic position with respect to the Soviet Union from one of clear superiority to one of numerical inferiority—an inferiority legalized for the world to see in the SALT I accords.

We are not totally uninformed. We have read the recent papers of the Committee on the Present Danger, a committee made up of responsible citizens who have served our country in senior national security positions in the past. We know the picture is far from rosy so let's not beat around the bush.

Suppose a "rough equilibrium" exists today. What does that mean in terms of tomorrow? We know enough about lead times to understand that it takes roughly a decade for a new weapons system to become operational and in the hands of troops. This being the case, we realize we must act on the basis of U.S. and Soviet defense trends. And with lead times being as long as they are, we realize these trends have a momentum of their own which, if allowed to go on unchecked, could become irreversible.

Although you tell us that the Russian defense effort is now some 20–40 percent greater than ours, you make no call in your current budget for significant additions to the U.S. strategic forces. Is this any way to deal with the problem of relative defense trends? Surely you must be familiar with your predecessor Defense Secretary Rumsfeld's warning of March, 1976, that:

"The secretary of defense and the president in the mid-1980s will have little basis for confidence in the adequacy of U.S. military capabilities if the adverse trends we have observed in the past 5 to 10 years are allowed to continue."

If you missed that, you may have read Rumsfeld's predecessor's warning in the February 1976 Fortune magazine. Here former Defense Secretary Schlesinger emphasized that "No one, however, can challenge the overall trends or their long-term implications. A continuation of such trends over a period of years would leave the United States markedly inferior to the Soviet Union in gross military power. . . .

"Power remains the ultimate sanction in dealing with potential conflict . . . The United States today still represents the only potential counterweight to the military and political power of the Soviet Union. There is no one else waiting in the wings. There will be no deus ex machina.

"That the United States alone has the power to serve as counterweight to the Soviet Union continues to be an ineluctable fact—just as it has in the entire period since 1945. We may resent that fate or accept it soberly, but it remains the fundamental reality of global politics."

As far as we are concerned it is this reality which explains why in the 1962 when we had an acknowledged strategic superiority we could make the Russians pull their missiles out of Cuba. And it also explains why, now that we are roughly equivalent in strategic power, our vapid protests against the Soviet deployment of Cuban troops to Angola and Ethiopia remain ignored.

Only a few nights ago the TV news broadcast announced that Soviet pilots were flying MIG–23s from Cuban air bases. The official explanation, passed on to us listeners, was that since all the Cuban pilots were already fighting in Angola and Ethiopia there was no one left but the Russian instructors to fly the regular air patrol missions for the Cuban government.

What the devil is going on, Mr. Defense Secretary? Should we prepare ourselves for some future announcement that Cuban soldiers have joined an anti-U.S. wet-back guerrilla force operating back and forth across the Mexican border?

Getting back to the more important matter of maintaining the present "rough equilibrium" of U.S.-Soviet strategic forces when present defense trends continue to be as adverse as your last two predecessors have reported, we can only surmise that you are under instructions from the president not to strengthen our strategic forces as this might interfere with the ongoing SALT II negotiations.

In this regard we assume you are familiar with Public Law 92–448 which specifies guidelines for these negotiations. Specifically it says that any future arms control treaty should "not limit the United States to levels of intercontinental strategic forces inferior to the limits provided for the Soviet Union."

Reaching such an agreement on paper is one thing. But maintaining our present tenuous strategic parity is a national responsibility involving such hard realities as lead times and your current defense budget.

What we would like to know, Dr. Brown, is how can we get there from here when your budget:

Defers funding for the mobile intercontinental ballistic missile.

Closes the production line for the Minuteman missile.

Ends the B–1 supersonic manned bomber program.

Provides for only one Trident ballistic missile submarine when you had authority to opt for two this fiscal year.

Provides no money for the Navy's planned aircraft carrier.●

POISON IN THE WIND

● Mr. HART. Mr. President, as my colleagues know, Denver, Colo., used to be known for its blue skies and clean air. Today it is one of the "dirty dozen"—one of the most polluted cities in the country.

Our problem is primarily the automobile, which contributes 95 percent of the carbon monoxide in our air and 85 percent of the hydrocarbons. As a result, health standards were violated on 1 day out of 3 in 1975, and on some days levels of these pollutants were as much as three times higher than health standards permit. We are working to solve this problem at every level of government, and I will be seeking Federal funds to help the State in its efforts.

Today, I would like to share some important information on air pollution and the health effects of carbon monoxide in high altitude environments like ours. This information was presented recently in a television documentary entitled "Poison in the Wind," which was produced by KMGH–TV in Denver. I have paraphrased some of the important points the program made:

At high altitudes, where there is less oxygen, the dangers of carbon monoxide pollution are greater than those at sea level. Not only do cities at high altitudes have less oxygen, they also have more carbon monoxide because cars emit more at higher elevations.

A 1973 study shows that, among nonsmokers nationwide, the people in the Denver metropolitan area have the Nation's highest levels of carbon monoxide poisoning in their blood. Even Los Angeles was lower. This high amount of carbon monoxide in the blood indicates a chronic state of poison that damages enzymes and cellular tissue.

Air pollution can cause the same damage to an individual's coronary and pulmonary system as smoking. Research cited in the documentary indicates a possible connection between carbon monoxide and atherosclerosis as well.

Tests on pregnant women in Los Angeles have shown that the fetus takes in more carbon monoxide than the mother. It is already known that women who smoke have smaller babies. Now it appears that birth size might be affected by air pollution as well. Other problems such as congenital defects and slight mental retardation might also result from exposure to high levels of carbon monoxide during pregnancy.

Because people in Denver like to jog both outdoors and in gymnasiums, the producers of "Poison in the Wind" compared carbon monoxide levels inside a downtown gym with the outside air. Dr. Thomas Kurt of the University of Colorado Medical Center's emergency room conducted this study and offered the following observation:

Above me in the track of the central YMCA are runners who are running presumably to induce physical fitness and to reduce their incidence of coronary heart disease. It's rather ironic that low levels of carbon monoxide such as this (19 parts per million) have been shown in laboratory animals such as rabbits and chimpanzees to produce atherosclerosis. So in a way we have a counterproductive situation. Carbon monoxide levels that might be producing atherosclerosis and runners above us who are trying to prevent atherosclerosis.

After investigating carbon monoxide levels during rush hour in the downtown area, the program examined carbon monoxide levels in suburban communities—where many people believe there is little or no air pollution problem. To test suburban carbon monoxide levels the Environmental Protection Agency placed a carbon monoxide monitor in a home located 15 miles from downtown Denver. The test results showed that even in this location Federal clean air standards are being violated.

There is, of course, much more information about the adverse health effects of air pollution. In one sense, however, Colorado is fortunate. Citizens are becoming aware of the problem and trying to reduce their driving, the health consequences are finally being discussed, and TV stations like KMGH are shedding light on the problem and what can be done about it. I would be happy to provide the full script of this excellent program, "Poison in the Wind," to anyone wishing to read it.●

A SERMON BY THE REVEREND HENRY L. CHENNAULT, APRIL 17, 1978

● Mr. THURMOND. Mr. President, on Easter Sunday, March 26, I had the pleasure of hearing a sermon by the Reverend Henry L. Chennault, pastor of the First Baptist Church in my hometown of Aiken, S.C. In the sermon, Reverend Chennault discussed the meaning of the Resurrection of Jesus. It was not a dry, academic discussion, the all too familiar kind of sermon that sets a congregation to coughing, shuffling feet, and taking frequent, furtive glances at their watches. Rather, this was an original, forceful, dramatic presentation full of learning, wisdom, and human sympathy. It riveted the attention of everyone in the church.

After the services, I asked Mr. Chennault if he would favor me with a copy of his remarks, and he was kind enough to agree. Even though cold print cannot give the impression of the effect of the sermon, so skillful was the delivery, I feel that my colleagues would enjoy reading it. To enable them to do so, I ask that it may be printed in the RECORD.

The sermon follows:

THE AWFUL HOURS

(By Rev. Henry L. Chennault)

All of us had some bad moments in the course of our space exploits; I remember especially those minutes of sound "blackouts." It was during these times we could receive no voice communications from the astronauts.

I recall how anxiously we awaited John Glenn's re-entry into the atmosphere of the earth. For a period of several minutes we did not know whether or not his heat shield had held—whether or not he was securely safe or seared beyond a cinder.

I remember vividly the Apollo 8 Astronauts; when they went beyond the moon on their last scheduled lunar orbit and were out of communication, they fired their rocket in order to escape the moon's gravitational pull. How we waited for those long, awful minutes to pass for them to come out into open space again so we could know if they were on their way back to earth or locked in an eternal lunar orbit.

As awful as those moments were, none can compare with the chilling, haunting hours Humanity spent when Jesus was silent and sealed inside that tomb.

What happened in those awful hours?

First, *The dead were all waiting.* Those who had died with their faith in God waited to see if they had lived in faith or in fantasy and foolishness. If Jesus stayed dead, then Isaiah was a liar, "He shall prolong his days. . . . He shall see the travail of His soul and be satisfied." If Jesus stayed dead, Abraham was a faker, "out of thee shall come forth a great blessing to all people." If Jesus stayed dead, Abraham was not a blessing but a curse. If Jesus stayed, Shadrach, Meshach and Abednego had been victims of hallucinations; they thought he was inside the fiery furnace with them.

If Jesus stayed dead, then every little Hebrew woman who had prayed for her children, every dedicated Hebrew man who had sacrificed to his God, every trustful Hebrew child who had said his prayers at night—all these had no more from their efforts and faith than psychological charge in the face of human fragility and futility.

The ones who had died without having any faith in God also waited because if Jesus stayed dead, then they had lost nothing. In fact they had won! For they had lived unto themselves. It meant Jezebel had won—she had satisfied her lust for land, power, and wealth and had gotten away with it.

It meant Pharaoh had won—the Hebrews left Egypt for a Promised Land—a land which none of them, save two, would ever reach. Pharaoh had lost a battle, but he had won the war—if Jesus stayed dead.

It meant the Serpent had won, his lie to Eve and Adam has borne its fruition. His lie was not the truth if Jesus stayed dead. Because of Satan's interpretation of sin, man now could taste the pleasures of sin for more than a season. There could be no punishment. The grave would be the end. All meaning to living would be in the living. The head of the Serpent would not even be bruised. The head and the heart of the Seed of woman was crushed—so long as Jesus stayed dead.

It meant also that Herod the Great had won. He had tried to kill Jesus by slaying thousands of innocent Hebrew boys. But now he had won. His son had played a part in the execution of Jesus. With Jesus' death all the Herods were victorious.

Secondly, while the dead all waited, the living all waited, too. The scoffers waited—this was their day. They had asked "By what authority do you do these things?" They had cried out in Pilate's palace, "Crucify Him." They had reviled Him on the cross.

With His death these scoffers perhaps were a bit more subdued, but in these awful hours they were still jubilant. Yet in spite of jubilation their fears were shown; they had condemned Him by using His words about destroying the temple and rebuilding it within three days as evidence of political sabotage and saber rattling. In these awful hours they admitted to seeing the truth of his meaning. They feared His resurrection; so they asked Pilate to secure his tomb with a squad of soldiers. This done, they continued in their religious festivities.

Also, the soldiers waited—on guard duty. It was just another dirty detail to pull this duty! Can't you imagine the comments made in the barracks vernacular about how utterly ridiculous it was to guard a dead body and make sure it didn't get up and walk away! This duty made about as much sense to those soldiers as busy work does for any soldier. To them it was like digging a ditch to have something to do and then filling it up again to have something else to do. No doubt the soldiers had much rather have been in the relative comfort and warmth of their barracks and beds than around a damp campfire and cramped cemetery.

And the disciples of Jesus were waiting. Perhaps they were pondering Job's questions "If a man dies, shall he live again?" As they contemplated life, they may well have been saying something akin to Shakespeare's words from Macbeth's mouth: "If (life) is a tale told by an idiot, signifying nothing."

What hope did Jesus' words, spoken just hours before, have for them now: "I go to prepare a place for you . . ."? Was that place a cross and a borrowed tomb?

And, finally while the dead waited and the living waited all of us yet unborn waited.

You see we were there. He died for our sins. "He was wounded for our transgressions. "He was bruised for our iniquities."

He took our place. "The chastisement of our peace was upon Him and with His stripes we are healed.'"

He forgave us for our part. "All we like sheep have gone astray. We have turned every one unto his own way."

Paul dared to look into the abyss of the awful hour. He speaks for us. If Jesus stayed dead, Paul saw for us: The futility of preaching, "If Christ be not risen, then our preaching is in vain;" and he saw the vanity of faith "if Christ be not risen, your faith also is in vain." If Christ stayed dead, he saw the falsehood, the lie of Christian witness, "Yes, we are found liars of God, because we witnessed that He raised up Christ." He saw the eternity of sin, "If Christ is yet dead, you are yet in your sins." And he saw the doom of the dead, "Then they also that are asleep in Christ have perished." Those awful hours were deciding for us about life and death. What happened during those awful hours?

Except for these briefest comments God's word is silent. But let us think about what possibly did happen. Our imagination can fill in the gaps. A friend of mine captured those moments in these words:

And alone, all alone, this Jesus took in His own perfect self
The stinging deathly poison of sin and slowly He laid His head on His breast
And breathed one last breath of life and they laid Him in a lonely grave
And the angels folded their wings and wept like a little sick child.
But the demons of hell danced round the door of that tomb and they danced, and they danced and they danced.
For two days and nights, not a smile, not a song came from the heavenly place of God.
Then early that morning, the great God and Father of all the universe
Turned and commanded that tall angel at His right hand "Call forth the angels,
"Bring forth the choirs of heaven
"Prepare for singing and rejoicing
"For the Son of God is coming home."
And as though His command had been heard in the darkness of that cold grave,
Jesus turned and slowly He rose up to His feet.
And as He stood He took one step toward the door, and with that step the earth shook down to its center.
And with another step a cry came up from the heart of hell
As Satan's power was crushed beneath the might foot of the Son of God.

And reaching the door Jesus turned and standing with his feet back on the earth He had made
He looked down into the bleeding wound He had left in the side of death.
He cried, "Oh Death, where is the mighty sting that has killed my man
Where is the grave that can hold my children?"
And He waited and He waited but no answer came for death had lost His face, and slipped away in shame.
And Jesus on that day gave man a Saviour, a Saviour of the world.●

Mr. ROBERT C. BYRD. Mr. President, I am expecting the minority leader.

Mr. President, I wish to proceed for 5 minutes.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

SENATE RESOLUTION 442—COMMENDATION OF LEE WILLIAMS

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a resolution that is offered by me on behalf of myself, Mr. BAKER, and all other Members of the U.S. Senate, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 442) commending Lee Williams for long, faithful, and exemplary service to the United States Senate.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President—

When a man does a deed that you really admire,
Don't leave a kind word unsaid
For fear to do so might make him vain
Or cause him to lose his head,
But reach out your hand and tell him "Well done,"
And see how his gratitude swells.
It is not the flowers that we strew on the grave;
It is the word to the living that tells.

Mr. President, the Senate is losing one of its most valuable resources with the retirement from the policy staff of Lee Williams.

Lee Williams has been a Senate staff member for 23 years, including service since 1975 with the Senate Democratic Policy Committee.

Since I became majority leader in 1977, Lee Williams has served as general counsel to the Policy Committee and he has consistently rendered wise, efficient, and dedicated assistance to me and to the Senate.

A graduate of the University of Arkansas and its school of law, Lee Williams practiced law in Fayetteville, Ark., for 2 years before joining the staff of former Senator J. W. Fulbright in 1955. From 1955 to 1960, he was a legislative assistant to Senator Fulbright, and in 1960 he became Senator Fulbright's administrative assistant. He remained in that capacity through 1974.

Senator Fulbright was a senior Member of the Senate with major responsibilities, and he benefited greatly from the dedicated service of Lee Williams.

In recent years, through his work with the Policy Committee and through his work with Senator Fulbright, more and more Senators have come to know Lee Williams and to recognize his outstanding qualities.

I personally will particularly miss Lee Williams and his helpful advice, and I know that all Members of the Senate regret his departure.

It is fitting that we honor Lee Williams today with this resolution cosponsored by all 100 Members of the U.S. Senate and that we pay tribute to his long, faithful, and exemplary service to the U.S. Senate.

Mr. President, I am trying to think of some lines written by Longfellow.

I am not sure that I can recall, I will try:

I shot an arrow into the air,
It fell to earth, I knew not where;
For, so swiftly it flew, the sight
Could not follow it in its flight.
I breathed a song into the air,
It fell to earth, I knew not where;
For who has sight so keen and strong,
That it can follow the flight of song?
Long, long afterward, in an oak
I found the arrow, still unbroke;
And the song, from beginning to end,
I found again in the heart of a friend.

Mr. President, to the best of my recollection, Lee Williams is the only employee whom I have had in the course now of more than a quarter of a century on Capitol Hill whom I have ever addressed while he was an employee of mine as "my friend." I do that today in referring to Lee Williams. I know that all Members of the Senate join me in expressing our profound appreciation to the old Arkansas Traveler, Lee Williams, and in wishing him the best in the years ahead.

[Applause, Senators rising.]

Mr. BAKER. Mr. President, it is often my opportunity to bring a partisan perspective to proceedings of the Senate. It is less frequently my opportunity to join in unanimous acclaim for a proposal or legislative act. In that regard, I can recall no occasion when it has been such a distinct pleasure to rise to bring total and unanimous bipartisan praise to a deserving and distinguished officer of the Senate.

While Lee Williams has served the Democratic Policy Committee and the majority leader with great distinction, he has also been an active and willing participant in the effort of the bipartisan leadership to conduct the business of this body.

I have never had a single occasion to doubt the sincerity, the honesty, or the candor of Lee Williams. I have never found a single occasion when he was less than totally cooperative, pleasant, cordial, considerate, and always efficient.

I, too, am proud to address Lee as "my friend," as I am sure each Member of the Senate would be on this occasion.

My colleague on this side of the aisle, the distinguished Senator from Alaska, TED STEVENS, the Republican assistant minority leader and whip, is not present on the floor at this moment because it was necessary for him to leave on a trip to the State of Alaska.

But knowing that this matter would be brought to the attention of the Senate in his absence, he asked me especially to convey to Lee Williams his appreciation and congratulations for many favors done so willingly and so well. We all join in wishing Lee the very best in the future.

Mr. RANDOLPH. Mr. President, the words, the heartfelt words, of the able majority leader (Mr. ROBERT C. BYRD) and the equally good appraisal and very honest appraisal of the able minority leader (Mr. BAKER), these two gentlemen representing as they do, and rightly so, the leadership of this body, speak for all of the Members, the 100 Members of the Senate.

But, being in the Chamber at this time, I would want not to speak words or express accolades because I might even lessen the effectiveness of the words they have spoken But I would want the RECORD to indicate that I had lifted my voice because it is a privilege to do so, not so much in recognition of Lee Williams but in the understanding I have had day by day of the constancy of his friendly, his fair, and his knowledgeable service to all the Members of the Senate of the United States.

It is sometimes good to wish a man well, but the future will hold continued success and service for Lee because he has done so well here. His proven years with many of us over a long period of time are the testimony of a good servant not only to us but through us to the American people.

Lee, the very best.

Mr. BUMPERS. Mr. President, when I ran for Governor in 1970 in the great State of Arkansas there were seven other candidates. I remember one candidate in particular. It did not make any difference what part of the State we were in, whether it was the southwest or northeast corner, he would always say, "I was born just 10 miles from here."

I remember one night—it was not me but another one of the candidates said, "You know, I have heard So-and-So say all over the State that he was born 10 miles from wherever we are." He said, "His mother either had the longest labor or his father had the fastest covered wagon I ever heard about." [Laughter.]

In 1974 when I started running for the Senate against Lee Williams' former employer, the distinguished Senator Fulbright, everywhere I went people would say, "Dale, I would like to help you, but Lee and I went to school together."

Before the campaign was over I became convinced that Lee had not tried to convince everybody that he went to school with them. It was just that everybody wanted his friendship so badly they enjoyed telling people they went to school with him.

I remember, incidentally, one big political rally in 1974 up at the University of Arkansas, and a gentleman, who was a

surrogate there, speaking for Senator Fulbright, made what I thought was probably the most damaging point that could be made in that campaign. He said, "if Senator Fulbright is defeated, Lee Williams will be without a job."

It frightened me to death because I knew all those people in the audience did not want to see Lee without a job, and I promised them, if I were elected, I would see that he was taken care of. Of course, fortunately, I did not have to fulfil that promise.

I say those things facetiously and in partial truth. But when I first came here Lee and I had just a little bit of a standoff relationship with each other. It began to warm, and I felt that there was going to develop a genuine feeling of friendly rapport.

I can tell you, Mr. President and my colleagues, that what started as a standoffish relationship has developed into one of the warmest friendships I have ever had with any man. I consider Lee Williams not only an able person in every endeavor he has ever undertaken, but he has been a stalwart for the Democratic Policy Committee. I do not believe anybody in this body has ever felt that Lee Williams put him off, did not give him a totally candid assessment, or answer whatever question he had.

He is going to be difficult to replace. I consider him my friend, and I am pleased to stand in this body and say before the world that I think he is one of the finest men, one of the ablest public servants, I have ever known.

I thank the Chair.

Mr. SARBANES. Mr. President, it would be difficult to add to what my colleagues have said about Lee Williams, and I hesitate therefore to take the floor. But as one who has been here now for just under 16 months, I did want to express my own deep sense of gratitude to Lee for the wise counsel and the sage advice, one might almost say the tutorship, that he has provided, at least to this new addition to the Senate of the United States.

I do not know of anyone who brings to the work at hand a greater commitment, a sharper intelligence, a greater sense of integrity and, above all, just plain human decency than Lee Williams.

He has been a strong and positive influence in this body. I think the fact that we are here today speaking with such respect about his service is a reflection of that. As others have stated, he has truly indeed become a friend, and we are all grateful to him for how he has helped us and, hopefuly, through helping us, served the country in a very fine and positive way.

Mr. HODGES. Mr. President, I shall only speak briefly.

On a Friday at noon, December 9, 1977, I was practicing law in my office in a town of 8,000 in Arkansas. The following Monday I was sworn in as U.S. Senator. I do not have to tell anyone this is a fast track.

Lee Williams had been a friend of my father, and he was one of the first people to whom I turned for help. Not only has he never turned me down, but he has been of benefit far beyond my ability to tell here.

There may be those who will look at me and say, "Well, that's not one of his better accomplishments, and he hasn't done much," but you should have seen me before Lee polished me up.

He is a great friend. Arkansas is not only proud that he is from there, but we count him as one of our own. He does not belong to Washington, he does not belong to our great majority leader, and he does not belong to the Senate. Lee Williams belongs to the State of Arkansas, and I am here to reclaim him for that State. He is only on loan to you here, to this city, and to this great Nation.

I am proud of you, Lee Williams, and thank you for all the things you have done for me through the years, and for our great State of Arkansas.

The PRESIDING OFFICER (Mr. PELL). The Chair wishes to join with other Senators in stating his affection, regard, and respect for Lee Williams. The question is on agreeing to the resolution.

The resolution was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

Whereas, upon the retirement of Lee Williams, the Senate wishes to express its appreciation for his twenty-three years of service as an employee of the Senate and his over three years as Counsel to the Democratic Policy Committee; and

Whereas the said Lee Williams at all times has served the Senate with high efficiency and abiding devotion; and

Whereas his unsurpassed service and his unfailing dedication to duty have earned for him our affection and our esteem: Now, therefore, be it

Resolved, That Lee Williams be hereby commended for his long, faithful, and exemplary service.

SEC. 2. The Secretary of the Senate is directed to transmit a copy of this resolution to Lee Williams.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, there are certain measures on the calendar which, if we can pass them today, will relieve the Senate of being in session on tomorrow, because there will be nothing that I could call up for tomorrow.

I ask unanimous consent that the Senate proceed to the consideration of the following calendar numbers in order: 688, 689, 690, 691, 692, 693, 694, 695, 697, 699, 700, 701, and 702.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, the majority leader has identified the measures that appear as cleared on our calendar, and we have no objection to their consideration at this time.

FEDERAL DIVERSION ACT OF 1978

The Senate proceeded to consider the bill (S. 1819) to reduce the cost of operating the Federal criminal justice system, reduce the criminal caseload of the Federal courts, and establish alternatives to criminal prosecution for certain persons charged with nonviolent and, in selected instances, violent offenses against the United States, and for other purposes, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Federal Diversion Act of 1978".

SEC. 2. The Congress finds and declares that (a) the interests of operating the Federal criminal justice system efficiently, protecting society, and deterring individuals charged with violating criminal laws from future criminal acts can be served by creating alternatives to prosecution; and (b) such alternatives can be accomplished in appropriate cases without losing the general deterrent effect of the criminal justice system.

SEC. 3. (a) Title 18, United States Code, is amended by adding immediately after chapter 209, a new chapter 210, as follows:

"Chapter 210—DIVERSION

"Sec.
"3201. Definitions.
"3202. Admission to diversion program.
"3203. Voluntariness of waiver of rights.
"3204. Inadmissibility of diversion information.
"3205. Continuation and dismissal of charges.
"3206. Termination; review; completion; withdrawal.
"3207. District planning group.
"3208. Authority of the Attorney General.

"§ 3201. Definitions

"As used in this chapter, the term—

"(1) 'eligible individual' means any person against whom a prosecutable case exists for an offense against the United States where—

"(A) the alleged offense did not involve the threat or infliction of serious bodily injury to other persons;

"(B) it is reasonably foreseeable that the person will not commit violent acts if admitted to a diversion program;

"(C) the person has not exhibited a continuing pattern of criminal behavior;

"(D) the person meets the criteria established by regulations issued by the Attorney General and guidelines established by the attorney for the Government in the district where the indictment, information, or complaint is filed; and

"(E) the person is admitted to participation in a diversion program by the attorney for the Government in the district in which the indictment, information, or complaint is filed;

"(2) 'diversion program' may include, but is not limited to, medical, educational, vocational, social, and psychological services; corrective and preventive guidance, training, and counseling; provision for residence in a halfway house or other suitable place; other services designed to protect the public and benefit the individual; restitution to victim of the offense or offenses charged; and uncompensated service to the community;

"(3) 'diversion plan' means a written agreement, signed by the eligible individual, defense counsel, diversion administrator, and the attorney for the Government, that states those elements of a diversion program in which the eligible individual will participate to assure that he will lead a lawful life, and states the length of time required to complete the plan; but, in no event shall a diversion plan exceed twelve months except to allow the person admitted sufficient time to make restitution; and

"(4) 'diversion administrator' means a person designated by the Attorney General, after consultation with the district planning group, as administrator of the diversion program.

"§ 3202. Admission to diversion program

"(a) The diversion administrator or his assistants shall, to the extent possible, upon arrest or the issuance of a summons or as soon thereafter as possible, review the allegation against each person charged with a criminal offense against the United States and interview each person who he believes may be eligible for diversion. The diversion administrator shall then make a report to the attorney for the Government on the eligibility of each person charged. A person who has not had the allegations against him reviewed may request to be considered for admission by application to the diversion administrator. The attorney for the Government may require further investigation by the diversion administrator of a person being considered for admission with the consent of that person. If the attorney for the Government determines that a person is suitable, the diversion administrator shall prepare a diversion plan. Upon agreement of the attorney for the Government, diversion administrator, eligible person, and defense counsel about the elements of the plan, the attorney for the Government shall assign supervision of the plan to the diversion administrator. A determination of eligibility or suitability by the attorney for the Government shall not be subject to review except as otherwise provided by law.

"(b) The diversion administrator shall report to the attorney for the Government on the progress of the person in carrying out his plan in a manner and at times the attorney for the Government and diversion administrator deem appropriate and shall at the same time provide a copy of each such report to the person and defense counsel.

"§ 3203. Voluntariness of waiver rights

"No person shall be admitted to a diversion program unless he has voluntarily agreed to participate and has received a copy of his diversion plan, and has voluntarily waived, in the presence of a judge or magistrate and with the advice of counsel (except in a case where counsel has been voluntarily waived), all applicable statutes of limitations and his right to speedy trial for the period of diversion.

"§ 3204. Inadmissibility of diversion of information

"Whenever a person is admitted to a diversion program and his diversion plan is later terminated or the person withdraws and prosecution is resumed, any statement made or other information given by the person in connection with the determination of his eligibility or suitability for the program, any statement made by the person while participating in the program, and any statement, report, or other information concerning his participation in the program shall not be admissible against the person on the issue of his guilt of the offense that was the basis for diversion in any judicial proceeding in which he is accused of the offense. This section shall not be construed to limit the admissibility of any information for purposes of impeachment.

"§ 3205. Continuation and dismissal of charges

"In each case involving a person who is admitted to a diversion program under this chapter, this criminal charges against the person shall be continued without final disposition for the period agreed upon in the diversion plan, unless the admission is terminated, completed earlier, or the person withdraws pursuant to section 3206 of this chapter. Upon the expiration of the diversion period, the attorney for the Government shall file a dismissal with prejudice as provided in section 3206(c). Nothing in this paragraph shall be construed to limit further investigation of the offense charged or presentation of evidence to a grand jury during the diversion period.

"§ 3206. Termination; review; completion; withdrawal

"(a) If the attorney for the Government finds the person is not fulfilling his obligations under the plan, or has discovered facts previously unknown to him demonstrating that the person is not suitable for diversion the attorney for the Government may resume prosecution. The attorney for the Government shall make a written statement of the factual basis for his determination to resume prosecution and transmit copies to the person and to defense counsel. The person and defense counsel shall thereafter be notified of their opportunity to appear before the attorney for the Government and the diversion administrator to contest the determination within a reasonable time as established by the Attorney General.

"(b) If the person fails to contest the determination of the attorney for the Government within the time specified, no further review of the determination shall be granted. If, on the appearance of the person and defense counsel before the attorney for the Government and the diversion administrator, the attorney for the Government determines that prosecution shall be resumed, the person may petition the court for review. If the court finds that no fact exists upon which the attorney for the Government could base a determination to resume prosecution, the court shall order that the person be allowed to fulfill his obligations under the plan or shall dismiss the charges if the court finds that all such obligations have been fulfilled. In a proceeding under the provisions of this subsection, evidence shall be admissible regardless of its admissibility in a trial on the offense.

"(c) If the diversion administrator certifies to the attorney for the Government at any time during the period of diversion that the person has fulfilled his obligations and successfully completed the plan, and if the attorney for the Government shall file, by leave of court, a dismissal with prejudice of the indictment, information, or complaint against the person.

"(d) A person participating in a diversion plan may withdraw at any time, and the attorney for the Government may resume prosecution.

"(e) Whenever a diversion plan is terminated or the person withdraws before completion of the plan and the prosecution is resumed resulting in a conviction, the court shall consider the length and nature of the defendant's participation in the plan and may credit such participation as time served toward any sentence of probation or incarceration.

"§ 3207. District planning group

"(a) The district planning group established by section 3168(a) of this title, together with other individuals as the chief judge may appoint, shall constitute a diversion advisory committee. The chief judge may appoint individuals representing agencies to which persons are referred under a diversion program pursuant to this chapter. The group shall plan the implementation of the diversion program for the district and review on a regular basis the administration and progress of such program. The committee shall report to the Attorney General at times and in a manner as the Attorney General shall prescribe.

"(b) Members of the committee shall not be compensated, but may be reimbursed pursuant to section 3208 for reasonable expenses incurred by them in carrying out their duties as members of the committee.

"§ 3208. Authority of the Attorney General

"(a) In carrying out the provisions of this chapter, the Attorney General shall—

"(1) reimburse agencies of the judicial branch of the Government for the cost of services of United States probation officers, pretrial service officers, and employees other than judges, magistrates, or Federal public defenders, necessary to carry out the purposes of this chapter;

"(2) employ and fix the compensation of such persons as he determines necessary to carry out the purposes of this chapter, without regard to the provisions of title 5, United States Code, relating to appointments in the competitive services and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General S Schedule pay rates:

"(3) acquires such facilities, services, and materials as he determines necessary to carry out the purposes of this chapter; and

"(4) enter into contracts and other agreements without regard to advertising requirements for the acquisition of such personnel, facilities, services and materials which he determines necessary to carry out the purposes of this chapter.

"(b) In addition to the responsibilities described in subsection (a), the Attorney General shall—

"(1) issue, within one hundred and eighty days after the effective date of this section, regulations for use by United States attorneys governing recommendations of persons to diversion programs;

"(2) conduct research and prepare concise annual reports for the President, the Congress and the Judicial Conference showing the progress of all diversion programs in fulfilling the purposes set forth in this chapter;

"(3) provide for the audit of any funds expended under the provisions of this chapter other than funds expended to provide for defense counsel;

"(4) be authorized to accept voluntary and uncompensated services; and

"(5) promote the cooperation of the Department of Justice, local diversion programs, and all agencies which provide education, training, counseling, legal, employment, or other social services under any Act of Congress to assure that eligible individuals admitted to diversion programs can benefit to the extent possible.".

(b) The table of chapters for title 18, United States Code, and for part II of title 18, United States Code, are each amended by inserting immediately after the item relating to chapter 209 the following:

"210. Diversion ..... 3201."

SEC. 4. (a) Section 3169(a) of title 18, United States Code, is amended by inserting after "Chief United States Probation Officer for the district," the words "the diversion administrator for the district if other than the chief probation officer,".

(b) Section 3168(b) of title 18, United States Code, is amended by striking the word "pretrial".

SEC. 5. For the purposes of carrying out the provisions of this Act, there is authorized to be appropriated for the fiscal years ending September 30, 1980, 1981, 1982, and 1983, the sum of $3,000,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

A bill to establish alternatives to criminal prosecution for certain persons charged with offenses against the United States, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93–753), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AS AMENDED

Briefly, diversion operates in the following manner:

(1) At the time of arrest or the issuance of a summons, or soon thereafter, persons would be screened by diversion personnel for eligibility under the criteria of the act, regulations issued by the Attorney General, and guidelines issued by the U.S. attorney. Those persons meeting eligibility criteria would be reported to the U.S. attorney, who would make a preliminary determination of suitability. If additional investigation of the accused is required by the U.S. attorney, the diversion personnel would conduct a background check with the consent of the accused and make a final report to the U.S. attorney, who would then select persons for admission into the program. The diversion personnel would draft a diversion plan which would list conditions the person would fulfill, such as counseling, attending school, medical treatment, or reimbursing victims, etc. The plan would state a time period for completion of the program.

(2) When the plan is agreed upon by the U.S. attorney, the Diversion Administrator, eligible individual, the defense attorney, and the accused has received a copy of his diversion plan, the parties would go before the court where the defendant would waive his right to speedy trial and statute of limitations. The U.S. attorney would then move to continue the indictment, information or complaint for the period of diversion, pursuant to 18 U.S.C. 3161(h)(2), the Speedy Trial Act.

(3) The diversion personnel would supervise the person's performance under the plan and report to the U.S. attorney and defense counsel. If the plan is successfully completed, the indictment, information or complaint will be dismissed with prejudice on motion of the U.S. attorney by leave of court under F.R. Crim. P. 48(a).

(4) If the person fails to complete the plan, voluntarily withdraws, or if the U.S. attorney later discovers facts demonstrating that the person is not suitable for diversion, the U.S. attorney may resume prosecution. The person and his defense counsel are notified in writing of the factual basis for the resumption of prosecution and are provided the right to contest the facts before the U.S. attorney and to then appeal to the court. These hearings are brief and closely tailored to comport with due process.

OFFICE OF RAIL PUBLIC COUNSEL AUTHORIZATIONS

The Senate proceeded to consider the bill (S. 2789) to provide authorization for appropriations for the Office of Rail Public Counsel, and for other purposes, which had been reported from the Committee on Commerce, Science, and Transportation with an amendment on page 1, line 9, to strike "$800,000" and insert "$1,600,000", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 27(6) of the Interstate Commerce Act (49 U.S.C. 26(6)) is amended—

(a) by striking out "and" immediately after ", 1977,"; and

(b) by inserting immediately before the period at the end thereof the following ", and not to exceed $1,600,000 for the fiscal year ending September 30, 1979".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–754), explaining the purposes of the measure.

There being no objection, excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE AND SUMMARY

The reported bill amends section 27(6) of the Interstate Commerce Act (49 U.S.C. 26b(6)) to authorize an appropriation of $1,600,000 for the Office of Rail Public Counsel for fiscal year 1979.

BACKGROUND AND NEED FOR THE LEGISLATION

The predecessor to the Office of Rail Public Counsel was the Section of Public Counsel, established under the authority of section 205 of the Regional Rail Reorganization Act of 1973 within the Interstate Commerce Commission's Rail Services Planning Office. This office contributed significantly to the restructuring of the Penn Central and six other bankrupt railroads in the Northeast region by assisting and representing the communities and users of rail service who would not otherwise have been represented in the reorganization process.

The Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act), following as it did the largest railroad reorganization of the 20th century, initiated an intense examination of the rail industry and its problems. In addition to implementing the final system plan and the Northeast Corridor project, the 4R Act dealt with rates, regulatory reform, mergers and consolidation, railroad rehabilitation and improvement financing, and rail service continuation. To assure public participation and representation in the governmental decision making process effecting rail service in normal agency proceedings, and the new set of activities instituted by the 4R Act, Congress provided in section 304(a) of the 4R Act for the establishment of the Office of Rail Public Counsel.

The Office is authorized to initiate, and participate in as a party, proceedings before the Interstate Commerce Commission and other Federal agencies for the purpose of protecting the public interest and the interest of users and providers of rail services. When such action would be in accordance with applicable law, the Office is empowered to seek judicial review of Agency proceedings where such administrative determinations involve a common carrier by railroad subject to part I of the Interstate Commerce Act. The Office is also directed to solicit data and information on questions of importance in the field of rail transportation and to evaluate, represent, and assist the representation of the public interest in achieving safe, efficient, reliable, and economical rail transportation services and otherwise assure effective public participation in the formulation of rail transportation policies and decisions before the Interstate Commerce Commission and other Federal agencies.

FEES FOR SERVICES PERFORMED BY U.S. MARSHALS

The Senate proceeded to consider the bill (S. 2016) to establish fees for services performed by U.S. marshals, which has been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert the following:

That section 1921 of title 28, United States Code, is amended to read as follows:

"§ 1921. United States marshals' fees

"(a) Except as otherwise provided, the United States marshals shall collect and a court may tax as costs the fees for the following:

"(1) Serving a writ of possession, partition, execution, attachment in rem, or libel in admiralty, warrant, attachment, summons, capias, or any other writ, order, or process in any case or proceeding;

"(2) Serving a subpena or summons for a witness or appraiser;

"(3) Forwarding any writ, order, or process to another judicial district for service;

"(4) The preparation of any notice of sale, proclamation in admiralty, or other public notice or bill of sale;

"(5) The keeping of property attached (including boats, vessels, or other property attached or libeled), actual expenses incurred, such as storage, moving, boat hire, or other special transportation, watchmen's or keepers' fees, insurance, and an hourly rate for each deputy marshal required for special services, such as guarding, inventorying, moving, and so forth. The marshals shall collect, in advance, a deposit to cover the initial expenses for such services and periodically thereafter such amounts as may be necessary to pay such expenses until the litigation is concluded. This provision shall apply to all private litigants including seamen proceeding pursuant to section 1916 of this title;

"(6) Copies of writs or other papers furnished at the request of any party; and

"(7) Necessary travel in serving or endeavoring to serve any process, writ, or order, except in the District of Columbia, with mileage to be computed from the place where service is returnable to the place of service or endeavor. Where two or more services or endeavors, or where an endeavor and a service, are made in behalf of the same party in the same case on the same trip, mileage shall be computed to the place of service or endeavor which is most remote from the place where service is returnable, adding thereto any additional mileage traveled in serving or endeavoring to serve in behalf of that party. When two or more writs of any kind, required to be served in behalf of the same party, on the same person, in the same case or proceeding, may be served at the same time, mileage on only one such writ shall be collected.

"(b) The fees to be collected and taxed under subsection (a) shall be prescribed from time to time by regulation of the Attorney General.

"(c) For seizing or levying on property (including seizures in admiralty), disposing of the same by sale, setoff, or otherwise and receiving and paying over money, the United States marshals shall collect commissions of 3 per centum on the first $1,000 collected and 1½ per centum on the excess of any sum over $1,000 but not to exceed an amount prescribed from time to time by regulation of the Attorney General. If not disposed of by marshal's sale, the commission shall be in such amount as may be allowed by the court. In all cases in which the vessel or other property is sold by a public auctioneer, or by some party other than the marshal or his deputy, the commission herein authorized to be paid to the marshal shall be reduced by the amount paid to said auctioneer or other party.

"(d) For all services in a criminal case except for the summoning of witnesses, the United States marshals shall collect a sum to be fixed by the court.

"(e) The marshal may require a deposit to cover all fees and expenses herein prescribed.".

SEC. 2. The amendments made by this Act shall take effect on October 1, 1978.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–755), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AS AMENDED

The proposed legislation as amended: (1) allows the Attorney General to modify fees now set by law for the service of process by the U.S. Marshals Service (USMS), including writs, orders, and other related services; (2) requires all private litigants including seamen pursuant to 28 U.S.C. § 1916 to prepay the marshal a sufficient amount to cover the initial expenses for certain services and periodically pay, when necessary, such expenses as are necessary; and (3) allows the Attorney General to modify the maximum fee chargeable as the marshal's statutory commission in a marshal's sale.

FEES AND PER DIEM AND MILEAGE EXPENSES FOR WITNESSES BEFORE U.S. COURTS

The Senate proceeded to consider the bill (S. 2049) to establish fees and allow per diem and mileage expenses for witnesses before U.S. courts, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert the following:

That section 1821 of title 28, United States Code, is amended to read as follows:

"§ 1821. Per diem and mileage generally; subsistence

"(a) A witness in attendance at any court of the United States, or before a United States magistrate, or before any person authorized to take his deposition pursuant to any rule or order of a court of the United States, shall receive the fees and allowances which this section provides, except as otherwise provided by law. The phrase 'any court of the United States' shall include, in addition to the courts of the United States listed in section 451, any court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States. An alien who has been paroled into the United States for prosecution, pursuant to section 212(d)(5) of the Immigration and Nationality Act (8 U.S.C. 1182(d)(5)), or an alien who either has admitted belonging to a class of aliens who are deportable or has been determined pursuant to section 242(b) of the Act (8 U.S.C. 1252(b)) to be deportable shall be ineligible to receive the fees or allowances which this section provides.

"(b) Witnesses shall receive $30 for each day's attendance, which includes time necessarily occupied in going to and returning from the place of attendance.

"(c) Witnesses shall receive compensation for the actual expenses of travel on the basis of the means of transportation reasonably utilized and the distances actually and necessarily traveled. Witnesses who travel by common carrier shall receive the costs of transportation at the most economical rate available. A receipt or other evidence of actual cost shall be furnished. Witnesses who travel by privately owned vehicle (automobile, airplane, or motorcycle) shall receive a travel allowance equal to the mileage allowance which the Administrator of General Services prescribes pursuant to section 5704 of title 5, United States Code, for official travel by employees of the Government. Computation of mileage under this section shall be made on the basis of a uniform table of distances adopted by the Administrator. Witnesses shall also receive reimbursement for incidental travel expenses, such as toll roads, bridges, tunnels, and ferries; taxicab fares between places of lodging and carrier terminals; and parking fees, upon presentation of a valid parking receipt. In the district of Alaska, whenever the use of a snowmobile, dog-team, or boat is approved by the court, a United States magistrate, the United States attorney, or an assistant United States attorney, witnesses shall be paid the actual rental cost or reasonable estimate of necessary expenses. All normal travel expenses within and outside the judicial district shall be taxable as costs pursuant to section 1920 of this title.

"(d) Witnesses, other than those who are incarcerated, who attend at points so far removed from their respective residences as to prohibit return thereto from day to day shall receive an additional allowance for subsistence expenses for each night they must spend away from their residences. Such witnesses who attend in areas which the Administrator of General Services has designated as high-cost areas under section 5702(c)(B), title 5, United States Code, shall receive an allowance equal to the maximum actual subsistence allowance which the Administrator prescribes for that area for official travel by employees of the Government. Such witnesses who attend in other areas shall receive an allowance equal to the maximum per diem allowance which the Administrator of General Services prescribes pursuant to section 5702(a) of title 5, United States Code, for official travel by employees of the Government in that area.

"(e) When a witness is detained for want of security for his appearance pursuant to section 3149 of title 18, United States Code, he shall be entitled for each day of detention when not in attendance at court, in addition to his subsistence, to the daily attendance fee which subsection (b) of this section provides.".

SEC. 2. The amendments made by this Act shall take effect on October 1, 1978.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–756), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AS AMENDED

The proposed legislation would revise fees and travel and subsistence allowances established in 28 U.S.C. § 1821. Witness fees and allowances now provided pursuant to section 1821 no longer compensate the average witness for the actual costs which witness service entails, nor does section 1821 permit compensation for a variety of incidental travel expenses which witnesses routinely incur. The proposed legislation would alleviate these difficulties by increasing attendance fees and changing the method of computation for travel allowances and subsistence.

JURY FEE AND JUROR EMPLOYMENT ACT OF 1978

The Senate proceeded to consider the bill (S. 2075) to amend the Jury Selection and Service Act of 1968, as amended, by revising the section on fees of jurors and by providing for a civil penalty and injunctive relief in the event of a discharge or threatened discharge of an employee by reason of such employee's Federal jury service, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Jury Fee and Juror Employment Act of 1978".

SEC. 2. Section 1871 of title 28, United States Code, is amended in its entirety to read as follows:

"§ 1871. Fees.

"(a) GENERAL AUTHORITY.—Grand and petit jurors in district courts appearing pursuant to this chapter shall be paid the fees and allowances provided by this section. The requisite fees and allowances shall be disbursed on the certificate of the clerk of court in accordance with the procedure established by the Director of the Administrative Office of the United States Courts.

"(b) ATTENDANCE FEE.—A juror shall be paid an attendance fee of $30 per day for actual attendance at the place of trial or hearing. A juror shall also be paid the attendance fee for the time necessarily occupied in going to and returning from such place at the beginning and end of such service or at any time during the same.

"A petit juror required to attend more than thirty days in hearing one case shall be paid an additional attendance fee of $5 per day for each day in excess of thirty days in which he is required to hear such case.

"A grand juror required to attend for more than forty-five days of actual service shall be paid an additional attendance fee of $5 per day for each day in excess of forty-five days of actual service.

"(c) TRAVEL ALLOWANCES; TOLL CHARGES; PARKING FEES; TRAVEL IN AREAS OTHER THAN THE CONTIGUOUS STATES OF THE UNITED STATES.—A travel allowance equal to the maximum rate per mile that the Director of the Administrative Office of the United States Courts has prescribed pursuant to section 604(a)(7) of this title for payment to supporting court personnel in travel status using privately owned automobiles shall be paid to each juror, regardless of the mode of transportation actually employed. The prescribed rate shall be paid for the distance necessarily traveled to and from a juror's residence by the shortest practical route in going to and returning from the place of service. Actual mileage in full at the prescribed rate is payable at the beginning and at the end of a juror's term of service.

"The Director shall promulgate rules regulating interim travel allowances to jurors. Distances traveled to and from court should coincide with the shortest practical route.

"Toll charges for toll roads, bridges, tunnels, and ferries shall be paid in full to the juror incurring these charges. In the discretion of the court, reasonable parking fees may be paid to the juror incurring such charges upon presentation of a valid parking receipt. Parking charges shall not be included in any tabulation of mileage cost allowances.

"Any juror who travels to district court pursuant to summons in an area outside of the contiguous forty-eight States of the United States shall be paid the travel expenses provided under this section, or actual reasonable transportation expenses subject to the discretion of the district judge or clerk of court as circumstances indicate, exercising due regard for the mode of transportation, the availability of alternative modes, and the shortest practical route from residence to court.

"(d) SUBSISTENCE ALLOWANCES; SUBSISTENCE IN AREAS OUTSIDE OF THE CONTIGUOUS UNITED STATES.—A subsistence allowance

covering meals and lodging shall be established from time to time by the Director of the Administrative Office of the United States Courts pursuant to section 604(a)(7) of this title, except that such allowance shall not exceed the allowance for supporting court personnel in travel status in the same geographical area, and such claims shall not require itemization.

"Such subsistence allowance shall be paid to a juror when an overnight stay is required at the place of holding court, and for the time necessarily spent in traveling to and from the place of attendance if an overnight stay is required.

"A subsistence allowance for jurors serving in district courts outside of the contiguous forty-eight States of the United States shall be allowed at a rate equal to that per diem allowance which is paid to supporting court personnel in travel status in those areas where the Director of the Administrative Office of the United States Courts has prescribed an increased per diem fee pursuant to section 604(a)(7) of this title.

"(e) SEQUESTERED JURORS.—Whenever in any situation a jury is ordered to be kept together and not to separate, the actual cost of subsistence during such period shall be paid upon the order of the court in lieu of the subsistence allowances payable under subsection (d). Such allowance for the jurors ordered to be kept separate or sequestered shall include the cost of meals, lodging, and other expenditures ordered in the discretion of the court for their convenience and comfort.

"(f) PUBLIC TRANSPORTATION; TRANSPORTATION AFTER HOURS.—A juror who uses public transportation in traveling to and from the court, the reasonable cost of which is not met by the transportation expenses allowable under subsection (c) of this section on account of the short distance traveled in miles, may be paid in the discretion of the court the actual reasonable expense of such public transportation, pursuant to the methods of payment provided by this section. Jurors who are required to remain at the court beyond the normal business closing hour for deliberation or for any other reason may be transported to their homes, or to temporary lodgings where such lodgings are ordered by the court, in a manner directed by the clerk and paid from funds authorized under this section.

"(g) REGULATIONS.—The Director of the Administrative Office of the United States Courts shall promulgate such regulations as may be necessary to carry out his authority under this section.".

SEC. 3. (a) Chapter 121 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1875. Employment rights

"(a) In the case of any individual who is absent from a position (other than a temporary position as defined by the Director of the Administrative Office of the United States Courts) in the employ of any employer to perform jury service, and who receives a certificate from the court verifying such service, and makes application, promptly after he is relieved from such service, to return to such position—

"(1) if such position was in the employ of a private employer, such individual shall—

"(A) If still qualified to perform the duties of such position, be restored by such employer or his successor in interest to such position or to a position of like seniority, status, and pay; or

"(B) if not qualified to perform the duties of such position by reason of disability sustained during the period of such service but qualified to perform the duties of any other position in the employ of such employer or his successor in interest, be restored by such employer or his successor in interest to such other position the duties of which he is qualified to perform as will provide him like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in his case;
unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so; or

"(2) if such position was in the employ of any State or political subdivision thereof, it is declared to be the sense of the Congress that such individual should—

"(B) if not qualified to perform the duties of such position, be restored to such position or to a position of like seniority, status, and pay; or

"(B) if not qualified to perform the duties of such position by reason of disability sustained during the period of such service but qualified to perform the duties of any other position in the employ of the employer, be restored to such other position the duties of which he is qualified to perform as will provide him like seniority, status, and pay, or the nearest approximation thereof consistent with the circumstances in his case.

"(b)(1) Any individual who is restored to a position in accordance with the provisions of paragraph (1) of subsection (a) of this section shall be considered as having been on furlough or leave of absence during his period of jury service, shall be so restored without loss of seniority, and shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such individual entered upon jury service.

"(2) It is declared to be the sense of the Congress that any individual who is restored to a position in accordance with the provisions of paragraph (2) of subsection (a) of this section should be so restored as to give the individual such status in his employment continuously from the time of his entering upon jury service until the time of his restoration to such employment.

"(c) In any case in which two or more individuals who are entitled to be restored to a position under the provisions of this section, or any other law relating to similar reemployment benefits, left the same position in order to enter upon jury service, the individual who left such position first shall have the prior right to be restored thereto, without prejudice to the reemployment rights of any other individual to be restored.

"(d)(1) An individual claiming entitlement to the benefits of section 1875 of this title may make application to the district court for the district in which the employer alleged to have violated such section maintains a place of business and the court shall, upon finding probable merit in such claim, appoint counsel to represent such individual in any action in the district court necessary to the resolution of such claim. Such counsel shall be compensated and necessary expenses paid to the extent provided by the Criminal Justice Act of 1964 (78 Stat. 552; 18 U.S.C. 3006A). The court may tax a defendant employer, as costs payable to the court, the attorney fees and expenses of a prevailing employee, where such costs were expended by the court pursuant to this subsection.

"(2) In any action or proceeding under this section the court shall award a prevailing juror who brings such action by retained counsel a reasonable attorney's fee as part of the costs.

"(3) No fees or court costs may be taxed against any individual bringing any action in good faith under this section.

"(e) Any private employer who fails to reinstate, discharges, threatens to discharge, intimidates, or coerces any employee by reason of such employee's jury service, attendance, or scheduled attendance in connection with such service, in any court of the United States shall be subject to a civil penalty of not more than $10,000 for each violation as to each juror.

"(f) For purposes of this section, the term 'jury service' includes attendance in any court of the United States in connection with service upon any grand or petit jury of the United States.".

(b) The analysis of such chapter 121 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"1875. Employment rights.".

SEC. 4. Section 1869 of title 28, United States Code, is amended by adding at the end thereof the following:

"(j) 'undue hardship or extreme inconvenience' as a basis for excuse from immediate jury service under section 1866(c)(1) of this chapter shall include undue hardship or extreme inconvenience to the prospective juror, such as a grave illness in the family or any other emergency which outweighs in immediacy and urgency his obligation to serve as a juror when summoned. Additionally, in situations where it is anticipated that a trial or grand jury proceeding may require more than thirty continuous days of service, the court may consider, as a further basis for temporary excuse, severe economic hardship to an employer which would result from the absence of a key employee at the time when he is summoned for jury service.".

SEC. 5. (a) Chapter 85 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1364. Employment rights of jurors

"The district courts shall have original jurisdiction, without regard to the amount in controversy, to require any private employer to comply with the provisions of section 1875 of this title, and to award damages for any loss of wages or other benefits suffered by reason of such employer's failure so to comply.".

(b) The analysis of such chapter is amended by adding at the end thereof the following new item:

"1364. Employment rights of jurors.".

SEC. 6. The amendments made by section 2 of this Act shall apply in the case of any grand or petit juror serving on or after October 1, 1978, and the amendments made by sections 3, 4, and 5 of this Act shall apply to any grand or petit juror summoned for service or actually serving on or after the date of enactment of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95-757), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AS AMENDED

The purpose of the bill as amended is to amend in its entirety the jury fee section, 28 U.S.C. § 1871 of the Jury Selection and Service Act of 1968, as amended. The bill would also add provisions to title 28 providing for a civil penalty and for injunctive relief against an employer who discharges or coerces an employee as a result of the employee's Federal jury service or summons for such service.

SELECTION AND QUALIFICATIONS OF JURORS

The Senate proceeded to consider the bill (S. 2074) to amend title 28, United States Code, to provide in civil cases for

juries of six persons, to amend the Jury Selection and Service Act of 1968, as amended, with respect to the selection and qualification of jurors, and to extend the coverage of the Federal Employees Compensation Act to all jurors in United States district courts, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert the following:

TITLE I—JURY SERVICE UPON RESTORATION OF CIVIL RIGHTS

SEC. 101. Paragraph 5 of subsection (b) of section 1865, title 28, United States Code, is amended by striking the phrase "by pardon or amnesty".

SEC. 102. Subsection (h) of section 1869 of title 28, United States Code, is amended by striking the words "by pardon or amnesty".

TITLE II—JURY SELECTION PROCEDURES, RECORDS, AND DEFINITIONS

SEC. 201. Section 1867(f) of title 28, United States Code, is amended by striking "$1,000" and inserting "$5,000" in lieu thereof.

SEC. 202. Section 1868 of title 28, United States Code, is amended by striking the words "for public inspection" and inserting the word "solely" in lieu thereof and by adding at the end thereof the following, "Any person who discloses the contents of any record or paper in violation of this section may be fined not more than $5,000 or imprisoned not more than one year, or both.".

SEC. 203. Section 1869 of title 28, United States Code, is amended by adding at the end thereof the following:

"(j) 'publicly draw' as referred to in sections 1864 and 1866 of this chapter shall mean a drawing conducted within the district, after reasonable public notice, which is open to the public at large and under the supervision of the clerk or jury commission: *Provided,* however, That when a drawing is made by means of electronic data processing, 'publicly draw' shall mean a drawing conducted at a data processing center, located in or out of the district, after reasonable public notice given within the district for which juror names are being drawn, which is open to the public at large and under such supervision of the clerk or jury commission as the Judicial Conference of the United States shall by regulation require;

"(k) 'juror summons' shall mean a summons issued by a clerk of court, jury commission, or their duly designated deputies, containing either a preprinted or stamped seal of court, and containing the name of the issuing clerk imprinted in preprinted, typed, or facsimile manner on the summons or the envelope transmitting the summons.".

TITLE III—COMPENSATION OF JURORS FOR SERVICE-RELATED INJURIES

SEC. 301. Chapter 81 of title 5, United States Code, is amended by the addition of the folfowing new section:

"§ 8142a. Federal petit or grand jurors

"(a) For the purpose of this section, 'Federal petit or grand juror' means a person selected pursuant to chapter 121 of title 28, United States Code, and summoned to serve as a petit or grand juror, who is in actual attendance in court such that he would be entitled to the fees provided for his attendance by section 1871 of title 28.

"(b) Subject to the provisions of this section, this subchapter applies to a Federal petit or grand juror, except that entitlement to disability compensation payments does not commence until the day after the date of termination of his service as a juror.

"(c) In administering this subchapter for a juror covered by this section—

"(1) a juror is deemed to receive pay at a rate equivalent to the monthly minimum pay of a GS–2 unless his actual pay as a Government employee while serving on court leave is higher, in which case his monthly pay is determined in accordance with section 8114 of this chapter.

"(2) any benefits payable under this section to a juror who is not covered under paragraph (f) of section 8101(1) of this chapter shall be reduced by the amount received under a noncontributory State or local disability compensation or survivor benefit program. If a juror has contributed to a State or local disability compensation or survivor benefit program, any benefits payable under this section shall be reduced in an amount which bears the same proportion to the full amount of such benefits as the cost or contribution paid by the juror's employer bears to the cost of disability or survivor benefits coverage for the juror.

"(3) performance of duty includes an act of a juror while he is in attendance at court, pursuant to a summons, in deliberation or when sequestered by order of a judge: *Provided, however,* That performance of duty shall not include his travel to and from the courthouse except under sequestration order or as necessitated by order of court, such as for the taking of a view.".

SEC. 302. The chapter analysis of chapter 81 of title 5, United States Code, is amended by inserting immediately after the item relating to section 8142 the following new item:

"8142a. Federal petit and grand jurors.".

EFFECTIVE DATE

SEC. 401. The amendments made by this Act shall take effect on October 1, 1978.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

A bill to amend the Jury Selection and Service Act of 1968, as amended, with respect to the selection and qualification of jurors, and to extend to all jurors in the United States district courts the provisions of title 5, United States Code, applicable to Federal employee service-related injuries.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–758), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AS AMENDED

The proposed legislation, most of which has been previously recommended by the Judicial Conference of the United States, would make four separate changes in existing law:

1. The clarification of 28 U.S.C. § 1865(b)(5) with respect to the qualification for jury service of persons who have been convicted of a crime and have subsequently had their civil rights restored.

2. The amendment of sections 1867(f) and 1868 of title 28 to clarify the limited purposes for which jury selection records and papers may be disclosed, to increase the maximum fine in section 1867(f), and to establish a similar fine and imprisonment provision in section 1868 as exists in section 1867(f).

3. The addition to the definitional section of the Jury Selection and Service Act of 1968, as amended, 28 U.S.C. § 1869, of certain definitions respecting the jury selection and summoning process, in order to clarify the authority of district courts to employ automatic data processing in the selection of their juries.

4. The extension of the Federal Employees Compensation Act coverage to all persons serving as jurors in the United States district courts.

EXCUSE OF PROSPECTIVE JURORS FROM FEDERAL JURY SERVICE

The Senate proceeded to consider the bill (S. 2072) to amend the Jury Selection and Service Act of 1968, as amended, to make the excuse of prospective jurors from Federal jury service on the grounds of distance from the place of holding court contingent upon a showing of hardship on an individual basis, which had been reported from the Committee on the Judiciary with amendments as follows:

On page 1, line 4, strike "hereby";

On page 1, beginning with line 8, insert the following:

SEC. 3. The amendments made by this Act shall take effect on October 1, 1978.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (7) of subsection (b), section 1863 of title 28, United States Code, is repealed.

SEC. 2. Paragraphs (8) and (9) of subsection (b), section 1863 of title 28, United States Code, are hereby redesignated as paragraphs (7) and (8).

SEC. 3. The amendments made by this Act shall take effect on October 1, 1978.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–759), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD as follows:

PURPOSE OF THE BILL

The proposed legislation would amend section 1863 of title 28, United States Code, by eliminating therefrom subsection (b)(7), which provides as follows:

* * * * *

"(b) Among other things, such plan shall—

* * * * *

"(7) fix the distance, either in miles or in travel time, from each place of holding court beyond which prospective jurors residing shall, on individual request therefor, be excused from jury service on the ground of undue hardship in traveling to the place where court is held."

U.S. MARSHALS' TRANSPORTATION EXPENSES ACT

The Senate proceeded to consider the bill (S. 2411) to amend chapter 315 of title 18, United States Code, to authorize payment of transportation expenses by U.S. marshals for transportation expenses for persons released from custody pending their appearance to face criminal charges before that court or any court of the United States in another Federal judicial district, which had been

reported from the Committee on the Judiciary with amendments as follows:

On page 2, line 1, strike "A court" and insert "Any judge or magistrate";

On page 2, line 3, after the comma, insert "any division of that court,";

On page 2, line 7, strike "person cannot provide the necessary transportation on his own" and insert "United States judge or magistrate is satisfied, after appropriate inquiry, that the dependant is financially unable to provide the necessary transportation to appear before the required court on his own";

On page 3, beginning with line 3, insert the following:

SEC. 3. The amendments made by this Act shall take effect on October 1, 1978.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 315 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 4285. Persons released pending further judicial proceedings

"Any judge or magistrate of the United States, when ordering a person released under chapter 207 on a condition of his subsequent appearance before that court, any division of that court, or any court of the United States in another judicial district in which criminal proceedings are pending, may, when the interests of justice would be served thereby and the United States judge or magistrate is satisfied, after appropriate inquiry, that the defendant is financially unable to provide the necessary transportation to appear before the required court on his his own, direct the United States marshal to arrange for that person's means of noncustodial transportation or furnish the fare for such transportation to the place where his appearance is required, and in addition may direct the United States marshal to furnish that person with an amount of money for subsistence expenses to his destination, not to exceed the amount authorized as a per diem allowance for travel under section 5702 (a) of title 5, United States Code. When so ordered, such expenses shall be paid by the marshal out of funds authorized by the Attorney General for such expenses.".

SEC. 2. The section analysis of chapter 315 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"4285. Persons released pending further judicial proceedings.".

SEC. 3. The amendments made by this Act shall take effect on October 1, 1978.

Amend the title so as to read: "A bill to amend chapter 315 of title 18, United States Code, to authorize payment of transportation expenses for persons released from custody pending their appearance to face criminal charges before that court, any division of that court, or any court of the United States in another Federal judicial district.".

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

A bill to amend chapter 315 of title 18, United States Code, to authorize payment of transportation expenses for persons released from custody pending their appearance to face criminal charges before that court, any division of that court, or any court of the United States in another Federal judicial district.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–760), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL AS AMENDED

The purpose of the bill is to amend chapter 315 of title 18, United States Code, by adding a new section 4285. This section authorize a Federal court judge or magistrate to direct the U.S. marshal to furnish a financially needed defendant, pending his appearance before that court, in another judicial district, or within another division within the judicial district, with noncustodial transportation or with transportation expenses to the place where the charges are pending. If needed, it would also provide him with money for necessary subsistence expenses en route. The bill would expedite criminal proceedings in the Federal courts and conserve the manpower of the U.S. marshals by enabling a defendant who is otherwise eligible for release, but who could not provide the necessary transportation on his own, to travel unescorted by the U.S. Marshals Service to the place where criminal proceedings are pending. Transportation expenses would be paid from funds made available to the U.S. Marshal Service.

INCOME OF MUTUAL OR COOPERATIVE TELEPHONE COMPANIES

The Senate proceeded to consider the bill (H.R. 7581) to amend the Internal Revenue Code of 1954 to provide that certain income from a nonmember telephone company is not taken into account in determining whether any mutual or cooperative telephone company is exempt from income tax, which had been reported from the Committee on Finance with an amendment to strike all after the enacting clause and insert the following:

(d) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1974.

SECTION 1. TREATMENT OF MUTUAL OR COOPERATIVE TELEPHONE COMPANY INCOME FROM NONMEMBER TELEPHONE COMPANY.

(a) IN GENERAL.—Paragraph (12) of section 501(c) of the Internal Revenue Code of 1954 (relating to certain organizations exempt from income tax) is amended by adding at the end thereof the following new sentence: "In case of any mutual or cooperative telephone company, the preceding sentence shall be applied without taking into account any income received or accrued from a nonmember telephone company for the performance of communication services which involve members of such mutual or cooperative telephone company.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1974.

SEC. 2. LENDING OF SECURITIES BY EXEMPT ORGANIZATIONS.

(a) TREATMENT OF INCOME FROM PAYMENTS WITH RESPECT TO SECURITIES LOANS.—

(1) INCLUSION IN GROSS INVESTMENT INCOME FOR PURPOSES OF DEFINING PRIVATE FOUNDATION.—Section 509(e) of the Internal Revenue Code of 1954 (relating to definition of gross investment income) is amended by inserting "payments with respect to securities loans (as defined in section 512(a)(5)),' after "dividends,".

(2) EXCLUSION FROM UNRELATED BUSINESS TAXABLE INCOME.—Section 512(b)(1) of such Code (relating to modifications of unrelated business taxable income) is amended by inserting "payments with respect to securities loans (as defined in section 512(a)(5)),' after "interest,".

(3) REGULATED INVESTMENT COMPANY INCOME.—Section 851(b)(2) of such Code (relating to limitations on regulated investment company income) is amended by inserting "payments with respect to securities loans (as defined in section 512(a)(5)),' after "interest,".

(4) INCLUSION IN NET INVESTMENT INCOME OF PRIVATE FOUNDATIONS.—Section 4940(c)(2) of such Code (relating to gross investment income) is amended by inserting "payments with respect to securities loans (as defined in section 512(a)(5)),' after "rents,".

(b) DEFINITION OF PAYMENTS WITH RESPECT TO SECURITIES LOANS.—Section 512(a) of such Code (relating to definition of unrelated business taxable income) is amended by adding at the end thereof the following new paragraph:

"(5) DEFINITION OF PAYMENTS WITH RESPECT TO SECURITIES LOANS.—

"(A) The term 'payments with respect to securities loans' includes all amounts received in respect of a security (as defined in section 1236(c)) transferred by the owner to another person in a transaction to which section 1058 applies (whether or not title to the security remains in the name of the lender) including—

"(i) amounts in respect of dividends, interest, or other distributions,

"(ii) fees computed by reference to the period beginning with the transfer of securities by the owner and ending with the transfer of identical securities back to the transferor by the transferee and the fair market value of the security during such period,

"(iii) income from collateral security for such loan, and

"(iv) income from the investment of collateral security.

"(B) Subparagraph (A) shall apply only with respect to securities transferred pursuant to an agreement between the transferor and the transferee which provides for——

"(i) reasonable procedures to implement the obligation of the transferee to furnish to the transferor, for each business day during such period, collateral with a fair market value not less than the fair market value of the security at the close of business on the preceding business day,

"(ii) termination of the loan by the transferor upon notice of not more than 5 business days, and

"(iii) return to the transferor of securities identical to the transferred securities upon termination of the loan.".

(c) TREATMENT FOR PURPOSES OF SECTION 514.—Subsection (c) of section 514 of such Code (relating to unrelated debt-financed income) is amended by adding at the end thereof the following new paragraph:

"(8) SECURITIES SUBJECT TO LOANS.—For purposes of this section—

"(A) payments with respect to securities loans (as defined in section 512(a)(5)) shall be deemed to be derived from the securities loaned and not from collateral security or the investment of collateral security from such loans,

"(B) any deductions which are directly connected with collateral security for such loan, or with the investment of collateral security, shall be deemed to be deductions which are directly connected with the securities loaned, and

"(C) an obligation to return collateral security shall not be treated as acquisition indebtedness (as defined in paragraph (1)).".

(d) TREATMENT OF GAIN OR LOSS ON CERTAIN LOANS OF SECTIONS.—

(1) NONRECOGNITION OF GAIN OR LOSS.—Part IV of subchapter O of chapter 1 of such Code

(relating to special rules) is amended by redesignating section 1058 as 1059 and by inserting after section 1057 the following new section:

"SEC. 1058. TRANSFER OF SECURITIES UNDER CERTAIN AGREEMENTS.

"(a) GENERAL RULE.—In the case of a taxpayer who transfers securities (as defined in section 1236(c)) pursuant to an agreement which meets the requirements of subsection (b), no gain or loss shall be recognized on the exchange of such securities by the taxpayer for an obligation under such agreement, or on the exchange of rights under such agreement by that taxpayer for securities identical to the securities transferred by that taxpayer.

"(b) AGREEMENT REQUIREMENTS.—In order to meet the requirements of this subsection, an agreement shall—

"(1) provide for the return to the transferor of securities identical to the securities transferred;

"(2) require that payments shall be made to the transferor of amounts equivalent to all interest, dividends, and other distributions which the owner of the securities is entitled to receive during the period beginning with the transfer of the securities by the transferor and ending with the transfer of identical securities back to the transferor;

"(3) not reduce the risk of loss or opportunity for gain of the transferor of the securities in the securities transferred; and

"(4) meet such other requirements as the Secretary may by regulation prescribe.

"(c) BASIS.—Property acquired by a taxpayer described in subsection (a), in a transaction described in that subsection, shall have the same basis as the property transferred by that taxpayer.".

(2) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter O of chapter 1 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"SEC. 1059. Cross references.".

"SEC. 1058. Transfers of securities under certain agreements.

(e) EFFECTIVE DATE.—The amendments made by this section apply with respect to—

(1) amounts received after December 31, 1976, as payments with respect to securities loans (as defined in section 512(a)(5) of the Internal Revenue Code of 1954), and

(2) transfers of securities, under agreements described in section 1058 of such Code occurring after such date.

SEC. 3. CHANGE IN DEFINITION OF ELIGIBLE INDIVIDUAL FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Subparagraph (A) section 43(c)(1) of the Internal Revenue Code of 1954 (relating to definition of eligible individual) is amended by striking out clauses (i) and (ii) and inserting in lieu thereof the following:

"(i) an individual who has not attained the age of 19 at the close of the taxable year with respect to whom the eligible individual is entitled to claim a deduction under section 151,

"(ii) an individual whose relationship to the eligible individual is described in paragraph (1) or (2) of section 152(a), who is disabled (within the meaning of section 72(m)(7)), and with respect to whom the eligible individual is entitled to claim a deduction under section 151, or

"(iii) a child of the eligible individual if the child meets the requirements of section 151(e)(1)(B) (relating to additional exemption for dependents); and".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1978.

SEC. 4. USE OF COMPLETED CROP POOL METHOD OF ACCOUNTING

Section 1382 of the Internal Revenue Code of 1954 (relating to taxable income of cooperatives) is amended by adding at the end thereof the following new subsection:

"(g) USE OF COMPLETED CROP POOL METHOD OF ACCOUNTING.—

"(1) IN GENERAL.—An organization described in section 1381(a) which is engaged in pooling arrangements for the marketing of products may compute its taxable income with respect to any pool opened prior to March 1, 1978, under the completed crop pool method of accounting if—

"(A) the organization has computed its taxable income under such method for the 10 taxable years ending with its first taxable year beginning after December 31, 1976, and

"(B) with respect to the pool, the organization has entered into an agreement with the United States or any of its agencies which includes provisions to the effect that—

"(i) the United States or such agency shall provide a loan to the organization with the products comprising the pool serving as collateral for such loan,

"(ii) the organization shall use an amount equal to the proceeds of such loan to make price support advances to eligible producers (as determined by the United States or such agency), to defray costs of handling, processing, and storing such products, or to pay all or part of any administrative costs associated with the price support program,

"(iii) an amount equal to the net proceeds (as determined under such agreement) from the sale or exchange of the products in the pool shall be used to repay such loan until such loan is repaid in full (or all the products in the pool are disposed of), and

"(iv) the net gains (as determined under such agreement) from the sale or exchange of such products shall be distributed to eligible producers, except to the extent that the United States or such agency permits otherwise.

"(2) COMPLETED CROP POOL METHOD OF ACCOUNTING DEFINED.—For purposes of this subsection, the term 'completed crop pool method of accounting' means a method of accounting under which gain or loss is computed separately for each crop year pool in the year in which the last of the products in the pool are disposed of.".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read:

An act to amend the Internal Revenue Code of 1954 with respect to the treatment of mutual or cooperative telephone company income from nonmember telephone companies, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 95–762), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

I. SUMMARY

H.R. 7581 clarifies the income-source requirement which must be satisfied by a mutual or cooperative telephone company as a condition for exemption from Federal income taxation. Present law provides that such a company can qualify for tax-exempt status only if at least 85 percent of its income consists of amounts collected from members to meet expenses. The Internal Revenue Service ruled, in 1974, that when a mutual or cooperative telephone company completes telephone calls to its members made by customers of another company under a reciprocal call-completion arrangement, the mutual or cooperative company receives payments which constitutes nonmember income. The bill provides, for post-1974 taxable years, that such payments are not to be counted in determining whether the company satisfies the 85-percent member-income test.

The committee amendment to the bill makes substantive changes in three areas: one concerns the income tax treatment of an owner of securities who lends the securities to a broker; another relates to the earned income credit; and the last concerns the accounting methods of certain cooperatives.

The amendment provides that the lending of securities to a broker and the return of identical securities does not constitute a taxable sale or exchange of the securities and thus does not interrupt the lender's holding period or affect the lender's basis. The committee amendment also provides that payments on these securities loans are not to be treated as unrelated business taxable income for tax-exempt organizations. Furthermore, the committee amendment provides that these payments are to be treated in the same manner as dividends and interest for purposes of the excise tax imposed on the net investment income of private foundations, for the 90-percent income test for regulated investment companies, and for the support test limitations on investment income in determining whether a charitable organization is a publicly supported organization rather than a private foundation. With respect to exempt organizations and regulated investment companies, the amendment provides this treatment only for payments on security loans which are fully collateralized and which may be terminated on 5 business days' notice by the lending organization.

The committee amendment also clarifies the categories of persons eligible for the earned income credit to include any individual who maintains a household for any minor individual for whom a dependency exemption is allowed to that individual (for example, a grandparent maintaining a household for a grandchild for whom the grandparent can claim a dependency exemption).

The committee amendment also permits certain tobacco growers cooperatives to continue to use the completed crop pool method of accounting for computing taxable income, with respect to crop pools opened prior to March 1, 1978. The amendment applies to those cooperatives which enter into annual agreements with the Commodity Credit Corporation for purposes of assisting the Department of Agriculture in the administration of Federal tobacco price support programs.

"DEVELOPMENTS IN AGING: 1977"

The resolution (S. Res. 434) authorizing the printing of additional copies of part one of the report entitled "Developments in Aging: 1977," was considered and agreed to, as follows:

Resolved, That there be printed for the use of the Special Committee on Aging thirteen hundred additional copies of part one of its report to the Senate entitled "Developments in Aging: 1977".

PROGRESS IN THE PREVENTION AND CONTROL OF AIR POLLUTION IN 1977

The resolution (S. Res. 435) authorizing the printing of the report entitled,

"Progress in the Prevention and Control of Air Pollution in 1977" as a Senate document, was considered and agreed to, as follows:

Resolved, That the annual report of the Administrator of the Environmental Protection Agency to the Congress of the United States (in compliance with sections 202, 306(e), and 313 of Public Law 91-604, the Clean Air Act, as amended) entitled, "Progress in the prevention and Control of Air Pollution in 1977" be printed, with illustrations, as a Senate document.

SEC. 2. There shall be printed five hundred additional copies of said document for the use of the Committee on Environment and Public Works.

SPECIAL BRIDGE REPLACEMENT PROGRAM, SEVENTH ANNUAL REPORT TO CONGRESS

The resolution (S. Res. 436) authorizing the printing of the report entitled, "Special Bridge Replacement Program, Seventh Annual Report to Congress," as a Senate document, was considered and agreed to, as follows:

Resolved, That the annual report of the Secretary of Transportation to the Congress of the United States (in compliance with section 144, title 23, United States Code), entitled "Special Bridge Replacement Program, Seventh Annual Report," be printed, with illustrations, as a Senate document.

SEC. 2. There shall be printed seven hundred additional copies of said document for the use of the Committee on Environment and Public Works.

ADDITIONAL AUTHORIZATION FOR THE INDEPENDENT SAFETY BOARD

The bill (S. 2616) to amend the Independent Safety Board Act of 1974, as amended, to authorize additional expenditures, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Independent Safety Board Act Amendment of 1978".

SEC. 2. Section 309 of the Independent Safety Board Act of 1974 (49 U.S.C. 1907) is amended by adding at the end thereof the following: "There are authorized to be appropriated for the purposes of this Act not to exceed $15,420,000 for the fiscal year ending September 30, 1979, and $16,350,000 for the fiscal year ending September 30, 1980, such sums to remain available until expended.".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be considered in order to move to reconsider en bloc the votes by which the various measures were passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I make that motion.

Mr. BAKER. Mr. President, before we proceed, I intend to move to table that motion, but I wonder if the majority leader would give me just one moment.

Mr. ROBERT C. BYRD. Yes.

Mr. President, I ask unanimous consent that I may withdraw the motion to reconsider.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the period for routine morning business be extended for another 10 minutes, with statements therein limited to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 11 A.M. ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, so that our respective cloakrooms may inform Senators that tomorrow will be a good day for committee meetings without interruption from the floor, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 11 o'clock on Monday morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND and Mr. HARRY F. BYRD, Jr. addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

PATRICK HENRY HIGH SCHOOL AND THE PANAMA CANAL

Mr. HARRY F. BYRD, JR. Mr. President, yesterday the senior class of Patrick Henry High School in Ashland, Va., visited my office. Ashland is the site of Randolph-Macon College. It is a splendid community, situated in Hanover County, a large county adjacent to the city of Richmond. I might say that I am greatly indebted to the people of Hanover County. At least in the last two elections, the people there have given me almost 80 percent of their votes.

I was much impressed with this group of young students who came to my office.

We had a nice talk. I asked what subject they were most interested in, what they would like to discuss. The teacher said, "Well, this class has been studying and giving a great deal of attention to the Panama Canal treaties. Many of us listened to the Senate debates on public radio, and all of us read carefully the news accounts.

"And," he continued, "it was almost the unanimous conclusion of the senior class that these treaties are not in the best interest of our country."

Mr. President, I was very much interested in that viewpoint expressed by this large group of high school seniors. I was much impressed that the young people, as evidenced by this group, are taking a keen interest in government, in the problems facing our Nation, and in at least some of the actions being taken by the Congress of the United States.

When the meeting of this group adjourned, I felt hopeful and happy all day, because I think the great hope for the future of our Nation is that the young people take an interest in the problems of government and study, as this group did, one of the important issues of this decade. Regardless of what position those students had taken on the Panama Canal treaties, I would regard such interest as being very desirable.

I commend that group from Patrick Henry High School in Ashland, Va., and I use this occasion also to again express my deep gratitude to the people of Hanover County for the wonderful friendship which they have extended to me through the years.

HEW WASTE, MISMANAGEMENT, AND FRAUD

Mr. HARRY F. BYRD, JR. Mr. President, on April 3, 1978, the Inspector General of the Department of Health, Education, and Welfare submitted a formal report in which he stated that for the fiscal year 1977 HEW misspent, through waste, mismanagement, and fraud, somewhere between $6.3 and $7.4 billion. If we take sort of a middle figure of $7 billion, that means that the total income taxes paid by 5 million American families, earning an average of $15,000 each, would be necessary to total that $7 billion which HEW, by the assertion of its own Inspector General, misspent through waste, mismanagement, and fraud.

During the past 3 days, the Senate had two opportunities to take cognizance of this report of the Inspector General. I proposed two amendments to the concurrent resolution on the budget. One amendment sought to reduce by $5.6 billion the increase being proposed for the Department of Health, Education, and Welfare. That amendment was defeated by the Senate.

Yesterday, I proposed another amendment to reduce the increase by $2.1 billion, one-third of the waste—taking the lower of the Inspector General's figures—of HEW in the previous year. A vote was taken on that. Thirty-eight Members of the Senate voted for that amendment to reduce the HEW appropriation by $2.1 billion, but, of course, a majority voted against it. So it was not adopted.

I think it is very unfortunate that the Senate is unwilling to take any action, despite the fact that the Inspector General of that Department in a formal report stated that HEW misspent through waste, mismanagement, and fraud an amount of tax funds somewhere between $6.3 billion and $7.4 billion.

The only way we are going to prevent such misuse of tax funds in the future is for the Congress, through the legislative process, to get a message to HEW that their funds, in those areas where that misuse has occurred, will be reduced.

The Senate obviously was unwilling to do that. That is the Senate's prerogative. I disagree with it, but that is the will of the majority.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the first page from the Department of Health, Education, and Welfare Office of Inspector General annual report, the caption being "Chapter 1."

Incidentally, on this page is this sentence from the Inspector-General:

In our view, this report portrays a conservative measure of the extent of fraud, abuse, and waste in key HEW programs, and their causes.

In other words, what the Inspector-General is saying is that his findings of the misuse of funds, through waste, mismanagement, and fraud of between $6.3 billion and $7.4 billion is a conservative estimate.

Mr. President, I ask unanimous consent that this page from the report be printed at this point in the RECORD.

There being no objection, the page was ordered to be printed in the RECORD, as follows:

CHAPTER 1: AN INVENTORY OF "BEST ESTIMATES" OF FRAUD, ABUSE, AND WASTE IN HEW PROGRAMS

A wealth of information has resulted from Congressional hearings, GAO audits, HEW audits, quality control surveys, and other studies dealing with problems of fraud, abuse, and waste in HEW programs. Some of these span many years and reveal dramatic progress in reducing losses due to errors and ineligibility rates. But no summary or analysis of these findings has ever been compiled. Hence, it was decided to compile an inventory of the "best available estimates" we could locate.

It must be stressed that this summary is no more than an initial inventory. It is not an independent study, although we believe the data are reasonable estimates. Because the sources are not complete, the inventory is not complete. Despite these limitations, it is the best perspective that has yet been assembled. In our view, it portrays a conservative measure of the extent of fraud, abuse, and waste in key HEW programs, and their causes.

It must also be acknowledged that it is virtually impossible to distinguish sharply between fraud, abuse, and waste, since frequently one problem involves all three. For purposes of rough definition, we have adopted the following:

Fraud is defined as the obtaining of something of value, unlawfully, through willful misrepresentation.

Abuse covers a wide variety of excessive services or program violations, and improper practices not involving prosecutable fraud.

Waste is the incurring of unnecessary costs as a result of deficient practices, systems or controls.

As summarized below, this inventory of best estimates reveals that for programs involving Federal outlays in FY 1977 of $136.1 billion, the incidence of fraud, abuse and waste—at a minimum—ranged between $6.3 and $7.4 billion (Exhibit 1).

Mr. HAYAKAWA. Will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I am glad to yield to the Senator from California.

Mr. HAYAKAWA. Mr. President, I should like to associate myself with the remarks of my distinguished colleague from Virginia. I voted for both of the amendments, that which cuts $5.6 billion and the other one which would cut $2.1 billion from the budget of HEW, because it had been clearly revealed, as the Senator said, that there have been probably more than $7 billion mismanaged and wasted by that Department.

I want not only to comment on the economic effects of that waste, but to say that I have become increasingly aware of the fact that this waste involves real destruction of human character. There are, perhaps, tens of thousands, perhaps hundreds of thousands, nowadays, who are making a living ripping off the Government. They know it becomes increasingly easy, as more and more billions are appropriated which are not properly accounted for and not properly assigned with due care as to the people to whom they are assigned.

I read a recent column in the San Francisco newspaper which said a whole economy has been built upon this very principle, that no one should work; why should we work? We can get welfare and do good for others. What they meant by doing good was perhaps debatable. But there are economies developing which simply rip off the Government.

One of the things I have learned in the 16 months I have been here is a very hard lesson to learn. I have served in the Budget Committee, I have listened to debates here and there on appropriations, spending bills. I have learned that when it comes to assigning money for this or that project, it seems to me that we in the Senate, and perhaps the people in the House are in the same boat, all know how to add. If an appropriation for a given year is $5.5 billion, they know how to make it $7.7 billion, they know how to make it $9 billion. They all know how to add. But nobody knows the art of subtraction around here. I look forward to the day when a few lessons in elementary subtraction will be included as part of the training of all of us as Senators.

I thank the distinguished Senator from Virginia for his very wise and very lucid remarks. I wanted to tell him that we appreciate and share his concerns.

Mr. HARRY F. BYRD, JR. I thank my colleague from California very much and I join with him in expressing the hope that the majority of us will learn the value of subtracting as well as we know the merits of addition.

Mr. THURMOND. Mr. President, I wish to associate myself with the remarks of the able and distinguished Senator from Virginia. I have looked upon him since he came to this body as one of the soundest and wisest men among the membership here.

(Mr. MELCHER assumed the chair.)

Mr. DOLE. Will the Senator yield?

Mr. THURMOND. I am pleased to yield to the distinguished Senator from Kansas, provided his remarks will come at another place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

NUCLEAR FUEL REPROCESSING

Mr. THURMOND. Mr. President, on April 7 of last year President Carter indefinitely deferred commercial reprocessing of spent nuclear fuel in the United States. This policy decision, which was part of the administration's effort to control nuclear proliferation, was made in an attempt to set an example for the rest of the world to follow. This past year has clearly demonstrated that the policy decision on reprocessing has failed on a worldwide basis and for good reason. Other nations have decided that they must reprocess spent nuclear fuel to recover the unused uranium and plutonium for recycle in today's light water reactors and for fueling the new generation of breeder reactors. Other nations such as Japan, France, Great Britain, West Germany, and the Soviet Union, are going ahead with their own reprocessing programs irrespective of what the United States does. The British House of Commons voted recently by more than a 3-to-1 margin to build a 1,200-ton spent fuel reprocessing plant in spite of opposition from the Carter administration.

With the administration's policy on nuclear fuel reprocessing so visibly failing, some of the spokesmen for the President have begun to weaken in their hard-line position. I am offering for the record a letter from me to Secretary of State Vance in which I call attention to a statement made by Ambassador-at-Large Smith before the Trilateral Commission in Bonn, Germany. Ambassador Smith stated that:

We have decided on a temporary deferral of commercial reprocessing in the U.S. I would emphasize the words temporary and deferral.

Mr. President, to me, temporary certainly connotes a weaker position than indefinite. The State Department response, which I also want to offer for the record, states that "temporary" is consistent with the President's policy and then goes on to say the administration is opposed to reprocessing because of conclusions "that commercial reprocessing is not economically necessary" and that it "is not essential to solution of waste disposal problems." Both statements are untrue and provide us with some insight on why foreign governments are disregarding our policy on reprocessing.

On the subject of the economics of reprocessing, government and private studies clearly show that reprocessing with recycle of uranium and plutonium when compared with a "throwaway" fuel cycle results in a net differential benefit in excess of $10 million per year for each operating reactor. Next, reprocessing and recycle of uranium and plutonium can reduce our natural uranium demands by 40 percent and our uranium enrichment requirements by 25 percent. A given quantity of uranium can be used to generate 60 percent more electricity when it is conserved and reused through reprocessing and recycling. Finally, the energy losses with a "throwaway" fuel cycle are staggering. By the year 2000, reprocessing with recycle of uranium and plutonium can save the energy equivalent of 35 billion barrels of oil or 10.4 billion tons of coal. Were the Barnwell nuclear fuel plant in my State of South

Carolina allowed to operate, it would recover annually the energy equivalent of 300 million barrels of crude oil—or two-thirds the annual supply from the Alaskan pipeline. With an ever-increasing dependence on oil imports, it does not make sense that the U.S. Government should even consider throwing away such a valuable energy resource as spent fuel.

On the matter of nuclear waste disposal, let me say that no issue is more crucial to resolve once and for all than the question of demonstrating to the public that we can safely manage wastes from our military and civilian programs. Reprocessing is, I believe, absolutely essential to our waste management programs and I don't think anyone can refute the following facts: First, reprocessing and solidification of liquid waste from a reprocessing plant could produce a sevenfold to fourteenfold volume reduction in nuclear waste that must be ultimately stored. This is clearly a most valuable contribution of the nuclear waste management program.

Second, studies I have reviewed show that the waste solidified and stored after reprocessing would have a biological hazard of less than the naturally occurring ore it was derived from after only 500 years. On the other hand, spent fuel stored as waste will have to wait some 10,500 years before it is at the same biological hazard level. Thus, reprocessing provides reduced waste storage requirements and a less hazardous waste product. With these facts, how can we state, as the administration does, that reprocessing "is not essential to solution of waste disposal problems"?

In conclusion, Mr. President, all Members of Congress, and indeed the American public, want to support the President's efforts to control nuclear proliferation. Yet, it seems very clear to me at this time that we have failed to convince other nations to forego reprocessing by using invalid and easily refuted reasons on economics and waste managment. Furthermore, the administration is fooling itself to think that the United States can afford to forgo reprocessing and throw away a vast in-hand energy source. Let us get on with reprocessing in an aggressive way and, in the process, help other nations develop their reprocessing facilities with U.S. technology on nuclear safeguards and waste management. The U.S. Government has operated for some 30 years three reprocessing plants whose output has been tailored exclusively for weapons use. We know how to handle weapons grade materials like plutonium and how to safeguard it. Now, to suddenly state that there are proliferation risks inherent in conventional reprocessing technology" is contradictory based on our military experiences, and makes the United States look ludicrous to foreign nations. A positive approach will go a lot further toward controlling proliferation than our present policy, which has clearly failed.

Mr. President, I ask unanimous consent that the letters I referred to be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD as follows:

COMMITTEE ON THE JUDICIARY,
Washington, D.C., February 21, 1978.

Hon. CYRUS VANCE,
U.S. Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I am writing to obtain a clarification of the Administration's policy on commercial reprocessing of spent nuclear fuel. As you know, any future use of the Barnwell Nuclear Fuel Plant in South Carolina is affected by this policy.

This request for clarification is justified, I believe, because of two apparently conflicting statements made recently by the Administration on commercial reprocessing. President Carter, in his message to Congress entitled Priorities for 1978, A Message From the President stated that: "I have deferred indefinitely the commercial reprocessing of spent nuclear fuel and plutonium recycling." This statement sounds final, and I know that the officials at the Barnwell Nuclear Fuel Reprocessing Plant do not see any near-term prospects.

The confusion over Administration policy arose after my personal review of a speech by Ambassador at Large Gerard C. Smith at a recent meeting of the Trilateral Commission in Bonn, Germany. At that meeting, Ambassador Smith stated: "We have decided on a temporary deferral of commercial reprocessing in the U.S. I would emphasize the words temporary and deferral. This is a policy of stop, look and listen." This statement by Ambassador Smith implies that the deferral of commercial reprocessing is not indefinite, as stated by President Carter, but only temporary and subject to change at some date in the near future.

Any insight that you can provide on this seeming inconsistency would be very helpful. In addition, is there some date, such as the completion of the International Nuclear Fuel Cycle Evaluation (INFCE), where the Administration's policy on reprocessing will be review and reconsidered?

As you can imagine, this matter is of utmost importance to me and to the rest of the South Carolina delegation. Your assistance and clarification on this matter would be most appreciated. If there is anything with which I can assist you on this issue, please feel free to call.

With best wishes and kindest regards,
Sincerely,

STROM THURMOND.

DEPARTMENT OF STATE,
Washington, D.C., March 15, 1978.

Hon. STROM THURMOND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR THURMOND: I have been asked to reply, on behalf of the Secretary, to your letter requesting clarification of the Administration's policy on commercial reprocessing of spent fuel.

The Administration's policy is based not only on the paramount need to seek ways of reducing proliferation risks inherent in conventional reprocessing technology, but also on the conclusion that commercial reprocessing is not economically necessary at this time and is not essential to the solution of waste disposal problems. Accordingly, President Carter ordered last April the indefinite deferral of commercial reprocessing and recycling of plutonium in the United States. I understand that, on the basis of a misunderstanding of the wording in Ambassador Smith's remarks to the Trilateral Commission, it has been inferred that the Administration's position on indefinite deferral of commercial reprocessing has been modified. Ambassador Smith intended those remarks to be a statement of the President's policy, which has not changed and with which they are fully consistent.

The International Nuclear Fuel Cycle Evaluation (INFCE), in which nearly fifty nations and four international organizations are participating, is not intended to lead only to a review and reconsideration of reprocessing. INFCE is a technical and analytical study intended to identify the most proliferation resistant nuclear fuel cycles, while assuring at the same time that nuclear power remains a viable energy source. The results of the evaluation will be transmitted to participating governments for their consideration in developing their nuclear energy policies, and the results will certainly be carefully considered by the United States.

Sincerely,

DOUGLAS J. BENNET, Jr.,
Assistant Secretary
for Congressional Relations.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

"HOLOCAUST" SHOWS NEED FOR GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, it has now been a week since the last episode of NBC's presentation of "Holocaust." The positive public reaction to this series was heartening—it demonstrated that Americans can look beyond their daily personal concerns and empathize with oppressed individuals elsewhere in the world.

I might point out that some 120 million Americans saw this remarkable dramatization of the genocide of the Jews in Hitler's Germany.

There was one scene that was particularly telling. It reflected personal courage and integrity of the highest order—qualities demonstrated time and again by the Nazi regime's victims.

As you will recall, Mr. President, it was Nazi policy in the early years of their purge to have groups of Jewish men strip, line up facing a ditch and Nazi henchmen would shoot them from behind. Soldiers would then check the bodies to determine if there were any survivors. If so, they would finish them off with a pistol.

These scenes were made even more ghastly by the German concern with not wasting unnecessary bullets carrying out this heinous task.

At one point during the war, Reichführer Himmler witnessed one of these mass shootings. As the men were lined up for execution, he noticed a tall young man on the left with Nordic features. Surely, he could not be Jewish. So Himmler called the man over to question him.

Yes, he was Jewish. But Himmler pursued the matter. All of his relatives and ancestors couldn't be Jews, could they? It was clear in that brief moment that if he had said no, if he had denied his ancestry, if he had repudiated his religion, he could have saved himself.

His response was a simple, yes. Then there is nothing I can do for you, Himmler responded. And the execution proceeded.

I mention this scene because of the immense courage that was exhibited. Even Heydrich admitted, "At least he did not deny his heritage. That took a bit of courage." This bravery cannot help but be admired.

Mr. President, the question that comes back to us over and over again is, what can we do about this?

But there is something we can do. At the very least, we can speak out against the kind of men, like Himmler, who judge that life should hang on the slender thread of race. We can do this by giving our wholehearted support to an international treaty condemning all acts of genocide. This treaty is the Genocide Convention. Members of the treaty resolve to eliminate the types of atrocities committed by the Nazis in "Holocaust."

Frankly, I am embarrassed by our previous failure to ratify this treaty. And I certainly fail to understand how anyone can watch "Holocaust" and not feel this same embarrassment. My hope is that "Holocaust" will provide the impetus for the Senate's ratification of the Genocide Treaty. By adopting this treaty, we would be affirming the right of every human being to express pride in his race without fear of physical reprisal. I therefore ask immediate ratification of the Genocide Treaty.

ORDER THAT CERTAIN ACTION BE TAKEN

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the recess of the Senate over until Monday, the Secretary of the Senate be authorized to receive messages from the other body and the White House, and that they may be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the recess of the Senate over until Monday, the Vice President, the President pro tempore, and the Acting President pro tempore be authorized to sign all duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR SPECIAL COMMITTEE ON AGING TO FILE REPORT ON FRIDAY, APRIL 28

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Special Committee on Aging may be authorized to file a report on Friday, April 28.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF UNANIMOUS-CONSENT AGREEMENT ON H.R. 8309

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time agreement entered into with respect to H.R. 8309, the Inland Navigation Act, be amended to provide that any amendment dealing with a project for water resources development be exempted from the germaneness requirement in consideration of said bill.

I further ask that it be in order on Wednesday, May 3, after the recognition of the two leaders, when the Senate again proceeds to consider H.R. 8309, Senator RANDOLPH be recognized to call up an amendment which shall be proposed on behalf of the Committee on Environment and Public Works; that 1 hour be allotted to such amendment, after which time the Senate proceed to the issue of waterway user charges; and that paragraph III of rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR LEAHY ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders have been recognized under the standing order, Mr. LEAHY be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, are there any other orders for recognition of Senators on Monday?

The PRESIDING OFFICER. There are none.

Mr. ROBERT C. BYRD. I thank the Chair.

ORDER TO PROCEED TO CONSIDERATION OF S. 2146 ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after Mr. LEAHY's order has been completed on Monday the Senate then proceed to the consideration of Calendar Order No. 687, S. 2146, a bill to amend the Consolidated and Rural Development Act, as amended.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on Monday the Senate will convene at 11 a.m. After the two leaders or their designees have been recognized under the standing order, Mr. LEAHY will be recognized for not to exceed 15 minutes, after which the Senate will proceed to the consideration of S. 2146, a bill to amend the Consolidated Farm and Rural Development Act, as amended.

There is a time agreement on that bill of 2 hours on the bill to be equally divided between Mr. TALMADGE and Mr. CURTIS, 1 hour on any amendment, 30 minutes on any amendment in the second degree, debatable motion, or appeal, with 2 hours on an amendment by Mr. MUSKIE. No rollcall votes will occur thereon on Monday and any rollcall votes that are ordered on Monday will be put over until Tuesday at a time agreed to on Monday.

RECESS UNTIL 11 A.M. MONDAY, MAY 1, 1978

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, hoping that the committees will take advantage of the golden opportunity tomorrow to get a lot of work done without interruptions by rollcalls and quorum calls from the floor, I move that the Senate, in accordance with the order previously entered, stand in recess until the hour of 11 a.m. on Monday.

The motion was agreed to; and at 5:32 p.m., the Senate recessed until Monday, May 1, 1978, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate April 27, 1978:

DEPARTMENT OF JUSTICE

Gilbert G. Pompa, of Texas, to be Director, Community Relations Service, for a term of 4 years, vice Benjamin F. Holman, resigned.

IN THE AIR FORCE

Lt. Gen. Howard M. Fish, [redacted], U.S. Air Force, for appointment as senior U.S. Air Force member of the Military Staff Committee of the United Nations, under the provisions of title 10, United States Code, section 711.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 27, 1978:

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

Bertram R. Cottine, of the District of Columbia, to be a member of the Occupational Safety and Health Review Commission for a term expiring April 27, 1983.

NATIONAL RAILROAD PASSENGER CORPORATION

Charles Luna, of Texas, to be a member of the board of directors of the National Railroad Passenger Corporation for a term expiring July 18, 1980.

DEPARTMENT OF STATE

Robert Marion Sayre, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil.

NATIONAL RAILROAD PASSENGER CORPORATION

Frank H. Neel, of Georgia, to be a member of the board of directors of the National Railroad Passenger Corporation for the remainder of the term expiring July 18, 1978.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

CIVIL RIGHTS FOR PREGNANT WORKERS

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. ROSE. Mr. Speaker, in May, the House will consider a bill of major consequence to American workingwomen. The pregnancy disability bill, H.R. 6075, clarifies the intent of Congress to include pregnant workers among those protected from discrimination under title VII of the Civil Rights Act of 1964. As a cosponsor of this significant legislation, I would like to insert for the RECORD this excellent report by the Congressional Clearinghouse on Women's Rights.

CIVIL RIGHTS FOR PREGNANT WORKERS

BACKGROUND

Legislation to end discrimination based on pregnancy will be considered on the floor of the House later this month. H.R. 6075 amends Title VII of the Civil Rights Act of 1964 to include pregnant workers, expanding the statutory definition of sex discrimination.

This legislation, endorsed by President Carter and a bi-partisan coalition of labor, civil rights and women's organizations passed the Senate September 16 with an overwhelming 75–11 vote. The companion House bill has 117 sponsors.

The bill was introduced in response to the U.S. Supreme Court ruling in *General Electric Co.* v. *Gilbert*. The court held that discrimination on the basis of pregnancy did not constitute sex discrimination under Title VII of the Civil Rights Act of 1964. Representative Augustus Hawkins (D-CA), Chairman of the House Equal Employment Opportunity Subcommittee and a key sponsor of the bill, had this to say: "I know that when I cast my vote for Title VII I understood that protection to include pregnancy, the legislation we are introducing today will amend Title VII to define sex to specifically include pregnancy so there can be no doubt of the intent of Congress. I am saddened that the Supreme Court [in *G.E.* v. *Gilbert*] ignored the intent of Congress in its interpretation of Title VII which led to the harsh decision in Gilbert."

In Gilbert, the court ruled that G.E.'s practice of providing insurance to employees for a variety of conditions, including vasectomies, hair transplants, and cosmetic surgery while denying the same benefits to women disabled by pregnancy did not discriminate against those women employees. This ruling allows employers to discharge pregnant employees on the basis of their condition, to be placed on maternity leave, or to lose other employment benefits.

The Supreme Court, in Gilbert, rejected the sex discrimination claim because it felt that exclusion of benefits based on pregnancy had more to do with "condition" than "gender." The holding rejects the Equal Employment Opportunity Commission guidelines encouraging inclusion of pregnancy-related disabilities in company insurance plans. The court reasoned these guidelines were inconsistent with Congressional intent, emphasizing Congress did not confer authority upon the EEOC to promulgate rules pursuant to Title VII.

After Gilbert, the Supreme Court reviewed another pregnancy discrimination case, *Nashville Gas Co.* v. *Satty*. The court again held that a company's policy of not awarding sick-leave pay to pregnant employees did not violate Title VII, although seniority rights were upheld.

Most states have not conformed to the finding in Gilbert. Laws in the District of Columbia and 22 states require employers to pay pregnancy disability benefits. States requiring payment of pregnancy disability benefits are: Alaska, California, Colorado, Connecticut, Hawaii, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New York, Oklahoma, Oregon, Pennsylvania, South Dakota, Washington, and Wisconsin.

EMPLOYMENT PROFILE AND COSTS OF H.R. 6075:

Between 1960 and 1974, the greatest increase in the labor force participation by women occurred within the 20–34 age group, the most fertile child-bearing years. By 1975, nearly two-fifths of all workers were women.

While 40 percent of the U.S. work force enjoy some type of disability benefit, only 40 percent of these benefit plans include pregnancy disability coverage. This shows that of the 12.5 million women workers covered by sick and accident disability insurance, less than 5 million of them are protected in any way from wage loss or provided medical compensation for pregnacy disability.

Under most pregnancy disability plans, the average leave time is 6 weeks. Two factors contribute to misleading statistics regarding pregnancy leave. First, many employers require a woman to leave work months before she is disabled. Second, many employers impose an arbitrary date for return to work based on the stereotypical notions that women are unable to continue working or do not desire to return to work. However, according to the Senate Hearing record documenting employers in compliance with EEOC guidelines, women do return to work with impressive regularity.

	[1]	[2]
1973	46	44
1974	59	46.8
1975	69	45.7
1976	73	47.5

[1] Percent returning to work.

[2] Average days absent after delivery.

A former president of the American College of Obstetricians and Gynecologists has testified that the medical profession today regards it as desirable that pregnant women continue their usual pre-pregnancy activities until they go into labor, and that they are usually fully recovered and able to resume work within a few weeks after delivery.

Hawaii, the only state which treats all disability benefits equally, requires employers to cover pregnancy-related and other disabilities for 26 weeks. The state's disability statistics disprove some of the common assumptions regarding pregnant employees. When pregnancy claims were first mandated in May, 1973, there was no noticeable increase in the average duration of claims. The figures for 1975 show the average duration of disability claims for all employees was 4.9: for males, 5.1 weeks; for females, 4.4 weeks. Therefore, pregnancy coverage in Hawaii did not increase costs to employers. In fact, Hawaii reported that costs for temporary disability insurance had actually decreased.

The Department of Labor estimate of the cost impact of H.R. 6075 indicates that the expansion of fringe benefit coverage to include pregnancy disability would not result in significant cost increases for the employer. A Labor report stated, [T]emporary disability insurance contributions represent only 1.4 percent of the wage package for covered workers in private industry and H.R. 6075 will increase that percentage to only 1.5 percent."

Alexis Herman, Director of the Women's Bureau of the Department of Labor, said: "Assuming a continuation of the present fertility rate of 1.7 births over a woman's life and a ⅔ earnings replacement on 1976 earnings for a six-week benefit period for temporary disability due to pregnancy, our preliminary data indicate a total payment of $582 per month or $1,030 per woman over her working life. This $1,030 represents only ⅓ of one percent of the total lifetime earnings of the average female workers.

When considering cost estimates, it should be noted that employees contribute to medical insurance plans. Testifying in support of H.R. 6075, Representative Ted Weiss (D-N.Y.) said that denial of pregnancy benefits to women will in effect deny them benefits which have been earned by their monetary support of existing health plans. According to the Social Security Administration, one-third of all health plans are contributed to solely or in part by the employees.

ABORTION AMENDMENT TO H.R. 6075

The House Committee on Education and Labor approved an amendment to H.R. 6075 during mark-up session. The amendment states that an employer does not have to cover abortions except where necessary to preserve the life of the woman. Specifically, the amendment reads "under any health or temporary disability insurance or sick leave plan available in connection with employment, neither pregnancy nor related medical conditions may be construed to include abortions [except where the woman's life] would be endangered if the fetus were carried to term." This exception is not intended to forbid employers from providing abortion benefits if they wish to. It is also not intended to otherwise affect collective bargaining agreements. The Committee accepted this amendment, offered by Representative Edward Beard (D-R.I.), by a vote of 19 to 12. A similar amendment was considered and rejected in Subcommittee. The Beard Amendment evoked numerous dissenting views and few supporting statements.

ARGUMENTS AGAINST THE AMENDMENT

One of the arguments against the Beard Amendment was stated by Representative Charles W. Whalen, Jr. (R-Ohio) who is a principal sponsor of the original bill. Rep. Whalen opposes the Beard Amendment because it represents "an unreasonable intrusion by the federal government into a private labor management contractual agreement on something that is legal."

The Campaign to End Discrimination Against Pregnant Workers made other arguments against the amendment. (The Campaign is a broad-based coalition of labor unions, civil rights groups, and women's organizations.) The Campaign argued the amendment would interfere with both Title VII and first amendment religious freedom rights of women workers. The Campaign felt "there is no reason why large, non-religious, profit-making corporations should have the right to impose their moral or religious views on their employees."

Rep. Ted Weiss (D-N.Y.) rejected the amendment on the ground that it "adds a

new form of discrimination in place of the one it seeks to eliminate." The amendment, he said, diverts legislators from the original purpose of H.R. 6075 which is to protect the rights of women employees *not* their employers. (Emphasis added.)

Additional arguments leveled against the amendment include: (1) The amendment is unnecessary to prevent religious institutions from being forced to provide abortion coverage, as H.R. 6075 without the amendment would not interfere with a religious institution's first amendment rights. Further, the Civil Rights Act presently allows religious institutions to hire solely members of their own faith.

(2) The amendment discriminates against women employees by subjecting a portion of their medical coverage to employer discretion whereas male employees' portions are subjected to no such discretion for any surgical procedures.

(3) Because the financial contribution by employers is often insignificant, the amendment is unnecessary to alleviate the concern that employers will have to pay for abortions.

(4) The states with fair employment laws prohibiting discrimination on the basis of pregnancy and childbirth have found it unnecessary to include anti-abortion language in their interpretations cncerning pregnancy disability.

(5) The anti-abortion amendment turns the focus of the abortion battle directly to employers. The employers who would allegedly be protected by the Beard Amendment have not actively promoted it.

(6) Abortion coverage is included in most health insurance plans. The Beard Amendment was adopted without reference to current insurance practices and how the amendment would affect them.

(7) Most groups, which supported the bill without the amendment, believe an abortion provision is unnecessary.

(8) The Beard Amendment would likely result in the elimination of earned benefits currently available to women while the employer's contribution for the health benefits would not change.

(9) There is no testimony on the record in support of the amendment. The Catholic Conference was the only group which actively promoted the anti-abortion provision, though it did not do so at public hearing.

(10) The Beard Amendment is contrary to the aim of "pro-life" groups to encourage women to carry their pregnancies to term.

ARGUMENTS FOR THE BEARD AMENDMENT

U.S. Catholic Conference (USCC), as the major proponent of the Beard Amendment, argues the amendment would ensure that Congress does not coerce employers to finance abortions, except where the life of a woman would be endangered. USCC feels that without the amendment, the bill prohibits employers from attempting to accommodate the religious beliefs of employers who may be forced to pay part of abortion coverage costs in health insurance plans.

Another proponent of the Beard Amendment is the National Right to Life Committee. The Committee refers to the Beard Amendment as a freedom of choice amendment" to the Pregnancy Disability Bill saying it allows an employer the opportunity to choose whether to pay or not to pay for the abortion-related expenses of their employees."

Rep. Beard's office had no statement or arguments to add in favor of the amendment which he submitted to the House Committee.

CONCLUSION

The woman who is terminated from her job because she becomes pregnant must begin all over again to obtain job security and job benefits. Most women between the ages of 24 and 34 will have at least one child. It is during this ten-year period that women are most active in the work force. When pregnancy disability benefits are denied, a pregnant woman may be forced to quit her job, or as an alternative may be given unpaid maternity leave. Either option results in a loss of family income at a time when the family can least afford it.

The following illustrates a common situation. One of the plaintiffs in Gilbert lost her job because she became pregnant. She was separated from her husband and was raising a two-year-old child. She applied for welfare but did not receive a check in time to pay her bills. During November and December, she and her child lived without heat, electricity, or hot water in rural Virginia. They were unable to maintain the nutritive diet to which they were accustomed. This compelling example shows that women need pregnancy coverage.

The Supreme Court has given no sign that it will change the stand it took in Gilbert, where it said pregnancy discrimination was not gender related. Last month the court refused to review a court of appeals decision that limited employment for pregnant airline attendants. In *Condit* v. *United Airlines*, a flight attendant filed a class action suit, challenging United Airlines' requirement that attendants stop working as soon as they know they are pregnant. The airline contended that non-pregnancy was a bona fide occupational qualification, while the attendant argued that she should be able to continue working as long as she could safely carry out her duties. The appellate court reasoned that pregnancy could prevent an attendant from fulfilling the airline's duty of guaranteeing the safety of its passengers and ruled that the policy did not violate Title VII of the Civil Rights Act of 1964.

The Supreme Court's refusal to hear this case shows the need for legislative clarification of Title VII. ●

RABBI MORTON J. COHN—AN EXEMPLARY SAN DIEGAN

HON. CLAIR W. BURGENER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. BURGENER. Mr. Speaker, San Diego has been fortunate to count among its residents for the past 32 years an extraordinary individual whose contributions to our city have been immense. That man is Rabbi Morton J. Cohn, D.D., the founder and spiritual leader of Temple Emanu-El, and I would like to pay tribute to Rabbi Cohn, whose distinguished spiritual leadership and community service will soon be honored with a testimonial dinner.

Rabbi Cohn was ordained in 1934 and served as Regional Rabbi with the Union of American Hebrew Congregations from 1934–38.

The Hebrew Union College and University of Cincinnati graduate joined Temple Israel in Memphis as associate rabbi from 1938–40, heading religious education and youth activities.

Temple Beth El in Niagara Falls, N.Y., was Rabbi Cohn's next pulpit from 1940–46 with an interlude from 1943 to early 1946 as a Navy chaplain. Rabbi Cohn served with distinction at New Caledonia, Pearl Harbor, the Chicago Navy Pier, and Glenview Naval Air Station.

From 1946 to the present however, we have been most fortunate to have him in San Diego with his lovely wife Sally. During his early years in San Diego, Rabbi Cohn served as the only Jewish chaplain in the 11th Naval District and for years patients at San Diego's Naval Hospital were warmed by his weekly visits.

In 1959 Hebrew Union College awarded him their doctor of divinity degree while those of us in San Diego were conferring on him our own admiration for his tireless community service efforts which lent so much to so many worthy organizations.

He was San Diego's first United Fund Campaign chairman and has served on the boards of community and civil organizations too numerous to mention. Rabbi Cohn, a past president of the Western Association of Reform Rabbis has lectured extensively through the western United States and for several years conducted a weekly radio worship service.

His leadership and motivation abilities, Mr. Speaker, are not easily surpassed in San Diego or indeed in the country, and I would just like to extend my personal warm tribute and admiration to Rabbi Morton Cohn for his years of service to a community we both love.●

SPECIAL HOUSING FOR DISABLED VETERANS

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. ARMSTRONG. Mr. Speaker, today I am introducing legislation which should not be necessary, in my opinion, but it is.

As you may be, I was astounded to discover that a 100-percent disabled veteran suffering from uncontrollable mental seizures could not receive an allowance for specially adapted housing.

The veteran who contacted me was medically retired as a result of brain damage incurred while in the Army. He suffers as many as four seizures a day, usually without warning. He cannot climb stairs without extreme danger to his life, nor even take a bath without someone present.

According to the Veterans' Administration, a special housing allowance can only be paid to veterans who have lost the use of one or both legs. The question here is not disability, because Mr. Proctor is 100-percent disabled under service-connected conditions.

But any time he takes a step, Mr. Proctor has the real risk of falling in convulsions. Because of the severity of his condition, he requires housing be adapted, with padded wall corners, wide doorways, and hallway railings.

This legislation would not extend to any large number of veterans the specially adapted housing allowance, but would allow its payment to those veterans who are totally disabled as a result of seizures or brain damage.

While these veterans represent a small group, their needs and disabilities certainly entitle them to special housing grants.

So I would like to urge early and favorable consideration of this legislation and would like to commend it to all my colleagues.●

WASHINGTON STAR EDITORIALIZES ON ETHICS LEGISLATION IN THE HOUSE

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. KASTENMEIER. Mr. Speaker, I want to call to the attention of our colleagues the editorial which appeared in the April 26, 1978 Washington Star regarding the current status of the financial disclosure legislation, H.R. 1, and the effort to remove the limitation on outside earned income for House Members.

The Star recommends that the House pass the financial disclosure bill and retain the outside earnings limitation. This is sound advice.

The editorial follows:

[From the Washington Star, Apr. 26, 1978]

BACKSLIDING ON ETHICS

Members of Congress took a $12,900 pay raise last year with the distinct understanding that a strict code of ethics and a limit on outside earnings would be imposed on themselves. There seems to be some doubt now about how well the understanding will be honored.

Pending legislation would write into law the House rules on disclosure of financial interests that were approved overwhelmingly in March 1977. In addition to covering members of Congress, the legislation would extend the disclosure provisions to the executive and judicial branches. Federal judges and employees of all three branches compensated at a GS–16 salary level and above would be covered.

The bill, which had been scheduled for debate this week but was pulled from the House calendar Monday, would require annual reports on amounts and sources of income, gifts totaling $100 or more a year, free entertainment valued at $250 or more a year from a single source, real estate worth more than $1,000, personal property worth more than $1,000 that is held for investment or income production, debts that exceed $2,500 and transactions in securities or commodities futures that exceed $1,000.

Although the House last year passed its rules of financial conduct, which include a limit on outside earnings to take effect in 1979, by a vote of 402 to 22, there appears to be considerable backsliding. Their pay raise in hand and the volume of publicity from scandals (except for the Korean influence buying probe) abated, the enthusiasm for ethics reforms seems to have dropped off. The House last fall defeated a proposal to overhaul internal administrative procedures that would have tightened up accounting practices.

Although the House rules approved 13 months age would remain in effect if the bill is defeated, the rules lack the civil and criminal penalties embodied in the bill making them a part of the federal law. In addition, the coverage would not be extended to the executive and judicial branches.

It appears that the bill was pulled off the House floor by Speaker O'Neill because so many amendments were threatened that the outcome was uncertain. Supporters hope that the four committees involved in handling various sections of the legislation can reach a better understanding before it is brought back for floor action.

Complicating the situation was a Rules Committee decision to allow debate on a "non-germane" proposal to strike the House rule that limits members' outside earned income to 15 per cent of their annual congressional salary—or $8,625 based on their current salary of $57,500. The limit was designed to reduce conflicts of interest and to keep members from spending so much time away from their congressional duties. The earnings limit is not part of the disclosure bill but is part of the ethics package that the House voted last year to impose on itself (a similar restriction was voted in the Senate).

Opponents of the 15 per cent limit argue that it is unfair to restrict members from "earning" outside income but not to restrict earnings from investments. Proponents contend investment income is less likely to involve members in conflict of interest situations and less likely to keep them off the job. After thorough debate in March 1977, the earnings limitation was approved by the House 344 to 79.

The danger in reopening the earnings issue during debate on the disclosure bill is that it might create such antagonism and confusion on the floor that it could affect the vote on the disclosure bill. One might wonder what the motive of the Rules Committee was in allowing the earnings issue to be taken up with the disclosure bill.

Ethics Committee Chairman Richardson Preyer, D-N.C., fears that if the House doesn't pass the disclosure bill "we will appear to be backing down on our commitment to pass a tough ethics bill after we accepted a pay raise . . . We'll look like we're taking the sugar without the pill."

Actually that pill had two parts—financial disclosure and the earnings limit. They were parts of the bargain struck more than a year ago when Congress wanted to get a fat pay raise and try to clean up its image at the same time.

The disclosure bill ought to be passed and the earnings limitation ought to remain in the House—and Senate—rules. A bargain is a bargain.●

A TRIBUTE TO REVEREND RUDOLF REINARU

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. HOWARD. Mr. Speaker, just a short while ago the Estonian people celebrated the 60th anniversary of the declaration of independence of their nation. Although their homeland is presently under Soviet domination, those Estonians fortunate to have moved to the New Jersey shore area have remained together as a community preserving their religious principles and heritage.

One of the Estonian leaders in New Jersey, Rev. Rudolf Reinaru, honored the House of Representatives this morning by offering the opening prayer.

The determination of Reverend Reinaru to aid people throughout the world is indicated by his humanitarian service in Estonia, Poland, West Germany, Canada, and now as pastor of the Holy Ghost Estonian Evangelical Lutheran Church in Lakewood, N.J.

I ask my colleagues to join with me in extending best wishes to the Estonians in the United States in appreciation of their contributions to this great Nation.●

SUPPORT FOR NEW BWCA PROPOSAL

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. OBERSTAR. Mr. Speaker, last week I announced my intention to introduce a new legislative proposal for the Boundary Waters Canoe Area which is located in the northern part of my district.

This new proposal addresses many of the concerns about my bill raised in the past months.

I will introduce that bill in the next few days, as soon as certain technical language is clarified.

Meanwhile, I feel that, in fairness to the many people interested in this issue, I should outline the major changes in my new proposal:

First, terminates timber harvesting in the BWCA immediately upon enactment;

Second, continues wilderness designation for the entire 1,030,000-acre BWCA and deletes national recreation area designation for any lands within the BWCA or outside of it, as provided in my earlier proposal.

Last year, a U.S. Forest Service study estimated that the potential effect of the termination of timber harvesting in the BWCA portal zone would be the loss of 1,190 jobs and $30 million annually. Since the release of that study, the State of Minnesota and the U.S. Forest Service have determined that they can provide the softwood timber to replace the portal zone.

I have modified my proposal to reflect these assurances. My proposal simply ends logging in the BWCA and directs the Secretary of Agriculture, working with the State of Minnesota, to do what both have said they can do: make this replacement timber available. It also provides the Forest Service and the State with additional funds, a more intensive forest management program.

The reaction in the few days since I announced the outlines of my new proposal has been most encouraging.

It is recognized as a reasonable, appropriate compromise and a basis for a just solution to this long controversy.

I would like to commend to my colleagues an editorial which appeared in the Minneapolis Star Tuesday, April 25, 1978:

[From the Minneapolis Star, Apr. 25, 1978]

GOOD NEWS ON BWCA

Rep. James Oberstar's latest concessions on the Boundary Waters Canoe Area (BWCA) legislation are welcome. He has all but removed the logging question from the controversy. And he has dropped his effort to create a National Recreation area on 330,000 acres of the BWCA, thus agreeing those acres should continue to have wilderness designation.

That will please those who want to preserve as much as possible of the priceless BWCA as wilderness. But the toughest issue remains unresolved—how much of the area should be available for use by motorboats and snowmobiles. The two sides remain far apart on that one.

Oberstar said he is proposing termination of all timber harvesting within the BWCA because both the state and the U.S. Forest Service now are saying there is enough softwood outside the BWCA. Moreover, he said he has talked to representatives of the forest products industry and they have agreed to his proposal. So there seems to be agreement now that Minnesota can have both a healthy timber industry and a BWCA without logging, and that's good to hear.

In dropping all reference to a National Recreation Area from his bill, Oberstar said he was addressing two major concerns of his opponents—the classifying of 330,000 BWCA acres as non-wilderness and the expansion of federal controls to 80,000 acres outside the BWCA. His move suggests the proponents of the Burton-Vento bill could take the same step.

That bill, named after Reps. Burton of California and Vento of Minnesota, is the one passed by the House Interior Committee earlier this month. It establishes a BWCA wilderness area of about 1,075,000 acres, including some small increases to the current 1,030,000 acres.

But it also establishes 227,000 acres of a new National Recreation Area, which means a measure of federal control over development, along three road corridors in the BWCA vicinity. That's raised a lot of opposition from area residents, who see it as one more threat to their freedoms. We think it's an unnecessary addition to the legislation, one which obscures the real question of BWCA preservation, and urge that it be dropped.

It is possible, too, that the Burton-Vento backers can find some further areas in which to yield on the snowmobile-motorboat issue; they have already moved away from the concept of an outright ban to accept limited use of motors, and there may be another route or a couple more lakes where motors could be tolerated in the name of greater acceptance from the residents of the area. Basically, though, we hold to the thought that wilderness and motors don't mix worth a darn and urge passage of a law that reflects that sentiment.●

VIEWS EXPRESSED ON MANY ISSUES

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. BROOMFIELD. Mr. Speaker, every year, I conduct a poll of my constituents to ascertain their views on many of the issues facing us in Congress.

This year, over 12,000 residents of Oakland and Livingston County, Mich., took time to respond to my questionnaire. Several hundred more expanded on their views in separate cards and letters.

I have found that this response from the people has helped me greatly to represent my district in voting on the many issues that affect them. I am inserting the results of this year's poll into the RECORD so that my colleagues may also benefit from hearing from the people:

QUESTIONNAIRE RESULTS

(1) Should Congress authorize payment of Medicaid funds to the poor for the cost of abortions?

Yes, 44%; No, 55%; undecided, 1%.

(2) Do you think the economy requires a tax cut larger than the $25 billion reduction proposed by the President?

Yes, 48%; no, 45%; undecided 7%.

(3) In general, are you satisfied with current U.S. policy in the Middle East?

Yes, 42%; no, 51%; undecided, 7%.

(4) Are new taxes on gasoline and heating oil a responsible way to encourage energy conservation?

Yes, 17%; no, 81%; undecided 2%.

(5) Should the Postal Service be allowed to discontinue Saturday mail delivery to help reduce its deficit?

Yes, 58%; no, 40%; undecided, 2%.

(6) Do you feel the President's emphasis on human rights has helped to further our overall foreign policy objectives?

Yes, 29%; no, 64%; undecided, 7%.

(7) Would you support mandatory sentencing and denial of parole for all crimes committed with a gun?

Yes, 89%; no, 9%; undecided, 2%.

(8) Would you support the elimination of mandatory retirement provided that you could voluntarily retire with full benefits at age 65?

Yes, 84%; no, 15%; undecided, 1%.

(9) Do you favor a personal income tax deduction for a portion of tuition costs for college education?

Yes, 72%; no, 27%; undecided, 1%.

(10) Would you support a national health insurance program run by the government with a corresponding tax increase to pay the cost?

Yes, 21%; no, 77%; undecided, 2%.

(11) In general, do you believe the Federal government has become too deeply involved in the auto industry?

Yes, 81%; no, 18%; undecided, 1%.●

PERSONAL EXPLANATION

HON. BOB GAMMAGE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. GAMMAGE. Mr. Speaker, for the benefit of my colleagues and constituents in the 22d District. I am enclosing this self-explanatory material.

Due to an unfortunate error of the pairing clerk, I was incorrectly paired on H.R. 11401, the NASA authorization for fiscal year 1979. I was absent from the floor of the House because of official business in my district. I was personally hosting Secretary of Transportation Brock Adams on a familiarization tour of the site of the proposed deepwater superport and its surrounding area on the Texas gulf coast, in Congressional District 22. Had I been able to be present, I would have voted in favor of fiscal year 1979 NASA authorization.

I have worked with Chairman TEAGUE as a member of the Science and Technology Committee to have an effective and farsighted budget for the National Aeronautics and Space Administration. On February 28, I voted in favor of the budget as reported by the Space Science and Applications Subcommittee, and on March 7, I supported the NASA budget as reported out of the Science and Technology Committee.

I regret the error as reported in the CONGRESSIONAL RECORD on April 26, and hope this serves to set the record straight.●

HIGH TAX BURDENS

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. ROUSSELOT. Mr. Speaker, current public opinion polls show that rising taxes are a constant burden to the American people. Through the ballot box, however, these same wage earners who are critically affected by unrestrained Government spending are finding an opportunity to protest their grievance. In my home State of California, there is a tremendous amount of grassroots support for a tax-limitation measure which will be voted on at the June 6 election—the Jarvis-Gann initiative which would, if adopted, first require a two-thirds vote of the State legislature for any increase in tax rates and second, reduce all property tax rates to not exceed 1 percent of the property's market value.

In strong reaction to overtaxation, people all over the country are taking a serious look at the California tax limitation measure and weighing the arguments thoughtfully. Opponents of the Jarvis-Gann initiative are utilizing "scare tactics" to beat the measure—threatening the loss of community services—fire, police, schools—and public jobs. A second case against these prophets of "gloom and doom" is intelligently made by the highly respected economist, Dr. Arthur B. Laffer, professor of business economics at the University of Southern California. In a recent statement, Dr. Laffer clearly and concisely makes the point that these ominous threats reflect a lack of knowledge of either economics or the situation in the State of California. His comments summarize not only the feelings of the working taxpayers in California but those of taxpayers throughout the Nation as well. I urge all of my colleagues to read Dr. Laffer's logical statement which follows:

JARVIS-GANN

The Jarvis-Gann initiative (Proposition 13 on the June 6th ballot) has two principal features: It—

(i) requires a two-thirds vote of the State legislature for any increase in tax rates; [1]

(ii) reduces all property tax rates to not exceed 1% of the property's market value.

[1] It also has a few other interesting features. For example, it would require a two-thirds favorable vote on any bond issues, which would lead to higher tax rates. One other feature could well be in trouble because it seemingly violates the "equal protection" clause of the Constitution. This feature maintains that market values used for tax purpose cannot rise faster than some small percentage per year unless the house has been sold recently. For the purposes of this analysis, I shall assume this feature is removed.

My view is that this initiative, if voted upon favorable at the June 6th election, would go a long way toward revitalizing California's economy. At present, California is one of the most heavily taxed States in the Nation, and the effects of these taxes are becoming more and more apparent every day. Businesses appear to be responding to the high tax rates by expanding their activities elsewhere. If this trend continues, it is my opinion that California will experience a deterioration in its relative position. The quality of life in California is being damaged by the high tax burdens and rather low priority use of some of those funds.

The successful passage of the Jarvis-Gann initiative would help reverse this debilitating trend.

In the first year, the initiative would lower property tax rates from approximately 3½ percent (the Los Angeles County rate) of market value to 1 percent of market value. Without considering any other economic changes, this would lead to a revenue shortfall of some $7 billion. Such a number, if used as an estimate of what would actually happen even in the first year, is misleading. In fact, revenues would fall by less than $7 billion. With the State's accumulated surplus, and the ability to use capital markets, spending would hardly have to be reduced at all.

Property tax revenues will fall by less than $7 billion because property values will rise and new construction activity will expand. Both of these effects will expand the tax base, and thus lead to less property tax revenue loss. In the out-years, property tax receipts will fall by far less than $7 billion annually. Take, for example, a $100,000 home, paying taxes of 3½ percent of market.[2] Taxes would be $3,500 per year without Jarvis. If Jarvis passes, the tax rate would fall to 1 percent of market, but tax receipts would be greater than $1,000. Using a discount rate of 10 percent, the approximate receipts would initially be $1,250, reflecting a rise in the market value of the house to $125,000.

In short order, the higher values of homes would encourage more new construction and an enlarged property base. As this process progressed, total property values would rise by far more than the 25 percent of the example.

Tax revenues elsewhere would expand absolutely. Social welfare mandated spending would fall. With property taxes lower, businesses will expand their activities within the State. This expansion will create new jobs, more investment, and higher real wages. Sales, incomes, and other forms of activity will expand. Sales taxes, income taxes, etc., all will rise. In addition, State outlays for social welfare will fall (unemployment compensation, rent subsidies, medical, etc.).

Tax revenues in future years will be reduced by less or, quite conceivably, even expanded as a result of Jarvis-Gann. When combined with the healthier economic base and, as a direct consequence, less social welfare expenditures. The State should shortly be back in a surplus condition. The people of California would have a number of options, including a healthy increase in spending on such things as schools, or further tax-rate reductions. As mentioned earlier, I do not foresee any need for sharply curtailed spending. To the extent that any spending cuts were deemed appropriate, they could be planned far in advance. With the State's surplus, the use of capital markets, and even the delay in when the Jarvis-Gann went into effect, there would be no difficulty in rationally planning expeditious spending reductions. The stories of closing schools and eliminating fire and police protection are not well-founded. They reflect a lack of knowledge of either economics or our State. In fact, given the legal priority structure of our spending, it is questionable whether spending on schools could be reduced legally, even if politicians were to foster such a move.

Business groups as well have been arguing that if Jarvis-Gann is passed, then the State will have to raise other taxes such as business taxes, sales taxes, or income taxes. Frankly, if Jarvis-Gann passes, the chances of higher tax rates elsewhere would be greatly reduced. With Jarvis-Gann, it would take a two-thirds majority of the legislature to pass a tax increase anywhere, while now it would only require a simple majority.

The last issue I feel needs addressing is the relationship between a reduction in property taxes, specifically, and rents. A number of people feel that rental pass-ons of property tax reductions should be written into law. Such pass-on provisions only encumber the law, add new levels of monitoring, and investigative personnel, and really do nothing for renters. In fact, rents are determined in the marketplace and in part reflect the rent-versus-buy decisions of homedwellers. Rents also reflect the alternative uses of capital for rental unit owners.

If property tax rates fall, as proposed by Jarvis-Gann, then the after-tax rate of return on rental units would rise. This will attract more capital, more units, and will lead to a direct reduction in rents. Likewise, the costs of owning one's own home would fall. If rents didn't fall commensurately, some renters would buy their own homes. This will cause rents to fall as well. In fact, the reduction in rents would most likely be dollar-for-dollar the same as the reduction in property taxes. Capital employed in rental housing tends to be a close substitute for capital employed elsewhere. Thus, the after-tax returns to rental capital are determined in the overall capital market. Any reduction in tax rates will be passed on to renters.

While my professional judgment is that Jarvis-Gann will improve the state of the California economy, I feel equivalent reductions in either income or sales taxes would be markedly preferable. From tax theory, we know that economic efficiency is enhanced when those productive factors that can escape the most are taxed the least, and those that can escape the least are taxed the most. In California, businesses, sales, incomes, etc., can all escape taxes relatively more easily than can property. Property has a relatively more difficult time escaping taxes, although it can do so to no small extent. Therefore, an optimal tax structure for California should most likely include higher taxes on property than on incomes or sales. To me, the need for income and sales tax relief is of higher economic priority than property tax relief. Jarvis-Gann, therefore, is, in my view, by no means the best proposal imaginable. It is, however, better than what we have, or are likely to get.●

[2] The number here is to reflect the average Los Angeles County property tax rate on residential structures. Other counties may well have higher or lower rates.

LELAND MEMORIAL HOSPITAL

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mrs. SPELLMAN. Mr. Speaker, on Monday, May 1, it will be my great pleasure to address those assembled at the groundbreaking of an expansion to the Leland Memorial Hospital. I consider myself, indeed, privileged to have such an honor, for the hospital, those who administer it, and those who care for the patients hold a special place of respect and affection in my heart.

Leland Memorial Hospital at present is a 76-bed, nonprofit institution, dedicated to quality health care for our community. The objective of the hospital expansion and renovation program is to respond to the perceived increased community needs in acute care beds. We expect the specialty care beds will bring the total bed capacity to approximately 130 beds. The plan calls for specialty care beds in mental health, substance abuse, and rehabilitation. The new wing will also allow for much needed expansion and modernization of the overcrowded diagnostic services an support areas in emergency room, intensive and coronary care, as well as in X-ray and laboratory.

The Hospital Community Health Education Department, on April 14, 15, and 16, tested 1,500 participants in a hypertension and pulmonary screening program. Presently they are reaching an average of 1,000 persons a month with health programs in weight control, smoking withdrawal, physical fitness, and vegetarianism. The educational components of the expansion program will be comprised of preventive services, public health education, crisis intervention, inpatient services, partial hospitalization, day care, and outpatient treatment. With the additional educational services permitted by the expansion, the number of people who will benefit will increase substantially.

Indeed, the expansion program is necessary in order to promulgate the commitment the hospital has made to maintaining quality health care in the surrounding communities based on present day standards and progressing into the future.

Mr. Speaker, I know my colleagues join me in saluting Leland Memorial Hospital for its progressive and farsighted programs which serve our citizens so well.●

FREE AND OPEN TRADE?

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. DELANEY. Mr. Speaker, I am sure my colleagues join me in the philosophy that free and open trade with other nations is important to the health of the world economy and to developing a sense of understanding between peoples. However this philosophy cannot be applied when the reality of the situation in a particular industry suggests that our Nation's intentions are being taken advantage of by those whose motives are not so honorable.

Such an abhorrent situation exists today in the American textile industry. What makes the situation so much more discouraging is that our tax laws encourage American manufacturers to have their work done in foreign countries at the expense of American jobs.

The plight of the American textile industry is eloquently expressed in an ar-

ticle written by Sol C. Chaikin, president of the International Ladies Garment Worker's Union which appeared in the New York Post on April 18. Mr. Chaikin is the leader of a union which has done more than its share to improve working conditions for the people who form the backbone of our textile industry—the Nation's largest.

It is my hope my colleagues find Mr. Chaikin's article to be informative and convincing.

The article follows:

[From the New York Post, Apr. 18, 1978]

IMPORTS KILLING OFF OUR LARGEST INDUSTRY

A flood of imports is washing away hundreds of thousands of jobs in the American economy, with devastating consequences for the entire nation.

The decline in the number of workers in the manufacture of apparel is not due to any loss of interest on the part of the American woman in being the best dressed in the world. Apparel purchases in America grow every year.

The workers who have lost their jobs have been displaced by imports. If imports were zero today, there would be another 170,000 people employed in the manufacture of women's garments.

What is happening in the garment industry is happening in the entire textile and apparel trade—the nation's largest factory employer with more than two and a quarter million employees. Were it not for mounting imports, textile and apparel would now be providing jobs to another quarter million workers.

But just as crucial as the number of jobs lost is the kind of people who have lost jobs. They are those who could least afford it. They are the marginal populations who are heavily employed in light manufacture. The displaced persons are disproportionately black, Hispanic, low-income whites. For millions of them, light manufacture has been the first rung on the economic ladder. When that rung goes, all hope goes with it.

For a city like New York that has traditionally depended on light manufacture as a prime base of its economy, the flood of imports has been catastrophic. Between 1969 and 1976, the total employment in manufacturing in New York has fallen from 825,836 to 522,878.

We are losing our market to imports not because of any deficiencies in our know-how. But our superiority is of little use because American manufacturers put our technology and skills to work in other lands where they make products for export to the U.S.

Not untypically, a shop in Bangkok will be making blouses exclusively for one American manufacturer who has supplied the style, some initial capital, the sizing and access to the American market. In this distant sweat shop, reminiscent of the garment industry before the turn of the century in the U.S., the young girls who work for a pittance (sometimes just a few bowls of rice a day) stitch the brand names of American outlets into their product. Sometimes, the label is that of an American manufacturer; sometimes it is that of an American chain store. In any case, it is an American company that employs incredibly exploited labor overseas to manufacture products for sale in the U.S.

As if such cheap labor were not sufficient incentive to export jobs to other land, the U.S. Tariff Code has a special proviso (Item 807) that further encourages American manufacturers to get their work done elsewhere. Under this law, U.S. companies that have American component parts assembled in other lands may import the finished product with the tariff limited to the value added, which in the case of low-wage countries, is very low. Hence, American apparel firms send their work to other lands to be stitched at 30 and 40 cents an hour, and then bring back the end product for sale in this country. So lucrative is this shuttle trade for American producers that Item 807 imports of garments have grown from $1,730,377 in 1955 to $292,475,804 in 1976.

Although the labor that goes into imports is very cheap, the American consumer rarely gets a bargain.

Several months ago, I submitted dramatic visible proof that savings in wage costs for products made overseas were not passed on to the consumer. I showed four identical blouses to a Senate Committee—blouses that we had bought in the same store—each carrying the same brand name and selling for the same price. One was made in the U.S. and the other three in other countries where labor was but a fraction of that paid here.

The beneficiaries of low wages were the manufacturer and/or the retailer who could make a larger profit on the cheap import.

One-million jobless costs the Federal treasury $16 billion a year in lost income and in money paid out for unemployment insurance, welfare, food stamps, etc. The cost to state treasuries is another $4 billion.

The import infection is spreading from light industry to heavy industry. We are hit not only by import of commodities but by export of capital and technology as giant multinational corporations close down plants here to open them in other lands to take advantage of cheaper labor, tax laws, and protected markets overseas.

The evidence of the infectious spread is written in our recent trade balances. In 1977, we ended the year with a deficit of $30 billion—by far the greatest annual loss in our history.

Theoretically, this last deficit should not have happened. Our bad balances have been devaluating the worth of the dollar on the world exchange. This cheapening of the buck should have boosted our exports since people with foreign currencies could buy things cheaply if they were priced in dollars. And, vice versa, our imports should have fallen since it takes more dollars to buy things priced in marks, yet, or francs. But just the opposite happened.

Why? Because every major (and many minor) country shut out our wares with both tariff and non-tariff barriers the last being a thousand bits of red tape to bar the entry of American goods. We, on the other hand, continue to leave our doors wide open—a free trade island in a protectionist ocean, with our economy eroding under the pounding waves of imports.

"Free trade" is a mischievous myth used by American manufacturers, retailers and importers to promote their profits. The American people pay the price in chronic unemployment that will not be cured by the traditional medicines.

What America needs today is a fair trade policy that is both generous and realistic. Such a policy would not close our doors to imports but would regulate the flow in accordance with our capacity to absorb. Thus, if the American garment market grows by 3 per cent a year, imports should be allowed to grow at the same rate. In that way, both domestic production and imports can grow as the U.S. market grows.●

KOREAGATE AND CBS

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. HYDE. Mr. Speaker, on April 3, CBS presented a documentary that, as so often with that network, was a masterpiece of misplaced emphasis.

Columnist Patrick Buchanan has scored again in his superb analysis of this program published in the April 29 issue of TV Guide. I respectfully commend this article to my colleagues:

[From TV Guide, Apr. 29–May 5, 1978]

CBS OVERLOOKS THE TRUE SCANDAL OF "KOREAGATE"

(By Patrick Buchanan)

Like those proverbial Chinese dinners that leave you hungry an hour later, CBS News' "Anatomy of a Scandal," telecast April 3, failed to satisfy.

For the documentary produced nothing new in the way of information, other than the allegation (since denied by all parties) that the CIA bugged the Blue House of Korean President Chung Hee Park.

The rest was predictable rehash, with predictable slant. The President of South Korea was repeatedly identified as a "dictator." Strange the networks so rarely use the moniker when identifying Brezhnev. The Koreans who died in Vietnam were "paid mercenaries of the United States." (Since the British at Normandy were also dependent on U.S. lend-lease arms and equipment, perhaps CBS would call the British war dead "paid mercenaries of the United States.")

South Korea's miraculous recovery from the war is disparaged as the consequence, largely, of U.S. aid and reactionary labor policies. And, of course, the examples of political repression are recounted in loving detail:

"NARRATOR: Student demonstrations . . . riot police and ROK CIA agents beating and arresting protestors . . . the trials of hundreds of prominent citizens, and charges of torture to obtain confessions . . . the faces of wives whose husbands had been sent to prison or death . . . the congregations of Christian churches moving by the thousands in candlelight parades of protest."

Throughout, there was a studious lack of sympathy for South Korea's perilous position, only passing references to the fact that South Korea is militarily menaced by one of the most barbarous regimes on Earth.

Summed up, "Anatomy of a Scandal", provided another rationale for those Americans looking for high moral grounds to grease the skids under South Korea.

The piece was also marked by a Pecksniffian posturing, comical in light of postwar history.

"NARRATOR: Why Park would eventually dare to illegally influence the decisions of the United States Congress is the question we will examine next."

Oh, come off it! Where has "Narrator" been for 30 years? In 1948 the United States reportedly fixed the Italian elections. In the '50s we dumped over regimes in Guatemala and Iran. In the '60s the boys at Langley plotted the assassination of half a dozen Third World thugs, sent an invasion force into Cuba, and "de-stabilized" Chile's economy, after we couldn't block the installation of its elected President Salvador Allende. We have bought off friends and enemies all over the world—because six American Presidents believed rightly that dirty business was sometimes necessary in defense of the Free World.

If the U.S. can allegedly bug the Blue House, from what lofty pulpit do we condemn President Park for, allegedly, trying to buy a few congressmen with "For Sale" signs around their necks?

Here we reach the heart of the matter. What was wrong with the CBS documentary is what has been wrong, to date, with the performance of the House ethics committee. The focus has been on what CBS terms South Korea's "desperate and corruptive plan" directed against Congress.

But the true villains are not Chung Hee Park or his KCIA. What they did, they did to secure support for their beleaguered, threatened country.

If Ben Franklin had bought off half the ministers of Louis XVI, to bring France in on the side of the American Revolution, we would today be celebrating the exploits in song and verse.

It is the corrupt Americans of Capitol Hill who gobbled up gifts, goodies and hundred-dollar bills who are the villains of the piece, it is they against whom the American people should direct their outrage.

Consider South Korea's situation. During Vietnam, she sees a growing isolationism in the U.S., a rising hostility toward South Korea; she hears public calls for an American pullout from mainland Asia. More dependent than Israel upon the U.S. for survival, she desperately sets out to buy back support she is beginning to lose. The alternative could be the death of an independent nation. South Korea's schemers, however unwise and inept, were certainly better motivated than the men who took the bribes.

The focus of U.S. resentment should be on the gift-takers, not the gift-givers from South Korea.

One is reminded of Mark Twain's story "The Man That Corrupted Hadleyburg." Hadleyburg, wrote Twain, was "an incorruptible town," surely "the most honest and upright town in all the region around about. It had kept that reputation unsmirched for three generations, and was prouder of it than of any other of its possessions." Twain's tale is about a mysterious stranger who corrupts the town. The story's point, however, is that the reputation was facade, that Hadleyburg was corrupt to the core, that all that was needed for the mask to be ripped away was a temptation alluring enough.

Capitol Hill is Hadleyburg.

CBS would have us believe Congress is somehow victim of a sinister plot.

Here is producer Jay McMullen, questioning a former State Department official: "Well, don't you think that *if the Congress was being corrupted by a foreign nation*, the public should have reason to know about it?" (Emphasis added.)

The true scandal of Koreagate is the coverup. Tongsun Park reportedly shoveled out $850,000; then Ambassador Kim Dong Jo was seen stuffing about two-dozen—count 'em—two-dozen envelopes full of cash, and heading off, on delivery day, for the Capitol.

Yet, two years into this investigation, not a single sitting congressman has been indicted. Not a single sitting member has been cited with an ethics violation. Where is the clamor for a Special Prosecutor—heard across the land in Watergate?

The seeds of Koreagate may have been produced in Seoul. But they sprouted, blossomed and bore fruit because they were planted in a compost heap called Capitol Hill—where enough dirt has been swept under the rug to qualify the place as a Federal soil bank.●

THE ARMS RACE: A TIME TO STOP

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. CONYERS. Mr. Speaker, the arms race, the proliferation of nuclear weapons, the development of even more lethal and uncontrollable war machines than the ones that presently exist, are not easy issues to comprehend, let alone deal with. They involved unthinkable thoughts about a level and scale of nuclear devastation for which mankind has no precedents.

A few weeks ago the issue was whether or not this country would go ahead immediately with the production of neutron weapons. The proponents tried to convince us that the future of Western civilization itself depended upon their production and deployment. Fortunately, the President decided to defer production and left room for an eventual decision to cancel out this weapons program altogether. Even if this weapons system were scrapped, we can be sure that a thousand others like it will be put forward on the same grounds that they too are indispensable to the freedom and security of the American people.

Of course, few notions could be farther from the truth than the notion that our Nation's security depends upon the unfettered development and production of any and all weapons systems that our scientists and engineers come up with. Each new round in the arms race adds a greater degree of risk and instability that the last. The more we spend on weapons and the more sophisticated they are, the more the Russians spent and the more sophisticated their weapons become. The more weapons we sell to our clients overseas, the more the Russians sell to their clients. The military-industrial establishment propagates the view that these weapons and increased military spending are our only insurance against disaster. They are, of course, just the opposite: a ticket to that very disaster the nations of the world are pretending to avoid.

Next month the United Nations will convene a special session on disarmament. It will run from May 23 to June 28. We have for this reason an opportunity to think harder on the questions of the arms race and arms control than we have done up to now. Are we increasing or decreasing the likelihood of nuclear war by means of our present national security policies? Are we spreading or limiting the hazards to civilians by moving ahead with a new generation of tactical nuclear weapons such as neutron weapons? Can we and the world afford to continue the diversion of scarce, precious human and material resources that we are currently using up in military spending?

One thing is clear. We cannot afford not to confront these questions. A brilliant article, "A Time to Stop," written by Richard Barnet, has come my way, which deals with the basic question of security and survival in the context of military planning and the arms race. Mr. Barnet is the author of a number of extraordinary books, among them "Roots of War," "The Economy of Death," "Global Reach," and "The Giants." A former official in the Kennedy administration, he is currently a fellow at the Institute for Policy Studies in Washington. I urge my colleagues to read this article as we move closer to what I hope will be a period of extended debate on arms control and disarmament.

A TIME TO STOP

(By Richard J. Barnet)

Humankind is entering a period of unique opportunity and unprecedented danger. The opportunity is the creation of a world community in which the basic economic, political, and spiritual needs of every human being on the earth can be met. For the first time the idea of world community has become more than a philosopher's dream. Statesmen, politicians, economists, indeed almost anyone who thinks about public policy, realizes that the nation state cannot solve the fundamental political and economic problems facing mankind. No matter how many missiles a great nation amasses, it cannot defend its people. The Pentagon cannot defend the people of the United States if, despite the near certainty of its own destruction, the Soviet Union should decide to attack. The Soviet Government cannot defend its vast territory either.

Neither can any nation build prosperity for its people behind the walls of its national frontiers. There is no longer such a thing as a U.S. economy. There is a U.S. branch of a world economy, and the effects of oil shortages and food shortages in remote areas of the globe can no longer be kept from American shores. When unemployment, starvation, disease, war, and political repression strike millions in Asia, Africa, and Latin America, the consequences, increasingly, are felt here. The reality of interconnectedness is forcing us to think beyond the religion of nationalism and to work toward political structures that are obedient to the biblical injunction that mankind is one. It is only in the last twenty years that the two billion or so persons living in the former colonial and dependent world have become subjects rather than objects of history. Millions of people who for five centuries or more were less than persons in either a legal or political sense have arrived on the scene to demand the right to live as human beings.

The end of colonialism, the new awareness that vital resources of the globe are limited, and the realization that the political and economic problems of the United States (and every other country) cannot be solved except in the context of global solutions, are transforming the dream of world community into a political imperative. We are participating in an extraordinary moment in the whole history of man.

But it is a time of extraordinary danger precisely because we have been unable to adjust our thinking to the new era into which we are entering. We think about the world as if we still lived in the nineteenth century and it were still possible to defend territory, to fight successful wars, and to maintain prosperity through the arms race and other walls to keep out the rest of the world. The arms race now threatens to destroy the possibility of world community. Indeed, it threatens all human life on the planet.

The U.S.-Soviet detente has not produced any change in the institutions or habits of mind in either country that keep the arms race going. While the diplomats haggled at the SALT talks, stockpiles of nuclear weapons on both sides doubled, and major advances in military technology, such as MIRV, MARV, the cruise missile, and the new more powerful Soviet missiles were introduced. Thus while arms controllers have been preaching "stable deterrence" the military environment has become much more threatening to both sides. Military planners always wonder why the adversary in the age of overkill is adding more weapons. Trained to anticipate "worst-case scenarios," Soviet and American generals can always find plausible national security arguments to add more missiles, to search for the technological "break-through" that might make it pos-

sible once again to defend the nation, and to develop quick reaction, pre-emptive strategies to forestall a surprise attack.

For any rational political leader, war is indeed unthinkable, but huge military bureaucracies in the two countries are paid to think about it every day, to plan for it and to develop scenarios for "winning." The madness of the one sustains the efforts of the other, and the result is a military environment that is much less predictable and more ominous than it was before detente began.

Some U.S. generals and politicians are suspicious of "what the Soviets are up to" because Soviet military expenditures continue at a high level. The Soviets are making larger and more accurate missiles and as a result parts of the U.S. missile force are becoming more vulnerable. But the U.S., which has always set the pace of the arms race, is about to commit itself to a ten year buildup of major new weapons systems—the cruise missile, the neutron bomb, and the M–X—an elaborate subway system in which mobile missiles move silently under the earth. Soviet officials who emphasize correctly that they have always been behind in the arms race are alarmed that the U.S. is seeking to reestablish "superiority" by acquiring the new generation of U.S. weapons at a cost to the American taxpayer that is certain to reach $150 billion a year by 1981. Weapons programs telegraph intentions in ways more convincing than toasts and speeches.

The inherent instability of the arms race, in which both sides have moved toward 'war-winning technology"—missiles designed to destroy missiles—increases the tension and danger of the military environment and creates pressures on both sides for pre-emptive war strategies. (A missile designed to hit an enemy missile must strike first.)

But not only is the technical balance becoming more unstable but so also is the political balance. When the arms race was a two man game, fairly primitive notions about what it takes to deter a war could be safely applied. But now there are many players and the signals are increasingly confused. The U.S.S.R. is engaged in two arms races, one with us and another with China. The threat of nuclear' terrorism—from small countries, liberation movements, or private gangs—is real. Thirty-five nations have or can quickly acquire nuclear weapons. The bomb is not merely in new hands; it has become intertwined in an entirely new set of problems, It hangs over the Middle East and Southern Africa. The U.S. and the U.S.S.R., despite the intensity of their rivalry, have never had anything to fight about which the elites on either side thought was worth a nuclear war. Other political groups which have or will have the bomb are more desperate. Historical precedents—principally the two regional wars of this century that spread into global conflict—suggest that limiting a nuclear conflict would be very difficult.

The security problems for Americans in the coming era are real and serious, but none of them can be solved by adding extra missiles or tanks to our arsenal. The United States now has more than 9500 nuclear warheads each capable of burning the heart out of a major city. (The Soviet Union has 3700.) A hundred nuclear weapons landing on the Soviet Union would destroy a minimum of 37 million people and 59 percent of the industrial capacity, according to Pentagon calculations. Given these realities of the nuclear age, if the Soviets cannot be deterred by 9500, it is unclear why they will be deterred by 95,000.

The critical security problems for the United States in the coming period include maintaining the flow of oil and gas to factories and homes, staving off the bankruptcy of our major cities, controlling crippling inflation, and creating conditions for every citizen to make a productive contribution to society. Failure to meet any of these problems would imperil American civilization. Each of these threats, if we are to believe official CIA estimates of the extremely low probability of a Soviet blitzkrieg in Europe or anywhere else, is far more likely than the threats against which we are spending so much money. The tragic irony is that by overpreparing against implausible threats we are making ourselves less secure in two ways. First, we are wasting resources—money, energy, imagination—that could be directed at the most urgent security problems. Second, each projected escalation in the arms race, as we have already noted, makes it more likely that we will be involved in a war by miscalculation with the Soviet Union, not less.

The arms race mentality which makes detente and disarmament impossible rests on some fundamental assumptions about ourselves as a people—that we can feel secure only if we continually dramatize the threat of genocide, that our "national will" can be stiffened only by amassing killing power, and that the spiritual and economic sources of national strength count for little. The hideous irony is that there are enormous spiritual and economic costs to basing security on the threat to commit mass murder, and that the more we threaten and the more we amass the weapons to make the threat credible, the less secure we feel.

Despite the trillion and three quarters dollars spent for national security since 1945 the American people are objectively less secure and also feel less secure than they were thirty years ago. To support the over-expanding military machine—because of inflation it takes about a 3 percent increase a year just to stand still—we have starved crucial parts of the domestic society. The fiscal crisis of our cities and the resulting decay, the decline of social services, crime and mounting tension is a consequence of almost forty years of disinvestment in the civil society. The decline of the dollar is directly related to the balance of payments crisis brought on by the maintenance year after year of our huge global military network. The failure of American industry to remain competitive with other countries, despite its enormous advantages, is a result of our national failure to develop technology for solving the most urgent security problems—environmental protection, alternative energy sources, etc. The military has preempted not only the research dollars but, more important, the brains and the energy needed to understand and to address the real security problems of the coming era—how to relate to the coming into being of a new international order.

Security is fundamentally a spiritual and psychological problem. What we trust defines who we are as a nation. To develop the spiritual, psychological and economic resources for survival and growth we will have to put our trust in something other than weapons stockpiles which are always too small and are always obsolete.

The SALT negotiations have failed to stop the arms race because they are premised on the same assumptions that keep the arms race going. Rarely will an American and Soviet general agree on what constitutes a "military balance." Both sides try to derive the same sort of advantage through the negotiations that they seek through their own arms building programs. Thus the pace of negotiations has been so slow that the little progress that is made is overwhelmed by the march of technology.

The only way to stop the arms race is for both sides to communicate to each other a clear intention to stop based on the recognition that the risks of moving to a new stage of insanity outweigh the risks of peace. Since the SALT negotiation has been one of the battlefields of the nuclear arms race we cannot hope that such talks can bring about a reversal of the deadly competition in which the greatness of two nations is measured in megatons of killing power. To break out of the spiral the United States should take some clear and courageous independent initiatives that will convey our intention to find a new basis for our security. Such initiatives should be significant enough to challenge the Soviet Union and every other nation to rethink its own approach to security and to reciprocate with similar initiatives. U.S. initiatives should not depend, however, on reciprocation. There are many moves we could make right now to stop the arms race that would enhance our security—by making the military environment less dangerous to ourselves, by saving money and vital natural resources—whatever the Soviet response might be.

On May 24, 1978, the Special Session on Disarmament of the U.N. General Assembly will open in New York. The President of the United States should address that session and make these pledges for peace to the people of the world: 1) The United States will, starting today, cease all nuclear weapons tests everywhere. 2) The United States will, starting today, cease all flight tests of missiles, military aircraft, and other vehicles for delivering nuclear weapons. 3) The United States will suspend for three years all plans to acquire new strategic weapons systems. Development and procurement of the neutron bomb, the M–X, and the cruise missile will be stopped for such a period. 4) The United States is establishing a National Commission on Conversion with local branches in every community now affected by significant military production to use our wasted resources to create constructive job opportunities and to meet basic human needs in the United States and abroad. 5) The United States pledges to work for the outlawing of nuclear weapons which are at least as barbarous as chemical and biological weapons now banned by international agreement. To that end the U.S. now changes its military doctrine to make it clear that we will never use nuclear weapons except in retaliation for a nuclear attack.

These initiatives are sufficiently far-reaching to convey a change of attitude and to create a change of mood which is essential to get the negotiation process moving. In the past negotiating successes have been preceded by acts of unilateral restraint. The atmospheric test ban agreement of 1963 was made possible by the moratorium on atmospheric tests proclaimed unilaterally by the United States. A dramatic declaration could open new opportunities as have the dramatic visits of President Nixon to China or of President Sadat to Jerusalem.

None of these initiatives would change present military realities. If the U.S. were to postpone the next stage of the arms race, the Soviet Union would secure no advantage thereby. It would be able to destroy the United States as effectively as it can now and the U.S. would be able to destroy the Soviet Union as effectively as it can now. None of these initiatives would give any incentive to aggression; each would contribute to the reduction of tension and the development of a better climate for negotiating significant disarmament agreements.

There are only a few weeks left between now and May. Is it possible for the Christian Church to play a prophetic role at this critical moment in human history by launching a massive public education campaign to help the American people to confront the moral bankruptcy of the policies and institutions that are providing them with the illusion of security at the costs of sacrificing their most precious beliefs? Could the church take the lead in organizing mayors and city officials, union people, Congresspersons, and citizens from communities across the coun-

try to press the President to make an historic initiative for peace? Considerable support for these proposals can be found among the scientific community and specialists in arms control who now despair of progress through the negotiating route for the reasons discussed above. Recently a petition signed by more than a score of Nobel Prize winners and 12,000 other scientists for an end to flight tests of new strategic weapons systems was announced.

It would be unrealistic to assume that the President would make all of the initiatives. It is conceivable that he might make one of them, perhaps in a more hedged formulation. The point of the campaign, however, is not limited to inducing a response from the administration. It would be designed to focus attention on the underlying issues of the arms race and to set the stage for a long term, continuous public education campaign on national security.

The madness of basing security on demonic structures for blowing up the globe is self-evident. Every American president since the war has in one way or another recognized this. President Kennedy, for example, said that "mankind must put an end to the arms race or the arms race will put an end to man." Why then does it continue?

There is no doubt that a military-industrial complex, as President Eisenhower called it, exists. There are powerful institutions with a vested interest in the arms race, huge military bureaucracies trained to think of no other route to security but the threat to destroy others, military contractors fighting to hold on to their favorite customer, production workers in military plants and leaders of their unions who can think of no alternative ways to employ their talents, and so on. But this minority has been able to impose its blueprint for security on the country only by playing on the fears and insecurities of millions of ordinary Americans. There is no institution in the country, neither a political party nor church, which systematically tries to help Americans confront their fears and to examine whether our present approach to national security is in fact one of the sources of our mounting insecurity. What we call "deterrence" is really a massive hostage system. The moral issue of basing security on the threat to commit mass murder of innocent people is not raised except by a small band of prophetics. Until there is a national movement dedicated to looking behind the myths of national security of which most Americans are unwitting prisoners, there will be no end to the escalation of the arms race.

The myths will become all too obvious after the nuclear war. The challenge is to lift the level of awareness of the American people before a nuclear war brings catastrophe to millions of people.●

FBI PROTESTS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. STARK. Mr. Speaker, following is an article on the FBI written by a famous "cigar-chewing" Washingtonian. In his column. Art Buchwald asks the question, "When the FBI Protests, Who Infiltrates the Crowd?" I hope my fellow Members of Congress find the time to read this excellent article:

WHEN THE FBI PROTESTS, WHO INFILTRATES THE CROWD?

(By Art Buchwald)

I was shocked to turn on the television set last week and see FBI agents taking advantage of the First Amendment to protest the indictments of three of their own for allegedly violating the First Amendment rights of others.

Demonstrating in the streets is not what the FBI does best. Under J. Edgar Hoover and his successors, the role of the FBI was to monitor those people who were organizing and financing protests, to infiltrate those groups that were marching and to report on the "troublemakers" who were using the sidewalks and boulevards to call attention to their grievances.

Old habits die hard for some of the agents, and last week's FBI demonstration was no exception.

As the FBI agents and former agents were fiercely protesting in front of the U.S. District Court Building, a man was taking photographs of them.

"O'Toole," shouted one of the protesters, "what the hell are you doing?"

"I'm taking pictures of the ringleaders of this demonstration for the agency. I got some really good ones."

"Are you out of your mind? We're all FBI agents demonstrating." O'Toole seems disappointed. "You mean you don't want photos for your files?"

"No, we don't want photos of us demonstrating. What we're doing is perfectly legal. It's covered by the Constitution."

"I gotcha. I'll tell you what I'll do. I'll infiltrate the crowd with a tape recorder and check to see if anyone is talking about overthrowing the government."

"O'Toole, you don't have to do that. We're all good Americans and what we're doing is calling an injustice to the attention of the American people."

"Yeah, I've heard that one before. But someone's behind this demonstration and I think we better find out who. I hear the money's pouring in for a defense fund for the people who were indicted. It could be coming from the Soviet Union or Cuba."

"Dammit, O'Toole, the money for the defense fund is coming from former and present FBI agents. There is no foreign money involved. Why can't you understand we've got a legitimate grievance, and we want to see that the people who were indicted are not used as scapegoats just because the Justice Department wants blood?"

"I think we should tap the lines of the guys who were indicted. That could lead us to the source of the money, and also to where the orders are coming from."

"O'Toole, do you know who I am?"

"Sure, you're Turnbull from Identification."

"I'm one of the ringleaders."

"You could have fooled me. I never had you down for a radical nut."

"I'm not a radical nut. None of us is a radical nut. We're law-abiding citizens."

"Yeh. But in the '60s we were told that anyone who demonstrated in the streets was a radical nut. Either that or a misguided pawn in the commie struggle to destroy our way of life."

"That was in the '60s. Now everyone's in the streets. The farmers, the doctors, the hard hats. When you get desperate you have to let everyone know about it. What are you doing with that notebook?"

"I'm taking down names. We'll crosscheck them with the Socialist Workers Party. I can't believe all these people are FBI agents."

"O'Toole, this is a nonviolent demonstration."

"J. Edgar Hoover always said those are the worst kind." ●

HUMAN RIGHTS LANGUAGE INSERTED IN BANK BILL

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. HARKIN. Mr. Speaker, next week, the Banking Committee will be continuing its markup of the Export Import Bank Act (H.R. 12157). As presently drafted, this bill will authorize $40 billion over the next 5 years for ExIm Bank. Last year, human rights language was applied to the bank. It is important that the Members of Congress understand how this language has been implemented. I urge all of you to read the following revealing study done by James Morrell and David Gisselquist of the Center for International Policy.

HUMAN RIGHTS AND THE U.S. EXPORT-IMPORT BANK

(By James Morrell and David Gisselquist)

(NOTE.—The Center for International Policy is a project of the Fund for Peace.)

SUMMARY

1. Since advisory human-rights language went into effect on October 26, 1977, Eximbank has authorized $210.5 million in loans, guarantees and medium-term insurance to 11 countries which the Carter administration has identified as human-rights violators.

2. Allowing an exception for loans that serve "basic human needs" would become a loophole that could be stretched to justify loans on nearly any good, and is inappropriate to Eximbank.

3. Human-rights restrictions need not adversely affect Eximbank support of total U.S. exports, because the bank is already deluged with four times more applications for its financial assistance than it is able to authorize. Eximbank's resources could easily be diverted to other countries.

4. Even if the bank refused to divert financial authority for exports to non-human rights violating countries, the maximum amount of U.S. exports that could be lost is $800 million, or 0.67 percent of all U.S. exports.

5. Other existing human-rights legislation, although effective, is inconsistent in that it only applies to Communist countries and only covers the right of emigration.

1. Eximbank aid to human-rights violators:

On October 26, 1977 human-rights language was added in an amendment to the charter of Eximbank. The language was, however, advisory. Instead of prohibiting loans to human-rights violators, Eximbank was directed to ". . . take into account . . . the observance of and respect for human rights . . ." in a recipient country.

For the period October 27, 1977 to March 31, 1978 during which advisory language on human rights has been in effect, Eximbank authorized a total of $210.5 million in loans, guarantees and medium-term insurance for exports to 11 countries which the Carter administration itself has identified as gross human-rights violators through aid cuts, cancellations or deferments, or opposition to loans from international financial institutions. Eximbank loans to the 11 countries represented close to 15 per cent of total Eximbank loans during the period October 27, 1977 to February 28, 1978.

Another $500 million in Eximbank loans and guarantees for South Korea is currently being held up because of the opposition of

Sen. Adlai E. Stevenson III (Democrat of Illinois), chairman of the Senate Banking subcommittee overseeing Eximbank.

TABLE 1.—EXIMBANK LOANS, GUARANTEES AND MEDIUM-TERM INSURANCE TO 11 HUMAN-RIGHTS VIOLATORS, OCT. 27, 1977, TO MAR. 31, 1978

[In millions of dollars]

Country	Loans	Guarantees and medium-term insurance	Total
Argentina	16.3	17.1	33.4
Brazil	111.8	10.7	122.5
Chile		1.4	1.4
El Salvador		1.0	1.0
Guatemala		2.2	2.2
Korea (Republic of)	23.8		23.8
Nicaragua	.3	1.4	1.7
Paraguay		.8	.8
Philippines	13.8	1.4	15.2
South Africa		7.9	7.9
Uruguay		.6	.6
Total	166.0	44.5	210.5

Note: Omits short-term insurance. Omits medium-term insurance in March 1978.

Source: U.S. Export-Import Bank.

Identification of human-rights violators: All 11 countries have been identified by the Carter administration as gross human-rights violators through aid cuts, cancellations or deferments, or opposition to loans from international financial institutions.

As Table 1 indicates, advisory language on human rights has had little effect on Eximbank activity, although the bank has canceled transactions with Argentina and Uruguay on human-rights grounds. Other human-rights abusers (designated as such by the Carter administration) continue to receive loans, guarantees, and insurance to help them import U.S. goods. Total flows to human-rights violators have increased along with increased Eximbank activity around the world.

2. The "basic needs" loophole:

Consideration of political realities in Congress might require a loophole in a human-rights amendment to permit Eximbank loans that serve "basic human needs." Such a loophole for Eximbank is vulnerable to serious abuse.

A loophole to permit loans for goods serving basic human needs could be stretched to justify loans on nearly any goods. Loans on nuclear power plants contribute to rural electrification. Capitol goods create jobs. Steel imports may be used for plows. Equipment for oil exploration may contribute to jobs.

At the same time that the loophole could and probably would be stretched to accommodate almost any export assistance, it is evident that Eximbank activity has nothing to do with "basic human needs" according to the legislative definition of that concept since the enactment of "new directions" aid guidelines in 1973.

First, Eximbank is designed to serve U.S. business and to create jobs in the United States. Eximbank loans and guarantees are, by the argument of the bank itself, not intended as aid.

Second, Eximbank is a bank. Its administrators are not trained in development economics and are not suited to discriminate between loans for the needy and loans that do not benefit the needy. It would be singularly inappropriate to ask bankers to make such a judgment.

Third, in the case of a country that is a gross violator of human rights, U.S. concern for basic human needs might more properly be expressed directly through U.S. AID if at all rather than through Eximbank loans or other forms of cooperation with the recipient government which is a human-rights violator.

Fourth, cutoffs of aid and loans to human-rights violators are intended as temporary measures to apply leverage for improvements in the human-rights performance of the governments involved. Loopholes for basic human needs should be as narrow as possible to make the leverage effective and thereby to permit resumption of full cooperation between countries. No Eximbank loans can be defended on a strict interpretation of basic human needs.

Effective human-rights language on Eximbank would be a) compulsory rather than advisory, and b) without loopholes. Loopholes for "basic needs" are singularly inappropriate for an institution that refuses to consider itself an aid institution. U.S. concern for basic human needs in any country is more appropriately expressed through U.S. aid programs.

3. Would a human-rights amendment adversely affect Eximbank support of total U.S. exports?

Eximbank is already deluged with far more applications for export credits than it is able to authorize. In fact, Eximbank staff estimate that the bank authorizes only one of every four applications submitted by U.S. exporters.

Of the applications received, some 80 percent result in "preliminary commitments" (PC's) by the bank after an assessment of seven major criteria including creditworthiness:

1. Is there a U.S. export involved?
2. What foreign competition exists?
3. Is the transaction economically viable?
4. Is there reasonable assurance of repayment?
5. Is Eximbank's assistance necessary or is there sufficient private capital available at competitive rates and terms to finance the transaction?
6. Would there be an adverse effect on the competitive position of U.S. industry from the transaction?
7. Would this transaction affect the availability of materials in short supply in the United States or domestic employment?

The PC is only the first stage. Only 30 to 35 percent of PC's are converted into export credits. Overall, only 25 percent of initial applications are authorized.

Under these circumstances, if financing for human-rights violators were denied, that financing would be freed up for other countries. The total level of Eximbank support for U.S. exports would remain the same.

Assuming, however, that none of the financing authorizations could have been diverted to other non-human rights violating countries, the Center for International Policy has found that a maximum of 0.67 per cent of total U.S. exports could be lost, based on Treasury Department and Eximbank data. Total U.S. exports come to approximately $120 billion a year. In an average year Eximbank participates in financing approximately 10 per cent of all U.S. exports, or $12 billion. Total financial authorizations to 21 human-rights violators (for the most part so designated by the Carter administration) in FY 1977 comprised 20 per cent of total world wide authorizations, therefore supported approximately 2 per cent of all U.S. exports, or $2.4 billion. The Treasury Department has calculated that of the $12 billion in total exports supported by the bank, about one-third or $4 billion "additional"—i.e., they would have been lost without Eximbank.

Since Eximbank supported $2.4 billion in exports to the human-rights violators, but only one-third or $800 million of that was "additional," the maximum amount that could be affected by human rights restrictions to these countries was $800 million, or 0.67 per cent of all U.S. exports.

It is important to repeat that even this calculation assumes that none of the authorizations could have been diverted to other countries. Since the bank is deluged with four times more applications than it is able to finance, it is evident that financing could easily be redirected to other countries.

4. Other existing human-rights language on Eximbank

The Trade Act of 1974 (the Jackson-Vanik amendment) prohibits U.S. export credits to Communist countries on human-rights grounds; the specific right cited is the right to emigration. This amendment has been effective in stopping all Eximbank credits to the Soviet Union and other Communist countries except for Poland, Romania and Yugoslavia, which have eased their emigration restrictions. (Hungary will also soon qualify.)

The amendment does not consider other human rights, such as freedom from torture, arbitrary arrest, prolonged detention without charges and other gross abuses; it only covers the right of emigration. Why this particular ranking of human rights should be enacted into law has never been explained. Also, the amendment is selective in that it only covers non-market economies.

Legislation that applies a single standard to all countries would overcome the inconsistency of existing law.●

MUSHROOM INDUSTRY UNDERMINED BY UNRESTRAINED IMPORTS

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. SCHULZE. Mr. Speaker, the American mushroom industry continues to be undermined by the unrestrained imports from Taiwan and South Korea. Obviously the voluntary restraint agreement is not working. We must act now to protect the U.S. mushroom industry before it is completely destroyed by foreign imports. I urge this Congress to give serious consideration to the following statement.

Twice in the past 2 years, the U.S. International Trade Commission has found that the domestic mushroom industry is being injured by imports of mushrooms from Taiwan and South Korea. The administration has attempted to deal with the problem by obtaining pledges from those two countries to restrain the shipments to the United States.

Those pledges do not appear to be any more lasting than a fresh picked mushroom in the July Sun.

Last year, Taiwan and South Korea agreed to limit exports of mushrooms to the United States so as to prevent further unemployment and injury in the domestic mushroom industry. The two nations promised to limit the volume of mushrooms shipped during the marketing period of January–June 1977. During that period, however, they shipped 6 million pounds of mushrooms more than they promised they would. Instead of limiting their exports to 37.5 million pounds, as they pledged, shipments totaled 43.5 million pounds—a mistake of 16 percent. How do you overship 6 million pounds of mushrooms? It hardly seems like an accident: someone would notice. I suspect that the two countries willfully proceeded to ship large volumes of mushrooms to this

country despite their agreement to limit shipments.

On January 24, 1978, Representative CHARLES VANIK, as chairman of the Trade Subcommittee, wrote Special Trade Representative Ambassador Strauss, as follows:

For nearly a year and a half, we have had voluntary agreements with the Republic of China and the Republic of Korea concerning the shipment of mushrooms to the United States.

In reviewing recent International Trade Commission statistics, however, it certainly does not appear that the Republic of China is showing any noticeable restraint in its mushroom shipments.

Could you please provide me with a statement as to the understanding between the governments of the United States and the Republics of China and Korea concerning mushroom shipments. Are the shipments of mushrooms from those two countries in compliance with the assurances, either oral or written, given by those two governments to the United States?

On April 11, the Ambassador replied, indicating that indeed the Taiwanese were paying little or no attention to their pledge to show restraint in their exports to the United States:

I regret the long delay in responding to your letter of January 24 regarding canned mushroom imports.

It appears to us that the Republic of Korea, which gave us oral assurances that its mushroom exporters would not disrupt the U.S. market is clearly adhering to its commitment. Shipments from Korea through mid-March of the marketing year beginning July 1, 1977 are well below those for the same period of the previous year. The Koreans also seem to be shipping at a rate consistent with their announced target of 20 million pounds for the marketing year, so that the problem with circumvention encountered in the previous marketing year appears to have been solved.

Imports from the Republic of China in the current marketing year are above the previous year by a substantial amount but it is not clear that they are disrupting the domestic market (the Taiwanese Government indicated in writing last spring that it would seek to avoid such disruptions and would consult if problems arose). We have informally expressed our concern about the substantial increase to the Taiwanese but have not yet sought consultations. USITC data through December 1977 suggest that the domestic industry's sales are recovering strongly and that the ratio of imports to consumption has declined slightly in this marketing year. We will be reviewing the situations again closely when domestic data for January–March 1978 become available.

Specifically, during the marketing year July 1976—June 1977, the Taiwanese exported 43 million pounds of mushrooms, but during the period July through December 1977, they shipped 27.7 million pounds, an annual rate of 55.4 million pounds, or an increase of 26 percent over the previous marketing year. For January and February, imports from Taiwan totaled 6.9 million pounds. This is 115 percent more than they shipped in January and February of 1977—hardly a sign of restraint or cooperation.

The domestic industry has been found eligible for relief and import penetration is still very high. Therefore, the administration should impress upon Taiwan that if their word cannot be trusted in this matter, then consideration will be given to other remedies available under the Trade Act of 1974—remedies such as quotas or tariffs.●

BELL RINGER FOR OUR FUTURE IN SPACE

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. TEAGUE. Mr. Speaker, I call to the attention of the House a very timely article which gives well merited recognition to a most remarkable citizen, Barbara Marx Hubbard, for her foresight and enthusiastic, tenacious leadership in identifying mankind's amazing opportunities for the future uses of our newly discovered realm of outer space.

Very interesting, useful reading is the feature by Suzanne Wille in the March issue of the Washington publication Dossier:

BARBARA MARX HUBBARD, SPACE CADET—LEADING THE EXODUS FROM EARTH

(By Suzanne Wille)

Mr. Crosby, I'd like you to meet Nivram Ralos from the planet Sunev.

Ms. Bogley, say hello to Erom Erom, Fera Tirma's most sought-after bachelor.

Ambassador Zahedi, it's my pleasure to introduce you to H. E. Riaf Yalp, Natiskap's Ambassador to the Universal Nations.

When Barbara Marx Hubbard mind plays about the emergence of brand new players into the human scenario, she's not just whistling Dixie. She's describing beings who are right out of this world, beings from outer space.

Although Barbara's "people" might resemble refugees from "Star Wars," she asserts that they'll be even more congenial than C3PO and R2D2.

According to Barbara, "If these other-worlders are smart enough to get to us before we get to them, it's safe to assume they've evolved beyond using their brains and technologies for war games. Concurrent with their technological advancement, they've likely reached the apogee of ethical and intellectual development to which humankind still aspires."

Who is Barbara Marx Hubbard? And why does she name drop about her new best friends from outer space? Is she really sci-fi writer Ray Bradbury in drag? A fantast between jobs? The kind of genetic kink that discreet families grin, bear and hide in closets whenever possible?

Ms. Hubbard is chairperson of the Board of the Washington-based Committee for the Future, Inc.—a self-appointed bell ringer with one insistent mandate: to rouse the consciousness of a semi-somnolent mankind to the enticing possibilities of laughing, loving and living in outer space.

Bright, Peter Pan pretty and the daughter of toy king Louis Marx, Barbara could have dedicated her life to shopping, sitting in saunas and getting massages. But she chose instead to spit out her silver spoon and follow the call of the stars. "I was determined to find something to work for—not more money, however, because I already had more than enough, just as I had too many toys. I was on welfare from my father, but any level of welfare is insufficient without a challenge to engender growth. What's the purpose of life when you have enough things?"

Before she discovered her cause celebre, Barbara knelt at lots of different altars in the search for something to work for and believe in—something bigger, better and beyond herself. It might have been a visit to the Museum of Modern Art in '62 that forced her diffused energies to converge in a skyward direction.

"There, being guarded by uniformed men, were the 'recent acquisitions' of the world's greatest modern museum. Vast canvases hung empty on the walls: one, all gray; one barely touched by some frantic tiny wiggle, like the trail of a form; then, a plastic hamburger; finally, some nails in plaster. I was shocked. Where are we? In a mad house? The powers of the modern intellectual cultural machine were being used to affirm meaninglessness and make people accept it as the nature of reality."

While the disasterologists and grim reapers of the '60s delivered eulogies for the future of the world, the toy maker's daughter looked up to the infinite possibilities of the navy blue unknown. In Barbara's opinion, the world had grown bone tired of disputation and the misuse of atomic power.

While hundreds of thousands screamed, picketed and slaved to rid mother earth of her throbbing toothache, NASA's Apollo Project gave a few men a lunar perspective of the troubled planet. "The lunar program was humankind's infantile reaction to the next major step in our evolution which is the development of our new home—outer space."

People don't always laugh behind Barbara's back; her pie in the sky ideas about space colonization are being given serious consideration by bodies no less august than NASA, Congress and the hierarchical powers of several major religious denominations. "Most of my audiences feel spiritually and creatively constrained by the artificial ceilings of bureaucracy, of our society, of planet earth. Most of them would blast off to a space colony tomorrow if given the chance."

When Barbara's futuristic philosophy is the issue, she and former Goldwater speechwriter Carl Hess don't see eye to eye. Commenting on her friendly adversary, Barbara jokes, "If I listened to Carl, the human race would still be living in the ocean." From his side Carl asserts, "Barbara labors under the delightful delusion that space colonies will be occupied by nice people like herself and her friends. In reality they'll be administrated by people like James Schlesinger and financed by people like Bert Lance."

Whether from the podium or at a cocktail party, Barbara fights skepticism with hopeful humor about the wonders of space life. "When our technology is sufficiently sophisticated to support colonies of humans in space, there will also be a spiritual evolution resulting in a more creative, intelligent and emphatic humankind. The difference between mankind in 1978 and mankind in 2078 will be as great as the present differences between mankind and the ape. Christ and Buddha were precursors of the kind of elevated consciousness that will be the legacy of our children's grandchildren.

Rep. Charlie Rose, who serves on the committee of the Congressional Clearinghouse for the Future, notes, "Barbara is one of the few futuristic thinkers to consider the spiritual ramifications of space colonization. Perhaps we're more likely to find spiritual utopia among the stars than here on earth."

Sitting cross-legged in the opulence of "Greystone", headquarters and bedquarters for the Committee for the Future, Barbara's face lights up with the horsepower of a new thought. "How strange and delightful. . . in 100 years our babies yet unborn will look back at earth with the same sentimental feelings as people who look back at the old country today."

If all goes according to plan, your children may be able to test the waters of the first extraterrestial community by 2004. That's the target year for NASA's first self-contained ecological system; a system that will function independently of earth.

Smithsonian seminar coordinator, Wilton Dillon has no problem swallowing the concept of space colonization. "Settling on or near mother moon is not much more than an extension of what's gone before. There were greater uncertainties settling the New World than there will be in space colonization."

Barbara's zest for tomorrow land isn't at all dulled by the fact that she won't be around to enjoy it. "Half the fun is getting there. The world has almost run out of having fun. In fact, we are in danger of boring ourselves to death. Movies like "Star Wars" and "Close Encounters of the Third Kind" will keep movie theaters full for some time because they let us escape this planet. You see, we don't have war, mass dissent or some holy crusade to keep us from getting bored. In the last several years, people from all walks of life have begun to look spaceward for hope, for fun, to keep from slipping into ennui."

Barbara and the other members of her Committee for the Future represent but a handful of the futuristic thinkers of the world. Sarge Shriver nearly adopted a futuristic platform in his unsuccessful bid for the Democratic nomination in '76. Shooting from the hip in her inimitable style, Rep. Barbara Mikulski asserts. "Those of us who are opinion makers have to think of more than making global ends meet. Maybe we have to get out in space to learn how to live on earth." Mikulski also sees the migration of outer space as the dawn of a Periclean age for women's rights.

Representatives Lindy Boggs, Millicent Fenwick, Jake Pickle, Gladys Spellman and California Gov. Jerry Brown represent an additional sampling of the elected who are giving more and more thought to the brave new worlds of our grandchildren somewhere in the great beyond.

Barbara Hubbard is nothing if not a consummate communicator. She has spent 16 years smoothing the hard edges of skepticism—paving a philosophical pathway to the stars. In the spring of '78 she will distill her philosophy into a theatrical event that will dramatize the cosmic sweep and the role humankind will play in its colonization. There'll even be a birthday party for the cosmic child (that's us folks) and possible telephone link-ups with futurists from different parts of the world.

Washington author and scientist, John David Garcia is one of several skeptics. He feels that persons should put their own house in order before attempting to colonize outer space. A more realistic challenge is to colonize the unused continent of Antarctica. In any case, he says, space will not be colonized by scientifically illiterate, though well-intentioned, romantics, but by disciplined scientists and engineers.

But the scoffers of this space advocate are having a harder and harder time getting up a quorum. When her severest critics send in the clowns, they still send Barbara in with them. But the toy maker's kid doesn't mind. Just as long as they spell the name right—F.u.t.u.r.e. ●

REWRITE OF THE COMMUNICATIONS ACT

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. WIRTH. Mr. Speaker, as we emerge into the electronic society, the issue of competing technologies is increasingly before the Congress. I found the following article to be an excellent description of some of the public policy questions which we must answer in rewriting the Communications Act of 1934:

THE NEW NEW TELEPHONE INDUSTRY—COMPETITION AND TECHNOLOGY MEAN EVEN FASTER GROWTH OVER THE NEXT 20 YEARS

The days of plain old telephone service are over. Key decisions of the Federal Communications Commission recently cleared by the courts have opened to bruising competition vast sectors of the once-staid, $44 billion telephone industry and the $10 billion equipment manufacturing business it supports. Scores of new competitors are barging in—ranging from tiny beginners to such industrial giants as IBM, TRW, Southern Pacific, 3M, and Rockwell International. By offering new products and services, many of them hope to carve out billion-dollar segments of the nation's fastest-growing new market.

The opening of telecommunications to competition is "a major industrial watershed," says Robert E. LeBlanc, a Salomon Bros. partner and a veteran industry observer. And not only competition but also new technology—a complex mixture of semiconductors, computers, optics, and space satellites—is working radical change in the marketplace. New phone gadgetry may be the most visible for now, but key developments in facsimile, data transmission, and integrated voice-data-video systems are shaking the telephone industry right down to its buried cables.

Thus in the next few years, the growth of new information systems based on communications networks could make the first two decades of the electronic data-processing industry look like a warm-up. Increasingly, executives in both the phone and computer industries tend to agree that it is a mix of their two businesses that will lead, finally, to practical electronic funds transfer systems for banks and retailers, integrated information systems for corporations, and the so-called office of the future.

For American Telephone & Telegraph Co. and other phone utilities, the new competitive era is a mixed bag of hazards and opportunities. The new technology, uncontrollable in a competitive market, threatens premature obsolescence for a large part of the $120 billion worth of installed phones, wires, and switching equipment.

Beyond that, the orderly ways of traditional phone-equipment makers have been upended. AT&T's Western Electric Co., a giant with 1977 sales of $7.8 billion, has had to rush to build new plants, retrain workers, and accelerate new-product development. Until a few years ago, the company's phone switchgear plants were producing electromechanical equipment, but now, says Donald E. Procknow, Western's president, the product mix is 85% electronic.

THE MERGING MARKETS

The same kind of change has buffeted others. The phone manufacturing subsidiaries of General Telephone & Electronics Corp., No. 2 in the industry, are in the midst of a wholesale changeover to computer-like, digital switching equipment, and the company has even resorted to radio commercials to recruit computer programmers to speed product development. But in the face of the increased risks, the industry's third and fourth largest holding companies have sold off their manufacturing subsidiaries—in the process, strengthening other new AT&T competitors. International Telephone & Telegraph Corp. bought North Electric Co. from United Telecommunications Inc. late last year. And TRW Inc., which bought Continental Telephone Corp's Vidar Div. three years ago, has turned it into a leading maker of integrated digital transmission and switching equipment.

In all the ferment, two major markets—both promising rapid growth from a large, proven base—are up for grabs:

CONSUMER TELEPHONES

More than 70 million U.S. homes are wired into the telephone network. The FCC's action permitting telephone subscribers to buy their own phone instruments has opened up all those wires for the connection of competitive products. The products range from extension phones shaped like Mickey Mouse to more complex appliances with such features as automatic answering, automatic dialing, and call-timing. ITT is even blending a phone with a radio-alarm clock.

With such possibilities, "I see no reason why there shouldn't be four, five, or six telephones per home," says Henry Marcheschi, president and founder of 10-year-old American Telecommunications Corp., of El Monte, Calif. He got a jump on the consumer market by contracting to sell his decorator phones—including the Mickey Mouse model—exclusively through telephone companies, and even without direct sales, ATC phone-set revenues are close to $20 million a year. All told, the trend to more expensive models with convenience features could soon push the phoneset market to $1 billion.

BUSINESS COMMUNICATIONS

The unmistakable trend in the commercial market is the merging of traditional telephone service with data-processing functions. The newest digital switching systems of the phone companies are highly sophisticated on-line computers, and they will inevitably do many data-processing jobs in addition to switching phone lines. On the other hand, there is no longer any clear technical or service distinction in data processing between a terminal used for communications and one used as an input and output device for a computer system. In the new competitive environment, the two markets of communications and data processing are merging into one—served by both telephone and data-processing companies.

TWO TOUGH COMPETITORS

The U.S. telephone industry billed its business customers more than $25 billion for telecommunications services last year, while the U.S. data-processing industry, including its foreign operations, generated $38 billion in sales. And the area where the two industries most obviously overlap, communications-based information systems, is the fastest-growing market segment for both telephone and computer companies, one that could easily double and redouble in the next decade.

In addition, many U.S. manufacturers, riding the technological lead in semiconductors and computers, hope to capture a significant part of what is expected to be a major expansion in the telecommunications business abroad, as other nations try to upgrade primitive or congested service. The U.S., Sweden, and Switzerland now boast more than 60 phones per 100 population, while the world average is just 9.6. Arthur D. Little Inc. forecasts that by the year 2000, the world's telephones will triple to as many as 1.4 billion units. At $1,000 per phone, including the costs for cables, switches, and long-distance facilities, the next 20 years will see nearly $1 trillion invested in telecommunications, most of it outside the U.S.

Less obvious behind the rush to develop markets are the careful moves and countermoves of the two toughest U.S. competitors, IBM and AT&T. Either could become the dominant force in the evolving hybrid industry. The boldest stroke to date is IBM's joint venture into regulated communications with Comsat General Corp. and Aetna Life & Casualty Co., which is now taking shape as a $500 million investment in Satellite Business Systems. The SBS plan is to serve the communications needs of large businesses through a system of space-satellite relays and rooftop antennas.

Fearing IBM's strength, AT&T has bolstered its corporate marketing operations

with several hundred recruits, many from suppliers of data-processing equipment. And it has put many more marketing troops in the field. Four years ago, the Bell System's 23 operating companies did not even include the title of vice-president or director of marketing or sales on their executive rosters. Now each has a marketing officer.

Bell's new marketing plan, built very much on the successful IBM pattern, foresees an expansion of services into a much wider spectrum than before. The system's planners expect the U.S. "information services" industry to generate annual revenues of about $380 billion by the early 1990s. That figure, according to Archie J. McGill, a former IBM executive and now director of market planning at AT&T, is drawn from analysis of possible "displacement costs" for transportation, data collection, paper shuffling, and energy in more than 60 market areas.

McGill's estimate gets strong support from J. Sidney Webb, executive vice-president of TRW, who heads that company's newly formed communications group. He says that the "merging computers and communications markets" will grow 15 percent to 25 percent per year for the next 10 to 20 years. "At that rate", he says, "it doesn't take long to reach the $300 billion to $400 billion level."

Webb's $500 million-a-year mix of TRW divisions encompasses data terminals, credit-reporting services, telephone transmission and switching systems, and electronic components. "We put it together after years of study, convinced that communications was the place to be," says Webb. "It will be TRW's major growth path."

General Dynamics Corp. is on the same scent as TRW. In 1973 it bought troubled Arcata Communications, an "interconnect" company that sells business phone systems, and in 1974 it added a similar operation, United Business Communications Inc., and renamed the combination General Dynamics Communicaitons Inc. Coupled with a small business in computer peripherals and its big Stromberg-Carlson Corp. subsidiary, a major manufacturer of telephone equipment, the acquisitions give the company a substantial base.

Stromberg-Carlson has already made a painful conversion needed for survival. Leonard A. Muller, another former IBM executive, took over as president in 1974 and made an early decision to change from electromechanical to all-digital switching equipment. He phased out the company's major plants in Rochester, N.Y., and moved production to Florida. His company was the first to supply an all-digital local switching office to a U.S. telephone company—Coastal Utilities Inc., in Richmond Hill, Ga. "I thought I was getting out of the computer business," says Muller. "But no way. We are in the information systems business in spades."

LEGISLATIVE IMPASSE

The prospect of TRW or General Dynamics as serious competitors in commercial telecommunications—if still small by AT&T or IBM standards—would have seemed unthinkable a few years ago. The FCC's pro-competition stance was well-established, but its decisions were stalled in court appeals filed by the telephone industry. During the breather, the independent telephone companies, with plenty of support from AT&T, were trying to generate pressure on Congress that, they hoped, would result in quick passage of the industry-opposed Consumer Communications Reform Act. That legislation would have reversed many of the FCC's actions. As long as the bill stood a chance of passing, many potential competitors were unwilling to invest heavily in new-product development and tooling.

But the proposed legislation, which industry opponents and key consumer groups dubbed the Bell Bill and the Monopoly Protection Act, soon stalled in the communications subcommittees of both houses of Congress. While the proposal has been reintroduced and is far from dead, "in its present form, it stands no chance of passage," says Representative Lionel Van Deerlin (D-Calif.), chairman of the House subcommittee.

On the legal front, phone-industry attorneys apparently ran out of delaying tactics in November. That was when the U.S. Supreme Court refused to hear their appeal on a lower-court decision supporting the FCC's right to allow competitive equipment, properly registered, to be connected to the phone network without interface equipment.

As a result, phone executives are resigned to many changes in their business. Following the Supreme Court decision, AT&T Chairman John D. deButts issued a brief statement in which he vowed to do his best to make the FCC product-registration program work. In December, moreover, a special phone-industry task force submitted a new set of recommendations suggesting that terminal equipment be unregulated.

However, the same report maintained the industry's adamant stand against the competition in intercity transmission that has been mounted or threatened by such companies as MCI Communications, Southern Pacific, ITT, and other specialized carriers, including space-satellite operators. Congress may have to be the final arbitrator.

Even without the FCC's pro-competition moves, the telephone industry would have had to face up, eventually, to radical changes because of new technology. In the absence of competition, new technology has found its way only slowly into phone circuits, though, ironically, much of it, such as the basic transistor, was developed in AT&T's Bell Telephone Laboratories. Some executives of computer companies and large corporations, accustomed as they are to the five-year product cycle in computers and rapid advances in price-performance ratios, find it hard to believe phone-company projections that the telephone network will still contain electromechanical equipment until the year 2000.

Such a schedule hardly jibes with the pace of technology. Semiconductor devices have tipped the scales decisively in favor of digital techniques—the on-off circuitry of computers—for both transmission and switching of voice, as well as for data communications. High-capacity glass fibers, which carry light signals and are immune to electrical interference, are just starting to replace coaxial cables and their electrical signals. Satellites hovering in fixed positions over the equator can relay signals to almost any point on the the globe, substituting for terrestrial networks.

THE REGULATORY MAZE

All this creates massive opportunities for newcomers. The situation, many executives say, is almost a replay of the early days of the computer industry. "Technology is moving so powerfully and so fast that it can find its way around any regulatory rules," says Stromberg-Carlson's Muller.

However, the regulatory scene is still a tricky maze. "Right now there is utter chaos in the marketplace," warns consultant W. Porter Stone. The fast-moving technology, he explains, is making it impossible for the FCC and the courts to draw a hard line between computers, which are unregulated, and communications, which is regulated. "But monopoly and competition can't operate in the same marketplace," he says.

A confrontation between AT&T and the big computer makers has been inevitable since data processing evolved to include remote terminals and computers connected by communications lines. At first, IBM and the other computer makers moved cautiously. They had no wish to offend AT&T, which is second only to the federal government as a customer for data-processing equipment. Besides, they had all they could do to manage their own torrid growth. As early as 1967, though, Bernard Strassberg, then chief of the FCC's Common Carrier Bureau, warned that computers and communications were fast becoming a "scrambled eggs" mixture that would be difficult to separate. The FCC began an inquiry into the problem. But today seems no closer to separating the yolks from the whites than it was a decade ago.

Now IBM and the Computer & Business Equipment Manufacturers Assn. are assaulting the regulatory barriers head-on. IBM is actively fighting an FCC decision that permits AT&T companies to rent data terminals made by Teletype Corp., a subsidiary of AT&T's Western Electric. And in a turnabout, AT&T is trying to persuade the FCC to limit the services planned by IBM's joint venture, Satellite Business Systems.

The problem of coexistence boils down to a matter of cross-subsidies between the monopolistic and competitive sectors. IBM and the other computer makers fear that AT&T will use revenues from its monopoly services, such as ordinary phone service to business and residential customers, to bolster its competitive businesses, such as computer terminals and electronic funds transfer systems for banks and retail stores. In turn, the phone industry fears that unbridled competition in long-distance transmission and phone equipment will drive down rates and drain revenues that, it says, are necessary to keep down residential service charges and maintain the rate-averaging that brings economical service to remote areas.

So far, the phone companies have not been able to convince the FCC that their rate-averaging structure—similar to that of the postal system—is in danger. "There is no evidence that competition has had any adverse effect on local telephone rates or that we can expect a significant negative impact in the future," FCC Commissioner Joseph R. Fogarty told a meeting of independent phone companies in December. And in support of the computer makers' fears, he added that "there is a body of evidence in the record" suggesting that local phone service may be subsidizing the terminals and PBXs offered to businesses by phone companies.

Determining where subsidies exist is difficult because of the phone industry's accounting methods. "Even the most naive businessman would never attempt to run a business with the kind of accounting phone companies use," remarks consultant Stone. Based on the federally mandated Uniform System of Accounts that dates to the turn of the century (BW—Feb. 14, 1977), the phone companies' books aggregate capital and operating costs without assigning them to the products and services that earn the revenues. With the FCC's support, AT&T has embarked on a $3 million program to install a "functional" accounting system, but it is still years off.

For phone users, the most obvious outcome of the phone revolution is the proliferation of consumer devices on the market. Many new designs were shown at the recent Consumer Electronics Show in Las Vegas, where telephone exhibits drew crowds for the first time. Buyers enthusiastically signed orders in anticipation of the first big market test for phones—the pre-Christmas buying seasons next fall. "We won't be selling ordinary black telephones," says Warren Zorek, electronics buyer for Bloomingdale's in New York City. "But telephones with convenience features, such as answering devices, call-forwarding ability, and abbreviated dialing look very good," he adds.

A CONSUMER PUSH

No one pretends to be confident about the size of the consumer market. But since the average U.S. home has only 1.7 phones, it is conceivable that heavy merchandising by both phone companies and equipment retailers could double or triple the number of

extension phones. Meanwhile, in a kind of last-ditch fight, the phone companies are trying to preserve part of their traditional end-to-end responsibility for providing service. They have asked the FCC to revise its rules so that a phone company will still be entitled to provide one phone—a so-called "primary instrument"—in each installation. So far, the FCC has been cold to that proposition.

While the consumer-marketing push has chiefly benefited such small companies as American Telecommunications, the big phone-set makers are also gearing up for the new business. Western Electric, which produces 10 million phones a year, has yet to move beyond sales within the Bell System. But GTE's Automatic Electric, Stromberg-Carlson, and ITT, which together produce about 2 million sets a year, are planning to expand their marketing to retailers. And Northern Telecom Inc., the U.S. subsidiary of Canada's Northern Telecom Ltd., is turning out new lines of decorator sets for both home and office.

Operating companies of the Bell System have begun to adjust to the new climate—generally cutting service rates by about 70¢ a month if subscribers buy their own instruments. Rochester Telephone Corp., an independent, jumped the gun last summer when it offered to sell subscribers their existing phones and, if desired, the phone wires in their buildings. "We really felt that the telephone was going to become a consumer product," says J. C. Henderson, president, "and we wanted to be ready when that day happened." Over 2,500 of Rochester Telephone's customers responded.

GTE, controlling about 10% of the nation's phones is setting up a direct-marketing operation at its subsidiary, Automatic Electric Inc., under Dennis Casey, vice-president for industrial and consumer products. Smaller suppliers, who have always sold phone sets only to phone companies, read the GTE move as a major signal that the old market patterns are gone for good.

Even the Bell System's policy is showing some cracks. This year Western Electric set up an international subsidiary to sell products overseas, and it has recently sold a few large switching systems to independent phone companies. Western Electric signed an antitrust consent decree with the Justice Dept. in 1956 that prevents it from selling or making any products not used in the telephone network. But there is nothing to keep the company from selling phones over the counter in the local five-and-dime.

THE BUSINESS MARKET

A totally different and much larger market is evolving for business products and systems. In the business environment, phone handsets may be just minor parts of a multi-million-dollar system linking integrated work stations with a wide choice of such functions as voice, data, facsimile, even video.

The business market for phone equipment got an eight-year headstart on the consumer phone sector because the new regulations permitting connection of PBXs and data-communications devices to the phone network were the first to clear the FCC. This early phase of the so-called "interconnect" market exploded in the early 1970s as hundreds of local dealers and distributors began to offer more or less standard phone equipment. Most of their PBXs and "keysets"—multiple-extension installations for small offices—came from foreign manufacturers, since there was no significant U.S. supply source.

It was a shaky start, as the new industry suffered predictable problems of overexpansion, bad management, technical inadequacies. and poor maintenance, along with capital shortages in companies that leased their products. On top of that, there was the hostility of phone companies, manifested in such moves as state regulations banning interconnect equipment and secondary boycotts against companies that installed foreign equipment. But none of this turned back the competitive tide. Manufacturers tooled up to make new electronics-based products. Mergers, acquisitions, and convincing performances by the more capable companies in the industry cleared the air. Rockwell International Corp., for example, has sold more than $80 million worth of its Collins automatic call distributors to airlines, stock exchanges, and credit-reporting agencies. Last year the interconnect companies, which would rather be known as business-communication-system suppliers, installed more than $600 million worth of phone systems.

"This year sales could easily double," says Harry Newton, president of Telecom Marketing Group, in New York. Corporate phone bills, Newton points out, are rising 17% a year compared to 5% in the mid-1960s. "Business customers could save $3 billion a year if they just managed their communications better," he says.

As in the computer business, single-system orders in the new communications business can be sizable. Danray Inc., a Dallas company acquired by Canada's Northern Telecom in January, recently landed an $8.5 million PBX order from Equitable Life Assurance Co. for electronic switches to handle the company's national voice and data traffic. Other big Danray customers include several Exxon Corp. subsidiaries, Time Inc.'s New York headquarters, a major Citibank office, and the Massachusetts Institute of Technology.

At Citibank, "generally good experience" with a 2,000-phone Danray system in downtown New York City led the company to choose a similar system made by Northern Telecom (the bidding preceded that company's acquisition of Danray) in its new headquarters building uptown. And William L. Solway, Citibank's vice-president of domestic communications, is aiming for even more advanced phone systems that can carry digital voice and data simultaneously over the same wires directly to office phones and data-processing terminals. The company has already installed a prototype system and has applied for an FCC permit to install a digital microwave link between its uptown and downtown offices. For such advanced systems, Solway complains, "the average telephone man just doesn't know what we are talking about."

As bank credit card transactions grow and electronic funds transfer systems evolve, data communications becomes the key to the future of banking. Other industries, too, are pushing against the limits of present telecommunications products and services. "Our data communications costs are approaching our voice costs now," says James L. Hodges, general manager of computer services for Texaco Inc. By using satellite links for voice and data between New York and Houston, Hodges has been able to double his communications capacity without raising costs. To feed its big computer centers, Texaco even has special digital lines, backed up by parallel microwave links, that carry data at more than a million bits per second over an 8 mi.-to-10-mi. circuit. "We can't wait around—we'll use anything we can get," says Hodges.

Despite their accelerated product development and their reorganized marketing and pricing strategy, the regulated telephone companies may have trouble holding their market share against the innovators. Even in the more prosaic world of voice switching, the big new electronic PBXs, like those at Citibank and Equitable, are a lot more than just mechanized switchboards. In addition to providing such convenience features as conference calling, abbreviated dialing, and automatic call-forwarding, the new PBXs are programmed to keep detailed accounting records and to check the condition of extensions and telephone company lines. In some cases they route toll calls over the least costly paths, cutting charges by as much as 30%.

TWO LONG SHADOWS

Word of such cost-savings has resulted in a rush of new orders for private business telephone systems. "Just in the last few months, things have turned around completely," says Michale Bowen, director of marketing for Danray. "For the first few years, we had a very hard time convincing large companies that we could do the job. Now, big customers have started to call us."

The new orders have helped other small competitors, such as TeleResources Inc. in Armonk, N.Y., and Rolm Corp. in Santa Clara, Calif., to carve out successful niches in the market. Rolm, which produced its first electronic PBX in 1975, sold $17 million worth of them during its most recent fiscal year.

Mergers, acquisitions, and joint ventures in the industry are likely to continue. General Dynamics and Canada's Northern Telecom, which is already a $1.2 billion company, are hot on the acquisition trail. Before snatching up Danray, Northern Telecon picked up Cook Electric Co., Morton Grove, Ill., and Telecommunications Systems of America in Nashville, where it has set up its U.S. headquarters. Northern has also bought large blocks of stock in two makers of computer terminals.

Even the fastest-growing contenders, though, remain in the long shadows cast by the two giants, AT&T and IBM. AT&T's Western Electric has vast resources to draw on, including prestigious Bell Labs. Its virtually guaranteed market in the Bell System, which controls 82% of the existing phones in the U.S., should be enough to ease Western through a long transition period.

As for IBM, though its communications accessories for computers are among its fastest-growing product lines, it has yet to make a major move to add voice, as well as data-communications products in the U.S. The big computer maker is selling a large electronic PBX in Europe, though, and some see that as a rehearsal for the main show in the U.S. IBM, as usual, will not say. In any case, IBM's technology and marketing skills, its move into SBS, its participation in FCC actions, its cash hoard of $5 billion, and its size—annual revenues of $18 billion—make it the most formidable competitor that AT&T has ever had to face.

But both AT&T and IBM have shadows of a different sort to worry about. Both are dogged by antitrust suits, goyernmental and private. Neither Congress nor the FCC is content with the present chaotic mix of regulation and competition, and neither wishes to see a potential $400 billion industry split between just two giants, regulated or not. So governmental action and concern will continue to play a key role in determining the long-term success of the new competition.●

CRAWLING TO THE FLOOR

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1978

● Mr. TEAGUE. Mr. Speaker, we have talked on many occasions in this Chamber of the need to eliminate architectural barriers, thereby providing accessibility to our environment for elderly and handicapped individuals. Sometimes I wonder, though, if we're not just talking.

This past week the front page of the Washington Star included the following sad story of a visitor who ran into obstacle after obstacle when attempting to viist some of our historic and cultural

centers, including the Kennedy Center, the Museum of History and Technology, and our own Library of Congress.

Maybe we could understand and appreciate this young man's plight, the dilemma which faces millions of elderly and handicapped citizens who visit or try to conduct their business in Washington, D.C., if we were to lose our parking spaces, restrict ourselves to wheelchairs for a week, and had to come crawling to the floor of the U.S. House of Representatives every time we had a roll-call vote.

The article and my letter to the Librarian of Congress follows:

OBSTACLES FOR SCLEROSIS VICTIM ABOUND AT MUSEUMS AND MALL

(By Mary Ann Kuhn)

Helen and Ed Sbragia have never been to Washington before, and the first days of sightseeing have been enough to make Helen Sbragia cry from humiliation and frustration.

Ed Sbragia, 48, struck by multiple sclerosis nine years ago, had to get down on his hands and knees one day in the midst of tourists and crawl his way up the steps to the Smithsonian's Museum of History and Technology.

That was the only way he knew of to get in the museum. The ramp for handicapped persons several yards away was blocked by a huge pile of dirt and a work crew.

Another day, Helen Sbragia pushed her husband's wheelchair down five blocks on Capitol Hill and over two more to get inside the Library of Congress.

At the library's front entrance, she nearly fell backwards straining to get her husband's wheelchair up a ramp for the handicapped that is so steep she couldn't do it without help.

"You don't know what it's like to push a load," Helen Sbragia said, out of breath. "It's a hard thing to do."

Among the 48 spaces reserved in front of the library for its officials, there is no reserved daytime parking for handicapped tourists. There are three parking spaces for handicapped employees, and tourists can use them only after 4:30 p.m. and on weekends.

However, handicapped tourists can call the library a day in advance to try to make parking arrangements.

But Helen and Ed Sbragia of Modesto, Calif., didn't know that.

At the Kennedy Center one afternoon, they got a $5 ticket for parking in the area reserved for the handicapped outside the front entrance.

When they confronted the policeman there, showed the wheelchair, and explained that Sbragia was a multiple sclerosis victim, the officer tore up the ticket.

"This is emotionally debilitating, not just for the handicapped person, but for his family," said Dennis deLeon, a Justice Department lawyer here and nephew of the Sbragias.

"My aunt called me at my office at the end of their sightseeing Monday and she was in tears," said deLeon. "She's a strong person. She said it was one of the most frustrating days she ever had."

DeLeon, a trial lawyer in the general litigation section of the civil division, is familiar with the plight of handicapped persons from his work.

Ironically, his job is defending federal agencies against lawsuits filed by handicapped persons who claim they can't get access to a federal building.

"It is strange," said deLeon, 28, in an interview yesterday, "to see what I am told by the federal agencies and then to see in reality what is available to handicapped persons. You have reality when you accompany a handicapped person."

DeLeon, who accompanied his Aunt Helen and Uncle Ed sightseeing on Sunday, said there are "little details" overlooked by most persons who are not handicapped, such as the difficulty finding a parking space when there are none available for the handicapped, or pushing a wheelchair for blocks and blocks or around the sides of museums trying to find a sign showing which entrance is for the handicapped, or getting parking tickets because rental cars have no identifying sticker for the handicapped on the tags or windshield.

Yesterday, a little after 12 noon, the Sbragias could not find a place to park on the Mall. Helen Sbragia, a claims representative in the social security office of the U.S. Department of Health, Education and Welfare, was driving a blue Oldsmobile they rented when they arrived here over the weekend.

All of the parking spaces reserved for handicapped victims on the Mall across from the Museum of History and Technology were taken. Five cars were illegally parked there, including one with a U.S. Senate sticker, between the brown and white signs identifying the area as for handicapped.

None of the five cars had an identifying sticker for the handicapped, given out by many states. Three of the cars had $5 parking tickets on their windshield for violating an official sign.

Helen Sbragia drove to the other side of the Mall and pulled up outside the red Smithsonian castle to get help from a U.S. Park policeman.

"My husband is handicapped," Helen told him. "He uses a wheelchair. We can't find anywhere to park our rental car."

The policeman leaned toward her and whispered in her ear.

"Park any place you want," he said, "if you have a rental car."

"Are you kidding?"

"Did I tell you anything?" the police officer asked, feigning innocence.

The Sbragias stopped another U.S. Park policeman several yards away. He was sitting on his motor scooter near a brown and white sign marked Handicapped Parking Only.

"You can't park here," the policeman told Helen Sbragia, waving his hand for her to move on.

"But my husband is handicapped," she said, pointing to him in the passenger seat. "He uses a wheelchair."

"This is handicapped parking for handicapped operators of vehicles only," said the officer. "You can drop him off at the front and find a place to park."

"That's absurd," Helen Sbragias said to her husband as she drove away from the Mall area, deciding to sightsee elsewhere. "I never heard that interpretation before."

Nor had the National Park Service. A spokesman said the police officer gave the Sbragias wrong information.

"We honor the car the handicapped person is in," said George Berklacy, spokesman for the National Park Service. "It doesn't matter who is operating it."

Berklacy said he talked with the Park Police watch commander who oversees parking on the mall. "He said it is not unusual for non-handicapped persons to use those reserved spaces for the handicapped. But the motorcycle officer there gives lots of tickets to them."

Berklacy said that the problem the Sbragias have had in using a rental car without any identifying sticker has confronted others.

"It's not unusual for a handicapped visitor to rent a car and park it there and get ticketed," he said. "The police have gotten letters from handicapped people about this, and we've always rescinded the tickets."

Berklacy said the park service has 100 parking spaces reserved for the handicapped in such areas as the Mall, the Kennedy Center, the Visitor Center, the Washington Monument and other memorials. There are also 125 curb ramps on the Mall, he said.

"Overall, handicapped visitors are much better served on the Mall than they were three years ago—with additional curb ramps and parking spaces and the two closed roadways," he said.

Berklacy also noted that in 1976, the Park Service installed two new elevators for the handicapped, one at the Jefferson Memorial, the other at the Lincoln Memorial.

"And plans are underway to put in eight windows at eye level at the top of the Washington Monument for handicapped persons in the near future," he said.

Two weeks ago the Park Service came out with a guide for handicapped visitors, which can be purchased for $3.50 at the Government Printing Office, according to Berklacy.

In 1968, Congress passed the Architectural Barriers Act, which requires such facilities as ramps for the handicapped in buildings in which federal funds are involved.

Because federal agencies were not complying with the law, a board was set up five years later to enforce it. Called the Architectural and Transportation Barriers Compliance Board, it was created under the 1973 Rehabilitation Act.

The board's authority extends to those buildings built since 1968, said Larry Allison, director of public information for the board.

"Anything constructed prior to 1968, even if it has 1,000 steps to the entrance, there is nothing really we can do about it," he said.

Many federal agencies which don't come under the 1968 law, he said, are voluntarily spending money to make their buildings accessible to the handicapped.

There were times during the Sabragias' visit when they said officials made a special effort to consider their needs. The couple praised the way a tour guide at the Library of Congress who saw Ed Sbragia in his wheelchair behind a large tour group asked the crowd to make way for him to come to the front. There he had a perfect view of the Gutenberg Bible.

At Mount Vernon, a police officer pulled Sbragia in his wheelchair up the front steps to the mansion.

The Sbragias, who are leaving Washington the day after tomorrow, said they hope by describing what happened to them, others will be helped.

"I hope this does something for somebody else," said Helen Sbragia.

COMMITTEE ON SCIENCE
AND TECHNOLOGY,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., April 26, 1978.

Mr. DANIEL J. BOORSTIN,
The Librarian of Congress,
Washington, D.C.

DEAR MR. BOORSTIN: I read with interest and dismay the front page of the Washington Star on the accessibility or inaccessibility of our Nation's Capitol to our handicapped citizens.

I know it is difficult to retrofit and correct some of our earlier mistakes, at the same time retaining the architectural integrity and beauty of some our historic landmarks; but we must make every possible effort to make these facilities accessible to all, including the elderly and the handicapped.

I am disturbed to see that even parking at the Library of Congress seems to be unavailable to the handicapped, at least without a request being made a day in advance. Now that is preposterous! We should provide a number of spaces for use by the disabled in accordance with the frequency and persistency of their parking needs in accordance with the American National Standards Institute's requirements for accessibility. I am confident this oversight can be quickly corrected and appreciate your early action.

Sincerely,

OLIN E. TEAGUE,
Chairman.●

SENATE—*Monday, May 1, 1978*

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. ROBERT MORGAN, a Senator from the State of North Carolina.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

God of our Fathers and our God, for the privilege of prayer at this time and in this place we give Thee thanks.

We thank Thee day after day for that wise provision of the Founding Fathers separating the institutions of church and state, but never separating God and prayer from the state, knowing that spiritual verities are the very foundation of the Republic.

Imbue with the spirit of wisdom all those entrusted with public office, that free people may remain free, those in bondage liberated, democracy redeemed from its flaws and failures and justice and truth prevail among the nations.

To serve the present age
Our calling to fulfill
O may it all our powers engage
To do the Master's will.

In Thy holy name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 1, 1978.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROBERT MORGAN, a Senator from the State of North Carolina, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mr. MORGAN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Thursday, April 27, 1978, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Foreign Relations Committee be authorized to meet during the session of the Senate today, beginning at 3:30 p.m., to consider the Middle East arms sales.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Nutrition Subcommittee of the Agriculture, Nutrition, and Forestry Committee be authorized to meet during the session of the Senate on Wednesday, May 3, 1978, beginning at 2:30 p.m. to hold a markup session on child nutrition legislation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Armed Services Committee be authorized to meet during the sessions of the Senate on Tuesday, May 2; Wednesday, May 3; Thursday, May 4; and Friday, May 5, to hold markup sessions on the military procurement authorization, the Department of Energy national security program, and the military construction authorization, which must be reported to the Senate by May 15, 1978, under the Budget Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I wish to reserve, for the moment, the remainder of my time under the standing order.

The ACTING PRESIDENT pro tempore. The Chair recognizes the acting minority leader (Mr. GOLDWATER).

THE RETIREMENT OF MAJOR GENERAL SINGLAUB

Mr. GOLDWATER. Mr. President, last Friday, a fine military officer and a great patriot was forced to retire because of a disagreement with the Carter administration over matters directly related to the future and security of the United States. As I am sure you know, Maj. Gen. John K. Singlaub announced his retirement as an aftermath of a speech in which he disagreed with the President's decision to junk the B–1 bomber, delay production of the neutron artillery shell, and give away the Panama Canal.

It is my belief, Mr. President, that General Singlaub well understood the probable price of his outspoken criticism before he delivered the talk which got him called on the carpet by the administration. And I believe, in his great concern for his country, he was willing to pay that price.

Mr. President, I suggest that what we have here is a brave and courageous man willing to stand out alone among his fellow officers and declare what he feels to be right. This is not the first time that General Singlaub has displayed an uncommon courage in matters of military policy. He was relieved of his command in South Korea last year because he could not stand by and accept Washington's decision to withdraw much-needed American troops from that Communist-threatened country.

I would like to say right now, that I associate myself personally with everything General Singlaub has to say, and what is more, I believe President Carter has yet to make a correct decision in the field of military strategy or foreign policy. He certainly has our defense priorities in exactly the wrong order and his attitudes toward Communist countries like China and Cuba are way off base.

So I say, Mr. President, that General Singlaub deserves the high praise and heartfelt thanks of all Americans who are seriously concerned about the continued weakness being spelled out in the policies of the Carter administration. I hail his devotion to the best interests of his country and I say "well done" to a man who has served his country valiantly on the field of battle and courageously in the area of policy. In his differences with President Carter, I say the wrong man resigned.

Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, every commanding officer knows that he has a chain of command through which he can express his viewpoints, and, of course, military officers are entitled to express their viewpoints through that chain of command; but they know that under our Constitution this is a civilian form of government, and that our military officers do not set policy, they carry out policy.

I do not question General Singlaub's patriotism or his right to his viewpoint, but this was the second indescretion on his part. He well knew that he was not the one to set policy, and it is a situation in which, in my judgment, two strikes mean you are out.

I think his resignation was perfectly proper. I think when generals feel that they can speak out in contradiction to the policies set by the civilian leadership of our Government, they ought to be prepared to retire.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. GOLDWATER. I am fully aware of the relationship between the civilian and the man in uniform in this country, and I can say that no one respects that relationship more than the man in uniform. I completely agree with the majority leader with respect to his remarks concerning the Commander in Chief, when the relationship is that of a Commander in Chief versus subordinate type of situation. Such as when President Truman relieved General MacArthur for rank disobedience of orders.

But I am sure the majority leader has, as many of us have, talked to war colleges and classes of ROTC candidates, as this general was doing, and in the subsequent question-and-answer period we

have made known our feelings, just as general officers, colonels, captains, and admirals in the Navy have, before the various colleges.

I am not going to defend the general on the fact that this is supposed to have been an imprudent remark. I just feel that any general in uniform, not, however, at that time under direct orders of the Commander in Chief, has a right to express how he feels when questioned about it. He was chastised for his remarks on South Korea, and yet many organizations in our Government have since that time proved him to be right. As far as any refutation of his remarks on the B–1 is concerned, he is not alone in his comments on that situation, nor is he alone in his comments on the neutron bomb.

I would just say, Mr. President, that anyone, citizen or soldier, trying to follow what President Carter has in mind, would have a most difficult task.

Mr. ROBERT C. BYRD. Mr. President, I admit that I and the Senator from Arizona and other Senators do answer questions and make our remarks in response to questions when we go about the country and appear before various groups. But we are part of the civilian Government to which I have referred. But this is quite different from the military.

As I have stated, the general had his opportunity to express his viewpoint, but he knows that this is a civilian system of government, that the Government is under civilian control, and that for military people to go around the country questioning the policies set by the Commander in Chief, who is a civilian in Government can only lead to confusion, carping, and misunderstanding, therefore, I think his resignation was proper.

LETTER FROM GENERAL TORRIJOS

Mr. ROBERT C. BYRD. Mr. President, I have received a most gracious, personal letter from Gen. Omar Torrijos regarding the recent ratification of the Panama Canal treaties. He asks that I convey to the Senate—and these are his words:

> My profound thanks on behalf of my entire people for an accomplishment that will ring the bells of history as long as free men, proud men exist.

General Torrijos continues that—

> A United States that can do what (the Senate) has made possible in dealing with a small but proud neighbor is the kind of United States that the world needs—a strong country that can still understand the needs and the pride and the hopes of smaller countries everywhere.

Throughout the debate on the treaties, there was considerable mention of the United States establishing a new relationship not only with Panama, but also with all the countries of the Western Hemisphere. And those of us who supported the treaties maintained that their ratification would better insure the continued, secure operation of the Panama Canal.

General Torrijos addresses both those points in his letter to me. He writes:

> Words are insufficient to express what is in my heart at this moment. I believe that we have entered on an entirely new era, one in which our two countries are partners, are friends, are going to work together to make the future better for both our peoples. And you should know, also, that the Canal has never been safer, more secure than it is at this moment—and as it will be into the far future. That is something good for my country, for yours, and for the world.

Mr. President, the Panama Canal treaties were controversial, and the debate, predictably, was sometimes emotional. In both Panama and in the United States, intemperate remarks were made. But a strong friendship—such as the one which exists between the United States and Panama—can withstand temporary strain.

I agree with General Torrijos that we have entered into a new era in our long and lasting friendship with Panama and its people, and with the other countries of the Western Hemisphere. I believe that, in ratifying the treaties, the Senate seized an opportunity for the United States to exercise power with generosity—to show the world that our commitment to fairness is as great as our military might.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, there are certain nominations on the calendar which have been cleared for action, if I may have the attention of the distinguished minority leader. The nominations are two nominations under the judiciary which have been cleared, and the nominations beginning under New Reports, U.S. Air Force, and continuing through the end of the calendar. If I am correct that these have been cleared, I ask unanimous consent that the Senate go into executive session for not to exceed 2 minutes to consider the nominations.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, the majority leader is correct. These items are cleared on our calendar as well. We have no objection to proceeding on them in executive session.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The first nomination will be stated.

THE JUDICIARY

The assistant legislative clerk read the nomination of Gustave Diamond, of Pennsylvania, to be U.S. district judge for the western district of Pennsylvania.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The ACTING PRESIDENT pro tempore. The second nomination will be stated.

The assistant legislative clerk read the nomination of Donald E. Ziegler, of Pennsylvania, to be U.S. district judge for the western district of Pennsylvania.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AIR FORCE—ARMY—NAVY—MARINE CORPS

The assistant legislative clerk proceeded to read sundry nominations in the U.S. Air Force, the U.S. Army, the U.S. Navy, and the U.S. Marine Corps.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The assistant legislative clerk proceeded to read sundry nominations in the Air Force, Army, and Navy placed on the Secretary's desk.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations under the U.S. Air Force, U.S. Army, U.S. Navy, and U.S. Marine Corps and the nominations placed on the Secretary's desk in the Air Force, Army, and Navy be considered and confirmed en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to move to reconsider en bloc the vote by which the nominations were confirmed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I make that motion.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(All nominations confirmed today are printed at the end of the Senate proceedings.)

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

VITIATION OF ORDER FOR RECOGNITION OF SENATOR LEAHY TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the recognition of Mr. LEAHY at this time be vitiated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 2146, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 2146) to amend the Consolidated Farm and Rural Development Act, as amended.

The Senate proceeded to consider the bill which had been reported from the Committee on Agriculture, Nutrition, and Forestry with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Agricultural Credit Assistance Act of 1978".

TITLE I—AMENDMENTS TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

ELIGIBILITY FOR FARM OWNERSHIP AND OTHER LOANS UNDER SUBTITLE A

SEC. 101. (a) Section 302 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out the language down through the first comma and inserting in lieu thereof the following: "The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers, and to private domestic corporations and partnerships controlled by farmers and ranchers and engaged primarily and directly in farming or ranching, in the United States who individually, or, in the case of corporations and partnerships, the principal stockholders or partners of which, (1) are citizens of the United States,"; and

(2) adding at the end thereof the following: "In the case of corporations and partnerships, the family farm requirement of clause (3) of the first sentence of this section shall apply to the farm or farms in which the entity and its principal stockholders or partners, as applicable, have an ownership and operator interest, and the requirement of clause (4) of the first sentence of this section shall apply both to the entity and its principal stockholders or partners.".

(b) Section 304(a) of the Consolidated Farm and Rural Development Act is amended by striking out the word "individual".

LIMITATIONS ON LOANS UNDER SECTIONS 302, 303, AND 304 OF THE ACT

SEC. 102. Section 305 of the Consolidated Farm and Rural Development Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The Secretary shall make or insure no loan under sections 302, 303, and 304 of this title that would cause the unpaid indebtedness under such sections of any one borrower to exceed the smaller of (1) the value of the farm or other security, or (2) in the case of a loan other than a loan guaranteed by the Secretary, $200,000, or in the case of a loan guaranteed by the Secretary, $300,000. The Secretary is authorized to establish each year an amount or amounts of total unpaid indebtedness that may exist against the farm or other security, which shall apply with respect to loans made or insured during that year. Whenever such amount or amounts are in effect, the Secretary shall make or insure no loan under sections 302, 303, and 304 of this title that would cause the total unpaid indebtedness against the farm or other security at the time the loan is made to exceed the applicable amount.".

LOANS FOR POWER TRANSMISSION FACILITIES

SEC. 103. (a) Section 306(a) of the Consolidated Farm and Rural Development Act is amended by inserting at the end thereof a new paragraph (14) as follows:

"(14)(A) The Secretary may make or insure loans in the full amount thereof, but not to exceed $1,000,000 for any such loan, to associations, including corporations not operated for profit, Indian tribes on Federal and State reservations and other federally recognized Indian tribes, and public and quasi-public agencies, for the purpose of financing the construction, acquisition, and operation of transmission facilities for any electric system that is owned and operated by a public body located in a rural area, and as of October 1, 1976, was receiving bulk power from any of the following agencies of the Department of the Interior:

"(i) the Southwestern Power Administration,

"(ii) the Southeastern Power Administration,

"(iii) the Bonneville Power Administration,

"(iv) the Bureau of Reclamation, or

"(v) the Alaska Power Administration.

A loan may not be made or insured under this paragraph (14) unless the Secretary determines that the applicant for the loan cannot obtain sufficient credit elsewhere from reliable sources at reasonable rates and terms for financing the construction, acquisition, and operation of such facilities.

"(B) Interest or other income from obligations evidencing loans guaranteed under this paragraph (14) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

"(C) The Administrator of the Rural Electrification Administration shall administer loans made or insured under this paragraph (14).

"(D) The authority provided to the Secretary by subparagraph (A) of this paragraph (14) shall terminate September 30, 2006.

"(E) There are hereby authorized to be appropriated for the administration of loans under this paragraph (14) such sums as Congress from time to time may deem necessary.".

(b) Section 309A(a) of the Consolidated Farm and Rural Development Act is amended by inserting "306(a)(14)," immediately after "sections 304(b), 306(a)(1),".

WATER AND WASTE DISPOSAL GRANTS

SEC. 104. Effective October 1, 1978, section 306(a)(2) of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out "$300,000,000" and inserting in lieu thereof "$1,000,000,000"; and

(2) striking out "50 per centum" and inserting in lieu thereof "75 per centum".

INTEREST RATES FOR LOANS UNDER SUBTITLE A; DELETION OF ESCROW AGENT PROVISION

SEC. 105. Section 307 of the Consolidated Farm and Rural Development Act is amended by—

(1) amending subsection (a) to read as follows:

"(a)(1) The period for repayment of loans under this subtitle shall not exceed forty years.

"(2) Any loan made under this subtitle as a guaranteed loan shall bear interest at such rate as may be agreed upon by the borrower and the lender.

"(3) Except as otherwise provided in paragraphs (4), (5) and (6) of this subsection, loans, other than guaranteed loans, made or insured under this subtitle shall bear interest at rates determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, plus not to exceed 1 per centum per annum as determined by the Secretary, and adjusted to the nearest one-eighth of 1 per centum.

"(4) Loans made or insured under section 303 of this title shall, when made other than as guaranteed loans, bear interest at a rate prescribed by the Secretary, but not in excess of 5 per centum per annum.

"(5) Loans for water and waste disposal systems, essential community facilities, and land acquisition pursuant to the Act of April 11, 1970 (Public Law 91-229, 84 Stat. 120), shall, when made other than as guaranteed loans, bear interest at a rate prescribed by the Secretary, not in excess of 5 per centum per annum.

"(6) Loans made or insured under sections 304(b) and 310B of this title shall, when made other than as guaranteed loans, bear interest at rates prescribed by the Secretary, not less than rates determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for rates comparable to the rates prevailing in the private market for similar loans and considering the Secretary's insurance of the loans, plus an additional charge, prescribed by the Secretary, to cover the Secretary's losses and cost of administration, which charge shall be deposited in the Rural Development Insurance Fund, and further adjusted to the nearest one-eighth of 1 per centum.";

(2) redesignating subsection (b) as subsection (c); and

(3) inserting a new subsection (b) to read as follows:

"(b) The borrower shall pay such fees and other charges as the Secretary may require, and borrowers under this title shall prepay to the Secretary such taxes and insurance as the Secretary may require, on such terms and conditions as the Secretary may prescribe.".

REPEAL OF LIMITATION ON AMOUNT OF OUTSTANDING LOANS UNDER THE AGRICULTURAL CREDIT INSURANCE FUND

SEC. 106. (a) Section 309(f) of the Consolidated Farm and Rural Development Act is amended by changing the period at the end of the first sentence in paragraph (1) to a semicolon and striking out the second sentence therein, which reads: "The aggregate of the principal of such loans made and not disposed of shall not exceed $500,000,000 at any one time;".

(b) Section 328 of the Consolidated Farm and Rural Development Act is amended by striking out ": *Provided*, That loans made under this section shall not be included in applying the $500,000,000 limitation in section 309(f)(1)".

TRANSFER OF ADMINISTRATIVE FUNDS

SEC. 107. Section 309A(g) of the Consolidated Farm and Rural Development Act is amended by striking out the period at the end of paragraph (8) and inserting in lieu thereof the following: ", either directly from the Insurance Fund or by transfers from the Fund to, and merger with, any appropriations for administrative expenses.".

PURCHASE BY THE SECRETARY OF GUARANTEED PORTIONS OF LOAN

SEC. 108. The Consolidated Farm and Rural Development Act is amended by adding immediately after section 309A a new section 309B as follows:

"SEC. 309B. The Secretary may purchase, on such terms and conditions as the Secretary may deem appropriate, the guaranteed portion of any loan guaranteed pursuant to this title: *Provided*, That the Secretary may not pay for any such guaranteed portion of a loan in excess of an amount equal to the unpaid principal balance and accrued interest on the guaranteed portion of the loan. The Secretary may use for such purchases funds from the Rural Development Insurance Fund with respect to rural development loans as defined in section 309A(a) of this title and funds from the Agricultural Credit

Insurance Fund with respect to all other loans under this title. This authority may be exercised only after the Secretary determines that an adequate secondary market is not available in the private sector.".

EXEMPTION OF SMALL BUSINESS PROJECTS FROM RESTRICTIONS ON RURAL INDUSTRIAL ASSISTANCE AND OTHER LOANS

SEC. 109. Section 310B of the Consolidated Farm and Rural Development Act is amended by inserting in paragraphs (1), (2), and (3) (that follow subsection (d)) immediately after "312(b)" wherever that term appears therein, the following: ", except for cases in which such assistance does not exceed $1,000,000 or for cases in which direct employment will not be increased by more than fifty employees,".

ELIGIBILITY FOR OPERATING LOANS

SEC. 110. (a) Section 311(a) of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out the language down through the first comma and inserting in lieu thereof the following: "The Secretary is authorized to make and insure loans under this subtitle to farmers and ranchers, and to private domestic corporations and partnerships controlled by farmers and ranchers and engaged primarily and directly in farming or ranching, in the United States who individually, or, in the case of corporations and partnerships, the principal stockholders or partners of which, (1) are citizens of the United States,"; and

(2) adding at the end thereof the following: "In the case of corporations and partnerships, the family farm requirement of clause (3) of the first sentence of this subsection shall apply to the farm or farms in which the entity and its principal stockholders or partners, as applicable, have an operator interest, and the requirement of clause (4) of the first sentence of this subsection shall apply both to the entity and its principal stockholders or partners.".

(b) Section 312(a) of the Consolidated Farm and Rural Development Act is amended by striking out the word "individual".

LIMITATIONS ON FARM OPERATING LOANS

SEC. 111. Section 313 of the Consolidated Farm and Rural Development Act is amended to read as follows:

"SEC. 313. The Secretary shall make or insure no loan under this subtitle (1) that would cause the total principal indebtedness outstanding at any one time for loans made under this subtitle to any one borrower to exceed, in the case of a loan other than a loan guaranteed by the Secretary, $100,000, or, in the case of a loan guaranteed by the Secretary, $200,000; or (2) for the purchasing or leasing of land other than for cash rent, or for carrying on any land leasing or land purchasing program.".

FARM OPERATING LOAN INTEREST RATES; CONSOLIDATION AND RESCHEDULING OF LOANS

SEC. 112. Section 316 of the Consolidated Farm and Rural Development Act is amended to read as follows:

"SEC. 316. (a) The Secretary shall make all loans under this subtitle upon the full personal liability of the borrower and upon such security as the Secretary may prescribe. Such loans, except for guaranteed loans, shall bear interest at a rate, prescribed by the Secretary, not more than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, plus an additional charge not to exceed 1 per centum per annum as determined by the Secretary, which charge shall be deposited in the Rural Development Insurance Fund or the Agricultural Credit Insurance Fund, as appropriate, and adjusted to the nearest one-eighth of 1 per centum. Guaranteed loans made under this subtitle shall bear interest at such rate as may be agreed upon by the borrower and lender.

"(b) Loans made under this subtitle shall be payable in not to exceed seven years. The Secretary may consolidate or reschedule outstanding loans for payment over a period not to exceed seven years from the date of such consolidation or rescheduling, and the amount of unpaid principal and interest of the prior loans so consolidated or rescheduled shall not create a new charge against any loan levels authorized by law. A new loan may be included in a consolidation. Such new loan shall be charged against any loan level authorized by law. The interest rate on such consolidated or rescheduled loans, other than guaranteed loans, may be changed by the Secretary to a rate not to exceed the rate being charged for loans made under this subtitle at the time of the consolidation or rescheduling. Guaranteed loans under this subtitle that may be consolidated or rescheduled for payment shall bear interest at such rate as may be agreed upon by the borrower and the lender.".

TECHNICAL AMENDMENTS

SEC. 113. Section 321(b) of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out "Disaster Relief Act of 1970, as amended," and inserting in lieu thereof "Disaster Relief Act of 1974"; and

(2) inserting "domestic" immediately before "partnerships".

EMERGENCY LOAN INTEREST RATES

SEC. 114. (a) Section 324 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out the first sentence in subsection (a) and inserting in lieu thereof the following: "Loans made or insured under this subtitle shall be at rates of interest as follows:

"(1) with respect to loans or portions of loans up to the amount of the applicant's actual loss caused by the disaster, (A) if the applicant is unable to obtain sufficient credit elsewhere to finance the applicant's actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time, the interest rate shall be a rate prescribed by the Secretary not in excess of 3 per centum per annum, and (B) if the applicant is able to obtain sufficient credit elsewhere, the interest rate shall be a rate prescribed by the Secretary not in excess of the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year immediately preceding the date of the disaster, plus not to exceed 1 per centum per annum as determined by the Secretary, and adjusted to the nearest one-eighth of 1 per centum; and

"(2) with respect to loans or portions of loans exceeding the amount of actual loss caused by the disaster, the interest rate shall be that prevailing in the private market for similar loans, as determined by the Secretary."; and

(2) repealing subsection (b) and redesignating subsection (c) as subsection (b).

(b) Section 321 of the Consolidated Farm and Rural Development Act is amended by striking out in subsection (b) all that follows after "with the assistance of such loan" down through the end of the subsection and inserting in lieu thereof a period.

AUTHORITY WITH RESPECT TO PROPERTIES IN AREAS THAT HAVE CHANGED FROM RURAL TO URBAN AND LETTERS OF INTENT

SEC. 115. Section 331 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out the period at the end of clause (i) and inserting in lieu thereof a semicolon; and

(2) adding at the end thereof new clauses (j) and (k) as follows:

"(j) notwithstanding that an area ceases, or has ceased, to be 'rural', in a 'rural area', or an eligible area, make loans and grants, and approve transfers and assumptions, under this Act on the same basis as though the area still was rural in connection with property securing any loan made, insured, or held by the Secretary under this Act or in connection with any property held by the Secretary under this Act; and

"(k) issue to loan applicants letters of intent or conditional commitments to make loans so that such applicants may obtain temporary financing from other sources pending completion of loan processing, subject to such conditions as the Secretary may prescribe.".

APPEAL AND REVIEW OF COUNTY COMMITTEE DETERMINATIONS; EXEMPTION OF GUARANTEED LOANS FROM "GRADUATION" REQUIREMENT

SEC. 116. Section 333 of the Consolidated Farm and Rural Development Act is amended by—

(1) striking out the semicolon at the end of subsection (b) and inserting in lieu thereof the following: ": *Provided*, That the Secretary may provide a procedure for appeal and review of any determination relating to a certification or recommendation required to be made by the county committee under this title, and for reversal or modification thereof should the facts warrant such action;"; and

(2) inserting in subsection (c) "except for guaranteed loans," immediately before "an agreement by the borrower".

SEPARATE APPROPRIATION AMOUNTS; PARTICIPATION BY OTHER DEPARTMENTS AND AGENCIES

SEC. 117. The Consolidated Farm and Rural Development Act is amended by adding at the end thereof new sections 346 and 347 as follows:

"SEC. 346. Congress may from time to time in appropriation Acts establish levels for the loan programs authorized in this title. Such level for any program shall consist of two amounts, one against which loans made from the insurance funds by the Secretary shall be charged and the other against which loans guaranteed by the Secretary shall be charged, with or without authority for the Secretary to transfer amounts between such categories within a program for more effective program administration.

"SEC. 347. Notwithstanding any other provision of law, other departments, agencies, and executive establishments of the Federal Government may participate and provide financial and technical assistance jointly with the Secretary to any applicant to whom assistance is being provided under any program administered by the Farmers Home Administration. Participation by any other department, agency, or executive establishment shall be only to the extent authorized for, and subject to the authorities of, such other department, agency, or executive establishment, except that any limitation on joint participation is superseded by this section.".

AREAS COVERED UNDER THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

SEC. 118. The Consolidated Farm and Rural Development Act is amended by—

(1) in section 306(a)(7), striking out ", the Commonwealth of Puerto Rico and the Virgin Islands,";

(2) in section 321(a), striking out ", Puerto Rico, and the Virgin Islands";

(3) in section 325, striking out ", Puerto Rico, or the Virgin Islands";

(4) in clause (a) of section 331, striking out "and in Puerto Rico and the Virgin Islands"; and

(5) in section 343, striking out "and" immediately before "(5)", and inserting imme-

diately before the period at the end thereof the following: ", and (6) the term 'United States' shall include the States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands, and the term 'State' shall include the Commonwealth of Puerto Rico, the Virgin Islands of the United States, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands".

EFFECTIVE DATE

SEC. 119. Except as otherwise provided in section 104 of this title, the provisions of this title shall become effective upon enactment.

TITLE II—EMERGENCY AGRICULTURAL CREDIT ADJUSTMENT ACT OF 1978

SHORT TITLE

SEC. 201. This title may be cited as the "Emergency Agricultural Credit Adjustment Act of 1978".

AUTHORITY TO INSURE OR GUARANTEE LOANS

SEC. 202. The Secretary of Agriculture may insure or guarantee loans to bona fide farmers and ranchers who are primarily and directly engaged in agricultural production and who are citizens of the United States, and to domestic corporations or partnerships that are primarily and directly engaged in agricultural production and in which a majority interest is held by stockholders or partners who themselves are citizens of the United States and primarily and directly engaged in agricultural production, if the applicant for such loan—

(1) has the experience and resources necessary to asure a reasonable prospect for successful operation with the assistance of such loan;

(2) needs such credit in order to maintain a viable agricultural production operation; and

(3) is unable at the time the loan application is filed to obtain sufficient credit from normal credit sources to finance actual needs at reasonable rates and terms due to national or areawide economic stresses, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities. As used in this title, the term "agricultural production" shall include aquaculture.

PURPOSES OF LOANS

SEC. 203. Loans may be insured or guaranteed under this title for (1) refinancing outstanding indebtedness, including the making of installment payments of principal and interest on real estate or other debts that cannot be paid unless assistance is rendered pursuant to this title, or that must be consolidated or restructured to provide adequate terms within repayment ability; (2) reorganization of the farm or ranching operation, including changes in the nature or method of operation, necessary to provide an economically sound operating unit; (3) purchase of essential water rights, supplies, and irrigation facilities; (4) acquisition of land to maintain the normal level of operations; (5) loan closing costs; (6) purchase of essential livestock, poultry, and farm equipment; (7) purchase of feed, seed, fertilizer, insecticides, and farm supplies and other essential farm operating expenses, including cash rent; (8) financing essential land and water development, use, and conservation; and (9) other essential farm and home needs, including, but not limited to, family subsistence.

GUARANTEED LOAN LIMITS; RATES OF INTEREST; REPAYMENT PERIOD; RESTRICTIONS

SEC. 204. (a) The Secretary of Agriculture may guarantee under this title the principal and interest on any loan made by a legally organized lending agency, and that otherwise meets the purposes and conditions of this title, except that such guarantee shall not exceed 90 per centum of the principal and interest of the loan.

(b) Loans guaranteed under this title shall bear interest at rates to be agreed upon by the lender and borrower. Loans insured under this title shall bear interest at rates determined by the Secretary of Agriculture taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus not to exceed 1 per centum per annum as determined by the Secretary.

(c) Loans insured and guaranteed under this title shall be repayable at such times as the Secretary of Agriculture may determine, taking into account the purpose of, and need for, the loan, but not later than provided for loans for similar purposes under the Consolidated Farm and Rural Development Act: *Provided*, That, if the loan is for a purpose described in subtitle B of such Act, the Secretary may make the loan repayable at the end of a period not exceeding twenty years if the Secretary determines that the need of the applicant justifies a longer repayment period.

(d) The total loan insured or guaranteed under this title for any borrower shall not exceed $500,000.

(e) No fees or charges shall be assessed by the Secretary of Agriculture for any loan insured, or for any guarantee provided, under this title.

LOAN CERTIFICATIONS AND CONDITIONS

SEC. 205. (a) As a condition of the Secretary of Agriculture guaranteeing any loan under this title, the lender shall certify that—

(1) the lender is unwilling to provide credit to, or continue with, the loan applicant in the absence of the guarantee authorized by this title;

(2) the loan applicant is directly and in good faith engaged in agricultural production; and

(3) the financing to be furnished the loan applicant is to be used for one or more of the purposes set forth in section 203 of this title.

(b) As a condition of the Secretary insuring any loan under this title, the loan applicant shall certify that—

(1) the loan applicant will be unable to obtain financing in the absence of the assistance authorized by this title;

(2) the loan applicant is directly and in good faith engaged in agricultural production; and

(3) the financing to be furnished the loan applicant is to be used for one or more of the purposes set forth in section 203 of this title.

(c) As a condition for insuring or guaranteeing any loan under this title, the Secretary must find that there is reasonable probability of accomplishing the objectives of this title and repayment of the loan.

(d) The Secretary shall require—

(1) the county committee authorized under section 332 of the Consolidated Farm and Rural Development Act to certify in writing that the applicant for a loan under this title meets the eligibility requirements for the loan, has the character, industry, and ability to carry out the proposed operations, and will, in the opinion of the committee, honestly endeavor to carry out his or her undertakings and obligations; and

(2) except for guaranteed loans, an agreement by the applicant for a loan under this title if at any time it shall appear to the Secretary that the applicant may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, the applicant will, upon request by the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary or the insured lender, or both, and pay for any stock in a cooperative lending agency that must be purchased in connection with such loan.

LOAN SECURITY

SEC. 206. Loans shall be insured or guaranteed under this title upon the full personal liability of the borrower secured by such collateral as is available that, together with the confidence of the Secretary of Agriculture, and, for guaranteed loans, the confidence of the lender, in the repayment ability of the loan applicant, is deemed by the Secretary adequate to protect the Government's interest. The collateral may be subject to a prior lien or may be collateral that has depreciated in value owing to temporary economic conditions.

FUNDING; LIMITATION ON OUTSTANDING LOANS

SEC. 207. The fund created in section 309 of the Consolidated Farm and Rural Development Act shall be used by the Secretary of Agriculture for the operation of the loan program, and for the discharge of the obligations incurred by the Secretary, under this title. The Secretary is authorized to use such fund to (1) pay administrative expenses of the Secretary necessary to insure, guarantee, and service loans, and otherwise carry out the provisions of this title, and (2) purchase, on such terms and conditions as the Secretary may deem appropriate, all or any portion of any loan insured or guaranteed pursuant to this title, or to defer payments of principal and interest with respect to such loan, and to pay expenses and fees incident to such purchase or deferral. There shall be reimbursed to such fund by appropriations annually an amount equal to the costs incurred in the operation and administration of the program created by this title. The total principal balance outstanding at any time on loans insured or guaranteed under this title shall not exceed $4,000,000,000.

FULL FAITH AND CREDIT

SEC. 208. Any contract of guarantee or insurance executed by the Secretary of Agriculture under this title shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge at the time it becomes a holder.

ISSUANCE OF CERTIFICATES OF BENEFICIAL OWNERSHIP; CONTRACTS OF GUARANTEE ASSIGNABLE; REGULATIONS

SEC. 209. (a) The provisions of section 310B(6) of the Consolidated Farm and Rural Development Act shall apply to loans insured or guaranteed under this title. The Secretary of Agriculture is authorized to handle loans guaranteed under this title in the same manner as loans guaranteed under the Consolidated Farm and Rural Development Act.

(b) Contracts of guarantee executed pursuant to the provisions of this title shall be fully assignable.

(c) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out this title.

EFFECTIVE PERIOD

SEC. 210. The provisions of this title shall become effective upon enactment, and the authority to make new contracts of insurance or guarantee under this title shall terminate May 15, 1980.

TITLE III—EXTENSION AND AMENDMENT OF THE EMERGENCY LIVESTOCK CREDIT ACT OF 1974

SEC. 301. (a) The Emergency Livestock Credit Act of 1974 is amended by—

(1) amending section 8 to read as follows:

"SEC. 8. The provisions of this Act shall become effective upon enactment, and the authority to make new guarantees shall expire September 30, 1979, except that, with

respect to any loan for a line of credit guaranteed under this Act, if the lender advances loan funds within the line of credit at any time during the remaining term or authorized renewal period of the loan after September 30, 1979, the guarantee of such advances shall not be considered new guarantees."; and

(2) in section 11, amending the first sentence to read as follows: "The Secretary shall, not later than December 15 of each year, report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry on the effectiveness of this Act.".

(b) The provisions of this section shall become effective upon enactment.

The ACTING PRESIDENT pro tempore. Time for debate on this bill is limited to 2 hours, to be equally divided and controlled by the Senator from Georgia (Mr. TALMADGE) and the Senator from Nebraska (Mr. CURTIS), with 1 hour on any amendment in the first degree except the Muskie amendment, on which there will be 2 hours, and 30 minutes on any amendment in the second degree, debatable motion, appeal, or point of order. No rollcall votes in relation thereto will occur prior to Tuesday, May 2, 1978. Who yields time?

Mr. CURTIS. Mr. President, I yield myself such time as I may wish to use.

Mr. President, I am pleased today to speak for Senate bill S. 2146. S. 2146, as amended by the committee, makes a number of changes in the Federal credit assistance programs for farmers, ranchers, rural communities, and businesses.

Title I amends the Consolidated Farm and Rural Development Act, title II establishes a new economic emergency loan program for farmers and ranchers, and title III amends and extends the Emergency Livestock Credit Act of 1974.

This bill has been under consideration for over 3 years. I believe it has been studied and has been gone over by all the groups that are concerned with its passage. The time has come to pass the bill and improve the credit programs the Farmers Home Administration offers to rural citizens.

Many of the changes that will be brought about by this bill were needed months ago for the Farmers Home Administration to adequately serve farmers. The FmHA has been handicapped by low loan ceilings to where they have not been able to serve Nebraska farmers and farmers all across America.

Many thousands of America's farmers are facing financial crisis. They are struggling with high production costs, low commodity prices, and, for a number of farmers, crop losses due to drought or other disasters.

I have farmers from Nebraska calling in every week explaining their financial crisis and the need for additional credit.

Due to the cost price squeeze, farm debt has nearly doubled since 1974 to the unprecedented level of $119 billion outstanding at the beginning of this year.

In the last 3 years the annual ratio of increasing debt to net farm income has soared from 24.8 to 57.8 percent. In 1977 (when commodity prices were at 5-year lows and many parts of the country were suffering severe production losses due to drought), the $24.3 billion of net farm income and $59 billion in increased farm assets in the United States were watered down by a $16 billion increase in farm debt.

The Farmers Home Administration, the major Government lending institution for farmers, is simply not in a position, with its existing programs, to meet all the credit needs of the farmers today.

The FmHA has an emergency loan program for farmers affected by natural disasters, but it does not have a loan program specifically designed for economic disasters (except for the emergency livestock loan program that is made available only to livestock producers).

The Farmers Home Administration regular farm real estate and operating loan programs have been of some assistance to farmers and ranchers suffering from economic disasters. However, due to size restrictions and funding limitations, these two loan programs cannot meet the total needs of farmers and ranchers affected by the current economic disaster.

From 1953 to 1961, the Farmers Home Administration had an "economic emergency" loan program. This program, established by Public Law 83–115, enacted on July 14, 1953, authorized the Secretary of Agriculture to make economic emergency loans to farmers in areas where the Secretary found that an economic disaster had caused a need for agricultural credit that could not be met by the commercial lenders or by the Farmers Home Administration under its regular loan programs.

Clearly, there is a need for such an economic emergency program. This need is met by the new loan program established in title II of S. 2146.

In addition, the Emergency Livestock Credit Act of 1974 should be extended.

Recovery of the industry has been slow and the almost $1 billion in emergency livestock loans has kept thousands of stockmen in business during the last 4 years. While there is evidence that the livestock picture is brighter and profitability is rebounding in 1978, it will probably take a while longer before creditors will be willing to carry the industry's debt burden.

S. 2146 extends the 1974 act for an additional year.

S. 2146 also makes a number of amendments to the act to improve the Farmers Home Administration delivery of services to farmers and rural America. These amendments will be of substantial assistance to the farmers in deep economic distress today and should be adopted.

Mr. President, while it is exceedingly proper that the loan limits be raised, we must keep in mind that credit alone does not improve farm prices. Credit is needed because, as I said earlier, we had a 5-year low in farm prices. At the same time, the costs that farmers must pay, because of inflation, high-wage costs, and other factors, have soared at a most unusual rate. While we support this bill for more credit, we do so realizing that this does not alone, or in any great measure, improve the agricultural picture across the land. We hope that other steps can be taken.

The hostility of the Carter administration toward farm legislation this year was a big mistake. The way the legislation was opposed was nothing less than disgraceful. Tending to blame farmers for inflation and branding a modest bill as inflationary was morally wrong.

We have not improved our exports of farm products in the manner that we should. The administration should get back of the efforts for gasohol. Here we are, importing half of our petroleum products. We can blend at least 10 percent of alcohol in our gasoline and thus make it go that much farther, and that gasoline can be made from surplus farm products.

There are other features that have been sadly neglected. This year, however, the farmers are desperately in need of immediate income and dependable income before the year is over so that their credit position can be improved.

I can mention one telephone call I received from Nebraska, which is not uncommon. It is a small town, not even a county seat. The dealer in seed and fertilizer informed me how much money he had out on his books. He said the farmers cannot pay; he cannot extend them any more credit and he cannot secure any more seed and fertilizer to send them, because he has to pay his bills. It was on that basis that the Senate passed a legislative bill that did increase the commodity loans and just as soon as that had become law, their position would have been better with their implement dealer, their supplier of seeds and fertilizer, their bank, and all around. That was not done. In fact, it failed in the House because of the arm twisting, lobbying, and the pressure put on by the administration.

Mr. President, I am fully aware that in a strict sense, those matters are not at issue in this bill, but I do want to piont out that this bill is necessary because of the law farm prices. Also, it should be noted that, while this is a necessary extension of credit, it is not a solution to the disastrously low farm prices that have prevailed in the country.

I hope that the bill will be passed by an overwhelming vote.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I yield myself such time as I may require.

First, I wish to commend the distinguished Senator from Nebraska (Mr. CURTIS) for his very fine and analytical statement with respect to the farm credit bill, the need for the bill, the hardships that our farmers are experiencing, and his fine support for this legislation.

Mr. President, I ask unanimous consent that the amendment of the Committee on Agriculture, Nutrition, and Forestry be agreed to and considered as the original text subject to amendment by the Senate.

The ACTING PRESIDENT pro tempore. Without objection, the committee amendment will be agreed to and considered as original text.

Mr. ALLEN. Mr. President, I ask further unanimous consent that when there has been a third reading of S 2146, the Senate proceed immediately to the consideration of H.R. 11504; that S. 2146, as amended by the Senate, be offered as a substitute to H.R. 11504; and that the Senate proceed without further debate to an immediate vote on such substitute and passage of H.R. 11504.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I ask uanimous consent that the following people be granted the privilege of the floor during the consideration of these bills, S. 2146 and H.R. 11504, including rollcall votes on amendments and passage:

Staff members of the Committee on Agriculture, Nutrition, and Forestry: Henry Casso, Carl Rose, Jim Giltmier, Ray Bennett-White, Dale Stansbury, Phil Fraas, Stuart Hardy, Karen Schubeck, Glenn Tussey, Morgan Williams, Tom Kay of my staff; and Bill Seale, and Mary Anne Peterson of Senator HUDDLESTON's staff.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I am pleased to rise at this time and request Senate consideration of S. 2146, a bill to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program for farmers and ranchers, and extend the Emergency Livestock Credit Act of 1974.

This bill was unanimously reported from the Committee on Agriculture, Nutrition, and Forestry. It is the culmination of nearly 3 years of work by our committee and the House Agriculture Committee to improve the functioning of our present lending programs for farmers.

The first author of this measure was Secretary of Agriculture Bob Bergland, when he was a Member of the House.

In many respects the bill had its beginnings 5 years ago when our committee began a highly detailed evaluation of the management and operations of the Farmers Home Administration. That evaluation took hundreds of hours of staff and hearing time; the participation of the Program Analysis Division of the General Accounting Office; a program user survey designed for us by the Bureau of Standards through GAO; the full cooperation of Secretary of Agriculture Earl Butz; plus an additional financial management review of the agency by the joint financial management improvement team.

To our knowledge, this is the most comprehensive review ever made into the operations of a civilian Federal agency. The credit for this review must go to Chairman TALMADGE, who ordered it, and to Senator CLARK, chairman of the Rural Development Subcommittee, who did most of the oversight work.

This kind of program review is frankly dull and tedious. It does not engender a lot of headlines nor accrue much public credit to the members of the Senate. But to me it symbolizes a new wave of essential activity by the Senate. Our former majority leader, Mr. Mansfield, reminded us many times that our responsibility was not merely to legislate, but that it is also our job to make certain that legislation is being carried out according to the intent of Congress in a cost-effective and efficient manner and with a minimum of redtape.

The Farmers Home Administration continues to have a number of problems—most of them due to inadequate personnel. But FmHA and the committee have new understandings of our interrelationships, and a new mutual respect, based on the fact that we know one another better. The stage has been set for major improvements within the agency provided we can get White House cooperation.

The bill before us today represents what I believe to be the best legislative thinking on new legislative initiatives required to improve the operations of the agency.

COMMITTEE CONSIDERATION

The Farmers Home Administration was originally established as the Resettlement Administration in 1935. Since that time this agency has served as a primary force in agricultural lending for low-resource and low-income farmers, under the basic authority of the Consolidated Farm and Rural Development Act.

The last major revision of the act was the Rural Development Act of 1972. The 1972 act upgraded farm credit programs and introduced new credit programs in business and industrial development and community facilities.

In the years following the enactment of the Rural Development Act of 1972, the situation of our Nation's farmers changed substantially, primarily as production costs skyrocketed. It became clear by early last year that additional amendments to further update the act would be needed.

To this end, Senator BELLMON introduced S. 312 on January 18, 1977; Senator CHURCH introduced S. 2126 on September 22, 1977; and Chairman TALMADGE introduced S. 2146 (by request) on September 27, 1977.

The Subcommittee on Agricultural Credit and Rural Electrification met on October 11, 1977, to hear testimony on these bills and the changes they would make in the Farmers Home Administration loan programs.

At this hearing, it was agreed that the subcommittee would consider the three bills, S. 312, S. 2126, and S. 2146, together at subcommittee markup, but report only the administration's request bill, S. 2146, to the full committee.

The Subcommittee on Agricultural Credit and Rural Electrification met in executive session on October 25, 1977, to markup S. 312, S. 2126, and S. 2146. After adoption of several amendments, S. 2146 was ordered reported to the full committee.

On March 15, 1978, the committee met in executive session to consider S. 2146, as amended by the Subcommittee on Agricultural Credit and Rural Electrification. S. 2146 was approved, with several amendments, and ordered reported to the Senate.

NEED FOR THE BILL

Many thousands of America's farmers are facing financial crisis. They are struggling with high production costs, low commodity prices, and, for a number of farmers, crop losses due to drought or other disasters.

According to the Department of Agriculture, the index of prices paid by farmers for commodities and services, interest, taxes, wages, and other production necessities increased by 66 percent from January 1972 to January 1978.

At the same time, commodity prices received by farmers, after reaching record levels in 1973–74, steadily declined over the next 3 years to pre-1972 levels.

As a result of the combination of greatly increased costs and drastically lower prices received, average net income per farm fell from $10,610 in 1973 to $7,540 in 1977 (the net income figures are just averages; some individual farmers have actually suffered 3 consecutive years of losing operations since 1974). During this same time period, farmers and their families, like all Americans, suffered from an inflationary rise in the cost of living.

This situation should improve greatly by the end of this year. The cost-price squeeze should in time be rectified by higher prices as a better balance of supply in relation to demand is reached, and disaster-caused losses will at least partially be recouped if there is good weather.

But for many farmers, the crucial and immediate problem is how to meet debt obligations and continue in operation until those cures for the crisis can take effect. S. 2146 addresses this problem by establishing an economic emergency loan program and making a number of improvements in current loan programs.

ECONOMIC EMERGENCY LOAN PROGRAM

Due to the cost-price squeeze, farm debt has nearly doubled since 1974 to the unprecedented level of $119 billion outstanding at the beginning of this year.

In the last 3 years the annual ratio of increasing debt to net farm income has soared from 24.8 to 57.8 percent. In 1977—when commodity prices were at 5-year lows and many parts of the country were suffering severe production losses due to drought—the $24.3 billion of net farm income and $59 billion in increased farm assets in the United States were watered down by a $16 billion increase in farm debt.

Furthermore, the increase in assets, which in many cases is the only thing keeping many farmers from liquidation, has been due to a large extent only to continued inflation in the value of land. Iowa farmland values, for example, increased on the order of 35 percent between February 1976 and February 1977.

The total increase in farm debt in 1977 has not all been new debt. Farmers are not repaying at the same rate as they have in the past. Federal Reserve statistics show that in January of 1976, less than a third of the banks of the Federal Reserve District 9 in Minneapolis reported slower rates of farm loan repayment. But in October of 1977, almost three-fourths of the banks in that reserve district reported a slower rate of

farm loan repayments. In January of 1976, less than 40 percent of the banks in the district reported an increase in demand for farm loan renewals. By October 1977, that figure had increased to almost two-thirds.

For many farmers, current debt load is becoming unmanageable. The Department of Agriculture has released data that shows that, as of April 1977, 13,900 farmers in the nine Great Plains States were found to have no possibility of meeting their financial obligations in 1977 and 59,300 farmers and ranchers required refinancing or disposal of some of their assets in order for them to continue in business.

It has become clear that many farmers will need special credit assistance in 1978—to ease the pressures of unmanageable payments due on existing debt, and provide themselves with working capital so that they can earn their way back to solvency.

Yet, as America's farmers seek credit assistance to survive this economic emergency and continue in operation, private and public lending organizations are reaching the limits of their capacities.

Many commercial lenders are loaned up to their limits and are reluctant to overextend since new loans to farmers who are overloaded by present obligations and still operating at little or no profit are hardly good risks.

The Farmers Home Administration, the major governmental lending institution for farmers, is simply not in a position, with its existing programs, to meet all the credit needs of the farmers today.

The Farmers Home Administration has an emergency loan program for farmers affected by natural disasters, but it does not have a loan program specifically designed for economic disasters (except for the emergency livestock loan program that is made available only to livestock producers).

Farmers Home Administration regular farm real estate and operating loan programs have been of some assistance to farmers and ranchers suffering from economic disasters. However, due to size restrictions and funding limitations, these two loan programs cannot meet the total needs of farmers and ranchers affected by the current economic disaster.

From 1953 until 1961, the Farmers Home Administration had an "economic emergency" loan program. This program, established by Public Law 83–115, enacted on July 14, 1953, authorized the Secretary of Agriculture to make economic emergency loans to farmers in areas where the Secretary found that an economic disaster had caused a need for agricultural credit that could not be met by the commercial lenders or by the FmHA under its regular loan programs.

Clearly, there is a need for such an economic emergency program. This need is met by the new loan program established in title II of S. 2146.

EMERGENCY LIVESTOCK CREDIT ACT OF 1974

In addition, the Emergency Livestock Credit Act of 1974 should be extended.

The 1974 act was adopted in a period of high feed grain prices and low cattle prices due to an oversupply of cattle on feed—in other words, a similar period of economic emergency, but one only involving livestock producers. The objective of the 1974 act was to make more credit available in the form of loans guaranteed by the FmHA to bona fide farmers and ranchers primarily and directly engaged in agricultural production who had substantial livestock operations, so that they could continue their normal operations during the temporarily adverse economic period.

Recovery of the industry has been slow and the almost $1 billion in emergency livestock loans has kept thousands of stockmen in business during the last 4 years. While there is evidence that the livestock picture is brighter and profitability is rebounding in 1978, it will probably take a while longer before creditors will be willing to carry the industry's debt burden.

S. 2146 extends the 1974 act for an additional year.

AMENDMENT TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

The Farmers Home Administration has, since 1935, served as a primary force in agricultural lending for low-resource and low-income farmers in the United States. Over the years, the FmHA has been given additional responsibilities for providing financial assistance in three major areas: First, farm operations; Second, rural housing; and Third, the construction and operation of rural community facilities.

The basic legislative authority for the FmHA programs is the Consolidated Farm and Rural Development Act.

S. 2146 makes a number of amendments to the act to improve FmHA's delivery of services to farmers and rural America. These amendments will be of substantial assistance to the farmers in deep economic distress today and should be adopted.

ELIGIBILITY EXTENDED

S. 2146 proposes to extend eligibility for farm real estate and operating loans under the act to family farm corporations and partnerships, ending the present limitation on eligibility for such loans to individual farmers and ranchers.

This extension of eligibility will bring the act more in line with the current trend of creating farm partnerships and farm corporations to own or operate family farms and ranches. Frequently, a husband and wife, a father and son, or other members of a family form a partnership or family corporation so that their children, who want to continue the operation, will inherit stock rights, and the costs of probate proceedings will be reduced. Such an arrangement also permits continuation of the farming operation with minimum disruption in the event of the death of a family member.

The extension of eligibility will enable the FmHA to help more individuals who rely on farm income for a living. In the 1974 Census of Agriculture, showing 1,695,047 farms in the United States with gross sales above $2,500 a year, 144,969 were partnerships and 28,656 were corporate farms. Thirty-six percent of the partnerships and 55 percent of the corporate farms had gross sales under $40,000.

LOAN LIMITS RAISED

S. 2146 will increase the loan limits on farm real estate loans under the act from $100,000 to $200,000 for direct and insured loans and $300,000 for guaranteed loans, and cofarm operating loans under the act from $50,000 to $100,000 on direct or insured loans and $200,000 on guaranteed loans.

The existing limits are inadequate in many States. According to the U.S. Department of Agriculture, the national average per acre value of farm real estate, including land and buildings, rose between March 1971 and November 1977 from $204 to $474 per acre. During that same period in Iowa, for example, per acre values increased from $392 to $1,250; in Georgia, from $255 to $522; in Tennessee, from $277 to $571; in North Dakota, from $95 to $266; in Oklahoma, from $182 to $379. The national average value per farm rose from $79,600 in March 1971 to $191,300 in February 1977. Current projections indicate that average value now exceeds $200,000. Farm real estate transfers specifically for agriculture in 1976 involved an average of 303 acres per farm at a price of $520 per acre, for a total value of $157,560. In 1977, farms sold for use only in agriculture averaged 314 acres at $645 per acre, for a total average value of $202,530.

Operating costs and the demand for short- and intermediate-term credit have escalated along with land costs. As noted previously, the index of prices paid by farmers for production items increased by 66 percent from January 1972 to January 1978.

In addition to the increase in the overall index of costs to farmers, there is a continuing increase in the size of operations, requiring more total dollars for all production items. The number of farms with gross farm income between $40,000 and $100,000 increased by 67 percent from 1972 to 1976.

The average size of operating loans made by the Farmers Home Administration has increased by 170 percent between 1970 and early 1978.

INTEREST RATES CHANGED

S. 2146 makes substantial revisions in the interest rates for the programs under the act. Low interest rates are retained as needed to provide credit on reasonable terms to those in greatest need, and the interest rates are increased in other instances to encourage expansion of the program.

Interest rates for guaranteed loans: The existing 5 percent interest rate for guaranteed real estate loans requires Government subsidization of the loans due to the higher interest rates prevailing in the commercial market. Under S. 2146, all guaranteed loans under the act will bear interest at a rate agreed to by the borrower and lender. This will result in reduced Government subsidies and make the program more attractive to commercial lenders.

Interest rates on insured real estate loans: S. 2146 provides that the interest rate on such loans cannot exceed 5 percent—as under existing law.

Most FmHA real estate loan applicants are young farmers who for the first time are able to buy land, or farmers with limited resources and low income. (The 1974 Census of Agriculture shows that nearly 200,000 farmers have gross farm sales of less than $20,000 and off-farm income of less than $5,000.)

A 5-percent—or lower—interest rate on insured farm ownership loans will enable many of these truly low-resource and low-income farmers to become more soundly established in agriculture.

Further, many established small farmers who have suffered severe economic reversals over the last few years will greatly benefit from such low-cost credit.

Interest rates on insured community facility loans: The interest rate on these loans (including loans for rural water and waste disposal systems) will remain, as under current law, at not in excess of 5 percent.

To increase the interest rate on these loans at this time would be a regressive move. High interest rates will result in the FmHA abandoning the smallest, neediest rural communities and becoming instead banker for the wealthier towns that can afford the rates.

In addition, market based interest rates for these loans would raise the price rural consumers must pay for waste disposal and water at a time when rural utility rates are already two to three times those of urban consumers.

In many cases, the small, needy towns with low-income populations already have trouble repaying loans with 5 percent interest rates. An increase in the interest rate on loans would probably force these towns to seek direct grants, rather than loans. If the program shifted heavily away from loans to grants, the rural water and waste disposal program could end up costing the Government more than it does now with subsidized 5-percent interest rates.

Interest rates for other programs under subtitle A of the act: S. 2146 increases the interest rate on all loans under subtitle A of the act—other than those noted above and business and industrial loans (which keep the market-based interest rates of existing law)—from 5 percent to the cost of money to the Government plus a charge of up to 1 percent set by the Secretary. The elimination of the subsidized interest rate on the programs for which there is no special need should result in Congress assigning higher levels of lending for these programs. This was the experience with the FmHA operating loans when the interest subsidy was eliminated.

Interest rates on insured operation loans: The interest rate is changed from a rate equal to the cost of money to the Government plus up to 1 percent added on by the Secretary of Agriculture to a rate not in excess of the cost of money to the Government plus up to 1 percent added on by the Secretary. This change will enable the FmHA to lower interest rates for farm operating loans whenever farmers need such credit assistance due to economic or other emergencies.

Interest rates for insured emergency loans: S. 2146 establishes a two-tiered interest rate for insured emergency loans under the act to cover actual losses caused by natural disasters—3 percent for farmers who meet the "test for credit elsewhere," and cost of money to the Government plus up to 1 percent added on by the Secretary of Agriculture for those who can obtain credit elsewhere.

During the severe 1977 drought, it became evident that many hard-hit farmers were unable to obtain credit under the FmHA emergency loan program because of the "test for credit elsewhere" requirement. At the same time the Small Business Administration, following recent changes in the Small Business Act, opened up its disaster loan program to all farmers without imposing a "test for credit elsewhere." Charges followed that the FmHA, as compared to the SBA, treated farmers as "second class citizens."

The two-tiered interest rate will solve this problem. The FmHA loan program will be open to all farmers injured by disaster, not just those who meet the "test for credit elsewhere," but only really needy farmers—who can meet the test—will be eligible for the beneficial 3-percent interest rate.

CREDIT AVAILABILITY EXPANDED

The FmHA is currently able to make about one farm real estate loan for every three applications that are filed. Witnesses who testified at hearings on S. 2146 repeatedly noted the need to increase the availability of farm credit, especially to the young and limited-resource farmers who make up the bulk of FmHA borrowers and who are suffering the most from the current crisis in the farm economy.

Inceasing the loan limits and expanding eligibility for loans to include family-farm corporations and partnerships means that more farmers will be eligible for large loans.

Also, inceasing the interest rates on loans for several FmHA programs to the cost of money to the Government will likely encourage Congress to raise the overall ceilings for these programs. Increasing the interest rate on all guaranteed loans under the act to the rate agreed to by borrower and lender should likewise encourage private lenders to make more use of the FmHA guaranteed loan programs.

S. 2146 also contains several other provisions that will serve to expand the availability of credit, as follows:

First. Elimination of the "graduation" requirement from FmHA's guaranteed loan program in the event the borrower becomes able to obtain a loan from other sources;

Second. Authority for the Secretary of Agriculture to purchase the guaranteed portion of loans guaranteed under the act, as necessary to assure an adequate secondary market for such loans.

Third. Authority for other Federal departments and agencies to participate with the FmHA in its programs of financial and technical assistance under the act;

Fourth. Authority for guaranteed lenders under the Emergency Livestock Credit Act of 1974 to continue to make advances on line-of-credit loans throughout that part of the loan period falling after the cutoff date—September 30, 1979—for the making of new loan guarantees under that act; and

Fifth. Authority for consolidation and rescheduling of operating loans over a period of up to 7 years in addition to the original loan period.

Graduation from FmHA credit: S. 2146 will exempt borrowers of guaranteed loans under the act from the requirement that they refinance their debt if they become able to obtain credit from other sources at reasonable rates and terms. The act's longstanding requirement that borrowers agree to "graduate" from FmHA assistance when possible was based on the principle that direct or insured Government loans should not be furnished to borrowers whose financial situation enables them to use credit available from the private sector. Inasmuch as guaranteed loans are made by the private sector, this argument becomes less persuasive. Further, the continued insertion of a graduation requirement into guaranteed loan agreements has proved to restrict lender interest in making FmHA guaranteed loans, or acquiring them on the secondary market. Lenders foresee the possibility of a loan being terminated under a graduation edict from the agency. Elimination of this requirement from guaranteed loan contracts is an important prerequisite for winning wider use by the private sector of FmHA farm loan guarantees.

FmHA purchase of guaranteed loans: The Secretary of Agriculture will be given authority to purchase the guaranteed portions of loans guaranteed under the act, as necessary to assure an adequate secondary market for such loans.

One of the principal impediments to private lenders' full acceptance of the opportunity to serve rural borrowers under Federal guaranteed loan programs is the absence of assurance that a secondary market for loans will be available.

The FmHA has developed procedures for transferring loans to the secondary market that are generally acceptable to commercial institutions. Lacking, however, is assurance that a secondary market would be available in event of tight money in the private market.

S. 2146 will permit the Secretary, through the agricultural insurance fund and the rural development insurance fund, to purchase FmHA-guaranteed notes from lenders who are unable to find private buyers for the note. This will give added assurance to lenders cooperating in the FmHA program that they may redeem their loan commitments when necessary through secondary marketing. It will offer protection to smaller lenders, such as country banks, against being caught in a liquidity squeeze through inability to market FmHA guaranteed loans.

The proposed change in the law will not authorize the payment of market premiums, over and above the amounts of unpaid principal and accrued interest, and will not place the Government in competition with the private sector in the secondary marketing of notes.

Participation by other agencies in FmHA programs: This provision of S.

2146 will authorize other Federal departments and agencies to participate with the FmHA in its program of financial and technical assistance under the act.

This provision will provide authority now lacking under law for the Heritage Conservation and Recreation Service to join with the FmHA in financing community recreation projects, and will resolve any similar questions that may arise as to the ability of other agencies, whose funding authorities might complement FmHA programs, to participate in those programs.

Line of credit under the Emergency Livestock Credit Act of 1974: S. 2146 will expand credit to livestock producers under the 1974 act by permitting borrowers to make new drawdowns under lines of credit guaranteed by the Secretary of Agriculture under the 1974 act after September 30, 1979 (the date after which no new loan guarantees under the 1974 act can otherwise be made).

LOANS FOR POWER TRANSMISSION FACILITIES

S. 2146 will add a new program to the act authorizing the Secretary of Agriculture to make or insure or guarantee loans—of up to $1 million—to rural communities that are cut off from access to electric energy sources, for the construction, acquisition, and operation of power transmission facilities.

This provision addresses a problem faced by rural communities throughout the Nation that have had or will have their electric power supply reduced substantially as their suppliers convert from supplying "firm" power to "peaking" power.

The rural communities involved are those supplied by the several electric power marketing administrations of the Department of the Interior, including the Southwestern Power Administration (which serves Oklahoma, Arkansas, Missouri, Texas, and Louisiana), the Southeastern Power Administration (which serves Alabama, Florida, Georgia, North Carolina, and South Carolina), the Bonneville Power Administration (which services 36 communities in Washington, Oregon, Idaho, and Montana), the Bureau of Reclamation (which serves 220 communities in Arizona, California, Colorado, Iowa, Minnesota, Nebraska, Nevada, New Mexico, North Dakota South Dakota, Utah, and Wyoming), and the Alaska Power Administration.

The communities facing a cutoff of power must construct or acquire transmission facilities that will connect them to other sources of firm power.

However, some of these small rural communities would find it difficult to obtain financing for such construction or acqusition without the help provided in the bill. Many are already at the limit of their borrowing capacity with private credit sources, or have exhausted their ability to levy additional taxes or submit new bond issues.

WATER AND WASTE DISPOSAL GRANT

S. 2146 will increase the amount available annually for rural water and waste disposal grants under the act from $300 million to $1 billion, and increase the maximum allowable Federal share on such water and waste disposal projects from 50 to 75 percent.

The act authorizes the award of grants for rural water and waste disposal projects because many small rural communities cannot otherwise afford the facilities they need. The average income of their citizens may be too low for them to be able to assess sufficient taxes to repay loans. Also, in many instances, the expense of projects is driven up beyond a community's borrowing capacity by Federal rules requiring very expensive facilities.

Notwithstanding the grants and loans made under this program over the past several decades, thousands of small rural communities are still without adequate water and sewage disposal systems. As of October 1, 1977, the money amount of the backlog of applications for grants equaled $395 million.

Increasing the Federal share on grants from 50 to 75 percent will aid the Nation's neediest rural communities that cannot afford to put up a 50-percent share of the project. The change to 75 percent sharing will bring this program in line with similar Federal programs for urban communities.

ACIF DEBT LIMIT

S. 2146 will repeal the $500 million ceiling on the amount of loans that may be outstanding against the agricultural credit insurance fund at any one time.

The $500 million limit on the agricultural credit insurance fund, which funds loans made under the FmHA farmer programs, carries over from FmHA legislation of the distant past. No limit is imposed on loan revolving funds established more recently—the rural housing insurance fund, and the rural development insurance fund for FmHA community facility and business-industrial loans.

The FmHA is now obliged to sell certificates of beneficial ownership (representing blocks of insured loan notes) when agricultural credit insurance fund holdings approach the $500 million level in order to permit continued farm loan activity. With nonemergency farm loan programs now at a level of more than $1.4 billion a year, the $500 million ceiling necessitates replenishment of the agricultural credit insurance fund at frequent intervals during the year. This restricts the Government's leeway for marketing securities under the most favorable market conditions.

In the event of increased volume of lending and expanded program operations resulting from enactment of the other provisions of S. 2146, management of the agricultural credit insurance fund would be still more complicated by the obligation to maintain a $500 million ceiling on loans held in this fund. For the best management of the fiscal aspects of FmHA farm programs, the ceiling should be removed and the agricultural credit insurance fund operated on the same basis as the other funds.

BUSINESS AND INDUSTRIAL LOANS

S. 2146 will exempt small businesses from the requirements of current law that business and industrial loans and grants under the act may not be made if the project being financed would cause a shift in employment or business activity from one area to another or cause overproduction. The exemption is to apply if the loan or grant involved does not exceed $1 million, or if employment will not be increased by more than 50 employees.

This provision of S. 2146 will eliminate redtape that slows down the processing of applications and results in costly and needless delay.

Experience based on the processing of some 2,500 loan guarantees since the inception of the program shows that the referral of smaller rural projects to the Department of Labor for clearance on the shift of employment or production and overproduction issues is an unnecessary procedure and a source of needless delay in providing decisions to loan applicants. Almost all loans that are made to smaller rural enterprises pose no threat to the industry or labor forces of other areas, nor to other established businesses in their local areas. The existing procedure has resulted in an overload of work for Department of Labor staff and has handicapped its review of large-scale proposals that entail valid questions of relocation, labor impact, or market impact.

EXTENSION OF THE APPLICABILITY OF THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

S. 2146 will extend the applicability of the act to the territories and possessions of the United States, including the Trust Territory of the Pacific Islands.

Extension of services provided under the act has been too long delayed for American citizens on Guam, American Samoa, and other Pacific Island Territories of the United States, and for people of United Nations Trust Territory Islands who live under American administration.

Because of the cost and communication problems in delivering services to these areas, they were excluded from original authorizations of the act, which were applied only to the States, District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands of the United States.

However, rural housing authorities administered by the FmHA under the Housing Act were extended to the other Pacific areas 4 years ago, and the agency has organized facilities to make housing loans in the islands beyond Hawaii. The Secretary of Agriculture has announced that a separate State office will be established this summer in Hawaii to direct FmHA operations in that State and in other Pacific Islands territories.

The FmHA is now prepared to provide not only housing credit, but also farm, community facility, and business development assistance in all rural areas that are under the American flag. Many farmers and communities of the Pacific Islands have the same need for these services as in areas now being served. The time has come to amend the act and extend its authorizations accordingly.

Mr. President, as I pointed out earlier, this is not rashly considered legislation. The bill began as a program evaluation project by the committee 5 years ago. The legislation is badly needed and I commend it to the Senate recommending that it be adopted.

Mr. President, I ask unanimous consent that a summary of the major provisions of the bill be printed in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF MAJOR PROVISIONS

Amendments to the Consolidated Farm and Rural Development Act

Title I of the bill would—

(1) Extend eligibility for farm real estate and operating loans under the Consolidated Farm and Rural Development Act ("the act") to family farm corporations and partnerships (loans may now be made only to individual farmers and ranchers);

(2) Increase the lending limits for farm real estate and operating loans under the act (from $100,000 in the case of farm real estate loans to $200,000 for loans insured by the Secretary of Agriculture, and to $300,000 for loans guaranteed by the Secretary; and from $50,000 in the case of operating loans to $1,000,000 for loans insured by the Secretary, and to $200,000 for loans guaranteed by the Secretary);

(3) Authorize the Secretary of Agriculture to make or insure or guarantee loans—of up to $1 million—to rural communities that are cut off from access to electric energy sources, for the construction, acquisition, and operation of power transmission facilities;

(4) Increase the amount available annually for water and waste disposal project grants under the act from $300 million to $1 billion and increase the maximum allowable Federal share on such water and waste disposal projects from 50 percent to 75 percent;

(5) Establish interest rates for loans under the act as follows:

(a) *Guaranteed loans.*—The rate agreed on by the borrower and lender.

(b) *Farm real estate loans.*—Not in excess of 5 percent (as under current law),

(c) *Community facility (including water and waste disposal) loans.*—Not in excess of 5 percent (as under current law),

(d) *Business and industrial loans under section 304(b) and 310B of the act.*—Not less than the cost of money to the Government adjusted to provide a rate comparable to the private market rate for similar loans, plus a service charge set by the Secretary (as under current law),

(e) *All other loans under subtitle A of the act.*—The cost of money to the Government plus a charge of up to 1 percent added on by the Secretary.

(f) *Farm operating loans.*—Not in excess of the cost of money to the Government plus a charge up to 1 percent added on by the Secretary.

(g) *Emergency loans (actual loss).*—Under a two-tiered system, borrowers who meet the "test for credit" would receive an interest rate not in excess of 3 percent, and for other borrowers the rate would be not in excess of the cost of money to the Government plus a charge of up to 1 percent added on by the Secretary, and

(h) *Emergency loans (portion of loan in excess of actual loss).*—The rate prevailing in the private market for similar loans (as under current law);

(6) Repeal the $500 million loan ceiling for the Agricultural Credit Insurance Fund;

(7) Authorize the Secretary to purchase the guaranteed portion of loans guaranteed under the act, as necessary to assure an adequate secondary market for such loans;

(8) Exempt small businesses from the requirements of existing law that business and industrial loans and grants under the act may not be made if the project being financed would cause a shift in employment or business activity from one area to another or cause overproduction, with the exemption applying if the financial assistance involved did not exceed $1 million or employment was not increased by more than 50 employees;

(9) Authorize the Secretary to consolidate or reschedule farm operating loans for payment over a period of up to 7 years from the date of consolidation or rescheduling;

(10) Authorize the Secretary to continue operations under the act with respect to property securing a loan in an area that has changed from rural to urban;

(11) Authorize the Secretary to issue letters of intent to make loans so that loan applicants can obtain temporary non-Federal financing pending the completion of loan processing.

(12) Authorize the Secretary to provide procedures for the appeal, review, and possible reversal or modification of determinations made by county committees under the act;

(13) Exempt borrowers of guaranteed loans under the act from the requirement that they refinance their debt if they become able to obtain credit from other sources at reasonable rates and terms;

(14) Require that appropriations acts setting budget levels for programs authorized by the act state two amounts for each program—one amount for insured loans and a separate amount for guaranteed loans;

(15) Authorize other Federal departments and agencies to participate with the Farmers Home Administration in its programs of financial and technical assistance under the act; and

(16) Extend the applicability of the act to the territories and possessions of the United States, including the Trust Territory of the Pacific Islands.

EMERGENCY AGRICULTURAL CREDIT ADJUSTMENT ACT OF 1978

Title II of the bill would authorize the Secretary of Agriculture to insure or guarantee loans to individuals, and domestic corporations and partnerships, directly and primarily engaged in agricultural production, if the loan applicant—

(1) has adequate experience and resources.

(2) needs such credit to maintain a viable agricultural production operation, and

(3) is unable to obtain sufficient credit at reasonable rates and terms from normal credit sources due to national or areawide economic stress, such as a general tightening of agricultural credit or low prices received for agricultural commodities.

Use of loan proceeds.—The proceeds of these loans could be used for refinancing outstanding indebtedness, reorganization of the farming and ranching operation, acquisition of land in order to maintain the normal level of operation, loan closing costs, and operating expenses or other essential farm and home needs.

Interest rates.—The interest rate for insured loans would be the cost of money to the Government plus a charge of up to 1 percent added on by the Secretary. The interest rate for guaranteed loans would be the rate agreed on by the borrower and lender.

Guaranteed loan limit.—The Secretary could guarantee up to 90 percent of a loan under title II.

Fees or charges.—The Secretary could not assess fees or charges for any loans insured or guaranteed under title II.

Repayment period.—These loans would be payable within the same time period prescribed for loans for similar purposes under the Consolidated Farm and Rural Development Act, except that the repayment period for operating loans could extend to 20 years if justified.

Loan limit.—Loans would be limited to $500,000 per borrower.

Conditions.—Applicants must be unable to obtain credit in the absence of assistance under this title, and borrowers would be required to refinance their debt ("graduate") if they become able to obtain credit from other sources at reasonable rates and terms.

Security.—The borrower would be required to secure the loan with such available collateral that, together with the confidence of the Secretary, and (for guaranteed loans) the lender, in the borrower's repayment ability, is deemed adequate by the Secretary to protect the Government's interests.

Funding.—The Secretary would use the Agricultural Credit Insurance Fund to operate this loan program. The fund would be reimbursed by appropriations annually for program expenses. There would be a $4 billion ceiling on the amount of loans outstanding at any time.

Effective period.—The Secretary could insure or guarantee loans under this title from the date of enactment of the bill through May 15, 1980.

Extension and Amendment of the Emergency Livestock Credit Act of 1974

Title III of the bill would—

(1) Extend the authority of the Secretary of Agriculture to make new loan guarantees for the 1974 act for 1 year to September 30, 1979; and

(2) Permit guaranteed lenders under the 1974 act to continue to make advances on line-of-credit loans during that part of the loan period falling after the cutoff date for the making of new loan guarantees (which would be September 30, 1979).

COMMITTEE AMENDMENTS

The committee amendment to the text of S. 2146 strikes all after the enacting clause and inserts a substitute text. The committee also amended the title of the bill.

BACKGROUND AND NEED

Many thousands of America's farmers are facing financial crisis. They are struggling with high production costs, low commodity prices, and, for a number of farmers, crop losses due to drought or other disasters.

According to the Department of Agriculture, the index of prices paid by farmers for commodities and services, interest, taxes, wages, and other production necessities increased by 66 percent.

PURPOSE OF THE LEGISLATION

Mr. ALLEN. Mr. President, S. 2146, as amended by the Committee on Agriculture, Nutrition, and Forestry extends, expands, consolidates and makes a number of other improvements in the Federal credit assistance programs for farmers, ranchers, rural communities and businesses.

Principal features of title I of the bill would—

First, expand the eligibility for farm real estate and operating loans under the Consolidated Farm and Rural Development Act to include family farm corporations and partnerships;

Second, increase the lending limits for farm real estate and operating loans under the Consolidated Farm and Rural Development Act (from $50,000 in the case of operating loans to $100,000 for loans insured by the Secretary, and to $200,000 for loans guaranteed by the Secretary; and from $100,000 in the case of farm real estate loans to $200,000 for loans insured by the Secretary, and to $300,000 for loans guaranteed by the Secretary);

Third, authorize the Secretary of Agriculture to make or insure or guarantee loans—of up to $1 million—to rural communities that are cut off from access to electric energy sources for the construction, acquisition, and operation of power transmission facilities—I do not believe there are many instances of this type of loan. We know of only one such instance

where the loan will be applied for. Perhaps there are others, and this would authorize such loans:

Fourth, increase the amount available annually for water and waste disposal project grants under the act from $300 million to $1 billion and increase the maximum allowable Federal share on such water and waste disposal projects from 50 percent to 75 percent.

Fifth, make a number of changes in the interest rates for loans made under the act;

Sixth, repeal the $500 million loan ceiling for the Agricultural Credit Insurance Fund; and

Seventh, authorize the Secretary to purchase the guaranteed portion of loans guaranteed under the act, as necessary to assure an adequate secondary market for such loans.

Principal features of title II of the bill would—

First, authorize the Secretary of Agriculture to insure or guarantee emergency agricultural loans to individuals, and domestic corporations and partnerships, directly and primarily engaged in agricultural production;

Second, permit the proceeds of these loans to be used for refinancing outstanding indebtedness, reorganization of the farming and ranching operation, acquisition of land in order to maintain the normal level of operation, loan closing costs, and operating expenses or other essential farm and home needs; and

Third, limit loans to $500,000 per borrower with a credit-elsewhere provision.

Principal features of title III of the bill would—

First, extend the authority of the Secretary of Agriculture to make new loan guarantees under the Emergency Livestock Credit Act of 1974 for 1 year to September 30, 1979; it would extend that program for an additional 1 year; and

Second, permit guaranteed lenders under the 1974 act to continue to make advances on line-of-credit loans during that part of the loan period falling after the cutoff date for the making of new loan guarantees, which would be September 30, 1979.

BUDGET IMPACT

Based on a cost estimate prepared by the Congressional Budget Office the Committee on Agriculture, Nutrition, and Forestry estimated the cost of carrying out the provisions of the bill.

Mr. President, I ask unanimous consent that this table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

OUTLAYS

[In millions of dollars]

	Fiscal year—				
	1978	1979	1980	1981	1982
Title I	1	56	209	427	549
Title II	22	3	−18	3	3
Title III			1	1	1
Total	23	59	192	431	553

Mr. ALLEN. Mr. President, there are a number of amendments, some three or four, that we have knowledge of that will be offered to the bill, but I see none of the Senators on the floor who have these amendments. So I ask unanimous consent, Mr. President, that I be allowed to suggest the absence of a quorum with the time to be charged equally to both sides.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative Clerk proceeded to call the roll.

Mr. BELLMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BELLMON addressed the Chair.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. CURTIS. Mr. President, I yield such time as the distinguished Senator from Oklahoma chooses to use on the bill.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is recognized.

Mr. BELLMON. Mr. President, I rise in support of S. 2146. I know how serious the problem of American agriculture is, and while this legislation will not solve it, it should be a major help to farmers who are strapped for credit.

In January 1977, which is more than a year ago, I introduced S. 312, a bill that was nearly identical to S. 2146. These amendments to the FmHA program were offered to update the current program to a more realistic level. These programs have served American agriculture well at minimal final costs to the U.S. Treasury. The loan limits are outdated because of the rapid increase in the cost of land and farm operating expenses. The need for providing a more current credit program for our Nation's farmers is precisely why I introduced S. 312 and am strongly in support of S. 2146.

The family farmers of this country have made our Nation's agriculture the most efficient and productive in the world. The result is that U.S. consumers are the best fed in the world at the lowest cost. The young farmer and small farmer are precisely the persons FmHA is designed to help. FmHA credit is essential when farmers are caught in the economic wringer as they have been over the last 3 years. The problem is, however, that limits on this badly needed line of credit for our Nation's farmers has failed to grow with the realities of today's agriculture. Our country must keep a strong and viable agriculture. To do so, we must provide necessary lines of credit to farmers that realistically reflect the costs of farming. This is especially true with young farmers or those who cannot get credit elsewhere.

This bill increases farm ownership loan limits from $100,000 to $200,000. The current level of $100,000 was established in 1970. Since that time the price of agricultural land has risen 213 percent according to ERS. As is easily seen, the levels which S. 2146 establishes may already be outdated. Yet, these new levels will provide necessary credit to many family farmers to enable them to get through these trying times.

Operating loan limits are raised from $50,000 to $100,000 by S. 2146. The index of prices paid by farmers has increased more than 160 percent since the $50,000 limit was established. This limit on operating loans must be raised in order to assure producers their existence and consumers a dependable supply of food.

When our Nation's agriculture is healthy, our entire economy benefits. When the agricultural economy slows, so does the rest of our economy. Without needed lines of credit during times of distress, our Nation's food producers cannot survive. By expanding loan limits to more realistic levels, producers and consumers alike will benefit.

Exports of agricultural products account for 20 percent of our total exports from this country. This is a highly significant amount especially during present times. Raising these loan limits will help our farmers compete for these essential world markets.

Historically, FmHA has had an envious loan repayment record. This is one Government loan program with a default rate that would make most banks envious. Much of this good history is due to the method by which FmHA works with borrowers to aid producers in planning their operation so they can meet their obligations. FmHA provides needed management and counseling to borrowers so that mistakes are avoided and sound decisions are made. The result has been minimal losses to the Government and a highly efficient productive U.S. agriculture.

Last year I sent an agricultural credit task force to Oklahoma to talk to producers and bankers to find out what would be the best method to help farmers weather the present cost-price squeeze. Many opinions were expressed with one major theme and that is that the Government, through the Farmers Home Administration, needed to supply the credit that commercial sources were hesitant to supply in these difficult times. Otherwise many young farmers, it was said, would be forced out of business and would not be able to return to farming.

It is primarily to help these younger farmers, these family farmers, through these difficult times that I urge the Senate to favorably consider the measure before us, S. 2146, as a necessary step to provide assistance to producers. In doing so we will also benefit consumers by helping assure an abundant supply of food for the future at reasonable prices.

The PRESIDING OFFICER (Mr. BUMPERS). Who yields time?

Mr. ALLEN. In the absence of Senators who have amendments to offer, I ask unanimous consent that there be a quorum call at this time and that time be charged equally to both sides.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Reserving the right to object, Mr. President, I wonder since we are using up all of our time under the bill by rollcalls if it is necessary that we continue here or whether we should take a recess until somebody is around who

wants to legislate? But I shall not object. I shall follow the lead of my distinguished friend.

Mr. ALLEN. One Senator will be in shortly, so if the Senator has no objection, I suggest the absence of a quorum and I ask unanimous consent that it be charged to both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BELLMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1249

Mr. BELLMON. Mr. President, I have an amendment at the desk. I ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes an unprinted amendment numbered 1249.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14 after line 4, insert the following:

"ELIMINATION OF REQUIREMENT FOR BOND COUNSEL FOR CERTAIN WATER AND WASTE DISPOSAL FACILITY LOANS

"SEC. 104A. Section 306(a)(1) of the Consolidated Farm and Rural Development Act is amended by adding at the end thereof the following: 'With respect to loans of less than $500,000 made or insured under this paragraph (1) that are evidenced by notes and mortgages, as distinguished from bond issues, borrowers shall not be required to appoint bond counsel to review the legal validity of the loan whenever the Farmers Home Administration has available general counsel to perform such review'.".

Mr. BELLMON. Mr. President, if I may have the attention of the Senator from Alabama and the Senator from Nebraska, I would like to try to explain the amendment.

What this amendment does is attempt to relieve some of the economic pressure many small communities face while trying to develop better facilities for their citizens.

Currently, when a small community obtains community facility or water and waste loans they are required to obtain bond counsel's opinion if the loan is for more than $50,000. The rationale for this regulation is to allow Farmer's Home to resell the instrument to a secondary market. The fact of the matter is, however, that few, if any, of these instruments are ever sold on a secondary market. Therefore, this expense to these small communities, which may run as high as 2 percent of construction costs, is unnecessary.

I do not intend for the requirement to be lifted for actual bonds. My amendment is applicable only to loans secured by notes and mortgages and of an amount of $500,0000 or less. Further, the amendment is applicable only to those States which have general counsel for FmHA located in their State offices.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. BELLMON. I am very happy to yield.

Mr. CURTIS. As I understand it, the Senator's amendment provides for situations where the indebtedness is evidenced by notes and mortgages, as distinguished from a bond issue?

Mr. BELLMON. That is correct.

Mr. CURTIS. The Senator is not referring to situations where, to comply with local and State law, they are making a bond issue, and it is the ordinary and accepted situation?

Mr. BELLMON. That is correct.

Mr. CURTIS. The intent of the amendment is that so far as the Federal Government is concerned, they are not required to obtain bond counsel, but if they have some local situation or related problem, if they so choose, it does not interfere with that at all?

Mr. BELLMON. It does not prohibit it at all.

Mr. CURTIS. But it merely removes the requirement of the Federal Government that they have to have a bond counsel?

Mr. BELLMON. That is correct.

Mr. CURTIS. I think the amendment is all right.

Mr. BELLMON. Attorneys who draw up these proposals, such as a rural water district, are generally quite capable and knowledgeable of their subject. If a State also has general counsel located in their offices, there is no need to get a third opinion as to the validity of the loan.

Therefore, Mr. President, this limited amendment will allow communities to save some costs of supplying their citizens needed services. This will enhance the rural development of these small communities. Therefore, I urge favorable consideration of this measure.

Mr. ALLEN. Mr. President, I yield myself 2 minutes.

This amendment has been submitted to the Administration, the Farmers Home Administration, and they report that they are willing to accept the amendment.

It does seem that there would be additional unnecessary costs to the borrower to impose the condition that bond counsel approved of a loan which is secured by a note and mortgage, as distinguished from a bond issue; and the Government would be protected in that the amendment is applicable only in the event that the Farmers Home Administration has available a general counsel to perform the review of the legality of the mortgage, and by the fact that the Farmers Home Administration would have a first lien on the property.

So, with the attitude of the administration being one of willingness to accept the amendment, we will agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. BELLMON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ALLEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Are there further amendments to be offered?

Mr. President, I suggest the absence of a quorum, the time to be charged equally to both sides.

The PRESIDING OFFICER. (Mr. Clark). Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair would remind the Senator from Arkansas that a quorum call is in progress.

Mr. BUMPERS. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1250

(To authorize the Secretary of Agriculture to increase the target price for rice whenever a set-aside program is in effect)

Mr. BUMPERS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) offers an unprinted amendment numbered 1250.

Mr. BUMPERS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 35, immediately after line 16, insert the following:

"TITLE IV—PRICE SUPPORT FOR PRODUCERS OF RICE

"SEC. 401. (a) Section 1001 of the Food and Agriculture Act of 1977 is amended by inserting '(a)' after the section designation and adding a new subsection (b) as follows:

"'(b) Notwithstanding any other provision of law, whenever a set-aside is in effect for any of the 1978 through 1981 crops of rice, the Secretary may increase the established price for rice by the amount the Secretary determines appropriate to compensate producers for participation in such set-aside. In determining the amount of any such increase, the Secretary shall take into account changes in the cost of production resulting from participation in the set-aside involved. If the established price is increased for any crop of rice for which a set-aside is in effect, the Secretary may increase the established price for any other commodity in such amount as the Secretary determines necessary for effective operation of the program. The Secretary shall adjust any increase in the established price to reflect, in whole or in part, any land diversion payments for the crop for which an increase is determined.'

"(b) This section shall become effective October 1, 1978, and any producers who, prior to such date, receive loans and payments on the 1978 crop of the commodity as computed under the Agricultural Act of

1949, as amended by the Food and Agriculture Act of 1977, may elect after September 30, 1978, to receive loans and payments as computed under this section.".

Mr. BUMPERS. Mr. President, if I may have the attention of the Senator from Alabama for a moment to explain the amendment, this amendment would have been offered by the distinguished chairman of the Agriculture Committee (Mr. TALMADGE), but he is not yet back in town, and one of his staff members has asked me to introduce the amendment, which I am happy to do because it deals with a commodity very important to the agriculture economy of my State.

As the Senator from Alabama knows, under present law, under the rice bill which we passed in January or February of 1976, there is already a target price established on rice. Under this bill, the Secretary of Agriculture is given discretionary authority to raise the target price on wheat, feed grains, and upland cotton, but rice, I think possibly for some reason, was omitted.

Now, while there is already a legislative system for establishing target prices on rice, it occurs to me, as it did, certainly, to the chairman of the committee, that the Secretary should also have the same discretion to raise the target price of rice, perhaps higher than the legislative formula now permits, if the cost of production dictates that it be done.

I hope the amendment will be agreeable to the committee.

Mr. ALLEN. Mr. President, this matter came up in the conference committee which was composing the differences between the House and the Senate agricultural bills, where it was noted that for some reason or other rice had not been included in the commodities as to which the Secretary of Agriculture would be given discretionary authority to raise the target price.

Since the addition of rice to that bill was outside the scope of the conference, it was suggested by Chairman TALMADGE of the Senate conferees and Mr. FOLEY, the chairman of the House conferees, that the amendment be offered to this bill.

There has been approval in the House and the Senate that rice be added, along with the other commodities. This was agreed to by Dr. York, representing the administration in the conference committee, and certainly our committee would have no objection to it.

So the committee of conference on H.R. 6782, the Emergency Agricultural Act of 1978, has agreed to language that would permit the Secretary of Agriculture to increase target prices for wheat, feed grains, and upland cotton whenever a setaside program is in effect for one or more of the 1978 through 1981 crops for those commodities. That conference report on H.R. 6782 will likely to considered in the Senate tomorrow.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ALLEN. I am delighted to yield to the distinguished Senator from North Dakota.

Mr. YOUNG. The distinguished Senator from Alabama has accurately explained the problem. The Senate conferees would have adopted the rice provision except for a technicality. I understand it would have been subject to a point of order. Rather than run that risk, it was decided by the conferees that it be handled through separate legislation as an amendment to this bill. I know of no objection to it, and I believe it should be approved.

Mr. ALLEN. I thank the distinguished Senator from North Dakota for his support of the amendment.

Mr. BUMPERS. I thank the Senators for their comments. It will warm the rice farmers of my State. It was an oversight. We are not greedy, but we want to be treated as fairly as the growers of other crops are treated. I appreciate the statement.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BUMPERS. Mr. President, if there are no other Senators to offer amendments at this time, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. BUMPERS. Mr. President, I ask unanimous consent that the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUMPERS). Without objection, it is so ordered.

UP AMENDMENT NO. 1251

(Subsequently numbered amendment No. 1825.)

Mr. CLARK. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Iowa (Mr. CLARK) proposes an unprinted amendment numbered 1251.

Mr. CLARK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 16, between lines 19 and 20, insert a new subsection as follows:

"(b) Section 309 (f) of the Consolidated Farm and Rural Development Act is amended by adding a new paragraph (6) as follows:

'(6) to pay the Secretary's costs of administration necessary to insure, make grants, service, and otherwise carry out the programs under this title not specifically covered by the Rural Development Insurance Fund of section 309A, including costs of the Secretary incidental to guaranteeing loans under this title, either directly from the fund or by transfers from the fund to, and merger with, any appropriations for administrative expenses.'"

On page 16, line 20, strike out "(b)" and insert "(c)".

On page 17, strike out lines 2 through 7, and insert in lieu thereof the following:

"Section 309A(g)(8) is amended to read as follows: 'to pay the Secretary's costs of administration necessary to insure, make grants, service, and otherwise carry out the programs referred to in subsection (a), including costs of the Secretary incidental to guaranteeing rural development loans under this title, either directly from the Insurance Fund or by transfers from the Fund to, and merger with, any appropriations for administrative expenses.'"

Mr. CLARK. Mr. President, I am proposing today an amendment to S. 2146 to strengthen the field staff of the Farmers Home Administration.

This amendment would permit the Secretary to pay certain costs of overseeing FmHA programs, either directly from the rural development insurance fund or by transfers from the fund to and merge with any appropriations for administrative expenses.

Basically, it would allow the Secretary of Agriculture to use program funds to pay administrative costs—the administrative costs of additional field personnel.

The Farmers Home Administration is facing a management crisis. In recent days, Don Muhm of the Des Moines Register has written a series of articles pointing out that Farmers Home Administration simply does not have enough people to make all the inspections needed to protect buyers of the new houses Farmers Home Administration finances—and that those inspections that are done may be made by persons with inadequate training.

Mr. President, I ask unanimous consent that these two articles be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

FmHA SHORT OF INSPECTORS TO ENSURE QUALITY CONTROL

(By Don Muhm)

The rural housing program of the Farmers Home Administration is inadequately manned to do its job, according to Max McCord, the FmHA's new Iowa director.

So home buyers are suffering because the FmHA inspection force is too small to properly inspect the construction of FmHA homes, he indicated.

A federal memo indicates that McCord has complained to regional FmHA officials that the first and second of the required three inspections often have been skipped or done after the fact.

McCord, who took over the Iowa agency Feb. 1, also expressed concern last week that there is no record of any inspection training for Iowa's FmHA housing inspectors in the past six years.

Complaints from dissatisfied home buyers have become bitter, as typified by the situation in Milo, where owners of four new $30,000 houses are considering legal action over basements that are too wet to be habitable.

The inspection problem grows from the fact that the FmHA's increasing role in rural housing has not been accompanied by a corresponding increase in staff, McCord indicated.

In 1970, the FmHA handled loans and grants of $48 million in Iowa with a staff of 212. Last year, the agency handled $282 million in loans and grants with a staff of 225—almost six times the volume with only 13 more employees.

HELP REQUESTED

McCord said last week that he is requesting some 58 additional employees in Iowa.

Federal officials agree that the Iowa agency needs more manpower. But "we have not been allocated the human resources we feel necessary [to do the job]." Gordon Cavanaugh, federal FmHA administrator in Washington, D.C. wrote to McCord on April 6.

The FmHA has in recent years become increasingly involved in rural and small town housing ventures, in contract to its traditional role of providing loans to help farmers plant their fields and raise livestock. People who are unable to obtain home loans from conventional sources, because of low incomes, sometimes can buy an FmHA-financed house for as little as $250 down.

Last year the FmHA financed construction of 685 new homes in Iowa. This year the agency is to build about 500 new homes. But, McCord vowed last week, "we're going to build them right or we aren't going to build them at all."

McCord has ordered that an inspectors' training school be held in Iowa within a month. Federal officials said in a telephone interview from Washington last week that they encourage such sessions and will cooperate in the effort.

McCord recently issued a memo ordering that county workers "follow MPS" in housing inspections. "MPS" stands for "minimum property standards" and is the "bible" to be followed in building FmHA homes.

HEAVY WORKLOAD

McCord further ordered, "In regard to all housing starts after Feb. 1, 1978 [the date he became state FmHA director] including multiple dwellings, I want to see first, second and third inspections of every building under your supervision.

McCord's memo told the inspectors. "As far as I am concerned it is the responsibility and job from the top man to the bottom to help you as your work load is absolutely unbearable.

"My only concern is that you are too good a bunch of guys to have to take the blame for something you can't help," he added.

McCord noted, too, that he had been "advised by lawyers" that "if we [FmHA people] do not make our second home inspection, and just make a notation [on the inspection report] that the builder called in, we have not represented the buyer as he should expect."

The three FmHA inspections required in the MPS procedure are for inspections of the footings of the dwelling during the rough-in of the dwelling and then a final inspection after the dwelling is built.

Inspectors are required to be on hand at these times to guarantee that the dwelling was built according to specifications and that it can, in turn, be represented properly to the prospective buyer.

CAN'T SACRIFICE

McCord's appeals for additional help resulted in a meeting with federal FmHA officials, including Michael Dunn, formerly of Keokuk, and now the regional coordinator for FmHA in nine Midwest states, including Iowa.

Federal administrator Cavanaugh wrote to McCord: "It is your assignment to creatively administer the FmHA programs in Iowa to achieve optimal performance from your staff. However, we must not sacrifice the quality of our service, or the integrity of FmHA's employees in our zeal to carry out the intent of Congress."

McCord said last week that Cavanaugh's point about "quality of service and the integrity" is the very thing McCord is concerned about.

"We're going to build them right or we're not going to build them at all," he said.

McCord for about 30 years has been a private home builder, and has handled federal housing projects in the state. He has been involved in about 1,200 new dwellings of various types.

One FmHA official told McCord at the recent Washington meeting that he can't operate the same way working for a federal agency as he did when running his own housing firm.

"I was told that government operates differently," McCord related. "And that if there is a problem, then it takes time to work things out where in private life I could just issue an order and things would be taken care of."

"Government," they said, "doesn't work that way."

The contractor, who built the Milo homes said in an interview that he doesn't feel he is at fault.

He said he followed FmHA's rules and specifications in building the four homes at a cost of $120,000.

Dunn, of the regional FmHA office, has recommended that "a formal demand on the builder for corrections" be presented by McCord and the home owners.

"Further pressure may be placed upon him [the builder]," Dunn wrote, "If evidence of misconduct exists. . . . the homeowner may introduce legal action to recover losses. The state director [of the Iowa FmHA] may initiate debarment proceedings against the contractor."

Debarment of a contractor means that no future FmHA work can be approved for that builder.

Dunn indicated in his memo to Cavanaugh that "Both Mr. McCord and Mr. [Darrell] Grove [the Iowa chief of FmHA rural housing] feel that sufficient evidence is available to warrant debarment proceedings that are now in process."

If negotiation or litigation do not provide satisfactory results for the FmHA homeowners, the agency will provide assistance by a "rehabilitation loan" to correct the housing defect, or relocate the family in other FmHA housing as soon as possible, according to Dunn.

The Iowa incident has caused a special directive to be issued by the federal FmHA administrator, according to Dunn.

He said Cavanaugh has issued, or will issue, a reminder to the field staff of the USDA agency that "all inspections should be conducted in a timely manner with qualified inspectors."

Dunn indicated that federal FmHA officials are drafting new regulations "to authorize payment for construction defects when a builder fails to make the necessary corrections."

He said the providing of escrow accounts has been discussed by FmHA officials, so that monies are held back until FmHA officials are satisfied that the terms of the contract have been met by the builder.

"We are considering efforts which would insure that problems do not recur," Dunn said.

FmHA ADMITS 7 HOMES NOT INSPECTED RIGHT

(By Don Muhm)

Seven instances where government-financed/rural homes were not inspected have voluntarily been brought to the attention of Iowa Farmers Home Administration officials, the agency confirmed Wednesday.

In each case, the FmHA construction inspector was not on hand to inspect the footings of the dwelling as required by government regulations.

Iowa FmHA director Max McCord, an experienced home builder, said he has written to the "appropriate" parties advising them to make known to the buyers of the seven homes that this phase of the inspection procedure was not followed. He did not identify the homes.

McCord said he trusts the integrity of the contractors building the government-financed FmHA homes, but added he also "wants to make sure the buyer (of the home) is aware that our inspector did not see the (reinforcement rods) in the footings and we are assuming that they were installed as required."

McCord has instructed that copies of his letter be placed in local FmHA offices concerning the matter, and added, "I think it would be wise if you would advise the new owner of this home that it did not receive a first inspection."

McCord has made it known he is concerned about the work load of FmHA and his staff. He pointed out that one inspector covers 15 Iowa counties, and is expected to make sure the proper inspections are made of all units built with FmHA supervision and financing.

Last year, there were 685 new housing loans handled in Iowa. This year state FmHA officials expected about 500 new homes to be financed and built according to the U.S. Department of Agriculture agency's specifications.

"A major farm credit bill pending in Congress was amended this week to call for more manpower in FmHA field offices. Representative Berkley Bedell (Dem., Ia.) sponsored the amendment.

McCord earlier this month issued an administrative memo to county FmHA supervisors concerning housing inspections. In that directive, McCord said he was "not doubting the integrity of any builder," but warned that he expected to see inspection reports written up at each stage of the building of FmHA units.

This involves a first inspection (of the footings), a second inspection (the rough-in stage of the unit) and a final inspection.

In the case of title, for use in preventing wet basements, McCord said evidence must be received that such materials were on hand and installed as required.

McCord said Wednesday his agency can order a contractor to rip into footings if first inspections are not made property.

"This is costly (to the contractor), and it would get their attention that we mean to do things right," he said. "We just cannot permit contractors to go ahead on things without following our (government) procedures. But I do want home owners to be fully aware when our rules have not been followed, as was the case with these seven homes."

Mr. CLARK. The management pressures on Farmers Home Administration are very serious. The programs are large and Congress has increased them rapidly. They cover a broad range of objectives. Some of these are farm programs—loans for farm ownership and farm operation. Some are for housing. Others are for communities, including water and sewer systems and for other public facilities. Still others are for private businesses through the business and industrial loan program.

In addition, there are emergency loan programs that follow drought and other emergencies, and which must take precedence over the ordinary loan programs.

These programs are designed to make the Farmers Home Administration the central rural development agency. In addition, they are designed to make FmHA the lender of last resort for farm loans and for housing loans for both farmers and all other rural residents. This is a big job, and it is rapidly growing both bigger and more complex.

The Farmers Home Administration is almost unique in the requirement that it service its loans and grants. Not only must complex determinations be made about the capacity of borrowers to repay the loans and about their need for the

money, the agency is also charged with helping borrowers operate their farms and businesses so that they are better off at the end of the loan period than they were at the beginning.

Servicing is an extremely valuable effort, Mr. President. It is part of the reason for the astonishingly good repayment record Farmers Home borrowers have. It is essential if a program is to work well as a provider of credit of last resort without huge losses.

But loan servicing is expensive. It takes a great deal of time to provide all the inspections needed to insure proper construction of a new house. It takes time to compile all the information needed to insure that a farming operation is on the way to an adequate level of profit so that a farm family can repay their loans and count on a reasonable profit.

It is these requirements for people and money that this administration and previous administrations have refused to request or authorize. It is these people for managing the program in the field that this amendment is designed to provide.

Mr. President, the management crisis in FmHA is not new.

Certainly, those of us who serve on the Rural Development Subcommittee and the Agriculture Committee have become familiar with it over the last several years. But it is worse today than in the past, and it is rapidly growing even worse as programs grow larger.

As chairman of the Subcommittee on Rural Development of the Committee on Agriculture, Nutrition, and Forestry, we have had a number of hearings and discussions about the need for additional personnel. In our oversight hearings in 1974, we found serious management problems in FmHA caused by personnel shortages. We have found similar problems ever since then, and we have repeatedly called upon the administration to increase FmHA personnel. Three years ago, Congress approved 1,100 more full-time staff for FmHA. The administration increased the FmHA staff by 400 full-time hands—not nearly enough.

Mr. President, the stakes in the effective operation of these programs are enormous. There are $22.5 billion in loans outstanding. Annual program levels are around $9 billion.

While the effects of insufficient staffing have been experienced nationwide, let me give some examples from my home State. The impact upon Iowa is especially illustrative. In Iowa 51 FmHA offices serve 99 counties. In 1977, lending reached $259.2 million. In 1962, the lending level was $8.8 million. Since then, the workload has increased more than 29 times, while the number of people available to service the programs has increased only from 89 to 177—about twice. The result is that programs are not being serviced as they should be and borrowers are not receiving the assistance Congress intended.

A similar agency, the Production Credit Association, says that the maximum number of loans that one loan officer and one clerk can handle is 75 to 80. Many FmHA county offices are servicing 3 times that number. One office in northwest Iowa has three loan officers, one clerk, one part-time clerk, and 664 loans to service. I do not think the Iowa example is untypical of the rest of the Nation.

Mr. President, these programs are too important to rural America to permit ineffective operation. They simply need more people than they now have. I hope my colleagues in the Senate will join me in support of this amendment.

Mr. President, I reserve the remainder of my time.

Mr. ALLEN. Mr. President, I yield myself such time as I may require.

I agree with the end sought to be achieved by the distinguished Senator from Iowa (Mr. CLARK). Unquestionably, the Farmers Home Administration is a fine agency and does an effective job in making loans to the farm community. Its inventory of loans has gone up a great deal in recent years. Back in 1972, the total number of loans outstanding in principal amount was $9.5 billion. It increased then, in 1973, to $11.5 billion; in 1974, to approximately $13 billion; in 1975, to $16 billion; in 1976, to $19 billion; and in 1977, to $23 billion.

Additions have been made in the personnel of the Farmers Home Administration. What I object to is the approach of the amendment, and it provides that the additional administrative costs can be paid out of the very funds—and I think I would be justified in saying the very trust funds—that the Farmers Home Administration is charged with administering. There are three revolving insurance funds that are, in effect, operated by the Farmers Home Administration: The agricultural credit insurance fund, the rural housing insurance fund, and the rural development insurance fund. This amendment would allow the Farmers Home Administration to reach into the rural development insurance fund for overhead expenses.

The proper approach, as I see it and as the committee would see it, is that if additional overhead is needed, or additional personnel is needed, then an effort should be made to have funds appropriated for that purpose.

These funds are maintained and new money is brought into the funds by the sale of participation certificates to the investing public, in an inventory of loans which Farmers Home Administration has made, then when they sell these beneficial certificates, they have money to make additional loans with.

But if we are going to eat up the substance, it would not be long before we would not have money enough to continue this process by which loans are made, beneficial certificates sold, and the money used again to make additional loans.

But if we start depleting that fund by paying administrative costs out of it, we will soon have the fund depleted.

I think the proper approach is to get OMB to approve an appropriation request for sufficient money to add additional personnel. I do not like the approach of circumventing the role of OMB.

Conceded, additional personnel is needed. Let us not use up the very fund that is allowing these farm loans to be made.

So I do not believe this is the proper approach. Speaking for the committee, as I understand its view to be, I would have to ask that the amendment not be agreed to.

Mr. YOUNG. Will the Senator yield?

Mr. ALLEN. I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. I agree with the distinguished Senator from Iowa that the Farmers Home Administration has not been given enough funds to adequately and properly administer their programs. But this is a matter for the Appropriations Committee to deal with. It would be a bad mistake, I think, to automatically let any department of Government use their own funds for administration purposes. The Appropriations Committee should have jurisdiction. Then they have the responsibility to see that money is not wasted on unnecessary big staff.

If we applied this principle to all the programs, then we would have no jurisdiction left. I think we should appeal to the Appropriations Committee, of which I am a member, to appropriate adequate funds, rather than give this kind of authority. As I said before, it would establish in a new program an already bad practice.

Mr. ALLEN. I certainly agree with the distinguished Senator from South Dakota and I appreciate his comments. I appreciate his reasoning. I appreciate his attitude that more administrative personnel is needed, but that this is not the proper approach.

Mr. President, I understand the distinguished Senator from Iowa (Mr. CLARK) wishes a rollcall vote on his amendment and there has been a unanimous-consent agreement entered that there be no rollcall votes today.

So if the distinguished Senator from Iowa is through with his discussion, or at the conclusion of the discussion, I will ask unanimous consent the amendment be laid aside for a vote at the proper time on tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. CLARK. Reserving the right to object, is it possible to get unanimous consent to have a rollcall vote at a certain time tomorrow?

I think we would have to wait until we get an adequate number of Senators on the floor to get the yeas and nays, then to ask to have the vote at a certain hour.

The PRESIDING OFFICER. The Senator can ask for the yeas and nays tomorrow. He can set his amendment aside today and get the yeas and nays on it tomorrow.

Mr. ALLEN. I would have no objection if the distinguished Senator from Iowa made a unanimous-consent request that when the bill is laid down for consideration on tomorrow, the distinguished Senator's amendment be the first amendment to be called for a vote. I understand there would be no further discussion on amendments, but that the vote could come as the very first vote, if the Senator would make that request.

and at that time the yeas and nays could be requested.

Mr. CLARK. Mr. President, I ask unanimous consent that the pending amendment be laid aside until S. 2146 becomes the pending business tomorrow, at which time the amendment will then be in order, not for further debate, but for purposes of gaining the yeas and nays.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CLARK. Mr. President, since the amendment has now been set aside, will the Senator from Alabama yield just 2 or 3 minutes on the bill for further discussion of the amendment?

Mr. ALLEN. I yield such time as the distinguished Senator wishes.

Mr. CLARK. Mr. President, in answer to the distinguished Senator from Alabama and the distinguished Senator from North Dakota with regard to the amendment that has just been set aside, I agree with them completely. A better approach to the administrative problem would be for the administration to request more people, and for the Appropriations Committees to grant that request.

Unfortunately, we tried this approach for several years, with no success. We have seen in hearings as early as 1974 that we had a real problem in this regard. Yet, under the Nixon administration, the Ford administration, and now the Carter administration, no change takes place.

We went the route of authorizing and appropriating the funds. Indeed, the Appropriations Committee appropriated adequate funds for 1,100 additional personnel. The administration refused to use it. They added 400 personnel.

So I do not find that particular approach to be the best approach, or the most effective approach. Indeed, I would far prefer to see us do it in the normal way. Unfortunately, to date, and after several years of attempts, that has not occurred.

We believe that this is an effective method of adding additional personnel.

Now, if I thought it would deplete the resources of the funds, some of which I think have up to $0.5 billion, then I would be very much opposed to the amendment I offered. But I am confident that if this amendment is adopted and additional personnel are hired that we will see OMB and the administration come in with a larger requests for Farmers Home Administration personnel. This problem will be solved. I do not think we should attempt to pay any large share of Farmers Home Administration personnel out of revolving funds, loan funds. I would find that quite unattractive myself.

But I think is a way, really, of achieving what we hope to achieve, namely, that we get the Office of Management and Budget to approve the requests that are normally sent to them by the Farmers Home Administration for badly needed additional personnel.

I thank the Senator for yielding me this time.

● Mr. EAGLETON. Mr. President, I am opposed to this amendment. It is backdoor spending in its purest form, and would permit expenditures to be made for salaries and expenses notwithstanding whether or not they have been properly justified and reviewed by the Appropriations Committee.

I might add that I have been very supportive in the past of efforts to provide proper staffing for Farmers Home Administration. The Subcommittee on Agriculture, Rural Development and Related Agencies appropriations added $20 million and 1,000 aditional staff positions above the President's budget request last year, based on my recomendation. Although a portion of this increase was deleted in conference, there was an increase.

Also, I would direct my colleagues to the report of the Appropriations Committee providing views and estimates with respect to the first concurrent resolution. On page 5 of that report, you will see that the Agriculture Subcommittee made the following tentative recommendation.

An increase of $.05 billion (above the budget request) for Farmers Home Administration (FmHA) rural development programs and a moderate increase in FmHA staffing.

We are already thinking along these lines. I strongly suspect that when we report out the agriculture appropriations bill, we will recommend additional staffing. But we will be doing it consciously, based on a detailed review of requirements, and we will be financing it directly, not through the "back door."

I urge defeat of this amendment.●

Mr. PERCY. Mr. President, I will vote in favor of Senator CLARK's amendment to S. 2146, the Agricultural Credit Assistance Act of 1978, which would provide additional staff support to Farmers Home Administration programs in the field. These administrative costs would be taken from the revolving fund.

I will vote in favor of this amendment because Farmers Home Administration does not have enough staff to adequately handle their case load—they are experiencing lengthy delays in making loans. Furthermore, they are unable to supervise the loans after they are made.

I understand that Senator CLARK's amendment circumvents the appropriations process. I support this process, but will vote for this amendment as an expression of my conviction that the Farmers Home Administration needs additional staff. If we are going to appropriate funds for programs to help farmers and rural residents, we must also appropriate adequate funding for staff to carry out these programs without costly delays and indecision.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Mr. President, in the absence of other Senators who wish to offer amendments, I am forced to suggest the absence of a quorum and ask unanimous consent that the time be equally charged to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quroum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 1:30 P.M.

Mr. ALLEN. Mr. President, I ask unanimous consent that the Senate stand in recess until 1:30 this afternoon.

There being no objection, the Senate, at 12:58 p.m., recessed until 1:30 p.m., whereupon, the Senate reassembled when called to order by the Presiding Officer (HARRY F. BYRD, JR.).

Mr. ALLEN. Mr. President, in view of the absence of Senators who have amendments, I suggest the absence of a quorum, and I ask unanimous consent that the time be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1252

Mr. BENTSEN. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes unprinted amendment No. 1252.

On page 35, line 8, strike the word "and".

On page 35, line 14, strike the period at the end of the sentence and insert in lieu thereof the following: ", and".

On page 35, immediately after line 14, add the following: "(3) in section 2 inserting after the words 'bonafide farmers and ranchers' the following: ', including bona fide farmers or ranchers owning livestock that are fed in custom feedyards,' ".

Mr. BENTSEN. Mr. President, this amendment makes no substantive change. What we are trying to do is clarify the Emergency Livestock Credit Act that was passed in 1974.

At that time, cattle feeders had just been hit by low prices. Cow-calf producers had not yet felt the effect of the "four-year wreck," a term cattlemen use to describe their disaster from 1974 through 1977. So the Emergency Livestock Credit Act of 1974 was passed to assist cattle feeders and other livestock producers.

To assure that emergency loans were not made to outside investors and to large corporate-type feedyards, the term "bona fide farmers and ranchers" was used. The Farmers Home Administration interpreted this to exclude owners of cattle who send their cattle to custom feedyards to be finished, even though many of these are small operators who are full-time cattlemen.

This method of raising cattle is often used by the small producer, so that is who was hurt by the interpretation of the Farmers Home Administration.

This act was not intended to assist outside investors and I am not proposing that. It was intended to assist small operators who are primarily dependent upon livestock for their livelihood, regardless of where they may keep their livestock.

In Texas, many small cattle feeders keep their cattle in custom feedyards in order to gain the economies of scale. While the custom feedyard looks like a large operation; it actually is a congregation of small operators who hire someone else to feed and care for their livestock—much like a Midwestern farmer-feeder would have a hired man to help feed and care for his cattle.

So this amendment is intended to clarify the act and include only those smaller operators who are owners of livestock that are fed in custom feedyards.

I ask the committee to accept this amendment, which I think will be of help, particularly to the small cattleman.

Mr. ALLEN. Mr. President, I yield myself such time as I may require.

When a similar amendment was offered on the floor of the House, the distinguished chairman of the House Agriculture Committee (Mr. FOLEY) asked the question of Mr. HIGHTOWER, who was the sponsor of the amendment, about the words, "persons owning livestock that are fed in custom feed yards," inasmuch as it followed the term "bona fide farmers and ranchers," and the amendment says "including persons owning livestock that are fed in custom feed yards."

Mr. FOLEY asked the question: "Does the gentleman intend that those persons owning livestock that are fed in custom feed yards must also be bona fide farmers and ranchers?"

The answer was: "That is correct."

So in order that the amendment be completely clear and not have to rely on the colloquy in the House for the legislative history, the distinguished Senator from Texas (Mr. BENTSEN) has made it abundantly clear by stating it, "including bona fide farmers and ranchers," instead of the word "persons." That would unquestionably eliminate the possibility that these loans would be available to people other than the farmers and ranchers.

The thought expressed by some was that this might open the door to investors who had no connection with cattle farming or ranching operations, but the distinguished Senator from Texas makes it abundantly clear that in order to qualify for the loan under this emergency cattleman program, the applicants would have to be bona fide farmers or ranchers. Is that not correct?

Mr. BENTSEN. That is correct. I say to the distinguished Senator from Alabama that we are both trying to achieve the same objective; the cyclical problem that hit livestock feeding and the cattlemen would not necessarily be shared by someone who had substantial income in other professions. That is why we put the words "bona fide" in there, so it has to be someone who actually owns cattle and is bona fide in the full interpretation of the act.

Mr. ALLEN. I thank the distinguished Senator from Texas.

Mr. President, the committee feels that this is a good amendment and is willing to accept it.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. ALLEN. I yield back the remainder of my time, Mr. President.

Mr. BENTSEN. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Texas (Mr. BENTSEN).

The amendment was agreed to.

Mr. MUSKIE. Mr. President, S. 2146, the Agricultural Credit Assistance Act of 1978, which is now before the Senate, is an important farm credit bill. It would authorize needed changes in several programs of the Farmers Home Administration, and it would make Federal loans and loan guarantees available to farmers and ranchers who are affected by a general tightening of agricultural credit.

The PRESIDING OFFICER. Will the Senator yield for a moment so I may ask who is yielding time?

Mr. ALLEN. I yield such time as the distinguished Senator from Maine may require on the bill.

Mr. MUSKIE. I thank the distinguished floor manager for his courtesy.

I support enactment of this bill, Mr. President. I want to make clear my reasons for supporting it, as well as raise questions I have about two of its provisions. I count myself, Mr. President, among those Senators who sense very keenly the plight of American farmers. For thousands of rural families, these have been dark and troubled times. Costs have risen. Prices have fallen. Crops have shriveled under widespread drought and severe storms. Many families in my own home State of Maine have been among those who have been hurt. Recent months have been particularly bitter for those many farmers who were encouraged by the boom years of 1973–75 to assume heavy debt burdens and invest in expensive land and machinery.

Mr. President, I do not believe anyone on this floor questions the need to preserve the family farm. The family farm is important for the food it produces and the way of life it preserves. I am particularly sensitive to this fact as a result of our experience in Maine. Only a few years ago, we had 5,000 potato farmers. Today there are not many more than 1,000. So I understand from experience in my own State the concerns that have been expressed during the past few months by farmers throughout the Nation.

We all realize that additional assistance to family farms is necessary because of the cost-price squeeze. In the past few months there has been considerable debate about what kinds of assistance should be provided. I have said previously that we must strive to assure our farmers of an adequate, stable income, avoiding the boom and bust cycle of the past few years. We must also maintain adequate levels of agricultural production.

Recently in this Chamber, Mr. President, we debated other legislation that purported to solve the farm problem. Unlike that other legislation, this bill deserves our support. Unlike other legislation, this bill would help not just a few, but a broad spectrum of the Nation's farmers. I have stated before that wheat and feed grain producers are not the only ones facing economic hardship. An acceptable solution to the farm problems must recognize that fact. And this bill does.

This bill makes significant improvements in the Farmers Home Administration loan programs, which benefit many farmers who are facing a difficult year. In fact, they are the only Federal agriculture programs that substantially benefit Maine potato growers. The bill increases lending limits to reflect today's cost of production and land prices. In addition, the bill permits loans to certain partnerships and corporations, which also is a wise response to the changing patterns of American agriculture.

So I am pleased to support this measure as thoughtful and reasonable legislation that will provide much needed aid to a broad spectrum of our farm community. This is the real Agricultural Assistance Act of 1978. This bill should be the centerpiece of the Federal Government's response to the needs of American farmers.

But now to raise my first question about the bill.

Mr. President, I note that section 104 of the bill would increase the authorization ceilings for farmers' home rural water and waste disposal grants by $700 million. I understand and share the concern for clean water that underlies this recommendation of the Agriculture Committee. I would like to point out, however, that this bill is about the only place where such a large increase in funding has been suggested for this program. This increase was not recommended in the Senate Agriculture Committee's March 15 report to the Budget Committee, nor did the Appropriations Committee anticipate such an increase in its report. Since no committee has recommended this increase, the fiscal year 1979 first budget resolution targets, which passed the Senate just last week, do not assume full funding of section 104.

I note that this level of funding would not be authorized by the House version of this bill and is not favored by the administration. It does not seem at all likely, therefore, that funding of rural water and waste disposal grants will be substantially above the levels assumed in the first budget resolution for fiscal year 1979. With that understanding, Mr. President, I do not feel compelled to oppose this section of the bill.

I wonder if the distinguished floor manager would want to comment on that point?

Mr. ALLEN. This raise was by amendment in the committee after the estimates had been made by the Agriculture Committee and furnished to the Budget Committee. It would, of course, require an appropriation, and inasmuch as the House figure is substantially lower, some 50 percent or more lower, I would not anticipate, even as to the authorization, that the figure would survive the conference, in my judgment.

Mr. MUSKIE. I appreciate the distinguished Senator's comment, and it is consistent with my own view of the situation.

While we are on the subject of water and waste disposal grants, Mr. President, I would like to point out the importance of eliminating overlap and competition among programs to improve waste water treatment and solid waste disposal. Where possible, consolidation of these programs should be encouraged.

There is potential overlap between the farmers home program and the waste water treatment construction grants program of the Environmental Protection Agency. The former addresses a variety of needs including water supply, waste water treatment, and solid waste disposal.

May I say that I have seen the benefits that these programs could bring to small rural communities in my own State, as well as the State of Alabama.

Mr. ALLEN. Yes.

Mr. MUSKIE. A State which is served so well by my good friend from Alabama.

EPA, of course, provides 75 percent grants for construction of waste water treatment facilities. Careful examination of the relationship between the programs should be made in the near future, with the view to eliminating overlap and competition that may develop.

I have earlier stated that such overlap and competition among programs is a prime source of Government waste. So this kind of rigorous analysis of ongoing programs is vital if we are to improve the efficiency with which Federal resources are used.

Mr. ALLEN. I certainly agree with the distinguished Senator from Maine, and that should be done. I feel that legislation is being proposed now that will consolidate and streamline many of these programs so that there will not be the overlaps the distinguished Senator points out.

Mr. MUSKIE. I thank my good friend again.

Mr. President, I get to the second question I have and it is a more troublesome question in many ways, so I would like to lay out my view of it and perhaps the distinguished floor manager would be kind enough to comment on it and to give me his view of it.

Mr. President, I support this bill. However, it now contains one provision which, it seems to me, is unnecessary, which would be very expensive, and which should be removed before this bill becomes law. Section 114 of the bill would make permanent a 3-percent interest rate for Farmers Home Administration emergency loans that was enacted less than a year ago as a special, temporary, emergency response to severe flooding in some parts of the country. That provision is not essential to this bill, and including it will seriously set back our attempts to reduce the deficit and balance the budget.

Prior to last August, Farmers Home emergency loans were made at an interest rate of 5 percent. Small Business Administration disaster loans were made at the Government's cost of money, or 6⅝ percent. In response to severe flooding in certain parts of our country, the Small Business Amendments of 1977 reduced these rates substantially. This law, enacted only last August, established low interest rates for SBA and Farmers Home disaster loans on an emergency, temporary basis.

Thus, during the last 8 months 3-percent loans up to $250,000 have been available for businesses, including farms, that have suffered physical damage from a declared disaster. This provision is due to expire on September 30 of this year and 3-percent rates would not be available for disasters occurring after that date.

Mr. President, with the market interest rates at their current level these 3-percent interest rates now provide disaster victims with benefits that are extremely high in comparison with past practice.

The history of disaster loan interest rates should be kept in mind. The FmHA emergency loan program was enacted in 1949. Interest rates were set at 3 percent, at the time, a rate that was substantially above the Government's cost of money. For short periods of time in 1951 and again in 1953, the Government attempted to set emergency loan interest rates at a level close to that charged by private lenders. This was done so the Government could offer loans for recovery from disasters but not encourage program abuse with excessive benefits.

The SBA disaster loan program was initiated in 1953. The program's 3-percent interest rates were also substantially above the Government's cost of money at that time. In fact, right up until the late 1960's, a 3-percent interest rate on disaster loans was very close to the Government's cost of money. Throughout this period, therefore, the subsidy to borrowers and the costs to the taxpayers were very low.

In the late 1960's, the private market interest rates rose sharply, and the fixed 3-percent disaster loan interest rates began to provide very attractive benefits to borrowers and heavy costs to the Government. To correct problems resulting from that situation, the Disaster Relief Act of 1970 raised the FmHA emergency loan rates, beginning in 1972, to a rate close to the Government's cost of money.

In 1972, low-interest rates, loan forgiveness and other benefits were enacted in response to Hurricane Agnes. The widespread abuses that resulted led Congress in 1973 to increase the SBA and FmHA rate to 5 percent. In 1975, SBA rates were further raised to the Government's cost of money.

To sum up, Mr. President, Congress has generally kept interest rates for disaster loans close to the Government's cost of borrowing to finance them.

From time to time, it has been argued that the Federal Government should make low-interest-rate loans available to victims of a disaster. Of course, that argument appears on the surface to have merit. Those who have lost much in a disaster would find it easier to get back on their feet with subsidized loans than with a market-rate loan.

Mr. President, I am certain that no one in this Chamber would argue against providing Federal assistance to help needy victims recover from the effects of unforeseeable natural disasters. However, Mr. President, I am convinced that deeply subsidized interest rates are precisely the wrong way to offer that aid. Fixed, deeply subsidized interest rates create serious problems for the Federal Government. I would like to highlight a few of those problems.

First, at any given volume of Federal loans, the lower the interest rates, the more the public has to pay. This 3-percent interest rate can be very costly indeed. In fact, the disaster loans expected to be made in fiscal year 1978 alone will cost the taxpayers about $.2 billion each year for the next 7 years. That $1.4 billion is the actual cost to the taxpayers just for 1 year's loans, assuming every one of those loans is repaid. I do not believe we can sustain those costs. Indeed, the drain these heavy subsidies make on budgetary resources reduces the funds available for other lending of the Farmers Home Administration for farm ownership and operation.

Second, the subsidy costs tend to create even greater subsidy costs. Deep subsidies encourage even those who do not really need the emergency loans to apply for them. Moreover, such subsidies create strong incentives for those eligible, especially those who ordinarily use credit, to borrow as much as possible under a Federal disaster program. Just to note one illustration, on a $50,000, 7-year loan, a 3-percent interest rate provides large savings over a loan at the Government's cost of money—savings that are equivalent to a $5,000 outright grant. In fact, at 3 percent any eligible borrower could make money by borrowing under the disaster loan program and putting the proceeds in his local bank.

Mr. ALLEN. Mr. President, will the Senator yield at that point?

Mr. MUSKIE. I yield.

Mr. ALLEN. The Senator realizes, of course, that this 3 percent money that is available for disaster loans is available only to persons who are unable to obtain credit elsewhere. So I would doubt that someone unable to obtain credit would be able to borrow money at 3 percent and then put it in the bank at 5, 6, or 7 percent. It is only available to those who are unable to get credit elsewhere. I call that to the attention of the Senator.

The PRESIDING OFFICER. The time of the proponents of the bill has expired.

Mr. ALLEN. I yield an additional 15 minutes on the bill.

The PRESIDING OFFICER. The time on the bill for the proponents has expired. Do the opponents wish to yield time? The opponents have 16 minutes remaining.

Mr. ALLEN. I ask unanimous consent that there be an additional 30 minutes for the proponents of the bill.

The PRESIDING OFFICER. If the Senator will withhold that temporarily, the Chair points out to the Senator from Maine that he would have 2 hours on the amendment.

Mr. ALLEN. He has not offered an amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. CURTIS. Mr. President, reserving the right to object, how much time does the minority have?

The PRESIDING OFFICER. Sixteen minutes.

Without objection, it is so ordered.

Mr. MUSKIE. I say to the distinguished floor manager that I am aware that the "no credit elsewhere" test is applicable. But past history indicates that it is a test that is easily met. There is pressure on banking institutions to cooperate with applicants in meeting that test; and the deeper the subsidy, the greater the pressures on banking institutions to cooperate with banking customers.

The second point I would make is that the proceeds of such loans are easily substituted for other funds in a borrower's total financial program. In other words, if an applicant is eligible for the subsidized credit, he cannot effectively be limited on the amount he borrows. It is extremely difficult to insure that the proceeds of the disaster loan will not be used for purposes unrelated to the disaster needs for which he may apply for the credit.

I will make this final point, as a wrap-up: The deeper the subsidy, the greater incentive one creates to use the Government credit rather than conventional private credit, and the more pressure there is to abuse the program. I think past experience demonstrates this to be fact. That is my concern, I say to the Senator.

Mr. ALLEN. On that point, I believe the Senator will notice, however, that the 3 percent would apply only to borrowers who cannot obtain credit elsewhere at reasonable rates and terms up to the amount of the actual loss. Other borrowers would be required to pay an interest rate not in excess of the cost of money to the Government plus not to exceed 1 percent. For all borrowers, the interest rate for loans in excess of the actual loss is the prevailing private market interest rate.

So there would not be an opportunity there there for a borrower to borrow at 3 percent money that he does not need.

I think that would allay some of the fears of the distinguished Senator.

Mr. MUSKIE. There is always the temptation to overstate the need.

I do not know how rigid one can make the test of need administratively to avoid overborrowing on the Government's credit. When it is possible for the subsidy to produce the equivalent of a $5,000 outright grant on a $50,000 7-year loan, the pressures to get the full advantage of that subsidy or the credit are bound to be very great. I think the best safeguard against opening up those abuses is to reduce the amount of the subsidy. I believe our experience demonstrates that over the years.

I do not question the Senator's and the committee's concern about those possible abuses. I do take notice of the fact that these attempted safeguards have been written in. But I must say, in all honesty, that in my judgment the most effective safeguard would be to limit the amount of the subsidy.

There would be some subsidy at the 5-percent rate, or even at the Government's cost of credit. So we are not talking about offering unsubsidized loans. We are talking about limiting the size of the subsidy.

Our past experience, as I have recited in the course of these remarks, indicates that over the years we have learned that the prudent course is to keep the interest rate as close as possible to the Government's cost of money.

This year, I say to the Senator, the total of loans of FHA and SBA was $5.8 billion compared to an average of about $900 million in preceding years.

So, obviously, this 3-percent program is enormously attractive. When you have that kind of money available on these attractive terms, I am concerned that writing this interest rate into law as a permanent feature is a long-term commitment that we should not take at this time. And I say that in all candor and with full appreciation of what the committee has tried to do to safeguard against the abuses to which I referred.

Mr. ALLEN. I thank the distinguished Senator.

Mr. MUSKIE. So, based on what we already know, Mr. President, we have a clear warning that these deeply subsidized rates should not be established as permanent policy.

No wonder one expert in agricultural credit said anyone would be a very poor businessman not to borrow as much as he could for as long as he could at those rates. The Government should not create that kind of incentive for abuse, and the taxpayers should not be asked to pay for it.

Based on what we already know, we have a clear warning that these deeply subsidized rates should not be established as permanent policy.

A strong case can be made that these loans should be made at an interest rate no lower than the Government's cost of money. The rate at which the Federal Government borrows is, of course, much lower than the rate that private borrowers must otherwise pay. So Federal loans made at the Government's cost of money provide large benefits to borrowers.

The issues related to disaster loans deserve much more careful attention from Congress and the administration than they have been given. Unfortunately, Mr. President, we do not yet have a comprehensive, long-term national policy for responding to disasters.

Indeed, the Government does not now accurately estimate how the Federal budget will be affected by changes in interest rates and other elements of Federal disaster loan programs. Senator BELLMON and I have asked CBO to develop improved procedures to estimate those costs. That work, is of course, extremely important to our efforts to control the budget.

I strongly support the broad review of all disaster assistance that has been scheduled over the next months. We should consider how the interest rates for disaster loans should be set—fixed rates tend to produce fluctuating and unanticipated benefits when inflation and other factors drive up private market rates. We should consider ways to make sure that benefits go only to those who really need Federal assistance and only for those purposes that involve the national interest.

For several decades national disaster policy has emerged as a patchwork of hasty, ad hoc reactions to past disasters. It has been made clear to us for at least the last 8 months, how that approach can interfere with responsible budgeting of our scarce resources. I note that the administration, just this past Friday, submitted to the Congress its proposal for comprehensive crop insurance. I expect the President's plan for reorganizing Federal disaster assistance programs to be submitted early in June. I hope, Mr. President, that these proposals will be solid steps toward the comprehensive disaster policy that is so badly needed.

Perhaps, in the long run, the Government's cost of money should be adopted as the interest rate for both SBA and Farmers Home disaster loans. The administration, I understand, favors uniform rates for Farmers Home and SBA disaster loans with a 5 percent rate on loans for losses to primary dwellings and personal property and a rate equal to the cost of Treasury borrowing for losses to income producing properties, both farm and nonfarm. The administration favors imposing a test of credit elsewhere for disaster loans that are to be used for income producing property.

I note that the House version of this bill would allow rates for Farmers Home emergency loans to return to the 5 percent levels that will be in effect under current law. At the very least, the final bill should permit the Farmers Home rates to return levels in effect prior to last August. Therefore, I urge the Senate conferees to accept the House position on Farmers Home emergency loan rates.

I yield the floor.

Mr. ALLEN. Mr. President, I yield myself such time as I may require.

I commend the distinguished Senator from Maine for his very competent analysis of these provisions and assure him that I appreciate his watchdog role here in the Senate, and I feel that he has been a strong force for good in seeking to see that the Federal Government adopts a sound fiscal policy.

We all recall that emergency legislation for farmers did pass the Senate some weeks ago. It was threatened with a veto and was defeated in the House of Representatives. We do know that our farmers are in serious economic difficulties.

We do not feel that now would be the time to cut back greatly on the low interest rate for disaster loans because as to a farmer, already beset by economic troubles in his farming operations, where everything that goes into the production of the crop has gone up greatly in price and the amount that the farmer receives for his crops has gone down in recent months, we would hate to add additional burdens to the farmer.

I point out that in a number of these programs of the Farmers Home Administration raises have been made in the interest rate on a number of programs, and the only program where there has been a continuation of a low rate has been on the disaster loans.

I recall when the law was that in case of loans for natural disasters there would be a $5,000 forgiveness on the loans. That has been abandoned. But it has been felt or was at the time Congress went to the 3-percent rate those farmers, who had a natural disaster and were unable to get loans elsewhere, would be extended the 3-percent loan rate on the actual amount of their loss and it would be the cost of money on amounts above the actual loss.

But I heard the amount argued here on the floor the other day between the distinguished occupant of the chair, Mr. HARRY F. BYRD, JR., and the distinguished chairman of the Budget Committee on the appropriations that we are making to international banks and IDA, and the billions of dollars that we invest in these international financial institutions. We all know that IDA makes loans where the first 10 years all they pay is about seven-eighths of 1 percent for service charge and no one, I assume, thinks there is a great deal of prospect of getting the principal back much less the interest. So I am not shocked at the idea of a 3-percent loan to farmers where they have a natural disaster.

Then on the programs where the interest rate has been raised, I ask unanimous consent, Mr. President, that a table I have had prepared having to do with the interest rates on various loans be inserted at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

INTEREST RATES

Loan type	Current law		S. 2146	
	Insured	Guaranteed	Insured	Guaranteed
Farm real estate:				
Farm Ownership	5 percent	5 percent to borrower, 8 percent to lender.	5 percent	Negotiated between borrower and lender.
Soil and water	do	do	Cost of money plus up to 1 percent	Do.
Recreation	do	do	do	Do.
Grazing association	do	5 percent	do	Do.
Irrigation and drainage	do	do	do	Do.
Indian land acquisition	do	do	5 percent	Do.
Farm operating	8 percent (cost of money plus up to 1 percent).	8 percent	Not more than cost of money plus up to 1 percent.	Negotiated rate between borrower and lender.
Water and waste disposal	5 percent		5 percent	
Emergency livestock (all guaranteed loans).		Negotiated rate between borrower and lender.		No change.
Community facilities	5 percent		5 percent	
Emergency disaster:				
Actual loss loans after July 1, 1976.	3 percent on 1 $250,000 of loss 5 percent on excess of $250,000, 1 percent on 1 $10,000 on, residential loss, 3 percent on next $30,000, 5 percent on loss above $40,000.		Actual loss loans: 3 percent—unable to obtain other credit. Cost of money plus up to 1 percent when able to obtain other credit. Loans in excess of actual loss—prevailing market rate.	2-tiered System:
Actual losses occurring before July 1, 1976 and after October 1, 1978.	5 percent			
Business and industry loans	Adjusted to prevailing market rates	Negotiated between borrower and lender.	Same	Same.
Housing:				
Subsidized housing	As low as 1 percent		Not in bill.	
Above moderate	8¾ plus ½ percent		do	
Unsubsidized housing	8¼ percent		do	
Rental housing	do		do	
Low income housing				
Repair loans	1 percent		Not in bill	
Farm labor housing	do		do	
Site development	8¼ percent		do	
Self-help site development loans	3 percent		do	
TITLE II				
Emergency Agricultural Credit Adjustment Act.				
Economic disaster loans (no current program).			Guaranteed—negotiated rate between borrower and lender. Insured—cost of money plus up to 1 percent.	

Mr. ALLEN. If the distinguished Senator does not have a copy, we furnished his staff with a copy of this, and I would like to have him examine that.

Mr. MUSKIE. Mr. President, will the Senator yield for a question?

Mr. ALLEN. I yield.

Mr. MUSKIE. On the basis of the questions that trouble me and which also have troubled the committee, because the committee has undertaken to establish some safeguards, I wonder if the Senator would consider putting a time period, that is, make the policy the bill proposes, say, a year so that we can get another year's experience of evaluating these programs and the potential for abuse, while we address ourselves to the broader question of disaster loans and policies that ought to implement them, and which would give us another trial period? It would not nail us down to an indefinite policy that might prove unwise and, I think, the Senator might think well of that.

Mr. ALLEN. Yes, I am prepared to answer that.

As I understand, the Senator is suggesting another year at the 3 percent, and then going to 5 percent; is that correct?

Mr. MUSKIE. Yes, unless we should again within the year decide to extend it.

Mr. ALLEN. I think that is a very fair proposal, and certainly I would be willing to recommend that to the committee.

Mr. MUSKIE. May I then work with the Senator's staff in putting together an amendment of that kind?

Mr. ALLEN. Yes, that would be 1 year from September 30, of course——

Mr. MUSKIE. Yes.

Mr. ALLEN (continuing). Because it is already authorized up to that time.

Mr. MUSKIE. Yes. Let us try to put that together. I think that might be a happy compromise.

Mr. ALLEN. Of course, as the Senator points out, the House has got the 5-percent figure, and it is possible that somewhere in between there an agreement could be reached that might be even more satisfactory to the distinguished Senator.

Mr. MUSKIE. Yes. Well, I thank the Senator.

Mr. ALLEN. The Senator realizes that this particular section 114, does have a two-tier interest rate: as to those who have no credit, cannot get credit elsewhere, this low rate applies. But all farmers who have sustained a natural disaster would be able to apply to the Farmers Home at the cost of money to the Government, plus 1 percent.

Mr. MUSKIE. Yes.

Mr. ALLEN. So there would be no loss there to the Government. But that would be available to all farmers who sustain natural disasters.

Mr. MUSKIE. I understand.

Mr. ALLEN. I thank the distinguished Senator for his suggestions. The appeal he made here on the floor has been most effective, certainly has influenced the thinking of the committee, I can assure the distinguished Senator, and if that would be satisfactory to the distinguished chairman of the Budget Committee we will prepare an amendment giving this 3-percent interest rate life for an additional 1 year beyond September 30 of this year.

Mr. MUSKIE. I was sure, knowing the Senator's concern about budgetary prudence, that my argument might be appealing.

Mr. ALLEN. Yes. It affected me deeply, I will say to the distinguished Senator.

Mr. MUSKIE. I thank the Senator.

Mr. ALLEN. Mr. President, I mentioned a moment ago that the time when $5,000 forgiveness was allowed on Government loans to disaster victims, specifically the $5,000, was in effect the years 1973 to 1974, and prior to that time in 1970 and 1971 there had been a $2,500 forgiveness feature.

I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER (Mr. SARBANES). Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1253

Mr. MUSKIE. Mr. President, earlier, the distinguished floor manager of the bill (Mr. ALLEN) and I had a colloquy about a compromise of the interest rate issue with respect to disaster loans. We have worked out an amendment which would provide, in effect, that if an applicant for a disaster loan were unable to get credit elsewhere, he would be eligible for a loan at the rates provided by this amendment. Until October 1, 1979, that rate would be 3 percent; thereafter, it would be 5 percent. If the applicant were not eligible for this loan under other provisions of the bill pending before us, the interest rate would be the cost of money to the Government, as I understand it.

Mr. ALLEN. Plus 1 percent.

Mr. MUSKIE. Plus 1 percent.

This, I think, incorporates the understanding that the distinguished floor manager and I had earlier when we discussed this without the benefit of having language before us. This language, I think, adequately and fully implements what we discussed, so I offer the amendment at this time, Mr. President, as an amendment cosponsored by the distinguished floor manager of the bill.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read as follows:

The Senator from Maine (Mr. MUSKIE) for himself and Mr. ALLEN, proposes unprinted amendment numbered 1253.

On page 22, strike out lines 13 and 14, and insert in lieu thereof the following:

"of time, the interest rate shall be 5 per centum per annum: *Provided*, That all such loans covering losses from disasters occurring before October 1, 1979, shall be at a rate of 3 per centum per annum, and".

Mr. ALLEN. Mr. President, the committee will take this amendment. We believe it improves the bill and makes it a sounder and fairer bill. We recommend that the Senate agree to the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time on the amendment?

Mr. MUSKIE. I yield back my time, Mr. President.

Mr. ALLEN. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MUSKIE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ALLEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ALLEN. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ZORINSKY). Without objection, it is so ordered.

The Senator from Alabama.

UP AMENDMENT NO. 1254

(Subsequently numbered amendment No. 1826).

Mr. ALLEN. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) proposes an unprinted amendment numbered 1254.

Mr. ALLEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 28, beginning with line 12, strike out all down through line 5 on page 29, and insert in lieu thereof the following:

"SEC. 203. Loans may be insured or guaranteed under this title for (1) refinancing outstanding indebtedness, including the making of installment payments of principal and interest on real estate or other debts that cannot be paid unless assistance is rendered pursuant to this title, or other debts that must be consolidated or restructured to provide adequate terms within the applicant's repayment ability, (2) reorganization of the farm or ranching operation, including changes in the nature or method of operation, necessary to provide an economically sound operating unit, (3) purchase of essential water rights, supplies, and irrigation facilities, (4) purchase of essential livestock, poultry, and farm equipment, (5) purchase of feed, seed, fertilizer, insecticides, and farm supplies and other essential farm operating expenses, including cash rent, (6) financing essential land and water development, use, and conservation, (7) other essential farm and home needs, including, but not limited to, family subsistence, and (8) loan closing costs. No loan may be insured or guaranteed under this section the purpose of which is to purchase or lease additional land."

Mr. ALLEN. Mr. President, I ask unanimous consent that as to those amendments that have been offered and carried over until tomorrow that were unprinted amendments, that they be ordered printed for the use of Senators on tomorrow.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ALLEN. Mr. President, title II of this bill brings into play a new concept of loans based upon disaster.

Under the present law, the disasters must be natural disasters. But there are ways that farmers can undergo disasters that are not of a natural nature. They can be of an economic nature.

This bill in title II does make provision for farmers borrowing to cover economic disasters that they may have sustained in their farming operations.

In the committee, the distinguished Senator from Kansas (Mr. DOLE) had an amendment adopted by the committee that, in addition to the various items for which the loan could be obtained, loans to cover additional land could be made, or that in the loan provision could be made for buying additional land.

There are some eight different categories that may be put in one of these disaster loans and they cover practically everything imaginable except the concept of buying additional land.

The Farmers Home Administration has been most generous in all of its attitudes with respect to making higher

loans available at reasonable interest rates to farmers. But they do object to this provision of permitting a farmer who applies for an economic disaster loan to include in the loan additional money for the purchase of more land, feeling that if he is in economic distress as a result of his operations on the land that he has that it would not be good business to allow him to buy more land at the high rates for which land is selling at this time in an effort to come out of his economic distress.

Now, the bill as reported by the Agriculture Committee provides for such things as refinancing outstanding indebtedness, including the making of installment payments of principal and interest on real estate or other debts that cannot be paid unless assistance is rendered pursuant to this title, or other debts that must be consolidated or restructured to provide adequate terms within the applicant's repayment ability.

So it gives broad authority for making loans to cover not only a farm operation loan, the land obligation, but other debts that cannot be paid unless assistance is rendered pursuant to this title.

A reorganization of the farm or ranching operation, including changes in the nature or method of operation, necessary to provide an economically sound operating unit; purchase of essential water rights, supplies, and irrigation facilities; purchase of essential livestock, poultry and farm equipment; purchase of feed, seed, fertilizer, insecticides, and farm supplies and other essential farm operating expenses, including cash rent, financing essential land and water development, use, and conservation, other essential farm and home needs, including, but not limited to, family subsistence, allowing a farmer to put in there a provision for living expenses, family subsistence, and loan closing costs.

But they do object to the single item of allowing him to increase his land holdings as a means of working out from his economic difficulties.

So the Farmers Home Administration, as I say, has been very generous in this approval of the provisions in this bill, and since it disapproves of this one item for incorporation in the loan I feel that we should go along with the Farmers Home Administration in this regard.

Mr. President, I do not ask for a vote on the amendment at this time, because of the interest of the distinguished Senator from Kansas (Mr. DOLE) in the amendment. But I do offer it at this time, and I ask unanimous consent that when the amendment does come up for consideration before the Senate that Mr. DOLE be allowed not to exceed 10 minutes to discuss the amendment, and that I be allowed not to exceed 5 minutes to discuss the amendment further.

Mr. CURTIS. Reserving the right to object, the distinguished Senator has been very generous in his statement and in protecting the rights of Senator DOLE. But I think that we might consider a total of 15 minutes on this. I am sure we will have no difficulty in arriving at it.

Mr. ALLEN. Fifteen minutes for Mr. DOLE and 5 minutes for me.

Mr. CURTIS. Very well.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I will read from the letter to Chairman TALMADGE from the Department of Agriculture with respect to this amendment.

I ask unanimous consent that this letter from Alex Mercure be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ALLEN. The agency states that there are only three issues which are of major concern to them at this time, and two of those amendments have not yet been introduced. One of those was this particular amendment that they ask.

Now, reading from the letter of the Department of Agriculture, they say:

In title II, the Emergency Agricultural Credit Adjustment Act of 1978, we believe it is essential that loans from this title not be used for acquisition of any new land. New land purchases can be accomplished through the regular farm ownership program with its increased limits. We oppose any language in Title II which would permit even limited land acquisition. The Administration's proposed language is attached.

That was the amendment I have offered.

WASHINGTON, D.C.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased that the Senate will consider S. 2146 today. This legislation is important to many of the nation's farmers, as you have pointed out, and we believe it is a good bill.

There are differences between the Administration's proposals, the House passed bill and the package the Senate will consider today. There are only three issues which are of major concern to us at this time, and two of those are amendments which are yet to be introduced.

In Title II, the Emergency Agricultural Credit Adjustment Act of 1978, we believe it is essential that loans from this title not be used for acquisition of any new land. New land purchases can be accomplished through the regular farm ownership program with its increased limits. We oppose any language in Title II which would permit even limited land acquisition. The Administration's proposed language is attached.

The Administration along with many members of the Senate continues to be concerned with the Farmers Home Administration emergency disaster program and a similar program administered by the Small Business Administration. We have no amendment which is timely for consideration today. But we would recommend continuing with the present program until the FmHA/SBA problem is resolved and/or until the new crop insurance proposal, if enacted by the Congress, makes clear the appropriate role, if any, for a disaster loan program in FmHA.

The final item gives us the most serious problems. As you know, the House passed an amendment (Smith-Glickman) which basically says FmHA home loan guarantees will be made under terms and restrictions no less favorable to the borrower and in amounts at least equal to those offered by the Department of Housing and Urban Development.

There are at least four major differences between HUD and FmHA program:

1. FmHA remains a lender of last resort and thus requires a credit elsewhere test before making a loan;

2. The FmHA home mortgage limit is $33,000 and HUD's is $60,000;

3. There is no income limit on an individual working through HUD while FmHA's programs are limited to families with adjusted annual incomes of $20,000 and less;

4. FmHA still finances "modest" housing while HUD places no limitations on size or style of house to be financed.

The concern of many Members of Congress about the failure of FmHA to implement the above-moderate guarantee loan program authorized last year is certainly understandable and justified. As late as this morning, we once again explained to senior officials in the Office of Management and Budget the importance and need for an above-moderate guarantee program. While the immediate reasons for implementing such a program are obvious, we again pointed out that there is a lack of credit available for many middle-income families in rural America to purchase homes and that the current direction of the credit market is compounding the situation.

There have been no hearings, either in Agriculture or Housing committees, on the Smith-Glickman proposal and no evaluation of the additional cost, both in actual budget outlays and in personnel years, of the program. We feel most strongly that an amendment to S. 2146 similar to the House passed version by Smith-Glickman would jeopardize an otherwise sound, and vital piece of legislation.

Sincerely,

ALEX MERCURE,
Assistant Secretary.

Mr. CURTIS. I yield myself such time as I require, in opposition to the amendment.

Mr. President, the distinguished Senator from Kansas (Mr. DOLE) later will speak on this matter, but I wish to express some feelings I have about it at this time.

What is sought here is not the right nor the opportunity to borrow money under this disaster program, to set somebody up in farming, or to make material enlargement of their farming operations; but we also think it would be a mistake to have a prohibition that none of the funds could be used to buy land.

Suppose a farmer is suffering an economic disaster, and it is justified that FmHA make a disaster loan so the person can carry on his business and be self-producing. Suppose an examination of the farm indicates that his buildings and his feedlots should be moved to higher ground to avoid pollution and flood problems that have caused losses in the past. The only logical way is to buy an additional 20 acres, or whatever is required. The position of the Department of Agriculture would prohibit that from happening.

There could be many other situations in which to grant an economic disaster loan the farmer might have to acquire some additional land.

In some places in the United States, the underground water is not too plentiful, and you have to drill in a number of places to find an adequate supply of water. In the area in which I live, that is not true. We have an abundance of underground water. But there are sections where that is not quite the situation.

A disaster has hit, and a person needs to sink a new well. Those who are ready to put in the well say, "Your land is

not the proper place, but nearby, if you could acquire a few acres and get that in, you could set up and carry on."

I could go on and on and cite many examples in which, in order to carry out the intent of this bill, we should not have a provision that denies the right to spend any of the money for land.

The distinguished Senator from Kansas will speak for himself; but so far as I am concerned, as one member of the committee, I would be willing to have it understood, and write it into the RECORD, that this should be construed very narrowly, that it should not be used to enlarge one's operation, to set somebody up in farming who does not have any land now. That is what the other programs are for. Also, it should not be used for expansion of a person's operation.

The letter read by the distinguished Senator from Alabama says that these loans are available through the regular program. That indicates that often Washington is behind the times, that what they are talking about is quite unreal, when you are back out in the country where the farms exist.

The reason I say that is our existing programs are for lending money to buy land, whether it be desired to buy some additional land, to make an operation more economically feasible, or to finance a new farm, so that a person can buy some land and become not only a farm operator but also a landowner. Why can they not go to those programs and get the money in the cases I have cited? Because they are overcommitted now. In many places, it takes 12 months to be reached.

When a disaster hits, you are going to provide some emergency money to keep the farmer going. Speed is one of the important elements.

So it is not true, as claimed by the Department, that there is another avenue by which they could get the money to buy land in these cases where the need for land is tied directly to those activities related to meeting the disaster that occurred.

We are talking about instances in which the disaster results in economic loss. Throughout the Middle West, funds for farm ownership loans are in short supply in many States. It takes up to 1 year, and often longer than that, to get a loan. This is too long when you are dealing with a loss arising from an economic disaster.

We need to keep open the opportunity by which they could buy some land if, in the judgment of the administrators, that was the thing to do. Also, we must keep in mind that the administrators will have to administer this law in toto. It is not a farm ownership plan. It is not to put new farmers in or to expand others, but it is to meet the disaster situation. Therefore, by its very nature, it would be narrow.

Again I say that the distinguished Senator from Kansas will speak for himself on this matter. But I do believe it is well that the RECORD show at this time what some of us had in mind when we supported the amendment of the distinguished Senator from Kansas.

I yield the floor.

Mr. ALLEN. Mr. President, I ask unanimous consent that the amendment I have offered on behalf of the administration be carried over until tomorrow and that, when called up, the time thereon be divided—15 minutes to Mr. DOLE and 5 minutes to the manager of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1255

Mr. ALLEN. Mr. President, I send to the desk an amendment on behalf of and at the request of Mr. ABOUREZK, who is unable to be in the Senate today.

The PRESIDING OFFICER. Without objection, the amendment is in order, and it will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN), for Mr. ABOUREZK, proposes an unprinted amendment numbered 1255.

Mr. ALLEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

"SEC. —. The Secretary of Agriculture is authorized to make loans from the Farmers Home Administration Direct Loan Account created by section 338(c), and to make and insure loans as provided in section 308 and 309, of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1988(c), 1928, 1929), to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act (25 U.S.C. 477), which does not have adequate uncommitted funds, to acquire land, buildings, or other improvements, or interests therein, and to improve land, including buildings, water development, conservation and pollution abatement or control practices, purchase livestock, equipment and other operating purposes, and refinance debts. Loan funds will be used on property or enterprises located within the tribe's reservation as determined by the Secretary of the Interior, or within a community in Alaska incorporated by the Secretary pursuant to the Indian Reorganization Act, for use of the tribe or the corporation or members of either. Such loans shall be limited to such Indian tribes or tribal corporations as have reasonable prospects of success in their proposed operations and as are unable to obtain sufficient credit elsewhere at reasonable rates and terms to finance the purposes authorized in this Act.".

Mr. ALLEN. Mr. President, I send to the desk a statement by Mr. ABOUREZK, and I ask unanimous consent that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. ABOUREZK

S. 2146 has as its objective the improvement of Federal credit assistance to farmers, ranchers and rural communities. The reasons that such credit assistance is needed have been made all too clear in the past few months. Although I would like it to go further, I am a strong supporter of S. 2146. However, I feel that there is one important provision that is lacking.

Agriculture has a great impact on the American Indian. The economic survival of most Indians on reservations is dependent on agriculture. That is why I am offering this amendment.

Today I am introducing a brief amendment to P.L. 91–229. Its purpose is to alter Section 1 to provide for more practical loans to Indian Tribes.

As Chairman of the Indian Committee, the present structure of Agricultural loans to Tribes is of great concern to me. This issue was addressed by the American Indian Policy Review Commission. That Commission was a two-year commitment by Congress to investigate the real problems of past Indian policy and propose a consistent and well thought out policy for the future. The Joint Commission was ably served by Senator Hatfield and former Senator Metcalf from the Senate side.

The Act as it now stands only provides loans for Indian Tribes for the purpose of acquiring land or interests in land. As the Commission points out, this policy has been gravely inadequate in the past. It is of no help to Tribes to acquire useless land. They need to be able to buy seed and equipment and livestock to make economic use of the land. With such loans, Tribes could begin the first steps toward economic self-sufficiency.

South Dakota farmers and ranchers, like others throughout the country, are still caught in the legacy of the devastating drought that gripped the state for the past several years. While the drought cycle has been broken and the rains are coming once more, the economic losses that resulted from its severity and length still impose a huge burden on producers. Indian Tribal communities were especially hard hit and the long rebuilding process necessarily requires money for land improvement and new seed. The amendment I am offering today would enable recognized Indian Tribes to receive funding for the operating expenses that accrue in the day-to-day operation and rebuilding of their hard-hit farms and ranches. Without this assistance, many otherwise sound operations could flounder and fail.

Members of the Agriculture Department have indicated that the Act as it now stands does not allow for land improvement loans to Indian Tribes and Tribal corporations. This amendment would enable Tribes to get off the public dole and on to their feet.

Mr. ALLEN. Mr. President, this amendment by Mr. ABOUREZK has to do with the ability of recognized Indian tribes to borrow money or secure loans from the Farmers Home Administration.

The present law gives the Secretary authority, through the Farmers Home Administration, to make loans to recognized Indian tribes for the purpose of purchasing land. But valuable as land is, the land in the areas where the Indian tribes live, as well as land in any other section of the country, has little value unless it can be developed, unless water rights can be obtained, unless buildings can be erected, unless land can be built upon, unless livestock is able to be purchased, unless equipment can be purchased.

And this amendment merely extends the power and authority of the Farmers Home Administration to make loans to Indian tribes not only to purchase land but to build up the land and to get into farming or ranching operations. It does have the approval of the Farmers Home Administration and unless there is objection by some Senator I am going to ask that the Senate approve the amendment by voice vote.

I yield back the remainder of my time.

The PRESIDING OFFICER. Has all time been yielded back?

Mr. CURTIS. I yield back my time.

The PRESIDING OFFICER. The re-

mainder of time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ALLEN. Mr. President, I thank the Chair.

I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF S. 2146 TOMORROW

TIME LIMITATION AGREEMENTS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders are recognized on tomorrow under the standing order the Senate resume its consideration of the now pending business, the Agricultural Credit Assistance Act, and that at that time Mr. EAGLETON be recognized to call up an amendment and that there be a time agreement on that amendment of 30 minutes to be equally divided; that upon the expiration of the time for debate on that amendment, the Senate proceed to the consideration of amendment by Mr. ALLEN, on which there be a time limitation of 20 minutes to be controlled as follows: 15 minutes by Mr. DOLE and 5 minutes by Mr. ALLEN.

Mr. President, be it further ordered that upon the expiration of these times and the hour of 2 o'clock having not yet arrived, that the bill be set aside temporarily, and the Senate proceed then to the consideration of the waterways bill, with the understanding that at 2 p.m. the Senate would return to the agricultural bill and that the votes which have been stacked up by that time then begin occurring, that they occur back-to-back, with the amendment, if there is a rollcall vote on the Eagleton amendment, it occur first; and that the rollcall vote, if ordered, on the amendment by Mr. ALLEN occur then subsequent thereto; and that the vote on the Clark amendment occur subsequent thereto; and, provided further, if there are amendments to amendments, that they occur in proper order.

That upon the disposition of the various amendments, the Senate then proceed to vote on the passage of the Agricultural Credit Assistance Act of 1978, with the proviso that paragraph 3 of rule XII be waived, and that upon the disposition of the agricultural credit assistance bill, the Senate then resume consideration of the waterways bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I would like to augment the earlier unanimous-consent request by asking unanimous consent that no further amendments beyond those that were specified in the unanimous-consent request on the Agricultural Credit Assistance Act of 1978 be in order on tomorrow.

Mr. BAKER. Mr. President, reserving the right to object, I wonder if the majority leader would withhold that request for a moment. I have been advised we have a number of Senators who are not here, some of whom are directly involved in agricultural legislation, and I would like to check with them.

Mr. ROBERT C. BYRD. Mr. President, I withdraw that request for the time being. I thought, may I say to the distinguished minority leader, that the staff had been contacted to ascertain whether or not there were other amendments.

Mr. BAKER. Mr. President, the Senator is correct. This is certainly no reflection, as the Senator knows, on him or on the majority staff, but rather this matter was just brought to my attention, and I think I ought to check.

Mr. ROBERT C. BYRD. Mr. President, I withdraw the request for now.

(Later the following occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow when the Senate has disposed of the amendments that were earlier specified in connection with the agricultural bill, that if there be no further amendments—and if there be such, of course, there will be no debate on them under the order—or upon the disposition of such further amendments without debate, the Senate then proceed to third reading of the bill without further debate or motion, and that the Senate then proceed to the consideration of the companion House bill without further motion or debate, and that the final vote occur on the House bill, as amended, at that time without further debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, with respect to the final vote on the House bill, which is a companion measure for the Senate agriculture bill, paragraph 3 of rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978

The Senate continued with the consideration of the bill.

Mr. MORGAN. Mr. President, there is an unquestionable need for the modernized farm financing that is embodied in S. 2146.

This legislation is a welcome and much-needed complement to other farm programs that have been previously discussed during the 95th Congress or will be enacted in the coming months.

There are two choices before us today. We can either bury our heads in sand like an ostrich or we can face up to current credit problems and try to devise rational solutions.

Since 1935, the Farmers Home Administration has served this Nation's farmers in an important and constructive manner. Without the FmHA's system of direct, guaranteed, and insured loans, we would have far fewer family farms in this great country.

As it is, we lost 26,000 family farms in 1977. This bill, which I cosponsor, will help reverse this alarming trend.

Some fear that S. 2146 will fuel land and production expense inflation. These individuals argue that making more Federal dollars available to farmers will contribute to still further increases in the cost of farming.

I do not believe the evidence supports this view. Farming has been greatly affected by inflation. Much of this inflation can be traced to the Arab oil embargo. Still more of the inflation can be attributed to poor fiscal and monetary policy management, including the increased Federal debt.

Generally, farming has become more expensive because of increased technology. The number of farmers and farmworkers in this Nation has decreased although in North Carolina the increase has not been as dramatic as it was for the rest of the Nation.

Technology has been necessitated by consumer demands for less expensive food. To drive down production expenses on a per-unit base, farmers have had to replace labor with expensive machinery.

While the cost of farming was accelerating, Federal financing efforts were stationary.

We must not forget that the FmHA was created during the depths of the Great Depression. When FmHA was spawned, farmers were literally turning over the operation of their homesteads to big city bankers.

Without the FmHA, the family farmer would not have survived.

Without some form of Federal financing, the family farm would disappear, to be replaced by corporate farming. With corporate farming, prices paid by consumers would increase dramatically because resources would be concentrated in the hands of a few who would make pricing decisions for 215 million American consumers.

Indeed, a Federal farm credit system is in the public interest.

Unfortunately, it is becoming increasingly evident that local financial institutions do not have the wherewithal to finance American agriculture. I would prefer adequate private financing. Due to the uncertainty inherent in farming because of weather, private financial institutions simply are not willing to underwrite any but the most wealthy farmers.

One of my disappointments with this bill today is that it may lack equity for rural America. I believe that our farmers should pay interest rates that are comparable to rates charged by the Department of Housing and Urban Development or the Small Business Administration. In my opinion, the interest rates available to farmers through FmHA are excessive in comparison to other Federal loan programs.

Mr. President, statistics from my home State will demonstrate how farm costs have increased. In just the past 5 years, productions costs have risen by 65 percent. Moreover, an acre of farm-

land that cost $396 in 1972 nearly doubled in value to $675 in 1977. During the same period of time, the average size farm was increasing from 106 to 113 acres.

The past 5 years have not been particularly bright for the farmers of North Carolina. During this period of time, the Tarheel State lost 19,000 family farmers. This loss could have been reduced, in my opinion, by more adequate Federal programs.

Mr. President, I would like to commend the distinguished floor manager of this bill, Senator ALLEN, for bringing to this Chamber a bill that is vitally needed by rural America. I strongly urge my fellow Senators to vote for this farsighted legislation which clearly is in the best interests of this great country.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend beyond 1 hour with statements limited therein to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PROPOSED CONSTITUTION FOR THE TERRITORY OF GUAM—MESSAGE FROM THE PRESIDENT PM–171

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying document, which was referred to the Committee on Energy and Natural Resources:

To the Congress of the United States:

In accordance with the provisions of Section 5 of the Act of October 21, 1976 (Public Law 94–584), I am hereby transmitting for the consideration of the Congress a proposed constitution for the Territory of Guam. The constitution, drafted by a territorial constitutional convention, was officially submitted to the Secretary of the Interior, who accepted it on my behalf, by the Honorable Ricardo J. Bordallo, Governor of Guam, on March 1, 1978.

Public Law 94–584 requires that I submit the constitution to the Congress, along with my comments. I am confident that the Congress will share my belief that the basic principles incorporated into the constitution provide a firm foundation upon which the people of Guam can assume greater responsibilities of local self-government in political union with the United States. Because it is their constitution, and must be respected as such, I shall confine my comments to those aspects of the document which relate directly and significantly to the territorial-Federal relationship. Accordingly, I would like to bring to the attention of the Congress the following aspects of the proposed constitution:

—Contrary to the express requirement of Section 2(b)(1) of Public Law 94–584 (the Enabling Act), the constitution does not explicitly recognize the sovereignty of the United States over Guam or the supremacy of its laws, a point noted by the Departments of State, Justice, and Interior in their reviews of the document. Accordingly, I ask the Congress to consider complications which could arise with respect to future claims of sovereignty and supremacy should it decline to take any of the corrective actions prescribed in Section 5 of the Enabling Act.

—Article IV, Section 1, of the constitution vests in the elected Governor responsibility for the faithful execution of the Constitution and laws of the United States applicable to Guam. In view of the Supreme Court's decision in *Buckley* v. *Valeo* (424 U.S. 1) that persons who enforce the laws of the United States must be appointed in the constitutionally prescribed manner, I ask the Congress to give careful consideration to this provision. Moreover, I suggest to the Congress that responsibility for the execution of Federal law is not a matter of local self-government and invite the Congress to consider whether the inclusion of such a clause, even if deemed constitutionally permissible, could lead to friction between the Governor and the Federal Government.

—Article V, Section 4(a), of the constitution provides for legislative apportionment on the basis of the number of registered voters in each district. I call to the attention of the Congress the Supreme Court's admonition in *Burns* v. *Richardson* (384 U.S. 73) and *Ely* v. *Klahr* (403 U.S. 108) that the use of voter registration as a basis may perpetuate underrepresentation of groups constitutionally entitled to participate in the electoral process and is permissible only if it produces a distribution of legislators not substantially different from that which would have resulted from the use of a permissible population basis.

—Article X, Section 4, of the constitution would amend the provision in Section 11 of the Organic Act of Guam (48 U.S. 1423a), which imposes public debt limitations on the territory. In light of the territory's fragile local economy and the continued financial responsibility of the Federal Government for Guam, I ask the Congress to give careful consideration to this provision.

In view of its responsibilities under the Territories Clause of the United States Constitution, the Congress may wish to review the proposed constitution for Guam on bases other than just the effect of its provisions on the territorial-Federal relationship to which I have limited my comments.

Specifically, the appropriate committees of the Congress may wish to examine whether certain provisions of the Guam constitution are drafted with sufficient clarity to avoid the type of litigation that could preclude effective government. For example, the elevation to constitutional status of certain rights in Article II of the proposed constitution could cause such a result. Under our own system, many of these same rights are provided for by statute, not by the Constitution itself.

Also, the amendment procedure contained in Article XIV of the proposed constitution does not provide for review by the Congress, a requirement which does pertain to the basic document. The Congress may wish to consider the friction which could arise between Guam and the Federal Government should the constitution be amended in a way which would conflict with United States law.

Accordingly, I have directed the Attorney General and the Secretary of the Interior to provide the appropriate committees of both Houses with such technical advice and assistance as may be required. Both Departments have conducted thorough analyses of the proposed constitution and can offer the Congress additional information and recommended changes in language should the Congress choose to take any of the corrective actions prescribed in Section 5 of the Enabling Act.

I trust these comments will be of use to the Congress in its review.

JIMMY CARTER.

THE WHITE HOUSE, *April 28, 1978.*

RECIPROCAL FISHERIES AGREEMENT BETWEEN THE UNITED STATES AND CANADA—MESSAGE FROM THE PRESIDENT PM–172

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers, which was referred to the Committee on Foreign Relations and the Committee on Commerce, Science. and Technology, jointly, by unanimous consent:

To the Congress of the United States:

I transmit herewith a Reciprocal Fisheries Agreement for 1978 between the Government of the United States and the Government of Canada, effected by an exchange of diplomatic notes dated April 10 and April 11, 1978.

The Agreement, which continues through 1978 the provisions of the 1977 Reciprocal Fisheries Agreement with a few modifications, protects important United States interests in our fisheries off Canada and maintains the opportunity for conclusion of long-term maritime arrangements on boundaries, hydrocarbons and fisheries resources, including salmon, between the United States and Canada.

As was the case with the 1977 Reciprocal Fisheries Agreement, positive Congressional action is required to bring the 1978 Agreement into force. I recommend that the Congress give favorable consideration to the Agreement at an early date to establish the legal basis for the continuation of reciprocal United States-Canadian fisheries during 1978.

JIMMY CARTER.

THE WHITE HOUSE, *May 1, 1978.*

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a message received today from the President of the United States, including a reciprocal fisheries agreement between the United States and Canada, be jointly referred to the Committees on Commerce, Science, and Transportation and Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRESIDENTAL APPROVAL

A message from the President of the United States stated that on April 28, 1978, he had approved and signed the following enrolled act:

S. 2597. An act to amend title 28, United States Code, to move the place for holding court for the district court of the eastern district of New York to Brooklyn and Hempstead, and for other purposes.

MESSAGES FROM THE HOUSE

At 11:02 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills and joint resolution in which its requests the concurrence of the Senate:

H.R. 8494. An act to regulate lobbying and related activities;

H.R. 11302. An act to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1979, and for other purposes;

H.R. 11504. An act to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act; and

H.J. Res. 859. A joint resolution making supplemental appropriations for the U.S. Railway Association for the fiscal year ending September 30, 1978, and for other purposes.

At 3:29 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the following bills and joint resolutions, without amendment:

S. 917. An act to provide for conveyance of certain lands adjacent to the Gund Ranch, Grass Valley, Nev., to the University of Nevada;

S. 2220. An act to authorize the Secretary of the Treasury to designate an Assistant Secretary to serve in his place as a member of the Library of Congress Trust Fund Board;

S.J. Res. 106. A joint resolution to provide for the reappointment of A. Leon Higginbotham, Jr., as a citizen regent of the Board of Regents of the Smithsonian Institution.

S.J. Res. 107. A joint resolution to provide for the reappointment of John Paul Austin as a citizen regent of the Board of Regents of the Smithsonian Institution; and

S.J. Res. 108. A joint resolution to provide for the appointment of Anne Legendre Armstrong as a citizen regent of of the Board of Regents of the Smithsonian Institution.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were read twice by their titles and referred as indicated:

H.R. 8494. An act to regulate lobbying and related activities; to the Committee on Governmental Affairs.

H.R. 11302. An act to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1979, and for other purposes; to the Committee on Environment and Public Works.

H.J. Res. 859. A joint resolution making supplemental appropriations for the U.S. Railway Association for the fiscal year ending September 30, 1978, and for other purposes; to the Committee on Appropriations.

HOUSE BILL PLACED ON CALENDAR

The following bill was read twice by its title and placed on the calendar:

H.R. 11504. An act to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act.

REFERRAL OF S. 2939 TO THE COMMITTEE ON ARMED SERVICES

Mr. HARRY F. BYRD, JR. Mr. President, the Intelligence Committee has reported to the Senate, S. 2939, a bill authorizing appropriations for the Central Intelligence Agency and other intelligence activities for fiscal year 1979.

Section 3(b) of Senate Resolution 400, which established the Senate Select Committee on Intelligence, provides that if that committee reports legislation containing any matter otherwise within the jurisdiction of any standing committee, that bill may, at the request of the chairman of that standing committee, be referred to it for consideration for a period not to exceed 30 days.

Mr. President, since this bill contains authorization of appropriations for intelligence to act for the full committee of Defense, it falls within the longstanding jurisdiction of the Committee on Armed Services. Senator STENNIS, chairman of the committee, has asked me as chairman of the Subcommittee on Intelligence to act for the full committee on this matter. I, therefore, request that the bill be referred to the Armed Services Committee for 30 days.

The PRESIDING OFFICER. Pursuant to section 3(b) of Senate Resolution 400, 94th Congress, 2d session, the legislation shall be so referred for a period of not to exceed 30 days.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

William B. Edmondson, of Nebraska, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of South Africa.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

POLITICAL CONTRIBUTIONS

Nominee: William B. Edmondson.

Contributions, amount, date, and donee:

1. Self: William B. Edmondson: None, except for nonpartisan Presidential Election Campaign Fund on Federal Income Tax Return.

2. Spoues: Donna K. Edmondson: None, except as above.

3. Children and Spouses: Barbara & husband Richard Schneider: None with same exception. Paul W. Edmondson: None.

4. Parents: Harold Edmondson: None. Laura S. Edmondson: None.

5. Grandparents: None living: None.

6. Brothers and Spouses: No siblings: None.

7. Sisters and Spouses: No siblings: None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Davd Bronheim, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

(The above nomination from the Committee on Foreign Relations was reported with the recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before and duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 3016. A bill to amend the Alaska Native Claims Settlement Act to provide clarifications and improvements in the provisions thereof; to the Committee on Energy and Natural Resources.

By Mr. WILLIAMS (for himself and Mr. JAVITS):

S. 3017. A bill to amend the Employee Retirement Income Security Act of 1974 and

the Internal Revenue Code of 1954 for the purpose of simplifying, clarifying, and improving Federal law relating to the regulation of employee benefit plans, to foster the establishment and maintenance of plans, and for other purposes; to the Committee on Finance and the Committee on Human Resources, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 3016. A bill to amend the Alaska Native Claims Settlement Act to provide clarifications and improvements in the provisions thereof; to the Committee on Energy and Natural Resources.

ALASKA NATIVE CLAIMS SETTLEMENT ACT AMENDMENTS

● Mr. GRAVEL. Mr. President, today I am introducing legislation which would amend the Alaska Native Claims Settlement Act in a number of places to clear up many of vagaries and problems which have resulted in implementing the terms of this act.

The Claims Act which we passed in 1971 provided for what I still believe was an equitable and just settlement of aboriginal claims in Alaska. This act was literally made from scratch to deal with a host of unique problems and conditions found only in Alaska. What was forged was, indeed, a remarkable and creative piece of legislation reflecting the ideas and views of Native people in Alaska, State, and Federal Governments, various committees, and Members of Congress and many other concerned people. The resulting bill was necessarily complex and plowed much new ground for which many administrative rules, regulations, and policies had to be promulgated. Thus, despite several amendments over the past several years there still remain provisions of the bill which have remained unclear, have been interpreted in a manner not in keeping with the spirit and intent of the original act, have omitted terms or conditions necessary for swift implementation or to carry out the intent of the act, or which could result in future long-term problems.

This bill addresses the key problem areas which have been experienced or which are anticipated in the implementation of the Claims Act (ANCSA). All of these amendments represent the work and input of various village and regional Native corporations founded under the terms of NACSA and by the Alaska Federation of Natives. Although I think some of these amendments will require additional input and modifications, I am in strong support of the intent of virtually all of the amendments contained in this bill.

One amendment which I feel is especially important is the change in section 7(h)(3) of ANCSA contained in section 2 of this bill. Unless this amendment is enacted it is conceivable that after 1,991 Native corporations could be taken over by non-Native persons or corporations through the alienation of stock currently held by Native shareholders. Such an occurrence would be tragic. It is incumbent upon the Congress to uphold the original purposes of ANCSA in this matter. Although we obviously set up the corporations to exercise all the normal activities and options of any private corporation, we also intended that these corporations should function for the benefit of the Native people involved. Thus, although some shareholders may want to take advantage of their rights to sell their corporation shares, other persons wishing to continue their financial participation in the corporation should not be faced with the threat of usurption of Native control of the corporation by non-Native individuals or corporations.

There are many other provisions in this bill which are important and which are explained in the summary accompanying my remarks. Although most of these amendments I view as noncontroversial, I do recognize that there may be conflicts with some of these amendments. I am confident that some language changes or additions can be made in these amendments to reduce any conflicts equitably.

Many of the provisions of ANCSA have yet to be fully implemented. Only a fraction of the land entitlement of the corporations has been conveyed after 7 years since we passed this legislation. Time is of the essence in making ANCSA fully "operational." Therefore, I would urge my colleagues to take fast action on this legislation.

Mr. President, I ask unanimous consent that this bill be printed in the RECORD, together with a summary of its provisions.

There being no objection the bill and the summary were ordered to be printed in the RECORD, as follows:

S. 3016

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Alaska Native Claims Settlement Act Amendments of 1978".

STOCK ALIENATION

SEC. 2. (a) Section 7(h)(3) of the Alaska Native Claims Settlement Act is amended to read as follows:

"(3)(A) On December 18, 1991, all stock previously issued shall be deemed to be cancelled, and shares of stock of the appropriate class shall be issued to each stockholder share for share subject only to such restrictions as may be provided by the articles of incorporation of the corporation if adopted by December 18, 1991, or agreements between corporations and individual shareholders.

"(B) Restrictions which may be provided by amendment to the articles of incorporation include, in addition to any other legally permissible restrictions—

"(i) the denial of voting rights to any holder of stock who is not a Native or a descendent of a Native, and

"(ii) the granting to the corporation, or to the corporation and a stockholder's immediate family, on reasonable terms, the first right to purchase a stockholder's stock (whether issued before or after the adoption of the restriction) prior to the sale or transfer of such stock (other than a transfer by inheritance) to any other party, including a transfer in satisfaction of a lien, writ of attachment, judgment execution, pledge or other encumbrance.

"(C) Notwithstanding any provision of Alaska law to the contrary—

"(i) any amendment to the articles of incorporation of a Regional Corporation to provide for any of the restrictions specified in clause (i) or (ii) of subparagraph (B) shall be approved if such amendment receives the affirmative vote of the holders of a majority of the outstanding shares entitled to be voted of the corporation, and

"(ii) any amendment to the articles of incorporation of a Regional Corporation which would grant voting rights to stockholders who were previously denied such voting rights shall be approved only if such amendment receives, in addition to any affirmative vote otherwise required, a like affirmative vote of the holders of shares entitled to be voted.".

(b) Section 8(c) of such Act is amended to read as follows:

"(c) The provisions concerning stock alienation, annual audit, and transfer of stock ownership on death or by court decree provided for Regional Corporations in section 7, including the provisions of section 7(h)(3), shall apply to Village Corporations; except that audits need not be transmitted to the Committee on Interior and Insular Affairs of the House of Representatives or to the Committee on Energy and Natural Resources of the Senate.".

(c) At the end of section 1696(h)(1) of title 43, United States Code, insert immediately before the period the words: "or by a stockholder who is a member of a professional organization, association, or board which limits the ability of that stockholder to practice his profession because of holding stock issued under this Act."

VESTING DATE FOR RECONVEYANCES

SEC. 3. (a) Section 14(c)(1) of the Alaska Native Claims Settlement Act is amended by inserting "as of December 18, 1971" after "title to the surface estate in the tract occupied".

(b) Section 14(c)(2) of such Act is amended by inserting "as of December 18, 1971" after "title to the surface estate in any tract occupied".

(c) Section 14(c)(4) of such Act is amended by inserting ", as such airport sites, runways, and other facilities existed as of December 18, 1971" after "safe approaches to airport runways".

RECONVEYANCE TO MUNICIPAL CORPORATIONS

SEC. 4. Section 14(c)(3) of the Alaska Native Claims Settlement Act is amended by inserting before the semicolon at the end thereof a colon and the following:

"*Provided further*, That in the case of a Native Village which is located within an organized borough or unified municipality in which the Village Corporation will be subject to planning, zoning, and platting laws regarding the use and subdivision of lands, the Village Corporation need not make any such conveyance to any Municipal Corporation or to the State in trust for any Municipal Corporation, but such Village Corporation shall reconvey to such borough or unified municipality the surface estate in any land upon which improvements belonging to such organized borough or unified municipality are constructed, together with so much of the space about such improvements as is required for the convenient use or occupation of such improvements, upon payment of an amount not in excess of fair market value of such surface estate, determined as of the date of initial occupancy and without regard to such improvements.".

ATTORNEY FEES IN ACTION BROUGHT BY OR AGAINST THE UNITED STATES

SEC. 5. (a) The Alaska Native Claims Settlement Act is amended by inserting after section 20 the following new section:

"ATTORNEY FEES IN ACTION BROUGHT BY OR AGAINST THE UNITED STATES

"SEC. 20A. (a) In any action or proceeding under this Act brought by or against the United States, any agency thereof, or any official thereof acting in his official capacity, the court shall award the prevailing party,

other than the United States, such agency or such official, such sum as will in the opinion of the court reimburse such party for the reasonable costs, disbursements, and expenses, including reasonable attorney and professional fees, actually incurred by such prevailing party on account of the action or proceeding.

"(b) A claim for reimbursement of actual costs, disbursements, and expenses, including attorney and professional fees, which were incurred prior to the date of enactment of this section, may be submitted by any corporation established pursuant to the provisions of this Act, or by any individual entitled to receive title to land to be conveyed pursuant to this Act, to the Court of Claims for determination of the amount to be paid to such corporation or individual by the United States for expenses incurred by such corporation or individual in connection with—

"(1) any action under this Act brought by or against the United States, any agency thereof or any official thereof acting in his official capacity, in which the corporation or individual is the prevailing party; or

"(2) the adoption of any regulation or order issued or promulgated to carry out the purposes of this Act.

"(c) The Court of Claims of the United States shall have jurisdiction to hear and determine all claims arising pursuant to this section and to enter a final judgment or decree thereon. Any claim under this section must be filed with the Clerk of the Court of Claims within two years from the date of enactment of this section, and shall be in such form and contain such information as may be required by the rules of the Court. Any claim not so filed shall be forever barred.

"(d) A direct appeal to the Supreme Court may be made by any party from a final judgment or decree entered by the Court of Claims on a claim brought under this section.".

(b)(1) Section 1255 of title 28, United States Code, is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following new paragraph:

"(3) By direct appeal by any party from a final judgment or decree entered by the Court of Claims on a claim brought under the provisions of section 20A of the Alaska Native Claims Settlement Act.".

(2) The heading of section 1255 of title 28, United States Code, is amended by adding at the end thereof "; direct appeal".

(3) The item relating to section 1255 in the table of contents of chapter 81 of title 28, United States Code, is amended by adding before the period at the end thereof "; direct appeal".

BASIS IN THE LAND AND RESERVES FROM LAND

SEC. 6. Section 21(c) of the Alaska Native Claims Settlement Act is amended to read as follows:

"(c)(1) The receipt of land or any interest therein pursuant to this Act or of cash in order to equalize the values of properties exchanged pursuant to subsection 22(f) shall not be subject to any form of Federal, State, or local taxation. The basis for computing gain or loss on subsequent sale or other disposition of such land or interest in land for purposes of any Federal, State, or local tax imposed on or measured by income shall, at the option of the recipient, be—

"(A) the fair value of such land or interest in land at the time of receipt; or

"(B) the amount realized on the sale or other disposition of such land or interest in land adjusted, by means of the Price Deflator Index for the Gross National Product published by the United States Department of Commerce, to the time of receipt of such land or interest in land;

adjusted as provided in section 1016 of the Internal Revenue Code of 1954 (relating to adjustments to basis).

"(2) All rents, royalties, profits, and other revenues or proceeds derived from real property interests received pursuant to this Act shall be taxable to the same extent as such revenues or proceeds are taxable when received by a non-Native individual or corporation: *Provided*, That with respect to any such revenues or proceeds received by a Native individual, Native group, or village or regional Corporation with respect to which a deduction for depletion would otherwise be allowable under section 611 of the Internal Revenue Code of 1954 (relating to allowance of deduction for depletion) or any corresponding provision of State and local law, the amount of such deduction shall be the greater of:

"(A) an amount equal to the deduction as determined by such section 611, using as the basis on which the depletion is to be allowed with respect to any property that basis provided in section 21(c) of this Act for purposes of computing the gain or loss on subsequent sale or other disposition of such property; or

"(B) an amount equal to the amount of such revenue adjusted, by means of the Price Deflator Index for the Gross National Product published by the United States Department of Commerce, to the time of receipt of the property interest from which the revenue is derived; or

"(C) an amount equal to the deduction computed pursuant to section 613 of the Internal Revenue Code of 1954 (relating to percentage depletion).".

LAND TAXATION

SEC. 7. Section 21(d) of the Alaska Native Claims Settlement Act is amended to read as follows:

"(d) Real property interests conveyed, pursuant to this Act, to a Native individual, Native group, or village or regional Corporation shall be exempt from State and local real property taxes for a period of twenty years after the date of receipt by such individual, group, or corporation of ninety percent of the interests to be conveyed to such individual, group, or corporation: *Provided*, That, for so long as any portion of such an interest is being developed for purposes other than exploration, any municipal taxes, local real property taxes, or local assessments may be imposed upon such portion within the jurisdiction of any governmental unit under the laws of the State: *Provided further*, That any holder of a leasehold or similar interest may be taxed in accordance with State and local law."

TAXATION ON EXCHANGED LAND

SEC. 8. Section 21 of the Alaskan Native Claims Settlement Act is amended by adding at the end thereof the following new subsection:

"(g) Any unimproved real property interest acquired in exchange for a real property interest which is exempt from real property taxes, shall be deemed to be a property interest conveyed pursuant to this Act and shall be exempt from taxation as if conveyed pursuant to this Act."

SELECTION OF GOVERNMENT SURPLUS LAND

SEC. 9. Section 22(f) of the Alaska Native Claims Settlement Act is amended by adding at the end thereof the following new sentence: "Upon the termination of withdrawn or reserved status, or upon the declaration of surplus status, any withdrawals, reservations, or other public lands excepted from Native selection by section 3(e) or 11(a), which are located within the village withdrawal area established under section 11(a), or within the area of a former withdrawal or reserve for the benefit of the Native village or its inhabitants, shall be made available to the Village Corporation on the basis of an acre-for-acre exchange for other selections or selection rights of the Corporation: *Provided*, That any such withdrawals or reservations not acquired by the Village Corporation shall be made available to the Regional Corporation on the basis of an acre-for-acre exchange for other selections or selection rights of the Corporation: *Provided further*, That the election of such exchange by a Village or Regional Corporation shall be made without regard to the requirements of the Federal Property Management Regulations with respect to the utilization and disposal of real property, and if the exchange is made by a Village Corporation, shall have the relative priority afforded section 12(a) selections."

SUPPLEMENTAL APPROPRIATION FOR NATIVE GROUPS

SEC. 10. The Secretary of the Interior shall pay, by grant, $100,000 to each of the corporations established pursuant to section 14(h)(2) of the Alaska Native Claims Settlement Act and certified by the Bureau of Indian Affairs as an eligible Native Group.

LAND ALLOTMENTS

SEC. 11. (a)(1) All Alaska Native allotment applications pending before the Department of the Interior on December 18, 1971 are hereby approved. The Secretary of the Interior shall cause such allotments to be surveyed and shall issue trust patents therefor: *Provided*, That this section does not apply to applications for land which is of present economic mineral value (excluding value derived from deposits of sand and gravel) or land which was reserved at the time of application.

(2) Where a conflict between two or more Native allotment applications exists due to overlapping claims, an agreement among the parties adjusting the boundaries to resolve the conflict shall be accepted as an amendment to each application, and, upon request, the Secretary of the Interior shall provide technical assistance to applicants in their attempts to resolve boundary conflicts.

(3) Where a conflict between two or more applicants is not resolved by amendment, this section shall not apply.

(4) This section shall not apply whenever a Native Village Council files with the Secretary of the Interior a protest stating a claim based upon material fact conflicting with the allotment application. Any such protest must be filed within one year of the effective date of this Act.

(b) Any and all withdrawals and reservations for powersite purposes applicable to the Federal lands and interests therein within the boundaries of a conservation system unit in Alaska are hereby rescinded to the extent of such applicability. The Secretary of the Interior is authorized to grant any application for a Native allotment for land within any withdrawal or reservation for powersite purposes in Alaska, including land which was segregated or reserved at the time of entry, and to make an appropriate conveyance of such land to the applicant, if such applicant has complied with applicable statutes. Such land shall not be subject to the provisions of section 24 of the Federal Power Act of 1920, as amended, (16 U.S.C. 818).

PERSONAL HOLDING COMPANY ACT EXEMPTION

SEC. 12. No Corporation created pursuant to the Alaska Native Claims Settlement Act shall be considered to be a personal holding company within the meaning of section 542 (a) of the Internal Revenue Code of 1954 prior to January 1, 1992.

ESCROW ACCOUNTS

SEC. 13. (a) Section 2(a) of Public Law 94–204 is amended by striking out "From and after the date of enactment of this Act, or January 1, 1976, whichever occurs first" and inserting in lieu thereof "From December 18, 1971".

(b) Section 2 of such Public Law is further amended by adding at the end thereof the following new subsection:

"(e) Congress is authorized to appropriate such sums as may be necessary to carry out the purposes of this section.".

CHENEGA VILLAGE SELECTIONS

SEC. 14. (a) Within ninety days after the date of enactment of this Act, the corporation created by the enrolled residents of the Village of Chenega may file selections upon any of the following described lands:

Seward Meridian—

Township 3 South, range 2 west, sections 22–27 and 33–3C;

Township 4 south, range 2 west, sections 2–5, 8–11, 15–17, 20–22, 27–29, and 32–3C.

(D) The Secretary of the Interior shall receive and adjudicate such selections as though they were timely filed pursuant to section 12 (a) of the Alaska Native Claims Settlement Act and were withdrawn pursuant to section 11 of that Act.

(c) The Secretary of the Interior shall convey such lands selected pursuant to this authorization which otherwise comply with the applicable statutes and regulations. This section shall not be construed to increase the entitlement of the corporation of the enrolled residents of Chenega or to increase the amount of land that may be selected from the National Forest System. The subsurface of any land selected pursuant to this section shall be conveyed to the Regional Corporation for the Chugach Region pursuant to section 14 (f) of the Alaska Native Claims Settlement Act.

ENGLISH BAY VILLAGE SELECTIONS

SEC. 15. (a) Within ninety days after the date of enactment of this Act, the corporation created by the enrolled residents of the Village of English Bay may file selections upon any of the following described lands:

Seward Meridian—

Township 12 south, range 14 west, sections 1–7, 17–21, and 28–33;

Township 12 south, range 15 west, sections 1–10, 12, 15–17, and 24–25.

(b) The Secretary of the Interior shall receive and adjudicate such selections as though they were timely filed pursuant to section 12 (a) of the Alaska Native Claims Settlement Act and were withdrawn pursuant to Section 11 of such Act for selection by English Bay.

(c) The Secretary of the Interior shall convey such lands selected pursuant to this authorization which otherwise comply with the applicable statutes and regulations. This section shall not be construed to increase the amount of land that may be selected from lands withdrawn under section 11(a)(2) of the Alaska Native Claims Settlement Act. The subsurface of any land selected pursuant to this section shall be conveyed to the Regional Corporation for the Chugach Region pursuant to section 14(f) of the Settlement Act.

CHUGACH NATIVES, INC. LAND SELECTIONS WITHIN CHUGACH NATIONAL FOREST

SEC. 16. (a) Within ninety days after the date of enactment of this Act, the Regional Corporation for the Chugach Region shall be entitled to select lands under section 14(h)(8) of the Alaska Native Claims Settlement Act from within the Chugach National Forest.

(b) The Secretary of the Interior shall receive and adjudicate such selections as though they were timely filed pursuant to section 14(h)(8) of the Alaska Native Claims Settlement Act and such lands were available for selection under such provision.

(c) The Secretary of the Interior shall convey such lands selected pursuant to this authorization which otherwise comply with the applicable statutes and regulations. This statute shall not be construed to increase the amount of land which Chugach is entitled to select under section 14(h)(8) of the Alaska Native Claims Settlement Act.

"CORNERING" TOWNSHIPS

SEC. 17. Selections made pursuant to the Alaska Native Claims Settlement Act by a Village Corporation in a township which the Village Corporation contended, at the time of such selection, was withdrawn by reason of section 11(a) of such Act, but which township the Secretary of the Interior contended was not withdrawn by such section 11(a), are hereby validated. The Secretary of the Interior shall proceed to patent the lands to the extent the selection is otherwise valid under such Act if—

(1) the Native Village contended that the township in which the disputed selections lie was a township described in section 11(a)(1)(C);

(2) such township is generally North or South of, and next to the East or West of, any other township which the Secretary contended withdrawn by section 11(a)(1)(C); and

(3) the dispute involved the effect of survey correction lines upon the term "cornering" as used in section 11(a).

CONVEYANCES TO VILLAGES FOR LAND IN WILDLIFE REFUGES

SEC. 18. (a) Section 22(g) of the Alaska Native Claims Settlement Act is amended to read as follows:

"SEC. 22(g)(1) If a conveyance is issued to any Village Corporation for land within a unit of the National Wildlife Refuge System, the conveyance shall reserve to the United States the right of first refusal if the land is ever sold by the Village Corporation. Notwithstanding any other provision of this Act, every conveyance issued by the Secretary pursuant to this Act of lands within the boundaries of a unit of the National Wildlife Refuge System which existed on the date of enactment of this Act shall contain a provision that such lands remain subject to the laws and regulations governing use and development of such Refuge System unit: *Provided*, That the Secretary shall review such such conditions as set forth in the conveyance and shall determine whether the restrictions therein imposed remain necessary for the purpose of the Wildlife Refuge System unit.

"(2) If, at any five-year interval, the Secretary determines that the lands conveyed to a Village Corporation remain essential to the needs of the Wildlife Refuge System unit, the Village Corporation may elect to require the Secretary to exchange such lands for equal acreage without restrictions, elsewhere within the Region, preferably in the vicinity of the Village Corporation affected, and of a character similar to the lands on which the Village is located.

"(3) If the Secretary determines that suitable for an exchange so requested by a Village Corporation, there shall be paid to the affected Village Corporation an amount equal to the fair market value for lease of such lands. Such payment shall be made on a yearly basis."

(b) There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

TECHNICAL CORRECTIONS IN SECTION 15(a) OF PUBLIC LAW 94–204

SEC. 19. Section 15(a) of P.L. 94–204, 89 Stat. 1154–1155, is amended as follows:

(1) Strike the description beginning with "Township 36 south, range 52 west;" through "Township 41 south, range 53 west, sections 1, 2, 11, 12, 13, S.M., Alaska, notwithstanding;" and insert in lieu thereof the following:

"Township 36 south, range 52 west, all;

"Township 37 south, range 51 west, all;

"Township 37 south, range 52 west, all;

"Township 37 south, range 53 west, sections 1 through 4, 9 through 16, 21 through 24, and the North one-half of sections 25 through 28;

"Township 38 south, range 51 west, sections 1 through 5, 9, 10, 12, 13, 18, 24 and 25;

"Township 38 south, range 52 west, sections 1 through 35;

"Township 38 south, range 53 west, sections 1, 12, 13, 24, 25 and 36;

"Township 39 south, range 51 west, sections 1, 6, 7, 16 through 21, 28 through 33, and 36;

"Township 39 south, range 52 west, sections 1, 2, 11 through 15, and 22 through 24;

"Township 39 south, range 53 west, sections 33 through 36, and the south one-half of section 26;

"Township 49 south, range 51 west, sections 2 and 6;

"Township 40 south, range 52 west, sections 6 through 10, 15 through 21, and 27 through 36;

"Township 49 south, range 53 west, sections 1 through 19, 21 through 28, and 34 through 36;

"Township 49 south, range 54 west, sections 1 through 34;

"Township 41 south, range 52 west, sections 7, 8, 9, 16, 17 and 18;

"Township 41 south, range 53 west, sections 1, 4, 5, 8, 9, 11, 12 and 16;

"Township 41 south, range 54 west, section 6;

(2) Strike the initial word "The" in the line immediately following the description, and insert "notwithstanding the."

SUMMARY—ALASKA NATIVE CLAIMS SETTLEMENT ACT AMENDENTS

Section 2. Stock Alienation.—On December 18, 1991 the restrictions against stock alienation and non-Native voting expire, and, under current the current section 7(h)(3), new stock is to be issued "without restrictions required by this Act". The amendment to section 7(h)(3) clarifies that the corporations nevertheless may provide for appropriate voting and stock alienation restrictions by amendment to their articles of incorporation. Non-voting stock and restrictions on stock alienation are quite common, and the stockholders of each ANCSA corporation would be able to decide which such restrictions, if any, they wish to continue, in order to keep the corporation under Native control.

This section would also provide for special situations wherein individuals could alienate their stock prior to 1991 to enable members of a specialized profession such as certified public accountants to practice their profession for corporations in which they may be shareholders.

Section 3. Vesting Date for 14(c) Reconveyances.—This amendment clarifies the vesting date for land reconveyance rights under section 14(c). The vesting date would be December 18, 1971.

Section 4. Reconveyance to Municipal Corporations.—Section 14(c)(3) of ANCSA provides that at least 1280 acres of lands conveyed to Village Corporations be reconveyed to Municipal Corporations or to the State in trust for future Municipal Corporations for community expansion and needs and public rights-of-way. Because some villages are located within Boroughs having planning, zoning, and platting laws, the amendment would provide that there need not be any conveyance to Municipal Corporations or to the State in these cases where public needs can be taken care of under existing law.

Section 5. Attorney Fees.—This amendment is intended to compensate Native Corporations for the extraordinary legal expenses incurred in trying to obtain a just implementation of the Settlement Act. The amendment provides for reimbursement of expenses for successful legal endeavors.

Section 6. Basis in the Land and Reserves from Land.—The intent of this amendment is to provide a means for determining the basis of land and resources when that value is unknown at the time of conveyance. Presently ANCSA provides that the value of land is the fair value at the time of receipt. In

most cases land values are not known because land transactions have not taken place in most of rural Alaska and most resource values are unknown.

The amendment gives the owning corporation the option of using the fair market value at the time of receipt or the amount of money received for the sale or other disposition of land discount back to the date of conveyance using the Price Deflator Index of the U.S. Department of Commerce. The amendment also provides three options for determining deductions for depletion when Native Corporations develop their resources.

Section 7. Land Taxation.—ANCSA provided for a real property tax exemption for Native corporation lands until 1991. The intent was that the Native corporations be given 20 years to "get on their feet" and develop an economic base for their corporation prior to taxation. The conveyance of the corporation's largest asset, land, has largely not occurred yet, however. Thus, this amendment extends the tax exemption for undeveloped land to 20 years from the date 90 percent of a corporation's land is actually received. The amendment also permits resource exploration to proceed without endangering the tax exemption.

Section 8. Taxation on Exchanged Land.—This amendment would extend the tax exemption to any lands exchanged. This will greatly facilitate land consolidation as contemplated by the Act by removing the doubt about the taxable status of what is received in exchange for Native corporation lands.

Section 9. Selection of Government Surplus Land.—Many federal reserves or reservations located within Native selection areas were not available for selection by corporations under the terms of ANCSA. However, some of these lands may become surplus to federal needs in the coming years. This amendment would allow the corporations to select such surplus lands in exchange for lands already selected or conveyed to them.

Section 10. Supplemental Appropriation for Native Groups.—The amendment provides for $100,000 to be paid to certified Native Groups. Although these corporations were set up under ANCSA, no provisions were made for funds to be paid to these Groups for the purpose of running the corporations. If not adopted, most of the Groups will remain corporations on paper only and will be forced to put up some of their lands as soon as they are received to secure the necessary capital with which to function.

Section 11. Native Allotments.—The processing of Native Allotments has been extremely slow and frought with problems. The amendment would expedite conveyance of Allotment applications. It would also give Allotment applications priority over powersite withdrawals.

Section 12. Personal Holding Company Act Exemption.—The amendment provides that no corporation would be considered a personal holding company. The provision would protect Village corporations which might face a tax penalty because the shareholders of the corporation are closely related and have placed their money in securities and other passive investments.

Section 13. Escrow Accounts.—The amendment would make escrow accounts effective as of the date of the passage of ANCSA.

Section 14. Chenega Village Selections.—With an enrollment of less than one hundred stockholders, the Chenega Corporation is entitled to 69,120 acres of land under ANCSA. If the Regional Corporation distributes its 12(b) allocation on a per capita basis, the Chenega Corporation is entitled to receive another six or seven thousand acres under this provision. However, there is ceiling of 69,120 acres which is allowed any one village to select from National Forest lands under ANCSA. If the ceiling also applies to 12(b) selections, Chenega will have no withdrawal from which to select its entitlement as only National Forest lands are available around the village. The amendment would provide additional lands in the area from which to select all of the corporation's entitlement.

Section 15. English Bay Village Selections.—English Bay has a shortfall in its 12(a) selection of some six to nine thousand acres out of its entitlement of 69,120 acres. The Village Corporation was unable to select the balance of their entitlement from lands surrounding the village when some lands became unavailable for selection by them through a series of confusing and unfortunate circumstances. The amendment would again make these lands available for selection.

Section 16. Chugach Regional Corporation Selections with Chugach National Forest.—Chugach regional corporation's entitlement under section 14(h)(8) will probably be 35,000 to 40,000 acres. However, there are virtually no suitable lands in the region available from which to select this entitlement due to geography of the region and the presence of the Chugach National Forest. The amendment would allow the regional corporation to select its 14(h)(8) entitlement within Chugach National Forest.

Section 17. "Cornering" Townships.—In a few instances the presence of correction range lines in village selection areas has resulted in a reduced selection area because full townships assumed to be withdrawn for selection did not physically touch adjacent withdrawn townships because of intervening slivers of townships due to correction lines in the survey system. The amendment would make these full townships available as was the intent of ANCSA.

Section 18. Conveyances to Villages for Land in Wildlife Refuges.—While most Village corporation lands were conveyed without restrictions, lands selected by villages within existing wildlife refuges are required by ANCSA to be used in a manner consistent with the refuge rules and regulations. To provide all villages with an equal opportunity to develop land uses which they may desire, the amendment would provide that a village could receive other comparable lands outside the refuge system unit if the lands were found by the Secretary to be necessary for the purposes of the refuge.

Section 19. Technical Corrections in Section 15(a) of P.L. 94-204.—The amendment would correct mistakes which were made in the description of lands to be made available for selection by the Kodiak regional corporation under the terms of the previous amendment to ANCSA.●

By Mr. WILLIAMS (for himself and Mr. JAVITS):

S. 3017. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 for the purpose of simplifying, clarifying, and improving Federal law relating to the regulation of employee benefit plans, to foster the establishment and maintenance of plans, and for other purposes; to the Committee on Finance and the Committee on Human Resources, jointly, by unanimous consent.

ERISA IMPROVEMENTS ACT OF 1978

Mr. WILLIAMS. Mr. President, today I am introducing the ERISA Improvements Act of 1978.

My bill amends the Employee Retirement Income Security Act of 1974 (ERISA) and certain provisions of the Internal Revenue Code of 1954 in order to foster and encourage the establishment and maintenance of private sector employee benefit plans, promote improvements in those plans, and streamline the Government's regulatory activities over them.

In the 3½ years since ERISA's enactment, I have closely observed its implementation by the Labor Department, Internal Revenue Service, and Pension Benefit Guaranty Corporation, and its effects on employee benefit plans and their participants. In the main, I am convinced that ERISA is a sound law and that its effects have been salutory.

The bill I introduce today will improve upon the regulatory framework Congress established in 1974, resolve certain problems that have arisen since ERISA's enactment, and spur the growth and improvement of private pension and welfare plans.

AGENCY JURISDICTION

Under ERISA, three Federal agencies are involved in regulating private employee benefit plans. This has resulted in confusion and delay for the public, and in duplication and overlap by the agencies. Furthermore, the division of agency responsibilities has hindered the development of a coherent Federal policy respecting the role of the private sector in providing retirement income.

My bill provides for the consolidation in one new agency, a five-member Employee Benefits Commission, of all the responsibilities under ERISA and most of the responsibilities under the Internal Revenue Code relating to the regulation of most private sector employee benefit plans.

I am convinced that the present and future role of private employee benefit plans in supplying retirement income and health care coverage, and in generating investment capital, is so important that it demands the full-time attention of a separate agency. But it is also clear that private employee benefit plans and their regulation are matters having important labor relations and tax revenue implications.

Accordingly, both the Chairman and the Vice Chairman of the new Employee Benefits Commission will have roles that embody close and continuing links to the Departments of Labor and the Treasury. The Commission Chairman will be a special liaison to the Secretary of Labor, will regularly apprise the Secretary of the Commission's activity, and will be expected to apprise the Commission of the views of the Secretary of Labor regarding the relationships between labor law, labor relations, collective bargaining, and employee benefit plans.

The Vice Chairman of the Commission will perform a similar function respecting the Secretary of the Treasury, and will also be expected to apprise the Commission of the views of the Secretary of the Treasury regarding tax policy and interpretation of the Internal Revenue Code as it relates to employee benefit plans.

The new Commission's primary enforcement mechanisms will be its civil, equitable relief authority and its power to certify a retirement plan as being eligible or ineligible for favorable tax treatment on a prospective basis. The draconian nature of the retroactive dis-

qualification penalty, in my opinion, far outweighs its usefulness as an enforcement device. It is, and should be recognized as, an undesirable holdover from the days before ERISA when no other effective compliance tool was available. So my bill provides that retroactive disqualification may be imposed only where the failure of the plan to meet applicable standards is willful.

In addition to avoiding the adverse impact on innocent employees that is inherent in retroactive disqualification, this and other changes my bill makes should greatly diminish the need for most retirement plan sponsors to obtain a favorable determination letter every time a plan is established or amended, and paperwork and costs will be reduced accordingly.

ERISA TITLE I CHANGES

Numerous changes in title I of ERISA are made by the ERISA Improvements Act of 1978. While preserving ERISA's present conceptual framework, the bill simplifies and clarifies many provisions.

REPORTING AND DISCLOSURE

In the reporting and disclosure area, for example, the summary annual report has been eliminated. In my judgment, the cost of preparing, printing and distributing this document every year clearly outweighs its usefulness. All plan participants will, of course, continue to have ready access to a copy of the complete annual return/report (form 5500) that must be filed each year by the plan.

Other changes are made to avoid disruptive and costly duplications of professonal services and to further reduce paperwork burdens.

MINIMUM STANDARDS

Certain revisions in the minimum participation and vesting rules have been made to clarify or otherwise change the application of these rules to multiemployer plans. Certain other changes have been made to codify interpretations of the administering agencies. For example, it has been made clear that a plan may make amendments to conform to final regulations which have interpreted a statutory minimum standard provision differently than did a predecessory temporary regulation.

Also, subject to certain safeguard conditions, the permissibility of elapsed time systems for measuring service is made clear.

A major change has been made in the joint and survivor rules. Under the present provisions, a nightmare tangle of regulations has created complexity and costs for plans and has even caused some plans to discontinue use of the annuity form of benefit. In these cases, the rules of ERISA, as implemented by the regulations, have had precisely the opposite effect as was intended. The new joint and survivor annuity provision is simpler and gives greater assurances that surviving spouses of deceased plan participants will receive retirement income.

FIDUCIARY RESPONSIBILITY

Several significant changes have been made in the fiduciary provisions.

For example, to reduce and clarify the scope of ERISA's prohibited transaction provisions, my bill makes several changes in the definition of party in interest.

Also, the scope of the cofiduciary responsibility rules has been narrowed slightly to reflect the realities of business organization. The present rule places a responsibility on institutional and other large fiduciaries which cannot be met without elaborate, expensive, and burdensome reporting and communication rules.

A new exemption from the prohibited transaction rules has been added to remove doubt about the permissiblity under those rules of transfers of assets between plans pursuant to reciprocity arrangements.

PREEMPTION

Changes are made in ERISA's preemption provision to clarify congressional policy in certain areas that have been highlighted since ERISA was enacted. In an abrupt change of a position of more than 40 years' standing, the Securities and Exchange Commission has begun to interpret the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 as being applicable to what has been termed the "interest" of an employee in certain types of employee benefit plans.

In my view, Mr. President, this application of these securities acts provisions creates an intolerable situation for most employee benefit plans. Federal regulation of these plans is the subject of ERISA, the Internal Revenue Code and, for collectively bargained plans, the Labor-Management Relations Act. It was in these laws (and, before ERISA, in the Welfare and Pension Plans Disclosure Act) that Congress directed its attention to the regulation of private sector plans, to the rights of employees under these plans, and to the relationship between employees, their plans and the plan sponsors.

From the time of the ERISA oversight hearings that were held by the Labor Subcommittee of my Human Resources Committee in October of 1977 until January of this year, I engaged in a continuing dialog with officials of the Securities and Exchange Commission, attempting to understand the rationale for the SEC's position, and, at the same time, trying to see whether the SEC understood the policy implications of its new position.

What I have learned and observed during this time has not been encouraging. In short, I see no practical way to reconcile the present position of the SEC with the regulatory system for private sector employee benefit plans that was so carefully worked out by the Congress. Instead, I see the specter of yet another agency applying yet another body of law to private employee benefit plans, occurring not as the result of congressional action taken after careful deliberation but as the result of agency and private interpretations of law.

And I see the possibility of potentially enormous liabilities imposed on plans and plan sponsors due to claim relating to events that occurred in the past, at a time when it was justifiably believed that the Securities Acts did not apply.

In this regard, I note the Supreme Court of the United States has recently addressed a very similar retroactive liability issue. In *City of Los Angeles, et al*, v. *Manhart, et al.*, No. 76–1810 (April 25, 1978), the court considered the impact on pension plans of an interpretation of title VII of the 1964 Civil Rights Act, recognized that "conscientious and intelligent administrators of pension funds" might well have interpreted the law differently than the court was now interpreting it, and reversed lower court rulings which had granted retroactive relief against the retirement plan in question. In an especially pertinent footnote to its opinion, the court took special notice of the importance placed by the Congress, in ERISA, on "making only gradual and prospective changes in the rules that govern pension plans."

To remove any doubt about congressional intent in this area, the ERISA preemption provision would be revised by my bill to insure that the Federal Securities Acts and similar State laws will not be applied in the future to the interest of an employee in an employee benefit plan which is subject to ERISA, and the civil enforcement section of ERISA would be revised to insure that no employee benefit plan and no sponsor, fiduciary, and so forth, of such a plan shall be subjected to liability of any sort due to a claim that the interest of an employee in the plan is a security.

To preclude the imposition of retroactive liabilities, another change would remove from the jurisdiction of the Federal courts any past, present, or future claim in which it is or has been asserted that the interest of an employee in an employee benefit plan is a security.

The only exception to these rules is for plans in which participation is wholly voluntary and which are profit-sharing, stock bonus and similar-type plans designed (and permitted under ERISA) to invest heavily in securities issued by the employer who maintains the plan.

TAX LAW CHANGES

It is my view that private retirement plans are and must continue to be a critical component in America's system of providing retirement income. Yet, even after 25 years of spectacular growth of these plans in the years following the Second World War, private pension plans in 1974 covered only about half of the private sector, non-agricultural work force. Since ERISA's enactment in 1974, growth of the private system has slowed, and the past 3½ years have been a time of an increased incidence of terminations, and a decreased incidence of new plan starts, accompanied, however, by steady growth of the size of the work force.

I myself believe that there are several causes for the recent failure of private retirement plans to sustain their earlier rate of growth. The requirements of ERISA (and the changes made by ERISA in the Internal Revenue Code) are unquestionably responsible to some extent. ERISA's minimum standards, paperwork, and other compliance costs have raised the price of plan maintenance for virtually all plans.

Many plan sponsors have been able to meet these burdens and costs without undue strain. In the main, these are larger, corporate employers which have within their organizations the financial, professional, and technical resources that are requisite to the establishment, maintenance, and sound funding of an employee benefit plan that meets Federal standards.

For small employers, and especially for very small employers, however, the adjustments have been more difficult, the burdens heavier, and the added costs more difficult to bear.

Finally, particularly for the very small employers, the availability of individual retirement accounts has been a factor in the termination of some plans or in the decision not to establish a plan.

But the changes made by ERISA alone clearly are not solely responsible for the slowing of the rate of growth of private pension plans. The past few years have been a time of economic uncertainty, bringing, as it always does, a certain reluctance on the part of managers to make new, long-term, commitments. Also, statistics on private pension plan coverage show that, by 1974, most employees working for larger employers were covered by already existing plans.

The large remaining gaps in coverage exist largely among employees working for smaller employers. Even if ERISA had not been enacted, the rate of growth of the private pension system probably would have slowed anyway because the tax, economic, and other incentives (such as collective bargaining) that spur pension plan establshment and growth are less powerful respecting many small employers.

The slowing of the rate of growth is, in any event, very disturbing. And it may be calamitous in light of demographic trends which indicate a future increase in the proportion of the population that consists of retirees compared to the proportion of the population that consists of active workers. These trends, which consist largely of the maturing of the baby boom of the late 1940's and 1950's, the present low birth rates, the ever-increasing longevity figures, and the increased use of optional early retirement, may not all persist. Or, they may be offset by other trends, such as larger than predicted numbers of women entering the work force. But it is more likely that we are entering on a period, that is likely to last for a good many years, which has been described as "the graying of America." Indeed, the battle cry of youth during the 1960's, "don't trust anyone over 30!" may well be echoed in 1990 by, "don't trust anyone under 60!"

The likelihood, then, is that our society must be prepared in the coming years to supply adequate retirement income to an enlarged proportion of the population. Regarding the private sector work force, that income can be supplied in one or more of three ways: Private, individual savings; social security; and private pension plans.

Private, individual savings are not sufficient to provide retirement income in most cases because most individuals will not or cannot set aside sufficient amounts over their working careers and because private savings are often drawn upon in times of need before retirement.

Respecting social security, three things seem very apparent. First, it is unlikely that social security benefits will ever provide more than a floor of retirement income. Second, even if the recently enacted social security financing increases are maintained, it is unlikely that the system will ever be advanced-funded in any meaningful sense; it is and is likely to remain an intergenerational income transfer mechanism. Finally any reserves that the social security system may accumulate are invested in Treasury paper and are not available as are private pension assets as broadly applicable investment capital.

If we are to meet increased retirement income needs, the best and most painless way to do it is by expanding coverage of our private sector retirement plans. We need to increase the number of plans and the number of employees covered under them.

We cannot achieve 100 percent coverage and we should not attempt to do so, because some proportion of the "working" population has so tenuous an attachment to the workforce that the costs of coverage would far outweigh the benefits that might be provided. But we can make significant inroads towards covering the 50 percent or so of the private, non-agricultural workforce that is not now covered by private plans.

To the extent we do so, we will not only assure adequate levels of retirement income, we will also make available additional billions of dollars of investment capital.

Therefore, in addition to the simplifying and clarifying changes I have proposed, many of which should lower plan costs, the ERISA Improvements Act of 1978 would bring about three significant changes in the Federal tax laws to foster and encourage the establishment and maintenance of private pension benefits plans.

TAX CREDITS FOR PLAN ESTABLISHMENT AND PLAN IMPROVEMENT

First, a tax credit, which could be taken by a plan sponsor in addition to the present deduction for contributions, is proposed for the establishment of new plans that meet ERISA and Internal Revenue Code standards. This credit, which would phase out over a period of years, would be available only to smaller employers. I am proposing that this credit be an amount equal to 5 percent of the deductions allowed to an employer for the first year of plan maintenance, 3 percent for the second and third years, and 1 percent for the fourth and fifth years.

Also, a credit is proposed for the sponsor of any plan which satisfies certain requirements that will be established by the Employee Benefits Commission. A plan meeting these requirements will be known as an "improved plan."

In general, an improved plan will be one which has substantially earlier participation and substantially faster vesting rules than the ERISA minimums, or which offers an equivalently better benefit structure, as determined by the Commission. The additional credit available for each plan year during which the plan is maintained in its improved form will be 5 percent of the amount of allowable deductions for contributions made to the plan for that year.

DEDUCTIONS FOR EMPLOYEE CONTRIBUTIONS TO TAX-QUALIFIED PLANS

Under present law, a person who is not an active participant in a tax-qualified retirement plan may contribute to an individual retirement account (IRA) and take a deduction for the lesser of $1,500 or 15 percent of compensation. Investment earnings of the account are not taxable and taxation occurs when the individual retires and begins to draw out of the account. The IRA was designed to permit individuals not covered by employer-sponsored plans to obtain the same tax advantages as are available to employees covered by tax-qualified pension plans. Viewed from that perspective alone, the IRA is not objectionable. But there are several problems associated with IRA's.

Because an IRA may be established by an owner of a business, the IRA has in some cases been used as a substitute for a tax-qualified pension plan, depriving employees of the protections offered by the Internal Revenue Code rules prohibiting discrimination in favor of the highly compensated. Also, because IRAs are available only to persons who are not active participants in tax-qualified plans, IRA's may not be used by employees who are involuntarily covered by their employers' plans but who do not continue employment with one employer long enough to vest.

There are a number of ways to deal with these problems. I believe the best way is to offer a tax deduction for employee contributions to tax-qualified plans. As with employee contributions under present law, all such contributions would be 100 percent vested when made, and, if an employee should terminate service with an employer before retirement age, the employee could "cash out" of the plan and roll his contributions over to the plan of his new employer or into an IRA.

Thus, the employee covered by a plan having low benefit levels could supplement the employer's contributions with his or her own 100 percent vested contributions. The transient employee could do the same thing and, if service were terminated before vesting in the employer contributions, the terminating employee could withdraw the entire account balance derived from his or her own contributions and roll the balance over into an IRA or into the plan of the new employer.

Under my proposal, a deduction would be available for employee contributions to tax-qualified plans for up to the lesser of 10 percent of compensation or $1,000, reduced by 20 percent of the amount by which adjusted gross income exceeds $30,000. All tax-qualified plans would have to accept employee contributions, and treat them as individual accounts, but only in amounts up to $1,000 per employee per year. Thus, the employee

earning annual compensation of: $8,000 could deduct $800 for an $800 contribution; $10,000 could deduct $1,000 for a $1,000 contribution; from $10,000 to $30,000 could deduct $1,000 for a contribution of $1,000; and $32,000 could deduct $600 for a contribution of from $600 to $1,000.

To preclude the use of IRA's as a substitute for nondiscriminatory, tax-qualified plans, I am proposing that owner-employees, such as sole proprietors and partners, and corporate employees who occupy analogous positions, not be permitted to utilize IRA's for themselves. Linked to my other proposals, this change should not be objectionable, and it will further stimulate the establishment of tax-qualified plans.

SPECIAL MASTER AND PROTOTYPE PLANS

For many years, master and prototype plans have been utilized by smaller employers as a way to provide a retirement program for themselves and their employees which does not involve the employer in complicated plan design and investment problems.

My special master plan proposal is designed to permit an employer to provide retirement income for himself and his employees, under a plan which meets or exceeds Internal Revenue Code and ERISA standards, with virtually none of the burdens presently associated with plan installation and maintenance. Under this proposal, the designer of the special master plan would be a person capable of providing both administrative and investment services respecting a retirement plan. These "master sponsors," who could be, for example, insurance companies, banks, or investment companies, would submit one or more special master plans or prototype plans to the Employee Benefits Commission for approval.

The Commission would approve only those plans which, in design and operation, meet the applicable requirements of ERISA (including the new rules relating to special master plans) and the Internal Revenue Code. Once approval is obtained, the master sponsor will make the special master plan available to employers. To keep complexity at a minimum, special master plans will have to be defined contribution plans.

Under a special master plan, the adopting "employer sponsor's" sole affirmative obligation under the substantive rules of ERISA will be to make such contributions and payments, and furnish such work force data and other information, as are required under the terms of the plan.

In all other respects, the applicable responsibilities of Federal law relating to plan sponsorship will be assumed by the master sponsor. So, for example, the master sponsor will be responsible for required disclosure to participants and filings of annual and other reports with the Commission, for compliance with ERISA's fiduciary responsibilities, and for handling benefits claims.

The Employee Benefits Commission will promulgate regulations to insure that no special master plan is made available for adoption by employers unless the plan, in design and operation, will satisfy the applicable requirements of ERISA and the Internal Revenue Code. Among other things, this will eliminate the need for adopting employers to seek advance determination letters.

To facilitate the adoption and operation of these special master and prototype plans, certain changes, applicable only to such plans, have been made respecting ERISA's prohibited transaction provisions, and reporting and disclosure requirements. Also certain safeguard mechanisms are present, and the Employee Benefits Commission is, among other things, directed to study the feasibility of extending the special master plan concept to defined benefit plans and to report to the Congress on its findings.

Special master plans will be eligible for the new tax credits I have proposed.

I believe that my special master plan proposal is workable, economically feasible from the standpoint of both investment managers and employers, and will offer greatly expanded opportunities for the creation of new, sound retirement plans covering large numbers of employees.

Mr. President, although the ERISA Improvements Act of 1978 is broad in scope and incorporates certain new concepts, it is not intended to be comprehensive and it does not address all of the problems I have observed over the past 43 months. Because the Congress will receive a comprehensive report from the Pension Benefit Guaranty Corporation (PBGC) on or before July 1 of this year regarding the problems of multiemployer plan termination insurance under title IV of ERISA, and because I believe that report will contain implications respecting the single employer insurance program as well, I have deliberately not addressed certain title IV problems of which I am aware. I will develop appropriate proposals in these areas, if necessary, after I have assessed the PBGC report.

Also, I have never been satisfied about our inability in 1974 to develop a feasible portability program, and I am working now on a portability proposal which I hope to have ready in the near future.

In addition, Mr. President, my bill is designed to stimulate public discussion and debate respecting the ways our society presently supplies income to retirees and the various ways we may do so in the future.

Especially as regards the future, it is my view that we face a choice that must be made soon. We can shrug off the looming problem of the need to supply increased amounts of retirement income and do nothing to encourage growth of private retirement plans. The likely result of that choice will be to place enormous demands on general revenues and FICA taxes.

Or we can act now to ease the problems associated with private pension plan creation and maintenance and to foster more and better plans. The simplifying and clarifying ERISA amendments, consolidation of agency responsibilities, special master plan concept, and Tax Code changes embodied in the ERISA Improvements Act of 1978 represent a set of ideas to implement this choice, which I believe is the one we must make.

In this regard, the specific amounts of the tax credits and employee deduction proposed in my bill may be too high or too low, and technical changes may be desirable to assure equitable application and avoid tax abuse. I look forward to comments from the public and from my colleagues on the Finance Committee, with which the Human Resources Committee shares jurisdiction respecting private pensions plans, on these and other aspects of my legislation.

Mr. President, in a short time I will announce hearings to be conducted by the Labor Subcommittee of the Committee on Human Resources respecting the ERISA Improvements Act of 1978. I am looking forward to those hearings as an opportunity to learn the views of interested persons regarding this legislation and the important issues of retirement income security it addresses.

I ask unanimous consent, Mr. President, that the full text of the ERISA Improvements Act of 1978 and its accompanying section-by-section analysis be included in the Record at the conclusion of our remarks, and that the ERISA Improvements Act of 1978 be referred jointly to the Committee on Human Resources and the Committee on Finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, the bill I am introducing today with Senator WILLIAMS is an important measure with long-term implications for this Nation. I view this bill, the ERISA Improvements Act of 1978, as the next major step toward the development of a national retirement income policy.

My involvement in retirement income matters goes back many years. My first thrust into the private pension area occurred over a deceade ago when I introduced the first pension reform bill. My persistent efforts to protect employee benefit plan participants and beneficiaries reached fruition in 1974 when, in partnership with Senator WILLIAMS, the Employee Retirement Income Security Act of 1974 (ERISA) was enacted into law.

I feel very strongly about ERISA and about the enormous good it has achieved. American workers can now rest assured that they have firmly established legal rights with respect to their benefit plans and that the promises of employers to pay pension or welfare benefits are binding, legal commitments with assurance of payment. No longer will employers be able to extract long years of continuous service from an employee and avoid paying a promised pension at retirement time solely because of a 20-year vesting rule, for example. If an employer's defined benefit pension plan terminates, the participants and beneficiaries will not lose their guaranteed benefits because Federal termination insurance will pay their benefits.

Convinced as I am of the essential merit of the ERISA program, I am not blind to the fact that there are certain problems with the law. With so mammoth and complex a statute, I would have been surprised if some problems had not arisen in its implementation.

The bill I am introducing today is in-

tended in part to deal with the problems which have arisen with ERISA. The bill makes changes in the areas of reporting and disclosure, minimum standards, funding, fiduciary responsibility, and enforcement—which includes the overruling of the Daniel decision. The general purpose of these amendments is to make ERISA easier to live with for those who are charged with running employee benefit plans. I should add, however, that essential participant protections are not impaired by these changes.

To further ease the burden which ERISA has caused for some, my bill eliminates the tripartite administration of ERISA by establishing a new regulatory agency. This new entity, the Employee Benefits Commission, will take over all of the present ERISA-related responsibilities of the Labor Department and the Pension Benefit Guaranty Corporation, and most of such duties of the Internal Revenue Service. Establishment of this new Commission will solve the dual jurisdiction problem and will result in better policy coordination and enforcement. Most importantly, it will become, over the long run, the key mechanism for the development and implementation of a national retirement income policy.

By making ERISA easier to live with, these amendments should encourage employers to maintain their existing plans and to establish new plans. I believe, however, that further encouragements and incentives are necessary in order to expand the numbers of workers covered by private pension plans.

A recent Social Security Administration study indicates that in 1975 only 46.2 percent of all wage and salary workers were covered by retirement plans. This percentage represents 30.3 million wage and salary employees. Although these figures compare favorably to those of 1950 in which only 22.5 percent or 9.8 million such employees were covered by private retirement plans, they make painfully clear that too many workers are still not covered by private retirement plans. As the study notes, in recent years the trend has been more toward providing broadened protections to workers already covered than toward expanding coverage to greater numbers of new groups of workers.

My bill takes a number of bold new steps to encourage increased coverage of workers by private pension plans. First, it permits financial institutions such as banks, insurance companies, and investment companies to establish special master plans, participation in which will be available to all employers.

The duties of an employer sponsor under a special master plan will be limited to making timely contributions and furnishing necessary workforce data. The financial institution will be responsible for complying with the other requirements of ERISA and the tax code, including handling paperwork, dealing with Federal agencies, processing claims, and managing plan assets. An employer who wants to provide pension coverage for his employees but who is deterred from so doing by the imposition of legal duties will be able to join a special master plan.

Second, my bill grants tax credits for five years to small employers who establish new qualified pension plans. The credit will be equal to 5 percent of the deduction allowed for the first year of plan maintenance, 3 percent for the second and third years, and 1 percent for the fourth and fifth years. This tax incentive is available only to small employers because it is thought that major growth in coverage will be achieved only if small employers adopt plans.

Third, in order to reduce the incentive for employers to set up IRA's for themselves and to neglect the retirement needs of their employees, deductions for contributions to IRA's will be made unavailable only for owner-employees, corporate officers and 10 percent or more shareholders. This change in no way affects the rights of all other employees to set up IRA's.

In addition to expanding coverage of the workforce by retirement plans, my bill also aims at increasing the rights and benefits of those employees covered by employee benefit plans. In order to assist workers who are in low-benefit pension plans or who change jobs frequently, my bill permits a tax deduction for employee contributions to qualified pension plans. The maximum amount of the annual deduction will be the lesser of 10 percent of compensation or $1,000, reduced by 20 percent of the amount by which the adjusted gross income exceeds $30,000.

The bill also provides a tax credit for any employer who establishes an "improved plan." Such a plan must have significantly earlier participation and significantly more rapid vesting rules than ERISA's minimum standards or must offer some other equivalently, significant improvement as determined by the Commission. The amount of the credit, which will be available for each year the improved plan is maintained, will be 5 percent of the annual allowable deduction for contributions to the plan.

To further increase benefits of employees and their beneficiaries who are covered by plans (and also to reduce burdensome compliance rules) I am proposing an improvement in the present joint and survivor annuity requirements. Under present law, the spouse of a 45-year-old worker with a fully vested benefit based on 20 years of service could, under the terms of a plan, fail to receive any benefit if the working spouse dies.

To overcome this shortcoming, my bill requires with respect to a 50 percent or more vested participant who dies before the annuity starting date that a plan provide a survivor's annuity for the participant's spouse which begins on the annuity starting date. A plan will be permitted to pay benefits actuarially equivalent to such survivor's annuity earlier than the annuity starting date, for example, in the form of a death benefit. A pension plan which does not provide an annuity form of benefit will be required with respect to such an employee to provide for a lump sum distribution of the account balance to the surviving spouse not later than 60 days after the end of the plan year in which the participant died.

With respect to cost of living increases, which can be extremely expensive to provide, my bill requires a Federal 2-year study of the feasibility of requiring pension plans to provide cost of living adjustments to benefits payable under such plans.

Although not increasing benefits of employees under welfare plans, a provision in my bill does provide greater protection for participants in certain uninsured welfare benefit plans whose participants have no commonality of interest respecting terms or conditions of employment other than their participation in such plan. This section requires that such uninsured welfare plans shall be subject to such solvency and reserve standards as the new Commission shall require by regulation. This requirement is aimed at the use of self-funded multiple employer trusts (MET's) by small employers to provide welfare benefits for employees. A number of these MET's have gone bankrupt, leaving millions of dollars of unpaid claims. The establishment of Federal solvency standards will improve the present situation and partially fill a regulatory void which has developed because of ERISA's preemption of State statutes regulating welfare plans.

Another provision of the bill which provides greater protection of participants in employee benefit plans proscribes any decrease of disability benefits being paid under a welfare plan because of an increase in the benefit levels or the wage base under the Social Security Act. The bill also forbids a pension plan from reducing benefits being paid to a vested participant who has separated from service because of any payment made by the employer as the result of a workers compensation award.

Mr. President, before turning in greater detail to the provisions of my bill, I want to note that this measure is not exhaustive and all-inclusive. There are many matters which have not been addressed at this time and which deserve legislative attention. For example, ERISA title IV matters relating to the plan termination insurance program have not been addressed because we are waiting for the recommendations of the Pension Benefit Guaranty Corporation which are due on July 1. A portability proposal has not been advanced because further work is necessary to develop a workable program.

My bill should also not be considered the final word on the subjects which have been addressed. I am open to constructive recommendations regarding the proposals I have made and will do my utmost to consider all sides as we work toward a fair and just resolution of the issues before us.

NEWS AGENCY

From a long-term perspective, one of the most important aspects of my bill is the creation of a new, centralized agency to administer ERISA. This new agency, the Employee Benefits Commission (EBC), will exercise all of the ERISA-

related powers of the Department of Labor and the Pension Benefit Guaranty Corporation and most of such powers of the Department of the Treasury. The EBC will start its operations 1 year after enactment of this legislation.

I have long advocated the centralized administration of ERISA. The current splintering of jurisdictions between three agencies was the unfortunate result of political compromise. I thought it was a mistake when ERISA was passed in 1974, and after 3½ years of experience, I am more firmly convinced than ever that it was a mistake. I believe that we in the Congress must put aside secondary concerns of committee jurisdiction and have the courage to do what is best for the Nation. And there is little doubt in my mind that a centralized and rationalized administration of ERISA will be in the best interests of this country .

The consolidation of ERISA functions will solve the current dual jurisdiction problem which has been so prominently illustrated in the prohibited transaction area. The centralization of functions will also result in better ERISA policy development which will transcend the limited institutional interests of the existing agencies. And of course, from the point fo view of plan participants and sponsors, one-stop shopping will reduce confusion and costs.

But, Mr. President, there is an even more important reason for the establishment of a centralized pension agency. Starting in about the year 2000, this country will probably be facing an unprecedented demand for retirement income. Based upon present demographic trends including low fertility rates, low mortality rates and the aging of the postwar baby boom, there will probably be early in the next century an inordinately large number of older people and comparatively few younger workers. If we do not make sure that adequate resources are built up now to provide retirement income in the future, we may not be able to provide adequately for all of our older citizens. Younger workers will resist shouldering greater tax burdens to provide for their more numerous elders, and intergenerational conflict will result, similar to but more severe than the present turmoil over increased social security taxes.

A centralized pension agency will be an essential tool for developing a national retirement income policy which will deal with the slowly ticking, retirement income time bomb. The agency which I have proposed in this bill deals only with private employee benefit plans and does not have jurisdiction over other elements of the retirement income continuous like Federal, State, and local pension systems or the social security system. As more attention is focused on these matters, it may be appropriate to propose such expanded jurisdiction in the future. For the present, however, I believe the establishment of the Employee Benefits Commission is a necessary first step in developing an administrative mechanism which will aid in formulating a national policy on retirement income and the related matters of capital formation and employee stock ownership.

Mr. President, the Commission which I am proposing will have five full-time members, two of whom will have ties with existing executive departments. The Chairman of the Commission will also be a special liaison officer to the Secretary of Labor and will be nominated by the President from a list of nominees prepared by the Secretary of Labor. The Chairman, like the four other members of the Commission, will be subject to Senate confirmation. The Commission's executive director and general counsel will be appointed by the Chairman.

The Vice Chairman of the Commission will be a special liaison officer to the Secretary of the Treasury and will be nominated by the President from a list prepared by the Treasury Secretary.

The other three Commission members will be nominated by the President from a list prepared by both the Secretaries of Labor and Treasury. The purpose for creating ties between the Commission and the two existing agencies is to assure that in carrying out its development of policy on employee benefits, the Commission will give due consideration to pertinent labor law and tax law considerations. I also believe that the maintenance of ties to the existing agencies is necessary for political reasons.

The Commission will administer ERISA title I (reporting and disclosure, minimum standards, funding, fiduciary responsibility, and enforcement) and title IV (plan termination insurance). It will also administer Internal Revenue Code sections 401 (tax qualification), 410 (participation), 411 (vesting and accruals), 412 (funding), 413 (collectively bargained plans), 414 (definitions and special rules), 6057 (annual registration) and 6058 (annual return) insofar as these sections relate to plans covered by ERISA. The Commission will have the power to certify to the Treasury Secretary that an ERISA-covered plan satisfies the code's section 401 conditions for tax qualification. The Commission will also have authority to certify to the Treasury Secretary that an "improved plan" which meets standards exceeding ERISA's minimum standards is eligible for a special tax credit.

My bill also eliminates the automatic excise taxes imposed for funding deficiencies (code section 4971) and prohibited transactions (code section 4975) with respect to plans covered by ERISA. It also provides that retroactive disqualification may be imposed only when the failure of a plan to meet code section 401's standards is the result of intentional failure or willful neglect. This last amendment should reduce the need to apply for new determination letters each time a plan is established or amended.

REPORTING AND DISCLOSURE

My bill's most far-reaching change in ERISA's reporting and disclosure sections is to grant the new Commission authority to exempt any employee benefit plan from any of the existing paperwork requirements or to modify any of these requirements. In order to grant an exemption or a waiver, the Commission must find that the change is appropriate and necessary in the public interest and consistent with the purposes of title I of ERISA.

This new authority will give the Commission needed flexibility in tailoring reporting and disclosure requirements to particular situations. The Commission will be able to exercise its discretion to reduce unnecessary paperwork which adds to the cost of plan administration and may not be essential to protecting the interests of participants and beneficiaries. It should be added, however, that this section is not intended to permit the wholesale abrogation of ERISA's requirements. The existing rules were imposed with specific purposes in mind and should not be waived or modified without good reason.

Consonant with the policy of tailoring paperwork requirements to particular situations, my bill requires the development of reporting forms and requirements which to the maximum extent feasible take into account the different types and sizes of plans. What may be appropriate for a large plan to report may be unnecessary with respect to a small plan.

My bill also eliminates a number of requirements which appear not to be cost-justified. The summary annual report, which must be distributed to participants each year and which must disclose, among other things, the plan's assets and liabilities as well as its annual receipts and disbursements, is eliminated because it is too costly in light of the information it provides. Participants who are interested in the fiscal condition of their plans can request a copy of the full annual report which must be provided by the plan administrator. To assure that this right is practically available, the bill provides that an administrator can charge no more than $10 for a copy of the full annual report.

If an employee is interested in the amount of his own accrued benefit, he can request such information from the administrator who, under newly combined ERISA sections 105 and 209, must provide such information. An administrator who fails to do so shall be liable to the requesting participant for up to $100 per day from the date of such failure.

The bill eliminates the requirement that an updated summary plan description be furnished every 5 years if amendments have been made. An administrator will simply be required to provide every 10th year a summary plan description which must be updated by integrating all plan amendments into the description. I believe it is important that there be some periodic reissuance of this important document whether or not amendments have been made.

For tax qualified plans covered by ERISA, my bill requires the consolidation of the plan description (EBS–1) and the determination letter application forms (forms 5300, 5301, and 5303). These forms require the reporting of essentially duplicative information, and should be merged into one document or series of documents.

Upon the separation from service or incurrence of a 1-year break in service by an employee, a plan administrator will be required to automatically disclose to the former participant his accrued benefit only if the benefit is vested. There is little point in requiring an administrator to bear the cost of notifying a former employee that he has no vested accrued benefit. It is intended, however, that such an employee will have the right to request information on his accrued benefit, whether vested or not, before the occurrence of a 1-year break in service.

My bill also attempts to cut down on unnecessary fees paid by plans to accountants and actuaries who may be, in some instances, doing duplicative work in preparing parts of a plan's annual report. The bill requires accountants to rely on the correctness of any actuarial matter certified to by an enrolled actuary and requires enrolled actuaries to rely on the correctness of any accounting matter as to which a qualified public accountant has expressed an opinion.

The bill also cuts down on apparently unnecessary auditing by accountants of the assets and liabilities of common or collective trusts, separate accounts or separate trusts of financial institutions such as banks or insurance companies which are regulated and subject to periodic examination by State or Federal agencies. Participants, of course, receive greater protection from a full audit which covers assets in such pooled trusts or accounts, but the cost of doing such an audit may not be justified where the institution is already subject to periodic examination by a governmental agency.

MINIMUM STANDARDS AND FUNDING

My amendments to parts 2 and 3 of ERISA's title I attempt both to overcome some of the difficulties which plans have experienced with the minimum standards and funding rules and to expand certain participant protections.

In order to facilitate portability and reciprocity among collectively bargained plans, the bill prevents ERISA's title I rulles from thwarting the transfer of contributions from a pension or welfare plan (away plan) to a similar plan in which the employee had previously become a participant (home plan). The transfer must be pursuant to a written agreement between the plans, and the Commission may establish conditions, variances, and exemptions to encourage such transfer arrangements. An appropriate prohibited transaction exemption is granted to avoid uncertainty regarding such transfers of contributions.

My bill also provides that rather than using the employment commencement date for measuring a year of service for purposes of eligibility, a plan may use the first day of the plan year for such purposes as long as rights and benefits under ERISA's part 2 are determined on the basis of all of an employee's service regardless of the date on which the employee commenced participation in the plan. The intent of this provision is to relieve plans of the extra recordkeeping and reporting and disclosure burdens which arise when service must be measured from a different date for each employee. The new rule will permit a plan to distribute a summary plan description, for example, within 90 days after the end of the plan year (assuming completion of a year of service) rather than 90 days after each participant completes an eligibility year of service. The trade off for permitting plans to use the plan year for this purpose is that vesting and benefit accruals, for example, will be determined on the basis of all an employee's service before as well as after his commencement of participation in the plan.

Under the bill, a multiemployer plan will be able to provide that a participant's accrued benefit upon his separation from the service is the sum of different rates of benefit accrual for different periods of participation as defined by one or more fixed calendar dates or by employment in different bargaining units. For purposes of the 3 percent accrual method or the fractional method, the accrued benefit may be determined by projecting the normal retirement benefit to which a participant would be entitled if he continued to accrue benefits at the average of the rates applicable to his period of actual participation.

The intent of this section is to tie a participant's benefit accruals for a given year of service to the maximum retirement benefit in effect during that year. If in year 1979 the maximum monthly benefit for 20 years of service is $200 per month and that benefit is increased to $300 per month for year 1980, under the proposed rule a participant in a 3 percent accrual plan will be entitled to an accrual of $6 in 1979 and $9 in 1980. If the employee separated from the service in 1981, his accrued benefit would be determined by adding the different rates of benefit accrual for the different periods of participation.

The bill also amends the multiemployer suspension of benefit rules upon reemployment. Multiemployer plans will be permitted to suspend the payment of benefits while an employee is reemployed in the same industry, trade or craft, and the same geographic area covered by the plan, as when such benefits commenced. The rule eliminates "industry" as an element separate from "trade or craft" to avoid problems which have arisen in the application of the existing rule.

Under the proposed rule, if a carpenter who worked in covered employment in a furniture factory retired and later returned to covered employment in housing construction in the same area, the plan could suspend benefit payments while the worker was reemployed. Under the existing rule, the plan may not be able to do so because the carpenter arguably was not reemployed in the same industry. The bill also permits the plan to impose a financial penalty on pensioners who fail to report their reemployment as required by a plan and also to prevent the periodic payment and suspension of benefits to employees who have not retired but who continue to work on an irregular basis.

Under the bill, the funding method may take account, and for plan years beginning after December 31, 1980, shall take account of all plan provisions, including provisions which have not yet affected participants as to entitlement to, or accrual of, benefits. If such a provision is not implemented as of the time specified when the provision was adopted, the funding standard account shall be appropriately adjusted in accordance with Commission regulations. The intent of this provision is to permit a plan which is having a funding shortfall to make a future benefit reduction but to take account of that reduction for present funding purposes. The Commission regulations with respect to the failure to implement such a provision are expected to deal with any possible funding abuses in this regard.

Two sections of this minimum standards package will expand the protections of plan participants and beneficiaries. The first of these expands the present joint and survivor annuity protection. With respect to a 50 percent or more vested participant who dies before the annuity starting date, a plan will have to provide a survivor's annuity for the participant's spouse which begins on the annuity starting date. Such an actuarially equivalent benefit could be in the form of a death benefit. A pension plan which does not provide an annuity benefit would be required to provide with respect to a participant just described a lump sum distribution of the account balance to the participant's surviving spouse not later than 60 days after the end of the plan year in which the participant died. The implementation of these changes would eliminate the complications caused by the present rules on electing joint and survivor coverage at the early retirement age.

The second minimum standards section in my bill which will help participants prohibits any decrease of disability benefits paid under a welfare plan because of an increase in the social security benefit level or wage base. A pension plan is also prohibited from reducing benefits being paid to a vested participant who has separated from service because of any employer payment as a result of a workers compensation award.

Other minimum standards amendments include: Clarification that 125 days of service in any maritime industry shall be the equivalent of 1,000 hours of service; permitting plans which complied with temporary regulations to alter their provisions so as to comply with final regulations; and explicitly permitting the use of the elapsed time method for measuring service.

The definition of "multiemployer plan" is amended to mean a plan which is collectively bargained and which has 10 or more contributing employers. A plan having more than one but fewer than 10 contributory employers will also be a multiemployer plan if the Commission determines that it is consistent with ERISA to so treat the plan.

FIDUCIARY RESPONSIBILITY

An important fiduciary change benefiting participants is made with respect to uninsured welfare plans whose participants have no commonality of interest respecting terms or conditions of employment other than their participation

in such plan. My bill imposes on such uninsured welfare plans those solvency and reserve standards which the Commission shall require by regulation. ERISA contains funding standards for pension plans, but contains no analogous provisions for such welfare plans. This absence of solvency standards for such welfare plans is compounded by ERISA's preemption of State statutes which may impose standards on such plans.

The legal vacuum which exists has permitted the unregulated growth of self-funded multiple employer trusts (MET's), two of which went bankrupt in California leaving at least $7 million in unpaid claims and leaving 40,000 participants without coverage. I believe it is essential that this situation be corrected as soon as possible.

In this regard, my bill will assist in determining whether MET's are ERISA employee benefit plans, by defining the term "employees' beneficiary association," which appears in the definition of "employee organization." An employee's beneficiary association is an association in which employees participate as members and in which eligibility for membership is based on a commonality of interest with respect to the members' employment relationship.

My bill requires employers who are obligated to contribute under the terms of a collectively bargained plan to make such contributions in accordance with the terms of the plan. The Commission will not be permitted to bring an action to enforce such employer duty, but a fiduciary who brings a successful action under this new section on behalf of a plan shall be entitled to recover from the defendant reasonable attorney's fees and costs of the action. The imposition of this new statutory duty will particularly help multiemployer plans collect delinquent employer contributions.

The scope of the party-in-interest definition is narrowed so that the breadth of ERISA's prohibited transaction provisions will be somewhat reduced. The service provider, employer, employee organization, and employee-officer-director elements of the definition are narrowed. Clarifying changes are made with respect to the fiduciary, relative, and joint venturer parts of the party in interest definition.

A modification is made in the cofiduciary liability rule which holds one fiduciary responsible for a breach of a duty by a second fiduciary if the first fiduciary knows of the breach and does not make reasonable efforts to remedy it. In large financial institutions, for example, it is very difficult to assure that such knowledge by one employee is communicated to the appropriate employee of that institution who could take appropriate action. Consequently, the amendment provides that with respect to a fiduciary who is not a natural person, "knowledge" means knowledge actually communicated (or knowledge which, in the normal course of business, should have been communicated) to the fiduciary's employee who is authorized to carry out the fiduciary's responsibilities regarding the matter to which the knowledge relates.

In order to make more types of insurance available to plans, the bill provides with respect to policies which insure benefits, including, but not limited to guaranteed benefit policies, that plan assets shall include such policies, but not the insurer's general account assets.

My bill also permits plans maintained by more than one employer to return an employer contribution within 1 year after the plan administrator knows that the contribution was made by a mistake of fact. The present rule requires the return of the mistaken contribution within 1 year after the payment of such contribution.

ADMINISTRATION AND ENFORCEMENT

One of the most troubling matters addressed by this bill is the Seventh Circuit's decision in *Daniel* v. *International Brotherhood of Teamsters*, 561 F. 2d 1123 (7th Cir., 1977), cert. granted 46 LW 3526 (Feb. 21, 1978). Daniel held that participation in a collectively bargained, compulsory, noncontributory pension plan involves the sale of a security to the employee-participant, subject to the antifraud disclosure requirements of the Securities Exchange Act of 1934. Because of the potentially disastrous effects Daniel may have on employee benefit plans, the bill will change the law in this area. However, I do reserve the right to seek to amend this provision, perhaps using as a point of departure the application of the antifraud provisions in cases where pension plans have already terminated.

The bill utilizes three means to negate Daniel. First, it provides that no person shall be subject to liability as the result of an action alleging that an employee's interest in an employee benefit plan is a security under Federal or State securities laws. Second, it removes jurisdiction from the Federal courts to decide any action instituted prior to, on, or after the date of enactment in which it is alleged that an employee's interest in such a plan is a security. Third, it provides prospectively that an employee's interest in an employee benefit plan shall not be a security under the 1933 and 1934 Federal securities acts and any State securities laws, and that ERISA supersedes such statutes in this regard. The only exception to the foregoing rules is for eligible individual account plans in which participation is voluntary.

I have mixed emotions about overruling Daniel. On the one hand, Mr. Daniel was the victim of an unfair break in service rule, and the securities laws, according to the Seventh Circuit, provide him with a remedy for the wrong he alleges. On the other hand, the application of the securities laws to interests in employee benefit plans creates the potential for the imposition of large unforeseen liabilities, the termination of certain pension plans, the imposition of disclosure requirements which duplicate those of ERISA, and the addition of another body of law and another regulatory agency to an already crowded legal landscape. A recent Labor Department study estimates potential Daniel liabilities under various hypothetical alternatives to range from $3.5 to $39.6 billion. These potential liabilities do not include legal fees and other costs of litigation, which might be very substantial. On balance, I must reluctantly conclude that Daniel should be overruled.

I must note that this bill does not deal with the many questions which exist with respect to the scope of ERISA's preemption provision. The matter is multifaceted, to say the least, and I believe further study is necessary to determine what the desirable breadth of Federal preemption should be.

A Federal study is mandated by my bill of the feasibility of requiring pension plans to provide cost-of-living adjustments to benefits payable under such plans. I favor some form of required cost-of-living adjustment to protect retirees' benefits from erosion by inflation. The high cost of such provisions, however, has convinced me that an in-depth study is required on how this objective can be achieved without imposing unacceptable economic burdens on pension plans and their sponsors.

My bill also designates one of the existing employer seats on the Labor Department Advisory Council as a small employer position. I believe this is necessary to assure that the problems of small employers receive adequate attention.

TAX CODE CHANGES

As I previously mentioned in discussing the new Commission, this Nation is facing a potentially tremendous future demand for retirement income, because of a progressively aging population. One important way to meet this coming demand is to foster the establishment of more private pension plans. In 1975 only 46.2 percent of all wage and salary workers were covered by retirement plans, so there is much room for improvement in pension plan coverage.

My bill seeks to encourage greater growth in coverage by, among other things, making two changes in the tax code. The first grants tax credits for 5 years to small employers who establish new qualified pension plans (new plan credit). A credit equal to 5 percent of the employer's deduction will be permitted for the first taxable year during which such plan is maintained. The credit will phase down to 3 percent for the second and third years of plan maintenance and to 1 percent for the fourth and fifth years. It will not be available in the sixth year. In determining the amount of the credit, any portion of the employer's deduction which is attributable to the transfer to or under the plan of employer securities will be disregarded.

The new plan credit, which is not available to employers who terminated their plans at any time after January 1, 1978, is intended to help small employers meet the costs of starting a plan. It is available only to small employers, because growth in coverage is likely to occur among this group of employers.

A second amendment to the tax code is intended to reduce the role IRA's play in causing employers, particularly small employers, to provide for their own re-

tirement while neglecting to provide for their employees' retirements. The bill provides that a deduction for contributions to IRA's will not be available to owner-employees described in section 401 (c)(3) of the tax code, corporate officers and 10 percent or more shareholders. This provision in no way affects the availability of IRA's to other employees.

My bill also proposes tax incentives to bring about greater rights and benefits for those employees covered by qualified plans. To assist workers who are in low-benefit pension plans or who change jobs frequently and, therefore, never vest, a tax deduction is provided for employee contributions to such plans. The maximum deduction will be the lesser of 10 percent of compensation or $1,000, reduced by 20 percent of the amount by which adjusted gross income exceeds $30,000. All tax qualified plans will be required to accept employee contributions of up to $1,000 per calendar year per employee. All employee contributions will be 100 percent vested and will be held in separate accounts.

I view my proposal of an employee deduction for contributions to qualified pension plans as an important step toward the development of a consistent tax policy for employee contributions to fringe benefit plans and tax favored deferred compensation arrangements. The tax treatment of "cafeteria" plans, cash, and deferred profit-sharing plans, nonqualified deferred compensation arrangements, and 403(b) annuities should be considered together with my proposal for a tax-deductible employee contribution to qualified pension plans.

In order to encourage the establishment of plan provisions superior to ERISA's minimum standards, a tax credit is granted to employers who establish "improved plans" (improved plan credit). Such a plan must have significantly earlier participation and more rapid vesting rules than ERISA's minimums or must offer an equivalently significant improvement as determined by the Commission. The improved plan credit will be equal to 5 percent of the annual allowable deduction for the employers' contribution to the plan. This credit will not be available to H.R. 10 plans.

My bill also makes two changes in Code section 402(e) dealing with lump sum distributions. These amendments are intended to solve problems which multi-employer plans have had with the administration of this section.

SPECIAL MASTER PLAN

To encourage further the growth of pension plan sponsorship, my bill makes possible the establishment of "special master plans." Under such plans, employers, particularly small employers, will be able to join plans sponsored by financial institutions such as banks, insurance companies, and investment companies and have a minimal number of responsibilities with respect to such plans. The financial institutions, for a fee, will be responsible for meeting most of the obligations imposed by ERISA on plan administrators.

The employer who joins a special master plan will be responsible to transmit tribution and workforce data as may be to the financial institution timely conrequired by the terms of the plan. The employer's plan, which is established by his signing of the special master plan joinder agreement, will automatically be tax qualified upon the signing of the joinder agreement if the special master plan is qualified.

Other responsibilities imposed by ERISA and the tax code will be placed on the financial institution sponsoring the special plan. The institution will be the plan administrator and named fiduciary for each employer's plan. The institution will handle reporting and disclosure matters, communication with the Federal agencies, claims by participants, and asset management. It is expected that the efficiencies of scale will permit the institutions to perform these functions much more cheaply and efficiently than a small employer.

My bill will enhance these efficiencies of scale by permitting the financial institution to file one annual report reflecting the assets of the special master plan as long as the report makes clear the proportion of special plan assets attributable to each participating employer's plan. My bill also permits the institution to prepare one plan description and one summary plan description for the special plan as long as a description of the variations from the common provisions are included.

Certain changes to ERISA's prohibited transaction provisions are made to facilitate the adopting of such special plans and the providing of services to such plans by investment managers. In addition, appropriate limits are placed on the responsibilities of the sponsoring institutions so that, for example, an institution will not be required to ascertain whether information required to be furnished by the employer is accurate or complete.

If an employer fails to meet his obligations under the special plan by, for example, failing to make timely contributions, he shall, in accordance with the terms of the plan, be deemed the plan administrator and shall consequently be responsible for performing functions previously handled by the financial institution.

The special master plan permitted by my bill will be of the defined contribution type. Because of the added complexity associated with defined benefit plans, the new Commission is directed to report back to Congress within 36 months on the feasibility of permitting defined benefit special master plans.

Mr. President, the special master plan concept contained in this bill is a variant of an idea I put forward in my ERISA speech of last August. In that floor statement, I stated that it may be advisable to establish federally sponsored master plans so that small employers will be encouraged to provide retirement benefits for their employees. The proposal in this bill is an attempt to accomplish through the private sector what I envisioned the Federal Government doing. I am optimistic that the financial institutions will be interested in marketing the new special master plans and that greater pension plan coverage among small employers can be achieved, particularly when the new tax credit for establishing plans is added to the equation. I encourage the financial institutions who may be interested in sponsoring such special plans to recommend how the providing of these plans can be facilitated.

If, for some reason, the special plan concept is not successful, a federally sponsored plan may be the only means left to encourage greater plan coverage.

CONCLUSION

In conclusion, Mr. President, the bill that is being introduced today embodies many of the ideas or variants thereof which I have been discussing publicly since last August. The bill will benefit plan participants and beneficiaries and will make ERISA easier to live with for those who run employee benefit plans. It will expand pension plan coverage and will start the development of the administrative tools this Nation needs to formulate a coordinated, national retirement income policy.

The basic policy of my bill is to strengthen the private pension system. Contrary to recent suggestions by a high administration official that private pensions might be scrapped in favor of an expanded social security system, I firmly believe that the private pension system should be revitalized and expanded. Private pensions have become an inherent element of our free enterprise system and serve bona fide needs of that system.

There are, of course, inequities in our present retirement income arrangement, but I believe these can be overcome better through coordination of the existing sources of retirement income. The answer is to coordinate these separate sources, not to merge them into one giant Federal program. I am firmly committed to the continuing health and growth of the private pension system, and I am opposed to the nationalization of the private pension system.

S. 3017

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "ERISA Improvements Act of 1978".

(b) TABLE OF CONTENTS.—

Sec. 1. Table of contents.
Sec. 2. Technical and conforming changes.
TITLE I—CONSOLIDATION OF FEDERAL AGENCY RESPONSIBILITIES FOR EMPLOYEE BENEFIT PLANS
SUBTITLE A—FINDINGS; DECLARATION OF POLICY
Sec. 101. Findings and declaration of policy.
SUBTITLE B—EMPLOYEE BENEFITS COMMISSION
Sec. 121. Special liaison officers for Labor and Treasury Departments.
Sec. 122. Employee Benefits Commission.
Sec. 123. Powers of Commission.
Sec. 124. Certification of certain improved plans.

Sec. 125. Termination of Treasury Department's jurisdiction over certain aspects of certain plans; Agency cooperation.
Sec. 126. Effective date and repeal.

TITLE II—AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

SUBTITLE A—DECLARATION OF POLICY DEFINITIONS

Sec. 201. Declaration of policy; Definitions.

SUBTITLE B—SIMPLIFYING AND CLARIFYING AMENDMENTS

Part 1—Reporting and Disclosure

Sec. 221. Disclosure of accrued benefits.
Sec. 222. Exemptions and modifications.
Sec. 223. Elimination of summary annual report.
Sec. 224. Consolidation of forms.
Sec. 225. Improvement of reporting requirements.
Sec. 226. Opinions of actuaries and accountants.
Sec. 227. Update of summary plan description.
Sec. 228. Scope of accountant's opinion.
Sec. 229. Effective dates.

Part 2—Minimum Standards

Sec. 231. Reciprocal agreements.
Sec. 232. Determining participation on a plan year basis.
Sec. 233. Special rule for 125 days of service in the case of a maritime industry.
Sec. 234. Summation of different benefit accrual rates.
Sec. 235. Suspension of benefits because of reemployment.
Sec. 236. Amendments to conform plans to final regulations.
Sec. 237. Reductions in retirement or disability benefits.
Sec. 238. Joint and survivor annuity.
Sec 239. Elapsed time.

Part 3—Funding

Sec. 251. Funding to take account of future amendments.

Part 4—Fiduciary Responsibility

Sec. 261. General asset account.
Sec. 262. Obligation of employer to pay contributions.
Sec. 263. Refund of mistaken contributions.
Sec. 264. Co-fiduciary responsibility.
Sec. 265. Exemption for reciprocity arrangements.
Sec. 266. Solvency standards for certain uninsured welfare plans.

Part 5—Administration and Enforcement

Sec. 271. Remedies.
Sec. 272. Advisory Council.
Sec. 273. Impact of inflation on retirement benefits.
Sec. 274. Preemption.

TITLE III—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Sec. 301. Lump sum distributions; plans treated as single plan.
Sec. 302. Lump sum distributions; separation from the service.
Sec. 303. Deduction for certain employee contributions to qualified retirement plans.
Sec. 304. Credit for the establishment of qualified plans by small employers.
Sec. 305. Credit for the improvement of qualified retirement plans.
Sec. 306. Denial of IRA, etc., benefits to owner-employees; corporate officers and shareholders.
Sec. 307. Retroactive disqualification of plans.

TITLE IV—SPECIAL MASTER AND PROTOTYPE PLANS

Sec. 401. Special master and prototype plans.

SEC. 2. TECHNICAL AND CONFORMING CHANGES.

The Secretary of the Treasury and the Secretary of Labor shall, as soon as practicable but in any event not later than 90 days after the date of the enactment of this Act, submit to the Congress a draft of any technical and conforming changes in the Internal Revenue Code of 1954, and the Employee Retirement Income Security Act of 1974, respectively, which are necessary to reflect throughout such Code and Act the changes in the substantive provisions of law made by this Act.

TITLE I—CONSOLIDATION OF FEDERAL AGENCY RESPONSIBILITIES FOR EMPLOYEE BENEFIT PLANS

SUBTITLE A—FINDINGS; DECLARATION OF POLICY

SEC. 101. FINDINGS AND DECLARATION OF POLICY.

(a) The Congress finds that the free flow of commerce and the implementation of the provisions of the Employee Retirement Income Security Act of 1974 and the provisions of subchapters D and F of chapter 1 of the Internal Revenue Code of 1954 (insofar as they relate to such Act) have been restricted and hampered by administrative difficulties encountered by the Labor Department, the Internal Revenue Service, and the Pension Benefit Guaranty Corporation; that the implementation of such provisions and the free flow of commerce have been further hampered and restricted by assertions of applicability of Federal and State securities and other laws to certain employee benefit plans; that the paperwork burdens and compliance costs resulting from such Act and Code provisions and affecting employee benefit plans and persons sponsoring such plans can be reduced in certain respects without jeopardizing the interests of employees in such plans and in the integrity of the assets of such plans; and that present and future needs for retirement income can best be met by strengthening and improving private employee pension benefit plans and that it is in the national interest to do so.

(b) It is hereby declared to be the policy of this Act to consolidate the administration of the Employee Retirement Income Security Act of 1974 and certain provisions of the Internal Revenue Code of 1954 as relate to plans which are subject to such Act in a single agency; to clarify prospectively the extent to which Federal and State securities and other laws may affect employee benefit plans which are subject to such Act and to protect certain persons and plans and hold them harmless from liability due to certain types of past, present or future allegations under such Federal or State securities laws; to provide new incentives to foster the establishment and maintenance of private employee pension benefit plans; and to further improve such plans by clarifying, simplifying and otherwise improving such Act and the provisions of such Code.

SUBTITLE B—EMPLOYEE BENEFITS COMMISSION

SEC. 121. SPECIAL LIAISON OFFICERS FOR LABOR AND TREASURY DEPARTMENTS.

(a) LABOR DEPARTMENT OFFICER.—There is established within the office of the Secretary of Labor, the position of special liaison officer to the Employee Benefits Commission. The special liaison officer shall be appointed by the President, by and with the advice and consent of the Senate, from a list of nominees submitted to the President by the Secretary of Labor and shall serve for a term of years in accordance with the provisions of section 122(b). The special liaison officer shall serve as chairman of the Employee Benefits Commission and shall report regularly to the Secretary of Labor on the activities of the Commission.

(b) TREASURY DEPARTMENT OFFICER.—There is established within the office of the Secretary of Treasury the position of special liaison officer to the Employee Benefits Commission. The special liaison officer shall be appointed by the President, by and with the advice and consent of the Senate, from a list of nominees submitted to the President by the Secretary of the Treasury and shall serve for a term of years in accordance with the provisions of section 122(b). The special liaison officer for the Treasury shall serve as vice-chairman of the Employee Benefits Commission and shall report regularly to the Secretary of Treasury on the activities of the Commission.

SEC. 122. EMPLOYEE BENEFITS COMMISSION.

(a) ESTABLISHMENT.—There is established, as an independent agency within the executive branch of the Government, the Employee Benefits Commission. The Commission is composed of—

(1) the special liaison officer for the Secretary of Labor appointed under subsection (a) of section 121,

(2) the special liaison officer for the Secretary of the Treasury appointed under subsection (b) of section 121, and

(3) 3 additional members appointed by the President, by and with the advice and consent of the Senate, selected from a list of nominees submitted jointly by the Secretary of Labor and the Secretary of the Treasury.

(b) TERMS OF OFFICE.—

(1) NUMBER OF YEARS.—Members of the Commission shall serve for terms of 6 years, except—

(A) the special liaison officer for the Secretary of the Treasury first appointed after the date of enactment of this Act shall serve for a term of 3 years, and

(B) of the three members of the Commission initially appointed under paragraph (3) of subsection (a), one shall serve for a term of 2 years, one shall serve for a term of 4 years, and one shall serve for a term of 6 years.

(2) SERVICE BEYOND EXPIRATION DATE.—A member of the Commission may serve as a member of the Commission after the expiration of his term until a successor has taken office as a member of the Commission.

(3) VACANCY APPOINTMENTS.—An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member such individual succeeds.

(4) POLITICAL AFFILIATION.—Not more than three members of the Commission may be affiliated with the same political party.

(c) COMPENSATION.—Members of the Commission shall receive compensation equivalent to the compensation paid at level III of the Executive Schedule.

(d) FUNCTIONS.—The Commission shall—

(1) formulate a policy respecting Federal laws which now or may hereafter relate to employee benefit plans described in section 3(3) of the Employee Retirement Income Security Act of 1974,

(2) administer and enforce titles I and IV of such Act, and

(3) administer and seek to obtain compliance with sections 401, 410, 411, 412, 413, 414, 6057, and 6058 of the Internal Revenue Code of 1954 insofar as such sections relate to employee benefit plans (as defined in section 3(3) of the Employee Retirement Income Security Act of 1974) described in section 4(a) of such Act and not exempt under section 4(b) of such Act.

(e) RULES, ETC.—The Commission shall prepare written rules for the conduct of its activities, shall have an official seal which shall be judicially noticed, and shall have its principal office in or near the District of Columbia (but it may meet or exercise any of its powers anywhere in the United States).

(f) ADMINISTRATIVE AUTHORITY.—

(1) STAFF DIRECTOR; GENERAL COUNSEL.—The Commission shall have a staff director and a general counsel who shall be appointed by the Chairman. The staff director and the general counsel shall be paid at a rate not

in excess of the rate in effect for level IV of the Executive Schedule. With the approval of the Chairman, the staff tirector may—

(A) appoint and fix the compensation of such additional personnel as he considers necessary, and

(B) procure temporary and intermittent services to the same extent as authorized by section 3109(b) of title 5, United States Code.

(2) USE OF OTHER AGENCIES' RESOURCES.—In carrying out its responsibilities, the Commission may avail itself of the assistance, including personnel and facilities, of other agencies and departments of the United States Government. The heads of such other agencies and departments may make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

SEC. 123. POWERS OF COMMISSION.

(a) IN GENERAL.—The Commission has powers expressly granted to the Secretary of Labor and the Pension Benefit Guaranty Corporation under the Employee Retirement Income Security Act of 1974 and, in addition, has the power—

(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe, and such submission shall be made within such reasonable period of time and under oath or otherwise as the Commission may require;

(2) to administer oaths or affirmations;

(3) to require by subpoena, signed by the chairman or the vice chairman, the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) In any proceeding or investigation, to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3);

(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

(6) to initiate (through civil actions for injunctive, declaratory, or other appropriate relief), defend, or appeal from a decision in, any civil action in the name of the Commission for the purpose of enforcing the provisions of titles I and IV of the Employee Retirement Income Security Act of 1974, through its general counsel;

(7) to develop such prescribed forms and to make, amend, and repeal such rules, pursuant to the provisions of chapter 5 of title 5, United States Code, as are necessary to carry out the provisions of this Act and of titles I and IV of the Employee Retirement Income Security Act of 1974;

(8) to conduct investigations and hearings, to encourage volumtary compliance, and to report apparent criminal law violations to the appropriate law enforcement authorities; and

(9) to certify to the Secretary of the Treasury that an employee benefit plan described in section 122(d)(3) of this Act—

(A) satisfies or does not satisfy (or has or has not satisfied) the requirements of sections 401, 410, 411, 412, 413, 414, 6057, or 6058 of the Internal Revenue Code of 1954, or

(B) satisfies or does not satisfy (or has or has not satisfied) the requirements of sections 44C and 44D of the Internal Revenue Code of 1954.

(b) ENFORCEMENT OF ORDERS OF THE COMMISSION.—Any United States district court within the jurisdiction of which any inquiry is carried on may, upon petition by the Commission in case of refusal to obey a subpoena or order of the Commission issued under subsection (a), issue an order requiring compliance therewith. Any failure to obey the order of the court may be punished by the court as contempt.

(c) TRANSFER OF FUNCTIONS.—All functions of the Secretary of Labor under the Employee Retirement Income Security Act of 1974 are transferred to, and shall be carried out by, the Commission. All functions of the Pension Benefit Guaranty Corporation under such Act are transferred to, and shall be carried out by, the Commission. All functions of the Secretary of the Treasury under sections 401, 410, 411, 412, 413, 414, 6057, and 6058 of the Internal Revenue Code of 1954, insofar as such sections relate to employee benefit plans described in section 122(d)(3) of this Act, are transferred to, and shall be carried out by, the Commission.

(d) TRANSFER PROVISIONS.—

(1) PERSONNEL, ETC.—All personnel, liabilities, contracts, property, and records determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with the functions of the Secretary of Labor under the Employee Retirement Income Security Act of 1974, of the Pension Benefit Guaranty Corporation under such Act, and of the Secretary of the Treasury under sections 401, 410, 411, 412, 413, 414, 6057, and 6058 of the Internal Revenue Code of 1954, insofar as such sections relate to employee benefit plans described in section 122(d)(3) of this Act, are transferred to the Commission.

(2) TRANSFER OF PERSONNEL.—

(A) Except as provided in subparagraph (B), personnel engaged in functions transferred under paragraph (1) shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions.

(B) The transfer of personnel pursuant to paragraph (1) shall be made without reduction in classification or compensation for one year after such transfer.

(3) PROCEDURAL EFFECTS OF TRANSFER.—

(A) All laws and regulations relating to the functions transferred under this Act shall, insofar as such laws and regulations are applicable and not amended by this Act, remain in full force and effect. All order, determinations, rules, and opinions made, issued, or granted under such laws by the Secretary of Labor, the Pension Benefit Guaranty Corporation, or by the Secretary of the Treasury, which are in effect at the time of the transfer provided by paragraph (1), and which are consistent with the amendments made by this Act, shall continue in effect to the same extent as if such transfer had not occurred.

(B) The provisions of this Act shall not affect any proceeding pending before the Secretary of Labor, the Pension Benefit Guaranty Corporation, or the Secretary of the Treasury on the date of enactment of this Act.

(C) No suit, action, or other proceeding commenced by or against the Secretary of Labor, the Pension Benefit Guaranty Corporation, or the Secretary of the Treasury shall abate by reason of the transfer made under paragraph (1). The court before which such suit, action, or other proceeding is pending may, on motion or supplemental petition filed at any time within 12 months after the date of enactment of this Act, allow such suit, action, or other proceeding to be maintained against the Commission of the party making the motion or filing the petition shows a necessity for the survival of the suit, action, or other proceeding to obtain a settlement of the question involved.

SEC. 124. CERTIFICATION OF CERTAIN IMPROVED PLANS.

(a) GENERAL RULE.—The Commission shall, upon application made by an employer who maintains a qualified employer retirement plan (as defined in section 221(c)(3)(A) through (E) of the Internal Revenue Code of 1954), certify such plan to the Secretary of the Treasury as an improved plan for purposes of the credit allowed by section 44D of the Internal Revenue Code of 1954 if, for the plan year for which certification is requested—

(1) the Commission determines that there has been a substantial improvement in the employee benefits under the plan as compared with the preceding plan year, and

(2) rights of employees under the terms of the plan exceed the minimum requirements described in part 2 of title I of the Employee Retirement Income Security Act of 1974.

(b) MINIMUM IMPROVEMENT STANDARDS.—The Commission shall not certify any plan as an improved plan under subsection (a) unless, under the plan—

(1) the age and service requirements for participation in such plan permit significantly earlier participation than must be permitted under the age and service requirements of section 202 of the Employee Retirement Income Security Act of 1974, and

(2) the rate at which a participant's right to his normal retirement benefit becomes nonforfeitable is significantly more rapid than the least rapid rate permitted under section 203 of such Act, or

(3) the Commission determines that there is some other significant improvement in a participant's benefits and rights under the plan which is at least equivalent to an improvement which would satisfy the requirements of paragraphs (1) and (2).

SEC. 125. TERMINATION OF TREASURY DEPARTMENT'S JURISDICTION OVER CERTAIN ASPECTS OF CERTAIN PLANS; AGENCY COOPERATION.

(a) TERMINATION OF TREASURY JURISDICTION.—Except as provided in subsections (b) and (c), the Secretary of the Treasury shall not administer, seek to obtain compliance with, or otherwise exercise responsibility or power respecting sections 401, 410, 411, 412, 413, 414, 6057, 6058, 4971, and 4975 of the Internal Revenue Code of 1954 insofar as such sections relate to an employee benefit plan (as defined in section 3(3) of the Employee Retirement Income Security Act of 1974) described in section 4(a) of such Act and not exempt under section 4(b) of such Act.

(b) CERTIFICATIONS BY COMMISSION.—Certifications made by the Employee Benefits Commission to the Secretary of the Treasury pursuant to section 123(a)(9) of this Act shall be treated by the Secretary as if he had made such certifications himself.

(c) COOPERATION.—Pursuant to procedures they shall jointly formulate and establish, the Employee Benefits Commission, the Secretary of Labor, and the Secretary of the Treasury shall make arrangements for—

(1) notification by the respective Secretaries to the Commission regarding information which concerns the Commission's functions under section 122(d), and

(2) notification by the Commission to the Secretaries regarding information which concerns their respective functions under laws relating to employee benefit plans.

SEC. 126. EFFECTIVE DATE AND REPEAL.

This title shall take effect one year after the date of enactment of this Act. Subtitle A of title III of the Employee Retirement Income Security Act of 1974 is repealed on such effective date.

TITLE II—AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

SUBTITLE A—DECLARATION OF POLICY; DEFINITIONS

SEC. 201. DECLARATION OF POLICY; DEFINITIONS.

(a) DECLARATION OF POLICY.—Section 2 of the Employee Retirement Income Security

Act of 1974 is amended by adding at the end thereof the following new subsection:

"(d) It is hereby further declared to be the policy of this Act to foster the establishment and maintenance of employee benefit plans sponsored by employers, employee organizations, or both.".

(b) Section 3 of the Employee Retirement Income Security Act of 1974 is amended by—

(1) redesignating paragraph (4) as paragraph (4)(A) and by adding at the end thereof the following new subparagraph:

"(B) For purposes of this paragraph, the term 'employees' beneficiary association' shall mean an association in which employees participate as members and in which eligibility for membership is based on a commonality of interest with respect to the members' employment relationships.";

(2) striking out subparagraphs (A), (B), (C), (D), (H), and (I) of paragraph (14) and inserting in lieu thereof, respectively, the following subparagraphs:

"(A) any fiduciary, counsel, or employee of such plan;

"(B) a person providing professional services to such plan, or a person providing nonprofessional services on a continuous basis to such plan;

"(C) an employer any of whose employees are covered by such plan, if the employees of such employer constitute five percent or more of all employees covered by the plan;

"(D) an employee organization any of whose members are covered by such plan, if the members of such employee organization constitute five percent or more of all employees covered by the plan;

"(H) an officer, director (or an individual having powers or responsibilities similar to those of officers or directors), a 10 percent or more shareholder, or a highly compensated employee (earning 10 percent or more of the yearly wages of an employer) or a person described in subparagraph (d) (D), (E), or (G); or

"(I) a 10 percent or more (in capital or profits) partner, or joint venturer with, a person described in subparagraph (C), (D), (E), or (G).";

(3) inserting in paragraph (15) "brother, sister," immediately before "spouse,";

(4) striking out "The" in paragraph (20) and inserting in lieu thereof "Except as otherwise provided in section 514 (d) (2), the";

(5) (A) striking out clauses (i), (ii), and (iii) of subparagraph (A) of paragraph (37) and inserting in lieu thereof the following:

"(i) which is maintained pursuant to one or more collectve bargaining agreements between an employee organization and more than one employer.

"(ii) to which ten or more employers contribute, or to which more than one and fewer than ten employers contribute if the Secretary finds that treating such a plan as a multiemployer plan would be consistent with the purposes of this Act, and",

(B) redesignating clauses (iv) and (v) of paragraph (37)(A) as clauses (iii) and (iv), respectively, and

(C) striking out subparagraph (B) of paragraph (37) and inserting in lieu thereof the following new subparagraph:

"(B) For purposes of this paragraph, all corporations which are members of a controlled group of corporations (within the meaning of section 1563(a) of the Internal Revenue Code of 1954, determined without regard to section 1563(e)(3)(C) of such Code) shall be deemed to be one employer.".

SUBTITLE B—SIMPLIFYING AND CLARIFYING AMENDMENTS

PART 1—REPORTING AND DISCLOSURE

SEC. 221. DISCLOSURE OF ACCRUED BENEFITS.

Section 105 of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"REPORTING OF PARTICIPANT'S BENEFIT RIGHTS

"SEC. 105. (a)(1) Each administrator of an employee pension benefit plan shall furnish to any plan participant or beneficiary who so requests in writing a statement indicating, on the basis of the latest available information—

"(A) the total benefits accrued, and

"(B) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable.

"(2) In no case shall a participant or beneficiary be entitled under this subsection to receive more than one report described in paragraph (1) during any one twelve-month period.

"(3) If an administrator furnishes an annual statement which contains the information required by this subsection, the furnishing of such annual statement shall satisfy the requirements of this subsection.

"(4) This subsection shall apply to a plan to which more than one unaffiliated employer is required to contribute only to the extent provided by regulations prescribed by the Commission.

"(b)(1) Each administrator of an employee pension benefit plan shall report, in such manner and at such time as may be provided in regulations prescribed by the Commission, to each plan participant who during a plan year—

"(A)(i) terminates his service with the employer, or

"(ii) has a 1-year break in service, and

"(B) is entitled to a deferred vested benefit under the plan as of the end of such plan year, and

"(C) with respect to whom retirement benefits are not paid under the plan during such plan year.

The report required under this subsection shall inform the employee of the nature, amount, and form of the deferred vested benefit to which such participant is entitled, and such other information as the Commission may require.

"(2) Not more than one report shall be required under paragraph (A)(ii) with respect to consecutive one year breaks in service.

"(c)(1) Except as provided by paragraph (2) of this subsection, each employer shall, in accordance with regulations prescribed by the Commission, maintain records with respect to each of his employees sufficient to determine the benefits due or which may become due to such employees. The employer shall furnish the plan administrator information necessary for the administrator to make the reports required by subsections (a) and (b).

"(2) If more than one employer adopts a plan, each such employer shall, in accordance with regulations prescribed by the Commission, furnish to the plan administrator information necessary for the administrator to maintain the records and make the reports required by subsections (a) and (b). Such an administrator shall maintain the records and, to the extent provided under regulations prescribed by the Commission, make the reports, required by subsections (a) and (b).

"(3) If any person who is required under this section (other than under subsection (a)(1)) to furnish information or to maintain records fails to comply with such requirements, he shall pay to the plan a penalty of $10 for each employee with respect to whom such failure occurs, unless it is shown that such failure is due to reasonable cause.".

SEC. 222. EXEMPTION FOR REPORTING AND DISCLOSURE REQUIREMENTS.

(a) In General.—Section 110 of such Act is amended to read as follows:

"EXEMPTIONS AND MODIFICATIONS

"Sec. 110. The Secretary may by regulation exempt any employee benefit plan or person, or any class of employee benefits plans or persons conditionally or unconditionally from any requirement of this part or may modify any such requirement if he determines that such exemption or modification is—

"(1) appropriate and necessary in the public interest, and

"(2) consistent with the purposes of this title.".

(b) Conforming Changes.—Section 104(a) of such Act is amended—

(1) by striking out paragraphs (2) and (3), and by redesignating paragraphs (4) and (5) as (2) and (3), respectively, and

(2) by striking out "paragraph (4)" in paragraph (3) (as redesignated) and inserting in lieu thereof "paragraph (2)".

SEC. 223. ELIMINATION OF SUMMARY ANNUAL REPORT.

Section 104(b) is amended—

(1) by striking out paragraph (3) and redesignating paragraph (4) as (3), and

(2) by inserting before the period at the end of the last sentence of such paragraph a comma and the following: "but the charge for furnishing a copy of the latest annual report may not exceed $10".

SEC. 224. CONSOLIDATION OF FORMS.

Not later than eighteen months after enactment of this Act, the Commission shall, with respect to employee benefit plans described in section 122(d)(3) of this Act, prescribe a single form (or a single series of forms) which shall be used to satisfy the requirements of section 102(a)(2) of the Employee Retirement Income Security Act of 1974 and such additional reporting requirements as the Commission deems necessary for the reporting of information presently reported on Internal Revenue Service Forms 5300, 5301, and 5303.

SEC. 225. IMPROVEMENT OF REPORTING REQUIREMENTS.

In order to avoid the reporting of unnecessary information, the Commission shall develop reporting forms and requirements for employee benefit plans described in section 122(d)(3) of this Act which, to the maximum extent feasible and consistent with the purposes of this Act and the Employee Retirement Income Security Act of 1974, take into account the different types and sizes of employee benefit plans. Not later than 18 months after the date of enactment of this Act, the Commission shall report to the Congress on the actions taken and proposed to be taken to implement this directive. Not later than 24 months after the enactment of this section, the Commission shall submit to the Congress its final written report on the implementation of this section.

SEC. 226. OPINIONS OF ACTUARIES AND ACCOUNTANTS.

Section 103(a) of the Employee Retirement Income Security Act of 1974 is amended—

(1) by inserting ", except to the extent required by subparagraph (B)," in paragraph (3)(A) after "Such examination shall be conducted in accordance with generally accepted auditing standards,",

(2) by striking out "may" in paragraph (3)(B) and inserting in lieu thereof "shall",

(3) by striking out "if he so states his reliance" in such paragraph,

(4) by striking out "may" in paragraph (4)(D) and inserting in lieu thereof "shall", and

(5) by striking out "if he so states his reliance" in such paragraph.

SEC. 227. UPDATE OF SUMMARY PLAN DESCRIPTION.

Section 104(b)(1) of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"(1) The administrator shall furnish to each participant, and each beneficiary receiv-

ing benefits under the plan, a copy of the summary plan description, and all modifications and changes referred to in section 102 (a)(1)—

"(A) within 90 days after he becomes a participant, or (in the case of a beneficiary) within 90 days after he first receives benefits, or

"(B) if later, within 120 days after the plan becomes subject to this part.

Not less frequently than every tenth year after the plan becomes subject to this part, the administrator shall furnish to each participant and to each beneficiary receiving benefits under the plan, the summary plan description described in section 102 which shall be updated by the integration into the summary plan description of all plan amendments, if any, made within such 10-year period. If there is a modification or change described in section 102(a)(1), a summary description of such modification or change shall be furnished not later than 210 days after the end of the plan year in which the change is adopted to each participant and to each beneficiary who is receiving benefits under the plan.".

SEC. 228. SCOPE OF ACCOUNTANT'S OPINION.

Section 103(a)(3)(C) of the Employee Retirement Income Security Act of 1974 is amended by striking out "need" and inserting in lieu thereof "shall".

SEC. 229. EFFECTIVE DATES.

The amendments made by sections 222 and 227 shall be effective, and the amendments made by sections 223, 226, and 228 shall apply with respect to plan years beginning on and after the date of enactment of this Act. Sections 224 and 225 shall be effective 12 months after such enactment date. The amendments made by section 221 shall be effective 18 months after such enactment date.

PART 2—MINING STANDARDS

SEC. 231. RECIPROCAL AGREEMENTS.

Section 209 of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"RECIPROCAL AGREEMENTS

"SEC. 209. Notwithstanding any other provision of this title, the contributions made with respect to the employment of an employee pursuant to a collective bargaining agreement and payable to a pension or welfare plan maintained pursuant to that agreement (hereinafter in this section referred to as the 'away plan') may be transferred to a similar pension or welfare plan established pursuant to another collective bargaining agreement under which the employee had previously become a participant (hereinafter referred to in this section as the 'home plan') if such transfer is pursuant to a written agreement between the administrator of the away plan and the administrator of the home plan. In any case where contributions received with respect to the employment of an employee are transferred from an away plan to a home plan in accordance with this section, such employment shall be considered as employment under the jurisdiction of the home plan for purposes of computing the accrued benefit and vesting of such employee, but the employer who contributed to the away plan on behalf of such employee shall not be deemed to be an employer maintaining the home plan solely because of such transferred contributions. The Secretary may by regulation establish additional conditions, and such variances and exemptions as are consistent with the purposes of this Act, in order to facilitate such transfer arrangements in the interest of portability and to protect the pension and welfare benefits of employees who become employed under two or more collective bargaining agreements associated with different pension or welfare plans.".

SEC. 232. DETERMINING PARTICIPATION ON A PLAN YEAR BASIS.

The second sentence of section 202(a)(3)(A) of the Employee Retirement Income Security Act of 1974 is amended by inserting "(i)" after "first day of a plan year" and by inserting after "date his employment commenced" the following: "or (ii) in the case of a plan where rights and benefits under this part are determined on the basis of all of an employee's service without regard to the date on which the employee's participation in the plan commenced".

SEC. 233. SPECIAL RULE FOR 125 DAYS OF SERVICE IN THE CASE OF A MARITIME INDUSTRY.

Section 204(b)(3)(F) of the Employee Retirement Income Security Act of 1974 is amended by striking out "a 1 year of participation" and inserting in lieu thereof the following: "1,000 hours of employment".

SEC. 234. SUMMATION OF DIFFERENT BENEFIT ACCRUAL RATES.

Section 210(a) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(4) a multiemployer plan may provide that the accrued benefit to which a participant is entitled upon his separation from the service is—

"(A)(i) the sum of different rates of benefit accrual for different periods of participation as defined by one or more fixed calendar dates, or

"(ii) the sum of different rates of benefit accrual for different periods of participation, as defined by employment in different bargaining units, and

"(B) determined, for purposes of subparagraphs (A) and (C) of subsection 204(b)(1), by projecting the normal retirement benefit to which a participant would be entitled if he continued to accrue benefits at the average of the rates applicable to his period of actual participation.".

SEC. 235. SUSPENSION OF BENEFITS BECAUSE OF REEMPLOYMENT.

Section 203(a)(3)(B) of the Employee Retirement Income Security Act of 1974 is amended—

(1) by striking out "in the same trade" in clause (ii) and inserting in lieu thereof ", trade,", and

(2) by striking out "'employed'," in the last sentence and inserting in lieu thereof the following: "which may, with respect to clause (ii), include self-employment. The permissible period of benefit suspension shall include a period determined pursuant to regulations promulgated by the Commission in addition to the months in which the employment occurs to the extent necessary to prevent the periodic payment and suspension of pension benefits to workers who have not retired but who continue to work on an irregular basis. The imposition of a financial penalty on a pensioner who fails to report his employment as required by the rules of a plan shall not be deemed a violation of the vesting requirements of this section. The amount of the financial penalty permitted by the preceding sentence shall be determined pursuant to regulations promulgated by the Commission but in no event shall the penalty exceed an amount equal to one year's benefit.".

SEC. 236. AMENDMENTS TO CONFORM PLANS TO FINAL REGULATIONS

Section 204 of the Employee Retirement Income Security Act of 1974 is amended by redesignating subsection (h) as (i) and inserting after subsection (g) the following new subsection:

"(h) Any plan amendments adopted prior to January 1, 1980, which comply with final regulations issued under this Act shall not be deemed to violate any provision of this title by reason of the fact that such amendment changes or revises any amendment adopted after September 2, 1974, and prior to issuance of such final regulations, unless such amendment has the effect of decreasing vested rights or accrued benefits under such plan as in existence on September 2, 1974.".

SEC. 237. REDUCTIONS IN RETIREMENT OR DISABILITY BENEFITS.

Section 206 (b) of the Employee Retirement Income Security Act of 1974 is amended—

(1) by inserting after "plan" in paragraph (1) the following: "or is receiving disability benefits under a welfare plan",

(2) by inserting immediately after "this Act" the following: "(or, in the case of a participation or beneficiary who is receiving disability benefits under a welfare plan, the date of enactment of the ERISA Improvements Act)", and

(3) by adding at the end thereof the following new sentence: "A pension plan may not reduce pension benefits being received by a participant or beneficiary or pension benefits in which a participant who is separated from the service has a nonforfeitable right by reason of any payment made to the participant or beneficiary by the employer maintaining the plan as the result of an award made under a workers compensation law.".

SEC. 238. JOINT AND SURVIVOR ANNUITY.

(a) Section 205 of the Employee Retirement Income Security Act of 1974 is amended—

(1) by inserting "(1)" after "(a)" in subsection (a), and by adding at the end of such subsection the following new paragraph:

"(2) If a pension plan does not provide for the payment of benefits in the form of an annuity, with respect to any participant who under the plan has a nonforfeitable right to not less than 50 percent of his accrued benefit derived from employer contributions and who dies before receiving such percentage of his benefit which is nonforfeitable, such plan shall provide that the participant's account balance shall be distributed in the form of a lump sum to the participant's surviving spouse not later than 60 days after the end of the plan year in which the participant died.".

(2) by striking out subsection (b) and inserting in lieu thereof the following:

"(b)(1) A plan which provides for the payment of benefits in the form of an annuity shall not be treated as satisfying the requirements of this section unless, with respect to any participant who under the plan has a nonforfeitable right to not less than 50 percent of his accrued benefit derived from employer contributions and who dies before the annuity starting date, the plan provides a survivor's annuity for the participant's spouse—

"(A) which begins on the annuity starting date (determined as if the participant had lived until his earliest retirement age, or his actual date of death if later, and had retired on such date prior to his death), if the spouse is living on such date, and

"(B) the payments under which are not less than the payments which would have been made under the survivor's annuity to which such spouse would have been entitled if the participant had terminated employment on his date of death, had survived and retired on such annuity starting date, and had died on the day following such date.

"(2) A plan shall not be treated as not satisfying the requirements of subsection (a) and paragraph (1) if the plan provides for the payment of benefits actuarially equivalent to the survivor's annuity required by paragraph (1) to a surviving spouse beginning not later than the annuity starting date specified in paragraph (1).",

(3) by striking out subsection (c) and subsection (h) and by redesignating subsections (d), (e), (f), and (g) as (c), (d), (e), and (f), respectively,

(4) by striking out "(whether or not an election has been made under subsection (c))" in subsection (c) (as redesignated under paragraph (3)), and

(5) by striking out "subsection (c) or (e)" in subsection (e) (as redesignated under paragraph (3)) and inserting in lieu thereof "subsection (d)".

(b) Effective Date.—The amendments made by this section shall apply with respect to plan years beginning on or after the date which is 24 months after the date of enactment of this Act.

SEC. 239. ELAPSED TIME.

Section 211 of the Employees Retirement Income Security Act of 1974 is amended by inserting immediately after subsection (e) the following new subsection:

"(f) Notwithstanding anything to the contrary in this part, the Secretary may prescribe by regulation one or more systems of measuring service for purposes of sections 202, 203, and 204 which are based upon measurement of the elapsed time of an employee's service. Any such regulations shall include safeguards to assure that employees whose service is measured in terms of elapsed time are, in the aggregate, not disadvantaged by the use of such system of measurement when compared to employees whose service is measured in the manner prescribed in sections 202, 203, and 204.".

PART 3—FUNDING

SEC. 251. FUNDING TO TAKE ACCOUNT OF FUTURE AMENDMENTS.

Section 302 (c) (1) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following: "The funding method may take account, and for any plan year beginning after December 31, 1980, shall take account, of all provisions of the plan, including provisions which have not yet affected any participant as to entitlement to, or accrual of, benefits. In the event any such provisions is not implemented at the time specified when the provision was adopted, the funding standard account shall be appropriately adjusted in accordance with regulations prescribed by the Secretary. A provision adopted but contingent on a future event shall be deemed not to be in effect as a provision of the plan prior to the occurrence of that event.".

PART 4—FIDUCIARY RESPONSIBILITY

SEC. 261. GENERAL ASSET ACCOUNT.

Section 401(b) of the Employee Retirement Income Security Act of 1974 is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) In the case of a plan the benefits of which are insured, the assets of the plan shall include the policy under which the benefits are insured but shall not, solely by reason of the issuance of such policy, include the assets of the insurer issuing the policy except to the extent that such assets are maintained by the insurer in one or more separate accounts and do not constitute surplus in any such account. For purposes of this paragraph, the term 'insurer' means an insurance company, insurance service, or insurance organization, qualified to conduct business in a State.".

SEC. 262. OBLIGATION OF EMPLOYER TO PAY CONTRIBUTIONS.

(a) Section 402 of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new subsection:

"(d) Every employer who is obligated under the terms of a collectively bargained plan (or under the terms of a collective bargaining agreement related to such plan) to make periodic contributions to the plan shall, to the extent not inconsistent with law, make such contributions in accordance with the terms and conditions of such plan or such agreement.

SEC. 263. REFUND OF MISTAKEN CONTRIBUTIONS.

Section 403(c)(2)(A) of the Employee Retirement Income Security Act of 1974 is amended by inserting before the period at the end thereof the following: "or, in the case of a plan maintained by more than one employer, within one year after the plan administrator knows that the contribution was made by a mistake of fact.".

SEC. 264. CO-FIDUCIARY RESPONSIBILITY

Section 405 of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new subsection:

"(e)(1) In the case of a fiduciary other than an individual, the term 'knowledge' in subsection (a)(3) shall mean knowledge actually comunicated (or knowledge which, in the normal course of business, should have been communicated) to the fiduciary's officer or employee who is authorized to carry out the fiduciary's responsibilities, obligations, or duties (or who in fact carries out such responsibilities, obligations or duties) regarding the matter to which the knowledge relates.

"(2) In the case of an employer who is a fiduciary and who fails to satisfy the requirement of section 402(d), subsections (a) (2) and (3) shall not apply to any cofiduciary of such employer respecting such failure.".

SEC. 265. EXEMPTION FOR RECIPROCITY ARRANGEMENT.

Section 408(b) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(10) Any transfer of contributions between plans pursuant to section 209, if a plan to which the contributions are transferred pays not more than a reasonable charge for any administrative expenses reasonably incurred by a plan transferring such contributions.".

SEC. 266. SOLVENCY STANDARDS FOR CERTAIN UNINSURED WELFARE PLANS.

(a) IN GENERAL—Part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by redesignating section 413 and 414 as 414 and 415, respectively, and by inserting after section 412 the following new section:

"CERTAIN UNINSURED WELFARE PLANS

"SEC. 413. (a) Every uninsured welfare plan described in subsection (b) shall be subject to such solvency and reserve standards as the Secretary shall require by regulation.

"(b) The term 'uninsured welfare plan' means a welfare plan (or portion of a welfare plan) under which the benefits are not funded by insurance under a policy issued by an insurer (as defined in section 401(b)(2)) and the participants of which have no commonality of interest respecting terms or conditions of employment other than their participation in such plan.

"(c) Regulations promulgated by the Secretary under this section shall take effect not later than 18 months after the date of enactment of the ERISA Improvements Act.".

(b) Clerical Amendments.—The table of contents for such Act is amended by redesignating the items relating to sections 413 and 414 as relating to sections 414 and 415, and by inserting after the item relating to section 412 the following new item:

"SEC. 413. Uninsured welfare plans.".

PART 5—ADMINISTRATION AND ENFORCEMENT

SEC. 271. REMEDIES.

Section 502 of the Employee Retirement Income Security Act of 1974 is amended by—

(1) striking out "105(c)" in subsection (a)((4) and inserting in lieu thereof "105";

(2) striking out subsection (b) and inserting in lieu thereof the following:

"(b) The Commission shall not bring an action to enforce section 402(c).";

(3) striking out subsection (g) and inserting in lieu thereof the following:

"(g)(1) Except as provided in paragraph (2), in any action under this title by a participant, beneficiary, of fiduciary, the court in its discretion may allow a reasonable attorney's fee and costs of the action to either party.

"(2) In any action under this title by a fiduciary on behalf of a plan to enforce the provisions of section 402(d) and in which a judgment in favor of the plan is awarded, the court shall allow a reasonable attorney's fee and costs of the action, to be paid by the defendant.";

(4) striking out subsection (i) and redesignating subsections (j) and (k) as subsections (i) and (j), respectively; and

(5) inserting a new subsection (k), to read as follows:

"(k)(1) Nothwithstanding any provision of law to the contrary, in the case of an employee benefit plan other than an eligible individual account plan (as defined in section 407(d)(3) of this Act) in which participation is voluntary under the terms of the plan—

"(A) no person or employee benefit plan shall be subject to liability or punishment, civil or criminal, or be required to reimburse or pay money or any other thing of value, as the direct or indirect result of a cause of action explicitly or implicitly alleging that the interest of an employee in such a plan is, or ought to be characterized as or deemed to be, a security within the meaning of the Security within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934, or any law of any State which regulates securities; and

"(B) no court of the United States shall have jurisdiction of an action or proceeding at law or in equity, whether instituted prior to or on or after the date of enactment of the ERISA Improvements Act of 1978, to the extent such action or proceeding involves a cause of action explicitly or implicitly alleging that the interest of an employee in such a plan is, or ought to be characterized as or deemed to be, a security within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934, or any law of any State which regulates securities.

"(2) For purposes of this subsection and section 514(d)(2), participation is not voluntary under the terms of a plan—

"(A) if, as an incident of employment with the employer or employers maintaining the plan or as an incident of membership in one or more employee organizations, the members of which are covered under the plan, and upon satisfaction of the plan's age and service requirements, if any, an employee becomes a participant in the plan, and

"(B) even if a provision of the plan permits an employee, subject to approval by the plan administrator, to waive participation in the plan.".

SEC. 272. ADVISORY COUNCIL.

Paragraph (3) of section 512(a) of the Employee Retirement Income Security Act of 1974 is amended by striking out "(at least one of whom shall be representative of employers maintaining or contributing to multiemployer plans)" and inserting in lieu thereof the following: "(one of whom shall be representative of employers maintaining or contributing to multiemployer plans and

one of whom shall be representative of employers maintaining small plans)".

SEC. 273. IMPACT OF INFLATION ON RETIREMENT BENEFITS.

Section 513 of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall conduct a study of the feasibility of requiring employee pension benefit plans to provide cost-of-living adjustments to benefits payable under such plans. The Secretary shall compile data and analyze the effect inflation is having and may be expected to have on retirement benefits provided by private pension plans. The Secretary shall submit the study required by this subsection to the Congress no later than 24 months after the date of enactment of the ERISA Improvements Act.".

SEC. 274. PREEMPTION.

Section 514 of the Employee Retirement Income Security Act of 1974 is amended by—

(1) striking out "subparagraph (B)," in subsection (b)(2)(A) and inserting in lieu thereof "subparagraph (B) and subsection (d)(2),";

(2) striking out "nothing" where it appears in subsection (d) and inserting in lieu thereof "(1) Except as provided in paragraphs (2) and (3), nothing"; and

(3) adding at the end of subsection (d) the following new paragraphs:

"(2) Notwithstanding any provision of law to the contrary, the interest of an employee in an employee benefit plan described in section 4(a) and not exempt under section 4(b) is not, and shall not be characterized as or deemed to be, a security within the meaning of the Securities Act of 1933, the Securities and Exchange Act of 1934, or any law of any State which regulates securities, unless such plan is an eligible individual account plan (as defined in section 407(c)(3) of this Act) in which participation is voluntary under the terms of the plan.

"(3) Notwithstanding any provision of law to the contrary, an interest or participation—

"(A) in a single or collective trust maintained by a bank or in a separate account maintained by an insurer, and

"(B) issued to an employee benefit plan or plans described in section 4(a) and not exempt under section 4(a).

is not, and shall not be characterized as or deemed to be, a security within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934, or any law of any State which regulates securities, and such a single or collective trust or separate account is not, and shall not be characterized as or deemed to be, an investment company within the meaning of the Investment Company Act of 1940 or any law of any State which regulates investment companies. For purposes of this paragraph, the term 'insurer' shall have the meaning given in section 401(b)(2).".

TITLE III—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

SEC. 301. LUMP SUM DISTRIBUTIONS: PLANS TREATED AS SINGLE PLAN.

(a) GENERAL RULE.—Section 402(e)(4)(C) of the Internal Revenue Code of 1954 (relating to aggregation of certain trusts and plans) is amended to read as follows:

"(C) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining, the balance to the credit of an employee under subparagraph (A)—

"(i) all trusts which are part of a plan shall be treated as a single trust,

"(ii) in the case of a multiemployer plan (as defined in section 3 (37) of the Employee Retirement Income Security Act of 1974), all defined benefit plans maintained by an employer shall be treated as a single plan, and all defined contribution plans maintained by an employer shall be treated as a single plan.

"(iii) in the case of any plan not described in subsection (ii), all pension plans maintained by an employer shall be treated as a single plan, all profit-sharing plans maintained by an employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(iv) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a)(2) shall not be taken into account.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of enactment of this Act.

SEC. 302. LUMP DISTRIBUTION; SEPARATION FROM THE SERVICE.

(a) GENERAL RULE.—Section 402(e)(4) of the Internal Revenue Code of 1954 (relating to definitions and special rules) is amended by adding at the end thereof the following new subparagraph:

"(M) SEPARATION FROM THE SERVICE.—For purposes of subparagraph (A), in the case of any multiemployer plan (as defined in section 3 (37) of the Employee Retirement Income Security Act of 1974), a separation from the service shall be deemed to have occurred in the case of any employee if such employee has not worked in service covered by the plan for a period of 6 consecutive months after severing his employment relationship with any employer maintaining the plan.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to plan years beginning after the date of enactment of this Act.

SEC. 303. DEDUCTION FOR CERTAIN EMPLOYEE CONTRIBUTIONS TO QUALIFIED RETIREMENT PLANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 221 as 222, and by inserting immediately after section 220 the following new section:

"SEC. 221. CERTAIN EMPLOYEE CONTRIBUTIONS TO QUALIFIED RETIREMENT PLANS

"(a) GENERAL RULE.—In the case of an individual who—

"(1) has not attained age 70½ before the close of the taxable year, and

"(2) is an active participant in a qualified employer retirement plan,

there is allowed as a deduction an amount equal to the sum of the amounts contributed by the individual as an employee to or under such plan for the taxable year.

"(b) MAXIMUM AMOUNT OF DEDUCTION.—

"(1) IN GENERAL.—The amount allowable as a deduction under subsection (a) to any individual for the taxable year shall not exceed the lesser of—

"(A) an amount equal to 10 percent of the compensation includible in the individual's gross income for such taxable year, or

"(B) $1,000.

"(2) REDUCTION OF DEDUCTION BASED ON ADJUSTED GROSS INCOME.—The amount of the deduction allowable under subsection (a) for a taxable year after the application of paragraphs (1) and (2) shall be reduced by 20 percent of the amount by which the adjusted gross income of the taxpayer exceeds $30,000 ($15,000 in the case of a married individual making a separate return).

"(c) DEFINITIONS; SPECIAL RULES.—

"(1) RECONTRIBUTED AMOUNTS.—No deduction shall be allowed under this section with respect to a rollover contribution described in section 402(a)(5), 403(a)(4), 408(d)(3), or 409(b)(3)(C).

"(2) AMOUNTS CONTRIBUTED UNDER ENDOWMENT CONTRACT.—In the case of an endowment contract described in section 408(b), no deduction shall be allowed under this section for that portion of the amounts paid under the contract for the taxable year which are properly allocable, under regulations prescribed by the Secretary, to the cost of life insurance.

"(3) QUALIFIED EMPLOYER RETIREMENT PLAN.—The term 'qualified employer retiremeant plan' means—

"(A) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(B) an annuity plan described in section 403(a),

"(C) a qualified bond purchase plan described in section 405(a),

"(D) a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing,

"(E) any plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b) (whether or not such individual's rights in such contract are nonforfeitable), and

"(F) a group retirement trust maintained by a labor organization described in section 501(c)(5) which is financed exclusively by assessments of employees who are members of such labor organization, which was established prior to January 1, 1974, and in which the assessments paid to the trust by any participant are 100 percent nonforfeitable.

"(4) COMPENSATION.—For purposes of this section, the term 'compensation' includes earned income as defined in section 401(c)(2).

"(5) MARRIED INDIVIDUALS.—In the case of an individual who is married (as determined under section 143(a)), the maximum deduction under subsection (b) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

"(6) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to or under a qualified employer retirement plan on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than 45 days after the end of such taxable year.".

(b) CLERICAL AMENDMENT.— The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 221. Certain employee contributions to qualified retirement plans.
"Sec. 222. Cross references.".

(c) CONFORMING AMENDMENT.—Paragraph 10 of section 62 of such Code (relating to retirement savings) is amended—

(1) by striking out "and" and inserting in lieu thereof a comma, and

(2) by inserting "the deduction allowed by section 221 (relating to deduction for certain employee contributions to qualified retirement plans)" before the period at the end of such paragraph.

(d) ACCEPTANCE OF EMPLOYEE CONTRIBUTIONS.—Section 401 of such code (relating to qualified pension, profitsharing, and stock bonus plans) is amended by redesignating subsection (k) as (l), and by inserting after subsection (j) the following new subsection:

"(k) EMPLOYEE CONTRIBUTIONS.—A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part accepts employee contributions for which a deduction is allowable under section 221 (as determined without regard to the limitation of subsection (b)(1) of such section) of up to $1,000 per calendar year per employee and treats such contributions as separate accounts.".

(d) Effective Date.—The amendments

made by this section shall apply with respect to taxable years and plan years beginning after December 31, 1978.

SEC. 304. CREDIT FOR THE ESTABLISHMENT OF QUALIFIED PLANS BY SMALL EMPLOYERS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowed) is amended by inserting immediately before section 45 the following new section:

"SEC. 446. ESTABLISHMENT OF NEW SMALL BUSINESS EMPLOYER RETIREMENT PLANS

"(a) GENERAL RULE.—In the case of a small business employer who maintains or makes contributions to or under a qualified employer retirement plan, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to a percentage (determined under subsection (b)) of the amount allowable for the taxable year to such employer as a deduction under section 404.

"(b) DETERMINATION OF PERCENTAGE.—The percentage applicable under subsection (a) for a taxable year is—

"(1) 5 percent for the first taxable year for which a deduction under section 404 is allowable to the taxpayer.

"(2) 3 percent for each of the succeeding 2 taxable years, and

"(3) 1 percent for each of the 2 taxable years succeeding the 2 taxable years referred to in paragraph (2).

"(c) DEFINITIONS; SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED EMPLOYER RETIREMENT PLAN.—The term 'qualified employer retirement plan' has the meaning given to such term by section 221(c)(3)(A) through (E).

"(2) SMALL BUSINESS EMPLOYER.—The term 'small business employer' means an employer (within the meaning of section 404) which is a small business (as determined by the Administrator of the Small Business Administration under section 112 of the Small Business Act (15 U.S.C. 632)).

"(3) DISREGARD FOR AMOUNTS ATTRIBUTABLE TO EMPLOYER SECURITIES.—In determining the amount of the credit allowable under subsection (a) for any taxable year, any portion of the deduction allowed for such year which is attributable to the transfer to or under the plan of employer securities (as defined in section 407(d)(1) of the Employee Retirement Income Security Act of 1974) shall be disregarded.

"(d) APPLICATION WITH OTHER SECTIONS.—The amount of the deduction allowable under section 404 for any taxable year shall not be reduced because of the allowance of a credit under this section for the taxable year. The credit allowable under subsection (a) for any taxable year shall not be allowed if the taxpayer claims the credit allowable by section 44D for the taxable year.

"(e) TERMINATIONS.—No credit is allowable under subsection (a) in the case of an employer who terminates a qualified employer retirement plan (or successor to such an employer) at any time after January 1, 1978.".

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting immediately before the item relating to section 45 the following new item:

"Sec. 44C. Establishment of new small business employer retirement plans.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1978.

SEC. 305. CREDIT FOR THE IMPROVEMENT OF QUALIFIED RETIREMENT PLANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowed) is amended by inserting immediately before section 45 the following new section:

"SEC. 44D. IMPROVED QUALIFIED EMPLOYER RETIREMENT PLAN CREDIT.

"(a) GENERAL RULE.—In the case of an employer who maintains an improved qualified employer retirement plan (other than such a plan which is described in section 401 (d)), there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 5 percent of the amount allowable for the taxable year to such employer as a deduction under section 404.

"(b) LIMITATION BASED ON TAX LIABILITY; CARRYOVER OF EXCESS CREDIT.—

"(1) LIMITATION. The amount of the credit allowed under subsection (a) for the taxable year shall not exceed the liability of the taxpayer for tax under this chapter for the taxable year.

"(2) CARRYOVER OF EXCESS AMOUNT.—If the amount of the credit determined under subsection (a) for the taxable year exceeds the amount of the limitation imposed by paragraph (1) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryover to the taxable year following the unused credit year, and, subject to the limitation imposed by paragraph (1), shall be taken into account under subsection (a) in such following taxable year.

"(c) DEFINITION OF IMPROVED QUALIFIED EMPLOYER RETIREMENT PLAN.—For purposes of this section, the term 'improved qualified employer retirement plan' means a qualified employer retirement plan (as defined in section 221(c)(3) (A) through (E)) which is certified by the Employee Benefits Commission as an improved plan under section 124 of the ERISA Improvements Act.

"(d) APPLICATION WITH OTHER SECTIONS.—The amount of the deduction allowable under section 404 for any taxable year shall not be reduced because of the allowance of a credit under this section for the taxable year. The credit allowable under subsection (a) for any taxable year shall not be allowed if the taxpayer claims the credit allowable by section 44C for the taxable year.".

(c) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting immediately before the item relating to section 45 the following new item:

"Sec. 44D. Improved qualified employer retirement plan credit.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years and plan years beginning after December 31, 1978.

SEC. 306. DENIAL OF IRA, ETC., BENEFITS TO OWNER-EMPLOYEES; CORPORATE OFFICERS AND SHAREHOLDERS.

(A) IN GENERAL.—

(1) RETIREMENT SAVINGS.—Subsection (b) of section 219 of the Internal Revenue Code of 1954 (relating to limitations and restrictions) is amended by inserting after paragraph (6) of such subsection the following new paragraph:

"(7) No deduction is allowed under subsection (a) in the case of an owner-employee (as defined in section 401(c)(3)) or an officer or 10 percent or more stockholder directly or indirectly of a corporation.".

(2) RETIREMENT SAVINGS FOR MARRIED INDIVIDUALS.—Subsection (b) of section 220 of such Code (relating to limitations and restrictions) is amended by inserting after paragraph (7) the following new paragraph:

"(8) No deduction is allowed under subsection (a) in the case of an owner-employee (as defined in section 401 (c)(3)) or an officer or 10 percent or more stockholder directly or indirectly of a corporation.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1978.

SEC. 307. RETROACTIVE DISQUALIFICATION OF PLANS.

In the administration of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954, the Secretary of the Treasury shall not treat an employee benefit plan described in section 122 (d) (3) of the ERISA Improvements Act of 1978 as not meeting the requirements of such part for any taxable year or plan year preceding the year in which the Employee Benefits Commission determines that the plan does not meet such requirements unless the Commission has also determined that the failure to meet such requirements in such preceding year was a result of intentional failure or willful neglect on the part of the person or persons maintaining the plan.

TITLE IV—SPECIAL MASTER AND PROTOTYPE PLANS

SEC. 401. SPECIAL MASTER AND PROTOTYPE PLANS.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new part:

"PART 6—SPECIAL MASTER AND PROTOTYPE PLANS

"SPECIAL MASTER AND PROTOTYPE PLANS

SEC. 601. (a) For purposes of this section—

"(1) 'special master plan' means a master or prototype individual account employee pension benefit plan which has been approved by the Commission in accordance with subsection (d), all of the assets of which are controlled by one or more investment managers,

"(2) 'investment manager' means an investment manager described in section 3 (38) (A) and (B) (without regard to the parenthetical clause) and in the case of an investment adviser to a regulated investment company (as defined in section 851 of the Internal Revenue Code of 1954), shall include the principal underwriter of such investment adviser,

"(3) 'master sponsor' means an investment manager who is the sponsor of a special master plan, and

"(4) 'employer sponsor' means an employer any of whose employees are covered under a special master plan, an association of such employers, or an employee organization, any members of which are covered under such a plan.

"(b) Notwithstanding any other provisions of this Act or the Internal Revenue Code of 1954 to the contrary, in the case of a special master plan—

"(1) except as provided in subsection (e), the responsibilities, duties, and obligations of an employer sponsor under parts 1, 2, 3, and 4 of this title shall be limited to making such timely contributions and payments, and furnishing such timely, complete, and accurate information, as may be required under the terms of the plan; and

"(2) the requirements of sections 401 and 410, 411, 412, 413, and 414 of the Internal Revenue Code of 1954 which are applicable to the plan of the employer sponsor shall be deemed to be initially satisfied as of the date the employer sponsor and master sponsor execute the special master plan joinder.

"(c) Notwithstanding any other provisions of this ttile or the Internal Revenue Code of 1954 to the contrary, in the case of a special master plan—

"(1) except as provided in subsection (e), the master sponsor shall be the administrator and named fiduciary of each employer sponsor's plan for the purposes of this title;

"(2) the requirements of section 102(b), if otherwise satisfied, will not be violated if—

"(A) the plan description includes plan provisions common to the plans of all employer sponsors adopting the special master plan, together with a description of each type of variation from such common provisions that is permitted under the terms of approval by the commission, and an identification, by name of employer sponsor, employer sponsor identification number, name of plan, and plan identification number, of the employer sponsors who have adopted each such type of variation, and

"(B) the summary plan description of each employer sponsor's plan describes provisions common to the plans of all employer sponsors adopting the special master plan, together with a description of any provisions of such employer sponsor's plan which vary from such common provisions, with appropriate cross-references;

"(3) the requirements of section 103, if otherwise satisfied, will not be violated merely because data in the annual report reflect the aggregate assets of the special master plan, if the annual report also includes an identification, by name of employer sponsor, employer sponsor identification number, name of plan, and plan identification number, of the percentage of total special master plan assets attributable to each employer sponsor's plan;

"(4)(A) the exemption described in section 408(b)(2) shall be applied as if any investment manager sponsoring a special master plan and any investment manager providing services to such a plan were a party in interest respecting such plan for a reason other than by virtue of such investment manager's being a fiduciary, and

"(B) the term 'bank or similar financial institution' in section 408(b)(6) shall be deemed to mean any investment manager who is a master sponsor, and the term 'sound banking and financial practice' in such section shall, in the case of an investment manager other than a bank, be deemed to mean 'sound fiduciary practice';

"(5) no master sponsor shall have a responsibility, obligation, or duty under sections 404 or 405—

"(A) to ascertain whether information required to be furnished to the master sponsor by an employer sponsor pursuant to the terms of a special master plan is accurate or complete, or

"(B) due to the failure of an employer sponsor to satisfy the requirements of subsection (b)(1); and

"(6) the special master plan shall be deemed to be the employee benefit plan referred to in section 503, and the term 'person' in section 504 shall not be deemed to exclude any investment manager, master sponsor or employer sponsor described in subsection (a).

"(d)(1) The Commission shall prescribe such regulations, and furnish such rulings, opinions, forms, and other types of guidance as are neecssary to implement this section. To the greatest extent consistent with the purposes of this Act, such regulations and other types of guidance shall be designed to facilitate the establishment of special master plans and their adoption by employer sponsors.

"(2) The Commission shall approve a special master plan only if it determines that the plan of an adopting employer sponsor, in design and in operation, will satisfy the requirements of this section, other applicable requirements of this Act, and the requirements of section 401 of the Internal Revenue Code of 1954 (to the extent that such Act and Code are not inconsistent with this section).

"(3) Approval of special master plans and amendments to such plans shall be accomplished by a process carried out in the national office of the Commission, until such time as the Commission may establish procedures for field office approval under which uniformity of treatment by field offices is assured.

"(4) Upon approval by the Commission of a special master plan, or of any amendment to such a plan for which approval is required, a special master plan certificate shall be issued to the master sponsor by the Commission. Except as provided in paragraph (5), for a period of 60 months from the date of adoption of the plan by an employer sponsor or from the effective date of an amendment for which approval is required, a duly notarized copy of such certificate shall be prima facie evidence in any administrative or judicial proceeding that the terms of the plan meet the requirements of this section, this title, and the requirements of sections 401, 410, 411, 412, 413 and 414 of the Internal Revenue Code of 1954.

"(5) The Commission, after notice and hearing, shall revoke the certificate described in paragraph (4)—

"(A) respecting the plan of any employer sponsor, if the Commission finds that there has been a failure on the part of the employer sponsor to observe the terms of the plan and that such failure has been detrimental to the rights of any plan participant under the terms of the plan or this title, and

"(B) respecting the special master plan, if the Commission finds that there has been a failure to observe the terms of the plan or the provisions of this section on the part of the master sponsor and that such failure has been detrimental to the rights of plan participants under the terms of the plan or this title.

"(6) Upon the request of a master sponsor, the certificate issued by the Commission upon the approval of a special master plan, or upon the approval of an amendment to such a plan for which approval is required, shall specify those plan amendments or types of amendments for which, in the discretion of the Commission, approval need not be obtained.

"(7) The Commission shall study the feasibility of permitting defined benefit special master plans and shall report to the Congress regarding such study not later than 36 months after the effective date of this section.

"(e) Any employer sponsor who fails to make such timely contributions and payments or who fails to furnish such timely, complete and accurate information as may be required under the terms of a special master plan shall, in accordance with the terms of such plan, be deemed to be the plan administrator of the plan (to the extent the plan covers the employees of such employer sponsor), as of the time, not earlier than the date of such failure, specified in such plan, and as of such specified date the master sponsor shall cease to be the administrator and named fiduciary of such employer sponsor's plan.".

(b) The table of contents for the Employee Retirement Income Security Act of 1974 is amended by inserting immediately after the item relating to section 514 the following:

"PART 6—SPECIAL MASTER AND PROTOTYPE PLANS

"SEC. 601. Special master and prototype plans.".

(c) The amendments made by this section shall take effect 18 months after the date of enactment of this Act.

THE ERISA IMPROVEMENTS ACT OF 1978
SECTION BY SECTION ANALYSIS

SEC. 1. Short title and table of contents.

This section designates the Act as the ERISA Improvements Act of 1978, and sets out the table of contents.

SEC. 2. Technical and conforming changes.

The Secretaries of Labor and the Treasury are directed to submit to the Congress within not more than 90 days after enactment of the ERISA Improvements Act of 1978, a draft of technical and conforming changes to the Employee Retirement Income Security Act and the Internal Revenue Code of 1954 necessary to reflect in ERISA and the Code the changes in substantive provisions of law made by the ERISA Improvements Act of 1978.

TITLE I—CONSOLIDATION OF FEDERAL AGENCY RESPONSIBILITIES FOR EMPLOYEE BENEFIT PLANS

SUBTITLE A—FINDINGS; DECLARATION OF POLICY

Sec. 101. Findings and declaration of policy.

This section states the Congressional findings which underlie the ERISA Improvements Act and the policy of the Act.

SEC. 121. Special liaison officers.

These provisions establish new positions in the offices of the Secretary of Labor and the Secretary of the Treasury. They provide for a special liaison officer to the Secretary of Labor, and that this official shall also be Chairman of the Employee Benefits Commission established by section 122. The special liaison officer will be nominated by the President from a list of nominees prepared by the Secretary of Labor, and shall be subject to Senate confirmation.

Similarly, the special liaison officer to the Secretary of the Treasury will be the new Commission's vice chairman, will be nominated by the President from a list of nominees prepared by the Secretary of the Treasury, and will be subject to Senate confirmation.

These provisions will ensure that the Employee Benefits Commission will have close, high-level, and continuing links to the Departments of Labor and of the Treasury, so that the views of those Departments respecting labor law and policy and tax law and policy, respectively, regarding employee benefit plans will be known and considered by the Commission as it carries out its responsibilities, and so that the two Secretaries will be continuously apprised of the Commission's policymaking.

Sec. 122. Employee benefits commission.

This section establishes a new Employee Benefits Commission and describes its structure. In addition to the chairman and vice-chairman, the Commission will have three other members who will be nominated by the President and subject to Senate confirmation. The President will make his selections from a list of nominees prepared jointly by the Secretary of Labor and the Secretary of the Treasury. Commission members will serve staggered terms of six years.

The functions of the Commission will be to administer and enforce titles I and IV of ERISA, and to administer and effect compliance with sections 401, 410 through 414, 6057 and 6058 of the Internal Revenue Code, insofar as those sections relate to employee benefit plans covered under ERISA. In addition, the Commission will develop policy respecting all Federal laws which relate to all employee benefit plans.

Sec. 123. Powers of the commission.

A full range of powers necessary for the Commission to carry out its responsibilities is included in this section. Among other things, the Commission is given the power to certify to the Secretary of the Treasury that a plan subject to ERISA satisfies or does not satisfy the Internal Revenue Code requirements for tax qualification. Also, the Commission will be empowered to certify to the Secretary of the Treasury regarding whether a plan satisfies the proposed Internal Revenue Code rules respecting the eligibility of an employer for the special tax credits (described in title III of the Act).

This section also contains provisions dealing with the transfer of functions, person-

nel, records, etc. from the Departments of Labor and of the Treasury, and from the Pension Benefit Guaranty Corporation, to the Employee Benefits Commission, and with the effect of such transfers on regulations, rulings, opinion, etc., and on pending litigation.

Sec. 124. Certification of improved plans.

This section and section 305 describe a new procedure and rules under which retirement plans meeting certain standards which exceed the minimum participation, vesting and related standards described in part 2 of ERISA may be certified by the Commission as eligible for one of the special tax credits described in title III of the Act.

Under the provisions of section 124, the Commission is directed to certify as an improved plan (the employer sponsor of which will be eligible for the improved plan tax credit described in section 305), a plan which has been substantially improved compared to the immediately preceding plan year and under which rights of employees under the terms of the plan significantly exceed the minimum standards provisions of part 2 of title I of ERISA (relating to participation, vesting, benefit accrual, etc.). Certain criteria are established to guide the Commission in its determinations.

Sec. 125. Termination of Treasury Department jurisdiction; agency cooperation.

This section provides that the Secretary of the Treasury shall not administer the tax qualification functions that have been transferred to the Employee Benefits Commission, insofar as plans subject to ERISA are concerned.

It also provides that certifications made by the Commission to the Secretary of the Treasury (relating to plan satisfaction of the Internal Revenue Code rules respecting tax qualification, employee deductions and tax credits) shall be treated by the Secretary as if he had made them himself.

Finally, section 125 requires that the Commission and the Secretaries of Labor and of the Treasury make arrangements for notification by the Secretaries to the Commission regarding information that relates to the Commission's functions, and for the Commission to similarly notify the respective Secretaries regarding information that concerns their continuing functions under laws relating to employee benefit plans.

Sec. 126. Effective date and repeal.

The effective date of the provisions of title I will be one year after enactment. Subtitle A of title III of ERISA, relating to coordination between the Secretaries of Labor and the Treasury, is repealed as of this effective date.

TITLE II—AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

SUBTITLE A—DECLARATION OF POLICY AND CLARIFYING DEFINITIONS

Sec. 201. Declaration of policy and definitions.

This section amends section 2 of ERISA to declare that a policy of ERISA is to foster the establishment and maintenance of employee benefit plans sponsored by employers and employee organizations.

Also, section 201 makes a number of changes in the definitions contained in section 3 of ERISA.

A definition of the term "employees' beneficiary association" is added to section 3(4) of ERISA in order to clarify that such an association is one in which employees participate as members and in which eligibility for membership is based on a commonality of interest with respect to the members' employment relationship. The purpose of introducing this definition is to assist the Commission and the courts in determining whether so-called "multiple employer interests" are employee benefit plans subject to ERISA.

The term "party in interest" in section 3(14) of ERISA is clarified (by removing the parenthetical clause in subparagraph (A)), and is narrowed in several respects to remove from party in interest status those persons who are highly unlikely to be in a position to influence the actions of a plan or of plan officials.

The term "relative" in section 3(15) of ERISA is changed to include brothers and sisters. The omission of these relatives has proven to be inconsistent with the purposes of ERISA.

The definition of "security" has been revised to avoid any possible confusion respecting the changes made by sections 271 and 274 of the ERISA Improvements Act of 1978.

The definition of "multiemployer plan" has been substantially revised. A plan will be a multiemployer plan under ERISA if it is collectively bargained and has 10 or more contributing employers. A collectively bargained plan having more than one but fewer than 10 contributing employers will also be a multiemployer plan if the Employee Benefits Commission finds that it would be consistent with the purposes of ERISA to so treat it.

SUBTITLE B—SIMPLIFYING AND CLARIFYING AMENDMENTS

PART 1—REPORTING AND DISCLOSURE

Sec. 221. Disclosure of benefit information.

This section combines and slightly modifies present sections 105 and 209. It requires plan administrators not more than once per year to furnish participants who so request in writing a statement of the total benefits accrued, and the vested benefits, if any, or the earliest date on which benefits will become nonforfeitable. Administrators may satisfy this duty by furnishing annual statements containing appropriate information.

This section also requires administrators to communicate the nature, amount and form of the vested accrued benefit to participants who terminate service or incur a one-year break in service, and to whom retirement benefits are not paid during the plan year.

Employers are required to maintain appriate records prescribed by the Commission so that benefits can be determined. If more than one employer adopts a plan, each employer must furnish the administrator information necessary for the maintenance of appropriate records.

A monetary penalty is imposed on any person who is required to furnish information or to maintain records and who fails to do so. The penalty on the responsible person is the payment to the plan of $10 for each employee with respect to whom such failure occurs, except that the penalty for an administrator who fails to comply with a request for a statement of benefit accruals shall be liable to the participant who made the request, under the terms of ERISA section 502(c), for a civil penalty up to $100 per day from the date of such failure.

Sec. 222. Exemptions.

This section amends ERISA section 110 so that the Secretary may exempt any employee benefit plan or person or any class of plans or persons conditionally or unconditionally from any of the reporting and disclosure requirements of part 1 of title I or may modify any such requirement. To grant an exemption or modification, the Secretary must find that such alteration is appropriate and necessary in the public interest and consistent with the purposes of title I of ERISA.

Sec. 223. Elimination of summary annual report.

This provision eliminates the requirement that an administrator must furnish a summary annual report to each participant and each beneficiary receiving benefits under the plan. In order to facilitate the availability of the full annual report, a limit of $10 is placed on the fee which can be charged by an administrator for a copy of the full annual report.

Sec. 224. Consolidation of forms.

Under this section, the Commission is required not later than 18 months after the date of enactment to combine the plan description (EBS–1) and the determination letter application forms (form 5300 series). This merging of forms will be applicable only to tax-qualified employee benefit plans subject to the Commission's authority.

Sec. 225. Improvement of reporting requirements.

In order to avoid the reporting of unnecessary information, the Commission is required to develop reporting forms and requirements which to the maximum extent feasible take into account the different types and sizes of plans. The Commission is required to report back to the Congress on its progress in this regard 18 months and again 24 months after the enactment of this section.

Sec. 226. Opinions of actuaries and accountants.

In order to elminate unnecessary duplication of efforts by actuaries and accountants under ERISA's annual reporting requirements, an enrolled actuary is required to rely on the correctness of accounting matters as to which a qualified public accountant has expressed an opinion. Correspondingly, a qualified public accountant is required to rely on the correctness of any actuarial matter certified to by an enrolled actuary.

Sec. 227. Update of summary plan description.

This section modifies the present requirement that an administrator furnish an updated summary plan description every five years if amendments have been made and a summary plan description every 10 years, whether or not amendments have been made.

The new requirement is that an administrator must furnish to each participant not less frequently than every tenth year a summary plan description which shall be updated by the integration into the document of all plan amendments, if any.

Sec. 228. Scope of accountant's opinion.

With respect to the accountant's opinion which is included in a plan's annual report, this section provides that the accountant shall not express an opinion regarding statements of assets and liabilities of common or collective trusts maintained by a bank or similar institution or of a separate account maintained by an insurance carrier or of a separate trust maintained by a bank as trustee. The statement with respect to which the accountant shall not express an opinion must be prepared by a bank or similar institution or insurance carrier regulated and subject to periodic examination by a State or Federal agency and be certified by the financial institution as accurate.

SEC. 229. Effective date.

This section establishes various effective dates for the provisions of sections 221–228.

PART 2—MINIMUM STANDARDS

SEC. 231. Reciprocal agreements.

In order to promote portability and reciprocity, this section provides that ERISA's existing rules shall not interfere with the transfer of contributions from a collectively bargained pension or welfare plan (away plan) to a similar plan in which the em-

ployee previously participated (home plan). Such transfer must be pursuant to a written agreement between the away plan and the home plan. The Secretary may by regulation establish additional conditions, and such variances and exemptions as are consistent with the purposes of ERISA, in order to facilitate such transfer arrangements.

SEC. 232. Determining participation on a plan year basis.

Present law requires that the 12-month computation period for determining years of service for purposes of becoming a participant in a plan generally starts on the date on which the employee's employment commences.

The amendment provides that the computation period may start on the first day of a plan year in the case of a plan where vesting and accrual rights, for example, are determined on the basis of all of an employee's service without regard to the date on which the employee's participation in the plan commenced.

SEC. 233. Maritime industry—125 days.

Under ERISA, 125 days of service in any maritime industry is treated as a year of participation for benefit accrual purposes.

The amendment clarifies the service requirements in the maritime industry for accrual purposes. It states that 125 days of service in any maritime industry shall be the equivalent of 1,000 hours of service, and codifies an interpretation already made by the Secretary of Labor.

Sec. 234. Summation of different benefit accrual rates.

This amendment permits a multiemployer plan to provide that the accrued benefit to which a participant is entitled upon his separation from the service is the sum of different rates of benefit accrued for different periods of participation as defined by one or more fixed calendar dates or by employment in different bargaining units.

The accrued benefit may be determined for purposes of the three percent accrual method or the fractional method by projecting the normal retirement benefit to which a participant would be entitled if he continued to accrue benefits at the average of the rates applicable to his period of actual participation.

Sec. 235. Suspension of benefits because of reemployment.

ERISA permits a multiemployer plan to suspend benefit payments while an employee is employed in the same industry, in the same trade or craft, and the same geographic area covered by the plan, as when such benefits commenced.

The amendment reduces the three element test to two elements; namely, reemployment in the same industry, trade or craft, and the same geographic area as when benefits commenced. The amendment also applies the suspension rule to self-employment.

In addition, it is provided that the permissible period of benefit suspension shall include a period determined pursuant to Commission regulations in addition to the months in which employment occurs to the extent necessary to prevent the periodic payment and suspension of benefits to employees who have not retired but who continue to work on an irregular basis.

The amendment permits the plan to impose a financial penalty on a person who fails to report his reemployment as required by the plan. The amount of the penalty shall be determined pursuant to Commission regulations but in no event shall exceed an amount equal to one year's benefit.

Sec. 236. Amendments to conform plans to final regulations.

This section provides that any plan amendments adopted prior to January 1, 1980 which comply with final regulations shall not violate ERISA's title I because such an amendment alters an amendment adopted after ERISA was signed into law and prior to the issuance of such final regulations. Such amendments adopted prior to January 1, 1980, though, may not decrease vested rights or accrued benefits in existence on the date ERISA was signed into law.

Sec. 237. Reduction in retirement or disability benefits.

ERISA provides that if a participant is receiving benefits under a pension plan, or is separated from the service and has a vested benefit, a plan may not decrease benefits by reason of any benefit increase under Social Security or the Railroad Retirement Act of 1937, or any increase in the Social Security wage base.

The amendment provides that the same rule applies to a participant receiving disability benefits under a welfare plan as of the date of enactment of such amendment.

This section also provides that a pension plan may not reduce pension benefits which are being paid to a participant or in which a participant who is separated from the service has a vested right as the result of a workers compensation award.

Sec. 238. Joint and survivor annuity.

Under ERISA, a plan which provides benefit payments in the form of an annuity, must provide such payments in a form having the effect of a qualified joint and survivor annuity. If a plan provides for the payment of benefits before the normal retirement age, the plan is not required to provide annuity payments in a form having the effect of a qualified joint and survivor annuity during the period beginning on the participation commencement date and ending on the later of (1) the date the employee reaches the earliest retirement age or (2) the first day of the 120th month beginning before the date on which the employee reaches normal retirement age. From the later of these two dates to the date on which the employee reaches normal retirement age, a plan must permit a participant to elect joint and survivor annuity coverage.

The amendment expands joint and survivor annuity coverage by requiring with respect to a participant who has not less than a 50 percent vested benefit and who dies before the annuity starting date that the plan provide a survivor's annuity for the participant's spouse which begins on the annuity starting date. A plan will be permitted to pay benefits actuarially equivalent to such survivor's annuity earlier than the annuity starting date.

A pension plan which does not provide for the payment of benefits in the form of an annuity shall, with respect to a participant who has not less than a 50 percent vested benefit and who dies before receiving such benefit, provide that the participant's account balance be distributed in the form of a lump sum to the surviving spouse not later than 60 days after the end of the plan year in which the participant died.

These changes in the joint and survivor annuity shall apply with respect to plan years beginning two years after the date of enactment of this section.

Sec. 239. Elapsed time.

This provision permits the Secretary to prescribe by regulation a one or more systems of measuring service for participation, vesting and accrued purposes which is based upon measurement of the elapsed time of an employee's service. Such regulations shall include safeguards to ensure that employees are not, in the aggregate, disadvantaged by the use of elapsed time measurement.

PART 3—FUNDING

Sec. 251. Funding to take acount of future amendments.

This amendment provides that the funding method may take account, and for plan years beginning after December 31, 1980 shall take account, of all plan provisions, including provisions which have not yet affected participants as to entitlement to, or accrual of, benefits. The funding method may thus take into account a future benefit reduction.

In the event any such provision is not implemented as of the time specified when the provision was adopted, the funding standard account shall be appropriately adjusted in accordance with Commission regulations. A provision adopted but contingent on a future event shall be deemed not to be in effect as a provision of the plan prior to the occurrence of that event.

PART 4—FIDUCIARY RESPONSIBILITY

Sec. 261. General asset account.

ERISA provides that in the case of a plan to which a guaranteed benefit policy is issued by an insurer, the assets of such plan shall include such policy, but shall not, solely by reason of the issuance of such policy, include any assets of the insurer.

This amendment broadens this provision by providing that in the case of a plan the benefits of which are insured, the plan assets shall include the insurance policy but shall not, solely by reason of the issuance of such policy, include the assets of the insurer except to the extent such assets are maintained by the insurer in one or more separate accounts and do not constitute surplus in any such account.

Sec. 262. Obligation of employer to contribute.

Under this new section, every employer who is obligated under a collectively bargained plan (or under a collective bargaining agreement related to such a plan) to contribute periodically to such a plan is required, in accordance with applicable law, to make the agreed-upon contributions.

Sec. 263. Refund of mistaken contributions.

ERISA section 403 provides that plan assets shall never inure to the benefit of any employer except as permitted under statutory exceptions, which include the permissible return of a contribution within one year after the payment of such contribution by a mistake of fact.

This amendment permits a multiemployer plan to return an employer contribution within one year after the plan administrator knows that the contribution was made by a mistake of fact.

Sec. 264. Cofiduciary responsibility.

ERISA section 405 presently provides that a fiduciary with respect to a plan shall be liable for a breach of fiduciary responsibility of another fiduciary with respect to the same plan if he has "knowledge" of a breach of such other fiduciary, unless he makes reasonable efforts under the circumstances to remedy the breach.

This amendment provides that in the case of a fiduciary who is not an individual, the term "knowledge" shall mean knowledge actually communicated (or knowledge which, in the normal course of business, should have been communicated) to the fiduciary's officer or employee who is authorized to carry out the fiduciary's responsibilities (or who does so in fact) regarding the matter to which the knowledge relates.

This amendment also limits the responsibility of any cofiduciary respecting the failure of an employer who is a fiduciary to make contributions to a collectively bargained plan.

Sec. 265. Exemption for reciprocity arrangements.

In order to avoid confusion or uncertainty regarding the permissibility of transfers of contributions from one collectively bargained plan to another, this section adds to section 408(b) of ERISA a prohibited

transaction exemption, with appropirate safeguards, regarding transfers of contributions between such plans pursuant to section 131.

Sec. 266. Solvency standards for insured welfare plans.

This section requires that every uninsured welfare plan which is a multiple employer trust (MET) shall be subject to such solvency and reserve standards as the Secretary shall require by regulation. Such regulations shall become effective not later than 18 months after the date of enactment of the ERISA Improvements Act of 1978.

PART 5—ADMINISTRATION AND ENFORCEMENT

Sec. 271. Remedies.

This section makes several changes in section 502 of ERISA.

Subsection (a) of section 502 is revised to conform with the changes made by section 221 of this Act.

Subsection (b) is revised to conform to the changes made by title I of this Act, and to preclude the Employee Benefits Commission from initiating suits to collect contributions owing to a plan.

Subsection (g) is amended to provide that where a judgment has been awarded in an action to collect contributions owing to a plan, the court shall allow a reasonable attorney's fee and costs of the action, to be paid by the defendant.

Subsection (i) is deleted to conform to changes made by title I of this Act.

Subsections (j) and (k) are redesignated as subsections (i) and (j), respectively, and a new subsection (k) is added to provide that, concerning any employee benefit plan other than an eligible individual account plan in which participation is voluntary, no person or employee benefit plan shall be subject to liability of any sort as the direct or indirect result of a cause of action explicitly or implicitly alleging that the interest of an employee in such a plan is a security under Federal or State securities laws. With respect to such plans, no court of the United States shall have jurisdiction of an action, whether instituted prior to or on or after the date of enactment of this section, to the extent that it is alleged that the interest of an employee in such a plan is a security under Federal or State securities laws.

New subsection (k) also makes it clear that participation is not voluntary under the terms of a plan if, as an incident of employment or as an incident of membership in an employee organization the members of which are covered under the plan and upon satisfaction of the plan's participation requirements, an employee becomes a participant in the plan, notwithstanding the existence of a plan provision permitting an employee, subject to approval by the plan administrator, to waive participation in the plan.

Sec. 272. Advisory council.

This amendment changes ERISA section 512 to provide that one of the members representing employers on the Advisory Council on Employee Welfare and Pension Benefit Plans shall be a representative of employers maintaining small plans.

Sec. 273. Impact of inflation on retirement benefits.

This section amends section 513 of ERISA to direct the Secretary to conduct a study of the feasibility of requiring pension plans to provide cost of living adjustments to benefits payable under such plans. The Secretary (Commission) is required to submit this study to the Congress no later than 24 months after the date of enactment of this section.

Sec. 274. Preemption.

This amendment revises section 514 to clarify the applicability of other Federal and State laws to plans which are subject to ERISA. First, it provides that ERISA supercedes Federal and State securities laws to the extent that such laws might be applied to the interest of an employee in an employee benefit plan. This change makes it clear that the interest of an employee in an employee benefit plan described in section 4(a) and not exempt under section 4(b) of ERISA is not a security within the meaning of Federal or State securities laws unless such plan is an eligible individual account plan in which participation is voluntary.

Second, this section also makes it clear that the interest or participation of an employee benefit plan subject to ERISA in a single or collective trust maintained by a bank or in a separate account maintained by an insurance company is not to be considered a security within the meaning of Federal or State securities laws, and that such single or collective trusts and separate accounts are not to be considered investment companies for purposes of Federal and State laws.

TITLE III—INTERNAL REVENUE CODE AMENDMENTS

Sec. 301. Lump sum distributions; plans treated as single plan.

This provision amends section 402 of the Internal Revenue Code of 1954 to provide that in the case of a multiemployer plan, defined benefit plans shall be considered separately from defined contribution plans for purposes of determining the balance to the credit of an employee under the lump sum and distribution rules.

Sec. 302. Lump sum distributions; separation from the service.

This section amends section 402 of the Internal Revenue Code to permit a multiemployer plan to deem an employee who has not worked in service covered under the plan for six months as having separated from the service for purposes of the lump sum distribution rules.

Sec. 303. Deduction for employee contributions to qualified plans.

This section amends the Internal Revenue Code to permit a deduction from taxable income for contributions made by employees to qualified retirement plans. The deduction is similar in many respects to the deduction that is presently permitted for contributions to Individual Retirement Accounts, but the deductible amounts are lower to take employer contributions into account. In general, the maximum deduction permitted is the lesser of 10 percent of compensation or $1,000. However, the allowable deduction is reduced by 20 percent of the amount by which adjusted gross income exceeds $30,000.

Under these provisions, every qualified retirement plan will be required to accept employee contributions, and several special conditions are included to avoid undue complications and paperwork.

First, all plans will treat the employee contributions as individual accounts.

Second, there will be no setoff against employee contributions and therefore no need to engage in complicated calculations under a defined benefit plan to determine the value of the employer's contribution respecting each contributing participant.

Third, the maximum annual contribution that any plan will be required to accept from any employee will be $1,000.

Sec. 304. Credit for establishment of small plans.

This section adds to the Internal Revenue Code a new section providing a tax credit for small employers who establish retirement plans that meet ERISA's requirements. The credit, which would be available in addition to the deduction for allowable employer contributions, would be based on a percentage of those contributions and would phase downward over a period of five years from the year in which the employer establishes the plan. The allowable credit would be 5 percent for the first year of plan maintenance, 3 percent for each of the following two years, and 1 percent for each of the next two years.

The credit would not be available for a small employer establishing a plan which is a successor plan to a plan previously maintained by the employer and terminated any time after December 31, 1977.

Sec. 305. Credit for the improvement of qualified plans.

This section would amend the Internal Revenue Code to provide a tax credit of 5 percent of an employer's allowable deduction for contributions to a qualified plan (other than an H.R. 10 plan) for any year in which the Employee Benefits Commission determines, under section 124 of the Act, that the plan is an improved plan.

Sec. 306. Denial of IRA benefits to owner-employees.

This section amends the Internal Revenue Code to prohibit employers (sole proprietors, 10 percent or more partners, and officers or 10 percent or more corporate shareholders) from establishing Individual Retirement Accounts for themselves.

Sec. 307. Retroactive disqualification of plans.

This section prohibits the retroactive disqualification of a plan which is subject to ERISA unless the Employee Benefits Commission determines that the past failure to meet the qualification standards was a result of intentional failure or willful neglect on the part of the plan sponsor.

TITLE IV—SPECIAL MASTER OR PROTOTYPE PLANS

Title IV of the bill adds a new part 6 to title I of ERISA to encourage the creation of a new type of master or prototype plan, called a "special master plan," which could be adopted by employers who wish to provide sound retirement income programs for themselves and their employees, without being subjected to the paperwork and other burdens commonly associated with maintenance of a private pension plan.

Section 601(a) defines the terms used in the section and provides that special master plans must be individual account (defined contribution) plans.

Subsection (b) describes the very limited duties under ERISA and the relevant Internal Revenue Code provisions which will be the responsibility of an employer who chooses to adopt a special master plan.

Subsection (c) describes the broader duties under ERISA and the relevant Internal Revenue Code provisions that will be the responsibility of the special master plan sponsor, who will be an investment manager, such as an insurance company, bank, investment company, etc. Under these provisions, it is made clear, for example, that the annual return/report required by ERISA and the Internal Revenue Code may reflect the assets of the entire special master plan, so long as the return/report identifies the proportion of special master plan assets attributable to each adopting employers' plan, and that the summary plan description for each adopting employer's plan may describe the standard provisions of the special master plan, so long as it also includes any different or additional provisions which apply to the plan of the adopting employer, and contains appropriate cross-references.

Subsection (d) directs the Employee Benefits Commission to develop regulations and other forms of guidance to facilitate the wide use of special master plans and establishes a mechanism for the approval of such plans. Also, the Commission is directed to study the feasibility of extending the special master plan concept to defined benefit plans.

Subsection (e) provides that upon the failure of an employer to meet his limited

responsibilities in connection with the adoption and maintenance of a special master plan, the employer becomes the plan administrator and thereby becomes subject to all of the rules and regulations applicable to plan administrators under ERISA.

ADDITIONAL COSPONSORS

S. 2729

At the request of Mr. BARTLETT, the Senator from Montana (Mr. PAUL G. HATFIELD) was added as a cosponsor of S. 2729, a bill to amend chapter 55 of title 10, United States Code, to establish a ceiling for payments to physicians under CHAMPUS, and for other purposes.

S. 2764

At the request of Mr. TOWER, the Senator from Missouri (Mr. DANFORTH) was added as a cosponsor of S. 2764, a bill to amend the Export-Import Bank Act of 1945 to stipulate the ratio of credit and financing extended by the Bank for agricultural exports.

S. 2978

At the request of Mr. MCCLURE, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 2978, a bill to amend the Occupational Safety and Health Act of 1970 to prohibit restrictions on work rules in locations in which there is hunting, fishing, or shooting sports, and for other purposes.

S. 2990

At the request of Mr. CHURCH, the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CLARK), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Kansas (Mr. PEARSON) were added as cosponsors of S. 2990, the Sugar Stabilization Act of 1978.

SENATE CONCURRENT RESOLUTION 79

At the request of Mr. MCCLURE, the Senator from Florida (Mr. CHILES), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from New Mexico (Mr. SCHMITT), the Senator from California (Mr. HAYAKAWA), the Senator from Georgia (Mr. TALMADGE), the Senator from Virginia (Mr. SCOTT), and the Senator from Oklahoma (Mr. BARTLETT) were added as cosponsors of Senate Concurrent Resolution 79, disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters.

AMENDMENT NO. 1815

At the request of Mr. STEVENSON, the Senator from Illinois (Mr. PERCY) was added as a cosponsor of amendment No. 1815, intended to be proposed to H.R. 8309, the Navigation Development Act.

SENATE CONCURRENT RESOLUTION 81, SENATE CONCURRENT RESOLUTION 82, SENATE CONCURRENT RESOLUTION 83, AND SENATE CONCURRENT RESOLUTION 84—SUBMISSION OF CONCURRENT RESOLUTIONS OF DISAPPROVAL FOR THE ARMS SALES TO EGYPT, ISRAEL, AND SAUDI ARABIA

Mr. PROXMIRE submitted the following concurrent resolutions, which were referred to the Committee on Foreign Relations:

S. CON. RES. 81

Resolved by the Senate (the House of Representatives concurring), That the Congress objects to the proposed sale of 50 F–5 aircraft to Egypt (transmittal number 78–32 transmitted to Congress on April 28, 1978).

S. CON. RES. 82

Resolved by the Senate (the House of Representaitves concurring), That the Congress objects to the proposed sale of 15 F–15 aircraft to Israel (transmittal number 78–33 transmitted to Congress on April 28, 1978).

S. CON. RES. 83

Resolved by the Senate (the House of Representatives concurring), That the Congress objects to the proposed sale of 75 F–16 aircraft to Israel (transmittal number 78–34 transmitted to Congress on April 28, 1978).

S. CON. RES. 84

Resolved by the Senate (the House of Representatives concurring), That the Congress objects to the proposed sale of 60 F–15 aircraft to Saudi Arabia (transmittal number 78–35 transmitted to Congress on April 28, 1978).

Mr. PROXMIRE. Mr. President, today I have submitted four resolutions of disapproval for the proposed sales of sophisticated aircraft to Egypt (1), Israel can establish lasting peaceful rela- everyone in this body is aware, this issue is a vital one for the future of the explosive Middle East as well as for the role of the United States in that area. The United States enjoys good and growing relations with all three of the countries in question and my resolutions should not be read in any sense to reflect negatively on our important bilateral relations with each.

I need not review those relations at length. My views were spelled out in my speech of April 6. Israel, to which we have a long and unalterable relationship lays special claim to our attention and support. We continue to be dedicated to the prospering of that Middle East nation, in peace with its neighbors. The recent peace initiatives of President Sadat of Egypt have stirred the hopes of all Americans that, finally, after all the wars and bloodshed of the past 30 years, there is some prospect that Egypt and Israel can establish lasting peaceful relations.

We certainly want to support this bold initiative of the Egyptians. As for the Saudis, I need not detail for my colleagues the growing role the Saudis play in our economy, as our major supplier of imported oil as well as a substantial consumer of our manufactured products. Our long and intimate relations with Saudi Arabia are as they should be, strong and warm.

Where I disagree with the administration is that it has apparently decided that in order to maintain our close bilateral relations as well as to enhance our role as mediator in the ongoing peace negotiations, these arms sales are somehow essential. That, as I understand it, is the gist of the administration argument. There are other arguments, but they are secondary to this basic premise.

Mr. President, I do not see how rational men can believe that massive sales to both sides in this explosive confrontational area, which has a long and bloody history of use of all arms available, can support the peace process. If so, it is not the peace of the negotiation tables but the peace of the grave. How can it be argued that further (in the case of Israel) and new (in the case of Saudi Arabia) supplies of very sophisticated aircraft will not one day be put to use? After all, that is their purpose.

No one is in the position to guarantee what arms will or will not be used in times of national emergency and emotional upheaval—in the event of another military confrontation between the Arabs and Israel. Even the Egyptian supplies of relatively unsophisticated F–5s can only mean an added potential for conflict and bloodshed.

The administration argument is that more arms equals more self-confidence equals a willingness and ability to make peace. These is a theoretical appeal to this argument. But the reality of the history of the region is such that this conclusion cannot be drawn. Rather, in every case, almost every available weapon of death has been used by both sides in their desperate attempts to gain military superiority over the other. When the stakes involved are as high as they are seen to be by the participants—racial, ethnic, religious survival—paper commitments regarding limitations on uses of weapons quickly go by the board. We have seen this in other areas of the world, where emotions were less strong and history less grim.

My opposition to these sales is based on the assessment that the military security of each of the nations involved would be damaged. Further, if these sales are approved, it is virtually certain that more urgent requests will be made for more and better armaments. Each of the countries involved, all our friends, will need further reassurances of American support. This sale will not quench that thirst. Rather, it will whet that appetite for more and more. I am not being critical of Egypt, Israel, or Saudi Arabia when I say this. I am simply stating a fact. The arms spiral, once started, gains a momentum of its own and each new level of armament breeds new insecurity.

What is needed to change that situation is the kind of bold initiative taken by President Sadat in December. The key to eliminating regional insecurity is, as President Sadat and Prime Minister Begin stated in Jerusalem, to change the psychology of the relations between Israel and her Arab neighbors by establishing peace.

How can peace be established? Among other steps which must be taken, all parties must break out of the historical cycle of fear and mistrust. In my view, arms lead directly to those fears and that mistrust—and rightly so. So not only must the nations of the region make the psychological leap out of the traps of their past, but so must we. We must consciously decide not to fuel anxieties by further arms transfers and we must energetically press our Western European allies and the Soviet Union to show similar restraint.

In this latter regard, the administra-

tion's record is not good; some attempts to persuade the British and the French and the Soviets were made toward the end of 1977. These did not seem to lead anywhere. One reason for that is that we hardly appeared to be speaking in credible terms. After all, we are the leading arms merchant in the world. Some restraint from us also is in order. Then we can, with enhanced credibility, actively attempt to convince other potential suppliers to show similar restraint. I recognize that this will be anything but easy, but it is essential if we are serious about peace in the region.

For all these reasons, I have submitted four resolutions of disapproval—two for Israel, one for Egypt, and one for Saudi Arabia. If the sales are halted, the administration could revitalize the negotiation process. We would signal the nations involved that we support the peace process but that we want to make a break with the past policy of unlimited arms supplies in the region.

There is an Orwellian quality to the theory that more arms brings more security and that arming all sides equally promotes the cause of peace. What historical examples can be given that prove this case? Where have arms been accumulated and not eventually used? Will arms buy peace?

Mr. President, let us seize the initiative. Only a cutback in the Middle East arms race can contribute to a reduction in tensions. Combined with a forceful diplomatic intervention with our allies and the Soviet Union to resist filling the gap, we can measurably increase the prospects for peace.

AMENDMENTS SUBMITTED FOR PRINTING

AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978—S. 2146

AMENDMENT NO. 1825

(Ordered to be printed.)

Mr. CLARK proposed an amendment to the bill (S. 2146) to amend the Consolidated Farm and Rural Development Act, as amended.

AMENDMENT NO. 1826

(Ordered to be printed.)

Mr. ALLEN proposed an amendment to the bill (S. 2146), to amend the Consolidated Farm and Rural Development Act, as amended.

SENATE SENIOR CITIZEN INTERNSHIP PROGRAM—SENATE RESOLUTION 219

AMENDMENT NO. 1827

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted an amendment intended to be proposed by him to Senate Resolution 219, establishing a senior citizen internship program in the Senate.

NAVIGATION DEVELOPMENT ACT—H.R. 8309

AMENDMENT NO. 1828

(Ordered to be printed and to lie on the table.)

Mr. DANFORTH (for Mr. LONG) submitted an amendment (for himself, Mr. EASTLAND, Mr. EAGLETON, and Mr. DANFORTH) intended to be proposed by them, jointly, to the bill (H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

● Mr. DANFORTH. Mr. President, on behalf of the Senator from Louisiana (Mr. LONG) I submit an amendment for him, Mr. EASTLAND, Mr. EAGLETON, and myself.

I ask unanimous consent that a statement by Senator LONG, together with a letter referred to in the statement be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LONG

For many months, both the Senate and the House have wrestled with the difficult issue of imposing user charges on commercial cargo vessels on the inland and intracoastal waterways. Last June, the Senate adopted an amendment offered by Senator Domenici to H.R. 5885 which provided an extraordinarily complicated and burdensome system of charges on waterway users designed to recover 100% of navigation-related operations and maintenance costs and 50% of new construction costs. This bill proved totally unacceptable to the House, and the Senate amendment to H.R. 5885 was never acted on by the House. Instead, the House passed H.R. 8309, which imposed a fuel tax of 6 cents a gallon (after a two year phase-in period of 4 cents a gallon) on commercial cargo vessels on the shallow draft segments of 26 specified waterways, covering all of the major inland and intracoastal waterways. It is this bill which is now before us, and I think it is fair to say that the House approach of a fuel tax is the only kind of user charge that both bodies are going to find acceptable. But there remain the questions of how much tax, how it is to be applied, and under what conditions.

Along with Senators Eastland, Eagleton and Danforth, I have now proposed a compromise which addresses these questions—a compromise which is built upon proposals made by the Department of Transportation. We have not accepted everything requested by the Administration, but we have gone a long way towards meeting their suggestions, particularly with respect to the amount of the tax that they believe should be levied on waterway users. The last fuel tax figure that the Department of Transportation brought to us was 10 cents per gallon, and we have accepted that figure. The compromise that we propose would phase in a permanent tax of 10 cents per gallon on the fuel used by shallow draft commercial vessels on the major inland and intracoastal waterways specified in H.R. 8309. So this is a fair and reasonable compromise we are proposing, and one which, if enacted, I believe the President can and will sign.

I intend to explain the particulars of our proposed compromise on user taxes, but first I should comment on another aspect of this legislation—the authorization of a replacement for Locks and Dam 26 on the Mississippi River at Alton, Illinois. Replacement of Locks and Dam 26 is long overdue. The existing structure was built 40 years ago on wood pilings driven into sand and it has deteriorated badly. The river bed has been scoured out nearly to the depth of the foundation pilings and the concrete is crumbling. Moreover, the lock capacity is far too small—an important factor since it is located at the critical intersection of the inland waterway system.

Fortunately, both the House and the Senate have agreed, in separate bills, to authorize construction of a replacement lock and dam. The compromise amendment we are proposing contains the exact authorization language that both houses have separately agreed upon, for a replacement dam about two miles downstream from the present Locks and Dam 26 with a single 1,200 foot lock. We agreed on this last year, and I trust that we can ratify that agreement as proposed in our compromise amendment.

Turning again to the issue of user charges, Mr. President, I want to impress on my colleagues the historic significance of the waterway tax I am proposing. Since the founding of our nation, we have adhered to a strong tradition that the country's waterways should be free from tolls. It was a policy that made a great deal of sense as a growing nation expanded westward, following the rivers, the natural arteries for commerce and settlement. It was a policy that made a great deal of sense as the heartland of the United States was developed, aided in large part by our magnificent system of navigable rivers that facilitated the transportation of the raw materials and the finished products of agriculture and industry. And, frankly, Mr. President, the policy of toll free rivers is one that makes a great deal of sense to me today, for I fear that the imposition of new and unprecedented taxes will inhibit development in the interior of the country and stimulate inflation, as increased shipping costs are tacked onto the prices paid by farmers, manufacturers and consumers of thousands of products ranging from food to electric power.

But changing times call for changing policies, and it appears that a majority of the Congress, along with the Administration, is prepared to abandon the historic policy of free traffic on the rivers. Accordingly, the compromise amendment that we propose would, as I have said, impose a tax of 10 cents per gallon on fuel used for commercial navigation on the waterways specified in the House-passed bill, H.R. 8309. I should point out that the reason for specifying the waterways to which the tax is applicable is to insure that it only is limited to the shallow draft segments and will not affect ocean-going vessels. However, the list of 26 waterway segments does cover the major rivers used for commercial navigation in the contiguous United States, along with the intracoastal waterways.

The proposed fuel tax would be introduced in four phases, beginning at 4 cents per gallon for the first two years after the effective date, then going to 6 cents a gallon for another two years, then going to 8 cents a gallon for two years, and then reaching the permanent level of 10 cents a gallon. This process is consistent with the recommendation of the distinguished former Assistant Secretary of the Treasury, the late Laurence N. Woodworth, who testified before the House Ways and Means Committee that: "One way to deal with problem [of imposing a sizeable fuel tax] would be to phase in coverage over a period of years."

Make no mistake about the significance of the level of taxation we are proposing. It will mean that the cost of diesel fuel will go up by about 25%, and since fuel cost represents about 40% of river transportation costs, there is going to be a very substantial impact on the cost of shipping goods by water. What we are talking about is raising about $90 million in taxes a year from an industry that has gross annual revenues of about $900 million a year—in other words, a 10 cents per gallon fuel tax will take 10% of the industry's total annual income.

And that in an industry that has profit margins well below 10%. I do not see how the tax could be set any higher without permanently crippling the nation's system of water transportation. Surely Congress does not intend that result.

There may be those who still call for an even higher level of taxation on water trans-

portation, difficult though it may be to understand their reasoning. To them I say: Wait until we get the facts about the impacts of this tax. Our amendment calls for a thorough study of the consequences of this tax, along with an assessment of the levels of Federal assistance to all modes of freight transportation, to be undertaken jointly by the Secretary of Commerce and the Secretary of Transportation, in consultation with other federal agencies. Their report and policy recommendations will be made in 1981. Our amendment provides that within one year after receipt of that study, Congress shall either enact legislation based on these policy recommendations, or reject it by concurrent resolution. Thus, our amendment provides not only for a study, but also for a vote on the outcome of the study.

The Department of Transportation has suggested that a moratorium be declared on all river construction during the pendency of this study. We find that suggestion totally unacceptable. It would deauthorize projects that Congress has already approved—projects that I am sure many of my colleagues have already announced to their constituents. It will bring to a halt vital rehabilitation projects that are needed to maintain our existing water transportation system. It would allow that system to deteriorate. We rejected this proposal and I feel confident that the entire Senate will do so as well.

There is, however, another DOT recommendation that we have adopted by including in our amendment the provision drafted by the Senator from Wisconsin (Mr. Nelson) to provide for the development of a master plan for the Upper Mississippi. While I have some reservations about the need for such a provision, inasmuch as a similar effort is already under way, I have accepted the Nelson Amendment in the spirit of compromise and conciliation which characterizes our amendment.

Finally, Mr. President, I would like to explain the effective date provisions of our amendment. It is clear that the fate of a replacement for Locks and Dam 26 is inextricably linked to the waterway user charge. This important project has been held hostage to the user charge issue. Resolution of that issue as we propose today should clear the way for authorization of a new lock and dam. Unfortunately, however, there is another barrier that must be cleared before construction can begin. For some time there has been pending a lawsuit over the environmental impact statement on the new lock and dam. That case is presently before a U.S. District Judge here in Washington and appears destined to find its way to the Court of Appeals. It may be disposed of there, or it may be remanded for further proceedings in the District Court. In any case, it may stretch out over a period of time beyond the contemplated effective date of the proposed fuel tax of October 1, 1979.

It seems manifestly unfair to require the farmers, shippers and other waterway interests who have fought to replace this antiquated facility for so long to pay additional transportation charges in the form of a fuel tax in order to clear the legislative roadblock in the way of the lock and dam authorization, and then for them to be faced with an indefinite delay in the project because of court proceedings. Accordingly, our amendment provides that the new waterway fuel tax shall take effect either on October 1, 1979, or at the beginning of construction of a new lock and dam, whichever is later. A procedure is provided for the Secretary of the Army to notify the Secretary of the Treasury that construction has gotten started and tax collection should begin.

Mr. President, this is the amendment that we believe provides a fair and equitable disposition of this difficult issue. It is by no means easy to take the steps that will reverse a two-centuries-old policy of toll free waterways. Nor is it a move calculated to gain universal acceptance among waterway users. I understand that a letter urging support for H.R. 8309 without amendment has been sent to all Senators, signed by a number of representatives of labor, industry, farm groups, port authorities and other interested parties, as well as by several governors and mayors. I ask that a copy of this letter and a list of the signatories to it be appended to the conclusion of my remarks.

I wish that it were possible to accede to the wishes of those who signed this letter, but it is my judgment, and that of my cosponsors, that a compromise is necessary. We have gone a far distance by meeting the Department of Transportation's request for a 10 cents per gallon fuel tax, by calling for a study of its effects, with provision for Congressional action on the outcome of the study, and by accepting the Nelson Amendment, as DOT also requested.

I urge that the Senate adopt our compromise, and dispose of this dispute which has occupied us for too long.

NATIONAL WATERWAYS ALLIANCE,
Washington, D.C., April 13, 1978.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The purpose of this letter is to eliminate any misunderstanding as to the position of waterway-related interests on the question of waterway user charges. The undersigned officials of businesses, industries, trade associations, organized labor, port authorities, development commissions, state and local governments, agricultural organizations, water carriers, electric power companies and cooperatives, waterway terminals, and river basin associations representing the overwhelming majority of directly affected interests are unanimous in their conviction that H.R. 8309, which authorizes replacement of Locks and Dam 26 and imposes a waterway fuel tax, constitutes a fair and reasonable limit of compromise for a complex issue having profound ramifications.

The fuel tax which this legislation would levy on shallow-draft waterway commerce is substantial and in line with the Federal fuel tax paid by private automobiles, highway trucks, business aviation and recreational boating. When it is fully operational, the 6¢ commercial navigation tax coupled with the 4¢ tax paid by recreational craft will produce revenues in excess of $100 million annually.

Any increase in waterway taxation above the levels provided in H.R. 8309 would tend to pre-judge the very issues which require in-depth examination as to regional impact, job losses, dislocation of industry, trade balances, inflationary pressures, and diversion of traffic to less safe and less efficient modes—all of which are matters which we believe must be considered carefully and objectively before the Nation is committed to a user charge program exceeding the levels specified in H.R. 8309. In the absence of a full study of all relevant aspects, the shippers, farmers and consumers who would bear the added cost of any waterway imposition cannot reasonably be expected to pay higher fees.

Consideration of H.R. 8309—which was passed by the House of Representatives by an overwhelming majority—has been seriously delayed in the Senate, where opposing forces have sought to gain votes for higher level and restrictive charge plans, with insufficient attention to potential economic and regional impacts and to the need for an adequate inland waterway system.

As a result of the lingering controversy over the level of user charges, many business planning and investment decisions are being delayed and large segments of the labor force and agricultural community are being kept in doubt as to future prospects.

Notwithstanding the conviction of the overwhelming majority of affected waterway interests that continuation of historic American toll-free navigation policy is in the national interest, particularly in light of the energy efficiency and bulk-carrying capacity of the inland waterway fleet, in a sincere effort to resolve this issue, we have agreed to support the fuel tax of 4 cents rising to 6 cents per gallon embodied in H.R. 8309. We have endorsed the House compromise, which was passed with the aid and endorsement of the Democratic leadership.

In view of the continuing uncertainties over this legislation in the Senate, we call upon the Administration and the Congress to recognize the seriousness of the issues involved in imposing charges on American waterways for the first time in our history and to join with us in rejecting any proposal for charges above the levels of H.R. 8309 as premature, dangerous and lacking in sound factual basis. Furthermore, we trust that the Administration and the Congress will concur in our views and acknowledge the reasonableness of our position in order that the user charge dilemma can be settled in an acceptable manner.

So that we may share with you our strong convictions on the subject—as well as factual information regarding prospective effects of high-level waterway levies on our millions of members, employees, customers, farmers and citizens generally—we respectfully request the privilege of meeting personally with you and your policy advisors, perhaps including the Secretary of Transportation, at the earliest convenient date.

Sincerely yours,

J. C. TURNER,
(and 114 others).

AMENDMENT NO. 1829

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI (for himself and Mr. STEVENSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 8309), supra.

● Mr. DOMENICI. Mr. President, the distinguished Senator from Illinois (Mr. STEVENSON) and I are today submitting a compromise waterway user charge amendment to H.R. 8309.

While the distinguished Senator from Illinois (Mr. STEVENSON) and I were on the opposite sides of this issue in the past, we have always shared a desire to bring greater equity to national transportation. Our disagreements have been on the approach, not the philosophy.

This compromise, as my colleagues know, has the full support of the Carter administration, which has stated that it will veto anything less effective.

Our compromise proposal contains four essential ingredients:

First. It authorizes construction of locks and dam 26 on the Mississippi River.

Second. It phases in a fuel tax on barge traffic, starting at 4 cents a gallon on October 1, 1979, then increasing gradually to 12 cents a gallon on October 1, 1984.

Third. It directs a comprehensive DOT-Corps of Engineers inland waterways study, to be sent to Congress in 1981.

Fourth. And in addition to the tax, it establishes an interim cost-recovery level of 10 percent on any new construction on the inland waterways, a provision

that would expire as soon as Congress enacts legislation adopting, modifying or rejecting the study recommendations.

Let me reiterate the key differences between this proposal and alternatives that I understand will be presented to the Senate.

Our amendment clearly establishes the principle of percentage cost recovery, long built into other water resources and transportation programs. That is a principle that is essential if we are to assure that an economic incentive exists for the barge industry to work with the taxpayers for a most cost-effective system of improvements, not the most grandiose.

It sets a date certain for the start of the tax, not leaving that, in effect, to the discretion of the barge industry and the Corps of Engineers.

And it covers the entire inland waterway network, not simply the 40 percent or so of the waterway mileage covered by the House bill and the the alternate proposals.

Mr. President, I believe this represents a fair solution to a very difficult problem. It represents an approach that President Carter will sign into law. While, of course, it is not as substantial as I would have liked it, it represents a fair and reasonable resolution. I am hopeful that the Senate will adopt it.

Before closing, let me explain how we reached this point. Several months ago, at the urging of several colleagues, I began to explore ways to reach a middle ground with the barge industry on the issue of waterway user charges. I shall not bore you with a full list of the various options I developed, or the frustrations I encountered. The options ranged from a waterways trust fund, to various levels of percentage cost recovery, to a mixture of studies and a moritorium on work until Congress could act on the studies.

In each case, my suggestions and alternatives were greeted by flat rejection. The constant response from the barge industry was that it would accept only a token tax and a cosmetic study designed to demonstrate that user charges were a creation of the devil. I do not believe that would be an adequate way to begin to right the imbalance in transportation. Neither did Secretary of Transportation Adams nor President Carter.

So after making a few "final" suggestions—and never receiving an answer—I went to my good friend, the Senator from Illinois who knows and understands this issue as well as anyone. The result is that while Senator STEVENSON and I were on opposite sides of this issue last June, we decided to put together a package that represents a fair compromise and would serve as the only way to get this issue resolved.

Thus, when the issue of waterway user charges is raised later this week, the Senate will have a clear choice—whether to enact an amendment that will truly offer a resolution to this issue, or to pass an amendment that will probably drag this issue, unresolved, along in the 96th Congress.

Mr. President, I ask unanimous consent that our amendment be printed at this point in the RECORD, together with a chart showing the key differences between it and other proposals.

There being no objection, the amendment and table were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1829

On page 2, beginning on line 6, delete all through line 5 on page 17 and insert in lieu thereof the following:

"(b) The Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to replace, at Federal expense as a part of project costs authorized in subsection (a) terrestrial wildlife habitat inundated as a result of the construction of the project on an acre-for-acre basis in the respective States of Missouri and Illinois and to manage such lands as are thus acquired by the Secretary for wildlife mitigation purposes. The Secretary is further authorized to provide project-related recreation development on or in the vicinity of Ellis Island, Missouri, that requires no separable project lands and includes facilities such as roads, parking lots, walks, picnic areas, a boat launching ramp, and a beach, at an estimated cost of $4,000,000 to be cost shared with the State of Missouri and administered in accordance with the provisions of the Federal Water Project Recreation Act (Public Law 89–72) and undertaken independently of the navigation features of the project.

"(c) The channel above Cairo, Illinois, on the Mississippi River shall not exceed nine feet, and neither the Secretary of the Army nor any other Federal official shall study the feasibility of deepening the navigation channels in the Minnesota River, Minnesota; Black River, Wisconsin; Saint Croix River, Minnesota and Wisconsin; the Mississippi River north of Cairo, Illinois; the Kaskaskia River, Illinois; and the Illinois River and Waterway, Illinois, unless specifically authorized by a future Act of Congress.

"(d) There are authorized to be appropriated to the Secretary of the Army such sums as are necessary to carry out the provisions of subsections (a) and (b) of this section for fiscal year 1978 and succeeding fiscal years. Any funds which have been allocated to a replacement project for locks and dam 26, prior to enactment of this Act, shall be available for the project authorized in this section and shall remain available until expended.

"SEC. 103. (a) There is hereby created an Upper Mississippi River System Council (hereinafter referred to as 'Council') consisting of the Secretary of Transportation, the Secretary of Agriculture, the Secretary of the Army, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, the Chairman of the President's Council on Environmental Quality, and Governors of the States of Wisconsin, Minnesota, Iowa, Missouri, and Illinois. The Secretary of the Interior shall serve as Chairman of the Council.

"(b) The Congress hereby authorizes and directs the Council to prepare a comprehensive master plan for the management of the Upper Mississippi River System in cooperation with the appropriate Federal, State, and local officials. A preliminary plan shall be prepared by July 1, 1981, and take into account any appropriate recommendations in the report authorized by Section 301 of this Act The plan shall be subject to public hearings in each affected State. The Council shall review all comments presented at such hearings and submitted in writing to the Council and shall make any appropriate revisions in the preliminary plan, and shall, by July 1, 1982, submit to the Congress for approval a final master plan. Public participation in the development, revision, and enforcement of said plan shall be provided for, encouraged, and assisted by the Council. The Council shall, within one hundred and fifty days of enactment of this Act, publish final regulations in the Federal Register specifying minimum guidelines for public participation in such processes. Approval of the final master plan shall be granted only by enactment of the Congress. Changes to the master plan proposed by the Council shall require enactment by the Congress to become effective. All related activities inconsistent with the master plan or guidelines shall be deemed unlawful.

"(c) The master plan authorized under subsection (b) of this section shall identify the various economic, recreational, and environmental objectives of the Upper Mississippi River System, recommend guidelines to achieve such objectives, and propose methods to assure compliance with such guidelines and coordination of future management decisions affecting the Upper Mississippi River System, and include any legislative proposals which may be necessary to carry out such recommendations and objectives.

"(d) For the purposes of developing the comprehensive master plan, the Council is authorized and directed to conduct such studies as it deems necessary to carry out its responsibilities under this section, with provision that it utilize, to the fullest extent possible, the resources and results of the Upper Mississippi River resources management (GREAT) study conducted pursuant to section 117 of the Water Resources Development Act of 1976 (Public Law 94–587) and of other ongoing or past studies. The Council shall request appropriate Federal, State, or local agencies to prepare such studies, and any Federal agency so requested is authorized to conduct any such study for the purpose of this section. Studies conducted pursuant to this section shall include, but not be limited to the following:

"(1) Secretary of the Interior shall undertake a study to determine the long- and short-term systemic ecological impacts of: (A) present and any projected expansion of navigation capacity on the fish and wildlife, water quality, wilderness, and public recreational opportunities of said rivers, (B) present operation and maintenance programs, (C) the means and measures that should be adopted to prevent or minimize loss of or damage to fish and wildlife, and (D) a specific analysis of the immediate and systemic environmental effects of any second lock at Alton, Illinois, and provide for the mitigation and enhancement of such resources and shall submit his report containing his conclusions and recommendations to the Congress and the Secretary of the Army.

"(2) The Council, acting through the Secretary of Transportation, is directed to immediately initiate a specific evaluation of the need for a second lock at Alton, Illinois, and the direct and indirect systemic effects and needs for such a second lock at Alton, Illinois.

"(3) Studies and demonstration programs, including a demonstration program to evaluate the benefits and costs of disposing of dredge spoil material in contained areas located out of the floodplain. Said program shall include, but shall not be limited to, the evaluation of possible uses in the marketplace for the dredge spoil studies and demonstration programs to minimize the environmental effects of channel operation and maintenance activities.

"(4) Development for the Upper Mississippi River system of a computerized analytical inventory and system analysis to facilitate evaluation of the comparative environmental effects of alternative management proposals.

"(e) Guidelines developed pursuant to this section shall include, but not be limited to, guidelines for channel maintenance, minimization of dredging volumes, alternate uses of

dredged material, barge fleeting, protection of water quality, fish and wildlife protection and enhancement, wilderness preservation, and management of the wildlife and fish refuges within and contiguous to the Upper Mississippi River System.

"(f) To carry out the provisions of this section, there are authorized to be appropriated to the Council $20,000,000. The Council is authorized to transfer funds to such Federal, State, or local government agencies as it deems necessary to carry out the studies and analysis authorized in this section.

"(g) The Upper Mississippi River System consists of those river reaches containing commercial navigation channels on the Mississippi River main stem north of Cairo, Illinoise; the Minnesota River, Minnesota; Black River, Wisconsin; and the Saint Croix River, Minnesota and Wisconsin.

"(h) Except for the provision of section 102 of this Act, and necessary operation and maintenance activities, no replacement, construction, or rehabilitation that expands the navigation capacity of locks, dams, and channels shall be undertaken by the Secretary of the Army to increase the navigation capacity of the Upper Mississippi River System, until the master plan prepared pursuant to this section has been approved by the Congress.

"(i) The lock and dam authorized pursuant to section 102 of this Act shall be designed and constructed to provide for possible future expansion. All other construction activities initiated by the Secretary of the Army on the Upper Mississippi River System shall be initiated only in accordance with the guidelines set forth in the master plan.

"TITLE II—TAX ON FUEL USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS

"SEC. 201. Imposition of Tax.

"(a) Chapter 31 of the Internal Revenue Code of 1954 (relating to special fuels) is amended by adding at the end thereof the following new section:

" "SEC. 4042. TAX ON FUEL USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS.

" "(a) IN GENERAL.—Notwithstanding any other provision of law, there is hereby imposed a tax upon any liquid used during any calendar quarter by any person as a fuel in a vessel in commercial water transportation.

" "(b) AMOUNT OF TAX.—The tax imposed by subsection (a) shall be—

" "(1) in the case of a use after September 30, 1979, and before October 1, 1981, 4 cents a gallon, or

" "(2) in the case of a use after September 30, 1981, and before October 1, 1982, 6 cents a gallon, or

" "(3) in the case of a use after September 30, 1982, and before October 1, 1983, 8 cents a gallon, or

" "(4) in the case of a use after September 30, 1983, and before October 1, 1984, 10 cents a gallon; or

(5) in the case of a use after September 30, 1984, 12 cents a gallon.

" "(c) EXEMPTIONS.—

" "(1) DEEP-DRAFT OCEAN-GOING VESSELS.—The tax imposed by subsection (a) shall not apply with respect to any vessel designed primarily for use on the high seas which has a draft of more than 12 feet.

" "(2) PASSENGER VESSELS.—The tax imposed by subsection (a) shall not apply with respect to any vessel used primarily for the transportation of paying passengers.

" "(3) USE BY STATE OR LOCAL GOVERNMENT IN TRANSPORTING PROPERTY IN A STATE OR LOCAL BUSINESS.—Subparagraph (B) of subsection (d)(1) shall not apply with respect to use by a State or political subdivision thereof.

" "(d) DEFINITIONS.—For purposes of this section—

" "(1) COMMERCIAL WATER TRANSPORTATION.—The term 'commercial water transportation' means any use of a vessel on any inland or intracoastal waterway of the United States—

" "(A) in the business of transporting property for compensation or hire, or

" "(B) in transporting property in the business of the owner, lessee, or operator of the vessel (other than fish or other aquatic animal life caught on the voyage).

" "(2) INLAND OR INTRACOASTAL WATERWAY OF THE UNITED STATES.—The term 'inland or intracoastal waterway of the United States' means any improved inland waterway of the United States, as defined by section 305 of the Inland Waterway Improvement and Cost Recovery Act of 1978.

" "(3) PERSON.—The term 'person' includes but is not limited to the United States, a State, a political subdivision of a State, or any agency or instrumentality of any of the foregoing.

" "(c) DATE FOR FILING RETURN.—The date for filing the return of the tax imposed by this section for any calendar quarter shall be the last day of the first month following such quarter."

"(b) Section 4293 of such Code (relating to exemption for United States and possessions) is amended by striking out "chapters 31 and 32" and inserting in lieu thereof "section 4041, chapter 32,".

"(c) The table of sections for chapter 31 of such Code is amended by adding at the end thereof the following new item:

" "SEC. 4042. TAX ON FUEL USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS."

"(d) The amendments made by this section shall take effect on October 1, 1979, and shall remain in effect unless superseded by a system of waterway user charges enacted as a result of the recommendations of Section 301 of the Inland Waterway Improvement and Cost Recovery Act of 1978. The first proposed regulations under section 4042 of the Internal Revenue Code of 1954 shall be published in the Federal Register not later than the day which is 9 months after the date of the enactment of this Act.

"TITLE III—INLAND WATERWAYS STUDY AND COST RECOVERY

"SEC. 301. (a) The Secretary of Transportation (hereinafter referred to as the "Secretary"), in consultation with the Secretary of the Army, shall study

"(1) a comprehensive national program for the cost-effective management of the navigation system of the inland waterways of the United States, and

"(2) establishment, maintenance, and collection of a reasonable system of user charges (using either a fuel tax, or an increase or decrease thereof, any other user charge, or any combination thereof), to be paid by the commercial users of the inland waterways of the United States.

"In making his study, the Secretary is authorized and directed to ensure the effective coordination of and the necessary consistency between the waterways study authorized by Section 158 of P.L. 94-587 and any other related Executive Branch studies and to take all relevant findings there from in making his findings and recommendations. In addition, he shall conduct public hearings, review comments presented at such hearings and those submitted in writing, and shall, no later than January 15, 1981, submit to the Congress policy recommendations for a comprehensive national program for the cost-effective management of the inland waterways of the United States and the recovery from commercial users of that percentage of the costs of such program that is considered to be reasonable. Together with his report, the Secretary shall submit proposed legislation to implement his recommendations.

"(b) The study authorized by Subsection (a) of this section shall include, but not be limited to, a consideration of the following:

"(1) the effects of future inland waterway projects, with cost recovery, and the effects of any expansion of navigational capacity on the inland waterways of the United States on the establishment of a more balanced national transportation system.

"(2) The expected level of traffic growth on the inland waterways of the United States and on competing modes of transportation, without navigational cost recovery, with the level of cost recovery provided for in this legislation, and with cost recovery over and above the levels provided for in this legislation.

"(3) Sites on the inland waterways of the United States where cost-effective improvements are likely to be needed by the year 2000.

"(4) The economic impacts of any major navigation investments through the year 2000 on (i) carriers and shippers using the inland waterways of the United States, (ii) alternate modes that compete with carriers using the inland waterways of the United States, and the shippers using such competing modes, and (iii) the ultimate consumers of products, whether shipped on the inland waterways of the United States or not;

"(5) The cost impact of user charges on businesses and farmers dependent on water transportation;

"(6) Factors and standards that should be considered in determining the advisability to proceed with construction of any project on the inland waterways of the United States subsequent to enactment of this Act, and

"(7) the possible impact of Federally financed navigational projects in requiring off-setting subsidies to competing models.

"(c) The recommendations authorized by subsection (a) of this section shall identify:

"(1) Those segments on the inland waterways of the United States, together with their costs, that will require major rehabilitation or expansion by the year 2000,

"(2) Those improvements, together with their costs, for new segments that should be added to the inland waterways of the United States by the year 2000.

"(3) A cost recovery system that will provide for balance in national transportation policy and will, either on a system-wide, region-wide, or project-by-project basis, provide a realistic market test of the need for projects listed in paragraphs (1) and (2) of this subsection, and which can be reasonably paid by the prospective commercial users of projects on the inland waterways of the United States, and

"(4) Benefit and cost factors that should be utilized hereafter in evaluating projects on the inland waterways of the United States.

"(d) To carry out the provisions of this section, $8,000,000 is authorized to be appropriated to the Secretary and to remain available until expended.

"SEC. 302. Except for projects under construction at the time of enactment of this Act, including the project authorized by Section 102 of this Act, and necessary operation and maintenance activities, no project for replacement, construction, or rehabilitation increasing the capacity of the locks, and dams, and channels on the inland waterways of the United States or to be added to the inland waterways of the United States that primarily benefits commercial navigation shall be initiated, nor shall funds be so expended, by the Secretary of Army until the Secretary has, by regulations, established a system of user charges, including but not necessarily limited to license fees or tolls, sufficient to recover 10 percentum of

the capital cost of such project, including interest, over the initial 10 years of the project's operation. Notwithstanding any other provision of law, the Secretary shall initiate collection of such charges when the Secretary of the Army commences the operation of the project, and he shall deposit such charges in the general fund of the Treasury. Such charges may be established at the project or over a broader portion of the inland waterways of the United States, and, to the extent equitable and practicable, shall be distributed among users in such a manner as not to cause serious economic disruption on any segment of the inland waterways of the United States. The Secretary of the Army shall prohibit the use of such project by any commercial vessel that fails to pay such charge. This section is repealed upon enactment of any statute that either authorizes the recommendations of the Secretary required by Section 301 of this Title, or that rejects or modifies such recommendations.

"SEC. 303. No later than January 15, 1981, and each year thereafter, the Secretary of the Treasury shall report to the Congress on the monies received under Title II of this Act during the preceding fiscal year, identifying the percentage that such monies represent out of all monies expended during such fiscal year by the United States for operations, maintenance, and construction on the inland waterways of the United States.

"SEC. 304. The Secretary of the Army, acting through the Chief of Engineers and in consultation with the Secretary of Transportation, shall within 180 days of the date of enactment of tihs Act, promulgate regulations in the Federal Register to minimize congestion on the inland waterways of the United States and thereby extend the useful economic life of locking facilities on such waterways. Such regulations shall include, but not be limited to, requirements covering barge configurations, lockage priorities, traffic scheduling, and lockage aids, such as switchboats.

"SEC. 305. As used in this Title, the term:

"(a) 'Inland waterway of the United States' means any improved waterway operated and maintained by the United States, the improvement to which are primarily for the use of commercial vessels other than ocean-going vessels, and does not include the Great Lakes, their interconnecting channels, and the Saint Lawrence Seaway, and

"(b) 'commercial users' means common, contract, or other carriers for hire and owners or operators of private shallow-draft cargo vessels.

"SEC. 306. This title may be cited as the 'Inland Waterways Improvement and Cost Recovery Act of 1978.'

IDENTIFICATION OF THE MAJOR DIFFERENCES IN VARIOUS PROPOSALS ON WATERWAY USER CHARGES

	Bill passed by Senate last June	House bill, H.R. 8309	Proposal advanced by the barge industry	Domenici-Stevenson proposal
Maximum fuel tax	No fuel tax	6 cents per gallon in 1981	10 cents per gallon reached at an uncertain date.	12 cents per gallon in 1984.
Date tax or charge begins	Oct. 1, 1979	Oct. 1, 1979; starting at 4 cents per gallon.	Uncertain; at discretion of the Corps; starting at 4 cents per gallon.	Oct. 1, 1979; starting at 4 cents per gallon,
Percentage cost recovery	100 percent of operations and maintenance, plus 50 percent of construction (phased in over 10 yr).	None	None	10 percent of new construction, recovered during initial 10 yr of a project's operation. Capital recovery does not apply to locks and dam 26.

● Mr. STEVENSON. Mr. President, Senator DOMENICI and I are today introducing a compromise amendment to H.R. 8309, the lock and dam 26 authorization and waterway user fee bill.

The amendment reflects concessions on all sides and is an effort to break an impasse that threatens to prevent replacement of locks and dam 26 on the Mississippi River at Alton, Ill., and many other worthy projects. Locks and Dam 26 is used by the commerce of the Upper Mississippi and Illinois Rivers. In its present condition, this 40-year-old facility is inadequate. Its replacement is critical to the welfare of the most highly developed agricultural and industrial region in the world.

Under this amendment the barge industry will be required for the first time to contribute a portion of what the Federal Government spends to build, operate and maintain the inland navigation system. This step is long overdue—and I commend Senator DOMENICI for his unrelenting efforts to win a contribution from the industry most benefited by this system.

Our compromise will:

First. Authorize a new lock and dam 26 with a single 1,200-foot lock, configured so it can accommodate a second lock if authorized by Congress.

Second. Authorize studies for the planned development and environmental protection of the Upper Mississippi River. The amendment also prohibits a 12-foot channel on the Upper Mississippi River and its tributaries and construction of any new navigation projects pending the study.

Third. Impose a 2-cent-per-gallon fuel tax in fiscal year 1980 and fiscal year 1981 for commercial users of the system, increasing to 12 cents in fiscal year 1985 and thereafter.

Fourth. Authorize a 3-year study by the Department of Transportation of a comprehensive system of user charges for the inland waterway system.

Fifth. Require recovery of 10 percent of the cost of any new construction on the inland system, with the exception of locks and dam 26. The 10 percent recovery will be spread out over the entire system during the first 10 years a new facility is in operation.

The 10-percent contribution would not produce revenues until long after the Congress has considered the DOT study recommendations. When this study is completed, Congress will have an opportunity to repeal or change the recovery formula before it becomes operative. If for any reason construction of lock and dam 26 is delayed, the Congress might well decide to repeal the 10-percent cost recovery before it takes effect. If it deferred action on the DOT user fee study, the 10 percent recovery would remain in effect.

This compromise is sound and workable. It has won the backing of the administration. It meets its "minimum" requirements with respect to recovery of operating and capital expenditures for the inland waterway system. Similarly, the administration has informed us that the House bill, which contains a lower fuel tax and no capital recovery formula, and the other known proposals circulating in the Senate do not meet the President's requirements and would not be approved.

The fuel tax in this amendment is modest; 12 cents is equal to the average State and Federal fuel taxes now paid by the trucking industry in the region and does not take full effect until 1985. By then 12 cents per gallon on marine diesel fuel will be lower than highway fuel taxes. The trucking industry also pays Federal excise taxes on tires, batteries, and other products; 12 cents per gallon would recover approximately 50 percent of the Federal Government's annual expenditures for operation and maintenance of the inland waterways.

The Senate earlier approved a provision supported by Senator DOMENICI and the administration that would have required the barge industry to pay the full operating and maintenance costs and half the capital costs of new construction. In the interest of getting action, they have made substantial concessions. I have relented in my opposition to recovery of an arbitrary percentage of construction costs. This is, therefore, a compromise. It is also a sound basis for action and little enough to ask of the waterway industry.

Senator DOMENICI and I have never disagreed on the need for user fees. We have not disagreed on the need for a new lock and dam. We disagreed on how to best achieve common goals. We are now of one mind, and I am optimistic that we will succeed with the Carter administration's support.

This amendment, if approved, would assure Midwest farmers transportation for their products at reasonable cost. It would assure city dwellers a means of receiving coal and other fuels. It offers equity to the American taxpayer. And it begins the process of balancing competing modes of transportation, so that the waterway users no longer enjoy an advantage which threatens the viability of other vital transportation modes.

This issue has been debated for 3 years. It is our last chance in this Congress to authorize replacement of locks and dam 26—and it is our last chance this year to enact user fees. This compromise has the backing of the adminis-

tration and will be signed. I urge its adoption.

Mr. President, I commend the administration for its cooperation and productive attention to this matter and I ask unanimous consent that a copy of Secretary Adams' letter to me of April 28 be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., April 28, 1978.

Hon. ADLAI E. STEVENSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENSON: I am writing to advise you of the Administration's views on legislation now pending before the Senate concerning Lock and Dam 26 and waterway user charges.

When I last wrote you on the issue of waterway user charges, it was to uniform you of the President's intention to veto the House bill, H.R. 8309. We remain convinced that the 4c/6c tax recommended by the House is inadequate.

The Administration would still prefer legislation recovering 100 percent of the costs of operation and maintenance, and 50 percent of the costs of new construction of the inland waterway system. This year those costs are approaching the half-billion dollar level.

In order to expedite this matter, however, we will accept the compromise substitute for H.R. 8309 that has been offered by Senators Stevenson and Domenici. This substitute offers the minimum acceptable basis from which to develop an adequate House-Senate Conference bill.

In our view, the most important elements of the Stevenson-Domenici proposal are:

1) An adequate level of taxation implemented by a date certain. We support the Stevenson-Domenici proposal for a gradually phased-in fuel tax beginning no later than FY 1980, and reaching 12c per gallon by the end of FY 1984. This tax will still be proportionally much less, for example, than the dedicated highway taxes paid by the trucking industry. Based on extensive studies, we believe that this tax would impose no serious hardship for barge companies or their shippers.

2) The principle of cost recovery. Both this Administration and the Senate have supported full recovery of operation and maintenance costs and 50 percent recovery of the cost of new construction on the inland waterway system. While we remain convinced of the correctness of our position, we are willing to postpone implementation of this level of recovery pending the outcome of a comprehensive study to be carried out by the Department of Transportation and other agencies.

In the meantime, the fuel tax discussed above should be implemented. For any projects initiated prior to the enactment or rejection of the recommendations of the DOT study, a minimum of 10 percent of capital costs should be recovered, as proposed in the Stevenson-Domenici substitute.

3) Comprehensive planning for the inland waterway system. As the costs of the current waterway system have escalated, the need for a comprehensive review of waterway development policy has grown. The commercial waterway industry, according to a recent CBO study, receives the equivalent of 40 percent of its annual revenues in Federal subsidies in the form of free Federal waterway operation and construction; the equivalent Federal subsidy of other modes is 3 percent or less. The Stevenson-Domenici study proposal offers an opportunity to develop a coordinated approach to waterway costs within the context of a national transportation system.

This Administration very much wants to establish a fair system of waterway user charges along with the waterway improvements that are needed. However, the President has asked me to emphasize that our desire to establish this system does not mean that we will accept legislation involving insubstantial taxes which are indefinitely delayed. He has asked me to advise you that he will not sign legislation authorizing a new lock and dam at Alton, Illinois unless it establishes a firm time-table with an early commencement date for the implementation of a fuel tax which would recover a substantial portion of operating costs. Moreover, acceptable legislation would provide for some capital cost recovery on new waterway construction, pending Congressional enactment or rejection of the recommendations of the DOT study. The Stevenson-Domenici proposal meets these criteria as compared with other proposals that have been circulated recently in the Senate which do not, and would not be signed.

In addition the President has asked me to convey his hope that this bill will not be used as a vehicle for additional costly or extraneous amendments that could jeopardize final enactment of this needed legislation.

I hope that you will be able to support the Stevenson-Domenici substitute, and that we can finally resolve this difficult issue.

Sincerely,

BROCK ADAMS.●

AMENDMENT NOS. 1830 AND 1831

(Ordered to be printed and to lie on the table.)

Mr. GRAVEL submitted two amendments intended to be proposed by him to the bill (H.R. 8309), supra.

AMENDMENT NO. 1832

(Ordered to be printed and to lie on the table.)

Mr. GRAVEL (for himself and Mr. MAGNUSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 8309), supra.

AMENDMENT NO. 1833

(Ordered to be printed and to lie on the table.)

Mr. RANDOLPH submitted an amendment intended to be proposed by him to the bill (H.R. 8309), supra.

EXPORT-IMPORT BANK ACT—S. 2520

AMENDMENT NOS 1834 AND 1835

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. STEVENSON submitted two amendments intended to be proposed by him to the bill (S. 2520) to amend and extend the Export-Import Bank Act of 1945, as amended.

● Mr. STEVENSON. Mr. President, I am submitting today two amendments to S. 2520, a bill to amend and extend the Export-Import Bank Act. The purpose of the amendments is to insure that export credits funded by the U.S. Government consistently serve U.S. interests. The first amendment would specify criteria to be used by the President to determine the eligibility of countries for Eximbank credits and provide for congressional review of Presidential determinations of eligibility. The second amendment would facilitate congressional review of critical Bank transactions involving major national interests while removing unnecessary impediments to Bank decisions.

Present law offers an inadequate basis for determining whether foreign countries should be eligible for Eximbank credit. The Export-Import Bank Act requires national interest determinations to establish the eligibility of Communist countries only, and defines none of the factors to be used in such determinations. The Trade Act of 1974 has requirements with respect to emigration policies of nonmarket countries, but only for emigration and nonmarket economies.

National interest standing alone is too vague a concept to reconcile basic foreign policy concerns and commercial considerations. The right to emigrate is one of those concerns. Others include a country's relationship to the United States and countries friendly or hostile to the United States, and its policies and actions with respect to peaceful settlement of international and internal disputes.

Our relations with all countries should be assessed against sound criteria. At present our antiquated statutes encourage subsidized credits for some offenders against our interests, while precluding credits where they would serve us.

The amendments I propose would set global criteria for eligibility for Eximbank credit and apply those criteria globally. No country would be beyond their purview; no country or group of countries would receive special treatment.

The President would be required to submit to Congress a list of countries for which he had determined, having considered the factors specified in the law, that eligibility to receive Bank-supported exports is in the national interest. Congress would have 60 days to review the list and could disapprove it by a concurrent resolution to be considered under expedited procedures. If the list were disapproved, all countries previously eligible would remain eligible until a new list became effective. A list which passed muster before Congress would remain effective for 3 years. The President could submit to Congress a revised list at any time, and such revised list would be subject to congressional review as well. He could remove countries as well from the list of eligible countries.

Individual bank transactions which are presently subject to review by Congress for 25 days of continuous session before receiving final Eximbank approval would continue to be subject to review, but with the following changes: First, the threshold for review of loans and financial guarantees would be raised from $60 million to $100 million; second, during congressional adjournment the Bank could finalize transactions after 35 calendar days unless a Member of Congress raised objection; and third, Congress could disapprove such transactions by concurrent resolution considered under expedited procedures. This last provision is intended to enable controversial cases to be settled expeditiously and definitively by majority vote in the Congress.

The amendments would supersede the provisions of the Trade Act of 1974 with respect to Eximbank credits for exports to countries other than the Soviet Union.

Unfortunately, the state of relations between the United States and the U.S.S.R. makes any change in the Trade Act and the Export-Import Bank Act pertaining to the U.S.S.R. untimely. Accordingly, such provisions are unaffected by my amendments.

Mr. President, I ask unanimous consent that there be printed in the RECORD a description of the amendments, section-by-section analyses of the amendments and the amendments themselves.

There being no objection, the amendments and material were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1834

At the appropriate place in the bill, insert the following:

SEC. . (a) Section 2(b)(3) of the Export-Import Bank Act of 1945 is amended—

(1) by striking out "No" in the first sentence and inserting in lieu thereof "Except as provided by the fourth sentence of this paragraph, no";

(2) by striking out "$60,000,000" in the first sentence and inserting in lieu thereof "$100,000,000";

(3) by inserting before the period at the end of the first sentence a comma and the following: "and the Congress has not, by an affirmative vote of a majority of those present and voting in each House, adopted a concurrent resolution pursuant to subsection (d) disapproving such loan, guarantee, or combination thereof"; and

(4) by adding at the end thereof the following: "If the Bank submits a statement to the Congress under this paragraph and either House of Congress is in an adjournment for a period which continues for at least 10 days after the date of submission of the statement, then any such loan or guarantee or combination thereof may, subject to the second sentence of this paragraph, be finally approved by the Board of Directors upon the termination of the 25-day period referred to in the first sentence of this paragraph or upon the termination of a 35-calendar-day period (which commences upon the date of submission of the statement), whichever occurs sooner, except that the 35-calendar-day period does not apply to any loan, guarantee, or combination thereof with respect to which a Member of Congress has submitted an objection in writing to the Chairman of the Board of Directors of the Bank.

(b) Section 2 of such Act is amended by adding at the end thereof the following:

"(d) CONGRESSIONAL PROCEDURES.

"(1) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This subsection is enacted by the Congress—

"(A) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b)(3) and supersedes other rules only to the extent that it is inconsistent therewith; and

"(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

"(2) DEFINITION.—For purposes of this subsection, the term 'resolution' means only a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the _____ submitted by the Export-Import Bank on _____.', with the first blank space being filled with a description of the loan, financial guarantee, or combination thereof and the second blank space being filled with the appropriate date.

"(3) DISCHARGE OF COMMITTEES.—

"(A) If the committee of either House to which a resolution has been referred has not reported it at the end of 10 days after its introduction, it is in order to move either to discharge the committees from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except no motion to discharge shall be in order after the committee has reported a resolution with respect to the same matter.

"(B) A motion to discharge under subparagraph (A) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(4) FLOOR CONSIDERATION IN THE HOUSE.—

"(A) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate in the House of Representatives on a resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

"(C) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

"(D) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

"(E) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

"(5) FLOOR CONSIDERATION IN THE SENATE.—

"(A) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(C) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

"(D) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

"(6) Special rule for concurrent resolutions.—In the case of a resolution described in paragraph (2), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

"(a) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(b) the vote on final passage shall be on the resolution of the other House.

"(7) Special rule relating to Congressional procedures.—Whenever, pursuant to subsection (b)(3), a document is required to be transmitted to the Congress, copies of such document shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

AMENDMENT NO. 1835

At the appropriate place in the bill, insert the following:

SEC. — (a) Section 2(b)(1) of the Export-Import Bank Act of 1945 as amended by inserting a period after "and employment in the United States" and striking the remainder of the paragraph.

(b) Section 2(b)(2) of the Export-Import Bank Act of 1945 as repealed.

(c) Section 2(b)(5)(A) is amended by striking the last sentence thereof.

(d) Section 2 of such Act is amended by adding at the end thereof the following:

"(d)(1) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with the purchase or lease of any product or service by any foreign country, including any agency or national thereof, unless such country is on the effective list of eligible countries referred to in paragraph (2). No foreign country may be included in the list of eligible countries referred to in paragraph (2) unless the President determines that inclusion of such foreign country in the list would be in the national interest. The President shall make a separate national interest determination with respect to each foreign country included on the list referred to in paragraph (2), and, in making such determination, shall take into account such factors as the country's relationship to the United States, its relationship to countries friendly or hostile to the United States, its internal stability and creditworthiness, and its policies and actions with respect to peaceful settlement of international and internal disputes, nuclear proliferation, environmental protection, human rights, including specifically policies regarding the right to emigrate, and such other factors as he may deem appropriate.

"(2) Within 60 days after the date of this enactment of this subsection, the President shall transmit to the House of Representatives and to the Senate a list of countries which he has determined, in accordance with paragraph (1), to be eligible for participation in the Bank's programs under this Act. Notwithstanding any other provision of law, and except as otherwise provided in paragraph (8) for the Union of Soviet Socialist

Republics, such list shall be the exclusive method for determining eligibility for participation in the Bank's programs under this Act and shall be valid and effective for a period of three years beginning on the day on which it is deemed effective under the procedures set forth in paragraph (5). At least 60 days prior to the expiration of any such list, the President shall transmit to the House of Representatives and to the Senate a new list of countries determined, in accordance with paragraph (1), to be eligible for participation in the Bank's programs under this Act.

"(3) The President may at any time issue an Executive Order (A) removing any country from the list referred to in paragraph (2), or (b) terminating the effectiveness of any such list, if, in light of the factors set forth in the third sentence of paragraph (1), he determines any such action to be in the naional interes. Any such Executive Order, toegther with a document setting forth the reasons therefor, shall be promptly transmitted to the House of Representatives and to the Senate.

"(4) The President may, at any time, add one or more countries to the list referred to in paragraph (2) if he makes a determination in accordance with paragraph (1) and transmits a document setting forth such determination, together with the reasons therefor to the House of Representatives and to the Senate.

"(5) Any list referred to in paragraph (2) and any determination referred to in paragraph (4) shall become effective after the close of the 60-day period beginning on the day on which the list referred to in paragraph (2) or the document referred to in paragraph (4), whichever is the case, is delivered to the House of Representatives and to the Senate, unless during such 60-day period the two Houses adopt, by an affirmative vote of a majority of those present and voting in each House, a concurrent resolution disapproving any such list referred to in paragraph (2), or any such determination referred to in paragraph (4), whichever is the case, under the procedures set forth in subsection (e).

"(6) Notwithstanding any other provision of this subsection, the President may disapprove any guarantee, insurance, extension of credit, or participation in an extension of credit by the Bank prior to approval by the Bank if, in light of the factors set forth in the third sentence of paragraph (1), he finds that such transaction would not be in the national interest.

"(7) Notwithstanding any other provision of this subsection, (A) until the first list of eligible countries referred to in paragraph (2) has become effective, the Bank may guarantee, insure, or extend credit, or participate in an extension of credit with respect to any foreign country, including any agency or national thereof, to the extent such country was eligible to participate in the Bank's programs on the day prior to the date of enactment of this subsection, and (B) if, at any time, a list referred to in paragraph (2) has expired and no new list has yet become effective, the bank, during any such period, may guarantee, insure, or extend credit, or participate in an extension of credit with respect to any foreign country, including any agency or national thereof, included on the most recently expired list, except as the President, in light of the factors set forth in the third sentence of paragraph (1), may otherwise direct in the national interest.

"(8) Notwithstanding any other provision of this subsection, the procedures established in this section for determining a country's eligibility for participation in the Bank's programs under this Act shall not waive or supersede in any way the provisions of either section 402 or 409 of the Trade Act of 1974 (88 Stat. 1978) as they apply in determining the eligibility of the Union of Soviet Socialist Republics for participation in the Bank's programs under this Act.

"(e) CONGRESSIONAL PROCEDURES

"(1) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This subsection is enacted by the Congress—

"(A) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (d)(5) and supersedes other rules only to the extent that it is inconsistent therewith; and

"(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

"(2) DEFINITIONS.—For purposes of this subsection, the term 'resolution' means only—

"(A) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the list of countries eligible for participation in the Export-Import Bank's programs submitted by the President on ., with the blank space being filled with the appropriate date; or

"(B) a concurrent resolution of the two Houses of the Congress, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the determination of the President submitted on , with respect to .'. with the first blank space being filled with the appropriate date and the second blank space being filled with the name of the country involved.

"(3) DISCHARGE OF COMMITTEES.—

"(A) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same matter, except no motion to discharge shall be in order after the committee has reported a resolution with respect to the same matter.

"(B) A motion to discharge under subparagraph (A) may be made only by an individual favoring the resolution, and is highly privileged in the House and privileged in the Senate; and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(4) FLOOR CONSIDERATION IN THE HOUSE.—

"(A) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

"(C) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

"(D) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

"(E) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

"(5) FLOOR CONSIDERATION IN THE SENATE.—

"(A) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(C) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

"(D) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

"(6) Special rule for concurrent resolutions.—In the case of a resolution described in paragraph (2), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

"(A) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(B) the vote on final passage shall be on the resolution of the other House.

"(7) SPECIAL RULES RELATING TO CONGRESSIONAL PROCEDURES.—

"(A) Whenever, pursuant to subsection (d) a document is required to be transmitted to the Congress, copies of such document shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

"(B) For the purpose of subsection (d), the 60-day period referred to in such subsection shall be computed by excluding the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.".

DESCRIPTION OF PROPOSED STEVENSON AMENDMENTS TO EXIMBANK ACT

The amendments would establish a new procedure for determining the eligibility of countries to receive exports supported by the Export-Import Bank, and revise the present

25-day prenotification provision for the review of large Bank credits. The amendment would replace or supersede certain provisions currently contained in the Export-Import Bank Act of 1945 and the Trade Act of 1974.

The President would be required to submit to Congress a list of those countries for which he has determined that eligibility to receive Bank supported-exports is in the national interest, taking into consideration each country's relationship to the United States and to countries friendly or hostile to the United States, its internal stability and creditworthiness, and its policies and actions with respect to peaceful settlement of international and internal disputes, arms control, human rights, including specifically policies regarding the right to emigrate of its citizens, and other factors. During the 60 days following submission of the list, Congress would have the opportunity to review the list, and could, if necessary, disapprove the list by concurrent resolution of both Houses. If the list were disapproved, all countries previously eligible would remain eligible until a new list became effective.

The President could propose a revised list at any time, and such revised lists would be subject to the same Congressional review procedure as the initial list. The eligibility list procedure provided by the amendment would replace provisions in the current statute which require national interest determinations for Communist countries before the Bank can support exports destined for such countries and separate determinations for each such loan over $50 million.

The amendments would also raise the threshold for Congressional review of individual Bank transactions from the present $60 million to $100 million, and provide an opportunity for Congress to disapprove such transactions during a 25 legislative day review period. During Congressional adjournments such transactions could be approved within 35 calendar days unless a member of Congress raised an objection.

The amendments would supersede the provisions of the Trade Act of 1974 with respect to Eximbank credits for exports to countries other than the Soviet Union, but would not supersede provisions concerning m.f.n. treatment, or CCC credit Provisions of the Export-Import Bank Act pertaining to the U.S.S.R. would remain unchanged.

STEVENSON AMENDMENT RELATING TO COUNTRY ELIGIBILITY

SECTION-BY-SECTION ANALYSIS

Subsection (a) would repeal required human rights determinations for specific countries and loans in favor of including such criteria in the country eligibility determinations to be made by the President, and reviewed by the Congress, under subsection (d).

Subsection (b) would repeal Section 2(b)(2) of the Act which requires the President to specifically determine the eligibility of any Communist country for Bank credit, and which further requires specific Presidental determinations with respect to each transaction in which the Bank would extend $50 million or more in credit support for exports to a Communist country. This subsection is replaced by subsection d) which applies eligibility criteria to Communist and non-Communist countries alike on the basis of a uniform set of criteria.

Subsection (c) repeals a provision allowing the President to veto any Bank transactions to any country that he determines not to be in the national interest (undefined), in favor of a similar provision in the new subsection (d), which sets forth criteria governing the President's national interest determinations in this regard.

Subsection (d)(1) provides that the Bank cannot provide export credit assistance to any foreign country, including its agencies or nationals, unless it is on the effective list of eligibile countries provided for in paragraph (2). The President must make a separate national interest determination with respect to each country on the list, taking into account the country's relationship to the U.S., and countries friendly or hostile to the U.S., its internal stability and creditworthiness, and its policies with respect to peaceful settlement of international and internal disputes, environmental protection, nuclear proliferation, and human rights, including the right to emigrate, and such other factors as he deems appropriate.

Subsection (d)(2) requires the President, subject to the procedures of paragraph 5, to submit a list of eligible countries, within 60 days after the amendment's enactment. It further supersedes the provisions of the Trade Act of 1974 as they affect Eximbank credits, except it does not affect the Jackson-Vanik amendments with respect to the Soviet Union (see paragraph 8). The list is effective for three years, and the President is required to update the list in a timely manner.

Subsection (d)(2) gives the President the right at any time to take any country off the effective list, or terminate the list altogether, in light of the national interest factors prescribed in paragraph (2).

Subsection (d)(4) permits the President to add a country to the list at any time, subject to the national interest procedures of paragraph (5).

Subsection (d)(5) gives the Congress the right to disapprove within 60 days, by concurrent resolution, any list or particular country determinations submitted.

Subsection (d)(6) gives the President the right to disapprove any Bank transaction to a foreign country in light of the national interest factors prescribed in paragraph (1).

Subsection (d)(7) provides that until the list becomes effective, the Bank can continue to finance transactions to any country eligible for Bank credit on the day prior to the date of enactment of the amendment, but only to the extent then eligible. Should a list expire and a new list not yet become effective, countries on the expired list would remain eligible for the Bank's programs, unless otherwise directed by the President. This subsection thus serves to assure the continuity of Bank financing under all circumstances.

Subsection (d)(8) provides that the eligible procedures of this subsection do not supersede the Jackson-Vanik provisions of the Trade Act as they apply to the Soviet Union.

Subsection (e) sets forth detailed, antifilibuster procedures for expedited consideration of any resolution to disapprove the list of eligible countries, or the addition of any country to such list. The procedures are similiar to those now existing in the Trade Act.

STEVENSON AMENDMENT RELATING TO PRENOTIFICATION

SECTION-BY-SECTION ANALYSIS

Subsections (a)(1) and (2) would amend existing law by raising the threshold for review of Bank loans and guarantees from $60 million to $100 million.

Subsection (a)(3) would give the Congress the right to disapprove by Concurrent Resolution, under expedited procedures, any loan, guarantee, or combination thereof subject to the prenotification requirements. Such resolution would have to be passed within the time requirements provided in paragraph (4).

Subsection (a)(4) amends existing law to provide that if either House adjourns for a period of two days or more after the Bank has submitted a notification, the Bank may approve the transaction in question at the termination of the 25-day period currently in the statute, which period is tolled by an adjournment sine die and which excludes from its computation adjournments of more than 3 days to a day certain, or a 35 calendar-day-period which commences on date of submission. The thirty-five day period is tolled, however, if the Bank receives a written objection from a Member of Congress concerning the transaction.

Subsection (b) provides detailed, antifilibuster procedures for the consideration of any resolution to disapprove a transaction subject to the prenotification procedures.●

AMENDMENT NO. 1836

(Ordered to be printed and to lie on the table.)

Mr. DANFORTH (for himself and Mr. EAGLETON) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 8309), supra.

NEW MADRID FLOODWAY PROJECT—ACQUISITION OF MITIGATION LANDS

● Mr. DANFORTH. Mr. President, following the devastating flood on the Mississippi River in 1927, the Congress of the United States passed the Flood Control Act of 1928, the purpose of which was to control flooding on the Mississippi River. The so-called Jadwin plan that was adopted by the Corps of Engineers envisioned:

(1) the creation of reservoirs in the tributaries of the Mississippi River;

(2) the creation of frontline levees on either side of the Mississippi River from the headwaters to the Gulf of Mexico; and

(3) the development of areas adjacent to the Mississippi which might be flooded in order to reduce the pressure on levees adjacent to certain metropolitan areas.

The Mississippi River Commission was designated to oversee the operation of the Corps of Engineers in carrying out the Jadwin plan.

In the bootheel area of Missouri, and particularly in the Mississippi and New Madrid County areas, levee construction began as early as 1913. St. Johns Levee and Drainage District and levee district No. 3 of Mississippi County, working with the U.S. Corps of Engineers, were responsible for the construction and maintenance of the frontline levee which extended from the hills at Commerce, Mo., southward along the Mississippi River to the city of New Madrid. Interior drainage was handled in the main through a series of ditches and natural drains dug by county court districts. In Mississippi County, interior drainage from south of the Big Lake area was channeled into the Ten Mile Pond area and down St. James Bayou to the Mississippi River. In New Madrid County, ditches were dug from the Sikeston area so that water drained toward the city of New Madrid, in a southerly direction.

The Federal Government constructed a setback levee diagonally through Mississippi County to the vicinity of New Madrid. The area between the frontline levee and the setback levee was to be used as a floodway in the event of high water, to relieve pressure on the city of Cairo, Ill., which is situated at the confluence of the Ohio and the Mississippi Rivers. Under the plan, the frontline levee could be breached by the Corps of Engineers allowing the water to flow between the two levees and to pour back into the river through a gap in the front-

line levee at a point near the city of New Madrid.

Since the beginning of construction of the setback levee, Mr. President, it has been anticipated that the gap in the frontline levee at New Madrid would be closed and gates and pumping stations installed so as to prevent the Mississippi River from unnecessarily backing into the floodway and damaging valuable cropland. This has never been accomplished and to this day this gap at New Madrid is the only gap in the frontline levee between Minneapolis and New Orleans.

In 1954, a plan for a closure structure was submitted to Congress. Congress approved the plan and appropriated initial funds to begin construction. However, inasmuch as no pumping station was provided for in the plan to take care of interior drainage, local support turned against the proposal and work on the project never commenced.

Local residents reviewed their needs and in 1975, in conjunction with the Corps of Engineers, devised an alternative proposal—the St. Johns Bayou Basin-New Madrid Floodway, Missouri project. This project has the unanimous support of all local interests in that it provides for a reopening of St. James Bayou and the installation of a pumping station where it crosses the frontline levee, and for the erection of gates and a pumping station at the New Madrid gap.

Under this proposal, the waters in Mississippi County would pass through Ten Mile Pond and down St. Johns Bayou into the Mississippi River as nature intended. St. Johns Diversion Ditch would be blocked at Barker's Ridge and all of the interior drainage west of the set-back levee in New Madrid, Scott and Mississippi Counties would flow through ditches to the present location of the New Madrid Gap where it would be pumped over the frontline levee.

The U.S. Fish and Wildlife Service and the Missouri Department of Conservation indicated that the new proposal would have adverse impacts on the fish and animal life in the vicinity of the project site. Therefore, both organizations suggested that mitigating lands be provided for in the proposal to offset any adverse effects on the environment. All parties involved agreed that the Ten Mile Pond area was the only feasible location for such mitigating lands and provisions to that effect were included in the proposal.

The Corps of Engineers filed its plan for the $24 million St. Johns Bayou Basin-New Madrid floodway project on September 26, 1975. Congress was asked to authorize the construction of the new project following the submission of the Corps' report. Due to a change in the law requiring all projects costing over $15 million to undergo a phase 1 advanced engineering and design study, Congress did not act upon the entire project. However, it did authorize on October 22, 1976, the phase 1 study at an estimated cost of $300,000. Congress appropriated $200,000 for the study in fiscal year 1978 and most likely will appropriate the funds needed for completion of phase 1 in fiscal year 1979.

Mr. President, my amendment would authorize phase II construction of the St. Johns Bayou Basin—New Madrid Flood Control Project. Normally, Congress would not authorize phase II construction until after the phase I study had been completed and reviewed. This is certainly a good general rule to follow. At times, however, circumstances do arise that dictate a suspension of the rules. Such circumstances have reared their heads with respect to the New Madrid Floodway Project.

The price of the proposed mitigation lands has risen to such an extent that local interests are seriously questioning their ability to pay their share of the costs of land acquisition. In its 1975 report to Congress, the corps estimated that the required 2,500 acres of land would cost $766,000. The corps revised that estimate upward to $1,030,000 in October of 1977. Finally, as a result of a 1978 reappraisal of the designated mitigation lands, the cost was set at $3,705,000.

The quadrupling of the cost has been due in large part to the activities of land speculators. Lehndorff Farms, Ltd.—a German-owned company—has purchased tracts of land surrounding the designated mitigation area and has expressed a very strong interest in purchasing additional tracts within the designated area. In addition, the company has begun to clear land adjacent to the mitigation lands—a practice which if not confined to those areas threatens to destroy the potential fish and wildlife refuge site. What the people in the New Madrid area are confronted with is not only the prospect of a prohibitively expensive project but also the possible loss of the key feature upon which the entire project depends.

By authorizing phase II construction, the Senate will enable the corps to acquire the designated mitigation lands before land speculators either drive up the costs even further or destroy the area altogether. Simultaneously, such action on the Senate's part will hasten the day when the 70,000 acres of rich delta bottomland, now subject to annual flooding, will be protected from the estimated $1.5 million in water damage now inflicted in the area every year.

I hope that my colleagues will support this very worthy and very long overdue flood control project.●

ADDITIONAL STATEMENTS

OUR INDOLENT PURSUIT OF FOREIGN TECHNOLOGY

● Mr. CHURCH. Mr. President, concern is growing in this country over the U.S. economy's lackluster export performance in nonagricultural products. Not only have U.S. exports failed to reap the anticipated gains in foreign markets from the dollar's rapid depreciation, but domestic producers are facing increasingly tough competition in the home market, as well, from foreign steel, automobiles, and home appliances, to mention just a few examples.

Industry has been quick to blame this situation on discriminatory import restrictions in foreign countries which keep out U.S. goods, and the use of dumping and other unfair marketing practices by foreign producers exporting to this country.

Some of these charges may well be true. But, as a recent article in the Washington Post by Daniel S. Greenberg points out, the fault may lie as much with American industrial practices.

American industry has grown accustomed to thinking of the United States as the sole birthplace of new technologies. As a consequence, while foreign manufacturers eagerly snap up new technological breakthroughs developed in the United States and adapt them for their own use, U.S. industry has largely ignored the innovative techniques being developed in other countries. This hurts our competitive position in the world market, for, as Greenberg points out, foreign research, "despite our ethnocentric notions of American scientific supremacy, actually accounts for well over half of the world's scientific and technological output."

U.S. Government policies have contributed to this state of affairs. The Government collects massive volumes of scientific and technical papers from both the private and public sectors in the United States and makes them available, through the National Technical Information Service, to anyone who is interested, including foreign manufacturers. But our Government agencies and our embassies abroad do little to collect and disseminate to U.S. industry, information about foreign non-military technical and scientific developments.

Instead of raising the walls of protectionism to keep out "unfair" foreign competition, let us seek to make our domestic industry more innovative and outward looking. That would be a far more positive and, ultimately, far more effective, way of eliminating the U.S. trade deficit.

Mr. President, I ask that Mr. Greenberg's article, "Our Indolent Pursuit of Foreign Technology," be printed in the RECORD.

The article follows:

[From the Washington Post, Apr. 10, 1978]

OUR INDOLENT PURSUIT OF FOREIGN TECHNOLOGY

(By Daniel S. Greenberg)

Listening in on the complaints that officials in industry, labor and government are making about foreign industrial competition, one gets the impression that some of them would rather curse the darkness than light a candle.

Consider, for example, one of the fastest-growing themes in the protectionist camp—namely, that foreign firms are scooping up the results of vast quantities of our taxpayer-financed research and using it to innovate products that outsell domestic goods.

Is that true? You can safely bet your Japanese-made television set that it's true. Which is why the president of the International Association of Machinists and Aerospace Workers charged last year that Japan has reaped $15 billion from the purchase of $1.5 billion of American technical know-how. It's why leaders of the American electronics industry have been pushing for curbs on the export of American scientific and technical knowledge. And it's why the White House

has included the export of such knowledge in a recently ordered governmentwide study of what ails industrial innovation in this country.

But before the drumbeat for technological protectionism gets any louder, it would be useful to take note of certain facts concerning foreign mining of American science and technology. Our industrial competitors work hard and systematically at keeping in touch with the output of American laboratories. And we make it extremely easy for them to do so. But in the meantime, there is scarcely an organized American effort to keep abreast of foreign research, which, despite our ethnocentric notions of American scientific supremacy, actually acounts for well over half of the world's scientific and technological output. Furthermore, when it comes to research of industrial value, our seemingly huge budgets are misleading. Half of the government's funds go into military projects, whereas Japan, for instance, devotes no more than 10 percent to that purpose.

In evaluating the calls for protectionism, however, the relevant point isn't who's doing more or less research, since great quantities of it are going on here and abroad. Rather, it's our indolence in matching the organized serious efforts that many nations make to exploit—as the protectionists correctly contend—American-financed research.

For example, the semigovernmental Japan Trade Center has technically trained representatives posted in New York, Los Angeles, San Francisco, Houston and Chicago. Their duties, according to a spokesman, "are to watch everything in American industry and gather information." The same monitoring role is carried on by representatives of many Japanese firms.

France, which follows a determined policy of keeping in touch with research in the major industrialized nations, keeps six science attachés in Washington, plus one each in Boston, Houston and San Francisco. Principal among their duties is following American science and technology at the laboratory level. The object is to know what's going on long before the rest of the world finds out through the traditionally slow process of scientific publishing.

The embassies of almost all the other industrialized nations are staffed for that purpose, though the intensity of the efforts varies. A staff member of the State Department science office points out, "Most of these people work for their ministries of commerce and industry, not for the foreign ministry, and their job is to watch the industrial area."

It's all open and aboveboard and, in fact, is greatly assisted by the U.S. government National Technical Information Service (NTIS), which offers for sale about 75 percent of all scientific and technical papers produced in the United States. Foreign sales are such a booming business—with Japan the biggest customer—that NTIS has contracted for foreign dealers to handle its publications in Japan, Britain, France and the Netherlands. Foreigners take 10 percent of NTIS sales. It is a unique window on a national research enterprise—immensely valuable, of course, to American researchers, but equally so to foreign competitors. Except for a small organization in the Netherlands, no other country has anything resembling NTIS.

The United States does maintain science attachés at 23 of our embassies. But unlike most of their foreign counterparts here, they're not in the business of collecting scientific and technical data for shipment back home. Rather, they're concerned with "policy matters"—whatever that means.

The military services, led by a longstanding Navy operation based in London, try to keep in touch with leading scientific centers abroad, but their interests are narrowly defined and are not geared to industrial purposes.

The imbalance in scientific and technological voyeurism is something that American industry is aware of. But with the government indifferent to the problem and pooled monitoring efforts barred by antitrust regulations, few companies do anything about it.

One major exception is General Electric, perhaps the most shrewdly and tightly managed of our big high-technology corporations, Monitoring of foreign science and technology is handled by two GE representatives in Zurich, two in London and one in Tokyo. According to Charles M. Huggins, GE's manager of international programs for corporate research and development, "We assume that 60 percent of all new science and technology is developed outside the United States."

American campaigners for technological protectionism should think about that.●

P. WILLIAM FILBY

● Mr. MATHIAS. Mr. President, the State of Maryland with its roots deep in our Nation's earliest colonial history has always reserved an honored role for the enshrinement of its heritage. Since 1844 the Maryland Historical Society has served as our link with this heritage, whether in preservation through art, sculpture and documentation, or in historic elaboration through scholarship, acquisition, or the encouraging of scholars and scholarly institutions.

For the past 13 years, P. William Filby has been the inspiring figure behind the society's expanded role in the life of the State, particularly in the steady growth of its museum and library.

I would like at this time, Mr. President, on the occasion of Bill Filby's retirement to place the following article from the publication of the society, "News and Notes of the Museum and Library of Maryland History," in the RECORD.

The article follows:

RETIREMENT OF DIRECTOR

On his sixty-sixth birthday in December 1977, P. William (Bill) Filby requested retirement as Director of the Maryland Historical Society. The Trustees and Council have, with a warm and heartfelt sense of appreciation, reluctantly acceded to this request. On behalf of the Society and its members they have expressed gratitude to Bill for all he has done for the Society and his willingness to continue as Director until his successor is selected.

Bill's decision to retire reflects his wish to have more time for many things he wants to do, including volunteer projects in the Society's Library, books he wants to write, masterminding an index of United States and Canadian periodicals related to genealogy and local history, the appraisal of books and manuscripts, and more time to travel and do the many things he enjoys doing with Mrs. Filby (Vera) and his children and grandchildren.

Bill Filby, a native of Great Britain with a Cambridge University Library background and a naturalized citizen of the United States, was already known to many members of our Society when he accepted the position of Librarian in 1965. He had served for eight years as Librarian and Assistant Director of Baltimore's Peabody Institute. It was during this period at the Peabody that Bill began his affectionate interest in Maryland and its history.

Those who have known and worked with Bill Filby look back with pleasure and appreciation upon the host of things which were done during his seven years as Librarian and Assistant Director and six years as Director of the Maryland Historical Society. During these thirteen years the Society realized a large number of the hopes and aspirations which had hitherto been long term goals.

Shortly after Bill became Librarian, the Society's President, The Honorable Frederick W. Brune, and Director Harold A. Manakee gave strong support to Bill's plans to solve long recognized problems. The Library was closed for six months, during which time an accumulated backlog of cataloguing almost two million manuscripts was completed; the Library was inventoried and evaluated; Manuscripts and Library were readied for use of additional, soon to be completed facilities in the Thomas and Hugg building. A rigorous program of manuscript and book restoration was undertaken. Following occupation of the Thomas and Hugg building, the Keyser Building Gallery was converted into a much needed and attractive rare book room.

By the time Bill became Director of the Society in March 1972 it was generally agreed that following the attainment of so many long-term Library goals, the next step should be a similar high-priority program for fuller realization of the potential of the Society's Museum. The result was the selection of Romaine S. Somerville as Curator. With strong support from Mr. Filby, similar to that which he had received from Mr. Manakee, Mrs. Somerville and the Museum staff successfully attained the Society's long-term hopes for increased meaningfulness of its Museum operations. Today our Library, Manuscripts and Museum operations are looked upon with regard by the public and highly viewed as helpful examples by professional people responsible for similar operations.

During Bill Filby's thirteen plus years at the Society, public participation in its activities and use of its Museum and Library have enjoyed steady growth. In addition to a high level of time and energy devoted to daily operations, Bill has averaged about 50 lectures a year, co-authored a definitive work on The Star Spangled Banner, published two books on genealogy, written many reviews and articles, taken part in producing Society publications and maintained close relations with historical societies throughout Maryland and the United States. In connection with some of his other interests, he is also President of the Manuscript Society, Council Member of the Bibliographical Society of America and member of the Grolier Club. The Society has been immensely benefited by Bill's great energy, ability and wide range of interests.

Bill's work and affection for the Maryland Historical Society way beyond the call of duty has been shared with Vera, his wife. Together they have enriched our Society with dedicated interest in its welfare. Their example will be long and happily remembered and honored by a grateful Society and all those who have enjoyed their friendship.

Mr. Filby will leave the Society on March 31, 1978.

SAMUEL HOPKINS,
President 1970–1975,
Treasurer 1956–1975.●

USDA REORGANIZATION

● Mr. MORGAN. Mr. President, today I read an interesting and important article that I would like to share with my distinguished colleagues. As everyone in this Chamber knows, the administration is committed to reorganization of the executive branch. Certainly, I believe that much of the Federal Government

needs modification or elimination. And, I intend to carefully review every reorganization proposal with an open mind. However, I believe that the test for supporting reorganization should not be reorganization for the sake of reorganization. Rather, the test should be whether agencies considered for reorganization have fulfilled congressionally prescribed responsibilities in an acceptable manner.

Mr. President, one of the Federal agencies with a truly commendable service record is the Rural Electrification Administration of the Department of Agriculture. Unfortunately, some reorganization technocrats in the Office of Management and Budget have decided that this program needs changing. Such a proposal, I believe, is shortsighted and will further disadvantage rural America. If any article can articulate my rationalization for such a conclusion, it is an article by Robert Partridge in the April issue of Rural Electrification entitled "USDA Reorganization a Power Grab." Mr. President, in the interest of sharing this worthy article with this body, I submit this article be printed in the RECORD.

The article follows:

USDA REORGANIZATION A POWER GRAB

Eleven years ago, one of the greatest friends this association and rural electrification ever had was featured on our annual meeting program in San Francisco.

In his speech, the Vice President of the United States, Hubert H. Humphrey, recounted the struggles people had gone through to bring electric power and lights to rural America.

"But the important thing is that those lights are on," he declared, "and that you have kept them burning brightly."

No one to my knowledge has ever accused Hubert Humphrey of being a man of few words, but in that short, simple statement he summed up the never-changing, yet urgent, singular goal of our efforts.

Hubert Humphrey is gone, so is Lee Metcalf. Other giants of our time like Congressmen Bob Poage and George Mahon are retiring from positions where they have done so much for the people who live and work in rural areas.

And with each announcement of this nature, the question of who will fill the void they leave looms larger and larger. For the truth is that without a continued strong and responsive rural electrification program, it will be difficult, if not impossible, to keep the lights burning brightly in rural America.

People often think of organizations like NRECA in terms of working for legislation on the congressional scene. We do. But the facts are that we spend as much or more time working against legislative proposals and government policies which would not be in our interests.

We have all heard of the study of the rural electrification program by the Office of Management and Budget and the Department of Agriculture. It has taken hundreds of hours of our time—mostly in defending the program.

But, if you've been following the news, you also know that we may be headed for another one of those battles it seems we have to go through every so often to keep the Department of Agriculture from being cut to pieces.

Every administration likes to reorganize the bureaucracies. Sometimes it's needed. The Department of Energy is a good example. It brought most of the government's energy agencies, previously widely dispersed, together under one department. But sometimes reorganization is just pure empire building. And that, in my judgment, appears to be what is behind HEW Secretary Joseph Califano's campaign to grab off the food inspection and nutrition functions of the USDA, and Interior Secretary Cecil Andrus' bid to add the forest service and soil conservation service to his department.

You'll recall in the early 1970s the Nixon administration was going to reorganize the USDA. We opposed it then because it didn't make any sense. I have told the Congress we haven't changed our minds in 1978.

We ought to be strengthening, rather than trying to weaken, USDA's capabilities to deal with rural America's crying need for expeditious and wisely planned economic and social development. We need to be doing more to meet the nearly $2-billion backlog in requests of towns and small cities for water and sewer loans and grants. We need to try harder to reach the rural housing goals established a decade ago. Rural America needs to get its fair share of the money earmarked for block grants under HUD's community development program.

I don't care what the *Wall Street Journal* or *Forbes* magazine or any other of the perennial backbiters of USDA say. The department must be kept intact if rural citizens are to have jobs and improve the quality of their lives.

While the threat to USDA is serious—and in turn has far-reaching implications for us, the USDA/OMB study of REA's electric program could easily overshadow it in importance.

Next to the termination of the direct loan program in December of 1972, this is the most critical threat to our financial security we have faced.

We have reported extensively on this study in the *Rural Electric Newsletter*, as you know, and the February issue of RURAL ELECTRIFICATION magazine will feature an in-depth discussion of its impact.

But the incredible thing to me is that the study was made at all. It defies political and economic logic. If our current program wasn't working well, it would make some sense. We are not unreasonable people; we have demonstrated our willingness to change in the past, and we will do so in the future when it is desirable and to our advantage to do so.

But our program is working exceedingly well, meeting our expanding needs for capital. And the cost to the government is hardly a pittance.

In fact by their own account, the Office of Management and Budget, in the official budget documents released two weeks ago; calculates that federal outlays for the entire REA loan program will be reduced to zero in 1979!

So—what prompted the study? We can only speculate. We know that the OMB has never looked upon our program with enthusiasm. We learned, in fact, that the agency made a narrowly based study of the program in 1976, but apparently decided to suppress it during the presidential election campaign.

President Carter has gone out of his way a number of times, to speak warmly and eloquently of rural electrification and its achievements. Yet, he ordered the study—although, you will recall, he directed that it be objective.

President Carter is our friend. I am convinced of that, and the officers of NRECA agree, based on our 35-minute conference with him last fall. Additionally, Secretary of Agriculture Bob Bergland, throughout his public career, has been one of our strongest supporters.

Nevertheless, the ultimate disposition of this study—which was premised on the OMB's anti-REA point of view, which sought and used biased data to try and prove its points and hypothetical conclusions—is still in question. And we dare not relax in our vigil and opposition until this matter is satisfactorily resolved.

I believe we never need fear an objective study of our program. That is clear. But objectivity was not the goal of the study team. The six-month effort, which originally was supposed to take closer to six weeks, produced a voluminous document that omitted:

Major revisions structured into the REA program by Congress in 1973;

Passage in 1975 of legislation cutting in half the number of borrowers entitled to 2 percent insured loans;

All the significant information showing reductions in insured loan levels and the reliance of G&T system borrowers on guaranteed financing which is cost free to the government;

The fact that the overall composite of the interest rates we pay exceeds the actual cost of government borrowings.

There was little or no mention whatsoever of the enormous social or economic benefits the country has derived from the program over the past 40 years.

One would have thought a group of program analysts would have been at least somewhat impressed with the outstanding loan repayment record our systems have achieved. But the study doesn't show it.

No operating rural electric cooperative has ever defaulted on an REA loan in the history of the program. But this fact was all but ignored. Instead, the study went to excess in emphasizing so-called "costs" of the present program—costs which are largely theoretical and contrived. There is no reflection of the actual federal cash outlay under the current program.

What finally emerged from this exercise in economic wizardry is a variety of suggestions called "options" that could be applied to change the REA loan program. There are five covering power supply, four dealing with the 2 percent insured loan program, and five with the 5 percent program.

On the distribution side, the options range from no change in the present program to higher interest rates, dropping the insured loan program altogether and converting REA to a private bank. The latter idea, you may recall, got short shrift ten years ago.

On the power supply side, the options run from no change to discontinuing insured loans for power supply purposes, and requiring G&T cooperatives to accumulate equity for financing by charging an interest override on new loans.

There is one general, overall observation you can make about the effect of the options: Except for the "no change" option, they would substantially increase costs to rural electric systems and increase rates to consumer-members.

To be specific, the option to eliminate the 2 percent criteria would result in electric cost increases of about 30 percent.

Applying the option to terminate insured loans would increase interest rates on all REA loans by 60 percent, which is the equivalent of a 23 percent boost in electric rates to rural electric consumers.

Obviously, the options are unacceptable. There is no sound, logical reason why we should even consider changing the program at this time. And we have a good reason to believe the Congress shares our views.

I must say to the bright (but misguided) people of the OMB—"You can find more useful work to do, much more fertile ground to probe, if you're really looking for costly programs to cut; just look around you."

As we meet here today, the Congress is still wrestling with the energy bill, trying to break the stalemate precipitated by the thorny questions of natural gas price deregulation and energy taxes.

A growing number of people feel that we'd be better off if Congress could scrap the whole thing and start over again. And I

must admit that while the odds are against it, the notion is certainly appealing.

It's impossible to say what the shape and content of the legislation that is eventually agreed upon will be. But there is little chance that it will be much more than a first step in tackling the tremendously complicated energy issue.

The thrust of the President's energy package is energy conservation—a concept which we support. I know that many of you are promoting and practicing energy conservation individually and through your rural electric systems. And it's important that we vigorously continue these actions.

But energy conservation is only part of the answer to our energy problem. Personally, I am troubled with the idea of employing high taxes and high prices as a method of forcing people to conserve. And this is the heart of the administration's legislative thrust.

Someone has tagged it as the "let the rich ride and the poor walk" approach. But the choice of walking or riding doesn't exist for rural residents who live miles from town. If they need medical attention or machinery parts or farm supplies, they ride—and they pay the price.

With the availability and cost of energy in all its forms largely determining the course of our lives—whether we shall be warm or cold in winter, cool or hot in summer—whether the factories will run or be idle, grocery store shelves amply supplied or empty—our national focus must be on energy supply and doing all we can to achieve energy abundance. The administration and Congress must deal with this problem—and soon.

The question of whether we have the national will and resolve to do the things we have to do legislatively and policywise is still unanswered.

I doubt that the deep conflict between resource development and resource preservation will ever be put to rest. But it has to be satisfactorily compromised or present and future generations will surely suffer the consequences of massive unemployment and economic chaos.

By the year 2000 another 28-million Americans will join the work force. They'll need jobs. By the year 2000 our natural gas and oil reserves will be virtually depleted unless today's usage rates are reduced.

By the year 2000 we'll need to build over 600 more one-million kw electric generating plants to meet estimated power requirements.

It can't be done unless licensing procedures are drastically shortened and the tactic of using every legal trick in the book to stop or delay construction is brought within reasonable bounds.

Statistics compiled by the national electric reliability council indicate that the utility industry will have to add 34,000 Mw annually to the nation's generating capacity for the period 1977–1978.

The Federal Power Commission, in a forecast released last fall, said that the country will need another 23,000 Mw a year after 1986 until we reach the turn of the century.

If the utility industry falls short of meeting the anticipated demands, it foredooms the possibility of electricity as an energy alternative, filling other energy gaps as they develop.

That would be bad news for the country—especially detrimental in our quest to cut back in our use of oil and gas.

From the utility industry standpoint, the energy crisis is related not only to fuel supply but to rapidly escalating costs in both fuel and construction.

Six years ago when we held our annual meeing here, oil was costing $2.40 a barrel and coal was selling on the average at $10 a ton. Now oil is six times higher and coal is up by four times.

Oil-fired generating plants back then were being built for around $200 a kilowatt. Gas-fired plants were even cheaper at $160 a kilowatt and coal-burning plants were costing $250 a kilowatt. Even nuclear plants were relatively cheap.

In 1972, the average cost of energy to our rural electric systems was slightly less than one cent per kilowatt-hour. Today it has more than doubled. And the impact of the high-cost, new plants hasn't even been felt yet.

To me, there is a clear message to the utility industry. It is "buckle up, there's rougher weather ahead." All you have to do is look at what's happening to powerplant construction costs today.

If you built an oil-fired plant, and of course that's taboo, it would cost at least $800 a kilowatt—up four times in six years.

Nearly everyone agrees that the great bulk of our future power must come from coal-fired and nuclear plants, and what's happened to the costs of building them is almost enough to make you sick.

Last year, Basin Electric Cooperative in North Dakota began construction of its 1.5-million kw Laramie River Station, which is coal-fired. It's going to cost at least $1,000 a kw by the time it's finished.

And if you started to build a plant like this one, starting today, it would cost between $1,200 and $1,500 per kw by the time it was completed. Add that to the high price of coal and you're soon up to 6 or 7 cents or more for power at the bus bar. And we haven't seen the end of this trend, by any means.

But let me sketch a few more pertinent details into the energy picture. It is not just a matter of having to build more plants to satisfy increased demand. We also have to replace millions of kilowatts of existing oil and gas-fired generating plants that must be phased out after 1990, under federal regulations.

That's only 12 years away. Not very long in terms of power planning. But before we reach that point, we have to talk about 1986 because that's the primary date power industry planners are presently targeting in setting their immediate goals.

Of the 303,000 Mw of new generation which they say will be needed by the end of that year, 136,000 is scheduled for coal-fired plants and 128,000 Mw for nuclear. The other 36,000 will be picked up by hydro, pumped storage, oil and some combinations.

Currently, coal-based generation takes as much as six to eight years to plan, license, and construct. Nuclear plants are averaging more than 10 years and in some cases over 12 years to complete.

With reasonable coordination between states and the federal government, these periods of time could be cut in half and still fully satisfy all reasonable public concerns.

I believe the President is trying very hard to meet the energy problems of our nation. It is by far the toughest political battle any administration could take on, as the current legislative situation demonstrates. There is no way that you can avoid a fight with the most powerful business and commercial entities of this country, if you are going to do the things that have to be done.

But having said that, I must add that I feel that the President has not had the best advice on energy matters. Nor are some government leaders under him acting as if they agree that the energy crisis is the "moral equivalent of war."

To fuel existing coal-fired plants and those coming on line by 1986, will require doubling the 665-million ton output of 1976. Roughly two-thirds of the 1.3-billion tons we'll need will have to come from new mines.

On the average, the coal industry has added no more than 10-million tons a year to its production for the past 25 years. Now, they must add 65–70 million tons annually to meet our needs.

But, is the interior department that controls leasing policy on western coal lands concerned? The best and most honest answer I can give you is that they're confused. They seem to have, at last count, three different positions.

One is that not much western coal, if any, will be needed beyond that which is under lease. Another, and to the contrary, is that some new leasing may be necessary. And the third one is that some long-standing government commitments for leasing and proving up permits may be voided.

That reminds me of an oft quoted statement by an old Dutch philosopher, who said he tried not to laugh at the acts of man, or to lament them, but to understand them.

All I can say is that I'm trying—but it's very difficult!

Many of you have asked me what the future holds for the Clinch River Breeder Reactor project. Nearly half of NRECA's members have contributed money to its support.

As of this moment, the future is very bleak. We fought hard last session to keep the project from getting the ax. We won our fight in Congress. But we lost it in the administration. And frankly I don't see that situation being reversed very soon, if at all. The administration's top officials show a new and decided interest in the development of some kind of breeder concept. This is progress. But there is nothing in the new budget for the Clinch River project, and they've said too much against the project to be able to pull back and save face.

But I believe as firmly as I believe that the sun will rise tomorrow, that some day we will have to turn to the liquid metal fast breeder reactor as a source of electric power—if we entertain any idea at all of achieving energy sufficiency.

You've heard me say it before, but I want to say it again: We can't turn our backs on the so-called nuclear "wastes" we're stockpiling—wastes that can be converted to nuclear fuel, an estimated $20-trillion worth, and talk convincingly about conservation and the wise utilization of our resources. The two positions are mutually incompatible!

To repeat—light water reactors can use only 15 pounds out of every ton of uranium. The rest goes to waste. And we have a very limited supply of high-grade uranium ore.

Some people claim Americans are energy wastrels because we use nearly a third of the world's oil production. What would the people of the world think, if they knew we were sitting on a fuel resource equal to 2½ times all the oil reserves of the OPEC countries and 11 times all the coal reserves in the U.S. and not using it?

Since the day NRECA was organized, we have never lacked for battles to fight or new goals to aim for. In this respect 1978 and the years ahead will be different. I think we'll be looking at energy bills each year as far ahead as you care to look.

I mentioned some of the immediate problems ahead. There is the possibility of still another. We may have to go to the mat with the Department of Energy if they try to arbitrarily increase the cost of hydro power from federal projects by the use of such devices as marginal costing in setting rates.

Frankly, such a move would be contrary to law. In authorizing the various projects, Congress specified the length of the repayment period, interest rates to be paid, amortization requirements—everything needed to recover costs. Now to run up the cost of federal power simply because a few economists think it ought to be higher makes no sense.

On a more positive note, the administration in its new budget has placed no limitations on the guaranteed loan program for REA and asked that a floor of $735-million and a ceiling of $885-million be approved to cover insured loans for the next fiscal year.

This is good news in the sense that it recognized the importance of the program. Our view at the moment, however, is that the top figure—$885-million—probably should be the floor. Our annual loan survey, just completed, indicates that $735-million would not be sufficient to meet our needs.

In terms of size, we may not represent more than a blip on the screen of the overall energy industry. But that isn't the mountain we set out to climb years ago.

Our concern has been with people—people who live on the quiet country roads from Maine to California and produce the food and fiber this nation and others depend upon—people who live in villages of Alaska and have no other choice but to build their cooperatives and serve themselves and their communities.

But though we aren't corporate giants, we occupy a unique position of leadership in America. We took on an obligation and responsibility in partnership with our government, and we have fulfilled it year after year.

And the continuation of that partnership is as important today as it was in 1936.

Without unity of purpose and hard work, without vision and the courage to fight for those things in which we believe, without the ability to remember who we are, what we are, and what our mission is, this program would not be what it is today. I firmly believe that.

And I also believe that these same qualities will serve us well as we face the problems ahead and work for programs in the interest of our country.●

AMERICAN POLICY IN THE MIDDLE EAST

● Mr. HEINZ. Mr. President, in the midst of the continuing controversy the administration's Mideast policy and the President's proposal to sell F–15's to Saudi Arabia, it is helpful to have a cogent critique of administration's policy. Such an analysis appeared in the April 23 New York Times in an advertisement signed by seven noted Americans: Cleveland Amory, Dr. Joseph Churba, Hon. Eugene P. Foley, Maj. Gen. George J. Keegan, Jr., retired, John P. Roche, Maj. Gen. D. A. Thompson, retired, and Adm. E. R. Zumwalt, Jr., retired. I ask that this article be printed at this point in the RECORD.

The article follows:

THE ADMINISTRATION'S CREDIBILITY AND THE NATIONAL INTEREST

THE PROMISE

In the course of his presidential campaign and after assuming office, President Carter repeatedly promised the American people that in order to restore credibility to the U.S. as a constructive force in world affairs, our foreign policy would be publicly debated and arrived at openly with the full understanding and support of the Congress and the American people.

It is disturbing, therefore, to observe this Administration manipulating the news, distorting issues of grave concern and suppressing vital information.

These tendencies become evident in a wide range of issues, such as: the misleading representations concerning the Panama Canal Treaties (which some of us favored), the selective "leaks" concerning Salt II, the flip-flops on Ethiopia-Somalia, the double standard on Human Rights, the Bert Lance Connections and the Marston Affair, and so forth. However, the threat to America's credibility is most critical in the Administration's posturing on the Middle East, violating its promise both in substance and style.

WHOSE "INTERESTS"?

The terms of reference under which U.S. interests in the Middle East currently are assessed by Administration spokesmen must be viewed as misleading. Increasingly, U.S.-Israeli relations are being portrayed as reflecting an alleged conflict between an undefined American "national interest" and a so-called "pro-Israel lobby", supposedly representing mere parochial interests. Israel's place in U.S. policy considerations is characterized, at best, in purely sentimental terms, while our concrete "interests" are presented as focusing upon Arab oil and money.

Even those mesmerized by petrodollars must have twinges of awareness that it is self-defeating to behave as if America's real adversary were not Moscow's neo-imperialist forces, armed to the teeth, but rather a small devotedly pro-Western State—namely, Israel, which happens also to offer the only secure logistical link between our other allies in Western Europe and the East.

Perhaps their predilections prevent oil and other business interests which profit from the flow of petrodollars from seeing Israel as it truly is: A matchless strategic asset for the West (indeed, for the few genuinely moderate forces in the region) against threats emanating from extremist Arab and non-Arab elements and against direct or surrogate military intervention by the U.S.S.R.—and at no cost to U.S. manpower and at a military supply expenditure amounting to less than 1 percent of the U.S. defense budget.

STRATEGIC BARGAIN

No combination of Arab regimes can match the strategic bargain that a strong Israel offers the West. Indeed, a recent interagency U.S. Government study on the world military balance concludes (New York Times, Jan. 6, 1978) that, in the event of a nonnuclear super-power conflict in the Middle East, Israel, by itself, "might deter Soviet combat forces intervention or prevent the completion of such deployment." The implication of the study is that, in case of such a crisis, no Arab regime could be relied upon to mobilize potent military ground and air units, or to make available secure access points. If our present self-defeating policy continues, the danger is that we might no longer have a strategically viable Israel to factor into the equation.

Thus, any weakening of Israel is, in effect, a weakening of the United States. Israeli strategic vulnerability would be an invitation to Soviet adventurism. In our own security interests, we should be doing all in our power to strengthen the only state in the region which can help deter direct Soviet intervention. The arms we provide, the air fields and naval stations we help to support, will be available for our use in any global or regional crisis. More importantly, the Israelis themselves are prepared to fight and risk their lives in defense of our common cause. Unfortunately, it is not realistic to make the same assumption about our present Arab associates and aid-recipients (from the one-man government of Egypt, which is the single largest annual recipient of U.S. economic assistance, totaling $4 billion since 1973, to the feudal monarchy of Saudi Arabia, not to mention the military dictatorship of Syria, which forms part of Moscow's forward base in the Middle East.)

In short, the most authoritative strategic analyses available make clear that it is Israel, and not any of the Arab regimes, which has demonstrated repeatedly the national will, the democratic societal cohesion, and the scientific and technological talent to perform as a reliable and effective ally in time of crisis.

In the face of these facts, some Administration sources, along with oil and other special interest spokesmen, persist in portraying Israel as a "burden" and are doing their utmost to convert her from a major strategic asset to a liability. This Administration's propensity to surrender to oil blackmail (even in the face of an oil glut) and sacrifice its allies is noted in Moscow and elsewhere.

THE GROMYKO-VANCE DECLARATION

On October 1, 1977, after nine months of claiming that it had "ousted" the Russians from the region, the Administration underwrote Moscow's prescription for the Middle East in the so-called Gromyko-Vance Declaration. This joint statement violated solemn U.S. moral and legal commitments to Israel to "consult fully and seek to concert its position and strategy at the Geneva Peace Conference", set down in the September 1975 Memorandum of Agreement that accompanied the Interim Agreement (Sinai II).

The Gromyko-Vance text reinstated Moscow as a major party in the Middle East political process and the U.S. recognized "the legitimate rights of the Palestinian people"—the Soviet/Arab code word for the creation of an Arafatist state dedicated to Israel's destruction.

By joining in that declaration, the Administration took a giant step toward imposing a pro-Arab settlement: it undermined free direct Israel-Arab negotiations, rewrote Resolution 242 (which made no reference to "Palestinians"), resuscitated the prestige of the PLO terrorist organization, hardened the Arab negotiating posture and encouraged those Arabs who say negotiations are unnecessary because the U.S. eventually will "deliver" Israel.

WHY SADAT WENT TO JERUSALEM

The joint declaration threatened to give extremist Arab elements effective control of the region's future. Sadat undertook direct contact with Israel in order to regain some control of the negotiating process.

Sadat's dramatic arrival in Jerusalem temporarily obscured these consequences of the Gromyko-Vance statement. It concealed the fact that Sadat's own negotiating options had been eroded; he could not demand less than the U.S., Israel's friend, had already offered. Consequently, he demanded Israel's acceptance of all his (and the U.S.S.R.'s) ultimative demands, including a Palestinian "entity" and total Israel retreat to the indefensible lines of June 4, 1967—the very terms every Israeli government had rejected for a decade.

Israel responded to the Sadat visit with unprecedented concessions to Egypt, including: Egyptian sovereignty over all of Sinai, full Palestinian Arab civil autonomy in the West Bank and Gaza for the first time in history, and participation of Palestinian Arabs in the negotiating process—all granted unilaterally in advance of actual negotiations.

But once Sadat rejected Israel's opening offer, the White House proceeded in short order to attack and undermine Israel's negotiating position: Politically, the same Carter Administration which had, in effect, rewritten Resolution 242 in the Gromyko-Vance declaration, castigated Israel for maintaining its own interpretation of that Resolution and aligned itself entirely with Egypt on the substance of a settlement. Militarily, the Administration agreed to transfer America's most sophisticated war planes to Egypt and Saudi Arabia—almost as if to reward Sadat's sudden and capricious suspension of the Jerusalem talks.

Now, more than ever, it is clear that any real progress toward peace in the Middle East will come in spite of rather than because of this administration's impatient, one-sided intrusion.

COMMITMENTS, OBLIGATIONS, PROMISES

President Carter cancelled the U.S. commitment for the balance of the CBU–72, the

only weapon effective against hardened military sites in which Arab attack planes are housed. He denied Israel permission to export the Kfir fighter jet on the pretext that it contains an American engine. He reneged on promised co-production licenses for weapons and communications systems. He excluded Israel from most-favored-nation access to sophisticated weapons in Presidential Review Memorandum 12.

In contrast, Maverick, Sidewinder and TOW missiles have been delivered to Saudi Arabia, and the U.S. has sold to Egypt (still officially at war with Israel) 20 C–130 transports, 12 Firebee aerial reconnaissance drones, 6 long-range photo reconnaissance camera systems and military vehicles worth approximately $350 million. In September 1977 the Administration agreed to refurbish with new engines, 200 Egyptian MiG–21 jets.

The current White House proposal to sell 60 F–15's to Saudi Arabia and 50 F–5E's to Egypt linked to the sale of 15 F–15's and 75 F–16's to Israel is the latest move in the deepening erosion of the military balance. This has been presented as a package deal, to make delivery of previously promised aircraft to Israel contingent upon delivery of war planes for Egypt and Saudi Arabia.

We must recall that under intense American pressure in 1975, Israel agreed to withdraw from strategic mountain passes in Sinai and the Abu Rodeis oil fields without comparable Egyptian concessions. In return, the U.S. undertook an obligation in the U.S.-Israel Memorandum of Agreement to maintain Israel's defense strength including, among other items, the modernization of the Israel Air Force on a one-for-one replacement basis.

In that document, Israel received a commitment for purchase of 50 F–15's, 25 of which were approved last year. Israel has been seeking to purchase the remaining 25; the Administration now proposes that Israel receive only an additional 15 of these aircraft. On the basis of the Memorandum of Agreement Israel originally expected to receive 250 F–16's but now is being offered only 75.

There was no mention in the 1975 Agreement that the planes to Israel would be approved only if Egypt and Saudi Arabia received similar aircraft. At a time when the Carter Administration is asking Israel to take additional risks for peace, it is backing away from yet another commitment to Israel. It is remarkable that the Administration expects Israel to trust future U.S. assurances when past ones are so easily repudiated.

STRAINED AND DECEPTIVE ARGUMENTS

The Administration's arguments for the sale of highly sophisticated war planes to Saudi Arabia are strained and deceptive. Officials argue that the transfer of 60 F–15's to Saudi Arabia is necessary to defend her oil wells against hypothetical attacks from Iraq.

If a threat to Saudi Arabia indeed emanates from Iraq, why are the Saudis, with U.S. assistance, building a major base for the F–15 at Tabuq, more than 1200 kilometers from Iraq, but only 6 minutes flying time from Israel?

Moreover, the Administration omits mention of the formidable Saudi force of 110 F–5E fighter-bombers. Combined with Arabia's mobile Hawk batteries, these aircraft are more than adequate for the defense of the oil fields and shipping lanes of the Persian Gulf.

In military intelligence circles, it is common knowledge that the Saudis are financing installation of a communications system for the joint command of Syrian, Jordanian, Iraqi and Saudi forces. While any Saudi move toward genuine moderation should be encouraged, it must be noted that contrary to Administration assertions, Saudi Arabia actively participated in the 1967 war, to a greater extent in the 1973 war, has openly committed its military resources to any new war against Israel and continues to finance terror operations of the PLO.

UNDERMINING THE CAUSE OF PEACE

The rationale for the F–5E sale to Egypt is no less tenuous. Dubious arguments are advanced that (1) Egypt's search for peace requires reward of arms, (2) the Soviet arms supply line has been cut and (3) the F–5E is needed to counter Soviet expansion into Ethiopia.

(1) With regard to the first argument, if the peace talks succeed, the need for arms would diminish; if they fail, then Washington would be fueling and escalating the weapons race between two recipients of U.S. arms. In addition, Washington was instrumental in: clearing the Suez Canal, inducing Israel's withdrawal from the Sinai passes, restoring Egyptian control to the Abu Rodeis oil fields and establishing an early warning system in the Giddi Pass. It is Egypt, not the U.S. that should offer proof of friendship.

(2) Repetition of the myth of a supposed Soviet Arms embarbo against Egypt does not turn it into fact. U.S. NATO and Israel published intelligence reports have confirmed that Egypt continued to receive extensive resupplies of Soviet weapons at least through 1977. Egyptian ground forces have already surpassed 1973 levels, and her inventory now contains more T–62 tanks, night vision equipment, missiles and missile-bearing helicopters. The Egyptian air force has been strengthened qualitatively by receipt of such sophisticated aircraft as improved Mig 21's, MiG 23's, Sukhoi 17's and Sukhoi 20's.

Moreover, France and Great Britain have joined the Soviet Union as major sources of advanced military equipment. President Carter now proposes to add American technology to the Egyptian war machine.

(3) The final argument that F–5E's are needed to counter the growing Soviet and Cuban involvement in the Horn of Africa is untenable. The vast Sudan separates Egypt from the nearest point in Ethiopia—800 miles away. Unlike Ethiopia, however, Israeli targets are well within the combat radius of these F–5E aircraft.

In short, all the arguments so far advanced by the Carter Administration to support these arms sales are demonstrably false or misleading.

Moreover, by initiating an offensive arms supply relationship with Egypt and by encouraging deeper Saudi involvement in the event of renewed hostilities, this radical move by the Administration may increase Arab confidence in the utility of the war option and undermines their incentive for mutual compromise. It undermines the cause of peace.

The Administration's arguments for the package deal of arms sales are so feeble, in fact, that it is hard to believe that Administration spokesmen take them seriously. Consequently, one is driven to the conclusion that this extraordinary departure simply reflects the dominant influence on current American policy of defeatist elements in the Administration and those few but influential sectors within the U.S. business and financial community which profit from their "special relationship" with Arab regimes. They advocate a Mideast "settlement" on Soviet/Arab terms despite the cost to U.S. national interests. In fact, of course, it is by maintaining the strategic balance in the Middle East, by meeting our commitment to Israel, that the broadest economic and political interests of the U.S. and the Western world are served.

FOR THE SURVIVAL OF FREEDOM

The pursuit of real peace in the Middle East poses difficult, complex and debatable issues. No longer debatable, however, is the Carter Administration's calculated effort to manipulate public opinion in support of its campaign to impose a settlement agreeable to uncompromising, hard-line Arab demands. In its orchestration of pressure against Israel, this Administration seems bent on obscuring the factual and analytical ground for legitimate public debate.

Our concern encompasses far more than the fate of Israel—however important that may be for America's own sense of itself and for its commitment to democratic ideals. At stake in the Middle East, as elsewhere in the world, is our ability to rally from a pervasive politics of defeat, to honor our national commitments, and to face the real challenges to the survival of freedom and human decency in those limited parts of the globe where they still prevail. It is ultimately our own survival as a free and democratic people that is in question.

"I believe that what is happening to American policy, not merely in the Middle East but in the world at large, is a gradual accommodation to the fact that the Soviet Union has not only become the equal of the U.S. in military power, but seems destined to surpass the U.S. Already in Washington, Administration spokesmen are saying just this behind closed doors. This, I believe, is the true explanation for the succession of events, large and small, overt and covert, by which the Administration has quietly given in to the long-sustained efforts of the Soviets to depict Israel as an outcast nation, an illegitimate nation."

Senator DANIEL PATRICK MOYNIHAN.●

APRIL 7, 1978.

STRONG SUPPORT FOR THE CONGREGATE HOUSING SERVICES ACT

● Mr. CHURCH. Mr. President, on March 8, I joined with my distinguished colleague, Senator HARRISON A. WILLIAMS, JR., in introducing S. 2691—the Congregate Housing Services Act of 1978. This bill is based on information developed in prior Committee on Aging hearings and reports which documented that thousands of frail elderly persons residing in federally assisted housing were living at-risk, or faced unnecessary placement in nursing homes, because they could not be provided with the supportive services which would assist them to remain independent.

S. 2691 would take the crucial first step in redressing this situation by providing funds directly from HUD to local public housing agencies for long-term congregate services programs designed for frail elderly and younger handicapped tenants. Traditional public housing currently provides shelter to more older Americans than all other HUD-assisted programs combined. Tragically, increasing numbers of them will be forced to enter medical care facilities prematurely, at great expense to local and national government, if adequate support services such as nutrition, housekeeping, and personal care assistance are not made available.

I am honored that 27 of our colleagues have already joined with Senator WILLIAMS and me to cosponsor S. 2691. Senator WILLIAMS deserves special credit for his long-standing role as an advocate for improved housing opportunities for low-income older Americans. He brought to the development of S. 2691 an exper-

tise developed both as chairman of the Senate Committee on Aging, and later as chairman of its Subcommittee on Housing for the Elderly, where hearings conducted in 1975 first demonstrated the need for and feasibility of this legislation. His devotions, and accomplishments, have rightly earned him the gratitude and affection of millions of the Nation's elderly.

I am also pleased to report that a hearing held by the Senate Subcommittee on Housing and Urban Affairs on April 13, chaired by Senator WILLIAMS, provided strong and expert endorsement of this bill. For my colleagues' information, I would like to briefly quote from that testimony:

Mr. John Martin, on behalf of the American Association of Retired Persons and the National Retired Teachers Association, stated:

Every test that we've made shows that older people do not want to go to nursing homes unless there is absolutely no alternative for them . . . The National Housing Act of 1970, which led in the direction of congregate housing, produced no results . . . The result has been that there has been a steady drift into nursing homes, largely because there were no alternative services . . . S. 2691 seems to us to be a very good and innovative approach to this whole problem.

The National Council of Senior Citizens, represented by Mr. William Hutton, testified:

Experience has shown that the fragmented, multi-governmental method of providing housing and congregate services is a miserable failure and that unless the housing and the integral service component are literally brought under one roof, the services simply are not delivered. The structure established in this bill to accomplish this goal is sound.

Mr. David Crowley appeared for the American Association of Homes for the Aging, and declared:

Our association strongly endorses the principles incorporated in S. 2691. We would point out: One, there is a demonstrated need for a major government commitment to providing congregate services in housing serving the elderly. Two, existing housing programs are falling far short of their potential to provide for a continuum of supports for the elderly and handicapped because of the lack of a service component. And three, these programs cannot be effective without the incorporation of congregate services.

Mr. Robert Notte expressed the view of the National Association of Housing and Redevelopment Officials that S. 2691 was—

A needed and workable method to meet the rapidly developing critical housing needs of "frail elderly" and of "handicapped" persons now in occupancy in public housing; and the many more such persons who could be served by future congregate housing development. . . . NAHRO views the passage of this bill, S. 2691, as equal in importance to the pioneering legislative provisions of 1956 which first authorized the admission of single elderly persons into public housing.

Mr. Perfecto Villarreal, a national expert on the management of housing for the elderly, and executive director of the San Antonio, Tex., Housing Authority, brought a special perspective:

The two primary reasons for our people moving out of our housing for the elderly is either because they die, or they are forced to move to a nursing home. . . . The cost in both human and monetary terms of not taking action to help stem this tide of elderly evictions is too great. . . . in San Antonio, the nursing home expense varies from $25 to $50 per day. . . . many elderly persons are forced to live in San Antonio State Hospital because there is no housing available which provides a basic package of support services. The average daily cost of caring for an elderly person in the state hospital is $59. . . . I estimate that providing a good basic package of supportive services in San Antonio would cost from $2 to $5 a day. . . . The monetary savings of a congregate housing program to the taxpayer would be very, very substantial.

James Sykes, of the Wisconsin Bureau on Aging declared:

Clearly it is the lack of stable services funding which has thwarted the development of this needed housing alternative. It is sad to think about the thousands of older people who today need some service to enable them to remain in their otherwise adequate housing—but for whom the Congregate Housing Services Act will be too late.

Dr. Matthew Tayback, who as Director of Aging for Maryland has had the experience of operating a State-subsidized congregate service program, told Senator WILLIAMS:

What you propose in Senate bill 2691 is feasible and, there is no question about it, that it is cost-effective. . . . in terms of the national strategy of minimizing institutionalization, of offering the widest possible opportunity for independent living for the disabled aged, this is a very momentous move and we endorse the legislation.

Finally, the National Association of Area Agencies on Aging, spoken for by Mr. Eugene Bartells, told the subcommittee:

We want to heartily endorse and support this legislation. We feel that it is a very positive step in offering another resource to local communities as an alternative to premature or inappropriate institutionalization of the elderly.

Mr. President, the testimony delivered at the Housing Subcommittee hearing establishes a solid buttress of evidence supporting the need for quick and favorable action on S. 2691. Some of the witnesses made useful suggestions for improving the bill, and these are being incorporated. Some expressed the hope that Federal support for congregate services would not stop with public housing. It is my belief that this bill is only a first step, although a very important one, and that the Congress must address as soon as practicable the means of facilitating similar supports to the residents of section 202 and other housing programs; and to the vast majority of older Americans who live in their own private homes and rental units. Only then can a national policy of providing options for independence, and alternatives to institutionalization, be truly effective.

But all witnesses came to the same basic conclusions. One, there is a growing number of elderly who require some support services to remain independent. Two, we have failed to effectively extend these services to the residents of federally assisted housing. Three, unless we begin to do so, the cost in human terms and in Government expenditures will be very dear. And four, the structure established in S. 2691 is a sound means of redressing this situation.

It is my hope that this bill will be enacted promptly. The Congress has delayed too long in backing its commitment to congregate public housing with an adequately funded means of implementation. The time to act is now, so that the service programs assisted by S. 2691 are sufficiently developed to provide participants in a 1981 White House Conference on Aging with the information required to assess the potential future role of congregate housing.

Mr. President, I urge my colleagues to support S. 2691 and I ask that the statements which Dr. Wilma Donohue and Marie McGuire Thompson submitted to the April 13 hearing be printed in the RECORD. Dr. Donohue, director of the International Center for Social Gerontology, organized the First National Conference on Housing for Older People in 1952, and served as Technical Director of the 1971 White House Conference on Aging. Ms. Thompson, Housing Specialist at the International Center, pioneered in setting design and administrative standards for elderly housing, and has served as Commissioner for the U.S. Public Housing Administration for 12 years. Their commentaries upon S. 2691 combine recognized expertise with a special sensitivity to the aging process.

The commentaries follow:

TESTIMONY OF WILMA T. DONAHUE, DIRECTOR, INTERNATIONAL CENTER FOR SOCIAL GERONTOLOGY ON S. 2691 CONGREGATE HOUSING SERVICES ACT OF 1978

Senator Williams, my name is Wilma Donahue, director of the International Center for Social Gerontology.

My colleagues—Dr. Marie McGuire Thompson and George Thomas Beall—and I appreciate the opportunity to testify in behalf of your well-crafted bill S. 2691, The Congregate Housing Services Act of 1978.

I shall speak about the general need. Dr. Thompson will discuss the provisions of the bill particularly as they related to public housing, a field in which she is the country's foremost authority. All three of us will then welcome questions.

This proposed legislation has been needed for 15 years, i.e., ever since 1963 when the first efforts were made to introduce services into the housing environments of low income elderly persons who needed some support and assistance. With each passing year and especially after the 1970 and the 1974 legislation that provided for congregate housing and called for services but did not include operating funds in support of the services, the situation has grown more acute. Enactment of S. 2691 will make the congregate housing legislation functional at last by providing a services subsidy for the vulnerable elderly needing assistance to maintain an independent life style in a residential setting.

The International Center for Social Gerontology has just completed a two-year study of a form of congregate housing defined by us as "assisted residential living". General population need, the potential market, and the current supply of congregate housing facilities were explored. Although there are no census or other precise data available on these points, it is possible by combining estimates of competent investigations to hazard some approximate figures.

On this basis, it appears that from 3 to 4 million elderly persons in the United States are impaired to the extent that, if they choose to live independently, they will require some combination of support services,

e.g., household help, personal aid, and meals. Of these 3 or 4 million, many will be able to purchase the needed services, many others will receive the needed assistance from family and friends. But there remain many others, perhaps as many as a million and a half, who need the services but lack the resources to obtain them. They represent a potential demand.

How much congregate residential housing with services is available? The supply has not been documented, but scattered evidence indicates that it falls far, far short of the projected demand.

The Congressional Budget Office, for example, projects a need of from 1.5 to 1.9 million congregate or sheltered housing units, but estimates the available supply to range from only 0.3 to 0.8 of a million units: an undersupply of a million or more units.

HUD, using among its criteria for congregate housing the serving of at least one meal a day, was able to report only 22,559 units in 151 projects that met this minimal criterion. The 1976 directory of the American Association of Homes for the Aging listed 55,366 congregate housing units. If the HUD and AAHA lists are combined and overlaps eliminated, the total number of units amount to only 71,059.

S. 2691 is directed to public housing of elderly persons. Traditionally such housing has been almost entirely limited to fully independent tenants. For example, the HUD congregate housing list included only two public housing sites, affording only 263 units between them. This circumstance results from lack of funds to purchase the needed services and from exclusion of those who became ill. Enactment of S. 2691 will, for the first time, make possible a comprehensive and systematic program of essential services for impaired and frail tenants of public housing.

In fact, S. 2691 has the potential to bring about a dramatic increase immediately in the congregate housing supply. There are currently (1977) approximately 293,500 public housing units occupied by persons aged 62 and over. Of this number, it can be predicted according to our studies that at least 12 percent (35,320) are sufficiently impaired or frail that the housing authorities judge they need special support services but do not need to live in a medical care setting. If, say, 20 percent of public housing units were set aside for occupancy by the tenants needing special services, 58,700 units would be added to the congregate housing stock. Of this number, 35,320 would be for the vulnerable already living in public housing but who are in danger of eviction unless services become available.

It is important to note that public housing authorities express a strong preference for mixed tenant population, i.e., of the fully able and the semi-independent as opposed to tenant bodies composed entirely of impaired frail older persons. They recognize that the latter circumstance would defeat the purpose of the congregate housing concept—independence in a residential setting—and would create just one more institutional model. The current public housing pattern of full apartments is entirely feasible for congregate housing with the addition of only a service component that will compensate for the limitations imposed on some tenants by reason of frailty and impairment.

I want to make one more point. Studies which I and others have made indicate that the public housing authorities are not only aware of the service needs of their tenants but are attempting to meet them as best they can from the fragmented and limited services available in their communities. It is proving, however, to be impossible to coordinate effectively these services when each comes into being from a separate and distinctive planning, program, and policy perspective. Mr. Beall has made a special study of the effect on the development of congregate housing with services resulting from the lack of a legislated union between shelter and services. His testimony in reply to any questions you may have will provide excellent support for S. 2691.

TESTIMONY OF MARIE MCGUIRE THOMPSON, HOUSING SPECIALIST INTERNATIONAL CENTER FOR SOCIAL GERONTOLOGY ON S. 2691 CONGREGATE HOUSING SERVICES ACT OF 1978

S. 2691, The Congregate Housing Services Act of 1978 will, at long last, provide a way to close the gap between housing for the elderly who can sustain completely independent living and, at the other end of the spectrum, institutional care for those who need it. Enactment of this bill will make it possible for local housing authorities to actively implement the congregate housing objectives originally set forth by the Congress in the 1970 Housing Act. While that legislation provided for a line item in the local housing authority budget to cover the costs of providing a central dining room, kitchen, and equipment to accommodate a meals service in congregate housing, it did not provide for assistance in covering the costs of the meals and other services to be delivered to those tenants who could not afford to pay the full cost. As I have said many times, this inability to pay for the services needed has been the first and primary reason for the lag in the production of conngregate housing which would fill the gap in our housing programs for older persons.

Now, I appear before you with high praise for S. 2691, which remedies this deficiency by providing service subsidies to eligible low income tenants residing in public housing or eligible for it. This legislation addresses the fact that since there has not been a Federal program that specifically combines shelter and services for frail, low-income elderly persons (with both the capital cost and the services costs assured over time), the only community alternative too often has been the socially and economically costly medical care institutions. The result has been tragic for many elderly persons and unnecessarily costly to government. For older persons, it has meant that community housing alternatives failed to relate to the realities of the aging process, and to reflect that anticipated decrements of aging come on gradually and, except for health crises, do not just jump over night from complete self-management and independence to the need for medical supervision. For many of us there is an extended period when all we need is to be relieved of the burden of household chores and some minor personal aid, but we do not need continuing medical care. For the Government, when nursing home costs are recognized to have risen from $1.8 billion ten years ago to $11 billion currently, and when it is recognized that 40 percent of the Medicaid dollar goes toward coverage of such costs, it is not a prudent expenditure of the public dollar to support nursing home care for older persons who do not need it. The concept embodied in S. 2691 represents a sensible, humane, and economical alternative. This concept and legislation has been too long in coming.

Many of the specific provisions of S. 2691 merit special mention as being especially sensitive to the goals and operations of a program of assisted residential living. In the time available, I can highlight only a few.

A particular strength of this legislation is its recognition that the two components of congregate housing—the shelter and the services—must be fashioned and controlled at the local level by the housing sponsor in cooperation with service agencies. Just as the individual is an inseparable whole, so too the housing-services components must be inseparable. Experience has shown that a housing program that requires the service component to be operational must have that component assured by the housing sponsor over time. It cannot be a stop and go situation. They cannot be effectively planned and implemented separately. However, the legislation does recognize that some service resources may be available in the community and requires that such resources be drawn upon by the housing sponsor to the extent of their availability, appropriateness and reasonable assurance of continuity. In so doing, the legislation provides that there be no overlap or duplication of services since housing authorities would generate only those services needed and not otherwise available, and HUD would only approve congregate services programs upon assurances of the unavailability of other resources.

By combining shelter with services, S. 2691 encourages the development of community living alternatives not only to the frail or impaired elderly, but also to those elderly tenants who are temporarily disabled and in need of the services for only a limited period of time. And, in recognition of current housing practices which encourage elderly and adult handicapped individuals to be residents of the same project, this bill sensibly makes provision for inclusion of adult handicapped tenants as potential recipients. Importantly, in relaxing the facilities requirements for existing public housing, this legislation rightfully ensures that steps can be taken immediately to respond to existing need for congregate housing services among elderly and handicapped tenants in residence today.

This legislation also recognizes that while eligibility criteria for housing for completely independent living requires only consideration of age and income, the functional levels of applicants and tenants needs to be an additional criteria for eligibility for congregate housing programs. Therefore, the legislation appropriately provides for the establishment of professional assessment committees composed of health personnel and other professionals, to judge functional competencies, to recommend levels of services required, and to assess the adequacy of services being delivered to sustain a continuing independent or semi-independent life style. This requirement not only will ensure responsiveness of the services program to the needs of the individuals in residence, but also—and equally important—it will prevent the housing from becoming institutional by admitting or maintaining in residence those persons who would be best served in medically supervised arrangements.

In keeping with its philosophical focus upon maintaining independence and options among the elderly, several additional elements of the bill merit praise. Rightfully, tenants are provided the opportunity to make input into planning for and assessing the adequacy of the services delivered to them under this program. The independent residential nature of their housing environment is further underscored in the legislation by the explicit recognition given to the fact that recipients of services under this program are deemed to be living in their own households, and not to be inmates of institutions. By specific prohibition, the services provided under this Act also cannot be treated as income for the purpose of determining eligibility under any other program or provision of State or Federal law, including SSI payments. Rather, the income received by a service recipient, regardless of its source, is taken into consideration in determining the fees which the tenant pays for the services delivered to him. The aim is clearly to direct the greatest assistance to those in greatest need, while allowing each tenant to main-

tain the dignity derived from helping to provide for oneself to the extent of one's financial and physical capabilities. This theme is also reflected in the provision made for older and handicapped tenants residing in the housing and capable of work, to help provide services to their fellow tenants, on a wisely imposed part-time basis, and to be paid for their work.

In summary, Mr. Chairman, this legislation correctly marries the shelter and the service components both of which are needed and represent two parts of a whole. It is a happy break with the tradition that older citizens must seek the help they need from a number of agencies organized according to governmental structures rather than the needs of the individual. Many of us have tried over the years to meld programs rather than strictly separate them into many segments which inevitably causes confusion and chaos, more costly delivery, protection of one's professional turf, and many other ills. The loser is the older person. But wisely, in this legislation, you have brought the shelter and the services together in a blissful union.●

ABORTION

● Mr. GARN. Mr. President, the Senate and the House will almost surely continue to be faced with the issue of abortion during the coming months and years. Abortion is an issue that will not go away, and one of the important reasons that it will not go away is the continuing insight into fetal life that new medical research provides. Fortunately, we live in a time of medical and scientific enlightenment. Hardly a month passes without the publication of an important, informative, and often fascinating study of life before birth. Unfortunately, our moral sensibilities are not keeping pace with our scientific advances—in fact our moral sense seems to react inversely to our scientific knowledge. The more we know about the pre-born human, the less care we take to protect him or her. This is a calamitous irony, because the more we learn about fetuses the more we realize that they are living human beings who are, like the rest of us, developing their faculties.

The popular myth that a fetus is an undifferentiated bunch of cells not dissimilar from a wart, for example, is gradually giving way I believe to an understanding of the biological facts. This educational process may take some years because it faces strong ideological opposition from those who are often more interested in advancing abortion for its own sake than in advancing informed decisions drawn from facts. The tragedy lies in the thousands of lives that are lost by each day of delay.

Mr. President, it is my earnest hope that the abortion ethic which now prevails in some sections of the country can be reversed, for it not only results in the death of millions of very young human beings who are unable to defend themselves but it traumatizes women and families as well. The best way to defeat the abortion ethic is through Constitutional amendment. The Supreme Court's decisions in 1973 make an amendment necessary. Until an amendment is adopted, however, it is the responsibility of this body and other governmental and private entities which are committed to the preservation and elevation of human life and dignity to take interim steps which will offer some help. I recognize all too clearly that these interim steps will offer small consolation to those preborn babies who are scraped, sucked, or salt-washed from their mother's womb, but we will take the steps that we can as quickly as we can and trust that we are doing the best that we can.

Today I am pleased to join the senior Senator from North Carolina (Mr. HELMS) in sponsoring S. 2614, the Alternatives to Abortion Act of 1978. Mr. HELMS is one of the ablest and most dedicated supporters of the right-to-life and with this bill he has proposed a much needed measure. It is one of those interim steps that I spoke about, but it is a necessary step.

S. 2614 will allow women who desire to abort their unborn children to be fully apprised of the realities and consequences. In the matter of abortion, when a woman makes the decision as to whether her child will live or die, is it too much to ask that she be fully informed? Is it too much to ask that when she exercises what has become known as the "right to choose" that she have the "right to an informed choice"? Is it unreasonable to require that women aborted or advised through the agencies of the Federal Government also be informed of alternatives to abortion? These questions must be answered, and the necessary answer is "no" to each question.

What is the effect of an uninformed decision to abort? Obviously, the effect on the fetus is death whether the decision is informed or not, but the effect on the mother manqué may depend on her knowledge and thousands of women are being tragically misled. For example, consider these personal histories taken from a Good Housekeeping article entitled "Are You Sorry You Had An Abortion?":

Cindy Phillips:

"[After an abortion in which she said she was 'ripped and lacerated,' she said] I've been going for treatment and it's believed I've been damaged internally so it's unlikely I'll ever become pregnant again. If I do, there's a very good chance I'll have a miscarriage. counselor] answered matter-of-factly. * * *

"Women who think abortion is nothing ought to think twice."

Julie Engel:

"* * * I asked the counselor, 'What does a three-month-old fetus actually look like?'

"'Just a clump of cells,' [the abortion counselor] answered matter-of-factly. * * *

"A year later at a friend's house someone was passing around pictures of fetuses in various stages of development. When I saw that a three-month-old 'clump of cells' had fingers and toes and was a tiny, perfectly formed baby, I became really hysterical.

"It's three years since I had the abortion and I haven't been able to conceive since. Some doctors tell me it's a hormonal imbalance that should eventually correct itself. But one physician has said my inability to become pregnant is probably abortion-connected.

"I'd been lied to and misled and I'm sure thousands of other women are being just as poorly informed and badly served. To prove it, John and I visited almost every clinic in Cleveland. I pretended I was pregnant and asked for guidance.

"What we heard was incredible. * * *"

Linda Viewegh:

"* * * One night, about a month after my [abortion], I started vomiting blood and wound up back in the hospital with bleeding ulcers. I'd never had any previous symptoms, but one doctor told me these could have been caused by repressed emotional feelings.

"Shortly after abortion was legalized I got a job as an admissions clerk in the hospital and my eyes were really opened. I was able to see new dimensions of suffering and agony, I'd never even imagined. There was no counseling, no birth-control information. It was simply a matter of walking in with the right amount of money and answering 'yes,' when the doctor asked, 'Do you want an abortion?' * * *

"I soon began having nightmares about my own abortion.* * *

"I've also had a problem with an infected tube since my abortion. The infection resists antibiotics and though I'm only 28 I've been advised to have a hysterectomy. I've remarried and plan to hold off having the operation as long as I can."

Georgia Denk:

"Shortly after returning home [from (apparently) a saline injection performed illegally] I lay on the couch in the living room, and that's where my baby was born—alive. It was a perfectly formed little boy about two inches in size. I could see his heart beating.

"My husband rushed the children, who had seen it all happen, out of the room. I screamed and shouted hysterically. I thought I was going out of my mind. It seemed like an eternity before the tiny little heart finally stopped.

"Oh, my God, I thought, I've just killed a baby and all it was supposed to be was some bloody tissue.

"I kept hemorrhaging and wound up in the hospital where I almost died.

"* * * I discovered nothing is worth the hell of abortion. It's an act of love to carry the child to term and give it up, if necessary, for adoption."

Some of these abortions were performed by competent professionals and some were not. The first two were performed in abortion clinics, the third by a gynecologist—apparently in his office—and the fourth was done by a registered nurse. So the physical and emotional problems of the first three women cannot be blamed on incompetent medical care; the problems can be blamed on the nature of the procedure and the ordinary medical care and attention that women can expect from licensed clinics and doctors. The experience of the fourth woman was not terrifying because she was aborted by a nurse, but because what she aborted was a "baby and all it was supposed to be was some bloody tissue." Going to a clinic would not have changed the facts of the abortion. It might have changed her perception of it by simply keeping the truth in a cardboard bucket, but hiding the truth is a terrible way to deal with any problem.

Women who are considering aborting the life within their womb must be made aware of facts in two areas: first, they need to know the nature of the being within them. They need to know that, in the words of Julie Engel:

A three-month-old "clump of cells" [has] fingers and toes and [is] a tiny, perfectly formed baby.

Women are not being informed of these facts and part of the tragedy lies in the

certainty that there are vested ideological and financial interests that profit from women's ignorance. Mrs. Engel continued:

I'd been lied to and misled and I'm sure thousands of other women are being just as poorly informed and badly served.

The second area in which women are not getting the facts is the medical area. The consequences of abortion include death, injuries to the cervix and uterus, infection, bleeding, fever, chronic inflammation, menstrual disorders, sterility, and psychological problems. Effects on subsequent pregnancies include extrauterine pregnancies, cervical incompetence which leads to spontaneous abortion, still births and premature births, and hemorrhaging. Are women being informed of these possible complications? Sadly, no.

Mr. President, women are submitting themselves to a serious and potentially fatal medical procedure without the basic information they need to make an informed judgment and consent. They do not know the facts of fetal development, either, and they are often shocked and shaken when the facts are brought to their attention. Senator HELMS proposal is an important step toward helping women make a choice about abortion. I submit for the RECORD an article by Mortimer G. Rosen, M.D., and director of obstetrics and gynecology at Cleveland Metropolitan General Hospital and professor at Case Western Reserve University, that appeared in the April 1978 edition of Harper's magazine. Dr. Rosen's article will provide some helpful information for those who are concerned about human development during its earliest stages.

The article follows:

THE SECRET BRAIN: LEARNING BEFORE BIRTH

(By Mortimer G. Rosen)

Perhaps because it is unseen and unnamed and has yet to establish demonstrable ties with parents or society, the fetus is rarely considered a person. Long before birth, however, the human brain is developing and influencing the future functions of both mind and body.

The "secret brain," while still in utero, is not the brain or mind that we recognize later in the adult. Yet this brain does function. The fetus can see, hear, and move, and respond to disturbances that occur around it.

As the fetal brain begins to function in a more orderly way and respond to its environment, the primitive foundation for adult behavior may be evolving.

A group of us at the University of Rochester began using electroencephalography (EEG) about ten years ago to study the brain of the newborn infant. EEG measures the electrical activity that the brain uses to communicate with the rest of the body, to respond to actions or stimuli, and to store information. By monitoring fetal brain-wave patterns with increasingly sophisticated techniques, we have learned a good deal about brain growth and fetal behavior before birth.

While it is almost impossible to study the early growth of a normal fetus in its uterine environment, some information can be obtained from fetuses that have been aborted or delivered prematurely. Between seven and eight weeks after conception (nine or ten weeks after the mother's last menstrual period), the primitive parts of the brain are recognizable. Nerves connect limbs, trunk, ears, and eyes with the brain, and they feed back environmental stimuli such as sound and light. The brain receives, records, and may respond to these stimuli. Even at this early stage, electrical activity exists in the brain of the human fetus, though that brain wave looks very different from the patterns we will see later in development.

At eight weeks of life, a tapping stimulus on the amniotic sac results in arm movements of the fetus. Whether this is a response to the sound or to the vibrations caused by the tapping, the fetus already perceives, albeit crudely, that something has disturbed the warm, moist, and dark world in which it lives. The primitive brain receives the stimulus, selects a response, and transmits the response as a signal to the fetal arm; the arm moves. In similar fashion, touching an eight-week-old fetus lightly near the mouth will produce movements of its head to the opposite side and backward.

These rudimentary responses suggest that the fetal brain is already developing a primitive form of behavior. As the central nervous system matures, the electrical pathways that carry messages to and from the brain are being used in a progressively ordered manner. Neural communication at this stage cannot be thought of as brain-directed, however. It comes closer to what we know as reflex activity.

After twenty weeks of gestation, the fetal nervous system has matured considerably. Specialized nerve endings in the skin make the fetus more sensitive to touch, temperature change, and pain. Taste perception may even be present, though this is less certain.

Although we have not yet learned to keep this twenty-week-old fetus alive outside the womb, the primitive life-support systems of respiration and heart-beating are already present and do respond to changes in the fetal environment. If deprived of oxygen, for instance, the premature fetus appears to gasp. An early form of sucking can also be observed, and the fetus will make grasping movements if an object is placed in its hand.

Infants delivered near term (between thirty-six and forty weeks) show a true "nursing reflex" that allows them to feed for their nourishment; when stroked on the cheek they turn toward the stroking finger, suck, and swallow. By this time the grasping response will also be well coordinated and almost powerful enough to lift the infant; chest-wall movements with coordinated changes in the heartbeat will enable the infant to breathe right after birth. It is clear that patterns of activity that will be vital for later survival are already being laid down in the brain of the twenty-week-old fetus. We might even say these activities are being learned in the womb.

After twenty-eight weeks, 55 to 80 percent of prematurely born fetuses can survive in special nurseries with intensive care. We have learned a great deal from these infants about how the human brain develops during the last third of a normal pregnancy. We know, for example, that the brain wave of the thirty-week-old fetus looks just the same ten minutes before birth as it does immediately after birth. This is important information, since it helps to demonstrate that the brain doesn't just "turn itself on" when the baby is delivered.

Also, after thirty weeks we can do electronic studies of the unborn fetus before the mother's labor begins. We know this fetus "hears" in the womb, since its heartbeat changes when it is exposed to loud noises (a ringing telephone) or to classical music. The fetal brain can now be seen to respond to other stimuli transferred from the mother—drugs she may ingest (including caffeine and alcohol) as well as her emotions. If the mother is excited or upset, the fetal heart may beat faster, just as hers does. Placing pressure on the mother's abdominal wall can cause a very quiet fetus to begin rolling and kicking (both brain-directed movements), almost as though it had been awakened.

Indeed, the fetus now shows cycles of activity, and its brain-wave patterns just prior to birth resemble a crude form of the sleep, awake, and "dreamlike" states of consciousness that we measure more accurately just after birth. Ongoing studies at our laboratories in Cleveland suggest that these patterns of fetal behavior may be present as early as thirty-two weeks after conception. From this point on, it appears that brain development follows the same path, whether the fetus is in the womb or outside in the world.

As the normal time for birth approaches, a real person has emerged. A mind, however primitive in form, is present. The behavioral patterns we observe immediately after birth have been imprinted, formatted, we may even say learned during the continuum of development that began with conception. By forty weeks, four-fifths-of-a-year old, the growth of mind has paralleled that of the body, and the infant we encounter at the moment of birth is distinct from all others, with a brain already different from all others.●

MR. BURWELL BATES SMALL BUSINESS PERSON OF THE YEAR FROM OKLAHOMA

● Mr. BARTLETT. Mr. President, as a member of the Senate Small Business Committee and as a former small businessman myself, I know how much work it takes to succeed as a small business person. Therefore, it is with a great deal of respect that I commend Oklahoma's Small Business Person of the Year—Mr. Burwell Bates.

Mr. Bates began his business career by forming a partnership, and entered the oil drilling industry with one rig in 1953. In 1961 Mr. Bates purchased the remaining interest in the company continuing with the name Johnson-Bates. The company grew in number of employees from 13, in 1953, to a present total of 80. From a zero sales position, in 1953, Johnson-Bates sales reached $5 million in 1977.

Mr. Bates has diversified his interests to include ranching, banking, insurance, and manuafcturing, all of which stemmed from the original business which began in 1953. He enjoys a position of leadership in his community by virtue of his deep interest and multitude of civic activities.

Born in Konawa, Okla., January 18, 1921, Mr. Bates has remained in the area most of his life. He attended Konawa public schools and graduated from the University of Oklahoma in 1942 with a BS degree in business administration. He later attended Columbia University and received a commission from the U.S. Navy Reserve in 1943. He has been married for 32 years to his wife, Elaine, and they have two children.●

A CRUEL HOAX

● Mr. TOWER. Mr. President, I wish to bring to the attention of the Senate

a matter that involves a fabricated White House memorandum which explicitly alleges that the major Hispanic organizations in the country conspired to reelect President Ford.

The Hispanic organizations named in that fraudulent memo already have suffered an injustice by what they perceive as a cruel hoax designed to discredit their organizations and leadership.

Unfortunately, there is a growing concern that officials perhaps even within the White House itself have treated the memo as if, in fact, it were authentic. That concern is understandable in view of the letter the White House sent recently to the National Council of La Raza, a Hispanic organization that had written earlier to the White House to request a full investigation.

Mr. President, the Hispanic community and the American public deserve better. The White House clearly has an obligation to investigate the circumstances surrounding such an ill-conceived effort, and I hope it would get on with that task without further delay.

In order that my colleagues may become familiar with the events surrounding this matter, I have attached two articles by John Geddie of the Dallas Morning News, along with copies of the letters that have been exchanged between the White House and National Council of La Raza to be printed in the RECORD.

The articles follow:

WHITE HOUSE SIDESTEPS AUTHENTICITY OF MEMO

(By John Geddie)

WASHINGTON.—The White House has told Hispanics that it would be "difficult to determine" the authenticity of a memorandum written on White House stationery and claiming that Mexican-Americans and Puerto Ricans were secretly in league with Republicans during the 1976 campaign.

The News learned Monday that the White House did not respond to the question of whether or not the Carter administration may have prepared an "enemies list" of major Hispanic figures on the basis of the memo, which the Hispanics say is a hoax.

In a letter made available to The News, White House deputy counsel Margaret McKenna told Hispanics simply that all documents from the previous administration have been moved to the Ford library in Michigan.

"It appears to us that the White House staff deliberately chose to ignore the essence of our request," the director of the National Council of La Raza, Raul Yzaguirre, said in a follow-up letter to Robert Lipshutz, counsel to the president.

"We know the 'White House' memo is a fabrication," said Yzaguirre, who received the White House response.

"What is important is the credence which may have been given to this memo by the current White House staff, and even more importantly, any actions taken by White House or other administration officers based on that credence. In other words, it is the possible adverse actions taken against our organizations by this administration that concerns us."

The "White House memo" circulated in Democratic circles purports to be a Ford administration report on a meeting at which Republicans discussed possible grants and contracts to Hispanic organizations in return for political help in the Hispanic community. Some Hispanics believe the memo was prepared by persons seeking political advantage from the Democrats by discrediting organizations named in it.

Sen. John Tower, R-Texas, said in an appearance before a Hispanic organization in Fort Worth last weekend that the memo is an "insult" to the Hispanic leaders and should be exposed by the White House.

Tower described the brief response from the White House as "bureaucracy at its worse."

According to the memo, participants in the GOP campaign-related meeting included leaders of the League of Latin American Citizens (LULAC), American GI Forum, SER, IMAGE, and other groups.

There have been reports that Carter administrations officials have made reference to the memo as if it were true. Some Hispanics have said they suspect they already are feeling the impact of the memo, citing problems with Hispanic appointments and threatened delays of funding for some Hispanic programs.

Yzaguirre's first letters to Lipshutz, with copies sent to presidential adviser Hamilton Jerdan and White House aide Joe Aragon, asked the White House to repudiate the memo and investigate its origin.

"We believe that officials within the White House may have acted as if these memos were true," Yzaguirre said.

In his response to what he called the "non-response" of deputy McKenna, Yzaguirre said it "seems to us that you would be interested in determining whether violations of U.S. laws were committed. . . ."

SOME HISPANIC LEADERS SAY MEMO'S EFFECTS SURFACING

(By John Geddie)

WASHINGTON.—Some Hispanic leaders fear they already are feeling the political effects of a "White House memo" claiming their organizations were in league with President Ford's 1976 election campaign.

The memo, branded a hoax by the leaders named in it, is supposed to be a report on a meeting in which Republicans discussed possible grants and contracts in return for campaign help in the Hispanic community.

The memorandum is on simple White House stationery—although no one is sure of its origin—and has been distributed widely in Hispanic and Democratic circles including the White House.

"It's hard to pin down whether or not there have been effects," a Hispanic source said last week, "but there have been little indications."

A Hispanic candidate recommended for a government advisory committee did not get the post.

A Carter appointee hinted that one of the Hispanic organizations might be "Republican oriented" and should be investigated before receiving funds for a project.

Another project originally funded during a Republican administration was to be cut off by the Carter administration—but pressure and help from a Democratic congressman extended the funding until next October.

A "very high Hispanic in the public sector" has discussed the memo as if he knew it were true, spreading the word across the country.

One Hispanic source said another apparent result has been a reluctance by the White House or Hispanic appointees to "be in touch" with leaders of the organizations named in the memo.

Ironically, a number of the organizations' members probably voted for Carter—although the groups are not allowed to participate in partisan politics. Hispanics were among the minorities who claimed credit for Carter's victory.

The theory of some Hispanics is that the memo was prepared by persons excluded from earlier White House conferences who saw an opportunity to gain influence under a new administration.

The "White House" memo is similar to and may have been based on other written reports that meeting participants claim are true.

Meetings were at the White House and the Hispanic leaders did attend, but these memos say the purpose was to funnel Hispanic issues to the Ford White House. They note that the meetings would be apolitical.

Only the "White House" version mentioned a direct connection to the Ford campaign. Republicans also have denied the contents.

Although the major organizations mentioned, including the League of United Latin American Citizens, American GI Forum, SER and IMAGE, cannot identify with political parties, their influence in the Hispanic community seldom is disputed. The memo raised questions of national influence and cast doubt on whether or not leaders were representing the best interests of their groups membership.

It is these questions that have stirred a controversy within the Hispanic community and resulted in demands from the Hispanic leaders for the White House to clear their names and organizations. In addition, they want to know if the Carter White House believes the memo.

"Specifically, we would want to know if there exists a so-called 'enemies list' and/or if other exclusionary policies have been developed by the White House against the named Hispanic organizations as a result of these memos," Raul Yzaguirre, director of the National Council of La Raza, wrote the White House.

The White House remained quiet on the subject. By late last week, Yzagurirre's letter remained unanswered despite the fact a copy was sent to Hamilton Jordan Carter's chief of staff. Robert Lipshutz, legal counsel to the president, and Joe Aragon, a Hispanic aide in the White House, did not return calls on the subject.

"They wish it would just go away," said one of the persons named in the memo, admitting that at least one of the Hispanic organizations also has decided not to push the issue.

However, other Mexican-Americans and Puerto Ricans interested in a full hearing on the memo expect the White House to respond, especially after Yzaguirre charged the memo may have violated the law.

Some believe a stronger reason is that Democrats will decide they cannot afford to alienate Hispanics if the president decides to seek re-election.

APRIL 6, 1978.

Mr. ROBERT LIPSHUTZ, Esq.,
Counsel to the President,
The White House,
Washington, D.C.

DEAR MR. LIPSHUTZ: On March 15 of this year I sent you some correspondence concerning some libelous memos that have been circulated by person or persons unknown to us. I received a non-response to my letter by Margaret A. McKenna of your staff dated March 28.

Specifically Ms. McKenna states that the authenticity of the "White House" memo in question "would be difficult to determine" because the files of the previous administration have been moved. It appears to us that the White House staff deliberately chose to ignore the essence of our request.

We know that the "White House" memo is a fabrication. It would be very useful if this question of fact would be as clear to you as it is to us. It would also be useful to determine the identity of the person or persons who fabricated said memo. It also seems to us that you would be interested in determining whether violations of U.S. laws were committed as outlined in our letter, and we believe that you have the resources to accomplish all this.

All of that, however, is of secondary importance to us. What is important is the cre-

dence which may have been given to this memo by the current White House staff, and even more importantly, any actions taken by White House staff or other administration officers based on that credence. In other words, it is the possible adverse actions taken against our organizations by this administration that concerns us.

Again, let me reiterate what we requested in my last letter:

"Identify for us, any and all White House actions taken against the Hispanic organizations identified by the "White House" memo as a consequence of such memo and/or other similar memos. Specifically, we would want to know if there exists a so-called "enemies list" and/or if other exclusionary policies have been developed by the White House as against the named Hispanic organizations as a result of these memos."

We would also ask that you forward to us any and all other documentation in your files that relate to this subject matter.

Please give this matter your utmost attention.

Sincerely,

RAUL YZAGUIRRE,
National Director.

NATIONAL COUNCIL OF LA RAZA,
March 15, 1978.

Mr. ROBERT LIPSHUTZ, Esq.,
Legal Counsel to the President,
The White House,
Washington, D.C.

DEAR MR. LIPSHUTZ: Attached please find copies of three separate memos. We believe these memos to have been widely circulated among numerous persons during the past few weeks. The memos include two internal, and taken alone, innocuous documents prepared by a sister national organization, the League of United American Citizens (LULAC). The memo on White House stationary has had the sender/recipient slots blocked out.

The latter memo, if a factual basis is established, explicitly asserts that a person or persons within the previous administration in combination with Hispanic organizational leaders conspired to engage in certain illegal activities. Specifically, if the actions mentioned in the memo were true, such acts would be in violation of Title 18 U.S.C. Sections 201–204 and Section 501(c)(3) of the 1954 Internal Revenue Code as amended, as well as perhaps other U.S. Statutory provisions too numerous to mention.

The "White House" memo is, in our estimation, a fabrication. If the facts can be ascertained to support this conclusion, then the person or persons who fabricated the memo may be guilty of misuse of government property, as well as libel.

We have reason to believe that personnel within the White House are aware of the existence of these memos, if not their origin. Furthermore, we believe that officials within the White House may have acted as if these memos were true. We also believe that some of the individuals and organizations mentioned in these memos have been adversely affected by the allegations as a result of the credence which may have been given to the memos by White House officials.

In view of the above, we request that you take the following action:

1. Advise us and the other aggrieved Hispanic organizations as to the authenticity of the "White House" memo.

2. Initiate an inquiry, through appropriate agencies, as to the authorship of the "White House" memo, its publication and subsequent distribution and prosecute the person or persons responsible, if warranted.

3. Identify for us, any and all White House actions taken against the Hispanic organizations identified by the "White House" memo as a consequence of such memo and/or other similar memos. Specifically, we would want to know if there exists a so-called "enemies list" and/or if other exclusionary policies have been developed by the White House as against the named Hispanic organizations as a result of these memos.

In the ten years of our existence, we have come to be recognized as a leader among sister Hispanic groups. Currently we are affiliated and working with more than 100 community-based local organizations. We believe we deserve a response to our present appeal for action.

At such time as you determine, as we know you will, that the "conspiracy" described in the "White House" memo is a cruel and vicious hoax, we would expect correspondence to that effect. We would also ask that you forward to us any and all other documentation in your files that relate to this subject matter.

I wish to impart to you the urgency of this matter. Our initial view that no reasonable person could possibly take seriously the annonymous memo has evidently proven to be incorrect. Continued festering of this issue will cause our organizations irreparable damage.

Sincerely,

RAUL YZAGUIRRE,
National Director.

MARCH 28, 1978.

DEAR MR. YZAGUIRRE: I am responding to your letter addressed to Mr. Lipshutz concerning the authorship of an alleged "White House" memo which discusses certain Hispanic organizations.

The Carter Administration has possession of files concerning White House activities only since January 20, 1977. All previous documents have been moved to the Ford Library in Michigan. Because of this it would be difficult to determine the authenticity of any memo.

Sincerely,

MARGARET A. MCKENNA,
Deputy Counsel to the President.●

THE MARYLAND COMMISSION ON MEDICAL DISCIPLINE

● Mr. MATHIAS. Mr. President, I want to bring to the attention of the Senate an article which appeared in the American Medical News describing the important work of the Maryland Commission on Medical Discipline. The March 27, 1978, article emphasizes the role of the commission in improving the standards of medical practitioners in Maryland through imposition of a variety of disciplinary and advisory remedies.

I submit the article be printed in the RECORD.

The article follows:

DOCTORS CAN DISCIPLINE THEMSELVES

(By Hugh C. Sherwood)

These days, partly because of increased publicity generated by the malpractice problem, the medical profession is continually admonished to police itself.

In many states medical organizations can do little more than rap the knuckles of the occasional bad doctor. The real clout—the authority to lift his license—remains with state licensing agencies.

Until 1969 that was the case in Maryland where only the Board of Medical Examiners possesed real disciplinary powers. Even that agency couldn't discipline an errant physician or revoke his license unless he was shown to be a narcotics addict, had been convicted of a crime involving moral turpitude, or was guilty of one of four other very specific offenses.

The Medical and Chirurgical Faculty of Maryland—the state society—was virtually toothless, with persuasion and the rarely imposed threat of expulsion from the society its only disciplinary devices. It had no leverage at all over non-members, many of whom never even bothered to answer its occasional letters of inquiry about questionable actions.

Moving to remedy this situation, the state medical society drew up an amendment to the state's Medical Practice Act and pushed it through the state legislature. That legistion, enacted in July, 1969, created a Commission on Medical Discipline as an arm of the state's Department of Health and Mental Hygiene. That arm serves as a kind of supreme court in cases in which Maryland's physicians face possible disciplinary action.

The commission consists of nine members. Two are the president and the chairman of the council of the state society. Three are members of the Board of Medical Examiners, which still retains the power to license physicians, among other functions. Four members are privately practicing physicians.

The commission has the legal power to subpoena physicians, patients, and other witnesses and to issue reprimands to doctors, to place them on probation, or to suspend or revoked their licenses. It may do so for any one of 18 reasons, including abandoning patients, grossly overcharging them, splitting fees, or professional, physical, or mental incompetence.

To prevent the commission from serving as both judge and prosecuting attorney, the legislature barred it from initiating investigations. When it receives complaints it must forward them to the state society or a county society. These organizations are charged with investigating the complaints and making recommendations to the commission. They must report back within 90 days.

Actually, reports Jerome J. Coller, MD, formerly the commission's chairman, at least 75% of all complaints are made directly to the state or a county society and resolved there. "Many complaints," he explains, "are not serious and can easily be handled at the society level."

The societies retain the right to buck up to the commission any cases they can't handle. Both Coller and other physicians believe this latent power has made the societies more effective in bringing physicians into line.

ADDICTS, FEE SPLITTERS

The state society now has three important committees to discharge its diciplinary responsibilities. The Drug Committee deals with physicians thought to be addicts or to be overprescribing or prescribing inappropriately. The Physician-Patient Relations Committee deals with patient complaints, fee splitting or overcharging, and unethical advertising and solicitation. The Peer Review Committee deals with all other disciplinary problems, particularly poor medical practice in the office.

Complaints about doctors come from many sources. Some are made by patients or physicians. The majority originate with state agencies or Blue Shield.

Whatever their source, most complaints are handled at the county society level. The exceptions involve those passed down by the commission, which the state Peer Review Committee is required to handle, those a county society refuses to investigate because of local politics, possible bias, or other factors, and those that are appealed from a county society to the state society.

As an aid in checking on physicians who are believed to practice medicine of poor quality, the Peer Review Committee has drawn up nearly a dozen detailed standards for reviewing office practice. These involve the quality of an office's physical facilities, equipment, and supplies, the talents and training of its ancillary personnel, and other factors.

Says Joseph I. Berman, MD, past chairman of the Drug Committee and present head of the Peer Review Committee: "When we run into a physician who is practicing poorly, we almost always find that, whatever else may be wrong, he keeps lousy records. They are usually poorly organized and they rarely describe clearly enough the nature of his patients' medical problems or his plans for treatment. They are simply insufficient if another physician should have to take over the patient's case."

What's the reaction of physicians brought before the Peer Review or some other committee?" "A few are very grateful," reports Berman. "They hadn't realized they'd let things get out of hand. This is often the case when their basic problem involves overprescribing drugs. Others are at least cooperative. Some, of course, come with a battalion of lawyers."

Cases that the state and county medical societies can't handle are passed on to the commission. When brought up before the commission, physicians are strongly encouraged to bring along lawyers because so much is at stake. A court reporter takes down all testimony during the proceedings, and the commission ultimately makes a decision.

Some doctors are exonerated, in which case all records of the hearing are expunged. Others, particularly older doctors, are persuaded to retire. Still others are disciplined in one fashion or another.

Sometimes the commission stays its own order, pending an attempt to rehabilitate the doctor. For example, a practitioner may be required to obtain psychiatric counsel or to work in a hospital under supervision for a period of time.

A MATTER OF PUBLIC RECORD

Whether the commission stays its own order or not, a physician may appeal its ruling to a court of law. "Most do not appeal except when revocation of license is involved," says Coller. "The perhaps 50 percent go over our heads. In most of these cases the courts have upheld the commission."

When the commission disciplines a physician it becomes a matter of public legal record, even if the physician is only put on probation. In addition, the state society reports the disciplinary decision to the AMA, Medicare, Medicaid, and various state agencies. What's more, a full report, including a summary of the charges, the testimony, and the final decision, is printed in the state medical journal. One recent report ran to almost three pages.

Rarely, however, do these reports reach the public press. John Sargeant, executive director of the state society, says newspapers believe that many cases, especially those involving sexual offenses, do not make for family reading.

Even if the reports did reach the public press, it's far from certain what impact they would have on a physician in terms of the number of patients he sees. Says Coller: "You'd be amazed at how many patients show up at some hearings to support their doctors."

Indeed, there's some uncertainty about how much good the commission is doing. Says Berman: "We have learned how little is available to reeducate the poor or borderline practitioner who wants to improve his practice. Hospitals with good residency programs don't want them. Continuing medical education courses are not geared specifically to their problems. And reading a medical journal or taking just a course or two won't necessarily change the habits of a doctor who prescribes poorly, keeps terrible records, and has otherwise become slipshod.

"The Univ. of Maryland's Department of Family Practice has tried to tailor programs to such doctors, but we're not yet certain how much is being accomplished."

Both the commission and the state society face other problems as well. Physicians are loath to report on practitioners who are alcoholics. The disciplinary bodies also find it difficult to deal with physicians whose patients virtually dictate their own treatment. Then, too, there is the problem of the repeat offender.

Coller says the commission or the state or local societies investigated some 300 physicians in both 1975 and 1976. Many were repeaters who had done little to straighten themselves out.

Still, the commission has accomplished a great deal. It has put some physicians out of business. It has helped improve the practices of others. More important, it has changed the whole medical climate in Maryland.

CHANGE IN CLIMATE

When the commission was new, there was intense opposition to it from certain doctors. Some erroneously viewed it as a punitive body. Says Coller: "The commission sees its role as one of protection, not punishment. It attempts to protect all citizens of the state, including physicians."

Gradually, opposition has withered. "All county societies now agree to investigate most cases brought to their attention," reports Coller. "And almost all do a good job. Most really want to police themselves."

One sign of the changing times: Today almost 100 physicians are waiting to get on the state society's Peer Review Committee. Not so many years ago most were reluctant to serve.

Why the change in climate? Opines Berman: "I think it's partly a result of a nationwide trend. Many physicians are concerned that poor practitioners may be contributing to the malpractice crisis. Also, the medical profession is feeling consumer pressure to keep its house in order. Finally, I think there may be more professionalism among doctors. They're exhibiting more desire to deal with impaired physicians."

Adds Sargeant: "Most Maryland physicians used to think that other physicians were like them. They were ethical so they couldn't believe that others weren't or that they were doing anything else that wasn't accepted practice. Now there's been a change. Almost everybody is aware that the problems we face are not confined to the cities. And physicians who have been on a committee like the Peer Review Committee for a while are less tolerant of bad practice than are newer members.

What can your state society do if it would like to copy Maryland's work?

Draft your own legislation, urges Sargeant, rather than let a state legislature do it. You know the problems and the tools you need. In this connection, Maryland's legislature passed the legislation the society sought almost without change.*

Make sure the law mandates medical society participation in investigating and solving disciplinary problems. This provision makes Maryland's law unique. Elsewhere medical societies become involved only when state agencies or disciplinary commissions wish them to. This can create fear or boredom among physicians, who may feel left out of the decision-making process.

Get the law updated as experience reveals gaps or flaws in it. For example, last year the commission asked hospitals to report physicians whom they had disciplined but received little cooperation. Beginning July 1, hospitals will be legally required to comply.

Educate your physicians about what your commission and various disciplinary committees are finding and doing. Berman and other members of the Peer Review Committee have apparently done yeoman service in getting around Maryland and explaining their work.

Choose commission and committee members with care. Berman emphasizes that they must be people with the time and desire to do the job. "The chairman," he adds, "is the real key. He can make a group go or not go."

WATERWAY USER CHARGES: THE ADMINISTRATION TAKES A STRONG POSITION IN SUPPORT OF THE AMENDMENT OFFERED BY SENATORS DOMENICI AND STEVENSON

● Mr. DOMENICI. Mr. President, over the weekend, each of us, I believe received a letter from Secretary of Transportation Brock Adams detailing the clear position of the Carter administration on the issue of waterway user charges and H.R. 8309.

Secretary Adams states that President Carter "has asked me to advise you that he will not sign legislation authorizing a new lock and dam at Alton, Ill., unless it establishes a firm timetable with an early commencement date for the implementation of a fuel tax which would recover a substantial portion of operating costs. Moreover, acceptable legislation would provide for some capital cost recovery on new waterway construction. * * *"

Mr. President, I ask that this important letter be printed in the RECORD.

The letter follows:

SECRETARY OF TRANSPORTATION,
Washington, D.C., April 28, 1978.

HON. PETE V. DOMENICI,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR PETE: I am writing to advise you of the Administration's views on legislation now pending before the Senate concerning Lock and Dam 26 and waterway user charges.

When I last wrote you on the issue of waterway user charges, it was to inform you of the President's intention to veto the House bill, H.R. 8309. We remain convinced that the 4¢/6¢ tax recomended by the House is inadequate.

The Administration would still prefer legislation recovering 100 percent of the costs of operation and maintenance, and 50 percent of the cost of new construction of the inland waterway system. This year those costs are approaching the half-billion dollar level.

In order to expedite this matter, however, we will accept the compromise for H.R. 8309 that has been offered by Senators Stevenson and Domenici. This substitute offers the minimum acceptable basis from which to develop an adequate House-Senate conference bill.

In our view, the most important elements of the Stevenson-Domenici proposal are:

1. An adequate level of taxation implemented by a date certain. We support the Stevenson-Domenici proposal for a gradually phased-in fuel tax beginning no later than FY 1980, and reaching 12¢ per gallon by the end of FY 1984. This tax will still be proportional much less, for example, than the dedicated highway taxes paid by the trucking industry. Based on extensive studies, we believe that this tax would impose no serious hardship for barge companies or their shippers.

2. The principle of cost recovery. Both this Administration and the Senate have supported full recovery of operation and maintenance costs and 50% recovery of the cost of the new construction on the inland water-

way system. While we remain convinced of the correctness of our position, we are willing to postpone implementation of this level of recovery pending the outcome of a comprehensive study to be carried out by the Department of Transportation and other agencies.

In the meantime, the fuel tax discussed above should be implemented. For any projects initiated prior to the enactment or rejection of the recommendations of the DOT study, a minimum of 10% of capital costs should be recovered, as proposed in the Stevenson-Domenici substitute.

3. Comprehensive planning for the inland waterway system. As the costs of the current waterway system have escalated, the need for a comprehensive review of waterway development policy has grown. The commercial waterway industry, according to a recent CBO study, receives the equivalent of 40% of its annual revenues in federal subsidies in the form of free federal waterway operation and construction; the equivalent federal subsidy of other modes is 3% or less. The Stevenson-Domenici study proposal offers an opportunity to develop a coordinated approach to waterway costs within the context of a national transportation system.

This Administration very much wants to establish a fair system of waterway user charges along with the waterway improvements that are needed. However, the President has asked me to emphasize that our desire to establish this system does not mean that we will accept legislation involving insubstantial taxes which are indefinitely delayed. He has asked me to advise you that he will not sign legislation authorizing a new lock and dam at Alton, Illinois unless it establishes a *firm* time-table with an early commencement date for the implementation of a fuel tax which would recover a substantial portion of operating costs. Moreover, acceptable legislation would provide for some capital cost recovery on new waterway construction, pending Congressional enactment or rejection of the recommendations of the DOT study. The Stevenson-Domenici proposal meets these criteria as compared with other proposals that have been circulated recently in the Senate which do not, and would not be signed.

In addition the President has asked me to convey his hope that this bill will not be used as a vehicle for additional costly or extraneous amendments that could jeopardize final enactment of this needed legislation.

I hope that you will be able to support the Stevenson-Domenici substitute, and that we can finally resolve this difficult issue.

Sincerely,

BROCK ADAMS.●

THE EPISCOPAL CHURCH IN HAWAII SUPPORTS HAWAIIAN NATIVE SETTLEMENT STUDY COMMISSION

Mr. MATSUNAGA. Mr. President, I am pleased to be able to inform my colleagues that delegates to the Ninth Annual Diocesan Convention of the Episcopal Church in Hawaii have adopted a resolution strongly supporting the enactment of Senate Joint Resolution 4, which provides for the establishment of a Federal commission to study the historic claims of Native Hawaiians, and which the Senior Senator from Hawaii, Mr. INOUYE and I jointly introduced.

Adoption of the resolution demonstrates the broad support that Senate Joint Resolution 4 enjoys among all of the people of Hawaii. Although my colleagues in the Senate have already given unanimous approval to Senate Joint Resolution 4, I believe that you will find the resolution adopted by the Episcopal Church in Hawaii of interest. I therefore ask unanimous consent that the text of the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

EPISCOPAL CHURCH IN HAWAII,
Honolulu, Hawaii.

RESOLUTION 16—HAWAIIAN NATIVE CLAIMS SETTLEMENT COMMISSION RESOLUTION

Whereas, the founding of the Episcopal Church in Hawaii Nei is indebted to the sustained and generous support of native Hawaiians and their deeply concerned Alii in providing for a source of spiritual strength, comfort and challenge for all of Hawaii's people; and

Whereas, the Church has witnessed the tragic history of a once independent and sovereign nation and the decimation of her people in numbers and in spirit; and

Whereas, the Church recognizes the profound distress derived from the torment inflicted upon a generous and giving people who wait patiently for the correction of a sorely felt wrong; and

Whereas, the Church was present at the time of the events of 1893 and ministered to the needs of the last Queen of Hawaii in her time of trial and deprivation; and

Whereas, the Church remembers the acknowledgment of the President of the United States, Grover Cleveland, admitting a grave injustice wrongfully committed with the aid of American militia and diplomatic concurrences; and

Whereas, the Church is aware of Hawaii's Congressional delegation efforts to correct a historical injustice with the introduction of Senate Joint Resolution 4 proposing the establishment of a Hawaiian Native Claims Settlement Commission, therefore

Be it resolved, that the Episcopal Diocese in Hawaii commend Hawaii's Congressional leaders in this most important undertaking of obtaining redress for native Hawaiians; and

Be it further resolved, that this Ninth Annual Convention of the Protestant Episcopal Church in Hawaii urge by resolution of this House the passage of the Hawaiian Native Claim Settlement Commission Resolution in both Houses of Congress during the 97th Congress of the United States; and

Be it further resolved, that this resolution be transmitted to the House of Bishops for their spiritual consent and concurrent support and that copies of this resolution be sent to the 1979 meeting of the General Convention of the Protestant Episcopal Church in the United States urging that similar action be taken by our fellow brothers and sisters in Christ; and

But it further resolved, that this resolution be sent to the Hawaii Congressional delegation, our senators, representatives and the President of the United States.

RESIDUAL OIL ENTITLEMENTS FOR THE U.S. EAST COAST

Mr. JOHNSTON. Mr. President, according to reports in the press, the Department of Energy is preparing to deal yet another blow to domestic energy self-sufficiency. I am referring to two articles, which I will provide for the RECORD, describing the plans for the Department to grant a subsidy of a half billion dollars a year to the importation of petroleum refined in foreign refineries.

I can find no reason on the merits for extending this subsidy at this time. No explanation for the proposal has been provided to the Committee on Energy and Natural Resources which has jurisdiction over the relevant policy area. In any event, to understand the reason for such an intuitively counterproductive policy proposal, a deeper analysis is necessary than we can expect from the Department of Energy.

What is being proposed? The Department plans to dip into the enormous pool of funds to which domestic refiners nationwide contribute to operate the crude oil entitlements program. The Department's plan would divert a portion of those funds to importers of residual fuel oil.

Although residual fuel oil is used throughout the United States as a heavy industrial fuel and for the generation of electricity, by far the heaviest dependence on residual oil occurs in New England. To a lesser extent, the south Atlantic coast and California also use significant quantities of residual fuel oil. The dependence of the U.S. east coast has been almost entirely supplied by imports from Caribbean refineries built there by the major international oil companies—Exxon, Texaco, and Shell.

The subsidy planned by the Department for imports of residual fuel oil will thus be paid for by consumers of refined petroleum products nationwide through the entitlements program and split between the major international oil companies with refineries in the Caribbean and New England consumers.

Why is this necessary at this time? The world market in residual fuel oil, which supplies New England, has been in deep doldrums for over a year. Foreign refineries both in the Caribbean and in Europe have been operating at extremely low capacities. Residual fuel is available on the world market in quantity at depressed prices. There is no obvious reason to want to stimulate those imports through increased subsidy, except that:

First, Caribbean refiners would like to be relieved of the competitive situation they find themselves in; and

Second, New England utilities and residual fuel oil marketers would like lower costs.

I suppose that there are several other groups of businesses which would enjoy Federal help against their competition. I also imagine that my colleagues in the Senate could, individually, tell me of some regions of the country who are in need of lower costs.

We would like to accommodate them all, but unfortunately that is not possible. I do not want to let go by without a protest this departmental proposal to charge my consumers more for the gasoline heating oil and all other petroleum products they consume in order to give a $1.40 per barrel break to importers of foreign-refined residual fuel oil into the U.S. east coast.

These subsidies to refined products imports will make worse an already disastrous situation faced by firms inter-

ested in increasing domestic refinery capacity or in improving the quality of existing capacity. There is just no doubt that the United States should be acting now to build the refineries to reduce New England's dependence on refined products imports. We should be building refineries capable of using the heavy, high sulfur oil which is and will be in surplus domestically and on the world market.

Heavy, high-sulphur oil is and will be cheaper relative to all other types of oil available. The nations with capacity to refine this oil will thus be able to reward their economies with lower energy costs, and all their consumers with lower prices.

The Department's policy of subsidizing residual fuel imports by raising prices paid by everyone else goes in exactly the wrong direction. It encourages imports and reduces the incentive to refine this product domestically. It pushes farther into the future the day when a domestic refining system can be constructed to take advantage of the cheapest oil which will be available in the future.

Beyond the national interest in establishing a firm policy for improved refinery capacity, I do not understand why the administration is seeking to implement a proposal which is so clearly politically motivated and so clearly exacerbates regional differences over energy. The establishment of firm rules for the energy market has been delayed for over 4 years by this sort of regional energy politics. It is not in the national interest, and it is also not necessary. It is a signal of a return to some very divisive policies of the past, policies from which some will gain, but the Nation as a whole will lose.

Mr. President, I ask unanimous consent that an article entitled "Oil Plan Would Aid East at Expense of Rest of U.S.," written by T. R. Reid and published in today's Washington Post, and an article entitled "Subsidy To Increase on Imported Fuel, Helping East Coast," published in the Wall Street Journal of April 27, 1978, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 1, 1978]

OIL PLAN WOULD AID EAST AT EXPENSE OF REST OF U.S.

(By T. R. Reid)

The Carter administration is preparing a complex set of changes in federal energy regulations that could lower heat and power prices for East Coast consumers by as much as half a billion dollars a year at the expense of the rest of the country.

The changes would increase price subsidies for Eastern refiners and oil importers. The increased subsidy would be paid directly by refiners elsewhere, and presumably passed on to those refiners' customers.

Energy Secretary James R. Schlesinger promised a group of senators and staff aides from Eastern states last week that the changes would be proposed "quickly"—perhaps this week.

Before the projected changes in oil regulations can take place, the Energy Department must publish the proposals in the Federal Register and hold public hearings. Then, barring congressional veto, they would go into effect.

East Coast members of Congress, including House Speaker Thomas P. (Tip) O'Neill, Jr. (D-Mass.), have been pressuring the administration for months to change the subsidy rules. Schlesinger, in turn, has been working to win Eastern support for the administration's beleaguered energy legislation.

Thus some members and lobbyists were quick to see Schlesinger's new commitment as a deal to win votes for the energy bills. As further evidence of political motivation, they noted that Schlesinger had also discussed with Rep. John Dingell, a Michigan Democrat who is influential on energy matters, an addition to the new rules that would give similar price subsidies to Michigan oil importers.

An official at the Energy Department said the timing of Schlesinger's promise was not political. "We had to do this because the New England refiners have to know soon what price they'll pay for oil next winter," said the official, who said department regulations require that he remain anonymous.

If Schlesinger did hope for political gain from his promise to the Eastern legislators, he also incurred political loss, because some members from other regions were furious about the proposed changes.

Among them was Sen. J. Bennett Johnston (D-La.), a leading spokesman for domestic oil producers. "They want Johnston's help on their energy bill," said an aide to the senator "But this isn't going to make him more likely to work with Schlesinger on anything."

Johnston told Schlesinger Thursday night that the proposed rules changes, which would make it cheaper for the East Coast to buy imported oil, would undermine the administration's efforts to enhance domestic production.

Analysts at the Energy Department disputed that, but they admitted that no one is sure what the precise impact of the new rules would be.

The changes Schlesinger has promised would affect the government's "entitlements" program, a pricing mechanism that is generally conceded to be unusually complicated, even in the complex world of energy regulation.

"Entitlements" were created to deal with price disparities created by the government's oil pricing rules.

Under federal regulations, domestic oil is considerably cheaper than imported oil. Since the East uses much more imported oil than the rest of the country, Eastern consumers have been paying more for oil than consumers in other regions.

The "entitlements" regulations force refiners using the cheaper domestic oil to pay subsidies ("entitlements") to refiners, utilities, and industries in the East to offset the higher price of imported fuel.

These subsidies have held down the price of oil used in the East, although prices are still about $1.40 higher for each barrel of fuel. At the same time, the subsidies have created a disincentive for domestic refiners to ship oil to East Coast markets. That has increased the East's dependence on imports.

The changes Schlesinger promised last week would more than triple the subsidy Eastern refiners now receive on each barrel of imported residual fuel oil. The subsidy would be offset somewhat by an import fee.

Schlesinger also said he would double the current subsidy for domestic residual oil shipped to East Coast markets.

Energy Department analysts say the result of all this would be a reduction in oil prices in the East and an increase in shipments of oil from the Western U.S. to the East.

If everything worked as the Energy Department plans it, the new changes would please everybody.

Easterners would get lower prices, and Western oil producers would have a profitable new market. The plan might then reduce the current glut of residual oil on the West Coast, which has been an embarrassment to administration spokesmen who keep talking about oil shortages.

But some members of Congress said Schlesinger's plan could not work. They said the new changes would not eliminate the disincentive on domestic sales to Eastern markets. And they warned that foreign oil suppliers would raise their prices to soak up the new subsidies.

If that occurred, neither West Coast producers nor East Coast consumers would gain much under the new rules. Instead, members of the Organization of Petroleum Exporting Countries would be the big winners.

Whatever the economic impact of the new rules, there was no question about one political result of Schlesinger's promise: it made a lot of East Coast members of Congress happy.

The New England Congressional Caucus praised the administration's move, saying it could save consumers from Maine to Florida about $500 million annually in heat and power bills.

But it was not clear whether the changes would swing Eastern votes on the energy bills. Rep. Toby Moffett (D-Conn.), a strong critic of the administration's energy package, said he welcomed the new regulations but considered them "completely separate" from the pending legislation.

[From the Wall Street Journal, Apr. 27, 1978]

SUBSIDY TO INCREASE ON IMPORTED FUEL, HELPING EAST COAST

WASHINGTON.—The Energy Department is preparing to propose new fuel-oil pricing rules that would sharply reduce the price disadvantages of the imported fuel used heavily by East Coast utilities and industries.

The department decided to propose the rule changes after meetings with Sen. Edward Brooke (R., Mass.), whose office said the changes would save New England consumers as much as $12 million a month in utility bills.

Under the plan, which could be proposed as early as next week, East Coast importers of residual fuel oil would receive a greater price subsidy from domestic refiners whose residual fuel oil can be sold at lower prices. With the increased subsidy, known as an "entitlement" in federal oil-price regulations, the price difference between imported fuel oil on the East Coast and the cheaper domestic product would drop to about 63 cents a barrel from $1.40 a barrel, Energy Department officials said.

East Coast industries and utilities have complained for years that they are at a cost disadvantage because they must rely on more expensive imported fuel oil, while fuel users in other regions can more easily use domestically produced fuel, some of which is made from foreign crude oil whose cost is subsidized by entitlements.

To meet these complaints, the government early in 1976 established a partial entitlement subsidy on imported residual fuel oil and halved the subsidy domestic refiners could receive on crude oil they made into fuel for East Coast sale.

But East Coast users still complained that the pricing gap was too large, and in late 1976, the Ford administration proposed new rules to narrow it further. However, the rules never took effect, and Sen. Brooke and others took up the battle with the Carter administration.

Under the agreement reached this week between Sen. Brooke and Energy Secretary James Schlesinger, Easterners would get about the same relief the Ford administration promised in 1976. Imported fuel would still cost about 63 cents a barrel more than

the domestic brands, however, because of the current 63-cent import fee.

Sen. Brooke's office said the agreement had nothing to do with the Carter administration's drive to pass its energy bill because the Senator already supports President Carter's proposals.

Energy Department officials said the price relief to the East to be provided by the rule changes would be paid for by a small price increase on refined petroleum products in all other areas, as well as on refined products other than residual oil even in the East. They estimated the increases at a fraction of a cent per gallon of refined products.

"HOLOCAUST"—AN ELOQUENT PLEA FOR THE GENOCIDE TREATY

Mr. PROXMIRE. Mr. President, for several days I have spoken at length about NBC's "Holocaust," a graphic portrayal of the most hideous aspects of human behavior. My interest in this series is strong, because it demonstrates what I have asserted on the floor of the Senate for the last 11 years—that there is a critical need for the United States to ratify the Genocide Treaty. This treaty makes the kinds of atrocities shown in "Holocaust" crimes under international law.

Why was "Holocaust" such a powerful drama? Not simply because it illustrated the systematic persecution of literally millions of Jews. This had been documented before—even by the Germans themselves. The world has been painfully aware of these brutal actions and the perpetrators of these atrocities have been tried at Nuremberg for their crimes.

No, the force of "Holocaust" came from its human dimension. We are taken through the struggle of Rudi Weiss, a struggle to love, to cope with a changing and frightening world, a struggle to even stay alive. We live his life vicariously.

I ask you to recall the scene in which Rudi's father, Karl, is marched to his death. It is sudden. But it is certain. The black humor of Karl shows that he is prepared, that he has "died" little by little over the course of time. He knows there is no escape from Nazi control.

The impact of this scene is immense. We all have a father. We all feel Rudi's loss deeply. We feel this unbearable sadness to know that his father helplessly walked to the death he knew all too well was coming. Clearly, this is a tragedy that should never happen again.

This is why I again urge support for the Genocide Treaty. I believe the story of Rudi Weiss cannot help but stir strong sentiments against genocide of any kind. These sentiments must be translated into action. We cannot help those killed by the Nazis in World War II. But today, genocide still exists in countries such as Uganda and Cambodia. We must act now. We must ratify the Genocide Convention.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

ORDER FOR CONSIDERATION OF S. 2467 ON MAY 15, 1978

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on May 15, 1978, the majority leader be authorized to proceed to the consideration of the so-called labor reform bill, a bill to amend the National Labor Relations Act to amend the remedies and expedite the procedures under such act, S. 2467, or the House companion bill.

Mr. ALLEN. Reserving the right to object, and I shall not object, I am just wondering if this bill might possibly collide with the President's plane sales package in any way.

Mr. ROBERT C. BYRD. No.

Mr. ALLEN. If so, which would have priority here in the Senate?

Mr. ROBERT C. BYRD. The arms sale item is a privileged matter. The fact that the Senate will proceed to the consideration of S. 2467 would not of necessity conflict with any actions the Senate may wish to take on the arms sale legislation, which would be under the agreement provided for by law.

In the event that cloture would be invoked on the labor bill, then that would pose a problem at that point. However, I would assume that any action the Senate feels constrained to take in connection with the arms sales proposals will be taken prior to such action by the Senate in connection with cloture.

Mr. ALLEN. I thank the distinguished majority leader. I thought it might be well to bring that to the attention of the distinguished majority leader. I had not heard about the priority matter.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Alabama for raising this important question.

Mr. ALLEN. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I commend the majority leader for the simplicity and directness of this request on a bill that almost certainly will be a highly controversial measure. The simplicity of the measure in this form should not deceive our colleagues. This has been under negotiation for a long time. I am delighted with this result.

I might say for our colleagues that the distinguished majority leader indicated to me early on that, knowing this was a controversial measure, he would not proceed to it until he gave me notice in advance that he intended to call, or try to call, this matter up from the calendar. As usual, the majority leader has fulfilled that commitment voluntarily made to me with honor and correctness.

In the last few days we have had a number of conversations about this matter. Several dates have been discussed. A number of Members on this side have been consulted to ascertain their schedules and their convenience. The majority leader has been unfailing in his cooperation in that respect. It is clear, then, that we now have a firm time, that is, May 15, to proceed to the consideration of this matter. It is also implicit in this request that there will be no effort to oppose a motion to proceed with the consideration of this matter, since that is dealt with in this agreement.

I only wanted to refer to this matter so that all those who hear these remarks or read the RECORD may know that the matter was negotiated at some length; and I feel that a satisfactory resolution was made as to the scheduling of a very difficult and potentially very controversial piece of legislation.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished minority leader. He has accurately stated the story of the developments, up to this point. As he has indicated, there will undoubtedly be some controversy about this bill. There will be no filibusters on the taking up of the bill, but those who wish to discuss the bill at length will have the opportunity to do so beginning on May 15.

I want to express appreciation to the distinguished minority leader and to the distinguished Senator from Alabama, and other Senators, for their cooperation in the matter. As a result of these discussions it is possible to bring the bill up without any extended dicussion on a motion to proceed. That discussion, then, will be directed to the merits or demerits of the bill when it is before the Senate.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, are there any special orders for the recognition of Senators tomorrow?

The PRESIDING OFFICER. No special orders for the recognition of Senators have been entered.

ERNESTO GARCIA, JR.

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 958.

The PRESIDING OFFICER (Mr. CULVER) laid before the Senate the following message from the House of Representatives.

APRIL 4, 1978.

Resolved, That the bill from the Senate (S. 958) entitled "An Act for the relief of Ernesto Garcia, Junior", do pass with the following amendments:

Strike out all after the enacting clause, and insert: "That, in the administration of the Immigration and Nationality Act, Ernesto F. Garcia, Junior, may be classified as a child within the meaning of section 101(b)(1) of such Act, upon approval of a petition filed on his behalf by Mr. and Mrs. Ernest Garcia, citizens of the United States, pursuant to section 204 of such Act: *Provided*, That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act."

Amend the title so as to read: "An Act for the relief of Ernesto F. Garcia, Junior.".

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate agree to the House amendments.

The motion was agreed to.

RECESS TO 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in recess, in accordance with the order previously entered, until the hour of 11 a.m., tomorrow morning.

The motion was agreed to; and, at 4:01 p.m., the Senate recessed until tomorrow, May 2, 1978, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate May 1, 1978:

NATIONAL TRANSPORTATION SAFETY BOARD

Francis H. McAdams, of the District of Columbia, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1982. (Reappointment.)

IN THE COAST GUARD

The following officers of the United States Coast Guard for promotion to the grade of Rear Admiral:

William H. Stewart.
Paul A. Yost, Jr.
Louis L. Zumstein.

IN THE AIR FORCE

The following officers for appointments in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be major general

Brig. Gen. Paul R. Day, [redacted], Air National Guard of the United States.
Brig. Gen. Richard L. Frymire, Jr., [redacted] Air National Guard of the United States.
Brig. Gen. James C. Smith, [redacted] Air National Guard of the United States.

To be brigadier general

Col. LeRoy R. Bartman, [redacted] Air Natinoal Guard of the United States.
Col. Ronald E. Chytraus, [redacted], Air National Guard of the United States.
Col. Bobby W. Hodges, [redacted], Air National Guard of the United States.
Col. Leslie D. Kampschror, [redacted], Air National Guard of the United States
Col. Irvin G. Ray, [redacted], Air National Guard of the United States

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be general

Gen. Walter Thomas Kerwin, Jr., [redacted], (Age 60), Army of the United States (major general, U.S. Army).

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Allen Mitchell Burdett, Jr., [redacted] (age 56), Army of the United States (major general, U.S. Army).

The following-named officer to be assigned to a position of importance and responsibility designated by the President under the provisions of title 10, United States Code, section 3066(a) in grade as follows:

To be lieutenant general

Maj. Gen. William Burns Caldwell, III, [redacted], Army of the United States (major general, U.S. Army).

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force.

MEDICAL CORPS

To be colonel

Silver, James A., [redacted].

To be major

Suter, Darvin K., [redacted].

The following persons for appointment as Reserve of the Air Force in grades, indicated, under the provisions of section 593, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated.

MEDICAL CORPS

To be colonel

Buckley, Clifford, [redacted].

To be lieutenant colonel

Barker, John D., [redacted].
Denker, Arthur G., [redacted].
Fink, Sidney, [redacted].
Johnson, Matthew T., [redacted].
Manassa, Caroline D., [redacted].
Page, Carey P., [redacted].
Perez-Vega, Arnaldo, [redacted].
Spear, Merritt F., [redacted].
Wooley, Galen S., [redacted].

DENTAL CORPS

To be lieutenant colonel

MacDonald, Gerald B., [redacted].

The following Air Force officer for promotion in the Regular Air Force, under the provisions of chapter 835, title 10, United States Code, as amended. Officer is subject to physical examination required by law.

CAPTAIN TO MAJOR

Line of the Air Force

Bledsoe, Peter T., [redacted].

The following officers for promotion in the Air Force Reserve, under the provisions of Sections 8376 and 593, title 10, United States Code.

MAJOR TO LIEUTENANT COLONEL

Line of the Air Force

Page, John P., [redacted].
Roberts, Donald R., [redacted].

MEDICAL CORPS

Nelson, Wilhma B., [redacted].
Omara, David J., [redacted].

IN THE ARMY

Adam, David A., [redacted].
Adamakos, George L., II, [redacted].
Adams, Dexter C., [redacted].
Adams, Terry R., [redacted].
Aiello, Paul J., [redacted].
Aldich, Stephen R., Jr., [redacted].
Alexander, John W., [redacted].
Alguire, Hal K., [redacted].
Alitz, Curtis J., [redacted].
Allen, Charles D., [redacted].
Allen, Charles W., Jr., [redacted].
Alston, Lloyd M. K., Jr., [redacted].
Alt, Anthony T., Jr., [redacted].
Anastos, Robert P., [redacted].
Anderson, Alan A., [redacted].
Anderson, Darcy G., [redacted].
Anderson, Hartmut W., [redacted].
Anderson, John R., [redacted].
Anderson, Mark D., [redacted].
Anderson, Steven M., [redacted].
Andrew, Brad T., [redacted].
Aquino, Bill R., [redacted].
Arczynski, Daniel L., [redacted].
Arduini, Francis J., [redacted].
Armstrong, Gerard A., [redacted].
Armstrong, John L., Jr., [redacted].
Aude, Steven N., [redacted].
Augustine, Joseph S., [redacted].
Austin, Charles E., [redacted].
Aycock, Allison T., [redacted].
Bacon, William G., [redacted].
Baker, Biff L., [redacted].
Baker, Paul N., [redacted].
Baker, Thomas N., Jr., [redacted].
Bangsboll, Mark H., [redacted].
Banks, Keith A., [redacted].
Bannantine, James M., [redacted].
Bannister, James M., [redacted].
Barclay, James O., III, [redacted].
Barnum, Rodney V., [redacted].
Bartlett, Willard E., Jr., [redacted].
Barto, Joseph C., III, [redacted].
Bartocci, John T., [redacted].
Bartolotta, Charles J., [redacted].
Barton, Thomas G., [redacted].
Basile, Joseph A., Jr., [redacted].
Basilica, John P., Jr., [redacted].
Bassa, Reginald L., Jr., [redacted].
Baugh, Bruce J., [redacted].
Beam, Kevin M., [redacted].
Beam, Tony E., [redacted].
Beatty, William D., [redacted].
Beaudry, Bennett C., [redacted].
Becker, John P., [redacted].
Beckman, Martin D. [redacted].
Bega, Richard M., [redacted].
Belter, Michael L., [redacted].
Benavente, Jessy J., [redacted].
Benchich, Jeffery C., [redacted].
Benito, Ricky, [redacted].
Berceau, Stanley P., [redacted].
Berendt, Michael D., [redacted].
Berry, Mark T., [redacted].
Bhame, David L., [redacted].
Biering, Michael W., [redacted].
Bilyeu, David M., [redacted].
Birmingham, Robert P., [redacted].
Black, Alan S., [redacted].
Blake, James W., Jr., [redacted].
Blanding, William A., [redacted].
Blankenship, Paul W., [redacted].
Blomquist, Herbert W., [redacted].
Blower, Jeffrey M., [redacted].
Blum, Robert M., [redacted].
Blumer, Timothy M., [redacted].
Boger, Ervin C., Jr. [redacted].
Boggs, Robert B., Jr., [redacted].
Boin, Marc H., [redacted].
Bolchoz, John M., [redacted].
Bone, Johnnie L., Jr., [redacted].
Bonn, Keith E., [redacted].
Bonnes, William R., Jr., [redacted].
Boothe, Kirk A., [redacted].
Borja, Robert C., [redacted].
Bosack, Michael, [redacted].
Bostick, Thomas P., [redacted].
Bowman, Douglas R., [redacted].
Bowman, Quinton V., [redacted].
Boyd, Clifton E., II, [redacted].
Brandl, Jeffrey A., [redacted].
Brandli, Philip J., [redacted].
Brassell, Robert E., Jr., [redacted].
Braungart, Charles P., [redacted].
Braunstein, Mark N., [redacted].
Breeding, Charles A., [redacted].
Breitenbach, Barry W., [redacted].
Bresnahan, Kenneth M., [redacted].
Bressler, John W., II, [redacted].
Bristow, George R., [redacted].
Brown, Roger K., [redacted].
Bruderly, Harry R., Jr., [redacted].
Brundage, Jon H., [redacted].
Buck, Mark E., [redacted].
Buckler, William M., Jr., [redacted].
Buckley, John W., [redacted].
Buckley, Laurence B., [redacted].
Budney, James J., Jr., [redacted].
Bulls, Herman E., [redacted].
Bumbulsky, Michael A., [redacted].
Burke, Andrew P., [redacted].
Burkle, Kevin J., [redacted].
Burr, Brian M. M., [redacted].
Burress, Hunt B., [redacted].
Burton, Michael E., [redacted].
Busby, Daniel J., [redacted].
Bush, Stephen R., [redacted].
Bush, Thomas A., [redacted].
Butler, Benjamin H., [redacted].

Butler, Jerome K., xxx-xx-xxxx.
Cabiness, Howard E., xxx-xx-xxxx.
Cade, Brian D., xxx-xx-xxxx.
Cage, Steven D., xxx-xx-xxxx.
Calder, James W., xxx-xx-xxxx.
Caldera, Luis E., xxx-xx-xxxx.
Campbell, Russell L., xxx-xx-xxxx.
Canfield, Russell E., xxx-xx-xxxx.
Cano, Christopher A., xxx-xx-xxxx.
Cargill, Randy V., xxx-xx-xxxx.
Carrasco, Salome A., xxx-xx-xxxx.
Carroll, Thomas C., xxx-xx-xxxx.
Carroll, Thomas M., xxx-xx-xxxx.
Carter, Calvin G., xxx-xx-xxxx.
Carter, Robert L., xxx-xx-xxxx.
Casas, Michael J., xxx-xx-xxxx.
Casey, James F., III, xxx-xx-xxxx.
Cashman, Richard J., xxx-xx-xxxx.
Castelli, Michael P., xxx-xx-xxxx.
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Phillips, Michael A., xxx-xx-xxxx.
Pickerell, David S., xxx-xx-xxxx.
Pijor, Thomas D., xxx-xx-xxxx.
Pilgrim, Calvin F. H., xxx-xx-xxxx.
Pina, Gerald W., xxx-xx-xxxx.
Platt, Robert L., xxx-xx-xxxx.
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Player, Robert M., Jr., xxx-xx-xxxx.
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Poore, Edward T., Jr., xxx-xx-xxxx.
Post, William L., xxx-xx-xxxx.
Potter, William S., xxx-xx-xxxx.
Powell, Charles G., xxx-xx-xxxx.
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Preece, Gerard S., xxx-xx-xxxx.
Price, Michael W., xxx-xx-xxxx.
Price, Wallace W., II, xxx-xx-xxxx.
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Prugh, Mark C., xxx-xx-xxxx.
Pulliam, William N., xxx-xx-xxxx.
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Quirici, Russell E., xxx-xx-xxxx.
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Raczkowski, Joseph B., xxx-xx-xxxx.
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Ray, James E., xxx-xx-xxxx.
Reed, Terry M., xxx-xx-xxxx.
Regan, Michael P., xxx-xx-xxxx.
Reich, Adam J., IV, xxx-xx-xxxx.
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Rodgers, James D., Jr., xxx-xx-xxxx.
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Rogers, Patrick V., xxx-xx-xxxx.
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Rogert, John E., Jr., xxx-xx-xxxx.
Romer, Jeffrey A., xxx-xx-xxxx.
Roncoli, Mark A., xxx-xx-xxxx.
Ronningen, Leland D., xxx-xx-xxxx.
Rooney, John P., xxx-xx-xxxx.
Rose, Joseph M., Jr., xxx-xx-xxxx.
Ross, Blair A., Jr., xxx-xx-xxxx.
Rounding, Bradley N., xxx-xx-xxxx.
Routh, Richard L., xxx-xx-xxxx.
Rudorfer, David M., xxx-xx-xxxx.
Rush, Robert J., xxx-xx-xxxx.
Rusinko, Paul S., xxx-xx-xxxx.
Ryan, Robert, Jr., xxx-xx-xxxx.
Saitta, Matthew P., xxx-xx-xxxx.
Salimbene, Rory A., xxx-xx-xxxx.
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Schorsch, John F., Jr., xxx-xx-xxxx.
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Shaw, Robert G., xxx-xx-xxxx.
Shea, Mortimer C., xxx-xx-xxxx.
Shearer, Franklin A., xxx-xx-xxxx.
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Short, Charles G., xxx-xx-xxxx.
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Snyder, Robin M., xxx-xx-xxxx.
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Solomon, Edward J., xxx-xx-xxxx.
Spenneberg, Joseph L., xxx-xx-xxxx.
Sprague, Oren D., xxx-xx-xxxx.
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Stauffenberg, Ronnie G., xxx-xx-xxxx.
Stavish Matthew D., xxx-xx-xxxx.
Steenborg, Gustave R., xxx-xx-xxxx.
Steiner, Robert J., xxx-xx-xxxx.
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Stevens, Andrew, J., xxx-xx-xxxx.
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Stone, George W., xxx-xx-xxxx.
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Stover, James L., xxx-xx-xxxx.
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Strong, Randolph P., xxx-xx-xxxx.
Struble, Russell C., Jr., xxx-xx-xxxx.
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Stump, Gregory A., xxx-xx-xxxx.
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Tegen, Carl M., xxx-xx-xxxx.
Tejan, Mark S., xxx-xx-xxxx.
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Vickers, Scott M., xxx-xx-xxxx.
Vinson, Mark E., xxx-xx-xxxx.
Visser, Roderick T., xxx-xx-xxxx.
Vitagliano, John A., xxx-xx-xxxx.
Vozzo, Martin L., xxx-xx-xxxx.
Vye, Patrick D., xxx-xx-xxxx.
Wacenske, Leigh W., xxx-xx-xxxx.
Walcott, Robert J., Jr., xxx-xx-xxxx.
Walker, John J., III, xxx-xx-xxxx.
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White, Jesse A., xxx-xx-xxxx.
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Wickham, Michael V., xxx-xx-xxxx.
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Zimmerman, Daniel L., xxx-xx-xxxx.
Zittleman, Robert W., xxx-xx-xxxx.

The following named officer as a permanent professor of the United States Military Academy, under the provisions of title 10, United States Code, sections 4331 and 4333:

To be professor of law

Berry, Robert W., xxx-xx-xxxx.

IN THE NAVY

The following named lieutenants (junior grade) of the U.S. Navy for temporary promotion to the grade of lieutenant in the line, pursuant to title 10, United States Code, section 5769, subject to qualification therefor as provided by law:

Abbott, Edwin D.
Abbott, Robert B.
Abbruzzese, William C.
Abernathy, John M., III
Abramovitz, Mark S.
Abrams, William T.
Abriam Ariel
Acree Russell G. Jr.
Adamitis, Kenneth G.
Adamo, Joseph A.
Adams, Kent L.
Adams, Richard A.
Adams, Rickey T.
Adams, Robert A.*
Adamson, Kenneth O.
Adamson, Lynn R.
Adkins, Philip S.*
Adkisson, Gregory H.
Adolphe, Charles C.**
Agnew, James D.
Ainsworth, Thomas R.
Aishman, Jackie D.
Albertin, James M. Jr.
Albury, Merrill, C.
Alden, Edward M.
Aldinger, William T., Jr.
Alexander, Earl R.
Alexander, Stephen D.
Alford, David C.
Allen, Duke D.*
Allensworth, Timothy
Alleman, Lew E.
Allen, Daryl C.
Allen, Stephen R.
Alley, Thomas C., Jr.
Allison, John M.*
Allison, Mark H., Jr.
Allyn, William R.
Amann, Charles F.
Amdahl, Charles M.
Ames, Morgan P., Jr.
Amrowski, Ted A.
Andersen, Gary W.
Andersen, Mark N.*
Anderson, Charles M.
Anderson, Dale N.
Anderson, Glenn L.
Anderson, John A.*
Anderson, John C.*
Anderson, Lance O.
Anderson, Richard L.
Anderson, Ross E. III
Anderson, Stephen P.
Anderson, Terroll J.
Anderson, Thomas J.
Anderson, Torger J.
Anderson, William M.
Andrew, Dale M.
Andrews, James N., Jr.
Angel, Eddie J.
Anjeski, Paul G.
Antanitus, David J.
Antonelli, John
Antony, Edward T.
Aregenziowest, Jerry A.
Arrowood, Roger A.
Arsta, Charlie L.
Ashcraft, Raymond J.
Ashton, Stuart A.
Askins, William D.
Assion, Eric
Atkins, Tommy H.
Aultman, William R.
Austin, David P.
Avery, Stephen S.
Avveduti, Joseph P. Jr.
Ayers, Ronnie L.
Azud, John R.
Babcock, Earle S.
Babin, Michael K., Jr.
Baca, Eduardo F.
Bachmann, Michael C.
Bafford, Barney R.
Bagley, Neil W.
Bailey, Bruce
Bailey, Robert R., III
Bailey, Thomas W.**
Bailey, Willcox K.
Bain, Charles L.
Bain, Maurice D.
Baird, Orlie G., Jr.
Baker, Daniel P.
Baker, Lynn D.
Baker, Randall D.*
Baker, Robert B.
Bakken, Merle W.
Bakshis, John A.*
Balderrama, Thomas E.
Baldwin, Donald B.
Baldwin, James P.
Baldwin, William J.
Balles, George M.
Balthrop, Clyde B.*
Banford, Robert L.*
Banus, Markham D.
Barnes, Clifford G., Jr.
Barnes, Stephen W.
Barnett, Donald R.
Barnett, William E.
Barr, Robert C.
Barrett, Frank S., Jr.
Barrett, James D.
Barrett, Joseph P.*
Barrick, Ronald E.
Barron, William D.
Barry, Kevin M.
Bartek, Stephen A.
Barthold, David H.
Barthold, Stephen F., IV
Bartholomew, Roger V.*
Barton, Michael J.
Bartsch, Rodney O.
Basilone, Garry M.
Bateman, Vaughn E.*
Batten, Phillip G.
Baucom, Charles M.
Baughman, Lynn D.
Baumgardner, Howard J.
Bayly, David E.
Beaman, Gerald R.
Beatty, Jonathan T.
Beaudoin, William G.
Beaulieu, Joey D.
Beavin, Robert A.
Beberdick, Larry E.
Beck, William T., Jr.
Becker, Robert M.
Beckman, Brian A.
Bednar, George A.
Behney, Gary G.
Behr, Carl T.
Belanger, Ronald G.
Belet, Robert
Belinski, Joseph E.
Bell, David P.*
Bell, Frederic L.
Bency, Michael J.
Benedict, Van L.
Bennett, John K.
Bennett, Rex G.
Bennett, Ronald F.*
Bensch, Peter A.
Benway, Charles J.
Berkheimer, Thomas E.
Berosky, John M.**
Berry, Clyde, Jr.
Berry, Lawrence P., Jr.*
Bertsch, Fred S., III
Besch, David L.
Bewley, John M.
Bielewicz, Paul A.
Biles, Larry E.
Bissonnette, John R.
Black, Martin J.*
Blackburn, William R.
Blackie, John A.
Blackwell, Thomas M.
Blair, Stanley K.
Blankenship, Hubert B.
Bloom, John M.
Blumberg, Mark S.
Boeckner, David E.
Boggs, Thaddeus E., Jr.
Bohner, Robert T.
Bolding, Larry L.
Bolduc, Charles
Bolinger, William K.
Boller, Francis J.
Bollwerk, William V.
Bomberger, Charles R.
Bonser, Brian R.
Boogaerts, Phillip J., Jr.
Booth, Larry G.*
Borchardt, John A.
Borszich, Everett P.
Bostich, Dennis N.
Boswell, Mitchell C.
Boulay, William J.
Boustead, Barry C.
Bowden, Ronald E.
Bowell, John H., Jr.
Bowers, Michael J.
Boyd, Gary A.
Boyd, James T.
Boyd, John B.
Boyer, James C.
Bradley, David G.
Bradley, Karl F.
Bradley, Richard J.
Bradley, Roger C.
Brado, Robert F.
Bradshaw, David A.
Bradshaw, James A.*
Bradsher, Robert L.
Brady, Daniel A.*
Braeckel, Joseph M.
Braisted, Stanley W.
Bramer, John R.
Branchflower, John L.
Brand, James J.
Brandhuber, Robert L.*
Brandon, Paul A.
Brannon, Charles T.
Brant, James L.
Braswell, MacArthur D.
Braunbeck, Michael C.
Bregar, Theodore J.
Bregg, Gerald B. W.
Breiten, Lawrence D.
Brender, Gary L.
Brewer, James G.
Brewer, Stephen J.
Brice, James F.
Brickey, Albert B. Jr.*
Briggs, Alfred N., III
Briggs, L. J.
Brignola, Pasquale A.*
Briscoe, Philip, Jr.
Brobjorg, James C.
Brock, Robert D.**
Brookman, Steven P.
Brooks, Forrest H.
Brooks, James N.
Brooks, Richard E.
Broshar, Randall M.*
Brouillette, John L.
Brouse, John A., Jr.
Brower, David A.
Brown, Forrest B.
Brown, Jerry J.
Brown, John E., Jr.
Brown, Kevin D.
Brown, Leslie J.
Brown, Mark T.
Brown, Mark J.
Brown, Martin S.
Brown, Michael G.
Brown, Robert S.
Brown, Steven P.
Brown, Thomas J., Jr.
Brown, Timothy J.
Browning, Eugene R.
Browning, Harold D.
Bruce, Robert C., Jr.
Bruels, Glen R.
Bruen, William D., Jr.
Brunson Bruce H.
Bronson, Fred W., Jr.
Bryant Kenneth R.*
Bryner Terence M.*
Buckner, Jansen W.
Buehrle, Jeffrey D.
Buess, William A.
Bullock, James L.
Bumgarner, Barry G.
Burgess, Carl H.
Burich, Stephen J., III
Burnette, Steven R.*
Burns, Daniel A.
Burns, James J.
Burns, John R.
Burrows, Gerald E.
Burwell, Richard K.
Busch, Steven J.
Bush, Gary L.
Butler, Dorniece
Butler, Kevin F.
Butler, Willard C., Jr.
Butz, Mark A.
Buxton, Mark C.
Byers, Earl L., II
Byrne, James J.
Byrne, Paul M.
Cadwell, Bradley H.
Cagle, Benny C.
Cagle, Clifford M.
Cahoon, Doyle E.
Cain, James M.
Caldwell, Steven R.
Calhoun, Michael A.
Calkins, David E.
Callahan, Alvin E.
Calland, Albert M., III
Calveard, Samuel R.
Camden, William L., Jr.
Camealy, Graig E.
Camp, Herman H.
Campbell, David B.
Campbell, James B.
Campbell, Michael P.
Cannon, Charles H., Jr.
Cannon, James R.
Cannon, Larry L.
Carbaugh, Lewis H., Jr.
Cardens, James T.
Caren, Mark S.
Carlile, Ronald C.
Carlson, Craig D.
Carlson, John E., III
Carlson, Lawrence R.
Carlson, Murl N.
Carlson, Thomas R.*
Carmack, James K., III
Carman, James A., Jr.
Carnes, Michael A.
Carpenter, Timothy E.
Carpenter, Jack R., Jr.
Carpenter, Robert D.
Carr, Larry D.
Carr, Larry W.*
Carr, Peter F.
Carrico, William F. Jr.**
Carrier, Thomas K.*
Carroll, James T., III
Carroll, Kevin J.
Carroll, Matthew C.
Carter, Gary T.
Cary, John D.
Caspari, Wilson B., III
Casper, Richard M.
Cassara, Richard J.
Castelli, Charles T.
Castle, William R.
Caughey, Grant J.
Cavey, Bruce W.
Cayia, Alfred J., III
Caylor, Edward N.
Celotto, Richard C.
Centner, Donald J.
Centner, Ronald F.
Cereghino, Philip J.
Cerney, Gary M.
Cerny, Gerald J.
Chabza, Frank W.
Chamberlain, Charles E.
Chambers, Craig A.
Chandler, Kim H.
Chandler, Richard C.
Chaplain, Michael J.
Chapman, Thomas E.
Checchio, Mark
Chelgren, Karl W.
Chenette, Richard D.
Chernitsky, Martin
Cherry, Patrick G.
Chesman, Daniel C.
Chesnut, Stephen H.
Chesterman, Charles W., Jr.
Chew, Richard F., Jr.
Chiasson, Russell J.*
Childress, Louis D.*

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Christensen, Frederik, II
Christensen, Stephen R.*
Christensen, John D.
Christian, John E.
Christian, Anthony J.
Christiansen, Bill M.
Christie, Richard D., Jr.
Christman, William E.
Christoph, Charles L.
Churan, Gary G.
Cilia, Gregory A.
Cina, Frank S.
Cinney, George A.
Clark, John E.
Clark, Richard G.
Clark, William J., Jr.
Clarke, Charles J., III
Clavelli, Fred A.
Cleaveland, John P.*
Clemens, Evan A.
Cliburn, Wayne E.
Clifford, James W.
Clites, David P.
Coarsey, John R., Jr.
Coburn, Bruce N., Jr.
Cochran, Robert H.
Coffman, Clarence W.
Coggins, Stacy N., II
Cohee, Frank E., III
Coldiron, Larry D.
Cole, Robert D.
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Coligan, William E.
Colli, James E.
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Combs, Lawrence L.
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Connolly, Robert M.
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Conover, Louis R.
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Conrad, George M.
Conran, Thomas C.**
Conway, Patrick W.
Cook, Douglas P.
Cook, Frank E., Jr.
Cook, Richard D.
Cooper, Brian D.
Cooper, James S.
Cooper, Kevin D.
Cooper, Philip P. M.*
Cooper, Terry R.
Cooper, William S.
Corcoran, Michael J., Jr.
Corel, David W.*
Corpin, Owen D.
Corley, Farrell W.
Corradi, Edward B.
Corrigan, Dennis M.
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Costello, Richard D.
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Cowan, David L.
Cox, Edwin R.
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Cox, Stephen A.
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Crabbe, Clark W.
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Crane, Victor C.
Cranor, Bobby J.
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Crawford, Johnny C.
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Creamer, Paul J.
Creecy, Carson H. III
Cremer, Gordon D. II*
Crenshaw, Lewis W., Jr.
Crews, Jeffrey J.
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Crist, Howard R.
Crocker, David M.
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Crouch, Marion L.*
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Crowder, James M.
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Culler, Robert D.
Cullinan, John F.*
Cummings, Timothy K.
Curfs, Thomas P.
Curran, John M., Jr.
Curry, Timothy A.
Curtis, John T.
Curtiss, John P.
Cvrk, Stuart J.
Dacquisto, Nicholas J.*
Dahinden, Eric M.*
Dailey, Robert M.*
Daley, William B.
Dallamura, John P.
Dambrosio, Wayne B.
Damin, David E.*
Danks, Paul D.
Dascenzo, Michael J.
Daub, Nevin E.
Daugherty, Duane L.
Davis, Alan A.
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Davis, John S.
Davis, Lloyd D.
Davis, Michael H.*
Davis, Philip J.
Davis, Richard R., Jr.
Davis, Richard A.
Davis, Robert E.
Davis, Terry T.
Davison, Dwight O.
Dawson, Hugh C., Jr.
Dean, Christopher R.
Dean, Richard W.*
Dean, Thomas D.
Deasaro, Louis P.
Deases, Bernd K.*
Debien, Paul T.
Decker, Franklin E.
Deegan, Thierry
Degoey, James W.
Degour, Robert C.*
Degreeff, Raymond L., Jr.
Delaney, Darrell D.
Delateur, Robert E.*
Demartini, James E.
Demetropolis, George J., Jr.
Denap, Frank A.**
Denton, James S.
Deppe, James F.
Derrick, Emory J.
Derrick, Jerry F.
Deseve, Darryl D.
Desilets, Paul E.
Deucher, James F.
Deutermann, Stephen W.
Deveaux, Charles M. III
Dever, Kenny I. III
Dewberry, Lawrence G. III
Dexter, Stephen P.
Deyke, Thomas M.
Diamond, Albon C., III
Diamond, Steven J.
Diaz, Jose A.
Dietrich, John S.
Dietrich, Rolf A.
Dietz, Robert D.
Differding, Gregory A.
Digan, Thomas E.
Dilley, James R.*
Dilley, Kevin L.
Dion, Thomas C.
Dively, Rogest W., II
Dixon, James R.*
Dixon, William T., III
Dollahon, Winston E.*
Dombrowski, Paul R.
Donahue, Raymond P., Jr.
Donato, Gerald A., Jr.
Donlon, Michael P.
Donoghue, Daniel R.
Donohoe, James P.
Donovan, Colin B.
Donovan, Michael R.
Donovan, Robert J.
Donovan, Walter J., Jr.
Dotson, Leslie A.
Doty, Gary R.
Doubleday, Edward C.
Douglas, Christopher A.
Douglas, Peter H.*
Douglass, Stanley W.
Dove, Gordon B.
Dow, Michael J.
Downie, Donald A.
Doyle, Stephen D.*
Drake, Tracy V.
Drefahl, Steven P.
Drew, Lycle L., Jr.*
Drewes, Kenneth N.
Drysdale, Charles H.*
Dubois, Dennis N.
Duchein, Derek J.
Ducote, Rodney J.*
Duffy, Stephen B.
Duhamel, David P.
Dumbauld, Denis B.*
Dunham, Wayne H.
Dunn, Jerry A.
Dunn, John F.
Dunn, Robert P.
Dupouy, Douglas K.
Duras, Gregory J.
Durfee, William M.
Durkin, John J., Jr.
Duryea, George W.
Dyson, James J.
Eads, John W.
Easley, Preston W., Jr.
Eccleston, John M.
Eckert, Christopher C.
Eckert, Thomas E.
Eckert, William F., Jr.
Eddy, Ralph D.
Edkins, William D.
Edmunds, Stephen S.
Edwards, James H.
Edwards, Kenneth R.
Efraimson, Allen A.*
Elcock, Charles G.
Eld, Dale W.
Elger, Wallace M.
Elliker, James M.
Ellis, William R.
Elrod, Albert W., Jr.
Else, Daniel H., III**
Elson, Stephen J.**
Eltringham, Peter S.*
Embry, Kenneth L.
Endacott, Steven M.
England, Dennis J.
Epstein, Kenneth B.
Erick, Steven G.
Erickson, Alvin B.
Erickson, Robert L.*
Erikson, Lawrence E.
Escobio, Armand**
Escola, George E., Jr.*
Etherton, Bobby J.
Etter, John A.
Eubanks, Vernon R.
Evanoff, John D., II
Evans, Charles L.
Evans, David L.
Evans, Timothy S.
Everett, Dwight H.
Ewin, Dabney M., Jr.
Ewing, David E.
Exell, John R.*
Fahrenkrug, Thomas P.
Failmezger, Victor, Jr.
Fairweather, Bruce A.
Falkenstein, Rudolph F.*
Farley, David E.
Farley, Michael F.
Farrar, George W.*
Farrens, James D.
Fatseas, Stefan J.
Feaster, Thomas K.
Feig, William R.
Fenton, Don J.
Fenzl, David P.
Fernandez, Raymond A.
Ferner, Larry A.
Fessler, Charles B., Jr.
Fichter, Paul H.
Fiebig, Victor R.
Fields, Rodger L.
Filz, David B.
Findley, Steven F.
Finger, Gary M.*
Fink, John E.*
Finn, Walter D.
Finnegan, Robert E.
Finney, David F.*
Firks, Steven F.
Fischer, David C.
Fisher, Charles D., Jr.
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Fisher, Roy F.
Fitzgerald, Douglas P.
Fitzpatrick, Brian D.
Fitzsimonds, James R.
Flaherty, Gerry A.
Flanagan, William J.*
Flannery, Kevin L.
Fleming, Donald G.
Fletcher, James H.
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Flint, Robert C.
Flores, Errol J.
Flowers, William A.
Floyd, Charles E.*
Flynn, Patrick W.
Fogler, William E.
Foote, Joel S.*
Ford, Thomas R.*
Forgays, Reginald E.
Forrester, Terrence A.
Fort, Jeffrey E.
Foster, Douglas K.
Foster, Richard P.
Fox, Roger D.
Fraile, Robert E.
Fraker, Jackie P.
Frank, Douglas N.
Frank, John B., Jr.*
Franklin, John M.
Fraser, Donald L.
Frazer, Neil S.
Frazier, Robert L.
Frederick, Herbert E.
Fredrickson, Timothy J.*
Freeman, James B.
Freeman, James W., Jr.
Fretwell, Burlington A.
Freund, Bruce R.
Frey, Wayne K.
Frick, Stephen A.
Friedman, William G.
Fritsch, James L.
Frolli, Douglas W.
Frost, Mark D.
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Gagalis, James G.
Gahan, John C.
Gaines, John G., Jr.
Gallo, Arthur W.
Gallo, James J.
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Gambin, Wayne P.
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Gardner, Gary G.
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Garon, Norman G.
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Gary, Alan V.
Gayle, George T., Jr.*
Gazzolo, Victor J.
Geer, Jonathan P.
Gehri, Richard S.*
Geiger, James M.
Geithmann, Gary R.
Gemoet, Gary V.
Genovese, Dennis H.
George, Stephen P., II
Gerber, Mark A.
Gersuk, John J.
Gertz, Dwight L.
Getrum, Leonard L.
Ghio, Frederick W.
Gholz, Lee A
Giancatarino, Anthony D.
Gibbs, James D.
Gibson, Dennis J.
Gideon, Alan K.*
Giersch, John L.
Giffen, Robert T.
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Gilbert, Willie D.
Gilchriest, Timothy B.
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Ginn, William S., Jr.
Ginovsky, John S.
Given, Warren D., Jr.
Glaviano, Richard T.
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Glenn, James G., Jr.
Glenny, Allen R.
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Glover, Thomas F.
Glow, Dennis N.
Goeke, Kevin J.
Goetz, Gunter
Goins, Donald R.
Goins, Larry K.
Golaszewski, Kenneth M.
Gold, William L.
Gonsalves, John H., III *
Gonzalez, James
Goodman, Thomas C.
Goonen, David R.
Gorday, Vivian W., Jr.
Gorder, Timothy Y.
Gordon, Richard E.
Gott, David R.
Gott, William T.
Goulding, Bruce R.
Goulet, Richard B.
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Grace, James A.
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Graf, Gary L.
Graham, James F.
Graham, Philip D.*
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Granger, Scott E.*
Grant, Michael C.
Graupmann, Gary J.
Graves, William B.**
Gray, James B.*
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Green, Bennie, Jr.*
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Greene, David L.
Greene, John W., III
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Grubb, Larry K.*
Grunzke, Craig R.
Grutta, Frank T.*
Guertin, Michel J.
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Gugeler, Richard A.
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Gunkle, Florian J., Jr.
Gunter, Danny O.
Gutzler, Arthur J.
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Hartzell, Thomas E.
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Harvey, Edward P., Jr.
Harvey, Lawrence M.
Harwood, Thedore L., II
Haskell, Charles W., Jr.
Hassinger, Jack P., Jr.
Hathon, Gerald M.
Haumann, John S.
Hause, Herbert R.
Hauser, Derrell B., Jr.
Hauser, Paul T.
Hawks, Lee A.
Hayashida, Alan K.*
Hayes, David P.
Hayner, Lawrence W.**
Hays, Clarence D., Jr.
Hazlett, James A.
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Hegdal, John L.*
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Helm, Jim E.
Helm, Roger D.*
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Hendrickson, Charles R.
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Heublein, Eric C.*
Hickcox, Richard C.
Hieber, Raymond A.
Higbee, John J.
High, Warren M.
Highlander, Lucian P., Jr.
Hightshoe, Ronnie L.
Hikade, Christopher R.
Hill, Donald W., Jr.
Hill, Rolano S.
Hill, Stephen W.
Hillier, David G.**
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Himes, Stephen J.
Hines, Gary A.
Hines, William J.
Hipsher, Walter M.
Hixson, Roy L., III *
Hoff, Robert A.
Hoffhines, Mark E.
Hogan, Robert J., II
Hoipkemeier, Stephen F.*
Holden, Cornelius F., Jr.
Holik, Manfred J.
Hollis, Lon E.
Holloway, Stanley J.
Hollyfield, Wallace G., Jr.
Holmes, Michael L.*
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Holt, Robert L.
Holton, Michael A.
Holtzclaw, Winston M.
Holzapfel, James E.
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Honda, Stephen
Hood, John M.
Hooper, Ronald B.*
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Horne, Michael K.*
Horrigan, Thomas R.
Houston, Paul K.
Hovatter, Patrick J.
Howard, Daniel P.
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Howard, Stephan J.
Howell, James R.
Howell, John A., III*
Howell, Terry A.
Huber, David B.
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Hubitsky, John M.
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Hudson, Edward H.*
Huelle, Denis E.*
Hughes, Gary A.
Hughes, William E.*
Hulsey, Joseph F.
Hulsing, Russell D.
Humenansky, David F.
Humphreys, Charles E.
Hundley, Ronnie
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Hypes, Ronald D.*
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Iiams, Gordon J.
Ikeda, Larry I.*
Infield, John J.*
Ingraham, Donald S.
Iovanna, Joseph J.
Isbell, Carlton R.
Iverson, Gary R.**
Jackfert, Melvin D.*
Jackson, Charles W.
Jackson, Milton J.*
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Jaeger, Gary M.
Jaeh, Roland H.
James, Brent S.
James, Joseph D.
Jan, Kolin M.
Jaroz, Martin J.
Jasper, Stephen C.
Jayjock, Stephen C.
Jedlicka, Charles A.**
Jenison, Kenneth M.
Jenkins, George D.
Jennings, Thomas M.
Jensen, Richard J.
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Johansen, Kenneth A., Jr.
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Johnson, David A.
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Johnson, Michael W.
Johnson, Rickard L.
Johnson, Richard W.
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Johnson, Willard C.
Johnson, William V., III
Johnston, Robert E.
Johnston, Randall L.
Jolley, Fleming L., Jr.
Jolly, Edward G.
Jolly, Ernest L.
Jolma, Thomas F.
Jones, Allan R.
Jones, Arthur H.
Jones, Charlie A., Jr.*
Jones, David H., Jr.
Jones, Gregory A.
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Jones, James L., III
Jones, John E.
Jones, Marc S.*
Jones, Robert B.
Jones, Theodore B.
Jones, Troy H., III
Jordan, Edwin M.
Jordan, William J., III
Jowers, Russell L.
Joyce, Richard C.
Joyner, Stephen E.
Judge, Larry V.*
Juul, Kenneth H.
Kailey, Richard F.
Kalix, David A.
Kallman, Raymond G.
Kaminski, James F.
Kane, Stephan P.
Kapfhammer, David L.
Kaplan, Bradley J.
Karalis, Darius C.
Karr, Gary L.
Kaskie, David J.
Kasky, Philip C.
Kautz, Paul F.
Kay, Edward J.
Keally, Patrick M.
Kearl, Gary W.
Keeler, George C.
Keeler, Michael O.
Keith, Andrew M.
Keller, Burlyn L.
Kelley, Clark T.
Kelley, Kevin J.
Kelley, William H., Jr.
Kelly, James M.
Kelly, Kevin T.
Kelso, Christopher S.
Kendall, James H.
Kendle, Gregory T.*
Kennedy, John P.
Kennedy, Reed B.
Kenyon, Kevin B.
Kern, Phillip E.
Kernan, Robert F.
Keville, Michael T.
Kieckhafer, Roger M.
Kiefer, Richard L.
Kieffer, John R.
Kikta, Mark D.
Kikuta, Miles Y.
Kincade, Jerry G.
King, Charles R.
King, Kenneth J.
King, Michael R.
King, Richard C.
Kinney, Christopher A
Kinsaul, Raymond L., Jr.
Kirby, David J.
Kirk, Forrest L.
Kissinger, Donald J., Jr.
Kissling, Phillip A.*
Kitchen, Glen E., Jr.
Kite, Milton D.
Kittel, Edward C.
Kittel, Steven W.*
Klein, Christopher K.
Klein, John C., IV.
Kleshefsky, Warren D.
Klindt, Donald P.*
Kloch, Stephen J.
Knotts, Thomas J.*
Knox, James A.
Kundsen, John C.
Knutson, Thomas E.
Koch, David L.
Koch, Harry G.
Koenig, Brian E.
Kohler, Gary A.
Kollmorgen, Leland S., Jr.
Komraus, David K.
Kooken, Daniel G.
Kophamer, Maurice S.
Korber, John S.*
Korson, George W.
Kosiek, Martin S.
Koskie, Edward D.
Kostich, Michael E.
Kovacs, Gary E.
Kozikowski, Raymond T., Jr.
Kraft, Brady N.
Kranz, Jeffrey M.
Kranz, Richard J., III
Kraper, Kenneth M.*
Krauss, Donald J.
Krenzel, Joseph
Krug, Andrew C.
Krupski, Thomas L.*
Kuczler, Frank J., Jr.
Kudla, James M.
Kudlick, Raymond R.*
Kuehnle, Donald W.
Kuenzinger, James R.
Kukral, Steven C.
Kulenkamp, Jerome D.
Kulman, Samuel J.
Kulp, George E.
Kulterman, Timothy W.*
Kunberger, George A., Jr.
Kupresin, Sam H.
Kushner, Peter M.
Kutzer, John F.
Kvamme, James C.
Laakso, William L.
Labarre, Stephen G.
Labbe, Michael J.
Labuda, Joel L.
Lachance, Dennis R.
Lagasa, Bruce J.
Lahneman, William J.
Lalonde, Tarry M.
Lambert, Christopher L.
Lamesa, Salvatore F.
Landers, Michael J.*
Landry, Stephen T.
Lane, Henry C., Jr.
Lane, Robert T., Jr.
Lane, Thomas P.*
Langer, John J.
Langerman, Mark M.
Langfitt, David V.
Langford, John D., Jr.
Langley, Conrad A., Jr.
Laporte, Craig B.
Larrabee, Robert A., Jr.
Larson, Randall D.*
Lathers, William F.
Laturno, Thomas W.
Lauderdale, Walter R.
Lauer, Jeffrey T.
Laur, Steven A.
Laurvick, Conrad A.
Law, Roger D.
Lawrence, Robert E.
Laws, Richard D.
Lawton, Donald M.
Leader, William D., Jr.
Leahy, Kevin B.
Leary, James M.
Leblanc, Albert P.
Lecompte, Timothy E.
Ledford, Kevin J.
Lee, William H.
Lefeaux, Charles W.
Legg, Max E.
Leinster, Richard W.
Lemen, Jon F.
Lenio, Edward A.
Leoffler, Walter F., Jr.
Leon, David G.
Leonard, David L.
Leonard, Ralph R., Jr.
Leonard, Richard L., Jr.
Leonard, Rondal R.
Lepere, Victor J., Jr.
Lepkowski, Steven E.
Lerchbacker, Alan B.
Lersch, John H., Jr.
Leslie, Spencer K.
Levi, Jeffery W.
Lewis, Bruce L.
Lewis, Christopher H.
Lewis, Richard C., III*
Libbey, James A.
Liggio, Jeffrey M.
Ligon, Thomas M. Jr.
Lincoln, David E.
Lindauer, Douglas C.*
Lindeman, Brian L.
Lindgren, Clifford W.
Lingle, Dennis J.**
Linton, Gary B., III
Lipinski, David R.
Lisse, Stephen D.
Little, Michael E.
Little, Tommy D.
Littlefield, Robert D.
Littlepage, Thomas H., Jr.
Livas, Mark B.
Llewellyn, Blaik W.
Lodge, William K.
Loerch, Harold J., Jr.
Loftin, Jim L.*
Lokkins, Craig J.
Londot, David L.
Long, Gary A.
Long, Tommy, Sr.
Loren, Donald P.
Louk, David J.
Lounsbery, Henry K.
Love, Charles E., Jr.
Love, Odell G.
Lowder, Gavin D.
Lowe, Louis D.
Lowe, Raymond
Lowe, Todd D.
Lucas, Earl E.
Lucchesi, Marc A.
Lucie, George R.
Luck, Charles W.
Luketich, Thomas M.
Lund, Jon D.
Luoma, Stephen R.
Lussier, James R.
Lyman, Rod G.*
Lynch, John L.
Lynch, Raymond, Jr.
Lyon, John D.
Lyon, Michael E. U.*
Lyons, James E.
Lyons, James E.
Lytle, Thomas E., III
MacDonald, Peter M.*
MacFarlane, Ivor S., III
MacGovern, Robert N., Jr.
Mack, James F.
Mack, Judson C.
Mackey, David B.
MacMurray, Christopher
MacSwain, John P.
Maddix, Chris L.
Madison, Roger J.
Madsen, Leroy E.
Maggard, Andrew J.
Maguire, Thomas F.*
Maher, John B.
Maher, John J., III
Mahon, John F.
Mahoney, James B., III
Mahoney, John M.
Majewski, Randy D.
Makoski, Joseph V.
Malec, Ronald S.
Mallory, James A.
Malone, Henry B.
Mangan, John C.*
Manley, Clovis E.
Manning, John E.*
Manship, James R.
Marckesano, John E.
Marino, Anthony R.
Maroney, Randall K.
Marques, John B., III
Marr, Kenneth W.
Marra, David L.
Marsh, Gregory A.*
Marsh, Kirk D.*
Marsh, Robert W., Jr.
Marshburn, Robert W.
Marten, Steven C.*
Martin, Cecil H.
Martin, Charles D.
Martin, Christopher B.
Martin, Kyle E.
Martin, Leonard W.
Martin, Wayne A.
Marusa, Daniel F.
Marx, Keath L.
Mashner, Melvin A.
Mason, Donald R.
Mason, Jon D.
Mason, William R.
Massey, Robert C.*
Mastin, Joseph H.
Matheny, Allen L.
Matoushek, Ronald J.
Maurer, Michael L.
Maurer, Jaul M.
Maurer, Richard H., II
Mavroudis, John A., Jr.*
Mawhinney, David A.
Maxwell, Kenneth W.*
May, Leonard J.
May, Rod I.
Mayne, Richard K.*
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Mays, Steven E.
McAliley, John R., III
McBrayer, Kenneth M.
McBride, Robert M.
McBride, William M.
McCabe, Robert E., III
McCaffrey, John J., Jr.
McCann, John F.
McCarley, Dennis M.
McCaughin, Daniel C.
McCauley, Kim C.
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McCollum, William E., Jr.
McComb, John T.
McCool, Barent N.**
McCrory, James L.*
McCurdy, Rodney E.
McDaniel, Howard O.*
McDermott, Mark L.
McElhinney, William J.
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McGhee, Ralph L., Jr.
McGrath, Michael P.
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Meaney, Patrick J.
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Menth, Michael J.
Mercer, Keith A.
Merkling, Kurt C.
Merrill, Gary L.
Merrill, Jeffrey P.
Merrill, John C.
Merten, Richard G.
Messersmith, Roger J.**
Messier, Joseph W.*
Metskas, Michael A.
Meyer, John C.
Meyer, Thomas W.
Meyer, William J., II*
Meyers, Benjamin C., Jr.
Meyers, Stanley H., Jr.
Meyers, Timothy A.
Middaugh, Richard C.
Middleton, Steven T.
Mikal, Randy A.
Miko, Ralph C.*
Mildenstein, Boyd A.
Miletich, Charles A.
Milhous, Freddie E.*
Miller, Daryl D.
Miller, Earl Y.
Miller, Edward M.
Miller, George P.
Miller, James J.
Miller, John W.**
Miller, Michael C.
Miller, Michael H.
Miller, Richard L.
Miller, Robert L., Jr.
Miller, Ronald I.
Miller, Thomas R.*
Milliken, Logan G.
Mills, Dennis A.
Milner, Edward M., Jr.*
Minton, Michael O.
Mischke, Stephen L.
Miskell, Thomas B.
Mitchell, David A.
Mitchell, Gary C.
Mitsuoka, Tadashi M.
Mixon, Ted R.
Mize, Larry A.
Miakar, Daniel J.
Moe, Christopher M.
Moebius, Richard C.*
Moeller, Robert T.
Moffit, Matthew G.
Mohr, James M.
Molloy, William D., Jr.
Molsberry, David D.
Monmaney, Scott R.
Montgomery, Donald
Montgomery, Michael L.
Montgomery, Curtis R.
Moody, Thomas R.
Moon, Edward M., Jr.
Moore, Bradford L.
Moore, Charles D.**
Moore, Denis W.*
Moore, Richard A.
Moore, Ted A.*
Moore, William J.
Mora, Michael J.
Moran, James K.
Moran, Michael W.
Morgan, Edward B.
Morgan, Kevin P.
Morris, David R.*
Morris, Joel L.
Morris, Louis F.
Morris, Paul F.
Morrise, Jacques P.
Morrison, Charles E.
Morrison, James S.
Morrison, Richard G.
Morrison, Roger H.*
Morrissette, Charles G.
Morrow, Benedict
Morrow, Michael A.
Morse, Thomas R.
Mortenson, Victor A., Jr.*
Morton, Barry B.
Morton, Peter A.*
Moses, Warren P.
Mosser, Donald D.
Moulder, Gary W.
Moulton, Stuart C.*
Moy, Gerald M.*
Moy, John W.
Moye, William C.
Mudge, Joseph K., Jr.
Muesing, William E.
Mukri, Kevin M.
Mulder, Terry A.
Mullins, Richard E.
Mundt, John D., Jr.*
Mundy, Charles T., Jr.
Munns, Larry J.
Munro, John F.
Murashige, Glenn S.*
Murdoch, John G., Jr.
Murphy, Alexander J. Jr.
Murphy, Patrick W.
Murphy, Timothy K.*
Murphy,William F., III
Murray, Daniel L.
Murray, Jeffrey R.
Murray, Timothy J.*
Myers, Glen D.
Myers, Paul M.
Mynderse, Lance A.
Nadel, Marshall
Nadolski, Joseph A.
Nagel, Kenneth G.
Nagelin, Thomas F., Jr.
Nash, David D.
Navarro, Richard
Neal, Benjamin D.
Neasham, Jon D.
Needles, Ivan E., Jr.*
Neff, James R.
Neiman, Carl R.
Nelson, Arne J.
Nelson, Arthur R.
Nelson, Howard K.
Nelson, John L.
Nelson, Steven E.
Nesby, Charles W.*
Nesseth, Rodney W.*
Netzer, Henry J.
Neumann, John F.
Newman, Donald C.
Newton, James C.
Newton, Wayne J.
Nichols, Scott G.
Nicol, Robert G., Jr.
Nigon, Christopher S.
Niland, John F., Jr.**
Nilsen, Willy N., Jr.
Nisley, John J.
Noble, Michael S.
Noffsinger, Kent E.*
Nolan, Mark S.
Noonan, James R.
Norbury, Michael A., Jr.
Nordell, Douglas R.*
Norford, Leslie K.
Norgart, Max B.
Normand, Paul E.
Northrup, Howard M.
Nottke, Richard W.
Nuti, Fred T.
Nuttall, Joseph G.
Nutting, Dwight P.
O'Brien, Jeffrey M.
O'Brien, John P.*
O'Brien, Kevin G.
O'Brien, Sherman L.
Odegaard, John E.
Odell, Carlton E., Jr.
Odom, Phillip M.
O'Donnell, Edward J., Jr.
O'Driscoll, Thomas M.
Offer, Derek F.
Offutt, Thomas C.
Ogren, Leland P.
O'Hara, Vincent B.
Oilschlager, Rodney R.*
Oliver, William B.
Olmstead, Richard G., Jr.*
Olsen, Harvey E., Jr.
Olson, Larry A.
Olson, Thomas F.
O'Neal, Michael S.*
O'Neal, William T.
O'Neill, David B.
O'Neill, Michael J.
Opseth, Don E.
O'Rourke, Mark A.
Orrison, John W.*
Osburn, Ronald J.
Otwell, Harold V.
Outlaw, Bert G.
Owen, Kim L.
Oyster, David K.
Ozouf, Wesley A.
Paar, Kenneth J.
Paczan, Michael W.
Paddock, James R.
Paetz, Hein F.*
Paglia, Alfrde M., Jr.
Paluch, Stanley F., Jr.
Panke, Carl H.
Parce, John D.
Parfet, Stephen H.*
Parham, William L., Jr.
Park, Thomas O.
Parkington, Richard J.
Parks, Lowell L.
Parnell, Jess P., Jr.*
Parry, John C.
Parsons, Robert M.*
Parsons, Terry L.*
Patten, Craig W.
Patterson, Donald M.
Patterson, George G.
Pattillo, David D.
Paul, Raymond J.
Paulson, Stephen R.*
Payne, George M.
Payne, Robert A.
Payne, Ronald L.
Pearce, Johnny L.
Pearce, Russell E.
Pearsal, Gregory H.
Pearson, Marc P.
Pease, Bruce E.
Peecook, Scott T.
Pehl, Thomas L., Jr.
Permbrooke, Peter M.
Pennell, Robert A.
Peplinski, Richard P.
Perdue, William F.*
Perlmutter, William J.*
Perrien, Christopher R.
Persons, Timothy B.
Peskuric, John G.
Petersen, Harry J.
Petersen, Mark D.
Petriccione, Carmine L., Jr.**
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Pfieffer, Jimmy R.
Pfranger, Delavan E.
Phelan, John J.
Phifer, Donald S.
Phillips, David W.
Phillips, Michael R.
Phillips, Mark A.
Philpy, Gerald H.
Pic, John E., Jr.
Pico, Andres G.*
Piedmont, Otto M.
Piepenhagen, Ulrich G
Pierce, Gregory D.
Pierce, Robert K.*
Pierson, Robert G.
Peirzchalski, Lawrence J.
Pigg, William D.
Pikla, David M.*
Pimm, Bruce B.
Pinkel, Jeffrey E.
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Pisel, Kenneth P., Jr.
Pitman, Dwight W.
Pittman, Adrian R.
Pittman, Glenn J.*
Place, Scott T.
Platshon, Mark C.
Platt, William A.
Plaza, Edward J.
Plower, Thomas J.
Plush, Richard H.
Polefrone, Phillip M.
Polowsky, Ronald L.
Pollard, Marshall
Poplar, James R., III
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Porter, Philip V., Jr.
Posvar, Roney L.*
Potocny, John P.
Powe, Howard R.
Powell, Hal R.*
Powell, Raymond H. J., Jr.
Powell, William H. Jr.*
Powelson, Wallace S.
Powers, Martin B.
Powers, Michael C.*
Powley, Curtis N.
Pranke, Dane M.
Pratt, John L.*
Pratt, Robert W., II
Price, John M.
Primm, Charles E.
Proal, William S.
Proctor, Danny L.
Pruss, Thomas A.
Publicover, James F.
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Pulignano, Nicholas V.
Punches, Jack D., Jr.*
Purcell, William T.*
Purington Donald W.
Purser, Guy R.
Putnam, Greer R.*
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Quinn, James J.
Quinn, Michael J.
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Raby, John W.*
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Raftery, James J,. II
Rahn, Ronald R.
Rainville, Michael L.
Ramsey, John C.
Ramstad, Lawrence M.
Rasin, Steven E.
Rastok, Timothy J.
Rathbone, Thomas M.
Rau, Donald A.
Rau, Douglas H.
Ray, David G.*
Ray, Steven P.*
Readdy, William F.
Reade, Anthony R.
Reader, John V.
Red, Jonathan B.
Reed, Richard A.
Reed, Robert A.
Reehm, Robert D.
Reese, David K.
Reese, Franklin T.
Regan, Francis W., III*
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Reinke, Gerald G.
Remes, Joseph P.
Repp, Robert C.
Reuwer, Michael J.
Revis, Jimmy L.
Reynolds, Hobson
Reynolds, Robert P.
Rhein, Hobson
Rhodes, H. Dean
Richardson, Ronnie M.
Richer, Pierre J.
Richner, Charles H., Jr.
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Ricketts, Gary A.
Rickman, Frederick L.*
Rien, Lawrence G.
Rigazo, Richard C.
Riggins, Roderick M.
Rindler, Mary S.
Ritchey, Leonard E.
Robb, Joel A.
Rizzo, Anthony J., Jr.
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Roberts Charles K.
Roberts, Gary J .
Roberts, James G.
Roberts, Keith A.
Robison, Chesley B.
Robles, Joe L.
Rochfort, Robert E.
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Rockwell, John A.
Roe, David W.
Roesch, Thomas R.
Rogerson, William T., Jr.
Rogge, John F., Jr.
Rohlf, Dale M. Jr.
Rojeck, Richard P.
Roland, Richard R.
Rollings, George W.**
Rollins, Bryan L.
Rollins, Paul A.
Rondestvedt, Jesse A.
Rondorf, Neil E.
Rooney, John J. Jr.
Rosack, Edward J.
Rosen, Gary A.*
Rosenberg, Nathan O.
Rosmond, James R.
Ross, Norman E.**
Ross, Scott A.
Rouen, Douglas M.
Rouzer, Michael S.
Rowland, Dana W.
Rowland, George F., Jr.
Rowley, Francis E.
Roy, Tommy M.
Roybal, David L.*
Rubio, David W.*
Rudd, Bruce A.
Rudd, Jerry A.
Ruebsamen, David C.*
Rummel, John D.
Russell, Alvin M.
Russell, Bruce F.*
Russell, Robert S.
Ruth, Charles M., Jr.
Ruth, Richard L.
Rutkowski, Edward J., Jr.
Rutter, Ronald D.*
Ruzicka, Richard M.
Ryan, Charles T.
Ryder, Michael A.
Rylander, Jon L.
Saba, David L.
Salerni, Paul L.
Sampson, Daniel L.
Sampson, Thomas N., II
Sams, Rodney L.
Sandel, Clyde D.*
Sander, Wayne H.
Sanders, John F., Jr.
Sanders, Robert W.
Sanderson, Richard H.
Sanderson, Steven G.
Sandgathe, Scott A.*
Sandvig, Richard G.
Sanford, David A.
Santi, Gary S.
Santos, Robert M.
Sargent, Terry R.
Sasser, Jackie S.*
Satterfield, Kenneth S
Savage, Rodney W.
Sawyer, Lloyd M., Jr.
Sawyer, Mark A.
Schack, Robert J.
Schaefer, Andrew C.
Schaeffer, Richard A.*
Schaffner, Leslie J., Jr.
Schaller, Richard F.
Schander, Lawrence E.
Scheetz, Jeffrey C.
Scherrer, John C.
Schilling, Byron P.
Schilling, Dean W.
Schindler, Ralph L.
Schirmer, Gary S.
Schlabaugh, Terry E.
Schlatter, Ronald K.
Schleeter, Russell W.
Schlomer, Gary L.
Schmitt, William A.
Schmitz, Francis J., Jr
Schneider, John R.
Schnoor, Robert T.
Schoenberg, William D.
Schofield, Larry W.
Scholten, David J.
Schonberger, James R
Schorn, David M.
Schrader, Kerry D.
Schreck, David W.*
Schreiber, James E.
Schrock, Gerard P.
Schuhl, Peter C.
Schulhof, Edward W.
Schuller, Jeffrey G.
Schultz, Clarence W.
Schultz, Kelly F.
Schultz, William L.

Schumacher, Stephen E.
Schumaker, Larry C.*
Schuster, Carl O.
Schwerstein, David G.
Scibona, Paul G.
Scofield, Dane T.
Scontras, Andrew P.
Scott, George J., III
Scott, John B., Jr.
Scott, Lawrence J.**
Seeley, Jeffrey J.
Seftas, George R.
Seligman, Craig H.
Selman, James D., III
Semple, Frank M.
Sena, Michael G.*
Serfass, Paul T., Jr.
Service, Thomas B.*
Sestak, Joseph A., Jr.
Settje, Larry A.
Sevilla, Ernest
Sewell, William J., Jr.
Sgro, David C.
Shafer, Thomas R.
Shamblin, Gordon J.
Sharp, James T.
Sharpe, David A.
Sharkey, Edward R.
Sharratt, Charles R.
Shaw, Claude B., Jr.
Shaw, James T., III
Shaw, Kevin M.
Sheehan, John J., III
Sheehan, Joseph A., II
Sheppard, Bruce A.
Sherland, Peter W.
Sherman, Douglas R., Jr.
Shields, Richard P.*
Shinners, Thomas E.
Shippen, William D., Jr.
Shirer, Glenn S., Jr.
Shive, John C.
Shook, Ricky E.**
Showalter, Kenneth R.
Showers, Arthur V.
Shuck, Ronald G.
Shuford, Jacob L.
Shumway, Bruce H.
Sidner, William H., Jr.
Siguenza, Emmanuel S.
Silakoski, Anthony F.
Silva, Terry D.*
Simmons, James A.
Simmons, Larry W.*
Simonds, Daniel C.
Simpson, Halley L.
Sindlinger, William J.
Sise, Robert J., Jr.
Skrzat, Richard P.*
Slonim, Richard G.
Small, David B., Jr.
Smark, Walter*
Smeigh, Carl M., Jr.*
Smeltzer, Lowell L.
Smith, Albert L.
Smith, Craig A.
Smith, Dale E.
Smith, Danny E.
Smith, David B.
Smith, Gary P.
Smith, George W.
Smith, Glenn L.*
Smith, Herschel A., III
Smith, Howard G., Jr.
Smith, Jack W., Jr.
Smith, Jay G.
Smith, Jerry K.
Smith, Laurence K.
Smith, Malcom E.
Smith, Mark S.
Smith, Maurice E., Jr.
Smith, Nathan E.
Smith, Richard C.
Smith, Robert C., III
Smith, Roderick F.
Smith, Roger E.
Smith, Shawn M.
Smith, Stephen E.*
Smith, Stephen C.*
Smith, Steven W.
Smith, Thomas R.
Smith, William J.
Smothers, Curtis J.
Smyrniotis, Christopher R.
Smyth, William J.
Snook, William V.
Snurka, Thomas W.*
Snyder, Duane L.
Snyder, James S.
Sobeck, Gerald R.
Solger, Michael J.
Sondergaad, John M.
Sooy, Richard A.
Sophy, Paul R., Jr.
Sorg, Jacob P.*
Soutullo, Marion P.
Sowers, Eersul E.
Spadaro, Angelo J.
Spann, Robert W.
Spatafore, Gene A.**
Spickett, David L., Jr.
Spisak, Andrew G.
Spracklen, David B.
Spruill, William D.**
Stachelczyk, Gregory J.
Staehling, Jonathan J.**
Stafford, Calvin T.
Stafford, Joe N.
Stainton, Samuel D.
Stambaugh, Charles I.
Standridge, Elmer L., Jr.
Stang, David H.
Stanhope, David M.
Stanley, Marc T.
Stanwood, Edward K.
Stark, Timothy B.
Starling, Harold D., II
Starling, Stanley B.
Staroschak, Myron M.
Staudt, Thomas P.
Starns, Gregory A.
Steele, Daniel J.
Steffensen, James P., Jr.**
Steinbaugh, Michael L.
Steinberg, Robert L.
Steiner, Edward F.
Stejskal, Randall S.
Stell, Donald E.
Stengle, Robert G.
Stenovec, Gerald M.
Stephens, Arnold D.
Stephens, Charles M.
Stephens, John R.
Steuer, Donald F., Jr.*
Stevens, James S.
Stevens, John W., Jr.
Stevens, William D.
Steward, Daniel N.
Stewart, David W.
Stewart, James R.
Stidom, William G.**
Stine, Harold E., Jr.
Stinson, Charles E.
Stocknick, Walter A., Jr.
Stockton, John A.
Stoddard, Harry C.
Stoddard, Jerry R.
Stoddard, Leon B.
Stone, David M.
Stone, Edward L.*
Stone, Vincent C.
Stone, William E.*
Storey, William A.
Story, Hugh G., Jr.
Stout, Phillip J.
Stpierre, Larry
Straight, George W., Jr.
Straka, Donald J.*
Straus, Edward F.*
Stricker, Robert P.
Strizich, Lawrence J.
Strohmeyer, Donald F.
Strong, Jewett H.*
Stuart, Bruce
Stuart, Daniel W.
Stumpf, Robert E.
Sturdy, John T.
Stutt, Gary John*
Stuvek, Fred L., Jr.
Sudol, Eugene G., Jr.
Suhr, John E.*
Sullivan, Christopher, Jr.
Sullivan, Mark D.
Sullivan, Patrick J.
Sullivan, Paul E.
Sumner, Dale L.
Supko, Timothy J.
Svensson, Ike L.
Swailes, Don W.
Swain, Claude D.
Swanger, Frank L.
Swanson, Thomas K.
Swayne, Richard E., Jr.
Sweeney, Joseph E., Jr.
Sweeney, Mark J.
Sweet, William D.
Sweigard, Douglas L.
Sweigart, Frank
Swenson, Charles A.*
Swindell, Clay H.
Swisher, Gregory M.
Syer, Harry W., Jr.
Szwarc, Walter J.
Talbot, James R., III
Talbott, Joseph C.
Tallerico, Robert S.
Talley, Brent R.
Tangen, James A.
Tanner, Marvin M.
Tasillo, Robert D.
Tate, John D.
Tate, Lee, Jr.*
Taylor, David C.
Taylor, Henry H.
Taylor, Lucius O., Jr.
Taylor, Mark J. R.
Taylor, Patrick E.*
Taylor, Robert J.
Teates, John F.
Teixeira, John G.
Teply, David R
Terpstra, Richard P.
Terry, Robert J.
Tesdall, Victor O.
Teske, Julian E.
Tetrev, Richard H.*
Thackery, Donald N., Jr.
Thayer, Steven S.
Thogerson, John, II
Thomas, David E.
Thomas, John P.
Thomas, Larry R.
Thomas, Michael D.*
Thomas, Richard H.
Thomas, Robert B., Jr.
Thome, Robert W.
Thometz, George M.*
Thompson, Carl W.
Thompson, Chris A.
Thompson, Fred W., Jr.
Thompson, Robert A., Jr.
Thompson, Robert W.
Thorn, John T., Jr.
Thornberry, Donald E.
Thornton, Francis F., Jr.
Thornton, Fred D., Jr.
Thornton, Wayne A.
Thrasher, Robert G.
Thurman, Curtis W.
Tibbert, Eric P.
Tidd, Thomas J.
Tiernan, Thomas R.
Tiffany, Thomas A.
Tighe, Thomas E.
Tillison, Howard M.
Timmerman, John T., II*
Timmes, Christopher J.
Timms, Donald R.
Tinney, Thomas G.
Titcomb, Ted L.*
Todd, Wiley W.
Toedt, Dell C., III
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Tomlinson, Donald H.
Tomlinson, Johnny S.
Toombs, Jon L.
Topolewski, David R.
Tourville, Maurice A., III
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Treichel, Thomas A.
Treppendahl, Marshall D., Jr.
Treude, Jeffrey W.
Treubel, Craig R.*
Trewhitt, William L.
Tromba, John M.
Trosclair, Cecil A., Jr.
Trotter, Hartwell T., Jr.**
Trotter, James S.
Troxell, William C.
Trupp, James C.
Tucker, Michael P.
Turner, Larry C.
Turner, Michael I.
Turner, Randy B.
Turner, Raymond T., Jr.
Twomey, Patrick J.*
Uhl, Robert A.*
Underriter, Steven J.
Valdez, Arnulfo, III
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Valencia, Raymond J.
Vance, Craig E.*
Vancleave, Jerry M.
Vandenbosch, Stephen W.
Vanvleet, Barry L.
Vanvolkinburg, Mark W.
Vatikiotis, Costa S.**
Veccia, James V.
Veitch, Mark V.
Venuto, Peter J., Jr.
Verdolini, Vincent J., III
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Verhasselt, Ray J.
Vernier, William A.
Vernon, Gary W.
Via, Kenneth D.*
Viator, Oran J., Jr.*
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Vidal, Dean A.
Viggiano, Glenn R.
Villnow, Donald D.
Vincent, Larry W.
Vinnola, Anthony J., Jr.
Vint, Robert D.
Virtue, Christopher F.
Viverito, Richard V.
Vogel, David J.
Vongehr, Kurt J.
Voorhies, Wiley J.
Vrabel, George T.
Wachendorf, Miles B.
Wade, Robert L., III
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Wagner, Charles E.
Wagner, Jay A.
Wagner, Ronald E.
Wagoner, Raymond E.
Wahl, Michael J.
Waickicz, John J.
Walchli, Gary E.
Walker, Charles D.
Walker, David B.*
Walker, James W.
Walker, Larry O.*
Walker, Thomas D. L.*
Walker, William P., III
Waickwicz, John J.
Wallace, George L., Jr.
Waller, Edward C., Jr.
Walsh, David I.
Walsh, Richard B.
Walsh, William A.
Walsworth, Danny L.
Waltenbaugh, Robert F.
Walter, Mervin D.
Walters, Douglas P.
Walters, John M.
Walters, William M.
Wanamaker, Wayne M.*
Ward, John L.
Ward, Leland H.
Ward, Philip D.*
Ware, Reginald C.
Warren, James M.
Wasenius, George T.
Washington, Samuel C.
Wasson, Eugene F.
Waters, Jack A.
Waters, Michael J.
Watson, Charles S.
Watson, Timothy P.*
Watson, Vernon M.*
Watt, Thomas R.
Wayne, Charles G.
Weathers, Dale A.
Weaver, David D.*
Weaver, Floyd R.
Weaver, Thomas J. M.
Webb, David R.
Webb, Donald M.
Webb, James R.*
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Webster, Charles C.
Webster, Walter E., III
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Weisinger, Jack P.
Weiss, John R.
Weitzel, Gregory S.
Welch, Brian W.
Welch, Bryan T.
Weldon, John W., Jr.
Wellever, Stanley C.
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Wells, John T., IV
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Welty, Charles D., II
Wepplo, John H.
Werner, Ernest H.
Wesco, Steven L.*
West, Louis F.
West, Robert C.
Westerheid, John J.
Westfall, Donald L.
Weston, Edward G.
Wettlaufer, Donald D.
Whitacre, William E.
White, Charles R., Jr.*
White, Curtis L., Jr.*
White, Dondl D.**
White, Francis R.
White, Hugh A.
White, Kenneth D.
White, Merion D.
White, Scott D.
White, William R.
Whitfield, Milton B.
Whitman, Barton W.
Whitmire, Robert D.
Whitney, Richard J.*
Whittaker, John C., Jr.
Wible, Richard A.
Wicks, Thomas H.
Widerburg, Oliver L.
Wieber, Theodore R., Jr.
Wieman, George B.
Wiggins, James T.
Wilber, Edward E., Jr.
Wilbur, James D.
Wilde, William T.
Wilder, Charles D.
Wilder, William M.
Wiles, Gehrig M.
Wiles, John W.
Wilhelm, Donald M.
Willard, Richard S.
Williams, Craig R.*
Williams, David G.
Williams, James H., Jr.
Williams, James M.*
Williams, Jay D., Jr.
Williams, John P.
Williams, Leroy G.
Williams, Stephen P.
Williams, Terence L.*
Williams, Terrell W.
Williams, Vernon C.
Williams, Vernon T.*
Willis, Gibson R.
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Willmore, Michael R.*
Wilson, Bryce H.*
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Wilson, Fred W.
Wilson, James O.
Wilson, Richard A.
Wing, Vern F.
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Winslow, Michael J.
Winston, John M., Jr.
Winter, James D.
Wirtzfeld, Thomas F.*
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Wise, Terry P.
Witmer, Mark H.
Witt, Charles R., Jr.
Witte, Michael J.
Wiekilnski, Gary R.
Wohlers, Paul D.
Wolbrette, Bruce E.
Wolery, Thomas A.
Wolf, Gustave C.
Wolstenholme, Albert H.
Wong, Lin H.
Wood, Ray B.
Woods, Laurent B.
Woods, William W., III
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Woolley, Kriston P.
Wooten, Ray L.
Wootton, Tom M.
Worley, Allen B.
Wozniak, Joseph
Wright, David J.
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Yacus, George M.
Yaeger, John W.
Yakeley, Robert C.
Yamamoto, Gary
Yano, Laurence A.
Yarborough, Joseph E., Jr.*
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Yeager, Merle E.
Yeiser, Harry E., III
York, Gerald W.
Young, Michael P.
Young, Robert E.
Zabetakis, Nick
Zabielski, Robert A.
Zacharias, David A.
Zeiler, Terry J.
Zepp, Paul J.
Ziebell, Grant G.*
Zink, Richard A.
Zolkoski, Kenneth
Zollinger, John K. Jr.*
Zusi, David A.

Footnotes on p. 11939.

The following named women lieutenants (junior grade) of the U.S. Navy for permanent promotion to the grade of lieutenant in the line, pursuant to Title 10, United States Code, Section 5771, subject to qualification therefore as provided by law:

Alvarez, Sandra R.*
Anderson, Mary E.*
Arnold, Raquel M.
Augustine, Marilyn J.
Avcalade, Maryann G.
Barnes, Barbara L.*
Batchelder, Anne L.
Batjer, Christina*
Beckman, Mary J. N.
Bell, Martha L.
Berger, Linda M.*
Bewley, Julie S.
Bills, Martha R.
Bookwalter, Mary T.
Brand, Donna J.*
Brown, Nancy E.
Brownsberger, Martha M.*
Buck, Caryl E.
Bulfinch, Susan H.*
Buzzell, Sandra G.*
Caddy, Diana R.
Catlin, Jo D.
Cheney, Sally S.
Clark, Susan D.
Crowder, Joann L.*
Currer, Ellen H.
Davis, Susan M.*
Denardo, Janet E.
Denton, Marilyn A.*
Dillahunty, Linda L.
Dorpinghaus, Teresa M.*
Dranchak, Mary A.*
Dunn, June A.
Easton, Lila N.
Einis, Ligita
Elleson, Lynn A.*
Elliott, Karen L. P.
Fessler, Joyce Z.
Fitzhenry, Jane M.
Foley, Patricia G.*
Ford, Leanna Y.
Foster, Kimberly J.
Gandy, Janet
Gernes, Deborah S.
Gerou, Deborah K.*
Gertz, Sharon L.
Gillaspy, Deanna D.
Goldstein, Kathleen M.
Griffith, Elizabeth S.*
Gross, Charlotte R.*
Grover, Gretchen G.
Harder, Jane M.
Henry, Candyce S.
Hill, Patricia A.
Hinson, Gertrude R.*
Hoover, Jeane
Hurley, Ellen J.*
Johnston, Patricia*
Jones, Berniece K.
Junge, Gail E.
Katin, Marjorie R. S.*
Keith, Patricia J.
Kirk, Jennie C.
Krafft, Betty L.
Lin, Elizabeth J.*
Lennon, Bernadine A.
Lyle, Linda M.
Marlinski, Pauline A.
Martinez, Jenny L.*
Martinez, Nancy J.
Masker, Kathyrn B.
McAnally, Nancy D.
McCarley, Annette E.
McCray, Linell R.
McLaughlin, Kathlenn M.*
McNiel, Marguerite E.*
Meyer, Mary J.*
Miller, Jeanne M.*
Monthan, Christina H.*
Moore, Deborah N.*
Moose, Susan L.*
Moss, Alice M.
Mulvehill, Pamela M.*
Murray, Cathy C.
Musil, Jeanne A.
Neal, Johnnie R.
Neel, Electra V.
Nielsen, Dana J.
North, Charlotte J.*
Overhauser, Judy A.
Patton, Pamela J.
Paul, Cynthia S.
Paull, Judith A.
Peterson, Willie B.*
Pierce, Mary F.*
Raby, Marjorie J.
Reifsnyder, Rebecca G.
Reynolds, Janice K. A.
Rhedin, Mary M.*
Richardson, Judith A.
Riley, Gerianne S.
Ritchey, Johnaa P.
Rogers, Cecile R.*
Rollins, Dorothy E.*
Rondeau, Ann E.
Sanders, Janis S.
Schertler, Helen M.
Schneider, Margaret W.
Schneider, Virginia A.
Schonberger, Rose A.
Shaffer, Mary D.
Smith, Janice F.*
Smith, Luanne J.
Sorek, Eddy L.
Soroka, Mariane J.*
Suter, Della J.*
Tarantino, Deborah O.
Thompson, Judy H.
Vittitoe, Barbara J.
Waldmann, Catharine
Ward, Dona W.
Waterman, Heather A.*
Watry, Coleen A.*
Wigfall, Agistine L.
Williams, Beth G.
Wilson, Cynthia B.

The following named lieutenants (junior grade) of the United States Navy for temporary promotion to the grade of lieutenant in the various staff corps, as indicated, pursuant to Title 10, United States Code, Section 5773, subject to qualification therefor as provided by law:

SUPPLY CORPS

Adams, Donald E.
Aicklen, Andrew J.
Allen, Charles A.
Anderson, Thomas P., IV
Austin, Sean J.
Ayres, William T., Jr.
Barnett, James E.
Barnett, Kenneth M.
Barnum, Bruce T.
Bean, Rockwell B.
Beetle, Thomas L.
Bennett, David W.
Bente, John T.
Berger, Douglas
Billouris, Joel L.
Blanchfield, Brian W.
Bohlen, Frederick L., III
Boren, Kenneth W.
Boswell, William S., Jr.
Brenner, Paul H.
Bresee, William F.
Bristow, William D.
Brooks, Stephen B.
Brozovich, Thomas K.
Burnett, Derrold C.*
Case, Edward J.
Chang, James C.
Chew, Devin E.
Chorebanian, Gregg M.
Christmann, Wayne A.
Cichanowicz, Theodore P.
Colonhernandez, David
Compiano, Craig M.**
Cordek, Tobias M.
Coyle, Theodore A.
Coons, William W., Jr.
Creedon, William L.
Crowell, Gilbert E.
Culver, Paul C.
Cunio, Michael T.
Curley, Richard F.
Damico, John P.
Deedy, Kevin J.
Delost, Frank A., Jr.*
Dietze, Daniel D.
Dillenburg, Michael J.*
Dixon, James W.
Dubose, Hugh H., Jr.
Dykes, James M.*
Easton, Gregory B.
Ellis, Garland E., Jr.
Falvey, David J.
Fanning, Robert S. III
Ferrer, Bruce E.
Ferris, Jeffrey E.
Fishburne, Edward J.
Fitzgerald, Michael P.*
Fitzhenry, James D.
Flanagan, Patrick J.
Francis, Gary R.
Fulmer, Quitman D., II
Gentry, Steven G.
Gorrie, Roland W.
Graybill, Jonathan C.
Greene, Jeffrey D.
Grotts, Tim D.*
Gustafson, Charles W.*
Hadden, David G.
Hall, Howard J., Jr.*
Hall, William E.
Hallums, Roy A., Jr.
Hammond, Bryce E.
Harris, Douglas W.*
Harrison, Paul D.
Hart, Edwin N.
Haven, Don R.
Hayes, Richard D.
Higginbotham, David F.
Higgins,, Guy M., Jr.
Hilligas, Austin R.
Hodnett, Elwood T., Jr.
Holcomb, Carl D.
Holden, Arthur D.
Horton, Charles R., Jr.
Huddy, John K.*
Hudgens, Donnie L.
Hume, Ranadall J.
James Don E.*
Johnson, Gerald D.
Johnson, Lynn C.
Jones, Donn W.
Jones, Kevin A.
Jurado, Pilar L., Jr.
Keener, Phillip D.
Keller, Louis D.
Kenyon, Timothy A.
Kesinger, James L.
Kidder, Ronald D.
Kiggins, Richard A.
Kishman, John B.
Kokosinski, Mark E.
Kittrell, Eugene O., Jr.
Koths, Eric K.
Laclede, Robert P., Jr.
Lawler, John V.
Lea, Jonathan D.
Lievens, Michael J.
List, James M.**
Lowman, Bruce D.
Lozier, Thomas G.
Lyon, Michael N.
Maddon, David M.*
Madrid, James C.
Mandell, Robert W.
Martin, James M.*
Mawson, John, III
McCann, Steven M.*
McCarthy, Michael J.
McDonald, Thomas W.
McKinney, Gary L.
McMahon, Arthur G.*
McNallen, Patrick W.
Messenger, Norman K.*
Mettler, Michael J.
Meyerkorth, Ricky A.
Miles, William H.
Miller, John A.*
Milota, Edward, Jr.
Mobley, Robert A., Jr.*
Mondiek, David A.
Moore, Sumner K., Jr.
Moreland, John A.*
Mumford, Donald E.
Myers, Russell J., Jr.
Nichols, Ronald G.
Oikle, James F.*
Oller, Arthur G.
Olson, Michael P.
Oubre, Don P.*
Overturf, Charles E.*
Palm, Harry E., Jr.
Palmer, Brian D.
Perez, Ramon M.
Piest, Fenton F., III
Quinn, John P.
Radosevich, Joseph P.
Rasmussen, Evan R.
Reid, Bradley L.
Reid, Paul A.
Roloff, John F.*
Rothrock, John H., Jr.*
Rubin, Mark I.
Russell, Robert M.
Ruppert, Joseph M., Jr.
Ryan, John F., Jr.
Schoedler, Michael P.
Schweichler, John E.*
Sellner, Craig T.
Shutelock, George E.*
Siebenschuh, Frederick R.
Simcich, Michael A.
Soles, Harry G., Jr.
Stewart, Enos R., Jr.
Sucheck, Richard L.
Sueur,, Rhys C.*
Szafran, Clifford E.
Threet, James M.
Tisdale, Alfred E., III
Vizzier, Richard M.
Walker, Arthur I., III*
Wasilewski, Nicholas J., Jr.
Watson, Peter W.
Watt, Bruce N.
Watts, Stephen C.
Webb, William V. B.
Wehmeyer, Steven E.
Welsch, Charles W.
Westmoreland, John R.
Williams, James M.*
Zeni, Joseph F.

CIVIL ENGINEER CORPS

Anderson, Robert J.
Asmussen, William C.
Benere, Daniel E.
Bloomquist, Douglas L.
Brunhart, Andrew D.
Camp, Joseph D.*
Depreter, Peter M.
Eustace, George N.
Fowler, James N.
Gilbert, George F., Jr.
Heinrichs, Charles A.
Hood, Robert R.
Hribar, Herbert R.
Huebner, Richard S.
Jensen, Albert H.
Jillson, Brian P.
Jones, Calvin P., Jr.
Masnyk, Walter J.
Moore, Michael D.
Nelson, William L.
Neudorff, Louis G., II
Peck, Dale W.*
Perry, William T.
Peterson, Grant W.*
Reichert, Gregory A.
Rudich, William L.*
Stusnick, Joseph III
True, Leighton J., III.*
Tyler, Bruce D.
Zimmerman, Tracy M.

JUDGE ADVOCATE GENERAL'S CORPS

Carty, John T.
Easton, Jeanne
Goddard, Claude P.
McMahon, Kevin P.

MEDICAL SERVICE CORPS

Baldini, Domenic A.*
Barker, Lee J.*
Betsworth, Richard D.
Boehm, Russell K.
Bruce, Alyous S.
Buck, Earl C., Jr.**
Carsten, John E.
Clark, Bobby G.
Colfack, Brian R.
Custis, Bruce L.*
Enge, Roby D.*
Fieldman, Barbara L.
Fleischman, Thomas E.
Ford, James D.**
Gallis, John N.
George, James A.
Gregory, Gary D.
Hall, John W.
Hart, Gene D.**
Helmkamp, James C.
Horwhat, Paul, Jr.
Johnson, Israel M., Jr.
Kallal, Richard C. J.*
Kerr, James L., III
Kilgore, Larry L.
Kroutil, Michael L.
Lawson, Michael P.
Lundy, John A.*
Marthouse, Robert C., Jr.
Mathis, James W.*
Mattox, Paul*
McClure, Charles D.
McDougall, Gordon R.
Mellinger, Wendy L.**
Menifee, James T.
Mitchell, Gay N.*
Moran, Raymond L.
Moynihan, Robert W.
Patton. Robert L.
Rice, Stephen C.
Robson, Joseph R., Sr.
Rupp. Gary L.
Shehane, Claude T.
Shore, John E.
Simmons, Donald L.
Smith, Eric M.
Standard, Bob E.
Stein, Cynthia A.
Stoddard, Sheldon T.
Tate, Arthur C.
Taylor, John O.
Thompson Donald R.
Vanlandingham, Joseph P., Jr.*

NURSE CORPS

Bauscaka, Martha C.
Blow, Robert E.
Boutwell, Robert E.*
Bowles, Susan C.
Butzow, Robert E.
Campbell, Jerilyn A.
Chomitzky, Gregory W., Sr.*
Delaney, Linda M.
Dixon, John A.
Falvo. Ralph J.
Farmer, Carl N.*
Felix, Kate G.
Florin, Diana L.*
Fritz, Barbara A.
Henterly, Martha J.*
Hoover, Ellis J.
Hopkins, Sharon F.*
Hulet, Ken F.
Kearns, Raphael E., Jr.
Kelly, Marie E.
King, Major L. II
Klammer, Linda G.*
Klose, Dale L.
Lewis, Bonnie L.
Linderman, Larry D.*
Logeman, Gary L.
Logeman, Judith M.
Long, Jeanette L.
Longenecker, Ruth A.
Martin, Linda L.*
McVey, William L.*
Myers. Carmella A.*
Nelson, Francine A.
Opsal, Nancy M.*
Ott, Margaret M.
Pasbrig, Catherine P.
Penny, Carolyn M.
Pennington, Norman C.
Peterson, Terry R.
Pitzer, Michael E.
Puchalsky, Patricia A.
Pugh, James R., Jr.
Rodriguez, Daniel P.
Rondeau, Janis M.
Russ, Robert J.
Steining, Patricia J.
Tkacs, William M.*
Vasek, Stephen M., Jr.*
Watkins, Joline I.
Yeargin, Sheila

The following named women lieutenants (junior grade) of the U.S. Navy for permanent promotion to the grade of lieutenant in the Supply Corps, pursuant to Title 10, United States Code, Section 5773, subject to qualification therefor as provided by law:

Bird, Linda J.
Burns, Shirley J.
Knapp-Parisi, Nacy C. K.*

FOOTNOTES

*Ad Interim. Recess 16 December 1977 thru 19 January 1978.

**Ad Interim. Recess 10 February thru 21 February 1978.

IN THE NAVY

The following named commanders of the Reserve of the U.S. Navy for temporary promotion to the grade of captain in the line and staff corps, as indicated, pursuant to title 10, United States Code, section 5910, subject to qualification therefor as provided by law:

LINE

Aaby, Donn V.
Abramson, Donald G.
Adams, Albert
Amrhein, Alan G.
Arnold, Edward R.
Azzolina, Joseph
Banjanin, Charles L.
Barclay, Theodore H.
Barry, George F.
Basiuk, Victor
Beakey, Jack D.
Beavis, Robert W.
Beem, Raymond M.
Belanger, Edwin F.
Bennett, Byron D.
Benson, Charles W., Jr.
Benz, Philip H.
Best, William V.
Bewley, Jack D.
Bezouska, Ronald K.
Bierschenk, Frederick P., Jr.
Bischoff, Garth L.
Blanchard, James F.
Blythe, Homer D.
Bohn, Robert W.
Bradfish, Charles E., Jr.
Bredenberg, Richard E., Jr.
Brown, James L.
Brown, Lawrence W.
Brown, Stanford Leon
Bruen, George Martin
Buffkin, Charles R.
Bumbaca, Dominic J.
Burgess, Frank M.
Burton, Frank S.
Butner, Richard W.
Cain, James E.
Campbell, Robert W.
Carr, Donald E.
Cashmere, John J.
Cauley, Vincent C., Jr.
Caulfield, Thomas J.
Cauthen, Wiley M.
Chalker, Raymond L.
Chambers, Richard K.
Chirnside, Richard L.
Christensen, Gary G.
Christenson, Neil E.
Chruma, Joseph E.
Church, Richard F.
Cochran, Edward H.
Cole, Leon M.
Collura, Angelo J.
Conley, Don W.
Copper, Walter L., Jr.
Cragg, Robert G.
Cross, Richard M.
Cummer, John P.
Currier, Donald H.
Davis, Dennis L.
Dearing, Paul W.
DeGroot, Dudley E.
DeLeon, Lenardo M.
Dempsey, Robert P.
Dennis, Robert W.
Diamond, Anthony T.
Dickey, John E.
Doederlein, Winfred P
Doolittle, Theus L.
Duffy, Edward J. P.
Durrance, Benjamin L., Jr.
Eble, Joseph T.
Edwards, Joshua V.
Edwards, Paul H.
Eiland, Guinn L.
Eirich, Raymond D.
England, Carl D., Jr.
English, Curtis R.
Evans, James R.
Fagan, Henry L., Jr.
Falkenstein, Timothy O.
Farmer, James W.
Farmer, Thaddeus C.
Ferguson Ernest F., Jr.
Fetchko, Joseph A.
Finley, David R.
Fletcher, Paul B.
Floyd, Edward R.
Fowler, George M.
Franklin, Henry B., Jr.
Frankoski, John P.
Franzman, Rodney C.
Fritz, Wayne R.
Furlow, Lawrence F., Jr.
Gant, Walter L.
Garber, Paul W.
Garvin, Lester E.
Gates, John W., Jr.
Gaulke, Ramon G.
Genova, Fred D.
George, George P.
Gerberding, Charles D
Gherardi, Leonard J.
Gleason, Russell D.
Glenn, Jerry L.
Graham, Francis J.
Grant, John T.
Grau, James A.
Green, Fitzalan L.
Gregg, Donald A.
Groce, Thomas C.
Grover, Woodbury L.
Gurdak, Edmund
Hackes, Peter S.
Hall, Roy G., Jr.
Hanley, William B.
Hannen, William D.
Harris, James M.
Harris, Lee K.
Harten, Glenn B.
Hartmann, Richard P.
Harvey, Charles R.
Hays, James F.
Headley, George R.
Healy, Howard R., Jr.
Healy, Jerry F., Jr.
Henderson, Merle E.
Hendricks, William R.
Hensley, Norval A., Jr.
Herbert, Bruce E.
Herrigstad, Harvey W
Hippe, Russell H., Jr.
Honeycutt, Robert D.
Hooper, Robert W.
Horne, William L.
Huggard, Ernest D.
Hundemer, James E.
Hunt, Raymond G.
Hunter, Fred C.
Ingold, Jackie D.
Ives, John G.
Jack, Robert N.
Jankowski, Bernard D.
Jeffers, Gene E.
Jenkins, Gaston J.
Johnescu, Robert J.
Johnson, Alan C.
Johnson, George L., Jr.
Johnson, James M.
Johnson, Raymond C.
Johnston, William R.
Judge, Thomas J.
Kahl, Thomas R.
Karnes, Richard D.
Kaseote, George
Kennedy, James H.
Kenney, David J.
Kidd, James H., Jr.
Kirsten, George J.
Kitnick, Jay J.
Knapp, Richard I.
Koorey, Alfred J.
Koslov, John H.
Koutas, Serapheim D.
Kroszner, Rudolf J.
Kuehl, Winston C.
Kuyper, Donald M.
Lammert, Raymond H., Jr.
Lancaster, John K.
Landry, Leo R.
Langford, James E.
Larson, Thomas L.
Lawton, Herbert A., Jr.
Layton, Thomas C.
Lester, Richard P., Jr.
Lewis, Michael R.
Liemohn, Wendell P.
Lindgren, John E.
Lindley, Quitman W.
Lipscomb, Jack C.
Loth, Joseph T.
Lott, Richard L.
Lupone, Donald F.
Lynch, Paul L.
MacGillivray, Colin A.
MacGregor, John L.
MacNofsky, Stuart B.
Magee, Kerry B.
Malcolm, Wesley R.
Mandra, Louis L.
Marlowe, Harold C.
Martin, Gary L.
Martin, George W.
Martin, Reuben W., Jr.
Martin, Robert P.
Mazza, John A., Jr.
McAniff, Edward J.
McCabe, John F., III
McCandless, Frederick E.
McCart, Benjamin H.
McCarthy, Edward D.
McCarthy, John D.
McDonald, David L.
McEvoy, Lawrence J., Jr.
McFarland, Richard L.
McGarry, Edward R.
McGowan, Robert W.
McLaughlin, Jack M.
McLaughlin, Richard F.
McMillon, John R.
McNaughton, Drummond
McNitt, Allen L., Jr.
McSwain, Stanley R.
Mehringer, Ralph G.
Meier, Myron D.
Meier, Ronald L.
Meshew, Ronald L.
Meszaros, Michael G.
Meyer, William F.
Mighell, Donald R.
Mihelich, Jack H.
Milner, Marlyn D.
Mitchell, John A.
Mock, Kermit T., Jr.
Modrak, George P.
Moore, Julian P.
Moore, Kenneth D.
Morris, Charles W.
Morrow, Robert C.
Moseley, "W" "J", III
Mulvany, George M.
Murdoch, John L.
Myatt, Kenneth E.
Nelson, Roger B.
Nizinski, William
Norris, Don B.
O'Brien, Stephen D., Jr.
Odell, Duane L.
O'Dwyer, Kryan M.
Olsen, Lloyd G.
O'Reilly, Clarke F.
Otey, Glen R.
Ott, Albert F.
Owens, Brian M.
Parker, Alan C.
Passanisi, Peter P.
Pearson, Robert E.
Peloquin, Eugene A.
Perry, David L.
Petersen, Dean L.
Peterson, Donald D.
Phillippi, Jack K.
Piatt, Charles E., Jr.
Pirie, James G.
Polgar, Michael S., Jr.
Ponta, Andrew J., Jr.,
Price, Dennis J.
Price, Samuel T.
Priester, Hugh W., Jr.
Puckett, Johnnie R.
Rader, Jerry D.
Ramsing, Karl A.
Rankin, Andrew M., II
Rappuhn, Alfred A., Jr.
Rehkemper, Alan C.
Reis, Frederick S., Jr.
Rettinger, Donald H.
Rice, William J.
Riedell, William A.
Rieder, Albert E.
Riley, Donald E.
Rizza, Guy D.
Roach, George E.
Robbins, Duane E.
Robbins, Richard R.
Roberts, Clarence L., Jr.
Robl, John L.
Roney, Ernest E., Jr.
Rosen, Sheldon M.
Rosenfeld, Alan H.
Rousseau, Larry J.
Ryder, John H.
Sauer, William F.
Schneider, Joseph C.
Schoerke, Andrew C.
Schuler, Chester J., Jr.
Schultheiss, James A.
Schuster, Frederick A.
Scoble, John G.
Shaffer, William E.
Shapbell, William B., Jr.
Shea, Roland F., Jr.
Shipley, Kenneth L., Jr.
Shissler, Frank J.
Sholl, Theodore G.
Shonkwiler, John P.
Shrader, Glenn E.
Slunder, Robert C.
Smith, Jack S.
Smith, Maurice R.
Smith, Milton L.
Smithhart, Richard A.
Snedeker, Earl K., Jr.
Snider, Ted L.
Stacey, Lindey C.
Stanford, "L" Bradley
Stedman, Ren E.
Stephenson, Horace L.
Stevenson, Kenneth A
Stockdill, Pat W.
Stoddard, Roy C.
Stoklosa, Richard G.
Strand, Donald F.
Sulit, Robert A.
Summers, John D.
Tatom, Frank B.
Taylor, Benny F.
Taylor, Robert N., II
Templeton, Wilbur D., Jr.
Thomson, Bower P.
Thompson, Jimmy P.
Thurman, Herbert C.
Tichenor, Austin K.
Tobi, George B., Jr.
Torri, James A.
Tregellas, Harold S.
Tubbs, William B.
Turner, John R.
Twite, Gaylor M.
Twomey, Thomas J.
Underhill. Burton C.
Vance, William A.
Vogt, John H.
Walker, Andrew A.
Wallacavage, Michael
Warner, William T.
Waugh, Norman E.
Weber, Robert L.
Whealy, Robert A.
Wheeler, Jerry A.
White, Chester D.
Whitmarsh, George E.
Williams, Kenneth V.
Wilson, James B., Jr.
Winslow, Stephen W.
Winters, Richard D.
Witte, Donald M.
Wolf, John A.
Wood, Bennie L.
Woodall, Elliott A.
Workman, Arvin L.
Wykoff, Alfred G.
Youmans, Joseph E.
Young, Robert G., Jr.
Zavada, Leonard

MEDICAL CORPS

Aycock, Ezra K.
Basiliere, James L.
Beyer, Charles K.
Black, Paul L.
Blair, Richard J.
Bleicher, Sheldon J.
Blough, Herbert A.
Bowlds, Joseph H.
Brownlow, Bradley E.
Carr, John H.
Christensen, Harvey E.
Cotten, Charles L.
DeRaps, Gordon D.
Duhamel, Robert R.
Eckberg, Theodore J.
Gifford, George E.
Glass, Robert L.
Hayen, Donald O.
Holmstrom, Robert D.
Hunter, Thomas W.
Jones, Daniel M.
Keeler, Clifford E.
Kesler, Kelvin F.
Kurtis, James T.
Lehwalder, Laurus W.
Ludwig, Karl D.
Marshall, Charles E.
Martin, William A.
Mattern, Allan L.
McClain, Garvin H.
Mohamed, Talaat H.
Mork, Gustave W.
Nuss, Robert C.
Orilatti, Mario D.
Pitlyk, Paul J.
Roberts, James G.
Schafer, Theodore E.
Sleszynski, Raymond A.
Sokolowski, Joseph W.
Sweeney, Eugene W.
Widmann, Donald E.

SUPPLY CORPS

Andris, Paul J.
Carrington, John P.
Edel, Thomas R.
Fauteux, Robert H.
Finneran, John B.
Forkner, Donald F.
Gogerty, David C.
Herbert, Thomas J., III
Hobson, Neal D.
Lowry, Wallace M.
Martin, George E.
Morrison, James D.
Mundt, Elvin E.
Pyper, Arthur G.
Roberts, Paul G.
Rocque, Paul F.
Roethe, Edward A.
Spearel, Richard W.
Thompson, Terry D.
Trujillo, Lionel G.
Trulsson, Nils O., Jr.

CHAPLAIN CORPS

Beers, Donald W.
Hutton, James R.
McVeigh, John J.
Osborn, Roy C., Jr.
Wilson, Stanton R.

CIVIL ENGINEER CORPS

Batton, Phillip D.
Braun, Richard W.
Collins, James R.
Ellis, Osborne N.
Flack, Frederick P.
Gannon, Francis X.
Howard, Horace W., Jr.
Rizzi, Louis L.
Roedl, Donald L.
Scherer, Clark H., Jr.
Schmode, Gerald W.

JUDGE ADVOCATE GENERAL'S CORPS

Fowler, Robert P.
Gilbert, Gerald E.
Hebert, Stanley P.
Hersch, Marvin H.
Holman, Donald R.
Knape, Raymond E.
McSweeny, Robert H.
Nolan, Francis X
Orlow, James J.
Shine, Henry M., Jr.
Switzer, Frederick M., III
Wiss, Robert E.

DENTAL CORPS

Barrett, Darwins S.
Bills, Eldon D.
Brose, Mark O.
Dunston, Walter T.
Halprin, Arthur E.
Heget, Harry S., Jr.
Henry, Richard W.
Hooley, James R.
Huffstutter, Bibb B.
Larsen, John S.
Miller, Frank R.
Moffitt, Richard E.
Rollins, Laurence R.
Russell, David T.
Proteau, Thomas J.

MEDICAL SERVICE CORPS

McCarthy, Thomas
Radermacher, James F.
Strem, Bruce E.

NURSE CORPS

Barlow, Phyllis L.
Brown, Virginia M.
McColl, Evelyn Y.
Mellish, Mildred W.
Stetzer, Grace M.

The following named lieutenant commanders of the Reserve of the U.S. Navy for temporary promotion to the grade of commander in the staff corps, as indicated, pursuant to title 10, United States Code, section 5910, subject to qualification therefor as provided by law:

MEDICAL CORPS

Alaoui, Abderrahmane M.
App, Peter B.
Aycock, Thomas M.
Bass, Richard S.
Bjorson, Lyall A.
Bogart, Sydney D.
Brancato, Donald H.
Brill, Stuart J.
Brown, Donald D.
Buchta, Richard M.
Burkhardt, Donald W.
Bury, Charles D.
Callaway, Clifford W.
Chapman, Charles K.
Conner, James T.
Costaldi, Mario E.
Cotton, John B.
Coy, John R.
Curry, John L.
Davis, William E.
Dolan, Michael P.
Drysdale, Walter F.
Early, Kendall S.
Endicott, James N.
Etienne, Harry B.
Fair, Richard H.
Fine, Edward J.
Fischer, Charles K.
Friebel, Harry T.
Fussell, Macea E.
Gage, John O.
Gershman, Lewis C.
Goetz, John R.
Goodman, John W.
Guth, David E.
Haber, Kai
Hales, Bradley T.
Healy, John F., Jr.
Henley, Robert W., Jr.
Hernandez, Alfred J., Jr.
Higgs, William T.
Horwitz, David L.
Ignelzi, Ronald J.
Iskowitz, Robert
Ivey, Louis A.
Jackson, Arthur C.
Johnson, Charles L.
Killien, Frank C.
Klarman, Edward L.
Kohl, Ernest J.
Koren, John P.
Krieg, Earl M.
Kunz, Arthur E., Jr.
Labowskie, Richard J.
Lambert, Robert M.
Lange, Thomas A.
Laverty, Wayne C.
Linder, Scott V.
Lindley, James D.
Macon, Philip F.
Mahalak, Lawrence W.
Maurer, John G.
Meade, Clyde K.
Meltz, Fred
Meyer, Charles A.
Miller, Robert H.
Monaghan, Brooks V.
Monahan, Lawrence K.
Moore, Charles E.
Murdock, Kenneth E.
Murray, Joseph P.
Newman, Benjamin G.
Nielsen, David G.
Noel, Kenneth R.
Paladine, William J.
Payne, Gillis L., Jr.
Quinn, Thomas A.
Rahman, Jon D.
Ransome, Joseph R.
Raue, William T.
Reisenweber, Harvey D.
Repass, Tex L.
Rosen, Arvin D.
Rothenberg, Harold J.
Scully, James M.
Serfustini, Anthony B.
Snead, Ronald W.
Snow, Jerry A.
Spindler, Richard G.
Stone, Stephen P.
Storey, James D.
Symington, Richard C.
Tanowitz, Herbert B.
Taylor, Benjamin T.
Textor, Brenton A.
Thomas, Herbert C.
Thomas, Roger B., Jr.
Thorpe, Ray M.
VanSlyke, Gary L.
Vargo, James D.
Ward, Clarence F.
Weinberg, Thomas J.
Wettach, George E.
Whaley, William H.
Wilhelm, Kenneth G.
Wolff, William A.

SUPPLY CORPS

Adams, Denis L.
Adams, Don S.
Allen, Wayne L.
Bankhead, Royce E.
Bartuska, Anthony J.
Beauchaine, Roger A.
Bell, James J.
Benko, David F.
Birindelli, James B.
Blankenfeld, Richard K.
Bodour, Haig
Bolin, James H.
Booth, William J., Jr.
Breeding, Earnie R.
Brookstra, William R.
Burris, Jerry F.
Cardinale, Michael A.
Chandler, Martin M.
Clemons, James T.
Collins, William A.
Cookson, John P.
Cotten, Johnny W.
Cox, Richard Z.
Crates, Robert C.
Cronin, John L., Jr.
DeCort, Roger G.
DeFrancia, James M.
Divis, James A.
Drinkwater, Myron D.
Dunlap, Clarence C.
Feeney, Don H.
Fetters, Stephen M.
Fox, George E., Jr.
Fugazzi, William H.
Fulghum, Robert E.
Furniss, Henry D., Jr.
Garrison, James O.
Genest, Armand R.
Gibson, Bobby L.
Green, Harold C., Jr.
Hamm, Michael R.
Hammond, Robert H.
Hanna, Charles V.
Harold, Elliotte M., Jr.
Henley, Miller P.
Hewitt, Cullen
Hinkel, Jay E.
Howell, Thomas W.
Hull, Robert L.
Hutchinson, Thurlow Q.
Jackson, Robert F.
Johnson, Donald L.
Jordan, Robert E.
Kane, John J.
Knoesel, Donald E.
Koopmann, Charles H.
Lamb, Donald L.
Lilly, Gerald E.
Lovejoy, Douglas A.
Lutz, Harold G., Jr.
Magrogan, William F., Jr.
Marien, Roger A.
McClung, Hugh B. L.
McGahey, Gerald M. D.
McIntire, Richard E.
Mullen, James M.
Noel, Wilbert E.
O'Callahan, Edward J., Jr.
Ostrom, Byron R.
Parker, James F.
Peterson, Lowell H.
Peterson, Ross W.
Pierce, Vernon L.
Pinskey, Howard S.
Piotrowski, Roman E.
Pratt, Henry V., Jr.
Ramsey, Wiley F.
Ridgway, Evan L.
Robbins, Donald T.
Rodine, Robert L.
Rosaaen, Tom S.
Rutherford, David A.
Sheffield, Charles H.
Smith, Richard D.
Snyder, Alfred G.
Spinks, Brian M.
Stegemann, John D.
Steuben, Robert W.
Storz, Erwin F.
Tracy, John J.
Trandum, William I.
Vellenga, David B.
Vellenga, Daniel R.
Verner, William A.
Walsh, Richard J.
Webb, Evans W.
White, William L.
Woodard, Richard L.

CHAPLAIN CORPS

Allen, Richard B.
Amidon, Donald A.
Armerding, Carl E.
Beck, Richard P.
Bransford, William L.
Brown, Laurence A., Jr.
Cahan, Leonard S.
Force, Daniel L.
Fraenkel, Mark
Grose, Fayette P.
Grosko, Joseph R.
Habiby, Samir J.
Handley, Thomas B.
Harris, Donald B.
Heino, Jack L.
Helveston, Richard R.
Hodder, Kenneth L.
Hodges, Robert W.
Jenkins, Philip E.
Johnson, Raymond W.
Kaiser, William G.
Leitschuck, Dale M.
McPhatter, Thomas H.
Moody, William B.
Mueller, David A.
Pedersen, Dean W.
Podet, Allen H.
Predmore, Lyle V.
Rawden, John A.
Richter, Loren W.
Sanderson, Owen J.
Steinbruck, John F.
Stewart, William A., Jr.
Williams, David J.
Zandstra, Jerry A.
Zimmerman, John C.

CIVIL ENGINEER CORPS

Ankrum, George T.
Bedenbaugh, Garnett F.
Bergstrom, Robert R.
Bollman, Leslie F.
Cornwell, David W.
Cullerton, Richard C.
Ennis, Richard K.
Ferriter, Robert L.
Gallagher, Thomas E.
Gohier, Robert W.
Greene, Robert E. L., Jr.
Gutzwiller, Kenneth J.
Harrigan, James K.
Harry, Eugene B...
Haupt, Robert R.
Hill, Edward D.
Hoover, Melvin E.
Hudspeth, Robert T.
Klauss, William U.
Klein, Eugene R.
Laabs, Walter W., Jr.
Law, Benjamin B.
Long, Richard R.
Lowe, Phillip A.
Lukshin, Dimitri A.
McCracken, William D., Jr.
McKenna, John C.
Mortensen, Ronald A.
Mott, John K.
Mullinix, Larry E.
Nadoloski, Michael E.
O'Connor, William C.
Parrish, James L., III
Smith, Jack M.
Smith, Sherrill E.
Smith, William A.
Tandy, David J.
Urinyi, John R.
VanDiver, Earnest L.
Wallace, Richard J.

JUDGE ADVOCATE GENERAL'S CORPS

Andrews, Robert D., Jr.
Arianna, Edward A.
Baynes, Thomas E.
Blackmon, Robert M.
Broder, Joseph A.
Bruno, James A.
Burnette, Frank L. R.
Calise, Nicholas J.
Carr, Michael L.
Coffman, Aldine J., Jr.
Corr, John W.
Coughlan, Joseph D.
Davey, Francis L., Jr.
Dunbar, John D.
Duncan, Stephen M.
Fitzgerald, James A.
France, Ralph H., II
Frankel, Leonard J.
Friedman, Howard
Furgason, David W.
Gardner, James K.
Gerlach, Otto B., III
Gomez, Wayne D.
Grafman, Stephen W.
Hamel, Charles L.
Harmon, Henry A.
Holland, Tommy T.
Hopkins, Alton H.
Huss, William W., Jr.
Johnston, Burrell D., J
Johnston, Robert G.
Keisman, Howard I.
Knipe, Francis G.
Knoll, John P.
Kuersteiner, Richard I
Locke, Robert L.
Loser, Robert W., II
Martinez, Jose E.
Mauck, William L.
McGavran, Francis J.
McIntyre, James T., Jr.
McLeod, Walter J., III
McNamar, David F.
McNertney, William J.
Miller, Clarence P.
Montagna, Anthony L.
Morgan, William F.
Murphy, Brian P.
Rapps, Richard E.
Reilly, Vincent P.
Rosenthal, Joseph M.
Simpson, Robert M.
Solomon, Robert H.
Steffens, Theodore C.
Strong, David B.
Stuart, Peter F.
Teborek, James S.
Templeton, Russell W.
Vacca, Fred W.
Walker, Joseph M.
Welsh, Richard C.
Wheeler, Matthew J.
Wiles, William W., Jr.
Williams, Neil C., III
Wood, Robert A.
Wulf, Norman A.
Young, Donald P.
Ziering, William M.
Zsalman, Robert D.

DENTAL CORPS

Akimoto, Nobuhiko J.
Allen, James R.
Avery, David R.
Barnes, William W.
Beatty, James F.
Becker, William J.
Birtcil, Robert F., Jr.
Bridgeman, Harold E.
Carley, Roy A.
Carneiro, Kenneth O.
Carroll, Roy B.
Christ, Thomas F.
Clendenin, George G.
Devereux, James L.
Dickinson, George E., II
Dunkelberger, Fred B.
Ehle, Charles E., II
Emmanuele, Roland C.
Fiske, Bruce D.
Gier, Ronald E.
Grace, Edward G.
Hall, Richard L.
Hardin, Michael A.
Hatcher, Fredric F.
Hawkins, Isaac K.
Hayes, Samuel E.
Heimer, Paul G., Jr.
Heimsch, John G., Jr.
Henely, Stephen A.
Hillman, Mark J.
Jack, Robert W.
Jacobs, Morton S.
Jacobson, Albert P.
Johnson, Allan D.
Madden, Barry E.
Manning, Dennis E.
Meyer, Thomas A.
Moffitt, Richard L.
Molenda, Edward J.
Nagel, Norman J.
Nossaman, Jerry M.
Passmore, Richard W.
Pick, Samuel E.
Pierce, Michael H.
Pontoriero, Joseph D.
Prey, John H.
Rosenberger, Jay N.
Rutherford, Robert B.
Ruwwe, George R.
Ruyl, James P.
Saladino, Peter J., Jr.
Shuford, Gene M.
Siry, Richard A.
Smith, John E., Jr.
Snyder, Richard C.
Swanson, Keith S.
Sweeney, William J.
Thompson, Ronald L.
Tolli, Ernest D.
Walters, Perry L.
Wenck, Frederick, Jr.
Willis, William L.
Zizza, Vincent J., Jr.

MEDICAL SERVICE CORPS

Bergner, John F., Jr.
Bowers, Richard R.
Brookes, John A. H.
Crocker, Wilson H., Jr.
Dunn, Robert F.
Hicks, Harold R.
Hughes, Herbert H.
Jones, John G.
Knapke, Frank B., Jr.
Rosenthal, Ronald L.
Scott, Walter L., Jr.
Wheeler, John R.

NURSE CORPS

Brooks, Beverly Y.
Cavanaugh, Mary B.
Kiger, Filomena L. G.
Mills, Virginia H.
Mirsky, Zina E.
White, Sylvia E.

Commander Nancy H. Baker, United States Naval Reserve, for permanent promotion to the grade of captain pursuant to title 10, United States Code, section 5911, subject to qualification therefor as provided by law.

The following named lieutenant commander women of the Reserve of the United States Navy, for permanent promotion to the grade of commander, pursuant to title 10, United States Code, section 5911, subject to qualification therefor as provided by law:

Armstrong, Jan V.
Blue, Harriett L.
Nielsen, Frances C.
Nishihara, Valentine
Parrish, Eve J.
Parsons, Clara D.
Perlingiero, Clara A.
Peters, Jeanine K.
Sherman, Flora J.
Taylor, Sherry A. H.

IN THE NAVY

The following named lieutenant (junior grade) of the U.S. Navy for temporary promotion to the grade of lieutenant in the line of the U.S. Navy, pursuant to title 10, United

States Code, section 5769, subject to qualification therefor as provided by law:

Viner, Kimberly O.

The following named lieutenants of the line, of the U.S. Navy, for appointment in the various staff corps, as indicated, as permanent lieutenants (junior grade) and temporary lieutenants, pursuant to title 10, United States Code, section 5582(b), subject to qualification therefor as provided by law:

SUPPLY CORPS

Cronauer, Harold T. Jr.
Gaa, Patrick J.
Garban, James R.
Gross, Thomas D.
Huss, Boyce W.
Jenison, Kenneth M.
Johnson, Robert S.
Mangan, Barry P.
McKeever, Michael S.
McMican, William J.
Terhar, Louis F., Jr.
Tynan, Edward P.
Ward, Leland H.
Werthmuller, Roy W.

CIVIL ENGINEER CORPS

Dampier, Kenneth D.
Lowe, Harold C.
Moore, Dennis W.

The following named lieutenants (junior grade) of the line, of the U.S. Navy for appointment in the various staff corps, as indicated, as permanent ensigns and temporary lieutenants (junior grade), pursuant to title 10, United States Code, section 5582(b), subject to qualification therefor as provided by law:

SUPPLY CORPS

Dedes, Robert P.
Klapper, Larry S.
Lorentson, Adrian D.

CIVIL ENGINEER CORPS

Mauk, Michael L.

The following named lieutenants (junior grade) of the line, of the U.S. Navy for appointment in the various staff corps, as indicated, as permanent lieutenants (junior grade), pursuant to title 10, United States Code, section 5582(b), subject to qualification therefor as provided by law:

SUPPLY CORPS

Domoslay Steven D.
Koupash, Douglas J.
Newell, William M.
Skinner, Thomas B., Jr.

CIVIL ENGINEER CORPS

Duba, Stephen C.
Kucinski, John M.
Mehula Joseph A., II
Sheffield, James W.

The following named ensigns of the Supply Corps of the U.S. Navy for appointment in the line of the U.S. Navy as permanent ensigns, pursuant to title 10, United States Code, section 5582(a), subject to qualification therefor as provided by law:

Hurley, John J., Jr.
Woolweber, Wayne T.

The following named ensigns of the line, U.S. Navy for appointment in the Supply Corps, of the U.S. Navy as permanent ensigns, pursuant to title 10, United States Code, section 5582(b), subject to qualification therefor as provided by law:

Adams, Walter R.
Capella, Jack M.
Hering, Edward N.
Klose, Keith D.
Ober, Stephen C.
Robinson, Fred O., Jr.
Schmitt, Edward J., Jr.
Simpers, Patrick K.
Smith, Donald W.

The following named ensigns of the line, of the U.S. Navy for appointment in the various staff corps, as indicated, as permanent ensigns and temporary lieutenants (junior grade), pursuant to title 10, United States Code, section 5582(b), subject to qualification therefor as provided by law:

SUPPLY CORPS

Bailey, Robert W.
Donovan, Peter M.
Hamilton, Philip P.
Minor, Elliott D.

CIVIL ENGINEER CORPS

Machette, Louis V.

Cmdr. Loyd O. Fox, Jr., U.S. Navy, for permanent promotion to the grade of commander in the line, of the U.S. Navy, pursuant to title 10, United States Code, section 5780, subject to qualification therefor as provided by law.

The following named lieutenants of the U.S. Navy, for permanent promotion to the grade of lieutenant in the line, of the U.S. Navy, pursuant to title 10, United States Code, section 5780, subject to qualification therefor as provided by law:

Carroll, David A.
Kellner, Harry H., Jr.
Lackey, Herman E., Jr.

The following named woman lieutenant of the U.S. Navy, for permanent promotion to the grade of lieutenant in the line, of the U.S. Navy, pursuant to title 10, United States Code, section 5771, subject to qualification therefor as provided by law:

Barrett, Kathleen M.

The following named lieutenants (junior grade) of the U.S. Navy for permanent promotion to the grade of lieutenants (junior grade) in the line and various staff corps, as indicated, pursuant to title 10, United States Code, section 5778a, subject to qualification therefor as provided by law:

LINE

Noffsinger, Kent E.
Oilschlager, Rodney R
Quick, Gary W.
Reece, Jerrald D.
Rippel, David A.
Sasser, Jackie S.
Sena, Michael G.
Shields, Richard P.
Sorg, Jacob P.
Tate, Lee, Jr.
Thomas, Michael D.
Thomas, Robert H.
Vance, Craig E.
Ward, Philip D.
Weiler, Maurice D.
Winters, Michael R.

CIVIL ENGINEER CORPS

Holmes, William B.
McGarrah, James M.
Swenson, Lawrence J.
Taylor, Chris A.

MEDICAL SERVICE CORPS

Enge, Roby D.
Shaver, Christine
Snyder, George I.
Thayer, Thea J.
Vanlandingham, Joseph P., Jr.
Zarkowsky, John D.

NURSE CORPS

Hernandez, Jesse
Hopkins, Sharon F.
Johnson, Mary E.
Markowitz, Lynn A.
McVey, William L.
Palmer, William H., Jr.
Ryan, Kathleen M.
Spencer, Donna D.
Vasek, Stephen M., Jr.
Wilkinson, George D., III

IN THE MARINE CORPS

The following named (U.S. Naval Academy) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, pursuant to title 10, U.S. Code, section 5573, subject to the qualifications therefor as provided by law:

Aiken, Robert K.
Akiyama, Bruce N.
Athens, Arthur J.
Balderrama, Vincent M.
Barile, David J.
Barnd, Daniel J.
Baur, Gregory J.
Becerril, Miguel I.
Benoit, Phillip B.
Benson, Timothy P.
Blais, Paul E.
Blanco, Ricardo J.
Boch, Richard K.
Boettcher, Gary W.
Bolin, Mark G.
Bookmiller, Roy A.
Bowers, David J.
Brashear, Steven D.
Breslin, Christopher R.
Buckley, James R., III
Buttle, Toby J.
Camargo, Vicor B.
Cardoza, Anthony A.
Carmody, Kevin M.
Carrasco, Joe, Jr.
Cleland, Mark L.
Cobb, John M., III
Combs, Michael L.
Conklin, Michael J.
Cory, Gerald S.
Countryman, William S.
Daily, David K.
Dasovich, Michael G.
Davies, Keith T.
Davis, Edward V., Jr.
Davis, William E.
Destafney, Robert W.
Dickinson, Charles R.
Diehl, Douglas J.
Dimitrew, Alexander F.
Dixon, Calvin R.
Dougherty, Christopher E.
Duncan, Randall E.
Dyer, Michael A.
Eisenmann, Gary A.
Fedyschyn, Stefan A.
Fell, William G., Jr.
Felton, James D.
Fields, Marshall H., Jr.
Findley, Richard J.
Fink, Byron J.
Fritsch, Raymond J.
Garvin, Carl J.
Gasapo, Michael C.
Gillespie, Robert J.
Godfrey, Robert S.
Godfrey, Roscoe A. II
Gray, Walter M.
Green, Brian M.
Guerrero, Gerardo
Haar, Keith J.
Haley, John M.
Hamilton, John T.
Hanifen, Timothy C.
Harbison, James E.
Harris, Benjamin F.
Heinz, David R.
Henderson, William J.
Hopper, Herbert A., III
Hovatter, Thomas W.
Hurley, Michael F.
James, Carlton B.
Jorden, William C., III
Kain, James W.
Karcher, David P., Jr.
Lamont, Robert W.
Laughlin, Robert O.
Longcoy, Lawrence W.
Lott, Donald J.
Lowther, Charles A., Jr.
Maloney, Stephen A.
Manobianco, Thomas V.
Martinez, Tommy J.
Maszun, Curtis F.
McKeon, Mark F.
McKinney, Michael S.
McNair, Mark W.
Miles, William J.
Miller, David D.
Moore, Clarence E., II
Moore, Virgil V., IV
Mosely, Earl K.
Mossbarger, Dale D., II
Murphy, Michael J.
Murphy, Timothy P.
Nicol, Carlton B.
Nolan, Stephen J.
Null, Teddy D.
O'Keefe, Kevin P.
Page, John E.
Palin, Jonas R., Jr.
Pangburn, Charles H.
Park, Samuel L.
Perry, Curtis A.
Peters, Daniel G.
Peterson, Phillip D., Jr.
Pihlaja, Scott S.
Plautz, Theodore L.
Poston, Mark T.
Reece, Rick L.
Rehrig, Thomas L.
Reiland, Douglas H.
Rey, Rene J.
Richardson, Jack B.
Rodriquez, Enrique A.
Rudzis, John D.
Runolfson, Ralph C.
Rupp, Cecil G.
Salvadore, Richard
Sanders, Lionel V.
Sawyer, Timothy L.
Schleiden, Roy R.
Schraml, Frank V.
Scott, Robert W., Jr.
Sears, Michael E.
Semanyk, Lawrence S.
Sharp, Walter G.
Shaw, Gary P.
Shipman, Glen E.
Shulson, James E.
Smith, Colby B.
Smith, Donald S.
Spegele, John J.
Spencer, Michael T.
Stallings, James B., Jr.
Stien, Kurt E.
Stivers, Raymond D.
Sudbeck, Thomas K.
Thamm, William M.
Thomas, Scott R.
Thompson, Gary L.
Tomon, Robert F.
Topolewski, Daniel C.
Trundy, David R.
Vazquez, Jose R.
Walsh, Kevin J.
Welch, Aaron E.
White, Charles M.
Whittlesey, David G.
Wiecek, Phillip J.
Williams, John W.
Wilson, Robert G., Jr.
Wissler, John E.
Withers, Robert H.
Wright, Christopher G.
Wright, Thomas L., III
Yarberry, Randle L.
Yeary, Lon M.
Yoder, Gerald D.
Zimmerman, Martin W.

The following named (chief warrant officers) for temporary appointment to the grade of first lieutenant in the Marine Corps, for limited duty, pursuant to title 10, U.S. Code, section 5596, subject to the qualifications therefor as provided by law:

Adkins, Jimmy D.
Ayers, Lauren D., Jr.
Belanger, Romeo W., Jr.
Bernarde, Richard I., Jr.
Bittick, Clinton A., Jr.
Bookhardt, Henry
Bradley, Terry W.
Brown, Gary W.
Brown, Harold M., Jr.
Calise, Daniel L.
Chiles, Joseph C.
Clark, John C.
Clemons, Ronald E.
Coffman, Ray J.
Colby, Gerald L.
Connolly, Timothy J., Jr.
Cooper, Michael J.
Cowart, Larry A.
Dawson, Charles H., III
Dawson, Richard B.
Demoss, Francis J.
Diab, Robert N.
Dischinger, William N.
Dyer, Charles R.
Ekerberg, Richard E., Jr.
Epley, Stephen A.
Frazier, Richard M.
Friend, Arthur G.
Gawerecki, Harold A.
George, Michael E.
Gonzales, Ernest T.
Graves, Sylvester
Graves, Wilbur L., III
Grenier, Thomas M.
Guerrero, Benjamin S. N.

Harrell, Richard E.
Hayes, William R.
Hendrix, Martin W.
Hering, David C.
Hunt, Mark C.
Husick, Joseph M.
Irvine, Warren W.
Janda, Gerald T.
Johnson, Joe V.
Jointer, George L., Jr.
Jones, Charles L.
Jura, Frederick T.
Kernan, Michael L.
Konicki, John
Larson, Ronald O.
Leslie, Curtis A.
Leutner, Daniel C.
Long, Leonard C., III
Lopez, Tommy L.
McGinley, Douglas J.
McInerney, Paul A.
Merrifield, Frank E., Jr.
Milner, James R.
Mimiaga, William R.
Minturn, Scott J.
Montgomery, Richard R.
Moore, Robert H.
Mueller, Leonard A.
Neely, Robert G.
Negron, Carlos, Jr.
Noel, John B.
Peavy, Raymond M.
Perrodin, Teddy H.
Peters, Gary N.
Phillips, Thomas E.
Pike, Sanford P.
Prince, Jerry R.
Purnell, Bobby E.
Pyle, Phillip E.
Quigley, Edgar F., Jr.
Richey, Edward, Jr.
Rogers, Melvin
Rosanelli, Louis L.
Sable, Daniel W.
Self, John D.
Sellers, Tommy L.
Shane, Fred J.
Shirk, Thomas L.
Simonowich, Johnny A.
Souza, Pedro E.
Speidel, Richard M.
Stark, Ernest B.
Stewart, Gary D.
Sturgeon, Ralph, Jr.
Summers, Richard M.
Tedeschi, Richard F.
Uyeda, Graydon S.
Vrooman, Lyndon F.
Wells, Mark
White, David M.
Whitington, Walter W., III
Williams, Anthony W.
Williams, Kenneth R., Jr.
Withrow, Johnny M.
Wolf, "W" "L"

CONFIRMATIONS

Executive nominations confirmed by the Senate May 1, 1978:

IN THE JUDICIARY

Gustave Diamond, of Pennsylvania, to be United States District Judge for the Western District of Pennsylvania.

Donald E. Ziegler, of Pennsylvania, to be United States District Judge for the Western District of Pennsylvania.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066 in grade as follows:

To be lieutenant general

Maj. Gen. Ranald Trevor Adams, Jr., [redacted], U.S. Air Force.

Lt. Gen. Charles E. Buckingham, U.S. Air Force (age 54), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

Lt. Gen. Thomas W. Morgan, U.S. Air Force (age 56), for appointment to the grade of lieutenant general on the retired list pursuant to the provisions of title 10, United States Code, section 8962.

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Richard Charles Henry, [redacted] U.S. Air Force.

IN THE ARMY

The following-named Army Medical Department officer for temporary appointment in the Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447.

To be major general, Medical Corps

Brig. Gen. Raymond Holmes Bishop, Jr., [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

The following-named Army Medical Department officers for appointment in the Regular Army of the United States, to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306.

To be brigadier general, Medical Corps

Brig. Gen. Raymond Holmes Bishop, Jr., [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

Maj. Gen. Enrique Mendez, Jr., [redacted], Army of the United States (colonel, Medical Corps, U.S. Army).

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. Gordon Sumner, Jr., [redacted] (age 53), Army of the United States (major general, U.S. Army).

The following-named officers for temporary appointment in the Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

To be brigadier general

Col. John E. Rogers, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. James N. Ellis, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. William H. Schneider, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Elmer D. Pendleton, Jr., [redacted], U.S. Army.

Col. Thurman E. Anderson, [redacted], U.S. Army.

Col. Joseph O. Lax, Jr., [redacted], U.S. Army.

Col. Aaron L. Lilley, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Joseph J. Leszczynski, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. James A. Teal, Jr., [redacted], U.S. Army.

Col. James R. Henslick, [redacted], U.S. Army.

Col. Charles D. Franklin, [redacted], U.S. Army.

Col. Leo A. Brooks, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Kenneth A. Jolemore, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. John R. Galvin, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. David L. Buckner, [redacted] Army of the United States (lieutenant colonel, U.S. Army).

Col. Hugh G. Robinson, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Cary B. Hutchinson, Jr., [redacted], U.S. Army.

Col. Carl H. McNair, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Eugene S. Korpal, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Richard A. Scholtes, [redacted], Army of the United States (major, U.S. Army).

Col. H. Norman Schwarzkopf, [redacted], Army of the United States (lieutenant colonel U.S. Army).

Col. Robert C. Forman, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. John P. Prillaman, [redacted], U.S. Army.

Col. John A. Hemphill, [redacted], U.S. Army.

Col. Vincent M. Russo, [redacted], U.S. Army.

Col. Robert C. Hawlk, [redacted], U.S. Army.

Col. LeRoy N. Suddath, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Robert M. Joyce, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Lawrence F. Skibbie, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Edward L. Trobaugh, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Dale A. Vesser, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Frank H. Baker, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Andrew P. Chambers, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Benjamin F. Register, [redacted], Army of the United States (lieutenant colonel, U.S. Army).

Col. Paul P. Burns, [redacted], Army of the United States (lieutenant colonel. U.S. Army).

Col. Dallas C. Brown, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

The following officers for appointment in the Adjutant General's Corps, Army National Guard of the United States, under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be major general

Brig. Gen. John Randolph Phipps, [redacted]

Brig. Gen. Wayne Marvin McDaniels, [redacted]

Brig. Gen. Carl Douglas Wallace, [redacted]

To be brigadier general

Col. Billy Gene Wellman, [redacted].

IN THE NAVY

The following temporary rear admirals of the U.S. Navy for permanent promotion to the grade of rear admiral, pursuant to title 10, United States Code, sections 5780 and 5781.

LINE

Robert W. Watkins
Kenneth L. Shugart, Jr.
Henry A. Hoffmann
James D. Murray, Jr.
George E. Jessen
James H. Morris
Robert C. Conolly II
Edward J. Otth, Jr.
Robert J. Eustace
Eugene S. Ince, Jr.
Robert C. Mandeville, Jr.
Sumner Shapiro
John J. Ekelund
Karl J. Bernstein
Gordon H. Smith
George B. Shick, Jr.
Cecil J. Kempf
Bryan W. Compton, Jr.
Guy H. B. Shaffer
Douglas F. Mow
Edward A. Burkhalter, Jr.
Paul D. Tomb
Leland S. Kollmorgen
Joseph Metcalf III
James R. Lewis
Robert F. Dunn
David M. Cooney
Carol C. Smith, Jr.
Sayre A. Swarztrauber
Robert E. Kirksey
Peter K. Cullins
Ralph R. Hedges
Lawrence C. Chambers
David M. Altwegg
Nils R. Thunman

MEDICAL CORPS

Henry A. Sparks
Dudley E. Brown, Jr.
Walter M. Lonergan
Joseph T. Horgan

SUPPLY CORPS

Charles W. Rixey
Van T. Edsall

CIVIL ENGINEER CORPS

Neal W. Clements

DENTAL CORPS

Julian J. Thomas, Jr.

Adm. Frederick H. Michaelis, U.S. Navy (age 61) for appointment to the grade of admiral on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

The following named officer for appointment to the grade of rear admiral while serving as Assistant Chief of Naval Personnel for Human Resource Management, in accordance with title 10, United States Code, section 5767(c):

Rear Adm. Fran McKee, U.S. Navy.

Vice Adm. Donald C. Davis, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of admiral while so serving.

IN THE MARINE CORPS

The following named officer under the provisions of title 10, United States Code, section 5232, to be assigned to a position of importance and responsibility designated by the President, in grade as follows:

To be lieutenant general

Maj. Gen. Philip D. Shutler, [redacted], U.S. Marine Corps.

Col. Margaret A. Brewer for appointment to the grade of brigadier general in the U.S. Marine Corps, while serving as Director of Information, U.S. Marine Corps, in accordance with the provisions of title 10, United States Code, section 5767(c).

IN THE AIR FORCE

Air Force nominations beginning David L. Ahrens, to be lieutenant colonel, and ending Harry Lee, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 22, 1978.

Air Force nominations beginning William J. Austin, to be lieutenant colonel, and ending Edward L. Fanucchi, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 22, 1978.

Air Force nominations beginning Erol S. Aboe, to be first lieutenant, and ending Esli K. Young, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 22, 1978.

Air Force nominations beginning Clark E. Aamodt, to be colonel, and ending Lawrence H. Taylor, to be major, which nominations were received by the Senate on March 27, 1978, and appeared in the CONGRESSIONAL RECORD on April 3, 1978.

Air Force nominations beginning Michael R. Ackley, to be second lieutenant, and ending Anthony E. Zompetti, to be second lieutenant, which nominations were received by the Senate on March 27, 1978, and appeared in the CONGRESSIONAL RECORD on April 3, 1978.

Air Force nominations beginning Richard E. Bennett, to be colonel, and ending Dean J. Sell, to be colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 17, 1978.

Air Force nominations beginning Thomas F. Schammel, to be major, and ending Edith M. Kevan, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 17, 1978.

IN THE ARMY

Army nominations beginning William E. Linn, to be colonel, and ending Judith A. Kirby, to be first lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 23, 1978.

Army nominations beginning James Bennie, Jr., to be colonel, and ending Eugene L. Richardson, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

Army nominations beginning Benjamin F. Adams, to be second lieutenant, and ending Maryagnes Yarchak, to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 17, 1978.

IN THE NAVY

Navy nominations beginning Douglas Cook, Jr., to be ensign, and ending Kenneth G. Gross, to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 23, 1978.

Navy nominations beginning Barry Coome, to be lieutenant, and ending Ronald D. Huddleston, to be lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 23, 1978.

Navy nominations beginning James G. Abert, to be captain, and ending Jacqueline T. E. Young, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 23, 1978.

Navy nominations beginning Darwin B. Bingham, to be ensign, and ending Philip A. Kopp, to be chief warrant officer, W–2, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on March 23, 1978.

Navy nominations beginning Emanuel D. Ascarelli, to be commander, and ending Paula M. Judd, to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

Navy nominations beginning Kenneth C. Ables III, to be lieutenant commander, and ending Judith J. Youngstrom, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

Navy nominations beginning Joseph H. Anderson, to be commander, and ending Robert T. Wooldridge, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

Navy nominations beginning Richard R. Amelon, to be lieutenant (j.g.), and ending Robert L. Foster, to be lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

Navy nominations beginning Ronald L. Aasland, to be ensign, and ending John M. Ringelberg, to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 6, 1978.

Navy nominations beginning Wade A. Armstrong, to be ensign, and ending Graham Gilmer III, to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on April 17, 1978.

HOUSE OF REPRESENTATIVES—*Monday, May 1, 1978*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Come unto Me all ye that labor and are heavy laden and I will give you rest.—Matthew 11: 28.

Eternal Father of our spirits, we lift our hearts unto Thee who art the source of wisdom, strength, and love, praying that we may respond to the leading of Thy spirit as we set out upon the duties of this day. Keep ever before us the vision of a better day for our Nation and for our world. Help us to continue to work for that time when peace and justice, understanding, and good will shall come to new life in the hearts of our people and of all people everywhere. Strengthen us and sustain us all the day long, and when our work is done grant us peace and rest at eventide.

We pray in the spirit of Him who is the Lord of life. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7581. An act to amend the Internal Revenue Code of 1954 to provide that certain income from a nonmember telephone company is not taken into account in determining whether any mutual or cooperative telephone company is exempt from income tax.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1819. An act to establish alternatives to criminal prosecution for certain persons charged with offenses against the United States, and for other purposes;

S. 2016. An act to establish fees for services performed by U.S. marshals;

S. 2049. An act to establish fees and allow per diem and mileage expenses for witnesses before U.S. courts;

S. 2072. An act to amend the Jury Selection and Service Act of 1968, as amended, to make the excuse of prospective jurors from Federal jury service on the grounds of distance from the place of holding court contingent upon a showing of hardship on an individual basis;

S. 2074. An act to amend the Jury Selection and Service Act of 1968, as amended, with respect to the selection and qualification of jurors, and to extend to all jurors in the United States district courts the provisions of title 5, United States Code, applicable to Federal employee service-related injuries.

S. 2075. An act to amend the Jury Selection and Service Act of 1968, as amended, by revising the section on fees of jurors and by providing for a civil penalty and injunctive relief in the event of a discharge or threatened discharge of an employee by reason of such employee's Federal jury service;

S. 2411. An act to amend chapter 215 of title 18, United States Code, to authorize payment of transportation expenses for persons released from custody pending their appearance to face criminal charges before that court, any division of that court, or any court of the United States in another Federal judicial district;

S. 2616. An act to amend the Independent Safety Board Act of 1974, as amended, to authorize additional appropriations; and

S. 2789. An act to provide authorization for appropriations for the Office of Rail Public Counsel, and for other purposes.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar Day. The Clerk will call the first bill on the Consent Calendar.

RECALCULATING THE RETIRED PAY OF CERTAIN SENIOR ENLISTED ADVISERS OF THE MARINE CORPS

The Clerk called the bill (H.R. 10343) to provide for recalculation of the retired pay of individuals who served as sergeant major of the Marine Corps before December 16, 1967.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. McKAY. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Utah?

There was no objection.

PROVIDING FOR CONVEYANCE OF CERTAIN LANDS IN NEVADA TO THE UNIVERSITY OF NEVADA

The Clerk called the Senate bill (S. 917) to provide for conveyance of certain lands adjacent to the Gund Ranch, Grass Valley, Nev., to the University of Nevada.

There being no objection, the Clerk read the Senate bill, as follows:

S. 917

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to convey to the University of Nevada upon its application the following lands located in the State of Nevada, or any portion thereof, under the provisions of the Act of June 14, 1926, as amended (44 Stat. 741, as amended; 43 U.S.C. 869), but notwithstanding the acreage limitations in subsection (b)(ii) or the limitation on disposition in the last sentence of subsection (c) of the first section of that Act:

1. East half southwest quarter, section 7, township 24 north, range 48 east, 80 acres;

2. Southeast quarter northwest quarter, section 7, township 24 north, range 48 east, 40 acres;

3. South half northeast quarter, section 7, township 24 north, range 48 east, 80 acres;

4. South half northwest quarter, section 8, township 24 north, range 48 east, 80 acres;

5. South half southeast quarter, section 8, township 24 north, range 48 east, 80 acres;

6. West half, section 16, township 24 north, range 48 east, 320 acres;

7. West half southeast quarter, section 16, township 24 north, range 48 east, 80 acres;

8. Southwest quarter northeast quarter, section 16, township 24 north, range 48 east, 40 acres;

9. Entire, section 17, township 24 north, range 48 east, 640 acres;

10. Northeast quarter northwest quarter, section 18, township 24 north, range 48 east, 40 acres;

11. North half northeast quarter, section 18, township 24 north, range 48 east, 80 acres;

12. Northwest quarter northwest quarter, section 20, township 24 north, range 48 east, 40 acres;

13. East half northwest quarter, section 20, township 24 north, range 48 east, 80 acres;

14. East half, section 20, township 24 north, range 48 east, 320 acres;

15. West half, section 21, township 24 north, range 48 east, 320 acres;

16. West half northeast quarter, section 21, township 24 north, range 48 east, 80 acres;

17. Northwest quarter southeast quarter, section 21, township 24 north, range 48 east, 40 acres;

18. West half, section 28, township 24 north, range 48 east, 320 acres;

19. East half section 29, township 24 north, range 48 east, 320 acres;

20. South half northwest quarter, section 4, township 23 north, range 48 east, 80 acres;

21. Southwest quarter, section 4, township 23 north, range 48 east, 160 acres;

22. West half southwest quarter, section 5, township 23 north, range 48 east, 80 acres;

23. Southwest quarter northwest quarter, section 5, township 23 north, range 48 east, 40 acres;

24. East half southeast quarter, section 7, township 23 north, range 48 east, 80 acres;

25. West half west half, section 8, township 23 north, range 48 east, 160 acres;

26. East half east half, section 8, township 23 north, range 48 east, 160 acres;

27. Southwest quarter, section 9, township 23 north, range 48 east, 160 acres;

28. South half northwest quarter, section 9, township 23 north, range 48 east, 80 acres;

29. Northwest quarter, northwest quarter, section 9, township 23 north, range 48 east, 40 acres;

30. West half, section 16, township 23 north, range 48 east, 320 acres;

31. East half east half, section 17, township 23 north, range 48 east, 160 acres;

32. West half west half, section 17, township 23 north, range 48 east, 160 acres;

33. East half, section 18, township 23 north, range 48 east, 320 acres;

34. Lots 3 and 4, east half, southwest quarter, section 19, township 23 north, range 48 east, 110.79 acres;

35. West half southeast quarter, section 19, township 23 north, range 48 east, 80 acres;

36. Northeast quarter, section 19, township 23 north, range 48 east, 160 acres;

37. West half northwest quarter, section 20, township 23 north, range 48 east, 80 acres;

38. East half southwest quarter, section 20, township 23 north, range 48 east, 80 acres;

39. Southeast quarter, section 20, township 23 north, range 48 east, 180 acres;

40. East half northeast quarter, section 20, township 23 north, range 48 east, 80 acres;

41. West half west half, section 21, township 23 north, range 48 east, 160 acres;

42. Northeast quarter, section 29, township 23 north, range 48 east, 160 acres;

43. West half southeast quarter, section 29, township 23 north, range 48 east, 80 acres;

44. West half, section 29, township 23 north, range 48 east, 320 acres;

45. Entire, section 30, township 23 north, range 48 east, 542.28 acres;

46. Entire, section 31, township 23 north, range 48 east, 543.44 acres; and

47. Northwest quarter, section 32, township 23 north, range 48 east, 160 acres.

SEC. 2. No conveyance shall be made under this Act unless application therefor by the University of Nevada is received by the Secretary of the Interior within one year of the effective date of this Act.

SEC. 3. The land conveyed by this Act shall be used for the establishment and operation of a rangeland research station and for the conduct of associated experimental range management and improvement programs. The patent or other document of conveyance issued pursuant to this Act shall incorporate the limitations set forth in this section and shall provide that title to the land will revert to the United States if the land is used for any other purpose.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR THE REAPPOINTMENT OF A. LEON HIGGINBOTHAM, JR., AS A CITIZEN REGENT OF THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

The Clerk called the Senate joint resolution (S.J. Res. 106) to provide for the reappointment of A. Leon Higginbotham, Jr., as a citizen regent of the Board of Regents of the Smithsonian Institution.

There being no objection, the Clerk read the Senate joint resolution, as follows:

S.J. RES. 106

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which will occur by the expiration of the term of A. Leon Higginbotham, Junior, of Pennsylvania on May 11, 1978, be filled by the reappointment of the present incumbent for the statutory term of six years.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR THE REAPPOINTMENT OF JOHN PAUL AUSTIN AS A CITIZEN REGENT OF THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

The Clerk called the Senate joint resolution (S.J. Res. 107) to provide for the reappointment of John Paul Austin as a citizen regent of the Board of Regents of the Smithsonian Institution.

There being no objection, the Clerk read the Senate joint resolution, as follows:

S.J. RES. 107

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, which will occur by the expiration of the term of John Paul Austin of Georgia on May 11, 1978, be filled

by the reappointment of the present incumbent for the statutory term of six years.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR THE APPOINTMENT OF ANNE LEGENDRE ARMSTRONG AS A CITIZEN REGENT OF THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

The Clerk called the Senate joint resolution (S.J. Res. 108) to provide for the appointment of Anne Legendre Armstrong as citizen regent of the Board of Regents of the Smithsonian Institution.

There being no objection, the Clerk read the Senate joint resolution, as follows:

S.J. RES. 108

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress, caused by the resignation of Robert Francis Goheen of New Jersey on May 14, 1977, be filled by the appointment of Anne Legendre Armstrong of Texas for the statutory term of six years.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF THE TREASURY TO DESIGNATE AN ASSISTANT SECRETARY TO SERVE IN HIS PLACE AS A MEMBER OF THE LIBRARY OF CONGRESS TRUST FUND BOARD

The Clerk called the Senate bill (S. 2220) to authorize the Secretary of the Treasury to designate an Assistant Secretary to serve in his place as a member of the Library of Congress Trust Fund Board.

There being no objection, the Clerk read the Senate bill, as follows:

S. 2220

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first paragraph of the first section of the Act entitled "An Act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925 (2 U.S.C. 154), is amended by inserting after "Secretary of the Treasury" the following: "(or an Assistant Secretary designated in writing by the Secretary of the Treasury)".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Consent Calendar.

ARMS SALES RESOLUTIONS

(Mr. LONG of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LONG of Maryland. Mr. Speaker, I have today introduced a concurrent resolution disapproving the proposed "package" of sales of aircraft to the Middle East at this moment while peace negotiations are hanging in the balance.

This arms package would export additional fear into an area already bristling with distrust. It would break with established congressional policy not to arm our friends against each other.

It would distort priorities by selling expensive arms to an area that has a far greater need for economic development.

It would upset the balance by making planes available to the Arabs who can get arms from several different suppliers, whereas Israel can buy arms only from the United States.

There will be plenty of time later to reconsider the merits of each individual sale after progress has been made in reaching a negotiated settlement. For now, let us give the nations of the Middle East an opportunity—opened up by the Sadat initiative—to achieve peace without further infusions of tension.

REREFERRAL OF PARAGRAPH (1) OF SECTION 351 OF H.R. 11392 TO COMMITTEE ON ARMED SERVICES

Mr. PRICE. Mr. Speaker, I ask unanimous consent that paragraph (1) of section 351 of H.R. 11392 to authorize appropriations to the Department of Energy and the Federal Energy Regulatory Commission pursuant to section 660 of the Department of Energy Organization Act, and for other purposes, which was initially referred solely to the Committee on Interior and Insular Affairs, be rereferred solely to the Committee on Armed Services.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
April 28, 1978.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 2:58 p.m. on Friday, April 28, 1978, and said to contain a message from the President wherein he transmits for the consideration of the Congress a proposed constitution for the Territory of Guam.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

PROPOSED CONSTITUTION FOR THE TERRITORY OF GUAM—A MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read, and together with the accompanying papers, referred to the Committee on Interior and Insular Affairs:

To the Congress of the United States:

In accordance with the provisions of Section 5 of the Act of October 21, 1976 (Public Law 94–584), I am hereby transmitting for the consideration of the Congress a proposed constitution for the Territory of Guam. The constitution, drafted by a territorial constitutional convention, was officially submitted to the Secretary of the Interior, who accepted it on my behalf, by the Honorable Ricardo J. Bordallo, Governor of Guam, on March 1, 1978.

Public Law 94–584 requires that I submit the constitution to the Congress, along with my comments. I am confident that the Congress will share my belief that the basic principles incorporated into the constitution provide a firm foundation upon which the people of Guam can assume greater responsibilities of local self-government in political union with the United States. Because it is their constitution, and must be respected as such, I shall confine my comments to those aspects of the document which relate directly and significantly to the territorial-Federal relationship. Accordingly, I would like to bring to the attention of the Congress the following aspects of the proposed constitution:

—Contrary to the express requirement of Section 2(b)(1) of Public Law 94–584 (the Enabling Act), the constitution does not explicitly recognize the sovereignty of the United States over Guam or the supremacy of its laws, a point noted by the Departments of State, Justice, and Interior in their reviews of the document. Accordingly, I ask the Congress to consider complications which could arise with respect to future claims of sovereignty and supremacy should it decline to take any of the corrective actions prescribed in Section 5 of the Enabling Act.

—Article IV, Section 1, of the constitution vests in the elected Governor responsibility for the faithful execution of the Constitution and laws of the United States applicable to Guam. In view of the Supreme Court's decision in *Buckley* v. *Valeo* (424 U.S. 1) that persons who enforce the laws of the United States must be appointed in the constitutionally prescribed manner, I ask the Congress to give careful consideration to this provision. Moreover, I suggest to the Congress that responsibility for the execution of Federal law is not a matter of local self-government and invite the Congress to consider whether the inclusion of such a clause, even if deemed constitutionally permissible, could lead to friction between the Governor and the Federal Government.

—Article V, Section 4(a), of the constitution provides for legislative apportionment on the basis of the number of registered voters in each district. I call to the attention of the Congress of the Supreme Court's admonition in *Burns* v. *Richardson* (384 U.S. 73) and *Ely* v. *Klahr* (403 U.S. 108) that the use of voter registration as a basis may perpetuate under representation of groups constitutionally entitled to participate in the electoral process and is permissible only if it produces a distribution of legislators not substantially different from that which would have resulted from the use of a permissible population basis.

—Article X, Section 4, of the constitution would amend the provision in Section 11 of the Organic Act of Guam (48 U.S. 1423a), which imposes public debt limitations on the territory. In light of the territory's fragile local economy and the continued financial responsibility of the Federal Government for Guam, I ask the Congress to give careful consideration to this provision.

In view of its responsibility under the Territories Clause of the United States Constitution, the Congress may wish to review the proposed constitution for Guam on bases other than just the effect of its provisions on the territorial-Federal relationship to which I have limited my comments.

Specifically, the appropriate committees of the Congress may wish to examine whether certain provisions of the Guam constitution are drafted with sufficient clarity to avoid the type of litigation that could preclude effective government. For example, the elevation to constitutional status of certain rights in Article II of the proposed constitution could cause such a result. Under our own system, many of these same rights are provided for by statute, not by the Constitution itself.

Also, the amendment procedure contained in Article XIV of the proposed constitution does not provide for review by the Congress, a requirement which does pertain to the basic document. The Congress may wish to consider the friction which could arise between Guam and the Federal Government should the constitution be amended in a way which would conflict with United States law.

Accordingly, I have directed the Attorney General and the Secretary of the Interior to provide the appropriate committees of both Houses with such technical advice and assistance as may be required. Both Departments have conducted thorough analyses of the proposed constitution and can offer the Congress additional information and recommended changes in language should the Congress choose to take any of the corrective actions prescribed in Section 5 of the Enabling Act.

I trust these comments will be of use to the Congress in its review.

JIMMY CARTER.

THE WHITE HOUSE, *April 28, 1978.*

RECIPROCAL FISHERIES AGREEMENT FOR 1978 BETWEEN UNITED STATES AND CANADA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 95–329)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

To the Congress of the United States:

I transmit herewith a Reciprocal Fisheries Agreement for 1978 between the Government of the United States and the Government of Canada, effected by an exchange of diplomatic notes dated April 10 and April 11, 1978.

The Agreement, which continues through 1978 the provisions of the 1977 Reciprocal Fisheries Agreement with a few modifications, protects important United States interests in our fisheries off Canada and maintains the opportunity for conclusion of long-term maritime arrangements on boundaries, hydrocarbons and fisheries resources, including salmon, between the United States and Canada.

As was the case with the 1977 Reciprocal Fisheries Agreement, positive Congressional action is required to bring the 1978 Agreement into force. I recommend that the Congress give favorable consideration to the Agreement at an early date to establish the legal basis for the continuation of reciprocal United States-Canadian fisheries during 1978.

JIMMY CARTER.

THE WHITE HOUSE, *May 1, 1978.*

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions, to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

PACIFIC FISHERIES DEVELOPMENT ACT AUTHORIZATION

Mr. LEGGETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11657) to authorize appropriations to carry out the Central, Western, and South Pacific Fisheries Development Act until the close of fiscal year 1983, as amended.

The Clerk read as follows:

H.R. 11657

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Central, Western, and South Pacific Fisheries Development Act (16 U.S.C. 758e–1) is amended—

(1) by inserting immediately after the word "Interior," the following: "the Secretary of State,"; and

(2) by striking out the words "Samoa and Guam," and inserting in lieu thereof the following: "Samoa, Guam, and the Commonwealth of the Northern Marianas,".

SEC. 2. Section 7 of the Central, Western, and South Pacific Fisheries Development Act (16 U.S.C. 758e–5) is amended—

(1) by striking out "and" immediately after "$3,000,000" the first place it appears therein; and

(2) by striking out "$3,000,000," the second place it appears therein and inserting in lieu theerof the following: "$6,000,000, and for each of fiscal years 1980, 1981, 1982, and 1983, the sum of $6,000,000,".

SEC. 3. This Act shall take effect October 1, 1978.

The SPEAKER. Is a second demanded?

Mr. FORSYTHE. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from California (Mr. LEGGETT) and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes each.

The Chair recognizes the gentleman from California (Mr. LEGGETT).

Mr. LEGGETT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 11657, the purpose of which is to increase and extend the authorization of appropriations available to the Secretary of Commerce to carry out the Central, Western, and South Pacific Fisheries Development Act until the close of fiscal year 1983.

At present, $3 million is authorized to be appropriated between July 1, 1976 and September 30, 1979, to carry out the purposes of the act. H.R. 11657, as reported from the Committee on Merchant Marine and Fisheries, would increase that $3 million for the same period to $6 million. It would also authorize $6 million to be appropriated for each of fiscal years 1980, 1981, 1982, and 1983 to implement the act.

Mr. Speaker, in the past the Department of Commerce has financed the Central, Western, and South Pacific fisheries development program with funds under the Saltonstall-Kennedy Act which provides a temporary funding source utilized for short-term fishery development projects. The funding of this program must be placed on a more permanent basis and substantially increased in order to fully realize the potential benefits to the Pacific Island areas, the U.S. tuna industry, and the Nation. An additional $27 million for this purpose would be provided by the appropriations authorized in H.R. 11657.

Mr. Speaker, the skipjack tuna resource of the Central, Western, and South Pacific is a substantially underutilized fishery. Reliable sources estimate that the maximum sustainable yield of skipjack tuna in this region ranges between 800,000 and 1,000,000 tons annually.

However, in 1976, the world catch of skipjack tuna in this area was only 290,000 tons. Of that amount, 200,000 tons was taken by vessels of Japan; 25,000 tons by vessels of Indonesia; 40,000 tons by vessels of the Philippines, and

6,000 tons by vessels of Korea. Insignificant amounts are taken in this region by U.S. vessels but the potential for a new and expanded tuna fishery in this area is tremendous. H.R. 11657 hopefully will provide the necessary funds in order to make this potential a reality.

Mr. Speaker, H.R. 11657 has the strong support of the U.S. tuna industry, the State of Hawaii, the Governors of American Samoa and Guam, and the newly created Commonwealth of the Northern Mariana Islands.

H.R. 11657 was unanimously reported by the Committee on Merchant Marine and Fisheries and I urge its prompt passage.

● Mr. MURPHY of New York. Mr. Speaker, H.R. 11657 would make available the necessary funds to continue the program for the development of the tuna fishery resources in the central, western, and South Pacific Ocean through fiscal year 1983.

This legislation comes at an especially critical period in the 75-year history of the American tuna industry. Over the last several years the American tuna fleet has struggled to eliminate incidental dolphin mortality and comply with regulations promulgated under the Marine Mammal Protection Act. It now appears that these efforts have been successful. Every vessel in the fleet is now employing the special fine mesh net combined with the backdown procedure. This operation prevents the dolphins from becoming entangled and drowning, thus drastically reducing dolphin mortality. As a result of these efforts, no dolphin population is threatened and none is likely to be.

Ironically, just as the obstacles presented by the Marine Mammal Protection Act appear to be behind the fleet, a new and potentially more damaging threat appears to be facing it. The new challenge has come in the form of certain Latin American claims to jurisdiction over the tuna resources landed off their coast. In fact, just recently, Costa Rica and Mexico each seized two American tuna vessels more than 12 miles off its coastal shores.

In addition, both Mexico and Costa Rica have made it very clear that they will not continue as members of the Inter-American Tropical Tuna Commission under the current convention. They wish to renegotiate the convention to guarantee them a larger percentage of the eastern Pacific tuna resource. I am hopeful that the United States can reach an accommodation with these nations. Nevertheless, if the United States is to continue to possess the world's greatest tuna fleet, it is imperative that we develop additional tuna fishing grounds outside of the Eastern Pacific Ocean. This legislation would attempt to accelerate exactly this kind of development.

Mr. Speaker, this bill would do much more than just assist the development of additional tuna fishing areas, however, it would also benefit the economies of the U.S. affiliated Pacific islands. Today, most of these islands depend primarily on an active tourist industry. H.R. 11657 would encourage the expansion of the existing fishing industry in these areas, and the development of new employment opportunities in fishery support industries.

In fact, it has been estimated that as much as 155,000 tons of tuna annually could be taken by U.S. boats operating in this region. Such a catch would provide approximately 4,000 new cannery jobs, involving up to 850 additional fishermen, and generating revenues of over $680 million throughout the economy.

Mr. Speaker, when checking with the Budget Committee, prior to scheduling H.R. 11657 for a vote, I was advised that the bill was in technical violation of section 402(a) of the Budget Act. Language to correct this deficiency has been agreed to by the Budget Committee and has been included in the bill, as amended. Attached to my statement is a brief explanation of the language added to the bill and the reasons therefore.

I now yield such time as he may consume to the Gentleman from California, Congressman LEGGETT, whose Subcommittee has jurisdiction over our valuable tuna fishery resources.

The attachment follows:

ATTACHMENT

Section 402(a) of the Budget Act provides that it shall not be in order in either the House or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

Section 2(2) of the bill would increase by $3 million the amount authorized to be appropriated for the period beginning July 1, 1976, and ending September 30, 1979, to carry out the purpose of this Act. This section would authorize the enactment of new budget authority for fiscal years 1977, 1978, and 1979 and since it would become effective upon the date of enactment, it would be in violation of section 402(a) of the Budget Act and subject to a point of order because the bill was not reported prior to May 15, 1975.

To correct this violation of section 402(a), a new section 3 was added to the bill to provide that it would take effect on October 1, 1978.

The net affect of this language is to eliminate the section 402(a) violation and to make it clear that the increase in the appropriation authorization applies to fiscal year 1979 only, which is consistent with the intent of the Committee, as spelled out in the Committee Report on the bill.●

Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 11657 which extends the authorization for the Central, Western, and South Pacific Fisheries Development Act. This important act authorizes the Secretary of Commerce to implement a program for the development of the tuna and other latent fishery resources of the far Pacific.

A major thrust of this program is an assessment of the potential for developing a tuna fishery in this area. It is estimated that the skipjack tuna resource of this area is between 800,000 and 1 million metric tons. However, effective methods of harvesting this resource under the difficult conditions of the far Pacific must be designed and demonstrated before a viable commercial fishery can be established.

The Pacific Tuna Development Foundation (PTDF) has ben vested with responsibility for implementing a development program under a cooperative agreement between the Secretary of Commerce, the island nations of the area, and the U.S. tuna industry. In 1977, the PTDF prepared and initiated a 3-year tuna development program designed to meet the various needs of the U.S. tuna industry and the islands. Some of the major accomplishments of this program have been:

The development of a special purse seine net which is suitable for use in the far Pacific.

A demonstration project to determine the effectiveness of live-pond-reared topminnows as a tuna bait source,

An evaluation of the potential of other fishery resources in the district of Truk, and

The construction of specialized tanks to transport live anchovies from California to Hawaii for use in the Hawaiian bait boat fishery.

Despite these accomplishments, more can be done; indeed, more must be done. An expanded U.S. tuna industry in the Central, Western, and South Pacific Ocean would provide substantial economic benefits to the islands in the area. In fact, under the United Nations Charter, the United States is obligated to promote the economic advancement of the inhabitants of its island territories in the Far Pacific. Each of these islands, including Guam, American Samoa, the Northern Mariana Islands and the Trust Territory of the Pacific, have immediate needs for increased employment and industrial growth. At present, the island economies are based predominantly upon fisheries, tourism, and Federal employment. Since commercial fishing activity is at a relatively low level at the current time, fishery development efforts offer one of the major opportunities for economic development in the islands. The development of an expanded tuna fishery in this region will cause a development of support facilities such as transshipment, cold storage, fuels and supplies, and live bait.

Development of the tuna resources in the Central and Western Pacific could also have the beneficial effect of reducing the U.S. seafood balance of payments deficit. In 1976, the total amount of tuna consumed in the United States was 631,000 metric tons, of which 52 percent was imported. An expanded domestic supply of tuna from the Far Pacific would substantially reduce the level of U.S. tuna imports.

Despite the need for a fishery development program and notwithstanding the significant benefits which such a program would provide, no moneys have ever been appropriated pursuant to the Central, Western, and South Pacific Fisheries Development Act. Instead, this program has been financed by contributions from the U.S. tuna industry and the islands, and from funds made available pursuant to the Saltonstall-Kennedy program. Unfortunately, the level of funding which has been available has been relatively low. If the full potential of the fishery resources of the Far Pacific is to be realized, then the program must be fully funded.

Mr. Speaker, H.R. 11657 would authorize the appropriation of adequate funds for this important program, and I urge the adoption of this legislation.

Mr. Speaker, I have no further requests for time.

Mr. LEGGETT. Mr. Speaker, I have no other requests for time.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. LEGGETT) that the House suspend the rules and pass the bill H.R. 11657, as amended.

The question was taken.

Mr. MOTTL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to clause 3 of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. LEGGETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just considered, H.R. 11657.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CALL OF THE HOUSE

Mr. LEGGETT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 261]

Ambro	Gammage	Nix
Andrews, N.C.	Garcia	Oakar
Archer	Gonzalez	Ottinger
Armstrong	Goodling	Patten
Baldus	Gudger	Pattison
Baucus	Harsha	Pettis
Biaggi	Heckler	Pickle
Boggs	Hightower	Pressler
Bonior	Hillis	Pursell
Bonker	Holland	Quie
Bowen	Hollenbeck	Rangel
Brademas	Holtzman	Rhodes
Breckinridge	Howard	Rodino
Buchanan	Hughes	Roncalio
Burke, Calif.	Hyde	Runnels
Burleson, Tex.	Ichord	Ruppe
Burton, John	Johnson, Colo.	Russo
Butler	Jones, N.C.	Scheuer
Carney	Kastenmeier	Seiberling
Cavanaugh	Kazen	Shipley
Cederberg	Krueger	Shuster
Chisholm	Le Fante	Solarz
Clausen, Don H.	Livingston	St Germain
	Lujan	Staggers
Clawson, Del	Luken	Stockman
Clay	McCloskey	Stratton
Cochran	McDonald	Stump
Cohen	McKinney	Teague
Conyers	Mann	Thone
Cotter	Marlenee	Thornton
Dellums	Martin	Trible
Dent	Mathis	Tucker
Dicks	Meeds	Udall
Diggs	Mikulski	Ullman
Dingell	Mikva	Wampler
Dodd	Milford	Waxman
Eckhardt	Miller, Calif.	Weaver
Eilberg	Minish	Weiss
Flood	Moffett	White
Florio	Mollohan	Whitley
Ford, Mich.	Moorhead, Pa.	Wilson, C. H.
Ford, Tenn.	Moss	Young, Alaska
Fountain	Murphy, Ill.	Young, Mo.
Fraser	Murphy, N.Y.	
Frey	Nichols	

The SPEAKER pro tempore (Mr. BARNARD). On this rollcall 302 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HUBERT H. HUMPHREY FELLOWSHIP AT THE WOODROW WILSON INTERNATIONAL CENTER

Mr. NEDZI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 10392) to establish a Hubert H. Humphrey Fellowship in Social and Political Thought at the Woodrow Wilson International Center for Scholars at the Smithsonian Institution and to establish a trust fund to provide a stipend for such fellowship.

The Clerk read as follows:

H.R. 10392

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Woodrow Wilson Memorial Act of 1968 (20 U.S.C. 80e–80j) is amended—

(1) by redesignating sections 5 through 7 as sections 6 through 8, respectively, and

(2) by inserting after section 4 the following new section:

"HUBERT H. HUMPHREY FELLOWSHIP IN SOCIAL AND POLITICAL THOUGHT

"SEC. 5. (a) There is hereby established in the Center a Hubert H. Humphrey Fellowship in Social and Political Thought.

"(b) Each year the Board shall select a distinguished scholar, statesman, or cultural figure, from the United States or abroad, to serve at the Center for a period of up to one year as the Hubert H. Humphrey Fellow in Social and Political Thought (hereinafter in this section referred to as the "Humphrey Fellow"). Each Humphrey Fellow shall receive compensation in an amount, determined by the Board, not to exceed the annual income of the trust fund established under subsection (d).

"(c) Each Humphrey Fellow shall—

"(1) deliver a Hubert H. Humphrey Memorial Lecture; and

"(2) carry out such projects and work as are consistent with the Humphrey Fellowship.

The Board shall provide for the publication and dissemination of the Hubert H. Humphrey Memorial Lectures.

"(d)(1) There is hereby established in the Treasury of the United States a trust fund to be known as the Hubert H. Humphrey Fellowship Trust Fund (hereinafter in this section referred to as the 'fund'). The Secretary of the Treasury shall deposit in the fund such sums as may be appropriated to the fund under subsection (f) and shall receive into the Treasury and deposit into the fund such sums as may be received as contributions to the fund.

"(2) The Secretary of the Treasury shall invest amounts in the fund in public debt securities with maturities suitable for the needs of the funds and bearing interest at prevailing market rates; and the interest on such investments shall be credited to and form a part of the fund.

"(3) Notwithstanding section 4(a)(2), any gift, bequest, or devise of money, securities or other property for the benefit of the Hubert H. Humphrey Fellowship in Social and Political Thought received by the Board shall, upon receipt, be deposited into the fund as provided by paragraph (1).

"(e) The Secretary of the Treasury shall pay to the Board from amounts received as interest on investments under subsection (d)(2) such sums as the Board determines are necessary and appropriate for the purposes of the Humphrey Fellowship.

"(f) There is authorized to be appropriated to the fund for the fiscal year beginning October 1, 1978, $1,000,000.".

SEC. 2 Section 4(a)(2) of the Woodrow Wilson Memorial Act of 1968 (20 U.S.C. 80g(a)(2)) is amended by striking out "devices" and inserting in lieu therof "devises".

The SPEAKER pro tempore. Is a second demanded?

Mr. FRENZEL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

Mr. BAUMAN. Mr. Speaker, reserving the right to object, to whom does the second go?

The SPEAKER pro tempore. The gentleman from Minnesota (Mr. FRENZEL).

Mr. BAUMAN. Mr. Speaker, is the gentleman from Minnesota opposed to the bill?

Mr. FRENZEL. Mr. Speaker, the gentleman from Minnesota is in favor of the bill.

Mr. BAUMAN. Mr. Speaker, the gentleman from Maryland is opposed to the bill.

The SPEAKER pro tempore. Does the gentleman from Maryland demand a second?

Mr. BAUMAN. I do, Mr. Speaker.

The SPEAKER, pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. NEDZI) will be recognized for 20 minutes, and the gentleman from Maryland (Mr. BAUMAN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Michigan (Mr. NEDZI).

Mr. NEDZI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in testimony which was presented to the Subcommittee on Libraries and Memorials on this particular piece of legislation, Dr. Samuel Beer of Harvard University described Hubert Humphrey as a man of action, powerfully oriented by thought. He was one of the founders of the Woodrow Wilson International Center for Scholars, so it is fitting that this gesture be made within that Center.

The bill establishes a Hubert H. Humphrey Fellowship in Social and Political Thought at the Woodrow Wilson International Center for Scholars at the Smithsonian Institution. The Center is an appropriate home for the fellowship and the fellow, not only because the Center is dedicated to strengthening the bond between the world of scholarship and the world of public affairs, but because Hubert Humphrey was intimately involved with the Center's beginning as its first Chairman of the Board of Trustees.

The Humphrey Fellowship is designed to be awarded annually to a distinguished scholar, statesman, or cultural figure selected by the Board of the Center.

Each Humphrey fellow will serve for a period of up to 1 year. and deliver a Hubert H. Humphrey memorial lecture. The fellow will perform projects and work at the center consistent

with the fellowship, but will be required to make a full-time commitment to the fellowship.

As for the mechanism of funding the fellowship, the bill establishes in the Treasury a Hubert H. Humphrey fellowship trust fund to which $1 million is authorized to be appropriated. Additional gifts received by the Board will also be deposited in the fund. All of the amounts in the fund will be invested by the Secretary in public debt securities.

Precedent for the establishment of this kind of fund is the Truman Scholarship Fund, established in the Treasury in 1975, to which $30 million was appropriated.

The interest on public debt securities is anticipated to average around 6.3 percent. Interest earned will be used to pay the stipend for the fellow, and other costs of the fellowship, including travel and health insurance, as well as clerical support and office services for the fellow will also be paid for from the interest.

Mr. YATES. Mr. Speaker, will the gentleman yield for a question?

Mr. NEDZI. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Speaker, approximately 2 weeks ago the Congress approved and the President signed into law last year a bill passed by the Congress which authorized and appropriated the sum of $5 million for the University of Minnesota in the name of Hubert H. Humphrey.

I wonder what the difference between that legislation and this is, what the difference between the purpose of that legislation and this is?

Certainly no one has greater admiration and respect for Hubert H. Humphrey. He was a very close friend of mine and I am in favor of remembering his tremendous contribution to our country—but I wonder why the establishment of the two funds.

Mr. NEDZI. Mr. Speaker, I am glad the gentleman asked the question, because this particular legislation provides for something unique. There is absolutely no connection between this particular fellowship and the gift to the University of Minnesota which we passed last year. This sets up a fellowship within the Woodrow Wilson Center for scholars.

Mr. YATES. Mr. Speaker, if the gentleman will yield further, what happens at the University of Minnesota with regard to the $5 million which is the gift of our Government to that university? Is not that fund to be used for scholarships and fellowships, too?

Mr. NEDZI. In a sense, it is. The Minnesota Institute is going to train students, as I understand it, in careers in public administration.

This fellowship, on the other hand, is going to be open to mature scholars and statesmen who have made distinguished contributions to the field of science and political affairs.

Mr. YATES. I thank the gentleman.

Mr. NEDZI. Mr. Speaker, I yield to the chairman of the committee, the gentleman from New Jersey (Mr. THOMPSON).

Mr. THOMPSON. Mr. Speaker, in answer to the question of the gentleman from Illinois, this proposal was made well in advance of the Minnesota proposal, which is essentially for undergraduate study and study at the master's level. The reason for this is that the fellowships under the provisos of this legislation are to be put in the Woodrow Wilson Center for International Studies, which is essentially a postdoctoral program and much more limited, although the choice of the selection of the scholars resident in that institute, which are scholars from all over the world, is really radically different from any other institution of its type in the United States.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Speaker, I am very much aware of the Woodrow Wilson Center, because it appears before my Appropriations Subcommittee for its funding.

I have the impression that fellowships could now be granted by that institution in the name of Hubert H. Humphrey without the addition of the endowment being set up in this bill; is that true?

Mr. THOMPSON. Not in such an amount as is comtemplated for this particular chair, if we may call it that, at the Institute.

The history of this is that Senator Humphrey and I were the original sponsors of the legislation which created that institution. I would suppose that they could say to one of the fellows right there now that he is the Dwight D. Eisenhower fellow, or whatever, but that is not what this contemplates.

Mr. YATES. The fundamental difference is that this would create an endowment fund for $1 million; is that correct?

Mr. THOMPSON. Yes.

Mr. YATES. Mr. Speaker, apart from that figure, I have the impression that the Woodrow Wilson Center Board which controls the Woodrow Wilson Center could by appropriate resolution set up a Hubert Humphrey scholarship and could assign one of the graduates to be an appropriate fellow for the purpose of social and political thought, which is, I think, the purpose of this bill.

I only want the RECORD to express the question in my own mind, which is whether, having created a $5 million fund to the University of Minnesota, we ought to again be creating a $1 million endowment at this time in the name of our good friend, Hubert Humphrey.

Mr. BEDELL. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Speaker, this, as I understand it, is a $1 million grant, and the money would be reinvested in Government securities, so that we could expect to make something on the order of between 6 and 7 percent on the investment; is that correct?

Mr. NEDZI. The gentleman is correct.

Mr. BEDELL. So that would amount to 60 some thousand dollars per year?

Mr. NEDZI. It is anticipated the amount would be $63,000 a year or thereabouts.

Mr. BEDELL. As I understand it, one of the things that is to be done would be that the address this person gives would be published, and that would be part of the expense.

Is there any indication at all as to how much money we are talking about for the publishing of that address? Is that a sizable part of the expense or not?

Mr. NEDZI. It would be some part of the $63,000. I would not expect it would be a major part of that $63,000.

Mr. BEDELL. Mr. Speaker, if the gentleman will yield further, I do not mean to nitpick.

Mr. NEDZI. Mr. Speaker, I am sorry that we do not have an estimate of the specific cost. The $63,000 is expected to cover such items as the stipend for the award to the fellow, as well as travel costs. They also anticipate some of the money to go for health insurance benefits, clerical support, Wilson Center administrative costs, office service, telephone, stationary, Xeroxing, publication, and incidental costs associated with the annual lecture and expenses for the special panel incurred in the selection of the Humphrey Fellows.

So the gentleman can see there is a vast number of things that will be covered by this particular amount.

Mr. BEDELL. Mr. Speaker, I suppose the concern I have would be the same as the one indicated by the previous speaker, and that is that the Congress is going to set up this fund in this amount of money and our oversight over that is going to be pretty limited from now on. The Board would spend this money pretty well as it sees fit, at least the return from it. Is that correct or not? Or does the gentleman think that if they are spending $10,000 a year, for instance, to publish a speech which need not necessarily be published, Congress would have any oversight over that?

Mr. NEDZI. Mr. Speaker, I do not think there is any question about oversight. Congress has the power to oversee, and if Congress has the inclination to perform the oversight, they can review a complete report which is submitted by the Woodraw Wilson Center covering all of its income and expenses. Congress has the opportunity for oversight.

That information is going to be there for everyone to see, and certainly the gentleman from Illinois (Mr. YATES) is going to look at this with a fine-tooth comb, if I know him, as he does whenever matters involving the Wilson Center come before him.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. NEDZI. Certainly, I yield to the gentleman from Illinois.

Mr. YATES. Mr. Speaker, as I understand the bill, the appropriation is automatic; the sum of $1 million is set aside in the Treasury?

Mr. NEDZI. Yes. I did not mean to suggest this particular amount came about

by appropriation. The gentleman is quite right.

Mr. YATES. Mr. Speaker, we do review the expenditures and the activities in expending the moneys made available to Woodrow Wilson. However, the $1 million would be deposited in the Treasury to the credit of the Woodrow Wilson Institution, and the sum of approximately $60,000 a year, representing the interest on the $1 million, would be made available to a fellow to cover the expenses that are itemized in the bill, as I understanl it?

Mr. NEDZI. The gentleman is correct.

Mr. YATES. So insofar as the particular operation of this fund is concerned, we would have no supervision over that. We would have a continuing supervision over the expenditures of the Woodraw Wilson Center.

Mr. NEDZI. There is no denying that, but it is hard to believe that the Director of that Center would not be inclined to listen to what the gentleman is saying.

Mr. YATES. There is no question that if the Appropriations Committee wanted to find out about the expenditure of funds in respect to this appropriation, too, it could undertake the appropriate investigation. But ordinarily it would not come up.

Mr. BEDELL. Mr. Speaker will the gentleman yield?

Mr. NEDZI. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Speaker would it be proper, in the report or somehow, to indicate to the Woodrow Wilson fund that we expect them to furnish to the proper Appropriations Committee an accounting on how the money from this fund had been expended in the previous year? We are setting up a fund here where you say there will be oversight, but unless we set up a report, it appears to me Congress will not have oversight.

Mr. NEDZI. I think that is part of the law and the procedures at the present time. Moreover, the gentleman has made some legislative history, which I am sure will not go unnoticed at the Woodrow Wilson Center.

Mr. BEDELL. So it would be expected that they would furnish a detailed report on how this money was spent?

Mr. NEDZI. All money.

Mr. BEDELL. I thank the gentleman.

Mr. NEDZI. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. BAUMAN) is recognized for 20 minutes.

Mr. BAUMAN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I rise in support of H.R. 10392. I note that the bill was reported out of the subcommittee without dissent and alsc reported out of the full Committee on House Administration without conflicting vote.

The unanimous vote of the committee, I hope, is indicative of the spirit in which the House will take up this particular bill. We all know the history and the personality of Senator Humphrey. Many of us knew him personally.

This bill, our committee thought, was a particularly appropriate memorial, because it sets up a specific Wilson fellowship. And under the terms of this particular bill, whoever is the holder of the fellowship will make a significant contribution to political and social thought once a year in a special speech, and will make ongoing contributions through the year.

Our committee thought that this was a particularly good way to honor the memory of Senator Humphrey.

Mr. Speaker, we understand that, although there has been a complaint about the way this thing is funded, there is precedent in the Truman Memorial. We would hope that this bill would be promptly passed by this body.

Mr. SIMON. Mr. Speaker, will my colleague yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. SIMON. I thank the gentleman for yielding.

Mr. Speaker, I would just add that this is a program at the Woodrow Wilson Center in which Senator Humphrey took a great deal of personal interest. So in addition to being a constructive program, I think it is an appropriate tribute we can pay the Senator.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman for that contribution.

It is true that Senator Humphrey was associated with the Wilson Institute during most of its lifetime and was always a strong backer of the Woodrow Wilson Institute.

Mr. BAUMAN. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in opposition to this legislation. Enough is enough. I think the taxpayers of the United States are, frankly, fed up with this kind of giveaway. I just wish there were some way that each one of us in this Chamber could feel the pain of paying the taxes that this is going to cost. This is $1 million of hard-earned money from people in your districts being taken, put back into the Treasury of the United States, appropriately enough, invested in the national debt, and the interest every year is going to be paid to the Woodrow Wilson Institute for the selection of a fellow who will deliver a lecture, maybe teach a few classes and hold a project or two, and get paid $35,000, or $40,000 and all his expenses.

How many of the taxpayers in any Member's district would not jump at an offer like that? They would just love to have it.

Mr. Speaker, we are asking average taxpayers who pay about $4,000 a year in taxes on their incomes, struggling to live, to give their taxes to this project.

Mr. Speaker, if we had not already honored Hubert Humphrey, some would say there might be a reason for this action, an appropriate way in which to honor the man. However, within the last 2 weeks the Congress passed a bill which appropriated $5 million for the University of Minnesota for the exact same purpose, honor Hubert Humphrey. That was on top of the millions of dollars which the University of Minnesota has already received in Federal aid.

How long are we going to use the lamentable death of an American leader as a reason for appropriating more and more money? That, I think, is a question which we have to answer.

Mr. Speaker, I just checked with the gentleman from Illinois. He informs me that the Woodrow Wilson Institute received $1.3 million in appropriations last year. The bill before us grants a second million dollars which will go to finance a fellowship at the Institute.

At some point we have to call a halt to this kind of spending. Perhaps we should honor this man. But we did honor this man already.

Let me share with the Members a little secret. They may remember that when the first $5 million Hubert Humphrey Center appropriation went through the House it was going to go only to the University of Minnesota.

The bill came back from the other body with $2.5 million added to memorialize another American leader, Everett Dirksen, by providing those funds to the Everett Dirksen Library in Pekin, Ill.

I hear this pending bill is going over to the other body where they will add an Everett Dirksen scholarship fund, perhaps, for $500,000, since deceased Republican statesmen only get half as much as deceased Democratic statesmen under these new rules under which Congress operates.

Mr. Speaker, what we are voting for today is not just $1 million, but, perhaps, $1½ million. We ought to call a halt somewhere. Do you really mean it when you go back home and talk to the service clubs and various groups and say that you are against spending and deficits and inflation?

We have already honored Hubert Humphrey. But there must be an end to it. Why you have to use this sort of bill to spend still more money is just beyond belief.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Speaker, I thank my colleague for yielding.

First of all, let me say that I believe the Woodrow Wilson Center renders this Nation outstanding service. It is an internationally important arena for bringing together prominent scholars. However, the purpose of this resolution is to earmark $1 million, for an additional new fellowship at the center in honor of the memory of a great American leader, Hubert H. Humphrey.

If we want to honor the name of former Senator Humphrey at the Woodrow Wilson Center, we could simply call upon the Woodrow Wilson Center to designate one of their present fellows as the Hubert Humphrey fellow.

It is well and good and proper to honor the memory of this distinguished American; but to call upon and require the taxpayers of America to do so again is another matter altogether.

Mr. Speaker, I wrote out my personal check recently and sent it to the Hu-

bert Humphrey Memorial Institute in Minnesota because I did want as an individual to participate in that effort to establish that important institute. It was my desire and my decision and my money. However, it seems to me that this $1 million additional funding added to the $1.3 million appropriation of the Woodrow Wilson Institute is going too far. It is making the taxpayers of America contribute to another memorial beyond the $5 million which was authorized for Humphrey Center at the University of Minnesota. We can honor Senator Humphrey and name a fellowship for his memory at the Woodrow Wilson Center but it does not require a new fund and forced contribution from the taxpayers.

Mr. Speaker, I would like to associate myself with the comments of the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, I thank the gentleman from Georgia (Mr. LEVITAS). He reenforces the point made by the gentleman from Illinois (Mr. YATES) just a moment ago that if honor is the purpose of this legislation, then it could be accomplished at no additional cost, as the gentleman suggests, by the board of directors of the Woodrow Wilson Institute simply setting up a fellowship using the money which the institute is already appropriated from taxpayers' funds.

Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I thank the gentleman for yielding.

I could not agree more with what has just been said.

The public gets a pretty good understanding of what we are doing here. They look at a bunch of politicians taking their hard earned tax money to honor other politicians. We do that all the time. We put politicians' names on dams and on buildings. We take the taxpayers' money and honor the people we want to honor, usually our own kind.

As far as lasting memorials to Senators Humphrey and Dirksen are concerned, I imagine there is a certain number of us who really think that we already have living memorials to them—deficit spending.

I think it takes a lot of courage to say that any of us ought to be memorialized. I think that is the way many taxpayers think.

Mr. Speaker, my only experience with the Woodrow Wilson Institute is that I remember a couple of years ago, when I was running for office, one of their scholars was sending letters out in my district for my opponent.

I am somewhat reminded of what unemployment compensation is. That is the time between two jobs when the Government pays me, and I think sometimes these fellowships are the time between two Government jobs when the Government pays the person again.

In that particular respect I might say that the very discredited Governor of the State of Ohio, John J. Gilligan, is the man in question.

I remember writing to the head of the Woodrow Wilson Institute and saying: "Is this proper for one of your fellows to be sending political letters during a political campaign into my district?"

He wrote back and said that really was not proper, but don't worry about it because his fellowship expires in about 3 months.

That was some degree of satisfaction, and salved the wounds I had, thinking that this was not a political organization. But I think the more we do this type of thing the more we are going to turn these into political organizations. Of course, Mr. Gilligan used the fellowship when he was defeated for the governorship of the State of Ohio, and yet he went to even greener pastures when he became the head of the Agency for International Development, further spending taxpayers' money recklessly.

So I think the public generally knows what we are doing when we take their money and lionize or honor our own people. I do not think that should be done. I think the Taft memorial which stands over here near the Capitol should be the type of dedication and memorial that we should epitomize. That was done by private money, done completely by private money. The argument could be made that it was put on a plot of public land. I have no objections to having private money being spent for a memorial to be placed on public land, but, when we start dipping into the taxpayers time after time and honor the people we want to honor, people we served with, people out of our small circle, that is wrong. I think the American people know precisely what we are doing. I think we should defeat this resolution.

Mr. NEDZI. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, Members of the House, I have listened to the debate, and I think that we have to keep in mind that the Government role in terms of support of education is a very important one. Certainly, the Woodrow Wilson Institute has provided a format which has set a track record which we should support. The Woodrow Wilson Center acquired private contributions, and has made a tremendous contribution because, in essence, the education of the individual to participate in public affairs is most important.

The Hubert Humphrey program designation in this case really will provide a catalyst, a method to enable many people to strive for education for years; to strive for education in an open spirit; Humphrey dedicated his life to the service of the U. S. Government, in both the Senate and, of course, as Vice President.

We certainly believe that this will stimulate a significant contribution to that purpose. We do not seek to limit ideas; we do not seek to limit letter writing or limit thought. The pressure here is to stimulate free thought, democracy, education, and excellence, which he emulated in his life.

I think we would do well to pass on this and make a public contribution, which is so necessary and justified in terms of the type of conscientious service H. H. Humphrey rendered to this Nation.

Mr. NEDZI. Mr. Speaker, I have no further requests for time.

Mr. BAUMAN. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I thank my colleagues for yielding to me.

My understanding is that the Woodrow Wilson International Center for Scholars at the Smithsonian Institute, now receives $1,300,000 a year, which is a substantial amount. Now, this bill (H.R. 10392) almost doubles that amount.

I wonder if the gentleman from Michigan could tell us why in his judgment, was it so necessary to increase this fellowship fund right at this moment, and then call a segment of that trust fund the Hubert Humphrey Memorial?

By the way, I will tell the gentleman that I voted for the $5 million to be sent to the University of Minnesota, which I thought was a more appropriate living memorial to the Senator from Minnesota. That was the particular institution the Senator himself had designated as a place that would be an appropriate living fund.

I served on the Joint Economic Committee with the distinguished senior Senator from Minnesota. I do not understand why we are using this time and place to almost double the authorization to a Woodrow Wilson Memorial Trust Fund by setting up a sort of subtrust fund to Hubert Humphrey. It just does not make much sense. What was the rationale used in the committee other than the actual motivation to say, "Well, we want to do something for the just deceased senior Senator from Minnesota"?

Mr. NEDZI. Let me say to the gentleman, if he will yield, that this whole matter came up before the proposition to authorize the $5 million for the University of Minnesota.

Mr. ROUSSELOT. This bill (H.R. 10392) before us today came up before this House gave the $5 million?

Mr. NEDZI. Yes, that is correct.

Mr. ROUSSELOT. Then is the gentleman telling us if he had known at that time that there would be another $5 million trust fund it might have made a difference?

Mr. NEDZI. I am not telling the gentleman that.

Mr. ROUSSELOT. Is the gentleman telling us the new rationale for this extra $1 million that we seem to have floating around someplace?

Mr. NEDZI. The rationale is that it is going for an excellent purpose within the Woodrow Wilson International Center for Scholars. As has been indicated, the purposes of the two are entirely different. One is a graduate program designed to train individuals in public administration careers. The other one is a postdoctoral program viewed as something akin to awarding of a Nobel Prize to

people who are outstanding in the field of political science.

Mr. ROUSSELOT. Let me ask the gentleman a question. On the $5 million that we just designated for the University of Minnesota as a memorial to Hubert Humphrey, is there no way that somebody can do a doctoral study and can take advantage of the financing at that institution?

Mr. NEDZI. I suppose, and I do not really know the specific conditions under which the authorization was made. The gentleman knows as well as I do what he voted for that time.

Mr. ROUSSELOT. I think it is very natural, especially for our distinguished colleagues from Minnesota who are very much present here today, to want to have some kind of additional designation. My concern is that it is kind of a caboose attachment to a Woodrow Wilson fellowship fund that is already established as a memorial to another distinguished American, Woodrow Wilson. Why do we want to tack onto this as an afterthought something for Senator Humphrey, whom we have already honored by the $5 million we authorized for an institution in public service which he designated himself?

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague, the gentleman from Minnesota, in just a minute. I wanted to hear the rationale of the committee.

Mr. NEDZI. Mr. Speaker, the appropriateness for a program of this sort in the Woodrow Wilson International Center for Scholars has already been alluded to, that Hubert Humphrey was in effect one of the founders of this particular institute.

Mr. ROUSSELOT. Mr. Speaker, I am not sure that answer is very satisfying but I appreciate the gentleman trying to explain why we want to add $1 million more to this Wilson fellowship.

Now I yield to the gentleman from Minnesota (Mr. VENTO), who, I am sure, can make a contribution.

Mr. VENTO. The logic is very good. The Humphrey fellowship at this international center will provide an undergraduate program with a direct grant in scholarship aid, not to individual students, but it would set up some format structures of a program that would be anticipated. This of course provides a basic scholarship fund to an individual.

Mr. ROUSSELOT. In a program already established for a very specific purpose under the name of one of our former Presidents—and that is the confusion we interject into this program.

Mr. VENTO. I think this is an appropriate thing to do. We have a cabinet and an administrative structure already dealing with it. I do not think we need to have another one. I think the logic is very good, that we plug into something already going on and something which has been an obvious success.

So I would encourage the gentleman to support the legislation.

Mr. ROUSSELOT. Mr. Speaker, I think I would say to my colleague that we already did, many of us, support the $5 million that was given to the University of Minnesota. I think this would be more than adequate. I do not think anyone has established that the University of Minnesota is prevented from establishing such a doctorate facility under that program. Therefore I really do not believe that this addition is needed, even though it is named after a very worthy former member of the Senate and a former Vice President of the United States.

Mr. Speaker, I would like to ask the chairman of the subcommittee, the gentleman from Michigan, Mr. NEDZI, a question. I notice in the report that the Treasury objected to the provisions of section 5(d)(2), which, as they said, would allow investment of appropriations to the trust fund.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. ROUSSELOT. Mr. Speaker, I would ask the gentleman if I could have 1 more minute.

Mr. NEDZI. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore. The gentleman from Michigan has 9 minutes remaining.

Mr. NEDZI. Mr. Speaker, I yield 1 minute to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman yielding me this additional time.

As I was saying, it says in the report:

> An appropriation is not a sum of money available for investment, but merely a limitation on obligations to expend which an agency may create during a specific period.

Why did you feel that you would not comply with this one request of the Treasury?

Mr. NEDZI. The feeling was that if you are going to have a prize, in effect, for somebody outstanding in a field of this nature, there should be some certainty that the money to pay the prize or pay the expense connected with it is going to be available. As a result we elected to pursue the same kind of course that was pursued in the case of setting up the Truman fellowships.

Mr. ROUSSELOT. That is an assumption that our Committee on Appropriations would not necessarily respond to the legislative dictates of the House.

Well, I thank the gentleman for yielding. I still believe this is an add-on that is really unnecessary.

Mr. NEDZI. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Speaker, just a brief response to my distinguished colleague, the gentleman from California (Mr. ROUSSELOT).

It is true that we appropriated $5 million for a Minnesota project and that that is an appropriate tribute to the late Senator, but it is also true that he was not just a Minnesota figure, he was a national and an international figure. Here is an opportunity to stretch our minds a little bit and do something that maybe we ought to do anyway by setting aside this money in an unusual kind of situation for an unusual man to pay an unusual tribute to him and, in the process we are all going to be enriched.

Here we are debating $1 million for a tribute that is well spent for the people of this Nation, and for the Woodrow Wilson Center, which Hubert Humphrey had such a great interest in. If it does the kind of a job that I think it will do then I think the gentleman from California (Mr. ROUSSELOT) will come back here one of these years and say to me that it was money well spent. I look forward to that conversation.

Mr. BAUMAN. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, I believe that this measure deserves support. I believe that Hubert Humphrey, notwithstanding the fact that he was an active partisan leader, and, as such, drew as much opposition as he did in support, and drew more votes for his opponent in 1968 than he was able to obtain, that he was really one of the great American political leaders. I think it is most appropriate, as my colleague, the gentleman from Illinois (Mr. SIMON) has pointed out, that we emphasize the great contribution of Hubert Humphrey to our political system. He was a man of great energy. He was a man who provoked thought. He was a man who provoked countereforts, and this is in the finest sense of our political system. I would think that this memorial to Hubert Humphrey is most appropriate. It is a measure that we in good conscience should support this afternoon.

Mr. BAUMAN. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I just want to answer the ambassador from Illinois. The issue here is not Hubert Humphrey or his memory; the issue here is larger than that. The issue is the whole symptomatic problem with the Congress of the United States and the way it spends money without restraint. There is no doubt in my mind that you could think up—the Members of this Chamber—500 ways to memorialize 500 different people spending money for pet projects and worthy causes. We have already memorialized this American leader with a $5 million grant. The issue before us is whether another million dollars—and I understand in Washington that is just "peanuts," to borrow a phrase from downtown—should be spent, but it is still the taxpayers' money. That is the only issue here, and I hope this legislation is defeated.

Mr. NEDZI. Mr. Speaker, just to, I hope, conclude, it is not a million dollars. We are talking about some $63,000 annually.

I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. NEDZI) that the House suspend the rules and pass the bill H.R. 10392.

The question was taken.

Mr. BAUMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XXVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

EXTENSION OF TREASURY FEDERAL RESERVE DRAW AUTHORITY

Mr. MITCHELL of Maryland. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 816) to extend the authority of the Federal Reserve banks to buy and sell certain obligations.

The Clerk read as follows:

H.J. RES. 816

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14(b) of the Federal Reserve Act is amended by striking out "May 1, 1978" and inserting in lieu thereof "May 1, 1979", and by striking out "April 30, 1978" and inserting in lieu thereof "April 30, 1979".

The SPEAKER pro tempore. Is a second demanded?

Mr. HANSEN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. MITCHELL) will be recognized for 20 minutes, and the gentleman from Idaho (Mr. HANSEN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Joint Resolution 816 would extend until April 30, 1979, the authority of the Federal Reserve to purchase U.S. public debt obligations up to a limit of $5 billion from the Treasury on a direct basis. Extensions of this authority have been granted on 21 occasions so far since originally being granted by the Congress in 1942. The authority provides a backstop for Treasury cash in debt operations. It assures that the Treasury will be able to raise cash almost instantaneously in emergencies. It has been described by Assistant Secretary of the Treasury David Mosso as a key element in all of the Treasury's financial planning in a national emergency. The authority has been used on 44 occasions, most recently early last fall for a period of 4 days in an amount of $2.5 billion. Currently the authority does not exist. It expired on April 30, 1978. Prompt action to extend it would appear to be in the public interest. Extension is supported by both the Treasury and the Federal Reserve.

Mr. Speaker, at this point I yield to the distinguished minority member of the subcommittee, the gentleman from Idaho (Mr. HANSEN).

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume. I am not convinced of the necessity or desirability of this authority, and at the same time it has only been used very sparingly in the past and obviously has not been abused. I have therefore not intended to stand in the way of an extension as provided in House Joint Resolution 816. But I have supported the extension only in order that we can this time definitely hold hearings on the Treasury's debt and cash management operations. Such oversight is within the jurisdiction of the Subcommittee on Domestic Monetary Policy, and the chairman of the subcommittee has agreed that there is little sense to our extending, time after time and year after year, without ever stopping for a while to think about what we are doing, especially in the context of overall Treasury operations.

We have, of course, had a Treasury witness before the subcommittee occasionally to talk about this authority, and the last time was April 5 of this year. But this purpose seems to me to ask for a longer extension than we contemplate. And they really say nothing about the impact of this authority on overall Treasury operations, nor, more importantly, on the effect the authority may or may not have on Federal Reserve monetary policy implementation. I asked the Treasury witness on April 5 whether the usefulness or the need for the authority had not diminished by reason of our giving tax and loan account legislation—that was Public Law 95–147—to the Treasury last year. The response I received was completely inadequate and simply showed that the Treasury has not forced itself to do any high-level strategic thinking about its cash and debt management operations.

Now, Mr. Speaker, I think it is long past time when we should require the Treasury to sit down and think about this subject and discuss it with us; and we should put ourselves in touch with the best thinking of responsible academics and financial experts. And we should legislate in this area for the best long-term interest of efficient management of Government finances.

I note, by the way, that the President has recently directed the cash management study, to undertake a comprehensive review in conjunction with the Treasury of cash management policies and practices throughout the executive branch. Our own interest in investigations through hearings is therefore very timely.

So I have asked the chairman of the subcommittee if he would assure us that oversight hearings on Treasury cash and debt management policies, organization, and practices would be held early this year and this has already been agreed to and scheduled.

Since reporting the bill from committee, substantial rumors have come to my attention that there has been some abuse of this authority. Therefore, I have come to the conclusion that, instead of extending this authority and then investigating it, it would be wiser for us to investigate and then extend. Because of that, I have decided to vote against the resolution.

This authority is not a critical item in the Treasury's debt and cash management toolbox, and no great harm will come of permitting it to remain in suspension, at least while the Subcommittee on Domestic Monetary Policy is holding hearings in June on this subject. If, during those hearings, it becomes clear that the authority is of importance, it can be reinstated with little trouble and little loss of time.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I rise in opposition to the extension of this authority, because I think it is unnecessary and also unwise, as my colleague, the gentleman from Idaho, has said.

House Joint Resolution 816 would extend the Treasury Draw Authority from its present expiration date of April 30, 1978, to April 30, 1979. The authority is for the Federal Reserve banks to purchase obligations directly from the Treasury instead of on the open market.

Several of us in the committee believe this extension would be unnecessary and unwise, and we recommend that it be allowed to expire.

The Treasury Draw Authority was first given in 1942, a time in which techniques of cash and debt management were a good deal cruder than those available today, and a period, too, in which the Federal Reserve's open market operations were much more oriented toward supporting Treasury financing. There was so much emphasis on the Fed making sure that the Treasury did not pay too much for its massive borrowings, that it appeared to make little difference to have some of the borrowing done directly, without recourse to the intermediary market. For many years, the authority was routinely extended on a biennial basis. Immediately after the Second World War, the authority was not used. Then it was used occassionally and then very heavily during the Korean War.

Soon thereafter, the authority fell into desuetude, and was used but once from the mid-1950's to the mid-1960's. Since then, the authority has been used relatively frequently—a couple of times a year. And the justification now offered for this authority is that it is a backstop, permitting the Treasury to carry low levels of idle cash without the risk of running short.

Of course, given about a week's notice, the Treasury can raise the cash it needs in the open market. The Draw Authority is supported to be used when there is an unforeseen emergency and there is not time to have recourse to an auction of bills.

We object to the notion that prudent and businesslike cash management has need for this blank check backstop. We suspect that the true reason for the Treasury's request for the authority lies elsewhere, and our suspicions are confirmed by an examination of cash balances maintained by the Treasury over the last several years. Our analysis of figures supplied to us by the Treasury shows that the Treasury carried cash balances at the Federal Reserve from November 1, 1973, to October 31, 1974, that averaged about $2.3 billion daily. In the following 12-month period, those

balances averaged about $3.2 billion, which is not an insignificant difference. The illuminating point is that during the first of these periods the Treasury Draw Authority had lapsed and was inoperative. One would have supposed, then, that the Treasury would have carried higher cash balances during that time and, when the Draw Authority came on line again, would have been able to carry lower balances with safety. In fact, the experience was just the opposite, and permits us to reject the traditional justification given for routine extension of the authority.

A more potent explanation of the Treasury's desire for this authority can be gleaned from looking at its last use, on September 30, 1977. On that day, it became clear that the law which established the temporary public debt ceiling was going to lapse for a few days. The Treasury then borrowed up to the ceiling, using the Draw Authority with the Federal Reserve so as to maximize its cash balances, to tide it over as far as possible until new legislation was signed. In the event, the obligations were liquidated 4 days later.

In this latest instance, the authority was not used in response to some kind of money market condition, or to facilitate an emergency expenditure, but as an end run around the legislative process. The authority clearly was not being used because exceedingly low levels of cash had been carried in the preceding days, but solely in order to stock up to the maximum extent possible to carry the Treasury over the period then ahead of it.

We consider that this was not an entirely legitimate use of the Draw Authority, and the episode in itself is reason for Congress not to extend the authority pending oversight hearings on Treasury cash and debt management policies and techniques. Surely no great harm can come of expiration. In addition to the evidence I mentioned earlier that the Treasury does not carry lower balances in respect of having the authority, there is the simple fact that the authority is not very often used. Congress can easily afford to suspend this peculiar financing technique, thus avoiding its abuse while its fundamental rationale is examined at length.

Finally, I note that President Carter has recently directed that the Federal Cash Management Study, in conjunction with the Treasury Department, undertake a comprehensive review of cash management policies, practices, and organization throughout the executive branch. We thus have an opportunity, for once, to coordinate our oversight activities with executive initiative.

It is a highly appropriate time to study Treasury cash management policies, instead of mindlessly extending and extending and extending them in the face of prima facie evidence of their abuse. House Joint Resolution 816 should be defeated, pending the necessary oversight hearings.

Mr. MITCHELL of Maryland. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me indicate to my distinguished colleague, the gentleman from California (Mr. ROUSSELOT), that I read his dissenting views submitted along with those of the gentleman from New York (Mr. CAPUTO). They were, as usual, meticulously drawn, carefully crafted, and full of logic and dissent.

Let me indicate quite seriously that there is a point to be made in the gentleman's statement and in the statement of the gentleman from Idaho (Mr. HANSEN). On the other hand, it is precisely because of the questions that the gentleman raised that I believe the authorization should be extended for 1 year. The gentleman has admitted that we have taken that step before. As he knows, the Federal Reserve requested an extension until 1981.

Let me indicate to my distinguished colleagues who have raised some question that the subcommittee has already scheduled hearings for late June; I believe the dates are June 26 and 27, or 27 and 28. They will be held no later than that. In those in-depth hearings we will consider the questions raised by my colleagues.

However, I think it would be hasty and premature to let the authority lapse without giving the subcommittee and the full committee an opportunity to explore the questions in depth which the gentleman from California (Mr. ROUSSELOT) has raised on the floor.

So, Mr. Speaker, I urge that we vote for this joint resolution as it is constituted.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's yielding.

Mr. Speaker, let me ask the gentleman this: In the rush to get this authority extended, was the gentleman able to hold any hearings at all on this matter? If he did, how many witnesses testified?

Mr. MITCHELL of Maryland. As I recall, we had 1 witness.

Mr. ROUSSELOT. One witness. Where was that witness from?

Mr. MITCHELL of Maryland. The witness was from the Treasury Department.

Mr. ROUSSELOT. It is natural that the Treasury Department would come up and ask for an extension of authority, is it not?

Mr. MITCHELL of Maryland. Certainly.

Mr. ROUSSELOT. Why did we not think about the justification for extending it for 6 months? I would offer such an amendment if we were able to do so, but we are here on a suspension.

Mr. MITCHELL of Maryland. Mr. Speaker, if the gentleman will permit me to answer, I considered that possibility, but given some strange economic gyrations that have occurred over the last year, I thought it safe to go ahead and extend for 1 year, because of certain unpredictabilities in the economy. Therefore, we did move to extend it for 1 year.

Mr. Speaker, let me assure the gentleman that hearings will take place on this subject in late June.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, I appreciate his assurance that extensive hearings will be held, and I also appreciate the gentleman's efforts to cut down the extension of time. I think those were appropriate.

I note in 1978 up to the present date there has been no use of the authority. I know there was one occasion in 1977 when the authority was utilized.

What leads the gentleman to believe that the authority will be needed during the next 6 months?

Mr. MITCHELL of Maryland. Mr. Speaker, I must answer the gentleman by indicating that no one knew we needed the authority in September of last year, but suddenly it was needed, and we had this backstop there to meet that kind of emergency.

I am not a soothsayer. I cannot predict the economic future of this country. I can say that the authority has been used in the past. It was used last September. So, therefore, I would rather err on the side of caution and extend the authority for 1 year.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, my understanding is that the only time the Treasury found it necessary last year to use the authority was when we did not quite deal with the question of the temporary debt ceiling limit, so they utilized this legisation as a method of getting around that lack of action on our part; is that not true?

Mr. MITCHELL of Maryland. That is quite right.

Mr. ROUSSELOT. So the Treasury has found a way to get around our action or nonaction as it relates to the debt ceiling, which, of course, I object to. I do not believe it was really ever intended for the purpose of circumventing Congress in another action.

So I still believe that if we let this expire there can be no harm done. They have not had to use it this year, and we are going to speak to the issue of the debt ceiling in July. So I believe that the authority is not needed.

Mr. MITCHELL of Maryland. Mr. Speaker, I respect the gentleman's belief and his desire and his real sincere concern in this area. However, I believe the gentleman is wrong, and I would urge that we approve House Joint Resolution 816.

I think it is wise to extend for 1 year to permit us to have hearings in June, and certainly at the end of those hearings, if other legislative action is indicated I can assure my colleagues on that side of the aisle that it will be initiated by the subcommittee.

Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, I rise in support of this resolution. One of the things that persuaded me at the last moment was the comment of my distinguished and good friend, the gentleman from California, in reciting that this law was permitted to lapse in 1973 and 1974. I recall what happened to the interest rates in this country during that period. And when we talk about inflation, there is nothing more inflationary in this country than the spiraling interest rates which people have to pay, which are re-

flected in the price we must pay for everything we buy. And if the Government cannot rely upon the Federal Reserve when needed to fund the necessary debt, obviously, we have to pay increased interest, and if Government bonds are going to yield increased interest, that means all other interest rates are going to increase. That increases the price of homes. It increases the price of goods and services and commodities that are put on the market. For that reason alone I would respectfully urge the Members of this body to support this resolution, in order to give us this additional assurance that the borrowing of the Treasury will not serve to further gyrate the interest rates which the people have to pay in order to borrow the necessary funds for the Government to operate.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ALLEN. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague's yielding.

Mr. Speaker, I would like to point out that this authority primarily was established during World War II when there were substantial needs to borrow from the Federal Reserve Bank by the Treasury because of the exorbitant needs of our wartime effort. Now the war is over and, hopefully, it will remain that way. From 1955 clear down to 1965 the Treasury only used this authority once in all that time. We are not at war. There are far more vehicles and instruments available to the Treasury than there were at that time. And I say to my colleague that this authority just is not needed and really is not an attempt on my part to create an increase in the interest rates that the Treasury has to utilize in the marketplace. But, as the gentleman knows, the cash flow to the Treasury is much greater than it was during those times, even here in peacetime. So I think the proof of history should show we really do not need it.

The gentleman from Maryland has properly guaranteed that there will be extensive and complete hearings. We can come back. I think the suspension method of bringing this bill to the floor disallows the possibility of an amendment to only increase it for 6 months, which I would have been much more willing to support. And so I really do not think that the dangers that the gentleman from Tennessee has properly pointed out are really that present, because we are not at war.

Mr. ALLEN. Mr. Speaker, in response to the gentleman from California (Mr. ROUSSELOT), he makes the point that we are not presently at war. However, we are at war, or should be, against inflation. One of the most potent forces in forcing up prices and inflation is interest rates, as I see it.

We often speak of the wage-and-price spiral; and our noted economists just forget completely how much increased interest rates add to the price of everything we buy, including the taxes which we have to pay to the Government in order to meet the interest payments on our Federal debt.

Mr. Speaker, my distinguished friend, the gentleman from California (Mr. ROUSSELOT), admits in effect, that the authority in the past has not been abused. I do not think that he thinks it is going to be abused during this short extension; and before we extend it for any protracted period, he has been assured that we will have extensive hearings in which he and all others will have opportunity to participate and to hear witnesses. If the authority has not been abused in the past, no one really has any reason to believe that it will be abused in this one year.

Mr. ROUSSELOT. If the gentleman will yield further, Mr. Speaker, my belief was that in September and October it was misused to avoid having to deal with the issue of the debt ceiling increase which we have not acted upon. Therefore, my point is that I think it can be misused; and that is my reason for believing that we should allow this authority to expire.

Mr. ALLEN. Mr. Speaker, quite obviously, again in response to my distinguished friend, if we have a debt ceiling that prevents and does not authorize the Federal Government or the Treasury to issue any additional bonds, there will be no bonds for the Federal Reserve to buy; and a cap on the debt ceiling would take care of that contingency because the only time the Federal Reserve would have any occasion at all to go into the market and buy Federal bonds is when the issuance of those Federal bonds is authorized by the Congress of the United States.

Mr. MITCHELL of Maryland. Mr. Speaker, if the gentleman will yield, let me thank the gentleman from Tennessee (Mr. ALLEN) for his supportive statement. I am in full agreement with the argument that he has raised.

Mr. Speaker, let me just say in conclusion that we have given assurances of timely hearings. We believe it would be premature to close this issue out without timely hearings. Therefore, we would join the gentleman, thanking him for his support, and urge the passage of House Joint Resolution 816.

Mr. ALLEN. Mr. Speaker, I thank the distinguished gentleman from Maryland (Mr. MITCHELL), and I support this joint resolution.

Mr. HANSEN. Mr. Speaker, I yield myself 1 additional minute.

I wish to commend the chairman of the subcommittee, the gentleman from Maryland (Mr. MITCHELL), for his usual thoroughness. However, I regret that I, at this late date, have to oppose this legislation.

Mr. Speaker, I urge the defeat of this joint resolution.

Mr. MITCHELL of Maryland. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore (Mr. BARNARD). The question is on the motion offered by the gentleman from Maryland (Mr. MITCHELL) that the House suspend the rules and pass the joint resolution (H.J. Res. 816).

The question was taken.

Mr. ROUSSELOT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. MITCHELL of Maryland. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on House Joint Resolution 816, just under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 11657; H.R. 10392; and H.J. Res. 816.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in this series.

PACIFIC FISHERIES DEVELOPMENT ACT AUTHORIZATION

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill H.R. 11657, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. LEGGETT) that the House suspend the rules and pass the bill H.R. 11657, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 326, nays 23, present 1, not voting 84, as follows:

[Roll No. 262]

YEAS—326

Abdnor	Bellenson	Burton, Phillip
Addabbo	Bennett	Butler
Akaka	Bevill	Byron
Alexander	Biaggi	Caputo
Allen	Bingham	Carr
Ammerman	Blanchard	Carter
Anderson, Calif.	Blouin	Cederberg
	Boland	Chappell
Anderson, Ill.	Bolling	Chisholm
Andrews, N. Dak.	Bonior	Clay
	Breaux	Cleveland
Annunzio	Brinkley	Coleman
Applegate	Brodhead	Collins, Ill.
Ashbrook	Brooks	Conable
Ashley	Broomfield	Conte
Aspin	Brown, Calif.	Corcoran
AuCoin	Brown, Mich.	Corman
Badham	Brown, Ohio	Cornell
Bafalis	Broyhill	Cornwell
Barnard	Burgener	Cotter
Baucus	Burke, Fla.	Coughlin
Bauman	Burke, Mass.	Cunningham
Beard, R.I.	Burlison, Mo.	D'Amours
Beard, Tenn.	Burton, John	Daniel, Dan

Daniel, R. W.	Kastenmeier	Rangel
Danielson	Kemp	Regula
Davis	Ketchum	Reuss
de la Garza	Keys	Richmond
Delaney	Kildee	Rinaldo
Derrick	Kindness	Risenhoover
Derwinski	Krebs	Roberts
Devine	LaFalce	Robinson
Dickinson	Lagomarsino	Roe
Dingell	Latta	Rogers
Dornan	Leach	Rooney
Downey	Lederer	Rose
Drinan	Leggett	Rostenkowski
Duncan, Oreg.	Lehman	Rousselot
Duncan, Tenn.	Lent	Roybal
Early	Levitas	Ryan
Edwards, Ala.	Lloyd, Calif.	Santini
Edwards, Calif.	Lloyd, Tenn.	Sarasin
Edwards, Okla.	Long, La.	Satterfield
Emery	Long, Md.	Sawyer
English	Lott	Scheuer
Erlenborn	Lundine	Schroeder
Ertel	McClory	Schulze
Evans, Colo.	McCloskey	Sebelius
Evans, Del.	McCormack	Seiberling
Fary	McDade	Sharp
Fascell	McEwen	Shuster
Fenwick	McFall	Sikes
Findley	McHugh	Simon
Fish	McKay	Sisk
Fisher	McKinney	Skelton
Fithian	Madigan	Skubitz
Flippo	Mahon	Slack
Florio	Markey	Smith, Iowa
Flowers	Marks	Smith, Nebr.
Flynt	Marriott	Snyder
Foley	Martin	Solarz
Ford, Mich.	Mathis	Spellman
Ford, Tenn.	Mattox	Spence
Forsythe	Mazzoli	St Germain
Fowler	Metcalfe	Staggers
Frenzel	Meyner	Stangeland
Fuqua	Michel	Stanton
Gaydos	Mikulski	Stark
Gephardt	Milford	Steed
Giaimo	Miller, Ohio	Steers
Gibbons	Mineta	Steiger
Gilman	Mitchell, Md.	Stokes
Ginn	Mitchell, N.Y.	Studds
Goldwater	Moakley	Taylor
Gonzalez	Moffett	Thompson
Gore	Montgomery	Traxler
Gradison	Moore	Treen
Grassley	Moorhead, Calif.	Trible
Green		Tsongas
Guyer	Moorhead, Pa.	Udall
Hagedorn	Murphy, Ill.	Ullman
Hall	Murphy, N.Y.	Van Deerlin
Hamilton	Murphy, Pa.	Vander Jagt
Hammer-schmidt	Murtha	Vanik
	Myers, John	Vento
Hanley	Myers, Michael	Waggonner
Hannaford	Natcher	Walgren
Harkin	Neal	Walsh
Hawkins	Nedzi	Watkins
Hefner	Nichols	Weiss
Heftel	Nolan	Whalen
Hightower	Nowak	Whitehurst
Holland	O'Brien	Whitten
Hollenbeck	Oberstar	Wiggins
Holt	Obey	Wilson, Bob
Holtzman	Ottinger	Wilson, C. H.
Horton	Panetta	Wilson, Tex.
Howard	Patterson	Winn
Hubbard	Pattison	Wirth
Huckaby	Pease	Wolff
Hughes	Pepper	Wright
Ireland	Perkins	Wydler
Jeffords	Pickle	Wylie
Jenkins	Pike	Yates
Jenrette	Poage	Yatron
Johnson, Calif.	Preyer	Young, Alaska
Jones, Okla.	Price	Young, Fla.
Jones, Tenn.	Quillen	Young, Tex.
Jordan	Rahall	Zablocki
Kasten	Railsback	Zeferetti

NAYS—23

Archer	Harris	Motti
Benjamin	Ichord	Myers, Gary
Collins, Tex.	Jacobs	Quayle
Crane	Kelly	Rudd
Edgar	Kostmayer	Symms
Evans, Ind.	McDonald	Volkmer
Glickman	Maguire	Walker
Hansen	Marlenee	

ANSWERED PRESENT—1

Bedell

NOT VOTING—84

Ambro	Fountain	Patten
Andrews, N.C.	Fraser	Pettis
Armstrong	Frey	Pressler
Baldus	Gammage	Pritchard
Boggs	Garcia	Pursell
Bonker	Goodling	Quie
Bowen	Gudger	Rhodes
Brademas	Harrington	Rodino
Breckinridge	Harsha	Roncalio
Buchanan	Heckler	Rosenthal
Burke, Calif.	Hillis	Runnels
Burleson, Tex.	Hyde	Ruppe
Carney	Johnson, Colo.	Russo
Cavanaugh	Jones, N.C.	Shipley
Clausen, Don H.	Kazen	Stockman
	Krueger	Stratton
Clawson, Del	Le Fante	Stump
Cochran	Livingston	Teague
Cohen	Lujan	Thone
Conyers	Luken	Thornton
Dellums	Mann	Tucker
Dent	Meeds	Wampler
Dicks	Mikva	Waxman
Diggs	Miller, Calif.	Weaver
Dodd	Minish	White
Eckhardt	Mollohan	Whitley
Eilberg	Moss	Young, Mo.
Evans, Ga.	Nix	
Flood	Oakar	

The Clerk announced the following pairs:

On this vote:

Mr. Brademas and Mr. Shipley for, with Mr. Stump against.

Until further notice:

Mrs. Boggs with Mr. Andrews of North Carolina.

Mr. Fountain with Mr. Baldus.

Mr. Breckinridge with Mr. Fraser.

Mr. Gammage with Ms. Oakar.

Mrs. Burke of California with Mr. Tucker.

Mr. Young of Missouri with Mrs. Pettis.

Mr. White with Mr. Armstrong.

Mr. Conyers with Mr. Teague.

Mr. Carney with Mr. Lujan.

Mr. Le Fante with Mr. Bonker.

Mr. Kazen with Mr. Mollohan.

Mr. Dellums with Mr. Thornton.

Mr. Eilberg with Mr. Eckhardt.

Mr. Flood with Mr. Evans of Georgia.

Mr. Harrington with Mr. Pressler.

Mr. Rodino with Mr. Luken.

Mr. Rosenthal with Mr. Buchanan.

Mr. Stratton with Mr. Burleson of Texas.

Mr. Waxman with Mr. Don H. Clausen.

Mr. Minish with Mr. Pritchard.

Mr. Nix with Mr. Frey.

Mr. Mann, with Mr. Thone.

Mr. Patten with Mr. Harsha.

Mr. Runnels with Mr. Cavanaugh.

Mr. Russo with Mr. Quie.

Mr. Bowen with Del Clawson.

Mr. Ambro with Mr. Roncalio.

Mr. Dent with Mrs. Heckler.

Mr. Moss with Mr. Cochran of Mississippi.

Mr. Diggs with Mr. Ruppe.

Mr. Meeds with Mr. Hillis.

Mr. Dodd with Mr. Cohen.

Mr. Mikva with Mr. Wampler.

Mr. Krueger with Mr. Weaver.

Mr. Gudger with Mr. Whitley.

Mr. Garcia with Mr. Hyde.

Mr. Jones of North Carolina with Mr. Goodling.

Mr. Miller of California with Mr. Pursell.

Mr. Johnson of Colorado with Mr. Stockman.

Messrs. GLICKMAN, KOSTMAYER, MAGUIRE, ARCHER, and HANSEN changed their vote from "yea" to "nay."

So (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to authorize appropriations to carry out the Central, Western, and South Pacific Fisheries Development Act until the close of fiscal year 1983, and for other purposes."

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b)(3), rule XXVII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on all the additional motions to suspend the rules on which the Chair has postponed further proceedings.

HUBERT H. HUMPHREY FELLOWSHIP AT WOODROW WILSON INTERNATIONAL CENTER

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 10392.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. NEDZI) that the House suspend the rules and pass the bill (H.R. 10392) on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 219, nays 137, not voting 78, as follows:

[Roll No. 263]

YEAS—219

Abdnor	Collins, Ill.	Hanley
Addabbo	Conte	Hannaford
Akaka	Corman	Harkin
Alexander	Cornell	Harrington
Allen	Cotter	Harris
Ammerman	D'Amours	Hawkins
Anderson, Calif.	Danielson	Hefner
	Davis	Heftel
Anderson, Ill.	Delaney	Holland
Andrews, N. Dak.	Derrick	Hollenbeck
	Derwinski	Holtzman
Annunzio	Dingell	Howard
Applegate	Downey	Hughes
Ashley	Drinan	Ireland
Aspin	Duncan, Oreg.	Jeffords
AuCoin	Early	Jenrette
Baucus	Edgar	Johnson, Calif.
Beard, R.I.	Edwards, Calif.	Jordan
Bedell	Emery	Kasten
Beilenson	Evans, Colo.	Kastenmeier
Bennett	Fary	Keys
Biaggi	Fascell	Kildee
Bingham	Fenwick	Kostmayer
Blanchard	Findley	Krebs
Blouin	Fish	LaFalce
Boland	Fisher	Leach
Bolling	Fithian	Lederer
Bonior	Florio	Lehman
Brodhead	Foley	Lloyd, Calif.
Brooks	Ford, Mich.	Long, La.
Broomfield	Ford, Tenn.	Long, Md.
Brown, Calif.	Forsythe	Luken
Burke, Mass.	Frenzel	Lundine
Burlison, Mo.	Gaydos	McClory
Burton, John	Gephardt	McCloskey
Burton, Phillip	Giaimo	McCormack
Caputo	Gibbons	McDade
Carr	Gilman	McFall
Carter	Gonzalez	McHugh
Cederberg	Gore	McKay
Chisholm	Green	McKinney
Clay	Hagedorn	Madigan

Maguire	Pepper	St Germain
Mahon	Perkins	Staggers
Markey	Pickle	Stangeland
Marks	Pike	Stark
Martin	Preyer	Steed
Metcalfe	Price	Steers
Meyner	Pritchard	Steiger
Michel	Rahall	Stokes
Mikulski	Railsback	Studds
Miller, Calif.	Rangel	Thompson
Mineta	Reuss	Traxler
Mitchell, Md.	Richmond	Tsongas
Mitchell, N.Y.	Rinaldo	Udall
Moakley	Roe	Ullman
Moffett	Rogers	Van Deerlin
Moorhead, Pa.	Rooney	Vanik
Murphy, Ill.	Rose	Vento
Murphy, N.Y.	Rostenkowski	Walgren
Murphy, Pa.	Roybal	Weiss
Murtha	Russo	Whalen
Myers, Michael	Ryan	Whitten
Natcher	Santini	Wilson, C. H.
Nedzi	Sarasin	Wilson, Tex.
Nolan	Sawyer	Wirth
Nowak	Scheuer	Wolff
Oberstar	Schroeder	Wright
Obey	Seiberling	Yates
Ottinger	Simon	Young, Mo.
Panetta	Sisk	Young, Tex.
Patterson	Skelton	Zablocki
Pattison	Smith, Iowa	Zeferetti
Pease	Solarz	

NAYS—137

Archer	Fowler	Myers, Gary
Ashbrook	Fuqua	Myers, John
Badham	Ginn	Neal
Bafalis	Glickman	Nichols
Barnard	Goldwater	O'Brien
Bauman	Gradison	Poage
Beard, Tenn.	Grassley	Quayle
Benjamin	Guyer	Quillen
Bevill	Hall	Regula
Breaux	Hamilton	Risenhoover
Brinkley	Hammer-schmidt	Roberts
Brown, Mich.		Robinson
Brown, Ohio	Hansen	Rousselot
Broyhill	Hightower	Rudd
Burgener	Holt	Satterfield
Burke, Fla.	Horton	Schulze
Butler	Hubbard	Sebelius
Byron	Huckaby	Sharp
Chappell	Ichord	Shuster
Clawson, Del	Jacobs	Sikes
Cleveland	Jenkins	Skubitz
Coleman	Jones, Okla.	Slack
Collins, Tex.	Jones, Tenn.	Smith, Nebr.
Conable	Kelly	Snyder
Corcoran	Kemp	Spence
Cornwell	Ketchum	Stanton
Coughlin	Kindness	Symms
Crane	Lagomarsino	Taylor
Cunningham	Latta	Treen
Daniel, Dan	Lent	Trible
Daniel, R. W.	Levitas	Vander Jagt
de la Garza	Lloyd, Tenn.	Volkmer
Devine	Lott	Waggonner
Dickinson	McDonald	Walker
Dornan	McEwen	Walsh
Duncan, Tenn.	Marlenee	Watkins
Edwards, Ala.	Marriott	Whitehurst
Edwards, Okla.	Mathis	Wiggins
English	Mattox	Wilson, Bob
Erlenborn	Mazzoli	Winn
Ertel	Milford	Wydler
Evans, Del.	Miller, Ohio	Wylie
Evans, Ga.	Montgomery	Yatron
Evans, Ind.	Moore	Young, Alaska
Flippo	Moorhead, Calif.	Young, Fla.
Flowers		
Flynt	Motti	

NOT VOTING—78

Ambro	Cochran	Goodling
Andrews, N.C.	Cohen	Gudger
Armstrong	Conyers	Harsha
Baldus	Dellums	Heckler
Boggs	Dent	Hillis
Bonker	Dicks	Hyde
Bowen	Diggs	Johnson, Colo.
Brademas	Dodd	Jones, N.C.
Breckinridge	Eckhardt	Kazen
Buchanan	Eilberg	Krueger
Burke, Calif.	Flood	Le Fante
Burleson, Tex.	Fountain	Leggett
Carney	Fraser	Livingston
Cavanaugh	Frey	Lujan
Clausen, Don H.	Gammage	Mann
	Garcia	Meeds
Mikva	Rhodes	Teague
Minish	Rodino	Thone
Mollohan	Roncalio	Thornton
Moss	Rosenthal	Tucker
Nix	Runnels	Wampler
Oakar	Ruppe	Waxman
Patten	Shipley	Weaver
Pettis	Spellman	White
Pressler	Stockman	Whitley
Pursell	Stratton	
Quie	Stump	

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs and Mrs. Spellman for, with Mr. Stump against.

Until further notice:

Mr. Carney with Mr. Teague.
Mr. Shipley with Mr. Burleson of Texas.
Mr. Brademas with Mr. Garcia.
Mr. Fountain with Mr. Ruppe.
Mr. Patten with Mr. Andrews of North Carolina.
Mr. Kazen with Mr. Cavanaugh.
Mr. Eilberg with Mr. Eckhardt.
Mr. Flood with Mr. Buchanan.
Mr. Dodd with Mr. Mann.
Mr. Meeds with Mr. Gudger.
Mr. Mollohan with Mr. Mikva.
Mr. Moss with Mr. Hyde.
Mr. Nix with Mr. Cochran of Mississippi.
Mr. Rodino with Mrs. Pettis.
Mr. Rosenthal with Mr. Fraser.
Mr. Dellums with Mr. Baldus.
Mr. Conyers with Mr. Leggett.
Mr. Diggs with Mr. Armstrong.
Mr. Minish with Don H. Clausen.
Mr. Mann with Mr. Pursell.
Mr. Le Fante with Mr. Goodling.
Mr. Thornton with Mr. Cohen.
Mr. Waxman with Mr. Frey.
Mr. White with Mr. Lujan.
Mrs. Burke of California with Mr. Runnels.
Mr. Bowen with Mr. Harsha.
Mr. Whitley with Mr. Pressler.
Mr. Ambro with Mr. Quie.
Mr. Dent with Mrs. Heckler.
Mr. Bonker with Mr. Roncalio.
Mr. Gammage with Mr. Hillis.
Mr. Dicks with Mr. Stockman.
Mr. Jones of North Carolina with Mr. Thone.
Mr. Krueger with Mr. Wampler.
Mr. Breckinridge with Mr. Tucker.
Mr. Stratton with Mr. Weaver.

Messrs. MURTHA, HAGEDORN, STANGELAND, and AKAKA changed their vote from "nay" to "yea."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

EXTENSION OF TREASURY FEDERAL RESERVE DRAW AUTHORITY

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the joint resolution (H.J. Res. 816).

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. MITCHELL) that the House suspend the rules and pass the joint resolution (H.J. Res. 816) on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 278, nays 77, not voting 79, as follows:

[Roll No. 264]

YEAS—278

Abdnor	Fowler	Nedzi
Addabbo	Frenzel	Nichols
Akaka	Fuqua	Nolan
Alexander	Gaydos	Nowak
Allen	Gephardt	Oberstar
Ammerman	Giaimo	Obey
Anderson, Calif.	Gibbons	Ottinger
	Gilman	Patten
Anderson, Ill.	Ginn	Patterson
Andrews, N. Dak.	Gonzalez	Pattison
	Gore	Pease
Annunzio	Gradison	Pepper
Applegate	Green	Perkins
Ashley	Hagedorn	Pickle
Aspin	Hall	Pike
AuCoin	Hamilton	Poage
Barnard	Hanley	Preyer
Baucus	Hannaford	Price
Beard, R.I.	Harkin	Pritchard
Bedell	Harrington	Rahall
Bellenson	Harris	Railsback
Benjamin	Hawkins	Rangel
Bennett	Hefner	Regula
Bevill	Heftel	Reuss
Biaggi	Hightower	Richmond
Bingham	Holland	Rinaldo
Blanchard	Hollenbeck	Risenhoover
Blouin	Holtzman	Roberts
Boland	Horton	Roe
Bolling	Howard	Rogers
Bonior	Hubbard	Rooney
Breaux	Huckaby	Rose
Brinkley	Hughes	Rostenkowski
Brodhead	Ichord	Roybal
Brooks	Ireland	Russo
Broomfield	Jacobs	Ryan
Brown, Calif.	Jeffords	Santini
Brown, Mich.	Jenkins	Sarasin
Burgener	Jenrette	Sawyer
Burke, Fla.	Johnson, Calif.	Scheuer
Burke, Mass.	Jones, Okla.	Schroeder
Burlison, Mo.	Jones, Tenn.	Sebelius
Burton, John	Jordan	Seiberling
Burton, Phillip	Kastenmeier	Sharp
Byron	Keys	Sikes
Carr	Kildee	Simon
Carter	Krebs	Sisk
Cederberg	LaFalce	Skelton
Chappell	Leach	Skubitz
Chisholm	Lederer	Slack
Clay	Lehman	Smith, Iowa
Collins, Ill.	Levitas	Solarz
Conable	Lloyd, Calif.	St Germain
Conte	Lloyd, Tenn.	Staggers
Corcoran	Long, La.	Stangeland
Corman	Lott	Stanton
Cornell	Luken	Stark
Cornwell	Lundine	Steed
Cotter	McClory	Steers
Coughlin	McCloskey	Steiger
D'Amours	McCormack	Stokes
Danielson	McDade	Studds
Davis	McEwen	Thompson
de la Garza	McFall	Traxler
Delaney	McHugh	Treen
Derrick	McKay	Tsongas
Derwinski	McKinney	Udall
Dingell	Madigan	Ullman
Downey	Maguire	Van Deerlin
Drinan	Mahon	Vander Jagt
Duncan, Oreg.	Markey	Vanik
Early	Marks	Vento
Edgar	Mattox	Volkmer
Edwards, Ala.	Mazzoli	Waggonner
Edwards, Calif.	Metcalfe	Walgren
Emery	Meyner	Watkins
English	Mikulski	Weiss
Ertel	Milford	Whalen
Evans, Colo.	Miller, Calif.	Whitten
Evans, Del.	Mineta	Wilson, C. H.
Fary	Mitchell, Md.	Wilson, Tex.
Fascell	Moakley	Wirth
Fenwick	Moffett	Wolff
Findley	Montgomery	Wright
Fish	Moorhead, Pa.	Wylie
Fisher	Mottl	Yates
Fithian	Murphy, Ill.	Yatron
Flippo	Murphy, N.Y.	Young, Fla.
Florio	Murphy, Pa.	Young, Mo.
Flowers	Murtha	Young, Tex.
Flynt	Myers, Gary	Zablocki
Foley	Myers, Michael	Zeferetti
Ford, Mich.	Natcher	
Ford, Tenn.	Neal	

NAYS—77

Archer	Goldwater	Myers, John
Ashbrook	Grassley	O'Brien
Badham	Guyer	Panetta
Bafalis	Hammer-schmidt	Quayle
Bauman	Hansen	Quillen
Beard, Tenn.	Holt	Robinson
Brown, Ohio	Kasten	Rousselot
Broyhill	Kelly	Rudd
Butler	Kemp	Satterfield
Caputo	Ketchum	Schulze
Clawson, Del	Kindness	Shuster
Cleveland	Kostmayer	Smith, Nebr.
Coleman	Lagomarsino	Snyder
Collins, Tex.	Latta	Spence
Crane	Lent	Symms
Cunningham	McDonald	Taylor
Daniel, Dan	Marlenee	Trible
Daniel, R. W.	Marriott	Walker
Devine	Martin	Walsh
Dickinson	Mathis	Whitehurst
Dornan	Michel	Wiggins
Duncan, Tenn.	Miller, Ohio	Wilson, Bob
Edwards, Okla.	Mitchell, N.Y.	Winn
Evans, Ga.	Moore	Wydler
Evans, Ind.	Moorhead, Calif.	Young, Alaska
Forsythe		
Glickman		

NOT VOTING—79

Ambro	Flood	Nix
Andrews, N.C.	Fountain	Oakar
Armstrong	Fraser	Pettis
Baldus	Frey	Pressler
Boggs	Gammage	Pursell
Bonker	Garcia	Quie
Bowen	Goodling	Rhodes
Brademas	Gudger	Rodino
Breckinridge	Harsha	Roncalio
Buchanan	Heckler	Rosenthal
Burke, Calif.	Hillis	Runnels
Burleson, Tex.	Hyde	Ruppe
Carney	Johnson, Colo.	Shipley
Cavanaugh	Jones, N.C.	Spellman
Clausen, Don H.	Kazen	Stockman
	Krueger	Stratton
Cochran	Le Fante	Stump
Cohen	Leggett	Teague
Conyers	Livingston	Thone
Dellums	Long, Md.	Thornton
Dent	Lujan	Tucker
Dicks	Mann	Wampler
Diggs	Meeds	Waxman
Dodd	Mikva	Weaver
Eckhardt	Minish	White
Eilberg	Mollohan	Whitley
Erlenborn	Moss	

The Clerk announced the following pairs:

Mr. Le Fante with Mr. Teague.
Mr. Brademas with Mr. Buchanan.
Mrs. Boggs with Mr. Cochran of Mississippi.
Mr. Carney with Mr. Burleson of Texas.
Mr. Eilberg with Mr. Cavanaugh.
Mr. Gammage with Mr. Fraser.
Mrs. Burke of California with Mr. Dent.
Mr. Dodd with Mr. Don H. Clausen.
Mr. Kazen with Mr. Bonker.
Mr. Fountain with Mr. Lujan.
Mr. Mann with Mr. Garcia.
Mr. Ambro with Mr. Runnels.
Mr. Minish with Mr. Leggett.
Mr. Dicks with Mr. Cohen.
Mr. Krueger with Mr. Eckhardt.
Mr. Mikva with Mr. Erlenborn.
Mr. Baldus with Mr. Frey.
Mr. Jones of North Carolina with Mr. Goodling.
Mr. Whitley with Mr. Hillis.
Mr. Breckinridge with Mr. Long of Maryland.
Mr. Meeds with Mrs. Heckler.
Mr. Mollohan with Mr. Hyde.
Mr. Conyers with Mr. Stump.
Mr. Flood with Mr. Harsha.
Mr. Moss with Mr. Stockman.
Mr. Nix with Mr. Waxman.
Mr. Weaver with Mr. Gudger.
Mr. Dellums with Mr. Thornton.
Mr. White with Mr. Thone.
Mr. Stratton with Mr. Wampler.
Mr. Diggs with Mr. Ruppe.
Mrs. Spellman with Mr. Rosenthal.
Mr. Shipley with Mr. Quie.
Mr. Rodino with Mr. Pursell.
Mrs. Oakar with Mr. Roncalio.
Mr. Tucker with Mr. Pressler.

Mr. GLICKMAN changed his vote from "yea" to "nay."

So (two-thirds having voted in favor thereof) the rules were suspended and the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDING THE SOCIAL SECURITY ACT TO IMPROVE THE END STAGE RENAL DISEASE PROGRAM

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8423) to amend titles II and XVIII of the Social Security Act to make improvements in the end stage renal disease program presently authorized under section 226 of that act, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That (a) title II of the Social Security Act is amended by inserting immediately after section 226 the following new section:

"SPECIAL PROVISIONS RELATING TO COVERAGE UNDER MEDICARE PROGRAM FOR END STAGE RENAL DISEASE

"SEC. 226A. (a) Notwithstanding any provision to the contrary in section 226 of title XVIII, every individual who—

"(1)(A) is fully or currently insured (as such terms are defined in section 214 of this Act) or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1974) after December 31, 1936, were included in the term 'employment' as defined in this Act, or (B) is entitled to monthly insurance benefits under title II of this Act or an annuity under the Railroad Retirement Act of 1974, or (C) is the spouse or dependent child (as defined in regulations) of an individual who is fully or currently insured or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1974) after December 31, 1936, were included in the term 'employment' as defined in this Act, or (D) is the spouse or dependent child (as defined in regulations) of an individual entitled to monthly insurance benefits under title II of this Act or an annuity under the Railroad Retirement Act of 1974; and

"(2) is medically determined to have end stage renal disease; and

"(3) has filed an application for benefits under this section,

shall, in accordance with the succeeding provisions of this section, be entitled to benefits under part A and eligible to enroll under part B of title XVIII, subject to the deductible, premium, and coinsurance provisions of that title.

"(b) Subject to subsection (c), entitlement of an individual to benefits under part A and eligibility to enroll under part B of title XVIII by reasons of this section on the basis of end stage renal disease—

"(1) shall begin with—

"(A) the third month after the month in which a regular course of renal dialysis is initiated, or

"(B) the month in which such individual receives a kidney transplant, or (if earlier) the first month in which such individual is admitted as an inpatient to an institution which is a hospital meeting the requirements of section 1861(e) (and such additional requirements as the Secretary may prescribe under section 1881(b) for such institutions) in preparation for or anticipation of kidney transplantation, but only if such transplantation occurs in that month or in either of the next two months,

whichever first occurs (but no earlier than one year preceding the month of the filing of an application for benefits under this section); and

"(2) shall end, in the case of an individual who receives a kidney transplant, with the thirty-sixth month after the month in which such individual receives such transplant or, in the case of an individual who has not received a kidney transplant, and no longer requires a regular course of dialysis, with the twelfth month after the month in which such course of dialysis is terminated.

"(c) Notwithstanding the provisions of subsection (b)—

"(1) in the case of any individual who participates in a self-dialysis training program prior to the third month after the month in which such individual initiates a regular course of renal dialysis in a renal dialysis facility or provider of services meeting the requirements of section 1881(b), entitlement to benefits under part A and eligibility to enroll under part B of title XVIII shall begin with the month in which such regular course of renal dialysis is initiated;

"(2) in any case in which a kidney transplant fails (whether during or after the thirty-six month period specified in subsection (b)(2)) and as a result the individual who received such transplant initiates or resumes a regular course of renal dialysis, entitlement to benefits under part A and eligibility to enroll under part B of title XVIII shall begin with the month in which such course is initiated or resumed; and

"(3) in any case in which a regular course of renal dialysis is resumed subsequent to the termination of an earlier course, entitlement to benefits under part A and eligibility to enroll under part B of title XVIII shall begin with the month in which such regular course of renal dialysis is resumed.".

(b) Section 226 of such Act is amended—

(1) by striking out subsections (e), (f), and (g), and

(2) by redesignating subsections (h) and (i) as subsections (e) and (f), respectively.

SEC. 2. Part C of title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"MEDICARE COVERAGE FOR END STAGE RENAL DISEASE PATIENTS

"SEC. 1881. (a) The benefits provided by parts A and B of this title shall include benefits for individuals who have been determined to have end-stage renal disease as provided in section 226A, and benefits for kidney donors as provided in subsection (d) of this section. Notwithstanding any other provision of this title, the type, duration, and scope of the benefit provided by parts A and B with respect to individuals who have been determined to have end-stage renal disease and who are entitled to such benefits without regard to section 226A shall in no case be less than the type, duration, and scope of the benefits so provided for individuals entitled to such benefits solely by reason of that section.

"(b)(1) Payments under this title with respect to services, in addition to services for which payment would otherwise be made under this title, furnished to individuals who have been determined to have end-stage renal disease shall include (A) payments on

behalf of such individuals to providers of services and renal dialysis facilities which meet such requirements as the Secretary shall by regulation prescribe for institutional dialysis services and supplies (including self-dialysis services in a self-care dialysis unit maintained by the provider or facility), transplantation services, self-care home dialysis support services which are furnished by the provider or facility, and routine professional services performed by a physician during a maintenance dialysis episode if payments for his other professional services furnished to an individual who has end stage renal disease are made on the basis specified in paragraph (3)(A) of this subsection, and (B) payments to or on behalf of such individuals for home dialysis supplies and equipment. The requirements prescribed by the Secretary under subparagraph (A) shall include requirements for a minimum utilization rate for covered procedures and for self-dialysis training programs.

"(2)(A) With respect to payments for dialysis services furnished by providers of services and renal dialysis facilities to individuals determined to have end-stage renal disease for which payments may be made under part B of this title, such payments (unless otherwise provided in this section) shall be equal to 80 percent of the amounts determined in accordance with subparagraph (B); and with respect to payments for services for which payments may be made under part A of this title, the amounts of such payments (which amounts shall not exceed, in respect to costs in procuring organs attributable to payments made to an organ procurement agency or histocompatibility laboratory, the costs incurred by that agency or laboratory) shall be determined in accordance with section 1861(v). Payments shall be made to a renal dialysis facility only if it agrees to accept such payments as payment in full for covered services, except for payment by the individual of 20 percent of the estimated amounts for such services calculated on the basis established by the Secretary under subparagraph (B) and the deductible amount imposed by section 1833(b).

"(B) The Secretary shall prescribe in regulations any methods and procedures to (i) determine the costs incurred by providers of services and renal dialysis facilities in furnishing covered services to individuals determined to have end-stage renal diseases, and (ii) determine, on a cost-related basis or other economical and equitable basis (including any basis authorized under section 1861(v)), the amounts of payments to be made for part B services furnished by such providers and facilities to such individuals. Such regulations shall provide for the implementation of appropriate incentives for encouraging more efficient and effective delivery of services (consistent with quality care), and shall include, to the extent determined feasible by the Secretary, a system for classifying comparable providers and facilities, and prospectively set rates or target rates with arrangements for sharing such reductions in costs as may be attributable to more efficient and effective delivery of services.

"(C) Such regulations, in the case of services furnished by proprietary providers and facilities may include, if the Secretary finds it feasible and appropriate, provision for recognition of a reasonable rate of return on equity capital, providing such rate of return does not exceed the rate of return stipulated in section 1861(v)(1)(B).

"(D) For purposes of section 1878, a renal dialysis facility shall be treated as a provider of services.

"(3) With respect to payments for physicians' services furnished to individuals determined to have end-stage renal disease, the Secretary shall pay 80 percent of the amounts calculated for such services—

"(A) on a reasonable charge basis (but may, in such case, make payment on the basis of the prevailing charges of other physicians for comparable services) except that payment may not be made under this subparagraph for routine services furnished during a maintenance dialysis episode, or

"(B) on a comprehensive monthly fee or other basis for an aggregate of services provided over a period of time (as defined in regulations).

"(4) Pursuant to agreements with approved providers of services and renal dialysis facilities, the Secretary may make payment to such providers and facilities for the cost of home dialysis supplies and equipment and self-care home dialysis support services furnished to patients whose self-care home dialysis is under the direct supervision of such provider or facility, on the basis of a target reimbursement rate (as defined in paragraph (6)).

"(5) An agreement under paragraph (4) shall require that the provider or facility will—

"(A) assume full responsibility for directly obtaining or arranging for the provision of—

"(i) such medically necessary dialysis equipment as is prescribed by the attending physician;

"(ii) dialysis equipment maintenance and repair services;

"(iii) the purchase and delivery of all necessary medical supplies; and

"(iv) where necessary (as determined by the Secretary under regulations), the services of trained home dialysis aides;

"(B) perform all such administrative functions and maintain such information and records as the Secretary may require to verify the transactions and arrangements described in subparagraph (A);

"(C) submit such cost reports, data, and information as the Secretary may require with respect to the costs incurred for equipment, supplies, and services furnished to the facility's home dialysis patient population; and

"(D) provide for full access for the Secretary to all such records, data, and information as he may require to perform his functions under this section.

"(6) The Secretary shall establish, for each calendar year, commencing with January 1, 1979, a target reimbursement rate for home dialysis which shall be adjusted for regional variations in the cost of providing home dialysis. In establishing such a rate, the Secretary shall include—

"(A) the Secretary's estimate of the cost of providing medically necessary home dialysis supplies and equipment;

"(B) an allowance, in an amount determined by the Secretary, to cover the cost of providing personnel to aid in home dialysis; and

"(C) an allowance, in an amount determined by the Secretary, to cover administrative costs and to provide an incentive for the efficient delivery of home dialysis;

but in no event shall such target rate exceed 70 percent of the national average payment, adjusted for regional variations, for maintenance dialysis services furnished in approved providers and facilities during the preceding fiscal year. Any such target rate so established shall be utilized, without renegotiation of the rate, throughout the calendar year for which it is established. During the last quarter of each calendar year, the Secretary shall establish a home dialysis target reimbursement rate for the next calendar year based on the most recent data available to the Secretary at the time. In establishing any rate under this paragraph, the Secretary may utilize a competitive bid procedure, a prenegotiated rate procedure, or any other procedure which the Secretary determines is appropriate and feasible in order to carry out this paragraph in an effective and efficient manner.

"(7) For purposes of this title, the term 'home dialysis supplies and equipment' means medically necessary supplies and equipment (including supportive equipment) required by an individual suffering from end-stage and renal disease in connection with renal dialysis carried out in his home (as defined in regulations), including obtaining, installing, and maintaining such equipment.

"(8) For purposes of this title, the term 'self-care home dialysis support services', to the extent permitted in regulation, means—

"(A) periodic monitoring of the patient's home adaptation, including visits by qualified provider or facility personnel (as defined in regulations), so long as this is done in accordance with a plan prepared and periodically reviewed by a professional team (as defined in regulations) including the individual's physician;

'(B) installation and maintenance of dialysis equipment;

"(C) testing and appropriate treatment of the water; and

"(D) such additional supportive services as the Secretary finds appropriate and desirable.

"(9) For purposes of this title, the term 'self-care dialysis unit' means a renal dialysis facility or a distinct part of such facility or of a provider of services, which has been approved by the Secretary to make self-dialysis services, as defined by the Secretary in regulations, available to individuals who have been trained for self-dialysis. A self-care dialysis unit must, at a minimum, furnish the services, equipment, and supplies needed for self-care dialysis, have patient-staff ratios which are appropriate to self-dialysis (allowing for such appropriate lesser degree of ongoing medical supervision and assistance of ancillary personnel than is required for full care maintenance dialysis), and meet such other requirements as the Secretary may prescribe with respect to the quality and cost-effectiveness of services.

"(c)(1)(A) For the purpose of assuring effective and efficient administration of the benefits provided under this section, the Secretary shall establish, in accordance with such criteria as he finds appropriate, renal disease network areas, such network organizations (including a coordinating council, an executive committee of such council, and a medical review board, for each network area) as he finds necessary to accomplish such purpose, and a national end stage renal disease medical information system. The Secretary may by regulations provide for such coordination of network planning and quality assurance activities and such exchange of data and information among agencies with responsibilities for health planning and quality assurance activities under Federal law as is consistent with the economical and efficient administration of this section and with the responsibilities established for network organizations under this section.

"(B) At least one patient representative shall serve as a member of each coordinating council and executive committee.

"(C) No person—

"(i) with an ownership or control interest (as defined in section 1124(a)(3) in a facility or provider which provides services referred to in section 1861(s)(2)(F) or provides kidney transplants, or

"(ii) who has received remuneration from any such facility or provider in excess of such amounts as constitute reasonable compensation for services or goods supplied to such facility or provider, or

"(iii) who is the spouse, parent, son, daughter, brother, or sister of a person described in clause (i) or (ii) (or who bears such relationship to the spouse of such a person),

shall serve as a member of any network organization.

"(2) The network organizations of each network shall be responsible, in addition to such other duties and functions as may be prescribed by the Secretary, for—

"(A) encouraging, consistent with sound medical practice, the use of those treatment settings most compatible with the successful rehabilitation of the patient;

"(B) developing criteria and standards relating to the quality and appropriateness of patient care; and

"(C) evaluating the procedures by which facilities and providers in the network assess the appropriateness of patients for proposed treatment modalities.

"(d) Notwithstanding any provision to the contrary in section 226, any individual who donates a kidney for transplant surgery shall be entitled to benefits under parts A and B of this title with respect to such donation. Reimbursement for the reasonable expenses incurred by such an individual with respect to a kidney donation shall be made (without regard to the deductible, premium, and coinsurance provisions of this title), in such manner as may be prescribed by the Secretary in regulations, for all reasonable preparatory, operation, and post-operation recovery expenses associated with such donation, including but not limited to the expenses for which payment could be made if he were an eligible individual for purposes of parts A and B of this title without regard to this subsection. Payments for postoperation recovery expenses shall be limited to the actual period of recovery.

"(e)(1) Notwithstanding any other provision of this title, the Secretary may, pursuant to agreements with approved providers of services and renal dialysis facilities, reimburse such providers and facilities (without regard to the deductible and coinsurance provisions of this title) for the reasonable cost of the purchase, installation, maintenance and reconditioning for subsequent use of artificial kidney and automated dialysis peritoneal machines (including supportive equipment) which are to be used exclusively by entitled individuals dialyzing at home.

"(2) An agreement under this subsection shall require that the provider or facility will—

"(A) make the equipment available for use only by entitled individuals dialyzing at home;

"(B) recondition the equipment, as needed, for reuse by such individuals throughout the useful life of the equipment, including modification of the equipment consistent with advances in research and technology;

"(C) provide for full access for the Secretary to all records and information relating to the purchase, maintenance, and use of the equipment; and

"(D) submit such reports, data, and information as the Secretary may require with respect to the cost, management, and use of the equipment.

"(3) For purposes of this section, the term 'supportive equipment' includes blood pumps, heparin pumps, bubble detectors, other alarm systems, and such other items as the Secretary may determine are medically necessary.

"(f)(1) The Secretary shall initiate and carry out, at selected locations in the United States, pilot projects under which financial assistance in the purchase of new or used durable medical equipment for renal dialysis is provided to individuals suffering from end stage renal disease at the time home dialysis is begun, with provision for a trial period to assure successful adaptation to home dialysis before the actual purchase of such equipment.

"(2) The Secretary shall conduct experiments to evaluate methods for reducing the costs of the end stage renal disease program. Such experiments shall include (without being limited to) reimbursement for nurses and dialysis technicians to assist with home dialysis, and reimbursement to family members assisting with home dialysis.

"(3) The Secretary shall conduct experiments to evaluate methods of dietary control for reducing the costs of the end stage renal disease program, including (without being limited to) the use of protein-controlled products to delay the necessity for, or reduce the frequency of, dialysis in the treatment of end stage renal disease.

"(4) The Secretary shall conduct a comprehensive study of methods for increasing public participation in kidney donation and other organ donation programs.

"(5) The Secretary shall conduct a full and complete study of the reimbursement of physicians for services furnished to patients with end stage renal disease under this title, giving particular attention to the range of payments to physicians for such services, the average amounts of such payments, and the number of hours devoted to furnishing such services to patients at home, in renal disease facilities, in hospitals, and elsewhere.

"(6) The Secretary shall conduct a study of the number of patients with end stage renal disease who are not eligible for benefits with respect to such disease under this title (by reason of this section or otherwise), and of the economic impact of such noneligibility of such individuals. Such study shall include consideration of mechanisms whereby governmental and other health plans might be instituted or modified to permit the purchase of actuarially sound coverage for the costs of end stage renal disease.

"(7) The Secretary shall conduct a study of the medical appropriateness and safety of cleaning and reusing dialysis filters by home dialysis patients. In such cases in which the Secretary determines that such home cleaning and reuse of filters is a medically sound procedure, the Secretary shall conduct experiments to evaluate such home cleaning and reuse as a method of reducing the costs of the end stage renal disease program.

"(8) The Secretary shall submit to the Congress no later than October 1, 1979, a full report on the experiments conducted under paragraphs (1), (2), (3), and (7) and the studies under paragraphs (4), (5), (6), and (7). Such report shall include any recommendations for legislative changes which the Secretary finds necessary or desirable as a result of such experiments and studies.

"(g) The Secretary shall submit to the Congress on October 1, 1978, and on October 1 of each year thereafter, a report on the end stage renal disease program, including but not limited to—

"(1) the number of patients, nationally and by renal disease network, on dialysis (self-dialysis or otherwise) at home and in facilities;

"(2) the number of new patients entering dialysis at home and in facilities during the year;

"(3) the number of facilities providing dialysis and the utilization rates of those facilities;

"(4) the number of kidney transplants, by source of donor organ;

"(5) the number of patients awaiting organs for transplant;

"(6) the numer of transplant failures;

"(7) the range of costs of kidney acquisitions, by type of facility and by region;

"(8) the number of facilities providing transplants and the number of transplants performed per facility;

"(9) patient mortality and morbidity rates;

"(10) the average annual cost of hospitalization for ancillary problems in dialysis and transplant patients, and drug costs for transplant patients;

"(11) medicare payment rates for dialysis, transplant procedures, and physician services, along with any changes in such rates during the year and the reasons for those changes;

"(12) the results of cost-saving experiments;

"(13) the results of basic kidney disease research conducted by the Federal Government, private institutions, and foreign governments;

"(14) information on the activities of medical review boards and other network organizations; and

"(15) estimated program costs over the next five years.".

SEC. 3. (a) Section 226(a) of the Social Security Act is amended—

(1) by striking out "specified in subparagraph (B)" and inserting in lieu thereof "specified in paragraph (1)"; and

(2) by striking out "specified in subparagraphs (A) and (B)" and inserting in lieu thereof "specified in paragraphs (1) and (2)".

(b) Paragraphs (2) and (3) of section 226 (e) of such Act (as redesignated by subsection (b)(2) of the first section of this Act) are each amended by striking out "subsection b" and inserting in lieu thereof "subsection (b)".

SEC. 4. (a) Section 1811 of such Act is amended—

(1) by striking out "section 226" and inserting in lieu thereof "sections 226 and 226A";

(2) by striking out "and" at the end of clause (1), and inserting in lieu thereof a comma; and

(3) by inserting immediately before the period the following: ", and (3) certain individuals who do not meet the conditions specified in either clause (1) or (2) but who are medically determined to have end stage renal disease".

(b) Section 1833(a)(1) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (C), and

(2) by adding the following after "and" in clause (D):

"(E) with respect to services furnished to individuals who have been determined to have end stage renal disease, the amounts paid shall be determined subject to the provisions of section 1881, and".

(c) Section 1833(a)(2) of such Act is amended by inserting "(unless otherwise specified in section 1881)" after "other services".

(d) Section 1861(s)(2) of such Act is amended—

(1) by striking out "and" at the end of clause (D),

(2) by inserting "and" at the end of clause (E), and

(3) by adding the following new clause after subclause (E):

"(F) home dialysis suppplies and equipment, self-care home dialysis suport services, and institutional dialysis services and supplies;".

(e) The first sentence of section 1866(a)(2)(A) of such Act is amended by inserting the following before the period: "(but in the case of items and services furnished to individuals with end stage renal disease, an amount equal to 20 percent of the estimated amounts for such items and services calcu-

lated on the basis established by the Secretary)".

(f) Section 1814(b)(1) of such Act is amended by inserting "and as further limited by section 1881(b)(2)(B)" after "1861(v)".

SEC. 5. The third sentence of section 1817 (b) of the Social Security Act, the third sentence of section 1841(b) of such Act, and section 1876(b)(2)(B) of such Act, are each amended by striking out "Commissioner of Social Security" and inserting in lieu thereof "Administrator of the Health Care Financing Administration".

SEC. 6. The amendments made by the preceding sections of this Act shall become effective with respect to services, supplies, and equipment furnished after the third calendar month which begins after the date of the enactment of this Act, except that those amendments providing for the implementation of an incentive reimbursement system for dialysis services furnished in facilities and providers shall become effective with respect to a facility's or provider's first accounting period which begins after the last day of the twelfth month following the month of the enactment of this Act, and those amendments providing for reimbursement rates for home dialysis shall become effective on July 1, 1979.

REIMBURSEMENT FOR SERVICES OF PHYSICIANS PROVIDED IN TEACHING HOSPITALS

SEC. 7. Section 15(d) of Public Law 93-233 (as amended by section 7(c) of Public Law 93-368 and the first section of Public Law 94-368) is amended by striking out "October 1, 1977" and inserting in lieu thereof "October 1, 1978".

TECHNICAL AMENDMENTS TO MECICARE-MEDICAID ANTI-FRAUD AND ABUSE AMENDMENTS

SEC. 8. (a) The first sentence of section 1905(c) of the Social Security Act is amended—

(1) by striking "and (3)" and inserting in lieu thereof "(3)"; and

(2) by striking out the period at the end thereof and inserting in lieu thereof the following ", and (4) meets the requirements of section 1861(j)(14) with respect to protection of patients' personal funds.".

(b) The fourth sentence of section 1905 (c) of such Act is amended by striking out "clauses (2) and (3)" and inserting in lieu thereof "clauses (2), (3), and (4)".

(c) The Secretary of Health, Education, and Welfare shall, by regulation, define those costs which may be charged to the personal funds of patients in intermediate care facilities who are individuals receiving medical assistance under a State plan approved under the provisions of title XIX of the Social Security Act, and those costs which are to be included in the reasonable cost or reasonable charge for intermediate care facility services as determined under the provisions of such title.

(d)(1) The amendments made by subsections (a) and (b) shall become effective on July 1, 1978.

(2) The Secretary of Health, Education, and Welfare shall issue the regulations required under subsection (c) within 90 days after the date of enactment of this Act but not later than July 1, 1978.

(e) Section 20(c)(2) of the Medicare-Medicaid Anti-Fraud and Abuse Amendments (Public Law 95-142) is amended by striking out "section 1905(g)" and inserting in lieu thereof "section 1903(g)".

Mr. ROSTENKOWSKI (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the House amendment to the Senate amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

That (a) title II of the Social Security Act is amended by inserting immediately after section 226 the following new section:

"SPECIAL PROVISIONS RELATING TO COVERAGE UNDER MEDICARE PROGRAM FOR END STAGE RENAL DISEASE

SEC. 226A. (a) Notwithstanding any provision to the contrary in section 226 or title XVIII, every individual who—

"(1)(A) is fully or currently insured (as such terms are defined in section 214 of this Act) or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1974) after December 31, 1936, were included in the term 'employment' as defined in this Act, or (B) is entitled to monthly insurance benefits under title II of this Act or an annuity under the Railroad Retirement Act of 1974, or (C) is the spouse or dependent child (as defined in regulations) of an individual who is fully or currently insured or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1974) after December 31, 1936, were included in the term 'employment' as defined in this Act, or (D) is the spouse or dependent child (as defined in regulations) of an individual entitled to monthly insurance benefits under title II of this Act or an annuity under the Railroad Retirement of 1974;

"(2) is medically determined to have end stage renal disease; and

"(3) has filed an application for benefits under this section;

shall, in accordance with the succeeding provisions of this section, be entitled to benefits under part A and eligible to enroll under part B of title XVIII, subject to the deductible, premium, and coinsurance provisions of that title.

"(b) Subject to subsection (c), entitlement of an individual to benefits under part A and eligibility to enroll under part B of title XVIII by reasons of this section on the basis of end stage renal disease—

"(1) shall begin with—

"(A) the third month after the month in which a regular course of renal dialysis is initiated, or

"(B) the month in which such individual receives a kidney transplant, or (if earlier) the first month in which such individual is admitted as an inpatient to an institution which is a hospital meeting the requirements of section 1861(e) (and such additional requirements as the Secretary may prescribe under section 1881(b) for such institutions) in preparation for or anticipation of kidney transplantation, but only if such transplantation occurs in that month or in either of the next two months,

whichever first occurs (but no earlier than one year preceding the month of the filing of an application for benefits under this section); and

"(2) shall end, in the case of an individual who receives a kidney transplant, with the thirty-sixth month after the month in which such individual receives such transplant or, in the case of an individual who has not received a kidney transplant and no longer requires a regular course of dialysis, with the twelfth month after the month in which such course of dialysis is terminated.

"(c) Notwithstanding the provisions of subsection (b)—

"(1) in the case of any individual who participates in a self-care dialysis training program prior to the third month after the month in which such individual initiates a regular course of renal dialysis in a renal dialysis facility or provider of services meeting the requirements of section 1881(b), entitlement to benefits under part A and eligibility to enroll under part B of title XVIII shall begin with the month in which such regular course of renal dialysis is initiated;

"(2) in any case in which a kidney transplant fails (whether during or after the thirty-six-month period specified in subsection (b)(2)) and as a result the individual who received such transplant intitiates or resumes a regular course of renal dialysis, entitlement to benefits under part A and eligibility to enroll under part B of title XVIII shall begin with the month in which such course is initiated or resumed; and

"(3) in any case in which a regular course of renal dialysis is a resumed subsequent to the termination of an earlier course, entitlement to benefits under part A and eligibility to enroll under part B of title XVIII shall begin with the month in which such regular course of renal dialysis is resumed.".

(b) Section 226 of such Act is amended—

(1) by striking out subsections (e), (f), and (g), and

(2) by redesignating subsections (h) and (i) as subsections (e) and (f), respectively.

SEC. 2. Part C of title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"MEDICARE COVERAGE FOR END STAGE RENAL DISEASE PATIENTS

"SEC. 1881. (a) The benefits provided by parts A and B of this title shall include benefits for individuals who have been determined to have end-stage renal disease as provided in section 226A, and benefits for kidney donors as provided in subsection (d) of this section. Notwithstandnig any other provision of this title, the type, duration, and scope of the benefit provided by parts A and B with respect to individuals who have been determined to have end-stage renal disease and who are entitled to such benefits without regard to sections 226A shall in no case be less than the type, duration, and scope of the benefits so provided for individuals entitled to such benefits solely by reason of that section.

"(b)(1) Payments under this title with respect to services, in addition to services for which payment would otherwise be made under this title, furnished to individuals who have been determined to have end-stage renal disease shall include (A) payments on behalf of such individuals to providers of services and renal dialysis facilities which meet such (requirements as the Secretary shall by regulation prescribe for institutional dialysis services and supplies (including self-dialysis services in a selfcare dialysis unit maintained by the provider or facility), transplantation service, self-care home dialysis support services which are furnished by the provider or facility, and routine professional services performed by a physician during a maintenance dialysis episode if payments for his other professional services furnished to an individual who has end-stage renal disease are made on the basis specified in paragraph (3)(A) of this subsection, and (B) payments to or on behalf of such individuals for home dialysis supplies and equipment. The requirements prescribed by the Secretary under subparagraph (A) shall include requirements for a minimum utilization rate for covered procedures and for self-dialysis training programs.

"(2)(A) With respect to payments for dialysis services furnished by providers of serv-

ices and renal dialysis facilities to individuals determined to have end-stage renal disease for which payments may be made under part B of this title, such payments (unless otherwise provided in this section) shall be equal to 80 percent of the amounts determined in accordance with subparagraph (B); and with respect to payments for services for which payments may be made under part A of this title, the amounts of such payments (which amounts shall not exceed, in respect to costs in procuring organs attributable to payments made to an organ procurement agency or histocompatibility laboratory, the costs incurred by the agency or laboratory) shall be determined in accordance with section 1861(v). Payments shall be made to a renal dialysis facility only if it agrees to accept such payments as payment in full for covered services, except for payment by the individual of 20 percent of the estimated amounts for such services calculated on the basis established by the Secretary under subparagraph (B) and the deductible amount imposed by section 1833(b).

"(B) The Secretary shall prescribe in regulations any methods and procedures to (i) determine the costs incurred by providers of services and renal dialysis facilities in furnishing covered services to individuals determined to have end-stage renal disease, and (ii) determine, on a cost-related basis or other economical and equitable basis (including any basis authorized under section 1861(v)), the amounts of payments to be made for part B services furnished by such providers and facilities to such individuals. Such regulations shall provide for the implementation of appropriate incentives for encouraging more efficient and effective delivery of services (consistent with quality care), and shall include, to the extent determined feasible by the Secretary, a system for classifying comparable providers and facilities, and prospectively set rates or target rates with arrangements for sharing such reductions in costs as may be attributable to more efficient and effective delivery of services.

"(C) Such regulations, in the case of services furnished by proprietary providers and facilities may include, if the Secretary finds it feasible and appropriate, provision for recognition of a reasonable rate of return on equity capital, providing such rate of return does not exceed the rate of return stipulated in section 1861(v)(1)(B).

"(D) For purposes of section 1878, a renal dialysis facility shall be treated as a provider of services.

"(3) With respect to payments for physicians' services furnished to individuals determined to have end-stage renal disease, the Secretary shall pay 80 percent of the amounts calculated for such services—

"(A) on a reasonable charge basis (but may, in such case, make payment on the basis of the prevailing charges of other physicians for comparable services) except that payment may not be made under this subparagraph for routine services furnished during a maintenance dialysis episode, or

"(B) on a comprehensive monthly fee or other basis for an aggregate of services provided over a period of time (as defined in regulations).

"(4) Pursuant to agreements with approved providers of services and renal dialysis facilities, the Secretary may make payments to such providers and facilities for the cost of home dialysis supplies and equipment and self-care home dialysis support services furnished to patients whose self-care home dialysis is under the direct supervision of such provider or facility, on the basis of a target reimbursement rate (as defined in paragraph (6)).

"(5) An agreement under paragraph (4) shall require, in accordance with regulations prescribed by the Secretary, that the provider or facility will—

"(A) assume full responsibility for directly obtaining or arranging for the provision of—

"(i) such medically necessary dialysis equipment as is prescribed by the attending physician;

"(ii) dialysis equipment maintenance and repair services;

"(iii) the purchase and delivery of all necessary medical supplies; and

"(iv) where necessary, the services of trained home dialysis aides;

"(B) perform all such administrative functions and maintain such information and records as the Secretary may require to verify the transactions and arrangements described in subparagraph (A);

"(C) submit such cost reports, data, and information as the Secretary may require with respect to the costs incurred for equipment, supplies, and services furnished to the facility's home dialysis patient population; and

"(D) provide for full access for the Secretary to all such records, data, and information as he may require to perform his functions under this section.

"(6) The Secretary shall establish, for each calendar year, commencing with January 1, 1979, a target reimbursement rate for home dialysis which shall be adjusted for regional variations in the cost of providing home dialysis. In establishing such a rate, the Secretary shall include—

"(A) the Secretary's estimate of the cost of providing medically necessary home dialysis supplies and equipment;

"(B) an allowance, in an amount determined by the Secretary, to cover the cost of providing personnel to aid in home dialysis; and

"(C) an allowance, in an amount determined by the Secretary, to cover administrative costs and to provide an incentive for the efficient delivery of home dialysis;

but in no event shall such target rate exceed 70 percent of the national average payment, adjusted for regional variation, for maintenance dialysis services furnished in approved providers and facilities during the preceding fiscal year. Any such target rate so established shall be utilized, without renegotiation of the rate, throughout the calendar year for which it is established. During the last quarter of each calendar year, the Secretary shall establish a home dialysis target reimbursement rate for the next calendar year based on the most recent data available to the Secretary at the time. In establishing any rate under this paragraph, the Secretary may utilize a competitive-bid procedure, a prenegotiated rate procedure, or any other procedure which the Secretary determines is appropriate and feasible in order to carry out this paragraph in an effective and efficient manner.

"(7) For purposes of this title, the term 'home dialysis supplies and equipment' means medically necessary supplies and equipment (including supportive equipment) required by an individual suffering from end-stage renal disease in connection with renal dialysis carried out in his home (as defined in regulations), including obtaining, installing, and maintaining such equipment.

"(8) For purposes of this title, the term 'self-care home dialysis support services', to the extent permitted in regulation, means—

"(A) periodic monitoring of the patient's home adaptation, including visits by qualified provider or facility personnel (as defined in regulations), so long as this is done in accordance with a plan prepared and periodically reviewed by a professional team (as defined in regulations) including the individual's physician;

"(B) installation and maintenance of dialysis equipment;

"(C) testing and appropriate treatment of of the water; and

"(D) such additional supportive services as the Secretary finds appropriate and desirable.

"(9) For purposes of this title, the term 'self-care dialysis unit' means a renal dialysis facility or a distinct part of such facility or of a provider of services, which has been approved by the Secretary to make self-dialysis services, as defined by the Secretary in regulations, available to individuals who have been trained for self-dialysis. A self-care dialysis unit must, at a minimum, furnish the services, equipment and supplies needed for self-care dialysis, have patient-staff ratios which are appropriate to self-dialysis (allowing for such appropriate lesser degree of ongoing medical supervision and assistance of ancillary personnel than is required for full care maintenance dialysis), and meet such other requirements as the Secretary may prescribe with respect to the quality and cost-effectiveness of services.

"(c)(1)(A) For the purpose of assuring effective and efficient administration of the benefits provided under this section, the Secretary shall establish, in accordance with such criteria as he finds appropriate, renal disease network areas, such network organizations (including a coordinating council, an executive committee of such council, and a medical review board, for each network area) as he finds necessary to accomplish such purpose, and a national end stage renal disease medical information system. The Secretary may by regulations provide for such coordination of network planning and quality assurance activities and such exchange of data and information among agencies with responsibilities for health planning and quality assurance activities under Federal law as is consistent with the economical and efficient administration of this section and with the responsibilities established for network organizations under this section.

"(B) At least one patient representative shall serve as a member of each coordinating council and executive committee.

"(C) The Secretary shall, in regulations, prescribe requirements with respect to membership in network organizations by individuals (i) who have an ownership or control interest in a facility or provider which furnishes services referred to in section 1861(s)(2)(F), or (ii) who have received remuneration from any such facility or provider in excess of such amounts as constitute reasonable compensation for services (including time and effort relative to the provision of professional medical services) or goods supplied to such facility or provider; and such requirements shall provide for the definition, disclosure, and, to the maximum extent consistent with effective administration, prevention of potential or actual financial or professional conflicts of interest with respect to decisions concerning the appropriateness, nature, or site of patient care.

"(2) The network organizations of each network shall be responsible, in addition to such other duties and functions as may be prescribed by the Secretary, for—

"(A) encouraging, consistent with sound medical practice, the use of those treatment settings most compatible with the successful rehabilitation of the patient;

"(B) developing criteria and standards relating to the quality and appropriateness of patient care; and network goals with respect to the placement of patients in self-care settings and undergoing or preparing for transplantation;

"(C) evaluating the procedure by which facilities and providers in the network assess

the appropriateness of patients for proposed treatment modalities;

"(D) identifying facilities and providers that are not cooperating toward meeting network goals and assisting such facilities and providers in developing appropriate plans for correction; and

"(E) submitting an annual report to the Secretary on July 1 of each year which shall include a full statement of the network's goals, data on the network's performance in meeting its goals (including data on the comparative performance of facilities and providers with respect to the identification and placement of suitable candidates in self-care settings and transplantation), identification of those facilities that have consistently failed to cooperate with network goals, and recommendations with respect to the need for additional or alternative services or facilities in the network in order to meet the network goals, including self-dialysis training, transplantation, and organ procurement facilities.

"(3) Where the Secretary determines, on the basis of the data contained in the network's annual report and such other relevant data as may be available to him, that a facility or provider has consistently failed to cooperate with network plans and goals, he may terminate or withhold certification of such facility or provider (for purposes of payment for services furnished to individuals with end stage renal disease) until he determines that such provider or facility is making reasonable and appropriate efforts to cooperate with the network's plans and goals.

"(4) The Secretary shall, in determining whether to certify additional facilities or expansion of existing facilities within a network, take into account the network's goals and performance as reflected in the networks' annual report.

"(5) The Secretary, after consultation with appropriate professional and planning organizations, shall provide such guidelines with respect to the planning and delivery of renal disease services as are necessary to assist network organizations in their development of their respective networks' goals to promote the optimum use of self-dialysis and transplantation by suitable candidates for such modalities.

"(6) It is the intent of the Congress that the maximum practical number of patients who are mentally, socially, and psychologically suitable candidates for home dialysis or transplantation should be so treated. The Secretary shall consult with appropriate professional and network organizations and consider available evidence relating to developments in research, treatment methods, and technology for home dialysis and transplantation. The Secretary shall periodically submit to the Congress such legislative recommendations as the Secretary finds warranted on the basis of such consultation and evidence to further the national objective of maximizing the use of home dialysis and transplantation consistent with good medical practice.

"(d) Notwithstanding any provision to the contrary in section 226 any individual who donates a kidney for transplant surgery shall be entitled to benefits under parts A and B of this title with respect to such donation. Reimbursement for the reasonable expenses incurred by such an individual with respect to a kidney donation shall be made (without regard to the deductible, premium, and coinsurance provisions of this title), in such manner as may be prescribed by the Secretary in regulations, for all reasonable preparatory, operation, and postoperation recovery expenses associated with such donation, including but not limited to the expenses for which payment could be made if he were an eligible individual for purposes of parts A and B of this title without regard to this subsection. Payments for postoperation recovery expenses shall be limited to the actual period of recovery.

"(e)(1) Notwithstanding any other provision of this title, the Secretary may, pursuant to agreements with approved providers of services and renal dialysis facilities, reimburse such providers and facilities (without regard to the deductible and coinsurance provisions of this title) for the reasonable cost of the purchase, installation, maintenance and reconditioning for subsequent use of artificial kidney and automated dialysis peritoneal machines (including supportive equipment) which are to be used exclusively by entitled individuals dialyzing at home.

"(2) An agreement under this subsection shall require that the provider or facility will—

"(A) make the equipment available for use only by entitled individuals dialyzing at home;

"(B) recondition the equipment, as needed, for reuse by such individuals throughout the useful life of the equipment, including modification of the equipment consistent with advances in research and technology;

"(C) provide for full access for the Secretary to all records and information relating to the purchase, maintenance, and use of the equipment; and

"(D) submit such reports, data, and information as the Secretary may require with respect to the cost, management, and use of the equipment.

"(3) For purposes of this section, the term 'supportive equipment' includes blood pumps, heparin pumps, bubble detectors, other alarm systems, and such other items as the Secretary may determine are medically necessary.

"(f)(1) The Secretary shall initiate and carry out, at selected locations in the United States, pilot projects under which financial assistance in the purchase of new or used durable medical equipment for renal dialysis is provided to individuals suffering from end stage renal disease at the time home dialysis is begun, with provision for a trial period to assure successful adaptation to home dialysis before the actual purchase of such equipment.

"(2) The Secretary shall conduct experiments to evaluate methods for reducing the costs of the end stage renal disease program. Such experiments shall include (without being limited to) reimbursement for nurses and dialysis technicians to assist with home dialysis, and reimbursement to family members assisting with home dialysis.

"(3) The Secretary shall conduct experiments to evaluate methods of dietary control for reducing the costs of the end stage renal disease program, including (without being limited to) the use of protein-controlled products to delay the necessity for, or reduce the frequency of, dialysis in the treatment of end stage renal disease.

"(4) The Secretary shall conduct a comprehensive study of methods for increasing public participation in kidney donation and other organ donation programs.

"(5) The Secretary shall conduct a full and complete study of the reimbursement of physicians for services furnished to patients with end stage renal disease under this title, giving particular attention to the range of payments to physicians for such services, the average amounts of such payments, and the number of hours devoted to furnishing such services to patients at home, in renal disease facilities, in hospitals, and elsewhere.

"(6) The Secretary shall conduct a study of the number of patients with end stage renal disease who are not eligible for benefits with respect to such disease under this title (by reason of this section or otherwise), and of the economic impact of such noneligibility of such individuals. Such study shall include consideration of mechanisms whereby governmental and other health plans might be instituted or modified to permit the purchase of actuarially sound coverage for the costs of end stage renal disease.

"(7) The Secretary shall conduct a study of the medical appropriateness and safety of cleaning and reusing dialysis filters by home dialysis patients. In such cases in which the Secretary determines that such home cleaning and reuse of filters is a medically sound procedure, the Secretary shall conduct experiments to evaluate such home cleaning and reuse as a method of reducing the costs of the end-stage renal disease program.

"(8) The Secretary shall submit to the Congress no later than October 1, 1979, a full report on the experiments conducted under paragraphs (1), (2), (3), and (7), and the studies under paragraphs (4), (5), (6), and (7). Such report shall include any recommendations for legislative changes which the Secretary finds necessary or desirable as a result of such experiments and studies.

"(g) The Secretary shall submit to the Congress on April 1, 1979, and April 1 of each year thereafter a report on the end stage renal disease program, including but not limited to—

"(1) the number of patients, nationally and by renal disease network, on dialysis (self-dialysis or otherwise) at home and in facilities;

"(2) the number of new patients entering dialysis at home and in facilities during the year;

"(3) the number of facilities providing dialysis and the utilization rates of those facilities;

"(4) the number of kidney transplants, by source of donor organ;

"(5) the number of patients awaiting organs for transplant;

"(6) the number of transplant failures;

"(7) the range of costs of kidney acquisitions, by type of facility and by region;

"(8) the number of facilities providing transplants and the number of transplants performed per facility;

"(9) patient mortality and morbidity rates;

"(10) the average annual cost of hospitalization for ancillary problems in dialysis and transplant patients, and drug costs for transplant patients;

"(11) medicare payment rates for dialysis, transplant procedures, and physician services, along with any changes in such rates during the year and the reasons for those changes;

"(12) the results of cost-saving experiments;

"(13) the results of basic kidney disease research conducted by the Federal Government, private institutions, and foreign governments;

"(14) information on the activities of medical review boards and other networks organizations; and

"(15) estimated program costs over the next five years.".

SEC. 3. (a) Section 226(a) of the Social Security Act is amended—

(1) by striking out "specified in subparagraph (B)" and inserting in lieu thereof "specified in paragraph (1)"; and

(2) by striking out "specified in subparagraphs (A) and (B)" and inserting in lieu thereof "specified in paragraphs (1) and (2)".

(b) Paragraphs (2) and (3) of section 226 (e) of such Act (as redesignated by subsection (b)(2) of the first section of this Act)

are each amended by striking out "subsection b" and inserting in lieu thereof "subsection (b)".

SEC. 4. (a) Section 1811 of the Social Security Act is amended—

(1) by striking out "section 226" and inserting in lieu thereof "sections 226 and 226A";

(2) by striking out "and" at the end of clause (1), and inserting in lieu thereof a comma; and

(3) by inserting immediately before the period the following: ", and (3) certain individuals who do not meet the conditions specified in either clause (1) or (2) but who are medically determined to have end stage renal disease".

(b) Section 1833(a)(1) of such Act is amended—

(1) by striking out "and" at the end of clause (C), and

(2) by adding the following after "section)," in clause (D): "and (E) with respect to services furnished to individuals who have been determined to have end stage renal disease, the amounts paid shall be determined subject to the provisions of section 1881, and".

(c) Section 1833(a)(2) of such Act is amended by inserting "(unless otherwise specified in section 1881)" after "other services".

(d) Section 1861(s)(2) of such Act is amended—

(1) by striking out "and" at the end of clause (D),

(2) by inserting "and" at the end of clause (E), and

(3) by adding the following new clause after clause (E):

"(F) home dialysis supplies and equipment, self-care home dialysis support services, and institutional dialysis services and supplies;".

(e) The first sentence of section 1866(a)(2)(A) of such Act is amended by inserting the following before the period: "(but in the case of items and services furnished to individuals with end-stage renal disease, an amount equal to 20 percent of the estimated amounts of such items and services calculated on the basis established by the Secretary)".

(f) Section 1814(b)(1) of such Act is amended by inserting "and as further limited by section 1881(b)(2)(B)" after "1861(v)".

SEC. 5. The third sentence of section 1817(b) of the Social Security Act, and the third sentence of section 1841(b) of such Act, and section 1876(b)(2)(B) of such Act, are each amended by striking out "Commissioner of Social Security" and inserting in lieu thereof "Administrator of the Health Care Financing Administration".

SEC. 6. The amendments made by the preceding sections of this Act shall become effective with respect to services, supplies, and equipment furnished after the third calendar month which begins after the date of the enactment of this Act, except that those amendments providing for the implementation of an incentive reimbursement system for dialysis services furnished in facilities and providers shall become effective with respect to a facility's or provider's first accounting period which begins after the last day of the twelfth month following the month of the enactment of this Act, and those amendments providing for reimbursement rates for home dialysis shall become effective on April 1, 1979.

SEC. 7. Section 15(d) of Public Law 93-233 (as amended by section 7(c) of Public Law 93-368 and the first section of Public Law 94-368) is amended by striking out "October 1, 1977" and inserting in lieu thereof "October 1, 1978".

SEC. 8 (a) The first sentence of section 1905(c) of the Social Security Act is amended—

(1) by striking "and (3)" and inserting in lieu thereof "(3)"; and

(2) by striking out the period at the end thereof and inserting in lieu thereof the following ", and (4) meets the requirements of section 1861(j)(14) with respect to protection of patients' personal funds.".

(b) The fourth sentence of section 1905(c) of such Act is amended by striking out "clauses (2) and (3)" and inserting in lieu thereof "clauses (2), (3), and (4)".

(c) The Secretary of Health, Education, and Welfare shall, by regulation, define those costs which may be charged to the personal funds of patients in intermediate care facilities who are individuals receiving medical assistance under a State plan approved under the provisions of title XIX of the Social Security Act, and those costs which are to be included in the reasonable cost or reasonable charge for intermediate care facility services as determined under the provisions of such title.

(d)(1) The amendments made by subsections (a) and (b) shall become effective on July 1, 1978.

(2) The Secretary of Health, Education, and Welfare shall issue the regulations required under subsection (c) within 90 days after the date of enactment of this Act but not later than July 1, 1978.

(e) Section 20(c)(2) of the Medicare-Medicaid Anti-Fraud and Abuse Amendments (Public Law 95-142) is amended by striking out "section 1905(g)" and inserting in lieu thereof "section 1903(g)".

Mr. ROSTENKOWSKI (during the reading). Mr. Speaker, I ask unanimous consent that the House amendment to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. Is there objection to the first request of the gentleman from Illinois?

Mr. DUNCAN of Tennessee. Mr. Speaker, reserving the right to object—and I shall not object—I do so to ask the gentleman from Illinois (Mr. ROSTENKOWSKI) to explain these amendments.

Mr. ROSTENKOWSKI. If the gentleman will yield, Mr. Speaker, as Members know, H.R. 8423, the medicare renal disease bill, was passed by the House on September 12, 1977, and approved by the Senate, with minor amendments, on April 10, 1978. The amendments made by the Senate are essentially technical and drafting changes designed to clarify congressional intent. Thus, the Senate has included amendments to clarify the legislation with respect to patient representation on renal disease network councils and the responsibilities of membership on network organizations.

The Senate-approved bill also includes two minor technical amendments to certain other provisions of the Social Security Act. One amendment would extend to October 1, 1978, the effective date for the implementation of a provision of present law relating to medicare reimbursement for the services of physicians in teaching hospitals. The purpose of this amendment is to provide a brief additional period of time for the Secretary to issue implementing regulations. The second amendment corrects several technical defects in the medicare/medicaid antifraud legislation enacted by the Congress last year. As my distinguished colleague, Chairman ROGERS, will indicate in his statement, the Interstate and Foreign Commerce Committee has no objections to this amendment.

One additional amendment included in the bill as approved by the Senate relates to the statement of congressional intent with respect to the appropriate use of treatment modalities. Here also, the difference is essentially one of language rather than substance. As members will recall, the House bill expressed the intent that optimum use be made of self-dialysis settings and transplantation for suitable patients. Although sharing the House's objective on this point, some concern was expressed about the terminology in the House bill which suggested that a majority of new patients should be referred to these modalities. I believe there is merit in the Senate's contention that this legislation should not attempt to specify any particular proportion. However, I believe that revision of the questionable terminology in the House bill is preferable to the removal of the provision in its entirety. Since there is general agreement on the desirability of including a statement of intent to encourage optimum use, I believe a House amendment which reflects the desired expression of intent, without specifying any proportion of patients, will be acceptable to the Senate and will help considerably to advance the purpose of this legislation.

I, therefore, urge passage of the bill as amended by the Senate with a further amendment by the House that includes a statement of congressional intent to encourage the optimum use of home dialysis and transplantation. This amendment would clarify the intent of both bodies to assure that the network organizations responsible for pursuing this objective do so in accordance with good medical practice and regulations designed to prevent conflicts of interest with respect to the appropriateness, nature, or site of patient care.

Mr. Speaker, I respectfully urge all Members to support the bill as amended. It is my firm conviction that this legislation will significantly improve and strengthen the medicare renal disease program by first improving patient access to alternative treatment methods; second, eliminating financial disincentives to the use of home dialysis; third, providing for the use of a more cost-effective prospective reimbursement method; and fourth, strengthening peer review responsibility for assuring medically proper and efficient delivery of services. Moreover, these improvements will produce cost savings. Both the administration and the Congressional Budget Office estimate substantial annual savings can be expected to result from the enactment of this legislation.

Mr. Speaker, no one disputes the enormous value of the renal disease program. It has made the fruits of medical

research and technology available to thousands of people who might otherwise have been forced to forgo them—at the price of life itself. We are in a position now to improve that program, both in the protection it provides and in the greater degree of cost-effectiveness it can achieve. I urge the House's approval.

Mr. DUNCAN of Tennessee. Mr. Speaker, I would like, first of all, to express my agreement with the remarks of our able subcommittee chairman, and to express my support for H.R. 8423, as amended.

When the House passed this legislation last September, I stated my belief that H.R. 8423 would be an extremely valuable addition to our health legislation; that it is vital for Congress to act to strengthen the end stage renal disease program and make it more cost effective. Today, particularly in view of the continuing escalation of health care costs, I am convinced that my statement still holds true.

H.R. 8423 undoubtedly will provide greater patient access to transplantation and self-care dialysis. Moreover, the savings that will be generated as a result of the use of target reimbursement rates and other incentive methods may be substantial. In this regard, I hope and expect that the Secretary will insure, through regulations, that the quality of care delivered to patients in noninstitutional settings will remain at a high level, and that no facilities will economize at the expense of quality of patient care.

I believe that the language which our subcommittee chairman has suggested, as a responsive house amendment to the bill passed by the Senate, will provide certain modifications to the bill passed by the House that are desirable. For example, the bill as amended would provide for encouraging the optimum use of self-dialysis settings and transplantation, consistent with sound medical practice, thereby clarifying and improving the previous House-passed language.

In conclusion, Mr. Speaker, the passage of H.R. 8423 as amended may be expected to accomplish a great deal for patients in need of renal dialysis and, at the same time, to generate substantial cost savings for all of our taxpayers. I, therefore, urge my colleagues to support this important legislation.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mrs. FENWICK. Mr. Speaker, I reserve the right to object to ask a question.

I am very much concerned about renal dialysis and the treatments needed for those lifesaving procedures. I wonder if there is any way in this bill to include nonprofit installations. Many homes are too small for the machinery, and it is often not practical to have it there. The cost in the hospital is tremendous, and in light of that fact certain nonprofit installations have been set up where these renal dialysis machines are installed, and where the family is instructed in giving the treatment to the patient.

I wondered if this bill would cover and allow for recognition of such nonprofit installations.

Mr. ROSTENKOWSKI. If the gentlewoman will yield, under the provisions of this legislation we are encouraging the use of less expensive forms of dialysis, the thing the gentlewoman is concerned about, and it is in the provisions of this legislation.

Mrs. FENWICK. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. PICKLE. Mr. Speaker, reserving the right to object, I want to commend the gentleman from Illinois, first, for the measure before us.

Renal disease is one of the most agonizing, as well as debilitating, diseases we have. We have learned a great deal about it throughout the country. One of the most agonizing aspects of it is the high cost of the processes, as well as the physical hardship involved.

Having served on the investigation subcommittee previously, we have looked into the problem of how we can reduce these costs, and how we can make the services more easily available. But, no matter what we can do about costs, they remain terribly expensive.

Mr. Speaker, I made this reservation of objection to point out to the Members that there is an institution in Austin, Tex., the Austin Diagnostic Clinic, which is running a series of tests on a new approach to renal dialysis treatment. They have found that by providing home treatment, they can effectively make these treatments and almost cut the cost of treatment in half.

It is a little early to know about this peritoneal process and how the individual can treat himself at home, but we believe we are very close to making a public announcement of achievement. This process has been appearing in some of the national medical magazines.

I simply want to remind the Members we are getting closer to finding better treatment at less expensive cost, and, if so, then we will have done a great service to the American people. Meanwhile the committee deserves our thanks for bringing forth this excellent piece of legislation.

The SPEAKER pro tempore. Is there objection to the first request of the gentleman from Illinois (Mr. ROSTENKOWSKI)?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill H.R. 8423, just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 9400, CIVIL RIGHTS OF INSTITUTIONALIZED PERSONS

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 1150 and ask for its immediate considerations.

The Clerk read the resolution, as follows:

H. RES. 1150

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9400) to authorize actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from California (Mr. DEL CLAWSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1150 provides for the consideration of H.R. 9400 which concerns the civil rights of institutionalized persons. This is an open rule providing 1 hour of general debate to be divided and controlled in the customary manner, and it makes the committee amendment in the nature of a substitute in order to be considered as an original bill for the purpose of amendment. The rule also provides for a motion to recommit with or without instructions.

Mr. Speaker, H.R. 9400 is very important legislation, as it expressly authorizes the Attorney General of the United States to initiate or intervene in civil actions in order to redress patterns of deprivation of civil rights of institutionalized persons, including institutionalized children, prisoners, persons being cared for in our mental health institutions, and the elderly. This legislation clarifies the standing of the United States when there is no underlying Federal statute specifically authorizing intervention by the Attorney General, but it does not change existing law governing the conduct of institutions covered by the bill. I commend my distinguished colleague from Wisconsin, Mr. KASTEN-

MEIER, for his efforts in bringing this bill to the floor.

On numerous occasions in my capacity as chairman of the House Select Committee on Aging, I have been shocked to be advised of gross, inhumane treatment encountered by residents of nursing homes and other State-operated institutions. Our committee has uncovered countless instances in which the rights of patients are infringed, where persons are involuntarily committed or released from institutions without provisions for care, or where such persons live in fear that complaints about inadequate care or attempts to seek better care would inevitably lead to further hardship. Unfortunately, these circumstances have been allowed to persist in many cases because of lack of authority, direction, or will to redress the grievances. This legislation is a strong step toward meeting these problems.

Although our basic civil rights are insured by the bill of rights as an inalienable condition of U.S. citizenship, and by the patients' rights provisions within medicaid and medicare regulations, the protection of these rights has been woefully inadequate. The only remedy at present is a total cutoff of Federal reimbursement—which the Federal Government has been reluctant to undertake if such action would force a home to close.

For these reasons, I was pleased to join Congressman COHEN last year in the introduction of legislation designed to provide for the development and enforcement of standards relating to patient rights, while also permitting patients to become involved in decisions within the institution that affect their own health. I am happy to report that we have been assured of hearings on our legislation at the earliest possible time.

Mr. Speaker, I welcome both these upcoming hearings and the enactment of H.R. 9400. I respectfully urge the adoption of House Resolution 1150 so that we may move to the consideration of this bill.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1150 provides for the consideration of H.R. 9400 which authorizes action on behalf of the civil rights of institutionalized persons. This is an open rule providing 1 hour of general debate with the time equally divided between the chairman and ranking minority member of the Committee on the Judiciary. The committee substitute will be considered as an original bill for the purpose of amendment. After consideration of the bill under the 5-minute rule, any Member may demand a separate vote on any amendment in the House which was adopted in the Committee of the Whole. Finally, one motion to recommit with or without instructions is included in the resolution.

H.R. 9400 gives the Attorney General legal standing to initiate or intervene in civil actions when there is reason to believe that a State-controlled institution such as a mental hospital, prison, nursing home, or juvenile facility may be regularly depriving institutionalized persons of their rights. Further, the Department of Justice is directed to develop standards for the certification of the States' grievance resolution procedures. This authority has been questioned by some and may be an unnecessary and undesirable extension.

Mr. Speaker, the rule has no known opposition to my knowledge, and has been stated as no waivers and is an open rule.

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. I thank the gentleman for yielding.

Mr. Speaker, I would draw to the attention of the House, first, that I have the greatest respect, admiration, and felicity for the august Committee on the Judiciary of the House of Representatives, but it certainly does report its share of bills that ought never to see the light of day, at least in the form in which they are reported, and this is one of them. Admittedly and decidedly, there is not in the report of the committee any more than one set of dissenting views. I forget exactly what the time factor was, but it was one of the inconvenient times when, frankly, some of us on the Committee on the Judiciary did not give enough attention to what could be done by way of providing additional clarification for the other Members of the House. We should have, and I certainly accept the blame along with others for not having submitted additional dissenting views or supplemental views about H.R. 9400.

There was a good bit of debate and consideration in the committee on what is wrong with this bill, and one of the things that was stated in the debate in the full Committee on the Judiciary about this bill was that it was not intended to reach every nursing home. If the Members have had the opportunity to look at the bill, they will see from the definition of "institution" that it does include every nursing home, every institution that provides skilled nursing, intermediate, or long-term care, or custodial or residential care if they are under a contract with the State or local governmental unit.

What we are concerned with in particular in this case is what is this matter of being under a contract, or, to put it another way, what constitutes a contract. We know that a medicare or medicaid patient, a welfare patient, in a nursing home is there under a contractual relationship between that nursing home and either the State or county or local governmental, unit that is administering that part of the welfare system. We know that there is a contractual relationship.

In the committee it was argued strongly that, no, we are not talking about taking in everything like that, and in the report of the committee which was subsequently prepared, of course, it states:

Similarly, if an institution, as defined under paragraph (B) provides services in whole or in part on behalf of or pursuant to a contractual agreement which creates a legal relationship with a state or political subdivision, it is the intent of the committee that action within such institutions which deprive persons of rights be reachable by an Attorney General suit.

That is, it fits under this bill, and it gives the Attorney General of the United States standing to sue a nursing home in your community, if it is technically within a contractual relationship with either a State or local governmental unit. That is one of the things about this bill that needs further consideration. I think it needed further attention in the committee, but I believe the will of the committee was to report a bill that may, indeed, get the Attorney General of the United States into the business of running every nursing home in this country, far beyond the scope of what was really argued in the committee as being the purpose of this bill, but certainly within the scope of what is possible to be interpreted out of this bill and its exact language at this time. There will be amendments offered under the 5-minute rule to attempt to correct that problem.

There are some other things wrong with the bill. It could have the Attorney General of the United States running the jails and prisons of every State and local governmental unit throughout this country, theoretically, if it were to be pressed that far. If the authority given the Attorney General by this bill becomes law, it could go that far. Where are they going to get the personnel and the ability to deal with such problems, and does the Deparment of Justice belong in such a function to begin with?

I suggest we could save ourselves a whole lot of time by defeating this rule and letting the bill either be considered further or in another form by the Committee on the Judiciary, or let it seek its place of respite somewhere between Rules and the House floor.

Mr. WIGGINS. Mr. Speaker, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from California.

Mr. WIGGINS. I thank the gentleman for yielding.

The gentleman correctly observed that there is only one dissenting view in the committee report, and that troubles me as well as the gentleman from Ohio. But I am not nearly as troubled by the dissenting view as I am by the majority statement in the committee report.

I do not know the facts. I will invite the majority to tell me what the truth is, but I believe this committee report was not written by any member of the committee, nor by any staff member of the committee.

I suspect that the committee report was written entirely by the Department of Justice and it construes the powers accorded to the Department of Justice in the broadest possible language in a way to serve purposes contrary to the debate which occurred in the committee. I am very troubled by the sweeping language in the committee report.

Mr. KASTENMEIER. Mr. Speaker, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Speaker, so far what the gentleman from California suggested is not true. I wish to disassociate myself with the implication suggested, as well as the rather twisted remarks, I might say, from the gentleman from Ohio characterizing this bill.

Mr. WIGGINS. Do I understand that I am correct in my belief that the report was written by the Department of Justice?

Mr. Speaker, if the gentleman will yield further, is my statement correct?

Mr. KASTENMEIER. No part was written by the Department of Justice. It was written in its entirety by the committee members and staff.

Mr. WIGGINS. I am comforted to hear that, but I have information to the contrary.

Mr. KASTENMEIER. If the gentleman will yield, I would be interested in the gentleman's sources of information.

Mr. WIGGINS. Mr. Speaker, if the gentleman will yield furthur, I would be happy to amplify my statement as soon as I check out my sources. I am surprised by the statement of the gentleman and I will check it thoroughly.

Mr. KINDNESS. Mr. Speaker, I would add that the language contained in the report in various places, particularly in the paragraph concluding at the top of page 23, speaks entirely opposite to the way in which the debate went in the full committee. Whoever wrote the report certainly was not reflecting the way I observed what went on in the Committee on the Judiciary in that particular regard. I think it is regrettable that the Committee on Rules comes here without the benefit of this controversy having been presented to the Committee on Rules and for that I apologize and for doing it on the time of the Committee on Rules, in effect; and I certainly offer my apologies that the need arises to do it in this particular manner; but I think the House is entitled to the warning that this report, at least in some particulars, reflects very poorly or not at all what occurred by way of interpretation and by way of legislative history in the Judiciary Committee.

● Mr. CORRADA. Mr. Speaker, I rise in support of H.R. 9400.

This is a much needed piece of legislation. It will clarify the status of the Attorney General to intervene in or initiate actions involving the constitutional rights of institutionalized persons. As the committee stated in their report it will give "standing" to the Attorney General to sue in these kind of cases.

It appears that in the absence of specific legislation authorizing suits by the Attorney General, the Justice Department would be unable to initiate suit for redress in cases involving the constitutional rights of institutionalized persons. Presently the Justice Department is able to file "amicus curiae" brief or assume the role of plaintiff intervenor in cases brought by private plaintiff to protect the rights of the institutionalized. They have been doing so since 1971 in a large number of cases. But, this is a limited role. The public interest of this Nation demand and will be best served if the resources of the Department are used more fully and effectively in this type of cases.

The prevailing conditions in the institutions and the difficulties, some inmates may have in bringing suit by themselves, compels Congress to correct this situation by making available to those in need the experience and resources of the Justice Department.

It is my opinion that the argument that this bill is an unconstitutional infringement of State's rights and that it violates the principle of federalism lacks merit. Congress does have and must exercise the power to enact this kind of legislation. Furthermore, I do not believe that the Justice Department suits against States would lessen the confidence that is needed for an effective partnership between the State and the Federal Government.

It has been a commitment of Congress to take care of institutionalized citizens and billions of dollars in Federal funds have been provided to this effect. The State and local governments bear primary responsibility for the day-to-day operations of their institutions. But, it is the Federal Government's responsibility to correct any situation in which constitutional rights have been violated. There is a uniform agreement that thousands continue to be deprived of their most basic human rights. Consequently, an active role by the Justice Department will act as a deterrent to these violations and will encourage the States to take corrective measures.

I support this measure and I urge you to vote in favor of its approval.●

Mr. DEL CLAWSON. Mr. Speaker, I have no further requests for time. I reserve the balance of my time.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. KINDNESS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 320, nays 20, not voting 94, as follows:

[Roll No. 265]

YEAS—320

Abdnor	Badham	Bonior
Addabbo	Bafalis	Breaux
Akaka	Barnard	Brinkley
Alexander	Baucus	Brodhead
Allen	Bauman	Brooks
Ammerman	Beard, R.I.	Broomfield
Anderson, Calif.	Beard, Tenn.	Brown, Calif.
Anderson, Ill.	Bedell	Brown, Mich.
Andrews, N. Dak.	Benjamin	Brown, Ohio
Annunzio	Bennett	Broyhill
Applegate	Bevill	Burgener
Ashley	Biaggi	Burke, Mass.
Aspin	Bingham	Burlison, Mo.
AuCoin	Blanchard	Burton, Phillip
	Blouin	Butler
	Boland	Byron
	Boiling	Caputo
	Bolling	Carr
	Bonker	Carter
	Brademas	Cederberg
	Breckinridge	Chappell
	Brodhead	Chisholm
	Brooks	Clay
	Brown, Calif.	Cleveland
	Brown, Mich.	Coleman
	Brown, Ohio	Collins, Ill.
	Broyhill	Conable
	Burgener	Conte
	Burke, Mass.	Corcoran
	Burlison, Mo.	Cornell
	Burton, Phillip	Cornwell
	Butler	Cotter
	Byron	Coughlin
	Carney	Cunningham
	Carr	D'Amours
	Carter	Daniel, Dan
	Cavanaugh	Daniel, R. W.
	Cederberg	Danielson
	Chappell	de la Garza
	Chisholm	Delaney
	Clausen, Don H.	Dent
	Clay	Derrick
	Cleveland	Derwinski
	Cohen	Devine
	Coleman	Dingell
	Collins, Ill.	Dornan
	Conable	Downey
	Conte	Drinan
	Corcoran	Duncan, Oreg.
	Cornell	Duncan, Tenn.
	Cornwell	Early
	Cotter	Edgar
	Coughlin	Edwards, Ala.
	Cunningham	Edwards, Calif.
	D'Amours	Edwards, Okla.
	Daniel, Dan	Emery
	Daniel, R. W.	English
	Danielson	Erlenborn
	de la Garza	Ertel
	Delaney	Evans, Colo.
	Dent	Evans, Del.
	Derrick	Evans, Ga.
	Derwinski	Evans, Ind.
	Devine	Fary
	Dingell	Fascell
	Dornan	Fenwick
	Downey	Fish
	Drinan	Fisher
	Duncan, Oreg.	Fithian
	Duncan, Tenn.	Flippo
	Early	Flood
	Edgar	Florio
	Edwards, Ala.	Flowers
	Edwards, Calif.	Foley
	Edwards, Okla.	Ford, Mich.
	Emery	Ford, Tenn.
	English	Forsythe
	Erlenborn	Fowler
	Ertel	Frenzel
	Evans, Colo.	Fuqua
	Evans, Del.	Gaydos
	Evans, Ga.	Giaimo
	Evans, Ind.	Gibbons
	Fary	Ginn
	Fascell	Glickman
	Fenwick	Gonzalez
	Fish	Gore
	Fisher	Gradison
	Fithian	Grassley
	Flippo	Green
	Flood	Guyer
	Florio	Hagedorn
	Flowers	Hall
	Foley	Hamilton
	Ford, Mich.	Hammer-schmidt
	Ford, Tenn.	Hanley
	Forsythe	Hannaford
	Fowler	Harkin
	Frenzel	Harrington
	Fuqua	Harris
	Gaydos	Harsha
	Giaimo	Hawkins
	Gibbons	Hefner
	Ginn	Hightower
	Glickman	Holland
	Gonzalez	Hollenbeck
	Gore	Holt
	Gradison	Holtzman
	Grassley	Hubbard
	Green	Huckaby
	Guyer	Hughes
	Hagedorn	Ichord
	Hall	Jacobs
	Hamilton	Jeffords
	Hammer-schmidt	Jenrette
	Hanley	Johnson, Calif.
	Hannaford	Jones, Okla.
	Harkin	Jones, Tenn.
	Harrington	Jordan
	Harris	Kasten
	Harsha	Kastenmeier
	Hawkins	Kelly
	Hefner	Kemp
	Hightower	Ketchum
	Holland	Keys
	Hollenbeck	Kildee
	Holt	Kostmayer
	Holtzman	Krebs
	Hubbard	LaFalce
	Huckaby	Lagomarsino
	Hughes	Leach
	Ichord	Lederer
	Jacobs	Levitas
	Jeffords	Lloyd, Calif.
	Jenrette	Lloyd, Tenn.
	Johnson, Calif.	Long, La.
	Jones, Okla.	Long, Md.
	Jones, Tenn.	Lott
	Jordan	Luken
	Kasten	Lundine
	Kastenmeier	McClory
	Kelly	McCloskey
	Kemp	McCormack
	Ketchum	McDade
	Keys	McEwen
	Kildee	McFall
	Kostmayer	McHugh
	Krebs	McKay
	LaFalce	McKinney
	Lagomarsino	Madigan
	Leach	Maguire
	Lederer	Mahon
	Levitas	Markey
	Lloyd, Calif.	Marlenee
	Lloyd, Tenn.	Marriott
	Long, La.	Martin
	Long, Md.	Mathis
	Lott	Mattox
	Luken	Mazzoli
	Lundine	Metcalfe
	McClory	Meyner
	McCloskey	Michel
	McCormack	Mikulski
	McDade	Mikva
	McEwen	Milford
	McFall	Miller, Calif.
	McHugh	Miller, Ohio
	McKay	Mineta
	McKinney	Mitchell, Md.
	Madigan	Mitchell, N.Y.
	Maguire	Moakley
	Mahon	Moffett
	Markey	Montgomery
	Marlenee	Moore
	Marriott	Moorhead, Calif.
	Martin	Moorhead, Pa.
	Mathis	Mottl
	Mattox	Murphy, Ill.
	Mazzoli	Murphy, N.Y.
	Metcalfe	Murphy, Pa.
	Meyner	Murtha
	Michel	Myers, Gary
	Mikulski	Myers, John
	Mikva	Myers, Michael
	Milford	Natcher
	Miller, Calif.	Neal
	Miller, Ohio	Nedzi
	Mineta	Nichols
	Mitchell, Md.	Nowak
	Mitchell, N.Y.	O'Brien
	Moakley	Oberstar
	Moffett	Obey
	Montgomery	Ottinger
	Moore	Panetta
	Moorhead, Calif.	Patten
	Moorhead, Pa.	Patterson
	Mottl	Pattison
	Murphy, Ill.	Pease
	Murphy, N.Y.	Pepper
	Murphy, Pa.	Perkins
	Murtha	Pickle
	Myers, Gary	Pike
	Myers, John	Preyer
	Myers, Michael	Price
	Natcher	Pritchard
	Neal	Quayle
	Nedzi	Rahall
	Nichols	Railsback
	Nowak	Rangel
	O'Brien	Regula
	Oberstar	Reuss
	Obey	Richmond
	Ottinger	Rinaldo
	Panetta	Risenhoover
	Patten	Roberts
	Patterson	Robinson
	Pattison	Roe
	Pease	Rogers
	Pepper	Rooney
	Perkins	Rose
	Pickle	Rosenthal
	Pike	Rostenkowski
	Preyer	Roybal
	Price	Rudd
	Pritchard	Russo
	Quayle	Ryan
	Rahall	Santini
	Railsback	Sarasin
	Rangel	Scheuer
	Regula	Schroeder
	Reuss	Schulze
	Richmond	Sebelius
	Rinaldo	Seiberling
	Risenhoover	Sharp
	Roberts	Sikes
	Robinson	Simon
	Roe	Skubitz
	Rogers	Slack
	Rooney	Smith, Iowa
	Rose	Smith, Nebr.
	Rosenthal	Snyder
	Rostenkowski	Spellman
	Roybal	Spence
	Rudd	St Germain
	Russo	Staggers
	Ryan	Stangeland
	Santini	Stanton
	Sarasin	Stark
	Scheuer	Steed
	Schroeder	Steers
	Schulze	Steiger
	Sebelius	Stokes
	Seiberling	Stratton
	Sharp	Studds
	Sikes	Taylor
	Simon	Thompson
	Skubitz	Traxler
	Slack	Treen
	Smith, Iowa	Trible
	Smith, Nebr.	Tsongas
	Snyder	Udall
	Spellman	Ullman
	Spence	Van Deerlin
	St Germain	Vander Jagt
	Staggers	Vanik
	Stangeland	Vento
	Stanton	Volkmer
	Stark	Walgren
	Steed	Walker
	Steers	Walsh
	Steiger	Watkins
	Stokes	Whalen
	Stratton	Whitehurst
	Studds	Whitten
	Taylor	Wiggins
	Thompson	Wilson, Bob
	Traxler	Wilson, Tex.
	Treen	Winn
	Trible	Wirth
	Tsongas	Wright
	Udall	Wydler
	Ullman	Wylie
	Van Deerlin	Yates
	Vander Jagt	Yatron
	Vanik	Young, Alaska
	Vento	Young, Fla.
	Volkmer	Young, Mo.
	Walgren	Young, Tex.
	Walker	Zablocki
	Walsh	Zeferetti
	Watkins	
	Whalen	
	Whitehurst	
	Whitten	
	Wiggins	
	Wilson, Bob	
	Wilson, Tex.	
	Winn	
	Wirth	
	Wright	
	Wydler	
	Wylie	
	Yates	
	Yatron	
	Young, Alaska	
	Young, Fla.	
	Young, Mo.	
	Young, Tex.	
	Zablocki	
	Zeferetti	

NAYS—20

Archer	Hansen	Satterfield
Ashbrook	Kindness	Sawyer
Clawson, Del	Latta	Shuster
Collins, Tex.	McDonald	Skelton
Crane	Poage	Symms
Dickinson	Quillen	Waggonner
Flynt	Rousselot	

NOT VOTING—94

Ambro	Fountain	Mollohan
Andrews, N.C.	Fraser	Moss
Armstrong	Frey	Nix
Baldus	Gammage	Nolan
Bellenson	Garcia	Oakar
Boggs	Gephardt	Pettis
Bolling	Gilman	Pressler
Bonker	Goldwater	Pursell
Bowen	Goodling	Quie
Brademas	Gudger	Rhodes
Breckinridge	Heckler	Rodino
Buchanan	Heftel	Roncalio
Burke, Calif.	Hillis	Runnels
Burke, Fla.	Horton	Ruppe
Burleson, Tex.	Howard	Shipley
Burton, John	Hyde	Sisk
Carney	Ireland	Solarz
Cavanaugh	Jenkins	Stockman
Clausen, Don H.	Johnson, Colo.	Stump
	Jones, N.C.	Teague
Cochran	Kazen	Thone
Cohen	Krueger	Thornton
Conyers	Le Fante	Tucker
Corman	Leggett	Wampler
Davis	Lehman	Waxman
Dellums	Lent	Weaver
Dicks	Livingston	Weiss
Diggs	Lujan	White
Dodd	Mann	Whitley
Eckhardt	Marks	Wilson, C. H.
Eilberg	Meeds	Wolff
Findley	Minish	

The Clerk announced the following pairs:

Mr. Le Fante with Mr. Findley.
Mrs. Boggs with Mr. Burleson of Texas.
Mr. Gammage with Mr. Andrews of North Carolina.
Mr. Howard with Mr. Frey.
Mr. Brademas with Mr. Cohen.
Mr. Carney with Mr. Gephardt.
Mr. Corman with Mr. Marks.
Mr. Davis with Mrs. Heckler.
Mr. Dodd with Mr. Jenkins.
Mr. Eilberg with Mr. Dellums.
Mr. Fountain with Mr. Bonker.
Mr. Ireland with Mr. Burke of Florida.
Mr. Conyers with Mr. Krueger.
Mr. Breckinridge with Mr. Gilman.
Mr. Kazen with Mr. Cavanaugh.
Mr. Minish with Mr. Hillis.
Mr. Mollohan with Mr. Armstrong.
Mr. Fish with Mr. Horton.
Mr. Shipley with Mr. Buchanan.
Mr. Nix with Mr. Goldwater.
Mr. Moss with Mr. Don H. Clausen.
Mr. Nolan with Mr. Jones of North Carolina.
Mr. Meeds with Mr. Whitley.
Mr. Heftel with Mr. Mann.
Mr. Gudger with Mr. Goodling.
Mr. Garcia with Mr. Lujan.
Mr. Fraser with Mr. Cochran of Mississippi.
Mr. Bellenson with Mr. Lehman.
Mr. Baldus with Mr. Hyde.
Mr. Ambro with Mr. Lent.
Mr. John Burton with Mr. Wolff.
Mr. Dicks with Mr. Weiss.
Mr. Diggs with Mr. Ruppe.
Mr. Eckhardt with Mr. Runnels.
Mr. Bowen with Mr. Roncalio.
Mrs. Burke of California with Mr. Quie.
Ms. Oakar with Mr. Leggett.
Mr. Charles H. Wilson of California with Mrs. Pettis.
Mr. White with Mr. Pressler.
Mr. Weaver with Mr. Wampler.
Mr. Waxman with Mr. Solarz.
Mr. Stump with Mr. Teague.
Mr. Thornton with Mr. Thone.
Mr. Tucker with Mr. Stockman.
Mr. Rodino with Mr. Pursell.

Mr. GONZALEZ changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 6782, EMERGENCY AGRICULTURAL ACT OF 1978

Mr. FOLEY submitted the following conference report and statement on the bill (H.R. 6782) to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion":

CONFERENCE REPORT (H. REPT. NO. 95-1103)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6782) to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion, having met, after full and free conference, have agreed to recommend and do recommend to other respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Emergency Agricultural Act of 1978".

TITLE I—PRICE SUPPORT FOR PRODUCERS OF WHEAT, FEED GRAINS, AND UPLAND COTTON

SEC. 101. Section 1001 of the Food and Agriculture Act of 1977 is amended by inserting "(a)" after the section designation and adding a new subsection (b) as follows:

"(b) Notwithstanding any other provision of law, whenever a set-aside is in effect for one or more of the 1978 through 1981 crops of wheat, feed grains, and upland cotton, the Secretary may increase the established price for any such commodity by the amount the Secretary determines appropriate to compensate producers for participation in such set-aside. In determining the amount of any such increase, the Secretary shall take into account changes in the cost of production resulting from participation in the set-aside involved. If the established price is increased for any commodity for which a set-aside is in effect, the Secretary may increase the established price for any other commodity in such amount as the Secretary determines necessary for effective operation of the program. The Secretary shall adjust any increase in the established price to reflect, in whole or in part, any land diversion payments for the crop for which an increase is determined.".

SEC. 102. Effective only with respect to the 1978 through 1981 crops of upland cotton, section 103(f) of the Agricultural Act of 1949 is amended by striking out the first sentence of paragraph (1) and inserting in lieu thereof the following: "The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1978 through 1981 crops of upland cotton to cooperators nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (ii) 90 percent of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest priced growths of the growths quoted for Strict Middling one and one-sixteenth inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average Northern Europe price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9)); *Provided*, That in no event shall such loan level be less than 48 cents per pound. If for any crop the average Northern Europe price determined under clause (ii) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (i) of the first sentence of this paragraph, the Secretary may, notwithstanding the foregoing provisions of this paragraph, increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (i) of the first sentence of this paragraph.".

SEC. 103. Sections 101 and 102 of this title shall become effective October 1, 1978, and any producers who, prior to such date, receive loans and payments on the 1978 crop of the commodity as computed under the Agricultural Act of 1949, as amended by the Food and Agricultural Act of 1949, as amended by the Food and Agricultural Act of 1977, may elect after September 30, 1978, to receive loans and payments as computed under this title.

TITLE II—AGRICULTURAL COMMODITIES UTILIZATION PROGRAM

SEC. 201. Title I of the Agricultural Act of 1949 is amended by adding at the end thereof a new section 112 as follows:

"AGRICULTURAL COMMODITIES UTILIZATION PROGRAM

"SEC. 112. Notwithstanding any other provision of this Act—

"(a) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage set aside or diverted from the production of a commodity for any crop year under this title to be devoted to the production of any commodity (other than the commodities for which acreage is being set-aside or diverted) for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel, if the Secretary determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

"(b)(1) During any year in which there is no set-aside or diversion of acreage under this title, the Secretary may formulate and administer a program for the production, subject to such terms and conditions as the Secretary may prescribe, of commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel, if the Secretary determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income. Under the program, producers of wheat, feed grains, upland cotton, and rice shall be paid incentive payments to devote a portion of their acreage to the production of commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel.

"(2) The payments under this subsection shall be at such rate or rates as the Secretary determines to be fair and reasonable, taking into consideration the participation necessary to ensure an adequate supply of the agricultural commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuels.

"(3) The Secretary may issue such regulations as the Secretary deems necessary to carry out the provisions of this subsection.

"(4) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.

"(5) The provisions of this subsection shall become effective October 1, 1978.".

TITLE III—INCREASE IN THE BORROWING AUTHORITY OF THE COMMODITY CREDIT CORPORATION

SEC. 301. (a) Section 4(i) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(i)) is amended by striking out "$14,500,000,000" and inserting in lieu thereof "$25,000,000,000".

(b) Section 4 of the Act of March 8, 1938 (15 U.S.C. 713a–4), is amended by striking out "$14,500,000,000" and inserting in lieu thereof "$25,000,000,000".

(c) The increase in the borrowing authority of the Commodity Credit Corporation made by this section shall be effective only to the extent provided in appropriation Acts.

(d) The provisions of this section shall become effective October 1, 1978.

TITLE IV—RAISIN MARKETING ORDERS

SEC. 401. (a) Effective October 1, 1978, section 8c(6)(I) of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by—

(1) inserting "raisins," after "apples,"; and

(2) inserting "raisins," after "with respect to almonds".

(b) Within a period of sixty days following the second anniversary of the implementation of this section, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that shall describe in detail how this section has been implemented including, but not limited to, information as to the issuance or amendment of any affected order, the annual amount of assessments collected, in the aggregate and by size and class of handler, the manner in which such assessments were collected, the amount of direct expenditures credited against the pro rata expense assessment obligations of each handler, and the purpose to which such assessments and such direct expenditures of each such handler were devoted.

And the Senate agrees to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the amendment of the Senate, amend the title to read as follows: "An Act to provide emergency assistance to producers of wheat, feed grains, and upland cotton, and for other purposes."

And the Senate agree to the same.

THOMAS S. FOLEY,
W. R. POAGE,
E DE LA GARZA,
WALTER B. JONES,
ED JONES,
DAWSON MATHIS,
DAVID R. BOWEN,
CHARLIE ROSE,
FRED RICHMOND,
Managers on the Part of the House.

HERMAN E. TALMADGE,
JAMES O. EASTLAND,
GEORGE MCGOVERN,
JAMES B. ALLEN,
WALTER D. HUDDLESTON,
BOB DOLE,
MILTON R. YOUNG,
CARL T. CURTIS,
Managers on the Part of the Senate.

JOINT EXPLORATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the further conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6782) to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text. The committee of conference recommends a substitute for both the House bill and the Senate amendment.

Except for clarifying, clerical, and necessary conforming changes, the differences between the two Houses and the adjustments made in the committee of conference are noted below.

(1) RAISIN MARKETING ORDERS

Except for technical and conforming changes, title VI of the *Senate* amendment is identical to the text of the *House bill.*

The *Conference* substitute adopts the *House* provision with the technical and conforming changes made by the *Senate* amendment.

(2) SHORT TITLE

The first section of the *Senate* amendment provides that the bill may be cited as the "Emergency Agricultural Act of 1978".

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) ADDITIONAL SET-ASIDE PROGRAMS FOR THE 1978 CROPS OF WHEAT, FEED GRAINS, UPLAND COTTON, AND SOYBEANS

Title I of the *Senate* amendment requires the Secretary of Agriculture to formulate additional set-aside programs for the 1978 crop year under which producers electing to participate would be paid for diverting cropland from the production of wheat, feed grains (corn, grain sorghums, and barley); upland cotton, and soybeans. The additional set-aside programs authorized by title I include provisions under which—

(a) The program must be designed with payment rates to achieve a level of participation that will result in an average market price of not less than (i) $3.50 per bushel in the case of wheat; (ii) $2.50 per bushel in the case of corn (and an equivalent price for grain sorghums and barley); (iii) 60 cents per pound in the case of upland cotton; and (iv) $6.00 per bushel in the case of soybeans;

(b) Payments would be made to producers on a farm who—in addition to making any required set-aside of acreage for the commodity under existing law, and to the extent prescribed by the Secretary—elect to set aside and devote to approved conservation uses an acreage of cropland on the farm in accordance with contracts entered into by the Secretary with the producers.

(c) The payments for a farm would be at such rate or rates as the Secretary determines to be fair and reasonable, taking into consideration the productivity of the acreage to be set aside under the program, the extent of the cropland to be set aside under the program, and (in the case of wheat, feed grains, and upland cotton) the total acreage of cropland set aside from the production of the commodity;

(d) The total acreage of additional cropland set aside from the production of the commodity would be the amount necessary to adjust the total national acreage of the commodity to desirable goals, as determined by the Secretary. However, the rates of diversion payment must be established by the Secretary at such level as will, together with the Secretary's exercise of his authority under any other program authorized by law, achieve the purposes of the additional set-aside programs and assure the total additional set-aside of not less than 31 million acres of cropland (15 million acres for wheat, 10 million acres for feed grains, 3 million acres for upland cotton, and 3 million acres for soybeans);

(e) The Secretary must limit the total acreage to be set aside under the program in any county or local community so as not to affect adversely the economy of the county or local community;

(f) Producers may devote the additional set-aside acreage to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary after consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of the wildlife food plots and habitats and an additional payment if the producer agrees to permit, without other compensation, access to the general public to all or a portion of the farm (as the Secretary may prescribe) for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations;

(g) As a condition of eligibility for participating in the program for wheat, feed grains, or upland cotton, producers must set aside any acreage of cropland required to be set aside for the respective commodity under other provisions of law;

(h) The Secretary must provide adequate safeguards to protect the interests of tenants and sharecroppers;

(i) The payment limitation provisions of the Food and Agriculture Act of 1977 would not be applicable to the program;

(j) Producers desiring to participate in the program must file a contract to do so by a date established by the Secretary. The contract may be modified or terminated by the mutual agreement of the Secretary and the producer, if the Secretary determines it necessary due to an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of agricultural commodities;

(k) Fifty percent of any payment to producers for setting aside cropland under the additional set-aside program would be made in advance of determination of performance;

(l) The Secretary may make partial payments to producers who do not comply fully with the terms and conditions of the programs;

(m) The Secretary may issue such regulations as he determines necessary to carry out the provisions of the programs. With regard to acreage planted to the commodity for which payment is made, the Secretary is to administer the program in such a manner as to permit the use of the additional set-aside acreage for haying, grazing, clipping, or wildlife food plots and habitat. However, no producer may devote any acreage set aside under the program to the production of Irish potatoes; and

(n) The Secretary shall carry out the program through the Commodity Credit Corporation.

The *House* bill contains no comparable provisions.

The *Conference* substitute deletes the *Senate* provisions. The *Conferees* note that the concept of voluntary paid set-aside programs contained in the *Senate* amendment has been adopted as part of recently-announced administration initiatives under the Food and Agriculture Act of 1977 (which are described in a Department of Agriculture Issue Briefing Paper dated April 3, 1978, and set forth below). Under those initiatives, there will be paid diversion programs for feed grains and cotton.

Producers who participate in the feed grain set-aside program may divert additional acreage equal to 10 percent of the acres planted to the crops in 1978 and receive a payment of 20 cents per bushel for corn (or 12 cents per bushel for grain sorghums or barley) on the normal production from the planted acres. In order to receive diversion payments on corn, barley, or grain sorghums, the producers' 1978 plantings cannot exceed their 1977 plantings or the normal crop acreage for the farm, and the diverted acreage must be devoted to an approved conservation use.

Producers may divert acreage equal to 10 percent of the acres planted to upland cotton in 1978 and receive a payment of 2 cents per pound on the normal production from the planted acres. In order to receive a diversion payment, the producers' 1978 upland cotton plantings (plus the diverted cotton acreage) cannot exceed their 1977 plantings, and the diverted acreage must be devoted to an approved conservation use.

Producers in the paid diversion programs would receive one-half of their payments at the time of signup.

The text of the Department of Agriculture's April 3, 1978, briefing paper on the administration initiatives reads as follows:

Issue briefing paper—U.S. Department of Agriculture

Date: April 3, 1978.

Title: New Features of Federal Farm Programs.

Background

The world has harvested two consecutive large crops. U.S. farmers have harvested three.

Declining commodity prices and farm incomes in 1977 were the result of large worldwide supplies of grains, oilseeds, and fibers and an increasingly large proportion of stocks accumulated in the United States. Liquidation of the domestic cattle herd because of unprofitable feeding and poor pasture conditions caused by drought also took their toll.

Realized net farm income in 1977 declined to $20 billion—in real terms, equivalent to 1971. The result of this overall situation was severe cash-flow and debt-repayment problems for many farmers. The severity of these problems varied greatly by commodity and by region of the country.

Realized net farm income for the first half of 1978 is at an annual rate of $23 billion, or about $3 billion higher than last year. Foreign demand for the major crops points to a record volume of agricultural exports in the current marketing year.

Recent Market Developments

Most commodity prices have shown appreciable increases in recent months from earlier lows:

Wheat at Kansas City from $2.30 last June to $3.20 now;

Corn at Chicago from the fall low of $1.80 to $2.43;

Cotton at Memphis from 48 cents at the turn of the year to 56 cents;

Soybeans at Chicago from $5.50 in October to near $7.00;

Rice from $6.87 at mid-year to $11.40 in February;

Choice steers at Omaha from $37 last spring to over $50; and

Hogs from $36 last April to $48 now.

Even though commodity prices have shown these increases because of the farmer-held reserve, improved export markets (particularly for oilseeds), increased livestock returns, and some improvement in general economic conditions, some farmers still are experiencing severe problems.

Administration Initiatives

On March 29, 1978, the Vice President and the Secretary of Agriculture announced nine major actions with the objectives of dealing with these problems, further strengthening farm income, and continuing the steady growth in agriculture:

1. To ensure better crop prices and thwart runaway food price inflation caused by the weather, the farmer-owned reserve is being expanded and the terms liberalized. Grain placed in reserve will not be subject to interest charges after the first year. The reserve programs will be used to remove excess 1978-crop production.

2. To take excess 1977-crop corn and grain sorghum off the market, both crops can be put into the reserve program starting May 1.

3 To ensure that the United States can meet its food aid commitments in times of short supply and to support market prices, the government will purchase wheat in the market to build an emergency reserve of 220 million bushels, including wheat accumulated from CCC loan forfeitures.

4. To adjust wheat production downward, producers who participate in the 20 percent set-aside may graze out their wheat or harvest hay on up to 40 percent or 50 acres (whichever is larger) of the total acreage of barley, corn, grain sorghum, upland cotton, and wheat intended for harvest in 1978, and receive a payment of 50 cents a bushel or the wheat deficiency payment rate, whichever is higher.

5. To bring feed grain production in line with potential demand, producers who participate in the feed grain set-aside may divert additional acreage equal to 10 percent of acres planted to the crop and receive a payment of 20 cents per bushel for corn or 12 cents per bushel for sorghum or barley on the normal production from planted acres.

6. To adjust cotton production down, producers may divert acreage equal to 10 percent of the acres planted in return for a payment of 2 cents per pound on the normal production from the planted acres.

7. To balance soybean loans with competing crops, the loan for 1978-crop soybeans is being established at $4.50 a bushel, up $1.00 per bushel over the 1977 loan.

8. To compensate for increases in costs, loan and target prices for 1978-crop rice will be increased, according to law. Preliminary data indicate a loan of $6.40 per cwt. and a target price of $8.53 per cwt. There will not be a set-aside program for the 1978 crop.

9. To improve credit access for farmers and ranchers with serious debt-repayment problems, we are urging the Congress to pass our proposals for an Economic Emergency Loan Program.

Impact of Initiatives

The reserve gives producers the opportunity to hold their crops off the market at low cost to await higher market prices, protect consumers and livestock producers against severe price increases in the event of a poor harvest, and ensure our credibility as a reliable supplier of farm products.

The diversion and grazing payments will:

Provide additional economic incentives for participation in the farm programs;

Give immediate cash assistance and potentially provide crop producers a $3–$4 billion increase in net returns;

Strengthen market prices by bringing supplies into better balance with demand; and

Conserve energy and natural resources, while providing an accessible land reserve for use when needed.

Grazing and Hay Program

Section 1004 of the Food and Agriculture Act of 1977 authorizes the Secretary to administer a special wheat acreage grazing and hay program.

A producer who decides to participate must designate the specific acreage on the farm that is to be used for grazing or hay (cut immature for green crop, hay or silage). Acreage included in this program must be in addition to set-aside acres and be within the normal crop acres of the farm.

The payment rate will be at least 50 cents a bushel or the deficiency payment rate, whichever is greater. The total payment will be determined by multiplying the established farm wheat yield, times the number of acres in the program, times the payment rate.

Producers will receive a 25 cent per bushel payment at signup.

This initiative is expected to result in an additional 1 to 1.5 million acres being grazed or hayed, with a 30–50 million bushel reduction in 1978 production from current estimates.

Wheat prices will likely be slightly higher (3–5 cents) and net budget outlays will be slightly lower because of a reduction in deficiency payments and loan and inventory outlays.

Feed Grain Diversion Program

Section 502 of the Food and Agriculture Act of 1977 authorizes the Secretary to make land diversion payments to producers to adjust the national acreage of feed grains to desirable goals.

The 10 percent voluntary land diversion program for feed grains is in addition to the 10 percent set-aside for feed grains.

To receive diversion payments, producers' 1978 plantings cannot exceed 1977 plantings for each of the crops, or exceed the normal crop acres for the farm. The diverted land must also be put into an approved conservation use.

The payment rates for the voluntary diversion of feed grains are: 20 cents per bushel for corn and 12 cents per bushel for barley and grain sorghum. The payment will be determined by multiplying the payment rate, times the established crop yields for the farm, times the 1978 acres planted for harvest.

At signup, producers will receive an advance payment of 10 cents per bushel for corn or 6 cents per bushel for sorghum or barley.

Estimates are that 10 million acres will be placed in set-aside or land diversion. Approximately 7 million acres will be corn, 1.5 to 2 million acres will be grain sorghum, and 1 to 1.5 million acres will be barley. Six of the 10 million acres will be in set-aside; four will be in land diversion.

The impact of this diversion program will be to reduce feed grains by 5 to 7 million acres from current estimates with a 4–6 million acre reduction in corn and a 1 to 2 million acre reduction in soybeans.

Feed grain stocks are expected to be reduced about 335 to 450 million bushels (corn equivalent) over current estimates. Diversion payments for this program will likely total about $625 million: $540 million for corn, $50 million for grain sorghum, and $35 million for barley.

Corn prices for 1978 are expected to strengthen 15–25 cents a bushel from current estimates, with increases to other feed grains in relation to corn.

Net government outlays are expected to be minimal because of a reduction in deficiency payments and loans and inventory outlays.

Cotton Diversion Program

Section 602 of the Food and Agriculture Act of 1977 authorizes the Secretary to implement a paid diversion program for 1978-crop upland cotton.

Participants would divert cropland equal to 10 percent of the 1978 planted cotton acreage and also limit 1978 cotton plantings to not more than 1977 cotton plantings.[1] The payment will be determined by multiplying the 2 cents per pound rate times the farm yield times the cotton acreage planted for harvest. Producers will receive a 1 cent per pound advance at signup.

The impact of this program will be for planted acreage to be reduced 500,000 to 1 million acres from current estimates with no diversion.

Farm prices will likely increase about 3 cents per pound, and net returns would be increased $50–$60 million. Consumer prices of goods made from cotton will be slightly higher as a result of the slightly higher cotton prices. For example, the price of a $15 cotton shirt would go up about 9 cents.

Diversion payments will likely total $100 million, and be offset by a reduction in deficiency payments and loan and inventory costs.

Examples of Payments

For wheat:

Assumptions: A farmer has 1,000 acres of wheat planted and decides to graze out 400 acres. The farmer's normal crop acreage (NCA) is 1,500 acres. The farm yield on wheat is 30 bushels per acre.

Example:	*Acres*
Harvest for grain	600
Grazed out	400
Required set-aside (20 percent × acres planted for 1978 harvest)	120
Balance to other NCA crops	380
Total	1,500

The payment for the 400 acres grazed out is: 30 × 50 cents per bushel = $15 × 400 = $6,000.

For feed grains:

Assumptions: A farmer has a normal crop acreage (NCA) of 400 acres. He decides to plant 100 acres of corn this year. His 1977 planted corn acreage was 105 acres. His farm yield for corn is 100 bushels per acre.

Remember that 1978 planted acreage cannot exceed 1977 planted acreage in order to obtain the diversion payment.[1]

Example:	*Acres*
Corn planting intentions for 1978	100
Required set-aside (10 percent)	10
Voluntary diversion (10 percent)	10
Acreage that can be planted to other crops	280
Total	400

The payment in this example is: 20 cents per bushel × 100 (acre yield) × 100 acres = $2,000.

For cotton:

Assumption: A farmer has a normal crop acreage (NCA) of 500 acres. He is planting 100 acres of cotton this year. His 1977 planted cotton acreage was 100 acres. His farm yield for cotton is 500 pounds per acre.

Remember that 1978 planted acreage cannot exceed 1977 planted acreage in order to obtain the diversion payment[1]

Example:	*Acres*
Cotton planting intentions for 1978	100
Required set-aside	0
Voluntary diversion (10 percent)	10
Acreage that can be planted to other crops	390
Total	500

The payment in this example is: 2 cents per pound × 500 (acre yield) × 100 acres = $1,000.

News—U.S. Department of Agriculture

1978 Upland Cotton Program Voluntary Acreage Diversion Provision Revised

WASHINGTON, April 6.—Secretary of Agriculture Bob Bergland today announced a change in the 1978 upland cotton voluntary diversion program which provides that participants' 1978 cotton planted acreage plus diverted cotton acreage may not exceed their 1977 acreage planted to cotton. The program had allowed a producer's 1978 cotton plantings to be equal to 1977 cotton plantings.

To be eligible for program benefits, the producer must divert an acreage of cropland equal to 10 percent of the 1978 planted acreage for harvest cannot exceed the 1977 planted acreage.

Secretary Bergland said the action was taken in order to better assure a reduction in 1978 cotton plantings. With the diversion, U.S. Department of Agriculture officials expect about 12 million acres to be planted to upland cotton.

Eligible persons will be paid 2 cents per pound times the farm payment yield times the cotton acreage planted for harvest. Producers will receive 1 cent per pound advance at signup.

(4) WHEAT LOAN RATE

(a) Title I of the *Senate* amendment increases the minimum loan rate for the 1978 crop of wheat to $2.85 per bushel (previously announced at $2.25; it will be $2.35 if the average market price during the 1977 marketing year is more than 105 percent of the loan level of $2.25).

(b) Title II of the *Senate* amendment (which may be cited as the "Flexible Parity Act of 1978") also increases the minimum loan rate for the 1978 crop of wheat to $2.85 per bushel.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provisions.

(5) FEED GRAIN LOAN RATES

(a) Title I of the *Senate* amendment increases the minimum loan rate for the 1978 crop of corn to $2.25 per bushel (now $2.00).

(b) Title II of the *Senate* amendment increases the minimum loan rate for the 1978 crop of corn to $2.40 per bushel.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provisions.

(6) UPLAND COTTON LOAN RATE

(a) Title I of the *Senate* amendment increases the minimum loan rate for the 1978 crop of upland cotton to 50 cents per pound (now 44 cents).

(b) Title II of the *Senate* amendment also increases the minimum loan rate for the 1978 crop of upland cotton to 50 cents per pound.

The *House* bill contains no comparable provision.

The *Conference* substitute changes the formula in existing law for computing the loan rate for upland cotton and provides that the loan rate would in no event be less than 48 cents per pound for each of the 1978 through 1981 crops. With respect to the change in the formula, the *Conference* substitute provides that the loan rate would be determined by a computation of 85 percent of the U.S. spot market averages (as provided under existing law), using three out of the last five years, dropping the highest and lowest years. The Northern European price quotation would be determined by measuring a fifteen-week period, July 1 through October 15, rather than the current two-week period, October 1 through October 15. When the domestic spot market computation is smaller than the Northern European computation, the domestic spot market computation would be the announced loan level. However, when the Northern European average is the lower of the two, the Secretary of Agriculture would have the option of adjusting the loan rate upward not to exceed the domestic spot market computation.

(7) TARGET PRICES FOR WHEAT, FEED GRAINS, AND UPLAND COTTON

(a) *Wheat*

(i) Title I of the *Senate* amendment increases the target price for the 1978 crop of wheat to $3.55 per bushel (now $3.00; it will be $3.05 if the 1978 crop of wheat is 1.8 billion bushels or less).

(ii) Title II of the *Senate* amendment provides different graduated target prices for the 1978 crop of wheat based on the amount of acreage a producer voluntarily sets aside as follows:

Percent of set-aside:	*Target price*
20	$3.00
25	3.25
30	3.50
35	4.00
40	4.25
45	4.50
50	5.04

(b) *Feed grains*

(i) Title I of the *Senate* amendment increases the target price for the 1978 crop of corn to $2.50 per bushel (now $2.10).

(ii) Title II of the *Senate* amendment provides different graduated target prices for the 1978 crop of corn based on the amount of acreage a producer voluntarily sets aside as follows:

Percent of set-aside:	*Target price*
10	$2.10
20	2.25
25	2.45
30	2.65
35	2.85
40	3.05
45	3.25
50	3.45

(c) *Upland cotton*

(i) Title I of the *Senate* amendment increases the target price for the 1978 crop of upland cotton to 70 cents per pound (now 52 cents).

(ii) Title II of the *Senate* amendment provides for different graduated target prices for the 1978 crop of upland cotton based on the amount of acreage a producer voluntarily sets aside from production as follows:

Percent of set-aside:	*Target price*
20	$0.54
25	.59
30	.64
35	.69
40	.74
45	.79
50	.84

The *House* bill contains no comparable provisions.

The *Conference* substitute provides that—whenever a set-aside is in effect for any of the 1978 through 1981 crops of wheat, feed grains, and upland cotton—the Secretary may increase the target price for any such commodity by such amount as the Secretary determines appropriate to compensate producers for participation in the set-aside. In determining any increase, the Secretary must

[1] See the change made in this provision described in Department of Agriculture Press Release dated April 6, 1978, which is set forth below. (The Department of Agriculture has announced that feed grain and cotton acreage will be considered as having been planted for harvest in 1977 if a producer was prevented from planting the acreage because of drought, flood, or other natural disaster or other condition beyond his control.)

[1] See previous footnote.

take into account changes in the cost of production resulting from participation in that set-aside. If the target price is increased for any commodity for which a set-aside is in effect, the Secretary may also increase the target price for any other commodity in such amount as the Secretary determines necessary. The Secretary must adjust any increase in the target price to reflect, in whole or in part, any land diversion payments for the crop for which an increase is determined.

The *Conferees* understand that the administration intends to use the discretionary authority in the *Conference* substitute to increase the target price for the 1978 crop of wheat to $3.40 per bushel. (Any increased target price made under the new authority would not carry over and, therefore, would not be applicable for future years' crops as a base for adjusting for changes in the average adjusted cost of production under the Agricultural Act of 1949.)

The *Conference* substitute provides that the increase in the loan level for upland cotton and the authority to increase the target prices for wheat, feed grains, and upland cotton (described in this item and item (6) of this statement) will become effective October 1, 1978. However, any producers who receive loans and payments on the 1978 crop of any of the commodities prior to October 1, 1978 (computed in accordance with existing law), may elect after September 30, 1978, to receive loans and payments as computed under the *Conference* substitute.

The *Conferees* wish to clarify the requirement in existing law that acreage set aside from the production of wheat, feed grains, and upland cotton be devoted to conserving uses. It was noted by the *Conferees* that overflow river bottom land cannot be easily established in cover crops and that Johnson grass control in some situations calls for summer fallow practices. In these situations, the enforcement of the conserving practices requirement of law would be inappropriate.

The Department of Agriculture notes that the Food and Agriculture Act of 1977 provides that "the set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion", and that Departmental regulations provide that set-aside acreage must be devoted to approved cover crops.

However, the regulations further provide that State ASC committees may recommend, subject to approval by the Deputy Administrator of the Agricultural Stabilization and Conservation Service, other cover or practices that will effectively protect the set-aside acreage from wind and water erosion. (The Deputy Administrator's office does not approve alternative practices unless the State ASC committee recommends them.)

The State ASC committees have in the past recommended, with the concurrence of the State conservationists, numerous alternative practices that may be performed on set-aside acreage. Approval has been given to varied practices recommended by State ASC committees that accomplish the conservation objective and resolve problems peculiar to certain areas of a State.

(8) GRAZING AND HAYING UNDER THE 1978 SET-ASIDE PROGRAMS

(a) Title I of the *Senate* amendment provides that—with respect to the required set-aside of wheat acreage under existing law—the Secretary must permit the production of hay thereon in any area where a natural disaster or other condition beyond the control of the producer has depleted stocks of feed in order that the stocks may be replenished.

(b) Title II of the *Senate* amendment requires that the Secretary permit grazing and hay production on acreage set aside under the 1978 set-aside programs for wheat, feed grains, and upland cotton. (NOTE: Title I of the *Senate* amendment requires that the Secretary administer the additional set-aside programs in such manner as to permit the use of the additional set-aside acreage for haying, grazing, clipping, or wildlife food plots and habitat.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provisions.

(9) NORMAL TILLAGE OPERATIONS ON 1978 WHEAT SET-ASIDE ACREAGE

Title II of the *Senate* amendment requires that the Secretary permit normal tillage practices on land set aside under the 1978 wheat set-aside program as if such acreage had not been set aside.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(10) AGRICULTURAL COMMODITIES UTILIZATION PROGRAM

(a) Title I of the *Senate* amendment authorizes the Secretary of Agriculture to permit the production on set-aside or diverted acreage of commodities to be converted into gasohol.

(b) Title I also authorizes the Secretary to provide incentive payments to producers to set aside a portion of their acreage for the production of commodities to be converted into gasohol when no set-aside or land diversion program is in effect. The incentive payments would be at the level necessary to obtain sufficient participation in the program to ensure an adequate supply of agricultural commodities for gasohol manufacture. Appropriations would be required to carry out the program. (No producer may participate in the incentive program unless he agrees to produce for gasohol purposes a quantity of the commodity equal to not less than 15 percent of the farm acreage allotment or farm base acreage for such commodity.)

The *House* bill contains no comparable provision.

The *Conference* substitute provides that the Secretary of Agriculture may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the acreage set aside or diverted from the production of a commodity for any crop year to be devoted to the production of any commodity (other than the commodities for which acreage is being set aside or diverted) for conversion into gasohol *if* the Secretary determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

The *Conference* substitute provides, effective October 1, 1978, that the Secretary—during any years in which there is no set-aside or diversion of acreage—may make incentive payments to producers who, subject to such terms and conditions as the Secretary may prescribe, devote a portion of their acreage to the production of commodities to be converted into gasohol *if* the Secretary determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

The *Conference* substitute provides that the payments are to be at such rate or rates as the Secretary determines to be fair and reasonable, taking into consideration the participation necessary to ensure an adequate supply of the agricultural commodities for gasohol manufacture. Appropriations would be required to implement the program.

(11) EXTENDED LOAN PROGRAM TRIGGER PRICES

Title III of the *Senate* amendment changes—for a one-year period beginning on the date of enactment of the bill—the release prices under the producer storage program for wheat and feed grains.

(a) The price at which producers may redeem commodities under the producer storage program is changed from a price not less than 140 percent nor more than 160 percent of the then current price support level for wheat or such appropriate level for feed grains, as determined by the Secretary of Agriculture, to a price determined by the Secretary not less than the current parity price for the commodity.

(b) The price at which the Secretary may require producers to repay loans is changed from not less than 175 percent of the then current level of price support for wheat, or such appropriate level as the Secretary determines for feed grains, to not less than 105 percent of the current parity price for the commodity involved.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(12) PRICES AT WHICH COMMODITY CREDIT CORPORATION STOCKS MAY BE RELEASED

Title III of the *Senate* amendment also changes—for a one-year period beginning on the date of enactment of the bill—the minimum price level at which the Commodity Credit Corporation may sell any of its grain stocks.

(a) The minimum price level at which the Commodity Credit Corporation may sell any of its stocks of wheat or feed grains when the producer storage program is in effect is changed from 150 percent of the then current level of price support to the parity price for such commmodity.

(b) The minimum price level at which the Commodity Credit Corporation may sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye is increased from 115 percent of the current national average loan rate for the commodity to the current parity price for the commodity involved. (This minimum price level applies to wheat and feed grains when the producer storage program for the respective commodity is not in effect.)

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(13) INCREASE IN THE BORROWING AUTHORITY OF THE COMMODITY CREDIT CORPORATION

Title IV of the *Senate* amendment increases the borrowing authority of the Commodity Credit Corporation from $14.5 billion to $25 billion, effective October 1, 1978. The increase would be effective only to the extent provided in appropriation Acts.

The *House* bill contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(14) FARMERS HOME ADMINISTRATION REAL ESTATE AND OPERATING LOANS—ELIGIBILITY AND LOAN LIMITS

Title V of the *Senate* amendment—

(a) expands eligibility for farm real estate and operating loans under the Consolidated Farm and Rural Development Act to include family farm corporations and partnerships;

(b) increases the lending limits for such loans (i) from $50,000 in the case of farm operating loans to $100,000 for loans insured by the Secretary of Agriculture, and $200,000 for loans guaranteed by the Secretary, and (ii) from $100,000 in the case of farm real estate loans to $200,000 for loans insured

by the Secretary, and to $300,000 for loans guaranteed by the Secretary;

(c) with respect to farm real estate loans, deletes the current total real estate indebtedness limitation of $225,000 and authorizes the Secretary to establish limitations for such loans on an annual basis; and

(d) for both farm real estate and operating loans, deletes the provision requiring that the county committee certify the maximum amount of loan that may be made.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

The *Conferees* note that both the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry have reported other bills containing provisions almost identical to the *Senate* provision. (The House passed its bill on April 24, 1978.)

(15) MEAT IMPORT LABELING

Title VII of the *Senate* amendment requires that imported meat and meat food products be labeled as being "imported" or "imported in part", as the case may be, except when the country of origin is specified on the container or package. Any person, other than the ultimate consumer, who divides imported meat or meat food products into pieces or breaks a package or container containing imported meat or meat food products must label each piece, or its package or container, as "imported" or "imported in part", except when the country of origin is specified on the package or container. A product that results from a blend of imported and domestic meat may be labeled "contains imported meat".

The Secretary of Agriculture would assess fees on imported meat and meat food products to cover the costs of the labeling requirement. States that carry out mandatory meat inspection programs would be reimbursed for expenses incurred in enforcing the labeling requirement.

Any exporter that fails to pay an assessment will have its export privilege revoked.

Title VII would become effective 180 days after its enactment.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the Senate provision.

(16) COMMODITY LOANS

Title VIII of the *Senate* amendment requires the Secretary of Agriculture to guarantee loans made by commercial lending institutions to producers of nonperishable "specified" commodities for which a loan program is authorized. The amount of any guaranteed loan cannot exceed an amount determined by multiplying the quantity of the commodity by the loan level established for the commodity for the year involved. The term of the loan would be that agreed upon by the lender and the producer-borrower, but not in excess of 36 months. The interest rate could not exceed the commercial rate in the area.

Title VIII also authorizes the Secretary to make direct loans through the facilities of the Commodity Credit Corporation, in amounts not less than the amounts prescribed for guaranteed loans and at the same rates of interest. There would be no maximum term specified for direct loans.

The Secretary would be required, whenever practicable, to use the loan guarantee program in providing an initial loan to any commodity producer.

No loan could be made by the Secretary to a producer of a commodity unless the producer had satisfied any prior loan on that commodity that had been guaranteed by the Secretary or unless the proceeds of the loan were to be used to satisfy the prior loan.

Both direct and guaranteed loans would be nonrecourse and would require no security other than the commodity involved. The Secretary could adjust the loan level for any "specified" commodity on the basis of the grade, type, staple, or quality of the commodity.

The Secretary would be required to establish mandatory release prices at which specified percentages of the quantity of the commodity under loan must be released for sale. Release prices would be established prior to the start of the marketing year for each commodity and would be established as percentages of the loan level for the commodity, plus carrying charges.

The Secretary could call the loans on any commodity if the Secretary determined that the domestic and foreign market for that commodity were unstable because insufficient quantities of that commodity were being offered for sale, but only when the market price equaled or exceeded the release price for the commodity. Loans would be called chronologically, oldest to newest. Loans could not be called if that action would cause the price of the commodity to fall below the then current loan level. No new loan, nor renewal or extension of an existing loan, could be made on a quantity of a commodity if that quantity of a commodity had been ordered released or the loan had been called.

The *House* bill contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(17) TITLE OF THE BILL

The title of the *House* bill is "An Act to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion."

The *Senate* amendment changes the title to "An Act to provide emergency assistance to producers of wheat, feed grains, upland cotton, and soybeans, and for other purposes."

The *Conference* substitute provides that the bill may be cited as "An Act to provide emergency assistance to producers of wheat, feed grains, and upland cotton, and for other purposes."

THOMAS S. FOLEY,
W. R. POAGE,
E DE LA GARZA,
WALTER B. JONES,
ED JONES,
DAWSON MATHIS,
DAVID R. BOWEN,
CHARLIE ROSE,
FRED RICHMOND,
Managers on the Part of the House.

HERMAN E. TALMADGE,
JAMES O. EASTLAND,
GEORGE MCGOVERN,
JAMES B. ALLEN,
WALTER D. HUDDLESTON,
BOB DOLE,
MILTON R. YOUNG,
CARL T. CURTIS,
Managers on the Part of the Senate.

PERSONAL EXPLANATION

Mr. MIKVA. Mr. Speaker, I was unavoidably absent from the House for the votes on the three suspension matters on May 1, 1978. Had I been present, I would have voted "aye" on H.R. 11657, "aye" on H.R. 10392, and "aye" on House Joint Resolution 816.

CIVIL RIGHTS OF INSTITUTIONALIZED PERSONS

Mr. KASTENMEIER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9400) to authorize actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. KASTENMEIER).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9400, with Mr. OBERSTAR in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Wisconsin (Mr. KASTENMEIER) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. RAILSBACK) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. KASTENMEIER).

Mr. KASTENMEIER. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, I am very pleased to bring before the House today a bill which has earned the strong bipartisan support of the Committee on the Judiciary as well as the Attorney General and the Secretary of Health, Education, and Welfare.

H.R. 9400 is legislation which grants limited authority to the Attorney General of the United States to initiate or intervene in civil suits in Federal court to protect the rights of institutionalized children, the elderly, the chronically ill or handicapped, the mentally impaired, and prisoners. Under this bill the Attorney General is permitted to take such action only if he believes that a rights deprivation is part of a pattern or practice of denial, only if he believes that the suit is of general public importance and only after proper notice and consultation with appropriate State officials. He would be permitted to seek only equitable relief and not money damages. This legislation is necessary because a circuit court has held that without specific statutory authority the Attorney General does not have power to initiate such suits.

In explaining this legislation this afternoon, I would like to suggest first, that we as a Congress have only just begun to address the needs and rights of institutionalized persons. Second, that those needs and rights are great and have, in some cases, been ignored to a degree which has created chronic, even tragic conditions in some of this Nation's institutions. And, third, that this legislation endorses a very modest Federal role to help secure basic decency in the quality of life for over 1 million institutionalized citizens; a role which will not be costly, a role which has been

tested in the past and which should be encouraged in the future.

As we look at our own efforts, we recognize that Congress has only just begun to shoulder its share of responsibility for protecting the basic rights and needs of institutionalized citizens and this legislation should be considered as part of that beginning effort. In recent years Congress has enacted the Developmental Disabilities Act, the Education of All Children Act, the Juvenile Justice Act, and the Parole Commission and Reorganization Act. Each of these has affected or served as models for the operation of State institutions. And we have been slowly willing to authorize increased moneys for improved institutional conditions. I strongly support these efforts. But, the Committee on the Judiciary in reporting this bill by a voice vote without objection recognizes that we have not met our entire obligation in this area.

Indeed, Congress has followed the lead of the courts, and such courageous Federal judges as Frank Johnson of Alabama have been much more willing to recognize the rights of institutionalized Americans. Finally, Congress has responded much more quickly to less urgent needs and rights of those with more political muscle. This uniquely vulnerable class of citizens is also uniquely powerless and I ask you to support this legislation, in part, as a statement that Congress cares and recognizes a responsibility in this area.

The needs and rights which this legislation would help protect are very basic, indeed, and without attempting to delineate even a small portion of the denial of those rights which has taken place, it may be helpful to Members if I place this legislation in perspective by discussing some of just what we are trying to correct.

The conditions documented in the first major institutional conditions suit, Wyatt against Stickney in 1971 and subsequent suits dispel any doubt as to the existence, severity, or scope of institutional abuse. In Wyatt, the record revealed that Alabama's mental hospitals were severely overcrowded and understaffed. Retarded persons were tied to their beds at night in the absence of sufficient staff to care for them. One patient was regularly confined in a straitjacket for 9 years, as a result of which she lost the use of both arms. The less than 50 cents per patient per day spent on food resulted in a diet described by the court as "coming closer to punishment by starvation than nutrition." The court ultimately characterized conditions at the State hospital for the mentally retarded as "conducive only to the deterioration and debilitation of the residents . . . and substandard to the point of endangering (their) health and lives."

The conditions documented in Wyatt are certainly not unique to Alabama facilities. In a suit challenging the adequacy of care at New York's Willowbrook State School for the Mentally Retarded, the trial record revealed equally appalling conditions. Evidence was produced of massive overdrugging of retarded children by staff and physical abuse of weaker residents by stronger ones. In the absence of adequate supervision, children suffered broken teeth, loss of an eye, and loss of part of an ear bitten off by another resident. In an 8-month period, the 5,000 resident facility reported over 1,300 incidents of patient injury or assault or patient fights. Unsanitary conditions led to 100 percent of the residents contracting hepatitis within 6 months of their admission. The trial court characterized conditions at Willowbrook as "shocking, inhumane, and hazardous to the health, safety, and sanity of the residents."

Gary W. against Stewart was a 1976 suit which successfully challenged Louisiana's practice of sending hundreds of retarded, disturbed, neglected, abandoned, and otherwise dependent children to out-of-State residential placements, where conditions of care and treatment were often inadequate. The suit revealed that children were physically abused, handcuffed, beaten, chained, tied up, kept in cages, and overdrugged with psychotropic medication.

Justice Department assisted litigation challenging conditions of confinement in prisons and jails revealed that conditions in correctional facilities across the Nation were, if possible, worse than those in mental institutions.

In a suit attacking conditions in the prisons of Oklahoma's State penitentiary system, the court found that facilities designed to accommodate 2,400 inmates housed 4,600. Inmates were compelled to sleep in garages and stairwells. Groups of four men were regularly confined in 6- by 6-foot cells with no ventilation, no hot water, and sewage leaks. Over a 3-year period, one facility reported 40 stabbings, 44 serious beatings, and 19 violent deaths. Kitchen and food storage areas were found to be infested with mice, rats, and vermin, and firefightng capabilities were deemed nonexistent. The court ultimately concluded that conditions in the prisons constituted "an immediate and intolerable threat to the safety and security of inmates, prison personnel, and the State."

A similar conclusion was reached by a trial court evaluating evidence in a suit brought with the assistance of the Justice Department against Mississippi State penitentiary at Parchman. Dead rats surround the barracks, broken windows were stuffed with rags to keep out the cold and rain, exposed wiring posed a constant threat of fire, and open sewage contributed to the spread of contagious disease. In one camp, 80 men shared 3 wash basins, which consisted of oil drums cut in half. Milk of magnesia was forcibly administered to inmates as a disciplinary measure; cattle prods were used to keep inmates standing or moving. In a 6- by 6-foot cell with no light, toilet, sink, bed or mattress, inmates were confined naked for up to 3 days, without hygenic materials, heat, or adequate food. The court characterized the prison as "unfit for human habitation under any modern concept of decency."

The conditions cited above do not begin to exhaust the range of institutional abuses brought to light by Justice Department assisted litigation. They do, however, constitute a representative sampling of the practices documented in dozens of decisions issued by courts in virtually every part of the country.

I do not cite these cases to shock my colleagues, but rather to show you that behind the brick walls of an unfortunate number of this Nation's institutions the denial of basic decency is all too often the daily fare for thousands of Americans. As Assistant Attorney General Drew Days testified before the committee:

> The experience of the Department of Justice through its involvement in this litigation has shown that the basic Constitutional rights of institutionalized persons are being violated on such a systematic and widespread basis to warrant the attention of the Federal Government.

H.R. 9400 would authorize that "attention" in the form of permission for the Attorney General to enter into litigation on behalf of the United States to seek full enjoyment of the rights of institutionalized persons. The committee believes that the experience and skill of the Department of Justice lawyers and investigators should continue to be utilized in a cautious, regularized way in this important area.

This grant of standing to sue or to intervene in suit is conditioned by several specific statutory provisions.

First, the Attorney General would have to have reasonable cause to believe that a denial of rights is taking place pursuant to a pattern or practice of State action. The term "pattern or practice" is used in several existing civil rights laws and means an illegal activity which is more than an isolated or accidental, or peculiar event, more than an accidental departure from otherwise lawful practice. So he is empowered to pursue only systematic, widespread denial of rights.

Second, the Attorney General must believe that the suit raises issues of "general public importance" and "will materially further the vindication of rights." Clearly, only important substantive suits are authorized by this legislation.

Third, the Attorney General must notify the Governor and attorney general of the State or the chief officers of the locality of his intention to sue and provide these officials with the alleged facts in considerable detail.

Fourth, the Attorney General must assist the officials through consultation in which he must provide recommended remedies and notice of any available Federal assistance to help correct the institutional problems.

Lastly, prior to suit the Attorney General must be satisfied that the officials have had a reasonable time to develop a plan to correct the deprivations and have not done so.

Recognizing the importance of good Federal-State relations, H.R. 9400 requires the Attorney General of the United States to personally certify to the court that these requirements have been met and to personally sign any complaint filed under this act.

It is the almost unanimous view of the committee that these requirements make H.R. 9400 a reasonable bill which will insure that the rights of institutionalized persons may be protected in a manner that does not offend or jeopardize the legitimate prerogatives of the States. This is also the view of many respected national organizations which have endorsed H.R. 9400, including the American Bar Association, the National Mental Health Association, the National Association for Retarded Citizens, the Epilepsy Foundation of America, the United Cerebral Palsy Association, the National Senior Citizens Law Center, the American Civil Liberties Union, the American Association of Retired Persons, the National Council of Senior Citizens, the Childrens Defense Fund, the National Coalition for Children's Justice, and dozens of local, county, and statewide organizations.

This legislation is opposed by the National Association of (State) Attorneys General. Frankly, I believe that their opposition is a rather parochial one. Their offices will most likely be called upon to act as defense counsel in such suits as may be brought under H.R. 9400. In a very real sense, their reaction is that of a corporation counsel concerned for his client. Indeed, according to a Library of Congress study, most of the State attorneys general are not specifically authorized by statute to protect the rights of institutionalized persons. Only the State of New Jersey has created an officer with these specific responsibilities. The holder of that office, the public advocate of New Jersey has enthusiastically endorsed H.R. 9400 in testimony before the committee.

However, the committee has studied the recommendations of the State attorneys general and incorporated many of them into the text and report of the bill. Frankly, I believe their visible opposition has lessened considerably because of the ability of the committee to draft a bill which we believe the States can live with.

A secondary purpose of H.R. 9400, one which is strongly endorsed by the States, is an optional provision which will permit the continuance of cases brought in Federal court by State prisoners in order to require exhaustion of certified grievance procedures. This provision will not only help the clogged Federal court dockets, but will free the States of the burden of defending themselves in court against many individual prisoner complaints and will provide prisoners with a speedier, more appropriate forum for the resolution of their complaints. This provision is based on the quite successful California Youth Authority System which the subcommittee studied. As Attorney General Bell stated in a recent letter to the committee members in support of H.R. 9400:

> This provision will encourage but not require, States and political subdivisions to seek certification of their grievance mechanisms. If states avail themselves of this opportunity, the result should be a significant improvement in prison operation and relief of prisoner litigation caseloads in federal courts.

This provision was proposed by the distinguished ranking minority member of the subcommittee, Mr. RAILSBACK, and I congratulate him for his fine efforts on this bill.

In conclusion Mr. Chairman, H.R. 9400 is a modest, indeed, perhaps too modest, effort to provide a tool in the continuing effort to protect a group of citizens who are uniquely unable to protect their own rights without outside assistance. I urge my colleagues to support this legislation and to consider whether we cannot do more in this crucial area.

Mr. RAILSBACK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to begin by commending the subcommittee chairman, the gentleman from Wisconsin (Mr. KASTENMEIER), who I think did a very fine job with a very difficult issue. I believe that my interest in this particular legislation dates back to the occasion of a series of visits with the members of our subcommittee to a number of penalty institutions both Federal penitentiaries, State penitentiaries, as well as county and other local jails.

It is my belief that the conditions that we saw firsthand would have shocked the most callous prosecutor. The most difficult realization for me to accept was the fact that we could not do a great deal to correct the situation. To build new institutions with trained personnel would cost literally billions of dollars. To the most experienced, the institutions in this country were no more than human warehouses, in some cases, primarily for the young, the poor, the uneducated, the blacks, the old people who were emotionally disabled, and emotionally sick. We know that there are approximately 1 million persons who reside in these institutions. H.R. 9400 will not create a whole new panoply of rights for the institutionalized. It creates no rights for anyone, nor would it change existing practice of the Department of Justice. I think that particular point needs to be made, because the Department of Justice in the past has filed as an intervenor, or in some cases as a plaintiff and in some cases as an invited amicus. For years the Department has been selectively suing certain State officials for the conditions of their particular institutions.

As the subcommittee chairman pointed out, recently their standing to sue in the name of the United States has been challenged. The district court and the fourth circuit court of appeals have held that without specific statutory authorization, the Department of Justice has no standing to file suit against State officials, so to date the Department has been bringing suits in this area, and no one had suggested that they had gone berserk or crazy, suing State officials all over the country. Presently the Department of Justice has a staff of approximately 39 persons, including but not limited to professional personnel, working in this important area. The Department's authority was until recently much broader than that contained in H.R. 9400.

In H.R. 9400 there must be a State action; there must be a pattern and practice of violations; it must be a case of general public importance; and there must be notification and a period of attempting to negotiate with the State.

Another positive feature of the bill—and I think again that this is most important because it was not in the original bill—is that there is a concern expressed about State prisoners' petitions filed in Federal court under 42 U.S.C. 1983, and the fact is that the Federal courts have literally been swamped with those primarily prisoner petitions.

H.R. 9400 would encourage States to develop meaningful grievance procedures by requiring the U.S. Attorney General to promulgate minimum standards relating to the development of an effective system for the resolution of prisoners' grievances. The State would have the option as to whether and how to have their system certified by the Attorney General. Once a State's system has been certified, a Federal judge may require that a State inmate use that system. Ninety-five percent of the petitions filed under section 1983 have been found to be frivolous and are dismissed because they do not rise to the level of a constitutional rights violation. But they are complaints that are very important to that particular inmate, and a meaningful State grievance procedure would have been a lot more helpful, in my opinion, to that prisoner than a full-blown lawsuit under section 1983.

In 1974 the Federal Bureau of Prisons initiated a grievance procedure for Federal prisoners. In the very first year of operation 40 percent of the grievances filed were resolved in favor of the inmates.

Mr. Chairman, I might just mention that some members of our subcommittee and the staff of our subcommittee visited the so-called Nellis School which is part of the California youth corrections system south of Los Angeles. I had a chance to attend that meeting and to actually visit with some of the inmates that served as members of the grievance committees with line staffers of that particular facility. There was a great deal of hostility at the very beginning and the staffers did not want to have inmates serving on any kind of grievance system or grievance committee, but they have found and I had a chance to visit with the professional line staffers, they have found that they have been able to relieve some of the frustration. They have been able to very informally settle many of the grievances, many of the disputes, and I am inclined to think it has been a very good thing for that institution.

I sincerely believe it would be good, not only for that youth correctional authority, but for the adult authority, which interestingly does not have any similar authority.

In conclusion, Mr. Chairman, I would like to point out that this legislation, as was mentioned, was originally recommended by Attorney General Levi, sup-

ported by the Ford administration and now is very strongly supported by the present administration.

I think there have been some improvements made on this particular bill.

I urge my colleagues to support its passage.

Mr. KASTENMEIER. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Chairman, I rise in support of H.R. 9400, as reported favorably by the Committee on the Judiciary. Unfortunately, the committee chairman, the gentleman from New Jersey (Mr. RODINO), who is a strong supporter of this legislation, is unable to be here today. He has asked me to express his belief that H.R. 9400 is a significant step in this Nation's effort to protect the rights guaranteed under the Constitution and laws of the United States, since H.R. 9400 protects the rights of an especially vulnerable and inarticulate group—institutionalized children, the elderly, mentally impaired, and chronically ill persons, and prisoners.

The gentleman from New Jersey (Mr. RODINO) has received numerous letters of support for this legislation, which was requested by the Justice Department and has been endorsed by the Secretary of the Department of Health, Education, and Welfare. Secretary Califano has stated in a letter to the gentleman from New Jersey (Mr. RODINO) that—

> The legislation is necessary and desirable to establish a definitive point at which the Attorney General can intercede on behalf of institutionalized persons whose rights may not otherwise be protected.[1]

One of the prime supporters of H.R. 9400 and a witness at the hearings is the public advocate of the State of New Jersey, Mr. Stanley C. Van Ness. The department of the public advocate is the State agency entrusted with protecting institutionalized persons. Mr. Van Ness has emphasized that H.R. 9400 is structured "to insure that the States and localities have ample opportunity to put their own house in order, and that they will be given appropriate advice and assistance from Washington for doing so."[2] This public official has assured the committee that H.R. 9400 will make the United States "a partner with the States * * * in guaranteeing constitutional rights."[3] Although Mr. Van Ness' correspondence is in the hearing record, the gentleman from New Jersey (Mr. RODINO) has asked me to insert it on the floor, since it is an important commentary by a State official.

In conclusion, I urge you to pass H.R. 9400, since the Committee on the Judiciary and its chairman have given it careful consideration and a strong vote of approval.

The material referred to follows:

[1] Letter from Hon. Joseph A. Califano to Hon. Peter W. Rodino, Jr., dated July 20, 1977. Hearings on H.R. 2439 and H.R. 5791, pp. 466–67.

[2] Letter from New Jersey Public Advocate Stanley C. Van Ness to Hon. Peter C. Rodino, dated October 17, 1977. Hearings on H.R. 2439 and 5791, p. 441.

[3] *Id.*

OCTOBER 17, 1977

Re: H.R. 9400.

Hon. PETER W. RODINO,
Chairman, Committee on the Judiciary, House of Representatives Washington, D.C.

DEAR CHAIRMAN RODINO: I have learned that the Committee on the Judiciary will shortly consider the referenced bill which has been unanimously approved by the Subcommittee on Courts, Civil Liberties and the Administration of Justice. H.R. 9400 is a meaningfully improved version of H.R. 2439 and H.R. 5791, which I supported in testimony before the Subcommittee in May. I wish to be noted as strongly supporting this very important legislation when it is considered by the full Committee.

As you are aware, the Public Advocate Department performs a function in New Jersey similar to that which the Justice Department would perform under H.R. 9400, if it becomes law. We are entrusted with protecting the rights of persons who are confined in mental hospitals, nursing homes and other health care facilities, prisons and jails. We are thus uniquely experienced in both the need for legislation of this type, and the problems involved in carrying out such a mandate. I believe that this bill deals intelligently with both sides of that concern.

The most important principles of our federal system will be substantially advanced by the enactment of this legislation. It provides that, when necessary, the national government and the federal courts will act to insure that the rights of all citizens granted by the Constitution are respected. However, it does this in such a way as to insure that the states and localities have ample opportunity to put their own house in order, and that they will be given appropriate advice and assistance from Washington for doing so. It thus means that the United States will be a partner with the states, not an oppressive superior, in guaranteeing constitutional rights. Only where the locality is unwilling to act will litigation be used as a last resort. This practice is in accord with that which the Public Advocate Department, a state agency, has used when dealing with county and municipal governments, with great success and minimal friction.

In the particularly sensitive area of jails and prisons, H.R. 9400 will promote the development of meaningful grievance procedures, so that most conflicts can be satisfactorily resolved before they spill outside the prison walls, or result in violence. Our experience in responding to prisoners' grievances in New Jersey convinces us that most of them would not develop if there were an internal mechanism to which the inmate could turn. We have often stepped in to heated situations for the sole purpose of putting the prison administration and the inmates into meaningful communication, and thereby to resolve the substantive issues themselves. Further, through the device of declaring assess to the federal courts by inmates in institutions where such procedures exist, this bill both encourages the states to develop them and the inmates to use them, while also removing some of the workload of the federal courts.

Through you as Chairman, I urge all of the members of the Committee on the Judiciary, to support H.R. 9400 and report it favorably to the full House.

Respectfully,

STANLEY C. VAN NESS,
Public Advocate.

Mr. RAILSBACK. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. MCCLORY).

Mr. MCCLORY. Mr. Chairman, I want to commend the chairman of the subcommittee the gentleman from Wisconsin (Mr. KASTENMEIER) and the ranking minority Member, my colleague, the gentleman from Illinois (Mr. RAILSBACK), and to commend the Committee on the Judiciary generally for the important legislation which is being worked on and reported by the commttee and brought to the floor of this House. In connection with this and other legislation there are differences of opinion. I do not want to question that and I do not want to question the rights of any or all of us to have disagreements with regard to important issues embodied in measures which emanate from the Judiciary Committee.

But at the same time I do want to call to the attention of this Chamber the importance of the legislative work which is being done by the committee and particularly by the members of the subcommittee who hear the witnesses and produce the evidence in support of and the expressions of opposition to the various pieces of legislation. In this case it seems to me important testimony has been presented which in my opinion strongly supports the favorable action by this Chamber in support of this measure.

Mr. Chairman, I rise in support of H.R. 9400. This legislation was reported by the Committee on the Judiciary with a strong bipartisan endorsement. Its primary purpose is to permit the Attorney General of the United States to initiate or intervene in civil suits to protect the rights of institutionalized children, the elderly, the mentally impaired and prisoners, for example, to give the U.S. Attorney General standing in the Federal courts.

Under this bill the Attorney General is permitted to take such action only if he believes that such right deprivation is part of a pattern or practice of denial, only if he believes that the suit is of general public importance, and only after proper notice and consultation with the appropriate State official. No standing is created by this legislation to pursue purely private conduct no matter how discriminating or wrongful.

In the past, Congress has not hesitated to give the Attorney General statutory authority to engage in litigation to secure citizens' basic constitutional rights where evidence has shown a widespread denial of such rights. In seeking to remedy discrimination in voting, public accommodations, employment and housing we have authorized the Attorney General to commence litigation to correct a pattern or practice of unlawful conduct. The authority proposed in H.R. 9400 is neither novel in concept nor unprecedented in use.

It is important to point out, Mr. Chairman, that this legislation imposes no new obligations on State or local governments or their officials. The scope of their responsibilities to obey Federal constitutional proscriptions is neither enlarged nor contracted under H.R. 9400. The bill has no effect, one way or the other, on existing rights, privileges, and immunities. The only purpose of the measure is to give the Attorney General the authority in those cases where a pattern

and practice has developed of systematic violations of the rights of institutionalized persons. I urge my colleagues to support the passage of this legislation.

Mr. KASTENMEIER. Mr. Chairman, I yield 3 minutes to the gentlewoman from Texas (Miss JORDAN).

Miss JORDAN. Mr. Chairman, the development of Federal law and constitutional doctrine guaranteeing certain basic rights to institutionalized persons has done little to overcome their inherent inability to secure enforcement of those rights. For a variety of reasons, the institutionalized are uniquely unable to protect their rights without outside assistance.

First, the nature of institutionalization is that many persons are unaware of their rights, largely because of the isolation frequently associated with institutions. Many confined persons are juveniles, mentally retarded, or otherwise unable to appreciate fully the range of their legal rights.

Second, the inability of many institutionalized persons to appreciate their legal rights is compounded by the physical, and frequently emotional, isolation to which they are subjected or in which they live. Historically, mental and penal institutions have been located far from urban centers, inaccessible to friends, relatives, lawyers, and others who might assist in insuring protection of institutionalized persons' rights. Few lawyers can afford the time and expense of traveling long distances to interview institutionalized clients; for obvious reasons the institutionalized themselves are unable to seek outside help.

A third factor impairing the ability of the institutionalized to secure protection of their rights is a lack of money. Most institutionalized persons are poor; many are indigent; none possesses the resources necessary to finance litigation challenging systematic, institutionwide abuse. The cost of hiring experts to investigate, document, evaluate, and present testimony on the adequacy of institutional conditions is beyond the means of the most affluent institutionalized individuals.

In light of the enormous resources required to mount and sustain protracted litigation necessary to secure institutionwide relief, it is not surprising that virtually every major suit dealing with the rights of the mentally disabled has been brought with the assistance of the Justice Department. It is equally noteworthy that despite the demonstrated ability of prisoners to file petitions challenging the constitutionality of their confinement, few, if any, suits securing widespread relief from unconstitutional prison conditions have been brought without the assistance of outside sources, most notably the Justice Department.

Finally, a less obvious but no less powerful force tending to inhibit institutionalized persons from asserting their legal rights is their fear of retaliation. Completely dependent on their institutional environments, residents are particularly susceptible to intimidation and frequently afraid to voice their grievances. Parents and caring relatives of institutionalized individuals may be equally inhibited.

These four factors compel the conclusion that institutionalized persons cannot be expected to redress systematic deprivations of their basic rights without assistance. They must rely on legal services programs, public interest advocacy groups, the private bar, and governmental agencies to protect their rights. Because of the resources available to the Department of Justice, it is appropriate to call upon them to help improve the plight of the institutionalized.

The resources of the legal services and privately funded, public interest bars are are woefully inadequate to represent the needs of the Nation's institutionalized population. By its own estimate, the Legal Services Corporation's funding is insufficient to permit its attorneys to provide minimally adequate legel representation to the nearly 29 million people with low incomes below the poverty line. The difficulties involved in communicating with the mentally ill and retarded, the hardships associated with commuting long distances to confer with clients in remote locations, and the disproportionately large costs of bringing any suit challenging the adequacy of institutional care, make residents of institutions even less likely than other eligible recipients to receive the assistance of Legal Services attorneys.

The resources of nonprofit privately funded public interest groups are equally scant. The mental health law project, the Nation's major public interest group in the field of mental health law, employs only six attorneys in the entire country. The national prison project, the largest organization engaged in prisoners' rights litigation, has a staff of seven attorneys. Of the 92 public interest law centers listed in a recent national study, only 6 had practices devoted principally to children's issues, and only a small portion of the resources of those 6 were devoted to institutionalized children. Of the 57 private firms or lawyers identified as specializing in public interest work, only 6 spent more than 10 percent of their time on issues affecting the mentally impaired.

Even when the public interest law firms attempt to represent the institutionalized, they are hampered by shortages of money and manpower. Many public interest projects are funded on a yearly basis, thus inhibiting managing attorneys from taking on litigation destined to extend over a considerable period of time. In addition, the turnover rate among public interest lawyers is high; most change employment within 2 or 3 years, further hindering efforts to sustain protracted litigation.

These limitations of resources, manpower, and continuity among publicly funded legal services and privately funded public interest advocacy groups, leave no doubt that institutionalized persons must look elsewhere for legal representation. In the absence of a massive and unlikely infusion of funds to provide legal services to the institutionalized, the vindication of their rights will continue to depend on the participation and resources of the Justice Department.

Mr. RAILSBACK. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Chairman, I rise in support of H.R. 9400. I believe every Member of this body is well aware of the conditions that exist in our nursing homes and in our mental and penal institutions throughout the country. Some institutions do an outstanding job and perform a valuable service to humanity. Many institutions leave something to be desired. But there are still others that are absolutely outrageous and unacceptable. This legislation would only address itself to this latter category and then only if such facility is owned, operated, or managed by or on behalf of or pursuant to a contract with any State or political subdivision of a State. This language is intended to very much limit the application of this legislation. This language was contained in an amendment which I offered and which was adopted by the full Judiciary Committee. In other words, there can be a private nursing home out there which may be the worst of the country, but if it is not operated by or on behalf of the State this legislation cannot be invoked to correct the situation.

All nursing homes are in some way licensed by the State. This is not what constitutes a contract for the purpose of this legislation. That is to say, a State license, State money, State regulation, tax exemptions or Federal money would not singularly or collectively be adequate involvement with the State to trigger this legislation. In *Jackson* v. *Metropolitan Edison Company* (419 U.S. 345, 1974) the Supreme Court said:

> Doctors, optometrists, lawyers, Metropolitan and Nebbia's upstate New York grocery selling a quart of milk are all in regulated businesses, providing arguably essential goods and services, affected with a public interest. We do not believe that such a status converts their every action, absent more, into that of the state.

However a State arrangement whereby it contracts with a private institution to care for persons committed to the care of the State would be covered. Unfortunately, the report (95–1058) is not clear on this point, but I am sure my subcommittee chairman is in full agreement with me on these points.

In addition, I would like to draw to the attention of my subcommittee chairman an error in our report on page 24, footnote "56b" where it says that the Judiciary Committee intends that courts not follow "the dual standard adopted by some courts." Neither the subcommittee nor the full Judiciary Committee, ever considered that issue and if there is any intent of the Judiciary Committee, it is to leave present case law on this issue where it is.

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Illinois.

Mr. RAILSBACK. I thank the gentleman for yielding.

Mr. Chairman, I simply want to agree with that particular remark. I think I

sat in on every hearing, and I do not ever remember that particular reference coming up.

Mr. BUTLER. I thank the gentleman.

Mr. Chairman, it is well settled case law that courts do use what is called a "dual standard" when trying to determine whether State action is available. A lesser degree of State involvement is needed to meet a State action requirement in cases alleging racial discrimination than in those claiming denial of other constitutional rights (*Taylor* v. *Consolidated Edison Co. of New York*, Inc., 552 F2d 29, 2d Cir. 1977). This footnote should be deleted.

Section 5 of H.R. 9400 provides that the Attorney General promulgate minimum standards relating to the development and implementation of an effective system for the resolution of grievances of persons confined in prisons. These standards may be adopted by the State if that State so chooses. Section 5 provides guidelines within which these standards are to be drawn. It is my intention, Mr. Chairman, to offer at the proper time an amendment which would require the Attorney General to submit standards which he has drafted to the Congress. Such standards shall take effect 30 days after submitted unless either House of the Congress adopts a resolution of disapproval.

I believe these standards are very important and that the Congress should be made fully aware of such standards and be in a position to do something about them if we disapprove. I believe the Congress has this responsibility and should exercise it before such standards go into effect. We generally do not hear about mistakes until they begin to have an effect on people and often times this is too late.

Mr. KASTENMEIER. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I find myself in somewhat of a paradoxical situation with respect to H.R. 9400. While I am supportive of its provisions, I have some concern about the possible consequences. But I am especially disturbed over one omission in the bill; namely, the promotion of these same civil rights protections for those dedicated to enforcing our laws.

It is my intention to offer an amendment to H.R. 9400 in the form of my bill, H.R. 181, which would establish a bill of rights for all law enforcement officers.

As a 23-year veteran of the New York City Police Department, as a legislator and as a citizen, I must raise the issue. Why are we placing the civil rights of prisoners above those of law enforcement officers? Why does this bill perpetuate the practice of selective morality?

Let me discuss what I support in this bill The need for specific legislative authority for the Attorney General to intervene in cases where individuals in mental institutions and nursing home facilities have had their rights systematically violated, is long overdue. The fact is, in 1971, as an attorney on a pro bono basis, I went to court in a week-long trial on behalf of a Ms. Adrienne Rinelli, a young woman in a Willowbrook mental institution, who had been deprived of her rights. The case was decided in Ms. Rinelli's favor and from it emerged a renewed effort by the State of New York to provide better conditions for its institutionalized persons.

I was familiar with the issues then, and still am now. I am aware of the primarily State and local responsibilities in promoting and guaranteeing these rights. Yet, it has been shown on too many occasions, that States and localities are not exercising their responsibilities as advocates. Federal intervention has been needed but oftentimes thwarted by the courts. This legislation provides the necessary statutory authority for the Attorney General to intervene in these cases.

I do take issue with the bill in that it rightly promotes the civil rights of incarcerated persons without even giving a mention to the civil rights of those persons employed in law enforcement. It may come as a surprise to many here that law enforcement officers oftentimes find they have no civil rights when subject to interdepartmental investigations of their actions.

Briefly, my amendment would have set out a nine-point bill of rights for law enforcement officers with the objective of fostering their civil rights:

First. Law enforcement personnel would have the right to participate in political activities while off duty and out of uniform.

Second. Law enforcement officers under investigation must be notified from the outset the nature of the complaint, all complainants as well as those who will be present during the interrogation, and their legal rights including right to counsel.

Third. All interrogations must be conducted in a reasonable manner and while being conducted no threats of disciplinary action shall be made.

Fourth. The complete interrogation proceeding must be recorded.

Fifth. A law enforcement officer must be notified and given reasons for any punitive action taken against him prior to the effective date of such action.

Sixth. Law enforcement officers have the right to bring civil suits against all those who violate their rights under the bill of rights.

Seventh. No law enforcement officer shall be required to disclose information on personal finances as a basis for promotion.

Eighth. Adequate representation of law enforcement personnel must be provided whenever a police complaint review board is established.

Ninth. A law enforcement officers grievance commission shall be established to investigate all allegations of violations of civil rights emanating under the bill of rights.

There are some similarities to what is being proposed today—this bill proposes that within 180 days, the Attorney General promulgate minimum standards for grievance procedures for those covered under the bill. My bill would mandate the establishment of a Law Enforcement Officers Grievance Commission to investigate all alleged violations of the civil rights of law enforcement officers. My bill would also permit law enforcement personnel to file civil suits.

In many respects, H.R. 9400 goes beyond the parameters of my bill. H.R. 9400 enlists the powerful assistance of the Attorney General in bringing suits to promote the civil rights of institutionalized persons. I do not even seek that much. My bill would give States the primary responsibility of developing bills of rights for law enforcement personnel as part of their State plans for LEAA funds. The only Federal involvement would be in withholding these funds if the State did not provide for such a bill of rights in their plan.

At the hearings which were held on my bill in 1973, and again later when I offered my bill of rights as an amendment to the LEAA authorization legislation in 1976, the argument kept being raised—is this a proper area of Federal concern? I think this same issue can be raised with respect to H.R. 9400. Even the committee report addresses this issue. It states that the protection of the rights of institutionalized persons "is primarily the responsibility of the persons who operate the institutions." Yet, because it is "a matter of grave concern to the United States," we have this legislation before us. The civil rights of law enforcement officers should be of equal concern to the United States. Similarly, remedial legislation should be enacted.

One element of H.R. 9400 which I find especially ironic is the concern for promoting the civil rights of all incarcerated individuals as well as juveniles. What about correction officers? What about their rights? Are they not just as important? Are they not violated as often? How can we expect the law enforcement community to be anything but disturbed over this legislation? I would like to read a mailgram I received this morning from President Richard Basoa of the Correction Officers Benevolent Association of New York:

Congressman MARIO BIAGGI,
Rayburn Building,
Washington, D.C.:

Urge support for Congressman Biaggi's amendment to H.R. 9400. The Biaggi amendment will be the text of his Bill of Rights to All Law Enforcement Personnel (H.R. 181). This bill is essential to extend civil rights guaranteed to our law enforcement personnel much as your bill proposes to do for incarcerated persons.

RICHARD BASOA,
President, Correction Officers Benevolent Association.

There will be an outcry in the ranks of law enforcement across this Nation. We have missed another opportunity to lift law enforcement personnel from their second-class citizen status, the process is wrong and must be rectified. If we are to pass this legislation, we have an equally strong obligation to enact H.R. 181. If it fails of passage I will renew my request for hearings by the same House Judiciary Committee which took such expeditious action on H.R. 9400.

My 23-year career in the New York City Police Department gave me extensive insights into some of the problems which law enforcement personnel face regarding their civil rights. It prompted me to introduce the law enforcement officers bill of rights in my very first year in Congress, 1969. Since that time, several States including California, Maryland, and most recently, Virginia, have passed bills of rights. Yet, why has it taken a decade to get such a measure passed in Congress? It reflects a bias against law enforcement officers which should not exist in the Congress of the United States. I call for an end to such discrimination with the passage of my bill, H.R. 181, the law enforcement officers bill of rights.

Mr. RAILSBACK. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I thank the ranking member of the subcommittee for yielding.

Mr. Chairman, I rise to support to H.R. 9400. The primary purpose of this legislation is to provide express statutory authorization for the Attorney General of the United States to initiate civil actions to redress systematic deprivation of rights of institutionalized persons.

The protection of the rights of institutionalized persons, while primarily the responsibility of the officials who operate the institutions, is a matter of concern to the United States—when rights guaranteed under the Constitution or laws of the United States are being violated by official action. Over 1 million persons reside in institutions throughout the Nation. These people are generally very vulnerable to abuse. They are usually inarticulate, powerless, and in many cases unaware of their rights. I can understand a State's reluctance to support this legislation. There may be a conflict of interest between the State and the people they institutionalize. The State officials know the condition of their institutions. Many will say they do not need the Federal Government sticking its nose into what is State's business. This legislation takes that into account and requires that no action can be commenced until at least 30 days after the appropriate State, local, and institutional officials have been notified and that the State has had a reasonable time to develop a plan to correct such deprivations and have not done so. Also, the Department of Justice must consult with the State regarding assistance which may be available from the United States.

Over the last several years the Department of Justice has been involved in approximately 45 cases seeking to protect the rights of the institutionalized. In October 1977, the U.S. Court of Appeals for the Fourth Circuit affirmed the district court's ruling and held that "without specific statutory authorization" the United States may not sue to protect the rights of the institutionalized mentally retarded (*U.S.* v. *Solomon*, 419 F. Supp. 358; affirmed 563 F. 2d 1121, 4th Circuit 1977). Without this legislation the Department of Justice's modest activity in this area will have to cease.

It is unlikely that H.R. 9400 will appreciably increase the Department of Justice's budget or result in many new positions. In fact, given clear statutory authority, the Justice Department may need less litigation support since time can be spent on the merits rather than the procedural issue of standing. As of February 1978, the two units of the Civil Rights Division which were involved in protecting the institutionalized persons have merged into one unit. The 39 personnel in these two units will be decreased to 29 according to the budget request for fiscal year 1979. The savings will decrease the sums for both units from $1,001,000 to $815,000. The only immediate increase that may be projected as a result of H.R. 9400 would be for three additional personnel—two attorneys, and one clerk—to fulfill the requirements of section 5 of the bill which requires the Attorney General to develop and promulgate standards for grievance mechanisms and to certify those which are submitted by State institutions. For that, the cost estimated by the Congressional Budget office is $76,000 for fiscal year 1979.

Mr. Chairman, H.R. 9400 represents a modest, good faith effort to try and improve conditions in our institutions throughout the country and I urge Members to vote favorably for its passage.

Mr. KASTENMEIER. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. DANIELSON), a member of the subcommittee.

Mr. DANIELSON. I thank the chairman for yielding to me. I merely wish to state that I support the bill. It is designed to meet a very important need and has been carefully drafted, safeguarding the rights of all persons concerned.

Mr. Chairman, I urge an aye vote on the bill.

Mr. RAILSBACK. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. WIGGINS).

Mr. WIGGINS. Mr. Chairman, before we undertake to amend the law, we ought to reflect upon where it now stands. At the present time, absent this bill, any person—any person—denied of any constitutional right or right conferred by Federal law may sue to redress that deprivation if caused by State action in a suit filed under 42 United States Code 1983. In other words, the affected inmates have a right now.

In several cases, however, the United States has attempted to maintain these actions in its own name, and as a party plaintiff. Most such efforts have been frustrated, Mr. Chairman, because the Attorney General lacks standing—that is to say, the United States has not suffered the wrong alleged to the inmates. Under present law, the United States has an opportunity to intervene in these private lawsuits under rule 24, and this is the correct posture of the law, Mr. Chairman, since the proper role of the Attorney General in such cases is to protect the rights of inmates, the real parties of interest, and not to vindicate some claimed interest of the United States.

However, the crux of this bill is the power granted to vindicate rights secured by laws, and not constitutional rights; not 1st amendment rights, 5th amendment, 8th amendment, 13th amendment, or 14th amendment rights, which have been denied.

The desire of the administration and the reason for this bill is that the Attorney General and Secretary Califano are most anxious to monitor and mandate the type and quality of health care delivered in State health institutions. The Attorney General has asserted that Federal law gives a right to quality medical and psychiatric care. This claimed right is based upon certain congressional findings contained in various Federal grant programs.

Now, if we ratify this assertion of Federal power to recognize a right to treatment and a certain quality of treatment in State health institutions, we will be doing great violence to the Federal system. The affected inmates—the real persons involved here—are adequately protected under Federal and State law now. We ought to leave the law alone and not amend it.

Mr. KASTENMEIER. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. ERTEL).

Mr. ERTEL. Mr. Chairman, I would like to commend the chairman of the committee for his diligence in pursuing this bill to its final conclusion.

I with reluctance rise to somewhat oppose the bill because I will be offering an amendment to it. I will be offering an amendment to strike from the bill the prisons, the correctional institutions, and the jails.

I have reviewed the report that was filed with the bill, and when I looked at the rationale for the bill, I found the rationale does not extend to those who are already institutionalized in prisons, jails, or correctional institutions. And if I might just go through the report, under the heading of "Present Representation of Institutionalized Persons" on page 17 there is an indication that people in institutions are unaware of their rights. I would suggest that rationale does not apply to those in prisons, jails, or correctional institutions. Last year 14,000 suits were filed by those persons in jails, prisons, and correctional institutions. These are not people who are unaware of their rights.

Second, the report indicates that they have the inability to file or to take protective action. Yet they did file 14,000 actions last year, and they do have the ability to do that.

It is said they lack money. In the correctional institutions they have the right to present their cases in forma pauperis, which means they can file without money, or they can go and appear pro se, or the States can appoint attorneys to represent these people, and the States do so in many cases.

So it seems to me the rationale for this bill can apply to those in mental institutions, and to those in juvenile institutions, and to those in nursing homes, those people who do not have the capacity to protect themselves. But those in correctional institutions not only have the capacity, they have exercised it. So

what does the bill do in respect to those people?

What it means is the prisoner who now files one of his own actions will in turn send a copy of that to the Attorney General's office and allege a pattern or practice, and now he will not only get a review in the district where he files but also a review by the Attorney General, which gives the prisoner redundant rights. He is not prejudiced by being a prisoner.

So they do have the ability to protect themselves, and in addition what we will have done is to create another bureaucracy on top of the bureaucracy that already exists. What we will have done is to divert the resources for the Attorney General's office which he should use to protect those institutionalized persons who do not have the capacity to protect themselves. This additional workload will dilute the efforts of the Attorney General to protect those who cannot protect themselves.

That is the reason I will offer the amendment to strike those in correctional institutions, prisons, and jails.

Mr. RAILSBACK. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding me this time.

Well, Mr. Chairman, here we are again, a nice cozy little group debating another bill out of the Committee on the Judiciary. Do you ever get the feeling that when it is announced that a bill out of the Committee on the Judiciary is going to be heard on the House floor it is like when somebody announces that your least favorite cousin is coming for a visit next week?

I think the importance of the legislation before us is the burden that it is going to leave potentially on the State and local governments, which is such that we really ought to have a bit more interest demonstrated than we have at the present time.

Like the gentleman from Illinois, Mr. RAILSBACK, my interest in this legislation goes back to a series of visits to State institutions housing mentally ill, disabled or retarded people. But it was a different set of visits. In my case I was a State legislator at the time. And I still remember and care about the concerns of State government in trying to meet and overcome these problems. It seems to me that we ought to look at this a little bit more in terms of the viewpoint of the State and local governments, in considering this matter.

I am fed up with people who are pressing for Federal action to do everything that needs to be done. And so are most of the taxpaying U.S. citizens. And here we come with another one.

What can result from aggressive action by the Attorney General under the authority and standing created by this bill? One thing, the identification of a wrong. Yes. But from whence cometh the solution to the problem or the righting of the wrong? It has to come from the State and local governments. What is in this bill about the money to do that with? There is no question that there is a great need for the protection of the rights of people who are confined in institutions supposedly operated for the benefit of people who are mentally ill, disabled, retarded, chronically ill, or handicapped.

Jails and prisons I agree with the gentleman from Pennsylvania are an entirely different matter. The rationale does not apply to them. There is no question but that there are many failures to properly protect the rights of those individuals, and there is no question that every improvement in the protection of the rights of people in these circumstances costs money to correct the conditions and maintain appropriate conditions, but we are not going to help to do that in this bill. Indeed, there is no mention in this bill as to how these costs will be met. But we could do a lot more for these people by providing the money to provide the necessary staffing and operating conditions rather than spending the money to hire expensive lawyers in the Department of Justice and to pay for litigation. We have done too much of that already.

We would do more for these people by not setting up the State and local governments for lawsuits to drain the time and the resources of those who should be working instead of improving the conditions about which we are complaining.

We are looking at this bill entirely backwards. It seems to me, in addition to the problem presented by our report, which does not reflect in substantial measure the things that occurred in the Committee on the Judiciary, this bill takes the wrong approach and I would certainly urge its defeat.

Mr. KASTENMEIER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. DRINAN), a member of the subcommittee.

Mr. DRINAN. Mr. Chairman, as a cosponsor of this bill and a member of the subcommittee from which it came, I am pleased to add my voice to the chorus of support for this modest but important measure. H.R. 9400 seeks simply to give the Attorney General the authority to commence litigation, after complying with a number of procedural safeguards which the bill enumerates, to remedy unlawful conditions in certain institutions and facilities. Recent decisions of the Federal courts have cast doubt upon the "standing" of the United States to bring such suits. This statute is intended to clarify any ambiguity which may exist regarding that authority.

It should be observed that the Supreme Court has, for many, many years, upheld the "standing" of the United States to initiate certain suits without express statutory authority. The Court has recognized that conduct of a specified nature, whether arising from public or private sources, may be so detrimental to the interests of the United States that the sovereign should be allowed to seek judicial relief even though no statute explicitly provides for such suits. In the last century, when a labor strike threatened to prevent the movement of the U.S. mails, the Government sued to enjoin the obstruction. The Supreme Court sustained the authority of the United States to seek that relief without a specific statute in the Debs case.

In more recent times, the Court has reaffirmed that line of decisions. The Court has upheld the standing of the United States to bring civil suits without express statutory authorization at least in cases where Congress has imposed criminal sanctions arguably covering the same conduct. In Wyandotte Transportation Co. against United States, for example, the Court permitted the Government to institute a civil action based on a criminal statute to remove an obstruction in the Mississippi River. The High Court approved the same theory of standing in the New York Times case, where the United States unsuccessfully sought to prevent the publication of the Pentagon Papers. These precedents would appear applicable to civil actions brought by the Government involving deprivations of certain Federal constitutional and statutory rights of institutionalized persons to the extent Congress has made such conduct arguably a criminal offense, such as under sections 241 and 242 of title 18.

Despite these compelling precedents, the lower Federal courts have not been as receptive to such suits as the Supreme Court. Thus the United States has had mixed successes in bringing suits to remedy the illegal conditions imposed on institutionalized persons. Where the Government has participated, however, it has been an effective advocate of the rights of those persons confined to or residing in such facilities and institutions. For example, in the Gary W. case, discussed on page 16 of the committee report, the Attorney General intervened in the case on the side of the plaintiff, who represented a class of dependent children sent to out-of-State institutions by Louisiana. The Justice Department investigation disclosed that these institutionalized children were, as the report notes, "physically abused, handcuffed, beaten, chained, tied up, kept in cages, and overdrugged with psychotropic medication."

In the approximately 40 cases in which the United States has participated, similarly appalling conditions were uncovered through the vigorous investigations of the Justice Department, assisted in some instances by private individuals. These institutional violations of Federal law were not confined to any one geographic area of the country nor any single type of institution. The Department has found unlawful conditions of confinement and residence in many different States in varied institutional settings: Prisons, juvenile facilities, and mental hospitals, to identify those which readily come to mind. I invite each Member of this House to examine carefully those pages of the Committee report which document the abuses which have been visited upon institutionalized persons in facilities across the Nation. If these persons had an effective voice in the national legislature, their cry of distress would have been heeded many years ago. Coming late as we do to this terrible problem, we should not pause in approving H.R. 9400 which would give some measure of relief to persons subject to these awful conditions.

Undoubtedly there are some Members who harbor constitutional reservations about this bill. The committee carefully examined the assertions of invalidity and determined that no serious challenge could be made to H.R. 9400. I will not repeat here what the committee said in its report at pages 11 to 14. In sum, we concluded that the authority to grant the United States standing to initiate litigation to secure the rights of institutionalized persons rests at least on four grants of power: Section 5 of the 14th amendment, the commerce clause, the spending power, and the necessary and proper clause.

Because most cases arising under this bill will involve violations of the 14th amendment, the committee focused its attention on the authority given by section 5. We, of course, did not intend to diminish the significance of other sources of constitutional power by concentrating on section 5. But it seemed the most readily available source of congressional authority for enacting H.R. 9400. In a few cases, it may be that the Department of Justice, in its suits under H.R. 9400, will have to rely on other grants of authority to sustain its standing in any particular case. Be that as it may, the general contours of the bill and its application in most cases are justified most easily with reference to section 5 of the 14th amendment.

From Ex Parte Virginia in 1879 to Fitzpatrick against Bitzer in 1976, the Supreme Court has consistent interpreted section 5 to permit Congress the broadest scope of authority to secure the rights, privileges, and immunities protected by the 14th amendment. What constitutes "appropriate legislation" within the meaning of section 5 is left exclusively to the judgment of the Congress. Only if the exercise of power intrudes into an exclusive domain of State authority will the statute be declared unconstitutional. Since H.R. 9400 does not so intrude, putting aside its essential, procedural nature, its constitutionality is beyond peradventure.

We should recall that H.R. 9400 authorizes the Attorney General to bring suits to correct a "pattern or practice" of violations of Federal statutory or constitutional proscriptions. Whatever constitutional reservations one might have if the bill allowed Government suits to remedy mere "isolated or accidental" illegalities should be dissipated when the pattern or practice nature of the litigation is considered. Such violations, as we noted in the committee report, injure the United States itself, apart from any injury it may inflict upon institutionalized persons. Surely Congress may authorize the Government to sue to remedy conduct which causes injury to the sovereign.

Furthermore because a "pattern or practice" suit is a unique statutory proceeding created by Congress to focus the attention of the United States on violations which are more than "isolated or accidental" events, it would not be appropriate to apply rule 23 of the Federal Rules of Civil Procedure, which governs private actions. Such application would be inconsistent with the notions that a pattern or practice injures the United States itself and that the sovereign represents the public interest, as the Supreme Court noted in United States against Raines. Thus the holding in EEOC against D. H. Holmes Co., Ltd., even if correctly decided, is not applicable to pattern or practice suits brought by the Attorney General.

The "pattern or practice" nature of the lawsuits under H.R. 9400 is significant also after the United States has established liability and then seeks a remedial order. The courts have sustained broad, affirmative relief in such cases so that the effects of the deprivations will be fully eliminated. During consideration of H.R. 9400, the committee inserted the word "equitable" before "relief" in the bill. This amendment clarified the original intent of the measure that the United States not recover damages which would be paid into the Treasury of the United States. Needless to say, equitable relief frequently requires the defendant to expend funds to correct the conditions which led to the finding of liability, which would be permitted under this bill. Furthermore, the courts have authorized the Attorney General to secure monetary relief for individual victims of a pattern or practice of violations, such as in United States against Georgia Power Co. In suits under H.R. 9400, the court could, for example, require the defendants to investigate individual complaints of unlawful conduct, and to compensate such victims for their monetary losses, if any. Flexibility and inventiveness have always been the hallmarks of equitable relief. H.R. 9400 continues that ancient tradition.

This bill is an important contribution to the advancement of the constitutional and statutory rights of institutionalized persons. It is an extension of the authority of the Attorney General to bring suit in other areas of civil and constitutional rights. In the past Congress has authorized the United States to commence litigation in the areas of housing, voting, employment, public facilities, and other subjects. In addition we have given the Attorney General the right to sue for violations of antitrust, organized crime, environmental protection, and consumer credit laws. H.R. 9400 is perfectly consistent with what we have done previously. No Member should have difficulty in supporting this measure, and I urge each of my colleagues to approve it.

Mr. RAILSBACK. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. SAWYER).

Mr. SAWYER. Mr. Chairman, I am addressing this bill with very mixed emotions. Virtually all of the speakers have purported that the purpose and thrust of this bill is to give the Attorney General standing in the event the Attorney General finds some systematic abuse and elects to act. This bill does a good deal more than that. This bill confers on the Attorney General the right to prescribe grievance procedures and steps for all penal detention facilities and pretrial jails. Nowhere does the Federal law provide for grievance procedures to be followed by the U.S. Army. They do not for students at universities or schools all over the country. We do not inject the Federal bureaucracy into state affairs when it is not Federal money. This is not a question of the Federal Government making a grant and tying some strings or conditions to it. Here we are impinging directly on the internal management of historically State and local institutions that have been paid for by local money and have been operated by and large successfully by local and State governments. Just giving the matter to Big Brother down in Washington or the Federal bureaucracy certainly is no panacea and does not cure the problem. The people here in the bureaucracy are no better or no worse than the people running local governments and State governments, and no more dedicated.

If we will look at the record, 8 percent of the American Army apparently is shooting heroin in Germany. What are we doing about that with the bureaucracy here? If we look at HEW, it has employees who have not even paid back their loans for education. The Federal Government, certainly from Watergate to Koreagate, has not evidenced any great ability to solve problems on its own level.

Juveniles have always historically been handled in their local communities. They are not even State-institutionalized. Local civic and charitable groups involve themselves in it. They are operating foster homes and various other systems where the localities have worked it out to suit them. To allow the Federal Attorney General to intervene and dictate standards of care which the operator of any of these institutions has to provide a juvenile is unwise.

When we get down to grievance procedures, whether in prisons or jails, why not consider schools, universities, and foster homes?

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAILSBACK. Mr. Chairman, I yield 2 additional minutes to the gentleman.

Will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Illinois.

Mr. RAILSBACK. I thank the gentleman for yielding.

May I just offer my opinion, which I think may be different from the gentleman's, and that is that in the bill no State need necessarily adopt the minimum regulations or guidelines promulgated by the Attorney General, in which event if they do not adopt the Attorney General's guidelines, then there will not be a requirement for exhaustion of remedies on the State level. What we are trying to do—and it was really done at the urging, frankly, of the Ford administration, is to recognize that there had been too many section 1938 petitions, 95 percent of which were thrown out and held to be frivolous. It was our feeling that we ought to try to motivate the States to set up a grievance mechanism.

Mr. SAWYER. Why, if we are this concerned and think the Federal Government to be such a panacea, do we not adopt a set of grievance procedures and guidelines for all the schoolchildren in the country, for all those in foster homes, for all those in parents' homes, if we are such great problem solvers? Why do we not address ourselves to those instead of just prisons?

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Let me just say, based on rather limited experience of my own, that after visiting Joliet prison in Illinois, after visiting some of the California facilities, and the Wisconsin facilities, it is my own personal belief that if there is any group in this bill that needs to be singled out for help, it would be the juveniles.

They are the ones that sometimes are not segregated. What they are getting is an adult lesson in crime.

Mr. SAWYER. Mr. Chairman, I might as, how about what we just read in the Washington Post about the schoolchildren in Washington, D.C., with their pictures on the front pages? Why do we not address those problems?

Mr. KASTENMEIER. Mr. Chairman, I have no further requests for time on this side.

Mr. RAILSBACK. Mr. Chairman, I yield 1 minute to the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Chairman, I just take this time to ask the gentleman from Wisconsin, the chairman of the subcommittee, if the gentleman would be pleased to comment on the remarks I have made and the remarks the gentleman from Ohio (Mr. KINDNESS) has made with reference to the need for State action?

Mr. KASTENMEIER. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I concur with the gentleman's remarks on State action. I should perhaps say that if the time of the gentleman is not adequate, I will yield time myself.

Mr. Chairman, both to aid Members in this debate and to provide clear legislative history for this bill, I would like to elaborate a bit on the issue of "State action" and H.R. 9400.

First, it is important to note that the four categories of institutions listed in section 1 of the bill are all modified by a paragraph which limits the coverage of the bill to a facility or institution which is "owned, operated, or managed by or provides services on behalf of or pursuant to a contract with any State or political subdivision of a State."

The intent of the committee in this regard is to reflect traditional concepts of "State action" as that theory of law has developed under 14th amendment litigation and to make it absolutely clear that no standing is created by this legislation to pursue purely private conduct, no matter how discriminatory or wrongful.

However, since the nexus between private and public conduct in the deprivation of the rights of institutionalized persons is frequently ambiguous, the committee has chosen to explicitly describe the sort of institution in which a pattern or practice of rights deprivations may lead to a suit under this legislation. In addition Members may wish to know that the courts have consistently held that mere licensing or regulation is not sufficient to show "State action." And the existence of public moneys in the action which violates rights has also not been held by the courts to be sufficient State involvement to constitute "State action."

It is not the intent of the Committee to create any new law with regard to this term "State action." The committee has not undertaken to formulate rules of general applicability, beyond the text of the bill, because each institution sought to be reached under this bill will be examined by the court on a case-by-case basis as the Supreme Court has held is appropriate when determining the existence or nonexistence of "State action." We are not creating any new standards for "State action" by this legislation. If there is concern on the part of any Member that the bill or the report is not clear on this point, I would reassure him now, for the record, that it is the purpose of this legislation that the traditional standards for State action developed by the courts under litigation brought under 14th amendment grounds apply in suits under this bill. I do not endorse any reading of the bill or the report which would indicate that a particular standard used by one court be utilized rather than the standards generally in application and which, I believe, are well described by the actual text in the bill. I believe that the Attorney General understands that and the courts will understand our intent. In this regard, for the record, I request that the last sentence in footnote 56b be disregarded because it appears to draw a conclusion which the committee does not intend. It was designed to be informational and not to appear to give direction to the court in finding "State action."

In summary, it is the totality of circumstances which must be considered in determining whether the threshold of "State action" has been met in litigation brought under this bill, just as such totality must be presently be considered when determining "State action" during litigation brought under the 14th amendment and the statutes drafted under it.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will read the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That as used in this Act—

(1) the term "institution" means any facility or institution—

(A) which is owned, operated, or managed by or provides services on behalf of or pursuant to a contract with, any State or political subdivision of a State; and

(B) which is—

(i) for persons who are mentally ill, disabled, or retarded, or chronically ill or handicapped;

(ii) a jail or prison, or other correctional or pre-trial detention facility;

(iii) for juveniles held awaiting trial or residing for purposes of receiving care or treatment or for any other State purpose; or

(iv) providing skilled nursing, intermediate or long-term care, or custodial or residential care;

(2) the term "person means an individual, a trust or estate, a partnership, an association, or a corporation; and

(3) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or any of the territories and possessions of the United States.

SEC. 2. Whenever the Attorney General has reasonable cause to believe that any State or political subdivision of a State, any official, employee, or agent thereof, or other person acting on behalf of or pursuant to a contract with a State or political subdivision of a State is subjecting persons residing in or confined to any institution to conditions which deprive them of any rights, privileges, or immunities secured or protected by the Constitution or laws of the United States, and that such deprivation is pursuant to a pattern or practice of resistance to the full enjoyment of such rights, privileges, or immunities, the Attorney General for or in the name of the United States may institute a civil action in any appropriate United States district court against such party for such equitable relief as may be appropriated to insure the full enjoyment of such rights, privileges, or immunities. The Attorney General shall personally sign the complaint in such action.

SEC. 3. (a) At the time of the commencement of an action under section 2 of this Act, the Attorney General shall certify to the court—

(1) that, at least 30 days previously, he has notified in writing the Governor or chief executive officer and attorney general or chief legal officer of the appropirate State or political subdivision of the State and the director of the institution of—

(A) the alleged pattern or practice of deprivation of rights, privileges, or immunities secured or protected by the Constitution or laws of the United States;

(B) the supporting facts giving rise to the alleged pattern or practice of deprivations, including the dates or time period during which the alleged pattern or practice of deprivations occurred and, when feasible, the identity of all persons reasonably suspected of being involved in causing the alleged pattern or practice of deprivations; and

(C) the measures which he believes may remedy the alleged pattern or practice of deprivations; and

(2) that he or his designee has made a reasonable effort to consult with the Governor or chief executive officer and attorney general or chief legal officer of the appropriate State or political subdivision and the director of the institution, or their designees, regarding assistance which may be available from the United States and which he believes may assist in the correction of such pattern or practice of deprivations;

(3) that he is satisfied that the appropriate officials have had a reasonable time to develop a plan to correct such deprivations and have not adequately done so; and

(4) that he believe that such an action by the United States is of general public importance and will materially further the vindication of the rights, privileges, or immunities secured or protected by the Constitution or laws of the United States.

(b) Any certification made by the Attorney General pursuant to this section shall be personally signed by him.

SEC. 4. (a) Whenever an action has been commenced in any court of the United States seeking relief from conditions which deprive persons residing in or confined to institutions of any rights, privileges, or immunities secured or protected by the Constitution or laws of the United States and the Attorney General has reasonable cause to believe that such deprivation is pursuant to a pattern or practice of resistance to the full enjoyment of such rights, privileges, or immunities, the Attorney General for or in the name of the United States may intervene in such action upon timely application if the Attorney General certifies to the court, at the time of the filing of the motion to intervene—

(1) that, prior to such time, he has notified in writing the Governor or executive officer and attorney general or chief legal officer of the appropriate State or political subdivision of the State and the director of the institution of—

(A) the alleged pattern or practice of deprivations of rights, privileges, or immunities secured or protected by the Constitution or laws of the United States;

(B) the supporting facts giving rise to the alleged patterns or practice of deprivations, including the dates or time period during which the alleged pattern or practice of deprivations occurred and, when feasible, the identity of all persons reasonably suspected of being involved in causing the alleged pattern or practice of deprivations; and

(C) the measures which he believes may remedy the alleged pattern or practice of deprivations; and

(2) that he believes that such an action by the United States is of general public importance and will materially further the vindication of the rights, privileges, or immunities secured or protected by the Constitution or laws of the United States.

(b) Any certification or motion to intervene which is made by the Attorney General pursuant to this section shall be personally signed by him.

SEC. 5. (a) Not later than 180 days after the date of enactment of this Act, the Attorney General shall, after consultation with State and local agencies and persons and organizations having a background and expertise in the area of corrections, promulgate minimum standards relating to the development and implementation of a plain, speedy, and effective system for the resolution of grievances of persons confined in any jail, prison, or other correctional or pretrial detention facility. The minimum standards shall provide—

(1) for the participation of employees and inmates of correctional institutions (at the most decentralized level as is reasonably possible) in the formulation, implementation, and operation of the system;

(2) specific maximum time limits for written replies to grievances with reasons thereto at each decision level within the system;

(3) for priority processing of grievances which are of an emergency nature, including matters in which delay would subject the grievant to substantial risk of personal injury or other damages;

(4) for safeguards to avoid reprisals against any grievant or participant in the resolution of a grievance; and

(5) for independent review of the disposition of grievances, including alleged reprisals, by a person or other entity not under the direct supervision or direct control of the institution.

(b) The Attorney General shall develop a procedure for the prompt review and certification of systems for the resolution of grievances of persons confined in any jail, prison, or other correctional or pretrial detention facility which may be submitted by the various States and political subdivisions in order to determine if such systems are in substantial compliance with the minimum standards promulgated pursuant to this section. The Attorney General may suspend or withdraw such certification at any time if he has reasonable cause to believe that the grievance procedure is no longer in substantial compliance with the minimum standards promulgated pursuant to this section.

(c) In any action brought pursuant to section 1979 of the Revised Statutes (42 U.S.C. 1983) by an adult individual confined in any jail, prison, or other correctional or pretrial detention facility, the court shall continue such case for a period not to exceed 90 days in order to require exhaustion of such plain, speedy, and effective administrative remedy as is available if the court believes that such a requirement would be appropriate and in the interest of justice: *Provided*, That such exhaustion shall not be required unless the Attorney General has certified or the court has determined that such administrative remedy is in substantial compliance with the minimum acceptable standards promulgated pursuant to this section.

(d) The minimum standards promulgated by the Attorney General pursuant to this section shall not be implemented until the Attorney General transmits the proposed regulations to the Committees on the Judiciary of the House of Representatives and the Senate, and waits a period of 30 calendar days (not including any day on which either House of Congress is not in session because of an adjournment of more than 3 calendar days to a day certain) from the date on which such proposed regulations are received by such committees.

SEC. 6. The Attorney General shall include in his report to Congress on the business of the Department of Justice prepared pursuant to section 522 of title 28, United States Code—

(1) a statement of the number, variety, and outcome of all actions instituted or in which the Attorney General has intervened pursuant to this Act; and

(2) a statement of the nature and effect of standards promulgated pursuant to section 5 of this Act, including an assessment of the impact which such standards have had on the workload of the United States courts and the quality of grievance resolution within jails, prisons, and other correctional facilities and pretrial detention facilities.

Mr. KASTENMEIER (during the reading). Mr. Chairman. I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

AMENDMENT OFFERED BY MR. ERTEL

Mr. ERTEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ERTEL: On page 8, line 12, strike the words "a jail or prison, or other correctional".

And on line 13, strike "or".

The CHAIRMAN. The gentleman from Pennsylvania (Mr. ERTEL) is recognized for 5 minutes in support of his amendment.

PARLIAMENTARY INQUIRY

Mr. KINDNESS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KINDNESS. Mr. Chairman, my parliamentary inquiry is this: My understanding is that any amendment to the same overall section or subsection of the bill might be in order following disposition of the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL) if it does not affect the particular subsection.

My inquiry should perhaps be phrased more generally, and I will inquire, how much of the bill is affected by the amendment?

The CHAIRMAN. The Chair will state that any amendment that is more comprehensive than this amendment or to another portion of the bill would be in order.

Mr. KINDNESS. Narrowing the inquiry, then, Mr. Chairman, if, for example, I had an amendment directed to subsection (1)(A), preceding the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL), although his amendment goes to section (1)(B)(ii), would my amendment be in order as a separate amendment?

The CHAIRMAN. The Chair will advise the gentleman that would be a separate amendment.

Mr. KINDNESS. So that would be handled separately.

I thank the Chair.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. ERTEL) is recognized for 5 minutes in support of his amendment.

Mr. ERTEL. Mr. Chairman, I do not have prepared remarks on this amendment, but I would like to incorporate what I said in the general debate in support of this amendment. My amendment is offered to strike reference only to those institutions where a person has already been adjudged guilty of an antisocial act. That means that he is in a jail, prison, or correctional institution.

This does not apply to juvenile institutions, it does not apply to mental institutions, and it does not apply to pre-trial detention facilities. This is only to apply to those adult institutions where a person has already been adjudged guilty. We are basically talking about prisons and prisoners in State and local institutions. My amendment would strike them from the coverage of this bill.

If I might add this, I have already gone through the rationale for this bill, and basically it is to protect people who are unable to protect themselves. These individuals being addressed here are able to protect themselves. Under the prisoners' rights cases they have a right to use law libraries, they have the right to petition, and they can get petitions out of prison without interference.

In addition, they have the right to institute lawsuits. They have every basic right that any other American citizen has as far as the right to redress and petition the courts is concerned, and they have access to those courts.

What we are doing here with this section is this: We are adding to that a redundant right. They now have a right to petition the Attorney General of the United States to say that there is a pattern or practice discriminating against them as well as against other people.

Let us just take one example of what has happened.

In 1976 we had approximately 14,200 prisoner cases field. Out of those the Fed-

eral courts, after reviewing them, found that 95.6 percent of them were frivolous.

Let us assume for a moment I am a prisoner in an institution and I have nothing better to do than file petitions. In one case, the Firmstone case in Pennsylvania, the petition list is about 100 individual separate petitions. A prisoner will now send petitions out to the U.S. district court, with a copy to the Attorney General's office. We will then have to review the petitions in both places. That means we are going to create another bureaucracy in the Attorney General's office to handle those cases.

In addition to that, when they start handling that kind of volume of those cases coming from these institutions, where people are capable of mental intent, and by definition they are able to do so; while those in a juvenile institution where they have the incapacity of youth, or some other institution such as that, and do not have adequate mental capacity, these cases are going to get confused; and it is going to delay those people getting rights who should be properly addressed by this bill. These 14,000 cases will interfere with that. It seems to me that if we continue on this route, we are not going to serve the purpose that underlies this bill.

Mr. ZEFERETTI. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the gentleman from New York.

Mr. ZEFERETTI. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman for his amendment. As someone who has spent better than 20 years in the correctional systems in New York City and in New York State, I can attest to the number of cases that have been petitioned in the courts.

Beyond that, if we are talking about conditions, this is not the way to address them. If we are talking about spending money, let us spend the money in a proper manner and get something done within those institutions. If we are talking about an archaic system and the minimum standards that the Federal courts have answered to over a period of time, again let us address ourselves to that issue.

And while I am standing, I would also like to support some of the remarks made earlier by my colleague, the gentleman from New York (Mr. BIAGGI), for asking in his amendment for a bill of rights for law enforcement officers. As officers who have worked within the confines of that system, we found ourselves in the Federal courts almost on a weekly basis on the frivolous charges which came in on the will and on the whim of every prisoner in every institution.

Again, conditions are bad. Standards should be met. But I do not feel that this is the way. I agree with the gentleman in the well and I support his amendment.

Mr. ERTEL. I thank the gentleman for his comments.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. ERTEL) has expired.

(By unanimous consent, Mr. ERTEL was allowed to proceed for 2 additional minutes.)

Mr. ERTEL. Mr. Chairman, if I may return to one of the arguments which I am sure will be presented, that is that this only gives the Attorney General standing, which I contend he already has.

Mr. Chairman, I would suggest that when these prisoners file their petitions, and when the judge determines that there is some sort of pattern or practice, he can ask the Attorney General to come in. And they can then proceed, if there is a pattern or practice, and this has worked. There are cases throughout the United States, and specifically I cite the cases from Alabama, where Judge Johnson has in fact ruled in favor of patterns and practices in a court. So that the prisoners are adequately protected. And if we grant them this additional right, we are taking away from other people to benefit those who are already adequately protected.

I would urge my colleagues to support this amendment in the sake of fairness to those individuals in other institutions who need our care and concern.

Mr. RAILSBACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if the conditions in this country and in the jails and penitentiaries were as most of us would have them, it would be to provide security. We would want them to provide security not just for the inmates, but for the guards, as well. We would not want overcrowding. We would not want any kind of sexual abuses or threat of sexual abuses. We would not want any tear gassing. We would not want any hosing. And yet, after visiting Soledad and after visiting San Quentin, Jolliet in Illinois, my home State of Illinois, Waupon in Wisconsin, Fort Levenworth, and the Cook County jail in Chicago, I can tell the Members from my own experience that we saw conditions that were overcrowded that were conducive to sexual abuses, that it was not just on the Federal level, that it was on the State level, that there were conditions which existed that I had no idea, as a practicing lawyer prior to coming to Congress, ever existed.

It is my belief that the Justice Department in the Morales cases, in the Oklahoma case which I want to refer to, which appears in the report, has indeed served a good function in trying to intervene or initiate actions where there have been serious abuses that have not been addressed by the various States.

Let me just read this statement from page 16 of the report:

> Justice Department-assisted litigation challenging conditions of confinement in prisons and jails revealed that condition in correctional facilities across the nation were, if possible, worse than those in mental institutions. In a suit attacking conditions in the prisons of Oklahoma's State Penitentiary System, the court found that facilities designed to accommodate 2,400 inmates housed 4,600. Inmates were compelled to sleep in garages and stairwells. Groups of four men were regularly confined in 6- by 6-foot cells with no ventilation, no hot water, and sewage leaks. Over a 3-year period, one facility reported 40 stabbings, 44 serious beatings, and 19 violent deaths. Kitchen and food storage areas were found to be infested with mice, rats, and vermin, and firefighting capabilities were deemed nonexistent.

Mr. Chairman, I am not going to go on with this sort of quotation. I think we have read it or things like it before.

However, if a State is not taking action, then it seems to me that the Justice Department ought to have the authority that it believed it had in the past.

Mr. Chairman, I would urge that we defeat the amendment.

Mr. ZEFERETTI. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from New York.

Mr. ZEFERETTI. Mr. Chairman, let me say that these conditions have been in existence not only yesterday and the day before yesterday, but have existed for years.

Unfortunately, no one had ever given that type of system the priorities that were necessary to upgrade the system to make the institutions human habitats for people to live in, let alone to be confined in.

Mr. RAILSBACK. Mr. Chairman, I want to agree with what the gentleman has said. I think it would be tragic if we took away the one device which the Justice Department, in the interest of the general public, believes it has, although, apparently, it may not have it.

Mr. ZEFERETTI. If the gentleman will yield further, more importantly, what has happened, because of the Justice Department and because of the litigations that have taken place is that almost every Federal court in the land has closed down institutions, has given mandates as to minimum standards, and has gotten people aware so that now we can recite a litany of what is wrong; but it has only been through those actions.

This legislation is not addressed to remedy those conditions.

Mr. RAILSBACK. I really wish the gentleman was right, but every indication that I have seen shows that the gentleman is not right about that last point.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. RAILSBACK) has expired.

(On request of Mr. ZEFERETTI and by unanimous consent, Mr. RAILSBACK was allowed to proceed for 1 additional minute.)

Mr. ZEFERETTI. Mr. Chairman, will the gentleman yield further?

Mr. RAILSBACK. I yield to the gentleman from New York.

Mr. ZEFERETTI. Mr. Chairman, I agree with what the gentleman from Illinois (Mr. RAILSBACK) is saying. However, what I am saying is that this legislation does not remedy the conditions. We should be addressing ourselves to the type of legislation which would upgrade those standards.

This particular piece of legislation is designed strictly for those who are incarcerated and does not go to what the real needs are.

Mr. RAILSBACK. Mr. Chairman, I appreciate the gentleman's opinion, and I respect his opinion. However, I happen to think, based on my own experience, that the Congress will be back here in another 40 years asking that something be done; and somebody will be saying, "Let us address it in a different way"—differently from the way we are trying to address it right now.

Mr. ZEFERETTI. If the gentleman will yield further, I have a bill, H.R. 10402, which I hope the gentleman would look at. Perhaps that will address the problem.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. RAILSBACK) has expired.

(On request of Mr. ERTEL and by unanimous consent, Mr. RAILSBACK was allowed to proceed for 1 additional minute.)

Mr. ERTEL. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Pennsylvania.

Mr. ERTEL. Mr. Chairman, I agree with many of the things which the gentleman from Illinois (Mr. RAILSBACK) has said. However, I would ask him whether the case he cited was one in which the Justice Department intervened under existing law.

Mr. RAILSBACK. The cases that I cited, I will tell the gentleman——

Mr. ERTEL. No. If I may interrupt the gentleman, I am referring to the case referred to in the report, which the gentleman read from.

Did not the Justice Department intervene under existing law? Did they not have the right to intervene, and did they not intervene?

Mr. RAILSBACK. It is my belief—and the gentleman can correct me—that the Oklahoma case was decided prior to the Solomon case. I think that what the Solomon case has done is that it has kind of thrown a monkeywrench into those few cases where the Justice Department is seeking, on behalf of the general public, to intervene where there has been a pattern or a systematic series of abuses.

My feeling is that the gentleman, by eliminating prisons and jails, if that were to be adopted, he has cut the bill in half and has protected those who may be voluntarily confined in mental institutions. However, he has taken out the people who may really have no rights whatsoever, where there have been a series of abuses.

Mr. DANIELSON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I oppose the amendment. I have been very pleased to listen in on the debate. I think it it quite obvious that only those persons who are confined in prisons and jails and the like are in a firsthand position to complain when the rights which should be guaranteed to them by the Constitution are infracted or denied or diminished. But, I would hope that my good friends who seek to provide the remedy, and which the Attorney General can step in in a necessary case, in a proper case, to obtain redress for those grievances, I hope that my dear friends who do support that provision will remember when the time comes—and it will—when we seek to expand and modernize and provide appropriate, decent detention facilities, and will support that demand.

Just recently, during the authorization hearings for the Justice Department in the Judiciary Committee, I sought to remedy some of the things that my colleague from New York (Mr. BIAGGI) and my other colleague from New York have complained of, such as inadequate facilities for holding the prisoners; facilities in which, due to crowding and due to obsolescence, it is practically impossible to provide detention facilities that are in keeping with the twentieth century and modern standards of cleanliness and understanding of confinement.

Yet, I find strangely, some of the very people who seek to provide remedies in this bill, speaking to the very idea of providing decent prisons and jails which are sanitary, which are fireproof, which are not reasonably overcrowded, in which prisoners can be segregated according to the category of the offense and their personalities. I do hope they will remember.

I am opposing this amendment, because I say that someone has to bring these grievances to the attention of proper authorities, but at the same time I do hope that my friends who feel so sympathetic to the prisoners here today will remember, if we are going to protect the rights of those same prisoners, then we had jolly well better get around to providing decent, sanitary, fireproof facilities in which we can humanely incarcerate the people who have violated our laws.

Mr. ERTEL. Mr. Chairman, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Pennsylvania.

Mr. ERTEL. Mr. Chairman, I appreciate the gentleman's comments. I would hope only that he would support the amendment—which he does not—but I do have a bill filed to improve jails in State institutions, and I hope very much that the gentleman will support it in order to get it out of his subcommittee.

Mr. DANIELSON. The gentleman may find that I support him every now and then.

Mr. WIGGINS. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, the case simply cannot be made that prisoners in State institutions lack either the capacity or the will to seek a vindication of their own rights. Indeed, the courts have been inundated with 1983 petitions filed by these State prisoners. The number is in the thousands—14,000 has been mentioned, which is higher than I thought, but clearly in the thousands.

If the proposed law were to provide a means of reducing these 1983 filings, perhaps the bill could be supported on that basis, but individual prisoners are in no way bound by an action filed by the Attorney General. Rather than reduce the 1983 filings, this bill increases them by the number filed by the Attorney General himself.

This bill, Mr. Chairman, is conceptually flawed. Rather than granting an independent right of action to the Attorney General, we should have considered granting to the Attorney General a parens patriae right to maintain a class action on behalf of the prisoners themselves so that the prisoners would be bound by any judgment entered in that class action and thereafter be barred from maintaining independent duplicative actions.

Mr. Chairman, the amendment does not go far enough, but I support it insofar as it goes and urge a favorable vote on the amendment.

AMENDMENT OFFERED BY MR. KINDNESS AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. ERTEL

Mr. KINDNESS. Mr. Chairman, I offered an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. KINDNESS as a substitute for the amendment offered by Mr. ERTEL: On page 8, strike the language beginning on line 12 through to the semicolon on line 16.

On page 8, line 17, strike "(iv)" and insert "(ii)" in lieu thereof.

Mr. KINDNESS. Mr. Chairman, the amendment offered now as a substitute for the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL) is broader, of course, in that it would take out from the definition of "institution" not only jails and prisoners or other correctional facilities, but also pretrial detention facilities and facilities for juveniles held awaiting trial or residing for purposes of receiving care or treat-

I think it has been made clear from the debate up to this point on the amendment by the gentleman from Pennsylvania that there are those of us who feel that jails and prisons and any type of correctional facility do not properly belong within the scope of this bill.

It has been argued well by the gentleman from Illinois (Mr. RAILSBACK) that there are bad conditions that exist in State and local prisons and jails as well as in Federal prisons. It has also been argued well that the Federal Government has not done a 100-percent job of cleaning things up in the Federal prisons, so maybe we ought to be talking about taking care of our own house first.

But certainly we are not offering to do anything constructive about the underlying problems in this bill, and I think we ought to look at the whole scope of correctional-type facilities, of facilities for juveniles, of facilities for pretrial detention, or just those we call jails, prisons, or correctional facilities, put them in one category, and bring them out from under the coverage of this bill.

If this bill is so good and it works well in the case of institutions for the mentally ill, the retarded, the handicapped, or chronically ill, then let us follow that example after it has had an opportunity to operate; and then include jails and prisons if we must. But certainly at this point there has not been stated in my view ample justification for classifying together jails and prisons and mentally ill and disabled and retarded and chronically ill and handicapped per-

sons. And beyond that, the definition of institution includes those facilities which provide skilled nursing and intermediate or long-term care or custodial care.

That is a third type of category, I believe.

Among those three categories that are included within the scope of the bill, jails, prisons, and that type of facility certainly do not belong here.

I would now yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, I thank the gentleman for yielding to me.

I believe that the language is inappropriate due to the fact that this bill expresses a particular sympathy that the Federal Government should have for each and every one who is institutionalized. I think that it would be wrong to say those in jail, or juveniles who are awaiting trial ought to be denied the protection of this act.

Mr. KINDNESS. Mr. Chairman, I would reclaim my time, then, if the gentleman from Massachusetts (Mr. DRINAN) only seeks to argue his opposition to the amendment. I thought the gentleman might seek further clarification of some point.

However, I would certainly urge that whatever the age of the institutionalized person may be, or the conditions may be, we are talking about essentially a State and local governmental concern. I think we ought to be looking at that aspect of it, and not to assume unto ourselves all that is good and positive in the Federal Government's practices in this regard as though we did not have that same problem existing in the Federal protection. But let us, at least, look realistically at the point that jails, prisons, correctional facilities and other related types of facilities are in a different category and the persons in this category already have remedies available to them, and they are exercising them very adequately, you might say very industriously, as distinct and separate and quite different from those people in the other two categories covered by the bill.

I would urge that the amendment which is offered as a substitute to take out both subsections (ii) and (iii) be adopted.

Mr. KASTENMEIER. Mr. Chairman, I rise in opposition to the amendment offered as a substitute by the gentleman from Ohio (Mr. KINDNESS) to the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL).

Mr. Chairman, these amendments were overwhelmingly rejected in the Committee on the Judiciary and in the subcommittee.

It is hard to say whether, in terms of the impact it would cut out half the bill or not, but certainly a very significant portion of it. I think it is terribly unfair to select out a group, because they essentially are less popular than another group.

All the testimony and evidence has been that prisoners as a class are as needful of this sort of intervention as are any other class. If they are, in fact, articulate, they, indeed still, undoubtedly, rank in the bottom line in terms of the desirability of legislatures and even the Congress to provide for them.

I think it is important, because this bill seeks to protect all these classes of persons, but in a very limited way. In fact, some of the arguments made do not seem to understand what we are attempting to accomplish.

We would permit the Attorney General to initiate a suit where a pattern or practice is involved denying rights to inmates in correctional facilities.

We also provide, because we are not seeking to promote litigation, for a mechanism by which the Attorney General of the United States contacts the superintendent and warden of the State institution, the State Attorney General and the State Governor telling them when, why and what, and, in fact, offering consultation and aid to that State. We are trying to assist rather than to produce additional litigation.

As far as all the filings and the condition of confinement suits under 1983, we do not add to or subtract from them. They do not in and of themselves cause the Attorney General to initiate suits or to intervene in suits. He does so, as a matter of fact, presently in perhaps 20 suits in the country, whereas we impose in this bill a statutory standard of general public importance, but all the private individual suits may continue. But we do provide a voluntary grievance mechanism. If States will adopt the mechanism suggested by the Attorney General, those thousands of per se applications can be diverted back into State and local grievance mechanisms. We think that this is a practical way to handle it. We think it will result in less work for the courts, in less litigation, not more, so, Mr. Chairman, I strongly urge that the substitute amendment and the amendment both be rejected.

Mr. ERTEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute amendment.

Mr. Chairman, I reluctantly rise to oppose the substitute amendment offered by the gentleman from Ohio inasmuch as it lumps together two different types or groups of people. He would lump in juveniles who are presumed not to have the capacity to protect their own rights and, therefore, would exclude them from the benefit of the Attorney General's filing suit on their behalf in pattern practice suits, so that, therefore, we are going much further than what would be the amendment that I proposed.

In addition, I would just like to comment on my chairman's comments and quote to the Members what Judge Aldisert of the Third Circuit Court of Appeals, says what this would do, he cites Drew Days, who is the man from the Department of Justice who testified, and then says:

> I do not know the size of this staff—

Referring to the size of the staff that this bill would require—

> and I do not know what the impact of this legislation will be in institutions other than jails and prisons. But if we are to assume that the Department of Justice is going to examine at least the number of cases filed last year in state prisons alone, a total of 6,958 cases, then I suggest that the subcommittee be satisfied that sufficient manpower is available in the Department of Justice staff. Otherwise I cannot see how the stated promise of the Department of Justice can be achieved.

It seems to me by including prisons and jails we have taken and diverted our assets as Judge Aldisert has said. Once justice is being selective in the cases that they are going to file, they are going to have to review all of these cases which are presently being reviewed by a Federal district court. We have an additional review and, therefore, prisons and jails should be excluded, but I do not believe that juvenile institutions should be because, in fact, they are the people who are not able to file their own type of actions.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the gentleman from Ohio.

Mr. KINDNESS. I thank the gentleman for yielding.

I would like to point out to the gentleman from Pennsylvania that I support his amendment, and I realize that there is a difference in the two categories, but at the same time there is directed toward the juvenile facility and toward the juvenile who is incarcerated or detained a much more localized concern. I do not think we have quite as many problems in that area that would be brought to light by the Attorney General as we have in these other categories. It is for that reason that I think if we take the whole penal-like atmosphere out of this bill, it would be better. If it is deemed necessary at a later date to include that, I think we would see the building of lawyers at the Department of Justice at a little later date for that purpose.

Mr. KASTENMEIER. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Chairman, I have asked the gentleman to yield, because I think there is an erroneous conclusion drawn that this will build up a bureaucracy. There is no requirement for the Attorney General to review these thousands of cases that the gentleman refers to. Those are the ones handled in section 5 and would be diverted back to the States for the grievance mechanism under this bill, if the States elect to come under it.

Furthermore, the Attorney General has suggested, and we have put in what is provided by this bill, that there are two additional attorneys and one additional clerk. That is what we are talking about. We are not talking about thousands of extra cases. We are not talking about any substantial increment of additional cases. We cannot only monitor this, we already know about what to expect.

I think the suggestion that somehow the Attorney General is going to individually review thousands of cases is just fallacious.

Mr. ERTEL. Mr. Chairman, if I can reclaim my time, I might point out this

may be voluntary, but if the Attorney General is going to be conscientious and look for patterns and practices, he is going to have to review those, or else violate his duty.

I do not suggest for a moment that we can legislate on the basis that the Attorney General is going to violate his duty.

It is true that every prisoner, I can just see it now, they are just going to add a pattern and practice allegation to their petitions and send them to the Department of Justice.

Mr. Chairman, I spent a year on reviewing some of these cases and I have seen them tie up the courts' time and now we will tie up the time of the Attorney General as well.

Mrs. FENWICK. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to both amendments.

Mr. Chairman, this opposition is not through any sentimental view, but through hard experience. I was a member of the appropriate committee in my State assembly, and chairman of the Joint Senate-Assembly Commission, studying child abuse, so that when we refer to juveniles, I know that problem particularly. I have been in every correctional institution in my State, but what was revealed in the county juvenile institutions was something so frightful that we cannot cut that section out of this bill.

This will not make it possible for the Justice Department to review every single case, but what it does do is to offer a promise, a hope, that for those most outstandingly unjust cases brought by prisoners who are certainly mentally competent, but not competent as lawyers to prepare great trial cases for themselves, it offers some hope that their constitutional rights will be observed, that there is some place to which they can turn when a constitutional right is being violated. This is so particularly true in the juvenile cases, in the juvenile institutions. We have had constitutional rights violated without due process, children shunted off, because of the complaint of a drunken parent, without any lawyer turning up to protect them, locked up in an institution where they were not allowed out even 1 hour a day from their cells.

Mr. Chairman, I urge defeat for both these amendments.

Mr. VOLKMER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I first would like to engage the gentleman from Wisconsin in a colloquy, if I may, so that I have a better understanding of the provisions of the bill.

I relate directly to section 5, and the reason I ask these questions is because of how the amendments pending would relate in the event they were adopted. As I understand section 5, it is a method in which minimum standards for grievance procedures for penal institutions, basically jails, and so forth, can be established by the Attorney General and then that State or political subdivisions could submit those voluntarily for approval; is that correct?

Mr. KASTENMEIER. Mr. Chairman, if the gentleman will yield, yes; I think the gentleman has stated the proposition correctly. Section 5(a) is the promulgation of minimum standards which the gentleman refers to.

Section (b) suggests that the Attorney General shall have a procedure for review and certification of these as they are submitted by States who care to submit them.

Mr. VOLKMER. Then if no State or political subdivision, State or county or city, submitted them, there would be no action by the Attorney General under section 5 in regard to those cities, counties, or States; is that correct?

Mr. KASTENMEIER. The gentleman is correct. Existing law would prevail.

Mr. VOLKMER. In the event none were ever submitted and an inmate from one of those institutions then filed a petition under section 1983, the judge under the other provisions would have a duty to determine whether or not there was a grievance procedure, or if there were none, just proceed as he does presently under 1983.

Mr. KASTENMEIER. Yes. This would give him no right in particular.

Mr. VOLKMER. So there is no language in this bill that would give the Attorney General the power to impose upon any State, city, county, or any political subdivision minimum standards for a grievance procedure for penal institutions; is that correct?

Mr. KASTENMEIER. The gentleman is correct.

Mr. SAWYER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I want particularly to call the attention of some of the Members who are not on the Committee on the Judiciary to the fact that this grievance procedure is totally different and in addition to the legal standing part of the act.

This language allows the promulgation by the Attorney General of minimum grievance standards on all State and local institutions that are correctional facilities, pretrial holding areas, jails, or prisons, and the recommended minimum grievance standards are as follows:

The act suggests that these steps must first be followed: First, they have to participate on as low a level as possible among all the employees—and I suppose that means from the warden on down to the guard level—in the formulation and the operation of a grievance system.

Then they must specify time limits for written replies to every grievance that is put into this program, with written reasons assigned.

Then there is a priority section for those that are considered an emergency, and at the end it requires that, as an additional step, the whole grievance must be submitted to some person outside the penal institution, and he must review it and provide written reasons as required for each step.

We can just imagine the burden of this kind of a procedure that would be imposed on the States, counties, and cities.

The argument has been made both by the gentleman from Illinois and the gentleman from Missouri that the States do not have to do this. As a practical matter, however, the act is designed so that they, for their own protection, will have to accept these procedures; otherwise the exhaustion of any administrative procedure is waived, and the Attorney General can go right to the U.S. district court without allowing any time for any kind of a reasonable grievance resolution. So they either can go full-sled and indulge in this multistep procedure, even with outside parties, not connected with the system, reviewing and giving written replies with reasons, or have no procedure of their own.

We can imagine, when we take into account the number of grievances they get in a labor union situation, the number they would get when there are 7,000 to 10,000 totally unhappy inmates in a correctional institution. We can imagine the kind of a system that is going to have to be built up to take care of this and comply with what are described as minimum requirements, with these guidelines built into the act that the Attorney General is to promulgate. And it is all paid for from State and local taxes.

Mr. WIGGINS. Mr. Chairman, will the gentleman yield?

Mr. SAWYER. I yield to the gentleman from California.

Mr. WIGGINS. Mr. Chairman, in describing who must participate in the formulation of these minimum standards, the gentleman failed to mention the inmates themselves. The bill requires the inmates will have a role not only in preparing the standards but in their implementation.

Mr. SAWYER. Mr. Chairman, I agree with the gentleman, and that was an oversight.

The inmates and even the lower level employees participate in this multi-step procedure, and they must supply written reasons and give in effect a judicial opinion. They end up with everybody participating in it; everybody, from the warden down, has passed on it and given written reasons. They must state that they have answered all aspects of each complaint, and then they even have to get an outside party to do the same thing.

When we think of the volume, if we have had any experience with penal institutions and the discontent generally, even under the most ideal circumstances of confinement, we could just imagine the volume of goodies that are going to be gratuitously imposed on State institutions and county jails, all of which are hard pressed to afford adequate staffing now. We are not paying for it. We are requiring the states and localities to support this kind of thing. I will tell the Members that it is going to be an absolute can of worms when we see the volume that is going to come through that kind of system. Many prisoners would file a grievance every day to have something to

do and to get the multitiered recognition and written responses. That is one of the reasons why I am in support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. KINDNESS) as a substitute for the amendment offered by the gentleman from Pennsylvania (Mr. (ERTEL).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. RAILSBACK. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to record their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 266]

Abdnor	Flowers	Nix
Ambro	Fountain	Oakar
Andrews, N.C.	Fraser	Pettis
Archer	Frey	Pickle
Armstrong	Gammage	Pressler
Baldus	Goodling	Pursell
Beilenson	Gudger	Quie
Bevill	Harsha	Rangel
Bingham	Heckler	Rhodes
Boggs	Hightower	Rodino
Bolling	Hillis	Roe
Bonker	Howard	Roncalio
Bowen	Hyde	Rosenthal
Brademas	Ireland	Runnels
Breckinridge	Johnson, Colo.	Ruppe
Brown, Calif.	Jones, N.C.	Santini
Buchanan	Jones, Okla.	Scheuer
Burke, Calif.	Kasten	Shipley
Burleson, Tex.	Kazen	Sikes
Burton, John	Kemp	Solarz
Byron	Krueger	Stockman
Carney	Le Fante	Stump
Cavanaugh	Leggett	Teague
Cederberg	Lehman	Thone
Clausen, Don H.	Livingston	Thornton
	McDonald	Tucker
Cochran	McKay	Udall
Cohen	McKinney	Ullman
Collins, Ill.	Maguire	Van Deerlin
Conyers	Mann	Vanik
Davis	Mathis	Wampler
Dellums	Meeds	Waxman
Derwinski	Mikva	Weaver
Dicks	Minish	White
Diggs	Moffett	Whitley
Dingell	Mollohan	Wirth
Eckhardt	Moss	Wolff
Eilberg	Murphy, N.Y.	Wylie
Fascell	Myers, Michael	Yatron

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. OBERSTAR, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 9400, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 318 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

RECORDED VOTE

The CHAIRMAN. The pending business before the Committee is the demand of the gentleman from Illinois (Mr. RAILSBACK) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 227, noes 132, not voting 75, as follows:

[Roll No. 267]

AYES—227

Abdnor	Flippo	Martin
Addabbo	Flood	Mathis
Akaka	Florio	Mattox
Ammerman	Flowers	Michel
Andrews, N. Dak.	Flynt	Milford
	Foley	Miller, Ohio
Applegate	Ford, Mich.	Mitchell, N.Y.
Archer	Forsythe	Montgomery
Ashbrook	Fowler	Moore
Ashley	Frenzel	Moorhead, Calif.
AuCoin	Fuqua	
Badham	Gaydos	Mottl
Bafalis	Gephardt	Murphy, Pa.
Barnard	Giaimo	Murtha
Bauman	Gibbons	Myers, John
Beard, Tenn.	Ginn	Myers, Michael
Bedell	Glickman	Natcher
Bennett	Goldwater	Neal
Bevill	Gradison	Nedzi
Blanchard	Grassley	Nichols
Breaux	Guyer	O'Brien
Brinkley	Hagedorn	Patterson
Broomfield	Hall	Pease
Brown, Mich.	Hammer-schmidt	Pepper
Brown, Ohio		Pickle
Broyhill	Hanley	Pike
Burgener	Hansen	Poage
Burke, Fla.	Harsha	Preyer
Burlison, Mo.	Hefner	Pritchard
Byron	Heftel	Quayle
Caputo	Holland	Quillen
Carter	Holt	Regula
Cederberg	Horton	Rinaldo
Chappell	Hubbard	Risenhoover
Clawson, Del	Huckaby	Roberts
Cleveland	Hughes	Robinson
Coleman	Ichord	Rogers
Collins, Tex.	Ireland	Rooney
Conable	Jacobs	Rose
Cornwell	Jenkins	Rousselot
Cotter	Jenrette	Rudd
Coughlin	Jones, Tenn.	Russo
Crane	Kelly	Sarasin
Cunningham	Kemp	Satterfield
D'Amours	Ketchum	Sawyer
Daniel, Dan	Kindness	Schulze
Daniel, R. W.	LaFalce	Sebelius
Davis	Lagomarsino	Shuster
de la Garza	Latta	Sikes
Delaney	Lederer	Skelton
Dent	Leggett	Skubitz
Derrick	Lent	Slack
Derwinski	Levitas	Smith, Iowa
Devine	Lloyd, Calif.	Smith, Nebr.
Dickinson	Lloyd, Tenn.	Snyder
Dingell	Long, La.	Spence
Dodd	Long, Md.	Stangeland
Dornan	Lott	Stanton
Duncan, Tenn.	Lujan	Steed
Edwards, Ala.	Luken	Stratton
Edwards, Okla.	Lundine	Symms
Emery	McCormack	Taylor
English	McDade	Traxler
Ertel	McDonald	Treen
Evans, Colo.	McEwen	Trible
Evans, Del.	McKay	Udall
Evans, Ga.	Mahon	Vander Jagt
Evans, Ind.	Marks	Vento
Fary	Marlenee	Volkmer
Fithian	Marriott	Waggonner
Walker	Wilson, C. H.	Yatron
Walsh	Wilson, Tex.	Young, Alaska
Watkins	Winn	Young, Fla.
Whitehurst	Wolff	Young, Mo.
Whitten	Wright	Young, Tex.
Wiggins	Wydler	Zeferetti
Wilson, Bob	Wylie	

NOES—132

Alexander	Fraser	Myers, Gary
Allen	Garcia	Nolan
Anderson, Calif.	Gilman	Nowak
	Gonzalez	Oberstar
Anderson, Ill.	Gore	Obey
Annunzio	Green	Ottinger
Aspin	Hamilton	Panetta
Baucus	Hannaford	Patten
Beard, R.I.	Harkin	Pattison
Beilenson	Harrington	Perkins
Benjamin	Harris	Price
Biaggi	Hawkins	Rahall
Bingham	Hollenbeck	Railsback
Blouin	Holtzman	Reuss
Boland	Jeffords	Richmond
Bolling	Johnson, Calif.	Roe
Bonior	Jones, Okla.	Rosenthal
Brodhead	Jordan	Rostenkowski
Brooks	Kastenmeier	Roybal
Buchanan	Keys	Ryan
Burke, Mass.	Kildee	Scheuer
Burton, Phillip	Kostmayer	Schroeder
Butler	Krebs	Seiberling
Carr	Leach	Sharp
Chisholm	Lehman	Simon
Clay	McClory	Sisk
Collins, Ill.	McCloskey	Solarz
Conte	McFall	Spellman
Corcoran	McHugh	St Germain
Corman	McKinney	Staggers
Cornell	Madigan	Stark
Danielson	Maguire	Steers
Downey	Markey	Steiger
Drinan	Mazzoli	Stokes
Duncan, Oreg.	Metcalfe	Studds
Early	Meyner	Thompson
Edgar	Mikulski	Tsongas
Edwards, Calif.	Mikva	Ullman
Erlenborn	Miller, Calif.	Walgren
Fascell	Mineta	Weiss
Fenwick	Mitchell, Md.	Whalen
Findley	Moakley	Yates
Fish	Moffett	Zablocki
Fisher	Moorhead, Pa.	
Ford, Tenn.	Murphy, Ill.	

NOT VOTING—75

Ambro	Frey	Pursell
Andrews, N.C.	Gammage	Quie
Armstrong	Goodling	Rangel
Baldus	Gudger	Rhodes
Boggs	Heckler	Rodino
Bonker	Hightower	Roncalio
Bowen	Hillis	Runnels
Brademas	Howard	Ruppe
Breckinridge	Hyde	Santini
Brown, Calif.	Johnson, Colo.	Shipley
Burke, Calif.	Jones, N.C.	Stockman
Burleson, Tex.	Kasten	Stump
Burton, John	Kazen	Teague
Carney	Krueger	Thone
Cavanaugh	Le Fante	Thornton
Clausen, Don H.	Livingston	Tucker
	Mann	Van Deerlin
Cochran	Meeds	Vanik
Cohen	Minish	Wampler
Conyers	Mollohan	Waxman
Dellums	Moss	Weaver
Dicks	Murphy, N.Y.	White
Diggs	Nix	Whitley
Eckhardt	Oakar	Wirth
Eilberg	Pettis	
Fountain	Pressler	

The Clerk announced the following pairs:

On this vote:

Mr. Burleson of Texas for, with Mr. Rodino against.

Mr. Teague for, with Mr. Carney against.

Mrs. Boggs for, with Mr. Shipley against.

Mr. Don H. Clausen for, with Mr. Brademas against.

Mr. Frey for, with Mrs. Burke of California against.

Mr. Goodling for, with Mr. Wirth against.

Mr. Ruppe for, with Mr. Dellums against.

Mr. Wampler for, with Mr. Eilberg against.

Mr. Kazen for, with Mr. Le Fante against.

Mr. Nix for, with Mr. Rangel against.

Mr. FASCELL changed his vote from "aye" to "no."

Mr. COUGHLIN and Mr. FITHIAN changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. KASTENMEIER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. OBERSTAR, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9400), to authorize actions for redress in cases involving deprivations of rights of institutionalized persons secured or protected by the Constitution or laws of the United States, had come to no resolution thereon.

SUPPORT FOR H.R. 7485, TO AUTHORIZE BANKS TO UNDERWRITE AND DEAL IN REVENUE BONDS

(Mrs. SPELLMAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. SPELLMAN. Mr. Speaker, I should like to call the attention of my colleagues to a recent letter from the Federal Reserve, a copy of which is inserted in the RECORD after these remarks, endorsing H.R. 7485, cosponsored by me and the Chairman of the Banking Committee, Representative HENRY REUSS. This important proposal, which has also been introduced by 30 of our other colleagues, would enable State and local governments to save hundreds of millions of dollars annually by increasing substantially the market for their revenue bonds. This would be done by authorizing banks to underwrite these bonds, as they are now authorized to underwrite general obligation bonds issued by these same governments.

I know of no other proposal now pending before the Congress through which we can ease the financial burden of State and local government by hundreds of millions of dollars without any cost to the Federal Government. As we all know, when we decrease the cost of government, we decrease the burden on the taxpayer. In this day of high taxes and inflationary pressures, it is imperative that any legitimate action that the House can take to ease both should be a matter of highest priority.

Mr. Speaker, H.R. 7485 is a most appropriate means for us to assist State and local government finances. Instead of throwing dollars after the problem, it uses that time-tested American method of decreasing costs—increasing competition. The lack of competition is one of the principal problems facing the municipal revenue bond market today. Over 90 percent of the general obligation bond issues, which banks are authorized to underwrite, were sold on a competitive basis in 1977, as compared to about 41 percent of the revenue bond issues sold in 1977, most of which banks are not now permitted to underwrite.

The benefits that would flow to State and local governments from the increased competition of bank entry into the revenue bond market were set out very well in the letter of April 10, 1978, from Federal Reserve Chairman G. William Miller to Chairman REUSS:

> The benefits to State and local governments that would accrue from commercial bank underwriting and dealing in revenue bonds potentially could be of considerable magnitude. Underwriting costs incurred in bond offering should be reduced as a result of the increased competition provided by commercial banks. In addition, reoffering yields should be cut as the participation of bank dealers leads to more efficient distribution of new issues and a more liquid secondary market.

The magnitude of these potential savings to State and local governments was estimated in a recent study, undertaken for the Dealer Bank Association by Prof. Phillip Cagan of Columbia University, at $412 million over the life of the revenue bonds issued by these governments in 1977. Professor Cagan further estimated that the savings over the past 10 years, if banks had been authorized to underwrite revenue bonds, would have been $1.68 billion. Other studies over the years have projected similar significant savings from bank participation in the revenue bond market, including one done some years ago by the staff of the Federal Reserve.

The potential benefits from this legislation, and, therefore, the need for it, have increased sharply in recent years, as State and local governments have turned increasingly to revenue bond financing to meet their capital needs. The revenue bond proportion of State and local financing has increased from 34 percent in 1970 to over 61 percent in 1977, when $28.6 billion in revenue bonds were issued. All indications are that this heavier reliance on revenue bonds will continue.

Mr. Speaker, I should like to mention one last principal benefit that will flow from enactment of H.R. 7485. In recent weeks we have all become aware that inflation is once again becoming a major concern of the Nation. The President has announced that his administration intends to increase substantially its efforts to take all appropriate actions to reduce inflation, and here in the House there is increasing discussion of how our legislative actions will impact on inflation. I share with my colleagues their concern about the pernicious effect of inflation.

H.R. 7485 gives us an excellent opportunity to take a significant step forward in the fight against inflation. It will reduce the cost of government, without at the same time reducing needed governmental services, as is so often necessary when government must tighten its belt.

H.R. 7485 is supported by practically every major organization of the State and local officials. Their governments, and taxpayers (who are also our taxpayers and constituents) would benefit from its enactment. These supporters include the National Governors Association, the U.S. Conference of Mayors, the National League of Cities, and the National Association of Counties. They also include those officials who are most knowledgeable about its potential benefits—the Municipal Finance Officers Association; the National Association of State Auditors, Comptrollers and Treasurers; the American Public Power Association; and the Airport Operators Council International.

As I mentioned earlier, 30 other Members of the House have joined Chairman REUSS and me in sponsoring identical legislation, 12 of them members of the Banking Committee. Nineteen other members of the Banking Committee have joined the sponsors in calling for hearings in time to permit the committee and the House to act if the benefits the sponsors believe will flow from H.R. 7485's enactment bear up under the scrutiny of a public hearing.

Mr. Speaker, I urge you and all other Members of the House to join with me and the 31 other sponsors of this legislation in pushing for early action on H.R. 7485. We should not let the opportunity slip by that H.R. 7485 gives us to reduce the costs of government for our constituents without at the same time reducing their governmental services. Savings of over $400 million a year to State and local government without any cost to the Federal Government cannot be ignored. Nor can a ready-made means of fighting inflation be any longer ignored.

> FEDERAL RESERVE SYSTEM,
> *Washington, D.C., April 10, 1978.*
>
> Hon. HENRY S. REUSS,
> *Chairman, Committee on Banking, Finance and Urban Affairs, House of Representatives, Washington, D.C.*
>
> DEAR MR. CHAIRMAN: In response to your request, I am pleased to report that the Board of Governors supports H.R. 7485, a bill that would authorize national banks (and also, under the Federal Reserve Act, State member banks), subject to certain prohibitions and limitations, to underwrite and deal in investment-grade revenue bonds issued by a State or a political subdivision.
>
> Federal law at present permits a member bank to underwrite only those revenue bonds that are issued for housing, university, or dormitory purposes, subject to a limitation of 10 percent of the bank's capital and surplus for any one issuer. Otherwise, the only obligations issued by a State or a political subdivision that may be underwritten by member banks are general obligations—that is, obligations supported by general taxing powers. Those obligations may be underwritten without limitation.
>
> Revenue bonds were rarely used as an instrument of municipal finance forty-five years ago, at the time of the enactment of the Banking Act of 1933. Today, however, revenue bonds account for a substantial portion of all long-term State and local debt issuance. New municipal bond issues in 1977 amounted to approximately $46 billion; of this sum, nearly $28 billion—or three-fifths—was in revenue bonds.
>
> The benefits to State and local governments that would accrue from commercial bank underwriting and dealing in revenue bonds potentially could be of considerable magnitude. Underwriting costs incurred in bond offering should be reduced as a result of the increased competition provided by commercial banks In addition reoffering yields should be cut as the participation of bank dealers leads to more efficient distribution of new issues and a more liquid secondary market.

The Board believes that the prohibitions and limitations contained in H.R. 7485, along with the rules and regulations of the Municipal Securities Rulemaking Board, will provide adequate safeguards to protect the banks and the public from potential conflicts of interest and other dangers.

The Board appreciates the opportunity you have afforded us to present our views on this legislation. I hope our comments will prove helpful to you and the other members of the Committee.

Sincerely,

G. WILLIAM MILLER.

UPDATE ON PACIFIC/ASIAN AMERICAN HERITAGE WEEK—HOUSE JOINT RESOLUTION 540

(Mr. HORTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HORTON. Mr. Speaker, I would like to report the progress that has been made in acquiring the necessary cosponsors for House Joint Resolution 540 calling upon the President of the United States to proclaim a Pacific/Asian American Heritage Week during the first 10 days in May. As of April 21, 1978, 145 Members of Congress from 26 States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, and the Virgin Islands, have agreed to cosponsor the resolution.

Under new rules of the Post Office and Civil Service Committee, 218 Members are required to cosponsor a resolution before it will be acted upon. We have not introduced a new resolution each time an additional 25 Members have agreed to cosponsor the resolution because of the high cost of printing each new resolution.

In addition, national organizations such as the National Association of Counties and the National Coalition for a Pacific Asian/American Heritage Proclamation are supporting the resolution and have urged Members of Congress to sponsor the resolution.

In the near future, Members who have not yet joined us on this resolution will be receiving a letter requesting their support. Representative NORMAN MINETA and I urge them to join with us.

Because of the interest that has been shown in this resolution, Representative NORMAN MINETA and I thought it would be appropriate to list the names of the cosponsors in the RECORD. The following is the list of cosponsors of House Joint Resolution 540:

CO-SPONSORS (PACIFIC/ASIAN AMERICAN HERITAGE WEEK JOINT RESOLUTION) (AS OF APRIL 21, 1978)

Frank Horton, (R-NY) and Norman Y. Mineta, (D-Calif.).

Alabama: Tom Bevill.

Alaska: None.

Arizona: None.

Arkansas: None.

California: Glenn M. Anderson, Robert E. Badham, Anthony C. Beilenson, George E. Brown, Jr., Clair W. Burgener, Yvonne Burke, John L. Burton, Phillip Burton, James C. Corman, George E. Danielson, Ronald V. Dellums, Don Edwards, Mark W. Hannaford, Augustus F. Hawkins, William M. Ketchum, John Krebs, Robert J. Lagomarsino, Robert L. Leggett, Paul N. McCloskey, Jr., John J. McFall, Leon E. Panetta, Jerry M. Patterson, Shirley N. Pettis, Edward R. Roybal, Leo J. Ryan, B. F. Sisk, Fortney H. Stark, Lionel Van Deerlin, Henry A. Waxman, Bob Wilson, Charles H. Wilson, Jim Lloyd, Harold Johnson, Charles Wiggins, Del Clawson, John Moss.

Colorado: None.

Connecticut: None.

Delaware: None.

Florida: None.

Georgia: Wyche Fowler, Jr., Larry McDonald.

Hawaii: Daniel K. Akaka, Cecil Heftel.

Idaho: None.

Illinois: Tom Corcoran, Robert McClory, Tom Railsback, Paul Simon, Sidney R. Yates, John Fary, Abner Mikva, Ralph Metcalfe, Henry Hyde.

Indiana: Andy Jacobs.

Iowa: Jim Leach.

Kansas: Martha Keys.

Kentucky: John B. Breckinridge, Carroll Hubbard.

Louisiana: None.

Maine: None.

Maryland: Marjorie S. Holt, Barbara A. Mikulski, Parren J. Mitchell, Gladys Noon Spellman, Newton I. Steers, Jr.

Massachusetts: Joe Moakley, Silvio Conte, James Burke, Paul Tsongas.

Michigan: Lucien N. Nedzi, William Ford, David Bonior, Carl Pursell, John Conyers, Bill Brodhead, Robert Carr.

Minnesota: Bruce F. Vento.

Mississippi: None.

Missouri: Robert A. Young, William Clay.

Montana: None.

Nebraska: None.

Nevada: None.

New Hampshire: None.

New Jersey: Millicent Fenwick, Harold C. Hollenbeck, James J. Howard, William J. Hughes, Joseph A. Le Fante, Peter W. Rodino, Jr., Robert A. Roe.

New Mexico: Manuel Lujan, Jr.

New York: Herman Badillo, Shirley Chisholm, Barber B. Conable, Jr., James J. Delaney, Elizabeth Holtzman, Jack F. Kemp, Hamilton Fish, Jr., Edward I. Koch, Donald J. Mitchell, John M. Murphy, Henry J. Nowak, Otis G. Pike, Charles B. Rangel, Frederick W. Richmond, Samuel Stratton, William F. Walsh, Lester L. Wolff, Leo C. Zeferetti, Matthew McHugh, Ben Rosenthal, James Hanley, John LaFalce, Joe Addabbo, Stephen Solarz, Ben Gilman, Richard Ottinger, Tom Downey, John Wydler, Ted Weiss, Mario Biaggi, Bill Green, Robert Garcia.

North Carolina: None.

North Dakota: None.

Ohio: Clarence J. Brown, Willis D. Gradison, Jr., Thomas A. Luken, Charles W. Whalen, Jr., Louis Stokes.

Oklahama: None.

Oregon: Les AuCoin, Robert Duncan, Al Ullman.

Pennsylvania: Joshua Eilberg, Allen E. Ertel, Peter H. Kostmayer, Robert N. C. Nix, William F. Lederer.

Rhode Island: None.

South Carolina: James Mann.

South Dakota: None.

Tennessee: None.

Texas: Charles Wilson.

Utah: Dan Marriott.

Vermont: None.

Virginia: Dave Satterfield, Bob Daniel.

Washington: Jack Cunningham, Norman D. Dicks, Mike McCormack, Lloyd Meeds, Joel Pritchard.

West Virginia: John M. Slack.

Wisconsin: Robert W. Kasten, Jr., Robert W. Kastenmeier, Clement Zablocki.

Wyoming: None.

District of Columbia: Walter Fauntroy.

Guam: Antonio Borja, Won Pat.

Puerto Rico: Baltasar Corrada.

Virgin Islands: Ron De Lugo.

COTTON BONANZA ACT OF 1978

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, just 2 weeks ago this House met its responsibilities to the farmers of this Nation by defeating a hastily conceived and poorly drafted farm bill. Let us not be fooled again this week. In a few days we will have an opportunity to vote again on what I consider to be very bad legislation. It will come to us described as the Emergency Agriculture Act of 1978—it is in disguise however, the Cotton Bonanza Act of 1978. This is not a farm bill—this is a cotton bill which, in the short term benefits large cotton producers not deserving of additional Federal handouts. In the long term it will harm cotton interests.

What started as a good faith attempt, however misdirected, to aid financially pinched wheat and feed grain producers now resurfaces as a 4-year giveaway to the cotton segment of the agricultural economy—a segment totally lacking a perceived need.

What have the conferees done? They have adopted, without public hearings and without debate on this floor, a 4-year farm bill. Who is the primary beneficiary? Large cotton producers—that is who.

This is not the way to legislate. This body is about to be duped by King Cotton, unless we send this legislation back to the Committee on Agriculture and permit public hearings on the cotton price support loan changes. The administration is troubled by the action of the conferees and the cotton industry which came to us united in 1977 has a right to be heard on these changes.

THE COTTON ECONOMY IS HEALTHY

The cotton economy is healthy, helped considerably by the legislation passed by Congress last fall. The conference action imperils the competitive ability of U.S. cotton to compete effectively in world markets by establishing a price support loan formula designed to keep prices at unnecessarily high levels.

The cotton section of the farm bill enacted in 1977 is functioning in the manner intended by Congress. Since the act was signed by President Carter on September 29, cotton prices have risen approximately 7 cents per pound or $35 a bale. Foreign cotton acreage has been reduced 2 million acres, and U.S. export sales are 6.4 million (480 lb.) bales and 3 months still remain in the current marketing year. These export sales are the highest since 1973 and the second highest level since 1960.

The December futures price is 62 per pound and the current average spot market price is about 56 cents per pound. Farmers can sell their 1977 or 1978 crops at what are considered to be favorable prices.

Changes in the proposed legislation will provide price incentives for the 50 foreign nations who compete with U.S. cotton producers by stimulating unneeded worldwide production, and bene-

fit United States and foreign manufacturers of synthetic fibers.

The marketplace is currently providing adequate income levels for the great majority of cotton producers. Any action by Congress will be an unnecessary expenditure of Federal funds which are so vitally needed for other less fortunate segments of the U.S. economy.

In simple terms, exports are up, prices are up, and foreign production is down. Existing legislation is effectively providing U.S. cotton producers with favorable market conditions.

COTTON INDUSTRY SEEKS NO CHANGE

In 1977 my colleagues and I on the Agriculture Committee bore witness to the unity of the entire cotton industry. Cotton producer organizations from North Carolina to California came before us and spoke in behalf of a cotton loan formula which they themselves had developed. Cotton farmers wrote the cotton section of the 1977 act, and only 2 months ago the National Cotton Council of America testified before the Agriculture Committee and stated:

> The Council recognizes that the cotton section of the Food and Agriculture Act of 1977 embodies the desired elements of a long-range government cotton program, and reaffirms the principles of that section.
>
> This resolution sums up the strong feeling of our delegates that the cotton section of the 1977 Act—on which this Committee worked so hard—is good, basic legislation under which cotton grower income can be protected. We believe it should be given a fair trial.

That is still their position today. What the conferees have done is unjust and prejudicial to cotton farmers outside the Mid-South and Southeast who are strongly opposed to these changes, and who have been denied an opportunity to be heard on this matter.

The cotton industry rather than destroy the unity achieved in the 1977 law sought not to change the law but instead prevailed upon Secretary Bergland to take administrative measures in April to strengthen cotton prices further. Although unnecessary, given the strong economic cotton situation, the Secretary made available a program which pays cotton producers not to plant cotton. The White House authorized this give-away program to reduce acreage, ignoring the highest level of cotton export sales in 20 years, and an improved price situation.

Some still not satisfied have again utilized their exceptional political skills to beget additional advantages for cotton farmers. The time to put a stop to this latest cotton maneuvering is now. Let us send this "cotton pickin" bill back to committee and legislate according to the usual rules of the game.

Today, U.S. cotton must attempt to compete in a world marketplace with 50 cotton producing nations. The No. 1 and 2 cotton producers are the U.S.S.R. and the People's Republic of China. In recent years the United States held down third place in production, but has managed to remain an effective and dependable exporter because of its ability, through sound legislation, to remain price competitive.

The insidious changes in the formula for determining the cotton price support loan stand to benefit foreign producers, particularly those with centrally controlled governments. Under the conference report the minimum floor prices for the entire 4 years of the bill will be 48 cents. More damaging perhaps is the limitation placed upon the Secretary to adjust the loan rate only by increasing the level. These are new rules never before utilized for determining the cotton loan. These are dangerous precedents which have many responsible cotton farmers concerned and alarmed.

In his testimony to the Agriculture Committee in February, Lonn Mann, a cotton producer from Arkansas and president of the National Cotton Council, stated that it was his understanding—

> . . . that several foreign representatives at the International Cotton Advisory Committee meeting last Fall were disappointed to learn that our loan was not going to be over 50 cents. They felt that a higher U.S. loan would have been quite helpful in assuring market expansion for their cotton producers.

What the conferees have done is inform the centrally controlled economies of the United States will guarantee their farmers 48 cents per pound for their cotton. Who stands to lose? Most likely U.S. cotton farmers, and yes, U.S. taxpayers.

Let us not turn back the clock to the days of rigid planting restrictions due to large surpluses. This is what we face by giving away our competitive advantage to foreign cotton producing nations. Let us continue to be a reliable source of fiber to U.S. and foreign mills.

If the cotton provisions adopted by the conferees are allowed to become law, I fear that producers who have planted, merchants and mills who have contracted acreage and made business plans for the future based on the legislation in effect will have little confidence in the stability of future legislation.

To change a major piece of legislation only 7 months after it became law, without the opportunity for the industry concerned to consider whether such changes are in the best interests of that industry, is unprecedented in my experience.

Let us not have the world lose confidence in us as an important supplier of cotton. Let the world and our own cotton farmers know that:

First, when legislation is passed, it will not be changed;

Second, when a cotton program is announced, it will not be changed; and

Third, when a contract is entered into, essential changes will not be made in loan calculations thus providing competitors an unfair advantage.

I do not believe that the establishment of new loan rates or even target prices are necessary, wise or justified by present economic measurements for cotton. As a matter of fact, these new cotton provisions could prove damaging by negating the trigger provisions of the 1977 act, thereby returning the United States to above-market loans and reduced exports. Establishing a higher loan for this year can result in increased production in certain parts of the country which would be counterproductive to the diversion program announced in April.

To change the cotton provisions of the 1977 Agriculture Act will jeopardize everything the cotton industry, the Department of Agriculture and the Congress have worked so hard to bring about in the way of improved prices and new markets for U.S. cotton these past 10 years.

WE SEEM TO HAVE BEFORE US A POLITICAL AGREEMENT TO BENEFIT COTTON

As I stated before the cotton economy is healthy thanks to the farm bill we passed last fall. Since that bill was enacted cotton prices have risen about 7 cents per pound or 14 percent. Now the conferees raise the price support loan by almost 10 percent to a 48-cents-a-pound minimum for the entire four years of the bill; completely change the formula for calculating the loan thus guaranteeing higher prices in 1979, 1980, and 1981; and provide the Secretary with a unique type of discretion—he can only increase prices. Thus we are guaranteed high cotton support prices for future years unrelated to world prices. Only last year wheat and feed grain farmers agreed to give the Secretary discretion to lower the price support loan by up to 10 percent a year in order to make wheat and feed grains competitive in world markets.

President Carter has made his position clear, or has he? Only last week he told Senator CLARK he would accept only the small increase in the wheat target price to $3.40 per bushel and an expansion in the Secretary's discretionary authority to increase target prices when set-aside programs are in effect. Vice President Mondale and Secretary Bergland have made similar public statements.

Mr. President, speak out against this blatant boondoggle—have the courage to reject it.

To my colleagues in this House, let me remind you this body has taken the lead in eliminating many of the program advantages cotton farmers enjoyed over wheat and feed grain producers. We led cotton farmers away from restrictive controlled acreage programs with high loan rates and huge direct subsidy payments. Cotton farmers have prospered under the current program and the great majority of cotton farmers do not want to turn back the clock. That is precisely what this conference report would do.

This conference report is worse than the one we voted down 2 weeks ago. A vote for it is a vote for a big cotton bonanza. A vote against it is a vote for the regular process of legislation through the committee system followed by a thorough debate in the Committee of the Whole in this chamber. Let us follow the proper procedure by voting down this conference report.

SUBSTITUTE TO BE OFFERED TO FIRST CONCURRENT RESOLUTION ON BUDGET

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend

his remarks and include extraneous matter.)

Mr. ROUSSELOT. Mr. Speaker, as my colleagues in the House are aware, tomorrow we will begin consideration of the first concurrent resolution on the budget for fiscal year 1979. As most of my colleagues are also aware, I intend to oppose the committee's resolution and offer a substitute calling for a balanced budget and across-the-board cuts in tax rates.

Rather than effectively addressing the true economic problems of our country—inflation and lagging investment due to high taxes—the resolution sent to the floor by the Budget Committee, on which I am a minority member, I might remind my colleagues, simply gives us another dose of the same old laxative that is always prescribed by the majority—more spending and bigger deficits. Although it is expounded that we are in the third year of economic recovery, at this stage inflation is worsening on a daily basis, and, just at a time when spending should be restrained more than ever, the committee resolution asks for the very thing Congress should be trying to avoid—an increase in the deficit. A $60 billion add-on deficit for fiscal year 1979.

Approving an add-on of $60 billion to the Federal debt will escalate inflation and decrease the earning power of America's working taxpayers. It will crowd out investment and production and cripple the ability of individuals and the private sector to save, invest, expand, and develop new resources and technologies. This is what stimulates our economy and creates the permanent, meaningful jobs that our Nation is seeking.

Joining me in criticizing the excessive deficits that are added to the Federal budget year after year is Senator WILLIAM PROXMIRE who states as follows in his additional views to the Joint Economic Committee Report of 1978:

I believe that both the President's proposed $500 billion budget and this Committee's estimate of expenditures of $500 to $505 billion are too high. These expenditures represent an enormous burden on American taxpayers. They should be cut by a minimum of $25 billion and better yet, by $35 billion in order to provide a freeze on Federal outlays of about $465 billion as the distinguished financial expert Henry Kaufman proposed before the House Committee on the Budget.

First of all, this is an achievable cut. It represents only a 5 to 7 percent cut in the President's budget and would provide for total budget outlays at about the fiscal 1978 level. Further, as one who has routinely examined the budgets of numerous Government agencies as a member of the Senate Appropriations Committee, I assert without fear of contradiction that there is not a single general Government function where a 5 to 7 percent cut of the funds could not result in a more efficient or less wasteful program combined with better service to the American public. One can name the function—defense, foreign aid, delivery of mails, welfare, housing, education, law enforcement, highways, public works, reclamation, sugar or mineral subsidies, etc.—and know from experience that the budget could be cut without harming the function.

The ever-increasing deficits like those recommended by the majority constitute a trend so ominous that even many of the liberal economists are claiming we are "deficit addicted." They admit that deficits are no longer stabilizing to the economy and that, rather than simply acting as an "occasional" stimulus, deficits have occurred in greater magnitude and regularity every year. Otto Eckstein, a member of President Johnson's Council of Economic Advisers, recently testified before a congressional subcommittee that—

The weakness of modern economic policy has always been that it removes the discipline of the balanced budget . . . (and further he complains that politically popular but economically unproductive expenditures) . . . can be clothed in the virtue of deficit-creating stimulus packages.

To address the intent of the Budget Act, tomorrow I will offer an amendment in the nature of a substitute which will not only place restraints on increases in spending but also provide for a permanent reduction in tax rates for all Americans. A copy of my substitute resolution follows:

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H. CON. RES. 559

Resolved by the House of Representatives (the Senate concurring), That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1978—

(1) the recommended level of Federal revenues is $464,648,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $38,700,000,000;

(2) the appropriate level of total new budget authority is $521,437,000,000;

(3) the appropriate level of total budget outlays is $464,648,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $0; and

(5) the appropriate level of the public debt is $782,200,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $29,000,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and delclares pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1978, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New Budget authority, $128,439,000,000.
(B) Outlays, $115,679,000,000;
(2) International Affairs (150):
(A) New budget authority, $8,754,000,000,
(B) Outlays, $5,500,000;
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,216,000,000,
(B) Outlays, $5,027,000,000;
(4) Energy (270):
(A) New budget authority, $9,200,000,000,
(B) Outlays, $6,200,000,000;
(5) Natural Resources and Environment (300):
(A) New budget authority, $13,000,000,000,
(B) Outlays, $11,331,000,000;
(6) Agriculture (350):
(A) New budget authority, $9,197,000,000,
(B) Outlays, $9,308,000,000;
(7) Commerce and Housing Credit (370):
(A) New budget authority, $5,386,000,000,
(B) Outlays, $3,148,000,000;
(8) Transportation (400):
(A) New budget authority, $16,200,000,000,
(B) Outlays, $16,000,000,000;
(9) Community and Regional Development (450):
(A) New budget authority, $8,500,000,000,
(B) Outlays, $8,264,000,000;
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $21,842,000,000,
(B) Outlays, $26,529,000,000;
(11) Health (550):
(A) New budget authority, $48,600,000,000,
(B) Outlays, $45,000,000,000;
(12) Income Security (600):
(A) New budget authority, $182,394,000,000,
(B) Outlays, $148,000,000,000;
(13) Veterans Benefits and Services (700):
(A) New budget authority, $20,711,000,000,
(B) Outlays, $20,471,000,000;
(14) Administration of Justice (750):
(A) New budget authority, $3,974,000,000,
(B) Outlays, $4,051,000,000;
(15) General Government (800):
(A) New budget authority, $3,876,000,000,
(B) Outlays, $3,903,000,000;
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $9,098,000,000,
(B) Outlays, $9,237,000,000;
(17) Interest (900):
(A) New budget authority, $43,500,000,000,
(B) Outlays, $43,500,000,000;
(18) Allowances (920):
(A) New budget authority, $1,050,000,000,
(B) Outlays, $1,000,000,000;
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority,—$17,500,000,000,
(B) Outlays,—$17,500,000,000;

The Rousselot substitute resolution conceptually addresses two primary themes: Restraints in Federal Government spending and permanent, across-the-board cuts in tax rates.

The current tax rate structure in the United States more than any other single factor has contributed to the problems our economy has experienced over the last several years. It has acted as a disincentive to economic growth and production, discouraged entrepreneurial activity and stood in the way of vigorous economic activity. Today, in the United States, marginal tax rates go from 14 percent on incomes above $2,200 for a single person up to 70 percent on incomes above $102,200. Thus, as an individual's income rises, whether through inflation, real growth in the economy or through hard work, the tax system takes progressively more out of each dollar earned. In other words, as we work harder and longer, the Government takes an ever-increasing portion of our earned dollars.

To correct the imbalance, my substitute resolution assumes a tax rate reduction in the amount of $38.7 billion. In form, it follows the reductions suggested in a bill introduced by my noted colleague from New York, JACK KEMP, and Senator BILL ROTH of Delaware—a bill that I and many of my colleagues have cosponsored and is endorsed by our leadership—which, if enacted, would have the effect of increasing incentive, investment and capital formation. Specifically, the legislation would, first, reduce all in-

dividual income tax rates by an average of 30 percent across the board over a 3-year period; second, reduce the corporate income tax level from 48 to 45 percent over a 3-year period; and third, increase the corporate surtax exemption from $50,000 to $100,000.

While some would criticize our program because they fear a reduction in Federal revenues, I would remind my colleagues that the Kemp-Roth legislation is conceptually similar to a tax cut program successfully implemented by the Kennedy administration in the early 1960's. Then, as now, many Keynesian critics and Federal bureaucrats warned of the serious consequences of enacting large tax cuts which would result in heavy revenue losses. As the following table demonstrates, however, this did not result.

EFFECT OF 1962-64 TAX CUTS ON REVENUES, 1963-68

[In billions of dollars]

	1963	1964	1965	1966	1967	1968	Tota
Revenue losses estimated in 1963 by U.S. Treasury	−2.4	−5.2	−13.3	−20	−23.7	−24.4	−89
Actual revenue gains	+7.0	+6.0	+4.0	+14	+19.0	+4.0	+54
Differences in estimates	9.4	11.2	17.3	34	42.7	28.4	143

Source: U.S. Department of Treasury.

Recently, Prof. Walter Heller, Chairman of the Council of Economic Advisers during the Kennedy administration, was asked to comment on the effects of the Kennedy tax cuts. He stated:

What happened to the tax cut in 1965 is difficult to pin down but insofar as we are able to isolate it, it did seem to have a tremendously stimulative effect, a multiplied effect on the economy. It was the major factor that led to our running a $3 billion surplus by the middle of 1965 before escalation in Vietnam struck us. It was a $12 billion tax cut which would be about $33 or $34 billion in today's terms, and within one year the revenues into the Federal Treasury were already above what they had been before the tax cut . . . Did it pay for itself in increased revenues? I think the evidence is very strong it did.

During debate on the Kennedy tax cut bill, former Ways and Means Committee Chairman Wilbur Mills had this to say:

Many believe we can spend our way to prosperity. On the other hand, I am firmly convinced that if Congress adopts a tax reduction and revision bill of the type which is before this body today, we can also achieve this more prosperous economy by loosening the constraints which the present Federal tax system imposes on our free enterprise system. These tax reductions will bring about a higher level of economic activity, fuller use of our manpower, more intensive and prosperous use of our plants and equipment, and with the increase in wages, salaries, profits, consumption and investment, there will be increases in Federal tax revenues.

There can be little doubt, then, that reductions in income tax rates do not result in higher deficits; rather, they expand the tax base, increase revenues, boost GNP, create jobs and bolster economic growth.

In addition to assuming a $38.7 billion tax cut, my resolution would also restrain growth in Federal spending. In doing so, it maintains Federal outlays slightly above their fiscal year 1978 level. Again, potential critics might be inclined to label such a proposal as "irresponsible" claiming that without increased spending and add-on deficits unemployment will soar and the economy will falter. History proves otherwise. As the following chart shows, between 1945 and 1948 Federal spending plummeted over $60 billion—the current equivalent of about $250 billion—yet national income (GNP) charged ahead. This occurred during the Truman administration when there was a Republican majority in Congress.

FEDERAL RECEIPTS AND OUTLAYS FROM 1945-48

[In billions]

Year	Receipts	Outlays	Surplus or deficit
1945	45.2	92.7	−47.8
1946	39.3	55.2	−15.8
1947	38.4	34.5	+3.9
1948	41.8	29.8	+12.0

The private sector smoothly converted from a wartime to a peacetime economy, provided jobs for millions of veterans and defied the cries of the Keynesians who said that unemployment would hit the 10 million mark unless Government jobs programs were increased. This remarkable transition took place because the Federal Government did not preempt the needs of the private sector and the free market system was left to operate without massive governmental interference. Adequate money was available in the capital markets to supply the expansion needs of private industry because the Treasury did not crowd out the private sector nor drain the lifeblood of free enterprise.

Keynesians would suggest that the most efficient way to create jobs is through Government spending in the area of public service and public works. Experience, however, under the fiscal year 1978 budget, belies this notion that meaningful permanent jobs can be created by spending taxpayer dollars in the name of economic stimulus. The following chart produced by the House Budget Committee shows that under the 1978 revised budget figures $10.6 billion produced 1,034,000 public service and public works jobs at an annual average cost of $10,251 per job.

DIRECT SPENDING ASSOCIATED WITH ECONOMIC STIMULUS PROPOSALS

[Dollar amounts in billions]

	Outlays, 1978 revised estimate	Revised estimate 1978, end of year
Public service employment	$5.4	725,000
Youth Demonstration and Employment Projects Act	.6	57,600
STIP and HIRE	.1	32,500
Job Corps	.3	36,000
Accelerated local public works	2.8	82,900
Subtotal	9.2	1,034,000
Counter-cyclical revenue sharing	1.4	(1)
Total	10.6	

1 No estimate available.

Skeptics may continue to question the ability of the Government to maintain expenditures at their current level without losing important services. They should be reminded that no new budget authority is needed to keep spending levels in many Federal programs from falling in future years. On the contrary, future outlays will result from funds already authorized and appropriated. According to the Office of Management and Budget, total unexpended balances for fiscal year 1979 are expected to be over $679 billion—$224,301 in unobligated balances and $455,154 in obligated balances. (The unobligated amount continues to grow as a result of the agencies errors in overestimating their needs. In 1976, these overestimates grew to 22 percent). When added together, these unexpended balances, both unobligated and obligated, total more than $679 billion—an amount greater than the new authorizations for the fiscal year 1979 budget reported by the committee. This surplus should be more than enough to satisfy those who believe 1979 spending needs to exceed last year's levels.

In summary, Mr. Speaker, my substitute, House Concurrent Resolution 584, calls for a solution that is simple and straightforward—reduce tax rates and restrain increases in spending for fiscal year 1979. I invite my colleagues to carefully consider the positive elements of such a course of action.

THE GREAT EDUCATION DISASTER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 15 minutes.

Mr. MICHEL. Mr. Speaker, in a short while we will again be allocating hundreds of millions of tax dollars for education. We have been doing this for many years and we have been told that this would improve education.

The fact is that college board test scores have gone down as Federal spending for education has gone up. Things have gotten worse, not better, even though we are told year after year that by spending all these dollars we are helping students.

The Washington Post is publishing a series of articles about the Washing-

ton, D.C., schools. The first article in the series is about a high school student named Roger. He is 19. He is a high school senior but he reads on a second grade level. He is not alone. According to the Post:

Forty-two percent of all black 17 year olds in the country are functionally illiterate.

Why have these teenagers received such a poor education? Perhaps it is because of the blunders of the schools, and perhaps it is because of attitudes that have arisen among students during recent years. The Post quotes a Washington school official:

Civil unrest led a lot of students to believe that they could do things and get things without sacrificing the time and energy to study—just demand it, just demand a job. . . .

Mr. Speaker, there is a great education disaster going on in this country and Roger is a small part of it—but I believe when you read his story you will feel not only pity for him but anger and outrage at an educational system that allows such things to go on.

At this point I wish to include in the RECORD "Secret of a Senior Classman: He Doesn't Know How To Read" from the Washington Post, April 30, 1978.

SECRET OF A SENIOR CLASSMAN: HE DOESN'T KNOW HOW TO READ

(By Juan Williams)

It's Roger's secret. He hides it from his girl, the guys in the neighborhood, his boss at his part-time job at a food distributing firm and the other seniors at Eastern High School. He hides it behind pleated pants from Britches of Georgetown, in the dizzy, swirling crowds at the disco, and he hides it behind his ambition to be a lawyer earning more than $40,000 a year.

After 12 years in Washington schools, Roger cannot read.

"If I could read, I'd be a different person," Roger said.

To keep his secret through a day where teachers, friends and even someone he just met may hand him a menu, leave him a note or show him a joke and expect him to laugh, Roger (not his real name) has learned little tricks to get someone else to read whatever it is out loud or to find clues that will let him in on a secret code that everyone else seems to know: the written word.

When the bell rings to end his last class of the day, Roger leaves Eastern's massive red brick, Gothic-style school building down the street from RFK Stadium and jaywalks across East Capitol Street to a corner where several buses stop. He waits for the bus among faded row houses and rundown apartment buildings with front doors missing and steps littered by broken liquor bottles. As each bus pulls up, the lanky 19-year-old tries to figure out which bus is the one he takes home everyday. He cannot read the "Sheriff Road" sign that identifies his bus or the signs that identify the routes of any other bus that passes.

Sometimes he looks for the U4 symbol at the top of the front of the bus—he has memorized that—or he looks for faces he has seen before on the bus that will take him home.

Roger's problem is not all that exceptional at Eastern High, at 17th and East Capitol Streets NE. Between 30 and 40 other Eastern students somehow made it through the school system to high school without even being able to read their own names, according to John Skehan, a remedial reading teacher at Eastern. More than half of the student body has a reading problem of one sort or another, he said, with the typical student reading at the sixth or seventh grade level.

And the problem is getting worse. Teachers report that this year's sophomore class is the worst group of readers ever to enter Eastern. Two special courses for nonreaders—one in biology and one (which Roger takes) in government—had to be created at mid-year so students who cannot read will have a chance to learn something about those two basic and required courses.

According to Nellie Lewis, assistant for reading in the school system's office of instruction, Eastern High is an "average" high school when compared to all the city's public secondary schools. The Washington public school system as a whole scores far below the national average on standardized reading tests and is also well below the average for big-city school systems, national testing surveys show.

Nationwide, the statistics show the situation for blacks (who make up 99 percent of Eastern's student body) to be even more striking. An estimated 42 percent of all black 17-year-olds in the country are functionally illiterate, according to a federally funded study by the National Assessment of Educational Progress. Functional literacy is measured by whether a person can read such basic items as recipes, instructions and newspapers.

"SURVIVAL" COURSES

Reading is only one aspect of the problem facing this city's educators. More than 500 Eastern students—out of a student body of over 1,800—now attend "survival" classes. These teach basic mathematics to high school students who can barely add, remedial reading to students who cannot read, and English composition to sophomores, juniors and seniors who cannot write a coherent sentence.

Teachers at Eastern argue that the students—like Roger—who fill the school's "survival" courses are similar in intelligence to those in suburban classrooms. Roger's quick mind has helped him find ways to hide his illiteracy so well that at one college recruitment session for Washington high school seniors, his graceful manners, stylish clothes, and intelligent questions impressed a number of college representatives, including one from Brown University.

But, of course, Roger never told the recruiter that he could not read, a fact his mother has known for 10 years.

She remembers telling her son when he was in the second grade to get a can from the kitchen shelf and waiting as he fumbles with the cans, staring at one before putting it back and reaching for another.

She realized her son did not know which can to bring because he could not read the labels. He also could not read the comics lying around the house.

A few months later, when Roger's mother saw his report card, which said the boy had been promoted to the third grade, she said she went to the school and asked that her son repeat second grade because he could not read.

But the teacher refused to keep Roger in the second grade, his mother recalled, because although Roger had a problem, there were worse readers in the class, the teacher said, and they were being promoted.

By the end of the third grade, however, Roger still could not tell his mother what was in the can on which "PEAS" was printed in large green letters. His mother went back to the school, and this time demanded that her son repeat the third grade because he still did not know how to read.

"They were just passing him on without him even knowing if he was looking at his name when he saw it," she said.

When, after his second year in the third grade, Roger still could not read, his mother gave up and let the teacher promote her son to the fourth grade. She wasn't going back to the school to argue with teachers again, his mother said.

"By them keeping him back it didn't improve him any, so they might as well have passed him on," she said. "I decided I'd leave the teaching to the teachers."

KEEPING TO HIMSELF

Walking through the halls of Eastern today as a 6-foot-1 inch senior, Roger nods and jokes with no one. He does not play and gossip with the class-cutters lining Eastern's halls or stand on the basement ramp shooting the breeze and smoking dope. After class, when the other students have gone, he sometimes loosens up with one or two teachers who know about his secret. But that's it. He will not risk being embarrassed in front of other students.

He does not play on any of Eastern's sports teams despite his love of athletics and he does not belong to any school clubs.

"Yeah, I never got into nothing," he said. "I always thought about reading. Try to read, that's all I ever do, try to read . . . you know, like if you was to go someplace . . . you had to know where you're going, right? So you have to read, right? Drive me a cab, and you couldn't read, how you going to know where you are going . . . (sometimes) I don't know which bus to take . . . I get on a bus, say the U8 or the 4. See, I go by the numbers or the numbers and the letters.

". . . Bus's not the problem, you know. When you have to read something to go to someplace, like you're going in (a) building right? . . . You got to read the signs that tell you to go this room, you know, you got to read something before you go in or whenever, you know. That's the problem right there," he said.

So Roger stays to himself, away from other seniors or the guys on the block. He is shy, not angry or bitter, about his awful secret. He is himself—talking about the boat trips on the Wilson Line that were his favorite as a boy and his new car, a Mazda. But only with persons he can trust with his secret.

"Hey, man, I love people," he said. "I hate to be left out, that's me. But you can only take so much of, 'What, you can't read?' and all that, unless you're dumb.

"I don't want to know no whole bunch of people anyway, see," he said. "So I don't want a whole lot of people knowing my business. Nothing wrong with that. Right? Right!"

Roger is making it through school with his problem—he did not drop out—because education means too much to his parents, a maid and a janitor. But the reading problem does not start when Roger enters the big red brick school building and end when he leaves. The reading problem is like a foul odor that follows Roger. Everywhere.

It is his private frustration, his private curse.

In school most teachers respect the secret. They do not call on him when it's his turn to read. Some others understand when he responds: "I don't have it," "My eyes hurt," or "I don't know where you're at, go ahead."

Even Roger's girl friend does not know that he cannot read.

"No, uh-uh, my girl don't know," he said. "She don't have to know. Only my parents and my brothers and sisters, teachers. They know. It's easy to hide. If someone gives you something that suppose to be funny you look at it and laugh. If they give you something to read you move your eyes over it and act like you picking it up. If they give me something to read before I sign it, I read, you know, look at it, and then I sign my name."

You could end up signing an IOU for a million dollars, someone told Roger.

"I don't sign too much out in the street," he said. "but I sign what my teachers, the

people at work, my parents, you know, what they give me to sign. . ."

A JOB, STYLISH CLOTHES

Roger hasn't allowed his inability to read to keep him totally out of the flow of life. He has had a job in a food distributorship for over three years, and wears the stylish clothes he has admired since he was a boy.

Dressed in a loose-knit pearl white sweater that matches his pleated white pants, Roger explains that he buys his clothes from Britches when the seasons change and he can purchase a winter sweater at a spring sale price.

He obtained a D.C. driver's license by passing an oral test given by an attendant at the motor vehicles department.

At home Roger, the oldest son, is the best math student in the house, helping his six brothers and sisters with math homework and his mother and father with bills. He has lost his earlier interest in hanging out around Eastern or in his Southeast neighborhood near Fort DuPont Park. Roger's neighborhood, Ward 6, has the third highest rate of unemployment, crime and poverty among the city's eight wards, according to city statistics.

With the high chance of trouble that comes with being on the streets in his neighborhood, which stretches from the Capitol to the hills of far Southeast Washington, Roger can be found at home.

His teachers describe him as a "hard worker," "honest," and "quick-witted."

When anyone unearths the secret that Roger cannot read, he flinches and tells them it is because he skipped kindergarten and first grade.

". . . I was skipped, I didn't really go to first," he said. "That's probably where I made my mistake. See, when everybody was doing the sounds in the first grade, see, I would say them but I really didn't know them.

". . . See when everybody else went to second grade, they was reading. When I got in there, I didn't know what they were doing," he added.

"HE'S NOT A DUMB BOY"

But his mother said her son has never skipped a grade and was, in fact, left back at her insistence.

"He don't talk about it too good," she said. "He's ashamed of it, so he makes up things. He wants people to think he was put ahead so they don't think he was dumb for being left back. You know how children can be with each other, he's ashamed. Really, he's not a dumb boy, he's just got that reading thing to get over."

According to his mother, Roger was never given any tests to determine if he had a learning disability. The only time he received any special help with his reading problem was when his ninth grade teacher kept him after class and helped him through an elementary school reader. That book is the only book Roger has ever gone through.

At Eastern, Roger spent his sophomore year and the first half of his junior year in a remedial reading class. But he did not register for the class in the second semester of his junior year because, he said, he felt he wasn't learning anything.

After leaving the class, Roger tried to get into a night class in remedial reading at Spingarn High School. But only students who have dropped out of high school are eligible for the class and Roger does not want to drop out of Eastern. He wants to graduate.

Since he was left back that one time, Roger never has failed a course or missed another promotion in the D.C. schools. But his teachers report that as a senior this year at Eastern, he reads on the second-grade level.

Last fall, reassured by the knowledge that he had not failed a class since elementary school even though he cannot read, Roger began planning to apply to the best college he could find. Apparently the limits imposed on his future by his illiteracy were not obvious to him. His steady advance through school seemed proof enough to him that he would be acceptable to a college somewhere, and his confidence was reinforced by the good impression he had made on college recruiters.

Roger decided to apply to Brown University and told his "survival" government class teacher, William Broadnax, about it.

"Roger shocked me, after watching him to see what kind of work he could do, after correcting a couple of his tests and observing him in class," Broadnax, said. "Roger came to me and told me he was going to see the college rep from some big northeastern school like Brown University. You know, Brown University is not an easy college to get into . . . I said, 'Now, what in the world gave (Roger) the idea he could go to college?'

"So I went to the principal and I told the principal what had happened . . . what (Roger) had said. I have been teaching this course for seven years and nothing like this ever happened. Even though kids probably had the same idea, I bet they never verbalize it to me.

"So I said (to the principal), there's a fellow in my class who can't read. He can't write. He can't pass a simple test other than to mark true or false and put down any letter for matching," Broadnax said. "In matching (Roger) will use letters that aren't even on the paper. In matching there's only A, B, C, D, and E. In tests I've given Roger, he's put Fs and Gs over here. There's no Fs and Gs on the paper.

"(And the principal said) what do you think could solve it? . . . So I said there's no need to go downtown to school administration headquarters because you're not going to get anything done down there; it'd be a long, drawn out process and somebody's got to write the course and you got to have somebody come out and teach you how to do it and then they got to appropriate money and they got to OK it and it'll take 10 years.

"By that time, the man is grown and has a family . . . Roger's not retarded. He is not dumb."

GAMES AND DIAGRAMS

Broadnax suggested reorganizing classes so that games, diagrams and simple words were used, instead of using a high school textbook that most of his students could not decipher.

Broadnax then faced Roger man-to-man, and told him college was not a reasonable ambition for him.

A month later Roger's ambitions had still not dimmed: he claimed he could be a $40,000-a-year lawyer. But he also had begun to consider a new career as a TV cameraman.

"I figure I'll do that," he said. "They make good money. They should."

Sitting at the dinning room table in his parents' home, talking about all the things he'd like to do—travel, be a lawyer, fly an airplane—Roger said he'd be doing these things right now if he could read.

"If I could read, I'd be a whole different person," he said. "I'd have a whole different personality. . . . For one thing, I wouldn't be in high school. I'd be in college. And you wouldn't be talking to me now.

"Also," he added, "in the way I express myself I wouldn't use so many small words. I wouldn't be working at (a fast-food restaurant). I'd be down there in the government somewhere. It'd be different because when you can read you know what's going down."

In his five government classes, composed of 150 students, Broadnax estimated that 10 students had a severe reading problem—they read between the kindergarten and third-grade levels—and 50 more had a reading problem that would prevent them from comprehending a high school textbook and doing better than "D" work.

Another 70 of the 150 students, he calculated, could read some of a text book but would find reading it such a frustrating experience that they'd avoid reading assignments or hurry through them and fail to understand ideas or concepts in much of what they had read.

Twenty of the 150 students in his classes can handle the book well (they read on the 10th to 12th grade level or higher) and can do exceptional work, Broadnax said.

Day-to-day, class-to-class, Broadnax said, the reading problem at Eastern is limiting what he can teach his students about American government.

"If I ask a student to go home and watch television, the news or a special program and to write the general idea of what took place or what they learned," Broadnax said, "students come back who cannot write it down, and lots of times they can't even verbalize it. They can't even tell you what they've heard, simply because they have no concept of how to put something together, can't structure it . . . (They) can't even come back and tell you in a coherent sentence what they've learned."

NO PUBLIC STATISTICS

Test statistics on the reading level of each high school in Washington have not been made public by the school superintendent or the Board of Education since autumn, 1968. According to the 1968 test results, as an average, Eastern students scored in the 30th percentile in reading, a ranking that means that 70 percent of all high school students nationwide who took the same test scored higher. The average reading score nationally was in the 50th percentile.

At one point during the three months this reporter spent at Eastern, acting principal Gloria Adams gave Eastern's student body a test to determine how severe the school's reading problem had become. She has refused to make the test scores public, however, explaining that she feels it would be unfair to her students to release the results because the test was not administered by a professional tester.

But several teachers who helped grade the tests reported that the test scores were very low.

How D.C. high school seniors compare as a whole to seniors in schools across the Nation reading skills was reported in the August 1977 Report of the Comprehensive Test of Basic Skills.

The test results showed that high school seniors in this city lagged behind most high school seniors in the Nation in reading. It also revealed that high school seniors here, on average, were worse readers than high school seniors who learned to read in schools in other cities, such as Detroit and Philadelphia.

According to the 1977 basic skills report, the average high school senior in the District is 2.8 years behind the average U.S. high school senior in reading ability.

"I'm not shocked by that (the reading statistics)," said a teacher who has been at Eastern for more than 10 years. "It has been getting worse for the last five to seven years, and it's been bad all along. This is nothing new."

Nellie Lewis said she believes most students at Eastern read at least on the seventh grade level. She considers that adequate for a high school student.

"There is nothing so drastically wrong that a good teacher should not be able to teach him (the student) if he is reading on the seventh grade level," she said. "If anything is wrong, it is that the teacher is copping out, looking for a reason not to teach that student."

At Eastern, where teachers and administrators admit there is not much that can be done to help a student whose skills are at the seventh grade level by the time he or she starts the 10th grade, efforts to deal with the reading problem now involve creating special catering to the needs of the nonreading student.

"We assumed we couldn't accommodate everybody that needed a course that didn't rely on reading skills," said Nancy Cooksey, the Eastern biology teacher who had the idea of offering courses for nonreaders. "So we're taking only those students who have a severe problem in the courses for nonreaders. The most severe would be a preprimer (kindergarten) level."

According to Cooksey, who canceled a second-year biology course to help students who were failing elementary biology because of their reading problems, the program for students who do not read will be expanded next year.

REMEDIAL CLASSES ON WAY

Beginning next year, Eastern will help students with the most severe reading problems by having them work in remedial reading classes for two or three periods daily. To give them additional help, students in reading classes will be grouped in biology, government and other courses required for graduation.

Eastern also is tackling the citywide reading problem by offering high school teachers courses in how to teach basic reading. Most high school teachers are specialists only in one subject, and have never been instructed in how to teach reading.

But just as Roger is hounded by his illiteracy, the reading problem at Eastern High dogs students and teachers alike in just about everything they do.

Tests often are read aloud to insure that everyone understands the question. Teachers now read aloud whatever they write on the board automatically, realizing that some students in the class would not know what was on the board otherwise. Homework is limited to simple assignments that involve a minimum of reading and writing.

Foreign language teachers complain that they cannot make much progress in teaching French, Spanish or Latin to students "who don't have a solid foundation in their own language."

The test scores of Eastern students who take the Scholastic Aptitude Tests (SATs), those crucial yardsticks used by colleges to help them decide which applicant to accept, are low because students "don't understand the questions," according to Pat Edwards, chairwoman of school testing at Eastern. "Sometimes they know the answer but they can't read the question."

The reading problem also haunts students who apply for jobs.

"They can't understand why the employer wants them to fill out a form," said a teacher who asked not to be named. "They figure they can get the job, do the job, without ever coming across the written word."

And the reading problem creates frustration and anger in students who come to regard Eastern as a place where they feel stupid, a place where their inability to read is spotlighted for the world to see.

Some students drop out, others stand in the hallways, cutting classes that frustrate them, and others sit in class cracking jokes or flirting, disrupting the class to avoid facing an embarrassing problem.

"I had one young lady come to me the other day and literally break down," said Walter Brown, the teacher's union representative at Eastern. "She told me 'Mr. Brown, I'm 17 years old. I cannot read.' Now she sees herself in this position. Nobody else had to tell her. So it finally dawns on her what her chances are . . ."

CAUSE IS ELUSIVE

From the city's Board of Education downtown to the classrooms of Eastern High School in Northeast, no one can pinpoint a definite cause for the reading problem.

Broadnax sees part of the problem stemming from the fact that today's high school students were the elementary school students of the late 1960s. "Civil unrest led a lot of students to believe that they could do things and get things without sacrificing the time and energy to study . . ." he said. "Just demand it, just demand a job . . . These kids were very impressionable then."

Skehan believes that the reading problems of his students may reflect the fact that from the late 1960s on there were a series of new school superintendents, some of whom espoused different approaches to the teaching of reading skills.

By last year, according to associate school superintendent James T. Guines, about 30 different reading programs were being used in D.C. public schools. The decision on which one to follow, Guines said, has been left up to individual teachers.

"In most school systems there are just a few adopted text books that everybody must use," Guines said. "But we're very democratic."

Superintendent Vincent Reed agrees with Skehan that there have been too many differing approaches.

"(The series of superintendents was) one of the most devastating things ever to happen to the school system," Reed said. "For several reasons: Every two or three years we changed direction. Educators have their own individual ways of doing things. That means by the time the system got geared up to go in one direction, everyone had to change and go somewhere else. The constant changeover in superintendents contributed to the reading problem because it kept teachers in each class from knowing where the system was going. The last three superintendents were outsiders: Sizemore, Scott and Manning. They spent a great deal of time getting adjusted, getting to know the people, the system.

"Up to this point the school system has not dealt in developing skills in PK (kindergarten) through (grade) five in the way they should have . . . up until this administration, there has been no systematic thrust. We had 7,000 teachers going in different directions."

TESTING FOR COMPETENCY

To remedy the problem, Reed has proposed establishing a comprehensive new curriculum that would spell out in step-by-step detail how almost all subjects, including reading, would be taught in every school in the city.

Under Reed's plan, called a "competency-based curriculum," students would be required to pass a series of uniform tests before they could move ahead in any subject. Eventually, they would have to show they had attained certain minimum skills before they could graduate from high school.

The curriculum is being tested this year in 29 schools. Originally, it was supposed to be used throughout the city next fall. But Reed announced last month that it would be delayed for at least a year because it was taking more time than expected to develop the curriculum and make sure it works.

Most teachers and administrators agree with Reed that the blame for the school system's reading problem, must lie with the elementary and junior high schools.

"Something went wrong, down below somewhere," said Victor Nicholas, a counselor at Eastern. "I just can't conceive of anyone going to school all those years and then coming here reading on the first and second grade level."

There is widespread doubt among Eastern's faculty, however, that Reed's competency-based curriculum will be of any help.

"We don't have the facilities to hold all the kids that would be left back if we followed CBC, and said that every student leaving the 10th grade had to have all the skills a 10th grader should have," said Ray Hammond, an assistant principal at Eastern.

"We won't be seeing those kids, the ones that will be coming through the CBC system, for years," said a teacher who asked not to be named. "What are we going to do until then?"

Whatever the reason for the reading problem in the D.C. schools, Roger, a shy and handsome young man, will graduate from high school this spring as a 19-year-old who reads on the second grade level.

Roger plans to go into the Army next year if he can pass the preinduction examination. He expects the Army school to teach him how to read.

From there, Roger hopes he will go on to become a TV cameraman and the reading problem that has caused him so many problems as a teen-ager will be a thing of the past.

"I don't care how much you preach or write about it," said Walter Brown, one of Eastern's biology teachers. "These kids still have missed. We know we missed them. But what are we going to do about it as an administration? What are we going to do about it as people in society? Are we really giving the kids a chance that are coming along now? That's what I'm concerned about."

PROMINENT ECONOMISTS SAMUELSON AND HELLER URGE CONGRESS TO MOVE FORWARD ON TAX REDUCTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

● Mr. KEMP. Mr. Speaker, while many here in Congress are urging President Carter to cut back on his tax reduction program for fear that a large tax cut will fuel inflation, two prominent economists from the Kennedy administration, Walter Heller and Paul Samuelson, argue that we need tax reduction more than ever.

I am especially pleased to see that these two well-known Keynesian economists should come forward with proposals for tax reduction that are so similar to what President Kennedy proposed in 1963. For example, Paul Samuelson urges an across-the-board reduction in personal and corporate income tax rates, and Walter Heller urges a phased-in tax reduction. Consequently, it seems to me that what these economists really want is a program such as I have currently proposed, which would cut all individual income tax rates by approximately a third over 3 years—the essence of which was the strategy President Kennedy used to encouraged economic expansion in the early 1960's.

In any case, both Heller and Samuelson make this point very strongly: A tax cut is not going to be inflationary. Quite the contrary. If it leads to the creation of jobs and a real increase in GNP the

result will be lower prices, not higher prices.

I urge my colleagues to read both the essays by Samuelson and Heller before concluding that we should cut back on tax reduction instead of moving forward more strongly.

THE CASE FOR A TAX CUT

(By Paul A. Samuelson)

While down in Florida at a conference with some Federal judges, I received phone calls from three congressmen. Each put to me the same question:

Do we still need a tax cut of about $25 billion by the autumn?

The general mood in Washington and New York evidently went through a quick change. First, the recent burst in activity in the stock market and the sharp rise in the Dow Jones industrial average has given a boost to the investment and banking community. Once again they believe it is safe to revert to the old-time religion of lowering the fiscal deficit and enforcing the discipline of a tighter monetary policy.

Second, the public-opinion polls have reported that inflation has moved back up to the position of being the No. 1 economic problem bothering the American citizenry. President Carter's advisers, noting the poll reports, have stressed their recognition of inflation as a problem that is to be combated. The President himself announced a program to fight inflation. Consisting mostly of placebo, the Carter anti-inflation proposals have met with indifference if not outright hostility.

FACTS VS. MYTH

The outlook for tax reform by Congress never looked too good. Each loophole in the tax law is there for a good reason, in the sense that there are powerful economic interests exercising their political powers to hang onto their tax goodies. What is new is the drastic shift in probabilities against the likelihood of a meaningful 1978 tax cut.

Such a shift in sentiment would be perfectly understandable if, over the last half year, the recovery were showing signs of reaching its natural limits; if over-all excess capacity were becoming uncomfortably thin; if sectoral shortages of capacity, like those of 1972–73, were now developing; if delivery times on goods were stretching out and the new-order queues were lengthening; if speculative inventory accumulation were spiraling upward at an unmaintainable rate; in short, if the economy were displaying signs of overfull employment and strong demand-pull inflation.

When you read the reports of the Department of Commerce, the Federal Reserve Board and the Bureau of Labor Statistics, you encounter few such signs of a traditional close approach to, or overshoot of, the economy's full-employment ceiling. In point of fact, each of the last several quarters has seen weaker demand growth than its predecessor. Although much of the weakness in the first quarter of 1978 can be explained away as a result of the blizzards and the coal strike, not all of it can. And even if the present quarter shows a rebound, the first half of 1978 is now expected to show weaker growth than when the tax cut was first planned.

A tally of three dozen consensus forecasters—banks, corporations, universities, and consulting services—revealed that almost all of them have revised downward their 1978 output projections. On the average, they have revised upward their inflation forecasts, but only by a fraction of a per cent.

YES, MAYBE

I, therefore, had to give this reply to the inquiring congressmen:

Weighing the costs in terms of extra inflation against the costs in terms of reduced living standards, lower incomes, reduced job opportunity, and lowered profits, I would at this time favor an October tax cut of about $25 billion. Preferably it should include the following features:

Some tax reform.

Some cuts in payroll taxes.

Some cuts in Federal excises.

New business incentives (lower corporate tax rates, widened investment tax credit).

Across-the-board cuts in personal income-tax rates.

If not all of these five features can be had, three will be better than none. If Jan. 1, 1979, replaces the Oct. 1 date, the damage will be minimal.

The science of political economy consists of weighing evidence in order to arrive at best judgments. Its art involves sensing when they should be reversed.

By midyear we shall have a better reading of the economy's basic strength. If natural forces then promise feverish growth, I shall be the first to counsel shading fiscal stimulus downward. Luckily, there is no need for split-second timing in this matter.

THE RIGHT TAX CUT MIX

(By Walter W. Heller)

Given the political headwinds Mr. Carter's $25 billion tax cut is encountering, one is moved to reexamine the economic case for it. That case was strong and widely accepted in January. Has it been weakened by economic developments since then?

Let's remind ourselves of that persuasive, not to say airtight, case as it appeared in January:

Built-in tax hikes: Without a cut, the economy would by 1979 be moving against a tide of at least $30 billion of new payroll and "inflation tax" liabilities.

Growth prospects: Some weakening of our economic advance seemed to be in the cards for late 1978 and 1979 unless this tax overburden was removed.

Inflation outlook: No breakout of inflation (beyond its stubborn 6 percent basic rate of the past 3 years) was in sight. Besides, U.S. inflation was clearly of the cost-push variety, and $25 billion of tax cut in a $2 trillion-plus economy would not push it into excess-demand terrain.

Budget impacts: Mr. Carter's $500 billion budget for fiscal 1979 represented only a 1.6 percent rise in real terms in an economy growing at over 4 percent a year. The combined tax and budget impacts added up to only a mild fiscal stimulus for the economy.

Investment incentives: To help pep up the sluggish private investment sector, not only stronger markets but stronger business tax incentives were badly needed.

Let's examine each of these in turn.

Built-in tax hikes: They are still built in. Even if no crude oil taxes are enacted, $14 billion of payroll tax add-ons are going into effect in 1978–'79 (plus another $15 billion or so in 1980). And as inflation pushes our income into higher brackets, the federal tax bite increases another $8 billion a year (over and above the normal rise in tax collections generated by economic recovery and expansion). Without the offset of a hefty tax cut, this undercutting of purchasing power would unduly retard expansion in 1979.

GROWTH PROSPECTS

The outlook for GNP growth is weaker today than it was when the tax cut was launched in January. Even with an expected rebound of GNP at an 8 percent rate in the current quarter, the prospective rise in real GNP, fourth quarter 1977 to fourth quarter 1978, has slipped from January's 4.8 percent to perhaps 4.0 percent, while the year-over-year growth prospect is down from 4.6 percent to 3.9 percent. The economic launching pad for 1979 is correspondingly weaker, thus bolstering the case for the tax cut.

STILL A LOT OF SLACK

True, unemployment has behaved better than expected. But there is still a lot of slack in the economy. Operating rates in manufacturing are still poking along at 82.9 percent of capacity, a bit less than last summer. The Labor Department's broader unemployment measure, which takes discouraged and part-time workers into account, is still running at 8.5 percent. And after a welcome downswing, the "official" unemployment rate is likely to hover near 6 percent, or, at best a trifle below, for the rest of 1978. If the rate were to drop sharply below 6 percent, second thoughts on the size and timing of the tax cut would be in order.

INFLATION OUTLOOK

The fear of flying into a higher inflation orbit on the wings of a tax cut plays a major role in the rising doubts about the Carter tax program. Is inflation getting worse? Will dropping the tax cut make it better?

Compared with the January outlook, inflation is worse, but not much. Appearances have outrun facts. In the sensitive area of food, especially meat, an estimated 8–10 percent price rise this year has replaced earlier projections of about 6 percent. But non-food commodities in the CPI have been on an essentially even keel for many months. And large stocks of grains and soybeans, plus the rains that came to California, will moderate the food price upswing later in the year.

Import prices are up, but a steadying dollar will limit the rise while a strengthening dollar would reverse the uptrend. More worrisome for longer-pull inflation prospects is the rise in average hourly earnings at roughly an 8 percent clip today against 7 percent a year ago.

The upshot? Against a rise of 6.8 percent in consumer prices during 1977, the 1978 rise might be a little over 7 percent. And the "underlying rate" of inflation, stuck at about 6 percent for the past three years, may be nudging up to 6.5 percent or so. Far too high, but hardly a panic-button breakout.

In relating the recent spate of price increases to the tax cut, one should note not only that, as in 1977, their pace is likely to ease later in the year, but also that the price increases are coming from the cost side: food, imports, and wages, not bottlenecks, shortages, and excess demand.

Even so, say the critics, dropping the tax cut would sharply improve prospects for reducing inflation. Not so in an economy still running well below its potential. Using the midpoint of "all the statistical estimates I know," Arthur Okun told the Ways and Means Committee Monday that dropping the tax cut would cost $40 billion a year of real output by 1980 while saving only two-tenths of a point on the price level. By any economic or social criterion I know, that's a poor tradeoff.

To fight cost-push inflation, one has to get at the forces that have relentlessly pushed costs up in the face of weak demand. After letting too many horses out of the barn, the Carter program seeks to do just that, partly by setting a Spartan example on federal pay raises, partly by policing its own costly regulations, and party by unleashing Robert Strauss. A powerful program? No. But it is aimed at the right target and, diligently pursued, offers greater promise of curbing inflation than would a jettisoning of the tax cut.

Budget impacts: Budget revisions since January suggest small, not larger deficits. For fiscal 1978, spending underruns have cut the prospective deficit from $62 billion to $53 billion. Further spending shortfalls in fiscal 1979 are likely to offset, or more than

offset, budget increases for agricultural defense, and other programs, spending is likely to end up at or below Mr. Carter's $500 billion.

A more relevant question: How strong a stimulus will the combined budget and tax actions provide? Adjusted estimates of the high-employment budget show that, even if the full Carter program were adopted, the net fiscal stimulus would be less than $10 billion in 1979. Without the tax cut, the built-in tax increases would clearly be a net drag on the economy.

Investment incentives: Even though business investment is hardly drying up, who would argue that it is robust enough to play its full part in sustaining 1978–'79 expansion, boosting productivity, and expanding capacity? The answer is clear: Business tax incentives are fully as much in order today as they were in January.

So the case for a tax cut remains strong. It does not follow that the Carter formula is sacrosanct.

A BASIS FOR COMPROMISE

Bearing in mind both the economic goal of sustaining expansion with a minimum of inflation and the political goal of producing a tax cut that will not only *be* right but *seems* right, I would urge Mr. Carter and the Congress to consider the following basis for compromise.

First, combine an economic good with a political need by substituting perhaps $8 billion of payroll tax cutback for an equal amount of individual income tax cuts. The $25 billion tax cut would then consist of about $8 billion of business and excise tax cuts; $9 billion of individual income tax cuts; and $8 billion of payroll tax cutbacks (in the form of shifting one-third of the cost of Medicare hospital insurance to general revenue financing, the other two-thirds to be shifted in two more $8 billion installments in, say, 1980 and 1981). This would soften the political blow of scheduled payroll tax increases and deliver the happy economic result of combining a rise in purchasing power with a fall in business costs. What better tax medicine can one prescribe for a high-inflation, slow-growth economy?

Second, split the $25 billion tax reduction into two stages, somewhat akin to the 1964-65 tax cut. Illustratively, $15 billion might go into effect Oct. 1, 1978, and another $10 billion the following July 1. If economic events call for a change before the tax bill emerges from Congress late next summer, adjust the staging accordingly. Under this flexible two-stage approach, the economy would have the assurance of the sustaining stimulus of the tax cut, yet the deficit impact would be softened and congressional concerns about doing too much at once would be accommodated.

In short, a $25 billion tax cut still makes good economic sense. But its economic impact could be improved by making room for a sizable payroll tax cut. And its adaptation to political reality—and conceivably also to economic circumstances—would be improved by adopting the two-stage approach.●

PREGNANCY DISCRIMINATION AND ABORTION DISCRIMINATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GREEN) is recognized for 10 minutes.

Mr. GREEN. Mr. Speaker, in early May, the House will consider legislation of paramount importance to the Nation's working women. The pregnancy disability bill, H.R. 6075, clarifies the intent of Congress to include pregnant workers among those protected from discrimination under title VII of the Civil Rights Act of 1964.

The Committee on Education and Labor approved an amendment granting employers the option to deny their employees coverage for abortions under any medical, health, or disability plans. Unfortunately so far, the debate has centered on the abortion issue, diverting attention from the merits of the bill.

I am strongly opposed to all amendments limiting a woman's rights to an abortion and am especially disheartened to see this amendment on a bill designed to make pregnancy a realistic option for women workers.

Because this issue is so critical, I wish to share with all of my House colleagues the eloquent remarks of Representative TED WEISS, submitted as dissenting views in the committee report on the bill, which fully discuss the adverse ramifications of the amendment:

PREGNANCY DISABILITY BILL, H.R. 6075

COMMITTEE REPORT: DISSENTING VIEWS OF MR. WEISS

The original concept of this legislation was to provide a legislative remedy for an adverse Supreme Court ruling which said that women workers who became pregnant did not have to be covered by disability plans. H.R. 6075, as originally proposed, is an amendment to the Civil Rights Act of 1965; its purpose being to insure equal treatment of women in employment-related matters.

In appending an anti-abortion rider to this legislation, the committee has been diverted from the original purpose of protecting the rights of women employees to protecting the rights of their employers. I voted against the bill as reported with the anti-abortion language because it adds a new form of discrimination in place of the one it seeks to eliminate.

ANTI-ABORTION LANGUAGE WILL NOT PROTECT EMPLOYERS: IT WILL MAKE THEM TARGETS

There is a great irony about the decision of the committee. Every member knows that employers and their representatives are quite capable of presenting their views on issues which come before us; during the course of the 95th Congress, every member of the committee has received literally thousands of pieces of correspondence concerning such issues as common situs picketing, minimum wage, and labor law reform, to name just a few. Yet not one employer who allegedly would be protected by the anti-abortion provision has come forward to promote it.

It is logical to ask, why? Because this amendment will not protect employers; it will turn the focus of the battle over abortion directly on to them. I am sure that there will be attempts by the opponents of abortion coverage to have major corporations eliminate such coverage in their benefit plans; likewise, smaller businesses will be subject to pressure to alter their benefits packages. I am sure that neither employers nor labor unions bargaining collectively with them will be pleased by such a prospect.

UNEQUAL TREATMENT OF WOMEN WILL CONTINUE: EARNED BENEFITS MAY BE DENIED THEM

While exposing employers to new—and unexpected—pressures, the anti-abortion provision will perpetuate unequal treatment for women workers. Health benefits are not gifts of the employer to the employee; like wages and other fringe benefits, they are earned. In many cases, employees are contributing to their health benefit plans; according to figures made available by the Social Security Administration, one-third of all health plans are contributed to solely or in part by employees. The discriminatory aspect of the anti-abortion language is obvious: Male employees—regardless of whether they have contributed to their health plans or not—would be covered for all surgical procedures; female employees—even if there is no employer contribution—would be subject to employer discretion concerning coverage for abortion. The discriminatory aspect could not be more blatant.

THE COMMITTEE'S ACTION EFFECTS HEALTH PLANS WITHOUT KNOWING HOW THEY OPERATE

Unlike the issue of pregnancy disability, the abortion exclusion has not been adopted with any understanding of current health insuance practices. There are 51,600 different health insurance plans available to 58.2 million Americans in the private sector who contribute some $27.1 billion for coverage. Fifty-five percent of these plans are negotiated; 45 percent are not.

ABORTION COVERAGE IS NOW COMMON

According to the National Association of Insurance Commissioners and the Health Insurance Association of America, abortion coverage is now common in most health insurance plans. Spokesmen for these representatives of the industry indicated to members of my staff that currently there is no ban on specific surgical procedures either by law or regulation regarding private insurance coverage.

FINANCIAL CONTRIBUTION OF EMPLOYERS IS "INSIGNIFICANT"

I know that one of the concerns of the members of the committee who approved the abortion exclusion was the fear that some employers would be forced to make great financial contributions to abortion services if the amendment had not been adopted. Industry representatives have stated to my office that there are no industrywide statistics on abortion, but added that abortion as a procedure effecting insurance premiums is "insignificant."

Also, insurance industry representatives were unable to predict that precluding abortions would result in a lowering of premiums to employers; they were not able to speculate as to what percentage of the average health plan premium would be applied for abortion services. Again, they did say it would be insignificant.

MOST LIKELY RESULT OF THE ANTIABORTION AMENDMENT; NO CHANGE IN PREMIUMS AND A LOSS OF COVERAGE

As a result of the adoption of this amendment, we may find ourselves in a situation where there is no change in the employer's contribution for health benefits, but benefits which are earned by women and which they currently have would be eliminated.

RELIGIOUS INSTITUTIONS ARE PROTECTED

The other major concern of many members of the committee is whether religious institutions would be forced to provide abortion coverage by virtue of this legislation. They would not. Senator Jacob Javits, in his presentation before the Senate, stated that it was not the intention nor design of the sponsors of this legislation to interfere with the first amendment rights of a church which has a religious tenet respecting abortion; the church's position, according to Senator Javits, is protected under the first amendment.

Also, as we know, section 702 of the Civil Rights Act, allows religious institutions to hire solely members of their own faith. It is doubtful that an employee-member of a church which prohibits abortions would seek abortion coverage from the church. Indeed, there has never been a court case concerning failure to cover abortions by either a secular or religious institution.

STATES HAVE PROMOTED SIMILAR LEGISLATION WITHOUT EXCLUSIONS

The States have taken an active role concerning pregnancy disability legislation. Half

the States now interpret their fair employment practices legislation to prohibit sex discrimination on the basis of pregnancy and child birth. Connecticut and Minnesota have recently adopted legislation based on the unamended version of H.R. 6075. Not one State has anti-abortion language in its laws concerning pregnancy disability and in not one State is there legislative activity to include such a ban.

SUPPORT FOR AN UNAMENDED BILL COMES FROM BOTH SIDES OF THE ABORTION DISCUSSION

The very nature of this bill—unamended—is to help women carry their pregnancies to term. In its original form, the legislation was supported by a diverse coalition of pro-life, labor, and women's organizations. Many of these groups believe that an abortion provision is unnecessary in this legislation.

During the June 29, 1977, hearing which the Subcommittee on Employment Opportunities conducted, Dr. Dorothy Czarnecki, a representative of the American Citizens Concerned for Life, of Philadelphia, Pa., responded in the following manner when I asked her if this legislation, H.R. 6075, increases the likelihood of abortion:

Dr. CZARNECKI. This legislation would save babies in my opinion. It would encourage a woman to keep a pregnancy or do what she wants. It gives the woman a choice.

In further questioning, I asked:

In the event a female employee decides to abort a pregnancy, do you think that the employee should be denied medical coverage and disability from complications resulting from the medical procedure?

Dr. CZARNECKI. I feel we should treat this as a condition, period.

The list of supporters for this legislation without an abortion amendment is endless; it includes many groups with whom all of us work regularly:

AFL–CIO, AFSCME, Leadership Conference on Civil Rights, NEA, League of Women Voters, and United Auto Workers.

United Steel Workers, International Ladies Garment Workers Union, Coalition of Labor Union Women, and American Association of University Women.

ONE GROUP, ALONE, LOBBIED FOR THE AMENDMENT

The only group which actively came forward to promote the antiabortion provision was the United States Catholic Conference, the conference of bishops, and never at a public hearing. In fact, there is not a single word of testimony on the record supporting the antiabortion amendment in this bill.

PREGNANCY DISABILITY COVERAGE FACES AN UNCERTAIN FUTURE AS A RESULT OF THE ANTI-ABORTION LANGUAGE: WOMEN WILL SUFFER

During the course of the 95th Congress, the Members of Congress have had 11 opportunities to make their position known on the issue of Federal funding of abortion; unlike the Hyde amendment, this legislation, unamended, does not involve public subsidization of abortion.

We are now faced with, the prospect that pregnancy disability legislation will not be enacted this year as a result of the fears of the members of this committee. The Senate has voted not to append an anti-abortion rider to their version of this legislation; our 5-month battle over the Hyde amendment with stalled the Labor-HEW appropriations will likely be repeated. As a result, women, whose rights we have sought to protect, will suffer.

Finally, the Members of Congress must realize that as a result of amending H.R. 6075 with an abortion prohibition, we must prepare ourselves for a legislative agenda which will require our voting on abortion at every turn. If this legislation, which can be considered nothing but "pro-life," must be amended by those who oppose abortion, no bill which comes before the House of Representatives can be insured of freedom from such an amendment.

The crowning irony is that the anti-abortion amendment not only undercuts the very purpose of this legislation but it would undercut as well the aim of the "pro-life" forces to encourage women to carry their pregnancies to term. The aim of the amendment's proponents has tragically misfired. The amendment is anti-employer, anti-labor, anti-woman, and anti-life. It is my sincere hope that in the final analysis, the anti-abortion rider to this legislation will not prevail.

TED WEISS.

LEGISLATION TO ESTABLISH NATIONAL OFFICE OF THE HANDICAPPED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 5 minutes.

● Mr. JEFFORDS. Mr. Speaker, today I am introducing a bill which will establish a National Office of the Handicapped. This will do the following:

First. Bring together the two major programs for the handicapped (Bureau for Education of the Handicapped and Rehabilitation Services Administration) in one National Office of the Handicapped.

Second. While this bill will bring these two agencies together it will not alter any of their programs.

Third. By bringing them together it will:

Bring focus on programs for the handicapped;

Facilitate coordination; and

Should eliminate overlapping and duplication.

Fourth. The only new item to be authorized would be a Federal Council on the Handicapped. The idea of it would be to have one national council overseeing all Federal efforts for the handicapped.

Fifth. This is one of the first recommendations from the White House Conference on the Handicapped and one which most organizations for the handicapped seem to feel is necessary and needed.●

AGRICULTURAL CONSERVATION PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Montana (Mr. BAUCUS) is recognized for 10 minutes.

Mr. BAUCUS. Mr. Speaker, I would like to discuss the agricultural conservation program administered by the USDA. This year makes the 23d consecutive year the administration has recommended major cutbacks in the program.

In each of those years, Congress has voted to restore funding for this program, and I stand to urge my colleagues to do so again this year. The agricultural conservation program (ACP) is an essential part of this Nation's efforts to protect its soil and water resources.

ACP is administered by the Agricultural Stabilization and Conservation Service of the USDA. Under the program, the ASCS pays part of the costs of conservation practices farmers engage in. Examples of approved practices include wildlife food plots or habitat, wind erosion control operations, animal waste management practices to control pollution, contour farming, lime application, and others.

Farmers could not afford to engage in these conservation efforts without the financial assistance provided by the ACP. Clearly the Nation as a whole gains from these efforts to conserve our soil, water, and wildlife resources.

Mr. Speaker and fellow colleagues, in my travels around Montana, I am constantly reminded of the benefits the agricultural conservation program has provided since it was conceived in the Dust Bowl days of the 1930's.

With this Federal assistance, thousands of small ponds and lakes have been built around the State. These are generally constructed in the coulees and gullies that characterize our landscape. They capture water that otherwise would only cause erosion during the spring runoff and store it for use by livestock and wildlife throughout the year.

Those of you who have had the opportunity to visit the arid parts of Montana during midsummer know something of the appreciation our State has for these small oases.

The agricultural conservation program has been instrumental in helping farmers control wind erosion on the Great Plains. As you know, this region including the eastern part of Montana was severely damaged by a combination of wind and drought in the thirties.

We still have drought in Montana, and will still have wind. Average rainfall in our wheat-growing regions is only 14 inches; many years it is less than that. On the eastern slopes of the Rockies, steady winds of 20 to 40 miles per hour have been the norm this spring, and hurricane-force gusts have been recorded many places.

Thanks to the agricultural conservation program though, most of Montana's soil is staying where it belongs. With the help of ACP, farmers now use stubble-mulch farming practices whereby crop residues protect the soil from blowing. Millions of trees have been planted to provide windbreaks; in addition, these "shelter belts" are a haven for wildlife and birds.

Many of you come from parts of the country that are naturally woodland and may not appreciate the significance of planting trees. But in parts of Montana you can drive for hundreds of miles and the only trees you'll see are there because of the Agricultural Conservation Program.

I do not want to imply that the ACP's goals have been achieved. At the same time the USDA is proposing a huge cut in the program, their press releases show that this Nation's losses to wind erosion are still unacceptable. In addition, the program faces new challenges as this Nation steps up its efforts to improve water quality.

State and local ASCS committees are an integral part of the Agricultural Con-

servation Program. They determine what conservation practices deserve priority for their specific area. Thus, the program is adaptable to all regions of the country and to changing conservation needs over time. My rural colleagues can all tell you about past accomplishments and future challenges of the Agricultural Conservation Program in their districts.

As a member of the Agricultural Appropriations Subcommittee, I intend to work for restoration of the ACP budget. And I urge all of you to vote yes for this long-term investment in America's soil and water.

H.R. 12464: U.S. INVESTMENT AND SOUTH AFRICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. SOLARZ) is recognized for 10 minutes.

● Mr. SOLARZ. Mr. Speaker, today I am introducing legislation designed to prohibit new American investments in South Africa and to regulate existing corporate investments by establishing a fair employment code of conduct. I hope that my coleagues will be able to join me in supporting a modest proposal that will put the United States on record in opposition to the oppressive apartheid system that exists in South Africa today.

The recent bannings by the South African Government and the death of Steve Biko in prison have led many Americans in and outside the Government to reevaluate the U.S. role in South Africa. In the absence of an abolition of apartheid and an eventual shift toward majority rule, South Africa will inevitably be shaken by a cataclysm that will not only rip that nation apart but could be disastrous for the United States as well. Accordingly, the United States has an enormous stake in facilitating a peaceful transition to an equitable power sharing arrangement in South Africa.

Unfortunately, the entire history of that state has shown that, in the absence of outside pressure, no constructive change can be expected. I hope this proposed legislation will prompt the government of South Africa to move toward abolishing the apartheid system. Although this bill clearly cannot guarantee that constructive changes will take place, I believe it is a necessary first step to demonstrate our resolve that the United States will not support the repressive system of apartheid and separate development.

My bill has two parts. First, it would prohibit all new investments in South Africa by any American corporation, although existing investments could continue as could investments from money earned from on-going investments within South Africa. Violations of this section could bring fines of up to $1 million for a corporation and a fine of $10,000 or imprisonment of up to 5 years for an individual. This provision would, at a minimum, insure that U.S. economic entanglements in South Africa do not increase.

The second part, similar to a joint resolution previously introduced by Africa Subcommittee Chairman CHARLES DIGGS, would prohibit U.S. corporations doing business in South Africa from engaging in unfair employment practices there. It would prohibit discrimination on the basis of race, religion, sex, or national origin for hiring, promotion, rates of pay, selection for training, and other areas of employment.

Corporations would be required to take affirmative action to end discrimination within American-owned enterprises, among other things, by applying the new guidelines to present employees and to potential applicants. The bill would also require employers to allow employees to organize and bargain collectively.

Penalties for violating the second part could include termination of export licenses, U.S. Government contracts, tax credits, and the services of the Export-Import Bank for transactions involving South Africa.

In urging your support for this measure, I would like to point out several features of this proposal that should help alleviate the concerns of some who would oppose action of this sort. First, this bill is a moderate proposal. Though it begins the process of limiting U.S. corporate involvement in South Africa, it does not require disinvestment nor prevent the orderly transaction of business by existing enterprises. Second, no part of this bill would violate South African law, so no U.S. corporation would be caught in the difficult dilemma of being ordered to do contradictory things by two governments.

If a corporation claimed that it was trapped in a conflict of laws, it could obtain a waiver of certain provisions, if it could demonstrate its claim to the satisfaction of the legislation's administrator.

Finally, this bill will have the support of many whites in South Africa who would like to abolish the apartheid system. In recent testimony before the International Relations Committee, Donald Woods hailed this proposal as a "significant" measure that would provide a "valuable psychological boost in morale" to black South Africans.

Mr. Speaker, I include the text of my bill, H.R. 12464, at this point in the RECORD:

H.R. 12464

(Mr. DIGGS, Mr. HARRINGTON, Mr. FRASER, Mr. ROSENTHAL, Mrs. COLLINS of Illinois, and Mr. PEASE)

A bill to amend the Export Administration Act of 1969 to prohibit any new investment in South Africa by United States persons and to impose sanctions on United States persons with existing investments in businesses in South Africa that engage in unfair employment practices

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Export Administration Act of 1969 (50 U.S.C. App. 2401 et seq.) is amended by inserting after section 4B the following new section:

"INVESTMENT IN SOUTH AFRICA

"4C. (a)(1) No United States person may make any investment in South Africa, other than an investment which consists solely of earnings derived from an existing enterprise of a United States person in South Africa and which is made in such enterprise.

"(2) The Secretary shall carry out the provisions of paragraph (1). In carrying out such provisions the Secretary shall—

"(A) issue such regulations as the Secretary considers necessary to implement the provisions of paragraph (1);

"(B) establish mechanisms to monitor compliance with the provisions of paragraph (1) and any regulations issued pursuant to subparagraph (A) of this paragraph;

"(C) in any case in which the Secretary has reason to believe that a violation of paragraph (1) has occurred or is about to occur, refer the matter to the Attorney General for appropriate action; and

"(D) in any case in which the Secretary has reason to believe that any person has furnished the Secretary with false information relating to the provisions of this subsection, recommend to the Attorney General that criminal proceedings be brought against such person.

"(3) The Secretary may, in carrying out the provisions of this subsection, conduct investigations, hold hearings, issue subpenas, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpena the attendance and testimony of witnesses and production of all books, papers, and documents relating to any matter under investigation.

"(4) Any United States person that violates the provisions of paragraph (1) shall, upon conviction, be punished by a fine of not more than $1,000,000.

"(5) Whenever a United States person violates paragraph (1) of this subsection—

"(A) any officer, director, or employee of such United States person, or any natural person in control of such United States person, who knowingly and willfully ordered, authorized, acquiesced in, or carried out the act or practice constituting such violation; and

"(B) any agent of such United States person who knowingly and willfully carried out such act or practice, shall, upon conviction, be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

"(6) Whenever a fine is imposed under paragraph (5) of this subsection upon any officer, director, employee, or agent of a United States person, or upon any natural person in control of such United States person, such fine shall not be paid, directly or indirectly, by such United States person.

"(b)(1) No United States person who, on the effective date of this section, has a major investment in an enterprise in South Africa—

"(A) may receive any export license under this Act with respect to any exports to be shipped directly or indirectly to South Africa;

"(B) may enter into any contract with any agency of the United States Government;

"(C) may receive credit, under section 901 of the Internal Revenue Code of 1954, for any income, war profits, or excess profits taxes paid or accrued to South Africa; or

"(D) may use the services of the Export-Import Bank of the United States with respect to transactions involving South Africa,

if such United States person or other person engages in an unfair employment practice in conducting such enterprise, or if such United States person is not listed on the roster established pursuant to paragraph (4) of this subsection. Such United States person shall be subject to any or all of the penalties set forth in this paragraph.

"(2) The President shall designate an appropriate head of a department or agency (hereinafter in this subsection referred to as the 'Administrator') to carry out the pro-

visions of this subsection. In carrying out such provisions the Administrator may—

"(A) establish mechanisms to monitor compliance with the provisions of this subsection and any regulations issued thereunder;

"(B) in any case in which the Administrator has reason to believe that any person has furnished the Administrator with false information, relating to the provisions of this subsection, recommend to the Attorney General that criminal proceedings be brought against such person;

"(C) make reasonable efforts within a reasonable period of time to secure compliance with the provisions of this subsection by means of conference, conciliation, mediation, and persuasion before proceedings are begun under paragraph (5) of this subsection; and

"(D) conduct investigations, hold hearings, issue subpenas, administer oaths, examine witnesses, receive evidence, take depositions and require by subpena the attendance and testimony of witnesses and production of all books, papers, and documents relating to any matter under investigation.

The Administrator shall issue regulations implementing the provisions of this subsection.

"(3) Each Federal agency shall cooperate with the Administrator in carrying out the provisions of this subsection, including, upon the request of the Administrator, taking steps to insure compliance with the provisions of this subsection and any regulations issued thereunder, and investigating unfair employment practices.

"(4)(A) Each United States person having a major investment in an enterprise in South Africa shall so notify the Administrator, in such form and manner as the Administrator may by regulation prescribe.

"(B) The Administrator shall, after giving notice and an opportunity for a hearing to each such United States person, review the employment practices of the enterprise.

"(C) The Administrator shall, on the basis of such review, issue an order establishing a roster of all such United States persons complying with the provisions of this subsection.

"(D) The Administrator shall notify the Secretary, Secretary of Treasury, Secretary of Labor, and the President of the Export-Import Bank of the United States, of all United States persons included on the roster established pursuant to subparagraph (C) and of any United States person having a major investment in an enterprise in South Africa who is not included on such roster. The Secretary, Secretary of the Treasury, Secretary of Labor, and the President of the Export-Import Bank of the United States shall enforce the provisions of this subsection in accordance with such roster.

"(E) The Administrator shall, at least once in every 2-year period, review the eligibility of each such United States person for inclusion on the roster established pursuant to subparagraph (C).

"(F) Any United States person aggrieved by an order of the Administrator issued pursuant to this paragraph may seek judicial review thereof in accordance with the provisions of chapter 7 of title 5, United States Code.

"(5)(A) Whenever it is charged by any person under oath, in a written statement setting forth the facts upon which it is based, that an unfair employment practice referred to in paragraph (1) of this subsection is being engaged in, the Administrator shall furnish a copy of such charge to the United States person or persons with a major investment in the enterprise concerned and shall conduct an investigation of such charge.

"(B) If on the basis of such investigation the Administrator determines that the charge is nonfrivolous, the Administrator shall hold a hearing, as speedily as possible, with respect to such charge. Interested persons may file memorandums in support of or in opposition to such charge.

"(C) If the Administrator finds, on the basis of evidence produced at such hearing, that the unfair employment practice is being engaged in, the Administrator shall issue an order stating such finding and recommending that appropriate action be taken, in accordance with paragraph (1) of this subsection—

"(i) by the Secretary, with respect to export licenses.

"(ii) by the Secretary of Labor, with respect to Government contracts,

"(iii) by the Secretary of the Treasury, with respect to tax credits, and

"(iv) by the President of the Export-Import Bank of the United States, with respect to transactions with the Export-Import Bank,

each of whom the Administrator shall notify of such order. In addition to any of the penalties set forth in paragraph (1) of this subsection, the recommendations of the Administrator may include cancellation, termination, or suspension of any existing export license, contract with a Federal agency, or transaction with the Export-Import Bank. The Secretary, the Secretary of Labor, Secretary of the Treasury, and President of the Export-Import Bank, as the case may be, shall enforce any order of the Administrator.

"(D) Any action imposed under subparagraph (C) with respect to tax credits shall first apply with respect to the taxable year in which the finding of a violation is made. Any sanction imposed under subparagraph (C) shall be effective until such time as the Administrator determines, on the basis of evidence produced by the United States person or persons with respect to whom an unfair employment practice referred to in paragraph (1) of this subsection was found, that no such unfair employment practice is being engaged in. The Administrator shall give each such United States person an opportunity to present such evidence at a hearing before the Administrator.

"(6) In any case in which the Administrator determines that compliance by a United States person with the provisions of paragraph (1) of this subsection would violate any law of South Africa enacted before the date of the enactment of this subsection, the Administrator may waive the provisions of such paragraph with respect to such United States person. The Administrator shall submit an annual report to the Congress setting forth the circumstances concerning each waiver granted under this paragraph. The Administrator shall review each waiver granted under this paragraph at least once each year and may terminate any such waiver at any time if the circumstances resulting in the waiver have altered such that the waiver is no longer warranted.

"(7) In any case in which the President determines that compliance by a United States person with the provisions of paragraph (1) of this subsection would harm the national security of the United States, the President may waive such provisions with respect to such United States person. The President shall report to the Congress concerning the circumstances involving each waiver granted under this paragraph. Any such waiver shall become effective 60 days after the date on which the report concerning the waiver is submitted to the Congress unless both Houses of Congress, within such 60-day period, adopt a concurrent resolution disapproving the waiver.

"(8) The Administrator may secure directly from any department or agency of the United States information necessary to enable the Administrator to carry out the provisions of this subsection.

"(9)(A) The President shall appoint an Advisory Board the function of which shall be to recommend policy to the Administrator with respect to the exercise of the authority of the Administrator under this subsection.

"(B) The Advisory Board shall be composed of 11 members as follows:

"(i) The Administrator, who shall serve ex officio

"(ii) Ten members appointed by the President as follows:

"(I) One member from the field of education.

"(II) One member from the field of labor.

"(III) One member from among representatives of civil rights organizations.

"(IV) One member from the field of business.

"(V) One member representing religious groups.

"(VI) One member from the Department of Commerce.

"(VII) One member from the Department of State.

"(VIII) One member from the Equal Employment Opportunity Commission.

"(IX) Two members representing the public interest.

"(C) The President shall designate a Chairman from among the members of the Advisory Board.

"(D) A vacancy in the membership of the Advisory Board shall be filled in the same manner in which the original appointment was made.

"(E) Members of the Advisory Board appointed by the President shall be appointed for terms of three years; except that of the members first appointed, three shall be appointed for terms of one year, and three shall be appointed for terms of two years, as designated by the President at the time of the appointment. Any member appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of such member was appointed shall be appointed only for the remainder of such term.

"(F) The Administrator shall provide necessary secretarial and staff assistance for the Advisory Board.

"(G) Members of the Advisory Board shall serve without pay, except that, while away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

"(10) As used in this subsection—

"(A) the term 'unfair employment practice' means—

"(i) any act of discrimination on the basis of race, color, religion, sex, or national origin which is prohibited by sections 703 and 704 of the Civil Rights Act of 1964;

"(ii) any failure to take affirmative action to the same extent as is required of a Government contractor under Part II of Executive Order 11246 (dated September 24, 1965); and

"(iii) refusal to allow employees to organize, bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection;

"(B) the term 'South Africa' includes the 'Republic of South Africa' and any territory under the administration, legal or illegal, of South Africa, including the 'bantustans' or 'homelands' to which South African blacks are assigned on the basis of ethnic origin;

"(C) the term 'investment' includes a loan made by a public or private banking institution; and

"(D) the term 'major investment' includes any investment that (i) consists of more than 50 per cent of the aggregate investment in the enterprise concerned, (ii) enables the investor to control the enterprise, or (iii) effects ownership or control of the enterprise

by the investor and one or more United States persons."

SEC. 2. The President may waive the provisions of section 4C of the Export Administration Act, as added by the first section of this Act, for periods of not more than one year each, if the President determines that the government of South Africa has made substantial progress toward the elimination of unfair employment practices, as defined in subsection (b) (8) (A) of such section, toward the full participation of all the people of South Africa in the social, political, and economic life in that country, and toward an end to discrimination based on race or ethnic origin. The President shall submit such determination, and the basis therefor, to the Congress. Each such waiver shall take effect 90 days after the date on which such determination is submitted to the Congress unless both Houses of Congress adopt a resolution disapproving such determination.

SEC. 3. It is the sense of the Congress that the President should cooperate with other countries in initiating steps to facilitate fair employment practices in South Africa, including those steps taken by countries in the European Economic Community.

SEC. 4. (a) The amendments made by the first section of this Act shall take effect at the end of the 1-year period beginning on the date of the enacement of this Act.

(b) Regulations implementing the provisions of section 4C(b) of the Export Administration Act, as added by the first section of this Act, shall be issued not more than six months after the date of the enactment of this Act.●

THE 1978 DANTE AWARD GOES TO DANIEL T. PECARO

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, I congratulate Mr. Daniel T. Pecaro, who will receive the Seventh Annual Dante Award of the Joint Civic Committee of Italian Americans on May 19 at a luncheon in his honor at the Como Inn of Chicago.

Dan Pecaro is the president and chief executive officer of the WGN Continental Broadcasting Co. He also serves as president of the company's Colorado and Productions subsidiaries, as well as a director of WGN Continental Broadcasting Co. and all of its subsidiaries.

The Dante Award was established by the Joint Civic Committee of Italian Americans, an umbrella organization comprised of more than 40 civic organizations in the Chicago area, to extend recognition annually to an individual in the mass media communications field who has made a positive contribution toward fostering good human relations.

Mr. Speaker, I have known Dan Pecaro for many years and he has always been dedicated and devoted to his family and to his community. He loves people, has been responsible for many program innovations on WGN radio and TV, and he has a long and solid record of creative achievement in broadcasting. It is for these reasons that he so richly deserves the Dante Award, for it was Dante Alighieri, in his "Divine Comedy," who said, "Men should never be timid about the truth."

He was born and educated in Chicago, attending Carl Schurz High and DePaul University, where he received his degree in education. He enlisted in the Navy and served in the South Pacific during World War II, and after his discharge, he returned to Chicago where he taught public school and coached sports for 5 years. In 1955, he accepted a position with WGN as a radio producer-director-writer after having worked part time at WGN radio as a night member of the traffic department.

According to WGN Continental Broadcasting Co., through the years Daniel T. Pecaro:

Has been responsible for many program innovations on WGN Radio and WGN Television and has contributed immeasurably to the success and recognition the company enjoys today.

Promoted to production supervisor in 1957, his creativity earned him another promotion, Assistant Program Manager, in 1958. Two years later, he was named Program Manager for the radio station and conceived many of the fine programs still on WGN today.

Named program manager in 1962 at WGN–TV and manager for all WGN's stations in 1965, Dan Pecaro was elected vice president in 1966, and WGN–TV's general manager in 1967. His rise to the top continued in 1968 with his election to the board of directors, and in 1972 he became the executive vice president and general manager. In 1975, he was elected to his present position.

WGN also states:

In April of 1979, Mr. Pecaro will have completed his 25th year in broadcasting—all at WGN Continental Broadcasting Company. During his rise through the program ranks, he has written, produced and directed radio programs, handled countless remote broadcasts, musical variety shows, sports events, presidential conventions and numerous elections.

While he was program manager for WGN Television he developed several program concepts which shaped the future course of that station and which were subsequently duplicated by other major broadcasters throughout the country. The station also produced several award winning live series that were syndicated across the land and in foreign countries. These included An Evening With . . .," "Big Bands," and several documentaries. In the period 1962 through 1967, under his leadership, the station's programs won 27 Emmy Awards.

Mr. Pecaro is now completing his second term on the television board of directors of the National Association of Broadcasters, one of 15 persons elected from the entire television industry, and recently was elected to a 3-year term on the Chicago Boys Club board of directors. He is also a member of the board of directors of the Illinois State Chamber of Commerce, the Executive Club, and the International Radio and Television Society, and of the Economic Club as well.

Dan Pecaro married the former Nancy Jean Mihills, and they live in Chicago with their two sons, Dan, born in 1955, and Tim, born in 1956.

Mr. Speaker, Mrs. Annunzio and I congratulate Dan Pecaro, his wife, and his children, for the strong and constructive impact he has made on our community. His career, his character, and his record confirm that he is indeed a "friend to truth," and we are proud to have him as one of our friends.●

A CALL FOR INTERNATIONAL STANDARDS ON ENVIRONMENTAL, WORKPLACE SAFETY PROTECTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, I am today introducing House Concurrent Resolution 591, a resolution calling on U.S. trade negotiators to work toward international standards for environmental protection and the safety and health of workers.

The purpose of such negotiations would be to end or minimize the competitive trade advantage other countries may gain, through lower costs of production, if they do not have environmental and worker protection standards comparable to ours.

Because the United States has taken the lead in establishing such standards, there are now often great disparities between the United States and many other nations. Every effort should be made to equalize as much as possible these factors which can be a major cost of production.

For instance, the Occupational Safety and Health Administration (OSHA) has proposed standards for control of cotton dust, which causes brown lung disease, in spinning mills. Implementation of the standards is estimated to cost the yarn industry $984 million, adding as much as 6 cents in cost per dollar of sales for cotton yarn. India, a major textile competitor, has no such worker protection requirement.

Similarly, it is estimated that imposing noise limits of 90 decibels for 22 industries such as primary metals fabrication would cost $10.5 billion, or $185 per worker. As another example, the Commerce Department estimated—in 1975—that environmental controls for production of copper, which currently sells for 64 cents a pound, cost the United States 6.6 cents per pound, Canada 2.7 cents, and Peru and Chile only 1.4 cents.

Harmonizing standards for environmental protection and worker health and safety would help head off protectionist moves. It would also improve the U.S. balance-of-trade position and strengthen the dollar by making our goods more competitive.

Moreover, seeking to harmonize standards among trade competitors would be a better approach than weakening our own standards, as some interests would like. The Trade Act of 1974, which authorized the current round of GATT negotiations, calls for negotiation toward more uniform fair labor standards. It does not define such standards, however, and negotiations would not necessarily include standards for the environment or health and safety in the workplace unless specifically called for.

I wish to express my thanks to Carolyn Shaw Bell of Wellesley College for calling this problem and a potential solution to my attention.

Last Wednesday I addressed a letter to President Carter stating my belief that he has ample authority to initiate such negotiations now, and asking him to instruct Special Representative for Trade Negotiations Robert Strauss to include discussion of these issues in the current trade talks.

The letter and the concurrent resolution follow:

WASHINGTON, D.C., *April 25, 1978.*

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: United States environmental and workplace standards are making it increasingly difficult for U.S. manufacturers to compete with foreign manufacwho are not required to meet comparable standards. Our balance of trade and the international strength of the dollar are adversely affected by these trade advantages. The workers and communities we have sought to protect from workplace hazards and pollution are instead faced with loss of jobs and industry.

As you know, there is increasing pressure to repeal or weaken these standards. Far more beneficial, I believe, would be an intensive effort, led by the United States' Special Reprepresentative for Trade Negotiations, to persuade our trading partners to adopt environmental and workplace standards comparable to our own. To this end, I am introducing a resolution which expresses the sense of the Congress that you should include environmental and safety and health standards among the international fair labor standards whose adoption is sought under section 121 (a)(4) of the Trade Act of 1974.

In the interim, I believe you have ample authority to initiate negotiations on this issue in the appropriate bilateral and multilateral forums, and should so instruct our Special Representative for Trade Negotiations. I am sure you will agree that trade advantages should not be acquired at the expense of the environment and worker safety, and the lowering of trade barriers should not penalize nations that have required their industries to adhere to progressive standards for pollution and worker safety.

Sincerely,

HENRY S. REUSS,
Member of Congress.

H. CON. RES. 591

Whereas, to the extent that the costs of preventing environmental pollution and protecting the safety and health of production workers are borne by producers, such costs must be recovered through increased product prices; and

Whereas, differing national standards with respect to environmental pollution and occupational safety and health may operate to the trade disadvantage of nations which adopt responsible and humanitarian policies in these areas; and

Whereas, section 121(a)(4) of the Trade Act of 1974 (19 U.S.C. § 2131(a)(4)) requires the President to take such action as may be necessary to bring trade agreements into conformity with principles promoting the development of an open, nondiscriminatory, and fair world economic system, including the adoption of international fair labor standards; Now, therefore, be it:

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that in carrying out his duties under section 121 of the Trade Act of 1974 (19 U.S.C. § 2131), the President should seek to bring about the adoption and application of trade agreements in such manner and form as to include environmental and safety and health standards among the international fair labor standards to be adopted.●

LEGISLATION AMENDING INTERNAL REVENUE CODE TO IMPROVE OPERATION AND ADMINISTRATION OF TAX LAWS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Louisiana (Mr. WAGGONNER) is recognized for 5 minutes.

● Mr. WAGGONNER. Mr. Speaker, today I am introducing a bill containing several technical changes to the Internal Revenue Code in order to improve the operation and administration of our tax laws.

The bill was prepared by the staff pursuant to my instruction to review recommendations submitted by the Treasury Department, the American Bar Association, the American Institute of Certified Public Accountants and various other groups, including State and local bar and accounting associations. This is the second bill introduced based on the recommendations of these groups. An earlier bill, H.R. 7320, was passed by the House on November 1, 1977, and has been reported favorably by the Senate Finance Committee.

This bill provides for: First, the extension of time for the payment of dividends to reduce the amount subject to personal holding company tax by certain companies when they are classified as personal holding companies for the first time; second, the extension of the filing period for agreements which are necessary to qualify redemptions in complete termination of a shareholder's interest for capital gains treatment; third, the eligibility of bankrupt estates as a shareholders in a subchapter S corporation; fourth, the payment of interest to a person whose property is wrongfully seized by the Internal Revenue Service; fifth, the elimination of an exempt organization reporting requirement for certain transfers of property, and the elimination of certain overlapping private foundation reporting; and sixth. the treatment of members of a decedent's family as a single shareholder or partner for purposes of qualifying for extensions of time for the payment of estate tax attributable to a closely held business.●

WHAT SHOULD U.S. POLICY BE TOWARD SAUDI ARABIA?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. LEHMAN) is recognized for 10 minutes.

● Mr. LEHMAN. Mr. Speaker, at the heart of the controversy over the administration's proposed Mideast arms sales package are attempts by the administration to reach out to those Arab nations which appear to be interested in friendship with the United States.

We have already done much to reach out to Saudi Arabia. When the Saudis imposed their oil embargo on the United States in 1973, we preferred to suffer the inconvenience of hours-long lines at the gas stations rather than see our Nation take military action to seize the oil fields of the Arabian peninsula.

As a result of the increase in the price of oil which followed the embargo, we have, again quietly, witnessed the transfer of hundreds of billions of dollars of our Nation's wealth into Saudi hands.

Today, tens of thousands of Americans are working in Saudi Arabia to help transform that country into a technologically modern state.

Yet we choose to ignore that Saudi Arabia is one of the few remaining absolute monarchies in the world. They have no legislature and show little regard for basic human rights.

Many Americans have told me they believe our Nation is following the dictates of the Saudis out of fear of more price increases or even another break in the flow of oil.

Whatever policy we take toward Saudi Arabia, we would be well advised to remember our Nation's struggles in the early 1800's in that region with the Barbary pirates. In 1815, a U.S. naval fleet under Stephen Decatur ended the Barbary states' imposition of tribute on American merchant vessels. The American people and James Madison, our fourth President, would not tolerate this violation of American freedom and independence. Let us formulate our policy toward Saudi Arabia in that same spirit of American independence.

On the question of the transfer of advanced U.S. weapons, let us tell the Saudis we will not give them the world's best warplane, the F–15, as long as they remain hostile toward our longstanding ally, Israel.

If the Saudis are that concerned about their security and need our F–15's that badly to defend against legitimate threats from Iraq, South Yemen, or Ethiopia, they should agree to sit down right now, face to face, with the Israelis, who are no threat to them, as Egyptian President Sadat has done. Saudi Arabia should then establish normal diplomatic and economic relations as part of a true peace with Israel, a peace which Egypt, hopefully, will also soon conclude with Israel.

Peace must come first, before the transfer of modern U.S. weapons to Arab States hostile to Israel.●

THE ECONOMIC IMPACT OF GOVERNMENT REGULATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. LEVITAS) is recognized for 5 minutes.

● Mr. LEVITAS. Mr. Speaker, some 200 years ago the English political leader Edmund Burke, spoke out for a "manly, moral, regulated liberty." If Edmund Burke were here today, I think he would be dismayed at how literally his words were taken. Liberty, particularly in the marketplace, has become so regulated it has become a scarce commodity itself. What is even more disturbing is the cost this "regulated liberty" has imposed on

society so that its actual benefits are being called into question.

The evidence is overwhelming that Government regulations have a significant economic impact upon those persons and businesses required to comply. In a study conducted by the Center for the Study of American Business at Washington University in St. Louis, the total cost of complying with Government regulations in fiscal year 1977 was $79.1 billion. And, the price tag is rising. It is estimated that the aggregate cost of Government regulations in fiscal year 1979 will be a staggering $102.7 billion, consisting of $4.8 billion in direct expenses by regulatory agencies and $97.6 billion in costs of compliance on the part of the private sector.

It is the consumer, though, who ultimately bears the cost of Government regulations. Reducing the cost of compliance is not just a business concern, but it is important to consumers as well. For example, according to figures compiled by the center at Washington University, the price of a new house goes up from $1,500 to $2,500, because of Federal, State, and local regulations imposed on developers.

There is clearly a need to establish the economic impact of Government regulations before they go into effect. Congress and the public need to know the cost/benefit comparison of new Government regulations. Yet, there is no statutory requirement for a systematic analysis of whether the benefits to be received from a proposed rule would exceed any negative economic impact.

At the end of the last session, I introduced a bill, H.R. 12057, which would amend the Administrative Procedures Act to require the preparation and development of economic impact analyses for all rules and regulations required to be published in the Federal Register. My bill requires a detailed analysis that would address the cost/benefit impact of regulations on consumers, businesses, markets, and Federal, State, and local governments. It would deal with the estimated cost of implementing, monitoring, and enforcing the rule by the agency, the effect of the rule on employment, and the fiscal effects of any predicted increase in unemployment if the analysis so indicates, the effect of the rule on competition and on supplies of important products and services, and the effect of the rule on productivity of wage earners, businesses, and Government. It would also require the alternatives that were considered by the agency to the proposed rule, to be published along with a finding as to why the alternatives were not proposed.

Economic indicators are pointing in the direction that the economy is moving into a phase of acute inflationary pressures. It is imperative that we stem this tide before it swells. One of the significant steps we can take to decrease inflationary pressures is to lessen the costs imposed by Government regulations.

As you know, President Carter in the inflation message he delivered 2 weeks ago stated:

I am determined to eliminate unnecessary regulations and to insure that future regulations do not impose unnecessary costs on the American economy.

We can help the President accomplish this by making regulatory economic impact analyses part of the statutory requirements for promulgating regulations. This would insure that the analyses are accomplished and available to Congress and the public, as well as insure that future administrations would not be able to change this policy.

Mr. Speaker, I am reintroducing my bill today with additional cosponsors. The bill has strong bipartisan support with members of all political philosophies. To date, 64 of our colleagues have joined me in cosponsoring this legislation which will improve the public's confidence in Government, because it makes that Government better. I hope that we can move ahead with this proposal.

The list of cosponsors follows:

Andrews of North Dakota, Ashley, Baucus, Bedell, Benjamin, Bevill, Blanchard, Brinkley, Brown of Ohio, Burgener, Butler, Carr, Cederberg, Chappell, Cochran of Mississippi, Corcoran of Illinois, Cohen, D'Amours, Derwinski, Dornan, Edgar, Edwards of Oklahoma, Evans of Georgia, Fenwick, Flynt, Ford of Michigan, Forsythe, Frenzel, Grassley, Guyer, Hamilton, and Hannaford.

Harrington, Hughes, Jacobs, Kemp, Ketchum, Lent, Lloyd of Tennessee, Lott, Mathis, McCloskey, Meyner, Moore, Mottl, Neal, O'Brien, Ottinger, Patterson of California, Rinaldo, Russo, Santini, Sharp, Spellman, Stump, Traxler, Treen, Trible, Walgren, Walker, Charles H. Wilson of Texas, White, Whitehurst, and Young of Missouri.●

HOUSE COMPUTER CAPACITY INCREASED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. THOMPSON) is recognized for 5 minutes.

● Mr. THOMPSON. Mr. Speaker, the Committee on House Administration today issued a purchase order to the Amdahl Corp. for additional computer equipment for the U.S. House of Representatives. This award was made as a result of a thorough and definitive evaluation of proposals submitted by three computer manufacturers and two third-party computer leasing companies.

Under its funding resolution for 1978 (H. Res. 977) the House Information Systems was authorized to increase computer capacity to improve the reliability of information retrieval and computational services that it presently provides to increase the scope of those services, and to make them available to more Members and committees.

In this regard, the House Information Systems of this committee prepared a request for quotations and then reviewed the companies' submissions against detailed evaluation criteria which had been set forth in the request for quotations. The solicitation was necessarily limited to that equipment which could meet the service needs of the House in a very short time. The selection of Amdahl was based both on the detailed technical evaluation and an analysis of costs. It is our expectation that this equipment will provide the additional computer capacity needed for more productive and efficient information system support to committees, Members, and offices of the House and its supporting institutions.●

PROJECTS APPROVED FOR CONSTRUCTION, LEASE, ALTERATION OR REPAIR BY HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

The SPEAKER laid before the House the following communication from the Committee on Public Works and Transportation, which was read and referred to the Committee on Appropriations:

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, D.C., April 28, 1978.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the Public Buildings Act of 1959, as amended, the House Committee on Public Works and Transportation approved for construction, lease, alteration or repair the following projects on April 25, 1978:

Leases: Arlington, Virginia—Crystal Plaza No. 34; Washington, D.C.—1405 Eye Street, N.W., San Francisco, California—211 Main Street.

11(b) Resolutions: Omaha, Nebraska.

Alterations: Laguna Niguel, Orange County, California; Arlington, Virginia—The Pentagon; Kansas City, Missouri—Federal Building at 1500 East Bannister Road; Arlington, Virginia—Federal Building No. 2; Hartford, Connecticut—Federal Building-Post Office; Washington, D.C.—Agriculture South; Seattle, Washington—Federal Center South; Washington, D.C.—Federal Trade Commission; Lexington, Kentucky—Post Office-Courthouse; Washington, D.C.—Federal Building No. 6; Washington, D.C.—H.E.W. North; Washington, D.C.—Mary Switzer Building; Washington, D.C.—Lafayette Building; Washington, D.C.—Forrestal Building.

The original and one copy of the authorizing resolution are enclosed.

Sincerely,
HAROLD T. (BIZZ) JOHNSON,
Chairman.

DISAPPROVAL OF EXPORT OF NUCLEAR FUEL TO INDIA

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. OTTINGER. Mr. Speaker, today I and my good friend and colleague CLARENCE LONG are introducing a resolution of disapproval of the President's Executive order relating to the export of nuclear fuel to India.

More than 2 years ago, Mr. LONG and I were joined by 48 other House Members in sending a letter to the Nuclear Regulatory Commission urging full-scale proceedings on the Tarapur export. We remain concerned that insufficient evidence has been provided to justify this export at this time.

In short India has not signed the Non-Proliferation Treaty, refuses to place all her nuclear facilities under international inspection or safeguards, refuses to say that after the use of the nuclear fuel to be shipped it will not be recycled into weapons grade plutonium, and agrees to place only the fuel—and not the Tarapur reactor—under safeguards. Further, the safeguards to which India has agreed ap-

pear to apply only so long as the United States supplies fuel to the Tarapur reactor; this smacks of blackmail.

Congressman LONG and I are not desirous of insulting the government of India, but we feel strongly that section 304, providing for congressional review of any Executive order providing for export—particularly in the case of a nation not complying with all safeguards and inspection requirements—needs to be enforced, forthrightly, as a signal to all other would-be importers of enriched uranium that we are serious about proliferation problems.

Under the Nonproliferation Act, the International and Foreign Relations Committees have 45 legislative days to consider a resolution of disapproval; following that, if those committees do not report favorably, we have the option of offering a privileged motion on the floor.

We hope other Members will join in cosponsoring this resolution of disapproval.

H. CON. RES. 599

Concurrent Resolution Disapproving the Proposed Export of Low-Enriched Uranium to India

Resolved by the House of Representatives (the Senate concurring), That the Congress does not favor the proposed export of low-enriched uranium to India which would be authorized by the Executive order transmitted to the Congress by the President on April 27, 1978.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. RODINO (at the request of Mr. WRIGHT) for April 27 and May 1, on account of illness in the family.

Mr. FOUNTAIN (at the request of Mr. WRIGHT), for today, on account of official business.

Ms. HOLTZMAN (at the request of Mr. WRIGHT) for April 24, on account of illness.

Mr. JONES of North Carolina (at the request of Mr. WRIGHT), for May 1 and 2, on account of official business.

Mr. STUMP, for Monday, May 1, 1978, on account of official business.

Mr. WHITLEY (at the request of Mr. WRIGHT) for this week, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. CUNNINGHAM) to revise and extend their remarks and include extraneous material:)

Mr. MICHEL, for 15 minutes, today.
Mr. KEMP, for 10 minutes, today.
Mr. GREEN, for 10 minutes, today.
Mr. JEFFORDS, for 5 minutes, today.

(The following Members (at the request of Mr. BONIOR) to revise and extend their remarks and include extraneous material:)

Mr. PEPPER, for 60 minutes, today.
Mr. BAUCUS, for 10 minutes, today.
Mr. SOLARZ, for 10 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. REUSS, for 5 minutes, today.
Mr. WAGGONNER, for 5 minutes, today.
Mr. LEHMAN, for 10 minutes, today.
Mr. LEVITAS, for 5 minutes, today.
Mr. THOMPSON, for 5 minutes, today.
Mr. OTTINGER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. CUNNINGHAM) and to include extraneous matter:)

Mr. HILLIS.
Mr. GUYER.
Mr. CRANE.
Mr. MICHEL in two instances.
Mr. GILMAN in two instances.
Mr. KINDNESS.
Mr. EDWARDS of Oklahoma.
Mr. KEMP.
Mr. SYMMS in two instances.
Mr. COLLINS of Texas in two instances.
Mr. HAGEDORN.
Mr. WALSH.
Mr. YOUNG of Florida.
Mr. MCCLOSKEY.
Mr. FINDLEY in two instances.
Mr. LAGOMARSINO.

(The following Members (at the request of Mr. BONIOR) and to include extraneous material:)

Ms. MUKULSKI.
Mr. MOFFETT.
Mr. BINGHAM in 10 instances.
Mr. DODD.
Mr. HOLLAND in five instances.
Mr. BAUCUS.
Mr. FISHER in 11 instances.
Mr. FRASER.
Mr. LEHMAN in two instances.
Mr. DAVIS.
Mr. MIKVA.
Mr. CLAY.
Mr. WAXMAN.
Mr. DANIELSON.
Mr. BYRON in 10 instances.
Mr. ROSENTHAL in 10 instances.
Mr. SISK.
Mrs. LLOYD of Tennessee in five instances.
Mr. ANNUNZIO in six instances.
Mr. GONZALEZ in three instances.
Mr. BROWN of California in 10 instances.
Mr. HAMILTON in 10 instances.
Mr. FASCELL in two instances.
Mr. RANGEL in 10 instances.
Mr. DRINAN.
Mr. RAHALL.
Mr. BRODHEAD in two instances.
Mr. BLANCHARD.
Mr. UDALL.
Mr. KOSTMAYER in two instances.
Mr. FOWLER.
Mr. CORRADA.
Mr. MITCHELL of Maryland.
Mr. ASPIN in 10 instances.
Mr. CARNEY.
Mr. MURTHA in two instances.
Mr. LEDERER in three instances.
Mr. OTTINGER.
Mr. PEPPER.
Mr. ULLMAN in two instances.
Mr. GEPHARDT.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1819. An act to establish alternatives to criminal prosecution for certain persons charged with offenses against the United States, and for other purposes; to the Committee on the Judiciary;

S. 2016. An act to establish fees for services performed by U.S. marshals; to the Committee on the Judiciary;

S. 2049. An act to establish fees and allow per diem and mileage expenses for witnesses before U.S. courts; to the Committee on the Judiciary;

S. 2078. An act to amend the Jury Selection and Service Act of 1968, as amended, to make the excuse of prospective jurors from Federal jury service on the grounds of distance from the place of holding court contingent upon a showing of hardship on an individual basis; to the Committee on the Judiciary;

S. 2074. An act to amend the Jury Selection and Service Act of 1968, as amended, with respect to the selection and qualification of jurors, and to extend to all jurors in the U.S. district courts the provisions of title 5, United States Code, applicable to Federal employee service-related injuries; to the Committee on the Judiciary and Education and Labor;

S. 2075. An act to amend the Jury Selection and Service Act of 1968, as amended, by revising the section on fees of jurors and by providing for a civil penalty and injunctive relief in the event of a discharge or threatened discharge of an employee by reason of such employee's Federal jury service; to the Committee on the Judiciary;

S. 2411. An act to amend chapter 315 of title 18, United States Code, to authorize payment of transportation expenses for persons released from custody pending their appearance to face criminal charges before that court, any division of that court, or any court of the United States in another Federal judicial district; to the Committee on the Judiciary;

S. 2616. An act to amend the Independent Safety Board Act of 1974, as amended, to authorize additional appropriations; to the Committee on Interstate of Foreign Commerce and the Committee on Public Works and Transportation; and

S. 2789. An act to provide authorization for appropriations for the Office of Rail Public Counsel, and for other purposes; to the Committee on Interstate and Foreign Commerce.

ADJOURNMENT

Mr. BONIER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 45 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 2, 1978, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4000. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to provide a voluntary self-help program which is designed to assist producers of agricultural products to protect themselves against loss of production when natural or uncontrollable conditions adversely affect production and which will assure consumers that producers will be able

to continue to produce food and fiber; to the Committee on Agriculture.

4001. A letter from the president, National Railroad Passenger Corporation, transmitting a request for an urgent supplemental appropriation for fiscal year 1978, pursuant to section 601(b) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Appropriations.

4002. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Forces' proposed sale of certain defense equipment and services to Israel (transmittal No. 78–34), pursuant to section 813 of Public Law 94–106, as amended; to the Committee on Armed Services.

4003. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment to Israel (transmittal No. 78–33), pursuant to section 813 of Public Law 94–106, as amended; to the Committee on Armed Services.

4004. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment and services to Egypt (transmittal No. 78–32), pursuant to section 813 of Public Law 94–106, as amended; to the Committee on Armed Services.

4005. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment and services to Saudi Arabia (transmittal No. 78–35), pursuant to section 813 of Public Law 94–106, as amended; to the Committee on Armed services.

4006. A letter from the Deputy Assistant Secretary of the Army (Manpower and Reserve Affairs, transmitting a draft of proposed legislation to amend section 2107 of title 10, United States Code, to remove the limitation on the number of cadets or midshipmen who may be appointed from the 2-year Senior Reserve Officers' Training Corps course; to the Committee on Armed Services.

4007. A letter from the Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 4349(a) of title 10, United States Code, to provide that the companies of the Corps of Cadets at the U.S. Military Academy may be commanded by commissioned officers of the Army, Navy, Air Force, or Marine Corps; to the Committee on Armed Services.

4008. A letter from the Assistant Deputy Chief of Naval Material (Contracts and Business Management), transmitting the semiannual report covering the period October 1, 1977, through March 31, 1978, on Navy research and development procurement actions of $50,000 and over, pursuant to 10 U.S.C. 2357; to the Committee on Armed Services.

4009. A letter from the president and chairman, Export-Import Bank of the United States, transmitting a report on loan, guarantee and insurance transactions supported by Eximbank to Communist countries during March 1978; to the Committee on Banking, Finance and Urban Affairs.

4010. A letter from the Director, District Unemployment Compensation Board, transmitting the Board's 42d annual report, covering calendar year 1977, pursuant to section 313(c) of title 46, District of Columbia Code; to the Committee on the District of Columbia.

4011. A letter from the Executive Secretary of the Department of Health, Education, and Welfare, transmitting proposed final regulations governing the cooperative education program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended, to the Committee on Education and Labor.

4012. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed regulations governing the awarding of Federal assistance to school districts related to certain types of children receiving free public education in areas affected by Federal activities, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

4013. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting a propcsed regulation setting forth certain requirements and criteria governing the awarding of Federal assistance to school districts for current expenditures in areas affected by Federal activities, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

4014. A letter from the Chairman, National Commission on Libraries and Information Science, transmitting the Commission's sixth annual report, covering the transition quarter and fiscal year 1977, pursuant to section 5(a)(7) of Public Law 91–345, as amended; to the Committee on Education and Labor.

4015. A letter from the Administrator of General Services, transmitting reports on records management and records disposition activities of the Federal Government during fiscal year 1977, pursuant to 44 U.S.C. 2904(10) and 44 U.S.C. 3303a(f); to the Committee on Government Operations.

4016. A letter from the Comptroller General of the United States, transmitting a report on the protection of personal information in an expanding Federal computer network environment (LCD–76–102, April 28, 1978); to the Committee on Government Operations.

4017. A letter from the Comptroller General of the United States, transmitting an updated report on the impact of the antirecession assistance program (GGD–78–56, May 1, 1978); to the Committee on Government Operations.

4018. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of Federal Housing Administration insurance operations for the 15-month period ended September 30, 1976, pursuant to section 106 of the Government Corporation Control Act, as amended (CED–78–95, April 28, 1978) (H. Doc. No. 95–330); to the Committee on Government Operations and ordered to be printed.

4019. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of June 3, 1960 (74 Stat. 156), to provide additional authority for the Secretary of the Interior to construct the San Luis Unit, Central Valley Project, California, and for other purposes; to the Committee on Interior and Insular Affairs.

4020. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with the University of Texas, Austin, Tex., for a research project entitled "Development of Environmentally Attractive Leachants," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

4021. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Kenneth M. Curtis and by members of his family, pursuant to section 6 of Public Law 93–126; to the Committee on International Relations.

4022. A letter from the Administrator, Agency for International Development, Department of State, transmitting a report on the status of the International Disaster Assistance Account for the second quarter of fiscal year 1978, pursuant to section 492 of the Foreign Assistance Act of 1961, as amended (89 Stat. 849); to the Committee on International Relations.

4023. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on International Relations.

4024. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment and services to Israel (transmittal No. 78–34), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

4025. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment to Israel (transmittal No. 78–33), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

4026. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment and services to Egypt (transmittal No. 78–32), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

4027. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment and services to Saudi Arabia (transmittal No. 78–35), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

4028. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to Pakistan (transmittal No. 78–36), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on International Relations.

4029. A letter from the Acting General Counsel, Department of Energy, transmitting notice of a meeting relating to the International Energy Program to be held May 16 and 17, 1978, in New York, N.Y.; to the Committee on Interstate and Foreign Commerce.

4030. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

4031. A letter from the Administrator of General Services, transmitting a report on the building project survey for Savannah, Ga., requested by a resolution of the House Committee on Public Works adopted March 3, 1976; to the Committee on Public Works and Transportation.

4032. A letter from the Architect of the Capitol, transmitting a report on the study of the feasibility of the use of solar energy for the House Office Buildings, pursuant to section 1 of House Resolution 322, 95th Congress; to the Committee on Public Works and Transportation.

4033. A letter from the Assistant Secretary of State for Congressional Relations, transmitting Presidential Determinations Nos. 78–9 and 78–10, finding that the Agreement on Trade Relations between the United States of America and the Hungarian People's Republic will promote the purposes of the

Trade Act of 1974 and is in the national interest, and that a waiver of the application of subsections (a) and (b) of section 402 of the act will substantially promote the objectives of such section; to the Committee on Ways and Means.

4034. A letter from the comptroller General of the United States, transmitting a report on the redesigning of food shipping containers for increasing efficiency in food distribution and reducing costs (CED-78-81, April 28, 1978); jointly, to the Committees on Government Operations, and Agriculture.

4035. A letter from the Comptroller General of the United States, transmitting a report on the elimination of administrative discharges in lieu of Courts-martial in the military services (FPCD-77-47, April 28, 1978); jointly, to the Committees on Government Operations, and Armed Services.

4036. A letter from the Comptroller General of the United States, transmitting a report on the status of the Army's Copperhead and the Navy's 5-inch and 8-inch guided projectile programs (PSAD-78-38, May 1, 1978); jointly, to the Committees on Government Operations, and Armed Services.

4037. A letter from the Comptroller General of the United States, transmitting a report on the status of the cruise missile systems (PSAD-78-39, April 28, 1978); jointly, to the Committees on Government Operations, and Armed Services.

4038. A letter from the Comptroller General of the United States, transmitting a report on the continuity of the Federal Government in a critical national emergency (LCD-78-409, April 27, 1978; jointly, to the Committees on Government Operations, and Armed Services.

4039. A letter from the Comptroller General of the United States, transmitting a report on the effect of the Employee Retirement Income Security Act on the termination of single employer defined benefit pension plans (HRD-78-90, April 27, 1978); jointly, to the Committees on Government Operations, Education and Labor, and Ways and Means.

4040. A letter from the Comptroller General of the United States, transmitting a report on the Nuclear Regulatory Commission's procedures for evaluating the safety of proposed nuclear powerplant designs and sites (EMD-78-29, April 27, 1978); jointly, to the Committees on Government Operations, Interior and Insular Affairs, and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ULLMAN: Committee on Ways and Means. H.R. 3050. A bill to amend section 451 of the Internal Revenue Code of 1954 to provide for a special rule for the inclusion in income of magazine sales for display purposes; with amendment (Rept. No. 95-1091). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means, H.R. 8535. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of amounts paid to relatives for purposes of the credit for expenses for household and dependent care services necessary for gainful employment; with amendment (Rept. No. 95-1092). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. House Resolution 238. Resolution expressing the sense of the House with respect to the immediate removal of certain regulations unilaterally put in place by the European Economic Community which have the effect of damaging and interfering with historic and acceptable trade patterns in the United States exports of dried prunes, and efforts made to restrict exports of walnuts to the European Economic Community; with amendment (Rept. No. 95-1093). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 12112. A bill designating Gathright Lake on the Jackson River, Va., as Lake Moomaw (Rept. No. 95-1094). Referred to the House Calendar.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 10838. A bill to name the lake located behind Lower Monumental Lock and Dam, Washington, Lake Herbert G. West (Rept. No. 95-1095). Referred to the House Calendar.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 11241. A bill to change the name of the harbor at Ventura Marina, Calif., to Ventura Harbor (Rept. No. 95-1096). Referred to the House Calendar.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 12140. A bill to amend the Federal Water Pollution Control Act to provide additional authorizations for certain operating programs under the act (Rept. No. 95-1097). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 12139. A bill authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control, navigation, and for other purposes; with amendment (Rept. No. 95-1098). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 7041. A bill to rename two lakes which have been completed as part of the Papillion Creek basin project as the Glenn Cunningham Lake and the Standing Bear Lake (Rept. No. 95-1099). Referred to the House Calendar.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 212. A bill to provide that the park referred to as the East Lake Park located within the West Point Lake project on the Chattahoochee River, Ga., shall hereafter be known and designated as the "R. Shaefer Heard Park" (Rept. No. 95-1100). Referred to the House Calendar.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 3583. A bill to designate the new Poe lock on the Saint Marys River at Sault Sainte Marie, Mich., as the "John A. Blatnik lock" (Rept. No. 95-1101). Referred to the House Calendar.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4691. A bill relating to the disposition of certain recreational demonstration project lands by the State of Oklahoma; with amendment (Rept. No. 95-1102). Referred to the Committee of the Whole House on the State of the Union.

Mr. FOLEY: Committee of conference. Conference report on H.R. 6782 (Rept. No. 95-1103). Ordered to be printed.

Mr. DIGGS: Committee on the District of Columbia. H.R. 12116. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to repeal the authority of the President to sustain vetoes by the Mayor of the District of Columbia of acts passed by the Council of the District of Columbia and repassed by two-thirds of the Council, to change the period during which acts of the Council of the District of Columbia are subject to congressional review, and for other purposes, (Rept. No. 95-1104). Referred to the Committee of the Whole House on the State of the Union.

SUBSEQUENT ACTION ON BILLS INITIALLY REFERRED UNDER TIME LIMITATIONS

Under clause 5 of rule X, the following actions were taken by the Speaker:

The Committee on Merchant Marine and Fisheries consideration of referred portions of the bill (H.R. 39). A bill to designate certain lands in the State of Alaska as units of the National Park, National Wildlife Refuge, Wild and Scenic Rivers and National Wilderness Preservation Systems, and for other purposes; extended for an additional period ending not later than May 4, 1978.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. EDWARDS of California:

H.R. 12432. A bill to extend the Commission on Civil Rights for 5 years, to authorize appropriations for the Commission, to effect certain technical changes to comply with changes in the law, and for other purposes; to the Committee on the Judiciary.

By Mr. ASHLEY (for himself, Mr. BROWN of Michigan, Mr. MOORHEAD of Pennsylvania, Mr. ST GERMAIN, Mr. GONZALEZ, Mr. MITCHELL of Maryland, Mr. HANLEY, Mr. FAUNTROY, Mr. PATTERSON of California, Mr. LAFALCE, Mr. AUCOIN, Mrs. SPELLMAN, Mr. BLANCHARD, Mr. HUBBARD, Mr. TSONGAS, Mr. HANNAFORD, Mr. EVANS of Indiana, Mr. LUNDINE, Mr. STANTON, Mr. WYLIE, Mr. MCKINNEY, Mr. EVANS of Delaware, and Mr. REUSS):

H.R. 12433. A bill to amend and extend certain Federal laws relating to housing, community and neighborhood development and preservation, and related programs, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BEILENSON (for himself, Mr. BEDELL, Mr. BONIOR, Mr. DOWNEY, Mr. PANETTA, Mr. MURPHY of Pennsylvania, Mr. NOLAN, Mr. RICHMOND, Mr. SIMON, Mr. STARK, and Mr. WEISS):

H.R. 12434. A bill to establish the Channel Islands and Santa Monica Mountains National Park and Seashore in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BEILENSON (for himself, Mr. ANDERSON of California, Mr. BADHAM, Mr. BLANCHARD, Mr. CORNWELL, Mr. HARKIN, Mr. LE FANTE, Mr. LLOYD of California, Mr. MIKVA, Mr. PATTERSON of California, Mr. PRITCHARD, Mr. STOKES, and Mr. WAXMAN):

H.R. 12435. A bill to prohibit the importation or exportation and certain other transactions involving elephant products, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BLANCHARD (for himself, Mr. PATTISON of New York, Mr. CARR, and Mr. GLICKMAN):

H.R. 12436. A bill to amend title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954 to provide mandatory social security coverage for all Members of Congress and other employees in the legislative branch, and for all new employees of the United States (and its instrumentalities) outside of the legislative branch; to the Committee on Ways and Means.

By Mr. BRINKLEY:

H.R. 12437. A bill to amend title 38, United States Code, to establish a program

to provide direct loans to veterans for residential solar energy systems and certain other energy conservation improvements; to the Committee on Veterans' Affairs.

By Mr. BROOKS:

H.R. 12438. A bill to require the use of the Consumer Price Index for all urban consumers in certain Federal programs, and for other purposes; to the Committee on Government Operations.

By Mr. DUNCAN of Tennessee:

H.R. 12439. A bill to amend title II of the Social Security Act of provide that entitlement to wife's insurance benefits, in the case of a wife who has in her care a child of the insured individual entitled to child's insurance benefits on such individual's wage record, shall continue after her divorce from such individual even though she has not attained age 62 (assuming they had been married to each other for the required period) if she continues to have such child in her care; to the Committee on Ways and Means.

H.R. 12440. A bill to amend the Internal Revenue Code of 1954 to require the Internal Revenue Service to pay certain costs incurred by a taxpayer during a tax audit if the audit does not result in additional tax liability; to the Committee on Ways and Means.

By Mr. ECKHARDT:

H.R. 12441. A bill to amend the Toxic Substances Control Act to increase the authorization of appropriations contained in such act; to the Committee on Interstate and Foreign Commerce.

By Mr. ECKHARDT (for himself, Mr. BROYHILL, Mr. METCALFE, Mr. CARNEY, Mr. LUKEN, and Mr. RINALDO):

H.R. 12442. A bill to amend the Consumer Product Safety Act to extend the authorization of appropriations contained in such act, and for other purposes; to the Committee on Interstate and Foreign Commerce

By Mr. EILBERG (for himself, Ms. HOLTZMAN, Mr. HARRIS, Mr. EVANS of Georgia, Mr. FISH, and Mr. SAWYER):

H.R. 12443. A bill to amend section 201 (a), 202(c), and 203(a) of the Immigration and Nationality Act, as amended, and to establish a Select Commission on Immigration and Refugee Policy; to the Committee on the Judiciary.

By Mr. FAUNTROY:

H.R. 12444. A bill to change the size, weight and design of the 1-dollar coin, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FISHER (for himself, Mr. CONABLE, and Mr. MCEWEN):

H.R. 12445. A bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions; to the Committee on Ways and Means.

By Mr. FRASER:

H.R. 12446. A bill to direct the Secretary of Housing and Urban Development to establish a program to demonstrate the feasibility of significantly expanding home ownership opportunities for moderate-income families; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GEPHARDT (for himself, Mr. GIBBONS, Ms. KEYS, and Mr. MIKVA):

H.R. 12447. A bill to provide that future Federal employees will be covered by social security and may elect not to be covered by the applicable Federal employees retirement system, that current Federal employees may elect to be covered by social security and if they so elect may elect to discontinue being covered by a retirement system for Federal employees and have retirement credits under any such system transferred to social security; to the Committee on Ways and Means.

By Mr. GILMAN (for himself, Mr. AKAKA, Mr. BADHAM, Mr. BUCHANAN, Mr. CARTER, Mr. CEDERBERG, Mr. CORNWELL, Mr. CORRADA, Mr. COUGHLIN, Mr. DORNAN, Mr. DUNCAN of Tennessee, Mr. EDWARDS of California, Mr. EILBERG, Mr. ERTEL, Mr. FARY, Mr. FLORIO, Mr. HOWARD, Mr. HUGHES, Mr. KEMP, Mr. KETCHUM, Mr. KRUEGER, Mr. LAGOMARSINO, Mr. MITCHELL of Maryland, Mr. MURPHY of Pennsylvania, and Mr. OTTINGER):

H.R. 12448. A bill to place phencyclidine in schedule I of the Controlled Substances Act, to amend the Controlled Substances Act to increase the criminal penalties under that act for the unlawful manufacture, distribution, or dispensing of, or the possession with intent to distribute or dispense, phencyclidine and to increase the penalties under that act for illegal distribution of phencyclidine to persons under 21 years of age, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GILMAN (for himself, Mr. DOWNEY, Mr. DRINAN, Mrs. HOLT, Mr. MCCLORY, Mr. PATTEN, Mr. PICKLE, Mr. ROE, Mr. RONCALIO, Mr. SIMON, Mr. TREEN, Mr. VENTO, Mr. WALGREN, and Mr. WHITEHURST):

H.R. 12449. A bill to place phencylidine in schedule I of the Controlled Substances Act, to amend the Controlled Substances Act to increase the criminal penalties under that act for the unlawful manufacture, distribution, or dispensing of, or the possession with intent to distribute or dispense, phencyclidine and to increase the penalties under that act for illegal distribution of phencyclidine to persons under 21 years of age, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HAMMERSCHMIDT:

H.R. 12450. A bill to amend chapters 2 and 21 of the Internal Revenue Code of 1954 and title II of the Social Security Act to improve the financing of the social security programs programs by adjusting old-age, survivors, and disability insurance and hospital insurance tax rates, increasing the allocations for disability insurance purposes, and permitting the two old-age survivors, and disability insurance trust funds to borrow from each other when necessary to make benefit payments and continue full operation; to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 12451. A bill to disregard, for the purposes of certain taxes imposed by the Internal Revenue Code of 1954 with respect to employees, certain changes since 1975 in the treatment of individuals as employees; to the Committee on Ways and Means.

By Mr. HAWKINS (for himself, Mr. PERKINS, Mr. DENT, Mr. BEARD of Rhode Island, Mr. MICHAEL O. MYERS, Mr. LE FANTE, Mr. WEISS, Mr. CLAY, Mr. CORRADA, Mr. SARASIN, Mr. JEFFORDS, and Mr. PURSELL):

H.R. 12452. A bill to extend and amend the Comprehensive Employment and Training Act of 1973, and for other purposes; to the Committee on Education and Labor.

By Mr. HAWKINS (for himself, Mr. PERKINS, Mr. DENT, Mr. BEARD of Rhode Island, Mr. MICHAEL O. MYERS, Mr. LE FANTE, Mr. WEISS, Mr. CLAY, Mr. CORRADA, Mr. SARASIN, Mr. JEFFORDS, and Mr. PURSELL):

H.R. 12453. A bill to amend the Compresive Employment and Training Act of 1973 to provide improved employment and training services, to extend the authorization, and for other purposes; to the Committee on Education and Labor.

By Mr. MCCLORY (for himself, Mr. RAILSBACK, and Mr. HYDE):

H.R. 12454. A bill to amend title 28, to change the judicial districts in the State of Illinois; to the Committee on the Judiciary.

Mr. MAZZOLI (for himself and Mr. BEDELL):

H.R. 12455. A bill to amend section 541 of title 28, United States Code, to provide for merit selection of U.S. attorneys; to the Committee on the Judiciary.

By Mr. MICHEL (for himself, Mr. ARCHER, Mr. BADHAM, Mr. BURGENER, Mr. DAN DANIEL, Mr. EDGAR, Mr. EILBERG, Mr. FLOOD, Mr. HAGEDORN, Mr. HORTON, Mr. KINDNESS, Mr. LOTT, and Mr. YOUNG of Florida):

H.R. 12456. A bill to require the Secretary of State to transmit to the Congress an annual report on the status of human rights in all foreign countries; to the Committee on International Relations.

By Ms. OAKAR (for herself, Mr. PEPPER, Mr. ROYBAL, and Mr. STOKES):

H.R. 12457. A bill to provide funds for the purpose of improving security arrangements for tenants of public housing; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PEPPER (for himself, Mr. ROYBAL, Mr. ROONEY, Mr. BONKER, Mr. DOWNEY, Mr. FORD of Tennessee, Mr. HUGHES, Mr. SANTINI, Mrs. MEYNER, Ms. OAKAR, Mr. HAMMERSCHMIDT, Mr. COHEN, Mr. WALSH, Mr. ABDNOR, and Mr. RINALDO):

H.R. 12458. A bill to amend the Older Americans Act of 1965 to provide for comprehensive changes in the services and programs made available under such act, and for other purposes; to the Committee on Education and Labor.

By Mr. RAHALL (for himself and Mr. PERKINS):

H.R. 12459. A bill to authorize the Secretary of the Army, acting through the Chief of Engineers, to undertake flood control measures in the Tug and Levisa Forks of the Big Sandy River and the Cumberland River, West Virginia and Kentucky; to the Committee on Public Works and Transportation.

By Mr. ROGERS (for himself, Mr. PREYER, Mr. SCHEUER, Mr. FLORIO, Mr. MAGUIRE, Mr. MARKEY, Mr. OTTINGER, Mr. WALGREN, Mr. CARTER, and Mr. MADIGAN):

H.R. 12460. A bill to amend the Public Health Service Act and the Community Mental Health Centers Act to revise and extend the programs under those acts for health care delivery centers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SLACK:

H.R. 12461. A bill to amend the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. SOLARZ (for himself, Mr. EDWARDS of Oklahoma, Mr. FRENZEL, and Mr. LUKEN):

H.R. 12462. A bill to amend title 5, United States Code, to provide sufficient flexibility in Federal employee work schedules to allow Federal employees to meet the obligations of their faith; to the Committee on Post Office and Civil Service.

By Mr. SOLARZ (for himself, Mr. OTTINGER, Mr. WAXMAN, Mr. MAGUIRE, Mr. MARKEY, Mr. AMMERMAN, Mr. BEDELL, Mr. BONIOR, Mrs. BURKE of California, Mrs. CHISHOLM, Mr. CONYERS, Mr. DELLUMS, Mr. DRINAN, Mr. EILBERG, Mr. FORD of Tennessee, Mr. GARCIA, Ms. HOLTZMAN, Mr. MITCHELL of Maryland, Mr. PATTISON of New York, Mr. RANGEL, Mr. RICHMOND, Mr. SIMON, Mr. THOMPSON, and Mr. TSONGAS):

H.R. 12463. A bill to amend the Export Administration Act of 1969 to prohibit any

new investment in South Africa by U.S. persons and to impose sanctions on U.S. persons with existing investments in businesses in South Africa that engage in unfair employment practices; jointly, to the Committees on International Relations and Interstate and Foreign Commerce.

By Mr. SOLARZ (for himself, Mr. DIGGS, Mr. HARRINGTON, Mr. FRASER, Mr. ROSENTHAL, Mrs. COLLINS of Illinois, and Mrs. PEASE):

H.R. 12464. A bill to amend the Export Administration Act of 1969 to prohibit any new investment in South Africa by U.S. persons and to impose sanctions on U.S. persons with existing investments in businesses in South Africa that engage in unfair employment practices; jointly, to the Committees on International Relations, and Interstate and Foreign Commerce.

By Mr. WAGGONNER:

H.R. 12465. A bill to amend the Internal Revenue Code of 1954 to make certain technical changes; to the Committee on Ways and Means.

By Mr. WALGREN:

H.R. 12466. A bill to amend the Rehabilitation Act of 1973 to expand the comprehensive systems approach to treatment of spinal cord injuries, and for other purposes; to the Committee on Education and Labor.

By Mr. BRADEMAS (for himself, Mr. JEFFORDS, Mr. PERKINS, Mr. QUIE, Mr. BEARD of Rhode Island, Mr. PRESSLER, Mr. MILLER of California, Mr. KILDEE, Mr. HEFTEL, Mr. HAWKINS, Mr. BIAGGI, Mr. SARASIN, Mr. THOMPSON, Mr. DENT, Mr. FORD of Michigan, Mr. GAYDOS, Mr. CLAY, Mr. BLOUIN, Mr. CORNELL, Mr. SIMON, Mr. ZEFERETTI, Mr. MOTTL, Mr. MICHAEL O. MYERS, Mr. MURPHY of Pennsylvania, and Mr. LE FANTE):

H.R. 12467. A bill to amend the Rehabilitation Act of 1973 to extend certain programs established in such act, to establish a community service employment program for handicapped individuals, to provide for independent living rehabilitation services for the severely handicapped, and for other purposes; to the Committee on Education and Labor.

By Mr. DUNCAN of Tennessee (for himself, Mr. CARTER, and Mr. LOTT):

H.R. 12468. A bill to provide for a comparison study of the costs and other factors associated with the establishment of reimbursement guidelines for respiratory therapy; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. JEFFORDS:

H.R. 12469. A bill to amend the Rehabilitation Act of 1973 to establish the National Office of the Handicapped, and for other purposes; to the Committee on Education and Labor.

By Mr. LAFALCE:

H.R. 12470. A bill to establish Federal product liability tort law standards; to the Committee on Interstate and Foreign Commerce.

H.R. 12471. A bill to amend the Internal Revenue Code of 1954 to provide that trusts established for the payment of product liability claims and related expenses shall be exempt from income tax, that a deduction shall be allowed for contributions to such trusts, and for other purposes; to the Committee on Ways and Means.

H.R. 12472. A bill to establish a Federal Insurance Commission to regulate the insurance industry; jointly, to the Committees on Banking, Finance and Urban Affairs, and Interstate and Foreign Commerce.

By Mr. LAFALCE (for himself, Mr. NEAL, Mr. MCKINNEY, and Mr. HOWARD):

H.R. 12473. A bill to amend the Internal Revenue Code of 1954 with respect to the tax treatment of small business investment companies electing to be taxed as regulated investment companies; to the Committee on Ways and Means.

Mr. LAFALCE (for himself, Mr. BLOUIN, and Mr. MOFFETT):

H.R. 12474. A bill to amend the Internal Revenue Code of 1954 to provide that trusts established for the payment of product liability claims and related expenses shall be exempt from income tax, that a deduction shall be allowed for contributions to such trusts, and for other purposes; to the Committee on Ways and Means.

By Mr. LAFALCE (for himself and Mr. JENRETTE):

H.R. 12475. A bill to encourage investment in small business concerns, and for other purposes; jointly, to the Committee on Education and Labor, Interstate and Foreign Commerce, Small Business, and Ways and Means.

By Mr. LEVITAS (for himself, Mr. BEVILL, Mr. BRINKLEY, Mr. OTTINGER, Mr. MOORE, Mr. RINALDO, Mr. YOUNG of Missouri, Mr. STUMP, Mr. LOTT, Mr. COHEN, Mr. WALGREN, Mr. HAMILTON, Mr. SHARP, Mr. D'AMOURS, Mr. O'BRIEN, Mr. TRIBLE, Mr. JACOBS, Mr. BUTLER, Mr. CHAPPELL, Mr. EDGAR, Mr. WALKER, Mr. MCCLOSKEY, Mr. FORD of Michigan, and Mr. TREEN):

H.R. 12476. A bill to amend the Administrative Procedure Act to require the performance and publication of economic impact analyses in the Federal Register for all proposed and final rules which are subject to the provisions of the act; to the Committee on The Judiciary.

By Mr. MOAKLEY:

H.R. 12477. A bill to improve rail freight transportation and the transportation of passengers by common carriers by motor vehicle; Jointly, to the Committees on Interstate and Foreign Commerce, Public Works and Transportation, and Education and Labor.

By Mr. BROWN of Michigan:

H.J. Res. 877. Joint resolution to authorize the President to proclaim the last Friday of April each year as "National Arbor Day"; to the Committee on Post Office and Civil Service.

By Mr. MARKS:

H.J. Res. 878. Joint Resolution disapproving proposed regulations of the Department of the Treasury requiring centralized governmental registration of firearms; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. MOORE (for himself, Mr. ENGLISH, Mr. ABDNOR, Mr. ANDERSON of Illinois, Mr. BADHAM, Mr. BEARD of Rhode Island, Mr. BEARD of Tennessee, Mr. BREAUX, Mr. BROWN of Ohio, Mr. BUTLER, Mr. CAPUTO, Mr. COLEMAN, Mr. CONABLE, Mr. CORCORAN of Illinois, Mr. CUNNINGHAM, Mr. ROBERT W. DANIEL, JR., Mr. DAN DANIEL, Mr. DEVINE, Mr. DICKINSON, Mr. DINGELL, Mr. DRINAN, Mr. DUNCAN of Tennessee, Mr. EDWARDS of OKLAHOMA, Mr. EMERY, and Mr. ERLENBORN):

H.J. Res. 879. Joint resolution designating July 1, 1978, as "National Free Enterprise Day"; to the Committee on Post Office and Civil Service.

By Mr. MOORE (for himself, Mr. EVANS of Delware, Mr. FARY, Mrs. FENWICK, Mr. FLOWERS, Mr. FRENZEL, Mr. GINN, Mr. GRADISON, Mr. GRASSLEY, Mr. HAGEDORN, Mr. HALL, Mr. HAMMERSCHMIDT, Mr. HANSEN, Mr. HOLLENBECK, Mrs. HOLT, Mr. HUBBARD, Mr. HUCKABY, Mr. JEFFORDS, Mr. JOHNSON of Colorado, Mr. KASTEN, Mr. KELLY, Mr. KEMP, Mr. KETCHUM, Mr. KINDNESS, and Mr. LAGOMARSINO):

H.J. Res. 880. Joint resolution designating July 1, 1978, as "National Free Enterprise Day; to the Committee on Post Office and Civil Service.

By Mr. MOORE (for himself, Mr. LATTA, Mr. LONG of Louisiana, Mr. LOTT, Mr. MCCLORY, Mr. MCDONALD, Mr. MCEWEN, Mr. MARLENEE, Mr. MARRIOTT, Mr. MICHEL, Mr. MILFORD, Mr. MILLER of Ohio, Mr MITCHELL of New York, Mr MOORHEAD of California, Mr. MURPHY of Pennsylvania, Mr. JOHN T. MYERS, Mr. PEPPER, Mr. RAILSBACK, Mr. ROSE, Mr. ROUSSELOT, Mr. RUDD, Mr. SPENCE, Mr. SEBELIUS, Mr. SYMMS, and Mr. WAGGONNER):

H.J. Res. 881. Joint resolution designating July 1, 1978, as "National Free Enterprise Day"; to the Committee on Post Office and Civil Service.

By Mr. RAILSBACK for himself, Mr. WHITEHURST, Mr. GUYER, Mr. BOWEN, and Mr. NOLAN):

H. J. Res. 882. Joint resolution designating the composition known as "The Stars and Stripes Forever" as the national march of the United States; to the Committee on Post Office and Civil Service.

By Mr. OBEY:

H. Con. Res. 585. Concurrent resolution disapproving the proposed sale of F–16 aircraft to Israel (transmittal No. 78–34); to the Committee on International Relations.

H. Con. Res. 586. Concurrent resolution disapproving the proposed sale of F–15 aircraft to Israel (transmittal No. 78–33); to the Committee on International Relations.

H. Con. Res. 587. A concurrent resolution disapproving the proposed sale of F–5F aircraft to Egypt (transmittal No. 78–32); to the Committee on International Relations.

H. Con. Res. 588. Concurrent resolution disapproving the proposed sale of F–13 aircraft to Saudi Arabia (transmittal No. 78–35); to the Committee on International Relations.

H. Con. Res. 589. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committee on the Judiciary and Ways and Means.

By Mr. LONG of Maryland (for himself, Mr. WOLFF, Mr. WHALEN, Mr. MITCHELL of Maryland, Mr. SANTINI, and Mr. MADIGAN):

H. Con. Res. 590. Concurrent resolution disapproving the proposed "package" of sales of aircraft to Saudi Arabia, Egypt, and Israel; to the Committee on International Relations.

By Mr. REUSS:

H. Con. Res. 591. Concurrent resolution expressing the sense of the Congress that the President should include environmental and safety and health standards among the international fair labor standards whose adoption is sought under section 121(a)(4) of the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. VANDER JAGT:

H. Con. Res. 592. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary and Ways and Means.

By Mr. WHALEN (for himself, Mrs. FENWICK, and Mr. LONG of Maryland:

H. Con. Res. 593. Concurrent resolution disapproving the proposed "package" of sales of aircraft to Saudi Arabia, Egypt, and Israel; to the Committee on International Relations.

By Mr. WHALEN:

H. Con. Res. 594. Concurrent resolution disapproving the proposed sale of F–15 aircraft to Israel; to the Committee on International Relations.

H. Con. Res. 595. Concurrent resolution disapproving the proposed sale of F–16 aircraft

to Israel; to the Committee on International Relations.

H. Con. Res. 596. Concurrent resolution disapproving the proposed sale of F–5E aircraft to Egypt; to the Committee on International Relations.

H. Con. Res. 597. Concurrent resolution disapproving the proposed sale of F–15 aircraft to Saudi Arabia; to the Committee on International Relations.

By Mr. WOLFF (for himself, Mrs. COLLINS of Illinois, Mr. GILMAN, Mr. NIX, Mr. LONG of Maryland, Mr. AMBRO, and Mr. LUKEN):

H. Con. Res. 598. Concurrent resolution disapproving the proposed sale of aircraft to Saudi Arabia; to the Committee on International Relations.

By Mr. OTTINGER (for himself and Mr. LONG of Maryland):

H. Con. Res. 599. Concurrent resolution disapproving the proposed export of low-enriched uranium to India; to the Committee on International Relations.

By Mr. TUCKER (for himself, Mr. BEDELL, Mr. CORRADA, Mr. SKELTON, Mr. GEPHARDT, Mr. SIMON, Mr. STUMP, and Ms. MIKULSKI):

H. Res. 1157. Resolution expressing the sense of the House of Representatives that the study provided for by section 4(d) of the International Investment Survey Act of 1976 be completed not later than December 31, 1978; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

388. By the SPEAKER: Memorial of the Legislature of the State of Idaho, relative to proposals for the transfer of the Forest Service from the Department of Agriculture; to the Committee on Agriculture.

389. Also memorial of the Legislature of the State of Idaho, relative to stability of the domestic nutritive sweetener industry; to the Committee on Agriculture.

390. Also, memorial of the Legislature of the State of Arizona, relative to acreage limitations and residency requirements for farmland irrigated with water from Federal reclamation projects; to the Committee on Interior and Insular Affairs.

391. Also, memorial of the Legislature of the State of Idaho, relative to proposed fuel economy standards for new model year 1980–81 light trucks; to the Committee on Interstate and Foreign Commerce.

392. Also, memorial of the Legislature of the State of Nebraska, requesting that Congress call a convention for the purpose of proposing an amendment to the Constitution of the United States relative to the right to life; to the Committee on the Judiciary.

393. Also, memorial of the Legislature of the State of Oklahoma, requesting that Congress call a convention for the purpose of proposing an amendment to the Constitution of the United States requiring, with certain exceptions balanced Federal budgets; to the Committee on the Judiciary.

394. Also, memorial of the House of Representatives of the State of New Hampshire, relative to issuing a Veterans Day commemorative postage stamp; to the Committee on Post Office and Civil Service.

395. Also, memorial of the Legislature of the State of Idaho, relative to proposed Internal Revenue Service regulations which would eliminate public employee deferred compensation plans; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. EDWARDS of Oklahoma:

H.R. 12478. A bill for the relief of Ernest C. Onukogu; to the Committee on the Judiciary.

By Mr. HEFTEL:

H.R. 12479. A bill for the relief of Judge Louis Le Baron; to the Committee on the Judiciary.

By Mr. KRUEGER:

H.R. 12480. A bill for the relief of Lawrence J. Kelly and Peggy M. Kelly; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

456. By the SPEAKER: Petition of State senator, Clarence D. Bell, Media, Pa., relative to the Governor's veto of a bill of the Pennsylvania General Assembly requesting that Congress call a convention for the purpose of proposing an amendment to the Constitution of the United States concerning the right to life (Memorial No. 377); to the Committee on the Judiciary.

457. Also, petition of the Kentucky Federation of Women's Clubs, Louisville, Ky., relative to flood control; to the Committee on Public Works and Transportation.

458. Also, petition of the Western States Legislative Forestry Task Force, Sacramento, Calif., relative to establishment of a special committee to expedite resolution of issues involving the future use of roadless areas in the National Forest System; to the Committee on Rules.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. CON. RES. 559

By Mr. ROUSSELOT:

Resolved by the House of Representatives (the Senate concurring), That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1978—

(1) the recommended level of Federal revenues is $464,648,000,000 and the amount by which the aggregate level of Federal revenues should be decreased is $38,700,000,000;

(2) the appropriate level of total new budget authority is $521,437,000,000;

(3) the appropriate level of total budget outlays is $464,648,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $0; and

(5) the appropriate level of the public debt is $782,200,000,000 and the amount by which the statutory limit on such debt should accordingly be increased is $29,000,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301 (a) (2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1978, the appropriate level of new budget authority and the estimated budget outlays for each major functional category aro as follows:

(1) National Defense (050):
(A) New budget authority, $128,439,000,000,
(B) Outlays, $115,679,000,000;
(2) International Affairs (150):
(A) New budget authority, $8,754,000,000,
(B) Outlays, $5,500,000;
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,216,000,000,
(B) Outlays, $5,027,000,000;
(4) Energy (270):
(A) New budget authority, $9,200,000,000,
(B) Outlays, $6,200,000,000;
(5) Natural Resources and Environment (300):
(A) New budget authority, $13,000,000,000,
(B) Outlays, $11,331,000,000;
(6) Agriculture (350):
(A) New budget authority, $9,197,000,000,
(B) Outlays, $9,308,000,000;
(7) Commerce and Housing Credit (370):
(A) New budget authority, $5,386,000,000,
(B) Outlays, $3,148,000,000;
(8) Transportation (400):
(A) New budget authority, $16,200,000,000,
(B) Outlays, $16,000,000,000;
(9) Community and Regional Development (450):
(A) New budget authority, $8,500,000,000,
(B) Outlays, $8,264,000,000;
(10) Education, Training, Employment and Social Services (500):
(A) New budget authority, $21,842,000,000,
(B) Outlays, $26,529,000,000;
(11) Health (550):
(A) New budget authority, $48,600,000,000,
(B) Outlays, $45,000,000,000;
(12) Income Security (600):
(A) New budget authority, $182,394,000,000,
(B) Outlays, $148,000,000,000;
(13) Veterans Benefits and Services (700):
(A) New budget authority, $20,711,000,000,
(B) Outlays, $20,471,000,000;
(14) Administration of Justice (750):
(A) New budget authority, $3,974,000,000,
(B) Outlays, $4,051,000,000;
(15) General Government (800):
(A) New budget authority, $3,876,000,000,
(B) Outlays, $3,903,000,000;
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $9,098,000,000,
(B) Outlays, $9,237,000,000;
(17) Interest (900):
(A) New budget authority, $43,500,000,000,
(B) Outlays, $43,500,000,000;
(18) Allowances (920):
(A) New budget authority, $1,050,000,000,
(B) Outlays, $1,000,000,000;
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, $17,500,000,000,
(B) Outlays, $17,500,000,000;

By Mr. VOLKMER:

In the matter relating to the appropriate level of total new budget authority decrease the amount by $5,401,000,000;

In the matter relating to the appropriate level of total budget outlays decrease the amount by $2,797,000,000;

In the matter relating to the amount of the deficit decrease the amount by $2,797,000,000;

In the matter relating to the appropriate level of the public debt decrease the amount by $2,797,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, decrease the amount by $2,797,000,000.

In the matter relating to 050: National Defense decrease the amount for budget authority by $2,354,000,000; and decrease the amount for outlays by $1,459,000,000.

In the matter relating to 150: International Affairs decrease the amount for budget authority by $127,000,000; and decrease the amount for outlays by $56,000,000.

In the matter relating to 250: General Science, Space and Technology decrease the amount for budget authority by $104,000,000; and decrease the amount for outlays by $71,000,000.

In the matter relating to 270: Energy decrease the amount for budget authority by $209,000,000; and decrease the amount for outlays by $73,000,000.

In the matter relating to 300: Natural Resources and Environment decrease the amount for budget authority by $299,000,000; and decrease the amount for outlays by $123,000,000.

In the matter relating to 350: Agriculture decrease the amount for budget authority by $35,000,000; and decrease the amount for outlays by $29,000,000.

In the matter relating to 370: Commerce and Housing Credit decrease the amount for budge authority by $59,000,000; and decrease the amount for outlays by $19,000,000.

In the matter relating to 400: Transportation decrease the amount for budget authority by $294,000,000; and decrease the amount for outlays by $103,000,000.

In the matter relating to 450: Community and Regional Development decrease the amount for budget authority by $293,000,000; and decrease the amount for outlays by $67,000,000.

In the matter relating to 500: Education, Training, Employment and Social Services decrease the amount for budget authority by $577,000,000; and decrease the amount for outlays by $294,000,000.

In the matter relating to 550: Health decrease the amount for budget authority by $160,000,000; and decrease the amount for outlays by $94,000,000.

In the matter relating to 600: Income Security decrease the amount for budget authority by $546,000,000; and decrease the amount for outlays by $115,000,000.

In the matter relating to 700: Veterans Benefits and Services decrease the amount for budget authority by $133,000,000; and decrease the amount for outlays by $112,000,000.

In the matter relating to 750: Administration and Justice decrease the amount for budget authority by $83,000,000; and decrease the amount for outlays by $63,000,000.

In the matter relating to 800: General Government decrease the amount for budget authority by $85,000,000; and decrease the amount for outlays by $77,000,000.

In the matter relating to 850: General Purpose Fiscal Assistance decrease the amount for budget authority by $22,000,000; and decrease the amount for outlays by $22,000,000.

In the matter relating to 900: Interest decrease the amount for budget authority by 0; and decrease the amount for outlays by 0.

In the matter relating to 920: Allowances decrease the amount for budget authority by $21,000,000; and decrease the amount for outlays by $20,000,000.

In the matter relating to 950: Undistributed Offsetting Receipts decrease the amount for budget authority by 0; and decrease the amount for outlays by 0.

EXTENSIONS OF REMARKS

FIGHTING INFLATION

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. BLANCHARD. Mr. Speaker, the problem of inflation is one that demands our serious, thoughtful, and immediate attention. I believe we must take firm action to control inflation. That is why I sponsored the bill and voted to continue the Council on Wage and Price Stability last fall, although many argued that the Agency was not needed.

And yet, I am convinced that, beyond this, we must zero in on a specific anti-inflation approach. The problem has been with us a long time, and it requires new, creative solutions. An idea that I believe deserves serious consideration is using the tax system as either an incentive or a penalty to moderate wage and price demands. The concept of "tax-oriented income policies," or TIP, is one which I hope the Banking Subcommittee on Economic Stabilization, on which I serve, and eventually the full House will seriously consider.

A recent article by Hobart Rowen of the Washington Post gives a good summary of this approach, and I would like to call my colleagues' attention to it. The article follows:

THE TIP CARROT OR THE TIP STICK

(By Hobart Rowen)

President Carter has now made an important shift in his economic policy targets by putting the fight against inflation ahead of everything else, and nominating the brash and persuasive Robert Strauss to take charge.

The presidential concern with inflation has proved to be a tonic in foreign exchange markets. He even has given a lift to Wall Street—which continues, however, to appraise Carter with a somewhat jaundiced eye.

But the president's reliance on totally voluntary restraints and the wagging of the Strauss jawbone is likely to produce little more than a temporary euphoria.

It is clear, as President Carter himself said at last week's press conference, that the present inflation is the product of a self-maintaining spiral of wages and prices. Something dramatic is needed to break the cycle, and it is doubtful that even Bob Strauss can do it by himself in the face of a stubborn 7 percent inflation rate.

C. Jackson Grayson, who was President Nixon's price controller, said in an interview here last week: "Sure, Strauss got U.S. Steel to roll prices back. But it was kind of a false victory. That (effort) and a few others like it won't hold back the main forces in the economy. And once you start jawboning, you can't stand many failures—the pressures grow to put on controls."

What is there short of controls that would supplement and reinforce the Carter-Strauss anti-inflation game? Under the sponsorship of the Ford Foundation, economists of various political ideological persuasion have examined what has come to be called the "TIP" idea—short for tax-oriented income policies.

In brief, the idea is to use the tax system as a carrot (the Arthur Okun version) or as a stick (the Henry Wallich-Sidney Weintraub scheme) to induce companies and unions to moderate their wage and price demands.

Wallich and Weintraub would set a numerical wage guidepost, and corporations that offered higher pay increases would be penalized by higher taxes. They argue that competitive forces would prevent companies from paying higher wages and shifting the tax penalty to the consumer through higher prices.

With the same objective, Okun turns the Wallich-Weintraub plan into a tax incentive: The employes would get a tax rebate; and if employers hold down their prices, they also would get tax reductions.

Okun has become persuaded by criticism by his colleagues, including Gardner Ackley (who was a price controller during the Korean war), that the reward on the price side of his plan probably would run into an administrative mess.

There seems to be more sentiment—especially among those economists who are concerned about inflation—for the "stick" approach. That's because it could be selective, dealing, say, with the biggest firms, whereas the carrot approach would have to be universal.

Wallich argues persuasively that even if TIP is not perfect, and needs more study, we cannot sit still and let inflation take control of the economy again.

Price reductions won't happen by themselves. Look how eagerly Detroit raised car prices as soon as higher exchange rates pushed up Japanese car prices.

Organized labor will fight TIP tooth and nail for the simple reason that TIP tackles inflation by trying to get a handle on wages. It's obvious that there is a better chance of controlling inflation if excessive wage increases are dampened. "If you hold down prices, you can't be sure that it will work back into wages," says one economist.

But, surely, thoughtful leaders in the unions are aware of the overwhelming—if misconceived—notion prevalent in Congress and at the Federal Reserve Board that the way to fight inflation is to hold down government spending and the federal budget deficit. This notion dominates congressional thinking even though there is no evidence of excessive de.nand.

It would be in labor's own interest to consider the TIP plans with an open mind. As TIP proponents say, if price inflation were to fall point for point with wage inflation, they would lose nothing from restraint.

Strauss will be discussing various inflation-fighting techniques with a group of academic advisers this week. It would be worth his while to explore TIP carefully. It would save wear and tear on his overworked vocal cords.●

THE INLAND WATERWAY SYSTEM

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. HAGEDORN. Mr. Speaker, the inland waterway system of this country continues to suffer from the failure of Congress to approve legislation to replace the antiquated locks and dam No. 26 structure along the Mississippi River at Alton, Ill. H.R. 8309, approved by the House last fall, remains languishing in the other body where opponents threaten to impose higher taxes upon waterway transportation.

The following is correspondence addressed to the distinguished Speaker (Mr. O'NEILL) and signed by 117 business, labor, agricultural, port, civic, and other officials who are concerned about this legislation. As they observe, the new user taxes imposed by H.R. 8309 represent a hard-fought compromise and would raise more than $100 million annually when fully operational. An increase of the magnitude proposed by some in the Senate would sharply disrupt the balance between transportation modes in this country while having a detrimental impact upon employment, trade balances, and consumer costs.

I would like to bring this letter to the attention of my colleagues:

NATIONAL WATERWAYS ALLIANCE,
Washington, D.C., April 13, 1978.

Hon. THOMAS P. O'NEILL, Jr.
Speaker of the House, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: The purpose of this letter is to eliminate any misunderstanding as to the position of waterway-related interests on the question of waterway user charges. The undersigned officials of businesses, industries, trade associations, organized labor, port authorities, development commissions, state and local governments, agricultural organizations, water carriers, electric power companies and cooperatives, waterway terminals, and river basin associations representing the overwhelming majority of directly affected interests are unanimous in their conviction that H.R. 8309, which authorizes replacement of Locks and Dam 26 and imposes a waterway fuel tax, constitutes a fair and reasonable limit of compromise for a complex issue having profound ramifications.

The fuel tax which this legislation would levy on shallow-draft waterway commerce is substantial and in line with the Federal fuel tax paid by private automobiles, highway trucks, business aviation and recreational boating. When it is fully operational, the 6¢ commercial navigation tax coupled with the 4¢ tax paid by recreational craft will produce revenues in excess of $100 million annually.

Any increase in waterway taxation above the levels provided in H.R. 8309 would tend to pre-judge the very issues which require in-depth examination as to regional impact, job losses, dislocation of industry, trade balances, inflationary pressures, and diversion of traffic to less safe and less efficient modes—all of which are matters which we believe must be considered carefully and objectively before the Nation is committed to a user charge program exceeding the levels specified in H.R. 8309. In the absence of a full study of all relevant aspects, the shippers, farmers and consumers who would bear the added cost of any waterway imposition cannot reasonably be expected to pay higher fees.

Consideration of H.R. 8309—which was passed by the House of Representatives by an overwhelming majority—has been seriously delayed in the Senate, where opposing forces have sought to gain votes for higher level and restrictive charge plans, with insufficient attention to potential economic and regional impacts and to the need for an adequate inland waterway system. As a result of the lingering controversy over the level of user charges, many business planning and investment decisions are being delayed and large segments of the labor force and agricultural community are being kept in doubt as to future prospects.

Notwithstanding the conviction of the overwhelming majority of affected waterway interests that continuation of historic American toll-free navigation policy is in the national interest, particularly in light of the energy efficiency and bulk-carrying capacity of the inland waterway fleet, in a sincere effort to resolve this issue, we have agreed to support the fuel tax of 4¢ rising to 6¢ per gallon embodied in H.R. 8309. We have endorsed the House compromise, which was passed with the aid and endorsement of the Democratic leadership.

In view of the continuing uncertainties over this legislation in the Senate, we call upon the Administration and the Congress to recognize the seriousness of the issues involved in imposing charges on American waterways for the first time in our history and to join with us in rejecting any proposal for charges above the levels of H.R. 8309 as premature, dangerous and lacking a sound factual basis. Furthermore, we trust that the Administration and the Congress will concur in our views and acknowledge the reasonableness of our position in order that the user charge dilemma can be settled in an acceptable manner.

Similar letters are being addressed to President Carter and to the President Pro Tempore of the Senate. For your information, we have suggested to them that conferences with affected waterway interests be arranged at the earliest convenient date(s) so that we may share with them our strong convictions on the need to support H.R. 8309 as well as factual information on the potential impacts of waterway charges at high levels on our millions of members, employees, customers, farmers and citizens generally.

Sincerely yours,

STATE-BY-STATE LISTING AND ORGANIZATIONAL AFFILIATIONS OF LETTER-SIGNERS

NATIONAL ORGANIZATIONS

AFL–CIO Maritime Committee, Washington, D.C.
American Association of Port Authorities, Washington, D.C.
American Soybean Association, Hudson, Iowa.
American Waterways Operators, Inc., Arlington, Va.
Associated General Contractors of America, Washington, D.C.
The Ferroalloys Association, Washington, D.C.
The Fertilizer Institute, Washington, D.C.
Industrial Union of Marine Shipbuilding Workers of America, AFL–CIO, Washington, D.C.
Inland River Ports and Terminals, Inc., St. Louis, Mo.
International Longshoremen's & Warehousemen's Union, San Francisco, Calif.
International Union of Operating Engineers, AFL–CIO, Washington, D.C.
National Association of Electric Companies, Washington, D.C.
National Association of Wheat Growers, Washington, D.C.
National Committee on Locks and Dam 26, Washington, D.C.
National Council of Farmer Cooperatives, Washington, D.C.
National Environmental Development Association, Washington, D.C.
National Farmers Organization, Corning, Iowa.
The National Grange, Washington, D.C.
National Marine Engineers' Beneficial Association, AFL–CIO, Washington, D.C.
National Rural Electric Cooperative Association, Washington, D.C.
National Sand and Gravel Association, Silver Spring, Md.
National Waterways Conference, Inc., Washington, D.C.
Seafarers International Union of North America, AFL–CIO, Washington, D.C.
Shipbuilders Council of America, Washington, D.C.
Transportation Institute, Washington, D.C.
Water Resources Congress, Washington, D.C.
Water Transport Association, New York, N.Y.

ALABAMA

Coosa-Alabama River Improvement Association, Montgomery.
Tennessee-Tombigbee Waterway Development Authority.
Hon. George C. Wallace, Governor of Alabama.
Warrior-Tombigbee Development Association, Birmingham.

ARKANSAS

Arkansas Basin Association, Mulberry.
Arkansas Basin Development Association.
Arkansas Basin Interstate Committee, Conway.
Arkansas Waterways Commission, Little Rock.
Pine Bluff-Jefferson County Port Authority, Pine Bluff.

CALIFORNIA

California Marine Affairs and Navigation Conference, San Francisco.
Chevron, U.S.A., San Francisco.
Kaiser Aluminum & Chemical Corporation, Oakland.

CONNECTICUT

Olin Corporation, Stamford.

FLORIDA

Gulf Intracoastal Canal Association.
Paktank Florida, Inc., Tampa.
Tennessee-Tombigbee Waterway Development Authority.

IDAHO

Pacific Northwest Waterways Association.

ILLINOIS

Archer Daniels Midland Company.
Association for Improvement of Mississippi River.
Lemont Shipbuilding and Repair Company, Chicago.
Wabash Valley Association.

INDIANA

Wabash Valley Association, Terre Haute.

KANSAS

Arkansas Basin Development Association in Kansas, Augusta.
Missouri-Arkansas Basins Flood Control and Conservation Association, Kansas City.

KENTUCKY

The Anaconda Company, Aluminum Division, Louisville.
Ashland Oil, Inc., Ashland.
Louisville & Jefferson County Riverport Authority, Louisville.
The Paducah Sun-Democrat, Paducah.
Tennessee-Tombigbee Waterway Development Authority.

LOUISIANA

Associated Branch Pilots, New Orleans.
Board of Commissioners of the Port of New Orleans, New Orleans.
Central Gulf Lines, New Orleans.
Crescent River Port Pilots, New Orleans.
Delta Steamship Lines, New Orleans.
Louisiana Department of Transportation and Development, Baton Rouge.
Lykes Brothers Steamship Company, Inc., New Orleans.
New Orleans Steamship Association, New Orleans.

MINNESOTA

Agri-Marketing Corporation, Minneapolis.
Cargo Carriers, Inc., Minneapolis.
Farmers Union Grain Terminal Association, St. Paul.
Gas Hut, Minneapolis.
Minneapolis Grain Exchange, Minneapolis.
Northern States Power Company, Minneapolis.

Northwest Country Elevator Association, Minneapolis.
Riverway Company, Minneapolis.
Terminal Elevator Association, Minneapolis.
Twin City Barge & Towing Company, Inc., St. Paul.
Upper Mississippi Waterway Association, Minneapolis.

MISSISSIPPI

Hon. Cliff Finch, Governor of Mississippi, Jackson.
Greenville Port Commission, Greenville.
Tennessee-Tombigbee Waterway Development Authority, Columbus.

MISSOURI

Association for Improvement of Mississippi River, St. Louis.
Chromalloy American Corporation, St. Louis.
Jemco Towing, Inc., St. Louis.
Missouri-Arkansas Basins Flood Control and Conservation Association.
Monsanto Company, St. Louis.
Peabody Coal Company, St. Louis.
Valley Line Company, St. Louis.

NEW JERSEY

Allied Chemical Corporation, Morristown.

NEW YORK

Asarco Incorporated, New York.
Bunge Corporation, New York.
Colt Industries, New York.
Continental Grain Company, New York.
Union Carbide Corporation, New York.

OHIO

Armco Steel Corporation, Middletown.
Diamond Shamrock Corporation, Cleveland.
Ohio Department of Natural Resources, Columbus.
Ohio Valley Improvement Association, Cincinnati.

OKLAHOMA

Arkansas Basin Development Association, Tulsa.
Arkansas-Oklahoma Port Operators Association, Catoosa.
City of Tulsa-Rogers County Port Authority, Catoosa.
Hon. Robert J. Lafortune, Mayor of Tulsa, Tulsa.
Muskogee City-County Port Authority, Muskogee.
Tulsa Economic Development Commission, Tulsa.
Tulsa Industrial Authority, Tulsa.
Tulsa Metropolitan Chamber of Commerce, Tulsa.
Tulsa's Port of Catoosa Facilities Authority, Tulsa.

OREGON

Pacific Northwest Waterways Association.

PENNSYLVANIA

Hon. Richard S. Caliguiri, Mayor of Pittsburgh, Pittsburgh.
Consolidation Coal Company, Pittsburgh.
Dravo Corporation, Pittsburgh.
Jones & Laughlin Steel Corporation, Pittsburgh.
Hon. Robert N. Peirce, Jr., Allegheny County Commissioner, Pittsburgh.
Penn's Southwest Association, Pittsburgh.
Pittsburgh National Bank, Pittsburgh.
Port Authority of Allegheny County, Pittsburgh.
Regional Industrial Development Corporation, Pittsburgh.
Smaller Manufacturers Council, Pittsburgh.
United States Steel Corporation, Pittsburgh.
Waterways Association of Pittsburgh, Pittsburgh.

TENNESSEE

Hon. Ray Blanton, Governor of Tennessee, Nashville.
Tennessee Valley Public Power Association, Chattanooga.
Tennessee-Tombigbee Waterway Development Authority.

TEXAS

Gulf Intracoastal Canal Association, Houston.
Houston Chamber of Commerce, Houston.
Port of Houston Authority, Houston.

WASHINGTON

Pacific Northwest Waterways Association, Walla Walla.●

A SALUTE TO GALLANT FIREMEN WHO DARED AND A COMMUNITY THAT CARED

HON. TENNYSON GUYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. GUYER. Mr. Speaker, the Blanchard River that inspired Tell Taylor to write "Down by the Old Mill Stream" was a turbulent scene of a sad disaster on Saturday, April 22, 1978.

And Findlay, Ohio—known as Flag City, U.S.A., had hundreds of flags at half-mast, and an entire community was stunned, shocked, and saddened by a quadruple drowning, the worst such tragedy in the history of Hancock County.

On that fateful day, two gallant firemen, Roland G. Smith, Jr. and William C. VanAtta, gave their lives in trying to rescue two teenagers, Troy Lee Best and Michael D. Armstrong, whose canoe capsized during an attempt to shoot the dam's waterfall at Riverside Park.

The raging waters, powerful current, and angry undertow proved to be too much for both the boys and the courageous firemen who gave their lives trying to rescue the youthful victims.

It was 6 days before the last body was recovered from the river, which marked the most massive rescue attempt by hundreds of dedicated people, who utilized every dragging facility and all lifesaving equipment that could be secured to try to save, then recover the bodies from the swollen river.

Sympathy, understanding, and love poured out from the hearts of all the people, to the surviving families of the victims of the tragedy.

Unprecedented memorial services, and funeral corteges were held in reverence, respect, and sorrow, by our community, whose people were choked with deep emotion over our great loss.

It would be impossible to give proper recognition to all who joined hands in the rescue and recovery operations, which extended through long nights of vigil and anxious days of unceasing toil.

But a salute is in order in behalf of the firemen, policemen, sheriff's department, Mayor Renninger and the city agencies, the Red Cross, hospital and ambulance personnel, city and county officials, agency workers, underwater experts, and scores of citizens from home and from surrounding counties, who worked and cared beyond duty.

As our community attempts to return to normalcy, we cannot forget the sorrowing families, nor the brave men who laid their lives on the altar of sacrifice. They shall not be forgotten.

All too seldom do most of us think of the great work done by our firemen, police, and law enforcement officials, who serve that we might be safe and secure.

Our community will not be the same since this tragic event, but we can remember in memoriam and requiem, what they did here.

Perhaps the Bible says it best: "Greater love hath no man than this, that a man lay down his life for his friends." ●

STATEMENT OF CHAIRMAN AL ULLMAN, COMMITTEE ON WAYS AND MEANS, WITH RESPECT TO THE RULE TO BE REQUESTED FOR CONSIDERATION OF A "REVENUE SHARING" AMENDMENT TO H.R. 3350, DEEP SEABED MINING LEGISLATION

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. ULLMAN. Mr. Speaker, on April 27, 1978, the Committee on Ways and Means ordered favorably reported to the House a "revenue sharing" amendment to H.R. 3350, the Deep Seabed Hard Mineral Resources Act. H.R. 3350 has previously been considered and approved with various amendments by the Committees on Merchant Marine and Fisheries, Interior and Insular Affairs, and International Relations. The Committee on Ways and Means only considered the revenue sharing aspects of this legislation. The committee's amendment would establish an international revenue sharing fund, and would impose an excise tax on mining companies equal to 3.75 percent of the value of the hard minerals recovered by the company from deep seabed mining. These excise tax revenues would be deposited in the revenue sharing fund for use if the United States becomes a party to an international agreement requiring contributions to an international fund for the sharing of revenues from deep seabed mining which occurred prior to the entry into force of the agreement.

I take this occasion to advise my Democratic colleagues as to the request that I will make to the Committee on Rules for consideration of the revenue sharing amendment on the floor of the House. The Committee on Ways and Means specifically instructed me to request the Committee on Rules to provide a rule that would permit the revenue sharing amendment approved by the committee to be offered as an amendment for a separate title on the floor without amendment, except for an amendment, if offered by Mr. Stark, to increase the rate of the proposed excise tax from 3.75 percent to 10 percent.

It is our intention to request a hearing before the Committee on Rules concurrently with the other three committees involved in this legislation.●

MIDEAST PEACE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FINDLEY. Mr. Speaker, we are ever mindful of the constant tragedy that is intertwined in the Middle East web. Yet, sometimes, even in the midst of our deepest despair, we see indications that a hope for peace in that troubled region remains. Thus, the recent sequence of sad events in Israel and in Lebanon has demonstrated not only that the Middle East is never far from conflict but also that progress toward peace is still possible.

An acute sense of realism has convinced the parties with the most to lose in Lebanon that their interests lie closer to cooperation than to renewed hostilities. They have agreed, therefore, to disengage and to accept a United Nations peacekeeping force in southern Lebanon. As U.N. troops assume their positions, Israel will withdraw its own forces. This withdrawal is, in turn, a critical prelude to a resumption of peace talks in the Middle East. Israel has further underlined its commitment to continued negotiations by reaffirming its acceptance of U.N. Security Council Resolution 242 as the basis for peace talks.

Syria, also, has contributed to developing a new momentum toward establishing a Middle East peace by exercising great restraint in its conduct in Lebanon. During Israel's incursion, Syria carefully avoided situations that might have led to engagements between Syrian troops stationed in Lebanon and the Israeli Defense Force. Damascus has been helpful by supporting the U.N. role in Lebanon and has directed its own soldiers to suppress fighting in Beirut and elsewhere. In addition, President Assad has resisted Iraqi pressure to renounce U.N. Security Council Resolution 242, thereby keeeping alive the possibility that Syria will eventually join the peace negotiations.

Yasir Arafat, chairman of the Palestine Liberation Organization, has also contributed to containing hostilities in Lebanon. He has given U.N. Secretary-General Waldheim his assurances that the P.L.O. will support the U.N. presence and mission in Lebanon. To reinforce his position, Arafat is now attempting to subdue and to bring under his control those most radical elements of the P.L.O. thought to have been responsible for the recent brutality near Tel Aviv.

Thus, from the destructive mesh of politics and religion that is Lebanon, there has emerged a renewed hope for peace in the Middle East. Many problems remain, not the least of which are the thousands of Lebanese refugees, the security and well-being of Israel, and the fate of the Palestinians. But there is reason to believe that many in the Middle East want to continue their efforts to resolve their differences and to seek peace.●

TURNING WARPLANES INTO HOUSES—AND JOBS

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MITCHELL of Maryland. Mr. Speaker, the House will soon be considering the first concurrent budget resolution for fiscal year 1979. This resolution will provide us with a major opportunity to debate national priorities and to examine whether the President's budget has adequately addressed the needs of revitalizing our major urban and rural areas. At the same time, we will compare the enormous expenditures for the military not only against the requirements for international peace and stability but against these domestic revitalization needs as well.

In the coming weeks, I plan to introduce a series of materials into the RECORD for consideration of my colleagues on the crucial national priorities which will be debated when the first budget resolution is called up.

I would like to draw your attention to an article by Sanford Gottlieb on the impact of military spending on job creation. He indicates that military spending cannot be counted on to maintain high employment levels and that we are unprepared to make the transition through defense conversion from a military to a civilian based economy. I urge my colleagues to read these arguments closely. I believe the issues of military spending reductions and defense economic conversion should be closely related, as this article makes clear.

The article by Sanford Gottlieb follows:

TURNING WARPLANES INTO HOUSES—AND JOBS

(By Sanford Gottlieb)

The summer of '43 I managed a Good Humor ice cream stand at Coney Island. The $50-a-week pay was almost princely at the time; the fringe benefits, including a swim after work, were attractive. I supervised five employees. How did an untrained teenager not yet 17 attain such a level of pay and responsibility?

World War II did it. Some 12 million citizens were in the armed forces. Millions more entered defense plants, among them the ex-housewives symbolized by Rosie the Riveter, precursor of today's working women. It was the war effort that cured the swollen unemployment of the Great Depression, and in the process, opened the jobs to young people like me.

To my generation it became an article of faith that war—or, failing that, a high military budget—wards off joblessness. We somehow overlooked the millions in uniform at meager pay, but our belief was firmly rooted in actual experience. Our faith has survived, unshaken, through three decades of swift-paced change.

How realistic is that certainty today? Not very. Study after study, private and governmental, has in recent years reached the conclusion that a variety of civilian activities would generate more jobs than the same dollar volume of military spending. For example:

2.1 million new jobs would result from a 30 percent cut in military spending, provided the savings were shifted to specific domestic programs.

A public housing program and a tax cut would each create more jobs than the equivalent sum spent on the B–1 bomber over a 10-year period.

Education revenue-sharing and state and local government projects both finish ahead of Pentagon programs in jobs created per billion dollars spent.

Something funny happened to Pentagon job-creation on the way to the cold war. In World War II General Motors could retool its assembly line to manufacture tanks, hire three shifts a day, seven days a week, and then retool again after V–J Day to manufacture Chevrolets. That work was labor-intensive, requiring lots of semi-skilled blue collar workers. But the research, development, testing and production of today's strategic weapons are in a different league. They require large amounts of raw materials, sophisticated laboratories and technology, relatively more scientists and engineers, and many fewer blue collar workers. Defense work today is capital-intensive. It costs a whole lot more but employs fewer hands.

Military spending is not only less of a boost to employment than in World War II, but it imposes an unnecessary burden on the economy through the Defense Department's procurement practices. Most of the big Pentagon contracts are let without benefit of advertised competitive bids. The large defense contractors get paid for what they spend, not what they produce. In the old days this was known as "cost plus." Today, it hides behind other names, but the effect is the same. These companies can usually count on the Pentagon to pick up the tab, cost overruns and all. Cost-effectiveness thus becomes a rare commodity. Why cut costs when this also cuts your profits? And when a conscientious official like Ernest Fitzgerald blows the whistle on a hidden cost overrun, he, not Lockheed is punished.

There's good news and bad news in this picture. The good news is that we can afford to stop fearing or worrying about the effect successful SALT agreements might have on the unemployment rolls. With advance planning, the federal government could produce new jobs by shifting funds to civilian programs, implementing a tax cut, or both.

How many and what kinds of jobs would depend on the precise combination of governmental actions and the economic conditions at the time. New jobs stemming from civilian programs would presumably be geared to meeting public needs such as health care, housing, transportation, education and environmental controls. New jobs that come from a tax cut would be determined by the decisions of millions of individual taxpayers about how to spend the bonanza. Although a tax cut might prove politically irresistable, as a job stimulant it would have certain limitations. The tax-cut option could not be directed at helping the specific regions most affected by a decrease in defense spending, as new civilian programs could, and it would take longer to have an impact.

The bad news is that the big defense firms are woefully unprepared to shift to civilian production. Many of them may also be unable to compete in civilian markets, after years of maximizing their costs and delivering their expensive products to one sure customer. The government should not continue subsidizing inefficiency. It should encourage and assist these firms to plan for the day when their defense contracts dip, and to provide help of various kinds of individuals who lose their jobs through defense shifts or arms reduction agreements.

Planning is best done at the local level, close to the work place. It should involve not just the management but also the

unions, local government, and local business groups that function in the civilian sector. In short, planning should involve all the groups in the community that will be affected by cuts in military spending and stand to benefit if these cuts are converted into opportunities for economic development. Concerned citizens in defense-dependent communities—and elsewhere—can help the process by encouraging the creation of joint local committees to plan for new economic activities.

One model for helping laid-off workers is the aid offered by the Trade Expansion Act of 1962. To workers hurt by lowered tariffs, the legislation provides adjustment allowances, counseling and job placement services, retraining, and relocation to another area. It has not worked well, however. The federal and state bureaucracies have been slow to move, and workers often know nothing of the services available. Still, when a Rhode Island rubber plant gave one year's advance notice of a closing, the union in the plant applied for adjustment assistance and the state employment agency set up a retraining service. In that case the act worked well to ease the transition.

As Jimmy Carter said during the 1976 campaign, national security decisions should be made for national security reasons and economic decisions for economic reasons. It hasn't always worked that way. When Treasury Secretary John Connally testified before the Senate in 1971 on the federally guaranteed bank loan to Lockheed, manufacturer of the ill-fated C-5A cargo plane, he declared: "What do we care whether they perform? We are guaranteeing them basically a $250 million loan . . . so they can provide employment for 31,000 people. . . ."

The fear of job loss in the defense sector has been one of the engines driving an arms race that contributes nothing to our security. Now we know that mutual disarmament and higher employment could be achieved simultaneously. There's much work to be done in a nation groping for the moral equivalent of war.

Sanford Gottlieb is arms reduction coordinator of New Directions, a Washington-based citizens' group with international concerns.●

THE WORLD AND JIMMY CARTER

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MICHEL. Mr. Speaker, American Cause, a bipartisan, tax-exempt political educational organization recently published a special report titled: "The World and Jimmy Carter." This informative and incisive report, written by C. J. V. Murphy is a detailed and observant analysis of current foreign policy trends. Mr. Murphy's conclusion about these trends is anything but reassuring, but no one can deny the underlying truths that form his pessimistic vision of United States foreign policy. He is particularly impressive in discussing the current administration's debacle in Africa. While you may not agree with every point raised in this article, the force and persuasiveness of many of its arguments make it well worth reading.

At this time I would like to submit in the RECORD, American Cause, "The World and Jimmy Carter," by C. J. V. Murphy, November 1977:

THE WORLD AND JIMMY CARTER

(By C. J. V. Murphy)

(Mr. Murphy was for 34 years a writer and editor of Fortune magazine.)

President Carter does not favor light touch in his formal public discourses, but he did begin a major speech a while back with a pretty good story. He did not tell the story quite as well as it deserved, but the point came through plainly enough and his audience was delighted. It went like this:

A man was hauled into court to answer a charge of being drunk and setting his bed on fire. The judge asked him how he pleaded: "Not guilty," was the confident answer. "I couldn't have been drunk, your Honor, because I have a clear recollection that the bed was already on fire when I got into it."

The circumstances that raises this little joke to the level of cosmic hilarity was the occasion on which the President chose to tell it. He used it to set the mood for his speech on foreign policy at the Commencement Day exercises at Notre Dame University, on May 22. That speech unveiled the outlines of what President Carter called a new foreign policy for the United States. His policy would be "open and candid;" it would be pervaded by "optimism in its historical vision" and given character by "constant decency in its values." Best of all, he was in the process of fitting it into a world where, as he read the signs, the "threat of conflict" with Soviet Russia was becoming "less intensive," and where the normalization of relations with communist China would supply "a key force for global peace;" where colonialism "has nearly gone."

It was all bewitching flummery. The hard fact is that Mr. Carter's "new" foreign policy, like the bed in his story, was already afire before he had quite gotten into it.

WHAT THE VISION OVERLOOKED

Soviet Russia, currently celebrating the 60th anniversary of the Bolshevik Revolution, the direful consequences of which were seven years in progress when Jimmy Carter was born, is armed to the teeth. It continues to arm on a scale that can be rationally explained only if the goal is military invincibility.

The delusion called detente—a term which President Ford dropped in embarassment but which the Carter folk have reinstated—is now entering its sixth year. It was supposed to produce, by American expectations, a long truce in the course of which a mellowing Politburo would rein in its wilder apprentices, and a start would be made in the SALT process toward slowing down the Soviet rush to nuclear superiority. On the Soviet side, the primary interests were two: ready access to American technology and credits and a formal acknowledgment that eastern Europe was a legitimate sphere of Soviet influence.

The American latchstring remains out, but few goodies have flowed our way. Detente did not spare South Vietnam the final assault in 1975. It failed to induce Moscow to stay the Arabs whom it had armed from striking Israel on Yom Kippur in 1973. And it did not deter the Russians from stage-managing the communizing of Angola with the assistance of their Cuban "Gurkhas". Now they and the Cubans are in Ethiopia where they are maneuvering for the dominant position overlooking the Red Sea trade routes to the Persian Gulf and the Indian Ocean.

As for SALT, it has hardly slowed the Russians down. A few weeks ago, President Carter in a speech in Des Moines startled his audience with a ringing prediction that he was on the verge of bringing off a new SALT agreement that would be "the pride of our country." He could then proceed in confidence "toward my ultimate goal of reducing nuclear weapons in this world to zero."

The facts point to an opposite outcome. On the face of things, Mr. Carter is in unabashed retreat from the bold position he staked out last March when he sent Secretary of State Vance to Moscow with a "comprehensive" proposal for bringing to the massive panoply of Soviet strategic weaponry down closer to the American level.

In Asia, the prospect is hardly more encouraging. The China that enchancted President Nixon and Dr. Kissinger is behaving more and more like the Russia of Stalin. A bloody purge is moving to crescendo. Reports from travelers and from Peking itself tell of wholesale public executions running into the thousands. The "capitalist-roaders" among the scholars, administrators, and the party bureaucracy who were humiliated, jeered at, beaten up and purged by Mme. Mao's hordes of radicals during the Cultural Revolution a decade ago are finally squaring accounts with the followers of "The Gang of Four."

The myth of using China as a massive counterweight to Soviet military power—a notion floated by Dr. Kissinger—has been exploded. Mr. Harrison Salisbury of the New York Times reports that the anarchy sabotage, pillage, and civil war unloosened by the Cultural Revolution in 1966 have cost the Chinese economy the equivalent of two years' of national economic product, and that insofar as any real growth was concerned, the past years of convulsion represent a "lost" decade.

What the leaders of communist China want of us is not in doubt. They want to use us as a counterweight against Soviet power, especially in Western Europe.

As Mr. George W. Ball, Under Secretary of State in the Kennedy Administration, reminds us, Mao's successors, like Mao himself, are bidding for American attention for one reason only—"that we are the enemy of its enemy, the Soviet Union." Chairman Hua made no bones about their strategy in his address to the 11th National Party Congress last August. Quoting Lenin in defense of his dealings with the Americans, he argued that:

"The most powerful enemy can be vanquished only by . . . making use without fail of every, even the smallest, rift, among the enemies . . . and also by taking advantage of every, even the smallest, opportunity of gaining a mass ally, even though this ally be temporary, vacillating, unstable, unreliable and conditional."

Hua means us, of course.

WARMAKING SITUATIONS

So there is precious little in the behavior of the two communist super powers to encourage a belief that we can do satisfactory and beneficial business with either of them. And when one looks beyond into the Middle East and Africa, the picture turns gloomier still.

Having rightly perceived that a homeland, a political and social and geographical identity of some sort, for the scattered Palestinians was the core issue, Mr. Carter raised the point forthrightly. But before he was able to develop his case, an election in Israel brought to power under Premier Menachem Begin a political party determined to recover for Israel of the 20th century as much of the biblical metes and bounds of the Kingdom of David as can be repossessed.

Manifestly, there is no room in Mr. Begin's vision for a Palestinian state, let alone one dominated by the Palestinian Liberation Organization. The fear throughout Israel is that such a state would raise on Israel's frontiers a society of fanatics devoted to Israel's destruction.

Mr. Carter is acutely aware of the vulnerability of our economy to a stiff hike in the price of crude, let alone another OPEC

embargo. With the idea of reassuring the Arabs, while putting Israel on warning, he brought the Russians back into the peacemaking process, in their all but defunct role as co-chairmen of the Geneva Peace Conference. It was a misguided action. Soviet influence in the Middle East has been at a low ebb since President Sadat threw his Soviet advisors out of Egypt.

Moscow, it turns out, was Mr. Carter's trump card in a game when for three decades the U.S. held all the face cards, as Israel's only effective ally and banker and as the dominant sea and air power in the Mediterranean.

The best that American diplomacy can hope to gain from the Soviet Union's return to the Middle East cockpit is an understanding, in the interest of enriching the thin atmosphere of detente generally, that they will induce the Syrians and the PLO charges to moderate their hatred of Israel in the bargaining of Geneva.

Israel would founder overnight without American credits and money gifts. But the good provider has lost control of the situation, at least temporarily. War has become the way of politics in the Middle East, and the chance of another savage round of battle remains high. What is new is that the Arabs have learned to use oil as a weapon against Israel's backers, and the Israelis are now so strong militarily—their armor and their air force make them the world's third most effective combat power—that they could win their fifth war handily from the battle stock already on hand.

The danger for the United States lies in the fact that the Israelis, having witnessed the American retreat from Indochina and Africa, no longer count on our word. This is not to say that the mistake cannot be redeemed. President Sadat has daringly slipped out from under the joint U.S.-Soviet auspices and away from the deadened road to Geneva that Mr. Carter had blunderingly reopened. Sadat, by making his way to Jerusalem alone, introduced reason and moderation into Middle East statesmanship. Will Mr. Carter, having missed a fateful turning on the Arab side, now have the courage to demand as much from Prime Minister Begin?

AFRICA: SOWING THE WINDS OF TURMOIL

In Africa, another war situation is palpably in the making. This one could be quite as disastrous over the long run of history to broad American interests as the one in ferment in the Middle East. What is at stake here is future access to southern Africa's vast stores of metals, its fertile savannahs, and the strategic trade route around the Cape of Good Hope to the oil of the Persian Gulf. Yet again, in this other far place, by the perverse logic of American Domestic politics and, most compellingly, because of Mr. Carter's quite fatal dependence upon the unanimous support of the American black community, the United States again finds itself ranged alongside the Soviet Union, in support of black radicals determined, for the most part, to drive the whites off the continent.

There is a profound difference, however, between the considerations that have shaped the attitude of the American people toward the rights of Jews in Israel over the past four decades and those that lately account for our support of black revolutionaries. The roots of Western civilization go deep into the Judaic past.

By contrast, in Africa, American foreign policy is aligned on the side of utter strangers, whose history is impalpable, whose political philosophy is lately borrowed, and whose aims run, for the most part, contrary to our own. For this bewildering result, we can credit the frisky diplomacy of our man at the United Nations, Ambassador Andrew Young, and Vice President Mondale, both of whom are acutely sensitive to Jimmy Carter's dependence on unanimous black support at home.

The incident which first revealed how far the Carter Administration was prepared to push American policy in support of the black revolutionary movements in Africa was a press conference that Mr. Mondale gave in Vienna in May, after meeting with Prime Minister Vorster of South Africa. There Mondale disclosed that the United States wanted political power in South Africa put on a one-man, one-vote footing. Mr. Young, in his dress-rehearsal tour of the freshly minted African nations, had implied as much as he made his bouncy rounds, raising his fist in the black salute, belting out the anthems of black nationalists, and deriding the legitimacy of the last two white governments remaining on the continent. But these judgments were at first suffered to pass without rebuke as the actions of an untutored statesman who, if allowed enough rope, would surely hang himself.

Mr. Mondale's ultimatum in Vienna altered that judgment. It was a signal to the South Africans and the Rhodesians that time had run out on them. They are on peremptory warning to come to terms with the black opposition forthwith, or face, in isolation, the uprising the blacks are arming for. The choice before them is brutally plain: either accept expropriation and almost certain expulsion, or prepare to fight for your life and property in Africa.

So in Africa, as in the Middle East, Mr. Carter and his young activists have sowed the wind of turmoil. And no more in Africa than in the Middle East do they seem to have prepared for the whirlwind that could well be theirs to reap.

DR. BRZEZINSKI'S TWIN HORSEMEN OF APOCALYPSE

A repugnant strain of hypocrisy runs through the current thinking on Africa. The President's advisor on national security matters, Dr. Brzezinski, says piously, "nothing could be more destructive than for the United States to position itself as the ultimate shield of white supremacy at a time when racial equality is coming to be accepted as an imperative norm." The term "white supremacy" is a pejorative phrase associated with the Ku Klux Klan. Dr. Brzezinski, like Ambassador Young, mistakenly sees the struggle in Africa in civil rights terms. The one, a Pole by birth, appears to have little better understanding of the white-to-black relationship in 20th century Africa to the historical experience of the American black than the other, an American black until recently a stranger to Africa, has of the bearing of his own experience on the present situation of the African black.

Both men miss the point. For one thing, in Africa the proportions of the two races are reversed. For another, the Afrikaners of South Africa populated an empty veldt three centuries ago. No blacks had preceded the Boers into the land. Unlike the Israelis and the Palestinians, these whites are not plotting to regain a lost homeland. They have no ancient seedbed to return to. If their hold on the land and the law is broken, are we Americans and the Europeans prepared to take them in, to make room for them in our already overcrowded, quarrelsome societies?

We had better face up to the realities. The idea that the rule of one-man, one-vote is a reasonable path to a Western model of representative government in southern Africa is utter nonsense. In the event, the transformation of Africa as a whole has produced, in a crop that already includes 19 blatant dictatorships and more than a score of one-party juntas, a bare half-dozen multi-party states. Dr. Brzezinski would have us believe that the heavy hand the Carter Administration has laid on the Rhodesians and the South Africans is to save those societies from being overrun by "the twin horsemen of apocalypse—racial war and ideological war." The hoofbeats he hears are being made by the Russians and Cubans. The contest that will determine the future character of southern Africa is not so much a struggle between whites and blacks as it will be a war between blacks being armed by Russians and led by Cubans against other blacks.

Two years ago, Portugal let its vast colonies in Angola and Mozambique go free in the false expectation, fostered by Western liberal reasoning, that the emerging black leadership could be counted upon to evolve authentically native social systems. What has come instead is black civil war and dictatorships. The winners are communists trained and armed by the Soviet Union and the eastern bloc, hating Americans and determined to drive the white man into the sea.

A like brutal outcome is being prepared for Rhodesia. There is no evidence that either of the two radical black guerrilla tribal chiefs flitting about in Angola and Mozambique commands a substantial following inside Rhodesia. But Mr. Carter and the British government are under fierce pressure to force Prime Minister Smith to yield power to them without recourse to a referendum among the Rhodesian blacks, which they would most certainly lose now. It is Mr. Carter's acute susceptibility to these pressures, especially from the Black Caucus in Congress, that caused the Mr. Ball quoted earlier to warn that American meddling in the affairs of South Africa and Rhodesia, if persisted in, could well provoke a catastrophe which those societies would be spared if the whites and moderate blacks were left alone to resolve the fundamental political problems.

We would do well to heed the sage advice of that highly civilized, French-educated statesman, President Houphouet-Boigny, who presides over the tranquil state that calls itself the Ivory Coast. Soviet strategy, he reminds us, is only incidentally interested in the "liberation" of Africa from white colonialism. Moscow's goal is "to sever the vital communications links between the highly industrialized West and the rich raw-material resources of Africa, thereby fatally weakening the western economy."

AN INCREDIBLE DELUSION

How did we ever get into this fix? The failures of foreign policy began with the faltering of American purpose in Vietnam, the delusions fostered by detente and the decline of American military power. All the same, the philosophical baggage Mr. Carter brought with him to the White House contained not a few delusions of his own devising.

That came out all too plainly in the speech at Notre Dame. There was this extraordinary sentence:

"Being confident of our own future, we are now free of that inordinate fear of communism which once led us to embrace any dictator that joined us in our fear."

It is doubtful that any sentence ever uttered by an American President in a prepared speech has ever been so grossly misleading, or so mistaken in its judgment of the realities. In truth, as one foreign observer, Mr. Robert Moss wrote in The Daily Telegraph of London, what is truly inordinate about western conceptions "is not the fear of communism, but the failure to take necessary action to halt its advance into what is left of the world." There is, as the telling comment of Mr. William F. Buckley Jr. that the dictators whom the Carter Administration is itself embracing—"those who preside over China, Russia, eastern Europe, Mozambique, Vietnam, Cuba—are not dictators who fear communism but who exult in communism."

Can Mr. Carter really believe what he is telling us? Mr. James Reston of the New York Times, finds "noble yearnings" and "gentle manners" in Mr. Carter's view of the world. But he also sees "inexperience, isolation and a kind of stiff-necked personal confidence and Georgia pride." Still, it is difficult to square the excuse of inexperience with the declared political philosophies of the men and women with whom Mr. Carter has staffed the policy-shaping echelons at State, the Pentagon, the Arms Control and Disarmament Agency, and the National Security Council. They are, in decisive measure, McGovernites or neo-McGovernites. The policies they have brought forward in abundance are McGovernish in character—identifiable by the saffron streak of appeasement. Their man lost the presidency but under Carter they have captured the policy-making apparatus.

These people are taking us into associations with which American life has no true links whatever. They are debasing the currency of our values. They are unravelling (in Taiwan, in South East Asia, in Africa, in the Middle East) old and tested and irreplaceable ties. They are drawing us into the orbits of dictators and adventurers who detest and fear us at our best. None of this makes sense. One is put in mind of George Orwell's acidulous description of the well-meaning fools who zestfully saw away on the very branch they are sitting on, ignorant of the fact that what lies beneath them is not a bower of flowers, but a cesspool laced with barbed wire. As an Englishman remarked about their predicament in another connection, "if the rest of us are eventually precipitated into tyranny and oppression, it will be very little consolation to discover that we are in the company of those who wielded the saw."

Being mindful of President Carter's little story at Notre Dame, let us pray that Bismarck was right: that the Good Lord looks out for drunks, little children and the United States of America.●

METRIC MOVE CAUSES HEAT

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. WALSH. Mr. Speaker, I would like to bring to the attention of my colleagues a newspaper article from today's Syracuse Post-Standard about the problems the British are having with conversion to the metric system.

About a year ago I vigorously opposed a move by the Federal Highway Administration to begin changing signs on U.S. highways to metric measurement. The plan was withdrawn. I now have questioned the U.S. Department of Defense's plans to convert to metrication and am awaiting a reply by the Secretary of Defense.

And I will continue my opposition to "going metric" until the U.S. Metric Board sets up voluntary guidelines for all segments of society to follow. Otherwise I think the U.S. Government will find itself proceeding into metric conversion in an atmosphere of confusion and hostility very similar to what the British government is now finding.

Following is the Associated Press article on the British situation right now:

LONDON.—The Labor government is having second thoughts about forcing Britons to abandon their yards, gallons and pounds in favor of meters, liters and kilograms by the early 1980s.

"It is clearly impossible to proceed against a background of hostility," said John Fraser, minister in charge of the government-ordered switch from imperial to metric weights and measures.

"Resistance against the recent metrication orders has led us to review whether we can still claim universal support."

Fraser made his remarks in an open letter recently sent to more than 100 organizations asking for their views on metrication. So far, the compulsory aspect of the changeover has roused ire in the British press, in Parliament and among ordinary Britons.

"There are a lot of little people in Britain who are tired of being pushed around by bureaucrats," said Anthony Beaumont Dark, finance committee chairman of the West Midlands County Council.

The 44-year-old stockbroker announced last Friday that any project estimates submitted to him using only the metric system will be returned for inclusion of imperial units. He advocates the voluntary use of both systems "in tandem" so as to lessen confusion.

There have been no recent public opinion polls on the shift, but letters to newspapers seem to be running strongly against it.

A writer to The Times of London the other day questioned whether the government ever had wide support for metrication.

"Can Mr. John Fraser point to a thousand, or a hundred, or a dozen housewives who prefer grams and centimeters to ounces and inches?" wrote Philip Jones.

Former Prime Minister Harold Wilson in 1965 reluctantly committed Britain to change to the metric system. In 1969, he set up the Metrication Board to ease the transition under pressure from industrialists who claimed Britain was out of the metric step.

There was no compulsion in the British changeover until the present government of Prime Minister James Callaghan, Wilson's successor, pushed through Parliament the Weights and Measures Act of 1976. This provided for the phasing out of the imperial system, some of whose units have been used since England was a part of the Roman Empire.

In the United States, President Gerald R. Ford signed the Metric Conversion Act in 1975 setting U.S. national policy for increased voluntary use of the system. There has been no action since then.

Canada instituted a metric changeover in 1975 with the use of kilometers and Celsius or centigrade, temperature readings in place of Fahrenheit. The target date for a complete switchover is 1980.

Britain's European neighbors use the metric system devised by the Paris Academy of Sciences in 1791. The country's entry into the nine-nation Common Market in 1973 increased the pressure for metrication.

A timetable of cutoff dates was published in April, 1977, after which use of imperial weights and measures for various commodities would be illegal and violators subject to fines up to 50 pounds, or $90.

The first few cutoff dates were approved by Parliament with no trouble. Now, however, some members are balking at the enforcement orders. Among the measures already approved was one requiring manufacurers to package sugar and cookies only in metric units as of April 21.

Ian Wooldridge, sports columnist for London's Daily Mail, wrote that "there must be many millions of Britons who share my total incomprehension of, and have no patience with, all matters metric."●

SENATE SUBCOMMITTEE ATTACKS ADVERTISING

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. SYMMS. Mr. Speaker, I am concerned about the current efforts of the Senate Subcommittee on Administrative Practice and Procedure to subpena confidential advertising information from the major oil companies. In the following editorial from Barron's, April 3, 1978, Shirley Scheibla points out that the subcommittee's probe could seriously hinder major corporations from doing any type of image or issue advertising and, in a broader sense, could "undermine the financial foundations of the free press."

GETTING THE MESSAGE: WASHINGTON HAS LAUNCHED A DRIVE AGAINST CORPORATE ADVERTISING

WASHINGTON.—A Senate subcommittee has just launched a hunting expedition aimed against advertising which gives corporate views on controversial issues. It also includes ad campaigns designed to improve the corporate image. Specifically, the Senate Subcommittee on Administrative Practice and Procedure has subpoenaed mountains of materials, much of it confidential and some involving trade secrets, from four major oil companies, Exxon, Gulf, Mobil and Texaco, and their four advertising agencies, Benton & Bowles; Doyle, Dane, Bernbach; McCaffrey & McCall, and Young & Rubicam. The chief executive officers of the eight firms have been ordered to appear, with the material, before the Subcommittee this Friday.

Stated purpose of the investigation is vague. According to Subcommittee Chairman James Abourezk (D., S.D.), it's to see whether the Internal Revenue Service, Department of Energy, Federal Communications Commission and Federal Trade Commission are carrying out their duties with regard to such advertising and exercising proper coordination in doing so. In fact, it looks like a thinly disguised attempt to see whether the Subcommittee can find anything to pin on the oil companies in their effort to get across to the public their side of issues. On this score, of course, their position tends to differ from that of Chairman Abourezk, who last year co-sponsored legislation to break up 18 major oil companies. The Subcommittee reportedly also plans to extend its ad investigation to such food processors as General Foods, General Mills and Pillsbury.

Whatever the purpose of the Subcommittee's probe, it is bound to have a chilling effect on all issue and image advertising. The specter of subpoena of confidential information may haunt all future dealings with Madison Avenue. Among other things, the Subcommittee wants all tapes and movies for broadcast commercials and tearsheets for printed ads since 1973, tax records involving the ads, minutes of boards of directors' meetings and corporate correspondence setting advertising strategy. Thus, compliance in itself would be punitive, even if the Subcommittee finds nothing wrong. Contrariwise, failure to honor the subpoenas would involve substantial legal expense, as well as perhaps risking a finding of contempt of Congress.

Ominous enough in itself, the Subcommittee is only part of a growing and multifaceted federal attack on advertising, one which bodes ill for future freedom of expression. It also seems to run counter to several recent U.S. Supreme Court decisions,

notably that involving the Virginia Pharmacy Board, in which the high tribunal declared: ". . . Speech does not lose its First Amendment protection because money is spent to project it, as in a paid advertisement. . . ."

However, more than free speech for advertisers is involved. After all, the press keeps watch on government. To carry out that mission, it needs the financial support of advertisers (who obviously don't control it, or they wouldn't spend their ad money to express contrary views). Taken altogether, the federal attacks on advertising strike some observers as an attempt to undermine the financial foundations of the free press.

Over on the House side, the Subcommittee on Commerce, Consumer and Monetary Affairs is in the midst of an investigation of advertising; it expects to hold hearings later this month. The House effort is concentrating on what it views as the illegality of deducting issue and image advertising as a cost of doing business.

Peter Barash staff director of the House Subcommittee, estimates that corporations spend $1 billion or more a year on advertising and mass mailings aimed at influencing public opinion on legislative matters. He cites particularly the ads of Mobil, the utility and shipping industries and mass mailings which seek to influence stockholders and/or employes. Many companies, he said, don't realize that because they constitute so-called grass roots lobbying, such expenses are not deductible. (Mobil told Barron's it takes no tax deductions for its political ads.) Barash adds that the Subcommittee so far has found inadequate IRS enforcement and significant non-compliance with the law.

IRS has gotten the message. Commissioner Jerome Kurtz wrote the General Accounting Office last December that the agency will audit half the returns filed by large trade associations (and perhaps large firms later) to see if they are violating Section 162 of the Internal Revene Code on issue and image advertising. Kurtz added: "We recognize our responsibility to audit this area because of its public policy implications, even though its revenue producing potential may be less than other issues."

Section 162 of the Code involves thorny issues concerning the difference between indirect lobbying, educational material and free speech. (The Code exempts the press.) It permits lobbying to be deducted as a business expense when it involves direct contact with the legislature, but stipulates that this "shall not be construed as allowing the deduction of any amount paid or incurred in connection with any attempt to influence the general public, or segments thereof, with respect to legislative matters, elections or referendums."

Stuart Siegel, chief counsel of IRS, told *Barron's* that so far as he knows, this has never been challenged constitutionally. Tax deductions, he said, are a matter of legislative grace. We pointed out, however, that the press is specifically exempted from Section 162. Doesn't this indicate that First Amendment rights are involved? "That is an interesting point; I really haven't thought it out," he replied. Siegel added, however, that newspaper and magazine stories and editorials deal with matters involving the public interest, whereas mass mailings, issue advertising and other forms of indirect lobbying deal with issues in the self interest of business, not the public interest. The Constitution, however, doesn't guarantee free speech only to those promoting the public interest.

Conceding gray areas in the Code, Kurtz wrote that IRS will publish clarifying rulings; it has issued four. These hold, in essence, that corporate expenses are not deductible if they seek to influence legislation through stockholders (mailing testimony of a corporate president, for instance) or through newspaper and magazine ads. An association may deduct the expense of urging its members (but not prospective ones) to contact their Congressmen. It must not deduct the cost of urging its members to contact their employes and customers on legislative matters.

Uncle Sam already has financed propaganda against advertising through the National Endowment for the Humanities. It paid for a blistering tirade in one installment of Congress by Newspaper, the gist of which was that advertising is ripping off the public and should not be tax deductible as a business expense. While we read it in The Washington Post, some 400 newspapers publish the Courses, and over 250 colleges give credits to those who read them and pass tests on them.

Here's just one of the installment's many controversial statements: "The advertising subsidy that supports and guides the cultural industry is extracted through a levy on the price of all advertised goods and services. Some call this private taxation without representation. The price is hidden in the price of soap; I pay when I wash, not when I watch TV or read a magazine."

Such views, of course, run counter to elementary economics. Advertising is essential for large volume, which, in turn, permits lower prices because of economies of scale. And advertising also encourages competition. The results, needless to add, have been a standard of living that is the envy of the world.

Spending all of one's adult life as a Washington journalist means encountering a lot of tortured reasoning. But our prize, one lollipop, goes to a 346-page study by the staff of the Federal Trade Commission, which persuaded the commissioners to vote unanimously for a rule-making proceeding to consider prohibiting or regulating advertising of sugared products on TV commercials aimed at children. A lot of money is involved, since FTC estimates expenditures of all kiddie commercials are around half a billion dollars a year. By law, the Commission has authority only to regulate unfair and deceptive trade practices. Accordingly, the study found that televising sweets commercials to children is unfair because it persuades them to consume products which are cariogenic (close in sound, but not in meaning, to the scare word, carcinogenic).

The study was especially concerned about the naivete of the extremely young. But two- and three-year olds don't go shopping on their own. This leaves it up to their parents. The staff said, however, that denying requests of babies for candy and such injures the parent-child relationship. If this establishes the precedent that the government has the obligation to step in to prevent parental discomfort in denying any request of a child, the implemations are mind-boggling.

At the Commission meeting in late February, just before it voted to proceed with the rulemaking, it heard arguments from its staff. Liberally lacing their conversations with warnings about cariogenic dangers from sweets, staffers warned emotionally that tooth decay is growing pandemic because most recent surveys indicate that 20 million Americans have full sets of false teeth. What they neglected to mention in the oral presentation is that the "most recent survey" was taken in 1962.

FTC Director of Policy and Planning Robert Reich says that his agency will be doing more to force advertisers to pay for commercials representing contrary viewpoints, as well as "corrections." A case involving whether FTC can force the marketers of Listerine to pay for corrective commercials now is on its way to the U.S. Supreme Court.

Last year the FCC ruled that Washington's WTOP-TV violated the Fairness Doctrine by broadcasting a Texaco commercial against breaking up the oil companies. As a result, the station aired without charge 30 TV spots by Energy Action which not only countered the commercials but also attacked oil industry participation in other forms of energy and equated oil executives with muggers. According to William Hesse, president of the American Association of Advertising Agencies, "Our members feel restrained because of the Texaco thing."

Well they might—and because of other aspects, too, of the federal attack on advertising. Much soul-searching reportedly is going on now in corporate board rooms and executive suites over how to meet the onslaught. Like most inroads on freedom, the moves ostensibly have a noble purpose. What could be finer, for instance, than protecting children? What could be more popular than attacking Madison Avenue? But is it really chipping away at the financial foundations of the free press and threatening freedom of speech? If such attacks proliferate, questions like these someday may have a hard time finding their way into print.

HUMAN RIGHTS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MICHEL. Mr. Speaker, today I am going to introduce a bill to require the Secretary of State to transmit to the Congress an annual report on the status of human rights in all foreign countries.

As you know the State Department in early February issued a report on the status of human rights in certain countries, but that report did not mention the Soviet Union, Red China, and South Africa, among others. My bill would guarantee that the Congress has access to adequate and balanced information on human rights problems in all foreign countries.

Today is May Day, traditionally celebrated by Communists. And yesterday, April 30, was the third anniversary of the conquest of Vietnam by the Communists.

It is my hope that my bill will enable the Congress and the American people to see exactly what happens to those who fall under Communist domination. Perhaps by next year, when April 30 and May 1 arrive, we will have the facts and figures available to show that April 30 is a day of infamy and that what the Communists "celebrate" on May 1 every year is their denial of human rights to all those who dare to oppose them.●

RECLASSIFYING PCP AS A SCHEDULE I DRUG AND INCREASING THE PENALTIES FOR ITS ILLICIT MANUFACTURE OR SALE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. GILMAN. Mr. Speaker, last month I introduced H.R. 11727, a measure cosponsored by 14 of my colleagues on the Select Committee on Narcotics Abuse and Control, of which I am a member, that (1) would place phencyclidine (PCP) into schedule I of the Controlled Substances Act, thereby providing the most stringent warnings to the public regarding the use of this pernicious drug and (2) would establish within section 401(b)(1)(B) of that act, which governs penalties for nonnarcotic schedule I and II drugs, mandatory minimum prison sentences for those who unlawfully manufacture, dispense or distribute PCP or any of its analogs, derivatives or variants.

Subsequent to the introduction of H.R. 11727, a number of my colleagues have expressed an interest in this proposal. Accordingly, Mr. Speaker, today I am introducing this measure which is cosponsored by 37 colleagues.

To date, the following 50 Members have cosponsored this proposal:

Mr. Akaka of Hawaii.
Mr. Badham of California.
Mr. Beard of Tennessee.
Mr. Biaggi of New York.
Mr. Buchanan of Alabama.
Mr. Burke of Florida.
Mr. Carter of Kentucky.
Mr. Cederberg of Michigan.
Mr. Cornwell of Indiana.
Mr. Corrada of Puerto Rico.
Mr. Coughlin of Pennsylvania.
Mr. de la Garza of Texas.
Mr. Dornan of California.
Mr. Downey of New York.
Mr. Drinan of Massachusetts.
Mr. Duncan of Tennessee.
Mr. Edwards of California.
Mr. Eilberg of Pennsylvania.
Mr. Ertel of Pennsylvania.
Mr. Fary of Illinois.
Mr. Florio of New Jersey.
Mr. Guyer of Ohio.
Mrs. Holt of Maryland.
Mr. Howard of New Jersey.
Mr. Hughes of New Jersey.
Mr. Kemp of New York.
Mr. Ketchum of California.
Mr. Krueger of Texas.
Mr. Lagomarsino of California.
Mr. McClory of Illinois.
Mr. Mitchell of Maryland.
Mr. Murphy of Pennsylvania.
Mr. Murphy of Illinois.
Mr. Neal of North Carolina.
Mr. Ottinger of New York.
Mr. Patten of New Jersey.
Mr. Pickle of Texas.
Mr. Railsback of Illinois.
Mr. Rangel of New York.
Mr. Rodino of New Jersey.
Mr. Roe of New Jersey.
Mr. Roncalio of Wyoming.
Mr. Simon of Illinois.
Mr. Skubitz of Kansas.
Mr. Treen of Louisiana.
Mr. Vento of Minnesota.
Mr. Walgren of Pennsylvania.
Mr. Wolff of New York.
Mr. Whitehurst of Virginia.
Mr. Zeferetti of New York.

Mr. Speaker, a complete text of this legislation, together with my remarks, was printed in the CONGRESSIONAL RECORD of March 22, 1978, on pages 8160–8162. I welcome the support of all my colleagues on this legislation to stiffen the regulations on PCP, the most dangerous hallucinatory drug on the market, which is being consumed by so many of our Nation's teenagers.●

COMMONSENSE—WHAT EVER HAPPENED TO IT?

HON. THOMAS N. KINDNESS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. KINDNESS. Mr. Speaker, the President of Miami University, Dr. Phillip R. Shriver, located at Oxford, Ohio, had occasion recently to correspond with the Secretary of Health, Education, and Welfare, Mr. Joseph Califano, regarding that department's "Operation Common Sense." The purpose of "Operation Common Sense" is supposedly to identify rules and regulations which most urgently need revision and clarification.

President Shriver's response demonstrates very concisely the extent of the effect some Federal regulations have upon those who must operate real world businesses and institutions. I would like to share President Shriver's response to Secretary Califano with my colleagues:

PRESIDENT SHRIVER SPELLS IT OUT FOR BUREAUCRACY

(This letter from President Phillip R. Shriver to the Secretary of Health, Education, and Welfare mirrors the frustration of higher education as it attempts to perform its role on behalf of the people of the United States under the increasingly repressive yoke of bureaucracy.)

Hon. JOSEPH A. CALIFANO, Jr.,
Secretary of Health, Education, and Welfare, Washington, D.C.

MY DEAR MR. SECRETARY. I am replying to your form letter of September 19, in which you solicit identification of those regulations, rules and procedures that I believe deserve the top priority attention of Operation Common Sense. Quite frankly, Mr. Secretary, I began to get into the specifics of this question only to find myself overwhelmed with the sheer numbers and complexities; the maze of regulations, rules, and procedures is now so tangled as to be nearly incomprehensible. Consequently, I have decided to try to reduce my concerns to the most basic, and they are these:

1. A two- or three-sentence Congressional statute seems to emerge as hundreds of pages of regulations, oftimes having little resemblance to the original.

2. The underlying, the recurrent theme of these regulations seems to be "you are guilty until you can prove yourself innocent."

3. In a manner not unreminiscent of the Jacobin phase of the French Revolution, it takes only a thirteen-cent stamp and a piece of paper to level an accusation which will then be picked up by a federal office, using federal agents and federal lawyers at taxpayers' expense, with the accused compelled to spend countless hours and countless dollars from diminishing resources in attempting to make defense. As Lorene Rogers, president of the University of Texas, pointed out the other day, it cost the University $500,000 to defend itself against a single accusation. The personal cost to the accuser was almost nothing. Even though the University won the case, how many times can it defend itself against mounting numbers of accusations, when the cost can run as high as half a million dollars for each one? It is literally easier today to plead guilty to a charge for which you are innocent and then make an out-of-court settlement than it is to defend yourself in court when you know you are innocent, win the case, and then be rendered destitute in the process. As long as the accuser spends virtually nothing and the defendant runs the risk of destitution through the sheer process of trying to prove innocense, we have a system which is anything but just in its operation.

I grew up believing in the concept of impartial justice, of the lady with eyes blindfolded holding balance beams in her hands. As those of us who are trying to operate colleges and universities across the country well understand, the balance beams have been knocked askew. Far from achieving equity, the regulations, rules, and procedures of the Department of Health, Education and Welfare and other federal departments have tended to bring us to the present jungle of inequity.

The biggest thing missing in government today is common sense. I am not sure that Operation Common Sense can find it, but I applaud you for making the effort.

Sincerely yours,

PHILLIP R. SHRIVER,
President.●

PANAMA AND PAX AMERICANA

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. CRANE. Mr. Speaker, although the Senate has concluded the Panama debate, now is a good opportunity for reflection on the issue that dominated the headlines for the past 8 months With the question of the House role still in limbo, I wish to share with my colleagues the following which appeared in a recent edition of the Wall Street Journal. There can be no doubt that there are still many unanswered questions; Jude Wanniski deals with the issue effectively and completely. He is correct that the Senate and the American people were poles apart on this issue. Let us hope that the final tally of history shows that if the American people were in the losing column on this occasion, in the long run their interests were served through the rediscovery that in a self-governing Republic, public officials are servants and the citizenry their masters.

The edition follows:

[From the Wall Street Journal, Apr. 7, 1978]

PANAMA AND PAX AMERICANA

(By Jude Wanniski)

One of the most puzzling political phenomena of the year is the wide gap between the people and the politicians on what to do with the Panama Canal.

Who doubts that if there were provisions in the Constitution for a national referendum, and one were held on the Canal treaties, that the voters would bury them? The opinion polls suggest the public opposes the

treaties by roughly a two-to-one margin. Yet the representatives of the people, in the White House and in the U.S. Senate, by astonishingly lopsided margin of roughly 70 percent to 30 percent, back the treaties, interpreted by the people as "giving away" the Canal.

Of course it's true that in a representative form of government we expect as natural the frequent discrepancies between the apparent wishes of the citizens and the votes of their delegates. This is because we expect our political delegates to weigh the intellectual arguments and passions of their constituents in addition to the numerical majority. In other words, Americans accept the idea that majority rule is not inconsistent with the notion that the squeaky wheels gets the grease.

But how can we explain this Canal voting? Not only has antitreaty sentiment among the citizenry amassed a wide numerical majority. It also commands the passion of that majority. There is scarcely any intensity among the minority of citizens who support treaties. Senators Howard Cannon of Nevada and Paul Hatfield of Montana, for example, can hardly find any of the citizens who they represent agreeing with their protreaty votes.

What's going on?

AN EXPLANATION

There must be a rational explanation. And there is, I think, an honest difference of opinion here between the people and their representatives. When you come right down to it, President Carter and two-thirds of the Senate base their decision on the idea that "imperialism" is a bad thing and that the Panama Canal (which we "stole fair and square") is a symbol of American imperialism (Teddy Roosevelt, gunboat diplomacy and all that). Furthermore, they believe imperialism is antihistorical, as witness the crumbling of the Roman and British empires.

The American people, on the other hand, still think Yankee-style imperialism is not a bad thing, all things considered. By this we'd mean an extension of hegemony not by conquest, but through superior example, leadership and salesmanship. Americans more or less think our system of government is the best in the world. For 60 years the U.S. economy has been preeminent. For a good part of that time U.S. military power has protected the interests of democracy and freedom. The U.S. dollar has been the world currency. American culture has become an international language. A benign imperialism mostly.

Nor do Americans, generally speaking, believe "imperialism" is antihistorical. On the contrary, if the world is going to be unified someone has to be in the lead. If it is not the United States it looks to the man in the street that it will be the Soviet Union. The problem with empires, like any club, is that they are good only as long as people really want to belong to them. Previous empires broke down because the costs of belonging finally overtook the benefits.

For the last dozen years or so, unhappily, the costs of membership in the Pax Americana have been rising and the benetfis have been falling. American imperialism has been getting a bad name. People are trading in dollars for yen. France and Italy are on the brink of switching to the other guys. German citizens are taking up collections to help support our tattered legions stationed there. And when Omar Torrijos rattles his Panamanian saber, our Kissingers tremble.

President Carter and two-thirds of the U.S. Senate are correct in their calculations. A shrinking Pax Americana cannot keep clients against their will. One must cut the empire down to size, smiling as we wave bye-bye to former customers. So long, Cuba. Goodbye, Vietnam and Indochina. Adios, Angola. Goodbye, Canal. Shrink the U.S. Navy to bathtub size. Ban the neutron bomb. Take what you can get at SALT, and start thinking about kissing Taiwan goodbye.

The American people are making different calculations, and seem to be saying it is too soon to throw in the towel on Yankee world leadership. Heck, we hardly had a descent run at it, and when the President and Senate reach so far down into the barrel to give away the Canal, it seems premature. Sure, if the economy continues to bleed itself with inflated currencies and debt finance we'll have no choice but to retreat, to lighten the load. But so soon?

What, though, is the alternative? It goes without saying that internal economic disintegration must be halted and real expansion renewed. But even if Mr. Carter and two-thirds of the Senate had a clue as to how this could be done, it would not be enough to boom the host country of this empire. The American failure of the last 30 years, as an imperialist host, is that it unwittingly poisoned the poor countries of the world with unfortunate advice. In the next run at a Pax Americana, this has to change.

Consider Panama. The chief reason by far that the people of Panama want the Canal is economic. In addition to getting a big bag of money to take the Canal off our hands, Panama gets the right to boost Canal tolls and milk it for everything the traffic will bear. The people of Panama seem to have a vague hope the revenues will go to reducing their domestic taxes.

Why are Panamanian taxes so high? The main reason is that for the last decade Gen. Torrijos ran the government the way Nelson Rockefeller ran New York State. Spend and tax, spend and borrow. Mr. Torrijos was advised that this was the best way to build a modern economy by his friend, Nelson Rockefeller, who a decade ago sent a team of experts to Panama to help him out. Panama's external debt is at least $2 billion and debt service takes 37 cents of every dollar of national revenue. For the most part, New York banks hold the paper. Mr. Rockefeller is the only American we know who exhibits genuine passion on behalf of the treaties and Mr. Torrijos.

A BETTER WAY

There must be a better way of redeeming Mr. Rockefeller for his dreadful advice to his friend than giving up the Canal and a lot of money. Sen. Harry Byrd of Virginia thinks the U.S. taxpayer costs will hit $10 billion before the deed is done in the year 2000. And chances are slim that Mr. Torrijos will use the money to relieve his people of oppressive taxes. He'll buy a lot of military trinkets and build a replica of the Albany Mall.

Why not pay off Panama's $2 billion debt if the government agrees to cut tax rates by 37% (the amount of revenues now going to debt service). The Panamanians would love it.

We shouldn't pin this to Mr. Rockefeller, either. He was, after all, only one of a crowd of Americans who circled the globe since World War II selling a British brand of economics. It never occurred to the American Keynesians that the British Empire crumbled under the idea that public debt and high tax rates were the correct, modern formula for growth. Mr. Rockefeller was honest. He practiced what he preached. New York has not recovered, just as the former British colonies have not recovered, just as Panama has not recovered. And observe the prosperity of Egypt 22 years after Mr. Nasser grabbed Suez from the dying Pax Britannica.

Imperialism becomes malign when the Empire disseminates poisonous advice. Lucky for us that countries like Germany, Japan, Taiwan and several others ignored our advice and kept the Western economy buoyant.

Perhaps this partly explains why there is such a gap between the people and the politicians on the Canal. The citizenry may sense that Keynesianism is on its last laps, and we'll soon abandon the idea that an American hegemony can succeed with economic theories that destroyed the British Empire. American global leadership must surely become more attractive once we stop advising the Panamas of the world to search for happiness in debt, devaluation and taxation.

This is an optimistic view. The President and the Senate clearly do not believe any of this foolishness, which is why they vote the way they do. The people haven't given up on another run at a Pax Americana, which is why they are putting up such a fuss.●

ARMENIAN MASSACRES

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. KOSTMAYER. Mr. Speaker, I rise today to commemorate the 63d anniversary of the Armenian massacres. On this day in 1915, one of the most savage events of the past century, the killing of thousands of helpless Armenian people, began.

Two weeks ago we were reminded of the tragic mass murders of thousands of innocent Jews in Nazi Germany. As we remember that tragedy we must remember as well the Armenian tragedy. We cannot help but be saddened knowing of the atrocities which took place 63 years ago.

We must recognize both of these events as lessons in history, teaching us the true value of human life and dignity. But today especially we must be thankful for the opportunity to remember the history of the Armenian struggle against the Turkish Government. Only by recalling such events can we hope to learn the mistakes of the past, and use these lessons to better prepare us for the future. The shameful murders of so many Armenians may help us to prevent such action from ever occurring again.

Let us also, Mr. Speaker, not forget the Armenian people who immigrated to the United States and whose families, although having suffered, managed to put down roots in America. We have learned a lesson from them also; that we should always strive toward human freedom, a freedom that is not only the American dream, but also the dream of all peoples everywhere.

Mr. Speaker, in my own public life I have come to know many Americans of Armenian extraction and today I join with them and on their behalf in remembering that day in 1915. Let us never forget.●

AGRICULTURAL DEVELOPMENT IN YUKON FLATS

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. UDALL. Mr. Speaker, on March 21, the Committee on Interior and Insular Affairs reported H.R. 39, the Alaska National Interest Lands Conservation Act, the most important land conservation legislative initiative in the history of our country.

An important feature of H.R. 39 is the establishment of new units of our great National Wildlife Refuge System. Creation of these fish and wildlife areas from the public lands at no cost to the taxpayer for land acquisition will protect natural habitats critical to the survival of numerous fish and wildlife species. Habitat of migratory birds, enjoyed and utilized by many thousands of people throughout the Western Hemisphere, is particularly significant in the Yukon Flats National Wildlife Range. This magnificent area, located in east-central Alaska, is one of the world's most productive wildlife areas, especially migratory waterfowl.

During the Interior Committee's consideration of H.R. 39 amendments were offered to delete large tracts from the Yukon Flats Wildlife Range in favor of what was purported to be possible agricultural development. All such amendments were rejected. The Committee found that the State and Native's have already selected over 70 percent of the high potential agricultural lands in the entire State as well as 66 percent of the lands classed as having significant agricultural potential. The bulk of the lands in the Yukon Flats have been classed as only potentially arable, so agricultural development schemes are highly speculative; furthermore, about three million acres have been selected by native corporations in the area. The Committee decided that the overwhelming national values of the Yukon Flats is its fish and wildlife resources, particularly migratory bird production.

Following is a letter from Mr. William J. Bailey, Jr., chairman of the Central Flyway Council which is composed of the directors or their designee of the State fish and wildlife agencies from Colorado, Kansas, Montana, New Mexico, Oklahoma, Nebraska, North Dakota, South Dakota, Texas, and Wyoming.

The council unanimously expresses its concern that lands will be transferred out of Federal ownership in the Yukon Flats and designated as agricultural lands.

(Text of letter follows):

NEBRASKA GAME AND PARKS COMMISSION,
Lincoln, Nebr., April 11, 1978.

Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN UDALL: The Central Flyway Waterfowl Council at its meeting in Phoenix, Arizona, on March 19, 1978, was briefed on some of the considerations in disposition of D–2 lands in Alaska and particularly the Yukon Flats. Membership of the Central Waterfowl Council includes the Directors or their designee of state fish and wildlife agencies from Colorado, Kansas, Montana, New Mexico, Oklahoma, Nebraska, North Dakota, South Dakota, Texas and Wyoming.

The Council resolved unanimously to express its concern that some consideration is being given to designating some of the D–2 lands in the Yukon Flats as agricultural land and to suport appropriate action to maintain the ecological system of the Yukon Flats area since it is a major contributor of waterfowl to the Central Flyway.

Based on the best information available to the Council, the Yukon Flats is a significant part of the waterfowl production habitat of North America as well as having substantial value for salmon, moose, furbearers and other wildlife. As waterfowl production habitat, it is relatively stable and enhanced and maintained under present conditions by flooding, wildfires and relatively high summer temperatures. The fall flight of waterfowl produced in the Yukon Flats is about one-fifth of the total production in Alaska or about two million birds, many of which pass through and to the Central Flyway.

The Council believes the primary consideration in designation of Yukon Flats should be protecting the wildlife values.

The Council directed that these comments and concerns be forwarded to you, Congressman Leggett and Senator Jackson.

Thank you for your consideration.

Very truly yours,

WILLIAM J. BAILEY, JR.,
Chairman, Central Flyway Council.●

PAUL L. MILLER, SR.

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. CLAY. Mr. Speaker, I wish to take this opportunity to share with my colleagues the success story of one of St. Louis' leading citizens.

PAUL L. MILLER, SR.

Paul L. Miller, Sr. was born on August 7, 1912 in Sturgis, Mississippi. He received his early education in the rural school system in Sturgis, Mississippi. He spent his early years working as a farmer, a chauffer, and an insurance salesman. He spent over ten years working for North Carolina Mutual Insurance Company and Universal Life Insurance Company both in Mississippi and Alabama. He started as a salesman and worked his way up to management with Universal Life Insurance Company. He moved to St. Louis, Missouri in 1945 from Meridan, Mississippi to assume a management position with Universal Life Insurance Company in St. Louis. While living in Meridan he had met Mr. Eugene F. Young, the founder of E. F. Young, Jr. Manufacturing Company in Meridan, Mississippi, one of the early pioneers in the beauty industry along with Mme. C. J. Walker and Annie Malone, the founder of the Poro Beauty System. Mr. Young hired Mr. Miller as a sales representative in 1946 along with four other salesmen who were responsible for selling the Young products all over the country. During this time Mr. Miller traveled all over the country selling beauty products out of the back of his car. He often drove fifty to seventy-five thousand miles annually throughout the states of Arkansas, Kentucky, Tennessee, Mississippi, Alabama, Georgia, Florida, Southern Illinois, Texas, Oklahoma, and in several instances as far away as California.

Miller Beauty Supply was started in 1950 principally as a small mail order business by Paul L. Miller, Sr. It was located initially in the basement of his home at 1825 North Sarah Street, St. Louis, Missouri. He entered the business initially to supply non-competing items to his customers who were already buying E. F. Young products. He traveled regularly throughout Missouri, Arkansas, Kentucky, Tennessee, Mississippi, Oklahoma, and Alabama. He would sell some items out of his car and then book orders for items not carried in the trunk. These orders were mailed to his home where his wife, Alma and his son, Paul Jr., would process the orders, with Paul usually delivering the orders to the Post Office each morning prior to going to school. To supplement the mail order business a small area of the business was devoted to a store for local barbers, beauticians, and the general public to purchase these items. As the local business began to increase, the business was moved in 1962 to 4125 Easton Avenue. With Easton Avenue being a major throughfare more people became acquainted with their service and the products distributed. In addition to selling beauty and barber shops, sales were made to other small wholesalers and salesmen operating independently.

In 1963, Paul L. Miller, Sr., was seriously injured in an automobile accident while enroute to a beauty show being held in Philadelphia. The accident incapacitated him for a period of eight months. During this time the business was held together by his wife, son, and two daughters. It was during this time the name was changed to Miller & Son Beauty Supply Company. The business continued to grow steadily and in 1967 another location was opened at 3619 N. Grand Blvd. at Natural Bridge. Paul L. Miller, Jr., joined the business on a full time basis in 1968 after receiving a B.S. degree in accounting from St. Louis University, working for the F.D.I.C. as a bank examiner for three years, and completing a graduate study in management under the auspices of the American Management Association in New York. An additional location was opened at 4925 Easton Avenue in 1970 on what is now Dr. Martin Luther King Drive. A third location at 4601 State Street in East St. Louis, Illinois was opened in 1976. The company presently operates three stores, a warehouse, and employs twenty people. Sales are made to beauticians, barbers, and retail stores. In addition to items specifically oriented toward the black market the company also serves as a major wholesaler for general market beauty items manufactured by companies such as Revlon and Clairol.

Paul L. Miller, Sr., officially retired in August of 1977 as president and chief executive officer of Miller & Son Beauty Supply Co. In addition to his tenure at Miller & Son he is also active as a deacon at Central Baptist Church and serves on the boards of Gateway National Bank, New Age Federal Savings and Loan Association, Union Sarah Economic Development Corp., and the United Church Men of Greater St. Louis. Paul L. Miller, Jr. assumed the presidency of the company in 1977 and represents the second generation in Miller & Son Beauty Supply Co.

Mr. Miller Sr., is being honored at an Awards Banquet on Sunday, May 14, 1978 at the Breckenridge Pavilion Hotel at eight o'clock p.m.●

HEALTH RISKS OF ASBESTOS EXPOSURE AND CIGARETTE SMOKING LINKED

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. WAXMAN. Mr. Speaker, this past Wednesday, Health, Education, and

Welfare Secretary Joseph Califano announced a Governmentwide effort to call public attention to the health hazards associated with occupational exposure to asbestos. The Secretary cited statistics demonstrating a strong relationship between asbestos exposure in the workplace and the development of serious lung diseases such as lung cancer, mesothelioma and asbestosis.

Workplace experience with asbestos indicates that 20 to 25 percent of all workers exposed to asbestos will die of lung cancer. Two out of every ten asbestos workers will contract asbestosis or mesothelioma.

The overwhelming variable influencing whether an individual exposed to high levels of airborne asbestos will suffer from a lung related disease is cigarette smoking. A nonsmoker exposed to asbestos runs a three to four times greater chance of contracting lung cancer than a nonsmoker who is not exposed. For asbestos workers who smoke, the risks increase dramatically. In fact, a smoker exposed to asbestos is 90 times more likely to suffer from lung cancer than a nonsmoker who is not exposed. Asbestos workers who smoke are eight times more likely to die from lung cancer than a smoker in the general population.

The program announced by Secretary Califano will bring together the collected expertise of the Surgeon General of the United States, the National Cancer Institute, and the National Institute of Environmental Health Sciences. Together they will cooperate in the development of a public education campaign aimed at physicians and the over 8 million former and present asbestos workers.

The HEW campaign will stress actions which will reduce the susceptibility of asbestos workers to serious lung diseases. The campaign will emphasize that the most important step a former or present asbestos worker may take to reduce the risk of lung cancer is to stop cigarette smoking.

I applaud Secretary Califano for this initiative and urge my colleagues to give him their full support.

I request that Secretary Califano's statement announcing the new HEW asbestos education program be printed in the RECORD at this point.

STATEMENT OF SECRETARY JOSEPH A. CALIFANO, JR., DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Scientific studies have demonstrated that asbestos creates an especially high risk of lung cancer and other serious lung disease for workers who have been heavily exposed to this toxic substance.

The total number of workers exposed to asbestos since the beginning of World War II is estimated at between 8 and 11 million. Of that total, approximately 1.5 to 2.5 million are presently employed, while the remainder—between 6.5 and 8.5 million workers—were formerly employed in environments with significant asbestos exposure, including 4.5 million who worked in shipyards during World War II. Of those exposed in the past a certain number—which we cannot estimate with accuracy today—have already died, either from asbestos-related or other causes.

Federal government responsibility for regulating current asbestos exposure is lodged in several agencies—with the Occupational Safety and Health Administration bearing primary responsibility for regulating asbestos levels in the workplace and requiring employers to provide warnings to current employees.

But, to date, there has been no systematic government effort to notify physicians, past workers and others at risk of the hazards associated with asbestos exposure. Such notification is of special importance because the serious diseases associated with asbestos take a long time to develop—from 15 to 35 or more years—and because recent studies have underscored that workers exposed in the past, especially those from the war years, may just now be facing immediate, serious health threats.

As part of my responsibility to promote and protect the public health, I am today announcing several steps to inform doctors, workers and others about the increased health risks of asbestos exposure.

Dr. Julius Richmond, the Surgeon General of the United States, will immediately send an advisory letter to all 400,000 doctors in the nation. This Surgeon General's advisory will set out the nature of the health risk posed by asbestos, describe certain steps doctors may wish to take when diagnosing or treating patients, and tell physicians where they can obtain additional information about asbestos-related diseases. [Both the physician advisory and a more detailed National Cancer Institute question and answer paper are attached to this statement.]

HEW will launch a public information campaign aimed at workers and others exposed to asbestos. Dr. Arthur C. Upton, director of the National Cancer Institute, and Dr. David P. Rall, director of the National Institute of Environmental Health Sciences, will co-chair an HEW team to develop a detailed public information proposal in consultation with other Executive Departments, unions, employers and other interested parties. To the extent possible, the campaign will be targeted on those at the greatest risk. I have spoken with Secretary of Defense Harold Brown, and he has directed the Department of Defense personnel to work with us in taking appropriate steps to inform former military and Federal civilian workers in Naval shipyards.

The HEW team will consider other measures which the Department might take to deal with the asbestos problem, in addition to preparing the public information campaign. Such measures include: improved surveillance, other means of informing affected individuals such as outreach through unions and employers, development of further information for physicians, and additional research.

Asbestos is the term used for a group of fibrous materials that do not burn and are excellent thermal insulators. In the past four decades, asbestos has been used for a great number of purposes—more than 3,000 uses have been identified—with two-thirds of all asbestos used in the construction industry. Ship construction has been an activity with especially high use of asbestos, since the substance is effective in insulating boilers, steampipes, hot water pipes and nuclear reactors.

Unfortunately, numerous studies have indicated that exposure to asbestos in settings, like the workplace, where it is concentrated, significantly increases the risk of incurring four serious diseases: lung cancer, asbestosis (a progressively debilitating lung disease that impairs breathing and increases risk of serious illness or death from respiratory infections like pneumonia), mesothelioma (a cancer of the chest and abdominal cavities) and certain gastro-intestinal cancers.

Both the Surgeon General's advisory and public information campaign will suggest certain actions that individuals exposed to asbestos can take to reduce or mitigate the health threat to the greatest extent possible. They will stress that no single step has a more important effect in reducing risks from two of the most common diseases associated with asbestos—lung cancer and asbestosis—than stopping cigarette smoking.

Our best estimates of the increased risks associated with asbestos exposure are based on HEW supported studies of workers heavily exposed to asbestos before the government began to regulate asbestos in the workplace in the late 1960's and early 1970's. As a result of recent government regulation, current workers, without previous exposure, can be expected to face smaller risks than those exposed in the past.

The risks for past workers regularly exposed to asbestos are estimated to be as follows:

Lung Cancer. A non-smoker who has been exposed to asbestos is three to four times more likely to develop lung cancer than a non-smoker who has not been exposed. However, a smoker who has been exposed to asbestos is up to 90 times more likely to incur lung cancer than a non-smoker who has not been exposed, and up to 30 times as likely to incur lung cancer than a non-smoker who has been exposed.

At present, it is estimated that 20-25 percent of workers, both smokers and nonsmokers, exposed to asbestos before the era of government regulation die of lung cancer.

Asbestosis. Only individuals exposed to asbestos contract asbestosis which afflicts approximately 7 percent of the number of workers exposed in the past. Asbestosis is an irreversible and progressively disabling lung disease that impairs breathing, and individuals with the disease are much more likely to die of respiratory ailments, like pneumonia, than individuals who do not have asbestosis. The Surgeon General advises me that clinical experience indicates a person who smokes and has been exposed to asbestos faces a greater risk of developing asbestosis and of dying from a respiratory ailment than an asbestos exposed individual who does not smoke.

Mesothelioma. As with asbestosis, only those individuals exposed to asbestos appear to contract this disease. Approximately 7–10 percent of those exposed to asbestos in the past die of this cancer.

Gastro-intestinal cancer. Individuals exposed to asbestos in the past are estimated to be about twice as likely to die of gastro-intestinal cancers—including cancers of the esophagus, stomach and colon—as nonasbestos exposed individuals. Approximately 8 to 9 percent of asbestos-exposed individuals die of these types of cancer.

In addition to the 4.5 million persons who worked in shipyards during World War II, it is estimated that 500,000 to 1.4 million persons have been employed in shipyards since the War. Other occupations in which there has been significant exposure to asbestos include asbestos mining and processing; construction work involving insulation; building demolition; roofing; and automotive work in brake and clutch lining installation and repair.

In addition to the Surgeon General's advisory, information will be available to physicians through other means: Ca-The Cancer Journal for Clinicians, a publication of the American Cancer Society, is publishing this week in its March–April issue an article by Dr. Irving Selikoff and Dr. E. C. Hammond on the effect asbestos exposure has had on shipyard workers; the American Medical Association will be publishing a physician advisory in its Journal; and the attached question and answer background paper prepared by the National Institute will be made available to doctors through the American Cancer Society, the American Lung Association and all state medical societies, as well as through the National Cancer Institute itself.

The actions I am announcing today with respect to asbestos are based on a number of factors, but two of the most important are: the number of individuals affected who are unaware of the risk and the fact that

asbestos is one of the most dangerous and insidious substances in the workplace.

Given the numbers of unaware individuals affected and the serious risks involved, it is imperative that HEW—the Executive Department primarily charged with developing health policy—work closely with other Executive Departments and Agencies in devising all appropriate steps to protect the health of our citizens.

If individuals have questions about what they should do in addition to stopping smoking, they should consult their personal physicians.●

DISTURBING DEFENSE DECISIONS

HON. MICKEY EDWARDS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. EDWARDS of Oklahoma. Mr. Speaker, a growing number of responsible Americans have reached the disturbing conclusion that the foreign policy of this administration is no longer adequate for the security needs of the United States or its allies.

Since becoming Commander in Chief, President Carter has responded to the massive and uninterrupted Soviet military buildup by: Announcing his plans for a United States withdrawal from Korea; setting the stage for a rupture of our defense treaty with Taiwan; defending his Ambassador to the United Nations when he said the Cuban military incursions in Africa provide "an element of stability"; unilaterally canceling production of the B–1 bomber; slowing down production of the MX mobile missile system; postponing further production of the neutron bomb; refusing requests for a crucially needed naval shipbuilding program; and considering acquiescence to a Soviet demand that the United States deny its cruise missiles to our allies.

The President is a man who has consistently talked tough but acted weak.

I have strongly opposed the administration's willingness to give away the Panama Canal. But I am even more concerned about another treaty—SALT II.

Although this treaty is not yet finalized, there is already strong evidence that it is heavily weighted to the Soviets' advantage. But even beyond the all-important question of strategic arms there is the equally vital question of verification and compliance.

Former Defense Secretary Melvin Laird, talking about Soviet compliance with SALT I, said:

> The evidence is incontrovertible that the Soviet Union has repeatedly, flagrantly and, indeed, contemptuously violated the treaties to which we have adhered.

Mr. Speaker, I appeal to my colleagues to think long and hard about the risks this administration has taken with our country's security and the security of other free and democratic countries around the world which still count on the United States for leadership and support. If this administration is unwilling and incapable of providing that leadership and support, then the Congress must take action.

I call the attention of my colleagues to an excellent editorial in the Wall Street Journal, "Whitewashing the Reds," which points out how the administration has covered up for Soviet violations in SALT I and is now preparing to do the same to insure ratification of the eventual SALT II treaty.

WHITEWASHING THE REDS

With Secretary of State Vance and disarmament chief Paul Warnke arriving in Moscow today for further strategic arms talks, this is as good a time as any to review two extraordinary documents their departments are now circulating back here at home. They concern compliance and verification, that is, whether the Soviets have cheated on current arms agreements and whether we can detect cheating on proposed ones.

The issues are many and complex, but a few snapshots of them tell a lot about the attitudes Mr. Vance and Mr. Warnke carry into Moscow today. Especially since U.S. reconnaissance satellites are the key "national technical means of verification," the best place to start is this section of the compliance report:

HUNTER-KILLER SATELLITES

"Antisatellite Systems. It has been alleged that Soviet development of an antisatellite system is a violation of the obligation not to interfere with national technical means of verification of compliance with SALT provisions. Since development of such systems is not prohibited, this program does not call into question Soviet compliance with existing agreements. The actual use of an ASAT system against U.S. national technical means is prohibited, but this has not occurred."

MOBILE MISSILES

Like hunter-killer satellites, mobile missiles have been in the news lately, with Soviet deployment of the intermediate-range SS–20. The State Department notes that the existing agreement covers only missile silos, not mobile missiles. It adds, "While the range capability of any missile system, including the SS–20, can be extended by reducing the total weight of its payload or adding another propulsion stage, there is no evidence that the Soviets have made any such modifications to the SS–20."

State does not add that the SS–20 is in fact two of the three stages of the SS–16, already deployed as an intercontinental missile in fixed silos and capable of a mobile role as well. There have been press reports that the extra stages to convert the SS–20s into SS–16s are being produced and stored in warehouses. It is not clear if State means to deny that SS–16 stages are being produced, or whether, in the spirit of the antisatellite section, State is merely saying the Soviets have not yet bolted the section together.

THE SS–19

While not banning mobile missiles, the first strategic arms agreement did commit the sides not to convert silos for light missiles to heavy ones. It did not, however, define "light" and "heavy," except that the U.S. unilaterally said that if considered as heavy anything "significantly greater" in size than current light missiles. The Soviets promptly began deploying the SS–19, about 50% larger than the missiles it replaced.

The problem has been solved, State now assures us, because "The U.S. and U.S.S.R. delegations have agreed in the draft text of the SALT TWO agreement on a clear demarcation, in terms of missile launch-weight and throw-weight between light and heavy ICBM's." State does not tell us that this definition legitimizes the SS–19. That is, that the problem was resolved by a change in the announced American position on what would constitute a violation.

A compliance problem arose when new silos suddenly appeared in Soviet missile fields. The U.S. objected, but, State reports, "decided to close discussion of this matter on the basis that the silos in question are currently used as launch control facilities." State does not tell us that the dispute within the U.S. government was not about how the silos are "currently used," but over whether they can be quickly converted to missile launchers. The old "launch control facilities" were retained, and the new silos have missile suspension systems and blowaway lids.

AND SO ON

Soviet testing of air-defense radars on target missiles was OK because they stopped doing it after we complained (or maybe after they finished the planned tests). Their new ABM radar on the Kamchatka Peninsula is "not strategically significant," and anyway one can argue that it is on an allowed test range (though this argument abandons a previously announced American position). Delay in dismantling missile silos when new submarines put the Soviets over the agreed numerical limits is OK because they eventually did deactivate the silos (though there is no way to escape a clear if temporary violation of the agreement.)

The problems in monitoring a new treaty would be even worse. The Soviets already have cruise missiles large enough to fly thousands of miles if equipped and programed to do so; how will we know what's inside the airframe? If their new Backfire bomber is not intended for an intercontinental role, why does it have air-to-air refueling equipment? Mr. Warnke's verification document does not even mention these hard questions. Instead, he says;

"We have had over five years' experience in monitoring Soviet compliance with the ABM treaty and the interim agreement. We have demonstrated our ability to verify compliance with the SALT ONE agreements with high confidence. This experience reinforces our assessment of the capabilities of U.S. national technical means to verify compliance with SALT agreements."

Another way to read the record was offered in the Reader's Digest by former Secretary of Defense Melvin Laird: "The evidence is incontrovertible that the Soviet Union has repeatedly, flagrantly and indeed contemptuously violated the treaties to which we have adhered."

For our part, the lesson seems to be that strategic arms agreements are nearly impossible to "violate." The Soviets will abide by gross limitations, but they are clever enough to get loopholes for the programs they have in mind. They know our programs and can negotiate to block them; we do not know their plans. Last time we were surprised by the SS–19 and the SS–16. No doubt something similar will happen this time. Whatever the legalistic arguments, the plain blunt fact is that under cover of SALT–I the Soviets have conducted a massive arms buildup.

This is the key fact lost in the new documents on compliance and verification. The most unsavory feature of the strategic arms talks is what they do to the likes of Mr. Vance and Mr. Warnke. To sell an inevitably dubious treaty domestically, they are forced to whitewash Soviet behavior. At times, indeed, they seem willing to argue the Soviet case before the American people with any argument they can get away with without being thrown physically from the room. So they dismiss new radars and delay in dismantling silos as not affecting the strategic balance, and dismiss the SS–19, SS–16 and hunter-killer satellites as not violating the agreements.

In the end, our State Department seems to be telling us that we can condone Soviet programs that legalistically violate the agreements so long as they do not affect the strategic balance, and that we can condone Soviet programs that affect the strategic bal-

ance so long as they do not legalistically violate the agreements.●

REPORT ON MARCH 1977, MEETING, INTERPARLIAMENTARY UNION

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FISHER. Mr. Speaker, the recent Interparliamentary Union (IPU) meeting in Lisbon which I attended as a delegate from the U.S. Congress proved to be valuable for me and, I believe for the Congress and the country as a whole. The IPU was established nearly 100 years ago. The United States participates under a statute passed in the 1930's, which includes regular authorization of funds for our participation. Most of the countries of the world are members of the Union. Seventy-four attended the Lisbon meetings, representing virtually all of the Western, more developed countries, virtually all of the Eastern Socialist countries, and a large number of the developing countries in Africa, Asia, and Latin America.

I was assigned to the economic and social committee, which included representatives from all 74 countries, and was spokesman for the U.S. delegation in this committee. The principal issues considered were stabilization of world prices of raw materials, the establishment of a common fund for this purpose, and what to do about accumulated debts of certain developing countries which could not be repaid on schedule. At the opening committee session I presented the gist of a memorandum from the U.S. delegation as the initial statement of its position on these matters.

I was appointed to an eight-member committee to draft a resolution on the issues before the committee, and was able in the give and take to contribute to a formulation that was acceptable to the U.S. delegation as a whole. After much debate and typical parliamentary maneuvering, the committee agreed to a resolution which was presented to the plenary session and accepted. (The full text of this resolution follows my report.)

After the drafting committee had agreed upon its resolution, I presented a statement of further views for consideration of the full committee. In addition to endorsing the resolution, I pointed out a number of potential pitfalls and difficulties. These pertained to the way in which any common fund is brought forward, emphasizing that separate commodity agreements would have to be developed simultaneously. Operating rules for decision and for use of a stabilization fund should also have to be specified in advance of country commitments. I dealt also with the danger that use of the common fund might be extended beyond a buffer stock stabilization to trying to promote general economic and industrial development and trying to operate the fund so as to maintain artificially high commodity prices. In either case, I argued, the fund would become depleted and the original purpose of it, commodity price stabilization, would be sacrificed.

Other committees dealt with disarmament, terrorism, illiteracy, and colonialism. Resolutions were fashioned on these subjects, with the one of disarmament being most hotly contested. The focus here was on the manufacture and deployment in western Europe of the so-called neutron bomb, which the socialist countries in particular opposed. The U.S. delegation, with support of others, succeeded in placing similar warnings and strictures against the Soviet intermediate ballistics missile system, the so-called SS–20, and other more or less similar systems, thereby taking the edge off the Soviet effort to castigate only the neutron bomb and the United States. In this, our delegation had support, not only from western countries, but also from developing countries.

But beyond the resolutions, which were significant in themselves, I would say the principal value of the meetings to me was to take part in an international effort of parliamentarians from many countries to agree on resolutions dealing with significant issues. This required the exchange of information, viewpoints, attitudes, and values—all of which underlie international policies and must be understood if progress is to be made toward solving major international issues. As a result of this experience, I believe I will be in a better position, particularly as a member of the Trade Subcommittee of the Ways and Means Committee, to understand and deal intelligently with the numerous trade and economic issues that this Government faces.

[Inter-Parliamentary Spring Meeting]

THE FIXING OF FAIR PRICES FOR PRIMARY COMMODITIES SUPPLIED MAINLY BY DEVELOPING NATIONS, THE MAINTENANCE OF THE PURCHASING POWER PROVIDED BY THEIR EXPORTS, AND THE ALLEVIATION OF THEIR EXTERNAL DEBTS

DRAFT RESOLUTION UNANIMOUSLY ADOPTED BY THE ECONOMIC AND SOCIAL COMMITTEE

Rapporteurs: Mr. T. Larue (France), Mr. P. Salolainen (Finland).

The 65th Inter-Parliamentary Conference,

concerned at the adverse evolution of the economic situation of the developing countries,

Noting that the trade system currently governing international economic relations contributes to increasing the inequalities between developed and developing countries, thus constituting a serious threat to world peace and security,

Recalling that the prices of the products imported by developing countries have risen considerably, while their incomes from the export of primary commodities have dropped, resulting in an excessive increase in the foreign debt of developing countries, which together with the respective interests represents a very costly economic burden for each of these nations,

Considering that the economic situation of the developing countries is itself very diverse,

Recalling the previous resolutions of the Inter-Parliamentary Union on the establishment of a new international economic order,

Deeply attached to the achievement of the objectives assigned to the integrated programme for commodities by resolution 93 (IV) of the United Nations Conference on Trade and Development.

Very concerned at the inadequate progress achieved in more than a year at the UNCTAD negotiations on individual commodity agreements and on a common fund within the framework of the integrated programme for commodities and on official development assistance,

Convinced of the relevance for the 53 countries of Africa, the Caribbean and the Pacific, of the STABEX system of stabilization of export earnings applied within the framework of the Lomé Convention,

Stressing the role of Parliaments and parliamentarians and the importance of the public opinion of all countries and particularly that of the developed countries, for the achievement of the objectives of a new international economic order,

Convinced of the importance, for the development of the economies of the developing countries, of the creation of a common fund which would be capable not only of governing commodity buffer stocks but also, within the limits to be set by the parties concerned, of taking measures for market promotion and improvement regarding certain commodities,

Concerned at the disproportionate burden which the external debt servicing of the developing countries and, in particular, of the poorest developing countries currently places on their economies,

Aware of the need to increase and to diversify the amount of official development assistance and to relax its terms,

1. Reaffirms forcefully the need for the rapid conclusion of international commodity agreements, an increase in official development assistance and more advantageous terms for the granting of such assistance, in order to contribute reliable and regular resources to the economies of the developing countries;

2. Notes the commitments undertaken within the framework of the Conference on International Economic Co-operation held at Paris in June 1977 and of the ministerial meeting of the UNCTAD Trade and Development Board at Geneva in March 1978, with regard both to the establishment of a common fund—the key instrument for the achievement of the objectives of the integrated programme for commodities—and certain aspects of official development assistance, and, in particular, official external debt relief of developing countries;

3. Notes further the points of agreement stated by the Chairman of the Negotiating Conference on a Common Fund at Geneva in November 1977;

4. Calls on the members of the Inter-Parliamentary Groups to take action in their respective Parliaments in order to encourage their Governments:

To enter into the largest possible number of negotiations on agreements on the commodities covered by the UNCTAD integrated programme;

To promote, within the framework of the UNCTAD negotiations, the establishment, as soon as possible, of a common fund capable of acting with the maximum effectiveness, without however prejudicing the legitimate interests of the consumer nations;

To take measures for establishing a relationship between the prices of basic products on the international market and those of products imported by developing countries;

To adopt measures to reduce the burden of the external debt of the developing countries and, in particular, of the poorest developing countries, to increase and to diversify the actual amount of official development assistance and to relax its terms, in

conformity with the decisions of the Ministerial Session of the UNCTAD Trade and Development Board held in March 1978;

5. Recommends that parliamentarians inform public opinion in their countries of the urgent need for effective solidarity, in particular at the financial and technical levels, between the industrialized and the developing countries, and that co-operation not confrontation is required to achieve the agreements and establish the mechanisms for a fair and orderly marketing of primary commodities.●

GENTLE READER: FOND FAREWELL

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. KOSTMAYER. Mr. Speaker, last Sunday, April 23, the well-known columnist for the Philadelphia Inquirer, Marciarose, wrote her last column.

I enter it in the RECORD today because it summarizes the contribution she has made to so many of us for so long.

Indeed as one reader said, she was a "window on the world." That she was, Mr. Speaker, for millions who never saw what she saw, heard what she heard, felt what she felt, or went where she went.

She wrote in the words of F. Scott Fitzgerald "of the inexhaustible variety of life."

Fortunately for us all she will continue to be heard, Mr. Speaker, and listened to as well.

GENTLE READER: FOND FAREWELL

(By Marciarose)

I have been looking through some of my old columns, which is not the idle indulgence it might at first appear to be.

I have been leafing through the old papers and musing over past articles because with today's edition this column comes to an end.

And I will miss it.

For 3½ years, it has been an invitation to adventure and discovery, a passport to people and a mandate to do what I enjoy the most—asking questions, exploring ideas and just plain talking to other people.

When I first started writing, however, I was really scared by what I had undertaken. As a television broadcaster, I dealt with words that disappeared into the ether. Now the words were going to come back to haunt me,, locked in print, rough edges and all.

To make things easier, I promised myself that I would have my first column completed two weeks before the scheduled start Sept. 15, 1975. It was a very sensible idea.

But at 3 a.m. on Sept. 15 I was still writing the first column—a pattern that has not changed markedly in three years.

THE PEOPLE, YES

Those beginning days occurred before the total "people" explosion, which now blankets us, had hit newspapers and magazines. I knew from my own insatiable curiosity that what most fascinates people is other people. And that is what I wanted to write about, but not with lots of dots and dashes and gossipy one-liners.

That style could never transmit to you the feelings that I wanted to share about the spirit and humanity of Hubert Humphrey, the calm of Karen Quinlan's priest, the exuberance of Liza Minnelli, the wit of Prince Philip, the smarminess of Truman Capote or the beauty of the empress of Iran.

There were also hundreds of people whose names were not as familiar who were exciting to write about, too. People who sold antiques, sang in little bistros, came through mental illness to sculpt again, ran for minor offices or made grief therapy their life's work.

Wherever I went, whomever I met, whatever I did, my sense of the column was ever present.

It lent a cutting edge to supper at the mountain retreat of the prime minister of Portugal to know that I could share with you my observations about his courage. Talking with Cornelia Wallace about her life with her paralyzed husband was all the more intense because I would be writing about it. And when, minutes before we were due at the first state dinner at the Carter White House, we discovered that my husband had left his required "black tie" at home, we giggled at the disaster, knowing what fun it would be in print.

It has been a joy to me to poke around my adopted city, in which I feel such pride, and to report its latest happenings.

I glow at each new cultural addition to our city. I am delighted by its gastronomic revolution; I am continuously enchanted by its infinite variety, civility and grace. And I confess, too, that I have loved the warmth, interest and support of the many people who have made me a part of their lives.

The street corner conversations, the letters, the cards and the phone calls have all gone toward heightening my sense that while I am writing I am really talking with friends.

WINDOWS ON THE WORLD

About a year and a half ago, The Inquirer's letters to the editor department published a reader's letter that thanked the paper for my column and said that I served as his "windows on the world."

I have been thinking of that letter today, and I realize that the opposite is true. It is the readers who have been my windows on the world. You have given me the reason to grow in other directions, to expand my own horizons and to experience new adventures.

I will continue to revel in Philadelphia's progress, to discover new offbeat boutiques and restaurants, to go to the theater, the galleries, the happenings and to talk with politicians, writers, artists and entertainers.

I will continue to enjoy all those experiences to the fullest. What will be missing for me, however, will be the unique opportunity that this column has provided—the joy of sharing those experiences with you.●

STATEMENT OF CHAIRMAN AL ULLMAN, COMMITTEE ON WAYS AND MEANS, WITH RESPECT TO THE RULE TO BE REQUESTED FOR CONSIDERATION OF H.R. 11986, THE NOISY AIRCRAFT REVENUE AND CREDIT ACT OF 1978

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. ULLMAN. Mr. Speaker, on April 24, 1978, the Committee on Ways and Means reported H.R. 11986, the Noisy Aircraft Revenue and Credit Act of 1978. In general, the bill reduces the present 8-percent airline passenger ticket tax and the 5-percent air freight tax by 2 percentage points, and suspends the present $3 international departure tax, for a 5-year period. In place of these reduced or suspended taxes, the bill imposes 2-percent domestic passenger and freight taxes and new international departure and air freight taxes on airline operators, with a mandatory pass-through of these taxes to passengers and shippers. Airline operators would receive a refund or credit against the tax to the extent that investments are made to retrofit or replace aircraft which fail to comply with FAA noise standards.

I take this occasion to advise my Democratic colleagues as to the nature of the rule that I will request for consideration of H.R. 11986 on the floor of the House. The Committee on Ways and Means specifically instructed me to request the Committee on Rules to grant a closed rule for consideration of H.R. 11986 which would provide for:

First, committee amendments which would not be subject to amendment;

Second, 2 hours of general debate, to be equally divided:

Third, waiving all necessary points of order; and

Fourth, one motion to recommit with or without instructions.●

BETTER HEARING: AN INSPIRATION

HON. MENDEL J. DAVIS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. DAVIS. Mr. Speaker, during the period, April 12 through 15, 1978, the National Convention of the Hearing Industries Association was held at the Hyatt on Hilton Head Island in South Carolina. On one of those days, it was brought to the attention of that body that Fred W. O'Green of America's 60th ranking industrial firm has had a hearing impairment since he was 5 years old, and would live in a world of total silence where it would be impossible for him to function without electronic assistance. His company, Litton Industries Inc., of Beverly Hills, Calif., is a respected employer in my State and 35 others in this country as well as more than 20 other countries. Fred O'Green is one of this year's poster persons for the information campaign of the Better Hearing Institute here in Washington, D.C. He is an inspiring example of human courage and tenacity, one who refused to give up and through the wonders of technology he led a contributing, participating and full professional life. The talk given about him to the Hearing Industries executives was made by Col. Barney Oldfield (USAF Ret.). And for what it might do to encourage others, I offer those remarks and urge the Members to read them.

REMARKS OF COL. BARNEY OLDFIELD

Members and friends of the Hearing Industries Association: How lucky can I be? I'm here among nice people in Hilton Head, South Carolina, representing Litton Industries' President and Better Hearing Institute Board Member, Fred W. O'Green. He found he couldn't be here, because of some chores he has to do in Europe. It took him a lot longer to get there than it did for me to get here. And the tasks which face him there are bound to be much more difficult than mine are here. Beyond that, he can't monitor what I'm about to say about him which might embarrass him—but it's the sort of thing you should know in order to understand how important he feels you are.

You have been very much a part of his success story. I know he would want me to say that. Because of the fantastic items you people have manufactured, and improved on, and continue to better through the years, he has known one of the fullest of widely ranging professional lives in this country. Without you all, it couldn't have happened!

Fred has only worked for three companies. Each one thought him a real talent, and he proved those assessments to be correct. He was that kind of executive able to grow to meet the requirements of the job he was on, and the next one he was given—no matter how demanding, how larger, or exotic.

When the Russians put up Sputnik I, he was one of the key Americans selected to get us back in space competition, and eventually ahead in that race. He became the first individual cited by our Air Force Systems Command for his early work in satellite programs.

He came to Litton Industries in 1962, which was a lucky moment in our corporate history. He worked his way up to the Presidency of the corporation. He has played a most significant role in our recovery from recent difficulties, and the stability and vigor with which Litton faces the world today.

At no point along his amazing career when he was being considered for each major, new responsibility has anyone ever asked if he could hear. If anyone had phrased that question he would have had to say that on his own—without electronic assistance—he could NOT!

Fred is a man who loves stories, tells them well to make others laugh, and laughs louder than anyone else at the ones he hears. He would be first to see kinship with the oldtimer whose hearing was deteriorating, so he went to his doctor for a checkup. After the usual audio tests, the doctor wanted a current profile update on him, his habits, customs and lifestyle. Did he drink? Sure, two bottles of whisky a day. Did he smoke? Of course, two packs of cigarettes a day. Sex? As often as possible, but never more than twice a day. His doctor was shocked and told him so, and said he would just have to cut all that out! "What," the oldtimer said, "just so I can hear a little better?"

Fred O'Green had his own quiver of arrows in the form of executive talents, and through you all, HE has been able to hear more-than-a-little better.

For how long has this shadow of silence fallen over him?

One thing sure about a top executive as visible as he is, is that he is tremendously busy. But he also gets a certain kind of mail, and no matter how involved he is, he answers it promptly. These are the letters he gets from youngsters who have hearing problems, and he knows how much extending hope and reassurance to them can mean.

Not long ago, he had one from a boy in Findlay, Ohio, who wrote:

"DEAR MR. O'GREEN: I am a student at the Howard School for the hearing impaired. We are doing a project for American Heritage Day. We know that you are hearing impaired. Will you help us? Will you please answer these questions? When did you lose your hearing? Do you have a hearing aid? What kind of a hearing aid do you have? Are you deaf or hard of hearing? Where did you go to school? Have you had any problems because you are hearing impaired? Could you tell us about your work? Thank you for helping us. Your friend, Eddie Wilch."

Fred O'Green at that moment was deeply into a hassle over a multi-billion dollar contract when that letter came. But he took the time to write Eddie thanking him for his letter on a subject which he described as of great importance to them both. The exact cause of his hearing loss, he said, probably derived from such childhood diseases as measles or mumps. "My hearing loss began when I was a youngster and was first detected when I began to use the telephone, having to use my right ear instead of my left ear which would have been more common for the old-fashioned telephones of that way. . . . my hearing loss in my other ear began to show itself after I had finished school, graduating from college in 1943. By 1947 when I was 26 years old I went to the Hearing and Speech Clinic at Johns Hopkins in Baltimore. I learned there of my need to begin wearing a hearing aid, and purchased a Zenith hearing aid at that time. Since then I have worn several Zenith aids and at present wear one made by Siemens because of its excellent amplification capabilities in a small package. My present position is that of a total or near-total loss in my left ear, and a very, very severe loss in my right ear to the point where I would be non-functional on a hearing basis without an aid. I have had a Stapes mobilization performed on my left ear and have had no operations on my right ear. I wear a behind-the-ear aid most of the time, and a body aid under certain circumstances when noise background is very high. I went to grade and high school in Mason City, Iowa. I graduated from Iowa State University at Ames, Iowa and finished my Master's Degree at the University of Maryland. As present I am an executive in a very large company, serving as President. The kinds of work I do are varied and cross many disciplines. My work definitely involves the ability to communicate with people on a constant basis. I would guess that all who have hearing problems experience certain difficulties as a result. My answer to your question is that I do not feel I have problems because of impaired hearing. I encourage all who have hearing impairments to recognize them only as a physical defect and to adopt an attitude which will permit them to achieve a happy and successful life in spite of any difficulties they may encounter.

Sincerely,

FRED W. O'GREEN."

In that letter to Eddie Wilch, he went well beyond just using his personal accomplishments as beacons of hope and inspiration. He stepped back in time to a close relationship with his young correspondent, let him sense the 5-year old who was just discovering the telephone, but his limitations in its use. There was the possible kinship of a measles and mumps experience. There was the moment of graduation from two major Universities, being ready and eager to take on a world, but aware of its all-important sounds and human voices were denied him. These are the bleak plateaus on which the Eddie Wilchs and Fred O'Greens stand, but there is comfort in knowing they are not unique, and they are not immovable obstacles. Having conveyed this essence of courage, and with his credibility to re-enforce it, a Fred O'Green could go back to his hassle over a contract. But there in his mind must have been the thought that perhaps he just may have written to a future company President or Chairman of the Board in the making.

Naturally, with all this known to him as a possibility and better than most, he wanted to be sure that as I am here on his behalf that you are thanked for what you have done and continue to do in the Hearing Industries Association. He has been a long time believer in the programs which are pushed and made possible by Better Hearing Institute. In the past year, the Better Hearing Institute has cajoled more than $4,000,000 in public service time from our country's radio and television stations, more than $20,000,000 in the past five years to raise the level of understanding for those with hearing troubles. The continuance of this effort is crucial, and he hopes you will all search your consciences and your treasuries to the end of increasing contributions in this sector.

The deaf, or those with severe hearing restrictions, have many an uphill battle still to win. The Fred O'Greens indicate to us how much is possible, but there are hundreds of others whose stories are heart-rending. Out our way, we had a deaf couple who had their youngster taken from them, the fear being that the child would never learn to talk. Court action became necessary to restore the family unit, with the child getting speech instruction from other quarters. When we consider that about 10 percent of the U. S. population encounters audio difficulties, we are addressing ourselves to no small fraction. Our public school system is often unable to deal effectively with such afflicted children, and higher education even less so because shortages of teachers and interpreters in this area are considerable. The deaf consumer has hard going, often penalized by insurance companies who shy away from coverage of deaf drivers. Our Federal Communications Commission says 13,000,000 people require special telephone services. The deaf are challenged when they come up for jury duty. The list of shortcomings which seem to accent rather than relieve this kind of handicap stretch and grow daily.

An entity such as the Better Hearing Institute is extremely "good business" for the millions who need and benefit from its persistence. The more the word is spread to the general public, the more appreciated your kind of manufacturing effort will be. A combination of understood need and an infrastructure which can provide and insure ever advancing technologies attracts funding as iron filings to a magnet. The Better Hearing Institute is a round-the-clock, unflagging story teller and placer of this information and alternatives for all those who can see and hear, to see and hear.

Litton itself is a beneficiary of the hearing business. A part of our heritage comes from two men with hearing shortcomings, and we literally reach around the world by means of what they gave us. One was a man from Milan, Ohio named Tom Edison, who gave us the motion picture, and the other, Lee De Forest, of Council Bluffs, Iowa, whose inventiveness brought about the audion tube. The audion tube was the key to making possible the long distance telephone, radio and television networks, and sound and talk on the motion picture screen. Both men had a deep interest in amplification, one giving us a second dimension of a visual—movement—and the other, the means for the screen to speak and project natural sound loudly to a whole world. From this wedding of two men who did not hear well, what is now the Westrex Division of Litton Industries was born. More than 250 nominations for Academy Awards in the category of Best Sound have been Westrex-assisted over the years, and four of the five nominations up for decision earlier this month had Westrex help. When the U.S. Postal Service brought out its 50th Anniversary of Talking Pictures stamp last October, Litton was deeply involved in that commemoration along with all the motion picture industry. We continue to be very much in the action of movie studios around the globe helping all peoples everywhere hear, be informed, entertained and made an audience in the truest sense of that word. In part, it was Lee DeForest's inability to hear well which spurred his quest for many related technologies which provided bridges to fuller lives for some of us, and a way out of stillness for the less fortunate among us.

When I was a youngster I had a favorite cousin who was born deaf. She became one of the most revered and respected teachers at the Omaha School for the Deaf. She was older than I was, and she fascinated me because she was a keen lipreader. In all those jum-

bled enthusiasms which are plentiful among the young prone to start talking in the middle of their thoughts rather than beginning at the beginning. I used to come to her with absolute cascading torrents of words, and she always knew what I was saying—seeming to sense it all in context before I got it out. And she loved movies—they were silent then—and she used to take me. Afterward she would tell me about the titles of those old movies, that the actors who were credited with saying them didn't really say that. She got more from the movies than others did because she could read lips, and I was made wiser for knowing her. I thought how wonderful it was that rather than losing anything by deafness, she gained a whole new avenue and dimension in understanding. Years later, when I got in the public relations business and had to advise people going on TV talk shows, that favorite cousin's earlier admonitions have been useful. For instance, never trust a microphone even when they say CUT, it may still be on; and even if it's not, watch your language while the camera stays on the principals and the credits roll. There may be lip-readers out there!

And if I may be personal—stepping away from my role as Fred O'Green's surrogate, I want to thank you all myself.

My mother is 91 years old, going on 92. Had it not been for hearing aid manufacturers and suppliers like you, she would never have been able to hear me when I have talked to her these last 21 years. Thank you for making that difference!●

HEW TASK FORCE REPORTS ON THE TREATMENT OF WOMEN UNDER SOCIAL SECURITY

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FRASER. Mr. Speaker, at the request of the Congresswomen's caucus, HEW Secretary Joseph Califano created a task force to study the treatment of women under social security. The task force released its report in March and has requested public comment on its work.

Secretary Califano directed his staff to begin a new study, required by the Social Security Amendments of 1977 (P.L. 95–216). Since this study will build on the work of the initial report to the Congresswomen's caucus, public comments now can be an effective way to guide its direction.

Congresswoman MARTHA KEYS and I believe from our work on our own reform plan, that the available knowledge in the whole area of women and social security is inadequate. We sought the expertise and assistance of HEW by encouraging an effort on the part of the Congresswomen's caucus to secure this report as well as the legislation in the 1977 social security amendments requiring an additional 6-month study.

For over 2 years now, we have been involved in developing, improving, and explaining our reform legislation. The Fraser/Keys plan has gained national attention as the only comprehensive reform option currently before Congress.

Our bill embodies an "earnings-splitting" concept. It begins by assuming that marriage is an economic partnership. Both spouses enable income to be earned so both should have equal access to any benefit associated with that income. This assumption leads us to a reform proposal that would allow couples to combine income annually, each being credited on their own social security wage records with an equal portion of the total.

Through this plan, if only one spouse worked in covered employment in a given year, social security contributions and credits would be divided between the wage records of both spouses. This way, both spouses would continue to build wage records and the spouse working in the home would no longer forgo retirement, disability, and survivor insurance because of her absence from the paid labor force.

This "earnings-splitting" notion is relatively new and has only until the past few months been scrutinized with any intensity or sophistication. We drafted our plan as a vehicle to begin explaining and testing the concept, not as a perfect piece of legislation ready for immediate enactment. We have sought these studies hoping they might aid us in perfecting our plan.

The task force report is divided into three parts. The first, "Changing Social Trends and Description of the Major Features of the Social Security Program," presents a statistical survey of changes in both the labor force participation patterns of women and their marital status along with a description of how the social security financing and benefit structure works.

The second part, "Issues and Suggested Approaches," identifies 10 issues relating to the treatment of women under social security. These issues, the source of women's problems with the system, are grouped into three areas. The first group includes issues of fairness among different types of retirees, for example, fairness in the benefit levels of one- and two-earner couples based on contributions. The second group covers issues related to gaps in coverage of homemakers and the third group covers issues of fairness and adequacy of protection for divorced, separated, and widowed spouses.

The third part of the report offers an analysis of eight approaches to resolving all or some of the 10 issues. The framework in which each approach is analyzed first identifies which of the 10 issues each proposal addresses, how each plan would work, how it responds to each of the issues and its other significant effects.

The final section of the report contains six appendices, most of which provide background and data relating to the treatment of women under social security. The final appendix F of this 133 page report is a two page presentation of potential costs of each of the plans.

Our responses to the task force report fall into four categories. First, gaps in the general description of social security and subsequent biases implicit in the report. Second, a response to the report's discussion of the Fraser/Keys bill. Third, we respond with dissatisfaction to the superficial cost estimates and, fourth, raise specific questions that ought to be answered by any subsequent study.

Gaps and Biases: The entire report is admirably lucid given the complexity of the system and any plan to reform it. However, the report avoids acknowledgement of the dual goals of the social security system. These goals are generally defined as "individual equity" and "social adequacy."

Individual equity refers to the goal that, since workers pay for their retirement insurance from wage contributions throughout their work lives, the size of the benefit should be related to the amount of total lifetime contributions. Social adequacy refers to the goal of providing the security of a minimum income floor to all families when they loose access to earned income.

Beginning with the report's introduction and continuing throughout, the purpose of social security is identified only as an earnings-related system (which is a function of the individual equity goal), ignoring the balancing effect of the weighted benefit formula (which is a function of the social adequacy goal).

This is a serious omission because an understanding of both the individual equity (represented by the earnings-relatedness of the system) and the social adequacy (represented by the weighted benefit formula) functions of the social security system is imperative when evaluating the relative merits of reform plans. Social security is not and never has been a purely wage-related program. The welfare features of the program have existed since its enactment and the tension between these two goals is reflected in the benefit and taxing changes which have occurred since the 1940's.

To omit discussion of the social adequacy element of the program has the effect of analyzing the reform plans only as they affect the individual equity goal. For example, the analysis of each reform plan, while giving great attention to the effect on earnings replacement rates (the amount of preretirement earnings that would be replaced by social security benefits), offers no discussion of previously vulnerable populations that might be protected. The underlying biases reflected in much of the report would be removed or diminished if the discussion about the dual nature of the system became more central to each analysis.

Analysis of Fraser/Keys plan: In general the report's analysis reflects a reluctance to view social security as portable. We developed a plan that would update social security records annually because marital status, salary levels and work patterns change from year to year. The assumption implicit in the entire analysis of the Fraser/Keys plan is that people are either two-earner couples, or one-earner couples, or single, and that they remain in this state for their entire lives.

The reality is quite different—people are single and work in covered employment, they marry, they may or may not have children, both members of the couple may or may not work at different times during the marriage, they may divorce, one of them may die, become disabled or leave the marriage. The marital situation is not static and social security must reflect this pattern. We developed our proposal to adjust to reality, but the analysis tells us nothing

about how the plan responds to this need for portability.

The report also does a serious injustice to the Fraser/Keys plan by offering only a cursory description and admitting that critical features of the plan were omitted from the analysis. This is followed by a section identifying how the plan responds to issues. The analysis fails to describe why the plan has those results and whether they might be intended or unintended and which of those results may have been altered had the complete proposal been analyzed. We are left with no tool to learn what feature of the plan might be modified to change an identified effect.

The report identifies the resulting disability coverage the Fraser/Keys plan offers for homemakers as a supplement to the primary earner's wages if the unpaid or low-paid spouse became disabled or retired first. While this description is not inaccurate, it is, in fact, misleading. That homemaker may well have made substantial payments into the system at various times during her life. A more appropriate description of this effect, flowing from the proposal's conceptual framework, would describe this benefit not as a supplement to the primary earner's wage but as income to replace the lost services and past wages of the homemaker and the loss of potential future wages due to her disability. The approach taken by the report seems to reflect a bias against the fact that people's work lives are not static and the notion that marriage is an equal economic partnership.

In describing the administrative complexities the Fraser/Keys plan might involve, the report raises a question about enforcement of earnings splitting. This discussion ignores the fact that the bill ties the decision to split earnings for social security purposes to the decision to split income for tax purposes. This is important to note because it highlights the precedent for income splitting found in our tax system and clarifies the procedure for implementing an income-splitting plan. Again, by ignoring this feature of the proposal, the analysis raises false questions about enforceability that needlessly mislead the reader.

Appendix F—Costs: The cost estimates are inexcusably inadequate. Although the report describes the estimates as preliminary, there should be a description of assumptions used in even preliminary estimates. We have no idea what version of our plan was costed out and how to compare it with the estimates of other plans. While we may see that one plan costs twice as much as another it may also be that one plan's scope is twice that of another. Perhaps there are other offsets that should be identified. In short, the report seems to be comparing apples and oranges and should never have released estimates with such inadequate supporting and descriptive information.

Specific Questions: The report requires further exploration and documentation of the following:

First. How often, in two-earner couples, would the absence of the woman's earnings put the family in poverty? This data would provide us with an understanding of the relative importance of working women's wages. There is increasing evidence that most families are two-earner families many times during the marriage.

Second. While the report contains some note that women move in and out of the labor force, to what extent does this occur? Since this kind of work-life behaviour seems to be the major source of gaps in coverage for women and since it also is increasingly predominant in U.S. life, it ought to be addressed in greater depth.

Third. How many women are poor? We know that the majority of old age supplemental security income (SSI) recipients are women. Why? Because they lack social security coverage or because their social security payments are so low that they still qualify for SSI? How many of the retirees receiving the minimum social security benefit are women—excluding double dipping Government workers?

Fourth. Who collects survivor and retirement benefits early? Are they mostly women?

Fifth. How many women have worked in social security covered employment but do not qualify for their own benefits? How many men?

Sixth. How many children today are collecting survivors' benefits on the basis of their mother's coverage? How many children are collecting as a result of their father's coverage? Are the benefits for survivors consistent in all plans?

Mr. Speaker, Congress must begin putting together a reform plan that will bring greater equity to the social security system. For this reason, the availability of fair and thorough analyses of reform options is critical. We need options analyzed, with reliable cost estimates of each component, so we can improve the work already begun.●

FINANCIAL STATEMENT

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MIKVA. Mr. Speaker, following is a statement of my net worth, earnings, and taxes paid for 1977. I am making this public information as I have in previous years.

FINANCIAL STATEMENT—NET WORTH STATEMENT OF CONGRESSMAN ABNER J. MIKVA, AS OF MAY 1, 1978

ASSETS

Home at 1015 Sheridan Road, Evanston, Ill.:	
Purchase price and improvements	$80,000
Less mortgage at Exchange National Bank	41,000
Equity	39,000
One-half interest in house in Lakeside, Mich.:	
Purchase price	17,500
Less loan at Continental Illinois National Bank	11,000
Equity	6,500
Cash in bank:	
Sergeant-at-arms checking account	1,000
Equity in pension funds:	
State of Illinois	5,000
U.S. Congress	30,000
American Bar Association retirement plan	2,000
Stocks and bonds:	
Unarco Corp. 400 shares at 11¼	4,500
State of Israel bonds—purchase price	3,000
Executive House debenture	400
Harper Court bond	100
Carson's, 111 shares at 22½	2,500
Cars, furniture, miscellaneous	10,000
Interest in real estate joint venture, Chicago, Ill	25,000
Total assets	129,000

LIABILITIES

Loan from Exchange National Bank of Chicago	3,500
Loan from Amalgamated Trust and Savings Bank	2,000
Loan from National Bank of Washington	4,000
Total liabilities	9,500
Net worth	119,500

FAMILY INCOME STATEMENT OF ABNER J. MIKVA FOR 1977

Income as Members of Congress, Abner J. Mikva	$54,275.00
Salary from Evanston School District, Zoe Mikva	13,569.70
Dividends	772.24
Interest income	1,149.50
Honorariums	4,713.00
Net taxable capital gains	5,427.23
Total income	79,906.67
Less dividend exclusion	200.00
Less tax deductible expenses, losses, personal exemptions and deductions	23,553.41
Net taxable income	56,153.26
Income taxes paid:	
U.S. (joint return)	18,566.77
Illinois (joint return)	1,809.87

●

THE VANCE STYLE

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FASCELL. Mr. Speaker, one of the most unheralded, but effective, members of the President's Cabinet is Secretary of State Cyrus Vance. He has been working diligently to soothe international trouble spots, maintain harmonious relations between the United States and other nations, and otherwise promote a sound and beneficial foreign policy.

Among the factors contributing to Secretary Vance's success in these endeavors is his personal "style"—a low-key blend of expertise and earnest judiciousness. This was examined in a recent editorial in the Christian Science Monitor, which concluded: "The Vance style is in tune with history."

I am sure our colleagues will be interested in these comments:

[From the Christian Science Monitor, Apr. 26, 1978]

THE VANCE STYLE

Kissinger he's not. Nor is Kissinger the man the moment calls for. Cyrus Vance increasingly looks like the right Secretary of State at the right time. His style does not draw attention to itself. But if people listen to him, at home or abroad, they can gain a valuable feeling for living in today's complex, ambiguous international community.

Perhaps Mr. Vance has been traveling too much, especially considering the meager results disclosed so far from his latest swing abroad. But he is a reluctant barnstormer. We can't imagine President Carter saying to him what President Eisenhower apocryphally said to the wide-roving John Foster Dulles: "Don't just do something, Foster; stand there!"

Mr. Vance's diplomacy shines less in public than in encounters of the more important kind—with other diplomats in sessions designed to clarify positions and prepare agreements. He does not face the cameras as a supersalesman. He does not pluck or stroke the strings of the press with the virtuoso Kissinger touch. But on the trip from which he returned this week he was said to be able to relax a little more with reporters. He will no doubt communicate better all the time.

But Mr. Vance ought not to lose the sense of earnest judiciousness that can inspire confidence not only in his diplomatic opposite numbers but in a public fed up with the foreign policy deceptions and exaggerations of the past. When the Secretary returns from Moscow, saying there is good reason for maintaining confidentiality on his arms-control talks there, he inspires belief rather than doubt. His explanation makes sense: that progress could be deterred because the Soviets would regard U.S. airing of the information as a propaganda move.

But withholding the points of SALT II agreement or disagreement from the press and public makes it all the more essential that Secretary Vance's urgings against leaks be honored. The SALT debate has been damaged and distorted in the past by opponents' use of leaks to undercut proponents by getting out information first, and sometimes mistaken information, in a negative context.

On the larger question of détente, it seems clear now that Kissinger, not to mention Brezhnev, oversold the prospects several years ago. The subsequent slackening of détente seemed worse than it should have. Détente can hardly help but continue to be an up-and-down situation as long as America and Russia are ideologically so far apart.

By not claiming too much, Mr. Vance contributes to present and future realism as the precarious process continues. Nothing is monolithic any more. Nations have to get used to living together while representing shifting shades of a wide political and economic spectrum. It is a time for coolness in negotiation along with strictness in adherence to basic principles. The Vance style is in tune with history.

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Mr. Vance's diplomacy shines less in public than in encounters of the more important kind—with other diplomats in sessions designed to clarify positions and prepare agreements. He does not face the cameras as a supersalesman. He does not pluck or stroke the strings of the press with the virtuoso Kissinger touch. But on the trip from which he returned this week he was said to be able to relax a little more with reporters. He will no doubt communicate better all the time.

But Mr. Vance ought not to lose the sense of earnest judiciousness that can inspire confidence not only in his diplomatic opposite numbers but in a public fed up with the foreign policy deceptions and exaggerations of the past. When the Secretary returns from Moscow, saying there is good reason for maintaining confidentiality on his arms-control talks there, he inspires belief rather than doubt. His explanation makes sense: that progress could be deterred because the Soviets would regard U.S. airing of the information as a propaganda move.

But withholding the points of SALT II agreement or disagreement from the press and public makes it all the more essential that Secretary Vance's urgings against leaks be honored. The SALT debate has been damaged and distorted in the past by opponents' use of leaks to undercut proponents by getting out information first, and sometimes mistaken information, in a negative context.

On the larger question of détente, it seems clear now that Kissinger, not to mention Brezhnev, oversold the prospects several years ago. The subsequent slackening of détente seemed worse than it should have. Détente can hardly help but continue to be an up-and-down situation as long as America and Russia are ideologically so far apart.

By not claiming too much, Mr. Vance contributes to present and future realism as the precarious process continues. Nothing is monolithic any more. Nations have to get used to living together while representing shifting shades of a wide political and economic spectrum. It is a time for coolness in negotiation along with strictness in adherence to basic principles. The Vance style is in tune with history.●

USE OF U.S. CLUSTER BOMBS

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

Mr. McCLOSKEY. Mr. Speaker, following the extensive public discussion of Israeli's use of U.S.-supplied cluster bombs (CBU's) in civilian areas of southern Lebanon last month, I thought the House would be interested in the following letter I received from Israel's Ambassador to the United States, Simcha Dinitz:

APRIL 20, 1978.

Hon. PAUL N. MCCLOSKEY,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MCCLOSKEY: I thank you for your letters of April 10th and April 17th. I have communicated with our Ministry of Defense in order to be able to give you an authorized reply.

First, with regard to the interview of Mr. Joseph Rom, Member of Knesset, on the PANORAMA Program of April 17th. After checking the verbatim record of Mr. Rom's interview, it is clear to me that Mr. Rom referred to the Mutual Defense Agreement of July 1952, and treated the use of the cluster bombs by Israel under the terms of that Agreement.

Mr. Rom was evidently unaware of the additional secret assurances that were communicated by us to your Government on December 16, 1976, *under which the use of the CBU was not permitted in an operation such as the one that took place in Lebanon.* (Emphasis added.)

Subsequent discussions were held between our two Governments on this matter and a further exchange of Notes took place confirming the assurances given by Israel with regard to the use of the CBU's.

I have apprised Mr. Rom of the existence of these secret assurances, of which he was unaware at the time that he appeared on the program.

With regard to your earlier communication of April 10th and the enclosures to it, I can now report to you the following on the basis of the information that was transmitted to me by the Ministry of Defense in Israel:

On a number of occasions, during the operation in Lebanon and before the ceasefire came into effect, when artillery fire and Katyashua rockets were fired unceasingly on our civilian settlements and villages in the north of Israel, CBU bombs were used by the Israel Defense Forces against those artillary units and field positions.

The Ministry of Defense has further authorized me to state that CBU bombs were not supplied to Ethiopia.

I trust that the above information will clarify the questions you put to me.

Sincerely,

SIMCHA DINITZ,
Ambassador.

The House will note that Ambassador Dinitz clears up two previously uncertain facts:

First, Israel did violate an agreement with the United States that U.S.-supplied CBU's would not be used in an operation such as the Israelis mounted in southern Lebanon, and

Second, Israel has not supplied CBU's to Ethiopia as was reported in the Washington Post and Star last January 17 and 18.

With Ambassador Dinitz's clarification of these points, I believe that the matter can be closed on the understanding that Israel will not again violate the very restrictive limitations the United States has required as a condition of our past delivery of CBU's to Israel. It would be my hope that the United States would cease supplying these weapons to any nation in the future save under the same limitations that have been imposed on Israel.

These limitations are precise in prohibiting use of CBU's against guerrilla forces operation out of a civilian-occupied area such as southern Lebanon where over 400,000 Lebanese resided in the area attacked by the Israeli forces. Palestinians also resided there and without question, armed Palestinian guerrilla units numbering perhaps 15,000 operated from this area. But, as Israeli scholar Zeev Sternhal of Tel Aviv University recently wrote:

> The massive attack of a modern army on a guerrilla movement is not necessarily efficient and does not always achieve good results.

This is precisely the lesson we learned so painfully in Vietnam between 1965 and 1973.

Mr. Speaker, all of us have deplored the terror tactics of the PLO, and we, both as a nation and as individuals, are committed to the survival, security, and prosperity of the one true democracy of the Middle East.

Likewise all of us have Jewish constituents, whom we respect as friends as well as fellow citizens of superb commitment and concern, for the United States as well as for Israel. We deeply sympathize with the sense of kinship that Americans of Jewish ancestry to Israel and its goals. No one of us who is not Jewish can hope to fully share the emotional feelings and concerns of a people who lost 6 million of their compatriots in the holocaust of Adolph Hitler's Third Reich and who continue to face wholesale deprivation of human rights in nations such as the U.S.S.R.

But support of Israel does not require, nor should we give, support to those policies of an ally and friend which we believe to be wrong. To do so is to mislead that ally and friend, and to create the possibility of further wrongs.

In using CBU's in southern Lebanon against guerrilla units in a predominantly-civilian area, Israel was wrong.

I have attached copies of the two letters I transmitted to Ambassador Dinitz prior to his letter of April 20, together with a copy of a letter from presidential security adviser, Zbigniew Brzezinski, on the same point, as well as an article from yesterday's Washington Post describing Israel's intervention in Lebanon:

APRIL 10, 1978.

Hon. SIMCHA DINITZ,
Ambassador of Israel,
Washington, D.C.

DEAR AMBASSADOR DINITZ: I enclose a set of documents which are self-explanatory. I don't know of any other way to express my shock and anger over Israel's decision to use CBU's against civilian areas in the recent fighting in southern Lebanon.

My respect and support for Israel and her people remains undiminished, but I want you to know that I will vote unhesitatingly to cut off future aid to Israel if there is any further use of CBU's against refugee camps or civilian areas sheltering guerrilla forces.

I appreciate that acts of terror justify measured military response. I do not, however, believe that the use of CBU's against civilian areas can be justified under any circumstances. It seems to me Israel practically ensures a generation of terrorism by her opponents with this sort of governmental decision.

Sincerely,

PAUL N. MCCLOSKEY, Jr.

APRIL 17, 1978.

Hon. SIMCHA DINITZ,
Ambassador of Israel,
Washington, D.C.

DEAR MR. AMBASSADOR: I was concerned a few minutes ago to hear Mr. Joseph Rom, a member of the Knesset and of the Likud party, state that the Israeli use of cluster bombs in southern Lebanon last month did not violate the agreements between the United States and Israel. The enclosed letter from the National Security Advisor, Zbigniew Brzezinski, confirms that Israel's use of the CBU's did contradict previous assurances given to the United States by Israel. Further, it has been my understanding that the Israeli government has admitted the violation, apologized for it, and promised not to repeat such violation.

I would have ascribed Mr. Rom's comment to the possibility of the misinformation which commonly exists between Members of Congress and the Administration when we are not always fully advised of our government's position on certain actions.

In this case, however, Mr. Rom was accompanied by at least one employee of your Embassy and I am, therefore, assuming that he was fully informed by your Embassy prior to his statement over public television. Specifically, Mr. Rom stated that he and his colleagues had been fully advised of the circumstances surrounding the use of CBU's and that he (they) was completely satisfied that U.S./Israeli agreements had not been taken.

I solicit your early and comprehensive reply as to the position of your government on this issue.

Sincerely,

PAUL N. MCCLOSKEY, Jr.

APRIL 13, 1978.

Hon. PAUL N. MCCLOSKEY, Jr.,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MCCLOSKEY: Thank you very much for your letters to the President of March 22 and April 10, 1978, concerning Israeli use of cluster bomb units in military operations in southern Lebanon. As you know, the Government of Israel has confirmed that CBU's were in fact used in south Lebanon in contradiction to previous assurances given to us, and the State Department has communicated to the Israeli Government U.S. concern over this matter.

Contacts are still underway between our government and the Israeli Government on this issue which bear directly on some of the questions you posed in your latest letter. Consequently, I have forwarded your letter to the Department of State for a more substantive response.

Sincerely,

ZBIGNIEW BRZEZINSKI.

[From the Washington Post, Apr. 30, 1978]

DOUBTS IN ISRAEL ON LEBANON CAMPAIGN

(By H. D. S. Greenway)

JERUSALEM.—Six weeks have passed since the United Nations Security Council met hurriedly to cope with Israel's invasion of southern Lebanon, calling for an immediate withdrawal of Israeli forces. Today, Israel is staging its third partial pullback in Lebanon, turning over positions in the western sector to the United Nations forces.

Despite the fact that virtually all Israeli leaders have said that Israel has no intention of keeping troops in Lebanon and would like to withdraw them quickly, however, a total withdrawal is not yet in sight. Much of southern Lebanon lies in ruins and there has been serious criticism in Israel itself both as to the wisdom of occupying Lebanese territory and the manner in which it was carried out.

Prime Minister Menachem Begin, Defense Minister Ezer Weizman and the Israeli army have all declared the operation a success. But there are other Israelis, some of them senior officials, who harbor grave doubts.

Supporters of the invasion say that the Palestine Liberation Organization has now been pushed north of the Litani River, that the PLO has suffered heavy losses and that the northern frontier of Israel is now safe from the threat that the PLO presence there presented. "The damage caused to the terrorist organizations themselves, on the planes of morale, inter-Arab politics and military, is great," an official Israeli army summary of the operation said.

Detractors are not so sure. The Palestinians can boast that it took the Israeli army, with its vastly superior force, seven days to push them out of southern Lebanon—one day longer than it took Israel to defeat the armies of Egypt, Syria and Jordan in the 1967 war. The two operations cannot be legitimately compared but the point being made is that PLO morale may have been enhanced, not reduced.

Politically, the PLO has been brought once more into center stage because of the Israeli invasion. When U.N. Secretary General Kurt Waldheim conducted his recent investigation of the Lebanese situation, he consulted PLO leader Yasser Arafat on almost an equal footing as he consulted Menachem Begin. Peace on the Litani depends as much on PLO observance of the cease-fire as it does on Israeli acquiescence. And as for the safety of Israel's northern settlements, many are still in range of PLO guns north of the Litani line at which the Israeli invasion halted.

Although the cease-fire has, on the whole, been respected, there have been exchanges of fire by both sides and, according to Lebanese Christians, their villages are still being occasionally shelled from PLO positions north of the Litani.

There has also been military criticism over the fact that the Israeli army put no blocking forces behind the PLO in order to stop their escape and that therefore the main PLO forces were allowed to withdraw while the Israelis pounded many undefended villages with artillery and airstrikes. Of all the villages destroyed, there were comparatively few which the PLO actively defended.

As the military correspondent of the Jerusalem Post put it, the Israeli army abandoned the "Davidian" finesse for which it is famous in favor of stomping through southern Lebanon like a raging Goliath. The amount of Israeli firepower employed is attested to by the ruins of solid stone houses throughout southern Lebanon. Everything from the new American F–15 fighters, which were employed in combat for the first time anywhere, to the tried and true and highly efficient killer known as the cluster bomb were brought into the play.

That Defense Minister Weizman now says he was unaware of Israel's promise not to use cluster bombs on offensive operations does not inspire confidence in either Weizman or the defense ministry.

"It would have been foolish on our part had we acted like David while our strength was like that of Goliath . . ." the recently retired chief of staff, Mordechai Gur, said of the operation he commanded.

However, as political scientist Zeev Sternhal of Tel Aviv University recently wrote, "The massive attack of a modern army on a guerrilla movement is not necessarily efficient and does not always achieve good results."

HOLDING DOWN ISRAELI CASUALTIES

In a frank assessment which the Israel Defense Force made public as a preliminary summary of the Litani war, the Israeli army admitted to using tactics which would both increase civilian casualties and allow the main force PLO units to escape.

The summary says that the two main considerations were (1) to prevent the invasion from escalating into a war with Syria and (2) to carry out the task with a "minimum of losses to our forces."

"Every move and advance by our forces was preceded by an artillery softening up, bombing from the air and shelling from the sea," the report said. "It was clear that these bombings and shellings would cause suffering to the civilian population in southern Lebanon and would give the terrorists time to get out . . .

"We took into consideration the suffering of our own residents, the destruction and damage to our settlements in the north in the course of recent years—the direct result of the collaboration, even if under compulsion, of the residents of southern Lebanon with the terrorists. We also took into consideration the large number of deaths in the terrorist raid on the coastal road [There were 35 Israelis killed in the March 11 attack near Tel Aviv.] . . . We decided to carry out the

operation with an advance softening up all along the front in order to reduce our losses to a minimum."

This remarkable document would seemingly hold the civilian population of southern Lebanon to account for collaborating with the PLO as a partial justification of the invasion, while at the same time admitting that this same collaboration may have been under compulsion.

However, informed observers here suggest that the holding down of Israeli military casualties was a political necessity. The relatively high losses of the 1973 war are still remembered here and the government might have lost considerable domestic support had the Israeli army suffered the casualties that would have been necessary to capture south Lebanon without largely destroying it first, let alone trying to block the retreat of the main force PLO units from the area.

As it was, the Israelis lost 19 men in combat and another 12 in accidents. The Israeli estimate of the number of PLO dead ranges between 250 and 300. As for civilian dead, the Israelis admit to having buried 180 Lebanese civilians killed in the fighting and estimate that 100 more may have been buried by relatives or may yet lie under the rubble, according to the Jerusalem Post. The estimate does not include civilians who might have been killed in air raids and commando attacks north of the Litani.

According to the British Broadcasting Corporation, a reliable estimate of civilian dead from Lebanese and Red Cross sources puts the number of civilian dead close to 1,000, with 250,000 refugees from the entire area, north and south of the Litani, having been generated by the invasion. The Israelis say about 60,000 civilians have returned to the area south of the Litani.

A PLANNED RETALIATION

It is clear that the invasion had been planned for some time and that the PLO raid on the Tel Aviv coast road merely provided the right psychological moment to attack. Begin admitted as much when he told the Knesset foreign affairs and defense committee recently that sooner or later Israel might have had to strike into Lebanon even if there had been no "outrage" on the coast road.

Chief of Staff Gur admitted on television recently that he had long opposed an invasion of southern Lebanon but that the PLO attack on the coast road changed the political circumstances both at home and abroad.

It is said that Foreign Minister Moshe Dayan opposed the idea of a prolonged occupation and suggested a quick raid—in and out before Israel became embroiled in the politics of both the United Nations and Lebanon. He was overruled.

Weizman has admitted that the original goal was to take a 6-mile-wide strip along the border rather than most of south Lebanon. "The original plan, political and military, was to occupy a smaller territory," he said in a recent newspaper interview. "The intention was not for the scale that developed as a result of the requirements of the situation . . ."

That Israel's army should be sucked further into Lebanese territory than was originally thought advisable either in military or political terms gives rise to grave doubts. Weizman gives three reasons why it happened: (1) "Terrorist resistance and their attempts to harm our soldiers continued," (2) Arab *mukhtars* (village chiefs) asked to be taken under Israeli protection and (3) the intervention of the Security Council made it advisable to take the Litani River line in order to hand over a better and more defendable position to the U.N. forces.

The first reason given is the most revealing, as it points up the danger inherent in all such adventures when protecting the men in the field becomes more important than the original political purpose of the operation.

The second reason can be largely, if not completely, dismissed as self-serving propaganda. Any sensible *mukhtar* still alive waves the white flag and asks to be taken under Israeli protection when faced with Israeli tanks at the village gate.

The third reason, however, makes sense from both a political and a military view. The Litani line does make more sense if the U.N. forces hope to stop the return of armed men to the region and, if you take more you have more to give back to the U.N. in order to comply with the Security Council resolution without really harming your tactical position.

Weizman, in another recent newspaper interview, held the United States partly responsible because the United States called the Security Council meeting so hurriedly. "When we set out on the Litani operation we set short-term goals for ourselves. But then something happened: the U.S. government got involved—mistakenly, to my mind—like a bulldozer."

In fact, the reason the United States pushed ahead so quickly on the Security Council resolution of March 19 was because it had the support of the Lebanese government and Washington was afraid that the Lebanese delegation might waiver under pressure from other Arab states.

Indeed, if the Israeli invasion of Lebanon turns out, in the end, to have been the catharsis which forced the Lebanese to become masters of their own house once more, then this could be counted as a political plus for Israel. But it is by no means sure that the new Lebanese government can either restrict the Palestinians or disarm the various Lebanese factions.

The Israelis have promised the United Nations that they will withdraw to a 6-mile-wide strip parallel to the Israeli border early in May, which was of course the original objective of the invasion. The Israelis have informed the U.N., however, that further or complete withdrawal will not take place unless south Lebanon remains exclusively under the control of the U.N. forces and the Lebanese armed forces. No PLO troops are to be allowed to return to the area.

But what if the PLO decides to infiltrate back? Weizman said in an interview that "if the UN does not carry out its task the Israeli defense force will go back to resume its task."

Others argue that it would be politically very difficult to send the tanks rolling over the Norwegian or Swedish U.N. units, and the Nepalese Gurkhas or the French might even fire back.

Therefore Israel has put itself into the position where the tacit cooperation of the PLO has become essential and if and when the Israelis withdraw completely, they will have less control of the border region than they did when they were supplying and occasionally helping the local Christians. The U.N. is not likely to allow the Israelis the same freedom of action across the border as was possible before.

About 3,800 of the promised 4,000-man United Nations force are now in southern Lebanon and more will be arriving in early May. Both Israel and the U.N. command hope to boost the U.N. presence to 6,000 men.

But in the meantime a new Security Council resolution—425, demanding Israeli withdrawal from yet another piece of Arab territory—has joined the lexicon of similar resolutions. Israel is temporarily stuck with a conquest it cannot and does not want to keep but no one can say when Israel will finally withdraw.

Therefore many Israelis worry that Israel's leaders have become drawn into a situation they cannot control and from which it will be difficult to withdraw.

But just as important, in the minds of Israelis like Prof. Sternhal, is the damage done to "our own image in our own eye." ●

LAKEWOOD HIGH SCHOOL SINGING SPARTONES INVITED TO SING ON CAPITOL STEPS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. YOUNG of Florida. Mr. Speaker, Members of Congress, their staffs, and visitors to the Capitol will be treated to a performance by the Lakewood High School Singing "Spartones" of St. Petersburg, Fla., on Wednesday, May 3.

It has been a pleasure to arrange through your office for the appearance of these young people on the House steps of the Capitol Building beginning at 10 a.m. Also, by special invitation, the Spartones will make their second Washington appearance in the grand foyer of the Kennedy Center at 11:30 a.m.

It is indeed an honor for each of these young people to be selected as a member of the Lakewood Spartones. Lakewood High School is the second smallest of seven public high schools in Greater St. Petersburg. It has a student population of 2,100 with classes on double sessions. The members of the Spartones are selected by audition and meet for 50-minute classes every day on a 6-day modular scheduling cycle. The singing group is one of five choirs at Lakewood with classes offered in theory, appreciation, three bands, wind ensemble, drill team, and humanities.

It is my hope that as many of my colleagues as possible will take time from their busy schedules to join the Capitol visitors who will be listening to the excellent program the Spartones have been rehearsing for us. They will present a program selected especially for their Washington audiences. They have performed a variety of musical programs in Florida. For example, they have performed major classical works with the Florida Gulf Coast Symphony and their benefit performances include the United Fund Campaign, Television Telethon, and Toys for Tots. They have appeared before audiences at the St. Petersburg Bayfront Center entertainment complex, Museum of Fine Arts, Symphony Guilds' Golden Baton Ball, San Carlo Opera Co., local banks churches, nursing homes, civic clubs, chambers of commerce, Rotary, Kiwanis and Optimist Clubs, St. Petersburg Festival of States, the St. Louis Cardinals, Disney World and Sea World. They have entertained company representatives from all over the world at the Innisbrook Convention Center. They received from the mayor of St. Petersburg the honor of being officially proclaimed the city's "Sunshine Ambassadors." For 2 consecutive years, they were invited to sing at the Florida State Senate in Tallahassee, and in 1977 they performed for the Mississippi State Choral Conductors Conference. The Spartones performed when the Tampa Bay Rowdies soccer team hosted the Russian team in St. Petersburg. From this list, Mr. Speaker, you can see that a wide range of audiences have been delighted by the enter-

tainment these young Americans provide.

The trip to Washington means a great deal to each and every member of the Spartones. With their many performances, averaging over 120 per year, the members must maintain a B scholastic average to remain in the group. Many have part-time jobs, but they still have the time to practice and keep up with their academic studies. Recently, the Spartones have been busy with fundraising projects to pay for their trip to the Nation's Capital.

The Spartones will be under the direction of Mr. Fred R. Eshleman, the chairman of Lakewood High School's Music Department. Mr. Eshleman was chosen as 1976 "Outstanding Educator of the Year," an award presented by Mr. Ralph Turlington, Florida Commissioner of Education. Mr. Eshleman's undergraduate work was done at Lebanon Valley College and he received his master's degree from Temple University, and his administration and supervision certification from the University of South Florida.

Wednesday, May 3 is Sun Day throughout our country and I feel it is most appropriate for the "Sunshine Ambassadors" to be in Washington, D.C., on that day to share their talent with us.●

SOCIAL SECURITY FOR NEW FEDERAL EMPLOYEES

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. GEPHARDT. Mr. Speaker, today I am introducing together with Mrs. KEYS and Mr. GIBBONS a bill to provide that future Federal employees will be covered by social security and may elect not to be covered by the applicable Federal employees retirement system and that current Federal employees may elect to be covered by social security and, if they so elect, may elect to discontinue being covered by a retirement system for Federal employees and have retirement credits under any such system transferred to social security. A companion bill (S. 2880) has been introduced in the other body by Senator GAYLORD NELSON.

Last year when we considered mandating coverage of all Federal, State, and local government employees as part of the Social Security Financing Amendments Act, H.R. 9346, there was much uncertainty over how existing Federal employees retirement systems would be merged into social security. I fear that such uncertainty, especially with respect to the transfer of what would happen to a Federal employees' existing retirement credits, engendered opposition on the part of some members to universal coverage which otherwise would not have been voiced. This bill sets out a program that hopefully will end that uncertainty by mandating it prospectively and by providing for the transfer of benefits.

I would hasten to state to those who oppose universal coverage or who are still uncertain about this prospect that this bill does not address every question possible; it does not establish a complete system of retirement coverage for public and private employees. But the bill clearly starts us in that direction. Passage of it will place the appropriate House Committees and Congress in a position to address the ultimate question of exactly what kind of comprehensive retirement insurance system can and should we offer all employees.

Senator NELSON's remarks which accompanied the introduction of S. 2880 are recommended to you and they appear in the CONGRESSIONAL RECORD at pages 9583–9584 on April 11, 1978.●

TREASURY DEPARTMENT PROPOSED FIREARMS REGULATIONS

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. RAHALL. Mr. Speaker, I wish to share with my colleagues some alarming information that was made available to me by the National Rifle Association with regard to the Department of the Treasury's proposed firearm regulations as published in the Federal Register, March 21, 1978. This information along with my own convictions concerning gun control prompted me to cosponsor a bill, House Joint Resolution 872, that expresses disapproval with the Bureau of Alcohol, Tobacco, and Firearms' proposed regulation for computerized registration of all firearms.

Since firearms control first became an issue before the Congress and throughout the legislative history of the Gun Control Act of 1968, Congress has rejected the concept of national firearms registration. Now the Department of Treasury is attempting through bureaucratic regulation to usurp the authority Congress has specifically denied it. I see this as an insult to the Congress and a threat to the Nation's gunowners. The NRA information is as follows:

The U.S. Department of the Treasury has published regulations (March 21 Federal Register) to establish a national computerized central firearms registration system.

The regulations, if allowed to go into effect, would require all transactions of all firearms within existing Federally licensed commerce to be reported quarterly to the Bureau of Alcohol, Tobacco and Firearms. Reporting would cover all dealer sales to individual citizens, as well as all transactions between manufacturers, importers, exporters, wholesalers, jobbers, distributors and dealers.

Based on BATF estimates of the 5.2-million new firearms in commerce in fiscal year 1977 and BATF claims that an average of four transactions occur before a dealer sale to an individual citizen occurs, the reporting requirements would conservatively total at least 25-million separate computer entries.

When used firearms are included in the equation, the number of firearms transactions which would be computerized would total between 35 and 40 million.

The system would require 688,000 quarterly reports yearly from 172,000 holders of Federal Firearms Licenses. BATF estimates that the paperwork costs to dealers would be $8-million yearly.

The Treasury Department claims that the startup costs of this massive system would run about $5-million, and, according to Assistant Secretary Richard Davis, funding would neither have to be appropriated nor authorized by Congress, but would be simply "re-directed" from existing BATF funding.

However, that $5-million estimate does not begin to jibe with past BATF firearms registration cost estimates. BATF Director Rex Davis has previously estimated a national handgun registration system would call for a $35 to $100 million startup cost, followed by $20-million per year in operational costs. This proposed registration by regulation would cover all firearms—rifles, shotguns, and handguns.

In both the March 16 Congressional and public briefing on the proposals, Richard Davis, Assistant Secretary of the Treasury declared that the regulations would give BATF authority to call in and computerize all existing Federal form 4473's (which list the name and address of each firearms purchaser) which have been filled out by individual firearms buyers since enactment of the 1968 Gun Control Act. Secretary Davis qualified that declaration in the Congressional briefing by saying that such an action today would be "politically unrealistic."

Assistant Secretary Davis's predecessor, David R. MacDonald, told Congress during 1975 House Judiciary Committee hearings that Treasury should not act to centralize existing dealer records without Congressional authority. Also in 1975, BATF estimated they could trace a firearm in 27 minutes under the existing recordkeeping system if it is a "priority". There can be no justification for the proposed centralization other than expansion of bureaucratic authority and a desire to in fact register firearms.

Although Treasury says the reporting requirements do not include the names and addresses of individual private firearms purchasers, officials maintain they can easily obtain such information under the proposed regulations with a telephone call from BATF to the dealer making such a sale.

The regulations would also order institution of a new "unique" system of identifying firearms with a common 14 digit serial code. With this serial number, which would be required for all firearms manufactured after the regulations are placed into effect, the BATF could computerize information as to make, model, barrel length, caliber and individual number of all firearms. With this information, the Treasury Department could locate the purchasers of any firearms or category of firearm it might declare prohibited in the future. BATF estimates that the cost to consumers would be $5-million for retooling.

Other provisions in the regulations include redefinition of import and export regulations (a detailed summary of this provision will follow), and a requirement that all firearms lost or stolen while in Federally licensed commerce be reported within 24 hours of discovery. Failure to record or report such loss or theft to the satisfaction of BATF would be a felony, punishable by 5 years in prison, and a $5,000 fine. In many instances, the failure to report a theft of a firearm could exact a far harsher penalty on a dealer than on the thief.

There are literally no provisions of these regulations which can be supported by the National Rifle Association, its membership and affiliates.

During the debate of the 1968 Gun Control Act, the issue of national gun registration was raised and soundly defeated by better than a 2 to 1 margin. Since that time, Congress has rejected all national gun re-

gistration schemes which have been proposed. Clearly, Congress has refused to give the firearms control bureaucracy this authority.

This proposed regulation—whether called registration or "reporting"—amounts to the same thing: centralized national firearms registration. It is the very clear policy of the National Rifle Association that we are unalterably opposed to firearms registration at any level of government.

Printed in the March 21 Federal Register, the proposed regulations will be open to public comment until May 22, 1978. Comments must be submitted in duplicate to: Director, Bureau of Alcohol, Tobacco and Firearms; Washington, D.C. 20226; Attention: Regulations and Procedures Division.●

"HOLOCAUST" AND TV VIOLENCE

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Ms. MIKULSKI. Mr. Speaker, my colleagues know that I have been a persistent and vocal critic of network television programing. I have been particularly concerned about the number of violent incidents portrayed on network programs, and the impact of these portrayals on our people.

As a member of the House Communications Subcommittee, I have learned that the impact of violent acts on television shows can range from increased use of violence by young people to a self-perception by women of themselves as victims.

I believe, however, that one of the significant aspects of any discussion of violence on television is the context in which violent acts are portrayed. And, although I think that one significant way in which Congress can attempt to improve the quality of network television is by "jawboning," I feel that those who criticize also are obliged to give praise when it is due.

Praise is now due to NBC, for its courageous and thoughtful presentation of the recent miniseries "Holocaust." While one can reasonably debate whether this miniseries, or any television series, can ever fully convey the horrors of the era of Nazi terror in Europe, it is clear that the programing of "Holocaust" marks a major breakthrough in network television.

"Holocaust" was the type of program that we are often told the American people will never accept—that nobody will watch. It made us think, it made us uncomfortable, it made many of us cry. It taught our young people—indeed, it taught all of us—about a reign of death and horror only those who experienced it and somehow survived can perhaps every really understand. We know more now, as a result of seeing "Holocaust," and I hope that we will all be more sensitive to present-day deprivations of human rights as a result. We cannot bring back those who died, but we can, in their memory, strive to make ours a better world for all people.

To let us know of what took place, the writers and producers of "Holocaust" had to depict acts of violence. I believe that they did this with sensitivity and restraint. There was violence at that time, and there is violence—although, thankfully, not on so horrible a scale—in our time as well. I do not, as a critic of television, ask that its portrayals ignore this reality. Indeed, to do so would perhaps be just as damaging to the viewer—showing a world that doesn't exist in reality—as the gratuitous violence of which I have often complained.

I do ask that, as we viewers have gained from watching "Holocaust," the television networks also gain from it a better understanding of the way in which violence can be appropriately portrayed. I thank NBC, and its writers and producers, for the contribution "Holocaust" has made to its viewers and to the television industry.●

PHILADELPHIA SCHOOL OBSERVES 50TH ANNIVERSARY

HON. RAYMOND F. LEDERER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. LEDERER. Mr. Speaker, over the last 50 years, the Richmond Public School located at Belgrade and Ann Streets in my congressional district in Philadelphia has served the community and has provided an education to countless thousands of Philadelphia's children. The school will be celebrating its 50th anniversary on May 25 and 26, and I think it fitting that as the Representative from this congressional district, I bring the inspiring story to the Members of this House.

The history of the Richmond School goes back to 1846, when the first school was erected. This section of Richmond, sometimes called Port Richmond, originally the name of a tract of land on the Township of Northern Liberties, adjoining the Delaware north of Ball Town and south of Point-no-Point is the home of this famous school. The name of Richmond was derived from two county seats in the vicinity—the Richmond Lodge, which in 1808–09 belonged to the Fox family. It was incorporated as a district on February 27, 1847, a year after the school was erected, under the title of "The Commissioners and Inhabitants of the District of Richmond, in the County of Philadelphia." It extended along the Delaware River to a point some distance northwest of the upper end of Petty's Island; then northwest nearly to the point where Frankford Creek makes its most southerly bend; then southwest to Westmoreland Street; northwest along the same to Emerald Street, southwest along the same to a lane running from Frankford Turnpike to Nicetown Lane; along the Frankford Turnpike to the north boundary of Kensington and down the same to Gunner's Run and along the stream to the Delaware River. The area was 1,163 acres. It became part of the city in 1854.

Mr. Speaker, indeed this area is rich in history. Richmond School was the 50th school in the city system. The original price of the structure was $7,597.93, a bargain for the educational return on the investment.

The present structure was erected in April of 1929 and was part of district 7 which now is district 5 of the Philadelphia school system. The cornerstone of the present building was in place in 1928; 50 years this May.

Mr. Speaker, Richmond School is more than an educational institution—it is part of the history and culture of the Port Richmond area. The school is the representation of the strength of the Port Richmond area and its citizens, most of whom have lived there for all of their lives. It is a unique school, with a unique history and a unique spirit. The pride that our people have for their school is a source of real strength to all the residents of the city.●

DECISION OF FEDERAL LAND IN ALASKA

HON. WYCHE FOWLER, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FOWLER. Mr. Speaker, the decision about what to do with millions of acres of Federal land in Alaska will be one of the most important wildlife and conservation decisions facing the House of Representatives this year. The issues involved in this case touch on some of the fundamental questions concerning our whole society. How do we resolve the conflicts between economic and environmental needs, between short-term necessity and long-range goals, between spontaneous development and comprehensive planning?

I wish to express my complete support for H.R. 39, the "Alaska National Interest Lands Conservation Act." This bill offers us a unique opportunity to preserve whole areas which have natural, recreational, and wildlife value. The best protection for Alaskan fragile wildlife and wilderness is the establishment of complete ecosystems—boundaries drawn to encompass total habitat areas.

H.R. 39 would turn about 95 million acres into protected parklands within the National Park, National Wildlife Refuge, Wild and Scenic Rivers, and National Wilderness Preservation Systems. H.R. 39 would more than double the size of the country's National Park System, and preserve for posterity some of the world's most extensive wilderness areas.

Some will say that we cannot afford to remove so much land from protective, economic purposes. But the truth is that we probably cannot afford not to set this land aside for ourselves and our children.

It concerns me that we hear over and over throughout this country of parents and teachers complaining that we have almost reached a society where we know the price of everything but the value of nothing. I know of no greater testimony to the values we seek than to preserve

for those who come after us a wilderness area such as this.

In closing, I can only say that because of what we are about in this country, and specifically in Alaska, time is of the essence in the speedy approval of this bill. The construction of the oil pipeline has quickened the pace of development in Alaska, thereby threatening much of the Alaskan wilderness. Seven years have passed since the Alaska Native Claims Act of 1971. Studies have been conducted and legislation has been prepared. Now is the time for action. H.R. 39 would reconcile our economic need for Alaska's resources with our overriding national interest in preserving its unspoiled natural wildlife areas.●

WORLD REFUGEE REPORT SURVEYS REFUGEE SITUATION IN EASTERN EUROPE AND MIDDLE EAST

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. DRINAN. Mr. Speaker, the 1978 World Refugee Report notes that despite some changes in Eastern Europe, overall migration policies have not met the expectations raised by the Helsinki accords of 1975. Travel and migration policies of Bulgaria, Czechoslovakia, the German Democratic Republic, Poland, Romania, and the U.S.S.R. remain highly restrictive. Only Hungary among the Eastern Socialist countries has what is considered to be a "good" record of compliance. The proposed amnesty in Czechoslovakia for those citizens who fled the 1968 Soviet invasion is one hopeful development for refugee family reunion in that country.

In the Middle East there are over 1.7 million Palestinians registered as refugees with the United Nations. Also, 200,000 people remain internally displaced on the island of Cyprus because of the Turkish occupation of almost 40 percent of the territory; and 300,000 Kurds have been forcibly resettled by the Baathist government of Iraq and in Lebanon sporadic fighting has left the refugee problem unresolved, especially for the 400,000 persons who have been displaced within the nation.

Following is the segment of the 1978 World Refugee Report which deals with Eastern Europe and the Middle East.

SEGMENT OF 1978 WORLD REFUGEE REPORT

EUROPE

The refugee situation in Eastern Europe is unique. Most of the emigrants may be considered "voluntary refugees," those who wish to leave their country for political, ethnic, or religious reasons. East Germans as well as ethnic Germans in Poland, Romania and the Soviet Union who migrate to West Germany acquire citizenship automatically. Likewise, Jews from Eastern Europe and the Soviet Union who migrate to Israel obtain citizenship immediately. Many who wish to leave their country are held back, however. Frequently, only those who can claim ties to another nation or who have relatives abroad are allowed to leave permanently.

In 1975, the Helsinki Conference came to some tentative agreement on what the policies concerning migration and freedom of movement should be in Europe. The Final Act of the conference, included, under the Basket 111 section (Cooperation in Humanitarian and Other Fields), provisions for a standard of conduct which was to facilitate the reunification of families and marriages between citizens of differing nationalities.

The Human Contacts section of Basket 111 calls for certain specific steps designed to implement these goals. Among these are: the issuance of travel and exit documents on short delay, the lowering of document and processing fees to a moderate level, reconsideration of refused applications at frequent intervals, and elimination of any discrimination towards those who have been refused exit visas in the past. The Commission on Security and Cooperation in Europe (CSCE) was set up by the U.S. Congress to monitor the implementation of these provisions of the Final Act.[1] The CSCE reports that while the provisions of the Final Act have had some effect on emigration and travel procedures, the countries of the Warsaw Pact have "largely failed . . . to make the Helsinki pledges to facilitate freer movements and contacts, an operative part of their official policies and practices."[2] Indeed, they add that some countries have created further obstacles to travel and emigration.

However, steady, if not publicized, movement of people from Eastern Europe to other nations continues. In 1977, almost 16,000 Jewish emigrants left the Soviet Union bound for Israel, the U.S. and other countries. The 1975 treaty between the Federal Republic of Germany and Poland which has already allowed 48,000 ethnic Germans to emigrate to West Germany allowed another 25,000 ethnic Germans to return to Germany.

As the CSCE has pointed out, US policies too must be in line with the Final Act. If the US encourages freer emigration for the purposes of family reunification, it must maintain an open door to those who wish to immigrate to the U.S. to be with their families or to marry the person of their choice.

In 1977, the Carter Administration moved to give human rights a high priority among its foreign policy objectives. In 1977, the U.S. admitted 5,000 Jewish emigrants from the Soviet Union who were waiting in Rome for entry into the U.S. and plans to accept an additional 4,000 in 1978.

The Belgrade Conference to review compliance with the provisions of the Helsinki Final Act has raised considerable expectations among dissident groups in Eastern Europe and the Soviet Union, by providing an opportunity to compare their government's domestic policies with their international statements. But it is generally believed that the final document produced by the conference will not contain any additional pledges on human rights. It will most likely produce a general statement reaffirming the humanitarian provisions of the Helsinki accords. Although the results may be disappointing to many human rights groups, some diplomatic observers feel that the fact that a review conference was called at all adds weight to the pledges made at Helsinki.

[1] CSCE was created on June 3, 1976 by Public Law 94–304 to monitor the acts of the signatories of the Helsinki Final Act, reflecting compliance or violation. The commission consists of six Senators, six Representatives and one member each from the departments of State, Defense and Commerce.

[2] "Report to the Congress of the United States on implementation of the Final Act of the Conference on Security and Cooperation in Europe: Findings and Recommendations Two Years After Helsinki." August 1, 1977, p. 91.

The Soviet Union

In its review of the implementation of the Final Act of the Helsinki Conference, the CSCE reported that since the signing of the Final Act some adjustments in Soviet emigration procedures have been made, but that on the whole, official conduct has retained its aim of deterring emigration. While the period of waiting between the submission of an exist application and the receipt of a visa has shortened and the number of multiple refusals of visas has dropped, other obstacles remain which make emigration difficult for Soviet citizens.

In order to apply to leave the Soviet Union, for example, one must provide a long list of documents. They include: an invitation from relatives abroad, a declaration form, an autobiography, a certificate from one's work place, permission from one's parents, permission from one's (former) spouse, a certificate from place of residence, copies of certificates of birth, marriage, divorce, death of relatives, and educational diplomas and photographs. Many emigrants report that the collection and submission of these documents is very difficult. Problems range from receiving relative's invitations to refusals of parents to give permission for their children to emigrate. In addition, the cost of emigration can be exceedingly high. A family that wishes to emigrate may have to pay as much as 1,500 rubles (1,750 dollars) in order to leave the country, the equivalent of the average yearly wage of a worker.

Thus, despite the continuous flow of people out of the Soviet Union, it is evident that there are many more persons wishing to emigrate but who have experienced difficulties which seem designed to deter the emigrant from leaving the Soviet Union. The U.S.S.R. was sharply criticized for these impediments at the 1977 Belgrade Conference to review compliance with the Helsinki Accords.

Other Eastern European countries

As in the Soviet Union, the application process for those who wish to emigrate from Warsaw Pact countries is long and complex. Prospective emigrants must obtain exit visas, passports and in at least one case, a frontier control paper.

The documents, which must be submitted to obtain these documents vary from country to country, but in general are numerous and often difficult to obtain. CSCE reports that persons wishing to emigrate may have to furnish documents such as military and police records, certificates of non-indebtedness, promises from Western embassies that entry visas will be granted and even, in Romania, an "application for an application."

Reports from Eastern Europe indicate that emigration policies and practices have not, on the whole, changed significantly as a result of the Helsinki accords. In fact, reports CSCE, some countries have instituted new obstacles to emigration.

Hungary would seem to have the best record of any Warsaw Pact country in responding to the provisions in the Final Act. Hungary has lowered its passport fees, considers renewals of applications at frequent intervals, processes applications relatively quickly, and reportedly does not harass those who apply to emigrate. The Commission on Security and Cooperation in Europe reported to Congress in its annual report of August 1 that Hungary provides a good model" for states wishing to control exits by its citizens, but at the same time wishes to abide by the Helsinki accords.

In contrast to Hungary, Romania, the German Democratic Republic, (GRD) and Bulgaria have reportedly imposed new obstacles to those wishing to emigrate. Romania has instituted the "application for the application" and has attempted, via a media campaign, to discourage emigration. In Bulgaria, it was reported this year by Western embassies that Bulgarian citizens were

being denied access to those embassies. Early in 1977, the Bonn government made a protest to the GDR over the same procedure. The barring of East Germans from the West German Embassy has now reportedly stopped.

A 1975 agreement between the Federal Republic of Germany (FRG) and Poland provided for the emigration of 125,000 ethnic Germans to the FRG over a four year period in return for $950 million in economic aid and credits to Poland. Some 25,000 ethnic Germans migrated from Poland in 1977, a slightly higher number than in 1976. While the number of Germans allowed to emigrate has increased somewhat Polish emigration policies in general remain highly restrictive Emigration from Czechoslovakia is also very restrictive; however, the Czechs are becoming more amenable toward the emigration of ethnic Germans and an amnesty for those who fled the country in 1968 has opened the door to further family reunification.

MIDDLE EAST

The most significant development in the Middle East in the past year was the visit of Egyptian President Anwar Sadat to Israel, opening the way to a long process of a possible negotiated peace in one of the world's most turbulent regions. While the outcome of the negotiations remains uncertain, for the first time in the history of the Arab-Israeli dispute, the parties have sat down, face to face, to discuss their mutual problems. Should there be a settlement, it will have a tremendous impact on the refugee situation in the Middle East.

There are over 1.7 million Palestinians registered as refugees with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Should a peace settlement come about, these refugees would be able to move out of refugee settlements.

Another significant development this year was the death of Archbishop Makarios, who for more than a decade had presided over the tiny island of Cyprus, an object of international tension since the end of World War II. Makarios was a unifying presence for the island and in particular for the Greek community. But the Turkish Cypriot minority resented his and the Greek Cypriot dominance of the economic and political structures of the island. The 1974 overthrow of Makarios by a Greek Cypriot group favoring union with Greece, resulted in the Turkish invasion and subsequent occupation of 40% of the island in an alleged effort to protect Turkish Cypriot minority rights.

However, the Turkish occupation of the north of the island has resulted in the displacement of some 200,000 Greek Cypriots to the south. They are living in tent villages, unused factories, or unfurnished houses. The U.N. High Commissioner for Refugees has acted as Coordinator for U.N. Humanitarian Assistance to Cyprus in the form of food, housing and medical care. While the relief effort continues, U.N. Secretary General Kurt Waldheim continues talks with both Greek and Turkish Cypriot leaders in an effort to reopen stalemated negotiations on a political settlement.

In Lebanon during the past year, a cease-fire, though marred by sporadic violence, has allowed many Lebanese to return to their homes and begin reconstruction. But a lasting political settlement to the war has been postponed due to continued fighting in Southern Lebanon, which has reportedly caused a number of Lebanese who had returned to the country to leave again. Most observers agree that the surface calm in Lebanon is maintained chiefly by the Arab peace-keeping force, which is said to number 30,000 troops, mostly Syrian.

The status of the human rights of the Kurdish ethnic minority in Iraq has not improved much in the past year. Some of the Kurds who were forced to leave their homes for the southern desert have been allowed to return to the mountains but their number has been offset by others who were deported to the south this year. Included in this section of the 1978 World Refugee Survey Report is a short history of the Kurdish situation.

Palestinian Refugees

Since the Arab-Israeli conflict of 1948, thousands of people from the former state of Palestine have been forced out of their homes and into the areas surrounding the state of Israel. Since 1967, those refugees who live on the West Bank of Jordan and the Gaza Strip have lived under Israeli military occupation. The extent, the duration, and especially the political nature of the problem have made this refugee situation unique. Recently, the Lebanese Civil War has complicated relief efforts even more.

Relief projects for the 1,706,486 Palestinian registered with UNRWA involve not only the United Nations, but the governments in which these refugees reside and a host of voluntary agencies. The United Nations Relief and Works Agency, created in 1950 as a temporary agency in response to the problem of Palestinian Refugees, had a budget in 1977 of 134,000,000 dollars. This money was used to provide three basic services. First, it was used for the continuing education and training of refugees and their children. Secondly, it was used to provide the refugees with low incomes with basic relief measures such as shelter, food and clothing. Thirdly, it was used to provide health care to refugees in need of medical attention. UNRWA's fields of operations were in Lebanon, Syria, East Jordan, the West Bank and the Gaza Strip.

Working with and contributing funds to UNRWA were several voluntary organizations. Among them: American Near East Aid, Inc., ARAMCO, the Canadian Save the Children Federation, the Lutheran World Federation, the Norwegian Refugee Council OXFAM (United Kingdom) Save the Children Federation, Zonta International, and several Japanese business organizations. Several UN agencies have also cooperated in relief efforts. These include UNRWA, WHO, UNESCO, UNDP, and UNICEF.

During the Lebanese Civil War, many of UNRWA's facilities were either destroyed or damaged by shelling, fighting or looting. Losses to school facilities were estimated at 565,000 dollars and all the UNRWA schools as well as the Lebanese schools were suspended during the war. Moreover, several of the school buildings were used as shelters for displaced persons. The damage to shelters, camps and other UNRWA installations dealing with basic aid was severe. Two camps were entirely destroyed, and many others were damaged in the fighting. Several hospitals were also damaged or suffered looting during periods of intensive fighting. Replacing these facilities will strain the already precarious budget of UNRWA. The Lebanese cease-fire, if it remains intact, will allow the rebuilding of many of these facilities. In other areas, operations continue as before. The political situation remains unstable, but negotiations and the recent visit of President Sadat bring hope that peace may soon be forthcoming. Yet, many hopes for peace have come and gone in the Middle East.

The Kurds

The history of the Kurds is a history of domination by foreign powers, war and rebellion and of betrayal by its closest allies, including the U.S. On July 15, 1977, fifteen United States Senators in a letter to Secretary of State Cyrus Vance expressed their concern over the U.S. role in the tragedy of the 1974–75 Kurdish rebellion in Iraq. They said, in part, "We refer specifically to the covert U.S. assistance to the Kurds in their rebellion against the Iraqi regime. This assistance, affirmed through intelligence channels and substantiated by communications with former Secretary of State Henry Kissinger, was abruptly withdrawn and the rebellion crushed when Iran sealed its borders. The Pike Committee Report on the CIA also documents the role of our government in this matter." Their concern over the U.S. role in this matter was well-founded for in March of 1975, the Kurdish forces after having been given assurance of support by the U.S., found themselves beaten and forced to flee to Iran. Since then, the history of the Kurds—pawns of Persian Gulf politics—has been one of flight, deportation, discrimination and incarceration.

The Iraqi Kurds make up only about 20 percent of the total Kurdish population in the Middle East. The 10 million Kurds in the area are scattered among Turkey, Iraq, Iran and the Soviet Union. Throughout their 2000 year history, they have faced opposition from the groups around them. Today, the opposition is bordering on cultural genocide. The Iraqis and the Turks refuse to teach Kurdish in the schools, deprive the Kurds of their rights as citizens and suppress their communications with one another via the press. The Iraqis have taken Kurdish land away from its owners, and have refused to let Kurds own any of the oil-rich lands in Iraq. Since the war, the Iraqis have imprisoned 30,000 former Kurdish freedom fighters despite an Amnesty Law under which they should be free, executed 227 leaders of the Kurdish forces and exiled almost 300,000 Kurds from their mountain homes in the north to the southern deserts of Iraq.

About 35,000 Kurds remain in Iran, afraid to return to Iraq, cut off from other Kurds. In addition to these refugees, there are several hundred exiles living abroad such as the former military leader Mulla Mustafa al-Barzani, in the U.S. About 1500 have been resettled—half in the U.S. and the other half in various European countries. For these people—the exiles, the deported, the incarcerated—there may be no return. The Iraqi government has now set up restrictive belts around several cities in northern Iraq. Entering these area means death for any Kurd who is caught. Further, the Iraqi government has bullozed several Kurdish villages and has allowed Arabs to move into formerly Kurdish areas. Given these sanctions, plus an unwillingness on the part of Turkey or Iran (both of which have large Kurd population) to stir up trouble by working for change, the future for the Kurds in Iraq and for the Kurdish populations of the Middle East as a whole, looks bleak.

Other Middle Eastern Countries

Public attention was focused on political oppression in Iran when the Shah of Iran visited the United States in November of 1977. Many Irian exiles and student groups complained of harassment of SAVAK, the Iranian secret police. Although it is believed that a number of Iranians have chosen to leave their country because of political repression, there are no reliable statistics on their numbers.

Human rights groups have also voiced concern over rights violations in other Middle Eastern countries, including Iraq, Syria, the People's Democratic Republic of Yemen, and Bahrain. But there are no verifiable sources to substantiate the presence of large numbers of refugees from any of these countries. ●

CONGRATULATIONS TO FRANKFORD HOSPITAL IN PHILADELPHIA, PA.

HON. RAYMOND F. LEDERER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. LEDERER. Mr. Speaker, I would like to pause in the business of the House to congratulate Frankford Hospital in

Philadelphia during its diamond jubilee year.

Frankford Hospital has been serving the people of the city of Philadelphia since 1903. During this 75-year period, countless babies were born, and countless people were saved by the outstanding medical and support staff at Frankford Hospital. The hospital has become not only a valued institution in the community but in the entire city of Philadelphia.

On behalf of the people of Philadelphia, I want to thank Frankford Hospital for its fine work in the past 75 years and offer my appreciation for the excellent health care that the hospital will continue to render in the coming years.●

CONTINUED SUPPORT FOR NURSING PROGRAMS IS NEEDED

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. DODD. Mr. Speaker, several weeks ago the chairman of the Subcommittee on Labor-Health. Education, and Welfare held hearings on a critical portion of the fiscal year 1979 Labor-HEW appropriations bill—funding for our Nation's nursing programs. At this point in the RECORD, I would like to insert the text of my testimony outlining my concerns over the reductions which the administration has proposed for our nursing programs.

SUPPORT FOR NURSING PROGRAMS NEEDED

Mr. Chairman: I want to thank you for this opportunity to present my views on the Administration's budget request for fiscal year 1979, which proposes to drastically reduce federal support for nursing programs in this country.

Since the 1930's federal assistance has been provided for nursing programs. Today we have a diversified program of federal support which provides funds to nursing schools for the construction of teaching facilities, capitation assistance to aid education programs, and financial distress grants to help schools maintain programs or meet special needs. Special projects to improve nurse training are also funded. In addition, federal funds allow for grants to be made to nursing schools for advanced nurse training programs and nurse practitioner programs. Student assistance is also available in the form of loans, scholarships, and advanced nurse traineeships.

Claiming that our nation's supply of nurses is adequate, the Administration is seeking to decrease the fiscal year 1978 appropriation for nursing programs of $125 million to $20 million for fiscal year 1979. This budget request will terminate the programs for construction, capitation assistance, financial distress grants, advanced nurse training grants, loans, scholarships, and advanced nurse traineeships. Consequently, support would only be continued for special projects and nurse practitioner projects.

What effects will such dramatic decreases bring? The fiscal year 1978 budget provided funds for 1,100 schools to receive capitation assistance. These schools will not receive this aid if the budget figures are approved. One hundred fifty special project grants were awarded last year. Support in this category would be halved in fiscal year 1979. In fiscal year 1978, 96 graduate programs were aided by grants for advanced training of nurses. Some of these need to be continued this year but would be cut off in midstream if funds are slashed under the Administration's proposal. Under the Administration's proposal nurse practitioner programs would be funded at the fiscal year 1978 level or $13 million. Approximately 17 of the 83 currently funded programs would terminate at the end of fiscal year 1978, making room for a few new projects in this critical category.

Let us briefly examine the Administration's proposal for student assistance. Under student assistance programs last year approximately 28,000 individuals received loans accounting for 15 percent of the nursing students in this country, and 9,000 received scholarships. Schools would be able to continue funding loans from their replenished loan funds, but no federal funds earmarked specifically for nurses would be available. The Administration proposes that undergraduate nursing student financial assistance requirements could be met by the Office of Education loan and grant programs. However, no guarantee exists that nurses will receive loans or scholarships. For one thing, no additional funds have been provided in the budget in anticipation of these nurses seeking assistance from the Office of Education.

These budget cuts will force nursing schools to look to other sources of financial support. A few private schools have even indicated they might have to close.

According to a survey conducted by the American Association of Colleges and Nurses, which represents almost two-thirds of the 300 college nursing programs, the colleges revealed that this possible loss of funds would decrease enrollment, eliminate some programs, and cut back on faculty. For example, according to the Association, 55 to 60 percent of the faculty salaries in these colleges are currently supported by federal funds.

I would briefly like to describe the impact of the President's budget proposal for nurse training programs on the University of Connecticut School of Nursing. The President's budget proposal will have far reaching effects on the University's undergraduate and graduate programs. First of all, the elimination of capitation assistance would result in a reduction of undergraduate students from the current 125 to 108. Loss of capitation funding would result in a loss of funding for teaching assistance in laboratories, and loss of funding for purchase and replacement of laboratory equipment.

On the graduate level, there is a great need to retain the current level of federal support. If capitation funding is eliminated it is expected that only 10 percent of the graduate students would be full time, with the majority being part time. At the present time the ratio of graduate to nongraduate students is 2 to 1. Thus, capitation assistance which provides funding for traineeships is essential in permitting students to continue their education on a full time basis.

At the present time, the University of Connecticut School of Nursing and Yale University School of Nursing combined are graduting 40 nurses in the masters program each year. It is my understanding that both schools are in need of faculty replacements. Nurses trained in the masters program are greatly needed to fill current teaching needs, in addition to meeting future teaching needs.

I would like to explore the alternatives available to our nursing schools, if the proposed budget cuts go into effect. Two immediate sources of potential financial support come to mind, both placing the burden squarely on others—either students or state governments. One source of income would be to seek support from already overburdened state governments.

You will recall that the federal government got involved in the administration of nurse training funding because these measures did not represent the best means of support. For example, the main objective of the Nurse Training Act of 1971 as well as the Comprehensive Manpower Training Act of 1971 was to provide financial support for education in health professions schools by means of a capitation grant for each full-time student. To some degree, capitation assistance evolved as a response to claims of financial distress by health professional scchools in the late 1960's and early 1970's.

In looking at the funding needs for nurse training programs, we must closely examine the role which the nurse is playing in our nation's health care system. I am aware that there are a little over one million nurses in the United States today. However, the majority of these individuals were trained in hospital or associate degree programs. According to the American Association of Colleges of Nursing, less than 14 percent of today's nurses have earned a baccalaureate or advanced degree. In fact, less than one percent have obtained doctoral degrees. This is a critical point because it is the nurse with the advanced degree who serves as a faculty member or engages in the research projects which have been so lacking in the nursing field. In addition, our health care system is placing more and more emphasis on personnel who can provide primary care in health manpower shortage areas. We need the nurse trained in these college programs who can provide such care.

It is essential for us to realize that the nurse training program has addressed the problem of providing personnel to health manpower shortage areas in several ways. The Administration proposes to eliminate the funds to schools which cover the costs of advanced nurse traineeships. However, it is under this program that special consideration is given to applications for traineeship programs which train nurse practitioners who will practice in health manpower shortage areas. That same program also authorizes grants and contracts with various entities including nursing schools which would establish and operate traineeship programs to train nurse practitioners who are residents of health manpower shortage areas and who enter into a commitment to practice in that area.

Congress has opposed previous efforts to drastically limit federal funds to the nursing program. It has acted to restore budget cuts to this program in the past, and it has renewed the program periodically since 1963. I am proud to have introduced legislation in the 94th Congress to extend the nurse training programs for two years. You will recall that this legislation was incorporated into the Health Revenue and Health Services Act of 1975, and was vetoed by President Ford. However, Congress overrode the presidential veto, and the health services legislation became law.

I am hopeful that the 95th Congress will continue to show its support for nurse training programs. Legislation has already been introduced to renew the program. It includes S. 2416, introduced by Senators Javits and Kennedy, and H.R. 10468, introduced by Representatives Rogers and Carter. Both pieces of legislation represent a two-vear extension of existing nurse training authorities with only one revision. The legislation would eliminate financial distress grants because nursing schools have indicated that there is no real need for such a grant as long as they are receiving capitation assistance. The $5 million originally authorized for financial distress grants would be allotted to special projects.

To insure that quality nursing care continues to be provided, I strongly support the nurse training program. In that vein, I recommend restoration of the cut funds to the budget and the passage of the program extension.

Thank you Mr. Chairman for the opportunity you have given me to express my opinion on this most important matter.●

EULOGY TO HUBERT H. HUMPHREY

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. ASPIN. Mr. Speaker, since the passing of the great Senator from Minnesota, Hubert H. Humphrey, many words have been spoken about the kind of life he lived and the kind of man he was. It seems that there are hardly enough good words to describe this man.

However, I recently attended a Democratic Party dinner in Sheboygan, Wis., and listened to a tribute to Senator Humphrey given by a man who knew him well and who knew him as a friend. The man who gave this touching tribute is James Dillman, an attorney and party activist in Sheboygan. The feelings he expressed are very personal, but I think the thoughts he expressed are shared by all of us and I hope you will allow me to take this opportunity to share Mr. Dillman's thoughts with you:

EULOGY TO HUBERT HUMPHREY

In Hubert Humphrey's book entitled, "The Education of a Public Man" he wrote with reference to his 1968 campaign for President of the United States, "I have done my best. I have lost. Mr. Nixon has won. The democratic process has worked its will, so now let's get on with the urgent task of uniting our country".

He went on, "In a lifetime of thousands of speeches and millions of words, those were the hardest ones I have ever had to speak. They came at the end of the longest day of my life, the day during which 73 million citizens cast their ballots for me, or for someone else, for President of the United States. It was a day when every minute lingered, when time was suspended, when suddenly there was nothing more to do after months on a treadmill, when finally fatigue overwhelmed me.

"Yet it was so special and tense a day. It was a day of school boy's dreams, a day almost all men in public life in America include in their fantasies. A day of harshest reality, of total success or total failure. At its end, no matter what the margin, I might be President-elect of the United States or I would be out of public service for the first time in a quarter of a century.

"Election Day, for a candidate, can only be solitary self confinement in the midst of madness, and my thoughts alone, euphoric one moment, depressed the next, kept me company that day".

These words reveal a facet of the man, Hubert Horatio Humphrey, a man destined for greatness, a man destined to become an eminent political leader in this great land of ours, a man, but for the quirks of fate, would have become President of the United States.

I suppose many of you, as have I, have contemplated on how things might have been different if Hubert Humphrey had been elected President in 1968. I know we would have had dynamic leadership of our country, the moral tone of the Presidency would have been of the highest and, instead of connivance and paranoia, we would have had compassion and virtue. We know he was kidded about his great flow of words, his talkativeness and his glibness. Some said that if you asked Hubert Horatio Humphrey a question you got a filibuster for an answer. Or, that he talked at the rate of 125 words a minute with gusts up to 250. But it was the mark of this great man that he could laugh at himself. He was a man of good humor, humility and simple grace and could take comments like these in stride. Gaylord Nelson once voiced doubts to him when he began his political career about running for office with a handle like "Gaylord". He was re-assured by HHH when he replied that if he could be a successful politician with a name like Hubert Horatio, Gaylord certainly had nothing to worry about!

The character of this man is shown by how he accepted his defeat in 1968 and came back to the United States Senate as the *junior* senator from Minnesota. The last time I talked to him he told me he was convinced that if the campaign of 1968 had lasted another 10 days he would have been President of the United States. He was not embittered by the result of the 1968 election. He had an abiding confidence in the American people, a feeling that Mr. Citizen would ultimately make the right decision, given the true facts, and in the principle that the best in America would eventually triumph. He had an ebullient personality and he engaged in the politics of joy. He was often criticized for that, but his was a feeling of eternal optimism for America. He knew, that somehow or other, the best would triumph, and, By Golly, he would do his best to see that it did. And, By Golly, he did! He made a mark on the political life of America equalled by no one else in modern times.

The outpouring of grief and sympathy that occurred before and after his death could not have been greater than if he had been President of our country. He touched the hearts and minds of the average American and they responded by the millions as they watched the funeral services in tears and sympathized with his brave widow, Muriel, and his family. Most Americans, regardless of political persuasions, felt they had lost a real friend, a man, who, regardless of his political philosophy, would listen to him and try to right what was wrong.

Hubert Humphrey believed it the duty of aspirants for public office to inform, to educate, to reason with the people they seek to lead. He believed utterly in democracy and the collective reason of properly informed people. He thought that political campaigns for offices of great responsibility are both an opportunity and an obligation to talk sensibly and truthfully about public questions and their full obligations. He tried to revitalize a basic assumption of democracy—honest political leadership that despises the easy road to popularity and insists on focusing attention on reality and truth, however distasteful. He felt that unless the great political parties and their spokesmen assume responsibility for educating and guiding the American people with constant candor, how can we be sure that the majority rule will meet the test of these searching times. *He was an optimist.* He felt that anyone who has seen the might and majesty of America must be an optimist—the American that asks for nothing for herself except what she has a right to ask for humanity itself.

It was a rare privilege to have known Hubert Humphrey. I knew him. My life and the lives of millions of Americans have been greatly enriched by a wealth no man can measure or define.

What greater epitaph can there be for this great man? ●

PERSONAL EXPLANATION

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Ms. HOLTZMAN. Mr. Speaker, because I was ill, I was unable to be present for the following votes. If I had been present, I would have voted as follows:

APRIL 24, 1978

Rollcall No. 244, "yes";
Rollcall No. 245, "no"; and
Rollcall No. 246, "yes." ●

TEST-BAN POLICY: DEALING THE PENTAGON OUT

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my colleagues the following article by columnists Rowland Evans and Robert Novak which appeared in the Washington Post on April 29, 1978:

TEST-BAN POLICY: DEALING THE PENTAGON OUT

(By Rowland Evans and Robert Novak)

In two mid-April meetings conducted here under strictest secrecy, key officials in the national security bureaucracy agreed with British counterparts not to insist on previous stringent conditions for a total nuclear-test-ban treaty with the Soviet Union.

The extreme secrecy may have been designed to keep news of the meeting not so much from the Russians as from the Pentagon. The new U.S. negotiating posture amounts to accepting Soviet terms for verification of a comprehensive ban of all underground nuclear tests (atmospheric tests were outlawed 15 years ago). That is wholly unacceptable to the Joint Chiefs of Staff and some senior Defense Department officials who had no part in the decision, thus posing direct confrontation between President Carter and the Pentagon.

The president has talked repeatedly of a treaty "to prohibit any testing of nuclear weapons at all." But the Pentagon believes Moscow could easily violate such a treaty by testing small weapons in the 3- to 10-kiloton range, which cannot be identified as a nuclear blast. Since the United States would obey the treaty, that could in time give Moscow significantly higher confidence in the reliability of Soviet weapons and conceivably create U.S. doubt about its deterrent.

Ironically, the drive for a comprehensive test-ban treaty has been viewed by some arms-control advocates as an easy first step before taking the threatened strategic arms limitation agreement to the Senate. Fitting President Carter's dream of a world free from nuclear weapons, the test ban was thought to offer a quick win in the Senate.

Consequently, a major push has been under way for several weeks in Geneva for a test-ban treaty. But Soviet negotiator Igor Morokhov rejected the U.S. proposal that compliance be verified inside the Soviet Union by about 20 new internal seismic stations using sophisticated U.S. equipment guaranteed against Soviet tampering. Simultaneously, the British Cabinet secretly agreed to soften its negotiating position.

That was the situation April 17 when British officials came to Washington for a hush-hush conference with two critically important U.S. officials: Alan Neidle of the Arms Control and Disarmament Agency (ACDA) and Leslie Gelb of the State Department. The Defense Department was not invited to send representatives.

Neidle declared the United States and Great Britain must have a strategy that "finesses" Morokhov's concerns. Abandoning previous U.S. demands, Neidle proposed accepting no more than 12 seismic stations in

the Soviet Union at locations of Moscow's choice. Those stations would be located at existing Soviet facilities, possibly improved by U.S. earthquake-monitoring equipment not specifically designed for test-ban verification.

"The ACDA position," said one inside critic, "seems to be more concerned with obviating Soviet worries than obtaining an adequate verification network." Neidle even suggested that verification details not be worked out in advance but be left to a "joint consultative commission" after the treaty's ratification. The British agreed.

Finally, Neidle told the British the United States no longer insists on permitting some relatively low-level testing, called essential by U.S. weapons experts to maintain the nuclear arsenal. Rather, he said, the U.S. delegation will return to Geneva without any position on permitted testing. Neidle's new position was confirmed to the British two days later, April 19, in another secret meeting by John Markman of the National Security Council (NSC) staff.

Markham also voiced willingness to accept last year's offer from Soviet President Leonid Brezhnev for "voluntary" on-site inspections at Soviet discretion. But in fact, such inspections—voluntary or not—are ineffective, as the Russians well know. It is sophisticated seismic stations that are the most effective, and that is what Moscow objects to.

The secretary of the April 17 and 19 meetings suggests that the State Department, ACDA and the NSC are short-stopping usual interagency review procedures—thus gaging protests. That fits test-ban tactics followed by Paul Warnke, ACDA's shrewd director.

While publicly saying the question is still open, Warnke has argued within the top-secret Security Coordinating Committee (SCC) for a treaty banning all tests, adding that the Geneva talks should otherwise be broken off.

Two members of the House Armed Services Committee—Robin Beard (R-Tenn.) and Sam Stratton (D-N.Y.)—were alerted to Warnke's SCC arguments. They wrote Warnke April 4 asking why ASDA wants a total test ban that cannot be verified against Soviet violations. ACDA replied that the Beard-Stratton letter should be classified, partly because it might embarrass Moscow, then sent an unresponsive reply (classified "confidential").

The biggest question now is the reaction of the Joint Chiefs of Staff, who accepted the role of good soldier on Korean troops, B1 bomber and the neutron warhead. Testifying at closed House hearings March 15 and 26, representatives of the chiefs said they could not support a test-ban treaty that could not be verified; shortly thereafter, intelligence-community witnesses testified a total test ban was not verifiable. What was intended to ease the way for SALT is becoming no small headache in its own right.

HELSINKI COMMISSION TO MEET WITH CELLIST MSTISLAV ROSTROPOVICH

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FASCELL. Mr. Speaker, famed cellist and National Symphony music director Mstislav Rostropovich will testify before the Commission on Security and Cooperation in Europe on Thursday, May 4 at 10 a.m., in room 1318 of the Dirksen Senate Office Building. The hearing will be Rostropovich's first public opportunity in the United States to discuss the recent Soviet decision to strip him and his wife, Soprano Galina Vishnevskaya, of their citizenship.

In addition to discussing the question of a citizen's right to retain his nationality, Rostropovich is expected to comment on the conditions to which Soviet musicians must submit in order to perform abroad, the restraints on Western performers visiting the Soviet Union and the stance the West should take toward cultural cooperation with the U.S.S.R.

The Helsinki Accord of August 1975, which the independent executive-legislative commission was formed to monitor, provides that the 35 signatory countries, including the Soviet Union, will "respect human rights and fundamental freedoms" and will promote and "develop contacts and cooperation among persons active in the field of culture."

The Commission hearing is open to the press and public.●

SENIOR CITIZEN INTERN PROGRAM

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. LEHMAN. Mr. Speaker, the Subcommittee on Accounts of the House Administration Committee held hearings last week on a resolution to establish a congressional senior citizen intern program. I strongly support this resolution and I would like to include in the RECORD the statement I submitted to the subcommittee.

THE SENIOR CITIZEN INTERN PROGRAM

Mr. Chairman, I am proud to be a cosponsor of H. Res. 675, a resolution to create a Congressional Senior Citizen Intern Program, and I commend the Subcommittee for giving this proposal its active consideration.

The success of the Senior Citizen Intern Program, organized by Congressman Hillis, is well documented. It all began rather informally and grew as more and more senior citizens learned of its existence. I, for example, first heard about the program last year from a constituent who wished to participate. Since then, word of the intern program has continued to spread and numerous senior citizens in Florida's Thirteenth Congressional District have expressed interest in taking part in its activities.

In recent years, I have noted that senior citizen groups have taken a greater interest in legislation which affects them. As senior interns, older Americans can learn to play a more active role in government affairs. They obtain a better understanding of what government can do for them and how they might work to make their needs known.

This is one of those rare opportunities where Congress can establish a program that is already a proven success. Passage of this resolution will enable more Members and consequently more senior citizens to participate at this program. The enthusiasm of both Members and interns for the Senior Citizen Intern Program is the best recommendation for broadening participation in it. With prompt action on the part of this subcommittee, senior citizens from every Congressional District will be able to benefit from this enriching experience.●

TRIBUTE TO DAVID H. ZIMMER

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. DANIELSON. Mr. Speaker, I would like to call the attention of my colleagues to the distinguished services of David H. Zimmer of the city of Montebello in the 30th Congressional District of California, which I am privileged to represent. Dave Zimmer, who retired this past spring as a Montebello city councilman, will be honored at a banquet by the Montebello Chamber of Commerce and Industry on May 19, 1978.

Dave has lived in the city of Montebello with his wife, Carolyn, for more than 20 years. They have four sons and one daughter—Arthur, Stephen, Dave, David, Jr. and Catherine, and two grandsons—Jason and Ryan.

Dave first came to southern California during World War II and began working at the shipyards and later at a truck building firm when he was 19 years old. He became a self-starting businessman in 1957. His ingenuity and determination has made him a success in all of his business endeavors, the Auto and Truck Body Specialty Shop; Zimmer's Truck Shop; Standard Oil-Zimmer Service Center; and currently, with associates, he is forming a new freightliner truck agency.

Meanwhile, Dave has served on the Montebello Planning Commission and 2 years on the police reserve. He was elected to the Montebello City Council in 1962 and served for 16 years, including four terms as mayor. He recently retired, voluntarily, after compiling an enviable record of hard work and faithful service to the city.

In addition, Dave has been active in numerous community organizations. For 20 years he has been a member of the Lions Club (he served as president in 1975–1976, and in 1963 he was voted "Director of the Club" and "Lion of the Year"). Included among his other civic interests are the following: Montebello YMCA; Montebello Explorer Boy Scouts; California Bicentennial-Montebello Community; the Montebello Community Development Committee; Chairman of the Citizens Drive to purchase a bus for the Crippled Children's Society; Chairman of Montebello's 50th Anniversary Celebration Committee; and General Chairman of a campaign to establish the Veterans' Memorial in City Park. On March 21, 1973, he was the recipient of Montebello's Annual All-Service Club's award as "Citizen of the Year."

It is my great pleasure to give tribute today to my good friend and fine community leader, Dave Zimmer.

I join Dave's devoted family and friends of Montebello in wishing him well in the years ahead and giving him heartfelt thanks for his generous and faithful service to his city.●

MALCOLM MUGGERIDGE'S 25 PROPOSITIONS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

Mr. KEMP. Mr. Speaker, the distinguished British writer and social critic, Malcolm Muggeridge, recently turned 75 and I wish him happiness and Godspeed.

He chose that opportunity to offer 25 propositions on what went wrong in the West and what ought to be done about it. They are profound because they constitute, singularly and collectively, a body of truth which, if taken together and incorporated into public policies, could reverse the decline of the West.

This Congress ought to pay particular attention to the points Mr. Muggeridge raises, because I am fearful that the course herein has succumbed to the fallacies which he so ably depicts both in these propositions and in his two-volume autobiography, "Chronicles of Wasted Time."

The New York Times has done us a service by bringing these 25 propositions of a 75th birthday to their readers' attention. This brings it to the Nation's.

The Times' piece follows:

[From the New York Times, Apr. 24, 1978]

TWENTY-FIVE PROPOSITIONS ON A 75TH BIRTHDAY

(By Malcolm Muggeridge)

LONDON.—1. When mortal men try to live without God they infallibly succumb to megalomania or erotomania, or both. The raised fist or the raised phallus; Nietzsche or D. H. Lawrence. Pascal said this, and the contemporary world abundantly bears it out.

2. Life is a drama, not a process. The Passion of Christ—a stupendous drama—has enormously enriched our Western civilization, spiritually and artistically, whereas the theory of evolution, which presupposes a process at work, has swallowed up all human creativity in the quest for knowledge and material prosperity.

3. Accumulating knowledge is a form of avarice, and lends itself to another version of the Midas story. This time, of a man so avid for knowledge that everything he touches turns to facts. His faith becomes theology, his love becomes lechery, his wisdom becomes science; pursuing meaning, he ignores truth.

4. A God who chose to generate genius capable of producing a *Missa Solemnis*, or a Chartres Cathedral would surely be unwilling to confine His creativity to so banal and mechanistic a procedure as natural selection. It would be as though "King Lear" had come off a conveyor belt, or "Paradise Lost" out of a computer.

5. I never met a rich man who was happy, but I have only very occasionally met a poor man who did not want to become a rich man.

6. Following the course of public events and persons, as a journalist must, constantly confirms the truth of Lord Acton's well-known dictum, that power corrupts and absolute power corrupts absolutely. Blake made the same point more poetically:

"The strongest poison ever known came from Caesar's laurel crown."

7. It follows from this that there can never be a good government; only governments that are less bad than others. The quest for a perfect government ends infallibly in anarchy or the Gulag Archipelago.

8. The three most disastrous inventions of our time have been the birth pill, the camera and nuclear weaponry. The first offers sex in terms of sterility, the second reality in terms of fantasy, and the third security in terms of destruction.

9. The news media now provide the opiate of the masses.

10. Mystical ecstasy and laughter are the two great delights of living, and saints and clowns, their purveyors, the only two categories of human beings who can be relied on to tell the truth. Hence, steeples and gargoyles side by side on the great cathedrals.

11. St. Francis and his friars were always laughing, and Mother Teresa insists that laughter is an essential part of the religious life. The proceedings of the World Bank and the International Monetary Fund, on the other hand, are deadly serious, and the Bank's president, Robert S. McNamara, is, it seems, little given to mirth.

12. God, unlike Mr. McNamara, is a great joker. What, for instance, is the Fall of Man but the old bananaskin joke on cosmic scale? When the gates of heaven swing open, as they do occasionally, along with the celestial music, there is the unmistakable sound of celestial laughter.

13. The most important happening in the world today is the resurgence of Christianity in the Soviet Union, demonstrating that the whole mighty effort, sustained over 60 years, to brainwash the Russian people into accepting materialism, has been a fiasco. In the long run, governments, however powerful, fall flat on their faces before the Word which, 2,000 years ago, came to dwell among us, full of grace and truth. In other words, absolute power collapses when confronted with absolute love.

14. There is no such thing as darkness; only a failure to see.

15. God's ironies are intended for our enlightenment, exposing as they do our follies by demonstrating their reductio ad absurdum. Thus, cupidity is confuted by inflation, carnality by porn, fame by celebrity, learning by sociology, consensus by sloganeering—as was foreseen by Kierkegaard when he remarked that 10,000 people shouting the same thing makes it false even if it happens to be true.

16. Two contemporary notions, of progress and of equality, have proved particularly disastrous. The former elevates change into being in itself desirable, which, as Euclid says is absurd, and the latter is equally fallacious. Human beings are not equal, but they are brothers and sisters, as belonging to one family, and all created in the image of their Creator. All the ruin of Western man lies in the change from Brother to Comrade.

17. Another disastrous concept is the pursuit of happiness, a last-minute improvisation in the American Declaration of Independence, substituting for the defense of property. Happiness pursued cannot be caught, and if it could, it would not be happiness.

18. This will surely be known as the Age of Credulity. Television advertisements, for instance, can safely assume in viewers a fathomless credulity, compared with which the most outrageous superstitions and supernatural manifestations seem credible. Believing nothing results in believing anything.

19. Only atheists never doubt; the moment one believes, one automatically doubts, doubt being an integral part of faith. After all, we can only hope to see the images of truth, not truth itself. But there are true and false images. Jesus is a true image.

20. Aleksandr I. Solzhenitsyn says there are virtually no Marxists in the Communist countries, which I should suppose to be true. On the other hand, they are multiplying in the ostensibly capitalist countries, notably on campuses and in faculties, and among priests and Jesuits, laicized and actual, and media pundits. It would be a splendid case of Fearful Symmetry if on the same day that Marx is finally thrown out of the Kremlin window the Vatican were to issue an encyclical, De Necessitate Marxismi.

21. Growing old is just a process of getting tired. Soon I shall doze off, and then fall asleep. How beautiful to stretch oneself out!

22. I have never doubted that our existence in this world has some sort of sequel. It would seem to me preposterous to suppose that the universe was set up solely to provide a mise-en-scène for the interminable soap opera of history, with its stock characters and situations endlessly repeated.

23. Alas, the terrible inhumanity of the humane! Herod's slaughter of the innocents was negligible compared with the millions of babies being slaughtered under the legalized abortion procedures now existing almost everywhere. Again, as legalized euthanasia gets under way the Nazi performance in this field pales into insignificance. At Nuremberg the Nazi practice of legalized euthanasia was condemned as a war crime. So, it takes 30 years to transform a war crime into an act of compassion.

24. A truly peaceful day from beginning to end is a great rarity in this world.

25. St. Thomas Aquinas in old age got stuck in his Summa theologica on the matter of penance, and felt his courage failing. So, an old biographer records, he hung his harp on the willows by the river because he had caught a glimpse of heaven, I should like this to happen to me.●

MR. BLAINE HAJDUK HONORED AT LOYALTY DAY BANQUET

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MURTHA. Mr. Speaker, on Saturday, May 6 over 500 veterans and their families will gather to honor a man who truly deserves the attention of all those who care about America—Mr. Blaine Hajduk.

Blaine has been extremely active in the military and with veterans affairs in the area I represent. He was inducted into the U.S. Army in 1953, and served in Korea from 1954 to 1955 with the 703 Ordnance Battalion and the 7th Infantry Division.

He holds the National Defense Service Medal, the United Nations Service Medal, and the Korean Service Medal.

Blaine has also been extremely active in veterans affairs. He held the post of commander of the Lt. William Garfield Thomas, Jr., Veterans of Foreign Wars Post 4963 in Ebensburg from 1968 to 1969. He served as Cambria County commander of the Veterans of Foreign Wars from 1971 to 1972. He has also been the District 26 V.F.W. commander from 1977 to the present time. He has also been appointed a national aide-de-camp to the national commander.

His work with veterans and interest in his Nation has been supplemented by his concern for his family and the honor he receives this week is certainly one they deserve to share.

Since the CONGRESSIONAL RECORD is the history not only of the work of Congress, but of the people and communities of the United States, I believe it is very fitting to honor Mr. Blaine Hajduk who symbolizes so much of the American

spirit, and represents so many of the strengths that have made our Nation the greatest in the world.●

AGAINST ARMS EMBARGO

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FINDLEY. Mr. Speaker, on April 19, I inserted into the RECORD a series of editorials urging the lifting of the U.S. arms embargo against Turkey that have appeared in newspapers across the country. During the past week, editorial support for the repeal of the embargo has increased. I would like to call to the attention of my colleagues these editorials and the very cogent points they argue.

[From the Louisville Courier Journal, Apr. 12, 1978]

SLIPPERY STRINGS ON U.S. ARMS SALES

The principle behind the law that restricts possible uses of the weaponry the United States supplies to other countries is well worth preserving. We don't want to be the merchant of death who encourages power-hungry governments to go to war with weaker neighbors.

But translating this principle into practice is not quite so straightforward, as is shown by the current disputes over arms supplies to Turkey and Israel. Excessive concern for technical legalities, or concessions to powerful lobbies in Washington, can so distort judgment that America's interests are overlooked.

Until 1974, little attention was paid to the U.S. law requiring that American-supplied arms be used only for defensive purposes. But then Turkey invaded Cyprus, using U.S. weapons. The Turks insisted that this was legitimate. Certainly the Turkish Cypriot community on the island was in grave danger during the upheavals that followed the coup against then-President Makarios. And the Greek Cypriots who led the coup had the backing of the military junta then ruling Greece.

Despite these arguments, the Greek lobby on Capitol Hill, its powers undiminished by the existence of a military dictatorship in Athens, swung into action against Turkey. And members of Congress who might have accepted the initial justification for the invasion were angered by Turkey's subsequent moves deeper into the island. As a result, Congress forced the administration to heed the law and impose a total arms embargo on Turkey.

Turkey's response was to close down its U.S. bases, including important NATO posts for monitoring Soviet activity. Last year when Congress was persuaded to relax the embargo slightly, permitting Turkey some military credits, it was Greece's turn to be miffed and pull its forces out of the NATO command. Ironically, the pressures and counterpressures had done nothing to break the Cyprus deadlock.

That's because Turkey and Greece have long been hostile to each other: they are currently embroiled over Aegean Sea rights as well as over Cyprus. But taking their feud into NATO affairs has dangerously weakened the alliance's defenses in this strategically vital region. U.S. policy toward the two, and particularly the heavy-handed congressional approach to the arms question, has not helped matters.

Congress's attitude toward Israel's use of U.S. arms provides a sharp contrast. In the 1967 war, when Israel was technically the aggressor even though its action against Egypt and Syria was clearly a defensive preemptive strike, not a murmur was heard that Israel might be violating the terms of U.S. law. Israel's invasion of Lebanon can be justified in principle as a defensive move, in response to provocative terrorist attacks across the border which Lebanon has been unable to prevent.

Nevertheless Secretary Vance is correct in suggesting, as he did in a letter to Congress last week, that a technical violation of the law may have occurred. Later, he amplified this suggestion by observing that it was the disproportionate severity of the Israeli attack that raised the question of legitimacy. The use of cluster bombs, in particular, seems to have been excessive.

There isn't much chance, of course, that Israel will be penalized with an arms embargo, even if it doesn't begin to withdraw this week as promised. Israel, unlike Turkey, has many powerful friends in Washington. Moreover, an objective comparison of the two situations would have to take into account Israel's plight, which is more perilous than Turkey's. If war should break out between Greece and Turkey, neither country would face the annihilation in defeat that Israel would suffer in a losing war with the Arabs.

The fact remains, however, that Congress risks appearing to apply a double standard. It has also ignored the very real interest that the U.S. has in maintaining stable and friendly governments in the eastern end of the Mediterranean. (Friends of Israel might also note that the American ability to help Israel in an emergency could be seriously hampered if Soviet influence should extend to Turkey.)

President Carter has now asked Congress to consider lifting the Turkish arms embargo. Imposing the ban didn't do anything to resolve the situation on Cyprus. Lifting it may not be much help either. The roots of the conflict go much deeper than the clashes of the past few years.

But that's not how Congress should approach the arms issue. Nor should the question be decided on legalistic niceties, for either Turkey or Israel. Instead, the aim should be to see where the United States' best interest lies. If Congress sticks to that principle, it shouldn't go wrong.

[From the Cleveland Plain Dealer, Apr. 16, 1978]

AID TO TURKEY

With a little help from Congress there is now a chance that the United States can begin to repair the damage dealt NATO's southern flank by the Greek-Turkish dispute over Cyprus.

Three years after the United States suspended most military assistance to Turkey because of that country's armed intervention in Cyprus, President Carter has proposed a resumption of arms sales and other forms of military aid to Turkey.

But several influential congressmen who have championed the Greek cause in the Cyprus dispute now threaten to torpedo the President's plans. We think that would be a mistake.

True, Turkey's Cyprus intervention on behalf of the Island's Turkish minority could be construed as unlawful and thus a violation of legal restrictions on the use of American supplied weapons. But the 1974 Greek-inspired coup against the island's government did in fact threaten the rights of the minority Turks.

While negotiations to end the Greek-Turkish impasse over Cyprus have yet to succeed, the level of rhetoric on both sides has subsided and the current Turkish government appears more ready than its predecessors to accept a face-saving compromise. The United States should, of course, maintain diplomatic pressure on both countries to resolve their differences.

But in the meantime, a measured resumption of military aid to Turkey with more promised after a settlement would coincide with the value of Turkey's strategic position and her half-million-man armed forces contribution to NATO.

[From the Chicago Sun Times, Apr. 11, 1978]

TO TAME THE TURKS

Greek-Americans, Greek Cypriots and Greeks in Greece are as hot as the Aegean sun over the Carter administration's proposal to lift the 3-year-old U.S. arms embargo against Turkey.

Our sympathies in this quarrel lie with the Greeks, and it is because of those sympathies—not in spite of them—that we hope Congress concurs with the administration.

The background of the issue is this: The Turks invaded Cyprus in 1974 after the junta of colonies that then ruled Greece instigated a coup on the island that Turkey felt imperiled the interests of Turkish Cypriots.

Since then the island's 150,000 Turks have occupied the best 36 per cent of the land, in the north, isolating 500,000 Greeks—including 160,000 refugees—in the south.

Congress imposed the embargo on Turkey to punish it and to twist its arm into undoing this inequity against the Greek Cypriots. Turkey responded by closing the 26 bases from which the United States kept its eyes on the Soviet Union. And since then the Turks, resisting the "insulting" linkage of U.S. arms and a Cypriot settlement, have been impossible to move.

The administration position now is that though coercion of the Turks has failed, stroking might work. And there are signs that a deal for as much is in the works. Sec. of State Cyrus R. Vance told Congress last week that he expects Turkish Cypriot leaders to propose, at mid-month readjustments in the territory Turkish forces hold.

In the meantime, it would be well for the pro-Greek lobby in Congress to cool its rhetoric and for Greece and Greek Cypriots to extend their patience.

Both Greece and Turkey are members of NATO, and the Cyprus affair has so exacerbated their ancient hostilities that NATO's southern flank is in tatters. Greece withdrew its forces from NATO command long since. There is a danger that Turkey will get out of the alliance entirely and turn to the Soviet Union to equip its armed forces if the U.S. embargo is not lifted.

Military sanctions and political loudmouthing have done nothing to help NATO, its two Aegean members, their rleations with the United States or the abused Greek peoples on Cyprus. A little oil on these rolling waters is worth a try.

[From the Kansas City Star, Apr. 17, 1978]

DOOR AJAR ON CYPRUS

The new Turkish Cypriot proposals for settlement of the Cyprus crisis fall short of adequacy, but the mere offering of them—flawed though they may be—is a constructive development. After three years of stand-pat dogmatism, backed up by the guns of occupation troops from the Turkish mainland, the overture suggests that the Cypriot minority may be prepared to deal.

To what extent the move was urged or dictated by Turkey in the hope of influencing U.S. congressional sentiment for an end to the arms embargo against Ankara can only be speculated. In any case it is immaterial. The opportunity has been presented for a resumption of negotiations under United Nations auspices—an opportunity that Secretary-General Kurt Waldheim must quickly seize. At least, now, there is something to talk about.

Aspects of the proposals, as they have been reported, are on their face neither fair nor feasible as a basis for settlement. Provision for the repatriation of Greek Cypriots to their homes in areas under Turkish occupation appears meager. The "readjustment" that is envisioned in the island's territorial division is, to borrow a phrase from the Mideast impasse, inconsequential. Obviously no acceptance can or will be found for a formula that would leave the 20 percent Turkish Cypriot population in possession of nearly 40 percent of the island.

But numbers are negotiable. Basic attitudes—the will to grasp for peace—are not. If nothing else, the new proposals imply that the Turkish community on Cyprus does recognize, however belatedly, that bristling hatred and perpetual foreign occupation are not the foundation stones on which a future can be built.

OLDER AMERICANS MONTH: A SUMMONS TO IMPROVE TOMORROW FOR TODAY'S AGING

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. PEPPER. Mr. Speaker, on April 13, 1978, President Carter proclaimed May as "Older Americans Month." Carter's proclamation stated in part that—

Older Americans are an invaluable source of talent, skills, and experience . . . their skills and knowledge are important to our economy, and it is important to their lives and health that they be able to remain as self-reliant as possible, through employment and other opportunities, and through necessary supportive services that enable them to live their later years in dignity and self respect.

Like all Americans, they need comfortable and safe places to live, nutritious daily diets and adequate incomes and services to give them freedom to make choices. We all must work together to create these conditions in our communities.

I applaud the President's views and join him in pursuing that objective.

The House Select Committee on Aging, which I have the privilege to chair, is responsible for advising Congress and the American people on methods of meeting the challenges of growing old in America.

Since its creation in 1975, the committee has investigated the social, medical, economic, and legal aspects of aging. As most know, what we have come to realize is the frightening extent to which millions of older Americans are victimized—deprived of their right and ability to function normally in society.

President Carter's designation of next month as "Older Americans Month" confirms the committee's findings and imparts substance to the fact that for millions of aging Americans life is hollow and full of uncertainties, unplesantness, and fear, and we have got to find ways to make life more meaningful and help restore some of the optimism these people had and lost.

The problems encountered in later life are many. Fortunately, the Congress is becoming increasingly aware of the plight of this particular population. The recent passage of the legislation governing mandatory retirement demonstrates that a concerned President, Congress, and Nation, working together, can assure the aged, and so the American people, their right to independence, security and dignity in later life. Let this month—"Older Americans Month" symbolize a recommitment to that mutual effort.

I would like to submit for my colleagues' attention the President's message proclaiming May as "Older Americans Month," in its entirety, at this point in the RECORD:

OLDER AMERICANS MONTH, 1978

(A Proclamation by the President of the United States of America)

When the month of May was first set aside in 1963 in special tribute to our nation's senior citizens, there were fewer than eighteen million Americans over the age of sixty-five. Today, their number exceeds twenty-three million.

Older Americans are an invaluable source of talent, skills and experience. Their sacrifice and hard work in the past have brought us through wars and hard times, and kept our Nation faithful to the values and principles on which it was founded. They are our link with what has gone before, remembering the good things we are in constant danger of losing, as well as the bad things we have overcome, and how it was possible. They can help us understand the mistakes of the past so that we do not repeat them. They can help us gather strength and courage from the wisdom of the past to make a better future for our children.

Their skills and knowledge are imporant to our economy, and it is important to their lives and health that they be able to remain as self-reliant as possible, through employment and other opportunities, and through necessary supportive services that enable them to live their later years in dignity and self-respect. Just as they must not be arbitrarily excluded from contributing to our society, they must not be asked to bear the burdens of society when they are no longer able.

These men and women are a vital part of this Nation. Like all Americans, they need comfortable and safe places to live, nutritious daily diets and adequate incomes and services to give them freedom to make choices. We all must work together to create these conditions in our communities.

Now, therefore, I, Jimmy Carter, President of the United States of America, do hereby designate the month of May as Older Americans Month and I ask public officials at all levels, community agencies, educators, the clergy, the communications media and each American to help make it possible for older Americans to enjoy their later years.

In witness whereof, I have hereunto set my hand this nineteenth day of April, in the year of our Lord nineteen hundred seventy-eight, and of the Independence of the United States of America the two hundred and second.

JIMMY CARTER.●

ST. GABRIEL HIGH SCHOOL WEEK

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. OTTINGER. Mr. Speaker, the week of April 30 through May 7 has been designated as "St. Gabriel High School Week" with special events to celebrate the anniversary of the school. These events include a celebration for all alumnae and former teachers on Sunday, April 30. On Monday, May 1, the present school community will express its gratitude in a concelebrated Mass of Thanksgiving celebrated by the priests from various feeder parish schools. Other activities include a field day on Thursday, May 4; a student talent show on Friday, May 5, and the senior-parent communion breakfast on Sunday, May 7.

The school wants to recognize in a special way the following women who have been the administrators of the school from its beginning in 1927 to the present—Sisters: Miriam Josephine Phelan (first high school principal), Maria Josephine Berrigan, Mary Madeline Duffey, Marie Annette Scanlon, Mary Bernadita Kelly, Inez Rosaire Cummings, Mary Aquinata Adler, Veronica Miriam Burton, Anita Mary Driscoll, Angela Maria Higgins, Mary Sheila Scanlon, Marie Celine Rogers, Eileen Marie Charters, Anne Marie Cleary, Mildred Azevedo, Dominica Rocchio (present principle).

The history of St. Gabriel High School is intertwined with the history of St. Gabriel's Parish in New Rochelle. The parish came into existence through the generosity of Mr. and Mrs. Adrian Iselin, wealthy pioneers of Westchester. Adrian Iselin was a banker, at one time consul to Switzerland, and cofounder of the Metropolitan Opera House. In 1887, 6 years before the parish was founded, Adrian Iselin had a recreation center built for the young people of New Rochelle. This was located on the northwestern corner of Main Street and Centre Avenue, and because of its dignity, was usually referred to as the Lyceum. After 10 years in use as a gymnasium, it was generously donated to St. Gabriels Parish to serve as a parochial school. It opened in September, 1897, with four Sisters of Charity as teachers. It is especially meaningful that the Sisters of Charity came to staff the school. Elizabeth Bayley Seton (the first native American saint), foundress of the Sisters of Charity, was a direct descendant of the founders of New Rochelle: a lateral descendant of the founders of Pelham. As a teenager, she spent many happy days at the home of her uncle, William Bayley. This home was built on shore front land which William Bayley had bought from his brother-in-law, Joseph Pell; it lay overlooking the sound, partly in Pelham and partly in New Rochelle.

The school continued to grow and in 1903, an additional building was erected adjoining the Lyceum. In 1925 the property was sold and the money used to buy property to the west of the church on Washington Avenue. In September 1927, the Adrian Iselin Memorial School (St. Gabriel School), the gift of the sons and daughters of Mr. Iselin, opened with 355 pupils for the elementary grades and 70 for the high school. This high school was coeducational from 1927 until the early 1940's. The boys department was then transferred to what is now Blessed Sacrament High School on Shea Place.

To date, St. Gabriel High School has graduated 46 classes of young people who

are serving the community in many and varied professions. From its very start, the spirit of the school has been one that has stretched out to meet the needs of the community. The Sisters of Charity who were so instrumental in its foundation (and who still staff the school) were and are ever mindful of the charism of their foundress whose vision of education is seen in the parochial school system and whose love for the poor caused her sisters to establish child caring institutions and hospitals. Today there are still dedicated teachers who are preparing the present student body to take their places in society, but whose vision also includes the responsibility to reach out to those less fortunate or simply to share the gift of presence. And so, the school has an excellent community action program in several health and educational agencies in the area surrounding the school.

Its academic excellence is one that enables the school to meet the varied ability levels of its students. With a student-faculty ratio of 15 to 1, the school is a friendly place where students are known by name and where coming to St. Gabriel's is a family tradition—parents and older sisters have graduated from the school. The school offers an honors program as well as remedial classes in reading and math for those students who need more work in these areas. In response to the State education department recommendation encouraging articulation between high schools and colleges, a dual enrollment program in senior year is maintained with Iona College and Elizabeth Seton Junior College. New Rochelle is proud of St. Gabriel's ability to meet the needs of its students and the community.●

THE AFFORDABLE HOME MORTGAGE ACT OF 1978

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. FRASER. Mr. Speaker, I am today introducing legislation, the Affordable Home Mortgage Act of 1978, which would require the Secretary of Housing and Urban Development to establish a demonstration program to test ways of helping moderate-income families become homeowners for the first time. The program would utilize a system of graduated mortgage payments at interest rates not to exceed 7 percent. These lower-than-average interest rates would be provided through secondary financing by the Government National Mortgage Association (GNMA), which would buy up the original mortgages from both public and private lenders.

My proposal is patterned after a State program operated by the Minnesota Housing Finance Agency. The Minnesota program is similar in that it seeks to expand homeownership opportunities for moderate-income people through variable mortgage payments at below-market interest rates.

In today's inflated housing market, help is needed to enable young families to own their first home. A recent survey by the National Association of Homebuilders indicates that nearly two-thirds of all new homes sold from mid-1975 to mid-1976 were sold to families with incomes over $20,000 and that mosts of those families were able to buy by advantageously trading an older home. First-time homebuyers, particularly those of average or below average income, are being effectively priced out of the market.

The median selling price for a new home in the Twin Cities area is now about $55,000, and the selling price for a previously occupied home is about $10,000 less. The rule-of-thumb used by banks is that the price of a home should not exceed two and one-half times annual income. That would mean that only people with incomes of $22,000 and above could afford to buy a new home.

In the past, monthly interest payments have generally been set at a fixed level for the full term of the mortgage. For young people who can look forward to a steady rise in income, it makes sense to lower their monthly payments when they are starting out on the job and then tailor their monthly payment schedule to their income. The graduated payment feature of my bill would correspond to a family's rising income, which could result both from inflation and improved earning power.

Existing law provides for graduated payment mortgages and for mortgages at below-market interest rates, but does so separately. There is good reason to combine these features into one program as is proposed here.

Private lenders currently provide graduated-payment mortgages at the FHA-insured rate of 8¾ percent. In order to meet the payment schedule under this system, prospective homeowners must expect their income to rise significantly during the early years of the mortgage. Under the lower mortgage interest rates proposed in my bill, young families would be able to meet home payment schedules based on expected increases in income that merely keep pace with the cost of living.

Under the proposed demonstration program, 2,000 first-time homebuyers would be assisted in the purchase of homes each year. At the end of 3 years Congress would have an opportunity to reevaluate the program and to determine whether it had in fact achieved its goal—to make owning a home a realistic possibility for young people starting out in life.

The 1977 Housing Act made it clear that we need to promote homeownership opportunities for moderate-income families. Yet none of the current homeownership assistance programs is geared to moderate-income working people. I am concerned that without a new initiative of the kind I have proposed, the American dream of being able to own a home will remain an unaffordable luxury for too many Americans.

The text of the bill follows:

H.R. —

A bill to direct the Secretary of Housing and Urban Development to establish a program to demonstrate the feasibility of significantly expanding home ownership opportunities for moderate-income families.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Affordable Home Mortgage Act of 1978".

SEC. 2. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

"TANDEM PLAN DEMONSTRATION PROJECT

"SEC. 511. (a) The Secretary shall establish and maintain a demonstration project, through September 30, 1981, for the purpose of determining the feasibility of significantly expanding home ownership opportunities for moderate-income families by directing the Government National Mortgage Association to provide secondary financing, for mortgages which have graduated rates of amortization corresponding to anticipated variations in family income and which have a below-market interest rate (not to exceed 7 percent per annum). These mortgages may be insured through Federal or private mortgage insurance programs and may be purchased from public or private lenders.

"(b) The Secretary may not permit such Association to purchase or to make commitments to purchase mortgages under this section in an amount which exceeds $80,000,000 for any fiscal year, and no such purchases or commitments may be made unless approved in an appropriation Act.

"(c) Any expenditures with respect to the insurance of mortgages under this section shall be made from the housing insurance fund designated for such purposes by the Secretary. In carrying out this Act, the Secretary may permit such Association to utilize the authorities described in subsections (c), (d), and (f) of section 313 of the Federal National Mortgage Association Charter Act, except that any authority exercised pursuant to subsection (c) of such Act may be exercised only to the extent as may be approved in appropriation Acts.

"(d) The Secretary shall make annual reports to both Houses of the Congress for the purpose of providing a detailed description of the results of the demonstration project carried out pursuant to this section."●

THE SCHOMBURG LEGACY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. RANGEL. Mr. Speaker, the Schomburg Center is located in my district and was recently recommended by the New York State Board for Historic Preservation to be nominated to the National Register of Historic Places in Washington, D.C.

The followirg article, "The Politics of Being Ready," appeared in the National Black Monitor. I wish to sharc this well written article with my colleagues as it gives an accurate account of the Schomburg legacy.

THE POLITICS OF BEING "READY": DR. JEAN BLACKWELL HUTSON AND THE SCHOMBURG CENTER FOR RESEARCH IN BLACK CULTURE

READINESS TO SERVE

There is a quaint, but helpfully revealing, Nineteenth Century story told of a conver-

sation between a Scottish Presbyterian preacher and an Anglican parish parson. The story has a kind of "ready" meaning for all black Americans and is an appropriate way of beginning a story about "the Schomburg."

In those bygone days of 100 years or more ago, Presbyterians were said to have preached, debated—and argued—about a doctrine called "pre-election" for sainthood or about being "predestined" for heaven. When a deeply devout and enthusiastic Scottish preacher had spoken with a visiting Anglican (or English) parson on this subject for about the space of an hour, the Anglican parson startled his Scottish host by saying that he had become thoroughly convinced of the truth of every word that his host had said.

"Now you will become one of us!" the Scottish preacher said with a tremendous sense of satisfaction. But the Anglican parson replied, in a devastatingly nonchalant manner, "Why should I? We Anglicans need no 'predestination,' since we have already arrived!"

Both Arthur A. Schomburg, the founder of the Schomburg Collection of black history and art, and Dr. Jean Blackwell Hutson, the Schomburg Center's principal developer and its current Director, have been persons who were more than "predestined" for great things. They both were 'ready," in the deeply significant sense of their both being able—from their early youth—to take advantage of practically every opportunity which moved them toward the realization of their life's goal.

THE SCHOMBURG LEGACY

For Arthur Schomburg, the readiness for the achievement of the monument which he has left for history began as a youngster in the Puerto Rican schools. Arthur Schomburg—a brown-skinned Puerto Rican of African descent—had asked his teacher why nothing was being taught in school about the history of dark-skinned people. The teacher reportedly replied: "The Negro has no history!"

Instead of the remark becoming a stumbling block for Arthur Schomburg, it merely stimulated, in a wholly positive way, what was to become the moving force for the remainder of Schomburg's life. He spent his life and his personal funds disproving his teacher's assertion.

Schomburg searched the book markets of Europe, South America and the United States for every book, artifact or other evidence of the heritage of black people and of their greatness. The rarities and treasures which Arthur Schomburg unearthed established three conclusions.

One was that the black man had been an active collaborator, and often a pioneer, in the struggle for his own freedom and advancement. A recent survey at a major university suggested or revealed that, even among black students, this conclusion may not be generally held even today.

Another conclusion was that black Americans of attainment—and of genius—have been viewed unfairly as "different" or as "exceptions," thus retaining the prevalently held perception of blacks as an "inferior" race. Here again, this crude perceptioin should not be considered startling, since even today in some academic testing circles, it is still seriously debated whether blacks are "sub-standard" or not.

Finally, Arthur A. Schomburg's lifelong collection of records of black achievement documented an experience of black men with more than 600,000 years with civilization, as opposed to a northern European experience with civilization, as we know and define it, of less than 2,000 years!

NO HOLDING BACK

Not only was Arthur A. Schomburg "ready for his lifelong task." So also was his work companion in spirit and principal successor to guide the work of the Schomburg Center, Dr. Jean Blackwell Hutson.

Dr. Jean Blackwell Hutson was born in Summerfield, Florida in 1914 under almost the most inept or unlikely, circumstances possible. Her mother was trained as a school teacher; and her father was an agricultural commission merchant. This latter fact took the Blackwell family to Florida during the summer of 1914 where Dr. Jean Blackwell Hutson's father, as an agricultural wholesale buyer, had become known as a "Florida watermelon king."

When Jean was born—on a farm where her frail mother had to do the cooking for seasonal workers—no doctor could be found. A wealthy white woman who was in partnership with her father offered to help with the baby's delivery. But she had no previous experience with such matters, since her own children had been born under the best medical supervision in Vienna, Austria.

In the area where Jean Hutson was born, medical services were grossly inadequate. There was one doctor for the entire county. Years later it was learned that this doctor assumed that such a premature child would not survive and so made no effort to be present at the delivery.

Dr. Hutson also tells of how her father had been sent to build a pine box for her burial when it seemed that she would be still-born She said that her father was crying so hard that he could not see what he was doing. Meanwhile, Jean arrived and gave a yell. Jean Hutson remarks with a twinkle in her eyes that she has had "something to say" ever since.

As a youngster, Jean's "vocal readiness" expressed itself in her early ability to use words. She became a nuisance to her school teachers, so she relates, because she was so articulate and bright. She finished Frederick Douglass High School as class valedictorian and then began her college studies at the University of Michigan at the age of fifteen.

While legal segregation has always been a human thorn and a societal or social offense, being able to be with one's own people, so Dr. Hutson holds, can be a distinct asset. At least, so she claims, such experiences became a basic part of her "readiness" to undertake the further development of the Schomburg Collection and Center, following Mr. Schomburg's impressive and unexcelled initial work.

Dr. Hutson's mother knew Frederick Douglass and was a friend of Paul Lawrence Dunbar. Langston Hughes was a personal friend of Jean Hutson from the age of fifteen. Dr. Hutson notes that Langston Hughes, the celebrated black poet, was such a sociable or gregarious person that her close acquaintance with him meant an introduction to almost the entire black literary world of the 1920's and 1930's.

When Dr. Hutson went to Africa many years later, she went with letters of introduction to friends of Langston Hughes. This kind of experience—within a kind of "kinship or confraternity of one's own people"—, so Dr. Hutson notes, has made it easier for her to relate materials at the Schomburg Center to people from many walks of life.

"It has often seemed," so Dr Hutson reflects, "that my entire youth was in preparation for—and, in part, the beginning of—the kind of work I do each day here at the Schomburg."

There is no center for black history in the world more comprehensive and more widely used than the Schomburg Center. Thus Dr. Hutson is in daily contact with more students and renowned researchers of black life and culture than perhaps any other individual in the world.

READY RESOURCES

The sense of initiative and responsibility which she derived from her parents, her own amazing facility for absorbing the written word and to comprehend and evaluate its meaning, her familiarity at first hand with Mr. Schomburg, and with most of our present century's celebrated writers, leaders, thinkers and artists, and her early developed love for people—and for justice—all have played a role in making Dr. Jean Blackwell Hutson "ready" for her unique work.

Dr. Hutson smiles good humoredly as she tells of how, in her college years, she often spent more time suing her schools for discrimination against blacks than she spent on her studies. Her law suits were always handled by black America's long faithful friend, the N.A.A.C.P., but with herself as the plaintiff

Becoming a librarian was for Dr. Hutson an unplanned circumstance, at least in a conscious sense on her part. Dr. Hutson had determined that she would be a physician-psychiatrist; and she studied library science, she says, in order to earn enough for her medical school tuition.

Little did she know how small a librarian's salary was in the years of the Great Depression! She now relates revealingly: "I have fulfilled some needs of psychiatry in my work here at the Center. My staff often accuse me of practicing psychology and psychiatry among them. Then, too, the library is one place where disturbed people come in and get attention immediately. Further, some of the pursuits of researchers do really sound like disturbed activities."

A NATURAL PLACE

Dr. Hutson's coming into the New York Public Library system was strange, in a sense, so she relates. Here again, it was a matter of her fighting against discrimination. Only because of her having a highly placed and influential white friend was she able to get into the system and so make her way to what she sees as her "natural place" at the Schomburg.

The Schomburg belongs to the New York Public Library. But the library itself is only "semi-public" and is supported both from public and private funds. It has been Dr. Hutson's task to organize Arthur Schomburg's originally incomparable collection, to expand it to an unprecedented size for its subject matter in the world and to begin to place the Center on what she hopes will be a perpetually self-sustaining financial basis.

All black Americans—and all students of our nation's multi-ethnic culture—should know of the many national and international services performed at the Schomburg. It is a national and world resource; and no matter where one may happen to live, the Schomburg is ready to serve every seeker after answers which the Schomburg is equipped to give.

It has always been this way. During the 1910's and 1920's blacks gathered at the Schomburg to share in the most provocative and scintillating thought. The list of black luminaries who found a home for their ideas and a receptive audience at the Schomburg includes all those whom we associate with the celebrated "Harlem Renaissance."

Then, too, there were others who were unknown who came and always found in the Schomburg . . . and from the almost legendary giant, Arthur A. Schomburg himself . . . a warm welcome, an inspiring word and a helping hand.

Dr Kenneth Clarke, author of "Dark Ghetto," relates: "As a child growing up in the center of Harlem, I had the good fortune to meet Arthur Schomburg . . . when I was about 12 years old, a crucial period in my life.

CONTINUED INITIATIVES

All this has been done under Dr. Jean Blackwell Hutson's initiative in behalf of

her life's work which continues and preserves for posterity the incomparable black historical and cultural collection begun by Arthur A. Schomburg.

Dr. Hutson tells of how materials arrive each day at the Schomburg Center in cardboard boxes, scrapbooks, footlockers and paper bags. Processed items enter international reference directories: the National Union Catalogue of Manuscript Collections, the Dictionary Catalog of the Research Libraries of the New York Public Library and the Schomburg's catalogue of nine volumes and six supplements. As a result of this painstaking process, scholars around the world can refer to the Schomburg Center's unique and unmatchable resources.

Of special interest are the Schomburg's extensive holdings in Caribbean history, society, poetry, fiction and folklore. Dr. Hutson and her most remarkably efficient and highly considerate staff assist researchers of all kinds, from secondary students to those involved in highly technical post-doctoral research.

The Schomburg Center serves as the repository for the 81 volume manuscript volumes of the field notes and memoranda used by Gunnar Myrdal in writing "An American Dilemma"; Claude McKay's manuscripts; the Harry A. Williamson Library of Black Masonry; original volumes by the Eighteenth Century black poet Phillis Wheatley; the Eric de Kolbe Collection of African Art and historical documents on the ancient African kingdoms—Ashanti, Mele, Songhai and Benin.

Arthur A. Schomburg once wrote: "Though it is orthodox to think of America as the one country where it is unnecessary to have a past, what is a luxury for a nation as a whole becomes a prime social necessity for the Negro. For him, a group tradition must supply compensation for persecution, and pride of race the antidote for prejudice. History must restore what (enslavement) took away, for it is the social damage of (human enslavement) that the present generation must repair and offset."

It is in this spirit that the Schomburg Center, under the highly fortuitous leadership of Dr. Jean Blackwell Hutson, who has been uniquely ready for her life's work, seeks to continue to serve our entire nation and world for many generations to come.

Concerning the current needs of support from all of our local churches and civic groups and individuals throughout the country, Dr. Robert Weaver has written as follows:

"The world's most important repository of black literature and art is in jeopardy. . . While the Schomburg's holdings are invaluable to researchers and scholars, their importance goes far beyond scholarship to the very meaning of black life."

WE CAN HELP

Black churches might appropriately hold a special "Schomburg Center" collection. Blacks in black and in white corporations might encourage corporate gifts for the Schomburg.

Through recent efforts spearheaded through Dr. Jean Blackwell Hutson's inspiration, a new multi-million dollar facilty will be added to house the Center's holdings. But the costly work of collecting, storing and locating for ongoing use by many thousands of inquirers from throughout the world continues. In this latter work, all of us—both black and white—are asked to play our part.

As Dr. Jean Blackwell Hutson looks forward to her well-deserved retirement in several years, her main objective is to see the beginning of an Endowment which will guarantee that this priceless and irreplaceable record of the black inheritance will be preserved forever.

Once that goal begins to emerge as a live and early probability, Dr. Hutson, who has been ready to serve, feels confident that she will also be ready, willing and able to retire with the sense that she has kept faith with Arthur Schomburg's legacy and served her people and our nation well.

For information, for inquiries regarding how the Schomburg Center may be of help to you and for sending contributions for the Center's Perpetual Endowment, please simply address: The Schomburg Center, 103 West 135th Street, New York, N.Y. 10030.●

CAMBODIA—THEN AND NOW

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MURTHA. Mr. Speaker, in 1975 I joined a congressional task force selected by President Ford to survey the situation in Vietnam and Cambodia.

Upon our return we testified before the Senate Foreign Relations Committee, just weeks before the fall of these two countries to the Communists.

In addressing the committee about the situation in Cambodia, I asserted:

There is no question in my mind, after talking to [the soldiers] there were substantial atrocities. There is no question about that. There were substantial atrocities by the Khmer Rouge. . . . They feel very strongly, the men on the ground, that they want a negotiated settlement, but I don't see a chance of any kind of settlement—except uncontrolled atrocities in the city, by the evidence of what they have done in the countryside—if we cut off military aid to the men fighting in the perimeter.

We must continue to learn from the war in Southeast Asia and its aftermath. I am glad that many Members of Congress and journalists have kept alive the fate of Cambodia since the reduced American presence in Southeast Asia. I would like to insert a news article from last week into the CONGRESSIONAL RECORD and urge my colleagues to recall the situation in Southeast Asia then and now as we debate the American role against Communist led forces in other parts of the world today:

AS MANY AS 1 MILLION FEARED DEAD IN CAMBODIAN "HOLOCAUST"

(By Don Oberdorfer)

On the third anniversary of the communist takeover of Phnom Penh, an exiled leader and a U.S. congressman charged that a present-day "holocaust" is taking place in Cambodia.

Song Chhang, who was minister of information in Cambodia before the communist victory, and Rep. Stephen J. Solarz (D-N.Y.) called in a news conference for increased international condemnation of a reign of terror they said is continuing to take place. Chhang advocated an international conference on the subject as a way to bring outside pressure to bear on Cambodia's leaders.

Noting that exact information is unavailable from the isolated country, Solarz estimated that "at the very least" several hundred thousand persons have been killed or have lost their lives as a result of brutal treatment. Chhang, who now lives in Arlington, said 1 million Cambodians have been "slaughtered" and another million "appear to have perished from disease and starvation."

Executive branch officials said yesterday that a death toll of more than 1 million is believed to be a real possibility, in view of reports from recently escaping refugees that purges and killings are still taking place.

Solarz also called on the United States to provide refuge for some 15,000 Cambodians reported to be in camps in Thailand and elsewhere in Southeast Asia, and to make it clear that other escapees would be welcome here. About 7,500 Cambodians have been admitted to the United States in the past several years, he said.

"We are looking at the death of the ancient and proud Khmer civilization," Chhang said. He called reports of a recent invasion by Vietnamese forces "the final assault on the crumbling Khmer civilization."

U.S. official sources said they give little credence to charges by Cambodian Premier Pol Pot last week that his forces repelled large-scale invasion by Vietnamese April 7–10. However, the officials said there are strong indications of Vietnamese attacks last week against Cambodian enclaves inside Vietnamese territory.

In a related development, a Swedish journalist recently in Hanoi reported yesterday that he had been told of continuing border incidents, including tank battles, between Vietnam and China.

Rolf Soderberg, who traveled to Hanoi with Swedish Foreign Minister Karin Soder, attributed the information to "very well-informed foreigners" in the Vietnamese capital. Sources here said there is no confirmation of the reports, which have been heard in diplomatic circles for some time.●

HOW MANY COMPUTERS DOES IT TAKE TO MAKE AN UNEMPLOYED PERSON?

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. STARK. Mr. Speaker, in January of 1978, the Bureau of Labor Statistics (BLS) revised its procedures used to estimate labor force and unemployment levels. In effecting these changes, BLS articulated three goals: to improve accuracy through expanded use of our most reliable statistical tool, the Current Population Survey; to achieve comparability between States; and to reduce the extent of year end revisions in State and local area unemployment statistics. It now appears, however, that two stated goals of BLS are in conflict—increased accuracy against reduced revision—and that, indeed, the accuracy of unemployment statistics for older urban areas throughout the country may be sacrificed by the revisions. Obviously, the relative ranking of these priorities should be based on a very careful examination of the fact, especially as the determination will shape unemployment statistics upon which billions of dollars of Federal assistance are allocated. As the information needed for a careful analysis is not fully available at this time, the CETA legislation pending before the House Committee on Education and Labor should be amended to provide funds to offset losses suffered by those local area prime sponsors as a result of BLS changes which produce unemployment statistics which are untried and, by every indication available, no more accurate than figures produced under the old methodology.

BACKGROUND

Prior to this year, BLS used a number of different methods to compute unemployment statistics within a given geographic area. Statisticians agree, however, that the current population survey (CPS), upon which national unemployment statistics are based, is potentially the most accurate statistical tool available. The current population survey derives statistics based upon interviews of more than 55,000 households in 461 areas throughout the country. As the CPS interviews all members of a household 16 years of age and over, it is particularly useful in capturing uninsured unemployment, labor market reentrants, and encouraged workers—all highly concentrated in urban areas. Thus, the Bureau's efforts to expand the use of the current population survey at the State level is welcomed as important progress toward accurate unemployment statistics.

Local area unemployment statistics, in the case of labor market areas (LMA's) have been based largely on BLS Handbook data. Within LMA's, unemployment figures for cities broke down according to the "census share" method, whereby fixed proportions of population, unemployment, and employment were disaggregated according to their distributions in the 1970 census. Under the "new" methodology, unemployment data will rely almost exclusively on unemployment insurance claims by place of residence. Employment levels will be calculated on the basis of the most current population ratios for areas within LMA's.

BLS, however, used a different method to estimate employment and unemployment for 30 standard metropolitan statistical areas (SMSA's; for the most part multicounty LMA's) and 11 large central cities. BLS considered area estimates derived from the CPS in these areas reliable enough to compute annual averages for employment and unemployment levels. Each month, handbook data for local jurisdictions was adjusted to the CPS annual average. At the end of the year, the estimates were again adjusted to the most recent CPS area estimates. This procedure resulted in sizable annual revisions of unemployment statistics.

Under the "new" procedure, the use of CPS averages will be discontinued. Unemployment and employment levels, moreover, will be disaggregated within an SMSA based on population proportions. The method assumes, obviously erroneously, that the ratio of employment to population is the same for cities and their surrounding suburban communities.

Although the decision to drop the CPS benchmarking procedures resolves the problem of yearend revisions, it threatens to seriously undermine the accuracy of unemployment statistics. This loss will impact most severely on ailing urban areas where unemployment is especially difficult to measure and already consistently underestimated. As Commissioner Shishkin noted of local area unemployment statistics, for example, "the greatest confidence can be placed in those . . . areas which are independently benchmarked to the Current Population Survey."

At this point, the long term impact of the BLS decision to drop the local area CPS benchmark is unknown. Preliminary test, however, run by BLS in eight States reveal a statistically significant trend against cities. What is all the more surprising is that this conclusion was reached despite the fact that, for the most part, those eight States are not areas of highly concentrated unemployment. Not one city losing its CPS benchmark, moreover, was included in the BLS simulation prior to implementation of the new methodology.

Individual cities have run their 1977 unemployment statistics under the new methodology, and the results indicate an artificial drop in unemployment relative to areas outside the central city, an increase in employment for CPS cities and, ultimately, a dramatic decrease in the rate of unemployment. Cities losing their CPS benchmark, moreover, report unexplained variances in employment and unemployment figures from month to month, including unaccounted for growth in the labor force and unemployment levels despite documented population and employment declines. BLS recently released official comparisons of the old and new methods for unemployment statistics in seven central cities. These figures (attached) show startling, inexplicable declines in the employment rates of most cities tested.

Under the new methodology, cities that can least afford it stand to lose millions of dollars worth of Federal assistance. Philadelphia, for example, could have lost over $6 million in CETA allocations for titles II and VI based on new methodology unemployment statistics. No one can argue for the continued use of bad statistics, but the present situation is sufficiently clouded as to leave open the question of whether or not the new method will indeed be more accurate. Without further analysis, it seems unwise to allocate Federal dollars based on unemployment statistics that are untried and, by every indication available, no more accurate than the statistics produced prior to January 1978.

I join with the U.S. Conference of Mayors, then, in urging BLS to continue to collect and analyze data under both the new and old procedure. Further, the recently established Commission on Employment and Unemployment has as its mandate the task of determining more accurate statistical methods and reevaluating our present definition of unemployment. We suggest, finally, as regards the CETA legislation now before the Committee on Education and Labor, that a separate authorization provide such sums as are required to offset the losses suffered by those central cities and SMSA's now deprived of their CPS benchmark. This authorization would be in effect until such time as the Commission on Employment and Unemployment makes its report. In this way, the Bureau of Labor Statistics will have the opportunity to compile the necessary information over a realistic period of time in order to assess the impact of these methodological changes. Such an authorization will, finally, reduce the chances of making our Nation's urban centers the victims of arithmetic ideology whose effects on people and communities are totally undocumented and ignored.●

SOLAR ENERGY: THE NEED FOR COMMITMENT

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. MOFFETT. Mr. Speaker, on May 3, citizens throughout the Nation will participate in activities designed to focus attention on the potential of solar energy. Sun Day is a celebration of the benefits of solar energy; it is also a forum for discussion of the history, current status and future of solar power.

Only in this decade have Americans become seriously concerned about the availability and cost of energy. The danger of importing nearly one-half of our oil was made clear as a result of the 1973 oil embargo. The wisdom of our present reliance on domestic oil and natural gas sources must also be seriously questioned. These energy sources are limited—once they run out, there is no replacement. Although oil and gas now account for about three-fifths of the world's energy budget, they will certainly play a much lesser role by the year 2000. And yet, our entire economy is geared to using these fuels.

A year ago, Prsident Carter emphasized the need to find alternatives to oil and natural gas, especially in light of our dependence on foreign oil. Much of the focus has been placed on coal and nuclear power as solutions to our energy problems. While these sources already play a role in the Nation's energy picture, there are serious questions about their future viability. Use of coal, for example, contributes to pollution and increases the concentration of carbon dioxide in the air. This causes a rise in the Earth's temperature, resulting in severe climatic changes. The concerns about nuclear power—disposal of waste materials, potential sabotage or terrorism, cost, and radiation effects—are well known.

Sun Day is designed to highlight the attractiveness of the solar option, which has many advantages over conventional energy sources. Sunlight is abundant, dependable, free, and available to all nations. Each day, the Sun provides 10,000 times more energy than all conventional fuels combined. The sunshine which reaches our country alone provides twice as much energy as the fossil fuels currently used by the entire world. Solar energy is environmentally benign. It can be used in decentralized technologies that fit in well with democratic societies which place emphasis on local initiative, and is labor intensive.

Solar energy also provides the variety and flexibility lacking in conventional sources. Solar power can be centralized or decentralized; it can be used for industrial or residential purposes; it can provide power for electricity or for heating and cooling; and it offers a choice of "active" or "passive" systems to meet finan-

cial or structural requirements. Although many people think of solar power only in terms of capturing direct sunlight, there are many other forms of solar energy. These include wind power, energy from tides, power generated from tapping temperature differences in the ocean, hydropower, and biomass.

Despite its many benefits, solar energy today meets only 1 percent of the Nation's energy demands, although it provides a much greater proportion of energy used in other countries. For instance, 76 percent of Canada's electricity is fueled by hydropower. Although there are only 30,000 solar water heaters in the United States, there are over 2 million in Japan and over 200,000 in Israel.

One reason the United States lags behind in developing solar power is the public perception that it is an unproven technology which, though important for the future, is impractical for today. Nothing could be further from the truth, for solar energy is one of the oldest energy sources. Societies such as the Aztecs and the American Indians used solar designs in construction. The solar collector was first developed in the 18th century by Swiss scientist Nicholas de Sausseur. There were 50,000 solar water heaters in Miami alone in the early 1950's. Use of solar energy declined, however, as cheap natural gas and oil sources were developed.

Today, with skyrocketing fuel prices and uncertain supplies, it would seem natural to return to and further develop solar technology. In fact, the Council on Environmental Quality predicts solar energy will account for one-fourth of our energy needs by the year 2000. Others are more optimistic. For instance, solar advocate Denis Hayes has put forth a timetable which would result in solar energy providing five-sixths of our needs by 2025. But lack of public awareness and Government commitment have impeded the progress necessary to meet these goals. Although a Government commission as early as 1952 urged a crash program to develop solar energy, this source has received less than one five-hundredth of the total Federal energy funding since then.

President Carter seemed to acknowledge that much more can be done when he included in the national energy plan the goal of providing for 2.5 million solar-heated homes by 1985. But now his Secretary of Energy James Schlesinger has downgraded that figure to 1.2 million, even though California alone intends to have that many solar homes by 1985. This is just one sign of Government inaction on solar energy. Further, when factored for inflation, this year's solar budget is $40 million lower than last year's and represents only 3 percent of the total energy budget, and Carter has yet to name a permanent Assistant Secretary for Conservation and Solar Applications. Sun Day also, then, illustrates the public's disappointment in this deemphasis of the solar option and its desire for action, not rhetoric, in this area.

There are, of course, some Federal programs which provide demonstration projects on the practical use of solar heating and electric technology. There has been recognition of the public's desire for more information, as well. For instance, the National Solar Heating and Cooling Information Center (toll-free number 800–523–2929) provides information on Government programs, solar applications, periodicals available, and contractors. And from May 3 to May 6, citizens across the country can call a Sun Dial Information Center (800–225–6110) with similar questions.

But more should and could be done. Although solar energy is economically competitive in the long run throughout the Nation, the initial investment required for installation of solar equipment is high enough to discourage many home owners. The Federal Government could do a great deal to facilitate these kinds of investments by providing assistance to homeowners in the form of low-interest loans. This is the motivation for the Solar Energy Bank bill, which I and many of my colleagues have cosponsored, but which has yet to receive administration support. Other solar incentives—including low-interest loans, tax credits, and a $98 million solar cell purchase program—are in the National Energy Act and, though agreed to almost 6 months ago, have been held up until the conferees agree to the entire energy package. Many of us, including members of the solar industry, have urged that the solar provisions be separated out and immediately enacted, so that solar energy will receive the necessary impetus.

The Federal Government can also do much to help solve the remaining problems which create obstacles to full-scale development of solar technologies. The Government should address itself to the need for greater development of solar electrical generation systems; the need for equipment standards; the need to change building codes which are barriers to solar use; the use of easements in order to insure access to sunlight; and the question of whether solar energy should be used in centralized or decentralized applications.

To a limited extent, individual States are seeking answers to many of these questions. Thirty States, including my own State of Connecticut, provide financial incentives for the purchase and installation of solar energy systems through tax credits, property tax provisions, and exemptions from sales taxes. Six States have laws on solar access. Oregon, for example, requires that planning commissioners recommend ordinances governing building heights for solar purposes.

Sun Day recognizes that a start has been made in adopting solar energy as a viable and welcome energy alternative, but it also demonstrates that progress to date is not enough. What is needed is a full-scale commitment by the Government and the private sector alike to the rapid development and implementation of solar power. Surely this energy source, with its many benefits, is deserving of more attention than it has received thus far.●

SOCIAL SECURITY REFORM

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. SYMMS. Mr. Speaker, William Agee, chairman, president, and chief executive officer of the Bendix Corp., makes some very striking points about the social security system and the need for reform. The social security system has been bailed out temporarily by the Congress, but Mr. Agee fears the system will be in jeopardy once again within the next decade. To alleviate this situation, Mr. Agee suggests reducing the social security population by giving benefits to those who are truly in need and relying on private pension programs for most of the population. I ask my colleagues to take note of Mr. Agee's proposals which could put the social security system back on the right track.

Mr. Agee is a distinguished alumnus of the University of Idaho School of Business and earlier attended Boise State University.

[From the New York Times, Apr. 8, 1978]

A FEW PROPOSALS FOR REFORMING SOCIAL SECURITY

(By William M. Agee)

SOUTHFIELD, MICH.—Past a certain point enormity boggles the mind. Tell the taxpayer, for example, that the actuaries are disputing whether the Social Security Administration possesses unfunded liabilities of $4.1 or $4.7 trillion and he'll shrug his shoulders. As the current jargon puts it, we cannot "relate" to such sums.

Nevertheless, that was the situation of the Social Security system before the recently enacted law—now in jeopardy—that adjusted the payroll tax to raise some $227 billion over the next 10 years and thereby—supposedly—conjured away the ghost of insolvency.

The new law would put a temporary halt to the alarming rate of net outflow from the trust fund. It would also "decouple" the inadvertent double adjustment for inflation and thus reduce that unimaginable $4 trillion-plus to an equally unimaginable $2 trillion plus. But the ghost is still there.

Conceived as a social-insurance system in which benefits are roughly related to contributions, Social Security has become in fact an income-transfer system through which the young subsidize the old and the working people subsidize the retired or disabled, regardless of need. Whatever one's views of the equity or social utility of such a system, demography and increasingly generous benefits have totally changed its impact on the economy.

In 1947 there were 22 workers for every Social Security recipient. The ratio was reduced to 4 to 1 by 1960 and predictions are that in another few generations it will be 2 to 1.

What can we do? Two things. First, we must bring about radical change in the contributions-to-benefits ratio, or, more simply, change the rate of return on money put into the program. Second, we must alter the nature of contributions, to maximum savings and minimize taxation.

More specifically, we must reduce the Social Security population by adopting the clear perspective of need, and we must encourage private as against Government pension systems. These things cannot be done painlessly but the viability of the system—

and, indeed, of the entire economy—is at stake. We might begin with the following:

1. Reducing or eliminating Social Security benefits for those receiving other kinds of retirement funds.

Many private pension plans, of course, currently reduce their payments by an amount equal to Social Security benefits for their employees. What I am proposing is that the Social Security payments be phased out wherever possible—but gradually, to allow the private sector time to adjust. This could be done either directly or by taxing the Social Security payments at a rate determined by the taxpayers' total income.

Social Security would thus become a kind of welfare program. But that is what it should be—designed to help those who need it. In any event, it simply does not make sense to provide Social Security payments to those who are eligible for substantial private pensions.

2. Expanding concepts such as those embodied in the individual retirement account legislation to provide incentives for retirement savings.

Some provisions of the 1974 Pension Reform Act permit self-employed persons and certain employees to deduct from taxable income part of their earnings, provided the amount is set aside for retirement.

Expansion of these programs should gradually replace Social Security for increasing numbers of Americans, especially for those now under a certain age, perhaps 35. Such pension provisions not only afford incentives to prepare for retirement, they also build up the savings that provide investment capital for the economy as a whole. (Taxation, of course, often has the opposite effect.)

3. Enacting a sliding scale for retirement eligibility for those under 55.

Such a program would dramatically reduce the Social Security population and the financial demands on the system. For example, retirement would be offered to those currently in the age group of 45 to 54 at 66; those now between 35 and 44 at 67; and those under 34 at 68.

4. Eliminating Social Security benefits to those under a certain age—perhaps 35—while alternate proposals are studied.

Many Americans under 35 already have a substantial financial investment in Social Security. To tell them that, as things currently stand, their investment guarantees them nothing may seem unfair—but it happens to be the truth. At the very least, it would produce a salutary shock.

New thinking is desirable and necessary. The present Social Security system is inflationary and inequitable. It builds rigidity into our economy. And now, at huge cost, it has been given a brief renewed lease on life—10 years or less. But the real issue is that it is hopelessly overburdened. Congress has bought a respite—for $227 billion. The major question is what we will do with it.●

DEPUTY CITY COMMISSIONER JACK WELSH TO BE HONORED BY FRIENDS ON MAY 5

HON. RAYMOND F. LEDERER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 1, 1978

● Mr. LEDERER. Mr. Speaker, I would like to pause in the business of the House to share with my colleagues an article printed in a Pennsylvania newspaper about a great Philadelphian, Deputy City Commissioner Jack Welsh:

DEPUTY CITY COMMISSIONER JACK WELSH TO BE HONORED BY FRIENDS ON MAY 5

(By Nat Frank)

It seems like only yesterday but memory turns back more than half a century when the name of Jack Welsh was in the minds of all sports fans, mainly in basketball, football and boxing. Welsh, today the most beloved Deputy City Commissioner, having worked himself up from just another employee climbing every rung until he reached this high post in his almost 40 years of continuous work in the same department, with headquarters in room 5, street floor City Hall Annex, will be rewarded by his friends of long standing with a testimonial in his honor to be held in the Charisma Room, Roosevelt Boulevard and Princeton Avenue, Friday evening, May 5th.

The unusual event, a non-political salute to the likeable man, was the brainchild of many friends from all parts of the city. From downtown to the far northeast, the ones who remember him from his school boy days and as a stalwart for the South Philadelphia High School baseball and basketball championship teams of the late teen years, to his great love of the manly art of self defense, numbering many champions and near champions of the ring, his many charitable organizations, of which he has been a prime worker in helping raise funds for youngsters, elderly, handicapped, veep of the State Boxing Hall of Fame Committee, of which this writer is the president, for the needy and whatever other worthwhile cause, Jack Welsh was also ready not only to help financially but also has been a prime factor in getting others to provide some financial assistance to anyone or institution or charity worthy of his avowed dedication to their causes.

Welsh well remembers his youthful days as a diamond star in the top semi-professional competition, when he and his teammates competed against the super teams as the Renaissance of Harlem. Visitation of Brooklyn and the Cleveland Rosenblooms. He also recalls when he personally met such super major leaguers as George Herman (later to become world famous as Babe) Ruth, when he was a standout pitcher for the Boston Red Sox, Super second baseman Eddie Collins, of Connie Mack's Athletics, and Connie himself, Ty Cobb of the Detroit Tigers and the Bengal's manager Hughey (Hi Yah) Jennings, John McGraw, manager of the New York Giants, Wilbert Robinson, manager of the Brooklyn Dodgers, the famous Tinker to Evers to Chance trio, of the Chicago Cubs, with Chance being the 1st baseman and manager of the Chicubs and many others of fame.

As a basketball player, he competed against such opposition as the original Celtics, namely Davey Banks, Pete Bary, Joe Lapshick, Dutch Dehnert and Nat Holman, probably the greatest cage quintet put together. He was also a member of the Sphas (abbreviation for the South Philadelphia Hebrew Squad). He played from 1929 through 1932 with the 1929–1930 Court Five being the first all Jewish squad winning a professional championship.

In addition, he also played with 4 different teams in the Jewish Basketball League, being a member of the championship Judaic Union netmen. When he quit active competition he coached the Ardmore Ramblers, of the Main Line League. It was here that he met Herb Pennock, the great pitcher for the Athletics and the New York Yankees and then the first General Manager for the Phillies, when Bob Carpenter became the owner, buying the team from Jerry Nugent.

Super ringmen that Welsh knew included Jack Dempsey, Benny Leonard, Lew Tendler, Irish Patsy Cline, Johnny Kilbane, Battling Levinsky, Harry Lewis, Philadelphia Jack O'Brien, Tommy Loughran, the 5 Fighting Moore Brothers and hundreds of others.

He had been cited time and again for his "Behind the scenes work for worthy causes," including citations from such groups as:—

a—City of Philadelphia in 1961.

b—City of Philadelphia in 1964.

c—Jewish League Award in 1966.

d—The Richmond Award by the Old Timer Basketballers in 1970.

e—State Legislature Recognition in 1973.

f—U.S. Naval Coast Guard Reserve in 1974.

g—United Negro Fund Distinguished Award in 1975.

In his span of years of service with the City Registration Department, the honoree of May 5, has served under 7 chairmen, namely Theodore Starr, 1931 to 1941; Kendell Shover from 1941 to 1951; Charles Sweeney from 1951 to 1951; Leon Sachs from 1951 until consolidation in 1952; Maurice Osser, then Frank Patterson and currently Margaret Tartaglione.

Mayors of the City from the time he started almost 40 years ago have been Robert Lamberton, 1 year; Barney Samuel, 11 years; Joseph Clark, 4 years; Richardson Dilworth, 7 years; James Tate, 11 years and currently Frank Rizzo.

Governors who were in office during his service are Arthur James, Edward Martin, James Duff, John Fine, George Leader, David Lawrence, William Scranton, Raymond Schafer, and currently Milton Shapp.

Among the numerous friends, who will pay homage to the highly respected all around sportsman, Deputy City Commissioner, all friends from the City and surrounding, sponsored by the Kensington and Juanita Park residents, the selection of Michael McAllister, Esq., as the toastmaster was a perfect choice. Among the celebrities present will be Mayor Frank L. Rizzo. Marty Weinberg, William A. Meehan, Esq., Congressman Raymond Lederer, Sheldon Albert, State Senator Joseph Smith, Councilman Harry Jannotti, James McIntvre, Common Pleas Court Judge Charles Margiotti, Common Pleas Court Judge Joseph P. McCabe; City Commission Chairlady Margaret Tartaglione, and Jack Welsh's wife, Gertrude, a distinguished worker for charity.

Incidentally, the Welshes are the parents of 2, Barney, an attorney, whose wife, Linda, recently received a Doctorate in psychology; and daughter Evelyn Palat, wife of Dr. Herman Palat. By the way, the Welshes are the grandparents of 4, a son and daughter, to each of the children.●

SENATE COMMITTEE MEETINGS

Title IV of the Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings when scheduled, and any cancellations or changes in meetings as they occur.

As an interim procedure until the computerization of this information becomes operational the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committees scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, May 2, 1978, may be found in Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 3

9:00 a.m.
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To hold hearings on proposed new criminal code for the District of Columbia.
1318 Dirksen Building

Judiciary
To hold hearings on the nominations of Cristobal C. Duenas, to be Judge for the district court of Guam; Alfred Laureta, of Hawaii, to be Judge for the district court for the Northern Mariana Islands; Len J. Paletta, to be U.S. District Judge for the western district of Pennsylvania; and Leonard B. Sand, to be U.S. District Judge for southern district of New York.
2228 Dirksen Building

Judiciary
Constitution Subcommittee
To continue hearings on S. 35, the proposed Civil Rights Improvements Act.
1202 Dirksen Building

9:30 a.m.
Foreign Relations
International Operations Subcommittee
To mark up S. 2863, FY 79 authorizations for the Department of State, ICA, and the Board for International Broadcasting.
4221 Dirksen Building

Human Resources
To mark up S. 50, the Full Employment and Balanced Growth Act; S. 2522, authorizing funds through FY 1982 for the Family Planning Services and Population Research Act; S. 2617, authorizing funds through FY 1981 for the Domestic Volunteer Service Act; and S. 2759, the Domestic Violence Prevention and Services Act.
4232 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
To hold a business meeting.
322 Russell Building

Banking, Housing, and Urban Affairs
To mark up S. 2637, proposed FY 79 authorizations for housing programs.
5302 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on S. 2831, authorizing funds for FY 1979 and 1980 to carry out programs administered by the Marine Mammal Protection Act.
235 Russell Building

*Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2883 and S. 2901, authorizations for the Corporation for Public Broadcasting for fiscal years 1979–1983.
1114 Dirksen Building

Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

Finance
Unemployment Compensation, Revenue Sharing and Economic Problems Subcommittee
To hold hearings on the President's national urban policy recommendations for supplemental fiscal assistance for State and local governments.
2221 Dirksen Building

Governmental Affairs
To resume hearings on S. 2640, proposing reform of the Civil Service laws.
3302 Dirksen Building

Judiciary
Administrative Practice and Procedure Subcommittee
To mark up proposed legislation dealing with public participation in Federal agency proceedings.
S–126, Capitol

Select Intelligence
To resume hearings on S. 2525, to improve the intelligence system of the U.S. by establishing a statutory basis for U.S. intelligence activities.
6226 Dirksen Building

10:30 a.m.
Judiciary
To hold hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

2:00 p.m.
Appropriations
Public Works Subcommittee
To resume hearings on proposed budget estimates for FY 79 for public works projects.
S–126, Capitol

Select Intelligence
To hold a closed business meeting.
S–407, Capitol

Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. S–207, Capitol

2:30 p.m.
Agriculture, Nutrition, and Forestry
Nutrition Subcommittee
To mark up S. 2630, to provide for a special supplemental food program for women, infants, and children; S. 2809, to revise the child care food program; and S. 2824, FY 79 authorizations for programs administered under the National Child Nutrition Act.
322 Russell Building

MAY 4

8:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings on the status of nonfarm, nonfood, and fiber rural development research with USDA and the State land grant system.
322 Russell Building

9:00 a.m.
Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To continue hearings on proposed new criminal code for the District of Columbia.
S–126, Capitol

9:30 a.m.
Human Resources
To mark up S. 2416, to extend through FY 1981, programs of assistance for nurse training; S. 2549 and H.R. 11400, FY 79 authorizations for the National Science Foundation; S. 1753, authorizing funds through FY 1983 for the Elementary and Secondary Education Act; S. 2938, authorizing funds for FY 1979 and 1980 for the National Sea Grant College Program; S. 2410, to amend certain sections of the Public Health Service Act relative to health planning and health resources development; S. 2534, to extend through FY 1983, programs for health maintenance organizations; and S. 2474, to extend through 1983, the Public Health Services Act.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
To continue markup of S. 2637, proposed FY 79 authorizations for housing programs.
5302 Dirksen Building

Commerce, Science, and Transportation
To hold a business meeting.
235 Russell Building

Commerce, Sciences, and Transportation
Communications Subcommittee
To continue hearings on S. 2883 and S. 2901, authorizations for the Corporation for Public Broadcasting for fiscal years 1979–1983.
1114 Dirksen Building

Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

Finance
Public Assistance Subcommittee
To resume hearings on S. 2084, to replace the existing Federal welfare programs with a single coordinated program.
2221 Dirksen Building

Foreign Relations
Foreign Assistance Subcommittee
To mark up S. 2646, FY 79 authorizations for development assistance programs.
4221 Dirksen Building

Governmental Affairs
To continue hearings on S. 2640, proposing reform of the Civil Service laws.
3302 Dirksen Building

Select Intelligence
To continue hearings on S. 2525, to improve the intelligence system of the U.S. by establishing a statutory basis for U.S. intelligence activities.
5110 Dirksen Building

10:30 a.m.
Judiciary
To continue hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

2:00 p.m.
Appropriations
Public Works Subcommittee
To resume hearings on proposed budget estimates for FY 79 for public works projects.
H–405, Capitol

Select Ethics
To hold a business meeting.
Room to be announced

2:30 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m.
EF–100, Capitol

MAY 5

8:00 a.m.
Agricultural, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To continue hearings on the status of nonfarm, nonfood, and fiber rural development research with USDA and the State land grant system.
322 Russell Building

9:30 a.m.
Environment and Public Works
To continue markup of proposed resource protection legislation.
4200 Dirksen Building

Human Resources
To continue markup of S. 1753, authorizing funds through FY 1983 for the Elementary and Secondary Education Act, and S. 2983, authorizing funds for FY 1979 and 1980 for the National Sea Grant College Program.
4232 Dirksen Building

Judiciary
Criminal Laws and Procedures Subcommittee
To resume hearings to examine the erosion of law enforcement intelligence gathering capabilities.
S–126, Capitol

Veterans' Affairs
To markup S. 2398, to extend the period of eligibility for Vietnam-era veterans' readjustment appointment within the Federal Government; H.R. 5029, authorizing funds for hospital care and medical services to certain Filipino combat veterans of WW II; and S. 2836, to amend the Veterans' Administration Physician and Dentist Pay Comparability Act.
412 Russell Building

10:00 a.m.
Appropriations
State, Justice, Commerce, the Judiciary Subcommittee
To continue hearings on proposed budget estimates for FY 79 for NOAA, National Fire Prevention and Control Administration, and on research for science and technology, Department of Commerce.
S-146, Capitol

Appropriation
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the St. Lawrence Seaway Development Corporation, and the Research and Special Programs Directorate, Department of Transportation.
1224 Dirksen Building

Banking, Housing, and Urban Affairs
To continue markup of S. 2637, proposed FY 79 authorizations for housing programs.
5302 Dirksen Building

Energy and Natural Resources
Parks and Recreation Subcommittee
To hold hearings on H.R. 10984, to establish the Friendship Hill National Historic Site, Pennsylvania; S. 1906, to establish the Santa Monica Mountains National Park and Seashore, California; and on the following bills to designate segments of rivers for inclusion in the Wild and Scenic River System: S. 2270, 2611, and 2653, Delaware River, S. 2656, Pere Marquette River, Michigan, S. 2658, Skagit River, Washington, and S. 1234, St. Crois, Minnesota and Wisconsin.
3110 Dirksen Building

Foreign Relations
Foreign Assistance Subcommittee
To markup S. 2846, FY 79 authorizations for security supporting assistance.
4221 Dirksen Building

Joint Economic
To hold hearings on the employment-unemployment situation for April.
5110 Dirksen Building

2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. EF-100 Capitol

MAY 8

9:30 a.m.
Environment and Public Works
To markup proposed FY 79 authorizations for the Nuclear Regulatory Commission.
4200 Dirksen Building

Human Resources
To markup S. 2600, to extend certain vocational rehabilitation programs and to establish a comprehensive services program for the severely handicapped.
4232 Dirksen Building

Judiciary
To resume hearings on FY 79 authorizations for the Law Enforcement Assistance Administration, Department of Justice.
2228 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Communications Subcommittee
To hold hearings on S. 2211, the International Maritime Mobile Satellite Telecommunications Act.
235 Russell Building

Governmental Affairs
To resume hearings on S. 991, to create a separate Cabinet-level Department of Education.
3302 Dirksen Building

10:30 a.m.
Judiciary
To hold hearings on FY 79 authorizations for the Civil Rights Division, Department of Justice.
2228 Dirksen Building

MAY 9

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To hold hearings to receive testimony from Administration officials on the problems of rural railway transportation.
324 Russell Building

Judiciary
Improvements in Judicial Machinery Subcommittee
To resume hearings on S. 1314, to provide that State and Federal prisoners may petition Federal courts in a writ of habeas corpus.
2228 Dirksen Building

9:30 a.m.
Human Resources
To mark up S. 2090, extending through FY 1981 certain programs administered under certain programs administered under the Economic Opportunity Act.
4232 Dirksen Building

10:00 a.m.
Finance
International Trade Subcommittee
To hold hearings on S. Con. Res. 76, to approve proposed extension of nondiscriminatory tariff treatment (most favored nation) of products from Hungary.
2221 Dirksen Building

Foreign Relations
To mark up S. 2863, FY 1979 authorizations for the Department of State, ICA, and the Board for International Broadcasting, and S. 2619, FY 1979 authorizations for the Peace Corps.
4221 Dirksen Building

10:30 a.m.
Judiciary
To resume hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

MAY 10

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To continue hearings to receive testimony from Administration officials on the problems of rural railway transportation.
324 Russell Building

Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 2782, to protect consumers from misrepresentative advertising of gold and silver jewelry.
235 Russell Building

Select Small Business
To mark up H.R. 11445, authorizing funds through FY 1982 for the Small Business Administration.
424 Russell Building

9:30 a.m.
Human Resources
To mark up S. 2850, authorizing funds for FY 1979 and 1980 for the Older Americans Act; S. 2915, authorizing funds through FY 1981 for the Alcohol and Drug Abuse Education Act; and S. 2916, FY 79 authorizations for the Office of Drug Abuse and for drug treatment programs.
4232 Dirksen Building

Judiciary
Citizens and Shareholders Rights and Remedies Subcommittee
To resume oversight hearings on the rights and remedies of insurance policy holders.
5110 Dirksen Building

10:00 am.
*Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Office of the Secretary of Transportation.
1224 Dirksen Building

Administration of the Internal Revenue Code Subcommittee
To hold hearings on the proposed reorganization of the twelve smallest IRS districts.
2221 Dirksen Building

Foreign Relations
To mark up S. 2646, FY 79 authorizations for development assistance programs.
4221 Dirksen Building

Governmental Affairs
To mark up S. 1785 and S. 2026, to require public disclosure of certain lobbying activities, and S. 2236, to strengthen Federal programs and policies for combating international and domestic terrorism.
3302 Dirksen Building

10:30 a.m.
Judiciary
To continue hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

MAY 11

9:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices Subcommittee
To continue hearings to receive testimony from Administration officials on the problems of rural railway transportation.
324 Russell Building

9:30 a.m.
Environment and Public Works
To resume markup of proposed FY 79-80 highway legislation.
4200 Dirksen Building

Governmental Affairs
Federal Spending Practices and Open Government Subcommittee
To hold oversight hearings on Government in the Sunshine Act (P.L. 94-409).
1318 Dirksen Building

Human Resources
To mark up S. 2570, FY 79 authorizations for CETA.
4232 Dirksen Building

Judiciary
To resume hearings on S. 1382, to establish criteria for the imposition of the sentence of death.
Room to be announced

10:00 a.m.
Finance
Tourism and Sugar Subcommittee
To hold hearings on S. 2990, the Sugar Stabilization Act.
2221 Dirksen Building

Foreign Relations
To mark up S. 2846, FY 79 authorizations for security supporting assistance.
4221 Dirksen Building

Governmental Affairs
To continue mark up of S. 1785 and S. 2026, to require public disclosure of certain lobbying activities, and S. 2236,

to strengthen Federal programs and policies for combating international and domestic terrorism.
3302 Dirksen Building

10:30 a.m.
Judiciary
To continue hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

2:00 p.m.
Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for FY 79 for the Minority Business Resource Center.
1224 Dirksen Building

Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. EF-100 Capitol

MAY 12

9:30 a.m.
Human Resources
To resume mark up of S. 1753, authorizing funds through FY 1983 for the Elementary and Secondary Education Act, and other pending calendar business.
4232 Dirksen Building

2:00 p.m.
Conferees
On S. 9, to establish a policy for the management of oil and natural gas in the Outer Continental Shelf.
Until 5:00 p.m. EF-100, Capitol

MAY 15

10:00 a.m.
•Appropriations
Transportation Subcommittee
To hold hearings on budget estimates for FY 79 for the Department of Transportation.
1224 Dirksen Building

Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on ICC's price regulation in the motor common carrier industry.
2228 Dirksen Building

MAY 16

10:00 a.m.
Commerce, Science, and Transportation
Science, Technology, and Space Subcommittee
To hold hearings jointly with the Senate Banking Subcommittee on International Finance on technology exports and research and development investments.
6226 Dirksen Building

Banking, Housing, and Urban Affairs
To resume hearings on S. 2096, Right to Financial Privacy Act, and S. 2293, to modernize the banking laws with regard to the geographic placement of electronic fund transfer systems.
5302 Dirksen Building

10:30 a.m.
Judiciary
To resume hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

MAY 17

9:30 a.m.
Human Resources
Health and Scientific Research Subcommittee
To resume hearings on S. 2755, the Drug Regulation Reform Act.
4332 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
Financial Institutions Subcommittee
To continue hearings on S. 2096, Right to Financial Privacy Act, and S. 2293, to modernize the banking laws with regard to the geographic placement of electronic fund transfer systems.
5302 Dirksen Building

Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold hearings in connection with restrictions employed by foreign countries to hold down imports of U.S. goods.
Room to be announced

Commerce Science and Transportation
Merchant Marine and Tourism Subcommittee
To hold hearings on S. 2873, proposed Ocean Shipping Act.
235 Russell Building

10:30 a.m.
Judiciary
To continue hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

MAY 18

9.30 a.m.
Veterans' Affairs
Housing, Insurance, and Cemeteries Subcommittee
To hold hearings on S. 1643 and H.R. 4341, to eliminate the requirement for inspections of the mobile home manufacturing process by the VA and S. 1556, authorizing funds through FY 81 to assist States in establishing and maintaining VA cemeteries.
457 Russell Building

10:00 a.m.
Commerce, Science, and Transportation
Merchant Marine and Tourism Subcommittee
To continue hearings on S. 2873, proposed Ocean Shipping Act.
235 Russell Building

10:30 a.m.
Judiciary
To continue hearings on S. 2252, the Alien Adjustment and Employment Act.
2228 Dirksen Building

MAY 22

9:00 a.m.
Select Small Business
To resume hearings on the Federal government patent policy.
318 Russell Building

Select Small Business
To resume hearings on the Federal government patent policy.
318 Russell Building

10:00 a.m.
Judiciary
Antitrust and Monopoly Subcommittee
To resume oversight hearings on ICC's price regulation in the motor common carrier industry.
2228 Dirksen Building

MAY 23

9:00 a.m.
Select Small Business
To continue hearings on the Federal government patent policy.
6226 Dirksen Building

JUNE 7

9:30 a.m.
Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold oversight hearings on use of the drug PCP (Angel Dust).
4232 Dirksen Building

CANCELLATIONS

MAY 3

9:30 a.m.
Environment and Public Works
To continue mark up of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

MAY 4

9:30 a.m.
Environment and Public Works
To continue markup of proposed legislation authorizing funds for those programs which fall within the committee's jurisdiction.
4200 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, May 2, 1978*

The House met at 12 o'clock noon.

Dr. Charles A. Trentham, First Baptist Church, Washington, D.C., offered the following prayer:

Ever gracious God, our Father, grant us this day purity of heart that we may see You, clarity of mind that we may comprehend what You are saying to us, and resoluteness of will to translate Your desires for Your human family into action.

Restrain us when our actions would deprive anyone of personal rights which You have desired for everyone.

Show us specific ways by which we may make life a little fuller and freer for those who depend upon us.

Forgive all our failures and sins that we may cease mourning for our past and give all our energies to making today better. Give us, O Lord, the toil and our children the better world through Christ our Saviour. Amen.

CALL OF THE HOUSE

Mr. ROUSSELOT. Mr. Speaker, under rule I, clause 1, of the rules of the House, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 268]

Allen	Conyers	Heckler
Ambro	Cornwell	Holland
Andrews, N.C.	Davis	Horton
Applegate	Dellums	Howard
Archer	Dent	Johnson, Colo.
Baldus	Diggs	Jones, N.C.
Bellenson	Dingell	Kazen
Bingham	Dodd	Krueger
Bonior	Drinan	McCormack
Burke, Calif.	Edwards, Calif.	McKinney
Burleson, Tex.	Eilberg	Mann
Burton, John	Evans, Ind.	Mitchell, Md.
Carney	Fountain	Moffett
Cederberg	Frey	Mollohan
Clay	Gammage	Murphy, N.Y.
Cochran	Gudger	Nix

Oakar	Santini	Tucker
Pepper	Scheuer	Weaver
Pettis	Skubitz	White
Pursell	Spellman	Whitley
Rahall	Stockman	Wiggins
Rodino	Teague	Wylie
Runnels	Thone	Young, Alaska
Ruppe	Thornton	

The SPEAKER. On this rollcall 363 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Chirdon, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agree to the amendments of the House of Representatives to the bill (S. 958) "An act for the relief of Ernesto Garcia, Jr.".

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE JOINT RESOLUTION 873, SUPPLEMENTAL APPROPRIATION FOR DISASTER LOAN PROGRAM OF SMALL BUSINESS ADMINISTRATION

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Joint Resolution 873, making an urgent supplemental appropriation for the disaster loan program of the Small Business Administration for the fiscal year ending September 30, 1978.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, this is just the disaster loan appropriation, and nothing else?

Mr. MAHON. If the gentleman will yield, just the disaster loan appropriation of the Small Business Administration.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I wonder if the chairman could tell us about how much money is involved in this bill.

Mr. MAHON. If the gentleman will yield, about $758 million.

Mr. ROUSSELOT. $758 million? Why is this necessary?

Mr. MAHON. It is considerably the result of the terrific winter we had and the bad weather otherwise.

Mr. ROUSSELOT. And these were clearly unanticipated costs and are primarily attributable to the severe winter?

Mr. MAHON. If the gentleman will yield, I think it would be fair to say this was not anticipated.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MAKING IN ORDER ON THURSDAY NEXT OR ANY DAY THEREAFTER CONSIDERATION OF HOUSE JOINT RESOLUTION 873, SUPPLEMENTAL APPROPRIATION FOR DISASTER LOAN PROGRAM OF SMALL BUSINESS ADMINISTRATION

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it may be in order on Thursday, or any day thereafter, to consider in the House as in Committee of the Whole, House Joint Resolution 873, making an urgent supplemental appropriation for the disaster loan program of the Small Business Administration for the fiscal year ending September 30, 1978.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

KWONG LAM YUEN

The Clerk called the bill (H.R. 1798) for the relief of Kwong Lam Yuen.

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

MORRIS AND LENKE GELB

The Clerk called the bill (H.R. 3084) for the relief of Morris and Lenke Gelb.

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

HABIB HADDAD

The Clerk called the bill (H.R. 3995) for the relief of Habib Haddad.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

IRENE HOFFMAN

The Clerk called the bill (H.R. 5612) for the relief of Irene Hoffman.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

MARTINA NAVRATILOVA

The Clerk called the bill (H.R. 10210) for the relief of Martina Navratilova.

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

BALL STATE UNIVERSITY AND THE AMERICAN ASSOCIATION OF COLLEGES FOR TEACHER EDUCATION

The Clerk called the bill (H.R. 1415) for the relief of Ball State University and the American Association of Colleges for Teacher Education.

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

FIRST BAPTIST CHURCH OF PADUCAH, KY.

The Clerk called the Senate bill (S. 422) for the relief of the First Baptist Church of Paducah, Ky.

There being no objection, the Clerk read the Senate bill, as follows:

S. 422

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the First Baptist Church of Paducah, Kentucky, the amount of $207,740 in full settlement for all claims against the United States for damages arising in connection with the failure of the Federal Government to carry out its condemnation of the property of Fifth Street and Jefferson Street in Paducah, Kentucky, as proposed on September 9, 1964, by the General Services Administration.

SEC. 2. No part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, any contract to the contrary notwithstanding. A violation of this section is a misdemeanor punishable by a fine in an amount not to exceed $10,000.

With the following committee amendment:

Page 1, line 6, strike "$207,740" and insert "$171,990".

The committee amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and

passed, and a motion to reconsider was laid on the table.

OH SOON YI

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 1552) for the relief of Oh Soon Yi, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 7, strike out "Maria Farrow" and insert "and Maria Farrow Prévin".

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, I do so only to confirm my understanding that this bill has already passed the House and would simply permit Mr. and Mrs. Previn to adopt a third orphan; is that correct?

Mr. HARRIS. If the gentleman will yield, Mr. Speaker, my colleague is exactly correct. This has to do only with the waiver of the two adoption limitation currently in legislation, probably on outdated requirements; but that is all this does. The only difference in the Senate bill is a clarification of the name.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman from Virginia (Mr. HARRIS), and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

A motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Private Calendar.

INVITATION TO ATTEND JOHN W. McCORMACK ANNUAL AWARD FOR EXCELLENCE

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURKE of Massachusetts. Mr. Speaker I take this opportunity to cordially invite all Members of the U.S. Congress to attend the John W. McCormack Annual Award for Excellence ceremony on Wednesday, May 3, 1978, at 10 a.m. in the Rayburn reception room in the U.S. Capitol.

Mr. Speaker, the John W. McCormack Annual Award for Excellence Committee was established to honor the 45th Speaker of the House of Representatives for his dedicated service to the House of Representatives, Congress, and his country, by presenting an annual award of excellence to an employee chosen by the committee for extraordinary merit.

This year's recipient is Francis P. Hoye, Journal Clerk of the House for 29 years. Speaker of the House THOMAS P. O'NEILL, JR., will make the presentation; and both the Democratic and Republican leadership will be in attendance, in addition to other Members of Congress, employees, and Mr. Hoye's many friends. Please stop in to honor this dedicated and loyal employee.

AN INSULT TO FREE CHINA

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, I understand that President Jimmy Carter has ordered Zbigniew Brzezinski as a special envoy to Communist China on a fact-finding mission, commencing on May 28, 1978.

Mr. Speaker, on that very day, Chiang Ching Quo of the Republic of China, son of the late great President Chiang Kai-shek of free China, will be inaugurated as President of Taiwan. Also, Chei Tung Min, a native of Taiwan, will be inaugurated as Vice President.

President Carter has grossly insulted our friends, the free Chinese, by failing to send a special personal envoy for this inauguration compounded by permitting our Ambassador in residence to represent him on this auspicious occasions.

No greater insult could be handed to a foreign nation, diplomatically, than this obvious lack of attention to steadfast ally and friend of the United States, concommitantly with official Presidential Envoy Brzezinski's trip to Red China on the day of Chiang's inauguration.

ELIMINATE BOONDOGGLES IN FEDERAL BUDGET

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, today we are going to begin consideration of the budget for the upcoming fiscal year. I would like to call to the attention of my colleagues some matters that I hope they will lend their attention to during consideration of the budget. They appear in two publications entitled "Government-Supported Research on Foreign Affairs." Contained in these publications are some prime examples of blatant waste in the Federal budget.

For example, we have paid for funding for a study of linguistic variation in a Creole continuum; a study of Saskatchewan cultural ecology; a study of unintentional influence in dyadic interaction; a study of sociocultural factors in Jamaican fertility; and preparation of an advanced reader in Urdu poetry.

We can reduce this budget, and it seems to me that one of the prime places to start is in these kind of boondoggles.

COUNCIL ON WAGE AND PRICE STABILITY OFFERS ERRONEOUS INFORMATION

(Mr. COLEMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLEMAN. Mr. Speaker, last Thursday, April 27, the Council on Wage and Price Stability issued a news release attacking two pieces of legislation now pending before the Congress.

You and other Members of the House, as well as Members of the other body, should be aware that the information offered by the Council as it relates to meat import legislation is highly incorrect.

In its press release, the Council said:

It should be emphasized that imported beef, which is used to produce hamburger and other manufactured products, constitutes only 1 percent of domestic meat consumption and does not directly compete with the better quality fed beef primarily produced by American producers.

The Council is offering bad information. The actual percentage of imported beef is closer to 7 percent, not anywhere near 1 percent.

When my office challenged the Council on this inaccuracy, they eventually agreed they had erred, but they refused to agree to issue corrective information. Therefore, I feel you and other Members of the Congress should know the real statistics and not be misled by this highly distorted statement of the administration.

CARTER ADMINISTRATION COMPILING VOTING RECORDS OF MAJORITY MEMBERS

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I note with interest that the Carter administration is compiling the voting records of majority Members with implications that those who oppose the President's policies, whatever they may be, will not be "blessed" with his active support during this fall's campaign.

This presents an interesting dilemma, and I sympathize with those who must make this momentous decision. Since most of Mr. Carter's alleged "victories" have been against the wishes of the majority of Americans, there is the question of whether or not passing the President's computerized litmus test is a boon or a bane.

On this side of the aisle, we will watch with great interest the selection of the favored few, and look forward to release of this rubberstamp roster. It is in those districts that we know we stand the very best chance of seeing a new face in the 96th Congress. Meanwhile, I admonish those across the aisle to be careful with their votes. Billy's big brother is watching.

RURAL COMMUNITIES STILL SUFFER POVERTY OF RESOURCES

(Mr. WAMPLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WAMPLER. Mr. Speaker, I rise in behalf of rural America.

Fifty years ago, over half our population was rural. Then, as now, they were a clean living, hardworking bulwark of our traditional American values. They were also entering an unfortunate era from which they are still striving to recover.

The Great Depression and the growth of capital intensive agriculture forced millions of rural people to seek work in the cities. World War II demands for military and industrial manpower took other millions, as did the post-war surge in manufacturing growth. Between 1930 and 1970, about 30 million rural people left our farms and rural communities.

The result was prolonged depression in rural America. While the cities prospered, rural opportunity languished. Income diminished. Farms and businesses failed. Dwindling local revenues could not provide such basic amenities as water systems, sewerage, and adequate schools.

Recognizing this, Congress stipulated rural eligibility for many programs now available for community facilities, industrial investment, employment, and other development needs. Today, rural communities are sipping benefits long and lavishly enjoyed by the cities. However, thousands still suffer a poverty of resources while hopefully awaiting Federal assistance.

Against this background, I note the President's recent plan for urban recovery which proposes over 150 changes in many programs now funneling about $85 billion per year to State and local governments. These changes would greatly increase the metropolitan share of current programs. He also proposes a new $20 billion urban assistance program which incorporates mechanisms to insure that existing programs favor our major cities.

If approved, Mr. Speaker, the President's proposal would deny rural America a fair share of Federal revenues. This would relegate millions of rural citizens and their communities to the same condition of neglect we have sought to remedy in past years.

FORMER PAGE JODIE GAINES KIDNAPED

(Mr. JONES of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES of Tennessee. Mr. Speaker, I rise to make an announcement that has brought sadness to my State, to my congressional district, and to those Members of this body who became acquainted with a young lady who was a page here in the House during the month of March, Miss Jodie Gaines. Miss Gaines was abducted while she was driving to visit some of her relatives. She left her father and mother last Friday night and somewhere between the country club and McKenize, Tenn. She was abducted and has not been heard of since. A ransom has been asked for.

I understand that the sum of $250,000 has been left at some place that was requested for her safe return.

Jodie Gaines was a very wonderful page while she was here on the floor of the House. She served in the well of the House and many of the Members became acquainted with her.

I offer sympathy to the family as I am sure that all of the Members do. It is our prayer that she will be returned safely to her father and mother within a very short time.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions, to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

SOLAR ENERGY SOURCES LOAN PROGRAM

Mr. SMITH of Iowa. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11713) to create a solar and renewable energy sources loan program within the Small Business Administration, as amended.

The Clerk read as follows:

H.R. 11713

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 101. (a) Section 7 of the Small Business Act (15 U.S.C. 636) is amended by adding at the end thereof the following new subsection:

"(l)(1) The Administration also is empowered to make loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator may determine to be necessary or appropriate to assist any small business concern in financing—

"(a) plan construction, conversion, expansion (including acquisition of land for such a plant), or startup, and

"(b) the acquisition of equipment, facilities, machinery, supplies, or materials

to enable such concern to design, manufacture, distribute, market, install, or service active or passive solar energy equipment, renewable energy sources equipment, or other item on the Energy Conservation Measures List or contained in an approved State energy conservation plan, the primary purpose of which is the conservation of energy.

"(2) No loan shall be made under this subsection if the total amount outstanding and committed (by participation or otherwise) to the borrower from the revolving fund established by this Act would exceed $500,000: *Provided,* That no such loan made or effected directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis shall exceed $350,000.

"(3) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms from non-Federal sources.

"(4) No immediately participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

"(5) In agreements to participate in loans on a deferred basis under this subsection, the Administration's participation shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

"(6) The Administration's share of any loan made under this subsection shall bear interest at the same rate as loans made under subsection (a) of this section. The maximum term of any such loan, including extensions and renewals, may not exceed fifteen years.

"(7) All loans made under this subsection shall be of such sound value as reasonably to assure repayment, recognizing that greater risk may be associated with loans made to business concerns in this field: *Provided,* That factors in determining 'sound value' shall include, but not be limited to, quality of the product or service; technical qualifications of the applicant or his employees; sales projections; and the financial status of the business concern: *Provided further,* That such status need not be as sound as that required for loans mare under subsection (a) of this section.

"(8) For purposes of this subsection, the term 'active or passive solar energy equipment' shall include, but not be limited to, solar heating and cooling systems, including storage, solar hotwater systems, solar photovolatic systems, and such other equipment as prescribed by the Administrator. The term 'renewable energy sources equipment' shall have such meaning as prescribed by the Administrator.

"(9) Funds under this subsection shall be distributed as equitably as possible between nonurban and urban areas.".

SEC. 102. Subsection (c) of section 4 of the Small Business Act (15 U.S.C. 633(c)) is amended—

(1) in paragraph (1), subparagraph (B), by inserting "7(l)," after "7(i),"; and

(2) in paragraph (2), subparagraph (B), by inserting "7(l)," after "7(i),".

SEC. 103. Subsection (e) of section 20 of the Small Business Act (15 U.S.C. 649(e)) is amended by adding at the end a new paragraphs as follows:

"(10) For the programs authorized by section 7(l) of this Act, the Administration is authorized to make $30,000,000 in direct and immediate participation loans, and $45,000,000 in guaranteed loans.".

(c) Subsection (f) of section 20 of the Small Business Act (15 U.S.C. 649(f)) is amended by striking the first sentence and inserting in lieu thereof the following: "There are authorized to be appropriated to the Administration for fiscal year 1979 $1,601,750,000 to carry out the programs referred to in subsection (e), paragraphs (1) through (10).".

SEC. 104. Subsection (d) of section 7 of the Small Business Act (15 U.S.C. 636(d)), is amended by inserting "(1)" after "(d)" and by adding at the end of such subsection the following paragraph:

"(2) The Administration is hereby authorized to make grants to qualified organizations for the purpose of enabling such organizations to provide training seminars for small business concerns concerning practical and easily implemented methods for design, manufacture, installation, and servicing of solar energy equipment, and renewable energy sources equipment or other energy conservation measures.".

SEC. 105. Subsection (b) of section 8 of the Small Business Act (15 U.S.C. 637(b)) is amended by striking out "and" at the end of paragraph (14); by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; and"; and by adding after paragraph (15) the following:

"(16) to provide technical manuals on the design manufacture, installation, or servicing of solar energy equipment, or renewable sources equipment, to any small business concern at not more than 50 per centum of the cost to the Administration.".

SEC. 106. This Act shall be effective October 1, 1978.

The SPEAKER. Is a second demanded?

Mr. BUTLER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Iowa (Mr. SMITH) and the gentleman from Virginia (Mr. BUTLER), will be recognized for 20 minutes each.

The Chair recognizes the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 11713, a bill which would establish a new SBA loan program to provide financial assistance to small firms involved in solar energy and energy conservation fields. This bill is the result of extensive hearings conducted by the Subcommittee on Energy, Environment, Safety and Research which is chaired by Congressman BALDUS. He would have been here today to manage this bill on the floor except for the untimely death of a member of his family.

Rather than delay floor consideration o. this measure Congressman BALDUS requested that I manage it for him.

The bill was introduced by Congressman BEDELL and was substantially revised from its earlier version. At the conclusion of my statement, I will yield to him to discuss this matter in detail.

This bill would establish a new SBA program to provide loans to small businesses involved in the fields of solar energy (including heating, cooling, storage, and photovoltaic systems); renewable energy sources as defined by the SBA Administrator; and energy conservation fields including those items on the Department of Energy's energy conservation list or an approved State energy consevation plan. These loans would be available to designers, manufacturers, distributors, marketers, installers, or servicers of such equipment for the purposes of funding plant construction, conversion, expansion, or startups, acquisition of equipment, facilities, machinery, supplies, or materials.

The provisions of the program would be similar to those of SBA's regular business loan program:

A limit of $500,000 per guaranteed loan applicant and $350,000 per direct loan applicant would be established;

Applicants would be required to demonstrate that loan assistance is not available from non-Federal sources;

Applicants may seek direct loans only when guaranteed loans are unavailable; the SBA share of guaranteed loans would be limited to 90 percent;

The interest rate on direct loans would be based upon the cost of money to the Federal Government—currently 6⅝ percent—and on a guaranteed loan at a rate negotiated between the borrower and lender, subject to an SBA maximum—currently 10 percent.

The term of any loan may not exceed 15 years.

The bill also would authorize grants for energy training seminars and for energy manuals to be sold at half cost.

Although I do not believe that solar energy is the only source which will overcome our energy shortage, I do believe that it is one of the sources which should be developed and utilized. It may never be feasible to utilize solar energy in every part of the country for every purpose, but it is feasible today in some areas as a viable alternative to electricity to provide hot water and space heating.

Small businesses in this industry, whether they be designers, manufacturers, distributors, installers, or service technicians, could apply for financial assistance under SBA's regular business loan program. Experience has shown, however, that SBA simply is not approving loans under this program to this type of applicant. Apparently SBA is not approving these loans due to their perception that the solar industry has not sufficiently progressed to a point where there is a sufficient market for this product.

There is a continually growing interest in solar energy. For example in 1977 there were approximately 66,000 residential solar installations.

The State of Iowa, for example, certainly is not a part of the Sun Belt, but solar power is being tried for both domestic hot water and for space heating.

If properly installed, solar energy can be used to provide part of a home's domestic hot water needs at an initial cost of $1,800 to $2,200. It can also provide part of the space heating requirements in a home. The cost of doing so is considerably higher, in the range of $12,000 to $16,000. I believe that we should not deny small businesses the opportunity to participate in it solely because they cannot obtain the needed capital.

I believe that we should establish a loan program as proposed in this bill. Because it is a new industry, loans made to this type of applicant initially may have a greater degree of risk and a somewhat higher loss rate; however, I believe that this is justified in conjunction with our energy problems when it is coupled with the restrictions and safeguards provided in the bill.

Although SBA may not have the present capability to evaluate the technical capabilities of a solar energy system, SBA and the Department of Energy have entered into an interagency agreement so that DOE will do the technical evaluation. I see no reason the Department of Energy cannot cooperate and contribute its expertise on solar energy the same as the Environmental Protection Agency evaluates the technical merits of a pollution control system to facilitate SBA consideration of loan applications under SBA's water pollution control loan program.

I urge the passage of this bill.

Mr. Speaker, I now yield such time as he may consume to the gentleman from Iowa (Mr. BEDELL), to further explain the bill.

Mr. BEDELL. Mr. Speaker, it certainly is proper and appropriate that we should be considering this bill today as we come upon tomorrow which is going to be Sun Day where we look to the possibilities that we have in solar energy. The purpose of this bill is to help make it possible for small business to more actively participate in the efforts to solve our energy problems which the President a little over a year ago declared was the moral equivalent of war.

It is pretty well known that creativity comes not from large corporations but from those smaller operators where they have the individual creativity in order to solve technical problems, specifically I think it is particularly true in a field such as we are getting into of new technologies in this area that lends itself frequently to the small operator as we try to install equipment which will help solve this energy problem.

One of the problems we have as we go through present agencies to try to get help in this matter involving energy is that it is a lot easier for any department today to award a $100 million loan than it is 1,000, $100,000 loans.

So the natural tendency for those agencies in order to hold down their work was to work with the larger firms in trying to solve the problem. Since this is new technology, and since these new businesses do not have a proven track record, because of the fact that it is new, it, therefore, makes it more difficult for small businesses to get the capital they need in order to engage in this particular activity.

The Small Business Administration testified before the subcommittee on March 20 that in the previous 6-month period they had made three loans in the United States to encourage energy-related small businesses which needed their help. So, as we move into this new technology, I think we can expect a great expansion of market availability, and the question is whether the small operator is going to be able to continue to exist or whether big business is simply going to take over and control the entire energy field, with the detrimental effects that I think, at least, we have seen previously.

The financial purposes of this bill are to be limited to plant construction, conversion, expansion, especially for plant startup. The term "startup" refers to the process of establishing a new business or assisting a new business in becoming fully operational; that is, a business that is not yet fully operational for the first time, or one that has been fully operational for less than 2 years.

Other financial purposes of the bill would include acquisition of equipment, facilities, machinery, supplies, or other materials. The loans would be limited to businesses which have as their purpose the design, manufacture, distribution, marketing, installation, or servicing of equipment involved in the fields of active or passive solar energy, renewable energy sources, or energy conservation.

Mr. Speaker, the bill authorizes $30 million in direct loans and $45 million in guaranteed loans. Persons can only get direct loans if they fail to qualify for guaranteed loans. They can only get guaranteed loans if they prove they have been unable to get credit from other sources. It limits the amount of the loan to any one individual, $350,000 on direct loans, $500,000 on guaranteed loans, and the money is loaned at the cost of the money to the Government, plus one-quarter percent, which at this time would be 6⅝ percent for direct loans.

The bill specifically says that the small Business Administration will be able to make loans for solar energy wherein their requirements are somewhat less strict than they have been in their general loan program. The reason for that is because of the importance to our whole society that we move forward to help solve this energy problem, which at this

time and last time drained some $45 billion in terms of export payments for foreign oil.

Mr. BUTLER. Mr. Speaker, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding.

What this does is set up a separate loan program, a new separate loan program, under the Small Business Administration; is that a fair statement?

Mr. BEDELL. The gentleman is correct.

Mr. BUTLER. Is there a precedent for doing this?

Mr. BEDELL. I am advised that there is a handicapped loan program, for example, and that there are some others.

Mr. BUTLER. There is a special statutory provision for handicapped loans?

Mr. BEDELL. I am advised that this is correct; yes, sir.

Mr. BUTLER. Can the gentleman think of any other precedents?

Mr. BEDELL. Water pollution control, they tell me; energy shortages; OSHA.

Mr. BUTLER. In these precedents is there the provision that acknowledges, as this one does, that in these particular loans, I think the language is, it is recognized that greater risk may be assumed? Is there that provision?

Mr. BEDELL. No, I think not, because I think, for example, with handicapped people the problem would be a somewhat different problem, and I think this language is meant to address that specific problem with regard to the solar energy problem, which is a problem, as I explained, where there is not already a proven track record.

Mr. BUTLER. I thank the gentleman.

Mr. CARTER. Mr. Speaker, will the distinguished gentleman yield?

Mr. BEDELL. I yield to the gentleman from Kentucky.

Mr. CARTER. I thank the gentleman for yielding.

I would say that another precedent in this area is for minority enterprise. This is not the first step in this field, in a new field, at all.

Mr. BEDELL. I am pleased that the House leadership scheduled consideration of H.R. 11713 for today, May 2. The timing of this proposal is particularly appropriate in light of the fact that tomorrow is Sun Day, a day of national awareness of the potential of solar energy.

I believe that Sun Day will serve a valuable function in focusing national attention on the need for increased investment in solar technologies. It should certainly do much to crystallize the public's perception of the promise of solar energy.

However, to be truly effective, popular support for solar development must be complemented by practical Government action promoting solar technologies, such as increased spending for the Federal solar energy budget and the creation of Government incentives and programs to assist individuals and companies in the development and installation of solar devices. In my view, it is imperative that our Nation, as a matter of public policy, make a stronger commitment to the development and practical application of solar energy.

We are all aware of the severity of our Nation's energy problems, and we are concerned about devising an effective and responsible strategy to deal with them. In the past, solar development has occupied a decidedly low priority in the Federal Government's energy priorities. I think that its status should be upgraded, both by increasing the Federal Government's solar R. & D. activities and by encouraging the private sector to join in the solar development and conservation effort.

The case for solar energy is strong. It is an energy source that is inexhaustible, clean, safe, and secure against boycotts. It can be tapped directly from sunlight, or indirectly from the energy which the sun produces in wind, falling water, plants, and temperature changes in the oceans. On a small scale, solar energy can already heat and cool homes, supply heat for industrial processes, power space satellites, generate electricity, and create liquid fuels like alcohol.

The potential of solar energy is exciting. A recent study published by the Council on Environmental Quality (CEQ) concluded that solar technologies could provide one-fourth of all U.S. energy needs by the year 2000. However, the CEQ report maintains that for this to happen, the Federal Government must plan an active role, speeding up the deployment of today's solar technology and breeding new technology through increased research and development. The report states that:

> It seems clear, that the federal government—for a time—must play a strong role in furthering solar development. It also seems clear that some changes and reforms in federal programs are advisable. . . . The key policy ingredient is an official and personal commitment to solar energy commensurate with its potential for benefiting the nation.

President Carter indicated his support for solar development when he suggested a national energy goal of using solar energy in more than 2½ million homes by 1985. To meet this goal and respond to the growing demand envisioned by enactment of solar energy tax credits, our Nation's solar industry must triple its production capacity in the next 2 years. The emergence of new solar firms and the expansion of existing businesses are required to meet the demands of not only production but also research, testing, marketing, installation, and maintenance of solar equipment.

Many, indeed most, of the present companies involved in the solar energy field, are small businesses. Unfortunately, smaller firms—many with good and promising products to offer—have fallen on hard times due to inadequate financing or improper management, and declining demand pending passage of Government tax incentives.

A recent report by the House Small Business Committee Task Force on Equity and Venture Capital discusses the problems with the present shortage of capital for small businesses and states that any emerging innovative company is doomed without some assistance in the capital formation area. Many of these companies have gone to the Small Business Administration for loans under their regular 7(a) loan program. These companies have been either turned down or so entangled in paperwork, financial costs, and attendant frustration that they have either ended up in bankruptcy or sold out to a large and often monopolistic company. Regional hearings held by the House Small Business Committee supported these findings.

The fact of the matter is that the Small Business Administration has simply not been responsive to the needs of solar companies.

At the same time, larger companies have been interested in both the innovation and achievements of the smaller companies, and this interest has all too frequently resulted in their acquisition by the larger firm. Forbes magazine described the situation in an article on the solar market in their October 1977 issue as follows:

> And when companies like Alcoa, PPG Industries, General Electric, General Motors, Revere Copper & Brass, Exxon, and Owens-Illinois dabble in those waters (they all do), they make waves big enough to swamp most of the little enterprises that, to date, have dominated the field.

I, for one, believe we can and should reverse this trend toward concentration by giving small businesses an opportunity to compete in the solar field. To be meaningful, this opportunity must come now during the early stages of the development of the solar market. Small businesses must be given a chance to compete. Otherwise we will have yet another segment of the energy market controlled by a handful of large companies. Competition is vital to our free enterprise system, and we have a responsibility to preserve it. In my view, the Small Business Administration should play a prominent role in this effort.

The Small Business Administration was created to offer assistance to small companies. In 1953, when Congress passed the Small Business Act, it specifically mandated that the agency was to preserve free competition in the economy by assisting in the establishment, preservation, and strengthening of small business concerns. And loans were intended to be a primary instrument of such assistance.

The bill we are considering today seeks to involve the Small Business Administration in the dual purpose of preserving small business and helping find answers to our Nation's energy needs. Both objectives are worthy of your support today.

Under my bill, small businesses could receive direct or guaranteed loans through the Small Business Administration for the design, manufacture, distribution, marketing, installation, or servicing of solar energy equipment. The bill would cover a wide range of products, including solar heating and cooling equipment, solar hot water systems, solar electric cells, insulation, clock thermostats, and storm windows. The Small Business Administration would be authorized to provide $45 million in 90 percent federally guaranteed loans and $30 million in direct loans, which could be provided only after a business was unable

to obtain a guaranteed loan. Loans could be applied toward construction, conversion, and expansion of a plant, as well as other "start-up" costs involved in getting a small solar or conservation business off the ground.

The bill also attempts to respond to complaints by small businesses involved in solar development who have been unable to participate in SBA loan programs because of that agency's requirement that the applicant demonstrate a track record of repaying loans or making profits. These firms are currently in a Catch 22 situation, since solar energy is a new technology without a solid business history. H.R. 11713 recognizes that greater risk may be associated with solar loans and thus declares that the financial status of solar applicants need not be as "sound" as normally required. The applicant's business qualifications, product quality, sales projections, and financial status deserve equal consideration.

The bill would also authorize grants for energy training seminars and for energy manuals to be sold at half cost.

The promise of solar energy is real, and the need for small business involvement in this area is vital. Your vote to create the program envisioned by this bill will both enhance the solar contribution to our national energy needs and improve small businesses' chance of remaining a viable and productive entity in our economic system.

Mr. BUTLER. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I rise in support of the solar energy resource loan program. I believe that the time has come for the Federal Government to put into actions our verbal promises of offering all appropriate incentives to facilitate our conversion to this renewable source of energy.

Mr. Speaker, we have received testimony from numerous witnesses as to the great strides that has made solar energy understandable, accessible, and cost effective. This source holds great potential in my region where our average energy cost is 31 percent above the national average. This proposal attempts to allow the small business sector to enter this expanding energy market, thus allowing this energy technology to be installed by all who desire it. However, the current structure of the solar energy sector demonstrates the need for the small business sector to become an active, independent participant in the commercial development of this exciting energy source. The present financial makeup of the solar energy sector shows that the majority of the small businesses currently in this area are financed, to varying degrees, by the major oil corporations. In turn for this financial support, the oil industry is forcing as a precondition, that they surrender the controlling interest in the company. Thus, while they appear to be small concerns, they are controlled by the major oil corporations, who will ultimately benefit from the success of this energy source. While I commend the major oil companies for their past research in this area, I cannot condone the financial ties they are making with yet another emerging energy industry. I believe that it is time we take positive actions which will allow small businesses to avoid these preconditions in the future.

Mr. Speaker, the data we have seen conclusively demonstrates that the demand for this new source of energy is just beginning to intensify. The small business can, and should have a large share of this exciting market potential. However, these small concerns must have additional financial backing in order to successfully compete with the oil and gas industry which does not suffer from a lack of capital, while the Small Business Administration is already authorized to make these loans, the uncertainties involved in this developing market make it riskier in their eyes; therefore, the need for this legislation: to add emphasis to the program, and to notify the administration of our desires that they intensify their efforts to assist in the orderly development of this emerging energy technology sector.

The proposal before us will mandate that the Small Business Administration provide loans to those who qualify, for up to $500,000 for guarantees, and $350,000 for direct loans. These loans are for small businesses that are engaged in the design, manufacture, distribution, marketing, installation, or services of equipment involved in the fields of active or passive solar energy. The bill also mandates that energy conservation activities, which numerous small businesses have been assuming, be a part of this program.

Both activities, with the passage of this proposal, will accomplish two meritorious objectives. First, they will allow us to develop our solar energy capabilities, by actually assisting in the installation and maintenance of these units rather than just to continue our research efforts, second, this proposal will assist the small business firms in their attempts to share in the successes that will arise out of this exciting new industry. The financial impact on the Federal Treasury should be minimal, limited to the normal defaults that accompany the other loan programs of the Small Business Administration.

Mr. Speaker, the vital necessity of this proposal has been demonstrated. It is needed in order to allow the small businesses, throughout the country, to enter this energy activity, unencumbered by the financial constraints that are the mark of the current trend. I, therefore, urge the passage of this timely proposal.

Mr. BUTLER. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky (Mr. CARTER).

Mr. CARTER. Mr. Speaker, I rise in support of H.R. 11713, which creates a solar and renewable energy sources loan program within the Small Business Administration.

I would first like to commend the distinguished chairman of the subcommittee, Mr. BALDUS, for his leadership and dedication in bringing this legislation to the floor.

Mr. Speaker, this bill authorizes $75 million for loans to small businesses involved in solar energy or energy conservation. The SBA is permitted to provide direct loans up to $350,000, and is permitted to participate in 90-percent guaranteed loans up to $500,000.

With our Nation's efforts to find alternative sources of energy, I believe that this legislation will encourage the production and marketing of solar and energy saving devices that will ultimately reduce our dependence on foreign oil supplies.

After extensive hearings and several modifications this bill was reported unanimously by the subcommittee and with only two dissenting votes in the full committee.

I believe that the SBA needs to have the clearly expressed intention of the Congress that business enterprises working in these areas are to be assisted, as they unfortunately have not been in the past.

Mr. Speaker, I strongly support this legislation. It is my feeling that small businesses should certainly be encouraged to enter into this field, a new and innovative field which includes the use of photovoltaic cells. That is really a very new mechanism of changing the rays of the Sun into electricity.

This is entirely possible. It is estimated that if one-tenth of the area of the State of Arizona were covered by these cells, we would have enough electricity generated in that area to supply the entire United States.

I submit, Mr. Speaker, that some one of these young entrepreneurs or manufacturers will develop a method of using the rays of the Sun so that we will have an adequate supply of energy and will not have to depend so much upon the OPEC nations for oil as we do at the present time. Not only that, we will be backing up the small businessman who needs our assistance and who has the ingenuity to develop photovoltaic cells and other methods of solar energy generation.

Mr. Speaker, I strongly support this legislation.

Mr. BUTLER. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. HILLIS).

Mr. HILLIS. Mr. Speaker, I thank the gentleman from Virginia for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 11713.

Tomorrow, as we all know, is Sun Day, and for this reason this legislation is most appropriate, not only on this occasion but as we move forward in this area and meet the need to do the things that are necessary to bring this type of energy source to ready availability for all our citiizens.

I note that there are roughly only 40,000 structures, both commercial and residential, presently in this country that utilize solar heat. This compares with 2 million in Japan, and in Israel solar energy and solar heat have been utilized in 1 out of every 5 structures.

This shows us that the technology is here. What we need to do is to get the production of these devices increased and get the cost down so the American consumer can utilize this important energy source. The key seems to be getting the

collector costs down to approximately $20 per square foot. Once that goal has been achieved, solar energy will then become competitive with electric resistance heating. With more production and more competition, I believe that the cost factor will go even lower, to the point where solar energy will be competitive with gas, oil, heat pumps, and other sources particularly as conventional fuel costs rise in the future.

This legislation that encourages and makes possible for small business to get into this field and to develop solar energy and the apparatus that is needed, will make the cost competitive with conventional fuels, particularly as the cost of those conventional fuels goes up.

For that reason, Mr. Speaker, I support the legislation. I point out its importance to the Nation at this time, and I urge my colleagues to join me in support of the bill.

Mr. SMITH of Iowa. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. YOUNG).

Mr. YOUNG of Missouri. Mr. Speaker, I rise to strongly support this bill, which I believe could prove crucial to our efforts to upgrade solar energy as a major energy resource.

Because of the high initial cost of solar devices and equipment, many small businesses have been unable to enter the field. Others that have made commitments have experienced financial problems. Some small companies which have shown great promise in the solar field have been forced to close.

The solar industry is in its infant stage, and because of the important contribution it can make in solving our energy needs, it warrants special attention. That attention will be provided, in part, by the direct loans and loan guarantees called for under this legislation.

I believe it is especially appropriate that we are being asked to demonstrate our commitment to solar energy in the midst of the international celebration of Sun Week.

As you know, there are a great many events being held around the country and in 20 other nations to celebrate solar energy. The idea for this international celebration began last year, when a group of citizens decided to name this Wednesday "Sun Day." They formed a nonprofit group, called Solar Action, and began laying the plans for a 1-day salute to solar energy.

Since then, the President, we in the Congress, and a long list of private and public groups have given their support to Sun Day. The response was so great that the whole week has been designated "Sun Week." This week, people are participating in sunrise celebrations, solar fairs, and open-air concerts all over the country.

To show my commitment, I held a 2-day exposition last weekend in St. Louis that included solar exhibits, films and slides, and speakers. Several thousand persons participated, and it was a remarkable success. As a result, I believe the residents of the St. Louis area now have a heightened awareness and interest in solar energy—both in its uses and its potential.

I urge my colleagues to support this important solar loan program.

Mr. BUTLER. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, we are gathered on Sun Day eve to pay a $75 million tribute to the twin gods, small business and solar energy. Bear in mind that the Small Business Administration is authorized to make the loans we are talking about today, and be so advised. But what we are doing for the first time is that we are undertaking to select a particular type of business for investment assistance by the Small Business Administration. We do it by candidly recognizing in the legislation "That greater risk may be associated with loans made to business concerns in this field," and then we proceed to carve out a special program for solar energy.

We support the objective to encourage small business to engage in solar and renewable energy sources and support the promotion of capital formation for energy technology advancement. But we think this is an extremely bad policy, because the purpose of the Small Business Administration is to assist the small businesses generally in order to preserve the free enterprise system. Its purpose is not to promote particular industries regardless of how worthwhile they may be or what happens to be in style at the time or how close it happens to fall to Sun Day when the legislation comes to the floor.

We want to help small business generally, but when we substitute the judgment of the Congress of the United States as to what is wise or unwise business investment, then what we are doing is, we are dictating the policy, the lending policy, of this Small Business Administration, when we have committed that policy to their judgment and to their expertise.

So I submit to the Members that we are making a serious mistake. What we are doing is, we are doing the same thing to the Small Business Administration that we have already done to the tax laws. We have the tax laws now riddled with what we call loopholes. But this is the way loopholes arise. It has made a mess out of the tax laws and created a lot of problems. Now we are going to create a precedent for adopting whatever loan program happens to be in style, regardless of the validity of it, and we are taking away the judgment from the Small Business Administration and putting it unto ourselves. I think the Small Business Administration's judgment is better than ours. This is a bad bill.

I think it is a mistake to pass it. We will survive it, of course.

Mr. Speaker, I urge the Members to vote against the bill.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, a few years ago the House considered legislation which would have extended multi-billion-dollar amounts of loans and loan guarantees to various energy companies for the purpose of coal gasification and for the production of oil from oil shale in the West.

I know at the time there were at least two rollcalls on that issue and that several Members, the more liberal Members of the House, joined with many of the more conservative Members in basic opposition to this principle. We did not feel it was the duty of the Government to be subsidizing business in the production of energy, particularly in view of the fact that the private capital resources were available if these companies wanted to develop these types of energy.

Mr. Speaker, it seems to me that despite the fact small business is involved in this loan program, if the private capital is there, it will be made available for these purposes.

Is there any difference in the principle of opposition to subsidies for big business or for small business?

Mr. BUTLER. In the light of the prior decision by the Congress, it would seem to me that that would indicate a "no" vote today on this same principle.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman.

Mr. BUTLER. I appreciate the gentleman's comments.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. It is a pleasure to yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, there was a big difference. If I correctly remember that bill, it was for research and development. This bill does not apply to research and development.

Not only that, but the bill of which the gentleman from Maryland (Mr. BAUMAN) speaks also contained grants as well as loans.

Mr. BUTLER. Mr. Speaker, I will yield to the gentleman from Iowa (Mr. BEDELL) to tell us whether the bill involved research at all for small businesses in this area.

Mr. BEDELL. Mr. Speaker, I thank the gentleman for yielding.

The answer is "No." The answer is that it is not for research. It is loans to small businesses. If a loan were made to a small business and part of their business involved individual research, that would be permissible; but the bill is not directly for research purposes.

The SPEAKER pro tempore (Mr. ROBERTS). The time of the gentleman from Virginia (Mr. BUTLER) has expired.

Mr. BUTLER. Mr. Speaker, I yield myself 2 additional minutes.

Mr. Speaker, I pose this question: Could not small businesses which had a research program leading to "successful enterprise"—and I put that phrase in quotes—qualify for assistance under this legislation? Is that not correct?

Mr. BEDELL. If the gentleman will yield further, no; it is only for commercial operation. Of course, a small business might do some research which might be in line with what they were doing; but the loan is not a loan for research purposes, as indicated by the gentleman from Massachusetts (Mr. CONTE).

Mr. GARY A. MYERS. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. Mr. Speaker, in addressing that subject, the question of loan guarantees for coal gasification plants, were in the same sense a research project as many of the efforts in the solar industry will be, and that will be demonstrating, through the commercial sale of the product, that these technologies do have an effect.

In fact, the loan guarantees for coal gasification and liquefaction were simply to encourage private development and sale of that product in the commercial marketplace of coal gasification products.

Mr. Speaker, if the gentleman will yield further, I have another question which I would like to ask.

The bill has direct loans as well as guaranteed loans, and there are limits on both of those with respect to any one corporation.

Does the bill prevent any one corporation from participating in both a guaranteed loan and a direct loan up to the maximum of both?

Mr. BUTLER. To respond to the gentleman's question, Mr. Speaker, I would yield to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Speaker, the answer is that no one can qualify for a direct loan unless he fails to qualify for a guaranteed loan, so that the $350,000 limit on the guaranteed loan would apply if a person could qualify for that, and then they could not get the direct loan.

Mr. BUTLER. Mr. Speaker, I thank the gentleman for his contribution.

I yield myself the balance of my time.

The SPEAKER pro tempore. The gentleman from Virginia (Mr. BUTLER) has 3 minutes remaining.

Mr. BUTLER. Mr. Speaker, the questions that we have been getting here have dealt, on one hand, with natural gas, and on the other hand, with coal gasification.

All of these things illustrate the point which I think is significant here, and that is that we are opening the door. How long do we think it is going to be before everybody with his own energy source and own new technology is going to come in here and try to carve out a separate Small Business Administration loan program for the advancement of that particular idea and is going to be asking Congress to establish priorities as to what is appropriate and what is inappropriate assistance in this area?

Mr. Speaker, that is the sort of thing which I think we ought to stop before it gets started, and that is why I urge a "no" vote on the legislation.

Mr. CARTER. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Speaker, I believe we referred to gasification and liquefaction of coal.

Would we not be much better off today if we had proceeded then as suggested? Even with the distillation of coal, we could have been in the position of some companies which derive as much as 40 percent of their gasoline from coal, if we had proceeded.

What is more, Mr. Speaker, I submit to my good friend that we must proceed in this area and use solar energy in order to save petroleum which we produce here and import for more serious purposes.

Mr. BUTLER. I thank the gentleman. I am in 100 percent agreement on the need to improve solar energy, but not to vote for this bill.

Mr. GARY A. MYERS. Mr. Speaker, will the gentleman yield further?

Mr. BUTLER. I yield to the gentleman from Pennsylvania.

Mr. GARY A. MYERS. I think it is proper that we recognize what we are doing. We are attempting to help solar energy and small business. The Science and Technology Committee a few weeks ago had testimony from the solar energy industry association representatives, the businesses which are now trying to cope with this problem. They said that the single thing that this Congress could do which would be most helpful to them in their effort to develop solar energy would be to deregulate the price of new natural gas and oil. That is the thing that is holding back solar development.

A Washington Post editorial last week pointed out the same, so proponents of solar energy ought to recognize the drag we are putting on this industry by continuing to regulate the price of natural gas and other energy sources solar competes with below its reasonable market price.

Mr. BUTLER. I say to the gentleman that that is no way to start an argument with me.

● Mr. CLEVELAND. Mr. Speaker, as cosponsor of an earlier version of H.R. 11713, I rise in strong support of this bill to authorize a solar energy source loan program within the Small Business Administration.

This legislation authorizes the SBA to make up to $30 million in direct loans and $45 million in guaranteed loans to designers, manufacturers, distributors, marketers, and servicers of solar energy, renewable energy resources, and energy conservation equipment. There is an individual limit of $500,000 for a guaranteed loan and $350,000 for a direct loan.

As the demand for solar and renewable energy sources increases, I think it is extremely important that small business be able to compete with larger concerns for a fair share of this market. Small businesses are still the backbone of our economy and should be encouraged to develop new and innovative energy technologies and products in spite of the relatively larger drain on their resources.

Because of the capital difficulties incurred by small businesses in attempting to venture into new technological markets, a program of Federal loan guarantees is badly needed. As long as this country intends to demonstrate a national commitment to the development of solar and renewable energy and energy conservation, we have a responsibility to back up that commitment with the necessary funds. The benefits will be enjoyed by all: small businessmen, their employees, and the consumer.●

● Mr. BALDUS. Mr. Speaker, I regret that an unfortunate death in my family makes me unable to be with my colleagues today as they debate H.R. 11713, a bill to create a small business solar energy conservation loan program. I strongly urge my colleagues to support this important piece of legislation.

My Energy, Environment, Safety and Research Subcommittee worked on this piece of legislation for more than 8 months, holdings hearings on it from Washington, D.C., to San Diego, Calif., and points in-between.

The developing solar energy and energy conservation market is a good one for small business to pursue. Its rapid expansion is being recognized by each new report in the field. A recent report prepared under contract for the Department of Energy by a University of California research team reported that we may be only 47 years away from the day when California forsakes big, central power stations fired by oil, gas, coal and the atom for solar energy. This recent DOE report assumes that petroleum supplies will be all but gone by the year 2025 for the State of California. The DOE, in releasing the report, said that its emphasis on dispersed, renewable energy sources would increase substantially in the future.

As emphasis nationally on these alternative energy sources increases, the place for small business in their development must be protected. The subcommittee uncovered a great deal of testimony in its months of deliberations that the role of small business in these emerging technologies was not being protected. While tax credits and other incentives are considered to promote these technologies, and create a market demand for them, this Congress must worry about the nature of the industry we are promoting. If the result of our work in promoting these technologies is to encourage a monopoly in the renewable energy resources field, then the traditions of free competition in this country are diminished accordingly.

This legislation works hard to protect and encourage small business as it struggles to enter the renewable energy resources and energy conservation fields.

Our subcommittee worked hard with the full Committee to report on our work with this piece of legislation. At this point I would like to direct the attention of my colleagues to Report No. 95–1071, on H.R. 11713, as amended, for a thorough discussion of the purpose of this measure, its need, and a discussion of what the bill would do.

EXCERPTS FROM COMMITTEE REPORT NO. 95–1071 ON H.R. 11713, AS AMENDED

PURPOSE OF THE BILL

The purpose of the bill is to provide additional financial assistance to certain small businesses involved in the fields of solar energy, renewable energy sources, or energy conservation. To provide such financial assistance, it establishes a new loan program authorizing the SBA to make loans to such small businesses under criteria and guidelines separate from SBA's regular business loan program; provides for training of such small businesses through grants to qualified organizations; and authorizes the SBA to provide technical manuals to such small businesses on a 50 percent cost-shared basis.

INTRODUCTION AND BACKGROUND

The Subcommittee on the Impact of Energy, Environment, Safety and Research reported H.R. 11713 as a clean bill subject to technical amendments reflecting subcommittee consideration of H.R. 11301 (and its reintroductions as H.R. 11512, H.R. 11551, and H.R. 11796); H.R. 3981 (and its reintroductions as H.R. 5907, H.R. 5908, H.R. 5909, H.R. 5910 and H.R. 7335); and H.R. 3984 (and its reintroductions as H.R. 5921, H.R. 5922, H.R. 5923 and H.R. 6468). Extensive hearings were held on these bills on July 27, September 14, and December 19, 1977, and February 13, 18, and 25, March 20 and 22, 1978.

The full committee considered and amended the bill, and on April 4, 1978, by a vote of 27 yeas, 2 nays, and 1 present, ordered the measure favorably reported, as amended.

NEED FOR THE LEGISLATION

In 1953, Congress passed the Small Business Act to preserve free competition in the economy by assisting in the establishment, preservation and strengthening of small business concerns; loans were intended to be a primary instrument of such assistance. In that act, Congress declared that the preservation of vigorous economic competition through the promotion of small business was fundamental to the economic well being and security of the nation.

Your committee has found that small businesses involved in the emerging but nationally vital fields of solar energy, renewable energy sources and energy conservation are undercapitalized and in need of loan assistance. Existing SBA loan programs as currently administered are of little or no help to small businesses attempting to enter or survive in such fields. Your committee recommends that a separate program, including loan and other assistance, should be established within the SBA to encourage and preserve small businesses in such endeavors.

STATE OF THE ART

Solar energy and energy consevation technologies [1] consist of a mix of separately developing technologies, each at varying stages of technical development, commercial feasibility and commercial readiness. In general, great strides have been made in recent years toward making solar energy understandable, accessible and cost-effective. Solar water heating and building space heating are sufficiently advanced to compete with electric heating in most parts of the country, and to provide a serious option to more traditional energy forms, according to a report of the Office of Technology Assessment. ("Application of Solar Technology to Today's Energy Needs," Office of Technology Assessment, Prepublication draft, June, 1977). These energy forms consist of "shelf item" components and technologies easily understood by laymen.

Additionally, a wide variety of simple but effective energy conservation equipment currently manufactured and distributed has successfully demonstrated commercial viability.

Small business tends to settle into the interstices of an industry—where specialty work, short runs and high quality are at a premium. The energy industry is no exception; lack of capital has prevented small business competition with oil, gas, coal and nuclear energy. Instead, small business has directed its inventive and creative attention to the decentralized, small-scale and low entry-capital energy technologies—including solar energy, renewable energy sources and energy conservation technologies. Small business can claim much of the credit for the commercial readiness of these energy technologies.

INDUSTRY PROFILE

The small business sector of the emerging energy industry based on these technologies consists of four parts: design, manufacturing, service and distribution.

An unknown number of architects, engineers, consultants, and drafters design equipment or applications for equipment based on these technologies. Approximately 180 small businesses are engaged in the primary manufacture of solar energy equipment; an equal number are engaged in the manufacture of energy conservation equipment. The service sector of the industry consists of plumbers, electricians, sheet metal contractors and workers, carpenters, and a variety of other skilled trades people in the process of learning to install and service solar and energy conservation equipment. Distribution is handled largely by a combination of the manufacturing and service sectors, plus a growing number of distributors of traditional heating and cooling equipment who are becoming increasingly cognizant of the business opportunities in these new, emerging technologies. About 500 nonmanufacturing small businesses are involved in some way with solar energy.

As with any new technology, training is required by these businesses entering it. By and large, small business persons are aware of the need for training in these new technologies, both for the protection of the consumer and for themselves.

BUSINESS OPPORTUNITIES

Every available study projecting the mix of future energy sources predicts that reliance on solar energy and energy conservation measures will increase. In 1977, there were approximately 66,000 residential solar installations made nationwide. At the time he submitted his National Energy Act to Congress, President Carter established as his goal 2,-500,000 solar installations by 1987. Based on a detailed study of projected demand, a representative of the Solar Energy Industries Association testified that this Nation has the capacity to triple that goal. The same witness projected a cumulative total of about 4½ million residential installations by 1985. Even conservative estimates of the Department of Energy project no less than 1 million residential installations by 1985. The committee was informed that the annual dollar volume by 1985 for the solar energy industry alone will near $3 billion. Beyond 1985, the contribution of solar to the national energy supply could rise to one-fourth by the year 2000, and to one-half by the year 2020, according to a report of the Council on Environmental Quality. ("Solar Energy, Progress and Promise," CEQ, April, 1978).

These figures indicate that the future profitability of the solar energy and energy conservation business is likely to be substantial.

ADVANTAGES OF SOLAR ENERGY

Several specific economic and social advantages of solar energy (and some energy conservation measures) over traditional forms of energy have caused many to view their promotion by the federal government as in the national interest. Such incentives, if and when they occur, would tend to enhance the likelihood of profitability discussed above.

A prime example of such an incentive is the tax credit for installation of solar energy or energy conservation equipment proposed in the National Energy Act. The tax credit would tend to increase market demand for such equipment by lowering its effective price to the taxpaying customer.

These perceived advantages include the potential for job creation, preservation of the environment, reduction of the nation's dependence on foreign energy sources, ready accessibility to all segments of the economy and an improvement in the balance of trade.

INDUSTRY CONCENTRATION

Larger companies are increasingly aware of the profit potentials of the solar energy and energy conservation fields.

Their participation has served to concentrate a larger and larger market share in the hands of a relatively small number of companies.

In 1975, no single company possesses the capacity to produce greater than 10,000 square feet of solar collectors annually (see chart, appendix A). Six months later, there were 30 such companies. Additionally, five companies produced at a capacity greater than 50,000 square feet annually, producing nearly one-third of the collector area. Within a year, 18 companies accounted for nearly half of the annual collector area production. This dramatic increase in the entry of companies with increased production capacities into solar collector manufacturing is of great concern to the small business community and to your committee; your committee believes it should be of great concern also to the SBA.

CAPITAL SHORTAGE AND REQUIREMENTS

Having brought solar energy and energy conservation technologies to the brink of commercial readiness, and in some cases beyond, small businesses should be assisted so that they can take advantage of the business opportunities that will clearly and foreseeably result from them. Your committee has found, however, through numerous small business witnesses and their trade association representatives, that these small businesses have depleted their limited available capital, cannot proceed without additional capital and have found it virtually unavailable from private sources.

Small business persons readily admit that private capital is available from very large corporations, especially major oil companies; invariably, however, a precondition to the availability of such capital is the surrender of a controlling interest in the small business concern to the large corporation, a condition totally unacceptable to most independent small business persons.

LACK OF SBA LOAN ASSISTANCE

Many small businesses unsuccessfully have sought loans involving these technologies from the Small Business Administration under SBA's regular business loan program. Your committee learned at its hearings that numerous loan applicants, in need of capital for establishment, preservation or strengthening of solar energy or energy conservation businesses, have been turned down by the SBA, and that virtually none have been approved. (Apparently SBA determined that these applicants did not demonstrate the requisite assurances of "ability to repay" the loan, determinations that were based as much on SBA's perception of the state of the art development of solar energy and its marketability as they were on financial considerations.)

A report issued for the Department of Energy by a private contracting firm which carefully studied the problem, found that in the area of solar energy there has been "no effective assistance by SBA." ("Analysis of Small Business Participation in the Photovoltaic Area of Solar Technology," Department of Energy, EG–77–C–01–4055, March 13, 1978).

These findings were confirmed by testimony of the SBA Administrator on March 20, when he informed the Energy Environment, Safety and Research Subcommittee that the SBA had made only three energy-related loans in the past half year.

Your committee found evidence that an important reason for this failure to make loans to such businesses results from the failure of the SBA to administer the regular business loan program criteria requiring rea-

[1] The term "solar energy" is used throughout this report in its broadest sense, and is intended to include wind energy and all other renewable energy source technologies emanating from the sun.

sonable assurances of repayment in a manner consistent with the policy of Congress to encourage and preserve competition, especially in the solar energy and energy conservation industries.

ADMINISTRATIVE SOLUTION

The Energy, Environment, Safety and Research Subcommittee worked with the SBA and the Energy Research and Development Administration (ERDA, now DOE) to arrive at an administrative solution to these problems.

At a hearing on September 14, 1977, SBA and ERDA offered to the subcommittee an Interagency Agreement, for the purpose of facilitating loan assistance to small energy-related businesses through joint efforts of the agencies. SBA agreed under the terms of the Agreement effective September 29, 1977, to forward to ERDA for evaluation loan applications beyond the technical capabilities of SBA personnel, and for which commercial or technical feasibility (or both) might be in doubt. Program moneys of $2 million per agency were allocated to the agreement; the agreement was recommended to the subcommittee by the agencies as a solution in lieu of legislation.

The subcommittee evaluated the effects of the agreement on March 20, 1978, in open hearing. The SBA Administrator testified that subsequent to September 29, 1977, the SBA approved only three energy-related loans nationwide. Additionally, the Administrator testified that no loans resulted from the agreement, since, in fact, these three loans would have been approved whether or not the agreement had been in effect. The Acting Assistant Secretary for Conservation and Solar Applications, Department of Energy, testified that he had personal knowledge of no loans made to such small businesses.

Both witnesses, however, continued to maintain a position favoring an administrative rather than a legislative solution to these problems, stipulating, however, that the problems of these small businesses discussed above do exist, and are in their judgment, critical.

LEGISLATIVE SOLUTION

Based on the evidence obtained at extensive hearings on these matters, your committee finds that a legislative solution to the capital needs of small solar and energy conservation businesses is both necessary and appropriate.

WHAT THE BILL WOULD DO

Creation of a Separate Loan Program

The bill would create a separate and new program authorizing SBA loans to small businesses involved in the fields of solar energy, renewable energy sources or energy conservation.

FINANCIAL PURPOSES

The financial purposes of the loans would be limited to plant construction, conversion, expansion (including acquisition of land for such a plant) especially for plant start-up.

The term "start-up" refers to the process of establishing a new business, or assisting a new business in becoming fully operational, that is a business that is not yet fully operational for the first time, or, one that has been fully operational for less than 2 years.

Other financial purposes of the bill would include acquisition of equipment, facilities, machinery, supplies or materials.

BUSINESS PURPOSES

The loans would be limited to businesses which have as their purpose the design, stallation or servicing of equipment involved in the fields of active or passive solar energy, renewable energy sources or energy conservation.

Energy conservation measures would be defined expressly as items included on the Department of Energy's energy conservation measures list or any item included in an approved State energy conservation plan.

The proposed energy conservation measures list, published in the Federal Register on Monday, July 25, 1977 (Federal Register, vol. 42, No. 142, pp. 37800–37801, includes the following:

a. Ceiling insulation.
b. Wall insulation.
c. Floor insulation.
d. Insulation for hot bare pipes.
e. Caulks, sealants and weather-stripping.
f. Roof insulation.
g. Clock thermostats.
h. Exterior insulation for hot water heater.
i. Insulation for forced air ducts.
j. Extra storm windows.
k. Efficient lighting fixtures or lamps.
l. Mixing valve for a hot water supply line.
m. Flow restriction for hot water lines.
n. Burner for oil fired heating equipment.
o. Individual meters to replace master meters for gas or electricity.
p. New oil burner or boiler controls (commercial).
q. Lighting controls.
r. Automatic HVAC (heating, ventilation and air conditioning) control system.
s. High efficiency electric motor.
t. Whole house ventilation fan.

RESTRICTIONS

This newly established loan program would contain provisions similar to those in SBA's regular business loan program:

The bill would provide for loan ceilings of $500,000 on guaranteed loans and $350,000 on direct loans;

Applicants would be required to demonstrate that loan assistance is unavailable from non-Federal sources;

Applicants would be eligible to apply for a direct loan only when guaranteed loans are unavailable;

The SBA share of any guaranteed loan would be limited to 90 percent; and

The interest rate of these loans would be expressly set at rates identical to those in section 7(a) of the act.

LOAN CRITERIA

The criteria for these loans would be established separately from criteria under the regular business loan program.

Your committee is fully aware that loans made under this subsection to businesses involved in these new and emerging energy fields may be associated with somewhat higher than normal risks. Nevertheless, the committee intends by the express language of the bill to signal clearly to SBA the committee's determination that loans to small business concerns involved in these fields should be made. It is the purpose of the committee to assist small business concern in this area through sound loans, made with as much diligence and care as practicable to assure repayment.

The bill would direct SBA to consider four criteria in evaluating loans to these business concern:

1. Qualifications of the business person or his/her employees;
2. Quality of the product or services;
3. Sales projections; and
4. Financial status of the business concern.

The SBA has the capability of evaluating product or service quality through services of the Department of Energy, contracted for by the agreement of September 29, 1977. It is not the intent of this criterion, however, to require testing of products as a condition of loan approval; rather, the purpose of the language is to encourage the SBA to utilize the results of such testing in cases where it has been performed in evaluating the application's merits.

The committee learned through testimony that several applicants were informed by loan officers that orders in-hand for a product were considered irrelevant to the consideration of assurances of ability to repay. Your committee disagrees. If the product sale price or service adequately covers costs, then strong market demand, as evidenced by market pretesting results, orders in-hand or sales projection studies, serves to assure that a brisk volume of business, generating satisfactory earnings, is likely. These considerations may be necessary in cases of business start-ups where there is little or no past record to evaluate.

In cases where a past record of financial status exists, the SBA would be directed to evaluate it as one factor among others to be considered, keeping in mind that it is the intent of the committee that the SBA make sound loans to such small businesses involved in these energy fields with far greater frequency than it did under the regular business loan program.

DEFINITIONS

The term "energy conservation measures" draws its meaning from the Department of Energy's energy conservation measures list mentioned above, and from state energy conservation plans which have been approved.

The term "active or passive solar energy equipment" expressly would include but not be limited to solar hot water and air conditioning systems, equipment to store from such systems, solar photovoltaic systems, and in addition, other equipment which the SBA Administrator, working with the Secretary of the Department of Energy pursuant to the Memorandum of Understanding of June 23, 1976, and the Interagency Agreement of September 29, 1977, may prescribe.

Definition of the term "renewable energy sources equipment" would be left solely to the SBA Administrator, who again would be encouraged to work with the Department of Energy.

AUTHORIZATIONS

The bill would provide for financing of loans from the business loan and investment fund at program levels not to exceed $30 million for direct and immediate participation loans and $45 million for deferred participation or guaranteed loans in fiscal year 1979.

The total SBA authorization for appropriation would be increased by $36.75 million with $30 million for the direct and immediate participation loan programs and $6.75 million for deferred participation or guaranteed loan programs to cover loss rates up to 15 percent of the program level authorization.

GRANTS FOR TRAINING

The bill would authorize SBA to make grants to organizations to assist in educating small businesses in these energy fields. It is anticipated that these funds will be made available through the $60 million small business development center management assistance program contained in H.R. 11445 passed by the House on April 10, 1978. Hence, no new funds are authorized for this section.

These training seminars would be for the purpose of training small business persons in these energy fields, increasing their competence to deal effectively and profitably with these new, emerging technologies.

COST-SHARING FOR TECHNICAL MANUALS

The bill would authorize use of funds under section 8 of the Small Business Act to provide small business persons with technical manuals on subjects related to these emerging technologies at 50-percent cost.

The manuals are intended to be provided for the purpose of increasing the quality of a product or service related to these emerging technologies and educating the business person in the technical aspects of their design, manufacture, installation, or servicing.

CONCLUSION

The bill is the result of extensive hearings conducted by your committee's Subcommittee on Energy, Environment, Safety and Research over a 10-month period in the 95th Congress. It was considered by your com-

mittee and by a vote of 27 yeas, 2 nays, 1 present, was ordered favorably reported, as amended, with dissenting views.

Your committee concludes that solar energy has developed to a sufficient extent as to be both practically and economically feasible in some areas of the United States as an alternative to other energy sources either as a primary or secondary system. Small firms in the solar industry, either existing or potential, are severely hampered due to a lack of access to equity capital as are small firms in other industries.

Your committee believes that establishment of a separate SBA loan program for small businesses is urgently needed if such firms are to participate in the solar energy and energy conservation fields. The committee recognizes that initially there may be a greater risk of loss in making this type of loan but it believes that a somewhat higher risk is justified when coupled with the restrictions and safeguards provided in the bill.

Mr. Speaker, I strongly urge my colleagues to support this important piece of legislation.●

● Mr. DRINAN. Mr. Speaker, I rise in strong and enthusiastic support of H.R. 11713, establishing a solar and renewable energy sources loan program within the Small Business Administration (SBA).

I was an early sponsor of the legislation before us, and a member of the informal solar coalition which helped generate widespread congressional support for the bill. Last July, I joined the author of the bill, the gentleman from Iowa (Mr. BEDELL), in testifying in favor of his proposal before the House Small Business Subcommittee on Energy, Environment, Safety and Research.

As I stated in last year's testimony to the subcommittee, Congress is faced with a unique opportunity to determine the structure and level of competition within our embryonic solar and renewable energy industry. It was plainly apparent in the 8 days of hearings conducted by the subcommittee that the Federal Government's performance in assuring small business participation in solar development—ranging from the Department of Energy's contracting practices to the business loan policy of the SBA—has been woefully inadequate.

Mr. Speaker, the risk of economic concentration within our emerging national solar energy industry has become all too apparent. In my view, a large part of the American public's overwhelming interest in solar heating and renewable energy sources is the prospect of greater local self-reliance in the production and utilization of energy. This level of independence can only be achieved, however, when small, local firms have the technology and the experience necessary to successfully market, install and service solar equipment. We cannot offer assurances of such a decentralized solar industry under current Federal policy.

H.R. 11713 is a workable response to this problem in several basic respects. First, the bill liberalizes SBA business loan rules with respect to solar energy. to reflect the somewhat above-average risks inherent in the solar industry's early stages of development. Second, the bill requires, as a precondition special Federal startup assistance for small solar and renewable energy firms, that adequate financing assistance not be available from other sources at reasonable rates. Third, H.R. 11713 establishes sound financial, technical and marketing criteria by which SBA can properly evaluate the merits of individual applicants. Finally, the bill requires 10 percent equity on insured loans, to insure that small businesses receiving Federal assistance are confident enough of their products and services to risk a significant amount of their own capital.

Mr. Speaker, I highly commend Messrs. BEDELL and BALDUS for their excellent efforts in refining H.R. 11713 and bringing it to the House floor, and urge my colleagues to grant their their full support to this modest, but vitally needed legislation.●

GENERAL LEAVE

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the bill now under consideration.

The SPEAKER pro tempore (Mr. ROBERTS). Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SMITH of Iowa. Mr. Speaker, this bill was reported out of the committee by a vote of 27 to 2. I urge passage of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa (Mr. SMITH) that the House suspend the rules and pass the bill H.R. 11713, as amended.

The question was taken.

Mr. BUTLER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

WATER RIGHTS FOR AK-CHIN INDIANS

Mr. RONCALIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8099) relating to the settlement between the United States and the Ak-Chin Indian community of certain water right claims of such community against the United States, as amended.

The Clerk read as follows:

H.R. 8099

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress hereby declares that it is the policy of Congress to resolve, without costly and lengthy litigation, the claims of the Ak-Chin Indian community for water based upon failure of the United States to meet its trust responsibility to the Indian people provided reasonable settlement can be reached.

(b) The Congress hereby finds and declares that—

(1) the Ak-Chin Indian community relies for its economic sustenance on farming, and that ground water, necessary thereto, is declining at a rate which will make it uneconomical to farm within the next few years;

(2) at the time of the settlement of the reservation, it was the obligation and intention of the United States to provide water to the Ak-Chin Indian Reservation, and such obligation remains unfulfilled;

(3) it is likely that the United States would be held liable for its failure to provide water and for allowing ground water beneath the reservation to be mined;

(4) there exists a critical situation at Ak-Chin in that there is not sufficient economically recoverable ground water beneath the reservation to sustain a farming operation until a permanent source of water suitable for irrigation on the reservation can be delivered;

(5) this Act is proposed to settle the Ak-Chin Indian Community's claim for water by meeting the emergency needs of the Ak-Chin community through construction of a well field and water delivery system from nearby Federal lands and by obligating the United States to meet the Ak-Chin community's needs for a permanent supply of water in a fixed amount to be available upon a date certain, in exchange for a release of all claims such community has against the United States for failing to act consistently with its trust responsibility to protect and deliver the water resources of the community; and

(6) it is the intention of this Act not to discriminate against any non-Indian landowners or other persons, but to fulfill the historic and legal obligation of the United States toward the Ak-Chin Indian community.

SEC. 2. (a) For the purposes of this Act, the Secretary of the Interior (hereinafter referred to as the "Secretary") shall undertake engineering and hydrological studies as may be necessary to determine whether there exists, on Federal lands near the Ak-Chin Indian Reservation, a source of ground water which could be taken, on an annual basis, for use in connection with any contract entered into pursuant to subsection (b) of this section, subject to the provisions in (c) (2). Such studies shall be completed and a report with respect thereto submitted to the Congress within twelve months after the date of the enactment of this Act.

(b) Within one hundred and eighty days following the submission to the Congress of the report referred to in subsection (a), the Secretary, if he determines that there exists a source of ground water which can be so taken on an annual basis, shall enter into a contract or other agreement with the Ak-Chin Indian community pursuant to which the Secretary shall agree, on behalf of the United States, to—

(1) furnish, subject to the provisions of clause (2) of subsection (c) of this section, to the Ak-Chin Indian community, commencing within sixty days following the completion of the necessary facilities under clause (2) of this subsection but in no event later than four years from the date of said contract, the delivery to the southeast corner of the lands comprising the Ak-Chin Indian Reservation, on an annual basis, of eighty-five thousand acre feet of ground water from nearby Federal lands covered by such studies;

(2) take such action as may be necessary to begin within sixty days following the date of such contract, to drill, construct, equip, maintain, repair, reconstruct, and operate a well field on such Federal land; and to construct and maintain a delivery system, including canals, pumping stations and other appurtenant works, sufficient to provide for the delivery of such ground water from such Federal lands to the southeast corner of the lands comprising the Ak-Chin Indian Reservation.

(c) (1) The delivery of ground water under clause (1) of subsection (b) shall continue until augmented or replaced by the permanent water supply required under section (3) to be delivered to the Ak-Chin Indian Reservation, except that the obligation to deliver

ground water during any year shall be reduced for that year by an amount equal to the amount of surface water delivered to such community pursuant to such contract during such year.

(2) Notwithstanding the provisions of clause (1) of subsection (b) of this section, the Secretary, if he determines that pumping eighty-five thousand acre feet of ground water annually from nearby Federal lands to the Ak-Chin community would (a) not be hydrologically feasible or (b) diminish the ground water supply in the basin and thereby cause severe damage to other water users; may deliver a lesser amount.

(d) The Secretary is authorized to receive, consider, and pay any claims arising under this Act from water users other than the Ak-Chin Indian community for compensation for any losses or other expenses incurred by such users by reason of the enactment of this Act or actions taken thereunder.

(e) Notwithstanding any other provision of this Act, if the Secretary determines, on the basis of studies conducted pursuant to subsection (a) of this section, that the pumping on an annual basis of any such ground water pursuant to clause (1) of subsection (b) of this section in excess of sixty thousand acre feet is not possible by reason of clause (2) of subsection (c), and the Ak-Chin Indian community does not agree to contract for a lesser amount, the Secretary shall report to the Congress an alternative plan for meeting the emergency needs of the Ak-Chin Indian community. Such alternative plan shall be submitted to the Congress within one hundred and eighty days following the submission of the report referred to in subsection (a).

SEC. 3. In addition, and as a part of the contract referred to in section 2(b) of this Act, the Secretary shall provide for, commencing as soon as possible, but in no event later than the expiration of the twenty-five-year period following the date of the enactment of this Act, the permanent delivery, on an annual basis, to the lands comprising the Ak-Chin Indian Reservation, of eighty-five thousand acre feet of water suitable for irrigation on the reservation.

SEC. 4. (a) As consideration on the part of the Ak-Chin Indian community for entering into any contract or agreement pursuant to section 2(b), the Ak-Chin Indian community shall agree to waive, in a manner satisfactory to the Secretary, any and all claims of water rights or injuries to water rights of the Ak-Chin Indian community, including both ground water and surface water from time immemorial to the present, which it might have against the United States, the State of Arizona or agency thereof, or any other person, corporation, or municipal corporation, arising under the laws of the United States or the State of Arizona.

(b) As further consideration on the part of the Ak-Chin Indian community for entering into any contract or other agreement pursuant to section 2(b), the Ak-Chin Indian community shall agree to waive any and all claims of water rights or injuries to water rights, including both ground water and surface water, arising under the laws of the United States or the State of Arizona, which it might have in the future against any person, corporation, municipal corporation, or the State of Arizona or agency thereof.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, the community will not thereby waive any claims against the United States for breach, if any, of the contract referred to in section 2(b) of this Act. A failure to deliver water within the times specified in either sections 2(b) or 3 shall be deemed a breach of the contract. The measure of damages for any such breach shall be the replacement cost of water not delivered by the United States.

SEC. 5. There are authorized to be appropriated for the fiscal year ending September 30, 1979, the sum of $500,000, and the aggregate sum of $42,500,000 to be appropriated prior to the fiscal year ending September 30, 1983, for carrying out the purposes of section 2 of this Act. Notwithstanding any other provisions of this Act, no authorization to make payments under this Act, or to enter into contracts, shall be effective except to such extent or in such amounts as are provided in advance in appropriations Acts.

The SPEAKER pro tempore. Is a second demanded?

Mr. CUNNINGHAM. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Wyoming (Mr. RONCALIO) and the gentleman from Washington (Mr. CUNNINGHAM) will be recognized for 20 minutes each.

The Chair recognizes the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 8099 settles the water rights claims of the Ak-Chin Indian Community of Arizona and makes provisions for meeting their temporary and permanent water needs.

The committee report explains the background and justification for this bill in some detail and I will be brief.

The Ak-Chin Indians have substantial, valid claims to the use of water based upon the decision of the Supreme Court in Winters against United States and in subsequent Federal case law.

In general, the so-called Winters doctrine holds that an Indian tribe has a prior and paramount right to the use of water for the purposes of their reservation and that this right dates, in time, from the date of the establishment of the reservation. The right is inchoate in nature and is not lost by nonuse or the passage of time. While the law is unclear as to the exact method of measurement of this right, the Supreme Court has held that one measure is the amount of water necessary to irrigate all the practicably irrigable acres of the reservation.

The United States recognized that right when it created the Ak-Chin Reservation in 1912, by filing notices of appropriation of 70,000 acre-feet of water per annum on behalf of the tribe. The United States has subsequently completely failed to secure that entitlement for the tribe.

Mr. Speaker, it is a long-sought goal for Indian tribes to become self-sufficient through the development of their own natural and human resources and to become independent of Federal appropriations for their benefit.

Through the irrigation of only 5,000 acres of their 20,000 acre reservation, the Ak-Chin have nearly achieved that status. However, this newly won independence faces imminent ruin. Concentrated, severe pumping of groundwater by non-Indian irrigators surrounding the reservation has drastically lowered the water table on the reservation. Within 5 years, it will no longer be economically feasible for the tribe to continue farming.

Mr. Speaker, the tribe has substantial claims arising from the right to the use of water. Their claims against the United States, for default on its trust responsibility, could well run into the millions of dollars.

The United States is prepared to file suit, on behalf of the tribe, against over 200 non-Indian water users for money damages and for an injunction to enjoin further pumping detrimental to the tribe. These suits will have a chilling, disastrous effect on the society and economy of that local community.

It is the purpose of this bill to avoid the chaos such litigation would bring and to provide for the water needs of the Ak-Chin Tribe.

In brief, the bill authorizes the Secretary of the Interior, if he deems it feasible, to enter into an agreement with the Ak-Chin Tribe to provide the tribe with a temporary and a permanent supply of water. The emergency, temporary water supply is to be provided by the Secretary through the development of a water field on adjacent Federal lands and through the construction of a pipeline to deliver the water to the reservation. The permanent supply is to be provided by the Secretary from any available sources.

In return for this agreement, the tribe will agree to waive all of its claims against the United States, the State of Arizona, and all other non-Indian water users.

I realize that some Members are concerned about the cost of this bill as compared with the relatively few members of the Ak-Chin Tribe. While understandable, that view is shortsighted.

The United States will benefit by avoiding possibly costly damage claims and by avoiding the members of the tribe again becoming dependent on the Federal taxpayer.

The State and the local, non-Indian water users will benefit by avoiding the debilitating litigation and the considerable economic threat to the stability of the community.

The tribe will benefit by securing the water necessary to their continued progress toward tribal self-sufficiency and economic independence.

Mr. Speaker, I urge passage of the bill, as amended.

Mr. UDALL. Mr. Speaker, H.R. 8099 authorizes the settlement of the water rights claims of the Ak-Chin Indian community in Arizona.

The Ak-Chin Community is a small Indian Tribe of Papago and Pima Indians residing on a 22,000-acre reservation about 30 miles south of Phoenix, Ariz. The tribe is comprised of about 350 members.

The reservation was established by Executive order in 1912. At that time, the United States filed notices of appropriation of 70,000 acre feet of water annually on behalf of the community for irrigation purposes. No further action was taken by the United States to secure that right for the tribe. All surface water which was once available to the reser-

vation has since been diverted or otherwise appropriated, leaving the tribe dependent on ground water.

From 1912 until 1946, there was little farming development on the reservation. However, beginning in 1946, 10,000 acres of the land was leased to non-Indians for irrigation purposes with little economic return to the community. At that time, the ground water table was at 50 feet and water was readily available for irrigation.

Beginning in 1960, the tribe canceled or refused to renew these leases and began its own farming operation. This enterprise has been outstandingly successful and the tribe has achieved substantial independence from Federal appropriations.

But the tribe's newly won economic independence is immediately threatened with destruction. Heavy mining of the water by the Maricopa-Stanfield irrigation project which surrounds the reservation has lowered the water table to below 400 feet. It is estimated that within 5 years, it will no longer be economical for the tribe to pump water for irrigation and they will once again become a taxpayer's burden.

The tribe is not without the means of relief for this situation.

They have a potentially damaging claim against the United States for its failure, as trustee, to preserve and protect the tribes water rights.

They also have similar damage claims against the surrounding non-Indian water users for pumping ground water detrimental to the tribe's rights and interests. In addition, they have the basis for requesting an injunction against any further pumping by the non-Indians.

Mr. Speaker, such law suits will create havoc and chaos in the economy of this part of Arizona and will pit neighbor against neighbor in racial strife.

This volatile situation must be avoided and H.R. 8099 seeks to do so.

There are those who ask why the United States must bear the burden of settling this dispute. First, the United States defaulted on its trust responsibility to this tribe to secure and protect their right to the use of water and now may well be subject to a costly damage suit by the tribe.

Second, the United States has a legal and moral responsibility to aid this tribe in achieving economic and social self-sufficiency. With little help from the United States, the tribe has done so and now face ruin. It is in the interests of the United States to avoid having these people once again become a charge on the U.S. Treasury.

Finally, through default on its trust obligation to the Ak-Chin Tribe and through other actions, the United States has encouraged and permitted a substantial non-Indian economic community to develop through the use of waters which the Ak-Chin claim.

Mr. Speaker, I would like to make one final comment. I am not unaware of a growing mood in the House against Indian legislation. This mood grows out of a reaction of the non-Indian public to the assertion of rights and claims by Indian tribes.

It is disturbing and disappointing to me that a vote will be cast against a bill not because it is a bad bill, but because it is an Indian bill.

These are not rights or claims created out of whole cloth. These are not rights and claims which are based upon the Indians' law or which grow out of the barrel of a gun.

They are rights and claims which are based upon our laws—on the Constitution and on the promises made and obligations assumed by the United States in Federal treaties and laws. We have incurred longstanding obligations to the Indian tribes and they are now asking that those obligations be met. That the payment of these debts may be costly to us is only a result of our long delay in paying them.

There are those of us who would avoid the payment of these debts by saying that Indians should be free, equal citizens and should not be the beneficiaries of special privilege and rights. I would answer in the words of Felix S. Cohen, a noted scholar of Indian law, history and philosophy in the Roosevelt years. He said:

> If the would be grafters and despoilers of Indian wealth can give (Indian rights) a bad enough name, by stressing the alleged incompatibility of these institutions with full citizenship, then they can claim a high moral purpose in stripping the Indian of the protections which the law affords him and in despoiling him of the property which the law now protects. And all history shows that plunder, to be successful on a large scale, must be able to point to a high moral purpose.

Mr. Speaker, I urge enactment of the bill.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Arizona (Mr. RUDD.)

Mr. RUDD. Mr. Speaker, I would like to ask the gentleman from Arizona (Mr. UDALL) a question.

This bill contemplates the establishment of a permanent supply of water for the Ak-Chin Indian Reservation.

The committee report, on page 6, sets out that the permanent supply of water will be composed of certain sources, including so-called additional waters from other sources.

My question is whether or not these "other sources" could include vested water rights of other water users in the State?

Mr. UDALL. This bill does indeed anticipate a permanent and lasting solution to the water and economic needs of the Ak-Chin community. It is definitely not intended that the legally vested water rights of other parties will be taken by the United States to satisfy the permanent needs of the Ak-Chin community.

Mr. RUDD. Mr. Speaker, I thank the gentleman from Arizona (Mr. UDALL) for yielding.

Mr. COHEN. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Maine.

Mr. COHEN. The Senate Select Committee on Indian Affairs states on page 3 of its report on this legislation that—

> ...S. 1582 is a statement of the Ak Chin water entitlement and the government's obligation to fulfill that entitlement.

Why is such a legislative statement necessary at this time?

Mr. UDALL. The ultimate purpose of the lawsuit which the Department of Justice is preparing to file against the 200 non-Indian defendants is to quantify the water rights of the Ak-Chin Indian community. Since we are legislatively resolving this matter and taking the case out of court, a statement by the Congress as to Ak-Chin's entitlement is necessary and proper.

A statement that the Government is obligated to fulfill that entitlement is also necessary and proper. Under the terms of the bill, the tribe is giving up very valid and substantial claims against the United States, the State of Arizona, and the non-Indians in order to secure water. There can be no question that the Government is committed to deliver water—for which Ak-Chin has paid by waiving these potentially costly claims—in the quantity provided for in the bill.

Mr. COHEN. If this legislation is enacted, would the Ak-Chin Tribe or its members ever be able to assert legal claims for water under the rule of the Winters case at some later date?

Mr. UDALL. No; the practical effect of this bill is to waive the Ak-Chin Tribe's Winter's right and substitute a contractual right. Legal claims for water which the Ak-Chin might advance in the future would occur only if the United States fails to keep its part of the contract. In that case, the claims would be based on a breach of contract and not on the Winter's doctrine.

Mr. COHEN. What is likely to occur if this legislation is not enacted?

Mr. UDALL. H.R. 8099 is needed as a legislative settlement to avoid the costly social and economic disruption of litigation. The Department of the Interior has requested the Department of Justice to institute litigation by the United States on behalf of the Ak-Chin Indian community. Approximately 200 defendants have been identified in that action. If the litigation were to proceed, potentially all non-Indian pumping would be enjoined without compensation. The catastrophic economic consequences on the non-Indian farmer with no water or compensation would reverberate throughout the area. Defaults on loans and other obligations would create economic instability. Even if the tribe were not to prevail, the litigation could take years, during which time all land having water rights would have a clouded title. Banks might be reluctant to capitalize development proposals. In an area where racial tensions are already high, litigation might increase racial animosity. All of these adverse effects would be avoided by enacting H.R. 8099.

Mr. COHEN. If enacted, would this legislation provide the Ak-Chin with a status to bring legal action for water rights, mineral rights, land rights, or any other rights that are not now available to the Ak-Chin or individual Indians of the Ak-Chin Tribe?

Mr. UDALL. No; except for the fact that the bill may result in a substitution

of a contractual water right for the Ak-Chin in place of a Winter's doctrine right, the bill confers no new rights on the tribe.

Mr. COHEN. I am advised that the administration opposes this legislation and that the Office of Management and Budget, the Department of the Interior, and the Department of Justice have testified or have submitted written testimony in opposition to the bill as presently written. To what in the bill does OMB, Justice, and Interior object and how does the committee respond to these objections?

Mr. UDALL. While the administration does oppose the bill as introduced, it does support the concept of a legislation solution to the Ak-Chin water claims.

The administration opposed the bill on the grounds that a feasibility study should be authorized and completed on the construction of the water field and delivery system before any construction is authorized.

The committee agreed that a feasibility study was necessary, but also felt that the emergency water needs of the tribe would not admit of any legislative delay.

As reported, the bill reaches a compromise on this matter. The bill requires that a feasibility study be made. If the study shows that sufficient water is available, the Secretary of the Interior is directed to enter into the agreement with the tribe. If not, the Secretary must report to the Congress and make recommendations for alternative means of meeting the tribe's water needs.

Mr. COHEN. The Solicitor of the Department of the Interior, in a letter to the chairman of the committee, dated September 20, 1977, stated his Department's opposition to this legislation, but emphasized that the Department supports the concept of a legislative settlement of the water claims of five central Arizona Indian tribes—including those of Ak-Chin—in a comprehensive settlement bill. The Solicitor noted that the Department is working diligently on the drafting of such a measure. My question is this: Will the enactment of this bill jeopardize efforts to comprehensively settle these other four claims?

Mr. UDALL. The Department did, originally, oppose the Ak-Chin bill on the grounds that the solution of their claims should be a part of an overall settlement of the water claims of the five central Arizona tribes. The committee rejected this as being impracticable and unrealistic.

The Department has since come around to this viewpoint. In a letter to Senator ABOUREZK of March 24, 1978, Interior Solicitor Krulitz states:

> A single bill . . . is not the way to go. Everyone now agrees that it makes more sense to proceed to work out solutions tribe by tribe.

Mr. COHEN. Mr. Speaker, I thank the gentleman from Arizona for yielding.

Mr. Speaker, the gentleman from Arizona knows there is a lawsuit which may be filed against the State of Maine which involves the same essential principles, that is the threat of tremendous social disruption, economic chaos, and severe restriction of our economy.

I just want to point out that here the Federal Government has measured up to its obligations by accepting the full responsibility for this claim and yet in the case involving the State of Maine the Federal Government through a White House task force has sought to shift the burden to the State of Maine and to a number of large land owners.

I would simply hope that if and when legislation is filed by the White House before the committee that it would extend the same evenhanded approach to the State of Maine and have the Federal Government assume the full responsibility, because it has that full responsibility in my opinion.

Mr. UDALL. Mr. Speaker, I understand the concern of the gentleman from Maine (Mr. COHEN) and we will work with the gentleman and his delegation to try to find the answers.

Mr. CUNNINGHAM. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. DON H. CLAUSEN).

Mr. DON H. CLAUSEN. Mr. Speaker, I rise in strong support of H.R. 8099.

The need for this legislation arises from the failure of the United States to act on its own stated intention to secure an adequate supply of water for the Ak-Chin Reservation at the time of its creation in 1912. This failure was compounded by inaction in view of the fact that pumping by non-Indian irrigators of ground water from under the reservation was rapidly lowering the water table. The water table, which in 1946 was approximately 40 feet below the surface, is now between 400 and 500 feet and is going down at approximately 20 feet per year. Ground water is the sole source of water for the tribe's successful farming enterprise. If pumping continues at its present rate, the Ak-Chin will be forced out of business in 5 to 8 years. Their tribal enterprise, which can be said to epitomize what is meant by Indian self-determination, would be replaced by the Federal dole.

The Department of Justice is now preparing to file an action against some 200 non-Indian defendants which would enjoin further pumping while litigation to quantify the Ak-Chin water rights goes forward. It is the cost of this litigation and the adverse economic and social consequences which it would entail that H.R. 8099 is designed to avoid.

The proposed settlement is fairly simple. In exchange for the waiver of all its past, present, and future water claims against the United States and the State of Arizona and their neighboring non-Indian irrigators, the Ak-Chin will receive the commitment of the United States to deliver water in the manner and quantity specified in the bill. The cost to the United States of providing this water to the tribe will be high. H.R. 8099 authorizes $43 million for construction of a well field and delivery system. However, this figure is not unreasonable when compared with the potential direct and indirect costs to the United States and other defendants if the Ak-Chin claims were fully litigated.

I believe there is a consensus of those who have been involved with these Indian claims that attempts to achieve comprehensive, across-the-board settlements are unrealistic and impractical. The administration has endorsed a policy of seeking solutions on a case-by-case basis. It is the position of the Interior Committee, and of our colleagues in the other body, who passed a similar Ak-Chin bill by unanimous consent, that out-of-court solutions are the most equitable and workable. The settlement in H.R. 8099 is fair and practical and its cost is not unreasonable. I therefore strongly urge the House to accept it.

Mr. UDALL. Mr. Speaker, I have no further requests for time on our side.

Mr. CUNNINGHAM. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it is with regret that I rise in opposition to the bill because I have the highest respect for the sponsors of the bill and those who are directly involved with the problem. We have just heard someone say that if this bill is not passed that these industrious—and they are very industrious, group of Indians, who have an income that is above the average—will cease to be self-sufficient. About 330 Indians are farming some 5,000 acres of land and they are receiving an income of about $1 million a year, and, as I said, we have heard it mentioned that if this bill is not passed that 5 to 8 years from now they will be put out of business. I would take exception to that on the basis that already within the allocation for the five tribes for the central Arizona project, they are guaranteed for the first 20 years of that project, 58,300 acre-feet of water.

After that first 20-year period they are also entitled as one of the five tribes to either 10 percent of all of the water in the Arizona project or 20 percent of the agricultural allowance, whichever is greater.

It is interesting to note that the U.S. Government has recently just spent $100 million to take out of production 5,000 acres of citrus bearing land in the State of Arizona because it was called poor use of water in that it had a soil classification of 3. There are 5,000 acres within this reservation presently being farmed and nowhere in the report and from no source, have I been able to find, from a good farm management and water management point of view, what the soil classification makeup for that land is.

The other thing that is interesting is these 21,000 acres of reservation were assigned by executive order. These are not treaty rights, and they are totally surrounded by a presently existing irrigation district. Admittedly, all of the neighbors farming the 100-some thousand acres around them are having to pump water harder and go deeper at a greater cost, but these are also U.S. citizens, and that is where I take real exception to this bill because we are asking taxpayers, recognized citizens, to spend $42 million to provide temporary water, not necessarily proven needed yet, for the benefit of 338 reservation members. And why? Because they are holding an alleged gun to our heads, threatening judicial action. I, for one, do not like everything

the courts do, but I am not afraid to go to the courts.

I would hope in all earnestness that we take a good look at this bill, and if in the Members' wisdom they still decide that it is needed, then bring it up either on a Private Calendar or bring it up on general floor debate, but not under a suspension.

Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Speaker, I rise in support of suspending the rules and passing H.R. 8099.

The Ak-Chin Indian community deserves the highest praise. They have made great efforts and achieved much success towards their own self-sufficiency. I believe that the people of Arizona and the Nation want to do what is necessary and right to encourage and continue such self-sufficiency.

However, the achievements of the Ak-Chin, as well as the achievements of non-Indian citizens of the area who developed their lands with hard-earned dollars, are now threatened.

The Ak-Chin have a critical need for a temporary supply of water until a permanent supply is available.

H.R. 8099 will provide the temporary water supply. It also provides the means to make available a permanent supply of water to the Ak-Chin.

Furthermore, this bill will also resolve the conflicting water claims of the Indians and the adjacent non-Indian community.

These conflicts result from a failure of the U.S. Government to perform its duties and responsibilities as required by law to provide a water supply for the Indians.

This bill will settle the conflict over water rights for Indian and non-Indian citizens of the area, allowing them to go forward with their lives without protracted and costly litigation of the issues involved, which would occur without this legislation.

Mr. Speaker, I urge my colleagues to vote in favor of suspending the rules and passage of H.R. 8099.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. RUDD. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. I thank the gentleman for yielding.

Discussing the Ak-Chin Indian community and the pending measure before us, it is my understanding that this is all within the confines of the district of the gentleman from Arizona (Mr. RUDD); is this correct?

Mr. RUDD. In response to the gentleman from California, that is correct. This community is within the boundaries of District 4 in Arizona which I am very proud to represent.

Mr. DON H. CLAUSEN. I thank the gentleman.

Mr. RUDD. Mr. Speaker, I yield back the remainder of my time.

Mr. RONCALIO. Mr. Speaker, I yield 1 minute to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Speaker, subsection 2(e) provides that, if the Secretary determines from the feasibility study that it is not feasible to provide the water contemplated in section 2, he shall report to Congress with recommendation for meeting the emergency needs of the Ak-Chin Indian community.

I have been advised that some people in the Solicitor's Office in Interior are reading that language to mean that the Secretary could recommend food stamps for the community or some other handout.

Ak-Chin wants water, not food stamps or handouts.

For the record, it is and was the intent of the committee that the cited language would require the Secretary to recommend alternative means of meeting the emergency water needs of the community.

Mr. CUNNINGHAM. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, we have a Constitution that says we have no special class of citizens, that we are all equal. It is interesting to know that under the allocation procedure for the central Arizona project that if you presently are drawing ground water, for every acre foot of water you now take from the central Arizona project, you must give up the right to draw an equivalent amount of ground water. That is not true in this instance. There are four other tribes that have the right to 257,000 acre-feet of water already within the allocation.

My concern is that Congress is tinkering around with a very patchwork approach as to how to best resolve a confirmation of the constitutional values in this country that say we are equal and we have equal opportunity.

My interest stems not from a concern to meddle in the specific problem of the gentleman from Arizona (Mr. RUDD), but after watching what has happened in my own State of Washington where we have through a judicial ruling trying to interpret the words, "in common use", a Federal judge coming out defining that as 50 percent and, as a result in the State of Washington, we today have 2 percent of the population awarded 50 percent of a State asset, in this case, fish.

We have seen the tragedy of one U.S. marshal shooting one U.S. citizen so another U.S. citizen can exercise by judicial ruling a special privilege.

We are seeing further erosions of constitutional justice. In our State we are now seeing formerly owned treaty land which has been sold and recorded within the community of Tacoma, where the tribe is now saying they have the right to determine land use planning and zoning qualifications.

We have seen on our freeways State land that now runs through former reservation lands, being suggested that the Indians have the right to patrol that and arrest U.S. citizens as they drive, instead of the Washington State Patrol.

The problem is not one of anti-Indian. The problem is this country has never had a treaty with its own citizens. The problem is that through judicial interpretation, because the Yakima Tribe has, for instance, not the fishing right, but they have the right to use in common our highways. The white line that goes down the center of the Washington State freeways does not delineate treaty from nontreaty Indian vehicular traffic.

So, Mr. Speaker, with the greatest of appreciation for what the Ak Chin Indians have, I see no reason why Congress today should continue to patchwork what is eventually going to take congressional action to solve the entire problem and to reconfirm the individual rights that we all have, rather than going ahead identifying in a specific interest or situation that we have a problem and then throwing a wad of money at it.

Mr. Speaker, I would in all sincerity and most respectfully ask that the Members think very carefully about voting and reconfirming a special right for one class of U.S. citizens over another, because this bill, while it does authorize $43 million for the seeking of temporary water, should it be determined to be needed, also authorizes the Secretary to pay anyone off the reservation for damages that might be incurred in going ahead and pumping deep-well water.

Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wyoming (Mr. RONCALIO) that the House suspend the rules and pass the bill H.R. 8099, as amended.

The question was taken.

Mr. MOTTL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XXVII and the Chair's prior announcement, further proceedings on this motion will be postponed.

SECURITIES INVESTOR PROTECTION ACT AMENDMENTS OF 1977

Mr. ECKHARDT. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 1158) to provide that the bill (H.R. 8331) to amend the Securities Investor Protection Act of 1970, with the Senate amendments thereto, be taken from the Speaker's table, and that the Senate amendments be agreed to with an amendment.

The Clerk read as follows:

H. RES. 1158

Resolved, That upon the adoption of this resolution, the bill (H.R. 8331) to amend the Securities Investor Protection Act of 1970, with the Senate amendments thereto, be, and the same is hereby, taken from the Speaker's table to the end that (1) the Senate amendments numbered 1 through 7 be, and the same are hereby, agreed to, (2) the Senate amendment numbered 8 be, and the same is hereby, disagreed to, and (3) the Senate amendment numbered 9 be, and the same is hereby, agreed to with an amendment as follows:

Strike out the matter proposed to be inserted by Senate amendment numbered 9 and insert in lieu thereof the following:

AMENDMENT TO THE SECURITIES EXCHANGE ACT OF 1934

SEC. 18. (a) Section 11(a)(3) of the Securities Exchange Act of 1934 (15 U.S.C. 78k(a)(3)) is amended by striking out "May 1, 1975" and inserting in lieu thereof "Febru-

ary 1, 1978" and by striking out "May 1, 1978" each place it appears and inserting in lieu thereof "May 1, 1979".

(b) The amendment made by subsection (a) of this section shall be effective as of May 1, 1978.

SEC. 2. The House insists upon its disagreement to Senate amendment numbered 8, insists upon its amendment to Senate amendment numbered 9, and requests a conference with the Senate on Senate amendments numbered 8 and 9.

The SPEAKER. Is a second demanded?

Mr. BROYHILL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ECKHARDT) will be recognized for 20 minutes, and the gentleman from North Carolina (Mr. BROYHILL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the resolution before the House would do four things. First, it would approve H.R. 8331, the Securities Investor Protection Act of 1977, along with seven technical amendments to that act added by the Senate. H.R. 8331 which originally passed the House under suspension of the rules on November 1, 1977, amends the Securities Investor Protection Act of 1970 by streamlining broker-dealer liquidation procedures, providing for more equitable treatment of customers of insolvent broker-dealers, and doubling the insurance for customer cash and securities maintained with a brokerage firm to $40,000 and $100,000, respectively.

Second, the resolution provides for disagreement with Senate amendment No. 8 amending section 3(b) of the Securities Act of 1933. That Senate amendment if adopted would allow the Securities and Exchange Commission to raise its regulation A exemption from $500,000 to $2.5 million. This provision, although supported by the SEC and the business community, has not been considered by the House or, indeed, by the Senate. Accordingly, it would seem prudent to disagree with the amendment at this time and to consider it again during our conference with the Senate.

Third, the resolution amends Senate amendment No. 9 which extends for 6 months, from May 1, 1978, to November 1, 1978 the effective date of section 11(a) of the Securities Exchange Act of 1934. The resolution before us would increase that delay until May 1, 1979, a period of 1 year.

Section 11(a) makes it unlawful for any member of a national securities exchange to effect any transaction on such exchange for, basically, an account for which the member makes investment decisions. As my colleagues will recall, the House granted an 18-month delay for section 11(a) by voice vote on April 4, 1978, in H.R. 11567. A 1-year delay, of course, is a compromise between the delays already granted by both Houses.

Fourth, the resolution provides that the effective date of the section 11(a) extension is May 1, 1979. Yesterday, May 1, 1978, section 11(a) became effective for all brokerage firms and it will probably be a number of days until a delay is enacted. In the meantime, the activities of some brokerage firms and other persons may be violating the provisions of 11(a). By specifying May 1, 1978, as the effective date of the extension, the resolution makes clear that such activities between May 1, 1978, and the date of enactment are not to be deemed unlawful.

The amendments to the Securities Investor Protection Act of 1970 and the compromise delay in the effectiveness of section 11(a) of the Exchange Act are important measures for this Nation's securities industry and are strongly supported by the SEC. I urge my colleagues to vote in favor of the resolution.

Mr. Speaker, I would like to make clear to my colleagues on the floor that we are not attempting in this resolution to foreclose the question of 6 months or 1 year. We have included in the resolution the appointment of conferees. We have also not precluded in the resolution, but have left for conferees, the question with respect to section 3(b) of the Securities Act of 1933. I know that some of my colleagues, primarily the gentleman from California (Mr. Moss), have serious concerns on these two points, and in deference to those concerns, and after consulting with the gentleman, we have offered the resolution as it appears here today.

Mr. BROYHILL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, an unusual parliamentary situation exists here. We are not really discussing anything new in the House today. The House has previous to this day passed two bills, one of which was H.R. 8331, which the chairman has explained, which contains amendments to the Securities Investor Protection Act. We have also passed H.R. 11567, which are amendments to the Securities Exchange Act.

What happened was that the other body put the provision of the two bills together, attaching them to H.R. 8331, and sent them back over to us. If we agree to a conference on just H.R. 8331 and the issue contained therein, what we do is foreclose any debate or any discussion of other issues or other amendments which were contained in the House bill, H.R. 11567.

Therefore, in order to be able to expand the scope of the conference to include those items which we included in the House-passed bill, H.R. 11567, from the parliamentary standpoint, we must pass this resolution.

Mr. Speaker, I would urge that the House agree to this resolution so that we can go to conference and resolve these issues in a conference with the other body.

As the subcommittee chairman has explained, the House would agree to that portion of the Senate amendments which include the provisions of H.R. 8331 dealing with the Securities Investors Protection Act. These amendments will substantially streamline the broker-dealer liquidation procedures.

These are the first substantive amendments to the SIPC Act since we passed it in 1970. The SIPC program has been working well since it was set up, and these amendments will help the act function even more smoothly.

The Senate amendments to H.R. 8331 also would extend for 6 months the effective date of section 11(a) of the 1934 Securities Act. Section 11(a) prohibits brokers from doing the brokerage on an institutional account over which that broker exercises investment discretion and went into effect on May 1, 1978. Several weeks ago the House passed an 18-month extension. Therefore, in this resolution we are merely splitting the difference between the House and Senate positions, and extending the effective date for 12 months.

Because May 1 has now come and gone, it is important that the Congress move quickly to resolve this question, and therefore I do hope that we can pass this resolution, go to conference with the other body and resolve this issue.

Mr. ECKHARDT. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. ECKHARDT) that the House suspend the rules and agree to the resolution (H. Res. 1158).

The question was taken.

Mr. MOTTL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3 of rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order, all by the yeas and nays: H.R. 11713, H.R. 8099, and H. Res. 1158.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in this series.

SOLAR ENERGY SOURCES LOAN PROGRAM

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill H.R. 11713, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa (Mr. SMITH) that the House suspend the rules and pass the bill H.R. 11713, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 375, nays 17, not voting 42, as follows:

[Roll No. 269]

YEAS—375

Abdnor	Dicks	Kasten
Addabbo	Diggs	Kastenmeier
Akaka	Dingell	Kemp
Alexander	Dodd	Ketchum
Allen	Dornan	Keys
Ambro	Downey	Kildee
Ammerman	Drinan	Kindness
Anderson, Calif.	Duncan, Tenn.	Kostmayer
	Early	Krebs
Anderson, Ill.	Eckhardt	Lagomarsino
Andrews, N. Dak.	Edgar	Latta
	Edwards, Ala.	Le Fante
Annunzio	Edwards, Calif.	Leach
Applegate	Edwards, Okla.	Lederer
Archer	Emery	Leggett
Armstrong	English	Lehman
Ashbrook	Erlenborn	Lent
Ashley	Ertel	Levitas
Aspin	Evans, Colo.	Livingston
Badham	Evans, Del.	Lloyd, Calif.
Bafalis	Evans, Ga.	Lloyd, Tenn.
Barnard	Fary	Long, La.
Baucus	Fascell	Long, Md.
Beard, R.I.	Fenwick	Lott
Beard, Tenn.	Findley	Lujan
Bedell	Fish	Luken
Beilenson	Fisher	Lundine
Benjamin	Fithian	McCloskey
Bennett	Flippo	McDade
Bevill	Flood	McFall
Biaggi	Florio	McHugh
Bingham	Flowers	McKay
Blanchard	Flynt	McKinney
Blouin	Foley	Madigan
Boggs	Ford, Mich.	Maguire
Boland	Ford, Tenn.	Markey
Bolling	Forsythe	Marks
Bonior	Fowler	Marlenee
Bonker	Fraser	Marriott
Bowen	Frenzel	Martin
Brademas	Fuqua	Mathis
Breaux	Garcia	Mattox
Breckinridge	Gaydos	Mazzoli
Brinkley	Gephardt	Meeds
Brodhead	Giaimo	Metcalfe
Brooks	Gibbons	Meyner
Broomfield	Gilman	Michel
Brown, Calif.	Ginn	Mikulski
Brown, Mich.	Glickman	Mikva
Brown, Ohio	Goldwater	Milford
Broyhill	Gonzalez	Miller, Calif.
Buchanan	Goodling	Miller, Ohio
Burgener	Gore	Mineta
Burke, Calif.	Gradison	Minish
Burke, Fla.	Grassley	Mitchell, Md.
Burke, Mass.	Green	Mitchell, N.Y.
Burlison, Mo.	Guyer	Moakley
Burton, John	Hagedorn	Moffett
Burton, Phillip	Hall	Montgomery
Byron	Hamilton	Moore
Caputo	Hammer-schmidt	Moorhead, Calif.
Carr	Hanley	Moorhead, Pa.
Carter	Hannaford	Moss
Cavanaugh	Harkin	Mottl
Cederberg	Harrington	Murphy, Ill.
Chappell	Harris	Murphy, Pa.
Chisholm	Harsha	Murtha
Clausen, Don H.	Hawkins	Myers, Gary
Clay	Heckler	Myers, John
Cleveland	Hefner	Myers, Michael
Cohen	Heftel	Natcher
Coleman	Hightower	Neal
Collins, Ill.	Hillis	Nedzi
Conte	Holland	Nichols
Corcoran	Hollenbeck	Nolan
Corman	Holt	Nowak
Cornell	Holtzman	O'Brien
Cornwell	Horton	Oakar
Cotter	Howard	Oberstar
Coughlin	Hubbard	Obey
Cunningham	Huckaby	Ottinger
D'Amours	Hughes	Panetta
Daniel, Dan	Hyde	Patten
Daniel, R. W.	Ichord	Patterson
Danielson	Ireland	Pattison
Davis	Jacobs	Pease
de la Garza	Jeffords	Pepper
Delaney	Jenkins	Perkins
Dent	Jenrette	Pickle
Derrick	Johnson, Calif.	Pike
Derwinski	Jones, Okla.	Poage
Devine	Jones, Tenn.	Pressler
Dickinson	Jordan	Preyer
Price	Sebelius	Ullman
Pritchard	Seiberling	Van Deerlin
Quayle	Sharp	Vander Jagt
Quie	Shipley	Vanik
Quillen	Sikes	Vento
Railsback	Simon	Volkmer
Rangel	Sisk	Walgren
Regula	Skelton	Walker
Reuss	Skubitz	Walsh
Rhodes	Slack	Wampler
Richmond	Smith, Iowa	Watkins
Rinaldo	Smith, Nebr.	Waxman
Roberts	Snyder	Weiss
Robinson	Solarz	Whalen
Roe	Spellman	Whitehurst
Rogers	Spence	Whitten
Roncalio	St Germain	Wilson, Bob
Rooney	Staggers	Wilson, C. H.
Rose	Stangeland	Wilson, Tex.
Rosenthal	Stanton	Winn
Rostenkowski	Stark	Wirth
Rousselot	Steed	Wolff
Roybal	Steers	Wright
Rudd	Stokes	Wydler
Russo	Stratton	Yates
Ryan	Studds	Yatron
Santini	Taylor	Young, Alaska
Sarasin	Thompson	Young, Fla.
Satterfield	Traxler	Young, Mo.
Sawyer	Treen	Young, Tex.
Scheuer	Trible	Zablocki
Schroeder	Tsongas	Zeferetti
Schulze	Udall	

NAYS—17

Bauman	Hansen	Steiger
Butler	Kelly	Stump
Clawson, Del	LaFalce	Symms
Collins, Tex.	McClory	Waggonner
Conable	McDonald	Wiggins
Crane	McEwen	

NOT VOTING—42

Andrews, N.C.	Gudger	Risenhoover
AuCoin	Johnson, Colo.	Rodino
Baldus	Jones, N.C.	Runnels
Burleson, Tex.	Kazen	Ruppe
Carney	Krueger	Shuster
Cochran	McCormack	Stockman
Conyers	Mahon	Teague
Dellums	Mann	Thone
Duncan, Oreg.	Mollohan	Thornton
Eilberg	Murphy, N.Y.	Tucker
Evans, Ind.	Nix	Weaver
Fountain	Pettis	White
Frey	Pursell	Whitley
Gammage	Rahall	Wylie

The Clerk announced the following pairs:

Mr. Rodino with Mr. Andrews of North Carolina.
Mr. Eilberg with Mr. Fountain.
Mr. McCormack with Mr. Nix.
Mr. Gammage with Mr. Wylie.
Mr. Murphy of New York with Mr. Stockman.
Mr. Carney with Mr. Cochran of Mississippi.
Mr. Burleson of Texas with Mr. Mann.
Mr. Jones of North Carolina with Mr. Runnels.
Mr. Whitley with Mr. Mollohan.
Mr. Weaver with Mrs. Pettis.
Mr. Kazen with Mr. Duncan of Oregon.
Mr. Risenhoover with Mr. Mahon.
Mr. Teague with Mr. Conyers.
Mr. AuCoin with Mr. Frey.
Mr. Baldus with Mr. Pursell.
Mr. Krueger with Mr. Shuster.
Mr. White with Mr. Thone.
Mr. Dellums with Mr. Ruppe.
Mr. Rahall with Mr. Tucker.
Mr. Evans of Indiana with Mr. Thornton.
Mr. Gudger with Mr. Johnson of Colorado.

Mr. SIKES changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to create a solar energy and energy conservation loan program within the Small Business Administration, and for other purposes.".

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b)(3) of rule XXVII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on the additional motions to suspend the rules on which the Chair has postponed further proceedings.

WATER RIGHTS FOR AK-CHIN INDIANS

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill H.R. 8099, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wyoming (Mr. RONCALIO) that the House suspend the rules and pass the bill H.R. 8099, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 256, nays 138, not voting 40, as follows:

[Roll No. 270]

YEAS—256

Abdnor	Conable	Howard
Addabbo	Conte	Jeffords
Akaka	Corman	Jenrette
Alexander	Cornell	Johnson, Calif.
Ambro	D'Amours	Jones, Tenn.
Ammerman	Danielson	Jordan
Anderson, Calif.	de la Garza	Kasten
	Delaney	Kastenmeier
Anderson, Ill.	Dent	Kemp
Andrews, N. Dak.	Diggs	Keys
	Dodd	Kildee
Annunzio	Downey	Kostmayer
Applegate	Drinan	Krebs
Ashley	Duncan, Oreg.	LaFalce
Aspin	Early	Le Fante
AuCoin	Eckhardt	Lederer
Bafalis	Edgar	Leggett
Barnard	Edwards, Calif.	Lehman
Baucus	Edwards, Okla.	Levitas
Beard, R.I.	Emery	Lloyd, Calif.
Bedell	English	Long, La.
Beilenson	Erlenborn	Long, Md.
Benjamin	Evans, Colo.	Lujan
Bennett	Fary	Luken
Bevill	Fascell	Lundine
Bingham	Fisher	McCloskey
Blanchard	Fithian	McDade
Blouin	Flood	McFall
Boggs	Florio	McKay
Boland	Ford, Tenn.	Maguire
Bolling	Fowler	Mahon
Bonior	Fraser	Markey
Bonker	Frenzel	Marks
Bowen	Fuqua	Marlenee
Brademas	Garcia	Marriott
Breckinridge	Gaydos	Mazzoli
Brodhead	Gephardt	Meeds
Broomfield	Giaimo	Metcalfe
Brown, Calif.	Gibbons	Meyner
Brown, Mich.	Ginn	Mikulski
Burke, Calif.	Glickman	Mikva
Burke, Mass.	Goldwater	Miller, Calif.
Burlison, Mo.	Gonzalez	Mineta
Burton, John	Gore	Minish
Burton, Phillip	Green	Mitchell, Md.
Byron	Hamilton	Moakley
Caputo	Hanley	Moffett
Carr	Hannaford	Moorhead, Pa.
Cavanaugh	Harkin	Moss
Chappell	Harrington	Murphy, Ill.
Chisholm	Hawkins	Murphy, Pa.
Clausen, Don H.	Hefner	Murtha
	Heftel	Myers, Michael
Clay	Hollenbeck	Natcher
Cohen	Holtzman	Neal
Collins, Ill.	Horton	Nedzi

Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pattison
Pease
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Quie
Quillen
Railsback
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Roberts
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Rudd
Russo
Santini
Sawyer
Scheuer
Schroeder
Sebelius
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Solarz
Spellman
St Germain
Staggers
Stanton
Stark
Steed
Steers
Steiger
Stokes
Studds
Thompson
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Wampler
Watkins
Waxman
Weiss
Whalen
Whitten
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Alaska
Young, Mo.
Young, Tex.
Zablocki
Zeferetti

NAYS—138

Allen
Archer
Armstrong
Ashbrook
Badham
Bauman
Beard, Tenn.
Biaggi
Breaux
Brinkley
Brooks
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Butler
Carter
Cederberg
Clawson, Del
Cleveland
Coleman
Collins, Tex.
Corcoran
Cornwell
Cotter
Coughlin
Crane
Cunningham
Daniel, Dan
Daniel, R. W.
Davis
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dornan
Duncan, Tenn.
Edwards, Ala.
Ertel
Evans, Del.
Evans, Ga.
Fenwick
Findley
Fish
Flippo
Flowers
Flynt
Foley
Forsythe
Gilman
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hall
Hammer-schmidt
Hansen
Harris
Harsha
Heckler
Hightower
Hillis
Holland
Holt
Hubbard
Huckaby
Hughes
Ichord
Ireland
Jacobs
Jenkins
Jones, Okla.
Kelly
Ketchum
Kindness
Lagomarsino
Latta
Leach
Lent
Livingston
Lloyd, Tenn.
Lott
McClory
McDonald
McEwen
McHugh
McKinney
Madigan
Martin
Mathis
Mattox
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Gary
Myers, John
Nichols
O'Brien
Pritchard
Quayle
Robinson
Rousselot
Ryan
Sarasin
Satterfield
Schulze
Shuster
Skelton
Smith, Nebr.
Snyder
Spence
Stangeland
Stratton
Stump
Symms
Taylor
Treen
Trible
Vander Jagt
Waggonner
Walker
Walsh
Whitehurst
Wiggins
Wilson, Bob
Wilson, C. H.
Wydler
Young, Fla.

NOT VOTING—40

Andrews, N.C.
Baldus
Burleson, Tex.
Carney
Cochran
Conyers
Dellums
Eilberg
Evans, Ind.
Ford, Mich.
Fountain
Frey
Gammage
Gudger
Johnson, Colo.
Jones, N.C.
Kazen
Krueger
McCormack
Mann
Mollohan
Murphy, N.Y.
Nix
Pettis
Pursell
Rahall
Risenhoover
Rodino
Runnels
Ruppe
Stockman
Teague
Thone
Thornton
Tucker
Weaver
White
Whitley
Wilson, Tex.
Wylie

The Clerk announced the following pairs:

Mr. Eilberg with Mr. Andrews of North Carolina.

Mr. Rodino with Mr. Fountain.

Mr. Gammage with Mr. Gudger.

Mr. Burleson of Texas with Mr. Johnson of Colorado.

Mr. Carney with Mr. Krueger.

Mr. Kazen with Mr. Baldus.

Mr. White with Mr. Mann.

Mr. Weaver with Mr. Frey.

Mr. Murphy of New York with Mr. Cochran of Mississippi.

Mr. Nix with Mrs. Pettis.

Mr. Evans of Indiana with Mr. Wylie.

Mr. Ford of Michigan with Mr. Conyers.

Mr. Jones of North Carolina with Mr. Stockman.

Mr. Whitley with Mr. Ruppe.

Mr. Teague with Mr. Thone.

Mr. McCormack with Mr. Runnels.

Mr. Mollohan with Mr. Tucker.

Mr. Dellumns with Mr. Thornton.

Mr. Rahall with Mr. Charles Wilson of Texas.

Mr. Risenhoover with Mr. Pursell.

Mr. HOLLAND, Mrs. SMITH of Nebraska, Messrs. LIVINGSTON, BIAGGI, SARASIN, COTTER, WALSH, McEWEN, and MITCHELL of New York. changed their vote from "yea" to "nay."

Messrs. LUKEN, MARKS, SIKES, and GOLDWATER, changed their vote from "nay" to "yea."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

SECURITIES INVESTOR PROTECTION ACT AMENDMENTS OF 1977

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and agreeing to the resolution (H. Res. 1158).

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. ECKHARDT) that the House suspend the rules and agree to the resolution (H. Res. 1158) on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 384, nays 10, answered "present" 1, not voting 39, as follows:

[Roll No. 271]

YEAS—384

Abdnor
Addabbo
Akaka
Alexander
Allen
Ambro
Ammerman
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Applegate
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badham
Bafalis
Barnard
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bellenson
Benjamin
Bennett
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonior
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Butler
Byron
Caputo
Carr
Carter
Cavanaugh
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clawson, Del.
Clay
Cleveland
Cohen
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cornell
Cornwell
Cotter
Coughlin
Crane
Cunningham
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dodd
Dornan
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Colo.
Evans, Del.
Evans, Ga.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flippo
Flood
Florio
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fowler
Fraser
Frenzel
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Grassley
Green
Guyer
Hagedorn
Hall
Hamilton
Hammer-schmidt
Hanley
Hannaford
Hansen
Harrington
Harris
Harsha
Hawkins
Heckler
Hefner
Heftel
Hightower
Hillis
Holland
Hollenbeck
Holt
Horton
Howard
Hubbard
Huckaby
Hughes
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kelly
Kemp
Ketchum
Keys
Kildee
Kindness
Kostmayer
Krebs
LaFalce
Lagomarsino
Latta
Le Fante
Leach
Lederer
Leggett
Lehman
Lent
Levitas
Livingston
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Luken
Lundine
McClory
McCloskey
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Madigan
Maguire
Mahon
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Mattox
Mazzoli
Meeds
Metcalfe
Meyner
Michel
Mikulski
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Moss
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Gary
Myers, John
Myers, Michael
Natcher
Neal
Nedzi
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pattison
Pease
Pepper
Perkins
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quayle
Quie
Quillen
Railsback
Rangel
Regula
Reuss
Rhodes
Rinaldo
Roberts
Robinson
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Rudd
Russo
Ryan
Santini
Sarasin
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shuster
Sikes
Simon
Sisk
Skelton
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
St Germain
Staggers
Stangeland
Stanton
Steed
Steers
Steiger
Stockman
Stokes
Stratton
Studds
Stump
Symms
Taylor
Thompson
Traxler
Treen
Trible
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Waggonner
Walgren
Walker
Walsh
Wampler
Watkins
Waxman
Weiss
Whalen
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Young, Tex.
Zablocki
Zeferetti

NAYS—10

Bedell
Burton, John
Burton, Phillip
Harkin
Holtzman
Mottl
Nolan
Pickle
Richmond
Stark

ANSWERED "PRESENT"—1

Gradison

NOT VOTING—39

Andrews, N.C.	Gudger	Risenhoover
Baldus	Johnson, Colo.	Rodino
Burleson, Tex.	Jones, N.C.	Runnels
Carney	Kazen	Ruppe
Cochran	Krueger	Teague
Conyers	McCormack	Thone
Dellums	Mann	Thornton
Eilberg	Mollohan	Tucker
Evans, Ind.	Murphy, N.Y.	Weaver
Ford, Mich.	Nix	White
Fountain	Pettis	Whitley
Frey	Pursell	Wilson, Tex.
Gammage	Rahall	Wylie

The Clerk announced the following pairs:

Mr. Carney with Mr. Andrews of North Carolina.

Mr. Eilberg with Mr. Evans of Indiana.

Mr. Rodino with Mr. Wylie.

Mr. Kazen with Mr. Teague.

Mr. Risenhoover with Mr. Frey.

Mr. Rahall with Mr. Jones of North Carolina.

Mr. Gammage with Mr. Whitley.

Mr. Ford of Michigan with Mr. Cochran of Mississippi.

Mr. Dellums with Mr. Runnels.

Mr. Conyers with Mr. Gudger.

Mr. Krueger with Mr. Weaver.

Mr. McCormack with Mr. White.

Mr. Murphy of New York with Mrs. Pettis.

Mr. Nix with Mr. Tucker.

Mr. Fountain with Mr. Ruppe.

Mr. Burleson of Texas with Mr. Pursell.

Mr. Baldus with Mr. Thornton.

Mr. Mollohan with Mr. Charles Wilson of Texas.

Mr. Mann with Mr. Thone.

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 8331

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. STAGGERS, ECKHARDT, METCALFE, CARNEY, MOSS, DEVINE, and BROYHILL.

There was no objection.

DRESS CODE FOR MEMBERS OF HOUSE OF REPRESENTATIVES

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I have a question which I would like to pose here to the gentleman from Indiana (Mr. JACOBS), whom I see on the floor. Therefore, I take this time to ask him about this particular question. I know he has been very worried about the matter of a dress code for the Members of the House and whether it should apply equally to both men and women.

Mr. Speaker, I think he may be pleased or may not be pleased to find out that the President has picked up his cause, and as a consequence, has caused me a great problem.

I have correspondence from the President of the United States saying that if I wished to ride on Air Force One to Denver, Colo., tomorrow, I would have to wear a business suit, and I do not have one.

Mr. Speaker, I was wondering whether, if the gentleman from Indiana (Mr. JACOBS) feels strong about a uniform dress code for both sexes, he would be able to find me a business suit for tomorrow afternoon.

Mr. JACOBS. If the gentlewoman will yield, Mr. Speaker, I would suggest to the gentlewoman that I do own one suit, but it is not a spring suit. Also, in the event there was some trouble on the flight requiring a parachute, I would suggest that the gentlewoman wear a spring suit to cushion the fall, or, if the gentlewoman needed a scarf, I would refer her to the Honorable Snoopy.

REPORT ON CONTEMPT RESOLUTION CITATION FOR CLAUDE POWELL, JR.

Mr. STOKES. Mr. Speaker, I call up a privileged report.

The SPEAKER. The Clerk will read the report.

The Clerk read as follows:

RECOMMENDING THAT THE CASE OF CLAUDE POWELL, JR., BE CERTIFIED TO THE U.S. ATTORNEY FOR CONTEMPT OF CONGRESS

1. BACKGROUND TO CLAUDE POWELL'S CONTEMPT OF CONGRESS

The House Select Committee on Assassinations (the committee) was established in the 2d session of the 94th Congress by House Resolution 1540, 122 Congressional Record 24 at p. 31028 (September 17, 1976). The committee was "authorized and directed to conduct a full and complete investigation and study of the circumstances surrounding the assassination and death of . . . Martin Luther King, Junior." House Resolution 222, 123 Congressional Record at p. 3369 (February 2, 1977).

On January 17, 1978, Claude Powell, Jr., was personally served with a subpena to appear before the committee's Subcommittee on the Assassination of Martin Luther King, Jr., in order that the committee might obtain Powell's testimony on an alleged contract for the assassination of Dr. King. The issuance of the subpena was based on the following allegations and information then in possession of the committee:

Leon Powell and his brother, Claude Powell, Jr., have claimed that during the fall of 1967, they were approached in an Atlanta bar by a mutual friend who inquired if they might be interested in making a large sum of money to kill Dr. King. The Powells expressed an interest in the contract, and the friend indicated that he would put them in touch with an individual who could financially back such a contract.

The Powell brothers alleged that they were approached several days later by an individual known only as Ralph. After acknowledging the purpose of the encounter, Ralph displayed to them what he said was $25,000 and stated that if they took the job, there would be $50,000 more when it was completed. The Powells hesitated, at which time Ralph closed his briefcase and left. Neither Leon nor Claude has seen or heard from this individual again.

After the assassination, Leon Powell told his wife Annie (now Annie Campos) about the incident.

In June 1976 Leon Powell went to the FBI in Atlanta with his allegation. The Bureau in turn contacted Claude in Texas.

The FBI spent a considerable amount of investigative time running out the Powell story. Leon Powell was given four polygraph examinations. The results were inconclusive, Claude was tested once and showed indications of "truthtelling" when answering questions about being offered money to kill Dr. King.

After investigating the Powell allegation, the FBI was unable to discredit the story. The case was turned over to the Department of Justice for possible submission to a Federal grand jury. No further action was taken by the Department.

II. POWELL'S REFUSAL TO TESTIFY

Claude Powell, Jr., was personally served with a subpena (attachment No. 1) by staff investigators Floyd Reeves and Robert Walker on January 20, 1978. At that time, he was read and given a copy of the subpena. The return date of the subpena was February 1978.

Leon Powell, Campos, and the "mutual friend" were personally served with similar subpenas on January 20, 1978. In each instance, service was effected in a manner identical to that described for Claude Powell.

On February 6, 1978, the "mutual friend" and Annie Campos appeared and testified before the King Subcommittee. The "friend" specifically denied all material points of the allegation. Campos stated that she had been informed of the plot post assassination but prior to Leon's contact with the FBI.

Both Claude and Leon Powell failed to appear on February 6, 1978, as required by their subpenas. They cited fear for their safety as the reason for their refusal to testify.

After being recontacted by Reeves and Walker on February 7, 1978, Leon Powell appeared and testified on February 8, 1978. Leon reiterated the story he had told the FBI and committee staff.

Claude Powell has remained steadfast in his refusal to appear or testify.

The following is a chronological summary of the contacts between Claude Powell and the committee's staff:

(1) January 18, 1978—Powell was initially contacted by Walker and Webb; at that time, he was afforded an opportunity to discuss his allegation. He refused to talk about the matter and stated that he was afraid of the people behind the King slaying. He was informed that he would be subpenaed. In addition, the fact that the committee would provide him with a ticket and pay him a per diem rate of $50 was explained.

(2) January 20, 1978—Personal service of the subpena was effected by Robert Walker. At this time, the subpena was read to Powell. He was given a copy of the committee's rules, resolutions, and the subpena. Powell was given the names and telephone numbers of two staff attorneys and advised to direct any questions he had about the hearings or subpenas to them. He was told that he could call collect. He was further informed that he would be given a prepaid airline ticket and a $50 per diem allowance for his time in Washington.

(3) January 23, 1978—Walker contacted Powell and afforded him an opportunity to discuss his allegation and the forthcoming hearing. He was also informed that his failure to appear could constitute contempt of Congress. Powell continued in his refusal to discuss the allegation.

(4) January 27, 1978—Walker called the Powell home and spoke with Mrs. Powell. She indicated that her husband did not wish to talk about the matter. In addition, she stated that her husband was afraid for his life.

(5) February 6, 1978—Powell was visited by Walker and Reeves after he failed to appear at the hearing. Powell was once again informed that his refusal to appear could result in his being held in contempt of Congress. Reeves and Walker went over the possible penalties for contempt. Powell was also made aware that a prepaid ticket was waiting for him at the Atlanta airport. Powell was left with a copy of a letter (attachment 2), written by Reeves on Committee letterhead, outlining the travel arrangements and pos-

sibility of contempt. Powell informed the investigators that he would not appear and that the alternative of going to jail was preferable to that of being killed.

(6) February 13, 1978—Powell was contacted by Reeves and Walker. He acknowledged talking with Leon about the latter's testifying. He reiterated his refusal to appear. He indicated that if he was forced to appear, he would lie. He also warned Reeves and Walker not to come to his house again.

III. RECOMMENDATION OF THE COMMITTEE

The committee recommends that the House respond to Mr. Powell's defiance of its lawful process by initiating the statutory procedures for having Powell prosecuted for criminal contempt of Congress (2 U.S.C. 192 and 194). The committee therefore adopted this report, and submits the following resolution (approved by a vote of 7 ayes and 0 nays, a majority of the committee, on February 27, 1978) for adoption by the House:

RESOLUTION OF HOUSE THAT THE SPEAKER CERTIFY THE REPORT OF CLAUDE POWELL'S CONTEMPT OF CONGRESS TO THE U.S. ATTORNEY FOR CRIMINAL PROSECUTION

Resolved, That pursuant to 2 U.S.C. 192 and 194, the Speaker of the House certify this report, detailing the refusal of Claude Powell, Jr., to obey a lawful subpoena of the House of Representatives and to testify before the Subcommittee on the Assassination of Martin Luther King, Jr., of the House Select Committee on Assassinations, to the U.S. attorney for the District of Columbia to prosecute the said Powell for contempt of Congress.

By Authority of the House of Representatives of the Congress of the United States of America

To G. ROBERT BLAKEY, or any assistant designated by him:

You are hereby commanded to summon Claude Powell, Jr., Atlanta, Georgia, to be and appear before the Subcommittee on the Assassination of Martin Luther King, Jr., Select Committee on Assassinations, Committee of the House of Representatives of the United States, of which the Hon. Walter F. Fauntroy is chairman, in their chamber in the city of Washington, on February 6, 1978, at the hour of 10 a.m. then and there to testify touching matters of inquiry committed to said Committee; and is not to depart without leave of said Committee.

Herein fail not, and make return of this summons.

Witness my hand and the seal of the House of Representatives of the United States, at the city of Washington, this 17th day of January, 1978.

LOUIS STOKES,
Chairman,
Select Committee on Assassinations.

Attest:

EDMUND L. HENSHAW, JR.,
Clerk.

ATTACHMENT 1

Subpoena for CLAUDE POWELL, Jr., Atlanta, Ga., before the Subcommittee on the Assassination of Martin Luther King, Jr., of the Select Committee on Assassinations, of the U.S. House of Representatives.

Served by Robert J. Walker, Staff investigator, 4163 Canaby Lane, Dekalb County, Ga., January 20, 1978.

ATTACHMENT 2

SELECT COMMITTEE
ON ASSASSINATIONS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., February 6, 1978.

Mr. CLAUDE POWELL, Jr.,
Decatur, Ga.

Mr. POWELL: This letter is to serve notice that airline arrangements and hotel accommodations have been made for you to travel to Washington, D.C., to testify before Select Committee on Assassinations Congressional Committee, U.S. House of Representatives.

A pre-paid airline ticket has been left for you at the Eastern Airlines ticket desk. You are instructed to pick up the ticket, board Eastern Flight No. 136, departing Atlanta at 7:02 p.m., and someone will be at the Washington airport to receive you.

Failure to appear in Washington as instructed could result into charges for contempt of the Congress.

FLOYD L. REEVES,
Investigator.

P.S.—Please be sure to board flight today, February 6, 1978.

Mr. STOKES (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the report.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

RESOLUTION OFFERED BY MR. STOKES

Mr. STOKES. Mr. Speaker, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1159

Resolved, That pursuant to 2 U.S.C. 192 and 194, the Speaker of the House certify this report, detailing the refusal of Claude Powell, Jr., to obey a lawful subpena of the House of Representatives and to testify before the Subcommittee on the Assassination of Martin Luther King, Jr., of the House Select Committee on Assassinations, to the U.S. attorney for the District of Columbia to prosecute the said Powell for contempt of Congress.

The SPEAKER. The gentleman from Ohio (Mr. STOKES) is recognized for 1 hour.

Mr. STOKES. Mr. Speaker, the privileged report I am calling up, and the resolution I am submitting on behalf of the Select Committee on Assassinations, concerns citing for contempt a witness who refused to appear pursuant to subpena before the subcommittee investigating the assassination of Dr. King. Claude Powell has alleged that he and his brother were offered money to kill Dr. King a few months prior to the actual assassination in 1968. They did not take this information to the FBI until 1976, and the Bureau at that time was unable to discredit the story or connect it with the assassination.

Obviously, this matter must be fully explored by the select committee. It is important to determine the truthfulness of the story, and all the individuals involved in the alleged incident. Leon Powell, Claude's brother, was at first reluctant to testify but he eventually did appear before the subcommittee and testify. Claude Powell has remained adamant in his refusal to honor the subpena to appear and testify, despite all the efforts by the committee to obtain his testimony. Indeed, on February 28 I first alerted the House to the possibility that the committee would have to seek a contempt citation. We cannot wait any longer—over 2 months have elapsed and all our negotiations with Mr. Powell have proved fruitless.

Mr. Powell's blanket refusal to appear before the subcommittee constitutes the clearest case of contempt of Congress one can envision. G. Gordon Liddy, the most recent witness who was cited for contempt by the House was cited because he appeared but refused to answer specific questions put to him by the subcommittee. Mr. Powell has had the audacity to refuse to even appear before the committee pursuant to his subpena.

The very integrity and dignity of the House, as well as the select committee's investigation, is at stake. No person should believe they may with impunity simply defy the constitutional and lawful processes of the House of Representatives. In accordance with title 2, section 194 of the United States Code, I urge the adoption by the House of the resolution I have submitted.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. STOKES. I will be glad to yield to the gentleman from Ohio for purposes of debate only.

Mr. DEVINE. I thank the gentleman for yielding to me.

Mr. Speaker, I rise in support of this privileged resolution. Without getting into the merits of the testimony that this witness may give, the issue before the House today is the integrity of the right of the House to issue a subpena and have it honored. I think just on that basis alone the House should vote in favor of this resolution, which would refer the matter to the U.S. attorney for the District of Columbia for prosecution for contempt of Congress.

The merits of the subpena, as I say, are unimportant, but for the information of the Members of the House this man is alleged to have been offered substantial sums of money, letting out a contract to assassinate Dr. Martin Luther King, Jr. We are not here talking about the validity of the charge, but merely on the integrity of the right of the House to issue a subpena and have it honored.

Mr. Speaker, I urge the adoption of the resolution.

Mr. STOKES. I thank the gentleman for his remarks.

Mr. MILFORD. Mr. Speaker, will the gentleman yield?

Mr. STOKES. I will be glad to yield to the gentleman from Tennessee for purposes of debate only.

Mr. MILFORD. Mr. Speaker, I thank the gentleman for yielding.

I wonder if there was a Justice Department or FBI investigation made of this incident or is this something the committee itself has discovered?

Mr. STOKES. No. The original investigation was made by the Federal Bureau of Investigation. It was initiated by Leon Powell, Claude's brother, who went to the FBI in 1976 and informed them of the fact that the offer had been made in 1967.

Mr. MILFORD. If there was a potential crime committed, why were not these men brought before a grand jury?

Mr. STOKES. The FBI made a full investigation of the matter. They took statements from both Claude and his brother Leon and other parties who were involved in the alleged offer. After they had completed their investigation the FBI turned the matter over to the Department of Justice, and at that point

the FBI had completed their investigation. The Department of Justice did not take any further action.

Mr. MILFORD. If the gentleman will yield further, has the committee uncovered any evidence separate from the Justice Department or the FBI investigation that would indicate the commission of a crime?

Mr. STOKES. Does the gentleman from Texas mean with reference to Claude Powell?

Mr. MILFORD. I mean with reference to bringing a man before the bar. It seems a bit odd, shall we say, that we are fixing to possibly subject someone to a prison term when there has been nothing to even show that a crime or potential crime has been committed.

Mr. STOKES. If I can answer the gentleman, the question is not whether or not Claude Powell has committed a crime. The question here is whether a lawfully executed subpena, executed pursuant to the powers delegated to this committee by the House, is to be honored or not honored. Claude Powell simply refuses to honor a congressional subpena, and the question here is: Does the House stand behind the power that is delegated to an investigative committee?

Mr. MILFORD. I thank the gentleman for yielding. Will he yield one more time?

Mr. STOKES. I yield to the gentleman from Texas (Mr. MILFORD).

Mr. MILFORD. Mr. Speaker, I do feel before asking someone to vote for a contempt citation, there should be something to show the man is subpenaed and is refusing to appear. While the House has that power, I do feel the House should be informed why this man should be subjected to a prison term other than that the House wanted to talk to him.

Mr. STOKES. The only answer I can give the gentleman is there is no other power available to a committee when a subpena has been issued other than to bring this man under the applicable provisions of the law. As I stated earlier, if the House is serious about conducting an investigation and has delegated to the investigative committee the power to subpena, and the man is refusing to honor that subpena, the question is: Does the House stand behind the delegated authority?

Mr. ALLEN. Mr. Speaker, will the distinguished gentleman from Ohio yield to me for a question?

Mr. STOKES. I yield to the gentleman from Ohio for purposes of debate only.

Mr. ALLEN. Mr. Speaker, can the gentleman from Ohio (Mr. STOKES) tell us why or what reason this witness is giving for not wanting to appear? Has he given a reason?

Mr. STOKES. Yes. I can say to the gentleman the witness has stated his reason for not wanting to appear here. It is that he is in fear of his life.

Mr. ALLEN. Does the gentleman believe that he has reason to be in fear of his life if he appears as a witness?

Mr. STOKES. We have had testimony from his brother, the testimony from his former wife, the testimony from the friend involved in this alleged offer, none of whom have claimed the same reason for not wanting to appear. Indeed, all three of them did appear. He has given our committee no basis for his reasons to fear for his life.

We have, in the event that such a situation were to arise, worked out a situation with the FBI for furnishing protection if any individual believes upon good cause that his life would be in danger. But he has given us no such indication.

Mr. ALLEN. The gentleman has anticipated my next question. In other words, if he does appear as a witness the FBI will throw around him a ring of protection?

Mr. STOKES. I would say that the U.S. Marshal's Office would give him protection under the witness protection law as set forth in the Organized Crime Act.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. STOKES. I would be delighted to yield to the gentleman from Maryland, (Mr. BAUMAN) for the purposes of debate only.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman for yielding. I certainly agree with the gentleman from Ohio (Mr. STOKES) that if a lawful congressional subpena is disobeyed the House ought to support a contempt citation.

The question I would like to put to the gentleman is whether he would not like to use this occasion which is the first occasion in almost a year and a half, to give the House a report on the activities of his committee insofar as they pertain to this investigation regarding which the gentleman is now seeking House approval of a contempt citation? Have you found evidence that James Earl Ray did not, in fact, kill Dr. King, and is this such a crucial contempt citation in the context of all of the evidence you have accumulated, that it takes on special significance?

Mr. STOKES. Again, to answer the gentleman's question, the significance is the lawful process of the House of Representatives. The question is can any subpenaed witness refuse to appear before a House committee that is investigating anything as serious as a murder? And the only thing before us today relevant to the entire investigation is the question of whether or not this witness can avoid the subpena process. And I can say to the gentleman we have had no other occasion for another witness in either investigation, either that of Dr. King's or Kennedy's who has defied the lawful process of the House.

Mr. BAUMAN. If the gentleman will yield further, the gentleman evidently did not understand my question. My question is not about the subpena itself and the principle involved, but rather whether the gentleman would like to use this occasion in view of the fact that a large minority of the Members of the House voted against funds for the gentleman's committee as to what he has accomplished with the millions of dollars and the large staff he has. It is plain to me that the gentleman is refusing to tell the House what he and his committee is doing.

Mr. STOKES. Mr. Speaker, I can look back to February when I first brought this Powell subject to the attention of the House, a short time thereafter the gentleman from Maryland accused the committee of taking this action to assure our continued funding. All I can say is I did not bring in the full investigation before the House, I brought in a matter relating to the subpena power of the House.

Mr. Speaker, I have no further requests for time, and I move the previous question.

Mr. STOKES. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. STOKES. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 367, nays 16, answered "present" 2, not voting 49, as follows:

[Roll No. 272]

YEAS—367

Abdnor	Chappell	Fowler
Addabbo	Chisholm	Fraser
Akaka	Clausen, Don H.	Frenzel
Alexander	Clawson, Del	Fuqua
Allen	Clay	Garcia
Ambro	Cleveland	Gaydos
Ammerman	Cohen	Gephardt
Anderson, Calif.	Coleman	Giaimo
Anderson, Ill.	Collins, Tex.	Gibbons
Andrews, N. Dak.	Conable	Gilman
Annunzio	Conte	Ginn
Applegate	Corcoran	Glickman
Archer	Corman	Goldwater
Armstrong	Cornell	Goodling
Ashbrook	Cornwell	Gore
Ashley	Cotter	Gradison
Aspin	Coughlin	Grassley
AuCoin	Crane	Green
Badham	Cunningham	Guyer
Bafalis	D'Amours	Hagedorn
Barnard	Daniel, Dan	Hall
Baucus	Daniel, R. W.	Hamilton
Bauman	Danielson	Hanley
Beard, R.I.	Davis	Hannaford
Beard, Tenn.	de la Garza	Hansen
Bedell	Delaney	Harkin
Benjamin	Dent	Harris
Bennett	Derrick	Harsha
Bevill	Derwinski	Hawkins
Biaggi	Devine	Heckler
Bingham	Dickinson	Hefner
Blanchard	Dicks	Heftel
Blouin	Diggs	Hightower
Boggs	Dingell	Hillis
Boland	Dodd	Holland
Bolling	Dornan	Hollenbeck
Bonker	Downey	Holt
Bowen	Drinan	Holtzman
Brademas	Duncan, Tenn.	Horton
Breaux	Early	Hubbard
Breckinridge	Edgar	Huckaby
Brinkley	Edwards, Ala.	Hughes
Brodhead	Edwards, Okla.	Hyde
Brooks	Emery	Ichord
Broomfield	English	Jacobs
Brown, Calif.	Erlenborn	Jeffords
Brown, Mich.	Ertel	Jenkins
Brown, Ohio	Evans, Colo.	Jenrette
Broyhill	Evans, Del.	Johnson, Calif.
Buchanan	Fary	Jones, Okla.
Burgener	Fenwick	Jones, Tenn.
Burke, Calif.	Findley	Jordan
Burke, Fla.	Fisher	Kasten
Burke, Mass.	Fithian	Kastenmeier
Burlison, Mo.	Flippo	Kelly
Butler	Flood	Kemp
Byron	Florio	Ketchum
Caputo	Flowers	Keys
Carr	Flynt	Kildee
Carter	Foley	Kindness
Cavanaugh	Ford, Mich.	Kostmayer
Cederberg	Ford, Tenn.	Krebs
	Forsythe	LaFalce
		Lagomarsino

Latta	Nedzi	Sisk
Le Fante	Nichols	Skelton
Leach	Nolan	Skubitz
Lederer	Nowak	Slack
Leggett	O'Brien	Smith, Iowa
Lehman	Oakar	Smith, Nebr.
Lent	Oberstar	Snyder
Levitas	Obey	Solarz
Livingston	Ottinger	Spellman
Lloyd, Calif.	Panetta	Spence
Lloyd, Tenn.	Patten	St Germain
Long, La.	Patterson	Staggers
Long, Md.	Pattison	Stangeland
Lott	Pease	Stanton
Luken	Pepper	Steed
Lundine	Perkins	Steers
McClory	Pickle	Steiger
McCormack	Pike	Stockman
McDade	Poage	Stokes
McDonald	Pressler	Stratton
McEwen	Preyer	Studds
McFall	Price	Stump
McHugh	Pritchard	Symms
McKay	Quayle	Taylor
McKinney	Quie	Thompson
Maguire	Quillen	Traxler
Mahon	Railsback	Treen
Marks	Rangel	Trible
Marlenee	Regula	Tsongas
Marriott	Reuss	Udall
Martin	Rhodes	Van Deerlin
Mattox	Richmond	Vander Jagt
Mazzoli	Rinaldo	Vanik
Meeds	Roberts	Vento
Metcalfe	Robinson	Volkmer
Meyner	Roe	Waggonner
Michel	Rogers	Walker
Mikulski	Roncalio	Walsh
Miller, Ohio	Rooney	Watkins
Mineta	Rose	Waxman
Minish	Rosenthal	Weiss
Mitchell, Md.	Rostenkowski	Whalen
Mitchell, N.Y.	Rousselot	Whitehurst
Moakley	Rudd	Whitten
Moffett	Russo	Wilson, Bob
Montgomery	Ryan	Wilson, Tex.
Moore	Santini	Winn
Moorhead, Calif.	Sarasin	Wirth
	Satterfield	Wolff
Moorhead, Pa.	Sawyer	Wright
Moss	Scheuer	Wydler
Mottl	Schroeder	Yates
Murphy, Ill.	Schulze	Yatron
Murphy, Pa.	Sebelius	Young, Alaska
Murtha	Seiberling	Young, Fla.
Myers, Gary	Sharp	Young, Mo.
Myers, John	Shipley	Young, Tex.
Myers, Michael	Shuster	Zablocki
Natcher	Sikes	Zeferetti
Neal	Simon	

NAYS—16

Bellenson	Gonzalez	Roybal
Burton, Phillip	Lujan	Stark
Duncan, Oreg.	Markey	Ullman
Eckhardt	Mikva	Walgren
Edwards, Calif.	Milford	
Evans, Ga.	Miller, Calif.	

ANSWERED "PRESENT"—2

Bonior	Harrington

NOT VOTING—49

Andrews, N.C.	Hammer-schmidt	Rahall
Baldus		Risenhoover
Burleson, Tex.	Howard	Rodino
Burton, John	Ireland	Runnels
Carney	Johnson, Colo.	Ruppe
Cochran	Jones, N.C.	Teague
Collins, Ill.	Kazen	Thone
Conyers	Krueger	Thornton
Dellums	McCloskey	Tucker
Eilberg	Madigan	Wampler
Evans, Ind.	Mann	Weaver
Fascell	Mathis	White
Fish	Mollohan	Whitley
Fountain	Murphy, N.Y.	Wiggins
Frey	Nix	Wilson, C. H.
Gammage	Pettis	Wylie
Gudger	Pursell	

Mr. MILLER of California and Mr. MARKEY changed their vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STOKES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER pro tempore (Mr. ROSTENKOWSKI). Is there objection to the request of the Gentleman from Ohio?

There was no objection.

MISS JODIE GAINES, KIDNAP VICTIM, RETURNED UNHARMED

(Mr. JONES of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES of Tennessee. Mr. Speaker, I wish to address my colleagues to bring them up to date on developments in the kidnaping of one of our former pages, Miss Jodie Gaines of McKenzie, Tenn.

I rose earlier to let this body know that Miss Gaines, who served as a floor page in this body during the month of March, had been kidnaped. Shortly after returning to my office, I learned that Jodie had been returned to her parents and it has been reported that she was unharmed. I further learned that law enforcement authorities had also recovered the ransom which had been demanded and had taken into custody three persons.

I cannot express my happiness at this most recent development. I am certainly happy for the family and the city of McKenzie, Tenn. which has been very concerned about this incident in their community. I also want to express my congratulations to the FBI for the way in which they handled this very delicate situation.

I know my colleagues who got to know Jodie during her time here will share my relief and happiness.

INTRODUCING RESOLUTION OF DISAPPROVAL REGARDING ARMS SALES TO MIDDLE EAST

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, those of us who have been concerned about the arms sales question to the Middle East and who have struggled with the proper approach to give peace a chance to operate without adding a further complicating, irritating obstacle to the whole issue of peace in the Middle East, have finally conluded that what we should do is offer a resolution of disapproval, which I will put in the hopper today. The majority of the members of the Committee on International Relations have agreed to that resolution. The hearings in the committee, I am told, will start sometime next week. We hope that this process will give us reasonable opportunity to reach an accommodation or to settle the issue.

The Members who have signed this, in addition to my self are:

The gentleman from Illinois (Mr. DERWINSKI); the gentleman from Massachusetts (Mr. BURKE); the gentleman from New York (Mr. ROSENTHAL); the gentleman from Florida (Mr. IRELAND); the gentleman from Washington (Mr. BONKER); the gentleman from New York (Mr. WOLFF); the gentleman from Maryland (Mr. LONG); the gentleman from Ohio (Mr. GUYER); the gentleman from Massachusetts (Mr. HARRINGTON); the gentleman from Georgia (Mr. FOWLER); the gentleman from Minnesota (Mr. FRASER); the gentleman from New York (Mr. BINGHAM); the gentlewoman from Illinois (Mrs. COLLINS); the gentleman from Pennsylvania (Mr. YATRON); the gentleman from New York (Mr. SOLARZ); the gentleman from New York (Mr. GILMAN); the gentleman from California (Mr. LAGOMARSINO); the gentleman from Ohio (Mr. WHALEN); the gentleman from Kansas (Mr. WINN); the gentleman from Pennsylvania (Mr. NIX); the gentlewoman from New Jersey (Mrs. FENWICK); and the gentleman from Nebraska (Mr. CAVANAUGH).

ANNUAL REPORT OF FEDERAL COUNCIL ON AGING—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor:

To the Congress of the United States:

I am transmitting herewith the annual report of the Federal Council on Aging in accordance with Section 205(f) of the Older Americans Act (P.L. 93-29).

As you know, the Council was created by the Congress to represent older Americans and make recommendations to the President, the Secretary of the Department of Health, Education, and Welfare, the Commissioner of the Administration on Aging, and the Congress on Federal policies regarding the aging and federally conducted or assisted programs and other activities relating to or affecting them. This report describes the Council's concerns and projects as well as specific advocacy positions taken by the Council on Federal policies and programs affecting the elderly.

In my first year in office, the Council has been of great assistance in their unanimous support of strengthened financing of the social security system. As you know the Congress acted expeditiously to enact the 1977 Social Security Act amendments which I signed into law December 20, 1977. These measures will serve to assure a secure income for many older Americans in future years. I hope that the Congress will act this year on the Better Jobs and Income Act in response to the Council's earnest desire for the early enactment of welfare reform which affects many areas of "vital concern to older Americans."

While the Council recognizes that all of the concerns expressed in the report cannot be fully dealt with in the immediate future, I look forward to a continued close working relationship with the Council as evidenced by my appointment of Chairman Nelson Cruikshank as my Counselor on Aging.

In closing, let me assure you that we will continue to carefully consider the views of the Council as social and economic policy affecting the elderly is developed and implemented in the years to come.

JIMMY CARTER.

THE WHITE HOUSE, *May 2, 1978.*

THIRD ANNUAL REPORT TO CONGRESS ON TITLE VI OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974 (MOBILE HOMES)—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Banking, Finance and Urban Affairs:

To the Congress of the United States:

In accordance with Section 626 of the National Mobile Home Construction and Safety Standards Act of 1974, I am transmitting the Third Annual Report to Congress on Title VI of the Housing and Community Development Act of 1974 (Mobile Homes).

JIMMY CARTER.

THE WHITE HOUSE, *May 2, 1978.*

REQUEST TO CONSIDER BUDGET AGGREGATES FIRST AND THEN FUNCTIONAL CATEGORIES WHEN HOUSE CONCURRENT RESOLUTION 559 IS CONSIDERED IN COMMITTEE OF THE WHOLE TODAY

Mr. BURGENER. Mr. Speaker, I understand that our distinguished chairman of the Committee on the Budget is about to make a motion relating to the consideration of House Concurrent Resolution 559 in the Committee of the Whole; and I would like to make a unanimous-consent request which directly relates to the consideration of this first required concurrent resolution on the budget.

Mr. Speaker, I would like to read my request and then give a brief explanation.

The SPEAKER pro tempore. Is the gentleman seeking to make a unanimous-consent request?

Mr. BURGENER. Yes, Mr. Speaker; I am seeking to make a unanimous-consent request.

The SPEAKER pro tempore. The gentleman will state his unanimous-consent request.

Mr. BURGENER. Mr. Speaker, I ask unanimous consent that notwithstanding any rule of the House of Representatives or provision of title III of the Congressional Budget Act of 1974 to the contrary, when the House in the Committee of the Whole reads House Concurrent Resolution 559 for amendment under the 5-minute rule that said concurrent resolution shall be read by sections.

Mr. Speaker, I ask unanimous consent further that no amendment in the nature of a substitute shall be in order for House Concurrent Resolution 559 in the Committee of the Whole and all amendments to section 1 of said resolution shall be considered and disposed of prior to the consideration of any amendment to section 2 of said resolution.

Section 301(a)(2) of the law requires that the first concurrent resolution on the budget shall set forth—

(2) an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transactions, *based on allocations of the appropriate level of total budget outlays and of total new budget authority;*" (emphasis added).

I, therefore, submit that our present law was intended to require the House to consider its priorities of spending among the major functional categories based on those determinations of the appropriate level of total budget outlays and new budget authority which the House would have previously determined to be appropriate to suit the immediate fiscal situation. In this manner we would first consider our fiscal policy, then determine the allocation of expenditures among the major functional categories. This is absolutely necessary since the appropriate Federal fiscal policy at a given point in time is completely independent of, and indeed, often completely opposite of, what we as politicians would like to spend on each of several thousand Federal programs.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GIAIMO. Mr. Speaker, reserving the right to object, and before I object, I would like to get a clearer explanation of this unanimous-consent request from the gentleman. I wonder whether the gentleman would give us that explanation.

Mr. BURGENER. If the gentleman will yield, Mr. Speaker, I appreciate the gentleman's reservation, and I would be very pleased to explain briefly what I am proposing. The gentleman can then decide whether or not to object, based on my explanation.

The whole idea of this procedure which I am suggesting is consistent with the current provisions of the Congressional Budget Act of 1974.

I submit that if we do not consider section 1 of this concurrent resolution first in its entirety, we are demonstrating that we really have no budget procedures that provide any restraint on spending or taxing. I think that either partly or largely to blame for this fact that we do not have any real budget restraint are our present budget procedures. As I will explain in a moment, we could correct this situation.

Mr. Speaker, I think the present procedures provide no protection and no real budget restraint.

I think the evidence is rather clear, Mr. Speaker, that as recently as 1974 when we began this budget process—and that is only 4 years ago—the public debt was $486 billion. Now in the new budget resolution our committee recommends some $856 billion. In the 5 years before the Budget Act, spending grew at an annual rate of 7.1 percent; since 1974, however, spending has been averaging yearly increases of over 13 percent.

Therefore, I think point one is quite clear, that we really and truly have no budget restraint.

My second point, Mr. Speaker, is that I maintain our present budget procedures are largely to blame.

Let me explain what I mean by this. Under the current system, in the deliberations of our committee, we first consider revenues in the aggregate. How do we consider revenues? We take the present body of tax law, assuming it is not going to be changed soon, and then we make some educated guesses about the performance of the economy and, therefore, what the revenues are likely to be. That is not too tough.

Once that is done, we then do what we should not do, in my humble opinion. We go down the "wish" list of the 19 spending categories. Then having done that, we add up our spending decisions on each of these functions, and call these totals the appropriate levels of budget outlays and budget authority. This process, we make believe, is how fiscal policy is currently made.

I submit, Mr. Speaker, that we have placed the cart before the horse; and if we adopt my unanimous-consent request or, in lieu of that, a bill that I have cosponsored (H.R. 12345), it would oblige us to follow the initial intent of the Budget Act, which was first to consider the revenues and spending in the aggregate to decide what the national economic goals ought to be and then fix them. The committee would debate it at length, I am sure; and finally, aggregates would be decided upon for revenues and spending. Then, and only then, would we go down the 19 spending categories one by one: defense, health, income security, and so on, under the restraint already adopted by the committee. We would do this with the realization that if we added to one category, we would have to take away from another.

Mr. Speaker, this system is the same basic and elementary system which we use to operate our family budget, and it is the same way in which we operate business in this Nation—that is, at least, successful businesses, and the way most State and local governments have to operate.

Therefore, really, Mr. Speaker, this would require a two-step process for our consideration of our budget for any given fiscal year.

I call it the "two-step" instead of the present system, which I would call the "hustle" because, really, we have no restraint. A good case can be made for any one of those 19 spending categories. Indeed, I myself do not come in with totally clean hands. I have added to the budget over in that committee, but if this process were adopted I would be constrained, and could go back to special interests and say, "You are only going to get 80 percent of what you asked for, or 90 percent, because I have already

voted for a ceiling. The national economy dictated that."

The SPEAKER pro tempore (Mr. ROSTENKOWSKI). Is there objection to the request of the gentleman from California?

Mr. GIAIMO. Mr. Speaker, reserving the right to object, while I understand and sympathize with the concerns of the gentleman, I believe that it would be improper and impractical to consider the budget aggregates before we have had an opportunity to look at the components that make up the budget.

As many of the Members of this body know, budgets are developed by looking at both overall fiscal policy considerations and specific budgetary considerations. When the Budget Committee or OMB prepares budgets, we have in our minds relatively clear ideas of what the size of the budget should be given fiscal policy demands. At the same time we proceed from the bottom up looking at what programs and activities will need to be funded. We always meet somewhere in the middle, tailoring, program demands to conform to fiscal policy needs while maintaining a certain degree of flexibility with respect to the functions of the budget when legitimate program needs justify it.

But if we attempt to set overall budget limits without going into the specific functional categories and taking into account programs and activities which may be funded, we will be proceeding in a factual vacuum. Suppose the gentleman from California proposes to reduce outlays by some figure, say $10 billion. A number of Members might like to support such an aggregate figure. But how are we to know where the cuts are to come? Will they be in defense? Will they be in human resources, urban programs? Or will they be in public works? In short, there is no way for us to know what the implications of such a procedure would be for various programs.

Secondly, setting budget aggregate figures which are different from those proposed by the Budget Committee and without corresponding changes in functional categories would necessitate rewriting the entire budget resolution. For if we do not know the impact of changes in budget aggregates on the functional categories, then we must go through each function and rewrite it in order to reach the desired aggregate result. This means that the House sitting as the Committee of the Whole will also sit as the Budget Committee rewriting from the very beginning the entire Federal budget.

Mr. Speaker, I believe that this procedure is unworkable and unwise. Therefore, I am constrained to object.

Mr. BURGENER. Mr. Speaker, will the gentleman yield so that I may respond briefly?

Mr. GIAIMO. I yield, briefly.

Mr. BURGENER. I am merely asking that we obey the present law, because a careful reading of it says that we will adopt all these categories after the spending outlays have been adopted.

Mr. GIAIMO. Let me say that I think we are obeying present law. It well may be in the future that we will have to refine it in some way, but at present I think the gentleman's proposal would be unworkable.

Therefore, I must object.

The SPEAKER pro tempore. Objection is heard.

GENERAL LEAVE

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that all Members may be allowed to revise and extend their remarks, and include extraneous matter, during consideration of House Concurrent Resolution 559.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1979

Mr. GIAIMO. Mr. Speaker, pursuant to section 305(a), title III of Public Law 93–344, the Congressional Budget Act of 1974, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 559) setting forth the congressional budget for the U.S. Government for the fiscal year 1979.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Connecticut (Mr. GIAIMO).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 559), with Mr. NATCHER in the chair.

The Clerk read the title of the concurrent resolution.

By unanimous consent, the first reading of the concurrent resolution was dispensed with.

The CHAIRMAN. Pursuant to section 305(a), title III, Public Law 93–344, of the Congressional Budget Act of 1974, the gentleman from Connecticut (Mr. GIAIMO) will be recognized for 5 hours, and the gentleman from Ohio (Mr. LATTA) will be recognized for 5 hours.

The Chair recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of House Concurrent Resolution 559, the first budget resolution for fiscal year 1979.

The resolution is designed to achieve two primary objectives: First, to sustain the economic recovery, now in its fourth year, without accelerating inflationary pressures, and second, to provide adequate funding to help meet important national needs. It recognizes inflation as a major problem with great potential for economic disruption. It also recognizes unemployment, particularly persistently high unemployment among certain groups in our society, as a continuing problem which demands our concern and action.

In a $2 trillion American economy, the fiscal policies of the Federal Government alone cannot solve either problem. But Federal actions clearly have significant impacts. Clearly they send signals to the business community and to consumers, and they affect private sector decisions, both directly and indirectly.

Adoption of this resolution and adherence in our subsequent actions to the spending and revenue targets it establishes can help move our economy in the right direction. It can keep the economy firmly on the path of recovery, while helping to halt the dangerous growth in the rate of inflation.

The tax and spending policies included in the resolution would help promote a healthy calendar 1979 economic growth rate of 4.4 percent. We project an unemployment rate by the fourth quarter of 1979 of 5.8 percent compared to 6.2 percent in March of this year. And we project an inflation rate, as measured by the consumer price index of 6 percent. Without the stimulus of the tax cut, the forecast is for an unsatisfactory growth rate of 3.6 percent, and no reduction whatever in either the unemployment or inflation rates.

SUMMARY OF RESOLUTION

The first budget resolution for fiscal year 1979 sets targets for aggregate spending and revenue levels and for spending in the 19 functional categories of the budget. I include the recommended aggregates and budget authority and outlay figures for the functions to be printed in the RECORD at this point:

Budget aggregates

[In millions of dollars]

Revenues	$443,279
Budget authority	568,152
Outlays	501,358
Deficit	58,079
Debt subject to limit	856,279

Functional categories

[In millions of dollars]

	Function	Budget authority	Outlays
050	National defense	127,439	115,679
150	International affairs	10,990	6,600
250	General science, space, and technology	5,216	5,027
270	Energy	9,494	9,252
300	Natural resources and environment	13,464	12,013
350	Agriculture	12,297	12,188
370	Commerce and housing credit	6,000	3,700
400	Transportation	20,298	17,809
450	Community and regional development	15,251	10,291
500	Education, training, employment, and social services	34,090	31,429
550	Health	52,282	49,505
600	Income security	192,750	159,339
700	Veterans' benefits and services	20,711	20,471
750	Administration of justice	4,200	4,214
800	General government	4,022	4,059
850	General purpose fiscal assistance	9,098	9,237
900	Interest	47,000	47,000
920	Allowances	1,050	1,000
950	Undistributed offsetting receipts	−17,500	−17,500

The aggregate targets differ slightly from the President's recommendations. The deficit in the resolution is $58 billion—$2.5 billion below the deficit in the President's proposals. The target for budget authority is $568.2 billion, roughly the same as the President's recommendation. The outlay target is $501 billion, about $1 billion above the President's recommendation.

The lower deficit in the resolution is largely due to a proposed net tax deduction of $19.4 billion, rather than the $24.3 billion proposed by the President. The components of the recommended tax cut are as follows:

A reduction of $7.5 billion in social security taxes;

New reductions in individual and corporation income taxes of $10.7 billion; and

Other tax measures, including the House-passed energy bill, which result in a reduction in revenues of $1.2 billion.

In addition, the resolution recommends extension of the temporary provisions of the Tax Reduction and Simplification Act of 1977 (including the employment tax credit), which reduces revenues $9 billion below current law.

We believe the recommended tax cut, while avoiding the inflationary pressures of a larger reduction, is necessary to sustain the economic recovery. We are recovering from a deep recession. But the recovery has been modest. Unemployment remains higher and business investment remain lower than we would like. While overall unemployment is coming down, the rate of minority youth unemployment is 39 percent. The jobless rate for all blacks is nearly as high as a year ago. And while older people show comparatively low rates of unemployment, they tend to be out of work for much longer periods and to have a particularly high share of discouraged workers.

In short, the economy still needs help. The recommended tax cut will help the economy maintain a healthy rate of growth and move us closer to full utilization of manpower and resources.

We believe the $7.5 billion social security tax reduction is an important component of the tax package. It would be directly anti-inflationary by reducing business costs. It would relieve the tax burden on those who most need help—low- and middle-wage earners, which includes that group of workers earning too little to pay income taxes, but paying social security payroll taxes at the same rate as high income earners. Finally, it would provide relief for many State and local governments as well as colleges and universities.

On the spending side, the resolution reflects restraint. Spending is substantially below the amounts requested by House committees in their March 15 views and estimates—below by $49 billion in budget authority and $22 billion in outlays. If all committee requests had been accommodated, the projected Federal deficit could be nearly $86 billion.

INFLATION PROVISIONS

The resolution addresses the need to control inflation in a number of ways:

First, in the size and the composition of the tax cut. Not only would the lower total reduction help reduce inflationary pressures, but the $7.5 billion social security tax reduction would directly help hold down prices, since the employers' share of payroll taxes is traditionally passed on to consumers.

Second, in the lower projected deficit and general restraint in spending. While economists may differ about the ultimate impact of high Federal deficits and spending on the elusive factor called "business confidence," there is little question that what we do sends a message to the business community. If we expect reasonable restraint on prices and wages in private sector decisions, clearly the Federal Government must set the tone. No one can be certain how effective the anti-inflation policies recently proposed by the President will be. But we can be sure that without the example of Federal restraint, the anti-inflation effort will be seriously jeopardized.

Third, in proposing legislative reforms such as hospital cost containment, reforms in wage board salary levels and dual compensation, and changing inequities in social security benefits. The legislative reforms recommended in the resolution would result in spending reductions of $2.3 billion in fiscal year 1979. Even more substantial are the 5-year savings that would result since failure to change current law will automatically result in incremental additions to outlays. The cumulative 5-year savings from hospital cost containment alone would total $26 billion. If we are serious about inflation and about high Federal spending and high deficits, we believe the Congress must enact reforms in these programs. which now inequitably benefit special groups or special interests at the expense of other taxpayers and consumers.

While the resolution reflects spending restraint, it continues the congressional commitment to jobs stimulus and to meeting priority needs at adequate funding levels.

It provides $15 billion in budget authority and outlays to attack unemployment problems, including an increase of $2 billion over the President's budget for a third round of job-creating accelerated local public works; and a $1 billion labor-intensive "soft" public works program. It also recommends continuing CETA public service employment at the 725,000 job level and restoration of the summer youth employment program at the fiscal year 1978 level of 1.2 million jobs. In recognition of persistently high unemployment among minorities, the elderly, and young people, the committee report strongly urges that CETA programs, in particular, be better targeted to reach the structurally unemployed.

The resolution addresses both urban and rural needs. It includes all of the funds requested by the President for urban initiatives. The committee also recommends $5 billion more than the President's budget in outlays for agriculture, including $2.5 billion for new legislative initiatives to respond to the current farm situation.

In addition, the resolution provides for major increases in education programs, for a strong national defense, and for the National Energy Act programs both as passed by the House and as tentatively agreed to by House and Senate conferees.

In short, while the resolution is restrained, it is responsive to national needs—strategic, economic, and social.

There will be those who will not be satisfied with the resolution in every particular, for no two people see national priorities in precisely the same way. But I urge restraint on amendments which would add to the already high level of Federal spending. I ask that we remember that any increase in outlays and any increase in the amount of the recommended tax cut will add to the deficit. We have been saying for several years that the recent high deficits were due primarily to the state of the economy. Yet after 2 years of substantial economic growth, the deficit in this resolution, while lower than the President's budget, remains high. Congressional restraint is imperative. Otherwise, the deficit will continue at levels that I believe will be difficult to defend before the American people.

I ask also that we keep in mind that this is not a line item resolution. It sets target spending ceilings in the aggregate and in the functional categories as well as a target floor on revenues. To be sure, there is language in the committee report discussing specific programs, and, in some cases, making program recommendations. Such references are both necessary and proper, for budget totals mean little unless we know what assumptions underlie the components that make up the total.

As you know, however, it is the responsibility of the authorizing committees and the appropriations committee to make specific recommendations on specific program levels. Alterations by these committees of the assumptions within the overall target ceilings in this resolution are entirely consistent with the Budget Act and the budget process.

I ask that this be carefully borne in mind as we consider the resolution. If we adopt line item amendments, let us not delude ourselves that we are adopting the line items, we may, in fact, be engaging in empty and meaningless gestures by accommodating in the spending totals—and driving up the resolution's deficit in the process—programs that have no chance of approval by the legislative committees of the House.

Finally, I would like to pay tribute to the members of the Budget Committee who have worked hard to develop a responsible budget resolution. Among our membership are men and women with outstanding expertise and special concern for national needs in energy, in defense, in agriculture, in veterans affairs, and in other particular budget areas. They have resisted the temptation to cater unfairly to special concerns or individual constituencies in order to produce a balanced and consistent set of budget priorities. I commend them for their diligence, their dedication and their support. I owe special thanks to the ranking minority member, Mr. LATTA, of Ohio. While we have differed on policy questions, we share a common commit-

ment to the budget process, a commitment which I know the House also shares and has repeatedly affirmed.

Mr. Chairman, I urge adoption of the resolution.

Mr. LATTA. Mr. Chairman, I yield myself 12 minutes.

Mr. Chairman, at the outset let me commend the committee and especially the chairman for the many, many hours of hard work that they put in preparing this resolution. I know they have worked very, very hard in bringing it to the floor today. As the chairman has indicated, we certainly have disagreed on various items in the budget. That does not mean that we disagree on the process, because without the process, who knows, we might have a much greater deficit than that proposed in this resolution.

Mr. Chairman, I was sorry to see at the outset that we were not going to consider the fiscal aggregates for spending, taxing, and the deficits, because I definitely think they would have served as a cap, because all we do actually is to put in all these figures one at a time and add them up and say, well, this is our total. If we would start with total figures and say we were not going to exceed them, we would end up in a much better position. This has already been decided, Mr. Chairman, so I do not want to keep anyone in suspense.

So let me say at the outset that I am unalterably opposed to this first budget resolution and will urge my colleagues, Democrat and Republican alike, to vote against final passage unless it is substantially reduced. As presented, this resolution reveals a calloused disregard for all hard-working, taxpaying Americans. If enacted it would perpetuate the legacy of higher and higher taxes and would speed us toward runaway inflation. I would note here that according to the most recent Consumer Price Index, inflation is now running at an annual rate of 10 percent. Let me quote from last Saturday's Washington Post:

. . . the cost of living rose 0.8% in March, a 10 percent rate of inflation if sustained and compounded for a year, the Labor Department said yesterday.

It is a budget which restrains neither taxes nor spending; it gives added impetus to that relentless march toward a $1 trillion public debt by increasing, for the third consecutive year, the budget deficit. It is a budget which continues the strategy of turning us into a Nation where half the people work and pay taxes to support programs designed for the major benefit of the other half. In short, once the true dimensions of this budget resolution are understood, I will not be surprised to see it suffer a defeat similar to that of the first budget resolution last year.

For the past several years, during these annual debates on the budget resolutions, I have expressed my deep concern that the congressional budget process was not performing its proper functions. At the time I said that the House's cavalier rejection of attempts to control spending and reduce the deficit could eventually lead to the abandonment of the budget process altogether. My thinking was that those in support of the budget process would eventually throw in the towel when it became clear that the big spenders in Congress had no intention whatsoever of listening to the call for reduced spending.

I see now that this dire prediction is unlikely to come true, but for the wrong reasons. Rather than being a threat to the big spenders, the budget process has been converted into big spenders biggest ally. Look at what really is happening: The President sends up his shopping list, the spending committees in Congress project how much they want to spend, and then the Budget Committee puts its good-housekeeping "seal of approval" on the whole thing by adding to—rather than subtracting from—the total package. The committee described this budget resolution as being "lean and tight," but for anyone who watched them put together this resolution knows full well that the committee acted like an adding machine without a subtract button. The Budget Committee encourages more spending by putting its blessing on many social welfare proposals so inflationary that the House, left to its own devices, would probably not approve many of them.

For anyone who doubts my assertion that the Budget Committee has served to increase spending over what would have occurred in the absence of the budget process, I suggest that the following statistics speak for themsleves:

From 1969 through 1974—the period just before passage of the Congressional Budget Act—Federal spending increased 7.1 percent each year, on the average.

Since the passage of the Budget Act, annual spending increases have averaged 13.3 percent—or almost double the pre-Budget Act rate!

For the past three budget years—1977 through 1979—spending has increased annually at a rate of 11.1 percent even though we are in the midst of a strong economic expansion. Even the most liberal economist would have to admit that spending growth ought to slow when the economy is strong and growing.

What bothers me just as much as these enormous spending increases is the fact that the Budget Committee does not seem to take cognizance of the fact that they are taking place. If one believes the report accompanying the resolution now before us, the Budget Committee's deficit for 1979 will be $2½ billion lower than the President's. This gives the appearance that the Budget Committee actually showed some—albeit small—restraint in putting together the first resolution for 1979. But in fact the committee has proposed a deficit which is $6.1 billion higher than that which would have occurred under the President's budget submitted last January. Briefly let me explain the real numbers:

The President's January budget had a deficit of: $60.6 billion.

In March, President Carter revised this downward to: $59.6 billion.

CBO and the House Budget Committee have subsequently estimated that actual spending under the Carter budget will be $7.6 billion less than anticipated by the President in January; this puts the Carter deficit at: $52.0 billion.

Contrast this figure of $52 billion with the deficit in the first budget resolution of $58.1 billion and you can see that the committee has added more than 10 percent to the deficit we could have expected if the Carter budget had been accepted without change. Now let me make it clear that I find a deficit of $52 billion almost as objectionable as one of $58.1 billion, and would under no circumstances vote for a budget with a deficit remotely near this figure. But the point I want to make is that the Budget Committee's resolution is full of far more spending and contains substantially lower tax cuts than the President's.

Furthermore, I think we all ought to take note of the fact that the Senate—that body long considered to be the more liberal of the two Houses in Congress—has already passed its first budget resolution for 1979, and it contains a deficit and spending total $2½ billion lower than called for in the House resolution before us today. Note that the Senate is already $2½ billion below us and we have not even started the amendment process yet; as you know, billions more could be added on the floor. I find it hard to believe that the House is willing to relinquish leadership to the Senate when it comes to saving taxpayers' money, yet that is just what we are going to do if some major downward surgery is not performed on this resolution before it leaves the House.

If the budget process has accomplished nothing else, it has made some of our colleagues much more sophisticated when it comes to justifying their pet spending programs and enormous deficits caused by them. It used to be that these big social welfare schemes were defended on the grounds that they benefited large numbers of their constituencies. Now we hear that it is all these fancy econometric computer models which require all the extra spending. These models—or at least those used by the Budget Committee—all have one thing in common: They all predict that the economy will collapse if we do not run bigger deficits. When we are in a recession, more spending is needed to pull the economy out of its downward path; when we are in a recovery, larger deficits are needed to repair the damage done by the recession; and when the economy is operating near its capacity, more spending and bigger deficits are required to prevent another recession which the models always see around the next corner. These models seem to bestow an official blessing on the spending the planners had already decided on in the first place.

Mr. Chairman, the only tool the Budget Committee seems to be lacking is a computer which will print out irrevocable ways to reduce spending. Every day I hear more of my colleagues telling me what I have known all long: the people in this country are concerned about three things: Inflation, taxes and big deficits. Common sense would dictate that Congress do something about all three of these problems, and what better vehicle to accomplish something towards this end than to use the Federal budget process. Yet look at what the first budget resolution does:

Provides for the second largest budget deficit in history, during the fourth full year of economic recovery;

Increases Federal spending by 11% over this year, then calls this increase modest and non-inflationary;

Reduces the size of the President's proposed tax cut by one-quarter.

This sort of irresponsibility simply cannot be allowed to continue. Simple common sense mandates that the budget resolution we adopt for fiscal year 1979 be based on the following principles:

First. Significant tax relief to offset rising inflation and Social Security taxes.

Second. Real restraint on the growth of Federal spending.

Third. Cutting the deficit to a level where it becomes feasible to balance the budget in the foreseeable future.

We have spent far too many years agonizing over whether we were being fair to every group in this country except the American taxpayer. I propose we make 1979 the Year of the Taxpayer, and as the first step in observance of this unique event, I urge the House to reject this first concurent resolution for the fiscal year 1979 budget.

Mr. GIAIMO. Mr. Chairman, I yield 7 minutes to the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Chairman, I would like to begin by complimenting the distinguished chairman of the Committee on the Budget, the gentleman from Connecticut (Mr. GIAIMO), for the extraordinary leadership that he has provided. I appreciate his fairness and his concern for the interests of the Members.

As Chair of the Budget Committee's Task Force on State and Local Government, I would like to point out the important provisions contained in the budget resolution dealing with the concerns and needs of distressed cities.

This budget resolution goes a long way in acknowledging the central importance of cities; it recognizes that the economic health of America requires the economic health of its cities. For that reason, the budget resolution merits the attention and support of Members of the House.

The House Committee on the Budget provided a total of $8.6 billion in budget authority and $2.7 billion in outlays in new spending for a variety of urban programs. These amounts will not only fully fund the administration's urban policy, but will cover programs the administration did not include or fund in its urban policy. These amounts added by the committee are vitally important to the distressed cities of this country.

In this resolution, the President's urban policy will be funded at its full level—that is, $5.5 billion in budget authority and $1.7 billion in outlays. These amounts will cover such items contained in the administration's policy as the National Development Bank, a "soft" public works program, increases for title XX, State incentive grants, countercyclical revenue sharing, section 312 housing, and urban parks and recreation.

It is important to note, however, that the Committee on the Budget went beyond the administration's urban proposal in several key areas. The committee added a total of $3.1 billion in budget authority and $1 billion in outlays for programs that are essential to the economic survival of the cities of this country.

One of the most important items added by the House Committee on the Budget and contained in this resolution is $400 million in budget authority and outlays for fiscal relief for State and local governments to help pay for their staggering welfare burdens. These funds are included to allow the Federal Government to pay for a larger share of local welfare costs. The amounts contained in the House budget resolution will pay for the implementation in fiscal year 1979 of the fiscal relief provisions contained either in H.R. 7200 or in the administration's welfare reform proposal.

The administration included a provision for immediate fiscal relief for State and local governments in its urban policy, but failed to request funds for it. The House budget resolution properly corrects for this omission.

The House budget resolution also adds extra funds for the upgrading of mass transit systems—$675 million in budget authority and $345 million in outlays. Decent mass transit, as we all know, is central to the survival of cities.

In addition, the House budget resolution funds a third round of the accelerated local public works program. The original funds for this program have already been obligated, and the amounts contained in the resolution will allow for new public facilities to be built and for assistance to hard-hit local governments to be continued. The amounts contained in the resolution are $2 billion in budget authority and $300 million in outlays.

The committee also adds $50 million in budget authority for the important title XX program, which funds senior citizen centers and daycare centers. This is in addition to the $150 million in budget authority requested by the President in his urban policy, and provided in the budget resolution.

The committee does not include in the budget resolution the administration's investment tax credit proposal for new industrial structures. At hearings held by the Task Force on State and local government, many witnesses testified that this proposal, on balance, would cause economic harm to the cities by encouraging businesses to leave. The committee's omission of this proposal increases overall revenues by $2.4 billion.

The actions of the House Committee on the Budget with respect to full funding of the administration's urban policy and with respect to the other items I have mentioned constitute a very necessary first step in the effort to revitalize our Nation's distressed cities and assure their economic survival.

For these reasons, Mr. Chairman, I support the budget resolution and strongly urge my colleagues to do likewise.

Mr. LATTA. Mr. Chairman, I yield 6 minutes to the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Chairman, back in 1974, when we enacted the "Congressional Budget and Impoundment Control Act" our national debt was around $450 billion. It is now approaching $860 billion. To say the least, our 4 years experience with this new congressional budgetary process has not resulted in responsible and effective control over Government spending and our national budget.

Let us face it, the procedure we are going through today was born out of the frustration of one impoundment after another during President Nixon's administration. It is a little bit ironic, I think, as I recall the sequence of events, that it was a $250 billion debt ceiling that President Nixon threatened to veto that really served as the mechanism for bringing about our current budget process. The President at that time thought that the ceiling was too high, and he wanted it lowered to justify those impoundments and, frankly, to serve as a restraint on Federal spending.

Well, the compromise was a $250 billion debt limitation being enacted into law to which we had added a provision creating a Joint Study Committee on Budget Control. That study committee, of course, recommended that we have the budget process under which we are now operating.

Now, the way it was supposed to work, as I recall that debate, was that we were all going to be much more responsible here in the House and in the Senate. We were going to mend our spending ways by being very conscious of the fact that when we increased an allocation here or there we would be responsible and eventually have to require some reconciliation. We would have to go back to the Ways and Means Committee and say, "Well, we have just got to have more money to make up for those increased expenditures."

The way this thing has finally evolved is that the majority party has continued to increase the spending over and over again, and has never come back to the Ways and Means Committee and asked for a tax increase to make up for those increased expenditures. Quite to the contrary, all the efforts before the Ways and Means Committee in recent years have been, "How can we determine ways of giving the people a tax reduction?" We should seek to reduce the tax burden of the American people, but the other side of the equation has really never been followed as we originally intended when we enacted the Congressional Budget Act. In my judgment, that is why this budget process has failed.

Mr. Chairman, our distinguished colleague, the gentleman from California (Mr. BURGENER), made a very significant point back in the House when he asked unanimous consent for a procedural change for the consideration of the pending budget resolution. While the chairman of the Budget Committee (Mr. GIAIMO) understandably could not summarily agree to the proposed procedural change, I am pleased that he has indicated there might be some merit in the proposal and that he would give it careful consideration. I am sure the gentleman from Connecticut (Mr. GIAIMO) recognizes that our congressional budgetary process is not working as it should,

and it behooves us to improve the process.

To this end the gentleman from California (Mr. BURGENER) and the gentlewoman from Maryland (Mrs. HOLT), both members of the Budget Committee, and myself have introduced a bill (H.R. 12345) to make a procedural change in the way in which the House considers its budget resolution.

Stated very simply, the procedure we propose is to divide the budget resolution into two distinct parts. We first consider what is to be our fiscal policy, and make a determination as to the aggregate revenues and the aggregate outlays and the related surplus or deficit which is appropriate to suit the immediate fiscal situation. Members will have opportunity to offer amendments to this part and after determination has been made on this part, we proceed to the second part where a determination is made as to the allocation of the expenditures in the specific major functional categories.

In other words, in the consideration of the budget resolution there would be no amendments in the nature of a substitute and the entire bill would not be considered as read and open to amendment at any point. Rather we would debate and amend the bill on a two part or two step basis. By adopting this procedure we would be setting aside the rule that was adopted when this Congress was organized and many rule changes were then put into effect without many Members, particularly the freshmen on the majority side, knowing their real import.

What we are actually proposing is a revision of the procedures for the handling of floor amendments to the first budget resolution. We are seeking to establish a conscious coordination between the outflow side of the budget and the income side of the budget. We are seeking a practical procedure by which the Congress actually fixes fiscal policy and then determines priorities.

I cannot but feel confident that the vast majority of this House, both Republicans and Democrats, wanting to do that which will best serve our national economic well-being, will recognize the merits of this procedural change and will give their support to the bill we have introduced (H.R. 12345). For the convenience of the Members I am inserting in the RECORD as a part of these remarks a copy of the bill, and two documents that will assist members in knowing the exact nature of the proposal.

Mr. Chairman, the copy of the bill and the two documents follow:

H.R. 12345

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Two-Step Budget Process Act of 1978".

TITLE I—AMENDMENTS TO THE CONGRESSIONAL BUDGET ACT OF 1974

REQUIREMENT THAT A FIRST CONCURRENT RESOLUTION OF THE BUDGET CONTAIN TWO SEPARATE TITLES

SEC. 101. Section 301(a) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

"SEC. 301. (a) ACTION TO BE COMPLETED BY MAY 15.—On or before May 15 of each year, the Congress shall complete action on the first concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth in two separate titles the following:

"One title shall set forth—

"(1) the appropriate level of total budget outlays and of total new budget authority;

"(2) the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors;

"(3) the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

"(4) the appropriate level of the public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees.

"The concurrent resolution shall set forth in a separate title—

"(5) an estimate of budget, outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transactions, based on allocations of the appropriate level of total budget outlays and of total new budget authority; and

"(6) such other matters relating to the budget as may be appropriate to carry out the purposes of this Act.".

TWO-STEP CONSIDERATION OF A FIRST CONCURRENT RESOLUTION ON THE BUDGET IN THE HOUSE OF REPRESENTATIVES

SEC. 102. (a) Section 305(a) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the word "Consideration" from subparagraph (3) and inserting the following: "Except as otherwise provided in subparagraph (3) of this section, consideration".

(b) Section 350(a) of the Congressional Budget and Impoundment Control Act of 1974 is further amended by inserting the following new subparagraph (3) immediately following subparagraph (2), and redesignating the succeeding subparagraphs accordingly:

"(3) Consideration of any concurrent resolution on the budget referred to in section 301(a) by the House of Representatives shall be in the Committee of the Whole, and such resolution shall be read for amendment under the five-minute rule by titles in accordance with the application of rule XXIII of the Rules of the House of Representatives. No amendment in the nature of a substitute shall be in order for such resolution in the Committee of the Whole. All amendments to that title containing the level of Federal revenues, the level of total budget outlays, the level of total new budget authority, or the appropriate amount of the surplus or deficit in the budget, as set forth (pursuant to section 301(a)) shall be considered and disposed of prior to the consideration of any amendment to that title containing the levels of new budget authority and estimates of budget outlays for each major functional category (pursuant to section 301(a)(5)).".

TITLE II—MISCELLANEOUS PROVISIONS

EXERCISE OF RULEMAKING POWERS

SEC. 201. The provisions of this Act are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, and such rules shall supercede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows: (existing law proposed to be omitted is enclosed in brackets, existing law is in small type, new matter is quoted).

ADOPTION OF FIRST CONCURRENT RESOLUTION

[SEC. 301. (a) ACTION TO BE COMPLETED BY MAY 15.—On or before May 15 of each year, the Congress shall complete action on the first concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth—

[(1) the appropriate level of total budget outlays and of total new budget authority;

[(2) an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transactions, based on allocations of the appropriate level of total budget outlays and of total new budget authority;

[(3) the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors;

[(4) the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

[(5) the appropriate level of the public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees; and

[(6) such other matters relating to the budget as may be appropriate to carry out the purposes of this Act.]

"SEC. 301. (a) ACTION TO BE COMPLETED BY MAY 15.—On or before May 15 of each year, the Congress shall complete action on the first concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth in two separate titles the following:

"One title shall set forth—

"(1) the appropriate level of total budget outlays and of the total new budget authority;

"(2) the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors;

"(3) the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

"(4) the appropriate level of the public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees.

"The concurrent resolution shall set forth in a separate title—

"(5) an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transactions, based on allocations of the appropriate level of total budget outlays and of total new budget authority; and

"(6) such other matters relating to the budget as may be appropriate to carry out the purposes of this Act."

PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

(1) When the Committee on the Budget of the House has reported any concurrent resolution on the budget, it is in order at any time after the tenth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution has been available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

"(3) Consideration of any concurrent resolution on the budget referred to in section 301(a) by the House of Representatives shall be in the Committee of the Whole, and such resolution shall be read for amendment under the five-minute rule by titles in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. No amendment in the nature of a substitute shall be in order for such resolution in the Committee of the Whole. All amendments to that title containing the level of Federal revenues, the level of total budget outlays, the level of total new budget authority, or the appropriate amount of the surplus or deficit in the budget, as set forth (pursuant to section 301(a)) shall be considered and disposed of prior to the consideration of any amendment to that title containing the levels of new budget authority and estimates of budget outlays for each major functional category (pursuant to section 301(a)(5))."

"(4)[3] [Consideration] "Except as otherwise provided in subparagraph (3) of this section, consideration" of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be read for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

"(5)[4] Debate in the House of Representatives on the conference report or any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

"(6)[5] Motions to postpone, made with respect to the consideration of any concurrent resolution on the budget, and motions to proceed to the consideration of other business, shall be decided without debate.

"(7)[6] Appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

H.R. 12345—THE TWO-STEP BUDGET PROCESS ACT

BUDGET TWO-STEP MODEL: FIRST CONCURRENT RESOUTION ON THE BUDGET

H. CON. RES. —

Resolved by the House of Representatives (the Senate concurring),

TITLE I

(Step 1: Amendments to this title shall be considered and disposed of first. No amendment in the nature of a substitute for the entire resolution is in order.)

That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on ————

(1) the recommended level of Federal revenues is ———, and the amount by which the aggregate level of Federal revenues should be decreased is ———;

(2) the appropriate level of total new budget authority is ———;

(3) the appropriate level of total budget outlays is ———;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is ———; and

(5) the appropriate level of the public debt is ———, and the amount by which the statutory limit on such debt should accordingly be increased is ———.

TITLE II

(Step 2: Amendments to this title would be considered and disposed of after the completion of all amendments to Title I. No amendment in the nature of a substitute for the entire resolution is in order.)

Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first title of this resolution, the Congress hereby determines and declares pursuant to section 301(a)(5) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on ————, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, ———;
(B) Outlays, ———.
(2) International Affairs (150):
(A) New budget authority, ———;
(B) Outlays, ———.
(3) General Science, Space & Tech. (250):
(A) New budget authority, ———;
(B) Outlays, ———.
(4) Energy (270):
(A) New budget authority, ———;
(B) Outlays, ———.
(5) Natural Resources & Environment (300):
(A) New budget authority, ———;
(B) Outlays, ———.
(6) Agriculture (350):
(A) New budget authority, ———;
(B) Outlays, ———.
(7) Commerce and Housing Credit (370):
(A) New budget authority, ———;
(B) Outlays, ———.
(8) Transportation (400):
(A) New budget authority, ———;
(B) Outlays, ———.
(9) Community & Regional Development (450):
(A) New budget authority, ———;
(B) Outlays, ———.
(10) Ed. Training, Empl. & Social Services (500):
(A) New budget authority, ———;
(B) Outlays, ———.
(11) Health (550):
(A) New budget authority, ———;
(B) Outlays, ———.
(12) Income Security (600):
(A) New budget authority, ———;
(B) Outlays, ———.
(13) Veterans Benefits and Services (700):
(A) New budget authority, ———;
(B) Outlays, ———.
(14) Administration of Justice (750):
(A) New budget authority, ———;
(B) Outlays, ———.
(15) General Government (800):
(A) New budget authority, ———;
(B) Outlays, ———.
(16) General Purpose Fiscal Asst. (850):
(A) New budget authority, ———;
(B) Outlays, ———.
(17) Interest (900):
(A) New budget authority, ———;
(B) Outlays, ———.
(18) Allowances (920):
(A) New budget authority, ———;
(B) Outlays, ———.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, ———;
(B) Outlays, ———.

Mr. GIAIMO. Mr. Chairman, I yield 15 minutes to the gentleman from California (Mr. LEGGETT).

Mr. LEGGETT. Mr. Chairman, I do not know whether I am going to take the 15 minutes or not. This is an interesting time in this 10-hour vigorous debate on the most important legislation to come before the House of Representatives, to wit, the budget. As opposed to debate, it seems to me that we have very interesting monologs that are taking place and a tremendous audience here to listen. I hope the television cameras are working very well so that all of this information is getting back to all the Members instantaneously.

I heard what the distinguished minority whip has just said. I think there is a lot in the recommendations. There have to be some changes in this budget procedure because, as I see it, we are in large part shadowboxing. We are setting targets one day and we are obliterating those targets the next day. We are trying to rationalize what we have done at the end of 4 or 5 months with a second resolution.

We start out with a resolution that neither the Democrats are satisfied with nor are our so-called flat-earth people we have on the other side or conservative side.

I think we all ought to be opting for a balanced budget. I do not think we get it necessarily through the Rousselot procedure. I do not think we get there through primarily targeting toward a deficit which is pre-agreed upon. I do think we need to show some control over this procedure which today the Congress has not been able to establish.

We intended to have, I believe, an awareness of the overall deficits and, as the gentleman has indicated, we have shown an awareness of deficits of $500 billion or $600 billion or $700 billion, and now $800 billion, now some $860 billion is going to be the net product of a vigorous action of an independent Budget Committee working very hard. I think the chairman of the Budget Committee

this year has done an extraordinary job in keeping the system together but I believe that our basic procedure leaves a lot to be desired.

Frankly what I would like to see in this last year that I am in the U.S. Congress is a procedure that perhaps everybody could acclimatize to, and that would be perhaps keeping the discipline of the budget program where we report out authorization bills and appropriation bills by various dates for a budget for the majority.

Let us iron that out in the Democratic caucus. Let us try to stay with it. Let us be responsible for whatever deficiency we have. Let the minority side argue out their program. Then when bills come up we can argue whether or not a particular bill of a certain magnitude is within or without the target that we have set on our respective sides. Then we have done something. Then we have got something we can talk about.

The way we have the procedure now structured we do really nothing to control the overall deficit. We come up with a figure that generally everybody is ashamed of, either too big or too small, depending on the eye of the beholder, and we rationalize at the end of the procedure. Then everybody goes home and ignores the total process.

Mr. Chairman, as we begin consideration of the first resolution for fiscal year 1979, it may be appropriate to recall the legislation that established the new congressional budget process states:

The Congress declares that it is essential to establish national budget priorities.

In my judgment, this is a mandate to the House to examine carefully this resolution in the light of priorities it sets for Federal spending. This resolution provides a guide to what the Nation can afford this year and what it cannot.

The events of the past 8 months have produced an economic picture very different from that which we examined in preparation of the second budget resolution for fiscal year 1978. This is understandable. Further changes are possible during the next 4 months and the committee will monitor conditions closely between now and September when the House will be asked to make its final decision on a budget ceiling.

It is with this background in mind that I ask you to consider the recommended budget authority and outlay targets for national defense. As a member of the Armed Services Committee for some 14 years, I have seen and acted on the rise of defense budgets from $50 billion in fiscal year 1963 to the administration's spending request for fiscal year 1979 of $118 billion. Defense budget requests, seem to some, to be sacrosanct and inviolable. This is not the case. We do not need to dig up the old graves of the ABM system, the B–70, and other misguided programs which were touted as being absolutely necessary for the defense of this great Nation.

The Budget Committee in the first concurrent resolution recommends $127.4 billion in budget authority and $115.6 billion in outlays for national defense in fiscal year 1979. These funding targets are $9.3—plus 8 percent—billion in budget authority and $10.3 billion in outlays over the current—plus 9 percent—level for fiscal year 1978.

This increase represents a real growth, above inflation, of $2.2 billion in budget authority and $3.9 billion in outlays. Total defense spending, recommended in this resolution after providing for inflation, is up by over 3 percent.

I would like to put the defense budget and its relationship to NATO into recent historical perspective. During the period 1967 through 1974 when we were involved in Vietnam, the defense budget was primarily a consumption budget, that is, we were simply replacing equipment and ammunition which was being consumed in Vietnam. During this period because our military and civilian leaders were preoccupied with events in Southeast Asia, there is no doubt that we let our NATO posture deteriorate to a large degree, modernization was delayed, stocks were depleted, and troop morale and training were at a low ebb.

After the fall of South Vietnam in 1975, things began to change rapidly, defense budget, for fiscal years 1976, 1977, and 1978 were increased in real purchasing power. Much of this increase was directed to NATO oriented forces and programs. For instance, funding for our ammunition programs were doubled.

The fiscal year 1979 budget again contains a substantial real increase of about 3 percent for NATO oriented programs. The total in the resolution for fiscal year 1979 is $127.4 billion. This is a very controversial recommendation as always.

This year there seems to be more than the usual attempts to increase certain programs. However, in view of our overall national deficit of $58 billion or better, the proposed DOD target will provide enough to maintain a secure deterrent and a stable strategic balance. We will also maintain both military and political credibility within NATO. All within the framework of a new national debt of $865 billion and an interest expense, not of 9 billion when I came to Congress, but $47 billion.

The $127.4 billion funding level continues the real growth in defense spending initiated in fiscal year 1976. The decision to increase the number of Army divisions, to increase the number of tactical air wings, to accelerate the cruise missile program and the modernization of conventional weapon systems, and to improve the readiness of military units for combat have and are being funded by the Congress.

The funds provided by this Congress for the fiscal year 1979 defense budget are estimated to be 23 percent of total Federal spending. This is actually an illusion. The real costs of our defense establishment should also consider our foreign military assistance, the benefits provided to veterans who have served with the military, and the retired pay of the civil servants previously employed by the defense department. When these costs are considered the total spending for defense in fiscal year 1979 will approach $143 billion.

We must remember the defense spending is funded out of general revenue funds only, not through trust funds or other contributory programs. After interest on the public debt, some $47 billion this upcoming year, is subtracted from the total of general revenue funds, the amount remaining for all other available programs is less than $246 billion. Thus, the real percentage of taxpayers funds utilized by defense programs is 58.1 percent rather than the often quoted 23 percent.

The budget authority target recommended is $1 billion lower than the President's request. This reduction is related to the slow down is scheduled deliveries of the Trident submarine. It is clear from available information that the first five Trident submarines now under construction will be delivered 7 to 17 months later than scheduled. Construction and delivery dates for the recently awarded sixth and seventh submarines are not firm but will be significantly later than the dates originally planned. Based on the current situation, funding for a Trident submarine in fiscal year 1979 would be premature. I might add, this reduction does not affect the $0.2 billion request for procurement of critical long lead items for the eighth Trident required to maintain production continuity.

In the area of outlays it may appear the defense budget has been cut by $2.1 billion. This is not true. The national defense outlay target of $115.6 billion is a reestimate of the President's fiscal year 1979 outlays which reflects the recent historical trends of outlay shortfalls and a reevaluation of defense procurement spending. As I stated earlier, even with this reestimate, in real terms, outlays are actually $3.9 billion over the fiscal year 1978 level.

This increase in outlays must also be considered in light of the continued increase in Defense Department unexpended balances. Unexpended balances are those funds which have been authorized and appropriated by the Congress in this and previous years which have not yet been spent on defense programs. Just 3 fiscal years ago, at the end of fiscal year 1975, the unexpended balances available to the Department of Defense were $44.0 billion. By the end of this upcoming fiscal year these balances are estimated to reach some $83 billion, an increase of over 88 percent.

There are certainly valid reasons for the Defense Department having unexpended balances. The reasons have been thoroughly discussed by the committee, the Congress, the GAO and the OMB. It is clear, however, that these balances have continued to grow at such a rate that reasons other than management practices and full funding of programs are at the root of this issue. The Congress must direct the Defense Department to spend more time on executing the programs currently authorized and funded and less time on planning and justifying new programs and budgets.

Considering current defense spending plans and in light of the economic trends, fiscal policy, and spending priorities, underlying this resolution, I believe this to be, an appropriate and adequate funding level for national defense.

I urge my colleagues to support this first concurrent resolution and target for national defense.

Mr. LATTA. Mr. Chairman, I yield 12 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, I would like at the outset to thank the distinguished chairman of the Committee on the Budget and the gentleman's majority colleagues. Chairman GIAIMO has exhibited wit, grace, and patience in a difficult task. I regret that I do not like the product of the gentleman's committee better.

Rising inflation, rising taxes, rising spending—that is a recipe for fiscal disaster. That is also what the cooks in the Committee on the Budget have dished up for fiscal year 1979.

What is a responsible Member to do? I suggest the following:

First, try to amend the budget resolution to bring it into line with the demands of today's inflationary economy.

Then if such amendments are voted down, vote against the budget resolution, send it back to the committee, and hope that the next resolution will not threaten to put the country and its citizens into an economic tailspin.

If you are trying to be responsible, then do not vote for House Concurrent Resolution 559 in its present sorry state.

In 5 fiscal years experience with the new budget process, our grip on the fiscal throttle has weakened, not tightened. Under the budget process, we have been running out of control. Our hungry Government is devouring more and more.

Republicans plan to offer two motions tomorrow to slow this dangerous momentum:

My tax cut of $10 billion more than the cut in the pending resolution, and the proposal of the gentlewoman from Maryland (Mrs. HOLT) to force the House to consider budget aggregates—spending and taxing totals—before fine tuning amounts for the 19 functional categories.

A few statistics illustrate how badly the Budget Act has failed in restraining surges in spending and taxing.

First, spending is out of control. Let us consider these statistics:

Average annual rate of spending growth from 1969 to 1976, including two recessions, was 9.5 percent.

The average annual rate of spending growth for fiscal years 1977 to 1979, that is with strong economic recovery and with a Democratic President and Democratic Congress, the spending growth was 11.1 percent.

The average annual rate of spending growth in the 5-year history of the budget process was 13.3 percent, a record for a 5-year period.

The average annual rate of spending growth for 5 years before the Budget Act was only 7.8 percent—think of that, 7.8 percent, as opposed to the spending growth after the Budget Act has gone into function.

Mr. Chairman, I think that illustrates that spending is out of control.

Let us look at taxing. Taxing is out of control also. The average annual rate of receipts growth from 1969 to 1976 was 9.1 percent; the average annual rate of receipts growth from 1977 to fiscal year 1979 is 13.3 percent and climbing. The average annual rate of receipts growth for the 5-year history of the Budget Act was 10.88 percent, and the average annual rate of receipts growth for the 5 years before the Budget Act was 7.3 percent.

We are entering the fourth year of an economic recovery, and we are already at a point in the economic cycle when Keynesian theory would dictate fiscal restraint. Instead, the deficit continues to climb. In 1977 it was $45 billion; in 1978, according to current figures, it is $53 billion; and in 1979 it is projected to be $59 billion.

Does this sound "lean and tight"? President Carter thinks so. We are certain it is not.

It is no surprise that inflation rates are also shooting higher. The Consumer Price Index bounced up 0.8 percent last month, a rate that would bring us to double-digit inflation compounded over a 12-month period.

The resolution pending before us is based on an ostrich-like belief that the 1978 inflation rate will be only 6 percent. To reach that goal, we could average no more than 4.9 percent inflation during the remaining 8 months in 1978. Wishing will not make that happen.

Mr. Chairman, what is wrong with the budget process? It was supposed to keep these alarming numbers under control. Instead, it has sanctioned them, given them an aura of responsibility they would not otherwise have had.

The budget process has become an arithmetic procedure—simply tallying the cost of the majority party's "wish list."

Our priorities and procedures have been reversed. We should first look at the aggregates that will give us the healthiest economy, and, second, and only then, look at how to allocate spending. Instead, we have been letting taxes rise precipitously, spending the revenues on down payments for new and expanded programs, and cranking up a deficit that tests the breaking point of the economy.

Where is the 5-year plan the Budget Act requires? House Congressional Resolution 559 has a 5-year projection, but these are not real numbers. The committee report says:

> These projections are not forecasts of future budget decisions of economic conditions. They are in no sense a plan for fiscal policies for future years.

Without a 5-year plan, Mr. Chairman, the Budget Act has been helping the Democrats with their spending and taxing. In the last 2 years under the Democrats, Federal income tax burden has jumped 10 percent, from 11.3 cents to 12.5 cents out of every dollar of personal taxable income. If revenues increase at the same rate as they have under the Carter administration, total Federal taxes will climb to 22 percent of gross national product by the year 1983.

The Republicans have a 5-year plan: Balance the budget in 5 years at a tax burden level equal to 18.6 percent of GNP. The Democrats are headed toward balancing taxes and revenues at 24 percent of GNP after 6 or 7 years, if we extrapolate along the current curves.

My tax cut, Mr. Chairman, is a key part of the Republicans' plan to balance the budget. I propose a cut of $10 billion deeper than the one in the pending resolution—a total cut of $38.7 billion. I am going to break that figure down for the Members in a minute.

Assuming 7-percent inflation in 1978, as opposed to the budget assumption of 6 percent—and I think this is realistic in the light of the last CPI figures—my cut would result in $440.1 billion in revenues.

For comparison, the pending resolution proposes 6-percent inflation, a tax cut of $28.4 billion, and revenues of $443.3 billion. At 7-percent inflation, the committee tax cut would yield revenues of $449.8 billion. The revenues floor does not specify what items the tax cut must comprise.

As we have seen in the past, a parliamentary point of order lies against only the piece of legislation that would cause revenue to fall beneath the floor.

For the purposes of illustration, however, let me indicate some of the items that could be contained within a $38.7 billion tax cut:

A $25 billion income tax cut that would accommodate the Kemp-Roth plan or alternative individual/corporate cuts of comparable dimensions; and a $9 billion continuation of existing tax cuts which would otherwise expire.

I think, under any circumstances, it is expected that we would enact such a cut because otherwise we would have a tax increase—$3.2 billion to check the new growth of social security taxes; $1 billion for tuition tax credits, something which I think most Members of this House expect; and $0.5 billion for various smaller measures, miscellaneous, if you like.

This is not a drastic tax cut. It is realistic. It is responsible. It actually reduces the taxpayers' burden.

Under the President's tax cut, income taxes next year would be higher in real terms than they have been in seven of the past ten years.

The Budget Committee's tax cut is $4.2 billion smaller than the President's. I think taxpayers will reel under such a burden.

Inflation and social security tax increases next year will push taxpayers into higher tax brackets unless we enact a cut of the magnitude I am proposing.

Without the tax cut, taxpayers will lose. and the Government will benefit from an inflationary tax base.

With the trend evident under the Democrats, taxes are rising faster than income. Projecting current trends from 1978 to 1982, taxable personal income would increase by 14 percent but personal income taxes would increase by 16.5 percent.

This means that under the implicit 5-year plan of the pending resolution, assuming there is a 5-year plan, many families can expect that for every 1 percent increase in their incomes, they will have to pay about 1.5 percent more in taxes.

Families between $8,000 and $20,000 income in 1978 will suffer between 3 and

4 percent loss of real income by 1982 after taxes and inflation, unless we do something about it.

The Republican 5-year plan calls for tax cuts through 1983—1979, $38.7 billion; 1980, $29 billion; 1981, $29 billion; 1982, $24 billion; and 1983, $21 billion.

These cuts will gradually bring tax levels back down to their historic total Federal tax burden of 18.6 percent of GNP.

Coupled with restrained spending, these tax cuts are fundamental to our plan for sustained economic growth without fiscal drag or inflation.

Mr. Chairman, I urge my colleagues to vote for this tax cut, for a budget procedure that works, for a well-balanced, noninflationary economy in the future.

Mr. Chairman, this is an earnest moment in the life of the Congress always when we consider the blueprint for the coming year. I regret that earnestness has not translated itself into attendance on the floor, but I hope my colleagues will consider with great seriousness the responsibility of the two-party system to present further alternative proposals, alternative blueprints, and a plan which will give the American people some choice between sound fiscal policies and a government out of control.

Mr. DERRICK. Mr. Chairman, I yield 8 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, this will end up my fourth year on the Budget Committee. I have seen some very interesting changes take place. I want to compliment the chairman and the members of the Budget Committee for doing some things that I was not necessarily in agreement with, but things that were a part of the mandate in the law that created us.

There were very few, if any, additions made in the markup on the first budget resolution. Very little increase was made, as compared with previous years. That seems to me to indicate the kind of sense of responsibility that should and does permeate the committee.

There are some good things in the budget. I think President Carter was very wise. He gave more money for education than his two predecessors. Not enough, but it shows our concern about education.

I am pleased that we have added on something in the area of public works. This program does work and does provide jobs.

However, then we come to a dilemma, and here is the dilemma which I, as one Member, confront and the dilemma which I think other Members confront. It is very simply this: While a part of America has begun to recover, another large segment of America has not been affected by that recovery. The dilemma lies in the fact that we have a ceiling that we have to impose.

There is a limit on the amount of money we can spend, and yet we have to recognize that there is human need out there that has to be met.

Mr. Chairman, let me put it as simply as I possibly can. One of the great tragedies to me in being caught up in this dilemma is that while white America has been put back to work, black America is still unemployed. There is no doubt but that white, adult, male employment is now at 4 percent. That is the target we set for full employment. On the other hand, black, male, adult unemployment is still close to 11 percent, more than double the white rate.

In all good conscience, how can we begin to cut from the stimulus programs that are needed to bring another large segment of our society back to work?

I will be quite candid. If the private sector had done its job—and it has not—in terms of providing work for that large segment which is still disproportionately unemployed, I would be the first in asking for cuts in the various stimulus programs. However, it has not done its job.

For that reason, the members of the round table have been meeting to discuss how we can begin to address this problem. For that reason, the recognition that the private sector has not done its job, even now the National Alliance of Businessmen is reforming again; but until the private sector can absorb those who are unemployed—and they are mostly black and mostly members of minorities—it is incumbent upon us, it is our duty, and it is our responsibility to provide an opportunity for work for people.

Coming back to the dilemma, Mr. Chairman, we now face the situation where we do not want to add onto the budget. There are still unmet human needs in jobs and in education and in health. We do not want to try to do anything to hurt anyone. We do not want to see people hurting. Yet, at the same time we are guided by those constraints.

For that reason, Mr. Chairman, to try to resolve the dilemma, I have put in the record today the transfer amendment that I will offer during the work of the House tomorrow. What I propose to do is to take some money from the military and transfer it over to meet human needs programs. We are talking about $4.8 billion in budget authority and $2.3 billion in outlays, not a large sum at all. Further, as one of my colleagues, the gentleman from California (Mr. LEGGETT), indicated earlier, there is nothing sacrosanct about the military budget.

Mr. Chairman, I think most of the Members of this House are men and women of good will who do not want to see people hurting because of a disfunctioning of the economic system.

Let us deal with some of the unobligated funds in the military budget, a paltry sum of $2.3 billion in outlays, and move to address the area of human needs which I think should be addressed.

Mr. Chairman, let me make one or two further observations.

I want to support this first budget resolution. I want very much to support it. I would hope that my transfer amendment passes, and that would certainly enhance by desire to support the first budget resolution. But, I also want to give notice to the House that if any attempt is made to add on to a military budget that is now bloated way out of proportion—if we add on to that budget, then I pledge you that I will do everything that I possibly can, as one Member, to defeat the first budget resolution.

I would hope that we would not add on. I would hope that we would transfer money out and put it into human resources. Sooner or later, my colleagues, we are going to achieve a balanced budget which the Members over here so eloquently speak about. We are going to achieve that, but I would submit to the Members that we cannot achieve a balanced budget at the price of human misery. We just cannot do that.

The sensible way to do it is to bring the total resources of this country together, the private sector, the public sector. Let us gear in on the areas of human want and human need, address those in as forceful and positive a fashion as we can, and inevitably we are going to reduce Government spending.

I again hope that there will be no add-ons for the military. I again am going to fight and plead for support of my transfer amendment, and I hope that the Members will give careful and serious reflection on what I have attempted to say here today in a very ineffective manner.

Mr. Chairman, I rise to praise the efforts of the chairman of the Budget Committee in his attempt to establish national priorities through the budget process. I must also take this opportunity to serve notice to this body that I will offer an alternative budget in the form of a substitute to House Concurrent Resolution 559. My substitute budget, commonly referred to as the transfer amendment, seeks to transfer $4.8 billion in budget authority and $2.8 billion in outlays from the military function of the budget to human services, employment creating and skill development programs. The human services area is underserved in the committee budget due basically to an 11.9-percent increase in the national defense and international affairs functions. This increase, over what this body voted for in the fiscal year 1979 budget resolution, provides a budget illusion of security through increased arms. Pentagon propaganda has again prevailed. The effective utilization of fear and insecurity has been a tool of Pentagon public relations in the past and will continue to be its foundation in support of nuclear proliferation and Federal budget waste. Intercontinental missiles, which we now employ, have the potential of destroying the world fivefold. In 2 years these systems will be obsolete, scrapped, and written off the Federal budget as a preservation of peace. I submit that an overindulgence of military muscle does not preserve peace, but instead dictates an international climate of hostility and paranoia.

I offer consideration for the transfer amendment because the 6-percent unemployment rate projected by House Concurrent Resolution 559 translates into 15 percent in the black community, 18 percent in the rural poor community, 17 percent in the teenage sector—38-percent black teenagers—and a disproportionate share of unemployment in the elderly sector. The transfer amendment

addresses these human services neglects directly through increased funding.

I include the following:

In accordance with the Congressional Budget Act of 1974, pursuant to section 301 (A) I hereby declare that for the fiscal year beginning on October 1, 1978—

(1) the recommended level of Federal revenues is $443,279,000,000;

(2) The appropriate level of total new budget authority is $567,810,000,000;

(3) The appropriate level of total budget outlays is $501,358,000,000;

(4) The amount of deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $58,079,000,000; and

(5) The appropriate level of the public debt is $856,279,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $104,279,000,000.

Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth above, I hereby determine and declare pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1978, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National defense (050):
(A) New budget authority, $122,611,000,000;
(B) Outlays, $112,854,000,000.
(2) International affairs (150):
(A) New budget authority, $10,990,000,000;
(B) Outlays, $6600,000,000.
(3) General science, space, and technology (250):
(A) New budget authority, $5,216,000,000;
(B) Outlays, $6,600,000,000.
(4) Energy (270):
(A) New budget authority, $9,494,000,000;
(B) Outlays, $9,252,000,000.
(5) Natural resources and environment (300):
(A) New budget authority, $13,364,000,000;
(B) Outlays, $12,013,000,000.
(6) Agriculture (350):
(A) New budget authority, $12,297,000,000;
(B) Outlays, $12,188,000,000.
(7) Commerce and housing credit (370):
(A) New budget authority, $6,300,000,000;
(B) Outlays, $3,900,000,000.
(8) Transportation (400):
(A) New budget authority, $20,798,000,000;
(B) Outlays, $17,834,000,000.
(9) Community and regional development (450):
(A) New budget authority, $16,651,000,000;
(B) Outlays, $10,491,000,000.
(10) Education, training, employment and social services (500):
(A) New budget authority, $36,262,000,000;
(B) Outlays, $33,301,000,000.
(11) Health (550):
(A) New budget authority, $52,302,000,000;
(B) Outlays, $49,728,000,000.
(12) Income security (600):
(A) New budget authority, $192,844,000,000;
(B) Outlays, $159,589,000,000.
(13) Veterans benefits and services (700):
(A) New budget authority, $20,711,000,000;
(B) Outlays, $20,471,000,000.
(14) Administration of justice (750):
(A) New budget authority, $4,200,000,000;
(B) Outlays, $4,214,000,000.
(15) General government (800):
(A) New budget authority, $4,022,000,000;
(B) Outlays, $4,059,000,000.
(16) General purpose fiscal assistance (850):
(A) New budget authority, $9,098,000,000;
(B) Outlays, $9,237,000,000.
(17) Interest (900):
(A) New budget authority, $47,000,000;
(B) Outlays, $47,000,000,000.
(18) Allowances (920):
(A) New budget authority, $1,050,000,000;
(B) Outlays, $1,000,000,000.
(19) Undistributed offsetting receipts (950):
(A) New budget authority, —$17,500,000,000;
(B) Outlays, —$17,500,000,000.

Mrs. HOLT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I too, commend our chairman and our ranking minority member, and all the members of the committee. We have worked hard; it has been a hard job.

Mr. Chairman, it is too bad that we are not more concerned about the economic health of our country and the well-being of our people. Mr. Chairman, we must have an alternative to the 1979 budget recommended by the House Budget Committee.

The $19.4 billion tax cut proposed by the committee majority is woefully inadequate to offset the economic damage wrought by inflation and the inflationary rise of taxation.

The committee majority has recommended an 11-percent growth rate of Federal spending in 1979 with a $58 billion deficit which is highly inflationary.

There is nothing in the committee's budget that addresses the critical need for capital formation and investment in production and the creation of productive jobs. There is nothing that promises relief for middle-income taxpayers.

Mr. Chairman, with expert help from the excellent Budget Committee staff, I have spent weeks working on an alternative budget that I will offer as a substitute for the committee's product. It provides for a bigger tax cut and a lower deficit.

It would slow the growth rate of Federal spending to a moderate 7.7 percent, but it provides sufficient funds to carry current Federal programs through 1979.

If we accept the Budget Committee's recommendation, Federal spending will have increased at an average annual rate of 11 percent in a 3-year period. This represents a rapid acceleration from the average growth rate of 9.5 through the previous 7 years.

The Budget Reform Act of 1974 has not provided discipline, because discipline can be achieved only if Congress demonstrates self-restraint, which it has utterly failed to do. Before the Budget Reform Act, Federal spending was increasing on an average of 7.1 percent a year. Since then, we have experienced a double-digit growth rate.

My budget recommendation provides for ample growth and in true zero-base budgeting new programs can be funded by drawing money from ineffective programs.

My budget assumes tax reductions of $29.7 billion, which is enough to provide some real relief to taxpayers and stimulate healthy economic activity. The prime sponsor of the tax reduction package is our colleague from New York (Mr. CONABLE), the ranking minority member of the Ways and Means Committee and an extremely valuable member of the House Budget Committee.

The deficit in my stubstitute budget would be $48 billion, which is some $10 billion less than the deficit in the committee budget.

Mr. Chairman, this Congress has a habit of extravagant spending that stimulates consumer demand, but ignores the need for investment in production and the creation of productive jobs. That is a formula for high inflation and high unemployment.

A major tax cut across-the-board however, not only leaves taxpayers with more spendable income, but also leaves them with more money to save and invest. That is the most critical need of our economy.

We should also understand that a lower budget deficit relieves pressure on the capital markets and produces lower interest rates. A moderation of interest rates is essential to stimulate industrial modernization and construction of new plants.

But achieving these things will require discipline in the Congress. We must have the discipline to take less from the private sector to promote strong and noninflationary economic growth.

I do not believe the Federal budget process was created to add up wish lists. We enacted the Budget Reform Act of 1974 because we wanted to discipline our spending habits.

I commend my colleague, Mr. BURGENER, for his efforts to get this committee to consider aggregates. I urge my colleagues on both sides of the aisle to support our legislation H.R. 12345 to assure two-step consideration.

Mr. Chairman, on both sides of the aisle are many who will reject any attempt to restrain spending. They will reject even a responsible and moderate budget.

And my own side of the aisle includes many who would be content to just rant against and vote against the committee budget without offering a responsible alternative.

I believe the economic crisis in our country is too serious for politics-as-usual. That is why I am offering an alternative to the committee budget, as a start on a downward trend toward a balanced budget within 4 years with lower taxes, as Mr. CONABLE said at 18.6 percent of GNP. I heard Mr. Strauss, the President's inflation fighter, say that we have to break the spiral of inflation, we have to stop the climb.

This substitute budget would be a terrific beginning.

Just last week Chancellor Helmut Schmidt of the Federal Republic of Germany said it was time for the United States to assume the responsibility of leadership in the world economy.

I am open to criticism from some sources because my budget does not promise an abundance of tax dollars for new or expanded programs. I am criticized from others because I do not offer an immediate balanced budget, although I am moving in that direction.

We have been hearing for years about plans to balance the Federal budget in 3 or 4 years. The Budget Act requires a 5-year plan, but we never seem to move in that direction. The balanced budget is always out there in the future some-

where. I would like to do it in 1 year. It cannot be done, but now is your chance to slow the growth of Government. The budget can be balanced if we start now.

It is nice to promise something, but we only gain credibility when we start to fulfill the promise. Tomorrow I will offer this substitute budget below, which offers the chance for a start:

[In billions]

	House Budget Committee	Holt substitute
Revenues	$443.3	$440.1
Budget authority	568.2	546.8
Outlays	501.4	488.3
Deficit	58.1	48.2

I urge the support of Members for this budget.

Mr. GIAIMO. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Chairman, at the outset I would like to take this opportunity to commend the gentleman from Connecticut (Mr. GIAIMO), the chairman of the full Committee on the Budget, for what I believe has been an outstanding job in guiding the full Committee on the Budget through some very difficult times in terms of the budget. I think he has done an exemplary job in that respect.

Mr. Chairman, as chairman of the task force, I rise to explain the provisions of the first budget resolution for fiscal year 1979 for programs in the physical and community resources areas.

A number of the most difficult programs and the most challenging opportunities contained in the budget for 1979 are within these two areas. For example, the budget resolution considers our agricultural programs within the physical resources area. The budget for agricultural programs has posed more significant problems for this year and last than any other area. We have seen the budget for agriculture rise from an initial estimate of $2.3 billion only a little over a year ago: today, the agriculture budget may be as much as $12.2 billion, although we hope to be able to reduce that figure to about $10.5 billion. In any event, the agriculture budget is almost five times our estimate of a year ago. Members are familiar with these problems. In the community resources field, the Budget Committee has met some of its greatest opportunities. The President presented his program for urban initiatives only a month ago. The Budget Committee has determined, Mr. Chairman, to include in its recommendations to the House the full amounts of budget authority and outlays proposed by the President: $4.4 billion of budget authority and $732 million of outlays. In addition, the committee recommendations include funds for fiscal relief to States and local governments in connection with the President's recommendation for welfare reform. I would like to outline for the benefit of Members the major provisions of the recommended budget resolution in each functional area in the physical and community resources field.

PHYSICAL RESOURCES

FUNCTION 250. GENERAL SCIENCE, SPACE, AND TECHNOLOGY

For function 250, general science, space, and technology the budget resolution provides $5.2 billion in budget authority and $5.0 billion in outlays. These levels are substantially the same as recommended by the President and reflect modest increases in real resources over fiscal year 1978. I commend the President and my colleagues on the Budget Committee for recognizing that a strong investment in this area is essential to maintaining our dominant technological position in the world.

FUNCTION 270. ENERGY

For function 270, energy, the resolution provides $9.5 billion in budget authority and $9.3 billion in outlays. In general terms, the Budget Committee continues to consider this area to be one of the highest priorities in the budget. The resolution provided substantial funding to accommodate current efforts by the administration and Congress toward minimizing our dependency on foreign oil during the course of the debate. A more detailed explanation of this area will be offered by my colleague from Ohio, Mr. ASHLEY.

FUNCTION 300. NATURAL RERSOURCES AND ENVIRONMENT

For function 300, natural resources and environment, the resolution provides $13.5 billion in budget authority and $12.0 billion in outlays. I would like to highlight some of the areas within this function for which the House has demonstrated a particular interest.

First, in the area of water resources, the resolution recommends an allowance of $400 million in budget authority and $200 million in outlays above the President's budget. This allowance restores budget authority for these programs to approximately the 1978 level and is generally in line with the views and estimates of the committees having jurisdiction over these programs. In recommending this allowance, the committee recognizes that the executive branch and Congress have conflicting philosophical approaches to authorizing and funding water resources programs. We hope these differences can be worked out. The President's forthcoming water resources policy recommendations may be an appropriate starting point toward this end.

Second, the resolution provides $300 million in budget authority and $200 million in outlays above the President's recommendation for agricultural conservation and forestry programs. Presidents over the last two decades have proposed termination or reducing the various agricultural conservation programs. In each case, however, the Congress restored funding and indicated strong support for these programs. Judging from the March 15 views and estimates from the House committees, the President's proposed reductions in the year's budget are not likely to be approved.

In the area of forestry, the Budget Committee noted that the Resource Planning Act (RPA) requires an annual assessment and recommendation with respect to resources needed to achieve sustained yields and to meet other national forestry objectives. For fiscal year 1978 the Congress increased the funding for forestry programs to 85 percent of levels recommended in the RPA study. The President's proposed fiscal year 1979 funding is significantly below the amounts necessary to maintain this level of effort.

Third, the resolution provides a general allowance over the President's budget of $100 million in budget authority and $50 million for other natural resources and environmental programs. The committees having jurisdiction over the programs in this functional category recommended allowances for several legislative initiatives that are in various stages of consideration, as well as for increases above the President's budget for ongoing programs. The resolution allowance will accommodate some, but not all of these new initiatives and other increases above the President's budget. Let me point out that this rather modest allowance is not intended to foreclose the further consideration of any of the particular programs suggested to us by the various committees. To the contrary, the allowance is intended to provide with the framework and the flexibility for the House to determine its priorities and fund those initiatives of highest priority.

FUNCTION 350. AGRICULTURE

For function 350, agriculture, the resolution provides $12.3 billion in budget authority and $12.2 billion in outlays. I think we are all aware of how volatile the estimates in this function have been in recent years. Later, my colleague from Illinois, Mr. SIMON, will offer a more detailed explanation of the resolution recommendations in this area.

COMMUNITY RESOURCES

FUNCTION 370. COMMERCE AND HOUSING CREDIT

For commerce and housing credit programs, the Budget Committee recommendations include $6 billion of budget authority and $3.7 billion of outlays.

The committee carefully considered the President's recommendations in connection with Government-assisted mortgage financing for low- and middle-income housing. The President recommends a $2 billion program of low-income housing mortgage purchases by the Government National Mortgage Association through a new targeted tandem approach. In order to fund this program—which has begun this year—the President recommended an additional $1.5 billion in budget authority. There would be almost no outlays associated with this program in the first year, because of the time lags inherent in the mortgage financing process. Taking into account the recommendations of the Banking Committee and the Appropriations Committee—both of which endorsed the President's program—the committee recommends that funding for the program be derived from repayments and other credits to the GNMA fund rather than from new budget authority. There should be sufficient funds available in the revolving fund to carry out the $2 billion targeted tandem program during fiscal years 1978 and 1979 without any net additions to the budget.

The committee recommends that funds be included for the proposed system of national consumer cooperative banks, consistent with House passage of the authorizing legislation late last session. We understand that the Senate is actively considering this bill. The President has indicated his support for the bill and it seems certain of enactment.

One of the potentially most useful of the energy initiatives incorporated in the forthcoming conference report on energy legislation is the proposal for low-interest-rate loans to homeowners who have less than median incomes in order to help them install energy-saving methods and materials in their homes. The energy legislation will authorize a $3 billion loan program. The recommended budget resolution will provide a first $500 million installment for these loans.

The budget resolution provides $1,830 million for subsidies to the U.S. Postal Service. This is the full amount authorized under existing law. It includes the special subsidies to certain second-, third-, and fourth-class mailers to assist them in accommodating to increasing postal rates. The committee recommendation does not provide for new postal subsidies.

One further area in the commerce and housing credit function deserves mention. The recommended resolution provides additional funds for the business-loan programs of the Small Business Administration at the amounts recommended in the President's budget. I would be less than candid, Mr. Chairman, if I did not indicate that I am personally disappointed in this specific recommendation for SBA. The program of the President anticipates placing increased reliance upon the use of guaranteed private bank loans to small businesses, with lesser reliance upon direct loans. Although guaranteed loans may make good sense when dealing with long-established businesses with acceptable credit ratings, they are less well suited to the special needs of young, struggling small businesses, especially those with minority owners. To my mind, these are the small businesses most in need of Government technical and financial assistance and the SBA program should be primarily directed to their needs.

FUNCTION 400. TRANSPORTATION

In the area of transportation, the House Budget Committee recommendation for function 400 provides $20,298 million in budget authority and $17,809 million in outlays. This reflects an increase of $1,725 million in budget authority and $410 million in outlays over the President's request.

The recommended increases reflect essential program needs and the impact of inflation, particularly in the major construction programs.

The largest increase recommended is $675 million in budget authority and $345 million in outlays for mass transportation. This recommendation includes funding for the Washington Metro system which the President failed to include in his request. The President's request also failed to include funding for the commuter subsidy program which was approved by the Congress earlier this year. In addition, the increase recommended by the committee would provide additional Federal support of mass transportation capital and operating programs. The President's proposed level of funding would have restricted new capital starts to one additional city and would have frozen the current level of operating aid despite the heavy impact of inflation and the expansion of services allowed by increased operating aid. This year, the Budget Committee's task force on community and physical resources, which I chair, held hearings on the Federal highway and mass transportation programs. The mass transportation funding recommendation of the full committee recognizes the importance of mass transportation as an energy-efficient mode, as an alternative means of transportation for the poor, the elderly, the young and other nonautomobile owners, and as a key to providing balanced, land, economic, and transportation development between cities, suburbs, and surrounding areas. The Federal mass transportation programs have reversed years of declining patronage and service levels. We can continue these efforts and fulfill the national transportation policy goal of a balanced transportation system, but only if we provide the necessary funding.

In the Federal highway area the committee recommends a modest increase of $300 million in budget authority. This increase would allow for some program expansion to provide for the basic construction and maintenance needs of our national road and bridge network. The proposed increase recognizes the growing maintenance needs of our roads and bridges due to the aging of our facilities, severe winter weather effects and greatly increased usage. Although proposals have been made for multi-billion funding increases for road and bridge work, the committee recommendation reflects the limitations placed on the program by the availability of revenues from the highway trust fund. The committee believes that sound budgetary practice requires that program expansions be directly related to known available revenue sources. The committee also recommends increased spending for enforcement of truck safety and weight statutory requirements and enforcement of the 55 miles per hour national speed limit to enhance the safety of our citizens and to maintain and protect the massive Federal commitment to date for roads and bridges.

The committee is also recommending $570 million in budget authority and $510 million in outlays for railroad programs with the bulk of the funds earmarked for ConRail and Amtrak. The failure to provide adequate funds for ConRail could well result in the general breakdown of rail service in the Northeast and Midwest, with disastrous economic effects and substantial Federal financial liabilities. Insufficient funding for Amtrak would likewise result in severe service curtailments with parts of the country having no rail passenger service whatsoever.

The transportation increases recommended by the committee are absolutely essential if we are to provide adequate and safe transportation facilities and programs for the Nation. The failure to provide adequate funding for our national transportation needs can only result in disastrous economic dislocations and substantially greater future expenses to recreate neglected and lost services.

FUNCTION 450. COMMUNITY AND REGIONAL DEVELOPMENT

The committee's recommendations for community and regional development programs provide $15.3 billion in budget authority and $10.3 billion in outlays.

Mr. Chairman, I want to immediately bring to your attention the fact that the committee has incorporated all funding for new or expanded urban programs in this function. This was merely a convenient way to treat a group of proposals that have not yet been considered by the House. My colleague from New York (Ms. HOLTZMAN) will speak further on this issue.

The recommended level of spending will allow the Congress to fully fund the President's request for $4.4 billion in budget authority for urban initiatives. The committee also recommends an additional $400 million to provide continued welfare fiscal relief to States.

The committee recommendation includes $2 billion to continue the (accelerated) local public works program in order to provide continued job stimulus. Mr. Chairman, this $2 billion is in addition to the $1 billion proposed by the President for a "soft" public works program.

The committee's recommendations provide increases above 1978 funding levels for economic assistance programs, rural and regional development programs and for the community development block grant program. I am not fully satisfied with the committee recommendation in rural development programs and support any efforts made to boost its mark.

FUNCTION 750. ADMINISTRATION OF JUSTICE

The committee recommends $4.2 billion in budget authority and $4 billion in outlays for programs in this function. The recommendation provides funding increases for all Justice Department programs requested by the President. These increases will allow the hiring of additional FBI, drug enforcement, and other crime prevention staffs. Funding for the law enforcement assistance administration is included at the $641 million level requested by the President.

The committee recommendation provides increased funds for the Legal Services Corporation ($304 millon) and for the Equal Employment Opportunity Commission ($115 million).

FUNCTION 800. GENERAL GOVERNMENT

The Budget Committee's recommendations in the general Government functional area are $4,022 million of budget authority and $4,059 million of outlays.

In this area, Mr. Chairman, the Budget Committee determined that a cut of 2 percent in requested appropriations would be possible. Almost all of the funds provided in this functional area go to salaries of Federal employees. The committee believes that the Appropriations

Committee, in their usual painstaking review of agency estimates, will find ample opportunities within this function for marginal reductions in the number of Government employees and thus in the funds needed for salaries and expenses. Indeed, Mr. Chairman, I understand that the tentative subcommittee mark-ups within the Appropriations Committee are doing as we expected.

FUNCTION 850. GENERAL PURPOSE FISCAL ASSISTANCE

The committee recommends $9.1 billion in budget authority and $9.2 billion in outlays for activities in this function.

Major activities funded are the general revenue sharing program at $6.9 billion and antirecession fiscal assistance funded at $660 million. The committee includes an additional $400 million in function 450 to fund the proposed supplementary fiscal assistance program at $1.04 billion if required.

FUNCTION 900. INTEREST

In the interest functional area, the committee's recomendations are for $47 billion of budget authority and outlays.

The principal item in this area is, of course, the interest on the national debt. The interest bill in 1979 is estimated to be $53.2 billion, based on the budget deficit recommended in the resolution and upon an assumed interest-rate structure incorporating a 6.5-percent interest rate on short-term Treasury securities. Anticipated interest payments into the Treasury by other Government agencies, in connection with their borrowings to support loan programs and similar activities, reduce the interest function on a net basis to $47 billion.

FUNCTION 920. ALLOWANCES

For convenience, the funds that will be required for higher salaries for employees of civilian agencies are presented on a consolidated basis in function 920, allowances. The amounts recommended in the resolution are $1,050 million of budget authority and $1,000 million of outlays.

The estimates and recommended totals in this resolution are sufficient to provide for a 6-percent pay increase. After the Budget Committee had finished its work this year, the President announced that he intended to propose a 5.5-percent pay increase rather than the 6 percent indicated in his January budget submission. I understand that one of my colleagues on the Budget Committee, the gentleman from Texas (Mr. MATTOX) expects to offer an amendment to reduce the amounts in the resolution to reflect a 5.5-percent pay cap.

I should point out, Mr. Chairman, that this function includes one of the Budget Committee's recommended savings through new legislation. The budget resolution, again this year, endorses the President's recommendation, that the system for setting pay of Federal blue-collar workers be revised. This will, of course, require introduction of appropriate legislation, hearings by the Post Office and Civil Service Committee, and the framing of a suitable bill for our consideration here on the House floor. I understand that hearings have been held in the Post Office Committee, but that the committee is not yet in a position to report a bill.

FUNCTION 950. UNDISTRIBUTED OFFSETTING RECEIPTS

A number of items which cannot reasonably be distributed to the other functional areas are treated in the aggregate within the unified budget, referred to as undistributed offsetting receipts. The committee's recommendation includes net receipts of $17.5 billion for these items, which act to reduce the aggregate total of budget authority and net outlays.

For two of these items, agency payments to retirement funds and interest earned by trust funds, the amounts are included here to avoid double-counting within the unified budget as a whole.

The third item, rents and royalties from the Outer Continental Shelf, represent the receipts into the Treasury from oil and gas development off our Atlantic, gulf, and Pacific coasts. The estimates have been prepared by the Congressional Budget Office based upon the administration's announced schedule, and taking into account the effects of pending Outer Continental Shelf legislation.

Mrs. HOLT. Mr. Chairman, I yield such time as he may consume to the minority leader, the distinguished gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Chairman, the Democrats have observed the letter of the law but have completely ignored the spirit of the Congressional Budget Act of 1974. The budget resolutions sponsored by the Democrats have always been reported out in the proper format and on the proper dates, but they have not once attempted to comply with the most essential requirements of the act; namely, those of establishing the appropriate fiscal policy for the Government and then setting spending and taxing priorities.

In the past the Republicans have attempted to alter bits and pieces of the budget resolutions, often resorting to complete substitute resolutions in an attempt to alter the business-as-usual approach of the Democrat controlled Congress. This year, however, we are refusing to play the game according to their rules. Instead we are demanding that the original rules—those set forth in the Congressional Budget Act—be adhered to throughout the deliberations on the first concurrent resolution on the fiscal year 1979 budget. This means that the Congress will be called upon to first set the Nation's fiscal policy (that is, the desirable levels of revenues and spending), then turn to the matter of setting priorities by debating how to distribute the preestablished spending limitation among the various functional categories. Moreover, we will abandon the 1-year-at-a-time budgeting of the Democrats and propose inclusion in the budget report of a detailed 5 year plan which will result in both a balanced budget and significant tax relief. Our plan represents Republican goals for spending and taxing over time; the plan shows clearly where our party would go if in power. The Democrats have no goals; indeed, they have no meaningful budget process.

THE DEMOCRATS' PROBLEM

The primary justification for creating the new congressional budget process was the widespread realization the Congress was making its spending decisions in a piece-meal fashion, with each spending bill being considered separate without any regard to fiscal policy and with absolutely no idea of how much Congress would eventually end up spending in a given year. New programs—especially so-called entitlement programs—were passed with low first year costs but with enormous costs in future years which future administrations and Congresses are helpless to prevent. There was, in effect, no congressional budget whatsoever; indeed, appropriations bills for some fiscal years were not passed until well into the year, so the fiscal year was nearly over before it could be determined what total Government spending would be. Government spending decisions most certainly had a sigificant fiscal impact, but this impact was not intentional, merely accidental.

The new congressional budget process was supposed to fix all this. Well before the next fiscal year was to start, and in advance of all the appropriations bills for that year, the Congress was to study the expected condition of the economy and then set a fiscal policy that would mesh most closely with the needs of the economy. A tentative floor on revenues and a ceiling on expenditures would be set at that time, and the agreed-upon spending total would then be allocated among the functional spending categories. As Republicans we applauded this approach at the time the Congressional Budget Act of 1974 was being considered, and to this day we believe it is in the best interest of this country.

Unfortunately in every year since the passage of the act, the Democrats have refused to live up to the mandate of the law. While the periodic appearance of budget resolutions on the House floor give the appearance that things have changed, in fact, spending decisions are being reached in exactly the same way they always were. In short, the Democrats have abdicated their responsibility to set fiscal policy.

To the Democrats in Congress, budgeting requires only an adding machine without a subtract button. Nowhere in the Democrat-engineered budget process does a fiscal policy appear. Instead, they first vote seriatim on how much they would like to spend in all the major governmental programs; they then add up this wish list and take the resulting total and call that the appropriate level of Federal spending. By working backward like this, the Democrats deny the Congress the right to establish a fiscal policy. Moreover, by starting with how much they would like to spend, it is not surprising that they impart an ever increasing momentum to spend more and more. For example, the rate of increase in Federal spending from 1969 to 1974 (pre-Budget Act) was 7.1 percent; since adoption of the congressional budget process, the annual rate of increase in spending

has averaged 13.3 percent. If one takes the budgets for fiscal years 1977–79, all years of economic recovery, we see spending has increased at an annual rate of 11.1 percent. Accordingly, the size of the deficit has gone from $45 billion to $53 billion to $58 billion, even though the most ardent Keynesians admit the deficits should be declining to reflect the strong growth of the private sector.

The Democrats' dilemma is understandable: every Federal spending program is favored by a majority of House Members (otherwise it would not exist), and as a consequence there will never be enough votes to do anything but increase funding for each and every program. The only way to break out of this vicious cycle is to decide first how much the Government will spend in total, then work out how much of this total will go to each and every spending program; this is fundamental to any budget. The average family prepares a budget by first determining how much it can spend, then it divides up that amount among all the various elements in their budget. The Federal Government is no different; it must decide how much it should spend for the good of the economy (that is what we mean by fiscal policy); only after it has set this total can it realistically determine how much should be allocated to any one program or function. Sadly, the Democrats have yet to realize this. The result has been that Federal spending and Federal taxes have actually accelerated since the Congressional Budget Act has been in existence. The Democrats do not set priorities (priorities are set by dividing up a fixed resource among many competing demands; the Democrats keep expanding the size of the resource—tax dollars and borrowed dollars—so they are not forced to choose between competing demands) and they do not set fiscal policy (their "fiscal policy" is merely a byproduct of their individual spending decisions).

THE REPUBLICAN PLAN

Part 1. Fiscal policy and spending priorities: We will first demand that the House commit itself to establishing a fiscal policy in advance of considering any of the functional spending categories. This means setting the levels of revenues, budget authority, outlays, deficits or surplus, and national debt which are most appropriate for the state of the economy in the coming year. Once these five aggregate categories are accepted, the spending levels for each of the functional categories must be made to conform with the aggregates. In the past, the Democrats have done it backward, making the aggregate fiscal policy measures conform to the spending functions. For the first time Members of Congress would be required to do what they were elected to do: make hard, tough, and agonizing decisions between many valuable, worthwhile programs. We Republicans will bite the bullet; the Democrats are not even willing to lick it. Perhaps we can force them to do so.

Part 2. Agenda for the future: Along with our demand that the House first set fiscal policy, then set spending priorities, we will set forth a 5-year program which will lead the country to a balanced budget and significant tax relief. These two items must go hand in hand. Under the Democrats, the Federal income tax burden has jumped 10 percent—from 11.3 cents to 12.5 cents of every dollar of personal taxable income—in just the past 2 years alone. Coupled with this we have had rapidly escalating Federal spending and growing deficits. The Democrats tell us they want to balance the budget, but only by increasing the tax burden on the American taxpayer. Our plan to return economic sanity and sustained economic growth to this country relies on three goals:

First. Gradually returning the Federal tax burden to its historic level of 18.6 percent (revenues as a percent of gross national product);

Second. Restraining the growth in Federal spending; and

Third. Balancing the budget at the desired level of taxation.

CHOICE NO. 1—REPUBLICAN PROGRAM FOR THE FUTURE

Ideally we would like to be able to present a budget for 1979 that was both in balance and provided for substantial tax relief. Unfortunately the Democrats have created a budget which is literally out of control, and it will take Herculean efforts to wrestle it down to size. We are therefore proposing a program, starting in 1979, which will systematically lead to both a balanced budget and much lower tax rates 4 years later. This program, which is depicted on charts I, II, and III, involves holding spending increases to an annual average of 6 percent coupled with annual tax reductions aimed at bringing the overall tax burden on the economy back to 18.6 percent of the gross national product—the rate which prevailed from the end of the Korean war through President Ford's last year in office—under President Carter, the Federal Government has increased its tax take to 19.4 percent of GNP.

Restraining the growth of Federal outlays to 6 percent a year will require that many tough, but not impossible or unrealistic, decisions be made. Basically it will require that obsolete or inefficient programs be phased out to provide funding for new or expanded initiatives. It will mean that we cannot routinely grant cost-of-living increases for every Federal program. Nonetheless, a 6-percent growth rate is sufficient to cover increases in programs which are indexed or mandated by current law with enough left over to provide generous funding increases for other high priority national programs and missions.

The growth we forecast in gross national product is roughly equivalent to current GNP projections being made by the major econometric models. It is a growth rate consistent with the goal of reducing unemployment to below 5 percent by 1983; likewise we project that inflation would fall from the current 7 percent range to below 5 percent during this same period.

Finally, we would provide annual tax cuts of the magnitude necessary to carry out the objectives of the Kemp-Roth concept, to wit:

Tax cut

[Dollars in billions]

Fiscal year:	
1979	$38.7
1980	29.0
1981	29.0
1982	24.0
1983	21.0

These continual tax cuts are fundamental ingredients in our blueprint for renewed and sustained economic growth. Inflation has succeeded in pushing all Americans into progressively higher tax brackets, with the effect being to actually reduce the real purchasing power. This has not only been an increasing drag on the economy, but it has discouraged the investment, initiative, and risk taking necessary to produce the substantial real growth necessary to reduce unemployment to acceptable levels. We are convinced that the prospects and promise of large, annual tax cuts will have a strong stimulative impact on the economy, and will, in turn, lead to an increase in Government revenues.

Charts I, II, and III—not reproduced—also present a probable scenario should the Democrats continue to control both the Congress and the White House through 1983. The GNP projections are based on the so-called high growth path as set out in appendix B of the report on the first concurrent resolution for fiscal year 1979. The outlay and revenue projections are based on the average growth rates of these functions during the 3 fiscal years for which President Carter has submitted, or revised, budgets (fiscal years 1977, 1978, and 1979). During this period receipts are expected to grow at an annual rate of 13.3 percent. Built into this projection is the assumption that very modest tax cuts—like the 1977 cut—will be enacted every 2 or 3 years. Although the rate of revenue increase is substantial—due to the impact of inflation and the progressive tax structure—it will not be sufficient to bring the budget into balance by 1983 if the growth in outlays continues at the rate it has during the current economic recovery.

Based on the current spending rates for fiscal years 1977–79, outlays can be expected to increase 11.1 percent each year through 1983. There is good reason to expect that this rate of increase to be at the low end of what is probable since this is a rate which has been maintained during 3 years of strong economic recovery—a period which should show the lowest rate of spending increases. Moreover, during this 1977–79 period, total available budget authority—the total of new budget authority enacted each year plus unexpended budget authority carried over from previous years—has been growing at an annual rate of 13.4 percent. This figure is substantially higher than the 10.2 percent annual increase in available budget authority we have averaged since 1963. While this may appear to be very technical, what we are saying is that since Mr. Carter became President, the authority for Federal agencies to spend money—"budget authority"—has been growing 31 percent faster than it did before he became President. And based

on past experience, any time the growth in available budget authority exceeds the historical average, actual spending—"outlays"—will increase markedly a year or two after. It is not unreasonable, therefore, to expect that under a Democratic President and a Democratic Congress, spending will continue into the future at as fast a pace as it has during the past several years.

The impact of a continuation of these Democratic taxing and spending policies can be seen on the accompanying charts. Under the Democrats, taxes will grow to the point where they absorb 22.1 percent of GNP in 1983 even with periodic tax cuts of the magnitude they are considering this year. This is a record-high tax burden—remember, the Republican program will result in a return to the historic average tax burden of 18.6 percent of GNP—but even so it will not result in a balanced budget because by 1983, outlays will equal 23 percent of GNP. The resulting deficit in 1983 will be $33 billion if the Democrats continue along their present course.

One final note: As Republicans we cannot condone the $49 billion deficit which would occur in 1979 under the Republican program, and we are not pleased that a balanced budget is not achieved until 1983. However, the budgetary decisions made by the Democrats during the 1970's, and especially the last 2 years, have created a juggernaut which simply cannot be brought under control in 1 or 2 years.

[Dollars in billions]

	1979	1980	1981	1982	1983
Republican 5-year alternative:					
Fiscal year GNP	$2,261	$2,514	$2,783	$3,053	$3,327
Growth rate	10.2	11.2	10.7	9.7	9.0
Receipts	$440	$479	$522	$569	$619
Percent GNP	19.5	19.1	18.8	18.6	18.6
Growth rate	9.8	9.1	9.0	9.0	8.8
Outlays	$488	$517	$548	$581	$616
Percent GNP	21.6	20.6	19.7	19.0	18.5
Growth rate	7.7	5.9	6.0	6.0	6.0
Deficit	−$48	−$38	−$26	−$12	+$3

	1979	1980	1981	1982	1983
Democratic 5-year path:[1]					
Fiscal year GNP	$2,261	$2,514	$2,783	$3,053	$3,327
Growth rate[2]	10.2	11.2	10.7	9.7	9.0
Receipts	$443	$502	$569	$645	$731
Percent GNP	19.6	20.0	20.4	21.1	22.0
Growth rate	10.5	13.3	13.3	13.3	13.3
Outlays	$501	$557	$619	$688	$764
Percent GNP	22.1	22.2	22.2	22.5	23.0
Growth rate	10.6	11.1	11.1	11.1	11.1
Deficit	−$58	−$55	−$50	−$43	−$33

[1] Democratic path spending and taxing growth rates are based on the 1977–79 historical average.
[2] GNP growth rates over the 5 years average 4 percent in real terms and are basically similar to the projections made by the Carter administration, the Democratic majority on the House Budget Committee, and privately sponsored macroeconomic models.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, the gentleman indicated there would be a tax cut in the gentleman's program this year of $35 billion and in the following year a tax cut of $29 billion?

Mr. RHODES. It would be $38.7 billion in fiscal year 1979.

Mr. STRATTON. Is that $38.7 billion?

Mr. RHODES. $38.7 billion in fiscal year 1979.

Mr. STRATTON. Do I understand that at the end of the 5-year program, then, we would have a total reduction of something over $100 billion?

Mr. RHODES. It adds up to over $100 billion, that is correct.

Mr. STRATTON. If the gentleman will yield further, according to the very eloquent and distinguished gentleman from New York (Mr. KEMP), the idea is, as was the case in 1964 and 1965, a reduction in taxes will produce an increase in revenue.

Mr. RHODES. That is correct.

Mr. STRATTON. Suppose that increase for some reason or other does not come about in calendar year 1979 or does not come about in 1980 and, therefore, we are faced with an increasingly greater deficit. Does the gentleman suggest that we should go further into the red, and does the gentleman have any assurance, any evidence, that would indicate that this response that occurred back in 1964 and 1965 will in fact occur in 1979 and 1980?

Mr. RHODES. I say to my good friend, the gentleman from New York (Mr. STRATTON) that, of course, there is no assurance that anything will happen. I could not even assure the gentleman that the Sun will come up tomorrow. But we have to look at these things in the light of the experiences that we have had. The gentleman has already mentioned the tax cut which occurred in the Kennedy administration. I think the gentleman will recall at that time many of us, including the gentleman from Arizona, said that this was not responsible, that there should not be a tax cut in the face of a budget deficit. I have to admit that I was proved to be wrong, because the very first year of the Kennedy tax cut the revenues actually did increase. There never was a dip in revenues.

We think that the economic situation now is so similar to that of the period of 1963 and 1964 that, almost without doubt, but certainly probably, the phenomenon or, rather, I should say, the normal projection which the gentleman from New York (Mr. KEMP) has so ably set forth will occur, and we will find that we will not only work toward a balanced budget, but toward an economy which is going, hopefully, full blast.

Mr. STRATTON. If the gentleman will yield to me again, since the gentleman from Connecticut has indicated to us that something like 75 percent of the budget cannot readily be adjusted and is not subject to appropriations, would it not perhaps be wiser for the gentleman to suggest a tax cut in one year but make the tax cut that he is proposing in subsequent years contingent upon whether the so-called increase in revenues does develop? Otherwise we are going to see what the Senator from Tennessee, Mr. BAKER, said on television a couple weeks ago, we are going to see a really bruised deficit that we are going to have to live with. And I do not think the gentleman from Arizona would want that any more than I would.

Mr. RHODES. Of course not. And I think my good friend from New York is well aware that we cannot offer this plan as an amendment. There is no way one Congress can bind Congresses 5 years in the future. What we are doing is offering a plan. We wish the majority would offer a plan. So far as we can tell, the majority members of the Committee on the Budget have not offered any kind of a 5-year projection. There are some iffy remarks, but then in one part of the report they deny that they have actually made a projection. We wish they would. We think that it is important that the people of the country know where they are going. We think the gentleman is absolutely correct. If it turns out that our plan were to be adopted—and I am sure the gentleman is no more naive than I am; I know it will not be adopted because we do not have the votes—and it turned out to be a debacle, and I am sure it would not, but if it would, I am sure we will have to look to the future and make plans accordingly.

Mr. STRATTON. Mr. Chairman, I thank the gentleman.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my minority leader's yielding.

I would like to respond to the question raised by the gentleman from New York (Mr. STRATTON) because I think it is an important question. That is, on the basis of the Kemp-Roth bill, would there be the kind of feedback adequate enough to recover the revenues potentially lost?

I think that Prof. Walter Heller answered that very succinctly before the Joint Economic Committee, of which I am a member, as you know. He was the Chairman of the Council of Economic Advisers during the Kennedy Administration.

Commenting on the effects of the 1962–64 Kennedy tax cuts, he said:

> What happened to the tax cut in 1965 is difficult to pin down but insofar as we are able to isolate it, it did seem to have a tremendously stimulative effect, a multiplied effect on the economy. It was the major factor that led to our running a $3 billion surplus by the middle of 1965 before escalation in Vietnam struck us. It was a $12 billion tax cut which would be about $33 or $34 billion in today's terms, and within one year the revenues into the Federal Treasury were already above what they had been before the tax cut . . . Did it pay for itself in in-

creased revenues? I think the evidence is very strong it did.

Mr. Chairman, I do not think anybody would accuse Professor Heller of being a right-wing conservative economist. However, I think he spoke directly to the same question raised by our distinguished colleague, the gentleman from New York (Mr. STRATTON).

Mr. RHODES. Mr. Chairman, I thank the gentleman from California (Mr. ROUSSELOT) for his participation, and I agree with him.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, I wonder whether the gentleman from California (Mr. ROUSSELOT) could tell us whether Professor Heller, who has given a pretty good historical analysis in the section that was read to the Members, ventured any guess as to whether the economic situation that we have today parallels the economic situation that existed in 1964?

Mr. ROUSSELOT. If the gentleman will yield further, Mr. Chairman, before the Joint Economic Committee Professor Heller had stated that there were many similarities. For example, as I mentioned earlier, he stated that that $12 billion tax cut would be about $33 or $34 billion in today's terms. Obviously there are new factors in the budget that were not present between 1962 and 1965; but I think his statement is a pretty accurate analysis.

By the way, he is not the only economist who has so testified. We are having more and more all the time who have testified as to the potential feedback of an across-the-board tax cut as incorporated in the Kemp-Roth bill, which, by the way, about 165 Members of the House have now endorsed.

Therefore, I think that that feedback effect, that is the revenue coming back, cannot be discounted. Moreover, I think my distinguished colleague, the gentleman from Arizona (Mr. RHODES), has tried to elaborate on that very point in his remarks. I think the gentleman from New York himself made a major contribution in bringing that point to the attention of the Members.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, I thank the gentleman for yielding.

I am inclined to agree with the economic concept as to the Kennedy tax cut proposal and with respect to the effect that it had as it has been incorporated in the Kemp-Roth bill, which the gentleman from Arizona (Mr. RHODES) has referred to, in terms of the long-term impact that this would have on the economy.

However, what I do not understand fully—and I have tried to follow the gentleman's explanation—is what impact it would have on the budget deficit this year.

In other words, if we reduced the revenues in this proportion or to this extent by a significant tax cut, as the gentleman has outlined, then we would have a larger deficit unless we eliminate certain of the outlays that are being projected.

I wonder whether the gentleman would explain whether or not he would intend to reduce the outlays; and if so, where; and if not, how could we take in less revenues and keep the outlays at the same level?

Mr. RHODES. Mr. Chairman, I thank the gentleman from Georgia (Mr. LEVITAS) for his question.

The Republican plan calls for a deficit—and I have already apologized for it— of $49.7 billion in fiscal year 1979.

This, of course, is somewhat less by about $9 billion than the majority of the committee would ask for. The reason that we can do this is beacuse if we had the authority to eschew the raises which occur in the outlays in the committee resolution, we would certainly do so, but also it occurs because we feel that, as in the Kennedy years, there will not be a loss of revenue because of the tax cut. There will be probably the same amount of revenue, or perhaps even a little more.

I will be the first to admit that if we are wrong, there could be an increase in our projected deficit. If there had been a mistake in the projection of the Kennedy administration, there would have been an increase in that year. It did not happen that way, and we feel that the situation—the scenario—this year is so similar that it probably would not happen again.

I just call to the attention of the gentleman from Georgia one very similar factor to the 1963–64 situation. President Kennedy was elected for many reasons. One reason was because of the fact that he convinced the American people that there was unused industrial capacity in the economy which should be used; that there was a stimulus needed, and he proceeded after he was elected to provide that stimulus. I suggest that there is unused industrial capacity in the economy today which can and should be used, and probably will be used if stimulus is provided.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. RHODES. I yield to the gentleman from California.

Mr. ROUSSELOT. Another good feature, a very excellent feature of the Kemp-Roth concept, which Mr. CONABLE will offer at the appropriate time, is a stimulus directed toward that industrial capacity to try to stimulate the private sector to build more plants, to provide better machinery, to increase the efficiency of that industrial plant capacity. It addresses itself, as the gentleman from Arizona has indicated, to creating jobs in that area.

Mr. RHODES. I thank the gentleman from California.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Chairman, I take this time to advise the House that during the 5-minute rule I intend, on behalf of myself and several other members of the Armed Services Committee and the Appropriations Committee, to offer an amendment to the resolution that would increase the defense part of the resolution by $2.4 billion in budget authority, but with no increase in outlays.

I do this because those of us who are joining in offering this amendment feel that the military situation which confronts us today requires some greater flexibility than is contained in the recommendations of the Budget Committee's resolution. The President, as the Members know, submitted his budget back last January, and the defense part of that budget represented a figure of $128.4 billion.

Over the past 2 years, military experts have assured us that if we really want to keep up with the Soviet Union, with its massive and steady increase in defense expenditures, we need to incorporate into our own defense budgets an annual increase in real terms of 2 percent, discounting inflation.

The budget that the President sent us in January just barely incorporated that 2 percent figure. The President also had previously promised the North Atlantic Council, our NATO allies, in an effort to get them to increase their own national budgets for NATO defense, that he would support a U.S. defense budget which had a 3-percent increase; and he encouraged the other members of the alliance to do the same.

Well, Mr. Chairman, the Budget Committee comes before us now, having reduced the President's budget by $1 billion. That means that the defense spending figure recommended by the Budget Committee is below the 2-percent increase which is the bare minimum that anybody who knows anything about defense has told us must be incorporated annually in our defense budget if we intend to try to stay even with our competitors in the Soviet Union while we continue to talk with them about the possibility of limiting and reducing armaments by diplomatic means.

The Budget Committee's resolution not only drops the budget below the 2 percent, it also removes it well below the 3 percent figure too. If the Budget Committee's figure is allowed to stand the only way that the President can avoid the charge that he failed to deliver on his promise to the NATO Council, would be to say he was talking about a 3-percent increase in expenditures for NATO, not a 3-percent increase in the overall defense budget. But that would be just a little bit too cute and just a little bit too smart for our NATO allies.

It is no secret of course to anyone in this Chamber that events that have taken place since President Carter sent up his budget message to the Congress last January have further complicated our defense problems and have made it perfectly clear that we need greater flexibility in the field of defense to protect our national interests. I can cite only a few of these: elimination of the B–1 bomber, so that we no longer have a "bomber" leg in our great TRIAD; deferral of the neutron bomb, one of the great defensive weapons that could enhance the protection of our NATO allies; still no resolution of many basic issues in

the SALT II negotiations; and increased Cuban and Soviet penetration into Africa.

So there can obviously be no justification for cutting back on the President's defense figure, as the Budget Committee has done. And there is instead a real need to provide a greater margin of safety in defense that will take us through the next 12 months.

Fortunately the Senate, which has already adopted its own budget, shows us an easy way to go. The Senate increased the President's defense recommendation by $2.4 billion, up to a figure of $129.8 billion. I think this is a very sensible figure and one we ought to adopt for a number of reasons.

First of all, because the Senate figure represents a legitimate 3-percent increase over last year. So we not only have the 2 percent which we need to maintain for our own safety, but with the Senate figure we also have the 3 percent which the President promised to NATO.

Second, because it avoids the back-and-forth hassle that we would otherwise get into in the conference committee between the House and the Senate over defense. If we accept the Senate figure now we do not have to worry about that any further and we can proceed promptly to develop the details of our fiscal year 1979 defense program.

In fact, the House Armed Services Committee has already recommended a bill that constitutes a bare minimum in terms of weapons and R. & D. yet is well over the President's budget cost, particularly in meeting our most urgent shipbuilding needs for the Navy.

The Appropriations Committee is also expected to increase the President's recommendation by over $1 billion. The amendment I intend to offer would increase the President's recommendation by $1.4 billion, so my amendment would accommodate the anticipated action of the Appropriations Committee.

In short, Mr. Chairman, this is a safe and sane increase, particularly in a world that continues to represent a dangerous one. By supporting this increase the House will be indicating to the country, to our allies, and to any potential enemies, that we are solidly determined to back our President in the statements he made recently at Wake Forest University, that he did not intend to allow the Soviet Union to become superior to us in defense capabilities, and did not intend to permit a situation in which their superior strength could be used to blackmail us, in Africa or anywhere else.

So we have an opportunity, my colleagues, not to only to back up the President of the United States in these matters but also to achieve harmony with the other body on defense matters. Where, I ask you, could we "strike" a better bargain, for such a modest price?

Mr. REGULA. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, this budget proposal is a disaster.

Never has the Committee on the Budget been so insensitive to the wants of the citizens of this country.

Every major newspaper, news magazine, and television news program talks of a growing taxpayer revolt in this country. The taxpayers are asking for more control of Federal spending, lower deficits, and above all, a reduction in their Federal taxes. And yet the majority on the committee chooses not to listen. Instead, the majority gives the taxpayer the same old song—uncontrolled spending, more deficits, and higher taxes. And now the economy and the taxpayers are supposed to shuffle to their tune. That tune might be called the "Washington Hustle."

The actions of the majority on the Budget Committee do nothing to stem the tide of uncontrolled spending in Washington. This budget crosses the half trillian dollar threshold. If past expansions of spending are any example, the next benchmark—$1 trillion—is only a few years off. It took the Nation 186 years to get to its first $100 billion annual budget in 196. It took only 9 years to double that to $211 billion in 1971. And now only 7 years later, the Budget Committee is proposing a $500 billion spending package with a $58 billion deficit.

Though the people of this country want controlled Federal spending, the majority on the Budget Committee recommends the usual 10-percent increase in spending. Ten percent has been the average spending increase over the past few years; and yet the majority of the Budget Committee applauds itself for "exercising overall spending restraint."

The people of this country elected Jimmy Carter partly on his pledge to balance the budget. And what has happened? In his first full year in office, the deficit will be approximately $53 billion. The President then submits a 1979 budget with a deficit of over $60 billion. The majority on the Budget Committee pats itself on the back for "cutting" this deficit to $58 billion. But even this tiny cut is achieved only after miraculously finding that the President has overestimated spending by $8 billion.

Does the majority then allow this "savings" to reduce the deficit? No, it spends the savings before any of us know if the savings will ever be realized. Ironically, this ludicrous accounting makes us all hope that no further "savings" can be found.

Recent polls show that almost 90 percent of the American people feel that they need to have their income tax reduced. The majority pretends to cut taxes, but its tax cuts are even less than the insufficient Carter tax cut. The majority's reasoning for those token tax cuts is that they feel that larger tax cuts would increase the deficit and increase inflationary pressures in the economy.

There are three crucial observations that need to be made on the tax cut provisions in the majority's budget proposal.

First, this small tax cut does not offset inflation and the other tax increases imposed by the majority and President Carter on the taxpayers. If we add together the increases in taxes due to inflation, social security tax increases, and energy tax legislation passed by this body, they will be approximately $6 billion greater than the majority's proposed tax cut. And it gets much worse in later years. This is a perfect example of tax legislation where a tax cut is not really a tax cut at all.

Second, the majority says it is worried about inflation and therefore cannot cut taxes by a larger amount. Where was the majority's great concern about inflation when social security legislation was before this House? Where was the great concern for inflation when the minimum wage bill was being debated? Or the labor reform bill? It has been estimated that these three pieces of legislation will add approximately 3 percentage points to the CPI in 1979.

Only now, when we can do something to aid the taxpayer in this fight against inflation, does the majority concern itself with inflation. And the result of this so-called concern is that the budget proposal says "no" to the taxpayers of this country.

Third, the majority decision not to propose sufficient tax cuts because they fear an increasing deficit is amazing. On one hand the majority spends the country into a deficit, and then on the other hand says that because of the deficit, it cannot lower taxes. In essence, the majority is telling the American people that it can spend their money in a better manner than the taxpayers can. The majority has traded tax cuts for deficit spending. It could have traded government waste for bigger tax cuts.

The majority believes that the large deficits result in a stimulus to the economy. While this may be so in a small sense, the truth is that large deficits are a very inefficient stimulus. When the Government runs a deficit, it will have to sell Treasury securities to finance the deficit. Mostly what takes place is that Government spends the dollar that the private sector would have spent anyway. Little new demand is created, few new jobs are created, and little additional growth occurs. Government sector jobs are substituted for private sector jobs. Which type of job puts more goods on the shelves and more food on the table?

The majority believes that it makes no difference how money is returned to the public; the economic stimulus is the same. Their thought is that rebates, marginal rate cuts, or increased Government spending all have the same effect as long as the aggregate amounts are equal. However, modern economic facts paint a very different picture.

Dr. Michael Evans, president of Chase Econometrics, has recently stated that reductions in the marginal tax rates on individuals and businesses are almost twice as stimulative as increased Government spending. Data Resources Incorporated, the operators of the DRI econometric model, have recently published a report that shows that different types of tax cuts result in different revenue estimates. Modern economic thought is shifting to the belief that marginal tax rate reductions are very important to the solution of economic stagflation.

The majority and the President could have done a great deal to reduce the deficit, reduce taxes and yet maintain adequate social services for the public if they

would allow for larger tax cuts. It is important that these tax cuts center around marginal rate reductions for all individuals and businesses. It is marginal income, the last few hundred dollars of income, that is taxed at higher rates. By reducing marginal tax rates, we change behavior. If people know that additional income earned by additional work or more savings and investment will not be heavily taxed, they will work and invest more.

There is historic evidence that by substantially reducing the marginal tax rates on individuals and business, the deficit can actually be reduced because individual taxpayers will work, invest, and save more. These increased incentives will lead to an increase in economic growth. The additional growth expands the tax base which works to increase tax revenues and reduce the deficit. President Kennedy cut marginal tax rates substantially in 1962, and federal revenues increased in the next few years by $54 billion over revenues anticipated at higher tax rates.

In today's economy so much depends on psychology. We hear of consumer optimism, business pessimism, taxpayer sentiment, investor reluctance, and Presidential jawboning. It is because Government has come to occupy a strategic position in today's economy that how this body acts on the budget proposal will have a significant effect on the economic thinking and behavior of these groups.

Is there anyone in this Chamber who doubts that a significant reduction in the deficit would have a greater effect on inflation than the President's vapid program?

Is there anyone in this Chamber who doubts that a cut in Federal waste, reflected by only small spending increases, would do more to increase the public's confidence in Government than all the promises of politicians?

Is there anyone in this Chamber who doubts that the poor and unemployed would be aided more by real productive private sector jobs than by public jobs supported by the Government dole?

Modern economic theory is providing us with an opportunity to reduce the deficit, reduce taxes, increase employment and yet provide the Government aid that is needed by the poor in our society. Congress must take the bold step to embrace this new, but proven, economic program.

By reducing marginal tax rates and striving to achieve the goals—controlled spending, lower deficits, and reduction of Government waste—that the public has set for us, we can do great things for this economy and for the people of this country.

Mr. REGULA. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, as a member of the Committee on the Budget I have spent a good deal of time in dealing with many of these total budget figures. I am very supportive of the budget process and believe it could be an excellent discipline if we would follow the intent of the original act. Unfortunately, I do not think we have accomplished that since the budget resolution was adopted in 1974.

I felt that there was substantial hope that we would bring a new discipline to Congress on the overall restraints that would be based on spending. I felt that we would begin to look more clearly for ways to change the taxing and spending policies which are such a tremendous burden on the 130 million taxpayers of this country.

Basically, I have endorsed the views of the minority members of the committee. I would encourage my colleagues to glance through them before we get to the various amendments tomorrow.

Additionally, Mr. Chairman, I would like to comment a little further on what I consider to be the two most important areas on which the full committee did not focus enough attention—restraints in Federal Government spending and permanent across-the-board cuts in tax rates.

The current tax rate structure in the United States more than any other single factor has contributed to the problems our economy has experienced over the last several years. It has acted as a disincentive to economic growth and production, discouraged entrepreneurial activity and stood in the way of vigorous economic activity. Today, in the United States, marginal tax rates go from 14 percent on incomes above $2,200 for a single person up to 70 percent on incomes above $102,200. Thus, as an individual's income rises, whether through inflation, real growth in the economy or through hard work, the tax system takes progressively more out of each dollar earned. In other words, as we work harder and longer, the Government takes an ever-increasing portion of our earned dollars.

I would like to again comment on this issue of a permanent tax reduction, if we could learn from the history of the 1962–64 Kennedy tax cuts. In a colloquy with the gentleman from New York (Mr. STRATTON) and the minority leader the gentleman from Arizona (Mr. RHODES) we have just discussed the testimony before the Joint Economic Committee by Dr. Heller. I would like to review the statement by the former chairman of the Committee on Ways and Means, Wilbur Mills during debate in this Chamber on those 1962–64 tax cuts. His constructive comments still have great meaning for all of us today.

The former chairman of the Committee on Ways and Means, the gentleman from Arkansas, Mr. Mills, had this to say:

> Many believe we can spend our way to prosperity. On the other hand, I am firmly convinced that if Congress adopts a tax reduction and revision bill of the type which is before this body today, we can also achieve this more prosperous economy by loosening the constraints which the present Federal tax system imposes upon our free enterprise system. These tax reductions will bring about a higher level of economic activity, fuller use of our manpower, more intensive and prosperous use of our plants and equipment, and with the increase in wages, salaries, profits, consumption, and investment, there will be increases in Federal tax revenues.

Chairman Mills turned out to be right and history can be repeated if we put into effect the Kemp-Roth concept.

The CHAIRMAN. The time of the gentleman has expired.

Mr. REGULA. Mr. Chairman, I yield 3 additional minutes to the gentleman from California.

Mr. ROUSSELOT. Second, I should like to comment briefly on the lack of restraint on spending increases found in House Concurrent Resolution 559.

I have placed in the RECORD a very important statement from Senator WILLIAM PROXMIRE, a colleague of mine on the Joint Economic Committee. In the 1978 Joint Economic Committee report, he criticizes the excessive deficits that are added to the budget year after year. Therein he states:

> Both the President's proposal for a $500 billion budget—and this committee's estimate—of expenditures of $500 billion to $505 billion are too high. These expenditures represent an enormous burden on American taxpayers. They should be cut by a minimum of $25 billion and, better yet, by $35 billion in order to provide a freeze on Federal outlays of about $465 billion.

It is good to know that Senator PROXMIRE agrees with me. Because I believe we can meet the challenge laid down to us by the Senator, I will offer a balanced budget resolution tomorrow which calls for an expenditure level of $464.648 billion. My substitute amendment assumes a tax rate reduction of $38.7 billion and also restrain spending. In doing so, it maintains Federal outlays slightly above their fiscal year 1978 level.

In summary, Mr. Chairman, my substitute calls for a solution that is simple and straightforward—reduce tax rates and restrain increases in spending for fiscal year 1979. I invite my colleagues to carefully consider the positive elements of such a course of action.

Mr. GIAIMO. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, it may be that our colleague, the gentleman from California (Mr. LEGGETT) was correct when the gentleman said we were not engaging in a dialog, but a series of monologs here.

I recall the other evening having a gentleman from the State Department visit us.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my distinguished chairman.

Mr. GIAIMO. Mr. Chairman, having great confidence in this body, I am sure they will correct that tomorrow.

Mr. SIMON. Mr. Chairman, I am sure that is the case and I think there has been dialog here today and I will also be involved in it tomorrow.

A distinguished visitor from another country was with a State Department official recently and visited one of our sessions and came away somewhat confused. He observed:

> It is a strange procedure. Someone talks, no one listens, and everyone gets up and disagrees with him.

There are times when I think that is a pretty apt description of what goes on here.

I have enjoyed serving on the Committee on the Budget as much as any committee or commission I have ever served on. It has been a hard-working body. I want to commend my chairman and all my colleagues on both sides for their good work.

Let me add one thing, however, speaking candidly, since we are in dialog. One of the things that has been missing in the House, and I do not mean this with disrespect to my colleagues on the Republican side of the aisle, but one of the things that has been missing is the kind of relationship they have in the Senate between Senator BELLMON and his GOP colleagues and Senator MUSKIE, and his Democratic colleagues with a good result on both sides. I do not know why that has been lacking over here, but it is a deficiency that has not added to the budget process here in the House.

Mr. Chairman, our colleagues, the gentleman from California (Mr. BURGENER) said that here on the floor we should first begin with the gross figures and then move into section 2 of the budget resolution.

My colleagues, the gentleman from Illinois (Mr. MICHEL), and our colleague, the gentlewoman from Maryland (Mrs. HOLT) have suggested they are proposing that by way of legislation. I do not have to think that may be wise on the floor. It may be that in the Committee on the Budget itself we should use such a procedure and that we could in the process of doing that, perhaps, save $1 billion or $2 billion or $3 billion.

Rather than get into the kind of division suggested by Mr. BURGENER on the floor, I would sooner see a division into entitlements and controllable items. Then maybe we could get at some of these things.

I also believe we should heed the advice of my colleague, the gentleman from South Carolina (Mr. DERRICK) who has suggested that we bring the off-budget items into this whole picture, because while we are debating $58 billion, or some other figure for a deficit, we have agenices that can simply increase indebtedness, issue bonds, without any control by this body.

Another suggestion that has been made by a freshman Member of this body on the Republican side of the aisle, the gentleman from Michigan (Mr. STOCKMAN), is that we gear our totals to a percentage of the GNP, an idea that at least ought to be studied.

The budget proposal, as a whole, certainly is a sound one. If we do not exercise fiscal restraint, if we do not vote against some of the Christmas trees that are going to be presented tomorrow, then we face almost certainly this option that the Federal Reserve Board is going to exercise restraint through monetary policies.

It is much wiser for us to exercise that restraint here ourselves. I think this resolution does that. The budget cut of $19.4 billion is wise. I would have preferred one which is $2 or $3 billion lower than that.

And there are areas in which I would have liked some changes. I would like to see more done in the area of structural unemployment. Our colleague, the gentleman from Maryland (Mr. MITCHELL), who spoke about some of those problems, was hitting one of the issues on which we really have not moved with this Government and with this political process as much as we ought. I hasten to add that if we do not change our committee limitations and we lose the gentleman from Maryland (Mr. MITCHELL) from the Committee on the Budget, that is going to be a real loss to the committee.

To my colleagues who say we have exercised no restraint, I would simply repeat the figures the chairman of the committee gave us earlier. We have cut the budget authority from the request of our committees by $49 billion, and we have cut outlay $22 billion. I would suggest that is substantial restraint, and I think we can be proud of the job the Committee on the Budget has done.

Let me touch on one other area, particularly because it is an area of controversy. It is an area in which some of us have been subjected to some criticisms back home because a few weeks ago we defeated a farm bill.

All of us recognize there are problems in the agriculture area. Farm income in 1977 was 5 percent below farm income in 1976, and when we add the inflation factor, we are talking about roughly an 11.5-percent drop. So there is a problem.

However, we have in this budget resolution authorized $2.5 billion for additional help for agriculture, which covers the $700 million that the conference committee report is asking for on Thursday, plus $1.8 billion for optional programs by the administration.

We have provided a series of other improvements. Here we also have an area where we can have a cutback with no impairment, a cutback that has been agreed to by the administration. I will be offering an amendment tomorrow which will cut back roughly $1.7 billion in the commodity reestimates, because under current law and under current policies that have been promulgated by the administration the estimates of what will be needed will be about $1.7 billion less than was anticipated.

There are a great many things, including $100 million for additional agriculture research and a number of other programs, that we have considered in the Budget Committee resolution for the benefit of the agriculture sector. We have provided some flexibility, and we will provide an opportunity for the agriculture sector of our economy to come back into the mainstream of the economy of the Nation and become a healthier portion of our national economy.

Mr. Chairman, I hope our colleagues tomorrow will exercise restraint. Finally I hope that tomorrow we will adopt this first budget resolution.

Mr. Chairman, I want to offer some observations on the 1979 budget targets for education and health programs—two important areas in which most of us share concerns and a commitment to assure adequate national resources to the disadvantaged.

I. EDUCATION

This is an unprecedented budget year for education programs. Not since President Johnson's tenure in office have we seen a budget proposal so fully responsive to the needs of this Nation's handicapped and poor students. I think we can put behind us now most concerns over education funding deficiencies, improperly targeted dollars, gaps in service to eligible needy children, and the ability of middle-income parents to pay spiraling college expenses for their children.

This budget resolution includes a 24-percent increase for education programs overall. And I tell you candidly that this increase was not decided arbitrarily or capriciously; the Budget Committee carefully considered the unmet needs of our disadvantaged students.

In the title I elementary and secondary education program alone, there are possibly 9 million eligible students and yet little more than half of them now participate in this program. Inadequate funding levels in the past meant that school districts were forced to arbitrarily make cutoff points leaving eligible students wtihout service. This program is targeted to increase by $643 million, with $400 million of this increase to be concentrated on 900,000 unserved eligible poor children attending rural and urban schools. The low tax base typical in rural districts, and the high maintenance and operating costs in urban districts, create special needs. Prior title I allocations to these areas have been inadequate to meet program costs. About 3,500 rural and urban districts, in which 69 percent of all eligible title I children are concentrated would receive these additional funds.

This resolution also includes the President's proposed increase of $349 billion to raise the Federal subsidy to States to help pay excess costs involved in educating handicapped children. States, as you know, are under considerable pressure imposed by a Federal mandate and court decrees to identify and serve each and every handicapped child in this Nation. At present millions of disabled chldren are either excluded from public schools or do not receive an adequate education. This increase will allow States to more nearly meet their obligations to handicapped students.

I also applaud my colleagues on the decision to include $1.4 billion in budget authority to accommodate the House version of the Middle-Income Student Assistance Act. During this economic period in which each of us is experiencing shrinkage in our own dollars, we can understand the strife of middle-income families who struggle to pay college costs. We recommended funding this legislation instead of the President's proposal or tuition tax credits because it provides a more generous grant to middle-income students than either of the other two proposals. This bill would actually concentrate funds on middle-income students. Under the BEOG proposal 1.3 million students from families with incomes between $16,000 and $25,000 would be eligible for average grants ranging from $600 to $800.

II. HEALTH PROGRAMS

The committee's recommendation for the first budget resolution provide $52.3 billion in budget authority and $49.6 billion in outlays for the health function. These totals are $5.8 billion in budget authority and $5.2 billion in outlays above the amounts currently estimated for fiscal year 1978.

The bulk of the spending increase, 85 percent, is required to finance the higher medical prices that medicare and medicaid must pay for services to the aged, disabled and poor. We have hopes that hospitals and physicians will achieve their objectives of reducing the rise in hospital costs from the 16 percent experienced in 1977 to 14 percent in 1978 and 12 percent in 1979. If the voluntary effort succeeds or if the standby legislation is triggered, the savings to the Government and to privately insured persons will be calculated in the tens of billions over the next 5 years.

In addition, in medicaid and medicare, the committee's recommendation provides funds for significant legislative initiatives designed to expand benefits to the aged, children, and pregnant women. The legislation would:

Permit expansion of home health benefits for the aged and disabled under the medicare program;

Provide health screening and followup treatment to 2 million additional children not now covered by medicare; and

Provide prenatal delivery and postnatal care and services to about 125,000 women annually who are not now eligible for medicaid.

For programs other than medicare and medicaid, the committee recommendations provides $8.7 billion in budget authority and $8.5 billion in outlays to support health service programs, manpower training programs, and biomedical and mental health research programs. This total is $250 million in budget authority and $100 million in outlays above the President's request.

While agreeing with the President that the time has arrived to begin reducing Federal support for programs to train professional and paraprofessional health personnel, the committee believes the President's reductions are too precipitous. The committee includes funds to expand the number of disadvantaged and minority students receiving professional training, continue programs of graduate nurse training and continue Federal commitments to students now receiving training.

For biomedical research programs, the committee recommendation would accommodate increases in basic research and high priority targeted research efforts. The committee believes that the national institutes for health can find additional funds for other new research projects through tighter management controls and more intensive examination of the merit of ongoing research projects.

Overall, Mr. Chairman, the committee recommendations in health aim at continuing and expanding programs which have demonstrated their effectiveness, while tightening programs which no longer have high priority, and programs which have not demonstrated a high level of operational efficiency.

For both the areas of education and health, the committee's recommendations are sound and reasonable. I urge the House to adopt them as reported.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my distinguished colleague, the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for yielding.

Do I understand that my colleague, the gentleman from Illinois (Mr. SIMON), is going to offer some kind of an amendment tomorrow to trim or restrain the increase in agriculture programs by $1.7 billion, because it is not needed? Is that what the gentleman said?

Mr. SIMON. It is just under $1.7 billion that in fact is not now going to be needed, because of some changes in market prices and in part because of changes in policies that were announced by the administration at the end of March.

Mr. ROUSSELOT. So that would change the outlay figure for the funds needed by agriculture?

Mr. SIMON. The gentleman is correct. It would also reduce the deficit by that amount.

Mr. ROUSSELOT. It would reduce the deficit by that amount?

Mr. SIMON. That is correct. I hope that my colleague, the gentleman from California (Mr. ROUSSELOT) will support my amendment.

Mr. ROUSSELOT. Does the gentleman think he can hold his side together on that?

Mr. SIMON. I believe I have the support of the chairman of the committee, and I believe a majority of the committee members will support my amendment. I hope a majority of the Members of the House will support it.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman.

Mr. REGULA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first, I would like to compliment the chairman of the Committee on the Budget for taking a Presidential budget characterized in press releases as lean, tough, austere, and reducing it, however slightly. Also, I would tell my colleagues that the chairman has been very evenhanded. The minority had every opportunity in the budget hearings to state their case, to have equal time. I find it a great privilege to serve on this committee with our colleague, the gentleman from Connecticut, as chairman.

Although I am disappointed with the results, I continue to strongly support the concept of the budget process. My disappointment in the process is over our inability to evaluate programs in terms of good management and cost effectiveness. The only question seems to be which program gets the largest percentage of increase. In other words, we continue the age-old process of throwing money at problems.

The Washington Post on Sunday contained an article, which I quote:

Professor to Devise Readability Test.

A University of Virginia professor has received $137,935 in federal money to develop a standardized way to judge the readability of essays.

In the proposal, the professor says that—

A text's intrinsic effectiveness is the proportion between its effectiveness and that of a synonymous version which is optimally effective.

Effectiveness is in turn defined as an inverse measure of reader effort: All other things equal, more reader effort means less writing effectiveness.

This is what the taxpayers are going to pay $137,935 to find out about. I wonder how this expenditure of Federal funds would have grabbed beleaguered taxpayers on April 15.

This proposed budget is best described as "more of the same." It takes the programs that have not worked and adds more money to them. The much-publicized idea of zero-based budgeting is ignored. There should be dismay at the lack of results from zero-based budgeting but the wealth of rhetoric about it.

When the Office of Management and Budget Director James McIntyre testified before the committee in February he could not cite one Federal program that had been abolished or even substantially reduced due to the President's implementation of zero-based budgeting. On the other hand, there are, neatly tucked away, substantial program increases, such as 27 percent for function 500, education, training, employment, and social services, and on the other hand, ludicrously low estimates such as in agriculture.

The budget before us has an overall increase of approximately 11 percent for Government spending, while we propose to give our senior citizens a 6.5 percent cost-of-living increase under social security.

The ultimate goal of Government should be to create a climate that will stimulate the private sector, the only source of real growth in permanent, enhanced employment opportunities.

The budget before us does not hold out the hope of dramatic tax cuts and spending restraints that could trigger a dynamic up surge in the national economy.

I regret that the budget does not demonstrate the fiscal restraint that would give a clear signal to our citizens that the increasingly oppressive burden of the Government is about to be eased.

The legend over the door to the House Dining Room on the floor below us says this:

Man is not made for the State, but the State for man, and it derives its just powers only from the consent of the governed.

I doubt very much if the governed, if asked, would give that consent to a budget which sends 22.1 percent of their Nation's gross national product or in effect takes away 1 day out of 5 of all that they earn.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Chairman, I think the Committee on the Budget has done a thoroughly professional job. I commend the budget to our colleagues. It is not a perfect instrument. I cannot conceive of any situation in which fallible human creatures who serve on the Committee on the Budget would be able to create an instrument of perfection.

Every Member of this House can find some particular in which his own personal predilections would differ from those represented in this budget resolution; but the resolution is a sound, earnest attempt to address the two problems which confront the country: to promote continuing the economic recovery, and to abate inflation.

As has been pointed out, this budget represents a deficit forecast $2.5 billion below that recommended by the President. In total authority, it is $49 billion below the composite requests of the various committees of the House. It is $22 billion below those requests in outlays.

Therefore, Mr. Chairman, nobody can honestly say that it does not represent an honest attempt at a lean and effective budget.

Let me urge that Members resist the temptation to vote various adornments in the form of morsels that would add to the deficit. In the past, some Members have been tempted to vote for more expenditures, which have the effect of increasing the deficit, and then to oppose the budget on the ground that the deficit is too high.

Members also should resist the temptation to try to regard this process as the work of an authorizing committee. The Committee on the Budget is not an authorizing committee. It never was intended to be. Its purpose, as all of us surely should understand, is to try to set a package of priorities which will serve the Nation.

Before the budget process was set into place 3½ years ago, no attempt at anything like a comprehensive review and analysis of our overall fiscal policy was successful. In the middle 1940's, Congress tried a Joint Committee on the Budget, and that did not work. Later, we tried putting everything into one appropriations bill, and not only did that not work; it bordered on disaster. Yet, everyone knew that Congress as an institution was playing less and less a role as the years went by in the formulation of the economic policies of this country.

In an effort to reassert its prerogatives, Congress in 1974, on its own initiative, created the budget process. It has been my agreeable task from the very beginning to play a direct role in the development and formulation of spending and revenue targets for the Congress.

Today, once more, I am asking Members of this body to set aside what may be their own personal preferences and predilections and cast a yea vote for this resolution. The targets set forth in this resolution are specifically designed, with all of the precision we could muster, to sustain our economic recovery and reduce inflationary pressures. The targets are flexible; they are not binding; yet they provide the basis for meaningful decisions through self-discipline.

The question continues to arise, however: Why do we need a budget resolution? Why is it important to have guidelines? Why don't we return to the good old days when Members did not have to cast a vote on the deficit or the level of Federal expenditures, or what our tax policy should be? In brief, why are we doing this?

I wish the answers were easy and simple, but they are not. And this is true for several reasons:

First, budgets are not ever really popular documents, whether they be family, business, or public. They are instruments of restraint and confinement. They impose discipline because they are designed to control and plan for future actions. But the Congress no longer wishes to make its decisions by merely shooting into the dark and that is why budgets are necessary.

Second, budgets, if they are any good at all, must reflect reality. They must deal with economic circumstances as they exist, or their implementation will bring about no effective change. Reality is sometimes difficult for all of us to face. But unless we face reality, we perform a disservice to the American people.

Third, we would not need budgets if our resources were unlimited. We could just go on our merry way and spend whatever amount of money we thought was necessary. But, obviously, this is ridiculous, because resources are limited, and it is our job under the Constitution to allocate them.

This being the case, then, how should we allocate resources? How should we target our future expenditures? We could, of course, turn it all over to the President and just rubberstamp his decisions. There is not a single Member of this body who would endorse that. We could simply respond to the pleas of the special interests and let them decide what we should or should not spend, and pray that this did not lead us to economic disaster. No one wants that either.

What we can do, perhaps not perfectly, is what we are doing here today. We are examining the relationship of the gross national product to our tax policies. We are targeting expenditures in an effort to prevent a rise in the Consumer Price and Wholesale Price Indexes. We are attempting to balance the need for defense spending against the need for human resources programs. We are planning our future decisions in such a way as to reduce unemployment and control inflation.

We cannot accomplish everything we would like in 2 or 3 years; we have only begun to get a handle on the Federal budget. The budget process is a long-term process. Each short-term decision must be carefully designed to contribute to the long-term goal of effective management of Federal expenditures. I believe strongly that this resolution makes that kind of contribution. I urge you to join me in voting for its adoption.

Mrs. HOLT. Mr. Chairman, I yield 4 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. First of all, Mr. Chairman, I want to associate myself with the remarks made by the gentleman from California (Mr. ROUSSELOT).

Second, Mr. Chairman, I want to say that in this morning's mail I received what is commonly referred to as a "Dear Colleague" letter from a member of the majority party. The fact that he is a member of the majority party was suitably emphasized by appropriate underlining and capitalization.

The letter I am speaking of is entitled "majority party needs majority budget target." It urges the House to pass the first budget resolution for fiscal year 1979. One line of the letter was especially intriguing:

> After three and one-half years, I'm convinced, as a Democrat, that the Republicans support the budget process only as an arena in which to harass and embarass the Majority.

As a Republican, I take exception to the above statement. As a member of the temporary minority party I beg to differ. As one individual who is concerned with such outdated notions as "fiscal integrity," let me say that I support the budget process. I believe that it should be used as a means of controlling Federal spending and eventually wiping out multi-billion-dollar deficits.

If, in the process of speaking up for the beleaguered American taxpayer, we Republicans inadvertently harass or embarass the majority party, then I am sorry. But it is not our fault. Republicans do not want a deficit for fiscal year 1979 in excess of $58 billion. Republicans do not believe that, and I quote from page 2, line 1, of House Concurrent Resolution 559—

> The appropriate level of total budget outlays is $501,358,000,000.

Republicans do not want every manner and method of appropriations increased. But I would submit that a majority of my colleagues on the other side of the aisle, the majority party—they want all of these and more. Just look at the RECORD. Look at the votes cast, not just on this particular bill but rather on all authorizations and appropriations.

Suffice it to say that I will vote in favor of an amendment in the nature of a substitute to be offered tomorrow by the gentleman from California (Mr. ROUSSELOT). His balanced budget amendment is legendary and almost qualifies as a rite of spring just as does the Cherry Blossom Festival. The Rousselot substitute assumes a $38.7 billion tax cut which, incidentally is greater than tax reductions advocated by the President or Budget Committee. The Rousselot amendment, if adopted, sets as a target a fiscal year 1979 deficit of exactly zero dollars.

I expect that we will probably fail again this year to balance the budget. But it is one way of showing our concern and just about all we in the minority party can do right now. Those who vote for a deficit of $58 billion are harassing the productive and, therefore, taxpaying segment of American society.

They are really just embarrassing themselves.

Mr. GIAIMO. Mr. Chairman, I yield 10 minutes to the distinguished chairman from South Carolina (Mr. DERRICK).

Mr. DERRICK. Mr. Chairman, I would like today to state my firm conviction that independent of the numbers in the budget resolution before us today, the budget process itself has been successful.

During the past 2 years in which I have served on the Budget Committee, I have seen many changes in the way we approach budgeting in Congress which I believe have led to a more honest and comprehensive approach.

Because of the timetable set down in the Budget Act, authorizing committees have started planning ahead in a more comprehensive and coordinated way. Appropriations bills, with few exceptions, have been enacted before the beginning of the fiscal year. This is of great benefit to State and local governments who now find it easier to plan ahead with an indication of amount and timing of Federal resources.

The President is required to submit reestimates of budget authority and spending included in his budget several times a year which leads to better analysis and tracking of numbers.

We have begun to focus on total spending including those elements of the Federal budget which are outside of the unified budget, such areas as tax expenditures, off-budget agencies and the credit budget. This year off-budget agencies total $12.5 billion and tax expenditures $137 billion. For the first time last year we included a special analysis in our Budget Committee markup materials and report on tax expenditures, for the first time this year we included a similar approach on credit activities.

We have seen both housing for the elderly and the Ex-Im Bank brought back on budget and strong efforts are underway to also bring the Federal Financing Bank on budget. I believe all this means Congress has begun making better and more reasoned choices not only on the amount but the method of financing which is chosen for a particular program.

We have improved the information base which is used by Members of Congress in making their budgeting decisions. The Members Budget Information System is a computerized budget information system to which 200 Members of Congress currently have access in their offices. This includes several tables of information, both historical and current, on the budget resolution and the President's budget. We hope to expand this in coming months to provide a weekly report on that week's scheduled spending bills in order to inform Members of the impact of their spending actions.

We have a computerized scorekeeping report which is maintained by CBO and updated every Monday morning to track the spending and revenue actions which Congress has taken to date and to compare them with the assumptions in the President's budget or the budget resolution.

In addition we have begun to focus on the consequences of the type of financing techniques which we choose for new programs. A good example is full funding of construction and procurement projects which means requesting the full budget authority required for a multiyear project in the first year. This not only saves overall costs but helps Congress focus on the extent of a commitment which will be made over a period of time.

Another example is financing of revolving funds. As chairman of the Budget Committee Budget Process Task Force, we have had several comprehensive studies completed which focus on various areas of budget controllability. One of these studies showed that because of the way some revolving funds are currently accounted for in the Federal budget, the total amount of Government activities was understated by $28 million in fiscal year 1978. I believe this is an area which must eventually change.

In addition, many backdoor financing techniques have been eliminated by a section of the Budget Act which makes new contract, borrowing and entitlement authority subject to amounts in appropriations bills. Traditionally each year major new programs have been funded in ways which either eliminate any discretion by the Appropriations Committee as to the amount appropriated or which commit the Congress to long-term financial obligations without focusing on the implications of the total cost.

I believe we are gradually making an inroad into understanding the implications of these financing techniques and where necessary modifying their operation. There is a long way to go but the first steps have been taken.

A legislative oversight act bill has been introduced which is designed to improve congressional oversight of Federal programs and activities. It now has over 110 cosponsors. This legislation would require greater specificity in setting program objectives as well as periodic review of all new authorizations and tax expenditures. I think this is another step in the right direction.

We tend to stand up here and argue about the size of numbers in the budget resolution but we never really focus on the improvements in the process which led to those numbers.

We are all constantly criticized by the public, particularly our constituents, for runaway spending—and we find ourselves responding to those criticisms. But I believe the real complaint voiced by the public is lodged not in the totals themselves but the fact that they believe the numbers are irresponsibily derived, that spending continues to increase with no reason. This is not true—we are making better, more careful decisions based on a better understanding of the numbers and the long-term consequences. We deserve to have that fact understood.

Thank you Mr. Chairman.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Chairman, I would like to thank the gentleman from Connecticut (Mr. GIAIMO) the chairman of the Committee on the Budget, and all of the members of that committee for their hard work in bringing this budget resolution to the floor of the House.

Mr. Chairman, I hate to be one who supports an amendment to increase the budget and I hope there will be an amendment I can vote for tomorrow that will reduce the budget resolution. However, the chairman of the full Committee on Veterans' Affairs, and other members of the House Committee on Veterans' Affairs, as well as myself, feel that the budget recommendations for the veterans' program is too low. Therefore, Mr. Chairman, the gentleman from Texas (Mr. ROBERTS) who is our distinguished chairman, will offer an amendment raising the budget authority by $1,019 million and outlays amounting to $844 million over what the budget resolution has been reported out with.

I might say that the gentleman from Texas (Mr. ROBERTS) certainly has been fair and diligent in heading the Committee on Veterans' Affairs. He is greatly respected by all the veterans' organizations and by the veterans themselves, and these groups support this amendment which will be offered.

Briefly, Mr. Chairman, I would like to explain why we feel we need to increase the budget resolution.

Last year when we had the pension bill up calling for a cost-of-living increase for veterans of 6.5 percent, that was voted unanimously. When we had that bill up last year a number of the Members said to us on the floor that something needed to be done with the veterans' pension program.

We are getting a lot of complaints from our veterans, mainly pertaining to those veterans drawing social security and also veterans pension checks also about a number of the veterans who are at the poverty level. Also a number of the veterans who are drawing pensions dating back to World War I are having their problems as they reach their twilight years.

So our committee has voted out a reform pension bill for 1978, and this means a cost increase in the budget.

Let me briefly explain what this bill does.

A number of the Members have asked us about when a veteran pensioner receives a social security cost-of-living increase then when he gets his pension check, his pension check has been reduced by a like amount that he received from the social security cost-of-living increase. In other words, we give it to the pensioner in one hand and take it away from him in the other hand.

In the pension reform bill we have corrected this situation so that no longer when a veteran receives a social security increase will he have his veterans pension check cut back because of the social security increase. And, yes, Mr. Chairman, this costs a lot of money.

A number of our veterans are living below the poverty level and I feel that

we should take care of the veterans under our veterans pension program and not have these veterans below the poverty level. So we are raising these limits for veterans and dependents on pensions and this costs money.

The gentleman from California (Mr. GLENN ANDERSON) has been, as you know, very active and concerned about the World War I veterans. We have 800,000 of these veterans left. They are in their twilight years. Mr. ANDERSON has been very active in trying to pass legislation to further help these World War I veterans.

We think in this veterans reform bill that we will be able to further help the World War I veteran on pension who is most in need. In some cases under this bill that will be brought to the Congress in the near future we have increased the pension check for these World War I veterans by as much as 135 percent. This also costs money.

Other things that we have done in our committee, we have asked for a 6.5-percent cost-of-living increase for the service-connected veterans. We are trying to get a small increase for dependent parents. We have some veterans who are drawing a 40-percent disability pension that should be drawing more, and we have added to the dependency allowance.

We have increased the pension for Medal of Honor winners also. We have 273 Medal of Honor winners who are still living. Sixty percent of these Medal of Honor winners are 60 years of age. A number of the Medal of Honor winners are living at the poverty level. We have raised their monthly pensions from $100 a month to $200 a month. We think that this is very, very worthy. Also, as I say, it costs money.

We are improving the housing programs and raising the guaranteed loans. We are increasing the funeral expenses for veterans from $250 to $350 burial expenses.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GIAIMO. Mr. Chairman, I yield 1 additional minute to the gentleman from Mississippi.

Mr. MONTGOMERY. I would like to say that we have added funds in other areas that would eliminate cutting out hospital beds in the veterans' hospitals.

I believe the chairman of this committee will agree that the Committee on Veterans' Affairs has tried to show some fiscal responsibility. As the gentleman recalls, last year we did get a high budget authority, and we did not use these funds. We feel now that we have dire needs, and I hope the gentleman understands why we have made this request.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I will be glad to yield to the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

I certainly commend the gentleman from Mississippi and the chairman of his committee, the gentleman from Texas (Mr. ROBERTS), and others on that committee. I know the work they do for veterans. We just have a very difficult situation here. As the gentleman from Mississippi well knows, we all want to do the best we can for veterans. The question is in this day of tight money and tight budgetary restraints how much is enough. Our committee put in substantial sums of money over the President's recommendations, and I know that the gentleman is talking about the necessity for additional money. Our argument is that we just have to try to hold the line on some of these new initiatives and new starts. It is not that they are not worthwhile ideas; they are, but we do not think that this is the year to do anything other than is absolutely necessary because of a budget deficit that is already too high. This is the reason why the Committee on the Budget rejected the idea of going along with the additional $1 billion that I understand the gentleman's committee is recommending.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Texas.

Mr. ROBERTS. I thank the gentleman for yielding.

I agree with everything the Chairman said. Where all of the trouble came in was the estimate by the Bureau of the Budget of $915 million less than the expenditures were last year. That is where our problems all arose, and that misled the Chairman, it misled the committee, and it certainly misled us. They underestimated last year's expenditures by $915 million.

Mr. Chairman, we thank the Chairman for being patient with us. We feel we have to take care of these veterans. I want to thank my chairman of the Subcommittee on Compensation, Pension, and Insurance, the gentleman from Mississippi (Mr. MONTGOMERY) for the job that he has done.

Mr. MONTGOMERY. I thank the gentleman.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the gentleman from Florida (Mr. LEHMAN).

Mr. LEHMAN. Mr. Chairman, I rise in support of House Concurrent Resolution 559, the first budget resolution for fiscal year 1979.

The Budget Committee, and especially our distinguished chairman, have worked hard on the targets in this resolution. We have striven to provide economic stimulus and reduce our still-unacceptable rate of unemployment without aggravating inflation. We have tried to meet vital domestic needs without diminishing too much our ability to respond to the needs of other peoples or to the requirements of adequate national security. We have done our best in balancing the competing goals and needs of all the groups and interests who look to the Federal Government for assistance and support.

This is not a perfect budget; indeed, no budget could be perfect. It has been said before, with a good deal of truth, that, if we produced a budget which a majority of the Members could support wholeheartedly, we would have to be doing something wrong.

Our job is not to please all or most of the Members. Rather, it is to impose discipline on the Federal budget; to match the amount of Federal fiscal activity to the needs of the economy; to balance competing needs within the limits of the overall budget; to identify areas where legislative action might reduce waste, duplication, and inefficiency in Federal spending activities.

I believe this budget meets those requirements. Yet, Mr. Chairman, as I have talked with many of our colleagues, urging them to support the committee's budget targets without additions, I have sensed a growing frustration, much of it aimed at our resolution.

It appears that some of our colleagues, feeling that the regular processes of the House and its committees are denying them the opportunity to have legislation important to them reported or voted on, would like to use the budget resolution as the vehicle for being heard. They would like to force the House to vote yes or no on matters which otherwise may not come up at all this session.

The budget resolution, however, is not the place to do this. Neither the Budget Committee nor the resolution can force or even instruct a committee to report specific legislation or specific funding levels. The Budget Committee, of course, has based its recommendations on certain assumptions about policy, legislation, and funding levels, but it is the responsibility of the authorizing and appropriating panels, to set priorities for matters under their jurisdiction, and to make the actual program and funding decisions.

A vote on an amendment to the budget resolution may indicate support for a program, but it may also deceive our constituents into believing that the House has taken action more decisive than is really the case.

There is also frustration with wider issues, with the difficulty of making substantial changes in our overall priorities and in the operation of our Government. We seem unable to deal effectively with programs which do not provide the services they are meant to provide; to phase out "temporary" programs once they have developed a constituency which has come to depend on them; to reduce the massive duplication and inefficiency even in "unified" programs to deal with such problems as revitalization of our cities or assuring adequate supplies of energy at reasonable cost.

But again, these are not issues to be dealt with in this resolution. A vote against the resolution on the basis of such concerns is irresponsible. A vote for the resolution, on the other hand, will help to preserve and further strengthen the process which, over time, will help us deal with the major questions. It is vital that we continue to look at the entire Federal budget, not just at its pieces, to get a better feel for the problems which cut across functional lines, and a better idea of solutions.

Again, Mr. Chairman, I urge all my colleagues, as I have urged some of them individually, to support this resolution.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. MINETA).

Mr. MINETA. Mr. Chairman, I rise in support of House Concurrent Resolution 559, the first concurrent resolution on the budget for fiscal 1979.

First, let me join my colleagues on the committee in congratulating our able and distinguished chairman, the gentleman from Connecticut, Mr. ROBERT N. GIAIMO. He worked long, hard hours leading the committee in drafting an excellent set of recommendations for the first budget resolution.

Mr. Chairman, as others have explained, this resolution is designed to accomplish two primary tasks:

First, to maintain the current momentum of our economic recovery; and

Second, to provide sufficient funding to meet critical national needs.

One of the central components of the budget policy the committee is recommending is the suggested revenue floor of $443 billion. Compared to current law that is a $28.4 billion tax cut. That will mean substantial tax relief to overburdened taxpayers, and sufficient stimulus to the economy to insure the continuation of the current recovery.

The $28.4 billion cut is comprised of two major components:

First, an extension of the 1977 temporary tax cuts—$9 billion for fiscal 79; and

Second, additional reductions in income and social security taxes of $19.4 billion.

While the precise shape of the tax cut will be determined by actions we take later this summer, the figures suggested by the Budget Committee will provide excellent guidelines and deserve widespread support among all of my colleagues.

Particularly important in this regard is a suggested $7.5 billion reduction in social security taxes. This recommendation recognizes the importance of providing relief from rapidly rising payroll taxes.

I would remind my colleagues that payroll taxes are the fastest growing source of Federal revenues. As a percent of total receipts, payroll taxes have grown from 15 percent in 1959 to a projected 32 percent in 1979. If we do not take some action, the payroll tax—one of the most regressive forms of taxation—will soon become the major source of Federal revenues.

Mr. Chairman, reducing social security taxes will also have a beneficial impact on prices. By reducing the employer share of payroll taxes, the cost of doing business is decreased, and prices will be held down. This conclusion is supported by a study I requested from the Congressional Budget Office which compared the economic impact of a cut in payroll taxes and a cut in income taxes.

The issue of social security financing is an extremely volatile one, one which is far from resolved. Nonetheless, I am sure my colleagues will agree that some action should be forthcoming. Clearly, it is appropriate that the committee's recommendation be adopted in order to accommodate such action.

In addition to the $7.5 billion reduction in social security taxes, the committee is recommending a $10.7 billion reduction in individual and corporate income taxes. This reduction is an important element of a fiscal policy designed to keep consumer demand strong and to provide incentive for business investment.

Mr. Chairman, in my opinion, the tax package the committee is recommending is perhaps the most important feature of the budget policy we are suggesting. It will serve as a guideline for action that will reduce taxes of overburdened taxpayers, and suggests a concrete opportunity to both stimulate the economy and to fight inflation.

Without this tax cut we run the risk of halting our current modest recovery dead in its tracks. Unemployment, which rose from 6.1 percent in February to 6.2 percent in March, is still too high. Business plans for capital investment are still not showing signs of the dynamic upswing necessary to keep the economy growing.

Economic growth declined in every quarter in 1977, from 7.5 percent in the first quarter to 3.8 percent in the final quarter. Preliminary estimates for the first quarter of 1978 show that the value of total output was actually below the previous quarter by 0.6 percent.

Without the tax cut committee is recommending, GNP would be reduced by $20 billion in calendar 1979 and by $42 billion in 1980. Over the same 2-year period, personal income would be reduced by $53 billion and corporate profits by $18 billion.

Obviously, the difference between a $20 billion tax cut and no tax cut is the difference between improving the economic outlook and barely keeping the economy moving.

The committee's economic policy is designed to achieve a real growth rate of 4.4 percent in 1979 and 4.1 percent in 1980. That growth rate would be sufficient to continue the recent improvement in the unemployment rate—reducing it from 6.3 percent in the final quarter of 1978 to 5.6 percent in the final quarter of 1980. Without the tax cut, growth would be about 3.6 percent for both years, and unemployment would remain 6.1 percent and 6.3 percent.

I would also point out to my colleagues that inflation will not be appreciably affected by reducing the size of the tax cut. In fact, inflation would only be slowed by one-tenth of 1 percent if we had no tax cut other than extending the 1977 temporary cuts.

I hope my colleagues will agree that a tax cut is needed in fiscal 1979. The taxpayers deserve it, and the economy demands it. Clearly the prudent course of action is to establish a target revenue figure which will accommodate significant tax relief.

My remarks have focused on the revenue recommendations we on the Budget Committee are making. Others will explain in more detail the actions we are recommending with regard to direct spending in such areas as jobs, education, defense, urban programs, and others. I urge all of my colleagues to examine these recommendations in detail, I am confident you will agree that these recommendations will serve as excellent guidelines for our spending decisions over the summer. The total package is a prudent and responsible balancing of the thousands of diverse demands made on the budget of the U.S. Government.

Finally, Mr. Chairman, in urging all my colleagues to support this first concurrent resolution on the budget for fiscal year 1979, I wish to remind them that these revenue and spending targets are estimates of what will be needed during the upcoming year. As the course of the economy for fiscal 1979 becomes more certain during the summer, adjustments may become necessary. These can—and no doubt will—be made in the second concurrent resolution next fall. It is truly one of the virtues of the Budget Act that it allows us the necessary flexibility to make such changes. Yet in making those changes, the Budget Act forces us to acknowledge on a macro level what our micro level changes add up to. And that is really what the congressional budget process is all about—requiring the Congress to state explicitly what its fiscal policy is—to move us away from the "de facto" fiscal policies of the past to an open, explicit procedure where the full Congress must assume the responsibility for the total fiscal consequences of our various spending decisions.

Thus, Mr. Chairman, I would strongly urge all my colleagues to join with me and vote "aye" on final passage of House Concurrent Resolution 559.

Mr. GIAIMO. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, I, too, wish to commend the Committee on the Budget for the many hours of work and the time it spent in putting together this budget.

However, I do have some reservations, not only as to this budget but to others that we considered last year. My concerns are with the basic committees of Congress, the authorization and appropriation committees, as much as with the Committee on the Budget.

In the short time that I have been here, it has appeared to me that if we are ever to have a balanced budget, there must be more commitment from the Members of this body for that purpose. We must be willing to take reductions in programs that we feel are absolutely necessary and needed if we are to reduce spending to the point where we can have a balanced budget.

I have seen, in committee and on this floor, amendments offered or programs supported by Members who vow they want to reduce spending and balance the budget, and these programs are supported on the assumption or on the statements that they are absolutely necessary and needed.

I have also heard some of the more conservative Members speak on issues or programs or requests of departments and express the feeling that we must

spend the money for those purposes and, as a result, increase our spending on programs while professing to want to balance the budget and reduce spending.

As a result, I have come to the conclusion that in order to gradually effect a reduction, it will be necessary that every Member be willing to take a reduction in every program that we think is absolutely necessary, including some of our "favorite charities," as the saying goes.

As a result, I plan to offer an amendment tomorrow which will reduce by 2 percent across the board for those controllable items in the budget. At this time I do not think that it is wise to even attempt any reduction in noncontrollables. I feel, though, that it is incumbent upon the authorization committees to review that legislation by oversight that requires those entitlements so that we may possibly have a reduction in those programs that are not absolutely necessary or at least to slow down the increase in growth on those programs. I know that this has been called a meat ax approach, and it has not rhyme or reason, so far as what it attacks, the good as well as the bad. But I personally feel that it is an absolute necessity, or else I do not see the day that this Congress will ever have a balanced budget.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. Mr. Chairman, today we commence debate of the most important measure of the year, the first budget resolution. This resolution will set spending priorities and will serve as the guide for authorization and appropriation actions to follow. I commend my colleagues on the Budget Committee and their distinguished chairman for their exercise of restraint and for their proposal which projects a deficit less than postulated by the President in his budget request.

However, despite the efforts of the committee, there is an area which remains underfunded with respect to the needs of the country and that is the area of national defense. I would point out to my colleagues that the President's request for national defense is $8 billion below the level projected by the previous administration. While this fact has little relevance to what is the appropriate level of defense spending, it is important to understand how that reduction was achieved. First, it was accomplished by reducing the size of our active forces by 36,000 below the level authorized by the Congress last year, this constitutes the equivalent of two Army divisions. Second, it was accomplished through a series of program termination and program deferrals. While the former represents ultimate savings, the latter merely increases the ultimate cost to the taxpayer of buying the same equipment without any enhancement of our defense capability.

To cite just a few examples:

Reduction of F–18 procurement from nine to five will increase program cost by over $500 million;

Reduction of F–14 procurement from 36 to 24 will increase costs by $1 billion; and

Deferral of the Army's Infantry Fighting Vehicle, $38 million, will add $0.6 billion to the cost of that program. Pennywise for this year but pound foolish for next year and the year ahead.

We cannot afford the luxury of these cosmetic reductions which look good in balancing the checkbook in 1979 but ultimately degrade our defense posture by buying less for the same amount later on or buying the same amount and paying more. Budget considerations must project beyond the current fiscal year.

Turning now to the adequacy of the fiscal year 1979 defense request, I would point out to my colleagues that our strategic forces are funded at the same level as in fiscal year 1978 despite continued Soviet buildup and the absence of any progress in SALT. Our procurement of military hardware is at the same level as in fiscal year 1978, and efforts to relieve equipment shortages in the Army were met by reducing the Navy shipbuilding program. From what was done it would appear that this country cannot afford both an Army and a Navy. Such action is ludicrous.

The only growth in the President's budget is in the operations and maintenance account, a total of $1 billion. This certainly is not adequate to reverse the adverse trend in military capabilities of the United States vis-a-vis its potential adversaries.

I have just returned from the Soviet Union where I was told repeatedly that they, in reference to the 1962 Cuban crisis, do not intend to be second again. I believe them. However, I also believe that this country has the resolve and the resources necessary to insure that we are never second. President Carter in his address at Wake Forest University committed this administration to such a course.

Tomorrow, an amendment will be offered to increase budget authority for National Defense to $129.8 billion, the level approved by the Senate last week. This increase of $2.4 billion above the level recommended by the Budget Committee and $1.4 billion above the President's request provides flexibility in meeting contingencies identified relative to SALT and the Navy shipbuilding program. It also permits adequate funding for such programs as the F–14, the F–18 and the infantry fighting vehicle, with the cost avoidance associated with these programs, over $2 billion in the out years, more than offsetting this modest increase in fiscal year 1979.

This amendment will not affect outlays or the deficit level in fiscal year 1979, it constitutes a demonstration of resolve commensurate with that voiced by our Commander in Chief and warrants your careful consideration and support.

Mr. GIAIMO. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, I rise out of deep concern for the budget, out of frustration, out of a deep desire and hope to make this budget process work.

I want to commend the chairman and the committee for what they have done. Within the limits of the Budget Act, I believe the work of the chairman and the Budget Committee have, indeed been admirable. To deal with a budget of some $500 billion in the few short months allocated you after the receipt of the President's budget is a massive of not impossible task. No one envies you your work load, but we all appreciate your great efforts.

House Concurrent Resolution 559 is the product of a long and difficult process that tries to balance the needs of social programs and defense. It is a tough assignment. But I rise to speak here as a freshman Member who is, indeed, frustrated by the process that we face. I have the responsibility to evaluate a massive budget that includes budget authority in excess of $568 billion, includes outlays of more than $501 billion, and provides for a deficit of some $58 billion. It is frustrating because I do not think any Member can ever adequately understand these sums of money or all of the programs that make up the Federal Government.

Mr. Chairman, I think we find ourselves in a double bind as we consider House Concurrent Resolution 559. Each of us knows that there is waste and excessive spending in the Federal budget. We know this from our own experiences with the bureaucracy and from the occasional reports in the press and elsewhere documenting fraud and waste. At the same time, finding this waste, making responsible reductions in the budget that do not jeopardize legitimate programs, is truly like looking for a needle in a haystack. Even though we know there is waste, we cannot find it, so we give every program just about what it got the year before, plus a little more for inflation, plus a little more for new initiatives, plus a little more for good measure. We wind up with $38 billion more in outlays this year than in last year's budget by this process.

As many of you know, I have introduced legislation to switch Congress to a 2-year budgeting system. So far, 36 Members have cosponsored this bill. I urge consideration of biennial budgeting because I believe that the fundamental problem we face in trying to get a grip on the budget is the fact that we do not have enough time to review the performance and budget requests of the various agencies and departments. Every year, we go through this hurried, frantic process of taking 3½ months to review the President's budget, and taking 2 days to consider the committee resolution. A few months later, we do the same thing all over again and come up with the second budget resolution, which we then amend to take care of excesses in appropriations.

In this process, which is squeezed into so little time, at no point do we actually look at the track record of these programs or at the way the executive branch spends its funds. We only review somebody else's budget review.

A 2-year budget system would allow the authorizing committees the time they need to conduct effective oversight. Of the two committees on which I serve, I would estimate that in the past year and a half, only a total of 3 days was spent on oversight for programs totaling billions of dollars. Oversight would allow us to eliminate out-of-date or ineffective programs. It would allow the Budget and Appropriations Committees time to focus more on how money is being spent, not just on how much should be provided.

We are talking a lot today about the need for zero-based budgeting. We are talking about the need for sunset and sunrise bills. But if these approaches are going to be done effectively, we have to give time to the process. It means that committees are going to have to find the time to really review these programs in far greater detail than they do now. Is there any committee that feels it now has the free time to devote to this process? I doubt it and that is why we must have the additional oversight time that biennial budgeting will provide us.

But no matter how persuasive I am about the merits of biennial budgeting, the fact is that this year we are dealing on an annual budget basis. Despite the fact that we do not, under this system, really have the time for effective oversight, we are being asked by our constituents and by many of our colleagues to make some modest across-the-board cuts in the budget.

Mr. Chairman, I would like to raise a point for consideration of the chairman of the Budget Committee and for others. How can we find a way to pinpoint waste in the framework of our annual budgeting system? Do we ask the executive branch to be more forthcoming as far as detailed expenditures? Do we establish arbitrary efficiency guidelines to apply to each program and agency, asking, for example, for the percent of program benefits administered per agency employee, or some other such yardstick that will enable us to say "This agency needs tightening up" or "This agency is doing a good job and should not face budget cutbacks"? Do we simply require the authorizing committees, before the second budget resolution, to come back with lists of cuts that can be made equal to some agreed-upon dollar figure or percentage?

Once again, I am not sure which of these approaches might work the best, but I do think each one deserves some consideration, if we are to avoid both a tremendously larger budget this year and an ill-considered cutback of each and every program and department. What we are talking about are simple, basic accounting and cost-benefit analyses that are used every single day in the business world. These approaches should not be ignored by Congress, if we are ever to subject our budget to some sound, objective analysis.

I appreciate the time constraints and the severe political pressures that face the Budget Committee. You have done the job you were called upon to do, balancing the many conflicting demands and needs encompassed in the Federal budget and in this Congress. But I would urge you to give some thought to new approaches to getting the budget under control, not to rule these ideas out or to use "scare tactics" to kill them. Each of us bring the same concerns about Federal budget to bear, as we debate the resolution. The need for fiscal restraint and a balanced budget is not at issue, merely the means to achieve that end. Finding those means is part of the task of the Budget Committee and of the House as a whole. Proposals to cut the budget by 2 percent are a part of that search and deserve consideration and debate, as do other approaches such as biennial budgeting, sunset and sunrise legislation, and zero-based budgeting.

I believe many of these broader reforms are necessary, because if we are really going to do a job with this budget, we are going to have to take time to look at programs, determine their effectiveness by some rational, objective standards, devote some real time to consideration of the budget, and make some hard choices in every aspect of the budget. We owe this to the Congress, to our people, and to the Nation, as part of our responsibilities as elected officials.

I might close by noting that it was not long ago that people scoffed at the notion of budget resolutions, Budget Committees, and the other reforms contained in the Budget Act of 1974. But that act, like the one that preceded it, is not written in stone, it is not perfect, but it is merely a starting point for better ideas, better approaches to developing an effective budget process for the Congress and for the Nation.

I appreciate the work of the Budget Committee, and I hope that we can improve that process, because the budget process ought not to be just good budgeting. It ought also to be good management.

Mr. GIAIMO. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, there has been considerable confusion about what is provided in the resolution for veterans programs. I would like to take this opportunity to explain our provisions.

The resolution includes $20.711 billion in budget authority and $20.471 billion in outlays for veterans programs. These amounts are more than $1.6 billion in budget authority and $1.2 billion in outlays above amounts recommended by the President.

The additions to the President's budget include the following:

A total of $929 million in budget authority and $511 million in outlays for reestimates of the costs of veterans compensation, pension, and GI bill benefits;

A total of $500 million in budget authority and outlays for liberalizations of veterans entitlement programs above and beyond the cost-of-living increases in compensation and pension benefits proposed by the President;

A total of $50 million in budget authority and $45 million in outlays for medical research. These amounts also are sufficient to prevent the hospital bed closures proposed by the President, although, based on extensive analysis by various sources, we are not opposed to the bed closures because the closures would increase the efficiency of the VA health care system and would not result in reduced service levels; and finally

A total of $158 million in budget authority and outlays because we did not believe that savings requiring legislation proposed by the President would be achieved.

The Members can clearly see from this list of add-ons to the President's budget that the Budget Committee has not proposed program cuts. We have not proposed to reduce the number of people receiving medical care. We have not proposed cutting back the pension benefits that people now receive—in fact, we have proposed increases in pension benefits.

We, too, would like to end the complaints from our veterans pensioner constituents when social security increases are nullifield by cuts in their pension benefits. But it does not require such a costly pension bill as is being proposed to end these complaints and to improve the pension program in other ways. It does not require a bill that will cost $3.2 billion above current law by 1983. And it does not require benefit increases of 104 percent for a veteran with dependents.

The issue is not whether all of us in this House are for or against veterans. The issues are how much in any given year is enough, and whether we should expect and demand the same efficiency in VA health care as we do in other public and private health systems.

I submit that the resolution amounts for veterans programs are generous and fair. If adopted, they would go a long way toward providing more adequate benefits for our Nation's veterans.

● Mr. JOHNSON of California. Mr. Chairman, I would like to offer the following with reference to House Concurrent Resolution 559 as it pertains to the programs of the Committee on Public Works and Transportation.

The budget resolution, in many instances, is substantially under the dollar expectations of the other committees of the House on a functional basis. This of course is understandable because of the Budget Committee's desire, at this stage of the budget process, to provide the House with its view of achievable funding targets which, at the same time, permit Federal spending and revenues to meet reasonable goals.

In our view the aggregate goals of this year's target resolution are within reason and thus believe the House should make every effort to meet or certainly approach these overall targets. On the other hand, we are gratified that the Budget Committee is much more explicit regarding the target nature of a first budget resolution. For example, in discussing the committee recommendations for "other natural resources and environmental programs," the report on the resolution stated:

> The committee does not intend to foreclose the further consideration of any of the particular programs suggested to it by the various committees. Instead, the allowance provides the House with the flexibility to determine its priorities and fund those initiatives of highest priority.

Obviously, this philosophy is equally applicable to all of the recommendations. Again, while discussing a proposed amendment to the transportation function, the chairman cited the difficulty of establishing a "realistic target" at that time and further indicated that after the House and Senate had completed action the final resolution could be adjusted at that time.

One final point I would like to make relates to the committee's action which provides for the President's urban initiative. While we essentially agree with the sense of such action, we do not as yet have an administration proposal and therefore could very well have a problem with the May 15 reporting deadline.●

● Mr. KRUEGER. Mr. Chairman, as we begin our yearly task of enacting the first resolution on the budget, there are encouraging signs that the congressional budget process may finally achieve its goal. President Carter submitted a relatively lean budget to the Congress for its consideration, and the House Budget Committee has improved upon his suggestions. The resolution which we consider today would result in a deficit $2 billion less than the President's proposal.

The discipline of the balanced budget has disappeared from Congress and executive branch in recent years, and little time remains to reverse the dangerous trend towards larger federal budgets with increasing budget deficits. Each $50 billion-plus budget deficit carries with it an increase in inflation, and we must act quickly and forcefully to hold Government spending down in order to reduce the deficit and the concomitant inflationary spiral.

The President and Budget Committee are to be commended for their efforts in this direction. However, I believe that the Members of the House can improve upon their recommendations by establishing even stricter budget targets in this first resolution. Remember, the first resolution on the budget sets goals in light of which subsequent legislative activity is to be conducted. Our goals should be challenging, and we can go farther to eliminate increased Government expenditures than the Budget Committee has recommended.

A ready guidepost for enacting a slimmer budget is contained in the current policies budget prepared by the CBO. This budget reflects expenditures necessary to carry on current programs and services, with adjustments for inflation. It does not include any real growth in programs or services.

Because of the serious nature of our present fiscal difficulties, the Federal Government cannot afford at this time to create expensive new programs or expand upon existing programs and services. (There are three exceptions, however, and I will discuss them later.) We need to keep very close to the current policy budget in order to put an effective ceiling upon Federal expenditures, reduce the deficit and eliminate the greatest cause of inflation.

This is no radical approach, but it would represent the first real action to cut down on the increasing size and cost of Government. By eliminating unnecessary Federal expenditures it would promote more efficient use of Government dollars, freeing more capital for investment in the private sector, the best source of meaningful employment. Yet, at the same time, policymakers in the Congress and elsewhere would have wide latitude. We would merely be imposing ceilings upon the various functional categories of the budget, allowing those most familiar with the subject areas to choose where to make cuts, or whether to maintain all programs and services at last year's level. This is a relatively painless method of restoring discipline to the budget process, and I think the Congress should try it.

I have drawn up a suggested proposal which follows closely the so-called current policies budget. The new budget authority and outlay levels recommended for fiscal year 1979 would be those contained in the current policy budget, with no allowance for real increases in spending. There are exceptions in only two instances. First, in a few cases the House Budget Committee recommended targets for spending which are less than those required under the current policies budget. I have incorporated the committee's recommendations in these instances, achieving a further savings over the current policies budget. Second, there are three areas of the Federal budget in which real spending increases are justified to promote national goals: National defense, agriculture, and energy.

Many Americans are as concerned as I about the defense capabilities of the Nation, and a real increase in defense spending is necessary to match the Soviet effort. At the same time we should provide increased assistance to the Nation's farmers to maintain a secure domestic food supply, and promote research into energy technology and supply to achieve greater energy self-sufficiency in the future. My suggested first budget resolution incorporates the committee recommendations in these three budget functions, each of which represents real growth over the fiscal year 1978 spending level.

This modified current policy budget represents a considerable improvement over the across-the-board cut proposed by some Members of the House. An across-the-board cut sacrifices all areas of the Federal budget, regardless of national priorities. I assume that other Members, like myself, may oppose the across-the-board cut because it results in decreased defense expenditures at a crucial period in our national defense effort. Cutbacks in the agriculture and energy functions are also inadvisable at this time. Congress has the responsibility to set national priorities, and enactment of an across-the-board cut is a dereliction of this important duty.

My modified budget targets assume the same level of expenditures as does the committee, because I wanted to stress the importance of spending reductions. Other Members will offer amendments which would adjust the revenue assumptions contained in House Concurrent Resolution 559, and I leave this area to them. We must, however, eliminate wasteful Government expenditures if we are ever to beat inflation, and my proposal complements tax initiatives currently before the Congress because of this fact.

I urge my colleagues to join in discussion of our budget priorities for fiscal year 1979, and ask that you consider my suggestions as a means of advancing our budgetary goals. We have made significant progress thus far in our consideration of the budget for fiscal year 1979, but this fact should not deter us from making further advances. By following my modified current policies budget we can signal the Nation that Congress recognizes the burden which Government spending has placed upon our citizens, that we look upon it with disfavor, and that we are determined to eliminate it. The plight of the American taxpayer and the decline of the dollar abroad require that we do no less.

I include at this point two graphs comparing my proposal to the budget recommendations of the House Budget Committee, the President, and the unmodified current policies budget; a copy of my suggested substitute for House Concurrent Resolution 559 also follows:

BUDGET AUTHORITY

Comparison of recommendations made by House Budget Committee, the administration, and the Current Policies Budget with the amendment to be offered by Mr. Krueger

New budget authority, in billions

Category	House Budget	Carter	Current Policy	Krueger
National defense	127.4	128.4	126.6	127.4
International affairs	11.0	13.8	10.1	10.1
Science, space, technology	5.2	5.2	5.2	5.2
Energy	9.5	9.5	8.4	9.5
Natural resources, environment	13.5	12.7	13.7	13.5
Agriculture	12.3	7.2	7.4	12.3
Commerce, housing credit	6.0	6.6	5.7	5.7
Transportation	20.3	18.6	15.9	15.9
Community, regional development	15.3	7.9	8.7	8.7
Education, training, employment, social services	34.1	33.6	30.6	30.6
Health	52.3	52.6	52.4	52.3
Income security	192.8	190.9	194.7	192.8
Vets	20.7	19.0	20.5	20.5
Justice administration	4.2	4.1	4.1	4.1
General government	4.0	4.2	4.0	4.0
General purpose fiscal assistance	9.1	16.6	9.1	9.1
Interest	47.0	49.0	46.8	47.0
Allowances	1.1	4.2	1.1	1.1
Receipts	−17.5	−16.0	−17.2	−17.5
Totals	568.2	568.2	547.9	552.2

OUTLAYS

Comparison of recommendations made by House Budget Committee, the administration and the Current Policies Budget with the substitute to be offered by Mr. Krueger.

Outlays, in billions

Category	House Budget	Carter	Current Policy	Krueger
National defense	115.7	117.8	114.9	115.7
International affairs	6.6	7.7	7.1	6.6
Science, space, technology	5.0	5.1	5.0	5.0
Energy	9.3	9.6	9.2	9.3
Natural resources, environment	12.0	12.2	12.3	12.0
Agriculture	12.2	5.4	6.6	12.2
Commerce, housing credit	3.7	3.0	3.5	3.5
Transportation	17.8	17.4	16.7	16.7
Community, regional development	10.3	8.9	8.9	8.9
Education, training, employment, social services	31.4	30.4	30.2	30.2
Health	49.6	49.7	50.1	49.6
Income security	159.3	160.0	158.8	158.8
Vets	20.5	19.3	20.2	20.2
Justice administration	4.2	4.2	4.1	4.1
General government	4.1	4.1	4.0	4.0
General purpose fiscal assistance	9.2	9.6	9.1	9.1
Interest	47.0	49.0	46.8	47.0
Allowances	1.0	2.8	1.1	1.0
Receipts	−17.5	−16.0	−17.2	−17.5
Totals	501.4	500.2	491.4	496.3

AN AMENDMENT IN THE NATURE OF A SUBSTITUTE TO HOUSE CONCURRENT RESOLUTION 559, OFFERED BY MR. KRUEGER

"Strike all after the resolving clause and insert in lieu thereof the following:

"'That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1978—

"'(1) the recommended level of federal revenues is $443,279,000,000, and the amount by which the aggregate level of federal revenues should be decreased is $28,400,000,000;

"'(2) the appropriate level of total new budget authority is $552,174,000,000;

"'(3) the appropriate level of total budget outlays is $496,282,000,000;

"'(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $53,003,000,000; and

"'(5) the appropriate level of the public debt is $851,203,000,000, and the amount by which the statutory limit on such debt should accordingly be increased is $99,203,000,000.'

"'SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301(a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1978, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

"'(1) National Defense (050):

"'(A) New budget authority, $127,439,000,000;

"'(B) Outlays, $115,679,000,000.

"'(2) International Affairs (150):

"'(A) New budget authority, $10,100,000,000;

"'(B) Outlays, $6,600,000,000.

"'(3) General Science, Space, and Technology (250):

"'(A) New budget authority, $5,200,000,000;

"'(B) Outlays, $5,000,000,000.

"'(4) Energy (270):

"'(A) New budget authority, $9,494,000,000;

"'(B) Outlays, $9,252,000,000.

"'(5) Natural Resources and Environment (300):

"'(A) New budget authority, $13,464,000,000;

"'(B) Outlays, $12,013,000,000.

"'(6) Agriculture (350):

"'(A) New budget authority, $12,297,000,000;

"'(B) Outlays, $12,188,000,000.

"'(7) Commerce and Housing Credit (370):

"'(A) New budget authority, $5,700,000,000;

"'(B) Outlays, $3,500,000,000.

"'(8) Transportation (400):

"'(A) New budget authority, $15,900,000,000;

"'(B) Outlays, $16,700,000,000.

"'(9) Community and Regional Development (450):

"'(A) New budget authority, $8,700,000,000;

"'(B) Outlays, $8,900,000,000.

"'(10) Education, Training, Employment and Social Services (500):

"'(A) New budget authority, $30,600,000,000;

"'(B) Outlays, $30,200,000,000.

"'(11) Health (550):

"'(A) New budget authority, $52,282,000,000;

"'(B) Outlays, $49,550,000,000.

"'(12) Income Security (600):

"'(A) New budget authority, $192,750,000,000;

"'(B) Outlays, $158,800,000,000.

"'(13) Veterans Benefits and Services (700):

"'(A) New budget authority, $20,500,000,000;

"'(B) Outlays, $20,200,000,000.

"'(14) Administration of Justice (750):

"'(A) New budget authority, $4,100,000,000;

"'(B) Outlays, $4,100,000,000.

"'(15) General Government (800):

"'(A) New budget authority, $4,000,000,000;

"'(B) Outlays, $4,000,000,000.

"'(16) General Purpose Fiscal Assistance (850):

"'(A) New budget authority, $9,098,000,000;

"'(B) Outlays, $9,100,000,000.

"'(17) Interest (900):

"'(A) New budget authority, $47,000,000,000;

"'(B) Outlays, $47,000,000,000.

"'(18) Allowances (920):

"'(A) New budget authority, $1,050,000,000;

"'(B) Outlays, $1,000,000,000.

"'(19) Undistributed Offsetting Receipts (950):

"'(A) New budget authority, −$17,500,000,000;

"'(B) Outlays, −$17,500,000,000.'" ●

Mr. ROUSSELOT. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. GIAIMO. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore, Mrs. BOGGS, having assumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 559) setting forth the congressional budget for the U.S. Government for the fiscal year 1979, had come to no resolution thereon.

A MEMORIAL TO THE LATE J. EDGAR HOOVER

(Mr. McDONALD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.

● Mr. McDONALD. Mr. Speaker, 6 years ago today our country suffered a great loss in the death of J. Edgar Hoover, who for almost half a century, steadfastly and faithfully served the American people as the Director of the Federal Bureau of Investigation. I believe that today, on the anniversary of his passing, we should pause to consider the unique contribution that he gave to us.

J. Edgar Hoover created in the FBI an effective and a respected law enforcement apparatus that for many years protected our country from foreign subversion and communism, established a professional standard in modern criminal investigation, and built up an organization which achieved a worldwide reputation for excellence. From the same in 1924 when Mr. Hoover took over as Director of the Bureau, he established traditions of excellence, integrity, and accomplishment. With his death a void was created that has been impossible to fill.

Mr. Hoover was both eloquent and forthright in his defense of the principles underlying our national life against the attacks of those who would seek to bring about the destruction of our Republic. Under his guidance the FBI became a bastion in the fight against crime,

communism, terrorism, and attacks from the desperate elements of society. He protected our country from its enemies, from within and without, and in all his actions sought to implement the Constitution, to "establish justice," and "insure domestic tranquillity."

Duty came first with John Edgar Hoover. He was a great patriot. His memory may perhaps be well served by our remembering the last message that he issued, on May 1, 1972, in which he stressed—

Unless we honor and obey the rule of law, the tyranny of extremists may inevitably result.

MESSAGE FROM THE DIRECTOR—TO ALL LAW ENFORCEMENT OFFICALS

MAY 1, 1972.

Extremists of all stripes in our society ceaselessly attempt to discredit the rule of law as being biased and oppressive. They have no conception of—or purposely choose to ignore—its role and history. It is not surprising that these divisive elements concentrate their abuse on the law enforcement officer. Above all, he stands firmly in the path of mindless actions that would reduce our government of laws to mob rule or the whims of lawless men.

To permit such attempts to damage the reputation of our government by law is, of course, a necessary condition of democracy. While it must tolerate the lawfully expressed views of extremists, its citizens cannot through their own ignorance be entrapped with sympathy for bankrupt doctrines that would lay waste the foundations of their Nation.

In observing Law Day, USA, this May 1st, we have an opportunity to view our laws in their proper perspective and appreciate the role they have played in developing our Nation. This day is also a time to renew our obligation of support to law enforcement officers, 126 of whom selflessly gave their lives last year in upholding the law.

Our greatest democratic heritage is the rule of law. It is the foundation for and the guardian of the rights, liberties, and orderly progress we enjoy. It is also the soil that has nurtured the "American dream" implicit in the Declaration of Independence pledge to provide ". . . Life, Liberty, and the Pursuit of Happiness" for all our citizens.

The tests of time and challenge in our Nation's history have more than proven the majesty of the law. Were this not so, our country would not have endured its strife to now stand before the nations of the world as a model of freedom and accomplishment. This is not to say the law has always been right, but that it has been organized to ultimately seek justice. Recognition of its power for good is not merely the experience of our nearly two centuries of democratic government. The struggle to insure the right of the individual and his social organizations by written decree has roots which reach far back into antiquity. The authors of our Constitution were mindful of this legacy when they drafted that historic document.

Nor was the importance of a definitive rule of law lost to the general public of our infant Nation. Worn by the ravages of the Revolutionary War, our expectant forefathers appealed for and got amendments to the Constitution which formed the Bill of Rights—specific guarantees of law that responded to the heart of their grievances. Together the Constitution and the Bill of Rights gave birth to our rule of law and it is the flesh and blood of our Nation.

The law is dynamic because it responds to change as it did for those who argued for and received the Bill of Rights. And our Nation's history has been a chronicle of change. But the process of change in a democracy requires discipline and responsibility that will not unleash unrestrained forces that would rip the fabric of our freedoms. That fabric derives its strength through the warp and wool of laws that orderly guide the process of change by defining our individual and corporate duties. Change in our society would otherwise simply result from those who could impose their will on others without regard for the validity of their arguments or the rights of those who do not share their views.

Law Day honors an indispensable commitment of a free society: that democracy be dynamic but not self-destructive. If we do not value this commitment by both honoring and obeying the rule of law, the tyrrany of extremists may inevitably result.

JOHN EDGAR HOOVER,
Director.

[From the News American (Baltimore, Md.), May 7, 1972]

J. EDGAR HOOVER—PATRIOT

(By Bob Considine)

J. Edgar Hoover's troubles with the political leftists rested, I suspect, on the fact that they were always catching him redhanded, holding high the American flag.

That, they didn't particularly like nor understand.

The man was an uncompromising patriot, as increasingly unused word which is still, however, not marked archaic in Webster's Collegiate Dictionary. "One who loves his country and zealously supports its authority and interests."

He was proud to be one. He resolutely opposed organizations and individuals he felt were out to do us in, or fracture the law. It must have been especially cold comfort to go after the Berrigans, for he was basically a deeply religious man. But there was the evidence, delivered by a scoundrelly informant, and Hoover felt he must act.

(His FBI was also required to prosecute hunters of certain Canadian fowl during their migrations across the U.S., and a relatively dormant racket slavery.)

For the better part of half a century, Hoover never stopped hammering away with righteous indignation at public enemies (and private foes) ranging from Communists to car thieves. Bundists to baby-snatchers. Black Panthers to Mafia Godfathers. A tough cop isn't in the business to make friends.

Toward the end of a long interview the late Frank Conniff and Marianne Means had with President Lyndon Johnson we asked him to name the man he considered to be the greatest living American.

The President looked briefly into his Dr. Pepper, rocked his heavy White House rocking chair, and said "J. Edgar Hoover."

We must have looked slightly surprised, for LBJ continued in his best John Wayne manner, "Without Hoover, this country would have gone Communist 30 years ago."

Other Presidents in a position to know more about Hoover than either his friends or enemies must have felt the same way about it as Johnson did. Conservative Herbert Hoover found his director of the Federal Bureau of Investigation indispensable, as did a liberal of the magnitude of Franklin Delano Roosevelt. John F. Kennedy's first act of office—as he brought youth into national politics—was to urge Hoover to remain at his post even though he was then beyond the retirement age for civil servants.

I don't recall that either Gallup or Harris ever took a head count on Hoover's friends and foes. But listening to him, as I had the privilege of doing from about 1930 until last week's King Features Syndicate Banshees luncheon for visiting publishers and editors, Hoover always gave more personal attention to his enemies. They were, of course, legion. He rated muckraking Jack Anderson among what might be called his personal Ten Most Wanted. Anderson, apparently impishly spoofing the great G-Man's passion for picayune detail, once dispatched a leg man to sift through the garbage and trash behind Hoover's house and find out what kind of whiskey was being consumed by the director and/or his guests.

The matter of his enemies came up, as an aside, in what turned out to be one of his last appearances before the House Appropriations Committee (which always gave him what he wanted in the way of appropriations.) Hoover told the congressmen on the panel, "I have a philosophy. You are honored by your friends and are distinguished by your enemies. I have been very distinguished."

He had more friends than enemies, of course. They just didn't make as much noise. You saw them marching by his bier in the Rotunda, paying tribute to the first Civil Servant ever to rest in that hallowed place.

Hoover could take it as well as dish it out. Years ago, when accused of being a desk dick, he drew a gun and went after one of the toughest of the cornered hoodlums of the time. He was waiting, a few yards away, when Lepke Buchalter gave himself up to Walter Winchell in which could easily have been an ambush. He could talk tough and write tough. He wrote a monthly column for The FBI Law Enforcement Bulletin. What may have been his last one started:

"A special kind of killer haunts many of our communities today. He is the cowardly jackal who murders law enforcement officers. For many of his victims, he will be forever faceless because the fatal assaults are at the officers' backs and they have no opportunity to defend themselves."

John Edgar Hoover, one of the rather rare public figures ever born in Washington, D.C., put in a full day's work, the last day of his life. When he entered what became his FBI it was corrupt enough to employ that ultimate scoundrel, Gaston B. Means. When he left, against his will, it was the world's most towering symbol of law enforcement . . . his imperishable monument.●

VIGIL OF FREEDOM

(Mr. KOSTMAYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks)

Mr. KOSTMAYER. Mr. Speaker, as a participant in today's "Vigil of Freedom" I am honored to have the opportunity to speak on behalf of Mr. Isaak Shkolnik. It is especially gratifying because last year I "adopted" Mr. Shkolnik and spoke on the House floor about his plight.

Today, I would like to briefly summarize his fight for freedom and bring my colleagues up to date on Mr. Shkolnik's status.

Isaak Shkolnik has been imprisoned since 1973 when he was convicted of spying for Israel. But, the Soviet Union did not convict a man who was guilty of a crime. Instead, it sentenced a man who attempted to emigrate to a country where he could live and worship freely.

Mr. Shkolnik, a radio technician, was first charged with spying for Great Britain and passing secrets to British engineers in 1968. The charges were changed, though, from spying for Great Britain to spying for Israel after British officials denied having any connection with Isaak Shkolnik.

After 9 months of maintaining his innocence at his trial in 1973, Mr. Shkolnik changed his plea to guilty after being

informed that the death sentence was sure to follow if he were convicted. He was sentenced to 10 years imprisonment, which was later reduced to 7 years at hard labor.

I join with my colleagues today in urging the Soviet Union to live up to the promise of the Helsinki agreement, which is dedicated to the spirit of human freedom. One of the most basic freedoms is the right of every person to leave a country, including his own, in which he is not happy.

I have repeatedly asked the President of the Soviet Union to grant Mr. Shkolnik that right. Today, he remains in Perm No. 35 while his wife and daughter live without him in Israel. He is one of the many Jews living in a country which does not recognize simple justice.

I have also written to Isaak Shkolnik during the year, and have corresponded with his wife Feiga, who lives in Jerusalem. Therefore, I was most disappointed to learn that a letter from Isaak to his wife indicated that Soviet authorities were not allowing him to receive any parcels or packages mailed to him, or letting him purchase needed commodities from the prison commissary.

He asked his wife to send him a Hebrew book so that he may study his religion, but a prison official intercepted the letter and attached a note informing Feiga Shkolnik not to send the book—Isaak would never get the opportunity to read it.

Mr. Speaker, while today we condemn the Soviet Union for its injustice, we also express the hope that Isaak Shkolnik will one day be free again, and join his family in Israel. Over the past year, the statistics have become more encouraging for prisoners of conscience, their families, and all Jews wishing to emigrate. During the past 10 months more than 13,500 Jews have been allowed to emigrate from the Soviet Union, nearly 30 percent more than during the same period a year earlier.

Still, this is not enough. Today, I join with my colleagues and with all Jews everywhere and ask that the Soviet Union release Mr. Shkolnik and recognize this injustice. Until all the prisoners of conscience are released, we in Congress must continue our vigil of freedom on their behalf.

So long as I am here, Mr. Speaker, I shall continue to speak out on behalf of those Jews in the Soviet Union and elsewhere who continue to be denied the right to emigrate to Israel and live in freedom.

PROMISES, PROMISES: CARTER AND THE VETERANS

(Mr. HAMMERSCHMIDT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HAMMERSCHMIDT. Mr. Speaker, I do not enjoy recalling the parade of broken promises made by President Carter during the 1976 campaign, but in light of the difficulties the Veterans' Affairs Committee has had with this administration's budget proposals, I thought it might be appropriate to recall a few.

As I and Chairman ROBERTS have communicated to the Members of this body, the Veterans' Administration budget for fiscal year 1979 is woefully short, so short in fact that it threatens to destroy the VA medical program as we now know it, and to do grave damage to other programs designed to aid the men and women who answered our country's call during times of crises. There are insufficient funds for pension reform. There is no provision at all for a cost-of-living increase for GI bill students.

If we recall the promises made by Candidate Carter, again and again during the 1976 campaign, it is not surprising that the veterans of this Nation feel betrayed by the present administration. Below are just a few of them:

Candidate Carter on the VA medical system:

I will begin by strengthening the VA Hospital system to make it capable of delivering the finest health care available . . . the sick and disabled are forced to wait weeks and even months for treatment in overcrowded and understaffed VA hospitals. The average VA hospital has only half the doctors and support personnel found in the average community hospitals.

President Carter, rather than strengthening the VA hospital system, has threatened to all but destroy it. This administration has proposed a mere 2.6-percent increase in budget authorization for VA hospital and medical care, while proposing to increase HEW health care programs by more than 10 percent. Hospitals which he termed overcrowded and understaffed only 2 years ago have suddenly become underutilized to the point that the administration believes it can eliminate some 3,100 beds—the equivalent of closing down 6 hospitals. Medical research programs, which serve as perhaps the most attractive recruitment incentive for highly skilled physicians, will be eliminated or reduced in some 64 hospitals. This, of course, is especially ironic in light of the Nobel Prizes recently awarded two VA researchers. We have already heard from some of our most qualified VA physicians that they are now being forced to consider other employment, for the sake of their careers rather than remaining in a VA system that limits their professional diversity. If these cuts are allowed, Mr. Speaker, I greatly fear that the VA hospital system, rather than being second to none, will take a back seat to all. The administration's proposal is a giant step toward turning the VA hospital system into little more than a long-term geriatric care service, staffed by foreign medical school graduates.

Candidate Carter on Compensation, Pension, and Education:

Veterans and widows living on pensions find themselves existing on a pittance as inflation cuts the value of their benefits. The Administration has been willing to let inflation reduce this even further by not recommending cost-of-living adjustments in veterans benefits. As President, I will protect veterans benefits—pensions, VA hospitals, and the GI Bill—what we need is a square deal for those who gave a great deal.

President Carter, however, has budgeted only $110 million for a pension reform package that will cost eight times that much, has recommended a cost-of-living increase for service-connected disabled veterans far below the increase in the cost of living, and has not even budgeted a cost-of-living increase at all for our Vietnam-era veterans in school under the GI bill.

Candidate Carter on Veterans Preference:

The laws that mandate this special preference in hiring should be rigorously enforced.

President Carter placed a man at the head of the Civil Service Commission who annonuced, on his first day in office, that he would attempt to do away with the veterans preference concept as we know it.

Candidate Carter on veterans employment:

The unemployment rate for our young Vietnam-era veterans is a disgrace. . . . The poor record of government bureaucracy has been especially bad in programs intended to help recent veterans find jobs. Men who have endured so much suffering, so bravely, fighting in a far-off land, should not now suffer anew in their own country at the hands of insenstitive bureaucrats and indifferent politicians.

President Carter appointed an individual as the Assistant Secretary of Labor for veterans employment who had absolutely no experience in either veterans affairs or in employment programs. It is no wonder that the President's widely publicized HIRE program, which was to produce 100,000 reimbursable hire jobs in the private sector over a 1-year period, produced a grand total of 442 jobs.

Candidate Carter on his relations with the veteran:

If I become President, the American veteran, of all ages, all wars, is going to have a friend, a comrade and a firm ally in the White House.

President Carter, has demonstrated this "Camaraderie" by pardoning those who refused to serve in our military during Vietnam, by seeking not only to excuse the acts of those who deserted or served less than honorably, but to reward this service with veterans benefits, by seeking to do away with the time-honored concept of veterans preference, by using the veterans employment area as a dumping ground for rewarding political favors, and now, by offering a Veterans' Administration budget that is distressingly inadequate. If these are friendly acts, Mr. Speaker, I shudder to think of what this President might now be proposing if he decided to become hostile.

EXTENDING NEW YORK CITY SEASONAL FINANCING ACT FOR 3 YEARS

(Mr. STANTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. STANTON. Mr. Speaker, I am introducing H.R. 12502, a bill to extend the New York City Seasonal Financing Act of 1975 for 3 years, with a gradual reduction in the loan amount during the 3-year period. In 1975, New York City

was on the brink of bankruptcy. With the passage of the 1975 Seasonal Financing Act and the tremendous cooperation of New York City in fulfilling 90 percent of the requirements of that act through personal sacrifice, cuts in services, and hard decisions, the city has been able to survive.

Senator PROXMIRE has indicated that, today, New York City does not require any further Federal assistance to maintain its solvency. I am convinced, however, that although the city's financial situation is not as grave as it was in 1975, there is a need for additional Federal assistance if the city is to avoid bankruptcy.

As I did in 1975, I maintain the belief that the most appropriate Federal assistance is a seasonal loan program. Such a program is in keeping with the extent of Congress responsibility, that is, maintaining the solvency of New York City. Any other approach runs the risk of establishing a dangerous precedent.

My proposal for a phased out extension of the seasonal loan program is based on my observation that the real solution to New York City's financial problems rests with the city's administration, not the Federal Government. Additionally, I disagree with long-term assistance because it would destroy the relationship that has been established between the city and Federal Government during the past 200 years. It is the city's responsibility to establish stringent budget controls and take other necessary steps to enable them to reenter the capital markets. Based on Mayor Koch's performance in Congress, I have every confidence in his ability to take these steps.

It should be clear that my bill is not an alternative to or in competition with the committee legislation. It is my intent that if Congress fails to accept long term assistance, we should have before us some other means of assuring the city's solvency. Finally, this bill is not a Republican alternative. I hope all Republicans will weigh the facts of the New York City financial situation and vote as their conscience dictates realizing both their obligation to keep New York City from bankruptcy as well as their obligation to their constituency.

ADDRESS BY HON. DON H. CLAUSEN BEFORE NORTH COAST COUNTIES SUPERVISORS ON NORTH COAST WATERSHED MANAGEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DON H. CLAUSEN) is recognized for 10 minutes.

● Mr. DON H. CLAUSEN. Madam Speaker, the recordbreaking drought of 1976 and 1977, followed by intense rains which caused considerable flooding in much of the West again focused attention on the need for total management of what is coming to be recognized as one of our most valuable resources—water. Too often in the past we have zeroed in on a single aspect of the problem, such as pollution-free water, while ignoring other aspects like an adequate water supply, or flood control, or streambank and erosion protection.

I believe my colleagues will be interested in the approach being adopted by the principal counties of origin in the Eel-Russian River basins; namely, Sonoma, Mendocino, Humboldt, and Lake Counties in northern California, which is outlined in remarks I recently made to the North Coast Counties Supervisors Association of the Redwood Empire Association.

These counties are moving with dispatch to address the pressing problems of their area and I am pleased and proud to be associated with and supportive of their efforts.

CONGRESSMAN DON H. CLAUSEN'S SPEECH BEFORE THE NORTH COAST COUNTIES SUPERVISORS AND REDWOOD EMPIRE ASSOCIATION ON APRIL 20, 1978, ON NORTH COAST WATERSHED MANAGEMENT

It is a great pleasure for me to be able to address you today during the formal adoption of the joint-powers agreement for the implementation of the Eel-Russian River Watershed Conservation and Development Program. The representatives of the four counties of origin who will be partners in the agreement have done an excellent job in shaping and advancing it and you are all to be commended for your constructive efforts.

In the statement of purpose of your agreement you have indicated that your objective is to promote proper watershed conservation and flood control recommendations and to provide measures to achieve proper economic stimulus and development in the Eel and Russian River watersheds. In my remarks to you today, I would like to share with you some of my thoughts about water management and conservation, current trends in water policy, and also offer some ideas on the direction that your program might take as well as the level of support and assistance that I would be able to lend to your efforts.

In the past, we have tended to think of all or nothing, total solutions in dealing with our water related problems. This has certainly been the case when we look at the Eel River. After the tumultuous flood of record in 1964, the dominant public opinion favored a structural solution. The Corps of Engineers response to the public was the Dos Rios project in conjunction with levees in the Eel River Delta. That alternative was not supported or advanced by the State and others because of environmental, economic and engineering factors. Now we have the Eel River in the State Wild Rivers system, yet the problems of flooding, low-flow in summer, stream bank and watershed erosion, and the dimunition of the fishery resource are still with us.

The lessons of this experience are significant and must not be forgotten, and there are some basic facts of life that cannot be ignored. First, I think it should be clearly understood that no structural alternative will go forward unless the state and our counties of origin are in full agreement. The counties of Lake, Sonoma, Mendocino and Humboldt individually or collectively could not finance the local share let alone the full costs of a project of the scale of a Dos Rios or an English Ridge. In all probability, the State of California and/or other water agencies would have to agree to contract for the water supply for any project or combination of projects. In addition, none of us in elected office will support any project that would result in the flooding of Round Valley. Where this leaves us is problematical. We still have many people who favor structures on the Eel. . . . others who favor structures higher-up in the watershed . . . . others who favor dry dams . . . others who favor non-structural alternatives . . . . others who oppose all structures. In the final analysis, the answer may very well be a combination of structural and non-structural methods in conjunction with an extensive reforestation program which would add to the retentive capacity of the watershed and enhance the tree growing capacity of the lands. I think one of the primary goals of your four-county agreement will be to address yourselves to these problems on the Eel. These problems cannot be properly addressed if you begin by making either/or assumptions about the need for structures. You must obtain all information possible and then make decisions based on where the facts have taken you.

First and foremost, though, I think that it is imperative that you have an up-to-date, comprehensive and accurate natural resource data base on which to develop management and policy decisions. This is an area where the federal government, and I as your elected representative, have aided in the past and will continue to assist at your request.

In proposing the idea of a North Coast Watershed Conservancy Program in 1971, my thinking then, as it remains now, was predicated on four factors:

1. That the North Coast, which contains 40 percent of California's water, is a region of hydrological extremes. Within very short periods of time we can and have been subjected to very severe drought and very severe flooding.

2. The recognition of the interdependence of all natural resources of North Coast and the dominant role of water in this interdependence. This means total water management of the ground and surface water supplies and an inventory of our total supply in the Eel-Russian Basins. The anticipated completion of Warm Springs in conjunction with Coyote and ground water reserves will definitely assist in meeting the immediate needs for our newly negotiated water agreements. But we also need a projection of the future needs of our four counties of origin and a projection of the potential needs of our immediate neighboring counties, such as Marin, Napa, Yolo, Solano, etc.

It also means a Basin watershed conservancy and management plan—one that is designed by local people and your respective counties and fully reflects the desires, concerns and resource management objectives of the people of the area and ratified by your Basin Commission.

Intensified forest management and fish and wildlife enhancement must be given top priority as you develop your land and water management plans.

With the emphasis on defining water needs for farms, forests, flood control and fisheries, proper management will provide unlimited opportunities for tourism and recreation.

I certainly believe you would be well advised to establish legal, engineering, water and resource management, and environmental advisory task forces that could aid in developing and coordinating the input to your Commission.

3. The third factor, that the rivers of the North Coast should be divided into two categories—natural river systems and managed river systems—as I view it, all of our rivers in the North Coast should be retained as natural rivers except the Mad, the Eel and the Russian, which now have structures on them and should be placed in a managed river system category for purposes of addressing the flood control, erosion and water management problems known to all of you.

4. Given our previous experience with major flood control structures, we must simultaneously explore the non-structural alternatives available to us.

Through my position on the House Water Resources Subcommittee, I have advanced

legislation which provides the vehicle for establishing integrated resource and environmental data on the natural and managed rivers as well as other North Coast watersheds and tributaries. The investigations and surveys we have underway are:

Northern California Streams.

The Humboldt Bay Baseline Survey.

The Russia River Basin Comprehensive Investigation.

The Eel River Streambank Erosion Demonstration Project.

Eel River Delta Alternatives to Levees.

The Eel River Comprehensive Basin Investigation.

The latter study and the Russian Comprehensive were unique in that it provided the Corps a new role in water resource planning and assistance. These basin resolutions direct the Corps to investigate all facets of the watershed, from forestry and fishing to water quality and flood control.

For the Eel Delta, we've authorized the Corps to evaluate and develop non-structural flood control alternatives such as flood proofing of buildings, possible relocation, dredging, channel stabilization and cattle evacuation plans. While it would not control a major flood such as in 1964, it could minimize damage and afford some protection and security from the lesser floods that occur.

In Lake County, there has also been a concentrated effort to deal with the water quality and supply problems at Clear Lake with nonstructural alternatives. In this endeavor, EDA, EPA, Bureau of Reclamation and the Corps have all been involved.

These ideas of a new and more flexible role for the Corps are being accepted. Recently, Lt. General John Morris, Chief of Engineers, in a speech to the Water Resources Congress, entitled "Where are We Headed" noted, "Water resources problems will continue to arise from population growth, economic expansion and unpredictable natural events will force more effective national water conservation measures supported by a proper blend of structural and non-structural solutions which are well engineered and developed. The key to resolving water resource problems is the formulation of clear, comprehensive national water policies which are in tune with today's public and national objectives." These changes in thinking by the Corps are indicative of the re-evaluations of National Water Policy currently taking place in the Congress and the Administration. One administration report advises the President to propose laws and adopt procedures that would require federal and state planners to consider much more carefully the building of huge government-financed water projects. This same report also recommends that states should be required to pay in advance 10% of the cost of the new water projects that they want built. Of course, Congress would have to assist and/or approve the establishment of any new water policy.

This Congress has approved our committee's new "clean water" program which authorizes comprehensive waste water management and includes my new innovative technology incentives amendments for communities that develop re-cycling, re-use and land treatment management alternatives.

The implications of all of this are far-reaching. For sure, it points to the need for building a cohesive political support group in the North Coast that will be able to articulate representative and clearly defined positions on the water related issues that affect you. I believe that your joint-powers agreement is the first step toward meeting that objective. Your program is a program *of, by* and *for* the areas of origin on the North Coast . . . you have perceived the potential for action by other interests in the state and you are taking early-on action to make sure that our interests are protected. It is not a narrow, parochial, "them versus us" interest, but the legitimate interest in seeing that you have a say in what affects our communities . . . and the North Coast.

Your joint-powers agreement is properly predicated on the strong role that local government should and must play in determining public policy that you will establish and implement and I totally support the fundamental concepts of your agreement. The real challenge to all of us will come when we develop the specifics of our plan of action.

The Miami and Muskingum watershed conservancy programs in Ohio are excellent examples of what can be done by local units of government joining together to address common water resource related problems. These organizations were initially formed to control the tremendous floods that used to frequent the Miami and Muskingum Valleys in Ohio. Over the years, they have matured into multi-purpose water management organizations whose primary goal was flood control and the maintenance of water quality in their regions. They are actively involved in waste management, flow-augmentation, stream appearance, recreation facilities and other problems that affect water quality. I would strongly recommend that those who will be immediately involved in directing your joint-powers agreement look to the Miami and Muskingum programs as models of what can be done.

The Corps will cooperate with you in developing its studies and resource inventories. Last week in Washington I met with Colonel John Atsid, of the San Francisco District. We talked of this joint-powers agreement and he re-affirmed his commitment to provide support. He also indicated that Charlie Elmore, whom most of you know and who is here today, would be designated as the Corps' liaison person to work directly with you. I think the Corps is the best federal agency to provide coordination in this area because of its long-standing knowledge of our region and its water resources.

We also have in our own area tremendous talent and human resources that you can tap in developing your information base. I have discussed with the Presidents of Humboldt State, Sonoma State and the Community Colleges in the North Coast the idea of involving their forestry, fishery, remote sensing, environmental science and biology departments in your efforts. They have all expressed a ready willingness to participate.

Given such a broad-based support effort we can continue to work at the Federal level to provide a mechanism to consolidate the tremendous amount of information that would be forthcoming. Several ideas that I have in mind might be the construction of a hydrology model of our North Coast, similar to the San Francisco Bay Model that the Corps operates in Sausalito. Or a computer simulation model of the region, like the one used to monitor water quality in the Miami Conservancy Program.

Only after the establishment of such a data base and resource inventory will you be in a position to make the kinds of management and policy decisions that you envision in your joint-powers agreement.

So, in conclusion, let us restate our purposes and objectives.

As I stated in my 1971 speech advocating the Basin Watershed Conservancy concept, "The challenge to the North Coast is to strike a balance between conservation and development of our natural resources. The present and future economy of our area is tied directly to the way in which we meet this challenge."

I want to assure you that I fully support your actions to date and I believe we are in unison toward meeting this challenge.

The purposes of the Watershed Conservancy program is to provide information, direction and expertise necessary for the continued management, development, use and treatment of the surface and ground water of the Russian and Eel Basin so as to meet the water quality standards set by the State and approved by the federal government under our "Clean Water" program.

Simply put, our objectives are to say that the waters of the Russian and Eel Watersheds must be suitable for all uses at all places at all times.

Water quality is everybody's business.

Water management is our mutual responsibility.

Water is one of this nation's treasures. We cannot survive without it.

A nation is no more than the sum of its natural resources and its people and only when the people and their governments properly manage their natural resources can they or the nation survive.

Working together, we, on the North Coast of California, can demonstrate to our people the kind of enlightened leadership required to meet this challenge. The people we are privileged to represent have a right to expect the best from all of us. Give us at the state and federal level a vehicle to work with and maybe we can supply some of the fuel. But, you the elected representatives of the North Coast will be in the drivers seat.

In addition to the water management I've discussed, I look forward to working with you on transportation and economic development programs that will revitalize and diversify the economies of our area.●

PENSION PLANS OF CHURCHES AND CHURCH-RELATED ORGANIZATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York, (Mr. CONABLE) is recognized for 10 minutes.

● Mr. CONABLE. Madam Speaker, I wish to discuss a bill, H.R. 12172, which I recently introduced to amend the Internal Revenue Code of 1954 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church and to make certain clarifying amendments to the definition of church plan. The major church denominations of this country all agree that they are seriously affected by the definition of church plan we provided in section 414(e) of the Internal Revenue Code.

For many years our church plans have been operating responsibly and providing retirement coverage and benefits for the clergymen and lay employees of the churches and their agencies. Some of the church plans are extremely old, dating back to the 1700's. The median age of church plans is at least 40 years. Churches are among the first organizations to found retirement plans in the United States.

In 1974, when we enacted the Employee Retirement Income Security Act of 1974, popularly called ERISA, we exempted church plans from the provisions of the act to avoid excessive Government entanglement with religion in violation of the first amendment to the Constitution. We provided that a church plan is a plan established and maintained for its employees by a church or by a convention

or association of churches which is exempt from tax under section 501. At the same time we provided that a church plan, if it were to continue to be identified as such, could not provide coverage to employees of church agencies not participating in the plan in 1974, nor could it provide coverage for employees of any agencies after 1982.

Mr. Speaker, I believe that our definition of church plan should be revised. It does not take into account the special needs of our churches, ministers, and lay persons, or the structural differences of our denominations.

Under the existing definition of church plan, the churches must by 1982 divide their plans into two parts, one covering employees of the church and one covering employees of church agencies. Present law fails to recognize that the church agencies are parts of the church in its work of disseminating religious instruction and caring for the sick, needy, and underprivileged. Estimates of the intial costs of the division of church plans that have been in existence for many years and of the additional continuing costs of maintaining two separate plans are so significant that reduced benefits may result.

Some of these additional costs must of necessity be shifted to the local churches and agencies. Churches and church agencies are often very small and operate marginally, being staffed by two or three persons who work at a personal sacrifice. Plan contributions for churches and agencies are generally dependent upon tithes and offerings. There is virtually no way to pass on higher plan costs to the consumer as businesses can. If forced by the 1982 deadline to establish a retirement plan separate from the denominational plan and to comply with the paperwork and other requirements of ERISA, many of the agencies might decide to abandon their retirement plans.

Mr. Speaker, the division of the church plans will also hurt the work of our churches. The churches consider their agencies as an extension of their mission. A significant number of ministers and lay employees move frequently from church to agency and back in pursuance of their careers. A church may ask a rabbi to serve in an agency where his services are most needed. The rabbi may then return to pulpit work. The present definition of church plan does not satisfy the unique need of our churches to cover continuously their employees in one plan. If ministers and lay persons cannot be continuously covered by one plan, gaps in coverage will result, and they will not be free to pursue their work for the denomination as they should.

Also, many ministers serve their faith outside of the denominational structure as chaplains in prisons, universities, hospitals, and elsewhere. In some cases the employment relationship is not easily discernible or does not exist. For example, evangelist ministers may have no employer. The present definition of church plan could be interpreted to exclude them from coverage either now or in 1982.

One of the most important binding influences within a religious denomination is the pension and welfare benefits program. The division of the church plans may lessen the unity of the church. Some churches fear that division of their plans will destroy the sense of oneness within the church and weaken the dedication of agency employees to the denomination.

Moreover, in a congregational denomination, if the plan covering the agencies is required to comply with ERISA, the denomination would not be able to require an agency either to join in the plan or to observe the requirements of ERISA. In the congregational type of denomination, the local churches and agencies are self-governing. Unlike corporate structures, no lines of authority exist from the denomination.

The existing definition of church plan has also created many technical problems. The large majority of church plans of the congregational denominations are administered by a pension board, a unit separate from, but controlled by, the denomination. It is not clear whether a plan administered by a pension board of a congregational church is a plan established and maintained for its employees by a church. A pension board is usually incorporated because the church does not want the funds set aside for retirement purposes to be subject to the general creditors of the church.

This structure raises a question whether a plan maintained by a pension board is maintained by a church. In the congregational denominations, ministers and lay employees are considered employees of the local churches and other units, rather than of the denomination. As mentioned, congregational churches have little control over local churches and agencies. Some differences in plan provisions, therefore, necessarily occur, and the question is also raised whether the plan is maintained by the church (denomination) for its employees or by a local church for its employees.

Under section 1 of the bill, effective as of January 1, 1974, a church plan may continue after 1982 to cover the employees of its church-associated organizations, both those participating in 1974 and those that begin participation after 1974. This recognizes the special nature of church agencies and of their special problems in complying with ERISA. It also recognizes the unique needs of ministers and denominational employees to move about within the denominational structure and still stay within the church plan.

The bill achieves this result by retaining the basic definition of church plan as a plan established and maintained for its employees by a church or by a convention or association of churches exempt from tax under section 501. The term "employee", however, is redefined to include: First, a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry; second, an employee of an organization which is exempt from tax and which is controlled by or associated with the church; and third, certain former employees who participated in a church plan before separation from service. Under the bill an organization is "associated" with a church if it shares common religious bonds and convictions with that church.

For purposes of section 414(e), all such employees are deemed to be employed by the denomination. The combined effect of these provisions is to treat both hierarchical and congregational denominations in the same manner for purposes of the church plan definition. The bill, thus, accommodates the differences in beliefs, structures, and practices among our religious denominations.

By including ordained ministers within the definition of employee without requiring an employment relationship, the bill permits a church plan to continue to cover a minister who serves in the exercise of his ministry outside of the denominational structure. Thus, a minister serving as a prison chaplain or teaching religious studies in a university could receive coverage. An evangelist minister who has no employer would also be entitled to participate in the church plan.

The bill provides that a church plan will not have to remove from its rolls an employee who has left the denominational group but may retain his accrued benefit or account for the eventual payment of benefits under the plan. Some denominations continue to accept plan contributions for disabled employees and, temporarily, for employees who have separated from service.

A typical example would be a minister or lay employee who reaches a point in his career where he wants time to decide whether he will spend the rest of his life in the service of the denomination. During such a transitional period, the denomination may permit the individual to continue to be covered by the church plan for a time even though he has separated from service.

The bill would permit a church plan to continue to receive contributions for an individual who is a participant in a church plan at the time of his separation from service, but only for a period of 5 years. No such time limit is placed upon employees who are separated from service because of disability.

The bill also recognizes pension boards as acceptable funding media for church plans. A plan or program funded or administered through a pension board, whether a civil law corporation or otherwise, will be considered a church plan, provided the principal purpose or function of this organization is the administration or funding of a plan or program for the provision of retirement or welfare benefits for the employees of a church.

The organization must also be controlled by or associated with a church exempt from tax under section 501(a). It is intended that no church plan administered or funded by a pension board would be disqualified merely because it is separately incorporated or merely because of variations in plan provisions among the local employers.

The bill also corrects a very harsh position taken by the Treasury Department

in its proposed regulations defining church plan which provide that once a church plan fails to meet the requirements of a church plan it can never thereafter be a church plan. This rule requires perpetual disqualification of church plan status for the smallest violation of rules that are not now clearly understood and that will take years to resolve.

My bill provides a mechanism whereunder a church plan will be disqualified as such only after it receives appropriate notice that it has violated the church plan requirements and does not within a certain period of time correct its default. The term "correction" as used in the bill is not intended necessarily to require a church plan to undo the default completely or to put itself and other parties in precisely the same position they would have been in had the default never occurred. The degree of correction required should depend upon the equities of the situation.

For example, a possible violation of the church plan requirements would be the coverage of an impermissible number of individuals who are not defined as employees. A complete correction of this type of default would require the plan to refund to these individuals all contributions made on their behalf. Such a correction may cause the distributions to be included in the incomes of innocent persons and, hence, work a hardship on them.

In this type of situation, the default should be considered corrected if the church plan were permitted to retain the accrued benefits or accounts of these individuals for the eventual payment of benefits upon their death or retirement. But the plan should accept no further contributions with respect to them.

Mr. Speaker, I believe that when we enacted ERISA, we required far more of our churches than we intended. We certainly did not in 1974 intend to draft a definition of church plan that fails to take into consideration the way our church plans are operated or that is disruptive of church affairs. Our 1974 legislation requires the church plans to reconstitute their plans after decades, even centuries, of responsible experience.

The problems the churches face are immediate. They are concerned today that their plans may be presently disqualified as church plans. This is a matter we must not put off until 1982.

Therefore, Mr. Speaker, I urge my distinguished colleagues to support this measure, and I ask unanimous consent that the bill be printed in the RECORD.

The bill follows:

H.R. 12172

A bill to amend the Internal Revenue Code of 1954 to permit a church plan to continue after 1982 to provide benefits for employees of organizations controlled by or associated with the church and to make certain clarifying amendments to the definition of church plan

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTON 1. Section 414(e) of the Internal Revenue Code of 1954 is amended to read, as follows:

"(e) CHURCH PLAN.—

"(1) IN GENERAL.—For purposes of this part the term 'church plan' means a plan established and maintained (to the extent required in paragraph (2)(B)) for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from tax under section 501.

"(2) CERTAIN PLANS EXCLUDED.—The term 'church plan' does not include a plan—

"(A) which is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513); or

"(B) which includes individuals less than substantially all of whom are described in paragraphs (1), (3)(B), or (3)(E) (or their beneficiaries).

"(3) DEFINITIONS AND OTHER PROVISIONS.—For purposes of this subsection—

"(A) A plan established and maintained by a church or by a convention or association of churches shall include a plan established and maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association of churches, if such organization is controlled by or associated with a church or a convention or association of churches.

"(B) The term 'employee' of a church or a convention or association of churches shall include—

"(i) a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry, regardless of the source of his compensation;

"(ii) an employee of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501 and which is controlled by or associated with a church or a convention or association of churches; and

"(iii) an individual described in paragraph (3)(E).

"(C) A church or a convention or association of churches which is exempt from tax under section 501 shall be deemed the employer of any individual included as an employee under paragraph (3)(B).

"(D) An organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if it shares common religious bonds and convictions with that church or convention or association of churches.

"(E) If an employee who is included in a church plan separates from the service of a church or a convention or association of churches or an organization described in clause (ii) of paragraph (3)(B), the church plan shall not fail to meet the requirements of this subsection merely because it—

"(i) retains his accrued benefit or account for the payment of benefits to him or his beneficiaries pursuant to the terms of the plan; or

"(ii) receives contributions on his behalf after his separation from such service, but only for a period of five years after the employee's separation from service, unless the employee is disabled (within the meaning of the disability provisions of the church plan or, if there are no such provisions in the church plan, within the meaning of section 72(m)(7)) at the time of such separation from service.

"(4) CORRECTION OF FAILURE TO MEET CHURCH PLAN REQUIREMENTS.—If a plan established and maintained for its employees (or their beneficiaries) by a church or by a convention or association of churches which is exempt from tax under section 501 fails to meet one or more of the requirements of this subsection and corrects its failure to meet such requirements within the correction period, the plan shall be deemed to meet the requirements of this subsection for the year in which the correction was made and for all prior years. If a correction is not made within the correction period, the plan shall not be deemed to meet the requirements of this subsection beginning with the date on which the earliest failure to meet one or more of such requirements occurred. The term 'correction period' means the period ending with the later of the following: (1) 270 days after the date of mailing by the Secretary of a notice of default with respect to the plan's failure to meet one or more of the requirements of this subsection; (2) such period as may be set by a court of competent jurisdiction after a determination that has become final that the plan fails to meet such requirements, or, if the final court determination does not specify such period, a reasonable period depending upon all the facts and circumstances, but in any event not less than 270 days after the determination has become final; or (3) any additional period which the Secretary determines is reasonable or necessary for the correction of the default."

SEC. 2. The amendments made by this Act shall be effective as of January 1, 1974.●

HALL PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 15 minutes.

● Mr. MICHEL. Madam Speaker, yesterday I inserted in the RECORD a Washington Post article that gave a disturbing and enlightening look at Washington, D.C., education. Today I am going to offer the second in that series. This time we follow the aimless wanderings of a student called "Frank." Frank wants to be famous, rich, and successful. But he feels he should not be asked to work or study or in any way make any serious effort to accomplish his goals. He skips most of his classes and spends most of his time in the hallways of his school avoiding schoolwork. He is yet another in a generation that has been led to believe life owes him fame and fortune. At the same time he has been given the impression that working for such success is a sign of shame.

Perhaps we should call Frank a member of the "time-bomb" generation. The inevitable frustration he will feel when he discovers his current values are useless in dealing with reality will eventually explode in anti-societal behavior. And he is not alone.

At this point I wish to insert in the RECORD, "Hall People Are Rarely in Class," from the Washington Post, May 1, 1978:

[From the Washington Post, May 1, 1978]

"HALL PEOPLE" ARE RARELY IN CLASS

(By Juan Williams)

Frank rolled over and sighed. His eyes quickly opened, then closed. Something had awakened him. "... Get up, Frank, you'll be late," his mother yelled again. He let his eyes slide back into a light sleep. She yelled upstairs once more, and he pulled the blanket tight. Frank was going to be late again for the start of classes at Eastern High School.

"We can't get him in the bed and when we get him in . . ." Frank's father said, "we can't get him out of bed."

Out of bed and standing in Eastern High's hallway in an olive Army fatigue jacket, smoking cigarettes, maybe a joint, or looking

for "lucky seven from heaven" in a crap game on the stairs, Frank is one of the students who go to Eastern High School almost every day but rarely enter a classroom.

By 9:30 a.m., a half-hour after school begins, Eastern's halls are dotted with groups of students talking and joking, oblivious to first-period classes under way around them. Frank does not have to go to class to see his friends; they are in the halls where he falls in with them.

Frank is one of the "hall people," as an Eastern teacher describes a band of students who linger in the halls on any school day too cold for them to gather a few feet outside the school.

The "hall people" hide from teachers' view in one of Eastern's dozen or more doorways and walk down to the basement ramp for one or two class periods to catch a "buzz" on marijuana. In warm weather, they line the small brick wall that encircles the driveway. There they discuss love, sports, crime, parties, and how to do just enough work to pass in classes they often skip.

"I don't know why I be late a lot," Frank said. ". . . I just like to lay there (in bed) and think, you know, about—hmmm—like people, why some people get things and be popular . . . about how I could do things so they'd all know about me and wouldn't be telling me to do nothing because I'd have a briefcase, the suit, some money, you know, and they couldn't say nothing because of who I am.

"Look man," he said, "what's it take? You be on TV, then you're somebody: you got a car, some herb (marijuana). So give 'em to me then. But they talking about you got to do this, get A grades, and you can't be doing that because you ain't old enough. That ain't me, they don't know me, I'm different. . . . Me, they don't know me."

Frank indeed is one of the 70s' teenagers whom nobody seems to understand. Teachers and parents are equally baffled by the students' behavior and often turn on each other. Teachers blame parents and parents blame teachers in trying to explain what is wrong or what went wrong, and then all too often they end up debating whether anything is wrong in the first place.

Have these children been deprived or left unloved in some way? Or are they spoiled? Most of these teenagers are well-fed, have in most cases middle-class allowances or part-time jobs, have generally kind parents, phonograph records, sports and movies galore. So why do they consistently cut classes, stay high on drugs or alcohol, sleep all day and spend waking hours locked in their rooms or roaming the streets?

Teen-agers of the 1970s are not like those of the 1960s. Teens such as Frank generally are apolitical, are into disco, stylish clothes and money, and want all the success and prestige the establishment has to offer. Few remember the 1960s or care about why students marched, held sit-ins and talked about revolution and going back to the earth or back to Africa.

Unlike teen-agers of the 1960s, Frank and his generation generally are not tempted by hard drugs such as LSD and heroin, Marijuana, beer and hard liquor are as common as soda for Eastern High School students. They have a few drinks and get high at parties or whenever they want to be sure of having a good time at a concert, in class, at work, after work, in the stands at a game, watching television or making love.

In the parlance of the 1970s, Frank is "mellow." He constantly moves his shoulders from side-to-side in a bop as he stands talking, and he regularly pulls one thumb up to his mouth and licks it, before snapping his fiingers. He is the guy for whom other students at Eastern stop to talk. Maybe they skip a class to hang around with him in the halls.

Frank knows "who's around and what's going down," as he says rhythmically. Carrying large, noisy radios and dressing in wild colors is not for him. Frank is into the mellow, understated look of windbreakers, army fatigue jackets, Hush Puppies or Italian designer shoes and fitted dungarees.

As he stands on Eastern's basement ramp, Frank is in his element: two clusters of students are smoking marijuana, lines of students are leaning against the wall talking and a small ring of dice throwers crouches in front of a doorway. Amid this activity, two seniors circle each other throwing mock punches.

In the three months after a reporter picked him out of that crowd and talked to him regularly, Frank was expelled from Eastern for nonattendance as the acting principal moved against the "hall people." He got into a fight and badly injured another Eastern student when he punched him in the eye. He applied for a job, took the test to get into the Army and thinks he failed. Then he induced his parents to return with him to Eastern so he could enroll again.

This time, Frank was registered as a student who attends academic classes at Eastern in the morning and works at a vocational trade each afternoon.

Despite the changes and his new schedule, Frank still is found in the school halls.

". . . Unfortunately today we have a level of students," says Ray Hammond, one of Eastern's assistant principals, "who don't know just exactly what they want to do. So they're not trying to advance intellectually, they're not trying to advance economically. They just don't know what's going on.

"I think this is the group we . . . really have to get to in order to start giving them some direction because if we don't . . . they'll be grown men and women and they'll have no direction.

"Unfortunately young students have lost so many values now, I think they don't take on the responsibilities they should and I'm afraid most of them are just hanging in limbo . . . (these students) are hooked up with having nothing but a good time, smoking pot strung out, to hell with education, to hell with everything . . ."

WANT TO BE SOMEONE

Despite having no college or job training, Frank says he immediately wants an apartment, money from a "big-time" job his friends will respect and to be in on anybody's plans—"like a consultant, because of who I am . . . But I want to be someone, you know, that they got to cover with first."

Frank wants to be on top now, not later, unlike the tough kids of the 50s and 60s who denounced the establishment. Frank's only problem with the establishment is that he is not recognized as someone for whom the establishment has been waiting eagerly.

To get on top, to impress the other "hall people," Frank may talk about his favorite drink, a jigger of hot sauce and a shot of tequila. He may say he is older than he is or tell about his "biggest problem . . . too many girls." Frank will tell his friends that he has been around and knows all about "it," all of "it." "It" could be anything.

". . . I've done it," the Eastern senior said. "I've done all that stuff—been drunk, smoked and smoked, stayed up all night. I done it."

"I try to tell him," Frank's father said, "that being a man is more than staying out late, smoking pot and having women. I say, 'Frank, it is more than that. What if anything happens to me? You'd be the man of the house.' But he doesn't listen."

Frank and other "hall people" set a tone for Eastern that brings students out of classes and into the halls, denigrates hard work in the classroom and makes the school more a place where students hang out with friends than work to attain an education. School administrators do not know what to do with Frank or students like him.

When an administrator catches students gambling, they receive a lecture and any money recovered goes to the student government treasury. Students caught smoking usually are lectured and told to go to class. Administrators generally do not want to call police, a move that could create even more trouble in getting students into the classroom.

Throughout the school day, administrators walk the halls and try to disperse groups of class-cutters. For acting principal Gloria Adams, the "hall people" have become a problem that one counselor calls "as bad as the plague."

"Eastern is . . . a place for socializing," Adams said. "You know, you stop and wonder so often why you have a group of kids—percentage-wise as small as it is—who don't go to class but come (to Eastern) every day . . . When you stop and think about it, school is where the action is.

". . . During the day time, the best way to spend your time is not at home by yourself. You have to go to school to see your friends . . . ," she said.

The "hall people," according to Eastern teachers and administrators, also entice good students out of the classroom.

"Whereas we admit to a 20 percent (about 360 students) real hard-core element in the halls . . . of that other 80 percent, a good number are succeeding in four or five classes but they're still hooking (cutting) one class, still goofing off out in the halls," said Jean Lofton, an Eastern counselor who has worked for 20 years in Washington schools.

ENERGY OF HALL PEOPLE

Ernest Johnson, an Eastern assistant principal, is the great enemy of all "hall people," because he, too, knows the crannies where the "hall people" cluster, and he forces them back to class. He said peer pressure to be "hip" pushes good students out of the classroom.

"You may be doing all right in class but, if you have a friend and you continue to see him out in the halls, there is a tendency for him to draw you out there with him. Peer pressure is very, very high among students," Johnson said.

"So, once you get out there (in the halls), you've missed something in class. So, you go back in class, and the teacher asks you something and you feel stupid, you feel frustrated. So rather than face that daily embarrassment in front of your friends, you go hang out in the halls with your friends where you feel more comfortable and you enjoy yourself," he said.

In class, students who have missed a class or two while in the halls often are the students who are disruptive, play the clown, talk and constantly ask for a bathroom pass. The pass puts them back into the halls. The "hall people" set a tone for Eastern that touches everything there, including 10th graders just coming into the school.

". . . When I was in the 10th grade," said Maurice Wright, a senior who cut almost half of his classes during the first 40-day advisory period of this school year, "the first thing I had in my mind (was cutting) . . . The rumors . . . had been around that at Eastern you can go to classes when you want and you ain't have to go if you ain't want to. You just sit around or something like that. . . . I came up here and did just that . . ."

Robert Kamp, the senior class president and an occasional class-cutter, said skipping classes occurs more in high school than ever before because school and education are not considered as important as they once were.

"Shooting dice and smoking," he said, "it's natural, it's natural.

"Back, you know, about 50 years ago, schools were hard and everybody wanted to go, so it was like a privilege, something special.

"It's nothing now, it's not hard now, man, it's not hard and they make you go, they say you got to have the diploma. And we get it free now, too, because . . . high school and all before that (elementary and junior high) is free . . . So all you need is a high school diploma, and it's not hard to get that like it was a long time ago. They know that, so they run it through their minds and see they can have a good time here."

Kemp is not disturbed by the marijuana smoking or gambling in the halls. "They might be some over here getting high," he said, "but, so what? They're not hurting nothing. It's just the smell of it that they (teachers and administrators) be turned off about. Students smoke in the halls because they don't have a lounge like the teachers. Bad break. If we had one of them, we wouldn't have nothing to worry about. Nothing. They might smoke reefer but at least it wouldn't be all in the building and going outside."

SOME SERIOUS PROBLEMS

The problem of students who become "hall people" because they see school as nothing more than a place to meet their friends is compounded by other students who come to Eastern hounded by serious problems, such as poverty. They are distracted in the classroom and led inexorably into the halls.

"The social problems can be so great, and the pressures on the kids so great—what the heck, why do you expect them to sit up in a classroom? You find someone, he's hungry, or they're worrying about whether they're going to eat or pay the rent, welfare checks and babies . . . and you're talking (in class) about an amoeba. They could care less about that," said biology teacher Walter Brown.

Principal Adams said the problem of "hall people" may not be as severe as it appears to a parent who walks a hall at Eastern and sees 20 or 30 students joking and smoking.

"For every 30 students you see in the hallways, there are 30-times-14 students in the 14 classrooms along that hallway," she said.

Adams, explained that Eastern's halls cannot be cleared by teachers or patrolling administrators because "Eastern is a block long. If you get them out of one spot, they can go to the other end of the building."

The principal now is campaigning to force "hall people" out of the school by expelling students such as Frank who has a record of consistent class cutting.

After Frank was expelled, he did not find work to his liking. "No jobs for me out there. They won't even let you get on (hire you), and then if you do, they want you to take a whole bunch of orders, do this, do that . . . be some boss's . . . boy . . . I'm going to do it (get money and success), but I'm going to do it my way. I can do a lot, man, and it comes natural for me, right?" he said.

"Look, I can do this stuff in the classroom if I want to, like some of the little girls around here. But where's that take you? . . . college? Yeah, well, they got people out there working at nothing. Look, it's just people getting in your way, stopping you. . . . College ain't going to get you nothin' for sure and neither is hard work. It's power and who's on top. That's what it is. You ask guys who be working," he said.

"They want you to lick the floors, man. You don't have to go to college to do that . . ."

Frank's desire for a meaningful and important job immediately is common among Eastern students. Most students who have never taken any math courses more taxing than one in problem solving and basic algebra claim to be on their way to becoming doctors, engineers and lawyers.

"They see success all around them," said Wayne Paige, a drafting teacher. A lot of them will tell you Max Robinson (the WTOP newscaster) makes $125,000 for reading the news on TV. They expect they'll be able to do that. They see actors dancing across the movie screen and making big money, athletes on TV making big money, the music groups . . . So they want big money, too. But they don't realize the preparation involved."

Frank does not know what kind of work he wants to do but estimates that by the time he is 22 years old he will be making $40,000 a year.

His parents just want him to graduate from Eastern this year.

A FAVOR TO GRADUATE

"I try to tell him education is important," Frank's father said. "He acts like he's doing me a favor to graduate. I try to tell him he's doing himself a favor. The only favor he's doing me is learning something so he could get a job and I wouldn't have to support him for the rest of my life.

"We try to get him to be part of the family. He won't go shopping like his sister. She knows if she jumps in the car she'll get what she wants. But not him. He'll stay home and tell you he needs this or that. You bring him something and most of the time he'll tell you he doesn't like it," Frank's father said.

Frank's father complained that his son will not take part in other family activities, such as cookouts.

Frank said later: "Look, who wants to sit around with them and eat burgers. I want to see where people are happening, right? . . . Where I can get into something new. Forget cookouts. That's for the Waltons. You don't see no stars on the Waltons. They're going to know me."

Frank's mother said she feels her son is going through a troubled time but will straighten out. "He hasn't been interested in school since the eighth grade. But he's a good boy. He was doing very well in school before the eighth grade and was in accelerated classes, but then he fell in with the wrong friends. In the seventh grade, he was a standout. But he fell in with the wrong crowd at school," she said.

Frank's father said his wife loves Frank and makes excuses for him. "His mother says he gets depressed," the father said. "What's he got to get depressed about? He's had a beautiful life. He's got everything he wants, his own room, new clothes . . . I didn't have a father, so I thought I'd be better.

"He had a model, so I thought he'd pick up on being responsible. It's this freedom thing. I don't think it does any good. I had to listen to my mother, or she'd whip me. To this day my mother will tell me when I'm getting too far out of line," Frank's father said.

The father put part of the blame for Frank's problems on the school system. ". . . I think the teachers have given up on the kids because they're so hard to get through to."

School Superintendent Vincent E. Reed does not feel that parents of the "hall people," should be angry at teachers, administrators or the school system.

"Everyone is to blame. It's a shared responsibility between the youngsters, the parents and the school. If they don't achieve, then everyone is saying, 'Poor little victim. Look what they've done to him.' I don't go with that. In most cases the youngsters have not put out, exerted (themselves) to get an education. Others come through the system without any problem.

"But society is not putting pressure on youngsters to learn. We've let standards drop, used racism as a crutch. . . . Money to buy you the best tutoring service is an advantage. But having advantage doesn't mean that when you don't have it you go to rock bottom. It may make it tougher, but it doesn't mean you go to rock bottom because you don't have it."

When he does go to classes, Frank rarely speaks and always sits in the back of the room. If several guys are seated together, Frank will join in their jokes and try to make himself the center of the action. But most often he says nothing.

LITTLE WORK PRODUCED

Evelyn Baugh, who taught Frank English, said that his work was not good and that he rarely came to class.

When she looked for a file on the work Frank has produced in her class, she realized she had not started one because Frank had not turned in enough work.

"He would be absent, and then he'd come to me after class and talk for a long time about whatever was on his mind. Then he'd promise to come to the next class, but usually he wouldn't be there," she said.

"How can you expect anyone to learn anything there?" asked a teacher who wished to remain anonymous. "The loudspeaker comes on with an announcement once a period, there's noise in the halls and most of the kids are comfortable sitting back and getting just enough to pass the test and say they got over in my course."

"Before, the primary goal in school was education. Now it's to motivate the student," teacher Wayne Paige said.

"Before," Paige said, "the person knew he had to learn. . . . Education was an escape from a tedious sort of working-class job and poverty. It was something noble to our grandparents. To get an education was a privilege. Education has become a diploma," Paige said.

". . . Somebody 15 or 16 years old has their own life style and values and ideas and, once they get here, you try to help and mold and shape a bit. But sometimes kids come here so removed from acting right . . . you know, like I said two or three peoplein a class or in an assembly can disrupt the whole situation and other kids pick up on those vibes . . ." athletic coach Tillman Sease said.

Eastern teachers said they are forced to promote students who do not known enough to merit promotion. But no teacher would agree to let his or her name be attached to that admission.

"If a teacher in the seventh grade is having a knucklehead in the class, and he is acting crazy, she's not going to want him around next year so she's got to pass him on to the next teacher," Sease said.

Frank, who failed one of his five courses in his junior year, must take an extra course this year to meet graduation requirements. Although Frank had cut at least half of his classes by December, in his first semester as a senior, his teachers said he could avoid failure in their coures as long as he came to some classes and turned in some work in January.

"Nothing is more important to these kids than graduation," said one of Frank's teachers who asked not to be named. "During senior year I go along with that by rarely failing seniors. If they got this far, why should they be disappointed now when everyone in this family expects them to graduate?"

CADGES A JOINT

By obtaining a bathroom pass after attendance is taken in any of his classes, Frank can spend most of the class period in the hallway without having a class cut noted on his record.

One December morning after he received a bathroom pass in his second period class, Frank walked down to the ramp in the basement.

He crumpled the written bathroom pass into a ball and threw it into a trash can, then talked with people on the ramp until he saw a friend that he knew had some marijuana.

Cajoling and begging in a loud and dramatic style—"Man, you know you owe me, why don't you give it up?"—Frank enticed his friend to pull out a small manila envelope, known as a nickle bag ($5 worth of marijuana) and lay enough marijuana in a thin white cigarette paper to make a joint.

After getting high, Frank wandered up the ramp, passed a biology lab class—"The smoke bothers me but I keep my door locked," the teacher said—and up to the auditorium.

An assistant principal in the auditorium was asking students why they were there, so Frank walked on into the annex behind the auditorium. There he opened the doors to a geometry classroom and looked in. The teacher looked at Frank but said nothing. Frank saw none of his friends, so he kept walking.

While wandering, Frank heard part of a drafting class, a geometry class and stood against the wall to watch one history teacher gesture wildly while lecturing a class. Then he looked through the glass windows in the door of Nancy Freelander's math class and eyed her.

Hearing laughter from the staircase next to Freelander's classroom, Frank pushed through the swinging doors to the landing atop the stairs and found five "hall people" playing craps.

Frank nodded to the circle of small-time gamblers and watched a young man on his knees slide 50 cents from the center of the floor into a small pile of dimes, nickles and quarters in front of him.

"Seven come eleven, right atcha, unh," one of the teen-age gamblers said. In the background, Freelander's voice and the sound of chalk scratching the blackboard could be heard.

"Gambling. This is a big thing if you say, 'I'm a gambler, I'm a hustler. I broke so and so.' (They're just) shooting for a quarter. But they're trying to be big time, trying to be a gambler. Lots of guys feel this is the thing to do," assistant principal Ernest Johnson said.

"They're always smoking over the stairwell," said Freelander, whose room was next door to the gamblers. "I went over there one day when I thought I saw someone smoking a cigarette, but, when I smelled it, it was marijuana. What can I do? I don't know his name. I don't know most of the students in this school, and I don't want them to do anything after three (o'clock) to me or my car," she said.

SHOP COURSES LIMITED

Frank went downstairs to his third-period class, printing shop. Printing is the only vocational skill taught at Eastern. A large woodshop area is closed because it does not meet regulations of the Occupational Safety and Health Administration.

Eastern's only shop class is overcrowded. Students are sleeping, talking, going out to the ramp and are in various stages of printing projects, all at once. No teacher, even shop teacher Reggie Crews, who is "all right" with the "hall people," can control the criss-crossing currents of activity.

One day, while Crews was intent on a printing project, one of his male students left the shop to talk to two girls on the ramp near the print shop. Fists flew suddenly as the two girls began beating the young man. Crews stopped the fight by pulling the boy back into the shop.

Five minutes later, about 20 students, mostly "hall people," appeared in front of Crews' shop room to demand that the young man who had fought with the girls come out before they came in to get him. Crews locked the shop door and learned from his student that a member of the group outside was the boyfriend of one girl he had fought.

Crews called the school's main office from a phone in the shop and asked the school policeman, a 5th District officer who patrols the area around the school and regularly checks with the principal, to come to the shop. Then he yelled outside to the angry youths that the police were coming.

The group milled about briefly and departed.

Although fighting is not a common problem at Eastern, that same day another fight this one far more vicious, took place. A girl and her ex-boyfriend quarreled as they passed en route to first-period classes. She grabbed one of his gloves and ripped it apart.

When they saw each other while leaving first-period classes, the argument erupted again. He pushed her. She flashed a razor and, as a friend of the girl grabbed the boy, she cut him once on the side of his face and sliced him across the abdomen.

A 10-day suspension for fighting followed for both students.

"He must've been slow," said Frank, when asked about the fight. "To let a girl do all that. She could've killed that . . . ."

"SUGAR RAY" A HERO

Frank claims to know his fighters. His favorite is Sugar Ray Leonard, who, according to Frank, has the same problem as Frank—"slow, man, slow hands"—an opinion about the speed of Sugar Ray's hands that is not widely shared.

"(Sugar Ray) is the hero around here (Eastern)," coach Sease said after Leonard had given a speech at Eastern urging students to stay in school and do what their teachers and parents tell them to do.

"You know, he (Leonard) fits the image that a lot of kids probably would hope to portray of themselves especially a lot of the fellows—sporting to women, you know, three piece suits and, you know, making a lot of money. Plus he can use his hands, so that fits the mold of what a lot of guys want to be about . . ." Sease said.

"You got to be a man," Frank said, explaining his interest in fighting, "A man don't have to take nothing off of no one."

Besides fighting, Frank claims his biggest interests is getting around town to house parties and discos and learning the street scene. Frank's Washington extends from Eastern, in Northeast, to his home in near Southeast, to house parties in Prince George's County and downtown to "The Room" disco, which caters to teen-agers. Along the way, he stops at McDonald's and Burger King which serve as clubhouses for today's high school students.

According to teachers and counselors, young men in their early 20s often return to Eastern seeking old friends and hangouts. Most graduates who were "hall people" at Eastern now have jobs that pay the minimum wage. Becoming a cashier at McDonald's is typical of such work, the teachers said.

"You'll find those students who graduated last year who are still unemployed (and) hanging around out front, smoking weed, talking to the ones that were in 11th grade when they (the hangers-on) were seniors," said city school board member John Warren.

"They'll be telling the younger ones 'Why you going to class, man? Ain't nothing going to happen. I been out here looking for a job, and I ain't found nothing.'

". . . Children are a mirror image of the people who made impressions on them," Warren said, "They are just like clay. It's uncomfortable to realize that the way they are at 12 or 16 is the way they have been made by us (and) what they've seen around them." ●

LEGISLATION TO AMEND UNITED STATES CODE WITH RESPECT TO ACCOUNTABILITY AND RESPONSIBILITY FOR U.S. PROPERTY ISSUED TO NATIONAL GUARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. EMERY) is recognized for 5 minutes.

● Mr. EMERY. Madam Speaker, I have today introduced legislation which would permit the Secretaries of the Army and of the Air Force to prescribe regulations governing pecuniary liability for lost, damaged, or destroyed property that would apply uniformly to Regular, Reserve, and National Guard members of their services.

Under current law (32 U.S.C. 710), individual members of the National Guard must be held pecuniarily responsible to the United States whenever property issued to the National Guard is lost, damaged, or destroyed through their negligence, however, slight.

The same standard is applied to Regulars and Reserves of the Army and Air Force with respect to personal arms and clothing issued to them because of a similar statute (37 U.S.C. 1007(e)). However, in all cases not covered by that law, Regular Army, Regular Air Force, Army Reserves, and Air Force Reserve members are held pecuniarily liable only if gross negligence or willful misconduct is involved.

The manifest inequity of the current law becomes apparent in the most usual sort of case, when a vehicle is damaged in an accident. If the driver was a Guardsman, and the surveying officer appointed by the Army or Air Force determined that the accident resulted from his simple negligence, it is incumbent upon the Secretary concerned to hold him financially responsible. Had the driver been a Regular or Reserve, he would not be pecuniarily liable, because gross negligence or willful misconduct was not present.

My bill would eliminate the requirement to impose a higher standard of care upon Guardsmen than upon their Regular or Reserve counterparts.

My bill would also permit the money value of the property to be charged against the State concerned if the loss, damage or destruction occurred while the National Guard was in active State service, and not engaged in training or duty authorized by Federal law.

I urge my colleagues to support this legislation.

A further explanation of the current law and my amendment follows along with the text of the bill:

H.R. 12487

A bill to amend title 32, United States Code with respect to accountability and responsibility for United States property issued to the National Guard

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 710 of title 32, United States Code, is amended as follows:

(1) Subsection (b) is amended by striking out "shall" in the first sentence and inserting in place thereof "may".

(2) Subsection (c) is amended to read as follows:

"(c) The Secretary concerned may prescribe regulations for the accounting, and fixing of responsibility, for property issued to the National Guard, and those regulations shall be uniform, as far as practicable. Under regulations to be prescribed by the Secretary concerned, when property covered by this subsection is lost, damaged, or destroyed as the result of the gross negligence or willful misconduct of a member of the National

Guard, the amount of the damage, or cost of repair or replacement may be charged to such member from pay due him for duties performed in his status as a member of the National Guard. If the loss, damage, or destruction, occurred during or as the result of active duty in support of civil authority that amount of the damage, or cost of repair or replacement may be charged to the State or Territory, Puerto Rico, or the District of Columbia, whichever is concerned, and paid from its or any non-Federal funds."

EXPLANATION

Current subsection (b) of section 710 of title 32 makes it mandatory upon the Secretary concerned to have a survey made whenever property issued to the National Guard is lost, damaged, or destroyed, or becomes unserviceable or unsuitable. There are many instances in which the formal investigation by a surveying officer is unnecessary, as for instance when the loss or damage was due to an Act of God, or the lack of negligence is immediately apparent. The amendment would permit the Secretary to dispense with appointment of a surveying officer in such circumstances.

Current subsection (c) of section 710 of title 32 requires the Secretary concerned to hold the National Guard member, or the jurisdiction concerned, pecuniarily responsible for any property that is lost, damaged, or destroyed through negligence. Although members of the active Army and Air Force, and of the Army Reserve and Air Force Reserve (who are not covered by similar statutes) are held pecuniarily responsible only in the case of gross negligence or willful misconduct, strict construction of the term "negligence" in subsection (c) requires the imposition of pecuniary liability against Guardsmen when a lesser degree, i.e. "simple" or "ordinary" negligence is determined to have been present. The amendment would permit the service Secretaries to apply the same criteria to members of all components under his control.

Subsection (c) also permits the Secretaries to charge the money value of the lost, damaged, or destroyed property to the member, or to the State, Territory, Puerto Rico, or the District of Columbia, whichever is concerned Although members of the National Guard have a unique dual status, their training and duty under title 32 is equated with a similar duty performed by members of the Army Reserve and Air Force Reserve (10 U.S.C. 3686, 8686). The negligence of the latter components are not imputed to higher commands, and there is no reason to impute the negligence of the individual Guardsman to his State, or to place the local jurisdiction in the position of a guarantor or surety. However, if the loss, damage or destruction occurs while the Guardsman is performing State active duty not authorized under title 32, it would be appropriate to assess pecuniary liability against the State.●

CHANGES IN AGENDA FOR CRIME SUBCOMMITTEE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan, (Mr. CONYERS) is recognized for 5 minutes.

● Mr. CONYERS. Madam Speaker, I wish to announce that the Subcommittee on Crime, which I chair, has rescheduled its markup of H.R. 10934, to provide further authorization for appropriations for pretrial service agencies. The markup previously scheduled for Wednesday, May 3, at 9 a.m., in room 2226, Rayburn House Office Building, will now take place at 9 a.m., Thursday, May 4, in room 2237, Rayburn House Office Building,

In addition, the subcommittee's hearing scheduled for Wednesday, May 3, on Treasury's (BATF) proposed firearms regulations has been canceled until further notice. However, the scheduled Thursday, May 4, hearing on this subject will proceed as previously announced.●

A TRIBUTE TO HOBART T. JACKSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 20 minutes.

● Mr. PEPPER. Madam Speaker, I had the privilege yesterday to attend a testimonial banquet for Mr. Hobart C. Jackson, the executive vice president and director of the Stephen Smith Geriatric Center, and founder of the National Caucus of the Black Aged. At that time, Mr. Jackson was honored for the many valuable contributions he has made over the years in the field of aging.

Under Mr. Jackson's direction, the Stephen Smith Geriatric Center, the oldest facility in the country providing care and services for the black elderly, has flourished. When he began at the center there were only 45 residents and 19 staffpersons. Today, the new $4.5 million comprehensive health care facility for the aged, which opened yesterday, is a reflection of his dedicated efforts to improve the quality of life for older Americans. The center now provides services for about 1,500 elderly persons and a staff of more than 150.

It was also Mr. Jackson who brought the plight of minority and low-income elderly to the attention of the White House Conference on Aging in 1971. To assure that the needs of these populations would no longer be overlooked, Mr. Jackson founded the National Caucus on the Black Aged in 1971. This organization works to assure that future policies and programs include services responsive to the identified concerns of black and low-income aged. I am sure that his vigorous, enthusiastic, and outspoken support for improving conditions for these segments of our population were instrumental in bringing to the forefront the need to federally support this effort.

As chairman of the House Select Committee on Aging, I have had the opportunity to work with Mr. Jackson on numerous occasions and I commend him for his deep and lasting commitment to our Nation's elderly in general, and our service to those that are aging.

At this time I would like to share with my colleagues the program for the Hobart C. Jackson testimonial banquet which outlines in greater detail his service to those that are aging.

I would also like to direct my colleagues' attention to a resolution which I introduced today jointly with the Honorable HAROLD FORD in tribute to Hobart C. Jackson.

I ask that both of these documents appear in their entirety in the RECORD at this point:

HOBART C. JACKSON TESTIMONIAL BANQUET

(Monday, May 1, 1978, Washington Hilton Hotel, Washington, D.C.)

PROGRAMME

Introduction of Mistress of Ceremonies: Franklin P. Ollivierre, Chairperson; Hobart C. Jackson Testimonial Planning Committee.

Mistress of Ceremonies: J. C. Hayward, Anchorwoman, WTOP-TV Eyewitness News.

Invocation: The Rev. Dr. Bobby Joe Saucer, Dean, Morehouse School of Religion.

Greetings from the District of Columbia: The Hon. Walter E. Washington, Mayor.

Letter from President Carter: Nelson H. Cruikshank, Counselor to the President on Aging.

Resolution Proclaiming May 1, 1978 Hobard C. Jackson Day in the District of Columbia: Sterling Tucker, Chairman, District of Columbia City Council.

Keynote Address: The Hon. Harold E. Ford, United States Congress.

Unveiling of Hobart Jackson's Portrait (Artist: Anthony Watkins): Remarks by Hobart C. Jackson & Family; Dolores A. Davis, Executive Director, The National Center on Black Aged; Aaron E. Henry, Chairman, The National Caucus/Center on Black Aged.

SPEAKING OF HOBART

Robert Benedict, Commissioner, Administration on Aging.

Mother M. Bernadette de Lourdes, President, National Council on the Aging, Inc.

Jacob Reingold, Member of the Executive Board, American Association of Homes for the Aging.

Nelson H. Cruikshank, Counselor to the President on Aging.

Arthur S. Flemming, Chairman, U.S. Commission on Civil Rights.

Eddie W. Gibbs, Executive Director, Eliza Johnson Center for the Aging, Inc.

Jacquelyne J. Jackson, Associate Professor of Medical Sociology, Department of Psychiatry, Duke University Medical Center.

Claude Pepper, U.S. House of Representatives.

Ollie A. Randall, Co-founder and Board Member, National Council on the Aging.

Walter A. Browne, Treasurer. Mercy-Douglass Human Services Corp., Philadelphia.

"Ode to Hobart Jackson," Sung by Aaron E. Henry.

Union Temple Baptist Church Senior Choir, Washington, D.C.: Wesley Boyd, Director.

Benediction: Rev. Charles E. Olewine, Pastor; Calvin United Presbyterian Church.

ODE TO HOBART JACKSON

Tell me, tell me, why was Hobart Jackson born
Tell me, tell me, why was Hobart Jackson born

Somebody had to hold our hand
Somebody had to take a stand
Somebody had to develop the land
That's why Hobart Jackson was born

Tell me, tell me, why was Hobart Jackson born
Tell me, tell me, why was Hobart Jackson born

Somebody had to do a good deed
Somebody had to preserve our seed
Somebody had to develop the creed
That's why Hobart Jackson was born

Tell me, tell me, why was Hobart Jackson born
Tell me, tell me, why was Hobart Jackson born

Somebody had to cry at midnight
Somebody had to weep and mourn
Somebody had to love old Black folks
That's why Hobart Jackson was born

MR. HOBART C. JACKSON, SR.

Mr. Hobart C. Jackson is the Executive Vice President and Director of the Stephen Smith Geriatric Center, a position he has held since 1974. Before becoming its chief executive officer, he was administrator of the Center from 1949 to 1974.

The Stephen Smith Geriatric Center is the oldest facility in the country providing care and services for the Black elderly. It is composed of Stephen Smith Home for the Aged (founded in 1864), Stephen Smith Towers (constructed in 1967), and two multi-purpose centers (Smith-Shepard and Smith-Pinn), organized in 1974. When he began at the Center there were 45 aged residents and 19 staff persons. The new $4.5 million comprehensive health care facility for the aged which opened today is testimony of Hobart Jackson's deep and lasting commitment to improving the quality of life for the elderly. The Smith Center now has institutional and non-institutional services for about 1,500 elderly persons and a staff of more than 150.

Other buildings completed during Jackson's tenure include the Cunningham Infirmary in 1961 ($500,000) and Stephen Smith Towers in 1967 ($1,500,000).

Prior to his involvement in the field of social services to the elderly, the low income and minority aged were not adequately represented in legislation or in the practice of gerontology. It was Mr. Jackson who first brought the plight of the Older Black citizen to the American public's attention. Their concerns were addressed during the 1971 White House Conference on Aging. To assure that the problems and needs of this segment of the aging population would not be overlooked again, Jackson founded the National Caucus on the Black Aged in 1971. The Caucus was awarded a three-year grant from the Administration on Aging and the National Center on the Black Aged was established to administer the grant.

Mr. Jackson served as the Center's first director and it is through his efforts that the Center has grown into an on-going and comprehensive program of education, information gathering and dissemination, coordination, consultative services to public and private sectors, research on contemporary issues and development of improved policies and programs in the delivery of services to Black and low income elderly.

Hobart C. Jackson currently serves at the national, state and local level on numerous committees and participates in conferences, workshops, and seminars in the field of aging as a speaker, discussion leader, consultant, resource person, and in varying other capacities.

His papers on aging have been published by the American Association of Homes for the Aging, The National Council on the Aging, the Gerontological Society, The National Health Council, the National Caucus on the Black Aged, the National Conference on Social Welfare, the University of Southern California, and other organizations.

He has presented papers or appeared on the programs of the annual meetings of the following National Organizations: American Association of Homes for the Aging, American Association of Volunteer Service Coordinators, National Conference on Social Welfare, National Health Council, National Urban League, National Recreation Association, National Council on the Aging, United Negro College Fund, Gerontological Society, Annual Conference on Aging at the University of Michigan, the White House Conference on Aging, and the National Welfare Rights Organization.

He has testified before Committees of both houses of Congress. He has been a guest lecturer at more than 20 colleges and universities. He has advised countless students interested in the field of gerontology.

He has received more than forty awards for his achievements from national, state, and local organizations.

He has served on commissions or task forces under three Presidents, four Governors, and four Mayors.

Jackson was a member of the Executive Committee of the White House Conference on Aging, both pre-conference and post-conference. He was also chairman of an Advisory Council on Aging and Aged Blacks to the United States Senate Special Committee on Aging.

Mr. Jackson attended public schools in Chattanooga, Tennessee where he was born. He attended Morehouse College in Atlanta, Georgia, graduating cum laude with a Bachelor of Science degree. He holds a Master's degree in Social Science from Bryn Mawr College in Bryn Mawr, Pennsylvania and has completed requirements at Atlanta University for a Master's degree in Economics and Business Administration.

While in Atlanta Mr. Jackson met and later married Elaine Bethel of Oklahoma City. The Jacksons have been married for 35 years and have raised one son and two daughters.

Hobart, Jr., is a member of the faculty at the University of Kansas in Lawrence, Kansas; his oldest daughter, Dale, who graduated from Talladega College in Talladega, Alabama, is a systems engineer with IBM in New Orleans. Marlena, the youngest, is a graduate of Thiel College in Greenville, Pennsylvania and works as a Research Chemist at Hercules, Inc., in Wilmington, Delaware. Mrs. Jackson is a supervisor with the Philadelphia Department of Public Welfare.

SOME PAST AFFILIATIONS

Executive Board Member, Vice President, and Chairman of Social Research, Planning, and Practice Section, Gerontological Society.

Vice President, The National Council on the Aging.

Chairman, Governor's Advisory Committee on Aging, 1960–1965.

Member, House of Delegates, National Association of Social Workers.

Chairman, Committee on Aging, 1964–66, National Urban League.

Member of Editorial Board, The Gerontologist.

Member, Executive Committee (Pre and Post), 1971 White House Conference on Aging.

Chairman, Delegate Criteria Committee for Pennsylvania, 1961 White House Conference on Aging.

Participant, 1950 National Conference on Aging. (1st National Conference on Aging).

Chairman, Advisory Council on Aging and Aged Blacks, U.S. Senate Special Committee on Aging.

Member, Presidential Task Force on Aging, 1967–1968.

Sponsored By

The National Caucus on the Black Aged, Inc.

The National Center on Black Aged, Inc.

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American Association of Homes for the Aging.
AFL–CIO.
Andrews Reproduction Center.
Booker T. Washington Foundation.
Gerontological Society.
Morehouse College.
Moorehouse School of Religion.
National Association of Area Agencies on Aging.
National Assoication of Social Workers, Inc.
National Association of State Units on Aging.
National Business League.
National Council on the Aging, Inc.
National Council of Senior Citizens, Inc.
National Interfaith Coalition on Aging.
National Retired Teachers Association/ American Association of Retired Persons.
Rural America, Inc.
R. Hedberg, Financial Counsel.
American Federation of State, County, and Municipal Employees.

Chairman

Aaron E. Henry.

Co-Chairpersons

Robert C. Benedict, The Hon. Edward W. Brooke, Robert N. Butler, The Hon. Frank Church, Nelson H. Cruikshank, Dolores A. Davis, Arthur S. Flemming, The Hon. Harold E. Ford, Eddie W. Gibbs, Dorothy I. Height, Benjamin L. Hooks, Jacquelyne J. Jackson, Rev. Jesse L. Jackson, and Vernon Jordan.

Maggie Kuhn, William Lucy, Benjamin E. Mays, John N. Miller Clarence M. Mitchell, The Hon. Parren J. Mitchell, Jack Ossofsky, The Hon. Claude Pepper, Ollie A. Randall, C. Delores Tucker, and Eddie N. Williams.

H. Res. 1161

Whereas, Hobart C. Jackson, the Executive Vice President and Director of the Stephen Smith Geriatric Center, and founder of the National Caucus of the Black Aged, has been instrumental in improving conditions, policies, and programs for the elderly, in general, and the Black elderly and low income elderly, in particular; and

Whereas, he has demonstrated a deep and lasting commitment to our nation's aging, and

Whereas, he has done much to restore confidence in our government and to earn him the respect of the people of the United States: Therefore, be it

Resolved, That the House of Representatives commends Hobart C. Jackson for his dedicated service, and looks forward to a continuation of his outspoken support for improved conditions in the delivery of services to our nation's elderly.●

DISAPPROVAL OF THE EXPORT OF NUCLEAR FUEL TO INDIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. DODD) is recognized for 5 minutes.

● Mr. DODD. Madam Speaker, today I introduced a resolution to disapprove the export of nuclear fuel to India. As you know, the Nuclear Regulatory Commission, just 12 days ago, refused to grant an export license for this sale. However, President Carter overturned that decision and has authorized the export. Now it is up to both Houses of Congress to decide whether to allow this sale.

There are two fundamental reasons why I feel Congress should not allow further exports of nuclear fuel to India at the present time.

First, India has given us little indication that she will agree to allow full-scope international safeguards on her nuclear facilities. The Nuclear Non-Proliferation Act of 1978 forbids the export of nuclear fuel to nations that do not accept full-scope safeguards after March 1980. The 2-year grace period was provided in order to give countries time to comply with the required safeguards. But if it appears that a nation will not comply with these safeguards in the required 2 years, then it seems foolish to me to continue exporting that nation nuclear fuel. I would rather cut off India's nuclear fuel now than supply them up to the point where the Nuclear Non-Pro-

liferation Act requires us to cut them off. The difference between now and 2 years from now is approximately 17,000 pounds of uranium.

Second, India maintains that unless we continue to supply them with nuclear fuel, they will be free to reprocess the fuel we have previously given them. (Reprocessing is the crucial step in producing weapons grade material.) In short, we are being subjected to a subtle form of nuclear blackmail. Either we continue to sell them fuel or they will reprocess what they already have. I do not believe that blackmail of this sort gives us any reason to hope India is considering adherence to international safeguards in good faith. And if India does not accept safeguards within 2 years (as now appears likely), they will reprocess our fuel anyway. Why should we sell them 17,000 more pounds of nuclear fuel to do it with?

I sincerely hope that India will accept full-scope safeguards before March 1980, and that we will be able to continue exporting them nuclear fuel without fear of it being reprocessed and diverted to nuclear weapons programs. But we need more than hope. Congress should require explicit assurances from the administration that significant progress is in fact being made on full-scope safeguards. Until such assurances are forthcoming, Congress should exhibit the firmness of its belief in non-proliferation by refusing to allow the continued export of nuclear fuel to India.●

EFFECTIVE FEDERAL INCOME TAX RATES PAID BY U.S. CORPORATIONS IN 1972: A TREASURY STUDY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK), is recognized for 5 minutes.

● Mr. VANIK. Madam Speaker, the Department of Treasury is making public a study of the effective Federal income tax rates of U.S. corporations in 1972. The study, originally requested by Senator GAYLORD NELSON's Small Business Committee, was started in late 1975. Senator NELSON has inserted the extensive material elsewhere in this RECORD. Public release by the Treasury is planned for Thursday.

I have had only a small amount of time to review the figures in the Department's work, but I want to make clear that I do not think that they contradict my own annual corporate tax studies, which I have done since 1971.

In fact, not only does the study not contradict my own, but it coincides with it almost exactly.

While much attention will probably be paid to the effective corporate tax rate of 38.8 percent for all corporations, the figure I am more concerned with is the amount of effective taxes paid by the very large American corporations—the corporations on which my tax study focuses. For companies in the $0.5 to $1 billion asset range—148 in all—the effective tax rate was 39.2 percent. For the 175 companies in the highest asset range, $1 billion or more, the effective tax rate in the Treasury study is 29.2 percent. My own studies in 1972, showed that the 90 very large companies for which I was able to obtain data paid an average effective Federal income tax rate of 28.6 percent—a figure almost identical to the tax rate computed in the Treasury study.

It should be kept in mind that the Treasury figures are based on 1972 statistics.

The companies in my studies represent the largest corporations in our country—companies whose taxes can make a huge difference in the amount of revenue that the Federal Government collects. In the Treasury study the largest asset range alone—$1 billion and above, while paying an effective Federal income tax rate of only 29.2 percent (lower than any other asset range in the study except one), at the same time accounted for over 38 percent of total corporate income—almost $30 billion of all corporate income of $75.1 billion in "basic worldwide taxable income." Our progressive income tax system is apparently failing us here.

I also want to stress that the effective tax rate of U.S. corporations is only one measure of corporate taxation; also extremely important is the amount of taxes they pay relative to other Federal receipts. My annual corporate tax studies have shown that the amount of corporate Federal income taxes paid as a percent of total Federal budget receipts has steadily declined. Though America's corporate contributions to the Treasury amounted to 22.7 percent in 1967, my most recent corporate study showed that 1976 year contributions were only 13.8 percent.

Corporate income taxes amounted to only 15.6 percent of Federal budget receipts in 1972.

Corporations do pay taxes other than U.S. Federal income tax rates, of course, but I have chosen to make comparisons using this measure. As a member of the Ways and Means Committee, I am responsible for the "tax expenditures" that are allowed to occur through the United States Tax Code. The dollars lost or gained in Federal revenue are as important in reducing the Federal deficit as those we have by trimming Federal spending. Taxes paid to foreign governments are of no help in knowing the health of our own country's revenues.

Senator NELSON and his Small Business Committee intend to follow up the Treasury study with an analysis. I hope it can explore some of the issues I have raised, as well as others.

In any event, it should be made clear that the Treasury study is not the definitive word on the "effective taxes" of American corporations.●

CLARIFICATION OF H.R. 2222, AMENDING NATIONAL LABOR RELATIONS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. THOMPSON) is recognized for 5 minutes.

● Mr. THOMPSON. Madam Speaker, we have scheduled for floor consideration Thursday the bill, H.R. 2222, to amend the National Labor Relations Act to clarify the scope of its coverage.

In the report on that bill, Coverage of Medical House staff under the National Labor Relations Act (H. Rept. 95–980), there are two sentences to which objection has been raised by the Liaison Committee on Graduate Medical Education. One is an oversimplification of the relationship of the American Medical Association to the accreditation process involving hospital based training programs. The other is a partial quote from a National Labor Relations Board decision.

In any event, in order to eliminate any possible confusion, I ask unanimous consent that the letter sent Chairman PERKINS by the Liaison Committee on Graduate Medical Education be printed at this point in the RECORD so that all Members may have access to it before floor consideration of H.R. 2222.

The letter follows:

APRIL 12, 1978.

HON. CARL D. PERKINS,
Chairman, Committee on Education and Labor, House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN PERKINS: I write as chairman of the Liaison Committee on Graduate Medical Education to comment on statements in the Report of the Committee on Education and Labor on H.R. 2222, a bill to provide coverage of medical housestaff under the National Labor Relations Act (Report No. 95–980). On page 2 of the report, it is stated that housestaff provide medical care to hospital patients as part of an American Medical Association (AMA) accredited hospital-based training program in a medical specialty or sub-specialty. On page 5, the following statement appears: "But the AMA, 'the ultimate governing authority for housestaff programs in this country,' declared by resolution of its House of Delegates and in testimony before the Labor-Management Relations Subcommittee that housestaff properly belong within the coverage of the act." These statements which cast the AMA as the sole accreditor for, and ultimate authority over, graduate medical education are not consonant with the present state of affairs.

In 1972 the Liaison on Graduate Medical Education (LCGME) was established as the accrediting agency for graduate medical education in the United States. The LCGME is sponsored by five national professional organizations concerned with medical education. These are: the American Board of Medical Specialties, the American Hospital Association, the American Medical Association, the Association of American Medical Colleges, and the Council of Medical Specialty Societies. The LCGME, working in concert with 23 Specialty Residency Review Committees and the Coordinating Council on Medical Education, develops policies for and carries out the review and accreditation of graduate medical education programs in the United States. It is important that this board range of involvement in graduate medical education policy and accreditation through the LCGME be recognized and understood.

Sincerely yours,

WILLIAM K. HAMILTON M.D.,
Chairman, Liaison Committee on Graduate Medical Education.●

NUCLEAR NONPROLIFERATION AND INDIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 10 minutes.

● Mr. BINGHAM. Madam Speaker, under the terms of the Nuclear Nonproliferation Act of 1978 (Public Law 95-242), the House will be called upon in the weeks ahead to consider a resolution of approval or disapproval of the Executive order issued by President Carter on April 27 authorizing the export of low enriched nuclear fuel to India. The question of whether the Congress should approve or disapprove the Indian fuel shipment is very difficult and very complex. Some will argue that it seems likely that this shipment will be abused should future negotiations fail to gain stronger nonproliferation guarantees and therefore that the Congress should not acquiesce in this export to a country which has in the past diverted our nuclear materials for explosive purposes. On the other hand, the administration is cautiously optimistic about the prospects of Indian compliance with basic U.S. safeguards concerns. It can thus be argued that withholding the disputed fuel shipment would critically undermine the nonproliferation discussions with India—especially the upcoming negotiations between Prime Minister Desai and President Carter to take place in Washington June 11 and 12—and thereby shatter any remaining hopes for accommodation between the world's two most populous democracies.

The President's Executive order has been referred to the International Relations Committee for a period of 45 days. During this time the committee will be seeking more information regarding the President's reasons for optimism regarding the continuing discussions with India designed to reach agreement on basic safeguards assurances and future acceptance of "full scope" safeguards.

Mr. Speaker, I am submitting for the RECORD the text of the President's statement on the Indian fuel shipment along with an account of the dispute from the New York Times and a thoughtful Times editorial on the subject. A provocative Wall Street Journal editorial, arguing an entirely contrary viewpoint, is also attached:

LETTER FROM THE WHITE HOUSE

To the Congress of the United States:

I am transmitting herewith, pursuant to Section 126b(2) of the Atomic Energy Act of 1954, as amended, an Executive Order authorizing the export of 7,638 Kgs. of low-enriched uranium to India for use in the fueling of its Tarapur Atomic Power Station.

In our Agreement for Cooperation with India, the United States agreed to supply all of the fuel requirements for that Power Station, and India agreed to operate it exclusively on U.S.-supplied fuel. We contracted to supply the specific fuel here involved a number of years ago.

An application for a license to export this fuel was submitted to the Nuclear Regulatory Commission early last year. This application was carefully reviewed within the Executive Branch, which concluded that the proposed export would not be inimical to the common defense and security, that it would meet all the immediate statutory criteria under the then pending Nuclear Non-Proliferation Act, and that the license should be issued. Later that month, the Commission was officially notified of the Executive Branch findings and recommendations.

On April 20, the Nuclear Regulatory Commission found itself unable to agree upon the issuance of this license, being divided by a 2-2 vote. The Nuclear Non-Proliferation Act of 1978 wisely provided for just such a contingency. Previously, there was no clear way of dealing with a situation in which the Commission was unable to decide upon the issuance of an export license, and no way of ensuring that in cases where the licensing process would lead to a result that the President believed would be seriously prejudicial to the achievement of United States non-proliferation objectives, such prejudice could be avoided.

I have determined that this is such a case. The Government of India has given us its commitments to use our exports only at the Tarapur Atomic Power Station and not for any explosive or military purpose, and I have the highest confidence that it will honor these commitments. I am convinced that denial of this export would seriously undermine our efforts to persuade India to accept full-scope safeguards, and would seriously prejudice the achievement of other U.S. nonproliferation goals. I intend to pursue these matters further with the Government of India.

A period in which to seek agreement to full-scope safeguards was clearly provided for in the Act. The Act permits a continuation of exports during this period, including exports in cases where there are questions as to whether and when that objective may be achieved. Rather than prejudice the prospects for success in such efforts by refusing to fulfill an existing commitment that is important to India's power supply, we should be using this period to find, in the light of the new legislation's requirements, mutually acceptable ways of meeting both India's need for continued operation of the Tarapur Atomic Power Station and our need for full-scope safeguards and the attainment of other non-proliferation objectives.

In transmitting this Executive Order to you pursuant to Section 126b(2) of the Act, I wish to make clear that I am not departing from the reservations I expressed at the time I signed the Nuclear Non-Proliferation Act of 1978 concerning the constitutionality of provisions of that Act which purport to allow Congress to overturn my decisions by actions not subject to my veto power.

JIMMY CARTER.

THE WHITE HOUSE, *April 27, 1978.*

CARTER ORDERS SALE OF URANIUM TO INDIA FOR POWER FACILITY

(By Graham Hovey)

WASHINGTON, April 27.—President Carter overruled the Nuclear Regulatory Commission today and ordered the sale of more than eight tons of enriched uranium to India for its Tarapur nuclear power plant outside Bombay.

In a message to Congress, Mr. Carter said he was convinced that to deny the sale "would seriously undermine our efforts to persuade India to accept fullscope safeguards and would seriously prejudice the achievement of other U.S. nonproliferation goals."

"The Government of India has given us its commitments to use our exports only at the Tarapur Atomic Power Station and not for any explosive or military purpose, and I have the highest confidence that it will honor these commitments," the President said.

SHIPMENTS CAN BE CONTINUED

Mr. Carter pointed out that the Nuclear Non-Proliferation Act of 1978, which seeks to bar uranium exports that could endanger United States security, permits continuation of shipments for a two-year period, during which Washington can try to reach agreement with recipient countries for "full-scope safeguards."

This period, he said, should be used to find "mutually acceptable ways" of meeting India's needs for the Tarapur plant, "and our need for full-scope safeguards and the attainment of other non-proliferation objectives."

The United States, in a nuclear-cooperation pact with India reached 15 years ago, agreed to supply all the fuel requirements for the Tarapur station, and India in turn agreed to operate it exclusively on fuel furnished by this country.

COMMISSION REFUSED LICENSE

On a 2-to-2 tie vote last Thursday, the Nuclear Regulatory Commission in effect refused to grant a license for the export of the 16,800 pounds of enriched uranium. The tie vote constituted a rejection, since one seat on the five-member agency is vacant.

After the vote, however, the commission decided unanimously to send the application to the President, who has authority to approve the export of uranium if he deems that to do so would serve the country's security interests. His decision under the new law, however, can be overturned by Congress.

The commission's denial of the export license had been strongly attacked by India's Prime Minister, Morarji R. Desai, who said that the decision would free India "to adopt any course we like to safeguard our own interest."

In overruling the commission, President Carter in effect accepted India's interpretation that the United States had "an existing commitment" to supply the fuel, and said that refusing to fulfill it would prejudice the prospects for getting India to accept stricter safeguards on its nuclear operations.

Mr. Carter said that the executive branch had carefully reviewed India's application after it was received last year, and had concluded that it would meet all requirements of the laws as they then existed and would "not be inimical to the common defense and security."

Under the stricter controls specified in the Nuclear Non-Proliferation Act of 1978, however, the two commissioners who voted against the uranium sale cited India's continuing resistance to international safeguards against the use of nuclear facilities for weapons purposes.

Mr. Carter, in his executive order, repeated the reservations he had expressed when he signed the Nuclear Non-Proliferation Act of 1978 about the constitutionality of the provisions that allow Congress to overturn his nuclear decisions "by actions not subject to my veto power." The provisions have not been tested in the courts.

A NUCLEAR GAMBLE ON INDIA

President Carter has taken a calculated risk in approving another shipment of nuclear fuel to India after the Nuclear Regulatory Commission refused to issue an export license. India is the only nation that has explored a nuclear device built with materials diverted from a civilian program, and it has adamantly refused to allow international inspection of all its nuclear facilities. But Mr. Carter had little choice. He promised the fuel on his visit to India in January. And he clings to the hope that the Indians can be brought to accept international safeguards against the misuse of nuclear materials. It is a gamble worth taking.

The Nuclear Regulatory Commission raised troubling questions in rejecting the export license. Two commissioners argued that provisions of the nuclear cooperation agreement between the United States and India are uniquely affected by a new nuclear export law. The law forbids fuel shipments, after 24 months, to countries that do not place all nuclear activity under international safeguards, unless the President and Congress make an exception. India has consistently refused to accept such safeguards until the major powers reduce their nuclear stockpiles. Thus it appears likely that the

United States will fairly soon have to stop shipping nuclear fuel to India.

What might happen then is uncertain. Under a 1963 agreement, the United States supplied two power reactors to India at Tarapur and has continued to supply fuel for them. The Indians contend that if the United States should cut off the fuel, the agreement would be abrogated; India would be free to reprocess the spent fuel from previous shipments and separate out plutonium, which could be used to make explosives. As Prime Minister Desai said in March: "If they say 'no' . . . then all ways are open to us . . . we are not bound." The regulatory commission thus had no firm assurance, as required by the new law, that the new shipment would not be misused.

Mr. Carter has nonetheless chosen to authorize the shipment himself—as permitted under the new law, subject to veto by Congress—in the hope of obtaining eventual agreement on safeguards with the Indians. He believes he does have a commitment that the Indians will not use the material to make explosives. The risk of adding another 7.6 tons of fuel to the larger quantities already sent to India does not seem unreasonable. If the shipments were stopped now, however, all hope of agreement might be lost.

So the President's gamble is defensible. But at some point he will have to stand firm. The United States has been remarkably patient with India. The fuel shipments continued even after India exploded a nuclear device made from materials supplied by Canada and the United States—in the hope, thus far vain, that India would become a responsible nuclear citizen. A confrontation seems inevitable within two years. The coming months must be devoted to obtaining formal assurances that India will not misuse the fuel we have already supplied and will open all its nuclear facilities to international inspection.

Continuing Burlesque

Of all the delights of the Carter administration, none tops the continuing burlesque of its policy to constrain the proliferation of nuclear weapons. In the name of stopping proliferation, Mr. Carter has just overruled the Nuclear Regulatory Commission in order to send 7.6 tons of enriched uranium to India, the only nation actually to divert American atomic materials into the proliferation of nuclear weapons.

The Indians say that their atom bomb is a "peaceful" one, and therefore they didn't violate their agreements in using American heavy water in making atomic explosives in a Canadian-supplied reactor. After this incident, the Canadians cut off the export of all nuclear materials to India. Following the example, India cut off the export of all rhesus monkeys to the United States, because some of them were used in radiation experiments the Indians consider nonpeaceful. But ignoring these examples, Mr. Carter has decided that Uncle Sam should turn the other cheek.

Is this the same Jimmy Carter who back during the presidential campaign complained, "When India exploded its so-called 'peaceful' nuclear device, the U.S. made no public expression of disapproval"? Who further complained that we "rewarded" India with further nuclear materials? Who stopped the U.S. neutron bomb out of antinuclear moralism? Well, yes. He now says that not sending more uranium to India "would seriously undermine our attempts to persuade India to accept full-scope safeguards" against further diversion.

But the Indians, in the tradition of "peaceful" bombs and rhesus monkeys, have already made their position on comprehensive safeguards perfectly clear. As the State Department describes it, "India would accept such safeguards when at least the U.S., the U.K., and the U.S.S.R. agreed to a complete nuclear test ban, agreed not to add further to their nuclear arsenals, and came to an agreement to have a gradual reduction of nuclear stockpiles, with a view to the eventual destruction of such stockpiles." The millennium must come first, then the Indians will accept safeguards.

When the NRC refused to approve the sale in a 2–2 vote, the prevailing opinion noted that the Indian position on safeguards is on a collision course with U.S. law. The Nuclear Non-Proliferation Act of 1978 forbids exports to any nation that has not accepted full safeguards, and provides the presidential escape clause for only the first 18 months following its enactment. Shortly—barring the equally implausible contingencies of Soviet-American disarmament or Indian capitulation on safeguards—shipments to India will be illegal.

India has further made clear that if its nuclear supplies are cut off, it will feel freed from all previous agreements. It will proceed to use all nuclear materials in its possession however it wants, which means reprocessing spent nuclear fuel into plutonium for bombs. In other words, it is all but certain that the 7.6 tons of uranium Mr. Carter is now shipping India will in fact end up being used to proliferate nuclear weapons. This lesson about nuclear proliferation will not be lost on other nations pondering whether to get the bomb.

On behalf of the Indians, we must say that at least we can understand them. They want the bomb, and they know an easy mark when they see one. The Americans, by contrast, remain inscrutable. If Mr. Carter wanted to play patsy on proliferation, he did have the option of doing so quietly. Instead, he has chosen to do so after setting the stage with trumpet fanfares and heraldic processions.●

CARTER AND ENERGY: PROMISES BROKEN, PROMISES FORGOTTEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 5 minutes.

● Mr. DRINAN. Madam Speaker, having worked closely with many of my House colleagues on legislation promoting efficient energy use in American homes, businesses, and industry. I had high hopes for candidate Jimmy Carter's promise of a new direction in national energy policy.

I was understandably disappointed last year when President Carter and James Schlesinger proposed an energy plan which would reduce projected 1985 energy demand by only 4 quads (quadrillion Btu), in contrast with economically achievable energy conservation estimated by the Ford Foundation energy policy project and experts at the Massachusetts Institute of Technology to be closer to 20 or 21 quads by 1985.

Though President Carter described energy conservation as the "cornerstone" of his proposed legislation, the administration's own statistics belied the validity of that assertion. Energy Secretary Schlesinger was much less tactful in his support of the national energy plan, and eventually assured oil industry representatives that "there is a very limited amount of conservation in this program."

I was further shocked and disappointed to learn last month that the administration advocates indefinite delay on legislation authorizing low-interest loans for residential and commercial applications of solar heating. It is common knowledge that the limited solar incentives approved by the National Energy Act conferees will reach only a narrow segment of potential solar consumers, and it is further known—after extensive analyses were performed for the Energy Research and Development Administration, Department of Energy, Office of Technology Assessment, Council on Environmental Quality and Joint Economic Committee—that many solar heating applications are either already competitive or on the verge of commercial viability. Yet without a secure means of financing, and without the administration's genuine support, this short-term energy potential will largely go unrealized.

I have found it increasingly difficult to reconcile President Carter's statements with his actions on energy policy, Mr. Speaker, and I was interested to learn that this sense of discouragement is shared by a broad coalition of public interest lobbies.

The following joint statement was issued last week by the Natural Resources Defense Council, Friends of the Earth, Environmental Policy Center, Environmental Action, Environmentalists for Full Employment, Wilderness Society, Consumer Action Now, Sierra Club, Ralph Nader, Critical Mass Energy Project, Environmental Defense Fund, National Parks and Wilderness Association, and the National Consumers League:

Carter and Energy: Promises Broken, Promises Forgotten—A Joint Statement

Environmentalists and consumer groups around the country are fast becoming convinced that President Carter has abandoned the progressive and far-reaching energy policies of his campaign and his first months in office, in favor of the tired, discredited policies which he ran against less than two years ago.

Recent news about the planning of Phase II of the National Energy Plan, the recent introduction of the nuclear licensing bill, and an upcoming speech devoted to boosting nuclear power confirm the growing belief that the Administration has a Jekyll-and-Hyde personality when it comes to formulating and promoting national energy policy. Although the President makes bold, visionary statements about energy policy, his Energy Secretary, James R. Schlesinger, is backsliding every day to the worn-out, inadequate energy policies of the Republican Administrations in which he served.

The President and his advisers speak of innovation, imagination and commitment being put at the disposal of conservation, of renewable energy resources and of decentralization. Instead DOE is devoting its imagination, enthusiasm and commitment to nuclear power, to massive subsidies for development of synthetic fuels, and to efforts to block citizens from the energy decision-making process.

There is also serious impropriety when the Secretary of Energy, whose Department is regulated by an independent Nuclear Regulatory Commission: (1) is permitted to pick the candidates for seats on the Commission; (2) writes a bill designed to make the Commission move faster; and (3) drafts an executive order which will give the Secretary institutionalized political authority to influence and interfere with Commission schedules, procedures and timetables, all in order

to "speed up" the use of what the President has said is "our last resort" for energy.

In addition, although the Administration is committed to a strong environmental program, it is ceding all authority and power in energy-environment disputes to a Secretary who has demonstrated for years an insensitivity to environmental problems. This is inconsistent with the Administration's commitment to developing our energy future consonant with protecting the environment.

Similarly, the Carter Administration has spoken in robust terms about energy and employment but has shown little inclination to coordinate energy and jobs programs. Consequently, the President has been promoting energy strategies that will actually limit job growth while the crisis over employment deepens.

But we are particularly disturbed by policies which actively encourage hasty commitments to nuclear power while the Administration frankly acknowledges: (1) that it will be a decade or more before we even know theoretically whether we can solve the most serious safety and environmental problems of nuclear energy—nuclear waste disposal—and, (2) that there is mounting evidence that nuclear power is the most expensive energy for consumers.

After more than a year of Secretary Schlesinger, some may have forgotten the promises of the Presidential campaign and of the early days of this Administration. We have not forgotten.

We remember that the President:

Set energy priorities that ordered energy conservation the number one priority to control demand and solar energy one of the nation's top priorities to create supply.

Pledged to minimize dependence on nuclear power, to use it only as a "last resort" and only then with strengthened safety standards.

Pledged to reform the nuclear licensing process only after a thorough study of the causes of delay was completed.

Pledged that his energy policies would be implemented in a way that would deal fairly and equitably with consumers.

Pledged to develop and use energy resources consistent with protection of the environment and in compliance with environmental standards.

Took a strong stand against nuclear arms proliferation, spoke out against the future use of plutonium as a fuel for nuclear reactors, and announced plans to defer indefinitely plutonium reprocessing, to cancel the Clinch River Breeder Reactor and to redirect our energy research away from plutonium breeders.

Pledged that competition among energy producers and distributors would be guaranteed.

Pledged that if there was to be commercialization of synthetic fuels, it would be without government subsidies.

Pledged that in all aspects of the government he would expand the role of citizens in shaping their own destiny by increased citizen participation in government decisionmaking.

Pledged that as President he would personally provide the forceful leadership so badly needed to extricate the country from the energy crisis and to establish a sound energy future.

What has happened to the high promise of this Administration? In place of Presidential leadership, the energy program has been turned over to former Atomic Energy Commission Chairman James R. Schlesinger, who has successfully reassembled his old cadre of nuclear promoters from the AEC. The President's abdication of his leadership role on the energy issue has resulted in a massive erosion of his early commitments to a sane energy policy:

In place of the thorough study of nuclear licensing reform the President promised, Secretary Schlesinger has sent to Congress a nuclear licensing bill that was introduced without the benefit of such a study. Instead, he has introduced a bill that punishes public participation in the licensing process, does nothing to solve the real problems in reactor licensing and fails to propose a single new provision to strengthen reactor safety. In addition, this piece of legislation repudiates the President's own stated commitment to minimize dependence on nuclear power and use it as a last resort. The bill also does not address a thorough consideration of the nuclear waste problem in deciding whether to build and operate nuclear reactors.

In place of federal government leadership in implementing energy conservation and using solar energy, the federal government and particularly key government officials continue to drag their heels, showing neither leadership, conviction or imagination, and setting an abysmal example for the rest of the country.

In place of a program emphasizing the development of solar energy, DOE's proposed budget continues to give the lion's share of all energy research to nuclear power and actually reduces the outlay for solar energy to a mere 3% of the DOE budget.

In place of the promised end to the development of plutonium breeder reactors, Secretary Schlesinger has now proposed to substitute for the Clinch River Breeder Reactor development of a plutonium breeder that is two or three times larger than CRBR.

In place of the promised vigorous opposition to the proliferation of nuclear weapons abroad, the State Department has allowed Japan to reprocess U.S.-supplied spent fuel, and has continued to push for the sale of nuclear fuel tc India despite the fact that New Dehli has refused to accept international safeguard requirements and has exploded a nuclear weapons device. The State Department has continued this posture even in the face of strong reservations by the independent Nuclear Regulatory Commission.

In place of a vigorous campaign to restore and generate competition in our energy markets, Secretary Schlesinger is now interfering with federal enforcement of the antitrust laws. DOE is now actively blocking attempts by the Department of Justice and the Federal Trade Commission to obtain from the Energy Department the necessary data to investigate pending cases.

In place of private commercialization of synthetic fuels which would assure that overly expensive systems would not be developed, Secretary Schlesinger is now developing an energy supply strategy which has as its centerpiece massive governmental price supports and subsidies for otherwise uneconomic synthetic fuels.

Despite this deterioration of energy policies, the President is still our best hope for the kind of energy future he promised and we supported. But time is running out for the energy platform on which President Carter campaigned for the peoples' votes. Unless he acts now he cannot expect to retain the support and confidence of his environmental/consumer constitutency. The President must begin to take his proper role as the leader in development and implementation of an energy policy.

If, as we often hear, Secretary Schlesinger is a good manager, then let him manage but do not let him undermine and worse, remake, energy policy.

One year ago today President Carter spoke to the Nation and properly emphasized the critical role public attitudes and actions will play in achieving energy conservation and implementing renewable, non-polluting energy systems. Now a year later President Carter must realize that the atmosphere and propensity for change cannot occur unless he personally takes a major role in leading his Administration's energy policies and actions back to the commitments and promises of the campaign and the early months of 1977. To develop public support for the kind of energy future he spoke of a year ago and to begin to restore the confidence of his strong environmental and consumer constituency, the President must:

1. Cancel any plans to give any Presidential endorsement, even a qualified endorsement for the further use of nuclear power. Instead, he must reiterate the principle that nuclear power is sufficiently dangerous that we should use it only after full implementation of solar, conservation, geothermal and fossil fuel technologies.

2. Link the further licensing and operation of nuclear reactors to the final resolution of: (1) the technical and social problems of safely disposing of nuclear wastes, and (2) the nearly 200 unresolved safety problems which still plague the present generation of nuclear reactors.

3. Reassert, in both word and deed, that the energy future can and, with public support, will be based on conservation, renewable resources and a minimized dependence on nuclear power.

4. Establish a firm commitment, with a timetable for action for moving to greatly expanded use of already established renewable resource energy systems.

5. To assure that the goals for implementing renewable resource energy systems will be met, a solar bank to make or guarantee loans for renewable resource systems should be established and federal investments and procurement policies should be shaped to meet these goals.

6. To improve market penetration of renewable resources and to quickly create a vigorous domestic industry and labor force, there should be a major shift in our foreign assistance away from nuclear energy and into renewable resources.

7. End State Department and Export-Import Bank promotion of nuclear power exports to developing countries and increase U.S. assistance to other nations in making realistic assessment of their energy requirements and developing renewable energy sources.

8. Redirect energy research and development funds to make renewable resources development the highest energy priority.

9. Insist that new energy supplies must come from the least cost source and that all costs, including social and environmental costs are taken into account.

10. Commit the federal government in every agency and department to develop on a priority basis energy policies based on the premise that no new energy should be produced that could be saved through conservation at equal or less cost.

11. Move to end federal subsidies for nonrenewable resources. These include investment tax credits, the marketing of federal energy sources at less than a fair return and abolition of federally-provided insurance and limitations on liability such as Price-Anderson.

12. Exercise the legal authority we now possess to prevent the reprocessing of United States-supplied nuclear fuel in any proposed or existing facility overseas. Vigorously use the new authority provided in the Nuclear Non-Proliferation Act of 1978 and fully exercise our influence to prevent actions by other nations which facilitate nuclear weapons proliferation.

13. Oppose all legislative efforts to divert excess profits from high energy prices and new energy taxes to the energy industry and assure that those monies are fairly allocated among consumers.

14. Take all steps under the existing antitrust laws and proposed any necessary new legislation to break up energy monopolies and guarantee true competition in the energy sector.

15. Prevent DOE from interfering with the decisions of independent, regulatory bodies

or other agencies and eliminate all DOE involvement in appointments or legislation relating to NRC.

We have waited patiently and silently for most of this past year. We have waited for this Administration to fulfill—or begin to fulfill their oft-repeated promises. We have searched for clues or hints of principles being upheld.

Instead we have watched in surprise and with growing discouragement as the President abandoned one campaign commitment after another. And we can wait no longer.

The time has long passed for the Administration to have honored its obligations to the American consumer.

John Adams, Natural Resources Defense Council.

David Brower, Friends of the Earth.

Louise Dunlap, Environmental Policy Center.

Blake Earley, Environmental Action.

Richard Grossman, Environmentalists for Full Employment.

Celia Hunter, Wilderness Society.

Lola Redford, Consumer Action Now.

J. Michael McCloskey, Sierra Club.

Ralph Nader.

Richard Pollock, Critical Mass Energy Project.

Arlie Schardt, Environmental Defense Fund.

Anthony Wayne Smith, National Parks & Conservation Association.

Sandra Willett, National Consumers League.●

PERSONAL STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. MATTOX) is recognized for 5 minutes.

● Mr. MATTOX. Mr. Speaker, during the consideration of the first budget resolution by the Budget Committee, I announced my intention to offer an amendment that would withdraw all aid to the Government of South Korea unless and until we received its full cooperation in the investigation currently underway by the House of Representatives on Korean influence-buying of Members and former Members of Congress. I insisted that this include the testimony of both Tongsun Park and former Ambassador Kim Dong Jo.

I have been in close touch with Col. Leon Jaworski as to the progress of this investigation. Tongsun Park has now testified. It is my understanding that delicate and sensitive negotiations are underway that hopefully will result in other testimony which is needed. In the last few days Colonel Jaworski assured me that these discussions to resolve the issue are in progress.

I, for one, intend to monitor this situation very carefully and to continue to press for full testimony from all relevant parties. However, in view of the present status of the matter, I shall not offer the amendment to this budget resolution. I do wish to announce that if current discussions break down, or are stalled, I shall ask Members of the House of Representatives to support my amendments to the forthcoming appropriations bills, striking all fiscal assistance to the Government of South Korea. The people demand a total disclosure of all that has transpired with respect to the alleged influence-buying and that the investigation be complete in every respect. Confidence in the House of Representatives must be restored in the minds of the American people.●

CONDOMINIUM ACT OF 1978

(Mr. LEHMAN asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

● Mr. LEHMAN. Mr. Speaker, last month, I introduced the Condominium Act of 1978, in a new effort to bring an end to unconscionable 99-year condominium recreation leases.

The legislation was prepared by the U.S. Department of Housing and Urban Development (HUD), in cooperation with south Florida's Congressmen and Senators, and would provide for comprehensive Federal regulation of condominium contracts, including those which were signed in years past. Current Florida condominium laws have so far proven unable to solve the problems associated with long-term recreation leases in contracts signed prior to the enactment of the State laws.

The Condominium Act, H.R. 12124, includes four major provisions of particular importance to south Florida condominium unit owners:

First, the problem of 99-year recreation leases is specifically addressed by declaring that, by a two-thirds vote of the unit owners, a court case could be brought to have the lease declared unconscionable. Unconscionability is defined as "including any gross disparities between the obligations incurred and the benefits received." The court, if it decided in favor of the unit owners, could grant relief such as the recission or reformation of all or part of the lease.

Second, the bill would make future automatic recreation lease rent increases unenforceable.

Third, unit owners would be able to terminate long-term "sweetheart" maintenance contracts in 90 days, if two-thirds of the unit owners so voted.

Finally, the bill would void existing lease provisions that require unit owners to pay all attorney's fees or judgments incurred by the developer in suits between the developer and the unit owners.

Previous administrations had refused to support condominium legislation of this type, arguing that congressional action affecting existing contractual relationships would be in violation of the Constitution. However, under the new administration, the Attorney General's office has stated that "it is the (Justice) Department's judgment that the bill has no serious constitutional impediments." In addition, they said that "where Congress is legislating in an area within its appropriate functions, the Supreme Court has repeatedly upheld laws which have had retrospective consequences."

The administration and HUD just completed drafting this legislation after 9 months of difficult legal work. Unfortunately, it is too late for Congress to thoroughly consider the bill in this session.

However, our office has already begun lining up support for the new legislation in the House. Representative THOMAS ASHLEY, chairman of the Housing and Community Development Subcommittee which must review the bill, agreed to be a cosponsor and has promised to hold hearings early next year. Another initial cosponsor is Representative BEN ROSENTHAL, chairman of the Commerce Consumer, and Monetary Affairs Subcommittee.

When Congress convenes next year, I will do all I can to see that the House of Representatives promptly considers this new and important legislative proposal which we hope will provide a remedy for present condominium recreation lease problems.

Because our office has received numerous requests for copies of H.R. 12124, the text of the bill follows:

H.R. 12124

A bill to encourage broader utilization of the condominium form of homeownership, to provide minimum national standards for disclosure and consumer protection for condominium purchasers and owners and tenants in condominium conversions, to encourage States to establish similar standards, to correct abusive use of long-term leasing of recreation and other condominium-related facilities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Condominium Act of 1978".

TITLE I

FINDINGS AND PURPOSE

SEC. 101. (a) The Congress finds and declares that there is a shortage of adequate and affordable housing throughout the Nation; that utilization of the condominium form of ownership can increase the supply of housing and expand the opportunities for homeownership particularly for low- and moderate-income and elderly persons and families. The Congress further finds that consumer abuses have occurred throughout the Nation in the condominium industry which have caused economic and social hardships for consumers, which threaten the continued use and acceptability of the condominium form of ownership and which interfere with the interstate sale of condominiums and that continuation of these abuses is a national problem requiring Federal action.

(b) It is therefore the purpose of this Act to establish national standards for consumer protection and disclosure together with appropriate enforcement procedures, to encourage States to adopt statutes which will provide substantially equivalent or greater consumer protection, and to correct and prevent continuing abuses including abusive use of long-term leasing of recreation and other condominium-related facilities.

TITLE II

DEFINITIONS

SEC. 201. As used in this Act the term—

(1) "affiliate of a developer" means any person who controls, is controlled by, or is under common control with a developer. A person "controls" a developer if the person (i) is a general partner, officer, director, or employee of the developer, (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing more than 20 per centum of the voting interests of the developer, (iii) controls in any manner the election of a majority of the directors of the developer, or has contributed more than 20 per centum of the capital of the developer. A person "is controlled by" a developer if (i) the developer is a general

partner, officer, director, or employee of the person, (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, hold with power to vote, or holds proxies representing, more than 20 per centum of the voting interests of the person, (iii) controls in any manner the election of a majority of the directors, or (iv) has contributed more than 20 per centum of the capital of the person;

(2) "agent" means any person who represents, acts for or on behalf of, or in concert with, a developer in selling or offering to sell any condominium unit in a condominium project, but such term does not include an attorney at law whose representation consists solely of rendering legal services;

(3) "association", "unit owners association" or "owner association" means the organization, whose membership consists exclusively of all the unit owners in the condominium project, which is, or will be, responsible for the operation, administration, and management of the condominium project;

(4) "automatic rent increase clause" means a provision in a lease permitting periodic increases in the fee due under the lease which is effective automatically or at the sole option of the lessor, and which provides that the fee shall increase at some percentage rate or the rate of a recognized index;

(5) "common elements" means all portions of the condominium project, other than the units;

(6) "common expenses" means expenditures made or liabilities incurred by or on behalf of the association, together with any allocations to reserves;

(7) "condominium instruments" means all documents or instruments and amendments thereto creating the condominium project;

(8) "condominium project" means real estate which (i) has portions designated as units for separate ownership and the remaining portions designated for common ownership solely by the owners of those units, each owner having an undivided interest in the common elements, and (ii) is or has been offered for sale or sold, directly or indirectly, through use of any means or instruments of transportation or communication of interstate commerce, or the mails;

(9) "conversion condominium project" means a condominium project containing any building that was, at any time before the first conveyance of a unit to a purchaser, wholly or partially occupied by persons other than purchasers and persons who occupy with the consent of purchasers;

(10) "convey" or "conveyance" means (i) a transfer to a purchaser of legal title in a unit at settlement, other than as security for an obligation or, (ii) the acquisition by a purchaser of a leasehold interest for more than five years;

(11) "developer" means any person who offers to sell or sells his interest in a unit not previously conveyed. Developer also means any successor of such person who offers to sell or sells units in the condominium project and who assumes special developer rights in the project including the right to: add, convert or withdraw real estate from the condominium project; maintain sales offices, management offices and rental units; exercise easements through the common elements for the purpose of making improvements within the condominium; or exercise control of the owners association;

(12) "executive board" means the body, regardless of name, designated in the condominium instruments to act on behalf of the association;

(13) "ground lease" means a lease, in a leasehold condominium project, of the real estate on or in which one or more of the units are located, the termination or expiration of which will terminate the condominium project or reduce the number of units in the condominium project;

(14) "interstate commerce" means trade, traffic, transportation, communication, or exchange among the States, or between any foreign country and a State, or any transaction which affects such trade, traffic, transportation, communication or exchange;

(5) "lease" includes any agreement or arrangement containing a unit owner's obligation, individually or collectively, to make payments for a leasehold interest or for other rights to use or possess real estate, not including mortgages or other such agreements for the purchase of real estate;

(16) "leasehold condominium project" means a condominium project in which all or a portion of the real estate is subject to a lease, the termination or expiration of which will terminate the condominium project or reduce the size of the condominium project;

(17) "offer" means any advertisement, inducement, solicitation, or attempt to encourage any person to acquire any interest in a unit, other than as security for an obligation;

(18) "person" means a natural person, corporation, partnership, association, trust, or other entity, or any combination thereof;

(19) "purchaser" means any person, other than a developer, who by means of a voluntary transfer acquires a legal or equitable interest in a unit, other than (i) a leasehold interest (including renewal options) of less than five years, or (i) as security for an obligation;

(20) "real estate" means any leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements and interests which by custom, usage, or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. "Real estate" includes parcels with or without upper or lower boundaries, and spaces that may be filled with air or water;

(21) "sale of a condominium unit" means any obligation or arrangement for consideration for conveyance to a purchaser of a condominium unit, excluding options or reservations not binding on the purchaser;

(22) "Secretary" means the Secretary of Housing and Urban Development;

(23) "special developer control" means any right, arising under State law, the condominium instruments, the association's bylaws, charter or articles of association or incorporation, or power of attorney or similar agreement, through which the developer may control or direct the unit owners association or its executive board. A developer's right to exercise the voting share allocated to any unit which he owns is not deemed a right of developer control if the voting share allocated to that unit is the same voting share as would be allocated to the same unit were that unit owned by any other unit owner at that time;

(24) "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States;

(25) "termination of developer control" means the date when the developer irrevocably relinquishes all rights of developer control or that date when all rights of developer control cease by operation of law or under the provisions of this Act;

(26) "unit" or "condominium unit" means a portion of the condominium project designated for separate ownership; and

(27) "unit owner" means (i) a developer who owns a unit, (ii) a person to whom ownership of a unit has been conveyed, or (iii) a lessee of a unit in a leasehold condominium project whose lease expires simultaneously with any lease the expiration or termination of which will remove the unit from the condominium project. Unit owner does not include a person having an interest in a unit solely as security for an obligation. If title to a unit is held in a land trust, "unit owner" means the beneficiary of the trust.

EXEMPTIONS

SEC. 202. (a) The provisions of this Act shall apply to all condominium projects and units except—

(1) a condominium unit sold or offered for sale by the Federal Government, by any State or local government, or any agency thereof; or

(2) a condominium project in which all units are restricted to nonresidential purposes or uses.

(b) The Secretary may by rules and regulations exempt any condominium projects or condominium units from any of the provisions of this Act, if and to the extent that the Secretary determines it to be necessary or appropriate in the public interest and consistent with the protection of consumers and the purposes intended by the policy and provisions of the Act.

PROHIBITIONS

SEC. 203. (a) It shall be unlawful for any developer or agent in selling or offering to sell any condominium unit in any condominium project—

(1) to employ any device, scheme, or artifice to defraud; or

(2) to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made not misleading, or

(3) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser.

(b) Any provisions in any lease or management agreement requiring unit owners or the owners association in any condominium project subject to this Act to reimburse, regardless of the outcome, the developer, his successor, or affiliate of the developer for attorneys' fees and/or money judgments, in a suit between unit owners or the owners association and the developer arising under the lease or agreement, are against public policy and void. It is the express intent of Congress that the provisions of this subsection shall apply to leases or agreements regardless of execution date.

COOLING-OFF PERIOD; RIGHTS OF PURCHASERS

SEC. 204. (a) Prior to conveyance of a condominium unit in a condominium project, the purchaser may elect to rescind any contract or agreement for the sale of the unit at any time during the period ending fifteen days after—

(1) the purchaser and developer have executed the contract, or

(2) the purchaser has been furnished with the written disclosure statement required under section 206,

whichever occurs later.

(b) A purchaser may exercise the right to rescind under this section by hand-delivering notice or by mailing notice by prepaid United States mail to the developer or his agent, and the developer or his agent shall refund to the purchaser fully and promptly, without penalty, any deposit or other payment made by the purchaser.

(c) If the purchaser has not received the written disclosure statement required by section 206 by the time of conveyance, the purchaser may not elect to rescind the sale pursuant to this section but shall have the right to receive from the developer an amount equal to 10 per centum of the purchase price of the unit.

(d) Nothing in this subsection shall prevent purchasers from asserting any rights they may have under section 211. The provisions of section 211(c) shall apply in suits seeking to recover damages in excess of the amount recoverable under section 204(c).

NATIONAL STANDARDS FOR CONSUMER PROTECTION

SEC. 205. (a) In a condominum project subject to this Act, a developer—

(1) shall place any deposit made by a purchaser in connection with the reservation or sale of a condominium unit, up to an aggregate of 15% of the purchase price, in trust or escrow in an account designated solely for that purpose, by a licensed title insurance company, an attorney, an independent bonded escrow company, or an institution whose accounts are insured by a governmental agency or instrumentality, until delivered to the developer either at settlement or upon forfeiture by the purchaser, or returned to or otherwise credited to the purchaser;

(2) shall be liable to the owners association or unit owners for all losses suffered by the association or unit owners as a result of a tort or breach of contract committed by the developer or an affiliate of the developer during any period prior to the terminaion of special developer control;

(3) shall establish a unit owners association not later than the time of conveyance of the first unit to a purchaser. The developer shall terminate any special developer control of the unit owners association not later than (i) sixty days after conveyance of 75 per centum of the units to purchasers, or (ii) five years after the date of the first conveyance of a unit to a purchaser, whichever occurs first. In any event, not later than sixty days after conveyance of 25 per centum of the units to purchasers, they shall be entitled to elect not less than 25 per centum of the members of the executive board of the unit owners association, and not later than sixty days after conveyance of 50 per centum of the units to purchasers, they shall be entitled to elect not less than 33⅓ per centum of the members of the executive board of the unit owners association. In determining the percentage of units which have been conveyed, the total number of units in the condominium project is presumed to include the units the developer has reserved the right to build in the recorded condominium instruments;

(4) shall pay all expenses of the unit owners association prior to the first common expense assessment and thereafter shall pay the common expenses for each unit that he owns;

(5) shall not convey to a purchaser an interest in a unit which may be used for residential purposes, unless (i) that unit is substantially completed as evidenced by a certificate of occupancy from a governmental entity or a recorded certificate of completion executed by a registered or licensed architect or engineer who is not an affiliate of the developer; or (ii) there is an executed construction contract for completion of the project and a performance bond of not less than 100 per centum of the cost of completing that project;

(6) shall display or deliver to prospective purchasers advertising and promotional material only if that material is not inconsistent with the information required to be disclosed under section 206;

(7) shall, other than in a conversion condominium project, warrant and guarantee against defects in the plumbing, electrical, mechanical, structural, or any other components constituting any of the units or common elements. The developer shall assure that subcontractors providing such components are also liable to fulfill the warranties and guarantees under the terms and conditions of this paragraph. Such warranties and guarantees shall exist on a unit for at least one year from the date of conveyance of that unit by a developer to a bona fide purchaser and on all of the common elements for at least three years from the date of completion of each common element or the date of conveyance of the first unit to a purchaser other than an affiliate of the developer, whichever is later. Such warranties and guarantees by the developer shall be separate from, and in addition to, any warranties or guarantees provided by any other person, or as otherwise provided by law;

(8) shall, in a conversion condominium project, warrant and guarantee against defects any repair, addition, or improvement which the developer or an affiliate of the developer makes to the plumbing, electrical, mechanical, structural, or any other components constituting any of the unit or common elements. The developer shall assure that subcontractors providing such components are also liable to fulfill the warranties and guarantees under the terms of this paragraph. Such warranties and guarantees shall exist on a unit for at least one year from the date of conveyance of that unit by a developer to a bona fide purchaser and on all of the common elements for at least three years from the date of completion of each common element or the date of conveyance of the first unit to a purchaser other than an affiliate of the developer, whichever is later. Such warranties and guarantees by the developer shall be separate from, and in addition to, any warranties or guarantees provided by any other person, or as otherwise provided by law;

(9) shall in the case of a conversion condominium project—

(i) give each of the tenants and any subtenant notice of the conversion no later than one hundred and twenty days before the developer will require the tenants and any subtenant in possession to vacate. The notice shall set forth generally the rights of tenants and subtenants under this paragraph, and shall be hand delivered to the unit or mailed by prepaid United States mail to the tenant and subtenant at the address of the unit or any other mailing address provided by a tenant. No tenant or subtenant may be required by the developer to vacate upon less than one hundred and twenty days' notice, except by reason of nonpayment of rent, waste, or conduct which disturbs other tenants' peaceful enjoyment of the premises, and the terms of the tenancy may not be altered during that period. Failure of a developer to give notice as required by this paragraph constitutes a defense to an action for possession. Nothing in this paragraph permits termination of a lease by a developer in violation of its terms;

(ii) for sixty days after delivery or mailing of the notice described in (i) of this paragraph, offer to convey each unit or proposed unit occupied for residential use to the tenant who leases that unit. If a tenant fails to purchase the unit during that sixty-day period, the developer may not offer to convey an interest in that unit during the following one hundred and eighty days at a price or on terms more favorable to the offeree than the price or terms offered to the tenant. This clause does not apply to any unit in a conversion condominium project if that unit will be restricted exclusively to nonresidential use or if the boundaries of the converted unit do not substantially conform to the dimensions of the residential unit before conversion;

(10) shall make books and records of the association reasonably available for inspection and copying during the period of his control to unit owners and their authorized representatives, and so long as the units are being offered for sale by the developer, make available for such persons changes in disclosures previously made to purchasers; and

(11) shall not enter into contracts or leases with himself or any affiliate of the developer or enter into any management contract, employment contract, or lease of recreational facilities or parking areas on behalf of the unit owners association, unless those contracts or leases may be terminated by the owners association at any time after the termination of developer control, without penalty, upon not less than ninety days notice to the other party. This paragraph does not apply to any ground lease unless the real estate subject to that lease was submitted to the condominium for the purpose of avoiding the right of the association to terminate a lease under this paragraph.

(b) This section shall not apply to a condominium project in which the developer has conveyed, in an arms-length transaction, at least one unit to a purchaser other than an affiliate of the developer prior to the effective date of this section.

NATIONAL STANDARDS FOR DISCLOSURE

SEC. 206. (a) Not later than the time of sale, a developer of a condominium project shall provide to each purchaser of a condominium unit the following written information—

(1) the name and principal address of the developer, and of the condominium project;

(2) a brief narrative description of the condominium project, including, without limitation, (i) a precise statement of the nature of the interest which is being offered, (ii) the types and number of units presently planned to be built, and (iii) the total number of units that may be included in the condominium project by reason of action of the developer, such as by future expansion or withdrawal of real estate, and the expected effects which such future action would have on the purchaser's interest, and (iv) the nature and extent of any recreational facilities the developer has built or is obligated to build, and (v) a statement as to whether, and under what conditions, persons other than unit owners in the condominium project are entitled to use such facilities;

(3) a statement of the number of units the developer intends (i) to rent or (ii) to sell in blocks of units to persons who do not intend to occupy the units on a year-round basis;

(4) a statement disclosing whether any units or common elements in the condominium project may be used for commercial or industrial purposes, the nature and extent of such uses, and the effect of such uses, if any, on the condominium unit owners;

(5) the developer's schedule for start and completion of all buildings, units, recreation facilities, and other common elements, together with a statement of which portions of the condominium project he is obligated to build under the recorded documents and which portions need not be built;

(6) (i) copies and a brief narrative description of the significant features of the sales contract, the condominium instruments, the bylaws, rules, and regulations, and amendments thereof, (ii) copies of any contracts and leases to be signed by purchasers, (iii) a brief narrative description of any contracts that are subject to section 205(a)(11), and (iv) a statement disclosing whether or not the developer or an affiliate of the developer has an interest in such contracts or leases, and disclosing the extent of such interest, if any;

(7) the expected significant terms of any financing the purchaser is required to use by the developer, including the name of the lender, estimated interest rate, minimum downpayment, and commissions, if any, the developer may receive for arranging the financing;

(8) the terms of warranties, if any, provided by the developer and subcontractors under section 205;

(9) the annual association balance sheet, if any, and a projected budget for the association covering the period of one year from the date the first unit is conveyed to a purchaser, and thereafter the current budget of the association, a statement of who prepared the budget, and a statement of the budget's assumption concerning occupancy and infla-

tion factors. The budget shall include, without limitation: (i) a statement of the amount, or a statement that there is no amount, included in the budget as a reserve for repairs and replacement, the items to be covered by the reserves and a statement of the basis for and the adequacy of the amount of the reserve, if any, (ii) a statement of any other reserves, (iii) the projected common expenses by category of expenditures for the association, (iv) the projected monthly common expense assessment for each type of unit and the formula for determining each unit's share of common expenses, (v) the projected income from common expense assessments and a statement identifying any other sources of income, and (vi) any current or expected fees or charges to be paid by unit owners for the use of the common elements and other facilities related to the condominium project;

(10) a statement disclosing any services provided by the developer which are not reflected in the budget, or any expenses he pays which he expects may become, at any subsequent time, a common expense of the association, and the amount of the additional cost which would be assessed at that time for each type of unit;

(11) a statement disclosing what utilities, insurance and taxes shall be paid for by the association and an estimate of the costs of utilities, insurance, and taxes to be borne by the unit owners individually;

(12) the amount of any initial or special fee due from the purchaser at closing, together with a description of the method of calculating the fee, the purpose to which the moneys will be put, the limitations, if any, on the use of the funds, and whether or not the fee is refundable upon sale of the unit by the purchaser;

(13) a description of any leins, defects, or encumbrances on or affecting the title to all or part of the condominium project;

(14) a statement of any judgments against the association or against the developer materially affecting the condominium project and the status of any pending suits material to the condominium project of which a developer has actual knowledge or to which the association or developer is a party;

(15) a statement of all restrictions or limitations on the use, occupancy, sale, or rental of any condominium unit;

(16) a statement of the purchaser's right under section 204 of this Act;

(17) a statement that any deposit made by a purchaser in connection with the sale of any unit will be held in trust or escrow until delivered to the developer either at settlement or upon forfeiture by the purchaser, or returned or otherwise credited to the purchaser. The statement shall also contain the name and address of the trustee or escrow agent holding such escrow; and

(18) a statement of all unusual and material circumstances, features, and characteristics of the condominium project.

(b) In the case of a conversion condominium project, the developer shall provide the following information in addition to the information required in subsection (a) of this section—

(1) a report, or a statement by the developer based on such report, prepared by an independent licensed architect or engineer, describing the present condition of all structural components and mechanical and utility installations which are material to the use and enjoyment of the condominium project;

(2) a statement by the developer of the expected useful life of each item reported on in paragraph (1) or a statement that no representations are made in this regard, and a statement of which items reported on in paragraph (1) are not covered by warranties disclosed under subsection 206(a)(8); and

(3) a list of any outstanding notices of uncured violations of building codes or other municipal regulations, together with the estimated cost of curing those violations.

(c) In the case of a leasehold condominium project, the developer shall provide the following information in addition to that required in subsections (a) and, if applicable, (b) of this section—

(1) a brief narrative description of the terms and significant features of the lease including, but not limited to (i) the amount of annual rent, (ii) the method of payment, (iii) the provisions pertaining to increases in rent, (iv) the date and place of recordation of the least, (v) the expiration date, and (vi) the real estate subject to the lease;

(2) a statement describing any rights of unit owners to redeem or renew the lease and to remove any improvements, the manner whereby such rights may be exercised or a statement that they do not have those rights;

(3) the formula for determining allocation of ownership interests, voting rights, and common expense liability upon termination of the lease; and

(4) a statement describing any right of the lessor to terminate the leasehold interest prior to the expiration of the lease.

(d) The developer, prior to conveyance, shall disclose to all purchasers any material change in the information previously furnished as required by this section.

(e) All information required by this section shall be in writing and fully, accurately, and simply stated.

(f) If a condominium project is composed of not more than twelve units and no power is reserved to a developer to make the condominium project part of a larger condominium project, group of condominium projects, or other real estate, the disclosures need not include the disclosures otherwise required by paragraphs (2)(ii)(iii), (3), (4), (5), (11), (12), (13), and (14) of subsection (a) of this section.

(g) This section shall not apply to a condominium unit restricted to commercial or industrial purposes.

(h) This section shall not apply to the sale of a unit in a condominium project in which the developer has conveyed, in an arms length transaction, one or more units to a purchaser other than an affiliate of the developer prior to the effective date of this section.

(i) If a condominium project is currently registered with the Securities and Exchange Commission of the United States, delivery to a purchaser of a copy of the prospectus files with the Securities and Exchange Commission, under the provisions of the Securities Act of 1933, satisfies the disclosure requirements of section 206 of this Act.

STATE CONDOMINIUM JURISDICTION

SEC. 207. (a) Nothing in this Act may be construed to prevent or limit the authority of any State or local government to enact and enforce any law, ordinance, or code with regard to any condominium project or condominium unit not in conflict with this Act. It is the intent of Congress to encourage the assumption and exercise by States of the authority and responsibility for the protection of condominium purchasers and owners.

(b) The Secretary, in the Secretary's discretion, may certify that standards and disclosure requirements in a State's laws applicable to condominium units or projects, taken as a whole, provide substantially equivalent or greater consumer protection than the national standards. Upon such certification the standards under the State's laws will apply for the purposes of this Act in lieu of the standards in sections 205 and 206. The Secretary may, in the Secretary's discretion, withdraw certification upon determination that a State's laws do not meet the requirements for certification.

INVESTIGATIONS, AND PERSECUTION OF OFFENSES

SEC. 208. (a) Whenever it shall appear to the Secretary that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this Act, or of any rule or regulation prescribed pursuant thereto, the Secretary may, in the Secretary's discretion, transmit such evidence as may be available concerning such acts and practices to the Attorney General who shall bring an action in any district court of the United States, or the United States District Court for the District of Columbia to enjoin such acts or practices, and, upon a proper showing, a permanent or temporary injunction or restraining order shall be granted pursuant to this section, without bond. The Secretary also may transmit such evidence as may be available concerning such acts or practices to the Attorney General who may institute the appropriate criminal proceedings under this Act.

(b) The Secretary may make investigations as the Secretary deems necessary to determine whether any person has violated or is about to violate any provision of this Act or any rule or regulation prescribed pursuant thereto, and may require or permit any person to file a statement in writing, under oath or otherwise as the Secretary shall determine, as to all the facts and circumstances concerning the matter to be investigated. The Secretary is authorized to publish information concerning any such violations, and to investigate any facts, conditions, practices, or matters which the Secretary may deem necessary or proper to aid in the enforcing of the provisions of this Act, in the prescribing of rules and regulations thereunder, or in securing information to serve as a basis for recommending further legislation concerning the matters to which the Act relates.

(c) For the purpose of any such investigation, or any other proceeding under this Act, the Secretary or any officer designated by the Secretary is empowered to administer oaths and affirmations, subpena witnesses and compel their attendance, take evidence, and require the production of any books, papers, correspondence, memorandums, or other records which the Secretary deems relevant or material to the inquiry. Such attendance of witnesses and the production of any such records shall be required from any place in the United States or any State at any designated place of hearing.

(d) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Secretary may, in the Secretary's discretion, transmit evidence of such act or practice to the Attorney General who shall bring an action to invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records and documents. And such court shall issue an order requiring such person to appear before the Secretary or any officer designated by the Secretary, there to produce such records and documents if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court shall be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

OPERATIONAL TERMINATION OF SELF-DEALING CONTRACTS

SEC. 209. (a) Any contract that—

(1) provides for operation, maintenance, or management of a unit owners association or property serving the unit owners; and

(2) is between unit owners or the unit owners association and the developer on an affiliate of the developer; and

(3) was entered into while the owners association is controlled by the developer

through special developer control or because the developer holds a majority of the votes in the owners association; and

(4) is for a period of more than two years may be terminated without penalty by the unit owners or owners association.

(b) The termination may occur at any time following termination of developer control of the unit owners.

(c) The termination shall be by a vote of owners of not less than two-thirds of the units other than the units owned by the developer or an affiliate of the developer.

(d) Following the unit owners' vote, the termination shall be effective ninety days after hand-delivering notice or mailing notice by prepaid United States mail to the parties to the contract.

(e) It is the express intent of Congress that the provisions of this section shall apply to contracts regardless of execution date.

CIVIL ACTIONS; UNCONSCIONABLE LEASES

SEC. 210. (a) Unit owners may bring an action seeking a judicial determination that a lease or leases, or portions thereof, are unconscionable if each lease has all of the following characteristics:

(1) it was made in connection with a condominium project; and

(2) it was entered into while the owners association is controlled by the developer through special developer control or because the developer holds a majority of the votes in the owners association; and

(3) it had to be accepted or ratified by purchasers or through the unit owners association as a condition of purchase of a unit in the condominium project.

Such suit must be authorized by the unit owners through a vote of the owners of not less than two-thirds of the units other than units owned by the developer, or an affiliate of the developer, and may be brought by the unit owners as a group or through the unit owners association.

(b) In making its determination of unconscionability, the court shall consider, but not be limited to—

(1) any gross disparity between the obligation incurred and the value of the benefit derived by the lessees, including consideration of (i) the obligations to pay rent, taxes, and insurance, and to maintain, repair, and replace the property, (ii) the value of the leased property, (iii) the price at which comparable property could have been acquired, and (iv) the lessor's rate of return on investment in the leased property and the condominium development as a whole;

(2) the unequal bargaining position of the parties to the lease;

(3) the adequacy of disclosure of the existence and terms of the lease to purchasers and the ability of purchasers to comprehend their rights and obligations thereunder;

(4) the identity of interest, if any, of original parties to the lease; and

(5) subsequent ratification of amendment to the lease agreed to by a majority of the unit owners other than the developer or an affiliate of the developer.

(c) If it is established that, in addition to the characteristics of subsection (a) of this section, the lease—

(1) is for a period of more than twenty-one years or is for a period of less than twenty-one years but contains automatic renewal provisions for a period of more than twenty-one years; and

(2) contains an automatic rent increase clause or creates a lien subjecting any unit to foreclosure for failure to make payments; and

(3) contains provisions requiring the lessees to assume all of substantially all obligations and liabilities associated with maintenance and use of the leased property; then the court, in making its finding, shall consider the lease to be unconscionable, unless proven otherwise by clear and convincing evidence under the standards in subsection (b).

(d) Upon finding that any lease, or portion thereof, is unconscionable, the court may exercise its authority to grant remedial relief as necessary to avoid an unconscionable result. Such relief may include, but shall not be limited to, rescission, reformation, restitution, the award of damages and reasonable attorney fees and court costs.

(e) The remedies provided by this section are to be liberally administered to the end that the aggrieved parties are put in as good a position as if the bargaining and terms had been fair.

(f) Notwithstanding the provisions of subsections (a) thorugh (e) of this section, exercise of any automatic rent increase clause shall be unenforceable, against unit owners or the owners association, as to future increases in rental payments occurring after the effective date of this Act in a lease having all of the following characteristics:

(1) it contains provisions requiring the lessees to assume all or substantially all obligations and liabilities associated with maintenance and use of the leased property; and

(2) it was entered into while the owners association is controlled by the developer through special developer control or because the developer holds a majority of votes in the owners association; and

(3) it had to be accepted or ratified by purchasers or through the unit owners association as a condition of purchase of a unit in the condominium project.

(g) It is the express intent of Congress that the provisions of this section shall apply to leases regardless of execution date, except that subsections (c) and (f) shall not apply to—

(1) ground leases entered into prior to the enactment of this Act; or

(2) any ground lease which the lessor has entered into in an arms-length transaction with the developer, without there being an identity of interest between the lessor and the developer. Such identity of interest between the lessor and the developer. Such identity of interest includes, but is not limited to, situations where the lessor is the developer, an agent of the developer, an affiliate of the developer, or is a member of the immediate family of the developer or affiliate of the developer.

CIVIL ACTIONS; ADDITIONAL REMEDIES

SEC. 211. (a) A developer, or agent or successor thereto subject to this Act, may be sued at law or in equity by any person aggrieved by a violation of this Act.

(b) In any suit authorized by this section for violation of sections 203, 205, or 206, damages may be awarded or such other relief granted as deemed fair, just, and equitable. The court in awarding relief shall consider, but not be limited to, the contract price of the unit, the amount paid by the purchaser on the contract, the cost of any improvements or necessary repairs paid by the purchaser, the fair market value of the unit at the time of sale to the purchaser, the fair market value of the unit at the time the suit was brought, and the fair market value of the unit at the time of judgment.

(c) In any suit brought by purchasers alleging misrepresentations or omissions of disclosure requirements in violation of sections 203(a) or 206, the plaintiff must prove that the misrepresentations or omission were material and that the defendant acted intentionally or negligently.

(d) Unless otherwise specified, suits authorized under this Act may be brought by one or more purchasers on behalf of all purchasers in a condominium project or by the owners' association in its own right or as representing all or part of the members of such association. In a class action under this Act brought by one or more unit owners as representative of other unit owners in a condominium project, the complaint shall be verified and shall allege with particularity the efforts the plaintiff has made to have the owners association bring such action on behalf of all unit owners. The class action may not be maintained if plaintiff has failed to notify the officers of the association of the intention to file the suit, or if such owners association is seeking in a pending suit to enforce the rights alleged in the plaintiff's suit.

(e) Every person who becomes liable to make any payment under this section may recover contributions from any person who, if sued separately, would have been liable to make the same payment.

(f) The amounts recoverable under this section may include interest paid, reasonable attorneys' fees, independent engineer and appraisers' fees, and court costs.

CRIMINAL PENALTIES

SEC. 212. Any person who willfully violates section 203(a), 205, or 206 of this Act shall upon conviction be fined not more than $10,000 or imprisoned not more than five years, or both.

JURISDICTION

SEC. 213. The district courts of the United States, the United States courts of any territory, and the United States District Court for the District of Columbia shall have jurisdiction of offenses and violations under this Act and under the rules and regulations prescribed by the Secretary pursuant thereto and concurrent with State courts, of suits in equity and actions at law brought to enforce a liability or duty created by this Act without regard to amount in controversy. Any such suit or action may be brought in the district wherein the defendant is found or is an inhabitant or transacts business, or in the district where the offer or sale took place and process in such cases may be served in other districts of which the defendant is an inhabitant or whenever the defendant may be found. Suits by purchasers to enforce their rights under section 205 or 206 regarding condominium projects located in States certified pursuant to section 207(b) shall be brought in State court. No case arising under this Act and brought in any State court of competent jurisdiction shall be removed to any court of the United States, except where any officer or employee of the United States in his official capacity is a party. No costs shall be assessed for or against the Secretary in any proceeding under this Act brought by or against the Secretary in the Supreme Court or such other courts.

LIMITATIONS OF ACTIONS

SEC. 214. No action shall be maintained to enforce any right or liability provided in sections 210 and 211 unless brought within six years after such cause of action accrued except that an action pursuant to section 210 involving a lease in existence at the time of enactment of this Act must be brought within three years of enactment of this Act.

ADMINISTRATION

SEC. 215. (a) The authority and responsibility for administering this Act shall be in the Secretary of Housing and Urban Development who may delegate any functions, duties, and powers to employees of the Department of Housing and Urban Development.

(b) The Secretary shall have authority, from time to time, to make, issue, amend, and rescind such rules and regulations and such orders as are necessary or appropriate to carry out the purposes of this Act. For the purpose of rules and regulations, the Secretary may classify persons and matters within the Secretary's jurisdiction and prescribe different requirements for different classes of persons or matters. In the development of these rules and regulations the Secretary shall consult with representatives of the building industry, with appropriate public officials and organizations of public officials, with representatives of the lending com-

munity and with representatives of consumer groups.

(c) Any person who violates any provisions of this Act or any rule, regulation, or order issued by the Secretary thereunder may be subjected to a civil penalty, in a determination by the Secretary after opportunity for a hearing, not to exceed $5,000 for each violation. Each separate offense shall be a violation and, in the case of a continuing offense, each day shall constitute a separate violation. The determination of the Secretary shall be subject to review only as provided in subsection (d) below.

(1) Penalties assessed pursuant to this section may be collected in an action brought by the Attorney General or, if the Attorney General directs, by the Secretary in any district court of the United States. In such action the validity and appropriateness of the final determination imposing the penalty shall not be subject to review.

(2) The amount of such penalty, when finally determined shall be payable to the United States Treasury.

(d) All hearings pursuant to subsection (c) of this section shall be public and any determination after such hearing shall be based on the record made at such hearing which shall be conducted in accordance with the provisions of the Administrative Procedures Act. A person aggrieved by a final determination of the Secretary under subsection (c) of this section may request a judicial review thereof in the United States court of appeals nearest where the person does business or United States Court of Appeals for the District of Columbia within twenty days after the Secretary's determination. Technical review of the Secretary's determination shall be in accordance with section 706 of title 5, United States Code.

CONTRARY STIPULATIONS VOID

SEC. 216. Any condition, stipulation, or provision binding any person to waive compliance with any provisions of this Act or of the rules and regulations of the Secretary shall be void.

REPORT TO CONGRESS

SEC. 217. The Secretary shall prepare and submit to Congress, a comprehensive report on the administration of this Act and the progress of States in providing consumer protection for condominium purchasers. The report shall be due thirty months after the enactment of this Act.

CONSUMER RESEARCH, EDUCATION, AND INFORMATION

SEC. 218. The Secretary is authorized, by contract or otherwise, to undertake research, education, information, and technical assistance activities designed to inform, assist, and protect consumers in the purchase of condominium units and management of condominium projects.

ADDITIONAL REMEDIES

SEC. 219. The rights and remedies provided by this Act shall be in addition to any and all other rights and remedies that may exist under Federal or State law.

APPLICABILITY OF OTHER PROVISIONS OF LAW

SEC. 220. (a) Compliance with the requirements imposed by or under this Act by a developer of a condominium project, not exempt under section 202, in which the units are in a building or buildings that are constructed or proposed to be constructed by the developer, shall be deemed to satisfy the requirements now or hereafter imposed under the Interstate Land Sales Full Disclosure Act with respect to a sale of or an offer to sell a condominium unit in a condominium project.

(b) Nothing in this Act shall affect the applicability of the Securities Act of 1933 and the Securities and Exchange Act of 1934.

(c) The provisions of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act (15 U.S.C. 2301 et seq.) shall be applicable in addition to warranty provisions of this Act, notwithstanding section 111(d) of that Act (15 U.S.C. 2311(d)).

AUTHORIZATION OF APPROPRIATIONS

SEC. 221. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEPARABILITY

SEC. 222. If any provisions of this Act or the application thereof to any person or circumstance is held invalid, neither the remainder of this Act nor the application of such provision to other persons or circumstances shall be affected thereby.

EFFECTIVE DATE

SEC. 223. This Act shall become effective upon enactment, except sections 205, 206, 208–210, 212, 213, and 220(a) shall become effective one year after enactment.

NUCLEAR ENERGY PRODUCTION

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PRICE. Mr. Speaker, for the benefit of my colleagues, I would like to include at the close of my remarks some factual data concerning the actual delivery of nuclear energy this past severe winter. This data, which was assembled by the Edison Electric Institute, was published in the Thursday, April 27 Washington Post.

It is indeed fortunate for this nation that leaders in Government and industry foresaw the need for this supplementary energy source and did what was necessary to develop it. The effort to bring this new energy source into being involved a highly organized effort with specific objectives and schedule goals. In other words, the availability of this first new energy source which has the potential of powering a nation did not just happen. It was planned this way.

Unfortunately, the rate of addition of nuclear energy is not proceeding at the optimum rate. We must try harder to expedite the addition of nuclear power.

[Advertisement from the Washington Post, Apr. 27, 1978]

WITHOUT NUCLEAR ENERGY, LAST WINTER WOULD HAVE BEEN WORSE

Nuclear power plants provided electricity for 30 million Americans this past January, at a time when much of the country was suffering from another severe winter. Electric power was jeopardized in several areas not only by the cold, which froze coal supplies, but also by the extended miners' strike. Unaffected by either the strike or the ravages of winter, nuclear plants made the difference.

SAVED 13 MILLION TONS OF COAL

If you lived in Vermont this January, you received one third of your electricity from nuclear energy. In Chicago, 44 percent. In Omaha, more than half. In Philadelphia, 27 percent. In Raleigh, 39 percent. In New York, 23 percent. In Minneapolis, 40 percent. In Sacramento, 85 percent. In Pittsburgh, 22 percent. In Cedar Rapids, 53 percent. In Newark, 26 percent. In Milwaukee, 43 percent. In Charlotte, 27 percent. In Little Rock, 37 percent. Altogether, U.S. nuclear power plants generated a total of 27 billion kilowatt-hours—or 14 percent of our national electric supply for the month—saving 13 million tons of coal.

Besides providing for their own customers, utilities with nuclear energy were able to sell their reserve power to neighboring systems without nuclear plants, thus helping meet electricity needs nationwide. As a bonus, nuclear electricity is also cheaper than other sources in most areas and saved consumers a considerable amount of money in the bargain.

The cost of electricity from nuclear plants is the lowest of all major fuel sources used in generating electric energy.

THE THIRD CRISIS

This winter turned out to be the second consecutive year to dramatize the importance of having a diversified energy base that includes nuclear energy. Last winter, millions of Americans temporarily lost their jobs because of the unavailability of natural gas; electric power, including nuclear, was pressed into the gap. In 1973, the oil crisis underscored the need for additional energy supplies that are not controlled by foreign sources.

WHEN WILL WE LEARN?

Today, though—five years after the oil crisis—the nation is still not aggressively developing the new electric power sources that are vital to our economy and our way of life. Nuclear energy, which, along with coal, represents the most abundant fuel available for large-scale electric power plants, is not being fully developed because of governmental indecision and uncertainties in the licensing process. A nuclear plant begun today may not provide any power for more than a dozen winters, because of the drawn-out licensing system.

ON WITH THE JOB

The need for nuclear energy is obvious. It is saving priceless oil, coal and money every day. Its safety has been demonstrated in more than 25 years of operation around the world. The public's strong support has been proved in opinion polls and state-wide votes.

Nuclear energy stands ready to help meet the pressing energy needs of tomorrow—providing power for the homes and the jobs of today's children—just as it helped us through the past two winters. Isn't it time we stopped the delays and got on with what is, after all, an available energy solution?

Then we can expect more good news for many more winters and summers ahead.

UNAVOIDABLY ABSENT

(Mr. KASTEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. KASTEN. Mr. Speaker, due to previous commitments in Wisconsin, I missed some recent rollcall votes. I wish to state for the record, therefore, my position on those votes.

"Yea" on House Resolution 1143, the rule to consider the NASA Authorization Act for fiscal year 1979;

"Yea" on the Madigan amendment to the Agricultural Credit Act;

"Yea" on final passage of the Agricultural Credit Act; and

"Nay" on the amendment offered by Congressman ERTEL to H.R. 9400, Civil Rights of Institutionalized Persons Act.

ARMY MAKES COMMONSENSE MOVE ON EXCESS RIFLES

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, I have commented, on a number of occasions, on wasteful and unnecessary destruction of

Army weapons, particularly rifles which are no longer required for military purposes. It has been the policy to sell them for scrap, notwithstanding the fact that a rifle which is not considered serviceable by Army standards may have much useful life after replacement of parts and after adjustments.

This matter was brought to a head after the Defense Logistics Agency offered for sale and demilitarization approximately 290,000 M–1 Army rifles. Inquiry revealed that other lots were also in the process of being offered for bids from prospective buyers. Returns to the Government would only be a small percentage of the going price for such weapons. Immediate protests were made by organizations, sportsmen, private citizens and Members of Congress. The chairman of the Investigations Subcommittee of the Armed Services Committee, Hon. SAMUEL STRATTON, took the lead in seeking a more equitable means of disposing of these weapons.

I am very glad to report that the Department of the Army under the direction of Secretary Clifford L. Alexander is in the process of developing a much more realistic policy to deal with this subject. Recommendations have been adopted by the National Board for the Promotion of Rifle Practice, the agency directly responsible for needed changes. A long-range study, possibly implemented by new acts of Congress, hopefully will bring about an end to wasteful policy heretofore in effect. A statement providing information to Members of Congress covering recommendations of the National Board for the Promotion of Rifle Practice is submitted for reprinting in the CONGRESSIONAL RECORD.

DEPARTMENT OF THE ARMY,
Washington, D.C., May 1, 1978.

Re: Information for Members of Congress:

DESTRUCTION OF EXCESS M–1 RIFLES

The National Board for the Promotion of Rifle Practice (NBPRP) met on 28 April 1978 to consider recommendations concerning the Civilian Marksmanship Program. The NBPRP, an advisory board chaired by the Under Secretary of the Army, reviews and recommends policy to the Secretary of the Army who is charged with the conduct of the Civilian Marksmanship Program.

As the result of an announcement made several months ago that surplus M–1 rifles were being offered by the Defense Logistics Agency for destruction, the Board and the Army asked that the decision to destroy the rifles be postponed pending reexamination of the situation by the Board and the Secretary of the Army. At the 28 April 1978 Board meeting, the NBPRP made recommendations which, if adopted, would effect important but minor modifications to the ongoing program. They would not substantially expand or curtail the present Board program.

The Board made several recommendations with the most notable being that the Army retain its inventory of M–1 rifles and M–1 carbines pending detailed resolution of Department of Defense (DOD) and Director of Civilian Marksmanship (DCM) long term needs for the firearms, that the rifle sales program continue at the current rate, and that the restrictive requirements for purchase continue to include demonstration of serious intent to participate in high power competition. The following is an expansion of the recommendations adopted by the NBPRP to be forwarded to the Secretary of the Army for his consideration:

1. The current Army inventory of M–1 rifles and M–1 carbines be retained pending final determination of DOD and DCM needs.

2. The current inventory of .22 caliber target rifles not be destroyed or sold since they can be used in the DCM club loan program.

3. M–1 carbines be neither loaned or sold at this time.

4. Current eligibility criteria to purchase an M–1 rifle be modified to include participants in the high power marksmanship training program.

5. Continue M–1 rifle sales at the current level.

6. Retain antique and commercial nonstandard firearms in excess to Army needs for use by the NBPRP. Antique firearms in excess to NBPRP needs would be preserved by the Chief of Army Military History.

The NBPRP recommendations were adopted after full consideration of the wide range of views expressed by other governmental agencies. The Secretary of the Army will consider the NBPRP recommendations prior to making his decision.

GARFIELD ALTON ROSBOROUGH

(Mr. HALL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. HALL. Mr. Speaker, Garfield Alton Rosborough, born to the union of Charles and Rella Rosborough, succumbed on Sunday, April 23, 1978, at Memorial Hospital, Marshall, Tex. Mr. Rosborough retired from his position as principal of H. B. Pemberton High School in July 1972 after 48 years with the Marshall Independent School System. He was a graduate of Central High School and held a B.A. degree from Wiley College and a M.A. degree from the University of Colorado. Of his 48 years in the field of education, 16 years were spent as a classroom teacher; 4 years as an assistant principal; and 28 years in administration. He has served as president of the City Teacher Circle, East Texas Teachers Association, a member of the Committee on Democracy in Education, chairman of the Harrison County Health Unit for 16 years. At the time of his death, he was active in community development, a member of the directors of the Friends of a Public Library, Marshall Chamber of Commerce, street improvement in Precinct 3, was serving his second term in place 5 on the Marshall Independent School District Board, a charter member of Nu Iota Chapter of Omega Psi Phi Fraternity and has been chairman of the Deacon Board of the Bethesda Baptist Church for over 30 years.

He is survived by his loving devoted wife, Beatrice Conner Rosborough; five sisters, Mrs. J. T. Braxton, Mrs. Lewis W. Roach, and Mrs. Delores Washington, all of Tulsa, Okla., Mrs. Thelma Durkie, San Francisco, Calif., and Mrs. Ruth Jackson of Marshall; four nieces, Gwendolyn C. Brantley, Dannette Washington, Lillian Adams, and Rella Rosborough; four nephews, Robert Jackson, Lewis W. Roach, Cardell Smith and Webster Rosborough, Jr., and a host of other relatives and friends.

I had the pleasure of knowing Professor Rosborough for over 25 years. I served with him as a member of the school board of the Marshall Independent School District. I knew him as an educator and as a true friend to all mankind. Professor Rosborough will be sorely missed, not only in Marshall, Tex., but the entire State of Texas and Nation. He was truly a great man.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. RISENHOOVER (at the request of Mr. WRIGHT), for today on account of official business.

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GARY A. MYERS), to include extraneous matter:)

Mr. JEFFORDS, for 1 hour today.
Mr. CONABLE, for 10 minutes today.
Mr. MICHEL, for 15 minutes today.
Mr. EMERY, for 5 minutes.
Mr. DON H. CLAUSEN, for 10 minutes today.
Mr. DON H. CLAUSEN, for 10 minutes on May 3, 1978.

(The following Members (at the request of Mr. VOLKMER) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. CONYERS, for 5 minutes, today.
Mrs. BURKE of California, for 5 minutes, today.
Mr. PEPPER, for 20 minutes, today.
Mr. DUNCAN of Oregon, for 10 minutes, today.
Mr. DODD, for 5 minutes, today.
Mr. VANIK, for 5 minutes, today.
Mr. THOMPSON, for 5 minutes, today.
Mr. BINGHAM, for 10 minutes, today.
Mr. DRINAN, for 5 minutes, today.
Mr. MATTOX, for 5 minutes, today.
Mr. SIKES, for 30 minutes, May 3, 1978.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. LEHMAN, and to include extraneous matter notwithstanding the fact, that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $1,724.63.

(The following Members (at the request of Mr. GARY A. MYERS) and to include extraneous matter:)

Mr. ANDERSON of Illinois in two instances.
Mr. MARRIOTT.
Mr. GREEN.
Mr. WALSH.
Mr. HILLIS.
Mr. HAGEDORN.
Mr. BADHAM.
Mr. DERWINSKI in two instances.
Mr. CRANE in two instances.
Mr. BROWN of Ohio.
Mr. SYMMS.
Mr. CARTER.

Mr. GILMAN in two instances.
Mr. CONTE in six instances.
Mr. FINDLEY.
Mr. ASHBROOK in three instances.
Mrs. HECKLER.
(The following Members (at the request of Mr. VOLKMER) and to include extraneous matter:)
Mr. FASCELL.
Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Ms. MIKULSKI.
Mr. MONTGOMERY.
Mr. STARK.
Mr. FRASER.
Mr. STUMP.
Mr. MCDONALD in four instances.
Mr. CARNEY.
Mr. RANGEL.
Mr. BRODHEAD.
Mr. NOLAN.
Mr. EDWARDS of California.
Mr. WAXMAN.
Mr. BONIOR.
Mr. MITCHELL of Maryland in four instances.
Mr. TEAGUE in two instances.
Mr. OTTINGER.
Mr. VANIK.
Mrs. CHISHOLM in two instances.
Mr. MILLER of California.
Mr. ROGERS in five instances.
Mr. BRADEMAS in 10 instances.
Mr. RICHMOND.
Mr. CONYERS.
Mr. FISHER.
Mr. BENJAMIN.
Mr. ROSENTHAL.
Mr. PEPPER.

SENATE ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled bills and concurrent resolutions of the Senate of the following title:

S. 917. An act to provide for conveyance of certain lands adjacent to the Gund Ranch, Grass Valley, Nev., to the University of Nevada;

S. 958. An act for the relief of Ernesto F. Garcia, Jr.;

S. 2220. An act to authorize the Secretary of the Treasury to designate an Assistant Secretary to serve in his place as a member of the Library of Congress Trust Fund Board;

S.J. Res. 106. Joint resolution to provide for the reappointment of A. Leon Higgenbotham, Jr., as a citizen regent of the Board of Regents of the Smithsonian Institution;

S.J. Res. 107. Joint resolution to provide for the reappointment of John Paul Austin as a citizen regent of the Board of Regents of the Smithsonian Institution; and

S.J. Res. 108. Joint resolution to provide for the appointment of Anne Legendre Armstrong as citizen agent of the Board of Regents of the Smithsonian Institution.

ADJOURNMENT

Mr. VOLKMER. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 37 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, May 3, 1978, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4041. A communication from the President of the United States, transmitting proposed supplemental appropriations for fiscal year 1978, budget amendments for fiscal year 1979, and a request for advance appropriations for fiscal year 1980 (H. Doc. No. 95–331); to the Committee on Appropriations and ordered to be printed.

4042. A letter from the Administrator of General Services, transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, to permit recovery of the estimated replacement cost, in lieu of the original acquisition cost, of motor vehicles and related equipment used in the Interagency Motor Pool System; to the Committee on Government Operations.

4043. A letter from the Special Assistant for Management, Office of the Special Representative for Trade Negotiations, Executive Office of the President, transmitting a further report on the Office's activities under the Freedom of Information Act during calendar year 1977, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

4044. A letter from the Administrator, Agency for International Development, Department of State, transmitting a report covering calendar year 1977 on U.S.-aid-recipient countries which are in arrears in payments of dues, assessments and other obligations to the United Nations, pursuant to section 620(u) of the Foreign Assistance Act of 1961, as amended (81 Stat. 459); to the Committee on International Relations.

4045. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on International Relations.

4046. A letter from the Chairman, Securities and Exchange Commission, transmitting a draft of proposed legislation to amend the Securities Act of 1933 and the Trust Indenture Act of 1939 to delete the existing exemption for certain industrial development bonds; to the Committee on Interstate and Foreign Commerce.

4047. A letter from the Assistant Attorney General (Civil Division), transmitting notice of the Justice Department's intention to discontinue its defense of the constitutionality of certain sections of the District of Columbia Code, which are being challenged in the case of *Paul Poe, et al.* v. *Joseph A. Califano, Jr.*, USDC DC, Civil Action No. 74–1800; jointly, to the Committees on the District of Columbia, and the Judiciary.

4048. A letter from the Secretary of Energy, transmitting a draft of proposed legislation to authorize the Secretary of Energy to enter into cooperative arrangements to contain and to reduce potential radiation exposure from residual radioactive materials, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. MAHON: Committee on Appropriations. House Joint Resolution 873. Joint resolution making an urgent supplemental appropriation for the disaster loan program of the Small Business Administration for the fiscal year ending September 30, 1978 (Rept. No. 95–1105). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PHILLIP BURTON (for himself, Mr. DON H. CLAUSEN, Mr. DE LUGO, Mr. LAGOMARSINO, Mr. KETCHUM, and Mr. WON PAT):

H.R. 12481. A bill to authorize appropriations for certain insular areas of the United States, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON of California (for himself, Mr. DOWNEY, Mr. HEFTEL, Mr. RYAN, and Mr. ROYBAL):

H.R. 12482. A bill to regulate the trapping of mammals and birds on Federal lands, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries, Interstate and Foreign Commerce, and the Judiciary.

By Mr. BAFALIS:

H.R. 12483. A bill to amend title II of the Social Security Act to provide that a beneficiary who dies shall (if otherwise eligible) be entitled to a prorated benefit for the month in which that death occurs; to the Committee on Ways and Means.

By Mr. BRADEMAS (for himself, Mr. PHILLIP BURTON, Mr. BUCHANAN, Mr. WEISS, and Mr. CORRADA):

H.R. 12484. A bill to amend the Rehabilitation Act of 1973 to extend certain programs established in such act, to establish a community service employment program for handicapped individuals, to provide for independent living rehabilitation services for the severely handicapped, and for other purposes; to the Committee on Education and Labor.

By Mr. CARTER (by request):

H.R. 12485. A bill to amend the Federal Food, Drug and Cosmetic Act, as amended, to establish procedures and safeguards to assure that safe and effective drugs are available to the American people at the earliest possible time consistent with protection of the public health and welfare; to the Committee on Interstate and Foreign Commerce.

By Mr. DE LA GARZA (for himself, Mr. TRAXLER, Mr. ANDREWS of North Dakota, Mr. AKAKA, Mr. BAUCUS, Mr. BREAUX, Mr. HANSEN, Mr. HEFTEL, Mr. HUCKABY, Mr. JENRETTE, Mr. JOHNSON of Colorado, Mr. LEGGETT, Mr. LONG of Louisiana, Mr. MCCORMACK, Mr. MCFALL, Mr. MOORE, Mr. NOLAN, Mr. RONCALIO, Mr. SIKES, Mr. SISK, Mr. SMITH of Iowa, Mrs. SMITH of Nebraska, Mr. STANGELAND, Mr. WAGGONNER, and Mr. CORRADA):

H.R. 12486. A bill to implement the International Sugar Agreement between the United States and foreign countries; to protect the welfare of consumers of sugar and those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes; jointly, to the Committees on Agriculture, and Ways and Means.

By Mr. EMERY:

H.R. 12487. A bill to amend title 32, United States Code with respect to accountability and responsibility for U.S. property issued to the National Guard; to the Committee on Armed Services.

By Mr. GAYDOS:

H.R. 12488. A bill to promote steel trade negotiations under the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. HANNAFORD:

H.R. 12489. A bill to eliminate the reduction in social security benefits for spouses

and surviving spouses receiving certain Government pensions, as recently added to title II of the Social Security Act by section 334 of the Social Security Amendments of 1977; to the Committee on Ways and Means.

By Mr. KEMP:

H.R. 12490. A bill to suspend the duty on live worms, if a product of Canada, until the close of June 30, 1981; to the Committee on Ways and Means.

By Mr. KETCHUM (for himself, Mr. ARCHER, Mr. VANDER JAGT, Mr. STEIGER, Mr. FRENZEL, Mr. MARTIN, Mr. BAFALIS, Mr. SCHULZE, Mr. GRADISON, Mr. CONABLE, Mr. SEBELIUS, Mr. BADHAM, and Mr. GREEN):

H.R. 12491. A bill to amend the Social Security Act and the Internal Revenue Code of 1954, to strengthen the financing of the social security system, to provide for a gradual increase in retirement age, to improve the treatment of women through the establishment of a working spouse's benefits and to eliminate gender-based discrimination, to provide coverage under the system for Federal employees, to increase and ultimately repeal the earnings limitation, and for other purposes; to the Committee on Ways and Means.

By Mr. LEDERER:

H.R. 12492. A bill to carry out the obligations of the United States under the International Sugar Agreement, 1977, to protect the interests of consumers of sugar and consumers and manufacturers of sugar-containing products by insuring the availability of ample supplies of sugar at fair and stable prices, to provide for the welfare of all segments of the domestic sugar industry, and for other purposes; jointly, to the Committees on Agriculture, and Ways and Means.

By Mr. LEHMAN:

H.R. 12493. A bill to amend title 13, United States Code, to authorize appropriations to carry out the provisions of such title for fiscal year 1979 and to provide that for subsequent fiscal years appropriations shall be subject to annual authorization; to the Committee on Post Office and Civil Service.

By Mr. LEHMAN (for himself, Mr. BEDELL, Mr. CLAY, Mr. FORD of Michigan, Mr. GARCIA, Mr. HANLEY, Mr. HEFTEL, Mr. LEACH, Mr. LOTT, Mr. RYAN, Mrs. SPELLMAN, Mr. UDALL, and Mr. CHARLES H. WILSON of California):

H.R. 12494. A bill to amend title 13, United States Code, to provide for the review of Federal authority for the collection of statistical information, to require certain information to be included in committee reports accompanying legislation in which there is provided Federal authority for the collection of information, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. McDONALD:

H.R. 12495. A bill to limit eligibility for appointment and admission to any U.S. service academy to male individuals; jointly, to the Committees on Armed Services, and Merchant Marine and Fisheries.

By Mr. MURTHA:

H.R. 12496. A bill to amend section 118(c) of title 28, United States Code, to provide for the holding of court for the Western District of Pennsylvania at Johnstown, Pa., to the Committee on the Judiciary.

By Mr. OTTINGER:

H.R. 12497. A bill to amend the Internal Revenue Code of 1954 to allow individuals to elect, in lieu of the deduction for charitable contributions, a credit against income tax for 50 percent of such contributions; to the Committee on Ways and Means.

By Mr. PRICE (for himself and Mr. BOB WILSON) (by request):

H.R. 12498. A bill to amend title 10, United States Code, to provide for more efficient and expeditious disposal of lost, abandoned, and unclaimed property in the custody of the military departments; to the Committee on Armed Services.

By Mr. SEIBERLING:

H.R. 12499. A bill to amend the Internal Revenue Code of 1954 to provide that a taxpayer may, with respect to any pollution control facility used in connection with a plant or other property in operation before January 1, 1971, elect a 12-month amortization of such facility or a 20-percent investment tax credit; to the Committee on Ways and Means.

By Mr. SEIBERLING (for himself, Ms. MIKULSKI, and Mr. ROE):

H.R. 12500. A bill to amend the Internal Revenue Code of 1954 to allow, as a credit against income tax, certain amounts of social security taxes paid by an employee, and to make the earned income credit permanent; to the Committee on Ways and Means.

By Mr. SEIBERLING (for himself and Mr. RUPPE):

H.R. 12501. A bill to amend the Internal Revenue Code of 1954 to encourage the modernization of manufacturing plants by providing an additional investment credit for machinery placed in service in existing manufacturing plants or in nearby plants; to the Committee on Ways and Means.

By Mr. STANTON:

H.R. 12502. A bill to extend the authority of the Secretary of the Treasury to make loans under the New York City Seasonal Financing Act of 1975 for a period of 3 years; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WIGGINS (for himself, Mr. HYDE, Mr. SAWYER, Mr. HUGHES, and Mr. EVANS of Georgia):

H.R. 12503. A bill to provide procedures for determining the validity of a ratification of an amendment to the Constitution of the United States, and for other purposes; at the Committee on the Judiciary.

By Mr. CHARLES H. WILSON of California:

H.R. 12504. A bill to amend title 5, United States Code, to revise the pay structure for Federal air traffic controllers; to the Committee on Post Office and Civil Service.

By Mr. FLIPPO (for himself, Mr. TEAGUE, Mr. FUQUA, Mr. MCCORMACK, Mr. WYDLER, and Mr. WINN):

H.R. 12505. A bill to provide for a research, development, and demonstration program to determine the feasibility of collecting in space solar energy to be transmitted to Earth and to generate electricity for domestic purposes; to the Committee on Science and Technology.

By Mr. BEDELL (for himself, Mr. DOWNEY, Mr. LAFALCE, Mr. CARR, and Mr. NOLAN):

H.R. 12506. A bill to amend the Internal Revenue Code of 1954 to provide graduated corporate income tax rates; to the Committee on Ways and Means.

By Mr. GRASSLEY (for himself, Mr. NOLAN, Mr. HALL, Mr. PRICE, and Mr. QUIE):

H.R. 12507. A bill to establish a separate community development program for units of general local government which have a population of 20,000 or fewer individuals and are located in nonmetropolitan areas; jointly, to the Committees on Agriculture, and Banking, Finance and Urban Affairs.

By Mr. HARRIS (for himself, Mr. SISK, Mr. EILBERG, Mr. EDWARDS of California, Mr. HALL, Mr. EVANS of Georgia, Mr. FISH, Mr. SAWYER, Mr. FRENZEL, and Mrs. FENWICK):

H.R. 12508. A bill to amend the Immigration and Nationality Act to facilitate the admission into the United States of more than two adopted children, and to provide for the expeditious naturalization of adopted children; to the Committee on the Judiciary.

By Ms. HOLTZMAN (for herself, Mr. EILBERG, Mr. HALL, Mr. HARRIS, Mr. EVANS of Georgia, Mr. FISH, and Mr. SAWYER):

H.R. 12509. A bill to amend the Immigration and Nationality Act to exclude from admission into, and to deport from, the United States all aliens who persecuted any person on the basis of race, religion, national origin, or political opinion, and for other purposes; to the Committee on the Judiciary.

By Mr. MITCHELL of Maryland:

H.R. 12510. A bill to amend the Federal Reserve Act respecting the positions of Chairman and Vice Chairman of the Federal Reserve Board; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PERKINS (for himself, Mr. QUIE, Mr. FORD of Michigan, Mr. ANDREWS of North Carolina, Mr. BLOUIN, Mr. SIMON, Mr. ZEFERETTI, Mr. MOTTL, Mr. MURPHY of Pennsylvania, Mr. WEISS, Mr. HEFTEL, Mr. CORRADA, Mr. KILDEE, Mr. MILLER of California, Mr. BUCHANAN, Mr. PRESSLER, Mr. GOODLING, Mrs. PETTIS, Mr. PURSELL, and Mr. JEFFORDS):

H.R. 12511. A bill to extend for 1 year the child care food program of the National School Lunch Act and the women, infants, and children program of the Child Nutrition Act of 1966; to the Committee on Education and Labor.

By Mr. STEERS (for himself, Mr. FISHER, Mr. FAUNTROY, Mrs. HOLT, Mrs. SPELLMAN, and Mr. HARRIS):

H.R. 12512. A bill to amend the Federal Aviation Act of 1958 in order to require the Administrator of the Federal Aviation Administration to prepare and put into effect comprehensive noise abatement plans for airports operated by the Administrator; to the Committee on Public Works and Transportation.

By Mr. MATHIS:

H.R. 12513. A bill to amend the Commodity Exchange Act for the purposes of revising certain violations of such act, establishing restitution procedures with respect to such violations, and authorizing civil forfeiture proceedings with respect to such violations, and for other purposes; jointly to the Committees on Agriculture, and the Judiciary.

By Mr. MOORE (for himself, Mr. RUSSO, Mr. SATTERFIELD, Mr. SCHULZE, Mr. SKUBITZ, Mrs. SMITH of Nebraska, Mr. SNYDER, Mr. STEERS, Mr. STEIGER, Mr. TAYLOR, Mr. TRIBLE, Mr. VANDER JAGT, Mr. WALKER, Mr. WALSH, Mr. WIGGINS, Mr. WINN, Mr. WYDLER, Mr. YOUNG of Alaska, Mr. ASHBROOK, Mr. BROWN of Michigan, Mr. BURLISON of Missouri, Mr. COUGHLIN, Mr. CRANE, Mr. DERWINSKI, and Mr. DORNAN):

H.J. Res. 883. Joint resolution designating July 1, 1978, as "National Free Enterprise Day"; to the Committee on Post Office and Civil Service.

By Mr. SOLARZ:

H.J. Res. 884. Joint resolution to establish a Presidential Commission to develop plans for a memorial to the victims of the Holocaust; to the Committee on House Administration.

By Mr. YATRON:

H.J. Res. 885. Joint resolution extending the deadline for the ratification of the equal rights amendment; to the Committee on the Judiciary

By Mr. D'AMOURS:

H. Con. Res. 600. Concurrent resolution disapproving proposed regulations of the Department of the Treasury requiring centralized registration of firearms and other matters; jointly, to the Committees on the Judiciary, and Ways and Means.

By Mr. DODD:

H. Con. Res. 601. Concurrent resolution disapproving the proposed export of low-

enriched uranium to India; to the Committee on International Relations.

By Mr. FASCELL (for himself, Mr. DERWINSKI, Mr. BURKE of Florida, Mr. ROSENTHAL, Mr. IRELAND, Mr. HARRINGTON, Mr. GUYER, Mr. FOWLER, Mr. FRASER, Mr. BINGHAM, Mrs. COLLINS of Illinois, Mr. YATRON, Mr. SOLARZ, Mr. GILMAN, Mr. LAGOMARSINO, Mr. WHALEN, Mr. WINN, Mr. LONG of Maryland, Mr. WOLFF, Mr. BONKER, Mr. CAVANAUGH, Mr. NIX, Mrs. FENWICK, and Mr. BEILENSON):

H. Con. Res. 602. Concurrent resolution disapproving the proposed package of sales of aircraft to Saudi Arabia, Egypt, and Israel; to the Committee on International Relations.

By Mr. KELLY:

H. Res. 1160. Resolution commending Hudson, Fla., on the centennial of its founding; to the Committee on Post Office and Civil Service.

By Mr. PEPPER (for himself and Mr. FORD of Tennessee):

H. Res. 1161. Resolution commending Hobart C. Jackson for his services to the elderly; to the Committee on Post Office and Civil Service.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H. CON. RES. 559

By Mr. COUGHLIN:

In the matter relating to the recommended level of Federal revenues decrease the amount $500,000,000.

In the matter relating to the amount by which the aggregate level of Federal revenues should be decreased, increase the amount by $500,000,000;

In the matter relating to the amount of the deficit increase the amount by $500,000,000;

In the matter relating to the appropriate level of the public debt increase the amount by $500,000,000;

In the matter relating to the amount by which the statutory limit on the public debt should accordingly be increased, increase the amount by $500,000,000.

By Mr. GAMMAGE:

On page 1, line 7, strike out "$443,279,000,000" and insert in lieu thereof "$444,179,000,000".

On page 1, line 9, strike out "$28,400,000,000" and insert in lieu thereof "$27,500,000,000".

On page 2, line 5, strike out "$58,079,000,000" and insert in lieu thereof "$56,179,000,000".

On page 2, line 7, strike out "$856,279,000,000" and insert in lieu thereof "$854,379,000,000".

On page 2, line 9, strike out "$104,279,000,000" and insert in lieu thereof "$102,379,000,000".

By Mr. IRELAND:

Page 3, line 25, strike out "$31,429,000,000" and insert in lieu thereof "$30,888,000,000".

Page 4, line 3, strike out "$49,550,000,000" and insert in lieu thereof "$44,693,000,000".

Page 4, line 6, strike out "$159,339,000,000" and insert in lieu thereof "$157,469,000,000".

(And conform the aggregate dollar figures contained in the first section of the resolution.)

By Mr. STRATTON:

On page 1 line 11, strike "$568,152,000,000" and insert in lieu thereof "$570,513,000,000."

On page 2 line 20, strike "$127,439,000,000" and insert in lieu thereof "$129,800,000,000."

SENATE—*Tuesday, May 2, 1978*

(Legislative day of Monday, April 24, 1978)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. MURIEL HUMPHREY, a Senator from the State of Minnesota.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

O Thou God and Father of us all, amid the national and global concerns which drain our strength and consume the hours, help us in this oasis of quietness to drink of the water of life which refreshes the inner resources of our harried lives. Deliver us from the hard secularism which so easily engulfs us in our daily work and give us not only this time of reverent ceremony but many moments when all else is put aside and we know Thy nearness as the Strength of our lives and the Light to our pathway.

Make us to know how solemn is our task, that we live with instant history, that we serve our precious Republic in a world where humanity is one family. In our problem solving help us neither to act too swiftly nor delay unduly, and to remember we are creatures of both time and eternity. Make us good craftsmen in the skills of a government of the people, by the people, and for the people.

And to Thee shall be the everlasting praises. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 2, 1978.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable MURIEL HUMPHREY, a Senator from the State of Minnesota, to perform the duties of the Chair.

JAMES O. EASTLAND,
President pro tempore.

Mrs. HUMPHREY thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF LEADERSHIP

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

THE JOURNAL

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the Journal of proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar under New Reports.

Mr. BAKER. Madam President, reserving the right to object, and I will not object, I rise only to advise the distinguished majority leader that we have no objection to going into executive session to consider the nominations on the Executive Calendar under Department of State and Agency for International Development. We have no objection to proceeding to their consideration and their confirmation.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of William B. Edmondson, of Nebraska, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of South Africa.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Madam President, I move to reconsider the vote by which the nominee was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AGENCY FOR INTERNATIONAL DEVELOPMENT

The second assistant legislative clerk read the nomination of David Bronheim, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Madam President, I move to reconsider the vote by which the nominee was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the Senate return to legislative session.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the Committee on Human Resources be authorized to meet during the sessions of the Senate on May 3, 4, and 5, and May 8, 9, 10, and 11 to consider various measures requiring authorizations pertaining to the May 15 budget deadline, and other committee business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Madam President, will the majority leader yield for just a moment?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. I notice that his memorandum indicates approval from the minority side on this request.

Mr. ROBERT C. BYRD. That is why I stressed, "and other committee business."

Mr. BAKER. I wonder if the majority leader might reformulate his request to omit the last words, "and other committee business"?

Mr. ROBERT C. BYRD. Yes.

Madam President, I reform the request accordingly.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. I thank the majority leader.

Mr. ROBERT C. BYRD. The Senator is welcome.

Madam President I ask unanimous consent that the Foreign Relations Committee be authorized to meet during the sessions of the Senate on Wednesday, May 3; Thursday, May 4; and Friday, May 5; to hold markup sessions in fiscal year 1979 authorizations for the Department of State and foreign assistance programs, which must be reported to the Senate by May 15 under the Budget Act.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS TO 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9:30 a.m. tomorrow.

The ACTING PRESIDENT pro tempore. Without objecton, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS ON TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, Messrs. LEAHY and CHURCH be recognized, each for not to exceed 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF THE WATERWAYS FEE BILL ON TOMORROW

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that upon completion of the orders for recognization of Senators on tomorrow, the Senate resume consideration of the waterways fee bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Madam President, I have no further request for time.

Mr. BAKER. Madam President, I yield my time under the standing order to the distinguished Senator from North Carolina.

Mr. HELMS. Madam President, I thank the able minority leader, my friend from Tennessee (Mr. BAKER).

JOSEPH M. HUNT, JR.

Mr. HELMS. Madam President, last night this Senator from North Carolina lost, undoubtedly, one of his best friends. His formal name was Joseph M. Hunt, Jr., but almost everyone knew him as Cousin Joe.

Joe was a former speaker of the House of Representatives of the North Carolina General Assembly. He was former chairman of the State highway and public works commission in my State. And he was one of nature's noblemen.

He had an unfailing loyalty to his countless friends. I have never known a man more steadfast in his refusal to compromise principle and he had an unyielding dedication to his State and his Nation.

Joe was a sight to behold in terms of political combat. He stated his position candidly, frankly, honestly, always as a thoroughbred gentleman. He did so in a way that even his adversaries gained good cheer from him.

I recall on one occasion when he was campaigning for the State senate from his home county of Guilford. While making a tour of one of the shopping centers in Greensboro, he shook the hand of a lady who glared at him a moment and said, "Of course, I will not vote for you, I don't agree with you on anything."

Joe replied, "Madam, I love you nonetheless, and I just want you to know that I did not ever suggest that this election would be unanimous."

Later I learned that the lady changed her mind and supported Cousin Joe, simply because she realized that he was a gentleman.

Joe sat in the family gallery in January 1973 when I was sworn in as a Member of the U.S. Senate. Before that time and since, he has been one of my treasured friends.

So I extend my deepest sympathy and that of Mrs. Helms to Joe's family—to his gracious wife, Grace, his lovely daughter and his fine son, and to Joe's cousin, who just happens to be the distinguished Governor of North Carolina, Gov. James B. Hunt. But perhaps most of all Mrs. Helms and I would want Joe's grandchildren to remember always that the grandfather whom they loved so dearly also loved them from the depth of his heart. Their grandfather worked and fought to make this country better for them, and for all of the other little folks who compose the next generation.

S. 3018—FOOD AND DRUG REFORM ACT OF 1978

Mr. HELMS. Madam President, overregulation of the pharmaceutical industry by the Food and Drug Administration has resulted in greatly increased costs to the consumer, decrease competition and innovation in the drug industry, and significant delay in the marketing of new drugs. American production of new drugs has fallen from an average of 43 per year before 1962 to 13 per year. Major drug breakthroughs enter the American market on the average of 2 to 5 years after widespread use in Europe. Most importantly, the "drug lag" caused by Federal regulation has resulted in the death and suffering of thousands of Americans.

As our drug regulatory system is now structured, the most advanced medical care is too often available only to those wealthy enough to travel outside the United States to obtain treatment. For example, over 23 million Americans suffer with hypertension—a condition which causes thousands of deaths yearly—yet America has not produced a single new antihypertension drug since 1963, while more than 20 such drugs have been developed and are widely used in Europe.

Madam President, I believe that it is time for Congress to review the effects of the 1962 amendments to the Food, Drug, and Cosmetic Act. I believe further that a careful study of the many problems posed by present law will lead to the conclusion that a reduction of FDA regulation will most effectively meet the health needs of the American people.

DRUG LAG A RESULT OF OVERREGULATION

During 1974, the FDA finally admitted the existence of a "drug lag" in the United States. Richard Crout, Director of the FDA Bureau of Drugs, testified before the Senate Subcommittee on Health that—

> There is no question that a "drug lag" exists in the United States in the sense that a significant number of drugs marketed in foreign countries are not available here.

In 1973 the doctor's magazine Medical Times conducted a nationwide poll of family physicians regarding how FDA regulations affected their practice. It found that 86 percent of the doctors questioned felt that FDA regulations deprive their patients of important therapeutic drugs. (November 1973 at 132).

An analysis of U.S. drug development involving new chemical entities between 1962 and 1974 by Louis Lasagna and Wil-

liam Wardell of the University of Rochester School of Medicine found that the time required for clinical study and approval has risen steadily from 2.5 to 6 years. The study also revealed that no drug clinically studied in human beings since 1968 has yet been approved by FDA for marketing. It concluded that "if the present trend continues, by 1979 it will require ten years for a drug to be evaluated in man and approved in the United States." (An Analysis of Drug Development Involving New Chemical Entities, unpublished study at 4, 5).

Private Practice magazine reports that in the United States, during the 10 years prior to 1962, the pharmaceutical industry produced and marketed an average of 43 new chemical entities per year. Between 1962 and 1970, this figure dropped to 17, while the average between 1968 and 1973 fell to 13 per year. (November 1973 at 61).

In a study of the introduction of new drugs in the United States and Great Britain, Professor Wardell found that the United States is lagging seriously behind Great Britain and other countries in the introduction of new therapeutic drugs. In a comparison of 82 drugs now available in both countries, Professor Wardell found that only 14 of these drugs were introduced into both countries during the same year; while 43 were introduced into Britain first and only 25 were introduced into the United States first. When expressed in terms of a single index there were 59 "drug-years" of prior availability in the United States, while there were 120 "drug-years" of prior availability in Britain.

In a comparison of 98 drugs available in only one of the two countries, Professor Wardell found 77 of the drugs exclusively available in Britain while only 21 drugs were exclusively available in the United States. In terms of "drug-years" of exclusive availability, the figures were 256 for Britain and 68 for the United States. Thus, when considering exclusively available drugs, whether expressed in terms of drugs available or in "drug-years", the British figures are nearly four times those of the American.

The 12th International Congress of Diseases of the Chest conducted by the American College of Chest Physicians concluded that FDA's regulations deprived American physicians and their patients of valuable new drugs for an unnecessarily long time. (3 British Medical Journal 541, 1974)

Louis Goldman, writing in Modern Medicine, also concluded that FDA's method of approving drugs has kept many U.S. patients from receiving treatment with useful, new medications. He found that physicians in the United States simply do not have access to a large number of drugs that their colleagues abroad find useful, if not essential (June 1975 at 44).

During the years 1958 through 1962, Kathryn Welling reported in Barron's that "it generally required about 2 years and a little over $1 million to develop a new drug in the United States. Now it takes 8 to 10 years and up to $20 million; the average probably runs around $12 million" (June 28, 1976).

Professors Wardell and Lasagna conclude their book, "Regulation and Drug Development," with the observation that—

It is difficult to argue that the United States has escaped an inordinate amount of new drug toxicity by its conservative approach; it has gained little else. On the other hand, it is relatively easy to show that Britain has gained by having effective drugs available sooner. Furthermore, the costs of this policy in terms of damage due to adverse drug reactions have been small compared with the existing levels of damage produced by older drugs. There appear to be no other therapeutic costs of any consequence in Britain. In view of the clear benefits demonstrable from some of the drugs introduced into Britain, it appears that the United States has lost more than it has gained from adopting a more conservative approach than did Britain. (at 105)

Dr. Theodore Klumpp, writing in the Journal of Legal Medicine made the following observations on FDA procedures:

The cost of getting a new drug through the FDA has risen to prohibitive levels. This has created an unfortunate and very serious byproduct: Many pharmaceutical firms now cannot afford to develop new drugs for rare diseases or minor conditions where the market potential does not look as if it would cover the cost of getting them through the FDA. For the same reason, improved modifications of old drugs and new as well as useful combinations of such drugs may never see the light of day. The cost of discovery, development, and obtaining FDA approval is now estimated at as much as $8-million to $10-million, and it ordinarily takes from eight to 10 years from basic discovery to FDA clearance. I know of applications that have rested on FDA desks for four and five years.

Even more important, illness and prolonged suffering are continued and lives are lost while the FDA sits on new drugs that often have been available for years in other countries. (Sept., 1976 at 25)

DRUG LAG INCREASES PATIENT SUFFERING

The FDA imposed "drug lag" concerns more Americans than just researchers, scientists, and pharmaceutical manufacturers. According to many experts studying this problem, thousands of Americans are needlessly suffering and even dying as a result of this delay.

Dr. Ray Gifford, president of the American Society for Clinical Pharmacology and Therapeutics, recently stated that a "drug lag" in the United States does exist and that:

It would be naive to deny that the drug lag has cost some Americans their lives or well being. Doctor Myrvin Ellestad of the American College of Cardiology Bethesda Conference Committee is more emphatic. He charges that FDA regulation "is costing thousands upon thousands of American lives. (Private Practice, February 1975 at 41".)

At a recent conference on pharmaceutical innovation sponsored by American University in Washington, D.C., Professor Wardell observed that:

If even one new drug of the stature of penicillin or digitalis has been unjustifiably banished to a company's back shelf because of excessively stringent regulatory requirements, that event will have harmed more people than all the toxicity that has occurred in the history of modern drugs development.

A graphic example of the adverse effect of pharmaceutical overregulation in terms of human suffering is the delay in the introduction of a new family of drugs called beta-blockers.

These drugs have been developed over the past 15 years and are proving to be very effective in the treatment of high blood pressure, irregular heartbeats, chest pain and other symtoms of heart disease—conditions which afflict over 23 million Americans. Frederick Roll, in his study of drug regulation makes the following observation:

The modern use of beta blockers for a variety of important new indications has been pioneered abroad, with the U.S. following 10 years behind. Current studies are showing that beta blockers can prevent heart attacks and sudden death. The estimated potential saving in the U.S. is at least 10,000 lives per year. The use of these drugs for that indication is at least five years away in the U.S. (Of Politics and Drug Regulation, Jan. 1977 at 20)

Madam President, it would seem difficult to over emphasize the conclusion of this noted researcher, that as a direct result of present law over 50,000 Americans will lose lives because of a delay in the introduction of one new drug alone.

Elsewhere, Professor Wardell estimates that the 5-year delay in approving a new sedative (benzodiazepine) to replace older, more dangerous medications cost 1,200 lives. (Business Week, June 30, 1975 at 114.)

Professors Wardell and Lasagna then make the following observation:

The point is obvious. Introduction of a new drug that produced fatalities anywhere approaching this magnitude would be regarded as a major disaster, but the undoubted occurrence of deaths through failure to introduce a drug has so far gone unremarked. It would not take many examples of this type to show that earlier introduction of some new drugs might more than counterbalance all the new drug toxicity of the past decade. (Regulation and Drug Development at 73)

THE FOOD AND DRUG REFORM ACT OF 1978

Madam President, the Food and Drug Reform Act of 1978 which I am introducing today should do much to alleviate the serious drug lag which I have just discussed. First, it provides that pharmaceutical firms need submit only certified clinical summaries of their investigations of a new drug. FDA officials would be able to conduct an on-site examination of the data on which these summaries are based. The savings in paperwork and storage costs for both private industry and government should be substantial. Additionally, the bill provides strong criminal penalties for inaccurate summaries which result from reckless work in the preparation of these summaries or for intentionally inaccurate summaries.

The bill establishes a new congressional policy which states clearly that FDA is to do everything possible to make safe and effective drugs promptly available. The bill requires that an economic impact statement accompany each new FDA regulation and that FDA make a twice-yearly report to the Congress on the status of new drug applications and agency action regarding those applications. It also limits the number of extensions of time FDA may take in reviewing drug submissions.

The bill contains a new "sunshine"

provision which would open FDA decisionmaking to the public by making preclinical and clinical summaries available to the public while preserving necessary trade secrets. It would provide for a reorganization of advisory committees to assist in FDA's consideration of new drug applications.

The bill also establishes a new office at FDA to provide technical and other nonfinancial assistance to small pharmaceutical firms to enable them to more efficiently comply with FDA regulations. It also calls for broad review by the Congress every 6 years of the manner in which FDA is enforcing and interpreting the Food, Drug, and Cosmetic Act. Finally, the bill provides for a revision of the present drug patent law. By providing longer patent protection, the bill allows pharmaceutical firms a longer period of time to recover development costs and thereby provide strong incentive for reduced prescription drug prices for the public.

Madam President, I ask unanimous consent that the text of the Food and Drug Reform Act of 1978 be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3018

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE AND REFERENCE TO ACT

SECTION 1. (a) This Act may be cited as the "Food and Drug Reform Act of 1978".

(b) Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Food, Drug, and Cosmetic Act.

SUBMISSION OF CERTIFIED SUMMARIES

SEC. 2. (a) Section 505(b) is amended—

(1) by inserting "(1)" immediately after "(b)";

(2) by striking out in clause (1) "full reports of investigations which have been made" and inserting in lieu thereof "a summary of each investigation which has been made";

(3) by redesignating clauses (1), (2), (3), (4), (5), and (6), as clauses (A), (B), (C), (D), (E), and (F), respectively; and

(4) by adding at the end thereof the following new paragraph:

"(2) (A) Each summary of an investigation submitted under clause (A) of paragraph (1) shall be certified under oath by a person who conducted or supervised the investigation as being a complete and accurate summary of the methodology and results of the investigation.

"(B) No person shall be required under paragraph (1) to submit to the Secretary, as part of an application with respect to a drug, any report submitted by such person, within four years of the date of submission of such application, to the Secretary under clause (1) of subsection (i) with respect to such drug.

"(C) An applicant shall maintain such records of an investigation for which a summary is submitted under clause (A) of paragraph (1) as the Secretary may by general regulation, or by order with respect to such applicant's application prescribe on the basis of a finding that such records are necessary in order to enable the Secretary to determine, or facilitate a determination of, whether any of the grounds specified in subsection (d) exist for denying approval of such application. Each person required under this subparagraph to maintain records, and every person in charge or in custody thereof, shall, upon request of an officer or employee designated by the Secretary, permit such officer or employee at all reasonable times to have access to and copy and verify such records.".

(b) Section 512(b) is amended—

(1) by inserting "(1)" immediately after "(b)";

(2) by striking out in clause (1) "full reports of investigations which have been made" and inserting in lieu thereof "a summary of each investigation which has been made";

(3) by redesignating clauses (1), (2), (3), (4), (5), (6), (7), and (8), as clauses (A), (B), (C), (D), (E), (F), (G), and (H), respectively; and

(4) by adding at the end thereof the following new paragraphs:

"(2) No person shall be required under paragraph (1) to submit to the Secretary, as part of an application with respect to an animal drug, any report submitted by such person, within four years of the date of submission of such application, to the Secretary under the second sentence of subesction (j) with respect to such animal drug.

"(3) An applicant shall maintain such records of an investigation for which a summary is submitted under clause (A) of paragraph (1) as the Secretary may by general regulation, or by order with respect to such application, prescribe on the basis of a finding that such applicant's records are necessary in order to enable the Secretary to determine, or facilitate a determination of, whether any of the grounds specified in subsection (d) exist for denying approval of such application. Each person required under this subparagraph to maintain records, and every person in charge or in custody thereof, shall, upon request of an officer or employee designated by the Secretary, permit such officer or employee at all reasonable times to have access to and copy and verify such records.".

(c) Section 301 is amended—

(1) by striking out in clause (e) "(i) or (j)" and inserting in lieu thereof "(b), (i), or (j)"; and

(2) by inserting in clause (e) "(b)," immediately after "512"; and

(3) by adding at the end thereof the following new clause:

"(s) The submission under oath under section 505(b) or 512(b) of a summary that is inaccurate or incomplete in any material respect.".

POLICY OF AVOIDING DELAY

SEC. 3. (a) Section 505(a) is amended—

(1) by inserting "(1)" immediately after (a); and

(2) by adding at the end thereof the following new paragraph:

"(2) It is the policy of this Act that the Secretary, in order to make promptly available to persons in the United States safe and effective drugs which are available in other parts of the world, shall take all possible steps to avoid unnecessary delays in the review and approval of an application.".

(b) Section 512 is amended by inserting immediately at the end thereof the following:

"(o) It is the policy of this Act that the Secretary, in order to make promptly available to persons in the United States safe and effective drugs which are available in other parts of the world, shall take all possible steps to avoid unnecessary delays in the review and approval of an application.".

ECONOMIC IMPACT STATEMENT ON AND CONGRESSIONAL REVIEW OF REGULATIONS

SEC. 4. (a) Section 701 is amended by adding at the end thereof the following new subsection:

"(j) (1) Notwithstanding any other provision of law, no regulation affecting the development, testing or marketing of any drug, promulgated on or after the date of enactment of this Act, shall become effective unless the Secretary shall issue and cause to be published in the Federal Register a copy of such proposed regulation together with an economic impact statement which shall assess any additional costs required or expected to be incurred under such action on—

"(A) reducing competition in the drug industry;

"(B) increasing the cost of drugs to consumers;

"(C) decreasing research on new and innovative drugs; and

"(D) diverting manpower in the drug industry from drug research to paperwork.

Notwithstanding the exception provided under section 553(b) of title 5, United States Code, such statement shall be based upon the record established under the provisions of section 553 of title 5, United States Code, compiled during the rulemaking proceeding regarding such regulation.".

(b) The amendment made by subsection (a) shall not apply to any action of issuing, amending, or repealing a regulation before the date of enactment of this Act.

SEMIANNUAL STATUS REPORTS

SEC. 5. (a) Section 505 is amended by adding at the end thereof the following new subsection:

"(k) (1) The Secretary shall submit to Congress, in the months of January and July of each year, a report (which shall also be published in the Federal Register) on the status of each application for—

"(A) approval of a new drug, or

"(B) approval of an exemption from the operation of this section of a new drug intended solely for investigational use,

which has been filed under this section, and which has not been approved or disapproved before a date 30 days before the date of submission of such report.

"(2) The report shall include for each such drug application—

"(A) a statement of the composition of the drug;

"(B) any established name of the drug (as defined in section 502(e)(2));

"(C) the name of the person filing the application.".

"(D) the date the application first was filed;

"(E) the names of any foreign nations which have approved the drug for use; and

"(F) a statement of any actions taken, and review made, by the Secretary on the application.".

(b) Section 512 is amended by adding at the end thereof the following new subsection:

"(p) (1) The Secretary shall submit to Congress, in the months of January and July of each year, a report (which shall also be published in the Federal Register) on the status of each application for—

"(A) approval of a new animal drug, or

"(B) approval of an exemption from the operation of this section of a new animal drug intended solely for investigational use. which has been filed under this section, and which has not been approved or disapproved before a date 30 days before the date of submission of such report.

"(2) The report shall include for each such drug application—

"(A) a statement of the composition of the drug;

"(B) any established name of the drug (as defined in section 502(e)(2));

"(C) the name of the person filing the application;

"(D) the date the application first was filed;

"(E) the names of any foreign nations which have approved the drug for use; and

"(F) a statement of any actions taken, and review made, by the Secretary on the application.".

ACCELERATION AND CHANGES IN REVIEW OF NEW DRUG APPLICATIONS

SEC. 6. (a) Section 505(b) is amended by adding, after the paragraph added by the amendment made by section 3(a)(4) of this Act, the following new paragraphs:

"(3) The Secretary shall promptly refer the application to the appropriate drug advisory committee, established under subsection (m). The committee shall promptly review the application and, not later than 90 days after referral of the application, shall submit to the Secretary a report together with recommendations on whether the application should be approved and on whether any grounds specified in clauses (1) through (6) of subsection (d) apply with respect to the application, and the reasons for such recommendations. The Secretary shall promptly make public the report made by a drug advisory committee.

"(4)(A) An applicant may file with the Secretary, not earlier than 90 days and not later than 120 days after the date of filing an application under this subsection, a request for a review of the status of such application.

"(B) Promptly upon receipt of such a request the Secretary shall review, in consultation with the drug advisory committee to which the application was referred under paragraph (3), whether there are grounds for finding that clauses (1) through (6) of subsection (d) may apply with respect to the application.

"(C) After such review and not later than 60 days after the receipt of such a request, the Secretary shall notify the applicant of any such grounds or other deficiencies in the application which might apply and shall inform the applicant of the measures required to place the application in approvable form.

"(D) After such review and notification, the Secretary may not refuse to approve an application on a ground which was not specified in the notification, if—

"(i) the ground is contained in clauses (1) through (6) of subsection (d), and

"(ii) no new and substantial evidence has been produced after the review with regard to the ground.".

(b) Section 505(c) is amended by striking out "Within one hundred and eighty days" and all that follows through "the Secretary shall either—" and inserting in lieu thereof "Within 180 days (or, if agreed upon by the Secretary and the applicant, within 360 days) of the date of filing of an application pursuant to subsection (b), the Secretary, after consideration of the report submitted under subsection (b) by the appropriate drug advisory committee established under subsection (m), shall either—".

(c)(1) Section 505(e) is amended by inserting "and after consultation with the appropriate drug advisory committee established under subsection (m)" immediately after "after due notice and opportunity for hearing to the applicant" each time it occurs.

(2) Section 505(g) is amended—

(A) by inserting "(1)" immediately after "(g)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B); and

(C) by adding at the end thereof the following new paragraph:

"(2) An order of the Secretary under subsection (c), (d), or (e) shall include a statement of reasons why the Secretary in the order has followed or refused to follow a recommendation made, with respect to the drug affected by the order, by a drug advisory committee".

(3) Section 505(i)(3) is amended—

(A) by inserting "or to the appropriate drug advisory committee (established under subsection (m)), or, to both," immediately after "the making of such reports to the Secretary"; and

(B) by inserting "or it" immediately after "as the Secretary finds will enable him".

(4) Section 505(j)(1) is amended by inserting ", after consultation with the various drug advisory committees established under subsection (m)," immediately before "may by general regulation".

(d) Section 512(b) is amended by adding, after the paragraph added by the amendment made by section 3(b)(4) of this Act, the following new paragraphs:

"(3) The Secretary shall promptly refer the application to the appropriate animal drug advisory committee, established under subsection (q). The committee shall promptly review the application and, not later than 90 days after referral of the application, and shall submit to the Secretary a report together with recommendations on whether the application should be approved and on whether any grounds specified in subparagraphs (A) through (H) of subsection (d)(1) applies with respect to the application, and the reasons for such recommendations. The Secretary shall promptly make public the report made by an animal drug advisory committee.

"(4)(A) An applicant may file with the Secretary, not earlier than 90 days and not later than 120 days after the date of filing an application under this subsection, a request for a review of the status of such application.

"(B) Promptly upon receipt of such a request the Secretary shall review, in consultation with the animal drug advisory committee in which the application was referred under paragraph (3), whether there are grounds for finding that subparagraphs (A) through (H) of subsection (d)(1) may apply with respect to the application.

"(C) After such review and not later than 60 days after the receipt of such a request, the Secretary shall notify the applicant of any such grounds or other deficiencies in the application which might apply and shall inform the applicant of the measures required to place the application in approvable form.

"(D) After such review and notification, the Secretary may not refuse to approve an application on a ground which was not specified in the notification, if—

"(i) the ground is contained in subparagraphs (A) through (H) of subsection (d)(1), and

"(ii) no new and substantial evidence has been produced after the review with regard to the ground.".

(e) Section 512(c) is amended by striking out "Within one hundred and eighty days" and all that follows through "the Secretary shall either—" and inserting in lieu thereof "Within 180 days (or, if agreed upon by the Secretary and the applicant, within 360 days) of the date of filing of an application pursuant to subsection (b), the Secretary, after consideration of the report submitted under subsection (b) by the appropriate animal drug advisory committee established under subsection (q), shall either—".

(f)(1) Section 512(e) is amended by inserting "and after consultation with the appropriate animal drug advisory committee established under subsection (q)" immediately after "after due notice and opportunity for hearing to the applicant" each time it occurs.

(2) Section 512(g) is amended—

(A) by inserting "(1)" immediately after "(g)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B); and

(C) by adding at the end thereof the following new paragraph:

"(2) An order of the Secretary under subsection (c), (d), or (e) shall include a statement of reasons why the Secretary in the order has followed or refused to follow a recommendation made, with respect to the drug affected by the order, by an animal drug advisory committee.".

(3) Section 512(j) is amended—

(A) by inserting "or to the appropriate animal drug advisory committee (established under subsection (q)), or to both," immediately after "the making of such reports to the Secretary"; and

(B) by inserting "or it" immediately after "as the Secretary finds will enable him".

(4) Section 512(l)(1) is amended by inserting ", after consultation with the various drug advisory committees established under subsection (q)," immediately before "may by general regulation".

(g) Section 512(m) is amended—

(1) by inserting in paragraph (2) ", after consultation with the appropriate animal drug advisory committee established under subsection (q)," immediately after "the Secretary shall";

(2) by inserting in paragraph (3) "and after consultation with the appropriate animal drug advisory committee established under subsection (q)" immediately after "opportunity for a hearing in accordance with such paragraph";

(3) by striking out in paragraph (3) "and opportunity for hearing" and substituting ", opportunity for hearing, and consultation with a committee";

(4) by striking out in paragraph (4) "and opportunity for hearing to the applicant" each time it appears in the paragraph and substituting ", opportunity for hearing to the applicant, and consultation with the appropriate animal drug advisory committee established under subsection (q)"; and

(5) by inserting in paragraph (5)(A) ", after consultation with the various animal drug advisory committees," immediately before "may by general regulation".

RELEASE OF CLINICAL AND PRECLINICAL SUMMARIES

SEC. 7. (a) Section 505 is amended by adding after the subsection added by the amendment made by section 6(a) of this Act the following new subsection:

"(l)(1) The Secretary shall promulgate regulations under which the text of—

"(A) each summary of an investigation which was submitted to the Secretary pursuant to subsection (c), and

"(B) each report or preclinical test which was submitted to the Secretary pursuant to subsection (i),

with respect to a drug shall be made available (subject to section 301 (j)) to the public upon issuance of an order under subsection (c) or (d) approving an application for approval for the drug.

"(2) Any information respecting a drug which is made available pursuant to paragraph (1) may not be used to establish the safety of another drug for purposes of this Act by any person other than the person who submitted the information so made available.".

(b) Section 512 is amended by adding after the subsection added by the amendment made by section 6(b) of this Act the following new subsection:

"(p)(1) The Secretary shall promulgate regulations under which the text of—

"(A) each summary of an investigation which was submitted to the Secretary pursuant to subsection (b), and

"(B) each report which was submitted to the Secretary pursuant to subsection (j), with respect to a new animal drug or an animal feed bearing or containing a new animal drug shall be made available (subject to section 301(j)) to the public upon issuance of an order under subsection (c), (d), or (m) approving an application for approval for the animal drug or animal feed.

"(2) Any information respecting a drug or animal feed which is made available pur-

suant to paragraph (1) may not be used to establish the safety or effectiveness of another drug for purposes of this Act by any person other than the person who submitted the information so made available.".

ADVISORY COMMITTEES

SEC. 8. (a) Section 505 is amended by adding after the subsection added by the amendment made by section 8(a) of this Act, the following new subsection:

"(m)(1) The Secretary shall establish seven drug advisory committees, one for each of the following classes of drugs: cardiopulmonary renal, neuropharmocological, metabolic-endocrine, anti-infective, oncologic and radiopharmocological, and surgical-dental, and one for drugs not so classified.

"(2) Each drug advisory committee (hereinafter in this subsection referred to as a 'committee') shall review and make recommendations, as provided in this section, on new drug applications within the class of drugs covered by such committee, and to advise the Secretary on such other matters as the Secretary determines to be consistent with those functions.

"(3) Each committee shall be composed of five members as follows:

"(A) The Secretary shall appoint three members from individuals who are nominated by professional or medical specialty organizations whose members are experienced with the class of drugs reviewed by such committee; one member to be a physician active in the practice of medicine.

"(B) The Secretary shall appoint one member who is a pharmacologist.

"(C) The Secretary shall appoint one member who is a representative of the interests of the general public.

Each member shall be qualified by training or experience to evaluate the safety of the drugs to be referred to the committee and, to the extent feasible, possess skill in the use of, or experience in the development, manufacture, or use of, such drugs. No individual who is otherwise in the regular full-time employ of the United States and engaged in the administration of this Act may be a member of any committee for more than three years in any six-year period. The Secretary shall designate one of the members of each committee to serve as chairman thereof.

"(4)(A) No member may sit as a member of a committee when the committee is reviewing a drug in which or in the manufacturer or sponsor of which drug, the individual has a pecuniary interest.

"(B) Except as provided in subparagraph (A), a member may sit as a member of a committee when the committee is reviewing a drug which the member has used or tested.

"(5) Committee members (other than officers or employees of the United States), while attending meetings or conferences of a committee or otherwise engaged in its business, shall be entitled to receive compensation at rates to be fixed by the Secretary, but not at rates exceeding the daily equivalent of the rate in effect for grade GS–18 of the General Schedule, for each day so engaged, including traveltime; and while so serving away from their homes or regular places of business each member may be allowed travel expenses (including per diem in lieu of subsistence) as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

"(6) The Secretary shall furnish each committee with adequate clerical and other necessary assistance.

"(7) Section 14 of the Federal Advisory Committee Act shall not apply to the duration of a committee established under this subsection.".

(b) Section 512 is amended by adding, after the subsection added by the amendment made by section 8(b) of this Act, the following new subsection:

"(q)(1) The Secretary shall establish not more than seven animal drug advisory committees. Each animal drug advisory committee (hereinafter in this subsection referred to as a 'committee') shall review and make recommendations as provided in this section, on new animal drug applications within the class of animal drugs designated by the Secretary for such committee, and to advise the Secretary on such other matters as the Secretary determines to be consistent with those functions.

"(2) Each committee shall be composed of five members as follows:

"(A) The Secretary shall appoint three members from individuals who are nominated by professional or veterinary specialty organizations whose members are experienced with the class of animal drugs reviewed by such committee.

"(B) The Secretary shall appoint one member who is a pharmacologist.

"(C) The Secretary shall appoint one member who is a representative of the interests of the general public.

Each member shall be qualified by training or experience to evaluate the safety of the animal drugs to be referred to the committee and who, to the extent feasible, possess skill in the use of, or experience in the development, manufacture, or use of, such drugs. No individual who is otherwise in the regular full-time employ of the United States and engaged in the administration of this Act may be a member of any committee. No individual may serve as a member of a committee for more than three years in any six-year period. The Secretary shall designate one of the members of each committee to serve as chairman thereof.

"(3)(A) No member may sit as a member of a committee when the committee is reviewing an animal drug in which, or in the manufacturer or sponsor of which drug, the individual has a pecuniary interest.

"(4) Committee members (other than officers or employees of the United States), while attending meetings or conferences of a committee or otherwise engaged in its business, shall be entitled to receive compensation at rates to be fixed by the Secretary, but not at rates exceeding the daily equivalent of the rate in effect for grade GS–18 of the General Schedule, for each day so engaged, including traveltime; and while so serving away from their homes or regular places of business each member may be allowed travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 (b) of title 5, United States Code, for persons in the Government service employed intermittently.

"(5) The Secretary shall furnish each committee with adequate clerical and other necessary assistance.

"(6) Section 14 of the Federal Advisory Committee Act shall not apply to the duration of a committee established under this subsection.".

MODIFIED INVESTIGATIONAL PROCEDURES FOR INDIVIDUALS AND SMALL DRUG COMPANIES

SEC. 9. Section 505(i) is amended—

(1) by inserting "(1)" immediately after "(i)";

(2) by striking out "Such regulations may" and inserting in lieu thereof the following:

"(2) Except as provided in paragraph (3), such regulations may";

(3) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively; and

(4) by striking out the language after subparagraph (C), as so redesignated, and substituting the following new paragraph:

"(3)(A) Such regulations may not provide that subparagraph (A) of paragraph (2) shall be applied as a condition with respect to the use in an investigation of a drug—

"(i) the sponsor of which is a small business, and

"(ii) which investigation will be conducted by an expert or experts from a public or other nonprofit school of medicine, dentistry, or veterinary medicine (as defined in section 724 of the Public Health Service Act) which is accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education.

"(B) For the purpose of subparagraph (A), the term 'small business' means an individual or person who is engaged in the manufacturing, developing, or testing of drugs and who does not employ more than 100 individuals in such activity, and who is not an employee, agent, or subsidiary of a person who employs 100 or more individuals in the conduct of business related to the manufacturing, developing, or testing of drugs.".

PERIODIC REVIEW OF FDA ACTIVITIES

SEC. 10. In 1982, and every sixth year thereafter, the appropriate committees of the House of Representatives and the Senate shall hold hearings and conduct a comprehensive review of the functions and operations of the entity within the Department of Health, Education, and Welfare charged with administration of the Federal Food, Drug, and Cosmetic Act during the period for 6 years immediately preceding such year, and shall recommend to each respective House the enactment of such legislation as it determines to be necessary.

ASSISTANCE FOR SMALL MANUFACTURERS OF NEW DRUGS AND NEW ANIMAL DRUGS

SEC. 11. The Secretary of Health, Education, and Welfare shall establish within the Department of Health, Education, and Welfare an identifiable office to provide technical and other nonfinancial assistance to small manufacturers of new drugs and new animal drugs to assist them in complying with the requirements of the Federal Food, Drug, and Cosmetic Act.

EXTENSION OF PATENTS

SEC. 12. (a) Section 154 of title 35, United States Code, is amended—

(1) by inserting "(a)" immediately before "Every patent";

(2) by inserting "except as provided in subsection (b)," immediately before "for the term of seventeen years"; and

(3) by inserting at the end thereof the following new subsection:

"(b) In the case of a patent issued for a new drug (As defined in section 201(p) of the Federal Food, Drug, and Cosmetic Act) or for a new animal drug (as defined in section 201 (w) of the Federal Food, Drug, and Cosmetic Act), the term of such patent shall begin on the date such patent is issued and shall end on the earlier of (1) a date 17 years after the date the Secretary of Health, Education, and Welfare, or his delegate, first approves an application, filed pursuant to section 505(b) or 512(b) of the Federal Food, Drug, and Cosmetic Act, for approval of such drug or animal drug, respectively, or (2) a date 27 years after the date the patent is issued.".

(b) The amendments made by subsection (a) shall only apply to patents for new drugs or new animal drugs applications for which, under the appropriate section of the Federal Food, Drug, and Cosmetic Act, have first been approved on or after July 1, 1977, regardless of whether such patents have been issued before the date of enactment of this section.

AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978

The ACTING PRESIDENT pro tempore. Under the previous order the Senate will now resume consideration of S. 2146, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 2146) to amend the Consolidated Farm and Rural Development Act, as amended.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Missouri (Mr. EAGLETON) is recognized to call up an amendment, on which there shall be 30 minutes, to be equally divided and controlled.

Mr. EAGLETON. Madam President, I suggest the absence of a quorum, with the time to be charged against my time.

The ACTING PRESIDENT pro tempore. Will the Senator call up his amendment first?

UP AMENDMENT NO. 1256

Mr. EAGLETON. I am in the process of redrafting it, but I send the amendment to the desk.

The ACTING PRESIDENT pro tempore. The Senator has no time until the amendment is before the Senate.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment numbered 1256.

Mr. EAGLETON. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 20, line 4, after the word "loans" insert a semicolon and "loan moratorium".

On page 26, after line 23, add the following new section:

LOAN MORATORIUM

SEC. 119. Subtitle D of the Consolidated Farm and Rural Development Act is amended by adding after section 331 a new section as follows:

"SEC. 331A. In any area eligible for emergency loans under subtitle C, the Secretary may permit, at the request of the borrower, the deferral of principal and interest on any outstanding loan made, insured, or held by the Secretary under this title, or under the provisions of any other law administered by the Farmers Home Administration, for not to exceed three years from the date of such deferral. The interest which accrues during the deferral period on any loan deferred under authority of this section shall bear no interest during or after such period.

Mr. EAGLETON. Madam President, the Food and Agriculture Act of 1977 provides specific authority for the Secretary of Agriculture to use funds contained in the Agricultural Credit Insurance Fund to pay installments of principal and interest to the holders of notes of Farmers Home Administration borrowers.

It was the intent of Congress in providing the Secretary this authority to allow him simply to postpone the payment of principal and interest on FmHA loans for farmers hard pressed due to natural disasters. It was our belief that the Department of Agriculture should carry out a program of loan deferrals for farmers equivalent to what the Small Business Administration provides small businesses. This was very clear in the legislative history. Both in comments I made on the floor of the Senate and in the statement of Representative BURLISON on the floor of the House, reference was made to the loan deferral program of the Small Business Administration which does not charge the borrower additional interest when his loan is deferred.

FmHA is now in the final stages of developing its system of deferral in order to carry out the provisions of the 1977 farm bill. The FmHA system of deferral requires that deferred interest be added to the outstanding principal, with interest then being charged on the basis of the new adjusted principal. What this means to a farmer with a $50,000 operating loan which is deferred for 2 years is that he will have to pay an additional $1,200 in interest above and beyond what a small businessman in the same circumstances would pay on a deferred SBA loan.

So far as I am concerned, there is no justification for denying farmers the kind of loan deferral program which is available to small businessmen. My amendment is aimed at correcting this inequity by prohibiting the FmHA from charging interest on interest on deferred loans. This will be effective only in areas which are eligible for emergency loans.

The loan deferral program originally was intended to give farmers hard pressed by natural disasters a little breathing room when bill-paying time came around. The Farmers Home Administration has instead turned it into a program which burdens farmers with more debt and higher payments. In my opinion and in that of most of the farmers with whom I have discussed this proposal, the deferral program as proposed by FmHA would cause more financial distress than it would relieve.

This amendment will correct this situation and will make the loan deferral program a viable tool for assisting hard pressed farmers once again.

I should note that the original form of my amendment gave the Secretary of Agriculture no discretion in the implementation of the loan deferral program. However, as the result of the personal assurance I have received from the Secretary of Agriculture that the loan deferral program will be carried out without interest being charged on interest, I have modified my amendment so that this deferral program will be within the Secretary's discretionary authority. I hasten to add, however, that the prohibition on the charging of interest on interest remains mandatory for this program.

It is important to note that the House-passed version of this bill contains a section which provides the Secretary with the authority to grant a moratorium on payments of principal and interest for borrowers who can demonstrate that they are temporarily unable to continue making payments. I have recently received a letter from Representative MOORE of Louisiana, the chief sponsor of this section, which indicates that it was his intent that interest not be charged on interest when a moratorium is granted. I ask unanimous consent that Representative MOORE's letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 1, 1978.

Hon. THOMAS F. EAGLETON,
Chairman, Subcommittee on Agriculture and Related Agencies, Senate Committee on Appropriations, Washington, D.C.

DEAR SENATOR EAGLETON: It has come to my attention that your are interested in an amendment I offered to the Agricultural Credit Act of 1978, H.R. 11504, and which was adopted by the House Agriculture Committee and included in the bill as reported to the House. This legislation passed the House of Representatives on April 24, 1978 by a vote of 347–23.

The language of my amendment now appears as Section 117 in Title I, and concerns the creation of a new section 331A within the Consolidated Farm and Rural Development Act giving the Secretary of Agriculture the authority to grant a moratorium upon the payment of interest and principal on loans extended by the Farmers Home Administration. Also, the Secretary is authorized to forego foreclosures on such loans under the circumstances set forth in the section.

I believe your primary interest in this new authority granted the Secretary involves whether the Farmers Home Administration charges interest upon the interest due under the terms of any loan covered by this legislation. I assure you I had no intention of creating a situation where Farmers Home would take such action, because in fact I feel this action would negate any good a moratorium could provide. It does not seem logical to me to allow a farmer the special provision of delaying the payment of principal and interest on a loan on one hand to help him through difficult financial problems, and turn around on the other hand and ask him to pay interest fees in order to obtain this special consideration. I simply had the desire to allow hard-pressed farmers the chance to place principal and interest payments they could not now meet, at the end of a normal payment period; hopefully, a time when they could meet these obligations. I feel it would be far better to help keep farmers in business as viable producers, especially young farmers, than have them leave agriculture because of the inability to obtain sufficient credit.

I hope this explanation has answered your question about my amendment, and that it will be useful to you. I support H.R. 11504 as being a needed shot in the arm for our overall farm credit situation, and hope you are successful in clarifying this matter before the Senate.

With kindest personal regards, I remain

Sincerely yours,

W. HENSON MOORE,
Member of Congress.

P.S. I would like to add that under the provisions of this section and the bill, the interest on a loan would continue to run, but the farmer would not actually pay this interest and the principal until the later date set by the Secretary.

Mr. EAGLETON. Madam President, it is evident to me, therefore, that both Houses of Congress are in support of this concept that interest should not be charged on interest when loans are deferred. Farmers in dire need of relief from adverse financial pressure should not be burdened by such charges. I urge my colleagues to accept my amendment.

I reserve the remainder of my time.

Mr. ALLEN. Madam President, I yield myself such time as I may require.

The amendment which the distinguished Senator from Missouri (Mr. EAGLETON) had planned to offer provided that the Secretary shall defer the payment of principal and interest on a loan in a disaster area, whether it be a dis-

aster loan or other type of farmers home loan, for a period of 3 years, which seemed to be an amendment that could not be accepted because it required the Secretary to defer payments on a loan for a period of 3 years and obviously that is not a very sound provision because too many people would ask that their loans be deferred for a period of 3 years and since there would be no interest on interest a large number of borrowers would do that.

The distinguished Senator from Missouri (Mr. EAGLETON) has modified his amendment and has given the Secretary the right to so defer loans and in case of the deferral not to charge interest on interest for a period up to 3 years. So this would allow the Secretary in emergency or distressed situations regarding borrowers to defer payments and to charge only the interest on the principal amount and not to charge interest on interest.

With this change, making it discretionary or optional on the part of the Secretary, the committee will accept the amendment.

However, there is one addition that I wish to get the distinguished Senator from Missouri to agree to by way of modification because the amendment says the interest which accrues during the deferral period on any loan deferred under authority of this section shall bear no interest during or after such period.

Obviously, if it is necessary to foreclose the loan the amount of principal and interest would be used as a basis for the purchase price and from that date on obviously interest should be charged because the interest would then become a part of the principal.

I have discussed with the distinguished Senator from Missouri (Mr. EAGLETON) the matter of asking him to modify his amendment, and I believe we have reached an agreement. If the distinguished Senator will modify his amendment in that way we will be willing to accept the amendment on behalf of the committee.

That is correct, I understand.

Mr. DOLE. Madam President, will the Senator yield briefly?

Mr. ALLEN. I yield.

Mr. DOLE. Yes. I discussed the amendment and modification with the distinguished Senator from Missouri. I agree with the comments made by the chairman of the subcommittee, Senator ALLEN. I indicate that it is a good amendment and should be accepted.

Mr. EAGLETON. Madam President, I thank both my colleague from Alabama and my colleague from Kansas.

I send a modified amendment to the desk.

The ACTING PRESIDENT pro tempore. Without objection, the amendment will be so modified.

The modified amendment is as follows:

On page 20, line 4, after the word "loans" insert a semicolon and "loan moratorium".

On page 26, after line 23, add the following new section:

LOAN MORATORIUM

SEC. 119. Subtitle D of the Consolidated Farm and Rural Development Act is amended by adding after section 331 a new section as follows:

"SEC. 331A. In any area eligible for emergency loans under subtitle C, the Secretary many permit, at the request of the borrower, the deferral of principal and interest on any outstanding loan made, insured, or held by the Secretary under this title, or under the provisions of any other law administered by the Farmers Home Administration, for not to exceed three years from the date of such deferral. The interest which accrues during the deferral period on any loan deferred under authority of this section shall bear no interest during or after such period; provided, however, if the security instrument securing such loan is foreclosed such interest as is included in the purchase price at such foreclosure shall become a part of the principal and shall draw interest from the date of foreclosure at the rate prescribed by law.

On page 27, line 1, strike out "Sec. 119" and insert in lieu thereof "Sec. 120".

Mr. EAGLETON. Madam President, before going to a vote on the modified amendment, I shall address a comment to Senator ALLEN of Alabama and be pleased if he could respond with respect thereto. It is on an analogous subject matter not immediately germane, however, to the specific amendment at the desk.

May I say to Senator ALLEN that he and the Agriculture Committee have done a wonderful job in putting this bill together and you are to be commended for it. I am particularly pleased that you have modernized loan limits to assist more family farmers.

I do, however, have a question that pertains to legislative history. Specifically, it is concerned with the definition of a "single enterprise." Under present legislative history, to be eligible for a disaster loan, an applicant must have suffered a 20-percent loss of production in a "single enterprise" that is basic to his farming operation. Such an enterprise must constitute not less than 25 percent of the gross income from farming. All cash field crops are combined to form a "single enterprise." This is also true for all cash vegetable crops, all cash fruit crops and all feed crops and pasture. Only hog, beef, dairy, poultry, and aquaculture operations are defined as "single enterprises" on an uncombined basis. Madam President, this combining of cash enterprises has given some of my constituents some trouble. For example, a farmer may lose half of his soybean crop, but because soybeans are combined with other cash crops on which there is no loss, the net result may be less than a 20-percent loss, thus depriving him of a loan.

So I ask my colleague, Senator ALLEN, if this is the intended definition of a single enterprise?

Mr. ALLEN. I thank the distinguished Senator from Missouri for his question and his statement as to his understanding as to what a single enterprise means.

The report at page 79, referring to section 329, has this to say:

An applicant seeking financial assistance based on production losses must show that a single enterprise which constitutes a basic part of his farming, ranching, or aquaculture operation has sustained at least a 20 per centum loss of normal per acre or per animal production as a result of the disaster.

It certainly is not intended by the definition to include as a single enterprise his entire operation. Instead, a single enterprise is a single crop or type of livestock and nothing more. It is not intended that field crops, vegetable crops, fruit crops, or feed crops should be combined in the manner which the Senator outlined. In the example which he just gave, the farmer who lost one-half of his soybean crop should not be penalized because he had a normal year with his other cash crops. In such instances, only one crop, the crop with the greatest loss, will be used to determine the qualifying loss of at least a 20-percent reduction in yield in a basic enterprise.

The Senator's question is appreciated and we trust that this colloquy will clear up this inequity.

Mr. EAGLETON. It most certainly does, and I thank my distinguished colleague.

Madam President, if there be no further discussion, I think we are at the point to vote on the Eagleton amendment, as modified.

Mr. ALLEN. Madam President, if the Senator will yield, I believe, even though there is no opposition to the amendment, the unanimous-consent agreement would provide that we begin voting at 2 o'clock on the amendments that are pending.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. ALLEN. I would then request that we make no effort to agree to the amendment at this time. I think it would be well that we yield back the time that each side has, and I do yield back the time that I have on the amendment.

Mr. EAGLETON. I yield back the remainder of my time, Madam President.

AMENDMENT NO. 1826

(Formerly numbered UP amendment 1254)

The ACTING PRESIDENT pro tempore. The clerk will report the amendment of the Senator from Alabama.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) proposes an amendment numbered 1826.

The amendment is as follows:

On page 28, beginning with line 12, strike out all down through line 5 on page 29, and insert in lieu thereof the following:

"SEC. 203. Loans may be insured or guaranteed under this title for (1) refinancing outstanding indebtedness, including the making of installment payments of principal and interest on real estate or other debts that cannot be paid unless assistance is rendered pursuant to this title, or other debts that must be consolidated or restructured to provide adequate terms within the applicant's repayment ability, (2) reorganization of the farm or ranching operation, including changes in the nature or method of operation, necessary to provide an economically sound operating unit, (3) purchase of essential water rights, supplies, and irrigation facilities, (4) purchase of essential livestock, poultry, and farm equipment, (5) purchase of feed, seed, fertilizer, insecticides, and farm supplies and other essential farm operating expenses, including cash rent, (6) financing essential land and water development, use, and conservation, (7) other essential farm and home needs, including, but not limited to, family subsistence, and (8) loan closing costs. No loan may be insured or guaranteed under this section the purpose of which is to purchase or lease additional land."

Mr. ALLEN. Madam President, I yield myself such time as I may require within the limits accorded me.

This amendment has been requested by the Farmers Home Administration. The bill has a new title, which is a very important title, and one that I think is very constructive indeed. It takes into account that farmers can have not only natural disasters that require them to seek to borrow money, but they can have economic disasters as well.

So this amendment recognizes the fact that the bill does have a provision allowing a farmer in economic distress, a farmer who has had an economic disaster, to apply to Farmers Home for a loan, and the bill sets out any number of things he can use as a basis for borrowing the money.

It covers a consolidation of his debt, paying principal and interest, buying fertilizer and feed, and making all sorts of efforts to rehabilitate himself financially.

But it also includes the right to buy additional land and put that land purchase in the loan. The Farmers Home Administration takes the position if the farmer is in economic distress, he should not be borrowing money under this disaster program to buy additional land. An avenue is available to him to purchase land and borrow money on it under the regular farm ownership program.

All this amendment does—and it has been submitted at the request of the Farmers Home Administration—is to strike out the provision authorizing a farmer applying for a loan under the circumstances of economic disaster to buy land. All other provisions are left in the bill.

I have talked to the distinguished Senator from Kansas (Mr. DOLE), the ranking minority member on the committee, and I believe he feels this is a sound amendment.

I do reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator from Kansas.

Mr. DOLE. Madam President, I have listened with interest to the distinguished Senator from Alabama, and as one who had an initial interest in the inclusion of a provision which would permit acquisition of land to maintain the normal level of operation, the Senator from Kansas is convinced that the Farmers Home Administration is probably correct.

It occurred to the Senator from Kansas there might be some rare instance where, in order to hold on to what the farmer had, it might be necessary to make some small additional acquisition. But I am persuaded by the arguments of the distinguished Senator from Alabama and the letter which, if it is not made a part of the RECORD, I ask unanimous consent be made a part of the RECORD from the Department of Agriculture to our distinguished chairman, Senator TALMADGE, signed by the Assistant Secretary for Rural Development.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased that the Senate will consider S. 2146 today. This legislation is important to many of the nation's farmers, as you have pointed out, and we believe it is a good bill.

There are differences between the Administration's proposals, the House passed bill and the package the Senate will consider today. There are only three issues which are of major concern to us at this time, and two of those are amendments which are yet to be introduced.

In Title II, the Emergency Agricultural Credit Adjustment Act of 1978, we believe it is essential that loans from this title not be used for acquisition of any new land. New land purchases can be accomplished through the regular farm ownership program with its increased limits. We oppose any language in Title II which would permit even limited land acquisition. The Administration's proposed language is attached.

The Administration along with many members of the Senate continues to be concerned with the Farmers Home Administration emergency disaster program and a similar program administered by the Small Business Administration. We have no amendment which is timely for consideration today. But we would recommend continuing with the present program until the FmHA/SBA problem is resolved and/or until the new crop insurance proposal, if enacted by the Congress, makes clear the appropriate role if any, for a disaster loan program in FmHA.

The final item gives us the most serious problems. As you know, the House passed an amendment (Smith-Glickman) which basically says FmHA home loan guarantees will be made under terms and restrictions no less favorable to the borrower and in amounts at least equal to those offered by the Department of Housing and Urban Development.

There are at least four major differences between HUD and FmHA program:

1. FmHA remains a lender of last resort and thus requires a credit elsewhere test before making a loan:

2. The FmHA home mortgage limit is $33,000 and HUD's is $60,000;

3. There is no income limit on an individual working through HUD while FmHA's programs are limited to families with adjusted annual incomes of $20,000 and less;

4. FmHA still finances "modest" housing while HUD places no limitations on size or style of house to be financed.

The concern of many Members of Congress about the failure of FmHA to implement the above-moderate guarantee loan program authorized last year is certainly understandable and justified. As late as this morning, we once again explained to senior officials in the Office of Management and Budget the importance and need for an above-moderate guarantee program. While the immediate reasons for implementing such a program are obvious, we again pointed out that there is a lack of credit available for many middle-income families in rural America to purchase homes and that the current direction of the credit market is compounding the situation.

There have been no hearings, either in Agriculture or Housing committees, on the Smith-Glickman proposal and no evaluation of the additional cost, both in actual budget outlays and in personal years, of the program. We feel most strongly that an amendment to S. 2146 similar to the House passed version by Smith-Glickman would jeopardize an otherwise sound, and vital piece of legislation.

Sincerely,

ALEX P. MERCURE,
Assistant Secretary.

Section 203 of S. 2146 is amended by deleting the proposed language and inserting the following:

"Sec. 203. Loans may be insured or guaranteed under this title for (1) refinancing outstanding indebtedness, including the making of installment payments of principal and intrest on real estate or other debts that cannot be paid unless assistance is rendered pursuant to this title, or other debts that must be consolidated or restructured to provide adequate terms within the applicant's repayment ability, (2) reorganization of the farm or ranching operation, including changes in the nature or method of operation, necessary to provide an economically sound operating unit, (3) purchase of essential water rights, supplies, and irrigation facilities, (4) purchase of essential livestock, poultry, and farm equipment, (5) purchase of feed, seed, fertilizer, insecticides, and farm supplies and other essential farm operating expenses, including cash rent, (6) financing essential land and water development, use, and conservation, (7) other essential farm and home needs, including, but not limited to, family subsistence, and (8) loan closing costs. No loan may be insured or guaranteed under this section the purpose of which is to purchase or lease additional land."

Mr. DOLE. It appears to this Senator there could be some possibility of not abuse but of use of this section which might deprive other farmers, who are in dire straits, of their existing needed benefits under this proposal and, therefore, the Senator from Kansas certainly has no objection to the amendment. I know of no objection to the amendment on this side of the aisle.

I would at this time just state very briefly my general support of the legislation.

Madam President, the vote we take today is very important to the farmers, ranchers, and consumers of this country. An adequate up-to-date credit program is vital to the continued success of family farmers especially in a time of financial crisis. I speak in favor of S. 2146, the Agricultural Credit Assistance Act of 1978.

We have had many disappointments in rural America; in fact, the most recent was the defeat in the House of the emergency farm legislation. We will be considering, I understand, perhaps later today, a second effort to assist American farmers, but in a very limited way. It would only permit the increase in target prices for wheat from $3 or $3.05, depending on the circumstances, to $3.40 a bushel for 1978, and make a small adjustment in loan rates for cotton.

In January of 1976, Senator BELLMON of Oklahoma, and I introduced a bill, S. 312, which contained most of the basic provisions included in the bill we consider today. The loan program updates we introduced in 1976 have been needed for several years.

In February of this year I introduced S. 2532 to create an economic emergency loan program for farmers and ranchers suffering from a general tightening of agricultural credit and an unfavorable relationship between production costs and prices received for agricultural commodities.

This is a new effort because it occurred to the members of the committee that farmers can be in the same plight because of economic circumstances as they might be under a natural disaster such

as a flood, hail, or whatever. So there is no question about the need.

LEGISLATION NEEDED NOW

It is important that this legislation be passed today and implemented immediately. Time is very important and many farmers and bankers are awaiting the passage of this bill before deciding on the financial road to take in the next few months. The road of survival or foreclosure and sellout.

S. 2146, as amended by the committee, makes a number of improvements in the credit assistance programs for farmers, ranchers, and rural communities and businesses. Title I amends the Consolidated Farm and Rural Development Act, title II establishes a new economic emergency loan program for farmers and ranchers, and title III amends and extends the Emergency Livestock Credit Act of 1974.

TITLE I

The FmHA has, since 1935, served as a primary force in agricultural lending for low resource and modest income farmers in the United States. Through the years, farming operations have changed, land values and production costs have risen. There has been a need to update and modernize the lending authorities of the FmHA every few years.

S. 2146 makes a number of amendments to the Consolidated Farm and Rural Development Act to improve FmHA's delivery of services to farmers and rural America. These amendments will be of substantial assistance to the farmers in deep economic distress today and should be adopted.

ELIGIBILITY EXTENDED

S. 2146 proposes to extend eligibility for farm real estate and operating loans under the act to family farm corporations and partnerships, ending the present limitation on eligibility of such loans to individual farmers and ranchers.

Farmers and bankers have been contacting me for at least 8 years asking for this authority. Many farmers need to be in a partnership or a family corporation for various financial and legal reasons. For several years, no one, not the FmHA or the SBA, would finance a farming partnership or a corporation.

This is an area of change that is needed to help family farmers get credit no matter the form of legal entity they choose to create.

LOAN LIMITS RAISED

S. 2146 will increase the loan limits on farm real estate loans under the act from $100,000 to $200,000 for direct and insured loans and $300,000 for guaranteed loans, and on farm operating loans under the act from $50,000 to $100,000 on direct or insured loans and $200,000 on guaranteed loans.

The existing limits are inadequate in many States such as Kansas. Present farming operations in Kansas require far more credit than is presently available from the FmHA. FmHA can no longer finance an adequate size family farm operation, especially in western Kansas. These low loan limits are presently keeping FmHA from helping many farmers in Kansas who need large amounts of additional credit.

TITLE II—ECONOMIC EMERGENCY LOAN

Farmers all across the country are facing a financial crisis. Many farmers are having to refinance to continue in the farming business. Farmers are borrowing record amounts of money to finance their farming operations.

Private and public loan organizations are being called upon to loan farmers large amounts of money just to survive. Many organizations are already loaned up or are limited in their capacity to help finance farmers.

Farmers from all parts of the United States are calling my office stating loan funds are not available, from private or public institutions, to keep them in business until farming conditions improve.

Due to the cost price squeeze, farm debt has nearly doubled since 1974 to the unprecedented level of $119 billion outstanding at the beginning of this year. For many farmers, current debt load is becoming unmanageable.

It has become clear that many farmers will need special credit assistance in 1978—to ease the pressure of unmanageable payments due on existing debt, and provide themselves with working capital so that they can earn their way back to solvency.

MORE CREDIT IS NOT THE ANSWER

More credit is not the answer to farm problems, more income and constant prices for supplies is the answer. Farmers have to have more income in order to survive.

Many farmers, though, do need credit to survive until we can solve the farm price problem and get prices up. New legislation is needed to give farmers the credit necessary to survive the present crisis.

The Farmers Home Administration, the major governmental lending institution for farmers, is simply not in a position, with its existing programs, to meet the credit needs of the farmers today.

The FmHA has an emergency loan program for farmers affected by natural disasters, but it does not have a loan program specifically designed for economic disasters (except for the emergency livestock loan program that is made available only to livestock producers).

FmHA regular farm real estate and operating loan programs have been of some assistance to farmers and ranchers suffering from economic disasters. However, due to size restrictions and funding limitations, these two loan programs cannot meet the total needs of farmers and ranchers affected by the current economic disaster.

ECONOMIC EMERGENCY LOANS DURING 1950'S

From 1953 until 1961, the FmHA had an "economic emergency" loan program. Public Law 83–115, enacted on July 14, 1953, authorized the Secretary of Agriculture to make economic emergency loans to farmers in areas where the Secretary found that an economic disaster had caused a need for agricultural credit that could not be met by the commercial lenders or by the FmHA under its regular loan programs.

I strongly feel an economic emergency loan program is needed by the FmHA. This is evidenced by the introduction of my bill, S. 2532. I am pleased that this bill incorporates most of the provisions contained in my earlier bill.

I feel this clear need is met by the new economic emergency loan program established in title II of this bill, S. 2146.

TITLE III, EMERGENCY LIVESTOCK CREDIT ACT OF 1974

Title III of S. 2146 extends the Emergency Livestock Credit Act of 1974 for 1 additional year. I believe this credit act should be continued.

The 1974 act was adopted in a period of high feedgrain prices and low cattle prices due to an oversupply of cattle on feed. FmHA did not have a program that in any way came close to meeting the credit needs of cattlemen. The 1974 act allowed the FmHA to guarantee loans to bona fide farmers and ranchers primarily and directly engaged in agricultural production who had substantial livestock operation, so that they could continue their normal operations during the temporarily adverse economic period.

Recovery by the livestock industry has been slow and recovery has not been completed by many farmers and ranchers. More time is needed. Our action today will help farmers and ranchers have a longer period of time to recover from the tough financial situation they have faced for the past several years.

The Agricultural Credit Assistance Act of 1978 is a bill that will allow the Farmers Home Administration to better serve farmers through their regular ongoing programs and to allow them to have a new economic loan program for farmers.

The bill has been studied by all the groups that are affected by its passage and I believe it enjoys almost total support from those groups. Farm groups around the country support this bill. Farmers who contact my office and need credit believe the bill is a good one.

The USDA and the administration support the basic provisions of the bill. There has been a good working relationship among farmers, farm groups, USDA, the administration, and the Senate Agricultural Committee on this bill.

There are many of us who have worked for a long time to get this bill passed. I appreciate the support and cooperation I have received on the two bills I introduced that are incorporated into this bill. I am hopeful a conference with the House can be held promptly. I am also hopeful the USDA can get the legislation implemented in a timely manner. Time is of the essence and farmers need this legislation now.

I urge all my colleagues to support S. 2146.

Having said that, it would seem to this Senator that this legislation, brought to the floor by the distinguished Senator from Alabama, answers many of the needs of America's farmers, and I certainly expect it to be passed and I certainly support the legislation.

It seems to this Senator that we have moved as we should in the Congress, with the support of the administration, to fill a need of the American farmer.

At the appropriate time, Madam President, I would ask unanimous consent

that the Senator from Kansas may submit an amendment for consideration, although it was not included in the unanimous-consent agreement yesterday.

The ACTING PRESIDENT pro tempore. At the conclusion of the time on this amendment, the Senator means?

Mr. DOLE. Yes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOLE. I yield back my time.

Mr. ALLEN. Madam President, I yield myself the remaining time allotted to me.

I wish to commend the distinguished Senator from Kansas (Mr. DOLE) for his hard work on this bill and on all legislation coming before the Committee on Agriculture and coming before the Senate in regard to assisting our farmers.

This bill for improvements in the legislation regarding farm credit has been before the Committee on Agriculture for some 3 years. We have been working hard, our staff has worked hard, we have worked in close cooperation with Farmers Home and with the administration, and the Committee on Agriculture, with the able assistance of the chairman and the distinguished Senator from Kansas, and all members of the committee, has drafted this legislation. I believe it will be a great boon for our farmers as they need more credit to carry on their agricultural operations.

I appreciate the distinguished Senator from Kansas' agreeing to the amendment which I have offered on behalf of the Farmers Home Administration. They have cooperated well with our committee, and we certainly feel that in this minor regard we should accept their recommendations as to this amendment.

I yield back the remainder of my time, Madam President, and I assume that this amendment will be voted on some time after 2 o'clock.

The ACTING PRESIDENT pro tempore. The Senator is correct. Does the Senator from Kansas yield back the remainder of his time?

Mr. DOLE. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator from Kansas is recognized to call up his amendment.

UP AMENDMENT NO. 1257

Mr. DOLE. Madam President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The ACTING PRESIDENT pro temporte. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 1257:

On page 34, line 21, after "1974" insert the following: "and Miscellaneous".

On page 34, line 22——

Mr. DOLE. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 34, line 21, after "1974, insert the following: "and Miscellaneous."

On page 34, line 22, strike out the subsection designation "(a)."

On page 35, strike out lines 15 and 16, and insert in lieu thereof the following new sections:

"SEC. 302. Section 9 of the Beef Research and Information Act (90 Stat. 534; 7 U.S.C. 2908) is amended by striking out in the third sentence the words 'not less than two-thirds' and inserting in lieu thereof 'a majority'.".

"SEC. 303. The provisions of this title shall become effective upon enactment.".

Mr. DOLE. Just to state very briefly what this unprinted amendment does, it simply amends the Beef Research and Promotion Act, known as Public Law 94–294, to provide one change in this existing law.

It would change the requirement that the referendum conducted among beef producers be approved by a majority of those voting instead of the present requirement for two-thirds approval.

Madam President, following passage of this law in 1976, a referendum as provided in the law was conducted in the summer of 1977. It was approved by 56.5 percent of the producers. The majority of the producers did approve of this concept, and the law provides that those who do not want to participate, may ask for a refund of their funds.

The funds would be collected through the marketing of cattle and the beef processing industry and submitted to the Beef Board to be expended according the provisions of the referendum to conduct research on the utilization of beef and to develop new markets, at home and abroad for beef.

With the current thrust for expanded beef exports, the balance-of-payments deficit and other international trade factors, expansion of beef exports at this time could be a big plus to the Nation's economy.

The cattlemen of the Nation deserve the right to vote again on this referendum with this change in the law, so that they can expeditiously pursue market expansion through the information and promotion authorities it would set up.

You will recall there was much discussion about this provision of the legislation when it was passed in 1976. The joint conference committee had difficulty in arriving at a compromise. Finally the two-thirds majority provision was accepted, due to a compromise between the proponents of the legislation and the American Farm Bureau Federation. The Farm Bureau had insisted on the two-thirds majority. Since that time the American Farm Bureau Federation has changed its mind and approves of the simple majority approval of the referendum and so adopted a resolution at their last national convention in January 1978, in Houston. I ask that that resolution be inserted in the RECORD at this point.

Madam President, again, the amendment is a simple one, it would merely change the two-thirds requirement to a simple majority for approval of a beef referendum such as was conducted last July and was nearly approved. There is no budget impact since the cost of the referendum would be paid from funds collected if passed and by the cattlemen if it fails. I ask my colleagues to support this amendment in the interest of our farmers and cattlemen, and in the interest of our consumers in having an adequate and reasonably priced supply of beef in the future.

Mr. ALLEN. Madam President, I yield myself such time as I may use.

The committee is agreeable to accepting the amendment. It certainly has to do with an important farming operation, and it does allow the beef producers to vote by majority vote as to whether they wish a beef research program to help them increase production and increase sales and to better their beef industry. The distinguished Senator from Kansas also points out that this modest assessment that is placed on beef producers as an assessment for the beef research program is refundable to those producers who do not wish to participate in the program. In that event, if a producer is unwilling to have the assessment charged against him, he would pay the assessment and then apply for its return, and he would then get the benefit of the research program without any charge to him.

This seems to me to be a very fine amendment, and on behalf of the committee we are willing to accept the amendment.

Mr. DOLE. Madam President, will the Senator yield for one additional comment?

Mr. ALLEN. Yes.

Mr. DOLE. I ask unanimous consent to have printed in the RECORD a statement of Farm Bureau policies for 1978, wherein they indicate the change in their position, so that that will be a matter of record, together with a list of the States showing percentage of participation and voting in favor in the last referendum.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FARM BUREAU POLICIES FOR 1978

PROMOTION OF AGRICULTURAL COMMODITIES

We recognize the right of producers to promote increased research, sales, and consumption of the commodities they produce.

We will oppose federal legislation providing for any new national commodity promotion which does not provide:

(1) Individual producers the right to vote in a referendum on initiation of any promotion program for a commodity which they produce.

(2) In order for a referendum to be valid, 50 percent of the registered producers must have voted, with two-thirds casting an affirmative vote; however, for a beef referendum to be valid, 50 percent of the registered producers must have voted with a majority casting an affirmative vote. No producer should be required to sign his or her ballot in a beef referendum.

(3) Periodic review and referenda to determine continuation or termination of the program at intervals not to exceed five years or at any time upon petition of 10 percent of the registered producers in the area covered by the program—in referenda dealing with continuation or termination the voting requirements for continuation shall be the same as those set out above for initiation of the program.

(4) Opportunity for producers who do not desire to participate to obtain refunds of

their assessments without undue difficulty or delay.

(5) That collected funds shall not be used for political or lobbying activities.

(6) That only those persons who contribute monies to the respective programs shall be eligible to serve on the Boards which administer such programs.

Opportunities should be offered to producers with existing promotional programs to approve changes in operation and administration under the guidelines of the existing legislation in order that the declared policy of such legislation may be carried out.

Any commission or body created under an agricultural commodity promotion program must provide complete accountability of the expenditure of funds collected from producers. Funds released to any agricultural organization, public agency, or private firm for promotion or research purposes should be on a contractual basis with complete accountability required.

PARTICIPATION IN BEEF REFERENDUM

State	Cattle farms	Registered		Voted		"Yes" votes	
		Number	Percent	Number	Percent of register	Number	Percent "yes"
Alabama	53,000	2,340	4	1,350	58	877	65
Alaska	140	6	-------	4	-------	4	100
Arizona	3,100	710	23	583	82	518	89
Arkansas	53,000	3,499	7	2,173	62	1,729	80
California	26,000	4,143	16	3,369	81	2,964	87
Colorado	20,000	5,808	29	4,508	78	3,408	76
Connecticut	2,200	119	5	80	67	57	71
Delaware	1,000	47	5	32	68	19	59
Florida	17,500	2,719	16	1,812	67	1,168	64
Georgia	48,000	5,427	11	3,578	67	2,911	81
Hawaii	900	55	6	37	67	30	81
Idaho	18,500	4,995	27	3,383	68	2,555	76
Illinois	65,000	7,970	12	5,458	68	3,308	61
Indiana	55,000	6,069	11	4,018	64	2,502	62
Iowa	92,000	20,945	23	15,597	74	6,427	41
Kansas	57,000	23,921	42	18,608	78	11,224	60
Kentucky	87,000	8,631	10	5,124	59	2,371	46
Louisiana	36,000	3,327	9	2,482	75	2,179	88
Maine	3,900	203	5	108	53	50	46
Maryland	8,200	844	10	609	72	513	84
Massachusetts	2,300	170	7	106	6	63	59
Michigan	37,000	2,786	8	1,726	62	959	55
Minnesota	73,000	8,566	12	5,806	68	2,001	34
Mississippi	62,000	5,501	9	3,725	68	3,144	84
Missouri	117,000	13,755	12	8,591	62	5,308	62
Montana	18,700	9,889	51	7,544	79	6,045	80
Nebraska	53,000	21,086	40	15,566	74	9,918	64
Nevada	1,600	619	37	537	87	444	83
New Hampshire	1,700	66	39	47	71	29	62
New Jersey	2,400	123	5	79	64	42	53
New Mexico	8,500	2,417	28	1,778	74	1,057	59
New York	39,000	4,428	11	2,991	65	1,134	38
North Carolina	56,000	3,045	5	1,937	64	1,660	86
North Dakota	24,500	11,055	45	8,331	75	3,565	43
Ohio	60,000	7,302	12	4,775	65	2,481	52
Oklahoma	73,000	14,440	20	9,880	68	7,433	75
Oregon	23,000	2,995	13	2,329	78	1,915	82
Pennsylvania	52,000	6,281	12	5,085	81	2,060	41
Rhode Island	300	8	3	7	88	6	86
South Carolina	23,500	1,533	7	934	61	684	73
South Dakota	34,000	16,857	50	12,836	76	4,430	35
Tennessee	85,000	19,651	23	13,977	71	2,633	19
Texas	165,000	42,694	26	31,350	73	19,305	62
Utah	9,500	1,507	16	892	59	790	89
Vermont	5,200	308	59	209	68	94	45
Virginia	41,000	7,128	16	5,185	73	2,640	51
Washington	22,000	2,447	11	1,723	71	1,392	81
West Virginia	20,000	2,534	13	1,586	63	1,029	65
Wisconsin	84,000	8,361	10	6,245	75	1,508	24
Wyoming	6,900	2,852	41	2,355	83	1,881	80
Total	1,845,540	322,175	17	231,046	71.7	130,464	56.5

Mr. ALLEN. Madam President, before I yield back the remainder of my time on the amendment, may I inquire whether all time has been consumed on the Clark amendment, and whether it will come up for a vote in order, among the votes beginning at 2 o'clock?

The ACTING PRESIDENT pro tempore. It will.

Mr. ALLEN. I yield back the remainder of my time on the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. ALLEN. Madam President, I yield myself such time on the bill as I may use.

I ask unanimous consent that Bill Motes of Senator CLARK's staff be granted the privilege of the floor during the consideration of S. 2146, including all rollcall votes thereon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALLEN. I ask unanimous consent that the name of the distinguished Senator from North Carolina (Mr. MORGAN) be added as a cosponsor of S. 2146.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I ask unanimous consent that the name of the distinguished Senator from New Mexico (Mr. DOMENICI) be added as a cosponsor to S. 2146.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

NAVIGATION DEVELOPMENT ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 8309, which the clerk will report.

The assistant legislative clerk read as follows:

Calendar No. 549, a bill (H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

The Senate proceeded to consider the bill.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. DOLE. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. DOLE. Would it be possible, by unanimous consent, to return to the emergency agriculture credit bill, to propose a technical amendment?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. DOLE. Then I ask unanimous consent that the Senate resume the consideration of S. 2146.

The ACTING PRESIDENT pro tempore. Without objection. it is so ordered.

AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978

The Senate resumed the consideration of S. 2146.

UP AMENDMENT NO. 1258

Mr. ALLEN. Madam President, I send to the desk a technical amendment and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) proposes an unprinted amendment numbered 1258:

On page 14, line 16, insert a comma immediately after "(5)".

On page 17, line 15, strike out "pursuant to" and insert in lieu thereof "under".

On page 18, line 10, strike out "followings" and insert in lieu thereof "following:".

On page 26, line 18, strike out "the territories and possessions" and insert in lieu thereof "the commonwealths, territories, and possessions".

On page 26, line 22, strike out "the territories and possessions" and insert in lieu thereof "the commonwealths, territories, and possessions"

On page 28, line 16, strike out "pursuant to" and insert in lieu thereof "under".

The ACTING PRESIDENT pro tempore. Without objection, the amendment is agreed to.

UP AMENDMENT 1259

Mr. ALLEN. Madam President, I offer an amendment recommended by the Farmers Home Administration.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The second assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) proposes unprinted amendment numbered 1259.

The amendment is as follows:

On page 21, strike out lines 15 through 22, and insert in lieu thereof the following:

EMERGENCY LOAN DESIGNATION

SEC. 113. Section 321 of the Consolidated Farm and Rural Development Act is amended to read: "Sec. 321. The Secretary shall make and insure loans under this subtitle to (1) established farmers, ranchers, or persons engaged in aquaculture, who are citizens of the United States, and (2) to farm cooperatives, corporations, or partnerships in which a majority interest is held by members, stockholders, or partners who are citizens of the United States if the cooperative, corporation, or partnership is engaged primarily in farming, ranching, or aquaculture, where the Secretary finds that the applicants' farming, ranching, or aquaculture operations have been substantially affected by a natural disaster in the United States or by a major disaster or emergency designated by the President pursuant to the provisions of the Disaster Relief Act of 1974: *Provided*, That they have experience and resources necessary to assure a reasonable prospect for successful operation with the assistance of such loan. For the purposes of this subtitle 'aquaculture' means husbandry of aquatic organisms under a controlled or selected environment."

Mr. ALLEN. Madam President, the purpose of this amendment, which contains all the present provisions in section 114, is to give the Secretary of Agriculture greater discretion in making available emergency loans. It will permit the Secretary to adopt revised procedures that would make emergency loans more readily available to farmers, ranchers, and aquaculture operators after the occurrence of a natural disaster, therefore making assistance available to disaster victims on a more timely basis.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ALLEN. Madam President, I suggest the absence of a quorum, and ask unanimous consent that the time not be charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legisaltive clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, its is so ordered.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent to proceed for not more than 5 minutes, with the time to be equally divided between Mr. TALMADGE and Mr. DOLE.

The ACTIN GPRESIDDENT pro tempore. Without objection, its is so ordered.

BUDGET ACT WAIVER

Mr. ROBERT C. BYRD. Madam President, I ask that the Chair lay before the Senate, Senate Resolution 443, the Budget Act waiver on the conference report on H.R. 6782.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The legislative clerk read as follows:

S. Res. 443 waiving section 303(a) of the Congressional Budget Act of 1974 with respect to the consideration of the conference report on H.R. 6782.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 443) was agreed to, as follows:

Resolved, That pursuant to section 303(c) of the Congressional Budget Act of 1974, the provisions of section 303(a) of such Act are waived with respect to the consideration of the Conference Report on H.R. 6782, a bill to permit marketing orders to include provisions concerning marketing promotion, including paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promotion. Such waiver is necessary to permit consideration of statutory authority that would increase the minimum loan rate for upland cotton to 48 cents per pound to become effective in a fiscal year for which the first concurrent resolution on the budget has not been agreed to.

Mr. ROBERT C. BYRD. Madam President, I move to reconsider the vote by which the resolution was agreed to.

Mr. TALMADGE. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. BELLMON. Mr. President, the Budget Committee has favorably reported the waiver with respect to the Emergency Agriculture Act of 1978. I would note that the favorable report reflects the facts that no substantive budgetary purpose would be served by denying the waiver.

Section 303 of the Budget Act is meant to prohibit new entitlements from being added to Federal obligation without full budgetary considerations and debate. Because the flexible parity version of H.R. 6782 was before the Senate at the time of the Budget Committee markup, we were able to consider the budgetary implications of such entitlement legislation. In fact, Mr. President, the first budget resolution adopted by the Senate only last week does anticipate costs roughly of the magnitude of those incurred by H.R. 6782. CBO estimates a cost of $700 million for this bill, whereas the Senate in its deliberations allowed $1 billion to cover an emergency farm initiative.

Mr. President, I am concerned that this bill grants extraordinary discretion to the Secretary of Agriculture. The Secretary was already granted broad discretion with respect to loan rates and set-aside provision by the Agriculture Act of 1977. I would hope we are not setting a precedent by abdicating congressional control over programs having such large budgetary exposure.●

EMERGENCY AGRICULTURAL ACT OF 1978—CONFERENCE REPORT

Mr. TALMADGE. Madam President, I submit a report of the committee of conference on H.R. 6782 and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6782) to permit marketing orders to include provisions concerning marketing promotion, incuding paid advertisement, of raisins and distribution among handlers of the pro rata costs of such promoting, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of May 1, 1978.)

Mr. TALMADGE. Madam President, this is the report of the second committee of conference on this legislation.

The first report was approved by the Senate on April 10, but was defeated in the House of Representatives on April 12. Had the first conference report cleared the Congress, it faced a promised veto by the President.

I hope the second effort will meet with a kinder fate.

This is a modest bill that provides limited help to the Nation's farmers. It is far short of what I think is needed to restore vitality to the agricultural economy. But it appears to be the best farm legislation attainable under existing cricumstances.

The bill as agreed to by the committee of conference on April 26 contains three major provisions.

First, it gives the Secretary of Agriculture discretionary authority to increase the target prices for wheat, feed grains, and upland cotton for the 1978 through 1981 crops whenever a set-aside is in effect for one or more of these crops.

Under the Food and Agriculture Act of 1977, target prices are fixed by law and may be adjusted by the Secretary only to reflect increases in production costs. The additional authority that this bill provides will enable the Secretary to encourage greater participation in set-asides and afford farmers greater price protection.

If the target price is increased for which a set-aside is in effect, the Secretary may increase the target price for any other commodity in such amount as he determines necessary for the effective operation of the program.

The discretionary authority to increase target prices applies to all commodities covered by target prices except rice. This commodity was not included in H.R. 6782

as passed by the Senate. However, it was the consensus of the committee of conference that the authority should be extended to rice through separate legislation. An amendment to apply this authority to rice was adopted by the Senate during its consideration of S. 2146, the Agricultural Credit Assistance Act of 1978.

It is my understanding that the administration intends this year to use the authority to increase target prices only for wheat. If H.R. 6782 becomes law, the Secretary has declared his intention to increase the 1978 target price for wheat to $3.40 per bushel from the present level of $3.

Second, the bill agreed to by the committee of conference makes certain technical changes in the formula contained in the 1977 Farm Act for computing the loan level for upland cotton. This provision also sets a minimum loan level of 48 cents per pound regardless of the formula for the 1978–81 crops. This will raise the 1978 loan level for cotton from 44 to 48 cents per pound.

Third, the bill increases the borrowing authority of the Commodity Credit Corporation from $14.5 to $25 billion, effective October 1, 1978. This agency's borrowing authority is now severely strained by the increase in price support activities.

Madam President, as I stated at the outset, this is a modest bill. The only immediate relief it would provide are the increase in the target price for wheat and the loan level for cotton.

However, I believe the bill makes desirable adjustments in the 1977 Farm Act. It provides greater flexibility in the basic farm law and gives the Secretary of Agriculture additional authority to cope with the type of supply and price problems that helped trigger the present farm crisis. I hope the administration will make better use in the future of the tools Congress has provided than it has in the past.

Madam President, I urge the adoption of the conference report.

Madam President, I ask unanimous consent that a letter dated April 28, 1978, from the Congressional Budget Office showing the cost estimates be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., April 28, 1978.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In response to a request from the staff of the Budget Committee, we have prepared estimates of the budget and economic impact of H.R. 6782, the Emergency Agricultural Act of 1978, as agreed to by the House and Senate conferees, April 26, 1978.

The conference agreement has the following provisions:

(1) Effective October 1, 1978, but retroactive to cover the entire 1978 crop, and for the 1979 through 1981 crops, the Secretary of Agriculture is authorized to increase the target prices for wheat, feed grains, and/or upland cotton above the formula prices contained in the Food and Agriculture Act of 1977 (P.L. 95–113). An increase for any one of these commodities is authorized when a set-aside is in effect for the commodity or if deemed necessary for effective operation of a set-aside on another commodity. The increase is to be adjusted to reflect any land diversion payments.

(2) Effective October 1, 1978, but retroactive to cover the entire 1978 crop, and for the 1979 through 1981 crops, the formula used to compute the cotton loan rate is changed to 85 percent of the U.S. spot market average prices, using three out of the past five years, and dropping the highest and lowest years. However, if the July 1 through October 15 Northern European price quotation formula is higher, the Secretary may raise the loan to the higher level. In any case, the minimum loan rate is $0.48 cents per pound.

(3) An optional program for crops grown for gasohol production is authorized, effective October 1, 1978.

(4) The authorization level for Commodity Credit Corporation borrowing authority is increased by $10.5 billion to $25 billion, effective October 1, 1978.

(5) Effective October 1, 1978, authorization for market promotion activities is added to the existing federal marketing order for raisins.

The following table presents the estimated budget authority and outlays associated with H.R. 6782. The extensive discretionary authority provided in the conference agreement makes it extremely difficult to cost. Therefore, the estimate is based on the Administration's statements of intent with regard to the wheat target price for the 1978 crop, and on the Administration's interpretation of the target price provision for the 1979 through 1981 crops. Costs could be somewhat less or much greater than those shown below, depending on exactly what the Administration chooses to do.

ESTIMATED BUDGET AUTHORITY AND OUTLAYS

[By fiscal years, in millions of dollars]

	Fiscal year—				
	1979	1980	1981	1982	1983
BUDGET AUTHORITY					
Function 350:					
Increase in the authorization level for CCC borrowing authority	10,500	0	0	0	0
Less: Estimated contract authority and appropriation to liquidate contract authority in CBO base	5,561	0	0	0	0
Net function 350	4,939	0	0	0	0
Function 900	−42	−22	−14	−15	−2
Net budget authority	4,897	−22	−14	−15	−2

	Fiscal year—				
	1979	1980	1981	1982	1983
OUTLAYS					
Function 350:					
Wheat	599	284	213	214	0
Cotton	100	88	25	30	25
Net interest (CCC)	42	22	14	15	2
Total function 350	741	394	252	259	22
Function 900	−42	−22	−14	−15	−7
Net outlays	699	372	238	244	25

In addition, the raisin marketing order amendment is expected to cost $7,500 in fiscal year 1979, primarily for a mail referendum.

TITLE I

USDA officials have confirmed that the Administration intends to increase the wheat target price for the 1978 crop to $3.40 per bushel. The CBO projection assumes a wheat set-aside program for each of the 1979 through 1981 crops. For each crop, the target price was assumed to be increased above the formula price projected under Public Law 95–113 in proportion to the assumed set-aside, but adjusted for the savings in variable cost. This interpretation of the conference agreement conforms with the Administration's interpretation.

USDA officials also confirmed that the Administration does not intend to increase target prices for the 1978 crop of feed grains, so there is no added cost in fiscal year 1979. Because the CBO projection assumes a 1979 feed grain set-aside program, there is a possibility that the Administration would raise the target price for the 1979 corn crop. Using the Administration's interpretation of the set-aside and cost adjustment factor, the 1979 crop corn target price would be $2.21 per bushel. The projected farm price for the 1979 corn crop is $2.30 per bushel, leaving a $0.09 per bushel margin between CBO's projected 1979 target and the projected market price. Therefore, no increased outlays would be incurred. No feed grain set-aside program is projected by CBO for crop years 1981 and 1982, so the adjustment factor would probably not be applied.

Loan rates for cotton were projected using the revised domestic spot price formula in the conference agreement. In the cases where the formula result fell below $0.48 per pound, the $0.48 rate was used. Net lending for cotton was projected using an equation that relates volume to the projected farm price and the loan rate.

No cotton target price adjustments were projected because CBO does not anticipate that the conditions set forth in the bill will be met.

Interest payments on increased Treasury borrowings were charged at six percent of the increased program outlays.

Because supply and demand are not expected to change in response to the provisions of the conference agreement, commodity prices are not expected to increase.

Supporting details for the wheat and cotton estimates are shown in Tables 1 through 4.

TITLE II

The gasohol provisions, which provide for a program at the discretion of the Secretary, are not expected to result in additional cost to the federal government.

TITLE III

The estimate assumes that the $10.5 billion of additional borrowing authority is fully appropriated in fiscal year 1979.

TITLE IV

The costs of the mail referendum were supplied by USDA. The costs of conducting the market promotion program will be paid for by handlers, with no additional cost to the federal government.

We would be pleased to answer any questions you may have regarding this estimate.

Sincerely,

ROBERT A. LEVINE,
Deputy Director.

TABLE 1.—H.R. 6782 (APR. 26, 1978) WHEAT SUPPLY AND DEMAND ESTIMATES

	Crop year—					
	1978	1979	1980	1981	1982	1983
Acreage harvested (million acres)	[1] 54.8	[2] 60.2	[3] 62.8	[3] 62.8	70.0	72.0
Acreage set-aside	11.0	8.6	6.0	6.0	0	0
Acreage grazed out	3.0	0	0	0	0	0
Supply (million bushels):						
Beginning stocks:						
Government stocks	375	375	375	375	375	375
Market stocks	888	704	655	630	559	635
Total stocks	1,263	1,079	1,030	1,005	934	1,010
Production	1,781	1,956	2,040	2,054	2,261	2,318
Total supply	3,044	3,035	3,070	3,059	3,195	3,328
Disappearance (million bushels):						
Domestic use	770	780	790	800	810	820
Exports	1,195	1,225	1,275	1,325	1,375	1,425
Total disappearance	1,965	2,005	2,065	2,125	2,185	2,245
Ending stocks (million bushels):						
Government stocks	375	375	375	375	375	375
Market stocks	704	655	630	559	635	708
Total stocks	1,079	1,030	1,005	934	1,010	1,083
Prices (dollars per bushel):						
Target price	3.40	3.24	3.29	3.38	3.39	3.48
Loan rate	2.25	2.25	2.25	2.25	2.25	2.25
5-mo farm price	2.84	2.90	2.90	3.00	2.90	2.85
Season average farm price	2.84	2.90	2.90	3.00	2.90	2.85

	Fiscal year—				
	1979	1980	1981	1982	1983
Government outlays (million dollars):					
Net lending	213	165	119	215	211
Deficiency payments	936	628	753	758	1,085
Disaster payments	136	143	0	0	0
Graze-out payments	23	0	0	0	0
Storage payments	81	94	94	94	94
Interest payments	10	23	23	23	23
Other	25	25	25	25	25
Total Government outlays	1,424	1,078	1,014	1,115	1,438

[1] 20 percent set-aside with a 95 percent participation rate, plus a graze-out program.
[2] 15 percent set-aside with a 95 percent participation rate.
[3] 10 percent set-aside with a 95 percent participation rate.

TABLE 2.—CBO CURRENT POLICY BASE—AS OF APR. 17, 1978: WHEAT SUPPLY AND DEMAND ESTIMATES

	Crop year—					
	1978	1979	1980	1981	1982	1983
Acreage harvested (million acres)	[1] 54.8	[2] 60.2	[3] 62.8	[3] 62.8	70.0	72.0
Acreage set-aside	11.0	8.6	6.0	6.0	0	0
Acreage grazed out	3.0	0	0	0	0	0
Supply (million bushels):						
Beginning stocks:						
Government stocks	375	375	375	375	375	375
Market stocks	888	704	655	630	559	635
Total stocks	1,263	1,079	1,030	1,005	934	1,010
Production	1,781	1,956	2,040	2,054	2,261	2,318
Total supply	3,044	3,035	3,070	3,059	3,195	3,328
Disappearance (million bushels):						
Domestic use	770	780	790	800	810	820
Exports	1,195	1,225	1,275	1,325	1,375	1,425
Total disappearance	1,965	2,005	2,065	2,125	2,185	2,245
Ending stocks (million bushels):						
Government stocks	375	375	375	375	375	375
Market stocks	704	655	630	559	635	708
Total stocks	1,079	1,030	1,005	934	1,010	1,083
Prices (dollars per bushel):						
Target price	3.05	3.09	3.18	3.28	3.38	3.48
Loan rate	2.25	2.25	2.25	2.25	2.25	2.25
5-mo farm price	2.84	2.90	2.90	3.00	2.90	2.85
Season average farm price	2.84	2.90	2.90	3.00	2.90	2.85

	Fiscal year—				
	1979	1980	1981	1982	1983
Government outlays (million dollars):					
Net lending	213	165	119	215	211
Deficiency payments	351	351	540	544	1,085
Disaster payments	122	136	0	0	0
Graze-out payments	23	0	0	0	0
Storage payments	81	94	94	94	94
Interest payments	10	23	23	23	23
Other	25	25	25	25	25
Total Government outlays	825	794	801	901	1,438

[1] 20 percent set-aside with a 95 percent participation rate, plus a graze-out program.
[2] 15 percent set-aside with a 95 percent participation rate.
[3] 10 percent set-aside with a 95 percent participation rate.

TABLE 3.—H.R. 6782 (APR. 26, 1978) UPLAND COTTON SUPPLY AND DEMAND ESTIMATES

	Crop year—				
	1978	1979	1980	1981	1982
Acreage harvested (million acres)	11.4	11.0	11.5	11.5	12.0
Acreage diverted	1.0	0	0	0	0
Supply (thousand bales):					
Beginning stocks	5,360	4,897	4,379	4,297	4,097
Production	11,569	11,000	11,500	11,500	12,000
Total supply	16,929	15,897	15,897	15,797	16,097
Disappearance (thousand bales):					
Domestic use	6,644	6,700	6,800	6,800	6,900
Exports	5,388	4,800	4,800	4,900	5,000
Total disappearance	12,032	11,500	11,600	11,700	11,900
Ending stocks (thousand bales)	4,897	4,397	4,297	4,097	4,197
Prices (cents per pound):					
Target price	52.0	54.6	57.3	60.2	63.2
Loan rate	48.0	49.5	48.0	48.2	48.0
Calendar year farm price	51.0	53.0	53.1	54.3	53.0
Season average farm price	51.0	53.0	53.1	54.3	53.0

	Fiscal year—				
	1979	1980	1981	1982	1983
Government outlays (million dollars):					
Net lending	150	138	97	72	100
Deficiency payments	56	84	232	326	583
Disaster payments	115	117	0	0	0
Diversion payments	56	0	0	0	0
Total Government outlays	377	339	329	398	683

TABLE 4.— CBO CURRENT POLICY BASE—AS OF APR. 17, 1978: UPLAND COTTON SUPPLY AND DEMAND ESTIMATES

	Crop year-				
	1978	1979	1980	1981	1982
Acreage harvested (million acres)	11.4	11.0	11.5	11.5	12.0
Acreage diverted	1.0	0	0	0	0
Supply (thousand bales):					
Beginning stocks	5,360	4,897	4,397	4,297	4,097
Production	11,569	11,000	11,500	11,500	12,000
Total supply	16,929	15,897	15,897	15,797	16,097
Disappearance (thousand bales):					
Domestic use	6,644	6,700	6,800	6,800	6,900
Exports	5,388	4,800	4,800	4,900	5,000
Total disappearance	12,032	11,500	11,600	11,700	11,900
Ending stocks (thousand bales)	4,897	4,397	4,297	4,097	4,197
Prices (cents per pound):					
Target price	52.0	54.6	57.3	60.2	63.2
Loan rate	44.0	46.0	47.0	47.0	47.0
Calendar year farm price	51.0	53.0	53.1	54.1	53.0
Season average farm price	51.0	53.0	53.1	54.3	53.0

	Fiscal year—				
	1979	1980	1981	1982	1983
Government outlays (million dollars):					
Net lending	50	50	72	42	75
Deficiency payments	56	84	232	326	583
Disaster payments	115	117	0	0	0
Diversion payments	56	0	0	0	0
Total. Government outlays	277	251	304	368	658

Mr. DOLE. Madam President, I share the views just expressed by my distinguished chairman (Mr. TALMADGE). I would only say that this is the best we can accomplish. We are at the mercy of the administration. The administration has indicated they would accept an increase in wheat target prices for the 1978 crop year to $3.40 and a slight adjustment in loan rates for cotton.

It would seem to the Senator from Kansas that having followed one tortuous path without success we should accept this conference report because it will benefit some farmers this year.

Madam President, we have before us today the results of the meeting of Senate/House conferees of April 26, 1978. That second meeting of conferees followed the rejection by the House of the earlier conference report, which had been accepted by the Senate.

RECENT PRICE DECLINES

Since consideration of the previous conference report by the Senate on April 10, the cash price of wheat in Kansas City has dropped from $3.46 per bushel to $3.06—down 40 cents per bushel. For the same 18-day period, cash corn prices

on the Chicago market declined from $2.61 per bushel to $2.53—down 8 cents per bushel.

Thus, as the prospects for farm legislation diminished the farmers of this Nation have seen an erosion of prices that had strengthened when it had appeared that supplies would be more nearly brought in line with demand by legislative action.

LEGISLATION IS STILL NEEDED

The need for emergency farm legislation has been fully documented in hearings before the Agriculture, Nutrition, and Forestry Committee. It is also made evident by the tractorcades, rallies and spontaneous groundswell of unrest in every agricultural region of this country. Madam President, the farm crisis continues. It cannot be ignored. It must be recognized and dealt with by this Body.

Farmers are still caught in the grip of rising costs of production and declining farm prices. Inflation has pushed his production costs higher and higher while slack world demand for his commodities has resulted in low prices—often below the cost of production. The present rate of inflation in our Nation is at an annual rate of 10 percent. How long can we expect the family farmer to survive with the prices he pays for production items increasing at annual rates of 10 percent or even more while the prices that he receives either decline or linger at levels below his cost of production?

FARM CRISIS SPREADING

As I have pointed out before, farm income has declined in real terms from $33 billion in 1973 to only about $20 billion in 1977. During the same period of time, total form debt has increased 63 percent.

Furthermore, the economic problems of farmers are spreading to other agribusiness enterprises such as farm machinery and farm supply dealers and manufacturers—and it will spread further. The nonfarm economy cannot long escape the effects of the disastrous farm situation.

On March 31, 1978, the USDA updated its figures for producing selected crops in the United States. I should like to call to the attention of my colleagues that the cost of production figures—with land cost at current values included—range as follows:

Wheat, per bushel, $3.61–$3.92.

Corn, per bushel, $2.54–$2.71.

Cotton, per bushel, $.66–$.77.

These figures indicated to me that adjustments in target price levels are needed. This problem was addressed in the previous Conference Report that passed the Senate but failed in the House.

Now the conferees are offering another report which has as its centerpiece a provision that would enable the Secretary of Agriculture to adjust upward the target price whenever a set-aside is in effect for wheat, feed grains, or cotton.

I further understand that if this conference report is accepted by the Congress and becomes law that the administration will raise the target price for wheat for the 1978 crop to $3.40 per bushel. This is needed, is fully justified, and will serve to give some needed flexibility in administering farm legislation not only for 1978 but also for the life of the Food and Agriculture Act of 1977.

Therefore, Madam President, I support acceptance of this conference report (H.R. 6782) and urge my colleagues to do the same. I was hoping for more than this for the farmers and all of rural America, but it appears to be the best we can get under the circumstances.

Mr. ALLEN. Will the Senator yield?

Mr. TALMADGE. I yield such time as I may have to the distinguished Senator from Alabama.

Mr. ALLEN. I thank the distinguished chairman.

Madam President, the distinguished chairman of our Committee on Agriculture (Mr. TALMADGE) said at the conclusion of our conference committee session on the emergency farm legislation last week in response to the question of agreement to the House proposal, "The Senate concurs—reluctantly."

Those words echo my sentiments, Madam President. The Senate had earlier passed legislation of an emergency nature which would have been of great assistance to our farmers. The legislation was passed, agreed to in conference, the conference report on H.R. 6872 was agreed to by the Senate and finally killed in the House under the threat of a Presidential veto. The farmers of Alabama left Washington depressed and distressed, and understandably so.

Now, we have attempted legislatively to pick up the pieces. We would have preferred to do more for our farmers, but realistically, we had to act within the parameters of that which the administration announced it would accept.

Therefore, we are, in our conference report today, merely amending the Food and Agriculture Act of 1977, Public Law 95–113, by authorizing the Secretary of Agriculture to raise the target prices on wheat, feed grains, and upland cotton when a set-aside is in effect, by such amount as he determines appropriate to compensate producers for participation in the set-aside. Further, we have agreed that technical changes are needed in the upland cotton loan computation formula. During consideration of the 1977 farm bill, the members of our committee, in making the decision to base our loan rate on the Northern European price quotation of the Liverpool Index, thought that beyond a shadow of a doubt, the loan rate for upland cotton would be formulated at approximately 48 cents per pound. Unfortunately, the Northern European price took a nosedive the first 2 weeks in October of 1977 and caused the loan rate for 1978 cotton to be set at 44 cents per pound. We are seeking to restore that loan rate by technical changes in the formula to the figure we originally intended. We are also recommending that a floor be set for the loan rate for upland cotton at no less than 48 cents per pound for the 1978–81 crops.

We are giving the executive branch this flexibility in good faith with the hope that due recognition will be given to the serious cost squeeze facing our agricultural producers. We are not acting in naivete. The administration has already stated that the only increase acceptable is an increase in the target price on wheat from $3.00 to $3.40 per bushel. It is our hope that the President will accept the slight increase in the loan rate on upland cotton. I point out that the target price on cotton—52 cents per pound—and the increased loan rate of 48 cents per pound are figures far below the cost of production in the State of Alabama. Let us hope that prices at the marketplace will substantially improve over the next few months to enable the cotton producers of Alabama to make a profit for the first time in the last couple of years. If they do not, many of them face bankruptcy, Madam President.

Thankfully, we have had machinery in place to help our agriculture producers through the programs of the Farmers Home Administration, the Small Business Administration, and the Farm Credit Administration. Many of our Nation's farmers are in debt and we have provided them with loans to make it possible for them to continue producing food and fiber. But you cannot borrow your way out of debt. Our farmers want to be able to make a profit within the marketplace. They do not want Government handouts. They do not want to be paid for not producing. They want a fair return for their efforts and fruits of their labors.

Hopefully, with the programs announced by USDA, providing set-asides for wheat and feed grains and the voluntary set-aside for cotton, along with the expansion of the farmer-held grain reserves and the announced intention to create an international grain reserve, farm prices will show a steady increase in the months ahead. Farm income must be increased whatever the cost.

Even though the provisions contained in this conference report are far less than adequate, Madam President, I trust that my colleagues will approve it without delay, so that our farmers will receive some encouragement that their efforts during the past several months will not have been in vain.

Mr. THURMOND. Mr. President, I rise in support of the conference report on H.R. 6782, the Emergency Agricultural Act of 1978. I commend the able and distinguished members of the conference committee for recognizing the urgency of the current farm crisis and reporting out this emergency legislation.

I am pleased that the committee has given discretionary authority to the Secretary of Agriculture to increase target prices on 1978 through 1981 crops of wheat, feed grains, and upland cotton. The survival of many of our farmers will depend on this new authority given to the Secretary. I hope that the Secretary will now see fit to raise the target prices to levels which will permit farmers to receive a fair return for their 1978 crops.

I am further pleased that the committee has recognized the need to amend the formula for computing loan rates for upland cotton and have increased the borrowing authority of the Com-

modity Credit Corporation. The amended formula provides that the loan rate for cotton shall not be less than $0.48 per pound for the 1978–81 crop years.

The total net income of the U.S. farmers dropped below $20 billion in 1977, the lowest since 1972. This was 10 percent below the 1976 level. Declining farm product prices have led to renewed appeals for a return to 100 percent parity prices. At the present time farm prices are 66 percent of parity.

Farm debt is one of the most accurate barometers of farm distress. Farm debt, as you know, is on the rise. Farm indebtedness increased rapidly in the past year, rising a record 16 percent. Farm debt now totals nearly $120 billion, twice as much as in 1970. Farmers may need more credit but mainly they need better prices.

Mr. President, this bill will not benefit the farmers as much as the bill contained in the Conference Report which the President threatened to veto and which the House defeated. However, it should be helpful and I am pleased to support it.

I think it is in the interest, not only of the farmers, but in the interest of the consumer and in the interest of all the American people, that we take action to help the farmer during this period of crisis. Therefore, I urge my colleagues to support the conference report on H.R. 6782.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. TALMADGE. Madam President, I move to reconsider the vote by which the conference report was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NAVIGATION DEVELOPMENT ACT

The ACTING PRESIDENT pro tempore. The clerk will state H.R. 8309 by title.

The legislative clerk read as follows:

A bill (H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

The Senate continued with the consideration of the bill.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. ALLEN. Madam President, I suggest the absence of a quorum and ask unanimous consent that it not be charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOMENICI. Madam President, I ask unanimous consent that the following staff members of the Committee on Environment and Public Works be granted the privilege of the floor during debate and votes on H.R. 8309, the Inland Navigation Act: John Yago, Richard Harris, Bailey Guard, Hal Brayman, Ann Garrabrant, Steve Swain, Phil Cummings, Lee Rawls, Karl Braithwaite, Ric Herod, Joan Ramsay, and Mike Naeve.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. Ed Twilley, of my staff, have the privilege of the floor during the consideration and votes on the pending bill.

The PRESIDING OFFICER (Mr. ALLEN). Without objection, it is so ordered.

Mr. ALLEN. Mr. President, on behalf of the distinguished Senator from Louisiana (Mr. JOHNSTON) I ask unanimous consent that the privilege of the floor for Mr. John Walton of Mr. JOHNSTON's staff be granted during consideration of H.R. 8309 and all votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAYH. Mr. President, I ask unanimous consent that Eva Lubellan, of my staff, have the privilege of the floor during the debate and votes on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair, will now make an announcement as to the debate time limitation.

Time for the debate on this bill is limited to 7 hours, with 3 hours to be jointly shared by Senators RANDOLPH and LONG or their designees, with 3 hours under the control of Senator BAKER or his designee and with 1 hour under the control of Senator CRANSTON.

The time for debate on any amendments shall be limited to 1 hour except on one amendment each by Senators DOMENICI, DANFORTH, and LONG, on which there shall be 3 hours each; on any amendment to Senator DOMENICI's amendment, on which there shall be 2 hours each; and on one amendment each by Senators GRAVEL and MELCHER, and on three amendments by Senator ALLEN, on each of which there shall be 70 minutes; and 30 minutes on any debatable motion, appeal or point of order. No amendments relative to user fees or lock and dam No. 26 shall be in order today.

Who yields time?

Mr. DOMENICI. Mr. President, I ask unanimous consent that Mary Goedde of Senator HAYAKAWA's staff, Kermit Almstedt and Burleigh Leonard of Senator DANFORTH's staff, Matt Scacozza and Mal Sterrett of the Commerce Committee staff, and Jon DeVore of Senator STEVENS staff be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I suggest the absence of a quorum and ask unanimous consent that it be assessed equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the waterway user bill.

Mr. GRAVEL. Mr. President, the Senate has before it H.R. 8309, the Navigation Development Act. I believe it appropriate at this time to lay out a description of the events over the past several years that have brought us to this point in time.

Locks and dam 26 and waterway user charges have been considered by the Committee on Environment and Public Works and by the Senate for several years.

In 1976 the Subcommittee on Water Resources held extensive hearings on these items, which culminated in a hearing record of 1,120 pages. The Water Resources Development Act of 1976 contained authorizations for locks and dam 26 and a waterway user charge designed to recover 50 percent of both construction and operation and maintenance. That measure was passed by the Senate, but those two provisions were dropped in conference in order to get a bill on the last day of the 94th Congress.

Another set of extensive hearings were held in 1977 on locks and dam 26 and user charges. The hearing record numbered 1.652 pages. In June of 1977 the Committee on Environment and Public Works brought to the Senate floor still another water resources development bill which contained river basin monetary authorizations and projects in over 30 States. That legislation was amended on the floor to include locks and dam 26 and a waterway user charge which would recover 50 percent of construction and 100 percent of operation and maintenance.

The bill was passed by the Senate and sent to the House. The House considered that the waterway user charge was a revenue-raising measure which should have originated in the House of Representatives. The bill was therefore held at the Speaker's desk and never considered.

Now, Mr. President, we are considering locks and dam 26 and waterway user charges for a third time. The House has sent us a bill, H.R. 8309, which would institute a 4-cent per gallon fuel tax on liquid fuel used by commercial shallow-

draft vessels, to increase to 6 cents per gallon in 1981.

There are a number of amendments which will be offered to H.R. 8309. Due to the absence today of several Members having a deep interest in locks and dam 26 and user charges, those amendments will not be taken up today. I would like at this time to outline for my colleagues the activities which will take place during these 3 days of debate.

When I have finished my opening remarks and have yielded the floor to the Senator who is carrying the minority side (Mr. DOMENICI), I will offer a committee amendment which will contain items relating to eight projects, authorization of river basin monetary authorizations to carry that program through fiscal year 1979, and authorization for a macroeconomic study to determine the competitive effect of Federal and State subsidies and taxes on the different modes of inland freight transportation. The river basins and the study were both included in the bill which passed the Senate last June, and the projects were approved by the Public Works Committee subsequent to passage of that bill.

When the committee amendment has been adopted, we will move on to consideration of individual project amendments exclusive of locks and dam 26 and user charges.

It is my understanding that there will be an amendment that will be initiated by Senator CRANSTON with respect to the Big Pine Flat exemption, to strike it from the committee amendment which will be offered.

There would be in that case a 1-hour time agreement on that amendment.

After disposal of that amendment, other project amendments will be offered by various Members. There will be as many, probably, as 45 or 50 of these which I hope will be disposed of in a very timely fashion.

As early as possible on Wednesday, Senator RANDOLPH, distinguished chairman of the Committee on Environment and Public Works, will offer a second committee amendment to H.R. 8309. This will add to the House bill all the project authorizations and modifications which were contained in the bill which passed the Senate last year. These constitute 45 projects in 30 States, at an estimated Federal cost of about $374 million. I wish to make it clear to my colleagues having an interest in those projects that they do not need to offer separate amendments to include them in H.R. 8309. That will be taken care of by Senator RANDOLPH's amendment.

Following disposition of Senator RANDOLPH's amendment, the Senate will move to consider amendments to locks and dam 26 and water user charges. Final vote will be no later than 2 p.m. on Thursday, May 4.

Mr. President, at this time, I yield to my distinguished colleague from New Mexico for his opening comments.

The PRESIDING OFFICER. The Chair recognizes the distinguished Senator from New Mexico (Mr. DOMENICI).

Mr. DOMENICI. I thank the Chair.

Mr. President, pursuant to the order entered, I have been designated by Senator BAKER for the 3 hours on the bill, as noted when the Chair announced the unanimous-consent agreement.

Mr. President, I welcome this opportunity to offer a few comments on the legislation we will be considering during the next 2 or 3 days.

Tomorrow, the Senate turns to the related issues of waterway user charges and locks and dam 26. These issues, I recognize, may be tiring ones for many of my colleagues. They, as well as I, thought we had resolved these points on June 22 of last year, when we passed a comprehensive user charge proposal in the Senate. But our action was ignored by the House. In an effort to avoid the issue, the House has let our Senate-passed proposal for a comprehensive waterway user charge and our request for a conference on it rest on the Speaker's desk.

It is not my point at this time to reiterate all the arguments supporting the need for user charges: the distortions to national transportation engendered by the free ride given the barge industry; the simple unfairness to the American taxpayer of this kind of support to a few companies and one favored mode of freight transportation.

Nothing really has changed since June 22. The Army Corps of Engineers is still spending hundreds of millions of dollars each year as a 100-percent subsidy for the barge companies. The waterway interests continue to wail in terror when it is suggested they pay anything approaching a reasonable or fair share of these costs. Other types of water users—irrigators, hydropower users, municipalities, industries receiving water—still repay the Federal Government for their share of the costs of corps and other Federal water projects. Only the barge companies continue to enjoy to float along at full Federal support.

In order to place our discussion of the next couple of days into perspective, it may be helpful to recall the chronology of this issue, and the related one of the reconstruction of locks and dam 26 on the Mississippi River.

In the closing days of the 94th Congress, the Committee on Public Works, as it was then known, reported an omnibus water resources bill that authorized construction of a new locks and dam 26, plus the development of a system of waterway user charges. Faced with the possibility of a filibuster by various Members, the Senate dropped both those related provisions from the bill. At that time, the chairman of the Subcommittee on Water Resources (Mr. GRAVEL) and I pledged to do all that we could to have these issues resolved by the Senate early in 1977.

As a result, several pieces of legislation were introduced affecting locks and dam 26 and user charges. These included S. 712 and S. 790. Following extensive hearings and markups last spring, the Committee on Commerce, Science and Transportation and the Committee on Environment and Public Works jointly reported S. 790 to the floor. Both bills authorized locks and dam 26. The Public Works version also phased-in over 10 years a system of waterway user charges; the Commerce Committee version did not.

S. 790, as such, was never considered in the Senate. When an omnibus Water Resources Development Act (S. 1529) was brought to the Senate floor last June 21, I offered the Environment and Public Works Committee version of S. 790 as an amendment. Under the amendment's timetable, a user charge system would, after the 10-year phasein, recover all of the Corps of Engineers annual spending for operating and maintaining the inland waterway system, plus half the construction costs on new waterway improvements. This schedule was intended to place waterway development more in line with other water resources and transportation programs, where the direct beneficiaries of the water—hydropower, irrigation, water supply—repay the costs. It is also similar to the philosophy that the user of roads and the airways repay the Federal Government virtually all of the associated Federal expenditures.

After considering various amendments, the Senate agreed to my amendment on a vote of 71 to 20. The text of S. 1529 was then substituted for a House-passed water resources bill (H.R. 5885), and the Senate requested a conference.

Normally, a proposal such as ours would receive at least some consideration in a conference. But the House ignored the request for a conference. Instead, the House decided to take a separate tact, one seeking to avoid any consideration of the Senate's June 22 decision. So the House developed a new bill, H.R. 8309.

That bill was passed by the House last fall and sent to the Senate. In an effort to expedite consideration and to avoid what would have required a time-consuming, three-committee joint referral process, I was able to have the bill placed immediately on the Senate Calendar. There it has rested ever since, with occasional false starts of floor action, called off at the last minute.

Until recently, it was my intention to ask the Senate to reaffirm our position established last June 22 by approving the comprehensive 100 percent, 50 percent cost recovery program. I believe that represents a fair, long-term solution to the issue.

But, of course, I recognize the fact that the House has moved, however modestly, and that many of my colleagues are seeking a reasonable compromise of the issue. One of the basic areas of disagreement, of course, has ended: we were no longer arguing "whether," but "how much." The argument became whether user charges will be in any way effective, or whether it will be a basic cosmetic painting of the same old subsidies.

The compromise approach that Senator STEVENSON and I have introduced, I believe, is the only one that will assure passage into law of the construction of locks and dam 26 during this Congress. I hope that my colleagues will vote to

support our compromise, to support more balanced national transportation policy which would insure such a balanced policy—if not now, at least in the future—and to reiterate the Senate's position of last June, clearly indicating that the Senate wanted to move in that direction.

Mr. President, I wish also to comment on some of the other water resources projects we will be asked to consider today. I am sure that most of the ones that have been submitted for printing or discussed with me or with staff will be noncontroversial and accepted. Some, however, appear to raise problems of the basic Federal approach to water projects. While there may be an apparent need for the change, these proposals deserve a hearing, with testimony from interested persons and groups. I hope that my colleagues will understand that any reluctance by the floor managers to accept a proposal in no way is an effort to lessen the significance of the proposal. Rather, it is an effort to assure that we are proceeding with full knowledge of the facts and that hearings have been held. I would also caution constraint on this legislation. In his letter to the Senate discussing waterway user charges, DOT Secretary Brock Adams made the following significant statement:

> The President has asked me to convey his hope that this bill will not be used as a vehicle for additional costly or extraneous amendments that could jeopardize final enactment of this needed legislation.

I call to the attention of the Senate the fact that the full text of that letter is found in the RECORD. It was attached to the amendment offered by Senator STEVENSON and me, to which I have referred previously in these remarks.

Aside from addressing the issue of additional costly or extraneous amendments, this letter goes into detail as to the President's desire that we begin now to initiate some user fee system for recoupment of capital improvements—not now, not any that are presently under construction, but those that might start in the future.

That letter also indicates that the 10-percent recoupment for future new projects not now under construction, which 10 percent would be recovered in the first 10 years immediately after the construction, will receive the support of the President if it finds its way into this bill and that the bill would be signed if such is the desire of the Senate and the House of Representatives as a means of beginning to initiate some plan for recoupment.

I point out that the projects that we included in last year's bill, and serve as the basis for this bill, will cost the taxpayers at a minimum $1,258,959,000. That is before any inflation for which we have no authorizing control and it is adding no cost for various projects that could pose tremendous costs if they are added here today or in the next 2 or 3 days.

Mr. President, I reserve the remainder of my time.

Mr. GRAVEL. Mr. President, I ask unanimous consent that Bill Hoffman, Jerry Gauche, Tyler Jones, and Heida Boucher, of my staff, be accorded the privilege of the floor during consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished chairman of the Committee on Environment and Public Works, the Senator from West Virginia (Mr. RANDOLPH).

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR RANDOLPH

The measure which comes before the Senate today is of critical importance. Our waters are our most abundant resource and the projects which we shall discuss today are important in the development and use of these waters.

This legislation is the culmination of three years activity by the Committee on Environment and Public Works. Locks and Dam 26 and user charges have been under consideration for this length of time. The Senate on June 22, of last year passed a bill (H.R. 5885) which authorized Locks and Dam 26 and waterway user charges. This bill has not been acted on by the House which has instead returned to us H.R. 8309 for consideration. This legislation which we consider today will be an opportunity to dispose of this issue and authorize new projects and modifications of existing authorizations to be carried out by the Army Corps of Engineers.

Because of the unique way that this measure has come before the Senate, committee amendments to be offered by myself and Senator Gravel will provide the basis of project authorizations. These projects have been carefully considered by the Committee on Environment and Public Works both through hearings and markup. These projects will enhance our water resource management and be useful to growth and development for years to come.

The projects recommended for authorization by the Committee will continue the important development of our water resources. Projects are authorized for flood control, water supply, navigation, beach restoration and other purposes. These are useful projects and respond to various local water problems. Seventeen States and one territory have projects in this bill.

The Committee amendments authorize construction of 12 projects recommended by the Chief of Engineers. These projects were developed from studies initiated by the Committee on Environment and Public Works. These projects are located in all regions of the nation and are of many types. The measure also continues a new authorization procedure for the Phase I engineering and design stage of project development. Five projects of this type authorization are recommended in the bill.

The legislation also contains several provisions amending the authority of the Corps of Engineers to carry out general activities. These are important changes in procedures of the Corps and will be of benefit to water resources development generally. Several of these deserve special recognition. I have long been concerned with the question of dam safety. The Committee in this legislation addresses this problem. Section 407 specifically provides that each report of the Chief of Engineers and the Soil Conservation Service which recommend impoundment of water as solution to a problem shall specifically report on factors involving dam safety in the project document. This is an important step forward and hopefully will do much to provide Congress with sufficient data on the safety of our authorized dams.

Finally, section 421 authorizes the Corps under Section 208 of the Flood Control Act of 1954 to survey and plan small stream clearing and snagging projects for local governments. Quite often, the study of a local flooding problem will not lead to an economically feasible solution under Federal criteria. This does not mean that the project is not of local importance. This new authorization to the Corps will allow it to plan, design and prepare specifications for a project which the local government will then construct with other funds. Under this authority Federal revenue sharing funds may be used by the local government for this purpose.

These amendments contain many excellent provisions and many necessary projects. I recommend that the members of the Senate give careful consideration of this measure. I urge the passage of H.R. 8309.

AMENDMENT NO. 1831

(Purpose: To authorize projects for river and harbor improvement recommended by the Committee on Environment and Public Works)

Mr. GRAVEL. Mr. President, I send amendment No. 1831, as modified, to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL) proposes amendment numbered 1831, as modified.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following:

TITLE IV—WATER RESOURCE PROJECTS

SEC. 401. (a) The Secretary of the Army shall on or before March 1, 1979, establish a Tennessee-Tombigbee Human Resource Center (hereinafter referred to as the "Center").

(b)(1) The Center shall consist of a Board of Directors and executive staff with offices located in the vicinity of the Tennessee-Tombigbee Waterway Project (hereinafter the "project").

(2)(a) The Board of Directors shall consist of seven members, one each to be selected by the following agencies and organizations:

(i) the Corps of Engineers;

(ii) the Department of Commerce, Office of Minority Business Enterprise;

(iii) the Department of Labor;

(iv) the Tennessee-Tombigbee Waterway Development Authority;

(v) the Minority Peoples Council;

(vi) the National Association for the Advancement of Colored People; and

(vii) a representative to be jointly selected by the Governors of Tennessee, Alabama, and Mississippi.

(b) The representative selected by the Governors and the representative of the Corps of Engineers shall serve as cochairmen of the Board of Directors.

(3) The staff of the Center shall consist of an executive director selected by the Board of Directors, a majority concurring, and such additional staff as the Board shall deem necessary to assist the Board in carrying out the purposes of this section. The executive staff shall be selected by the execu-

tive director subject to the approval of the Board of Directors.

(c) The purposes of the Center shall be—

(1) to oversee minority employment on the project to determine whether minority employment goals are achieved;

(2) to oversee project contracting to determine whether minority firms are afforded a reasonable opportunity to participate in project contracts and subcontracts;

(3) to oversee planning and policies which affect or control the construction, design or operation of the project to determine whether minorities are appropriately represented and whether project facilities and benefits are equitably distributed among communities affected by the project;

(4) to provide information and assistance to minorities and minority-owned firms regarding the availability of employment and construction opportunities; and

(5) to assist in the coordination of programs which affect the utilization of minority resources.

(d) The Center is authorized and directed to—

(1) establish and maintain a central office and staff as is necessary to carry out the purposes of this section, including such branch offices as are necessary to serve as information clearinghouses, all to be located within the vicinity of the project;

(2) to prepare and submit an annual report to the Secretary of the Army and to Congress, which report shall be due on July 1 of each year; and

(3) to consult with Federal and State agencies and federally funded organizations, including the recruitment and training program, the Federation of Southern Cooperatives, and the National Rural Center, to assure that adequate training is available to minorities and to assist the coordination of such programs.

(e) The annual report of the Center shall include—

(1) an inventory of project employment indicating the proportion of minorities employed at various skill and pay levels;

(2) an inventory of project contracts indicating the proportion of contracts and subcontracts awarded to minority enterprises;

(3) a description of minority involvement in Federal, State, and local organizations which control or influence decisions regarding the design, location, or operation of facilities of the Tennessee-Tombigbee Waterway project, including an analysis of the effect of such decisions upon the distribution of project benefits, including secondary benefits, among communities affected by the project;

(4) a description of policies and programs of the Corps of Engineers and other Federal and State agencies which have been undertaken or are planned for the purpose of enhancing the utilization of or which affect the utilization of minority resources in the construction of the project, including an evaluation of such programs and policies; and

(5) the findings of the Board of Directors with regard to the adequacy and effectiveness of programs and policies related to project construction and operation and planning for secondary project benefits from the standpoint of the utilization and development of minority resources.

(f)(1) The Department of the Army, and the Corps of Engineers shall provide the Center with such relevant information as may be requested by the Center in connection with the performance of its functions.

(2) In furtherance of the purposes of this section the Center is authorized to consult with such agencies, individuals, and organizations as the Board of Directors deems appropriate, including the Tennessee-Tombigbee Construction Assistance Center, the National Rural Center, the Federation of Southern Cooperatives, and the Southwest Tennessee Area Development Association.

(g) There is authorized to be appropriated up to $1,500,000 in each of fiscal years 1979 through 1986, for the purpose of this section. In order to expedite establishment of the Tennessee Tombigbee Minority Resources Center authorized by this section, there is authorized to be expended not to exceed $1,000,000 in fiscal year 1978 from construction general funds appropriated to the United Sttaes Army Corps of Engineers for the Tennessee-Tombigbee Waterway, Alabama and Mississippi. None of these funds should be charged against the economic costs of the project.

SEC. 402. The Secretary of the Army acting through the Chief of Engineers is hereby authorized to cause a survey to be made at Kinnickinnic River, Milwaukee County, Wisconsin, for flood control and allied purposes, at an estimated cost of $300,000 and to submit a report thereon to Congress with recommendations.

SEC. 403. The portion of the project for the Nansemond River, Virginia, from the United States Highway 460 Bridge at Suffolk, Virginia, to the upstream project limits at river mile 18.66, a distance of approximately 2,500 feet, authorized by section 1 of the Rivers and Harbors Act of August 11, 1888 (25 Stat. 410), and modified by section of the River and Harbor Act of July 3, 1930 (46 Stat. 922), shall hereby be deauthorized on the date of enactment of this Act.

SEC. 404. Section 160 of Public Law 94–587, the Water Resources Development Act of 1976, is hereby amended to delete the last sentence thereof and to delete the words after the word "recommendations" in the sentence immediately preceding the last sentence and substitute in lieu thereof the words "of the Chief of Engineers in his report dated February 8, 1977, at an estimated cost of $11,000,000.".

SEC. 405. Section 173 of Public Law 94–587, the Water Resources Development Act of 1976, is hereby amended to delete the last sentence thereof and to delete the words after the word "report" in line 5 and substitute in lieu thereof the words "of the Chief of Engineers dated March 30, 1977, at an estimated Federal cost of $7,231,000.".

SEC. 406. Section 109 of Public Law 94–587, the Water Resources Development Act of 1976, is hereby amended to delete the last sentence thereof and to delete the words after "recommendations" and substitute in lieu thereof the words "of the Chief of Engineers dated September 27, 1977, at an estimated cost of $700,000.".

SEC. 407. Notwithstanding any other provision of law, to the extent that water regulated by Pine Flat Dam in California, authorized by section 10 of the Act of December 22, 1944 (58 Stat. 887), constitutes a supplemental source of hydroelectric power and irrigation supply, the provisions of the Act of June 16, 1938, relating to the Colorado-Big Thompson project in Colorado are hereby made equally applicable to lands in the Kings River and Tulare Lake Basin.

SEC. 408. The project for navigation at Houston Ship Channel (Greens Bayou), Texas, authorized under section 301 of the River and Harbor Act of 1965 (79 Stat. 1091) is hereby modified to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to perform such dredging operations as are necessary to maintain a forty-foot project depth in that section of Greens Bayou from mile 0 to mile 0.34 as described in House Document Numbered 257, Eighty-ninth Congress.

SEC. 409. (a) The Secretary of the Army is prohibited from determining the forty-five-acre cabin site in the South Recreation Area at Conchas Lake, New Mexico, to be excess of project needs prior to 1996, unless such a determination is agreed to by the Governor of the State of New Mexico or his designee.

(b) The Secretary of the Army shall not require the removal or sale and purchase of existing cabins, cottages, or other privately owned improvements located on the site referred to in subsection (a) of this section prior to 1996, unless agreed to by the Governor of the State of New Mexico or his designee. Existing and prospective lease arrangements shall reflect the requirements of this section.

SEC. 410. Funds appropriated for fiscal years 1978 and 1979 may be expended notwithstanding the provisions of section 221 of the Flood Control Act of 1970 (Public Law 91–611) for the following projects:

(1) Deer Creek Lake, Ohio;

(2) Delaware Lake, Ohio;

(3) Dillon Lake, Ohio;

(4) Paint Creek Lake, Ohio;

(5) C. J. Brown Dam and Reservoir, Ohio; and

(6) Michael J. Kirwan Dam and Reservoir, Ohio.

TITLE V—RIVER BASIN MONETARY AUTHORIZATIONS

SEC. 501. In addition to previous authorizations, there is hereby authorized to be appropriated for the prosecution of the comprehensive plan of development of each river basin under the jurisdiction of the Secretary of the Army referred to in the first column below, which was basically authorized by the Act referred to by date of enactment in the second column below, an amount not to exceed that shown opposite such river basin in the third column below:

[Dollars in millions]

Basin	*Act of Congress*	*Amount*
Alabama-Coosa River Basin	Mar. 2, 1945	$3
Arkansas River Basin	June 28, 1938	9
Brazos River Basin	Sept. 3, 1954	24
Central and Southern Florida	June 30, 1948	2
Columbia River Basin	June 28, 1938	53
Mississippi River and tributaries	May 15, 1928	300
Missouri River Basin	June 28, 1938	74
North Branch, Susquehanna River Basin	July 3, 1958	30
Ohio River Basin	June 22, 1936	20
Ouachita River Basin	May 17, 1950	2
Red River Waterway	Aug. 13, 1968	120
San Joaquin River Basin	Dec. 22, 1944	65
Santa Ana River Basin	June 22, 1936	1
South Platte River Basin	May 17, 1950	7
Tampa Harbor	Dec. 31, 1970	21
Upper Mississippi River Basin	June 28, 1938	3

SEC. 502. The above authorization for the Columbia River Basin shall include an amount not to exceed $1,000,000 which shall be available for the local flood protection projects authorized by section 204 of the Flood Control Act of 1950 (64 Stat. 180), thereby increasing the total authorization for said local flood protection projects to a sum not to exceed $16,000,000.

SEC. 503. The total amount authorized to be appropriated by this title shall not exceed $734,000,000.

SEC. 504. This title may be cited as the "River Basin Monetary Authorization Act of 1977".

TITLE VI—MACROECONOMIC INLAND FREIGHT TRANSPORTATION STUDY

SEC. 601. This title may be cited as "The Comparative Macroeconomic Inland Freight Transportation Study Act of 1977".

SEC. 602. The Congress finds that there is a need to determine the competitive effect

of Federal and State subsidies, direct and indirect, and taxes on the different modes of inland freight transportation.

SEC. 603. The Secretary of Transportation is directed to conduct a thorough and complete study regarding the economic impact and competitive effects of taxes, subsidies, user fees, and other similar charges on the different modes of inland freight transportation. Such study shall include an analysis of the amount and competitive effect of Federal and State subsidies, direct and indirect, and taxes on the different modes of inland freight transportation, and the types the user charge, if any, that would be equitable to all modes.

SEC. 604. The Secretary of Transportation shall submit to the President and the Congress a final report containing the results of the study conducted under subsection 503 within eighteen months after the date of enactment of this Act. Such report shall include such recommended legislation and administrative actions as the Secretary deems necessary and appropriate.

SEC. 605. There are authorized to be appropriated not more than $1,000,000 to the Secretary of Transportation to carry out the purposes of this section.

Mr. GRAVEL. Mr. President, the amendment I am offering on behalf of the Committee on Environment and Public Works would add three new titles to H.R. 8309.

A new title IV would contain modifications of eight specific projects. These projects were approved by the Committee following passage of H.R. 5885 last June. While hearings as such were not held on them, the Committee consided them carefully and determined them to be meritorious and without significant controversy. I ask unanimous consent that a description of these items will be printed in the RECORD at this point in my remarks.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

COMMITTEE AMENDMENT

Section 401. Directs the Secretary of the Army to establish a Minority Resource Center to oversee minority involvement in planning and construction of the Tennessee-Tombigbee Waterway project. It authorizes $1.5 million annually and requires an annual report on the level and quality of minority participation in activities associated with this project.

Section 402. This section authorizes the Corps of Engineers to conduct a feasibility study to determine possible solutions to flood control and associated problems on the Kinnickinnic River, Wisconsin, in the vicinity of Milwaukee. Legislative authorization is required for this study because the area in question has never been studied by the Corps.

Section 403. Deauthorization of a portion of the navigation project on the Nansemond River in the vicinity of Suffolk, Virginia. there is currently only one commercial user of the navigation channel, who intends to convert to another mode of transportation in the near future. The city of Suffolk wants to build a bridge across the river, but cannot proceed until the navigation project is deauthorized, as the bridge would be too low to permit navigation. This section does not entail any cost to the Federal Government.

Sections 404 and 406 remove the conditional authorization for Phase I of the Susitna River project, Alaska, and the Santa Ana project, California. The Water Resources Development Act of 1976 authorized Phase I of advanced engineering and design for these two projects, subject to the final approval of the Chief of Engineers and notification to the Congress of such approval. This language was incorporated into the 1976 Act because the Susitna and Santa Ana projects did not have a final Chief's report at the time the bill was enacted. Both projects now have Chief's approval, but the Office of Management and Budget has not permitted notification to Congress of that approval. These sections remove the requirement for such notification so that the Corps of Engineers can proceed with the studies necessary to determine the full scope and effects of the proposed projects. These amendments does not in any way authorize construction until such scope and effects are determined and the Congress reconsiders the projects. They will, however, permit the Corps to proceed with studies authorized last year.

Section 405. The Water Resources Development Act of 1976 authorized construction of the Bassett Creek, Minnesota, local flood control project subject to final approval of the Chief of Engineers and notification to the Congress of such approval. As in the preceding section, the Chief has approved the final report but the Congress has not been notified. The report has been with the Office of Management and Budget since April of this year. The estimated Federal share is $7.2 million. As the project is badly needed and has received the endorsement of the Chief of Engineers, this section would allow the Corps to proceed with construction as soon as the necessary money is appropriated.

Section 407. Exempts the Big Pine Flat project in California from the 160-acre irrigation limitation under the Bureau of Reclamation.

Section 408. Authorizes the Corps to maintain the navigation channel at Green's Bayou, Texas, at a depth of 40 feet. The original authorization of Green's Bayou and the Houston Ship Channel authorized the Corps to dredge and maintain both channels at 36 feet. A subsequent modification increased the depth of the Houston Ship Channel to 40 feet. In order to expedite continuing navigation, the Port of Houston, at its own expense, dredged the Green's Bayou Channel to 40 feet. This amendment would authorize the Corps to maintain the channel to its current depth. This work would not entail any additional money over that needed to maintain the channel at the authorized depth of 36 feet.

Section 409. This section relates to existing cabins at Conchas Lake, New Mexico. In 1946 the Corps of Engineers agreed to the construction of private recreational cabins on Federal property. The Corps has now decided not to renew the leases on the land, and the cabins must be phased out by 1982. This section extends existing leases through 1996, allowing for a review of the situation.

Section 410. Exempts six Ohio Corps of Engineers projects from the constructural agreements required by section 221 of the 1970 Flood Control River and Harbor Act. Section 221 requires that non-Federal interest enter into binding agreements guaranteeing payment of their share of project construction and/or operation and maintenance. This section has resulted in problems with several States in which the State constitution prohibits the binding of future legislatures to the appropriation of funds. Ohio is one of these States. The six projects to which this section applies all have funds appropriated for on-going work in FY 1978. Pending a thorough review of section 221 by the Water Resources next year, this section exempts these projects from this requirement for FY 1978 and FY 1979 only. In no way does the Committee intend to relieve the State of Ohio of its obligations in constructing or maintaining these projects.

Mr. GRAVEL. Mr. President, the new title V addresses river basin monetary authorizations. Projects in this category have all been authorized in the past. This language merely provides authority needed for funding continuing construction. A total of $734 million is authorized, approximately $143 million of which is for fiscal year 1978 and the remainder for fiscal year 1979.

Title VI authorizes a macroeconomic study to determine the competitive effect of Federal and State subsidies and taxes on the different modes of inland freight transportation. This provision was a part of H.R. 5885 as it passed the Senate last year.

Mr. President, the Senator from California has just arrived on the spot, and I know that he wants to now address himself to one of the items in this amendment that I am proposing.

I yield the floor to him.

The PRESIDING OFFICER. The Senator from Alaska will yield time to the Senator from California.

Mr. GRAVEL. This amendment is under a specific time agreement. I think the time will be between Senator DOMENICI and myself under controlled time. So I am happy to yield time to the Senator from California.

Mr. CRANSTON. Mr. President, I thank the Senator very much.

UP AMENDMENT NO. 1260

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair will state that the amendment is not in order at this time inasmuch as the time for consideration of the amendment of the Senator from Alaska on behalf of the committee has not expired. However, if the amendment is an amendment to the amendment, that can be offered as soon as time has expired.

Mr. GRAVEL. Mr. President, I ask unanimous consent that notwithstanding the time not having expired we permit the Senator from California to offer his amendment at this time.

The PRESIDING OFFICER. Is there objection to the request?

Mr. DOMENICI. No objection.

The PRESIDING OFFICER. Hearing no objection, the amendment is in order, and the amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an unprinted amendment numbered 1260.

Strike out section 407 in such amendment.

Mr. CRANSTON. Mr. President, this amendment deletes from Senator GRAVEL's amendment a section exempting Kings River water users from Federal reclamation law. At the request of Senator WALLOP, the Senate Environment and Public Works Committee adopted this provision exempting from Federal reclamation law lands in my State of California which receive water from Pine Flat Dam. It may well be that upon careful consideration such an ex-

emption can be justified, and if so, it will have my support. However, I strongly object to the Environment and Public Works Committee's premature action.

The Environment and Public Works Committee adopted this exemption without holding any hearings on the issue. Since 1963 there has been litigation pending on the question of whether the Kings River farmers are subject to the excess land provision of reclamation law. The ninth circuit court ruled in August 1977 that the water users who receive Kings River water for irrigation purposes are subject to Federal reclamation law. The Public Works Committee action would reverse the court's decision after 14 years of litigation.

Moreover, the Public Works Committee's action singles out one irrigation area for an exemption without considering claims of other farmers in California and other States who also believe they should be exempted from reclamation law. For example, in California, the Imperial Valley growers have an argument for exemption which I believe to be more meritorious than the Kings River farmers, even though the Kings River argument may prove, upon examination and study, to be on balance, meritorious. A unilateral exemption now for Kings River would be premature and would not provide equal treatment to other claimants.

Mr. President, this is not simply a question of 1,000- or 2,000-acre family-owned farms being exempted from the 160-acre limitation. One ranch comprising approximately 90,000 acres and another ranch of approximately 60,000 acres, both in the Tulare Lake Basin, would be exempted from the 160-acre limitation.

No one seems to know how much subsidy is involved in the Federal storage of Kings River water used for irrigation purposes. I have heard estimates ranging from $1 to $100 per acre-foot. Thus, the exemption might involve a subsidy of several million dollars a year to a single farm. We should be aware of how many taxpayers' dollars—if any—we would be providing to the Kings River farmers before we adopt any exemption from reclamation law.

Proponents of exempting the Kings River argue that the exemption is justified because Pine Flat Dam is a Corps of Engineers, not a Bureau of Reclamation project. The ninth circuit court concluded there was no merit in this argument. The court carefully reviewed the legislative history of the 1944 Flood Control Act which authorized the construction of Pine Flat Dam, and concluded that the Congress intended section 8 of that act to apply to Pine Flat Dam. Section 8 specifies that a Corps of Engineers project with irrigation as an authorized project purpose would be subject to Federal reclamation law. Even if one disagrees with the court's finding, the fact remains that there are nine other corps projects in California alone having irrigation as a purpose where Federal reclamation law is or will be applied. Why single out just 1 of the 10 for exemption?

Proponents of exempting the Pine Flat Dam also argue that the exemption is justified because all land to be served was in private hands, because local water users had appropriated most if not all Kings River water and had constructed extensive irrigation works in the area, and because no new lands were brought under cultivation as a result of the project.

The court found the obvious difficulty with this argument is that it is contrary to the whole tenor of the legislative history. In fact, the legislative history was waged on precisely these grounds. The Congress was repeatedly informed that all lands to be served by the Pine Flat project were in private hands, that local water users had appropriated most Kings River water and had constructed extensive irrigation works in the area, and that no new lands would be brought under irrigation as a result of the project. Knowing these facts, the Congress decided the Pine Flat Dam should be subject to reclamation law. The court noted that the Senate rejected two amendments specifically designed to exempt the Pine Flat Dam from the acreage limitation. One amendment would have made reclamation law inapplicable to any dam or reservoir which supplements any existing locally operated irrigation systems or other locally operated water facilities. Moreover, the court found that normally the function of federally financed reclamation projects is to furnish water storage needed to conserve and regulate the existing water supply—not to bring new lands under cultivation.

Certainly the arguments of the court should be looked into before acting on an amendment to exempt the Pine Flat Dam from reclamation law.

Mr. President, there is no need for immediate action today to exempt the Pine Flat Dam. The U.S. District Court has directed the Secretary of Interior to prepare an environmental impact statement on the proposed new regulations on the disposal of excess land. In the meantime, no owner will be required to sell his excess land. This gives Congress ample time to hold hearings on reclamation law and consider the need for revisions in the basic law and the various claims for special exemptions. The State Energy and Natural Resources Committee is doing just that.

The Senate Energy and Natural Resources Committee is the committee which has the jurisdiction over reclamation law. On April 12 and 13 the Energy Committee held hearings on this issue and received testimony from the administration and representatives of the Kings River Water Association specifically on the question of exempting Pine Flat Dam from the 160-acre limitation. The fact that the Kings River water users testified before the Senate Energy Committee demonstrates that the water users are aware that the Energy Committee is the appropriate forum to consider exemptions to reclamation law—not the Environment and Public Works Committee which adopted this exemption language in the Gravel amendment.

Mr. President, I want to make it clear that I have made no decision on whether Kings River water users should be exempted from the 160-acre limitation. However, this is a highly controversial and complicated matter which has been argued by the experts for almost 35 years. I strongly feel the procedure being undertaken by the Senate Energy and Natural Resources Committee—holding and reviewing new hearings pro and con on the issue—is the appropriate one. We must consider the lengthy history of the dispute with care, so that our final decision is the fairest and most reasonable for the affected farmers and the American people whose dollars are subsidizing these water deliveries.

The administration supports removing the Kings River exemption from this bill. So does Congressman JOHN KREBS, whose district includes the affected area and who is a supporter of an exemption for the Kings River, but does not believe this bill is the appropriate legislative procedure.

I urge my colleagues to support my amendment which, in effect, would defer the decision on whether to exempt the Pine Flat Dam and Kings River water users from reclamation law.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I am going to yield the time on this amendment to the junior Senator from Wyoming.

The PRESIDING OFFICER. The Chair recognizes the distinguished Senator from Wyoming.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Was there 1 hour on this amendment to be equally divided?

The PRESIDING OFFICER. Yes.

Mr. DOMENICI. I thank the Chair.

Mr WALLOP. I thank the Chair, and I thank my colleague from New Mexico.

Mr. President, I would say, in resisting this amendment, that I have no quarrel with what the senior Senator from California's says concerning other problems dealing with the 160-acre limitation in California. Many of us do in the rest of the country share them. But, Mr. President. the Pine Flat Dam on the Kings River is deserving of an exemption from the excess land provisions of reclamation law simply because it is not a reclamation project. I do not intend to be facetious, for we all know that it is a Corps of Engineers project rather than a Bureau of Reclamation project. What I mean to describe in detail is that here we have none of the elements classically or commonly associated with the construction of a reclamation project which would justify the application of reclamation law.

The construction of this project did not result in the reclaiming of any arid lands; it did not result in the improvement of any public lands. No distribution works were built at Federal expense, and no additional water was made available through the construction of the dam. This is, in fact, a unique situation. The district court which considered this issue found that there is no similar situation

anywhere in the country where the Government has taken a river in which the water was 100 percent appropriated, built a dam across the river primarily for flood control, and then with no other investment by the Government subjected the project to reclamation law and the limitions inherent in it. In fact, there were no public lands in the Kings River service area. All of the land was privately owned and developed prior to the authorization of the dam. There is, in fact, no reason why the reclamation law should ever have been applied in this case.

Our colleague, Senator STEVENS, the senior Senator from Alaska, had occasion as the Solicitor of the Department of Interior to extensively consider the Kings River case. It was, and is, his opinion that this exemption should have been enacted 30 years ago.

Twice the local people have relied on the good faith of their Government, and twice they have been bitterly disappointed. First, they were assured from the beginning that this would be a flood control project and that their lands would not come under reclamation law. On that occasion they supported the project.

To have desired the Federal Government to build a reclamation project on the Kings River would have been silly on the face of it because the farmers did not need a reclamation project, particularly if it would subject them to acreage limitations and to the restrictions of reclamation law.

Prior to the construction of the dam the Kings River was the most completely used of any California stream, and even now, as I have said, the water is 100 percent appropriated by the farmers. When rights were in doubt the irrigation districts purchased those rights.

Even after the dam was authorized, the Kings River area was continually assured they were not subject to reclamation law, until a Presidential order changed that interpretation after World War II.

Second, the local people were assured, that once they had paid the Government the sums which represented the value to enhanced irrigation, the principle of "payout" would apply, and they would be exempted from acreage limitations. That, too, was a promise repeatedly made and not fulfilled by this Government.

The Department of the Interior announced this opinion beginning in 1914; the Associate Solicitor confirmed it in 1947; the Solicitor confirmed it in 1957; and finally Senator STEVENS, when he was Solicitor, reconfirmed it in 1961.

Based upon these assurances, the farmers did in fact pay out the portion of the project allocated to irrigation benefits. They have paid all they can legally. This is in addition to paying over 37 percent of the operation and maintenance of the dam every year in advance.

Absent an exemption by Congress the growers, who own one-third of the water in the river will have no choice but to allow their water to flow free and not be stored in the dam. That free flow will deny the small growers upstream the benefit of the joint use of that water. Controlled releases, as opposed to water and free flow, will make maximum use of water in the reservoir.

Mr. President, I ask that we now provide relief for these people who have waited 34 years for the Congress to keep faith with the promises made when the dam was authorized. At another time, in some more appropriate context, we can debate the various aspects of reclamation law, for those situations where it should apply. This is not one of those situations.

I ask the Senate to reject the amendment to strike, and adopt the committee's amendment.

So what we have here, Mr. President, is a circumstance in which the very people this amendment in all good faith is designed to protect will destroy them. That water can be stored without the Pine Flat Dam, and those people who rely on the flow provided by the storage within the dam will no longer have that opportunity. Surely it is not in the mind of the senior Senator from California to deny the small farmers access to water that is rightfully theirs.

When speaking of the subsidy, we have to ask ourselves what is a subsidy and what is meant by it. If it is the cost of the dam and its operation and maintenance there is no subsidy. If the sudsidy in question is interest that might have been paid by the growers on their portion of the cost of the dam until that time as they in fact repaid that portion, then we have a problem because those costs, almost $12 million, have already been paid back. Interest payments have never been requested because there is no way under the law to, in fact, pay it.

If the subsidy is supposed to be the flood control benefits, then these benefits are shared by urban dwellers as well. They are similar to benefits awarded to areas throughout the country. There is no possible way there can be a large subsidy in this case. The committee considered it. The total initial cost of the project was $40 million. The irrigation portion of the cost was agreed to be $14 million of which $11½ million has been repaid. The balance is being repaid on installment contracts by a few of the individual irrigation districts which chose that option.

Every year, the irrigators pay 37.4 percent of the operation and maintenance charges for the dam, in advance. And when we talk of subsidies we must remember the irrigators owned 100 percent of the water in the river before the dam was built. The few water rights which were in question were quitclaimed to the irrigation districts in return for cash payments. Surely, we do not intend to assert that the Federal Government has subsidized these irrigators by taking their own water from them and then offering to sell it back to them at Corps of Engineers rates.

I submit that the Environment and Public Works Committee did have reason to consider this matter. The dam was built by the Corps of Engineers. It was a Corps of Engineers project. The Corps of Engineers comes under the surveillance, if you will, or the jurisdiction of the Public Works Committee.

Mr. President, I would ask now that we provide relief for these people who have waited 34 years for this Congress to keep faith with the promises made when the dam was authorized. At another time, in some more appropriate context, we can debate the various aspects of reclamation law, and we will. I share with the senior Senator from California the desire to get that law cleared up for the people of this country. I think that is a matter of the utmost importance. But this is not one of those situations.

I ask the Senate to reject the motion to strike this amendment and to adopt the committee's recommendation that it be a part of the bill before us.

Mr. President I would also suggest that if it is, in fact, true that there are other areas in California for which cases can be made as well as this one, they perhaps ought not to wait. If they are really in the same kind of circumstances, if they really involve Corps of Engineers projects, then I suggest that they be added to this bill also, but not that we slight one because others have not been included.

We can accommodate them if their argument is as valid, and if they, in fact, do not meet any of the classic measurements of reclamation law. But this can in no circumstances be considered a reclamation project. It never was in the beginning, and has not been since.

Mr. President, may I inquire how much time remains?

The PRESIDING OFFICER. The Senator has 15 minutes remaining.

Mr. WALLOP. Mr. President, I yield the junior Senator from California such time as he may require.

Mr. HAYAKAWA. I thank the Senator from Wyoming.

Mr. President, the Pine Flat Dam was authorized under the Flood Control Act of 1944, as a flood control project.

This project, which was authorized for construction by the Army Corps of Engineers was intended as a flood control project, and not as an irrigation project.

There were no "public lands" in the Kings River service area. All of the land was privately owned and privately developed prior to the authorization or the construction of the dam. There were no arid lands that were "reclaimed" as a result of the construction of the Pine Flat Dam. There were no additional works built by the Government other than the dam itself. The waters of the Kings River have been used in irrigated agriculture for over a century. Before the year 1900 all of the water in the Kings River already had been appropriated to various owners.

The Kings River flows down into the San Joaquin Valley, and is then funneled into irrigation ditches and channels. All of these distribution works were built with private funds, and most of them were constructed before the Pine Flat Dam was even in the planning stages.

Before the dam was built the river would flood an area known as the Tulare Lake basin. The surface area that flooded was several hundred square miles in size, and was 30 feet deep

in some places. The water was pumped onto cropland, or it evaporated.

Even since the Pine Flat Dam has been constructed, flooding continues, but less severely. Even today during some very wet periods, there are over 100,000 acres that are under water from flooding, sometimes for as long as a 2-year period.

The first studies for the Pine Flat Dam were begun in 1938, but operation of the dam was not begun until February 1954. In 1963 the Tulare Lake Basin Irrigation District and the Federal Government agreed to let the courts decide the question of who had the jurisdiction over the Pine Flat Dam, the Army Corps of Engineers or the Bureau of Reclamation. The U.S. district court ruled in 1972 in favor of the growers, but the ninth circuit court reversed that decision in 1977.

When the Ninth Circuit Court of Appeals reversed the ruling of the U.S. district court, the court stated that this project was intended as a reclamation project—a statement which contradicts the assurances of the Federal Government to the farmers when the project was originally planned. The court offered a solution to the growers who owned lands in excess of 160 acres—to let their water pass through the dam without being stored. This simple solution would be an inconvenience for the large farmers—but they could deal with it. The situation would have a greater effect on the small growers.

If only the water of the small growers is held back by the dam, then when their water is released they would lose a great deal of it due to seepage. They would be even more severely impacted if the flow of their water were not controlled at all by the Pine Flat Dam—they would have more than enough water during some parts of the year, and suffer from dry periods during other times of the year.

Mr. President, the growers along the Kings River were promised repeatedly by the Federal Government, both orally and in writing by the Department of the Interior under several administrations, that as soon as they paid the Government a portion of the cost of the construction of the Pine Flat Dam, any claim by the Federal Government that reclamation laws could apply to their land would be abandoned. The growers have paid 100 percent of the cost of the dam attributed to an improved irrigation supply, because the dam regulated the flow of the water. That amount paid by the growers, ahead of schedule, is $14,250,000. The farmers in the Kings River service area had been repeatedly promised that the payment of that amount would produce the exemption this amendment would give to them. The Department of the Interior then changed its mind, and decided that it would not give them the exemption they had been promised, after all. This change of policy is unfair to the growers in the Kings River area.

I hope that other Senators will see the merits in protecting farm interests in the Kings River service area, and support this amendment. To break up productive and well-managed land, which is in the hands of private ownership, would have an unfair and disastrous effect on these families. Such a move on the part of the Federal Government would also have a detrimental effect on the production of food from these lands. I hope my colleagues will join me in supporting this exemption, by voting against the amendment to strike this committee amendment from the bill.

I might add that legislation to exempt the Kings River service area from reclamation laws has been introduced on the House side by Congressman JOHN KREBS, who represents this district.

I thank my colleague for yielding, and yield back to the Senator from Wyoming whatever time I have remaining.

The PRESIDING OFFICER. Who yields time?

Mr. WALLOP. Mr. President, I yield myself such time as I may use.

I would like very much, if I could, to have the attention of the distinguished Senator from California because there are some things I really do think ought to be brought into this debate.

The question is legitimately asked on his part: Why pass the measure now? Why not wait until we address the whole question of reclamation law? Why should we be asked to take a piecemeal approach to the situation?

Let me try to answer those, if I may, because I think it is important to know that we are not doing something in a frivolous manner.

First, the Kings River is the only area in the entire United States under a present and final court order to be broken up under the application of the reclamation law. This situation emerged long before the departmental regulations were placed under a moratorium by the order of a Federal judge pending the filing of the Department's environmental impact statement.

Secondly, under the circuit court order, the excess landholders are informed that they must either allow their lands to be broken up, which they will not do, or allow their water to pass through the dam, which they are willing to do rather than to submit.

The urgency of this is not for the excess landholders, the so-called large corporate growers. The urgency is for the small farmers, some 20,000 farm families along the river, whose supply of water will be severely distorted if this order is implemented.

This is the part on which I really hope I could have the Senator's attention:

The point is that we have come down right now to a bump situation and a very real urgency. If the Senator hears me, I hope he might reconsider this amendment. I realize what that entails.

As of 2 weeks ago the floodwaters from recent rains and the snowmelt in the Sierra Mountains have inundated 26,000 acres of farmland in the Tulare Lake area. Some of the land is now under 10 feet of water, and all of it will be out of production for at least this year. As of yesterday, the total area of flooded land increased an additional 14,000 acres in that 2-week period so that now 40,000 acres of productive farmland is under water and out of production. That equals 250 farms of the 160-acre size.

In the face of this situation which has so far produced a loss in the Senator's State of $10 million, the Bureau of Reclamation is refusing to release water from storage that could go out onto other lands and percolate down into the underground water table because the lands involved are "owned by large operators whom the Bureau contends are excess landholders."

Even though property losses are being sustained and even though lives are in danger, the Bureau has refused to release this water from storage so that other floodwaters could be impounded. The net effect is that the water coming onto the Tulare Lake lands could put as much as a total of 70,000 acres out of production at a loss of $15 to $25 million this year.

To me, I think it demands our serious attention. I would ask the Senator from California if he might at this moment reconsider his amendment. I realize what I am asking and the portent of it, but it seems to me we have a piece of arrogant bureaucracy endangering the lives of people and production in this country.

Mr. President, I yield for the moment and reserve the remainder of my time.

The PRESIDING OFFICER (Mr. BENTSEN). The Senator from California.

Mr. CRANSTON. Mr. President, the situation presently prevalent in California is an unpleasant one. However, I do not think it would be cured by Senate adoption of Senator GRAVEL's amendment at the present time. I think there are other ways to deal with that problem.

Let me comment on two other points among the many that the Senator has brought up—some of which I may agree with and others of which I may disagree with. This really leads to the point: I think this is not the place or time to consider this matter where there are different interpretations of views, different understandings of the facts. There really should be a hearing so we can go into these matters. That is the basic thrust of my position since I do not presently have a position for or against the ultimate exemption or nonexemption of the Kings River water users from Federal reclamation law.

As to no new water and no additional cultivation resulting from the dam, the Ninth Circuit Court found this factual premise questionable. But even if it were true, the court concluded that it did not follow that the project did not confer substantial benefits to the growers justifying the imposition of the acreage limitation. The project made water available when it otherwise would not be, thus providing a significant economic benefit to the landowners.

Regarding the fact that no additional land came under cultivation as a result of the project, the court noted that normally Federal reclamation projects furnish water storage needed to conserve and regulate the existing water supply. Pine Flat Dam is like most projects subject to reclamation law in this respect.

The Ninth Circuit Court noted that both of these issues were fully presented to the Congress during the debate on

the 1944 Flood Control Act, and the Congress did not exempt the Pine Flat Dam after hearing those arguments then.

On the other matter of flood control being the primary purpose allegedly of the dam, the Ninth Circuit Court concluded that the Pine Flat Dam is a multipurpose project, not solely a flood control project. The authorizing legislation specifically states that irrigation is one of the project purposes. The court also rejected the argument that the Pine Flat Dam is exempted from the acreage limitation because it is principally a flood control project. The court noted that during the authorization of the Pine Flat Dam the water users urged the House Flood Control Committee to adopt the dominant interest test to recognize that the dominant purpose of the Kings River project was flood control. However, the committee did not incorporate this proposal in the bill. The Ninth Circuit Court noted the issue was also debated extensively on the House and Senate floors. The proceedings of the Senate, the court concluded, make it clear beyond question that Congress intended the acreage limitation to apply to the Pine Flat Dam. The Senate rejected an amendment specifically designed to exempt dams in the Sacramento-San Joaquin River Basin, especially those on the Kings and Kern Rivers.

Today the Pine Flat Dam is operated largely for irrigation purposes. The water master for the Kings River Water Association advises me that daily he submits a request to the corps for the release of a specific amount of water for irrigation purposes. In 1976 and 1977, 2 dry years, there were no flood control requirements at all and all releases from the Pine Flat Dam were based on irrigation demand.

Also regarding operation and maintenance of the dam, Pine Flat is not the only corps built project with irrigation benefits which is operated and maintained by the corps and subject to Federal reclamation law. There are eight other such projects in California alone. An exemption for Pine Flat under this legislation would not give equal treatment to other growers who receive irrigation water from other corps projects.

I can answer some of the other points made by my good friend from Wyoming, but I do not think it appropriate to do so at this time. I think we should have hearings where these facts could be weighed more carefully with greater time, and the committee with the primary responsibility for such matters then could make a recommendation to the Senate. That is the reason that I offer and stand by my amendment.

Mr. WALLOP. Mr. President, I can understand the Senator standing by his amendment. The problem that I see, and the problem that distresses me the most, is that there may be other deserving areas as the Senator says. I do not quarrel with that. They may well have justification every bit as valid as this and they may, in fact, be properly addressed under similar kinds of amendments—in fact, they probably should have been. If that is the case they should have been presented to the committee under the same set of circumstances. But the problem we have here is that the very people I know the Senator seeks to protect, and I do not quarrel with his motives, are the ones who will be hurt.

I also think that because of the special circumstances that surround this, because of a court order that is outside the moratorium, and because of the problems that exist now with the bureaucratic arrogance which is endangering lives of other people, we really ought to deal with this matter right now.

At this moment, Mr. President, I yield to my colleague, the Senator from Alaska (Mr. STEVENS).

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I had the opportunity to serve as the Solicitor for the Department of the Interior during a period of time when the issue of the Pine Flat Dam was being negotiated. I speak from my memory and from personal knowledge regarding many of the issues involved in this matter and wish only to present several significant points which I think are significant to the question at hand. This information will give Members of the Senate a better perspective on the Pine Flat Dam amendment.

First, from a historical perspective, the Senate should understand the Pine Flat Dam is a most unique situation when considering Federal water projects. Several renowned experts in Federal and State water projects have testified that it is the only known situation where the Federal Government placed a dam across a river in which 100 percent of the water was privately owned, in which no public lands were involved, where no arid lands were involved, where no "new" water was provided for any purposes, where no additional expenditures were made of any type or nature, where no new lands, either public or private, were brought into cultivation because of the dam being built, where the Corps of Engineers constructed the dam and then consistently, since 1954, when the dam was completed, have operated and maintained it. I am told there is no other example of such a situation in the entire Nation.

We should all note that if the rationale of the ninth circuit court in this matter is carried to its ultimate conclusion, then reclamation law could be applied to every Corps of Engineer project.

Let me emphasize that, Mr. President: This is a unique situation. The Federal Government placed that dam in this position despite the fact that the water was already privately owned. No public lands, no arid lands, no new water, no new lands, either public or private were brought into cultivation. The only reason that this issue exists is that the Corps of Engineers, after the dam was completed, has operated and maintained it. To apply the reclamation law to such a project, I think, is miscarrying the original intent of Congress in this area.

Second, the Senate should understand, in considering this measure, that from the very first time when discussions were held with the local land owners and water right owners about the construction, those landowners and water right owners were promised repeatedly by representatives of the Federal Government, including three different Secretaries of the Interior, that as soon as local interests paid that portion of the cost of the dam which would be attributed to the increased benefit to irrigation because of flood control, there would be a complete exemption of the excess land provision of reclamation law. In fact, they were promised that there would be no application of reclamation law to this area once the payout was completed.

In 1963, local interests paid the Government 100 percent of their assigned portion of the cost of the dam, $14,250,000. From that time on, the land and water rightful owners have fought unsuccessfully for the fulfillment of the repeated promises made to them by Secretaries of the Interior of both our great parties that they would be exempt from reclamation law.

As we know this is a matter of great concern to many in this Chamber. This situation is unique and should have been dealt with many years ago. The issue would not have come up if the promises made to these people at the time of construction of this dam had been kept.

I ask unanimous consent to have printed in the RECORD a copy of the opinion that I wrote on the Pine Flat River Dam, which I wrote when I was Solicitor for the Department of the Interior. The statement was provided to the Secretary of the Interior, Fred Seaton, on January 3, 1961. Also included for the RECORD is a copy of the letter that the Secretary of the Interior, Fred Seaton, sent to the Attorney General on this matter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MEMORANDUM

WASHINGTON, D.C.,
January 3, 1961.

To Secretary of the Interior.
From Solicitor.
Subject: Proposed Repayment Contracts for the Kings River Project and the Kern River Project—Excess Land Limitations.

In connection with your consideration of these proposed contracts, it has been suggested that I review the question of the legal effect of final payment of construction charges, in the total amount required pursuant of the Federal reclamation laws, upon the application of the limitations contained in those laws on the acreage of land in a single ownership to which water may be served by the Federal project.

It is contemplated that on the Kings River Project a repayment contract will be executed by each of the twenty-eight entities representing the water users in the Kings River irrigation service area. One form of repayment contract offered for use by any such entity requires the repayment of its share of the total construction obligation in not to exceed forty annual installments. This contract would contain all of the provisions required by law concerning service of water from the project to lands in excess of 160 acres in a single ownership or the equivalent in joint ownership, including the execution of a recordable contract as a condition precedent to such service. As to excess lands not disposed of by the owner within the period of ten years under the recordable contract, the Secretary or his authorized representative would have the power to dispose of such lands on behalf of the owner.

This form of contract would permit the contracting entity at any time or times within the forty-year repayment period to make advance payment of the obligation or any part thereof. Payment in full of the repayment obligation at any time after the execution of the contract would terminate and cancel all recordable contracts executed thereunder except those executed more than ten years prior to the date of such payment. Payment in full would likewise permit the contracting entity to make deliveries of stored water to excess lands notwithstanding the limitation provisions of the contract.

Contracting entities under the Kings River Project would also have the choice of executing a contract calling for the payment in full of that entity's share of the repayment obligation not later than one hundred eighty days after the execution of the contract. This form is parallel to that which is offered for joint execution by the principal water users' organizations under the Kern River Project, in that the share of the repayment obligation owing by each entity is to be paid not later than one hundred eighty days following the date of execution of the contract. The period of one hundred eighty days is recommended as an appropriate period within which the contracting entity may accomplish the authorizations and necessary proceedings requisite to effect full payment to the United States upon proceeding with reasonable dispatch. Neither of these two forms of contract, namely, the two forms calling for payment in full within one hundred eighty days, contains any reference to the excess land provisions of the Federal reclamation laws. In each case it is provided that, in the event a contracting entity fails to pay its share of the obligation as prescribed, the entity shall have no further right to the use of irrigation storage of the project.

In none of the three forms of repayment contract before you for consideration is an individual parcel of excess land permitted to be relieved of the acreage limitations of the reclamation laws by the payment of the construction charges assignable to such parcel of land. On the contrary, no relief is provided from those limitations except upon the full and final payment, by the entity executing the contract with the United States, of its total construction cost repayment obligation thereunder.

The negotiation of repayment arrangements with the Kings River interests has been carried on for more than fourteen years. There was previously submitted for your consideration a proposed forty-year repayment contract between the United States and the Kings River Conservation District, representing the entire service area of the Kings River Project, providing for the repayment of the total reimbursable construction cost in the amount of $14,250,000 together with $750,000 as the agreed purchase price for certain claims to waters associated with Fresno Slough (Draft-October 27, 1955). Within the Conservation District were some thirty-one "member units" composed of water users now represented by the twenty-eight entities to whom the United States would now offer separate repayment contracts. In the 1955 draft, delivery of water to excess lands was prohibited unless such lands were covered by a recordable contract. The draft also provided, however, that the Conservation District, any member unit, or other organization, co-partnership, entity or individual within the District might at any time or times within the forty-year period make advance payments on the obligation. It further provided that the payment in full by any member unit, landowner or stockholder owning lands to which a specified portion of the repayment obligation had been allocated would remove the limitation upon the storage and delivery of water to such lands.

With respect to that earlier draft, under date of July 12, 1957, you wrote to Mr. Philip H. Gordon, President, Kings River Conservation District, advising him that "after painstaking consideration, I have concluded the terms of the proposed contract between the United States and your District * * * should not be approved." You pointed out that the Department continues to recognize and support the basic concept of reclamation law that full and final payment of the obligation of a district to the Federal Government ends the applicability of the acreage limitations. You observed that in prior years administrative action had permitted individual landowners to avoid the excess land limitations by payment of an allocated share of construction costs. You advised, however, that you could not justify such action in an effort to remedy an absence of lawful authority.

In announcing your determination to Mr. Gordon, as outlined above, you had the benefit of an opinion by the Solicitor Elmer F Bennett, under date of July 10, 1957 (M-36457). Your determination was entirely consistent with the opinion of the Solicitor, who advised that Congress had not authorized accelerated payments by individual landowners of their aliquot part of the District liability as a means of evading excess land limitations, and that the discretion to afford relief from those limitations had not been vested in you as Secretary and therefore remained a prerogative of the Congress. The Solicitor reviewed the pertinent statutory provisions together with a prior Associate Solicitor's opinion [1] and certain administrative actions taken thereunder. He pointed out that in connection with dams and reservoirs operated for flood control purposes after the Flood Control Act of 1944 the Secretary of the Interior was authorized to permit utilization of irrigation benefits from such works in conformity with the Federal reclamation laws. With respect to the excess land limitations, he set out the specific provisions with which you were required to comply under Section 46 of the Omnibus Adjustment Act, as amended.[2] He placed in historical perspective Section 46, dealing with District obligations, and the Act of August 9, 1912, as amended,[3] dealing with the obligations of individual homestead entrymen and water right applicants. He stated that "it is the payment of the full obligation by the district under the 1926 Act joint-liability repayment contract, as well as the similar payment under the 1912 Act individual contract, that relieves the excess lands from the statutory restrictions." He did not accept the proposition that the provisions of the earlier Act, relating to individuals, could be used to implement the later Act, relating to districts, to permit relief upon individual payouts. He pointed out that the previous opinion of the Associate Solicitor went no further than to advise that full payment of the reimbursable costs by a district relieved the excess lands in that district from the statutory limitations and requirements. It was administrative action later taken on the basis of a memorandum by the Chief Counsel of the Bureau of Reclamation which undertook to permit relief from these limitations by individual payout with respect to lands covered by a district obligation.

In net effect, then, Solicitor Bennett's opinion simply reaffirmed district payout under the 1926 Act and individual payout where the 1912 Act was applicable. The Associate Solicitor in 1947, in expressing the view that upon full payment of the construction obligation under a joint liability repayment contract the lands receiving water under such contract are relieved of the statutory excess land restrictions, relied upon the proviso to Section 3 of the 1912 Act and reviewed the instructions of 1914,[4] sometimes referred to as the "King opinion."

It has been said by critics of the Departmental position regarding the result of payment that Solicitor Bennett's opinion relied on the Associate Solicitor's earlier opinion without proper reanalysis; in turn, that the Associate Solicitor's opinion relied upon the King opinion without proper analysis of the basis for its conclusion; and finally that the King opinion was in error in the construction of the legislation then in effect. It is true that these documents do not include the working details of analysis of the 1912 Act, and to complete the record at this point that analysis is supplied in the following paragraphs.

The Instructions of 1914 cited the proviso to Section 3 of the 1912 Act and construed it, taking into consideration prior Departmental decisions in the two cases of Amaziah Johnson[5] and Keebaugh and Cook.[6] First, with respect to these two decisions, the King opinion must be understood to have done one thing and not to have done another. It did conclude that the holder of a farm unit or private lands upon which full payment had not been made on the appurtenant water right might own additional lands for which water right charges had been paid in full without limitation, whereas the implication of the two decisions was that one could not hold a tract upon which full payment had not been made and acquire water rights in another tract for which the water rights were paid in full if the area exceeded one hundred sixty acres. What the King opinion did not do was apply the limitation after full payment for the rights sought to be acquired by one individual, and no such case was before the Department for consideration.

Moving, then, to the basic construction of the proviso to Section 3 itself, I have no question of the validity of the Associate Solicitor's conclusion with respect thereto. He does not, however, touch upon the structure of the 1912 Act as a whole or the history of its passage in light of prior legislation. It appears to be appropriate at this time to fill in that portion of the record.

Under the provisions of Section 3 and Section 5 of the 1902 Act[7] the acreage limitation applied to the initiation of rights in public lands and to the initiation of the right to use of water on private lands. Further, patent to public lands was not to issue until payment in full, and no right to the use of water was to attach permanently to any lands until all payments were made. This was the total concept of acreage limitation in the reclamation law prior to the 1912 Act, and related itself solely to the status of the individual as an entryman prior to becoming a patentee or as a water right applicant prior to becoming the holder of a water right certificate.

In this stage of the law the irrigator was precluded from pledging his land with the necessary water rights as security for an improvement loan, thus imposing hardship on the irrigator and retarding development of the project. The initial impetus for the 1912 Act was the effort to correct this situation. Section 1 of the Act was drawn to permit, for the first time, the issuance of patents and water right certificates upon payment of "all sums due the United States on account of such land or water right at the time of issuance of patent or certificate * * *" (emphasis supplied). Thus the applicant

[1] Associate Solicitor Cohen, October 22, 1947 (M-35004).

[2] Act of May 25, 1926 (44 Stat. 636, 649; 43 U.S.C. 423e).

[3] Act of August 9, 1912 (37 Stat. 265; 43 U.S.C. 541 *et seq.*).

[4] Approved July 22, 1914 (43 L.D. 339).

[5] August 11, 1913 (42 L.D. 542)

[6] October 31, 1913 (42 L.D. 543)

[7] Act of June 17, 1902 (32 Stat. 388, 389)

needed only to be current in his payments rather than being required to have paid in full. Section 2 of the Act protected the United States by requiring each patent and water right certificate to reserve a lien to the United States for sums due or to become due. The substance of the 1912 Act, without Section 3, was passed by the Senate and was reported favorably by the House Committee. It was then, however, returned by request to the House Committee where it was redrafted and the present Section 3 was included. The records of the Congress contain no legislative history of Section 3 itself. It must be viewed in light of the fact that it was enacted by the Congress concurrently with Sections 1 and 2 and apparently as a result of consideration by the two Houses of the effect of Sections 1 and 2 standing alone. In the process of approving the policy embodied in Sections 1 and 2 it obviously became apparent to the Congress that such a provision would, consistently with the prior law, have the effect of lifting the excess land limitation at the time of issuance of patent and water right certificate and prior to full payment unless provision to the contrary was made. In other words, the entryman would become a patentee and the water right applicant would become the holder of a water right certificate. In order, therefore, that the period of time under prior law would not be so altered, Section 3 specifically continued the land limitation for "irrigable land for which entry or water right application" had been made until "final payment in full of * * * building and betterment charges" on such excess land. The Section thus had the effect of continuing the land limitation during the period between the issuance of evidence of ownership and final payment, which period would otherwise have been "uncovered" by the effect of Section 1.[8]

Most of the discussions of the 1912 Act, including those by critics of the Departmental position, have centered upon arguing the meaning of the proviso to Section 3 without recognizing, as set out above, the simple, necessary, and logical function of Section 3. It appears to me that the analysis set out above accords to the Congress the credit for intelligent consideration to which it is entitled. Furthermore, this interpretation, consistent with every action of this Department over a half of century, dissipates the cloud of confusion some critics attempt to create because of their myopic, preconceived opinion as to what the law should be. We must interpret the law as it exists, and leave to others the prerogative to discuss whether the law should be as it is.

The most recent general expression dealing with excess land appears in the Small Reclamation Project Act of 1956 (70 Stat. 1044). Section 5(b) of that Act provide in substance that interest shall be paid on that portion of the unpaid balance of the obligation allocable to excess lands. In other words, water may be delivered without regard to acreage, but interest is payable to the extent that excess lands are involved in the small project only while an obligation remains unpaid. Thus, the Congress in enacting the so-called "Eagle formula" demonstrated that it was not concerned per se with limiting the amount of land that might receive the benefit of Federally financed irrigation works; rather, it was concerned that so-called excess lands should not have the added assistance of interest-free Federal money during the period of repayment.

The Small Reclamation Projects Act of 1956 is by express provision (Section 11) a supplement to the Federal reclamation laws. It is hornbook law that individual enactments comprising a part of a general body of law treating with a given subject are, except as the context may expressly require another application; to be construed in harmony one with another. Viewing the Small Reclamation Projects Act of 1956 against an established Federal reclamation law excess land pattern tied to the continued existence of an unpaid obligation between the contracting entity and the United States, harmonizes the 1956 Act with the general statutory pattern save only that under the 1956 Act the Congress established a means whereby even during payout a water supply would be available to large ownerships. To regard the general body of reclamation law as providing for continuing applicability of acreage limitation provisions after payout would be to attribute to the Congress in its enactment of the 1956 Act a complete departure from the prior existing pattern, a departure not required not even hinted at by the language of the 1956 Act.

Finally, I note views are sometimes indicated that the concept of payment of construction charges terminating the excess land provisions of reclamation law in incompatible with the objective of the general homestead law[9] from which reclamation law was developed. This argument points out that the purport of that law is to limit an entryman to 160 acres of public land provided he is not already the proprietor of more than 160 acres. In terms of acreage limitation, the only qualification of the general homestead law is on the right of entry. The general homestead law never contained a continuing limitation on the acreage of land permitted to be owned after entry. To the contrary, it is clear that if a settler is qualified to make entry and does so there is no limit on the acreage of private lands he may acquire and still be qualified to make final proof and receive patent. *West* v. *Edward Rutledge Timber Co.* (D.C. Idaho, 1913) 210 F. 189, affirmed (C.C.A. 1915) 221 F. 30. To the extent that analogy may be drawn we see so incompatibility between this result and the concept earlier advanced that repayment by the contracting entity terminates the land limitation feature of the reclamation law.

On a review of the applicable legislation, and with regard for the record of construction heretofore given to the legislation from time to time in the Department, it is my opinion that you have the authority to provide, by contract with a water users' organization, that upon full and final payment of the construction charges which that organization is required to pay, the lands covered thereby are no longer subject to the acreage limitations of the Federal reclamation laws.

THEODORE F. STEVENS,
Solicitor.

ACT OF AUGUST 9, 1912 (37 STAT. 265)

SEC. 1. That any homestead entryman under the act of June seventeenth, nineteen hundred and two, known as the reclamation act, including entrymen on ceded Indian lands; may at any time after having complied with the provisions of law applicable to such lands as to residence, reclamation, and cultivation submit proof of such residence. reclamation, and cultivation, which proof. if found regular and satisfactory, shall entitle the entryman to a patent, and all purchasers of water-right certificates on reclamation projects shall be entitled to a final water-right certificate upon proof of the cultivation and reclamation of the land to which the certificate applies, to the extent required by the reclamation act for homestead entrymen: *Provided*, That no such patent or certificate shall issue until all sums due the United States on account of such land or water right at the time of issuance of patent or certificate have been paid.

SEC. 2. That every patent and water-right certificate issued under this act shall expressly reserve to the United States a prior lien on the land patented or for which water right is certified, together with all water rights appurtenant or belonging thereto, superior to all other liens, claims, or interests whatsoever for the payment of all sums due or to become due the United States or its successors in control of the irrigation project in connection with such lands and water rights.

Upon default of payment of any amount so due title to the land shall pass to the United States, free of all encumbrance, subject to the right of the defaulting debtor or any mortgagee, lien holder, judgment debtor, or subsequent purchaser to redeem the land within one year after the notice of such default shall have been given by payment of all moneys dues, with eight per centum interest and cost. And the United States, as its option, acting through the Secretary of the Interior, may cause land to be sold at any time after such failure to redeem, and from the proceeds of the sale there shall be paid into the reclamation fund all moneys due, with interest as herein provided, and costs. The balance of the proceeds, if any, shall be the property of the defaulting debtor or his assignee: *Provided*, That in case of sale after failure to redeem under this section the United States shall be authorized to bid in such land at not more than the amount in default, including interest and costs.

SEC. 3. That upon full and final payment being made of all amounts due on account of the building and betterment charges to the United States or its successors in control of the project, the United States or its successors, as the case may be, shall issue upon request a certificate certifying that payment of the building and betterment charges in full has been made and that the lien upon the land has been so far satisfied and is no longer of any force or effect except the lien for annual charges for operation and maintenance: *Provided*, That no person shall at any one time or in any manner, except as hereinafter otherwise provided, acquire, own, or hold irrigable land for which entry or water-right application shall have been made under the said reclamation act of June seventeenth, nineteen hundred and two, and acts supplementary thereto and amendatory thereof, before final payment in full of all installments of building and betterment charges shall have been made on account of such land in excess of one farm unit as fixed by the Secretary of the Interior, as the limit of area per entry of public land or per single ownership of private land for which a water right may be purchased respectively, nor in any case in excess of one hundred and sixty acres, nor shall water be furnished under said acts nor a water right sold or recognized for such excess; but any such excess land acquired at any time in good faith by descent, by will, or by foreclosure of any lien may be held for two years and no longer after its acquisition; and every excess holding prohibited as aforesaid shall be forfeited to the United States by proceedings instituted by the Attorney General for that purpose in any court of competent jurisdiction; and this proviso shall be recited in every patent and water-right certificate issued by the United States under the provisions of this act.

SEC. 4. That the Secretary of the Interior is hereby authorized to designate such bonded fiscal agents or officers of the Reclamation Service as he may deem advisable on

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[8] A brief contemporary administrative construction of Section 3 appears in Secretary of the Interior Fisher's report to the President on the enrolled bill on August 6, 1912, in which he stated: "Section 3 * * * contains a proviso to prevent the consolidation of holdings until such time as full and final payment of the building charge shall have been made."

[9] March 3, 1891, 26 Stat. 1097 (43 U.S.C. 161)

each reclamation project to whom shall be paid all sums due on reclamation entries or water rights, and the officials so designated shall keep a record for the information of the public of the sums paid and the amount due at any time on account of any entry made or water right purchased under the reclamation act; and the Secretary of the Interior shall make provision for furnishing copies of duly authenticated records of entries upon payment of reasonable fees, which copies shall be admissible in evidence, as are copies authenticated under section eight hundred and eighty-eight of the Revised Statutes.

WASHINGTON, D.C.,
January 18, 1961.

DEAR MR. ATTORNEY GENERAL: Your opinion is requested on the question whether the applicability of the so-called excess land provisions of the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, as amended and supplemented, particularly Section 46 of the Act of May 25, 1926, 44 Stat. 636, 649) survives repayment by the contracting entity of its construction charge obligation whether such repayment be as scheduled in the repayment contract involved or, at the election of the contractor, be made in advance of the payment schedule.

The legal officers of this Department have consistently been of the view that the restrictions of the excess land provisions do not continue beyond the date of payout of its construction charge obligation to the United States by the contracting entity. Enclosed are the several legal opinions in which this position has been expressed. These are:

Will R. King, Chief Counsel, approved July 22, 1914, 43 LD 339.

Felix S. Cohen, Associate Solicitor, October 22, 1947, M–35004.

Elmer F. Bennett, Solicitor, July 10, 1957, M–36457.

Theodore F. Stevens, Solicitor, January 3, 1961.

Notwithstanding the views continuously expressed by the principal law officers of this Department, the opposite point of view has been earnestly and repeatedly pressed upon this Department. The earnestness and insistence with which these contrary views have been pressed, together with the widespread interest in the question and its transcendent importance in the administration of the Federal reclamation laws, prompt me to request your consideration of the matter in order that it may definitively be set at rest within the Executive Branch. In this connection we are in receipt of copies of recently dated letters from your Department to various correspondents in which it is indicated that a ruling would be forthcoming upon receipt of a request by this Department.

The issue is directly presented in three forms of repayment contracts now before the Department for action involving in excess of thirty contracting entities covering repayment of the irrigation costs of Pine Flat and Isabella reservoirs in California. In view of the longstanding position of the chief legal officers of this Department, I am today approving these contracts as to form with the understanding, however, that their execution on behalf of the United States will be deferred pending receipt of your views. A representative copy of each of the three forms of contracts is enclosed for your information. We are currently advised that the only one of the twenty-eight entities on the Kings River Project which is likely to avail itself of the 180-day repayment contract form is the Lovelace Estate (Circle "L" Farms) which is a trust for the life of certain heirs of the devisor with remainder over to the University of California.

Agreements having been reached, after lengthy and complex negotiations with the numerous contracting entities under the Pine Flat and Isabella reservoirs, it is most desirable that the contracts be consummated as soon as possible.

The issue may also be present in the joint Federal-State San Luis Project authorized by Public Law 86–488. In the event the Federal reclamation laws are determined to be applicable to the State service area, the answer to the question here presented would control the applicability of the excess land restrictions to that area after the State had, as required, met all of its capital cost commitments for the construction of joint facilities.

For your further assistance, we are enclosing Part One of "Excess Land Provisions of the Federal Reclamation Laws and the Payment of Charges" transmitted to the Subcommittee on Public Works and Resources, Committee on Government Operations, House of Representatives, May 1956, and call your attention to Report No. 399, 86th Congress, House of Representatives, Committee on Interior and Insular Affairs, to accompany H.R. 7155, at page 7 *et seq.*, and to "The Excess Land Law: Execution of a Public Policy", Paul S. Taylor, Professor of Economics, University of California, Yale Law Journal, Volume 64, Number 4, February 1955.

We would greatly appreciate receiving your advice at the earliest practicable time.

Sincerely yours,

FRED A. SEATON,
Secretary of the Interior.

Mr. STEVENS. I urge my colleagues to carefully consider the facts and the history behind this issue which is before them at this time. With the facts in mind, I believe that a negative vote on this amendment is really a mandate to the Senate to see to it that the promises made—not only by people working in the area, but promises made by the Cabinet officials in charge of the enforcement of reclamation law be kept. These people have a right, I believe, to be treated fairly and justly. As to the opinion that I prepared, incidentally, I do not claim complete right of authorship in that opinion. I had, as every solicitor does, a group of bright young lawyers who worked on that opinion and the final paragraph of that opinion is this:

On a review of the applicable legislation, and with regard for the record of construction heretofore given to the legislation from time to time in the Department, it is my opinion that you have the authority to provide, by contract with a "water users" organization, that upon full and final payment of the construction charges which that organization is required to pay, the lands covered thereby are no longer subject to the acreage limitations of the Federal reclamation laws.

The PRESIDING OFFICER. The time for the opposition to the amendment has expired.

Mr. GRAVEL. Mr. President, does the Senator from Alaska desire additional time?

Mr. STEVENS. I thank my colleague. I do believe that this is an amendment which the Senate should support.

Mr. CRANSTON. May I have 1 minute?

Mr. GRAVEL. How much time do I have left?

Mr. STEVENS. May I correct the RECORD? I am opposed to the amendment and I support Senator WALLOP's position.

The PRESIDING OFFICER. The Senator from California has 20 minutes remaining on this amendment.

Mr. CRANSTON. I propose to take very little more of that time. I ask unanimous consent to have printed in the RECORD at this point at letter to Senator ABOUREZK from James W. Moorman, Assistant Attorney General, Land and Natural Resources Division. I put it in the RECORD simply to demonstrate how many different views there are of what the facts are in this case. We have heard various facts presented. Here is something that presents one view of facts; there are other views of the same facts. This is an additional reason behind the suggestion that there be a hearing where we can do our best to ascertain what the facts really are. I ask unanimous consent that Assistant Attorney General Moorman's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 27, 1978.

HON. JAMES ABOUREZK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ABOUREZK: We are writing in reply to your letter of February 27, 1978, wherein you sought our assistance in clarifying the facts surrounding the decision of the Court of Appeals for the Ninth Circuit in *United States* v. *Tulare Lake Canal Co., et al.*, 340 F. Supp. 1185 (1972); 535 F.2d 1093 (C.A. 9, 1976); *cert. denied* 429 U.S. 1121 (1977). In that decision, it was held that the acreage limitations provision of reclamation law was to be applied to the Pine Flat Dam project in California. Though various arguments are urged to justify an amendment to the Waterways Users Charge Bill (H.R. 8309) which would exempt the Pine Flat project from the acreage limitation laws, each was made in the recent litigation and rejected by the Court. The following analysis of the facts should refute arguments in support of the amendment.

First it is argued that an exemption is proper because Pine Flat Dam and Reservoir is a flood control project constructed by the Corps of Engineers. Pine Flat Dam and Reservoir was authorized in Section 10 of the Flood Control Act of 1944 as a multipurpose flood control and irrigation project. In 1948, the Corps of Engineers concluded that irrigation benefits would total $3,382,000 annually, while annual flood control benefits would total only $2,126,000, thus indicating that Pine Flat is predominantly an irrigation project. 535 F.2d at 1144. Furthermore, the ninth circuit, after an intensive review of the legislative history of the 1944 Flood Control Act, concluded that Section 8 of that Act was specifically adopted to bring the Kings River Project and other nearby projects under the provisions of reclamation law. 535 F.2d at 1099–1113.

Next an assertion is made that as all the water rights in the service area were privately owned and no new water was created by the project, the project should be exempt from reclamation law. The fact that all water rights may have been owned prior to construction was known to Congress when it enacted the 1944 legislation. It is also noted that preproject development of irrigation facilities and private ownership of water rights is the rule on reclamation projects not the exception. This was recognized by Congress as early as 1924. In 1960, it was estimated that 60 percent of all reclamation acreage fell in this category.

The further contention that no arid lands were reclaimed is of no revelance. First, arid lands or semi-arid lands refers to virtually all lands west of the 98th meridian. The mere fact that they were under irrigation prior to the project certainly does not mean that they are not in an arid region. The dire

need for irrigation, in fact, is proof of the fact that the lands are arid.

The application of reclamation law to the Kings River service area is predicated on the irrigation benefit derived from the project. That benefit is regulation of the flow of the river so that the users can make use of the water when they need it. Without regulation by Pine Flat, heavy spring runoff occurs in the Kings River, followed then by vastly diminished flows in the later summer months. Pine Flat provides the regulation needed to assure that these spring flows can be stored for use later in the irrigation season. The importance of this regulation was recognized by the ninth circuit, 535 F.2d 1113. The reclamation benefit is clear. The water users sought this benefit, and have paid a considerable sum for it, but simply stated the large landowners refuse to accept the conditions upon which such benefits are granted under the law.

The concept that prepayment of allocable irrigation cost somehow avoids the need to sell excess lands was also addressed by the ninth circuit. Upon careful review of the law, the Court concluded that this device could not be used to avoid the breakup of private excess land holdings. The court found that "payout" would defeat the longstanding Congressional purposes of reclamation law—i.e. the establishment of family farms, the avoidance of speculation and windfall benefits derived from reclamation projects. 535 F.2d 1118–1136. Such a finding is in accord with longstanding administrative practice and a formal opinion of the Solicitor of the Department of the Interior, 68 I.D. 372 (1961), which was approved by the Attorney General in 1961.

Claims that the water users have been assured for years that they would not be subject to reclamation law are without merit. Without question from the 1940's to the present, the large landowners have sought to obtain the project and its benefits without complying with excess lands requirements. H.R. 8309 is not the first effort by the Kings River interests, especially the large landowners in the Tulare Lake basin to obtain an exemption from the excess land provisions of reclamation law. (note, S. 972, 80th Cong., 1st Sess. (1947); H. H. 7915, 81st Cong., 2d Sess. 1950 and H.R. 413, 82d Cong., 1 Sess. (1951). As noted in the opinion:

Since the middle of 1940's, the history of the acreage limitation has been to a large extent a reflection of the unsuccessful struggle of owners of large tracts of land in California, including the Kings River area, "to obtain the Federal irrigation investment without accepting the acreage limitations." [Emphasis added]

As noted, Congress has been lobbied and legislation introduced to exempt the area; pressure has been exerted on the executive branch (535 F.2d 1137), and the matter under litigation from the early 1960's to the very present. All attempts to date have met with controversy and ultimate defeat.

As to the claim that the limitation is infeasible, it is simply noted that 80% of the service area is already in compliance with the law. The resistance comes primarily from the Tulare Lake basin where massive land holdings exist. It constitutes but 20% of the total service area of over 1,000,000 acres and includes one tract in single ownership of more than 60,000 acres. 535 F.2d 1093. No reason exists to provide preferential treatment to the Kings River service area, while at the same time the entire Central Valley Project is subject to the law.

A final argument is urged that the effect of the decision with respect to the Pine Flats project, is to make all other Corps of Engineer projects throughout the country subject to reclamation law. That is not the case. Section 8 of that Act specifically provides that the section does not apply to projects constructed by the Corps of Engineers prior to that act. Further, the act appears to apply reclamation law only to those projects constructed thereafter where the Secretary of the Interior determines that a project should be used for irrigation benefits, and where, after specific authorization by Congress, the Secretary implements the reclamation laws to construct, operate and maintain additional work as necessary for irrigation purposes. Based on the statutory language, neither the Department of the Interior nor the Corps of Engineers has construed the statute as extending excess land requirements to all Corps projects.

Sincerely,

JAMES W. MOORMAN,
Assistant Attorney General,
Land and Natural Resources Division.

Mr. WALLOP. Will the Senator yield to me just enough time for a unanimous-consent request?

Mr. CRANSTON. Of course, I yield such time as the Senator needs.

Mr. WALLOP. Mr. President, I ask unanimous consent that there be printed in the RECORD a letter to the Commissioner of Reclamation from the Associate Solicitor, Energy and Resources, on the subject of the San Joaquin River flood problems.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
March 30, 1978.

To Commissioner of Reclamation.
From Associate Solicitor, Energy & Resources.
Subject San Joaquin River Flood Problems—Central Valley Project.

I am unable to surname your proposed faxogram to the Regional Director in Sacramento, authorizing him to deliver water made available by flood evacuation releases from Friant Dam for use on excess lands within the Millerton Lake and Mendota Pool service areas. These waters would be sold by contract with these districts at a rate of $1.50 per acre-foot.

I know of no exception in reclamation law to the excess land requirement in these circumstances. The sale of excess or surplus water is authorized by the Warren Act. That Act specifically provides that such water shall not be delivered to any one landowner in excess of an amount sufficient to irrigate 160 acres. 43 U.S.C. § 523 *et seq.*

You cite as support the March 20, 1969, telegram from Commissioner Dominy to the Regional Director. That telegram does not explain the legal basis for the Commissioner's statement that flood evacuation release water can be delivered to lands without regard to the acreage limitation provisions of reclamation law. The telegram says only that such delivery may be justified where necessary to use federal facilities to minimize danger to lives and property. One could envision many situations in which delivery of water to excess land might minimize danger to lives and property. I find no basis in the law for such an exception, and using that rationale could effectively read the excess land provisions out of the law.

Your proposed faxogram to the Regional Director also cites as support the Solicitor's statement, in his letter to Congressman Sisk dated February 21, 1978, that "flood control benefits are traditionally made available by the United States without regard to acreage limitation." This statement is taken out of context. It referred to the fact that the Corps of Engineers provided some $69 million toward construction of the Oroville Dam, part of the California State Water Project. The money was made available for flood control pursuant to the Corps of Engineers' traditional authority in that area. The authorization was not to provide money pursuant to the reclamation law. The Oroville reservoir was, apart from this flood control money, built wholly with State money. Federal money was not used for irrigation-related facilities, and the excess land law was not involved.

It is a far different situation here, where the reservoir and canal through which the water would be delivered have been constructed at Congressional direction for operation pursuant to federal reclamation law. Congress has therefore required that the excess land restrictions apply to deliveries made out of or through these federally-constructed facilities.

I am of the opinion, therefore, that flood evacuation release water may not be delivered to excess land. The contracts by which such water is sold must contain standard excess land provisions. Of course, such releases are for a limited term, so the contracts for delivery of that water would also be for a limited term. The excess land restrictions apply only for the duration of the contract, so long as the water is being delivered under it.

JOHN D. LESHY.

The PRESIDING OFFICER. Does the Senator from California yield back the remainder of his time?

Mr. CRANSTON. I yield to the Senator from Alaska whatever time he needs.

Mr. GRAVEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, if the Senator from California will yield back all of his time, we shall then, hopefully, have a vote shortly after 3 p.m. We shall be starting at 2 o'clock voting on farm matters.

After those votes have been disposed of, as soon as they are disposed of and we come back to this bill, then we would vote on the Cranston amendment to strike a portion of my amendment. When that is disposed of, we would vote on my amendment, and at that point in time we would be prepared to take up other amendments.

Recognizing that we want that delay, I ask unanimous consent that we be permitted to entertain other amendments prior to those votes taking place.

The PRESIDING OFFICER. If the Senator from Alaska desires his amendment to be laid aside temporarily, it would carry with it the amendment in the second degree of the Senator from California and all amendments pending, and other amendments may be considered in the interim.

Mr. CRANSTON. Can we not get unanimous consent just to bring up other amendments between now and 2 o'clock without setting that aside?

The PRESIDING OFFICER. Yes; that is what would be done, if the Senator is asking unanimous consent for that purpose.

Mr. GRAVEL. I ask unanimous consent for that purpose.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

UP AMENDMENT NO. 1261

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration, and indicate that I will ask for the yeas and nays on my Pine Flat amendment when we have Senators here for a vote on my first amendment.

The PRESIDING OFFICER. For the benefit of the Chair, was the Senator from Alaska making an estimate of the time or a specific time?

Mr. GRAVEL. An estimate of time, and only an estimate.

Mr. CRANSTON. Mr. President, how many votes are to occur at 2 o'clock?

The PRESIDING OFFICER. We now have three amendments lined up for voting at 2 o'clock, plus, of course, the vote on the bill itself.

Mr. GRAVEL. Four votes.

The PRESIDING OFFICER. Four, and other amendments can still be offered.

Mr. GRAVEL. Four votes starting at 2 o'clock, and then we would go into the votes that we would have here.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. They are not all rollcall votes, necessarily?

The PRESIDING OFFICER. No. They are not requested at this time. Of course, they may well be by voice vote. At this time, no rollcall votes have been ordered or requested.

The clerk will state the amendment.

Mr. CRANSTON. Mr. President, I would like to ask that a request for the yeas and nays may be in order at any time on the amendment I have pending. I would still have to ask for the yeas and nays, but ask that it would be appropriate to make the request at any time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DOMENICI. Reserving the right to object, would the distinguished Senator from California tell us where this amendment will appear in the bill?

The PRESIDING OFFICER. The clerk must state the amendment.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an unprinted amendment numbered 1261.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the bill insert a new section as follows:

SEC. . The project for flood control on Corte Madera Creek, Marin County, California, authorized by Section 201 of the Flood Control Act of 1962 and amended by Section 204 of the Flood Control Act of 1966, is hereby modified to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to construct the project for Unit 4, from the vicinity of Lagunitas Road Bridge to Sir Francis Drake Boulevard, substantially in accordance with the plan, dated February 1977, on file in the office of the San Francisco District Engineer. The plan is hereby further modified to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to construct such flood proofing measures as may be necessary to individual properties and other necessary structural measures in the vicinity of Lagunitas Road Bridge to insure the proper functioning of the completed portions of the authorized project. The non-Federal share of the costs of such measures shall be in accordance with the cost-sharing provisions contained in Section 73(b) of the Water Resources Development Act of 1974. The project is hereby further modified to eliminate any channel modifications upstream of Sir Francis Drake Boulevard.

Mr. DOMENICI. Mr. President, I want to know where it will go.

Mr. CRANSTON. Mr President, I believe this amendment is acceptable to the committee and will not take any time.

Mr. DOMENICI. Before that, will the Senator yield for a unanimous-consent request?

Mr. CRANSTON. Of course.

Mr. DOMENICI. I ask that this amendment appear at the end of the bill. Is there an objection from the Senator from California?

Mr. CRANSTON. No objection.

The PRESIDING OFFICER. Who seeks recognition?

Mr. CRANSTON. I do, to state what the amendment is for.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. Mr. President, this amendment modifies the authorization of the Corte Madera Creek project in Marin County, Calif., to permit the Corps of Engineers to construct flood proofing measures to protect individual property owners.

Following the authorization of the Corte Madera Creek flood control project in the 1962 Flood Control Act, local citizens objected to the corps plan for a concrete channel upstream of Sir Francis Drake Boulevard. The corps and local citizens have now come to an agreement on a revised plan which would provide the needed flood control in a more natural and less environmentally damaging way.

I would like to point out that the originally authorized plan called for $16,300,000 in Federal moneys while the new revised plan is estimated at $15,270,000, in October 1977 figures. This is a savings of Federal dollars in the amount of $1,030,000.

I am aware that the revised plan developed by the San Francisco district engineer of the corps has not been approved yet at the Washington level. However, this is not a new project—it is a modification of a project previously approved by the Washington office of the corps and the Congress.

I hope this amendment can be speedily agreed to.

Mr. GRAVEL. Mr. President, I have no problems accepting this amendment. I think it would be acceptable, at least, on the majority side.

I might say with approval, of course, of this amendment, it should be placed properly in title IV following my amendment, when and if that is approved.

So I have no objection.

I yield to the distinguished Senator from New Mexico.

Mr. DOMENICI. Mr. President, I have no objection, even though this is a change in precedent. It is my understanding, and I direct this question to the Senator from California, that what we are going to do is less construction work in terms of an overall flood project, but, rather, accomplish the same end by raising a bridge and doing some flood prevention work on homes that would be affected, is that correct?

Mr. CRANSTON. Yes. At less cost to the Government.

Mr. DOMENICI. Less cost?

Mr. CRANSTON. Yes.

Mr. DOMENICI. The minority has no objection.

The PRESIDING OFFICER. Does the Senator from California yield back the remainder of his time?

Mr. CRANSTON. I do.

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from California.

The amendment was agreed to.

The PRESIDING OFFICER. Who seeks recognition?

Mr. STAFFORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. CRANSTON. Will the Senator yield for a unanimous-consent request?

Mr. STAFFORD. Yes.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Kathy Files of my staff be granted privilege of the floor throughout consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1694

(Purpose: To provide technical assistance in the control of streambank erosion)

Mr. STAFFORD. Mr. President, I call up my amendment which is at the desk, No. 1694, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) proposes an amendment numbered 1694.

Mr. STAFFORD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, after line 5, insert the following, and number accordingly:

SEC. . Section 32 of Public Law 93-251 is amended by adding at the end thereof a new subsection:

"(f) In addition to the other authorities in this section, the Secretary of the Army, acting through the Chief of Engineers, shall provide technical assistance to retard streambank erosion to any person or agency requesting such assistance, if the applicant is experiencing, or can be expected to experience, erosion-threatening dwellings or loss of property. The Secretary may also provide assistance to an applicant who would be likely to be affected by flooding downstream from property threatened by erosion: *Provided,*

That the owner of such property agrees to allow the applicant to perform erosion-retarding work. There is authorized to be appropriated to the Secretary such sums as may be necessary to carry out this subsection.".

Mr. STAFFORD. Mr. President, one of the more troublesome problems in many areas of the Nation—certainly in the Northeast—involves streambank erosion, which cuts away at property, undermines homes, produces severe siltation, and, at times of heavy rainfall, results in the uprooting of vegetation, blocking streams and producing significant local flooding.

This is a proposal that is intended to provide an ounce of prevention. Let me give you an example in a tiny community in my own State. The town of Wardsboro, Vt., received some $750,000 in Federal disaster assistance as a result of an August 1976 flood, which ripped out bridges, homes, and sections of roadway. Much of this loss could have been prevented by wise soil management practices ahead of time. Severe soil erosion control, too, could have prevented it.

During the 93d Congress, the Streambank Erosion Control Evaluation and Demonstration Act of 1974 was enacted, authorizing a number of demonstration projects. The amendment would supplement and extend that authority, allowing the Corps of Engineers to assist local governments and people with plans to combat serious streambank erosion. This amendment does not provide a penny toward the actual cost of construction work. By making the corps expertise available to local communities and property owners, this amendment should enable people to help themselves more effectively. I urge its adoption.

I hope that the managers of the amendment, who I understand have examined it, will be willing to accept it.

Mr. GRAVEL. Mr. President, we have no difficulty in accepting this very fine amendment, for the majority.

I yield to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, we have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. STAFFORD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the amendment was adopted.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1262

Mr. STAFFORD. Mr. President, I call up a corrected version of my amendment No. 1695, which I had submitted earlier, which I send to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) proposes an unprinted amendment numbered 1262.

Mr. STAFFORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

"SEC. . (a) The Secretary of the Army, acting through the Chief of Engineers, shall undertake a program of research to increase his capability to control river ice, and to assist communities in breaking up such ice that would otherwise be likely to cause or aggravate flood damage or severe streambank erosion.

"(b) The Secretary is further authorized to provide technical assistance to local units sary ice-control or ice-breaking equipment to control or break up river ice. As part of such authority, the Secretary is authorized to purchase, utilize, and, if requested by local units of government, loan any necessary ice-control or ice-breaking equipment to such local units of government.

"(c) The sum of $3,000,000 is authorized to be appropriated to the Secretary in each of the fiscal years ending September 30, 1979, September 30, 1980, and September 30, 1981, to implement this section."

Mr. STAFFORD. Mr. President, this is a corrected version of amendment No. 1695, which I submitted earlier.

A seasonal problem which afflicts much of this Nation might be called ice floods. Following a buildup in river ice, followed by a sudden thaw, flooding is often produced by the "ice dams" that accumulate at bridge abutments or other impediments in the river.

Ice flooding has occurred in many areas this past winter, as it does every year. Here in Washington, there was even a threat that the bridges crossing the Potomac River might be imperiled by ice. The threats in many areas of the North is even more severe with the spring runoff.

The danger of ice buildup sometimes can be handled effectively through the emergency efforts of the Corps of Engineers. Such a project was approved this winter for Montpelier, Vt. But such efforts may come too late, or may involve costly last-minute work, using explosives.

I believe that with systematic and coordinated planning we can achieve new techniques in the control of river ice. I believe that we can and should successfully develop improved ice breakup techniques, and provide this information to affected communities. The corps is the proper organization to do this work, which is well beyond the means of many small communities.

This amendment is intended to strengthen the corps' ability to meet the ice-flooding problem. The only difference between this amendment and amendment No. 1695 is that this amendment clarifies the authority that the corps can itself utilize equipment purchased.

It authorizes $3,000,000 a year in fiscal year 1979, fiscal year 1980, and fiscal year 1981 to enable the corps to provide ice-breakup assistance and to purchase such equipment.

Mr. President, I hope that the managers of the bill, who have had an opportunity to examine this amendment, will accept it.

Mr. GRAVEL. Mr. President, ice is a subject with which I have some sympathy. I think the Senator has a very fine amendment, and I am prepared to accept it for the majority.

Mr. DOMENICI. We have no objection, Mr. President.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. STAFFORD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STAFFORD. I move to reconsider the vote by which the amendment was adopted.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1700

(Purpose: To eliminte bureaucratic delays to foster hydroelectric developing at existing sites)

Mr. STAFFORD. Mr. President, I call up my amendment No.1700 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) proposes an amendment numbered 1700.

Mr. STAFFORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, after line 5, insert the following and number accordingly:

SEC. . (a) Any agency of the United States with the authority and responsibility to grant or review any license or permit needed to utilize hydroelectric power at existing dams or former industrial sites shall make every effort to simplify application procedures and to expedite the consideration of any license or permit that may be necessary for the construction or operation of such facility, or for the sale of power from such facility.

(b) The Comptroller General of the United States shall report to the Congress within one year of the enactment of this Act on the implementation of this section, his evaluation of any continuing institutional problems involved in hydroelectric development at existing dams or former industrial sites, and his assessment of the need for additional congressional action to facilitate hydroelectric development at existing dams or former industrial sites.

Mr. STAFFORD. Mr. President, this amendment would direct all Federal agencies to expedite consideration of hydropower retrofit projects. Various groups in Vermont and across the Nation are exploring the opportunities for adding new hydroelectric facilities at the sites of existing dams and former industrial plants. The Senate last year adopted several provisions intended to encourage a small-hydro revival. The Department of Energy is now developing a program to finance demonstration work

on hydro retrofit. The opportunities for retrofitting existing dams must not be dimmed by or frustrated by institutional delays imposed by Federal regulatory authorities, who often may think in terms of the time needed to review major new dam proposals.

This amendment directs Federal agencies to take every action they legally can to expedite any licenses or permits that may be required to retrofit hydropower facilities. This amendment would also direct the General Accounting Office to report to the Congress within 1 year on the effectiveness of the Federal response, with suggestions for any change in law that might be useful to facilitate retrofitting of power facilities at existing damsites.

Mr. President, I know that the managers of the bill have had an opportunity to examine this amendment, and I move its adoption.

Mr. GRAVEL. Mr. President, I have no problem accepting this amendment by the Senator from Vermont.

I yield to the Senator from New Mexico.

Mr. DOMENICI. We have no objection, Mr. President.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. STAFFORD. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STAFFORD. Mr. President, I thank the managers of the bill for their cooperation in the adoption of these three amendments.

Before I yield the floor, I add, now that the official work is done, that the hazards of ice dam buildup do not apply only to stream erosion and buildings and bridges.

Last February, during one of our celebrated New England spring thaws, I was addressing a Rotary Club in the Motor Tavern Inn in Montpelier, Vt., immediately adjacent to a river flowing through that city. Halfway through my remarks, the manager of the inn came in, wearing hip boots, and told the assembled Rotarians that if they wished to get their cars out of the parking lot before they were surrounded by water, they would have to move immediately, and I lost three-quarters of my audience then.

Five minutes later the manager came back and said, "Senator, if you don't give us the keys to your car, it is going under water, too."

So I got a direct application of the dangers of flooding from ice jams damming up against bridges.

In the interests of all Senators, I thought a hazard to our public speaking was involved here as well as the other hazards.

[Laughter.]

Mr. DOMENICI. Mr. President, I ask unanimous consent that Doris Klump, of Senator DOLE's staff, have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1792

(PURPOSE: To authorize protection of archeological discoveries at Los Esteros Lake, New Mexico)

Mr. DOMENICI. Mr. President, I call up my amendment No. 1792.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an amendment numbered 1792.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, after line 5, insert the following and number accordingly:

SEC. . The project for Los Esteros Lake, Pecos River, New Mexico, authorized by section 203 of the Flood Control Act of 1954 (68 Stat. 1260), is hereby modified to authorize the expenditure of not to exceed $200,000 for the recovery of cultural resource data, in addition to any amounts authorized for this purpose pursuant to the Reservoir Salvage Act of 1960, as amended (88 Stat. 174).

Mr. DOMENICI. Mr. President, this amendment provides $200,000 to assure that artifacts from archeological sites dating to 3000 B.C. will be preserved before Los Esteros Lake in New Mexico is filled with floodwaters.

During the past 6 years, the National Park Service, Southern Methodist University, and the Center for Anthropological Studies in Albuquerque have carefully studied and cataloged the reservoir area. They have identified 60 sites eligible to be listed in the National Register. These range from 5,000-year-old campsites, where Indian families left grinding and scraping stones, more recent Indian sites with pottery and other artifacts, and the dwellings of European settlers and ranchers beginning in the 18th century.

The rescue and cataloging of these artifacts may provide important information in our study of the history of the Southwest.

To date the Corps of Engineers has obligated $261,000 to make these evaluations, and to begin to recover some of the artifacts. That sum, which is 1 percent of the cost of the Los Esteros project, is the limit permitted under Public Law 93-291.

My amendment authorizes the additional $200,000 needed to complete this important archeological work. The figure, I might add, is based on field investigations, and a plan developed by the Historic Preservation Office of New Mexico, the Advisory Council on Historic Preservation, and the corps' District Engineer in Albuquerque.

Mr. President, this is a sound and reasonable amendment. But we must act quickly. By this fall, the elevation of the dam will reach a level where a severe storm could flood sites not yet excavated and for which no money is presently available. I hope that this amendment will be accepted by the Senate. I move its adoption.

The PRESIDING OFFICER. Will the Senator advise the Chair whether this is the amendment on which he has 3 hours of debate?

Mr. DOMENICI. This is not.

That amendment, I believe, is precluded by definition until tomorrow in that it has to do with Locks and Dam 26 and user fees, a 3-hour minimum.

The PRESIDING OFFICER. The Chair thanks the Senator from New Mexico.

Mr. GRAVEL. Mr. President, I have no trouble with this amendment, and I think we should accept it. I am prepared to yield back all of my time.

Mr. DOMENICI. I thank the Senator from Alaska.

I yield back the remainder of my time and move the adoption of the amendment.

The amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. I thank the Senator from Alaska for his consideration.

Mr. STONE. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. ALLEN. I yield.

Mr. STONE. Mr. President, I ask unanimous consent that Bruce Rowen, of my staff, be accorded the privilege of the floor during votes and consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition ?

Mr. ALLEN addressed the Chair.

The PRESIDING OFFCIER. The Senator from Alabama.

UP AMENDMENT NO. 1263

Mr. ALLEN. Mr. President, I send to the desk an amendment to the bill itself and propose this amendment on behalf of myself and my distinguished colleague, Mr. Sparkman, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) for himself and Mr. SPARKMAN proposes unprinted amendment numbered 1263.

Mr. ALLEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

"Section 32 of Public Law 93-251 is amended by adding at the end thereof a new subsection: "The navigation project for the Alabama-Coosa River authorized in the River and Harbor Act of 1945 is modified to authorize the Secretary of the Interior, in cooperation with the Secretary of the Army, acting through the Chief of Engineers, to provide technical and financial assistance to the State of Alabama for the purpose only

of correcting slope failures and erosion problems along the banks of the Coosa River by such methods as may be appropriately employed within the boundaries of land now owned by the United States or owned by the State of Alabama or within the waters of the Coosa River immediately contiguous thereto at the Fort Toulouse National Historic Landmark and Taskigi Indian Mound in the County of Elmore, State of Alabama. Any financial assistance provided hereunder shall be used only for the purpose specified, subject to such other terms and conditions as the Secretary of the Interior may impose, shall be in addition to and not in derogation of any other Federal financial assistance for historic preservation purposes to which the State of Alabama may otherwise be entitled under any other provisions of law, but shall not be subject to the limit on authorized appropriations for the Alabama-Coosa River navigation project imposed by the River and Harbor Act of 1945.

Mr. ALLEN. Mr. President, I yield myself such time as I may require.

Mr. President, on May 13 of last year, my distinguished senior colleague from Alabama, Senator SPARKMAN, and I introduced S. 1505, a bill designed to authorize the Corps of Engineers to correct slope failures which have occurred over recent months and years at the site of Fort Toulouse in Elmore County, Ala. Fort Toulouse and the nearby Taskigi Indian Mound are national historic landmarks located on Federal property near the confluence of the Coosa and Tallapoosa Rivers. Engineering projects by the Corps of Engineers on the Coosa River are suspected to have caused the accelerated sloughing off of the Coosa River bank at Fort Toulouse, a state of affairs which frankly threatens the eventual destruction of the fort and of the Indian Mound together with a consequent loss of the wealth of yet uncataloged archeological and historical information.

Now, Mr. President, perhaps it would be useful for me to trace briefly the history of this very important national historic site so that Senators will appreciate the importance of preserving it for the future.

In 1717, Captain Marchand of the French Army and 19 French colonial soldiers departed the Port of Mobile for the interior of Alabama. Captain Marchand was acting at the orders of Governor Bienville, who was then the Governor of the French Louisiana Territory. Bienville reasoned that the newly established city of New Orleans could only be successfully protected from the British and from the Spanish if the French constructed an outpost in the interior of Alabama to act as a flank defense against incursions from British colonies on the eastern seaboard or from the Spanish colony in Florida.

After sailing several hundred miles inland along the Alabama River, Captain Marchand selected for occupation a strategic site at the origin of the Alabama River near the confluence of the Coosa and Tallapoosa Rivers. With the acquiescence of the Creek Indian nation, Captain Marchand's men constructed a large fortification to control the river routes and named the structure Fort Toulouse. Many of the French soldiers thereafter took Indian wives, and Captain Marchand himself married the Creek Princess Sehoy of the Family of the Wind, the ruling family of the Creek Nation. From their offspring were drawn the great war chiefs and political leaders of the Creek Nation.

Since those early days, Fort Toulouse has had a long and important history in the development of the Southeast. Occupied successively by the French, the Creeks, and the British, in 1814 the fort was garrisoned by Andrew Jackson when his army of Tennesseans were en route to the Battle of New Orleans. Fort Toulouse served as Jackson's headquarters during his negotiations with the Creek Nation, and it was at Fort Toulouse that the famous Creek leader, William Weatherford—or Red Cloud—surrendered to Jackson by symbolically riding into Jackson's camp unarmed with a deer across his saddle as a gift.

Fort Toulouse next served as a principal site of settlement in the newly opened Alabama territory, but early in the history of the State of Alabama, the site was abandoned in favor of another developing town, the present capital at Montgomery which is some 15 miles downstream.

Fort Toulouse has long been State property, but some 10 years ago the site was designated a national historic landmark, and in 1971 a large tract of surrounding property was acquired by the Federal Government for a Federal park. Substantial sums of money have been expended both by the State of Alabama and by the Federal Government in reconstructing Fort Toulouse and in improving park facilities at the location. I have been particularly impressed with the tremendous local citizen participation in various projects associated with the fort, and frankly I feel great pride at the magnificent effort made by many individual citizens to upgrade the fort site even when Federal support for the project was not significant. But now, Mr. President, we face a problem that cannot be solved from purely local resources.

Now, as I said earlier, Mr. President, the Coosa River, probably as a result of Corps of Engineers projects on the Alabama-Coosa River system, has begun in the last few years to shift in its banks at the fort site and is eroding at an alarming rate the bluff on which the fort is situated. The problem has reached crisis proportions, and the northern berm and associated timber wall are in the process of sloughing off into the River. Immediate action is clearly required if this historic treasure is to be preserved. For that reason, Senator SPARKMAN and I introduced S. 1505.

I might also mention, Mr. President, that in addition to the fort, significant archeological sites in the immediate vicinity of the fort—and here I refer to the Taskigi Indian Mound—are also threatened. The amendment I propose is designed to guarantee that work on a prehistoric temple mound and related archeological remains at the site can continue so that all possible information can be developed regarding a prehistoric Indian culture which existed there some 10,000 years ago.

The Secretary of the Interior is already fully apprised of the situation at the fort, and I am confident that he also believes that prompt action is in order. In fact, Mr. President, the Department of the Interior has written to the distinguished chairman of the Committee on Energy and Natural Resources to recommend enactment of the provisions of this amendment. The letter from the Department of the Interior states that, "It is clear that emergency stabilization work is urgently needed to prevent further loss of the prehistoric and historic resources of this nationally significant site." In short, action must be taken in this Congress if further damage is to be prevented. My amendment will achieve that result.

Mr. President, I have drawn my amendment in careful fashion to insure that only those costs directly associated with preserving these historic sites will be covered. Therefore, no expenditures will occur which do not directly aid in reducing the slope failures as the fort site. The object of this amendment is simple: the amendment is designed strictly to shore up the bank at the site of the fort and mound, thereby preserving these archeological monuments for future years of study and recreational enjoyment.

I might state that S. 1505 received the approval of the U.S. Department of Interior in a letter dated July 25, 1977, to the Honorable HENRY M. JACKSON, chairman of the Committee on Energy and Natural Resources of the U.S. Senate, Washington, D.C.

That bill, S. 1505, and this amendment, would authorize the Secretary of the Interior, in cooperation with the Corps of Engineers, to provide technical and financial assistance to the State of Alabama for correction of erosional problems along the Coosa River threatening the integrity of the Fort Toulouse National Historical Landmark and adjacent Taskigi Indian Mound.

I ask unanimous consent that a letter dated July 25, 1977, from the Department of the Interior to the chairman of the Committee on Energy and Natural Resources be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C. July 25, 1977.

HON. HENRY M. JACKSON,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to the request of your Committee for the views of this Department on S. 1505, a bill "To authorize the Secretary of the Interior to assist in the preservation of the Fort Toulouse National Historic Landmarks and the Taskigi Indian Mound in the State of Alabama, and for other purposes."

We recommend the enactment of S. 1505.

S. 1505 would authorize the Secretary of the Interior, in cooperation with the Corps of Engineers, to provide technical and financial assistance to the State of Alabama for correction of erosional problems along the Coosa River threatening the integrity of the Fort Toulouse National Historic Landmark and adjacent Taskigi Indian Mound.

Fort Toulouse, in Central Alabama, was constructed in 1717 by the French as the eastern outpost of the Province of Louisiana. It is situated on the bank of the Coosa River, and apparently has been relocated in the

past to avoid the ravages of erosion. In 1814, Andrew Jackson's forces occupied the site after defeating the Creek Indians at the Battle of Horseshoe Bend. The site was the scene of the treaty ending the Creek War.

At the present time, the Coosa River is eroding its river banks at such a rate that the crumbling bank of the river is only a few feet from the historic fort. The nearby Taskigi Indian Mound has already been encroached upon by the river. Some of its archeological features, such as potsherds, have already been exposed by the the eroding river bank.

Fort Toulouse is a national historic landmark which attests to its national significance. We believe that the Fort and the Indian Mound deserve to be protected. It is clear that emergency stabilization work is urgently needed to prevent further loss of the prehistoric and historic resources of this nationally significant site.

The Corps of Engineers has estimated that the cost of such protection would range between $5.4 million and $10.5 million, depending on the level of construction carried out. The Department of the Interior does not have funds available to accomplish this task. Accordingly, we would need the necessary protection of the Fort. The Committee might also want to consider a direct authorization of funds in S. 1505 to the Army Corps of Engineers who will probably carry out this river bank stabilization work.

Sincerely,

BOB HERBST,
Assistant Secretary.

Mr. GRAVEL. Mr. President, I have no problems in accepting this amendment. I think it has great merit, and I yield to the Senator from New Mexico.

Mr. ALLEN. I thank the Senator.

Mr. DOMENICI. Mr. President, I might say to the distinguished Senator from Alabama I have some concern, and I just want to discuss it with him.

Mr. ALLEN. All right.

Mr. DOMENICI. It appears to me that there has been no economic justification for this project and no relation to Corps projects, and the information we have is that the erosion may be aggravated by a private power dam.

But we do have, I say to my good friend from Alabama, in section 32 of the law an overall program for demonstration programs that has as a goal the accomplishment of the same kind of purposes.

I am wondering if the Senator will agree to merely modify or amend his amendment to include as a preface to his amendment that section 32 of Public Law 93–251 is amended by adding at the end thereof a new section which would then be the Senator's amendment as he proposed it today.

That would put it in an ongoing project of this type wherein this kind of problem is handled rather than to put it in as a separate new section without the adequate study and evaluation that usually goes into it as part of a corps project.

Mr. ALLEN. Apparently it has been studied, I say to the distinguished Senator from New Mexico, and in S. 1505 identical language to this language was approved by the U.S. Department of the Interior as shown by this letter dated July 25, 1977 from the Department of the Interior that I have asked to be printed in the RECORD.

Mr. DOMENICI. I say to the Senator I certainly do not want to make the distinction on different agencies, but I say to my good friend from Alabama that there are certain procedures that the Corps of Engineers follow. We have tried very diligently to have them follow those procedures as best we can, and this does not follow that orderly procedure within the corps but would if it were in section 32.

Mr. ALLEN. Yes. I have no objection to the Senator's suggestion provided that it would accomplish the ends that are sought to be accomplished by the amendment.

I ask the distinguished manager of the bill, what would be the effect of the suggested modification as suggested by the distinguished Senator from New Mexico?

Mr. GRAVEL. If I might respond to the Senator, as I understand it, the goals that he seeks will be accomplished, but it will be done under an ongoing program that the Corps of Engineers has. If the Senator wanted to accept the modification made by the Senator from New Mexico we could make it very clear that if the Corps of Engineers is dilatory our hope is to later this year come forward with another bill and I think both I and undoubtedly the Senator from New Mexico would then support legislation to aggressively circumvent that corps process if the Senator from Alabama finds them to be too circuitous.

So I am led to believe that the Senator's goals can be accomplished. We have an ongoing corps program and procedure for doing that and if we direct that it be included in that then it should be done.

Mr. ALLEN. Well, would this modification, as suggested, mandate the Corps of Engineers to proceed with this work?

Mr. GRAVEL. I would interpret it as that. Is that the understanding of the Senator from New Mexico?

Mr. DOMENICI. That is my understanding.

Mr. ALLEN. The work would be done without further legislation if this amendment is agreed to by the House?

Mr. DOMENICI. That is correct.

Mr. GRAVEL. That is correct, and this amendment would be considered as directing them to do it.

Mr. ALLEN. Without further investigation; is that correct?

Mr. GRAVEL. They would follow their normal investigatory route as part of this program. But I do not think that should offer any delay, and I would hope we would not see bureaucracy try to reinvent the wheel. If this would be the work of the Department of Interior I would be most chagrined.

Mr. DOMENICI. I want to say to the Senator from Alabama that I do not offer the suggestion to him for purposes of making the project more difficult to accomplish nor to delay it but rather to create the consistency that is in the bill and, I believe, that Public Law 93–251, in particular section 32, is exactly for this.

Mr. ALLEN. I see.

Mr. DOMENICI. And we would take the Senator's language, if he accepts my suggestion, and add it right at the end of the section so that his project would be one of those they are doing pursuant to section 32.

Mr. ALLEN. I see.

Well, certainly with that explanation I would thank the distinguished Senator from New Mexico and the distinguished manager of the bill (Mr. GRAVEL) for their suggestions and I would accept the modification with my thanks for the suggestion.

Mr. GRAVEL. I would in that event, Mr. President, be prepared to yield back the remainder of my time if the Senator is so prepared.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. ALLEN. I send a modification to the desk, this modification to be added at the beginning of my amendment. That is the modification suggested by the distinguished Senator from New Mexico.

Mr. DOMENICI. That is correct.

The amendment, as modified, is as follows:

On page 17, after line 5, insert the following, and number accordingly:

"Section 32 of Public Law 93–251 is amended by adding at the end thereof a new subsection:"

The navigation project for the Alabama-Coosa River authorized in the River and Harbor Act of 1945 is modified to authorize the Secretary of the Interior, in cooperation with the Secretary of the Army, acting through the Chief of Engineers, to provide technical and financial assistance to the State of Alabama for the purpose only of correcting slope failures and erosion problems along the banks of the Coosa River by such methods as may be appropriately employed within the boundaries of land now owned by the United States or owned by the State of Alabama or within the waters of the Coosa River immediately contiguous thereto at the Fort Toulouse National Historic Landmark and Taskigi Indian Mound in the County of Elmore, State of Alabama. Any financial assistance provided hereunder shall be used only for the purpose specified, subject to such other terms and conditions as the Secretary of the Interior may impose, shall be in addition to and not in derogation of any other Federal financial assistance for historic preservation purposes to which the State of Alabama may otherwise be entitled under any other provisions of law, but shall not be subject to the limit on authorized appropriations for the Alabama-Coosa River navigation project imposed by the River and Harbor Act of 1945.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. ALLEN. I yield back the remainder of my time.

The PRESIDING OFFICER. Do the managers of the bill yield back their time?

Mr. DOMENICI. We yield back our time and we have no objection to the amendment, as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Alabama.

The amendment, as modified, was agreed to.

AMENDMENT NO. 1830

(Purpose: To authorize a project for Fisherman's Wharf, California)

Mr. GRAVEL. Mr. President, I call up amendment No. 1830.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL) proposes an amendment numbered 1830.

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following:

SEC. —. The Secretary of the Army, acting through the Chief of Engineers, is hereby authorized and directed to construct the project for light-draft navigation in the Fisherman's Wharf area, San Francisco Harbor, California, substantially in accordance with the report of the Chief of Engineers, dated February 3, 1978, at an estimated Federal cost of $8,650,000.

Mr. GRAVEL. Mr. President, because the harbor at Fisherman's Wharf is essentially unprotected, wave energy from the open ocean and from local storms causes damage to vessels and mooring facilities. The wharf area is the principal unloading point and processing center for offshore fisheries outside of Golden Gate largely because of its central location and proximity to the open ocean. Many commercial boaters have moved to more protected harbors in the area even though they continue to visit Fisherman's Wharf for unloading or use it as a temporary base. The existing facilities at the wharf are limited and dilapidated. Provision of a protected berthing area would provide the impetus and incentive for improvement of the processing facilities. Other needs include provision of accommodations for recreation boats; additional pier fishing opportunities; maintenance of the recreation value for tourists and sightseers; protection of the historic vessels at the Hyde Street Pier; and improvement of water quality.

I think, Mr. President, anybody who has had the unusual pleasure of going to Fisherman's Wharf and regaling himself of that unusual locale can appreciate the need for this amendment. I have been asked to introduce this amendment by the people of that area, and am happy to do so, and I hope we can secure its passage on this particular bill.

I yield.

Mr. DOMENICI. I have no objection to the amendment.

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER. Do the managers of the bill yield back the remainder of their time? Does the Senator from New Mexico yield back the remainder of his time?

Mr. DOMENICI. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. GRAVEL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAVEL. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The absence of a quorum being suggested, the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ALLEN). Without objection, it is so ordered.

Mr. GRAVEL, Mr. President, I ask unanimous consent that the staff assistant of Senator HEINZ, Bob Hoeppler, be permitted the privileges of the floor during the deliberation on this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. If the Senator from Texas is ready we would be happy to take up his amendments. He has three amendments that I think we could accommodate him on if he is prepared to take them up.

I yield the floor.

UP AMENDMENT NO. 1264

Mr. BENTSEN. I thank the distinguished managers of the bill and I seek recognition.

I have an amendment which I am sending to the desk and I ask the clerk to report.

The PRESIDING OFFICER. The clerk will please state the amendment.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment numbered 1264.

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17 line 5 insert the following:

That the matter set forth in the second paragraph under the center heading "BRAZOS RIVER BASIN" in section 10 of the Flood Control Act of 1946 is amended by inserting "and other" after "irrigation".

Mr. BENTSEN. The purpose of this amendment is very straightforward and logical; I hope it will be accepted by the committee.

When the Lake Belton project was authorized by the 1946 Federal Flood Control Act, Congress reserved 45,000 acre-feet of reservoir capacity to be used for irrigation water in the Leon, Lampasas, and Little River Valleys. This anticipated demand for irrigation water has simply not materialized. No water from Lake Belton has ever been used for irrigation, and there is no reason to presume such a demand in the future.

The area in which Lake Belton is located has, however, enjoyed a very substantial population increase in recent years. The population of the Temple-Killeen area in Texas is projected to increase by approximately 20 percent between 1976 and 1980 and should reach 200,000 by the end of this decade.

As a result of this population increase the Temple-Killeen area is no longer able to satisfy water demands from ground water resources. Available ground water supplies are being rapidly depleted, and some of the area water is highly contaminated by dissolved minerals.

My amendment is designed to provide the obvious answer to this emerging problem. There are 45,000 acre-feet of water in Lake Belton set aside for irrigation, a use for which there is no demand. I would propose to make these water resources available to the communities of the Temple-Killeen area, thereby insuring adequate fresh water supplies for a growing and prospering area of Texas.

Mr. President, I urge the adoption of my amendment.

Mr. DOMENICI. Mr. President, will the Senator yield for a question?

Mr. BENTSEN. Yes.

Mr. DOMENICI. It is understood, is it not, that the cost would be fully reimbursed in accordance with the Water Supply Act?

Mr. BENTSEN. The Senator from New Mexico is correct in that statement.

Mr. GRAVEL. Mr. President, we have no objection to the amendment on the majority side. I yield to the minority.

Mr. DOMENICI. We have no objection.

● Mr. EAGLETON. Mr. President, I have joined Senator BENTSEN in sponsoring this amendment to section 221 of the Flood Control Act of 1970 because it will eliminate a problem with cost-sharing contracts at two important Missouri projects—Long Branch Lake in Macon, Mo., and Smithville Lake in Smithville, Mo.

The Long Branch and Smithville projects are well on the way to completion; Long Branch Dam will be finished this year, while the Smithville Dam was completed in 1976. Recreational development is authorized at both projects. Under the Federal Water Projects Recreation Act of 1965, 50 percent local cost sharing is required for all recreation development and fish and wildlife management. In 1969, the Missouri General Assembly passed the Missouri Water Projects Recreation Act to enable the State to enter into the necessary cost-sharing agreements. The State, however, could not enter into formal contracts until the general assembly also passed an instructional joint concurrent resolution in 1976. When this was done and the contracts drawn up, the Corps of Engineers' General Counsel did not approve the agreements because repayment obligations remained contingent upon future legislative appropriations.

What we have here is a "Catch 22" situation; recreational development must be carried out as part of the authorization, and cost-sharing contracts must be entered into for this purpose under Federal law. However, the only entity, in this case the State, which can realistically be expected to pay the development costs has been ineligible to participate. This amendment would remedy this unworkable situation and allow us in Missouri to get started on the development of the recreational facilities at Long Branch and Smithville Lakes. I, therefore, urge that it be adopted.●

Mr. GRAVEL. I yield back the remainder of my time.

Mr. BENTSEN. I yield back the remainder of my time, and ask for a vote on the amendment.

The PRESIDING OFFICER (Mr. HODGES). Does the Senator from Alaska yield back the remainder of his time?

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. CRANSTON. Mr. President, I ask for the yeas and nays on the King's River amendment, which was set aside temporarily so that we could deal with these other amendments.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AGRICULTURAL CREDIT ASSISTANCE ACT OF 1978

The PRESIDING OFFICER. Under the previous order, the hour of 2 o'clock p.m. having arrived, the Senate will now resume the consideration of S. 2146, and will proceed to vote on the amendments by Senators EAGLETON, ALLEN, and CLARK.

The question is on agreeing to the amendment of the Senator from Missouri (Mr. EAGLETON).

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Alabama (Mr. ALLEN).

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Iowa (Mr. CLARK).

Mr. ALLEN. Mr. President, this amendment is contested, and I believe the distinguished Senator from Iowa wishes a yea or nay vote. He is not in the Chamber at the moment, and I therefore ask unanimous consent that I might be permitted to suggest the absence of a quorum until Senator CLARK returns.

The PRESIDING OFFICER. The Senator does not need unanimous consent to suggest the absence of a quorum.

Mr. ALLEN. I suggest the absence of a quorum.

Mr. DOMENICI. Here he is.

The PRESIDING OFFICER. Does the Senator withdraw that, since Senator Clark is now here?

Mr. ALLEN. Yes.

Mr. CLARK. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

AMENDMENT NO. 1825

The question is on agreeing to the amendment (No. 1825) of the Senator from Iowa (Mr. CLARK). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Mississippi (Mr. EASTLAND), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), the Senator from Hawaii (Mr. INOUYE), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD) and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

The result was announced—yeas 29, nays 62, as follows:

[Rollcall Vote No. 145 Leg.]

YEAS—29

Abourezk	Gravel	Moynihan
Anderson	Hart	Nelson
Bentsen	Hathaway	Percy
Burdick	Hollings	Riegle
Church	Huddleston	Sarbanes
Clark	Humphrey	Sasser
Cranston	Kennedy	Stevenson
Culver	Matsunaga	Stone
Durkin	McGovern	Williams
Ford	Morgan	

NAYS—62

Allen	Goldwater	Muskie
Baker	Griffin	Nunn
Bartlett	Hansen	Packwood
Bayh	Hatch	Pell
Bellmon	Hayakawa	Proxmire
Biden	Heinz	Ribicoff
Brooke	Helms	Roth
Bumpers	Hodges	Schmitt
Byrd, Harry F., Jr.	Jackson	Schweiker
Byrd, Robert C.	Javits	Scott
Case	Johnston	Sparkman
Chafee	Laxalt	Stafford
Chiles	Leahy	Stennis
Curtis	Long	Stevens
Danforth	Lugar	Talmadge
Dole	Magnuson	Thurmond
Domenici	Mathias	Tower
Eagleton	McClure	Wallop
Garn	McIntyre	Weicker
Glenn	Melcher	Young
	Metzenbaum	Zorinsky

NOT VOTING—9

Cannon	Hatfield, Mark O.	Inouye
DeConcini	Hatfield, Paul G.	Pearson
Eastland		Randolph
Haskell		

So the amendment was rejected.

The PRESIDING OFFICER (Mr. RIEGLE). If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Under the previous order, third reading of S. 2146 having occurred, the Senate will now proceed to the consideration of the House companion bill, H.R. 11504, which will be amended by striking all after the enacting clause and inserting the text of the Senate bill followed by third reading and passage of the House bill without debate.

Mr. ALLEN. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 11504) to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program to farmers and ranchers in the United States, and extend the Emergency Livestock Credit Act.

The PRESIDING OFFICER. Without objection, the text of S. 2146 as amended by the Senate is substituted for the text of the bill H.R. 11504.

The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. ALLEN. Mr. President, I have an amendment to the title that I send to the desk.

The PRESIDING OFFICER. The Chair advises that the amendment is not in order until the bill is passed.

Mr. ALLEN. I leave it at the desk, then.

The PRESIDING OFFICER. The bill having been read the third time, the question now is, Shall the bill as amended pass?

Mr. ALLEN. Mr. President, I call for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that this be a 10-minute rollcall vote, with the warning bells to sound 2 minutes after the beginning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I ask unanimous consent that the name of the distinguished and gracious Senator from Minnesota (Mrs. HUMPHREY) be added as a cosponsor of S. 2146.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENTS ON USDA REPORT ON RECLAMATION PROJECT FARMS

● Mr. ABOUREZK. Mr. President, I recently asked Prof. Phillip LaVeen of the University of California at Berkeley to comment on a report issued by the Department of Agriculture on the impact of proposed regulations for the sale of excess lands in Federal reclamation projects. The report concluded that small farms (160–320 acres) would yield very good incomes to their operators. There has been some criticism of the report's methods, and Professor LeVeen shares at least some of these reservations. Overall, however, he found the report reliable and accurate in projecting net incomes. He makes a very important additional point, however, when he states that the report fails to account for the tremendous increase in wealth a farmer can expect from the ownership of reclamation land. This increase results from the fact that reclamation land, in addition to the normal appreciation for agricultural land, receives a very substantial appreciation due to the conditions of its sale.

The land is sold at controlled prices which do not reflect value added by the construction of the project. If the new owner retains ownership for a period of time (usually half the life of the project,

or about 20 years) he can sell the land at market value, including the value added by the project. This frequently amounts to a value equal to twice the controlled price.

The increasing evidence of the prospects for success for small farmers in reclamation projects makes it very clear that Congress must act to set strict acreage limitations in these projects so that as many people as possible can reap the benefits of the program's tremendous subsidies.

I ask unanimous consent that Professor LeVeen's letter be printed in the RECORD.

The letter follows:

UNIVERSITY OF CALIFORNIA,
Berkeley, Calif., April 11, 1978.

HON. JAMES ABOUREZK,
U.S. Senator, Committee on the Budget, U.S. Senate Office Building, Washington, D.C.

DEAR SENATOR ABOUREZK: Last February, you wrote inquiring if I would evaluate the U.S. Department of Agriculture's study of the proposed regulations for the Reclamation Act; this letter is a response to that request.

My most general comment concerns the validity of the conclusions of that report which show that farms of 160 and 320 acres are generally capable of producing enough income to support a family. I find no problems with the methodology of the USDA report with one exception. The data are based upon reasonably accurate cost figures, but they are based on 1976 prices. At the current time, most of the crop prices have fallen from their 1976 levels. Revisions of the report would suggest that the income capacity should be lowered because of lower crop prices. However, the current price and cost conditions may not be representative of the long run.

Ideally, we would like to have estimates of farm income capacity which are based on the true long-run prices and costs which will prevail over the life of the project. Unfortunately, we do not know what these long-run prices and costs will be. The present conditions may represent unusually depressed prices. Certainly, the period of 1973–1976 represented unusually high prices.

Much of the criticism of the report is based on its use of relatively high crop prices which yield high income estimates. My own feeling is, and based upon some work that I have done, that the estimates of the USDA report are reasonably precise.

There is one point, however, which I think deserves greater elaboration. It should be recognized that there will be an additional economic benefit to any family which can obtain 160 or 320 acres of land, which is not explicitly pointed out in the report, that is as follows:

The incomes reported in the study are for labor and management. They exclude a return on capital. However, presumably for every year the farmer pays the bank for his initial loan to buy the land and other capital of the farm, his equity in the farm will grow. In 30 years or so, the farmer will be the owner of an asset worth at least one-half million dollars in current prices and land values. They will likely be much higher in the values which obtain in 30 years.

Thus, in addition to the annual income the farmer receives, his wealth will increase rapidly to the point of which, when he sells his farm after 25 or 30 years, he may well be a millionaire as a result of the economic opportunity afforded by the Reclamation Act. This wealth, in effect, is completely overlooked in the report.

The third point that I wish to make concerns the report's differing conclusions for the Westlands Water District as opposed to the Imperial Irrigation District. The report points out that farms in the Westlands Water District will be capable of providing families with incomes two to three times higher than farms in the Imperial Irrigation District. It should be pointed out, however, that this difference does not derive from different farming conditions but simply from the different assumptions of the report. This point is of considerable importance. The major reason that Imperial Irrigation District farms produce low incomes is the report's assumption that farmers must buy the land in that district at the current market value of approximately $1,500 to $2,000 per acre. On the other hand, it is that the report assumes that farmers in the Westlands District will be able to purchase the land for $700 per acre. The interest costs, therefore, in the Imperial Irrigation District are much higher, and these interest costs effectively wipe out much of potential income which would become available for the farmer.

Now the report assumed the high land prices in the Imperial Valley because the Bureau of Reclamation has not established what the prewater price of land should be in the Imperial Irrigation District. Certainly the $2,000 per acre in the Imperial Irrigation District represents a major portion of the benefits of the project. Land would have a very low value without project water in this area. Had the report used lower prices of land in its conclusion, farm income would have been roughly the same as in the Westlands.

There is considerable interest in exempting the Imperial Irrigation District from the excess land provisions of the Act. Some might interpret the differences in economic potential in the two irrigation districts to be justification for such a move. However, it would appear that there is no economic justification for treating the Westlands and Imperial differently.

There are many minor points that could be made regarding the USDA report. I do not think that these are of sufficient importance to merit their discussion. I have many other interests and concerns regarding the development of reclamation policy, and I have written about these in two recent papers which I am including along with this letter. The first of these papers deals with the economic implications of imposing the proposed and alternative regulations in California. I think this paper will be of considerable relevance to the issues at hand. The second paper deals more generally with the Bureau of Reclamation as an agency of economic and rural development. This paper attempts to place in perspective the history of reclamation policy and argues that the Bureau of Reclamation by its very nature cannot carry out effectively rural development in states such as California. This paper may be of interest to you as well.

If I may be of additional assistance to you, do not hesitate to write.

Sincerely yours,

E. P. LEVEEN,
Assistant Professor of Agricultural and Resource Economics.●

● Mr. McGOVERN. Mr. President, I rise in support of the pending legislation and urge its passage. For a number of years, I was the chairman of the subcommittee which reported this legislation. Under the reorganization of the committee, I now chair another subcommittee but remain the ranking majority member of the Subcommittee on Agricultural Credit and Rural Electrification. I congratulate my able colleague from Alabama (Mr. ALLEN), the present chairman, for his leadership in the subcommittee and for his performance in the management of this bill on the floor. My congratulations also go to our distinguished chairman, the senior Senator from Georgia (Mr. TALMADGE) for his valuable contributions to this bill as well as other major agricultural bills which have been passed in the Chamber.

Mr. President, though I am no longer the chairman of the Agricultural Credit Subcommittee, I maintain an active and sustaining interest in the subject matter. Farmers continue to be our most active participants in the credit market. As costs of production continue to rise it is thoroughly predictable that this quest for credit will be an integral if not major segment of farmers' productive capacity.

Commercial lending institutions and the Farm Credit Administration continue to be the backbone of the credit system for farmers. This has been the history of agriculture. In recent years, however, due to escalating land costs and inflated operating conditions as well as the entry of young farmers into the noble profession, the Farmers Home Administration has been called upon to furnish the major credit supplement to those unable to obtain credit through conventional means. In this regard, Mr. President, I want to call attention to the outstanding job the FmHA has done over the past years. Faced with intolerable shortages of personnel, the administration has continued to respond to agriculture's credit needs on both normal and emergency bases. In my own State, the FmHA lending section has become the largest single credit source in South Dakota. In this connection, I want to bring to the attention of this body the outstanding work of our State director, Mr. Jack Weiland. New on the job with the change of administrations, Jack Weiland has become a leader of unprecedented proportions. It is difficult to imagine how he has mastered the intricacies of administration in so short a time. For these reasons, I want to publicly commend him.

Mr. President, on the farmer credit side of this bill, I want to endorse its provisions because they are urgently needed. Current lending ceilings are far too low for both established and young farmers to perform the important function of producing food for the Nation and the world. Land acquisition ceilings and operating loan limits under existing legislation are totally inadequate and I do not think that there is anyone who does not recognize this. An important provision of this section of the bill is that we can now assist farm partnerships and family corporations. It is my judgment that there is sufficient legislative history on this subject to insure that its provisions will not be abused.

On the rural development side of the bill, I endorse the provisions for water and waste disposal, community facility loans, and business and industrial loans. Agriculture has come a long way since the end of World War II. And so has rural America. No longer do small towns and communities serve only as service centers for farmers. They have taken on a new identity of autonomous commercial communities, each with its own individual characteristics and its own problems. Public facilities are necessary to sustain their expansion. There is public concern for adequate financing for

ever expanding small business and manufacturing plants that are now an accepted part of the formerly pastoral small town.

As a matter of fact, Mr. President, these cities are now bustling and vibrant centers of commerce, business and various levels of fabricating manufactured goods. In many instances, they are also centers of higher education as well as contributors to the cultural and artistic heritage of our land. Indeed, demographic studies indicate a decided movement of people from urban centers to medium and small towns as our Nation's attitudes develop new values on the quality of life. For these reasons a strong program is needed to insure adequate funding for desirable aspects of public and business facilities. This legislation does this, especially in terms of degree of Federal commitment to such programs as water and waste disposal loans and grants.

Mr. President, I consider this bill a constructive step toward meeting our obligations to farmers and rural America. I urge its overwhelming passage.●

● Mr. ROBERT C. BYRD. Mr. President, I want to express my appreciation and admiration for the work of Senator ALLEN, the distinguished floor manager of S. 2146, the Consolidated Farm and Rural Development Act. He and the able minority managers, Senator CURTIS and Senator DOLE, moved this important agriculture bill to Senate passage with their usual skill and demonstrated their thorough knowledge of the field.

I also want to commend the able chairman, Senator TALMADGE, who also moved to passage today the conference report on H.R. 6782, the Emergency Agricultural Act. Under his chairmanship, the Committee on Agriculture, Nutrition, and Forestry always distinguishes itself in its efficient manner of expediting important legislation on the floor.●

Mr. THURMOND. Mr. President, I rise in support of S. 2146, the Agricultural Credit Assistance Act of 1978.

Many thousands of the farmers of our country are facing financial crisis. They are struggling with high production costs and low commodity prices. Others are suffering from crop losses due to drought or other disasters.

The situation should improve greatly by the end of the year. The cost-price squeeze should be rectified by higher farm commodity prices as a better balance of supply and demand is reached.

For many farmers, the crucial and immediate problem is how to meet debt obligations and continue in operation until those cures for the crisis take effect. However, many farmers are finding that the commercial lenders are loaned up to their limits. Further, the lenders are reluctant to overextend since new loans to farmers who are overloaded by present obligations and still operating at little or no profit are hardly good risks.

The Farmers Home Administration is the major Government lending institution for farmers. But the FmHA is simply not in a position, with its existing programs, to meet all the credit needs of the farmers today.

S. 2146 addresses this problem by establishing an economic emergency loan program and making a number of improvements in current loan programs. Therefore, I urge my colleagues to join me in support of S. 2146.

● Mr. HELMS. Mr. President, I rise in support of S. 2146 to amend the Consolidated Farm and Rural Development Act.

Every Senator knows of the financial crisis currently facing many of our farmers, and it is imperative that farmers continue to have access to an adequate amount of credit if small family farms are to survive.

There is no question, of course, that spiralling inflation is the root cause of the economic problems on the farm, and indeed, in the whole economy. It ought to be our first priority to put an end to the massive Federal deficits and wasteful spending that are the most direct cause of inflation. But, sad to say, the Congress does not seem to be inclined to vote that way in the immediate future.

S. 2146, as amended by the Senate Committee on Agriculture, Nutrition, and Forestry, makes several improvements in the Federal credit assistance programs for farmers, ranchers, rural communities, and businesses.

The bill will make farm partnerships and corporations eligible for farm ownership loans of the Farmers Home Administration; it would increase the limitation on farm ownership loans to $200,000 for direct loans and to $300,000 for guaranteed loans; for farm operating loans the amounts would be increased to $100,000 and $200,000, respectively.

Also, Mr. President, the interest rates on ownership and operating loans would remain at 5 percent up to $200,000, while interest on emergency loans would remain at 3 percent for those who could not get credit elsewhere. And, it would extend the very useful emergency livestock loan program for another year.

Many of our rural communities will benefit from the increase from 50 percent to 75 percent for the amount of maximum Federal participation in the water and waste disposal grant program.

In short, Mr. President, this bill will up-date the rural credit situation in accounting for the tremendous inflation that has made the costs of farmland and the costs for operating a farm skyrocket in recent years.

I might caution that many smaller and younger farmers are deeply in debt already, and that the Farmers Home Administration should be very judicious in its use of the increased credit authority granted by this bill.

Overall, this legislation is very much needed, and will benefit both our credit institutions and the family farmer. I hope Senators will give it their support.●

SENATE RESOLUTION 76 AND HOUSE RESOLUTION 238

Mr. HAYAKAWA. Mr. President, this body passed unanimously on September 9, 1977, Senate Resolution 76 "expressing the sense of the Senate that the President should take steps to terminate highly restrictive regulations of the European communities that seriously damage U.S. exports of dried prunes and certain other agricultural products."

Last Thursday, April 27, the House Ways and Means Committee ordered reported by unanimous vote, a similar resolution, House Resolution 238. Chairman ULLMAN patiently delayed consideration of the vote by his trade subcommittee in late October 1977 to allow the President more time to make clear what was certainly the sense of the Congress. The resolution will now be sent to the House floor for what will probably be rapid approval.

Both of these resolutions were prompted by the July 1975 announcement by the EEC that effective January 1, 1978, new restrictive import regulations were to be imposed on U.S. dried prunes and certain other agricultural products. This action threatened to disrupt historic export trade amounting to more than $60,000,000 in 1977–78, when walnuts are included. The regulations, 516/77 are now in effect.

However, Mr. President, despite the Senate's urging—now reinforced by House action—that the President should put the EC "on notice that the United States intends to exercise its rights under the General Agreement for Tariffs and Trade to take retaliatory measures against these restrictive regulations if they are not removed," and, that "the President should seek to obtain agreement from the European Communities that similar restrictive regulations on U.S. exports of other agricultural products will not be imposed in the future," there is no report available suggesting that any advance has been made in this matter which had its beginning nearly 3 years ago.

It is clear that the U.S. Government has not yet come to grips with this flagrant violation of hard-won access to EC markets by thousands of industrious and skilled growers in California. The President should be submitting an MTN agreement to the Senate later this year or early next year. I hope the Senate will not be unmindful of our Government's lack of resolve in this matter should the agreement omit specific reference to the lifting or the satisfactory resolution of these patently illegal actions by the European Community.

Mr. ALLEN. Mr. President, on the bill, I yield myself 3 minutes.

The PRESIDING OFFICER. The Chair has to advise the Senator from Alabama that there is no time remaining.

Mr. ALLEN. I did not know that all time had been yielded back on the bill.

The PRESIDING OFFICER. The Chair must advise that it was provided that, without further debate, the Senate would go to this vote.

Mr. ALLEN. It is not debate that I have. I ask unanimous consent that I may proceed for 3 minutes.

The PRESIDING OFFICER. Is there objection to the Senator's request? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator's request is well taken. I ask the Senators to take their seats and others that may be on the floor to suspend conversations so that we may have order in the Senate so the Senator from Alabama may be heard. The Senator from Alabama is recognized for 3 minutes.

Mr. ALLLEN. Mr. President, this is landmark legislation that the Senate has passed. It is legislation that has been under consideration, in the process of evolving and in the process of being shaped, for more than 3 years. We have had excellent cooperation from the Department of Agriculture and from the Farmers Home Administration. I wish especially to thank Secretary Bob Bergland and FmHA Administrator, Gordon Cavanaugh, for this assistance to the committee. I believe that, equipped with this bill, the Farmers Home Administration and the Secretary of Agriculture will be able to greatly alleviate the plight of our farmers through seeing to it that their legislative needs for financing in their farm operations are met.

The entire Committee on Agriculture has worked diligently on this legislation. The staff of the committee has done an outstanding job in helping shape the legislation. I express my gratitude to the following members of the agriculture staff: Mr. James Giltmier, Mr. Reider White, Mr. Phillip Fraas, Mr. Stuart Hardy, Mr. Morgan Williams, Mr. Carl Rose, and Mr. Tom Kay of my staff.

I yield the floor.

Mr. TALMADGE. Will the Senator yield at that point?

Mr. ALLEN. Yes.

Mr. TALMADGE. I simply wish to express my appreciation as chairman of the full committee to the distinguished Senator from Alabama as chairman of the Subcommittee on Agricultural Credit for the outstanding job he has done, both in managing the bill on the floor and in preparing the bill for markup and reporting it to the full committee for its consideration.

Mr. ALLEN. I thank the distinguished chairman.

Mr. BELLMON. Mr. President, I would like to provide an explanation of section 117, and specifically, the portion of that section that requires that appropriations acts stipulate two program levels for loans—insured and guaranteed.

This particular section was sponsored by Senator DOLE and me at the subcommittee markup of S. 2146, and was originally part of a bill we cosponsored—S. 312. Under section 346, when a program level is provided in an appropriation act, it shall contain two amounts, one against which insured loans will be charged and the other against which guarantee loans will be charged.

This provision is designed to get away from the current situation in which loan levels in appropriations acts do not distinguish between insured (direct) and guaranteed loans. Right now, insured and guaranteed loans are both subtracted from the same amount. The combination of direct and guaranteed loans into one account does not recognize that guaranteed loans entail no Government expenditures except administrative costs or in cases where the loans are defaulted. In addition, guaranteed loans require less FmHA supervision.

In the past, FmHA has been reluctant to expand the guaranteed loan program, because doing so would reduce the direct loan program, which historically has been at levels well below the need. Our purpose in inserting this provision is to encourage FmHA to utilize guaranteed loans to a much greater extent than it has in the past. This would enable it to service more individuals, and perhaps could lessen the tremendous demand on the insured loan program which currently suffers from a very large backlog.

I might add that such a development would be beneficial to the taxpayer since guaranteed loans are made at negotiated interest rates by private institutions, and involve no interest subsidy. In addition, the credit needs of producers may be more adequately met in certain cases through guaranteed loans.

One final point with respect to this subject: This matter came to my attention after the 1978 agricultural appropriations bill was marked up by the Appropriations Committee. Consequently, I did not suggest the "dual" ceiling approach in last year's agricultural appropriation bill. In my subsequent discussion with the chairman of the Agriculture Appropriations Subcommittee he has indicated his strong support for a separate stipulation of insured and guaranteed loan levels. We intend to propose this at the subcommittee markup of this year's agriculture appropriations bill. We are very hopeful that this will provide additional help to farmers in obtaining credit assistance where needed.

Mr. DOLE. Will the Senator yield?

Mr. ALLEN. Yes.

Mr. DOLE. Let me add my commendation to the distinguished Senator from Alabama. I say to my colleagues on this side that I do not know of any opposition to this legislation. It is needed. As far as I know, there is not a single bit of controversy. I hope it will have the unanimous support of my colleagues. The farmers need it. It is in their interest and I think it is in the interest of the Nation.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. ALLEN. I am ready to vote.

The PRESIDING OFFICER. The question is shall the bill pass? The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. (Mr. HATFIELD), the Senator from Hawaii (Mr. INOUYE), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. HATFIELD) and the Senator from West Virginia (Mr. RANDOLPH) would each vote "yea."

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD) and the Senator from Kansas (Mr. PEARSON) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—92

Abourezk	Glenn	Morgan
Allen	Goldwater	Moynihan
Anderson	Gravel	Muskie
Baker	Griffin	Nelson
Bartlett	Hansen	Nunn
Bayh	Hart	Packwood
Bellmon	Hatch	Pell
Bentsen	Hathaway	Percy
Biden	Hayakawa	Proxmire
Brooke	Heinz	Ribicoff
Bumpers	Helms	Riegle
Burdick	Hodges	Roth
Byrd, Harry F., Jr.	Hollings	Sarbanes
	Huddleston	Sasser
Byrd, Robert C.	Humphrey	Schmitt
Case	Jackson	Schweiker
Chafee	Javits	Scott
Chiles	Johnston	Sparkman
Church	Kennedy	Stafford
Clark	Laxalt	Stennis
Cranston	Leahy	Stevens
Culver	Long	Stevenson
Curtis	Lugar	Stone
Danforth	Magnuson	Talmadge
Dole	Mathias	Thurmond
Domenici	Matsunaga	Tower
Durkin	McClure	Wallop
Eagleton	McGovern	Weicker
Eastland	McIntyre	Williams
Ford	Melcher	Young
Garn	Metzenbaum	Zorinsky

NAYS—0

NOT VOTING—8

Cannon	Hatfield, Paul G.
DeConcini	Inouye
Haskell	Pearson
Hatfield, Mark O.	Randolph

So the bill, as amended, was passed.

Mr. ALLEN. Mr. President, I call up my amendment to amend the title.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

Amend the title of H.R. 11504 to read as follows:

"A bill to amend the Consolidated Farm and Rural Development Act, provide an economic emergency loan program for farmers and ranchers, extend the Emergency Livestock Credit Act of 1974, and for other purposes."

The PRESIDING OFFICER. The question is on agreeing to the amendment to amend the title.

The amendment was agreed to.

Mr. ALLEN. Mr. President, I ask unanimous consent that H.R. 11504 as passed by the Senate be printed and that the Secretary be authorized to make technical and clerical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I move that the Senate insist on its amendments to H.R. 11504, that it request a conference with the House on the disagreeing votes between the two bodies, and that the Chair be authorized to name conferees on behalf of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. RIEGLE) appointed Messrs. TALMADGE, MCGOVERN, ALLEN, HUDDLESTON, CLARK, DOLE, YOUNG, and HAYAKAWA conferees on the part of the Senate.

The PRESIDING OFFICER. Does the Senator from Alabama ask unanimous consent that S. 2146 be indefinitely postponed?

Mr. ALLEN. I thank the Chair.

Mr. President, I do ask unanimous consent that the companion bill which we worked on prior to bringing up the

House bill, it having served its purpose, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

NAVIGATION DEVELOPMENT ACT

The Senate continued with the consideration of H.R. 8309.

UP AMENDMENT NO. 1265

Mr. BENTSEN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The Chair advises that the amendment is not in order except by unanimous consent at this time.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the amendment be in order.

The PRESIDING OFFICER. Is there objection?

Mr. CHAFEE. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment numbered 1265.

Mr. BENTSEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5 insert:

The project on Galveston Bay at Baytown, Texas authorized in Section 191 of the Water Resources Development Act of 1976, Public Law 94–587, is modified to provide for: (a) the price to be paid for property rendered uninhabitable due to encroachment of flood water caused by land subsidence in the project area will be based on an appraisal at fair market value disregarding damage caused by flood waters and vandals; (b) owners occupying their property at the time flooding rendered said property uninhabitable are eligible for all benefits under Section 203 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91–646), without regard to any other occupancy requirements of that Section. Such owners shall also be considered displaced persons for the purposes of obtaining all other benefits of said Act.

Mr. CULVER. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield.

Mr. CULVER. Mr. President, I ask unanimous consent that Mr. Peter Rosenberg, of my staff, have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, I ask unanimous consent that Mimi Feller, of my staff, have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Ed King, of my staff, have the privilege of the floor during the votes and consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. My amendment, Mr. President, is designed to correct an obvious inequity in the manner in which homeowners in the Brownwood area of Baytown, Tex., will be compensated for their homes.

Let me provide a little background.

The Brownwood extension of Baytown is located in an area which, due to an unusual confluence of natural factors, is steadily sinking into the upper reaches of Galveston Bay. The problem is essentially one of subsidence. As ground water is pumped out of the area, the region is sinking and is prone to flooding in times of high tides or high winds. The bay has already reclaimed parts of Brownwood. The process is irreversible.

The Water Resources Development Act of 1976 recognized the problems of Brownwood and took commendable steps to redress the situation. Under the terms of this legislation, the Corps of Engineers will relocate the homeowners out of the region and reclaim the area as parkland. As this project, still in the design phase, moves along, Brownwood homeowners will receive fair market value for their homes and a relocation allowance.

The problem, Mr. President, is that the waters of Galveston Bay are not prepared to wait for the Army Corps of Engineers to move forward on this project. Eight homes in the area have recently become uninhabitable due to subsidence and flooding. The corps estimates that an additional 12 homes will have to be abandoned before the project is completed and the owners are eligible for compensation.

Under the terms of the current legislation, the 20 homeowners who have either been forced out of their dwellings or face the prospect of abandonment in the near future will not be eligible to receive fair market value for their homes and relocation allowance provided for under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. They will instead, through no fault of their own, be compensated only for the salvage value of their dwellings. This amounts to only a few thousand dollars, but would spell economic disaster for the families affected.

My amendment, Mr. President, is designed to correct these inequities. It neither expands the scope of the Brownwood flood control program nor significantly affects the project cost-benefit ratio. Rather, it provides that homes necessarily abandoned due to the encroachment of floodwaters will be appraised without regard to damage caused by flooding and vandalism. It also stipulates that the approximately 20 owners who occupied their dwellings at the time of permanent flooding will be eligible for benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

I recognize, Mr. President, that this may seem like a small matter in the context of such major legislation. But to the 20 families involved, it is clearly a matter of economic survival.

I understand that the committee staff has had an opportunity to look at this amendment, as has the manager of the bill. If I may have the attention of the manager of the bill, I ask favorable consideration of the amendment.

Mr. GRAVEL. The Senator has my attention. I have no objection to this amendment.

Mr. CHAFEE. There are no objections on this side.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. BENTSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BENTSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ZUNI INDIAN TRIBE OF NEW MEXICO

Mr. ABOUREZK. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 482.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 482) entitled "An Act to direct the Secretary of the Interior to purchase and hold certain lands in trust for the Zuni Indian Tribe of New Mexico; to confer jurisdiction on the Court of Claims with respect to land claims of such tribe; and to authorize such tribe to purchase and exchange lands in the States of New Mexico and Arizona", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That (a) the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") shall acquire, through purchase or exchange, the lands described in subsection (b).

(b) The lands to be acquired under subsection (a) are lands in the State of New Mexico upon which the Zuni Salt Lake is located and which are more particularly described as follows: Lots 3 and 4, east half southwest quarter, west half southeast quarter, section 30, township 3 north, range 18 west, lots 1 and 2, east half northwest quarter, west half northeast quarter, section 31, township 3 north, range 18 west, southeast quarter southeast quarter, section 25, and east half northeast quarter, section 36, township 3 north, range 19 west, all of the New Mexico principal meridian, New Mexico, containing approximately 618.41 acres, more or less.

(c) Title to the lands to be acquired under subsection (a) shall be taken and held in trust in the name of the United States for the benefit of the Zuni Indian Tribe of New Mexico (hereinafter in the Act referred to as the "tribe"), and such lands shall be exempt from State and local taxation.

SEC. 2. (a) Notwithstanding sections 2401 and 2501 of title 28, United States Code, and section 12 of the Act of August 13, 1946 (60 Stat. 1052; 25 U.S.C. 70k), jurisdiction is hereby conferred upon the United States Court of Claims to hear, determine, and render judgment on any claims of the Zuni Indian Tribe of New Mexico against the United States with respect to any lands or interests therein in the State of New Mexico or the State of Arizona held by aboriginal title or otherwise which were acquired from the tribe without payment of adequate compensation by the United States: *Provided*, That jurisdiction is conferred only with respect to claims accruing on or before August 13, 1946, and all such claims must be filed within three years after approval of this

Act. Such jurisdiction is conferred notwithstanding any failure of the tribe to exhaust any available administrative remedies.

(b)(1) Any award made to any Indian tribe other than the Zuni Indian Tribe of New Mexico before, on, or after the date of the enactment of this Act, under any judgment of the Indian Claims Commission or any other authority, with respect to any lands that are the subject of a claim submitted by the tribe under subsection (a) shall not be considered as a defense, estoppel, or setoff to such claim, and shall not otherwise affect the entitlement to, or amount of, any relief with respect to such claim.

(b)(2) Any award made to the tribe pursuant to subsection (a) shall not be considered as a defense, estoppel, or setoff to the claims pending before the Indain Claims Commission on the date of the enactment of this Act in docket 196 (filed August 3, 1951) and docket 229 (filed August 8, 1951), and shall not otherwise affect the entitlement to, or amount of, any relief with respect to such claims.

Amend the title so as to read: "An Act to direct the Secretary of the Interior to purchase and hold certain lands in trust for the Zuni Indian Tribe of New Mexico, and to confer jurisdiction on the Court of Claims with respect to land claims of such tribe.".

Mr. ABOUREZK. Mr. President, the amendment of the House is in the nature of a substitute and revises S. 482 in several ways as follows:

The House amended subsection (a) of section 2 which now provides that the tribe must file its claim within 3 years; eliminates language which would have given the parties a right to appeal to the Supreme Court rather than appeal by writ of certiorari; and limits the land claims to those accruing on or before August 13, 1946.

Further, the House amendment eliminates all of section 3 of the bill. This section would have permitted the Zuni Indian Tribe, subject to approval of the Secretary of the Interior, to acquire lands in the States of New Mexico and Arizona which are contiguous to the existing reservation for addition to the reservation. Such lands would have been taken in trust by the United States for the benefit of the tribe.

Finally, the title was amended to reflect the purposes of the bill, as amended.

I have been informed by representatives of the Zuni Tribe that the bill as passed by the House of Representatives is acceptable to them.

Mr. President, this matter has been cleared on both sides. I move that the Senate concur in the House amendment to S. 482.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

FEDERAL RECOGNITION OF CERTAIN INDIAN TRIBES

Mr. ABOUREZK. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 661.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 661) entitled "An Act to restore Federal recognition of certain Indian tribes, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

That (a) Federal recognition is hereby extended or confirmed with respect to the Wyandotte Indian Tribe of Oklahoma, the Ottawa Indian Tribe of Oklahoma, and the Peoria Indian Tribe of Oklahoma, the provisions of the Acts repealed by subsection (b) of this section notwithstanding.

(b) The following Acts are hereby repealed:

(1) the Act of August 1, 1956 (70 Stat. 893; 25 U.S.C. 791–807), relating to the Wyandotte Tribe;

(2) the Act of August 2, 1956, (70 Stat. 937; 25 U.S.C. 821–826), relating to the Peoria Tribe; and

(3) the Act of August 3, 1956 (70 Stat. 963; 25 U.S.C. 841–853), relating to the Ottawa Tribe.

(c) There are hereby reinstated all rights and privileges of each of the tribes described in subsection (a) of this section and their members under Federal treaty, statute, or otherwise which may have been diminished or lost pursuant to the Act relating to them which is repealed by subsection (b) of this section. Nothing contained in this Act shall diminish any rights or privileges enjoyed by each of such tribes or their members now or prior to enactment of such Act, under Federal treaty, statute, or otherwise, which are not inconsistent with the provisions of this Act.

(d) Except as specifically provided in this Act, nothing contained in this Act shall alter any property rights or obligations, any contractual rights or obligations, including existing fishing rights, or any obligation for taxes already levied.

SEC. 2. (a)(1) The Modoc Indian Tribe of Oklahoma is hereby recognized as a tribe of Indians residing in Oklahoma and the provisions of the Act of June 26, 1936, as amended (49 Stat. 1967; 25 U.S.C. 501–509), are hereby extended to such tribe and its members. The Secretary of the Interior shall promptly offer the said Modoc Tribe assistance to aid them in organizing under section 3 of said Act of June 26, 1936 (25 U.S.C. 503).

(2) The provisions of the Act of August 13, 1954 (68 Stat. 718; 25 U.S.C. 564–564w), hereafter shall not apply to the Modoc Tribe of Oklahoma or its members except for any right to share in the proceeds of any claim against the United States as provided in sections 6(c) and 21 of said Act, as amended (25 U.S.C. 564e and 564t).

(3) The Modoc Indian Tribe of Oklahoma shall consist of those Modoc Indians who are direct lineal descendants of those Modocs removed to Indian territory (now Oklahoma) in November 1873, and who did not return to Klamath, Oregon, pursuant to the Act of March 9, 1909 (35 Stat. 751), as determined by the Secretary of the Interior, and the descendants of such Indians who otherwise meet the membership requirements adopted by the tribe.

(b) The Secretary of the Interior shall promptly offer the Ottawa Tribe of Oklahoma and the Peoria Tribe of Oklahoma assistance to aid them in reorganizing under section 3 of the Act of June 26, 1936 (49 Stat. 1967; 25 U.S.C. 503), which Act is re-extended to them and their members by this Act.

(c) The validity of the organization of the Wyandotte Indian Tribe of Oklahoma under section 3 of the Act of June 26, 1936 (49 Stat. 1967; 25 U.S.C. 503), and the continued application of said Act to such tribe and its members is hereby confirmed.

SEC. 3. (a) It is hereby declared that enactment of this Act fulfills the requirements of the first proviso in section 2 of the Act of January 2, 1975 (88 Stat. 1920, 1921), with respect to the Wyandotte Tribe of Oklahoma, the Ottawa Tribe of Oklahoma, and the Peoria Tribe of Oklahoma.

(b) It is hereby declared that the organization of the Modoc Tribe of Oklahoma as provided in section 3(a) of this Act shall fulfill the requirements of the second proviso in section 2 of the Act of January 2, 1975 (88 Stat. 1920, 1921).

(c) Promptly after organization of the Modoc Tribe of Oklahoma, the Secretary of the Interior shall publish a notice of such fact in the Federal Register including a statement that such organization completes fulfillment of the requirements of the provisos in section 2 of the Act of January 2, 1975 (88 Stat. 1920, 1921), and that the land described in section 1 of said Act is held in trust by the United States for the eight tribes named in said Act.

SEC. 4. The Wyandotte, Ottawa, Peoria, and Modoc Tribes of Oklahoma and their members shall be entitled to participate in the programs and services provided by the United States to Indians because of their status as Indians, including, but not limited to, those under the Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13), and for purposes of the Act of August 16, 1957 (71 Stat. 370; 42 U.S.C. 2005–2005F). The members of such tribes shall be deemed to be Indians for which hospital and medical care was being provided by or at the expense of the Public Health Service on August 16, 1957.

Amend the title so as to read: "An Act to reinstate the Modoc, Wyandotte, Peoria, and Ottawa Indian Tribes of Oklahoma as federally supervised and recognized Indian tribes."

Mr. ABOUREZK. Mr. President, the House adopted an amendment in the nature of a substitute not substantially different from S. 661, as introduced, the difference being primarily one of technique. The substitute provides more simplified and technically correct procedures for restoration.

Mr. President, this matter has been cleared on both sides. I move that the Senate concur in the House amendment to S. 661.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

PASCUA YAQUI INDIANS OF ARIZONA

Mr. ABOUREZK. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1633.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1633) entitled "An Act to provide for the extension of certain Federal benefits, services, and assistance to the Pascua Yaqui Indians of Arizona, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause and insert: That (a) the Pascua Yaqui Tribe and its members, as determined pursuant to section 2 of this Act, are hereby recognized as eligible for the services and assistance provided to Indians because of their status as Indians by or through any department, agency, or instrumentality of the United States or under any statute of the United States. For purposes of section 2 of the Act of August 16, 1957 (71 Stat. 371; 42 U.S.C. 2005a), the Pascua Yaqui Indians are to be considered as if they were being provided hospital and medical care by or at the expense of the Public Health Service on August 16, 1957.

(b) Section 4 of the Act of October 8, 1964 (78 Stat. 1197), is hereby repealed.

SEC. 2. (a) For the purposes of section 1 of this Act, membership of the Pascua Yaqui Tribe shall consist of—

(A) the members of the Pascua Yaqui Association, Incorporation, an Arizona corpo-

ration, as of the date of the enactment of this Act;

(B) all those of Yaqui Indian blood who, within one year from the date of enactment of this Act, apply for, and are admitted to, membership in the Association pursuant to article VII of the articles of incorporation of the association; and

(C) direct lineal descendants of such persons, subject to any further qualifications as may be adopted by the association.

(b) Within eighteen months after the date of enactment of this Act, the Secretary of the Interior, in cooperation with the association, shall compile a membership roll pursuant to the terms of subsection (a) of this section and shall publish such roll in the Federal Register. Publication of such roll shall not affect or delay the immediate eligibility of the members of the association under section 1 of this Act.

SEC. 3. Solely for the purposes of this Act, the Pascua Yaqui Association shall be deemed an Indian tribe recognized by the United States and the lands conveyed to the association by the Act of October 8, 1964 (78 Stat. 1196), subject to a restriction against alienation imposed by the United States, shall be deemed a Federal Indian reservation.

Mr. ABOUREZK. Mr. President, I move that the Senate disagree to the amendment of the House and request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ABOUREZK, Mr. METZENBAUM, Mr. MELCHER, Mr. BARTLETT, and Mr. MARK O. HATFIELD conferees on the part of the Senate.

NAVIGATION DEVELOPMENT ACT

The Senate resumed consideration of H.R. 8309.

UP AMENDMENT NO. 1266

Mr. BENTSEN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. Is there objection to the consideration of the amendment? The Chair hears none, and the amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment numbered 1266.

Mr. BENTSEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following:

Section 221 of the Flood Control Act of 1970 (P.L. 91–611), as amended, (42 U.S.C. 1962d–5b) is further amended as follows:

1 insert the following new sentence at the end of section 221(b)— ". . . Where the non-Federal interest is the State itself performance and payment of damages may be contingent upon the legislative appropriations process of the State." and

2. delete the period at the end of the sentence contained in section 221(f) and add the following words at the end of that sentence—"or to contract with non-Federal interests for water supply storage under the Water Supply Act of 1958 (P.L 85–500), as amended, (43 U.S.C. 390b) or for recreational development under the provisions of the Federal Water Project Recreation Act of 1965 (P.L. 89–72), as amended (16 U.S.C. 4601–12 et seq.)."

Mr. BENTSEN. Mr. President, I submit this amendment for myself and Senator EAGLETON.

This amendment is endorsed by the committee and is intended to resolve a problem in section 221 of the Flood Control Act. This section, as currently written, requires the Corps of Engineers to enter into contractual agreements with State or local sponsors of corps projects. These agreements established conditions for cost sharing and spell out other details of the cooperative arrangement.

Under the terms of the agreements between the corps and State or local sponsors, the sponsor must assume full liability for damages that result from the construction or operation of the project.

The problem, Mr. President, is that in some States it is illegal or unconstitutional for officers of the State to sign such agreements. In Texas, for example, the State constitution establishes a $400,000 ceiling on liability claims against the State. For the past 3 years Texas has been negotiating with the corps, seeking to reach an agreement under section 221 for the State to provide dredge disposal sites. Although neither the State nor the corps can foresee a circumstance under which liability damages would exceed the $400,000 limit imposed by the State constitution, the open-ended liability provisions of 221 prohibit the two parties from reaching an agreement.

In an effort to break this legal impasse, my amendment provides that in States where there is not sufficient authority to enter into an open-ended liability agreement, the extent of State liability will be limited to that provided for in the State law or constitution.

I am pleased that my colleague from Missouri, Senator EAGLETON, has joined me as a cosponsor of this amendment.

Mr. GRAVEL. Mr. President, I think it is a fine amendment, and I accept it.

Mr. CHAFEE. Mr. President, I ask this of the manager of the bill: Is there a series of amendments such as this coming up?

Mr. GRAVEL. To inform my colleague, we have about 50 amendments. I have had my staff go over them, and I am prepared to accept some and not to accept others. As to those I will not accept, I will give my reasons, and I hope the Senate will join me in those reasons. As to those I am prepared to accept, I will yield back the remainder of my time and have a voice vote.

I have not consulted with the minority on any of these amendments. The minority is well able to make up its own mind. If the minority objects, the only recourse we can have is a voice vote, and that will be determined by the fine ear of the Presiding Officer. In the absence of that, we can have a rollcall vote.

Mr. CHAFEE. I ask the sponsor of the amendment if there have been any hearings on this matter. The Senator has just offered the amendment. Is that correct?

Mr. BENTSEN. This matter has been discussed with members of the staff. It is a generic amendment that is applicable to a number of States.

For example, under the constitution of my own State, we have a $400,000 limitation on liability. What we have stated here is that the State can enter into these agreements and assume the full liability as under limitations of their constitution or as they may obtain it by appropriation through the State.

Mr. GRAVEL. Also, it would affect about 18 States, and it is something that will be in contract with the Corps of Engineers.

Mr. BENTSEN. We have had a legal impasse on this for some time, as these States have tried to negotiate with the Corps of Engineers.

In the particular instance I am thinking of, my State has been negotiating for 3 years with the corps to reach an agreement under section 221. We do not see a situation in which it would exceed the $400,000 limitation.

But the State attorney general cannot sign the agreement unless he has a limitation as this amendment provides.

This problem is shared by some 18 States, and that is one of the reasons that Senator EAGLETON is cosponsoring the amendment with me.

Mr. GRAVEL. I might add this will not cost anything. It is a question of making it a more efficient function for the Corps of Engineers.

Mr. CHAFEE. Let me see if I understand. That is a limitation in the State constitution as to what the liability of the State might be; is that correct?

Mr. BENTSEN. Yes.

Mr. CHAFEE. Say $400,000 in Texas.

Mr. BENTSEN. Right.

Mr. CHAFEE. So then who steps in and assumes the liability for the amount over that under this provision they have in Texas?

Mr. BENTSEN. It will have to be by State appropriations but one cannot bind the legislature in advance. It is not only my State; it is some 18 States that are facing this.

Mr. CHAFEE. So how do we resolve the legal impasse?

Mr. BENTSEN. The legal impasse can be resolved by stipulating the limitation will be whatever the State's limitation is now plus whatever they appropriate through the legislative process.

Mr. CHAFEE. Whatever the State appropriates?

Mr. BENTSEN. That is right.

Mr. CHAFEE. So it does not seem to me that it obligates the Federal Government at all, does it? It does not seem to.

Mr. GRAVEL. It does not.

Mr. BENTSEN. No; it does not obligate the Federal Government It is not the obligation of the Federal Government, but it puts a limit on the obligation of the State in this type of situation by whatever their constitution requires. It is not putting any more obligation back on the Federal Government.

Mr. CHAFEE. Yes; as I understand it the State can then by way of appropriation come in and take up the difference?

Mr. BENTSEN. If it is the will of the legislature.

Mr. CHAFEE. If the legislature is prepared to do so.

Mr. BENTSEN. Whoever the plaintiff might be in this situation.

Mr. CHAFEE. That is all right. I have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. BENTSEN. I yield back the remainder of my time and ask favorable consideration of the amendment.

The amendment was agreed to.

Mr. GRAVEL. I move to reconsider the vote by which the amendment was agreed to.

Mr. BENTSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1267

Mr. JOHNSTON. Mr. President, I ask unanimous consent that it be in order to consider an amendment that I have at the desk at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON) proposes an unprinted amendment numbered 1267.

Mr. JOHNSTON. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page , line , insert the following:

The hurricane-flood protection project for Lake Pontchartrain, Louisiana, authorized by Section 204 of the Flood Control Act of 1965 (Public Law 89-298) is hereby modified to provide that where existing levees in Jefferson Parish includes pumping stations, originally constructed by local interests, which form an integral part of that levee protection, the Secretary of the Army, acting through the Chief of Engineers, is authorized to construct features, such as a flood wall with sluice gates or other means, to insure that the level of protection within Jefferson Parish provided by the hurricane-flood protection project will be unimpaired. Cost sharing for the additional work hereby authorized shall be on the basis of seventy-five percent Federal and twenty-five percent local interest funding, the same basis as levee improvements for hurricane-flood protection on this project.

Mr. JOHNSTON. Mr. President, for some time now I have been concerned about a portion of the Lake Pontchartrain and vicinity hurricane protection plan in Jefferson Parish, La. My amendment is designed to correct this potentially dangerous situation to the residents of Jefferson Parish.

This situation arises from the lack of integrity of the present levee system due to four parish pumping stations which are not protected by the plan and are a part of the levee system. Following the hurricane tides of 1947, the Corps of Engineers constructed protection levees along the shore of Lake Pontchartrain. The responsibility for drainage and the pumping stations that remove the water from interior collecting canals remained the responsibility of the parish.

The four parish pumping stations were built in 1926 and are of hollow tile and stucco construction on untreated pile foundations. When the Corps of Engineers constructed the earthen levees along the lakefront, the levees were simply butted against the stucco sidewalls of these 1926 structures and never provided integrity to the levee system.

The pumping stations today, in spite of all that the parish has been able to do in the way of improvement and rehabilitation, are suspect in terms of their structural integrity. Inasmuch as they form an integral part of the lakefront levee, a failure of any one of them would represent the failure of the Federal hurricane protection system. The consequences would be catastrophic to the 250,000 residents of the east bank of Jefferson Parish, I believe that the provision of measures, as an integral part of the Federal project to prevent a failure of that project, is right and proper. I trust Senators will agree with me.

The key points are:

This is a Federal project that uses a portion of local projects without any assurance that these projects meet the Federal requirements.

Expected Federal cost is about $2 million on a cost share of 75 percent Federal to 25 percent local—same basis as the rest of the project.

We have been assured that the House committee will support this amendment in conference.

About 250,000 people and millions of dollars of property will be protected.

Mr. President, this amendment is designed to correct an hiatus in section 204 of the Flood Control Act of 1965 which sets up what we call a Lake Pontchartrain Hurricane Protection District.

This Lake Pontchartrain hurricane protection district provides for a series of structures, levees, and other means to protect the city of New Orleans and environs from the dangers of a hurricane.

In a portion of that project in Jefferson Parish local interests have previously built levees and pumping stations.

What this amendment does is to provide that the Corps om Engineers is authorized to construct a flood wall with sluice gate or other means simply to provide that the level of hurricane protection provided by section 204 of that act be unimpaired, and it provides for the same cost sharing formula as is provided or levee improvements for hurricane protection on this project.

I have cleared this with staff. I do not think there is any objection. It is a simple amendment. It simply corrects this problem that was provided by failure to take this action in the original section of 204.

Mr. GRAVEL. If my colleague will take a look at the precise language of this amendment, will there be any difficulty in accepting a modification that will say four lines from the bottom reading "Jefferson Parish provided by the hurricane-flood protection project will be unimpaired 'by the most economical means'" just adding "by the most economical means"?

Mr. JOHNSTON. That will certainly be a reasonable amendment, and I move it.

I ask to modify my amendment in that respect.

Mr. GRAVEL. I have no objection to the amendment with that modification and yield to my colleague.

The PRESIDING OFFICER. Without objection modification——

Mr. CHAFEE. Wait a minute. We are first approving the amendment, is that correct, Mr. President, the modification?

The PRESIDING OFFICER. The Chair will advise we are first approving the Senator's right to modify his amendment.

Is there objection to the modification?

The Chair hears none. So the amendment is so modified.

The amendment, as modified, is as follows:

The hurricane-flood protection project for Lake Pontchartrain, Louisiana, authorized by Section 204 of the Flood Control Act of 1965 (Public Law 89-298) is hereby modified to provide that where the existing levees in Jefferson Parish includes pumping stations, originally constructed by local interests, which form an integral part of that levee protection, the Secretary of the Army, acting through the Chief of Engineers, is authorized to construct features, such as a flood wall with sluice gates, to insure that the level of protection within Jefferson Parish provided by the hurricane-flood protection project will be unimpaired by most economical means. Cost sharing for the additional work hereby authorized shall be on the same basis as levee improvements for hurricane-flood protection on this project.

Mr. GRAVEL. I yield to my colleague from Rhode Island.

Mr. CHAFEE. Mr. President, I wish to ask the sponsor of this amendment whether we are talking about floodwalls here, which I understand are $2.2 million, or are we talking about a new pumping station which is $16.4 million?

Mr. JOHNSTON. This is simply the floodwall.

Mr. CHAFEE. This is solely the floodwall.

I have no objections, Mr. President.

Mr. GRAVEL. Mr. President, I yield back the remainder of my time.

Mr. JOHNSTON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. CULVER and Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The question occurs on unprinted amendment No. 1260 offered by the Senator from California, Senator CRANSTON.

Mr. GRAVEL. I was under the impression, addressing the Chair, that we would tentatively vote at about this time, that it was not a firm time we set for a vote.

I wish to request, if that is the case, that the vote on the amendment of the Senator from California come up at 4:15. He asked me to secure that. Does the Chair wish me to place that in a unanimous-consent request. If so, I so ask unanimous consent.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. GRAVEL. Around 4:15. Make it 4:15, if that pleases the Chair.

The PRESIDING OFFICER. Without objection, the vote will occur at 4:15.

Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The Chair will advise both Members who are seeking recognition that the Chair heard the Senator from Iowa first. I know the other Senator is seeking recognition. So I am inclined to——

Mr. CULVER. I am glad to yield to the distinguished Senator from Nebraska whatever time he needs.

Mr. CURTIS. I thank the Senator.

Mr. CULVER. I yield, unless it is unduly long. I know the Senator has been trying to get in, but I have two amendments.

Mr. CURTIS. I shall try to proceed with it rapidly. If it does not, I will withdraw.

I ask unanimous consent before I send an amendment to the desk that I may proceed for 2 minutes to tell what it is.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Without objection, it is so ordered. The Senator may proceed for 2 minutes.

Mr. CURTIS. Mr. President, if I may have the attention of the managers of the bill, this is not a new project. It was authorized 10 years ago. A restudy was made, and the Army Engineers brought in a recommendation for one dam instead of nine that were authorized. Even though that saves $19 million, it is a major modification and therefore must be reauthorized. So the amendment that I have sent to the desk is to reauthorize this project. In so doing we incidentally save $19 million, but it has to be reauthorized.

Mr. President, I ask unanimous consent that I may present the amendment at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. CURTIS. Mr. President, I shall not take very much time.

The Papillion Creek, often referred to as the Papio and the Tributaries Lakes project was originally authorized in 1968. It called for 11 dams. One has been built. Then there was a restudy ordered and where they had previously recommended nine dams they come in and recommend one dam.

This was in a report of the Army Engineers of last April—April 18, 1978. It is such a major reordering that it calls for reauthorization. But I want to repeat that this will lower the costs by $19 million, and I am wondering if those in charge of the bill would be favorably disposed toward it?

Mr. GRAVEL. Let me just state to my good friend from Nebraska, Senator CURTIS, that what the impact of his amendment is doing is to do away with the phase 1 and to go to direct authorization, and we think the project has great merit because we approved its phase 1.

We have this particular dilemma that we have in the last bill opposed many projects until they complete their phase 1 so they come back to Congress.

We have through preliminary investigation found out that the corps had not been terribly responsive in effecting the policies we had set out in phase 1, so I would ask my good friend from Nebraska to feel that we are sympathetic with what he wants to do, and if he will permit us to have hearings on this phase 1, we are going to bring to the floor another bill that is going to clean up that whole problem.

There are about 58 projects that have been authorized for phase 1 in the 1974 and 1976 water resources acts. Only four of them have been completed, and one has reached OMB. There will be several projects Members will be coming forth with today, and I have told them privately, and will be stating it as I am now publicly, that you have got to give the committee a chance to relook at this whole problem of phase 1.

We are just terribly chagrined and mortified that this whole policy did not fly, and we do not intend to sit around and let it linger or malinger to any degree. As soon as we are done with this work we are going to take it up and we are going to address ourselves to every one of those 58 projects, and those we can authorize, as the Senator is suggesting, undoubtedly this will be one of them, we will come back to the floor with an authorization to get it going.

Mr. CURTIS. It is not my understanding that this is waiving any phase 1. Here is a flood control plan that was approved and authorized 10 years ago in 1968. They have already built one dam. It has been under construction. Then they, in their wisdom, decided to restudy it, and they came back and found they could construct one dam and meet the need where otherwise they have nine dams. But in order to do that, even though it is a reduction in the authorization of $19 million, it is regarded as a major change and, therefore, Congress must approve it.

Mr. GRAVEL. Mr. President, will the Senator yield? The reason we had to reauthorize it was because of the amount of time that has expired, so that when we reauthorized it, we reauthorized it under the phase 1 and phase 2 concept.

Mr. CURTIS. Will the Senator explain that? What is phase 1 and phase 2?

Mr. GRAVEL. The old way of authorizing projects took so many years from authorization to construction that we felt it was the wrong way to approach the problem. After that period of time Congress ought to have another look at the project. Fifteen years is a long time.

So in an effort to accelerate the approach to that problem we said what we would do would be to go with phase 1, phase 1 being engineering and design, and when it was completed, it would come back to Congress. Then Congress would give the authorization for full construction.

What the Senator from Nebraska is suggesting that we do with this is to go to full construction right now.

Mr. CURTIS. No, this was done 10 years ago.

Mr. GRAVEL. No, it was not done 10 years ago, because that is why we had to reauthorize it. So what the Senator is doing, in effect he is avoiding an authorization of phase 1 and moving on to full construction.

What I am saying is the committee will undoubtedly be sympathetic with that, but we have 58 projects that are in that category right now, and what we want to do is go back and redo this whole concept of phase 1, because at this point in time it has failed. The Corps of Engineers has not responded to this. It has been misunderstood as a policy and it has been used to clog the pipeline and not get these projects approved when they should be approved.

Mr. CURTIS. Mr. President, I am going to withdraw my amendment.

Mr. GRAVEL. I thank my friend, because I want to make some representations to my friend from Nebraska that we are going to proceed in the committee to have immediate hearings and try to solve this, and his project will be at the top of the line that will be so treated.

Mr. CURTIS. I thank the Senator.

The PRESIDING OFFICER (Mr. ANDERSON). The Senator from Iowa (Mr. CULVER).

UP AMENDMENT NO. 1268

Mr. CULVER. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. CULVER) proposes an unprinted amendment numbered 1268.

Mr. CULVER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title 4, insert the following:

The project for flood protection on the Mississippi River at Davenport, Iowa, authorized by section 201 of Public Law 91–611 (84 Stat. 1818 at 1826), is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers, to provide for mitigation and enhancement measures at an estimated cost of $218,000, to include the acquisition of lands, to preserve and enhance certain wetlands known as Nahant Marsh.

Mr. CULVER. Mr. President, this amendment to the Inland Navigation Development Act authorizes $218,000 for the acquisition and enhancement of Nahant Marsh as part of any action taken by the U.S. Army Corps of Engineers in connection with the Davenport, Iowa, flood control program.

Davenport is one of the four cities comprising a major metropolitan area known as the Quad Cities. While its proximity to the Mississippi River has played a large role in its economic success, Davenport is also a victim when this great river overflows its banks. The Mississippi unleashed its full fury on Davenport in a devastating flood in 1965. Over $4 million in damages disrupted the lives of many citizens.

In the aftermath of this disaster, Congress authorized a flood control plan for Davenport in 1970. The Army Corps of Engineers moved rapidly to design a series of levees and a floodwall to protect the downtown area of Davenport. One of the major goals of the Davenport flood control project is the protection of the sewage treatment plant which is so important to the health and well-being of the community.

After the corps designs were formulated, I became concerned that not enough attention was given to the project's adverse impact on the scenic values of Davenport and Nahant Marsh, one of the outstanding ecological resources in the Quad Cities area.

Nahant Marsh is an outstanding example of a marsh sedge-meadow wetland. It takes decades to establish this unique vegetation, which provides a habitat for many varieties of fish and wildlife.

While its ecological values are reason enough to protect this resource, the importance of Nahant Marsh is enhanced by its location to the Quad Cities. It is one of the few remaining wildlife areas that is easily accessible to the citizens of the area. Nahant Marsh thus functions as a living laboratory to the hundreds of bird watchers, conservation and nature groups, and ordinary citizens who visit and enjoy its unique values each year.

As I have indicated, Mr. President, Nahant Marsh is a fragile natural resource which would be permanently destroyed by the project design. The flood protection provided by the Davenport measure would spur commercial and industrial development, and the resulting dredge and fill activities would damage the marsh.

It is clear that public opinion has rallied behind the need to protect the marsh, and Davenport officials and concerned citizens have worked with the corps to assure that no action be taken which would destroy this unique environmental resource.

As a result of this concern, the Corps of Engineers has recommended that Nahant Marsh and nearby lands be acquired and that certain mitigation and enhancement measures be taken to preserve the marsh. These measures include several water control structures to control the water elevation of the marsh during the dry season and the deposit of silt during spring runoff.

Mr. President, this plan to acquire and protect Nahant Marsh constitutes a post-authorization change which must be approved by Congress. My amendment authorizes $218,000 which is necessary to undertake the steps to protect nearly 163 acres and institute recommended enhancement measures.

I hope the Senate approves this amendment. We have the opportunity to demonstrate that natural resources and urban areas can exist together. We can assure that the significant benefits of Nahant Marsh remain available for the enjoyment and recreational pleasure of the citizens of Davenport.

Mr. GRAVEL. Mr. President, I have no problem with this amendment, and I yield to my colleague from Rhode Island.

Mr. CHAFEE. Mr. President, this seems like rather a good amendment, as a matter of fact, and so we not only support it but we support it enthusiastically.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. CHAFEE. I yield back the remainder of my time.

Mr. CULVER. I thank the distinguished Senators from Alaska and Rhode Island.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

UP AMENDMENT NO. 1269

Mr. CULVER. I have another amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. CULVER) proposes an unprinted amendment numbered 1269.

Mr. CULVER. Mr. President, I ask unanimous consent that further reading of this amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title 4, insert the following:

The Clinton, Iowa, local flood protection project authorized by section 203 of the Flood Control Act of 1968 (Public Law 90-483, 82 Stat. 739) in accordance with the recommendations of the Chief of Engineers in House Document Numbered 348, Ninetieth Congress, is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers, to provide recreational development at the project site, at an estimated cost of $224,000 on lands that are acquired by the city of Clinton, Iowa, and held by the city for recreational use by the general public, and to permit the city to include the value of such lands as part of its required contribution toward the cost of such recreational development.

Mr. CULVER. Mr. President, this amendment to the Inland Navigation Development Act authorizes $224,000 for the creation of recreational features at the Clinton, Iowa, flood control project. It also permits the city of Clinton to include the value of the land to be donated for the recreational facilities as part of its share of the cost of this proposal.

I have a deep personal attachment to the flood protection measure currently being constructed by the U.S. Army Corps of Engineers along the banks of the Mississippi at Clinton. Clinton is one of the most dynamic, rapidly expanding communities in Iowa, and industrial investment there has grown over the last decade. It has, however, suffered from dangerous floods over the years, and this recurring threat has seriously hampered the economic and social growth of this major community. As a matter of fact, prior to initiation of work on the flood protection measures which are now under construction, average flood damage in Clinton was as high as $1 million annually. This threat clearly prevented the city from developing to its full potential.

In 1965, the Mississippi River unleashed its full fury on this thriving community in a record flood. The raging waters of the Mississippi River devastated the city and caused great sorrow for its residents. In purely economic terms, which do not measure the full magnitude of human agony, the 1965 flood caused over $5.5 million in damages at Clinton, including $1.6 million in lost earnings. Over 50 major businesses and industrial firms were temporarily closed, and 50 square blocks in the city's residential section were damaged.

As a Member of the House of Representatives from the district which includes Clinton, I conferred with local officials immediately following this disastrous flood. With the thoughtful and eager assistance of city officials and the Rock Island district office of the Corps of Engineers, we were able to expedite consideration of the necessary improvements to prevent further flood damages. The Rock Island district enthusiastically worked to submit the necessary report for congressional review, and subsequent testimony before the House and Senate committees on Public Works strongly supported the urgent need to approve and to commence work on these flood control facilities. Congress authorized a comprehensive project in the Flood Control Act of 1968 entailing construction of 8.1 miles of earthen levee and a concrete floodwall along the city's waterfront. Estimated Federal cost of this project, on which work began in 1974, is $30 million.

Mr. President, the amendment I am now offering is necessary to permit development of recreational facilities as part of this project and inclusion of the value of lands to be donated by the local project sponsor as a portion of its cost-sharing responsibility.

Recreational facilities were not a part of the original authorization for this project because they were precluded by law at that time as a function of such projects. Since 1965, however, that law has been changed, and it is now not unusual for local flood control measures to include recreational features. After that change in the law, the Corps of Engineers began plans to add recreational benefits to the Clinton flood control project. Consequently, these facilities constitute a post-authorization change, and Congress must specifically authorize $224,000 so that the corps may construct them.

Congress must also act to permit the city to include the value of land to be donated for the recreational amenities as part of its share of the overall project cost. Because of general regulations promulgated by the Corps of Engineers in 1977, the value of lands donated by local project sponsors cannot be used as partial fulfillment of their share of project costs. Before the new regulations were issued last year, the corps Rock Island district and Clinton city officials had already agreed to have the city to include the price of the land to be donated for recreation benefits at this project as part of its share of project costs. This amendment will let this agreement be implemented in this instance because it occurred before the regulations were promulgated; otherwise the Corps of Engineers will have to renegotiate these recreational features, a procedure which would result in costly delays.

The proposed recreational plan calls for the development of two elements: A bicycle path on top of the flood control levee, and a small park outside the levee with open playfields and equipment. The path would be located on the levee entirely within the public property required for the project, and additional easements will not be necessary. Approximately 6.5 acres of land will be

needed for the proposed Garfield Park recreational development.

The city and Federal Government will each pay half of the project cost of $224,000. The city will contribute about $70,000 along with the land for the park site.

The proposed recreational facilities have the strong support of the city of Clinton, and I personally know that city officials are quite anxious for the Corps of Engineers to begin constructing them. User benefits from these additional features are estimated to be $23,000 annually. The projected benefit/cost ratio is a favorable 2.7.

Mr. President, I am hopeful the Senate will approve this amendment to the Inland Navigation Development Act. It addresses the need to make the Clinton flood protection measure consistent with our general practice now of including recreational facilities in flood control projects, and it will enhance the benefits of this project.

Mr. GRAVEL. Mr. President, I have no problem with this.

I yield to my colleague.

Mr. CHAFEE. Mr. President, as I understand, the real essence of this amendment is that following the authorization of $220,000, I think it is, the chief part of the amendment is that the locals can contribute land in lieu of cash for their share of the local costs; is that correct?

Mr. CULVER. That is correct.

Mr. CHAFEE. I think it is a good amendment, Mr. President, and we certainly have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. CHAFEE. I yield back the remainder of my time.

Mr. CULVER. I want to thank the Senators from Alaska and Rhode Island for their consideration of this amendment.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

UP AMENDMENT NO. 1270

Mr. GRAVEL. I yield to the Senator from Washington, Mr. President.

Mr. MAGNUSON. Mr. President, I send to the desk an amendment and ask unanimous consent that the reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the amendment by number.

The assistant legislative clerk read as follows:

The Senator from Washington, for himself and Mr. JACKSON, proposes an unprinted amendment numbered 1270.

The amendment is as follows:

At the end of title IV add the following:

That the Secretary of the Army, acting through the Chief of Engineers, is hereby authorized and directed to provide navigation improvements to the Blair and Sitcum Waterways, Tacoma Harbor, Washington, substantially in accordance with the report of the Chief of Engineers dated 8 February 1977 at an estimated cost of $18,400,000.

Mr. MAGNUSON. Mr. President, this amendment would authorize the U.S. Army Corps of Engineers to provide navigation improvements to the Blair and Sitcum Waterways in the Tacoma, Washington Harbor.

Last year, Senator JACKSON and I introduced legislation (S. 1186) to authorize those modifications required to permit the Harbor to receive modern deeper-draft vessels. The modifications authorized by S. 1186 are as follows:

First. Blair Waterway, which was constructed by the Federal Government, would be deepened from its current depth of 30 to 35 feet to between 41 to 45 feet;

Second. An existing bridge over the Blair Waterway, which provides vessels only 150 feet of horizontal clearance, would be removed and replaced with a new bridge providing 300 feet of horizontal clearance. It is important to note that three vessels have rammed the bridge during the past 3 years—putting it out of commission for periods up to several weeks; and

Third. The corps would assume maintenance responsibility for the Sitcum Waterway and maintain it at a depth of 35 to 40 feet.

Mr. President, when the Public Works Committee reported the River Basins Authorization bill last year, it provided for a Phase I study of the Blair and Sitcum project. A Phase I report on this project will be mostly a duplication of the feasibility report which was completed in 1975 and has been in the Office of Management and Budget since March 1977.

Furthermore, a Phase I report prior to construction authorization will delay this project by at least 2 years. Cost escalation during that 2 years will increase construction cost by approximately $4 million.

It is going to be done eventually. We should act now and avoid the risk of having the waterway tied up for weeks on end. I hope that the committee will accept the amendment.

Mr. GRAVEL. Mr. President, I have no objection to the Senator's proposal. I think, due to the unusual nature of the emergency involved, I would have no objection, and I yield to the minority.

Mr. CHAFEE. Mr. President, we are involved in a problem here, it seems to me, and I think we ought to get Senator CURTIS to come on back.

As I understand, what is proposed here is to go ahead with the authorization when the so-called Phase I has not been completed. Am I correct in that?

Mr. GRAVEL. Yes. I recognize that, but I think that we can either begin to start cleaning up right now, or wait, and I think we ought to start cleaning them up right now. So I am prepared to accept Senator PERCY's reoffer as well.

Mr. CHAFEE. I have some problems here. I suppose if we are going ahead with all of these, without Phase 1 concluded——

Mr. GRAVEL. We would not have a problem had the policy been properly understood by the Corps of Engineers, unfortunately. All we are doing is what we used to do. The question is, at what stages of the Phase I process are these projects? In this particular case, while we have some mitigating emergency circumstances that would probably be motivation enough to secure the project, certainly if you are placing it to a pointed degree, I think this is probably because of the emergency nature of the bridge situation, which probably has a degree higher motivation than otherwise.

Mr. CHAFEE. What is the amount of money involved?

Mr. GRAVEL. $18 million.

Mr. CHAFEE. I have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

● Mr. JACKSON. Mr. President, I am in strong support of the amendment offered by Mr. MAGNUSON establishing construction authorization for the Blair and Sitcum waterways project. This project has already undergone extensive feasibility study and is ready for final design and construction stages. This project involves removing an old bridge, replacing it with a longer structure permitting a wider draw, and prepares the waterways for passage of deeper draft vessels. The project is absolutely essential for the continuing development of the Port of Tacoma.●

Mr. MAGNUSON. I yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

UP AMENDMENT NO. 1271

(Purpose: To modify the authorization of the Skagit River Levee and Channel Improvement Project)

Mr. MAGNUSON. Mr. President, I send to the desk an amendment, and ask that the reading be dispensed with.

The PRESIDING OFFICER. The amendment will be stated by number.

The assistant legislative clerk read as follows:

The Senator from Washington (Mr. MAGNUSON) offers an unprinted amendment numbered 1271.

The amendment is as follows:

At the end of title IV and the following:

That the flood control project for the Skagit River Basin, Washington, authorized by Section 203 of the Flood Control Act of 1966 (80 Stat. 1422) is hereby modified to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to construct such additional flood control measures as are needed to extend flood protection upstream to and including the community of Sedro Woolley, Washington, and to incorporate recreation facilities in the entire project, provided that in the view of the Chief of Engineers such additional measures are engineeringly feasible, environmentally acceptable, and economically justified. Construction of such additional flood control measures, at an estimated Federal cost of $12,000,000, shall be subject to the same conditions of local cooperation as required for the previously authorized project. Recreation facilities shall be cost shared consistent with the policy set forth in Public Law 89-72.

Mr. MAGNUSON. Mr. President, my colleague (Mr. JACKSON) and I offer this amendment to authorize the U.S. Army Corps of Engineers to provide levee extension protection for Burlington and Sedro Woolley, Wash., as part of the Skagit River levee and channel improvement project.

The corps is now involved in advanced engineering and design studies for the Skagit River levee and channel improvement project. Since authorization of the project in 1966, however, extensive development in the Burlington and Sedro Woolley area has occurred along with major flooding in 1975 and 1977. The flooding was of such a nature that it received nationwide attention. I am sure that the Senator from Alaska remembers the terrible floods we had on the Skagit River. We had to spend a lot of money there after declaring it a disaster area. Further flooding would be a catastrophe for these urban areas and would cause additional damage to homes, businesses, schools, and other developments that now exist. We had to spend more money on the last flood alone than this project would cost totally.

Mr. President, this amendment authorizes the following modifications to the project:

First, the Skagit River levee and channel improvement project, which was authorized in 1966 (P.L. 89–789), would be extended approximately 4 miles from Burlington to the vicinity of Sedro Woolley in the interest of flood control.

Second, the entire project including the levee extension to Sedro Woolley, would incorporate recreation as an additional project purpose.

The Federal cost for the modification would be $12 million and will be subject to the same conditions of local cooperation as required by Public Law 89–789. Likewise, the modification for recreation facilities would be cost-shared consistent with the policy set fourth in Public Law 89–72.

Mr. President, this is a matter of an emergency nature. I hope that the committee can accept the amendment.

Mr. GRAVEL. Mr. President, I have no problem with this proposal, and I will be happy to accept it. I yield to my friend from New Mexico.

Mr. DOMENICI. Mr. President, let me say to the chairman I am not going to insist that we vote on this amendment. I am willing to accept it. However, it does bother me that apparently our Phase I and Phase II approach is not working properly, and we are going ahead and approving construction before we have completed the Phase I work. It seems to me that we ought to be consistent.

I do understand the significance of this project as the Senator has described it, and my judgment tells me it would probably end up getting approval if it went through the process. But we do take any awful lot of time insisting that they get these qualified in the phased manner, and I really do not know why this one has not proceeded with the kind of dispatch through the Corps of Engineers that is necessary.

Having said that, I have no objection to taking the matter to conference, so I do not at this point object.

Mr. MAGNUSON. The problem is that there is such a lag between Phase I and when you get to Phase II. Many things happen along the way. Costs go up. You people deplore that yourselves. Remember, we take a close look at these projects in the Appropriations Committee. We do not appropriate every project that comes before us. The proof of the pudding is that there are many more authorizations than there are appropriations.

● Mr. JACKSON. Mr. President, I join with Mr. MAGNUSON in support of the amendment extending the Skagit River Levee and Channel Improvement project to protect the areas near Burlington and Sedro Wooley. In the 12 years since the original project was authorized, development in this area has made it necessary for increasing the project to provide flood control there. Considerable damage, at great expense to property owners and to the government, occurred during floods in 1975 and 1977. Incidently, I would like to add that this amendment adds recreation as a purpcse of the project. The Skagit is one of the most beautiful areas of the State and adding recreational uses to the project will greatly contribute to the project's value.●

Mr. GRAVEL. Mr. President, we accept the amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. MAGNUSON. I have a third amendment which I am going to send to the desk.

Mr. GRAVEL. Will the Senator withhold that, and permit the Senator from Maryland (Mr. SARBANES) to offer his amendment, which we can handle very briefly?

Mr. MAGNUSON. Yes.

Mr. HODGES. Mr. President, will the Senator yield first?

Mr. SARBANES. Mr. President, I thank the distinguished Senator from Washington for his kindness in allowing me to offer my amendment at this time. I yield first to the Senator from Arkansas.

Mr. HODGES. Mr. President, I ask unanimous consent that Jon Abele of my staff have the privilege of the floor during the consideration of H.R. 8309 and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1742

(Purpose: To authorize navigation improvements)

Mr. SARBANES. Mr. President, I call up my printed amendment No. 1742.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maryland (Mr. SARBANES), for himself and Mr. MATHIAS, offers an amendment numbered 1742:

Mr. SARBANES. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 6, insert the following:

SEC. 342. The project for improvements in the interest of navigation at Cambridge Harbor, Dorchester County Maryland is hereby adopted and authorized to be prosecuted by the Secretary of the Army acting through the Chief of Engineers substantially in accordance with the report of the Chief of Engineers dated November 8 1977, at an estimated cost of $379,000.

Mr. SARBANES. Mr. President, I offer this amendment on behalf of myself and my distinguished colleague from Maryland (Mr. MATHIAS). It authorizes the Army Corps of Engineers to proceed with deepening the channel of the Choptank River and the Cambridge Harbor Turning Basin in Dorchester County, Md., to a depth of 24 feet which would permit vessels carrying larger cargoes and with deeper drafts to call on the Port of Cambridge.

The dredging of the channel and the harbor is of vital importance to the economy of the city of Cambridge, Dorchester County, and indeed the entire surrounding Eastern Shore area. The port cannot accommodate fully loaded vessels in its present condition.

Cambridge has undertaken a special effort to export agricultural products from the Eastern Shore area and last year a vessel carrying locally grown corn departed from Cambridge for Nigeria. This was the largest vessel to use the harbor and it indicates the export potential of the port with concomitant benefits to the local farm economy.

In addition, the city of Cambridge is undertaking a vigorous economic development program by which it hopes to expand its economic base. Such expansion requires that the harbor and channel be deep enough to handle fully loaded cargo vessels.

The project has strong community support. Community leaders and county and city officials, particularly the mayor of Cambridge, Mayor Atkinson, and the State senator from that area, Senator Malkus, have been unstinting in their efforts to get this project underway. The project has been fully approved by the Corps of Engineers and the Department of the Army. It has a very good cost-benefit ratio. The local financial participation is assured.

It is important to move and move now because there is an environmental window for this dredging of October 1 until December 15. If we miss that environmental window this year for the purposes of the dredging we then have to carry over for another year. Therefore, it is extremely important to move forward on this very important economic development project to which there are no environmental objections. I would hope that the managers of the bill would see their way clear to accept the amendment.

Mr. DOMENICI. Mr. President, I yield to the senior Senator from Maryland on a matter that we have already approved. Then I shall be glad to yield the floor.

Mr. MATHIAS. Mr. President, I shall take only 1 minute.

The fact is, as this committee knows, that harbors wear out, like other facilities which are so critical and vital to our economic well-being. They wear out, because of bad management of farming practices and poor management of estuarine areas. That is why it is extremely necessary for the Senate to consider the

improvement of Cambridge Harbor in Maryland.

Mr. President, harbors, like other facilities wear out. For various reasons harbors need repair and maintenance. Years of farming on adjacent lands or construction projects in the vicinity can cause runoff and resulting silt. When the harbor is an ancient and historic one like the harbor in Cambridge, Md., the silting process has been going on for several centuries. The time has come to dredge and deepen the Cambridge Harbor.

Although the Chesapeake Bay is famous for recreational boating; this is no recreational project. The need is for a 25-foot channel and harbor, which is, of course, deeper than would be required by most pleasure craft.

On the contrary, this project is to supplement the extensive local efforts already made to revitalize the economy of Cambridge. Several industries have located there in anticipation of the development of port facilities. Grain shipments and other cargoes will be shipped through the Port of Cambridge when it is clear that ships may have safe passage through an adequate channel. This amendment will accomplish these purposes and it ought to be adopted.

We sometimes are reminded of the way in which "bread cast on the waters" will return to the donor. This is such a case. A relatively small investment here will bring a big return to the Government in terms of industry, corporate, and individual taxes and general economic activity.

Mr. GRAVEL. Mr. President, I am ready to accept the amendment. I yield to my colleague.

Mr. DOMENICI. We have no objection. This could await a report from OMB, but we see no objection to it in light of the circumstances described by the Senator. We will accept it.

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

UP AMENDMENT NO. 1272

Mr. MAGNUSON. Mr. President, I send an amendment to the desk on behalf of myself, Mr. JACKSON, Mr. MARK HATFIELD, and Mr. PACKWOOD and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington (Mr. MAGNUSON) for himself, Mr. JACKSON, and Mr. HATFIELD of Oregon, proposes an unprinted amendment numbered 1272.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

That the authorization for the Phase I design memorandum stage of advanced engineering and design of a second powerhouse at McNary Lock and Dam, Columbia River, Oregon and Washington provided in Section 101(a) of the Water Resources Development Act of 1976 (Public Law 94-587, 90 Stat. 2919) is hereby modified to authorize and direct the Secretary of the Army, acting through the Chief of Engineers to construct a second powerhouse at McNary Lock and Dam, Columbia River, Oregon and Washington, substantially in accordance with the report of the Chief of Engineers dated 29 June 1976 at a currently estimated cost of $548,000,000.

Mr. MAGNUSON. Mr. President, this is an amendment which requires a little more money than the other two I had proposed. It is a very important amendment. It authorizes the U.S. Army Corps of Engineers to construct the second powerhouse at McNary Dam. In these days of looking for energy, I know of no better place to get low-cost energy than to exercise immediately, where we can, our hydroelectric potential. This will mean many, many hundreds of thousands of kilowatt hours. It ought to be done now, as soon as possible.

The Senator from Alaska and I attended a meeting sometime ago in the White House when we were talking about energy problems. Remember, I asked the question of Dr. Schlesinger: "You talk about solar energy, the use of coal and nuclear energy. What about hydro? You never mention that."

They said, "Well, it is a small part of a big picture."

I said, "Well, it may be a small part of the big picture in some places but in the Pacific Northwest it is the biggest picture—hydroelectric power."

The President of the United States, in order to speed this hydropower development, asked the Army engineers to make a survey. They came back with their survey. They did it in all parts of the country.

We found that we have a great hydroelectric potential to which we should address ourselves right now. We should get it done. It is clean power. It is low-cost power. It relieves us from using oil. As a matter of fact, the Army engineers testified not long ago that the existing Federal hydroelectric dams were equal to 89 million barrels of oil.

Mr. JACKSON. Will the Senator yield?

Mr. MAGNUSON. Let me finish. We would have been using that oil had we not developed our hydro potential.

I yield.

Mr. JACKSON. Mr. President, my senior colleague is making a very important point here. The power is available. We are not building a new dam. We have provided the water, thanks to a treaty with Canada and the Libby Dam in Montana, which makes it possible to add 1.2 million kilowatts of installed power in an existing dam.

Mr. President, this affects a wide region. We have a direct current line that runs from The Dalles down to southern California. Subsequently there will be another line that will be running into Arizona to cover part of the Southwest when we have surpluses. During the oil embargo I would point out in 1974 we were able, because of a surplus in the Northwest, to send to the Southwest the equivalent in a 3-month period of about 50 million barrels of oil. We sent that in hydropower. Every dime, Mr. President, of this project is paid back with interest.

At a time when we are talking about cutting down imports on oil, as my senior colleague has pointed out, here is a classic example where we can save on imports by making this power available as fast as possible.

We cannot afford any delays in this project. A 2-year delay would increase costs as much as 40 percent.

I cannot think of a more prudent or a better investment that can be made at this time. I commend my colleague for his comments.

Mr. MAGNUSON. This is a loan. We pay it back with 5¾ percent interest. The Senator from New Mexico is making a great fight about user charges, and about getting money back into the Treasury. I say that the hydrodams in his part of the country pay the money back at 5¾ percent interest. And they are way ahead of schedule on all the dams, including McNary.

The construction cost, if we do not move on it now—will increase by $148 million based upon current forecasts.

The power benefits lost would amount to $51 million per year. The incremental study costs will be approximately $250,000. In total, it is estimated that the phase I requirement on McNary second powerhouse project could cost nearly $200 million in added costs and lost revenue. We want the cost as low as possible, because we are responsible for paying it back to the Treasury.

The best example is when we speeded ahead on the second and third powerhouse at Grand Coulee. As my colleague pointed out, some 50 million barrels of oil would have had to go into southern California had we not.

I see my friend from Alaska smiling at me. I think we ought to go ahead with some other hydroprojects, too. Up in Alaska, there is cheap power. We need to figure out a way to start the development and transport it.

All of this saves oil, That is what we are talking about. That is the name of the game now. We are all ready to go. Just give us a loan and we will pay you back. It is not going to cost the Government anything in the long run. But it is going to cost us about $200 million more to pay back if we do not do it now. I hope the committee will agree to this amendment.

Mr. GRAVEL. Mr. President, I, for one, have no problem with the expansion of hydro, particularly this one, where we already have the dam and are just adding the powerhouse. We have been in phase I for 18 months. I have difficulty understanding why it would take so much more time, particularly when you are aware of what hydropower has done for the Northwest. The lowest power cost in the United States is in the Northwest and the reason for that is their hydrodevelopment. I have no problem accepting this amendment.

I yield to the minority for their comments.

Mr. DOMENICI. I should say, Mr. President, that I was most impressed with that portion of the discussion of the distinguished Senator from Washington (Mr. MAGNUSON) in which he talked about paying it back. Tomorrow and the

next day, we shall give him an opportunity to be consistent. We shall let him sit here and listen to the debate on whether we should be paid back for what we do for the barges.

Mr. MAGNUSON. I shall be consistent. I did not particularly want to pay this back, but they made us pay it back. If I do not have to pay something back, I am not going to vote to pay it back. I am very consistent. We agreed to this. Down in the Senator's country. They pay back on irrigation projects without interest.

Mr. DOMENICI. Absolutely. That is why we are saying that that one kind is so peculiar. It gets it free. You have to pay back your hydro, we have to pay back our irrigation, but the barges do not pay anything back.

The Senator's argument on paying it back and its being in advance was just eloquent. Tomorrow or the next day, we shall remind everyone that the chairman of the Committee on Appropriations thinks that is an excellent American policy, that those who benefit ought to pay back.

Mr. GRAVEL. Will my colleague yield? He has been allotted 3 hours to make his case on that subject.

Mr. DOMENICI. I have a half-hour on this one.

In any event, we have no objection to the amendment presented by the distinguished Senator from Washington.

Mr. MAGNUSON. I thank the Senator.

Mr. DANFORTH. If the Senator will yield, we shall also raise tomorrow the question of the possibility of recovering costs for the use of the deep-draft harbors and ports.

Mr. DOMENICI. We shall be glad to consider that. If they have any domestic competition that is out of balance, because of that, we shall be glad to consider that on parity with it. I do not know of any, but we shall certainly consider it.

Mr. GRAVEL. Mr. President, I yield back the remainder of my time.

Mr. DOMENICI. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GRAVEL. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BELLMON. Mr. President, I ask unanimous consent that Mr. Doug Jackson of my staff may have the privilege of the floor during consideration and votes on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. I thank the Senator.

AMENDMENT NO. 1797

(Purpose: To reauthorize a portion of Papillion Creek and Tributaries Lakes, Nebraska, project in accord with the plan of April 18, 1978)

The PRESIDING OFFICER. Does the Senator from Nebraska desire to be heard?

Mr. CURTIS. Mr. President, I call up my amendment No. 1797.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska (Mr. CURTIS), for himself and Mr. ZORINSKY, proposes an amendment numbered 1797.

Mr. CURTIS. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, add a new section as follows:

SEC. —. The Secretary of the Army, acting through the Chief of Engineers, is authorized to construct the plan of improvements for the Papillion Creek and Tributaries Lakes, Nebraska, described in the report of the Chief of Engineers dated April 18, 1978, with such changes as may be desirable by the Chief of Engineers, at an estimated cost of $37,200,000.

Mr. CURTIS. Mr. President, I rise at this time to call up an amendment, No. 1797, to the bill now before us. My amendment would add a new section to H.R. 8309, the Inland Navigation Improvements Act of 1978.

The amendment would reauthorize part of the Papillion Creek and tributaries lakes project, which was originally authorized for construction in Public Law 90–483, the Flood Control Act of 1968.

That project originally provided for 11 dams to be built for flood protection along the Big Papio Creek in eastern Nebraska. However, since authorization of the project and construction of one of the major flood control dams, the Corps of Engineers has undertaken a reevaluation of the project.

The Chief of Engineers has just completed his review of the plan of improvements, and in his report of April 18, 1978, he recommends replacement of nine of the dams with a single dam. Earlier, the remaining dam of the original 11 was eliminated from the project plans.

Reauthorization of the project is sought in accord with the Senate Public Works Committee report on S. 3823, the Water Resources Development Act of 1976, Public Law 94–587. In that report, the committee recognized the corps' decision regarding a need for reauthorization since the change in the project design constituted a significant alteration of the project as originally authorized.

Mr. President, I point out that this single dam is needed to provide flood protection on the Big Papio fork against the type of serious flooding that occurred in 1964 and on several occasions prior to that date.

I also point out that this reauthorization involves a considerable refinement in the project as originally authorized. The replacement of nine dams with a single larger dam will provide more flood protection at much less cost. My amendment reauthorizes this portion of the project at a cost of $37,200,000. That is a reduction of about $19 million in the total estimated cost of construction of the nine remaining dams which were originally authorized.

This is not a new item before the Senate. It is a reauthorization of a project that was first approved 10 years ago. It is a refinement on a project that was identified and discussed before the Public Works Committee in 1976. It can provide substantial savings while providing a greater degree of flood protection than would have been achieved under completion of the project as originally authorized.

I reserve the remainder of my time.

Mr. GRAVEL. If the Senator will yield, I had hoped we could deal with this on a broader scope. We have already moved on it on the floor, when we discussed meritorious projects. Extending and stretching that a little bit, the Senator's project would fall into that category.

I am glad to accept his amendment and yield to the minority if they have any comment.

Mr. DOMENICI. We have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. CURTIS. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURTIS. I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WALLOP. Mr. President, I ask unanimous consent that Mike Morgan be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1766

(Purpose: To make it a Federal offense to assault or murder an employee of the Corps of Engineers)

Mr. WALLOP. Mr. President, I call up my amendment No. 1766 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wyoming (Mr. WALLOP) proposes an amendment numbered 1766.

Mr. WALLOP. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, after line 5, insert the following:

SEC. 401. Section 1114 of title 18, United States Code, is amended by inserting "or any civilian official or civilian employee of the Corps of Engineers of the Department of the Army assigned to perform investigations, inspections, or law or regulatory enforcement functions in connection with civil activities of the Department of the Army," immediately after "Foreign Service,".

Mr. WALLOP. Mr. President, I have checked with the managers of this bill and in essence, all this amendment is designed to do is to provide for the Corps

of Engineers rangers essentially the same protections under the law as park rangers have and as have BLM personnel engaged in policing the ranges of the United States.

Mr. President, this amendment makes a very small change in title 18 of the United States Code as it affects crimes against certain personnel of the Corps of Engineers while in the performance of their official duties. However, to the men and women who must perform these oftentimes dangerous duties, it represents a larger change, one which will hopefully make their professions both easier and safer.

The Corps of Engineers administers approximately 11.5 million acres of lands and waters throughout the United States which are used for recreation and fish and wildlife purposes. Visitation at these areas accounts for about 400 million visitor days annually. To manage these areas, the corps is authorized to develop and enforce regulations which are necessary to protect visitors and their property at these areas. As expected, the difficulties encountered by corps personnel in the enforcement of these regulations have substantially increased with the number of visitors.

Congress realized these difficulties when it enacted section 234 of the Flood Control Act of 1970 which makes violations of these regulations punishable by a fine of not more than $500 or imprisonment for not more than 6 months, or both. The section also provides for the Chief of Engineers to designate individuals who shall have the authority to issue citations for violations, and require the person charged to appear before a U.S. magistrate. The corps has subsequently responded by requiring and providing additional training of these personnel so that they can carry out these duties and protect the ever-increasing number of visitors in a professional manner.

Assaults directed against these Corps Rangers are, of course, punishable under the criminal laws of the various States where they may occur. However, these State statutory provisions are not uniform in their application and are often not commensurate with the gravity of an offense such as an assault on a Federal employee while in the performance of his duties.

During 1977 alone, there were two attempted murders and eight assaults with deadly weapons perpetrated upon Corps Rangers in the performance of their duties. There were a total of 23 serious assaults upon these personnel, yet none constituted a Federal offense.

Assaults against FBI agents, park rangers, U.S. marshals, and other Federal law enforcement personnel are now punishable as a Federal offense under 28 United States Code 1114, yet similar crimes against Corps of Engineers Rangers are not. Yet these Rangers may be charged with enforcing similar Federal regulations having criminal sanctions. This unwarranted distinction will be corrected when the new Criminal Code goes into effect. However, that will be no earlier than 2 years hence.

Mr. President, I offer this amendment so that this unwarranted disparity will be corrected from this point forward, and so that those Rangers who may be assaulted this year and the next will not be denied this protection.

Mr. DOMENICI. I have a question of the Senator.

The analogy with the other two kinds of Federal employees seems to me to be valid only if the Senator's amendment covers uniformed civilian corps employees. Am I right or wrong?

Are we not extending the coverage to the type of person in the other two agencies that, indeed, are identifiable by the uniform they wear, rather than just being civilian employees of the BLM or Interior?

Mr. WALLOP. Mr. President, the amendment is designed to protect, reading from the amendment:

Any civilian official or civilian employee of the Corps of Engineers of the Department of the Army assigned to perform investigations, inspections, or law or regulatory enforcement functions in connection with civil activities of the Department of the Army," immediately after "Foreign Service,".

Mr. President, this has already passed this body within the body of the Criminal Code. The only thing this will do is provide that interim protection for the 2 years that we now have to wait until the code is, if the code is, enacted.

Let me ask, does the Senator not think it would be more consistent to extend this protection to those employees if they are uniformed than in the broad language he is including for just any corps inspector or employee that is around?

Mr. WALLOP. I would be happy to ask unanimous consent to amend my amendment to include the language, "any uniformed civilian official or uniformed civilian employee of the Corps of Engineers."

Mr. DOMENICI. If the Senator would so modify it, I would have no objection to the amendment.

Mr. WALLOP. Mr. President, I ask unanimous consent that it be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. I have no objection.

The PRESIDING OFFICER. Will the Senator send the modification to the desk?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WALLOP. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I send the modified amendment to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The amendment, as modified, is as follows:

SEC. 401. Section 1114 of title 18, United States Code, is amended by inserting "or any uniformed civilian official, or uniformed civilian employee of the Corps of Engineers of the Department of the Army assigned to perform investigations, inspections, or law or regulatory enforcement functions in connection with civil activities of the Department of the Army," immediately after "Foreign Service,".

Mr. WALLOP. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1680

(Purpose: To revise the Alaska Hydroelectric Power Development Act)

Mr. GRAVEL. Mr. President, I call up my amendment No. 1680.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL) proposes an amendment numbered 1680.

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, I modify my amendment to read "On page 17, after line 5: Insert the following."

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

On page 17, after line 5, insert the following:

SEC. 203. (a)(1) The Congress finds that the expeditious development of hydroelectric power generating facilities that are environmentally sound to assist the Nation in meeting existing and future energy demands is in the national interest.

(2) The Congress therefore declares that the expertise of the Chief of Engineers can and should be utilized for the benefit of local public bodies in the development of projects when 90 per centum or more of the benefits of the project are attributable to hydroelectric power generation when the project is fully operational.

(b) To meet the goals of this section, there is hereby established in the Treasury of the United States a Hydroelectric Power Development Fund (hereafter referred to as the "fund") to be and remain available for use by the Secretary of the Army (hereinafter referred to as the "Secretary") to make expenditures authorized by this section. The fund shall consist of (1) all receipts and collections by the Secretary of payments in accordance with subsection (e) of this section and payments by non-Federal public authorities to the Secretary to finance the cost of construction of projects in accordance with subsection (f) of this section, and which the Secretary is hereby directed to deposit in the fund as they are received, and (2) any appropriations made by the Congress to the fund.

(c) There is authorized to be appropriated to the Secretary for deposit in the fund established by subsection (b) of this section the sum of $25,000,000.

(d)(1) If the Secretary determines that moneys in the fund are in excess of current needs, he may request the investment of such amounts as he deems advisable by the Secretary of the Treasury in direct, general obligations of, or obligations guaranteed as to both principal and interest by, the United States. Income on the moneys so invested shall be used to benefit the work and projects supported by the fund at the time of the

investment and in proportion to the respective payments in the fund for such works and projects at that time.

(2) With the approval of the Secretary of the Treausry, the Secretary may deposit moneys of the fund in any Federal Reserve bank or other depository for funds of the United States, or in such other banks and financial institutions and under such terms and conditions as the Secretary and the Secretary of the Treasury may mutually agree.

(e)(1) The Secretary is authorized, for any project that meets the requirements of subsection (a)(2) of this section, to obligate Federal funds deposited in the fund to reimburse expenditures for the phase I design memorandum made by a non-Federal public authority pursuant to this Act, or to make expenditures from Federal funds deposited in the fund for the phase I design memorandum, if appropriate non-Federal public authorities, approved by the Secretary, agree with the Secretary, in writing, to repay the Secretary for all the separable and joint costs of preparing such design memorandum (including reasonable amounts incurred for overhead, administration, and interest), (A) if such report is favorable and (B) if the appropriate non-Federal authorities are able to borrow money to pay construction costs of the project, including the costs of the phase I design memorandum, based on the security of the project or its revenues within three years of the completion of the phase I design memorandum. Following the completion of the phase I design memorandum stage of advanced engineering and design under this subsection, the Secretary shall not transmit any favorable report to Congress prior to being repaid in full by the appropriate non-Federal public authorities for the costs incurred during such phase I. The Secretary is also authorized to make expenditures from non-Federal funds deposited in the fund or held by the Secretary for costs incurred during such phase I if the Secretary agrees with the appropriate non-Federal public authorities to reimburse said costs (i) if the report is not favorable or (ii) if the appropriate non-Federal public authorities are not able to borrow money to pay construction costs of the project, including the costs of the phase I design memorandum, based on the security of the project or its revenues within three years of the completion of the phase I design memorandum: *Provided,* That payments by the Secretary of such costs shall be subject to appropriations Acts. Payments by the Secretary under this subsection for phase I reimbursement shall include reimbursement of any interest expense of the appropriate non-Federal public authorities resulting from bonds or notes such authorities have issued to finance the phase I design memorandum and for any other expenses normally associated with the issuance and administration of revenue bond and note financings. Failure to complete a phase I report being prepared in accordance with the provisions of this subsection within a reasonable time in accordance with the schedule fixed in the phase I design memorandum agreement entered into by the Secretary with the non-Federal public authority due to Federal actions or inactions not primarily occasioned by the actions or inactions of sponsoring non-Federal public authorities, including, but not limited to, Federal inaction in failing to appropriate at any time amounts necessary to reimburse such costs and expenses in accordance with the schedule fixed in the phase I design memorandum agreement, shall also constitute a determination that such report is unfavorable for purposes of this subsection. Payments by the Secretary shall be made from the fund to the extent of the amounts appropriated to the fund or from such other funds as such Acts may provide for this purpose. The Secretary shall agree to hold and apply any Federal funds deposited in the fund with respect to a particular project of a non-Federal public authority for which the Secretary has expended non-Federal funds, in accordance with the terms of a phase I design memorandum agreement entered into by the Secretary with the non-Federal public authority for the benefit of the holders of bonds or notes issued to provide the non-Federal funds. The Secretary shall transmit a copy of a completed phase I report, including a proposed agreement between the Corps of Engineers and the appropriate non-Federal public authority setting forth the terms and conditions for construction of the project, in accordance with the provisions of this section, to Congress and to the appropriate non-Federal public authority. If the proposed agreement for construction of the project is entered into and approved pursuant to subsection (g) within two years of completion of the favorable report, the project shall be constructed in accordance with subsection (g) if the non-Federal public authority is able to borrow money to pay construction costs of the project, including the costs of the phase I design memorandum, based on the agreement and the security of the project or its revenues within three years after completion of the favorable report. The Governor of the State and his designees may use the project report prepared in accordance with the provisions of this subsection as they determine to be necessary to undertake State construction of a project. The United States shall not be liable for the payment of any damages resulting from State use of the project report and the State construction of any project in connection therewith unless due to negligence of the United States.

(f) In connection with water resources development projects which meet the criteria established by subsection (a)(2) of this section and which are to be constructed by the Secretary, acting through the Chief of Engineers, in accordance with an authorization by Congress and a contract between the non-Federal public authorities and the Secretary, pursuant to subsection (g)(1) of this section occurring on or subsequent to the date of enactment of this Act, the Secretary, acting through the Chief of Engineers, is authorized to construct such projects including activities for engineering and design land acquisition, site development, and off-site improvements necessary for the authorized construction by making expenditures from (1) the fund established in subsection (b) of this section of funds deposited by non-Federal public authorities as payments for construction and (2) payments of non-Federal public authorities held by the Secretary as payment of construcion costs for a project authorized by this section.

(g)(1) Prior to initiating any construction work under the authorities of this section, the Secretary and the appropriate non-Federal public authorities shall agree in writing and submit such agreement to the Committees on Public Works and Appropriations of the Senate and House of Representatives for review and reporting to the Congress for its consideration and approval, that the appropriate non-Federal authorities will pay the full anticipated costs of constructing the project determined by the agreement as provided in this subsection at the time such costs are incurred, together with normal contingencies and related administrative expenses of the Secretary, and such payments shall be deposited in the fund or held by the Secretary for payment of obligations incurred by the Secretary on an authorized project under this section. The agreement shall provide for an initial determination of feasibility and compliance by the project with law. The total non-Federal obligation shall be paid on or prior to the date the Chief of Engineers has estimated by agreement, that the project concerned will be available for actual generation of all or a substantial portion of the authorized hydroelectric power of the project, as determined in the agreement between the Secretary and the non-Federal public authority.

(2)(A) In consideration of the obligations to be assumed by non-Federal public authorities under the provisions of this section and in recognition of the substantial investments which will be made by these authorities in reliance on the program established by this section, the United States shall assume the responsibility for paying for all costs over the anticipated costs fixed in the agreement with the non-Federal public authorities, if such costs are occasioned (i) by acts of God, (ii) failure on the part of the Secretary, acting through the Chief of Engineers, to adhere to the agreed schedule of work or a failure of design or (iii) are necessary to be paid by the United States to permit operation of the project in accordance with the initial determination of feasibility: *Provided,* That payments by the Secretary of such costs shall be subject to appropriations Acts.

(B) Any Federal funds required to complete the project pursuant to paragraph (2)(A)(iii) of this subsection shall be repaid to the Treasury with interest by the non-Federal public authorities from revenues received from the sale of power. Payments shall commence following retirement of all bonds issued by the non-Federal public authorities for the project. Interest payable under this subparagraph shall be at the rate the Federal Government must pay on such obligations at the time of payment pursuant to paragraph (2)(A)(iii).

(h) The Secretary is authorized and directed, pursuant to the agreement, to convey all title, rights, and interests of the United States to any project, its land and water areas, and appurtenant facilities to the non-Federal public authorities which have agreed to assume ownership of the project and responsibility for its performance, operation, and maintenance, as well as necessary replacements in accordance with this section upon full payment by such non-Federal public authorities as required under subsection (g) of this section or at the time of the election of the State to construct the project if made in accordance with subsection (e) of this section. Such conveyance shall occur at the time of the election, pursuant to agreement between the Secretary and the non-Federal public authority, or shall occur, pursuant to the agreement required by subsection (g) of this section, to the maximum extent possible, immediately upon the project's availability for generation of all or a substantial portion of the authorized hydroelectric power of the project. The conveyance pursuant to agreement under subsection (g)(1) shall include such Federal requirements, reservations, and provisions for access rights to the project and its records as the Secretary finds advisable to complete any portion of project construction remaining at the time of conveyance and to assure that the project will be operated and maintained in a responsible and safe manner to accomplish, as nearly as may be possible, all of the authorized purposes of the project including, but not restricted to, hydroelectric power generation.

(i) This section shall be cited as the "Hydroelectric Power Development Act".

Mr. GRAVEL. Mr. President, this amendment is clean-up language to legislation passed in the closing hours of the session in 1976. It was a pioneering and very new approach to the handling of hydropower.

As we just acted upon a hydropower amendment wherein the Federal Government would put up the moneys and the Federal Government would be paid

back by the sale of the power to the consumers in question, recognizing the amount of time that it has taken for projects like McNary, 15, 20, 30 years, we tried to devise a new way of handling hydropower in the State of Alaska.

That was, rather than merely ask the Federal Government to fund the whole project and then pay them back at the end of the project, we set in motion a new approach and a new criteria of judgment, that is, rather than have the Government fund it, we would have the project built by bonds that would be sold in the public marketplace.

The problem at that point in time was, How do we get ourselves in a position to sell those bonds in the public marketplace?

We had just gone into this phase I approach. So what we decided was that until we completed phase I, which is when we would really know if we were going forward with the project, that we would have the Federal Government cover that cost, and that is just the way the legislation is right now.

But in order to even accelerate that process, what we have now suggested is that the State of Alaska be permitted and the authority created to sell bonds to pay for phase I, and if the project is a "no go," that the Federal Government pay back the State of Alaska for that and pay interest on what was involved.

That is essentially what this legislation does.

We passed the legislation similar to this last year. It was "clean up" in nature. We even accommodated a criticism that was made, what if there is a cost overrun?

Well, we accommodated that to say that would be paid for by the State of Alaska.

After the initial financing had been paid for, because of difficulty in selling bonds, we need something terminal from a time point of view in order to sell these bonds.

So what this amendment does is take some language that adds more terminality to that first phase of financing than presently exists.

This is the language our bond council told us we needed in order to secure the possibility of selling the bonds.

If this language is not adopted then, of course, these bonds cannot be sold and we can go back to the law we have now, which is authorizing the project and letting the Federal Government appropriate the money for the project, rather than go forward with this.

I might say, Mr. President, if we are successful in bringing this about in Alaska, it is probably the way all hydroelectric projects will be financed in the United States.

We had a meeting just the other day at the White House briefing us on what is coming out in their new water package. They, too, like the Senator from New Mexico, want to see people pay as they go, pay their way.

There is no approach more "pay your way" than this, and it does not have to go through the test of OMB, but through the test of the public marketplace, their ability to sell the bonds or not sell the bonds.

So I hope to see this adopted.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me discuss this a bit with the Senator from Alaska.

It is with reluctance that I ask some questions. I do that because I have some concerns.

I would very much like not to have to oppose the amendment. The Senator knows I worked with him diligently to get the amendment in 1977 that seemed to set in motion the possibility that he had been working for for many years.

Let me state this and see if he agrees with me.

The 1977 amendments we passed expanded the idea which then said that the locals would be allowed to be reimbursed, or we would pay for "unexpected costs after their bonds are retired."

That language was considered in the committee, and it was approved on the floor.

In addition, the State agreed to repay all costs of the project except for those due to an act of God or occasioned by delays of the Corps of Engineers.

Now, I see a few changes in this version.

If the Senator will refer to page 3 on line 24, it appears that if the locals only have to repay the costs, if they are able to borrow the money to pay it, otherwise the Federal Government——

Mr. GRAVEL. What is the Senator reading from?

Mr. DOMENICI. Page 3, line 24, of the amendment.

Mr. GRAVEL. Yes.

I thank my colleague.

Mr. DOMENICI. The latest version then appears to go a little further.

Let me start again on page 3, beginning on line 24.

It appears as if the locals only have to repay the costs if they are able to borrow the money to pay it, otherwise, the Federal Government must absorb the loss.

I would then suggest that on page 4, lines 15 and 20, the same result occurs.

What I am talking about, we have just approved an addition to a hydro project on the west coast with the clear understanding that all of the moneys would be refunded and reimbursed. Now the Senator is trying to put into effect a better way of using local money to get these projects started. But it appears to me that he is also saying that if the locals are unable to borrow the money to pay it, then we have to pay it. Is that what the Senator is saying, and is that right?

Mr. GRAVEL. The interpretation I would rather see placed on it is that there now is a new criterion. Presently, when you have a hydro project, you have the criterion that the Corps of Engineers recommends to Congress; then you have a decision of Congress, and that is it. You go and build it.

With this particular project, you have the corps recommendation, you have the decision of Congress, and you have the public marketplace. So if the public marketplace does not want to give its decision and then you are back at square one, you have a project authorized and you have to appropriate the money if you want to go forward with it.

If you are talking about just phase I, if it is a no go, what is the decision? Who says it is a no go? Congress can say it is a no go. The corps can say it is a no go. If the private sector says it is a no go, it is a no go; and the only way you then can make it go is to appropriate the money to do it.

All we have set up is the criterion that it is not open-ended. If you cannot sell the bonds, then you do not have a commercially viable project; and if Congress wants to approve it, that is its business. But the people in Alaska who have put up the money should get their money back, because this criterion has not been met, and, therefore, the Federal Government should cover the cost. That is done for projects now, without being subject even to that criterion.

Mr. DOMENICI. Except that the Corps of Engineers has something to do about picking the projects early on; whereas, the Senator's procedure is to let the State do it. That is all right with us, but why should we pick up the bill?

Mr. GRAVEL. That is not the case at all. This project was handled like any other waterway project. It started with a corps survey and went to Congress and was authorized in Congress. It is not the State that moved first. It is the Federal Government that moved first on this project. Nothing is being done to this project that has not been done to any other power project in this country. The only thing that has been added is that we now have to go to the marketplace to sell our bonds.

Mr. DOMENICI. Will the Senator tell me what this language means on page 4, lines 15 through 22:

> If the appropriate non-Federal public authorities are not able to borrow money to pay construction costs of the project, including the costs of the phase I design memorandum, based on the security of the project or its revenues within three years of the completion of the phase I design memorandum: *Provided*, That payments by the Secretary of such costs shall be subject to appropriations Acts.

Does that not say that, under those conditions, the Federal Government will pay that tab?

Mr. GRAVEL. Exactly, and that is exactly what I intend the language to do.

Mr. DOMENICI. Does that make it similar to other projects we have in the country?

Mr. GRAVEL. It makes it so similar that it will catch up to other projects, because other projects are paid through the appropriations process.

What we have done is sell bonds to put up our money, Alaska's money, to pay for the projects; and if the projects are no go, now the Federal Government can put up the money.

It is the same with McNary. We have spent money on that project. If Congress decides to stop it right now, whatever money has been spent has been spent, and that is all there is to it.

In the State of Alaska, we sell bonds to accelerate the process; because every day the process is delayed—which is one of the frustrations we have around here—it costs more money.

We are trying to get this project and we are trying to save money. We are putting up our money to do it. If it is a no go, we turn to the Federal Government and say, "You pick up the cost, as you do in every other project; but if it is a go, we will finance it in the public marketplace."

I do not know of any other project that does that. I do not know how the Senator can find fault with that.

Mr. DOMENICI. It says that if you are not able to borrow money to pay construction costs of the project, including phase I, the Federal Government will pay it. There is no objection to our advancing that money. But it does not say that we get reimbursed, as we do on the one we just appropriated.

Mr. GRAVEL. There is no way to get reimbursed. We have not built the project.

Mr. DOMENICI. It says, "borrow money to pay construction costs of the project, including the costs of phase I." If you are unable to do that, it says we pay that for you.

Mr. GRAVEL. If the Senator will permit me, I will go back over it. I am trying to be as methodical as I can.

If you cannot sell the bonds, you cannot build the project. Therefore, you cannot charge the people for electricity that you have not provided, for a dam we have not built.

Look at locks and dam 26. The Senator is familiar with that. We have spent a lot of money on that. We are just completing a phase on it. If we do not build it, what do we do? Are we going to charge the people who go through the gate for the cost of a project that never took place? Are we going to charge them for the study?

Phase I is a study phase. If you do not go forward, the Federal Government does it. If you go forward, the State borrows the money and pays back the Federal Government—borrows the money to build the project but also to pay back for the study phase; so that the Government is not out a sou in the whole deal.

What the Senator is saying is that he wants a vehicle with which to continue to have the people of Alaska pay for phase I. There is no vehicle except the realization of the project.

Mr. DOMENICI. I think we worked out with the Senator the last time the problem of phase I, and we put in all the contingencies we could to cover it and make it bondable.

What I am worried about is that I do not understand how the Senator is expanding it when he says that if you are unable to borrow the money to pay construction costs of the project, including the costs of phase I, based upon the security of the project or its revenues within 3 years of the completion, the Federal Government will pay for the whole thing.

Are we talking about only phase I or or about something else?

Mr. GRAVEL. No; I am just talking about phase I. The Federal Government does not have to pay for the whole thing. The only thing you are permitted is what moneys are in the trust fund. You are not going to pay for the construction, the whole thing, and you only authorize phase I in Congress. So how can you think you would pay for the whole thing?

Mr. DOMENICI. The language says "construction."

Mr. GRAVEL. The language says, "If the appropriate non-Federal public authorities are not able to borrow money to pay the construction costs."

The corps has approved the project. Congress has approved the project. The State has approved the project. We go out, and nobody wants to buy the bonds. The marketplace does not approve the project. So, essentially, they have turned it down. You cannot sell the bonds.

What happens is that, based upon the security of the project, nobody wants to buy the bonds, and you cannot sell the bonds in 3 years. You have been trying, and you cannot sell them.

So the bonds that were now used in order to pay for phase I are not open-ended; so that the bond buyers know that at some point somebody is going to be responsible. If you cannot sell them in 3 years, the Federal Government takes the money from the trust fund that already has been appropriated and takes back these bonds.

Mr. DOMENICI. I ask the Senator if he will do this. It is really the complicated language that is bothering us.

Mr. GRAVEL. With the help we had the last time, we cannot sell any bonds today.

Mr. DOMENICI. I would like to do this: I would like to sit down with the Senator from Alaska for about 10 minutes and look at this matter with some staff people, and I think we can work it out. I will not suggest anything but some clarifying questions for the Senator, and then I will not object. If the Senator does not do this, I have four or five amendments to suggest, and I do not want to do that.

Mr. GRAVEL. I would be prepared to vote on every one of them and to have a rollcall vote, starting quickly.

This has been through the process of the committee. The Senator's staff has had ample opportunity to work with us. I do not mind constructively working toward a goal.

The degree of misunderstanding that I think is apparent here goes to the philosophy of it. I appreciate the Senator's statement that he helped us the last time, but that help was so effective that we cannot sell bonds today, and that is why we are back here today.

All we are talking about on page 4 is paying back the money of phase I. If the Senator reads in that English language that we are authorizing the construction of this project by Congress, I cannot see how he reads that; and I would be prepared to vote up or down on the first point he has raised.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. METZENBAUM). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, having conferred with the Senator from Alaska, I understand that as to the language on page 4 found on line 17, including the cost of phase I, and the language preceding that, talking about construction costs, we are talking about nothing more than phase I at that point.

Mr. GRAVEL. Very much so.

Mr. DOMENICI. Is that correct?

Mr. GRAVEL. Yes.

Mr. DOMENICI. Likewise on page 5 there again on lines 12, 13, and 14 we are talking again about phase I.

Mr. GRAVEL. Yes.

Mr. DOMENICI. Has the Senator from Alaska completed his presentation of the amendment?

Mr. GRAVEL. Yes, I have.

Mr. DOMENICI. I will not object to the amendment, although I do believe we are talking about a very complicated matter, kind of a possibility, an iffy situation. I know of the genuine interest of the Senator from Alaska, and I would have hoped we could have gone through this in more detail, but I believe that we should accept it and go to conference with it and if we have any clarifying amendments we can take them up at that time.

Therefore, I have no objections, Mr. President.

Mr. GRAVEL. I thank my colleague.

Let me just state that it is complicated and the only reason why it is complicated is because we are for the first time moving into the private sector so that we can get these hydro projects built not with Federal money with money that is sold in the marketplace. If a dam is a good project, a good deal, then it should be able to be financed in that manner. If it is not, then we should bag it.

This approach, I think, will be the prototype as how it will be handled in the future.

I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from New Mexico yield back the remainder of his time?

Mr. DOMENICI. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. GRAVEL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, the Senator from Alaska has been kind enough to suggest that I might speak for just a moment at this point in the proceedings, and I would like to take the opportunity, if I can, to ask him a number of very general questions. If the Senator from New Mexico has a moment he might want to respond, too.

It is my understanding, Mr. President, that in this very large and comprehensive and important legislation which, I believe, we will end by calling the Water Resources Development Act of 1978, that basically the water resources being developed are those of the great river basins and of the arid regions of the Nation, and in this instance, as in the instances of all the predecessors to this legislation, which go back a very long way in American history, that there will be no provisions for the support of urban water projects of the kind which have historically, to be sure, been held entirely the responsibility of great cities or of cities and States.

I am thinking particularly of my own city of New York, which is now engaged in a situation of the greatest economic difficulty with our budget, and building a third water tunnel, an enterprise that goes on 40 stories below the level of the Bronx and Manhattan, an enterprise which has already brought on the deaths of 19 sandhogs, and an enterprise which is quite as magnificent and demanding, and certainly as expensive, an enterprise, as any of the great projects of the arid regions of the Nation, and certainly as important to the Nation, but which receives no help.

I wondered if it is the case—if I could ask the distinguished manager of this bill—that there are no provisions for urban water projects in this legislation?

Mr. GRAVEL. That is correct.

Mr. MOYNIHAN. May I say I would like to give notice that tomorrow, or the next day, whenever is convenient to the managers of the bill, I would like to introduce a new title which would authorize at a very modest level the beginnings of such activities on the grounds that it is just no longer realistic to think that the city of New York on its own can build massive water projects with no support, save from the State, whereas the rest of the Nation routinely can look to Congress for what, after all, is in the end simply water.

Mr. GRAVEL. If the Senator is talking about urban drainage, he is correct, there is nothing in this bill about that. But if the Senator is talking about water supply, we are doing a lot of it in urban areas.

Mr. MOYNIHAN. I am talking about drainage, of course, but in particular I am talking about——

Mr. GRAVEL. Any drainage project in the United States, and an example of that is the TARP project in Chicago, and that was one on the order of $4 million or $5 million, and we broke new ground in that area, so we are not hesitant as a Congress to go forward if the community has a real crying need and can demonstrate it.

I can assure my colleague that I, for one, hold New York in such strong affection that it would not be hard to get me to vote for those things in New York.

Mr. MOYNIHAN. I thank the distinguished Senator.

I ask unanimous consent to insert in the RECORD at this point an article by Francis X. Clines in the New York Times of today, May 2, 1978, called "In the Darkness 40 Stories Beneath the City."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN THE DARKNESS 40 STORIES BENEATH THE CITY

(By Francis X. Clines)

The work down under the city seems as impressive as the deaths there, and as granite-penned and hollowed out and dark as the deaths.

Going down into the slick darkness, the visitors are told by Sailor Kaplin that 19 sandhog workers have been killed so far tunneling 40 stories under the city, digging 13 miles down from the Bronx under Manhattan and across, through the earth, under the river, to Queens.

All this work to help the millions of living above quench their thirst by way of an immense new subterranean water passage worthy of ancient Pharaohs but actually attributable to a string of 20th-century mid-level rulers named Wagner, Lindsay, Beame and Koch.

"We remember the men of Local 14, 15, 147 and Local 3 who sacrificed their life to this job," Sailor Kaplin says, citing fellow sandhogs in a voice that stabs at the dark like his flashlight as the visitors descend in the sandhogs' elevator cage, moving faster than the water trickling down the walls of the 400-foot shaft. The men have died mostly in separate accidents—falls, fires, rock falls—and so the sacrifices have gone unnoticed up above.

The visitors—10 men and a woman who, in their yellow coveralls and hard hats, resemble aberrant moths—are breaking the routine of their own work life, which is to write down and publish various labor-union newspapers. They are trying something new, putting aside typewriters and paste pots and going out as a group from their white-collar offices around the city to see what the actual work of union people can look like. These paid poets of labor are replenishing their senses, looking for the solidarity of labor back at the work site instead of the union hall.

It's all very interesting in a big labor town like this, where some union leaders can be seen lapsing far from the lunch pail into the three-martini lunch.

The visitors' spirits are high. One man donning his plastic outfit cannot resist singing, "Look for the union label." There are Taiwan tags in some of the apparel.

Descending 40 stories under Van Cortlandt Park in the Bronx, one visitor asks how the group, which is to visit various types of labor sites, will ever top this first one for danger.

"Oh, we're going to plan a really dangerous trip next, to a public school," replies Tony Ramirez, an editor with New York Teacher.

The laughter compensates for the lost daylight, and, as eerie as the tunnel is, the visitors are quickly taking serious note that the 300 sandhogs working there are accepting three-fourths scale in hours and pay, doing round-the-clock shifts of six hours each instead of the eight hours each that were usual before the city's fiscal crisis hit.

"We had 90 percent unemployment when the job was shut down because of the crisis," says Ed Cross, a union official, recalling dollar-rich days when 1,500 sandhogs worked in the water tunnel. "At least this way four men get a job instead of three."

Matt Doherty, an editor with the state's United Teachers who is president of the visiting Metropolitan Labor Press Council, is impressed. "I've been writing the fiscal crisis so long it's a series," he says, "and here's a big part of the story—the death of workers, the sacrifice in wages."

Chick Donahue, a big sandhog with a red mustache, welcomes the visitors below with the same spirit. "This is where I make my living," he says, standing in a hole 24 feet in diameter that worms off toward the dark under Manhattan.

In the immense cold sepulcher of the sandhogs, none of the visitors' questions and concern sounds trite. There seems no place for cynicism as a string of glowing bulbs lights a frightening granite path downtown. The word workers are quickly resorting to the likes of "awesome" in describing this deep place, which has its own two-locomotive railroad hauling cement that is poured down like an endless poultice into the earth.

The visitors' pads and pencils seem beside the point as they toil in a huge control room carved five stories high and two football fields long, lined with more than 60 openings eight feet wide to hold giant flow valves.

"I hate to ask, but where are the valves coming from?" Harry Avrutin of the Central Labor Council's Chronicle inquires.

"Japan and Austria," a sandhog replies.

"Yea, the foreign countries bid cheaper than the U.S.," someone says in the shadow, and there is no discussion of why.

To ride the tunnel railroad, its steamy red lights flashing off giant tinfoil strips holding back water leaks in the ceiling and walls, is to get addicted to a vision knifing blackly, perfectly ahead. You can fantasize about Peenemunde as the train bleats along, but then Sailor Kaplan, 40 years a sandhog, starts talking American history.

"Can you imagine all this going on down here and only 200 years ago there was nothing—absolutely nothing—up above," he says, speaking more or less directly beneath Lehman College. He leads the group, sloshing through puddles bow legged and as confident as Casey Stengel, and imploring "you dignitaries"—he says the word like a friendly, slow joke—to press Albany and Washington for subsidies to get the tunnel back to full-time labor.

The visitors reassure Sailor that they will not soon forget this place and the sandhogs when they ascend to their colleagues in such unions as the garment workers, the maritime workers, the paper makers, the Catholic and public-school teachers and State labor's political-action committee.

Cameras flash up at buttress-like concrete molds, and at a man working plain and hefty with a pickax.

The man from the paper makers searches the darkness for his local angle. "How many ways do you use paper in this tunnel?" he asks.

A sandhog eyes the alien worker and says, "Not much." Then he quickly adds, "But you need water, a hell of a lot of water, Pal, to make paper."

Mr. MOYNIHAN. Finally, I would just like to say I think it is generally understood that there is no aspect of municipal maintenance which is more in need of help in most eastern cities right now than water supply; that there is none that is likely to be a larger source of employment, and which could be used for a constructive purpose.

With the kind permission of the managers of the bill, tomorrow I will introduce a title and, perhaps, we can debate it a little bit and see if we cannot expand the scope of this legislation which will encourage me to support it even more than I do.

Mr. GRAVEL. Let me recall to my colleague that I can remember standing on this floor and fighting for a project that the Senator's predecessor was taking an opposite point of view about.

Mr. MOYNIHAN. With the greatest respect, that is one of the reasons why he has a successor.

The PRESIDING OFFICER. The hour of 4:15 having arrived, the amendment

of the Senator from California (Mr. CRANSTON) to the amendment of the Senator from Alaska is now before the Senate. The yeas and nays have been ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I may have 1 minute to answer the Senator from New York before the vote.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

Mr. DOMENICI. Was the Senator's question with respect to water supply or drainage?

Mr. MOYNIHAN. It basically was obviously drainage which is the most appropriate matter.

Mr. DOMENICI. Drainage, does the Senator mean sewers?

Mr. MOYNIHAN. Yes.

Mr. DOMENICI. The Senator's concern is they are not presently eligible in the Northeastern part of the United States or that the Senator does not have any projects in this bill?

Mr. MOYNIHAN. More the latter, perhaps.

Mr. DOMENICI. I would say to the Senator there is authority, and I would also say with reference to the Corps of Engineers, the interesting thing is that the only part of the country wherein they have water supply jurisdiction is in Northeastern America.

Mr. MOYNIHAN. The Senator is quite correct.

Mr. DOMENICI. This bill would extend that nationally, but that is the only part of the country wherein they have singular jurisdiction to involve themselves in water supply.

Mr. MOYNIHAN. That is entirely correct.

Mr. DOMENICI. I yield back the remainder of my time.

AMENDMENT NO. 1260

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1260.

The Senator from Missouri.

Mr. DANFORTH. Is it my understanding that a vote has been ordered at this time?

The PRESIDING OFFICER. The Senator is correct.

Mr. DANFORTH. I ask unanimous consent that after the completion of the vote I may be recognized to call up amendment No. 1836.

The PRESIDING OFFICER. Is the Senator from Missouri aware of the fact that the amendment we are voting on is an amendment in the second degree to the amendment of the Senator from Alaska that ordinarily would be before the Senate; that is, the amendment of the Senator from Alaska, as amended, would be before the Senate? Is the Senator from Missouri indicating that he desires recognition at the conclusion of the matter pertaining to the amendment of the Senator from Alaska, as amended by the amendment of the Senator from California?

Mr. DANFORTH. The Chair has stated my unanimous-consent request better than I could state it myself.

The PRESIDING OFFICER. Without objection, the Senator from Missouri will be recognized, as the Chair had already intended to do, upon the disposition of this matter.

Mr. DANFORTH. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Nevada (Mr. CANNON), the Senator from Colorado (Mr. HASKELL), the Senator from Montana (Mr. HATFIELD), the Senator from Hawaii (Mr. INOUYE), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from Florida (Mr. STONE) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

Mr. STEVENS. I announce that the Senator from Nebraska (Mr. CURTIS), the Senator from Oregon (Mr. HATFIELD), the Senator from Kansas (Mr. PEARSON), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 52, nays—37, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—52

Anderson	Glenn	Morgan
Bayh	Hart	Moynihan
Bentsen	Hathaway	Muskie
Biden	Hollings	Nelson
Brooke	Huddleston	Nunn
Bumpers	Humphrey	Pell
Burdick	Jackson	Percy
Byrd, Harry F., Jr.	Javits	Proxmire
Byrd, Robert C.	Johnston	Ribicoff
Case	Kennedy	Riegle
Church	Leahy	Sarbanes
Clark	Long	Sasser
Cranston	Magnuson	Sparkman
Culver	Matsunaga	Stennis
Durkin	McGovern	Stevenson
Eagleton	McIntyre	Talmadge
Ford	Melcher	Weicker
	Metzenbaum	

NAYS—37

Allen	Gravel	Roth
Baker	Griffin	Schmitt
Bartlett	Hansen	Schweiker
Bellmon	Hatch	Scott
Chafee	Hayakawa	Stafford
Chiles	Heinz	Stevens
Danforth	Helms	Thurmond
DeConcini	Hodges	Tower
Dole	Laxalt	Wallop
Domenici	Lugar	Williams
Eastland	Mathias	Zorinsky
Garn	McClure	
Goldwater	Packwood	

NOT VOTING—11

Abourezk	Hatfield, Mark O.	Inouye
Cannon	Hatfield, Paul G.	Pearson
Curtis		Randolph
Haskell		Stone

So Mr. CRANSTON's amendment No. 1260 was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, if I may have the attention of Senators just on a matter of scheduling, there will be no more rollcall votes tonight. Rollcall votes can be stacked up for tomorrow on those amendments where such votes are requested.

Mr. GRAVEL. Mr. President, if the whip will yield on that point, if we could, we would like to receive those amendments where we can consider them on a voice vote today, getting to as many of the noncontroversial amendments as possible.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Alaska on which there remains 58 minutes of time. Who yields time?

Mr. CHILES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. CHILES. Mr. President, I withdraw the suggestion.

I send to the desk an amendment for myself and the Senator from——

The PRESIDING OFFICER. Is this an amendment to the amendment of the Senator from Alaska (Mr. GRAVEL)?

Mr. GRAVEL. Mr. President, may we vote on my amendment and that way, nobody will have to ask unanimous consent?

The PRESIDING OFFICER. This amendment is not in order except by unanimous consent.

AMENDMENT NO. 1831

Mr. GRAVEL. May we vote now on my amendment?

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. GRAVEL. I yield back the remainder of my time.

Mr. DOMENICI. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Is this the amendment of the Senator from Alaska that he and I debated?

Mr. GRAVEL. No, this is the amendment with regard to the projects that we agreed to in committee.

Mr. DOMENICI. I have no objection. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

● Mr. MELCHER. Mr. President, I am pleased that the Senator from Alaska (Mr. GRAVEL) and the Public Works Committee, has added my Inland Freight Transportation Study proposal as title VI in his amendment—the study proposal was previously approved by the Senate.

This title is a portion of the Commerce Committee's work and is not one that has been attacked or doubted in any way.

It provides a study that the Department of Transportation has cleared, and is in favor of, for within an 18-month

period various modes of freight transportation systems would be studied to see whether or not the public funds that are involved are equitable and whether or not they contribute to competition.

It requires an authorization of $1 million, and it is hopeful that within that period the study will come up hard, cold facts as developed by the Department of Transportation to determine what are truly the needs for a balanced freight system within the country.

The railroads, the truckers and the freight forwarderes are all for it, and Secretary Adams endorses it.●

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. I believe there is a standing order for the Senator from Missouri to present his amendment.

Mr. GRAVEL. The Senator is correct.

The PRESIDING OFFICER. I advise the Senator from Florida that the Senator from Missouri had previously requested that, immediately after the disposition of the amendment of the Senator from Alaska, he be recognized. It is on that basis that the Chair is recognizing him at this time.

Mr. CHILES. Will the Senator from Missouri yield?

Mr. STEVENS. Will the Senator from Missouri yield for just one item?

The PRESIDING OFFICER. The Senator from Florida is asking him to yield.

Mr. STEVENS. If the Senator will yield, I would like to set up some sort of order, if we could. There are three or four amendments that are going to be accepted, as I understand it. If the Senator from Missouri is going next and the Senator from Florida wants to go then, fine.

Mr. EAGLETON. I have been here for an hour. My amendment, under a gentleman's understanding, was to follow the Danforth-Eagleton amendment with an Eagleton-Danforth amendment.

Mr. STEVENS. I should like to get in next after that.

Mr. EAGLETON. That of the Senator from Florida will take 30 seconds if the Senator from Missouri will yield him 30 seconds.

Mr. DANFORTH. I am happy to yield 30 seconds.

Mr. DOMENICI. I understood that the Senator from Tennessee was going to follow the Senator from Missouri. We did not agree on that formally.

Where are we now?

The PRESIDING OFFICER. The only order pending at the desk is that the Senator from Missouri (Mr. DANFORTH) has the floor pursuant to the unanimous consent request that he made.

Mr. DOMENICI. How much time is the junior Senator from Missouri going to take?

Mr. DANFORTH. I shall take just 3 minutes.

Mr. BAKER. Mr. President, I have no desire to get in front of anybody else. I understand that the distinguished junior Senator from Missouri intends to take but 3 minutes. The distinguished senior Senator from Missouri has an amendment that will follow logically after that that will take 1 minute. I have one amendment which should not take long, so I shall be glad to flip a coin with the Senator from Florida as to which of us goes next. If it will be no inconvenience to him, I had planned to go right after the Missouri amendments. I promise it will not be more than a minute or so.

Mr. CHILES. All of them seem short enough, so I shall not object.

Mr. STEVENS. If the Senator will yield, I should like unanimous consent to go in some sort of order. I shall be happy to follow after the Senator from Florida.

Mr. DOMENICI. Will the Senator from Missouri yield for a unanimous-consent request?

Mr. DANFORTH. Yes.

Mr. DOMENICI. On behalf of Senator HUMPHREY, I ask unanimous consent that Mr. Tom Cator and Mr. Gene Graves be granted privileges of the floor during consideration and votes on H.R. 8309.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DANFORTH. Mr. President, I ask unanimous consent that Marc Steinberg of Senator GRIFFIN's staff, be granted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1836

(Purpose: To authorize construction of improvement for flood control at the St. Johns Bayou and New Madrid Floodway, Missouri)

Mr. DANFORTH. I call up my amendment 1836.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH), for himself and Mr. EAGLETON, proposes an amendment numbered 1836.

Mr. DANFORTH. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the bill insert a new section as follows:

SEC.—. The project for flood control and other purposes for St. Johns Bayou and New Madrid Floodway, Missouri, authorized for phase I of advanced engineering and design in section 101(a) of Public Law 94–587 approved October 22, 1976, is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers, to construct the project for flood protection and other purposes for St. Johns Bayou and New Madrid Floodway, Missouri, in accordance with Senate Document 95–87 at an estimated Federal first cost of $23,700,000.

The PRESIDING OFFICER. Will the Senator advise the Chair whether or not this is the amendment on which there is to be 3 hours of debate?

Mr. DANFORTH. It is not. There will be about 3 minutes of debate on this issue.

The PRESIDING OFFICER. I thank the Senator.

Mr. DANFORTH. Mr. President, this amendment is offered on behalf of myself and Senator EAGLETON. The basis for the amendment is, I think, pretty thoroughly set forth in yesterday's edition of the RECORD.

This is a project which has been in the works since about 1954, when there was the original authorization and appropriation for a project to close a gap in the levee at New Madrid, Mo. It was agreed, I think, by everybody at that time that the levee gap should be closed. However, the only plan which was established by the Corps of Engineers was defective because it did not provide for a pumping system to pump water that had been trapped between the two levees back into the Mississippi River. Therefore, in 1975, a new plan was arrived at which included a pumping system for the water to take it back into the Mississippi River.

That proposal was presented to the Congress, but by that time, the phase I-phase II method of authorizing such projects was being utilized. Therefore, phase I and phase I alone, at that point, was agreed to.

Phase I is now well underway. It is my understanding that it should be completed in fiscal year 1979. The problem is that further delay on phase I is very undesirable for a couple of reasons: One, this is a project that has been, I think, pretty well recognized as being necessary since 1954. Two, one of the remaining problems with the project is that the Fish and Wildlife Service and the Missouri Department of Conservation have both agreed that the acquisition of mitigating lands is a necessary part of the project. There is only one area of mitigating lands which have been agreed to by everybody as taking care of the environmental problems created by this project. That area of mitigating lands has recently experienced a very substantial increase in price due to land speculation in the area by certain German investors. In 1975, it was estimated that the value of the land to be acquired was $766,000. By 1978, that price had risen to $3,705,000.

It is for that reason that Senator EAGLETON and I believe that it is appropriate now to proceed directly with the authorizing of phase II for a total cost of $23.7 million.

Mr. EAGLETON. Mr. President, I rise to support the amendment offered by my distinguished colleague and myself.

The Corps of Engineers is currently proceeding with the phase I design memorandum study for the St. John's Bayou-New Madrid Floodway project as authorized by the Flood Control Act of 1976. This amendment would authorize construction of the project even though the phase I study will not be completed until October 1979.

I realize that to authorize construction prior to completion of the phase I study is a departure from established procedure, but I think the circumstances in this case warrant exceptional action. The proposed project would add increased flood protection to some 125,000 acres of prime farmland by modifying existing flood control structures. An important feature of the project is the addition of a 2,500-acre fish and wildlife mitigation area which has been developed in cooperation with both Federal and State conservationists. As I said, this is prime agricultural land; prices have jumped from $400 an acre to $1,200. Because land slated to be included in the

mitigation area is being bought up and developed, local sponsors are extremely concerned that any procedural delays will result in prohibitive land costs and that encroachment by developers will render the land unsuitable for mitigation purposes. Construction authorization would permit the corps to go ahead with land acquisition now before it is too late.

There is probably no more popular project in Missouri than this one for flood control in St. John's Bayou Basin and New Madrid Floodway. Local sponsors have worked with environmentalists well to be sure the proper steps are taken to avoid any adverse impact on fish and wildlife. When this is considered along with a favorable cost/benefit ratio of 2.2, I can see little reason not to approve the construction authorization.

The PRESIDING OFFICER. Who yields time?

Mr. GRAVEL. Mr. President, I want to speak with respect to this project.

The Senator from Missouri (Mr. EAGLETON) talked about this a couple of weeks ago. I wish that were the only time he had talked about this because he has been talking to me about it for a number of years.

I am happy to accommodate him, at least from the majority side, in this respect.

Mr. EAGLETON. I thank my colleague from Alaska.

I did raise this matter with him originally, I think, 2 or 3 years ago, more recently 2 weeks ago, and he expressed his interest in it.

I am delighted that he will consent to the amendment as proposed by Senator DANFORTH and myself.

Mr. DOMENICI. I just say to my good friends, both Senators from Missouri, that since we do not know any more about this project than we do about six or seven others, or eight, that we have accepted today, it seems to me we ought to treat them all alike and accept them.

On that basis, I have no objection. I compliment the Senator for bringing it to the flood today.

Mr. GRAVEL. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Missouri yield back the remainder of his time?

Mr. DANFORTH. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DANFORTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1273

(Purpose: To modify the project for the City of St. Joseph, Missouri, for recreational purposes)

Mr. EAGLETON. Mr. President, I have an amendment. It will be brief, and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment numbered 1273.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the bill insert a new section as follows:

SEC. —. The project for the City of St. Joseph, Missouri, as authorized by the River and Harbor Act of March 2, 1945 (59 Stat. 10 P.L. 79–14), is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers, and in cooperation with the City of St. Joseph, Missouri, to construct public park and recreational facilities with improved access thereto in accordance with the requirements of section 4 of the Flood Control Act of 1944, as amended (16 U.S.C. 460d), on lands adjacent to the project that are acquired and held by the City of St. Joseph for recreational use by the general public, and to permit the City of St. Joseph to include the value of such lands as part of its contribution toward the development of such facilities

Mr. EAGLETON. Mr. President, this amendment is offered by myself and my colleague (Mr. DANFORTH).

Mr. President, city officials in St. Joseph, Mo., have negotiated with the Corps of Engineers over the past 2 years for development of a park-marina under the authority of section 209 of the Flood Control Act of 1962. Since the 1962 act, the corps has undertaken recreational development on a 50–50 cost-sharing basis with a local sponsor at completed water resource projects where recreation was not originally authorized. The value of land contributed by the local sponsor has always been eligible to be counted toward the local share until the corps' general counsel ruled on October 3, 1977, that land costs could no longer be credited toward the local matching share. Without the exemption from this ruling as I propose in this amendment, the city of St. Joseph will have to come up with an additional $65,350.

I think it is unfair to the people of St. Joseph to change the rules governing cost-sharing agreements of this sort in midstream. The city negotiated with the corps in good faith. I do not think the general counsel's ruling reflects congressional intent. The corps currently has four contracts where land costs were allowed as part of the local share and for which we have spent some $2.4 million. The corps does not plan to go back to all these project sponsors to collect for the land costs. I firmly believe that the city of St. Joseph, Mo., should be treated no differently and therefore, urge adoption of my amendment to correct this inequity.

Mr. President, I ask unanimous consent that supplemental information for St. Joseph amendment to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Supplemental information for St. Joseph amendment

Other contracts where land costs were reimbursed:

Project:	*Land cost reimbursement*
Ohio River-City of Huntington, W. Va.	$46,000
Lake Washington-Seattle, Wash.	279,000
Tarpon Lake, Pinellas County, Fla	2,050,000
Carlion Canyon, Orange County, Calif	109,000
Total	2,484,000

Mr. EAGLETON. Mr. President, perhaps my colleague from Missouri may wish to comment.

Mr. DANFORTH. Mr. President, I simply want to join in the position taken by my senior colleague and thank him and express my appreciation to him for his leadership on this matter and to express my total agreement and support for this amendment.

Mr. GRAVEL. Mr. President, I have no objection to this amendment and will yield to my colleague.

Mr. DOMENICI. Mr. President, I have no objection to it.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. EAGLETON. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1274

Mr. BAKER. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) proposes an unprinted amendment numbered 1274.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, line 8, of the Committee Amendment after subsection 401(g) add the following new subsection:

"(h) There is further authorized to be expended up to $1 million from construction general funds appropriated to the U.S. Army Corps of Engineers for the development of the Tennessee-Tombigbee Waterway Project in order that the Corps can provide facilities and training to increase skilled personnel in the crafts required for the construction of the Tennessee-Tombigbee Waterway Project. None of these funds should be charged against the economic costs of the project."

Mr. BAKER. Mr. President, this amendment creates a human resources center to promote minority employment in the Tennessee-Tombigbee Waterway.

Before I proceed further, Mr. President, I ask unanimous consent that my colleague (Mr. SASSER) be added as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the provisions of the committee's amendment be amended by adding a subsection at the end thereof which enables the corps to participate in efforts to train personnel for this project.

Mr. President, I have cleared this amendment with managers of the bill.

Funds utilized in this effort up to $1 million would come from already appropriated construction general funds to the corps and would not be charged against the cost of the Tennessee-Tombigbee project.

Mr. President, in July of this year the Corps of Engineers filed a report pursuant to the provisions of section 185 of the Water Resources Development Act of 1976 regarding the participation of minorities in the construction of the Tennessee-Tombigbee Waterway project. This report indicates that while the corps has undertaken to improve the utilization of minority resources on this project, their efforts have so far fallen short of their goals. Specifically, while minority employment has increased on the project, minority employees are heavily concentrated in the lowest-pay, lowest-skill jobs and minority contracts awarded on the project account for substantially less than 1 percent of project expenditures.

As you know, this project, located in the States of Tennessee, Mississippi and Alabama, is surrounded by a substantial minority population. I believe that it is imperative that the Congress act to bolster efforts to provide for minority participation in the planning and construction of this project.

Toward that end I have drafted a proposal for the establishment of a Human Resources Center which will oversee minority employment, assist in the coordination of Federal training programs to establish adequate minority skills, provide information to minorities regarding the availability of employment and construction opportunities and report annually to Congress regarding the status of minority employment on the project and the impact of project planning upon the distribution of project benefits among the communities affected by it. The center will be under the direction of an Advisory Committee composed of representatives of the States, the Corps of Engineers, other involved Federal agencies and organizations representing minority interests.

The proposal has been incorporated in the committee amendment to H.R. 8309, a bill authorizing certain water resource projects including Alton Locks and Dam 26.

The center will consist of a Board of Directors with seven members as follows:

A representative to be selected jointly by the Governors of Tennessee, Alabama and Mississippi;

A representative of the Tennessee-Tombigbee Waterway Authority;

A representative of the Corps of Engineers;

A representative of the Department of Labor;

A representative of the Department of Commerce, Office of Minority Business Enterprise;

A representative of the Minority Peoples Council, a local organization with an office in Gainesville, Ala., which has been actively working to enhance minority participation in the Tenn-Tom project; and

A representative of the NAACP.

The center will also have an executive staff to compile information, to assist in the preparation of an annual report, and to disseminate information to minorities regarding the availability of employment and construction opportunities.

In addition to its minority information function, the center will assist in the coordination of training programs for minority and exercise an oversight function in three areas:

First, to assure that minorities are employed in representative numbers, and at representative levels of skill and pay;

Second, to assure that the minority set-aside programs and minority subcontract programs are effective; and

Third, to assure that planning for the location, design, and operation of project facilities will provide for an equitable distribution of project benefits among the various communities along the project.

The purpose of this amendment is to assure the full participation of minorities living within the project area in the principal benefits of the project, including the development of industrial and commercial centers and other similar benefits which will arise as a result of the construction of the waterway. This is also intended to include any ongoing studies which relate to the project, such as the corridor study. It is recognized that the waterway itself is to be built substantially in accordance with Public Law 79–525, as more fully described in House Document 486, 79th Congress, 2d session. It is not the intention of this amendment to effect an annual review of the design of the project as previously authorized by Congress.

The center will submit an annual report to the Secretary of the Army and Congress, containing an inventory of progress in minority involvement in the construction and planning of the Tenn-Tom project, an evaluation of efforts to enhance minority participation, and the recommendations of the Board of Directors with regard to modifications of the programs and policies affecting minority participation.

This annual report will provide valuable information and data regarding the quality of minority involvement and will focus efforts to overcome impediments to full utilization of minority resources. It will be a valuable tool to the Secretary in developing policies for project construction and planning and in the coordination of interagency programs. The recommendations of the Board will provide guidance for congressional oversight and action.

The center will provide a broad based and independent council to assist minorities to obtain an equitable opportunity to participate in te Tenn-Tom project. It will help draw together diverse responsibilities and viewpoints, so that traditional impediments to minority participation can be more expeditiously overcome. It will, I hope, foster an atmosphere of cooperation so that minority hiring goals will be achieved as a joint undertaking.

The center will afford a valuable resource also to the Corps of Engineers which has initially undertaken the minority resource planning, but which as an engineering and construction organization, is not suited by its basic mission to manage this complex social task.

The minority peoples council was created by the Federation of Southern Cooperatives in an effort to overcome the impediments to minority hiring on the Tennessee-Tombigbee Waterway project. The council has worked actively to increase awareness of the magnitude of the problem and to bring public and private resources to bear on it.

The membership of this organization on the board of directors will assure continuity in the effort already begun to increase minority participation in this project.

The National Association for the Advancement of Colored People has long been recognized among the leaders of civil rights organizations. Its membership on the board of directors will greatly broaden the resources and perspective of the board.

But the NAACP will additionally afford the black community the opportunity to make the center a model for future action. Minority employment programs have frequently fallen short of their goals in rural areas especially where major public works projects are involved. The problems of coordinating Federal efforts to provide training and to focus on specific impediments to minority hire are compounded in rural areas. The center concept may offer a method of supplying the coordination and focus needed to meet this problem.

The proposal I have drafted calls for consultation by the center with several organizations which have played a vital role in the advancement of minorities in the Southeast region. It is my hope that the board of directors of the center will utilize the knowledge and expertise of these groups to advance the purposes of the center.

In limiting the size of the board to seven members, it was regrettably necessary to leave off representatives of organizations which have performed valuable services to the minority communities surrounding the project. But in order to assure that the board is compact enough in point of view to be a dynamic and forceful body, its size is limited to seven members. The broad consulting authority of the center will provide for involvement of all organizations who can contribute significantly to the advancement of minority interests.

It is clear that the Minority Resource Center must maintain a focus on the programs and policies which directly re-

late to the construction and operation of the Tennessee-Tombigbee project if it is to be an effective force in the ultimate design of the project. It is equally clear that a substantial part of the problem and opportunity for minority participation involves the economic impacts of the project which derive from secondary project benefits such as the growth of the construction industry in the area and the establishment of industrial and commercial facilities through public and private investment encouraged by the project.

For this reason the center is charged to oversee the planning and policies directly affecting the distribution of project benefits among minority communities, to evaluate the involvement of minorities in organizations which control or influence decisions regarding project design, construction, and operation and decisions which affect the distribution of secondary project benefits, and to submit to Congress and the Secretary of the Army its findings with regard to the adequacy and effectiveness of these programs and policies.

This range of responsibilities should assure that while the project focus of the center is maintained, the range of impacts from the project which the center considers should be comprehensive rather than narrow.

In describing the purposes of the center the proposal sets forth that the center shall "oversee" minority involvement in the construction and planning of the project. While the center is not given direct authority or jurisdiction over the agencies and organizations which have charge of the construction or planning of the project, the term "oversee" is meant to indicate that the center should actively involve itself in influencing the course of the project through routine interaction with those agencies and organizations.

The Tombigbee project is already over 20 percent complete and is moving rapidly toward its scheduled completion date. It would be clearly inadequate were the center to view as its mission simply to monitor the progress or the lack of progress in the accomplishment of minority goals so that it could report findings to Congress. That is an important part of the center's function to be sure, but beyond that the center should provide immediate input and guidance where possible in an effort to influence policies and programs toward better utilization of and service to the minority community as quickly as possible.

Mr. President, the amendment provides that the costs of the center and the corps' training effort will not be charged against the costs of the project. This is done because neither are the benefits of minority advancement and training attributed to the project. I believe that this is an indication of an inadequacy in the benefit cost analysis of this project and others subject to such analysis. Should this matter be corrected, of course, these costs might then be properly attributed to the project.

● Mr. SASSER. Mr. President, I am proud to support and to cosponsor this amendment authored by my senior colleague, Mr. BAKER. It is time that Congress recognized the unique needs of the people in the area affected by the Tennessee-Tombigbee project. The human Resources Center will fill a need which we have come to recognize clearly in the past several years. That need is to assist the residents of Tennessee, Mississippi, and Alabama in taking full advantage of the opportunities that this project offers.

To this end, I am particularly pleased that the amendment call for "such branch offices as are necessary to serve as information clearinghouses * * *" Further than that, I wish to encourage the center, when formed, to establish one or more mobile information centers in order to bring the opportunities to those people in the most isolated parts of the project area. With an "information van," the message of the center could be affirmatively and aggressively brought to all the people of the region.

I wonder if my distinguished colleague could comment on whether or not he considers the concept of mobile information centers within the meaning of branch offices as that term is used in this amendment.

Mr. BAKER. I thank my colleague for bringing the possibility of mobile "branch offices" to my attention. Indeed, I do think that mobile information centers could be usefully deployed in the project area and I consider the language of section (d)(1) of the amendment broad enough to provide for such vehicles.

Mr. SASSER. Mr. President, mobile information centers would do several things which are not now being done. First, they would provide visibility for the efforts of the Government to provide the opportunities which the region has not previously had. Second, they would provide accurate information about the project. Third, used effectively, they would reduce the need to establish large numbers of small permanent offices of the Human Resource Center.

I thank my colleagues and I look forward to the establishment of the Human Resource Center and the good which will come from it.●

Mr. GRAVEL. Mr. President, I have no problem with the Senator from Tennessee's amendment and, therefore, yield to my colleague.

Mr. DOMENICI. I have no objection to the amendment proposed by the senior Senator from Tennessee.

The PRESIDING OFFICER. Does the Senator from Tennessee yield back the remainder of his time?

Mr. BAKER. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Alaska yield back the remainder of his time?

Mr. DOMENICI. I yield back the remainder of time on behalf of the Senator from Alaska.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. I thank the distinguished managers of the bill.

UP AMENDMENT NO. 1275

(Purpose: To increase the authorization on a navigable waters weed control program)

Mr. CHILES. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself and Mr. STONE, proposes an unprinted amendment numbered 1275.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the bill insert a new section as follows:

SEC. . Section 104(b) of the River and Harbor Act of 1958, as amended by section 302 of the River and Harbor Act of 1965, approved October 27, 1965 (79 Stat. 1093), is amended by striking out "$5,000,000" and inserting in lieu thereof "$6,900,000".

Mr. CHILES. Mr. President, I am introducing today for myself and Senator STONE, an amendment to H.R. 8309 which would increase the limitation on appropriations for the Army Corps of Engineers Aquatic Plant Control Program (APCP). Congress established this continuous Federal-State cost-sharing program in 1965 (under provisions of the Rivers and Harbors Act, P.L. 89–298) to help States deal with their aquatic weed problems. At the present time 19 States participate in the program and receive Federal research and operational assistance to supplement their efforts in meeting the problems caused by aquatic weed infestations.

In 1965 it was estimated that the annual cost of carrying out such a weed control program would not exceed $5 million, and so under the APCP authorization the corps' budget is limited to $5 million a year. Since, 1965, however, the costs associated with weed infestations have continued to increase due to a new weed species being introduced into the country and the rapid spread of aquatic weed problems. Florida presently has 200,000 acres of weed infested waters and is spending between $12 and $14 million annually in State funds for aquatic weed research and control. In the past incidences of aquatic weed infestations have been considered State, or, at best, regional problems, but there are weeds in our country now that have the potential of becoming serious problems nationwide. Each year more lakes, rivers, and streams become clogged with weed pests which seriously affect water sports, recreation, industry, and irrigation. In light of the scope and size of the national weed infestation problem, it is necessary to review the statutory limit on appropriations for the corps' aquatic weed program.

In February of this year, the Corps of Engineers came before the Senate Public Works Appropriations Subcommittee

to discuss the 1979 budget request. At that time the aquatic plant control program was discussed and questioning brought out that, if the authorization were increased, the corps capability for aquatic weed control would be $6.9 million. This adjustment is necessary in order to insure the continued effectiveness of the aquatic weed control program.

Mr. President, this amendment would increase the limitation on the appropriation for aquatic weed control from $5 million to $6.9 million. That is all it does.

I have discussed it with the managers of the bill.

AQUATIC WEED CONTROL AMENDMENT

● Mr. STAFFORD. Mr. President, the amendment offered by the Senator from Florida (Mr. CHILES) would increase the authorization on the navigable waters weed control program from $5,000,000 to $6,900,000 annually. I support the Senator's amendment. I am informed that the higher authorization figure contained in the bill conforms with the Army Corps of Engineers' stated capability.

Mr. President, I would like to say that what first brought this matter to my attention is the aquatic weed control problem on Lake Champlain.

While the Corps of Engineers has concentrated its attention and funds in the Southern States, where the problem has been more severe in the past, the problem of aquatic weed control is developing in Northern States as well. In fact, if not checked early the problem will continue to grow until it approaches conditions in the South.

Therefore, I urge the Corps of Engineers to pay more attention and funds to aquatic weed control in Northern States for if we are not careful the problem will grow and become more difficult and expensive to control.

Lake Champlain is an example where I believe attention should be directed.●

Mr. DOMENICI. Mr. President, we have no objection to this.

Mr. CHILES. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from New Mexico yield back the remainder of time on behalf of the Senator from Alaska?

Mr. DOMENICI. I yield back the remainder of the time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

The PRESIDING OFFICER. Does the Senator from Florida wish to make a motion to reconsider?

Mr. CHILES. No.

The PRESIDING OFFICER (Mr. STEVENSON). Who yields time?

Mr. STEVENS. I yield myself such time as I may need.

Mr. President, I have presented an amendment for consideration by the Senate during the debate of H.R. 8309, the Navigation Development Act of 1978, which would authorize the U.S. Army Corps of Engineers to initiate a study on the Erosion Control Project in Bethel, Alaska. This project is desperately needed to protect the property and lives of the people who live in this growing community in Alaska.

The Senate Environment and Public Works Committee directed the Corps of Engineers to reexamine the problems in Bethel. The erosion in Bethel has been reviewed by State, local and Federal agencies, numerous times. It is now time to act on a situation that can only get worse if it goes uncorrected. The Senate needs to instruct the corps to begin the study of the project. A simple directive from this body would be sufficient.

Bethel is located approximately 80 miles above the mouth of the Kuskokwim River in southwest Alaska. The population of the greater area is about 8,500 with 3,000 people residing within the city limits. Bethel serves as the principal trading center in the Kuskokwim and Lower Yukon River Basins. It is also the transportation hub for a large portion of western and interior Alaska, for both air and waterborne traffic. Also of prime importance are: a new $37 million hospital now under construction, and a recently completed $1.6 million dock. There has been vast investment by the people of Bethel in their community. Not to be diminished, the Federal Government's share in the need to protect Bethel is not minimal.

The right bank of the Kuskokwim River at Bethel has been continuously eroding since 1939. In 1970, the erosion rate normal to the bank, was 12 feet per year in front of the town, and 15 to 20 feet per year in front of the U.S. Public Health Service hospital and the Standard Oil tank farm. The erosion is due to the river channel. During the high spring runoff period of 1977, the erosion rate accelerated and was estimated at 10 feet per week in the vicinity of the hospital and tank farm. In an effort to contain the erosion rate, the State, city, and private interests have constructed timber bulkheads along 3,000 feet of the river bank. However, the bulkheads were ineffective. The river undermined the bulkheads and most of it collapsed and washed away.

The people of Bethel have made a commitment to save their town. The Federal Government can do no less.

The increased rate of erosion all along the river front of Bethel has prompted the local interest to request assistance from the Corps of Engineers, and their congressional delegation, to help find ways of protecting the eroding river bank. It is estimated that protection of 10,000 feet of river bank would preserve existing lands, obviate moving buildings and oil storage tanks, and protect the vital medical docking facilities.

I am today asking my colleagues to join me in passing this amendment, in the form of a resolution, which would instruct the Corps of Engineers to initiate a study of the erosion project in Bethel to determine the benefits that it would provide. This study should be completed in 2 years with a report to be made to the Senate Committees on the Environment and Public Works, and the Senate Appropriations Committee.

Mr. President, I might state that it is an amendment, for myself and my colleague. There seems to be some dispute whether the Corps of Engineers will or will not initiate this study under existing law and the existing resolution that can be adopted by the committees of the Congress.

It is my information they will not do so unless this amendment is adopted. I am hopeful that the amendment will be adopted which is an authorization to conduct a feasibility study at a cost not to exceed $400,000, to be completed within 2 years.

I state to my good friend and colleague from our State that if it is determined that the Corps of Engineers will proceed and will inform our good friend, who happens to be on the floor at this time, the Senator from Mississippi, that there is authority for such an appropriation, of course, I will be happy to have him drop this in conference. But they told us the last time when we tried to get money for this that there was not authority.

I think there has to be authority before our good friend from Mississippi will be able to make the money available to us for the study.

Mr. GRAVEL. I happen to have no problem. I am sure the minority will have no problem accepting this amendment. But we have already done it. I am really at a loss to know why another committee would not recognize that because the Public Works Committee on September 9, 1977, almost a year ago, passed a resolution requesting this exact study.

So there is nothing impairing the ability to get the money to do the project.

We could check with the corps on this between now and tomorrow. If it is not needed, we will not put it in.

Mr. STEVENS. Let us put it in, and the Senator can drop it in conference if it is not needed.

Mr. GRAVEL. I think my colleague will recognize that I would not want the impression left in Bethel that I was not Johnny-on-the-spot in taking care of their interests.

Mr. STEVENS. We are both Johnnies-on-the-spot. We just want to make sure the corps tells us the same thing.

Mr. GRAVEL. The Public Works Committee has already done this, but if it takes redundancy to get the attention of the corps, I do not mind it.

UP AMENDMENT NO. 1276

(Purpose: To authorize an erosion control study at Bethel, Alaska)

Mr. STEVENS. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS), for himself and Mr. GRAVEL, proposes an unprinted amendment numbered 1276.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

SEC. —. The Secretary of the Army, acting through the Chief of Engineers, is authorized to conduct a feasibility study for erosion control improvements on the Kuskok-

wim River at Bethel, Alaska, at a cost not to exceed $400,000. A report on this study shall be submitted to Congress not later than two years following the date of enactment of this Act.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

Mr. DOMENICI. Mr. President, I say for the minority that we have no objection. If redundancy is the worst thing we have done in this bill today, it would be minimal. So I would not even object on the basis of redundancy.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1277

Mr. METZENBAUM. Mr. President, I ask unanimous consent to call up en bloc two amendments I have at the desk.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments will be stated.

The legislative cleark read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes two amendments, unprinted amendment No. 1277.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

At the appropriate place insert the following:

Section 175 of the Water Resources Development Act of 1976 (Public Law 94–587) is hereby amended to delet the words and sentence after the word "report" in line 4 and substitute in lieu thereof the following: "of the Chief of Engineers dated 30 January 1978, at an estimated cost of $785,000. The Chief of Engineers is authorized to undertake such Phase I studies with funds appropriated under authority of section 101(c) of P. L. 94–587 and upon completion of such Phase I report, to undertake advance engineering and design in accordance with provisions of section 101(b) of P. L. 94–587."

At the proper place in the bill insert a new section as follows:

SEC.—(a) The project for the Caesar Creek, Ohio River Basin, Ohio, authorized by section 4 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved June 28, 1938 (52 Stat. 1215, 1217), is hereby modified to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to construct a public water supply system in accordance with the document entitled "Southwest Ohio Water Plan," prepared by the Ohio Department of Natural Resources (April 1976), with modifications as the Secretary deems advisable, at an estimated cost of $19,000,000.

(b) Prior to the construction of the water supply system authorized pursuant to subsection (a) of this section, the Secretary of the Army, acting through the Chief of Engineers, shall enter into an agreement with appropriate non-Federal interests which provides that (1) such non-Federal interests shall repay the costs of construction of such system in accordance with the provisions of the Water Supply Act of 1958 (Public Law 85–500), except that the interest rate shall be established at the water supply rate in effect at the time of initial construction appropriations for such system, (2) such non-Federal interests will provide the Secretary with the lands, easements, and rights-of-way necessary for the Secretary to construct such water supply system, and (3) after such construction is completed, all right, title, and interest of the United States in such water supply system shall be conveyed to such non-Federal interests who shall thereafter operate and maintain such water supply system.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the name of Senator GLENN be added as a cosponsor of the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, I have submitted two amendments to H.R. 8309, the omnibus waterways bill, to benefit two separate areas in the State of Ohio. One amendment would expedite the dredging of the east channel of the Cleveland Harbor, a project that is vitally needed to help the steel industry in northeastern Ohio remain competitive. The second amendment would authorize the Corps of Engineers to develop a water resources project at the Caesar Creek Reservoir, now nearing completion in Clinton County in southwestern Ohio. Both projects are endorsed by their local Congressmen. Both are needed to stimulate economic growth and development.

At the present time Cleveland Harbor handles more iron ore than any other harbor on the Great Lakes, but it can not accommodate ships larger than a maximum size of 600 feet. My amendment would authorize the Corps of Engineers to complete a phase I study of improvements of Cleveland Harbor as soon as possible, which will include specific plans for the dredging of the east channel. This dredging project would enable major steel companies in the area to import large quantities of ore on 1,000-foot ships at an economical cost to the steel mills.

If this amendment is not adopted, the phase I plan would be delayed for an indefinite period of time and the dredging project could not begin until approximately 1985. This amendment would allow the Corps of Engineers to begin work immediately on the phase I plan and to undertake advance engineering and design plans for the dredging project once the phase I plan is completed. Altogether, this amendment would enable the dredging project to begin possibly as early as 1981, an advance of about 4 years over the standard schedule.

Mr. President, this dredging project is a major part of the overall efforts to improve Cleveland Harbor that are now underway. The Cleveland-Cuyahoga County Port Authority recently announced plans to construct a $20 million ore dock, where ore would be transferred from the 1,000-foot ships to barges which would transfer the ore farther up the Cuyahoga River to inland steel factories. That dock would handle iron ore for Republic Steel Corp. mills in Warren and Youngstown, as well as for the Cleveland mill, which produces 30 percent of the corporation's steel.

Other steel companies, including the United States Steel Corp., the Jones & Laughlin Steel Corp., and others, are also expected to utilize the ore dock in the future. Construction of the dock has been described as one of the most significant projects for northeastern Ohio steel companies in the past 50 years. But the advantages of the new loading dock will be severely restricted if the east entrance to Cleveland Harbor is not dredged deep enough to allow the utilization of 1,000-foot ships.

Together with the construction of the new dock, expected to be completed by 1980, dredging the east channel would save an estimated 20,000 jobs for men and women in Cleveland alone and 15,000 others in Warren and Youngstown. These projects enable the northeastern Ohio steel industry to take advantage of large shipments and to remain economically competitive, a major goal of the Carter administration. It has been endorsed by the northeastern Ohio congressional delegation, the Cleveland-Cuyahoga County Port Authority the city of Cleveland, the steel industry and the Greater Cleveland Growth Association.

The second amendment would authorize the Corps of Engineers to construct a water supply and transmission system at the Caesar Creek Reservoir. In 1979, the corps expects to complete construction of the Caesar Creek reservoir and the State of Ohio has contracted with the Corps of Engineers for water supply storage which will provide 35 million gallons per day.

However, there is no treatment nor transmission system currently available to utilize this water. This project is needed to insure people in that area will have a reliable source of drinking water and to provide water for fire protection. Construction of this system would provide treated water meeting the average demands of the following 15 existing public systems: Blanchester, Clarksville, Fayetteville, Hamilton-Deerfield Sanitary District, Lebanon-Tutle Creek Sanitary District, Lynchburg, Martinsville, Mason, Midland City Westboro Water Co., Morrow, New Vienna, St. Martin, South Lebanon, Waynesville and Wilmington. Harveysburg, which does not presently have a public water system, can also be served. It would also service rural areas of Warren and Clinton counties in the future.

This is not an unusual project for the Corps of Engineers. It has constructed many similar projects in the past. The total cost of the Caesar Creek water supply and transmission system is estimated at $37.5 million, but this amendment authorizes only the $17 million needed for work performed by the corps. That money will be repaid by the water users, as is consistent with Federal policies covering Federal projects of this kind.

I point out, Mr. President, that the House of Representatives has already unanimously passed this authorization once, but that section of legislation was lost during the controversy of the water-

ways bill as it was rewritten. This amendment would restore that authorization and would provide a reliable supply of water to local communities in scuthwestern Ohio. I urge the Senate to adopt both amendments.

I yield back the remainder of my time.

Mr. GRAVEL. Mr. President, I have no problems with this amendment.

I yield to the Senator from New Mexico.

Mr. DOMENICI. We have no objection, Mr. President.

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendments of the Senator from Ohio.

The amendments were agreed to.

Mr. METZENBAUM. I move to reconsider the vote by which the amendments were agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1692

(Purpose: To declare certain waters to be non-navigable)

Mr. WILLIAMS. Mr. President, I call up my amendment No. 1692.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. WILLIAMS) proposes an amendment numbered 1692.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the bill insert a new section as follows:

SEC. . That portion of the Delaware River in the Borough of Palmyra, county of Burlington, State of New Jersey, lying within the boundaries described as follows is declared to be not a navigable water within the meaning of the Constitution and laws of the United States:

Beginning at the point of intersection of the centerline of Cinnaminson Avenue (50 feet wide), with the northwesterly right-of-way line of Bank Street, if extended in a southwestwardly direction, and runs thence,

(1) Along the said northwesterly line of Bank Street, and its extension, north 59 degrees 01 minutes 02 seconds east 136.14 feet to a point, corner to lands N/F of the Riverton and Palmyra Water Company, thence,

(2) Along said lands of water company, north 27 degrees 52 minutes 58 seconds west 50.52 feet to a point corner to same, thence,

(3) Still along same, north 60 degrees 49 minutes 02 seconds east 31.82 feet to a point corner to same, thence,

(4) Still along same, and parallel with Cinnaminson Avenue, north 37 degrees 07 minutes 58 seconds west 61.03 feet to a point which is 1.0 foot back from the mean high water line of the Delaware River, thence,

(5) Parallel with and 1.0 foot back of the said mean high water line, north 68 degrees 27 minutes 31 seconds west 25.67 feet to a point, thence,

(6) Still along same, north 63 degrees 50 minutes 14 seconds west 26.05 feet to a point, thence,

(7) Still along same, north 50 degrees 48 minutes 11 seconds west 31.70 feet to a point, thence,

(8) Still along same, north 52 degrees 11 minutes 29 seconds west 39.04 feet to a point, thence,

(9) Still along same, north 44 degrees 44 minutes 39 seconds west 28.67 feet to a point, thence,

(10) Still along same, north 38 degrees 51 minutes 21 seconds west 47.96 feet to a point, thence,

(11) Still along same, north 45 degrees 00 minutes 29 seconds west 45.86 feet to a point, thence,

(12) Still along same, north 36 degrees 47 minutes 39 seconds west 49.94 feet to a point, thence,

(13) Still along same, north 33 degrees 04 minutes 03 seconds west 34.47 feet to a point, thence,

(14) Still along same, north 25 degrees 54 minutes 00 seconds west 36.37 feet to a point, thence,

(15) Still along same, north 26 degrees 16 minutes 06 seconds west 31.69 feet to a point, thence,

(16) Still along same, north 60 degrees 17 minutes 11 seconds west 38.76 feet to a point, thence,

(17) Still along same, north 40 degrees 48 minutes 27 seconds west 30.13 feet to a point, thence,

(18) Still along same, north 45 degrees 02 minutes 23 seconds west 41.87 feet to a point, thence,

(19) Still along same, north 39 degrees 11 minutes 00 seconds west 57.00 feet to a point, thence,

(20) Still along same, north 23 degrees 58 minutes 32 seconds west 25.84 feet to a point, thence,

(21) Still along same, north 31 degrees 35 minutes 29 seconds west 45.75 feet to a point, thence,

(22) Still along same, north 45 degrees 30 minutes 04 seconds west 50.28 feet to a point, thence,

(23) Still along same, north 35 degrees 27 minutes 45 seconds west 23.70 feet to a point, thence,

(24) Still along same south 56 degrees 16 minutes 59 seconds west 14.17 feet to a point, thence,

(25) Still along same, north 66 degrees 16 minutes 59 seconds west 18.31 feet to a point, thence,

(26) Still along same, south 63 degrees 12 minutes 41 seconds west 8.13 feet to a point, thence,

(27) Still along same, south 52 degrees 38 minutes 54 seconds west 34.57 feet to a point, thence,

(28) Still along same, south 18 degrees 07 minutes 04 seconds west 21.83 feet to a point, thence,

(29) Still along same, south 07 degrees 17 minutes 47 seconds west 18.43 feet to a point, thence,

(30) Still along same, south 41 degrees 54 minutes 40 seconds west 19.54 feet to a point, thence,

(31) Still along same, south 68 degrees 19 minutes 43 seconds west 22.00 feet to a point, thence,

(32) Still along same, south 58 degrees 47 minutes 04 seconds west 51.41 feet to a point, thence,

(33) Still along same, south 59 degrees 23 minutes 55 seconds west 38.48 feet to a point, thence,

(34) Still along same, south 79 degrees 24 minutes 06 seconds west 32.41 feet to a point, thence,

(35) Still along same, north 89 degrees 02 minutes 53 seconds west 44.96 feet to a point, thence,

(36) Still along same, north 84 degrees 21 minutes 49 seconds west 86.30 feet to a point, thence,

(37) Still along same, north 89 degrees 40 minutes 23 seconds west 83.26 feet to a point, thence,

(38) Still along same, north 89 degrees 03 minutes 02 seconds west 86.01 feet to a point, thence,

(39) Still along same, south 85 degrees 45 minutes 00 seconds west 59.56 feet to a point, thence,

(40) Still along same, south 83 degrees 04 minutes 19 seconds west 106.16 feet to a point, thence,

(41) Still along same, south 86 degrees 13 minutes 51 seconds west 108.01 feet to a point, thence,

(42) Still along same, north 86 degrees 04 minutes 43 seconds west 75.83 feet to a point, thence,

(43) Still along same, north 83 degrees 25 minutes 08 seconds west 57.99 feet to a point, thence,

(44) Still along same, north 80 degrees 19 minutes 16 seconds west 165.99 feet to a point, thence,

(45) Still along same, north 87 degrees 38 minutes 35 seconds west 42.29 feet to a point, thence,

(46) Still along same, north 80 degrees 19 minutes 16 seconds west 43.63 feet to a point, thence,

(47) Still along same, north 88 degrees 17 minutes 39 seconds west 65.96 feet to a point, thence,

(48) South 74 degrees 28 minutes 25 seconds west 140.91 feet to a point in the mean high tide line, thence,

(49) Along said mean high tide line, south 78 degrees 19 minutes 32 seconds west 143.75 feet to a point, thence,

(50) Still along same, south 79 degrees 35 minutes 11 seconds west 193.09 feet to a point, thence,

(51) Still along same, south 77 degrees 42 minutes 43 seconds west 151.60 feet to a point, thence,

(52) Still along same, south 73 degrees 54 minutes 21 seconds west 147.70 feet to a point, thence,

(53) Still along same, south 60 degrees 13 minutes 54 seconds west 144.94 feet to point, thence,

(54) Still along same, south 68 degrees 38 minutes 26 seconds west 156.62 feet to a point, thence,

(55) Still along same, south 67 degrees 12 minutes 13 seconds west 161.63 feet to a point, thence,

(56) Still along same, south 24 degrees 12 minutes 00 seconds west 137.20 feet to a point, thence,

(57) Still along same, south 06 degrees 27 minutes 10 seconds east 99.57 feet to a point, thence,

(58) Still along same, south 17 degrees 59 minutes 32 seconds east 78.49 feet to a point, thence,

(59) Still along same, north 77 degrees 05 minutes 18 seconds west 96.08 feet to a point, thence,

(60) Still along same, south 80 degrees 13 minutes 42 seconds west 247.19 feet to a point, thence,

(61) Still along same, south 83 degrees 47 minutes 12 seconds west 100.50 feet to a point, thence,

(62) Still along same, south 74 degrees 32 minutes 12 seconds west 122.30 feet to a point, thence,

(63) Still along same, south 46 degrees 55 minutes 12 seconds west 108.69 feet to a point, thence,

(64) Still along same, south 21 degrees 26 minutes 12 seconds west 130.04 feet to a point, in line of lands N/F of Burlington County Bridge Commission, thence,

(65) Along said lands of Bridge Commission, south 39 degrees 29 minutes 48 seconds east 1,336.41 to an angle point therein, thence,

(66) Still along lands of Bridge Commission, south 70 degrees 01 minutes 08 seconds

east 689.38 feet to a point in the Boundary Line of Palmyra Bridge Gardens, thence,

(67) Along said boundary line, north 46 degrees 50 minutes 52 seconds east 664.61 feet to a point in line of lands N/F of Borough of Palmyra, thence,

(68) Along said lands of Borough, north 77 degrees 52 minutes 58 seconds west 36.89 feet to an angle point therein, thence,

(69) Still along same, north 69 degrees 24 minutes 23 seconds east 129.88 feet to an angle point therein, thence,

(70) Still along same, north 34 degrees 45 minutes 02 seconds east 345.30 feet to a point in the boundary line of 'Plan of Riverview Extension", thence,

(71) Along said boundary line, north 75 degrees 21 minutes 58 seconds west 14.98 feet to an angle point therein, thence,

(72) Still along same, north 05 degrees 12 minutes 02 seconds east 21.00 feet to an angle point therein, thence,

(73) Still along same, north 55 degrees 59 minutes 02 seconds east 117.00 feet to an angle point therein, thence,

(74) Still along same, north 43 degrees 09 minutes 02 seconds east 244.00 feet to an angle point therein, thence,

(75) Still along same, north 65 degrees 49 minutes 02 seconds east 207.00 feet to an angle point therein, thence,

(76) Still along same, north 56 degrees 29 minutes 02 seconds east 335.92 feet to an angle point therein, thence,

(77) Still along same, south 32 degrees 57 minutes 58 seconds east 283.12 feet to an angle point therein, thence,

(78) Still along same, north 78 degrees 58 minutes 20 seconds east 31.50 feet to an angle point therein, thence,

(79) Still along same, north 60 degrees 47 minutes 27 seconds east 139.72 feet to an angle point therein, thence,

(80) Still along same, north 74 degrees 29 minutes 26 seconds east 264.31 feet to a point corner to lot 8A, block 151, plate 8, of the official tax map of the borough of Palmyra, thence,

(81) Along said lot 8A, north 37 degrees 07 minutes 58 seconds west 32.41 feet to a point corner to same, thence,

(82) Still along same, north 52 degrees 52 minutes 02 seconds east 150.00 feet to a point in the southwesterly right-of-way line of Cinnaminson Avenue, thence,

(83) Along said line of Cinnaminson Avenue, north 37 degrees 07 minutes 58 seconds west 270.92 feet to a point in the aforementioned line of Bank Street, if extended in a southwestwardly direction, thence,

(84) Along said extended line of Bank Street, north 59 degrees 01 minute 02 seconds east 25.14 feet to the point and place of beginning;

Containing within said bounds 104.791 acres, more or less;

Except, beginning at the southeasterly corner of lands N/F of C. L. Sharp and Marion Hurff Sharp, an exception, as shown on plan of "Survey and Boundary Plan Showing Proposed Streets and Right-of-Way at Palmyra Harbour", dated June 15, 1970, made by Remington and Boyd, Engineers; said beginning point being located the following two courses from the point of intersection of the northwesterly right-of-way line of Maryland Avenue (50 feet wide), with the southwesterly right of way line of Cinnaminson Avenue (50 feet wide), (1) along the southwesterly right-of-way line of Cinnaminson Avenue, north 37 degrees 07 minutes 58 seconds west 263.79 feet to a point corner to a 20-foot-wide easement, as shown on aforesaid survey plan, (2) along said easement, south 52 degrees 52 minutes 02 seconds west 152.44 feet to said beginning point, and runs thence,

(1) Along the southerly line of aforesaid exception, south 60 degrees 47 minutes 14 seconds west 185.72 feet to a point for a corner, thence,

(2) Along the westerly line of said exception north 29 degrees 10 minutes 58 seconds west 260.00 feet to a point for a corner, thence,

(3) Along the northerly line of said exception, north 56 degrees 29 minutes 02 seconds east 186.26 feet to a point for a corner, thence,

(4) Along the easterly line of said exception, south 29 degrees 10 minutes 58 seconds east 273.97 feet to the point and place of beginning.

Containing within said bounds 1.138 acres.

Mr. WILLIAMS. Mr. President, this amendment declares certain waterways to be nonnavigable in the Delaware River, in the community of Palmyra, N.J.

I have discussed this matter with the very able manager of the bill, and I believe this amendment has met all the tests of the committee and the corps.

Mr. GRAVEL. Mr. President, it has met the test of logic and integrity, and it is a sound piece of legislation, and I have no objection.

Mr. DOMENICI. We have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. WILLIAMS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Will the Chair inform me as to the order of business tomorrow, as it pertains to this bill?

ORDER OF PROCEDURE TOMORROW

The PRESIDING OFFICER. The Senate will convene tomorrow at 9:30. After the leaders have been recognized and after two special orders, the Senate will proceed to the consideration of the bill. Then the Senator from West Virginia (Mr. RANDOLPH) will be recognized for the purpose of offering an amendment. After the Senate completes action on that amendment, it will turn to the user fees issue and Locks and Dam 26—amendments on those subjects..

Mr. DOMENICI. At what hour?

The PRESIDING OFFICER. The Senate will convene at 9:30. After the leaders have been recognized and after two special orders and action on one amendment to be offered by the Senator from West Virginia, the Senate will turn to locks and dam 26 and the user fees issue.

Mr. DOMENICI. Amendments to the remainder of the bill would have to be completed today or they would not be in order tomorrow?

The PRESIDING OFFICER. They will be in order tomorrow. The only order is that amendments on locks and dam 26 and user fees will not be in order until tomorrow.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, did the Senator have an amendment he wished to take up?

UP AMENDMENT NO. 1278

Mr. PERCY. Mr. President, I send to the desk two amendments to H.R. 8309 that would change section 208 of the Flood Control Act of 1954, and I ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments will be stated.

The assistant legislative clerk read as follows:

The Senator from Illinois (Mr. PERCY) proposes unprinted amendments en bloc numbered 1278.

Mr. PERCY. Mr. President. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert the following:

Sec. —. Section 208 of the Flood Control Act of 1954 (68 Stat. 1256, 1266) as amended, is hereby amended by striking out "$250,000" and inserting in lieu thereof "$500,000".

At the end of the bill insert the following:

Sec. —. Section 208 of the Flood Control Act of 1954 (68 Stat. 1256, 1266) as amended, is hereby amended by striking out "$5,000,000" and inserting in lieu thereof "$10,000,000", and by striking out "$250,000" and inserting in lieu thereof "$500,000".

Mr. PERCY. Mr. President, section 208 of the Flood Control Act is the permanent authorization for a small snagging and clearing projects undertaken in the authority of the Corps of Engineers.

My amendments would allow the Army Corps of Engineers to proceed on section 208 snagging and clearing projects without specific congressional authority, if it is estimated that the cost of the project is less than $500,000. At present, the corps authority is limited to individual projects costing less than $250,000.

It make sense to me to allow the corps to proceed with somewhat larger projects because, as the manager of the bill recalls, in the past few years we have raised the limitations on other small project authorizations, such as 201 and 205 small flood control projects, 103 beach erosion projects, 107 navigation projects and others to account for inflation. The section 208 project levels, however, were last increased in 1974—and then only to $250,000.

Mr. President, I do not believe Congress should spend its time considering and specifically authorizing the corps to proceed with a $300,000 or $400,000 section 208 snagging and clearing project

every time a creek becomes clogged somewhere in this country.

Mr. President, I must say that what brought this matter to my attention is a problem that exists in Illinois. Specifically, a 7-mile stretch of Salt Creek that runs through Addison township in Dupage County, Ill. This creek is full of snags due to fallen trees, brush, et cetera. The rubbish in this creek causes occasional flooding in Addison township and needless to say presents a hazard to the citizens living in the community.

Upon checking into a solution to the Salt Creek flooding problem and after checking with the Corps of Engineers officials, it was determined that the minor snagging and clearing project would cost approximately $300,000 and therefore the corps could not proceed on this matter because it exceeded the $250,000 limit set under section 208 of the Flood Control Act of 1954. My amendment would remedy this situation by providing authority to the corps to proceed with projects such as the Salt Creek project.

I coordinated my efforts with those of my able House colleague, Congressman HENRY HYDE, who will support a line item in the House appropriations bill.

I have intentionally drafted by amendment in broader terms than the Salt Creek problem, in hopes that the managers of the bill would think it sensible and logical, as I do, to provide the corps with this modest latitude.

I hope that the distinguished floor manager of the bill (Mr. GRAVEL) and the Senator from New Mexico (Mr. DOMENICI) would accept my minor amendment to the legislation presently under consideration.

I am very happy to add, of course, my distinguished colleague, Senator STEVENSON, as a cosponsor if he has an interest in cosponsoring, and I ask unanimous consent that Senator STEVENSON be added as a cosponsor of the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, I must say from our side we are prepared to accept the amendments, and I yield to the minority.

Mr. McCLURE. On behalf of the minority we are prepared to accept the amendment.

Mr. GRAVEL. Mr. President, I yield back the remainder of our time.

Mr. McCLURE. I yield back the remainder of our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. PERCY. Mr. President, I ask unanimous consent that the two amendments that have been adopted be placed at the end of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. ALLEN). Who yields time?

Mr. STEVENSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 1815

(Purpose: To deauthorize the Helm Reservoir, Skillet Fork, Illinois)

Mr. STEVENSON. Mr. President, I call up amendment No. 1815 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Illinois (Mr. STEVENSON) proposes amendment numbered 1815.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

SEC. . (a) The authorization for the Helm Reservoir project, for flood control and other purposes contained in section 201 of the Flood Control Act of 1968 (82 Stat. 739) as part of the Wabash River Basin Comprehensive Plan, is terminated upon enactment of this Act.

Mr. STEVENSON. Mr. President, this is an amendment to deauthorize a project in illinois.

This amendment is cosponsored by Senator PERCY. It is noncontroversial and I understand it has the support of the committee.

This amendment would simply deauthorize the Helm Reservoir Dam project as part of the Comprehensive Plan for the Wabash River Basin.

The Helm Reservoir has been on the corps' "inactive" list for some time now. The project is not supported by the State, nor by Senator PERCY or myself.

I have discussed this amendment with the distinguished managers of the bill. I know of no opposition to the amendment and hope they will be able to accept it.

I urge adoption of this amendment.

Mr. GRAVEL. We will be happy to accept it.

Mr. DOMENICI. We have no objection.

Mr. GRAVEL. Mr. President, I yield back the remainder of my time.

Mr. STEVENSON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1816

(Purpose: To authorize the Secretary of the Army acting through the Chief of Engineers to amend the contract between the State of Illinois and the United States for use of water supply storage space at the Rend Lake Dam and Lake, Illinois)

Mr. STEVENSON. Mr. President, I call up amendment No. 1816 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Illinois (Mr. STEVENSON) proposes amendment numbered 1816.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

SEC. . (a) The Secretary of the Army, acting through the Chief of Engineers, is authorized to amend the contract between the State of Illinois and the United States for use of storage space for water supply in the Rend Lake Dam and Lake on the Big Muddy River in Illinois to relieve the State of Illinois of the requirement to make annual payments for that portion of the maintenance and operation costs applicable to future use water supply storage as is consistent with the intent and language of the Water Supply Act of 1958 (Public Law 85-500), until such time and in such proportion as the storage is used for water supply purposes.

Mr. STEVENSON. Mr. President, this is another technical amendment.

The purpose of this amendment is to correct an inequity in an existing water supply contract between the State of Illinois and the U.S. Government. That contract, entered into in 1965, did not provide the State of Illinois the rights it was entitled to under the "future water supply" provision of the Water Supply Act of 1958. The net result is that the State is paying $200,000 per year to cover the costs of water supply storage space which is not now needed. Such payment is not required on other projects until the water supply storage is used. The Department of the Army recognizes that this inequity exists but their General Counsel ruled that there is no authority available to renegotiate the contract. This amendment would authorize renegotiation in accordance with existing policy.

I have discussed this with the distinguished managers of the bill, and I know of no opposition, and I am hopeful they are in a position to accept it.

Mr. GRAVEL. Mr. President, I have no problem with this. I yield to my colleague.

Mr. DOMENICI. Mr. President, this is a bad precedent, but only a little precedent so we have no objection, it is only small.

Mr. GRAVEL. I hope we only commit little bad precedents.

Mr. DOMENICI. It is only small.

The PRESIDING OFFICER. Is all time yielded back?

Mr. STEVENSON. I yield back the remainder of my time.

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1817

(Purpose: To clarify technical language with respect to the authorization providing for the annual cleanup of the North Branch of the Chicago River)

Mr. STEVENSON. Mr. President, I call up my amendment No. 1817 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Illinois (Mr. STEVENSON) proposes amendment No. 1817.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

SEC. . (a) The second sentence of subsection (b) of section 116 of the Rivers and Harbors Act of 1970 (84 Stat. 1822) as amended, is further amended to read as follows: "The Secretary of the Army, acting through the Chief of Engineers, shall, before beginning any operation to maintain the channel authorized by this section, enter into a separate agreement with the appropriate non-Federal interests which is applicable only to that operation and which requires such non-Federal interests to pay 25 per centum of the cost of such maintenance operation.".

Mr. STEVENSON. Mr. President, the amendment I propose seeks to clarify technical language with respect to a 1974 authorization providing for the annual clean up of the north branch of the Chicago River.

Section 7 of the Water Resources Development Act of 1974 authorizes the Corps of Engineers to help clean up the north branch of the Chicago River on an annual basis. The legislation also contains a provision which requires the local interests to pay 25 percent of the costs of the project. The corps has interpreted this provision to mean that the local sponsorship must be agreed to in perpetuity. However, since it is possible that the local sponsor could change from year to year, it is necessary to clarify the language in the law. The amendment I offer will allow the local obligation to be paid on an annual basis instead of in perpetuity. The rate of the local obligation remains unchanged—the local sponsor will still pay 25 percent of the cost of maintaining the channel free of trees, roots, debris, and other objects.

The Metropolitan Sanitary District of Chicago has already agreed to act as the project's local sponsor, and the Corps of Engineers is ready to begin work. However, nothing can be done until this amendment is adopted clarifying the obligations of the local sponsor.

I have discussed it with the able managers of the bill, and I am hopeful that they will be able to accept it.

I urge its adoption.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. Mr. President, I have no objection to this amendment, and I yield to the minority floor manager.

The PRESIDING OFFICER. Is all time yielded back?

Mr. GRAVEL. I yield back my time.

The PRESIDING OFFICER. All the time has been yielded back.

Mr. STEVENSON. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

UP AMENDMENT NO. 1279

(Purpose: To amend the authorization for the Chicagoland underflow plan project)

Mr. STEVENSON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will please report.

The assistant legislative clerk proceeded to read the amendment.

Mr. STEVENSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

SEC. . (a) Section 108 of the Water Resources Development Act of 1976 (Public Law 94-587) is hereby amended to delete all the words following "$12,000,000." in line 6 and substitute in lieu thereof: "Such Phase I design memorandum stage of advanced engineering and design shall include a comprehensive analysis of the flood damage reduction features and of alternatives thereto."

Mr. STEVENSON. Mr. President, this is a substitute for my amendment numbered 1818. It is the same amendment, but with a technical correction in the earlier amendment which was discussed with the distinguished managers of the bill.

This amendment would amend the authorization for the phase I advanced engineering and design work of the Chicagoland underflow plan contained in section 108 of the Water Resources Development Act of 1976.

The amendment would first, remove the condition that phase I work cannot proceed until such time as the Secretary of the Army approved the project and notified the Congress and; second, broaden the authorization to direct the Corps of Engineers to study other perhaps less costly and more effective alternatives to the Chicagoland underflow plan.

The authorization—section 108 of Public Law 94-587—was limited and conditional. It stated that the authorization to begin the phase I work would take effect upon submittal to the Secretary of the Army by the Chief of Engineers and notification to Congress of the approval of the Chief of Engineers. This condition was inserted in the legislation by the Public Works Committee as a means of expediting the project. When TARP was authorized for phase I the Congress was only passing an omnibus water resources bill once every 2 years. Inevitably there were a number of good projects that missed being included in the bill by only a few months. Rather than make these projects wait a full 2 years until the next omnibus bill the Public Works Committee adopted the policy of conditional authorization which would allow the corps to move forward as soon as it finished its report and transmitted it to Congress.

The chief's report was never transmitted to the Congress. The Office of Management and Budget has refused to allow that report to be transmitted. I can understand OMB's concern. TARP is an expensive undertaking. It is potentially the largest public works project in history. It could also be the most effective. The lowest cost estimate is $2.5 billion, and the General Accounting Office estimates it may cost an additional $5 billion. Obviously the TARP project—if built—will mean a heavy investment of public funds. Any decision to make that investment cannot be made lightly.

But neither the Congress nor OMB need make a final decision on TARP today. The 1976 authorization directed the Corps of Engineers to study TARP for potential Federal flood control funding. Part two of the amendment I submit mandates that the corps study the feasibility of alternatives. The phase I authorization assumes the study of these alternatives, but given a project of this magnitude, and OMB's reservations, I believe the instructions should be explicit. My amendment could make the TARP authorization more explicit.

The amendment in no way commits the Federal Government to assume the financing of TARP—or any alternative for that matter. All this amendment does is give all options a fair hearing. I would expect the corps to study all proposals thoroughly and then report back to the Congress on its findings along with a recommendation as to whether the Federal Government should participate in flood relief in the Chicago area—and if so, to what extent. This amendment will accomplish a study of TARP and alternatives. I urge its adoption.

I am hopeful that the able managers of the bill will accept this amendment.

Mr. GRAVEL. I have no objection to this.

Mr. DOMENICI. We have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

Mr. STEVENSON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back, and the question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. McCLURE. addressed the chair.

The PRESIDING OFFICER. The Senator from Illinois has been recognized.

Mr. STEVENSON. Mr. President, the Senator from Illinois does not desire recognition.

AMENDMENT NO. 1733

Mr. McCLURE. Mr. President, I call up my amendment 1733 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will please state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following, and number accordingly:

SEC. . (a) The project for Lucky Peak Lake, Idaho, authorized by the Flood Control Act of 1946, as modified by the Water Resources Development Act of 1976, is further modified to provide for an increase in the

diameter of the additional dam outlet authorized in such 1976 modification to twenty-three feet and to direct the Secretary of the Army to (1) authorize any entity having the necessary license from the Federal Energy Regulatory Commission to construct such outlet in accordance with the said entity's plans, as approved by the Secretary of the Army, and to use such outlet for the generation of electricity, (2) provide that all property rights in such outlet, subject to the provisions of this section, shall be conveyed to and remain with the United States, and (3) reimburse such entity for an amount equal to the estimated cost, as determined by the Secretary of the Army, of the original outlet as authorized by the Water Resource Development Act of 1976. Such cost shall be determined as of the time of the construction of the twenty-three foot outlet.

(b) There is authorized to be appropriated such amount as is necessary to carry out the provisions of this section.

Mr. McCLURE. Mr. President, it is my understanding that the managers of the bill, both the majority and the minority, are prepared to accept this amendment which deals with the Lucky Peak project in the State of Idaho.

Mr. President, the amendment I am offering today, No. 1173, introduced by myself and my colleague from Idaho, will provide an additional and enlarged outlet tunnel at the Corps of Engineers Lucky Peak Dam project in Idaho. The amendment also allows any entity having the necessary FERC license to construct and increase the size of the already authorized additional outlet. This increase in cost will not be borne by the taxpayer.

The Lucky Peak project, authorized in 1946, has been operated for flood control and incidental irrigation benefits. The dam has one 23-foot intake tunnel with penstock but economic conditions never justified adding a power unit until this time.

Recently, blisters have been discovered in the existing tunnel. The corps has made the necessary repairs in the outlet but occasional shutdowns are needed to inspect and repair the outlet. As a result of these shutdowns, water quality below the dam has suffered and an amendment was passed in 1976 to direct the corps to build a second outlet, 7 feet in diameter, for water quality control.

My amendment merely takes advantage of the need for this second outlet and allows an entity to build the second outlet for the Government. The Boise Project Board of Control, the entity contracted by the Bureau of Reclamation to receive the irrigation benefits from Lucky Peak, wants to place a 75 MW power facility on Lucky Peak. Their engineering design is to place a 23 foot outlet as the second outlet to be utilized for the conveyance of water to the turbines.

This increase in tunnel size not only provides an adequate conveyance tunnel for power purposes but assures the necessary water quality control and guarantees a continual flow of water to irrigators thereby limiting the expense of millions of dollars of crop damage should the existing tunnel fail. The additional cost increase of placing a larger second outlet would be assumed by the Boise Project Board of Control.

The sharply rising costs of power and energy from alternative sources has justified the economic feasibility of the existing Lucky Peak Dam site as a power source. The Corps of Engineers has completed an EIS on the proposal to place a 75 MW plant at the dam. No change is proposed in the operation of the existing project so that the proposed power development will have no significant adverse effect on the overall system nor on the environment.

This amendment is an example of how we can be utilizing our existing water projects for alternate sources of clean, environmentally sound hydropower. I have been pushing this kind of energy alternative for years and I am pleased that this administration is recognizing the feasibility of utilizing existing projects to help meet our growing energy demands. I urge your support of this practical and worthwhile amendment.

Mr. DOMENICI. Mr. President, we have no objection to the amendment.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. Mr. President, I have no objection to this amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. GRAVEL. I yield back all time.

Mr. McCLURE. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Idaho.

The amendment was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1734

Mr. McCLURE. Mr. President, I call up my amendment No. 1734 and ask the clerk to report.

The PRESIDING OFFICER. The clerk will please state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 5, insert the following and number accordingly:

SEC. . The authorization for the Heise-Roberts local protection project, Idaho, contained in section 10, Public Law 534, Seventy-eighth Congress, and section 204, Public Law 516, Eighty-first Congress, is hereby modified to provide that the operation and maintenance of the project shall be the responsibility of the Secretary of the Army, acting through the Chief of Engineers: *Provided*, That local interests shall pay the first $25,000 in cash or materials of any such costs expended in any one year.

Mr. McCLURE. Mr. President, my amendment and that of my distinguished colleague from Idaho, to H.R. 8309, No. 1734, is designed to provide continued Corps of Engineers assistance to the Heise-Roberts flood control project in Idaho by giving the corps authority to repair the existing flood control works as necessary. The corps has historically utilized Public Law 99 funds to riprap existing levees and this would merely give them the authority to continue this practice with general O. & M. funds.

The project is unique. The Snake River in this area is braided, or highly meandering, and when the project was authorized in 1944 to provide bank protection work, it was decided the costs would be too excessive to riprap and construct continuous levees up and down the river. Structures were only built where erosion occurred at the time and because of the constant eroding nature of the stream, continual repairs and placement of levees is necessary. The corps and the local flood control district have worked together in annually spotting and repairing eroded levees. Federal costs have been averaging around $122,000 per year with local interests providing around $20,000 in materials. This beneficial program has been ongoing for almost 35 years.

Recently, the corps indicated it was not wise to continue providing assistance under the emergency Public Law 99 program and that other assistance should be found. My amendment simply transfers the operation and maintenance of the project to the Corps of Engineers with a proviso directing the local sponsors to pay $25,000 in cash or materials each year repairs are needed.

Because of the unique nature of the Snake River in this area and fluctuations from a Federal dam adding to this erosion problem, and especially the history of this project, the amendment introduced does not establish a precedent for other projects. It is merely a continuation of an established practice between the corps and a local flood control district in preventing widespread flooding damage to residents of southeastern Idaho. I might note that I have requested around $20,000 for the continued general investigation study on the Heise-Roberts project by the corps. This study, if funded by the Congress this year, would determine the adequacy of the existing levees and identify other flood related problems. This may very well determine that a different approach is needed in dealing with the continual erosion problems on the upper Snake, but until that study is completed and recommendations made, the amendment introduced today is critical so continued flood control protection is available to southeastern Idaho residents.

Mr. President, like the last one, I understand the managers of the bill are agreeable to this amendment. I believe the managers have indicated they will accept the amendment.

Mr. GRAVEL. I have no objection to the amendment, and would yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAVEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 1280

(Purpose: Modification of Project for Cheatam Lock and Dam on the Cumberland River to allow the Chief of Engineers to acquire land for the purpose of constructing recreational facilities)

Mr. SASSER. Mr. President, on behalf of Senator BAKER and myself, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will please state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. SASSER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the bill insert the following:

The Project for Cheatam Lock and Dam on the Cumberland River in Tennessee, as authorized by the River and Harbor Act of July 24, 1946 (60 Stat. 634, Pub. L. 79-525), is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers and in cooperation with the State of Tennessee and the Metropolitan Government of Nashville-Davidson County, Tennessee, to acquire land for the purpose of constructing recreational facilities in accordance with the requirements of Section 4 of the Flood Control Act of 1944, as amended (15 U.S.C. 460d), on lands adjacent to the project, and to permit the State of Tennessee and the Metropolitan Government of Nashville-Davidson County to include the value of such lands as part of their contribution toward the development of such facilities.

Mr. SASSER. Mr. President, this amendment would allow the Army Corps of Engineers to acquire land and develop a recreational facility, and specifically a boat ramp, in Nashville, Tenn.

The development was one of those stopped by a ruling of the chief counsel of the corps. This ruling held that the Corps of Engineers had no statutory authority to acquire land to develop recreational facilities on completed projects where recreation was not a project purpose. This amendment would allow the acquisition of land for this project, which is, of course, a shared cost of development.

Now, it is my understanding, Mr. President, that the distinguished managers of this bill will accept this amendment, which simply allows the completion of a project already planned.

Mr. GRAVEL. Yes. Mr. President, we have no objection on the majority side to this particular amendment, and I yield to my colleague on the minority side.

Mr. DOMENICI. We have no objection.

Mr. GRAVEL. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. STEVENSON). Is all time yielded back?

Mr. SASSER. I appreciate the cooperation of the distinguished managers.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

UP AMENDMENT NO. 1281

Mr. STENNIS. Mr. President, I have an amendment that I send to the desk and I ask that it be called up.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. STENNIS. Mr. President, if I am in order, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

The existing Federal navigation project for Gulfport Harbor, Mississippi, authorized by the River and Harbor Act approved 3 July 1958, and printed in Senate Document 123, 84th Congress, 2d Session, and previous acts and documents, is hereby modified by the authorization of construction of the plan presented by the Chief of Engineers in his report dated 16 January 1978, at an estimated Federal cost of $21,184,000, subject to changes deemed appropriate by the Chief of Engineers, and including procurement of any dredged material transport equipment deemed appropriate.

Mr. STENNIS. Mr. President, this is an amendment which is a modification of a provision that is already in the bill and has been approved by the committee. It is the Gulfport Harbor project. It states on its face what it is for.

I would be glad to yield to the floor leaders on the bill.

Mr. GRAVEL. Mr. President, we have had a chance to examine it and have had a chance to meet with the Corps very briefly on it, and we have no objection.

I yield to my colleague.

Mr. DOMENICI. I have no objection.

Mr. STENNIS. Mr. President, I am certainly grateful to the floor leaders for their consideration of this matter. It is an emergency and great good will come from what they are doing. This amendment is being offered by myself and in the name of Congressman LOTT, of the district affected, who was very instrumental in working on this project.

I just call attention to his interest and his support and activity.

Mr. GRAVEL. We thank the distinguished Senator and we yield back the remainder of our time.

Mr. DOMENICI. We are delighted to have the Congressman present with the Senator on the floor.

Mr. STENNIS. I appreciate that.

The PRESIDING OFFICER. All time is yielded back on the amendment? The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment was agreed to.

UP AMENDMENT NO. 1282

Mr. GRAVEL. Mr. President, I call up an unprinted amendment of Senator INOUYE.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 6, insert the following and number accordingly:

SEC. . (a) The project for the Barbers Point Harbor, Hawaii, authorized by the River and Harbor Act of 1965 (79 Stat. 1092) is hereby modified to require a non-Federal cash contribution of 4.4 percent of actual Federal construction costs, to be paid in estimated annual installations as construction proceeds, the final costs to be adjusted after actual costs have been determined. An additional non-Federal cash contribution shall be paid each year, equal to fifty percent of the excess, if any, of the actual net revenue from the non-Federal sale of coral dredge material for that year over the net estimated revenue from the sale of such project material for that year as determined in the computation of the 4.4 percent cash contribution requirement. The procedure and the unit values used for determining excess net revenues shall be approved by the Secretary of the Army.

(b) Agreement to make contributions as provided for in subsection (a) of this section shall be entered into between the non-Federal interests and the Secretary of the Army prior to initiation of construction.

Mr. GRAVEL. Mr. President, the majority has no problems with this amendment.

Mr. DOMENICI. We have no objection.

Mr. GRAVEL. I ask unanimous consent to have printed in the RECORD the statement of the Senator from Hawaii (Mr. INOUYE) and the letter from the Department of the Army.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR INOUYE

For well over a year now, the Federal government and the local interests, the State of Hawaii, and the special and civilian staff of the Department of the Army have been arguing over the cost-sharing requirement for the Barbers Point Harbor project. This amendment is the product of that period of disagreement and controversy and unsuccessful attempts to come to an agreement on an equitable level of cost-sharing for a project which has been in the planning stages for about fifteen years. Despite visits to Washington, D.C. by State transportation officials and numerous meetings with representatives of the Corps of Engineers, this matter has remained unresolved, in something of a stalemate with valid arguments on each side of the issue because of the unknown, future conditions that will affect the sale of the coral material to be dredged in constructing the Barbers Point Harbor.

By way of background, I would like to point out that the resolution of this matter has been further complicated because of the interest of a third party, another local interest, Campbell Estate, whose involvement is a result of the arrangement whereby the State of Hawaii acquired the project land. Land is an extremely expensive and scarce commodity in my state. The price of buying the land outright for the harbor was too high. The State was too hard-pressed shouldering other responsibilities to set aside funds for such a large capital expense. So, the State agreed to trade most of its interest in the coral spoil to be dredged in building the harbor to Campbell Estate, a private trust, in exchange for the land for the Barbers Point Harbor.

At first, it was thought that the coral would be used for fill in construction of the reef runway at the Honolulu International Airport. This use of the coral would not

have presented such a problem because its value as fill resulted in the calculation of a local benefit in the Corps' Phase I General Design Memorandum which was not much more than the value assigned to the authorized level of cost-sharing for the project. However, a problem did arise for several reasons: the project was delayed and the reef runway was completed; new, renumerative uses for the coral spoil appeared possible; and the net volume of the coral expected to be dredged increased in line with plans to enlarge the harbor basin to accommodate present and future container ships and tankers. I might also add that this problem was compounded by the fact that the Corps had never before attempted to calculate a cost-sharing requirement on the basis of such a dredged spoil as a local benefit.

In an effort to break the deadlock between the Department of the Army and the State of Hawaii, I met with the Secretary of the Army, Mr. Clifford Alexander, Jr., on April 21, 1978. This meeting resulted in a new Army proposal for a local cost-sharing requirement which was transmitted to me by the Deputy Under Secretary of the Army, Mr. Michael Blumenfeld, on April 26, 1978. I respectfully request that a copy of Deputy Under Secretary Blumenfeld's letter on this matter be printed at the conclusion of my statement.

The Army proposes a cost-sharing requirement for the Barbers Point Harbor at 4.4 percent of the actual Federal construction cost of the project, versus the authorized level of 2.1 percent, and an additional contribution of 50 percent of the net excess, if any, above the State's and the Corps' projections of the revenue to be derived from the sale of the dredged coral each year, until all the coral is sold. To put it simply, the State of Hawaii will agree to pay more than twice the authorized level. If the calculations of the State and the Corps are correct, then the State will pay no more. However, if there should be some windfall profit achieved by sales of coral over and above current estimates of the proceeds, then the Federal government will share equally in such a profit. The 50–50 sharing of any net excess profits is considered appropriate by the Department of the Army in order to provide an incentive to the local interests to sell the coral at a more rapid rate if market conditions make that possible.

I urge the Senate to accept this amendment, not only to settle this matter, but to insure also that the Barbers Point Harbor may proceed to construction when funds are made available.

DEPARTMENT OF THE ARMY,
OFFICE OF THE UNDER SECRETARY,
Washington, D.C., April 26, 1978.

HON. DANIEL K. INOUYE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR INOUYE: Our meeting last week was productive in achieving equitable cost-sharing for the Barbers Point Harbor project. All parties agree that some modification of the authorized cost-sharing is required because of the increased value of the excavated coral for use by the construction industry. Establishing the new cash contribution involves assessing both elements of risk and the potential for windfall benefits for the State and local interests. We have agreed that the best course of action is to require an initial cash contribution based on a conservative estimate of coral sales, but provide for additional contributions if there are higher profits than anticipated.

Confirming our telephone conversation of this morning, the attached draft legislation was prepared for your use as requested. I believe this modification of the authorized project would be consistent with the outcome of our discussion in your office. The initial cash contribution would be increased from the authorized 2.1 percent to 4.4 percent of the actual Federal construction cost, and an additional provision would require an annual cash contribution if coral sales produce higher net revenues than are now anticipated by both the Corps of Engineers and the State. The additional cash contribution that may be required each year would be a function of the current condition of the construction materials market, current values for land rent, processing plant operations and, ultimately, the actual marketing period. The annual determination of the requirement for a cash contribution will, of course, require constant monitoring and an annual audit of the processor's operations.

By requiring local interests to pay to the Federal Government only 50 percent of the excess net revenues, we have built in an incentive for efficient management of the coral operation, more rapid marketing of the material and, consequently, earlier termination of the Federal interest in, and responsibility for monitoring of, the marketing operation. This, we believe, is in the best interests of all parties.

The draft legislation I am providing has not, of course, received the full review required for formal support by the Administration. I am furnishing this legislative language as a drafting service only. It does not represent an official position of the Department of the Army on legislation the Committee might subsequently adopt. Under established policy, departmental views on proposed legislation are presented in response to a request from the Committee to which the legislation has been referred for consideration, after clearance by the Office of Management and Budget.

However, I believe the project authorization must be modified to qualify it for consideration as a new construction start. Such consideration is now underway by the Department of the Army. The change requested by the attached legislative language would, in my view, provide a satisfactory and equitable cost sharing for the special benefits which will accrue from the sale of coral produced by the project, and I have asked the Corps to include it in any recommendation they may make for a New Construction Start on Barbers Point Harbor.

It was a pleasure meeting you, and I hope that we have been helpful to you in resolving this important matter.

Sincerely,

MICHAEL BLUMENFELD
Deputy Under Secretary.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Hawaii.

Without objection, the amendment is agreed to.

AMENDMENT NO. 1832

(Purpose: To establish a commission to assess the technical, economic, and environmental feasibility of constructing a sea-level canal)

Mr. GRAVEL. Mr. President, I call up amendment No. 1832.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL), for himself and Mr. MAGNUSON, proposes an amendment numbered 1832:

At the end of the bill add the following new section:

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

SEC. . (a)(1) There is hereby established a Commission to be known as the International Sea-Level Canal Study Commission, hereinafter referred to as the "Commission".

(2) The Commission shall conduct such studies and investigations as may be necessary, including onsite surveys, to update the report of the Atlantic-Pacific Interoceanic Canal Study Commission (submitted pursuant to Public Law 88–609) and to prepare an environmental impact statement in accordance with section 102 of the National Environmental Policy Act. The Commission shall, not later than three years from the date of enactment of this section, submit to the President and the Congress a report on its findings and recommendations. The Commission shall cease to exist six months after submission of such report. All records and papers of the Commission shall thereupon be delivered to the Administrator of General Services for deposit in the Archives of the United States.

(b) Studies and investigations undertaken by the Commission shall include, but not be limited to—

(A) an inventory and assessment of flora, Fauna, and ecosystems of the Isthmus of Panama, including, but not limited to—

(i) potential migration of marine organisms through a sea-level canal and the potential ecological effects of any such migration;

(ii) natural or manmade barriers that might mitigate the effects of any such migration; and

(iii) other potential environmental effects of a sea-level canal;

(B) an analysis of the best techniques and equipment presently available or which could be developed to excavate a sea-level canal;

(C) the preparation of alternative designs for financing the construction of a sea-level canal; and

(D) an assessment of the economic feasiby the Commission shall include, but not limited to—

(i) a study of the obsolescence of the Panama Canal;

(ii) an analysis of a sea-level canal in relation to alternative transportation modes;

(iii) an evaluation of the potential contribution of a sea-level canal to alleviate the problem of world energy shortages; and

(iv) an assessment of the impact of a sea-level canal on world commodity movements and world port development.

(c) Following receipt by the President and the Congress of the report by the Commission pursuant to subsection (a), the Council on Environmental Quality shall afford interested persons an opportunity to present oral and written data, views, and arguments respecting the environmental impact statement submitted by the Commission pursuant to subsection (a). Not later than sixty days following the receipt by the President and the Congress of such reports by the Commission, the Council on Environmental Quality shall submit to the President and the Congress a report, which shall be contemporaneously made available to the public, summarizing any data, views, and arguments received and setting forth the Council's view concerning the legal and factual sufficiency of such environmental impact as the Council considers to be relevant.

(d) The President shall, not later than thirty days following the receipt by him of the report of the Council on Environmental Quality pursuant to subsection (c), transmit his finding and recommendation to the Congress.

(e) The Commission shall be comprised of six members as follows:

(A) one member appointed by the President of the Senate;

(B) one member appointed by the Speaker of the House of Representatives;

(C) one member appointed by the President; and

(D) three members appointed by the President upon recommendation for appointment by the Republic of Panama.

(f) The Chairman of the Commission shall be elected by the Commission from among its members.

(g)(1) The Commission or, on authorization of the Commission, any committee of two or more members may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places as the Commission or such authorized committee may deem advisable.

(2) The Commission is authorized to secure from any department, agency, or individual instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this section and each department, agency, and instrumentality is authorized and directed to furnish such information to the Commission upon request made by the Chairman.

(h)(1) Members of the Commission who are employed by the Federal Government, including Members of Congress, shall serve without compensation in addition to that received for their services as employees of the Federal Government; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(2) Members of the Commission, other than employees of the Federal Government, who are nationals of the United States, shall each receive compensation at a rate not in excess of the maximum rate of pay for GS-18, as provided in the General Schedule under section 5332 of title 5, United States Code, and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(3) Members of the Commission who are nationals of the Republic of Panama shall be compensated as determined by the Republic of Panama; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(i)(1) The Commission is authorized to appoint and fix the compensation of a staff director, and such additional personnel as may be necessary to enable it to carry out its functions. The Director and personnel may be appointed without regard to the provisions of title 5, United States Code, covering appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates. Any Federal employees subject to the civil service laws and regulations who may be employed by the Commission shall retain civil service status without interruption or loss of status or privilege. In no event shall any employee other than the staff director receive as compensation an amount in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of title 5, United States Code. In addition, the Commission is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates not to exceed the maximum rate of pay for grade GS-18, as provided in the General Schedule under section 5332 of title 5, United States Code.

(2) The staff director shall be compensated at a level 2 of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

(j) The Commission is authorized to enter into contracts or agreements for studies and surveys with public and private organizations and, if necessary, to transfer funds to Federal agencies from sums appropriated pursuant to this section to carry out such of its duties as the Commission determines can best be carried out in that manner.

(k) Any vacancy which may occur on the Commission shall not affect its powers or functions but shall be filled in the same manner in which the original appointment was made.

(l) There are hereby authorized to be appropriated not to exceed $8,000,000 to carry out the provisions of this section. Funds appropriated under this section shall be available to the Commission until expended.

Mr. GRAVEL. Mr. President, what this is is an amendment to study the possibility of constructing a sea-level canal. In the course of the debate on the treaties, on at least two and possibly three occasions I went through the entire presentation on the obsolescence of the present canal. This amendment would provide for going forward with language that we would set up a study. It would request $8 million. What would be done would be that we would study and update the existing study that was done to ascertain the economics of the canal today, to ascertain the technology of a new canal, and also to determine the environmental questions surrounding a new canal. It would also reevaluate the work that was done by the Interoceanic Study Commission from 1964 to 1970, to reaffirm that the location they came up with is a proper location.

I understand there is a request that there be a vote on this amendment. I yield to my colleague from New Mexico for his comments.

Mr. DOMENICI. Mr. President, I assume that there are a number of Senators who would be interested in reviewing this proposal for a $8 million study for a sea-level canal across the Isthmus of Panama. I am not prepared tonight, at this late hour to debate the issue. However, I will ask for the yeas and nays on it tomorrow. I do not wish to agree to a time certain for a vote on it at this time. We have told Senators there would be none tonight, and I would rather wait and see how tomorrow evolves, at which time I am sure the Senator from Alaska and I can arrive at a time certain for a vote.

Mr. GRAVEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Mr. President, so that there will be no Member of the Senate who has been placed on notice, even though we have a printed amendment and I know of no objection to it, because of the recent controversy involved over the treaty, I am sure everyone would want to be totally aware of what this amendment does. So I ask unanimous consent that this amendment be the pending business at 12 o'clock noon tomorrow, and that we proceed under the time agreement for 70 minutes, and if there is a desire to vote, that we then vote up or down on the amendment.

Mr. DOMENICI. Mr. President, reserving the right to object, are we saying this will be the pending question at 12?

Mr. GRAVEL. At 12 noon.

Mr. DOMENICI. There are 70 minutes on amendments. If we use that much, then we will vote 70 minutes thereafter, in the event a vote is needed?

Mr. GRAVEL. Yes. I believe we could vote almost immediately. There is no need to debate the matter extensively; the subject has been covered several times on the floor, but I think, in order to protect some Members, if we are ready for a vote with no debate, we would still probably hold off until 1 o'clock.

Mr. DOMENICI. The amendment is a matter of record already, is it not?

Mr. GRAVEL. Yes, it is a printed amendment, cosponsored by——

Mr. DOMENICI. And the agreement does not preclude any kind of motions to table amendments to the amendment, or whatever procedures are available are not precluded by the unanimous-consent order we just agreed upon; is that correct?

Mr. GRAVEL. Not at all.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. GRAVEL. Amendments to amendments have what time limit?

The PRESIDING OFFICER. One hour.

Mr. DOMENICI. Fine.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alaska?

Mr. DOMENICI. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. I thank my colleague.

Mr. President, I think we have done a day's work today, and that is the understatement of the day.

Mr. DOMENICI. What time do we come in tomorrow?

Mr. GRAVEL. We will be coming in at 9:30. We will now recess until 9:30, but, just for the information of the Senate, after one Member has spoken here briefly, I shall be recessing the Senate until 9:30 tomorrow morning.

● Mr. HUDDLESTON. Mr. President, during the long debate on waterway user charges or taxes many studies have been done regarding the amount of Federal expenditures that have gone toward navigation.

In most cases, these studies have been used as the basis for making a determination on what level of charge or tax should be imposed on the water transportation industry.

However, my research into this matter has disclosed some very serious questions about the data used in these studies and the resulting conclusions that have been drawn.

More specifically, I believe that the data used in these studies is very misleading and, as I said in a letter to the Army Corps of Engineers, should not be used as the basis of establishing national policy.

I would like to place in the RECORD several letters and documents which draw

into question the data used in these studies.

First, I would like to place in the RECORD a letter from Brig. Gen. Drake Wilson, acting director of civil works for the corps, to Mr. Bernard Shapiro, chief of staff of the Joint Committee on Taxation.

In that letter, General Wilson states that navigation cost statistics supplied to that committee cannot be taken completely at face value. He stated:

Approximately one-fifth of the costs may not be navigation related. We cannot readily resolve the matter of what portions of this residual amount might be more properly allocated to other water resource project purposes such as recreation, water supply, or even flood control.

Then he further states that even the remaining four-fifths "may be significantly overstated, from a nationwide perspective."

I ask that this letter be placed in the RECORD.

The material follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D.C., September 12, 1977.

Mr. BERNARD M. SHAPIRO,
Chief of Staff, Joint Committee on Taxation, Longworth House Office Building, Washington, D.C.

DEAR MR. SHAPIRO: I am pleased to respond to your 29 August 1977 letter, addressed to Lieutenant General J. W. Morris, Chief of Engineers, requesting an Agency estimate of the proportion of Corps of Engineers waterway operations, maintenance and rehabilitation (OM&R) expenditures allocable to shallow-draft navigation (see page 17, Committee Print, "Tax Aspects of Financing the Inland Waterway System").

In order to respond precisely, the Civil Works staff would, indeed, have to scrutinize historical costs, at the District level, in considerable detail. There is no way to circumvent doing this on a disaggregated basis, i.e., by individual cost subaccounts under the Navigation Locks and Dams project classification specified in our regulation, and allocating a percentage of each cost to the beneficial uses. This would have to be accomplished on a project-by-project basis, since beneficial uses vary depending upon the provisions of individual project authorizations, the complexities of the Separable Costs-Remaining Benefits (SCRB) methodology for cost allocations, and the vagaries which may result from attempting to manipulate an accounting system to resolve current public policy issues. A major analytical effort would be unavoidable, culminating in detailed examinations of individual project cost allocations.

I appreciate the need to provide a reasonably valid estimate to assist you in responding to members' inquiries. Therefore, we derived an order of magnitude estimate by analyzing the Navigation Locks and Dams cost codes for a statistically significant sample of major water projects for a single fiscal year. Approximately one-fifth of the costs may not be navigation-regulated. We cannot readily resolve the matter of what portions of this residual amount might be more properly allocated to other water resource project purposes such as recreation, water supply, or even flood control.

More importantly, since my staff has had to scope its effort in the interests of time, I am convinced that the extent of work allocable to navigation, which some may readily infer must be the remaining four-fifths, may be significantly overstated, from a nationwide perspective. From the standpoint of scrutinizing individual projects, it may be either overstated, or, in rare instances, understated. Given the luxury of both adequate time and resources to examine our records over a period of years to account for annual variations, I imagine that the estimate could change. I suggest that it may prove useful to your staff and the members if they know what cost categories are included and what these categories actually encompass. Therefore, I am inclosing the portion of our regulations that contains cost accounts and descriptions.

The "Note" accompanying the aforementioned Committee Print Table I contains an inaccuracy. This information was provided telephonically and, apparently, an error in interpretation resulted. The figures we furnished do include the portions of OM&R expenditures for multiple purpose projects with power allocable to navigation, and they do exclude the United States Coast Guard outlays for its "Aids to Navigation" program. But, we never intended to convey the impression that all fish and wildlife and recreation costs were eliminated from our tabulations.

This misunderstanding illuminates the fundamental difficulties of apportioning navigation OM&R to commercial versus recreation users. We have not in the past, and cannot presently separate, with absolute precision, commercial lockages from recreation lockages. Analogously, we cannot draw a clear demarcation line between OM&R costs incurred strictly for the benefit of commercial tows and OM&R costs incurred strictly for recreation craft. I hope that we have not contributed in any way to the erroneous belief, which has gained some currency, that our estimates of expenditures benefitting shallow-draft navigation using the inland and intracoastal waterways can be construed as expenditures for commercial navigation only.

Sincerely,

DRAKE WILSON,
Brigadier General, USA,
Acting Director of Civil Works.

Mr. HUDDLESTON. Mr. President, a second letter which I have was from Marvin Rees, executive director of civil works for the corps, to John Bruce of the House Merchant Marine and Fisheries Committee.

In the letter, Mr. Rees states:

In this case, our Construction-Operations Division has allocated to the navigation purpose 13.6 percent of the nationwide annual construction and O. & M. expenditures for multiple purpose projects benefiting navigation, and 25 percent of the annual construction and O. & M. expenditures for the major Mississippi River and Tributaries project. This project is, however, largely for flood control, not the 9-foot navigation channel. It is a matter of judgment what percentage of the actual expenditures should be allocated to navigation. We do not maintain an annual breakdown of expenditures by project purpose.

I ask unanimous consent that this letter be placed in the RECORD.

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D.C., September 1, 1976.

Mr. JOHN BRUCE,
Professional Staff Member (Minority), Merchant Marine and Fisheries Committee, Longworth House Office Building, Washington, D.C.

DEAR MR. BRUCE: In response to your telephone request of Mrs. Helen Ramatowski, Legislative Coordination, I am pleased to provide the enclosed table which summarizes U.S. Army Corps of Engineers Fiscal Years 1974 and 1975 expenditures for construction as well as operations and maintenance (O&M) on inland and intra-coastal waterways, coastal channels and harbors, and Great Lakes harbors and channels.

I have also enclosed a second table covering Fiscal Years 1959–1975 which itemizes total navigation expenditures for construction and O&M by fiscal year. These figures represent actual expenditures and are not rendered in terms of constant dollars.

I would like to caution you that there are numerous complexities involved in compilations of this nature. The Corps of Engineers has long maintained its financial records to satisfy budgetary purposes. For example, inland and intracoastal waterway O&M expenditures are generally organized by reaches of the river and aggregated to conform to Corps' district boundaries. We are now receiving numerous inquiries requiring different aggregations and our responses frequently involve protracted effort and manipulation of recorded statistics.

In this case, our Construction-Operations Division has allocated to the navigation purpose 13.6 percent of the nationwide annual construction and O&M expenditures for multiple-purpose projects benefiting navigation, and 25 percent of the annual construction and O&M expenditures for the major Mississippi River and Tributaries project. This project is, however, largely for flood control, not the nine-foot navigation channel. It is a matter of judgment what percentage of the actual expenditures should be allocated to navigation. We do not maintain an annual breakdown of expenditures by project purpose.

While the expenditure figures I am furnishing may not be all-inclusive, I hope that this information will suffice for your immediate needs. If you should require anything else, please let me know.

Sincerely yours,

MARVIN W. REES,
Colonel, Corps of Engineers,
Executive Director of Civil Works.

U.S. ARMY CORPS OF ENGINEERS NAVIGATION EXPENDITURES, FISCAL YEARS 1974 AND 1975

[In millions of dollars]

	Fiscal year 1974			Fiscal year 1975		
	Total	Construction	O. & M.	Total	Construction	O. & M.
Inland and intracoastal waterways	393.2	256.8	136.4	418.8	282.0	136.8
Coastal channels and harbors	180.3	46.4	133.9	192.2	48.7	143.5
Great Lakes channels and harbors	32.4	7.5	24.9	63.6	6.0	57.6
Total	605.9	310.7	295.2	674.6	336.7	337.9

Source: DAEN–CWO, Directorate of Civil Works, U.S. Army Corps of Engineers, 1976.

Civil works navigation expenditures, fiscal years 1959–1975

[In millions of dollars]

	Construction	Operation and maintenance
Fiscal year:		
1959	214.1	87.6
1960	242.8	88.9
1961	251.9	100.5
1962	262.6	109.3
1963	282.1	115.8
1964	269.3	122.1
1965	329.6	128.9
1966	358.9	137.8
1967	336.9	142.3
1968	298.9	146.2
1969	263.2	157.6
1970	234.9	192.1
1971	263.9	210.3
1972	296.8	226.0
1973	257.5	256.9
1974	310.7	295.2
1975	336.7	337.9

Source: U.S. Army Corps of Engineers, DAEN–CWO, July 1976.

Mr. HUDDLESTON. Mr. President, third, I have a letter from General Wilson to me in which he responded to my concerns about using data to establish national policy when that data is not totally definitive.

In his letter General Wilson states that "our present system of accounting does not allow us to identify costs for more specific project features, such as commercial navigation" even though many expenditures are lumped in an overall category called navigation.

He further states:

It is also true that the Corps would be unable to determine the precise costs applied to commercial navigation without a detailed project by project analysis.

General Wilson states that under current accounting "we find that some projects have been complicated by numerous changes in authorized purposes which make exact cost allocation extremely difficult and time consuming."

I ask unanimous consent that this letter be placed in the RECORD.

JANUARY 30, 1978.

Hon. WALTER D. HUDDLESTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUDDLESTON: This is in reply to your recent letter to Lieutenant General J. W. Morris, Chief of Engineers, in which you raised questions on figures used to determine costs of navigation borne by the Federal Government.

It is true that the Corps in allocating costs to various project beneficial purposes uses broad categories for cost breakdowns. Our present system of accounting does not allow us to identify costs for more specific project features, such as commercial navigation. This is compounded further by the inability to subdivide the commercial navigation account into costs for commodity transportation and recreation on the waterways. Even when identifying costs applied to the broad categories such as navigation, we find that some projects have been complicated by numerous changes in authorized purposes which make exact cost allocation extremely difficult and time consuming. Thus, you are correct in assuming that use of such figures might be misleading and certainly not precise if to be used in identifying costs for separate commercial navigation aspects from the overall project.

It is also true that the Corps would be unable to determine the precise costs applied to commercial navigation without a detailed project by project analysis. Such an undertaking would require a substantial effort in terms of money, manpower and time to review each project in the current system.

However, recognizing the limitations of our present accounting methods and the need to provide cost data on a more detailed basis, we are determining actions considered necessary to establish a system which will allow more precise identification of costs related to specific project purposes by waterway segments.

Sincerely,

DRAKE WILSON,
Brigadier General, USA,
Deputy Director of Civil Works.

Mr. HUDDLESTON. Mr. President, fourth, I have another letter addressed to me from General Wilson in which he breaks down the cost allocation for operation and maintenance costs for river transportation within the Louisville, Ky., district.

It shows that as much as 25 percent of the costs on some rivers that the corps has labeled navigation is actually expenditures for recreation, water quality, or other uses.

This is highly significant because it indicates how misleading some of this data can be.

I ask unanimous consent that this letter be placed in the RECORD.

MARCH 30, 1978.

Hon. WALTER D. HUDDLESTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUDDLESTON: This is in further response to my letter of 14 March 1978, regarding our inland waterway transportation system within the Louisville District. The information regarding Operation and Maintenance costs that are generated by navigation versus recreation, water quality and other related uses is compared below for fiscal year 1977.

FISCAL YEAR 1977 OPERATION AND MAINTENANCE (O. & M.) COSTS FOR RIVER TRANSPORTATION SYSTEM WITHIN THE LOUISVILLE DISTRICT

River system	Fiscal year 1977 O. & M. costs for navigation	Expressed as percent of total	Fiscal year 1977 O. & M. costs for recreation water quality and other related uses	Expressed as percent of total	Fiscal year 1977 total O. & M. costs
Ohio River (within Louisville District)	7,072,435	74.9	2,367,719	25.1	9,440,154
Green and Barren Rivers	804,771	85.8	133,307	14.2	938,078
Kentucky River	2,260,382	85.8	374,657	14.2	2,635,039
Total	10,137,588	77.9	2,875,683	22.1	13,013,272

In addition, I am furnishing you a table of commercial lockages versus recreational lockages for calendar year 1977. It should be noted that one recreational lockage may represent several small recreation craft in the lock chamber.

It is also of interest that the reported Operation and Maintenance costs for navigation on the Kentucky River do not reflect the predominantly recreational use of that resource. One major cause for this discrepancy is that the antiquated structures required costly repairs to the locks and dams, particularly at Locks 1 through 4. The continued maintenance of these structures is most important from a recreation/navigation viewpoint. The slackwater pools formed by the Kentucky River navigation system are an extremely vital water supply resource for twelve communities, the largest being Lexington, Kentucky, with an estimated 1976 population of 200,000.

CALENDAR 1977 COMMERCIAL VERSUS RECREATIONAL LOCKAGES FOR RIVER TRANSPORTATION SYSTEM WITHIN THE LOUISVILLE DISTRICT

River system	Commercial lockages, 1977	Expressed as percent of total	Recreation lockages 1977	Expressed percent of total	1977 total lockages
Ohio River (within Louisville District)	60,887	85.8	10,092	14.2	70,979
Green River	10,137	98.5	150	1.5	10,287
Kentucky River	2,024	21.6	7,325	78.4	9,349
Total	73,048	80.6	17,567	19.4	90,615

I trust that this additional information will prove useful to you in your review of the inland waterway system. Please feel free to contact me if you have further questions on this matter.

Sincerely yours,

W. K. WILSON III,
LTC, Corps of Engineers,
Acting District Engineer.

Mr. HUDDLESTON. Finally, I received a letter today from Col. Thomas Nack, district engineer in Louisville, which reaches similar conclusions. I ask that this letter be placed in the RECORD.

DEPARTMENT OF THE ARMY,
LOUISVILLE DISTRICT CORPS OF ENGINEERS,
Louisville, Ky., May 2, 1978.

HON. WALTER D. HUDDLESTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUDDLESTON: This is in response to our telephone conversation with your staff this date concerning the manner in

which we budget and expend operation and maintenance (O&M) funds for navigation.

We have never tried to quantify or assign specific dollar amounts in the O&M category to major benefactors (or users) of our river navigation system. For example, in FY 77, we spent $2,260,000 in O&M funds on the Kentucky River System. Our budget breakdown for the year shows that 85.8 percent of this amount was spent for commercial navigation and 14.2 percent for recreation, water quality, and other uses. Of the 85.8 percent for navigation, approximately 30 percent was for major rehabilitation of lock walls and dams built in 1830. If we assigned our O&M costs on this river to the major users, recreational boating and other uses, the figures would be almost reversed since 78.4 percent of the lockages on this river were for noncommercial, recreational boats. The figures for noncommercial users would even be higher if some charge was made for the increased reliability of water supply. Even though water supply is not a project purpose for the Kentucky River, the nature of the navigation structures provides an increased reliability. Presently, there are 12 communities that use the navigation pool of the Kentucky River as their major source of water supply. Also, under our current budget procedure, we do not determine, or assign, any charge to O&M for the value that recreational boaters receive from use of the navigational pools.

Last year in the Louisville District portion of the Ohio River Navigation System, we assigned 74.9 percent of the O&M costs to navigation and 25.1 percent to recreation, water quality, and other uses. These assignments do not present a true and accurate cost for commercial navigation if the costs are assigned to the major users or benefactors based on their use or benefit. The major communities along the Ohio River, the major industrial complexes, and the electrical generating plants that tap into the slackwater pools formed by our navigation structures are benefactors to which no part of the O&M costs are assigned. Even in the unlikely event that commercial navigation became a minor user of the Ohio River system as is the case on the Kentucky River, it would still be a vital necessity to continue a substantial level of operation and maintenance of the Ohio River System for the other water resource uses.

At this point in time, I cannot furnish you with true and accurate O&M costs (based on a user/benefactor concept) for commercial navigation alone. This would require authorization for a major study and a complete revision of our present budgeting procedure for O&M. However, from annual appropriation of O&M funds for Louisville District navigation projects, many activities that are directly, indirectly, and unrelated to navigation are funded each year from these appropriations. The following will provide some insight as to what these activities consist of, such as: administration of Government land leased for recreation or fish and wildlife purposes; monitoring of sewage treatment plants for recreation sites; maintenance of grounds and facilities for recreation; preparation of master plans; preparation of environmental impact statements; collection and analysis of data to be used for the development of future navigation projects; preparation of river pool maps; navigation replacement studies; earthquake instrumentation; collection and evaluation of rainfall, water quality, and river flow data; project boundary monumentation; operation and maintenance of visitor centers; visitation surveys; management of Government lands for Fish and Wildlife purposes; identification and administration of cultural resources; visitor protection at recreational areas; and dredging of recreational boat ramps and channels, just to name several. A detailed study effort would be necessary to quantify the benefits and benefactors of each of these activities. While not included in any of the funds appropriated for O&M of Louisville District's navigation projects, some corps Districts expend O&M funds for hydropower and flood control activities at multi-purpose projects which are so designed and Congressionally authorized.

I regret that we are not in a position at this time to furnish you with more definite, reliable cost analysis. Please feel free to contact me if you have further questions or if we can be of further assistance.

Sincerely yours,

THOMAS P. NACK,
Colonel, Corps of Engineers,
District Engineer.

Mr. HUDDLESTON. In conclusion, Mr. President, let me say that some of the data that has been used to justify high-level waterway user charges or taxes has been extremely misleading and I do not believe we should formulate public policy based on such information.

It shows just how inconclusive the facts are about the impact that waterway user charges will have on river traffic. And it shows how careful we should be in embarking on such a new policy.

As I said before the Senate Finance Committee, I had rather be careful than sorry.●

REMOVAL OF INJUNCTION OF SECRECY, EXECUTIVE H, 95TH CONGRESS, 2D SESSION

Mr. GRAVEL. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Convention with the Kingdom of Morocco for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Rabat on August 1, 1977 (Executive H, 95th Congress, second session), transmitted to the Senate today by the President; and ask that the treaty be considered as having been read the first time, that it be referred to the Committee on Foreign Relations and ordered to be printed, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

To the Senate of the United States:

I transmit herewith, for Senate advice and consent to ratification, the Convention between the Government of the United States of America and the Kingdom of Morocco for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Rabat on August 1, 1977.

There is no convention on this subject presently in force between the United States and Morocco.

The Convention follows generally the form and context of most conventions of this type recently concluded by the United States. However, it contains some modifications of the standard provisions to accommodate the special need of Morocco as a developing country to minimize any revenue loss. Its primary purpose is to identify clearly each country's interest in avoiding double taxation and preventing the illegal evasion of taxation.

For the information of the Senate, I also transmit the report of the Department of State on to the Convention.

This Convention would promote closer economic cooperation and more active trade between the United States and Morocco by assuring investors about their tax liability, reducing the foreign tax in many cases and providing for cooperation between the two countries to avoid double taxation.

I urge the Senate to act quickly on this Convention and to give its advice and consent to ratification.

JIMMY CARTER.

THE WHITE HOUSE, *May 2, 1978.*

ROUTINE MORNING BUSINESS

Mr. GRAVEL. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, not to exceed 5 minutes, with statements therein limited to 5 minutes, for the purpose only of introducing bills, resolutions, statements, and reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

REPORT OF THE FEDERAL COUNCIL ON AGING—MESSAGE FROM THE PRESIDENT—PM 173

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Human Resources:

To the Congress of the United States:

I am transmitting herewith the annual report of the Federal Council on Aging in accordance with Section 205(f) of the Older Americans Act (P.L. 93–29).

As you know, the Council was created by the Congress to represent older Americans and make recommendations to the President, the Secretary of the Department of Health, Education, and Welfare, the Commissioner of the Administration on Aging, and the Congress on Federal policies regarding the aging and federally conducted or assisted programs and other activities relating to or affecting them. This report describes the Council's concerns and projects as well as specific advocacy positions taken by the Council on Federal policies and programs affecting the elderly.

In my first year in office, the Council has been of great assistance in their unanimous support of strengthened financing of the social security system. As you know the Congress acted expeditiously to enact the 1977 Social Security Act amendments which I signed into law December 20, 1977. These measures will serve to assure a secure income for many older Americans in future years. I hope that the Congress will act this year on the Better Jobs and Income Act in response to the Council's earnest desire

for the early enactment of welfare reform which affects many areas of "vital concern to older Americans."

While the Council recognizes that all of the concerns expressed in the report cannot be fully dealt with in the immediate future, I look forward to a continued close working relationship with the Council as evidenced by my appointment of Chairman Nelson Cruikshank as my Counselor on Aging.

In closing, let me assure you that we will continue to carefully consider the views of the Council as social and economic policy affecting the elderly is developed and implemented in the years to come.

JIMMY CARTER.

THE WHITE HOUSE, *May 2, 1978.*

REPORT ON TITLE VI OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT—MESSAGE FROM THE PRESIDENT—PM 174

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

In accordance with Section 626 of the National Mobile Home Construction and Safety Standards Act of 1974, I am transmitting the Third Annual Report to Congress on Title VI of the Housing and Community Development Act of 1974 (Mobile Homes).

JIMMY CARTER.

THE WHITE HOUSE, *May 2, 1978.*

MESSAGES FROM THE HOUSE

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

At 1:10 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its enrolling clerks, announced that the Speaker has signed the following enrolled bills and joint resolutions:

S. 917. An act to provide for conveyance of certain lands adjacent to the Gund Ranch, Grass Valley, Nev., to the University of Nevada;

S. 958. An act for the relief of Ernesto F. Garcia, Jr.;

S. 2220. An act to authorize the Secretary of the Treasury to designate an Assistant Secretary to serve in his place as a member of the Library of Congress Trust Fund Board;

S.J. Res. 106. A joint resolution to provide for the reappointment of A. Leon Higginbotham, Jr., as a citizen regent of the Board of Regents of the Smithsonian Institution;

S.J. Res. 107. A joint resolution to provide for the reappointment of John Paul Austin as a citizen regent of the Board of Regents of the Smithsonian Institution; and

S.J. Res. 108. A joint resolution to provide for the appointment of Anne Legendre Armstrong as citizen regent of the Board of Regents of the Smithsonian Institution.

The enrolled bills and joint resolution were subsequently signed by the Acting President pro tempore (Mrs. HUMPHREY).

At 3:22 p.m., a message from the House of Representatives delivered by Mr. Berry, announced that the House agrees to the amendment of the Senate to the bill (H.R. 1552) for the relief of Oh Soon Yi.

The message also announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R. 11657. An act to authorize appropriations to carry out the Central, Western, and South Pacific Fisheries Development Act until the close of fiscal year 1983, and for other purposes; and

H.J. Res. 816. A joint resolution to extend the authority of the Federal Reserve banks to buy and sell certain obligations.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were read twice by their titles and referred as indicated:

H.R. 11657. An act to authorize appropriations to carry out the Central, Western, and South Pacific Fisheries Development Act until the close of fiscal year 1983, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.J. Res. 816. A joint resolution to extend the authority of the Federal Reserve banks to buy and sell certain obligations; to the Committee on Banking, Housing, and Urban Affairs.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, May 2, 1978, he presented to the President of the United States the following enrolled bills and joint resolutions:

S. 917. An act to provide for conveyance of certain lands adjacent to the Gund Ranch, Grass Valley, Nev., to the University of Nevada;

S. 958. An act for the relief of Ernesto F. Garcia, Jr.;

S. 2220. An act to authorize the Secretary of the Treasury to designate an Assistant Secretary to serve in his place as a member of the Library of Congress Trust Fund Board;

S.J. Res. 106. A joint resolution to provide for the reappointment of A. Leon Higginbotham, Jr., as a citizen regent of the Board of Regents of the Smithsonian Institution;

S.J. Res. 107. A joint resolution to provide for the reappointment of John Paul Austin as a citizen regent of the Board of Regents of the Smithsonian Institution; and

S.J. Res. 108. A joint resolution to provide for the appointment of Anne Legendre Armstrong as citizen regent of the Board of Regents of the Smithsonian Institution.

COMMUNICATIONS

The PRESIDING OFFICER laid before the Senate the following communications, together with accompanying reports, documents, and papers, which were referred as indicated:

EC–3486. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to provide a voluntary self-help program which is designed to assist producers of agricultural products to protect themselves against loss of production when natural or uncontrollable conditions adversely affect production and which will assure consumers that producers will be able to continue to produce food and fiber; to the Committee on Agriculture, Nutrition, and Forestry.

EC–3487. A communication from the Acting Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the U.S. Government's proposed letter of offer to Israel for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–3488. A communication from the Acting Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the U.S. Government's proposed letter of offer to Israel for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–3489. A communication from the Acting Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the U.S. Government's proposed letter of offer to Saudi Arabia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–3490. A communication from the Acting Director, Defense Security Assistance Agency, reporting, pursuant to law, concerning the U.S. Government's proposed letter of offer to Egypt for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–3491. A communication from the Deputy Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 2107 of the United States Code, to remove the limitation on the number of cadets or midshipmen who may be appointed from the 2-year Senior Reserve Officers' Training Corps Course; to the Committee on Armed Services.

EC–3492. A communication from the Assistant Secretary of the Army (Manpower and Reserve Affairs), transmitting a draft of proposed legislation to amend section 4349(a) of title 10, United States Code, to provide that the companies of the Corps of Cadets at the U.S. Military Academy may be commanded by commissioned officers of the Army, Navy, Air Force, or Marine Corps; to the Committee on Armed Services.

EC–3493. A communication from the Assistant Deputy Chief of Naval Material (Contracts and Business Management), Headquarters Naval Material Command, Department of the Navy, transmitting, pursuant to law, the Department of the Navy's semiannual report of research and development procurement actions of $50,000 and over, covering the period October 1, 1977 through March 31, 1978; to the Committee on Armed Services.

EC–3494. A communication from the Chairman, Securities and Exchange Commission, transmitting a draft of proposed legislation to amend the Securites Act of 1933 and the Trust Indenture Act of 1939 to delete the existing exemption for certain industrial development bonds; to the Committee on Banking, Housing, and Urban Affairs.

EC–3495. A communication from the President and Chairman, Export-Import Bank of the United States, reporting, pursuant to law, on loan, guarantee and insurance transactions supported by Eximbank during March 1978 to Communist countries (as defined in section 620(f) of the Foreign Assistance Act of 1961, as amended); to the Committee on Banking, Housing, and Urban Affairs.

EC–3496. A communication from the Secretary of Energy, transmitting a draft of proposed legislation to authorize the Secretary of Energy to enter into cooperative arrangements to contain and reduce potential radiation exposure from residual radioactive materials, and for other purposes; to the Committee on Energy and Natural Resources.

EC–3497. A communication from the Acting General Counsel, Department of

Energy, reporting, pursuant to law, notice of a meeting related to the International Energy Program; to the Committee on Energy and Natural Resources.

EC–3498. A communication from the Secretary of the Interior, transmitting, pursuant to law, the combined first decade report and the 1977 annual report of the National Park Foundation; to the Committee on Energy and Natural Resources.

EC–3499. A communication from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of June 3, 1960 (74 Stat. 156), to provide additional authority for the Secretary of the Interior to construct the San Luis Unit, Central Valley Project, Calif., and for other purposes; to the Committee on Energy and Natural Resources.

EC–3500. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Nuclear Powerplant Licensing: Need for Additional Improvements," April 27, 1978; to the Committee on Environment and Public Works.

EC–3501. A communication from the Cochairmen, New England Regional Commission, transmitting, pursuant to law, its 1977 annual report; to the Committee on Environment and Public Works.

EC–3502. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a report of building project survey for Savannah, Ga.; to the Committee on Environment and Public Works.

EC–3503. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements other than treaties entered into by the United States within 60 days after the execution thereof; to the Committee on Foreign Relations.

EC–3504. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements other than treaties entered into by the United States within 60 days after the execution thereof; to the Committee on Foreign Relations.

EC–3505. A secret communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on the major issues of the cruise missile systems; to the Committee on Governmental Affairs.

EC–3506. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Challenges of Protecting Personal Information in an Expanding Federal Computer Network Environment," April 28, 1978; to the Committee on Governmental Affairs.

EC-3507. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, reports on records management and records disposition activities of the Federal Government during fiscal year 1977; to the Committee on Governmental Affairs.

EC–3508. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Impact of Antirecession Assistance on 52 Governments—An Update," May 1, 1978; to the Committee on Governmental Affairs.

EC-3509. A secret communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on the major issues of the Army's Copperhead and the Navy's 5-inch and 8-inch guided projectile programs; to the Committee on Governmental Affairs.

EC-3510. A communication from the Administrator, General Services Administration, transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, to permit recovery of the estimated replacement cost, in lieu of the original acquisition cost, of major vehicles and related equipment used in the interagency motor pool system; to the Committee on Governmental Affairs.

EC-3511. A communication from the Mayor, the District of Columbia, responding, pursuant to law, to the Comptroller General's report (FPCD-77-71) entitled "Federal and District of Columbia Employees Need to be in Separate Pay and Benefit Systems"; to the Committee on Governmental Affairs.

EC–3512. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Examination of the Financial Statements of FHA Insurance Operations for the 15-Month Period Ended September 30, 1976," April 28, 1978; to the Committee on Governmental Affairs.

EC–1513. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Redesigning Shipping Containers to Reduce Food Costs," April 28, 1978; to the Committee on Governmental Affairs.

EC–3514. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Eliminate Administrative Discharges in Lieu of Court-Martial: Guidance for Plea Agreements in Military Courts is Needed," April 28, 1978; to the Committee on Governmental Affairs.

EC–3515. A communication from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulation for portions of titles I and IV of Public Law 81–874, financial assistance for local educational agencies in areas affected by Federal activities; to the Committee on Human Resources.

EC–3516. A communication from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulation for part 182—cooperative education program; to the Committee on Human Resources.

EC–3517. A communication from the Chairman, National Commission on Libraries and Information Science, transmitting, pursuant to law, the sixth annual report of the National Commission on Libraries and Information Science; to the Committee on Human Resources.

EC–3518. A communication from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting, pursuant to law, final regulations for portions of titles I and IV of Public Law 81–874, financial assistance for local educational agencies in areas affected by Federal activities; to the Committee on Human Resources.

EC–3519. A communication from the Special Assistant for Management, Office of the Special Representative for Trade Negotiations, reporting, pursuant to law, to requests for information on the FIOA Report of 1977; to the Committee on the Judiciary.

EC–3520. A communication from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports covering the period April 3 through April 18, 1978, concerning visa petitions which the Service has approved according the beneficiaries of such petitions third- and sixth-preference classification; to the Committee on the Judiciary.

REPORT OF COMMITTEES

The following reports of committees were submitted:

By Mr. MUSKIE, from the Committee on the Budget, without amendment:

S. Res. 443. A resolution waiving section 303(a) of the Congressional Budget Act of 1974 with respect to consideration of the Conference Report on H.R. 6782 (Rept. No. 95–772).

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

H. Con. Res. 549. A concurrent resolution praising the U.S. delegation to the Belgrade meeting of the Conference on Security and Cooperation in Europe for its efforts on behalf of human rights, and urging the President to continue to express U.S. opposition to repressive actions and to violations of basic human rights which are contrary to the Helsinki Accords (Rept. No. 95–773).

S. Res. 419. A resolution to express the sense of the Senate on terrorism in Italy (Rept. No. 95–774).

By Mr. ABOUREZK, from the Committee on the Judiciary: Report entitled "Administrative Practice and Procedure" (Rept. No. 95–775).

By Mr. WILLIAMS, from the Committee on Human Resources, without amendment, without recommendation:

H.R. 8410. An act to amend the National Labor Relations Act to strengthen the remedies and expedite the procedures under such act (Rept. No. 95–776).

By Mr. LONG, from the Committee on Finance, with an amendment and an amendment to the title:

H.R. 5052. An act providing for the temporary suspension of duty on photographic color couplers and coupler intermediates (Rept. No. 95–777).

By Mr. LONG, from the Committee on Finance, with amendments:

H.R. 8149. An act to provide customs procedural reform, and for other purposes (Rept. No. 95–778).

By Mr. LONG, from the Committee on Finance: Special Report entitled "Tax Status of Funds Expanded by a Political Committee: Deduction for Senatorial Expenses Incurred While Living Away From Home" (Rept. No. 95–779).

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

S. 3025. An original bill to authorize appropriations for the Federal Election Commission for fiscal year 1979 (Rept. No. 95–780).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. JACKSON, from the Committee on Energy and Natural Resources:

John Kenneth Mansfield, of Connecticut, to be Inspector General of the Department of Energy.

(The above nomination from the Department of Energy and Natural Resources was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

● Mr. JACKSON. Mr. President, today the Committee on Energy and Natural Resources approved the nomination of John Kenneth Mansfield to be Inspector General of the Department of Energy. I ask unanimous consent that his biography and statement to the committee be printed in the RECORD at this time.

I also ask unanimous consent that his sworn financial statement together with a letter dated April 17, 1978 from Eric J.

Fygi, Acting General Counsel of the Department of Energy, regarding Mr. Mansfield's compliance with the Department's conflict of interest provisions be printed in the RECORD at this time.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOHN KENNETH MANSFIELD

Mr. Mansfield was born in Chicago, Illinois on October 8, 1921 and he was graduated in 1943 from Northwestern University, where he was elected to Phi Beta Kappa.

Following employment as a wage rate analyst with the National War Labor Board, service in the United States Army in World War II and graduate work at Yale, he became an instructor in Yale's international relations department in 1949.

From 1950 to 1956 he was a staff member of the Joint Congressional Committee on Atomic Energy, where he concentrated on issues concerning nuclear weapons and associated delivery systems.

He next had a tour of duty as Assistant to the Director of the Nuclear Division of Combustion Engineering, Inc., where his responsibilities included overseeing the Division's administrative operations.

In 1959 he became staff director of the Subcommittee on National Policy Machinery of the Senate Committee on Government Operations. Chaired by Senator Henry M. Jackson, the Subcommittee made an across-the-board review of the organization and staffing of our Government in the area of national security.

President Kennedy appointed Mr. Mansfield as the Department of State's first Inspector General of Foreign Assistance in 1962. His office had statutory responsibilities for checking on the efficiency of United States military and economic assistance programs and Peace Corps and P.L. 480 activities.

In 1969 he joined State's Bureau of International Scientific and Technological Affairs and he now works in that bureau's successor organization—the Bureau of Oceans and International Environmental and Scientific Affairs. He has dealt with a variety of foreign policy problems involving developments in science and technology.

Mr. Mansfield has been a consultant to the Congress on high technology problems and an adviser on scientific and technical manpower to the United States delegation to the NATO Parliamentarians Conference. He is also a past member of the Atomic Advisory Group to the Governor (now Senator Ribicoff) of Connecticut, the Board of Trustees of the University of Connecticut and the Board of Directors of the Panama Canal Company.

STATEMENT OF JOHN KENNETH MANSFIELD

It is a great honor for me to appear before you today.

The Congress and the Executive Branch share a common concern in trying to make sure that our nation's energy programs are honestly, efficiently and frugally run. Toward this end, it is important to have organizational mechanisms whose specific job it is to look for instances of fraud and abuse and inefficiency and waste in the conduct of these programs and to make recommendations for corrective action when reviews bring deficiencies to light.

The Inspector General's office of the Department of Energy is such a mechanism. The legislation which created the operation is admirably conceived and drafted. It gives the office the stature, the authority and the independence it needs to do its job effectively.

I believe this office can make a major contribution to the health and well-being of our energy programs. Its work should made it less likely that program weaknesses will go unnoticed and uncorrected. Also, the Inspector General's findings should make it easier for decision-makers to design programs which have effective built-in checks and safeguards against abuse. In fact, the things the office can do to help prevent fires may be even more valuable than the things it can do to help put them out.

Let me now share with you a few thoughts about what I think must be done if the Inspector General operation is to be a success.

First, the office must build a staff of outstanding professional competence and unquestionable integrity. This is the key to almost everything else.

Second, there must be a proper ranking of priorities in the work program of the office. The Inspector General and his staff should go, so to speak, where the money is and where the trouble is. Resources must be concentrated on what seem likely to be the areas of greatest investigative and auditing payoff.

Third, the performance of the office itself must meet or exceed the same standards of efficiency and frugality by which it measures the performance of others. The point needs no belaboring.

Fourth, the work of the office itself must also meet or exceed the same standards of probity by which it measures the work of others. The rule of Caesar's wife must apply.

Fifth, the Inspector General must not himself become desk bound. He must spend as much time as possible where the action is—out in the field with his inspection teams.

Sixth, the office must call the shots as it sees them. There must be no thought of fear or of favor.

I welcome the challenge of the position for which I am being considered and I promise that if I am confirmed I will do my best to justify the confidence which has been placed in me.

FINANCIAL STATEMENT

Provide a complete, current financial net worth statement which itemizes all assets (including bank accounts, real estate, securities, trusts, investments, and other finacial holdings) and all liabilities (including debts, mortgages, loans, and other financial obligations) of yourself, your spouse, and other immediate members of your household.

ASSETS

Cash on hand and in banks, $50,600.

U.S. Government securities—add schedule, $500.

Listed securities—add schedule, $7,220.

Unlisted securities—add schedule, $1,200.

Real estate interests—add schedule, $283,000.

Personal property, $28,000.

Life insurance—cash value. See Annex.

Payments to Federal Government Retirement Fund, $38,000.

Total assets, $408,520.

LIABILITIES

Real estate mortgages payable—add schedule, $61,780.

Loan on life insurance policy, $3,200.

Total liabilities, $64,980.

Net worth, $343,540.

2. Are any assets pledged? (Add schedule.) No.

3. Are you currently a party to any legal action? No.

4. Have you ever declared bankruptcy? No.

5. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit? Yes. See Annex.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Mansfield, John Kenneth.

Position to which nominated: Inspector General-Dept. of Energy.

Date of birth: August 10, 1921.

Place of birth: Chicago, Illinois.

Marital status: married.

Full name of spouse: Marguerite Jane Shalley Mansfield.

Name and ages of children: None.

Education: Northwestern U., 1939–43, BS degree, 1943; Yale U., 1945–50, (all work completed towards Ph. D. except dissertation).

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates. See Annex.

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement. I held scholarships at Northwestern University and had a Sterling Fellowship at Yale. I am a member of Phi Beta Kappa.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations. None.

Published writings: List the titles, publishers, and dates of any books, articles, or reports you have written. None.

Qualifications: State fully your qualifications to serve in the position to which you have been named.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate. I am now an employee of the Federal Government.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization. If I am confirmed and become the Inspector General. I may wish to remain in Federal Government service at the completion of my Inspector General tour.

3. Has anybody made you a commitment to a job after you leave government? No.

4. Do you expect to serve the full term for which you have been appointed? Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated. None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated. See last item in Annex—Real Estate Owned by My Wife.

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated. None.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy. None.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. See last item in Annex—Real Estate Owned By My Wife

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ANNEX

Footnotes to Net Worth Statement:

U.S. Government securities are Savings Bonds

Schedule of Securities. We own the following stocks:

LISTED SECURITIES COMPANY

500 shares, Cole National, $5,950.
315 shares, Cole Consumer Products, $1,270.

UNLISTED SECURITIES

100 shares, Marine Bank of Chincoteague, $1,200.

Life Insurance: I have $68,000 worth of Life insurance. The bulk of this is Federal Government insurance with no cash value.

REAL ETATE INTERESTS

Property Present Market Value:
Home in D.C. $148,000;
House, Danbury, Conn., $65,000;
Commercial property, Danbury, Conn., $70,000.

Mortgages: We have a mortgage of $31,800 on our home and a mortgage of $29,980 on the Connecticut house in which my mother-in-law lives.

Federal Income Tax Audit: Our 1969 Federal income tax was audited. IRS ruled that we had exceeded the total allowable depreciation on a house, that we should have depreciated and capitalized a furnace rather than treating its purchase as a repair, and that we had incorrectly allocated the business and personal portions of certain maintenance expenses. We paid an additional $731 in taxes as a result of the audit. (Of this amount of money, $437 had to do with the furnace. We have been recapturing this latter sum through depreciation entries on our annual income tax returns). Because of the depreciation ruling we will also be liable for an additional $1669 in taxes if we ever sell the house in question.

EMPLOYMENT RECORD

1943–45, National War Labor Board, Chicago, Ill., Wage Rate Analyst; I processed applications for wage and salary increases for newspaper industry employees and determined whether they were within limits allowed by Federal Government Executive Orders.

1949–50, Yale University, New Haven, Conn., Instructor; I taught courses in International Relations.

1950–56, Joint Congressional Committee on Atomic Energy, Washington, D.C., Staff Member; during my first three years with the committee I worked mainly on programs aimed at strengthening the nation's nuclear weapons stockpile. Subsequently most of my time was spent on programs for speeding progress on the development of the Polaris and Intercontinental Ballistic Missiles.

1956–59, Nuclear Div. Combustion Engineering, Inc., Windsor, Conn., Assistant to Director; part of my responsibilities consisted of overseeing the administrative operations of the division, including nuclear materials accountability. The main job of the division was designing and building a submarine nuclear power plant.

1959–62, Subcommittee on National Policy Machinery, Senate Committee on Government Operations, Washington, D.C., Staff Director; under the chairmanship of Senator Henry M. Jackson, the Subcommittee conducted the first across-the-board Congressional review of the workings of the National Security Council and the organization and staffing of the Federal Government in the area of national security.

1962–69, Department of State, Washington, D.C., The Inspector General of Foreign Assistance. (Rank of Assistant Secretary of State); the Inspector General's office was created by the Congress and was given statutory responsibilities for checking on the efficiency and economy of United States economic and military assistance programs, and Peace Corps and Food for Peace activities. My duties involved extensive travel through East and South Asia, the Middle East, Africa and Latin America.

1969–73, Department of State, Washington, D.C., Staff Member, Bureau of International Scientific and Technological Affairs, 69–73; I worked on a wide variety of foreign policy problems involving developments in science and technology. My responsibilities included serving as the Executive Secretary of the Secretary of State's Advisory Committee on Science and Foreign Affairs.

1974– Department of State, Washington, D.C., Special Assistant to the Assistant Secretary for Oceans and International Environmental and Scientific Affairs; I have worked on a broad spectrum of policy issues having to do with such matters as environmental problems, the science and technology attaches program and technology transfer questions.

QUALIFICATIONS

Most of my jobs have been ones in which I have learned things which should be useful in the position for which I am now being considered. I have in mind especially the skills acquired during the organizational and programmatic watchdogging and trouble shooting I did while I was a Congressional staff member, the perspectives derived while I worked in the energy area of the private sector, the experience gained during my tour of duty as the Department of State's first Inspector General of Foreign Assistance and the knowledge secured on those assignments in my subsequent jobs in State which have had to do with energy related issues and problems.

REAL ESTATE OWNED BY MY WIFE

For many years my wife has owned a small two pump gas station in Danbury, Connecticut. An independent retailer now leases the station and pays my wife a fixed monthly rental of $350. He also pays the property tax. The lease has not quite four years to run.

A frame house situated roughly ten feet from the station building is also owned by my wife. From the standpoint of a prospective property buyer the two adjoining properties form one natural unit (the station sits on what was once part of the garden of the house) and we are told it would be finacially very disadvantageous for my wife ever to sell the station without at the same time selling the house.

My wife's widowed mother has lived in the frame house for thirty years and wishes to continue living there. My wife therefore does not want to sell the house.

If I am confirmed, and if during the course of my work an occasion ever arises in which through some action on my part I could conceivably influence the value or operations of the gas station I would disqualify myself.

DEPARTMENT OF ENERGY,
Washington, D.C., April 17, 1978.

Hon. HENRY M. JACKSON,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for an opinion as to the effect of the conflict of interest provisions contained in Title VI of the Department of Energy Organization Act (Pub. L. 95–91) on the financial holdings of John Kenneth Mansfield, who has been nominated to be Inspector General of the Department of Energy.

Section 602(a) of the Department of Energy Organization Act ("Act") prohibits supervisory employees of the Department of Energy from knowingly receiving compensation from, holding any official relation with, owning the stocks or bonds of, or having any pecuniary interest in, any energy concern. "Energy concern," defined in Section 601(b) of the Act, is described in terms of entities "significantly engaged in the business" of a variety of activities related to energy production, distribution, sale, research and development, as well as entities engaged in such research and development functions pursuant to DOE-funded programs irrespective of whether they otherwise are engaged in such "business." The precise boundaries of that term are currently being explored. Nonetheless, it is possible to make some initial determinations with respect to identifying energy concerns within the meaning of the statute. A list of energy concerns required by Section 601(c)(1) of the Act was published on March 2, 1978.

As you know, a list of Mr. Mansfield's financial holdings has been provided to the Committee. None of his financial holdings appears on the published list and, hence, none is subject to divestiture in connection with his assuming the position of Inspector General. As the energy concern list is revised, however, it may be determined in the future that some of Mr. Mansfield's holdings may have to be divested.

Mr. Mansfield's wife owns improved realty in Danbury, Connecticut, a portion of which is used as a residence by her widowed mother, and a portion of which is leased for a fixed term and fixed monthly rental to an independent automotive fuel retailer. We have advised Mr. Mansfield that he should not participate as a government employee, personally and substantially, in any particular matter the outcome of which could have a direct and predictable effect on his wife's financial interest in this property.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

ERIC J. FYGI,
Acting General Counsel.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HELMS:

S. 3018. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide that drugs will be regulated under the Act solely to assure their safety, to promote pharmaceutical development and innovation, the efficient and fair treatment of new drug applications, the health of the American people, and for other purposes; to the Committee on Human Resources.

By Mr. FORD:

S. 3019. A bill for the relief of Falicita Smith; to the Committee on the Judiciary.

By Mr. EASTLAND (for himself and Mr. STENNIS):

S. 3020. A bill to provide for the conveyance to the Holmes County School District of all the right, title, and interest of the United States in and to a certain tract of land in Holmes County, Mississippi; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CRANSTON (by request):

S. 3021. A bill to amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes; to the Committee on Veterans' Affairs.

S. 3022. A bill to amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans Administration facilities and the medical community, and for other purposes; to the Committee on Veterans' Affairs.

S. 3023. A bill to amend title 38, United States Code, to limit the circumstances under which the expenses of travel of certain veterans traveling to or from a Veterans Administration facility in connection with the furnishing of medical care and treatment for

non-service-connected disabilities will be reimbursed; to the Committee on Veterans' Affairs.

S. 3024. A bill to amend title 38 of the United States Code to require that veterans receiving hospital, nursing home, or outpatient medical care from the Veterans Administration for nonservice-connected disabilities be charged for such care to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under worker's compensation or automobile accident reparation statutes of any State, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. PELL (from the Committee on Rules and Administration):

S. 3025. An original bill to authorize appropriations for the Federal Election Commission for fiscal year 1979; placed on the calendar.

By Mr. WEICKER:

S. 3026. A bill to amend section 204(a) of the Public Works and Economic Development Act of 1965 in order to change the loan program under such section to a grant program; to the Committee on Environment and Public Works.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HELMS:

S. 3018. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide that drugs will be regulated under the act solely to assure their safety, to promote pharmaceutical development and innovation, the efficient and fair treatment of new drug applications, the health of the American people, and for other purposes; to the Committee on Human Resources.

(The remarks of Mr. HELMS when he introduced the bill appear elsewhere in today's proceedings.)

By Mr. CRANSTON (by request):

S. 3021. A bill to amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes; to the Committee on Veterans' Affairs.

● Mr. CRANSTON. Mr. President, I am introducing today, at the request of the administration, S. 3021, a bill to amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes. I ask unanimous consent that the letter of transmittal, the bill, a section-by-section analysis of the bill, and changes in existing law which would be made by the bill be printed in the RECORD at this point.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3021

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subchapter II of chapter 17 of title 38, United States Code, is amended by inserting after section 612 the following new section:

"§ 612A. Eligibility for readjustment professional counseling

"(a) The Administrator shall furnish readjustment professional counseling (including a general mental and psychological assessment in connection therewith) for any veteran who served on active duty in the Vietnam era who has readjustment problems and who, within a period of one year after the date of such veteran's discharge or release from service or one year after the date of enactment of this section, whichever is later, requests such assistance.

"(b) If on the basis of initial counseling furnished under subsection (a) of this section, it is determined by a physician employed by the Veterans' Administration that the provision of mental health services is necessary to facilitate the successful readjustment of the veteran, such veteran shall be furnished such services (including initial professional counseling services to such veteran's family or household members or legal guardian where essential to the effective treatment and rehabilitation of the veteran) on an outpatient basis under the conditions specified in clause (1)(B) of section 612(f) of this title. For the purposes of furnishing such mental health services, the counseling furnished under subsection (a) of this section shall be deemed to have been furnished as a part of hospital care. Any hospital care and other medical services deemed necessary on the basis of such initial counseling shall be furnished only in accordance with the eligibility critera otherwise set forth in this chapter (including section 611(b) thereof). With respect to a particular veteran who is not eligible for such necessary care or services, the Administrator shall provide referral services to assure, to the maximum extent practicable, that such care or services are provided from sources outside the Veterans' Administration.".

SEC. 2. The Table of Parts and Chapters at the beginning of title 38, United States Code, and the table of sections at the beginning of chapter 17 of such title are each amended by inserting after

"612. Eligibility for medical treatment." the following:

"612A. Eligibility for readjustment professional counseling.".

VETERANS ADMINISTRATION,
Washington, D.C., April 24, 1978.

Hon. WALTER MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill "To amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes", with the request that it be introduced so that it may be considered for enactment.

The bill is an attempt to make VA health care resources available to Vietnam veterans having readjustment problems. It would authorize the establishment of a new program of readjustment professional counseling to assist Vietnam-era veterans who request such assistance either within one year after enactment of this bill, or within one year after discharge, which ever is later.

Testimony by psychiatrists, psychologists, social workers, and counselors, both at recent Congressional hearings and as far back as 1969, brought out that many Vietnam veterans have suffered significantly as a result of society's general indifference to the sacrifices they made during their periods of military service. Large numbers of returning Vietnam veterans have experienced guilt, bewilderment, alienation, pessimism, tension, restlessness, and other symptoms of low-grade readjustment problems. These problems may result in unemployment, family, and other interpersonal relations difficulties, alcohol or drug dependence, arrest records, and other forms of social and economic stress. The experience of our mental health professionals indicates that many veterans with readjustment problems do not generally present themselves to the VA for evaluation or treatment for several years after their discharge. This reluctance to seek readjustment assistance is likely due to an unwillingness to admit that one cannot necessarily solve one's own problems, taken together with doubts both as to whether VA can be of help, and as to one's eligibility for treatment by VA.

Accordingly, the draft bill is an attempt to reach "readjustment problems", by which is meant problems not usually amounting to a definable mental illness, or mental health problems requiring extended professional services. Rather, readjustment problems, as used in the draft bill, are those involving low-grade motivational or behavioral impairment which interferes with a veteran's job, educational performance, interpersonal relationships, or overall ability to cope reasonably with daily life. Basically, the draft bill is intended to assist Vietnam-era veterans to make or try to smooth the transition from military to civilian life, and to help the veteran to become a productive member of society without necessarily resulting in the creation of a stigmatizing mental health unit record. The bill contemplates that Vietnam-era veterans will have readjustment counseling services readily available and accessible on an outpatient basis, quickly, and without any prior hospitalization requirement.

The draft bill is thus intended to fill the present gap between the provision for a relatively short, "across-the-(VA)-board" personal interview by contact personnel pursuant to the Veterans Outreach Services Program, called for in section 241 of title 38, United States Code, and the type of detailed in-depth interview and assessment generally associated with evaluating, treating, and counseling a veteran presenting himself to a VA mental health unit with symptoms and possible resulting diagnosis of mental illness.

Noteworthy in this connection is that there would be no initial record of mental illness made concerning a veteran under the draft bill, who could be professionally counseled successfully without the need to refer such veteran to a VA mental health unit. It is anticipated that very few veterans who would receive readjustment counseling under this bill would require hospitalization for their readjustment problem.

It is also noteworthy that the bill authorizes the furnishing of initial professional counseling services to such veterans family on an outpatient basis, where essential to the effective treatment and rehabilitation of the veteran, as determined by a VA physician.

It is estimated that enactment of this draft bill would result in a cost of approximately $9.9 million for each of the first two fiscal years, and $6.6 million for each of the following three fiscal years.

We were advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

MAX CLELAND,
Administrator.

SECTION-BY-SECTION ANALYSIS OF DRAFT BILL

"To amend title 38, United States Code, to provide readjustment professional counseling to Vietnam-era veterans and their families, and for other purposes."

SECTION 1

The draft bill adds a new section 612A to subchapter II of chapter 17 which would establish a program of readjustment professional counseling for veterans who served on active duty in the Vietnam era, defined in section 101(29) as the period beginning August 5, 1964, and ending on May 7, 1975.

Subsection (a) would require the Administrator to furnish initial readjustment pro-

fessional counseling (including needed related assessments) to any veteran who requests such readjustment assistance for a readjustment problem within a period of one year after such veteran's discharge or release from service or within one year after enactment of this section, whichever is later.

Subsection (b) provides that if, on the basis of initial counseling, it is determined by a VA physician that mental health services are necessary to facilitate the successful readjustment of the veteran, such mental health services may be furnished the veteran on an outpatient basis (including discretionary initial professional counseling for members of the veteran's family where essential to the effective treatment and rehabilitation of the veteran) provided the veteran has met all eligibility requirements for post-hospital care under section 612(f)(1),(B), except that the initial counseling is deemed to satisfy the requirement of prior hospitalization. That exception does not broaden eligibility for hospitalization. Veterans who, on the basis of the initial counseling, are determined to be in need of hospital care or medical services, other than mental health services for a readjustment problem, would be eligible therefor only if otherwise meeting chapter 17 eligibility requirements. If the veteran is not eligible for such care and services, the Administrator would provide referral services to assure, to the maximum extent practicable, that the veteran receives such care from sources outside the VA.

SECTION 2

Amends both the Table of Parts and Chapters at the beginning of title 38, and the table of sections at the beginning of chapter 17 to reflect the addition of the new section 612A.

Noteworthy in this connection is that there would be no initial record of mental illness made concerning a veteran under the draft bill, who could be professionally counseled successfully without the need to refer such veteran to a VA mental health unit. It is anticipated that very few veterans who would receive readjustment counseling under this bill would require hospitalization for their readjustment problems. While the bill provides that, for purposes of furnishing mental health services, a veterans' episode of initial counseling is deemed to satisfy a requirement of prior hospitalization, the bill does not have the effect of broadening eligibility for VA hospitalization. To the contrary, the draft bill specifically provides that veterans who, on the basis of initial counseling, are deemed to need hospital care or medical intervention, other than mental health services, must meet general eligibility requirements.

Changes in existing law made by the draft bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is in italic, and existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

* * * * *

PART II—GENERAL BENEFITS

* * * * *

CHAPTER 17—Hospital, nursing home, domiciliary, and medical care

* * * * *

SUBCHAPTER II—Hospital, nursing home or domiciliary care and medical treatment

610. Eligibility for hospital, nursing home and domiciliary care.
611. Care during examinations and in emergencies.
612. Eligibility for medical treatment.
613. Medical care for survivors and dependents of certain veterans.
614. Fitting and training in use of prosthetic appliances; Seeing-eye dogs.
615. Tobacco for hospitalized veterans.
616. Hospital care by other agencies of the United States.
617. Invalid lifts and other devices.
618. Therapeutic and rehabilitative activities.
619. Repair or replacement of certain prosthetic and other appliances.
620. Transfers for nursing home care.

* * * * *

SUBCHAPTER II—Hospital, nursing home or domiciliary care and medical treatment

* * * * *

612. Eligibility for medical treatment

* * * * *

612A. Eligibility for readjustment professional counseling

(a) The Administrator shall furnish readjustment professional counseling (including a general mental and psychological assessment in connection therewith) for any veterans who served on active duty in the Vietnam era who has readjustment problems and who, within a period of one year after the date of such veteran's discharge or release from service or one year after the date of enactment of this section, whichever is later, requests such assistance.

(b) If on the basis of initial counseling furnished under subsection (a) of this section, it is determined by a physician employed by the Veterans' Administration that the provision of mental health services is necessary to facilitate the successful readjustment of the veteran, such veteran shall be furnished such services (including initial professional counseling services to such veteran's family or household members or legal guardian where essential to the effective treatment and rehabilitation of the veteran) on an outpatient basis under the conditions specified in clause (1)(B) of section 612(f) of this title. For the purposes of furnishing such mental health services, the counseling furnished under subsection (a) of this section shall be deemed to have been furnished as a part of hospital care. Any hospital care and other medical services deemed necessary on the basis of such initial counseling shall be furnished only in accordance with the eligibility criteria otherwise set forth in this chapter (including section 611(b) thereof). With respect to a particular veteran who is not eligible for such necessary care or services, the Administrator shall provide referral services to assure, to the maximum extent practicable, that such care or services are provided from sources outside the Veterans' Administration.●

By Mr. CRANSTON (by request):

S. 3022. A bill to amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans' Administration facilities and the medical community, and for other purposes; to the Committee on Veterans' Affairs.

● Mr. CRANSTON. Mr. President, I am introducing today, at the request of the administration, S. 3022, a bill to amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans' Administration facilities and the medical community, and for other purposes. I ask unanimous consent that the letter of transmittal, the bill, a section-by-section analysis of the bill, and changes in existing law which would be made by the bill be printed in the RECORD at this point.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3022

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5055(c)(1) of title 38, United States Code, is amended by—

(1) striking out "$3,500,000 for fiscal year 1976; $1,700,000 for the period beginning July 1, 1976, and ending September 30, 1976; $4,000,000 for fiscal year 1977;";

(2) striking out "and" after the semicolon following "1978"; and

(3) inserting a semicolon and the following before the comma after "1979": and such sums as may be necessary for fiscal years 1980 through 1983".

VETERANS ADMINISTRATION,
Washington, D.C., April 25, 1978.

Hon. WALTER MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill "To amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans Administration facilities and the medical community, and for other purposes," with the request that it be introduced in order that it be considered for enactment.

The original authority to conduct a pilot program for exchange of medical information was granted by enactment of Public Law 89–785 in November 1966. The program was originally funded in fiscal year 1968 with an appropriation of $942,000. Appropriations have been regularly increased as the program expanded. Section 5055(c)(1) of title 38 contains appropriation authorizations of $4,000,000 each year for fiscal years 1978 and 1979. The draft bill authorizes appropriation of such sums as may be necessary for each of the fiscal years, 1980 through 1983.

The pilot projects now being conducted under this authority often involve advanced medical and communications technology. Through the use of satellites, closed circuit television networks, videotape and other modern means of communication the expertise of the most sophisticated major medical centers may be brought to remote locations. These projects have helped attract and retain highly trained and qualified members of the medical profession at the participating hospitals.

To date 51 separate projects have been funded by the VA through grants to medical schools, hospitals, and research centers, as well as by direct funding to VA hospitals. The funds appropriated for these projects have been fully expended and well invested in pilot programs which, once established, rapidly make contributions to improved patient care. All VA hospitals are involved in the Exchange of Medical Information program, either as "core" hospitals from which information flows to outlying hospitals or as recipients of information.

Because the draft bill authorizes an appropriation of such sums as may be necessary to carry out the purpose of this program, the actual cost for any fiscal year would de-

pend on the amount of funds appropriated for the program by Congress.

We were advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND,
Administrator.

SECTION-BY-SECTION ANALYSIS OF DRAFT BILL

A bill to amend title 38, United States Code, in order to extend the authority of the Administrator to make grants and carry out a pilot program for the exchange of medical information between Veterans Administration facilities and the medical community, and for other purposes.

The bill amends section 5055(c)(1) of title 38. It strikes out language in that section which authorized appropriations in fiscal years 1976 and 1977. New language is added to the section which will authorize an appropriation of such sums as may be necessary for each fiscal year from 1980 through 1983.

CHANGES IN EXISTING LAW MADE BY DRAFT BILL

Changes in existing law made by this bill are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

* * * * *

PART VI—ACQUISITION AND DISPOSITION OF PROPERTY

* * * * *

CHAPTER 81—Acquisition and Operation of Hospital and Domiciliary Facilities; Procurement and Supply

* * * * *

SUBCHAPTER IV—SHARING OF MEDICAL FACILITIES, EQUIPMENT, AND INFORMATION

* * * * *

§ 5055. Pilot programs; grants to medical schools

* * * * *

(c)(1) There is hereby authorized to be appropriated an amount not to exceed [$3,500,000 for fiscal year 1976; $1,700,000 for the period beginning July 1, 1976, and ending September 30, 1976; $4,000,000 for fiscal year 1977;] $4,000,000 for fiscal year 1978; [and] $4,000,000 for fiscal year 1979; *and such sums as may be necessary for fiscal years 1980 through 1983,* for the purpose of developing and carrying out medical information programs under this section on a pilot program basis and for the grants authority in subsection (b) of this section. Pilot programs authorized by this subsection shall be carried out at Veterans' Administration hospitals in geographically dispersed areas of the United States.●

By Mr. CRANSTON (by request):

S. 3023. A bill to amend title 38, United States Code, to limit the circumstances under which the expenses of travel of certain veterans traveling to or from a Veterans' Administration facility in connection with the furnishing of medical care and treatment for nonservice-connected disabilities will be reimbursed; to the Committee on Veterans' Affairs.

● Mr. CRANSTON. Mr. President, I am introducing today, at the request of the administration, S. 3023, a bill to amend title 38, United States Code, to limit the circumstances under which the expenses of travel of certain veterans traveling to or from a Veterans' Administration facility in connection with the furnishing of medical care and treatment for nonservice-connected disabilities will be reimbursed. I ask unanimous consent that the letter of transmittal, the bill, a section-by-section analysis of the bill, and changes in existing law which would be made by the bill be printed in the RECORD at this point.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 3023

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111(e)(2)(A) of title 38, United States Code, is amended to read as follows:

"(A) for or in connection with medical treatment (except with respect to a veteran receiving benefits for or in connection with a service-connected disability under this title) unless (i) special vehicular modes of transportation are required for medical reasons; and (ii) such travel has been authorized by the Administrator prior to such travel".

SEC. 2. Section 614(a) of title 38, United States Code, is amended by inserting "pursuant to the provisions of section 111 of this title" after "expenses."

SEC. 3. Section 628(a) of title 38, United States Code, is amended by inserting "pursuant to the provision of section 111 of this title" after "travel."

WASHINGTON, D.C.,
April 25, 1978.

Hon. WALTER MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill "To amend title 38, United States Code, to limit the circumstances under which the expenses of travel of certain veterans traveling to or from a Veterans Administration facility in connection with the furnishing of medical care and treatment for non-service-connected disabilities will be reimbursed", with the request that it be introduced in order that it might be considered for enactment. A complete section-by-section analysis is enclosed which explains the purpose of each of the amendments proposed to be made.

The current authority to provide hospital and medical care specifies that the beneficiary will be reimbursed for the necessary expenses of travel in connection with receiving medical care. Under certain circumstances, for non-service-connected conditions, eligibility for reimbursement is based on a statement on the application form (or supplemental form) that the beneficiary is unable to defray the expenses of travel.

It is proposed that title 38 be amended so that reimbursement for travel expenses incurred in connection with medical treatment for non-service-connected veterans would be authorized only when special vehicular modes of transportation are required for medical reasons and conditioned upon prior authorization by the Veterans Administration. These modes of transportation would include ambulance service, air ambulance service, hired car, and transportation where it is necessary for the beneficiary to be accompanied by an attendant.

The draft bill would not affect current authority to provide reimbursement for travel expenses in connection with examination or treatment for service-connected conditions, treatment necessary to permit a veteran to continue a VA program of vocational rehabilitation, or examinations authorized or ordered by the VA in connection with claims for compensation, pension, or other benefits.

It is our firm conviction that the medical care resources now utilized to pay reimbursement for travel expenses in connection with treatment for non-service-connected conditions, as well as the administrative cost in making these payments, could be more effectively utilized to improve the services provided veterans in need of medical care, particularly to top priority veterans seeking treatment for service-connected disabilities.

Enactment of this proposal would significantly reduce VA beneficiary travel costs. The total expenditures from the medical care appropriation for reimbursement of travel expenses during fiscal year 1979 are estimated to be $71,094,000. Based on a current study of beneficiary travel expenses, we estimate that this amount could be reduced by $42,656,400 for each of the succeeding fiscal years through adoption of this proposed legislation. We believe this would be entirely consistent with the President's objectives of improving health service available to the nation's veterans and adjusting domestic programs to promote effectiveness and economy in Government.

We were advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

MAX CLELAND,
Administrator.

SECTION-BY-SECTION ANALYSIS OF DRAFT BILL

The draft bill would amend title 38, United States Code, as follows: Section 1 would amend section 111(e)(2)(A), as amended by Public Law 94–581, section 101(2), to provide that, except with respect to a veteran receiving benefits for or in connection with a service-connected disability, no reimbursement for beneficiary travel will be made unless two conditions exist. First, a special vehicle must be required for medical reasons to transport the beneficiary; and second, the transportation by means of that special vehicular mode must have been authorized prior to the travel.

Section 2 would amend section 614(a) to provide that non-service-connected veterans who must travel in connection with the fitting and/or training in the use of a prosthetic appliance will be authorized reimbursement for such travel expense under the same conditions and circumstances as any other non-service-connected veteran. This proposed amendment will bring this section into conformity with the remainder of chapter 17 of title 38, United States Code.

Section 3 would amend section 628(a) to provide that a veteran who is entitled to reimbursement for treatment of a non-service-connected condition will be authorized reimbursement for such travel expenses incurred in connection with that treatment under the same conditions and circumstances as any other non-service-connected veteran. This proposed amendment will bring this section into conformity with the remainder of chapter 17 of title 38, United States Code.

CHANGES IN EXISTING LAW MADE BY THE DRAFT BILL

Changes in existing law made by the draft bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

* * * * *

PART I—GENERAL PROVISIONS

* * * * *

Chapter 1—GENERAL

* * * * *

§ 111. Travel expenses

* * * * *

(e)(1) In carrying out the purposes of this section, the Administrator, in consultation with the Administrator of General Services, the Secretary of Transportation, the Comptroller General of the United States, and representatives of organizations of veterans, shall conduct periodic investigations of the actual cost of travel (including lodging and subsistence) to beneficiaries while traveling to or from a Veterans' Administration facility or other place pursuant to the provisions of this section, and the estimated cost of alternative modes of travel, including public transportation and the operation of privately owned vehicles. The Administrator shall conduct such investigations immediately following any alteration in the rates described in paragraph (3)(C) of this subsection, and, in any event, immediately following the enactment of this subsection and not less often than annually thereafter, and based thereon, shall determine rates of allowances or reimbursements to be paid under this section.

(2) In no event shall payment be provided under this section—

(A) [unless the person claiming reimbursement has been determined, based on an annual declaration and certification by such person, to be unable to defray the expenses of such travel (except with respect to a veteran receiving benefits for or in connection with a service-connected disability under this title] *for or in connection with medical treatment (except with respect to a veteran receiving benefits for or in connection with a service-connected disability under this title) unless (i) special vehicular modes of transportation are required for medical reasons; and (ii) such travel has been authorized by the Administrator prior to such travel;*

* * * * *

PART II—GENERAL BENEFITS

* * * * *

CHARTER 17.—HOSPITAL, DOMICILIARY, AND MEDICAL CARE

* * * * *

SUBCHAPTER II.—HOSPITAL, NURSING HOME OR DOMICILIARY CARE AND MEDICAL TREATMENT

* * * * *

§ 614. Fitting and training in use of prosthetic appliances; seeing-eye dogs

(a) Any veteran who is entitled to a prosthetic appliance shall be furnished such fitting and training, including institutional training, on the use of such appliance as may be necessary, whether in a Veterans' Administration facility or other training institution, or by outpatient treatment, including such service under contract, and including necessary travel expenses pursuant to the provisions of section III of this title to and pursuant to the provision of section III of training institution.

* * * * *

SUBCHAPTER III—MISCELLANEOUS PROVISIONS RELATING TO HOSPITAL AND NURSING HOME CARE AND MEDICAL TREATMENT OF VETERANS

* * * * *

§ 628. Reimbursement of certain medical expenses

(a) The Administrator may, under such regulations as the Administrator shall prescribe, reimburse veterans entitled to hospital care or medical services under this chapter for the reasonable value of such care or services (including the necessary travel pursuant to the provision of section III of this title), for which such veterans have made payment, from sources other than the Veterans' Administration, where—●

* * * * *

By Mr. CRANSTON (by request):

S. 3024. A bill to amend title 38 of the United States Code to require that veterans receiving hospital, nursing home or outpatient medical care from the Veterans' Administration for nonservice-connected disabilities be charged for such care to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under worker's compensation or automobile accident reparation statutes of any State, and for other purposes; to the Committee on Veterans' Affairs.

● Mr. CRANSTON. Mr. President, I am introducing today, at the request of the administration, S. 3024, a bill to amend title 38 of the United States Code to require that veterans receiving hospital, nursing home or outpatient medical care from the Veterans' Administration for nonservice-connected disabilities be charged for such care to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under worker's compensation or automobile accident reparation statutes of any State, and for other purposes. I ask unanimous consent that the letter of transmittal and the text of the bill be printed in the RECORD at this point.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3024

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 610 of title 38, United States Code, is amended by adding at the end thereof new subsection (e) as follows:

"(e) A veteran furnished hospital or nursing home care for a nonservice-connected disability pursuant to subsection (a) of this section or outpatient medical care for a nonservice-connected disability pursuant to section 612 (b) (5), (f) (g) and (h) of this title—

"(1) who is entitled to care or reimbursement for the expenses of private care under an insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar arrangement for the purpose of providing, paying for, or reimbursing expenses for health services; or

"(2) whose illness or injury is so related to his or her employment as to provide entitlement for payment of hospital, nursing home and medical care by the employer, insurance carrier, or other sources under workers' compensation, employers' liability, or where entitlement to health care in a private facility is provided under automobile accident reparations acts, or similar law of any State,

shall be charged for such care to the extent of such entitlement. No such contract, or arrangement established under the above-described circumstances which is entered into, renewed, changed, or amended, after the effective date of this subsection, shall exclude from coverage the charges for hospital, nursing home and outpatient care furnished pursuant to subsection (a) of this section and sections 611 (b) and 612 (b) (5), (f) (g) and (h) of this title if such care would be covered thereunder when furnished by private facilities. Where such contract or arrangement provides for payment of less than the total charge for care and the insured veteran is entitled to care without charge under this chapter, the veteran shall be deemed to have paid that part of the charge not payable thereunder."

SEC. 2. This Act shall take effect on the first day of the first months which begins 90 days after the date of enactment.

WASHINGTON, D.C.,
April 20, 1978.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill "To amend title 38 of the United States Code to require that veterans receiving hospital, nursing home or outpatient medical care from the Veterans Administration for nonservice-connected disabilities be charged for such care to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under workers' compensation or automobile accident reparation statutes of any State, and for other purposes," with the request that it be introduced in order that it may be considered for enactment.

The draft bill, if enacted, would require that veterans with nonservice-connected injuries or disabilities be charged for outpatient or inpatient medical, hospital or nursing home care in a Veterans Administration facility to the extent that they are entitled to care, or reimbursement for the cost of care, under a health insurance policy or contract, or health insurance provided by law or through employment. ("Health Insurance" does not include either the Medicare or Medicaid program.) It would also prohibit, prospectively, the exclusion of the costs of Veterans Administration hospitalization or nursing home care for treatment of nonservice-connected injuries or disabilities from coverage under such policies of contracts, if such care would be covered when furnished by private facilities. The bill would be effective the first day of the first month which begins 90 days after the date of enactment. The deferred date would give affected insurance companies time to redraft future contracts in conformity with the new law. The suggested legislation would enable the United States to collect its costs, where appropriate. The best interest of the public would, thus, be served by the enactment of this legislation.

The health insurance portion of this bill was originally submitted to the 91st Congress on February 26, 1970, as part of the Federal Economy Act of 1970. Following resubmission to the 92d Congress, by letters of January 26, 1971, it was introduced as S. 2807, 92d Congress. The bill was resubmitted to the 93d Congress, by letters of March 14, 1973, and introduced as H.R. 5936, 93d Congress. Our draft submission to the 94th Congress was designated H.R. 4009 and S. 816. The workers' compensation portion of this bill was submitted as an amendment to H.R. 4009 by letter of July 23, 1975. By letters dated January 19, 1977, our draft submission of the previous bill was submitted to the 95th Congress, but it has not as yet been introduced. The draft bill submitted herewith adds an automobile accident reparation act portion.

This legislation is considered to be within the medical care cost containment concept of the President.

Under existing law, a veteran who is under age 65, is eligible for necessary hospital care for a nonservice-connected disability if he or she is unable to defray the expenses of private hospital care. (Veterans who are age 65 or older are entitled to such care without regard to their ability to bear the cost of private care.) We cannot administratively deny hospital admission to veterans who file the required statement of inability to pay, even though they may be entitled to medical care and treatment, or to reimbursement for all or part of the cost thereof, from a third party. (38 U.S.C. § 622).

The Veterans Administration has statutory authority for the recovery of hospital costs from tortiously liable third parties as provided by the enactment of the Federal Medical Care Recovery Act (Public Law 87–693) in 1962. This act has been interpreted as reflecting the congressional intent that the United States is entitled to reimbursement for medical care rendered veterans who can afford to pay for medical care and treatment of nonservice-connected injuries and diseases in the same manner as if the medical care were provided from private sources.

Although the Veterans Administration has carried out a cost-effective effort to collect its medical care costs where a private provider would be paid, this effort has resulted in extensive and expensive litigation and demonstrated that further legislation is necessary. One practice that can only be corrected by legislation is that of the insurance community writing its contracts in such a fashion that private health care providers will be paid, but the Federal Government health care providers are excluded from payment. Another practice that causes time consuming and extensive litigation is the occasional practice of State legislatures passing statutes that are worded in such a fashion as to provide payment to private health care providers but exclude payment to Federal health care providers.

In this regard, the Veterans Administration adheres to its longstanding position that the United States should not bear the cost of hospital, nursing home or outpatient medical care of veterans for nonservice-connected disabilities where to do so would provide a windfall in the nature of a Federal subsidy for third parties, such as insurance companies.

It appears to be only appropriate to place the burden on the insurance companies to pay the cost of medical treatment their insured receives regardless of the source. To do otherwise enables the insurer to unilaterally reduce its coverage without affecting the premium charge. If the insurance company expressly excludes the Veterans Administration as a claimant, it should then work a *pro tanto* reduction of the premium paid by a veteran eligible for Veterans Administration medical care *vis a vis* other insurance applicants. To allow an insurer to eliminate from its obligation under an exclusion provision any expenses incurred by the Veterans Administration under its statutory obligation to the insured, would mean that the insurer would have been carrying limited or no liability under its part of the policy while charging the veteran-insured the full premium charged an insured who had no equivalent Federal coverage.

The question of the entitlement of the Veterans Administration to recover its costs as health care provider in treating veterans injured in industrial accidents has been the subject of extensive litigation in Texas. Adverse decisions in Texas, used by insurance companies in that and other jurisdictions to deny VA Hospital costs in treating industrially injured veterans, have cost the VA many thousands of dollars. After more than seven years of litigation, the right of the Veterans Administration to recover its costs in this area has been resolved in two recent decisions by the Fifth Circuit Court of Appeals in favor of the United States. These decisions in favor of the United States are already under attack. While we consider the current decisions of the United States Court of Appeals, Fifth Circuit, as being correct, they are being appealed by the insurance carriers. Additional years of litigation on the subject matter are expected and will not be in the best interest of the United States.

The State of Alabama has passed a statute in connection with their workers' compensation concept which is not subject to the Fifth Circuit decisions mentioned above.

The provisions of Alabama law with which we are concerned, Title 25, Chapter 5 section 25–5–77, Code of Alabama 1975, attempt to limit the employer's liability for medical, surgical, and hospital service in the following manner:

"In case an insurer of the employee or a benefit association is liable for such medical, surgical and hospital service or for a part thereof or in case the employee is entitled to the same or a part thereof, from any source whatever by virtue of any agreement of understanding or law, state or federal, without any loss of benefit to the employee, the employer shall not be required in such case to pay any part of such expense, unless said benefits are insufficient to pay all such expense, and in such event the employer shall be liable for the deficiency only." (Emphasis added.)

In a recent claim for Veterans Administration hospital costs in Alabama, the employer and the employer's insurer used this provision as the basis for denying the Veterans Administration the right to claim its costs. The State court adopted the view of the employer and the insurer and denied the Veterans Administration claim. This case is being appealed as being in conflict with VA statutes and regulations and, thus, unconstitutional, null, and void. It is our view the attached bill would make it clear that such State statutes are unconstitutional and, thus, save endless litigation and efforts to defeat our collection efforts by the use of State statutes proposing to exclude the Veterans Administration from recovery of their costs.

With regard to recoveries by the Veterans Administration for its expenses and costs of treating veterans injured industrially, it can be said that each time a veteran receives treatment at Federal expense for injuries sustained in work covered by State compensation laws, the Federal government sustains a financial loss. Since the United States receives no benefit when a veteran works for a private employer, the Federal government should not bear the burden of medical treatment for work-related injuries.

Since the Veterans Administration is not in a position to prevent private employment injuries, the burden of medical treatment should not be placed on the Veterans Administration.

Finally, the provision of free medical care for deserving veterans was made in consideration of the veteran's previous service to his country. It was not intended to relieve an employer or an employer's insurer of their statutory duty to provide medical treatment for an industrially injured employee.

The various State automobile accident reparations acts bear a close relationship to workers' compensation acts. Both generally provide that medical care be provided the injured party and that the medical care provider should be paid. It is the view of the Veterans Administration that, in the event the Veterans Administration provides medical care and treatment to veterans covered by such acts, the costs to the VA for such care should be paid to the same extent as payment is made to a private health care provider.

Some States have included provisions in their "no fault" statutes that prevent the Veterans Administration from collecting its costs in those States. As an example, we wish to point out Title 40, section 1009.206, Purdon's Pennsylvania Statutes Annotated, a portion of the Pennsylvania No-Fault Law, which reads, in part, as follows:

"Except as provided in section 108(a)(3) of this act, all benefits or advantages . . . that an individual receives or is entitled to receive from . . . workmen's compensation, any State-required temporary, nonoccupational disability insurance, *and all other benefits* (except the proceeds of life insurance) *received by or available to an individual because of the injury from any government*, unless the law authorizing or providing for such benefits or advantages makes them excess or secondary to the benefits in accordance with this act, shall be subtracted from loss in calculating net loss." (emphasis added)

It is our view that this provision of the statute is unconstitutional as being in violation of the Supremacy Clause of the Federal Constitution; however, on the basis of this statute, insurance carriers are routinely denying our claims for our costs in treating veterans for automobile accident related injuries.

The Veterans Administration, in most instances, is unable to collect its costs in States having legislation similiar to that reflected above. Litigation to overcome this bar to our collection effort on constitutional grounds is time consuming and expensive.

There exists a legal principle that, when one person confers a benefit on another without donative intent, the recipient of the benefit should be required to make restitution. Veterans Administration hospitals do not volunteer their services. The treatment given is obligated by law and given only under certain specified conditions. The Veterans Administration does not have a donative intent in treating a veteran's nonservice-connected industrial or automobile accident related injuries. To the contrary, since such veterans can afford to pay for their care when they have workers' compensation or automobile accident related injuries, where medical care is provided by State statute, they are not eligible for VA treatment without charge to the extent of coverage under workers' compensation or automobile accident insurance policies. VA regulation, 38 C.F.R. 17.48, clearly indicates that the medical treatment rendered under such circumstances is not with donative intent.

In its report to the Senate and House Committees on Veterans' Affairs, the National Academy of Sciences, National Research Council study of Health Care for American Veterans (Senate Committee Print No. 4, House Committee Print No. 36, 95th Congress, 1st Session dated June 7, 1977) included in its recommendations on page 279 the following:

". . . the VA should be reimbursed by third-party insurers, both private and governmental, wherever such coverage is available. This will require appropriate action by Congress."

In its response, the Veterans Administration, in Senate Committee Print No. 7, 95th Congress, 1st Session dated September 22, 1977, beginning on page 46, stated:

"The VA concurs with this recommendation. The VA agrees to reimbursement by third-party insurers and has proposed such legislation. . . ."

In the Report to Congress by the Comptroller General of the United States, titled "New Strategy Can Improve Process For Recovering Certain Medical Care Costs" dated September 13, 1977, pertaining to the Department of Defense, the Comptroller notes with approval the efforts of the VA to obtain legislation in this area. On page 24 it is stated:

". . . we believe that the Government should not be excluded from recovering the cost of medical care provided to insured

beneficiaries if recovery would have been available to civilian hospitals. We believe that VA's attempts to establish a clear right of recovery in situations where certain veterans have applicable insurance is reasonable. . . ."

In Fiscal Year 1977, the Veterans Administration recovered approximately $2.8 million under workers' compensation and other similar statutes not based on negligence where treatment of veterans for nonservice-connected injuries or illnesses was provided by the Veterans Administration.

The projected cost savings to the Government with the enactment of this proposed legislation, as it pertains to recovery based on health care contracts, are estimated as follows, assuming an enactment date of October 1, 1978:

(Dollars in millions)

FY 1979	$84
FY 1980	218
FY 1981	227
FY 1982	227
FY 1983	227

We request that this bill be introduced and recommend its favorable consideration.

The Office of Management and Budget advised that there was no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

MAX CLELAND,
Administrator.●

By Mr. WEICKER:

S. 3026. A bill to amend section 204(a) of the Public Works and Economic Development Act of 1965 in order to change the loan program under such section to a grant program; to the Committee on Environment and Public Works.

REDEVELOPMENT AREA GRANT PROGRAM

● Mr. WEICKER, Mr. President, I am today introducing legislation to amend section 204(a) of the Public Works and Economic Development Act of 1965 in order to change the loan program to a grant program. This legislation has the support of the National Association of Counties, the National Association of Regional Councils, the National Association of Development Organizations, and the National Congress for Community Economic Development.

The program I am proposing to amend, section 204, the redevelopment area loan program, falls under the jurisdiction of the Economic Development Administration. EDA has, in the past 13 years, worked with very little money but with true dedication to encourage economic development in the United States. Up until a few years ago, EDA focused primarily on rural areas. However, in 1974, because of the recession, urban areas which suffered sustained high unemployment for a long period of time, because eligible for EDA assistance for public works facilities grants and qualified to become redevelopment areas. In addition, under the 1976 amendments to the Public Works and Economic Development Act of 1965, long-term economic deterioration became an eligible criterion for receiving EDA assistance. It was recognized at the time that some urban areas were experiencing economic dislocation and long-term economic deterioration. Both rural and urban areas were and still are facing job scarcity, reduction of tax base, outmigration of skilled workers, and the lack of public services to attract new business.

As was pointed out by the New York Times recently, EDA has a good track record. The agency has provided $412 million in loans and loan guarantees to 412 businesses in rural and urban areas and has created or saved 95,000 jobs at an average cost of $3,500 a job. A major element of EDA's programs has been to help distressed areas develop a relationship with business by providing incentives, such as low cost, long-term, fixed assets and working capital loans or loan guarantees, in hopes of creating job-producing industries in these distressed areas. EDA can also subsidize business loan interest and guarantee leases for buildings and/or equipment.

EDA has proven itself to be a responsible and effective Federal agency, which in the minds of many people is quite unusual. It is my firm belief that EDA programs have the potential to create and restore the jobs, dignity, diversity, and development needed in rural and urban areas. However, though EDA offers the mechanisms to provide our distressed areas with public facility grants, business development, economic planning, technical assistance, economic development research, mortgage assistance, and many other economic development tools which are very much needed; unfortunately, many of these programs are either underfunded or ignored.

Earlier this year, I sent a letter to the mayors of 100 of our largest cities requesting their evaluation of EDA and SBA programs. I was motivated to send these letters, because I am ranking minority member of the Senate Appropriations Subcommittee that funds these agencies and their programs. So far, I have received for 44 responses from my letter. While not suggesting that EDA programs are perfect, the mayors generally gave EDA programs high marks and expressed a genuine desire to continue their new and growing relationship with EDA for urban progress.

Again, my purpose in introducing this legislation is to change section 204, the redevelopment area loan program, from a Federal loan program to a Federal grant program, as it was originally intended. In its original form, section 204 would provide a $125 million Federal grant program for the establishment of local revolving loan funds. EDA would make grants in redevelopment areas to local governments or public local development corporations who would establish a revolving loan fund to provide low interest loans to private industry to advance economic development in the area. The interest received from the loans returning to the revolving loan programs could then be used for future loans.

During consideration of the 1976 amendments to the Public Works and Economic Development Act of 1965, Congressman ROBERT ROE of New Jersey, introduced an initiative very much like the one I am introducing today. Unfortunately, when the legislation went to conference, the conferees changed the Roe initiative to a Federal loan program. EDA spent months trying to write regulations for the program but ran into all sorts of obstacles, such as:

First. Many cities and counties under their State constitutions may not borrow money.

Second. Many cities and counties cannot legally loan money to private businesses.

Third. How is repayment of the loan handled in the case of a redevelopment area dedesignation?

Fourth. Who is responsible for repayment of the loan? Could a local government or public local development corporation be held liable for the full amount of the loan in the case of default by private business?

Fifth. Fiscally pressed cities which may be dangerously close to their debt limit or have a poor credit rating would not be able to add more loan obligations.

Because of these difficulties in administering this section, the administration has proposed to reprogram the small amount appropriated for section 204 for fiscal year 1978 ($15 million) into title IX which among several other eligible activities has experimented with local revolving loan funds.

However, section 204 as a Federal grant program would solve almost all of these problems, and would offer a viable economic tool for leveraging private business investments to create and retain permanent jobs and stabilize local tax revenue bases.

Currently, EDA has granted funds for four local revolving loan funds (LRLF) out of its title IX program. LRLF's have been recently established in Gary, Ind.; Philadelphia, Pa.; Baltimore, Md.; and Del Norte County, Calif. However, only the latter two areas have activated their LRLF.

Del Norte County, Calif., is located in the northwest most section of the State. The major city is Crescent City, where the local economic development corporation which handles the LRLF is situated. Del Norte County is basically a rural area with forest and farmland. The population of the county is 15,500.

The area has been suffering long-term deterioration and recently underwent economic dislocation, because of restrictions placed on harvesting timber. A majority of the workers in the county are unskilled and the unemployment rate is 17 percent. The major industries are timber, lumber, fishing, and agriculture.

Del Norte County was given an initial EDA grant of $2,695,000 of which $1.5 million went into a revolving loan fund. So far, the county has made four long-term loans at 8½ percent interest to: The Sanitation and Garbage Removal Co., a concrete plant, a restaurant, and the Ornamental Plant Growers, Smith River. Approximately 100 jobs have been saved because of the revolving loan projects, and 60 new jobs have been created. The remaining $804,000 in the revolving loan fund will be leveraged with Small Business Administration funds to assist small businesses in the county.

Baltimore, Md., has received an initial EDA grant of $10.5 million of which a proportion was set aside for a local revolving loan fund. The city's overall goal is to improve and revitalize its commer-

cial neighborhood areas. The project is called the port industrial improvement project.

The federally funded revolving loan fund has supplemented the city's own local economic development plans. Specifically, the citywide plans are very selective in targeting money to commercial and neighborhood projects, resulting in the neglect of other depressed areas of the city. The revolving loan fund has given the city the leverage it needed to involve more of the depressed areas in its overall economic development. Five-hundred thousand dollars was loaned for a shopping center project to revitalize a commercial strip in southeast Baltimore which contains a vacant department store. Some of the remaining funds have been loaned for public works improvements, such as street reconstruction and sewers. The city also plans to use the remaining money for loans for industrial improvements, such as renovating factories and business storefronts.

The port industrial improvement project was approved in July of 1976 and has been estimated for completion in late 1978 or early 1979. One-half of the projects are now under construction, some have already been finished, and the remaining are ready for construction.

There has been concern that few areas of the country have the local capacity to operate a local revolving loan fund. However, after checking with many of the organizations which specialize in economic development, I found that there were quite a few areas of the country that need and have the local capacity for a LRLF. Such cities as Milwaukee, Dayton, Chicago, Columbus, Ohio; Portland, Oreg.; Detroit, Hartford, and Boston have developed the tools and expertise needed to administer a LRLF. Counties, such as Los Angeles County and Dade County, along with economic development districts, such as the Northwest Arkansas Economic Development District of Harrison, Ark.; the Neuse River Council of Government, New Bern, N.C.; the Arrowhead Regional Development Corporation, Duluth, Minn.; the Mohawk Valley Economic Development District, Mohawk, N.Y.; the Lower Rio Grande Valley Development Council, McAllen, Tex.; and Central Savannah River Area Planning and Development Commission, Augusta, Ga., also have the need and local capacity to utilize a LRLF.

The Federal Government ought to strive for greater flexibility in these programs. It is becoming clear that local governments are developing the capacity to propose sound priorities regarding local economic growth and the knowledge to take the appropriate actions to implement them. Many Federal grant programs require too much redtape and allow only certain activities to be funded so that areas end up with projects they did not really want but knew they would not get Federal funding if they did not comply with the program's eligible activities. Section 204 provides that a redevelopment area must submit an areawide economic development plan outlining the areas' economic development goals and programs. However, at the same time, section 204 is very flexible, allowing for many different kinds of eligible activities, in many different forms.

The number of local public civil servants in the United States has doubled since 1960 from 2,417,000 to 4,042,692 in 1976. There have been new advances on a local level to deal with economic development and mayors of towns and cities no longer see their role as only providing public services but also providing their constituents a sound economic base. There is an overwhelming desire by local officials to work with the private sector in providing this sound economic base. Many towns, counties, and cities have professional staffs who encourage and plan for the economic growth of their area.

The Federal Government must realize that many areas of the country are ready to go forth with their economic development plans and the Federal Government can no longer take a "go slowism" attitude. This country has some serious economic development problems and the Federal Government cannot be the impediment that stands in the way of well-thought out economic growth.

It should be noted that both EDA and the Department of Commerce requested a full $125 million funding for section 204 for fiscal year 1979 but that it was denied by the Office of Management and Budget. And while it is true that EDA has funded four local revolving loan fund programs from title IX, this is no guarantee that there will be a revolving loan program funded out of title IX in 1979 or that the program will be given the adequate funds needed to establish successful local revolving loan funds. In addition, the Public Works and Economic Development Act programs (PWEDA) must be reauthorized by 1979. I would like to see this unique concept retain its visibility as a distinct and important program within PWEDA.

There is no guarantee that President Carter's urban policy proposals will be passed by Congress in the near future. In fact, the National Development Bank proposal has already run aground in the Senate Budget Committee. To insure a high priority for rural and urban economic development during the next 18 months, it is important that section 204 be enacted as a grant program. And as a companion program to section 204, section 202, the business loan and loan guarantee program should be funded at a significantly higher level than presently requested by EDA.

Taken together with EDA's section 202 program for the private sector, section 204 permits a city to package business loans and loan guarantees with industrial land assembly, land banking, acquisition of industrial sites, including acquisition of abandoned properties with redevelopment potential, real estate development, including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use and many other activities. I believe my proposals are in line with EDA's goals of packaging and linking the many programs and tools it has to offer a distressed area.

I ask for unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3026

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204(a) (including the title of such section) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3144(a)) is amended to read as follows:

"REDEVELOPMENT AREA GRANT PROGRAM

"SEC. 204. (a) If a redevelopment area prepares a plan for the redevelopment of the area or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make a grant to such area for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such grant shall be made on condition (1) that the area will use such grant to make loans to carry out such plan, (2) the repayment of any loans made by the area from such grant shall be placed by such area in a revolving fund available solely for the making of other loans by the area, upon approval by the Secretary, for the economic redevelopment of the area. This section shall not apply to any redevelopment area whose designation as a redevelopment area would be terminated or modified under section 402 of this Act except for the provisions of section 2 of the Act entitled 'An Act to amend the Public Works and Economic Development Act of 1965 to extend the authorizations for titles I through IV through fiscal year 1971', approved July 6, 1970 (P.L. 91-304).".

ADDITIONAL COSPONSORS

S. 1382

At the request of Mr. THURMOND, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of S. 1382, a bill to establish rational criteria for the imposition of the sentence of death, and for other purposes.

S. 1766

At the request of Mr. RIBICOFF, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of S. 1766, the Federal Computer Systems Protection Act.

S. 2384

At the request of Mr. CRANSTON, the Senator from Montana (Mr. PAUL G. HATFIELD) and the Senator from Massachusetts (Mr. BROOKE) were added as cosponsors of S. 2384, the Veterans' and Survivors Income Security Act.

S. 2416

At the request of Mr. JAVITS, the Senator from Massachusetts (Mr. BROOKE) and the Senator from Kansas (Mr. DOLE) were added as cosponsors of S. 2416, the Nurse Training Amendments of 1978.

S. 2614

At the request of Mr. HELMS, the Senator from Utah (Mr. GARN) was added as

a cosponsor of S. 1614, a bill to amend the Public Health Service Act to provide alternatives to abortion.

S. 2691

At the request of Mr. WILLIAMS, the Senator from Louisiana (Mr. JOHNSTON), the Senator from Colorado (Mr. HASKELL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of S. 2691, a bill to provide for the furnishing of congregate housing services under the U.S. Housing Act of 1937.

S. 2699

At the request of Mr. MAGNUSON, the Senator from Minnesota (Mr. ANDERSON) was added as a cosponsor of S. 2699, a bill authorizing the preservation of historical and archeological data.

S. 2799

At the request of Mr. BROOKE, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 2799, the Public Housing Security Demonstration Act of 1978.

S. 2800

At the request of Mr. BROOKE, the Senator from New York (Mr. JAVITS) and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of S. 2800, the Housing Act of 1978.

S. 2867

At the request of Mr. GOLDWATER, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of S. 2867, a bill to remove residency requirements and acreage limitations applicable to land subject to reclamation law.

S. 2856

At the request of Mr. MORGAN, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 2856, a bill to amend the survivor benefit plan provided for under chapter 73 of title 10, United States Code, to permit members and former members of the uniformed services who have completed the number of years of service required for eligibility for retired pay under chapter 67 of such title but who have not, because of age, become entitled to retired pay to participate in such plan, to make the dependents of such members and former members who died before becoming entitled to such retired pay eligible for certain medical and dental benefits under chapter 55 of such title, and for other purposes.

S. 2879

At the request of Mr. JAVITS, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 2879, the Primary Health Care Act of 1978.

S. 2910

At the request of Mr. KENNEDY, the Senator from Minnesota (Mrs. HUMPHREY) was added as a cosponsor of S. 2910, a bill to establish a program for developing networks of community-based services to prevent initial and repeat pregnancies among adolescents, to provide care for pregnant adolescents, and to help adolescents become productive independent contributors to family and community life.

SENATE JOINT RESOLUTION 132

At the request of Mr. ANDERSON, the Senator from New Jersey (Mr. WILLIAMS) and the Senator from Montana (Mr. MELCHER) were added as cosponsors of Senate Joint Resolution 132, to establish a Presidential Commission to develop plans for a memorial to the victims of the Holocaust.

SENATE RESOLUTION 114

At the request of Mr. ANDERSON, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of Senate Resolution 114, relating to a study of telecommunications policy.

AMENDMENT NO. 1752

At the request of Mr. BROOKE, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of amendment No. 1752 intended to be proposed to S. 2637, the Housing and Community Development Amendments of 1978.

SENATE RESOLUTION 444—SUBMISSION OF A RESOLUTION TO DISAPPROVE CERTAIN ACTION OF THE COMMISSIONER OF EDUCATION

Mr. WILLIAMS (for himself and Mr. JAVITS) submitted the following resolution, which was referred to the Committee on Human Resources:

S. RES. 444

Resolved, That the Senate objects to the action of the Commissioner of Education in consolidating certain advisory councils as proposed in the Commissioner's annual report submitted, pursuant to section 448 of the General Education Provisions Act, on February 28, 1978.

Mr. WILLIAMS. Mr. President, I am submitting today a resolution to disapprove the action of the Commissioner of Education in consolidating certain advisory councils as proposed under section 448 of the General Education Provisions Act.

I am joined in the introduction of this measure by Senator JACOB K. JAVITS, the ranking minority member of the Committee on Human Resources.

The reason that we introduced this resolution is that the proposals made by the Commissioner of Education to combine, consolidate, and reorganize five education advisory bodies comes precisely at the time the authorizing legislation affecting such bodies is pending before the Congress.

The Elementary and Secondary Education Act, now pending in the Committee on Human Resources, is expected to be reported to the Senate by May 15, 1978. Many provisions of that bill, the omnibus Federal education support measure, deal with the very advisory groups which are the subject of the Commissioner's proposal. Those proposed changes, if permitted to become effective, would take place by May 28, 1978. Without any prejudice to the merits of the Commissioner's proposals, the reorganization would take place in a most inappropriate time as the Congress considers these advisory groups within the entire context of Federal education policy.

A companion resolution has been introduced in the House of Representatives by the leadership of the Committee on Education and Labor.

AMENDMENTS SUBMITTED FOR PRINTING

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1978—S. 2637

AMENDMENT NO. 1837

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. SCHMITT submitted an amendment intended to be proposed by him to the bill (S. 2637) to amend and extend certain Federal laws relating to housing, community and neighborhood development and preservation, and related programs, and for other purposes.

AMENDMENT NO. 1838

(Ordered to be printed and referred to the Committee on Banking, Housing, and Urban Affairs.)

Mr. KENNEDY (for himself and Mr. BROOKE) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 2637), supra.

HUD DAY CARE CENTER FACILITIES

● Mr. KENNEDY. Mr. President, in 1976 the Members of the 94th Congress recognized the need for day care facilities for children of Federal employees by authorizing the establishment of a day care facility for the children of employees of the Department of Housing and Urban Development. Today, I am submitting what might be considered a technical amendment which would help HUD employees throughout the United States to take advantage of this legislation. My amendment, which is cosponsored by my colleague from Massachusetts, Mr. BROOKE, would authorize the Secretary of Housing and Urban Development to establish multiple day care facilities for HUD employees, as well as to permit the participation of HUD employees in interagency day care centers.

The need for such legislation is clear. In Boston, for example, numerous Federal employees have been actively building a foundation for an interagency child care program in the John Fitzgerald Kennedy Federal Building which houses the regional offices of many Federal departments and agencies. Studies leading up to the creation of the Government Center Child Care Corporation, composed of 11 persons from six different Federal agencies revealed that no comparable program exists which offers child care at the parent's work site, and that accessibility to the child during the work day is a priority among potential users of the day care center.

While the present administration has supported the concept of day care centers for HUD employees outside of headquarters in Washington and has proposed language in the Housing and Community Development Amendments of 1978 for that purpose. The amendment which I am proposing today would go even further by permitting HUD participation in the establishment of interagency day care centers in cooperation with other Federal agencies.

As is the case with the HUD Day Care Center in Washington, D.C., it is intended that the conversion, equipping

and maintenance of space in which the centers would operate would require the expenditure of some Federal funds, but the Center's program would be self-sustaining from fees charged to users. In addition, startup costs limited to 3 percent of the first year's operating budget or up to $3,500 could be authorized by the Secretary on a reimbursable basis.

Mr. President, I believe that adequate child care contributes to the welfare and morale of Federal employees. By authorizing the creation of such facilities in the regional offices of the Department of Housing and Urban Development, we will be taking a positive step to that end.●

● Mr. BROOKE. Mr. President, today I am submitting with my colleague from Massachusetts, Mr. KENNEDY, an amendment to S. 2637 which would correct an apparent oversight in the existing legislation authorizing a day care center for the children of employees of the Department of Housing and Urban Development.

The need for child care programs for Federal employees has been evident for many years. And it was for the purpose of addressing this need that I first introduced an amendment to the Housing Authorization Act of 1976 to clarify the authority of the Secretary to establish a day care center for HUD employees. In furtherance of that legislation, a day care center has been established at HUD headquarters in Washington, D.C.

The amendment which is being offered today would not only permit the establishment of day care centers for HUD employees outside of Washington, D.C., it would also authorize HUD to participate in the establishment of interagency day care facilities, such as the child care center for Government employees in Boston, Mass.

For the past 5 years at least, various groups of Government employees have been meeting to organize a child care center in the Government Center area of downtown Boston, where approximately 12,000 Federal employees work. But it was only as a result of concentrated efforts over the past year by interested employees that several Federal agencies have recognized the merit of such an idea. Through the Women's Opportunity Committee and the Policy Committee of the Boston Federal Executive Board, these agencies have been cooperating in the planning of a day care facility in the John Fitzgerald Kennedy Federal Building, where approximately 4,000 Federal employees work. Because of the small regional staffs of the agencies located in Boston and elsewhere, interagency cooperation and support may be called for in order to make a day care facility feasible. It is equally clear that no comparable program exists which offers child care at the worksite: and that accessibility to the child during the workday is a priority among the potential users of such centers.

The amendment proposed today does not alter the self-supporting nature of the HUD day care centers, which will be operated from the proceeds of fees charged to parents. However, the Secretary would also be authorized to provide on a reimbursable basis up to 3 percent of the first year's operating budget up to a maximum of $3,500 for costs associated with the start-up of the day care facility in addition to providing the space and initial equipment on a reimbursable basis as presently authorized.

Mr. President, I believe that the benefits of legislation authorizing a HUD day care center should be made available on an equitable basis where sufficient interest is shown at HUD regional, field, and area offices. I therefore urge your support in the adoption of this amendment.●

DOMESTIC VOLUNTEER SERVICE—S. 2823

AMENDMENT NO. 1839

(Ordered to be printed and referred to the Committee on Human Resources.)

Mr. CRANSTON (by request) submitted an amendment intended to be proposed by him to the bill (S. 2823) to amend the Domestic Volunteer Service Act of 1973, and for other purposes.

● Mr. CRANSTON. Mr. President, today I am submitting, at the request of the administration, an amendment to S. 2823, a bill to amend the Domestic Volunteer Service Act of 1973, and for other purposes, which I introduced at the request of the administration on April 4, 1978.

Tomorrow, the full Human Resources Committee will be marking up S. 2617, the proposed "Domestic Volunteer Service Act Amendments of 1978." At that time, Senator JAVITS and I will be introducing much of the administration's basic proposal as set forth in this amendment as part of our own proposals for "urban neighborhood volunteer programs."

I ask unanimous consent that the letter of transmittal of April 13, 1978, from Sam Brown, Director of the ACTION Agency, the text of the amendment, and the administration's sectional analysis be printed in the RECORD at this point.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1839

On page 2, after line 20 insert the Redesignate sections 6 through 13 as 7 through 14, respectively.

On page 2, after line 20, insert the following new section 6:

SEC. 6. Part C of Title I of the Domestic Volunteer Service of 1973 is amended by adding at the end thereof the following new section:

URBAN VOLUNTEER PROGRAM

"SEC. 124(a) In order to stimulate and encourage the involvement of individuals, local governments, neighborhood groups, voluntary associations, and local businesses in social and community development projects in urban areas, the Director is authorized to conduct, and make grants, contracts, or enter into cooperative agreements for projects related to an Urban Volunteer Program.

"(b)(1) The Urban Volunteer Program shall include an 'Urban Volunteer Corps' which shall include, but not be limited to:

"(A) Projects in urban areas which attempt to match specific needs of local governments and neighborhood groups with volunteers who possess needed skills on a request-for-service basis.

"(B) Development of listings of locally recruited, part-time volunteers as a resource bank within a community, city, or urban area.

"(2) Projects and activities of the Urban Volunteer Corps shall be administered in each city or urban area receiving funds under this subsection by a lead agency, which shall be designated by the Director with the concurrence of the mayor or other chief elected official.

"(c)(1) The Urban Volunteer Program shall include a "Good Neighbor Fund" program which shall provide grants, not to exceed $15,000, to nonprofit organizations in cities and urban areas to assist communities to:

"(A) reimburse the out-of-pocket expenses of volunteers working on neighborhood and community betterment projects, and

"(B) provide volunteers and neighborhood groups with the materials, tools, supplies and administrative support necessary to carry out neighborhood and community betterment projects.

"(c)(2) No grant under this subsection may be made to an organization within a city or urban area without prior consultation with the mayor or other chief elected official in a manner prescribed by the Director.".

On page 9, strike out line 21 and insert in lieu thereof "by amending subsection (b) to read as follows:

"(b) In addition to the sums authorized to be appropriated by subsection (a), there are authorized to be appropriated $40,000,000 for each of the fiscal years ending September 30, 1979, September 30, 1980 and September 30, 1981 for the purpose of carrying out the Urban Volunteer Program under Section 124 of this Act.".

APRIL 13, 1978.

HON. WALTER F. MONDALE,
President of the U.S. Senate,
U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a supplementary proposal for legislation to amend the Domestic Volunteer Service Act of 1973. The amendments proposed by this supplement are in addition to those contained in our legislative proposal, the Domestic Volunteer Service Act Amendments of 1978, introduced as S. 2823. We ask that the enclosed amendment be incorporated into and be considered concurrently with the amendments contained in S. 2823.

The new amendments which we are proposing are part of the President's New Partnership to Conserve America's Communities, announced by the President on March 27. These amendments will implement that part of the President's message which calls for an Urban Volunteer program to match the needs of neighborhood organizations with volunteers who have specialized skills, and which proposes that small grants be made to neighborhood organizations to cover the cost of tools, supplies, materials and administrative support necessary to carry out voluntary projects.

Specifically, the amendments would add a new section 124 to Part C of Title I of the Domestic Volunteer Service Act which would authorize a new Urban Volunteer Program as part of ACTION's Special Volunteer Program authority. The Urban Volunteer Program would consist of two parts; an Urban Volunteer Corps and a Good Neighbor Fund.

The proposed addition of a new section 124 to Part C of Title I of the Act would become section 6 of our legislative proposal; and present sections 6 through 13 would be renumbered accordingly. Authorization of appropriations for the program would be contained in a new subsection (b) of section 501 of the Act. The authorization would replace clause (2) of the present section 12(a) of our legislative proposal (new section 13(a)).

These proposals are described in detail in the enclosed sectional analysis.

The Office of Management and Budget has advised that there is no objection to the

submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

SAM BROWN,
Director.

SECTIONAL ANALYSIS

Section 6 amends Part C of Title I of the Domestic Volunteer Service Act of 1973 (P.L. 93-113) by adding a new section 124 at the end thereof to provide legislative authority for a new Urban Volunteer Program. The new program will be composed of two major elements, an Urban Volunteer Corps, and a Good Neighbor Fund.

Much of the authority needed for elements of the new program is already available under part C of the Act. However, the Urban Volunteer Program, because of its size relative to previous programs operated under Part C, and because it embodies many innovative elements, some of which are not now clearly authorized, should have the benefit of an independent legislative authority.

Section 124(a) states the purpose of the Urban Volunteer Program, to stimulate and encourage the involvement of individuals, local governments, neighborhood groups, voluntary associations and local businesses in social and community development projects in urban areas. It also provides the Director with authority to conduct, and to use grants, contracts and cooperative agreements for projects related to the Urban Volunteer Program.

Section 124(b) authorizes an Urban Volunteer Corps, one of the components parts of the Urban Volunteer Program. Through assistance to lead agencies in approximately 145 cities or other appropriate urban areas, the Corps would match specific needs of specific neighborhood groups with volunteers on a request-for-service basis. The volunteers, recruited from business, academic institutions, non-profit organizations and public agencies on a part-time, unpaid basis would provide a supplementary technical assistance resource to neighborhood groups in such areas as management, publicity, fund raising, accounting, contract and grant administration and legal services. In addition, the volunteers would provide expert assistance to neighborhood projects which is specific to a particular need of the neighborhood, such as fixed-income consumer counselling or urban agriculture.

Urban Volunteer Corps projects and activities would be administered in each city or urban area by a lead agency, which would be selected by the Director of ACTION with the concurrence of the mayor or other chief elected official of the city or area.

The process of lead agency selection will be based on a partnership with the chief elected official who will be involved in the process from the outset. No proposal will be funded without the concurrence of the chief elected official. This process will include the following operational steps:

1. First notice of availability of UVC grants will go to the mayor.

2. ACTION and the mayor will work together in developing a proposal from the lead agency.

3. A letter of support from the Mayor will be required as part of all lead agency proposals.

The lead agencies would receive ACTION funds to recruit volunteers, evaluate requests for assistance or volunteers from neighborhood organizations, establish priorities, match volunteer skills with needs, provide out-of-pocket expense support to the volunteers, and monitor results. They would also develop a resource bank of volunteer skills within the metropolitan area to provide as large a pool of potential volunteer skills as possible, both to provide a maximum number of skilled volunteers, and to prevent overlapping of recruitment efforts by neighborhood groups.

The volunteers would all serve on a part-time basis and would not receive compensation, except for necessary reimbursement of expenses.

On a backup basis, technically skilled volunteers would also be recruited on a regional and national basis. ACTION would provide lead agencies with technical and management assistance, such as recruitment, management and support of volunteers, orientation and training, and community outreach.

Section 124(c) provides for a "Good Neighbor Fund" which would complement and supplement the Urban Volunteer Corps. The Director would be authorized to make direct grants to neighborhood groups in cities and other urban areas to provide a modest amount of seed money (up to $15,000, with an average of approximately $5,000) to neighborhood groups which utilize volunteers. The funds provided could be used for expenses such as:

Providing neighborhood groups with materials, tools, and other forms of administrative support necessary to carry out community betterment projects; and

Reimbursement of volunteers' out of pocket expenses.

Grants under the Good Neighbor Fund would not be limited to items which directly support volunteers, but could be used by the neighborhood group for necessary expenses to strengthen and improve resident participation in community activities and building cooperative linkages between communities.

The emphasis in project funding will be on tools, supplies, and other necessary equipment and not on personnel costs. Under no circumstances will permanent staff be funded or general overhead support provided. ACTION regulations will require that the local project sponsor contribute significant voluntary personnel resources to the project.

Grants from the Good Neighbor Fund could be made only after consultation with the mayor or chief elected official of the urban area in which the grant would be made. A time-limited mayoral concurrence will be required for grant award. This process will have two steps:

1. Advance Notice—Upon receipt of proposals from neighborhood groups, ACTION will send a letter to the appropriate mayor or chief elected official. This letter will notify the mayor that the proposals have been submitted.

2. Formal Notice of Intent. After ACTION has screened the proposals and selected the finalists, ACTION will send a letter to the mayor or chief elected official informing him or her of our intent to award a grant. The mayor will have 30 days to communicate concurrence or non-concurrence. If the mayor takes no action within 30 days, the grant will be awarded. If the mayor informs ACTION that he or she does not concur within the 30 day period, no award will be made.

Section 13(a)(2) amends Section 501 of the Act by striking out the present subsection (b) and by inserting a new subsection which authorizes the appropriation of $40,000,000 in each of the fiscal years 1979, 1980, and 1981 respectively for Urban Volunteer Programs under Section 124. This authorization would provide funds for the Urban Volunteer Corps and the Good Neighbor Fund.●

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT—S. 2570

AMENDMENTS NOS. 1840 THROUGH 1842

(Ordered to be printed and referred to the Committee on Human Resources.)

Mr. HATHAWAY submitted three amendments intended to be proposed by him to the bill (S. 2570) to amend the Comprehensive Employment and Training Act of 1973 to provide improved employment and training services, to extend the authorization, and for other purposes.

AMENDMENTS TO CETA REAUTHORIZATION

● Mr. HATHAWAY. Mr. President, I am pleased today to submit three amendments to S. 2570, legislation to reauthorize the Comprehensive Employment and Training Act of 1973. I believe each of these amendments will serve to strengthen that act and make it better fulfill the purpose for which it was intended.

The first of these amendments would require CETA prime sponsors, as part of their comprehensive employment and Training Agreement, to include a detailed description of:

"(A) the methods and institutional arrangements which will be used to involve community based organizations and educational agencies in the development and implementation of the programs assisted under this Act; and

"(B) the methods and criteria which will be used to select such deliverers of services from an inventory of potentially available deliverers of services (which have expressed an interest in writing) maintained by the prime sponsor as records accessible to the public;".

This amendment would thereby establish a mechanism to promote greater cooperation at the local levels and at the same time provide greater accountability with respect to the utilization of public funds. While many prime sponsors are already involving all available deliverers of services to the maximum extent practicable, there are instances where resources and facilities which could be used to great advantage are somehow excluded from participation in CETA programs.

This amendment does not dictate to any prime sponsor which mix of deliverers of services to utilize. That would be contrary to the principles behind CETA, which stress local decisionmaking and responsibility. But the amendment does require the prime sponsor to set forth methods and criteria used to determine who will participate from an inventory of all those community-based organizations, educational facilities, and other deliverers of services, which expressed an interest in being a part of CETA.

This system of accountability will then be reviewed at the State and local level by the Governor, by the State employment and training council, by the prime sponsor planning council, by appropriate units of general local government, and by labor organizations in the area, as required by new section 104. With the language of this amendment, these individuals and entities will have the opportunity to review the rationale which went into determining which deliverers of services are to be relied upon, as opposed to being presented with a bottom line fait accompli.

Equally important, the community-based organizations and educational facilities will have the opportunity to assert to these bodies their ability to be relied upon and to ask that, if they are unjustifiably excluded, such a decision be reexamined.

While in most parts of the Nation, cooperation is occurring, there have been instances where individual prime sponsors have set up delivery services which are duplicative of those already existing. This amendment is intended to eliminate this practice and to encourage to the maximum extent possible the utilization of available community programs and facilities.

Further, this would not create an impossible paperwork or administrative burden on prime sponsors. On the contrary, the Department of Labor has estimated that the changes made by the reauthorization, by relying on one comprehensive agreement, along with annual plans, paperwork for prime sponsors would be cut by 2 between 20 and 33 percent.

The second amendment deals with the overall conditions set forth for utilization of CETA funds with respect to public service employment. This amendment modifies the condition contained in the administration bill requiring that public service jobs be provided in occupational fields which are most likely to expand within the public and private sector. The amendment adds as a complementary condition that public service employment at the same time:

shall meet community needs including but not limited to community betterment activities (including rehabilitation of public properties, assistance in the weatherization of homes occupied by low income families, demonstrations of energy conserving measures including solar energy techniques, and neighborhood revitalization), education, health care, transportation services, crime prevention and control, and environmental quality control.

Thus this language, set forth as an overall requirement on the expenditure of all CETA funds, will serve to insure that overall community needs are being met.

In the 1977 fiscal year, nearly 1 million individuals were employed in CETA funded public service employment (PSE) programs. Over $3.0 billion was devoted to these activities.

While many worthwhile projects were undertaken, at the same time there has been criticism in the national media regarding some make-work, leaf-raking activities. Though only a very small proportion to the overall effort, this has nonetheless served to give CETA as a whole a tarnished reputation.

This amendment would clearly stipulate that all public service employment activities should be directed toward community needs. As a condition on the utilization of such funds, this language will provide added impetus to fulfilling this goal in all parts of our Nation.

The third amendment I am introducing today would modify section 311 of the administration bill. Subsection (f) of that section reads as follows:

"(f) The Secretary is authorized to conduct demonstration and experimental projects and programs to assist persons, who might otherwise rely on public assistance or other income assistance, to find nonfederally assisted employment in the private and public sectors, and to provide federally assisted work and training opportunities for any such persons who are unable to find nonfederally assisted work or training opportunities. Such projects and programs may include job search assistance as described in section 205. The Secretary, in coordination with the Secretary of Health, Education, and Welfare and other appropriate Federal, State, or local officials, may integrate, coordinate, or modify other employment, training, public assistance, or income assistance programs, including provisions of such programs relating to work registration, job search, allowances, wage disregards, and sanctions for failure to participate, to the extent necessary to carry out effectively experimental and demonstration projects and programs under this subsection on behalf of persons eligible for or receiving assistance under such other programs. The Secretary shall issue regulations establishing appropriate wages, allowances, and working conditions for programs and projects under this section.

The amendment I am introducing would impose the additional requirement that the demonstration programs authorized under the act be conducted in rural as well as urban areas, in sparsely populated as well as densely populated areas, and in areas with inadequate means of transportation.

Section 311 is intended by the administration to fund demonstration projects which are to be the precursors to welfare reform. It is essential to the well-being of our Nation and to the integrity of each of our citizens that our welfare system be made to function fairly and equitably. I applaud the President's initiatives in this regard and look forward as a member of the Committee on Finance and the Committee on Human Resources to working to shape these proposals into their final form.

But in the course of demonstrating effective methods to reform this system, it is vital that these activities be conducted in all parts of our Nation. The problems of the rural poor are different from those of their urban counterparts. They are further isolated from available job opportunities and lack the resources—transportation and otherwise—to extricate themselves from their Catch 22 dilemma.

These problems may well be the most difficult to solve as we undertake welfare reform.

Yet, unless the statutory language is explicit, I fear that demonstration of welfare reform may be overly concentrated on urban centers, to the detriment of rural areas, and in the end to the detriment of the Nation as a whole to the degree that a proposed solution neglects these needs.

This amendment would clarify this situation and form the basis for mandating that rural areas be fully included. I intend to monitor this matter closely as definitive welfare reform proposals are developed, but this language will serve as an important first step to achieving our overall goals.

I am pleased to inform my colleagues that these amendments have been agreed to by the Subcommittee on Employment, Poverty, and Migratory Labor chaired by the distinguished Senator from Wisconsin (Mr. NELSON), on which I am privileged to serve. It is my firm hope that they will be retained by the full Human Resources Committee and the Senate as a whole, and by the Senate-House conference. I shall be working toward that goal.

Further, I am pleased to note that the subcommittee's actions on the administration's bill will serve to improve the CETA program as a whole. The subcommittee under the leadership of Chairman NELSON undertook a comprehensive redrafting of the act.

Particularly noteworthy are its actions with respect to improving local administration, tightening eligibility standards, strengthening antifraud provisions, and providing special emphasis on the needs for employment opportunities among veterans, older workers, displaced homemakers, and youth. With regard to the latter, I am particularly pleased that the subcommittee agreed to my proposal to mandate coordination of youth employment activities with those authorized by the Career Education Incentive Act.

That act, which I authored, provides funds for increased coordination between the world of work and the world of school, and is intended to provide students at all levels of education with greater knowledge of career opportunities and requirements, while they are still in the position to do something about their training and qualifications.

Overall, I believe that the CETA legislation approved yesterday by the subcommittee is responsive to the criticisms and concerns expressed and to the lessons learned over the last 5 years.

In this regard, I would like to call the attention of my colleagues to an editorial which appeared yesterday in the Bangor Daily News titled, "CETA in Maine." I ask unanimous consent that this be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD as follows:

CETA IN MAINE

Starting soon, Congress will begin work on President Carter's $11.4 billion, four-year extension of CETA, the Comprehensive Employment and Training Act.

CETA is big in Maine.

In fact, CETA is a major employer, not unlike today's paper mills and the thriving shoe factories of yesterday. The major difference, of course, is that CETA jobs are government-induced, paid for by the taxpayer.

Nonetheless, in an area with chronic unemployment and an abundance of unskilled workers, it is difficult to condemn CETA outright; it is an employer of last resort. And many disadvantaged people in Penobscot County have had their lives changed for the better as a direct result of a CETA program.

Interestingly, in a recent NEWSWEEK article dealing with fraud and loose management of various CETA programs across the country, the Penobscot County CETA program was mentioned as one of "the best."

Acording to this report, Penobscot County gets about $10 million of the $40 million pumped into Maine for CETA programs annually. This $10 million pays for the creation of 4,000 CETA jobs.

Among other things, these particular statistics show that in Penobscot County about 14 percent of the work force is CETA-employed, or about 1 in 7 workers are on the CETA payroll.

In other words, for all the good that CETA has done in terms of job-creation, it has at the same time produced a situation of economic addiction for Maine. By way of example, it has been estimated that Maine's current jobless rate of around 8 percent would jump to somewhere in the vicinity of 11 percent if Washington pulled the rug from under Maine's CETA program.

At the national level, there is deep disenchantment with CETA because of two problems:

—Substitution, which is a tactic whereby a local government uses CETA money to pay for an old job previously paid for out of local taxes.

—Scattered incidences of fraud in CETA, as well as the misuse of CETA money and positions as political patronage payoffs.

As a result of these and other intrinsic problems with CETA, on a national basis, there is speculation that the CETA extension is going to face some heavy scruntiny and perhaps some major roadblocks before the congressional process.

This is the danger of becoming hooked on CETA, or any other artificially created jobs program, even one that is apparently as well-managed as Penobscot County's. We are now in a situation in which 14 percent of Penobscot County's job force remains at the mercy of congressional whimsy and sentiment, as well as the national performance record of CETA.

And CETA, like so many other government panaceas before it, grows into much more than an interim stopgap measure. Over the long haul, studies indicate that CETA money is paying for four old jobs for every new one created. At that rate, the cost of true job creation rises to astronomical levels.

Mr. HATHAWAY. Mr. President, I share a number of sentiments expressed in that article. I am pleased that the Penobscot County Consortium program has been cited as a national model, and that it has served to meet the needs of citizens which otherwise would remain unmet.

I share the editorial's concern over the substitution problem. This was an area of major concern for the Subcommittee. Substantive changes in the eligibility requirements, limiting the participation to those with designated incomes (70 percent of the Bureau of Labor Statistics' lower living standard for structural unemployment programs, and 85 percent for countercyclical programs) along with strict limitations on wages paid, and the degree to which wages can be supplemented, should go a long way toward limiting the substitution problem. Also, recent studies of the Brookings Institute show that over 80 percent of the CETA jobs funded are not substituted, but rather provide new services.

Anti-fraud provisions have likewise been markedly strengthened, requiring that the complaints and sanctions provisions be beefed up, making it a Federal crime to impede investigations, and requiring that all employees who handle money be bonded.

The problem of providing long-term opportunities in the private sector remains a serious one. To approach this, the new bill contains much greater coordination with the private sector, and establishes in every area private and industry councils who will participate in the planning processes that insure that CETA job opportunities relate to those in the private sector, so that a CETA job will not be a dead-end job, but rather will form a basis for transition to full and productive employment in the private sector.

While I sincerely hope that the economy of our Nation, or any particular State does not become hooked on CETA, at the same time it is clear this program meets a pressing need, and as a result of the Subcommittee's work will serve to meet that need more efficiently and fairly.

Mr. President, all this has been accomplished through the subcommittee's work, and as I pointed out, these goals have been fostered further by the amendments I submitted.

I ask unanimous consent that the text of these amendments be printed in the RECORD at this point.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1840

On page 10, strike out lines 6 through 10 and insert in lieu thereof the following:

"(D) a detailed description of—

"(A) the methods and institutional arrangements which will be used to involve community based organizations and educational agencies in the development and implementation of the programs assisted under this Act; and

"(B) the methods and criteria which will be used to select such deliverers of services from an inventory of potentially available deliverers of services (which have expressed an interest in writing) maintained by the prime sponsor as records accessible to the public;".

AMENDMENT No. 1841

On page 40, strike out lines 17 through 19 and insert in lieu thereof the following:

"(n) To the extent feasible, public service jobs shall be provided in occupational fields which are most likely to expand within the public and private sector, and to the extent compatible with such objectives, shall meet community needs including but not limited to community betterment activities (including rehabilitation of public properties, assistance in the weatherization of homes occupied by low income families, demonstrations of energy conserving measures including solar energy techniques, and neighborhood revitalization), education, health care, transportation services, crime prevention and control, and environmental quality control.".

AMENDMENT No. 1842

On page 82, line 14, after the period, insert the following new sentence: "Such demonstration and experimental projects and programs are to be conducted, to the extent practicable, in rural and urban areas, in sparsely and densely populated areas, and in areas with inadequate means of transportation.".●

NAVIGATION DEVELOPMENT ACT—H.R. 8309

AMENDMENTS NOS. 1843 THROUGH 1845

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted three amendments intended to be proposed by him to the bill (H.R. 8309) authorizing certain public works on rivers for navigation, and for other purposes.

AMENDMENT NO. 1846

(Ordered to be printed and to lie on the table.)

Mr. LONG (for himself, Mr. EASTLAND, Mr. EAGLETON, and Mr. DANFORTH) submitted an amendment intended to be proposed by him to the bill (H.R. 8309). supra.

NOTICES OF HEARINGS

COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. RIBICOFF. Mr. President, the Committee on Governmental Affairs will hold hearings on May 3, 4, and 5 on S. 2640, the Civil Service Reform Act of 1978. The following witnesses will appear before the committee on May 3, 4, and 5:

Wednesday, May 3:

Dwight Ink, Former Executive Director, Personnel Management Project.

Panel: Frank Weil, American Veterans Committee; Otto Lukert, Concerned American Veterans; George Fredrickson, American Society of Public Administration; Judith Vandegriff, National Association of Commissions for Women.

Thursday, May 4:

Panel: Michael Pertschuk, Chairman, Federal Trade Commission; Douglas M. Costle, Administrator, Environmental Protection Agency; Kenneth T. Lyons, President, National Association of Government Employees; Albert A. Grant, American Society of Civil Engineers.

Panel: George E. Perry, Ethnic Employees of the Library of Congress; Howard Cook, Black Employees of the Library of Congress; Elaine R. Jones, NAACP Legal Defense Fund.

Friday, May 5:

Vincent Connery, President, National Treasury Employees Union; Rudy Weber, Immediate Past President, American Society for Personnel Administration; James D. Hill, National Federation of Professional Organizations; Raymond Nathan, American Ethical Union; Vincent J. Paterno, National President, Association of Civil Technicians; George E. Auman, President, Federal Professional Association.

This will conclude the Committee's Public hearings on S. 2640. Other individuals or organizations who wish to make their views known to the Committee on this legislation should submit written comments to me by May 15 at the following address:

Committee on Governmental Affairs, 3308 Dirksen Senate Office Building, Washington, D.C. 20510.●

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS

● Mr. McINTYRE. Mr. President, I am pleased to announce that the Sucommittee on Financial Institutions of the Committee on Banking, Housing and Urban Affairs, will continue its hearings on S. 2096, the Right to Financial Privacy Act of 1977, and S. 2293, the Electronic Funds Transfer Act of 1977.

The hearings will be held on May 16 and 17, 1978. They will begin at 10 a.m. and be held in room 5302, Dirksen Senate Office Building.

Anyone who wishes further information regarding these hearings should contact Mr. William R. Weber, room 5300, Dirksen Senate Office Building, telephone: 202 224–7391.●

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS PRACTICES AND OPEN GOVERNMENT

● Mr. CHILES. Mr. President, immediately following the oversight hearing on the Government in the Sunshine Act (P.L. 94–409) on Thursday, May 11, 1978, at 9:30 a.m., in room 1318 Dirksen, the Subcommittee on Federal Spending Practices and Open Government will hold an oversight hearing on the efforts to reduce Federal paperwork burdens. Mr. James McIntyre, director of the Office of Management and Budget, will be the only witness at both hearings.

For further information regarding the hearings, please contact Mr. Ronald A. Chiodo, chief counsel and staff director of the subcommittee.●

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS

● Mr. McINTYRE. Mr. President, I am pleased to announce that the Subcom-

mittee on Financial Institutions of the Committee on Banking, Housing and Urban Affairs, will begin hearings on H.R. 10899, the International Banking Act of 1978, which provides for Federal regulation of participation by foreign banks in domestic financial markets.

The hearings will be held on June 14 and 15, 1978. They will begin at 10 a.m. and will be held in room 5302, Dirksen Senate Office Building.

Anyone who wishes further information regarding these hearings should contact Mr. William R. Weber, room 5300, Dirksen Senate Office Building, telephone: 202 224–7391.●

COMMITTEE ON FOREIGN RELATIONS

● Mr. SPARKMAN. Mr. President, I wish to announce that the Committee on Foreign Relations will begin hearings tomorrow, May 3, at 10 a.m., on the President's Middle East arms sales proposals. On May 3, the committee will hear administration witnesses; on Thursday, May 4, at 9:30 a.m., the committee will hear a variety of witnesses, including testimony from representatives of the CIA, General Accounting Office, the Defense Security Assistance Agency and from interested outside organizations; and on Friday, May 5, at 10 a.m., the committee has invited a number of distinguished outside witnesses. The list of witnesses will be announced as soon as arrangements are completed.●

ADDITIONAL STATEMENTS

ABORTION AMENDMENT

● Mr. CURTIS. Mr. President, I ask that a letter dated April 25, 1978 to me from Allen J. Beermann, Secretary of State of Nebraska, and a certificate from said Secretary of State dated April 25, 1978 and Legislative Resolution 152, adopted by the Legislature of Nebraska, be printed in the RECORD.

These documents follow:

DEPARTMENT OF STATE,
Lincoln, Neb., April 25, 1978.

Hon. CARL T. CURTIS,
U.S. Senator,
Washington, D.C.

DEAR SENATOR CURTIS: The Nebraska Unicameral Legislature duly assembled in the 85th Legislature, Second Session has adopted and passed Legislative Resolution 152. Said resolution has as its declared purpose to respectfully petition the Congress of the United States, pursuant to Article V of the United States Constitution, to call a convention for the sole purpose of proposing the Human Life amendment to the Constitution of the United States.

Legislative Resolution 152 was duly adopted and passed on the 21st day of April, 1978.

Pursuant to instructions found in Legislative Resolution 152, I am submitting herewith, a certified copy of Legislative Resolution 152. I trust that you will give appropriate action to the attached resolution.

Respectfully submitted,
ALLEN J. BEERMANN,
Secretary of State.

Enclosure.

STATE OF NEBRASKA,
DEPARTMENT OF STATE.

I, Allen J. Beermann, Secretary of State of the State of Nebraska do hereby certify that the Nebraska Unicameral Legislature duly assembled in the 85th Legislature, Second Session, did officially adopt Legislative Resolution 152.

Further, I hereby certify that Legislative Resolution 152 was adopted on the 21st day of April, 1978 and is signed by Gerald T. Whelan, President of the Legislature and certified by Patrick J. O'Donnell, Clerk of the Legislature.

Finally, I hereby certify that the copy of Legislative Resolution 152 attached to this certification is a true, correct and certified copy of the resolution as it was adopted by the Legislature.

In testimony whereof, I have hereunto set my hand and affixer the Great Seal of the State of Nebraska.

Done at Lincoln this twenty-fifth day of April in the year of our Lord, one thousand nine hundred and seventy-eight.

ALLEN J. BEERMANN,
Secretary of State.

LEGISLATIVE RESOLUTION 152

Whereas, millions of abortions have been performed in the United States since the abortion decision of the Supreme Court on January 22, 1973; and

Whereas, the Congress of the United States has not to date proposed, subject to ratification, a Human Life amendment to the Constitution of the United States.

Now, therefore, be it resolved by the Members of the Eighty-fifth Legislature of Nebraska, second session:

1. That the Legislature respectfully petition the Congress of the United States pursuant to Article V of the United States Constitution to call a convention for the sole purpose of proposing the following article as an amendment to the Constitution of the United States. The proposed article to read as follows:

ARTICLE —

Section 1. With respect to the right to life, the word person as used in this article and in the Fifth and Fourteenth Articles of Amendment to this Constitution applies to all human beings irrespective of age, health, function, or condition of dependency, including their unborn offspring at every stage of their biological development.

Section 2. No unborn person shall be deprived of life by any person, provided, however, that nothing in this article shall prohibit a law permitting only those medical procedures required to prevent the death of the mother.

Section 3. The Congress and the several states shall have the power to enforce this article by appropriate legislation.

2. That this application shall constitute a continuing application for such convention pursuant to Article V of the Constitution of the United States until the Legislatures of two-thirds of the several states shall have made like applications and such convention shall have been called by the Congress of the United States.

3. That this resolution shall be submitted to the Governor for signature in the same manner as a legislative bill.

TESTIMONY BY ASSISTANT SECRETARY OF STATE FOR AFRICAN AFFAIRS, RICHARD M. MOOSE, JR.

● Mr. CLARK. Mr. President, on April 25, 1978, the Senate Foreign Relations Committee conducted hearings on security supporting assistance for S. 2846. At that time, the committee heard testimony from Assistant Secretary of State for Africa, Richard Moose. He announced that South Africa had accepted the Western proposals for a peaceful transition to majority rule in Namibia under U.N. auspices. This is an important breakthrough for the United States and it relates to the administration's requests for foreign assistance which we will soon be considering on the floor. I submit Mr. Moose's testimony for the RECORD.

The remarks follow:

STATEMENT OF THE HONORABLE RICHARD M. MOOSE, JR.

Mr. MOOSE. Thank you, Mr. Chairman.

I believe that the committee has my prepared testimony and with your permission, since that testimony covers other elements of the foreign assistance security assistance request, I will simply briefly summarize the portion of it that has to do with security supporting assistance.

The CHAIRMAN. Your entire statement will be printed in the record.

Mr. MOOSE. Thank you, Mr. Chairman.

We are requesting $45 million for security supporting assistance for Fiscal Year 1979. This includes $20 million for balance of payments support for Zambia; $11 million for assistance in transportation for Botswana; and $14 million for refugees in southern Africa.

Throughout the southern African area we are faced with growing political instability. We are in many ways in a race between our hopes and our fears in this area. We find a mixture of both helpful and threatening elements.

I am very happy to say that I learned just before coming here this morning that the South African government has today accepted the Western plan for independence for Southwest Africa, known as Namibia. This agreement was announced in Parliament this morning by Prime Minister Jon Vorster. It represents a major step forward in the continuous search which we and the other Western members of the Security Council have been engaged in for the past year. It is an extraordinarily constructive and statesman-like step which has been taken by the South African government. It comes on the second day of the United Nations Special Session General Assembly on the question of Namibia. We are hopeful that this development with regard to Namibia may presage a similar breakthrough in our search for a peaceful solution to the question of Rhodesia.

I think there is no doubt that this development in Namibia, if it is reciprocated by a similar unconditional acceptance of the contact group proposals on the part of the Southwest Africa Peoples' Organization, will give a great impetus to the effort which we are making in Rhodesia, which, indeed, is very similar.

Our objective in Rhodesia is to work with all of the parties to find a means, a process, by which the people of Rhodesia, all of the people of Rhodesia, in a free and impartial environment can select their own future political leaders and make decisive decisions about the future of their country, bearing in mind that a shared objective of all of the Rhodesian parties is an independent country, a constitution which embraces not only majority rule but respect for individual rights.

In this process our objective has been to work with all of the parties for a free and fair election. We have no favorites. We favor neither side Our objective is a process which will be free and fair and seen as such by all of the parties and by all of the nations of the area, and regarded by the world as such, so that there can be independence, respect for individual rights and a settlement which will be lasting, solving a decade-old problem for the people of Rhodesia and offering the prospect of peace and stability in that area for the future.

Nevertheless in the interim, while we are continuing our negotiating efforts, we face a situation of immediate political and economic uncertainties. We believe that it is

in our interest to support those areas of stability which exist in southern Africa. It is toward that end that our request to this committee and to the Congress for security supporting assistance for Fiscal Year 1979 is directed.

In Botswana, which is one of the three countries that we propose to assist with the moneys that we are requesting here, we have a nation which is fully deserving of our support. It is beyond question a democratic, multi-racial society, capable of serving the role of model for other countries of the area.

It is, however, a country which is geographically and economically vulnerable.

Nevertheless, its leaders have played a consistently constructive role in support of the peaceful resolution of the Rhodesia conflict.

Zambia, the second of the three countries included in our request, is a key member of that group of states that border Rhodesia and is a key element, a key factor in our ability to find a negotiated settlement to the Rhodesian question.

Zambia has paid a very high price over the years for its support of United Nations sanctions on Rhodesia and a high price for its unswerving support of the cause of racial justice in southern Africa. It is a government which has also been hit and hit hard by depressed copper prices and the disruption of its transport network, a transport network which is disrupted by the political and the military instability of the area.

Growing unrest throughout this area of the world has generated a rising tide of refugees from war and from racial injustice. The United States has, I believe, a very strong and good humanitarian record in southern Africa; but the demands of the situation are increasing daily.

Many of those who are displaced are young, in need of education, in need of vocations, in need of training, to enable them at some point in the future to serve their nations.

We wish to join with other donor nations to provide the schooling, training, health care, and life support assistance for these persons whose lives have been disrupted. We believe that in so doing, we will be making a positive investment in the future of the region.

I would be happy to answer any questions you may have, Mr. Chairman, after the other witnesses have made their statements.●

HUMAN RIGHTS AND THE WITTEVEEN FACILITY

● Mr. ABOUREZK. Mr. President, the Senate will soon consider S. 2152, a measure which authorizes U.S. participation in the proposed supplementary financing facility of the International Monetary Fund, more commonly known as the Witteveen facility. This facility would have assets of roughly $10.5 billion, $1.7 billion of which would come from the United States. It would be used to provide financing for those IMF members whose balance-of-payments deficits are large in relation to their IMF quotas. The House version of S. 2152, H.R. 9214, was approved several weeks ago by a vote of 267 to 125. The House version contained a human rights amendment sponsored by Representative TOM HARKIN of Iowa.

Mr. President, when S. 2152 comes to the Senate floor, my distinguished colleague from Oregon, Senator HATFIELD and I intend to offer an amendment that is essentially the same as the Harkin language. A great deal of support has already been expressed for this amendment by many groups familiar with the IMF's role in the international monetary system. Recently, I received a letter signed by several prominent groups that did a good job of setting forth the content and objective of, as well as the need for, this amendment. I ask that a copy of this letter be printed in the RECORD following these remarks.

(See exhibit 1.)

Mr. ABOUREZK. The amendment would not interfere with the normal day-to-day operation of the Fund in general nor the Witteveen facility in particular. Its objective is as simple as its need is great—to impress upon the U.S. representatives to the Fund the importance of evaluating each Fund transaction in terms of its potential impact upon the human rights of the citizens in the borrowing countries.

This amendment does not preclude the formulation of stabilization programs that may often require a borrowing country government to impose austere controls over its economy. It does, however, instruct the U.S. executive director to work with the rest of the executive board members in formulating stabilization programs that would more effectively distribute the burdens of these countries as evenly as possible among all the income groups in the borrowing country. Currently, these hardships are all too often borne to a disproportionate extent by the poor in borrowing countries, causing unjust deprivation both in terms of basic needs and human rights. Not only is this unjust, in the long run, it is economically inefficient and politically destabilizing.

One of the amendment's provisions instructs the U.S. representative to do his best to see that the Fund's stabilization programs "foster a broader base of productive investment and employment," especially that designed to meet basic human needs. Implicit in this instruction is the understanding that a borrowing country should make every possible effort to apply IMF funds to uses that can be expected to generate positive economic returns to that economy over the long term. Some IMF transactions in the past can be called into question on the basis of this criteria. A recent article by Jim Morrell of the Center for International Policy does an excellent job of evaluating one instance of the IMF lending to South Africa which raises some doubt as to both the necessity of the loan and the use to which it was applied. I ask that the article be printed in the RECORD at the close of my remarks.

(See exhibit 2.)

Mr. ABOUREZK. One last provision of the amendment which may someday prove to be the most valuable is the requirement that the U.S. Governor make an annual report to Congress evaluating the impact of the facility's loans on the ability of the borrowing country to meet basic human needs and respect its citizens' human rights.

Mr. President, this amendment is needed. The human rights language we are proposing is a legitimate exercise of congressional authority and its oversight responsibilities.

I sincerely hope that the rest of my colleagues will join us in this meaningful expression of concern by Congress for the rights of the underrepresented poor.

EXHIBIT 1

WASHINGTON, D.C.,
April 20, 1978.

Hon. JAMES ABOUREZK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ABOUREZK: We are deeply gratified to learn of your intention to offer a human rights and human needs amendment to S. 2152, the bill to authorize U.S. participation in the Witteveen supplementary financing facility of the International Monetary Fund. It is our understanding that your amendment is essentially the same as the one offered in the House by Representative Tom Harkin and adopted on February 23 by a voice vote.

For some time, field workers in church related assistance/development agencies have been aware that the economic hardships associated with Fund related reforms are often concentrated among the poorest people in the developing nations. While we recognize that certain internal economic reforms are necessary to counteract short term balance of payments difficulties, we believe that simple justice requires that the burden of these reforms be shared equitably.

Your proposed amendment would address this problem by requiring the U.S. representatives to the Fund's Governing Board to work for stabilization programs which, "to the maximum feasible extent, foster a broader base of productive investment and employment, especially in those productive activities which are designed to meet basic human needs."

The proposed amendment would further require the U.S. representative to take all possible steps to insure that Fund transactions, "do not contribute to the deprivation of basic human needs, nor to the violation of basic human rights."

Finally, in order to promote "a better understanding of the social, political and economic impact of the Fund's stabilization programs, "the amendment would require the U.S. Governor of the Fund to provide Congress with an annual evaluation of the human rights and human needs impact of the Fund's transaction over the preceding year.

In our view, the proposed amendment would do nothing to impede implementation of Fund directed reforms, but it would do much to insure that any hardships entailed in those reforms would be borne fairly by all the citizens of the borrowing country. We applaud your initiative in introducing this amendment and hope that the Senate will adopt what you have proposed.

GEORGE A. CHAUNCEY,
Chairperson, Interreligious Taskforce on U.S. Food Policy.

CAROL COSTON, O.P.,
Executive Director, Network.

GRETCHEN EICK,
Policy Advocate, Office for Church in Society, United Church of Christ.

WILLIAM L. WIPFLER,
Director, Human Rights Office, Division of Overseas Ministries, National Council of Churches of Christ in the U.S.A.

J. BRIAN HEHIR,
Associate Secretary for International Justice and Peace, U.S. Catholic Conference.

PETER HENRIOT, S.J.,
Director, Center of Concern.

EDWARD SNYDER,
Executive Secretary, Friends Committee on National Legislation.

ARTHUR SIMON,
Executive Director, Bread for the World.

EXHIBIT 2

UNDERWRITING APARTHEID

On November 9, 1976, the UN General Assembly voted to request the International Monetary Fund, a specialized agency of the UN, to "refrain forthwith from extending credits to South Africa."

On November 10, 1976—one day later—the IMF approved a $186 million credit to South Africa. Together with previously approved loans, that brought the IMF's total credits to South Africa up to $464 million—more than to the rest of black Africa put together.

This sequence of events shows that whoever does set policy for the IMF, an international lending agency with resources of over $30 billion, it is certainly not the UN General Assembly. The official word is that the IMF makes its own policy, guided only by its Articles of Agreement, framed at the historic Bretton Woods, New Hampshire, international monetary conference of 1944. The articles say that the purpose of the IMF is to "promote monetary cooperation" in the world, prevent exchange restrictions, and provide member nations with temporary loans to help them overcome balance-of-payments difficulties. Which nations are to get these loans, and in what amounts, is said to be determined by the size of the member's original contribution to the IMF and by other exceedingly complex rules as interpreted by the Fund's executive board and staff. (The executive board is made up of directors from all the IMF's 132 member nations, with smaller nations sharing directors. The United States controls 23 percent of the vote, the largest share of any single nation.)

The IMF's image, then, is that of an economic decision-making body working on the basis of financial data and mathematical formulas. Thus, if South Africa got more money than the rest of black Africa put together—indeed, more money than any other country in the world except Great Britain and Mexico—it was simply because the technicians at the Fund determined that South Africa had a larger quota and greater objective need than other nations. In any event, it was a purely technical, purely economic decision. Such is the explanation offered uniformly by the IMF, the U.S. Treasury Department, and South Africa itself.

However, a reading of the confidential minutes of the executive board's November 1976 meeting on aid to South Africa tells a quite different story. It reveals that the IMF, far from being bound in its decisions by purely technical criteria, seems to adjust its "facts" to serve its own purposes. At that meeting, the directors for West Germany, Italy, Spain, Portugal, and Malta accused the Fund's staff of rigging statistics to favor South Africa's case for aid. Lamberto Dini, the Italian executive director, found the staff's calculations "suspect" because their estimate of South Africa's expected export shortfall (the figure used to justify South Africa's case for aid) appeared to equal exactly the amount—50 percent of quota—requested by South Africa. Eckard Pieske of West Germany also found this coincidence remarkable and flatly stated that the projected shortfall had been "tailored to the size of the requested drawing." Despite this, the IMF executive board, including Pieske and Dini, approved South Africa's request. (Ironically, later events bore out the staff's projections.)

Rigging the statistics was only the most sensational issue raised during the IMF meetings on South Africa. At an earlier meeting on January 21, 1976, several of the directors discussed the question of South Africa's huge gold reserves and whether these reserves obviated the need for the Fund's balance-of-payments assistance. "South Africa had at its disposal one of the world's largest gold stocks," said Jacques de Groote, the director for Belgium, Austria, Luxembourg, and Turkey. With the recent increase in gold prices, he continued, a naive outsider might even expect South Africa to contribute to the IMF rather than seek its aid. Of course the naive outsider would not be aware that South Africa could not sell its gold at will for fear of disrupting the world gold market. But South Africa could still use its gold as collateral for other loans to cover its balance-of-payments deficit, he said. "It could be argued that the current account deficit expected in 1976 was not entirely beyond the control of the authorities," he concluded.

Antoine W. Yameogo of Upper Volta, speaking for 17 black African nations, also touched on this point. South Africa valued its gold reserves at the official price of $42 an ounce, he complained, while the market price was $130 an ounce. Valued at the market price, the reserves amounted to $2.7 billion, or the equivalent of about six months' import. (Three months' cover is generally considered adequate.) South Africa could manage its short-term problem, he said.

While European and African delegates representing a total of 22 nations expressed various reservations, the IMF aid package to South Africa drew the unconditional support of the U.S. and British directors and passed easily. Thomas Leddy, the alternate U.S. director sent by the Ford administration (and still serving today) made a particular point of endorsing the South African request and found the staff's handling of the statistics to be entirely reasonable. The Brtiish director, Peter Bull, was even more enthusiastic in his support for IMF aid to South Africa, saying the aid would among other things give the South African authorities "some feeling of international support," which in his opinion they deserved.

As a grisly footnote to these meetings, an April 1977 IMF economic study said that the budgeted increase in South Africa's military spending in 1976/1977 came to $450 million. The amount of the Fund's assistance was $464 million. (This assistance is fungible, and can be used for military or any other purposes.) Indeed, military spending was an important—if unacknowledged—factor in South Africa's original aid request. The major component of the South African government's overspending which, through an indirect process, led the government to request aid from the IMF, was a massive and continuing increase in the defense budget. From 1972 to 1975, defense expenditures rose by 97 percent in real terms. For 1976/1977 another real 25 percent increase in defense expenditure was budgeted. An April 1977 IMF study noted:

In order to accommodate an increase of close to 40 percent in defense expenditure [in nominal terms] and to ensure at the same time that total government expenditure would not increase in real terms, other government expenditure was budgeted to rise in 1976/77 by only 6 percent in nominal terms and thus to decline substantially in real terms.

For the 1977/1978 budget, the IMF study reported another defense expenditure increase of 21.3 percent—to $1.9 billion—while nondefense expenditures again declined in real terms. "Defense expenditure has been a major cause of the rapid increase in total current expenditure," the IMF accordingly concluded in its confidential study, and in turn this rapid increase in government spending led to record budget deficits of 6.8 percent of gross national product in 1975 and over 7 percent of GNP in 1976.

These massive budget deficits fueled inflation in South Africa because the government was in effect printing money to pay for more weapons. From 1971 through 1975, the supply of money and near-money increased at an approximate rate of 20 percent a year. In turn, this inflation caused balance-of-payments problems as South Africa tried to peg its exchange rate and to maintain currency value through foreign borrowing, import taxes, and other restrictions on trade. Although the IMF study does not give a figure for South Africa's arms imports—understandably a very sensitive subject—the study does report "increases" in expenditures on defense equipment" as a cause of balance-of-payments and terms-of-trade problems in 1976. Defense expenditures leading to budget deficits, budget deficits leading to inflation, inflation leading to balance-of-payments problems—this is the indirect path by which South Africa arrived at the IMF's door; in addition there was the direct increment to the balance-of-payments deficit caused by rising arms imports.

The IMF's favorable action on South Africa's requests took place during the Ford administration, when United States policy, under Secretary of State Henry Kissinger, emphasized the carrot rather than the stick in dealing wih South Africa. In 1977 South Africa drew down a further $98 million under the terms of its standby arrangement, to bring the two-year grand total up to $464 million. Of the $98 million collected in 1977, $42 million was received in January under the Ford administration and $56 million in June as the Carter administration entered its fifth month.

What has been the policy of the Carter administration toward IMF loans to South Africa? Interviewed for this article, Undersecretary of the Treasury Anthony Solomon said he had not even been aware that South Africa was getting any money from the IMF in 1977. Since South Africa was only drawing upon a loan that had been previously approved, he was not informed. Yet Solomon was the Carter administration's chief spokesman for the new $1.7 billion U.S. contribution to the IMF passed by the House in February. Solomon declined to reveal the Carter administration's position on future South African aid requests. Still, although it would not state its own policy, the administration opposed any attempt by Congress to attach a human rights amendment to the IMF bill as an "attempt to introduce noneconomic factors into IMF decisions." The House passed the amendment anyway.

It is still too early to tell whether the human rights amendment on the bill will work. The amendment as passed leaves a great deal of discretion to the U.S. director on the IMF board, and in private discussions on Capitol Hill the current director, Sam Cross, and his alternate, Thomas Leddy, made it clear they are not interested in pursuing human rights through the IMF.

But it is not Congress that is injecting politics into IMF decisions; political factors are already present in IMF deliberations. For example, when Vietnam applied to the IMF last year for a $36 million loan, the United States was the only country to oppose it—but it couched its political objections in purely economic terms. Also, both Great Britain and the Scandinavian delegates formally abstained on two IMF loans to Chile in 1976 because of that country's dismal human rights record. The directors and staff of the IMF have developed a remarkably Aesopian language whose function is to disguise political decisions by using economic terms and to maintain the fiction of the institution's purely technical, purely economic character. In reality, nothing in the world is more political than money, and the IMF, one of the most aloof and untouchable institutions in Washington, is also one of the most political.●

TEXAS SMALL BUSINESS AWARD WINNER

● Mr. TOWER. Mr. President, I am pleased to take the opportunity afforded

by the President's proclamation of National Small Business Week to express my appreciation for the contributions of small business to our country.

It is also a pleasure to pay tribute to the Texas Small Business Person of the Year, Adrian E. Baca of Anthony, Tex.

Our country and our prosperity have been built upon the values underpinning small business entrepreneurship.

Small business has provided creative opportunities through which countless Americans have found self-fulfillment.

For many generations it has meant a means for upward mobility.

In today's largely impersonal market it provides a human force.

Economically, small business has played a critical role in the process of innovation. In Texas individual entrepreneurship was epitomized by such resourceful wildcatters as C. M. "Dad" Joiner who defied the predictions of the geologists and discovered the East Texas oil field near Turnertown and Joinerville in Rusk County, Tex.

It is fitting that the award this year should go to Adrian E. Baca who has contributed to the increase of the economic welfare of his community.

The SBA announcement noted that Adrian Baca is a citizen of the United States by choice, not by chance as he was born in Juarez, Chihuahua, Mex. Later, he helped his father build a business from a sidewalk vending stall to a well established grocery store on South Stanton Street in El Paso, Tex. Presently, Mr. Baca is the president and owner of La Feria Park 'n Shop, Inc., and president of AFB Enterprises which he opened in the small town of Anthony, Tex., in 1961. Recognizing his many civic contributions to the community, the people of Anthony elected Adrian Baca as their mayor.

To Mr. Baca, I express my thanks to you for your economic and social contributions to your community and the State of Texas.●

TEENAGE PREGNANCY

● Mr. HATHAWAY. Mr. President, I am pleased to join my colleague, Senator KENNEDY, in introducing S. 2910, the Adolescent Health, Services and Pregnancy Prevention and Care Act of 1978.

Nearly 13 million of the 60 million women in the world who became mothers in 1975 became parents before they became adults. The teenage childbearing rates in the United States are the fourth highest among industrialized nations, and indeed, higher than many less developed nations. Adolescent childbearing is becoming an alarming problem, often involving serious health and socioeconomic complications in the lives of these young mothers, fathers, and their children.

This bill addresses the need of adolescents for information and education to prevent initial and subsequent pregnances, strives to assist those who are already pregnant with both prenatal and postnatal health care and support services, to help them remain in school, and become productive and contributing members of society. Finally, it provides for education of those who choose to keep their children to assist them in becoming responsible parents.

The bill intends to fulfill these goals by authorizing grants to public and nonprofit private agencies to help communities support and coordinate services and programs relating to pregnancy. With the emphasis of this bill on the prevention of pregnancy, these funds may not be used for abortion—the purpose is to provide alternatives to abortion.

The statistics which underscore the need for increased services are truly alarming.

Of the 21 million teenagers in the United States between the ages of 15 and 19, 11 million—a little more than half—are sexually active. Further, one-fifth of the 8 million 13-and-14-year-old youths in this country are estimated to have had sexual relations. These teenagers are no longer traditionally confined to minorities and to those of a lower socioeconomic status, but include teenagers from higher income and nonminority groups.

One million young women aged 15 to 19 and 30,000 girls under 15 become pregnant each year, resulting in over 600,000 births. The out-of-wedlock birth rate has declined among women aged 20 to 24, but has increased among women aged 14 to 19, with the result that for the first time since 1961, the birthrate among single 18 to 19 year olds is higher than that of 20 to 24 year olds.

For those teenage parents who marry, studies have shown that divorce or separation are two to three times higher than in marriages of people in their early twenties. The combination of the strains of adolescence itself, family responsibility, and economic instability are often too much for a young marriage to bear.

Mr. President, a realistic and sad analysis of the limited life choices of the teenage mother appeared in volume 30 (1968) in the Journal of Marriage and the Family. It was written by Arthur A. Campbell and entitled "The Role of Family Planning in the Reduction of Poverty." I ask that it be printed in the RECORD at this point.

The analysis follows:

The timing of the first birth is of crucial strategic importance in the lives of young women, because the need to take care of a baby limits severely their ability to take advantage of opportunities that might have changed their lives for the better. In this regard, the problems posed by births to unmarried women are especially serious. The girl who has an illegitimate child at the age of 16 suddenly has 90 percent of her life's script written for her. She will probably drop out of school; even if someone else in her family helps to take care of the baby, she will probably not be able to find a steady job that pays enough to provide for herself and her child; she may feel impelled to marry someone she might not otherwise have chosen. Her life choices are few, and most of them are bad. Had she been able to delay the first child, her prospects might have been quite different, assuming that she would have had opportunities to continue her education, improve her vocational skills, find a job, marry someone she wanted to marry, and have a child when she and her husband were ready for it. Also, the child would have been born under quite different circumstances and might have grown up in a stable family environment.

Mr. HATHAWAY. Teenage mothers do not often have the skills necessary to support themselves, or to compete in the working world. It was found in New York in 1973 that 85 percent of those who became mothers when they were 15 to 17 years old had not completed high school. Nine out of ten of those who have a child at age 15 or younger never complete high school either, and more than 4 in 10 never get beyond the eighth grade. Female teenage dropouts most often give pregnacy as the reason for leaving school. And although legislation and regulations have confirmed the right of teenage mothers to an education, teachers and counselors often encourage pregnant students to leave school.

Therefore, due primarily to a lack of skills and secondarily to a lack of infant day care centers, teenage mothers are less likely to work and more likely to be on welfare. The younger the mother, the higher the risk of poverty for her family, so just in terms of economics alone, it makes sense to prevent teenage pregnancies.

Beyond these overall educational, social and economic considerations, we must realize that because very young women are biologically too immature for effective childbearing, there are serious hazards directly related to the health of the mother and to her child. The risk of death in the first year of life is 2 to 3 times higher for babies born to teenage mothers than to mothers in their early twenties. Also twice as high among babies born to teens is low birth weight. This is a major cause of infant mortality and birth injuries such as neurological defects which may involve mental retardation.

Not only does the child of a teenage mother have a higher risk of defect or death than a child born to an older mother, but the teenage mother herself is more likely to suffer complications of pregnancy, or death, due to the depletion of nutritional reserves needed for her own growth.

Mr. President, the evidence supporting the need for legislation to prevent unwanted teenage pregnancies is overwhelming. I cannot emphasize enough our responsibility to recognize this problem, and to provide the help and support which our teenagers need as alternatives to abortion. We must be realistic, and as the "parents" of this Nation, do what must be done to insure the mental, physical, educational and economic health and well-being of the generations who are now struggling toward adulthood, and toward the ultimate responsibility of our future society. I look forward as a member of the Committee on Human Resources to the consideration of this legislation.●

GOVERNMENT REGULATIONS

● Mr. BELLMON. Mr. President, I am sure my colleagues in the Senate share my concern for the growing number of Government regulations which seem to be multiplying daily. They have become

a source of increasing dissatisfaction among the American public and especially the small businessman.

This is not to say all regulations are needless, nor am I implying that many regulations are not beneficial to the welfare of our citizens. However, frequently Congress passes laws, which once interpreted by regulation authors, become completely unrecognizable to the same legislators who sponsored their passage.

Mr. Richard L. Lesher, president of the Chamber of Commerce of the United States, has successfully conveyed in his article, "Mr. Crusoe Discovers Government Regulations," the effect many of the needless regulations can have on individuals. His is a light-hearted attempt to emphasize the all-too-serious and growing problem of superfluous Government regulation.

Mr. President, I ask that Mr. Lesher's article be printed in the RECORD.

The article follows:

MR. CRUSOE DISCOVERS GOVERNMENT REGULATIONS

(By Richard L. Lesher)

Suppose you found yourself shipwrecked on a remote island, like Robinson Crusoe. Your survival would depend on your ability to get enough water and food, and perhaps shelter as well.

Let's say you need one fish a day to live, and that's about what you can catch with your bare hands or a primitive spear. Under these circumstances, you'd have to spend all your time working just to avoid starvation.

But one day, through luck or extra hard work, you catch two fish and dry one. Now you have something in the bank. You can take the next day off, or put the time to some other use. Being smart, you use the day to make a fishing net.

That extra fish you saved is your "capital" and the net is a capital investment. Thanks to the net, you can catch a whole week's worth of fish in one day. That leaves you time to build a hut, make a bow and some arrows, explore the island, and do some hunting.

While exploring you run into Friday, your native companion. Friday has a lot of dried fish, some of which were left to him by his late grandmother.

It occurs to you that if Friday lent you fish to live off of, you might have enough time to raise a crop of corn and domesticate some of the wild animals. You suggest this to Friday. "What's in it for me?" he wants to know. You agree to repay the fish (or the equivalent in corn, goat's milk or pork), plus something extra for his trouble and risk. That's interest. And interesting enough, you are both planning to gain from the use of Friday's capital.

Your experiments (research and development) are successful. The farm works. Since Friday seems to be a better fisherman, you leave that to him and concentrate on the farm (specialization of labor). Soon, a regular trade is going between the two of you.

Neither of you is working any harder than before, but now you both have plenty of food, the luxury of variety, and a "surplus" which can be consumed at leisure or invested in further capital improvements. In other words, you have become much more "productive," thanks to capital investment, research and specialization. Because of this growth in productivity, you have a higher standard of living.

Then along comes the island government (don't ask from where). In return for half of your output, they provide you with certain services.

Some of these services increase your productivity: The government agricultural expert teaches you how to grow more corn per acre. The road-builders clear a better path between your place and Friday's. And so on.

But others have the reverse effect: The Worker Safety Bureau says you have to stop using your bow—its string might break and hurt you. The Housing Department says your hut is not strong enough to resist a hurricane and must be rebuilt. The Pure Food Agency says all of your food will have to be inspected before you can trade it with Friday. And so on.

All of these rules have a negative, but bearable, effect on your output. Poor Friday, however, is hit much harder. The Preservation of Cute Fish Administration informs him that what he is catching has been declared a Cute Fish and is therefore protected. He must catch something else. But nothing else is as plentiful or as easy to catch.

Friday's productivity plummets. Obviously this affects Friday. But it affects you, too. He has less to trade for what you produce, and you are producing more corn than you want to use yourself. So, you are no longer able to collect in fish the full benefit of your own production.

Friday will probably raise the price of his fish. And you will probably continue to buy some. But you may also ask yourself, "Why work so hard?" So you cut back your output and spend more time walking on the beach.

Thus, the net effect of the government regulations has been to reduce Friday's productivity and yours, too. Total production is down. Now you both have a lower standard of living.

Are all of the intangible government benefits worth the cost? That's something only you and Friday can answer. But it's a question that needs to be asked. And that's no fish story.●

A STRATEGY OPTION FOR THE COMMERCIALIZATION OF ALCOHOL FUELS

● Mr. ABOUREZK. Mr. President, the interest in the production of alcohol fuels from renewable resources appears to be genuine and sustainable. In Congress, especially, as Eliot Janeway pointed out in a recent article in the Washington Star, "the idea of alcohol fuel is gradually taking a hold." Yet, there is still a great deal of opposition that will have to be overcome before the commercialization of alcohol fuel is a reality. Unfortunately, much of this opposition emanates from high places and is extremely difficult to surmount.

Because the technology for deriving alcohol fuels from renewable resources is here today and needs only refinement, the opponents of its development have been forced to attack it on the grounds that it is not cost competitive with regular gasoline. Little mention is made of how heavily subsidized the petroleum and nuclear industries have been by Federal Government in order to get those two industries where they are today. Even without such subsidies, as Mr. Janeway points out—

The cost of penalty of mixing alcohol with gasoline is peanuts alongside the cost of appeasing OPEC, devaluing the dollar, or taxing fuel consumption.

Mr. President, the Janeway article also examines the linkage between alcohol fuels development and the price depressing grain surpluses that periodically plague this Nation's farm sector. In this context, he lays out an interesting bargaining strategy that deserves to be added to the alcohol fuels commercialization debate. I ask that the article be printed in the RECORD.

Thank you.

The article follows:

[From the Washington Star, Apr. 23, 1978]

"PLOY" ON ALCOHOL FUEL OFFERS DOUBLE BENEFIT

(By Eliot Janeway)

The idea of alcohol fuel is gradually taking hold. As so often happens, pressure is mounting to do the right thing, but in the wrong way and for the wrong reason.

The energy problem brought forth the alcohol idea; and the supposition that there was, is, or will be an oil shortage has been feeding it. Though the oil shortage scare is beginning to fade away, the push for alcohol play is gaining momentum.

The residual half-truth behind the illusion of an oil shortage is the reality—for Americans, at least—of extortionate oil costs. Other oil-importing countries, more attuned to the exigencies of survival, have mobilized pragmatic methods of minimizing their oil cost inflation.

Falling back on alcohol is the effective way to stretch the national fuel supply and certainly to satisfy the popular demand to lessen our dependence on oil imports. The increasing popularity of the idea is typified by feature articles in the New York Daily News confirming what I have been advancing for four years: That alcohol mixed with gasoline in the ratio of 1:10 burns cleaner than conventional gasoline and is just as efficient.

Moreover, the use of "gasohol," as this mix is called, prevents the need for the weight-inflating, and consequently, cost-inflating gadgetry now overloading cars to prevent pollution.

The Government, which is talking such a good game against inflation, is itself directly responsible for inflating the cost of cars, which are essential tools of work for average Americans.

If the administration had gone the alcohol route, cars would be cheaper and the atmosphere cleaner; octanes would be higher, too. Instead, the regulators have forced costly antipollution devices on the manufacturers, who don't know how to deal with government agencies, and on their customers, who are running out of money.

Now that the media and the members of Congress are taking it up in a big way, alcohol is clearly an idea which is ready to be assessed. The beauty of alcohol as a backup source of fuel springs from its real and indeed, almost universal availability. It is one of the oldest products of technology and one of the simplest. It can be produced from minerals, grains, vegetation—even garbage.

Ironically, the case for burning alcohol with gasoline is not that it will cut costs. Alcohol does entail a cost penalty—but how much depends on its source.

Precisely because of this, alcohol was made to order for Carter's simplistic approach to the energy problem: It offers more domestic supply, from domestic sources, at somewhat higher cost.

To be sure, the cost penalty of mixing alcohol with gasoline is peanuts alongside the cost of appeasing OPEC, devaluing the dollar, or taxing fuel consumption.

Carter's pollster, Pat Caddell, had recommended the strategy of picking a fight with the oil companies even if this meant accepting direct responsibility for higher consumer fuel costs by plumping for excise tax increases.

Carter could have made more mileage following Caddell's advice by making the alcohol play at the outset of his administration instead of falling for the shortage myth.

This would have raised fuel costs less than he is still demanding and would also have given him a quick and easy win over the oil companies.

It was Caddell who carried over a bias against the oil companies from his ill-fated masterminding of the McGovern campaign. When he started to handle Carter, Caddell proceeded on the premise that any policy targeting the oil companies as today's malefactors of great wealth would score big with the folks.

This easy opportunism glossed over the distinction between money and wealth. The oil companies have lots of money and will keep it—provided they come under no pressure to develop their remaining wealth, embodied in their reserves of various fuels.

OPEC has pushed them out of the profitable part of the oil business. The profiteering has been OPEC's; the oil companies never made money on transportation, manufacturing or marketing even while they still owned their cheap reserves, and even before the cost of the crude they need to import began to come down.

One fight against the oil companies, however, needs to be made, and that is on the alcohol issue. It's time to press the oil companies to change their refining methods in order to produce more by-product alcohol from the sludge now left over from the extraction of commercial products. This would lower the tonnage of by-product petrochemicals and plastics saturating the market; these are in a perpetual price war and the profit margins on them are minimal, at best.

The problem for Carter, in nudging the refinery managements to change their ways and vary their product mixes, is that such a switch to pragmatism would collide with his road-show about tax reform.

On the tax front, he is bamboozled by still another myth: That tax reform will produce a harvest of tax revenues. In fact, what would do this are tax incentives to absorb the manageable cost penalty involved in mass-producing alcohol at existing oil refineries. But any such switch on Carter's part would be out of the question for two reasons: (1) he would lose face, and (2) it would work. Never mind the pragmatic consideration that Congress has already given him a lead by voting a 4-cent-a-gallon excise tax credit for the alcohol content of gasohol.

At any rate, Carter is stuck with the scare he has promoted of a prospective if not yet actual oil shortage, as well as with his proprietary demagoging against oil imports and for consumption austerity.

He has neglected the alcohol play even to the point of failing to use the appropriations he inherited for research and development. In fairness, this is probably due more to ignorance than perversity.

Like the recurrent myth of oil shortage, the idea of diverting grain to the alcohol play for a history. At the worst of the wartime dislocations following Pearl Harbor, Sen. Guy Gillette of Iowa, chairman of the Senate Committee on Agriculture, conceived the reasonable enough strategy of putting on a double play to get rid of gas ration coupons as well as the grain surplus which was backing up because the Farm Belt's export markets had fallen into enemy hands.

But then Harold Ickes, the redoubtable Secretary of the Interior, bulled through the Big Inch pipeline from Texas to the Atlantic Seaboard, and that oil shortage scare faded away. The Nazi submarine pack found itself technologically unemployed.

The prototypical scheme for matching up an oil shortage and a grain surplus, and using each problem as the solution for the other, was aborted.

Superficially, the recurrence of both problems offers a second chance to pull off the coup now being talked up.

There is, however, a more sophisticated and effective way to mount an alcohol counteroffensive on two fronts at once, against our foreign oil suppliers, who are bluffing us into paying exorbitant prices, and against our chintzy foreign crop customers, who are bluffing us into accepting unbusinesslike discounts for what they need at any price.

This strategy does indeed call for us to go full speed ahead with the alcohol play. But it also calls for us to think of it more as a ploy than as a play. Doing so need in no way impair its plausibility.

On the contrary, the very process of laying out the alternatives for the farm export customers who have been having a party at the expense of our farmers and, therefore, of all of us, would jolt them into recognizing that they have been what our British friends call "too clever by half" in dealing on our farm futures markets.

Advocates of dedicating our grain surplus to fuel run into standard arguments.

Cost is only the first; and, of course, if the oil shortage were for real, and the OPEC price spiral were still on, this would be an increasingly flimsy objection. But as it is, the availability of alcohol from oil refinery derivatives maximizes the cost objection to using grain rather than minimizes it—especially with the Treasury's borrowing needs going through the roof, and the Miller Fed pushing interest rates up even faster than the Treasury is bidding them up with obvious inflationary consequences.

Curiously enough, the second objection to redirecting our uncomfortable grain surplus is that we don't have enough grain to do it.

At first blush, this resistance to the idea seems perverse, and it certainly is provocative to our depressed and discouraged farmers. After all, the object of the exercise is to absorb a farm surplus that was merely burdensome, is now intolerable, and is well on its way to becoming ruinous.

If the purpose of policy were to solve any single problem in a logical vacuum, there's no doubt that using the grain deflation to reverse the oil inflation would put grain prices up and bring oil costs down. But policy planning is multidimensional; specifically, it encompasses our foreign dealings as well as our domestic operations. The purpose of using alcohol to improvise a trading ploy abroad, instead of to make a back-scratching play at home, is to invite our foreign customers to reflate our farm income, while mobilizing oil-derived alcohol flows to deflate our fuel costs.

Here's the way to go about it, now that the gasohol idea is at last taking hold and the farm crisis won't go away.

Begin by making a naively calculated approach to all our sophisticated grain export customers. Take them into our confidence. Tell them that public support for gasohol is building, that a "for keeps" commitment to mass produce it makes sense, and that we mean to go ahead with it.

Then lay out the alternatives for our grain customers, remembering that the most successful trading ploys are low-key exercises in relaxation, or offers which are impossible to refuse.

Tell them that we have the choice of going the grain route to alcohol or falling back on our oil refineries as a reservoir. Ask our trading partners to help us decide which source of raw material to rely on for our alcohol.

Explain that once we commit ourselves to grain, as an act of desperation regardless of the cost penalty, they—or customers!—will be stuck with the consequences.

For the day we let them panic us into taking this momentous step against our farm depression, our grain will be gone for them to use. We would not have enough even to feed our own alcohol refineries a-building.

Our carburetors would not know whether the alcohol burned in them came from grain or oil. Our farm surpluses would melt, no matter whether our grain went out in export cargoes or into domestic alcohol refineries not yet on the drawing board.

But our shrewd crop customers on the other side of the poker table would. For the alcohol play, which seems so sensible for us to make, would be fatal for them, once they let it go past the point of a ploy.

There's a simple move for us to make to find out how long our grain customers propose to bluff us into carrying the grain inventories they need to commit.

It's to give them a chance to make five-year requirements contracts at prices and on terms that will give American farmers parity—that is, parity paid for by the only underwriters American agriculture can have or need worry about: Our grain-poor, cash-rich foreign customers.●

SENATOR GARN AND JUDICIAL REFORM

● Mr. LUGAR. Mr. President, I take this opportunity to call the attention of my colleagues to a letter to the editor. written by Senator JAKE GARN, which was printed in yesterday's Washington Post.

This letter is indicative of Senator GARN's vocal and consistent support for judicial reform.

The recent experiences of the Utah District Court have given each of us cause to contemplate change in our judicial system, and Senator GARN speaks from a most credible position when advising on this issue.

Mr. President, I request that Senator GARN's letter to the editor be printed here, immediately following my remarks.

On Sunday, April 23, 1978, the Washington Post published an article entitled, "What Can Be Done About Unfit Judges." The authors of this article, Clark Mollenhoff and Greg Rushford, have written an interesting and thoughtful piece. I request that the text of this article also be printed here in the RECORD.

The material follows:

ON REMOVING UNFIT JUDGES FROM THE FEDERAL BENCH

For several years I have been an outspoken critic of the late U.S. District Judge Willis W. Ritter and of the system and tradition of American jurisprudence that effectively insulates a federal judge from all complaints and any discipline. Without surrendering the critical concept of an independent judiciary, we must establish a system that allows for impartial review and, when necessary, censure of a sitting federal judge. The Judicial Tenure Act, now pending in the Senate Judiciary Committee, provides a system of discipline within the Judicial Branch itself and it is urgently needed. The article by Clark Mollenhoff and Greg Rushford ["What Can be Done About Unfit Judges?; Only Four Have Ever Been Removed From the Federal Bench," Outlook, April 23] provided some helpful background material on the general problem, and the Ritter problem in particular.

A few months before Judge Ritter's death in March of this year, the Department of Justice and the State of Utah both petitioned the Judicial Council of the Tenth Circuit for an order barring Judge Ritter from taking any further action in any criminal or civil action in which they were a party. Those petitions were without precedent, and they were the culmination of nearly three decades of turmoil in the District

Court for Utah. The petitions represented a non-partisan attempt to achieve a reasonable solution to a difficult situation in which few avenues of relief are available.

The problem with the proposed solution was that even if it had been granted it would have benefited those litigants who are best able to represent themselves in court. What about those litigants who do not have the resources of the Department of Justice or the State of Utah? Would they have been herded into Judge Ritter's court to fill the calendar dates opened when the Tenth Court granted the petitions of the United States and the state? If so, the individual litigant would have been appearing before a federal judge whom the Department of Justice had charged "conducts his business in a way that exceeds his authority and brings the federal courts into disrespect; neglects governing cases in the Tenth Circuit, has contempt for the judges of that court, and conducts his business in order to avoid appellate review of his decisions; and conducts the business of his court in a manner which has destroyed public confidence in his ability to administer justice" (*United States* v. *Ritter*, Petition for Writ of Mandamus or Prohibition).

I supported the filing of the writs because they were a significant and too-long delayed step toward equal justice, but the availability of this potential remedy is not adequate to the task of judicial discipline. As a cosponsor of the Judicial Tenure Act, I trust that it will be adequate.

In 1821 Thomas Jefferson wrote regarding the adoption of the Bill of Rights that an 11th amendment should have been proposed and that, in failing to do so, the new nation had sown the seeds of its destruction. Said Jefferson:

"But there was another amendment, of which none of us thought at the time, and in the omission of which, lurks the germ that is to destroy this happy combination of National powers in the General government, for matters of National concern, and independent powers in the States, for what concerns the States severally. . . . [A]nd, in the General government in this instance we have gone even beyond the English caution, by requiring a vote of two-thirds in one of the Houses, for removing a Judge; a vote so impossible, where any defence is made, before men of ordinary prejudices and passions, that our Judges are effectually independent of the nation. But this ought not to be. I would not, indeed, make them dependent on the Executive authority, as they formerly were in England; but I deem it indispensable to the continuance of this government, that they should be submitted to some practical and impartial control. . . ."

The Judicial Tenure Act provides the "practical and impartial" control that Jefferson hoped to see adopted. Once again, it would be prudent to follow his advice.

JAKE GARN,
U.S. Senator.

WASHINGTON.

WHAT CAN BE DONE ABOUT UNFIT JUDGES?—ONLY FOUR HAVE EVER BEEN REMOVED FROM THE FEDERAL BENCH

(By Clark Mollenhoff and Greg Rushford)

Late in the afternoon of Friday, Dec. 12, 1975, Chief Judge Willis W. Ritter of the U.S. District Court in Utah notified U.S. Attorney Ramon M. Child to be ready to try 23 criminal cases by the following Thursday.

It was an impossible order. Three of the first four cases were criminal tax prosecutions involving approximately 100 witnesses, many of whom lived outside Utah. Even if subpoenas could be prepared and served and the Christmas travel crush surmounted, an airline strike made it impossible to get the witnesses to Salt Lake City in time. Child asked for 21 more days to prepare.

But the judge refused, and for several weeks the frustrated U.S. attorney and his staff struggled to try the cases properly. Ritter dismissed four cases outright that Thursday morning because the government witnesses were not present.

These decisions were later reversed by the 10th U.S. Circuit Court of Appeals in Denver, which declared that Judge Ritter's behavior "was utterly unreasonable and constitutes a gross abuse of discretion." It was not the first unreasonable action by Ritter, whose controversial career spanned nearly three decades until his death last month. Nor is his case an isolated example.

While there is no reason to doubt the ability or integrity of the vast majority of our nearly 700 federal judges, some unquestionably are unfit to serve, whether because of abuses of power, misconduct, corruption, senility, alcoholism or other reasons. The problem is that it is impossible to remove such judges from the bench short of going through the cumbersome impeachment process.

Attorney General Griffin Bell, himself a U.S. circuit judge for more than 14 years, told a Senate Judiciary subcommittee last September that "there is an urgency" about the need to create a workable mechanism to remove unfit judges. "Not every judge who perhaps should be impeached can be impeached," Bell added. "Congress does not have that much time."

Presumably referring to several criminal investigations conducted by the Justice Department against federal judges in the past two years, Bell also said, "Not everyone who perhaps should be can be indicted. There are some things that judges might do that might cause me to think that they ought to be indicted. However, that is a serious business, particularly since you have got to indict somebody in their own court."

Testifying after Bell, John A. Sutro, chairman of the American Bar Association's standing committee on judicial selection, quoted a 10-year-old statement by Chief Justice Warren Burger, then a Court of Appeals judge, that "I would not presume to say how many United States judges now in active service are not physically able to perform their work adequately, but every observer knows there are more than a few." Sutro said Burger's assessment "unquestionably is true" today as well.

Bell and Sutro were both endorsing the judicial tenure bill which the Senate Judiciary Committee is expected to approve this spring. The legislation, sponsored by Democratic Sens. Sam Nunn of Georgia and Dennis DeConcini of Arizona, would create within the judiciary a commission to investigate complaints against federal judges, who are appointed for life, and it would also create a special court to hear cases of misconduct or inability to serve. The court could dismiss the complaint or censure, involuntarily retire or remove the judge from office.

Only nine federal judges in our history have been impeached, and only four have been convicted and removed from office, the last more than four decades ago. This is chiefly because the impeachment process is so cumbersome and time-consuming.

A House Judiciary Committee report in 1940 termed it a "governmental absurdity" when applied to a single judge. Last fall Democratic Rep. Robert W. Kastenmeier of Wisconsin, a leading Judiciary Committee sponsor of judicial tenure legislation, said that "although instances of judicial misconduct are often brought to our attention, the Judiciary Committee's heavy workload makes it difficult, if not impossible, for us to set aside all other legislative activity to conduct an impeachment inquiry."

Impeachment also carries political liabilities. Federal judges by tradition are appointed under the patronage of senators. The resulting close judicial ties to Congress, as former Maryland Sen. Joseph Tydings acknowledges, make dealing with the unfit judge "a very sticky political thicket." In past impeachment trials the final votes were often divided on partisan grounds.

A more fundamental and still-unresolved issue is the belief that an unfit judge still could be immune to impeachment. Harvard's Raoul Berger, a prominent impeachment authority, for example, contends that a judge may breach the constitutional "good behavior" standard by "abuse of office, neglect of duty, nonattendance and the like." But the constitutional grounds for impeachment are treason, bribery and "other high crimes and misdemeanors," a more exacting standard. Berger says that "while all high crimes and misdemeanors might constitute a breach of good behavior, not all breaches of good behavior amount to high crimes and misdemeanors."

RISING TO THE OCCASION

The career of Judge Ritter reveals how difficult it is to curtail even bizarre judicial conduct, or what Washington attorney and author Joseph Borkin has called the "morbid legal tradition" of not moving against unfit judges.

Ritter, a Phi Beta Kappa from the University of Chicago and Harvard, was a law professor when appointed to the bench in 1949 by President Truman. Ritter was a strong individualist who freqeuntly took the side of the "little guy" against the federal government.

From the moment he was appointed, Ritter became embroiled in squabbles. One of the more famous was his 1951 threat to jail a group of federal postal workers with whom the court shared office quarters; he was angered by their noisy elevators. Last year he ordered U.S. marshals to jail some noisy courthouse workers. But it was Ritter's injudicious attitude toward the law which became the most serious problem.

Salt Lake City lawyers who were friendly to Ritter almost always won the cases they tried in his court. One Utah attorney says that Ritter's "attitude toward justice was based on tremendous personal emotions. If he didn't like you, you would lose, and in effect be disbarred from representing clients in Utah. The only way justice was reached was when two lawyers appeared before Ritter and he liked them both; then he would rise to the occasion."

Over the years the 10th Circuit Court in Denver fought Ritter's excesses by reversing many of his decisions. The circuit's Judicial Council took control of the assignment of cases in Ritter's court. (Each of the nation's 11 regional judicial circuits has a council headed by the chief judge and empowered to supervise court administration).

But Ritter continued to try cases, and his conduct became a Utah scandal. By the late 1960s U.S. attorneys and their staffs were in frequent contact with the Justice Department "about the Ritter problem," says a former prosecutor. "But we learned how reluctant Washington is when discussing legal moves against a federal judge. We were always told to try to live with the situation."

After the 1975 Christmas trial episode, U.S. Attorney Child urged the Justice Department to file a petition with the 10th Circuit Court to bar Ritter from trying federal cases. But the Ford Justice Department did not approve such a strong step.

In the meantime, the Ritter problem intensified. In 1976 Ritter didn't wait until Christmas. For eight months prior to October he set no criminal cases for trial. Then, on Oct. 5, he scheduled 50 trials beginning four days later. When Child obtained an order from the Judicial Council directing Ritter to schedule trials with at least 15 days' notice, the judge held no criminal trials at all for the first six months in 1977.

"ARBITRARY AND ERRATIC AUTHORITY"

Finally, Washington agreed with Child that piecemeal methods would no longer contain Ritter. Solicitor General Wade H. McCree, a former 6th Circuit judge from Detroit, painted a damning portrait of Ritter last July in a six-page letter to the 10th Circuit's chief judge, David T. Lewis.

The solicitor general stated bluntly that for 28 years Judge Ritter's conduct had been "inimical to the standards of judicial conduct that ought to be observed." Step-by-step countermeasures, McCree said, "cannot be truly effective so long as Judge Ritter continues to exercise arbitrary and erratic authority in individual cases. The power of a trial judge is too great and the opportunities for abuse of that power too frequent to allow effective appellate supervision in the run of cases."

McCree told Judge Lewis that Ritter had "paralyzed" the administration of criminal justice, and said he would petition Lewis for a writ of mandamus to bar Ritter's participation in any federal cases. But in a paragraph reflecting the legal establishment's sensitivities, McCree wrote:

"I have deferred authorizing the filing of these formal requests, however, because I am concerned that the publicity attendant on requests might go far toward bringing the administration of justice into disrepute. They would publish, for the world to see, a story of judicial indiscretion that ought not lightly be broadcast, and the attendant publicity would place both the court of appeals (in passing upon the requests) and the Department of Justice (in presenting them) in unfortunate positions: any legal action, for any reason, would be a subject for public scrutiny and to questions about motivation."

The solicitor general told Judge Lewis an experience from his service on the 6th Circuit. A judge's behavior, although "not by any stretch of the imagination as improper" as Ritter's, became intolerable. The circuit's chief judge, after consulting with his fellow judges, "approached the district judge informally" and asked him to step down "before it was necessary to institute public proceedings that could only hurt his reputation and stature in the community." The offending judge retired.

McCree asked Lewis to consider applying similar pressure on Ritter. But Lewis made no such attempt because he felt it would be fruitless.

Finally, on Oct. 5, 1977, McCree and Child petitioned the 10th Circuit to remove Ritter from all federal cases. Ritter died March 4 while the 10th Circuit was considering the petition.

JUSTICE DEPARTMENT INVESTIGATIONS

Before Ritter's death, the Justice Department also had investigated whether he had defrauded the government. For four months in 1974 Vickey Jolley, Judge Ritter's clerk and secretary, allegedly was absent from work following an auto accident, but Ritter instructed the clerk of the court to continue paying her full salary. For another six weeks in 1975, and at various unknown times since 1970, Jolley allegedly was absent from work but continued to receive her full salary.

The Justice Department dropped this aspect of the investigation for lack of evidence directly inculpating Judge Ritter. Child complained that the investigation wasn't aggressive enough, and he later stepped down as U.S. attorney to practice law in Salt Lake City.

At least three other federal judges have been investigated by the Justice Department in the past two years.

In one case a cloud over the judge's reputation was removed only because he himself requested the investigation. Robert E. Varner, 56, a former Montgomery, Ala., bar association president, was appointed to the federal bench in 1971 by President Nixon. Varner was suspected of judicial misconduct amounting to bribery. The allegation stemmed from a four-year probation sentence Varner imposed on James Payton Judge III who pleaded guilty to interstate transportation of stolen property. Before the sentencing Judge Varner had purchased 630 acres of land at $300 an acre from the defendant's great-aunt. After questions were raised in the Alabama press about whether the lenient sentence was in exchange for the land deal, Varner asked the 5th Circuit Judicial Council in New Orleans to investigate.

On June 10, 1976, the council issued a report criticizing Varner for not having stepped down in the case. But it found the charges of misconduct "groundless," even though the land price was "possibly favorable." The council noted that there was no evidence of collusion and that the relationship between the offender and his great-aunt was distant. Moreover, federal prosecutors had recommended the sentence of probation. That recommendation appeared "thoroughly responsible, and made probation the advisable and likely sentence," the council said.

The Justice Department agreed and did not seek to indict Varner.

No official acknowledgment has been made that John V. Singleton Jr. was even investigated or why. Singleton, 60, a Houston lawyer and longtime associate of John Connally, was appointed by President Johnson in 1966 to the Southern District of Texas in Houston.

A Houston television station reported on June 9, 1977, that a federal grand jury was "believed to be looking into allegations concerning" Singleton, and that "apparently this grand jury has been investigating banking matters involving Judge Singleton for some time." Justice Department sources confirmed that Singleton had testified before the grand jury but refused to elaborate on the nature of the testimony or to confirm reports that the department had sought an indictment.

The Singleton case raises important questions. Singleton's rulings have often angered Justice Department officials. In 1970, for instance, Organized Crime Strike Force officials were upset when the judge reduced a two-year prison term for New Orleans mobster Carlos Marcello, who had assaulted an FBI agent, to six months. Is the judge the target of a vendetta by unknown Justice officials who simply resent his liberal (by Texas standards) record?

When a judge is accused of some conduct serious enough to justify calling him before a grand jury, should there be a public explanation? If the suspected conduct was not indictable, should the Justice Department have notified the House Judiciary Committee of possible misconduct which might violate the constitutional "good behavior" standard? The committee has not been so notified.

Judge Singleton has declined to comment.

THE SPEEDY CONFIRMATION

Another federal judge known to have been the subject of a Justice Department criminal investigation is Herbert A. Fogel, 48, a former political fundraiser and Philadelphia law partner of former Senate minority leader Hugh Scott. Fogel was appointed to the Eastern District of Pennsylvania in 1973 by President Nixon.

He was investigated for his actions as a private attorney before his appointment to the bench, and his case raises serious questions about the judicial confirmation process.

Fogel was the lawyer for and part owner of the Gateway Corp., which won a controversial February 1971 contract from the General Services Administration. The contract was worth $78 million for 30 years' rent to federal offices in a Gateway building in West Philadelphia.

Because Gateway's winning bid was $27 million higher than the lowest bid submitted to GSA, and because key GSA officials were also close to former Sen. Scott, the contract raised eyebrows. In March 1972, the General Accounting Office, Congress' watchdog, reported the award had been "improper" because Gateway had failed to comply with various criteria in its bid submission.

Despite widespread publicity surrounding the Gateway case, the Senate Judiciary Committee confirmed Fogel in a routine 10-minute hearing in February 1973. Republican Sen. Roman Hruska of Nebraska, who chaired the hearing, asked Fogel no questions about Gateway. The only other senators present were Pennsylvania's Richard Schweiker and Scott, who took up most of the 10 minutes with effusive praise of the nominee.

But a civil lawsuit brought by a losing bidder, John W. Merriam, brought out additional facts about Gateway. Judge Fogel admitted in a sworn deposition that he had backdated documents submitted to GSA, and Justice launched a criminal investigation in 1975, Although the exact date is still obscured in secret grand jury proceedings, sometime in late 1975 or early 1976 Fogel refused to cooperate with a grand jury by invoking his Fifth Amendment rights against self-incrimination.

The Justice Department dropped the investigation in 1976, but the Carter administration revived it last year. Attorney General Bell wrote Rep. Allen Ertel of Pennsylvania on Oct. 19 that he was reviewing the evidence to see if the case should be referred to the House Judiciary Committee for impeachment proceedings or "other possible alternatives."

Bell never referred the case to the committee, and he will not comment on what he meant by "other possible alternatives." But on Jan. 20 Fogel announced his resignation, effective May 1. The announcement came eight days after two former Philadelphia policemen who were convicted of robbery filed a petition in federal court accusing Fogel and two other federal judges of being "owned" and on their lawyer's "payroll." Those charges are currently under investigation.

UNEXAMINED COMPLAINTS

Each year dozens of complaints against federal judges go unexamined for lack of an appropriate investigative mechanism.

Judicial councils in the regional federal circuits have no investigative staffs and are not capable of dealing with complex cases. Although a review committee established by the policy-making Judicial Conference of the United States has been diligent and effective in resolving simpler conflict-of-interest and ethical questions, it too is not equipped to deal with difficult cases.

Nor is the Supreme Court able to police the federal judiciary, as illustrated by one 1976 complaint lodged with it by a Pennsylvania businessman named John A. Nard. Nard complained about alleged political corruption by several federal judges in Pennsylvania, but Supreme Court Clerk Michael Rodak Jr. replied: "I regret to inform you that this court has no authority to institute or conduct investigations as mentioned in your letter. Neither can we suggest an investigative body."

It is precisely such mechanism that would be set up by the pending judicial tenure legislation, which has also been endorsed in principle by the Judicial Conference. Indeed, the value of such procedure has already been demonstrated at the state level. Since adopting such legislation in 1961, California has become the model for over 44 state judicial tenure commissions. Rather than face formal hearings, 67 California judges have resigned since 1961. Five others have been censured by the California Supreme Court, and three more have been removed from office.●

PROPOSED ARMS SALES

● Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the two notifications I have just received.

The notifications follow:

WASHINGTON, D.C., *April 25, 1978.*

In reply refer to: I-2200/78ct.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78-37, concerning the Department of the Air Force's proposed Letter of Offer to Sudan for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $65.8 million and support costs of $5.2 million for a total estimated cost of $71 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director, Defense Security Assistance Agency.

[Transmittal No. 78-37]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Sudan.

(ii) Total Estimated Value:

	Millions
Major Defense Equipment*	$65.8
Other	5.2
Total	71.0

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Six (6) AN/TPS-43E air defense radar sets and associated communications equipment.

(iv) Military Department: Air Force.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: April 25, 1978.

WASHINGTON, D.C.,
April 28, 1978.

In reply refer to: I-11131/77ct.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78-36, concerning the Department of the Navy's proposed Letter of Offer to Pakistan for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $8.4 million and support costs of $1.1 million for a total estimated cost of $9.5 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director, Defense Security Assistance Agency.

[Transmittal No. 78-36]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Pakistan.

(ii) Total Estimated Value:

	Millions
Major Defense Equipment*	$8.4
Other	1.1
Total	9.5

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Forty (40) anti-submarine missiles with MK-46 mod 2 torpedo payloads, eight (8) anti-submarine exercise missiles with MK-46 mod 2 torpedo payload and support equipment.

(iv) Military Department: Navy.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: April 28, 1978.●

PROPOSED ARMS SALES

● Mr. SPARKMAN. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the four notifications I have just received.

The notifications follow:

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., April 28, 1978.

In reply refer to: I-1224/78ct.

Hon. JOHN J. SPARKMAN,

Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78-32, concerning the United States Government's proposed Letter of Offer to Egypt for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $431.3 million and support costs of $158.7 million for a total estimated cost of $590.0 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director, Defense Security Assistance Agency.

[Transmittal No. 78-32]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Egypt.

(ii) Total Estimated Value:

[In millions]

Major Defense Equipment*	$431.3
Other	158.7
Total	590.0

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Forty two (42) F5E and eight (8) F5F aircraft, spare parts, associated munitions, including AIM 9J air-to-air missiles, training and follow-on support.

(iv) Military Department: Air Force.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: April 28, 1978.

POLICY JUSTIFICATION

EGYPT—50 F-5 AIRCRAFT

Active and positive Egyptian participation is a *sine qua non* if progress is to be achieved in the search for a peaceful settlement of the Arab-Israeli dispute. In his bold visit to Jerusalem, President Sadat sought to break through barriers which long had impeded movement on these issues. The opening of a direct dialogue was a major accomplishment. It was not, however, without its cost in terms of Arab support for the Sadat regime. To date, the Egyptian Government has been strongly opposed by a number of Arab governments while garnering quiet support from a few.

Egypt must have reasonable assurance of its ability to defend itself if it is to continue the peace negotiations with confidence. When President Sadat made his decision several years ago to follow a course in foreign affairs that involved a change in his country's relations with the Soviet Union, he lost his major source of military equipment. This was particularly the case in Egyptian aircraft capability. We have a basic interest in our support of the peace process to respond to Egypt's legitimate requirement for the air defense aircraft.

The ability of President Sadat to sustain his peacemaking initiative and drive for a peaceful settlement with Israel is related directly and significantly to the maintenance of a credible defense capability. The present Egyptian arsenal is largely of Soviet manufacture. It is increasingly obsolescent and poorly maintained as a result of the extended Soviet embargo placed on military supplies to Egypt. Since 1975 Egypt has received only limited supplies from the USSR. The Egyptian need for reliable alternate sources of supply is critical.

The Egyptian MIG fleet—the backbone of the Air Force at present—faces serious problems notwithstanding technical assistance from some Western countries. Some of the aircraft have reached the limits of their structural life while others can no longer be maintained adequately in the absence of Soviet spare parts and support. Egyptian government planning must look to replacement of these aircraft over the next few years. Provision of the F-5E/F, thus, will sustain Egyptian air defense capabilities without affecting to any extent the essential arms balance in the region.

The proposed sale of 42 F-5E fighters and 8 F-5F two-seat trainers provides a reliable, easily maintainable modern aircraft designed with simplicity of operation and minimum support in mind. The F-5, however, is roughly comparable to the MIG-21 in Egypt's inven-

tory and thus its sale would not introduce significant new qualitative capabilities.

The F–5E is designed to operate primarily as an air superiority fighter for local air defense in a clear air mass environment. A secondary role is that of close air support of ground forces also within range limitations. It does not possess an all-weather or night fighting capability.

The total package of 50 aircraft, associated munitions, ground support equipment and spare parts as well as contractor maintenance and supply support will cost an estimated $590 million. It is anticipated that initially a ten-man US government contingent will be required for project management in connection with the sale. An additional 30 to 120 contractor personnel will be needed for technical services, maintenance augmentation and training.

Introduction of the aircraft would begin in the third quarter CY 1978, followed by deliveries through CY 1981. The number of U.S. personnel directly involved in Egypt will be reduced as the Egyptians gain experience in operating and maintaining the aircraft.

Upon that government's signing the required letter of offer related to this proposed sale, the value of this transaction will count toward the Administration's worldwide arms transfer ceiling in the year in which the LOA is accepted.

A. A detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered:

The F–5 is a twin engine supersonic tactical fighter aircraft with design emphasis on the air superiority role and secondary capability in the air-to-ground role. The F–5E is a single seat version and the F–5F is a dual seat version which also serves in the training role. The aircraft is capable of firing the 20mm gun, 2.75 inch rocket, the AIM–9 Sidewinder missile, or delivery of up to 7,000 lbs in a combination of rockets, missiles, and conventional bombs. The proposed sale will include additional spare engines, support equipment, spare parts, aircraft delivery, training, and technical support services.

B. An estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale:

Subject to the findings of a site survey to define precisely what requirements exist, it is anticipated that a ten-man contingent of U.S. Government personnel will be required in Egypt for management and USAF interface in conjunction with this sale. Additionally, U.S. contractor personnel will be required in Egypt to support this sale. These personnel will include moderate numbers (30–120) of technicians competent in the fields of engineering technical services, maintenance, and training.

C. The name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such report):

The prime contractor for the F–5 aircraft is the Northrop Aircraft Division (NAD) of the Northrop Corporation. The majority of articles and services to be provided will be furnished by NAD.

D. An analysis of the arms control impact pertinent to such offer to sell, prepared, in consultation with the Secretary of Defense.

The sale of 50 F–5Es to Egypt is not likely to disrupt the military balance in the Middle East. The proposed package includes nearly twice as many aircraft of more advanced types for Israel, so that Israel's capability to defend itself successfully against any foreseeable threat is likely to be maintained. The primary military impact of the sale will be to bolster Egyptian air defense capability, which has steadily deteriorated since the virtual cessation of Soviet arms and spare parts deliveries in early 1975. Because the F–5 is a relatively short-range interceptor which can carry only relatively small payloads, it does not represent a serious offensive threat against Israel.

On the negative side, regardless of this assessment, Israel is likely to consider the sale of F–5Es a threat to its security. As such, the sale would contribute to existing stimuli for additional Israeli aircraft acquisitions, and perhaps place new pressure against our policy of arms transfer restraint.

Moderate numbers of U.S. government and contractor personnel people will be required in-country for an extended period for technical services, training, maintenance augmentation, and project management. These people would be added to the 2 USAF and 3 contractor personnel currently involved in the C–130 program, and only very slightly to the 4,000 other Americans already in Egypt.

It is clearly in the U.S. interest, and a positive step toward arms control, to maintain the confidence of Egypt in our support, thereby enabling President Sadat to continue moving toward a peace settlement. The sale of F–5Es seems likely to contribute to maintaining close U.S. Egyptian ties and thus, on balance, appears warranted.

E. The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services:

In 1972, President Sadat ordered the withdrawal from Egypt of the very sizeable contingent of Soviet military advisers and technicians. As previously close military ties between Moscow and Cairo continued to cool, the Soviets made it progressively more difficult for the Egyptians to obtain military equipment and supplies. Eventually, even the trickle of spare parts for Soviet-built items in the Egyptian arsenal was terminated. According to our best information, no significant shipments of Soviet military items have reached Egypt for almost three years. Since the Egyptian Armed Forces still are equipped primarily with U.S.S.R.-manufactured items, the Soviet embargo has been particularly troublesome for the Sadat Government. Although the Egyptians have met with some success in establishing alternate sources of supply, principally from Western European firms and governments, the deterioration of the Egyptian arsenal has not been arrested.

The Egyptian government has a legitimate need to maintain an adequate defensive capability. Although relatively quiescent in military terms at present, Egyptian-Libyan tensions persist. There was an open clash between the two governments in late summer, 1977. In addition to this direct threat from the Qadhafi government, President Sadat is deeply concerned about Libyan and communist supported threats to moderate regimes in Africa, such as in Chad and Somalia. He is particularly sensitive to any potential hostile control over the headwaters of the Nile.

F. An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States:

None. The aircraft, other than two F–5Fs, will be provided from production. The two F–5Fs identified in USAF inventory are dedicated primarily to training of foreign students. Therefore, there will be negligible impact on U.S. force readiness.

G. The reasons why the proposed sale is in the national interest of the United States:

Egypt must have reasonable assurance of its ability to defend itself if it is to continue the peace negotiations with confidence. When President Sadat made his decision several years ago to follow a course in foreign affairs that involved a change in his country's relations with the Soviet Union, he lost his major source of military equipment. This was particularly the case in Egyptian aircraft capability. We have a basic interest in our support of the peace progress to respond to Egypt's legitimate requirement for air defense aircraft.

H. An analysis by the President of the impact of the proposed sale on military capabilities of the foreign country or international organization to which such sale would be made:

The acquisition of 50 F–5 aircraft by the EAF will not materially affect the military capabilities of Egypt because the aircraft will serve only as partial offset to aged or unsupportable Soviet-design aircraft that must be retired from service, due to safety or operational considerations.

I. An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region has comparable kinds and amounts of defense articles or services:

The proposed sale of 50 F–5 aircraft to Egypt will not materially affect the military balance in the region—but will serve only to decrease the erosion of Egyptian air power in that the aircraft will replace current aircraft in the inventory that must be retired, either due to age, material condition, or lack of support.

J. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold:

This information would be developed through an in-country site survey conducted by an USAF team.

K. An analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries:

Comparable aircraft are manufactured in Western European and Communist nations. Egypt could procure aircraft from such sources.

L. An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered:

The proposed sale of F–5E's to Egypt will not materially alter the military balance in the area. The Israeli Government has expressed opposition to the proposed sale. However, President Sadat repeatedly has stated his pledge not to go to war again with Israel; he specifically has announced, during his recent visit to Washington, that the F–5E's will not be used against Israel.

Although we have not had specific reactions from other governments in the area to the proposed sales, we anticipate that most Arab governments welcome this program. On balance, it will be interpreted as strong evidence of USG support for the Sadat government, especially in the context of the direct Egyptian/Israeli dialogue.

M. A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, services, or equipment or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise

have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement.

Not applicable.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., April 28, 1978.

In reply refer to: I-1225/78ct

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78-33, concerning the United States Government's proposed Letter of Offer to Israel for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $283.2 million and support costs of $147.5 million for a total estimated cost of $430.7 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director,
Defense Security Assistance Agency.

[Transmittal No. 78-33]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Israel.

(ii) Total Estimated Value:

[In millions]

Major Defense Equipment*	$283.2
Other	147.5
Total	430.7

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Fifteen (15) F-15 aircraft plus support equipment and spare parts.

(iv) Military Department: Air Force.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: 28 April 1978.

POLICY JUSTIFICATION

ISRAEL—15 F-15 AIRCRAFT

The proposed sale is a part of the long-standing military supply relationship that exists between Israel and the United States. Our assistance to Israel is a direct expression of our strong commitment to the preservation of Israel's security and survival. This has been a principle of American Middle East policy through all Administrations since Israel's inception in 1948. Related to that commitment, and to our interests in maintaining good relations in the Arab world, is a fundamental American interest in promoting a negotiated peace in the area.

The F-15 is a highly reliable and maintainable single-place, fixed wing, MACH 2.5 class, twin engine aircraft designed specifically as an air superiority fighter with a secondary air-to-ground mission. It combines advanced radar, fire control, and electronic countermeasure systems with an optimum mix of air-to-air missiles (4 SPARROW and 4 SIDEWINDER) and a 20mm cannon for use in air-to-air engagements. Configuration will be standardized with previous F-15s sold to Israel.

Israel has already purchased 25 F-15 aircraft: 4 development, test and evaluation modified aircraft, 2 TF-15-A trainers and 19 F-15-A production aircraft; 9 of which have been delivered with deliveries of 2 or 3 a month currently taking place. As of mid-November 1977, eleven IAF pilots had been checked out in the single-seat fighter, including Air Force Commander General David Ivri.

This proposed sale valued at $430.7 million will provide Israel with 15 additional F-15 aircraft tentatively to be delivered in FY 1981 and FY 1982. Estimated costs include aircraft, concurrent spare parts, ground support equipment, contractor maintenance and supply support. Savings are achieved by add-on to the already established aircraft program in-country. Israel has sufficient munitions on hand, on order or planned for procurement.

The acquisition of these aircraft is not expected to require substantial additional training, or numbers of U.S. Government or contractor personnel in-country. However, a continuation of existing arrangements may be required.

No adverse effect on U.S. Air Force readiness will result as these aircraft will come from normal procurement and production without impact on U.S. Forces requirements and within normal lead times.

Upon that government's signing the required letter of offer related to their proposed sale the value of this transaction will count toward the Administration's worldwide arms transfer ceiling in the year in which the LOA is accepted.

A detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered:

Fifteen F-15C aircraft with spares, support equipment, two flight simulators, technical data, training of pilots and technicians in the U.S. and aircraft delivery will be offered to the Government of Israel. Concurrent with in-country delivery of the aircraft, supply support will be provided.

The F-15C is a single crew, high performance, supersonic, all-weather air superiority fighter. Its primary mission is aerial combat, but it also has a limited capability for air-to-surface missions. Radar and heat-seeking air-to-air missiles and a 20 mm gun are the primary armament. The aircraft is powered by two turbofan engines.

B. An estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale:

a. One USAF employee will be required for three years to serve as a Weapon System Logistic Officer.

b. Approximately 15 man years of contractor engineering technical services will be required.

C. The name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such report):

Aircraft: McDonnell Douglas Corporation.

F-100 Engine: Pratt and Whitney.

D. An analysis of the arms control impact pertinent to such offer to sell, prepared, in consultation with the Secretary of Defense:

From an arms control perspective, the proposed transfer of 15 additional F-15 fighter aircraft to Israel would pose some concern in that it could increase the demands from other states in the area for comparable advanced aircraft. However, this transfer by itself would not disturb the military balance in the area. By providing more of its most advanced interceptors, the U.S. is demonstrating the unfailing support for Israel that is vital to sustaining negotiations toward a durable peace settlement.

It is not anticipated that any additional U.S. Government or contractor personnel would be needed in-country because of this sale. On balance, the factors favoring the sale would seem to outweigh the arms control concerns mentioned above.

E. The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject to such sale and a description of how such country or organization intends to use such defense articles or services:

Between now and 1983, Israel should replace some combat aircraft due to attrition. This could involve a few F-4 and A-4 aircraft and a larger portion of the on-hand inventory of Mirage III and V aircraft. Israel will be able to compensate partially for this attrition through indigenous production of the KFIR C2.

F. An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States:

None. The aircraft would be provided from production on a noninterference basis.

G. The reasons why the proposed sale is in the national interest of the United States:

This sale will contribute to U.S. interest in promoting peace and stability in the Mideast and in fulfilling our historic responsibilities regarding Israel's security.

H. An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made:

These 15 F-15s will supplement the air defense capabilities of the 25 F-15s already purchased and now being delivered.

1. An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services:

Provision of 15 F-15 and 75 F-16 aircraft to Israel through the 3rd Quarter 1983 is not expected to materially change the relative military strengths in the region. As previously noted, Israel realistically should replace obsolescent aircraft. Other countries in the region are expected to possess comparable aircraft in similar amounts during 1983; specifically MIG-23, MIG-25, MIRAGE F1 and JAGUAR aircraft.

J. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold:

Israel will have completed all aircrew and maintenance training required to operate and maintan the F-15 aircraft by 1980. This training is being accomplished under the earlier sale of 25 F-15 aircraft. Minimal additional maintenance training at the organizational and intermediate level may be required to supplement acquisition of additional aircraft.

K. An analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries:

Comparable aircraft are manufactured in Western European nations and the Soviet Union.

L. An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered:

Although Israel's Arab neighbors object to the sale of these advanced fighters to Israel, they recognize the special responsibilities

the U.S. has with regard to Israel. U.S. relations with the neighboring Arab states are therefore unlikely to be significantly affected.

M. A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, services, or equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact would justify entering into such proposed agreement:

Not applicable.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., April 28, 1978.

In reply refer to: I-1223/78CT.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78-34, concerning the United States Government's proposed Letter of Offer to Israel for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $925.4 million and support costs of $593.1 million for a total estimated cost of $1,518.5 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERIC F. VON MARBOD,
Acting Director,
Defense Security Assistance Agency.

[Transmittal No. 78-34]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Israel.

(ii) Total Estimated Value:

[In millions]

Major Defense Equipment*	$925.4
Other	593.1
Total	$1,518.5

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulation (ITAR).

(iii) Description of Articles or Services Offered: Seventy five (75) F16 aircraft, spare parts, ground support equipment and follow-on support.

(iv) Military Department: Air Force.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: April 28, 1978.

POLICY JUSTIFICATION

ISRAEL—75 F-15 AIRCRAFT

As a firm friend and supporter of Israel's security, the United States has for many years supplied Israel with the arms necessary to preserve its territorial integrity and to protect its people. On February 14, we announced our intention to sell to Israel 75 F-16 aircraft. These aircraft, together with the sale of 15 F-15 aircraft announced at the same time, will maintain Israel's military superiority in the region and should contribute to the sense of security Israel requires to continue with confidence negotiations for a peaceful solution to the Arab-Israel dispute. Promotion of the peace process is a fundamental US interest.

This sale, together with the F-15 sale to Israel and aircraft sales to Saudi Arabia and Egypt, will not alter the basic regional arms balance in the Middle East.

The F-16A is a single seat, single engine, advanced lightweight, all-weather, multipurpose fighter incorporating modern technology features that increase total system performance. It was designed to permit high sortie rates with a rapid turnaround capability, minimum manpower and logistics requirements, and an exceptional air combat maneuvering performance along with a good air-to-surface weapons delivery capability. The F-16B is a two place version of the A model. Internal armament consists of a 20-mm cannot with 500 rounds of ammunition, and there are nine external armament stations for carrying a wide variety of missiles, bombs and dispensers. The centerline weapons stations can also carry a 300 gallon fuel tank, and 600 gallon or 370 gallon tanks can be carried on the wing inboard stations.

This proposed sale is valued at $1.5 billion. The aircraft will be delivered during FY 1983, providing Israel with 3 squadrons of modern aircraft that will enable Israel to maintain its air superiority in the Middle East environment.

The aircraft will provide that portion of the air-to-air combat mission which requires higher performance than that of the F-4 (US) and Israeli produced KFIR aircraft currently in the inventory or in production for the Israeli Air Force (IAF). Acquisition of the F-16 will maintain the military advantage the IAF currently has into the 1990's.

U.S. technical personnel will be required to support the F-16 in-country as follows:

(1) Two Weapons Systems Logistics Officers for three years (six man years).

(2) Twenty-four man years contractor engineering technical services. No adverse effect on U.S. Air Force readiness should result as these aircraft will come from normal procurement and production without impact on U.S. Forces requirements and within normal lead times.

Upon that government's signing the required letter of offer related to this proposed sale, the value of this transaction will count toward the administration's worldwide arms transfer ceiling in the year in which the LOA is accepted.

A. A detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered:

The F-16A is a single seat, single engine, high performance, all weather, multi-purpose fighter incorporating advanced technology features which significantly increase total system performance. It was designed to permit high sortie rates with a rapid turnaround capability, minimum manpower and logistics requirements, and an exceptional air combat maneuvering performance along with a good air-to-surface weapons delivery capability. The F-16B is a two seat version of the A model. Thrust is provided by a single F-100-PW-100 twin spool turbofan engine with afterburner. Internal armament consists of a 20 mm cannon with 500 rounds of ammunition, and there are nine external armament stations for carrying a wide variety of missiles, bombs, and dispensers. The centerline weapons stations can carry a 300 gallon fuel tank and 370 gallon tanks can be carried on the wing inboard stations. The proposed sale includes spare engines, support equipment, system spares, necessary technical support services, training, and aircraft delivery.

B. An estimate of the number of offices and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale:

a. Two Weapon System Logistics Officers for three years (six man years).

b. Twenty-four man years contractor engineering technical services.

C. The name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such report):

Major Contractor: General Dynamics

Engine: Pratt and Whitney

D. An analysis of the arms control impact pertinent to such offer to sell, prepared, in consultation with the Secretary of Defense:

From the arms control perspective, the sale of 75 F-16 fighter aircraft to Israel would pose some concern in that it could contribute to demands from other countries for additional aircraft, thus adding to the general pressure against restraint. However, the aircraft is well suited to Israeli defense needs, and the number involved would not disrupt the military balance in the area. Moreover, this transaction would help to demonstrate the unfailing US support for Israel that is vital to sustaining negotiations toward a durable peace settlement.

About a half dozen USAF and contractor personnel would be required in-country for a few years to assist in introduction of this aircraft into the Israeli inventory. This will have no significant arms control impact.

On balance, the factors favoring the sale would seem to outweigh the arms control concerns mentioned above.

E. The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services:

These aircraft (75 F-16s) are intended to provide Israel with an improved capability to undertake interdiction missions. They are very effective in locating and destroying ground targets and can carry a heavy armament load for this purpose. In addition to augmenting Israel's air-to-air capability, Israel will likely employ the aircraft to identify and attack hostile forces before they have a chance to pose a threat to its home territory in the event of war.

F. An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States.

None. The aircraft would be provided from production on a noninterference basis with USAF and EPG deliveries. Initial training for the F-16 will be conducted in CONUS supported by Israeli aircraft and spares.

G. The reasons why the proposed sale is in the national interest of the United States:

This sale will contribute to US interest in promoting peace and stability in the Mideast and in fulfilling our historic responsibilities regarding Israel's security.

H. An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made:

The qualitative superiority of the Israeli Air Force has always been a major factor in its overall combat superiority. Israel is likely to retain, and perhaps expand, this margin of superiority over the next five years with the receipt of additional F-15 and F-16 fighters. Even though some of the A-4s and F-4s in the inventory will have been in service for over a decade by the early 1980s, Israel's highly innovative equipment modifications and maintenance capabilities will permit them to remain a viable part of the force.

The combat effectiveness of the Israeli Air Force will be further improved by the continued acquisition from the US of advanced air-to-air and air-to-ground missiles, precision-guided munitions, and electronic countermeasure systems. This technology should significantly improve the air force's capability to suppress Arab air defense systems, conduct interdiction raids, and maintain air superiority.

I. An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services:

Provision of 15 F–15 and 75 F–16 aircraft to Israel through the 3rd Quarter 1983 is not expected to materially change the relative military strengths in the region. Other countries in the region are expected to possess comparable aircraft in similar amounts during 1983; specifically MIG–23, MIG–25, SU–20, MIRAGE F1 and JAGUAR aircraft.

J. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold:

This information would be developed through an in-country site survey conducted by a USAF team.

K. An analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries:

Comparable aircraft are manufactured in Western European nations and the Soviet Union.

L. An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defese articles or services which are the subject of such sale would be delivered:

Although Israel's Arab neighbors object to the sale of these advanced fighters to Israel, they recognize the special responsibilities the US has with regard to Israel. US relations with the neighboring Arab states are therefore unlikely to be significantly affected.

M. A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, services, or equipment, or other articles, services or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement.

Not applicable.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., April 28, 1978.

In reply refer to: 1–1049/78ct.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith, Transmittal No. 78–35, concerning the United States Government's proposed Letter of Offer to Saudi Arabia for major defense equipment, as defined in the International Traffic in Arms Regulations (ITAR), estimated to cost $1,700 million and support costs of $800 million for a total estimated cost of $2,500 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director,
Defense Security Assistance Agency.

[Transmittal No. 78–35]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective Purchaser: Saudi Arabia

(ii) Total Estimated Value:

[In millions]

Major defense equipment*	$1,700
Other	800
Total	2,500

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Sixty (60) F–15 aircraft (45 F–15s and 15 TF–15s) with spares, support equipment, two flight simulators, basic munitions, including AIM–9J and AIM–7F air-to-air missiles, technical data, U.S. technical and pilot training and aircraft delivery. Concurrent with in-country delivery of the aircraft, contract maintenance.**

(iv) Military Department: Air Force.

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: April 28, 1978.

**On-the-job maintenance training, and supply support.

POLICY JUSTIFICATION

SAUDI ARABIA—60 F–15 AIRCRAFT

Saudi Arabia is of critical importance as a moderate, constructive influence in the Middle East, particularly in the quest for peace. It has a major role in world affairs as the leading exporter of petroleum and as a key factor in international finance. With extensive territory, vast wealth, a small population and a small defense force, Saudi Arabia has a legitimate need to acquire a modern air defense system to help protect its natural resources and to insure its natural security. In turn, the United States has a basic national interest in strengthening Saudi Arabia's security through the provision of equipment appropriate to legitimate Saudi defense needs. In manifesting our concern for Saudi security we help insure a continued responsible Saudi role and cooperation across a wide spectrum of very important issues.

Saudi political and financial support for the moderate Arab nations is a critical component of our effort to achieve a Middle East peace. Saudi Arabia has also resisted expansion of Soviet influence and radical movements in the Arabian Peninsula, Persian Gulf, and elsewhere in the Middle East and Africa.

Saudi Arabia, as the primary supplier of US crude oil imports, provides 23% of our current imports and 8% of our total consumption. Continued access to this oil is essential to sustain our domestic growth rate, to provide a cushion as we seek greater energy self-sufficiency, and to meet the energy requirements of our allies in Western Europe and Japan. Saudi Arabia's determination to act responsibly to restrain oil prices was demonstrated at the Doha (1976) and Caracas (1977) OPEC Conference. Of potentially greater importance, however, is Saudi Arabia's long term willingness to provide the quantities of oil we and other Western nations will require.

Since Saudi Arabia was subjected to air attack by Egypt in 1963, its leaders have been particularly sensitive to the need to modernize the country's very limited air defenses. Saudi planners take into consideration a long history of ideological and political differences with Iraq and the fact that, since 1969 South Yemen has employed its forces against Saudi Arabia on three occasions.

Largely on the basis of recommendations in surveys conducted by the US Department of Defense, the Saudi Government has defined its broad air defense system requirement to include a mix of aircraft, surface-to-air missiles and appropriate radar and command/control systems. Pivotal to this requirement is a long-range, all weather interceptor with a capability to locate and destroy invading aircraft. The Saudi Government has selected the F–15 as answering these needs.

The Administration has concluded that the sixty F–15s requested by the Saudi Government would be an appropriate counter to external threats and would make a major contribution to Saudi leaders' confidence in their air defense.

The F–15 is a highly reliable and easily maintainable modern air superiority fighter. It combines advance radar, fire control and electronic countermeasure equipment with a mix of air-to-air missiles (4 SPARROWs and 4 SIDEWINDERS) and a 20mm cannon for use in air-to-air engagements. The mission for which it was designed is air superiority. The F–15 has a limited capability to perform in the ground attack role. Its twin engines are an important reliability and safety factor for the Saudis in flight operations over desolate terrain largely lacking in emergency landing facilities.

The cost of the sixty aircraft, spare parts, ground support equipment, munition, contractor maintenance and supply support is estimated at approximately $2.5 billion. The first of these aircraft would tentatively come off the production line in 1981, and would be used for preliminary training in the US. Deliveries would be made to Saudi Arabia following the preliminary training in the United States.

The F–15 will fill the gap left by the grounding in the early 1980s of British origin Lightning interceptors in the Saudi inventory which are approaching the end of their structural life and are increasingly unsafe to fly. They will augment Saudi Arabia's limited number of I–HAWK surface-to-air missiles and F–5E fighters. The latter have limited range, and are intended for use by the Saudis primarily in an air-to-ground role; they do not possess an all weather capability. The F–15s long-range radar with its look-down-shoot-down capability will bridge the gaps that exist in both low and high altitude radar coverage of the kingdom.

Even with the F–15, Saudi Arabia will continue to have one of the smallest inventories of advanced aircraft in the Middle East. Iraq, Israel, Iran and Syria are all equipped with modern advanced fighter aircraft as well as air forces that are significantly larger than Saudi Arabia's. We have concluded that this sale will not alter the basic military balance in the region.

Using trained personnel already available as a result of the phasedown of the Lightning program augmented by graduates of training programs in the US and output from the kingdom's Technical Studies Institute, the Saudi Air Force should be able to meet the manning requirements for both F–5 and

F–15 technicians by the time that the F–15 is introduced into Saudi Arabia. This will have a positive impact on the number of contractor and USAF personnel required for the initial introduction of the F–15 system. It is estimated that between 500–600 contactor personnel will be required at peak contractor manning, about two years after the first F–15 is delivered. In this case, we expect even faster progression toward self-sufficiency in the maintenace and supply areas than was experienced in the F–5 program. The number of USAF personnel assigned to the in-country F–15 program should be about forty.

Upon that government's signing the required letter of offer related to this proposed sale, the value of this transaction will count toward the Administration's worldwide arms transfer ceiling in the year in which the LOA is accepted.

A. A detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered.

Sixty (60) F–15 aircraft (45 F–15Cs and 15 F–15Ds) with spares, support equipment, two flight simulators, basic munitions including AIM–9J and AIM–7F air-to-air missiles, technical data, training of pilots and technicians in the U.S. and aircraft delivery will be offered for cash purchase by the Saudi Arabian Government (SAG). Concurrent with in-country delivery of the aircraft, contract maintenance; on-the-job maintenance training; and supply support will be provided.

The F–15C is a single crew, high-performance, supersonic, all-weather air superiority fighter. Its primary mission is aerial combat, but it also has a limited capability for air-to-surface missions. Radar and heat-seeking air-to-air missiles and a 20mm gun are the primary armament. The aircraft is powered by two turbofan engines. A two-seat version (F–15D) intended to facilitate training has an identical front cockpit, the same internal fuel capacity and essentially the same combat capability as the single-seat F–15.

B. An estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale:

The number of USAF personnel expected to be assigned to the in-country F–15 program should be approximately 40.

The number of contractor personnel estimated for initial introduction of the F–15 should be 500–600 personnel at peak employment two years after the SAG receives the first aircraft.

C. The name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such report).

Aircraft: McDonnell Douglas Corporation.

F–100 Engine: Pratt and Whitney.

D. An analysis of the arms control impact pertinent to such offer to sell, prepared, in consultation with the Secretary of Defense:

From the arms control perspective, a sale of 60 F–15 fighter aircraft to Saudi Arabia would cause some concern. The introduction of such an advanced air capability could intensify the action-reaction cycle among Middle Eastern States, could lead to further demands by other Middle Eastern states for similar advanced aircraft, and could complicate efforts to obtain the cooperation of other suppliers in limiting transfers of advanced weapon systems to the Third World. Concerns about the consequences of the sale for regional stability are mitigated somewhat as the air-to-surface weapons delivery capability of the F–15s sold to Saudi Arabia will not exceed that of current operational USAF F–15s.

Some 600 U.S. contractor personnel will be required for an extended period to enable the Saudis to absorb the F–15. These will replace the British technicians currently associated with the Lightning programs. This number represents a slight increase over the 30,000 Americans already in Saudi Arabia, of whom 4,450 are defense contractor and DOD personnel.

On the other hand, there are compelling political and arms control reasons that favor the sale. Saudi Arabia plays an important role in efforts to bring about a Middle East peace settlement—a principal U.S. objective in the area. Such a settlement, of course, would further U.S. arms control objectives. Saudi transfer of the F–15 to other Arab countries appears improbable; other countries would lack the extensive capabilities and highly trained personnel required to operate and maintain this aircraft. On balance, these and other factors that favor the sale would seem to outweigh the arms control concerns mentioned previously.

E. The reasons why the foreign country or international organization to write the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services:

Saudi Arabia needs the F–15 fighter aircraft to improve its air defense against the current and potential threat represented by much larger, modern armed forces of neighboring states. The current Saudi air defense system is inadequate to meet the threat. F–15s will enhance the Saudi deterrent and defensive capabilities by providing the maximum air defense capability possible within Saudi Arabia's severe manpower constraints. Saudi Arabia plans to use the F–15s in a defensive air-superiority role, as its front line of air defense against any attacks from the modern fighter bombers of neighboring states. The first two squadrons formed will be stationed at Dhahran near the Persian Gulf, and at Taif, in the west central portion of the Kingdom. The third squadron will likely be stationed at Khamis Mushayt to the southwest. The Saudi government has indicated to us it does not intend to station F–15s at Tabuk in the Northwest.

F. An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States.

None. The aircraft would be provided from production on a non-interference basis.

G. The reasons why the proposed sale is in the national interest of the United States:

Saudi Arabia is of immense importance in promoting a course of moderation in the Middle East—with respect to peace making and other regional initiatives—and more broadly in world affairs, as in petroleum and financial policy. Since the administration of Franklin D. Roosevelt, every U.S. President has recognized the importance of Saudi Arabia to our own national security interests and has reaffirmed the importance we attach to the security and territorial integrity of Saudi Arabia.

The longstanding U.S. role as principal supplier of equipment and training for the modernization of Saudi defense forces has underscored to the Saudi Government the determination of the United States to help preserve the independence of the moderate States in the Middle East.

Saudi confidence in its relationship with the United States has encouraged Saudi Arabia over the years to take positions which have on occasion not been popular in Arab or OPEC circles but which have served the broad security interests of the non-communist world. Saudi Arabia's confidence in the constancy of the U.S. commitment to help it meet its defense requirements has been a key element in strengthening a broad bilateral relationship which has been beneficial to major U.S. national objectives, including the quest for peace in the Middle East and the welfare of the international economy.

For a number of years both the U.S. and Saudi Governments have recognized a legitimate need to modernize Saudi Arabia's very limited air defense capability. The sale of 60 F–15s is an appropriate response to this need. It is a manifestation on the sort of concern for Saudi security which has encouraged Saudi Arabia to cooperate with the U.S. in areas critical to our own national interests.

H. An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made:

The sale of 60 F–15s to Saudi Arabia will be an appropriate counter to external threats without altering the basic military balance in the region. Saudi Arabia has a legitimate requirement to improve its air defenses. Pivotal to this requirement is a long-range, all weather interceptor with a capability to locate and destroy aircraft that could constitute the air threat in the 1980's and beyond. The F–15 is appropriate to meeting these needs.

I. An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services:

The Saudi purchase of 60 F–15s will not alter the basic regional military balance. Saudi Arabia now has, and will continue to have, the smallest inventory of combat aircraft of any major state in the region.

Iraq, Iran, Israel, Egypt, and Syria each has an air force several times larger than Saudi Arabia's. The sale introduces no new capability into the region as comparable aircraft are already present.

J. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense or services proposed to be sold:

It is estimated that maintenance of the SAG F–15s will require approximately 900 trained technicians. The total fighter technician requirement (F–5s and F–15s) for 1981 is 2,550. The total number available in 1981 is programmed to be 2,885. Thus, there wi'l be sufficient Saudi maintenance personnel available to support the F–15 program requirements. A total of 75 pilots will be required for the SAG's F–15s. These will be available from Lightning aircraft phase-out and pilot training programs. Certain maintenance facilities for the existing F–5 and Lightning aircraft will form the basis for the facilities to be developed for the F–15.

K. An analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries:

Comparable aircraft are available from Western European sources.

L. An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered:

Throughout the Middle East and neighboring Africa, this sale will be regarded as a significant manifestation of the importance which the US attaches to a strong relationship with Saudi Arabia.

Key Arab states such as Egypt, Jordan, and Syria will regard the sale as underscoring the closeness of the US-Saudi relationship as well as the US national security interest in the Middle East. For this reason the sale is conducive to obtaining the cooperation of these states in our efforts to work toward a peace settlement in the region.

The sale will be less popular with the Arab "rejectionist" states, particularly Saudi Arabia's Soviet-armed neighbors Iraq and the People's Democratic Republic of Yemen.

Israel has expressed its opposition to the sale. We hope, however, that Israel will take into account the importance of our assisting Saudi Arabia to fulfill its legitimate defense needs, recognizing that it is in Israel's interest that the US rather than another supplier provide the equipment required for Saudi air defense.

Iran, the smaller Arab states of the Persian Gulf, and the Yemen Arab Republic, will welcome the sale as evidence of US concern for the region's security and determination to encourage Saudi Arabia to continue to play a responsible, moderating role in both regional and broader international affairs.

M. A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, services, or equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement.●

CRITICAL CHOICES FOR THE BONN ECONOMIC SUMMIT

● Mr. JAVITS. Mr. President, the Economic Summit scheduled for July in Bonn may be the last chance for leaders of the industrialized countries to get together to map out an internationalist solution to the structural problems facing the world economy. If the present leadership fails to act in a timely manner, the consequences may mean a recession and even a depression in the next few years.

In its April 29, 1978 edition, the London Economist contains an excellent analysis of the challenges facing the world's leaders as they prepare for the Bonn Summit. The editors of the Economist focus on the problems facing the developing countries and urge that—

If the summiteers wanted to be really imaginative, they would mount a contemporary version of Marshall aid to channel the money the West Germans and Japanese cannot spend to the ldcs that could.

Mr. President, as my colleagues are aware, I have called on numerous occasions for the development of a capital pool that will channel funds that cannot be used in the OPEC or in the industrialized countries into productive investments in the developing countries. On April 26, I introduced, together with seven of my colleagues, a resolution calling on the President to begin discussions with the surplus OPEC countries for the development of such a capital pool. This pool is important specifically for the reasons cited in the Economist, that is, for the stimulation of noninflationary growth and expansion of the broader markets for goods and services, which the international economy requires to deal with its structural problems.

It is critical that the President, together with his counterparts in the other capitals, insure the success of the Economic Summit. It is important that we avoid the "more likely" outcome predicted by the Economist, "further ritual noises, but no real rise in poor countries' demand."

Mr. President, I call the article to the attention of my colleagues and request that it be printed in the RECORD.

The article follows:

[From the London Economist, Apr. 29, 1978]
1978]

MOVING THE WORLD UPHILL

It was the unhappy fate of Sisyphus, the erring Titan, to spend eternity pushing a boulder up a hill without ever quite reaching the top. The leaders of the capitalist world must know the feeling. Rambouillet 1975, Puerto Rico 1976, London 1977—at each of the post-Opec summit meetings, the communiques have rung with confidence that the world economy was on the way up: each time, exasperatingly, it has slipped back. The heads of government of the United States, Canada, Japan, West Germany, France, Britain and Italy, along with their finance ministers and Mr. Roy Jenkins of the EEC, will be in Bonn in July to have their resolution tested again; but the preliminary muscle-flexing has already begun. Too many of the muscle-flexers seem to want to push at the symptoms of present troubles (including fluctuating exchange rates) instead of the cause (which is the basic imbalance in world payments).

In the year between London and Bonn the foreign exchange markets have discomfited all the seven summiteers (with the improbable exception of Italy). But the currency gyrations, like the dismally slow growth and the threatened slide to protectionism, are all responses to the very uneven distribution of the world's trade surpluses and deficits. This year, 1978, will be the fifth successive year in which a handful of countries has run a sackful of surpluses, which the rest of the world then has to finance by getting into debt. Some can do that more successfully than others, but none of them likes it. And the ways they show their dislike—deflation, protecting domestic industry, even attempts at competitive devaluation—have written the agenda for the Bonn summit.

Fortunately, membership of the surplus and deficit clubs has not, so far, been immutable. Last year seven countries (Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Japan, Switzerland and West Germany) ran a combined current-account surplus of about $45 billion. In 1974, the seven largest surpluses totalled $55 billion and included Venezuela and Iran instead of Japan and Switzerland. America has swung enormously, transforming an $11.6 billion surplus in 1975 into 1977's $20 billion deficit. Britain and Italy had the largest (more than $8 billion) deficits in 1974; with the aid of IMF medicine, they have now worked their way painfully back to surplus.

The danger now is that the structure of payments will ossify. All the Opec countries with large import appetites are already in deficit, and the other oil producers probably will not go into one. West Germany, Japan and Switzerland seem happy with their surpluses. The financing burden is no longer being juggled around as much as it was. But when the credit crunch comes for a deficit country, it sees no alternative but to try to get back as quickly as possible to a payments surplus, leaving behind its share of the world's deficits for others to add to their own. IMF edict or no, more and more countries are having to tread this retrenchment path—Canada, Portugal, Turkey, Spain, Norway—while fewer are consciously heading the other way into larger and counterbalancing deficits. The more the world chases the mirage of surpluses for all, the longer the recession will last. Even the United States has found that the main reward for its good neighbourliness in running a large deficit has been a loud raspberry from the foreign exchange markets.

REVALUE AND REFLATE

The adjustment of currencies is part of the process of adjusting current accounts, and the dollar's decline has done its bit. But exchange-rate changes are not enough on their own. There is little hope of squeezing strong-currency countries' exporting firms out of overseas markets unless they have an expanding domestic market to turn to: they will continue exporting because they do not want to have to sack workers (so that the countries running trade deficits then have to deflate and sack their workers instead). That is not the most sensible way of managing the enormously productive resources of the West German and Japanese economies, but it is what their governments are doing.

Sooner or later, that will help them find common cause with the international case for reflation. If they protest too much that "structural" difficulties make it impossible to expand, President Carter can explain how Keynesian measures have meant there are now 9m more jobs in America than in 1975 (see page 96). But, however, the reflationary case is advocated, it will rightly be tempered by the memory of the 1973 commodity boom. Too much reflation in 1978 could be father to a 1980 price explosion and grandfather to a slump of 1981.

This is not an argument for doing nothing at Bonn: for some commodities, higher prices are both inevitable and desirable. On the face of it, commodity prices may already seem high—despite prolonged recession, they are 24% up on four years ago. (They fell 32% in the two years after the Korean war boom.) Even in real terms (*The Economist* dollar index deflated by manufactured export prices) they have fallen only 12% since 1974. But this is largely because food prices have gone up; metal prices have slumped, with the real price of copper only one third of what it was at the 1974 peak. This is the main reason why Zambia and Zaire are in the hands of the IMF; it also explains the dearth of investment in new copper mines. The spectre of exploding boomtime commodity prices, caused by shortages, is more likely to materialise the longer that their slumptime prices are kept below their marginal cost of production.

Raising some of them a little now would give a helping hand to many less developed countries. Since 1974 the non-oil ldcs have chalked up a cumulative trade deficit of about $120 billion. They will not be represented at Bonn, but the seven summiteers should not need reminding how crucial that $120 billion of international-deficit-financed spending has been to underpinning world demand. Nor how much of the $120 billion

is owed to the banks and governments of the rich world. At every summit, ritual noises have been made about north-south issues, but there is very little of substance to show for four years' animated discussion: only agreement in principle to write off the official debts of the poorest nations (about $500m—total ldc indebtedness is an estimated $300 billion), some shifting of the log-jam on a common commodity fund, and the tenuous prospect of more liberal trading arrangements emerging from the Tokyo round. That is a thin diet, especially if the unspoken result of this summer's summitry will be that the ldcs are going to carry on shouldering the lion's share of other countries' surpluses. If the summiteers wanted to be really imaginative, they would mount a contemporary version of Marshall aid to channel the money the West Germans and Japanese cannot spend to the ldcs that could. More likely, they will agree on further ritual noises, but no real rise in poor countries' demand.

TOGETHERNESS

It has seldom been more important to gear national policies to fit international goals, rather than the other way round. That is not the view of Professor Milton Friedman. He told a Scottish audience last week that countries should not try to expand their economies together, but should pursue what each deemed to be their own best interests. In an ideal world—no Opec cartel, smoothly adjusting exchange rates, the benefits of free trade universally accepted—that kind of international invisible hand would work. Today it would allow the stone of Sisyphus to slip back. To judge by what the governments of the world are saying, their narrow national interest is for everyone to run a current-account surplus. Individually they will try to do so; collectively they cannot succeed. That may not be the stuff of summit rhetoric, but it is reality.●

SCHOOL LUNCH PROGRAM TRANSFER OPPOSED

● Mr. TALMADGE. Mr. President, on April 18, the Committee on Agriculture, Nutrition, and Forestry sent a letter to the Senator from Connecticut, Mr. RIBICOFF, chairman of the Committee on Governmental Affairs, expressing our vigorous opposition to the proposal to transfer the school lunch and other child nutrition programs from the Department of Agriculture to the proposed new Department of Education.

The depth of the committee's feeling on this crucial issue is demonstrated by the fact that the letter was signed by all 18 members—both Democrats and Republicans.

The action of our committee is not to be construed as opposition to the creation of the Department of Education itself. Indeed, I support such a Department. I know that some other members of the committee do likewise.

But we are unanimous and emphatic in our opposition to the transfer of the school lunch program from the Department where it has been administered effectively from the inception to a new and untested agency. I can think of no activity of the Federal Government that has made a greater contribution over the years to the health and welfare of this country than the school lunch program.

As our letter states, the proposal to strip the child nutrition programs from USDA would be bad for the programs, bad for agriculture, and bad for the children of America.

Our committee also views this proposal as only the first step in a long-developing campaign to emasculate and dismember the Department of Agriculture. If this first move succeeds, efforts to strip away other functions will surely follow until the Department is reduced to sub-Cabinet status.

I and the members of the Committee on Agriculture, Nutrition, and Forestry do not intend to sit idly by and let this happen.

Mr. President, I submit for the RECORD the text of our letter.

The letter follows:

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Washington, D.C. April 18, 1978.

Hon. ABRAHAM RIBICOFF,
Chairman, Governmental Affairs Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing with regard to the provision in S. 991 which would transfer the child nutrition programs, including the school lunch porgram, from the Department of Agriculture to a new Department of Education.

While many of us support the concept of a Department of Education, all of us believe that transferring the child nutrition programs to the Department of Education would be detrimental to the programs, to the children of the Nation and to American agriculture. It might well jeopardize the creation of the Department.

The school lunch program has grown and developed within the Department of Agriculture. It makes no sense at all to transfer the child nutrition programs out of the Department of Agriculture at the very time it is becoming increasingly clear that food, agriculture, and nutrition are interrelated.

Transferring the child nutrition programs would, in our opinion, lead to elimination of commodity support for the program, undercut the nutritional aspects of the program, and remove the school lunch program as a mechanism for the disposal of surplus commodities. In addition, it would greatly undercut the effectiveness of the Department of Agriculture.

The school lunch program today constitutes the only effective means through which the Secretary of Agriculture can provide price and market stability to those farm commodities that do not enjoy the protection of government price support programs. This is accomplished through direct USDA purchases of those commodities when in surplus supply—such as beef, pork, poultry, eggs, fruits, potatoes and other vegetables—for distribution through the school lunch program.

If this program is stripped from the Department of Agriculture and placed in the new and untested hands of a Department of Education, this closely related and mutually beneficial agriculture and nutrition function will be greatly weakened, if not destroyed, and the children would suffer. The function should remain in a single Department that will have concern and jurisdiction for both. To divide the function would probably mean over a period of time that distribution of surplus commodities through the school lunch program would be replaced by a straight cash subsidy program. That would be highly detrimental to both the recipients and producers of farm commodities in temporary surplus.

The proposal to shift the child nutritional programs to a new Department of Education will, if successful, encourage further predatory raids on functions and activities of the Department of Agriculture. Indeed, such raids already are being organized. If the dismemberment of USDA is allowed to succeed, this century-old Department will become little more than an empty shell, incapable of serving either farmers or consumers.

The role of "food and nutrition" in our agriculture policy has increased dramatically in recent years. This interdependence will grow in future years. It must not be divided at this critical juncture.

The bounties of our land must be divided between the competing demands of foreign sale, foreign humanitarian donation, domestic sale, and our domestic food programs.

Nutrition is no longer viewed as a "fad" but as an important policy issue with major consequences for American agriculture as well as our Nation's health.

In short, it is of paramount importance that the United States have a coordinated food and agriculture policy—and to accomplish that goal these two areas must be united in the Department of Agriculture.

We believe this has always been the historic role of the Department of Agriculture.

The original mandate creating the Department in 1862 required it "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of the terms . . ."

The first appropriation by the Congress to a federal agency specifically for studies in human nutrition was made to the Department of Agriculture in 1893.

Later when the National School Lunch Act was passed in 1946 "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities", the Secretary of Agriculture was chosen to administer the program.

The Food and Agriculture Act of 1977 noted: "nutrition and health considerations are important to United States agriculture policy."

Most recently, the Secretary of Agriculture, Bob Bergland, told the Congress:

"We think this country must develop a policy around human nutrition, around which we build a food policy for this country and as much of this world as is interested. And in that framework we have to fashion a more rational farm policy. We've been going at it from the wrong end in the past."

Central to the development of a nutrition policy is the Nation's food programs: Food stamps, school lunch, school breakfast, and WIC. These programs, which represent the Nation's backbone in the fight against hunger, must not be taken from the Department of Agriculture just as we broaden our investigations in the area of nutrition and being to address other emerging nutritional issues, including obesity, the relationship between diet and disease, nutrition research, food labelling, and nutrition education. Indeed, as we progress into these other issues the food programs may provide a valuable source of information for consumption data, a forum for nutrition education, and perhaps other research information.

GAO, in a recent report on nutrition research, found a "lack of central focus and coordination" to be the number one barrier to progress in the area.

We feel certain that progress in evolving a food and agricultural policy is equally dependent on having a central focus. If the development of a national energy policy demanded a new Department of Energy to coordinate and pull together all aspects of the problem, then we insist that the same

principle applies to the development of a national food, nutrition, and agriculture policy. The nutrition programs should not be sent to other agencies or department; indeed the food-related functions of other departments should be consolidated within the Department of Agriculture.

We, therefore, strongly urge you, Mr. Chairman, to reconsider that provision of S. 991 and of the President's proposal which would transfer the child nutrition programs to a new Department of Education.●

HOLOCAUST IN CAMBODIA

● Mr. HATCH. Mr. President, recently the NBC television network broadcast a mini-series treating the mass genocide that the Nazis conducted against the Jewish population in Europe. That period of history has become known as the Holocaust and the program was so titled.

Mr. President, the program brought the horrors of mass murder into the living rooms of the American public and we were shocked to learn that such atrocities had been permitted to take place. A common question became, "How could a civilized people do this?" The answers were varied, and many who were alive at that time professed ignorance of the actions being taken against the Jews by the Nazis. I cannot offer any judgment of the people that stood by at that time and permitted such shocking actions to take place, but I can express my outrage that we would permit such an event to take place again.

I have one simple question to ask the people who were so shocked at what the Nazis did to the Jews of Europe—Have you looked at what has happened in Cambodia? What should the United States do about that? Information has filtered back to this country that as many as 2 million people have been murdered in Cambodia as a reprisal by the Communists for their failure to support the Communists earlier. I cannot stand by and allow this to happen without trying to do something to prevent it from continuing. Unfortunately, I do not have the power to command it to cease. What I can do is raise a hue and cry throughout this nation that will hopefully force the administration to some sort of action to halt this mass genocide.

Today's Washington Post carries an item in Jack Anderson's column that I feel should be brought to the attention of my colleagues in the Senate. The column details some of the atrocities that are being commited in Cambodia. I ask that this article be printed in the RECORD.

The article follows:

[From the Washington Post, May 2, 1978]

IN CAMBODIA, OBLITERATING A CULTURE

(By Jack Anderson)

There is another Holocaust story, every bit as stark as the recent TV saga, which should be rubbed into the world conscience.

Holocaust dramatized the ordeal of the Jews who were brutalized and massacred by the Nazis 40 years ago. We have compiled an equally staggering story of the horrors that are going on inside Cambodia today.

The Nazis began the systematic slaughter of all Jews under their control. The Cambodian Communists are trying to eradicate not a race but a culture. They are engaged in a deliberate, disciplined campaign to remake the society from the ground up. Intelligence reports tell of "completing the execution of all people who are not from the poor farmer-working class."

Six million Jews perished under the Nazi heel; this was more than six percent of occupied Europe. There has been no body count of how many Cambodians have died from mistreatment and execution. Competent sources have offered estimates ranging from 1.8 million to 2.5 million, about one-third of the seven million people who inhabited Cambodia.

The Nazis tried to conceal their monstrous crime from the world. They used such euphemisms as "resettlement," "removal," and "special action" to describe the mass executions. The Cambodian comrades also have their special vocabularly. A former communist official, who has participated in the killings, told U.S. intelligence sources:

"The Khmer word for 'kill, assassinate, execute' was never spoken when the annihilation policy was discussed. The Khmer term used was 'baoh caol,' literally 'sweep, throw out' or 'sweep, discard'; or 'baoh s'aad,' literally 'sweep clean.' "

The Nazis used firing squads and gas chambers to exterminate the Jews. In Cambodia, the communists began with firing squads. But they decided that bullets were too precious to waste on their victims. So hundreds of thousands were simply bludgeoned to death and buried in mass graves.

The favorite weapons of extermination in Cambodia has become the garden hoe. The same grisly report keeps recurring in intelligence dispatches: "Each man was blindfolded, led to the edge of a ditch and beaten to death with a hoe."

The brutality began even before the communists swept to victory in Cambodia. Some of the last classified cables from the U.S. embassy reported that communist guerrillas had turned upon the civilian population with a sudden savagery. "The attacks are seen by the refugees as enemy punishment inflicted upon them for rejecting KCP [Khmer Communist Party] offers to come over to the KCP side," alleged one of the final cables.

The communists swarmed over the capital city of Phnom Penh on April 17, 1975. The wholesale slaughter began on the same day. It was not the ravages of undisciplined troops gone wild. Rather, it was the calculated, cold-blooded policy of the communist conquerors to eradicate all vestiges of the existing social order. "The KCP rationale is to completely rid the society of all elements which are not of the lower social class," according to a former Communist official.

Officers of the former army were the first to die. "The KCP simultaneously began executing all wealthy farmers, prostitutes, high level monks, teachers, fortune tellers, former enlisted men and civil servants."

Nor were their families spared.

The crude bludgeonings continued for more than a year. "Toward the latter part of 1976," the intelligence reports claim, "the search for and execution of old society people slackened off. In April 1977, however . . . it once again became a primary party activity to search out and eliminate the last vestiges of the old society."

The most recent cable we have seen on this subject was dated Feb. 13, 1978. It declares tersely: "A renewed emphasis was placed on completely eliminating all vestiges of the former government and completing the executions of all people who were not from the poor farmer-working class."

This maniacal attempt to establish a new order by mass murder was supposed to be kept secret. The communists sealed off their country tightly. The borders are mined and patrolled.

Yet a few refugees managed to escape, some after harrowing experiences. Less than two months after the communist takeover, we were able to get enough eyewitness accounts to report on June 4, 1975: "It appears the Khmer Rouge, as the Cambodian communists call themselves, may be guilty of genocide against their own people." Now we have compiled intelligence reports and eyewitness accounts two inches thick. The evidence is overwhelming.●

ED GAFFNEY—NATIONAL SMALL BUSINESS PERSON OF THE YEAR—HONORED DURING SMALL BUSINESS WEEK

● Mr. NELSON. Mr. President, Congress and the President have designated this week as National Small Business Week—a tribute to the dedicated men and women who are associated with America's 13 million small businesses.

As chairman of the Senate Small Business Committee, I am pleased to report that small business has scored some impressive gains over the past year. Just last month, President Carter responded to a Senate-passed resolution by calling for a White House Conference on Small Business. Such a conference, which has never been held before, can contribute more than any other single factor to identifying and analyzing the needs of America's independent entrepreneurs.

It will be a national forum of high visibility—an event that will raise the whole level of public awareness about small business.

Yet, small business still has a multitude of problems. Although, this week we can take pride in some recent legislative accomplishments, there is still much to be done. We need to help small businesses raise the capital they need to grow and expand and to improve the regulatory climate for small businesses, for example.

In a way, the remarkable thing is that in spite of all the hassles involved in getting into a small business, our entrepreneurial spirit still flourishes: there were half a million start-ups last year. A lot of these—too many—will fail; we still have to help entrepreneurs gain the management skills necessary to survive and we have to improve their climate of taxation, investment, and regulation. But Americans are saying loudly and clearly that they still want the right of entrepreneurship that only small business can offer.

This is also a week in which my colleagues in the Senate can extend their congratulations to the small business person of the year from each State and the District of Columbia. Selected each year by the Small Business Administration, these are 51 of the Nation's outstanding achievers in small business.

This year, I am happy to be able to extend my congratulations not only to the Wisconsin Small Business Person of the year, but to the National Small

Business Person of the year as well, Edward Gaffney. Mr. Gaffney, president of Ortho-Kinetics of Waukesha, Wis., founded Ortho-Kinetics, which manufactures appliances for the handicapped and arthritic, in 1962. Since then, it has grown from a one-man operation to a leader in its field, employing more than 50 people in Waukesha and sixty sales representatives nationwide.

In recent years, Ortho-Kinetics has begun ot export almost 20 percent of its production to Britain and France, and it will soon be entering the Japanese market. Last year the firm's sales totalled almost $3 million. Many handicapped and arthritic people are now able to lead fuller lives thanks to the Ortho-Kinetic inventions—such as a wheelchair for crippled children which automatically folds on to automobile seats.

In spite of all the demands of such a growing company, Mr. Gaffney has still found time to be active in community and civic affairs. He was one of the organizers of the Independent Business Association of Wisconsin, and helped that group in turn, become one of the founders of the Council of Small and Independent Business Associations (COSIBA).

So National Small Business Week allows us to salute individuals like Ed Gaffney, who exemplify the American entrepreneurial spirit today, as well as to reflect on what we must do to strengthen the important role they play in our overall economic well-being.●

VIETNAM FOOD SITUATION

● Mr. McGOVERN. Mr. President, 3 full years have now elapsed since the end of the war in Vietnam. According to the recently released report of a UN mission which visited Vietnam between November 21 and December 6, reconstruction is progressing at a rapid pace—

despite such very adverse circumstances as lack of appropriate machinery and equipment, bad weather, floods, drought, and typhoons.

As the report notes, however—

the extremely wide range of damage and the quasi-total absence of modern equipment are placing an enormous burden on the Vietnamese....

A New York Times/CBS public opinion poll taken last July showed fully 66 percent of Americans support sending U.S. food and medical assistance to Vietnam. It is my hope that the administration and the Congress will respond to this public consensus by providing badly needed humanitarian reconstruction assistance to Vietnam.

I ask that an excerpt from the report of the UN Special Mission on International Assistance for the Reconstruction of Vietnam be printed in the RECORD.

Chapter II—War Losses and Reconstruction

As indicated in previous reports by several missions of the United Nations system (UNHCR, UNICEF, UNDP, IBRD, IMF, WHO, FAO, WFP and others), the damages and losses caused by the long, drawn-out war are immense and differ in character and magnitude as between the south and the north.

A. South

(i) Agriculture: very badly damaged.

(a) Nearly 10,000 hamlets damaged, many destroyed;

(b) Millions of hectares of riceland destroyed or damaged;

(c) Over 1.5 million oxen and buffaloes killed;

(d) Millions of hectares of forest damaged by bombs or chemical warfare;

(e) Land rendered useless by millions of craters;

(f) Tremendous numbers of land mines still buried in the fields;

(g) Industrial crops badly damaged (coffee, rubber, sugar cane, jute, tobacco, tea).

(ii) Involuntary movement of millions of people (farmers, refugees—over 10 million people displaced, according to Vietnamese sources).

(a) Great losses of crops by abandonment of land and thus by rapidly falling production;

(b) Cultivated land rapidly overgrown by tropical vegetation, the clearing of which will require years of effort.

(iii) Loss of human lives; great numbers of war-disabled.

(iv) Social dislocations:

(a) About 300,000-900,000 orphans;

(b) Hundreds of thousands of invalids;

(c) Millions of unemployed;

(d) Increase in illnesses (malaria, venereal disease and drug addiction);

(e) Disruption of the educational and public health systems.

By contrast with north Viet Nam physical destruction of housing, roads, railways, bridges, infrastructure and industry was relatively light in the former Republic of Viet-Nam, except in its northern provinces (just south of the 17th parallel).

B. North

The nature of damage in north Viet Nam results from the extensive physical destruction, complete or partial, of:

(a) Cities and villages;

(b) Roads, railways and water transport;

(c) Industries and construction yards;

(d) Power supply centres;

(e) Rolling stock (locomotives and railway cars);

(f) Trucks and ships (small and medium-sized);

(g) Ports;

(h) Fishery equipment;

(i) Hospitals and schools;

(j) Irrigation systems and dykes;

(k) Riceland (by craters);

(l) Houses;

(m) Machines, tractors and agricultural equipment;

(n) Natural resources.

Moreover, the loss of human life was substantial; there are also approximately 75,000 orphans left.●

LABOR LAW REFORM

● Mr. WILLIAMS. Mr. President, I have been deeply concerned that much of the recent debate and critism of S. 2467, the labor law reform bill, has been unrelated to the bill's actual provisions. Rather than a rational discussion of the merits of the bill, much of the debate has been quite emotional and misleading. The storm of rhetoric may have clouded the fact that the reforms that S. 2467 incorporate are not only vitally important to the continued, efficient functioning of the National Labor Relations Board, but ultimately, to the preservation of an ordered and balanced system of industrial democracy. My view in this regard was recently significantly reinforced by the statement of an ad hoc committee of over 200 members, "social scientists for labor law reform," on the merits of S. 2467. I am encouraged by the fact that these social scientists, who are partisans of neither organized labor or organized business, agree on the importance of the labor law reform legislation to the continuing stability of America's industrial relations system.

I ask that their statement on labor law reform, and a list of the social scientists who are members of that committee, be printed in the RECORD.

The material follows:

STATEMENT ON LABOR LAW REFORM

One of the enduring strengths of the American social system has been its ability to avoid the ordeal of protracted industrial strife. The adoption of the National Labor Relations Act in 1935 ended the brutal days of managerial intransigience and unrestrained labor unrest. Since then, American workers and employers have been able to resolve most of their conflicts within the context of rational and well-balanced system of industrial justice. Now, we fear, that system has been dangerously weakened by outmoded enforcement procedures and a staggering administrative backlog.

To insure fairness and continued stability of the nation's industrial relations system, we believe that the NLRA should be amended to better meet current needs. Labor law reform legislation now before the Senate will guarantee speedy representation elections, increase penalties for willful violations of the law, expand the National Labor Relations Board, and streamline NLRB procedures to help cope with the growing caseload.

We believe that these reforms, though modest in intent and design, are necessary to preserve a system which has served both workers and employers so well during the last four decades. We urge their adoption.

Kenneth O. Alexander, Michigan Tech.

Gabriel A. Almond, Stanford University.

Andrew R. Banks, Florida International University.

Carl A. Auerback, University of Minnesota.

Jack Barbash, University of Wisconsin, Madison.

James David Barber, Duke University.

Solomon Barkin, University of Massachusetts.

Patricia Barrett, Maryville College.

Edwar D. Beechert, University of Hawaii.

Arnold Beichman, University of Massachusetts, Boston.

Daniel Bell, Harvard University.

Irving Berg, Western Illinois University.

Dr. John Berrigan, Beaver College.

Robert C. Bibb, Vanderbilt University.

Joseph W. Bishop, Jr., Yale Law School.

John L. Blackman, University of Massachusetts.

Peter M. Blau, Columbia University.

Maxwell Bloomfield, The Catholic University of America.

Leonard E. Bloomquist, University of Wisconsin.

Dr. Anita Bowser, Purdue University.

Roy E. Brant, Edinboro State College.

Richard A. Brody, Stanford University.

Daniel A. Bronstein, Michigan State University.

Thomas R. Brooks, League for Industrial Democracy.

Orie Alfred Brown, California State University—Sacramento.

Lew Burt, Wayne State University.

Ralph Calkins, Hanover College.

William C. Canby, Jr., Arizona State University.

Leonard Cardenas, Jr., Louisiana State University.
Robert D. Carpenter, University of Arizona.
Richard Christofferson, University of Wisconsin—Stevens Point.
Paul B. Chu, Rutgers University.
Charles E. Clay, California State Polytechnic University.
Richard J. Clendenen, University of Minnesota.
Richard L. Clinton, Oregon State University.
Larry Cobb, Slippery Rock State College.
A. B. Cochran, Agnes Scott College.
Albert K. Cohen, University of Connecticut.
James Coleman, Mohggan Community College.
T. F. Connors, University of Illinois, Champaign.
Lewis A. Coser, SUNY at Stony Brook.
Rose Laub Coser, SUNY at Stony Brook.
William Crist, California State College.
Robert Culbertson, Illinois State University.
Robert L. Curran, University of Florida.
John P. David, W. Virginia Institute of Technology.
Anthony J. DeAngelis, University of Minnesota.
David Decker, California State College.
Carmen DelliQuadri, Michigan Technological University.
Steven DeLuxe, University of North Florida.
Margaret Dobbins, University of Alabama.
Thomas J. Donaldson, University of Minnesota.
William A. Douglas, Georgetown University.
Martin W. Duffy, University of Minnesota.
Valerie Earle, Georgetown University.
G. H. Elde, Jr., University of North Carolina.
Walter Ellis, Hillsborough Community College.
Henry J. Engler, Jr., Loyola University.
Roland Evans, University of Oregon.
Harvey L. Friedman, University of Massachusetts.
Daniel R. Fuffeld, University of Michigan.
Miles Galvin, Rutgers University.
Julius S. Gassner, University of Albuquerque.
C. Edwin Gilmour, Grinnell College.
Henry R. Glick, Florida State University.
Roy Godson, Georgetown University.
Helmut J. Golatz, Pennsylvania State University.
Sheldon Goldman, University of Massachusetts.
William J. Goode, Stanford University.
Daniel P. Gates, Pittsburgh State.
Peter Gottschalk, Bowdoin College.
Joseph M. Gowaskie, Rider College.
Dr. Gibson Gray, Pembroke State University.
Andrew Greely, University of Chicago.
Donald W. Greenberg, Fairfield University.
J. David Greenstone, University of Chicago.
Peter R. Gregan, University of Arkansas.
Peter Gurdry, University of California Berkeley.
David F. Haas, Louisiana State University.
John R. Hanson, University of Maine-Orono.
Jeremy G. Haritos, St. Peter's.
Robert K. Hasegawa, University of Hawaii.
James W. Hathaway, Appleton State University.
Joseph A. Hearst, Idaho State University.
Allan J. Heinson, University of Illinois-Champaign.
George B. Heliker, University of Montana.
Samuel Hendel, Trinity College.
Louis H. Henry, Old Dominion University.
Robert L. Herman, Dakota State College.
Stephen B. Hitchner, Jr., Harvard University.
Alice M. Hoffman, Pennsylvania State University.
Vaclav Holesovsky, University of Massachusetts.
Paul Hollander, University of Massachusetts.
Sidney Hook, Hoover Institute.
Michael Hoover, Missouri Western State College.
Irving Horowitz, Rutgers University.
Joseph A. Ilacqua, Bryant College.
Michael Israel, Kean College.
Dr. Jaswant R. Jindia, Southern University.
Bernard K. Johnpoll, State University of New York.
Ginger Jordan, University of Alabama at Birmingham.
Dr. Sidney Kaye, University of Puerto Rico.
Barbara R. Keating, University of Nebraska-Lincoln.
Erwin Kelly, California State University.
Norman Kent, Florida Atlantic University.
Robert O. Keohan, Stanford University.
Clark Kerr, University of California-Los Angeles.
George Kiefer, Southern Illinois University.
Martin F. Kilson, Harvard University.
A. Roy Kirkley, Sr., Rutgers University.
Keith Knauss, Indiana University.
Thomas A. Kochan, Cornell University.
Jon Kraus, State University of New York/Fredonia.
Kenneth Kuipers, Calvin College.
Simeon Larson, Rutgers University.
Boniface Lautz, Mt. Angel Seminary.
Thomas J. Leary, University of North Carolina at Greensboro.
Robert Lekachman, Lehman College, CUNY.
Wassily Leontief, New York University.
Aaron Levenstein, Baruch College.
Henry M. Levin, Stanford University.
Herbert A. Levine, Rutgers University.
Sherman Lewis, California State University Hayward.
William O. Lewis, Lewis & Clark College.
Seymour Martin Lipset, Stanford University.
Franklin H. Littell, Temple University.
William R. Luches, University of Minnesota.
Dr. Howard T. Ludlow, Seton Hall University.
Radomir V. Luza, Tulane University.
Justin D. Mahoney, U.S. Merchant Marine Academy.
John R. Mackenzie, University of the District of Columbia.
Kenneth J. Marin, Aquinas College.
Oscar J. Martinez, University of Texas, El Paso.
Donald R. Matthews, University of Washington.
David R. Mayhew, Yale University.
Dr. Joan McCrea, University of Texas, Arlington.
Donna McCurley, Tulane University.
John McGlennon, College of William & Mary.
Philip E. McGovern, LaSalle College.
Wilson C. McWilliams, Rutgers University.
Dudley Melichar, Arizona State University.
Dr. John Mikrut, Jr., University of Missouri.
Robert C. Miljus, Ohio State University.
John S. Miller, University of Arkansas.
Robert E. Mitchell, Florida State University.
David Montgomery, University of Pittsburgh.
Paul L. Murphy, University of Minnesota.
Saul Nesselroth, University of Connecticut.
Michael Novak, Syracuse University.
Joseph P. O'Donnell, Harvard University.
Dale M. Owens, Loyola University.
Robert Ozanne, University of Wisconsin.
Frederick Parkhurst, Jr., Guilford College.
Samuel C. Patterson, University of Iowa.
Ronda S. Paul, University of Kentucky.
Brookie Knudson-Pendleton, Claremore Junior College.
Dr. Thomas R. Phelps, California State University.
William Phillips, Rutgers University.
Dr. John P. Piczak, Keuka College.
David Pinsky, University of Connecticut.
Dr. R. H. Puckett, Indiana State Univ.
Michael A. Quinn, Southern Illinois Univ.
Howard B. Radest, Ramapo College of New Jersey.
Laurence I. Radway, Dartmouth College.
Lee Rainwater, Harvard University.
Dr. E. Louis Reddick, Southeast Missouri State University.
Charles H. Reedy, Eastern Kentucky Univ.
Wiliam E. Rentofro, Univ. of Colorado.
John P. Roche, Tufts University.
Benson Rosen, Univ. of North Carolina.
Irving H. Sabghir, State Univ. of New York at Albany.
I. Milton Sacks, Brandeis University.
I. Salama, S. C. State College.
William Schneider, Harvard University.
Paul Seabury, Univ. of California Berkeley.
Lois H. Seal, Jackson State Univ.
Charles J. Slanicka, Ohio State University.
Michael P. Smith, Tulane University.
Robert A. Smith, Madonna College.
W. E. Spellman, Coe College.
Hans Spiegel, Hunter College.
John E. Stanga, Jr., Wichita State Univ.
Mary Huff Stevenson, Univ. of Massachusetts.
Allan D. Stone, Southwest Missouri State University.
Benjamin J. Taylor, Univ. of Oklahoma.
Jackson Toby, Rutgers University.
Dr. Maureen Ullrich, Univ. of Montana.
Melville Ulmer, Jr., Univ. of Maryland.
Dr. Manoucher Vahdat, Northwestern State Univ.
Dr. Warren R. VanTine, Ohio State University.
James Walker, Wright State Univ.
Toby Walace, Univ. of Mississippi.
A. J. Wann, University of Utah.
Kenneth F. Warren, St. Louis University.
Marquerite Q. Warren, SUNY.
Vincent J. Webb, Univ. of Nebraska at Omaha.
Nat Weinberg, Univ. of California Davis.
Barbara Wertheimer, Cornell University.
Hoyt N. Wheeler, Univ. of Minnesota.
Mike Whitty, Univ. of Detroit.
Raymond E. Wolfinger, Univ. of California Berkeley.
Douglas R. Wozniak, The Defiance College.
Dennis H. Wrong, New York University.
Oris L. Odom, II, Sam Houston State Univ.
Gary Halter, Texas A & M.●

THE LAW OF THE SEA CONFERENCE AND ARMS CONTROL

● Mr. KENNEDY. Mr. President, a recent article, "The SALT Talks and the Salt Water Talks" by Dr. John J. Logue of Villanova University, emphasizes the need for imagination and progress in the ongoing U.N. Conference on the Law of the Sea. Dr. Logue is the director of Villanova's World Order Research Institute. He is a close student of the Law of the Sea Conference and has lectured on its work in 15 countries. His article appeared in the February 3, 1978, issue of Commonweal.

Dr. Logue calls for "linkage of an arms control strategy with an imaginative strategy for building world community." He believes that a bold and imaginative law of the sea treaty could play a major role in devising a community-building strategy, one that would link East and West, North and South. He adds that such a treaty would require a major

change in the direction of the Law of the Sea Conference. He feels that unless there is such a change, the conference "will end with no treaty or with a 'giveaway treaty' that awards most of the immense wealth of the oceans to a very few nations."

Dr. Logue urges Law of the Sea diplomats to stop asking "How much can we grab?" and start asking "How well can we build?" He is intrigued by the imaginative way in which statesmen like Jean Monnet and George Marshall went about reconciling two nations which had been bitter enemies: France and Germany. He applies the analogy to the Law of the Sea negotiations and comes up with the following conclusion:

A strong ocean authority with substantial funding could do for the world what the Coal and Steel Community and the Economic Community have done for Western Europe, i.e., build trust, community, prosperity, and most importantly, peace.

I request that the full text of Dr. Logue's article be printed in the RECORD.

The text follows:

THE SALT TALKS AND THE SALT WATER TALKS

(By John J. Logue)

LACK OF VISION HAS BEEN A MAJOR FAULT

The "salt water talks" which have been going on for the last four years could do far more to limit strategic arms than the much publicized SALT talks. Unfortunately, the "arms control potential" of the giant United Nations Conference on the Law of the Sea has not been on the minds of the several thousand delegates who have participated in the Conference's six working sessions, most recently in last year's May-July session in New York City.

Lack of vision has been a major fault of the Conference. It is a major reason for the pessimism which envelops it as it limps toward a seventh session to be held in Geneva from last March to early May. Meanwhile in Washington, Congress is giving very serious consideration to deep seabed mining legislation which would torpedo the Conference.

If they thought about that arms control potential, the law of the sea delegates would adopt a very different approach to their work. Instead of asking, "How much can we grab?" they would begin to ask, "How well can we build?" They would do their best to build strong ocean institutions and provide substantial funding for them, especially from the thirty trillion dollars worth of oil and gas to be found in the continental margins of the world. By substantial funding I mean at least five to ten billion dollars a year. That kind of money could do a great deal to assist Third World development, to fund the urgent fight against ocean pollution and to assist the work of the United Nations.

A strong ocean authority with substantial funding could do for the world what the Coal and Steel Community and the Economic Community have done for Western Europe, i.e., build trust, community, prosperity and, most importantly, peace. Unfortunately, the four-year-old Conference is moving in the opposite direction. The chances are that it will end with no treaty or with a "giveaway treaty" that awards most of the immense wealth of the oceans to a very few nations. The draft treaty now before the Conference, the Informal Composite Negotiating Text (ICNT), is just such a treaty. It makes a mockery of the concept which inspired the Conference, the concept of ocean resources as "the common heritage of mankind."

It is now ten years since the day, November 1, 1967, when Ambassador Arvid Pardo of Malta made his famous speech, a four-hour one, urging the UN General Assembly to embrace that concept. Recently *Professor* Pardo—he is now on the political science faculty at the University of Southern California—fired a broadside at the ICNT. Speaking at Villanova University at a special colloquium in his honor Pardo said that the resource zone in the treaty is "a monumental grab for riches, unprecedented in world history." The result of it will be, he said, "the rich get richer, the poor remain poor and the landlocked countries which, with few exceptions, are the poorest of the poor, become poorer." The riches in question were, under traditional international law, *res communis*, i.e., common property.

As law of the sea diplomats work to give away the common property of mankind, arms negotiators are having one more try at restraining the mad race for nuclear armaments, delivery systems, laser beams, neutron bombs and the like. While one wishes them well, one cannot be optimistic as to the long-term results of their negotiations. They too lack vision—and boldness.

Unfortunately, the U.S. and Soviet Union appear to believe that arms control is a technical problem, a problem for the experts. So did the disarmament negotiators of the 1920s and 1930s. But nothing could be farther from the truth. Arms control and disarmament are basically political problems—not technical problems. The moral is clear. If you want workable arms control and disarmament you must build community and the institutions of community.

The Europeans learned this lesson at great cost. It took the horrors of World War II to teach it to them. In the late forties and early fifties Spaak, Monnet, Schuman and dozens of others saw that the best way to build peace in Europe was to build Europe. They were brilliantly successful in doing so. What they built was far from perfect. But it had a profound—and profoundly constructive—effect on the European scene. Former enemies became good friends. The French and Germans, who had fought three savage wars in seventy years, began to work in close and constructive cooperation.

The world is a very different place from Western Europe. But a workable strategy for building world peace will be essentially similar to the strategy that worked so well in Europe. Thus, what the SALT talks need most is not, as some appear to believe, an omniscient computer which links missile inventories, throwweights, ranges, relative accuracies and a thousand other variables in one magic formula. What they need most is another kind of linkage: a linkage of an arms control strategy with an imaginative strategy for building world community. Without such a linkage, the SALT talks will fail sooner or later. With it they can, and it is to be hoped, will succeed.

The salt water talks could play a major role in devising a community-building strategy. A law of the sea treaty which mandates—and funds—an effective antipollution strategy, a law of the sea treaty which mandates—and funds—a multi-billion dollar economic development program—such a treaty could excite the interest and imagination of men and women everywhere.

Such a treaty would require a major change in the direction of the giant Conference. In particular, it would require a conscious decision that the common heritage will include a substantial portion of the revenues from offshore oil and gas. The present text awards all that wealth, the cream of the common heritage, to the coastal state and most of it to a handful of nations, most of them developed nations.

In a word, there must be sharing of the immense mineral wealth of the 200-mile economic zone, and not just the much less important wealth of the deep ocean. One interesting sharing proposal is the so-called "*Barba Negra* Formula." It is the central part of an "Appeal" to the Conference adopted by law of the sea diplomats and others during a sixty-mile sail from United Nations Headquarters out into the Atlantic Ocean. The sail on the square-rigger *Barba Negra* took place on August 22, 1976. The *Barba Negra* formula provides for graduated sharing of mineral revenues within the zone. It would require the poorest coastal states to contribute only one percent of their economic zone mineral revenues to a World Common Heritage Fund and the richest to contribute as much as twenty percent. The Fund would get three billion dollars a year now and considerably more in the years to come.

To change the Law of the Sea Conference's direction, to make it "come about," will be a very difficult task. The first step will be to persuade the delegates to cut through the fog of ideology, legalese and bloc politics and ask themselves two key questions: Is a giveaway treaty a good way to build peace? Will a giveaway treaty help the struggle for a new and more just international economic order?

Pardo, universally acclaimed as the father of the Law of the Sea Conference, has given his answer to those questions. In 1976, speaking of an earlier but essentially similar treaty draft, he said, "It will enormously increase inequality between states and consequently world tensions and conflicts." It is scandalous but hardly surprising that the preamble to the present treaty omits the word "justice" and does not even mention "the common heritage of mankind."

There is broad agreement that the Conference is in deep trouble. The conventional explanation for that trouble centers on the bitter struggle over the nature and powers of the proposed International Seabed Authority. But that struggle is a symptom, not a cause. The real cause of the trouble is much deeper. It is the betrayal of the common heritage by the leading nations in the Conference and not least by the United States which, in August of 1976, proposed a very generous sharing plan, a plan which it quickly abandoned.

To understand what has happened to the common heritage, one has to understand that if Pardo's 1967 plan had been adopted it would now be producing at least twenty billion dollars a year in common heritage revenues. The delegates know that twenty billion dollars a year could do a great deal to promote peace and justice. They know that twenty billion a year is more than sixty times the tiny amount—three hundred million dollars a year—which the Seabed Authority is expected to produce in 1987, i.e., ten years from now, if the present text is adopted. They know that three hundred million dollars a year can do next to nothing to solve the problems of a world of six billion people.

The atrophy of the common heritage has had a curious but little noticed effect on the Conference. It is making the Third World countries take a much more ideological approach to the nature and powers of the proposed Authority. They seem to be saying that if the common heritage won't bring meaningful revenues for the Third World, as everyone assumed it would, then at least the Third World must get an ideological dividend from the Conference. This will be accomplished if they get a strong Authority with powers not only to fix prices and to limit production, but also to ride roughshod on any private or state corporations which want to exploit the nodules in the deep ocean. In this view, the Authority's value does not come from what it produces. Indeed, some nations want it to produce very little. Its value is rather in how much power it has. It is as if the greater its power the more valuable it will be as a symbol of the radical, "new international eco-

nomic order" which certain Third World countries are championing.

Meanwhile the head of the U.S. delegation, Ambassador Elliot Richardson, has voiced his feeling that Congress will not and should not approve the ICNT unless the articles on the Authority are drastically changed. If they are not, it is quite likely that Congress will defy the Conference and "go unilateral," i.e., it will authorize U.S. companies to mine the deep seabed and give them financial guarantees in the bargain. If legislation of this sort becomes law it may well sink the Conference.

It is admittedly very late to talk of a major change of course in the Law of the Sea Conference. Yet such a change is essential if the Conference is to write a worthwhile treaty and a treaty that will last. Such a treaty could help set the stage for a meaningful arms limitation treaty. It is time for Cyrus Vance and Elliot Richardson to sit down together. They, and their counterparts in every country, should begin to ask how the SALT and salt water talks can help each other. Law of the sea negotiators would not be so vulnerable to special interest groups if they could persuade the general public that the law of the sea treaty they are championing would be a major step toward peace, justice and economic and political stability. And meaningful SALT agreements would be much easier to achieve if the nations of the world were already working together to save the seas and to use the wealth of the seabeds to promote peace and justice.

A bold and generous treaty, a *real* common heritage treaty, will be easier to complete and to sell than the giveaway treaty now before the Conference. For a bold and imaginative treaty will permit practical compromises on problems, such as the Seabed Authority, which are almost insoluble when they are approached, as they are now, in a doctrinaire spirit. The same spirit of accommodation will permit compromises on problems of arms control and disarmament which now appear to be insoluble.

Could ordinary men and women—here and abroad—be excited by the prospect of a bold and generous law of the sea treaty? I believe they could. In July of 1976 almost all of us were moved by the visit of the tall ships to New York City. But when, less than a month later, the giant Law of the Sea Conference came into the city almost no one knew it was there.

If the Conference would raise its sights and its sails I believe that a new wind would fill its sails, the wind of an informed and enthusiastic public opinion.

Where are the Jean Monnets and George Marshalls of the oceans?

We need them badly.●

THE BROADCAST OF SENATE DEBATE

● Mr. PELL. Mr. President, now that the Senate consideration of the Panama Canal treaties is history, I wish, as chairman of the Committee on Rules and Administration, to take note of another historical event that accompanied the debate: That is the broadcast of the entire proceeding live—directly from the Senate Chamber.

Senate Resolution 268, submitted by the distinguished majority leader, Senator BYRD, the distinguished minority leader, Senator BAKER, and other Senators, directed the Rules Committee to provide for radio and television coverage during the debate. It was not possible to arrange for television coverage due to the difficulty of properly lighting the Chamber.

However, it was possible to provide radio coverage without modification of our existing voice amplification system and without disruption to our procedures. National Public Radio, through its president, Mr. Frank Mankiewicz, agreed to provide gavel to gavel coverage and to distribute all speeches to its affiliated stations. Of course, local stations were free to use or reject network material as they saw fit. I am pleased to note that a survey commissioned by National Public Radio (NPR) estimated that some 14 million persons listened to the debate during the first 4 weeks.

Linda Wertheimer was the NPR correspondent during all 38 days of the debate. Robert Siegal and Mrs. Wertheimer produced the nightly summaries. Mrs. Wertheimer sat in the gallery and identified each speaker for the radio audience. Gary Henderson was the engineer who supported Mrs. Weitheimer. Although they were seated in the front row of the radio-TV gallery, I am not aware of a single complaint that their activity caused any distraction to our proceedings. They helped us prove that broadcasts can be conducted without disruption to Senate procedure. My congratulations to them all for an excellent job.

The commercial networks also operated an audio feed from the Chamber which they used in various ways. I welcome reports from the networks on how this material was broadcast and how many citizens heard it. I believe the whole Senate would be interested in that also.

Finally, a reminder that as directed by Senate Resolution 268, the Library of Congress Recording Laboratory recorded the entire proceedings. Copies of any portion of the debate may be obtained by calling the Library of Congress Recording Laboratory at 426–5508.●

WHY THE JAPANESE YEN IS BIG NEWS: HOW IT MATTERS TO THE AMERICAN CITIZEN

● Mr. GLENN. Mr. President, the Japanese yen is big news today. Every week we see new headlines about a declining dollar in terms of the yen. Does this news matter to the average U.S. citizen? Does it affect him in any significant way? The answer is an unequivocal and important yes. Japan is the second largest trading partner of the United States. It imports some $11 billion of U.S. goods, and in turn exports roughly $18 billion to the United States.

As Japan's economy goes, so goes the rest of Asia. Its rapid growth has spurred growth throughout the Asian region. Japan's economy dominates the health of Asia. United States trade with Asia has grown rapidly and for 6 years has exceeded total U.S. trade with nine major European community nations. Two-way trade with Asia, including services, totals $60 billion of which slightly more than half is with Japan. Japanese markets are especially important to U.S. farmers, to producers and workers in the forest product, coal, chemical, machinery, and appliance industries. Japan's dependence on global trade is the single most salient point of its external policies. Thus, although we have legitimate concerns, we must proceed carefully to avoid rupture to our bilateral relations and adverse domestic effects in Japan. The importance of U.S. agricultural exports to Japan is particularly striking. It is little known that more land in the United States is dedicated to feeding the Japanese than is land in Japan. Less than one-fifth of Japanese land can be agriculturally productive, thus one-third of U.S. farm acreage is devoted to crops produced for export. The dollar volume of these sales to Japan was $3.8 billion last year. More important, the Japanese economy is now the world's third largest, behind the United States and the Soviet Union, and has a significant effect on the world economy. Japanese demand, especially raw materials, from other Asian and European countries affects growth rates, employment, and in turn the rates at which these nations import goods from the United States and other trading partners.

WHAT IS THE SIGNIFICANCE OF YEN APPRECIATION?

The yen-dollar rate of exchange should reflect mainly the relative international competitiveness of United States and Japanese exports of goods and services. This rate determines the price which United States and Japanese goods exchange in the international market.

The yen has appreciated dramatically from the rate of 360 yen per dollar which held steady between 1948 and 1971. With the beginning of floating exchange rates of 1971 the yen began a series of progressive appreciations. In 1977 the yen rose against the dollar by 22 percent, with 15 percent of the appreciation taking place in the second half. In March of this year the dollar started a drastic slump against the yen, slipping to 218 yen to the dollar in early April.

This means that the same volume of Japanese exports which cost $1 billion in January 1977, would now be worth $1.35 billion in April 1978, if the yen prices of these goods remain constant.

From the Japanese viewpoint, while their export prices in dollars have been forced sharply higher, they are able on the other hand to buy imports a third more cheaply and must pay only $670 million for goods that cost $1 billion in 1977. This advantage would of course be somewhat less if the producer country prices had increased.

Thus, the immediate result of yen appreciation has been to exaggerate the size of Japan's trade surplus. Clearly, if neither Japanese export nor import volume in 1978 changed from 1977 levels, with its export value up a third and its import value reduced a third, its trade surplus would show a large increase in dollar terms. This is the so-called J-curve effect which economists refer to in their writings about trade adjustments in a floating exchange rate system. It is at the root of our present bilateral trade imbalance.

Over the longer period, however, the yen appreciation should discourage Japanese exports as their prices rise, and should encourage greater imports by the Japanese economy. Theoretically, this will lead to a gradual reduction of Japan's massive trade surplus. But, it is

not yet clear how long it may take for these volume changes to offset the aggravation of Japanese surpluses caused by value changes resulting from appreciation.

In Japan's fiscal year 1977, which ended March 31, 1978, its trade surplus (goods and services) is about $16.5 billion. Despite the rapid appreciation of the yen against the dollar, the Japanese current account surpluses (the trade surplus minus services and associated costs) continues to grow. It rose from $4.7 billion in fiscal year 1976 to about $14 billion in fiscal year 1977. Roughly half of this $10 billion increase resulted from the J-curves/effects of currency evaluation. The gain in surplus from the increased excess of exports over imports, by volume, accounted for about $5 billion of the increase.

THE YEN-DOLLAR RELATIONSHIP

The yen-dollar exchange rate reflects the difference in relative international competitiveness of their exports and the relative purchasing power of income within each country. This relationship, however, is complicated by numerous additional factors. It is important to try to understand these factors, because of a present tendency by some in each country to blame the other for the persistence of sharp changes in the yen-dollar rate.

The major additional factors influencing this exchange rate include:

Cyclical differences in growth rates,

Structural rigidity in economy which complicates adjustments to floating exchange rates,

Anticipatory speculative actions by traders and major holders of the two currencies, and

Exaggeration of changes in the current account balance of Japan caused by the J-curve effects.

CYCLICAL DIFFERENCES

The U.S. economy has grown at somewhat above its long-term trend in 1977, while most industrial nations were growing at significantly lower rates. This has caused the United States to draw in more imports to support its rapid growth, while finding weak export markets in slow growing foreign economies. In addition, the United States faced the unique problems of rapidly declining domestic oil and gas supplies and even though its consumption of energy grew moderately, imported oil cost an astounding $45 billion in 1977.

Japan grew well below its long-term trend. Even though its 5.3-percent growth appeared relatively high, it was far below the 10- to 11-percent real growth of Japan's recent preembargo years. This has meant that Japan's requirements for imports were quite depressed. Low domestic demand encouraged more intensive efforts to export. These benefited from an early undervaluation of the yen, which permitted it to make inroads against domestic production both in Europe and the United States. The higher rate of growth in the United States made it a particularly attractive market.

STRUCTURAL DIFFERENCES

Both United States and Japanese economies have certain structural peculiarities which make it much more difficult for their economies to adjust to the new floating exchange rate system. With its very strong export orientation, a historic preference for minimizing or avoiding imports, and its decided cultural preference for domestic products, Japan has tended over the past two decades to depend heavily on expansion of its exports to lead the growth of its economy. They are a "processing" nation; they import resources and materials, process, add value, and export.

Japan has become an economy in need of "affirmative action" to encourage imports. Consumer goods, in particular, could help the Japanese achieve better growth rates while offsetting trade and current account surpluses. The recent purchase mission ($1.94 billion) which toured the United States is a step in the right direction. But, the all powerful ministries (Finance and the Ministry of International Trade and Industry) must act to remove nontariff barriers. The Japanese Government can do much to fulfill the MITI assertion of September 6, 1977 (Japanese Markets: The Myth and the Reality) that they welcome the importation of foreign products. Although the Japanese have liberalized some quotas in January, the application of standards, customs practices, government purchasing policies, subsidies to certain industries are all barriers. I shall discuss these at greater length in my upcoming report to the Senate Foreign Relations Committee on Japan.

Despite the general recession in world trade, Japan has continued this export dependence and import minimization. In fact, the oil shock of 1973 intensified Japan's concern to maintain healthy export competitiveness.

The United States, by contrast, has had an extremely strong orientation to the domestic market, accompanied by a traditional openess to imports. Its relatively stronger recovery from the recession of the early seventies has produced an exaggerated import growth, and also increased the attractions of producing for the domestic as opposed to the export market. Hopes that a cheaper dollar in the floating international exchange markets would help us to overcome our growing trade deficits have not materialized. Two factors account for this: first, the continued competitive strength of non-Japanese foreign suppliers, and, second, the outdated competitive skills of U.S. producers in the international export markets, U.S. competitive strengths have been eroded to some extent by changes in U.S. tax laws which increase the cost of maintaining U.S. nationals abroad to represent U.S. products, by the growing cost of representation caused by foreign currency appreciations, and, more importantly, by uncertainty about U.S. policies on U.S. Government assisted export credit, investment abroad, and export incentive programs such as DISC.

It is not surprising that exchange markets have had a difficult time in anticipating how quickly the United States and Japanese economies could adjust their import and export volumes to changing exchange rates, given the strength and magnitude of these structural ridgidities in the two economies. Political leaders in both countries have the same difficulties.

ANTICIPATIONS: LEADS AND LAGS

It is now particularly hard to determine underlying trends in present Japanese trade. The rapid recent appreciation of the yen creates considerable motivations for exporters to accelerate their shipment in order to sell more before further yen appreciation, to beat expected increases in shipping rates, and avoid impediments expected by an anticipated dock strike on the U.S. west coast late this spring. Some exporters may also have pushed hard to maximize exports before the end of Japan's fiscal year ending March 31 in order to build a larger base level of 1977 exports, should there be subsequent Japanese Government or negotiated limitations on exports in Japanese fiscal year 1978. Similarly, on the side of importers, there is incentive to delay imports in hopes that if the yen rises further, they will become still cheaper. These actions, as a category, are known as the leads and lags, and they usually accompany any period of substantial exchange rate pressures.

J-CURVE

As the yen appreciated rapidly to reflect the growing strength of Japanese exports and its trade and current account surpluses, the rising price of Japanese exports reduced the competitiveness of some Japanese products abroad and slowed or reduced their export levels. As the yen grows in value, it tends to exaggerate the value of exports and reduce the dollar value of imports causing an exaggeration of current account surpluses in dollar terms. This phenomenon may have caused currency markets to exaggerate the strength of Japan's underlying trade position. Some Japanese believe this monetary illusion caused speculators to over-price the yen. Others believe, however, that yen rates merely reflect the larger volume of dollars seeking to buy yen. Until there is some extended period of stability in the yen-dollar rate, it will be difficult to determine how long it will take trade volume changes to overtake the valuation effect caused by appreciation.

WHAT ARE THE MAIN FACTORS IN YEN TO DATE?

Historically, the dollar has stabilized against other currencies earlier than it has in recent weeks against the yen. This appears to reflect a belief that there are special circumstances in the Japanese economic situation which warranted further appreciation of the yen. Among the more visible factors which might explain the difference are two in particular. The first is that Japan has continued to report high and rising monthly surpluses in its current account, and has had a much larger surplus relative to its total trade than has Germany, which shows also a more level or slightly declining trend in its current account surpluses. Another factor has been the clear effort of the Bank of Japan to support the yen at particular rates, rather than simply intervening to smooth out market dis-

order. As a result Japan has accumulated very large increases in its foreign exchange reserves over the past several months. These are a further signal to those in the market who look for signs of over- or under-evaluation of currencies. In addition, Japan has shown generally a more favorable trend in unit labor costs than have European economies. These are a good indication of future export competitiveness.

IS THE PRESENT RATE SUITABLE TO MOVE JAPAN TOWARD BALANCE IN ITS TRADE AND CURRENT ACCOUNT EARNINGS?

Since the dollar value of exports and imports is distorted by exchange rate changes, the best evidence to evaluate the effect of exchange rate changes is the data on the volume of import and export flows. Unfortunately, the evidence to date is still confused and indeterminate, because of the numerous anticipatory factors which may significantly distort the timing and volumes of current Japanese trade flows. The best indication we have to date that yen appreciation is having a substantial effect on the Japanese economy and on trade adjustment comes from data which suggest that appreciation has reduced the growth rate of the Japanese economy from an expected rate of 6½ percent in fiscal 1977 to a rate of around 5 percent. This development appears to reflect the belief that yen appreciation has had a substantial impact in reducing the competitiveness of a number of Japanese export industries, particularly textiles, simple consumer electric appliances, radios, television, ship building and a variety of industrial and textile chemicals. As a consequence of this, an abnormally high number of 1,500 smaller Japanese firms are declaring bankruptcy per month. There is corresponding indication that exporters from Korea, Taiwan, and other industrializing nations have taken over increasing percentages of former Japanese markets in these products during the past year.

WHAT ARE THE EFFECTS OF YEN APPRECIATION ON THE JAPANESE ECONOMY?

Japan's strongest and most profitable export industries, such as automobiles, sophisticated electronic products, and certain types of steel products have been able to raise dollar prices more or less in step with yen appreciation, without losing much export volume. Some Japanese producers in these industries have been able to pay off debts and are in extraordinarily strong financial condition. Weaker, marginally competitive industries face very different problems. Since they have barely been competitive at earlier yen levels, further appreciation forces them to absorb much or all of the further yen appreciation. An increasing number of Japanese industries have thus faced progressively greater financial difficulties as yen appreciation proceeded. This has reduced earnings, increased indebtedness, caused producers to toughen up on dealings with smaller part and service suppliers, and has forced an increasing volume of business failures. Since most Japanese firms already have much higher ratio of debt to equity than in the United States (in the vicinity of 60 percent debt financing on average), and since Japanese firms have lifetime commitments to a significant proportion of their labor, the heavy fixed costs on business have forced them to continue efforts to produce as long as they could sell above average variable costs.

Because Japanese banks to a large degree are government controlled in their commitment to Japanese industry, banks prefer to continue extending credits during difficult periods rather than see massive bankruptcies occur. Thus, many Japanese firms are heavily indebted. A tendency for interest rates to come down more slowly than the cost of living has also tended to produce unusually high interest burdens during this difficult period.

Under these circumstances, it is hardly surprising that the major effect of yen appreciation cn trade accounts thus far is a more rapid decline in import volumes than in exports. This may reflect attempts to reduce inventories of raw and semifinished materials, and even to cut back inventory levels to reduce overall costs. In addition, some importers may be delaying imports in hopes of buying raw materials more cheaply if yen appreciation progresses further.

Thus, yen appreciation has had some contrary effects. Appreciation depresses business and investment activity in Japan and discourages imports. Thus, effort to expand U.S. imports face great difficulty in the near term. Nevertheless, these efforts must continue for it is only by this process coupled with a better Japanese economic situation that will allow sizeable reductions in the trade imbalance. Efforts by the Japanese Government to overcome these depressing effects by expanding deficit financing have run into further yen appreciations, which have tended by and large to offset the additional stimulus as quickly as it has taken place. Despite a large increase in the government budget and its deficits for fiscal year 1978, the great majority of economic forecasts expect that because of yen appreciation, the Japanese economy will barely hold its own and maintain the current rate of approximately 5 percent annual growth.

Japan is now faced with a record high budget deficit of 37 percent. This is significant, and is the first time in more than two decades the Japanese have broken an arbitrary 30 percent level. Therefore, it is an important sign of the earnest and sincere commitment by Prime Minister Fukuda's government to resolve our mutual economic problems. There is great frustration and resistance in both government and Diet circles to further increases in the size of the government budget deficit since these increases have been less effective than hoped. In recent weeks there has been an increasing sense that Japan has run out of additional policy measures it can take to stimulate the economy and achieve the kind of reductions in trade surplus which it has set as its targets.

What is little understood is that most Japanese exporting industries still depend predominantly on the domestic market for 70 to 80 percent of their demand. Thus, they are well positioned to take savings on raw material import costs resulting from yen appreciation and pass these benefits through in export pricing. For a time, at least, Japanese companies may be able to survive yen appreciation by selective pricing.

In summary, the Japanese economy is unusually resistant to exchange rate changes in adjusting its current account balances, primarily because of the strong priority given to export business by both industry and government and because of a traditional preference for domestic over foreign suppliers.

EFFECTIVE YEN APPRECIATION AND JAPAN'S SURPLUS IN THE UNITED STATES

Many economists in the United States have hoped that floating exchange rates and a depreciated dollar, by making U.S. goods cheaper abroad, would help U.S. competitiveness and move us significantly toward reduction of our massive current account deficit.

It is ironic that the United States and Japan may prove to be the two major free world countries least adapted to quick adjustments through floating exchange rates. For Japan this is so because of its intense export orientation in business and government, the intense loyalty of Japanese firms and consumers to domestic products and business relations. Thus, Japanese exports tend to respond less to the discouragements of yen appreciation, and imports may respond still less.

For the United States, much of the opposite is true. We have a major domestic orientation in both business and Government. Since foreign sales affect one of six jobs and one-third of our agriculture, exports markets are significant and will become even more important in the future. Yet, our financial institutions and tax laws are not as oriented to export facilitation as are those of Europe and Japan. Nor are U.S. producers as oriented to expanding market shares as their foreign competitors.

In addition, the United States has recently invested a much smaller percentage of GNP in upgrading productive facilities. This results in lower rates of gain in productivity and in less offset of inflation with a lower overall level of investment, because the United States must adapt its productive facilities to changing competition from abroad. With a lower rate of productivity investment, we are also less able to take advantage of sales opportunities resulting from dollar devaluation.

Similarly, U.S. firms tend to have a strong aversion to budgeting large current expenses for market development. Such expenses are particularly important in developing a Japanese market, which is unusually complex and expensive, but which produces large rewards in consumer loyalty once achieved. An alternative is for U.S. investment in production facilities or distribution facilities in Japan. Acquisition of Japanese firms is uniquely difficult and investment costs are very high. As a result, U.S. investments in Japan are relatively limited. American firms, facing the double difficulty of having to expand market development and being unable to invest, too frequently resort to leasing or selling their technology as

the line of least resistence to achieving some return on the Japanese market. Given the great speed and agility with which Japanese firms absorb, adapt, and improve on required technology, it is rarely long before purchasers of U.S. technology are effectively outcompeting their supplier with innovations of their own in third-country markets and even in the United States.

Another difficulty arises from our relatively weak interest in export sales. U.S. firms have discovered, now that their products are relatively lower priced in Asian markets, that they are often unable to win against Japanese and European competitors which are increasingly depending on highly competitive financing offers.

The conclusions we can draw from these considerations are that the United States will remain considerably disadvantaged in trying to capitalize on yen appreciation in exploiting its commercial opportunities in Asia. The implication is that generally speaking the dollar may have to also devalue further to achieve a given amount of trade adjustment by the United States than would be the case for most other industrial nations. The further consequence is that the inflationary effects of devaluation may be relatively greater for the United States. These inflationary effects in turn generate a partial offset to the competitive advantage which dollar depreciation provide.

If U.S. Government and business practices were not at a sufficient disadvantage already, there has been a trend in recent legislative and policy decisions to propose changes which may further hamper U.S. competitiveness abroad. These include proposals for restricting tax exclusion of Americans working abroad (section 911 of the Tax Reform Act of 1976) and for elimination of tax deferral and the DISC.

WHAT ARE THE IMPLICATIONS FOR U.S. POLICY?

Only Japan can resolve the massive and growing trade and current account surpluses which its policies produced during the past year. The United States must certainly continue to press Japan for effective implementation of the key elements of the Strauss-Ushiba communique of January 1978. Our Government should remain especially persistent in pressing Japan to make a full equitable contribution to the success of the multilateral tariff negotiations, to maximize its domestic growth, to establish the degree of import liberalization needed to offset its strong export earnings, and to expand its foreign aid while untying it from its "buy Japan" orientation thereby neutralizing international perceptions of Japan's mercantilist policies.

Japan has done much in the past 6 months to demonstrate that it intends to reach its targets for national growth and for reduction of its current accounts trade surplus. It has also demonstrated a willingness to take supplemental measures to the extent that existing actions appear insufficient. The U.S. Government must continue to work closely with the Japanese Government to assure satisfactory progress. We have also become increasingly aware that the United States bears responsibilities in this area. The early passage and implementation of an energy program is essential in this respect. In our relations with Japan moreover, our earlier discussion should make clear that the United States would not automatically benefit even if Japan fully realizes its growth and current account targets. While our exports of food and raw materials to Japan will undoubtedly improve as Japanese income levels rise, it is much less likely that our manufactured exports will increase their share of the Japanese market without more vigorous efforts on our part.

In view of the substantial disadvantages that I previously identified to an effective competitive U.S. selling position abroad and our declining export position in manufacturers, our first step should be to minimize further aggravation of the disadvantages the United States suffers in international markets. This requires assessment of the impact of all major legislation involving taxes, social overhead cost and other provisions with significant effect on investment and sales decisions on U.S. firms, and to identify the extent to which this legislation affects or is likely to affect U.S. competitiveness. It should also include an OECD conference to reconcile distortions in the trade flows caused by different domestic tax practices.

A second step would be to review the adverse effects of legislative and executive actions taken or proposed over the past 2 years. This review should include reassessment of section 911, close consideration of tax deferral proposals, as well as review of environmental impact and other provisions which may put the United States at an unreasonable competitive disadvantage. Tax deferrals may be far from a perfect incentive for exports, but serious consideration should be given not to dismantling these provisions until we have found some alternative approach to export promotion which is more cost effective.

A third step is to reassess U.S. policy and efforts with regard to international export credit competition. Thus far our negotiators have had very little success in strengthening international agreements to limit self-defeating competition in this field. One reason may well be that we lack leverage for discouraging unreasonable practices by others. One alternative approach to increasing our leverage which I believe may be necessary would be to authorize greater flexibility for the U.S. Export-Import Bank to match the practices of others much more fully, so that we have strength of a competitive position with which to negotiate moderation by others.

A fourth step is to assess thoroughly the various aspects in which the United States demonstrates structural and practical disadvantages in competing in international markets. We must analyze the extent to which the lower level of U.S. capital investment as a proportion of GNP is slowing our growth and ability to adjust to international competition. Growing calls for protectionism throughout the world, the beginnings of strangulation of U.S. participation in international trade, and demand action.

These are matters which affect each and every U.S. citizen. They are matters of growing importance to this Nation and to the health of the international economy we lead. It is, therefore, incumbent on this Congress and all concerned citizens to give this topic high priority attention over the coming months. This year when the success of the multilateral trade negotiations will be determined is a particularly fitting year for us to address these problems with utmost intensity and urgency.

We have for 33 years pursued a policy of encouraging democracy in Japan. If we seek a freely oriented, free market Japanese economy—a situation I believe that reinforces democracy—we must be willing to meet economic competition head on. Japan's success in world markets reflects a diligent people, efficient companies, extensive market research, and aggressive salesmanship. This reality cannot be avoided. There remain some Japanese policies designed for the fragile economy of the early 1950's, and these should be eliminated. But, the United States must also seek certain corrective actions. We must do these things together. If we do not, two major engines of the non-Communist world will halt, perhaps even reverse. Such a reversal would endanger democracy—everywhere.

That cannot happen. With diligence, with cooperative effort, and above all, with patience and understanding, economic frictions between sovereign friends and allies will be manageable.●

A FRESH INSIGHT ON ENERGY

● Mr. KENNEDY. Mr. President, as public discussion and congressional preoccupation with the national energy plan continues to be clouded by high rhetoric and incomprehensible data, occasionally a voice of commonsense is heard above the din. I was struck by the no-nonsense approach of Lewis Lapham, editor of Harper's, in his recent speech to the Edison Electric Institute: Lapham argues that businessmen, bureaucrats, and sheiks share common interest in keeping prices up and issues clouded when it comes to energy. His speech is both entertaining and thought provoking, and I ask that it be printed in the RECORD.

The speech follows:

THE ARABIAN OIL BUBBLE

In the newspapers lately, as well as in the journals of refined policy opinion, I notice that the promoters of the "energy crisis" have shifted the emphasis of their spiel. Instead of talking so much about the failing supplies of hydrocarbons in the world, they have been making more ado about the infamous OPEC cartel.

Perhaps this is because in recent months enough information has leaked through the mythmaking apparatus of the press to cast doubt on the predictions of the earth's insolvency. The world market at the moment wallows in a glut of crude oil, and every few weeks yet another renegade economist or research institute mentions the abundance of oil and gas reserves. But even the economists who project a condition of surfeit as opposed to one of scarcity quickly recover their sense of patriotism alarm and go to talk about the sinister conspiracy in the Middle East.

About the omnipotence of the cartel all the authorities agree.

On Wall Street the bankers sigh and accommodate themselves to the inevitable dominion of the cartel as if it were an obligation pressed upon them by David Rockefeller or the Downtown Association.

The politicians in Washington talk about foreigners extorting ransom from the American people, and President Carter raises up both a bureaucracy and a national energy plan to protect the innocence of American enterprise from the capricious despotism of an indolent Arab.

This catechism has been so often repeated, not only by government officials and oil company presidents but also by newspaper columnists and the grand viziers of American foreign policy, that it has acquired the sanctity of dogma. Were it not for the high price of oil in the Persian Gulf, so runs the antiphon in the sacred text, the United States would regain its confidence, restore its credit, rescue its currency, and go forward to its appointment with manifest destiny.

The apparition of an OPEC cabal, unfortunately, has as little substance to it as does the companion stage effect of a world emptied of all its heat and light. The consensus of conventional alarm reminds me of what Stewart H. Holbrook, writing in *The Age of the Moguls*, said about Teddy Roosevelt's theatrical belaboring of the mammoth trust: "(He) knew a good safe menace when he saw it."

The belief in the cartel's omnipotence serves so many domestic interests that I often wonder what the American managerial class would do without it. If the cartel was everything that people said it was, I would expect to find bankers selling their Long Island estates and moving to Switzerland; I would expect to hear of admirals convening press conferences and leaking to Congressmen confidential documents showing that the United States Navy no longer could guarantee the hegemony of the oceans, I also would expect an atmosphere of anxiety and haste.

But instead of this I find people muttering about "the Arabs" and worrying about the regulated price of natural gas, ask if they had all the time in the world to consider the fine points of social equity. In Washington the politicians and federal bureaucrats go about the business of commissioning opulent architecture, and in New York nobody thinks to object to the design of yet another glass office building on the ground that it might be wasteful of energy.

The dreamlike character of the crisis suggests that to the American managerial class the OPEC cartel subsumes all the ambiguity of human existence into the convenient abstraction sometimes known simply as "them." The working class achieves the same result with diatribes against "the big shots," "the government," or "Octopus Oil."

Before going further with this speculation, I probably should explain that I was raised within the bosom of the American oligarchy. Various members of my family have been in various sectors of the oil business since the 1890s, and as I have listened to them talk about their troubles over a period of thirty years, I have understood that the business suffers from a condition of chronic glut.

There is always too much oil and gas in the world, and so the problem is always the same—how to restrain the trade. Nobody makes any money unless he can figure a way to control either the production, the distribution, or the price of oil. Old John D. Rockefeller achieved his purpose with hired bullies and a talent for monopoly.

His successors, most of them far more timid individuals who have inherited the stewardship of the American hierarchies, take an administrative rather than an entrepreneurial view of the world. Whether employed by banks and corporations or as functionaries within the federal government, they like to think of themselves as gentlemen.

They have no particular fondness for colossal profits, which tend to frighten them and to interfere with their affectation of conspicuous frugality. They aspire instead to serve the institutional machinery, to retain those privileges accumulated on their behalf by their primitive forefathers. They look with disfavor upon too much prosperity.

Prosperity implies ferment, in the economy as well as in politics; the subsequent disorderliness encourages people to think and to take risks, and this in turn leads downward into the abyss of social change.

Although they admire old Mr. Rockefeller's accomplishments, they deplore his methods, and so they prefer to achieve the same result in more decorous ways, either with federal regulation and environmental reform or with a devout belief in such happy accidents of fate as the exhaustion of the earth's resources and the advent of the OPEC cartel.

I will try to be more specific. Having begun to doubt the immaculate conception of the Muslim cabal, it occurred to me some months ago to wonder what would happen if the cabal lowered the price of oil. For all practical purposes the cartel revolves around Saudi Arabia, which produces about 8.4 million barrels a day and has reserves sufficient for another 150 years of extravagant use. The Saudis produce so much oil at so low a cost (30 cents a barrel) that they establish the price of oil in the world market. The spot price, Arabian Light Crude, F.O.B. Ras Tanura, is currently $12.60 a barrel.

But what if the Saudis chose to sell a barrel of oil for $6? Certainly they could afford to do so. Money is hardly a scare commodity in their society; their kings and princes often have said that they would prefer to hold the oil in the ground. If not the Saudis, who then benefits from the high price of foreign oil?

Obviously the question is a political one. When a product sells for at least forty times the cost of its production, I assume that the price no longer has much to do with textbook economics. Over a period of several weeks this winter I raised the question with a number of people in New York and Washington, who have a financial interest in sustaining the fiction of perfidious Araby.

Without exception they looked upon the possibility of a break in the Saudi price as being destructive of their own interests. Although they thought that the United States as a whole would benefit from a cheaper price, they could foresee nothing but panic and confusion among their institutional confederates in the Department of Energy, the State Department, the international banks and oil companies, even the charitable foundations and the environmental organizations. Or, in the words of an investment banker familiar with the mechanics of oil and gas deals:

"If you ask me that question on the record, then I have no choice but to say, 'Yes sir, we have a terrible energy crisis, and the Arabs are awful people.' Off the record I can tell you that we have no crisis, and that the Arabs are doing us a service. If they cut the price, people would start going out of windows."

Like the other people to whom I put the same question, he offered a partial but fairly impressive list of American interests that find it convenient to languish under the tyranny of the OPEC cartel. As follows:

1. The international oil companies. Ever since OPEC quadrupled its price in 1973 the energy companies have reported steady gains in both income and government subsidy. The Saudis make the market price, and by so doing they perform the function of the old Texas Railroad Commission.

2. The financial institutions, primarily the banks and the insurance companies that underwrite exploration as well as the construction of pipelines, tankers, ports, and refineries. The investment of large sums of money calls forth correspondingly large commissions and fees. Without the OPEC cartel the Alaska pipeline might not have been built in such expensive haste. The pipeline cost $8 billion, and much of the money was paid to American corporations.

3. Any company, institution, or syndicate that has invested substantial sums in the development of exotic fuels or alternative energies. As has been noted, to the Saudis it doesn't make much difference whether they sell a barrel of oil for $12 or $6. But to anybody who hopes to make a profit by extracting energy from shale, tar sands, uranium, or liquefied natural gas (all of which imply production costs equivalent to between $10 and $20 for a barrel of oil) the guarantee of a high market price presents itself as a *sine qua non*.

4. The environmental movement. If the Saudis lowered the price of oil, the stock market probably would rise and money would find its way into equities and into the hands of the citizenry.

As every environmentalist knows, the citizenry cannot be trusted. People who believed themselves suddenly affluent would go around buying vulgar consumer goods with which to desecrate the landscape. The high price of foreign oil inhibits not only the building but also the conception of industrial development on too large and too indecorous a scale. It contains the suburbs, stalls the construction of highways and chain stores, obstructs the restoration of cities.

5. The sutlers and camp-followers selling their goods and services in the Persian Gulf. The Pentagon sells arms; the banks and financial institutions arrange expensive financing; other people sell real estate, computers, and political influence. The Bechtel Corporation last year undertook to supervise the construction of a port city in Saudi Arabia for $20 billion, which gives a fair measure of the scale of the enterprise.

In 1977 the United States reported a trade deficit of $26 billion, most of it attributed to the $42 billion paid for foreign oil. Even so, the United States reported a favorable balance of payments with Saudi Arabia.

6. The coal industry and its union. President Carter's energy plan recommends a conversion of oil-fired plants to coal, but if fuel oil were to become less expensive than coal, then the miners, no matter what their new contract says, could look forward to an extended period of unemployment.

7. Consultants and energy specialists with a fixed investment in what they have said. Together with their attendant data banks and research institutes they offer advice, information, and analysis (much of it useless except in the papier-mache world of contrived crisis to both government and the energy companies).

8. "The crisis industries." The arms merchants and the alarmist factions of the media have a considerable interest in preserving the belief that the United States wobbles on the precipice of defeat. Without the apparition of an insidious cabal they would have trouble selling their lines of goods to the Congress and the Book-of-the-Month Club. The cabal thus contributes to the well-being of the defense industry and its associated unions as well as to the circulation of the New York Times.

9. Politicians. The energy debate dwells on unknowable mysteries and thus bears a fortunate resemblance to a debate about the existence of God. The politicians can wax eloquent on a subject about which they need know nothing. Their theological discussions allow them to avoid or postpone the temporal matters of race, poverty, crime, and justice.

10. Exporters of manufactured goods. The weakness of the dollar, brought about in part by the imbalance of payments, gives an advantage to American goods competing against the exports of Western Europe and Japan.

11. The art markets. The high prices paid for furniture and paintings (as well as for coins, sculpture, houses in East Hampton, et cetera) presume a rising rate of inflation. If the cartel collapsed, the oligarchs who bestow tax-exempt gifts on museums and universities would lose not only the advantage of immense deductions but also the corresponding sense of their own worth.

The interests enumerated in the foregoing list all belong predominantly within the private sector of the economy.

They dwindle almost into insignificance when compared with the advantages that accrue to the federal government. The specter of a cabal, and of the sudden darkness that would descend on the United States if the Arabs were to embargo their shipments of light, supports the government's discovery of "an energy crisis" and lends credence to the need for a huge bureaucracy through which the government can award the political dispensations of money and fuel.

The Saudis now hold currency reserves estimated at more than $60 billion. Of this sum about $30 billion has been invested in U.S. government notes (Treasury bills and bonds), and another $20 billion has been invested in Eurodollars or in the paper offered by American corporations.

The arrangement constitutes an ingenious variation on the old colonial trade. The money leaves the private sector of the American economy (i.e., gets taken out of the hands of the spendthrift and irresponsible natives), passes through the wastes of Arabian desert (enriching the caravan of middlemen, brokers, consultants, arms dealers, et cetera), and so returns to Washington.

Thus does the government use the supposedly infamous cartel to finance its debt, manage the transfer of wealth within its own society, and impose savings on the American people. If the triangular trade happens to increase the rate of inflation, well, from the government's point of view, inflation also has its uses. Citizens give over more of their money in taxes, and the increased uncertainty in the economy calls forth demands for more bureaucracy with which to protect the innocent tribes from the rapacity of such imperial agents as Octopus Oil and the OPEC cartel

The Saudis invest their money in the United States as a form of Danegeld. The splendor of their tribute stills the voices of doubt and conscience. It also buys the protection of the American military machine against the possibility of reckless aggression from Israel and the Soviet Union. To the Saudis, who apparently take as literal-minded a view of religion as does President Carter, the United States stands as a bulwark not only against atheism and Communism but also against the forces of social change.

I concede that the government might not know exactly how or why all these pleasant things get done. If too many people took the trouble to wonder how the system works, they couldn't play their parts within it. To imagine an American conspiracy would be as foolish as to believe in the vast powers of the OPEC cartel.

As noted earlier, I don't think of the American oligarch as a rapacious man; I think instead of a man perpetually anxious, of Joseph Conrad's "flabby white devils" in Brussels sending Kurtz to look for ivory at the headwaters of the Congo. I think of men who don't want to make trouble, who would make a deal if necessary with any retired whore or fledgling dictator who offered them a concession in a bordello or the television rights to the making of a *coup d'etat*. Give them their percentage and promise them peace in their time, and they will smile and bow and sing a national anthem. The decay of American enterprise clearly cannot be discussed at the Council on Foreign Relations, much less in the newspapers, and so the crisis must be blamed on somebody else, preferably a foreigner.

Enter the damnable Arabs. The media find this convenient partially because they also stand within the American oligarchy and partially because they cannot bear to make princes of darkness of figures so obviously bourgeois as government bureaucrats and the presidents of oil companies.

How much more satisfying, to both the aesthetic and the theological sense, to imagine a Satanic Arab in a robe, wandering the world in a 747, sipping sweet coffee, fondling French women or small boys, playing baccarat for enormous sums while toying with the vague notion of destroying Western civilization. To the economic intellectuals, the Arab cabal appears as a *deus ex machina*. It explains the otherwise inexplicable conundrums of the international economy, and it redeems, as if by an Act of God, all previous theories and predictions that have been proven so fatuously wrong.

Best of all, the invention of a cabal makes a trivial melodrama of what otherwise might be perceived as the terrifying prospect of a world increasingly crowded with nuclear weapons and populated by people who are angry, poor, ignorant, and hungry.

If everything is a crisis, then nothing is a crisis; and the more enormous it can be made to seem, the less needs to be done about it. The American oligarchy can postpone the difficult business of thinking about what would happen if the supply of Middle Eastern oil suddenly was to become unavailable, and it can reduce the complexity of history to the size of a commodity speculation.

In the meantime, the aura of crisis flatters the vanity of all concerned. The managerial class has lost so much self-esteem in the past generation that it must be pleasant for people to imagine themselves once again in the presence of momentous events.

Just as the mythmaking about the Arab cartel obscures the nature of the understanding between the United States and Saudi Arabia, so also does it obscure the nature of the partnership between Octopus Oil and the federal government.

The gigantic institutional and financial combinations, in both the public and private sectors of the economy, honor one another's interests and recognize one another's prejudices as universal laws. From what I have read of the Saudi princes, they appear to have much in common with the moneyed oligarchs in New York and with the feudal bureaucrats in Washington. None of them likes to take risks.

If the possibility of intellectual freedom threatens the safety of Islam, so does the emergence of unregulated markets threaten the banks and the government agencies. The weakness of the dollar discourages expansion in the domestic economy and reduces the pressure of competition from abroad. If the stock markets atrophy, and if the common people can be made to see that their venturesome impulses bring them nothing but debt and taxes, then perhaps they will come to feel grateful for the protection of their institutional overlords.

As Saudi Arabian wealth becomes increasingly necessary to the American economy, I expect that it will lead to the further degradation of those people who think of money as an elemental force of nature. I sometimes wonder what it must be like for an American civil servant or foundation official, earning even as much as $75,000 a year, to spend his days tagging along behind a Saudi prince. What self-defeating fantasies of political and sexual conquest must trouble the poor fellow's thoughts while riding the evening train to Oyster Bay.

The contrived mechanism of the Arab ascendancy constitutes a bear raid on the American economy and the democratic idea. As with all bear raids, the advantage falls to the already rich. The available wealth accumulates in a small number of fabulous hoards—with the Saudi royal family, the international financial institutions, the federal government.

Measured over a short period of years, the lack of enterprise sustains the illusion of peace. But what happens when the capitalist princes can think of nothing else to do with their barbarism except to turn it inward, upon themselves? The sheen of money, like the ornamental engraving on Renaissance cannon, deceives them into thinking that they can escape the savagery of war.●

THE NOMINATION OF LYNN COLEMAN TO BE GENERAL COUNSEL OF THE DEPARTMENT OF ENERGY

● Mr. JACKSON. Mr. President, Members of the Senate have received a letter from David Cohen, the president of Common Cause, regarding the nomination of Lynn Coleman to be General Counsel of the Department of Energy. Mr. Cohen's letter, dated April 28, alleges that Mr. Coleman made a political contribution to his law firm's political action committee in March, when his nomination was pending before the Senate.

At my request, Mr. Coleman has prepared a response to the charges raised in Mr. Cohen's letter. Mr. Coleman's letter to me of May 1 indicates that the contribution was withdrawn from his partnership capital account without his knowledge. I ask that his letter to me and Mr. Cohen's letter of April 28 be printed in the RECORD for the information of the Senate.

The material follows:

COMMON CAUSE,
Washington, D.C., April 28, 1978.

DEAR SENATOR: On April 19 we wrote to you expressing our opposition to the nomination of Lynn Coleman to be General Counsel of the Department of Energy. Since that time we have learned important additional information about Mr. Coleman which bears directly on his ability to exercise sound and independent judgment.

As you know, Mr. Coleman has represented oil and gas interests for the last twelve years as an attorney for the Houston-based law firm of Vinson and Elkins. On November 18, 1975, Vinson and Elkins established a political action committee. Since its inception, the "Vinson and Elkins Good Government Fund" has made contributions totalling $47,400 to federal candidates and committees. A number of the contributions have been received by Members of Congress who sit on energy-related committees and subcommittees.

It is quite unusual for any law firm to establish a political action committee. Common Cause could identify only seven law firms which have political action committees.

Common Cause was amazed to discover that reports filed with the Federal Election Commission show Mr. Coleman making for the first time a campaign contribution to his firm's political action fund on March 9, 1978, one month after his nomination had been favorably reported by the Senate Energy Committee and five months after his nomination was submitted to the Senate.

According to the reports filed with the Federal Election Commission, Mr. Coleman's contribution was $725. Of the forty members of the firm who contributed to the firm's political action committee in 1978, only two made larger contributions than Mr. Coleman. The average contribution from law firm members in 1978 was $302, less than half that made by Mr. Coleman.

Mr. Coleman's political donation in the midst of his confirmation process demonstrates gross insensitivity. It also raises fundamental questions about Mr. Coleman's judgment and his understanding of the concept of conflict of interest. This is all the more true in light of the fact that the law firm's political action committee has made significant contributions to Members of Congress on energy-related committees and subcommittees.

As we have stated before, the position of General Counsel is an absolutely critical one at the Department of Energy. The person confirmed for this position must be free from actual and apparent conflict of interest and must be a person of sound judgment.

Mr. Coleman fails to meet these standards. The new information we have found only reaffirms that he should not be appointed to the sensitive post he has been nominated for.

We strongly urge you to vote against the nomination of Lynn Coleman for General Counsel of the Department of Energy.

Sincerely,

DAVID COHEN,
President.

LYNN R. COLEMAN,
Washington, D. C., May 1, 1978.

Senator HENRY M. JACKSON,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Mr. David Cohen, President of Common Cause, wrote a letter to all Senators on April 28, 1978, stating that I recently had made a contribution to the political action committee of the law firm (Vinson & Elkins) of which I am a partner and that such committee has made contributions to Members of Congress. From these circumstances, Common Cause charged me with "gross insensitivity," questioned my judgment, and urged Senators to vote against my nomination as General Counsel of the Department of Energy.

Since no one from Common Cause offered me the opportunity to explain this occurrence in advance of the public release of its letter, I am writing to set forth the facts involved and put them in fair perspective.

I am in complete agreement with the concern expressed in the Common Cause letter that public officials and those nominated for public office must take precaution against the fact or the appearance of conflict of interest. Without question, the public confidence in the integrity of our governmental system at all levels has eroded in recent years. As one long interested in public service, I share the concern of Common Cause at the degree of skepticism which has followed that erosion. I would therefore personally regret even the remote possibility of anyone drawing an inference of impropriety in connection with the contribution discussed in the letter.

Partners in Vinson & Elkins created a political action committee in November 1975 in conformance with the statute and Federal Election Committee regulations. The committee is administered by partners in the Houston office of Vinson & Elkins and I have no role in collection or distribution of the committee's funds. Contributions are usually made by partners pursuant to authorizations given the committee to draw on funds in each partner's capital account. (I made such an authorization to the committee when it was established.) From these authorizations, the committee may draw funds as needed to make political contributions, the amount and timing of particular withdrawals being determined by those who administer the committee.

Some partners prefer to make political contributions to candidates of their own choice in lieu of making contributions to the committee. When this occurs, the practice has been to reduce the amount which the committee would otherwise be authorized to withdraw from their partnership capital accounts. In prior years I have made some personal contributions and am advised that, as a consequence, no withdrawal from my partnership account had been made. As indicated in the Common Cause letter, a withdrawal was made from my capital account, and reported as a contribution by the committee, on March 9, 1978. Ironically, I am told it was because I had informed the committee of no contributions within the last year that a withdrawal was routinely made by the committee pursuant to my prior authorization, without notice to me. Had I been aware that such a withdrawal was contemplated by the committee, I would not have permitted it.

To clarify a possible misimpression from the Common Cause letter, there is nothing illegal or improper about Vinson & Elkins having a political action committee, nor for that committee to make political contributions. However, it should be clearly stated that neither I, nor the Vinson & Elkins political action committee, has made any contribution to any Member of the U.S. Senate since long before the time of my nomination.

I regret the occurrence that prompted the Common Cause letter and understand how from the FEC record they were led to the conclusion expressed. For that reason, I make the above explanation for the use of the Senate in considering my nomination.

Sincerely,

LYNN R. COLEMAN.●

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

● Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Peter J. McLaughlin, of Delaware, to be U.S. marshal for the district of Delaware for the term of 4 years, vice John J. Smith.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Tuesday, May 9, 1978, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.●

CORRECTION OF A VOTE

Mr. BIDEN. Mr. President, on Wednesday, April 26, my vote was incorrectly recorded on final passage of the congressional budget resolution. Therefore, I ask unanimous consent to change my vote from "nay" to "yea" on vote No. 140, a vote on agreeing to Senate Concurrent Resolution 80 setting forth the congressional budget for the U.S. government for the fiscal year 1979. Changing my vote in no way affects the outcome of that vote.

The PRESIDING OFFICER. Without objection, the correction will be made.

SUN WEEK IN ILLINOIS

Mr. PERCY. Mr. President, Sun Day is upon us. The national day of celebration for solar energy is this Wednesday, May 3. Illinois has declared the entire week of May 1 through May 7 Sun Week. Schools and communities all across the State have responded enthusiastically to this opportunity to honor, display, and learn about ways to use the world's most reliable energy source. Judy Beck, the Illinois Sun Week coordinator, distributed a summary of the major events planned throughout the State. I ask unanimous consent that this summary be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUN DAY IS MAY 3

On May 3, 1978, communities throughout the United States will celebrate Sun Day. Just as Earth Day launched the environmental movement in 1970, Sun Day is planned to mark the beginning of the solar age.

Prorgams beginning in April and continuing beyond the Day itself will emphasize the viability of renewable, non-polluting energy sources and seek to make their development an immediate national priority.

Our nation's growing reliance on dwindling supplies of oil has contributed to inflation, a distorted foreign policy and short-sighted environmental policies. The controversy over the consequences and cost of nuclear power shows no sign of abating. And coal offers mainly a stopgap with its own environmental complications during a transition away from oil and nuclear power.

A major shift to new energy sources is inevitable. Fortunately, solar energy, including its derivative forms of wind, falling water, biomass conversion, and direct forms of heat and power generation, is an available option. While no single solar technology can meet our total needs, a combination of such methods can. Solar energy is technologically sound, economically realistic and environmentally attractive. Many uses are feasible now; others require mass production, government incentives and the research and development concentrations equivalent to those long given to other energy sources.

Unfortunately, many Americans remain unaware of the potential for solar energy. As with any developing technology, the first news on solar energy to reach the media has told of exotic applications and involved experiments. Many people still assume that solar energy is applicable to only a few areas of the country, such as the southwestern states. The simple facts about the natural energy that is with us every day have yet to be heard by many Americans.

NATIONAL SUN DAY

Sun Day's goal is to educate the public about solar energy potentials and to promote a transition from oil and atomic power to safe, non-polluting renewable energy. Existing groups and new organizations will present demonstrations of solar equipment, publicize new technological developments, hold conferences on social and economic implications and coordinate a variety of solar-related activities.

Recently, local "energy fairs" from Amherst, Mass. to Los Angeles have spurred major interest in solar energy. Solar has also received some favorable press coverage, though on a sporadic and "unique case" basis. Sun Day programs, with a broad base of citizen participation, are planned to help

advance solar energy from the category of "distant possibility" to that of an immediate choice available to our country.

SUN DAY IN ILLINOIS

From rural fields to urban rooftops, Illinois presents a spectrum of possibilities for implementing solar power. The League of Women Voters of Illinois is serving as a center for state-wide organization. Coordinator Judy Beck, working from the Chicago League office, is assisted by downstate coordinator Sandra McAvoy, who is also director of the Illinois Environment Council.

A steering committee representing community, environmental, business, government and educational groups meets regularly to share resources and to insure balance in the state-wide program.

As so many communities have planned weekend or week-long events, Sun Day in Illinois will be officially celebrated as Sun Week, May 1–7. The following is a sampling of events already planned in Illinois. See last page for a calendar of Chicago-area events.

Carbondale—A week-long Low Cost Solar Festival, May 1–6 at Southern, Ill. University in cooperation with the city of Carbondale. Exhibits and displays, films, daily seminars focusing on design, technological, social, legal or economic aspects. Keynote speaker, Buckminister Fuller, May 3.

Champaign—University of Illinois students and local environmental groups plan a week of activity including debates and discussions of "soft path" technology for Central Illinois and the nation. Information tables and exhibits and special "Bus, Bike and Hike Week" events are planned.

Evanston—Sunrise '78 kick-off conference and fair at Northwestern University April 21–22. Informal seminar speakers include representatives from Argonne Labs, N.U. Urban Affairs Center, U of I, Circle, and Acorn Magazine. Films, exhibits, solar-inspired art, food and mime theater highlight the community-based event. Also the scene of Rep. Abner Mikva's 10th District Municipal Seminar on Alternate Energy and a conference on Jobs and Solar Energy organized by Midwest Academy with the cooperation of several labor unions. Barry Commoner will speak at both the labor conference and the public event. Evanston's Sun Week continues through May 6 with educational programs, local business cooperation, solar installation open house, and May 3 events.

Jacksonville—Sunrise to sunset celebration. Special educational and entertainment programs planned at the public library. Local solar enthusiasts will sponsor a solar water heating contest.

McHenry County—Environmental groups, farmers' organizations and garden clubs will coordinate Sun Week activities. Exhibits, including working solar projects built by local high-schoolers, and tours to solar installations will highlight educational programs.

Park Forest—displays, seminars and environmental/earth/energy activities will be centered at the award-winning Freedom Hall. Events are cosponsored by the Villages of Park Forest and Park Forest South, local enviromental groups and Governors State University (*Acorn* magazine)

Rockford—An educational program, from primary level demonstrations to guest spots on local TV talk shows, will provide warm-up for Sun Day events on May 3 and 6. Sunrise and sunset ceremonies, solar exhibit fairs for children and for homeowners, and how-to workshops are planned.

EXIMBANK RENEWABLE ENERGY OFFICER

Mr. PERCY. Mr. President, on Wednesday, April 5, I introduced legislation which would amend the Export-Import Bank Act by creating within the Bank an officer whose primary task would be to promote the export of American renewable energy technology equipment. On Thursday, April 13, I testified before the Subcommittee on International Finance of the Senate Banking Committee on behalf of this legislation. On the morning of my testimony, I received a letter from Mr. John Moore, the President of Eximbank advising me as to why the Bank was unwilling to support this legislation. Mr. President, I take this opportunity to respond to Mr. Moore's letter.

Mr. Moore contends that the designation of an officer to promote the export of renewable energy technology would be impractical considering the Bank's size and organization and "inadvisable in light of foreseeable congressional requests for designation of officers in other sectors of particular interest to the Congress."

There is presently an officer of the Bank whose area of responsibility is sectoral. This is the small business officer. Therefore, creating an officer to promote exports of renewable energy technologies would not break new ground. The precedent has already been set by the establishment of this small business officer.

Nor should creating this officer leave the Bank open to additional demands for other special officers. Promoting the use of solar and other renewable energy technologies has become a primary component of our energy and foreign policies. A month ago, President Carter signed into law the Nuclear Non-Proliferation Act which includes title V detailing our intent to promote the development and application of nonnuclear energy technologies in the Third World. Several days ago, the Washington Post revealed that President Carter is creating a special high-level task force to assure that solar technology development and utilization is given greater visability and funding.

These actions highlight the importance the President attaches to a viable domestic solar industry capable of competing in export markets. Thus, this officer would be more than a champion of a special industry. He would be performing tasks consistent with our most important domestic and foreign goals.

For the reasons given above, I believe that this legislation would not be harmful to the Export-Import Bank but could contribute significantly to the growth of a vital American industry.

Mr. President, I ask unanimous consent that Mr. Moore's letter and my testimony before the Subcommittee on International Finance be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CHARLES H. PERCY

Mr. Chairman, I thank you for this opportunity to testify before this subcommittee on the important issue of promoting the export of American renewable energy technology equipment.

On Wednesday, April 5, I introduced legislation which would amend the Export-Import Bank Act by creating within the Bank an officer whose primary task would be to promote the export of American, renewable energy technology. The rationale for this amendment derives from the policies articulated in Section 501 of the Nuclear Non-Proliferation Act and Section 119 of the Foreign Assistant Act.

Specifically, this officer's duties would entail the following: first, advising the President of the Bank on ways in which solar and other renewable energy technology can be exported with the use of the Bank's facilities; second, disseminating information to appropriate manufacturers concerning the various export programs with the Bank; and third, acting as a liaison for these manufacturers between the Bank and the relevant departments and agencies in the government.

To assure that the officer's work is meaningful, the legislation would require that the Eximbank include in its semi-annual report a section detailing the Bank's performance in promoting exports of renewable energy technology equipment. In addition, the Eximbank would be required to include the officer's views in all statements to Congress already required prior to finalizing agreements to finance exports of nuclear technology. Finally, the Board of Directors of the Bank would be obliged to consider the feasibility of renewable energy alternatives and the views of this officer in any decision involving energy-related exports.

Some may argue that the creation of such a position would disturb the present structure of the Bank, and that other industries would soon claim their right to a special champion in the Bank. These arguments are not persuasive.

While the present responsibilities of the Bank's officers are structured primarily along geographical lines, there is already an officer of the Bank whose area of responsibility is sectoral and not geographical. This is the small business officer. Creating an officer to promote the export of renewable energy technologies would not break new ground; rather, it would rest comfortably with the precedent set by the establishment of the small business officer.

Creating this officer should not leave the Bank open to a multitude of requests for additional sectoral officers because of the unique position the solar industry must play in furthering this country's energy and foreign policy goals. Promoting the use of solar and other renewable energy technologies both at home and abroad have become primary components of this nation's energy and foreign policies. Only four weeks ago, President Carter signed into law the Nuclear Non-Proliferation Act which includes Title V detailing our intent to promote the development and application of non-nuclear energy technologies in the Third World. In 1977, the Congress added Section 119 to the Foreign Assistance Act which expressed our desire to help developing nations use small scale energy technologies in rural areas.

These policy goals highlight the importance of the development of a viable domestic industry capable of exporting renewable energy technologies. Thus, this officer of the Bank would be more than a champion of a special group. He would be performing tasks consistent with our most important domestic and foreign goals.

As we all know, the Export-Import Bank is a very important mechanism for financing U.S. exports. Although about 85% of U.S. manufactured exports go forward without Bank assistance, some exports cannot be financed by the private sector alone. The Bank now supports over 20% of all capital goods exports. Further proof of the Bank's importance to U.S. exports is the administration's request for an increase of $15 billion over the next five years in the loan ceiling of the Bank.

Eximbank is a particularly important source of financing for nuclear exports. Since

1959, when the Bank first became involved with exporting nuclear power plants, it has underwritten, to some degree, all but two such U.S. plants around the world. In dollar terms, this support has financed approximately $6 billion in nuclear equipment and facilities.

This Eximbank support for nuclear exports has had a very positive effect on the development of the nuclear industry in this country. By lending funds for nuclear technology at low interest rates to foreign borrowers, the Bank has, in effect, subsidized this technology. It has made it more attractive abroad than it might have been had market interest rates been in effect.

The Bank does not have an equally impressive record for financing solar and other renewable energy technologies. To the contrary, there has been virtually no utilization of the Bank's resources to aid this important and promising industry. Given the proper signals from Congress, I believe that the Bank could play as crucial a role in developing our solar industries as it has our nuclear industries.

The creation of an Eximbank officer to promote the export of renewable energy technologies would be a significant step in the right direction which would directly benefit both this country and the rest of the world. Most obviously, a visible commitment by Eximbank to promote exports of renewable energy technologies would have a positive impact on the energy plight of the Third World. Since the Arab oil embargo and the subsequent quadrupling of oil prices, many of the poorest nations, unable to pay these prices, have had to forego entirely their development aspirations. The slightly more affluent nations have continued to purchase oil but at the risk of bankruptcy as their international indebtedness has mounted precipitously. A commitment by the United States to promote the use of solar technologies could provide long term solutions to these nations' energy needs and increase the likelihood of their meeting their development goals.

Promoting the development and use of solar energy would also help check the ominous spread of nuclear weapons capability. If practical alternative energy technologies were readily available, many countries would refrain from acquiring nuclear scientists and materials altogether or would at least limit themselves to the use of less sensitive nuclear facilities. The institution of a visible and effective export program would assist in providing such an alternative.

This legislation would stimulate the growth of an important domestic industry. Promoting exports would provide manufacturers with the necessary capital to expand production. As the industry grows to meet foreign demand, the unit cost of the technology should fall, thereby making it a more attractive alternative for American consumers. This, in turn, will lead to more jobs and further investment. In addition, a growing export industry, supported by the Bank, would help reduce our high balance of trade deficit.

This legislation should not be interpreted as an anti-nuclear proposal. Nuclear power has become an integral part of our energy mix. I do believe, however, that solar and other renewable energy technology industries should be given the chance to become export industries as well.

To this end, I have recently introduced complementary measures designed to achieve the same goal. In particular, I have sponsored legislation (S. 2731) which directs the Secretary of Commerce, in consultation with the Secretary of Energy, to undertake a global market survey to determine potential markets for American solar technology equipment. The information derived from such a survey would be extremely useful for the Eximbank in disseminating information to appropriate manufacturers around tne country. I have also asked the Congressional Research Service to examine ways of facilitating the export of renewable energy technologies.

I ask that my statement in support of this legislation and my letter to CRS be made part of the hearing record.

These efforts underscore my deep concern that the developing world has access to practical alternative energy options. This amendment to the Eximbank Act would help provide such an alternative and will thereby decrease the risk of nuclear proliferation. That this legislation will have the simultaneous effects of aiding our domestic economy and helping to solve our energy problems increases my enthusiasm for it.

Mr. Chairman, I thank you for this opportunity to participate in this hearing. I appreciate your taking my testimony into consideration and hope you will act favorably on this legislation.

Thank you.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., April 11, 1978.

Hon. CHARLES H. PERCY,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR PERCY: I am responding to your letter of April 6 urging Eximbank's endorsement of S. 2835 which you introduced on April 5, 1978. This bill would amend the Export-Import Bank Act of 1945, as amended, to establish a non-nuclear renewable energy resources officer at the Eximbank to advise on Eximbank's role in offering financing support in this emerging export field.

I would like to take this opportunity to say that we at Eximbank have noted your substantial and important efforts to promote the export of solar and other non-nuclear renewable energy technology products and services abroad. We fully support these efforts both as a means to strengthen the fledgling solar industry in the United States and as a potentially lucrative and important new American export field. While Eximbank welcomes the opportunity to finance solar and other alternative energy equipment and services, we believe that this legislation is both unnecessary and inadvisable to achieve greater Eximbank participation in solar energy exports.

The single officer in Eximbank who has anything other than programmatic or administrative responsibilities is the Small Business Officer. The position was created as the result of Congressional interest in assuring that Eximbank does all that it can to assist small businesses to export their products and services. In fact, our Small Business Officer is also the Senior Vice President for Exporter Credits, Guarantees and Insurance, and as such is supervising those Eximbank programs most often used by small and minority businesses. All of Eximbank's other officers are responsible either for specific Eximbank programs or for geographical areas within specific programs.

Despite Eximbank's substantial involvement in such sectors as power plant exports, particularly nuclear power, and commercial jet aircraft, Eximbank has no officer designated to deal with these sectors. The Bank's size and its organization make such designation impractical, and, in light of foreseeable Congressional requests for designation of officers in other sectors of particular interest to the Congress, inadvisable.

The relatively low cost and resultant short term required for financing of solar and other alternative energy technology exports very likely mean that a substantial amount of the financing can be provided by the private sector. As you are aware, Eximbank is instructed in the Export-Import Bank Act to "supplement and encourage, and not compete with private capital". Consequently, the Bank does almost no direct lending for exports in amounts less than $5 million or for terms less than five years, a range in which commercial banks are capable and comfortable in financing. While commercial solar installations, such as photovoltaic cells for electricity generation, may eventually be marketed costing in excess of $5 million, we would expect exports of this magnitude to be rare for the next several years. We would, however, be prepared to examine the feasibility of financing such exports directly on a case-by-case basis as they arise.

Recognizing that there are foreign markets in which the political or commercial risks make financing even modest amounts for relatively short terms unattractive to commercial banks and in an effort to induce participation in export financing by medium sized and small regional banks, Eximbank offers several programs to insure and guarantee private financing for export sales. It is likely that most Eximbank financing support for solar and other alternative energy technology and services would be through these Eximbank insurance and guarantee programs. As such, they would be in the province of Eximbank's Small Business Officer either because such exports would be made by small businesses or because in his role as Senior Vice President for Exporter Credits, Guarantees and Insurance, he would be responsible for exports requiring the financing support on the terms and in the magnitude described above.

We would like to suggest that when the Global Marketing Survey which you are sponsoring is completed and the results are disseminated to the U.S. solar industry, Eximbank literature be provided as well, with our Small Business Officer listed as a contact for information and assistance for companies wishing to utilize Eximbank for export sales. In the interim, Eximbank is currently embarking on a nationwide series of seminars in cooperation with the Department of Commerce, the Overseas Private Investment Corporation and the Small Business Administration to inform small and minority businesses and banks of export and investment opportunities and support. Working with the Department of Energy, we will attempt to invite representatives from all solar technology companies in the areas in which the seminars are conducted.

Finally, let me comment on the requirement that the Eximbank Board of Directors consider the feasibility of renewable energy alternatives in any decision involving energy-related exports. By the time that Eximbank is approached to finance the export of power plants or equipment, the buyer has already made his decision about the type of equipment or facility he will purchase. Having been informed of this decision, American contractors, as well as their foreign counterparts, bid on the contract. It is generally at this point that Eximbank is approached to finance the project or equipment to fulfill the requirement that bids include financing arrangements. Consequently, even if Eximbank had the technical capability of performing such a feasibility study, which it has not, it would only be completed after the buyer had made his decision to purchase the type of plant or equipment which he feels best meets his needs.

It is important to bear in mind that the United States exports no energy plant or equipment the technical and qualitative equivalent of which cannot be procured from other industrialized countries. International bidding competition for such projects is intense. The additional time and cost of such a study would usually make timely provision of competitive financing arrangements to American exporters by Eximbank impossible, resulting in the loss of the business to foreign companies.

Moreover, even were it feasible for Eximbank to acquire the expertise necessary for

such a study, foreign government resentment of the apparent attempt of the United States to dictate their energy choices through commercial policy would certainly result in the loss of contracts to foreign exporters who are supported by their official export financing agencies, none of whom impose any such requirement.

To conclude, this requirement of the legislation would assure that the single avenue through which the United States can affect the safety and operation of foreign energy facilities, i.e., by having them provided by American contractors who meet the most stringent safety and health standards in the world, would be lost.

Again, Eximbank is aware of the potential for solar and other alternative energy technology exports and will do everything consistent with its Congressional mandate to support the export of such technologies. We appreciate your efforts in this regard, but believe that the creation of a non-nuclear renewable energy officer at Eximbank would not contribute meaningfully to increased exports of these technologies. We would be pleased to discuss this matter further with you and your staff at your convenience.

Sincerely,

JOHN L. MOORE, Jr.

ERA DAY IN CHICAGO

Mr. PERCY. Mr. President, many outstanding leaders are advocating the ratification of the equal rights amendment and many of them were together Friday, April 14, in the Guild Hall of the Ambassador West Hotel in Chicago to discuss ways to win needed support in Illinois for ERA's ratification.

The Illinois Women's Political Caucus sponsored a "Party with a Purpose" with Ms. Jayne Thompson, honorary chairperson and Marjorie Benton and Patricia Hutar, benefit cochairpersons. Also present were featured guests Liz Carpenter and Jill Ruckelshaus, along with special guests Marlo Thomas, Sharon Percy Rockefeller, Ann Landers, Mary King, Arnita Boswell, Al Robinson, and myself.

Patrons of the event were the Democratic National Committee, Arthur Rubloff and the United Auto Workers; sponsors were the Honorable Clifford Kelley, Melynda Lopen-Erlich and Connie Seals; and the following contributed to the outstanding success of the event: Doris Conant, Richard Melman, Hedy Ratner, Carol Silverthorn, Rebecca Sive-Tomashefsky, Ambassador West Hotel, Midwest Women's Center, and the National Women's Political Caucus.

Texts of the remarks of many of the speakers were not available but a text was available from Marlo Thomas and I ask unanimous consent that it be printed in the RECORD. In my judgment it constitutes an excellent statement of the case for ERA, supported 6 years ago by over 90 percent of the Members of both the House and the Senate and yet still not adopted as a part of the Constitution. I reiterate again my own strong support for ERA and my hope that it will be next offered by the Legislature of the State of Illinois.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SPEECH BY MARLO THOMAS

Thank you.

It's terrific to be here, to be with all of you, and to be back in Chicago.

I've been living in California, you know. And recently we had a new experience there. It is called "the monsoon."

Large trees floated through living rooms and parlors. Long stretches of freeway disappeared beneath the waves.

My hill fell into my neighbor's pool.

No, I take that back, it didn't fall, it kind of slid. And as we stood at the edge of the pool, with our lawyers and adjusters, gazing at the 15 feet of mud which had nestled into the deep end underneath the high diving board, I began to have this longing for someplace high and dry—like Chicago.

But I'm not just here because I needed to come in out of the rain. I'm here because there's work to be done here, work for you and me in defense of liberty. I'm here because I believe that the national effort on behalf of the equal rights amendment must have one top priority.

What a hassle we have had with this simple, straight-forward amendment!

You would think the idea of equality under the law was revolutionary or something!

You would think it was not *already* promised in the Constitution!

You would think the ERA was a *new* idea—when it has been introduced at every session of Congress since 1923—when it is already in effect for millions of Americans who don't feel they have to wait one more minute to exercise their rights.

I get absolutely furious when I think that women had to wait more than 50 years for passage of the 19th amendment that gave them the vote. I think it's a disgrace that we should still have to be campaigning for women's rights in 1978!

The opponents of the ERA have a fear ridden interest in a certain kind of make-believe "order"—in the family, in the job market, in the banking and credit system, in politics—and they are trying to scare us off with *their* fears of what's going to happen to *them* if this so-called established order crumbles.

But there *is* no established order!

Different people make different choices about how they want to live their lives. They have the *right* to—and the law is not supposed to protect some make-believe order, it is supposed to protect their *rights*.

I am sure there are lots of people who don't want to cope with the rights of women.

I am also sure there are lots of thieves who don't want to cope with the rights of property owners.

I am sure there are whites who would rather not cope with the rights of blacks; bosses who would rather not cope with the rights of labor. Just a few minutes ago, there were some people on State Street who didn't want to cope with my rights as a driver.

Well, we had better learn to cope with each other's rights.

Because that is the way we preserve our freedom.

That is the way we grow as individuals and as a civilization.

Our credibility as a free nation is on the line here, the credibility of our Constitution is on the line. And our credibility depends on our readiness to guarantee the rights promised by the Declaration of Independence.

And, so far, equal rights for women is a promise not kept.

The ERA has the distinction of being as scary as the truth always is to those who would rather live in the land of make-believe than face up to reality.

I remember very clearly how scared some of the television bigwigs were when we first suggested a series about a female on her own. It may seem amazing now—but That Girl was a revolutionary character for her day.

We were told that a female without a family unit would never work as the heroine of a television series, that if I wanted to play a girl moving to New York to pursue her career, I would have to take along an aunt or a six-year old brother.

I remember marching into their offices with Betty Friden's book "The Feminine Mystique" and saying, "Read this! The times, they are a'changing! Millions of Americans are already pursuing their lives as single, independent people! That Girl isn't a revolutionary! She's a fait accompli!"

The television bigwigs were assuming there was some strict definition of what was feminine that was the only definition acceptable to the public.

They didn't recognize that those strict definitions had long since been discarded, that women had already begun to seize control of their own lives.

This business of the feminine definition was put into wonderful perspective back in 1912 by Charlotte Perkins Gilman, when she wrote an essay called "Are Women Human Beings?" Gilman wrote:

"When the doe in the forest wishes to run far and fast, she is not unfeminine. She is not making a *buck* of herself. She likes to run, not because she is a *doe*, but because she is a *deer*. Just as much of a deer as the buck is."

If we women want to grow, to run, to compete, it's not because we are un-feminine, not because we want to make men of ourselves. It is because we are human beings, just the same as men are, with rights that include the pursuit of happiness.

There's a woman in New York named Rena Bartos—a vice president of J. Walter Thompson, the big advertising concern. And she has coined a new axiom for the ad business. She says—"If you want to hit a moving target, aim at where it's going—not where it has been." The law makers too, must cease aiming at where the public has been—and make sure they direct their efforts to where the public is going.

Where is the public going as far as equal rights for women are concerned?

Opponents of the ERA want us to believe that only wild-eyed, insane fanatics are for the ERA—people like me and Margaret Mead and Sylvia Porter—and the good solid majority is against it.

Well, the House of Representatives voted *for* the ERA, 254 to 23.

The Senate voted *for* it, 87 to 8.

President Carter is for it.

President Ford was for it. President Kennedy was for it. So were President Johnson, President Eisenhower, President Nixon. Governor Wallace came out *for* it when he was running for President. So whether you sit on the right *or* the left, the vast majority of your leaders have been for the ERA.

What about the public of the *future*, the young people who will be deciding the elections of the future and raising the families of the future?

Out in Northfield, Illinois, an outfit called *Who's Who Among American High School Students?* surveyed more than 23,000 outstanding teenagers. These kids are the leaders, the opinion makers, the kids who set the standards and behavior patterns for others to follow.

78% said they would vote for a qualified woman if she ran for president.

96% said they favored equal pay for equal work between men and women.

In a couple of years, when they're out in the job market and they see that only the *law* can guarantee women equal pay for equal work, they'll all be for the ERA.

But aren't you afraid, we are asked.

Aren't you afraid the ERA will mean the end of the laws that protect women?

You'll have military obligations!

You'll have to support your family!

Support your family?

One out of every three American women with *pre-school children* is already working to support her family!

44% of the women of working age are already employed—they make up 48% of the total labor force!

So who are these so-called protective laws protecting?

They're protecting a make-believe lady in a make-believe land. What they're really protecting is men, who don't want to cope with the rights of women, and women who have been conditioned to live in fear of their possibilities as people.

As for military obligations, 99% of the men eligible for military service never see combat action. There is no reason to believe that more women would. All kinds of other military obligations can be—and are being—carried out by women with consummate skill.

Now that the military draft has been ended, passage of the ERA would mean that women would be free to volunteer on exactly the same basis as men.

Well, how do the kids in the Northfield Survey react to that?

You are a bright, well-educated person, the Survey said to them.

Would you volunteer to serve in the armed forces?

65% of the boys said no.

Only 53% of the girls said no!

There must be something about military service that young women actually think is worthwhile. And I don't believe it's too hard to figure out what this is.

Frankie Freeman, a black woman attorney and a member of the US Civil Rights Commission, has pointed out that "the army has provided a route out of poverty for many men—through its opportunities for occupational training, schooling and mortgages financed under the GI Bill."

Senator Birch Bayh of Indiana said of his own experience: "When trying to decide whether I should volunteer or not, one of the things I considered was not only what I could do in the army, but that if I went into the army, it would permit me, on my own self-reliance, to provide an educational opportunity for myself. Most young women in this country do not have that choice today," he said. "The ERA would give them that choice."

Think what the educational provisions of the GI Bill could do for the educationally disadvantaged woman!

The armed forces welcome men without a high school diploma today, giving them the chance for an education they might never get in civilian life.

But a woman doesn't have that chance.

Unless she's already got her high school diploma, she can't even get into the army. Her constitutionally promised right to equal opportunity has been tampered with so that if she wants to use the army to get ahead, as Birch Bayh did, she has to be already ahead of the man, just to get the opportunity.

The ERA would eliminate that bias.

Think what GI loans for homes, farms, businesses would do for women who must support their dependents.

Think of all the points a man scores when he's looking for a job and he can say, I've been in the army. Can we afford as a nation not to let women score points on the same basis? Can we afford to waste human resources this way!?

Why do you think there are only 18 women pilots flying for the commercial airlines? Because women don't get the training, they can't log the required hours; they haven't come into the field through military experience, the way all the men pilots have.

And besides all that, it is clear that—ERA or no ERA—women will have military obligations just as soon as the country needs them for defense. In the same way that they have support obligations just as soon as the family needs them for its livelihood. No less an opponent of the ERA than former Congressman Emanuel Cellar of New York said as much, in wartime, in 1944.

The so-called protective laws that the ERA would topple are based on the make-believe idea that women will always be nice and comfy in their idyllic homes, endowed with peace and riches by their husbands.

Well, if there's going to be peace and riches, let it be for the husbands too.

The TDA won't deprive any divorced woman of the custody of her children—but it will also give men the right to alimony, when they are divorced and in need.

The ERA won't deprive any widowed woman of her husband's Social Security—but it will also give widowed men the right to Social Security that their wives accumulated over the years, which is not the case now.

The ERA won't deprive any divorced woman of the custody of her children—but it will also give men the right to child custody, when that is clearly the best thing for the child.

The ERA takes no right away from women that is now guaranteed them. What it does is to include men in some of the rights formerly reserved—and wrongly so—just for women.

Perhaps the best thing that the ERA could do for a man is to give him the sense of security that right now, no insurance policy in the world can give him—the security that, if something happens to him, he has a partner who can maintain his children in the style to which he accustomed them when he was alive.

Insurance payments are worthless and less financially as time goes on: That's a function of inflation. But a working woman, with rights to equal pay and promotion with men, is worth more financially as time goes on. And that's the function of the ERA.

Until there is peace and riches, let the law serve women not as creatures embodying some make-believe definition of feminity—but as human beings, with inalienable rights. Let the law give women all the tools men have—to cope, to struggle, to build, to be all they can be in a world that is neither peaceful nor rich—but the only world we have. The world we must live in together, and improve together, if there is ever to be any improvement at all.

Opponents of the ERA say it would only obligate Government to apply the rules of equality—and would not affect basic discriminations against women that are rooted in custom and prejudice.

That's a cop-out.

Do we tolerate racial segregation in the public schools just because some of the private schools may still get away with it? No one knows better than we who have matured in the era of the civil rights struggle how uncannily, slowly but surely, the heart follows the law in this country. There is no better way to end up with a public that accepts the equality of women than to start out with public institutions that assume and insist on the equality of women.

The ERA will help men be men, and will alleviate the pressure on them to be superpeople.

The ERA will help women, and will alleviate the pressure on them to be sub-people.

The ERA will bring our laws into consonance with the realities of our life, and will renew the vision of our Founding Fathers. And what that vision requires is a positive idea of women as human beings. Endowed, not by men with privileges and limitations, but by their creator, with rights. Rights that cannot be denied or abridged because we are women, any more than they could be denied or abridged because we were once colonials under British Law.

Only three States remain to ratify before the ERA becomes the law of the land. Illinois is one of them—the only industrial, midwestern State left to ratify.

And only a few votes remain to be won in the State Legislature before the ERA becomes the law of Illinois.

Ask for those votes, my friends.

I am told that those votes essentially can be influenced by the Cook County political establishment.

Well, tell the establishment that you care, that you support equality for all people. Your support will put you on the side of the traditions of liberty that are enshrined in the American past. It will put you squarely on the side of the liberated future we all deserve.

Thank you.

AUDIOVISUAL PROGRAM MANAGEMENT IN THE FEDERAL GOVERNMENT

Mr. PERCY. Mr. President, on Thursday, April 27, 1978, a report on Federal audiovisual activities was issued by the National Telecommunications and Information Administration. This report, compiled under the direction of Mr. Robert Lissit, reveals many startling facts about the magnitude of Government audiovisual programs. The report also reveals the unfortunate frequency of inefficiency, duplication, and poor management practices in the administration of the Federal Government's audiovisual resources.

This is a more serious issue than many of us have realized. The Federal Government spends an estimated $500 million a year on audiovisual programs. By contrast, the Twentieth Century Fox Corp. spent $90 million on the production of movies and television shows in 1976. By any standards, Government filmmaking is big business.

One encouraging point is that NTIA, in cooperation with the Office of Management and Budget, has developed a new audiovisual management circular designed to improve agency and department management of audiovisual programs. The substantive recommendations of this circular will hopefully prove to be effective remedies to the problems outlined in Mr. Lissit's report. I know that my colleagues and I look forward to monitoring the efforts made by all Government agencies to improve the management of Federal audiovisual activities.

Mr. President, I ask unanimous consent to print in the RECORD the introduction and general conclusions from the NTIA report of April 26, 1978.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF FINDINGS AND RECOMMENDATIONS ON FEDERAL AUDIOVISUAL ACTIVITIES

INTRODUCTION

At the direction of President Carter, a year-long study of government audiovisual programs has been conducted out of the Office of Telecommunications Policy, in the Executive Office of the President. A review has been made of the programs in 16 departments and independent agencies, and the departments of the Army, Navy and Air Force. An attempt has been made to identi-

fy the scope of the government effort, determine whether there is any inefficiency and, if so, to devise ways of improving the situation.

The review consisted of:

(1) Development of policy recommendations for each of the departments and agencies studied. Cooperative consultations were held throughout the period of the study.

(2) Development of an audiovisual management circular, in cooperation with OMB.

The review included personal interviews with more than 450 government representatives and spokespersons for private industry and labor unions, visits to government production facilities, review of approvals and budgets for individual audiovisual products, and screening of more than 200 government-produced full length motion pictures, in addition to videotapes, short items such as public service announcements, newsclips and documentation reels.

The review covered audiovisual material produced for internal agency use—training and management communications—and material for public communication. The greatest attention was paid to motion picture films and to videotape. Projects and facilities were examined on the basis of written justifications, clearance procedures, procurement systems, utilization, costs, distribution, and evaluation procedures. Individual audiovisual products were reviewed for technical proficiency and communications effectiveness, and weighed against cost and level of distribution. While evaluation of a motion picture or videotape is often subjective, an attempt was made to help agencies relate cost to qualify.

During the course of the review, a number of planned projects were identified where sufficient reason existed to recommend re-evaluation to agencies.

The current status of these recommendations is:

Disapproved expenditures	$4,006,000
Disapprovals recommended, but not yet acted upon	4,975,647
Savings anticipated from recommended facility consolidations	3,049,628
Projected savings	12,031,275

In addition, audits were recommended of projects which cost the government $1,737,342, in which there was reason to suspect substantial overcharges or procedures which seemed to run counter to government regulations. One such audit was completed during the course of the review. A film which cost about $125,000 was audited.

The auditors disallowed approximately $25,000 in charges, and asked for further documentation of an additional $7,000.

The new audiovisual management circular, developed in cooperation with the Office of Management and Budget to improve management of audiovisual programs, includes the following provisions:

Audiovisual products should be used as support tools for specific Government programs, not to promote an agency, or provide forums for agency opinions on broad subjects, without reference to specific programs.

Agency heads shall designate an office with responsibility for management oversight of audiovisual activities.

Existing audiovisual facilities shall be consolidated into as few locations as practicable, and underutilized facilities shall be closed down.

Government employees will not serve as performers in audiovisual productions unless they are doing their own jobs, for training or internal communications, and are not allowed to use prepared scripts.

In establishing the most cost-efficient way of producing audiovisual material, agencies will consider contracting with private industry where appropriate.

Before acquiring or producing an audiovisual product, an agency shall consider communications objectives, production costs, target audience, user cost, life span, frequency of use, method and cost of distribution, and whether another audiovisual product has already been done on the subject.

The National Audiovisual Center will establish and maintain an index of government audiovisual products which will be checked by agencies before production.

Reports on individual productions, and annual reports, including all costs, will be prepared by agencies and placed on file with the National Audiovisual Center.

Out-takes from footage accumulated in production of government audiovisual products will be made available to other agencies and the public through the Audiovisual Archives Division.

Independent evaluation of a set percentage of audiovisual products shall be made to determine the effectiveness of the products in communicating their intended messages. Evaluations will be on file at the National Audiovisual Center.

Records will be kept of distribution systems, and how much it costs to reach a given number of people. Distribution reports will be kept on file at the National Audiovisual Center, and will be considered by agencies in developing future audiovisual production.

Recommendations already made to agencies and departments as a part of this review reflect the policies and procedures outlined in the OMB Circular. Several agencies already are at work drafting new procedures to tighten controls. The General Services Administration will provide continuing guidance and monitor implementation of the new procedures.

The issuance of the OMB Circular, the GSA follow-up activity, and recommendations made to departments and agencies, represent an attempt to manage the government's audiovisual programs efficiently, to allow for proper Congressional and public oversight of audiovisual expenditures and, ultimately, to provide the taxpayer with some assurance that he or she is getting value for his or her dollar.

Audiovisual material, by its very nature, has high visibility, is expensive, and has a great potential impact on the viewer. Properly used, it is an important government tool. Improperly used, it can be wasteful, or, worse, result in propaganda. While adherence to the new guidelines should result in a reduction in waste and inefficiency in government audiovisual activities, the nature of the programs is such that periodic reviews may be necessary to assure continuing management attention.

Steps taken by study agencies

Action: Reviewing internal audiovisual procedures and planning to tighten controls.

Agriculture: Completed internal review of audiovisual programs; trying to strengthen Departmental management, to achieve greater cost-effectiveness and wider audience appeal.

Agency for International Development: (Program reviewed separately from Dept. of State.) Has drafted new procedural guidelines to tighten control over audiovisual programs.

Commerce: Has completed new guidelines and established review board to consider all proposals and require greater justification for audiovisual material.

Defense: Considering proposals to improve central management and consolidate production facilities. Refining information system to reduce duplication of effort.

Energy: Procedures being considered for tightening management controls. Department is considering initiation of audiovisual review board.

G.S.A.: Controls tightened over acquisition of video equipment.

H.E.W.: Completing revision of audiovisual management manuals to assure Departmental consistency, bring in line with mission statement, and tighten controls.

H.U.D.: Considering new procedures to bring all Departmental audiovisual programs under central guidance.

Interior: Considering bringing newsclips under Departmental audiovisual procedures; considering tightening controls over video equipment purchases; currently considering the need to alter Departmental guidelines relating to motion pictures.

Justice: Studying the need for consolidation of Washington-area video production facilities.

Labor: Completed inventory of equipment and audiovisual programs, considering proposals to tighten controls, and developing consolidation plan.

NASA: Completing work on new agency procedures providing more centralized management of audiovisual programs.

State: Has completed draft of new procedures to tighten control over audiovisual activities.

Transportation: Re-drafting manual covering audiovisual procedures.

Treasury: Has established central audiovisual oversight office; developing facility consolidation plan.

GENERAL CONCLUSIONS

Measured against any standard, government production of audiovisual material is big business.

Agencies spend an estimated $500-million a year on all aspects of audiovisual activity. For comparison purposes, that is:

More than the current proposed appropriation for foreign military assistance.

Just about as much as a proposed Federal grant program for local governments to insulate schools, hospitals and homes of the poor.

More than double the amount proposed to help rehabilitate homes in older neighborhoods.

Nearly half the entire budget for the Department of State.

The estimate of yearly expenditures of $500-million is conservative. It is substantially lower than a preliminary estimate of $632,300,000 for calendar 1977 by "The Hope Reports", a private industry publication.

Reporting procedures have been such that government has not been able to identify total annual audiovisual expenditures with any precision. There has been no accurate record of how many films or videotapes are in circulation. There has been no inventory of existing in-house government television studios. There has been no consistent government-wide system of approving or reporting audiovisual production. There is no single procurement system, no consistent way of evaluating private industry proposals, no single catalogue, and no requirement for evaluation of material produced. While some government produced audiovisual material has been useful, and some good quality products have been obtained at reasonable costs, there are other examples which raise serious management questions:

A government agency produced a 30-minute BiCentennial film, under contract to a major Hollywood motion picture company, at a cost of $454,463. The agency estimated 500,000 people have seen the film. By comparison, although there are obvious differences in purpose and budgeting, the average cost of one episode of a regularly scheduled half-hour prime-time commercial network television program in the 1977–78 season was $177,000; $363,000 for a one-hour program. The average network television program was seen by an estimated 30-million people.

Question: Was the anticipated audience for the Government film large enough to justify the cost?

In 1975, a contract was signed by a military command for production of a training film, at a cost of $37,000. By August, 1977, the film had been revised six times, following approval of nine different script versions, and a finished product had yet to reach the field. The cost had escalated to $150,000.

Question: Could proper planning have avoided the need for revision, and increase in price, and resulted in a more timely completion of the film?

An increasing number of agencies are establishing video production facilities. Often, three or four bureaus or agencies within a single department have separate studios, sometimes in the same building. Many of the facilities are in use less than one-third of the time. There is little sharing of facilities among agencies. Often, money to purchase equipment comes out of unrelated program budgets, or from quickly-spent funds at the end of the Fiscal Year.

Question: Are controls on establishment of government video facilities adequate to prevent a proliferation of underutilized facilities?

In the past three Fiscal Years, a military department's chaplain service has spent $1,963,718.45 on motion pictures. Eighteen films were produced, under contract, at a cost of $990,802; existing motion pictures were purchased for $972,916.45. Many of the films are geared toward personal counseling. The combined output of the other two military departments for chaplains films is a fraction of that amount, and represents almost exclusively off-the-shelf purchases.

Question: If the chaplain's services in two military departments find little need for producing original films, might the other department not find it possible to meet its needs with existing films?

An agency proposed a series of television Public Service Announcements, to be done in the Vietnamese and Laotian languages. The agency goal was to reach 250 people in a moderate-sized city. The proposal reached the departmental level before anyone considered whether a television station would run such foreign language announcements, or whether the desired audience would be watching television.

Question: Did the responsible agency official have an adequate understanding of the uses of television?

A military department currently experiences a 26-month wait between requests for routine training films and the time the films go into distribution. Often, the waiting-time reaches three years.

Question: Why does it take so long to turn out necessary items, and, is the lack of timely response adversely affecting training?

A program office spent $394,000 for a series of four training films and two filmstrips. In the first year of distribution, an estimated 12,000 people saw parts of the training material. The cost to the agency was, therefore, $32.83 per viewer.

Question: Considering the size of the audience, could the same information have been delivered in a less expensive format?

An agency spent $125,000 on a motion picture, but has lost track of the film. There is no record of where the film went, cr whether anyone saw it. Another agency produced a film for $120,000, but made only 16 prints. At the end of the first year of distribution, the film had been shown 139 times. No records were kept of audience size, but each showing cost $836.30, based on production cost.

Question: Did the two agencies involved need motion pictures?

Films by two military departments, on the subject of espionage, released in November, 1976 and February, 1977, use dramatic approaches so similar they could have been created by the same writer. One film cost $70,000 to produce, the other more than $100,000. A third military department currently has approval to produce a film or videotape on the same subject. The script utilizes the same dramatic situations as the first two. A Defense Agency has a videotape in production which covers the same ground. All four items update no fewer than twenty-two audiovisual products on the subject in the Defense Audiovisual Information System, a newly developed, computerized catalogue.

Question: Is this duplication necessary?

An agency proposed spending $4.5-million on audiovisual equipment for a one-shot training effort. The proposal included plans for a $100,000 television studio and purchase of 22,000 tape recorders and projectors, at a cost of $2.3-million. Following the conclusion of the training program, the agency intended to put some equipment in storage, and surplus the rest.

Question: Does such a limited use justify an investment of this amount in equipment?

Could the agency have gone to private industry for services, rather than buying equipment, using it briefly, and then getting rid of it?

The above examples suggest there is a pattern of waste and questionable procedures in government's management of audiovisual programs. Not enough thought seems to be given to whether audiovisual material is the best means of communicating a particular body of information. Results frequently are measured in terms of awards, with little evidence that the product has reached the desired audience. Often, agencies propose to develop a motion picture, or filmstrip, for a general audience. Available distribution reports suggest that, more often than not, the audience which sees the film consists primarily of school children, generally in suburban areas.

While agencies cite a requirement for informing the public as to their programs and activities as the justification for most audiovisual production, it is not clear whether distribution to suburban school children represents satisfactory dissemination of information.

While there is little doubt that audiovisual material can play an important role in government's necessary communication with the public, evidence uncovered in the course of this review suggests that improved management procedures are necessary to assure that tax dollars are being wisely spent, and the resulting products are carefully planned, properly executed, and distributed to an audience which benefits from the information.

Some government audiovisual people have suggested that their productions should motivate, pointing to the great documentary motion pictures done by government in the 1930's by people such as Pare Lorentz. Some government films in recent years have been designed to motivate the public, particularly those films in the environmental area.

It is suggested, however, that there are major differences between the 1930's and the late 1970's. It would be difficult to find a subject for a government-produced documentary which has not been treated by network television programs such as CBS's "60 Minutes". Similarly, subjects of current national interest often are dealt with by the motion picture industry in the form of full length feature films. Local television newscasts often present extended film and videotape examinations of current issues. Whether such material is well executed, or whether it presents a government point of view, is not the issue. If major government motivational material springs from issues currently being addressed by the communications media, it would seem difficult to justify expenditures of public funds to duplicate existing production.

While there are those who decry the decline of government motivational films, there are others who feel a better current use of audiovisual media by government is in communicating information on specific programs and services provided by government.

There are many examples of successfully designed and well-utilized government audiovisual programs. The Office of Education has produced a motion picture dealing with educational opportunities for women which has been widely distributed and, apparently, well received. An Army program designed to teach specialized occupational skills with individualized, self-paced audiovisual instructional modules has been tested and found to significantly raise student test scores. A number of excellent motion pictures are seen in National Parks. What is needed is a major effort to make certain that all government audiovisual production is subjected to rigorous justification procedures, to assure that the recommended format is appropriate for the material, to make certain that a specific audience is targeted to carefully monitor costs, to assure adequate distribution, and to assure the taxpayer that all government audiovisual communication is as effective as the examples cited.

RETIREMENT OF LEE WILLIAMS

Mr. KENNEDY. Mr. President, the retirement of Lee Williams is a sad occasion for all of us in the Senate who have come to know him, to rely on him, and to cherish his friendship and wise advice.

For the past 3 years, we have worked daily with Lee on the Senate floor, in his capacity as counsel for the Senate Democratic Policy Committee. All of us have greatly benefited from his parliamentary skills in helping to expedite the Senate's business for the leadership. And we have especially enjoyed his unfailing smile, his warmth, and his constant willingness to assist us in our own efforts. In ways like these, Lee has done an outstanding job not only for the leadership, but for the entire Senate, and we shall miss him in the future.

Going back over the years, of course, Lee was also well known to most of us as Senator Fulbright's able administrative assistant, a position in which he served with great distinction for more than a decade. During that period, Senator Fulbright and Lee were at the center of the debate over the Vietnam war. In my own capacity as chairman of the Refugee Subcommittee, I was privileged to work closely with the Foreign Relations Committee, with Chairman Fulbright and with Lee Williams. In those difficult years, they performed an outstanding service for the Nation. Through their brilliant efforts, they helped to expose the issues of the war and to educate the American people about the tragedy of the war. In no small measure, it was through the efforts of persistent, dedicated, and able persons like Lee Williams that, finally, we were able to end the war.

Remembering this critical chapter of our Nation's recent history and recalling the years of Lee Williams' remarkable service to the Senate, I would like to take this opportunity to commend Lee for the excellence of his service and to wish him well in his retirement. It has been a priv-

ilege to work with him in the Senate and in this Chamber, and I am grateful for his warm and continuing friendship.

At the end of the great 19th century folk song and tale called "The Arkansas Traveller," the native tells the traveling fiddler:

You'll then think you're mity lucky ef you kin find the way back to my house, whar you kin cum and play on that'ar tune long as you please.

To us, Lee has been the Arkansas traveler among us for these 23 years. Although he is departing now, we hope he will find his way back to this House often in the future, and stay as long as he pleases.

U.S. DEFENSE DETERRENT AND SALT II

Mr. THURMOND. Mr. President, one of the most outstanding articles I have read on the declining U.S. defense deterrent and the dangers of SALT II has been written by former Chief of Naval Operations, Adm. Elmo R. Zumwalt, Jr.

This article traces the trends and policies of the early 1960's which have led us to the dangerous positions we find ourselves in vis-a-vis the Soviets today.

Admiral Zumwalt not only presents the problem and the dangers, he proposes steps which could be taken by the President and the Congress to reverse this loss of U.S. power.

While the Congress prides itself in holding the responsibility to provide for the national defense, the Congress as well as the President have failed to adequately meet this challenge.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STRATEGIC DISASTER LOOMS

I. INTRODUCTION

Now that the debate over the Panama Canal Treaties is behind us, it is important that the debate over the prospective SALT II treaty begins.

I enter this debate as one who was proud to support the President on the Panama Canal Treaties. I come into it as one who has tried to work within the Democratic Party, both as a one-time candidate for the US Senate and by working on the defense platform at the last Democratic Presidential Convention. I enter the debate as one who believes that President Carter's recent defense budget decisions are harmful to the United States' future security, and who further believes that the future of the US is in great jeopardy as a result of the strategic nuclear imbalance which will result from those decisions. I shall speak about the latter imbalance and SALT II today.

I am here representing no group.

II. OVERVIEW

President Carter's decisions on strategic nuclear budget items and in the strategic arms control field suggest confusion about what the facts are with regard both to our capabilities and to sound negotiating procedure. The Soviets have the capability to overwhelm us in a strategic nuclear exchange today. Carter's decisions should have been designed to regain our capability to deter the Soviets.

Instead, his budget decisions on strategic nuclear forces have added to the already great advantage the Soviets would have had over the U.S. in 1985, if not earlier, whether or not SALT II is signed. He has made these decisions without obtaining any quid in the SALT II negotiations, and thus has given away significant potential leverage. And, the positions that he has taken in the SALT II negotiating arena have moved the U.S. progressively to weaker ground. Let us examine these matters in some detail.

III. STRATEGIC POLICY AND PRESIDENTS, PAST

Those of us who participated in the Cuban Missile Crisis experienced first hand the impressive contribution that the U.S. strategic nuclear superiority over the Soviet Union gave President Kennedy in winning Soviet acquiescence to his objectives. We also experience first hand the horror of calculating that while hundreds of millions of Russians would have died in a nuclear exchange flowing from that crisis, nevertheless tens of millions of Americans would also have died. Some of us could, therefore, understand the fundamental values that lay behind the Kennedy/McNamara decision soon after the Cuban Missile Crisis: to offer to give up the U.S. strategic nuclear advantage; to permit the Soviet Union to catch up with the U.S. in strategic nuclear capability; and to gamble that by granting the Soviets the opportunity to join us at parity in mutual assured destruction, we would create a state of true mutual deterrence.

This policy was to have been coupled with urgent efforts to achieve arms control agreements to provide parity at lower levels of force and expenditure. President Kennedy and Mr. McNamara made it clear that the U.S. therefore, would not go beyond its then programmed missile force of 1,054 ICBMs and 656 SLBMs, would greatly reduce the radioactivity in its warheads, would forego larger missiles and would not develop an effective civil defense—a calculus designed to assure the Soviets that we were structuring our forces so that a U.S. first strike could not destroy their retaliatory capability, and to give them further assurance that their retaliatory strike would surely kill not tens, but hundreds of millions of Americans, if we did strike first.

Seven years later, by the time Mr. Nixon came into office, it was beginning to be clear that Soviet strategy during the interim had been to capitalize on the U.S. parity offer, to build up huge symmetrical advantages that would carry them to ultimate superiority. They had not eliminated the lethal radioactivity of their warheads as we had done. They had made their missiles huge, in comparison to ours, with warheads 100 times more powerful. They had begun to develop a civil defense capability to help their people survive a U.S. nuclear strike. They were in the process of overtaking us in numbers of missiles and they were vigorously pursuing greater accuracies—equal or superior to ours—to add to their huge advantage in warhead megatonnage.

The signing of the SALT I agreement was a watershed point. In a corporate sense, the US government at that time viewed the SALT I agreements as the last best hope to agree on mutual balanced deterrence. Our side saw the ABM treaty as a means of keeping both populations hostage to the weapons of the other by foregoing defense. We saw the interim executive agreement as a five year tradeoff of Soviet quantitative advantage in missile numbers, megatonnage and throw weight against the US advantages of numbers of strategic bombers, and qualitative advantages in multiple independently targetable vehicles (MIRVs) and weapon accuracy. The government generally recognized two principles. First, the five year period had to be followed by an agreement which would move us to strategic parity. Second, the leverage on the Soviets, during the five year tenure of SALT I to let us have parity in SALT II, could only be maintained by adequately funded strategic force levels, by suitable modernization programs, including appropriate research and development, and by gaining full intelligence on Soviet strategic nuclear programs and civil defense.

The Soviets, on the other hand, saw SALT I as a device for further accelerating their march toward strategic nuclear superiority. The ABM treaty permitted them, through skillful cheating and by research and development much more vigorous than the US Congress would permit us in view of the ABM treaty, to overtake our advantage in the ABM field and to get ready for sudden massive surprise deployment, an ABM system to match their vast anti-bomber defense. While US ABM system deployments are halted, the Soviets have added handsomely to their ABM early warning radar system around the Soviet periphery.

The US added further to the defense disparity by concluding during this period that since we were, as a policy matter, to leave our homeland naked to Soviet missiles, there was no advantage in defending against Soviet bombers. The Soviets saw the interim executive agreement as a way to restrict the US programs, while their own exploitation of ambiguities in the agreements would permit them to counter our temporary qualitative advantage in accuracy and in MIRVs, and while they were further improving their current advantages in megatonnage and in throw weight. The Soviets further saw SALT I as a vehicle with which to intrude into our democratic political process. They understood that in our free and open society the interplay of interest groups is important in policy formulation. They knew that their statements, skillful backgrounders and briefings could manipulate the hopes and aspirations of many Americans in ways that would help to constrain US strategic weapon decisions, just as we have seen them do quite recently in campaigning in this country against the tactical neutron bomb.

The Soviets further advanced their strategy through their great good fortune at Vladivostok in being the only side with an interpreter present. In the absence of a US interpreter to keep them honest, they were able to contend after the meeting that President Ford and Kissinger had misunderstood them and that the limitation of 2,400 strategic delivery vehicles was not intended by them to include their new strategic Backfire bomber. For the same reason they were able to leave ambiguous the agreement on cruise missiles. The Soviets capitalized on these two ambiguities and carried them into strategic relationship with the new Carter Administration.

The Soviets' strategy with regard to SALT I flowered and the US theory of SALT I failed in the five years of the interim agreement which expired last October. The US Congress refused to maintain the single ABM site which we were authorized under the treaty, while the Soviets have maintained theirs. The Soviets accomplished important research and development in the ABM field by cheating on the treaty. They further grossly outspent us, legally, in the field of ABM research and development, and must now be judged to be forging ahead in the ABM field. Partly because of the advantages they were granted in SALT I and partly by exploiting major ambiguities of language in the executive agreement and its associated bilateral understandings, the Soviets have been able to move in SALT I to a position of significant strategic advantage. This is a situation which President Carter inherited on entering office.

Throughout this process, although many decisions were made with which I did not agree, I think it is fair to say that one

President after another was clear in his own mind about what it was he was seeking to accomplish.

Privately, Presidents Kennedy and Johnson were clear that they were improving our forces qualitatively while holding constant the number of US strategic forces in accordance with their intention to permit the Soviet Union to achieve strategic nuclear parity. Both Presidents were carrying out the theory that this policy would likeliest provide mutual deterrence and stability. At the same time they were seeking sensible arms control agreements and were unwilling to sign risky ones. The test ban treaty of that era is a classic example of sensible Presidential policy on arms control. Soviets demands for unverifiable or ambiguous agreements were rejected. The final treaty was precise, fair, and verifiable. It has therefore enhanced US interests.

Presidents Nixon and Ford, by the time they took office, knew very well that the Kennedy/Johnson strategic parity proposal to the Soviets had not worked out. During their years, privately, they were quite clear that the Soviet Union, rather than stopping at parity, was proceeding to achieve strategic nuclear superiority. For example, in the Sixth Fleet, after the Jordan crisis in September of 1970, still early in his first term, the President told me, with regard to his negotiations in SALT I with the Soviets, that he thought that he could get strategic superiority but might have to settle for parity if there was inadequate support for defense budgets. Yet, by the time SALT I was signed, 18 months later, Mr. Nixon was quite clear in private discussions that the US had had to accept somewhat less than parity. And, 20 months later, by January 24, 1974, while I was attending a National Security Council meeting which President Nixon had called, it was clear that he believed we were going to have to accept strategic nuclear inferiority.

My notes of the meeting show that Kissinger expressed the view, and President Nixon agreed, that there was no way the US could get parity in the strategic nuclear field with the Soviet Union. Kissinger said the people won't support it. President Nixon made it clear that he didn't want any talk that sounded like that publicly, however.

In my annual discussions with Mr. Ford when he was House Minority Leader and Vice President, it was evident that he recognized the Soviet march to strategic superiority.

It is a separate question as to whether each of these Presidents was completely candid with the public on strategic nuclear issues. But, one has to recognize that at the very least, they had done their homework and what the facts were.

IV. THE CARTER ERA

In contrast to these previous presidents, Mr. Carter, based on everything one can learn from private conversations, seems not to have done his homework and seems sincerely confused about the facts. He seems truly not to be aware of the burgeoning Soviet nuclear superiority. I can attest to this first hand. I believe that this personal confusion on strategic arms issues is unique among the six Presidents I have observed.

V. THE AUDIT TRAIL

Many of us who had been analyzing over the years the US descent into inferiority in the strategic nuclear balance had high hopes that the Carter administration would, with its new team of policy makers and specialists, emerge from its initial review of the state of affairs with approaches more helpful to the US safety. We knew there was a wealth of material available to the new President:

1. He had in his files the statement of the members of the Blue Ribbon Defense Panel, issued in January, 1971, warning of a significant shift of the strategic balance away from the US and toward the USSR. These prominent citizens had had access to all the facts. They cited as special concerns the Soviet superiority in ICBMs, the far greater rate of Soviet military spending relative to their economy, and the eternal risk of a dramatic technological surprise in weaponry that an open society runs when its most dangerous potential rival is a closed society.

2. He had available the minutes and tapes of the various meetings (NSC, WSAG, SRG, DPRC, SecDef-JCS meetings with the President, etc.) on SALT I, SALT II, strategic issues, and budgets during the Nixon/Ford years.

3. He had the record of our dramatic descent into strategic nuclear inferiority demonstrated by the JCS's calculations of theoretical US/USSR strategic nuclear exchanges. These exchanges are calculated periodically for a range of reasonable assumptions. The immense Soviet advantage in surviving missiles, surviving megatonnage, enemy population killed, and in post-attack recovery time are available for study by the President.

4. Former Secretary of Defense Schlesinger, a member of the President's cabinet, is a nationally recognized strategic expert, clearly available to the President for consultation on these matters. The President could consult him.

5. Former Secretary of Defense Melvin Laird, former Deputy Secretary of Defense Paul Nitze, both of whom are still quite current on classified strategic nuclear information, and a number of retired military leaders who have spoken and written about the shifting strategic nuclear balance and what to do about it could be consulted.

6. President Carter has access to a recent report, "Measures and Trends—US and USSR Strategic Force Effectiveness," done for the Defense Nuclear Agency which shows for 41 different orderings of strategic effectiveness measures—such as ICBM launcher numbers, ICBM throw weight, SLBM numbers, etc., that the Soviet Union is superior in 33 such orderings today.

7. The statements of Secretaries of Defense and Chairmen of the Joint Chiefs of Staff before the Congress over the last 16 years demonstrate to the President a dramatic year by year measure of our decline.

VI. THREE REASONS FOR FAILURE

In my judgment there are three major reasons why the President has not yet discovered the extent of forthcoming Soviet strategic nuclear superiority. The first is his failure to review the information I have summarized. The second is that under our system it is easy, although misleading, to give equal weight to the opinions of uninformed authorities and national figures, and those of the informed. A paper pronouncing that the US is well off in the strategic nuclear balance can be submitted to him by a staff person who has no real background on the issues and who has had strong previous prejudices that more defense is bad and less is good.

This is given equal treatment to the views of the Joint Chiefs of Staff, past and present, the views of recent, and therefore best informed, Secretaries of Defense, such as Schlesinger and Laird, and those of the nation's best and most informed strategist expert and negotiator, Paul Nitze. The latter, for example, wrote *in 1976*, "Today, after a strategic nuclear counter force exchange under normal US alert conditions, the Soviet Union would hold superiority in all indices of capability except numbers of warheads, and even that sole remaining US advantage will be gone within two or three years." The third reason is that being in possession of such conflicting views, not properly weighted for their background and experience, President Carter, rather than giving careful study to the issues, tends to select the naively idealistic rather than the realistic alternative. No better recent example can be cited than the President's initial acceptance of the advice of novices Andrew Young and Hamilton Jordan to kill the neutron bomb and his overruling of the advice to build it given by the real expert, Cy Vance. The fact that other pressures subsequently led the President to ameliorate his initial bad decision does not invalidate the point.

VII. STRATEGIC FORCE LEVEL SETBACKS

Let us examine what has resulted in the strategic-force level area since Mr. Carter became President.

There were three systems available to the President with which to begin a relatively rapid return to strategic nuclear parity in the 1980s: the B–1 bomber, the mobile (MX) minuteman, and the long range cruise missile.

The B–1 strategic bomber has been cancelled, while the Soviet strategic Backfire bomber goes forward. (The Soviets deny that the Backfire is a strategic bomber and some in the US have agreed. Yet, within the last month, according to a secret memorandum from Secretary Brown to the President leaked to the New York Times, the Secretary has realistically acknowledged that our bomber defenses, now almost dismantled, are going to have to be improved because of the Backfire threat.) The cancellation of the B–1 bombers means that the aging, less penetrable B–52 must carry on until it is no longer operable, and will likely be replaced by extremely vulnerable substitutes. The existing preponderance of Soviet megatonnage, which could have been partly compensated by the B–1, will now grow more disparate.

The mobile minuteman (MX) development has been slowed down by the President. Our fixed ICBMs are now subject to prompt destruction in a Soviet first strike. The huge new Soviet missiles with MIRVed warheads several times larger than ours and with future accuracies, recently confirmed in the media, of .1 nautical mile, will be able to destroy 90 percent of our 1,054 ICBMs in a first strike, using only about 1,300 of the 5,000 or 6,000 MIRV ICBM warheads the Soviets will have. The number of MIRV warheads they have left after that will still be over twice the number they destroyed. There is a desperate urgency to regain the deterrent value of this leg of the triad. The proper course of action for the safety of our country was to accelerate the development of the mobile minuteman replacement to the vulnerable ICBMs. The decision to slow it down is a stunning setback to our national safety.

The long range cruise missile is the device which could most quickly restore a semblance of strategic nuclear balance because it can be deployed on airplanes, surface ships and attack submarines.

All of these platforms are available in large numbers. Deployment of the cruise missile on these platforms would regain a deterrent posture for the U.S. Yet, recent budget decisions have slowed down rather than accelerated the cruise missile development programs. Moreover, the cancellation of the B–1, which would have the capability to penetrate Soviet air defenses, made it more urgent to have a long range cruise missile to use from the much more vulnerable bomber platforms that we will now have, the aging B–52 and vulnerable replacements. The slowdown is another stunning setback to the country's safety.

VIII. SALT II SETBACKS

At the same time President Carter has been putting our national safety in jeopardy by budget decisions on strategic forces, he has been making similarly unsafe decisions in the strategic arms control field. In part he has found himself driven to these bad SALT II decisions because of the leverage he has given up in cancelling and slowing

programs without any Soviet quid in SALT II.

During its 16 months, the Carter administration has put forth a series of proposals to the USSR. The formulations have progressively worsened from the U.S.'s point of view.

In March, 1977 President Carter had Secretary Vance present two proposals at Moscow. One of these was a comprehensive proposal involving substantial mutual force reductions, coupled with significant limitations designed to restrain improvements in intercontinental ballistic missiles. The other proposal was more modest in nature—an effort to maintain earlier progress toward implementing the Vladivostok agreement while deferring for the future the resolution of those two highly crucial items left over from Vladivostok, the Soviet strategic Backfire bomber and the U.S. cruise missile.

The Soviets, in their standard negotiating fashion, savagely rejected the March proposals. The U.S. in its standard negotiating fashion, went back to the drawing boards to come up with a new proposal more advantageous to the Soviets and less so to the U.S. This was the May, 1977 proposals for a new negotiating framework. Secretary Vance suggested that the May proposal was designed to arrive at the same general result as the March comprehensive proposal, but over a longer period.

The new framework was to consist of three tiers. There was to be a first tier consisting of an eight year treaty similar to the U.S. March proposal. A three year protocol would contain items not yet negotiable for the longer period. A third tier was to be an agreed set of principles to guide the continuing negotiations on an agreement to come into effect upon the termination of the three year protocol. Unbelievably, this May proposal was given to the Russians without any clearance by the Joint Chiefs of Staff. Again, in standard Soviet negotiating style, the Russian rejected it and the Warnke team has been progressively improving SALT II from the Soviet point of view during the ensuing year.

The details of these proposals are complex. It is important that the American people understand their consequence, however.

Let me give two examples of the situation which will exist by 1985 under SALT II in that most dangerous element, the first strike ICBM strategic nuclear relationship between the U.S. and the USSR:

1. With regard to MIRVed ICBMs, the Soviets will have 5,000 to 6,000 such warheads to our 1,650, at least a three-fold advantage. The useful payload (throw weight) in those ICBMs will be eight to nine million pounds for the Soviets, compared to our 1.25 million, at least a six-fold advantage.

2. If Paul Warnke agrees to their current insistence that they be permitted to test a new unMIRVed system during the three year protocol, with regard to unMIRVed ICBMs (single warheads), the Soviets will have 500 or 600 in number compared to our 504, but with a Soviet megatonnage of 6,000 vs. the U.S. 850, at least a six-fold advantage.

In the non-first strike, less accurate submarine ballistic missile relationship, the U.S. will retain the advantage in numbers of warheads, but Soviets will have the advantage in both range and gross yield. The Soviets are proceeding to nullify this U.S. advantage in these less accurate sea-based retaliatory systems by developing their capability to evacuate cities and go underground.

Carter's cancellation of the B–1 destroyed a superior capability to penetrate Soviet air defenses in the bomber/cruise missile balance. Therefore, the 1985 balance will depend on the effectiveness of the Soviet bomber defense. Recent analyses suggest that the Soviets may by then have a barrier defense out to hundreds of miles beyond the Soviet periphery. For national safety, the SALT II agreement must authorize a U.S. cruise missile range greater than this defense perimeter. A range of at least 2,000 miles would be necessary. There is no evidence to suggest that the Warnke team understands the critical need for this range in SALT II. They are prepared to accept a 1,500 mile limit. This 1,500 mile limitation on cruise missile ranges, by preventing us from being able to fire our missiles from outside the Soviet's heavily defended perimeter, gives the Soviets immense advantage. Remember that the Soviets' missiles get a free ride into our air space because we do not have a credible air defense.

The Soviet Union has a simpler problem—U.S. air defenses that are essentially zero. Soviet bombers can sweep into the U.S. with relative impunity. Long cruise missile ranges are not important. No wonder we are witnessing their insistence at SALT II that there be a short range for the cruise missiles of both sides.

The SALT II agreement will, as now drafted, be impossible to verify. We must expect to see the Soviets exploit this opportunity to gain additional strategic advantage just as they exploited the ambiguities in SALT I to gain similar advantage.

The SALT II agreement increases still further the opportunities of the Soviet Union suddenly to break out of the deal with greatly increased deployments of anti-ballistic missiles and intercontinental ballistic missiles.

SALT II will be so structured that the Soviets have nearly all the negotiating leverage of superiority in measures of effectiveness. Heavy pressure will be on the U.S. to accommodate to the Soviet demands in SALT III negotiations. Given the history of U.S. accommodation to the Soviets' superior leverage in the SALT II negotiations, SALT III will almost certainly be worse. The time to consider such consequences is now before SALT II is ratified.

Perhaps the most striking aspect of SALT II is that it will restrict the U.S. from deploying those weapon systems necessary to regain stability and rough equivalency and to reverse the present trends. Among other limitations, we acknowledge that only the Russians have the right to deploy the huge ICBMs.

One can go on to point out that SALT II, not yet formally agreed, has already impeded our strategic nuclear program. President Carter has assured us that nothing in SALT II's three year protocol would affect the deployment of weapons after that three year period. Yet, he then approved his Budget Director's recommendation that the engineering and development of one phase of the Tomahawk cruise missile be slowed down because the future of the whole cruise missile program after the three year protocol remained in doubt.

IX. STRATEGIC BALANCE TODAY AND TWO RELATED MATTERS

In order to put across the true nature of the strategic balance today, it is insufficient to recite just the advantages in figures of merit in the strategic equation about which I have been talking. If one stops there, those who argue incorrectly that the U.S. today has "overkill" are able to get away with their false doctrine. One must go on to run through the likely consequences of a strategic nuclear exchange under the force balance which would come about under SALT II. The Committee on the Present Danger has written, "It has become the conventional wisdom to maintain that such strategic advantages do not matter.

Yet, detailed calculations demonstrate that under any of the strategic agreements now being considered, and assuming current programs continue (these words were written before President Carter's decisions to slow down the MX and cruise missile developments), regardless of whether the US or the USSR strikes first, the Soviets would destroy far more strategic targets and damage far more people and industries in a nuclear war. Paul Nitze has demonstrated in his analyses that after a Soviet-initiated counter force exchange against each other's nuclear forces, remaining Soviet forces would still be able to destroy the nuclear capacity of China and Western Europe, attack other military and population targets in the US to kill more than 100 million Americans, and still retain nuclear force weight in excess of that available to the US.

Analyses done while I was a member of the Joint Chiefs of Staff confirm this. The tragic truth is that in the face of these huge casualties, if the Soviet Union has exercised its impressive civil defense capability, they can expect to lose less than 10 million people. This is not "overkill." It is not one-half of the casualties the Soviets suffered in World War II. It is not as many Russians as Stalin slaughtered. It is not enough, given prospective US casualties in the same exchange, to deter the Soviets from aggressive acts. It is not "overkill."

In summary, President Carter's budget decisions on strategic nuclear forces have accelerated our decline to strategic nuclear inferiority. His decisions on arms control issues in SALT II are serving to codify the US strategic inferiority which his budget decisions are bringing about. He seems to be proceeding in the blind faith but with no logical rationale.

Three quick points in the non-strategic field are now pertinent:

1. The conventional military inferiority of NATO for many years has been justified in the light of the US strategic nuclear deterrent. In the years ahead we will no longer have that deterrent.

2. There has been hope that, in the absence of a capability in the 1980's to deter at either the strategic nuclear level or the conventional military level, President Carter would, at the very least, authorize the neutron bomb to restore some measure of deterrence to NATO. His delay of that program does still further harm to the national safety.

3. SALT II will interfere with our plans to regain conventional military capability with cruise missiles carrying non-nuclear warheads.

X. CONSEQUENCES OF US INFERIORITY

Now what is to be the consequence of the dramatic decline in US military capability. We are already seeing the consequence of burgeoning Soviet strategic nuclear and military superiority around the globe. Their violations of detente may be summarized as follows:

1. In the October, 1973 Yom Kippur war they authorized the sneak attack on Israel. They went on a strategic nuclear alert to threaten us three weeks before we went on ours. They exhorted Arab nations to embargo us and OPEC nations to quadruple their prices. They alerted airbourne divisions and sent equipment to assist in the attack. They used the umbrella of their military superiority to deliver an ultimatum to the US after the Israeli forces surrounded the Egyptian Third Army.

2. They violated the truce in Southeast Asia, providing both equipment and strategic advice to Hanoi as to how to test the US commitment to Saigon and, finding their theory proven that Mr. Nixon was prostrate, to overrun Cambodia and South Vietnam.

3. They invaded Angola, sending ships and aircraft with Cuban troops and Soviet equipment, liquidating the forces of the majority regime there.

4. They flew in Cuban troops and Soviet equipment to turn Ethiopia into a client state. Soviet generals assisted in the inva-

sion of the Ogaden. The Soviets have begun to use their power in Ethiopia to bring about changes in Somalia calculated to renew its client status.

5. They are training radical insurgents to defeat the black moderate regime coming to power in Rhodesia and will shortly accelerate these efforts.

President Carter must expect to see Soviet mischief increase as the world increasingly comes to recognize the military facts which I have reported here.

XI. ACTION REQUIRED

Only dramatic action now can begin to turn the tide.

In view of the incipient national disaster inherent in the SALT II strategic nuclear relationship with the Soviet Union, the time has come for heroic action from the two concerned co-equal branches of the government. I call upon the President to do the following:

1. Broaden your base of official advice. Bring the experience and judgment of a bipartisan group to your assistance on these matters. Include among them Dean Rusk, Melvin Laird, Paul Nitze, Eugene Rostow and Jim Schlesinger.

2. Review in depth the audit trail of the Soviet climb to strategic nuclear superiority by studying the minutes and tapes of the top level meetings of the Nixon/Ford years.

3. Review with the JCS the history of theoretical strategic nuclear exchanges between the US and the USSR in the SIOP/RISOP and PONAST calculations done since 1970, which now show grossly unfavorable exchange ratios.

4. Obtain the written, frank views of your present JCS on the state of the strategic nuclear balance and on the consequences of the current SALT II deal and any future modifications you may make to it.

5. Read what the Soviet leaders are telling their associates they intend to accomplish with their military supremacy.

6. Report candidly to the American people on the true state of the strategic nuclear balance in terms of JCS calculated outcomes for the last eight years and outcomes predicted during the next eight years. Report candidly the status of SALT I by comparing the assurances that the President gave the Congress as to what it meant at the time, with what the Soviets have actually done with it.

7. Regain a position of strategic nuclear parity with the Soviet Union by restoring the B-1, cruise missile, and MX programs and by negotiating true parity in SALT II.

I call upon the Congress of the United States, through its appropriate committees, to hold hearings and report to the American people on the following:

1. Compare what the Congress and the public were told about the meaning and impact of SALT I at the time it was submitted to Congress, with what SALT I has in fact become. Report the extent to which Soviet violations and exploitation of ambiguities have contributed to the present developments.

2. Portray the extent to which the US strategic nuclear capabilities vis a vis the Soviet Union have deteriorated in recent years and will further deteriorate in the years ahead under the prospective SALT II agreement. Report the extent of US strategic nuclear inferiority today and in the years ahead.

3. Recommend those strategic nuclear force expenditures which will begin to regain parity with the Soviet Union in the absence of a fair SALT II.

4. Submit a joint resolution of concern to the President urging that SALT II be renegotiated to achieve true parity at reduced levels of force and expenditures, and warning that SALT II in its present form will be rejected.

SALT II

Mr. THURMOND. Mr. President, a powerful editorial on the dangers facing the United States in the SALT II negotiations appeared in the April 20, 1978, issue of the Aiken Standard newspaper, Aiken, S.C.

It was a shock to me when I learned last fall of the position taken by our SALT II negotiators and I believe an agreement would have been reached then if members of Congress had not strongly objected.

As a result the dialog on this important issue has broadened and the editorial printed in the Aiken newspaper is a good example of the widening public participation.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CARTER AND NEGATIVISM

The Russians, whatever else may be said about them, have never been slouches at a conference table. And they are demonstrating their toughness anew during the long-drawn Strategic Arms Limitation Talks (SALT II).

Sensing that the Carter administration needs a new agreement to jack up its sagging image and assuming the American people will wish to continue detente, almost at any price, the Soviets have steadily hardened their terms. They believe it's a simple matter of raising the ante and gaining new concessions.

Unfortunately, this Russian game plan has been all too successful.

No one has described better the perilous yielding of U.S. negotiators than Charles H. Wilson, a Democratic congressman from California and a member of the House Armed Services Commitee. Reporting on his visit to the Geneva conference site in the April Reader's Digest, Mr. Wilson said he was "shaken by the spectacle of an American negotiating team, the majority of which seemed oblivious to the reality of Soviet strength and bent on getting a treaty for a treaty's sake . . . motivated more by pressure to fulfill a Jimmy Carter campaign promise than to protect the security of the United States."

Indeed, a critical national debate is now being joined as other influential public voices speak out against the Carter administration's spineless SALT stance. Paul Nitze, former deputy defense secretary and now head of policy studies for the nonpartisan Committee on the Present Danger, has become an unofficial spokesman for the President's loyal opposition. He, Congressman Wilson and others warn that as it now stands, the SALT II treaty:

Exposes the Minuteman interncontinental missiles, our main land-based deterrent against nuclear war, to a first-strike destruction from superior Soviet missiles by the early 1980s.

Neutralizes the cruise missile, our ace-in-the-strategic-hole, by limiting its range and making it dependent upon our obsolete B-52 bomber force, now 20 years old.

Restricts our long-range missile-carrying aircraft while exempting the highly sophisticated supersonic Soviet "Backfire" bomber, which can strike any part of the United States with hydrogen bombs. (The Soviets have conned us into agreeing that these bombers are "non-strategic.")

Assures the Soviets will have at least twice as many intercontinental missile wareheads as the United States.

Permits the Soviet Union to keep its present force of 326 modern large ballistic missiles, capable of destroying U.S. missiles in their silos, while the United States, which has no MLB, would be permitted none in the future.

These are just some of the sobering, not to say staggering, concessions that the U.S. negotiators, led by Paul Warnke, have agreed to thus far, according to critics. If these conclusions are correct, and we have no reason to doubt them, one can only wonder what the remaining differences are that keep the Russians from signing on the dotted line.

When the SALT I agreement was signed six years ago, the United States enjoyed strategic superiority over the Soviet Union. The rationale for U.S. concessions then was that once the Russians achieved parity, there would be a freeze in the arms race. Instead the Soviet Union exploited SALT I to gain a marked strategic advantage over the United States.

That this happened should be reason enough for the Senate to insist that SALT II, instead of compounding SALT I's fallacies, in fact, halt the arms race on equal terms. We must not again sign a SALT treaty that is permissive for the Russians and restrictive for us. We would be better off with no treaty at all.

The chilling fact is that nothing less than our national survival is at stake in the fine print of the SALT II treaty.

UNNEEDED AND UNWANTED COMPLEXITY IN OUR TAX LAWS

Mr. HARRY F. BYRD, JR. Mr. President, in 1976, Congress enacted a comprehensive tax law—the 1975 Tax Reform Act. Included in this law was the first major change in the taxation of gifts and estates since the 1940's.

Many of the changes in the 1976 laws were welcomed and needed.

Unfortunately the 1976 law also included provisions for the carryover of basis of assets in an estate.

Carryover basis is a dramatic and fundamental change from prior law. Under prior law, when a person dies, his estate or his heirs received a new income tax cost basis for his assets—their Federal estate tax value.

But under carryover basis, the original acquisition cost of an assets will be carried over from a decedent to his heirs.

Often assets will have been held for a long period of time and, because of inflation, have a low, cost basis. When the estate or heirs sell this asset, they will then pay a tax based upon the difference between the original cost and the cost at the time of sale.

Carryover basis has, therefore, introduced an income tax along with an estate tax.

This fundamental change was never considered by the House of Representatives. It was never considered by the Senate Finance Committee, or by the Senate. It was placed in the 1976 law during the conference between the House and Senate.

The problems of carryover basis, which confront lawyers, accountants, and bank trust officers who must deal with the law, make it apparent that the Congress in 1976 failed to comprehend

the severe and serious ramifications of this part of the 1976 act.

Carryover basis can best be described as an enormous and complex legislative mistake. Complicated adjustments to determine the appropriate basis must be made for every asset in an estate. This is a difficult task in the simplest situations. For most estates, especially those with assets such as a stamp or a coin collection, the job is impossible.

Under carryover basis, extensive record keeping is now required. At the conclusion of my remarks, I will insert a copy of the recordkeeping forms which Fiduciary Trusts Co. of New York furnishes its clients for use to comply with the carryover basis law. As the memorandum accompanying these forms notes, records of this nature must be kept by everyone, not just a person who may have a large estate.

Not only will carryover basis affect individuals, it will also have adverse consequences for our Nation's businesses and farms, especially small businesses. Large corporations will not be materially affected.

The implications of carryover basis for small businesses and farm are especially important.

Carryover basis will create severe liquidity problems for small businesses and farms at the death of their owner. Carefully considered business arrangements negotiated under the old law to provide for liquidity are not useful, today, and must be reconsidered.

The double estate tax and income tax burden arising under carryover basis will often lead to forced sales or mergers with large corporations.

The long-range effect of carryover basis will be to reduce the number of small businesses and family farms and increase the size of big business.

It is now generally recognized that the current carryover basis law is unworkable. As Leonard M. Groupe, now a feature, consumer affairs writer for the Chicago Sun Times has remarked in an article in the former Chicago Daily News, which I shall insert in the RECORD at the conclusion of my remarks, has noted,

> The entire concept of carryover basis at death has become a nightmare to those responsible for both the planning and the settling of estates, small, medium, and large.

Legislation is now pending which will deal on an interim basis, with the problems of carryover basis. The Senate Finance Committee has agreed to H.R. 6715, the Technical Corrections Act. Included in this bill is a provision to defer the effective date of carryover basis until December 31, 1979. The committee vote to defer the effective date was 15 to 2.

The provisions of H.R. 6715 follow the deferral concept contained in legislation to defer the effective date of carryover basis introduced by me with Senators DOLE, HANSEN, ZORINSKY, HASKELL, LUGAR, TOWER, FORD, MORGAN, and HOLLINGS as cosponsors. This deferral will give Congress time to study, rework and revise the currently unworkable carryover basis law.

I urge my colleagues in the Senate to familiarize themselves with the carryover basis concept and the problems in the current law.

An excellent letter on this matter was written to the senior Senator from Vermont, Mr. STAFFORD, by Mr. John P. Crowley of the firm of Bishop, Crowley, Banse and Kenlan of Rutland, Vt.

I ask unanimous consent to include in the RECORD, Mr. Crowley's letter along with a letter and memorandum from Robert A. Garber, vice president and tax counsel for Fiduciary Trust Co. of New York, and forms which this bank provides their clients to assist in carryover basis recordkeeping, an article by Leonard M. Groupe, an article by John H. Butala, Jr., Esq., senior vice president of the Cleveland Trust Co., Cleveland, Ohio, a letter from the Committee of Banking Institutions on Taxation in New York, excerpts from an editorial in the American Banker, of November 28, 1977, excerpts of a letter to me from the American Bankers Association, and excerpts of a letter written to Senator GAYLORD NELSON, from Gerald M. Sheehan, assistant secretary, LaCrosse Trust Co., LaCrosse, Wis.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BISHOP, CROWLEY, BANSE & KENLAN,
Rutland, Vt., February 13, 1978.

Hon. ROBERT T. STAFFORD,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR STAFFORD: I urge you to vote for the repeal of the carry over basis provisions of the 1976 Tax Reform Act.

Some of the specific problem areas are as follows:

(1) *Chattels:*

Stamp collections, coin collections, or for that matter chattel collections of any kind, now create a virtually impossible situation. The cost of each separate item must be ascertained and each item must be separately appraised so that the "fresh start" basis can be determined by the time-apportionment formula provided in the Code.

(2) *Securities:*

The impossibility of proving basis for listed securities because of stock splits, stock dividends, tax-free exchanges, and securities received by gift can be cited in some cases.

(3) *Repeated Acquisitions:*

Dividend reinvestment plans, mutual fund holdings, and common trust funds in which numerous Section 1023 (c) and (e) adjustments are required because of the constant small additions to the original holding demonstrate the incredible record keeping that can be required.

(4) *The Closely-Held Stock:*

Many closely-held businesses built up by the owner during his lifetime have little or no cost records to aid the Executor of his estate. He never intended to sell.

(5) *Real Estate:*

Although the recorded deed will give the acquisition date of real estate, it does not help us as to additions or improvements. And each addition or improvement is, of course, an acquisition for cost basis purposes. Each "substantial" improvement will be regarded as a separate improvement for purposes of the time-apportionment determination of the "fresh start" value. However, an appraiser may find it impossible to appraise an improvement separately.

(6) *The Incredibly Complex Estate:*

An estate with numerous holdings of routine assets may require pages of carryover basis adjustment. Some persons have already written to members of Congress, describing an estate generally, and then simply attaching page after page of computations making the required adjustments.

(7) *Duty to Provide Cost Basis Information:*

The Executor is required to provide cost basis data to the IRS and to beneficiaries of all items in the gross estate. In some cases, the Executor may have a nominal probate estate but be subject to onerous duties and subject to penalties for failure to give donees such data as to nonprobate assets, such as joint and survivorship assets.

If it appears it will be impossible to repeal the carryover basis provisions, the moratorium sought by Senator Byrd's amendment will be an acceptable alternative, for the time being. The "clean-up" provision proposed will not help the problem, but will only add to the complexity and difficulty of complying with the law.

Thank you very much for your consideration.

Best regards,

JOHN P. CROWLEY.

COMMITTEE OF BANKING
INSTITUTIONS ON TAXATION,
New York, N.Y., February 27, 1978.

Re Carryover Basis.

Hon. HARRY F. BYRD, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: The Committee of Banking Institutions on Taxation is composed of approximately seventy-five senior tax officials of various member banks.

We are deeply concerned with the proper technical administration of the nation's tax laws. We are especially concerned with the new carryover basis provisions which were enacted into law by the Tax Reform Act of 1976.

It is clear now that there are serious defects with the concept of carryover basis. We have worked with it, in our capacity as fiduciaries, for more than a year and find the law too burdensome and complex for professionals as well as for individual fiduciaries.

We have offered comments and suggestions regarding the Technical Corrections Act which might ameliorate some of the difficulties, but we strongly recommend that before any further tinkering is done, the application of carryover basis be delayed until all proposals are reviewed.

We favor deferral of carryover basis until December 31, 1979. We have reviewed and analyzed the current proposals to "patch up" carryover basis, and do not think it is wise to attempt to defer and to "patch up" carryover basis at the same time. Much more time and study is necessary than has been devoted to the current "patch-up" proposals, to develop a law which may make carryover basis workable.

We would be happy to offer the benefit of the experience of our members in the search for practical solutions to the real problems inherent in carryover basis now.

Sincerely,

ROBERT ALAN GARBER,
Chairman, Conference Committee.

[From the Chicago Daily News, Dec. 29, 1977]

ESTATE TAX REFORMS ARE MIDDLE-CLASS NIGHTMARE

(By Leonard M. Groupe)

When Congress reformed the estate tax law in 1976, it soaked the rich so much that I'm afraid the middle-class got somewhat drenched, too.

Middle America naturally rejoiced when the estate tax exemptions were increased by the Tax Reform Act of 1976. We also snickered and said, "Right on," when such fat cat loopholes as generation-skipping trusts and others were closed. And I suppose most of us said, "Why not," when we read that heirs would generally have to pay higher

capital gains taxes when selling inherited property.

We must have been thinking about the Rockefellers, the Vanderbilts and the Wrigleys.

It is now becoming apparent that the new law could saddle millions of middle-class estates with the very expensive, very difficult, and sometimes impossible task of proving the original cost basis of almost every single item of inherited property.

THE 'CARRY-OVER' DILEMMA

What is involved is called the "carry-over basis at death."

Formerly, the cost basis of inherited property was legally assumed to be its fair market value at time of death. Ordinarily it made no difference when it was bought or how much the deceased actually paid for it. This is often impossible to determine anyway. Under the new law however, the deceased's cost basis, often much lower than the then-market value, is carried over and becomes the heir's cost basis. If ever he sells it for more than this, the profit will be taxed as a capital gain.

To ease the impact of this fundamental change in the law, a "fresh start" is provided for property owned by the deceased on Dec. 31, 1976. The cost basis for such property is "stepped-up," as in the past, to the fair market value on that date. The increased value after that date however, is subject to capital gains tax when sold by the heir.

That works out OK for stocks and bonds for which there is a published market value on that date. But the way the Dec. 31, 1976, value of other kinds of property must be figured out is where the sadistic joke comes in.

A THEORETICAL CASE

Let's say a man dies a few years hence, on Sept. 19, 1984. He is an avid (and prosperous) stamp collector, and over the past 40 years or so has managed to accumulate a collection of, say, 10,000 stamps which will have an aggregate value of, say, $20,000 by the time he dies and leaves them to his son. The executor of his estate will apparently have the duty of determining for each separate stamp the date and cost of its purchase and its fair market value on the date of death. The law assumes that any increase in value had been at a constant rate from the date of purchase to the date of death. The actual proportion of that increase from the date of purchase to Dec. 31, 1976, must be calculated for each stamp. When this is added to the original cost, the value of each of the stamps on Dec. 31, 1976, will have been established. I kid you not.

Don't ask, "But what do you do if you don't know either when the deceased bought a stamp or its cost?" Nobody knows the answer to that question.

CONCEPT IS A NIGHTMARE

The entire concept of carry-over basis at death has become a nightmare to those reponsible for both the planning and the settling of estates, small, medium and large.

Should any executor fail to calculate and report to the IRS and to each heir the properly adjusted basis of each individual item of inherited property, the law makes that executor subject to personal liability for penalties up to a maximum of $7,500.

The astonishing thing is that these difficult, expensive and very burdensome cost reconstructions and basis determinations are not limited to estates big enough to require filing of an estate tax return.

The conservatives in Congress are trying to repeal this "carry-over basis at death." It's the first time I recall agreeing with them.

[From the Ohio Banker, October 1977]

THE CARRYOVER BASIS LAW—COMPLEXITY TO THE "NTH" POWER

(By John H. Butala, Jr.)

Perhaps the most controversial tax legislation passed by Congress in several decades is the "carry-over basis law," enacted as part of the Tax Reform Act of 1976.

Under prior law, when a person died, his estate or his heirs received a new income tax cost basis for his assets—their Federal estate tax value. This was commonly referred to as a "step-up" in basis at death.

WORKING IN REVERSE

However, the prior law worked in reverse also. There could be a "step-down" in basis. The basis of an asset became its Federal estate tax value even though the decedent had purchased it at a higher price. During the lackluster stock market of the past several years, step-downs in basis have been a common occurrence.

Nevertheless, the "reformers" in Congress conducted a relentless attack on the "step-up" in basis as a major loophole through which billions of dollars of appreciation escaped tax. To take advantage of the loophole, one needed merely to die.

Their efforts met with success in the Tax Reform Act of 1976 through a combination of somewhat irregular legislative procedure and an improbable compromise alliance between two members of the House Ways and Means Committee with diametrically opposed political philosophies. The result—the carry-over basis law—has been characterized by Dr. Gerald Brannon, a tax liberal on the faculty of Georgetown University, as a "disaster" involving "hopeless complexity."

FUNDAMENTAL PREMISES

The fundamental premise of the "carry-over basis law" is deceptively simple. The estate or heirs of a decedent assume his income tax cost basis for assets bequeathed by him, or, in other words, the decedent's basis is "carried over" to his estate or heirs. No capital gains tax is incurred until the assets are actually sold.

The passage of the new law was in part aided by the assumption that the act of selling is voluntary, that the heir can time his sales and thus control his tax fate. In practice, this is frequently not so.

REALITY

An estate generally is faced with substantial obligations: the decedent's debts, administration expenses, and estate and inheritance taxes. In many cases, a sale of much of the estate is necessary to meet these obligations. Unfortunately, a sale under the carry-over basis law generates an additional obligation, the capital gains tax, which in turn requires a further sale, generating still further capital gains tax, and so on—a progressive increase in the liability or "mushroom" effect.

If a decedent dies possessed primarily of a single, indivisible asset, such as a ranch, the entire estate must be sold, and the carry-over basis becomes in effect an expensive capital gains tax at death.

The disastrous complexity results from a series of required adjustments to the carry-over basis. The first of these is the "fresh-start" or "minimum basis" adjustment. For purpose of *gain*, each asset is given a minimum basis of its actual or presumed value on December 31, 1976. The adjustment is designed to "forgive" tax on appreciation accruing prior to December 31, 1976.

For purposes of *loss*, however, basis remains its actual cost. Thus we now have a "floating" dual basis for each asset subject to the minimum basis law: the December 31, 1976 value for gain and actual cost for loss. Not until the asset is sold will the taxpayer know which basis will apply.

APPRAISAL

Prior to enactment, it was thought that the minimum basis adjustment might require a "National Appraisal Date," a requirement that every asset in the United States, including stocks, bonds, jewelry, real estate and closely-held businesses, be appraised as of December 31, 1976. Individual appraisers and those owning interest in appraisal firms had visions of leaving their heirs substantially enlarged estates (and larger carry-over basis problems).

However, Congress avoided a "National Appraisal Date" by specifiying that only marketable stocks and bonds are actually to be valued as of December 31, 1976 to determine minimum basis. The minimum basis of all other assets is a "formula" value determined by a time-apportionment formula borrowed from the British law.

MINIMUM BASIS

The minimum basis of a nonmarketable asset is its actual cost plus a ratable share of appreciation between date of acquisition and date of death. For example, assume a decedent bought an asset for $100 on December 31, 1971 (five years before December 31, 1976) and died on December 31, 1981 (five years after having a value in his estate of $300. The minimum basis is $200—the purchase price of $100 plus 50% of the $200 of appreciation.

However, the adoption of the time-apportionment formula in place of a National Appraisal Date simply substituted intolerable complexity for hopeless impracticality.

The formula must be applied to each asset in the estate. Each asset must be separately appraised and its cost separtely determined to calculate the ratable share of appreciation. In many cases, basis cannot be determined, and in other cases, such as extensive stamp and coin collections, the expense incurred in determining minimum basis by appraising each item separately may exceed the cost of the collection.

PROPOSED SOLUTIONS

Congress has been made aware of these unhappy facts, and has proposed a solution in the Technical Corrections Act of 1977, at least for chattel properties. A proposed "simplifying" amendment provides that the minimum basis shall be not less than—

"(i) the value of such property (as determined with respect to the estate of the decedent without regard to Section 2032), divided by (ii) 1.066 to the *nth* power where n equals the number of full calendar months which have elapsed between December 31, 1976, and the date of decedent's death.

Further comment appears superfluous.

The minimum basis for real estate has its own quagmire of problems. Each substantial improvement is to be treated as a separate acquisition. Thus, the appraiser must be instructed to appraise the original structure and each improvement separately. In effect, he must visualize by a sort of reverse telescope process what the property must have looked like many years before the improvements, and appraise the original structure as of the date of death, a process which should challenge the conceptual abilities of the most adaptable of appraisers.

Assuming that the executor is not worn out by the "fresh-start" adjustment, he must work his way through three other adjustments and then he is directed by law to advise the beneficiaries and the Internal Revenue Service of the final adjusted carry-over basis of the assets distributed to beneficiaries. Failure to do so subjects him to monetary penalties not to exceed $7,500 per estate.

ADJUSTMENTS

The most significant of these further adjustments are those designed to increase the carry-over basis by the amount of any Federal and State death taxes attributable to the appreciation element in the assets of the estate.

In the absence of such an adjustment, combined income taxes and death taxes could exceed 100 percent. For example, assume a beneficiary inherited an asset having a Federal estate tax value of $100 and a carry-over basis of zero, and that he sells the asset immediately after death. The highest marginal capital gains tax rate (including the preference tax) is approximately 41 percent. Therefore, in the absence of the adjustment under discussion, the $100 asset could generate a Federal estate tax of $70 and a capital gains tax of $41 or a total of $111. No method of collecting such a tax has yet been devised.

The problem is avoided by building up basis by the death taxes on the appreciation. In our example, the adjusted basis is therefore the actual cost of zero plus the death tax adjustment (assumed to be $70), or $70 in total.

As is usual in these cases, the conceptual explanation of the adjustment in terms of one asset creates a misleading aura of logic and simplicity. In practice, the executor is seldom faced with one asset. He must deal with dozens of assets, some with appreciation and some with losses, some generating tax and some not (because they qualify for the charitable or marital deduction), and he must therefore apportion death taxes to the appreciation in each asset in accordance with elaborate (and defectively structured) formulae in the Federal statute.

Because the Internal Revenue Service audits all Federal estate tax returns filed and frequently changes the tax liability, the basis of all assets is effectively "suspended" during the administration of an estate. It cannot be considered final until the Federal estate tax credit is completed since a change in the value of any asset or in the amount of the Federal estate tax renders the executor's adjustments incorrect. If assets are sold during the period of adminstration, amended tax returns will be required to correct the capital gains reported. "Tentative" tax returns will be a way of life.

As in the case of the minimum basis adjustment, each purchase, not merely each asset, is subject to the death tax adjustment.

If the decedent purchases 100 shares of I.B.M. stock on five different occasions, five death tax adjustments are required for the single holding of 500 shares. If the decedent participates in a repetitive purchase arrangement, such as a quarterly dividend reinvestment plan, a mutual fund in which capital gains are reinvested, or a bank common trust fund, the administrative detail in his estate may be suffocating.

For example, if he had participated in a dividend reinvestment plan for ten years, his executor must make 40 separate Federal estate tax adjustments with respect to this one holding. Under the proposed Technical Corrections Act, if the Federal and Ohio taxable estates are different—and they frequently are—an additional 40 separate adjustments for Ohio estate taxes will be required. The principal problem in some estates may be to find an executor willing to act.

The carry-over basis law is unnecessarily intrusive in all phases of financial planning. Its effect must be taken into account in estate planning, probate decisions, and even lifetime financial transactions. No longer can a testator desiring to treat his family equally simply leave Stock A to his son and Stock B to his daughter, even if they have the same value. They have radically different tax effects.

In fact, many testators may now direct specific assets to particular beneficiaries in an attempt to match up the cost bases of the assets with the beneficiaries' tax brackets. Others will instruct their executors to do this—much to their discomfort.

Elderly taxpayers will be reluctant to sell appreciated assets acquired before December 31, 1976, since the minimum basis will be lost. It is available only to the taxpayer's estate or his heirs.

On the other hand, it may be wise to sell appreciated assets acquired after December 31, 1976 on one's death bed since the capital gains tax will be a deductible debt in calculating the taxable estate. The ramifications are so pervasive and the opportunities for malpractice so enhanced that lawyers are attending tax seminars in numbers that threaten to exceed those for Star-Wars.

There is further gloom on the horizon. President's Carter's proposed tax reform would tax capital gains at ordinary income tax rates. If accepted, its impact on estates required to sell assets to meet estate obligations will be so horrendous that even the decedents will likely reemerge from their graves to protest.

Fortunately, Treasury officials plotting the next round of tax reform are aware of this, and it is likely that the carry-over basis law will not survive if the Carter tax reform is adopted. It will likely be supplanted by some form of appreciation tax at death which, although it appears to be harsher, should actually be administratively easier to comply with and economically more acceptable than the carry-over basis law.

[From the American Banker Nov. 28, 1977]

CARRYOVER: BACK TO OLD FRESH START

Reformers may talk tax simplification but legislators, wittingly or not, are committed to tax complication, because their task is to fit together a multitude of compromises.

One item of tax complication which needs correcting promptly is cost basis carryover. As an issue, it does not affect the mass of lower income earners whose taxpaying has indeed been simplified by increasing the standard deduction and thereby excluding them from filing returns.

But it will affect them more as time goes by and their incomes increase, they acquire assets, and concern themselves with distributing their estates. And it already is a major concern of the trust industry and its constituents—lawyers, executors, probate judges and heirs.

Though it had little support and strong opposition from experts, carryover basis was slipped into the Tax Reform Act of 1976. Under it, appreciated property acquired from someone dying since last Dec. 31 no longer uses his estate tax basis as the cost basis for income tax purposes when the asset later is sold.

Instead, the property generally will carry over the decedent's cost basis to his heirs, though there is what is known as a "fresh start" provision. This allows the asset's value on Dec. 31, 1976, to be used as the basis, which is easy enough to determine for marketable securities.

All other property comes under a mandatory special rule designed to avoid appraisals as of last Dec. 31. This assumes that any appreciation from the time of acquisition to the person's death accrued at the same rate over the entire period, so it can be pro rated and only the appreciation attributable before last Dec. 31 added to the decedent's basis.

That sounds fair but entirely too many heirs, executors and trust bankers are unable to determine what Uncle Charlie's basis was in his house because he and Aunt Min owned it jointly and no estate tax return had to be filed when she died 10 years ago so no appraisal was made at that time.

Nor do they know the cost basis of Uncle Charlie's stocks because they were kept in street name and since his original broker was merged into another firm, the records are incomplete.

Why do they need to know this if a Dec. 31, 1976, fresh start is permitted? Because that fresh start applies only if there was a gain when Charlie died. A capital loss is reckoned from his original purchase. And Charlie's heirs at the outset do not know what they have, a gain or loss.

So the fresh start is not entirely fresh. Survivors still have to go back and establish Uncle Charlie's basis. Better to go back to the old system where everything began anew at the time of death.

Sure, capital gains go untaxed, substantial gains in some cases. But the effort to close that loophole imposes a burden which exceeds the loss. It is like spending $100 of police, clerk and court costs to collect a $2 parking ticket.

A couple of bills are pending in Congress to repeal cost basis carryover and go back to the old system when a fresh start was indeed a fresh start. One was introduced by Rep. Barber B. Conable Jr., R., N.Y., ranking Republican on the House Ways and Means Committee.

Mr. Conable told an American Bankers Association tax workshop last week, however, that Congress will take no action on the measure this year. Energy and Social Security will crowd it out.

AMERICAN BANKERS ASSOCIATION,
Washington, D.C., March 17, 1978.

Hon. HARRY F. BYRD, JR.,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: We are writing this letter to you and your colleagues in the Senate to set forth the position of the American Bankers Association on a matter involving the carryover basis system which will be a part of the Senate's consideration of the Technical Corrections Act of 1977 (H.R. 6715) this Spring.

1. The American Bankers Association advocates the repeal of the carryover basis system and a return of the basis system that prevailed prior to the enactment of the Tax Reform Act of 1976.

2. The ABA supports the passage of H.R. 6715 as reported out by the Senate Finance Committee, i.e. with a 3-year moratorium provision and without so-called clean-up.

3. The ABA calls for hearings on the carryover basis issue which would provide an opportunity to fully explore:

(a) the wisdom of repealing carryover basis; and

(b) the technical adequacy of draft clean-up proposals prepared by those who advocate the continuation of carryover basis.

4. The ABA considers all previously proposed clean-up proposals and particularly S. 2461, sponsored by Senator Hathaway, to be inadequate in scope and technically deficient in content.

Sincerely,

ROBERT L. HUNT.

LA CROSSE TRUST CO.
La Crosse, Wis., September 19, 1977.

Hon. GAYLORD NELSON,
Russell Office Building,
Washington, D.C.

DEAR SENATOR NELSON: The Tax Reform Act has unquestionably imposed some very complex duties and responsibilities on Executors of estates and probably the most complex lies in the area of carryover basis. Needless to say the officers of our corporation have spent many hours of reading, discussion and listening to lectures in an attempt to understand the full impact of the carryover basis law and how to implement its commands. Few, if any, can honestly say they fully understand the procedure to be followed for compliance. What we do under-

stand is that we are appalled by the complexity and problems created for fiduciaries under carryover basis. We pity the individual executor who will, no doubt, have to pay healthy fees to his attorney for help and advice to comply with carryover basis in an estate that prior to 1976 would not have been that complicated.

The following situations represent some of the problems we have encountered or foresee encountering.

CHATTELS

Stamp collections, coin collections, or works of art create an impossible situation. The cost of each separate item in a collection must be ascertained and each item separately appraised so that the "fresh start" basis can be determined by the time-apportionment formula.

SECURITIES

The problems of securing basis information for securities is mind boggling. The law allows for a step up basis for listed securities. This should seem to simplify, at least for pre 1977, the valuation of stock, but it doesn't. The Executor still must determine original cost basis for purposes of loss. The problem is compounded by the impossible task of proving basis for listed securities of stock splits, stock dividends, gifted securities, and dividend reinvestment programs. In our experience few deceased investors keep adequate records of pre 1977 investments to document their original basis. The same problems will occur for deaths after 1977 and will be further complicated by the fact that no step up basis will be afforded in these estates. Actual basis for post 1976 investments will be needed for gain and loss. There is no reason to believe that investors will keep any better records in the future than in the past. The fact is that individual investors are oftentimes unaware of the effect of current law or the burdens it places on their executors and even if aware, very few understand its meaning.

THE CLOSELY-HELD STOCK

Many closely held businesses have little or no cost records to aid the Executor of his estate.

REAL ESTATE

Cost basis of real estate may not always be as difficult to discover as are basis for securities, but this does not help us as to values, as to additions or improvements. Each addition is, of course, an addition for cost basis purposes. Finding the cost basis on each substantial improvement for purpose of time-apportionment determination of the "fresh start" value may be an impossible task. Even with the minimum basis step up of $60,000.00, many homeowners in our community, due to the surge of inflation in real estate value, may find themselves with a step up basis situation even with comparatively modest estates.

COST BASIS INFORMATION

The Executor is required to provide cost basis information to the IRS and beneficiaries of all items in the gross estate and failure to do so may result in cash penalties. In some cases, the executor may have a nominal probate estate but be subject to penalties for failure to disclose to beneficiaries such data as to non-probate assets, such as joint and survivorship assets.

These are only a few objections that we have to the present carry over basis law and they are far from completely discussed in this letter. It is quite evident from our experience and understanding of this law that an estate with numerous holdings of routine assets may require pages of carry over basis adjustments. This paperwork would not even reflect the hours of searching the decedents records for information in order to make these computations. It has been our experience that quite often this information must be found, if it exists at all, within piles of papers spread throughout the decedent's residence. Even when a spouse survives, the spouse knows or remembers little of this information. If the information can not be found easily, must the Executor check every scrap of paper in the residence before he can give up looking? Then where does he turn to find out the basis information?

The amount of record keeping as a result of the new law is incredible. The Executor will have to keep track of up to four different valuation figures (i.e. date of death, 6 months value, original cost basis, step up basis) and each beneficiary at least two (i.e. one for loss, one for gain). If ever a law was passed which, in its practical application, is totally unworkable, this is it.

Sincerely,

GERALD M. SHEEHAN,
Assistant Secretary.

FIDUCIARY TRUST COMPANY OF NEW YORK,
TWO WORLD TRADE CENTER, N.Y.,
February 27, 1978.

Re Carryover Basis.
Hon. HARRY F. BYRD, Jr.
U.S. Senate
Washington, D.C.

DEAR SENATOR BYRD: In an effort to assist you and your colleagues in an approach to some of the problems inherent in the present carryover basis provisions, we are pleased to enclose a memorandum, with forms attached, concerning some of our experiences with carryover basis.

We believe that before any changes are made in the law in this area, the application of carryover basis should be delayed until the proposals for repair of the law can be reviewed. To attempt to amend these provisions at this time would not afford the nation's practitioners the opportunity to comment and offer the benefit of their considerable experience.

Of course, we would be pleased to offer further commentary or assistance, if you think it necessary.

Sincerely,

ROBERT A. GARBER.

MEMORANDUM REGARDING CARRYOVER BASIS

FIDUCIARY TRUST COMPANY OF NEW YORK,
February 22, 1978.

A BRIEF DESCRIPTION OF FIDUCIARY TRUST COMPANY OF NEW YORK

Fiduciary is an independent trust company founded in 1931. While our services are provided to clients from coast to coast, we are not a banking giant by New York standards—we currently have under management and custody somewhat under $4 billion. We also act as trustee and executor. Individual tax returns and trust and estate accountings are prepared through a subsidiary. We do no commercial banking business. Our work as trustee and executor is for a broad spectrum of individuals and various kinds and sizes of trusts and estates nationwide.

Like other professionals, we have made a serious attempt to cope with carryover basis. So far our efforts have failed because the new law on carryover basis is a nightmare of burdensome detail and complexity.

A BRIEF SUMMARY OF THE CARRYOVER BASIS PROVISIONS

The basic provisions appear simple enough. The Tax Reform Act of 1976, by the codification of IRC § 1023, terminated the long-standing rule that property took a new basis, for income tax purposes, in the hands of a decedent's estate or heirs. Now the general rule is that the cost basis of property received by the decedent's estate or heirs will be the same as the decedent's immediately before his death, with certain adjustments.

a) The "fresh start" adjustment raises the basis, for determining gain, of property which was held by the decedent on December 31, 1976 and on that date had a value in excess of the decedent's basis. Marketable securities are to take the actual December 31, 1976 value. All other types of property are subject to a special rule in which appreciation is deemed to have occurred ratably from the day of the decedent's acquisition.

(b) A further adjustment is made for the taxes attributable to appreciation of particular property on which federal (and state) estate tax is paid.

(c) Another adjustment is then made to provide for a "$60,000 minimum" basis for all of the decedent's property, allocated among various properties in proportion to appreciation.

(d) State inheritance taxes may trigger another adjustment.

(e) A special adjustment applies to "personal and household" effects. Such property, with a total value of no more than $10,000 may take the estate tax value, as under prior law. The designation of property subject to this special exclusion is elective.

The carryover basis provisions apply to everyone—not just to those persons whose estates are big enough to require an estate tax return. For example, it is safe to say that anyone owning a house will be reached even though other assets are minimal.

A BRIEF ACCOUNT OF OUR EXPERIENCE WITH CARRYOVER BASIS

The balance of these comments records some of our efforts and procedures to achieve, on the part of our customers and ourselves, compliance with the carryover basis provisions. Where possible, expenditure of man-hours (or woman-hours) is mentioned as an index of costs.

As mentioned above, carryover basis applies to everyone. It doesn't matter whether or not an estate is subject to tax. The system won't work unless each person owning property, no matter how little, keeps detailed records available to his survivors at death. Costs must first be known in order to apply the $60,000 minimum. The elective exclusion for "personal and household effects" can be more than utilized, for example, by a family auto and an old pickup truck. It is impossible to believe that any significant proportion of those who may be affected by the new provision know about it.

Our first practical experience with carryover basis as executor involved the estate of a meticulous attorney who died within a fortnight of the effective date of January 1, 1977. The estate totalled about $600,000 and held 140 different securities, including municipal bonds and municipal bond investment trust certificates. The decedent held his securities in a custody account with Fiduciary as well in a brokerage account and in a safe deposit box.

Most of the cost bases in the custody account were on our records. However, the bases of "outside" assets had to be found by researching the decedent's records (which were uncommonly good) and by writing to diverse parties. At least twenty man-hours were spent to obtain the missing cost bases, and to adjust for capital changes.

During the first fiscal year of administration ninety-two securities were sold to raise cash for death taxes and administration purposes. The sales schedule was fifteen pages long and contained 172 different cost bases.

It took at least twenty-five more man-hours to establish whether carryover basis, fresh start "in limbo," or fresh start with "death tax add on" applied and to set up the appropriate costs on the sales schedule. It took about fifteen additional man-hours to check the final product.

In the case of securities with various lots, each separate lot must be scrutinized very carefully to determine if a gain or loss is realized.

In all cases the procedure is to compare the decedent's cost basis, the December 31, 1976 fresh start value and the sales proceeds. If the decedent's cost exceeds the proceeds, then the decedent's cost is used. If his basis is less than the proceeds, the fresh start value is used. If, however, the fresh start value is less than the proceeds, it may be adjusted, up to the fair market value on the date of death (or the alternate valuation date), by multiplying the appreciation by the death tax factor. Several cost bases must be calculated for each asset, each lot of securities and even each dividend reinvestment.

Unless the estate tax return is accepted as filed, the death tax adjustment will change with any change in the return. This will result in an amended fiduciary income tax return having to be prepared and additional man-hours spent. Further, the mandatory advice to heirs concerning carryover basis would, presumably, require redoing (perhaps, in some cases, after an asset has been sold and reported by an heir on his own income tax return).

The same problem will occur in the second fiscal year of the estate if any of the decedent's securities are sold during this period.

We estimate that more than sixty man-hours have been expended to date, with more to come, all because of carryover basis for the lawyer's estate.

Shortly thereafter we acted as executor for the estate of a decedent who was ninety-two years old at the time of his death. He was also an active, lifetime investor, though not a large one. No brokerage slips were retained, but the decedent kept a voluminous ledger recording purchases and sales which might have proved helpful for assets we did not manage. Many entries were indecipherable, however. At his death he owned eighty-three different securities, including thirteen mutual funds which, at his request, generally reinvested dividends. We were obliged to do extensive research. Those mutual funds which eventually responded to our requests for information required a fee before so doing—an expense directly attributable to carryover basis. (In many cases the fee exceeded 10% of the value of the reinvested dividends).

The same decedent also owned an undivided half interest in commercial realty in his hometown, Montgomery, Alabama. His son, the devisee of this property, needed to know the adjusted basis because he was thinking of selling the property. We had to spend many man-hours in the computation of what was, at best, an estimate since the adjustments for the federal and Alabama taxes could not yet be made. When the U.S. and Alabama returns are filed and possibly audited, revisions will surely be required. We discovered that the Montgomery property was inherited by the decedent nearly thirty years before his death but records regarding the prior estate were simply unavailable. We needed a starting cost basis and also had to determine the cost of subsequent improvements and the amount of depreciation. An appraiser gave us the appropriate value of the land and building as it was three decades ago—for a fee of $500. The total value of the decedent's half interest was finally determined to be $27,500.

Real estate may represent the single largest asset in the average estate and may be the most difficult to which to apply carryover basis. A home, in a typical stable family situation, often passes from one generation to another. Or residences may have been exchanged, for tax purposes, more than once for more expensive ones with the basis of the first home carried forward. Many Americans have worked for a vacation cottage, which is often improved year after year by various family members. When the time comes to compute the carryover basis of such property the typical personal representative of a decedent—a widow or child—may not want to or be able to turn to professional help. Yet the complex duties of the law regarding carryover basis will be mandatory.

There have been many comments concerning the particular difficulties of obtaining costs of assets other than marketable securities, in addition to real estate. Such assets could include antique autos or specialized libraries. A common such property is represented by the proprietorship of a small business, built by the decedent's labors over decades. The eroding effects of inflation linked with graduated tax brackets may rob the family of some of the rewards of the proprietor's efforts; to require time and effort on historical cost records and adjustments cannot be helpful, either.

The case of valuable collections of postage stamps has often been cited. Many of our clients are collectors of art as well as other less severable assets and it is still not clear how such collections may be valued, especially where value is primarily attributable to a composite, rather than to individual units of a collection. As the law now stands, each asset—including individual postage stamps, coins or the like—must have its own basis for purposes of carryover and fresh start. We believe this will prove to be an unreasonable burden insofar as an executor's time and effort is concerned.

To classify such assets as "personal and household effects" may be neither accurate nor helpful. Such classification, we believe, is not used by careful drafters of testamentary instruments because of its ambiguity. Further, in exercising the election regarding the $10,000 exclusion for "personal and household effects" the executor may be forced to discriminate among those to whom such assets are distributed if the value of all such items is (or is later determined to be) more than $10,000.

One "household effect" in a recent estate was a Steinway piano which was about forty-five years old. It was appraised for estate tax purposes at $400—a figure we needed to know in order to make the appropriate election. A friendly neighbor of the decedent recalled that many years ago the Steinway was repaired and refinished. Research was required. Under the applicable rules, "substantial improvements" to carryover basis property is to be treated as separate from the property itself. The "personal and household effect" exclusion was completely used by other property. How should we compute separate cost bases for the instrument itself and for the replaced components? Certainly the hours we spent in research regarding the Steinway was disproportionate to its value.

Carryover basis in a number of ways places an executor in difficult fiduciary positions. For example, when we distribute assets the particular interests of the legatees may have to be considered. Should we distribute cash, or high basis or low basis assets in kind? Property with the same market value may not be the same for tax purposes. Special problems in cases of surviving spouses or charitable legatees may cause us to spend many man-hours in detailed and complex computations.

Some of the decedents for whom we act as executor had unused capital losses when they died, and we find the concept of carryover basis not equitably realized in that there is no carryover of such losses. Additional lifetime planning is also required for those with substantial losses.

We have seen, of course, a great deal of time spent in such planning because of carryover basis, virtually all of which represents toil which is not easy to justify. For example, the use of the marital deduction, well understood before, is now causing more planning effort. We believe that time must be spent now in becoming proficient in some of the problems inherent in blending carryover basis with a myriad of other Code provisions. We are spending many man-hours in learning appropriate drafting techniques in order to work better with our clients' counsel who may possess widely varying degrees of expertise.

In order to assist our clients (and, eventually, ourselves as executors) we have drafted forms, together with instructions, to be used as records of cost bases for the following types of assets:

Tangible Personal Property;
Residential or Recreational Real Estate;
Business or Rental Real Estate;
Stock in Cooperative Apartments;
Non-Marketable Securities;
Partnership Interests;
Oil, Gas and Mineral Interests; and
Intangible Property Other Than Securities.

The forms and instructions are attached. They are not complete—we do not believe they conveniently can be. They merely act as reminders.

In regard to these forms for the recording of cost basis information, we must report some difficulty in finding a suitable approach to facilitate their use. Our clients are not enthusiastic, and we are faced with a developing business problem. Even when made aware of the necessity, they generally find the entire chore of maintaining cost basis information a pointless and distasteful imposition. We fear that without guidance the general public will increasingly disregard their responsibilities in regard to carryover basis.

"A home is like a reservoir equipped with a check valve: the valve permits influx but prevents outflow," wrote E. B. White. "Goods and chattels seek a man out; they find him even though his guard is up . . . Someone dies, and a little trickle of indestructible keepsakes appears to swell the flood." The carryover basis provisions of the Internal Revenue Code now require that most Americans maintain full cost histories of the material accretions of their lifetimes. Antiques and heirlooms, farm animals and artifacts, paintings, wedding gifts, boats, homesteads—all may be reached by carryover basis whether or not expert help is hired, whether or not an estate tax return is required.

[Fiduciary Trust Co. of New York, C.B.R. No. 1]

Owner: (Name)_____

RECORD OF COST BASIS*

TANGIBLE PERSONAL PROPERTY

Date:_____

1. Description of Item:_____
2. Date Acquired:_____
3. Present Value: $_____
4. Acquired Through:
— Purchase; Price $_____ or
—inheritance from (Name)_____
Value as listed in decedent's federal estate tax return if before 1/1/77 $_____. Cost basis certified by decedent's executor if after 12/31/76 $_____. or
— Gift from (Name)_____. Cost basis of donor as adjusted for federal gift tax attributable thereto, if any: $_____.
5. Notes and Comments:

INSTRUCTIONS—TANGIBLE PERSONAL PROPERTY

General. Examples of tangible personal property are:

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*Use a separate sheet for each separate item. Consult instructions on reverse side of this sheet.

Antiques, Paintings, Automobiles, Jewelry, Silverware, Yachts, Furs, Collections (Stamps, Coin), Books, China, Porcelain, Jade & Glass, Musical Instruments, Furniture, Cameras, Farm Machinery, and etc.

Line 1. Describe the specific items as fully as possible so that it may be identified without error. For example, note a diamond ring's setting and weight, the make and year of a sports car, or the painter, title and provenance of a landscape.

Line 2. Give the exact date of acquisition if known. Otherwise list the approximate date as best as can be determined.

Line 3. A rough estimate will suffice.

Line 4. Supporting documents) such as purchase slips, copies of applicable schedules from estate or gift tax return, etc.) should be attached if they are available or if they can be obtained without undue difficulty.

Line 5. Use this section to provide any other information you think would be helpful. If you have made improvements to your property, for example (perhaps a new galley on your boat or the like) please note the date, cost and similar information in this space. Or if you have, for income purposes, depreciated a tractor used on your farm, note the details here.

[Fiduciary Trust Co. of New York, C.B.R. No. 2]

Owner: (Name)_____

RECORD OF COST BASIS*

REAL ESTATE-RESIDENTIAL OR RECREATIONAL

Date: _____

1. Description of Parcel: _____
2. Date Acquired: _____
3. Present Value: $_____
4. Mortgage Outstanding: $____ as of (Date) _____
5. Acquired Through:
   -- Purchase: Terms (Price, Mortgage):_____ or
   -- Inheritance from (Name)_____
   Value as listed in decedent's federal estate tax return if before 1/1/77 $_____. Cost basis certified by decedent's executor if after 12/31/76 $_____ or
   -- Gift from (Name) _____. Cost basis of donor as adjusted for federal gift tax attributable thereto, if any: $_____ or
   -- "Exchange" for prior residence
6. Improvements made since acquisition:
   (a) Date: _____ Nature: _____ Cost: _____
   (b) Date: _____ Nature: _____ Cost: _____
7. Ownership Status:
   -- Individually or
   -- Jointly. Exact form of title: _____.
   If purchased, who provided funds (and in what amounts) for (a) initial payment: _____ and (b) subsequent payments of principal due on mortgage, if any:_____
   Who provided funds (and in what amounts) for improvements described in 6(a) above _____ and 6(b) above _____
8. Notes and Comments:

INSTRUCTIONS—REAL ESTATE—RESIDENTIAL OR RECREATIONAL

Line 1. Describe the parcel with sufficient detail so that it may be identified without error. Give brief description of house and outbuildings, if any. Include condominium property, but for stock in cooperative apartments, use the separate special form.

Line 2. Give the exact date of acquisition which will usually be the date shown in the deed or deeds.

Line 3. A rough estimate will suffice.

Line 5. Supporting documents (such as closing statement provided by attorney who handled transaction, copy of deed, copy of Note and Mortgage, copy of applicable schedule from estate or gift tax return, etc.) should be attached if they are available or if they can be obtained without undue difficulty. Full information is especially necessary in the case of a residence which, for income tax purposes, was exchanged for a prior one.

Line 6. Supporting documents (such as bills of contractors) should be attached if they are available or if they can be obtained without undue difficulty.

Line 7. If the property is held jointly, a complete history will be necessary of the source of funds used for the initial purchase, for any subsequent payments on account of the mortgage indebtedness and for the cost of subsequent improvements. Supporting documents (such as cancelled checks) should be attached. (If the property is held in partnership, use the form designated "Partnership Interests").

Line 8. Use this line to note any information you think might be helpful or pertinent.

* Use a separate sheet for each parcel. Consult instructions on the attached sheet.

[Fiduciary Trust Co. of New York, C.B.R. No. 3]

Owner: (Name)_____

RECORD OF COST BASIS*

REAL ESTATE—BUSINESS OR RENTAL PROPERTY

Date:_____

1. Description of Parcel: _____
2. Date Acquired: _____ 3. Present Value: $_____
4. Date first used as business or rental property: _____
5. Portion utilized for personal (non-business) use: _____% _____
6. Mortgage Information:
   Total Amount: $_____ as of (Date) _____ Personal Liability: $_____ as of (Date)_____
7. Acquired Through:
   — Purchase: Terms (Price, Mortgage): _____ or
   — Inheritance from (Name)_____
   Value as listed in decedent's federal estate tax return if before 1/1/77 $_____. Cost basis certified by decedent's executor if after 12/31/76 $_____ or
   — Gift from (Name)_____. Cost basis of donor as adjusted for federal gift tax attributable thereto, if any: $_____. or
   — Other (please give details):_____
8. Improvements made since acquisition:
   (a) Date: _____ Nature: _____ Cost: _____
   (b) Date: _____ Nature: _____ Cost: _____
9. Depreciation and Adjustments:
   Method(s) of Depreciation: _____
   Total amount taken (Include additional first year, etc.): $____ as of (Date)_____
   Investment credit taken: $_____ as of (Date)_____
   Amount subject to recapture: $_____ as of (Date)_____
   Other adjustments to cost basis: _____
10. Ownership Status:
   — Individually or
   — Jointly. Exact form of title:_____
   If purchased, who provided funds (and in what amounts) for (a) initial payment: _____ and (b) subsequent payments of principal due on mortgage, if any: _____Who provided funds (and in what amounts) for improvements described in 6 above _____
11. Contact (Name)_____ at (Address)_____
12. Notes and Comments:

INSTRUCTIONS—REAL ESTATE-BUSINESS OR RENTAL PROPERTY

Line 1. Describe the property in enough detail so that it many be identified without error. Briefly describe the building and location. (Do not list stock in a cooperative apartment; there is a special form for that Do not list partnership property; there's another form for that).

Line 2. Give the exact date of acquisition.

Line 3. A rough estimate will suffice.

Line 4. If the property was not always used for rental or business purposes, please indicate when it was converted to such use.

Line 5. If part of the property is utilized for personal use (e.g. a vacation home sometimes used for yourself or your family, or a building used partially as your residence) please show the proportion of personal use as a percentage (or other clear allocation).

Line 6. How much is outstanding on the mortgage, if there is one? You may not be personally obligated for some or all of the mortgage because "recourse" may only be against the property itself. Please indicate, therefore, the amount of personal liability.

Line 7. Supporting documents (such as copies of closing statements, deed, Note and Mortgage, applicable schedules from estate or gift tax returns, etc.) should be attached if they are easily available.

Line 8. Supporting documents should be attached if they are easily available.

Line 9. The tax law provides for various adjustments, which should be summarized here, that directly affect the tax basis of your property. For example, depreciation may be taken by a variety of methods, such as straight-line, double-declining balance, etc. If an accountant's statement is readily available it may be attached, rather than going to excessive effort to answer this important question.

Line 10. If the property is held jointly, a complete history will be necessary regarding the source of funds used for the initial purchase, for any subsequent payments on account of the mortgage indebtedness and for the cost of subsequent improvements. Supporting documents (e.g. cancelled checks) should be attached. If the property is held in partnership, please use the special form so designated.

Line 11. This form is designed to elicit only a summary regarding business or rental property. If more information is required, whom may we get it from?

Line 12. Use this line to note any information you think might be helpful or pertinent.

*Use a separate sheet for each parcel. Consult instructions on attached sheet.

[Fiduciary Trust Co. of New York, C.B.R. No. 4]

Owner: (Name) _____

RECORD OF COST BASIS*

STOCK IN COOPERATIVE APARTMENT

1. Location of Apartment: _____
2. Number of Shares (and restrictions, if any) : _____
3. Date Acquired: _____
4. Present Value: $_____
5. Mortgage Outstanding: $_____ as of (Date) _____
6. Acquired Through:
   -- Purchase: Terms (Price, Mortgage): _____ or
   -- Inheritance for (Name) _____.
   Value as listed in decedent's federal estate tax return if before 1/1/77 $_____. Cost basis certified by decedent's executor if after 12/31/76 $_____ or
   -- Gift from (Name) _____. Cost basis of donor as adjusted for federal gift tax attributable thereto, if any: $_____ or
   -- "Exchange" for prior residence
7. Improvements made since acquisition:
   (a) Date: _____ Nature: _____ Cost: _____
8. Ownership Satus:
   -- Individually or
   -- Jointly. Exact form title: _____

* Use a separate sheet for each apartment. Consult instructions on attached sheet.

If purchased, who provided funds (and in what amounts) for (a) initial payment: _____ and (b) subsequent payments of principal due on mortgage, if any: _____ Who provided funds (and in what amounts) for improvements described in 7 above _____

9. Notes and Comments:

INSTRUCTIONS—STOCK IN COOPERATIVE APARTMENT

Line 1. Describe the apartment, with complete address, so that it may be identified without error. Do not use this form for a condominium; use either the form for residential real estate or the form for business real estate for condominium property (which is a form of direct ownership in realty, unlike a coop).

Line 2. How many shares do you own in the cooperative and what restrictions are there on the sale of your shares?

Line 3. Give the exact date you bought, by way of purchase of shares, this apartment.

Line 4. A rough estimate, perhaps based on recent sales of similar apartments in your building, will suffice.

Line 5. Complete this line only if you personally financed the purchase of stock in the cooperative. Do not include the mortgage borrowing of the cooperative itself.

Line 6. Supporting documents (such as copies of closing statements or applicable schedules from estate or gift tax returns, etc.) should be attached if they are easily available.

Line 7. Supporting documents regarding structural improvements should be attached if easily available. Expenses for upkeep should *not* be included.

Line 8. If the stock in the coop is held jointly, a complete history will be necessary regarding the source of funds used for the initial purchase, for any subsequent payments on account of the financing and for the cost of any later improvements. Supporting documents (e.g. cancelled checks) should be attached.

Line 9. Use this line to note any information you think might be helpful or pertinent.

[Fiduciary Trust Co. of New York, C.B.R. No. 5]

Owner: (Name) _____

RECORD OF COST BASIS*

NON-MARKETABLE SECURITIES

Date: _____

1. Type of Security:
   __ Debt __ Equity __ Other
2. Issuer: _____
3. Description _____
4. Face Amount or Par Value (if any): $_____ as of (Date) _____
5. Date Acquired: _____
6. Present Value: $_____
7. Acquired Through:
   __ Purchase or
   __ Inheritance from (Name) _____ Value as listed in decedent's federal estate tax return if before 1/1/77 $_____. Cost basis certified by decedent's executor if after 12/31/76 $_____ or
   __ Gift from (Name) _____. Cost basis of donor as adjusted for federal gift tax attributable thereo, if any: $_____ or
   __ Corporate recapitalization or reoganization (give details): _____ or
   __ Other: _____
8. Restrictions on transferability, if any: _____
9. Ownership Status:
   __ Individually or
   __ Jointly. Exact form of title: _____ If purchased, who provided funds (and in what amounts): _____
10. Notes and Comments:

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* Use a separate sheet for each security. Consult instructions on attached sheet.

INSTRUCTIONS—NON-MARKETABLE SECURITIES

Line 1. Please note that "non-marketable" refers to the lack of a regular marketplace for the security and doesn't have regard to the likelihood or prospects for sale. Most securities may be classified as either "debt" (bonds, notes, personal loans, etc.) or "equity" (common or preferred shares) but there may be other types of securities (such as rights to purchase more shares). Do not use this form for stock in cooperative apartments: there's another form for that. Nor should you use it for partnership interests; there's still another form for those interests.

Line 2. List here the name of the corporation, individual, partnership or other entity who, for example, issued the stock or bond or signed the note.

Line 3. Describe the security (and, if appropriate, a bit about the circumstances of its issuance), as clearly as possible.

Line 5. Give the exact date of acquisition.

Line 6. Unless you have exact knowledge of the present value, an estimate will suffice.

Line 7. Supporting documents (such as copies of applicable schedules from estate or gift tax returns, corporate reorganization plans, etc.) should be attached if they are readily available.

Line 8. There are often, in case of untraded securities, restrictions on sale or transferability. If this is the case, please give details.

Line 9. If the security is held jointly a complete history will be necessary regarding the source of funds for the purchase or loan. Supporting documents, if any, should be attached.

Line 10. Use this line to note any information you think might be helpful or pertinent.

[Fiduciary Trust Co. of New York, C.B.R. No. 6]

Owner: (Name) _____

RECORD OF COST BASIS *

PARTNERSHIP INTERESTS

Date: _____

1. Name and Address of Partnership: _____
2. Business: _____
3. Are you a:
   — General Partner (if so, attach list of other partners) or
   — Limited Partner (if so, give name and address of General Partner): _____
4. Cash Investment: $_____ as of (Date) _____ Non-Recourse Loans: $_____ as of (Date) _____ Total Basis: _____ as of (Date) _____
5. Fair Market Value of Partnership Assets: $_____ as of (Date) _____
6. Accounts Receivable: $_____ as of (Date) _____
7. Partnership Debts: $_____ as of (Date) _____
8. Buy-Sell Arrangements? (If so, give details) _____
9. Name and address of party to contact for details: _____
10. Notes and Comments:

INSTRUCTIONS—PARTNERSHIP INTERESTS

Line 1. Please give the formal name and complete address of your partnership. Use this form for any partnership of which you are a member, including a professional partnership, business partnership or a tax-oriented partnership, whether or not your personal efforts are required in its business.

Line 3. In a general business partnership, all members are considered "general partners." But another form of partnership—a limited partnership—may have one or more general partners who operate the business and are responsible fully for it, and also any number of "limited partners," who may not be liable for the debts of the group beyond funds contributed to it. Please indicate your category as a partner, and give the name and addresses of all partners if you are a general partner and, if you are a limited partner, the name and address of your operating general partner.

Line 4. Please give the amount of borrowing and cash investment so that your basis in the partnership may be determined.

Line 5. An estimate of current value will suffice.

Line 6. An estimate of receivables will suffice.

Line 7. An estimate of current debts not included in line 4 above will suffice.

Line 8. Many business partnership agreements contain provision for partners to buy the entire interests of others under given circumstances. If your partnership interest is subject to such an agreement, full details will be necessary.

Line 9. This form is designed to elicit only summary information regarding your partnership. If more information is required, from whom may we get it?

Line 10. Use this line to note any information you think might be helpful or pertinent.

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* Use a separate sheet for each partnership. Consult instructions on reverse side of this form.

[Fiduciary Trust Co. of New York C.B.R. No. 7]

Owner: (Name) _____

RECORD OF COST BASIS*

OIL, GAS AND MINERAL INTERESTS

Date: _____

1. Type of Property _____
2. Location: _____
3. Type of interest and sharing arrangement: _____
4. Other parties with shared interest(s): _____
5. Date Acquired: _____
6. Estimated Annual Yield: $_____ as of (Date) _____
7. Estimated Reserves: _____ as of (Date) _____
8. Amount Invested: $_____ as of (Date) _____
9. Outstanding Non-recourse Loans: $_____ as of (Date) _____
10. Other Debt: $_____ as of (Date) _____
11. Annual Depletion: $_____ Method _____
12. Acquired Through:
    __ Purchase
    Terms: _____ or
    __ Other (Details): _____
13. Name and Address of Operator _____
14. Ownership Status:
    __ Individually or
    __ Jointly. Exact form of title: _____ If purchased, who provided funds (and in what amounts): _____
15. Notes and Comments:

INSTRUCTIONS—OIL, GAS AND MINERAL INTERESTS

Line 1. Please describe the exact kind of property. If the interest is held in a partnership, as drilling ventures for example often are, please use the form designed to record the cost basis in partnerships.

Line 2. Please locate the property as accurately as possible, including county, "block" number and the like.

Line 3. Interests and sharing arrangements may vary widely. For example, you may own a one-eighth working interest, a participation, an overriding royalty, a carried interest, a net interest in production payments or any other type of interest peculiar to such property. Please give as much information as you can.

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*Use a separate sheet for each interest. Consult instructions on attached sheet.

Line 4. Others who share interests in the same property may include, for example, a lessor, an operator with a working interest, or diverse other parties.

Line 5. Please give exact date acquired.

Line 6. Note the estimated annual yield in dollars, not barrels, tons or cubic feet.

Line 7. Indicate estimated reserves in units (e.g. barrels, tons, or cubic feet).

Line 8. Note the cash amount invested as of the indicated date, including additional cash invested for "calls" beyond the original investment.

Line 9. Often a lender has "recourse" for satisfaction of his loan against the property rather than against the borrower directly. Please indicate, if this is the case, the amount of such non-recourse borrowing outstanding.

Line 10. Show here financing other than that indicated on line 9 above.

Line 11. How much depletion was claimed in the most recent year and by what method, for tax purposes.

Line 12. Indicate, if by purchase, the full terms including any obligations to meet "calls." Supporting documents should be attached if they are available or can be obtained. For example, copies of applicable schedules from estate or gift tax returns would be helpful.

Line 13. Who actually does the drilling or mining and is able to supply further information, if needed?

Line 14. If the property is held jointly, a full history is necessary regarding contribution of funds and subsequent payments. Supporting documents should be attached.

Line 15. Please note any further informaiton which might be helpful. Income tax matters may be noted here. For example, total income from all oil or gas properties may be required to accurately gauge depletion, or intanglible drilling costs may be pertinent.

[Fiduciary Trust Co. of New York, C.B.R. No. 8]

Owner: (Name)_____

RECORD OF COST BASIS*

INTANGIBLE PROPERTY OTHER THAN SECURITIES

Date:_____

1. Type of Property:
   — Contract rights in _____ or
   — Patent for _____ or
   — Copyright in _____ or
   — Royalty arrangement in _____ or
   — Other _____
2. Date Acquired: _____ (Last Renewal: _____)
3. Present Value: _____
4. Acquired Through:
   — Purchase: Price $_____ or
   — Personal Efforts or
   — Other (Describe) _____
5. Notes and Comments:

INSTRUCTIONS—INTANGIBLE PROPERTY OTHER THAN SECURITIES

Line 1. Identify the asset or rights as clearly as possible so that it may be identified without error.

Line 2. Give the exact date acquired. If a patent or copyright has been renewed, please note the last renewal date, as well as the original date.

Line 3. An estimate will suffice. It would be helpful, in arriving at a value, to indicate current annual income generated by the asset.

Line 4. Please give as much detail as possible concerning acquisition of this asset. Attach available supporting data (copies of applicable schedules from estate or gift tax returns, or canceled checks, for example). Full financing information should be noted.

Line 5. Use this line to note any information you think might be helpful or pertinent.

*Use a separate sheet for each separate item. Consult instructions on reverse side of this sheet.

"HOLOCAUST" SCENES RECALL NEED FOR GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, a few weeks ago, the program "Holocaust" was aired on television and was watched by over 100 million Americans. This gripping tale showed how horrible a crime genocide truly is, and certainly reinforced my conviction that this country should do everything in its power to insure that it never occurs again.

One scene which particularly impressed me was the recounting of the revolt by the Jews in the Warsaw ghetto. Those who saw the show will certainly recall that hundreds of thousands of Jews were shipped to Warsaw, and were forced to live in isolation and poverty. As the antisemitic German activities became more intense, thousands of Jews were shipped from the Warsaw ghetto to one of the German death camps to be exterminated.

The Weiss family, the principal Jewish family in "Holocaust" followed such a path. From their home in Germany, they were forced to go to Poland and live in Warsaw, and it was from Warsaw that the two parents were sent to meet their death in Auschwitz.

Those who were not shipped from Warsaw, though, were finally able to organize some resistence to the Nazi hoodlums. With homemade weapons and weapons which they had managed to smuggle into the ghetto, they held out against the well armed Nazis in a revolt which lasted for several weeks.

When the Nazis did finally force those who had led the revolt to surrender, they carried out a murderous revenge against the revolutionaries. In the film itself, many Jews who had surrendered where lined up against a wall, and all of them, including women and children, were gunned down by a firing squad.

I would like to mention, too, Mr. President, that services were held in New York last Sunday to commemorate the Warsaw revolt and the 6 million Jews who lost their lives during the holocaust. The services were attended by New York Mayor Koch and Israeli Prime Minister Begin, both of whom delivered powerful speeches on the horrors of the genocide carried out by the Nazis.

As we remember the Warsaw revolt, and as we remember the 6 million Jews who were killed during World War II, let us also remember that the Genocide Convention, a treaty which would make genocide an international crime, is still pending before the Senate. The Senate has yet to act on this treaty, even though President Truman signed the treaty 30 years ago. I urge the Senate to ratify the Genocide Convention as soon as possible.

THE GRANTSMAN

Mr. PROXMIRE. Mr. President, last month I awarded my "Golden Fleece" to the National Institute for Mental Health for funding a study of behavior and social relationships in a Peruvian house of prostitution. This study was part of a $97,000 grant which paid for an 18-month field trip to Peru by a researcher and his associate. Ironically, the researcher, Dr. Pierre L. van den Berghe, had just written a book on how to win at academic and grantsmanship games.

In an article in Sunday's Washington Post on the often "sleazy" world of the grantsman, Lon Tuck obtained fascinating quotes from Dr. van den Berghe and his fellow seekers of Federal grant dollars.

It appears that the grantsman, whether in the field of opera, ballet or even the sociology of Peruvian brothels spends much of his waking hours in the enriching pursuit of governmental or private grants. The "taxing" job of securing these funds is only relieved by the occasional periods of time in which the grantsman is actually performing the work paid for by the grants. However, since the grantsman is often an empire builder as well, he must constantly seek to expand his domain. Therefore, he must quickly turn back to the task of obtaining still more and larger grants. Unfortunately for the American taxpayer, the chances of the grantsman achieving his own "manifest destiny" is often enhanced by his previous successes at the grantsmanship game because the funding agencies view previous success at receiving taxpayers' dollars as a good reason for offering still more funds to these "entrepreneurs."

It is clear from this article that we need to improve and increase our reviews of Federal grants in order to stop the run on the Federal Treasury by these professional grants men and women.

Mr. President, I ask unanimous consent that the article "Granting Your Wish" be printed in full in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GRANTING YOUR WISH

(By Lon Tuck)

In 1956 a 35-year-old man named Joseph Papp walked into the Doris Duke Foundation looking for his first grant. He had only two weapons at his disposal. One was a clipping from The New York Times' Brooks Atkinson lavishing praise upon an outdoor performance by something called the New York Shakespeare Festival. The other weapon, he says was chuzpah.

The Duke Foundation had never before granted money to theater, and grants did not then play their present central role in subsidizing culture. But Papp got $10,000, and "for the first time I was able to pay my actors—$25 a week. One of them was Colleen Dewhurst."

Two years later, he started trying to crack the Ford Foundation—and found he couldn't even get his chuzpah in the door. For 15 years, in fact, the foundation held him at arm's length while Papp pummeled it with combination punches. When Ford turned down his grant applications, he accused the foundation of "weasel-worderness"—and drew outraged responses from George Bundy about Papp's "hot temper" and his "personal attack" on Ford Foundation officers. In 1973, Ford finally weakened, and coughed up $1.5 million to help the indefatigable grantsman take on what was to be a losing battle with the troubled theaters of Lincoln Center.

LEARNING THE ROPES

Perhaps by instinct, perhaps by the exigencies of crisis, Joseph Papp learned the ropes of 20th-century grantsmanship—the art and science of talking agencies, foundations and well-heeled well-wishers into underwriting your bright ideas—before most American performing arts managers even knew the ropes had been strung up. His New York Shakespeare Festival, once a shoestring operation, is now one of the giants of the American stage. It grossed $30 million last year and employs 300 persons.

Today's grantsman has it easier—he can even take a course in technique, like the symposiums of the Grantsmanship Center, for a mere $325. He can also rest assured there is much more funding to be had. But strong motivation, plus skill at preparing a persuasive case, is now of even greater importance.

More than a billion dollars a year now go to cultural grants, and a billion dollars means hard competition. The federal arts and humanities endowments alone directly invest about $215 million. Cultural grants show up in the budgets of other agencies, from the Fulbright scholarships to the job programs for artists of the Department of Health, Education, and Welfare. State and local governments contribute considerable amounts independently and on a matching basis. Corporate cultural grants alone were estimated last year to be $221 million, much of it matching the government and the foundations.

The style of today's Compleat Grantsman varies with the situation. Slick management and persuasiveness helped Anthony Bliss stave off disaster for the ailing Metropolitan Opera. "Fund-raising has become as hard work as the artistic side," says Bliss. And that is also the style of PepsiCo chairman Don Kendall, now trying to bail out American Ballet Theatre.

But most grant-seekers lack such easy entree into high places. Instead, they spend countless hours waiting outside offices and knocking on doors, many of which never open. For people like Steve Stern, of the Otrabanda theater players, or Bill Ferris of the Center for Southern Folklore, personal determination is the best weapon. "The key to grantsmanship is to refuse to give up," observes the mild-mannered Ferris.

And you have to count on the pains and frustrations of losing at least as often as you win. Papp still fumes about his relations with the Ford Foundation: "I've never met Mac Bundy, but I guess that if I had I would have punched him in the nose."

You have to be in the right place at the right time, as Pierre van den Berghe, the University of Washington sociologist, well knows. His federally financed research into a Peruvian Indian brothel drew the ire recently of Sen. William Proxmire (D-Wis.). Van den Berghe says he didn't mind the publicity. What he minds is that his book, "Academic Grantsmanship," is currently out of print.

THEATER ON THE RAFT

When the first request for a National Arts Endowment theater grant for the Otrabanda Company plopped on a desk here in 1971, it probably wasn't taken too seriously. After all, the idea of aiding a group of players who wanted to float down the Ohio and the Mississippi all summer and set up a stage in small riverbank towns for evening performances suggested a boondoggle, and brought to mind the plot of "I Pagliacci."

Furthermore, Steve Stern, who grew up in Montgomery County, and his friends were students at Antioch College, hardly a citadel of conservatism in those days. Would the riverside audiences be subjected to radical tracts?

So there on the desk the application sat. But Stern was, and is, a serious grantsman and he recalled recently from Otrabanda's New Orleans office how they finally got attention to that crucial first grant.

"Later that year, we met some people from the Smithsonian at a theater workshop and they really liked our work. So they invited us to Washington for a one-night stand.

"They saw to it that some people from the endowment were there. They were impressed enough that they called us over the next day and went over the application with us. They said we had filled out the form wrong and helped us redraft it. They said that because we had no accounting skills we had misjudged the scope of the project and asked for too little money. Instead of $10,000 we should ask for $15,000. We did, and the grant came through."

That launched the first of six river seasons by Otrabanda. In 1974, for instance, they brought their original revue to 28 towns—places like Cape Girardeau, or Friar's Point or Vicksburg. More recently they have performed period dramas that might have been done under the same circumstances 100 years ago.

Stern and his company are even more dependent on grants than large performing arts institutions. Grants make up 60 percent of the budget. "I have to hustle," he says.

One enterprising success came last year, when the company received the National Science Foundation's first theater grant. It was to write and perform a play on the philosophy of science that Otrabanda has since staged in science museums from coast to coast.

Stern says some members of state arts councils along their river course still betray suspicion and doubt about what they are up to.

They once seemed assured of a grant from the Ohio Arts Council until the day of the actual vote. A favorable review of their performance in that morning's paper made mention of an earlier Otrabanda work in which "people make love in supermarket baskets."

"That offended one man on the council," recalls Stern, "and it did us in."

ANTHONY ADDISON BLISS

Anthony Addison Bliss, 64, executive director of the Metropolitan Opera, is a product of Groton, Harvard and the University of Virginia Law School. He is the grandson of Cornelius N. Bliss, McKinley's Secretary of the Interior, and his aunt, Lizzie P. Bliss, was an organizer of the Museum of Modern Art, to which she left her collection. For most of his career he practiced at the lordly New York firm of Milbank, Tweed, Hadley and McCloy, while playing active roles on the boards of institutions like the Joffrey Ballet and the Metropolitan Opera.

Bliss believes the key to grantsmanship on a major scale is "being able to get your foot in the doors of potential donors and presenting your case, eyeball to eyeball. It requires telling the truth and telling it in full detail."

And because his family and professional background get him in where others might not get an audience, and because his career skills prepared him well to present the Met's case, it was to Anthony Bliss that the Metropolitan turned in November 1974 when it appeared the company might go under. The feeling was that if anybody could obtain the necessary funds, Bliss could, and he certainly has. This past season the Met actually enjoyed its first surplus in years.

In terms of dollars, Bliss, who is the chief administrator as well as the chief fundraiser, probably has to raise more money every year than any other single official in the preforming arts. The Met is the most expensive single such organization, with a $35 million budget last year. It also has the biggest deficit, $13.2 million.

"In addition to what I do", recounts Bliss, "the Mets president, Frank Taplin, spends three full days of his week on it, even though his job is unsalaried. We're just lucky he can afford it. Also it has to be a principal preoccupation of—and this varies—from at least three to, ideally, six of our board members."

To underline his point, Bliss reviewed his personal schedule for the previous 24 hours: He and Taplin both went to dinner party the evening before attended by several potential donors; they both spent the morning at the offices of "a major foundation" discussing a prospective grant; joined by another Met official, they lunched with the chief executive of "one of the leading banks" to discuss the progress of yet another grant ("These things usually take at least three months to work out"); Taplin was on the phone in the afternoon with other foundations, and Bliss held a two-hour meeting in his office in which staff members joined him and officials of a corporation "from which we are soliciting an important grant. We were trying to explain to them how it would be in their interests from a public relations point of view."

An example of a major grant in the Met's eyes was the landmark National Endowment for the Arts challenge grant awarded last year "to raise funds for increased operating costs and to launch a five-year endowment campaign."

Challenge grants must be met three times over from other sources and are meant to stabilize an organization's managerial and financial foundations. The man who administrated the challenge grants that first year, John Spencer, recalls that Bliss' presentation was a model of what such things should be. Bliss was the only grantsman to get for his company the maximum allowable sum, $1.5 million. And even though challenge grants are supposed to be one-time-only affairs, the aggressive Met is back this year, trying for another one—just in case.

Says one envious colleague, "Bliss is running the smoothest shop in the business."

12 YEARS EXPERIENCE

Tom Naratil Jr., of Newburgh, N.Y., was actually underage when he applied for his Humanities Endowment grant. He was only 12, and the lower limit on the Youth grant program is 13. But Tom must have sensed that the wheels of government move slowly, so that by the time he got an answer he would be 13.

Mary Elin Carnes, his French teacher at Newburgh Free Academy, recalls returning from Washington from a briefing on the Youth grants and pressing her 150 students to get involved. "Tom, who is probably the most promising student I have ever taught, was the only one to take the initiative."

Newburgh is a treasure trove of late Victorian architecture and Tom decided that, considering the rate at which old buildings were coming down, a photographic record of old Newburgh was in order. Using $810 from the endowment and a Canon FTB with an F1.8 lens, he spent much of the summer making over 1,000 shots of the city's architectural heritage.

The subsequent report and slide show (with a taped narration) provides a record for Newburgh's citizens of what was left of Victorian Newburgh, and an impetus to stop tearing more of it down.

Tom is harder to catch on the phone than many of the big mogols of grantsmanship—what with the track team and all. He's now 16, and when he talks about the future, the most important thing on his mind is that he wants to go to Harvard.

Having been the youngest grantee in the history of the National Endowment for the Humanities shouldn't hurt his chances.

BETTER AT DANCING

American Ballet Theatre is better at dancing than it is at business. It may come as a surprise that the company that has brought Baryshnikov, Nureyev, Makarova, Kirkland and Gregory regularly to the Kennedy Center was turned down last year by the National Arts Endowment for a challenge grant because ABT's back office was in such disarray. No one quarreled that ABT is one of the world's preeminent dance companies. But, also, no one quarreled that its finances were a mess.

Losing the challenge grant put the fear of God into ABT's board, and a decision was made that emergency measures must be taken to insure that ABT get one this year (the new ones will be announced in late spring).

ABT needed a high-powered grantsman who had easy access to the sources of big money and who could pull the company's finances together fast. By June they had found their godfather in Donald Kendall, 57, the chairman and chief executive officer of PepsiCo Inc. and a director of such companies as Atlantic Richfield and Pan Am.

"I like the dance very much", recalls Kendall, "and somebody within my company heard about Ballet Theatre's problem and suggested I might want to get involved.

"At the time I got in I didn't realize the size of the problem. If I had I might not have done it. There was a real question of whether we could survive or not. $250,000 in unpaid bills were more than 90 days overdue and the company could not meet the payroll. The management side just was not up to the artistic side."

Kendall went to George Moore, former head of First National City Bank and a long time principal fund-raiser on the Met's board, and asked for help. Moore recommended hiring Herman Krawitz, a principal deputy in the days of Sir Rudolf Bing at the Met, as a consultant.

"Herman got to work. The Arthur Young company got the books straightened out. We got a cash flow going and made some projections so that we could show people where we were and where we were going. Then I started going to see my friends in the corporate world and told them Ballet Theatre had to be saved. My role was to get access to these people because I know them."

Even though Krawitz came in an outsider, he says his relations with longtime ABT directors Lucia Chase and Oliver Smith have been good. "Chase doesn't resist my pulling her along. I'm not after her job."

This year there are 353 groups seeking $103 million in challenge grants, with only $30 million to go around. But Kendall and Krawitz are optimistic that the grant will come through. "Then I'm going to phase down a bit," says Kendall. "This takes too damn much of my time."

SOUTHERN APPROACH

Bill Ferris of Memphis is the cofounder of a pioneering project called the Center for Southern Folklore. He assumes a quiet country boy manner that masks his quite considerable academic aptitude. But, in his way he is a grantsman on the order of a Papp or a Bliss. He certainly has their tenacity. He, however, lacks their access. "My greatest problem is to get my foot into the door," he says.

Ferris' project is devoted to preserving through films, tapes, records, photos the rich and disappearing folk culture of Mississippi.

His primary motivation is that of a "true believer." He gave up a promising career as an English literature scholar to devote himself to his bold venture in folk culture, one that at present is almost entirely dependent upon grants to finance its work and pay its 14-person staff.

"We are losing an incredible amount of our culture," he declares. "The generation we are losing now is the last one to have seen pre-industrial America. They have seen a great wrenching change, from the horse and buggy to the moon. And there ought to be records of what that experience was like for them."

The low-key Ferris is zealous in pursuit of grants and his record of success is outstanding—35 separate grants in six years, or about 50 percent of the ones he has sought. "You just have to write, and rewrite and resubmit," he says. Ferris' virtually exclusive dependence upon grants is unusual even for today, and thus his is an example of a project that would almost certainly have been impossible in the pregrant age. The most important of his grants is a $200,000 challenge grant from the National Endowment for the Humanities. It is designed to reduce the Folklore Center's dependence on grants and to set up a distribution system to libraries, schools and museums that will, he hopes, "let us make money."

Ferris has eased his problems of getting his foot in the door by setting up an advisory board with members ranging from Harvard psychiatrist Robert Coles to jazz musician B. B. King. But, for all that, he still is clearly his own best salesman.

For all of Bill Ferris' wide-eyed earnestness, though, there are others who approach grantsmanship more cunningly. Some have tried to make science of it, as with the numerous consulting firms that now constitute a small cottage industry. And some regard it as not so much a science as a game.

MAKE YOUR PH. D. PAY

One such person is Pierre van den Berghe of the University of Washington in Seattle. With the help of three assistants he produced a study of Indian life in an Andean village that included an article called "The Peruvian Brothel, a Sexual Dispensary and Social Arena." One of the results of a $97,000 grant from the National Institute for Mental Health, it was published in the Archives of Sexual Behavior last summer and excerpted in Playboy. Week before last Sen. Proxmire singled it out for his monthly Golden Fleece Award—a recognition of "the biggest, most ridiculous or most ironic waste of taxpayers' money." Comments van den Berghe, "At least we didn't get paid for the Playboy excerpts."

The NIMH bequest is van den Berghe's fifth in 17 years as a scholar, and he has distilled the lessons learned from these experiences in a volume called "Academic Grantsmanship," which is a "how to" guide to what van den Berghe calls "the art of scholarly mendacity." The subtitle is "How to Make a Ph. D. Pay."

His recommended practices are openly opportunistic. The first suggestion: "Never give the impression that you do not know precisely what you want to do and how you are going to do it. This often involves dishonesty because in the majority of cases you start a research project with only a general idea of what area you want to investigate and what methodology you want to use, and you have only a few hunches as to why you want to use it." Another suggestion: "A good budget must show two qualities: It must be both detailed and extravagant."

Van den Berghe sees the grants system as "often distasteful even when it is not dishonest." He says that the NIMH grant, however, was "absolutely straight because my plans and theirs coincided. I was urged to get it by the chairman of my department on the basis of inside information that the governing board would be receptive to what I wanted.

"I had to lie once, though, on a grant application to do work in South Africa. I was going to work on racial problems, but I had to apply for a grant for excavations because the government would never have let me in otherwise."

Given his criticisms, van den Berghe is asked if there isn't a better way to do it than grants. "I'm not so sure there is," he replies. "Any attempt to try to do it blindfolded is bound to fail."

"IT WILL CATCH ON . . ."

On reason Oleg Lobanov, 43, was chosen as managing director of the National Symphony Orchestra was that he's worked both sides of the grants fence, with six years at the Ford Foundation.

He is a pro at grantsmanship and one of his first big projects after coming here, the orchestra's $1 million challenge grant, sailed without a hitch.

He recalls countless grant applicants at the Ford Foundation who would arrive with ill-conceived proposals and say, in effect, "If you would only start it up, I know it will catch on and become self-sustaining."

That's not the way grantsmanship works. Says Lobanov, "The most important thing to remember is that nobody ever deserves a grant. It just doesn't work that way."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS TO 9:30 A.M. TOMORROW

Mr. PROXMIRE. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 9:30 a.m. tomorrow morning.

The motion was agreed to, and, at 5:53 p.m., the Senate recessed until tomorrow, May 3, 1978, at 9:30 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2, 1978:

DEPARTMENT OF STATE

William B. Edmondson, of Nebraska, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of South Africa.

AGENCY FOR INTERNATIONAL DEVELOPMENT

David Bronheim, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

INFLATION AND TAX INDEXATION IN CANADA

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. CRANE. Mr. Speaker, there is a growing concern with the problem of inflation and rising taxes. We read and hear talk of a "tax revolt" throughout the United States. The Carter administration is offering us more inflation and more taxes.

I have sponsored a measure which would help ease the growing tax burden of Americans. The Cost of Living Adjustment Act would amend the Internal Revenue Code of 1954 to provide for automatic cost-of-living adjustments in the income tax rates. It would also index the amount of the standard, personal exemption, depreciation deduction, and rate of interest payable on certain obligations of the United States. The idea of indexing has been gaining more and more attention.

Economist Paul Craig Roberts wrote the following in a recent article ("Some Tax Myths: Who Pays What?" National Review, April 28, 1978):

> Indexing the tax structure (adjusting it to offset inflation) would prevent this deterioration that is occurring in the living standards of all Americans. One might think that this would make indexing an important issue in tax reform. Yet, it is not part of the Administration's proposals. Opponents of indexation have argued that inflation causes government's costs to rise, so that it also needs more revenues. However, the way it is now, the government's revenues don't simply rise by the amount of the inflation, they rise by 1.65 times the rate of inflation. A 10 percent rate of inflation means a 16.5 percent increase in revenues.

The Tax Foundation sponsored a conference here in Washington, D.C., on March 30, 1978, with one session devoted to indexation. One of the papers presented was by Carl Steiss of Price Waterhouse & Co. of Toronto, Canada, and an instructor at the University of Toronto. Mr. Steiss discussed the Canadian experience with a limited system of indexation—the indexing of the tax brackets. During a period of inflation, taxable income increases more rapidly than the inflation rate, because of the static nature of the quantum of those exemptions.

One interesting fact Mr. Steiss points out. In an intensive 4-year study of the tax system which resulted in a 2,700-page, five-volume report, the Carter Royal Commission on Taxation in 1966 recommended against the adoption of a system of automatically indexing of the tax system. Yet on February 14, 1973, the then Minister of Finance, John Turner, proposed a system of indexing which was adopted into law beginning in 1974. Mr. Steiss noted that the change in attitude on indexing occurred, because of "the tremendous rates of inflation we have experienced since the mid-1960's and the significant pressures this has placed on Government and Government thinking." Prior to this time personal income taxes were taking a higher and higher proportion of income from Canadians thus placing them in higher tax brackets without a corresponding increase in their real income. The problem became worse with the inflation of the 1970's as Canadians realized the effect of the "silent but annual tax increase" because of inflation. Mr. Steiss states the result:

> Indeed, many were clearly beginning to recognize that inflation itself was a form of taxation, that the government was obtaining a rising share of personal income coincident with inflation and that such an increase was being achieved in the absence of distasteful overt increases in nominal tax rates.

Mr. Steiss offers some interesting conclusions on that tax indexing program in Canada. It has been the taxpayers in the range of $15,000 who have benefitted the most from the percentage saving from indexing with the next greatest benefit going to taxpayers with income ranges from $15,000 to $20,000. Since almost 70 percent of Canadian taxpayers have assessed income ranging from $10,000 to $25,000, we find it is this group, not the very wealthy, who have received savings from indexing. It has reduced Government revenues; it has reduced the rate of growth of direct personal tax revenues to Government from inflation; it has aided to restrain some Government spending; and it has given an extra measure of control over taxes to the taxpayer and voter.

We should remember that indexing in Canada is limited to exemptions and tax rate brackets. A fully indexed economy in order to protect its citizens from the "silent tax increases" needs to consider indexing other aspects of the economy such as capital gains. We need to consider this important reform in the United States.

Mr. Steiss raises a number of key issues in his perceptive paper and I urge my colleagues to read and meditate on the message in "Indexation of Canada's Individual Income Tax System":

INDEXATION OF CANADA'S INDIVIDUAL INCOME TAX SYSTEM

(By C. F. Steiss)

I have been asked to provide a few observations on Canada's reaction to what I might refer to as the "silent tax increase". Perhaps I should open with a word about what I mean by this phraseology. Generally speaking, inflation causes taxable income to increase more rapidly than total real income due to the fact that taxable income is a calculated amount after allowing for certain exclusions and deductions. While some exclusions and deductions may increase at a rate commensurate with inflation, others, and notably the basic personal exemptions which account for almost 80% of all exemptions and deductions in Canada from individual income, do not. Consequently, in a period of inflation, taxable incomes rise more rapidly than the inflation rate due to the static nature of the quantum of those exemptions. Thus we have one element of the silent tax increase.

A second element is the progressive rate structure. An increase in the effective average rate with unchanged real taxable income yields higher real taxes. The only obvious way of avoiding this is to index the brackets. Assuming a taxpayer's various deductible expenses rise at an inflation rate, indexing of the brackets should generally mean that real tax liabilities will rise only where total income is rising more rapidly than the inflation rate. Where total income is rising less rapidly than that rate, real liabilities will actually fall.

On the evening of February 14, 1973, the then Minister of Finance, The Honorable John Turner proposed the introduction to the Canadian tax system of a "major innovation in tax philosophy and practice". In commenting on this proposal, the Minister expressed concern in respect of the rampant inflation phenomena in Canada and the impact such inflation has on a tax system based on a progressive rate schedule. The proposal, as presented, was subsequently implemented into law with effect from 1974. Many, myself included, regard this change to Canada's income tax laws as one of the two most important structural changes to the Canadian income tax system since World War II: The other being the taxation of capital gains and the many other substantive changes implemented by the 1971 tax reform bill.

Implementation of the proposal introduced the following basic system of indexation of Canada's individual tax system:

(a) The annual determination of a so-called "inflation factor" based upon the increase in Canada's Consumer Price Index in a defined immediately preceding 12 month period.

(b) Application of this inflation factor to the various principal exemptions available to individual taxpayers in Canada. Such principal exemptions prior to indexing, and therefore in 1973, included a $1,600 single status exemption, a $3,000 martial status exemption and individual dependency exemptions of upwards to $550 per dependant and, finally, and very importantly . . .

(c) Application of the inflation factor to the marginal tax rate brackets of the Canadian individual taxpayer.

The technical calculation of the cumulative inflation factor is determined as the ratio of the Consumer Price Index for the year ending September 30 of the relevant previous year divided by the Consumer Price Index for the year ending September 30, 1972. From a practical point of view the Minister announces the increase annually and soon after the September CPI statistic is available. The inflation factor is pragmatically expressed in terms of an annual adjustment to the prevailing exemption levels and tax rate brackets of the prior year.

For example, the legislative adjustment in respect of the 1978 personal exemptions and rate brackets was announced in October of 1977 and was determined by dividing the average CPI for the 12 months ended September 30, 1977 by the corresponding average for the preceding 12 month period ended September 30, 1976. Expressed in percentage terms, the major personal income tax exemptions and the tax bracket limits for 1978 were raised by 7.2 percent as compared with those that prevailed for 1977.

Why September 30? The selection of September as the extreme of each 12 month averaging period was based on the factual

circumstance that the month of September was simply the last possible month in a year that could be reflected in the calculation while still allowing the government time to print and distribute the withholding tax tables on a timely basis for the following taxation years, being the year for which the calculation is relevant.

Why a 12 month averaging period? The intent of the government was to extend the period so as to minimize the impact of unusual events or circumstances which might initiate an undue influence on the calculation of an inflation factor based on a shorter period.

Interestingly enough, the law itself does not contemplate a reduction in exemptions and/or a narrowing of the marginal tax rate brackets. Indeed, where the inflation factor for a particular year is less than that of the preceding year, the preceding year's factor will be deemend to be operative: In other words, the exemptions and tax rate brackets will not be reduced from that of the preceding year. I mention this point merely for your general interest since, with the rates of inflation to date in Canada, the matter has certainly not been in issue from the time the scheme was first introduced.

The inflation factor applied to the marginal rate brackets and exemptions has broadened the brackets and increased the exemptions on an annual basis by some 6.6% for 1974, 10.1% for 1975, 11.3% for 1976, 8.6% for 1977 and 7% for 1978. By 1978, the compound effect of indexing since its inception amounts to a hefty 52.1%. Introduction of indexing in 1974 meant the dropping of some $175,000 from the tax rolls and another $225,000 in 1975 after which the government stopped counting. Estimated cumulative federal government revenues lost through indexing through 1978 are some $4 billion.

Let's take a look at the rates. In the absence of indexing, our top marginal rate would cut in at taxable income of $60,000. I hasten to add that that top rate is dependent upon the province of residence of the taxpayer and may vary from a low of approximately 60% to a high of around 68%. For 1978, and strictly as a result of indexing, the top marginal rate does not cut in until taxable income of some $91,260 is reached.

What about the exemptions? The married taxpayer with a wholly dependent spouse and two dependent children would, in the absence of indexing, qualify for exemptions of some $3,600. Application of indexing to these exemptions entitles him to deductions of some $5,480 in 1978.

A single pensioner would have about $4,000 in 1978 exemptions versus $2,600 without indexing.

Indexing represented a very major shift in historical attitudes in Canada as to inflation and taxes. Perhaps one of the most major studies of any developed tax system was that of the Carter Royal Commission on Taxation. That Commission spent some four years of intensive study of all aspects of our then existing tax structure and issued its massive 2,700 page, five volume report, in 1966. The Commission considered the merits of indexing and concluded that "the tax structure should generally not be adjusted automatically to take into account changes in the general level of prices. To develop a tax system that taxed only increases in 'real' purchasing power would irreparably damage the built-in stability of the system".

Why the change in attitude?

Obviously, a part of the change must be explained by the tremendous rates of inflation we have experienced since the mid-1960's and the significant pressures this has placed on government and government thinking. Indeed, in introducing their remarks and negative conclusions with respect to indexing a tax system, the Carter Commission made the following statement:

"Assuming that the Consumer Price Index continues to rise at an average rate of 1.5% to 2% a year, what could and should be done?"

The fact that the level of inflation from 1952 through 1965 averaged only about 1.4% a year and only reached its highest level of 3.2% in 1957 may have contributed to their conclusion that indexing was not of paramount importance. Since 1965 the rate of inflation escalated significantly reaching, 4.8% in 1972 and 9.1% in 1973 when indexing was introduced. Furthermore, inflation has simply galloped along since that date. Expressing Canada's Consumer Price Index factor in terms of 1971 equals 100, said factor at the end of January, 1978 was some 167.8.

Prior to the introduction of indexing to Canada's income tax laws in 1974, personal income taxes were taking a higher and higher proportion of the real incomes of Canadians. Each year, the real value of personal exemptions was becoming less and less and more and more Canadians were finding themselves thrust into higher tax brackets without a compensating increase in their real income. While obviously not as exaggerated in the late 1960's, the impact was still there but I would think it fair to say the majority of Canadian taxpayers were unaware of this "silent but annual tax increase". With the advent of rampant inflation in the early 1970's, there were signs in Canada that the silence of the increase was being disturbed and that Canadian taxpayers were becoming more and more aware of the interaction of inflation and taxes. Indeed, many were clearly beginning to recognize that inflation itself was a form of taxation, that the government was obtaining a rising share of personal income coincident with inflation and that such an increase was being achieved in the absence of distasteful overt increases in nominal tax rates.

Anyone concerned with basic social policy has to be concerned about the impact of inflation. As you rise up the income scale, Canada's higher tax brackets widen considerably and increasingly insulate taxpayers from ravages of inflation on real tax rates. In other words, the tax increases resulting from inflation are highest not at incomes where the marginal rates are highest but rather at those income levels where marginal tax rates increase most rapidly thereby placing the burden more squarely on middle and low income earners.

What taxpayer has benefited the greatest from indexing? Notwithstanding my comments a moment ago about the $60,000 marginal rate taxpayer, this is not the taxpayer category which has benefited the most. A computer simulation model study recently conducted would indicate that the taxpayer with assessed income in the $15,000 range enjoys the most significant percentage savings from indexing. Indeed, about 27% of the total tax savings enjoyed from indexing belongs to this taxpayer category. The next greatest saving goes to income ranges of from $15,000 to $20,000. Taxpayers with assessed income from $10,000 to $25,000 account for close to 70% of the total federal tax savings enjoyed through indexing of the Canadian tax system.

What about revenue lost through indexing? There is no doubt that indexing "COSTS"! For the 1978 taxation year, federal tax reductions for taxpayers at all income levels will total some $850 million as a result of application of the inflation factor applicable for that year or roughly 6% of budgetary revenues. All of the provinces of Canada other than Quebec have tax collection agreements with the federal government in respect of individual income taxes. Those provinces also of course experience reduction in revenues through indexing. In very early estimates prepared by the Province of Ontario, it was estimated that by 1980 the indexing revenue loss to the federal government would range from about 18% at sustained 5% inflation to about 24% at sustained 8% inflation. Reduction in Ontario revenues indicated the same pattern. There is no doubt that indexing significantly reduces the rate of growth of direct personal tax revenues over the long term unless such reductions are offset by explicit increases in tax rate. Some would say, and I would agree, that out of this observation flows a still further advantage of indexing: Namely, indexing increases parliamentary and/or tax-taxpayer/voter control over tax rates.

Will indexing in Canada survive? Costs of government are rising rapidly while tax revenues and the real wealth of the nation on which they are based are somewhat stalled. To continue indexing may continue to increase an existing budgetary deficit and to raise taxes in isolation is not only politically unpopular but is also inconceivable with the fragile Canadian economy of today. One thought is that the government may be tempted to ease its predicament by changing the method of calculation of the magic inflation factor to produce a smaller factor but this itself would be unpopular and could become a matter of substantive controversy.

While the reduction in revenue growth potential of the personal income tax can perhaps be absorbed in the case of the federal government for some years due to its surplus financial capacity, in the case of the provinces, a substantial deterioration takes place in their long run financial position. Pressure signs are starting to show and the matter could become a significant issue in the next while. Perhaps the chief hope of the government is that inflationary rates will abate and the impact of indexing diminish.

Has the government of Canada accepted indexing as a logical and indeed necessary part of the Canadian tax system? The answer must be a qualified no! Certainly extension of indexing to exemptions and the personal tax rate schedule was a major innovation. But, if one accepts the principal of indexing, is there not some logic to extension of its application to most statutory deductions and absolute dollar income inclusions under our Income Tax Act. For example, the Canadian Income Tax Act prescribes various deductions to retirement plans including, for example, a maximum deduction to a pension plan. The quantum of this deduction has increased over the past several years but such increase has not been tied in to indexing. In 1971 the government recognized that employees may have expenses and allowed an arbitrary maximum deduction of $150 in recognition of employment expenses. In 1977 the Minister of Finance recognized that inflation had eroded the value of that deduction and arbitrarily increased it to $250 for 1977 and subsequent years. While the increase was welcome, one wonders why in 1973 the indexing scheme was not applied to this and many other deductions under the Income Tax Act. Perhaps another outstanding example must be capital gains. The only response of the Canadian government to date with respect to the impact inflation has on people's savings has been arbitrary deductions of $1,000 of investment income, and certain private pension income. Again indexing has been ignored.

Accordingly, the equity argument in favour of inflation-proofing the personal tax rate structure has not been fully accepted or, perhaps more appropriately, reflected. Only time will tell but I advance my own cautious opinion that for the time being—

"They've gone about as far as they can go!" ●

ECONOMIC FACTS ABOUT ALASKAN LANDS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. OTTINGER. Mr. Speaker, the facts do not support the contention that H.R. 39, the Alaska National Interest Lands Conservation Act, is a "lockup" bill.

The Interior Committee report on H.R. 39 gives the following statistics on the disposition of the 375 million acres of lands in Alaska if the bill passes as reported:

Forty percent (149 million acres) of all the land in Alaska will be or will become the property of the State, native corporations or private land owners.

Twenty-six percent (98 million acres) of all the land in Alaska will be Federal land open to mineral entry, logging, and other multiple uses.

Sixty-six percent (248 million acres, the sum of the above) of all land in Alaska will be open to a wide variety of uses, unaffected by H.R. 39.

Thirty-four percent (127 million acres) of all the land in Alaska will be in one of the conservation system units either already existing or designated by the bill.

Seventy percent of the lands with metallic mineral potential in Alaska will be outside conservation system units.

Eighty percent of all the lands in Alaska will be open to possible development.

Ninety percent of all the land in Alaska could be open to sport hunting.

One hundred percent of all high potential oil and gas lands in Alaska will be open to possible development.

One hundred percent of all Federal lands in Alaska will be open to mineral assessment. including core drilling for geologic information by the Department of the Interior.

Mr. Speaker, one of the best summaries of the economic aspects of the Alaskan public lands issue that I have found to date appeared in the Anchorage Daily News in an article by Mr. Benjamin A. Shaine. Mr. Shaine's conclusions are based on a consideration of studies by the State of Alaska, the Federal-State Land Use Planning Commission for Alaska, work done for the office of technology assessment, and other studies. Mr. Shaine is a professional resource planner in Anchorage, Alaska, who has conducted research on the National Interest Lands for the past 7 years for the University of California and other institutions.

I am including the full text of his article in the Anchorage Daily News for the benefit of my colleagues:

[From the Anchorage Daily News, Jan. 4, 1978]

SORTING OUT OF D-2 FACTS, ECONOMICS

(By Benjamin A. Shaine)

Probably most of us have three concerns about land in Alaska:

As Alaskans, we feel a particular kinship to nature and the wilderness. At the same time, most of us depend on resource management or development activities for a living. Third, along with other citizens of the United States we worry about supplies of oil and other materials we use. We know that commodities from our state are becoming nationally important. Given these concerns, how should we feel about the d-2 proposals for parks, refuges and wilderness areas?

Our newspapers and radio have spread the word that environmentalist d-2 proposals threaten our economic well-being. Oil companies, for example, have printed large ads in The Daily News and other papers implying that federal withdrawals will lock up vast energy, mineral, and agricultural resources. Are they right?

Fortunately, we can look at several new reports on the subject. The two best are by the Federal-State Land Use Planning Commission and by the State of Alaska. Both studies are objective; neither of these institutions is a promoter of the larger d-2 lands proposals. The commission study by Dr. Bradford Tuck is carefully researched, summarizing federal Bureau of Mines analyses, University of Alaska publications, and other sources. The state study was prepared to help in locating valuable lands for state selection—the d-2 analysis is only a byproduct.

Several facts stand out when we read these reports:

First, Alaska is becoming wealthy, and the state's wealth is coming from oil. Prudhoe Bay and most of the potential onshore oil lands are owned by the State or by the private Native corporations. Most of the offshore petroleum is or will be leased by the federal government to private companies. Even the Udall and Carter d-2 proposals would restrict development of less than a fifth of the onshore resources. They would have almost no impact on the offshore areas.

New jobs and economic growth come primarily from state spending of tax and royalty dollars obtained from the oil industry. The future of the oil industry has next to nothing to do with d-2.

Second, the state and the Natives are selecting most of the economically valuable lands. The boundaries of parks and refuges are drawn around most areas of high potential for minerals, timber or agriculture. Five-sixths of Alaska's more valuable mineral lands will remain open to development, for example, even if the Udall bill, H.R. 39, passes Congress in its present form. Less than a fifth of Alaska's commercial timber is included in d-2 proposals. Of agricultural lands ranked in the top tenth percentile, three quarters are in State or Native ownership. None are included in H.R. 39.

* * * wilderness areas would cover less than five percent of the nation's stock of resources including oil, gas, hard-rock minerals, and timber. Because of high costs, few large mines are expected to open in Alaska for decades or longer, regardless of d-2 withdrawals.

Fourth, d-2 proposals will not put people out of work. None of the state's major employers will be forced to curtail activities. The Forest Service calculates, for example, that H.R. 39 will not affect existing timber industry jobs in the Southeast region.

Fifth, d-2 lands will not block access to private and state land. I recently participated in a workshop that reviewed maps prepared for the Congressional Office of Technology Assessment with the help of experts from the minerals industry. We found surprisingly few places where transportation might cross d-2 lands to reach non-federal mineral deposits. Where there were conflicts, alternative routes appear available. Furthermore, H.R. 39 now includes a provision for opening d-2 areas to access corridors in cases of national need. This procedure is similar to the process recently used successfully in determining the routing of the gas pipeline.

Sixth, in times of real need the d-2 areas can be opened to development. As a result of the hearings in Alaska and across the country last summer, H.R. 39 has been modified. One of the changes is to allow mining in some of the more promising areas if in the future Congress and the President find it necessary.

We can conclude that the d-2 question has little or nothing to do with Alaska's economy, growth, jobs, or contribution to national material needs.●

HOUSE BROADCAST COVERAGE: TIME TO VOTE

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ANDERSON of Illinois. Mr. Speaker, it has now been two and one-half months since the House Rules Committee issued its report, "Broadcasting the Proceedings of the House." Under the terms of House Resolution 866 passed by the House last October 27, the committee was to conduct a study of all alternative methods of providing complete and unedited audio and visual broadcasting of the proceedings of the House of Representatives and report its findings and recommendations as soon as practicable but not later than February 15, 1978.

A closely divided committee recommended that the House should operate its own broadcast coverage system, following the example and building upon the experience of the Canadian Parliament. Those of us on the minority side felt that the coverage should be provided by a pool of professional broadcasters. (See House Report 95-881)

While House Resolution 866 authorizes the Speaker to devise and implement a broadcast system as soon as practicable after receipt of the report of the committee, the Speaker has publicly indicated on at least three occasions that he would give the House a chance to vote on which alternative method of broadcast coverage it wanted.

The time which has elapsed since the Rules Committee issued its report has already stretched beyond the "soon as practical" period the House gave the Speaker to devise and implement a system for publicly televising our debates under House Resolution 866. Yesterday I sent a letter to the Speaker asking the status of the broadcast system and urging that he put the alternatives to a House vote as soon as possible. The letter follows:

MAY 1, 1978.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, U.S. House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: As a member of the Rules Committee's Subcommittee on the Rules and Organization of the House, I am writing to inquire into the status of the House broadcast system authorized by H. Res. 866 adopted by the House on October 27, 1978.

As you will recall, that resolution instructed the Rules Committee to report on

alternative broadcast systems by February 15, 1978, and the Speaker to devise and implement a system for broadcasting House proceedings "as soon as practicable after receipt of the report of the committee."

It has now been two and one-half months since the Rules Committee issued its report. You have publicly indicated on at least three occasions that you would give the House a chance to vote on the broadcast alternatives—namely, whether the House should own and operate its own broadcast system or whether professional broadcasters should provide the coverage.

I appreciate the fact that the Rules Committee raised some technical concerns about what must be done before such a system can be fully operational, and that you have indicated that these concerns preclude going public before next year. But I hope you realize that many of these concerns cannot be dealt with until the new cameras and equipment have been purchased, installed and tested, and that considerable time will be needed for these steps. It is therefore vital that a decision be made by the House as soon as possible so whoever is charged with the responsibility can begin to gear up for next year.

I would appreciate your response to this letter at your earliest convenience.

Very truly yours,

JOHN B. ANDERSON,
Member of Congress.●

MISS ROSEMARY DURKIN, FIRST WOMAN ELECTED TO MAJOR OFFICE IN YOUNGSTOWN, OHIO, TO BE HONORED

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. CARNEY. Mr. Speaker, Miss Rosemary Durkin, clerk of the municipal court of Youngstown, Ohio, will be honored at the Truman-Johnson Democratic Women of Youngstown's annual "Tribute to Women" luncheon. The luncheon will be held on May 6, 1978, at the Sokol Center in Youngstown, Ohio.

Miss Durkin, a graduate of Ursuline High School, was appointed deputy clerk of the Youngstown municipal court in 1946, by the late Judges Peter B. Mulholland, John J. Buckley, and Robert E. Nevin. She served in her appointed capacity under William G. Evans, Richard J. Barrett, and George Vukovich, until she was appointed administrative assistant to Mr. Vukovich in 1969.

Miss Durkin was appointed chief deputy and assistant clerk of the court on January 10, 1975. In November of the same year, she was elected clerk of the Youngstown municipal court. Her election to this position marked the first time that a woman had been elected to a major Youngstown city office.

In addition to her professional success, Miss Durkin is actively involved in community service through her participation in a variety of organizations. She is a member of St. Edward's Church, the Mahoning County Federation of Democratic Women, and the Mahoning Valley Chapter of the Irish National Caucus. For 2 years, she chaired the door-to-door canvass of the American Cancer Society.

Mr. Speaker, Rosemary Durkin is obviously a woman of extraordinary ability and dedication; she is a valuable asset to our community. Her professional accomplishments, and her continued energetic participation in Youngstown organizations, make her an excellent example for other women to follow. I want to take this opportunity to commend her for her many years of community service, and I wish her continued success in her endeavors. When her many friends join in honoring her, I will be there.●

DÉTENTE IS DEAD—OR WAS IT EVER REALLY ALIVE?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ASHBROOK. Mr. Speaker, I have always been fascinated at how people throw around the word "détente" like it really means something. As we all know, this magical word supposedly describes current relations between the United States and the Soviet Union.

But is there any substance behind this word? I was interested to read an issue brief prepared by the Library of Congress Congressional Research Service on the subject of détente with the Soviet Union. I could not help but notice how different the description varied from reality.

According to the Library of Congress:

> The criterion for success of détente is restraint on both side. . . . Ideally, détente conditions an adversary's behavior, which in turn, may affect policy.

Based on these standards, there is no détente at all. The Soviets have not restrained their activities. They have not changed their behavior.

Instead, the Soviets have continued their policies of aggression throughout the world. Probably their most impressive military venture at this time is on the continent of Africa. The Soviets reportedly have more than 1,000 officers and 37,000 troops of their Cuban allies stationed in Angola and Ethiopia. This Cuban mercenary army has been used to change the balance of power in Africa and advance Soviet interests by military force.

When the United States has criticized Soviet aggression in Africa, the Soviet Union has made it clear that our concern is unimportant. Despite our views, Soviet President Leonid Brezhnev has gone on record that the Soviet Union is not about to change its policy. In fact, Brezhnev recently said there was no contradiction between détente and Moscow's African policy, and that "imperialist propaganda" was making this point in an effort to "distort the meaning and goals of Soviet foreign policy."

So much for restraint. So much for a change in behavior. So much for détente.

It is apparent that détente is a word without substance. The Soviets continue to do what they want to do, without regard to the policy of détente.

Détente is dead. Or perhaps it was never really alive.●

WHY NICK?

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. BINGHAM. Mr. Speaker, in the spring of 1974, Nick Shields, a 23-year-old San Francisco man became the 14th victim of the so-called Zebra killers. He was shot as he returned home from lacrosse practice on a San Francisco street at 9:30 in the evening. There was no attempted robbery. He was merely shot three times and left to die on the sidewalk.

This terrible tragedy moved his grieving parents, Pete and Jeanne Shields, to become active in the movement to control handguns. Pete Shields is today chairman of the National Council to Control Handguns, a citizens group. Jeanne Shields works at the NCCH as a volunteer.

In this week's Newsweek, Jeanne Shields calls on the people of our country to join together in an effort to remove virtually all handguns from civilians hands. I join Jeanne Shields in that call. My bill, H.R. 8128 would prohibit the importation, manufacture, sale, purchase, or possession of handguns except by members of the Armed Forces, law enforcement officials, and licensed dealers and collectors. I have long pushed for this type of legislation but, despite the strong support of the American people as expressed in the public opinion polls, we are still far from our goal. I only hope that Mrs. Shield's recollection of the death of her son will bring more people to our cause and that, finally, the Congress will stop, and listen, and act.

The article follows:

WHY NICK?

(By Jeanne Shields)

If the telephone rings late at night, I always mentally check off where each child is, and at the same time get an awful sinking feeling in the pit of my stomach.

Four years ago, April 16, we had a telephone call very late. As my husband answered, I checked off Pam in Long Beach, (California), Nick in San Francisco, David in New Brunswick (New Jersey) and Leslie outside Boston. The less my husband spoke, the tighter the knot got in my stomach. Instinctively, I knew it was bad news, but I wasn't prepared for what he had to tell me. Our eldest son, Nick, 23, had been shot dead on a street in San Francisco.

Nick was murdered at about 9:30 p.m. He and a friend, Jon, had come from lacrosse practice and were on their way home. They stopped to pick up a rug at the home of a friend. While Jon went in to get the rug, Nick rearranged the lacrosse gear in the back of their borrowed Vega. He was shot three times in the back and died instantly, holding a lacrosse stick.

Nick was the fourteenth victim of what came to be called the "Zebra killers." Between the fall of 1973 and April 16, 1974, they had randomly killed fourteen people and wounded seven others—crippling one for life. Four men were subsequently convicted of murder in a trial that lasted thirteen months.

My son was tall, dark and handsome, and a good athlete. He was particularly good at lacrosse and an expert skier. Nick was an ardent photographer and wrote some lovely poetry. He was a gentle and sensitive man

with an infectious grin and the capacity to make friends easily. It was hard for me to believe he was gone.

OVERWHELMING RESPONSE

The generous support and love of our friends gave us the strength to go on during those days. The calls and letters that poured in from those who knew Nick were overwhelming. In his short life, Nick had touched so many people in so many ways. It was both heartwarming and very humbling.

But always, running through those blurred days was the question, Why? Why Nick? My deep faith in God was really put to the test. Yet, nothing that I could do or think of, or pray for, was ever going to bring Nick back.

Because Nick was shot two days after Easter, the funeral service was filled with Easter prayers and hymns. Spring flowers came from the gardens of friends. The day was mild, clear and beautiful, and a kind of peace and understanding seeped into my aching heart.

No matter how many children you have, the death of one leaves a void that cannot be filled. Life seems to include a new awareness, and one's philosophy and values come under sharper scrutiny. Were we just to pick up the pieces and continue as before? That choice became impossible, because a meaning had to be given to this vicious, senseless death.

That summer of 1974, the newspapers, magazines and television were full of Watergate. But I couldn't concentrate on it or anything else. Instead I dug hard in the garden for short periods of time, or smashed at tennis balls.

On the other hand, my husband, Pete, immersed himself in a study of the gun-control issue. Very near to where Nick had died, in a vacant lot, two small children found a gun—*the* gun. It was a .32-caliber Beretta. Police, in tracing it, found that initially it had been bought legally, but then went through the hands of seven different owners—most of whom had police records. Its final bullets, fired at close range, had killed my son—and then it was thrown carelessly away.

INEFFECTIVE LAWS

Pete's readings of Presidential commission recommendations, FBI crime statistics and books on the handgun issue showed him that our Federal laws were indeed weak and ineffective. He went to Washington to talk to politicians and to see what, if anything, was being done about it. I watched him wrestle with his thoughts and spend long hours writing them down on paper—the pros and cons of handgun control and what could logically be done about the proliferation of handguns in the nation.

Through friends, Pete had been introduced in Washington to the National Council to Control Handguns, a citizens' lobby seeking stricter Federal controls over handguns. As Pete became more closely associated with the NCCH as a volunteer, it became increasingly obvious that he was leaning toward a greater involvement.

Consequently, with strong encouragement from me and the children, Pete took a year's leave of absence from his job as a marketing executive so that he could join NCCH full time. A full year and a half later, he finally resigned and became the NCCH chairman.

The main adversaries of handgun control are members of the powerful and financially entrenched National Rifle Association, macho men who don't understand the definition of a civilized society. They are aided by an apathetic government which in reality is us, because we citizens don't make ourselves heard loud and clear enough. How many people are in the silent majority, who want to see something done about unregulated sale and possession of handguns? Why do we register cars and license drivers, and not do the same for handguns? Why are the production and sale of firecrackers severely restricted—and not handguns?

A GRIM LITANY

I now work in the NCCH office as a volunteer. One of my jobs is to read and make appropriate card files each day for a flood of clippings describing handgun incidents. The daily newspapers across the country recount the grim litany of shootings, killings, rapes and robberies at gun point. Some of it's tough going, because I am poignantly aware of what a family is going through. Some of it's so appalling it makes me literally sick.

Some people can no longer absorb this kind of news. They have almost become immune to it, because there is so much violence. To others, it is too impersonal; it's always something that happens to somebody else—not to you.

But anybody can be shot. We are all in a lottery, where the likelihood of your facing handgun violence grows every day. Today there are 50 million handguns in civilian hands. By the year 2000, there will be more than 100 million.

So many families have given up so much to the deadly handgun. It will take the women of this country—the mothers, wives, sisters and daughters—to do something about it. But when will they stand up to be counted and to be heard? Or will they wait only to hear the telephone ringing late at night?●

PRIORITIZING OUR SPENDING—THE MITCHELL TRANSFER AMENDMENT

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Ms. CHISHOLM. Mr. Speaker, once again this year we are faced with a spiraling defense budget that continues to grow each year. The continuing economic crisis reflects a changing public attitude toward our Government and its spendings. Our Government is just not meeting the needs of its people.

The American people are facing an extremely important question of where to place our priorities in spending. We should consider the importance of altering current national spending goals in order to take full advantage of opportunities to meet the basic needs of our constituents.

This year's budget resolution continues to reflect significant increases in military spending, while at the same time placing serious restrictions on programs related to human needs. Since we are in a time of peace in our country, we should not allow disproportionate increases in the defense budget just for the sake of a rising economy and threats of increases in military manpower and procurement from other countries.

Because of my commitment to the problems that we encounter in the areas of employment, adequate health care, housing and the special problems relating to the aged and youth, I am in full support of the transfer amendment which is being offered by Representative PARREN MITCHELL. The transfer amendment to the budget resolution would raise the allowable spending in some categories, while decreasing it in others. Mr. MITCHELL's amendment will give the American people an opportunity to redress the imbalance between our national defense needs and those programs that guarantee that all people have a right to a basic standard of living. Clearly we recognize the needs of our citizens—the lack of job opportunities, the problems relating to our teenagers, and the deterioration of our cities due to large increases in crime and poverty.

The present trend of our economic spending must be reevaluated in order to address the problems in the areas of social services that are badly needed.

The American people must begin to resolve these problems through support of the transfer amendment. It will lay the foundation for a more productive, more stable, and less militarized economy in the future.●

FOOD, DRUG, AND COSMETIC ACT AMENDMENTS

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. CARTER. Mr. Speaker, today I am introducing amendments to the Food, Drug, and Cosmetic Act which have been developed by the American Medical Association to improve the current drug approval process. As you may know, the Health and Environment Subcommittee on which I serve is planning to take up the issue of drug regulation reform in the coming months. I believe it is important to know the recommendations of the representatives of the medical profession on this complex issue, because any major revision of current law will inevitably have an impact on patient care and the practice of medicine. I am introducing these amendments so that my distinguished colleagues in the House and on the subcommittee will have an opportunity to consider them along with other proposals which have been or will be developed.

A brief summary of the proposed amendments follows:

SUMMARY

1. An optional procedure is provided as part of the new drug approval process where drugs that may provide a significant advancement in the treatment of disease would be available to practicing physicians prior to the drug's final approval by FDA. Any physician who agreed with a drug's sponsor to make certain reports and maintain certain records would be able to obtain the drug for patients if the FDA and the drug sponsor had entered into a preapproval marketing agreement. Under a new Section 505(k) of the Act, this procedure would take the drug from the clinical research setting into the physician's practice and would provide a larger data base of information to monitor adverse reactions of the drug in actual use on patients. A preapproval marketing agreement could remain in effect for a maximum of three years.

2. Section 505(i) of the Act would be amended to authorize an investigational new drug protocol agreement as an alternate procedure to the current investigational

new drug research procedure. The agreed upon protocol between FDA and the drug's sponsor would detail the type of information that FDA would require for a new drug application (NDA) and would contain details of the drug sponsor's program to obtain the information to be required by FDA. The agreement would be binding, except that FDA would still have the authority to deny an NDA if the safety and efficacy of the drug was not established.

3. Section 505(c) would be amended to establish fixed deadlines for review of new drug applications by FDA. The amendment would also limit the number of extensions from the deadline that FDA could take before notice and public hearings would be required as to further extensions.

4. A new Section 711 would be added to the Act that would authorize a drug sponsor to request an independent review of the scientific basis for any adverse decision made by FDA regarding the sponsor's drug. The review would be made by a Select Committee of the National Academy of Sciences and the Committee would be required to submit its recommendations to FDA.

5. Language would be added to Section 505(d) of the Act that would provide that data derived from well-controlled clinical investigations regarding drugs that are conduced in foreign countries would be recognized on an equal basis with such well-controlled clinical investigations conducted in the United States and Canada.

6. A new Section 505(1) would be added to the Act to strengthen the prohibition against the submittal of false or misleading data to FDA. Corporate officers, directors and managers would be held responsible for the false and misleading submissions made by their corporations if such persons knew or should have known of such a false or misleading submission.

7. Labeling requirements for drugs would be modified. Section 503(b)(2) of the Act would be amended to require that the label on prescription drugs contain the name, quantity and strength of the drug contained in the package. Section 502 would be amended by establishing a new Subsection (f) that would authorize the FDA to require that a patient information leaflet (PIL) be made available by manufacturers, to physicians for distribution to patients where the physician determines that provision of supplemental data to the patient would be appropriate. PIL's would be required for a drug only after the FDA had received the advice and concurrence of a National Advisory Panel established by the bill. A majority of the panel members would be practicing physicians nominated by national medical professional and specialty societies to serve for three year terms. Information provided in the PIL would be supplemental to that provided to the patient by the prescribing physician. The language that FDA could require in the PIL would be objective and nonthreatening and could not contain statements of opinion by FDA as to proper or acceptable modes of practice. Approval by the National Advisory Committee would also be required for the language contained in the PIL. The amendment would reserve to the prescriber the responsibliity of distributing a PIL to a particular patient.

8. Section 505(e) would be amended to provide an alternate procedure to the existing authority of the Secretary of HEW to suspend a new drug application if he finds a drug poses an imminent hazard to the public health. The amendment would authorize the Secretary of HEW to suspend the approval of a new drug application or to require amended labeling for the drug after the Secretary has determined that the drug poses a serious and substantial risk of harm to the public health and after an opportunity for an expedited hearing.●

MISUSE OF CETA FUNDS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ASHBROOK. Mr. Speaker, I have been deeply disturbed by the numerous reports of abuse, waste, and outright fraud found in many of the Comprehensive Employment and Training Act programs. Money that should be going to assist the unemployed citizens of our Nation is all too often being diverted to improper uses.

In New York City, for example, some CETA money is used to teach Islam rather than to provide jobs. The governor of another State is alleged to have paid employees in his own department store with CETA money. Relatives of Oklahoma politicians are reported to be on the CETA payroll. Unfortunately, the list goes on and on.

A recent article in Human Events catalogs some of the blatant examples of misuse and waste. Among other things, CETA money has been used by the D.C. City Council to build one of the Nation's largest city council staffs; by a prospective ballerina to attend ballet school; and by feminists and gay rights groups to promote their political causes.

Following is the text of the Human Events story:

CARTER PRESSES FOR $11.4-BILLION JOBS PLAN

A request by President Carter, now pending before a House Education and Labor subcommittee, would raise spending for so-called "public service employment" under the Comprehensive Education and Training Act (CETA) to $11.4 billion next year—a jump of $3 billion.

What is of particular significance about this measure—aside from its huge cost—is that the "public service jobs" concept, or tax-subsidized employment, has become a keystone to virtually all welfare-related programs pushed by the White House or the majority in Congress. Indeed, the President's welfare reform measure (as well as Sen. Howard Baker's) relies on CETA jobs, as does the full-employment Humphrey-Hawkins measure just passed by Congress (see page 19 for rollcalls on H-H).

Yet the evidence continues to mount that the CETA program is plagued by wastefulness, financial mismanagement and widespread political abuse. Even worse, the whole idea is basically fraudulent in that it does not increase the total number of persons employed in the United States, as its advocates suggest, but simply shifts thousands of workers out of the private sector into government-funded "make-work" jobs.

The kind of political hanky-panky to which the billions in CETA funds floating around the country gives rise was dramatically illustrated in a series of investigative stories by Washington *Star* reporter Michael Kiernan. In the first of these articles on March 1, Kiernan wrote that "The D.C. City Council has made extensive and sometimes illegal use of federal jobs funds to create one of the largest City Council staffs in the country."

Altogether, said Kiernan, 56 council employes—or nearly half of the 126-person staff—receive $480,000 a year in CETA funds. While this would average out to $8,571 a year per CETA-funded staffer, he went on, "because of District supplements, the CETA employees working for the council make as much as $18,000 a year.

"In theory, CETA employes are supposed to be hired based on their need, length of unemployment and job qualifications. But the *Star* has uncovered a number of examples suggesting that CETA employes at the council also have been hired on the basis of whom they know, despite guidelines aimed at keeping federal programs out of politics."

Among other examples, the paper noted that the council had used CETA funds three years ago to hire the wife of a local dentist who is a political supporter of the council chairman. Though CETA supposedly was meant to provide temporary employment, this woman—who presumably is not economically disadvantaged, considering her husband's profession—continues to earn $11,000 a year under the program.

In another case, wrote Kiernan, the council used CETA funds to hire the son of a councilwoman. This son "now works as a legislative liaison between the council and Capitol Hill at a salary of more than $17,000."

But political favoritism is only one problem with CETA. Others stem from the fact that the Labor Department—particularly in the wake of last year's enactment of President Carter's economic stimulus package, which required a rapid doubling of the number of public service jobs across the country to a total of 725,000—has put intense pressure on local governments to meet monthly hiring quotas under the program.

One result is that local municipalities have emphasized quantity rather than quality, with governments trying to keep CETA employes on the payroll even though they are supposed to encourage CETA workers to find unsubsidized jobs in the private sector.

Still another problem is that, under CETA, local governments are supposed to create new jobs. Putting CETA workers into jobs that otherwise would have been financed out of local funds is forbidden. But, as one suburban official in the Washington area told the *Star*: "That sounds fine, in theory. But the way it turns out, needed county services are declining at the same time we're spending a lot of money on orchestras, arts groups and non-profit agencies."

The official was not exaggerating. The *Star* cited one young woman, for instance, who was among nine receiving $145 a week in CETA funds to attend a ballet school in Montgomery County, Maryland. When asked what it was like to have the federal government paying for her dance lessons, she smilingly said:

"It's great. I've been dancing for eight years now, and recently I've had to take a lot of part-time jobs to support myself. Now, under this new jobs program, I can concentrate entirely on my dancing and get paid at the same time."

As the example of this young woman suggests, many who are benefiting at taxpayers' expense are not among the hard-core unemployed, who are so prominently mentioned by proponents of the public-service jobs concept.

As economist David I. Meiselman noted in a recent study: "Evidence from diverse sources implies that CETA participants are best classified as being from the middle of the skill range, not as unskilled. Fewer than 46 per cent of the persons hired under CETA were 'economically disadvantaged' according to the government's definition (one who lives in a family receiving cash welfare payments or earning income less than the poverty thresheld). Only 15 percent of all CETA participants in PSE [public service employment] or training programs had been receiving welfare before entering the program.

"And findings of a national survey show that a substantial fraction, over 20 per cent of PSE workers, are actually employed on the day before getting the subsidized job."

The costs of such make-work "jobs" are staggering. In New York City, for example, the "CETA Artists Project"—under which people whose skills range from painting and acting all the way to circus juggling are getting paid $10,000 a year—has a price tag of $4 million.

Yet another flaw in CETA is that much of this funding goes to pay for staffers of groups promoting liberal-left political causes. As we reported last fall (Nov. 26, 1977, page 3), a Brooklyn-based feminist group called the National Congress of Neighborhood Women (NCNW), all of whose paid staff of approximately 20 were receiving their salaries courtesy of CETA, had applied for a total of 200 additional CETA "slots," which they would share with approximately 40 other feminist-oriented organizations located in New York City.

Human Events has now learned that the NCNW's request was approved by the city's Board of Estimates on February 16. As a result, the NCNW—which promotes ERA, abortion and other controversial issues—will have 23 additional full-time staffers this year paid by the taxpayers. Other groups sharing in the NCNW's grant include the National Gay Task Force, which received five CETA-funded staffers; the New York Women's Liberation Center (seven slots), and four chapters of the National Organization for Women, which received a total of 17 CETA staffers.

According to a spokesman for the city, who asked not to be named, each of the 200 people hired under the NCNW's CETA grant will make from $8,000 to $10,000 this year. The total cost to the taxpayers of this one grant alone: $2.5 million. And this can be multiplied many times over in cities and towns all across the country.

Obviously, the kind of people who are qualified to work for such politically activist groups as the NCNW and NOW would also have the skills, by and large, to work in the private sector. Indeed, the ballerina quoted in the Star admitted outright that her CETA "job" had enabled her to quit working in unsubsidized employment.

This confirms the finding of the Meiselman study that "an increase in the number of public sector jobs will accompany a decrease in the number of private sector jobs." Moreover, according to Meiselman, since the private-sector output displaced by the public service jobs "generally would have been more useful and valuable than the additional public sector services," the result is that the "real value of output will fall, causing an increase in inflation. Average real wages and total employment in turn, also must fall."

Rather than creating still more public service jobs, says Meiselman, the government should pass a federal tax cut if it is serious about increasing employment in this country. "Given the slowdown in recent years of our economic growth," he concludes, "shifting resources to create more make-work and busy-work projects hardly would seem to be called for today."

Yet that is exactly what President Carter and the liberals in Congress are calling for in the welfare "reform" and Humphrey-Hawkins measures, as well as the proposed CETA extension.●

TAX CREDIT FOR PRIVATE SCHOOLS UNCONSTITUTIONAL

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. BRODHEAD. Mr. Speaker, it has come to my attention that several experts in constitutional law recently expressed their joint view that a tax credit for private elementary and secondary school tuition would be unconstitutional. I want to make my colleagues aware of this joint letter.

APRIL 27, 1978.

DEAR REPRESENTATIVE: We are writing to express our view of the constitutionality of the Packwood-Moynihan bill or any other measure which permits a tax credit for tuition paid to sectarian elementary and secondary schools.

This letter is prompted by our concern that the constitutional issue has been blurred during the current debate over tax credit legislation. The last time tax credits were seriously debated in Congress was in 1972—before the Supreme Court decided *Committee for Public Education* v. *Nyquist*, 413 U.S. 756 (1973). It might have been possible to argue then that opinions as to the constitutionality of tax credits were speculative. Given the *Nyquist* opinion, however, such an argument is no longer credible.

Simply stated, the proponents of tax credit legislation are advocating a course of action which in our opinion is unconstitutional under the *Nyquist* ruling insofar as such credits would extend to tuition payments to non-public elementary and secondary schools.

Professor Anthony Amsterdam, Stanford Law School; Professor Ralph S. Brown, Yale Law School; Professor Norman Dorsen, New York University Law School; Professor Robert Hamilton, University of Texas Law School; Professor Bernard Harvith, Albany Law School; Professor Kenneth Karst, UCLA Law School; Professor Arthur Miller, George Washington Law School; Professor Melville Nimmer, UCLA Law School; Professor Ralph Spritzer, University of Pennsylvania Law School.●

HON. THOMAS F. RILEY OF ORANGE COUNTY RECEIVES AWARD

HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. BADHAM. Mr. Speaker, it is my great pleasure to call the attention of my colleagues to the occasion of the third annual award to be given Saturday, May 13, 1978, by the Mardan Center of Educational Therapy to the Honorable Thomas F. Riley for his outstanding achievements and service to the citizens of Orange County.

Mr. Riley, who is chairman of the Orange County Board of Supervisors, has a record of service to youth in his community. Included among his many credits are the presidency of the Big Brothers of Orange County, advisory board member of International Orphans, Inc., honorary chairman of the Orange County Marine Corps Toys for Tots program, chairman of the Eagle Scouts Review Board and chairman and nominating committee member of the Del Mar District of the Boy Scouts of America.

The dinner held by the Mardan Center, which is located in Costa Mesa, Calif., in the 40th Congressional District, is a fundraising event with all proceeds benefitting the center, a nonprofit private school for children with learning disabilities.

Mardan has for many years been dedicated to the enhancement of successful academic, emotional, and social learning experiences for children who have been frustrated by failure in their personal growth and development.

Scholarship funds provided by proceeds from the award dinner will enable those students whose parents cannot afford to pay the tuition fees to benefit from the Mardan services they need.

Therefore, I rise on this occasion to congratulate Tom Riley for his contribution to the community and the Mardan Center for the excellent services it has provided to the community since the center was established in 1963.●

SAFE DRINKING WATER STANDARDS QUESTIONED

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ANDERSON of Illinois. Mr. Speaker, I recently received a very disturbing position paper from the Illinois Environmental Protection Agency raising serious questions about the efficacy of proposed U.S. EPA regulations on the organic chemical content of public water supplies. In summing up the conclusions of the paper, the acting director of the Illinois EPA, Mr. Michael P. Mauzy wrote:

> In our view, the U.S. EPA proposal represents an extreme reaction to a questionable problem. The solutions proposed are unreliable, of unknown benefit and of high cost to water users.

The Illinois EPA position paper, entitled, "Position on the Proposed Regulations for Control of Organic Chemical Contaminants in Drinking Water," was developed in concert with the State Department of Public Health and was presented at a U.S. EPA hearing in Miami, Fla. on March 23, 1978. The paper questions the EPA claim that chloroform and other chlorinated organics found in drinking water are carcinogenic to man and must be removed through granular activated carbon treatment. The Illinois EPA notes that in the rodent tests, "where test animals were fed very high dosages of chloroform, far exceeding any level to which humans could be expected to be exposed in drinking water at the maximum levels found to date," there was evidence that "chloroform is a carcinogen." However, in a study carried out on dogs over a period of 7 years, there was no noticeable effect * * * from chloroform. While the study concedes that 7 years may have been too short a time to draw conclusions, it notes that "there are other studies and basic facts which cast some doubt on whether chloroform is indeed a human carcinogen," including a study of people who were addicted to cough syrup containing chloroform.

What is perhaps most alarming about the Illinois EPA study is the suggestion that the proposed cure may be worse than the problem. The Federal program calls for cities of more than 75,000 persons to install granular activated carbon as part of the water treatment proc-

ess if chloroform is found in larger amounts than 100 parts per billion parts of water. To quote from the study:

Granular activated carbon is known as a good breeding ground for bacteria. It therefore is highly probable that bacteria will grow in many of the GAC units installed for this purpose. Here again, given the problems found in operation, it is probable that at least some of these units will be putting bacteria into the water, and these bacteria will not be removed satisfactorily by proper disinfection. We therefore would be increasing the immediate hazard for at least part of the population.

Mr. Speaker, the questionable carcinogenic effect on man of chloroform and other chlorinated organics found in drinking water, combined with the potential bacteria breeding effects of the proposed treatment process call for a serious reexamination of the U.S. EPA standards and proposed solution. I am today writing to the Administrator of the U.S. Environmental Protection Agency, Mr. Douglas M. Costle, asking for a detailed response to the Illinois EPA position paper. I am also writing to Chairman Paul Rogers of the Health and Environment Subcommittee of Interstate and Foreign Commerce, asking that oversight hearings be held on the Safe Drinking Water Act.

Finally, I want to commend the Illinois EPA and Public Health Department in taking seriously their invitation and responsibility to comment on the proposed standards. At this point in the RECORD I include a letter I received from Michael P. Mauzy, acting director of the Illinois EPA, a press release on the position paper, and an editorial from the State Journal Register:

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY,
April 5, 1978.

Hon. JOHN B. ANDERSON,
U.S. Representative,
Washington, D.C.

DEAR REPRESENTATIVE ANDERSON: Attached for your information is a position paper regarding the recently proposed U.S. EPA regulations on the organic chemical content of public water supplies. This position was developed in concert with the Illinois Department of Public Health and was presented at a U.S. EPA hearing on March 23, 1978, at Miami, Florida.

In our view, the U.S. EPA proposal represents an extreme reaction to a questionable problem. The solutions proposed are unreliable, of unknown benefit and of high cost to water users.

We have solicited active involvement in the regulatory process by other national and state groups and we hope that they will not be passive in their consideration of this U.S. EPA regulatory proposal. Only by active involvement in the regulatory process, do we believe that U.S. EPA can secure sufficient information for decision making on this important matter. Naturally, we hope and expect that many Illinois groups will be able to support all or major portions of our position.

I believe that this important matter should be brought to your attention because the fundamental technical issues involved in this regulation are similar to those considered recently by Congress concerning the saccharin ban by FDA. Perhaps Congressional direction on the appropriate limits for administrative action by federal agencies on such matters of national application and concern are needed.

I hope that you will find our views of interest. Please let me know if we can provide additional information.

Sincerely,

MICHAEL P. MAUZY,
Acting Director.

STATE EPA QUESTIONS—NEW DRINKING WATER RULES

SPRINGFIELD, ILL., March 15.—The proposed controversial federal program to use granular activated carbon to remove synthetic chemicals from drinking water not only presents health and financial problems for the taxpayer but will give a false sense of security, according to the Illinois Environmental Protection Agency's Division of Public Water Supplies.

The federal EPA is claiming that chloroform and other chlorinated organics which are formed during the chlorination of drinking water, in the amounts found in drinking water, are carcinogenic to man and must be removed through granular activated carbon treatment. In addition, this treatment is mandated as a "safety measure" for water supplies which may be exposed to other synthetic chemicals in their raw water sources.

In a position paper just released, the state agency responded that while it is true that substances which are known carcinogens to animals might also be carcinogenic to man, it is not necessarily true that a substance which is a carcinogen to a specific species of animals will also be a carcinogen to man.

"For example, in addition to the rodent tests which were used, there was another study carried out on dogs over a period of seven years and no noticeable effect could be found from chloroform in this study," said Ira Markwood, division manager. "It may be possible that chloroform is not a carcinogen to dogs, but there are other studies and basic facts which also cast some doubt on whether chloroform is indeed a human carcinogen."

He said that a study of people who were addicted to cough syrup containing appreciable chloroform did not show any carcinogenic effects.

"These people took daily doses for ten years or more and the only effect was reversible hepatoxicity," (liver problems) he said. "Another study, using a dentifrice and mouth wash containing chloroform and used daily for up to a five year period, did not produce hepatoxicity. Therefore, there is no evidence to date to document chloroform carcinogenicity in humans through occupational or environmental exposures."

The federal program calls for cities of more than 75,000 persons to test their drinking water regularly for chloroform and to install GAC as part of the water treatment processes if chloroform is found in larger amounts than 100 parts per billion parts of water.

"We know that granular activated carbon is a good breeding ground for bacteria and is therefore highly likely to put bacteria back into the water. In addition, there is no operational testing that the supply operator can do to know if the GAC is working properly. He'd be flying blind," said Markwood. "Furthermore, the regeneration frequency of the carbon for this purpose is extremely short, which means there will be a high cost for the carbon and its upkeep.

"The report on the economic impact analysis of a trihalomethane regulation for drinking water also states that about 89 per cent of the capital costs are due to the requirement for GAC for 26 public drinking water systems across the nation though these systems are only 30 per cent of the number affected by the regulation. The report states that this same group would have to come up with an additional 28.2 million dollars each year in order to put this additional system in effect.

"If we were to assume as correct the projected maximum tumor risk for these regulations, then we would have the risk of 500 tumors for a designated population of 160 million people. This breaks down to 3.125 tumors per million people. Since the economic impact analysis states that 7,160,000 people would be served by the 26 systems which would be required to use granular activated carbon, we could expect that the carbon, if it were to work completely successfully, would prevent 22.375 tumors per year.

"The cost, therefore, for preventing each tumor would be 1.26 million dollars at the minimum, and probably two or more times that. The money which this requirement would demand could prevent many more tumors if spent in other areas. If these rules go into effect, water bills to the consumer may more than double, with little or no benefit.

"What they are offering is likened to trying to put out a match with a defective fire truck, with no idea whether or not the match is lit, and with a water shortage," he said.

Alternate regulations are proposed by the Illinois EPA which would not decrease the safety of the water, and would promote better removal methods at reasonable costs.

The position paper will be presented at a public hearing in Miami on March 22. Other hearings will be held in seven other cities across the country. Many other states, as well as water utility managers, professional societies, engineering and chemical educators and consultants are expected to join Illinois in opposing the regulations as proposed, according to Markwood.

STATE RIGHT IN RESISTING FEDERAL EPA PROPOSAL

Newly proposed water purification regulations by the federal Environmental Protection Agency have resulted in the state EPA taking an adversary role—and we think rightfully so.

Because of the concern of Congress over organic materials in drinking water, the federal EPA is recommending that public water supplies serving more than 75,000 users must install granular activated carbon filtering equipment if such material, especially chloroform, is found at a certain level in the water.

This highly questionable solution is being vigorously opposed by the state EPA for a variety of reasons. For one thing, although Washington claims chloroform in water causes tumors, current data fails to prove that contention. State water suppliers would be forced to spend millions of dollars on a purification process the need for which is doubtful.

In addition, the federal EPA has latched onto the idea of using granular activated carbon as a filtering agent when its effectiveness is questionable. There is also a health hazard involved because carbon is known as a substance that is a good breeding ground for bacteria. This could create dangers to health that might be greater than from the chloroform itself.

These are the logical and forceful arguments being made by Ira Markwood, manager of the state EPA's public water supplies division. Markwood has prepared a position paper, outlining Illinois' opposition to the rules, that will be presented this Wednesday in Miami during one of eight public hearings being held by the federal EPA on the proposed regulations. These hearings will continue through May 5. After that the federal agency will study the testimony and make a final decision.

On the basis of Markwood's arguments, we believe this is a case where the Federal EPA has reacted to congressional pressure without fully studying the consequences or the alternatives. For example, Markwood says that chloroform develops from a slow reac-

tion of chlorine with natural substances in the water. A much less expensive method of reducing the reaction, he believes, would be achieved by pumping water into a reservoir and chlorinating it before it goes to the treatment plant.

It seems unreasonable to us to saddle public water suppliers with exorbitant costs—approximately $2 million for Springfield's water treatment plant—by using the granular activated carbon process when other methods are available. As usual, those costs will be passed on to the consumer.

Even though Illinois could stand to lose $1 million a year in federal grants should it continue to oppose the regulations if they are approved, the ultimate savings to consumers' pocketbooks, and possibly their health, would be worth it.

We give our support to the state EPA in its opposition to the proposed regulations, and we hope that similarly logical arguments from other states will convince the federal EPA to back down and listen to its sister agencies.●

MARCHING THROUGH SKOKIE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. CRANE. Mr. Speaker, moral premises are those ethereal principles upon which our constitutional government is founded and from which we claim our constitutional freedoms and rights. When those constitutional freedoms and rights are threatened it is not nearly enough to look at the body of law which protects those freedoms and rights, but to the principles upon which that body of law was built.

Succinctly, this is the logic and reasoning that must finally prevail in the controversy surrounding the Nazis and their march in Skokie, Ill. The following analysis by Prof. Hadley Arkes was brought to my attention and I would like to share it with my colleagues:

MARCHING THROUGH SKOKIE

(By Hadley Arkes)

Will the Nazis finally march in Skokie? They have sought to stage their demonstration in the suburbs of Chicago since May of last year, and until very recently there seemed to be a concert between the state and federal courts to strike down every legal obstacle that might have prevented the Nazis from marching. But suddenly the declamations were suspended and judicial minds were concentrated anew, with the mounting evidence that other groups would be coming to Skokie with the intention of meeting the Nazis in the street with a show of violence. In February Judge Bernard Decker of the Federal District Court had swept away the restrictions on the Nazis and warned against the danger of "permitting the government to decide what its citizens may say and hear." By the end of March, however, Judge Decker issued a retraining order to postpone the demonstration (and, presumably, the "principle" he articulated) for another 45 days.*

In this manner the courts have managed to create the worst of all possible worlds. They have been given the chance over several months to restrain the Nazis on grounds of jurisdictional principles that are fundamental to a democratic order. What they chose to do instead was to affirm the view that a democracy has no principles by which to judge the Nazis—but then to restrain the Nazis anyway without the benefit of principles; the courts have established now that the Nazis have the widest claims to constitutional freedom, but that their freedom of expression may be restricted so long as hostile groups show a willingness to use violence. The result, in short has been decidely antilibertarian. Instead of using the occasion to teach something about the principles that define legitimate interests and expression, the courts have given credence to the most cynical understanding of the law—viz., that the law is merely a polite form in which the force of the many may govern the few.

But of course it is not the mission of the Nazis to attach the people ever more strongly to the institutions and laws of a democratic society, and so whether they march or not, they will have accomplished a large portion of their ends; they will have caused urban citizens of all classes to regard the courts as witless and the laws as amoral.

The choice of Skokie as a target was clearly not inadvertent. Of the 69,000 people in Skokie, about 40,000 are Jews, and of the Jewish refugees from Europe who came to Chicago between 1930 and 1960, most are thought to have settled in Skokie. A group called Survivors of the Holocaust was organized in the metropolitan area, and of the 12,000 members of this group, 7,000 were living in Skokie. Skokie was not chosen by the Nazis, then, because it was the most promising place in which to recruit new members or hold a discussion about the substantive "program" of the party. The aim of the march, very plainly, was to gather attention and create an effect that was well out of proportion to the actual size of the group (which apparently comprises thirty to fifty members). The Nazis could easily accomplish that end by marching into a community of Jews with the full trappings of their symbolism—the uniforms, the caps, the swastikas on arms and flags; by presenting, in short, the kind of spectacle that should elicit outrage among decent people of any persuasion, and by counting on the fact that the public outrage would be sure to attract the attention of the media.

As recenly as 15 years ago in this country, this kind of spectacle would have been seen perfectly clearly for what it was: a deliberate attempt to provoke a population to violence—which is to say, an attempt to provoke *without justification*. It was well understood that the entrance of the police or clergy into a tough neighborhood could provoke the local denizens to fury, but that was not the kind of provocation from which the law sought to protect people. What the law sought to proscribe were demonstrations that stood, in effect, as assaults, and it was hard to find a professor of law who was not alert to these differences. Even the most committed civil libertarians were willing to concede that the law might properly restrain the Ku Klux Klan if that organization sought to stage an entertainment for its own benefit by marching through Harlem. And what was plausible to most of our own scholars of law barely more than a decade ago has remained plausible to the friends of constitutional government in other countries. The British were compelled to make use of their authority in Northern Ireland a few years ago to stop a series of reciprocal provocative marches by Protestants into Catholic areas and Catholics into Protestant areas—marches that persistently sparked violence, and that were conceived with that purpose in mind.

It was in this tradition of governing demonstrations in the streets that the Village of Skokie sought an injunction to restrain the Nazis, and the injunction was granted by a county court. The injunction was later amended slightly to prohibit the Nazis from marching or parading with their uniforms and insignia, and (according to one report) "from distributing pamphlets or displaying any materials that incite or promote hatred against persons of Jewish faith or ancestry or other person." After a series of appeals to the highest courts at the state and federal levels, these restrictions were struck down and the injunction dissolved. In the meantime, though, another injunction was sought against the Nazis by residents of Skokie who were survivors of the Holocaust. These people claimed that the advent of the Nazis to their neighborhood would be the source of a special injury or emotional strain for them by reviving many of the traumas they associated with their experience in the war. This suit is still making its way through the courts.

Ordinarily one can hope that the expense and fatigue of litigation may generate their own benign effects; but the Nazis have been buoyed up in this long process by the support—and the special skills—of the American Civil Liberties Union. The implications of this support have not been lost on Jewish members of the ACLU, and the reaction has been so severe that the ACLU has lost (by some accounts) nearly 25 percent of its members. All of this, however, may simply confirm to the leaders of the ACLU that the sensibilities they possess on these matters are not commonly distributed among the population at large, or even among most of their own sustaining members.

For the leadership of the ACLU, it would be accurate to say that there is ultimately no "truth" in matters political—that all ideas about the proper form of government over men come to rest at the end on personal beliefs or opinions, which cannot finally be measured as true or false. As far at least as the right to speak is concerned, the case for a regime of law and the case for a regime of genocide must be counted, in this view, as equally deserving of a claim *to be heard* and (ultimately) approved by the public. David Hamlin, the executive director of the Illinois division of the ACLU, was moved to say, regarding the Nazis, that "the First Amendment . . . affords us the unique opportunity to bear every *imaginable* idea, and to voice our opinions on any one. *It protects all ideas—popular or despised*, good or bad . . . so that each of us can make a free and intelligent choice." (Emphasis added.) In Mr. Hamlin's understanding, it is a matter of being "popular" *or* "despised": to be despised is to be "unpopular." It is apparently no part of his own understanding that certain things are in themselves, in principle, despicable.

Mr. Hamlin is quite plain on the point that we must be free to hear the Nazis in order to preserve our freedom to *choose* the Nazis if we wish. But of course the Constitution was never meant to be neutral in this way about the choice between despotism and free government. The Founders understood that

* Judge Decker's order was affirmed by an appellate panel of three judges, but then, on the motion of the one dissenting judge, the case was brought before the entire appellate court sitting *en banc*. The Court decided, on a narrow point of law, to reverse the previous decisions on the restraining order: since the Nazis had not actually applied for a permit to march in Skokie, the Court thought it premature to issue the restraining order. The Nazis have now officially applied for a permit to march in June, and the question will be posed again. Some observers on the scene think the appellate court might well act in the end to uphold a restraining order; but it appears now that the argument over the restraining order will be made before the Supreme Court, at the same time that the Court considers the appeal of Skokie in defending its restrictions on the Nazis.

the case for government by consent began with a self-evident truth grounded in nature; as Madison put it during the first Congress, the natural equality of human beings—their capacity for self-governing—had to be understood as an "absolute truth." And if the political order was indeed established on a necessary, self-evident truth, the perspective represented by the Nazis simply cannot be treated for a moment as plausible and legitimate. It cannot be regarded as plausible, that is, without calling into question the truth of those premises on which all constitutional rights depend. In the last analysis, then, it is a mistake to pretend that the Constitution is indifferent to the character and ends of the Nazis.

What the Constitution commends, however, may be one thing; what the Supreme Court has wrought in recent years is another. At this moment our law faces in two directions. On the one hand the Supreme Court has eroded those standards that the law has used over the years to restrain assaults carried out through speech or expression. A majority of the Court has even gone so far as to suggest that there is no principled way to mark off forms of speech that are insulting or defamatory, as against forms of speech that are neutral or inoffensive. Working on this assumption, the Court has made it very difficult to sustain any local ordinance on "provocative" and insulting speech, and, as a result of the decisions that have been taken in this vein over the last seven years, it does in fact become harder to restrain the Nazis in their march in Skokie.

But on the other hand the Court has never overturned the precedents that provided the foundation at an earlier time for the restriction of injurious speech. In fact, the Court has found it necessary in recent years to firm up its commitments to those older precedents; when it comes to the matter of confirming the power of local governments to restrain obscenity and public lewdness, the Court has been compelled to explain, in a more traditional, familiar voice, that not all forms of speech and expression can claim the protection of the Constitution.

The authority that the Court cites most importantly on these occasions is the classic case of *Chaplinsky* v. *New Hampshire*, which was decided by a unanimous Court in 1942. In the passage that is cited most often from that case, Justice Murphy argued for the Court that—

"There are certain well-defined and narrowly limited classes of speech, the prevention and punishment of which have never been thought to raise any constitutional problem. These include the lewd and obscene, the profane, the libelous, and the insulting or "fighting" words—those which *by their utterance inflict injury* or tend to incite an immediate breach of the peace. It has been well observed that such utterances are *no essential part of any exposition of ideas*, and are of such slight social value as a step to truth that may be derived from them is clearly outweighed by the social interest in order and morality." [Emphasis added.]

When the ACLU came to offer its brief for the Nazis is Skokie it insisted that the concept of "fighting" words applied only to personal epithets that arose in "face-to-face" encounters. For some reason it seemed to be assumed that these personal encounters were more likely to "incite an immediate breach of the peace" (more likely, say, than attacks that were made on a whole racial or religious group). At the same time, since the test in *Chaplinsky* was narrowed to assaults of the most personal nature, it was argued that the holding was not meant to cover speech with a larger political significance. In these interpretations the ACLU was essentially following the direction of the Court in recent years, as a majority of the Court has sought to narrow the holding in *Chaplinsky*. But as the four Nixon appointees have continued to point out in dissent, that novel rendering leaves out half of the formula in *Chaplinsky*—and the part that has given *Chaplinsky* its fuller reach and significance.

Justice Murphy had not limited the holding in *Chaplinsky* to speech of a merely personal nature that was likely to elicit violence. His judgment also encompassed words "which by their utterance inflict injury," even if they are not accompanied by overt acts that involve a physical assault. In that respect the opinion served to remind us that, in the strictest understanding of the law, "assaults" have not required bodily contact: they may be carried out just as effectively by assailants who deliberately stop short of touching the victim's body, as in the case of one who strikes at a person and intentionally misses, or one who points a loaded—or for that matter even an unloaded—pistol at another person. The assaults in these acts are implicit in the gestures, and they may be punished even without waiting for bodily injury.

In that sense the case helped to remind us, too, that there is such a thing as psychological injury or shock, which may be quite as grave—and as much of a concern in the eyes of the law—as an assault on one's body, or a broken leg. When all of these points were taken together, the *Chaplinsky* case suggested in a rather compelling way that people had a claim to be protected from unprovoked or unjustified assaults (including verbal or psychological assaults) when they ventured into a public place.

That is not all there was, of course, to the *Chaplinsky* case, but it does suggest the features that have made *Chaplinsky* a case of such enduring importance. In a far more satisfying manner than any other court decision, *Chaplinsky* was able to account for the grounds on which we would be justified in calling the police, for example, and ordering a crowd to "move along" in those cases where nearly everyone would agree that the crowd *should*, in decency, be dispersed, even though there is only speech or expression involved. One need only imagine, in a hypothetical case, that a crowd gathers before the house of the first black family to move into the neighborhood. No violence is initiated; no rocks or bottles are thrown. The crowd merely stands there, perhaps chanting in a low tone, and, as the day wears on, the crowd may go long stretches in which it makes no sound at all. There is no breach of the peace, nor even anything that fits the usual notion of a public disturbance. But when the people leave the house they have to face the crowd, and the crowd simply stands there, intimidating by its very presence.

Since the crowd refrains from violence it might be said that it is engaged in a "peaceable assembly" or perhaps even a form of public protest. For despite the fact that the harassment is aimed at a private family, the gathering of the crowd has a larger political significance: the aim of the crowd, quite clearly, is to have an effect on the character of the community by keeping blacks out. In pursuing this form of intimidation outside the law, the object is to discourage the members of the family from exercising rights that are theirs in the law, and perhaps also to frustrate the ends of a public policy that seeks to bring down the barriers to racial integration. The fact that the crowd refrains from speech or discussion is not enough in itself to reduce the event to an instance of "conduct" rather than "speech": it has already been established over a long train of cases that "expression" may cover symbolic acts or gestures that involve no speech or writing at all: e.g., the rendering of a flag salute, the burning of a draft card, the wearing of an armband.

If the police intervened and dispersed the crowd outside the house, they would clearly be restricting political expression; and yet it should be apparent that the police would be quite justified in intervening. But if the law can reach a case of this kind it is because it is possible to recognize the nature of the words and gestures themselves, *in the context in which they are used*, and understand that they were meant to intimidate or assault.

There has never been any serious doubt that speech bears a special significance in a republican system. Republican government begins with the understanding that the exercise of political power over others must be justified, and it sets about to ensure, through a variety of devices, that people in positions of authority are compelled to offer justifications for themselves. The politics of a republic is a politics that takes place through a public discourse over political things. As our own Founders understood, it is very important, then, for a republic to preserve a proper freedom of discussion about the central concerns of politics—i.e., about the conditions of justice in the society and the substantive ends of the state. The freedom to engage in discussion would be as large as any other freedom properly exercised. It would be restrained only in those instances in which it became the vehicle of injury (or "injustice") to others. At that moment, however, speech could claim no more protection than any other mode of freedom. The Founders rejected the rule of the censor and the conventions of "prior restraint" on publication. But they were uniform in their denunciation of a "licentious" press, and they assumed that the laws of defamation (both civil and criminal) would function as a form of redress against the injuries that were inflicted through speech.

And so, while the Founders understood that a republican regime was a regime of public discourse and conflict, they understood also that a republican regime was a regime of law before it was anything else. As a regime of law its first obligation was to render justice: to protect its citizens against harms that were inflicted on them unjustly, outside a process of law.

When it comes, therefore, to the American Nazis and their freedom of expression, the obligations of the regime are nowhere near as one-sided as libertarians suggest. To the extent that the Nazis have any legitimate role to play at all in the political life of this Republic—a proposition I indulge only hypothetically—the most the polity is obliged to do is respect their liberty to hold meetings, conduct discussions, and make themselves part of the public discourse. But it is not obliged to let them make use of the public streets to carry the symbols of assault and genocide to the very homes of the people who would feel most acutely and properly threatened by them.

These understandings may all arise without strain on the premises of the law as it was—the law that was built on the foundation of the *Chaplinsky* case. The question at this moment is whether those older premises will be restored. The Court still relies, as I have said, on the authority of *Chaplinsky*, but a majority has abandoned the teachings of that case, and the abandonment became manifest in 1971 with Justice Harlan's remarkable opinion in *Cohen* v. *California*. There is not enough space here to treat that case in the detail it warrants or to chart the ways in which Justice Harlan managed to overturn every premise that was essential to the doctrine in *Chaplinsky*. The case involved a young man who walked through the corridors of the County Courthouse in Los Angeles wearing a jacket that bore the inscription "——— the Draft." Before it was over, Harlan had sought to deploy the full moral weight of the Constitution in order to protect the "speech" on Cohen's jacket as

if it were a political statement on the order of the Federalist Number 10. And he could not accomplish that end without revising in a radical way the traditional understanding of "speech" (let alone the concept of propriety).

In a reversal of *Chaplinsky* Harlan argued that if speech contained a residue of political significance it was presumptively protected, no matter how injurious it may be, or how void of substantive content. If the speech was presumptively protected, the burden of avoidance fell to those who felt assaulted or offended by it (and it was thought proper, in this light, to ask the victim to turn away or go elsewhere rather than ask the assailant to restrain himself in public).

But the conviction that any sign or expression was "political" depended on the reliability with which it could be said that the sign conveyed a point or stated an argument. In the case of Cohen, Harlan was convinced that the jacket was presenting a statement—no less—on a matter of public policy. According to Harlan, what Cohen was doing with his jacket was "asserting [a] position on the inutility or immorality of the draft." And yet it should have been apparent that "* * * the Draft" did not necessarily mean either one of those things—that the draft was "immoral" or "inutile." Very likely it meant neither. The profanity on the jacket, like most expressions that have acquired the status of "swear words," had a certain coarseness to it that was an important part of its meaning and of the purpose for which it was used. There was no substantive argument about the military draft that Cohen would have been prevented from making if he had merely been asked to remove his jacket (and his sign) in a public place. And for the same reason, there would be no decent substantive argument that the American Nazis would be prevented from making if they were merely restrained from carrying out a provocative march into the Jewish neighborhoods of Skokie.

But Harlan's opinion in the *Cohen* case ruled out this traditional understanding because it denied at its root that there were knowable differences any longer between decent and indecent expression. "One man's vulgarity," said Harlan, "is another's lyric," and it was precisely "because governmental officials cannot make principled distinctions in this area" that the Constitution left these "matters of taste and style so largely to the individual." What Harlan denied, then, was the existence of any standards for identifying speech that was truly offensive, because the offensiveness of the words depended entirely on the subjective feelings of the people who heard them. And therefore it could only be, as he remarked, that the decision as to what langauge is fit for a public place must be left "largely [in] the hands of each of us."

With the full sweep of Harlan's opinion one comes to discover what it takes these days to gain a reputation for "modernity" and innovation in certain quarters of the legal profession: it requires the absorption, with an unwonted suddeness, of novel doctrines of philosophy thirty years *after* they have been discredited in the schools of philosophy. Long after the doctrines of "logical positivism" have lost their adherents in the academies, the discovery of these doctrines by Justice Harlan has been taken by many lawyers as a revolution in the law. The experience may merely remind us of the distance that has separated the schools of law from the discipline of philosophy, and it may confirm what has often been suspected: that much of what passes these days as jurisprudence is really nothing more than third-rate philosophy.

At the risk of oversimplification it may suffice here to say that the "logical positivists" were disposed to argue, with Justice Harlan, that statements which conveyed moral judgments were ultimately dependent on nothing more than subjective feelings or personal beliefs, and therefore they could not be reckoned as true or false in any strict sense. At most they were emotive statements that conveyed a sense of likes and dislikes. And so if someone condemned the use of narcotics, all one could say is that he "disliked" the use of narcotics (much in the way, Mr. David Hamil says, that the residents of Skokie "dislike" the Nazis). One could not prove, in this view, that it is ultimately "right" or "wrong" to use narcotics (or to "dislike" the Nazis), any more than it is right or wrong say, to like parsley.

But as the linguists would explain, the meaning of words cannot be as subjective and arbitrary as that. Moral terms have the function of commending and condemning, approving and rejecting, and they cannot play the role they do in our language—they cannot initiate a process of reasoned discourse over moral judgments—unless the people who use these words understand, when they use them, that they are condemning or commending a course of action to others. For that to be so, the words that serve the function of commending and condemning must be established rather plainly in common usage. The meaning of words, of course, may alter over time, and many pejorative terms, like "robber" or "thief," may be uttered in jest, or in circumstances that render their meaning innocent. But at any given moment, anyone who lives with a language every day must have a fairly reliable sense of the words that are fixed very clearly in the language as terms of insult and defamation, and the expressions that may be on the borderline between derision and neutrality.

If there is any lingering dispcsition to believe that offensive words or verbal assaults are entirely subjective in character, one need only apply this simple test: Ten years ago Governor George Romney was running in the presidential primary in New Hampshire, and in the heat of the campaign he referred to Senator Percy of Illinois as an "opportunist." When Percy took offense Romney sought to repair the damage. He explained that, when he called Percy an "opportunist" he simply meant that Percy was an intelligent man who took advantage of his opportunities. That is to say, he was merely "describing" Percy rather than judging him, and if anything, he suggested, his remark should have been taken as a compliment: he was actually commending Percy for alertness in rising to opportunities.

The measure of one's willingness to believe, with Justice Harlan, that expressions of insult or defamation depend on nothing more than the subjective feelings of the people who hear them, is one's willingness to believe Romney's account of what he meant.

These understandings were part of the perspective that was bound up with the *Chaplinsky* case, and the question again is, Where does that case now stand in our law? Two years after Justice Harlan's opinion in *Cohen* v. *California*, the Supreme Court confirmed a wide latitude of power to local governments in the regulation of obscenity. The Court invoked the *Chaplinsky* case as the foundation for its judgment in *Paris Adult Theatre* v. *Slaton*, and, in his opinion for the majority, Chief Justice Burger made it apparent that the invocation was more than a ritualistic exercise. Burger's substantive comments on the case followed the logic of the understanding in *Chaplinsky*, and indeed he seemed intent on pressing the point that the logic of *Chaplinsky* simply could not be displaced from the law: for the benefit, apparently, of some of his colleagues, the Chief Justice observed that the "live" performance of a man and woman locked in a sexual embrace at high noon in Times Square [would not be] protected by the Constitution because they simultaneously engaged in a valid political dialogue." The Chief Justice surely must have known that, within the terms of Harlan's opinion in *Cohen* v. *California*, there would have been no basis on which to restrain an act of this kind.

Yet the law should be obliged to restrain this "expression," and it is Justice Murphy's opinion in *Chaplinsky* that explains, far more persuasively than anything else, the grounds on which the law may be exercised in this case. The couple could be restrained from their public gesture without interfering in any degree with their freedom to make any substantive arguments about the issues of the day. And because their sexual demonstration is not strictly necessary to "the exposition of ideas," the government might well be justified in acting out of a concern for the sensibilities of other people in a public place.

It would take a complicated argument, however, to explain just why a public display of sexual intercourse should be taken as an injury or offense to the public. The argument could be made, but it would be far more difficult than the argument that is needed to explain why Nazism is a wrong and why the presence of the Nazis in Skokie inflicts injuries. The wrongness of Nazism is of course separate from the palpable injuries that the American Nazis foster with their presence in the streets; but those injuries are clearly present.

A Supreme Court that knows why the couple may be restrained should be able to explain also why the Nazis may be restrained. The only question is whether the Court is prepared to overcome its recent distractions and admit to itself more fully that the teaching of *Chaplinsky* cannot be effaced in any society that would preserve the integrity of its public discourse and preserve itself beyond everything else, as a decent society.

For years, the ACLU has professed to believe, with Justice Holmes, that "the best test of truth is the power of the thought to get itself accepted in the competition of the market."[1] With all proper allowances for that curious proposition, one may still ask: What unresolved issue in the marketplace of ideas may the Nazis help to settle for us? In the judgment of the ACLU, is there something in the perspective of the Nazis which has a plausible claim to truth? If we restrict the speech of the Nazis is it conceivable that we may shield ourselves from ideas that may turn out one day to be valid? Is it possible, for example, that a convincing case could yet be made for genocide if people were given a bit more time to develop the argument? Might it be that the commitment to a democratic regime itself stands on premises that may be shown one day to be doubtful?

These possibilities could not be ruled out if, in fact, all judgments of moral right and wrong rested on nothing more than "opinion." But the wrongness of genocide arises from the concept of morals itself, and therefore no amount of discussion, now or in the future, could possibly have any effect on its moral status. The wrongness of the act inheres in the willingness to put to death a whole group of people with no reference to criminal acts, with no discriminations to be made between the innocent and the guilty. Genocide will continue to be wrong as long as the notion of morals itself exists—as long as it is possible to speak of the difference between innocence and guilt, of the difference between killings that are justified and those the are unjustified.

In the meantime, however, the ACLU is helping to preserve the Nazis as an estab-

[1] The self-contradictions contained in this proposition have been dealt with quite well by Walter Berns in "The First Amendment and the Future of American Democracy" (Basic Books, 1976).

lished part of the public arena, and the public lessons that are drawn from the experiences are not apt to be wholesome. If the ACLU bends its efforts, after all, to support a right of the Nazis to march, what other lesson does it hope to teach but that the Nazis must be regarded as legitimate—that their claim to exist and speak stands on the same plane of legitimacy as that of any other group within the country. But if the Nazis are legitimate, they cannot be dismissed out of hand as implausible, and if the perspective they represent is regarded as plausible, then the self-evident "truth" on which the American regime is founded cannot in fact be a "truth." It must be merely an "opinion," no more or less likely to be true than any other "opinion" about the nature of a good political regime, including the "opinion" represented by the Nazis.

But the consequence that arises from this understanding was set forth long ago by Lincoln: If democracy were not founded on a natural truth—on the capacity of human beings for moral judgment—then it had to be founded merely on "opinion": it had to arise merely because it was the form of government that happened to be approved by the opinions of a majority. And if the opinions of the majority were the only authoritative source of law, there could be no ground on which one could challenge the decisions of a majority in the name of a more fundamental law. It would be within the competence of a majority, then, to forgo democratic government for the entire society or to withdraw the protections of the Constitution from any minority. The irony is that the ACLU sees itself as defending at this moment the freedom of a minority, but the principles on which it mounts that defense would cut the ground out from under constitutional government itself and, in that sense, would also imperil the freedom of all minorities.

Nearly two hundred years ago, when a current of calumnies directed at Catholics was running through England, Edmund Burke observed that "if it exists at all [in Bristol, the city he represented], the laws have crushed its exertions, and our morals have shamed its appearance in daylight." Burke spoke here out of a tradition that regarded the injuries inflicted through speech and expression as a species of injustice and the law was obliged to restrain. But he also understood the connection between the law and the climate of opinion that could support the law and render its strenuous exercise less necessary. As the ACLU seeks now to resist the use of the law in restraining acts of assault and intimidation, it is also seeking to alter in a radical way the understanding of the public about the foundations on which its own freedom is established. The result of this teaching, however, is to render those foundations less firm, the measure of the difference between our age and Burke's is that the lawyers and professionals who have borne the largest responsibility for the preservation of constitutional government no longer seem to understand the moral premises on which that government rests.●

ENHANCING FBI EFFECTIVENESS

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mrs. HECKLER. Mr. Speaker, at the annual meeting of the Chamber of Commerce of the United States, I had the honor this morning of taking part in a prayer breakfast that included a message delivered by the newly appointed Director of the Federal Bureau of Investigation, Mr. William H. Webster, whose discussion of American religious principles was deeply moving and inspiring.

At the conclusion of the breakfast, FBI Director Webster was presented with a tribute from the U.S. Chamber of Commerce. I would like to bring this tribute to the attention of my colleagues. The text follows:

TRIBUTE TO THE FEDERAL BUREAU OF INVESTIGATION

Public statement supported by the delegates attending the 66th annual meeting of the Chamber of Commerce of the United States, May 2, 1978.

"Delegates to the 66th annual meeting of the Chamber of Commerce of the United States strongly urge the Carter Administration and the Congress to resist efforts to politicize the FBI and to avoid making it a public scapegoat or otherwise weaken this institution, which is so vital to the protection of our system of government and a way of life.

"Over the years, the FBI has undertaken the responsibility of protecting our national security in order to assure the rights of all citizens.

"We must be vigilant to ensure that transitory political events do nothing to undermine the FBI strengths or effectiveness. We applaud FBI agents and their devotion to duty, even under criticism and salute their long record of distinguished service and urge their continued dedication to the protection of individual rights and our free society." ●

U.S. OIL DRILLING EQUIPMENT TO RED CHINESE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ASHBROOK. Mr. Speaker, the United States is continuing to export its vital technology to the Communist world. The latest transaction is with Red China.

According to the Washington Post, the Peking regime has purchased the largest piece of oil drilling equipment it has ever brought from an American firm. The sale, estimated at $25 million, was of a jackup offshore oil rig. The rig is currently under construction in Singapore by a company 70 percent owned by Bethlehem Steel.

The new equipment is suitable for drilling in up to 250 feet of water. A special feature is its legs which, resting on an A-shaped steel mat, permit it to be used in areas where other oil rigs would sink into soft sand sea bottoms.

Other U.S. oil rig building companies are now trying to get into the act. Livenston Shipyards of Orange, Tex., has reportedly sent representatives to Peking to resume negotiations on purchase of more jackup rigs.

The sale of our most sophisticated technology to Communist nations is impossible to justify. It only adds to their growing military might. The real winner in this transaction is Red China, not the United States.●

WATER CONSERVATION

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. EDWARDS of California. Mr. Speaker, on Friday, April 28, 22 of my California colleagues and I sent a letter to President Carter urging him to include water conservation as the key concept in our national water policy. The Western States have recently completed one of the worst droughts in recorded history. While water conservation must remain an important aspect in water utilization in the Western States, it must also become a key ingredient of water usage in the eastern section of the United States.

The time has come for all Members of Congress to join together in supporting the President's efforts to emphasize the necessity of water conservation in the daily lives of all Americans.

For the record, I have included the text of the letter which was sent to President Carter. I have also inserted a news article which appeared in the May 1978 issue of Consumer Report entitled, "Water: Time to Start Saving?" I am sure all my colleagues will be interested in reading about the changes which have occurred in northern California with regard to water conservation practices.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 26, 1978.

JIMMY CARTER,
The President, The White House, Pennsylvania Avenue, NW, Washington, D.C.

DEAR MR. PRESIDENT: In your announcement of the review of the National Water Policy, you stated clearly and correctly that water conservation must be the cornerstone for future water resource development planning.

As you know, California has recently begun to recover from its extended drought. During that time though, many eyes were opened with regard to preserving this precious national resource—water. We urge you to include water conservation as the key concept in our National Water Policy. Like energy, we must work together to best utilize this limited resource.

We, the undersigned California Representatives, encourage long-term water conservation as the keystone to a comprehensive Federal Water Management Program.

With kindest regards.

Sincerely,

Don Edwards, George E. Brown, John Moss, Ronald V. Dellums, George Danielson, Charles E. Wiggins, Edward R. Roybal, Bob Wilson, Del Clawson, James Corman, Fortney "Pete" Stark, George Miller, Anthony Beilenson, Pete McCloskey, Mark W. Hannaford, Leon Panetta, Phillip Burton, Don Clausen, John L. Burton, Carlos J. Moorhead, Norman Y. Mineta, Jerry M. Patterson, and Augustus F. Hawkins.

[From Consumer Reports, May 1978]

WATER: TIME TO START SAVING?

Newspaper accounts told the story: "Reservoir levels falling again." "First violator of ban on swimming pools pleads guilty." "Many sends letters of advice to city officials on saving water." Those reports might have appeared last year in California, but they didn't. They date back to 1965, when a

drought threatened New York City's water supply.

As New Yorkers learned then, and as Californians found out two years ago, a water shortage can hit anywhere and at any time. But the lesson rarely sticks. Most people think about water only when a drought threatens to make the taps run dry. For the most part, water has always been considered a free resource of unlimited availability in this country—an attitude that might have made sense years ago, but one we can't afford today.

Environmental considerations now restrict the building of new dams; the cost of new reservoirs and sewage treatment plants are increasing rapidly; and the population is shifting to the Sunbelt states, where water is scarcer. According to the Water Resources Council, an independent Federal agency, there could be "critical" water problems between now and the year 2000 in Arizona, California (again), Florida, Kansas, Nebraska, Nevada, New Mexico, Utah, Wyoming, and parts of the Pacific Northwest.

The nation's view of water as an unlimited resource is changing—but slowly. A few areas not normally associated with shortages are becoming more careful about water usage. Near Washington, D.C., for example, the Washington Suburban Sanitary Commission has been promoting voluntary water conservation for several years and recently introduced a new rate schedule designed to hold down consumption. In New York, the Long Island Lighting Co. has sent shower flow restrictors to its 800,000 residential customers, a step intended to reduce both water use and the demand for fuel to heat water. And some local plumbing codes are being changed to require the use of water-conserving toilets, faucets, and showers in new or remodeled homes.

WHY CONSERVATION MATTERS

Though it's difficult to measure the nation's water usage precisely, one estimate put total water consumption in 1975 at 106.6 billion gallons per day. Of that amount, city and rural domestic water supplies took just 6.3 billion gallons, while 86.4 billion gallons went for agriculture, largely for irrigation. Those figures would seem to indicate that even a dramatic cut in water usage by households would add only a drop to the bucket of water available—or at most not more than a cup.

However, the statistics mask the fact that conserving household water can be beneficial in a number of ways that have nothing to do with your own utility bills. (If you conserve, you will save a little on your water bill, and, assuming you use less hot water, you could save quite a bit more on your gas or electric bill.)

An overall reduction in water use would mean that more homes could be built in a given area without adding new water supplies. That can be important because finding new water supplies and delivering the water to customers is expensive. In many areas, water is delivered to houses through costly pumping facilities; building new storage and distribution facilities for fresh water isn't cheap or easy, either. Those are costs everyone will pay, in one way or another.

In arid regions, where rainfall or ground water is insufficient to meet increased demand, there may soon be a need to use sea water—but removing the salt is an expensive and energy-intensive process. Finally, reducing water usage eases the load on sewage plants and moderates the cost of sewage treatment. Some people pay for both water and sewage treatment, and the cost of treating sewage is increasing along with the cost of fresh water.

"REASONABLE" OR WASTE WATER USE?

The current situation in Arizona shows clearly how a water crisis can develop unless people begin to use water more wisely. Tucson, for example, is filled with gurgling fountains, and residents there use hundreds of gallons of water each day to keep their lawns green. The state's golf courses each drink up about 160 million gallons of water a year.

Under Arizona law, ground water must be put to "reasonable" use, but no one has yet been able to establish a use that isn't reasonable. As one water official told CU: "If someone is willing to pay the cost of the water, the use has to be reasonable because he's paid for it."

Homes, farms, and businesses in Arizona draw some water from lakes, rivers, and the like, but much of the state's water supply comes from under the ground. The state's population more than doubled between 1950 and 1970, and may double again by 1990. All those new water-users are pumping water out of the ground at a furious rate. Each year, Arizonians are removing 715 billion more gallons of water than can be replaced by rainfall and other sources.

In Tucson, wells must be sunk 100 to 300 feet to strike water, even near stream beds. The water table in Tucson has been dropping more than 2.5 feet a year, on average, and as much as 12 feet in some areas. No one knows how long it will be financially feasible to keep pumping up ground water, or whether water quality will deteriorate as the wells go deeper and deeper.

In this situation, you might expect Arizonians to pay close attention to water conservation. Not so. Last year, the Tucson city council voted four to three to increase water rates. As a result, one of the four-member majority resigned from the council, and the other three were recalled by overwhelming votes.

Meanwhile, Arizona's water table continues to drop, causing the land to sink—with potentially disastrous results. As a report on Tucson's water situation noted: "Where the land subsides at uneven rates, fissures as much as three feet wide may develop, roadbeds may be offset, and water, sewer, and gas lines may be broken."

LIVING WITH LESS

Even though the recent drought in California involved nothing as catastrophic as gaping cracks in the earth, the situation was serious enough. To deal with the two-year-long shortage, California communities instituted strict rationing, and public consciousness about the need to save water became acute. As one San Francisco newspaper columnist wrote, "The horrow film of the year on TV was Hitchcock's old 'Psycho,' not because Janet Leigh was stabbed to death in the shower, but because she left the water running."

Marian County, an affluent suburban area across the Golden Gate Bridge from San Francisco, began a mandatory rationing program early in 1976. Car-washing was banned, along with such other wasteful practices as the use of sprinklers to water lawns and gardens. This limited program cut water usage by slightly more than 25 percent, but it became clear that the reservoirs could run dry by the end of 1977 unless stronger measures were taken.

The goal last year was to reduce water consumption by 57 percent. County water officials gave each customer an allotment of water, based on the number of people in the household. One person living alone, for example, would get 49 gallons per day; a family of three would get 129 gallons. (Before the drought, a three-person family used an average of 320 gallons a day.) To maintain those quotas, stiff new water rates were imposed. The basic rate was doubled; anyone who used up to twice the quota paid more than eight times the old rate, and usage beyond that cost 40 times the pre-drought rate.

The county also offered free water-saving kits, which included low-flow shower heads and bottles to put into toilet tanks. More than 90 percent of Marin water-users took the kits and, apparently, used them. In addition, people stopped running water when brushing their teeth, shaving, or soaping up in the shower. Vegetables were washed in a pan and the water reused; dishes were rinsed in a pan of clean water instead of under the faucet. Many people followed some extreme measures: They took buckets into the shower with them to catch "gray" water, which could then be used to flush toilets or to water gardens.

The result: Marin County residents reduced their water consumption by 65 percent last year. Only 5 percent of water-users, including many businesses that couldn't reduce their usage, exceeded their quotas.

AFTER THE DROUGHT: A GOOD OMEN

Once the drought ended, so did the water restrictions. California's water problems ended so dramatically that, over one weekend, an office in Sacramento changed its name from "Drought Information Center" to "Flood Control Center." However, many Californians seem to have retained their water-saving ways. In Marin County, for example, water consumption was still running 45 percent below pre-drought levels when this issue went to press.

The way Californians have incorporated the need to save water into their daily lives is a positive sign for conservation efforts elsewhere. It is possible to save water without sacrificing comfort or convenience, and at minimal expense.

The place to start is the bathroom, since bathing and toilet-flushing together account for nearly three-fourths of the water used inside the house. In the report that follows, we discuss an array of devices—both homemade and commercial—that should save water when the toilet is flushed. A companion report, beginning on page 300, rates a broad sampling of devices that allow you to shower with less water. ●

NEW FARM BILL BENEFITS SYNTHETICS EVEN MORE THAN COTTON

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. FINDLEY. Mr. Speaker, the Cotton Economic Review published by the Economic and Market Research Department of the National Cotton Council of America reported on April 28 that despite an increase in retail sales of 1.9 percent and an increase in personal income of 1.2 percent in March, U.S. mill consumption of cotton dropped 8.5 percent below the previous month and consumption for the first quarter of 1978 was running at a rate of 6.57 million bales compared to 6.8 million bales in 1977. For the quarter cotton's market share shows cotton losing competitively both in total markets share and in the staple sector.

The conference report we consider this week is good news for DuPont and Celanese as the effort to keep the cotton price loan at a minimum level or 48 cents per pound through 1981 gives these synthetic manufacturers the same floor for their polyester staple. Our purpose should not be to subsidize large multinational petrolchemical giants. We must

consider the full impact of the cotton section of the conference report. It simply will not benefit cotton in its battle with synthetic fibers and foreign produced cotton.

COTTON CONSUMPTION DECREASES

The details of National Cotton Council analysis of this situation show that:

U.S. mill cotton consumption (seasonally adjusted annual rate) slipped below 6.5 million bales in March compared with nearly 6.7 million in February. Cotton's market share recovered in March, however, to 26.9 percent of all fibers consumed and 43.5 percent of staple fibers. That compares with 25.5 and 41.5 percent of all fibers and staple fibers respectively in February.

For the full first quarter, cotton's annual rate of consumption was 6.57 million bales compared with 6.8 million a year earlier and 6.74 million the previous quarter. Quarterly market share results show cotton losing competitively both in the total market and in the staple sector. At 26.1 percent, cotton's share of all fibers consumed was 1.6 percentage points below its first quarter 1977 share and 1.2 points off the fourth quarter share. The appended table shows similar market share losses in the staple sector.

It is also instructive to look at consumption on the cotton system where cotton's closest—but certainly not its entire—competition occurs. Consumption of all fibers on the cotton system was virtually unchanged between March 1977 and March 1978. But cotton consumption dropped from a seasonally adjusted annual rate of 6.8 million bales a year ago to 6.57 million in 1978's first quarter. The result was a market share loss of 2.2 percentage points to 59.9 percent.

With eight months' data for the current season now in hand, USDA's devised U.S. mill consumption estimate of 6.7 million bales seems optimistic but, perhaps, attainable. The annual rate of consumption will have to average a much improved 6.85 million bales for the remaining 4 months to reach the estimate.

EXPORTS REMAIN STRONG

The Council analysis further shows that exports continue to be strong. Will this situation remain constant? Possibly not if the cotton loan departs from its relationship to the world price. We established the cotton loan as a percentage of world price starting with the Food and Agricultural Act of 1965, because we had a carryover of some 16 million bales of cotton at that time. We should not take the flexibility from the cotton loan formula. Farmers have enjoyed progressively increasing income since we made a turn toward a market orientation for cotton with the 1965 act, and which we continued with the acts of 1970, 1973, and 1977. A lack of flexibility could leave use with future excessive cotton production geared not to market, but to inflexibly high loan levels.

Let us stay with the existing cotton program which is providing cotton producers their income from the marketplace. The Council report on the healthy export situation states that:

Several recent developments related to the cotton export market suggest that U.S. cotton export activities will continue at a relatively lively pace into the final quarter of the 1977–78 marketing year.

The official USDA export projection for this season was raised from 5.0 to 5.5 million bales;

Total export commitments for the season increased to 6.2 million bales as of April 16, the highest level since 1973–74;

Actual U.S. exports of cotton amounted to almost 704,000 running bales in March, the highest monthly total since March 1974;

The Census Bureau's report on cotton stocks indicated that nearly 1.1 million running bales were in process of moving from public storage warehouses to mills, ports and other shipping points at the end of March 1978.

The Council report notes the USDA attempt last month to reduce 1978 cotton plantings by making available payments to producers for not planting a certain percentage of their crop. The report states:

Since the Carter Administration outlined its new farm policy on March 30, several modifications have been announced that affect cotton:

(a) On April 6, Secretary Bergland revised the voluntary paid deversion program for cotton.. The change specified that, to be eligible for diversion payments, a farmer's planted acres in 1978 plus diverted areas could not be greater than his 1977 planted acres. (The initial announcement specified that 1978 planted acres could not exceed 1977 plantings.)

(b) On April 12, USDA instructed ASCS offices to approve voluntary diversion payments for cotton farmers who in compliance with the March 30 announcement had:

1. Filed an intention to participate in the upland cotton voluntary diversion program on a farm on which cotton in excess of 90.9 percent of the 1977 planted acreage had been planted prior to March 30, 1978, or

2. Planted an acreage of upland cotton of more than 90.9 percent but not in excess of the 1977 planted acreage, or

3. Took irreversible actions such as applying herbicide, fertilizer, etc. in preparation for planting an acreage of upland cotton of more than 90.9 percent but not in excess of the 1977 planting acreage. (Mere tillage of the land will not suffice.)

The Department has extended through May 15 the sign-up period for 1978 programs. The two-week extension was made because of program changes.

Following the April 12 instructions to ASCS offices, USDA noted certain abuses of the liberalized eligibility provisions and said it might be necessary to issue stricter guidelines. At press time, however, no new rules had been received by local ASCS offices.

Mr. Speaker, the report attempts to analyze this USDA action on 1978 planting intentions and concludes that:

1978 cotton acreage diversion program, as such is not expected to result in a reduction of as much as one-half million acres in actual plantings in 1978.

Keep in mind that the 10 percent increase in the loan rate from 44 to 48 cents per pound could spur additional loan plantings by producers with relatively low costs of production in the Southwest, particularly in the state of Texas which has the highest level of production equalling almost 50 percent of production nationwide. Farmers have until May 15 to make their planting decisions.

Cotton producers sought the paid diversion program in order to cut back acreage and hopefully strengthen prices. Additional production encouraged by this arbitrary increase in the loan to a floor price of 48 cents will serve as a price depressant. Surely cotton farmers would not like to see such a turn of events.

Let us keep cotton competitive in U.S. and world markets in its battle with foreign produced cotton and synthetic fibers. We can continue to do so by defeating this conference report or by severing the cotton section from the report.●

INCOME REDISTRIBUTION AND CARTER ADMINISTRATION

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. HAGEDORN. Mr. Speaker, while it has not always been easy to identify common threads in the economic policies of the Carter administration, there does seem to be at least one discernible principle—an abiding belief in the rightness of income redistribution. The only apparent objective of many of its programs seems to be the transfer of income from those who have earned it to those who have not.

I would like to insert in the RECORD a short study by Roger Freeman and Alvin Rabushka of the Hoover Institution at Stanford University examining the redistributionist elements of the Carter program. They conclude that the policies of the administration will succeed only at the "expense of initiative, respect, and a healthy productive private enterprise economy."

INCOME REDISTRIBUTION EFFECTS OF PRESIDENT CARTER'S LEGISLATIVE PROPOSALS: AN OVERVIEW

During his presidential campaign Jimmy Carter was regarded a way-out liberal by some, a staunch conservative by others. On the whole, he managed to come closer than any of his competitors to being all things to all people. He declared his dedication to limited and smaller government and simultaneously espoused dozens of huge new or expanded social programs.

After a year in the Presidency, he still seems to be fighting on both sides of the ideological fence. In his State of the Union Message of January 19 he said: "We need to realize that there is a limit to the role and function of government. . . . Government cannot eliminate poverty, reduce inflation, save our cities, cure illiteracy, provide energy, or mandate goodness. . . . We should rely principally on the private sector to lead the economic expansion and to create new jobs for a growing labor force. . . ." No conservative could have said it better.

Then Mr. Carter proceeded to demand—as he had throughout the preceding 12 months—a series of programs to make Americans more dependent on a perpetually growing and more powerful government. In his campaign he promised to restrain governmental growth—but as one of his first acts as President boosted the Federal budget by $19 million.

In January 1978, President Carter declared, "I do not believe in wage and price controls," but he continued to insist on controlling prices of domestic natural gas and crude oil.

U.S. News & World Report on October 17, 1977 wrote: "After almost nine months in one of the world's most visible jobs, Jimmy Carter remains as big a puzzle as ever in his own country and abroad. In fact, uncertainty about what makes the President tick, about his personal philosophy and about the goals of his administration may be even stronger

in some quarters than when he took office in January." A keen observer in the field of foreign policy exclaimed: "On Monday, Wednesday and Friday he is for the Arabs, on Tuesday, Thursday and Saturday for the Israelis, and on Sunday he goes to church."

However, if we eschew his rhetoric and submit his domestic programs to a close analysis of what they will do, rather than what they are supposed to do—we find Mr. Carter less of an enigma. A common denominator, a common threat, runs through most of his proposals on domestic affairs. It is sometimes explicit, more often implicit. It is the standard populist aim of redistributing income and wealth from those who earn it to those who yearn it, or, more specifically, from those who produce it to those who mean to consume it. It is a redistribution from producers to nonproducers, though sometimes only from those who produce more to those who produce less. This means that it is not always redistribution to those at the very bottom of the income scale.

In the United States, as in other industrial nations, the shape of income distribution has changed from a pyramid to a pear, with the great majority of the people not at the low end but toward the center. This means that the majority of the voters are not at the bottom end but closer to the middle. Thus more redistribution to the very poorest of families—though it may sound more compassionate and charitable—is no longer the definitive goal. There simply aren't enough votes at the bottom of the income scale.

What we see increasingly, is a middle class welfarism, a redistribution for the benefit of families just below or at the middle of the scale—financed by the most productive and dynamic elements in our society—those whose activity makes the difference between rapid economic growth and stagnation.

The goal of redistribution from the top is largely illusory—there is not enough money among the small group at the top to benefit significantly the far larger numbers below. Taxes which may seem to be paid by the rich, in the end will largely be borne by those in the middle. That satisfies the desire "to hit the man with the top hat" and provides the funds to make the recipients feel that they are getting something for nothing. Actually we have gone so far in this game that it is largely no longer a case of robbing Peter to pay Paul but of robbing Peter to pay Peter. It's done with mirrors. But done cleverly, it seems to pay off politically.

After all the income redistribution, the family in the middle—and that is the great majority—pays in the end for what it gets. For a hefty brokerage fee for its money's round trip to Washington, the family finds its actions and its decisions increasingly controlled by an ubiquitous and omnipotent Federal bureaucracy and judiciary elected by no one and responsible only to themselves.

Redistribution of income and property has in recent decades increasingly been viewed as a prime purpose and task of government. This, more than anything else, explains the spectacular growth in domestic public expenditures over the past quarter century. The absence of positive results does not seem to deter the enthusiasts of social engineering. As Ben Wattenberg and Richard Scammon expressed it, "The liberal battle cry has become 'We have failed; let us continue.'" (Commentary, April, 1973.)

The aim is to redistribute through the political process the rewards and punishments of the market. It is the goal of those who do not believe that an individual is entitled to the value of his product or service, who feel that the allocation of natural talent is basically unfair and must be compensated for in a more egalitarian direction. Since talent cannot be redistributed among persons, at least the product of such talent and effort should be.

Historically much of the redistribution of property, between nations and within nations, has been accomplished by violence—robbery, revolution or war. Progressive taxation and social spending through cash transfers and public programs appear now to have become a more popular and more widely used method of achieving by the legislative process what previously could be obtained only by individual productive effort or through dispossession by force. It amounts to winning at the voting booth what was not achieved by blood, sweat and tears.

TRENDS IN INCOME DISTRIBUTION

Four major points need to be made about the nature of income redistribution in the United States in the past quarter century.

First, the number of persons below the poverty level in the United States has dropped from 40 million to 24 million since 1959, cutting its percentage of the general population in half, from 22.4 percent to 11.4 percent.* This trend was considerably influenced by the expansion of income maintenance programs.

Second, shares in the aggregate income by quintiles have changed only at the top and bottom end over the past quarter century. The share of the lowest one-fifth of families went up from 4.5 percent in 1950 to 5.4 percent in 1975 (20 percent growth) and the share of the highest one-fifth of families declined from 42.7 percent of pre-tax income in 1950 to 41.1 percent in 1975 (a 4 percent drop). The second, third and fourth quintiles remained stable.

Third, significant changes have taken place between the major economic sectors (see Table I). The share of owners—from dividends, business proprietorship and rental—dropped sharply by more than half over the past 27 years, while the share of labor slightly increased (the increase was reduced by larger Social Security contributions). Most of the gain was in transfer payments and personal interest (due to growth in savings and interest rates). This amounts to a major income shift from producers to nonproducers.

TABLE I.—DISTRIBUTION OF PERSONAL INCOME IN THE UNITED STATES, BY MAJOR SECTORS, 1950 AND 1977

[In percent]

Economic sector	1950	1977	Increase	Decrease
Labor	66.7	70.2	3.5	
Social security contributions	−1.3	−4.0	−2.7	
Net labor income	65.4	66.2	.8	
Corporate dividends	3.9	2.7		1.2
Proprietors	17.0	6.4		10.6
Rental income	3.1	1.6		1.5
Total ownership	24.0	10.7		13.3
Transfer payments	6.7	13.5	6.8	
Personal interest	3.9	9.6	5.7	
Grand total	100.0	100.0	13.3	13.3

Source: Economic Report of the President, 1978.

*Based on Census Bureau data for 1959 (earliest year) to 1975 (latest year), P–60 #108. There are presently no reliable statistics available on income distribution in the United States. Annual and periodic sample surveys by the Census Bureau include only money income (not income in kind, such as food stamps, medical & housing benefits, etc.) and aggregate between ⅔ and ¾ of such income according to National Income and Product accounts, thus leaving a wide gap. No size distribution of Personal Income has been available since 1964. The data given are the best available, but should be taken with a grain of salt.

And fourth, there has been a dramatic shift of income from ownership to employee compensation since 1950 with the share of ownership—corporate profits, proprietorship, rental income—cut to half. This is indicated by the distribution of national income (which does not include transfer payments):

TABLE II.—DISTRIBUTION OF NATIONAL INCOME IN THE UNITED STATES BY MAJOR SECTORS, 1950 AND 1977

[In percent]

Economic sector	1950	1977	Increase	Decrease
Employee compensation	65.5	76.1	10.6	
Corporate profits	14.3	9.2		5.1
Proprietors	16.3	6.4		9.9
Rental income	2.9	1.7		1.2
Total ownership	33.5	17.3		16.2
Net interest	1.0	6.6	5.6	
Grand total	100.0	100.0	16.2	16.2

Source: Economic Report of the President, 1978.

The nature and strength of economic and political forces at work give no indication that the trends in distributive changes over the past quarter century will alter significantly in the immediate future. Goals and legislative proposals of the Carter Administration will, if enacted, in all likelihood tend to shift income from higher to lower income recipients, though not necessarily to the lowest income group, as demonstrated in the various analyses that follow.

CARTER PROMISES AND PROPOSALS

In March 1977 the White House released a 111-page compilation of about 600 promises made by Mr. Carter during his presidential campaign. Some of those promises have since been translated into legislative proposals to the Congress or other types of action, some have quietly been dropped, some are inconsistent with others and may never again see the light of day, and the remainder remain in limbo.

On December 17, 1977, the White House released a summary and outline of the President's domestic legislative activities for the first year of his administration. Major proposals on the list include energy, welfare reform, Social Security refinancing, and economic recovery—the "stimulus package." On January 21, 1978, Mr. Carter added to this list as he sent his tax message to the Congress.

Most governmental actions have the potential of affecting income distribution in one way or another, and President Carter's proposals are no exception. The object of this report is to consider the President's major proposals which either explicitly aim at redistributing income or, though not so intended, bring about major shfits in income from some persons to others, from one region of the country to another, from producers of some goods and services to the producers of others, and so forth. The report analyzes the redistributive effects of Mr. Carter's major proposals for a national energy plan, welfare reform, tax reform, and refinancing of Social Security. Substantial evidence is available with which to discuss income redistribution in each of these policy areas.

INCOME REDISTRIBUTIVE EFFECTS OF PRESIDENT CARTER'S LEGISLATIVE PROPOSALS

The overall result of Mr. Carter's proposals in these areas would be to engender massive and explicit redistribution of income from the top two or three quintiles of families ranked by money income to the bottom two quintiles—away from the more productive to the less productive members of society. Our findings can be summarized as follows.

ENERGY

1. Rebates of the crude oil wellhead tax, the tax on gas guzzlers and the standby gasoline tax, coupled with continued and expanded price controls on natural gas, constitute an explicit redistribution of income from the top three quintiles of families ranked by money to the bottom two quintiles.

2. If passed intact, the program represents a massive tax increase for the average American family and real incomes will suffer as inflation pushes taxpayers into higher tax brackets—the full package of energy taxes is estimated to cost a total of $377 billion over the next eight years ($5,390 for the average American family), which makes the Carter energy program the most significant increase in the middle-class American's tax burden in the nation's history, far exceeding the $277 billion increase in new Social Security taxes.

3. Carter's energy plan will also transfer income from rural to big-city areas, from the Western and Southern regions to the Northeast, and from the producers and users of oil to the producers and users of coal.

4. The Carter energy plan also entails massive capital requirements that cannot be met without contributing to rising interest rates, a loss in real GNP, higher rates of unemployment, and an increase in inflation.

WELFARE REFORM

That something needs to be done to correct severe shortcomings in our welfare system has long been widely recognized though views differ sharply on the changes that ought to be made. Mr. Carter acidly denounced current public welfare during his campaign and after assuming office and pledged a complete overhaul. In August 1977 he submitted proposals to replace existing programs of AFDC, SSI, Food Stamps and General Assistance with a program called Better Jobs and Income (BJAI).

BJAI consists basically of a plan guaranteeing to all persons a nationwide minimum income—amounting to $4,200 for a family of four—with Federally subsidized state supplements. It resembles the Family Assistance Plan considered by Congress from 1969 to 1972 and finally rejected. We find the effects of adoption of BJAI likely to be as follows:

1. Coverage and costs would increase. The Congressional Budget Office (CBO) estimated that the number of families receiving cash assistance would increase by about 50 percent in the first year of full operation, the equivalent of about 22 million persons. CBO also upped the Administration estimate of a net additional cost of $2.8 billion in the first year to $14 billion. Even that total could understate the final cost substantially.

2. About three-fourths of the additional recipient families would be in the pre-welfare income class from $10,000 on up and about three-fourths of the funds would go to famililes above the poverty level.

3. With most families at the lowest income level already on welfare, most of the newly added recipients would be in somewhat higher income brackets. BJAI would establish Federally financed middle class welfarism.

4. Mr. Carter called BJAI a "job-oriented program" in the expectation that many recipients would seek and obtain partial or full self-support through gainful employment. As an incentive, recipients would be permitted to keep half their earnings in addition to their welfare benefits. For the first time employed persons, the "working poor," would be entitled to a supplemental income.

5. There is a serious question whether BJAI would in the end increase employment or would mostly boost welfare rolls far beyond anything we have yet seen. Although recipients deemed able to work would be required to seek employment, experience over the past 15 years makes it very doubtful that this could be effectively enforced. To provide job openings, a Federally financed public service employment program for up to 1.4 million persons would be established. It is, however, questionable whether the openings would, in the long run, really be additional jobs. State and local governments might use those workers in lieu of unsubsidized employees they otherwise would have hired. The effect of these steps would be to make public assistance benefits available to millions of families above poverty levels, closer to middle income groups.

TAX REFORM

On January 21, 1978, President Carter transmitted his long promised Tax Message to the Congress. It would, according to Treasury estimates, reduce some income tax liabilities by about $34 billion and raise others through so-called reforms by $9 billion, for a net cut of $25 billion. It is purely conjectural whether these actions would, in the aggregate, offset boosts in Social Security taxes and proposed energy taxes, as well as increased revenues resulting from the effectively higher tax rates caused by inflation. If we had to make an estimate at this time, we would expect the proposed cuts to amount to no more, and possibly to less, than the probable increases. We have examined more closely other results of Mr. Carter's proposal.

1. The size of the combined tax boosts and cuts would be less significant than their nature, their effect on income distribution. The changes enacted in Social Security will place a heavy additional burden on persons in the upper two income quintiles, the proposed "tax reform" will raise the burden mostly in the upper half of the range, while the cuts are concentrated largely in the two lower income quintiles. This would also be true of the energy taxes if Mr. Carter's recommendations were enacted.

In other words, the multiple tax boosts and cuts will not offset each other in their impact on income redistribution but be additive: they will make the tax system substantially more progressive than it now is.

2. Mr. Carter has called the tax system "just a welfare program for the rich." This, despite the fact that the top 10 percent of the taxpayers now pay about half of all income taxes and that more than half of all personal income in the United States goes untaxed, with most of the $600+ billion of taxfree income located in the low and lower-middle income brackets.

The rate reductions which Mr. Carter proposed—and which account for most of the cut in his plan—would lower tax liability 14.3 percent in the lowest income bracket, 2.9 percent in the top bracket.

His change of the current $750 personal exemption (plus 2 percent credit up to $9,000 taxable income) to a $240 tax credit would shift $4 to 5 billion in taxes from the lower half of the income scale to the upper half. Other tax boosts, mislabeled "tax reform," ranging from deductions for business meals to minimum tax and foreign operations, would directly affect mostly persons with above average income.

A reduction in the corporate tax rate from 48 percent to 44 percent would be offset for many taxpayers by the tightening of provisions for building depreciation, bad debt reserves, etc.

Many of those "reforms" would be economically detrimental. They may be based on political arithmetic which tells us that in 1974 ten times as many returns were filed with income under $12,000 than with income above $25,000.

SOCIAL SECURITY REFORM

We cannot assess the redistributional impact of Mr. Carter's proposals without viewing recent changes for financing the Social Security system.

Action in Social Security was made imperative by the generosity of earlier Congresses which had raised benefits to a level where expenditures exceeded income substantially and the system would have faced bankruptcy within a few years. The 95th Congress resolved the fiscal problem by boosting Social Security taxes and the political problem by placing most of the additional burden on persons in high earnings brackets. Since the passage of the Social Security amendments in December 1977, no formal major Administration proposals regarding Social Security have been submitted.

The Social Security tax increases amounted to the biggest peace time tax boost ever, adding $227 billion to the nation's tax bill over the next 10 years. The Social Security tax rate on both employers and employees was raised from 5.85 percent in 1977 to 7.15 percent by 1987, slightly above the previously scheduled rate of 6.45 percent. The Social Security tax bill of all employees and employers will thereby go up 11 percent over the previously scheduled rise, 22 percent over the tax levied in 1977, a comparatively modest increase.

However, the maximum wage base upon which the tax is imposed was boosted from $16,500 in 1977 to $42,600 in 1987, an increase of 158 percent. This means that workers with earnings up to $16,500 will have their Social Security tax bill boosted by 22 percent, at $28,000 more than doubled, at $42,000 more than tripled. This probably is the most powerful peacetime boost ever in tax progressivity and in related income redistribution. Because Social Security benefits are weighted heavily in favor of low-wage workers, the taxpayers who bear most of the additional burden will get little in return.

Congress rejected two major Social Security proposals by the Carter Administration: one would have levied Social Security taxes on a higher maximum wage base on employers than on employees, and, in fact, abolished the maximum altogether for employers by 1981. On its face, and in the short run, this would have substantially boosted taxes on business and on persons in high income brackets. In the long run, however, the business tax increase would probably have been passed on largely to consumers in the form of high prices and partially back to employees in the form of smaller wage increases. It was obviously intended to make it appear that this scheme would "protect" the average worker and place the burden on big business.

The other change proposed by Mr. Carter was to use general revenue funds for Social Security purposes. Since the budget is in a heavy deficit situation this would have amounted to giving inflation another push upward.

CONCLUSIONS

One clear commitment is prominent in President Carter's policy preferences in proposals having fiscal implications: the commitment to redistribute incomes.

In every instance of the four major policy areas we examined—energy, taxation, Social Security, and welfare—Carter's policy preferences indicate this bias. The effect of adopting all of his proposals would be brutally cumulative. The final result would be a massive and explicit redistribution of income from the top two or three quintiles of families ranked by money income to the bottom two quintiles.

We were not really surprised to find this populist bias. We were surprised, however, to find so prominent another redistributive bias: a transfer of more monies to people not considered among the very poor. President Carter would commit the United States to middle class welfarism.

The mysticism of rhetoric, removed from reality, seems to be leading Mr. Carter to be-

lieve that there are vast untapped sources among the "rich" to distribute effectively to the "poor." The reality is that he wants to tap the earnings of the middle class to extend welfarism not only to the very poor, who are declining proportionately, but to a larger segment of the middle class itself. As we said earlier, he means to rob Peter to pay Peter.

The result will be a major income shift from relatively high producers to relatively low producers and non-producers, from earners to yearners. The process will result in more jobs—jobs in government agencies. The victims will be ourselves, a shrinking productivity, and a shrinking private sector.

Finally, while there is little serious opposition these days to the notion of progressive income taxation, President Carter's proposals would strain this concept to destructive limits—at the expense of initiative, self-respect, and a health productive private enterprise economy.●

ASBESTOS EXPOSURE

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ANDERSON of California. Mr. Speaker, last week's announcement by HEW Secretary Joseph Califano regarding the threat of asbestos-related disease among American shipyard workers was a positive step toward recognition of a serious health problem. Since the Long Beach Naval Shipyard is in the congressional district I represent, I have been extremely concerned about the possible threat posed to workers there by past and present exposure to asbestos.

According to the Secretary, as many as 5.6 million Americans may die of diseases brought on by asbestos exposure. That figure is shocking enough. What is not demonstrated by that figure is the debilitating nature of asbestosis to the individual, the limitations imposed by the nature and symptoms of the disease. Physical activity is sharply reduced simply because the individual can no longer breathe efficiently.

In June, 1977, 501 workers at the Long Beach Naval Shipyard underwent chest X-rays and examinations during a medical survey. Over 30 percent of those examined were found to have asbestos-related lung abnormalities, despite the fact that they had received, for the most part, short-term exposure.

Because asbestos contamination takes anywhere from 15 to 35 years to manifest itself, those now suffering from exposure reflect the conditions found at shipyards in past years. Certainly, those conditions have improved as the Government has recognized the health threat posed by asbestos. Yet the fact remains that asbestos exposure is still a threat in the shipbuilding and repair industry, including our own naval shipyards.

Asbestos containing insulating material is still found on many of our naval vessels. During the regular 5 year overhaul, only the material directly over the work area is removed as a general practice. Thus, fibrous asbestos dust is released into the atmosphere, and remains a threat to many workers.

The danger is not limited to the asbestos workers—those who work with the material, and are trained to recognize the dangers involved. Other workers in the shipyards are also exposed to the dust, as is anyone near the area where the work is being conducted. Members of the worker's immediate families can be exposed through the dust carried home in the employees' clothing.

The chances an individual has in contacting asbestosis or related diseases is greatly increased by smoking, and that is a factor which must be dealt with in any program designed to curb this problem. Nevertheless, asbestos contamination is in itself a dangerous problem that we must be prepared to deal with on a separate basis.

The Secretary's announcement last week was a positive step toward dealing with this issue. The Surgeon General of the United States plans to alert the medical community to what will hopefully be a growing concern with asbestos contamination. Currently, I am informed that only 50 individuals in this Nation are qualified to read an X-ray for possible asbestos contamination. Obviously, there is a tremendous need to train more individuals in this area.

Several programs now exist to deal with the health threat of asbestos, and more are needed. The Federal Government must play a greater role in future efforts—the tremendous scale of the problem and its nationwide importance demonstrate this. More importantly, we should be prepared to take positive steps toward ending the threat of asbestos exposure to our shipyard workers immediately.

We have contacted the Department of the Navy and asked for a report on the cost-effectiveness of complete asbestos removal during overhaul instead of partial removal, to see if it could be made a regular procedure at our naval shipyards. This is one of a number of recommendations made by the Asbestos Workers Union at the Long Beach Naval Shipyard. Their efforts to meet this problem should be commended, and I feel that the proposals they have made deserve careful consideration.

The proposals follow:

RECOMMENDATIONS FOR DEPARTMENT OF DEFENSE ADOPTION

1. Removal of all asbestos containing materials from ships prior to regular overhaul period.

At the present time, asbestos containing materials are removed in a piece-meal manner as necessary for maintenance and repair of valves, boilers, pumps, etc. While the replacement material in these areas is asbestos free, there still remains the deteriorated and potentially hazardous material in the immediate adjacent areas, thus unnecessarily exposing ships company and civilian personnel to its carcinogenic effects. Implementation of this proposal would result in an increased immediate cost of approximately 35 percent over present methods for insulation removal and repair. However, an estimated savings of 200 million per year (15 years after implementation) would be realized because of elimination of environmental pay, compensation claims, and insurance premiums, not to mention the monetary value placed on human suffering.

2. Immediate and mandatory compliance with existing rules and regulations regarding asbestos control.

Until recommendation No. 1 can be implemented, an enforcement mechanism must be established with authorization and power to assure compliance with applicable laws and regulations. Presently, enforcement of these regulations is the responsibility of "staff" personnel (advisory only).

In order to assure strict compliance with the established guidelines pertaining to asbestos control, the enforcement mechanism or agency must have "line" authority.

3. All asbestos free material be color coded.

Adoption of this recommendation will assure the easy identification of material composition being handled, and eliminate the costly and time consuming methods required at present for non-identifiable material.

Existing material in stock could be easily color coded at the installing agency. Only pre-color coded material would be purchased for future installation.

4. All asbestos removal will be done at time periods with least possible exposure to all allied crafts and ships company.

The establishment of swing shift as the "removal" shift, would allow the monitoring and certification procedures to be accomplished on the graveyard shift, thus eliminating the "downtime" currently experienced at the beginning of the day shift while these procedures are performed.

5. All asbestos removal be accomplished with trained personnel.

Removal of existing asbestos-laden materials will be performed only by those shipyard personnel certified and classified as insulators under naval standards.

In the event of a work overload necessitating "contracting-out" asbestos removal, it shall be mandatory to use licensed insulation contractors with a background in the industry using recognized asbestos workers with a knowledge of existing state and federal laws, strictly adhering to those laws. the implementation of the latter would insure against unnecessary exposure of ships company and unknowledgeable neophytes.

Unless action is taken now, the costs to the taxpayer will prove to be immense. Compensation claims alone for those workers already suffering from asbestos contamination will prove to be a major expense—but one which we will most certainly want to face as a responsibility. Continuing to allow asbestos exposure to affect employees at our naval shipyards is, in my opinion, a dangerous, irresponsible, and fiscally unsound policy. For if we choose to take no action at this point, we will simply have to pay an even higher price in compensation claims—and possibly in lawsuits—in the years ahead.

Further study is necessary to completely eliminate the asbestos problem at our naval shipyards and the private sector as well. But we must be prepared to take the actions available at the present time to meet the health hazards posed by asbestos contamination. The Congress must be prepared to act in an effective, prompt manner if legislation is needed, and the responsible agencies of the Federal Government must be ready to follow the steps being taken by the Secretary of Health, Education, and Welfare and the Surgeon General.

OSHA MAKES CHANGES

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. BONIOR. Mr. Speaker, the following article appeared in the April 1978 issue of National Utility Contractor magazine. It shows the changes that the Occupational Safety and Health Administration has made in the last year and the improved reaction from businesses because of the more commonsense approach. Assistant Secretary of Labor for OSHA, Dr. Eula Bingham, has converted OSHA from an agency which concentrated its efforts on releasing pages and pages of regulations which did not deal with the major health dangers workers were exposed to, to an agency which concentrates on major health and safety dangers in the most dangerous industries. This changeover the last year has finally given workers the protection that they need and has reduced the opposition from the business community as evidenced by this article. Dr. Bingham should be congratulated for her efforts which have fulfilled much of the promise of the OSHA legislation which became law over 7 years ago. I hope that my colleagues will find this article as informative as I did:

[From the National Utility Contractor, April 1978]

OSHA—SEVEN YEARS LATER

(Irby L. McLane, Jr.)

The 29th of December, 1977 marked the end of the Occupational Safety and Health Act's seventh (7th) year of existence.

As contractors, suppliers, and in general, good businessmen, we are all interested in safe and healthy conditions in the work place, if for no other reason than a purely honest and selfish one, that being dollars and cents.

Accidents result in loss of available personnel and equipment, job slow downs, added administrative work loads, headaches and the aggravation that none of us need.

Safety is not new, nor is the Federal Government's involvement. According to government reports, the first major Federal legislation covering safety standards and inspection practices dates back to 1890, when such legislation was passed to cover the coal mining industry. Since that time, laws have been passed to cover other industries and trades, such as railroading and longshoring.

However, it was not until 1968, when President Johnson proposed what he called "the Nation's first comprehensive health and safety program to protect the worker on the job," that Congress seriously considered comprehensive Federal legislation on safety and health.

During the 90th Congress, such legislation was strenuously opposed, and the Administration's bill did not reach the floor of either the House or Senate. During the 91st and 92nd Congresses, both Houses held extensive hearings on such legislation. It was found that it would be highly impractical to write specific safety and health standards into the statute itself to cover all occupations, thereby resulting in the need to establish an agency to whom such authority could be delegated.

After extensive debate and compromise between President Nixon's Administration and Congressional Democrats, as well as the House and the Senate, both Houses approved the conference report in December, 1970. The bill was officially signed into law at a formal ceremony held in the Department of Labor on the 29th of December, 1970. At the signing ceremony the President alluded to the fact that "This Bill represents in its culmination, the American System at it's best."

However, according to the approved and adopted *Tenth Report by the Committee on Government Operations*, (Subject: Failure to Meet Commitments made in the Occupational Safety and Health Act—October, 1977) as forwarded to the Speaker of the House of Representatives the Honorable Thomas P. O'Neill, Jr. and the 95th Congress, it was stated, as many of us have felt for sometime, that OSHA has not been able to fill the bill.

The report, from which the background for this article was taken, states:

"Unfortunately, the implementation of the Occupational Safety and Health Act by the Department of Labor does not represent the American system at its best. The Department of Labor is severely criticized by management and labor alike for its administration of the Act. To the American public OSHA has become the symbol of bureaucratic bungling and the heavy hand of governmental intervention. To many, OSHA is a threat, to most it is a joke."

This comment is used only to show that our Government does monitor and police its agencies, and that the same committee in the same report made recommendations on how the present Administration can correct these past mistakes.

Earlier this year, Dr. Eula Bingham, the Assistant Secretary for OSHA, told the Manpower and Housing Sub-Committee (which has been conducting hearings over the past two years on how the Department of Labor has been administering the Occupational Safety and Health Act) of her plans to reorient the Agency towards serious hazards and toward giving greater attention to occupational health problems. Results as of this date would indicate that she has done exactly that.

She also told a group of representatives, of which our National Safety Committee Chairman (R. G. Griffith) was a member, of her intention to reorient OSHA's line of thinking to a more realistic and common sense approach towards the role that OSHA personnel should take in implementing the Act. Also, that OSHA would undergo some changes and get into the business at hand, that being to assure so far as possible, every working man and woman in the nation a safe and healthful work place, and to preserve our human resources. From all indications, Dr. Bingham and her Agency have taken great strides in this area.

OSHA has taken steps to encourage all States to develop and operate their own job safety and health programs. Any State desiring to assume such responsibility is required to submit such plans and details as to how they plan on providing a program that is at least as effective as the OSHA Act to OSHA for review and approval. If such plans are approved, OSHA pays up to 50% of the program's operational cost.

For your information, the following are operating under OSHA-approved State Plans, as of November 1, 1976:

Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Indiana, Iowa, Kentucky, Maryland, Michigan, and Minnesota.

Nevada, New Mexico, North Carolina, Oregon, South Carolina, Tennessee, Utah (no consultation), Vermont, Virginia, Virgin Islands, Washington, and Wyoming.

There are a number of advantages to this type of program, such as having your inspection performed by personnel who relate more closely to your working conditions, weather, soil conditions, etc. If your state is not involved, you might want to get them involved.

Keep an open mind, and remember that any such policy is a two-way street. OSHA has had a Mad Bull by the tail. They jumped into a program without truly having good direction. Being understaffed, they transferred into OSHA personnel from other agencies and hired new people, of which many in both catagories were ill informed, improperly prepared, and just did not have the tools to do a good job. They have received a tremendous amount of criticism and ridicule of which they without a doubt have deserved.

However, now that they are attempting to take a more down to earth approach, and have come down off their big white charger, maybe we being conscientious and safety oriented businessmen and leaders in our industry, can have an input. It has been found on a local basis that OSHA personnel are interested in what you have to say and desire knowledgeable input. So maybe, just maybe, with a concerted effort made by all concerned, we can develop good working conditions and relations. Let's face it OSHA is here to stay.●

NATIONAL LABOR RELATIONS ACT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. ASHBROOK. Mr. Speaker, H.R. 2222, the bill to mandate that interns and residents are professional employees rather than students, as the National Labor Relations Board has held, will be before the House shortly. Certainly, this branch of Government should have more important business to consider than entertaining time on a bill that would reverse a considered decision by an administrative agency with the granted expertise to make just such judgments. This is particularly true when it is apparent that the Board has the authority to find that interns and residents are primarily employees rather than students should a case be presented in which the facts in evidence preponderate in favor of such a determination.

On April 25 I submitted for consideration the fact that H.R. 2222 is inappropriate since it would impose a collective bargaining relationship on three parties—students, their faculty, and hospital administration, when normally collective bargaining is between two parties only. Further, I pointed out that the Committee on Education and Labor had not seriously considered the appropriate bargaining unit for interns and residents and that the report, House Report 95–980, directs a proliferation of bargaining units in hospitals, a direction directly contrary to the directions in the reports accompanying the 1974 health care amendments to the National Labor Relations Act. Let me continue my dialog in opposition to H.R. 2222 by addressing two additional issues today.

BARGAINING OVER EDUCATIONAL TOPICS

The bill now before this House is a complex piece of legislation, for it attempts to reorganize the basic relationship between residents and faculty physicians in graduate medical education programs. The National Labor Relations Board has found residents to be primarily students; proponents of H.R. 2222

urge us to define them as primarily employees. Thus, both sides recognize that the resident's role includes both educational and employment characteristics. The difficult question to be faced is whether these characteristics are sufficiently separable to permit bargaining, under the National Labor Relations Act, over employment issues without damaging educational elements. Significant witnesses suggest that this separation will be difficult if not impossible to create and maintain. In subcommittee hearings on H.R. 2222, William Abelow of New York, clearly describes how the separation existed for the first couple of resident contracts in the city but broke down across successive contracts. Also, at the hearing, labor attorney Harry Keaton of California, convincingly demonstrated that if interns and residents are employees working for wages, then educational aspects of their role are fringe benefits negotiable under NLRB procedures. It seems likely that the education and employment elements are inseparable under collective bargaining. Therefore, I intend to oppose this bill and urge my colleagues to do likewise.

During full committee markup, I offered an amendment which would have excluded educational issues, as well as the number and/or type of diagnostic and/or treatment procedures, from the collective bargaining process. I did this because I do not believe educational issues should be the subject of bargaining. Additionally, I do not believe the recipients of medical training should be the parties to determine what is the best machine or treatment procedure to enhance patient care, as certain groups of interns and residents have demanded in some cases. I do believe the practicing physician and the teaching physician, who have had the medical experience necessary to make those judgments should do so without the inhibitions of bargaining over those judgments. My amendment was rejected, but I understand the proponents of H.R. 2222 intend to offer an amendment to exclude educational issues from the processes of collective bargaining. I hope they do so, for such an amendment will be beneficial to the processes of medical education, although such an amendment would still not make the bill acceptable, as the following discussion will show.

NLRB INTRUSION INTO EDUCATIONAL ACTIVITIES

H.R. 2222 will force the National Labor Relations Board to become intimately involved in collective bargaining by interns and residents. If, as some prefer, the bill is amended in an attempt to preclude bargaining over educational issues, the Board will be regularly involved in determining whether a given bargaining topic in a given setting is an educational aspect. If, on the other hand, the bill is not amended to remove educational elements from bargaining, the Board will be involved in determining whether a hospital's refusal to bargain over a given issue constitutes an unfair labor practice or a residency program constraint imposed on the hospital by specialty certification and educational accreditation organizations.

Given that the NLRB becomes the final arbiter on graduate medical education regardless of the inclusion or exclusion of educational items as subjects of bargaining, a recent opinion of the U.S. Supreme Court becomes crucial for our consideration. In the case of the Board of Curators, University of Missouri against Horowitz, No. 76–695, March 1, 1978, the Supreme Court stated:

Like the decision of an individual professor as to the proper grade for a student in his course, the determination whether to dismiss a student for academic reasons requires an expert evaluation of cumulative information and is not readily adapted to the procedural tools of judicial or administrative decisionmaking. Under such circumstances, we decline to ignore the historic judgment of educators and thereby formalize the academic dismissal process by requiring a hearing. The educational process is not by nature adversarial; instead it centers around a continuing relationship between faculty and students, 'one in which the teacher must occupy many roles—the educator, adviser, friend, and, at times, parent-substitute! . . . This is especially true as one advances through the varying regimes of the educational system, and the instruction becomes both more individualized and more specialized.

The Court went on to say:

Courts are particularly ill-equipped to evaluate academic performance. The factors . . . warn against any such judicial intrusion into academic decisionmaking.

With this strong court opinion, I urge my colleagues to heed the Court's advice and vote against H.R. 2222.●

ELIMINATING REDUCTIONS IN SOCIAL SECURITY BENEFITS FOR SPOUSES AND SURVIVING SPOUSES

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. HANNAFORD. Mr. Speaker, last December when we passed the Social Security Amendments of 1977 we included a provision that reduced benefits for spouses or surviving spouses receiving Government pensions. This provision reduces the social security dependency benefits payable to spouses by the amount of any public (Federal, State, or local government) retirement available to the spouse.

Under this provision, an individual who has worked for and earned a social security pension will not be entitled to the full benefits of his or her contributions to the system. Let us consider, for example, the case where a husband is covered by social security and his wife is entitled to a public pension. The impact of the recently enacted law would be to reduce social security spouse or surviving spouse benefits by every dollar of other public pension received.

Mr. Speaker, in most cases, the public pensions are greater than the social security spouse or surviving spouse benefits. In 1977 for instance, the average monthly civil service pension annuity was $632 while the average social security survivor benefit annuity was as $233 (the average spouse annuity was $122). In such a case, where a widow receives a public pension of $632, her social security surviving spouse pension would be reduced to zero unless it were greater than $632.

This provision should be repealed because it reduces benefits in an inequitable manner. These reductions do not take individual needs into consideration. In addition, dollar-for-dollar reductions occur regardless of total annuities receivable. In effect, this reduction hurts those individuals who are most in need of the additional benefits and who have been counting on receiving them. Furthermore, this provision represents a penalty for having been employed in the public sector.

Mr. Speaker, I am today introducing legislation to correct this situation and request that my bill be inserted in the RECORD at this point:

H.R. 12489

A bill to eliminate the reduction in social security benefits for spouses and surviving spouses receiving certain Government pensions, as recently added to title II of the Social Security Act by section 334 of the Social Security Amendments of 1977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 334 of the Social Security Amendments of 1977 is amended—

(1) by striking out subsections (a), (b)(3), (c), (d)(3), (e), and (g); and

(2) by striking out "is amended to read" and all that follows in subsections (b)(2) and (d)(2) and inserting in lieu thereof in each instance "is repealed.".

(b) Subsections (a)(1) and (b)(1) of section 336 of such Amendments are each amended by striking out all that follows "Act" where it first appears and inserting in lieu thereof "is amended by striking out all that follows 'subsection (q)' and precedes 'and subparagraph (B)'.".

SEC. 2. Subsection (a) of the first section of this Act shall be effective with respect to benefits payable for months beginning with the month in which the Social Security Amendments of 1977 were enacted, in accordance with section 334(f) thereof (as though the amendments made by such subsection (a) had been incorporated in section 334 of such Amendments upon its enactment); and the amendments made by subsections (a), (b)(2), (b)(3), (c), (d)(2), (d)(3), and (e) of such section 334 as in effect without regard to this Act shall be deemed never to have become effective. The amendments made by subsection (b) of the first section of this Act shall become effective (as though they had been included upon the enactment of such Amendments) as provided in section 336(c)(1) thereof.●

AUDITS AND SURVEYS CELEBRATES ITS 25TH ANNIVERSARY

HON. S. WILLIAM GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. GREEN. Mr. Speaker, this year marks the 25th anniversary of one of the Nation's leading marketing research organizations, Audits & Surveys Inc. While this firm is headquartered in New York, the impact of its work is felt in every region of the country.

Audits & Surveys has been active in both the private and public sectors of our economy. While meeting the increasingly complex needs of many of the nation's largest corporations, the firm also has produced important statistical information for governmental agencies at the Federal, State and local levels of government. Its senior executives have served as members of the U.S. Census Advisory Committee. The firm has been a leader in the field of marketing research, developing more accurate and meaningful profiles of the consumer marketplace. Among its accomplishments has been the introduction of an advanced concept of market analysis which involves the auditing of every type of retail outlet that carries a specific product category. This is a continuous and comprehensive nationwide audit which reports brand-by-brand shares of the total market held by products in each category.

To achieve statistical accuracy in its market share measurements, Audits & Surveys conducts a yearly sample census of the Nation's retail population. This is the largest privately conducted study of its type, providing current information on the number and type of retail and service outlets across the country.

Complementing its audit activities, the company has a survey division which measures consumer attitudes, opinions and behavior. To this area of research Audits & Surveys has applied specific statistical procedures in order to assure greater accuracy of findings and more meaningful interpretations.

The accomplishments of Audits & Surveys and its achievement of 25 years of professional service reflects the attitudes of its two top officials, both of whom have performed distinguished public service.

Founder and president Solomon Dutka received a special citation for his work on the Manhattan project during World War II, and has served as a delegate to the United Nations Subcommission on Statistical Sampling. Mr. Dutka is a member of the U.S. Census Advisory Committee, a fellow of the American Statistical Association and of the American Association for the Advancement of Science. He also is a member of the World Business Council and Chief Executives Forum. He is the author of numerous articles on statistical techniques and their application to marketing as well as coauthor of several books on marketing research.

As a statistician with the Bureau of the Census in the 1930's, executive vice president, Lester R. Frankel, designed the population probability sample that is in use to this day and has served as the model for similar surveys in other nations. Mr. Frankel has served as president of the American Statistical Association, a director of the American Management Association and president of the Market Research Council of New York.

Both are active in academic circles as well, notably as adjunct professors of statistics at New York University's graduate school of business administration.

In their quest for accuracy and reliability, Mr. Dutka, Mr. Frankel and their associates have compiled a record of achievement of which they can be justifiably proud. Last year Audits & Surveys was the focus of a two-part Radio Free Europe broadcast to Russia. The program traced Solomon Dutka's transition from mathematician and nuclear physicist to statistician and businessman, and chronicled the rise of Audits & Surveys from the one-room office he opened in 1953 with one secretary and a single client.

Today the company maintains a headquarters staff of 300 and a nationwide network of more than 5,000 field reporters who collect, tabulate, and analyze data for more than 100 clients.

I am happy to offer my congratulations to all associated with Audits & Surveys on this significant occasion.●

ILLINOIS SUPPORT FOR THE BOUNDARY WATERS WILDERNESS ACT

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. FRASER. Mr. Speaker, the Boundary Waters Canoe Area serves as a wilderness recreation resource for the entire Nation. It is particularly important to the heavily industrialized States of the Midwest whose own wilderness vanished long ago. A glacier-sculpted land covered by pine forests, dotted with hundreds of lakes and streams, and populated by loons, wolves, beavers, eagles, and moose, the BWCA maintains an almost magical hold on the minds of those who visit it.

It is therefore no surprise that Illinois, the most populous Midwestern State, provides approximately 12 percent of all BWCA users, second only to Minnesota. In 1974, for example, over 19,000 Illinois citizens traveled to the BWCA and they spent 149,000 visitor days in the canoe country. Approximately 63 percent of these users explored the area without motorboats and snowmobiles, preferring instead to paddle a canoe, hike, snowshoe, or cross county ski.

That many residents of Illinois want to bring full wilderness protection to the BWCA is reflected in the support their House delegation has provided for the Boundary Waters Wilderness Act, H.R. 2820, which I introduced about a year ago; my colleagues JOHN ANDERSON, HENRY HYDE, EDWARD MADIGAN, RALPH METCALFE, AB MIKVA, MORGAN MURPHY, GEORGE O'BRIEN, and TOM RAILSBACK have all cosponsored the bill.

The support of Illinois residents is further evidenced by the editorial positions taken by two major Illinois newspapers: the Chicago Tribune and the Chicago Daily News. I commend my colleagues' attention to these editorials:

[From the Chicago Daily News, July 25, 1977]

KEEP THE WILDERNESS WILD

The Boundary Waters Canoe Area in northeast Minnesota provides a wilderness haven for nearly 20,000 Illinoisans each year. But the area, with its 1,600 square miles of pristine forests and lakes, could be turned into a motorized thoroughfare under legislation Congress is considering.

Rep. James Oberstar (D-Minn.) wants to enlarge the Boundary Waters Canoe Area and make half of it into a National Recreation Area, where motorboating, snowmobiling and treecutting would be allowed. Wilderness lovers—including most of the animals who make the forest their home—would be crammed into what's left.

Opponents of Oberstar's legislation are rallying around another bill introduced by Rep. Donald Fraser (D-Minn.). He wants to make the area a true wilderness domain, saved from man's motorized encroachments.

The Boundary Waters Canoe Area is the only wilderness preservation area in the nation that allows motor vehicles or treecutting of any kind. Fortunately, very few trees have been felled in the last few years, and motorboats are heavily restricted. Snowmobiles, which roared through the area's snowy stillness until last year, now are virtually forbidden.

These uses of the Boundary Waters Canoe Area originally were allowed because of fears by local residents that their economy would suffer if the area was limited to wilderness recreation. Yet last year nearly 165,000 persons visited the area, spending millions of tourist dollars along the way. Clearly, the public needs and wants wilderness areas where nature's tranquility is uninterrupted by the roar of engines and saws.

We support Rep. Fraser's bill and disagree with the Chicago-based Boating Industry Assn., which contends the legislation would "create an exclusive clubground for canoe paddlers and backpackers at the expense of other citizens." The Boundary Waters Canoe Area is for everyone who is willing to meet the wilderness on its own terms.

[From the Chicago Tribune, Apr. 18, 1977]

THE BOUNDARY WATERS' FUTURE

On the border between northeastern Minnesota and western Ontario is the Boundary Waters Canoe Area, a unit of the National Wilderness System and part of the Superior National Forest. Its million acres are adjacent to the Quetico Provincial Park in Canada. Together, the BWCA and the Quetico compromise a uniquely large and unspoiled area of northern lakes and forests. The wilderness status of the Canadian portion is effectively protected by law. But the American portion is under siege.

When the Wilderness Act was passed in 1964, the BWCA was included, but as a "special case" with loopholes for logging and access to motorboats [since extended to include snowmobiles]. The status of BWCA is ambiguous, and there is a consensus that it needs clarification by new legislation.

But of what kind? Two contrasting answers are sponsored by two Minnesota Democratic congressmen. Rep. Ronald M. Fraser of Minneapolis would firmly designate all million acres of the BWCA as wilderness, with no special loopholes. Rep. James L. Oberstar of Chisholm would lop off 40 per cent of the BWCA as a "national recreation area," available to wide variety of exploitation incompatible with the wilderness concept. Four segments of the BWCA that Rep. Oberstar would detach are on the Canadian border.

The controversy is a classic instance of conservation vs. exploitation, but there are special dimensions in this instance which strengthen the conservationist cause. One is

that although loggers and snowmobiles have innumerable other areas, in Minnesota and beyond it, in which to do their things, those who value a northern lakes and forest wilderness have no comparable area other than BWCA-Quetico in which to satisfy their wishes. Another is that wilderness seekers coming to the BWCA are so numerous that they refute any notion that a BWCA wilderness is locked away from extensive human use.

There are 16 million acres of commercial forest in Minnesota outside the BWCA. The debated stands of virgin forest in the BWCA constitute only one per cent of the potential commercial timber in that one state. The counterparts in other states of those who covet the spruce and pine in the BWCA have reconciled themselves to a pulp mix of more aspen, birch, and balsam and less spruce and pine. The real question is not whether or not timber interests should be considered [they should be] but whether or not they should be allowed to cut almost everywhere in the national forests.

Recent public use figures for the BWCA suggest that those who approach this controversy preoccupied with money have considerable reason to side with the conservationists. Of more than a million visitor-days in the BWCA in 1974, 68 per cent were spent by paddlers of canoes. Outfitting canoe trips is a major industry in Ely. Snowmobilers (most of them local people) accounted for only one per cent of the usage, and motorized boaters for only 28 percent. Here is one area in which canoeists outnumber other people.

About 15 per cent of the visitor-days were spent by residents of Illinois, and many by people still farther away from the BWCA. Quite aside from conserving a unique habitat, a case can be made that in this instance wilderness designation would be both popular and profitable.

Failure to enact the policy of the Fraser bill would subject the BWCA to immediate diminution. It would seriously erode the wilderness character of those parts of the present BWCA that even Rep. Oberstar would protect.

In our increasingly crowded, polluted, noisy, and paved world, legislative changes affecting the Boundary Waters Canoe Area should defend rather than impair its wilderness status.●

FUTURE U.S. TRADE POLICY

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. RICHMOND. Mr. Speaker, my colleague from Minnesota, Mr. NOLAN, has submitted an important statement to the Subcommittee on International Economic Policy and Trade for its hearings on agricultural trade policy. In his testimony, Mr. NOLAN explains why the producers of raw materials, whether U.S. farmers or Zambian copper miners, are facing an increasingly heavy burden of debt. Mr. NOLAN states that U.S. trade policy has forced U.S. farmers and Zambian copper miners to produce and sell their commodities at a loss in volatile international commodities markets. This boom and bust policy, according to Mr. NOLAN, "is a blueprint for world economic depression."

The United States can play a leading role in establishing an international commodities policy which will raise and stabilize the prices of commodities (whether farm products or metals) at levels which are fair to producers and consumers. I commend Mr. NOLAN for his remarks and I urge my colleagues to read his testimony.

The statement follows:

U.S. FARMERS, ZAMBIAN COPPER MINERS AND U.S. TRADE POLICY

(By Representative RICHARD NOLAN)

U.S. TRADE POLICIES HURT FARMERS AND LDC'S

Between 1945 and 1971, the United States performed an instrumental role in holding the Western world's economy together. Since 1971, however, the international economic order has been disintegrating and the ability of the U.S. to guide the future course of events has diminished substantially. For these reasons, the role which the U.S. continues to play as the world's leading grain exporter acquires added significance. The U.S. still has the economic influence to take the lead in developing an international commodities policy which will increase the purchasing power of producers at home and abroad, thus stimulating the economies of industrialized nations and less developed countries (LDCs). Previous policy, it is interesting to note, has had a remarkably similar impact on U.S. farmers and LDCs.

Since 1952, succeeding administrations have maintained a "cheap food" policy which has had harmful economic consequences at home and abroad. Low farm commodity prices were the rule—occasionally interrupted by brief periods of high prices, but followed by a prolonged bust period of declining prices. Consumer food prices continued to rise, however, as the grain trade and food industry made windfall profits at the expense of farmers and consumers. The cheap food policy neither provided farmers with adequate returns nor stabilized farm commodity prices at fair levels. For the most part, farmers were forced to sell at low world price levels, which were below their cost of production.

Although the volume of grain exported increased during the past thirty years, the value of wheat and feed grains decreased by early 1978 to levels not seen since the Depression years. Exports of cheap grain have meant that U.S. farmers were selling at a loss, exporting their equity abroad as they mined their soil to increase its yield. While agricultural exports are viewed as a primary means to balance our trade, exports of cheap grain have aggravated the nation's trade deficit.

The cheap food policy has had a serious economic impact on U.S. agriculture. Farmers continue to produce at a loss in order to pay off existing debts. Recognizing that farm indebtedness have reached grave proportions, on April 24, 1978, the House of Representatives passed the most comprehensive farm debt refinancing measure since the Depression. Despite low farm commodity prices, non-farm and foreign investors are buying up more U.S. farmland, anticipating that the increasing competition for all real estate, including farmland, will continue to inflate land values, thus guaranteeing a safe return on investment.

Over the past thirty years, the non-oil producing LDC's have experienced economic circumstances similar to those confronting U.S. farmers. LDCs usually were forced to sell their raw materials—metals and agricultural commodities—at a loss in volatile international commodities markets dominated by U.S. companies. Today, the LDCs carry a debt load which exceeds $200 billion and which cannot easily be repaid. One out of every four dollars now owed by LDCs must be spent to pay off previous loans.

The current situation in the world copper market illustrates the striking similarity between the position of LDCs and U.S. farmers. Zambia, according to a recent article in the Washington Post, will produce all the copper it can this year even though it loses 9 cents a pound. Zambia has no other major product to sell and therefore subsidizes its copper production in order to acquire the dollars necessary for payment of interest debt to U.S. bankers—debt incurred from running the copper mines at a loss in the first place.

Despite depressed copper prices, the world's major oil producing companies are buying up the copper industry, anticipating a substantial rise in copper prices in the next few years. Multinational corporations and U.S. banks will then have a tighter grip over Zambia's economic welfare. We have no reason to expect this new colonialism to be any more benign than that of previous generations.

A NEW COMMODITIES POLICY

Neither the U.S. economy nor that of the world will prosper as long as U.S. farmers and LDCs are shackled with debt, being forced to spend a great portion of their income on interest payments. The alternative is to raise and stabilize the price of grain and other raw materials (such as copper) so that farmers and LDCs will have the purchasing power necessary to stimulate their respective economies. The North-South dialogue between industrialized and developing nations as well as current discussions to establish international commodities agreements provide the logical vehicle for shaping a new international commodities policy—one that is no longer based on colonial-type exploitation of the world's producers, whether they be U.S. farmers or Zambian copper miners.

Since the U.S. is the world's leading grain exporter, this country is in an advantageous position to lead other grain exporting nations in raising and stabilizing the price of grain in international trade. Raising grain prices would increase the returns to our beleaguered farmers and reduce our trade deficit. If grain prices are raised to 100 percent of parity, according to a recent Department of Agricuture issue briefing paper, the U.S. would lose 30 percent of its grain export market but the value of all commodities exported would increase by $7.5 billion the first year and would continue upward in subsequent years.

But the U.S. would not have to lose such a large portion of its grain export market, even if prices were established at 100 percent of parity. Currently, with its cheap food policy, the U.S. is already the grain supplier of last resort. Other exporting nations will continue to undersell the U.S. whether our prices are high or low. The level of prices is not the major factor in the maintenance of export markets. Rather, U.S. farmers do not have an effective marketing agent to obtain better prices for their production.

The U.S. will not be the residual supplier of grain if Congress enacts the Weaver bill, H.R. 11294, of which I am a cosponsor. The bill designates the Commodity Credit Corporation as the seller or market agent for export sales of U.S. grain. Given the great volume of U.S. grain involved in the export trade, the CCC will be able to bargain for higher export prices. Such a program gives the U.S. flexibility as a price leader so that we will maintain our current export markets and develop new ones through CCC negotiation of reliable long term sales which private grain traders are unable to transact.

Table I illustrates how the U.S., the world's leading wheat exporter, is actually pricing

our grain below the market. Most of the major importing countries support the price of wheat at levels substantially higher than does the U.S. The low priced U.S. wheat which other countries import is not allowed to undermine their domestic price support programs because import taxes are levied to make up the different between the low U.S. selling price and the higher domestic support levels. Since the U.S. dominates the world wheat trade (see Table II), other wheat exporting nations are forced to follow the U.S. cheap food policy. By enacting H.R. 11294, the U.S. will become a price leader in grain export sales and will still maintain export markets for U.S. grain.

CHEAP COMMODITIES—THE ROAD TO ECONOMIC DEPRESSION

In reality, the cheap food policy plays into the hands of those who would use food as a weapon in order to assure U.S. economic dominance over a poverty-stricken and hungry world. By keeping grain prices low and by allowing the international commodities trade to remain so volatile, the U.S. gives LDCs little incentive to stimulate their own grain production. The cheap food policy thus discourages LDCs from attaining the reasonable cereal self-sufficiency necessary for a balanced economy. Incidentally, the same logic which sustains the cheap food policy is used to defend a colonial-minded "cheap copper" policy of purchasing raw materials at the lowest prices possible, even if it means driving producing nations deeper into debt. Under such circumstances, LDCs remain little more than client states whose debt is in constant need of servicing.

Proponents of the cheap food policy also claim that higher grain prices will undermine U.S. export markets because other nations, including LDCs, will begin producing grain themselves. This argument fails to account for the widespread underconsumption prevailing in the world today. If the producers in LDCs receive adequate returns for their production (whether wheat or copper) their expanded purchasing power will increase consumption dramatically.

Agricultural productivity, whether in the U.S. or abroad, cannot be maintained when farmers continue to sell at a loss. In the U.S., LDCs, and other countries which do not stabilize farm commodity prices, the periodic price swings have repeatedly disrupted their agricultural economies. As the world food supply alternates between scarcity and glut, each up and down swing in farm commodity prices has wreaked havoc upon the world's farmers, cutting into their ability to continue producing enough food to meet minimum human requirements. By weakening the world's farm economies, boom and bust farm commodity prices reduce our capability of feeding a hungry world.

The boom and bust policy means that farmers are selling at a loss more often than not. Selling farm commodities at a loss or purchasing copper for less than it costs to produce it, is a blueprint for world economic depression. While free trade advocates fear that the increasing tempo of protectionist demands will lead to a world depression reminiscent of the 1930's, they overlook a crucial point: free trade policies based on cheap food, cheap copper, etc., are at the root of the world's current economic malaise.

Selling at a loss in volatile international commodities markets creates a mounting debt load for farmers and producing nations. As U.S. farmers, Zambian copper miners and other producers become increasingly burdened with debt, multinational corporations and international banks will become entrenched as power brokers of the Western world. Unlike benign parasites, however, the multinationals and international banks do not seem to realize that their policies are killing the host—the people from whom the debt payments are being extracted.

Just as the International Monetary Fund tells LDCs that austerity measures—budget cuts, reduction of public services, wage freezes, higher food and fuel prices—are necessary as a precondition to obtaining more loans, the U.S. government tells farmers to pull in their belts and gives them debt refinancing measures to prevent foreclosures. Neither the World Bank nor the U.S. government will countenance higher commodity prices so that producers will have an opportunity to rid themselves of their mounting debt load.

Between exporting wheat at parity prices of around $5.00 per bushel and the current $2.35 loan rate, there is obviously a great deal of room for negotiation. The Carter administration nevertheless refuses to budge even a nickel, claiming that to do so would price U.S. wheat out of the export market. As previously stated, such an argument is illogical, unless as the foundation for cheap food policy.

Members of the Subcommittee on International Economic Policy and Trade should carefully examine how U.S. trade policies injure U.S. farmers and Zambian copper miners. I also urge the Subcommittee members to be aware that the cheap food-cheap copper policy may lead to an economic and political maelstrom which will make the events of the 1930's seem like mere ripple in the mainstream of civilization.

TABLE I.—*Basic Price Support Levels for Wheat*

34 Countries Reporting to International Wheat Council, 1976/77)

Country	*Support Price U.S. $ per bu.*
Europe:	
Austria	4.74
Belgium	4.51
Denmark	4.30
France	4.04
Germany, (West)	4.96
Ireland	3.66
Italy	4.10
Luxembourg	4.51
Netherlands	4.53
United Kingdom	3.11
Finland	5.82
Greece	4.22
Norway	7.73
Portugal	4.43
Spain	4.64
Sweden	4.74
Switzerland	10.52
North America:	
Canada	2.96
United States	2.29
South America:	
Argentina	2.25
Brazil	5.29
Asia:	
India	3.20
Israel	4.85
Japan	10.91
Korea, (South)	7.72
Pakistan	2.72
Syria	3.72
Turkey	4.46
Africa:	
Egypt	3.21
Morocco	3.83
South Africa	3.73
Tunisia	4.11
Oceania:	
Australia	2.61
New Zealand	2.91

(NOTE: Data from World Wheat Statistics 1977, International Wheat Council, 28 Haymarket, London SW1Y 4SS, England. * Price shown is for year 1975/76, when U.S. price was $2.05 per bu. 1976/77 price not reported for Australia.)

TABLE II.—WORLD EXPORTS OF WHEAT AND FLOUR BY COUNTRY [1]—Continued

[Million metric tons]

	1970	1974	1975	1976 [2]
Total exports	57.5	68.6	72.5	67.2
Originating country:				
United States [3]	19.9	28.0	31.5	25.4
Canada	11.5	11.2	12.1	12.7
Australia	9.5	8.2	7.9	8.6
Argentina	1.6	2.2	3.2	5.6
All others:				
France	3.2	8.1	9.1	6.2
U.S.S.R.	7.2	4.0	.5	1.0
Other	4.6	6.9	8.2	7.7
Total	15.0	19.0	17.8	14.9

[1] Flour in terms of wheat equivalent.
[2] Preliminary.
[3] Includes wheat, flour, bulgur and rolled wheat for relief, and the following products: durum flour and semolina, macaroni and noodles, and bulgur wheat. All in terms of wheat-grain equivalent.
Table II source: 1977 Handbook of Agricultural Charts (USDA). ●

GAO AUDIT OF THE HOUSE BEAUTY SHOP

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mrs. BURKE of California. Mr. Speaker, the adoption of House Resolution 315 on November 1, 1977 transferred the staff of the House Beauty Shop to the House payroll under the Employee's Position Classification Act. This move, which became effective on January 3, 1978, also dissolved the Select Committee on the House Beauty Shop, of which I was chairperson, and placed the shop under the jurisdiction of the Committee on House Administration.

My main objective in sponsoring this resolution was the extension to the last group of House support staff not yet on the payroll the benefits of retirement, health, and life insurance. At the same time, I did not wish for this transfer to result in an additional cost to the Federal Government.

The House Beauty Shop has remained financially sound since its inception. Indeed since 1969, the shop has transferred a total of $38,198 to the U.S. Treasury.

As one of my last responsibilities as chairperson of the Select Committee on the House Beauty Shop, I requested a General Accounting Office audit of the financial transaction of the House Beauty Shop for calendar year 1977. This audit determined that in 1977 the balance at the end of the year was $39,151.12. This represents an increase of $8,152 from the previous year; $8,311.04 of the year end balance will be transferred to the Treasury General Fund. The remainder of the balance ($30,840.08) will be applied to the impairment of capital and the replacement of equipment as authorized by the Legislative Branch Appropriation Act of 1970.

This year, as in the past, the House Beauty Shop has been of no cost to the taxpayers. The complete proposed GAO

report of the audit of the House Beauty Shop which follows will attest to this:

YVONNE BRATHWAITE BURKE,
House of Representatives.

DEAR MRS. BURKE: As required by the Legislative Branch Appropriation Act, 1970 (83 Stat. 347), and in accordance with your December 16, 1977 request as Chairperson of the Select Committee on the House Beauty Shop, we audited the financial transactions of the House Beauty Shop for calendar year 1977.

SCOPE OF AUDIT

We reviewed the House Beauty Shop's accounting records and financial transactions in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. These standards include generally accepted auditing standards. Our examination included such tests of the accounting records and such auditing procedures as we considered necessary in the circumstances.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1, 2, and 3) for the House Beauty Shop from the accounting records furnished us. We adjusted the House Beauty Shop's records, which were maintained on a cash basis, to present its financial position and results of operations on an accrual basis. These statements do not include the costs of certain benefits and services—such as space, utilities, and ordinary building repairs and maintenance—that are furnished to the House Beauty Shop without charge.

In our opinion, the accompanying financial statements (schs. 1, 2, and 3), prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the House Beauty Shop, at December 31, 1977 and 1976, the results of its operations, and the changes in its financial position for the years then ended.

GENERAL COMMENTS

The House Beauty Shop provides a convenient beauty facility for Congresswomen, wives of Congressmen, congressional employees, and the general public. House Resolution 1000, 90th Congress, placed the House Beauty Shop under the direction of the Select Committee on the House Beauty Shop on December 11, 1967. The Select Committee entered into a fixed-fee contract with a manager to operate the shop. As of December 31, 1977, the manager employed nine beauticians, three manicurists, an assistant to the manager, and a receptionist on a full-time basis and seven beauticians, a manicurist, two maids, and an electrologist on a part-time basis.

Effective January 3, 1978, the staff of the House Beauty Shop was transferred to the House payroll under the House Employees Position Classification Act and the Shop was placed under the jurisdiction of the Committee on House Administration, with direct oversight to be exercised by the Subcommittee on Services (House Resolution 315, 95th Congress).

RESULTS OF OPERATIONS

The House Beauty Shop realized net income of $10,027 for 1977 after payment of $9,200 in bonuses compared with net income of $3,696 for 1976 after payment of $7,350 in bonuses. The bonuses were authorized by the Select Committee.

The Legislative Branch Appropriation Act, 1970, requires that the net income, as established by our annual audit, after restoring any impairment of capital and providing for replacement of equipment, be transferred to the general fund of the U.S. Treasury. We computed the net income to be transferred for calendar year 1977 as follows:

Equity of the House of Representatives as of Dec. 31, 1977	$39,151.12
Capital authorized pursuant to H. Res. 1000, 90th Cong	15,000.00
Provision for replacement of equipment (accumulated depreciation as of Dec. 31, 1977)	15,840.08
Total	30,840.08
Net income to be transferred	8,311.04

Since 1969 the House Beauty Shop has transferred $38,198 to the U.S. Treasury.

As required by the Legislative Branch Appropriation Act, 1970, we are sending copies of this report to the Speaker of the House of Representatives and to the Clerk of the House of Representatives. We are also sending a copy to the Chairman, Committee on House Administration.

Sincerely yours,

Comptroller General of the United States.

SCHEDULE 1.—HOUSE BEAUTY SHOP: COMPARATIVE BALANCE SHEET, DEC. 31, 1977, AND 1976

	1977	1976
ASSETS		
Current assets:		
Cash in U.S. Treasury	$29,547	$17,454
Petty cash and change funds	700	700
Accounts receivable	484	188
Prepaid expenses	54	506
Inventory of merchandise and supplies [1]	11,789	11,525
Total current assets	42,574	30,373
Fixed assets:		
Equipment [2]	18,480	18,372
Less: Accumulated depreciation	15,840	14,125
Total fixed assets	2,640	4,247
Total assets	45,214	34,620
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	4,054	3,137
Employees' Federal and State taxes withheld	2,009	484
Total current liabilities	6,063	3,621
Equity of the House of Representatives:		
Balance at beginning of year	30,999	27,894
Less: Amount transferred to U.S. Treasury	1,875	591
Balance	29,124	27,303
Add: Net income for the year	10,027	3,696
Balance at end of year	[3] 39,151	30,99
Total liabilities and equity	45,214	34,620

SCHEDULE 2.—HOUSE BEAUTY SHOP: COMPARATIVE STATEMENT OF OPERATIONS FOR CALENDAR YEARS 1977 AND 1976

	1977	1976
Income:		
Beauty services	$279,389	$261,116
Retail sales	44,958	40,297
Less: Cost of retail sales	27,960	26,076
Subtotal	16,998	14,221
Miscellaneous income	345	310
Total operating income	296,732	275,647
Operating expenses:		
Salaries:		
Beauticians	154,337	148,318
Manicurists	20,726	18,936
Receptionists	19,106	16,491
Maids	9,245	8,632
Total salaries	203,414	192,377
Supplies	23,361	22,364
Managerial fee	24,000	24,000
Payroll tax	15,210	14,715
Laundry	519	829
Office	2,483	2,348
Insurance	2,838	2,394
Depreciation	1,764	1,821
Accounting	2,090	1,800
Medical examinations	575	640
Bad debts	28	112
Repairs	567	657
Telephone	343	308
Training	59	78
Miscellaneous	62	158
Loss on disposal of assets	192	
Total operating expenses	277,505	264,601
Net income from operations	19,227	11,046
Bonus payments:		
Manager	1,000	1,000
Employees	8,200	6,350
Total bonuses	9,200	7,350
Net income for the year	10,027	3,696

SCHEDULE 3.—HOUSE BEAUTY SHOP: COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION, CALENDAR YEARS 1977 AND 1976

	1977	1976
Funds provided:		
Sales	$324,347	$301,413
Miscellaneous income	345	310
Total funds provided	324,692	301,723
Funds applied:		
Operating expenses (excluding depreciation and other items not requiring an outlay of funds)	275,619	262,780
Cost of retail sales	27,960	26,076
Bonus payments	9,200	7,350
Equipment additions	279	202
Amount transferred to U.S. Treasury	1,875	591
Increase in working capital	9,759	4,724
Total funds applied	324,692	301,723

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or decrease (−)	
	1977	1976
Working capital changes:		
Cash	$12,093	$4,978
Accounts receivable	296	6
Prepaid expenses	−452	16
Inventories	264	−3
Accounts payable	−917	−67
Employees' Federal and State taxes withheld	−1,525	−206
Net increase in working capital	9,759	4,724

[1] Inventories are stated at cost, using the first-in, first-out method of valuation.
[2] Equipment is depreciated over a 10-yr life using the straight-line method.
[3] As explained on page 3, $8,311 is to be transferred to the U.S. Treasury.

Note: The accompanying notes on page 7 are an integral part of this statement. Our opinion on this statement appears on page 2. ●

STATEMENT BY CONGRESSMAN ELWOOD H. HILLIS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. HILLIS. Mr. Speaker, a few days ago I received approximately 700 letters from students ranging from the 4th grade through early high school. These letters were the result of a campaign conducted by the Kokomo Board of Realtors.

Students were asked to write a letter to their Congressman or Senator on the topic of "What It Means To Be An American." All of the letters were judged and awards of $25 U.S. Series "E" bonds

were given to the winners of five categories.

The Kokomo Board of Realtors is to be commended for their efforts. The importance of getting our youth involved in the political process cannot be overstated. Recently the percentage of the electorate voting, even in national elections, has been disturbingly low. Hopefully, through projects such as this one sponsored by the Kokomo Board of Realtors, this trend will be reversed.

I urge all organizations to take an active role in helping educate our youth in the political process, both locally and at the national level. If we are able to teach our youth the strengths of our political system, and get them involved at an early age, their participation in the political process can result in a lifetime experience. This Nation cannot afford to do without the ideas our youth will soon offer to solve the difficult social and political issues of the future.

I was fortunate to receive two of the five winning letters. In order that others might share in the benefit of these letters, I ask unanimous consent that they be placed in the RECORD at this point.

Letters follow:

GREENTOWN, IND., *March 28, 1978.*

U.S. Representative ELWOOD H. HILLIS,
Rayburn Office Building,
Washington, D.C.

DEAR REPRESENTATIVE HILLIS: Equality and justice for all have become vital forces in our employment, health, education, and welfare.

It is my opinion that freedom from fear is the greatest assurance Americans have. The guarantee of this freedom prevails in a society where there is respect for law and order.

Sincerely,

KIMBERLY BROOKS.

KOKOMO, IND.

DEAR CONGRESSMAN HILLIS: I would like to tell you what I think is right with America. In America we have the right to vote for those we choose to be in office. We have the right to worship openly and freely. We have freedom of speech. Also it is our choice to seek the type of education that we wish which will prepare us for the type of life that we choose to lead. In America we have the right to be tried by jury.

Sincerely yours,

KIM LANDRUM,
Kokomo Christian School 6th.●

HIGHLAND PARK'S HIGH-INTENSITY TUTORING PROGRAM RECEIVES HIGH PRAISE FROM U.S. OFFICE OF EDUCATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. CONYERS. Mr. Speaker, Highland Park, Mich., a small city of 32,000 persons existing within the city of Detroit, is struggling every day to provide decent services and economic opportunities to its citizens.

Recently, Highland Park's school system received commendation from the Office of Education for its special reading and mathematics programs. Known as the high-intensity tutoring program, it was developed in Highland Park's junior high school grades to enable high-achievement students to tutor lower achievement students. In the process the student-tutors improve their own skills tremendously. Begun in 1970, this federally funded program has become an enormous success. Test scores have demonstrated marked improvement in pupil performance, and everyone agrees this is attributable to the tutorial program.

Highland Park's program should be a model for other cities. Already school officials from other cities have studied the high-intensity tutoring program. If other school systems are interested, I suggest they contact the program director in Highland Park: Mr. Krikor Byndrian, dissemination specialist. Highland Park Schools, 20 Bartlett, Highland Park, Mich. 48203.●

MILITARY POLICY AND BUDGET PRIORITIES: FISCAL YEARS 1979–82

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. MITCHELL of Maryland. Mr. Speaker, I have inserted the Hoopes-Scoville report on the defense budget entitled, "Military Policy and Budget Priorities: Fiscal Years 1979–82." Many of the conclusions of this report will be used to formulate the Mitchell Transfer Amendment during consideration of the first budget resolution. I now conclude this series with several of the articles and editorials which appeared in response to the report.

The articles follow:

[Fom the Kansas City Times, Dec. 22, 1977]

CARTER TOLD "PUT BUTTER OVER GUNS"

(By Jonathan Wolman)

WASHINGTON.—The guns-or-butter argument was resurrected Wednesday by a coalition of unions, city officials and civil rights leaders who fear President Jimmy Carter is reversing his campaign promise to cut the military budget.

The debate over spending priorities—military and domestic—raged during the 1960s as the Johnson administration attempted to fight the war on poverty and the war in Vietnam simultaneously.

It was heard again in Washington Wednesday as leaders of the coalition told James McIntyre, acting director of the Office of Management and Budget, that they are disturbed about reports that the Pentagon will claim 25 percent of the increase in federal spending next year.

The coalition predicted "severe competition for scarce federal funds in the coming years," and expressed doubt that domestic social programs will be adequately funded if the military budget continues to rise.

The group included officials of the United Auto Workers union, the National Urban League, the U.S. Conference of Mayors, the National Education Association, the International Association of Machinists and the American Federation of State, County and Municipal Employees.

"Mr. McIntyre assured us that the reported figures as to growth of the defense budget are not fixed in cement," said Mayor Lee Alexander of Syracuse, N.Y. But coalition members agreed that McIntyre gave no indication that the defense budget would not show a big increase when the president's spending proposal is made public next month.

"We were very pleased when Mr. Carter said during the campaign that he was going to slash the defense budget without impairing the nation's safety," said Ron Brown of the Urban League. "Now we're very concerned—we have not seen evidence that the commitment will be fulfilled."

Published reports indicate Carter will seek an increase of more than $9 billion in the $117 billion defense budget. During the 1976 campaign he pledged to pare $5 billion to $7 billion from the budget.

The coalition presented OMB with an analysis of defense spending prepared by two longtime advocates of a slimmer, less expensive, military force: Townsend Hoopes and Herbert Scoville, former Pentagon officials.

Hoopes and Scoville suggested a wide range of potential savings in the Pentagon budget based on their analysis of current U.S. capabilities, the international situation and a reading of Soviet capabilities and intentions.

"There can be no compromise over the procurement of weapons needed to maintain a secure deterrent and stable nuclear balance," they said. But they added: "We should not pursue the illusory goal of nuclear superiority."

Members of the coalition, most of them early Carter supporters, said the defense budget can be safely reduced, with savings going into domestic programs.

[From the Staten Island Advance, Staten Island, N.Y., Dec. 22, 1977]

CUT IN DEFENSE SPENDING URGED TO AID CITIES, LABOR

(By Kay Mills)

WASHINGTON—Urban and labor leaders lobbied administration budget planners Wednesday against a rumored $9.3-billion military spending increase, citing a study by defense experts saying $10.4 billion actually could be cut instead.

They said the money should be spent on improving the national job and housing pictures.

Leaders of the U.S. Conference of Mayors, American Federation of State, County and Municipal Employees, International Association of Machinists, United Auto Workers, National Education Association and National Urban League met Wednesday with James McIntyre, acting director of the Office of Management and Budget.

Then they called a news conference at which Syracuse, N.Y., Mayor Lee Alexander—president of the U.S. Conference of Mayors—said the combination of increased defense spending, proposed tax and therefore federal revenue cuts, and the continued aim of balancing the budget by 1981 could have "devastating" consequences for the nation's cities.

"We believe that trimming unnecessary defense expenditures will generate an important source of funds for meeting our vital needs at home," the heads of the organizations said in releasing a study on military policy and budget priorities. The report was prepared by former Air Force Under Secretary Townsend Hoopes and Dr. Herbert Scoville, former assistant director of the Arms Control and Disarmament Agency and former deputy director of the Central Intelligence Agency.

Their analysis indicated that through cutbacks in strategic weapons and manpower, the United States could save $10.4 billion in the coming fiscal year and $11.1 billion by fiscal 1982.

Their conclusion was based, they said, on the premise that military expansion as planned is "not warranted at this time either by the general climate of international con-

ditions or by the present and prospective state of U.S.-Soviet or U.S.-China relations."

Current foreign policy frustrations—such as oil price increases, political unrest in the Middle East and continuing white minority rule in southern Africa—are not the result of any U.S. military weakness, Hoopes and Scoville said.

The United States can maintain its strategic forces at an effective but more economical level, they argued, by cancelling certain programs designed to increase warhead accuracy—such as development and deployment of the MX mobile intercontinental ballistic missile, improvements in the Minuteman missile warhead and guidance system, and development of maneuverable ballistic re-entry systems.

Many of these missile development projects increase international tensions and provide less security rather than more, Scoville said.

Hoopes and Scoville also suggested dropping development of the Trident II and cruise missile systems. They envision further savings by reducing manpower and the number of aircraft carriers and fighter squadrons in the Pacific and Asia.

Mayor Alexander said that the urban and labor coalition did not want to reduce the existing military budget nor did it oppose increases to cover inflation. But the administration cannot plan to allot a fourth of its budget increases to defense, as published reports indicate, "without recognizing the danger to urban America," he added.

George Poulin, general vice president of the machinists, said his union endorses the report. But he urged the Carter administration to establish a transition program "so that our members are not left out in the cold when we make this conversion" from armaments work.

[From the Detroit News, Dec. 22, 1977]

COALITION REVIVES "GUNS VS. BUTTER" CRY—CARTER ALLIES FEAR A MILITARY BUDGET BOOST

WASHINGTON.—The guns vs. butter argument was resurrected yesterday by a coalition of unions, city officials and civil rights leaders who fear President Carter is reversing his campaign promise to cut the military budget.

Leaders of the coalition told James McIntyre, acting director of the Office of Management and Budget, that they are disturbed about reports the Pentagon will claim 25 percent of the increase in federal spending next year.

The guns vs. butter debate (military against domestic spending) raged in the 1960's during the time of the Vietnam War buildup in the United States.

The coalition predicted "severe competition for scarce federal funds in the coming years," and expressed doubt that domestic social programs will be adequately funded if the military budget continues its current escalation.

The group included officials of the United Auto Workers union, the National Urban League, the U.S. Conference of Mayors, the National Education Association, the International Association of Machinists and the American Federation of State, County and Municipal Employes.

"Mr. McIntyre assured us that the reported figures as to growth of the defense budget are not fixed in cement," said Mayor Lee Alexander of Syracuse, N.Y. However, coalition members agreed that McIntyre gave no indication the defense budget would not show a big increase when the President's spending proposal is made public next month.

"We were very pleased when Mr. Carter said during the campaign that he was going to slash the defense budget without impairing the nation's safety," said Ron Brown of the Urban League. "Now we're very concerned—we have not seen evidence that the commitment will be fulfilled."

Published reports indicate Mr. Carter will seek an increase of more than $9 billion in the $117 billion defense budget. During the 1976 campaign he pledged to pare $5 billion to $7 billion from the budget.

The coalition presented the budget office with an analysis of defense spending prepared by two longtime advocates of a slimmer, less expensive, military force—former Pentagon officials Townsend Hoopes and Herbert Scoville.

Hoopes and Scoville said "there can be no compromise over the procurement of weapons needed to maintain a secure deterrent and a stable nuclear balance." But they added, "We should not pursue the illusory goal of nuclear superiority."

Members of the coalition, most of them early Carter supporters, said the defense budget can be safely reduced, with savings going into domestic programs. The UAW, for example, considers national health insurance a top priority. The mayors and the public employes union seek improvements in urban and welfare programs. These social efforts would cost billions at a time when Mr. Carter seeks to reduce the federal budget deficit.

"There have to be dollars from somewhere," said Gene Casraiss of the UAW. He contended there is room for savings in the huge defense budget.

Brown, vice-president of the Urban League, added, "You no longer can have both guns and butter. We are firmly on the record in this matter—we choose butter."

[From the Philadelphia Daily News, Dec. 23, 1977]

A PROPER RESPONSE

You could say it is a difference in style, but it goes much deeper than that.

While Mayor Frank Rizzo of Philadelphia was yelping about a state of war having been declared on the city because a couple of lawyers and a federal prosecutor were talking about police brutality, the mayor of Syracuse, N.Y. was making an important statement about the necessity of holding down the defense budget.

Mayor Lee Alexander, president of the U.S. Conference of Mayors (a group to which Rizzo pays dues, but one in which he refuses to participate) was making his pitch because he would like to see more federal money given to the cities rather than than pumped into that bottomless rat hole at the Pentagon.

Alexander and other mayors and labor leaders want the present defense budget held at the current level, not jacked up by some $9.3 billion, which is under consideration.

Whether or not Alexander and the others succeed in holding down the defense budget is not really the issue, although it would be nice if they could.

The point is, they are doing something constructive to help the cities.

Makes you wonder what Rizzo is doing besides shouting about—would you believe—a liberal-leftist conspiracy.

URBANOLOGISTS ARE JITTERY OVER THE CARTER APPPROACH

(By Jack W. Germond and Jules Witcover)

Partly as a result of a casual remark President Carter made at a recent White House meeting, his administration is faced with having to calm some very jittery urbanologists—the fancy label for the folks who have been pressuring him on his long-promised national policy for the sick cities.

During a presentation by the Office of Management and Budget and the Domestic Policy Staff that included prospective urban spending for fiscal 1979, the President balked at deciding on any money figure.

His special task force writing a new urban policy had not completed its work, he noted, and nothing had been done to evaluate the existing $50 billion in urban programs. And at one point he asked whether someone experienced directly with urban problems, such as retiring Mayor Fred Hofheinz of Houston, ought to be brought in.

According to one White House domestic policy aide, nobody reacted positively and the suggestion never got off the ground. But the very fact that the President could think, after months of study by his task force, that a Fred Hofheinz ought to be recruited caused many of the urbanologists to worry that the urban policy planning was in a shambles.

They were further unsettled by reports that the usually placid Carter blew his stack because OMB and the Domestic Policy Staff had "placed the cart before the horse" by putting a dollar figure on urban spending next year before the basic policy had been determined and existing spending examined. Administration aides present now deny it. They say he knew well in advance that this procedure was being followed as unavoidable under time constraints.

And while Carter said he was frustrated, the aide specifically added, the President wasn't being critical and "he didn't raise his voice." But Jimmy Carter has a way of expressing dissatisfaction with his eyes, not his voice, and there are some who suggest that while his lips were saying "yes, yes," there was more than "no, no" in his eyes.

The White House types insist now that earlier reports of this meeting made too much of very little; that while the President demurred from the premature price tag being placed on the fiscal 1979 urban program, he never rejected the plans for a comprehensive new policy. As scheduled, they say, it will be unveiled in March, after the task force headed by Secretary of Housing and Urban Development Patricia Harris and White House domestic chief Stuart Eizenstat completes its work.

But over at HUD, there is distinct unhappiness that OMB was able to go before the President with its fiscal 1979 projections. HUD sources complain they were not consulted, and going to Carter with an old-fashioned "shopping list" of existing urban programs ignored the very purpose of the task force. Some at HUD even suggest that in making a programmatic rather than policy presentation, OMB permitted the wants of "a lot of people (in OMB) who were around in the last administration" to be aired.

Prior to the White House meeting, the urban lobbyists were predicting that Carter would be asking from $2 billion to $4 billion for new urban programs. "But now we're getting some weird signals," one of them says. "Somebody's going to get screwed," this urbanologist says, "and we have a sneaking suspicion it may be us."

The other day, representatives of the U.S. Conference of Mayors, the Urban League, the United Auto Workers, the Machinists and the American Federation of State, County and Municipal Employees met with Acting Budget Director Jim McIntyre to express their concern about the possible negative impact on city needs of continued high defense spending.

The ball on urban policy and spending is back now in the court of the task force, formally known as the Urban and Regional Planning Group. Between them, Harris and Eizenstat have cooked up another memo for the President laying out the broad themes and strategies of the new national policy. Still to be determined by Carter is whether on the basis of this memo, which itself lists virtually no figures, the administration should incorporate a price tag for urban programs in the budget going to Congress on Jan. 23. The budget could always be amended in March, when the urban policy message goes to the Hill.

In the meantime, the urbanologists will be trying to read the tea leaves, reacting—very likely overreacting—to every real or inadvertent signal from the White House. And because the group includes some of his most politically important constituencies—the blacks, reformist labor, the nation's big-city mayors—Carter cannot afford to ignore their "sneaking suspicion" that if "somebody's going to get screwed," it may be them.●

INFLATION IN ONE PAGE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. McDONALD. Mr. Speaker, every day the popular press besieges us with articles on inflation. These articles purport to show how complex a subject it is and present the matter with complicated graphs and the hazy theories of the various economists. However, it is all very simple. Henry Hazlitt, a noted economist, who for some decades has been trying to set us straight, said it all in the May 1978 issue of the Freeman. Inflation is really very simple. It is just the Government printing too much money to cover an unbalanced budget. The article follows:

INFLATION IN ONE PAGE

CAUSE AND CURE OF INFLATION

1. Inflation is an increase in the quantity of money and credit. Its chief consequence is soaring prices. Therefore inflation—if we misuse the term to mean the rising prices themselves—is caused solely by printing more money. For this the government's monetary policies are entirely responsible.

2. The most frequent reason for printing more money is the existence of an unbalanced budget. Unbalanced budgets are caused by extravagant expenditures which the government is unwilling or unable to pay for by raising corresponding tax revenues. The excessive expenditures are mainly the result of government efforts to redistribute wealth and income—in short, to force the productive to support the unproductive. This erodes the working incentives of both the productive and the unproductive.

3. The causes of inflation are not, as so often said, "multiple and complex," but simply the result of printing too much money. There is no such thing as "cost-push" inflation. If, without an increase in the stock of money, wage or other costs are forced up, and producers try to pass these costs along by raising their selling prices, most of them will merely sell fewer goods. The result will be reduced output and loss of jobs. Higher costs can only be passed along in higher selling prices when consumers have more money to pay the higher prices.

4. Price controls cannot stop or slow down inflation. They always do harm. Price controls simply squeeze or wipe out profit margins, disrupt production, and lead to bottlenecks and shortages. All government price and wage control, or even "monitoring," is merely an attempt by the politicians to shift the blame for inflation on to producers and sellers instead of their own monetary policies.

5. Prolonged inflation never "stimulates" the economy. On the contrary, it unbalances, disrupts, and misdirects production and employment. Unemployment is mainly caused by excessive wage rates in some industries, brought about either by extortionate union demands, by minimum wage laws (which keep teenagers and the unskilled out of jobs), or by prolonged and over-generous unemployment insurance.

6. To avoid irreparable damage, the budget must be balanced at the earliest possible moment, and not in some sweet by-and-by. Balance must be brought about by slashing reckless spending, and not by increasing a tax burden that is already undermining incentives and production.●

TUITION TAX CREDITS

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. FISHER. Mr. Speaker, the Ways and Means Committee has approved legislation that would allow parents to claim an annual tax credit of up to $250 per child for college tuition paid.

Although I am quite sensitive to the problem parents face in financing their childrens' college educations, I could not support the use of tax credits as a solution. The tax credit approach represents merely token relief. It is costly to the Treasury and unrelated to actual tuition paid. It does not focus relief on families who need it, but provides a windfall to families who do not. And also, because it is likely to encourage colleges to raise tuition, there is no assurance that the taxpayer would benefit in the long run.

During committee consideration of this bill, I voted for an amendment, which failed by one vote, that would have provided more meaningful financial assistance to families with children in college. It would have permitted a tax deferral, amounting to a low-interest loan. All amounts deferred, plus 3 percent per year interest, would have to be repaid by the beginning of the 10th year, following the child's graduation from college.

Under the tax deferral approach, parents with two children in college, for example, could defer payments of as much as $2,000 in taxes in 1978, as compared to a $200 credit in 1978 under the committee-approved bill. A deferral would provide cash at a time when cash is short and require payment after the cash crunch of educating children has passed. Moreover, since the tax would ultimately be paid, the cost to the Treasury in terms of uncollected tax revenue would be minimal. And this approach would not require singles, marrieds without college-age children, retired persons, and others to pay taxes to make up for the tuition tax credits. I expect that this deferral approach will be offered again during debate in the House of Representatives and I expect to support it.

The bill before the committee originally contained a provision for a tax credit for elementary and secondary school tuition. I voted with the majority to delete that provision. The constitutionality of a credit for elementary and secondary education is questionable under the first amendment to the Constitution. The U.S. Supreme Court has held that an income tax deduction for children attending a nonpublic secondary or elementary school in an amount unrelated to the actual cost of tuition violated the separation of church and state doctrine in the first amendment. In line with that decision, the U.S. Attorney General informed the Secretary of Health, Education, and Welfare in March that the tax credit proposals before the Congress would, in his opinion, be held unconstitutional if they involved aid to elementary and secondary schools.

The cost of providing tax credits for elementary through postsecondary schools as proposed in the bill originally before the committee would be considerable, increasing the budget deficit at a time when it is already too high. According to some estimates, the loss to the Treasury would exceed $1 billion in the early 1980's. Since it was primarily the private schools that lobbied for the credit at the elementary and secondary level, I would expect those schools, simply to raise their tuition by the amount of the credit, thus offsetting any tax relief for the individual paying tuition.

Also, the proposal could lead to the public schools charging tuition in order that they could derive a benefit from this form of Federal revenue sharing. This result has been characterized by some as the undoing of our free public schools that have become an integral part of the American society.●

HOUSE-SENATE CONFERENCE ON ENERGY

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. BROWN of Ohio. Mr. Speaker, the leadership and a few selected members of the House-Senate conference on energy have been meeting for months in secret, contrary to the rules of the House. In reaffirmation of those rules, on April 13, the House voted overwhelmingly, 6 to 371, not to allow closed conference meetings. They continued nonetheless.

Then, on April 21, much fanfare and public noise was made about an alleged agreement by the select, secret group. As a duly appointed member of the conference, I have been waiting anxiously to learn what this mysterious agreement may be. So far, I have waited in vain.

Now I am led to understand that the secret conference is to reconvene this afternoon. I do not know if there is really an agreement or not. But I do know the House rules are being violated again.

Mr. Speaker, I do not want this to become a partisan matter. The protest against this process has been broad-based, encompassing a great many Members of both parties. But I can no longer refrain from pointing out that this travesty is being perpetrated on the Congress and on the American people by the leadership of the Congress and the conference; and that leadership is Democratic.

A great many leading elected officials of the Republican Party gathered informally this past weekend at Easton, Md., to discuss major issues on which our party would like to take a stand. In addition to the five broad philosophical resolutions proposed in advance and ratified with amendments by those attending, there was one additional resolution adopted. I proposed it, because I felt it was important for the American people to know the position of the Republican Party on this issue. Let me share the resolution with you:

The inability of the Carter Administration and the Congress controlled two to one by Democrats to create a national energy program after a year of factional squabbling in secret meetings is clear evidence of the failure of national leadership by the Democrats. It is adversely affecting our domestic and international economic relationships and is a threat to our nation's future. The Republicans urge the Democrat leadership to promptly hold open meetings of all members of the congressional conference on energy to resolve this vital issue in public as the rules of the Congress require.

It passed unanimously.●

THE TRUTH ABOUT THE VA MEDICAL SYSTEM

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. TEAGUE. Mr. Speaker. I continue to receive a large volume of mail from veterans and their families expressing their deep concern about the future of the VA medical system. These concerns are centered on the alarmingly inadequate budget that is to be considered in the first concurrent budget resolution.

In 1945 and 1946 when the current VA medical system was being restructured from a virtual medical slum, the architects of the program, Gen. Omar Bradley, Dr. Paul R. Hawley, Dr. Paul B. Magnuson, and countless others told the House Veterans' Affairs Committee that to provide quality care in medical institutions, such as those operated by the Veterans' Administration, medical education and medical research programs were essential. There were many who doubted the wisdom of this philosophy. The law establishing the post World War II Department of Medicine and Surgery was saved from veto at the 11th hour by the personal intercession of General Bradley with the President. The President had been advised by the then Bureau of the Budget to veto the bill, and I am convinced that that organization including its successor, the Office of Management and Budget, has never altered its dedication to destroy this fine medical system for veterans. In more recent years the Department of Health, Education, and Welfare has joined in this effort.

Until the present period, the veterans medical program has delivered quality care to those veterans seeking treatment for their disabilities, illnesses, and injuries. Quality medical care in the VA medical program was brought about with the establishment of research and medical educational activities going hand in hand with treatment of patients. Today, the VA hospitals are affiliated with 103 of the 121 approved medical schools of this country as well as all of the 58 approved schools of dentistry. An estimated 9,000 of the country's outstanding physicians serve in this medical system as consultants. Twenty-six percent of all physicians undergoing graduate medical education (specialty training) receive it in VA hospitals. Over 50 percent of the total medical students of this country receive some part of their education in VA hospitals. The VA medical research program has become world renown.

Just this past October two of its outstanding research investigators received the Nobel Prize for research in medicine. This research program is credited with ridding this country, as well as other lands, of the dread disease of tuberculosis, developing the cardiac pacemaker, being the major contributor to the chemotherapy treatment to improve patients suffering from mental disorders, the rehabilitation of paraplegics and quadriplegics due to spinal cord injuries, the fitting and training of amputees with VA-developed prosthesis, as well as many others.

Just this morning the president emeritus of a very prominent health science school advised me that the best place for medical education and training for physicians and allied health care students in this country was in the Nation's VA hospitals.

I have heard all the rhetoric about the so-called improved efficiency of the VA hospitals and how they can treat more and more veterans with fewer staff and less money. This is "statistical double talk," and it is not going to happen. One highly placed VA medical official recently indicated that the fiscal year 1979 proposed bed and budget reduction would severely limit the VA system's ability to expand nonacute hospital beds capable of meeting the needs of the aging veteran through 1995. The veteran population, 65 years of age or older, will increase by 124 percent by 1985 and by 264 percent by 1995. This official added that the restoration of the beds proposed to be cut in fiscal year 1979 and the funds and resources related to this bed cut would be of both immediate- and long-range benefit to the VA's ability to meet both its current- and long-range patient requirements.

Mr. Speaker, as I have indicated previously, the Office of Management and Budget has never changed its "stripes" in regard to the destruction of the veterans' medical program. While I realize that the Veterans' Administration has no choice but to support the "statistical double talk" put forth by the Office of Management and Budget, it indeed comes as a surprise when I hear the same thing from the Committee on the Budget. It raises the question, is there someone on the staff trained in the OMB and the Department of Health, Education, and Welfare with the same dedication toward the destruction of this program that I have witnessed for the past 30 years? This causes me great concern. If Members of the House of Representatives do not support the VA medical program with sufficient funds, its demise is near.

Mr. Speaker, this is the "truth about the VA medical system" as I know it. I wanted to share this with all of my colleagues and urge their support of Chairman RAY ROBERTS when he proposes an amendment to the first concurrent budget resolution to adequately fund this outstanding medical program in fiscal year 1979.●

MARVIN McLELLAN—SAGE OF THE SANDHILLS

Hon. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. MONTGOMERY. Mr. Speaker, one of the most beloved men and respected public speakers in Mississippi was the late Marvin Mitchell McLellan. His speaking ability and philosophy of life earned him a following not only in his native State of Mississippi, but throughout the Nation. Prior to his untimely death in 1973, Mr. McLellan known as the "Sage of the Sandhills" was speaking before as many as 150 audiences a year. He also won acclaim as a dedicated and highly responsible employee of the Soil Conservation Service and received the Superior Service Award in 1968. Since Mr. McLellan's death, his son, Joe McClellan, has published many of his father's speeches. While they are too extensive to include at this point in the RECORD, I would like to include the following which sums up the philosophy of life of Marvin Mitchell McLellan:

TEN NEW COMMANDMENTS

(By Marvin McLellan)

The great need today is for us to understand the need of getting along with ourselves and the people about us. In getting along with ourselves and others, there are ten commandments we would be wise to follow. They are as follows:

(1) Keep skid chains on your tongue; always say less than you think. Cultivate a low, persuasive voice. How you say it often counts more than what you say.

(2) Make promises sparingly and keep them faithfully, no matter what it costs you.

(3) Never let an opportunity pass to say a kind and encouraging thing to or about somebody. Praise good work done regardless of who did it.

(4) Be interested in others; interested in their pursuits, their welfare, their homes and families.

(5) Make merry with those who rejoice; with those who weep, mourn. Let everyone you meet, however humble, feel that you regard him as one of importance.

(6) Be cheerful. Hide your pains, worries and disappointments under a smile. Laugh at good stories.

(7) Preserve an open mind on all debatable questions; discuss but not argue.

(8) Let your virtues speak for themselves, and refuse to talk of another's vices.

(9) Be careful of another's feelings. Wit

and humor at the other fellow's expense is rarely worth the effort.

(10) Don't be too anxious about your dues. Do your work and be patient. You will be rewarded.

If we do these things then I'm sure we will be able to get along with others. We'll surely be able to live peaceably with all.●

RICHARD VOLPERT

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. WAXMAN. Mr. Speaker, we offer our praise to many fine citizens by memoralizing their achievements in the CONGRESSIONAL RECORD, but it is not very often that we can record so long and distinguished and varied a lifetime of contributions to his profession and his community as those accomplished by Richard S. Volpert of Los Angeles. Valley Beth Shalom of Encino is honoring Richard Volpert as Man of the Year at a dinner June 3, 1978, and it is a great pleasure to ask the Members to join me in sharing this occasion with Mr. Volpert's countless friends.

Receiving his B.A. at Amherst College, Richard Volpert went on to earn a law degree at Columbia Law School, and received honors as a Stone scholar. He served as editor and chairman of the California State Bar Journal 1972–73 and on the Journal Committee from 1970 to 1975; on the Board of Trustees of the Los Angeles County Bar Association 1968–70 and its Real Property Section chairman 1974–75, and on the Executive Committee since 1968. He was editor and chairman of the Los Angeles Bar Journal 1965–67, and served on the Committee on the Administration of Justice, California State Bar Association from 1973 to 1976. Mr. Volpert was director of the Western Center on Law and Poverty 1971–75, and Director of the Los Angeles Neighborhood Legal Services Society 1969–71. He has been a member of the Board of Councilers at the University of Southern California Law Center since 1976. He has been a trustee of the Los Angeles County Natural History Museum Foundation since 1974, secretary 1976–77, and vice president since 1977; president of the Amherst Club of Southern California 1972–73, vice president 1970–72, and a board member since 1968.

Richard Volpert's community involvements are equally impressive: he has been on the Board of Directors of the University of Judaism since 1973 and is chairman, Center on Contemporary Jewish Life. He has been honored with the University of Judaism Merit Award.

He has served on the Community Relations Committee, Jewish Federation-Council of Los Angeles since 1965; as chairman since 1977; vice chairman 1975–77 and has been chairman of both the Commission on Law and Legislation as well as the Joint Committee on Club Discrimination. Mr. Volpert has been a board member of Valley Beth Shalom in Encino, Calif., since 1964. He was Youth Committee chairman, Adult Education Committee chairman, vice president, Temple Activities; chairman of the board; has been chairman of the Building Committee since 1975. He was chairman of the Council on Jewish Life, Jewish Federation Council 1976–77.

Mr. Volpert served on the Executive Board of the Los Angeles Chapter of the American Jewish Committee, chaired its Civil Rights and Civil Liberties Committee and its Social Club Discrimination Committee. He was a member of the Executive Committee of the Antidefamation League of B'nai B'rith and has been a member of the Pacific Southwest Regional Board in 1964; vice president of the Pacific Southwest Region of the United Synagogues of America. He has been chairman of the Land Use Task Force of the Los Angeles Area Chamber of Commerce since 1973 and was a member of the Executive Committee of the Los Angeles Region Goals Council. His memberships include American Bar Association, Real Property Law and Local Government Law Sections; Los Angeles County Bar Association; University Club of Los Angeles, American Society of Planning Officials; Urban Land Institute, Central City Association; and Fellow, American Bar Foundation.

One wonders how a single individual could have managed to hold so many active community posts, but Richard Volpert has, in addition, found the time to write and lecture on various aspects of California land use and real estate law.

Richard and his wife, Marcia, have four children: Barry, Sandy, Linda, and Nancy. I know that his family will join all of us in honoring this man who has contributed so greatly to his profession and to his community.●

SILVER ANNIVERSARY FOR VILLA JULIE

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

Ms. MIKULSKI. Mr. Speaker, I would like to take this opportunity to add my support to the salute of Villa Julie College, which is celebrating its 25th anniversary this year. Villa Julie has contributed greatly to Baltimore since it was established in 1953 and deserves our praise.

I would like to bring to my colleagues' attention the article from the March 22 Evening Sun and an editorial broadcast by WJZ–TV to commemorate Villa Julie's anniversary:

[From the Evening Sun, Baltimore, Mar. 22, 1978]

VILLA JULIE, 25

The most endangered of endangered species in higher education is the private two-year college. The public community colleges have dotted the map, opening their doors to nearly everyone at low cost. Stunned by the competition, the private junior colleges—all but the most adaptable—have fallen by the wayside.

But not Villa Julie, celebrating its 25th birthday this academic year. Villa Julie's name and its pastoral setting on 60 acres in Green Spring Valley belie its heavy career orientation with a liberal arts underpinning. The school has changed with the times cunningly, tossing off its religious habits, going coeducational, spotting career trends ahead of competitors—and growing by 200 percent over the past eight years. This Saturday's conference on women in research is part of the year-long celebration. "The best is yet to be."

SILVER ANNIVERSARY FOR VILLA JULIE

(By Stephen H. Kimatian)

In the past quarter century this country has suffered the loss of hundreds of private colleges. Usually they have been victims of inflation and competition with expanding public institutions. That's why we celebrate a college in the Baltimore area that has defied the odds and is observing its 25th anniversary.

It's Villa Julie College out in the meadowlands of the Green Spring Valley, the only private two-year institution in Maryland. The college was founded in 1953 by the sisters of Notre Dame de Namur. In 1967 it severed its formal connections with the order and is now independent of any religious affiliation.

Villa Julie flourishes for many reasons. One of them is its president, Sister Mary Stephen Manuszak who, incidentally, is the first nun in the history of Maryland to be licensed to practice law. Another reason for the college's success is its emphasis on career programs such as medical secretarial and paralegal courses, with a strong foundation in the humanities. It has an amazing record for placing its graduates.

Villa Julie isn't rich—like most private colleges it must constantly seek donations and grants. But it has reached its silver anniversary as a unique institution, making a major contribution to education in Maryland.

A THANK YOU TO SENATOR GOLDWATER

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. SYMMS. Mr. Speaker, I wish to thank and commend the senior Senator from Arizona for his remarks yesterday on the resignation of Gen. John K. Singlaub. Senator GOLDWATER expressed his concerns on a situation which is growing more serious every day. General Singlaub was correct in his denunciation of President Carter's proposed troop withdrawals from South Korea and more recently for the President's decision to defer production of the neutron warhead. Singlaub's statements about the President's foreign and defense policies were the result of his deep concern for our country's national security and were based on years of experience as a dedicated career military officer. General Singlaub could have remained in his present position if he had not spoken out and challenged some of President Carter's unfortunate policy decisions. But because Singlaub is dedicated to preserving peace and his country's national security, he voiced his concerns and forfeited his office. Senator GOLDWATER expressed my sentiments exactly when he said:

In his [Singlaub's] differences with President Carter, I say the wrong man resigned.

NATIONAL ARCHITECTURAL BARRIER AWARENESS WEEK, 1978

HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. NOLAN. Mr. Speaker, on April 24 the President signed House Joint Resolution 578 into law (Public Law 95-267). As an outgrowth of that act, he issued a proclamation designating the third week of May in 1978 as National Architectural Barrier Awareness Week. I would like to share the text of that proclamation with my colleagues:

NATIONAL ARCHITECTURAL BARRIER AWARENESS WEEK, 1978

(By the President of the United States of America)

A PROCLAMATION

Physical access is often the key to whether people can enjoy their rights and freedoms, and exercise their responsibilities. Every day, however, millions of elderly and handicapped Americans are denied access to places of employment, houses of worship, shops, schools, public services, recreational areas and many other facilities that other Americans take for granted.

If all Americans are to have true access, we must remove the architectural barriers in our society that block some of our people from full participation and self-reliance. We must also remove the barriers of attitude and custom that have prevented many people from doing what they can.

The Congress expressed its commitment to the removal of physical barriers from Federal buildings by enacting the Architectural and Transportation Barriers Act in 1968. The Architectural and Transportation Barriers Compliance Board, created to enforce that act, will soon launch a national media campaign about barriers using the slogan, "Access America."

This Administration has taken steps to improve the access of handicapped citizens by issuing regulations under Section 504 of the Rehabilitation Act which require recipients of federal financial assistance to improve the accessibility of their programs to the disabled. We have also proposed a loan fund to assist institutions to pay for physical alterations when needed.

Many of the barriers that block people from opportunity and fulfillment are not subject to Federal regulation. Their elimination will require awareness and concern on the part of business and industry, state and local governments and organizations of all sorts, as well as individuals, in order that our society may provide access for full participation to all our people.

To encourage public awareness of the problems of such barriers, the Ninety-fifth Congress has adopted a joint resolution (H.J. Res. 578) requesting the President to issue a proclamation designating the third week in May of 1978 and of 1979 as National Architectural Barrier Awareness Week and calling for its appropriate observance.

Now, therefore, I, Jimmy Carter, President of the United States of America, do hereby designate the third week of May, 1978 as National Architectural Barrier Awareness Week and ask all Americans to do all that lies within their power to remove these unnecessary barriers and to eliminate any lingering social and psychological stigma surrounding disabilities. Together we can make access a reality for all Americans.

In witness whereof, I have hereunto set my hand this twenty-fifth day of April, in the year of our Lord nineteen hundred seventy-eight, and of the Independence of the United States of America the two hundred and second.

JIMMY CARTER.●

RAIN ON SUN DAY—PART I

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. McDONALD. Mr. Speaker, along with the majority of my colleagues, I supported the bill to designate May 3, 1978 as Sun Day. This bill was presented as a means of promoting consideration of solar energy as a supplement to large-scale power production.

However, it is now clear that the Sun Day staff and activists are the same group of technophobes and hypocritical advocates of a lowered standard of living which has plagued us since Earth Day. In fact, Sun Day is being run by the same individual who ran Earth Day—as a project financed by big money and acted upon by leftists.

The nature of this superficially odd alliance is examined in the May issue of American Opinion magazine by Dr. Susan Huck.

The article follows:

SUN DAY—PART I

It was odd to see the year 1910 praised in the pages of *Foreign Affairs*, quarterly journal of the elitist Council on Foreign Relations. In 1910 the United States did not even have a C.F.R., much less did we groan under its yoke. Those who would become its founders and members were still plotting to put over on us a Federal Reserve System and a graduated income tax—two vital measures for grabbing us by the throat which were approved by Congress in 1913. Something like the phony clamor for the Equal Rights Amendment, you remember, was required to complete legalization of the Income Tax Amendment in 1916. It was going to "soak the rich," who were its only sponsors.

So it was a surprise to see 1910 praised in *Foreign Affairs* of October 1976 by British "Friend of the Earth" Amory Lovins. "What would life be like at the per capita levels of primary energy that we had in 1910 . . . ?" he asked. "Could it not be at least as agreeable as life today?"

When C.F.R. types offer you an agreeable life, you can be reasonably certain they're up to something. For instance, in between the little dots above was the statement that our per-capita level of primary energy in 1910 was "about the present British level." Mere common sense rings alarm bells. In 1910, rural electrification was unheard of in the United States, very few people indeed were driving horseless carriages, and hardly anybody was flying around in airplanes. While British domestic arrangements are notoriously backward (the British view toward winter having been that if you continue to ignore it, eventually it will go away), my perception of Great Britain, even in these parlous times, is not that of America in 1910. And my facts at hand say, for example, that "the present British level" of electricity consumption is about 5,000 k.w.h. per capita annually, whereas ours was about 200 k.w.h. per capita in 1910. I don't know what other "primary energy" the C.F.R.'s boy Lovins had in mind, but it would certainly take one *awful* lot of horses and firewood to make up the difference.

So what is the Lovins game in conjuring up images of the lusty, confident, free, united, and relatively innocent and uncorrupt America before it came under the yoke of the Council on Foreign Relations? It is part of a very large game—nothing less than the creation of a New Feudalism for the Twenty-First Century! These people do think big! They think the world and its inhabitants are their property, responsibility, and playthings—an attitude which develops naturally among a ruling class which apparently does not believe in God and perceives in that case a big power vacuum to be filled by themselves.

It is for this reason that one encounters the employee polemicists of the ruling class at such places as the Worldwatch Institute in Washington, like the C.F.R. another Rockefeller front, who blandly say that they expect to have human reproduction under control and the world's population stabilized at eight billion by about 2025 A.D. By no chance whatsoever, that is the year mentioned by other minions, such as Mr. Lovins, for having us reduced to the pre-capita primary energy consumption level of 1910.

You will recall the propaganda assault on the automobile, which began maybe ten or so years ago. Cars were suddenly discovered to be trashy, unsafe, expensive, and vaguely sinful. Then came Nader and the federal government, and now you have a car which is half the size and twice the price, which can hardly climb the ramp out of the parking garage, and which nags you if you don't do as Big Brother wants.

It would have been impolite to have announced, "Attention, masses! It has been determined that you have no need for means of personal mobility. Turn in your cars at once." No, this gang is willing to give it a generation of the slow squeeze, the steady propaganda—more taxes and more sermons, more cartel prices and more regulations. What Lovins deplores as "means of personal mobility" will gradually be withdrawn from the public, and the public will think it is natural, inevitable, and even desirable. And that will be an amazing feat of manipulation—if it works.

Which brings us to Sun Day. When it was discovered that Sun Day (Wednesday, May third) was under the same Rockefeller management as Earth Day (April 22, 1970), it seemed worth checking. Both clamor-generating "movements" were under the direction of Denis Hayes, an employee of the Rockefellers' Worldwatch Institute, and the Earth Day hullabaloo was marvelously productive of new regulations and bureaucracies—giving us a not-so-little thing called the Environmental Protection Agency.

Sun Day has a downtown Washington office with sixteen paid employees and apparently unlimited funds for printing and distributing its propaganda. While poor-mouthing about its current finances, Sun Day official Richard Munson said they had only "small" donations—five thousand here, five thousand there, you know, from Leftist-led unions and the big "capitalist" foundations, including those of the Rockefellers. He said they had not yet received their government money, but he was serenely confident that they would, and he expected that "an international WATS line" would be provided to them by the United Nations.

Sun Day headquarters, nonetheless, seemed a rather third-rate clamor-generating operation. Perhaps some of the glamor has gone out of such "movements" since 1970. I left with the impression that even the staff thinks maybe 1979 will be better than 1978. While this "spontaneous movement" was initiated last September, the four-figure contributions did not begin to arrive until January, at which point the paper and the publicity began to flow, and regional coordinators could begin organizing around the country. If you go for solar heating they will gladly cover

your roof with glass, fill your basement with rocks and water, and the space between with pipes and ducts, pumps and blowers. For what proponents advertise as a mere eight thousand dollars or so, you could obtain perhaps half to two-thirds of your winter heat from the sun. Of course, *if* you propose to remain warm even on cloudy, rainy, snowy, or icy days, you will still need a furnace, and nobody ever mentions the cost of the electricity required to run all those pumps and blowers. Eventually, further clamor will be generated, demanding that the furnaces be replaced by wood stoves and fireplaces, as the *demarché* to 1910 continues. You could also wear heavy socks, sweaters, and scarves indoors and allow yourselves to be royally entertained by chilblains, rheumatism, and arthritis.

And the campaign has begun. In a recent press release from Worldwatch Institute and Denis Hayes we learn: "Solar coalitions around the country are planning alternative energy fairs, tours of solar energy facilities, sunrise ceremonies and concerts, lecture series, marches and parades and at least one flotilla of hot-air balloons. By mobilizing a wide band of environmentalists, farmers, organized labor, urban poor, consumers, and other interest groups, Solar Action hopes to educate a national constituency that will bring to demand for solar energy the priority it merits." Hayes rejects all other suggested replacements for petroleum-based fuels, insisting that solar energy is the only answer to our nation's vast energy needs.

You do get the point of why the Rockefellers would fund a con game like this. The object is not only power but profit from all of those lovely oil wells pumping black gold at cartel prices. But, the chief objective is power. As the *Patterson Strategy Letter* for February 1977 reported:

". . . Meanwhile, the Rockefeller brothers Fund blueprint for a low-energy economy has been released in a day-long symposium on Capitol Hill. . . . The report was called 'The Unfinished Agenda.' Written by a Rockefeller group, called the Worldwatch Institute, this report could be called a *blueprint for the total destruction of U.S. industry*, through a combination of energy cutbacks, coupled with a five-fold increase in energy prices! . . . It calls for a 'conserver society,' where electricity generation is not thermodynamically justified. Fission energy should be phased out and fusion energy research eliminated. To replace them—(wait for it)—*the sun, the wind, organic materials and geothermal heat* . . . The report calls for the conversion of wood into liquid methanol, and the recycling of sludge (human excrement) into fertilizer. The development of these energy sources is to be paid for by the taxation of existing fossil fuel consumption. . . . The taxes would (in several steps) drive the cost of a barrel of oil to $100—and of natural gas to $16 per 1,000 cu. ft. This is to occur in a number of tax steps, the first being a $20 per barrel oil tax and a tax of $3.50 per 1,000 cu. ft. for natural gas."

Don't miss the point of why America must be driven to its knees. How else can a New World Order be worked out with the Communists on a basis of equality? People like Denis Hayes are hired revolutionaries but they are also ideologues. Denis was twenty-six when he was employed to coordinate Earth Day, back in 1970. As a veteran now of thirty-four, he is employed by the same gang to bring us Sun Day. The choice of dates is always interesting. April 22, 1970, was a "religious" holiday in the Communist-run countries, the centenary of the birth of Lenin. Arranging to have massive demonstrations by American youth on that particular day struck some of us as suspicious. It was such an awful pun—Earth Day, B-earthday, you know. Well, this time Sun Week exactly spans May Day and the birthday of Karl Marx, so that once again Americans will be demonstrating during the Communist holidays.

One look at the Sun Day letterhead and none of this is surprising. Although containing its quota of loons, the group Hayes has gathered consists mostly of hard-eyed *apparatchiks*. "Pink diaper baby" Jeremy Stone, son of the hoary radical propagandist I. F. Stone; Heather Booth, wife of Paul Booth, both of them founders of the violent Students for a Democratic Society; Hazel Henderson, coordinator for New Leftists who have wormed their way into state and local public offices; Byron Kennard of the Harrington out-of-the-closet Socialists; plus, the usual array of Naderites and militant ecofreaks with dried breakfast on their beards.

And that's not all. One remembers that Walter ("Yours for a Soviet America") Reuther pushed Earth Day; his successor as United Auto Workers boss is Douglas Fraser, who is gung-ho for Sun Day—even though the merest tyro could not miss the point that the goal includes getting "the masses" permanently out of their U.A.W.-produced automobiles. Fraser is one of the most ardently radical of American union officials—and he is joined on the Sun Day letterhead by the new head of the International Association of Machinists, William Winpisinger of the Democratic Socialist Organizing Committee, a pro-Eurocommunism front.

"Blacks" are represented by Robert S. Browne of the Black Economic Research Center, who two years ago spent our Bicentennial period in the streets with the Castroites, and the Reverend Doctor Lucius Walker, one of the black preachers Nelson Rockefeller patronized while governor of New York. The Reverend Doctor is, as a result, an official of the National Council of Churches.

Easing ever Establishmentward, we find Mayor Bradley of Los Angeles and officials of the Jerry Brown Administration, a few Congressmen and the late Senator Hubert Humphrey, officials of companies engaged in making solar-energy equipment, and to cap the climax, a representative of the Club of Rome, which is up there with the Bilderbergers and the Trilats in world ruling-class circles. The Clubbers of Rome are the neo-Malthusians who sagely confirmed with their computers that the world will end shortly. At the same time, they confirmed that fine old saw of the computer business, "garbage in, garbage out."

This time, as last time, these lugubrious doomsayers are making propaganda to reduce our standard of living and weaken America, and Sun Day is just part of the program. Oh, it's also good practice. The care and feeding of phony mass movements is quite an art. Eventually, perhaps, it will become a function of the state religion. The traditional churches can be taught to participate, as a Sun Day document explains. Ministers are urged to give sermons on solar energy and "pray for sunny skies on Sun Day." Church choirs ought to "write and sing new gospel spirituals about the sun." Sunday-school children can do "solar artwork," and adult church members, if they do not wish to observe Sun Day by debating "national energy policy" or by carping over the church heating bill, could do so by installing "solar collectors or windmills for the church."

Most important, however, the Sun Day propaganda says the church should "act as a tax-deductible funding conduit" and "provide space and telephone for the local Sun Day coalition."

Tax-exempt foundations are financing a blizzard of paper from Sun Day headquarters, so that spokesmen can say "We expect that communities all across the country will create their own ingenious events to celebrate the sun." Nevertheless, my guess is that despite all the ruling-class instructions to teachers, students, union leaders, public officials and preachers, Sun Day will not even begin to compare with Earth Day. Not this year, at least—maybe next year. Whatever manifestations of allegedly spontaneous mass support may occur—and that means however pitiful they may be—the show can still be foamed up into a great happening by the press, and carried forth to Congress as a basis for considering new legislation. That is a very old game.

The trouble is that people do occasionally wise up—which is why these con men always reach for young people, who haven't wised up yet. But it is not as easy in 1978 as it was in 1970 to convince even the most ignorant pro-to-hippy that the oceans will die in 1979 as was predicted in 1969 by Barry Commoner. Having sampled this idea of freezing in the dark in order to prevent pollution, and having priced the new cars and read about the air-bag menace, having sampled the arrogance of the Oshacrats, the inverted priorities of the Environmental Protection Agency, and the idiot-level publications of the Consumer Product Safety Commission, Americans are thinking they could do with a lot less "protection" from Big Brother. As for clamoring to have our standard of living reduced, which is the object of Sun Day's organizers, now there's a notion which may also have seen better days. Part of the clamor is supposed to be for a more "labor-intensive" economy. This theme was sounded several years ago when Laurance Rockefeller wrote in Reader's Digest about the joys of chopping wood for the stove. From time to time, the Great Conservationist may actually have his chauffeur drive him to a point from which he can watch the servants chop wood. Some of us still recall the time when his brother Nelson, as Vice President, flew by personal jet to Chicago to give an address on energy conservation, and then jetted back to Washington. They're putting us on, and Americans are getting wise.●

WHY DEREGULATION OF STRIPPER WELL AND DEVONIAN FORMATION NATURAL GAS BY THE ENERGY CONFERENCE COMMITTEE WOULD HELP ASSURE SUPPLIES FOR THE ENERGY STARVED NORTHEAST AND MIDWEST

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. KEMP. Mr. Speaker, for several years I have been bringing to the attention of the House the potential of natural gas from the Devonian shales which underlie most of the Appalachian States. I have also pointed out on several occasions that production of natural gas from these States from other geologic formations has maintained a nearly constant level of between 400 and 450 billion cubic feet per year since 1920, over 55 years.

On April 10 the American Gas Association released its annual report detailing the results of drilling for natural gas in the United States in 1977. The data are again discouraging.

Continuing a trend begun in 1972, more natural gas was produced in the

United States than was found through new drilling or through reevaluation of reserves of past discoveries. Even though more wells were drilled in 1977 than in any year since 1959, only 11.9 trillion cubic feet of natural gas was added to proved reserves. We produced, however, 19.5 trillion cubic feet. If we maintain our current production rate, total reserves, and these include gas on the North Slope of Alaska, of conventional gas supplies of 209 trillion cubic feet will last for only about 10 years.

In contrast to this national trend, however, has been the revival of drilling, and drilling success for finding natural gas in the Appalachian region, as shown in the following tabulation of new reserves discovered and production during the last 2 years.

New reserves and production of natural gas in the Appalachian region—1976 and 1977

[Billion cubic feet]

State	New reserves		Production		R/P ratio	
	1976	1977	1976	1977	1976	1977
Pennsylvania	142.9	281.7	90.0	92.3	1.58	3.04
West Virginia	172.2	187.7	150.6	147.3	1.15	1.27
Ohio	146.7	167.0	89.6	99.6	1.63	1.67
Kentucky	21.9	20.0	58.5	56.7	0.37	0.35
Virginia	15.9	20.9	6.9	8.2	2.30	2.55
New York	40.0	14.0	9.2	10.0	4.36	1.40
Total	539.6	691.2	405.0	414.1	1.33	1.67

To summarize the data, the search for natural gas in the Appalachian region has resulted in more gas being found than is being produced, assuring a greater local supply to consumers in the future. In 1976 the R/P ratio, the ration of new reserves to current production was 1.33. Meaning that all gas produced was replaced through drilling and one-third more gas was added to inventory or reserves. Last year the results were even better, two-thirds more gas was added to reserves after replacing current output. Most noteworthy, three times as much gas was found than produced in Pennsylvania in 1977.

Such success has not gone unnoticed in the natural gas industry. Almost twice as many drilling rigs are now active in the Appalachian region than were drilling only 1 year ago, as the following statistics illustrate:

Active drilling rigs in the Appalachian region

	Mar. 20, 1978	*Mar. 3, 1977*
Pennsylvania	26	11
West Virginia	22	9
Ohio	42	27
Kentucky	3	1
Virgina	0	1
New York	5	3
Total	98	52

Source: Hughes Tool Company.

To maintain and expand this drilling effort for natural gas it is essential that pending legislation before the Congress on natural gas be enacted into law. It is my understanding that the conference committee has included provisions in both the House and Senate versions of the natural gas bill which give incentives to both stripper natural gas wells and for wells which produce from Devonian shale and other unconventional gas sources. In my view, and I believe in the view of many of my colleagues from the Appalachian States, these provisions are beneficial to both producers and consumers of natural gas in the region.

I urge the conferees to complete their work and allow the Nation to begin immediately to reverse the trend in natural gas supplies from conventional sources and provide an inducement to develop the vast potential of additional supply from Devonian shales, gas from coal seams, geopressurized brines, and tight sandstone formation which are not now economic.●

SUN DAY: ANOTHER CHANCE TO SHINE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. RANGEL. Mr. Speaker, I would like to bring to the attention of my colleagues and the Nation that tomorrow May 3 is Sun Day. One of the country's most pressing issues is the question of where we will get our energy in the future. In the past century, our society has become wholly dependent on oil, gas, and coal. Dependence on these forms of energy has placed us in a vulnerable position because we have exhausted most of these nonrenewable resources. The dangers that we face are obvious. Our major cities would be paralyzed, our rural population would become isolated. The country would be hopelessly crippled.

As we become more and more aware of the finite amounts of energy available from the Earth, it becomes necessary to immediately turn our attention to an endless supply of energy; the sun. Sun Day's purpose is to make people aware of the critical importance of solar energy to the future of the world.

I am sure that you all remember the tremendous success that Earth Day enjoyed in 1970, and how it subsequently made Americans more aware of our environment. That was made possible by the enthusiasm shown by those taking part. That same enthusiasm will make Sun Day as successful as Earth Day, and will mark a major step by our country toward energy independence. I hope that my colleagues will join me in thanking the organizers, and pledging support to Sun Day.●

BACK TO THE DRAWING BOARD

HON. DAN MARRIOTT

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. MARRIOTT. Mr. Speaker, although horror stories about the regulatory agencies and their abuses abound, seldom are we presented with a case in which these abuses result in death. Unfortunately, tragedy was the result of one uninformed regulation promulgated and enforced by the National Highway Traffic and Safety Administration.

The faulty performance of anti-lock devices required by an NHTSA regulation has been responsible for many accidents involving semi-trailers and buses. To date at least 16 deaths can be directly attributed to the regulation requiring the use of this device.

As you may recall, last year, I sponsored a resolution to suspend the enforcement of the NHTSA requirement of the faulty anti-lock breaking device. The administrator, Joan Claybrook, chose to ignore the issue.

Luckily the U.S. circuit court has ruled on a case brought by PACCAR Inc., the Truck Equipment and Body Distributors Association and the American Trucking Associations. The decision stated the critical issue:

> The agency has a heavy responsibility . . . to ascertain, with all reasonable probability, that its regulations do not produce a more dangerous highway environment than that which existed prior to governmental regulation.

I commend the editorial by Robert Bleiberg from the April 24 Barron's magazine to my colleagues:

BACK TO THE DRAWING BOARD—THE FEDERAL SAFETY JUGGERNAUT HAS COME TO GRIEF

Picture the scene. Loveland Pass west of Denver, downhill and dirty all the way. Into camera range come Curly and Jud, one behind the wheel of their custom-built Kenworth, best big rig in the business; the other flaked out in back. High-balling along at 65 miles per hour, 10 m.p.h. over the legal speed limit, Curly (the clean-cut hippie type) suddenly sees a mother cat, followed by her kittens, stroll casually onto the highway. A confirmed cat-lover (clearly established earlier in some cute by-play with a waitress at the truck stop), he jams on the sophisticated new "strong brakes" with which his vehicle by law must be equipped. The computerized anti-lock system malfunctions, the rig jackknifes and winds up in a ditch. A shaken Curly climbs down from the cab; he's speechless. Jud (tough guy on the surface, but with a heart of gold) isn't. "We're going straight to the National Highway Traffic Safety Administration (NHTSA) in Washington, D.C.," he cries, "and register a complaint." "Then what?" Curly asks weakly. "Then we're going to that famous store front at 1200 15th Street, N.W.," Jud says grimly,

"and punch Ralph Nader right in the mouth."

Though offered free of charge to the producers of "Movin' On," a television series a few seasons back about a hardy pair of independent long-haulers, the scenario cited above never made it to the nation's video screens. Too bad. For whether real life follows art or vice versa, a thorough airing over a nationwide hookup of the unrealistic and dangerous standards for truck and bus brakes imposed by NHTSA, the federal agency created under legislation passed shortly after—and largely in response to—publication of Ralph Nader's *Unsafe At Any Speed*, might have spared the country untold money and grief; it might even have saved lives. In the event, however, only *Barron's* (in particular, our Washington editor, Shirley Scheibla) tried—in the face of a callous and unyielding bureaucracy—time and again to blow the whistle.

Last week the U.S. Court of Appeals for the Ninth Circuit handed down a decision in the case of PAC–CAR Inc. (which builds the Kenworth), the Truck Equipment & Body Distributors Association and the American Trucking Associations, vs. the National Highway Traffic Safety Administration and Department of Transportation. Ruling on a challenge to Motor Vehicle Safety Standard No. 121, which mandated a brand-new braking system, including the controversial anti-lock device, for tractor-trailers and trucks, the jurists found unanimously for the plaintiffs. "The goals of the Standard . . . are both reasonable and practicable. However, after a careful review of the extensive record in this case, we have come to the conclusion that . . . the Standard was neither reasonable nor practicable at the time it was put into effect. . . . Until such time as NHTSA develops evidence that the new braking systems required by the Standard do not create the possibility of greater danger to the public, those parts of the Standard requiring heavier axles and the anti-lock device should be suspended." Then, more sternly: "The agency has a heavy responsibility . . . to ascertain, with all reasonable probability, that its regulations do not produce a more dangerous highway environment than that which existed prior to governmental regulation."

In so finding, the Circuit Court willy-nilly found considerably more. For one thing, despite a truculent show of certitude—each successive change in the regulations was flatly labelled "final"—NHTSA obviously didn't know whether it was coming or going. To illustrate, the agency repeatedly postponed the date on which Standard No. 121 was to take effect; originally scheduled for Jan. 1, 1973, the deadline was put off three times, until well into 1975. By the same token, the initial stopping distance requirement (from 60 miles per hour), first set at 217 feet, wound up after repeated extensions at 293 feet, still far shorter than the distance in which large trucks hitherto were able to stop. Oh well, back to the old drawing board.

Lack of official expertise, underscored by the Circuit Court, strikes an observer as bad enough. The stubborn refusal by NHTSA to weigh the damning evidence that came pouring in from truck and bus producer and user alike looks even worse. As our Mrs. Scheibla amply documented, manufacturers repeatedly told the government that the technological demands imposed by the complicated new braking system, especially the computerized anti-lock, far and away exceeded the state-of-the-art. From Maine to California, bus operators and truckers reported an alarming increase in accidents and personal injuries; as of a recent count, the loss of life in collisions involving vehicles equipped with the questionable devices—which, in one tragic case in Salt Lake City, have been blamed directly for the deaths of five teenagers—had reached 16. Yet until the judicial roadblock loomed in its path, the federal juggernaut—notably Joan Claybrook, NHTSA director and (as *The Wall Street Journal* neatly put it) Nader "henchperson"—was blindly, and mindlessly, on the move. There's one vehicle that's truly unsafe at any speed.

Even when it rolls (or crawls) along as unsurely, and with as many starts and stops, as NHTSA. As a matter of fact, Standard 121 had its origins in a predecessor bureau as far back as October 1967, shortly after passage of the Nader-inspired National Traffic and Motor Vehicle Safety Act of 1966 (which, by the way, in the suit brought by PACCAR et al., has suffered its first legal challenge). The proposed Standard required vehicles to stop within certain distances, from certain speeds, without a wheel locking up "more than momentarily." Since the stipulated stopping distances fell far short of any hitherto seen in the trade, the rule, in effect, mandated a whole new braking system, complete with anti-lock devices; the latter, in turn, comprised a mini-computer attached to the axle of the trailer or truck which "senses" when a wheel begins to lock and momentarily releases the brake to gain traction. A novel and complex piece of equipment, designed for a demanding task.

Yet NHTSA proceeded in what can only be called a casual, if not criminally negligent, way. Specifically, it failed to hold a public hearing on the issue until nine months *after* Standard 121 took effect. According to the court, it conceded that it had done no compliance testing for more than a year. "Agency attorneys also admitted that prior to the effective date of the Standard, NHTSA had done no reliability testing of vehicles with Standard 121 components whatsoever, other than the testing reviewed in the Murphy Report, which did not include stops at higher speeds." For "proof" of the system's reliability, it rested by and large on the absence of reports of highway accidents "caused" by the antilock, and the results of testing only three tractor-trailers. Since failures arose only through use, such methods were inadequate, held the court, which tartly added in a footnote: "The agency's evidence does not even show whether the abovementioned anti-lock defects occur only in certain models of a device, or only when placed on a vehicle of a certain type or weight." All in all: "The agency's failure to conduct a more intensive testing of trucks and tractor-trailers . . . was not only unreasonable, but also a legal abuse of its discretion."

There is a further count to the indictment: apart from failing to run its own tests, NHTSA stubbornly ignored the adverse findings of others, notably automotive manufacturers and truck and bus operators. Thus, a spot check by General Motors revealed that nearly six out of 10 anti-lock devices were inoperative; another by Consolidated Freightways showed that 65% malfunctioned. Complaints surfaced about relay valve failures, false warning signals or none at all, radio frequency interference. Greyhound went so far as to unhook the anti-lock devices on its newly delivered buses. The casualty list, including the fatal Salt Lake City accident cited above, has climbed. Still Joan Claybrook et al, (at least until last week) have continued to stonewall. The Circuit Court may have given pause to the powers-that-be—no official decision yet has been reached on whether to appeal—but the federal judggernaut remains gassed and ready to go.

* * *

Yet, so a mounting weight of evidence suggests, it has hit a dead end. Like the legislation that created it, NHTSA embodies a palpable fallacy, namely, that safety on the road generally depends on the car (or truck), not the driver. Specious a decade or more ago ("Safe or Sorry?," *Barron's*, Sept. 5, 1966), that Naderite myth went up in smoke a few years ago, when the OPEC-inspired fuel shortage led Congress to impose a speed limit of 55 miles per hour, down from the previously legal 70. All alone, that curb caused the number of traffic fatalities to plunge from 55,511 in 1973 to 45,853 in 1975 (as motorists increasingly have opted to ignore the speed limit, the toll again has begun to mount). In the realm of automotive safety, as the PACCAR case makes plain, the U.S. has been going the wrong way. High time to slam on the brakes.●

JOHN W. EBLING

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. YATRON. Mr. Speaker, we in this Chamber know very well the monumental contributions to American education made by people like Horace Mann, John Dewey, and Robert Hutchins. I would like to call to the attention of my colleagues another great American who has fashioned a tradition in education in Hamburg, Pa., which will endure for years to come.

I am speaking of Mr. John W. Ebling, superintendent of the Hamburg area school district, whose retirement this year brings to a close a sterling career which has spanned 40 years. From his first teaching assignment in the Center Township School in the 1938–39 school term, through his administration as superintendent, John Ebling has been a model educator. John has been at once forthright, firm, and understanding in his dealings with students, parents, and colleagues alike. He has given every student who has passed under his tutelage a very precious gift—the gift of knowledge. During the last 7 years, in his capacity as superintendent, John has provided the Hamburg area school district a quality of leadership marked by courage and compassion.

John Ebling's 40 years of service to public education in the Commonwealth of Pennsylvania constitute an outstanding achievement of which he and all of us who know him can be proud. But John's selfless dedication to our fellowman did not stop with his career in education. As a lay minister, a member of several civic and fraternal organizations and as disaster chairman in northern Berks County for the American Red Cross over the last 25 years, he has played a pivotal role in community affairs. While Hamburg area school district may be losing one of the finest educators in its history, some comfort may be taken in the knowledge that John's sense of civic duty will continue to carry him forward in his extensive community activities.

All of these fine attributes are a matter of common knowledge to the people of Hamburg and northern Berks County. I would like to add a more personal note. During the many years of our close friendship, I have seen in John the many private qualities which make him a person of such towering public stature. His

patience, his intelligence, and his concern for the well-being of others are characteristics which have earned John Ebling the deep and abiding respect and admiration of his many friends. I know he will continue to contribute to our lives, a wealth which has no monetary value.●

SOVIET TACTICS IN WORLD CLASS CHESS: AN OMINOUS SIGN FOR INTERNATIONAL COMPETITION

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 10, 1978

● Mr. KEMP. Mr. Speaker, in the world of international chess, an incident of the past year merits the attention of this Congress and the American people.

I refer to the defection to the West of Viktor Korchnoi, a leading Soviet grandmaster, and what has transpired as a result of that defection.

Needless to say, that defection—which occurred in the Netherlands about a year ago—enraged the Soviets. It was not solely that he had defected that enraged them. That was bad enough, but it was also that he had already qualified for the candidates matches, a series of elimination matches among the top eight players of the world, the winner of which would become the challenger to the reigning world champion, the Soviet's Karpov. Thus, Korchnoi could become the new world chess champion, defeating Karpov, a Soviet defector defeating a Soviet party-liner.

The Soviet's anquish increased this year as Korchnoi defeated all the opposition—in the quarterfinals, the semi-finals, and then the finals. They are beside themselves now, since Korchnoi is the challenger for the world title, with the Korchnoi-Karpov match slated for late spring or early summer.

The way in which the Soviets went about trying to discredit and then to defeat Korchnoi was brought out in a recent column by the nationally syndicated columnist, Professor Jeffrey Hart of Dartmouth College. Professor Hart, who has long spoken out against the politicization of international competition, makes the point that I have made to the International Olympics Committee and the U.S. Olympic Committee with respect to the Olympic Games in Moscow in 1980. That point is that the Soviets are not stupid, that they do have some finesse, that they will therefore rewrite the rules to serve their own purposes at every opportunity and then apply those rewritten rules to the cases they know they want to deal with. This gives them a public relations advantage, among those who do not know the whole story, of being able to say, each time they carry out what is truly a political act, that it really is not political, that it is just that such-and-such a country, or athlete, or reporter simply was not in conformity with the rules.

Professor Hart's point is well made. It is not speculation. We have had 61 years of Soviet conduct to observe. I know of no reason to assume that it is going to be any different in this regard in the 62d year or the 64th in 1980. The Soviets will continue to use international competition to their own political advantage, and they will use every technique we let them get away with to "rig" those competitions.

Professor Hart's column and excerpts from the U.S. Chess Federation 1978 Yearbook and an item from Chess Life & Review of October 1977 follow:

SOVIET CHESS: OMINOUS SYMBOL

by Jeffrey Hart

Not that many Americans play chess, or follow big time chess closely. Nevertheless, Soviet behavior toward Viktor Korchnoi, a chess grandmaster who defected on July 27, 1976 has implications that go far beyond the chess world.

That is, what the Soviets have been doing illuminates their attitude toward sports in general, and their likely attitude toward the 1980 Moscow Olympics in particular.

Chess experts rank Viktor Korchnoi number three in the world, behind Bobby Fischer and the Soviet champion Karpov.

While playing at an international chess tournament in Holland in 1976, Korchnoi asked for and received political asylum. One thing that enraged the Soviet government was that at the time Korchnoi had at the time qualified for the Candidates Matches—a series of elimination matches among the top eight players in the world. The winner of this becomes eligible to play Karpov. Korchnoi proceeded to mow down his opposition, advancing through the quarterfinals, the semi-finals, and the finals. Korchnoi is now the Challenger, and will play Karpov for the world title this spring or early summer.

At the present time, the Soviet authorities are doing everything within their power to make Korchnoi a non-person in the chess world and to make his life as miserable as possible.

If a Soviet chess player loses to Korchnoi in international competition, Soviet chess authorities treat the loser like a political criminal.

The Soviet Chess Federation has moved to erase Korchnoi's name from Soviet chess history. New chess books, as well as revised versions of old ones, cannot include examples of Korchnoi's play. Chess periodicals may not publish descriptions of any games Korchnoi has played since his 1976 defection.

The editor of one of the leading Soviet chess journals, entitled "64", was a grandmaster named Petrosian. His own quarter final match with Korchnoi was not covered by "64." All that appeared were laconic statements, such as that "After Game 8, the score was Korchnoi 4½—Petrosian 3½." After losing his match to Korchnoi, Petrosian also lost his job as editor of "64."

The Soviets are doing everything they can to cripple Korchnoi for his coming world championship match against Karpov.

In chess, as in any game. you stay sharp by confronting top competition. The Soviet chess federation has moved to block Viktor Korchnoi from competing in international chess tournaments, and they have been very successful.

The Soviets have informed the organizers of such tournaments that they will look with displeasure on any invitation to Korchnoi. Tournament organizers know that if Korchnoi is present there will no players from Russia, Bulgaria, Czechoslovakia, Hungary, etc. The organizers have caved in, and the only international tournament Korchnoi has participated in since his defection was a relatively weak one in Montreux, Switzerland.

Korchnoi is tough. Bet on him against Karpov. And bet on the Soviets to pull the same kind of things in Moscow in 1980.

[Excerpt from U.S. Chess Federation 1978 Yearbook]

The darkest cloud to color the chess sky during 1977 was the continuation of the Soviet bloc's effort to use chess as a political tool. Under the strong pressure from the U.S.S.R., FIDE President Max Euwe convened an extraordinary general meeting of FIDE in Lucerne, Switzerland, during July to discuss the membership of South Africa. I have already indicated my repugnance at this affair, which resulted in the expulsion of South Africa, and at the way that Dr. Euwe handled it (see *Chess Life & Review*, October 1977), so I shall confine my comments here to a reiteration of the statement made on behalf of his Western colleagues by Dr. Jungwirth, President of the Austrian Chess Federation, at the end of the Lucerne meeting: "If FIDE continues to be misused for political purposes by the U.S.S.R. then the question of human rights in the Soviet Union itself will have to be raised at the next congress."

Political pressure has also been used by the communist bloc to prevent Korchnoi from participating in strong international tournaments. Organizers know full well that if Korchnoi is invited to their tournaments there will be no players from the U.S.S.R., Hungary, Czechoslovakia, Bulgaria, etc., and thus far no organizer of a really strong event has been brave enough to invite Korchoi. The only tournament in which he has played since his defection in July 1976 was a weak event in Montreux, Switzerland. Not even in Holland, where Korchnoi was living for the first year following his defection, has anyone had the courage to organize a strong tournament and to invite only Western and Yugoslav grandmasters. This is a sad reward for someone who has sacrificed so much for a new life in the West.

[Excerpts From Chess Life & Review, October 1977]

KORCHNOI-POLUGAEVSKY: ANOTHER GRUDGE MATCH?

(By Edmar Mednis)

As I discussed in connection with the Korchnoi-Petrosian quarterfinal match, Korchnoi's heart was full of bitterness toward both his opponent and the Soviet Chess Federation. The result on his play was an even greater than normal determination and a high degree of nervousness. Only in the twelfth (last) game of that match did Korchnoi's mind appear to be completely free of extraneous matters. With what feelings does Viktor Korchnoi approach his semi-final candidates match against Lev Polugaevsky?

I believe that Korchnoi feels no particular personal animosity toward Polugaevsky. By all accounts their relationship has always been cordial. However, Korchnoi's animosity toward the Soviet Chess Federation has undoubtedly increased, and for several valid reasons. As a result of decisions made by the powers that be, the Federation has decided not only to make Korchnoi's life as miserable as possible but also to erase it from Soviet chess history. According to reliable reports, new chess books as well as revised ones may not contain examples of Korchnoi's play. Nor may current journals publish any games that Korchnoi has played since his defection on July 27, 1976. One particularly ludicrous example: An outstanding weekly chess newspaper is "64," whose founder and—until now—chief editor was Petrosian. Three of the 1977 quarterfinal matches were covered in depth by it. But not the match involving its Editor-in-Chief: no games, no reports, no analysis. If it weren't for one-liners such as "After Game 8, the score is Korchnoi 4½-Petrosian 3½" one would have thought that Petrosian had gone fishing instead of playing for the world championship. And speaking of Petrosian, something funny happened on his

way to the Kremlin, soon after losing the match to Korchnoi: he lost his job as editor of "64." It was done in the usual "informative" way: no explanation, no discussion—just suddenly one week his name disappeared from the masthead. One wonders what effect such occurrences must have on Polugaevsky's nervous system.

Of course, the above actions could be considered indirect. There were also direct ones. For example, the federation informed organizers that it would look with strong displeasure at any invitation to Korchnoi to play in international tournaments. As a result, Korchnoi has had no chance to take part in tournament play at all. Or consider the behavior of the Soviet delegation at the semifinals match site. According to reports from the organizers, the Soviets have been as nasty as possible, objecting and complaining about any and everything, from specific pieces of furniture to the lighting and general practical matters. The Soviets vetoed Korchnoi's playing under the Dutch flag and under any flag at all. They informed the organizers that any direct contact with Korchnoi that can be avoided will be avoided, inculding the traditional handshake before each game and the joint press conference before the start of the match. An impartial observer may wonder why they are doing all this; it may well serve only to bring out increased determination in Korchnoi and increased nervousness in Polugaevsky. If Korchnoi loses, he loses only a match (unpleasant though that may be), but a loss by Polugaevsky may well be looked upon by the ruling hierarchy as an act of original sin.

In review of Korchnoi's win over Petrosian I stated that at present only Fischer and Karpov have a fair claim of being better than Korchnoi, and nothing that has happened since has changed this view. Still, it is in order to say something on Polugaevsky's behalf. The Moscow grandmaster has been long regarded by grandmasters and chess journalists as being unable to win key games. I think this is a bum rap. It is true that Lev has not been successful in all contests, but, pray tell, who has? And his list of positive accomplishments is long: twice U.S.S.R. Champion, first-prize winner in over twenty international tournaments, a key last-round win over Portisch at the Petropolis Interzonal 1973 that set the stage for his qualification for the candidates at the subsequent playoff, a direct qualification at the 1976 Manila Interzonal, a defeat of Mecking in the 1977 quarterfinal match by 6½-5½. What is wrong with a record like that? As a matter of fact, the mid-1977 rating list of the U.S.S.R. Chess Federation ranks Polugaevsky second at 2648, behind only Karpov's 2725. Even so, taking into account all these good things about Polugaevsky, there is no question in my mind that Korchnoi is the favorite.

(Note to Reader: Korchnoi defeated Petrosian in their quarter-final match.)●

TURKISH MASSACRE OF THE ARMENIANS IN 1915

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. DERWINSKI. Mr. Speaker, recently, we observed the 63d anniversary of the massacres suffered by the Armenian people at the hands of the Ottoman Turks in 1915. History now recognizes that the failure of the world to rally to the side of the Armenian people set a pattern of indifference that produced the slaughter of innocent people by Hitler's Nazis in World War II.

The Armenian Reporter, a publication serving the Armenian-American community across the country, carried a very pertinent article in their April 27 edition, of the history of tragedies that have beset that nation. This very objective analysis follows:

PANEL AT ARMENIAN CENTER EXPLORES REASONS FOR THE TURKISH MASSACRES OF THE ARMENIANS IN WORLD WAR I

WOODSIDE, N.Y.—A host of speakers, well—versed in various aspects of the Armenian Holocaust last Saturday evening joined to discuss the Turkish Massacres of the Armenians at the Armenian Center of Queens here.

Set on the eve of the 63rd anniversary of the massacres, the talk emerged as an in-depth study viewed from four different angles. It also shed new light on the issue, as it is seldom that Armenians in this area are exposed to such a scientific review of the events of World War I that uprooted almost all of the Armenian population of Turkey and struck such a heavy blow that it took decades for the Armenians to recover.

The discussion was sponsored by the New York chapter of the Armenian National Committee, the political arm of the Armenian Revolutionary Federation. Mr. Hagop Barsoumian, currently a graduate student working on his doctoral in history at Columbia University, coordinated the program and introduced the speakers.

Very Rev. Krikor Guerguerian, spiritual leader of the American Catholic community of greater New York, and a noted researcher in the field of documentation related to the massacres, was the first speaker. Father Guerguerian discussed the topic in the light of documentation, and emphasized that, regretfully, Armenians have been able to put together only a handful of documents that prove the Armenian assertion of the Turkish massacres. Unless there is documentation, he averred, it will be almost impossible to prove to the scholarly world that there indeed was an organized effort on the part of the leaders of Ottoman Turkey to annihilate the totality of the Armenians who lived in Turkey. He cited the case of a "boxful" of Ottoman Turkish documents covering the period, which presently lie in a state of disarray somewhere in the Middle East.

Mr. Stepan Dardouni, a leader of the ARF in this area, explored why Armenians who lived with the Turks in Turkey for a few hundred of years, neither anticipated nor prepared themselves for the deportations that struck the very core of the Armenian people. "Why," he asked "did the leadership in Turkey fail to foresee the mounting storm and take measures to protect their ranks?" He suggested that perhaps the urge for martyrdom was so great within the people that Armenians failed to note the danger that threatened physical existence.

Mr. Dardouni concluded his discussion of the issue by calling on the people to consider the anniversary of the massacres a day of silent meditation and mourning, and a time to learn from past mistakes.

Mr. Nikol Schahgaldjian, another doctoral candidate presently completing his studies at Columbia University, discussed the massacres in the light of the reaction from international diplomacy. After explaining that present-day international diplomacy differs only in that a handful of major powers dominate the international scene, Mr. Schahgaldjian asserted that the major powers of the time, even if sympathetic to the Armenian cause, were fully aware of what was happening to the Armenian people at the hands of the Turks. Yet they chose to remain neutral, or failed to take necessary measures either to prevent its continuation or to put an end to it.

Mr. Schahgaldjian affirmed that Germans were basically favoring the scheme of the rulers of the Ottoman Empire—their allies—to annihilate the Armenian people, as their own interests opposed the presence of such a large number of Armenians in the territory of Turkey. Germans, Mr. Schahgaldjian maintained, were distrustful of Armenians, whom they viewed as either friendly to the West or under the influence of Czarist Russia.

On the other hand, England, France and Italy chose to do little outside of symbolic expression of sympathy, simply because they regarded Armenians as a stepping point for the expansionist designs of Russia, and felt that Turkish massacres would prevent the Russian expansion into the Middle East, an area where these countries themselves had widespread interests. They did not wish to see Russia gain a foothold.

Discussing the position of the United States regarding the Armenians at the height of their sufferings, Mr. Schahgaldian pointed out that this country was quite indifferent. Despite the action against the Armenians, he stated, the U.S. continued to maintain friendly relations with Ottoman Turkey almost reaching the end of their holocaust.

Mr. Armen Baghdoyan, the holder of a doctoral degree and presently on the editorial staff of Hairenik Daily in Boston, Mass., discussed the psychology of the Armenian people since the tragic events of World War I. He described the "isolationary period," as that which covered the period soon after the completion of the massacres and the deportations. "In this period, "Dr. Baghdoyan maintained, "Armenians as a people attempted to save whatever could still be saved from the massacres, and as a people we functioned in a manner which was characterized with the complete absence of a clear cut orientation." He explained that this period lasted 50 years and another period emerged as Armenians marked the 50th anniversary. He called this a period of assertion and affirmation in which people sought to expose the case to the outside world and influence world public opinion. Dr. Baghdoyan pointed out that in this period, Armenians tried hard to come out of their shells and cry out to the whole world in protest against the injustice committed.

Elaborating on this stage, Dr. Baghdoyan asserted that although this period has yet to reach its culmination, we are now witnessing the emergence of still another period which will witness the evolution of the Armenian into a more mature group capable of submitting itself to a stricter discipline, pursuing new goals and setting new aspirations. He called this period a time when Armenians, as a people, will revolutionalize their overall outlook toward past issues, past assessments and performances, and fall in line with modern thinking and methods for the successful culmination of their cause.

The discussions ended with a question and answer period which revealed the deep interest that the evening had aroused in all those who attended the thought-provoking session.●

APPOINTMENT OF THE CHAIRMAN AND VICE CHAIRMAN OF THE FEDERAL RESERVE BOARD

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. MITCHELL of Maryland. Mr. Speaker, I am introducing a bill today which provides for the appointment of the Chairman and Vice Chairman of the Federal Reserve Board at regular 4-year

intervals. Under the provisions of this bill, the Chairman's and Vice Chairman's terms would expire on January 31 of the first calendar year after the year in which the term of the President appointing him is scheduled to expire. It also makes provisions for the Chairman or Vice Chairman to serve in their positions during interim periods, pending appointment of a qualified successor.

IMPORTANCE OF THE FEDERAL RESERVE AND THE CHAIRMAN OF THE BOARD OF GOVERNORS

The Federal Reserve manages our Nation's money and credit. Its decisions are crucial to our economy's overall performance. Nearly all economists now agree that though money is not all that matters, it matters very much in determining our economy's employment, production, price, and interest rate trends. Inflation is exacerbated and interest rates pushed up when the Fed allows the money supply to grow faster than our economy's potential to increase production. Production recedes and unemployment rises when the Fed slows money growth suddenly and sharply.

The Board of Governors of the Federal Reserve supervises the system's activities. The Board reviews the determination of discount rates, sets reserve requirements for member banks, and oversees operations of the Nation's payments mechanism. Most importantly, the seven members of the Board of Governors serve as permanent members of the Fed's 12-man Open Market Committee; and the Chairman of the Federal Reserve Board is also chairman of the Federal Open Market Committee. The FOMC sets year-to-year targets for monetary growth and guides the day-to-day actions that control the growth of the monetary aggregates.

Thus, in every respect, the Chairman of the Federal Reserve Board is in charge of the Nation's monetary policy. Many consider his job the second most important position in Washington, second only to that of the President. His decisions and actions strategically affect our employment opportunities and the prices we pay for the goods and services we buy. Few, if any, would deny the importance of the Federal Reserve or the Chairman of its Board of Governors. Few also would deny the importance of providing for both continuity of monetary policy and congruity with the fiscal and other economic policies of the President and the Congress. The former requires shielding monetary policy from sudden ephemeral political influences. The latter requires allowing new Presidents to appoint those in charge of monetary policy after they have had time to decide and put into effect their fiscal and other economic policies. My bill aims at achieving precisely this dual purpose.

HOW MY BILL AMENDS CURRENT PROCEDURE

My bill will not change the terms of office of the seven Governors of the Federal Reserve Board. They will continue to be appointed by the President to 14-year terms, staggered so that one Governor is appointed on January 31 of every even-numbered year. Also under my bill, of the persons thus appointed, the President will continue to designate one to serve as Chairman and another to serve as Vice Chairman, both for 4-year terms.

The way in which my bill does change current procedure is in providing that the terms of the Chairman and Vice Chairman shall always terminate on a specific date, January 31 of the first calendar year after the year during which the term of the President who appointed him is scheduled to expire. Concomitantly, should a vacancy in the Chairman's or Vice Chairman's terms occur for reasons other than expiration of their term, the person appointed to fill the vacancy would still serve only until January 31 of the first year following the year in which the term of the President who appointed him is scheduled to expire; that is, the same date on which his predecessor's term would have expired.

In contrast, under existing law both the Chairman and Vice Chairman are appointed to serve 4-year terms beginning when they are appointed, regardless of whether their predecessor has served a full 4-year term. The phasing of their terms in relationship to that of the President thus is now partly a matter of chance.

In consequence, in the past, Chairmen and Vice Chairmen have been appointed to serve 4-year terms at various times in the Presidential cycle. President Roosevelt appointed Eugene R. Black to serve as Chairman in May 1933, only 2 months after his first inaugural in March 1933. Marriner S. Eccles and Thomas B. McCabe were appointed in Presidential election years; Eccles in 1936, 1940, and 1944, and McCabe in 1948. McCabe resigned in March 1951, and William McC. Martin was appointed to his first 4-year term in 1951 and reappointed in 1955, 1959, 1963, and 1967; that is, always 2 years after inauguration of the President. Martin's term as Governor expired on January 31, 1970. His place both as Governor and Chairman was taken by Arthur Burns, whose first term as Chairman began on February 1, 1970. Dr. Burns was redesignated Chairman in 1974, with his term phased to begin 1 year after inauguration of the President. G. William Miller was appointed on March 8, 1978, and is eligible to be redesignated on March 8, 1982, 1 year and 6 weeks after the inauguration of the President.

My bill will make permanent the current phasing of the Chairman's term to begin 1 year after the President's inauguration, although it will use the January 31 date rather than the March 8 date. It will also apply the same phasing to the term of Vice Chairman.

Under current law, if Mr. Miller were to resign in 1980, or if he were reappointed in 1982 and subsequently resigned in 1984, a new Chairman could be appointed for a full 4-year term the next day or whenever the President chooses to fill the position. In considering this possibility, it is well to keep in mind that 1980 and 1984 are Presidential election years. There is a chance then, under present law, that appointment of the Fed Chairman could become an election issue. To assure that administration of the Fed is kept out of politics, we must eliminate this chance that a new Chairman will be appointed for a full 4-year term in 1980 or 1984, Presidential election years, and be up for reappointment in subsequent Presidential election years.

My bill eliminates the element of chance that now exists in determining when the terms of Federal Reserve Board Chairmen and Vice Chairmen begin. Under my bill, full terms will always end on January 31 after the year in which the term of the President who appointed them is scheduled to expire. Thus, full terms will always begin 1 year after the President is inaugurated. They cannot begin, as now, in election years, nor could they begin a few days after the President is inaugurated, as they now also can. This bill both eliminates the appointment of the Fed Chairman as an election issue, and insures that each President will have a Chairman of the Federal Reserve with whom he can work during 3 full years of his term in office.

Further, under current law, if Mr. Miller were reappointed March 8, 1982, and a new Chairman was appointed March 8, 1986, he would have to serve under Mr. Miller for 5 weeks. This is because the terms of Governors of the Fed expire on January 31 of even-numbered years; thus, the new Chairman would be appointed to the Board on January 31, but not allowed to assume the chairmanship until March 8. This would be uncomfortable, to say the least. Conceivably, one day a new Chairman will not be confirmed for 5 months or even longer. Then the next new Chairman would have to serve under the outgoing Chairman for several months. And this pattern would be continued indefinitely, until a Chairman resigned prior to the expiration of his term.

SECTION-BY-SECTION ANALYSES

The proposed bill on the terms of the Chairman and Vice Chairman of the Federal Reserve Board is entitled the "Federal Reserve Act Amendments of 1978."

Section 2 of this bill would require Presidents to designate the Chairman and Vice Chairman of the Board in a straightforward manner which eliminates chance playing a role, as it now does, in the phasing of their terms in relation to that of the President. Specifically, this section provides for the appointment, subject to Senate confirmation, of a Chairman and Vice Chairman of the Federal Reserve Board, each for a term expiring on January 31 of the first calendar year commencing after the calendar year during which the President appointing him is scheduled to expire. Essentially, this means that full terms of Chairman and Vice Chairman would always officially begin on January 31 of the year following the inauguration of a President. It also means that those persons appointed to a vacancy during an unexpired term would not serve for 4 full years, but still only until January 31 of the postinaugural year.

Section 3 provides the Vice Chairman with the authority to act as Chairman in the temporary absence or disability of the Chairman or in the event of the death, resignation, or permanent incapacity of the Chairman, pending ap-

pointment and qualification of his successor. It also provides that the Chairman or Vice Chairman, upon expiration of their terms as Chairman or Vice Chairman, shall continue to serve in that capacity until a successor is appointed and confirmed by the Senate. The Federal Reserve Act makes no provision for the former case; for the latter, it only provides that Board members may continue to serve on the Board, upon the expiration of their terms, until a successor is appointed and has qualified. It does not specifically mention their continuing to hold an office on the Board.

Section 4 repeals section 204 of the Federal Reserve Reform Act of 1977, which provided that the appointments of Chairman and Vice Chairman be made with the advice and consent of the Senate. Since section 2 of my bill states that the Chairman and Vice Chairman will be appointed by the President by and with the advice and consent of the Senate, section 204 is redundant. Further, my bill would be enacted as soon as passed, but section 204 does not take effect until January 1, 1979. Therefore, if section 204 is not repealed, it would override section 2 of my bill on January 1, 1979.

Section 5 insures that this bill will not effect the current Chairman, Mr. Miller, in any way. Were this section not enacted, Mr. Miller's term as Chairman would expire on January 31, 1982, rather than March 8, 1982, and his term would be 5 weeks shorter than the 4 years to which he was appointed. However, this section provides that if Mr. Miller were to resign prior to the expiration of his term, the provisions of this bill would apply to his successor, who would serve until January 31, 1982.

REASONS FOR THIS BILL'S ENACTMENT

First, under the provisions of the 1913 Federal Reserve Act, as amended, one vacancy among the Board of Governors occurs on January 31 in every even-numbered year. Under my bill, the 1982 vacancy, and vacancies every fourth year thereafter, will permit the President to designate a new Chairman to a full term who is the most qualified individual in the country. He will not be limited to persons already serving as members of the Board. The new person can be appointed Governor January 31 and designated Chairman the next day. In contrast, under the law as it stands, the Chairman might have to be chosen from among already sitting Governors. He would if the Chairman's term began and expired in odd-numbered years, as did William McC. Martin's terms as Chairman. There is no automatic vacancy on the Board of Governors in odd-numbered years. Thus, if the Chairman must be chosen in an odd-numbered year, the President, barring a fortuitous resignation, must choose from among a predetermined pool of just seven persons. Clearly, this constraint is unnecessary, unwarranted, and unduly confining.

Second, under my bill, incoming Presidents will designate a Chairman and Vice Chairman 1 year after assuming office. This provides for the closest possible phasing of the terms of the Federal Reserve Chairman and Vice Chairman in relation to the President's term without amending provisions of the act with respect to the expiration of the Governors' terms of office. At the same time, this measure allows the President the widest possible choice in selecting the Chairman or Vice Chairman.

Third, the 1-year delay in designating the Chairman and Vice Chairman provides for reasonable continuity in monetary policy in periods when the Presidency changes party without, however, unduly restricting the President in conducting economic policy. By the time a new administration has formulated and put into place its fiscal and other economic policies, the President will be able to designate his choice as Chairman of the Federal Reserve Board, thereby assuring congruity—though not subordination—of monetary policy with his economic programs.

Fourth, after 1982, my bill rules out a new Chairman designate having to serve under the person he is replacing while waiting for that person's term to expire. Under current law, a Chairman's term need not expire the day after a new Governor is appointed. Chairman Miller's first term is scheduled to expire on March 8, 1982, 5 weeks after a new Governor is appointed on January 31, 1982; and a little reflection suggests that the scheduled lag could easily be 5 months or 15 months. Thus, current law could easily give rise to a very uncomfortable situation, which my bill would avoid.

Fifth, current law states that whenever a vacancy occurs among the seven members of the Board a successor shall be chosen to fill the unexpired portion of his predecessor's term. This provision, though, does not specify the unexpired terms of the Chairman and Vice Chairman. The provisions of my bill provide that should the chairmanship or vice chairmanship be vacated before expiration of the term, only the unexpired portions of the term would be filled by appointed successors. This eliminates chance in determining the phasing of the terms of our top monetary policy officials, with that of the President, and clearly chance should play no role in the determination of this relationship.●

ONLY HITS COUNT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. McDONALD. Mr. Speaker, while the debate rages on about our strategic weaponry and the sophisticated hardware that is planned for our soldiers, we should not forget the rifle, which is basic to all soldiers. On an individual basis, there are still good professional marksmen in the Army, but, the overall average performance is poor whether we are talking about tank gunners or riflemen firing M–16s. And in the days of a tight budget, the tendency always is to cut down on "live" firing. The experience of Vietnam only worsened the situation where "spraying" the jungle when visibility was limited was not conducive to accurate aiming of weapons. Good marksmenship is more vital to our fighting men than ever before as we are badly outnumbered in any possible conventional war situation wherein we would face the Red army with its hordes of soldiers. Therefore, I commend the article which follows by Lieutenant Colonel Wigger that appeared in American Rifleman for April 1978. The item follows:

ONLY HITS COUNT

(By Lt. Col. Lones W. Wigger, Jr., USA)

Teddy Roosevelt once said: "In battle, the only bullets that count are those that hit. A soldier who cannot shoot is a soldier who counts for little in battle."

We have lost sight of Rooosevelt's famous words. America is no longer a nation of marksmen. The proud heritage we once possessed, the heritage that helped us win our independence no longer exit. The marksmanship ability of the average soldier has deteriorated so badly that we would be hardpressed to win a conventional war today. We are fooling ourselves if we believe the American soldier can shoot.

My own combat experiences and those of many other qualified, marksmanship-oriented combat experts who served in Vietnam provide convincing evidence that our troops can't shoot.

I had daily first-hand knowledge of the marksmanship ability of replacement combat troops and faced the apparent lack of concern about basic fundamentals by senior officers in the 23rd Infantry Division in Vietnam in 1971. I was the Officer in Charge of the Division's Sniper School, and also in charge of marksmanship training for the replacement troops to the Division during their in-country indoctrination period.

I found the average replacement could not hit a silhouette target at 25m, knew little of basic marksmanship fundamentals, and did not understand why he needed to zero his rifle. I tried, unsuccessfully, to change the division policy of issuing rifles to replacements after in-country training and battalion assignments, so that they could go to the field with a zeroed rifle.

Maj. John R. Foster was the Officer in Charge of the 101st Airborne Division's Sniper School in 1971. He was also responsible for the in-country training for the replacements, as well as a special marksmanship school conducted weekly for combat troops. The replacement troops did not zero their rifles before being sent to the field because they did not receive battalion assignments and personal weapons until the in-country training was completed.

The 101st had a weekly program in which two members from each combat company were sent in from the field for marksmanship refresher training. To demonstrate the importance of fundamentals to this group of approximately 30 seasoned combat troops, Maj. Foster conducted a demonstration during the first period of instruction. He asked the group to select from within their ranks the individual whom they considered their worst marksman, usually a "Gomer Pyle." An instructor would remove this apparently inept soldier from the group and force-feed him basic marksmanship fundamentals while the rest of the group was being briefed.

After the briefing, each man in the group was moved to the firing line with his personal M16 and two fully-loaded 30-round magazines. They were then instructed to fire as many rounds as possible, in any position, at any rate of fire in a maximum of one minute at a single man-size silhouette target placed 50 m down-range. "Gomer Pyle" was allowed to zero his M16 and issued two loaded 30-round magazines. He was then instructed to

shoot as many rounds as possible at a separate, but identical silhouette, given the same time limit. However, "Gomer Pyle," unlike the rest of the group, was required to use the prone position, had to place the selector switch on semi-automatic, and he had received a five-minute class on fundamentals.

Without exception, the result was always the same. The soldier who had received the extra training always had more hits with his controlled 60 shots than the rest of the group did in their total, combined effort. The soldiers in the group usually shot standing, and rarely fired their rifles except on full automatic. Many did not even bother to use the rear sight. The group averaged four to six total hits out of approximately 1800 rounds of ammunition.

The 25th Infantry Division was located at Cu Chi in 1969. M/Sgt. Emil W. Heugatter was in charge of the Division's Combat Marksmanship School, which was the cover name used for the Sniper School.

G–3 detailed the Combat Marksmanship School to test the marksmanship proficiency and weapons maintenance of a selected platoon of a line battalion in each brigade.

M/Sgt. Heugatter and SFC Cleone L. Anthony conducted the test by placing 12" square zero targets on takes at 25 m and required each man in the platoon to shoot slow-fire prone. Approximately 10% were able to hit the square target. The others could not hit the target either because their rifles were not zeroed or they lacked knowledge of the fundamentals. Most did not know how to zero their rifles and showed no understanding of why they should. The 25th Division had no requirement for their soldiers to zero their rifles before they were sent to the field.

Heugatter and Anthony also found that many of the rifles needed maintenance. Some had front sights rusted beyond adjustment, one rifle had no front sight at all, and many had completely worn-out barrels.

American combat troops in Vietnam were often poorly trained, lacked knowledge of basic fundamentals and did not maintain their weapons properly. No one, including senior NCOs and officers, seemed to understand the importance of having a zeroed rifle.

Current Department of the Army policy states:

"There is no need to live with antiquated, ineffectual marksmanship when the life of the soldier depends on his ability to use his rifle effectively. The soldiers' life can be lost in a second at a loss of thousands of dollars in training and support. We should continually strive for better ways of teaching him to shoot, and to develop his confidence in his ability to use his basic weapon."

Unfortunately many personnel do not support this policy. The importance and necessity of good marksmanship for combat soldiers has always been a controversial subject, even though history has proven that the soldier who could hit what he shot at played an important role in all our wars.

As a nation, we have become progressively poorer marksmen. During WWI, the American soldier expended 7,000 rounds for each enemy casualty.

In WWII, the figure was 25,000 rounds and in Korea, 50,000 rounds. How many rounds were expended in Vietnam? 200,000? 400,000?

According to Col. Ernest Dupuy in an article in The Army-Navy-Air Force Register in 1960, "it has been proven that during WWII and Korea, a sizable portion of our frontline soldiers never fired their rifles in action."

Maj. Gen. M. A. Edson, USMC (Ret.) reported in 1954, "only one out of five servicemen in Korea regularly fire their rifles (sic) in combat. This is due to a lack of confidence based on insufficient training."

Except for hard-core Regulars and Marines, especially between the two World Wars, foot soldiers of this century have never attained true proficiency with the rifle.

In 1956, a two-fold approach was taken to improve Army marksmanship, incorporating the lessons of Korea. The first phase was the introduction of the Trainfire system of marksmanship training. Developed by a group of Army experts, this system provided marksmanship training which closely simulated combat conditions. Soldiers were taught the most effective firing positions and the importance of firing from cover and concealment. The second phase included range estimation and target detection.

The objectives of the Trainfire rifle marksmanship course were: to develop confidence and the desire to engage a combat target, to develop the ability to detect combat-type targets, and to develop the ability to hit a detected target.

Since the adoption of Trainfire, aimed fire and aimed-fire training have been de-emphasized. Many have advocated a scatter-gun, hit-or-miss spraying of enemy-held ground, in the hopes that perhaps some of the enemy would be hit. This seems to be the "typical" approach to solving the problem of effective combat marksmanship. We have continued in this trend today. An example of this is "quick kill" which was adopted by the Army in the 1960s.

In 1966, the Army adopted the M16 rifle which was used extensively in Vietnam. It was light and proved worthy for close-in fighting, especially in the jungle. It had the capability of automatic fire, and because of its small caliber, more ammunition could be carried.

With the adoption of the M16, the service rifle's maximum effective range was shortened considerably from that of the M1 and M14. Aimed fire was seldom used and volume automatic fire became the rule in combat because of the M16's full-automatic capability. But the training concept was not changed. Trainfire, with minor modifications, was still being taught.

When Maj. Gen. George B. Pickett, Deputy Commander, Third U.S. Army, was asked in 1973 why the Army could not shoot, one of the reasons he gave was that: "No tactical doctrine was ever devised or adopted for the M16 rifle." The program for Trainfire was originally written for the M1 and slightly updated for the M14.

There are other reasons that have led to our demise as a nation of marksmen. "Known-distance" shooting has been phased out completely, except in competitive shooting. Known-distance shooting always stressed fundamentals. All good shooting, be it combat or competitive, requires the application of the same fundamentals. Such things as sling support and adjustable sights do not change fundamentals; they are merely sophisticated aids designed to ensure greater precision. Good habits are no longer learned. Aiming, sight alignment, breathing, trigger control, and follow-through are not retained. The forming and retaining of these basic good habits assure the probability of a hit, not just the possibility.

Known-distance shooting is also needed to establish accurate battle sight zeroes. Because of the use of the 25 m zero target, instructors and students have lost sight of the absolute necessity for a rifle to have the sights adjusted with the line of bore so the bullet will hit where the rifle is aimed.

Trainfire shooting does not allow the shooter to see where he is hitting. The soldier must know where his shots are going to gain confidence in his rifle and enthusiasm for shooting. Mistakes which are not recognized and are, therefore, habitually repeated are the major causes of poor performance and loss of enthusiasm for marksmanship training.

It is only natural that if a man is taught to excel in something, he will, mostly likely, continue to show enthusiasm for it the rest of his life. Thus, inspiring enthusiasm toward shooting becomes simple. In combat shooting, as in competitive shooting, the enthusiasm comes when the individual has confidence in himself and his firearms. Confidence is acquired through increasingly successful performance. Therefore, to ensure enthusiasm toward shooting, it is necessary to teach riflemen to shoot accurately.

In the Army pamphlet "Training Operations-Lessons Learned," most commanders observed that individual soldiers in Vietnam needed to be taught to shoot more accurately. They stated that some type of known-distance firing should be used and stressed during basic rifle marksmanship training.

The lack of qualified instructors at the Advanced Individual Training and Basic Combat Training level, as well as in regular troop units, is perhaps the biggest reason our troops are not proficient marksmen.

The principles are being written into lesson plans, and the students hear the words, but this is where the instruction stops. When a skill which involves muscular coordination and discipline is taught, the teaching of that skill requires more than an oral briefing. The teacher must be competent, experienced, and have first-hand knowledge of the subject. A non-swimmer cannot effectively teach swimming; neither can a poor shooter or inexperienced teacher teach shooting effectively.

Maj. Gen. Pickett also reiterated this point in a recent article. He said: "The responsibility for developing training has been passed from shooters, experienced soldier-marksmen, to behavioral and social scientists under government contract." In other words, shooters are no longer teaching shooting!

Qualified instructors should be developed from the ranks of competitive shooters. The de-emphasis on competitive shooting is taking its toll. It is estimated that there are no more than 300 experienced rifle shooters remaining on active duty today. In five years, at the current retirement rate, there will be few NCOs with competitive marksmanship expertise remaining. Because of the de-emphasis on competitive shooting, few new shooters are entering the system. When competitive shooting dies, our instructor expertise in marksmanship will die with it.

Results of the "Little Report" reinforce this statement. According to their findings:

"It is extremely important to have knowledgeable, competent marksmanship instructors and coaches teaching marksmanship in basic training. The more they know about marksmanship training and shooting, and the more they feel and communicate the importance of being able to shoot well, the more effective they are as teachers. The man who is both a combat veteran and a successful competitive shooter is most believable in communicating both the need to become a capable shooter and how to develop such capability."

When I was the Officer in Charge of the 23rd Infantry Division's Sniper School in Vietnam, most prospective sniper trainees were just "enduring" the class and gave the impression that they were there, not necessarily for the training, but for the opportunity to leave the field for two weeks. They were used to standard military classes where instructors fed them typical military smoke out of a book. In short, their attitude left a lot to be desired. I told them that within a week they would be getting first-round hits on man-size silhouettes at ranges 600 m or more, approximately 90 percent of the time with the sniper rifle. They were familiar with the M16 and its capabilities and had experienced the problems in hitting a target at 100 m. I sensed that they did not believe me.

By the time the course was a week old, they were getting first round hits as I predicted because my instructors were former competitive shooters and knew how to teach marksmanship. The transformation in attitude, which occurred almost overnight, was remarkable. They recognized the fact that the instructors were highly competent, professional, and capable of practicing what they preached. The instructors had gained their respect—something which was very unusual in Vietnam. By the time they graduated, they were better soldiers who were highly motivated, capable marksmen. They also had confidence in their rifles and how to use them. They were eager to return to the field to try out their newly learned knowledge.

If military marksmanship is to be saved, salvation will have to start at the top. Two major obstacles must be surmounted. The first is bureaucratic resistance to change and the second is the fact that most Army Officers and NCOs think they know rifle marksmanship. They do not know that they do not know. The attitude that prevails in the Army toward marksmanship and shooters must be changed and the result must be accepted and supported. Command emphasis is the key.

The best method to accomplish this would be to establish a career field for marksmanship. This would demonstrate the Army's commitment and support for the program.

Currently, there are hundreds of officers and enlisted men in marksmanship/marksmanship-related jobs throughout the Army who have little or no marksmanship experience. I estimate that there are approximately 1,700 ROTC shooting teams, the vast majority of which do not have experienced coaches. Further, there are marksmanship requirements in BCT, AIT, Weapons Committees, Post Range Control Organizations, staff assignments involving marksmanship/infantry small arms at all levels of command up to and including the Department of the Army, as well as marksmanship units at post, Army area and All-Army level. There are 2,000–3,000 assignments that require marksmanship-related expertise as a primary or secondary skill. If a marksmanship career field existed qualified personnel would have the opportunity to develop their talents, assist the Army in marksmanship related areas, be available at all levels to present qualified instruction, and be given the opportunity to advance in rank with their contemporaries. This would enable the Army to receive a sizable return on its investment in shooting and raise the overall proficiency in marksmanship for the combat soldier.

Because of lack of promotions and support for marksmanship-oriented jobs, the Army is losing its qualified experts. As Maj. Gen. Pickett wrote recently: "The Army cannot lose professionals with skills which we need critically just because some computerized pattern based on opinions of social scientists says that they do not fit the success pattern."

Within the framework of the career field, some sweeping changes in policy must be made, to revitalize and promote the program.

It is imperative that we re-emphasize and promote competitive shooting. Experience in marksmanship competition has a positive cumulative effect on proficiency. Competitive shooting promotes knowledgeable, and competent marksmanship instructors and coaches. We cannot afford to lose our competitively qualified instructors. The man who is both a combat veteran and a successful competitive shooter is most believable in communicating both the need to become a capable shooter and how to develop such capability.

Known-distance shooting should be reinstated at BCT and AIT level to complement combat firing. More range time should be allocated to rifle marksmanship training. Our soldiers are not learning the fundamentals, and what they do learn is not retained.

A meaningful, annual requalification for all units should be established. This qualification should receive command emphasis, and a system should be established for checking scores to insure integrity. There have been too many instances in the past where units have qualified with the "M1 pencil."

We need to re-emphasize the sniper rifle. It once again proved its usefulness in Vietnam. Although all American divisions had snipers, they were most effectively employed in the 9th Division in the Mekong Delta. Snipers accounted for 1139 killed in action in one seven-month period, January-July 1969.

Because of the short maximum effective range of the M16, we are developing an environment for sniper employment. The long-range effectiveness of the sniper rifle complements the short range of the M16. An enemy would have difficulty taking advantage of the short range of the M16 if the sniper and his rifle were effectively employed.

Although a new, more realistic course of fire for combat training needs to be established at the BCT level, a recent policy change for competitive shooting was a step in the right direction. The Army adopted a new combat-type competitive shooting program. The program includes two categories of teams, battalion/battalion-equivalent and composite teams. Competition include combat rifle, pistol, and two-man machine gun matches. In the battalion/battalion-equivalent category, shooters use unmodified unit weapons and standard-issue ammunition; only the winning battalion team from each installation level match goes forward to their respective Army Area Championships. Eventually the best battalion team in the Army is selected. They fire the combat course of fire only.

The composite team category uses match-grade weapons and ammunition and is the source for the Army Area's competitive shooters and for higher levels of competition. Their courses of fire include both combat and National Match (known distance) courses of fire.

The results of competition in combat shooting held at three FORSCOM Regional Matches and the All-Army Championships in 1976, point clearly to the lack of proficiency on the part of Army shooters in competition with the National Guard and Reserve. Overall, the Army won only 30 percent of the matches. The Guard won all eight of the battalion combat rifle competitions at the All-Army level.

Marksmanship proficiency has reached an all-time low in the Army. With the adoption of these recommendations, we could again become a true nation of marksmen and an Army of highly-motivated combat soldiers, each proficient in marksmanship and confident in his rifle and his own ability.

If we are to have the capability to win on the battlefield, we must heed the words of Army Chief of Staff Gen. Bernard W. Rogers, who has stated: "Marksmanship is an essential element of combat effectiveness; soldiers must not only be able to hit targets, but, just as important, they must also have confidence in their ability to do so."●

TRIBUTE TO SISTER MARY ROSALIE BRADY

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. WALSH. Mr. Speaker, Sister M. Rosalie Brady is a very special woman in today's world. Her contributions to the field of education, to the central New York community, and to our neighbors the world over are numerous and varied. She has boundless energy and enthusiasm for every task she undertakes, and no matter how busy she is, the smile on her face never fades, and her grace and charm shine through to all who come in contact with her.

It is no wonder, therefore, that her many friends and colleagues will pay tribute to Sister Rosalie in Syracuse on May 16—a very special day for her, because it is the golden anniversary of her investiture into the Order of St. Francis.

As an administrator, as a scholar, as an educator, and most importantly, as a Christian, Sister Rosalie fills each role with a warmth and talent that we all admire very much. Her list of academic and community accomplishments are extensive, and topping the list is her current position as president of Maria Regina College in Syracuse.

Sister Mary Rosalie Brady was born Frances Joan Brady in Brooklyn, N.Y., the daughter of the late Owen Brady of County Cavan, Ireland, and Delia, Mason, County Tipperary.

She entered the order of the Sisters of St. Francis of Syracuse in 1927 and made her final profession of vows in 1933.

Obtaining both her undergraduate and masters degrees from the Catholic University of America, Sister Rosalie went on to get her Ph. D. in romance languages from that same university. She did post-doctoral work at the University of Havana in Cuba.

Sister Mary Rosalie was the recipient of a Fulbright scholarship to the University of Los Andes, Bogota, Colombia. She also received a French Embassy scholarship to attend the University of Grenoble, France, and a Federal grant under the foreign language education series program for modern language teachers, to study at Laval University in Quebec, Canada.

Besides her formal education, Sister Rosalie has traveled to Canada, South America, Europe, Central America, Cuba, Puerto Rico, and Hawaii.

She began her teaching career as a teacher of modern languages, in particular English and French, at the high school level. She moved on, however, to the administrative level, serving as vice principal of both Oswego Catholic High School in Oswego, N.Y., and Bishop Ludden High School in Syracuse, N.Y. At various times in her career, she also returned to the Franciscan Academy, the home base of the Order of St. Francis, and in 1965 took over the presidency of Maria Regina College.

Sister Rosalie is or has been an active member of more than two dozen educational, international, and community service organizations, among them the Business and Professional Women's Club of Syracuse, Zonta Club of Syracuse, United Nations Organization of Syracuse, Franciscan Community for Latin American Affairs, Catholic Renascence Society, National Association of Foreign Student Affairs, Who's Who in American College and University Administration, St. Elizabeth's Hospital Board of Trust-

ees, and the American Association of Presidents of Independent Colleges and Universities.

It is both an honor and a pleasure for me to have the opportunity to join in the community tribute to this most unusual woman. I wish her many more years of active service to mankind and the joy that such service brings. God bless you, Sister Rosalie.●

FDA—THE SNAIL WITH THE CLUBFOOT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. McDONALD. Mr. Speaker, while it is true that the FDA finally released the drug sodium valporate to the market for treatment of epilespy, it is also true that many other proven drugs are still languishing in the FDA's redtape machine while Americans suffer and wait. M. Stanton Evans recently wrote a very fine column on this problem in the National Review Bulletin for April 21, 1978, which I feel merits the consideration of my colleagues. As Mr. Evans points out the results of granting the FDA the right to decide the efficacy of drugs in 1962 has only been to slow down the development of new medicines in the United States and concentrate more power in the big drug companies, since the little ones cannot afford to bear the cost of the FDA regulations. The column follows:

AT HOME

The recent decision of the Food and Drug Administration to permit the marketing of sodium valproate is a belated concession to common sense, but only a beginning toward adoption of a rational drug policy in the United States.

Sodium valproate is the most effective drug now known to medical science for the treatment of epilespy, and has been successfully used in Europe for upwards of a decade. The Commission for the Control of Epilespy estimates that availability of the drug in the United States could prevent one million epileptic seizures annually. But until the recent turnaround of official policy, the drug was barred from the United States by the procedures of the FDA.

Senator Jesse Helms of North Carolina, who has been among congressional leaders in the effort to legalize sodium valproate, observes that the problem with this drug is symptomatic of a larger difficulty. He notes that there has been a general slowdown in the introduction of new drugs for epilepsy in this country, and of other medications also. Increasingly, this branch of medical science in the United States is lagging behind the British and other European nations.

This subject has been examined at length by Professor William Wardell of the University of Rochester School of Medicine. Professor Wardell points out that, "from 1960 to date, all except one of the 11 drugs introduced for epilepsy in the United States have been introduced first into Britain, by margins of up to 11 years. . . . Half of the drugs (for epilepsy) available in the United Kingdom are not yet available in the United States."

At the root of the problem are amendments to the Food and Drug Law adopted by Congress back in 1962, during the panic about thalidomide. In response to the agitation of that period, Congress charged the FDA with determining not only the safety of beneficial drugs (which it was already doing), but also the efficacy of such drugs in achieving their intended purpose. This, plus constant political/psychological pressures against the marketing of new drugs, has slowed to a crawl the introduction of chemical entities in America.

"Unfortunately," Helms observes, "the problem with sodium valproate is just the tip of the bureaucratic iceberg. . . . Fifteen years ago it generally required about two years and a little over $1 million to develop a new drug in the United States. Now it takes eight to ten years and up to $20 million. The U.S. is suffering from a serious drug lag imposed by bureaucratic red tape."

The time lag is confirmed by Professor Yale Brozen of the University of Chicago, who notes that because of the efficacy requirement and the proof demanded by the FDA that any particular drug measures up to it, the clinical trial period necessary for an acceptable new drug application (NDA) has been dragged out, on the average, for four additional years. Also, Brozen writes, "the time between filing and approval of an NDA has increased from seven months to 27 months." In toto, therefore, new drugs are reaching the U.S. market some six years later than they did under the pre-existing drug laws.

Confirming these assertions from a slightly different angle is Professor Henry G. Grabowski of Duke University. In a survey for the American Enterprise Institute (*Drug Regulation and Innovation*), Grabowski reviews a number of studies concerning the production of beneficial drugs before and after the '62 amendments, and shows that the annual rate of introduction of new chemical entities declined from 56 a year before adoption to 17 a year thereafter.

He also notes Professor Wardell's finding that, of drugs that were available in both the United States and Britain up through 1971, twice as many were introduced first in Great Britain as were introduced here. Grabowski suggests that the dollar cost of introducing a new drug in the United States has roughly doubled, and that U.S. "research and development 'productivity' declined almost six-fold between 1960–61 and 1969–70."

The FDA's response to all of this is that the American drug lag is simply part of a worldwide slowdown, and that we have not been denied "important" medications available elsewhere. Grabowski dissents from this conclusion, observing that while there has been a general tightening up on drug innovation in Europe since the thalidomide scare, the reaction has been nowhere near so great as in the United States, nor have the results been so clearly negative in terms of drug availability. (One interesting symptom of the difference is the fact that drug innovation in the Untied States has become very heavily concentrated in the larger drug firms since the 1960s, because the smaller firms can less easily afford the costs imposed by the FDA. In Great Britain, by way of contrast, the innovation process has become less—not more—concentrated.)

The FDA position that we have not been denied any "important" drugs is sufficiently answered, of course, by the case of sodium valproate, and could also be answered by reference to other medications including DMSO, treatments for high blood pressure, and medicines for asthma and hypertension which became available in Europe years before being cleared for marketing in the United States.

Against that backdrop, it's good news that sodium valproate has been decriminalized. It will be even better news when the FDA's ability to slow or halt the introduction of safe new drugs has been abolished altogether. M. STANTON EVANS.●

THE 1978 ACREAGE LIMITATION REPEAL ACT REINTRODUCTION

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. STUMP. Mr. Speaker, tomorrow, May 3, 1978, I will introduce "The 1978 Acreage Limitation Repeal Act". Any Member who would like to join me and many other colleagues in sponsoring this piece of legislation may call my office befor the end of the working day.

H.R. 11944 will once and for all put to rest the problem we have been experiencing regarding the acreage limitation. The bill, purely and simply, is a comprehensive bill to repeal the 160-acre limitation and remove the residency requirement.

The Arizona State Legislature passed senate concurrent memorial 1003 urging the Congress to amend the Reclamation Act of 1902 to eliminate or modify acreage limitations and remove residency requirements relating to farm lands irrigated with water from Federal reclamation projects.

Below is this senate concurrent memorial:

SENATE CONCURRENT MEMORIAL 1003

To the Congress of the United States of America:

Your memorialist respectfully represents:

Whereas, in 1902, Congress enacted a Reclamation Act, 32 Stat. 388, to provide irrigation systems for farmlands in the arid West; and

Whereas, section five of such Act prescribed a limitation of one hundred sixty acres owned by an individual farmer eligible to receive irrigation water from a reclamation project; and

Whereas, section five of such Act limited sales of such land to bona fide residents residing in the neighborhood of such land; and

Whereas, such limitations have been only sporadically enforced by the United States Department of the Interior; and

Whereas, because of the lack of enforcement of such law, many people have acquired legitimate interests in land and water in excess of authorized limits; and

Whereas, the Department of the Interior, under court order, has proposed regulations which would strictly enforce the limitations in the future and force persons holding excess lands to dispose of them in a manner and to persons dictated by the Department; and

Whereas, under the proposed regulations, an owner of excess land would be forced to sell it for a price well below its true market value; and

Whereas, under the proposed regulations, an owner of excess land would be prohibited from even leasing back such lands after disposition; and

Whereas, because of inflation and the state of commercial agriculture, one hundred sixty acres is an unrealistic limitation on agricultural holdings to the point of being arbitrary and capricious; and

Whereas, many reclamation statutes provide exceptions to the acreage limitations and such lack of uniformity may raise constitutional questions; and

Whereas, reclamation systems on Indian reservations contain no such limitation even though most of such land is under long-term lease to non-Indians; and

Whereas, strict application of the limita-

tions at this late date will be clouded by litigation for years to come; and

Whereas, across-the-board application of the acreage limitation does not take into consideration substantial economic variations depending on the crop grown, the type of soil, the length of the growing season, the elevation and latitude of the land, the salinity of the water and many other factors; and

Whereas, the original purposes of the acreage limitation to distribute the benefits of reclamation projects, promote family farms and preclude speculation underwritten by Federal investments are now largely obsolete, moot or nugatory; and

Whereas, imposition of the residency requirement, not enforced since the Omnibus Adjustment Act of 1926, 44 Stat. 636, would work great hardship on many people who have developed alternative life-styles in reliance on Federal policy; and

Whereas, in the State of Arizona nearly thirty thousand acres of land would have to be transferred to comply with the proposed regulations; and

Whereas, the appearance of unpredictability of Federal policy may and the application of the proposed regulations would severely affect the marketability of all reclamation lands. Wherefore your memorialist, the Senate of the State of Arizona, the House of Representatives concurring, prays:

1. That the Congress of the United States amend the Reclamation Act of 1902 to eliminate the acreage and residency limitations contained in section five of such Act.

2. That, as an alternative to eliminating the acreage limitation, the Congress of the United States amend such Act to revise the acreage limitation substantially upward and to authorize acreage equivalency provisions to include consideration of farm economics, the cost of operation and viable farm sizes for all crops in all areas affected by the Act.

3. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of the Arizona Congressional Delegation.●

THE NARCOTICS TRAFFIC AND DRUG ABUSE SEMINAR

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. GILMAN. Mr. Speaker, drug abuse in this country has reached epidemic proportions. Untold numbers of our citizens are resorting to a multitude of drugs and alcohol in an effort to escape from their personal ordeals. The courageous statement by Mrs. Betty Ford that she has become addicted to prescribed drugs and alcohol underscores the insidious dangers and damaging effects of combining psychoactive drugs with alcohol and the need for the public to become more aware of these dangers and to seek professional assistance. Mrs. Ford's brave battle against cancer, severe arthritis, and the excruciating pain of a pinched nerve and her determination to overcome drug and alcohol dependence should be an inspiration to citizens throughout the world who, for whatever reasons, have become dependent upon, or addicted to, drugs and alcohol. I know that my colleagues join with me in extending to Mrs. Ford our very best wishes for a speedy recovery.

In the United States alone, it has been conservatively estimated that narcotics trafficking amounts to an estimated $10 billion in gross annual sales and results in approximately $17 billion in drug-related crimes. According to some authorities, the number of narcotic addicts both in and out of treatment has fluctuated between 670,000 and 722,500 in the last 4 years. Approximately 4,000 of this Nation's citizens annually succumb to drug overdosages.

Preliminary reports from the Drug Enforcement Administration (DEA) indicate that in 1977 Federal, State, and local drug law enforcement agencies seized 888 pounds of heroin worth an estimated street value of $320 million, 1,624 pounds of cocaine worth approximately $164 million, and 2,137,492 pounds (or 1,068 tons) of marihuana worth an estimated $669 million on the streets. Last week alone, our drug law enforcement agencies arrested 38 individuals in Florida and Maine and seized more than 60 tons of marihuana worth about $47 million.

Obviously, the above statistics represent only a portion of the drug abuse prevention and control problem.

Mr. Speaker, on April 7th, I chaired the Narcotics Traffic and Drug Abuse Seminar held in Nyack, N.Y., in my congressional district, that was conceived and organized by one of my constituents, Mary Bianchini of South Nyack, together with a committee of citizens concerned by the growing spread of drug abuse throughout this Nation. The seminar was attended by nearly 200 citizens, local government and law enforcement officers and narcotics guidance counsellors concerned with problems of drug abuse prevention and control.

Mr. Speaker, it is vital, in our fight to stamp out drug abuse and drug trafficking, that we increase the public's awareness of the debilitating dangers resulting from drug abuse. Accordingly, I request that the full text of my remarks at the Narcotics Traffic and Drug Abuse Seminar be inserted at this point in the RECORD.

The remarks follow:

REMARKS BY CONGRESSMAN BENJAMIN A. GILMAN

I thank Mary Bianchini for her knd introduction and for taking the initiative in spearheading this program. I understand that for the past few months she has been hard at work arranging this seminar. You and the members of your committee deserve special thanks from all of us for the time and effort to make this event possible.

For the past six years in Congress and prior thereto, in the State legislature, narcotics trafficking and drug abuse prevention and control have been one of my major concerns. As a member of the House Select Committee on Narcotics Abuse and Control, a committee that I was pleased to help create, I have had the opportunity to become involved first-hand in the herculean problems confronting this Nation's drug law enforcing agencies in interdicting narcotics trafficking and eradicating the illicit supply of opium at its source

Permit me to take this opportunity for providing you with a thumbnail sketch of some of the national and international problems involving drug abuse and prevention and control: Drug abuse problems in this country have grown from the use of marihuana and LSD in the early 1960's to the current use of a multitude of dangerous drugs that include heroin, cocaine, a host of hallucinatory drugs, pain killers, amphetamines, barbituates, alcohol and combinations thereof.

What was once regarded as a drug problem limited to the United States has now reached epidemic proportions for both narcotic producer nations and narcotic user nations throughout the world.

Narcotics trafficking, drug abuse and drug addiction are no longer unique to our nation.

These problems now involve nations throughout the world affecting all of mankind. From Southeast Asia and the Middle East to Europe, and from Latin America to North America, drug abuse prevention and control has become a global problem. Narcotics trafficking has now graduated to highly sophisticated and organized international criminal syndicates.

It is difficult for the average citizen to perceive the magnitude and depth of narcotics trafficking. Permit me to briefly take you along our Southwestern border with Mexico, which our narcotics Select Committee inspected last spring. . . . a 2,000 mile border staffed by 1,077 Customs Inspectors and Border Patrol officers and 2,333 Immigration and Naturalization Service Agents. These 3,410 front line, dedicated men and women brace themselves against a tidal wave of humanity as more than 165 million individuals and more than 48 million vehicles cross that border each year. At one major port of entry, San Ysidero, California, located outside nearby San Diego, more than 38 million individuals and 5 million vehicles inundate approximately 224 customs officers and border inspection teams.

And that is just one area of this Nation's multi-sided border. Obviously, these figures do not include the complex and intricate problems of interdicting narcotics trafficking along the vast Pacific coastline from San Diego, California to Seattle, Washington, the entire United States-Canadian Border, the Eastern coastline running from Maine to Florida, the Gulf of Mexico, or the major narcotics trafficking centers located in the New York Metropolitan area, Detroit, Chicago, Miami or Los Angeles.

It is conservatively estimated that the domestic narcotics traffic nets 10 billion dollars annually . . . and the global narcotics activity (by highly sophisticated criminal organizations) far exceeds 10 billion dollars in sales throughout Europe, the Middle East, Southeast Asia, Latin America and Canada.

From 1969 through 1977, Federal, State and local law enforcement agencies in this country seized over 7,758 pounds of heroin worth over $2 billion, 9,071 pounds of cocaine worth more than $1 billion, and more than 6 million pounds (or 3,000 tons) of marihuana at a value of approximately $2 billion.

In 1977, 1,624 pounds of cocaine, worth an estimated street value of $164 million, was seized. Last year, law enforcement officials seized 2,137,492 pounds (or 1,068 tons) of marihuana worth an estimated street value of $669 million. These statistics do not include law enforcement seizures of other dangerous drugs and these seizures represent only a small portion of the narcotics making its way to our borders.

Obviously, illicit drug trafficking is big business. It has reached epidemic proportions for both heroin produced nations and heroin user nations. From the Golden Triangle of Thailand, Burma and Laos to Iran, Egypt and Mexico and the narcotics distribution centers of Berlin, Amsterdam, Miami, New York, Chicago, and Vancouver,

nations throughout the world are reporting increased usage of heroin, cocaine, marihuana and other dangerous drugs among its citizens. For example, Thailand reports a drug addict population estimated at 300,000 to 600,000; Iran 400,000; Egypt, 500,000; Mexico, 50,000. Among our citizens, the number of narcotics addicts both in and out of treatment has fluctuated between an estimated 670,000 and 722,500 in the last four years.

In Canada, heroin trafficking represents the fifth largest industry in British Columbia, grossing according to Canadian law enforcement officials "at least 255 million a year." British Columbia needs over 365 pounds of heroin smuggled into Vancouver to supply its addict population for a year, and 60 percent of British Columbia crime is drug-related. In this country, an estimated $17 billion is attributed to drug-related crime in addition to the $10 billion in narcotics trafficking operations.

Through its oversight hearings our Narcotics Select Committee has focused attention on the need for our Nation's law enforcement agencies to minimize their interagency rivalries and to intensify their efforts to cooperate and coordinate their activities in interdicting narcotics trafficking and in eliminating traffickers whose sophisticated and highly organized international criminal operations reap billions of dollars from the human misery that drug abuse imposes upon citizens throughout the world. In this regard, we recently witnessed the successful efforts by Federal, State and local law enforcement agencies to cooperate and coordinate their activities in obtaining the arrest and conviction of Leroy (Nicky) Barnes, formely known as "Mr. Untouchable," and his gang of 10 codefendents whose illicit drug operations yielded as estimated $200 million annually from heroin and cocaine trafficking.

Arthur Grubert, as a member of Director John Fallon's team . . . DEA's Region II team . . . that effectively contributed to the arrest and conviction of Nicky Barnes, may wish to comment on that case, but let us not be lulled into any sense of complacency as a result of the demise of the Barnes trafficking organization. There are hundreds of new drug traffickers more than ready to fill his shoes.

As a member of the Select Committee on Narcotics Abuse and as the ranking minority member of the House International Relations Subcommittee on Inter-American Affairs, I have also had the opportunity to visit Colombia, Ecuador, Peru and Bolivia and have seen at first-hand the intricate processes through which the coca leaf is grown, converted into coca paste, processed into cocaine and smuggled out of the hundreds of clandestine airfields and seaports of Colombia, where 70 percent of the total cocaine sold in the United States originates.

Drug abuse prevention and control is further spawned and complicated by the complex illicit financial transactions involved in narcotics trafficking. From our investigation of narcotics trafficking in Chicago, the Select Committee learned that the "Herrera connection," which controls the narcotics trafficking between Mexico and Chicago, involves a heroin trafficking business and the laundering of illicit financial transactions through currency exchanges in Chicago estimated at more than 1 billion dollars annually. The bulk of the laundered money flows from Chicago back to Mexico, the origina source of 70 percent of the heroin entering this country.

And, ladies and gentlemen, unfortunately we do not have to look too far from home, for there is also the problem of drug abuse in our own schools. Charles Schwep, Executive Director of the American Council on Marihuana and other Psychoactive Drugs, recently stated:

"Rockland County (N.Y.) has the dubious distinction of being substantially above the national average in the kind of drug abuse that is represented by the 'regular' use of marihuana. The estimate that 40 percent to 80 percent of Rockland's high school students smoke 'pot' regularly is supported by other studies. This is more than twice the national average."

There is also drug abuse in the military and drug abuse among the adult population. Clearly, this Nation is rapidly becoming a drug-oriented society . . . a society that is willing and unwittingly accepting and abusing drugs whether by over-indulgence in tranquilizers such as valium and quaalude or by excessive use of "uppers" and "downers." From pills mixed with alcohol to the excessive use of marihuana and cocaine, which are drugs of choice, dilaudid and the debilitating heroin, this Nation is fast becoming a nation of pill takers and drug abusers.

Permit me also to make a few brief remarks concerning the most dangerous, hallucinatory drug to hit the streets and infect our teenagers since LSD was so popular in the mid-1960's and the early 1970's . . . and that is phencyclidine, more commonly known as PCP or "angel dust."

PCP is a non-narcotic, synthetic, hallucinatory drug that can induce psychoses for the user and mimic the symptoms of schizophrenia. An estimated 7 million individuals, mostly between ages 12 and 25, have reportedly tried PCP, which has resulted in unpredictable behavior for the users: irrational violent behavior, delusions of grandeur, delusions of persecution, distorted perceptions, catatonic rigidity.

Unlike heroin, cocaine and some other dangerous drugs that involved intricate cultivation processes grown only in certain parts of the world and then manufactured, transshipped and distributed internationally by organized criminal syndicates, PCP can be manufactured in any part of the world by anyone who has an elementary knowledge of chemistry from readily available, over-the-counter chemicals.

This pernicious drug is easy to manufacture and comes in a variety of forms. It can be sprayed as a liquid or sprinkled as a crystal on marihuana, tobacco or parsley (in many instances without the user knowing what is being ingested). It can appear as a tablet, capsule or powder. The user can smoke, inhale, swallow or inject this hallucinatory product which induces unpredictable behavior that constitutes a danger to himself and to those around him. There are more than 30 derivatives that can be manufactured to produce PCP's psychoactive effects. Law enforcement authorities have attributed hundreds of murders, suicides, accidental deaths and bizarre self-inflicted injuries to PCP intoxication.

PCP is deadly. It can kill. It is the king cobra of hallucinatory drugs. That is what frightens me. With these dangers in mind, it is puzzling why so many of our teenagers are turning to this drug of choice. Last year, the DEA and the DEA task forces removed 3,518,000 PCP dosage units from this Nation's streets or more than twice the amount of the 1,713,000 PCP dosage units removed in 1976. And, that is only the tip of the PCP problem since not all cases of PCP intoxication are reported, and since this hallucinatory drug can masquerade as schizophrenia, cases of PCP abuse are frequently inaccurately diagnosed by medical personnel.

To help correct this problem, I have recently introduced legislation that would place PCP into Schedule I of the Controlled Substances Act, thereby providing the most stringent warning to the public regarding the dangers resulting from the use of this drug. Schedule I clearly states that any drug placed in that category is not medically accepted for treatment and that there is a lack of accepted safety in its use. Although PCP has not been approved medically for human treatment, it has been medically accepted as an animal tranquilizer. PCP is currently placed in Schedule II of the Controlled Substances Act, which classifies the drug as medically acceptable for treatment while warning that its use may lead to severe psychological or physical dependence.

My legislative proposal would also place mandatory minimum prison sentences of three years for anyone who unlawfully manufactures or sells this deadly drug as well as stringent mandatory minimum prison sentences for those who sell this drug to persons under 21 years of age.

Legislative proposals and new laws are not the full answer to drug abuse prevention and control. And more cops are not the answer. Legislators and law enforcement officials need your help if the "war" on drugs is to be won.

The public . . . the adult population and our teenagers, public officials and law enforcement officers . . . must become more aware of the extensiveness and danger resulting from drug abuse. There must be a massive effort at all levels of society, both nationally and internationally, to interdict, eradicate, educate, rehabilitate and treat the root causes (which we still do not understand) of drug abuse and to rid society of those who ruthlessly prey upon the victims of the sordid drug trafficking business. We must also learn why the young and the not so young, the rich and the poor . . . abusers from all walks of life . . . are turning to drugs as an escape from their problems.

We need more and better education, more programs, workshops and counselling centers on drug abuse prevention and control for both the youth of this Nation and for the adult population. An enlightened, informed citizenry is one of the most effective weapons against drug abuse and against the criminal drug traffickers who profit from this human misery.

In that regard, the Select Committee in its study of drug abuse in New York City schools found that more than 41 percent of the students in grades 7–12 who used drugs more serious than marihuana during the school year 1974–75 had not received any exposure to drug abuse prevention. This situation can, should, and must be corrected if our Nation is going to reduce the demand for illicit drugs.

Your help . . . the help of each and everyone of you . . . is vital and urgently needed if our Nation is going to incarcerate the drug pushers . . . the traffickers of human misery . . . and if the youth of this Nation and its adults are to learn the devastating and debilitating dangers resulting from drug abuse.

Ladies and gentlemen, I commend you for taking the time and making the effort to attend this seminar. There is so much work to be done in this field, particularly in educational and guidance programs and in more effective law enforcement.

I am pleased that joining us on this panel are John Bellizi and Arthur Grubert. John Bellizi's 35 years as a law enforcement officer has earned him a high regard among his colleagues and among the Members of Congress before whom he has frequently testified. Mr. Bellizi, who is the Director of the New York State Bureau of Narcotics Enforcement and Executive Director of the International Narcotics Enforcement Officers Association (INEAO), is a pharmacist and an attorney who 18 years ago founded the INEAO and has served on the Mayoral narcotics committees of the Wagner and Lindsay Administrations. Arthur Grubert, a dedicated law enforcement official who served the New York City Police Department for 30 years before

retiring as Chief of Inspectional Services, is the Associate Regional Director for Intelligence and Planning for DEA's New York regional office.●

ARMS SALE TO SAUDI ARABIA

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Ms. HOLTZMAN. Mr. Speaker, as one who has consistently opposed the President's proposed "package sale" of war planes to Saudi Arabia, I would like to draw my colleagues attention to an important article by William Safire in the May 1 New York Times on this subject. The text follows:

WORD OF DISHONOR

(By William Safire)

WASHINGTON.—President Carter is reported to be icily furious at the Israeli Prime Minister for having the effrontery to object to the sale of the most lethal United States weaponry to Saudi Arabia. Mr. Carter suggests he is only carrying out a commitment made by his predecessor, making good America's "word of honor."

That turns both truth and honor on its head. Let's look at that secret deal:

According to an unpublished Senate Foreign Relations Committee study, in the late summer of 1976 "the Saudis received strong support in their bid for an advanced fighter aircraft from the State Department, especially from Secretary Kissinger and the Near East Bureau [Atherton] . . . President Ford accepted the State Department recommendation."

Think about that: In the midst of the United States Presidential campaign, while President Ford was publicly making new commitments to Israel's defense (since repudiated by Mr. Carter) he secretly sends word to the Saudis through Mr. Kissinger and Deputy Secretary William Clements in October 1976 that the United States will break precedent and sell the Arabs the means to destroy America's ally.

Mr. Ford said to me this weekend: "I did approve a commitment that we would favorably consider a sale to the Saudis of a fighter of their choice, with a right to veto that choice if we thought their decision was militarily wrong from our point of view."

The truth is that Gerald Ford deliberately withheld the facts from the American people about Arab arms sales in October 1976. Mr. Carter, who publicly opposed such arms sales in the campaign, has seized upon that secret agreement-in-principle and has constructed an enormous "commitment"—now quite specific and throwing away our veto right—to attribute to his predecessor.

On Friday of last week, Senator Howard Baker told Secretary Cyrus Vance to tell the President to stop claiming the Carter plan to sell 60 F–15 attack jets was a commitment made by President Ford: Instead, the Carter proposal is a vast escalation of a general promise made to the Saudis in secret, and stripped of the balancing pledges made in public to Israel.

The time is long past when any American President or Secretary of State can pledge America's "word of honor" in secret, withheld from the Congressional review and contrary to public opinion in the United States. Born in secrecy, this Carter escalation and distortion of a Kissinger bribe ought to be dishonored forthwith.

Contrast the secret deal with the open, publicly debated commitment to Israel. Withdraw from the strategic passes in the Sinai, Israel was told, and the United States will provide these aircraft to compensate for the loss to your security. The agreement was in writing, filed in the Congress. That is a commitment, a "word of honor"; and what has happened to it? Mr. Carter has now added a big "if," by linking the jets due to Israel with approval of the first lethal arms sale to the Saudis.

In coming weeks, Congress will change the Carter package around, giving some more planes to the Israelis, fewer to the Saudis, fiddling with delivery schedules. This entirely misses the point.

Selling Arabs the means to destroy Israel is a moral disaster for America. Let's stop kidding ourselves: The F–15 is the best airplane we build, and can park its missiles with uncanny accuracy in downtown Tel Aviv.

Oh, but that won't happen, we are told. The Saudis want the plan to match the planes we sell the Iranians, or to stand up to the advancing Cubans. Baloney: The United States can easily guarantee the Saudis against invasion by Cubans, without handing the Arab world the weaponry it needs to wipe out Israel.

The weakest justification is the Carter Morality-In-Arms-Sales Doctrine, which goes "if we didn't sell it to them, the French would get the business." The answer: Let them. If Frenchmen should decide to run the risk of having Israeli blood on their hands in any future war, that need not be the decision of Americans.

As long as the Saudis refuse to negotiate directly and as long as they are the financial backers of the P.L.O., it ought to be repugnant for any congressman to sell them American weapons. Israel is safe only so long as the Arab world thinks Israel cannot be beaten.

If moderate Arabs are sincerely concerned with the Soviet military threat in Africa, let them make the peace that is readily available to them with Israel. (1) Resuming the peace talks broken off by Egypt after only 36 hours; (2) expanding the talks to include Saudi Arabia and Jordan; (3) Making the agreement that both sides know is possible.

After the Congress sees that progress, after we can be assured that the weaponry would be used for self-defense, then—in public with congressional consultation, and in writing—the United States can give, and live up to, its "word of honor." ●

"OFFICER, WHAT SHOULD I DO IF . . . ?"

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. PEPPER. Mr. Speaker, I wish to call to the attention of our colleagues and all who read the CONGRESSIONAL RECORD an excellent article by an officer, Suzanne Tindall of the Dade County Public Safety Department, Miami, which appeared in the April 1978 issue of the FBI Law Enforcement Bulletin. Officer Tindall has written an outstanding article on the subject of sexual assault which I believe would be of wide interest. I include the text at this point:

"OFFICER, WHAT SHOULD I DO IF . . . ?"

(By Suzanne Tindall)

Sexual assault is a subject being addressed by professionals in law enforcement, medicine, psychology, and social work. Nonprofessionals, also, are speaking on the topic—neighborhood anticrime groups, feminist organizations, and commercial businesses promoting the sale of whistles, tear gas guns, and "quickie" self-defense courses.

In spite of great diversity in disciplines, these groups have reached general agreement on the correct proactive approach to reduce the incidence rate. To avoid an attack situation, the same measures advised for deterring robbery, burglary, and mugging are recommended for sexual assault. These precautions follow traditional "target-hardening" procedures—installing deadbolt locks and security alarms in residences; having adequate lighting in yards, parking lots, and along streets; and warning about the dangers of unlocked cars, hitchhiking, and encounters with strangers.

There is, however, great controversy regarding the correct reactive measures which should be employed in the event precautions fail and an attack is imminent or underway. Women are being told: "Scream," "No, don't show fear"; "Fight back," "No, try to talk to him"; "Be aggressive," "No, stay calm and cool."

The public is bewildered because "experts" and laymen write books, produce films, and give speeches which advocate opposing self-defense philosophies. Basically, tactics to avert an assault are considered to be "aggressive" or "passive."

Aggressive tactics are designed to frighten off the assailant. Proponents believe that a larger percentage of rapists are insecure—fearful of women and their own sexual inadequacies; that they coerce their victims by threats and intimidation; and that they are likely to flee in the face of aggressive reaction. Recommended resistance includes using karate, judo, and streetfighting techniques such as scratching, biting, kicking; carrying tear gas, hatpins, and nail files for weapons; or running, screaming, and blowing whistles. Feminists, martial arts instructors, and manufacturers of alarm devices and other paraphernalia are usually advocates of this methodology.

Passive techniques are intended to serve a dual purpose—to stall for time and to interrupt the offender's "fantasy trip" without increasing his level of anger. This philosophy is based on the premise that the attacker may be armed, that he is acting out of feelings of rage and hostility, and that aggressive reaction by the victim can escalate the violence and brutality of the assault. Examples of maneuvers in this category are: Talking and questioning, pretending to faint, urinating or vomiting, or crying and pleading. Victims' advocates medical and psychological personnel, are frequent proponents of this approach to encounter tactics.

Within law enforcement, the aggressive/passive dichotomy is especially evident. While many police officers are demonstrating streetfighting techniques to groups of women, others are telling audiences that it is far better to be a rape victim than the deceased in a homicide investigation. Departments with common jurisdictional boundaries frequently espouse contradictory tactics against sexual assault.

Police and other professionals are in general agreement on the proper procedures for investigations, evidence collection, treatment, counseling, and legislative reforms. Why, in spite of research and data collection, seminars and conferences, has argument on this one aspect of the crime not been resolved? Why do confused women continue to ask, "Officer, what *should* I do if . . . ?"

The reason is simple. While many rapists can be categorized as insecure/inadequate, many others belong to the rage/hostility group. Therefore, all tactics will work some of the time, but no tactic will work all of the time. Everyone is right and no one is wrong.

Research on the psychological motivations for sexual assault is sparse. It is frequently

based on subjective evaluation and often inconclusive. Although data indicates that approximately 2 percent are homicidal and psychopathic, no consensus has been reached on classifications for the remaining 98 percent. In addition to the insecure/inadequate and rage/hostility groups, there may be other major categories, as well as numerous subgroups.

Nonetheless, during a recent series of interviews with six convicted rapists, the men indicated that both aggressive and passive tactics had been employed against them with relatively equal success.

Each man was asked to relate the details of any specific instance in which his intended victim escaped being sexually assaulted. One said that the only time he fled rather than pursue the attack was when the woman "struggled and screamed." On the other hand, another stated that it was the victim's screaming and struggling which led to her death by strangulation.

Three of the six offenders found physical fighting to be a "turn-on," while two others were more incited by crying and pleading. One rapist ran from the scene when the woman angrily demanded, "What the hell are you doing in my car?" However, when another assailant was smilingly told, "O.K. honey, let's go," he admitted, "With that I split!"

As evidenced by this small sampling, everything and anything can deter an attacker—SOMETIMES. The same tactic will not affect two rapists in the same way. What works with one probaly will not work with another. Moreover, a specific maneuver may work for one victim but not another, even though used against the same attacker.

The ultimate conclusion to any encounter is largely determined by the circumstances and interpersonal dynamics between participants. Therefore, an attempt must be made to analyze three sets of contributory factors influencing an attack—the situation, the victim, and the assailant.

The situation. In any situation, the outcome may depend upon whether it is daytime or night; a deserted or populated area; with advance warning or a surprise attack; in a vehicle, open area, or a residence; in familiar or unknown territory; in connection with another crime or in a social context.

The victim. The victim's choice of tactics will depend upon her values and priorities, personality, age, and physical capabilities or limitations. For some women, the fear of severe physical injury is overwhelming and paramount; for others, the fear of being raped is stronger. Many women have shy, docile personalities, while others are aggressive and quick to vent anger. The elderly and children do not possess the strength and agility of young adults. For the handicapped, mentally retarded, and those under the influence of drugs or alcohol, the response range is severely limited.

The assailant. How he is perceived by the intended victim will greatly influence her reactions, and therefore, the eventual outcome of the attack. He may be a total stranger, casual acquaintance, co-worker, neighbor, or relative. He may be brandishing a weapon or be unarmed. He may be using strong-arm force, beating and striking her, or simply threatening verbally. He may be acting alone or with a companion or group.

Therefore, even though all tactics will work if employed in the right set of circumstances and conditions, attempting to determine which one should be used and when becomes an exercise of futility. The variables are too subjective and too numerous. They defy calculation.

For example: You advise a young, aggressive adult in good physical condition to put up active resistance if the assailant is unarmed. How is she to know? If awakened in the middle of the night, the intruder on top of her and tearing at her gown, will you be able to guarantee, either way, that she can make that crucial determination correctly? If face to face with the offender in broad daylight, can you assure her that he won't have a gun in his belt or a knife in his boot? Will he allow her to "frisk" him before deciding whether or not to fight?

If there are no unqualified statements that can be made about tactics to prevent sexual assault—no absolutes, no hard and fast rules to follow—then what role can law enforcement play in educating the general public? Should we simply plead ignorance, or avoid the subject of encounter tactics and stick to what we know best, the target-hardening approach to rape prevention? Certainly not!

Police officers have more credibility on this subject than any other professional group. Law enforcement agencies are the logical and proper source for crime prevention information, and moreover, may be the only viable channel for resolving the conflict. By accepting the responsibility, we can provide an invaluable service to other professionals, as well as to the general public.

Police departments can take the first step by acknowledging that at the moment of confrontation, no "expert" will be there to answer the victim's questions. She will be totally on her own, reacting within microseconds of the initial perception of danger. She will be the only person who can gage the situational factors, her own priorities, and have a sense of the attacker's level of violence. Examining and weighing these factors rapidly and under stress, her response will be selected instinctively rather than methodically. Nontheless, the intended victim is the best, and only, person who can decide which tactics to use. Although police can neither make the decision nor offer on-the-scene advice, they can aid and assist women in making appropriate choices by asking questions rather than providing answers.

The principle was established some years ago by Dr. Carl Rogers and is termed "nondirective" counseling. Based on the premise that solutions to personal problems must be formulated by the individual himself, the therapist's role is one of guiding the patient through an exploration of his options, leading him to identify and examine each alternative. According to "Rogerian" theory, the person will then evaluate the options and reach an appropriate solution. The process often requires the counselor to answer a question with another question.

When applying the theory to the question of rape prevention tactics, consider this example: Instead of asking whether or not she should fight, a woman tells you she intends to physically resist any assailant unless he has a knife or gun at her throat. However, after making this unequivocal declaration, she seeks official approval by asking, "That's all right, isn't it?"

Instead of answering the question, the nondirective approach would be to ask in return, "Since weapons are often concealed, how will you know whether or not he is armed?" Your question has served two purposes. It has given her a piece of information and also steered her into looking at the possibility previously unconsidered—the attacker's weapon might be concealed.

Even if we could present women with a set of maneuvers or guidelines to follow, there would be good reason not to do so. In spite of studying our expert advice, a woman might instinctively, automatically react contrary to the "rules," for instance, fight instead of pretending to faint, and if she were badly injured as well as raped, she might then experience unwarranted guilt and self-blame for not having "followed instructions."

Conversely, if the procedures we recommended were closely followed, but were unsuccessful in averting the assault, she might place the blame at the police department's doorstep, feeling antagonism and mistrust toward the very agency responsible for investigating her case.

Fortunately, law enforcement does not need to advocate a specific set of encounter tactics in order to educate the public. Instead, our rape prevention effort can be totally nondirective. This approach is not only logical, it is more viable and productive. In guiding audiences toward awareness of options and selection of their own appropriate alternatives, there are certain basic principles which can be outlined:

1. Fighting or verbal abuse increases one's chance of being injured or killed.

2. In any confrontation, it is easy to escalate violence but difficult to defuse it. Therefore, if passive/stalling tactics fail, a woman can try aggressive resistance. If, however, her initial reaction is one of aggression, she will not be able to resort to passive techniques if fighting fails.

3. Forceful resistance is relatively less dangerous if initiated during a preliminary period of interaction between victim and assailant, prior to the actual physical attack. Whereas, if an attack is launched without prior visual or verbal exchange, a physical counterattack will be more likely to increase her injuries without increasing her chance of escaping rape.

4. If the victim and assailant know each other, aggressive resistance is usually safer than if they are total strangers or have just met in a bar or other social situation involving drug or alcohol consumption. Behavior of total strangers and new acquaintances is the least predictable.

5. Overt demonstrations of fear can increase an assailant's anger. Many offenders indicate that screaming, running, crying, and pleading incite violence. It is interesting to note that the first two reactions are categorized as aggressive, the last two as passive.

6. Actions which increase the attacker's fear of being apprehended or identified can lead to a panic reaction wherein unintended, unwarranted violence is inflicted on the victim.

Police officers should share with the general public any data and information that may help women formulate their own tactical philosophy. For example, a 1975 Dade County sexual assault study indicated: (1) 55 percent occurred in residences; (2) 50 percent were perpetrated by someone known to the victim; (3) 50 percent involved the use of weapons; and (4) 15 percent occurred in vehicles. These are facts that may help women make decisions; there are others.

The vast majority of rapists do not intend, nor want to inflict, serious injury. Only one-fourth of rape victims suffer physical trauma and less than 2 percent face a life-threatening situation.

In 1976, Dade County victims ranged in age from 2 months to 91 years and included significant numbers of young boys and young men. The public needs to know that no one is immune—young or old, male or female.

It is necessary for law enforcement to "tell it like it is" on some aspects of the crime that are not warmly received by the younger female audiences. Primarily, there are three:

1. Hitchhikers and scantily clad women are prime targets, at least to most of the offenders interviewed by this writer. It may not be "right" or "fair," but it is a fact.

2. Some women send out conflicting messages and some men hear what they want to hear. Therefore, women should be told to say what they mean and mean what they say. Furthermore, they should be warned not to send out "body language" messages that conflict with either their words or true intentions.

3. If a woman knows the offender, passive tactics combined with no physical injuries are likely to jeopardize a court case. Women must know this in order to determine whether or not they want to fight.

Reluctance to emphasize facts which tend to offend feminists can have serious consequences in the courtroom and be self-defeating to the criminal justice system. Two recent cases illustrate this point.

Case A: In the spring of 1977, a Dade County judge directed a verdict of acquittal after a young woman admitted that she offered little resistance when a guidance counselor took her to his apartment and began making advances.

According to the girl's mother in a post-trial statement, "The week before this happened they showed a film at school telling the students . . . don't fight it, your chances of getting out with your life are so much better."

However, the defense attorney, in his successful bid for the directed acquittal, stated, "She made no protestation . . . there's got to be some lack of consent on the part of the victim. She didn't say anything."

An important point is illustrated: Even though a course of action is outlined as a possible alternative rather than a recommended choice, the probable results of that action must also be clearly stated. In this particular case, the victim and her mother had failed to realize that total lack of physical and verbal resistance might be interpreted in a court as being total acquiescence. Had she known this, she might have elected to refuse more aggressively. At least, she would have been more aware of the ramifications of her decision.

Case B: In Los Angeles, a court of appeal reversed a rape conviction in August 1977 on the technical ground of faulty jury instruction. In its opinion, however, the court stated that: "A lone female hitchhiker . . . advises all who pass by that she is willing to enter the vehicle with anyone who stops and, in so doing, advertises that she has less concern for the consequences than the average female. Under such circumstances, it would not be unreasonable for a man . . . to believe that the female would consent to sexual relations."

In her own testimony, the victim admitted that she cooperated in and initiated sexual acts after the driver became sexually suggestive. The defendant did not resort to physical force nor did he expressly threaten bodily harm.

Consequently, even though the victim might have feared that he would kill her, and the prosecution based its case upon implied threats from the situation in which she found herself, the court concluded that by entering the car willingly, she was responsible for making her lack of consent manifest.

This case illustrates the importance for: (1) Honesty about the probable consequences of exercising the "right" to hitchhike; and (2) frankness in telling women that convictions often hinge upon proving that lack of consent was clear, unequivocal, and adamant.

Many of the realities of rape prevention and prosecution do not seem "fair" to some women, and therefore, generate controversy. Nonetheless, police will be avoiding their responsibility if they do not provide these same women with candid, factual information.

To summarize, rape/sexual assault crime prevention programs can be handled most effectively by taking a dual approach—dividing the subject into two distinct segments—precautions and tactics.

In outlining precautionary measures, law enforcement can be directive and specific when recommending proactive measures to prevent being selected as a target for victimization. However, tactics to employ in the event precautions fail and an attack is imminent cannot be specifically outlined.

Even though no one can answer the question of what anyone else should do in a case of attempted rape, the public is floundering in a sea of conflicting advice, and it is only proper that police departments use their credibility and knowledge to resolve the confusion and endless debate.

To accomplish this, law enforcement can be the first professional group to:

1. Acknowledge that the intended victim is the *only* person who can know and weigh the elements of an attack situation;

2. Adopt the Rogerian nondirective approach which will allow, encourage, and even insist that each woman reach her own conclusion; and

3. Assist and guide women toward appropriate decisions through education and information about basic principles and data, including facts they may not want to hear.

Women who are knowledgeable and aware, women who have been encouraged to develop and act upon their perceptions and instincts, each according to her own needs and priorities, will no longer need to ask, "Officer, what *should* I do if . . .? ●

TRIBUTE TO HUGO BOSCHETTI

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. MILLER of California. Mr. Speaker, it is with great pleasure that I rise to call the attention of the House to honor the very distinguished career of a long-time personal and family friend, Hugo Boschetti. I had the pleasure, like so many other people, of calling him "Bosc" and coach when I played football under him at Diablo Valley College. It is with mixed emotions that I learn of his retirement from teaching. Those students who will not have the benefit of his guidance will be poorer for the lack of it.

Hugo Boschetti is a man with vision and a commitment to excellence in the education of America's youth. He has given this country a lifetime of service and is deserving of recognition.

Born in San Francisco on May 5, 1913, Hugo and his Italian immigrant parents quickly made Contra Costa County their permanent home. "Bosc," who excelled in the competition of football, basketball, track and baseball, graduated from Richmond schools in 1931. Undergraduate study began at Marin Junior College, where Mr. Boschetti further developed his achievements in football and basketball. Committed to health, self-discipline and athletics, "Bosc" decided to major in physical education and completed college at San Jose State. Before graduating in 1937, he began to teach physical education and coach football at San Jose High School.

Between 1938 and 1942, Hugh continued his studies at the University of California, while teaching physical education and science at Long Fellow Junior High School in Richmond, Calif. In 1942 "Bosc" was commissioned as an ensign in the U.S. Navy, where he attained the rank of lieutenant commander. He continued to expand his expertise in coaching at the Naval Air Station, Pensacola, Fla., and completed his tour of duty as athletic officer for the Naval Station of Enewich Atoll in the Marshall Islands of Micronesia.

Once again a civilian, Mr. Boschetti returned to teaching physical education and coaching at Alhambra High School in Martinez. While on the teaching staff of Alhambra, and later the community college, "Bosc" utilized his knowledge of athletics and education for the betterment of the community. He served as a distinguished member of the Martinez Recreation Commission.

After working for Contra Costa College to assist in the expansion of their football program, "Bosc" transferred to Diablo Valley College, where his knowledge of basketball and baseball was put into use. He initiated a very successful baseball program during the spring of 1951—and guided its achievement for 10 years. Mr. Boschetti was given the title, director of physical education and athletics in 1952. Using his understanding and experience of education, sports and people, "Bosc" built an entire department, from program offering to locker room. When he accepted the position of director, the college lacked all facilities necessary to teach athletics effectively. Due to this man's leadership, insight, determination and guidance, Diablo Valley has acquired a comprehensive program in physical education and athletics. He has not only been an excellent physical education teacher, coach, and athletic director, but his ability and desire to communicate with students has made him the "dean of students" in the athletic department, for athletes and nonathletes alike. Concern for the future prompted Mr. Boschetti to promote closer relations with the high schools in central and eastern Contra Costa County. His efforts have created an outstanding athletic climate.

Coach Boschetti is retiring from teaching this year. His achievements in the field of education and athletics are outstanding and far reaching. Hugo Boschetti has helped his community develop and grow towards its potential, and it is our duty to honor this man and his work.●

CIRCLE OF DEATH

HON. WYCHE FOWLER, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. FOWLER. Mr. Speaker, as a cosponsor of H.R. 12107, the bill to regulate the trapping of mammals and birds on Federal lands, I am deeply concerned about the many animals, birds, and even children that suffer injury from steel jaw traps. My decision to cosponsor this bill was in part influenced by a story written by Ms. Jeanie Franco Hallem for Atlanta magazine. The article, "Circle of Death," is an objective and fair examination of the pros and cons of the steel jaw trap, an issue that was recently raised in the State of Georgia, but a proposal to ban the traps was defeated by the State house of representatives. As the bill introduced by Mr. ANDERSON of California is now before the Committees on Merchant Marine and Fisheries, Interstate and Foreign

Commerce, and the Judiciary, I would like to extend my remarks in the RECORD to include the text of Ms. Hallem's article from Atlanta magazine:

CIRCLE OF DEATH

(By Jeanie Franco Hallem)

Sam's a cripple. He lost a leg to a steel trap. A prize-winning foxhound, Sam no longer competes for blue ribbons.

His plight is not singular. Thousands of animals, birds and, occasionally, even children, are unintended victims of powerful steel trap jaws in the United States every year. Some like Sam survive. Occasionally pain and panic are so intense animals chew away trapped limbs to free themselves. Others die of gangrene or shock or starvation. Some, lacking valuable pelts, are "trashed" by trappers.

Such suffering has prompted legislative proposals to make Georgia the ninth American state restricting use of steel traps. The bill was killed in a House committee earlier this year.

Opponents of the bill contend that tales of suffering distort an accurate perspective. Trapping, they argue, is necessary to eradicate destructive animals, regulate wildlife population and eliminate carriers of rabies and other diseases. Professional trapping procedures significantly reduce instances of maiming and unintended deaths.

Derry Stockbridge, an Atlanta environmental consultant, moonlights as a trapper. His sideline has developed into Wildlife Specialists Inc., which serves private citizens, timber companies, farmers and other businesses plagued by "nuisance" animals. The 29-year-old forester with a graduate degree in wildlife management says he's the only person in Georgia licensed to trap year-round.

"Folks pay me to trap pests: If I trap a dog or cat, I'll lose my job," he declares. His clients have bats in chimneys, raccoons in garbage cans, snakes in unlikely places. Timber companies employ him to trap wood-gnawing beavers, and farmers ask him to destroy foxes terrorizing hen houses.

Like most trappers, Stockbridge uses steel-jawed leghold traps 90 percent of the time. They're lightweight, inexpensive, and not easily lost or stolen. A steel trap (for a fox) sells for $3.25 and weighs two pounds. A Conibear or "kill" trap, which is used primarily in water, weighs three pounds and costs $6. The trap considered least likely to harm an animal weighs 32 pounds and costs $55; it's known as a cage, box or "live" trap. (Traps are routinely baited with game musk or urine.)

But not everyone is knowledgeable about steel-jawed traps. "Very few people trap the animal they're after," admits Stockbridge. Remember that famous Charles Pugh photograph of the Gwinnett County cat? The trap bit into its neck and the cat died of gangrene.

Stockbridge insists that an experienced, law-abiding trapper will prevent gangrene, half-eaten legs, starvation and death through proper trapping and procedures. "I check my traps daily, and I've never caught a fox that couldn't use all four legs."

But what about illegal trapping? The Atlanta Humane Society has been brought dozens of animals in traps in the last year. Only one trap was tagged—as required by law. The Society believes this lack of tagging is widespread.

Current Georgia law requires: That traps be checked every 24 hours; that traps be tagged with trapper's name; That the trapper obtain written permission to operate on private property; that he carry a "choke" stick (to release a trapped animal safely) and a .22-caliber weapon (to dispatch the victim) and that he have a valid trapper's license. It forbids trapping on public road or highway right-of-way and sale of cat or dog hide or fur.

Stockbridge reasons that the seasoned trapper is conscientious if he likes profits: "If you let the animal stay in a trap he'll escape or die."

And there's no market for rotten fur—even muskrat fur. J. W. "Bill" Murphree a Newman resident and Eastern Airlines pilot, found a muskrat that had been trapped at least 10 days.

Jim Morrison, Executive Director of the Georgia Wildlife Federation, believes that "humaneness applies only to domestic animals." Morrison and other opponents recently helped defeat Senate Bill 79, which would have restricted use of steel-jawed leghold traps to farmers for rodent control and use against "dangerous and destructive animals." They claim that only nonendangered species are trapped.

"That's ridiculous," says Bill Garrett, Humane Society Director. "There are photographs of everything from eagles to deer dragging traps around!"

There's no limit on the number of traps one can set, observes one fox hunter. "We have a bag limit; trappers don't." Mrs. Dorothy Gooch in a 1976 newspaper interview said that she had set out more than 500 steel traps within a 70-mile radius of her home. She said she could check all traps every three days or 200 per day. Leave an animal in a trap more than three days, she said, and it might chew its leg and escape!

Pain caused by trap pressure is said to be intense: Trapped dogs have been known to chew tree bark, says Sen. Floyd Hudgins of Columbus, who authored several bills to ban steel traps. "You put your hand in a car door for 24 hours," he challenges.

Dying in a trap takes "hours upon hours," adds trapping authority Frank Conibear.

"If the unfortunate animal is still alive when the trapper returns, the usual method of killing it is to stun the animal by hitting it on the nose with an object and then stand on its chest until it suffocates, or to use a 'strangle' stick, or to simply club the animal to death," reports the Women's auxiliary of the Atlanta Humane Society. (The animal is rarely shot since a bullet would damage its fur and decrease its value.)

An estimated 11 million wild animals are trapped in the United States annually, more than a half million in Georgia alone. Two out of three trapped animals are "trash" animals which are discarded by trappers for lack of commercial value, the report continues.

"The Humane Society people think I love the smell of blood," complains one trapper. "They think I'm a beast." His motivation is money: "Most folks trap for money, not sport."

The Georgia Game and Fish Commission reports that "only a handful" of trappers make annual incomes of $10,000 to $30,000. Terry Kile, Chief of Game Management, says trapping attracts students, foresters, "pulpwooders" (whose work is seasonal), young boys and the elderly. (One trapper is 86.) Most of these individuals trap for recreation and supplemental income. "If you catch nothing, you still feel good being with nature—not chained to an assembly line," explains a parttime trapper. "It's a chance to be Dan'l Boone on weekends."

Except in the hunting season. That's when many experienced trappers refuse to trap because they're more likely to trap a hound. And they fear retribution from hunters. One trapper warns, "You can kick their kids and kiss their wives, but don't hurt their dogs."

It's quite a dilemma. Full-time trappers "can't make a living 'cause they're 'hurting Bambi'," laments a Georgia outdoorsman sarcastically. "They're upset because people with no knowledge of trapping are telling them what to do."

Statistics on "Bambi" and friends are disturbing: In the Winter of 1972–73, 2,500 eagles were caught in leghold traps in Nevada. A four-year survey of trapping injuries made at Alabama's Wheeler National Wildlife Refuge disclosed that animals escaped by chewing off a paw, or pulling out a stake and escaping with the trap. Seventy-nine of 209 mink got away with crippling injuries; 137 of 429 raccoons; and 69 of 106 foxes. A three-year University of Minnesota study showed 54 birds of prey (including six bald eagles), 231 dogs and 89 cats were caught in leghold traps set for wild animals.

Because the steel-jawed leghold trap is nonselective—it cannot discriminate victims—it can just as easily catch a household pet or a small child.

In 1976 Dr. John Beary testified at a Canadian Conference on Trapping that one of his patients, a four-year-old girl, received a "crush injury to her right hand from a leghold trap; it disrupted tendons and required surgical repair."

Georgia Wildlife's Jim Morrison, who does not trap, says such reports are "greatly exaggerated. I let my kids play with a No. 2 trap," he says. "A dog can stay in a trap two or three days without serious injury."

Not according to Bill Murphree: His own dog Albert was badly hurt after less than 24 hours in an illegally set steel trap. Murphree had let Albert outside, as he did regularly. When the animal failed to return and his master's whistle brought no response—"You can hear me whistle five miles!"—Murphree knew Albert was trapped.

Gloved and booted, Murphree searched alone all night—in a 1976 ice storm. He found nothing. The next morning a neighbor joined him and by noon they found the animal—trapped, chained to a tree, mute with shock. "I had been within 30 feet of Albert three times" but never heard him bark or whimper. (After a long struggle an animal is frequently too exhausted to fight.) "His foot was cut through and the bone was exposed. The icestorm saved Albert's leg; the cold slowed his circulation and prevented gangrene."

They released the dog by covering his face with a jacket and holding him down. Like use of a "choke" stick, this procedure prevents a trapped and angry animal from attacking his rescuers. Albert was hospitalized at a vet's for one week; he wore a cast for one month. Total cost of treatment: $150.

Because of Albert, Bill Murphree became a "crusader" against steel traps. That's why he devotedly attended hearings on Senate Bill 79. At a recent Dalton hearing, the pilot was publicly threatened by a trapper against whom he had testified. (Murphree had caught him setting traps on property without permission; the traps were even tagged with the trapper's name.)

"He threatened to burn my house, beat me up and poison my dogs." Now the Murphrees keep their animals in the center of their 23-acre farm.

"Trappers try to catch anything they can sell. They're vicious!" charges Murphree. At one time eight dogs belonging to his neighbors were missing. After consulting the property owner, Murphree found three traps. The game warden found 11 more, but claimed: "I can't make a case against it; these people see trapping as a heritage."

It's also big business—for the trapper and the fur dealer.

Chris and Q. C. Plott co-own the 59-year-old Plott Hide & Fur Company in Griffin, Ga. Chris Plott says he grossed $4–$5 million regionally last year. The Plott's fur operation is the Southeast's largest. They ship to cities all over Europe and Asia.

The Game and Fish Division, Georgia Department of Natural Resources, reports that in 1976–77 Georgia did a $2 million business in furs, based on available statistics and fur dealers' reports, including the Plotts.' Accuracy of that figure is questioned: There may be "hundreds of furs no one knows about," says an Atlanta Humane Society representative.

A typical fine for trespassing and trapping without permission or name tags is about $25. A trapper can get $40–$60 for one fox pelt. Consequently, breaking the law is no great financial risk.

It's virtually impossible to check on trappers daily when a game warden is understaffed, underpaid and overworked in a high-risk job. "Everyone he comes in contact with is armed", says trapper Stockbridge. In fact the law requires a trapper to be armed (to kill the animal). Law enforcement for the game warden, on call 24 hours daily, is frustrating and dangerous work.

One trapper accuses some colleagues of irresponsibility: "They don't care if they catch dogs; they're giving us a bad name."

Dogs are not all they're catching:

A Game and Fish Commission source discloses that until this year, cat fur was sold for $3 per pelt. Frequently these cats were not trap victims but strays.

When a trapper was convicted of trapping a black bear, which is illegal game in Georgia, the judge fined him only $5.

Game authority Kile says "1,200 trappers are taking less than 10 per cent of the fur-bearing population on 32 million acres of wildlife habitat. That's not a drop in the bucket." Kile favors increased control of the beaver population. Although it has reached "critical" proportions, he would "never advocate beaver extermination," however.

While beavers chomp away at Georgia timber, bobcats and foxes terrorize chicken coops. Enter the professional trapper. In exchange for free pest control—most trappers are not paid a fee—he is permitted to keep valuable pelts.

The trapping issue has humanitarian, environmental, political, economic and emotional facets.

Trappers contend they eradicate destructive animals, regulate wildlife population, and eliminate carriers of rabies and other diseases. The modern trapper in this light is Orkin's rustic, outdoor counterpart—unlike the American pioneer, for whom trapping spelled survival. In early America furs and meat satisfied basic needs.

Today trapping is a lucrative sport that's "extraordinarily cruel and unnecessary," argues the Committee for Humane Legislation. "Little if any meat from trapped animals is eaten, and we no longer depend on furs and skins for protection and warmth. Fur garments are a luxury."

"We've outgrown trapping for survival," adds Sen. Hudgins. "With as much pain as there is, to inflict pain on animals is beyond my understanding. If we continue to allow a few people to rape the land of our animals, in 15–20 years those animals will be extinct."

The steel-jawed trap almost annihilated the American beaver population in the 19th Century, when trapping was unrestricted. This trap, the source of most of today's controversy, was invented in the early 1800s and has been modified little since. Here's how the Committee for Humane Legislation describes its action: "A ring of steel, hinged in the middle, rests on a powerful spring. When an animal trips the trap, the steel semicircles crash together to grab and hold the animal by a limb. The trap rarely kills. It cripples and imprisons until the trapper gets around to visiting his traps."

Trappers say that without steel-jawed leghold traps, rabies will be rampant. Some experts disagree. A National Academy of Sciences study found that "persistent trapping and poisoning campaigns as a means to rabies control should be abolished. There is no evidence that these costly and politically attractive programs reduce either wildlife reservoirs or rabies incidence."

Dr. William Winkler, Chief of Rabies Control at the Center for Disease Control in Atlanta, states that "shortly after rabies control programs were initiated, the outbreaks did stop. Retrospectively examined, these appear to be instances of good timing rather than good control programs; the epizootics (epidemics) probably would have stopped without any control measures being applied."

In states where traps have been banned, there have been no problems of predator overpopulation or rabies.

If Georgia trapping laws are revised, tightened, and enforced, it will be due largely to Sen. Hudgins, supporters in the Humane Society, various hunting groups and animal lovers. It took the Senator almost five years to pass a bill in the General Assembly regulating traps. Previously, two bills had been passed by the Senate and defeated by the House. Sen. Hudgins later introduced a bill restricting the steel-jawed leghold trap to farmers for rodent control. This bill was passed by the Senate and defeated earlier this year by the House Game and Fish Committee. It never got to the floor for a final vote.

The Atlanta Humane Society's Garrett polled members of the House on restriction of steel traps. "Seventy-five percent favor this bill," he says. "It irks me that my representative was not allowed to vote on it."

Those who favor the bill include fox hunters who have lost numerous hounds. To them trappers are competition. And a menace. Scott Roberts, Sheriff of Haralson County and President of the Five-Star Fox Hunters Club, reports having lost seven hounds to traps: Five disappeared, one died of gangrene, and one may have a permanent foot injury. To avoid such incidents, proponents of trap legislation suggest stiffer fines, more effective and less primitive traps and strict law enforcement.

Today steel traps are banned or strongly restricted in 34 countries and eight states.

U.S. Senate Bill 818 would outlaw interstate and foreign commerce in both steel traps and fur product. It's being studied by the Subcommittee on Resource Protection under the Senate Environmental and Public Works Committee. Senator John Culver (Iowa) is chairman of the subcommittee. H.R. 3516, cosponsored by 75 congressmen, prohibits interstate and foreign commerce on the fur product only; there would be no ban on commerce in traps themselves. Rep. Paul Rogers (Florida) chairs this subcommittee.

What are alternatives to the steel trap?

"Live" or cage traps are probably the least damaging, but they are costly and cumbersome. Also they're easily stolen, since they must be set above ground. Conibear or "kill" traps are usually put in water and can be washed away with rain, unlike steel traps which are buried in the earth. Padded leghold traps have rubber-coated jaws which decrease chances of mutilation. (They have been used by the City of Los Angeles, Department of Animal Regulation, for large wild animals—trap size No. 3.)

Tranquilizer tabs, which are wired to the trap, are still another method of injury prevention. The tranquilized animal will not struggle and harm itself.

The American Humane Association has offered a $10,000 prize for the past 40 years for a humane trap.

No one has won the award.●

NUCLEAR REPROCESSING IN THE UNITED KINGDOM

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. TEAGUE. Mr. Speaker, nuclear power is recognized by many nations as being essential to economic stability. Progress in the development of nuclear power in the United Kingdom is presently focused on reprocessing, a step in the fuel cycle which our administration has opposed. The British Secretary of State for Foreign and Commonwealth and the Secretary of State for the Environment have both issued press releases concerning the new reprocessing plant. The essential points of each press release are presented here for consideration:

HIGHLIGHTS OF DR. OWENS, UNITED KINGDOM SECRETARY FOR FOREIGN AND COMMONWEALTH AFFAIRS, MARCH 22, 1978, PRESS RELEASE

Nuclear power is required even though its misuse adds to the danger of destroying life once and for all.

The U.K. should reprocess fuel rather than store spent fuel.

The U.K. can best minimize the danger of nuclear proliferation by offering a spent fuel reprocessing service.

The U.K., through INFCE, hopes to "convert" the Carter Administration to their viewpoint on nonproliferation grounds.

The U.K. is not the center for spent fuel reprocessing; for example, France is contracting to reprocess spent fuel for Japan.

Reprocessing, where possible, should be restricted to nuclear weapon states.

Storage of plutonium is not new. BNFL stores plutonium belonging to foreign countries until those customers demonstrate the legitimate need for useful purposes.

"Nobody believes the present safeguards system is perfect." Efforts are being made through IAEA to strengthen and improve the system.

Storing of spent fuel will result in the growth of irradiated fuel volumes containing unrecovered plutonium which will become more accessible.

HIGHLIGHTS OF MR. SHORE, U.K. SECRETARY OF STATE FOR THE ENVIRONMENT, MARCH 22, 1978 PRESS RELEASE

Nuclear power is an essential component to the U. K. energy mix.

Reprocessing of spent nuclear fuel is not necessarily linked to fast breeder reactors.

BNFL would achieve its objective of limiting routine discharges to the environment from the reprocessing plant; a major accidental release of radioactivity is remote; and no significant risk exists from the transport of nuclear materials.

The verification process offers a promising solution to radioactive waste storage.

The plutonium and uranium contained in spent fuel represents too important an indigenous energy source to waste.

The U.K. recognizes the danger of terrorists' obtaining nuclear materials and cannot absolutely guarantee against this factor. However, the U.K. believes proven security measures will minimize this potential.

Reprocessing spent fuel from non-nuclear weapon states would reinforce nonproliferation.

Under INFCE there is no obligation under terms of participation (40 governments) to defer a decision on nuclear projects.

The immediate expectation, for the U.K. using conventional nuclear plants, is for a reprocessing plant of 600 tonnes per year.

Reprocessing can be carried out without any significant increase in radiological risks, environmentally it offers a better option than storing spent fuel, and the security risks can be contained in ways compatible with the democratic way of life.●

FINANCIAL DISCLOSURE STATEMENT

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1978

● Mr. BRADEMAS. Mr. Speaker, I am inserting in the RECORD today a copy of the financial disclosure statement I filed last week with the Clerk of the House as required by rule XLIV of the House of Representatives.

I also include here a supplemental statement covering my personal residence. This information is not required by rule XLIV but I include the information so that the public record may fully reflect my personal financial condition:

Asset: residence, Washington, D.C.
(assessed value)..... $141,749

Liability: mortgage, American Security & Trust Co., Washington, D.C. (outstanding principal).... 60,107

Net equity..... 81,642

U.S. HOUSE OF REPRESENTATIVES: FINANCIAL DISCLOSURE STATEMENT FILED PURSUANT TO HOUSE RULE XLIV

Name: John Brademas.

Office address: H-107, The Capitol.

Member of Congress: 3d District, Indiana.

Coverage Dates: October 1, 1977 to December 31, 1977.

Due Date: Not later than April 30, 1978.

PART I

A. Income—The source and amount of each item of income aggregating over $100 from any one source.

Source:

U.S. House of Representatives (salary), $14,375.00.

United Jewish Appeal (honorarium), $750.00.

American Federation of State, County & Municipal Employees (honorarium), $1,000.00.

B. Gifts—The source, a brief description or value of gifts of transportation, lodging, food or entertainment aggregating $250 or more from one source.

Source: None.

C. Other gifts—The source, a brief description, and value of all other gifts aggregating $100 or more from one source.

Source and Description: None.

D. Reimbursements—The source, a brief description or value of reimbursements, directly or indirectly, for expenditures aggregating $250 or more from any one source.

Source: None.

Note: For Parts II–V below, indicate Category of Value: Category I—Under $5,000; Category II—$5,000–$15,000; Category III—$15,000–$50,000; Category IV—$50,000–$100,000; Category V—Over $100,000.

PART II

Holdings—The identity and category of value of any property held, directly or indirectly, in a trade or business or for investment or the production of income, and with a fair market value of at least $1,000 as of the close of the year.

Identity:

25 shares GM common stock, Category I.

Savings accounts, Friendship Savings & Loan, Chevy Chase, Md., Category I.

PART III

Liabilities—The identity and category of value of any personal liability owed, directly or indirectly, which exceeds $2,500 as of the close of the year.

Identity: None.

PART IV

Securities transactions—The identity, date, and category of value of any transaction, directly or indirectly, in securities or commodities futures during the calendar year (beginning in 1978) which exceeds $1,000. (Not required in first filing.)

PART V

Real property transactions—The identity, date, and category of value of any purchase or sale, directly or indirectly, of any interest in real property which exceeds $1,000 in value as of the date of such purchase or sale.

Identity: None.

Part I A., Friendship Savings & Loan, Acct. #1013264–5, $65.29 interest.

Part I A., Friendship Savings & Loan, Acct. #1006468–1, $9.94 interest.

Part I A., GM common stock dividends, $81.25.

Part I A., Teachers Credit Union, $2.19 interest.●